



# Rubicor

Half Year Results  
31 December 2010

# Financial Summary

<u>Financial Highlights</u>	<b>HY1 2011</b> 31/12/10	<b>HY1 2010</b> 31/12/09	<b>Change</b> %
Total Revenue	145.9	136.5	6.9%
NDR (Gross Margin)	32.7	29.7	10.1%
Underlying EBITDA <sup>1</sup>	5.9	3.5	68.6%
Statutory EBITDA	5.9	3.4	73.5%
Underlying NPAT <sup>1&amp;2</sup>	-0.2	-1.3	
Statutory NPAT	-1.9	-5.0	
Underlying EPS <sup>1&amp;2</sup>	-0.3	-1.1	
Operating cash flow	2.5	0.5	500%

<sup>1</sup>Before significant items 1H11: \$nil, 1H10: \$0.1m

<sup>2</sup>Before amortisation of intangibles, notional interest on deferred payments for business acquisitions under IFRS and impairment of non-current assets

<sup>3</sup>Before interest and taxation

# Operational Highlights

## Growth:

- ◆ Momentum in driving profitability
- ◆ Specialists responsive to demand driven growth
- ◆ 69% EBITDA increase on pcp

## Efficiency:

- ◆ EBITDA to NDR at 18% up from 11%
- ◆ Consultant productivity and efficiency improving
- ◆ Converted 80% of NDR increase into EBITDA
- ◆ IT Search Engine Optimisation initiative to improve visibility

# Capital Management

## Debt funding:

- ◆ Compliance with covenants since July 2009
- ◆ \$1.3 million debt repaid during half year
- ◆ August 2010 extension of bank facilities to 31 July 2011

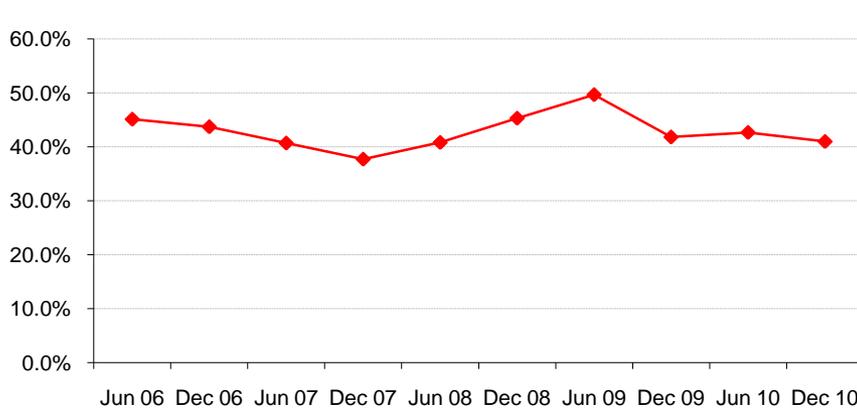
## Capital management:

- ◆ No dividend declared
- ◆ Operating cash flow at \$2.5m = good conversion of EBITDA to cash

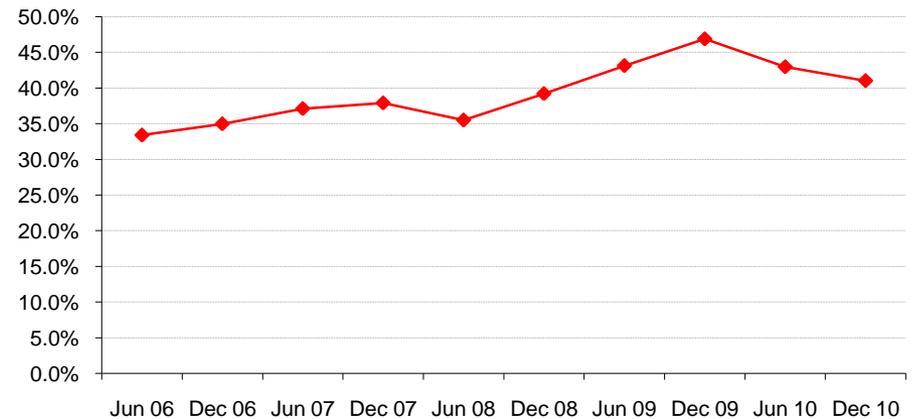
# Key Operating Indicators

- ◆ Positive momentum in key metrics from productivity, efficiency and cost savings initiatives

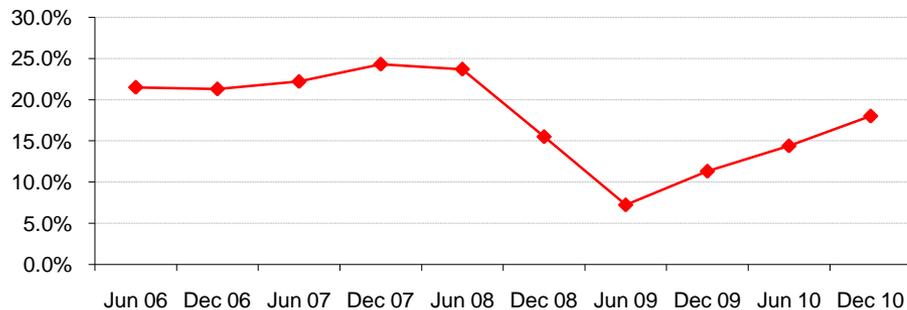
**Consultant costs to NDR: Target below 40%**



**Other costs to NDR**



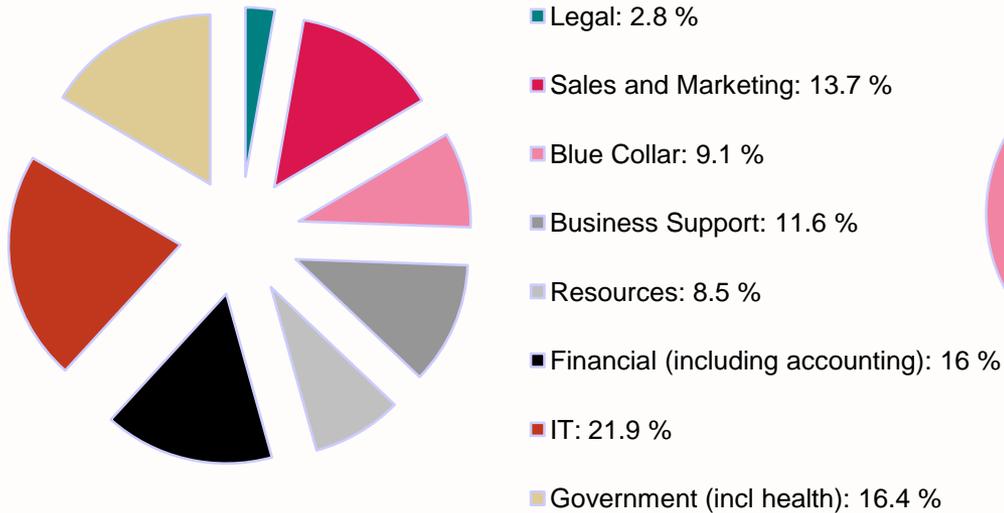
**EBITDA to NDR: Target above 23%**



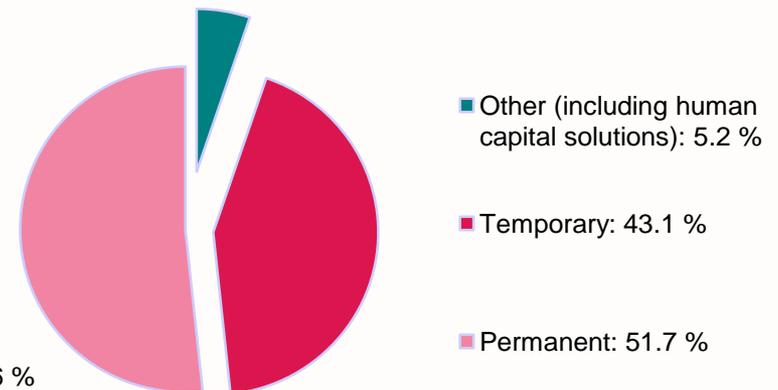
# Business Profile

- ◆ Greater consistency in more profitable permanent hire demand

## Industry

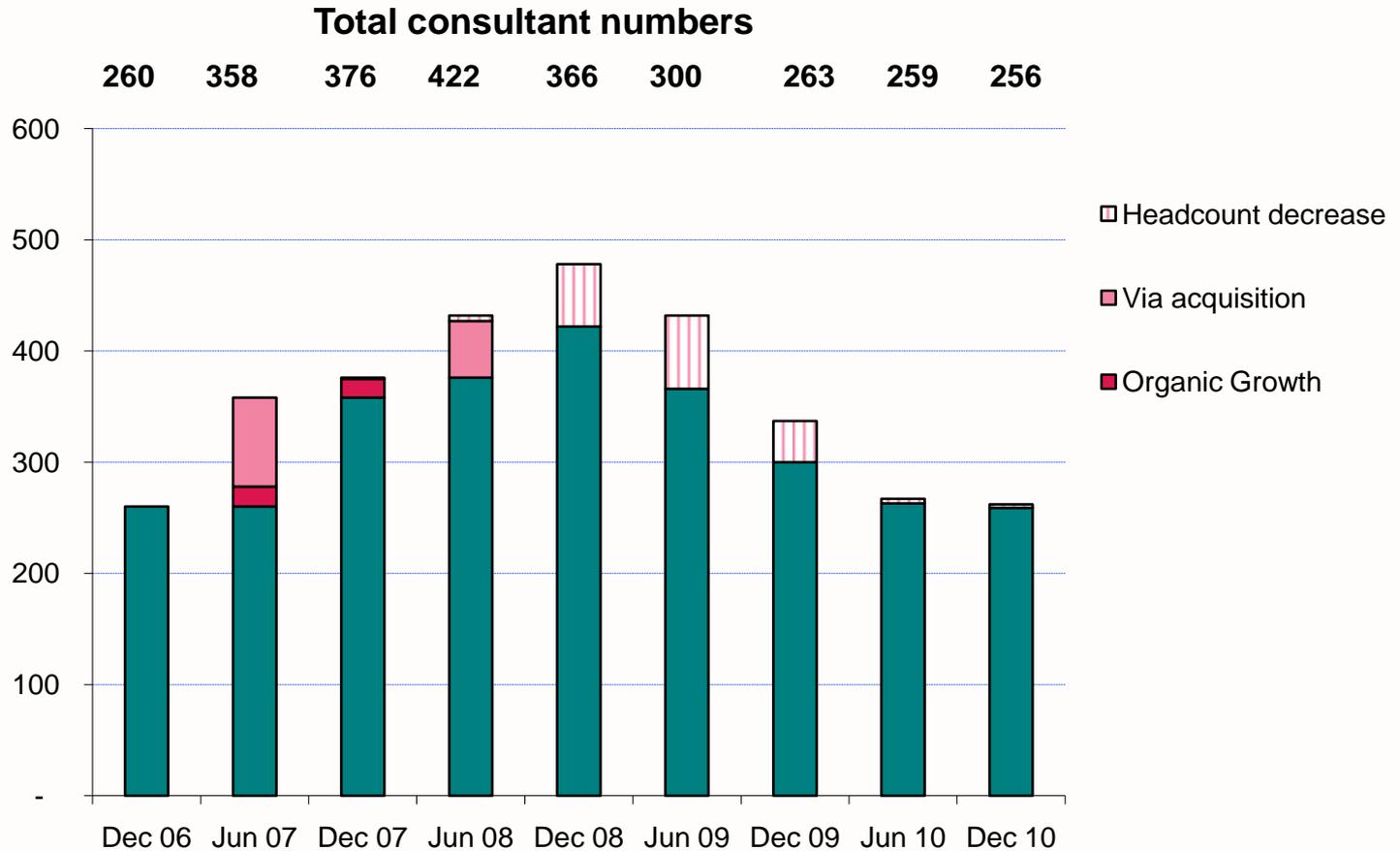


## Service



# Consultants

- ◆ Hiring in growth areas, rebalancing elsewhere



# Underlying Profitability

= best indicator of performance



6 months ended 31 December	2010 \$M	2009 \$M	Change %
<b>Revenue</b>	<b>145.9</b>	<b>136.5</b>	<b>6.9</b>
NDR (Gross margin)	<b>32.7</b>	<b>29.7</b>	<b>10.1</b>
<b>EBITDA</b>	<b>5.9</b>	<b>3.5</b>	<b>68.6</b>
Depreciation	-0.5	-0.6	
<b>EBIT</b>	<b>5.4</b>	<b>2.9</b>	<b>86.2</b>
Finance costs – amortisation	-1.0	-0.6	
Finance costs – interest/charges	-4.1	-3.3	
Profit/(Loss) Before Tax	<b>0.3</b>	<b>-1.0</b>	
Tax	-0.1	0.3	
Cash interest on vendor liabilities	-0.4	-0.6	
<b>NPAT</b>	<b>-0.2</b>	<b>-1.3</b>	
<b>NPAT attributable to equity holders</b>	<b>-0.3</b>	<b>-1.3</b>	
<b>EPS (cents)</b>	<b>-0.3</b>	<b>-1.1</b>	

# Financial Position

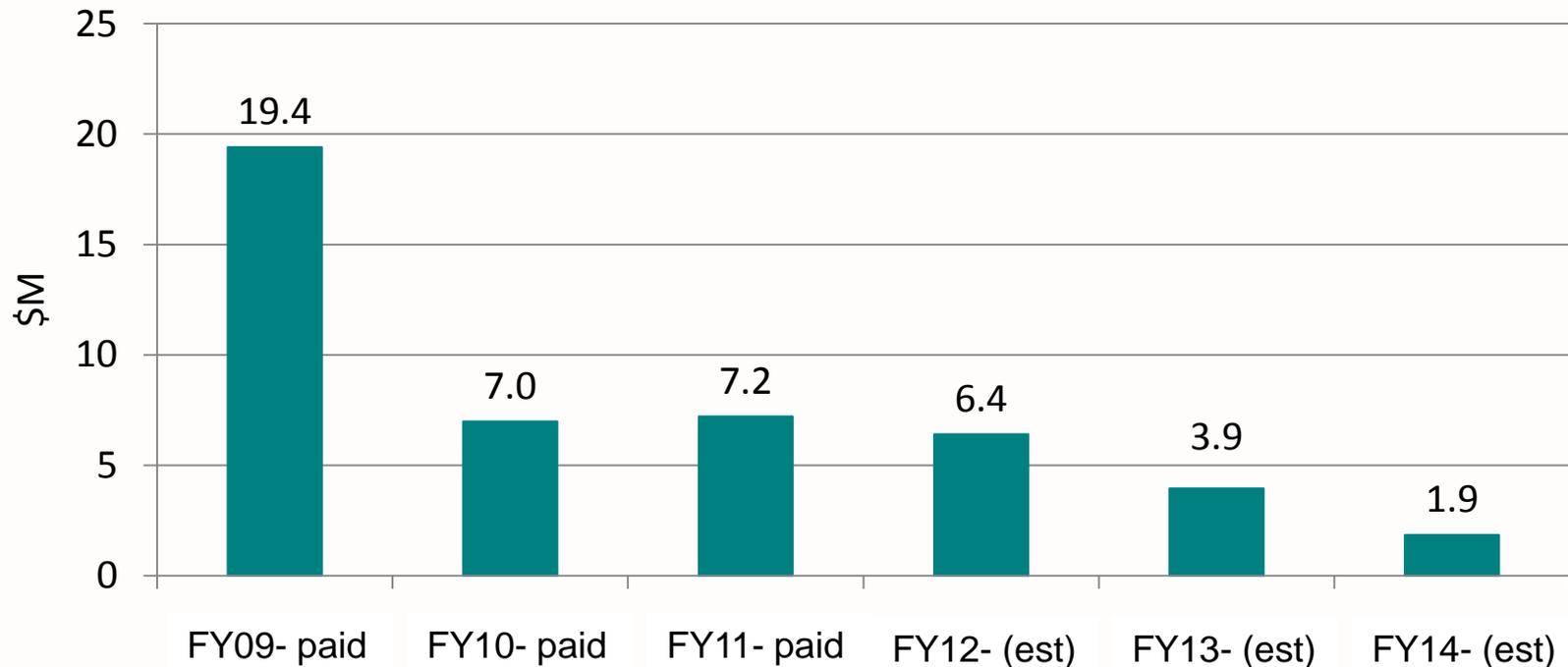


	31/12/10 \$M	30/06/10 \$M	Change %
Cash	1.7	3.6	-53
Receivables	36.1	38.0	-5
Goodwill	71.0	71.3	0
Identifiable intangibles	4.7	7.3	-35
Other assets	9.9	10.6	-7
<b>Total Assets</b>	<b>123.4</b>	<b>130.8</b>	<b>-6</b>
<b>Current Liabilities</b>			
Trade payables	19.5	25.6	-24
Deferred vendor consideration	5.8	7.5	-23
Borrowings – working capital	33.3	24.0	39
Borrowings – acquisitions debt	50.8	53.8	-6
Other liabilities	2.0	2.2	-12
<b>Non Current Liabilities</b>			
Deferred vendor consideration	4.2	9.3	-55
Other liabilities	3.5	1.0	259
<b>Total Liabilities</b>	<b>119.1</b>	<b>123.4</b>	<b>-4</b>
<b>Net Assets</b>	<b>4.3</b>	<b>7.4</b>	<b>-41</b>
<b>Net Asset backing (cents)</b>	<b>3.9</b>	<b>6.7</b>	

# Vendor Payment Profile

- ◆ Vendor payments expected to be extinguished by 2014

**Estimated Vendor Earn Out Payments (FY11-FY14)**



Estimated vendor earn out payments at future value of \$12.2m.  
Balance sheet (Vendor earn out liabilities) at present value of \$10.0m.

# Outlook

## Short term

- ◆ Continue to target:
  - ◆ consistency of performance across businesses
  - ◆ organic expansion
  - ◆ performance efficiency
  - ◆ capital discipline and debt refinancing
- ◆ Investment in front line resources in growth sectors
- ◆ Training and development programs to strengthen consultant capabilities

## Long term

- ◆ Skills shortages and wage pressures present opportunities for well-established and specialist recruiters

# Appendices

# Statutory Profitability



6 months ended 31 December	2010 \$M	2009 \$M	Change%
Revenue	145.9	136.5	6.9
NDR (Gross margin)	32.7	29.7	10.1
<b>EBITDA</b>	<b>5.9</b>	<b>3.4</b>	<b>73.5</b>
Depreciation	-0.5	-0.6	
Amortisation	-1.6	-3.0	
<b>EBIT</b>	<b>3.8</b>	<b>-0.2</b>	
Notional interest on vendor liabilities	-0.7	-0.9	
Finance costs – amortisation	-1.0	-0.6	
Finance costs – interest/charges	-4.1	-3.3	
<b>Loss Before Tax</b>	<b>-2.0</b>	<b>-5.0</b>	
Tax	0.1	0.0	
<b>NPAT</b>	<b>-1.9</b>	<b>-5.0</b>	
<b>NPAT attributable to equity holders</b>	<b>-2.1</b>	<b>-5.1</b>	
<b>EPS (cents)</b>	<b>-1.9</b>	<b>-4.6</b>	

# Reconciliation of Statutory to Underlying

Underlying NPAT adjusts for AIFRS-required amortisation, and notional interest on vendor liabilities

6 months ended 31 December	2010 \$M	2009 \$M
<b>Statutory NPAT – Equity holders</b>	<b>-2.1</b>	<b>-5.0</b>
Significant non cash items		
Add back: Amortisation of identifiable intangible assets	1.6	3.0
Notional interest on vendor liabilities	0.7	0.9
Deduct: Cash interest on vendor liabilities	-0.4	-0.6
Tax effect	<u>-0.1</u>	<u>0.4</u>
<b>Underlying NPAT – Equity holders</b>	<b><u>-0.3</u></b>	<b><u>-1.3</u></b>