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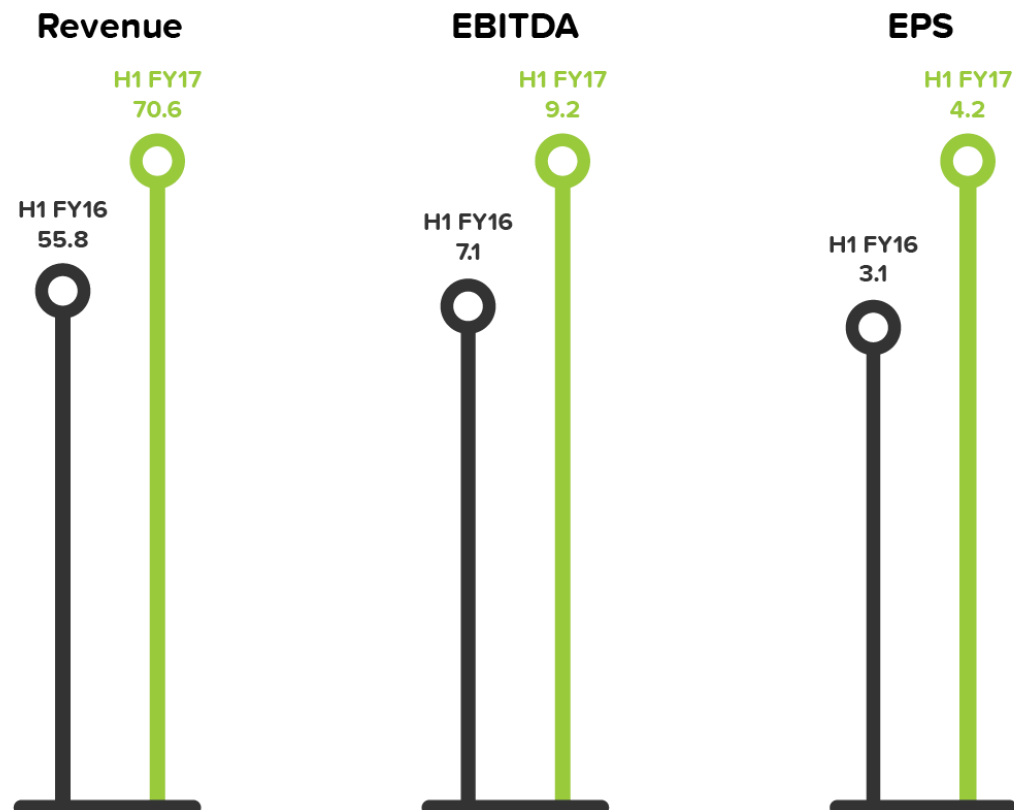
RXP Services 1H FY17 Update

16 February 2017

RXP Services – 1H FY17 Results

We are on track for growth at the top end of revenue guidance (+15%)

- **Revenue \$70.6m (26% growth on pcp)**
 - Strong organic growth on pcp
- **EBITDA \$9.2m (31% growth on pcp)**
- **EPS increased to 4.2 cents (35% growth on pcp)**
- **Cash balance at 31 December 2016 of \$13.1m**
 - Operating trading cashflow - \$7.4m
 - Trading cashflow as % of EBITDA - 83%
- **Board has declared an interim dividend of 1.5 cps fully franked payable on 4 April 2017**



1H FY17 Overview - growth continues

RXP benefiting from client focus on digital evolution

- Growth in project based, outcome-focussed work
- Reduced reliance on “augmentation” style work
- Focus on “design thinking & innovation” will continue to drive growth in our business

Overall headcount relatively stable in H1 FY17

- Headcount at 31 Dec 2016 - 742
- 80% increase in our RXP Collective team over the past 12 months

Strong Client and Project wins in H1 FY17

- Our “design thinking/digital evolution” is resulting in “cross-practice” digital project wins
- The RXP Experience Hub opened in January with clients already leveraging our “design thinking” capabilities
- Banking & Finance, Telco & Media, Government, Utilities, Construction continue to be strong, with Retail sector growing

rxpcollective;

We use human centred design thinking to determine the optimal experience for your users.

rxpengage;

We advise and support clients through significant transformation.

rxpdevelop;

We develop software solutions to improve experiences and processes for clients.

rxpinsight;

We believe that data is the foundation of the connected age. We uncover patterns to unlock value.

rxpoptimise;

We improve our clients processes and integration to lift performance and customer satisfaction.

rxpoperate;

We support our client's mission critical applications and infrastructure.

Execution of our strategic priorities continues to produce growth

Our year-on-year growth continues




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	People	We continue to evolve and expand our specialisations and drive engagement and connection <ul style="list-style-type: none">• 754 people at 10 February 2017<ul style="list-style-type: none">• Experiencing strong growth in our “digital work” (80+% growth in rxpcollective)• Some headcount reduction from consolidation of “back of house” and 31 December contractor end dates• Diversity@RXP in place (diverse high performing team); further development of “RXP Leadership Coaching” (leaders of the future); Partnership with BeyondBlue (resilience training)
	Clients	We’ve had significant client/project wins in H1 FY17, setting up FY17 <ul style="list-style-type: none">• Growth driven by “design thinking/digital evolution” resulting in “cross-practice” digital project wins• The RXP Experience Hub opened in January (a place to showcase our “design thinking” capabilities; already used by clients)• Banking & Finance, Telco & Media, Government, Utilities, Construction and Retail sectors continue to be strong
	Solutions	We continue to focus on providing solutions to clients and productise where appropriate <ul style="list-style-type: none">• Leveraging our “Customer Oriented Architecture” capability to drive execution of digital programs within State Government• Launched our Field Force Management product on the ServiceNow Apps Store

Execution of our strategic priorities continues to produce growth

Our year-on-year growth continues

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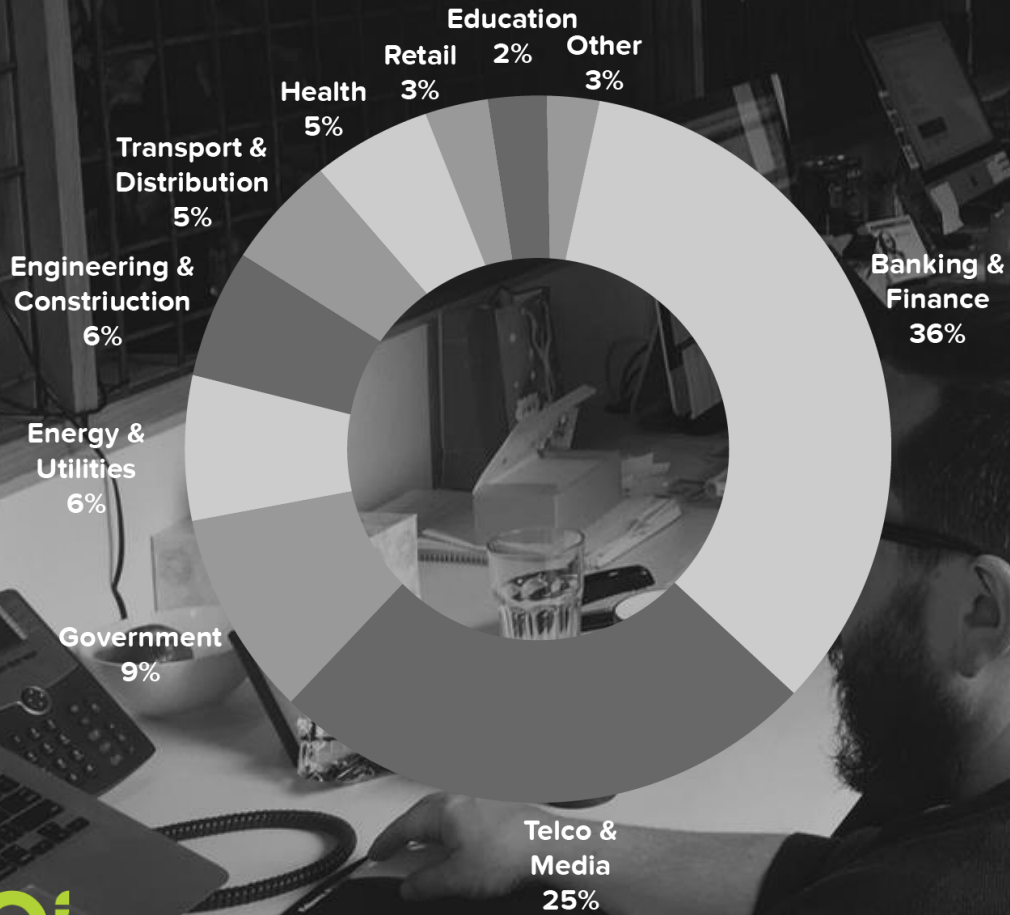
	Partners	Working with partners and leveraging each others strengths continues to drive client wins <ul style="list-style-type: none">• Our “mainstream, challenger, disruptive” Partner strategy continues to work for us• Driving deeper relationships with a focus on those areas aligned to our “digital evolution” (e.g. DataRepublic)
	Brand	Our brand continues to evolve as our capabilities expand and reputation grows <ul style="list-style-type: none">• Our chosen specialisations continue to drive growth in our business• With an increase in “digital” project wins the size, complexity and duration of engagements continues to build
	Consolidate	We maintain our focus on M&A activity that fits with our Strategic framework <ul style="list-style-type: none">• Accelerating the expansion of our capabilities in the “digital world” is our focus

Deepening relationships with our diverse range of clients

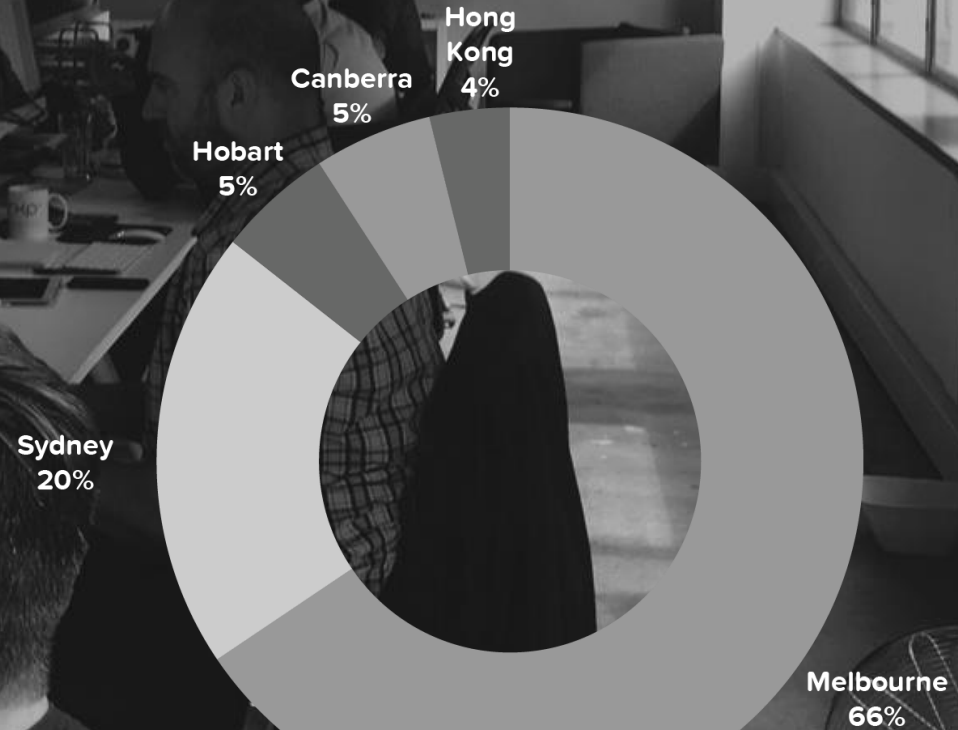
Client diversity remains; use of the RXP Experience Hub on the rise

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Industry Spread



Locations



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Review of 1H FY17 Financials

1H FY17 – strong performance across all key financial metrics

Continued organic revenue growth

Strong organic growth on 1H FY16

- Good growth in Digital / Experience specialisation
- Strong practice management

Underlying EBITDA growth of 19% reflects continued disciplined management of “sell” and “cost” rates

Utilisation for the year in line with expectations delivering a solid EBITDA margin with a growing top-line

Strong EPS growth a result of stable gross margins and the evolution of our in-demand specialisations

	1H FY17 (\$'000)	1H FY16# (\$'000)	Change %
Revenue	70,602	55,813	+26%
Underlying EBITDA	9,229	7,772	+19%
Underlying EBITDA margin	13.1%	13.9%	
- Acquisition vendor deferred payments	-	(719)	
EBITDA	9,229	7,053	+31%
EBITDA margin (%)	13.1%	12.6%	
Profit Before Tax	8,595	6,667	+29%
Income Tax	(2,717)	(2,320)	
NPAT	5,878	4,347	+35%
Reported EPS (cents)	4.2	3.1	+35%

The comparative results have been restated due to the change in accounting treatment for business combinations. Refer 2016 Annual Report for detailed explanation.

Maintaining a strong balance sheet with \$13.1m cash

Net debt of \$3.3m

Cash balance of \$13.1m

Receivables & accrued income

- Improved conversion to cash on pcp
- 80% accrued income invoiced in January 17

Bank debt facility of \$25m in place

- \$18.5m in total drawn down
- \$2.1m in total repaid
- \$16.3m of debt facility owing

	1H FY17 (\$'000)	FY16 (\$'000)
Assets		
Cash	13,076	13,582
Receivables	19,415	24,585
Accrued income	8,026	10,291
Deferred Tax Assets	1,917	2,949
Intangibles	87,372	87,409
Other	2,821	2,610
TOTAL ASSETS	132,627	141,426
Liabilities		
Trade and other Payables	13,924	24,733
Borrowings	16,350	14,969
Deferred Liabilities	-	2,309
Accrued Staff Provisions	2,817	2,990
TOTAL LIABILITIES	33,091	45,001
NET ASSETS	99,536	96,425
Contributed Equity	77,406	77,406
Reserves	244	209
Retained Earnings	21,886	18,810
TOTAL EQUITY	99,536	96,425

Strong cashflow conversion

Operating Cashflow increased to \$7.4M

- Increased by \$2.1M pcp (39%)

1H FY17 operating cashflow*1 represents 83% of underlying EBITDA

- Increased from 77% in 1H FY16
- Maintained focus on debtors collection related processes

Investing Cash Outflows of \$2.9M

- Primarily 10 collective acquisition related (\$2.25m)
- RXP Experience Hub fit-out (\$0.4m)

Cashflow from financing \$1.4m

- \$2.25m drawn down from facility
- \$0.9m repaid during 1H FY17
- \$2.8m paid in dividends

Expect solid Operating Cashflow in 2H FY17

Key cash flow Items	1H FY17 (\$'000)	1H FY16# (\$'000)	Change (\$'000)	Change (%)
Operations (before interest and tax)	7,354	5,302	2,052	39%
Tax paid	(3,088)	(2,945)	(143)	5%
Net interest	(419)	(190)	(229)	121%
From operations	3,847	2,167	1,680	78%
From investments	(2,932)	(15,278)	12,346	(81%)
From financing	(1,421)	10,765	(12,186)	
Net cash flows	(506)	(2,346)	1,840	78%
Closing cash balance	13,076	9,737	3,339	34%
Operations*1 as % of underlying EBITDA	83%	77%	6%	

*1 excludes income taxes, interest and vendor payments

Capital management – dividend and targeted acquisitions

Board declared a final dividend of 1.50 cps, fully franked, payable on 4 April 2017

- Reflective of strong result and positive outlook

Progressive dividend policy to be maintained

Final 10 collective payment in 1H FY17 - \$2.25m

- no other outstanding deferred considerations payable

Remain committed to our targeted acquisition strategy

- Focussed on acquisitions that add to our existing set of Services, Clients and Geographies and help win in the “digital” world
- \$6.5m of debt facility unutilised to fund future acquisitions

We continue to be well placed to participate in industry consolidation


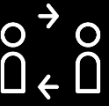




	1H FY17	1H FY16
Interim Dividend	1.50cps	1.00cps
Payout Ratio on NPAT	36%	32%
Record Date	16 March 2017	23 March 2016
Expected Payment Date	4 April 2017	11 April 2016

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Outlook for 2H FY17

Priorities

Strategic priorities guiding FY17 remain

	People	Develop our people, continue to evolve and expand our specialisations; Drive engagement and connection
	Clients	Increase client depth, breadth and connection by building on existing and developing new client relationships
	Solutions	Leverage our IP, continue to evolve and commercialise “RXP Solutions” with a focus on cross-practice team delivery
	Partners	Maintain/evolve/acquire Partner relationships
	Brand	Continue to build on our brand and reputation
	Consolidate	Maintain our focus on strategic M&A activity

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Outlook – expect continued growth in revenue and earnings in 2H FY17

Leveraging capabilities ‘cross-practice’ in a digital world is driving growth in client work

- Combination of Design Thinking and Innovation is a focus
- Continue to see a strong pipeline of work in and across our specialist Practices

Continue to be well positioned for participation in industry consolidation

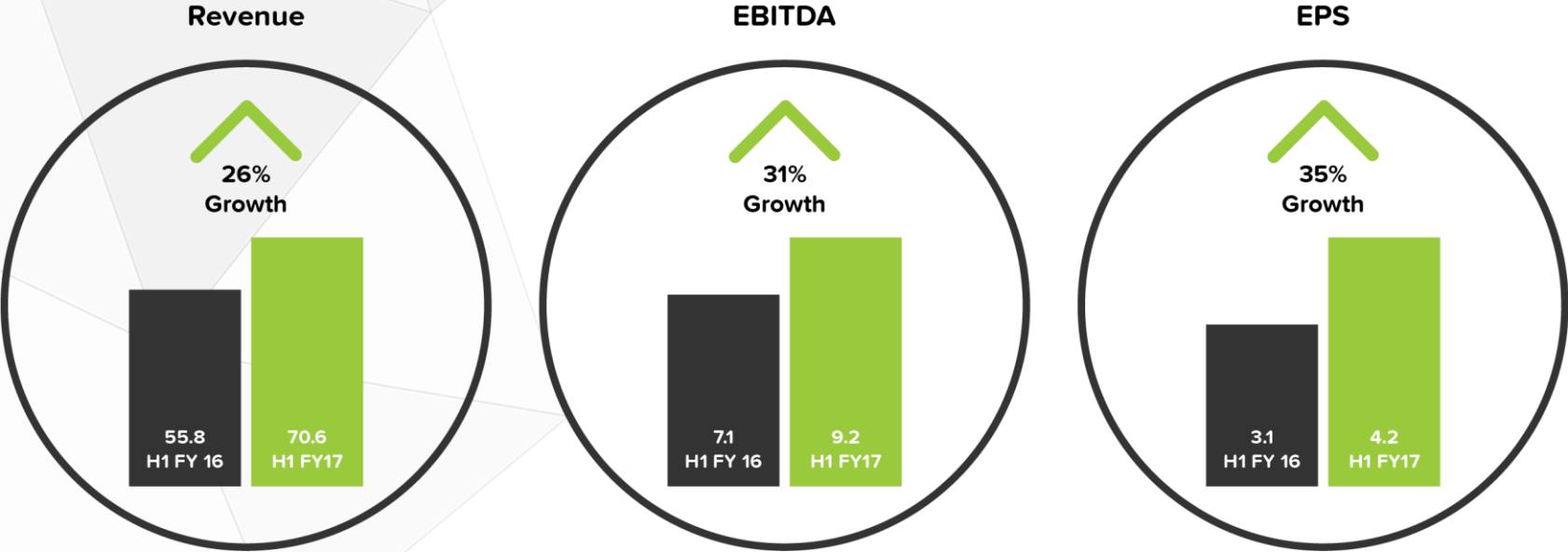
- Strategic acquisitions remain a priority; accelerating the expansion of our capabilities in the “digital world” is our focus
- Strong balance sheet combined with the debt facility in place, positions us well for future growth through targeted acquisition(s)

Forecasting continued revenue and earnings growth in 2H FY17

- Revenue to grow at the top end of original 10-15% guidance
- EBITDA margin target remains 13-14%
 - Allows continued investment in our evolution and growth
 - Continuation of disciplined approach to managing operational levers
- Strong pipeline line-of-sight continues to support our positive outlook

We remain committed to our progressive dividend policy and look forward with confidence

In Summary – another strong 6 months



Strong 1H FY17:

- Revenue +26% on pcp
- EBITDA +31% on pcp
- EPS 4.2cents +35% on pcp

Outlook:

- Our sector remains strong with businesses continuing to look to leverage the combination of technology and people in innovative ways
- Forecasting FY17 Revenue to be at the top end of +10-15% guidance and target EBITDA margin remains 13-14%

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Questions?

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