



ASX Release – RFL
Rubik releases half-year results

For Immediate Release: 25 February 2016

Financial services software company, Rubik Financial Limited (ASX:RFL), has released its reported results for the half year period ended 31 December 2015.

The highlights include:

- Group revenue was up five percent on pcp to \$20.8 million (H1 FY15: \$19.8 million)
- Underlying operating EBITDA was up 17 percent to \$2.6 million (HY1 FY15: \$2.2 million)
- Net loss after tax was \$2.2 million (H1 FY15: \$5.2 million loss)
- Recurring revenue contributed 76 per cent of revenues (HY1 FY15: 81 percent).

Craig Coleman, Rubik chairman, said that Rubik's focus on integration and restructuring over the past 12 months is starting to yield benefits evident in our underlying results and outlook.

"Rubik has completed the restructuring and continues the rebuilding that was flagged this time last year and we expect that this foundation positions us well for profitable growth.

"In addition to some important operational projects being completed, under the leadership of CEO Iain Dunstan, Rubik has significantly improved our customer focus across the company and recruited some key management talent," he said.

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For the half year, Rubik operated under one segment and reported to the Board along functional lines related to common services. However, revenue is still reported under three main products:

- **Banking** – Provision of software and related services to the banking sector;
- **Wealth** – Development and provision of advice software and services to the financial planning industry; and
- **Mortgages** – Development and provision of software solutions to the Australian mortgage broking industry.

Wealth products contributed 48 per cent of total revenue, Banking products contributed 34 per cent and Mortgage products contributed 17 per cent of total revenue.

Commenting on this result, Mr Dunstan said that over the past 12 months Rubik has been diversifying its revenue base through an increased focus on opportunities in the banking sector.

“This has helped improve overall revenue as well as more evenly balance the business across the three main segments of Wealth, Banking and Mortgages.

“We have also focused on our corporate restructuring which is now complete, the establishment of our off shore development and testing centre, and the consolidation of our data centre infrastructure.

“As a result, we anticipate that cash flows will return to positive during this calendar year and we’re on track to build our professional services capability to better service clients and create additional revenue.”

Rubik’s reported net loss after tax for the half year was primarily a result of depreciation and amortisation charges and one-off restructuring costs. These items were partially offset by the positive Underlying EBITDA result.

These costs were necessary in order for the Group to increase operational and cost efficiencies, and provide greater ability to scale and to standardise application deployment. The benefits of these efforts are expected to commence in H2-FY2016 and provide approximately \$2.0m in annualised benefits from FY2017.

Total restructuring program costs of \$4.8m was \$0.2m less than the \$5.0m originally expected. Rubik does not expect further restructure costs to continue into H2-FY2016.

During H1-FY2016, Rubik also committed \$3.9 million in licensing costs and other capex to acquire access to the Temenos edgeConnect product until September 2025. This software is a user experience platform (UXP) that functions across multiple distribution channels, for any product, any user, in any language and is optimised for each device type. First invoices for the sale of this product have been raised.

Rubik also renegotiated its debt facilities with Westpac Banking Corporation during the half year ended 31 December 2015. The renegotiation extended the term of the current debt facilities to January 2019 on an interest only basis. In addition, Rubik has agreed a further facility with Westpac which will fund an expanded Temenos engagement to provide digital banking products to mid-tier ADI's (Authorised Deposit-taking Institutions).

Rubik Group also arranged a 3-month short term loan with Viburnum Funds Pty Ltd for \$2.0m which was drawn down after 31 December 2015.

As at 31 December 2015, the Company had access to undrawn credit facilities of \$3.1m, including the \$2.0m short-term loan noted above.

The Company remained within its banking covenants as at 31 December 2015, maintaining a strong relationship with its bankers.

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About Rubik

Rubik Financial Limited (ASX:RFL) is the largest Australian financial services software house by client numbers, servicing 110 out of 171 Australian Authorised Deposit taking Institutions (ADIs), including all 4 major Australian banks. Rubik's software includes financial planning software, mortgage software, core banking systems and other banking solutions. Rubik is ISO9001 and ISO27001 certified.