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RXP Services

1H15 Results – 18 February 2015

1H15 overview

Business continues to grow despite some headwinds

- **Successfully completed the acquisition and integration of Centrum System, maintaining our one brand strategy**
- **Staff numbers grew by 12% to 470** (up from 420 at 30 June 2014)
Our People & Talent team continue to drive retention whilst also attracting new talent
utilisation down in 1H15 due to deferral of some key client projects that are now being activated
- **Revenue of \$37.8M for 1H15**
62% growth on 1H14
- **Profit Before Tax (PBT) of \$2.8M for 1H15**
PBT for the half adversely impacted by deferral of some key clients projects and initiatives
- **Underlying business is solid**
Client Focus/Practice Led approach stands us in good stead; our focus on specialisation continues to alleviate pressures in terms of commoditisation

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1H15 overview cont'd

Continuing to win blue chip clients

- **Continue to gain traction from our agreements with “technology partners”**
Working with partners has enabled key wins in Canberra, Sydney and Melbourne
- **A number of new clients have been added to our portfolio**
Blue chip clients added in a number of sectors including Government Departments, Hospitality, Automotive and Utilities
- **Client engagements are generally increasing in size**
We are being engaged to undertake larger projects involving multiple “Practices” and include ongoing support and maintenance contracts

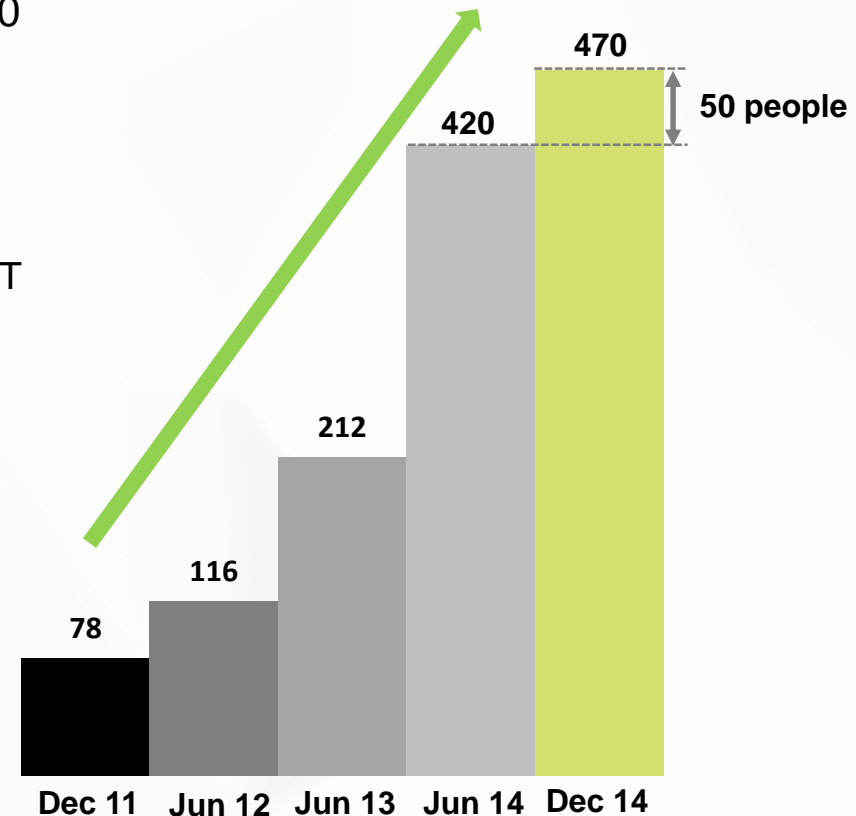
“Return to earnings growth expected in 2H15...”



Our people remain at the centre

Our People & Talent team continue to do a great job

- Our team grew by 50 people in 1H15 (30 acquisitive, 20 organic)
- We recruited to our “committed” pipeline in the September - November period
 - With key project deferrals, this adversely impacted 1H PBT
 - utilisation is now returning to planned levels
 - Now well positioned with the appropriate talent and resource levels to deliver our clients’ needs
- Associate/Graduate program is progressing well
- Staff retention rates remain high



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Profit and loss

Strong growth in revenue, but PBT lower than planned

Key financial performance items	1H15 (\$'000)	1H14 (\$'000)	Change (\$'000)	Change (%)
Revenue and other income	37,791	23,314	14,477	62%
Profit before tax (PBT)	2,841	3,290	(449)	(14%)
PBT margin (%)	7.5%	14.1%	-	(47%)
Net profit after tax (NPAT)	2,054	2,200	(146)	(6.6%)
Basic earnings per share (CPS)	1.5	2.2	-	(32)

- PBT result lower than planned, impacted by:
 - Deferral of key client projects (lower than expected utilisation) and delay in execution of expected product sales
- Despite deferrals, revenue performance in 1H15 in line with expectations, growing 62% on 1H14
 - New client wins in a range of sectors
 - Larger projects including multiple Practices
 - Continuing to invest in “as a service” offerings

Balance sheet

Strong balance sheet with no debt and \$9.8M cash

Key balance sheet items	31 Dec 2014 (\$'000)	30 Jun 2014 (\$'000)
Cash & equivalents	9,804	18,427
Other assets	99,803	92,921
TOTAL ASSETS	109,607	111,348
Borrowings	0	0
Other liabilities	22,134	28,948
TOTAL LIABILITIES	22,134	28,948
TOTAL EQUITY	87,473	82,400

- Solid cash balance - \$9.8M and zero debt
- Strong net working capital position - \$18.6M
- Continued growth in Net Assets
- Increase in goodwill the result of acquisitions during the period with no impairments recorded in FY14 or anticipated in FY15
- Deferred Consideration
 - \$2.5M due in 2H15 (\$2.1M in cash)
 - \$8.2M payable post FY15 (\$4M in cash)

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Cash flow

Positive operating cash flow with \$9.8M cash in the bank

Key cash flow Items	1H15 (\$'000)	1H14 (\$'000)	Change (\$'000)	Change (%)
From operations	256	1,911	(1,655)	(87%)
From investments	(8,864)	(6,780)	(2,084)	31%
From financing	(15)	1,902	(1,903)	NA
Net cash flows	(8,623)	14,152	(22,775)	NA

- Positive Operating cash \$0.3M¹
 - Expect solid operating cashflow to continue
- Investing cash outflows of \$8.9M
 - Comprised largely of payments associated with acquisitions
 - Centrum \$4.1M, Aptus \$1.2M, others in accordance with SPAs
 - \$2.1M payable in 2H15 associated with acquisition deferred consideration
- Improved cashflow expected in 2H15 as a result of improvement in profit

¹Excludes Income Taxes paid and Bank Guarantee term deposit

Positive outlook with continued growth expected

- January results are in line with our expectations
- Deferred projects in 1H have kicked off in 2H
- We have confidence in the pipeline across our Specialist Practices
- Cross-sell opportunities continue to strengthen
- Expect full year Revenue and PBT to fall within December 2014 guidance
- Strong balance sheet with no debt and \$9.8M cash
- Focus is on driving up utilisation and therefore an improved PBT result from the revenue growth being achieved
- Expect to start seeing the benefits from the range of “as a service” offerings, with a number of “proof of concept” projects already underway

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Summary

Positioned for growth in 2H15 and beyond

- Achieved solid revenue result in H1; business fundamentals remain strong
- PBT margin expected to improve in H2 driven by higher utilisation
- Our client base continues to build and engagements generally increasing in size
- Our balance sheet remains strong
 - Potential for “the right” acquisitions remains
 - Potential for dividend in 2H15 remains
 - Debt facility discussions ongoing
- We continue to drive teamwork and focus on building “leaders at all levels”
- The outlook for full year FY15 remains in line with December 2014 guidance (Revenue \$75 – 80M; PBT \$9 - \$11M)

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Thank you

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QUESTIONS ?

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