

ASX ANNOUNCEMENT

30 August 2017

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2017

The Directors of Clarius Group Limited and its controlled entities (the “Group”) today released the audited financial results for the year ended 30 June 2017.

Financial Summary

- Revenue decreased 17.0% to \$153,282k (2016: \$184,567k)
- Gross profit decreased 15.7% to \$32,627k (2016: \$38,690k)
- Gross profit margin improved to 21.3% (2016: 21.0%)
- Loss after tax reduced by 3.6% to \$3,724k (2016: loss of \$3,864k)
- Net operating cash inflow \$239k (2016: \$540k)
- Net assets were \$16,591k (2016: \$20,591k)
- No final dividend was declared.

Business Performance

Despite the significant inroads made during the second half of 2017 to refocus the Group on its four business units, full-year revenue declined 17% from \$184,567k to \$153,282k, while gross profit decreased 15.7% to \$32,627k (2016: \$38,690k) and gross profit margin improved slightly to 21.3% from 21.0%. Overall, the loss for the year reduced by 3.6% to \$3,724k from \$3,864k in the prior year.

The Australia/New Zealand Specialist Recruitment business accounted for 85.1% of revenue, while the China Specialist Recruitment business represented 6.8% and the On Demand business accounted for 6.4%. The People Services business made up the balance of revenue.

During the second half of the 2017 financial year, the Group continued to focus on enhancing customer relationships, investing in technology to generate efficiencies throughout the organisation and increasing the support provided to its people and candidates in the Asia-Pacific region. This focus has been underpinned by:

- Roll-out of its rebrand to better position the organisation within the Australian marketplace;
- Refinement of the specialist recruitment service offering across key offices delivering revenue diversification; and
- Investment in a new applicant tracking system and a new payroll and billing system, both scheduled for release in the second quarter of the 2018 financial year.

Strategic Highlights

The major area of focus in the second half of the 2017 financial year was on the development and implementation of a sustainable, scalable strategic plan for the Group's four business units: Specialist Recruitment, On Demand and People Services in Australia/New Zealand and Specialist Recruitment in China. The aim during this period was to develop an understanding of our shared mission, vision and values across the Group, and to ensure that our people were aligned behind a cohesive and effective strategic plan. The strategic plan "Back in Black" focuses on three core areas:

- Retaining, supporting and servicing the needs of our current customers and candidates;
- Acquiring new customers to deliver revenue and margin upside for the organisation; and
- Developing operational efficiencies in the back office and front office recruitment processes.

The renewed focus on the organisation's four business units is complemented with additional emphasis on supporting and developing our people which includes a range of initiatives that will:

- Improve the leadership capabilities amongst our executives and business leaders;
- Reduce the time and investment required to take a consultant from induction to productivity; and
- Increase the productivity of our consultants through a new technology enabled sales platform.

These initiatives should improve our ability to attract, acquire, train and retain our people.

Focus on our customers has commenced specifically targeting:

- Further development of our customer relationships; and
- Development and implementation of key customer account plans.

This focus has already increased opportunities for both contractor and permanent placements across all business units. For example, after significant effort and focus, our bids and tenders win loss ratio achieved its best performance in many years and we were reinstated as one of the main service providers for a major customer. In addition to this, our On Demand business was recently awarded one of its largest long term contracts with a major customer in many years.

In the second half of 2017 our organisation developed an array of accurate, up-to-the-minute activity dashboards. These dashboards are focused on our consultants' activity and their key performance metrics, and roll-up into team, office, divisional and organisational reports. These activity dashboards will ensure that:

- Training and development is provided to our consultants when they need it;
- Necessary support is provided to our leaders, teams, offices and divisions when needed; and
- Management of our customer and candidate interactions is appropriately monitored, analysed and amended as required.

This enhanced reporting will ensure that the opportunities generated in the second half of the 2017 financial year materialise into profitable revenues in 2018.

We also commenced the implementation of an industry leading applicant tracking system for our front office in the second half of 2017. This, combined with our enhanced reporting, will deliver substantial efficiency improvements and will assist with customer sharing and collaboration across all business units and geographies. This long overdue and critical long-term system investment will be completed during the second quarter of the 2018 financial year.

Our efficiency initiatives will include further refinement and automation of our front office recruitment processes leading to productivity gains. In addition, our focus will be on further operating expenditure efficiencies ensuring that our organisation invests its finite resources in strategic and operational initiatives that will deliver tangible returns for our people, customers, candidates and shareholders.

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About Ignite

Clarius Group Limited trading as Ignite (ASX: CND) is a company limited by shares, incorporated and domiciled in Australia and listed on the Australian Securities Exchange.

For more than 30 years the company has been using its deep industry expertise and extensive relationships to unite permanent, contract and temporary workers with government, non-government entities and private clients of all sizes throughout the Asia Pacific region. In Australia, these segments are Specialist Recruitment, On Demand and People Services whilst in China the Group focuses solely on Specialist Recruitment.

The company operates in 11 cities across Australia and China and employs more than 250 people.