



**Full Year Results**

**30 June 2008**





## Financial Highlights

Total Revenue	↑ 135%	\$367m
NDR	↑ 62%	\$104m
EBITDA	↑ 72%	\$24.7m
EBITDA:NDR <sup>^</sup>	above average	23.7%
Statutory NPAT		\$1.9m
Underlying NPAT*	↑ 429%	\$11.1m
Underlying EPS*	↑ 425%	10.5c
Operating cash flow**	↑ 49%	\$21m

<sup>^</sup> EBITDA on NDR

\*Adjusting for amortisation of intangibles and notional interest on deferred payments for business acquisitions under IFRS

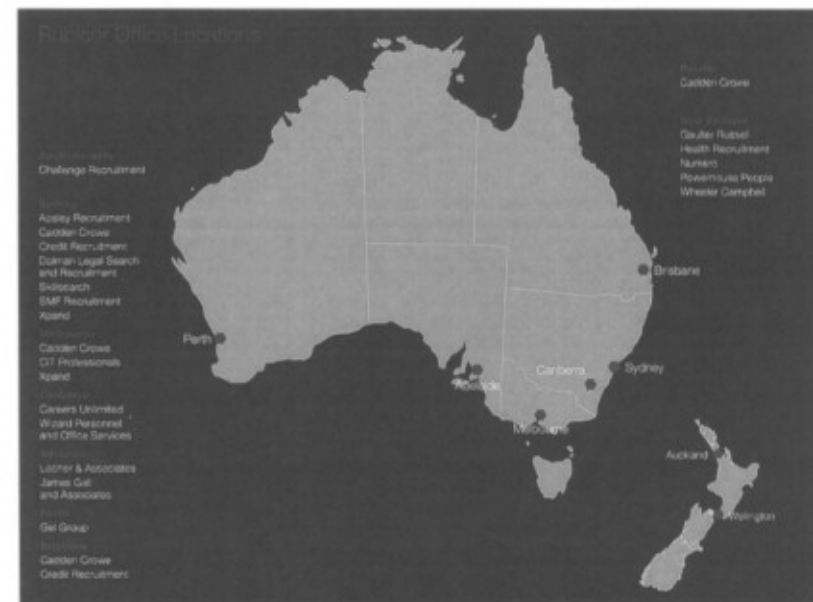
\*\*Before interest and taxation

- DIVIDEND
  - No final dividend
  - Interim dividend of 1.5 cents
  - Prudent capital management
  - Revised dividend payout policy to 50-70 per cent of statutory NPAT.

# Overview

**Rubicor is the 2nd largest\* listed recruitment services group in Australia and NZ**

- ✓ 22 operating businesses
- ✓ 46 offices (2 in Singapore)
- ✓ 400+ consultants
- ✓ Servicing significant number of the ASX 200 / ASX 50
- ✓ Diversified client base with no one client >5% of revenue
- ✓ Long term relationships with client base



\* on an EBITDA basis

# The Rubicor model

A P S L E Y  
RECRUITMENT

CAREERS  
UNLIMITED

CADDEN  
CROWNE

SEARCH  
PROFESSIONALS

CIT Professionals  
Specialist Search Services

credit  
recruitment

Dolman  
Wiederkeilig Search & Recruitment

Specialised operating companies

Maintain individual branding, culture and entrepreneurial spirit

Focused on individual sectors and geographies

Retains competitive advantages with candidates and clients

Sets Rubicor apart from large homogenised competitors

gautler russell

GET OR UP  
Recruitment and Search Solutions

Health  
Recruitment

James Galt

 Rubicor

locher.  
human resources

Gemteq  
EXECUTIVE

ORBIS  
RECRUITMENT

xpand

Wizard  
Recruitment & Search Solutions

WHEELER CAMPBELL

snf  
RECRUITMENT

Steelweld Personnel

SSC

TeamHouse

numero  
Recruitment Partners



# Operational Achievements

- ✓ Niche specialists with strong franchises, close to markets
  - ✓ Large number acquired in short period
  - ✓ Successfully preserved entrepreneurial drive
  - ✓ Majority of 22 businesses performing well
  - ✓ Isolated issues caused EPS reduction from forecast
  
- ✓ Driving efficiencies
  - ✓ EBITDA: NDR market leading
  - ✓ Productivity measures driving further efficiencies
  
- ✓ Joint pitches by businesses with different specialities
  - ✓ Launch of Rubicor Connect
  - ✓ Model for a top 20 listed company tender



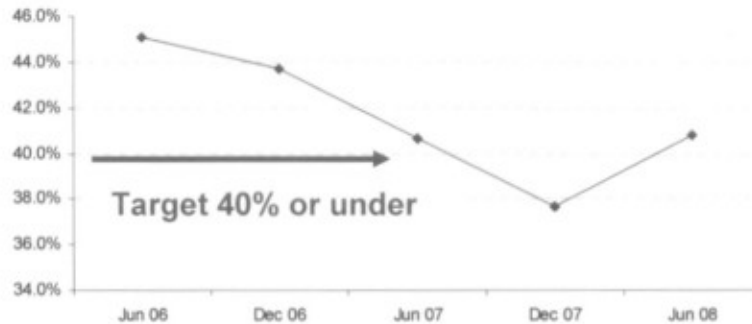
## Operational Achievements cont'd

- ✓ Cross-business selling
  - ✓ Major NZ client now Aus client
  
- ✓ Succession planning
  - ✓ Leadership development program launched
  - ✓ Successfully transitioned 1/3 of businesses to new generation of leaders, ensuring future of business
  
- ✓ Candidates
  - ✓ War for talent will see employers using recruiters with top candidates
  - ✓ Cross-business database of candidates developed
  
- ✓ Stickiness of revenue
  - ✓ Client contacts relationship driven and repeat business

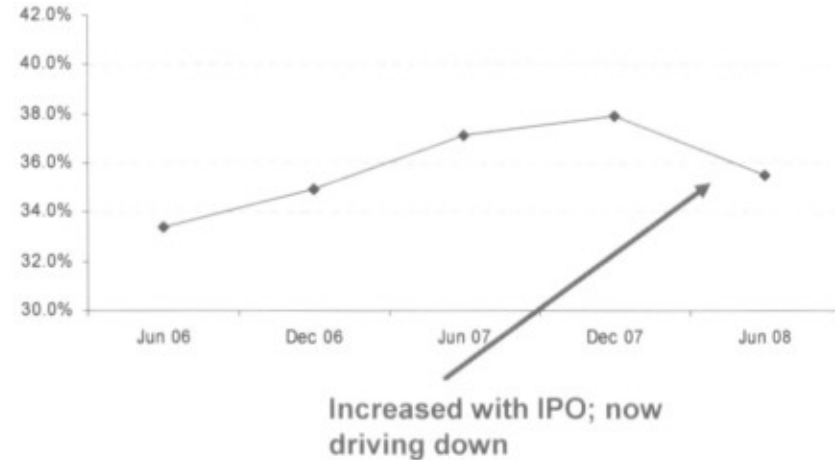
# Key Operating Indicators

- ✓ **PRODUCTIVITY:** EBITDA:NDR is at industry best at 23.6% with peer range between 14%-19%\*
- ✓ **EFFICIENCY:** aim to maintain or reduce costs to NDR ratios

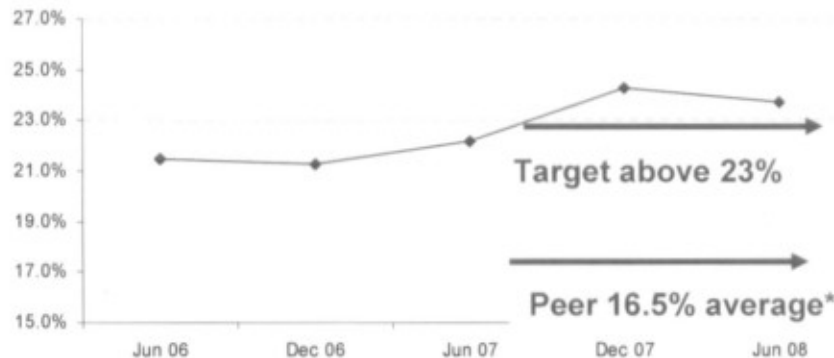
**Consultant costs to NDR**



**Other costs to NDR**



**EBITDA to NDR**

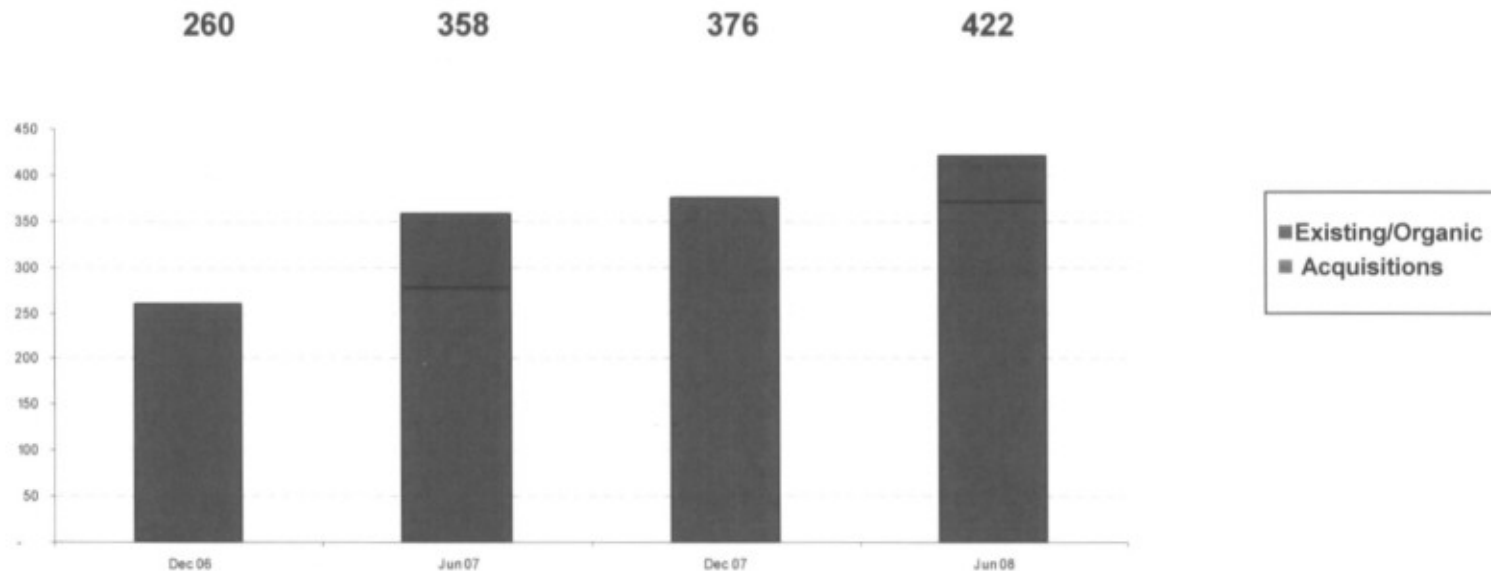


\* Based on latest published results where comparisons available

# Consultants

- ✓ **AGILITY:** 70% of headcount in revenue producing positions
- ✓ **SPEED:** growth in consultants without initial training 'down time'
- ✓ **LOW TURNOVER:** individual brand stability encourages stable staff base

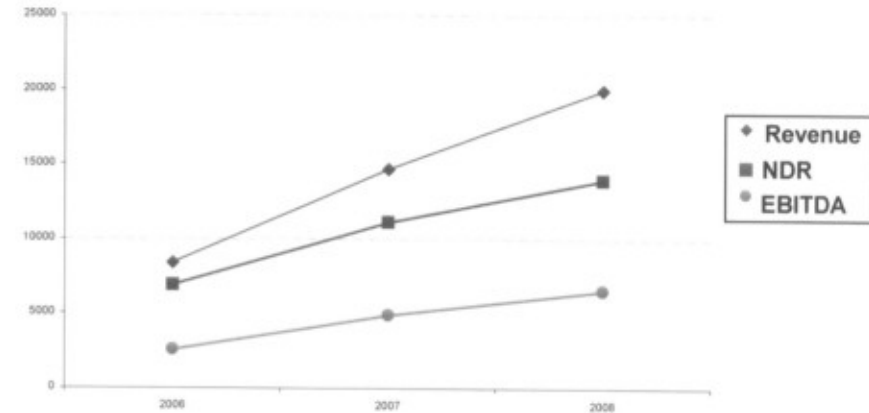
Total consultant numbers



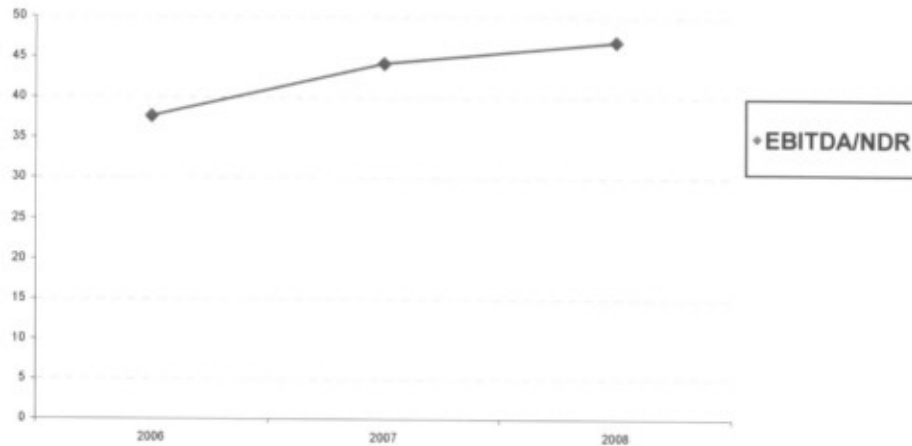
# Gemteq Executive

- ✓ Only new acquisition in calendar 08
- ✓ Top quality management
- ✓ Excellent productivity
- ✓ Tight financial control

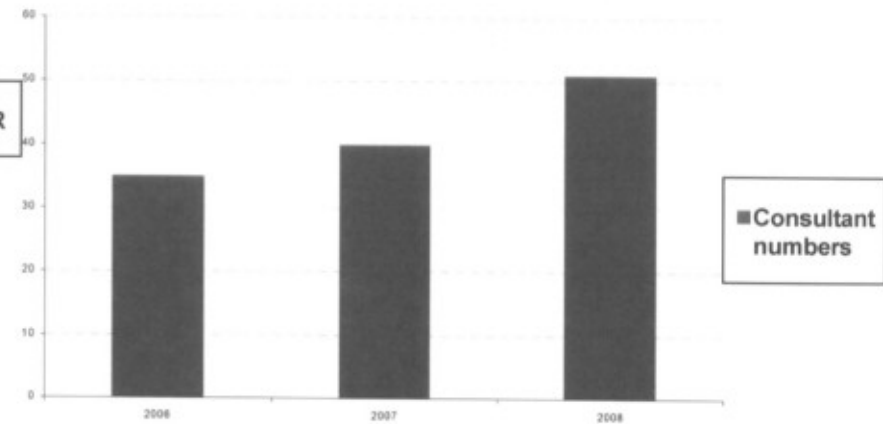
Year on year growth in revenue, NDR and EBITDA



EBITDA to NDR



Total consultant numbers





# Acquisitions

## Strategy

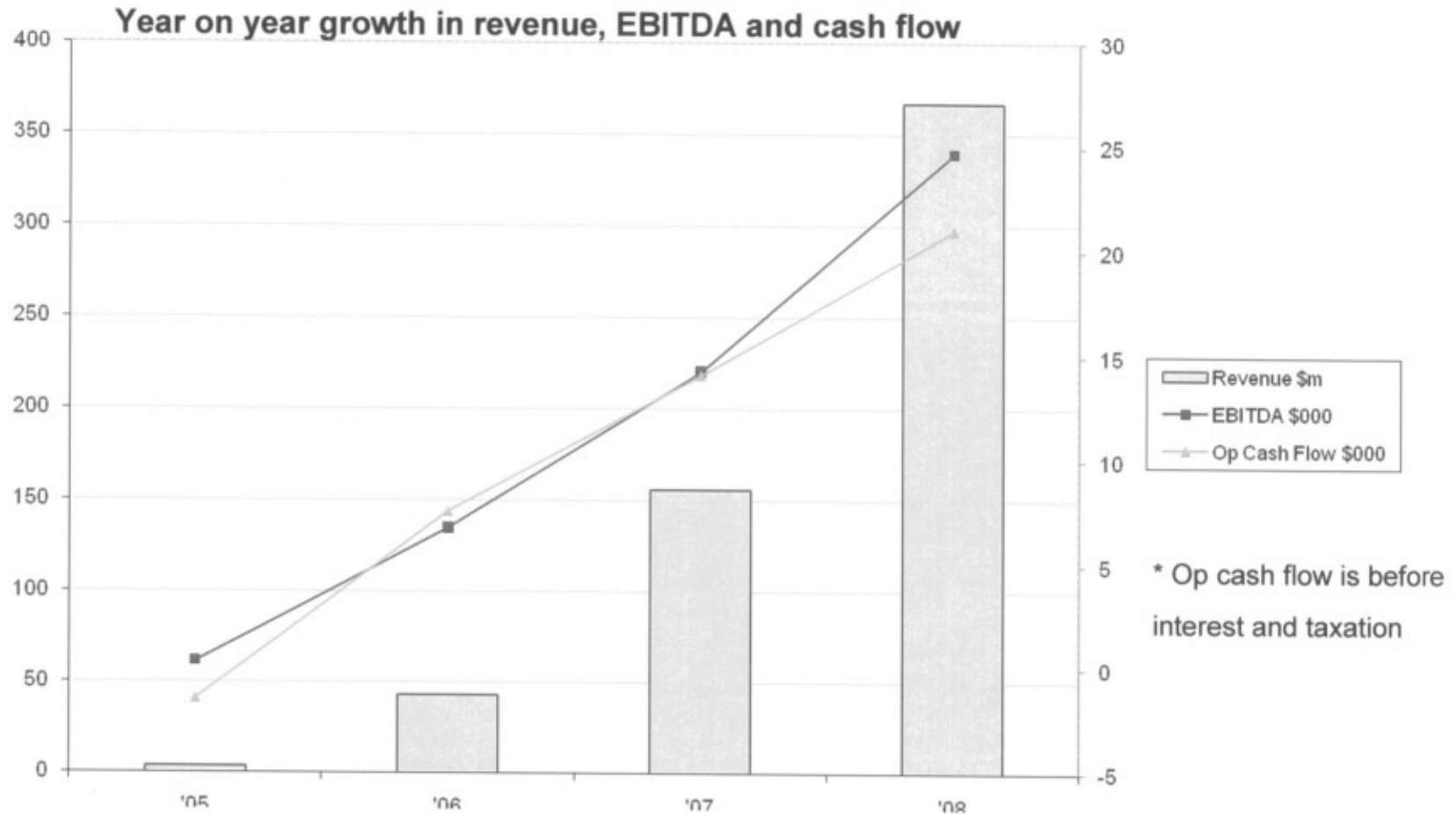
- ✓ Evaluate acquisition opportunities that diversify revenue base / provide access to high growth markets
- ✓ Use strict guidelines around required returns
- ✓ Turn down acquisitions that do not meet criteria
- ✓ Current focus on debt reduction

## Structure

- ✓ Align vendors' interests with Rubicor's
- ✓ Promote stability and succession planning
- ✓ Earn out payments linked to individual profits generated in years 1-3 post acquisition - funded through available debt facilities
- ✓ Exit payments  $\leq 0.5x$  linked to individual profits generated in exit year - 2 years post exit - funded entirely through future cash flows

# Growth Momentum

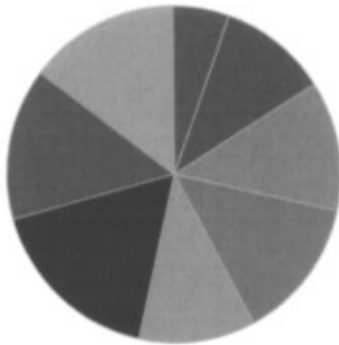
- ✓ MOMENTUM in Revenue, EBITDA and Operating Cash Flow
- ✓ Achieved 'critical mass' for RISK MITIGATION



# Business profile

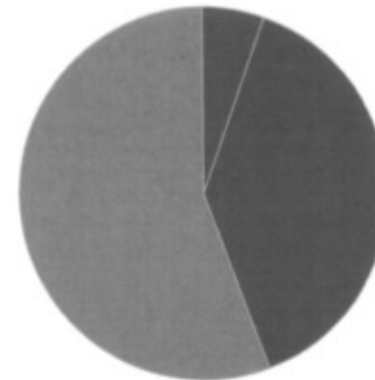
- ✓ DIVERSITY: spread across industrial sectors =LESS RISK
- ✓ FLEXIBILITY: 20 of 22 businesses do both permanent & temporary
- ✓ ADAPTABILITY: to demand and economic conditions

## Industry



- Legal: 5.5 %
- Sales and Marketing: 10.7 %
- Blue Collar: 12.5 %
- Business Support: 13.6 %
- Resources: 11 %
- Financial (including accounting): 17.3 %
- IT: 14.8 %
- Government: 14.6 %

## Service



- Other (including human capital solutions): 5.6 %
- Temporary: 38.6 %
- Permanent: 55.8 %

**Underlying profitability:** Underlying or cash NPAT is the best indicator of performance

12 Months ended 30 June	2008 \$M	2007 \$M	Change %
Revenue	367.4	156.5	+135
NDR (Gross margin)	104.0	64.4	+62
EBITDA	24.7	14.3	+72
Depreciation	(1.1)	(0.5)	
EBIT	23.6	13.8	+71
Finance costs	(4.5)	(7.1)	
<b>Profit Before Tax</b>	<b>19.1</b>	<b>6.7</b>	
Tax	(5.7)	(2.0)	
Cash interest on vendor liabilities	(2.4)	(2.6)	
<b>Profit After Tax</b>	<b>11.0</b>	<b>2.1</b>	
<b>Profit attributable to equity holders</b>	<b>11.1</b>	<b>2.1</b>	
<b>EPS</b>	<b>10.5</b>	<b>2.0</b>	

Includes IPO costs of \$2.1m

# Financial position

	30 /6/08 \$M	30/6/07 \$M	Change %
Cash	1.2	12.7	-91
Receivables	50.8	27.3	+86
Intangibles - goodwill	129.1	77.0	+68
Intangibles – other	18.9	15.3	+24
Other assets	10.6	9.7	+9
<b>Total Assets</b>	<b>210.6</b>	<b>142.0</b>	<b>+48</b>
<b>Current Liabilities</b>			
Trade payables	24.3	14.3	+70
Deferred vendor consideration - debt funded	14.0	8.7	+61
Deferred vendor consideration - cash funded	5.4	2.8	+93
Borrowings – working capital	1.9	1.0	+90
<b>Non Current Liabilities</b>			
Deferred vendor consideration - debt funded	11.1	12.2	-9
Deferred vendor consideration - cash funded	34.7	32.9	+5
Borrowings – working capital	19.6	6.3	+211
Borrowings – acquisitions debt	36.9	0	+100
Other liabilities	3.4	3.4	0
<b>Total Liabilities</b>	<b>151.3</b>	<b>81.6</b>	<b>+85</b>
<b>Net Assets</b>	<b>59.3</b>	<b>60.4</b>	<b>-2</b>
<b>Net Asset backing (cents)</b>	<b>55.7</b>	<b>57.5</b>	<b>-3</b>

Includes \$13m for Challenge acquisition

Impairment testing undertaken<sup>1</sup>

Increase from Challenge<sup>2</sup>

FY08 acquisitions / earn-out payments<sup>3</sup>

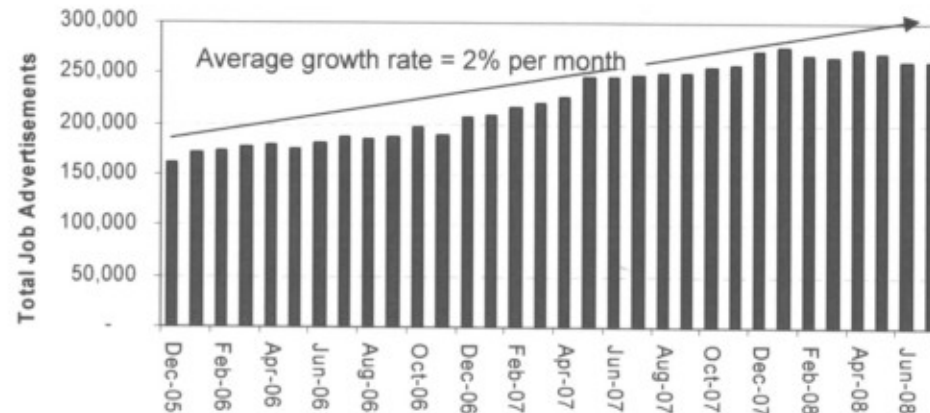
<sup>1</sup>Goodwill balances have been subject to rigorous impairment testing by a 'Big 4' accounting firm and there are no impairment issues

<sup>2</sup>Increase in Working Capital and working capital borrowing reflecting acquisitions including investment in Challenge's large temporary workforce

<sup>3</sup>Increase in acquisition debt represents payment for FY08 acquisitions of \$22.5m and earn-out payments on existing acquisitions of \$14.4m

# Recruitment industry outlook

Short term  
Economic conditions remain challenging although job data still relatively robust



## Long term

- ✓ Skills shortage continues to be an issue for employers due to permanent demographic change
- ✓ With shrinking pool of candidates, those recruiters with good candidates will become increasingly in demand
- ✓ Well-established specialist recruitment firms have the edge



# Appendices

# Statutory profitability

12 Months ended 30 June	2008 \$M	2007 \$M	Change %
<b>Revenue</b>	<b>367.4</b>	<b>156.5</b>	<b>+135</b>
<b>NDR (Gross margin)</b>	<b>104.0</b>	<b>64.4</b>	<b>+62</b>
<b>EBITDA</b>	<b>24.7</b>	<b>14.3</b>	<b>+72</b>
Depreciation	(1.1)	(0.5)	
Amortisation	(6.1)	(3.5)	
<b>EBIT</b>	<b>17.5</b>	<b>10.3</b>	<b>+69</b>
Notional Interest on vendor liabilities	(7.2)	(5.3)	
Finance costs	(4.4)	(7.1)	
<b>Profit/Loss Before Tax</b>	<b>5.9</b>	<b>(2.1)</b>	
Tax	(4.1)	(1.1)	
<b>Profit/Loss After Tax</b>	<b>1.8</b>	<b>(3.2)</b>	
<b>Profit attributable to equity holders</b>	<b>1.9</b>	<b>(3.2)</b>	
<b>EPS</b>	<b>1.8</b>	<b>(8.0)</b>	

Includes IPO costs of \$2.1m

# Reconciliation of Statutory to Underlying

- Underlying NPAT adjusts IFRS for amortisation and notional interest

12 Months ended 30 June	2008 \$M	2007 \$M
<b>Statutory NPAT</b>	<b>1.9</b>	<b>(3.2)</b>
Significant non-cash items:		
Add back: Amortisation of identifiable intangible assets	6.0	3.5
Notional interest on vendor liabilities	7.2	5.3
Deduct: Cash interest on vendor liabilities	(2.4)	(2.6)
Tax effect	<u>(1.6)</u>	<u>(0.9)</u>
<b>Underlying NPAT</b>	<b><u>11.1</u></b>	<b><u>2.1</u></b>

## Financial performance: Underlying v Proforma 07

12 Months ended 30 June	2008 \$M	2007 \$M	Change %
Revenue	367.4	333.5	+10.1
NDR (Gross margin)	104.0	87.3	+19.2
EBITDA	24.7	24.1	+2.3
Depreciation	(1.1)	(1.0)	
EBIT	23.6	23.1	+1.9
Finance Costs	(4.5)	(1.2)	
Profit Before Tax	19.1	21.9	
Tax	(5.7)	(6.6)	
Cash interest on vendor liabilities	(2.4)	(1.9)	
Profit After Tax	11.0	13.4	
Profit attributable to equity holders	11.1	13.4	
EPS	10.5	12.8	

Includes IPO costs of \$2.1m

No acquisition debt assumed in proforma. \$1.2m represents working capital interest