

## RXP SERVICES LIMITED

ABN 30 146 959 917

### Release to Australian Securities Exchange

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#### Trading Update

- **RXP's digital evolution continues with its underlying business expected to grow circa 6% in FY18**
- **The Works acquisition performing in line with expectations and integrating well**
- **RXP expects FY18 revenue to be in the range of \$162 million to \$167 million, with EBITDA margin in the range of 14.6% – 15.1%**
- **RXP's strong financial position means that it remains committed to its progressive dividend policy**

Leading digital services consultancy provider, RXP Services Limited (ASX: RXP), today announced an update to its FY18 earnings guidance. The 2018 financial year, to date, has been a pivotal period for RXP in its continued digital evolution. The acquisition of The Works has significantly enhanced the company's scale, its digital capabilities, and ability to deepen its client engagement. RXP remains confident that the continued evolution to digital will ensure higher quality earnings for the company in the medium and longer term.

RXP is pleased to report that the integration of The Works is progressing extremely well across all fronts. The Works is delivering financial results in line with forecasts, their capabilities have extended RXP's overall client offering, and there have already been a number of important joint wins that will materialise in the second half. With the expansion of The Works capabilities into Melbourne in the second half of the year, RXP is expecting additional benefits going forward. The Company is well positioned in terms of being able to capitalise on the increasing uptake of digital services that is occurring in the market.

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With regard to RXP's underlying business, FY18 growth is expected to be at circa 6%, which is below the original expectations of 10% growth. The uptake in Digital services is gaining momentum, however, the underlying business has been impacted by the faster than anticipated trail off in revenue associated with the Company's "commoditised" work. Pleasingly though, with several recent client wins and renewals, the decline in the traditional services revenue does appear to have stabilised.

The impact of the above means that RXP now expects FY18 revenue to be within the range of \$162 million to \$167 million, with an EBITDA margin in the range of 14.6% – 15.1%. The Company had previously stated that it expected FY18 revenue to be \$174.7 million with an EBITDA margin of 15.1%.

Commenting on the trading update, RXP's CEO & Managing Director, Ross Fielding, said "RXP has been positioning itself for the growth in digital services, and we are now seeing this play out in the market. Whilst the anticipated decline in 'traditional' services is occurring, it is pleasing to see that this is stabilising and that growth in digital services is occurring in line with our digital strategy. This is not only important in terms of delivering short term financial results, but it also provides us with deeper strategic relationships with our clients. This will ultimately result in higher quality, and more predictable, revenue and profit streams.

"The recent significant wins within the banking & finance and government sectors in our traditional business, combined with renewals and the take up of our digital services, will result in an acceleration in our financial performance in the second half of FY18, with an expected split in revenue of approximately 44/56 first to second half. In addition, the expansion of The Works in Melbourne over coming months provides us with added confidence for the second half of FY18 and beyond", said Mr Fielding.

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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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