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## Annual General Meeting

23 October 2019

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# Agenda

## **A. Chairman and CEO Presentations**

- 1. Discussion of Financial Statements and Reports**
- 2. Consideration of Remuneration Report**
- 3. Consideration of the Election of Director – Mr Adrian Fitzpatrick**
- 4. Consideration of the Re-election of Director – Mr John Pittard**

# FY19 Financial Highlights



## REVENUE

**\$141.1m**

higher quality revenue



## EBITDA

**\$16.4m**

+26%



## Underlying EBITDA

**\$16.7m**

+10.4%, meeting guidance

EPS +20.6% to 5.9cps



## UTILISATION

**>87%**



## CASH CONVERSION

**95%**



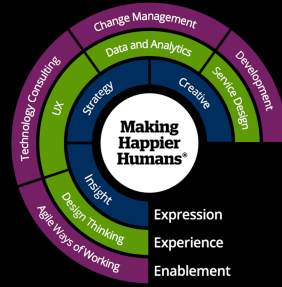
## CAPITAL MANAGEMENT

**2.50cps Final Dividend**

**0.50cps Special Dividend**

Note: All references above refer to continuing operations

# RXP Group – Our 3E's



## MAKING HAPPIER HUMANS

We believe by working together every experience can be made happier

We combine technology, insights & creativity to deliver positive change for our clients and the people they interact with

### Expression

#### CREATIVE SERVICES

- Brand Strategy
- Customer behavior & Insights
- Advertising & Brand Activation
- POS & Sales Promotion

### Experience

#### UX & HCD

- Human Centered Design
- User Experience
- Customer Experience
- Solution Design
- Service Design
- Prototyping

### Enablement

#### DATA & INSIGHTS

- Integration
- Big Data
- Analytics & Visualisation
- Business Intelligence and Insights

#### DIGITAL PLATFORMS & DELIVERY

- Applications & Cloud Development
- Project Delivery, Business Analysis, Agile Delivery
- Project Management
- Workforce Enablement & Change Management
- Business Process Optimisation

#### MANAGED SERVICES

- System Support
- Incident Management
- Defect Management
- Release Management



## Ross Fielding - CEO

### FY19 Operational Overview

1. Digital growth coming from our 3Es approach
2. Refreshed organisation driving higher quality revenue
3. Clients and People

# FY19 Operational Highlights



## Digital Services Momentum

- Sales in Digital Transformation work continues to build
- Digital Services now represents ~80% of overall company revenue (across both Project and Consulting based work)
- Significant new client wins achieved, with an increased number of existing long-term clients also adopting our full-breadth of capabilities
- Our integrated Expression, Experience, Enablement (3Es) approach continues to gain traction



## Double Digit EBITDA Growth

- EBITDA growth of 26% with underlying EBITDA growth of 10.4%; driven by higher quality revenue and sound operational management; EPS up 20.6% to 5.9cps
- Revenue structure now more resilient with less dependence on large consulting panel agreements
- The number of digital transformation projects in our pipeline continues to build



## Improved Operational Leverage

- Tight operational management resulted in strong Consultant utilisation (>87%)
- Average billings/consultant improved throughout the year (up 5%)
- A balanced permanent/contractor workforce mix is in place (maintaining at ~80:20)



## Generating strong cash returns

- Strong Operating cashflow with 95% cash conversion
- Net debt of \$10.3m; Net Leverage Ratio - 0.63 x EBITDA
- Final fully franked dividend of 2.50cps; Special fully franked dividend of 0.5cps; total FY19 dividend of 4.75cps
- Non-cash impairment of \$10.8m to goodwill following adoption of more conservative impairment model assumptions

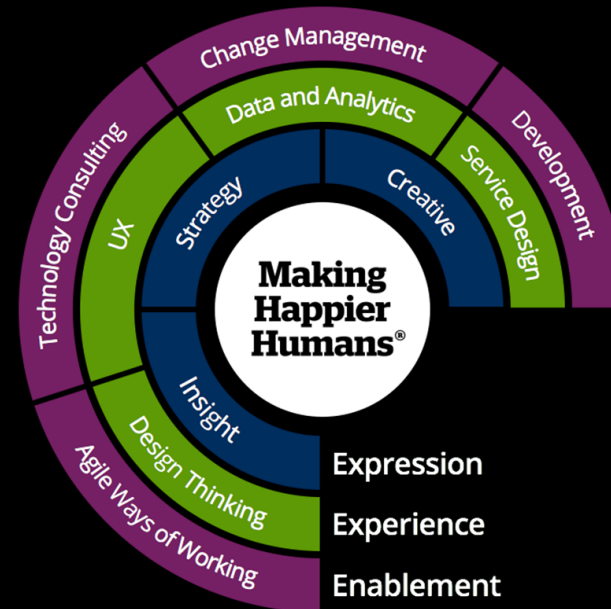
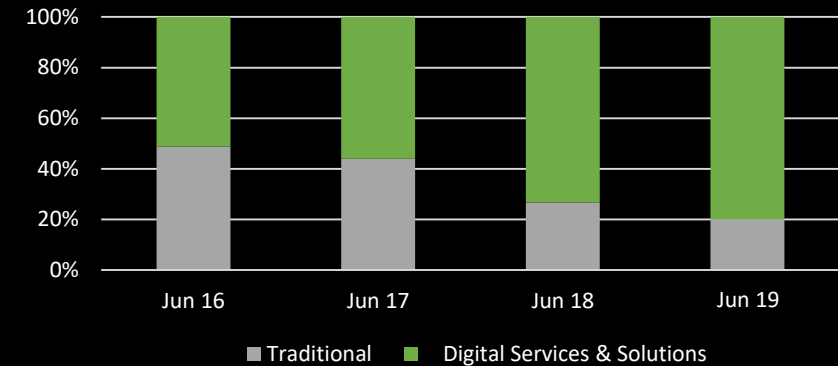
# Digital growth from our 3Es approach

## Our work mix has evolved driving higher quality revenue with greater predictability

- Digital Services now represents ~80% of our revenue
- Project/outcome based Digital Transformation work continues to grow as does our digital consulting work
- Investment in proprietary IP and methodologies are differentiating us in the market place;
  - The focus on Making Happier Humans and our Expression, Experience, Enablement (3 Es) approach continues to resonate with clients
  - The launch of the RXP Method Cards portal facilitates better collaboration with clients around HCD and our Lean Agile delivery methodology
  - We continue to build on the number of “multi-practice” client engagements



Digital Work Mix Movement



Enabling Digital Transformation through our ability to connect expression, experience and enablement.



# Robust client diversity

## Strong sector spread

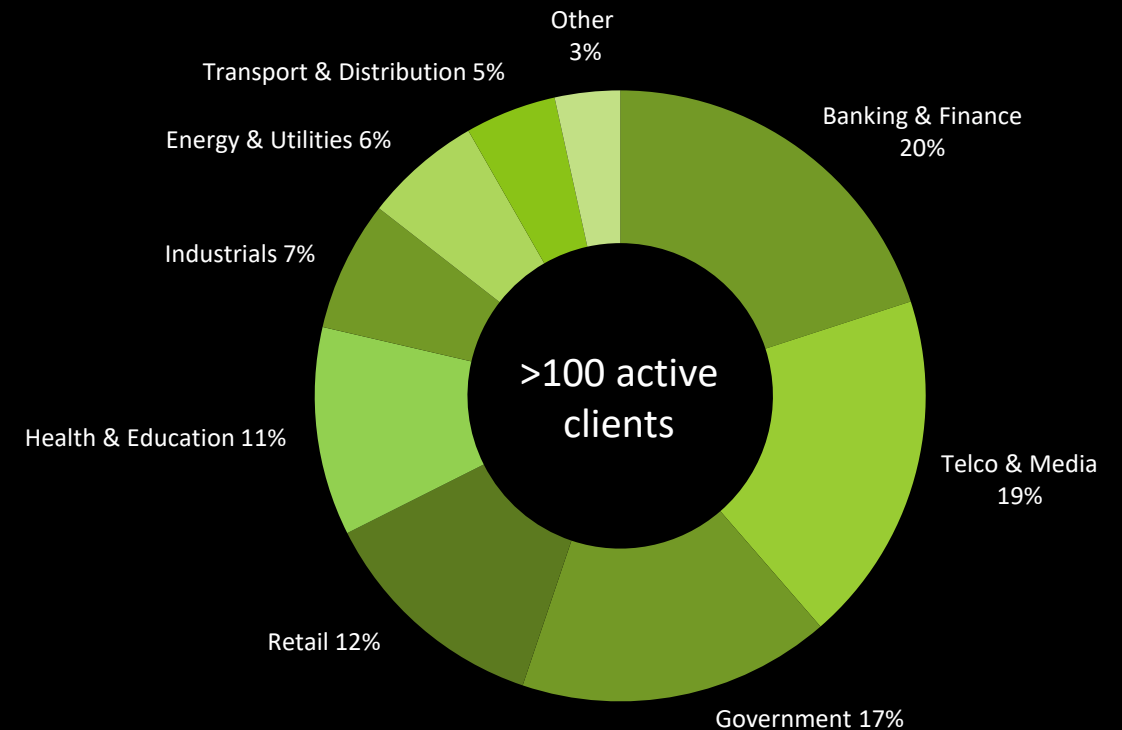
- We have seen increased penetration in State and Local Government, a move of revenue between Telco & Media companies, solid results in all other sectors

## Winning more digital transformation projects

- DHHS, VIC Roads, Aurora Energy, Smith Family, Sydney Bridge Climb and H&R Block illustrate the broad appeal of RXP's offering

## Existing clients are a source of strong growth

- Due to the strength of our relationships and continued ability to deliver, existing clients are a source of solid growth





# Our people

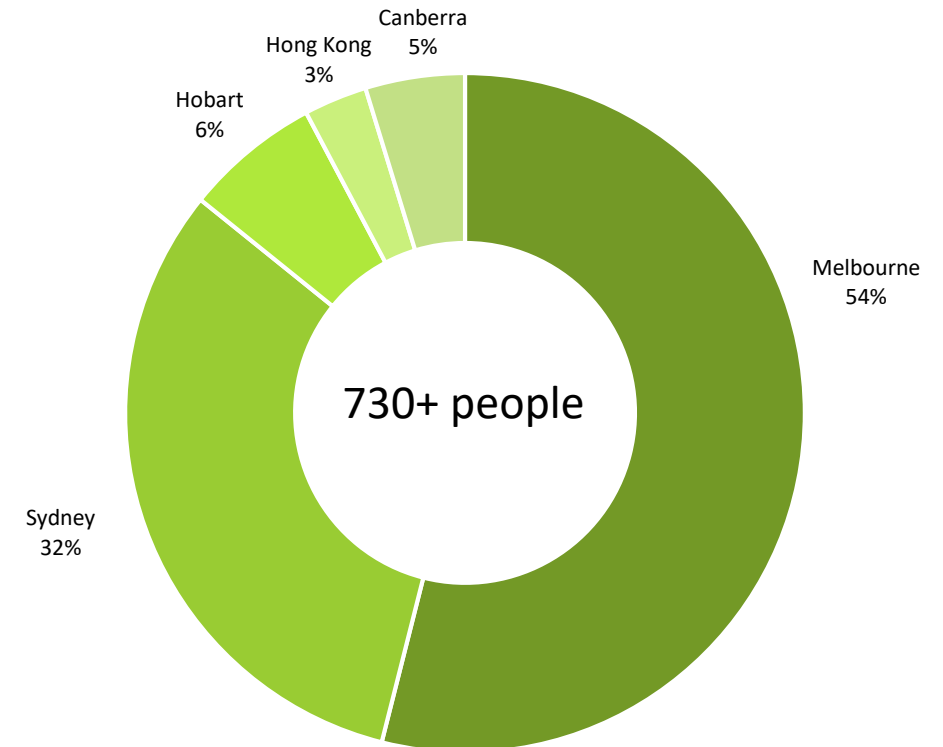
**We continue to work hard on driving people-focused initiatives throughout the business**

- Our Say, Stay, Strive program is helping us strengthen connection with our people
- We are proud of the diversity we have built up across the group

**Growth in awards won over the past year reflects the quality of our people and work they deliver e.g. Alteryx Partner of the Year, Content Agency of the Year**

**Our team have been challenging the norm and influencing the way people think through thought leadership initiatives - SxSW sessions, HCD Meet-ups, Lego Serious Play events, Smart Dust Podcasts, etc.**

Location of our People



# Refreshed organisation

## Realigned the organisation to a “Regional-Prime” model where P&L management resides at the regional level

- Group Executive for each region has simplified decision making and driven greater accountability
- Resources and investments are allocated based on local regional opportunities and market conditions, driving greater focus and improved sales conversion
- Utilisation managed tightly across specialisations within each region

## Updated our executive leadership team remuneration framework for FY20 to ensure it is:

- Competitive in today’s market enabling the company to retain and attract key talent
- Aligned to the company’s strategic and operational objectives, including the creation of shareholder value (EPS focussed)
- Logical, transparent and easily understood





Looking ahead

1. Strategic framework
2. Outlook – positioned well for further growth

# Looking ahead

## We have set a solid foundation for growth in FY20

- Sales momentum (level of proposals and pipeline) is providing good revenue coverage for FY20
- Priorities for FY20 have been established and are being implemented

## We have and continue to invest in setting the company up for growth , specifically:

- Established Works capability in Melbourne
- Expanded HCD capability in Sydney
- Enhanced AI/Data Science capability in the group
- These investments, along with the impact of enforced leave for our consultants in one large client, will result in an EBITDA being more heavily weighted to H2 in FY20

## We remain on track to achieve both revenue and earnings growth in FY20, with expected:

- Double digit EBITDA growth
- EBITDA margin growth

# MAKING HAPPIER HUMANS



We combine insight, technology & creativity to deliver positive change for our clients and the people they interact with

Expression	Experience	Enablement	
CREATIVE SERVICES	UX & HCD	DATA SCIENCE	DIGITAL TRANSFORMATION & ADVSORY SERVICES
FY20 PRIORITIES			
Building out our Works capability in Melbourne	Strengthening our HCD Practice in Sydney	Enhancing our AI and Data Science capabilities	Investing in strategic technology partnerships to drive growth  Embedding Go-To-Market cross-selling capabilities and rolling-out improved ways of working

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# Item 2 - Ordinary Resolution 1

## Consideration of Remuneration Report

- “That, the Remuneration Report forming part of the Directors Report for the year ended 30 June 2019 is adopted.”

### Voting Summary

For	31,436,174	48.90%
Against	14,111,121	21.95%
Open usable	18,733,200	29.15%
Excluded	0	NA

18,271,916 OPEN USABLE PROXY VOTES ARE AVAILABLE TO THE CHAIRMAN



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# Item 3 - Ordinary Resolution 2

## Consideration of the election of Mr Adrian Fitzpatrick as a Director of the Company

- “That, Mr Adrian Fitzpatrick be  
elected as a Director of the  
company.”

### Voting Summary

For	45,264,040	70.37%
Against	331,165	0.51%
Open usable	18,733,200	29.12%
Excluded	0	NA

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# Item 4 - Ordinary Resolution 3

## Consideration of the re-election of Mr John Pittard as a Director of the Company

- “That, Mr John Pittard, who retires by rotation as a Director pursuant to the Company’s Constitution, be re-elected as a Director of the company.”

### Voting Summary

For	45,326,377	70.43%
Against	289,378	0.45%
Open usable	18,733,200	29.12%
Excluded	0	NA

18,271,916 OPEN USABLE PROXY VOTES ARE AVAILABLE TO THE CHAIRMAN

**rxp**group

Questions?

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**Making  
Happier  
Humans®**