

Clarius Group

2011 Annual General Meeting

Presented by: Geoff Moles,
Founder & Managing Director

www.clarius.com.au

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TECHNOLOGY

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IGNITE








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Clarius Group

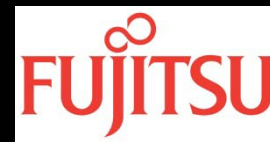
	Administration, Sales and Marketing	Brisbane, Melbourne, Mount Waverley, Parramatta, Perth, Sydney
	Information Communications Technology	Adelaide, Auckland, Brisbane, Canberra, Hong Kong, Melbourne, Perth, Sydney, Wellington,
	Contractor Management Services	Sydney
	Managed IT Services and Professional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


Clarius Group

- 11 Cities
- 34 Branches
- 320 Employees
- Permanent, contract and temporary placements
- IT, accounting, banking, corporate services, engineering, finance, information management, sales and marketing
- IT Services
- Contractor and payroll management services.

Clients



Agenda

1. **Overview**
 2. Financial Results
 3. Management Focus and Objectives
 4. Outlook
 5. Questions?
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Overview

- Underlying NPAT up 55% to \$4.7m;
- Operating Cash Flow increases by \$9.9m;
- Paid fully franked dividend of 4.0 cents;
- Branding strategy finalised;
- Diversification of service offering to incorporate “employment services”;
- Non cash goodwill impairment and de-recognition of tax losses;

Agenda

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Financial Results

	FY 2011	Movement	FY 2010
Revenue	\$267.2m	 0.5%	\$266.1m
Net profit after tax*	\$4.7m	 55%	\$3.0m
Impairment of goodwill after tax	\$14.6m	-	-
De-recognition of tax losses	\$0.4m	-	-
Reported net profit / (loss) after tax	\$(10.3)m	-	\$3.0m
Underlying EPS (cents)*	5.3 cents	 39.5%	3.8 cents
Operating cash flow	\$8.7m	 Increase of \$9.9m	\$(1.2)m
Dividend	4.0 cents	 100%	2.0 cents

* Before non cash impairment write down and de-recognition of tax losses

Full Year Financial Results

P&L	FY 2011	FY 2010
Revenue	\$267.2m	\$266.1m
Gross Profit (Margin)	\$51.9m	\$48.6m
Employee Benefits Expense	\$33.9m	\$33.1m
Finance Costs	\$0.3m	\$0.4m
Other Overheads	\$11.0m	\$10.4m
Underlying NPAT	\$4.7m	\$3.0m
Statutory NPAT	\$(10.3)m	\$3.0m
Operating cash flow	\$8.7m	\$(1.2)m

Financial Position

Financial Position	FY 2011	FY 2010
Trade Receivables	\$53.6m	\$54.8m
Intangible Assets	\$53.4m	\$68.6m
Bank Overdraft	\$0.5m	\$2.2m
Contributed Equity	\$90.3m	\$104.0m

- Positive cash flow of \$8.6m provides strong financial position and minimal debt
- 88.2m shares on issue
- 3.2m options
- Impairment write down of \$14.6m
- Strong balance sheet with capacity for future growth and acquisitions

Challenges faced, but able to deliver:

- ✓ A leaner cost structure but higher productivity and capacity;
- ✓ Stronger sales capability resulting in major new account wins;
- ✓ Substantial improvement to % margins;
- ✓ Positive operating cash flow allows for debt reduction;
- ✓ Strengthened balance sheet gives capacity for strategic acquisitions

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Management Focus and Objectives

Refinement of the Branding Strategy

- The Clarius branding strategy - “house of specialist brands”;
- Strategy has allowed for clear lines of focus and removed internal competitive issues;
- This is a talent market driven strategy implemented to maximise on building highly specialist and concentrated talent pools within our chosen sectors;
- Competitive advantage is gained from our niche market penetration along with the advantage of being able to offer this specialist solution to clients under one banner;
- All evidence suggests that ongoing issues around critical skills shortages will provide significant opportunities to those organisations that have the “best access” to that talent.

Management Focus and Objectives

Re-engineering of the recruitment and delivery models

- Increased pressure on speed to market and margins led to the establishment of the Clarius Major Accounts team in July 2011;
- This model is a low cost, high volume delivery model that has allowed for better profitability and productivity from lower margin accounts;
- Allows for stronger focus on high margin business by the specialist brands;
- Has allowed the business to be more competitive in winning new major accounts.

Management Focus and Objectives

Diversification into employment related services

- Increase sophistication of client needs has driven demand for services that require some “unbundling” of the traditional recruitment process and employment related services;
- Clarius has been able to utilise some of its core capabilities to provide these service lines;
- The **Ignite** brand was established to accommodate for these employment and work force management solutions and has delivered a strong result in Year 1 and significant opportunities moving forward;
- The brand now provides services in contractor management and payroll management and further service lines will be offered in 2012.

Management Focus and Objectives

Replication of the Brand model geographically

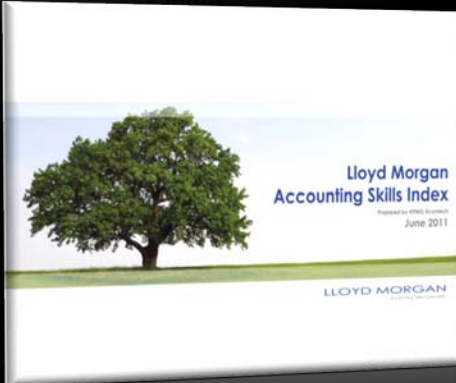
- A clearer and more targeted branding strategy provides for an easier model to replicate across geographic regions;
- Clearer lines of focus have allowed for more transparency and greater levels of cross selling between the brands;
- This is further enhanced through physical consolidation of offices along with cost savings;
- In 2011 we saw the introduction of the Candle brand into Asia as we begin to replicate our branding strategy into the region.

Management Focus and Objectives

Building a profile as an “employment market expert”

- Clarius is rapidly building credibility as an expert voice in employment market issues, not just recruitment;
- This is an important investment as we move to differentiate ourselves from the traditional recruitment “agency” status;
- Has provided for greater branding in the broader market and significant marketing opportunities.

Management Focus and Objectives




Management Focus and Objectives

Focus for 2012

- Developing the best people in the industry;
- Investing in infrastructure to achieve operational excellence;
- Focus on organic growth through specialist divisions;
- Increase footprint through strategic acquisitions.

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State of the Market

- Continued turbulence in the global economy is proving to be challenging – particularly in the confidence levels around hiring of permanent staff;
- Stable demand for contractor services provides confidence that opportunities exist in the market – employers presently more inclined to fill requirements with contract labour vs. permanent head count;
- Looking forward, we anticipate this will continue for the remainder of this half as we now move into the seasonal downturn in permanent hiring.

State of the Market

In response to the market conditions Clarius will continue to:

- Invest in recruitment related services leveraging from the core capabilities and infrastructure of the business that will provide significant opportunities for growth for businesses like Ignite;
- Continue to drive efficiency and productivity as we have seen from the implementation of the Clarius Major Accounts Team;
- Maintain an acquisition strategy that focuses on strong industry sectors and in lines of business with strong recurring revenue (i.e. contracting) will provide us with scope to grow and diversify;
- Continue focusing on organic growth in regions and sectors that provide opportunity.

QUESTIONS?



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.