



FY2017 RESULTS PRESENTATION

FULL YEAR RESULTS TO 30 JUNE 2017

rhiPE
The Cloud Channel Company™

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PRESENTERS



DOMINIC O'HANLON

Chief Executive Officer

Appointed Chief Executive Officer in
August 2014



MARK MCLELLAN

Chief Financial Officer

Appointed Chief Financial Officer in
November 2016

1.

FY17 HIGHLIGHTS & CEO UPDATE



FY17 HIGHLIGHTS



Licensing
Revenue

\$152M

Public cloud
(CSP) ARR ~\$22m
up 320%.



Licensing
Gross Margin

\$24M

Licensing gross
margin 15.7%.
Up 50bps YoY.



Licensing
Operating Profit

\$5.3M



Group
Revenue

\$157M



Group
Gross Margin

\$28M

Group gross margin
18.2% vs 18.8% in
FY16.



Group
Operating Profit

\$5M

Material
improvement in
Licensing operating
profit to \$5m.
Solutions losses
eliminated since Q1.

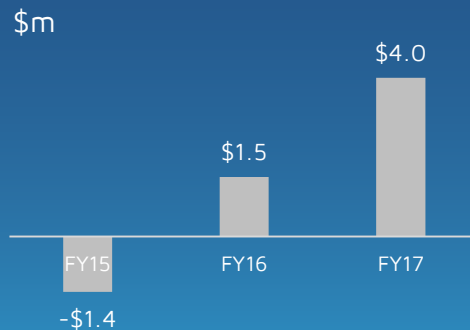
FY17 HIGHLIGHTS CONTINUED



Reported EBITDA

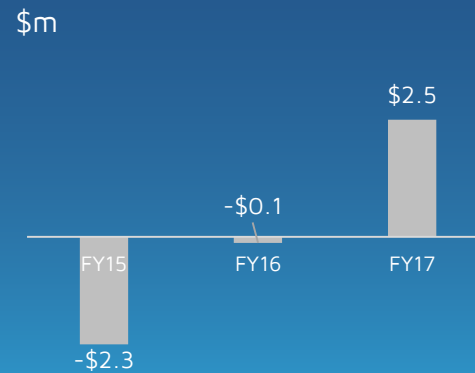
\$4M

Prior year EBITDA includes
one off gain \$2.4m



Profit After Tax

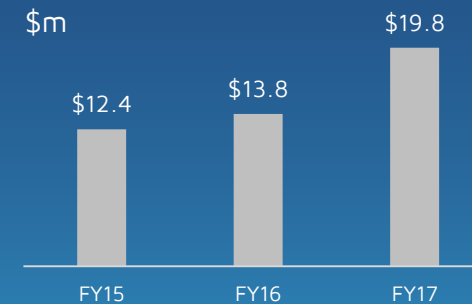
\$2.5M



Cash

\$19.8M

Driven by profit improvement and
better working capital management



2.

RHIPE VALUE PROPOSITION



RHIPE: THE CLOUD CHANNEL COMPANY

A stylized orange and red gradient cloud shape.

CLOUD FIRST

Cloud licensing, subscription management tools, and value added services to drive recurring cloud consumption

A stylized orange and red gradient megaphone shape with sound waves.

CHANNEL FIRST

Marketing, training, consulting, 24/7 support, cloud provisioning and billing as a service

STRATEGIC OPERATING DIVISIONS

CLOUD LICENSING

- +95% of Group revenues via channel B2B
- Software sold and implemented by service providers. Users pay based on usage

CLOUD SOLUTIONS

- ~5% of Group revenues from direct end user B2B customers
- Professional services and support people to help Service Providers with technical needs

CLOUD OPERATIONS

- Support IT and IP support Licensing and Solutions
- Cloud first, digital first marketing transformation to drive demand For channel partners
- Billing, software-asset management license optimization

LICENSING

Build and expand on cloud licensing programs. Multi-vendor and multi region.

SUPPORT

Services and support to position offerings for new licensing programs.

VALUE

Add value with systems & ease of trade for Cloud Service Providers.

RHIPE BUSINESS MODEL



Software Licenses



Value Add Services



IT Service Providers

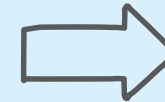
MSP'S

ISV'S

SI/VAR'S

TELCO'S

SAAS



Enterprise Clients

PUBLIC CLOUD

PRIVATE CLOUD USERS

HYBRID CLOUD USERS

SMB CLIENTS

RHIPE'S SUBSCRIPTION OFFERINGS

Rhipe's Unique Partner Value



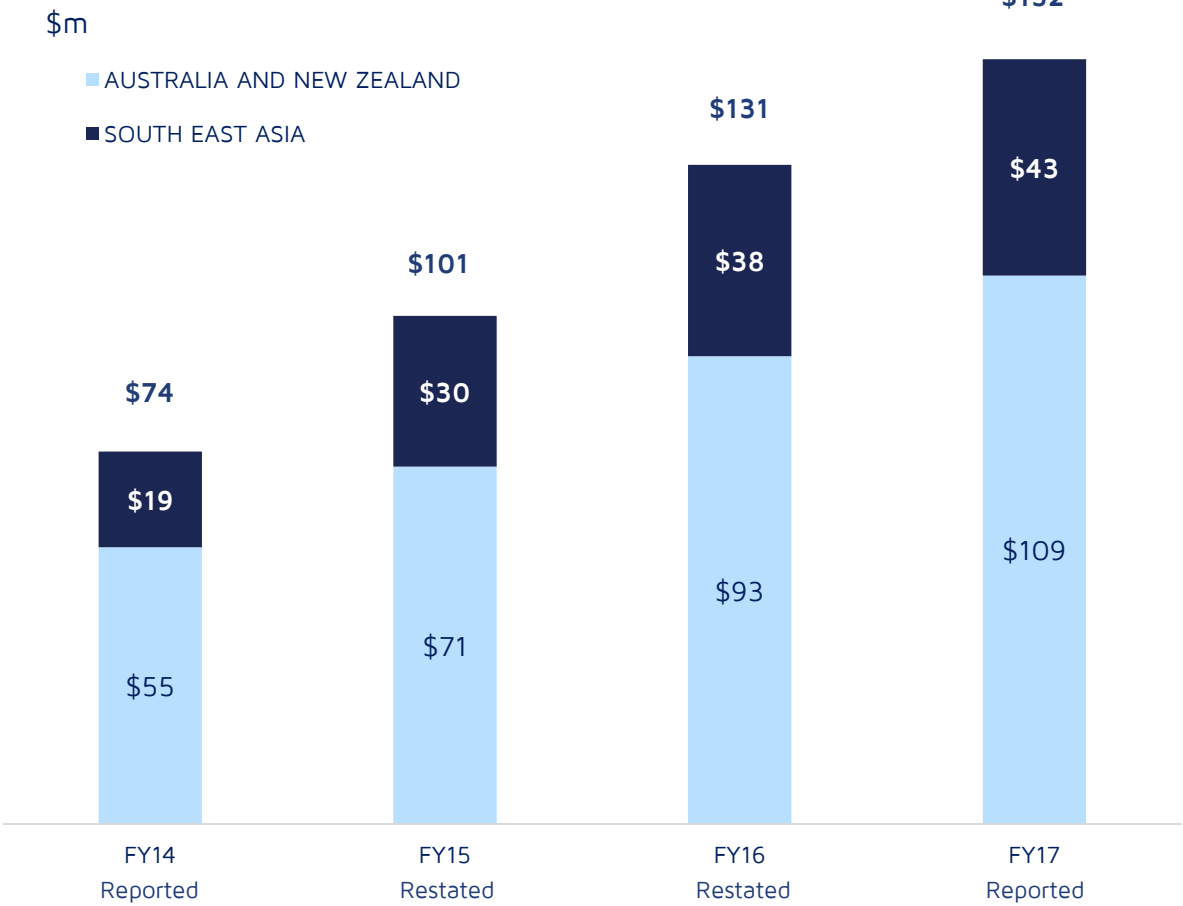
3.

OPERATIONS UPDATE



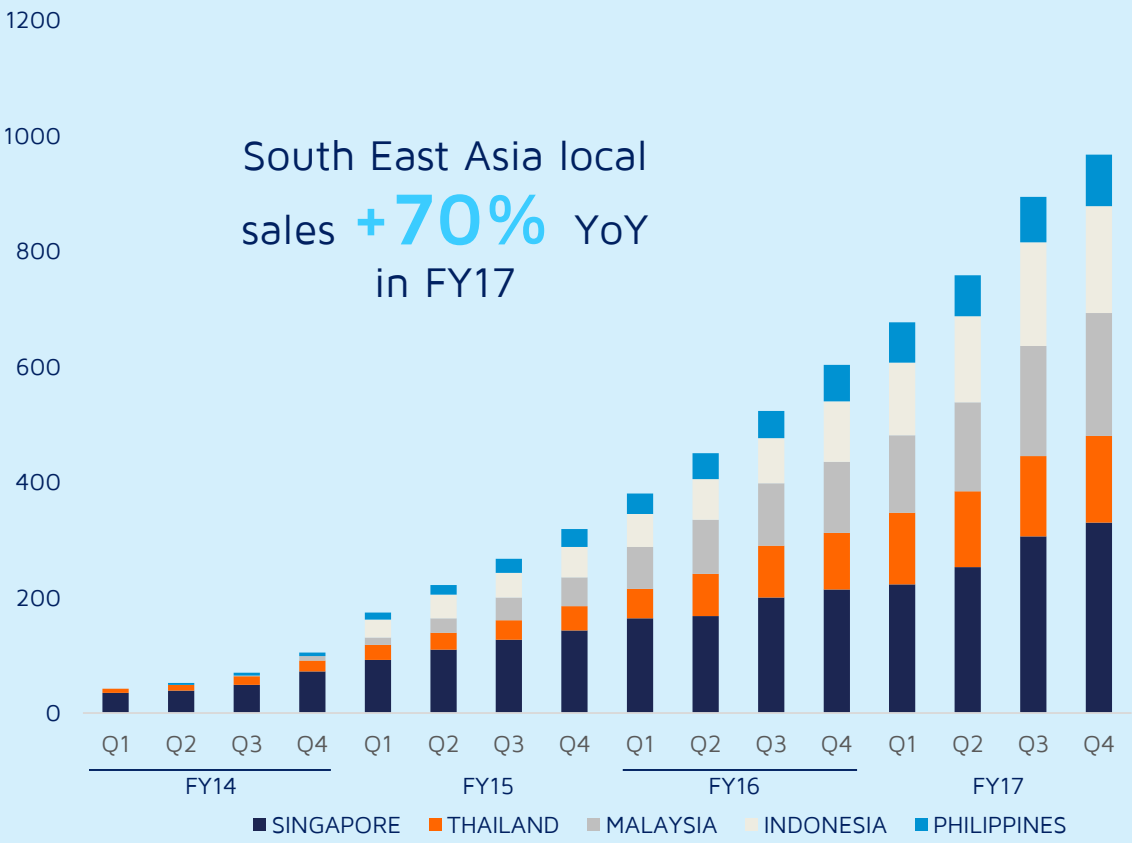
OPERATIONAL HIGHLIGHTS

Licensing Regional Revenue Split



Restated to remove rebates from revenue; no impact on gross margin dollars

Quarterly Cumulative Partner Agreements in SEA



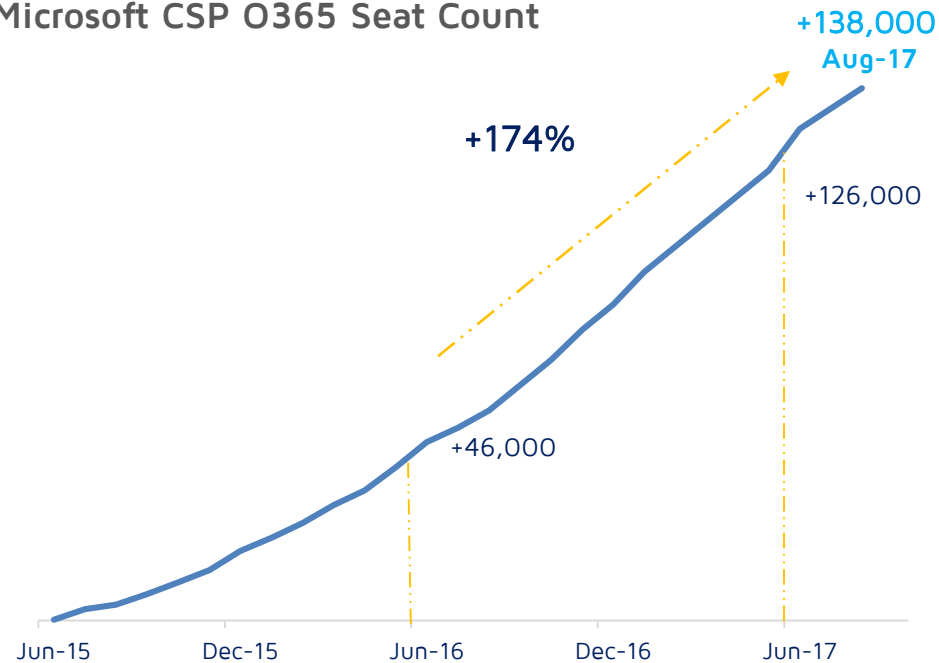
rhipe awarded MS SPLA and CSP licences in South Korea in 2H 2017

South Korea is second only to Australia in size in APEJ

OPERATIONAL HIGHLIGHTS

STRONG GROWTH IN PUBLIC CLOUD

Microsoft CSP O365 Seat Count



Seats up +174% in FY17

Annual recurring revenue \$22m at June 2017

CSP now +138,000 seats as at 18 August 2017

Market transition from private to public cloud delivers strong CSP growth at expense of larger private data centres

Partner Stats as at 18 August 2017

1,168 SIGNED PARTNERS

(663 at 23-Aug-16)

794 SIGNED & NOW TRANSACTING

(442 at 23-Aug-16)

63% NET-NEW PARTNERS TO RHIPE

(48% at 23-Aug-16)

Rhipe's combined cloud business continues to grow in all countries.

OPERATIONAL HIGHLIGHTS

Intellectual Property

50% increase in FY17 in investment in our subscription management and billing system (~\$1.2m in FY17)

Investment expected to continue and grow in FY18 as rhipe enhances the customer portal and connectivity

3,000+ monthly invoices

+17,000 end user customers

Solutions and support

Solutions restructured in Q1 FY17 and break even since

24/7 Support team expanding and profitable with likely ongoing growth in FY18



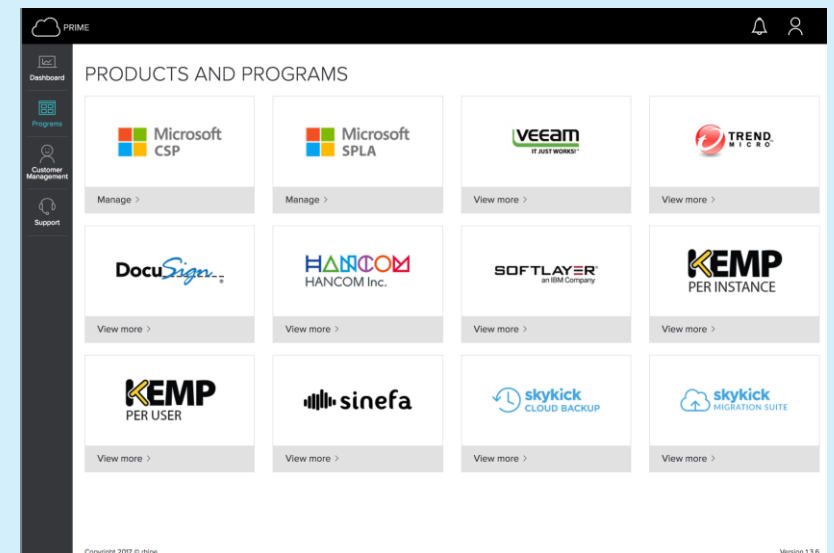
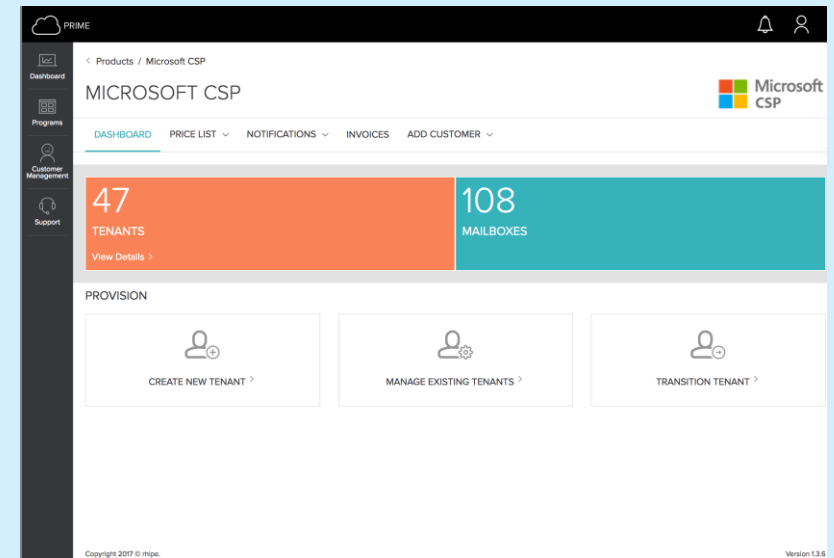
Agile development
process



User friendly
interface

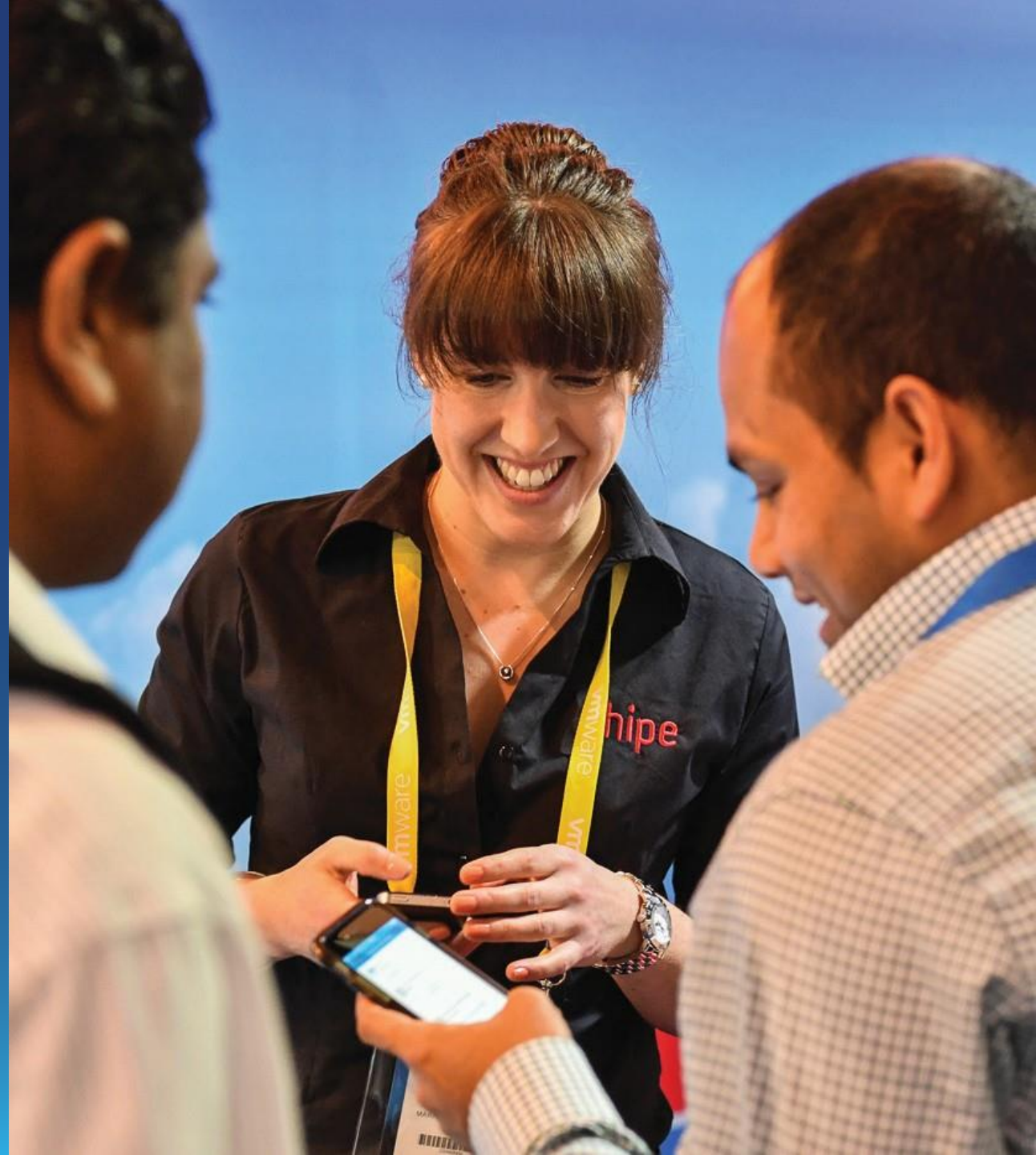


Expansion of products
and programs



4.

FINANCIAL RESULTS



FINANCIAL RESULTS SUMMARY

| Reported P&L (\$ '000) | FY15 Restated ¹ | FY16 Restated ¹ | FY17 Actual | Change FY16-17 |
|--------------------------|-------------------------------|-------------------------------|----------------|-------------------|
| Total Revenue | 104.0 | 137.1 | 157.0 | 14.5% |
| Total Gross Margin | 20.1 | 25.8 | 28.2 | 9.4% |
| Group Gross Margin (%) | 19.3% | 18.8% | 18.0% | |
| Total Operating Expenses | 18.6 | 25.8 | 23.2 | (10.0%) |
| Total Operating Profit | 1.5 | 0.0 | 5.0 | +\$5.0m |
| Total Reported EBITDA | (1.4) | 1.5 | 4.0 | +\$2.5m |
| NPAT | (2.3) | (0.1) | 2.5 | +\$2.6m |



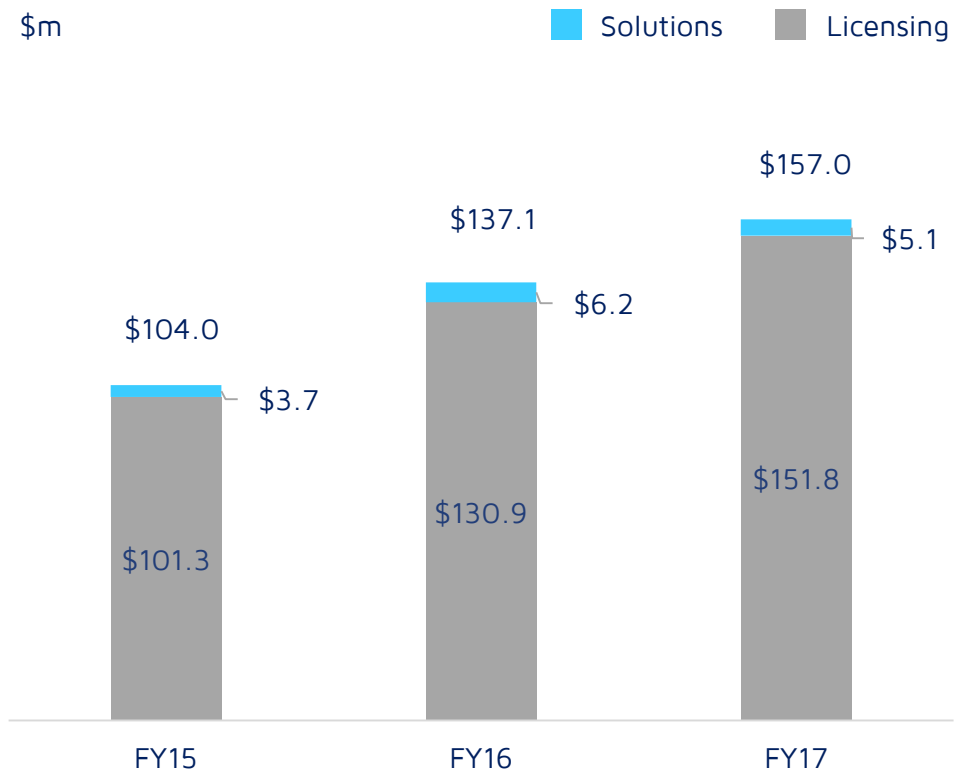
1. FY15 and FY16 restated following change in accounting treatment of rebates. Rebates now offset against cost of sales and not part of revenue.

FINANCIAL RESULTS - DETAILED

| Reported P&L (\$ '000) | FY15 Restated ¹ | FY16 Restated ¹ | FY17 Actual | Change FY16-17 |
|---------------------------------|-------------------------------|-------------------------------|----------------|-------------------|
| Licensing Revenue | 101.3 | 130.9 | 151.8 | 16% |
| Solutions Revenue | 3.7 | 6.2 | 5.1 | (18%) |
| Total Revenue | 104.0 | 137.1 | 157.0 | 15% |
| Licensing Gross Margin | 16.5 | 20.0 | 23.8 | 19% |
| Solutions Gross Margin | 3.6 | 5.8 | 4.4 | (24%) |
| Total Gross Margin | 20.1 | 25.8 | 28.2 | 9% |
| Licensing Gross Margin (%) | 16.3% | 15.2% | 15.7% | +50bps |
| Group Gross Margin (%) | 19.3% | 18.8% | 18.0% | (80bps) |
| Licensing Expenses | 15.3 | 18.1 | 18.5 | 2% |
| Solutions Expenses | 3.3 | 7.7 | 4.7 | (39%) |
| Total Operating Expenses | 18.6 | 25.8 | 23.2 | (10%) |
| Licensing Operating Profit | 1.1 | 1.9 | 5.3 | ~179% |
| Solutions Operating Profit | 0.4 | (1.9) | (0.3) | +\$1.6m |
| Total Operating Profit | 1.5 | 0.0 | 5.0 | +\$5m |
| Total Reported EBITDA | (1.4) | 1.5 | 4.0 | +\$2.5m |
| NPAT | (2.3) | (0.1) | 2.5 | +\$2.6m |

1. FY15 and FY16 restated following change in accounting treatment of rebates. Rebates now offset against cost of sales and not part of revenue.

REVENUE



Licensing revenue growth in FY17 was \$21m or 16%

1H FY17 revenue growth 12% versus 20% 2H FY17

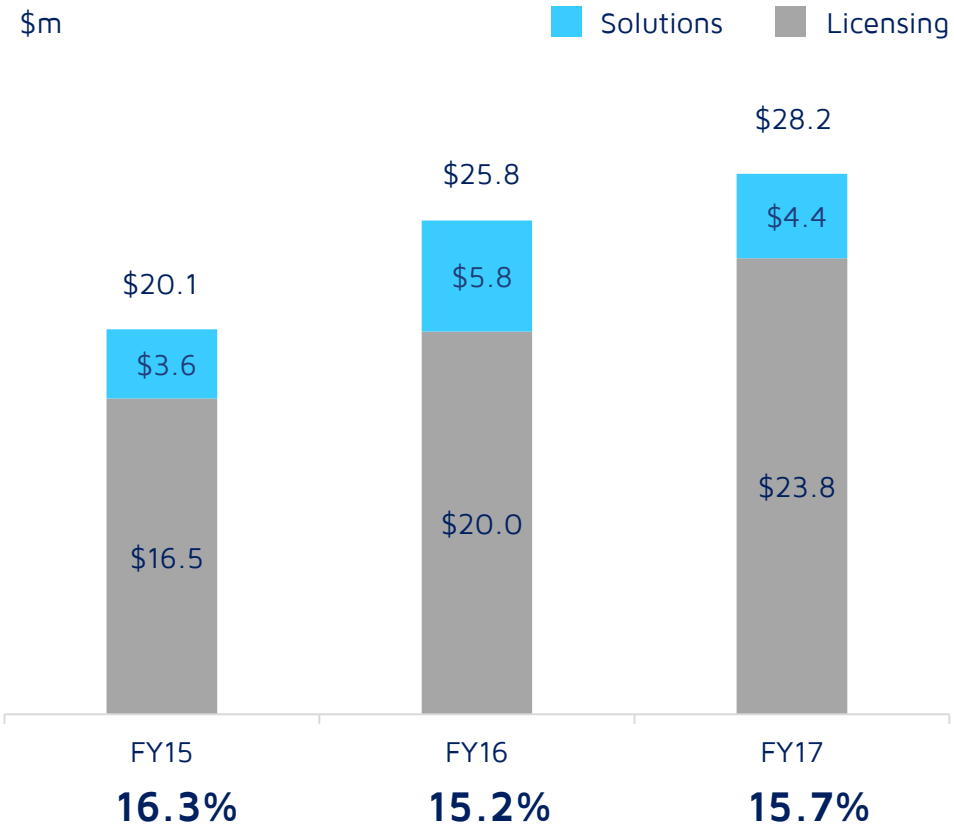
Licensing revenue growth influenced by:

- migration from private cloud to public cloud. CSP revenue up five fold in FY17
- flat revenue growth for our top 10 largest customers
- core business outside top 10 grew by 25% year on year, broadly consistent with prior year

70% increase in local revenue in South East Asia

Solutions revenue reduced by 18% YoY following restructure in Q1

GROSS MARGIN



Group gross margin up \$2.4m, 9% YoY to \$28.2m

Licensing gross margin up \$3.8m, 19% YoY compared to a \$3.5m increase in FY16

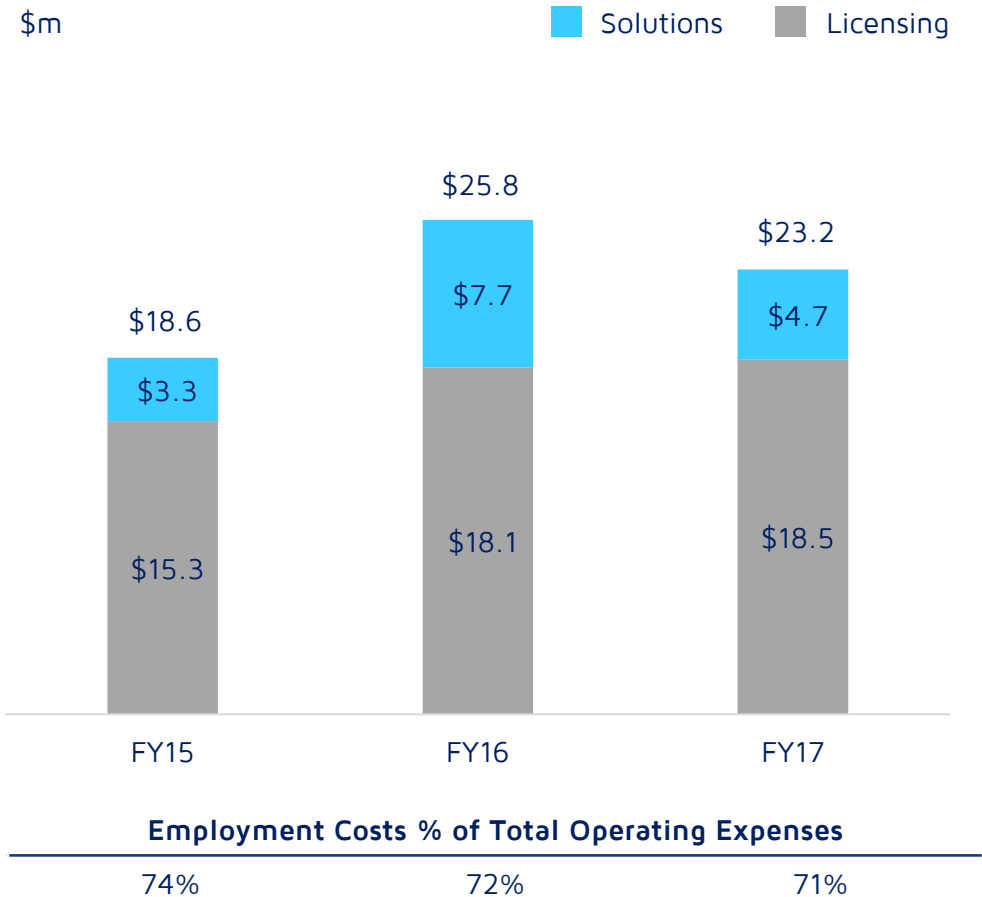
Lower revenue growth in FY17 drove higher margin growth versus FY16, evidence of focus on higher margin customers

Gross margin 15.7% in FY17, up ~50bps YoY due to growth in higher margin, lower volume customers

Licensing margin on old basis (with rebates included in revenue) FY17 15.0%, FY16 14.6%

Solutions gross margin impact by Q1 restructure

OPERATING EXPENSES



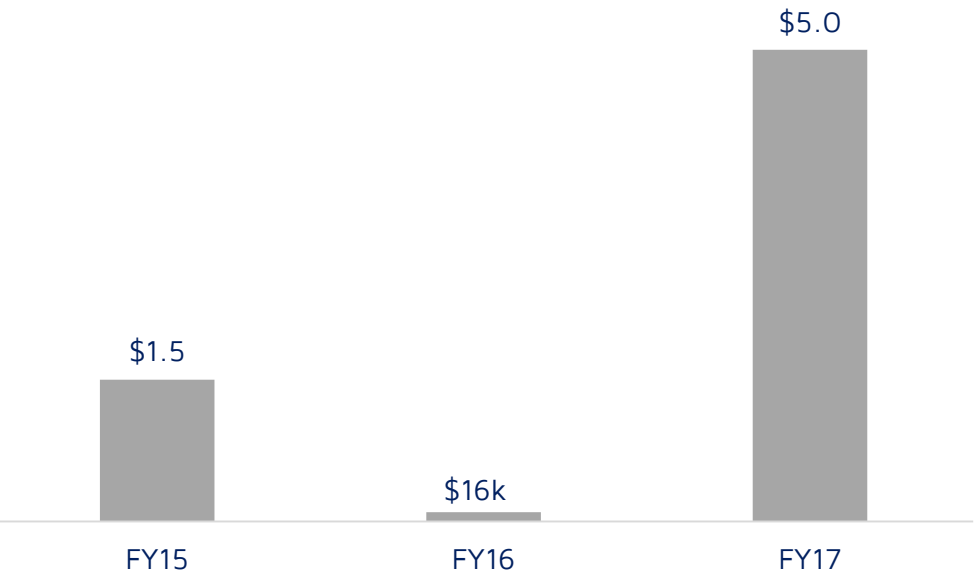
Group operating expenses decreased by \$2.6m or 10% YoY driven almost entirely by reduction in Solutions cost base

Licensing cost base remained relatively flat due tighter cost management. Any identified cost savings were reinvested into the business

Employment costs remain approximately 70% of cost base

OPERATING PROFIT

\$m



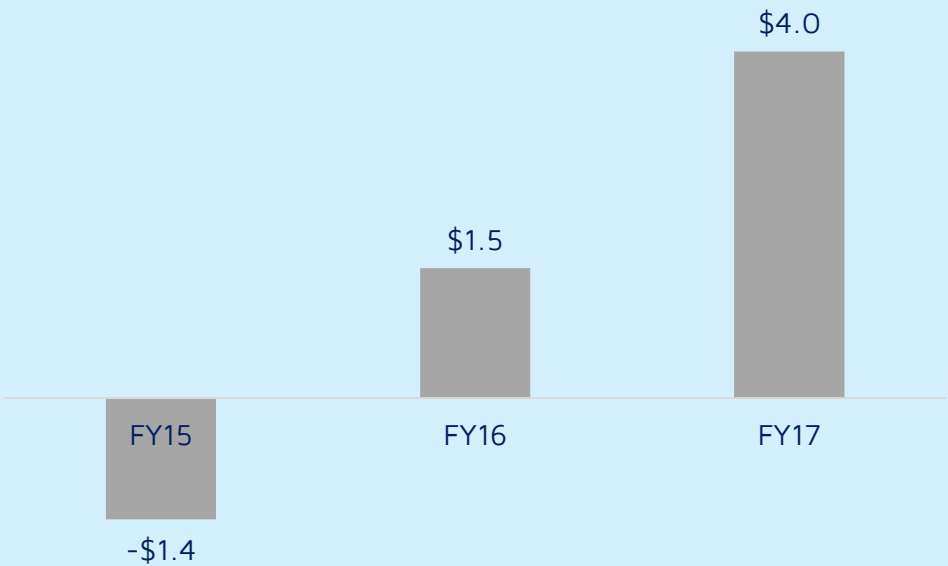
Significant improvement in operating leverage and profit driven by Licensing operating profit growth of \$3.4m

Solutions elimination of losses since Q1 FY17

REPORTED EBITDA

Reported EBITDA is operating profit less FX gains or losses, share based payments, restructuring costs and due diligence costs

\$m

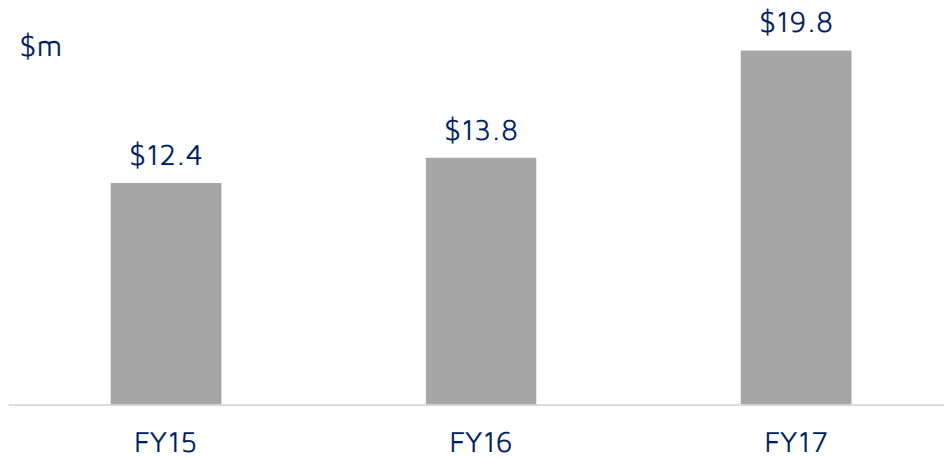


FY16 \$1.5m EBITDA includes \$2.4m gain on sale of investment

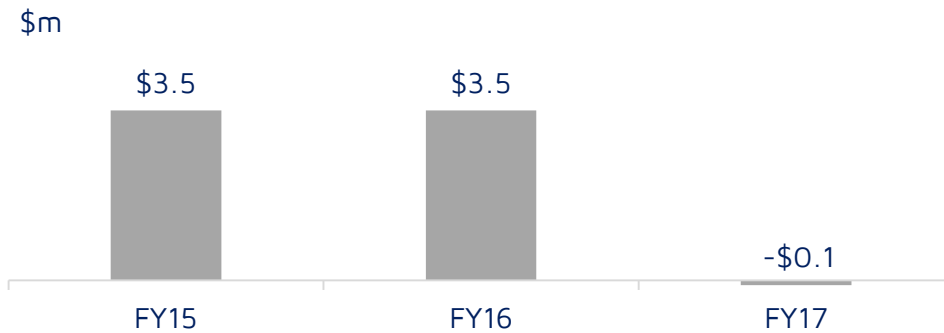
Excluding prior year gain on sale, EBITDA turnaround in FY17 was \$4.9m

Underlying EBITDA \$7.4m in FY17 compared to \$5.2m, up \$2.2 or 42%

CASH



Net Working Capital¹



1. Represents difference between 'trade and other receivables' and 'trade and other payables'

\$6m increase in cash driven YoY by cash profits in FY17 plus \$3.5m improvement in net working capital

July average cash balance was \$18.8m, confirming the strong cash position of the group

Given strong cash position the Board has approved a share buyback of up to 10% of ordinary equity (see slide 28)

5.

OUTLOOK



FY18 OUTLOOK

REVENUE

Accelerated transition to public cloud will drive revenue growth

Solutions revenue expected to increase driven by expansion in support activities

MARGIN

Mix of margin to change as public cloud activities increase and private cloud incentives reduce

Expected to be broadly similar to FY17

\$7M+

OPERATING
PROFIT

Operating profit target for FY18 \$7m+

Stretch target for executive performance rights set at ~\$9m+ by Dec 31 2018

6.

SHARE BUYBACK



SHARE BUYBACK

- ✓ Strong cash position of \$19.8m at 30 June 2017
- ✓ Rhipe Board have approved a share buyback program of up to 10% of ordinary share capital
- ✓ On market share buyback program within 10/12 limit
- ✓ Commencing in September 2017
- ✓ Broker: Shaw & Partners



QUESTIONS

rhipe
The Cloud Channel Company™



SHAPE. BUILD. GROW.