



The Cloud
Channel Company

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(ASX:RHP)

8 November 2018

The Manager
Company Announcements
Australian Securities Exchange
Level 5, 20 Bridge Street
SYDNEY NSW 2000

ASX Release

Rhipe Limited (ASX: RHP)

ADDRESS OF THE CHAIRMAN AT THE ANNUAL GENERAL MEETING

Rhipe Limited (ASX:RHP) will hold its Annual General Meeting today at 9.30am at Automic Group, Level 5, 126 Phillip Street, Sydney NSW 2000.

Please find enclosed a copy of the Chairman's address and accompanying slide presentation.

For more information contact:

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Chief Executive Officer
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Company Secretary
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**rhipe Limited (ASX: RHP)
2018 Annual General Meeting**

CHAIRMAN'S ADDRESS

Good morning and welcome to the rhipe Limited Annual General Meeting.

I am joined here by all directors and a number of executives including Dominic O'Hanlon, Chief Executive Officer and Mark McLellan, Chief Financial & Operating Officer.

The 2018 financial year was a year where the company clearly showed it was able to capitalise further on its profitable 2017 year. This year rhipe delivered another strong profitable earnings year with Reported EBITDA up 59% to \$6.4m and Operating Profit up 54% to \$7.8m.

Importantly, the growth continued which saw revenue of \$196.6m up 25% against the prior comparative period and Gross profit of \$34.1m which was up 21%.

As with last year, credit must be attributable to the entire staff of rhipe led by a focused and dedicated executive team on delivering a very strong result.

The board thanks all the employees of rhipe for working really hard to capture this cloud shift as customers work through the changes from on premises software licensing to the pay as you go cloud license subscription offering from the vendors rhipe represents in the marketplace.

As the established Cloud Channel Company in Asia Pacific, we are very pleased that the hard work over the last few years is showing promising signs not only in the presence of the business across these very large markets but delivers a high growth profitable investment for our shareholders.

Further, I am happy to report that in the 2018 year, rhipe capitalised on its strong cash position to undertake a share buy-back and commence paying a dividend to its shareholders. In the fiscal 2018-year rhipe purchased 3.4m shares and paid/declared 1.5c in dividends to its shareholders. The earnings generated and buy back clearly demonstrated EPS growth delivering 2.26 cents per share up 23% for the fiscal year. It is also pleasing to see that the Company finished the year with a strong balance sheet and held \$22.7m in cash at bank at 30 June 2018.

The strong cash position and the board's confidence in rhipe's future growth enabled the board to continue the share buy-back which commenced in Q1 of FY18. As at 7 November 2018, the Company had bought back 4.7m shares at an average price of \$0.81.

Trading update Q1 FY19

FY19 Quarter 1 ending 30 September 2018 trading update is as follows:

- Group Revenue of +30% of \$55m
- Group GM of +24% of \$9.8m
- Group Operating Profit of \$2.8m (+\$1.6m pcp)
- Group Reported EBITDA of \$2.1m after \$0.5m of non-cash share-based payments (+\$1m pcp)

The strong start to FY19 gives the board confidence to increase guidance for FY19 operating profit to a range of \$10.5m-\$11.5m.

The board would like to thank Laurie Sellers who retires by rotation today after serving over 5 years on the board of rhipe as a private and a public company. We would like to sincerely thank Laurie for his valuable work with rhipe over the course of those years including his role as chair of the remuneration committee and wish him well for the future. Dawn Edmonds will take on the role of chair of the remuneration committee. The nominations committee will consider new non-executive board candidates who may offer the next generation of valuable industry insight to contribute to the Company's future growth opportunities to replace Laurie.

Again, we would like to thank our Vendor Partners for their continued support of rhipe, in particular Microsoft which represents a significant share of revenue and helping us to meet our mutual growth objectives.

I would also like to thank all our shareholders for their continued support.

I will now handover to Dominic O'Hanlon for the CEO Address then we will return to the formal part of the AGM's various resolutions as set out in the Notice of Annual General Meeting.

-ENDS-



2018 ANNUAL GENERAL MEETING
8 NOVEMBER 2018
PRESENTATION TO SHAREHOLDERS

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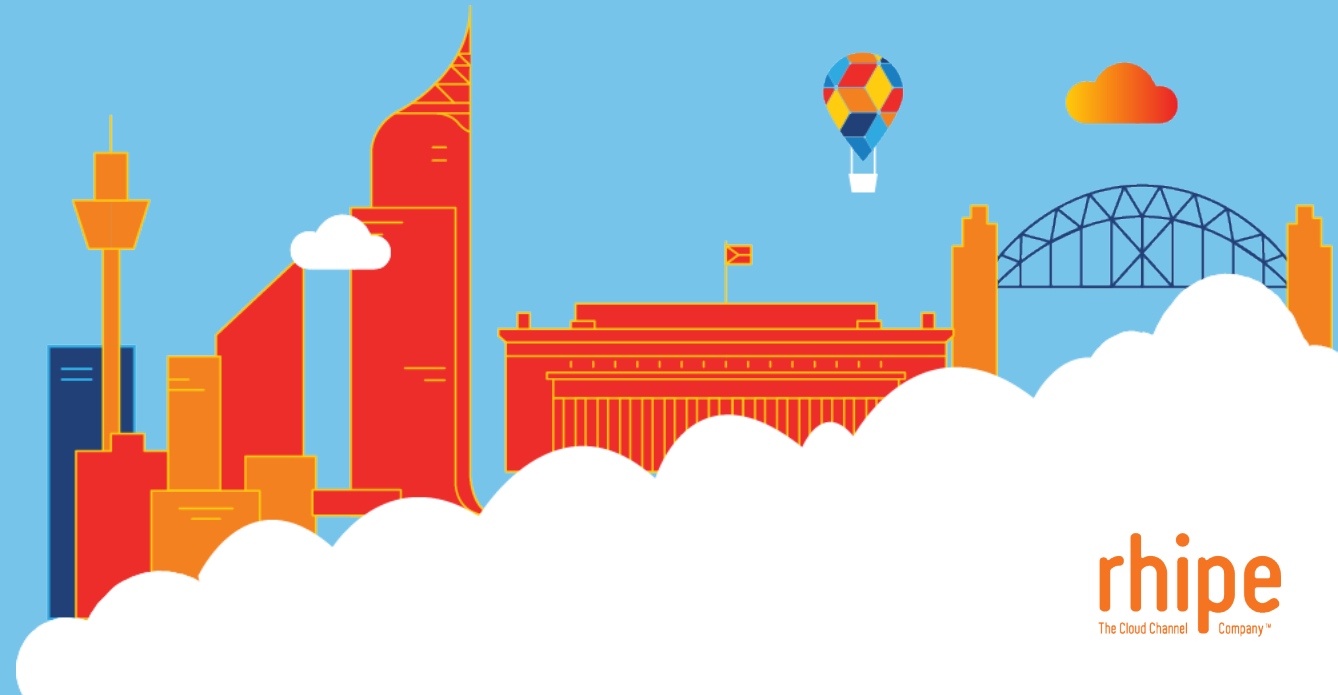
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RHIPE'S VISION AND MISSION STATEMENT



OUR VISION IS A WORLD WITHOUT SHELFWARE

"OUR MISSION IS TO PROVIDE THE BEST PLATFORM, ENABLEMENT AND 24*7 SUPPORT SERVICES SO THAT CUSTOMERS OF ALL SIZES CAN CONSUME AND DERIVE VALUE FROM THEIR CLOUD INVESTMENTS"



RHIPE'S GEOGRAPHIC FOOTPRINT



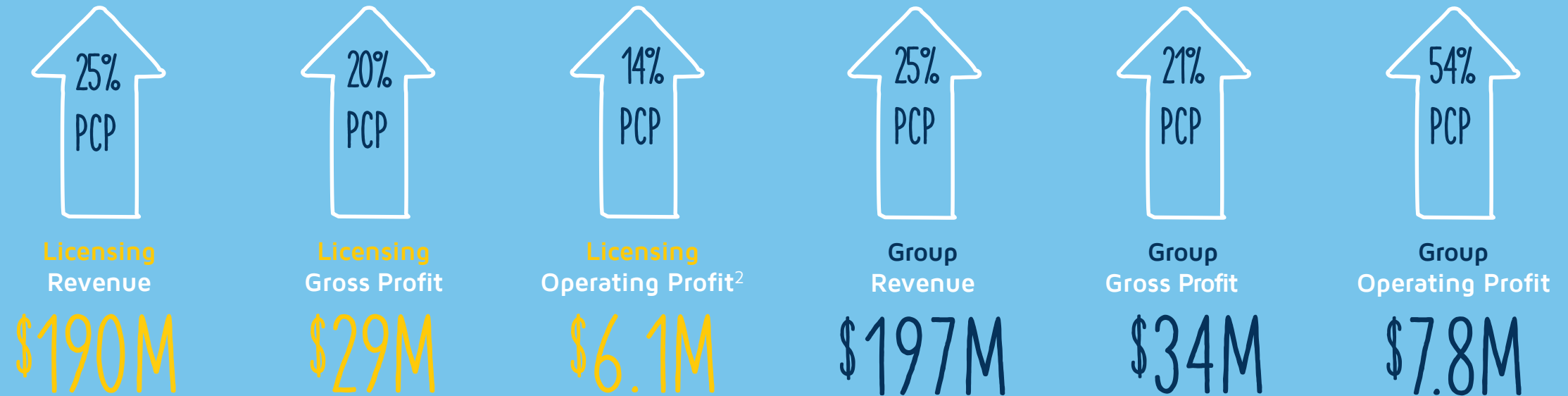
FY18 HIGHLIGHTS

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FY18 HIGHLIGHTS



1. Prior Corresponding Period "PCP"

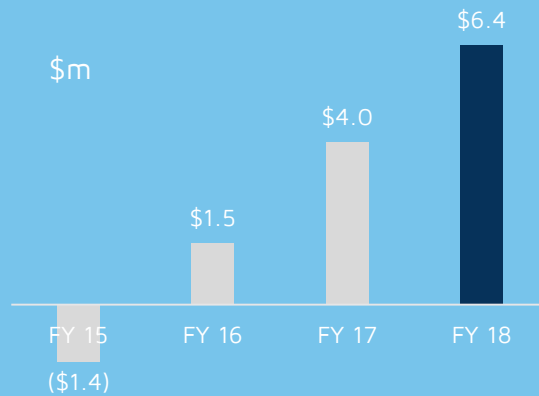
2. Operating Profit represents Reported EBITDA excluding non-cash share based expenses, FX gains or losses, due diligence costs and one-off non-operational gains or losses

FY18 HIGHLIGHTS CONTINUED



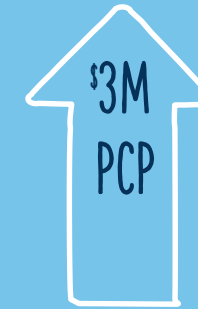
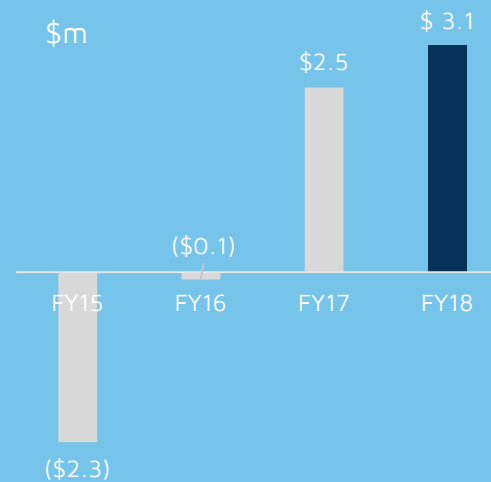
Reported EBITDA

\$6.4M



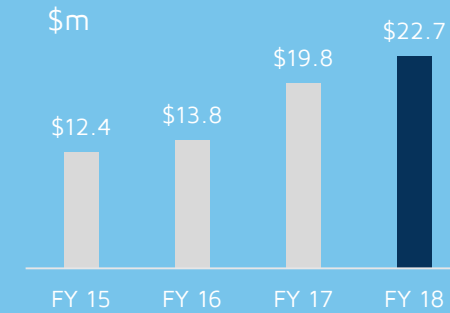
Profit After Tax

\$3.1M



Cash

\$22.7M



MICROSOFT CLOUD SOLUTION PROVIDER (CSP) UPDATE AT 30 JUNE 2018



ANNUALISED RUN RATE REVENUE \$42M

(\$22m at 30-Jun-17) **↑ 91%
PCP**

1,612 SIGNED PARTNERS

(1,097 at 30-Jun-17) **↑ 47%
PCP**

1,117 SIGNED & NOW TRANSACTING

(765 at 30-Jun-17) **↑ 46%
PCP**

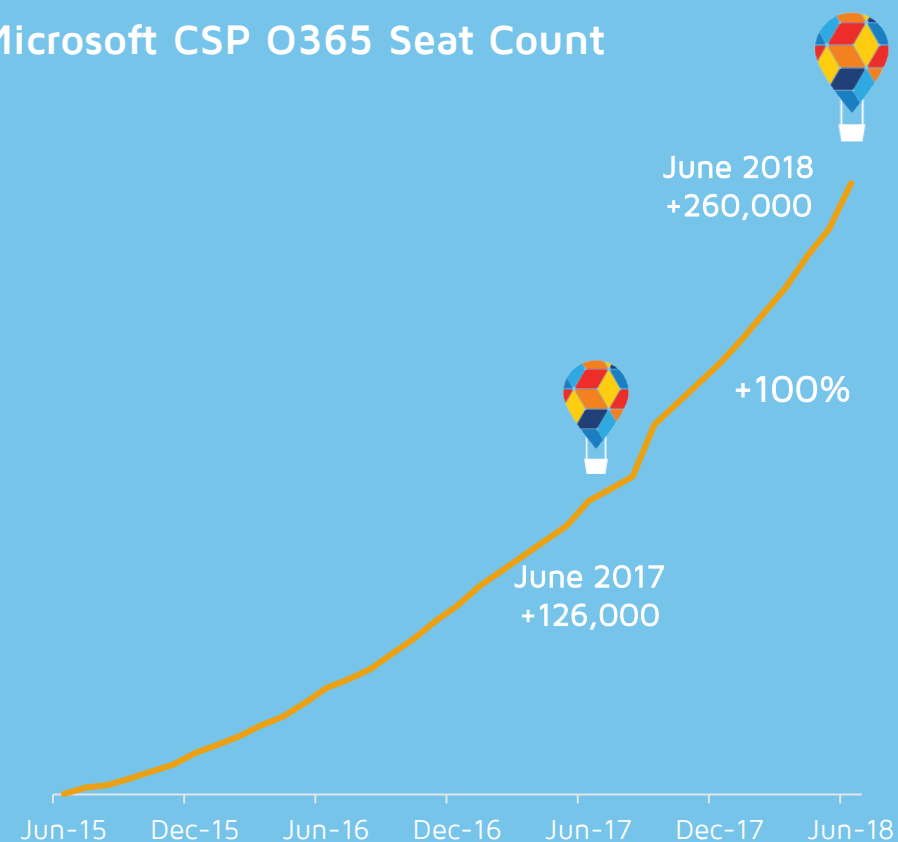
50% NET-NEW PARTNERS TO RHIPE

(64% at 30-Jun-17)



OPERATIONAL HIGHLIGHTS

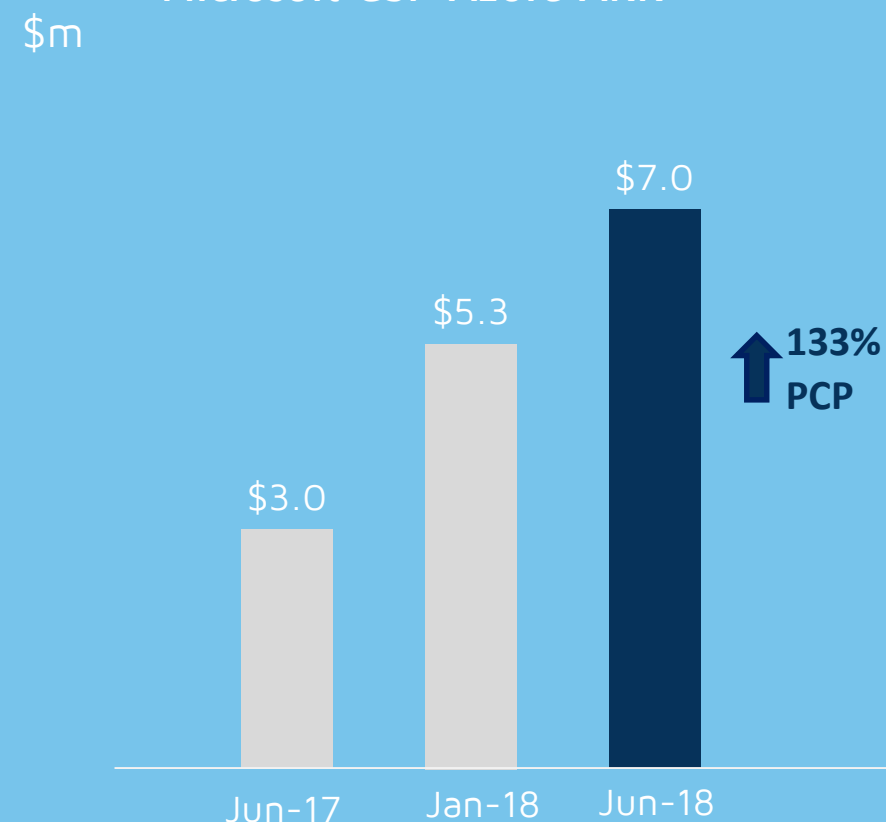
Microsoft CSP O365 Seat Count



Seats up +100% in FY18

O365 ARR excluding Azure \$35m at June 2018 vs \$19m at June 2017

Microsoft CSP Azure ARR



Azure ARR \$7m at June 2018 vs \$3m at June 2017

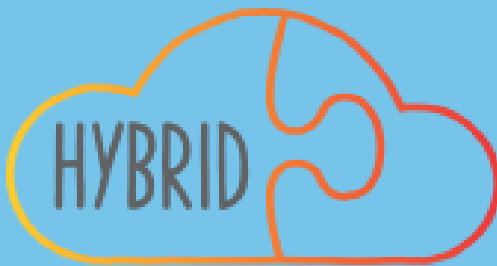
FY18 INDUSTRY AWARDS

2018 Microsoft Australian Partner of the Year

2018 CRN Impact award for Distribution Performance

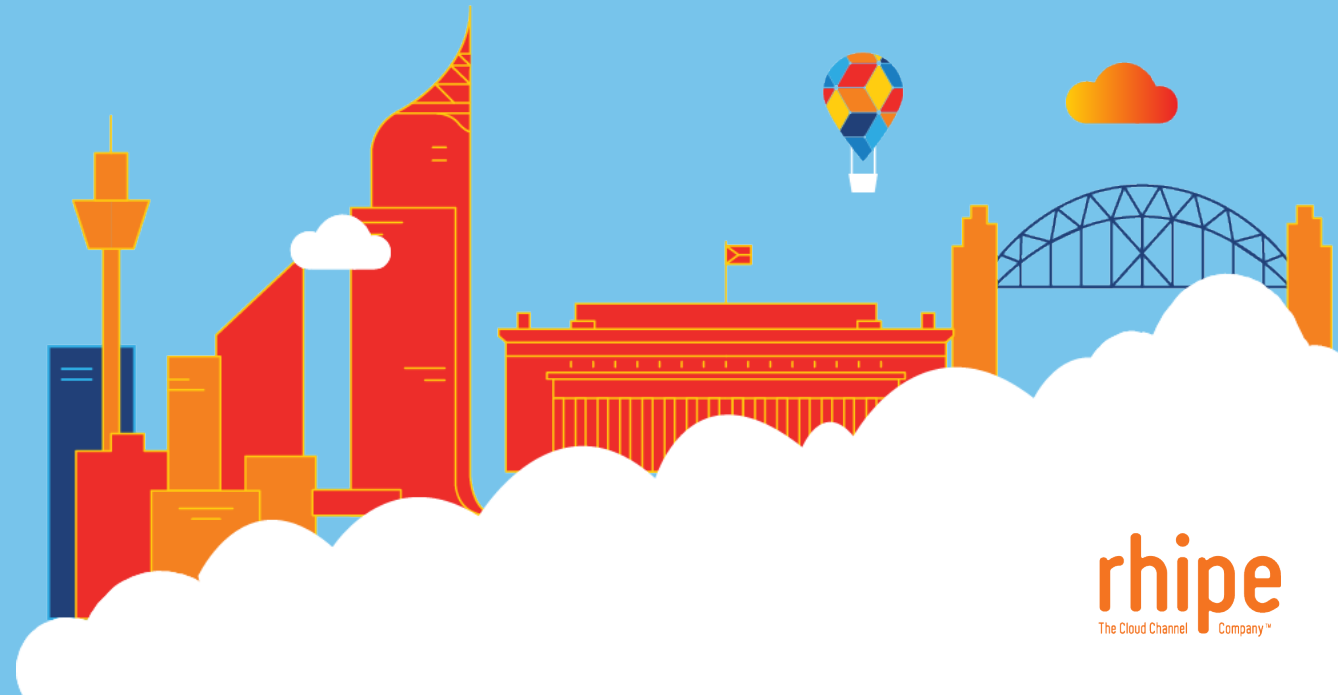
Microsoft Thailand CSP Partner of the Year

Zimbra JAPAC Aggregator of the Year – Thailand



Q1 FY19 TRADING UPDATE

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Q1 FY19 TRADING UPDATE (UNAUDITED)

A STRONG START TO FY19



Group
Revenue

\$55M

\$42M in Q1 FY18



Group
Gross Profit

\$9.8M

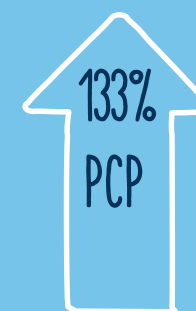
\$8M in Q1 FY18



Group
Operating Expenses

\$7M

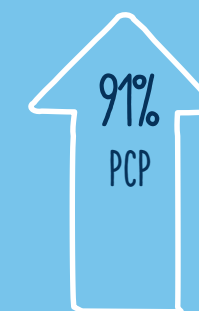
\$6.7M in Q1 FY18



Group
Operating Profit

\$2.8M

\$1.2M in Q1 FY18



Group
Reported EBITDA

\$2.1M

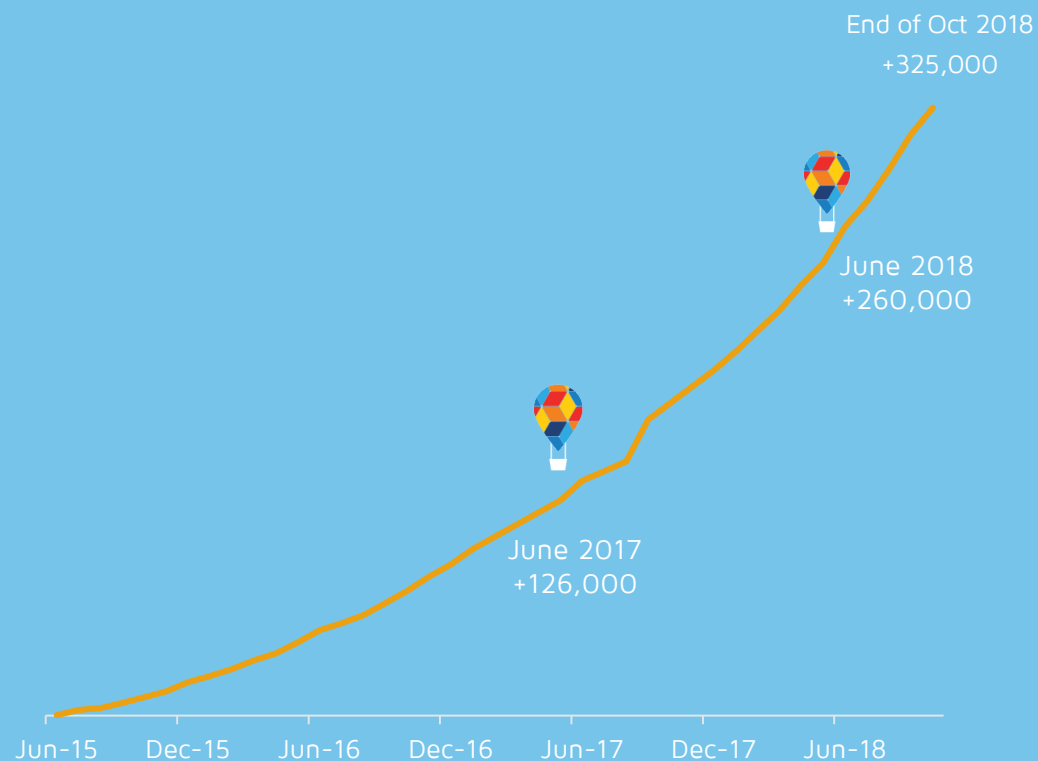
\$1.1M in Q1 FY18

After \$0.54M non-cash
share based expenses

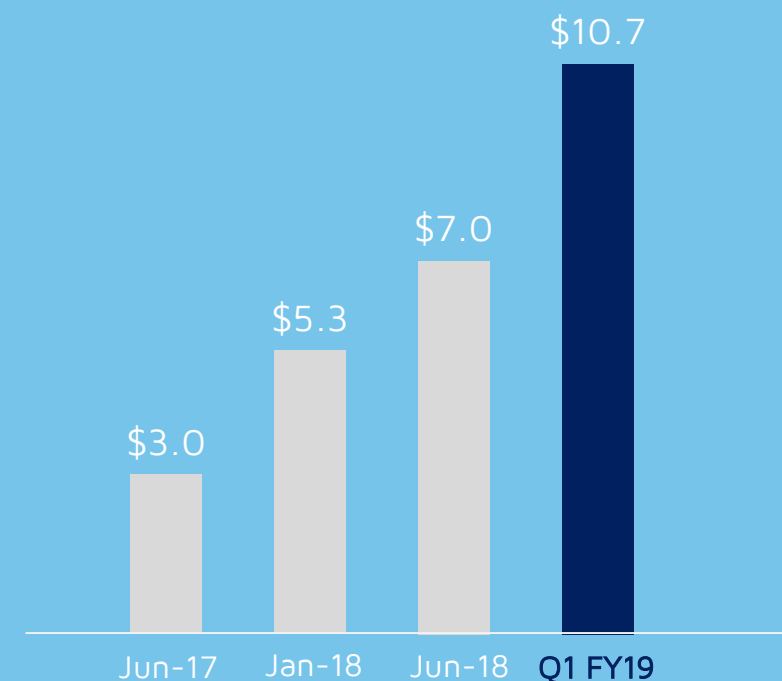
1. Prior Corresponding Period "PCP"
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Q1 FY19 OPERATIONAL HIGHLIGHTS (UNAUDITED)

Microsoft CSP O365 Seat Count



Microsoft CSP Azure ARR



SHARE BUYBACK

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SHARE BUY-BACK UPDATE

Summary of buy-back from 6 September 2017 to 7 November 2018



4,717,006

Number of shares acquired

\$3,824,990

Total consideration paid

12,163,833

Remaining Capacity

\$0.81

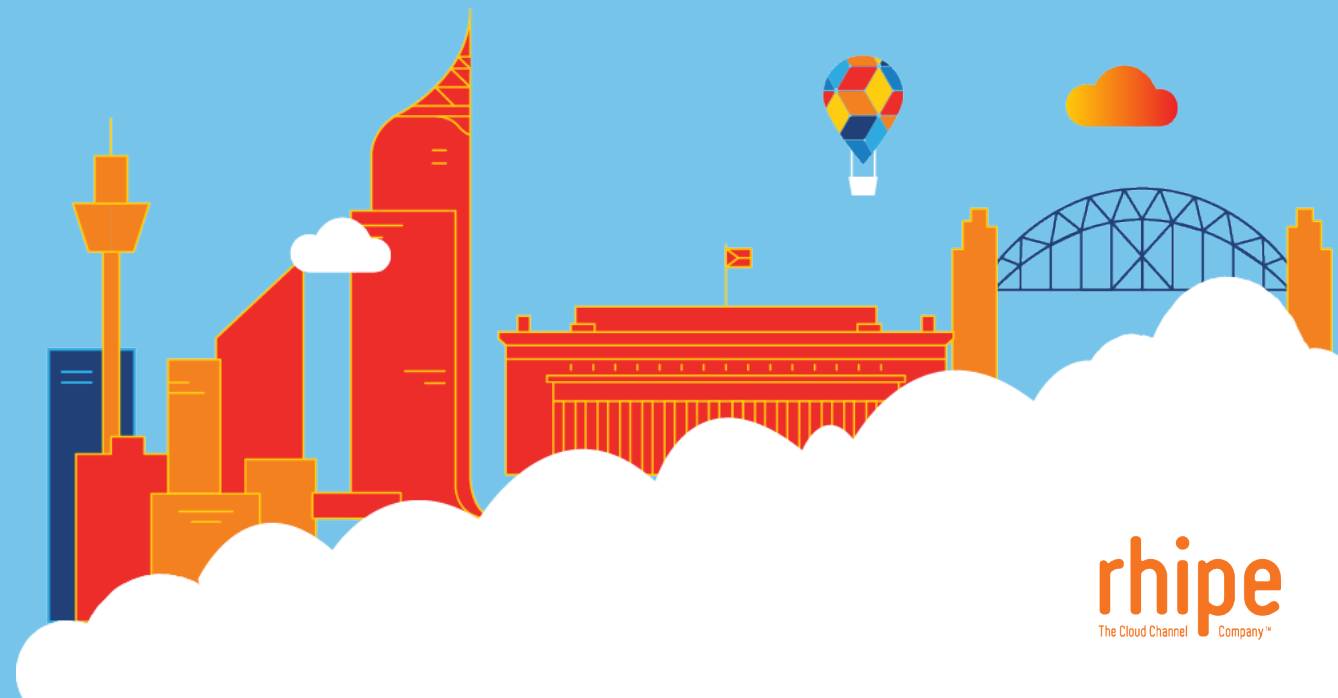
Average Cost Per Share

Share buy-back renewed for another 12 months from 6 September 2018



OUTLOOK

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FY19 OUTLOOK



REVENUE

Accelerated transition to public cloud will drive license revenue growth

Solutions revenue growth supporting total revenue and margin growth



OPERATING PROFIT

Operating profit target for FY19 is \$10.5m to \$11.5m

Q&A

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APPENDIX

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FY18 FINANCIAL RESULTS SUMMARY

	FY17	FY18	Change
Reported P&L (\$'000)	Actual	Actual	FY17-18
Total Revenue	157.0	196.6	25%
Total Gross Profit	28.2	34.1	21%
Group Gross Margin (%)	18.0%	17.3%	(63bps)
Total Operating Expenses	23.2	26.3	13%
Total Operating Profit	5.0	7.8	54%
Total Reported EBITDA	4.0	6.4	59%
NPAT	2.5	3.1	22%

Group
Revenue

25%



Licensing
Revenue

25%



Group
Operating Profit

+\$2.8M

