

RXP SERVICES LIMITED

ABN 30 146 959 917

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Strong growth trajectory continues for RXP

Technology & Digital services provider RXP Services Limited (ASX: RXP) is pleased to announce its results for the 6 months ended 31 December 2016 (H1 FY17), in which the company continued to deliver strong growth across all key metrics.

H1 FY17 key highlights

- Revenue up 26% to \$70.6 million (H1 FY16: \$55.8 million), driven by strong growth in digital
- EBITDA of \$9.2 million, up 31% (H1 FY16: 7.1 million); EBITDA margin of 13.1%
- EPS up 35% to 4.2 cents
- Continued growth in operating cashflow, up 39% to \$7.4 million (H1 FY16: \$5.3 million)
- Interim dividend of 1.5 cps fully franked (H1 FY16: 1.00 cps), payable 4 April 2017

Delivering on our goals

Commenting on another set of great results, RXP Chief Executive Officer Ross Fielding said:

“The RXP team has again produced a very strong set of results over the first half of FY17. Our team has again worked hard, delivering growth across all metrics, and we remain on track to deliver at the top end of our initial FY17 revenue guidance. The RXP story continues to grow and mature and we have been able deliver terrific outcomes for our clients.

“The ongoing evolution of digital technologies continues to provide RXP with a platform for strong growth, with project-based, outcome-focused work driving the business forward. Our focus on ‘design thinking and innovation’ has resulted in new client and project wins, including a number of ‘cross practice’ digital project wins during the half. It’s pleasing to see that we have been able to maintain the evolution and expansion of our specialisations in order to meet the changing demands of clients.

“We are really excited about the RXP ‘Experience Hub’ that recently opened in January, with clients already leveraging our ‘design thinking’ capabilities. By providing an innovative, user-friendly environment for our clients to work with us, we are able to better understand their needs and provide the right customised solutions.

“We have also been able to implement a range of people initiatives including Diversity@RXP (which is focused on building a diverse high performing team), partnering with BeyondBlue (to provide resilience training for our staff), and development of new leadership coaching programs (focused on building leaders of the future). By focusing on our people, we aim to drive long term growth and client satisfaction.”

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Strong balance sheet providing growth opportunities

RXP continues to maintain a strong financial position. As at 31 December 2016, cash balance was \$13.1 million with borrowings of \$16.4 million.

With minimal net debt, good cash reserves, strong operating cash flows with good cash conversion, and additional debt headroom, RXP has the balance sheet flexibility to continue to pursue EPS accretive acquisitions.

Given the company's robust balance sheet, strong earnings growth, and promising outlook, the Board of Directors have declared an interim fully franked dividend of 1.5 cents per share. The dividend will be paid on 4 April 2017, with a record date of 16 March 2017.

Sustained growth in revenue and earnings expected in H2 FY17

Commenting on RXP's outlook, Mr Fielding said:

"We will continue to evolve our organisation and our capabilities to ensure we remain well placed to meet the needs of our clients. Our innovative approach to client work has enabled us to develop and maintain a strong pipeline of work in and across our specialisations and we look forward to H2 FY17 and beyond with confidence.

"In an industry that continues to consolidate, our strong balance sheet positions us well in terms of pursuing further targeted acquisitions.

"We expect FY17 revenue growth to be at the top end of the original 10-15% guidance with an underlying EBITDA margin target of 13-14%, and we remain committed to our progressive dividend policy."

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APPENDIX: H1 FY17 financial summary

(\$ million)	H1 FY17	H1 FY16	Change
Revenue	70.6	55.8	+26%
Profit Before Tax	8.6	6.7	+29%
Income Tax	(2.7)	(2.3)	
NPAT	5.9	4.3	+35%
Underlying EBITDA¹	9.2	7.8	+19%
Underlying EBITDA margin (%)	13.1%	13.8%	
Reported EPS (cents)			
	4.2	3.1	+35%
Operating cash flow			
	7.4	5.3	+39%
Interim dividend (cps)			
	1.5	1.0	+50%

¹ Excludes \$719k Acquisition vendor deferred payments for H1 FY16

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