



1H FY19 RESULTS PRESENTATION



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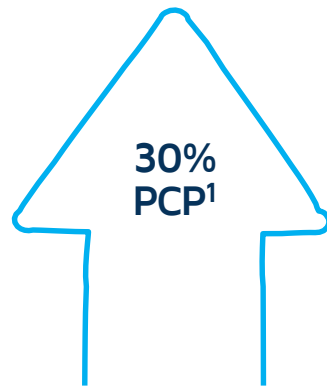
1H FY19 HIGHLIGHTS



1H FY19 HIGHLIGHTS



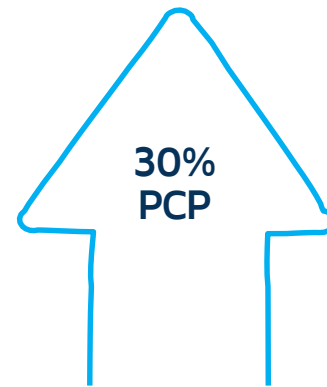
GROUP



Gross
Sales²

\$114.7M

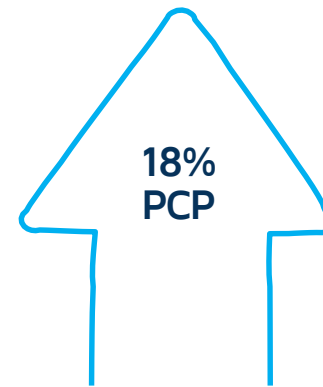
22%



Net
Revenue²

\$21.5M

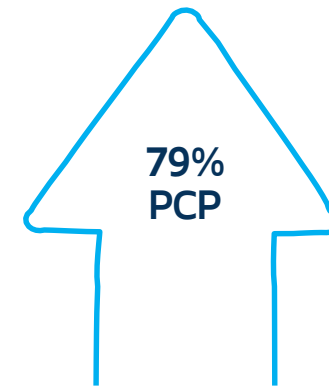
21%



OPEX

\$14.9M

7%



Operating
Profit³

\$5.6M

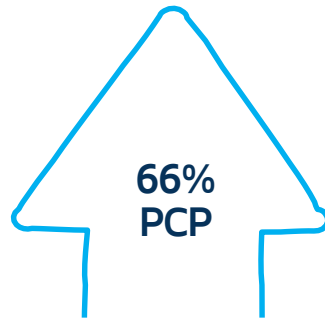
117%

Growth Rates
in 1H FY18

1. Prior Corresponding Period "PCP"
2. New AASB15 accounting standard requires revenue to be reported on a net basis going forward. This means our revenue excludes the value that is passed through to software vendors. Gross Sales represents previously reported revenue.
3. 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.

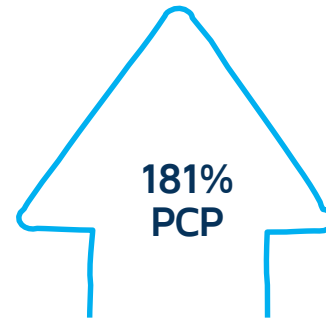
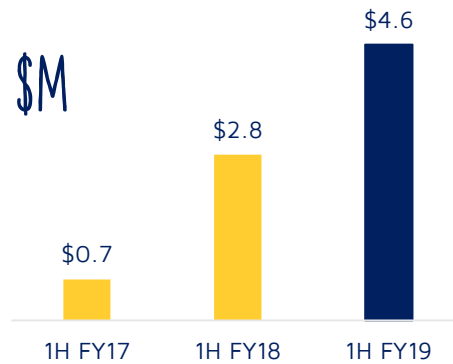
1H FY19 HIGHLIGHTS

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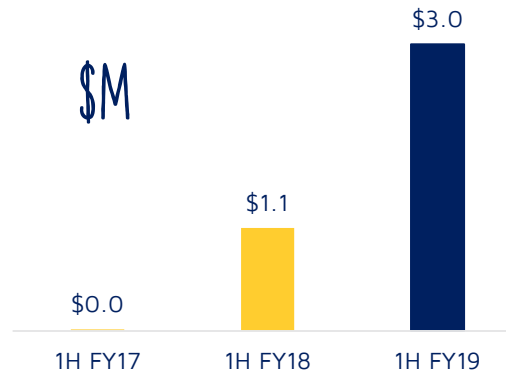
Reported EBITDA

\$4.6M



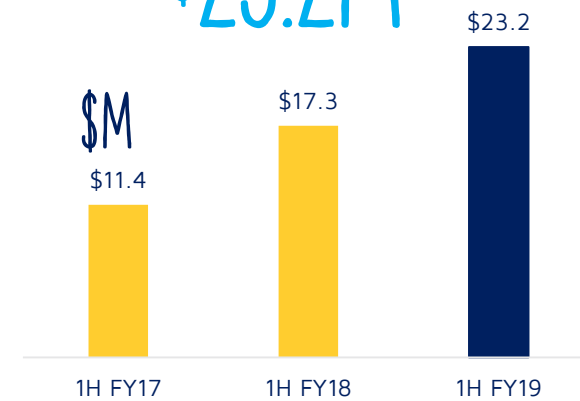
Profit After Tax

\$3.0M



Cash

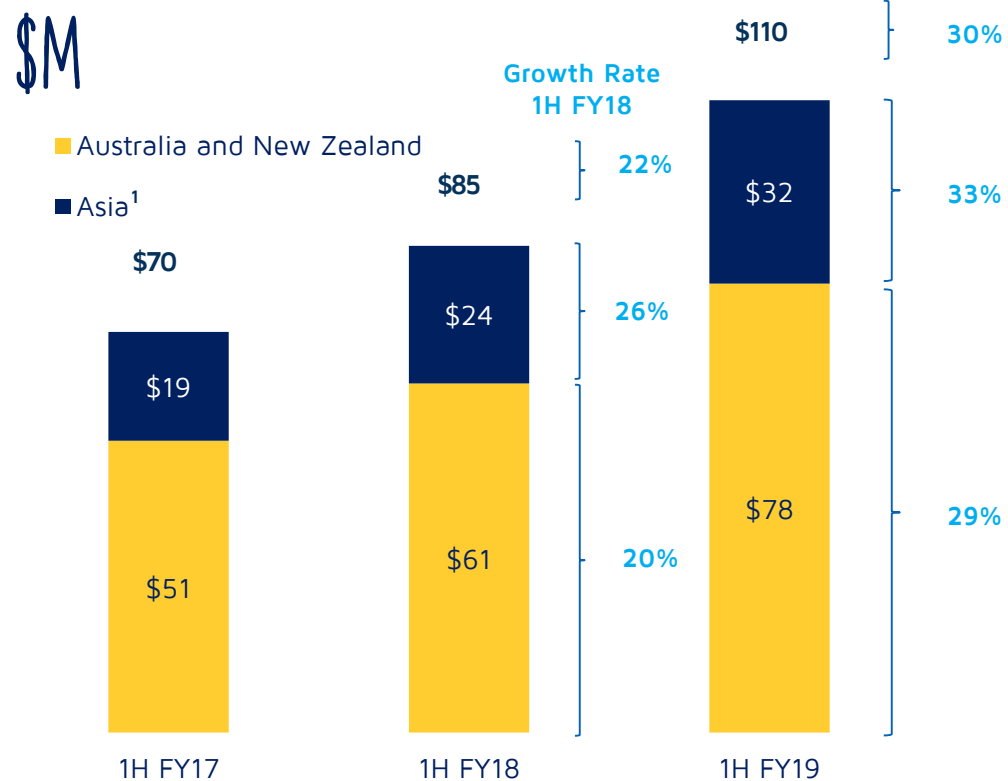
\$23.2M



OPERATIONAL HIGHLIGHTS

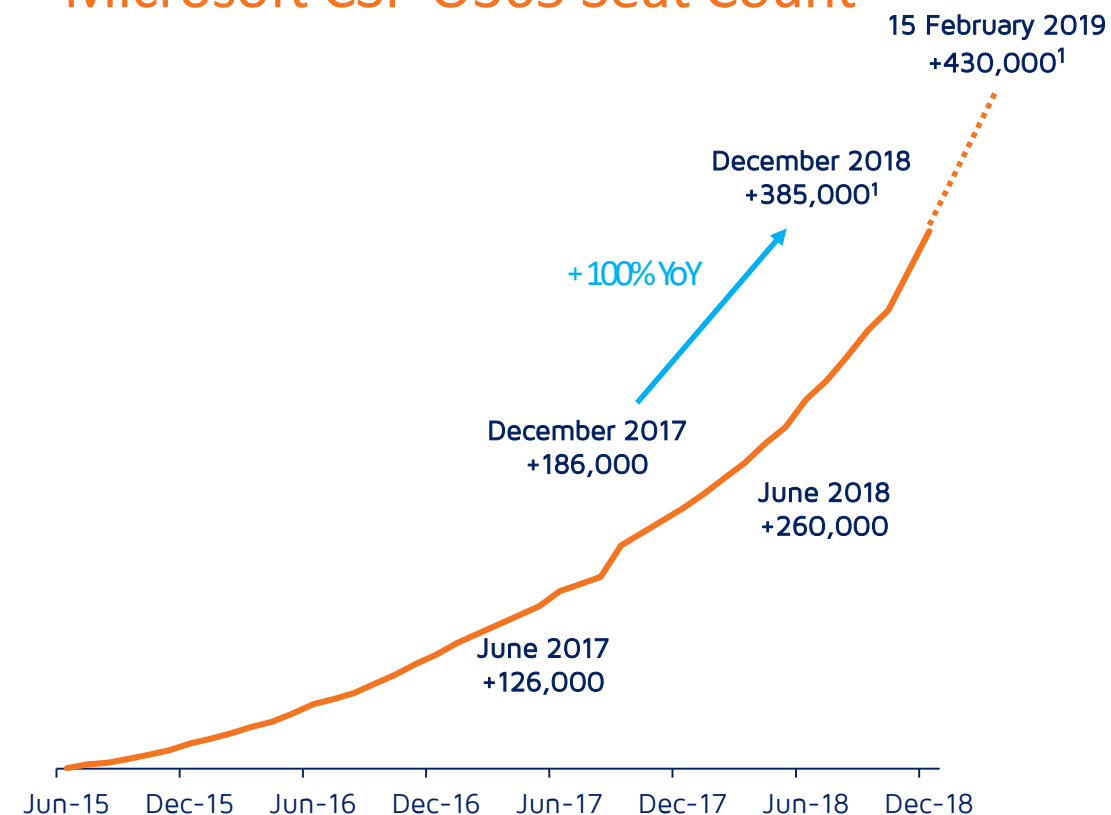


Licensing Regional Sales Split



1. Asia numbers include sales from Australian customers' overseas subsidiaries in Asia. Local sales for Asia are up 53% on pcip.

Microsoft CSP O365 Seat Count



Seats up +100% in 1H FY19 vs 1H FY18

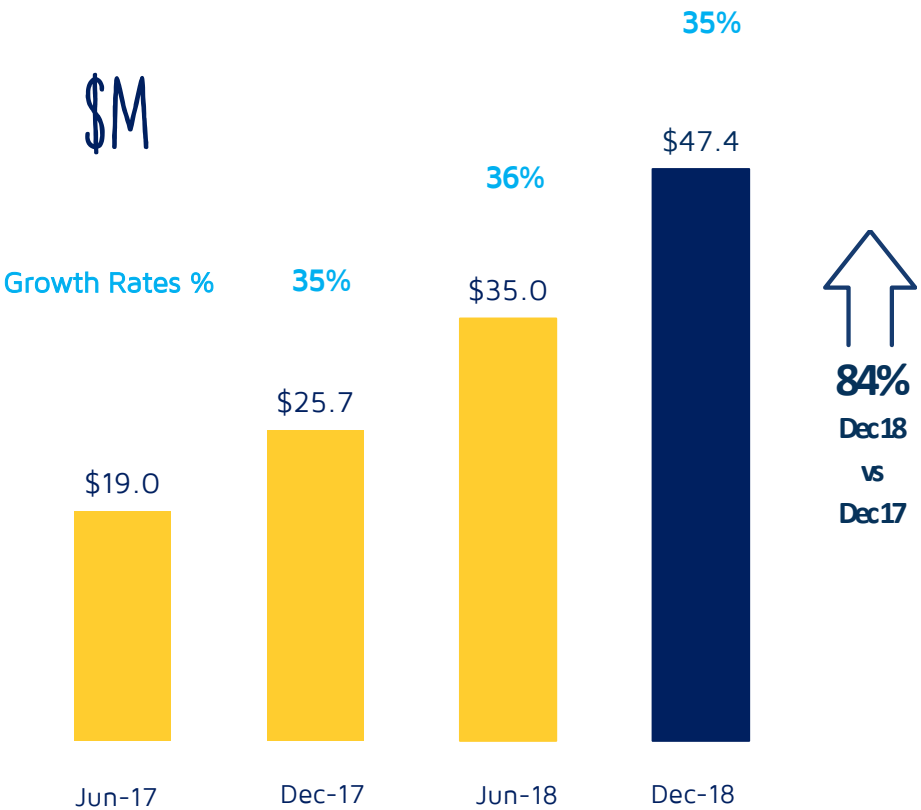
O365 ARR excluding Azure \$47.4m² at December 2018 vs \$25.7m at December 2017

1. Includes one off transaction for ~30,000 academic seats billed at zero price in 1H FY19 and ~20,000 2H FY19
2. Includes annual sku's

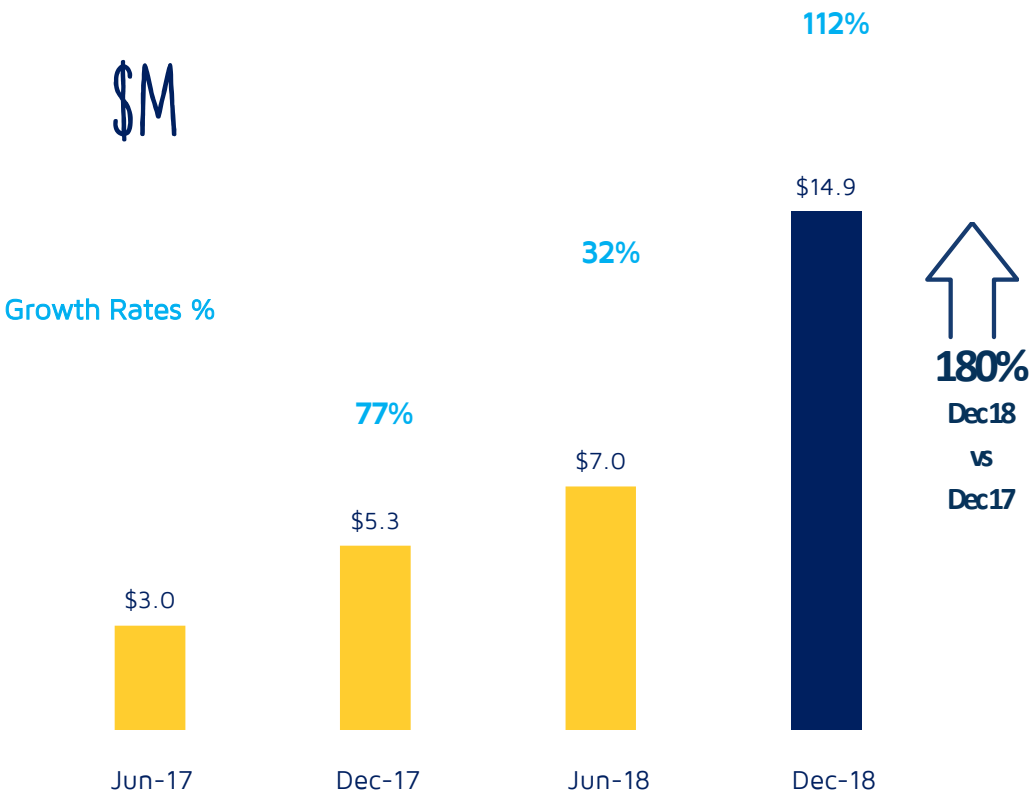
OPERATION HIGHLIGHTS



Microsoft O365 ARR Sales



Microsoft Azure ARR Sales





RHIPE VALUE PROPOSITION



RHIPE: THE CLOUD CHANNEL COMPANY

CLOUD FIRST

Value added services for our resellers in APAC including marketing, consulting and 24/7 support as a service. These services are aimed at driving the ongoing growth in consumption of software subscriptions.

CHANNEL FIRST

Platform for Recurring Subscription Management (PRISM) used by IT resellers to buy, provision, and bill their end user clients for monthly cloud software subscriptions.



STRATEGIC OPERATIONS DIVISIONS



CLOUD LICENSING

LICENSING

Software sold and implemented by IT service providers. Monthly pay as you go cloud licensing subscriptions.

1H FY19
Net Revenue
\$17.2M



CLOUD SERVICES & SUPPORT

SUPPORT

Support people and professional services to help Vendors and Service Providers with technical needs.

1H FY19
Services & Support Revenue
\$4.3M



CLOUD OPERATIONS

INTELLECTUAL PROPERTY

Internally developed PRISM Platform. Cloud first, digital first marketing to drive demand for channel partners.

MICROSOFT DYNAMICS BUSINESS CENTRAL: NEW INVESTMENT



- Acquisition of 100% of Dynamic Business IT Solutions Pty Ltd (“DBITS”) which specialises in Microsoft Dynamics Business Central, expected to complete 28 February 2019.
- Acquisition aimed at broadening the services offered to rhipe’s ecosystem of resellers as well as further enhancing our expertise in Microsoft software offering.
- Total consideration is up to \$8m of which \$4.5m is payable at completion and residual is contingent on future financial performance.
- Upfront consideration is payable \$3m in cash and \$1.5m in RHP shares referenced to the five-day VWAP.
- Deferred consideration of up to \$3.5m 50% cash and 50% RHP shares.
- Shares all subject to a minimum 12 month escrow.
- Earnings accretive in FY19 but not material impact on earnings due to additional investment. In FY20 DBITS is expected to contribute \$1m EBITDA.





1H FY19 FINANCIAL RESULTS

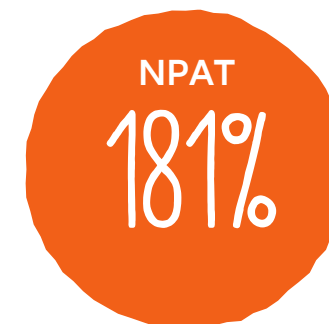


1H FY19 DETAILED FINANCIAL RESULTS



	1H FY17	1H FY18	1H FY19	Change
Reported P&L (\$'000)	Actual	Actual	Actual	1H FY18-1H FY19
Licensing Sales	70.0	85.0	110.4	30%
Solutions Sales	2.5	3.3	4.3	30%
Total Sales	72.5	88.3	114.7	30%
Licensing Revenue	11.1	13.2	17.2	30%
Solutions Revenue	2.5	3.3	4.3	30%
Total Revenue¹	13.6	16.5	21.5	30%
Licensing Sales Margin ² (%)	15.8%	15.5%	15.6%	n/m
Total Gross Profit	13.3	15.7	20.5	30%
Total Operating Expenses	11.8	12.6	14.9	18%
Licensing Operating Profit	1.8	2.6	3.7	41%
Cloud Solutions Operating Profit	(0.4)	0.5	2.0	271%
Total Operating Profit	1.4	3.1	5.6	79%
Total Reported EBITDA	0.7	2.8	4.6	66%
NPAT	0.0	1.1	3.0	181%

1H FY19 HIGHLIGHTS



1. 1H FY19 results disclosure impacted by AASB 15. Impact is revenue is on a net basis and excludes sales revenue remitted to software vendors.

2. Licensing sales margin represents revenue divided by sales, equivalent to previously disclosed licensing gross margin; which remained stable despite an increase in competitive pressures and changes to standard rebates which were offset in this period by the benefit of a strategic growth accelerator' rebate from a key software vendor.

CASHFLOW STATEMENT



Statement of Cashflows (\$ '000)

1H FY17 1H FY18 1H FY19

Cash flows from operating activities

Receipts from customers	67.2	91.2	114
Payments to suppliers and employees	(69.1)	(89.9)	(109.9)
Income tax paid	(0.3)	(0.7)	(0.5)
Net cash provided/(used) in operating activities	(2.1)	0.6	3.8

Cash flows from investing activities

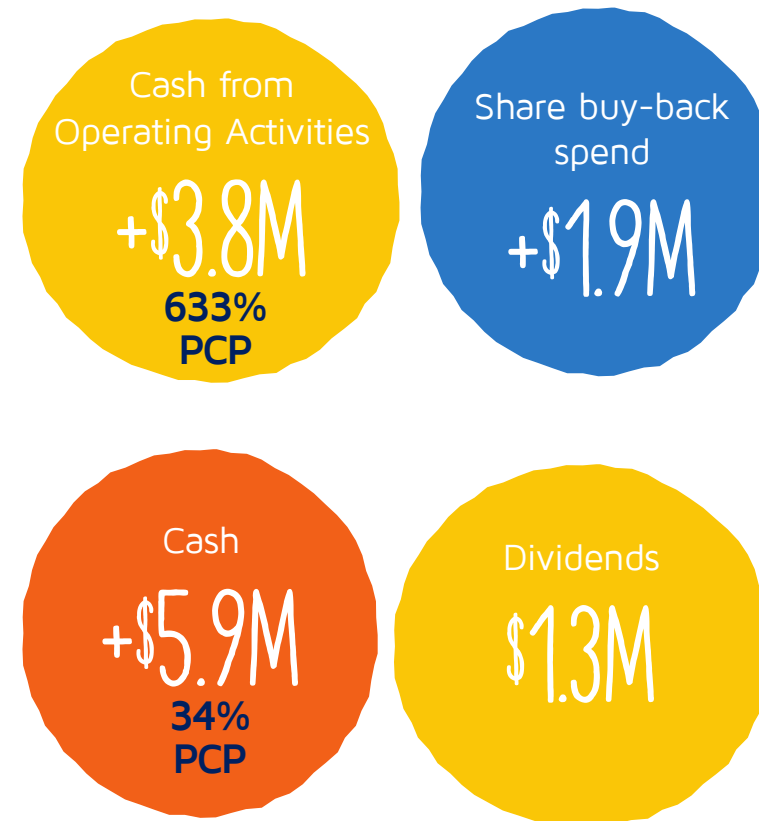
Purchase of property, plant and equipment	(0.1)	(0.4)	(0.3)
Proceeds from sale of investment	-	0.7	-
Payment for intangibles	(0.7)	(1.3)	(1.3)
Net cash (used) in investing activities	(0.7)	(0.9)	(1.6)

Cash flows from financing activities

Proceeds from issue of shares	0.4	0.09	1.5
Buy back of shares	-	(2.3)	(1.9)
Dividends paid	-	-	(1.3)
Net cash provided by financing activities	0.4	(2.2)	(1.8)

Net increase/(decrease) in cash	(2.4)	(2.5)	0.5
Opening cash	13.8	19.8	22.7
Closing cash	11.4	17.3	23.2

1H FY19 HIGHLIGHTS





OUTLOOK 2H FY19



2H FY19 OUTLOOK & INTERIM DIVIDEND



OPERATING PROFIT

Expected operating profit for FY19 is \$11.5m to \$12m which is dependent on cloud growth, investment requirements, product mix, changing vendor incentives and competitive pressures.

INTERIM DIVIDEND

Fully franked interim dividend of
AUD
1.0 cent per share

Payment Date
24 May 2019



QUESTIONS



APPENDIX



AASB 15: REVENUE FROM CONTRACTS WITH CUSTOMERS



- Effective from 1H FY19
- Main impact on Licensing revenue where rhipeco now records revenue under an agent basis i.e. recorded revenue is on a net basis and excludes the value of software sourced from software vendors

- Licensing revenue will now be referred to as Sales
- Licensing gross margin will now be reported as Licensing revenue
- Our services and support revenue is not affected with the revenue and cost of sales continuing to be presented on a gross basis

Financial impact of the change is shown below:

Financial Summary \$'000	Old Basis		New Basis	
	1H FY18	1H FY19	1H FY18	1H FY19
Sales	88,314	114,711	88,314	114,711
Revenue	-	-	16,509	21,484
Cost of sales	(72,573)	(94,201)	(768)	(974)
Gross Profit	15,741	20,510	15,741	20,510
Operating Profit ⁽¹⁾	3,129	5,610	3,129	5,610
Reported EBITDA	2,762	4,593	2,762	4,593

No impact on:

- gross profit,
- operating profit;
- net profit; or
- cashflows

1. Operating profit is gross margin less operating expenses and excludes any FX gains or losses, share base payments and one-off cost including restructuring or due diligence costs.