

ASX ANNOUNCEMENT

26 February 2018

RESULTS ANNOUNCEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2017

The Directors of Clarius Group Limited (CND) today released the results for the half year ended 31 December 2017.

Financial Summary

- Revenue decreased 8.2% to \$74,123k (31 December 2016: \$80,747k).
- Gross profit decreased 0.1% to \$16,962k (31 December 2016: \$16,979k).
- Gross profit margin improved to 22.9% (31 December 2016: 21.0%).
- Loss from ordinary activities after tax deteriorated 41.1% to \$1,917k (31 December 2016: loss of \$1,359k).
- Loss from continuing operations (excluding other income)¹ of \$1,735k reduced 2.9% (31 December 2016: loss of \$1,786k)
- Australia/New Zealand Specialist Recruitment profit before tax improved 2.8%.
- People Services profit before tax improved 3.6%.
- China Specialist Recruitment revenue increased 21.1%.
- Employee benefits expense reduced 3.2%.
- Operating rental expense reduced 16.6%.
- Net operating cash outflow was \$1,079k (31 December 2016: \$869k).
- Net assets were \$14,674k (30 June 2017: \$16,591k).
- No interim dividend was declared.

Operational Summary

Australia/NZ Specialist Recruitment

- Profit before tax improved 2.8% to \$1,418k (31 December 2016: \$1,379k).
- Permanent placement revenue increased 15.2% against the prior half year.
- Re-established several key customer relationships.
- Appointed new Victorian General Manager.

On Demand

- Profit before tax decreased 46.5% to \$333k (31 December 2016: \$623k).
- During the half year the business was awarded a number of large contracts which are in the transition and ramp up phases.

¹ Loss from continuing operations in the current half year included nil other income and in the prior half year included \$500k of other income.

People Services

- Profit before tax increased 3.6% to \$114k (31 December 2016: \$110k).
- Alignment with Specialist Recruitment customers has delivered upselling opportunities including indigenous recruitment, bulk recruitment (including graduate recruitment), capability assessments and specific recruitment processes.

China Specialist Recruitment (trading as “Lloyd Morgan”)

- Profit before tax decreased 11.4% to \$202k (31 December 2016: \$228k).
- Revenue growth was 21.1% in the half year.
- Ongoing investment in the business resulted in a decline in profit.
- New Shanghai and Suzhou Regional Director appointed in July 2017.
- The business is expected to perform strongly for the remainder of this financial year.

Efficiencies

- Debtor finance facility renewed for a further 24 months, also increasing the overall limit.
- Successfully implemented both an industry-leading applicant tracking system (ATS) and a new payroll and billing system, delivering critical long-term system investment to replace legacy systems.

The Half Year Ahead

It has been pleasing to see that our initiatives during the half year delivered continuing and encouraging improvements in-line with our 2020 strategy. Most notably, stronger gross margin performance from 21.0% to 22.9%, improved permanent placement revenue in Australia and China, and continued shared services efficiencies.

In the second half we will continue to focus our consultants on growing higher margin contracting and permanent placements. This activity will be underpinned by the execution of our strategic account plans which have identified a range of immediate growth opportunities. With a strong portfolio of existing key accounts throughout each business unit and a healthy pipeline of potential customers, we are well-placed to benefit in the second half of this financial year.

With our significant technological transformation projects now complete, our focus will be on continuing to improve our operational efficiencies. These will centre on shared services efficiencies and the development of applications that align and support our corporate back-office and front-office consultants, including bespoke learning and development, enhanced sales materials and automated reporting.

We are now positioned to deliver improved organisational performance and greater value and returns to our shareholders.

- ENDS -

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About Ignite

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

The Company operates in two distinct geographic regions being Australia/New Zealand and China. In Australia/New Zealand it provides permanent and contingent recruitment and payroll services (Specialist Recruitment); on demand human resources (On Demand); and outsourced recruitment and human resource consulting services (People Services) under the “Ignite” brand. In China it provides Specialist Recruitment under the “Lloyd Morgan” brand.

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

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Clarius Group Limited trading as Ignite

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