

## RXP SERVICES LIMITED

ABN 30 146 959 917

### Release to Australian Securities Exchange

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## RXP delivers another year of outstanding results

RXP Services Limited (ASX: RXP) is pleased to announce its results for the 12 months ended 30 June 2016 (FY16), a year in which the company once again delivered significant growth across all key metrics.

### FY16 key highlights

- Revenue up \$47.9m (61%) to \$127.1 million
- EBITDA increased \$8.9m to \$16.6 million
- NPAT increased to \$10.6 million
- EPS up 127% to 7.6 cents
- Underlying EBITDA of \$18.2 million, up \$7.6m (71%)
- Improved underlying EBITDA margin of 14.3%
- Continued growth in operating cashflow, up 105% to \$14.8 million
- Headcount increased 66% to 779 people
- Final dividend of 2.0 cps fully franked, payable 7 October 2016, taking the total FY16 dividend to 3.0 cps fully franked

### Year on year growth continues

Commenting on the results achieved over FY16, RXP Chief Executive Officer Ross Fielding said:

“We are extremely proud of the results achieved by the RXP team over FY16, delivering significant growth across all metrics. Our focus on the continuous evolution of our people and our capabilities has enabled RXP to deliver greater value to clients, and in doing so, deliver a very strong financial result.

“Growth in the RXP business and demand for our services meant that we grew headcount by 310 over FY16 to 779 people. Staff utilisation was in line with expectations throughout the financial year and this, along with disciplined

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management of our key operational levers, helped the company deliver this record result.

“It was really pleasing to see that, in addition to the growth achieved through the Engage Viidacom and 10Collective acquisitions, we were also able to achieve strong organic growth.

“The ongoing evolution of our capabilities has resulted in growth across all RXP specialisations during FY16, and our “One-RXP” strategy continues to drive significant cross-practice opportunities. RXP now has in place end-to-end capabilities and processes that will enable us to increase the average engagement size, complexity, and duration going forward.

“In terms of the Engage Viidacom and 10collective acquisitions that were completed in FY16, they are both now fully integrated into the One-RXP model. Both acquisitions have performed well and have helped to build RXP’s end-to-end capabilities and are now making a significant contribution to the cross-practice opportunities we are seeing.

### **Strong balance sheet and growing cashflow conversion**

RXP is in a strong financial position, with minimal net debt and significantly improved operating cash flows, which were up 105% over FY16 to \$14.8 million. Pleasingly, cash conversion continues to increase with operating cashflows representing 89% of EBITDA, reflective of a strong client base and robust debtor collection processes.

As at 30 June 2016, RXP had a cash balance of \$13.6 million, with \$15.0 million drawn down from its \$25 million debt facility. This strong position and additional debt headroom provides a high level of balance sheet flexibility and positions RXP well to pursue EPS accretive acquisition opportunities.

Reflecting the company’s strong balance sheet, sustainable earnings, and attractive growth outlook, the Board of Directors has declared a final FY16 fully franked dividend of 2.0 cents per share bringing the total for FY16 to 3.0 cents per share. The dividend will be paid on 7 October, with a record date of 16 September.

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## **Continued growth in revenue and earnings expected in FY17**

Commenting on RXP's outlook, Mr Fielding said:

“It's been a busy FY16 for RXP, and we are very pleased with how we are positioned as we head into FY17. With a talented and committed team, an end-to-end capability set, growing client engagements, and a strong pipeline of work in place, we look forward to FY17 with confidence.

“Spend in our sector continues to grow as clients look to leverage the combination of design thinking and new technologies in order to grow their businesses. Our ability to work across, and bring together, our specialisations means we are very well placed to take advantage of the spend in our sector and in turn continue to drive growth in our business.

“The ‘One-RXP’ strategy is now deeply entrenched in our culture, and it is providing our people, our clients and our partners with a cohesive set of go-to market services and solutions. In addition, RXP continues to be well placed to participate in industry consolidation, and strategic acquisitions that meet our criteria remain a priority for us. Our strong balance sheet and cash generation, combined with the debt facility we have in place, enables us to inorganically build our capabilities in areas of high demand.

“In terms of outlook, our sector remains buoyant and we expect revenue to grow in the range of 10-15% over FY17, and we maintain our target EBITDA margin of 13-14%. Given the healthy outlook and strong balance sheet and cash generation, our progressive dividend policy remains in place.

“The RXP team remain committed to executing on our strategy and will continue to work hard to deliver great outcomes for our people, clients, partners and our shareholders.”

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**RXP Services is committed to combining the best people, innovative technologies, creative design and proven methodologies to help clients fully leverage the digital world.**

**Our passionate and expert team are uniquely positioned to provide end to end digital capability, backed up by market leading technology practices. This allows us to provide a wide range of services from design, build, deployment, training, testing and support.**

**Our growth and success is testament to our innovative thinking and proven methodologies, which when coupled with our geographic spread, provides us with the reach and expertise to deliver projects across the region.**

**From proof of concept to the delivery of large end-to-end projects, we have the people and capabilities to help clients achieve their ambitions in an ever changing world.**



## APPENDIX: FY16 financial summary

(\$ million)	FY16	FY15 <sup>1</sup>	Change
<b>Revenue</b>	127.1	78.9	61%
<b>Profit Before Tax</b>	15.7	7.7	104%
<b>NPAT</b>	10.6	4.6	131%
<b>Underlying EBITDA</b>	18.2 <sup>2</sup>	10.6	71%
<b>Underlying EBITDA margin (%)</b>	14.3	13.5	
<b>EBITDA</b>	16.6	7.8	113%
<b>EBITDA margin (%)</b>	13.0	9.8	
<b>Basic EPS (cents)</b>	7.64	3.37	127%
<b>Total dividend (cps)</b>	3.00	1.25	140%

<sup>1</sup> Restatement of 2015 due to \$2.746m of deferred consideration payments to vendors resulting from AASB 3 reassessment

<sup>2</sup> Excludes \$0.266m borrowing costs and \$1.353m of deferred consideration payments to vendors resulting from AASB 3 reassessment

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