



## RXP SERVICES LIMITED

ABN 30 146 959 917

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## RXP continues to grow despite first half headwinds

Technology services provider RXP Services Limited (ASX: RXP) today announced its results for the six months ended 31 December 2014 (1H15).

Revenue was up 62% on the previous corresponding period (PCP) as new client work and new clients were won as well as the size of engagements increasing. However, net profit after tax (NPAT) was down 6.6% on PCP to \$2.0million due to the deferral of a number of expected client projects towards the end of the calendar year. Most of these projects have now been commenced.

Commenting on the results, RXP Chief Executive Officer Ross Fielding said:

“In the first half of FY15, RXP continued to build revenues through extending client engagements and winning new work, resulting in top line growth of 62%. As mentioned in the market update in December 2014, a number of client projects’ commencement dates were deferred, which resulted in lower utilisation rates and a lower than planned profit after tax, which was down 6.6% on PCP to \$2.0 million. Importantly, our overall business remains in good shape and we are positioned for growth in the second half of this financial year and beyond.”

### Key 1H15 financial metrics

- Revenue up 62% to \$37.8 million (1H14: \$23.3 million)
- Profit Before Tax (PBT) down 14% to \$2.8 million (1H14: \$3.3 million)
  - Impacted by project deferrals in the leading to lower utilisation rates
- NPAT down 6.6% to \$2.0 million (1H14: \$2.2 million)
- Cash at bank of \$9.8 million
- No debt

“Our strategy has always been focused on our people and capabilities, and our team expanded to 470 people in the first half in anticipation of the expected pipeline. Our Associate/Graduate program is progressing well and staff retention rates remain high. As we gain traction on the deferred projects and add new client wins, utilisation and profitability is returning to planned levels.

“During the first half, we successfully completed the acquisition of Centrum System in line with our one brand strategy, adding to our business process management capabilities. Additionally, we have continued to gain traction from agreements with our partners and increased the penetration of

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RXP's specialisations within existing clients and into new clients across a range of sectors and geographies.

"This result demonstrates that our business continues to grow, despite some headwinds. We have maintained growth in the company's top line, and have a strong balance sheet with \$9.8 million cash and no debt."

### **Positive outlook with continued growth expected**

Commenting on RXP's outlook for FY15 and beyond, Mr Fielding said:

"RXP will continue to execute its focused growth strategy. Our client focus and Practice Led approach stands us in good stead, and our commitment to specialisation continues to alleviate pressures of commoditisation. We have built an exceptional team over the past couple of years. Our focus has been, and still remains on driving teamwork and building 'leaders at all levels.'

"With a number of the projects deferred in the first half having now kicked off plus the new work won with clients, we have seen increased utilisation, and this is expected to flow through to improved profits in the second half. We are now well positioned with the appropriate talent and resources we need to deliver the solutions required by our diverse customer base across the mix of geographies in which we operate.

"Our overall business is in good shape, with solid underlying metrics. We are in a strong financial position, with no debt and a cash balance at close of the half of \$9.8 million. We have confidence in the pipeline we can see across our Specialist Practices, and cross-selling opportunities continue to strengthen.

"The outlook for full year FY15 remains in line with the December 2014 guidance provided to the market. That is, revenue in the range of \$75 million to \$80 million and profit before tax of between \$9 million to \$11 million. We remain positive about the outlook for RXP and the growth opportunities available to the company."

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### **About RXP Services Limited**

RXP Services Limited (RXP) is an ICT professional services company. RXP provides consulting and professional services to a number of S&P/ASX 200 corporations and government bodies here in Australia and in Asia. With staff and offices in Melbourne, Canberra, Sydney, Brisbane, Hobart and Hong Kong, RXP has been providing expert consulting services to clients for over 20 years. Our focus is on ensuring clients maximise the benefits they receive from both their existing and future Technology investments.