

Announcement

Trading Update

17 August 2017

RPMGlobal Holdings Limited (ASX: RUL) [RPM] today provides a trading update for the 2017 Financial Year (**FY2017**) with the final results remaining subject to completion of the audit.

RPM had an excellent finish to FY2017 which included signing the single highest value software license transaction ever completed by the company on 30 June 2017. The multi-component nature of this transaction necessitated a lengthy technical accounting review which RPM has been working on with its auditors since early July. This review included an assessment on the amount of revenue recognisable in FY2017 which has impacted the timing of this trading update. The outcome of this review is that 45% of the transaction referred to above has been deferred and is expected to be recognised in the first half of FY2018.

Even after deferring 45% of this transaction, RPM expects to report over 100% growth in year on year Software License fees which are projected to now finish the year at \$23.7 million (FY2016: \$11.8 million).

Total Software revenue for FY2017 is expected to be \$50.2 million (FY2016 \$33.4 million) comprising License Fee revenue of \$23.7 million (FY2016: \$11.8 million), recurring Support revenue of \$17.5 million (FY2016: \$15.0 million) and Consulting revenue of \$9.0 million (FY2016: \$6.6 million).

The strong Software License fee finish to FY2017 has provided the company with a healthy Consulting backlog for the first half of FY2018 and will result in strong growth in annual Support revenue.

RPM also expects to report year on year improved financial contributions from both its Advisory and GeoGAS divisions.

Total Revenue for the year is expected to be \$74.7 million (FY2016 \$57.1 million).

Investment in Research and Development again increased as the business continues to build out its suite of mining software products. The company expects Research and Development costs of \$12.8 million in FY2017 (FY2016: \$10.4 million). This continuing above industry average investment delivered three new software products during the period (Open Cut Coal, Stratigraphic Metals and Operations Manager) as well as significant enhancements to RPM's Financial, Simulation, Scheduling, Execution and Maintenance suites of products.

New software development work continues on RPM's Underground mining solutions including integration with the AMS Stope Optimisation product (as announced on 22 May 2017), the Ventsim mine ventilation product (as announced on 15 June 2017) and the MineOptima software products which RPM has agreed to acquire (as announced on 1 August 2017).

The two times increase in Software License sales has seen a corresponding increase in software sales commissions to \$1.7 million (FY2016: \$0.8 million). Given the second half performance of the business, management are expected to achieve their annual performance targets with one off incentive payments for FY2017 of \$3.0 million (FY2016: \$0.1 million) which have been fully accrued in the second half results. No further management incentives are payable in respect of any revenue deferred into FY2018. No accruals for short term incentives were made in the first half financial results.

RPM now expects full year Operating EBITDA for FY2017 (before one off redundancies and acquisition costs and after accounting for \$4.7 million in management incentives and software commissions) to be \$4.6 million which represents an improvement of \$7.8 million over FY2016 (loss of \$3.2 million). RPM also expects to report a Profit before Tax of \$0.8 million which is a year on year improvement of \$10 million over the previous year (loss of \$9.2 million).

RPM maintains a strong balance sheet with \$20.2 million of cash in the bank (as at 30 June 2017) and no debt. The cash balance will be boosted in the first quarter of FY2018 by the \$10 million in Software License sales which were concluded in June.

Both the upfront and the five-year guaranteed earn-out cash consideration components associated with the purchase of the Fewzion short interval control and work management software product were paid out during the year. The company also paid out the post completion payments for the iSolutions acquisition that were required to be paid during the period before year end.

RPM's CEO and Managing Director Richard Mathews said "It is really pleasing to see that the investment we have made over the last four years, in building the most advanced and innovative software for mining companies is starting to be adopted across the industry. While it was comforting to see an excellent finish by the Software division, I was equally pleased with the turnaround of our Advisory and GeoGAS businesses which both finished strongly and will certainly start the 2018 financial year with larger books of work than the same time last year."

Subject to finalisation of the audit, RPM expects to release its FY2017 full year audited results on 29 August 2017.

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About RPMGlobal:

RPMGlobal Holdings Limited (ASX: RUL) [RPM] is a global leader in the provision and development of mining software solutions, advisory services and professional development. With history stretching back to 1968, RPM's experienced global team are the largest publicly traded independent group of technical experts in the world.

Listed on the Australian Securities Exchange on 27 May 2008, RPM is a global leader in the provision of software solutions, advisory consulting and professional development solutions to the mining industry. We have global expertise achieved through our work in over 118 countries and our approach to the business of mining is strongly grounded in economic principles.

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