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**RXP SERVICES LIMITED**

ABN 30 146 959 917

**Release to Australian Securities Exchange**

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**3 August 2017**

**Institutional placement to fund The Works acquisition; and FY17 Preliminary results**

As previously released to the market on 1 August 2017, RXP Services Limited (ASX: RXP) announced its acquisition of The Works Pty Ltd, one of Australia's leading digital and creative agencies.

This announcement provides further detail in relation to the acquisition, the institutional capital raise, and RXP's FY17 preliminary results.

Key highlights of The Works acquisition:

- **Extending RXP's digital services delivery capability and increases NSW presence**
- **Adding 61 staff, and FY18 revenue of \$16.5 million and \$3.9 million in EBITDA**
- **Total purchase price capped at \$33 million**
- **Purchase to be funded by mix of placement, existing cash reserves, and debt facilities**
- **Deal is expected to be EPS accretive by 10+%**

**Deal metrics & capital raising details**

The acquisition price structure for The Works is as follows:

- Initial payment: \$25 million (70% upfront, 30% in 12 months)
- Overall purchase price capped at \$33 million
- Earnout Payments:
  - 12 month payment: up to \$6 million capped based on actual FY18 EBITDA
  - 24 month payment: based on actual FY19 EBITDA, with overall cap of \$33m

RXP will make an initial payment of \$17.5 million, largely funded by the institutional placement that raised \$16.9 million through the issuance of 21 million shares at \$0.805 (in one tranche). The placement was strongly supported by a range of existing and new investors.

The balance of the payment will be made from RXP's existing cash reserves and debt facilities, and future payments will be funded by a combination of debt and cash. The Company is also pleased to announce that more efficient and flexible debt facilities are currently being negotiated with banking providers.

### **FY17 preliminary results**

RXP will be presenting its audited results for the 12 months to 30 June 2017 on 16 August 2017. The preliminary FY17 results are as follows:

- Revenue: \$140.5 million (+11%)
- Underlying EBITDA: \$19.5 million (+7%)

RXP CEO, Ross Fielding, said "We are very pleased with the overwhelming support received from our institutional investors. The Placement was significantly oversubscribed, which is reflective of the support for RXP's strategic direction and digital ambitions as we look to expand our digital footprint across Australia. We look forward to joining forces with The Works and delivering another fantastic result in FY18."

Shaw & Partners was the Sole Lead Manager to the Placement.

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### **About RXP Services Limited**

RXP is a leading digital services consultancy in the Asia Pacific region. Our consultants bring creativity, technical expertise and industry experience. We develop digital solutions for our clients, modernise their processes and improve their bottom line. The combination of creativity, technology and insights simplify the way people access services in the digital age.