

Clarius Group Limited
Investor Presentation May 2011

Building Momentum

Presented by:
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www.clarius.com.au

alliance

conde

IGNITE

jav | i.d. group

LLOYD
MORGAN

SouthTech

the one
umbrella

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	Administration, Sales and Marketing	Brisbane, Chatswood, Melbourne, Mount Waverley, Parramatta, Perth, Sydney
	Financial Services	Brisbane, Chatswood, Melbourne, Mount Waverley, Perth, Sydney
	Information Technology	Adelaide, Auckland, Brisbane, Canberra, Melbourne, Perth, Sydney, Wellington, Hong Kong
	Contractor Management Services	Sydney
	Managed IT Services and Professional IT Staffing	Melbourne, Sydney
	Accounting and Finance	Brisbane, Melbourne, Mount Waverley, Parramatta, Sydney
	Executive	Beijing, Shanghai
	Engineering and Technical Personnel	Brisbane, Melbourne, Sutherland, Sydney
	Library, Records and Knowledge Management	Brisbane, Canberra, Melbourne, Sydney

Clarius is a leading white collar contracting and recruitment specialist with brands across Australia, New Zealand and Asia

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Agenda

Overview

Business Model

Financials

Future Growth Opportunities

State of the Market

Looking Ahead



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Overview

Established in 1984 by Geoff Moles

Listed on the Australian Securities Exchange in 1997

Strategic growth by acquisition – 14 in 14 years

Experienced in operating in a cyclical environment

Positive underlying profit every year for the last 26 years*

*before impairment December 2008

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Business Model

- Recruitment Revenue
- Permanent Recruitment
 - margin based on % of remuneration
 - cyclical
 - currently 31% of total gross margin
 - Contract and temporary on hire
 - margin based on % of contractor fee
 - annuity income
 - currently 61% of total gross margin
- IT Services Revenue
- IT Services
 - margin based on services provided
 - currently 8% of total gross margin

Large Number of preferred supplier and panel clients

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Business Model

Total Staff 320 down from 460 in 2008

Consultants 260 (revenue generating)
 remuneration is 30% fixed 70% variable

Performance management drives productivity and profit

Cost Base Minimise fixed costs

Rent and office accommodation

- Planning & consolidation

Working Capital management

- Reduced borrowings (capital raising Oct 09)
- Tighter control of debtors

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Financial Results

	Dec 2010	Dec 2009	Change
Revenue \$m	\$139.8m	\$132.3m	↑ 6%
Net profit after tax \$m	\$2.4m	\$1.1m	↑ 124%
Earnings per share (cents)	2.81 cents	1.42cents	↑ 98%
Operating cash flow	\$1.1m	\$(4.0)m	↑ Positive
Gearing ratio	2.0%	5.0%	↓ 60%
Dividend	2.0 cents	NIL	↑ 2.0 cents

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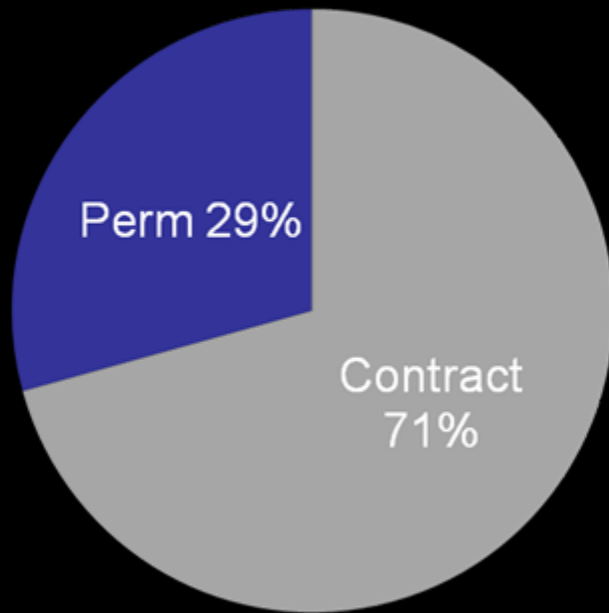
Financial Results

P&L	Dec 10 \$m	Jun 10 \$m	Dec 09 \$m	Jun 09 \$m
Total Revenue	\$139.8	\$133.8	\$132.3	\$136.2
Gross Margin	\$27.4	\$25.0	\$23.6	\$24.6
Employee Benefits Expense	\$(17.4)	\$(16.6)	\$(16.5)	\$(17.4)
Finance Costs	\$(0.2)	\$(0.3)	\$(0.3)	\$(0.5)
Other Overheads	\$(4.1)	\$(3.2)	\$(3.2)	\$(3.2)
Statutory NPAT	\$2.4	\$1.9	\$1.1	\$0.8
Operating cash flow	\$1.1	\$2.8	(\$4.1)	\$13.6

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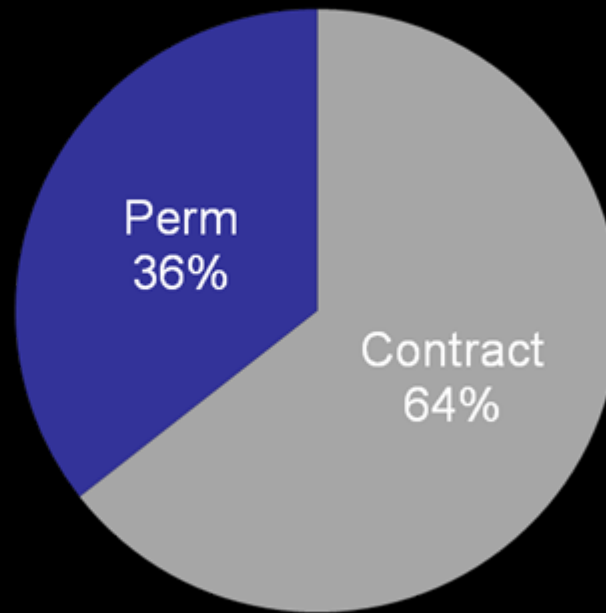
Financial Results

Gross Margin Jul 09-Dec 09



■ Contract ■ Perm

Gross Margin Jul 10-Dec 10

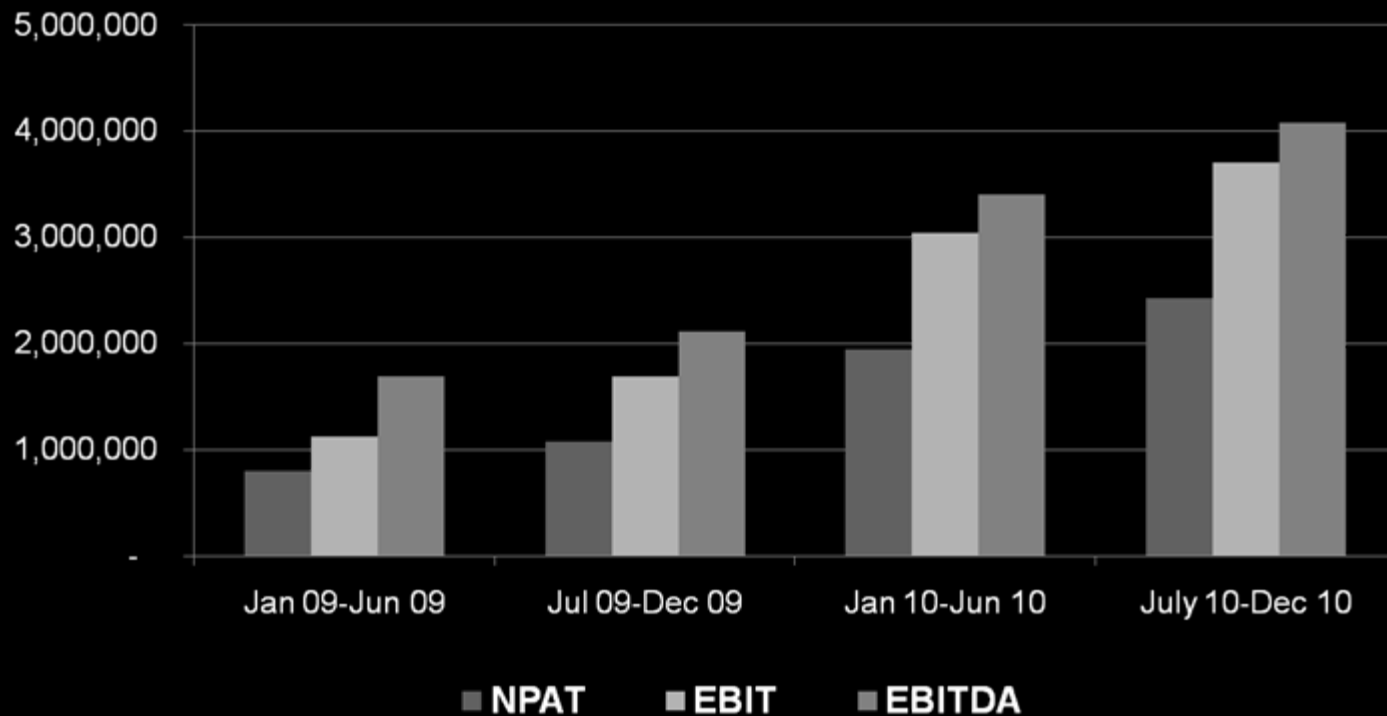


■ Contract ■ Perm

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Financial Results

Profit Analysis by Half Year



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Financial Position

Financial Position	Dec 10 \$m	Jun 10 \$m	Dec 09 \$m	Jun 09 \$m
Trade Receivables	\$55.2	\$54.8	\$48.7	\$50.1
Intangible Assets	\$67.8	\$68.6	\$67.6	\$67.6
Bank Overdraft	\$(0.9)	\$(2.2)	\$(4.6)	\$(0.6)
Interest Bearing Liability	\$(1.1)	-	-	\$(15.0)
Total Equity	\$104.2	\$104.0	\$101.7	\$85.9

- 88m shares on issue
- 3.8m options
- Minimal debt following placement and rights issue
- Strong balance sheet with capacity for future growth and acquisitions

Future Growth Opportunities

The strategies implemented throughout the GFC are paying off:

- The focus on increasing contract margin (%), particularly in the Candle business is showing dividends with GM as a % of revenue showing improvement in the half and at its highest for some time;
- The restructuring of the delivery model around the low margin key accounts has improved overall profitability and efficiency;
- Investment in people starting to be reflected in the increased revenues and combined with the more efficient delivery, a positive contribution to the bottom line;

Future Growth Opportunities

- The increasing pressure from the skills shortage is driving clients to focus on permanent recruitment to secure talent long term;
- Contracting is showing signs of strengthening – particularly in technology and engineering where more employees choose to work on contract arrangement;
- There is still capacity within all businesses for further growth without increased cost;
- JAV IT services showing new client expansion;

Future Growth Opportunities

- The new Ignite business in contractor payroll management has delivered a strong first 9 months with signs of ongoing growth;
- Cross selling opportunities are being maximised as the brands start to work together within the major accounts;
- The Candle brand recently launched into Asia with the sponsorship and support from major Australian clients with needs in that region;
- Signs of a strong market (particularly in IT) gives us confidence that the region will provide significant growth opportunities.

State of the Market

Clarius Skills Index March 2011 QTR

- The skills index remains in the balanced range in March 2011, up from 99.9 in the December quarter and up from 99.7 in March 2010.
- Total demand increased by 64,000 people (1.9%) while supply increased by 51,400 people (1.5%) which resulted in a shortage of 11,000 skilled people.
- Major pressure appears to be in the Construction, Engineering and IT sectors.
- The IT sector is particularly buoyant with \$4 billion investments by Westpac, CBA and NAB upgrades along with the NBN rollout.
- One of the key economic indicators, the National Accounts (released in March) confirm that the economy had lost momentum, with real GDP expanding by just 0.7 per cent in seasonally adjusted terms.
- The March result is much stronger than the September quarter (0.1%) in year on year terms, growth remains at 2.7% - this is still a few percentage points below “normal” based on average growth over the past twenty years.
- This softening in the economic recovery is filtering through to the labour market and is the main factor employers are being cautious in hiring for new positions.

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State of the Market

- The shortage continues to put pressure on employers to hire permanent talent and this trend is evident in our results;
- Contract growth expected to come off the back of employers being unable to secure the right talent permanently;
- A trend is emerging for certain occupations preferring to work on contract rather than permanently;
- There is an increased willingness for companies to hire for attitude and train for skill.

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Looking Ahead

- Continued pressure and competition for skills in the market place will provide opportunities for recruitment companies;
- Our investment in people and systems in the last two years will ensure we can capitalise on this opportunity;
- Improving brand presence will continue to drive client, contractor and candidate growth;
- A strong and established management team continues to drive growth and profitability in the business.

Disclaimer

The material herein is a presentation of non-specific background information about Clarius Group Limited's current activities.

It is information given in summary form and does not purport to be complete.

Investors or potential investors should seek their own independent advice.

This material is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of a particular investor.