



Rubik

HALF YEAR RESULTS
FEBRUARY 2016

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CORPORATE OVERVIEW

CORPORATE OVERVIEW

The Rubik Group is committed to improving the overall efficiency and profitability of the financial services community through our technology solutions. Our clients are Australia's leading Financial Institutions, including all four major banks and a growing list of international financial and telco institutions. Our solutions include financial planning software, mortgage broking and origination software, core banking systems and digital banking solutions.

CORPORATE OVERVIEW



Australia, Asia
& Middle East



160 staff in
Australia &
60+ offshore



22,000 users
of Rubik
Software

Committed to
providing **Open
Architecture**
solutions

Leading the
future of
**Scaled / Robo
Advice**

Digital channel
& platform
Enablement

OUR CORE PRODUCT SUITE

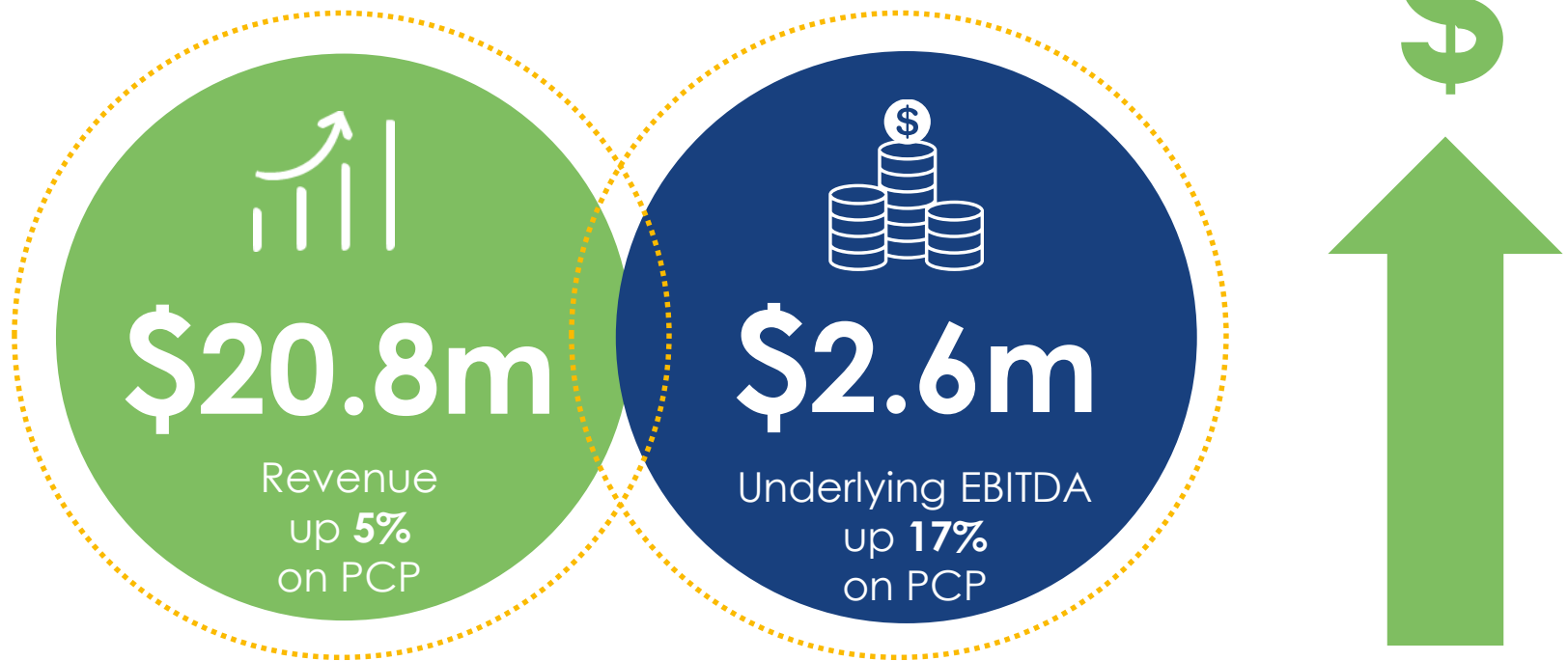


Winner
2014 & 2015



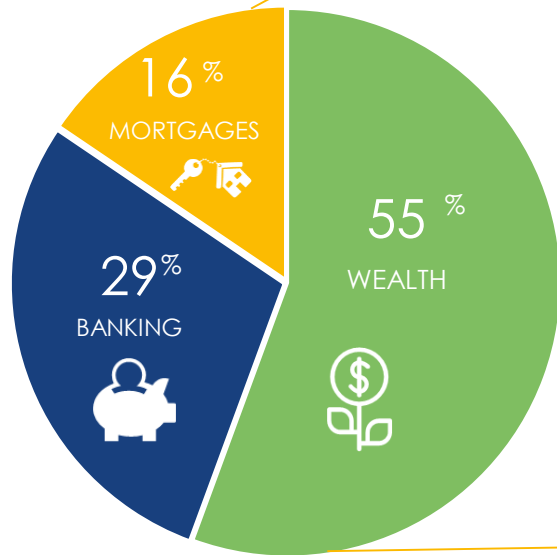
H1 FY2016 FINANCIAL RESULTS

TOTAL REVENUE + UNDERLYING EBITDA

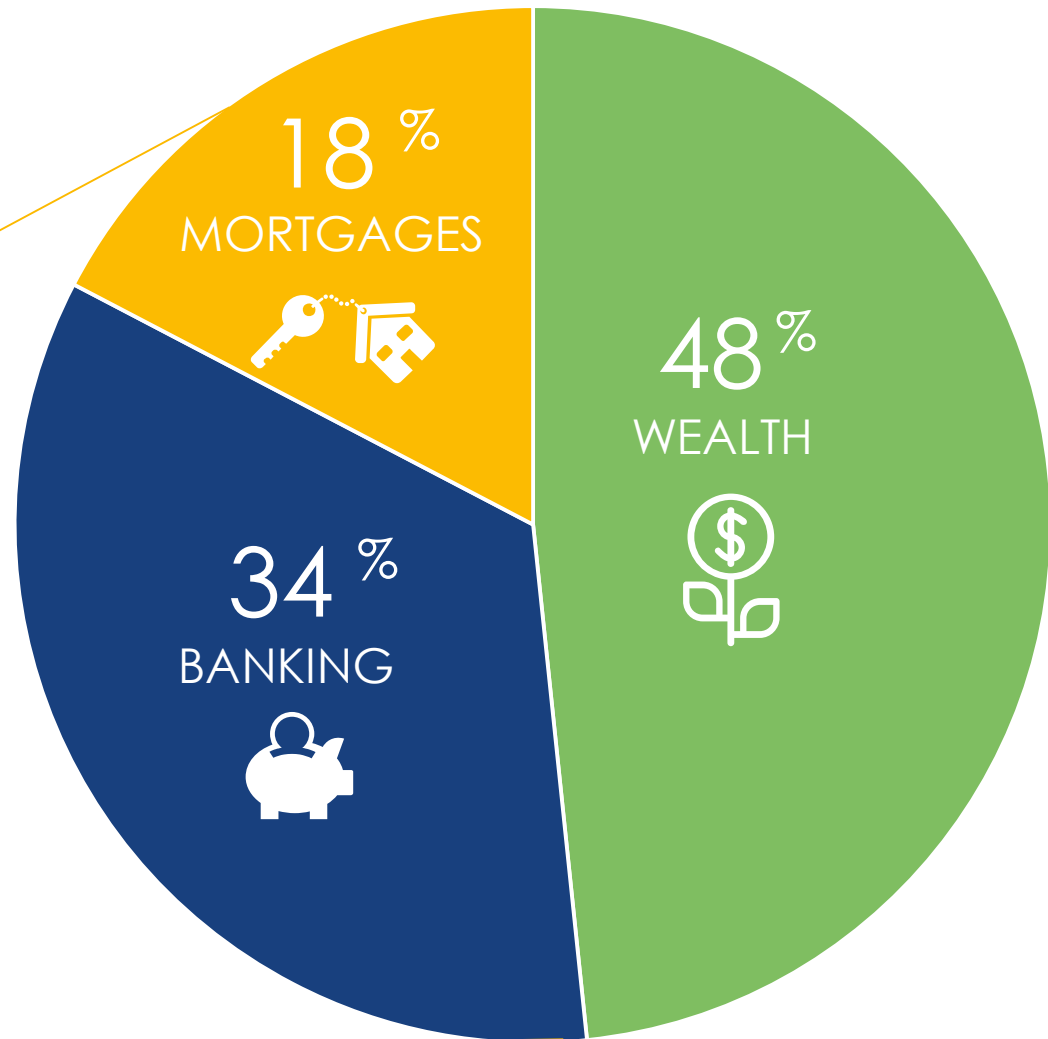


REVENUE SHARE BY PRODUCT GROUP

Diversifying revenue base via increased focus on Banking opportunities



H1 FY2015



H1 FY2016

KEY INITIATIVES UPDATE

- ✓ Corporate restructuring complete
- ✓ Established offshore development and testing centre
 - 58 resources
- ✓ Consolidated data centre infrastructure
 - 9 data centres down to 1
- ▣ On track to deliver professional services capability to better service clients and create additional revenue
 - Hired new Group Executive – Consulting, James Jackson

BANKING INNOVATION PROJECT

- ✓ Moving Temenos T24 product suite from 'On-Premise' deployment to pure SaaS deployment.
- ✓ Concurrently rolling out Temenos' 'edgeConnect' digital platform
 - First invoices issued
- ☐ Option to extend licence terms upon payment of additional licence fee at end of calendar year 2016
- ☐ Debt funding in place for additional licence fee, if option exercised

SIGNIFICANT ITEMS

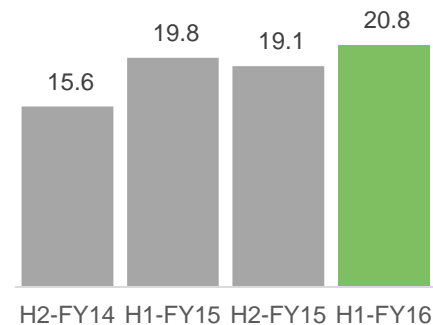
- ❑ Restructuring costs – now complete
- ❑ Transaction & integration costs – opportunistic, depending on acquisition pipeline
- ❑ Earn-out provision movement and associated impairment of the Mortgages business – final amount will be determined at end of FY2016



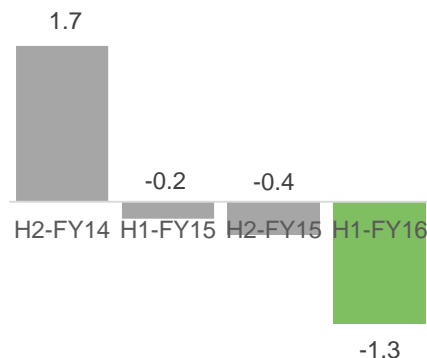
APPENDIX

Overall key result indicators

Revenues (\$m)



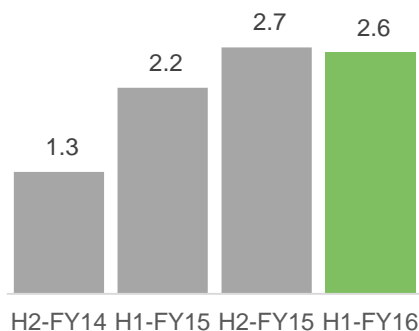
Operating Cash Flow (\$m)



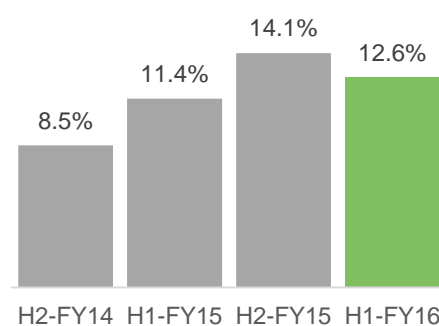
Results commentary

- Revenues increasing with focus on consulting service fees, primarily related to our Banking products
- Cash flow down due to increased working capital requirements and restructure costs. Operating cash flows expected to return to positive during H2-FY2016
- Recent improvement in underlying EBITDA reflects start of the effects of restructuring initiatives, somewhat offset by higher maintenance costs given lower R&D investments in H1-FY2016

Underlying EBITDA (\$m)



Underlying EBITDA: Revenue Margin (%)



Balance sheet

(\$m)	31 Dec 2015	30 Jun 2015
Assets		
Current assets	11.1	10.4
Non-current assets	66.0	69.6
Total assets	77.1	80.0
Liabilities		
Current liabilities	17.3	12.2
Non-current liabilities	6.0	12.1
Total liabilities	23.3	24.3
Total equity	53.8	55.6

Balance sheet commentary

- Current liabilities include:
 - \$2.5m of income in advance not expected to result in future cash outflow
 - \$2.0m of contingent consideration related to potential future Stargate earn-out payments (see below)
 - \$3.2m for Temenos licenses which is funded by long-term loan facility not yet drawn
- Stargate business performing below initial expectations, leading to a \$5.3m impairment of Goodwill (assets) and a \$5.8m decrease in potential earn-out payments (liabilities)
- Additional \$3.1m undrawn debt facilities as at 31 Dec 2015, \$1.1m of which is long-term

Borrowings

- Westpac facilities were renegotiated prior to 31 December 2015
- Existing facilities were extended, adding up to \$10m in additional credit to fund the Banking innovation project
- Westpac facilities A & B are interest only until expiry date

Facility	Purpose	Amount of facility (\$)	Amount of Facility Available (\$)	Amount Used as @ 31 Dec 2015 (\$)	Expiry Date
Westpac Banking Corporation - A	General working capital requirements	7,100,000	6,410,000*	5,874,000	1/01/2019
- B	To fund the acquisition of the edgeConnect license from Temenos	3,850,000	3,850,000	Nil	1/01/2019
- C	To develop and acquire further software license from Temenos and renew the license fee	6,150,000	6,150,000	Nil	1/01/2019
Viburnum Funds Pty Ltd	General working capital requirements	2,000,000	2,000,000	Nil	31/03/2016
Total		19,100,000	18,410,000	5,874,000	

*\$690k used as collateral for bank guarantees

Restructuring costs

(\$'000)	H1- FY2016	H2- FY2015	H1- FY2015	Total
Off-Shore Development Centre (OSDC)	603	1,170	-	1,773
Redundancies & related costs (non-OSDC)	354	1,343	475	2,172
Data centre consolidation	302	112	-	414
Early termination of lease	159	-	-	159
Legal fees	123	62	-	185
Consulting	-	134	-	134
Total	1,541	2,821	475	4,837

Restructure commentary

- Restructure completed within expected budget
- Spent \$4.8m, \$0.2m less than planned \$5.0m
- Expected annual benefit of \$2.0m beginning Q4 FY2016
- Payback period: 2.5 Years

Reconciliation of Underlying Operating EBITDA to Operating Cash Flow

	\$'000
Underlying Operating EBITDA	2,627
Net interest paid	(136)
Sub total:	2,491
Change in Working Capital	
Increase in trade & other receivables	(3,137)
Increase in other current assets	(242)
Increase in trade creditors	1,823
Increase in employee benefits	496
Increase in income in advance	230
Decrease in other working capital balances	(701)
Sub total:	(1,531)
Operating Cash Flow (post R&D) excl. Restructure	960
Restructuring costs	(1,541)
Decrease in restructuring provision	(758)
Sub total:	(2,299)
Operating Cash Flow (post R&D)	(1,339)

Operating cash flow commentary

- Restructure related cash outflow in H1-FY2016 was \$2.3m
- As these efforts are now completed, operating cash flows expected to return to positive during H2-FY2016



Thank you!