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Rubicor Group Ltd

ASX: RUB

Microcap Conference

Tuesday 21 October

Presented by Kevin Levine, CEO



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Points for discussion



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- » Who we are
- » What we do
- » What we have done in the last 18 months
- » What we are planning to do
- » Investment highlights



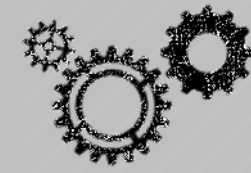
3 countries



245 Employees



17 offices



19 specialist brands



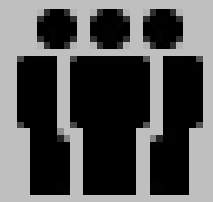
53% of workforce



> 1,500 clients



5 sectors



> 2,500 on-hire employees

What we do

The Rubicon Model

Customer focused brand strategy to maximise market share, value and margins

Niche brands backed by enterprise level framework

Industry specialisation

Efficient support structure

What we've done in the last 18 months

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Debt

Restructure

\$95.6m debt
extinguished
\$88.6m gain on debt
forgiveness

19 Operating brands

Reduced from 23

17 Co-locations

Reduced from 23
offices

Streamlined management

12 MDs replaced by 3
Group MDs

Cost Reductions

\$2.7m or 7% on prior
corresponding
period

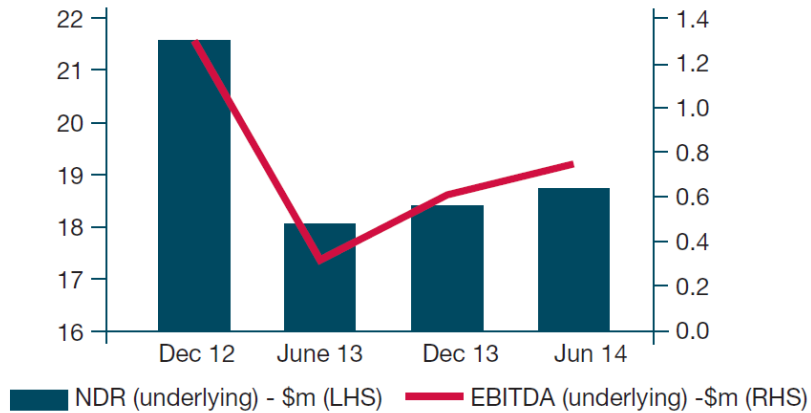
Improving trends

Gross Profit
Underlying EBITDA
Cost reduction

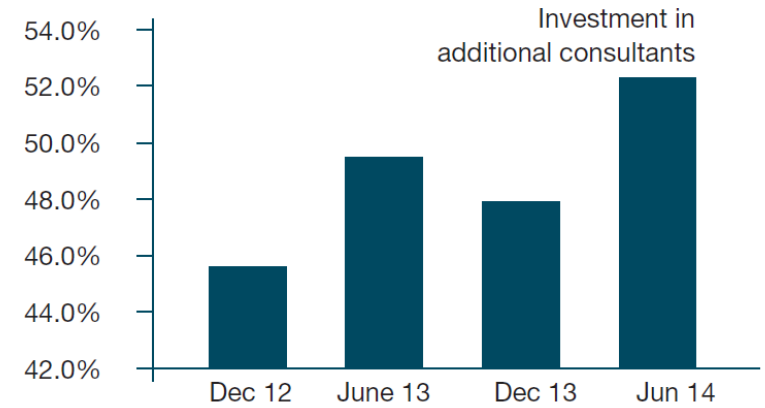
Improving trends

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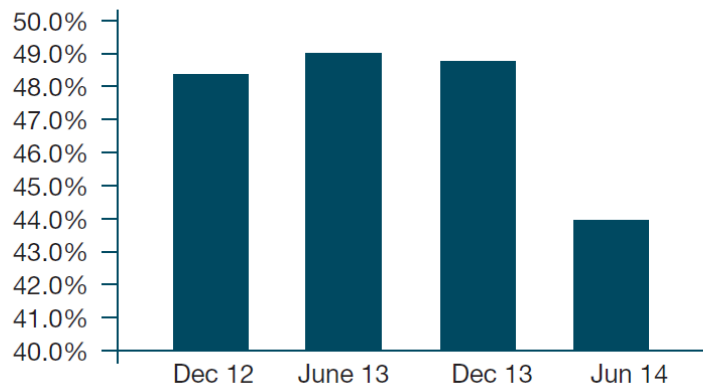
NDR and Underlying EBITDA



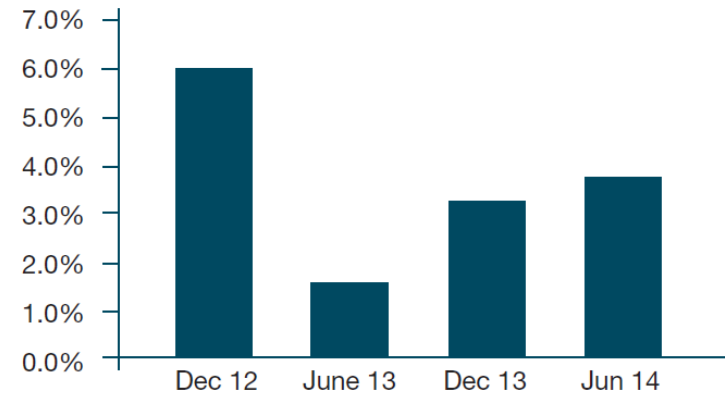
Consultant costs: NDR



Other Costs: NDR

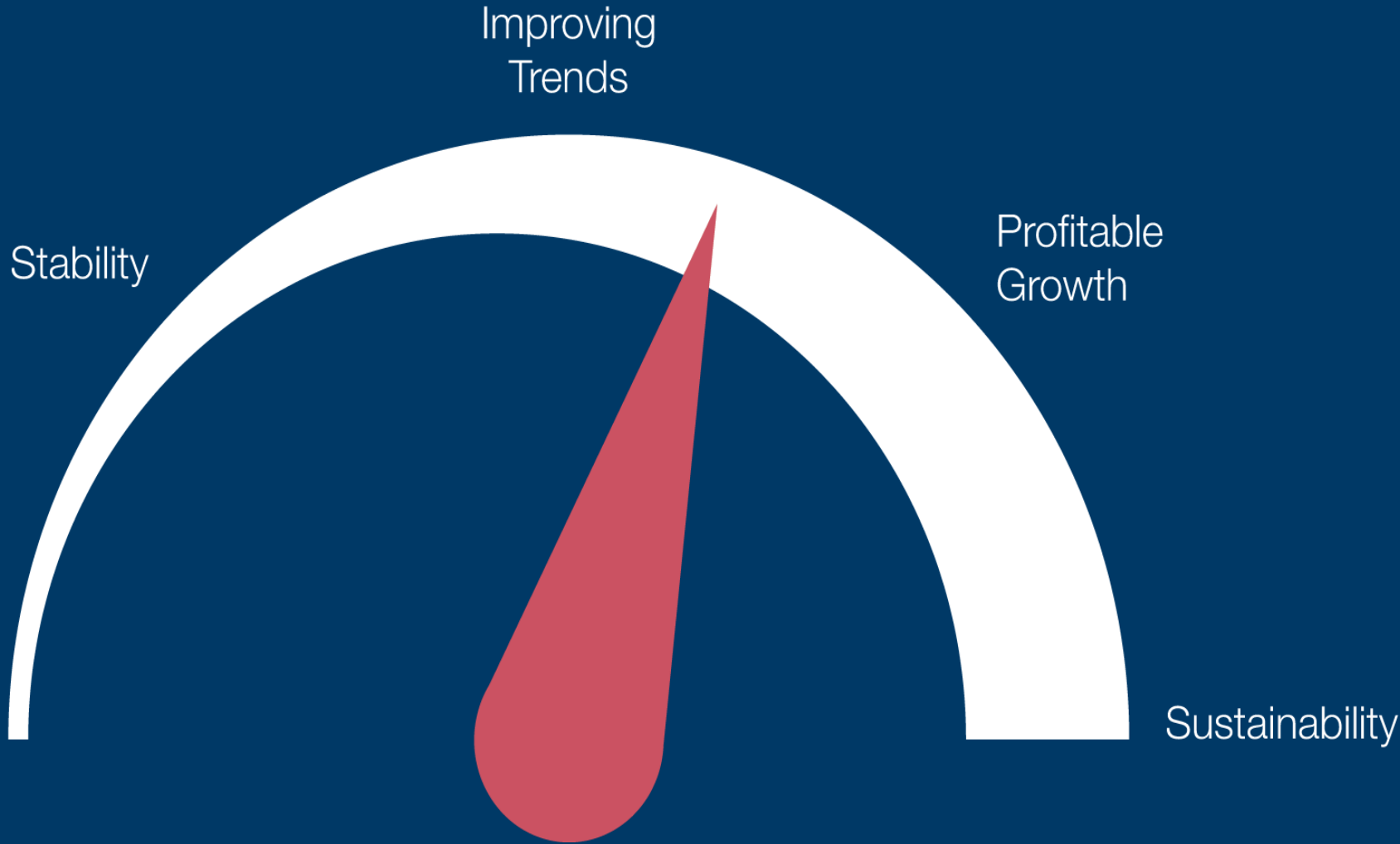


Underlying EBITDA: NDR



How we're tracking

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Strategic Growth Initiatives

Approach

Organic

Increase Consultant Headcount & Productivity

- 6% net increase over last 12 months.
- Planned continued investment in consultants.
- GM People & Performance appointed.

New Markets

Asia

- Identified as significant geography to drive growth.
- Continued investment in existing operation.
- Open second office in FY15.

Organisational Development

- Greater demand in sector, establishing national presence.

New Sectors

Ensure Health

- Established to provide services to Australia's robust health sector.
- Achieved profit in month three.

Unlocking Value Group wide

Technology Platform

- Implementation of an enterprise level, common database platform.
- Significant benefits to front and back office.

Acquisition

Integration into existing structure

Investment Highlights

Platform for growth

With the successful restructure completed, Rubicor has achieved the necessary platform and stability and is well positioned to pursue strategies for further growth.

Technology

An enterprise common database platform is scheduled to roll out in H2 FY15. This will significantly enhance client and candidate visibility, reduce operating cost and maximise collaboration.

Specialist

Enhanced value proposition through our trusted client relationships, industry knowledge, deep networks and reputation.

Operational Leverage

The current platform is highly scalable to maximise profitability from future growth opportunities and improving economic conditions.

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Thank You & Questions



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Appendix

Industry Overview



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Fact #1

The global staffing market in 2013 was worth an estimated USD\$416 billion (using sales rather than gross profit).

The contribution breakdown of the top ten countries is shown on the right.

Source: Staffing Industry Analysts

Rank	Country	Value (USD\$)	Global market share	Forecast 2014 growth
1.	USA	\$124 billion	30%	7%
2.	Japan	\$58 billion	14%	4%
3.	UK	\$37 billion	9%	7%
4.	France	\$29 billion	7%	2%
5.	Germany	\$25 billion	6%	5%
6.	Australia	\$21 billion	5%	1%
7.	Netherlands	\$17 billion	4%	0%
8.	Canada	\$13 billion	3%	Not supplied
9.	Brazil	\$8 billion	2%	4%
10.	Italy	\$8 billion	2%	Not supplied

Fact #2

The three largest staffing companies (by sales) in the world have combined global sales that equate to the combined global sales of the next thirty largest staffing companies. The three largest recruitment agencies, globally, hold a combined market share of approximately 17%, which is the same combined Australian market share that the three largest recruitment agencies in Australia (Hays, Skilled, Chandler Macleod) account for. The per country breakdown of the global top ten is shown on the right: **Source: Staffing Industry Analysts**

Rank	Company	Country HQ	Global sales 2012 (USD\$ million)	Global market share
1.	Adecco	China	26,407	6.51%
2.	Randstad	Netherlands	21,972	5.42%
3.	Manpower	USA	20,678	4.97%
4.	Allegis	USA	9,548	2.29%
5.	Recruit	Japan	6,265	1.50%
6.	Hays	UK	5,829	1.44%
7.	Kelly Services	USA	5,451	1.31%
8.	USG People	Netherlands	3,699	0.91%
9.	Robert Half Int.	USA	3,658	0.88%
10.	Tempstaff	Japan	2,521	0.60%
16.	Skilled Group	Australia	1,902	0.47%
23.	Chandler Macleod	Australia	1,582	0.39%

Financial Summary



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FINANCIAL SUMMARY	FY14	FY13	FY14 vs FY13
Total Revenue (\$m)	198.0	237.7	-16.7%
Gain on debt forgiveness (\$m)	88.6	0.0	
NDR (Gross Margin)			
Statutory (\$m) ¹	125.9	39.7	
Underlying (\$m) ²	37.1	39.7	-6.5%
EBITDA			
Statutory (\$m) ^{1,3}	89.2	(2.2)	
Underlying (\$m) ^{2,4}	1.3	1.6	-18.8%
NPAT attributable to equity holders			
Statutory (\$m) ^{1,3}	84.4	(24.4)	
Underlying (\$m) ^{2,4,5}	(1.0)	(3.4)	70.6%
Earnings per share			
Statutory (cents) ^{1,3}	77.0	(22.3)	
Underlying (cents) ^{2,4,5}	(0.9)	(3.1)	70.6%

1. Includes gain on debt forgiveness of \$88.6m (FY13: \$Nil) and abnormal revenue of \$0.2m (FY13: \$Nil).
2. Excludes gain on debt forgiveness of \$88.6m (FY13: \$Nil) and abnormal revenue of \$0.2m (FY13: \$Nil).
3. Includes restructuring costs of \$0.9m - \$0.6m onerous lease provision, \$0.2m redundancy payments and \$0.1m other restructuring expenses (FY13: \$3.8m - \$1.6m onerous lease provision, \$0.6m redundancy payments, \$0.9m transaction costs, \$0.3m other restructuring expenses and \$0.3m foreign exchange losses).
4. Excludes restructuring costs of \$0.9m - \$0.6m onerous lease provision, \$0.2m redundancy payments and \$0.1m other restructuring expenses (FY13: \$3.8m - \$1.6m onerous lease provision, \$0.6m redundancy payments, \$0.9m transaction costs, \$0.3m other restructuring expenses and \$0.3m foreign exchange losses).
5. Excludes taxation relating to gain on debt forgiveness of \$1.8m (FY13: \$Nil), notional interest on vendor liabilities of \$0.1m (FY13: \$0.2m) and asset impairment of \$Nil (FY13: \$15.7m), net of tax effect.

Financial Summary by Half



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FINANCIAL SUMMARY	H2 FY14	H1 FY14	H2 FY13	H1 FY13
Total Revenue (\$m)	96.3	101.7	111.2	126.5
NDR (Gross Margin)				
Statutory (\$m) ¹	18.8	107.1	18.1	21.6
Underlying (\$m) ²	18.7	18.4	18.1	21.6
EBITDA				
Statutory (\$m) ^{1,3}	0.1	89.1	(2.3)	0.1
Underlying (\$m) ^{2,4}	0.7	0.6	0.3	1.3
NPAT attributable to equity holders				
Statutory (\$m) ^{1,3}	(1.6)	86.0	(12.2)	(12.2)
Underlying (\$m) ^{2,4,5}	(0.5)	(0.5)	(1.9)	(1.5)

Underlying Performance



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12 Months ended 30 June	2014 \$M	2013 \$M	Change %
Statutory revenue	286.6	237.7	20.6%
Gain on debt forgiven	-88.6	0.0	
Other income	-0.2	0.0	
Underlying revenue	197.8	237.7	-16.8%
Statutory NDR (Gross margin)	125.9	39.7	217.1%
Gain on debt forgiven	-88.6	0.0	
Other income	-0.2	0.0	
Underlying NDR (Gross margin)	37.1	39.7	-6.5%
Statutory EBITDA	89.2	-2.2	
Gain on debt forgiven	-88.6	0.0	
Other income	-0.2	0.0	
Unrealised forex losses	0.0	0.3	
Restructuring expense	0.9	3.5	
Underlying EBITDA	1.3	1.6	-18.8%
Depreciation	-0.6	-0.8	
Amortisation	-0.1	-0.1	
EBIT	0.6	0.7	-14.3%
Finance costs - borrowing costs amortisation	-0.4	-0.5	
Finance costs - interest & charges	-1.1	-4.4	
Profit Before Tax	-0.9	-4.2	78.6%
Tax	0.3	1.3	
NPAT	-0.6	-2.9	79.3%
NPAT - Equity holders	-1.0	-3.4	70.6%
EPS (cents)	-0.9	-3.1	70.6%

Statutory Performance



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12 Months ended 30 June	2014 \$M	2013 \$M	Change %
Revenue	198.0	237.7	-16.7%
Gain on debt forgiveness	88.6	0.0	
NDR (Gross margin)	125.9	39.7	217.1%
EBITDA	89.2	-2.2	
Depreciation	-0.6	-0.8	
Amortisation	-0.1	-0.1	
EBIT	88.5	-3.2	
Notional interest on vendor liabilities	-0.1	-0.2	
Finance costs - amortisation	-0.4	-0.5	
Finance costs - interest & charges	-1.1	-4.4	
Impairment charge	0.0	-15.7	
Profit / Loss Before Tax	86.9	-24.0	
Tax	-2.1	0.0	
NPAT	84.8	-23.9	
NPAT - Equity holders	84.4	-24.4	
EPS (cents)	77.0	-22.3	

Competitor Comparison

ASX Listed Peers – Underlying EBITDA

Underlying EBITDA							FY14 v	H1 FY14	H2 FY14	H2 FY14
	FY14	H2 FY14	H1 FY14	H2 FY13	H1 FY13	FY13	FY13	vs H1	vs H2	vs H1
Company	Actual	Actual	Actual	Actual	Actual	Actual	%	%	%	%
Rubicor	1.3	0.7	0.6	0.3	1.3	1.6	-18.8%	-53.8%	133.3%	16.7%
Clarius	-1.0	0.2	-1.2	0.1	0.9	1.0	n/a	n/a	100.0%	n/a
Ambition	-0.6	0.6	-1.2	0.1	0.1	0.2	n/a	n/a	500.0%	n/a
Chandler	40.2 ¹	21.5	18.7	22.8	22.5	45.3	-11.3%	-16.9%	-5.7%	15.0%
Skilled	95.4 ²	51.5	43.9	46.4	48.7	95.1	0.3%	-9.9%	11.0%	17.3%

Notes

- H1FY14 includes full year impact of FY13 acquisitions:
 Vivir - acq 5.12.12. \$4.1m EBITDA included in FY13.
 Trilogy - acq 19.11.12 - Impact not stated in AFS, however not material
Based on FY14 accounts, FY14 includes est \$4m EBITDA which was not in FY13.
Underlying yoy decrease excl acqs = -20.1%
- FY14 includes full year impact of FY13 acquisitions:
 Broadsworld - acq Jun 13 - FY14 EBITDA of \$16.6m.
Based on FY14 accounts, FY14 includes \$16.6m EBITDA which was not in FY13.
Underlying yoy decrease excl acqs = -17.1%

Competitor Comparison

Global Peer Selection – YoY NDR growth

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