



ABN 43 002 724 334
Level 9, 1 York Street
Sydney NSW 2000
t. 02 9250 8100
www.clarius.com.au

ASX ANNOUNCEMENT

25 August 2016

Clarius Group Ltd Results Announcement for the Year Ended 30 June 2016

The Directors of Clarius Group Ltd (the "Group") today released the audited financial results for the year ended 30 June 2016.

Financial summary

- Revenue increased 3.1% to \$184.6m (FY2014: \$179.0m)
- Gross profit up 1.7% to \$38.7m (FY2015: 38.3m)
- Loss from ordinary activities of \$3.9m (FY2015: loss of \$11.3m). Excluding one-off costs, provisions and write downs, the underlying net loss was \$1.2m (FY2015: loss of \$1.4m)
- Net operating cash inflow of \$0.5m (FY2015: net cash outflow of \$1.0m)
- Net assets of \$20.6m (FY2015: 24.5m)
- No final dividend was declared

Business Performance

During financial year 2016 the Group continued to deliver on its strategic change agenda to build a sustainable business that provides an outstanding experience for clients and candidates. The operational highlights were:

- Strong growth in China and ACT supported by solid performance in NSW, offset by performance issues in New Zealand and Victoria.
- Excluding New Zealand and Victoria, the underlying trading performance for the Group was profitable for financial year 2016.
- On the back of historical and ongoing sustained losses, local business operations in New Zealand were closed.
- Significant improvements to the debtor cash collection processes leading to a strong Balance Sheet with minimal debt.

In Australia, year-on-year revenue grew 3.9% to \$166.2m, led by strong growth in ACT and a business resurgence in NSW. Increased levels of business development, improvements in fee earner productivity and progress in the Outsourced Recruitment and People Services business have driven growth.

The Group invested in a number of initiatives over a prolonged period in an attempt to deliver a profitable business in New Zealand. The Group was not prepared to continue to sustain further losses and decided that investment would be better directed to markets where we are experiencing strong and sustainable growth. As a result, the decision was made in May 2016 to close local business operations in New Zealand and to fulfil ongoing commitments from Head Office.

The success story in China is evidenced by individual productivity improvements and profitable trading following the significant operational restructure exercise in the second half of Financial Year 2015. Client, candidate and internal acquisition metrics have all improved following the relocation of

the Beijing and Shanghai offices to new city-centre offices. Year-on-year revenue in China grew 14.7% to \$10.2m.

Strategic Highlights

In financial year 2016 the Group commenced a number of strategic initiatives designed to continue to revitalise performance and prepare the business for future success. These include:

- Company Rebrand - from November 2016 all Australian businesses under the Clarius Group banner will transition to a single new brand to simplify the 'go to market' strategy and internal operations.
- Simplified Operating Structure - we will continue to be a specialist recruitment firm but will begin offering more HR-related consulting services, on-demand offerings through digital marketplace platforms, as well as cloud based platform solutions.
- Front Office Recruitment Platform implementation – we will upgrade our legacy front office recruitment platform, which has been in use for the last 16 years to ensure that we have a platform to support the business for future success.
- Back Office Platform modernization – planning is underway to integrate the candidate pay, client invoicing and credit functions to provide the flexibility to fully support the requirements of a diverse business offering.
- Candidate and Client Experience – we are developing an automated resourcing tool that works as a Candidate and Client side enabler allowing both clients to self-serve through an interactive portal.
- Initial Smart Services Offerings – we have launched a number of applications into the “beta” stage of development to complement the Outsourced Recruitment and People Services offering.
- China Super Regions - we have established two Super Regions led by two Regional Directors with direct reporting lines to the Group CEO to address demographic, economic and cultural complexity in the market, and to better realise the longer-term opportunity.

-- ENDS --

SHAREHOLDER AND ANALYST ENQUIRIES CONTACT:

Peter Wilson
Chief Executive Officer
P (02) 9250 8100

Andy Watt
Chief Financial Officer
P (02) 9250 8100

About Clarius Group

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

For more than 30 years the company has been using its deep industry expertise and extensive relationships to unite permanent and contract workers with private sector and government clients of all sizes throughout Asia Pacific.

With more than 250 employees, Clarius Group operates in 11 cities across Australia and China.