

RXP SERVICES LIMITED

ABN 30 146 959 917

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Digital continues to drive growth for RXP

Leading digital services consultancy provider, RXP Services Limited (ASX: RXP), is pleased to announce its results for the 12 months ended 30 June 2017 (FY17), in which the company again delivered strong growth across all key metrics.

FY17 key highlights

- Revenue up 11% to \$140.5 million (FY16: \$127.1million)
- EBITDA up 10% to \$18.3 million (FY16: \$16.6 million)
- NPAT up 10% to \$11.6 million (FY16: \$10.6 million); EPS up 9% to 8.3 cents
- Underlying EBITDA of \$19.5 million, up 7% (FY16: 18.2 million)
- Underlying EBITDA margin of 13.8%
- Continued growth in operating cashflow, up 23% to \$18.1 million (FY16: \$14.8 million)
- Final dividend of 3.0 cps fully franked, payable 5 October 2017, taking the total FY17 dividend to 4.5 cps fully franked

RXP evolving into a leading digital consultancy business

Commenting on another solid set of results, RXP Chief Executive Officer Ross Fielding said: “RXP has had another strong year, continuing our growth trajectory and recording good growth across all key metrics for FY17. The company’s digital evolution has enabled us to deepen our engagement with our clients and provide them with effective and value adding solutions.

“Our underlying objective of being more digitally focussed, working with clients on project-based, outcome-focused work continues to drive the business forward, and ensures healthy margins are being achieved. We are excited by our ongoing evolution as we continue to build towards being a trusted digital partner for our clients. We continue to harness the power of our talented team to

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deliver outstanding solutions for our clients, as we focus on profitable growth across our business”, said Mr Fielding.

The Works Acquisition – our digital future

RXP’s digital future has been bolstered by the acquisition of The Works, announced on 1 August 2017. The Works is one of Australia’s leading independent digital and creative agencies and its addition to RXP accelerates the Company’s push into Innovative Digital Consulting. The acquisition extends RXP’s digital customer services delivery capability, as well as substantially increasing RXP’s presence within NSW, where over 85 per cent of The Works’ revenues are derived from. The Company is very excited to be adding The Works, its people and its capabilities, along with new client relationships, to RXP’s valued client base.

“Our team is our strength, and we look forward to creating a formidable set of offerings as we look to capitalise on Australia’s rapidly growing digital economy. The Works is a strong fit with RXP’s evolving business model and will help drive the business forward as we grow our digital services offering”, said Mr Fielding.

Balance sheet remains strong and supports our growth trajectory

RXP continues to maintain a strong financial position. As at 30 June 2017, the cash balance was \$17.6 million, and the net cash position was \$2.2 million (\$15.4 million of the \$25 million debt facility is currently being utilised).

With conservative gearing, good cash reserves and strong operating cash flows, RXP’s balance sheet continues to strengthen and has been able to support The Works EPS accretive acquisition, whilst also providing the capacity for future flexibility.

In terms of the acquisition of The Works, the initial payment of \$17.5 million has been largely funded by the institutional placement that was very well supported. 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 a more efficient and flexible debt facility is expected to be finalised in early September 2017.

Reflecting the company’s strong balance sheet, growing earnings, and growth outlook, the Board of Directors has declared a final FY17 fully franked dividend of 3.0 cents per share. Representing a

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payout ratio of 54 per cent, the dividend will be paid on 5 October 2017, with a record date of 15 September 2017, and is consistent with the company's progressive dividend policy.

The Board is actively considering additional capital management initiatives, noting the company has franking credits of \$15.3m.

Digital growth platform supports increased revenue and earnings in FY18

Commenting on RXP's outlook, Mr Fielding said: "We have positioned ourselves well in terms of being a key digital delivery partner for our clients. With that, we will continue to focus on deepening our client relationships, winning new work and driving revenue and earnings growth, whilst at the same time maintaining an inclusive learning-based environment for all of our people.

"Our pipeline of work is strong and this will be further enhanced through our acquisition of The Works. Our team can look forward to another successful year in FY18 as we seek to deliver increased value to all our shareholders."

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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.

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APPENDIX: FY17 financial summary

(\$ million)	FY17	FY16	Change
Revenue	140.5	127.1	11%
Profit Before Tax	16.9	15.7	8%
Income Tax	5.3	5.0	
NPAT	11.6	10.6	10%
Underlying EBITDA	19.5	18.2	7%
Underlying EBITDA margin (%)	13.8	14.3	
Basic EPS (cents)	8.3	7.6	9%
Operating cash flow	18.1	14.8	23%
Total dividend (cps)	4.5	3.0	50%

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