

30 August 2012

## Rubicor: Full year results to 30 June 2012

### Financial Highlights

	30 June 2012	30 June 2011	% Change
Total Revenue	\$290.5m	\$291.7m	-0.4%
NDR (Gross Margin)	\$55.7m	\$64.6m	-13.7%
EBITDA <sup>1</sup>	\$6.8m	\$11.3m	-39.8%
Underlying NPAT <sup>2</sup>	\$(0.8)m	\$(0.9)m	6.6%
Statutory NPAT <sup>3</sup>	\$(61.6)m	\$(5.8)m	
Underlying EPS <sup>2</sup>	(0.8)c	(0.8)c	
Statutory EPS <sup>3</sup>	(56.2)c	(5.3)c	
Operating cash flow before interest and tax	\$8.4m	\$9.7m	-13.4%
Operating cash flow	\$1.7m	\$0.8m	112.5%

Rubicor Group Limited (ASX:RUB) today announced earnings before interest, tax depreciation, amortisation and impairment (EBITDA) of \$6.8 million for the full year ended June 30, 2012, a 39.8% decrease over the prior corresponding period (pcp). An underlying net profit after tax (NPAT) loss of \$0.8 million (in line with the pcp) was recorded while the statutory NPAT loss of \$61.6 million was impacted by an impairment charge of \$53.4 million and a deferred tax asset adjustment of \$4.2 million.

Ms Jane Beaumont, CEO of Rubicor, commented, "Revenues remained flat year on year in difficult conditions. We achieved temporary services revenue growth of 3% over the pcp however Net Disposable Revenue (gross margin) decreased 13.7% to \$55.7 million as a result of both a fall in permanent placements in line with market conditions, particularly in the second half of the financial year, and temporary services margin pressure.

"While global economic concerns and fragile business confidence continue to affect our recruitment activity, some sectors and markets, such as resources and the West Australian market, experienced growth. Manufacturing, retail, banking and finance sectors however were particularly hit hard by downsizing and cost cutting, and many companies have preferred to

<sup>1</sup> Before interest, tax, depreciation, amortisation and impairment

<sup>2</sup> Before asset impairment (FY12: \$53.4m; FY11: \$1.3m), amortisation of intangibles (FY12: \$2.5m; FY11: \$3.2m), and notional interest on deferred payments for business acquisitions (FY12: \$0.5m; FY11: \$1.4m) under AIFRS

<sup>3</sup> After impairment charge of (FY12 \$53.4m; FY11 \$1.3m), reflecting impact of challenging conditions and uncertainty over timing of recovery on certain Rubicor businesses

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hire staff on reduced hours, fixed term or on a temporary or contract basis, rather than full-time permanent positions.

“Whilst we initially grew consultant headcount in the first quarter, in line with market conditions, we subsequently aligned headcount over the remaining three quarters to 215 from 262 consultants in June 2011, to match the deterioration in market conditions. We have maintained a tight control on costs as demonstrated through our strategy of creating hubs, where our different brands, where appropriate, share offices and resources. While this has assisted in reducing our cost base, it has also improved collaboration between businesses, leveraging each business’ area of expertise, and increasing joint initiatives.

### **Capital Management and Debt Refinancing**

Operating cash flow before interest and taxation continues to be well managed with the \$8.4 million achieved for the year, representing 124% of EBITDA (86% pcp). During the year vendor earn-out payments of \$6.4 million were made, with total vendor earn-out payments remaining estimated at \$3.1 million, which Rubicor expects to extinguish by November 2013.

Rubicor continues to operate within its banking covenants. The restructured debt comprising a non-interest bearing subordinated debt facility of \$33.0 million and a senior term debt facility of \$52.5 million expire in March 2014. The working capital facility of \$10.0 million is subject to annual review and has been extended to the end of February 2013.

### **Asset Impairment**

Rubicor has undertaken a review of the carrying value of assets at balance date. In light of continuing challenging trading conditions and uncertainty over the timing of a recovery, a further impairment charge of \$33.9 million has been recorded, amounting to a total charge of \$53.4 million for the financial year.

### **Outlook**

Commenting on the near-term outlook, Ms Beaumont said, “We anticipate the difficult market conditions will persist in the short term, especially while global economic concerns prevail. With permanent recruitment continuing to be impacted by global uncertainties, we continue to invest in front line resources to capitalise on demand in those sectors of the economy that are growing. Given this environment, employers are seeking opportunities to improve workforce flexibility; hence we are also focussed on building our contract business to meet this demand, particularly in growth markets and sectors.

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“We believe the longer-term fundamentals of the recruitment sector remain positive. An ageing population will lead to a shrinking pool of candidates and coupled with increased workforce mobility among younger employees, points towards higher employment churn and greater competition for top quality employees across all industries.

“We believe there will be plenty of demand for high calibre specialist recruiters operating in niche markets that have access to deep talent pools and established client relationships and Rubicon has assembled a diversified portfolio of recruitment businesses with these very characteristics.

“Our challenge is to ensure that our businesses are appropriately aligned so that we can take advantage of the growth and development trends in our key markets, while controlling costs and improving our capital position.” Ms Beaumont concluded.

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**About Rubicon**

Established in 2005, Rubicon has 23 operating companies offering search, selection, bulk recruitment, professional and support level contracting services and organizational development.

Each operating company possesses distinct competitive advantages including a strong business culture; integrity and specialist industry focus. The businesses are directed and staffed by industry professionals with extensive experience in their field.

For more information please visit [www.rubicon.com.au](http://www.rubicon.com.au).

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