

Announcement

Trading Update

15 April 2016

RungePincockMinarco Limited (ASX: RUL) [RPM] today provides a trading update for the 2016 Financial Year (**FY2016**).

The continued organisational rationalisation by mining companies right across the industry which includes changes to employees' responsibilities and resulting authority to incur capital and operational cost has increased the risk that some software revenue forecast by RPM to close in Q4 FY2016 slips into FY2017.

RPM expects full year Software revenue of between \$33.0 million and \$36.5 million (FY2015 \$37.3 million), comprising License revenue of between \$12 million and \$15 million (FY2015: \$15.9 million), Maintenance revenue of \$15 million (FY2015: \$13.7 million) and Services revenue (from less employees) of between \$6.0 million and \$6.5 million (FY2015: \$7.7 million).

While RPM continues to believe that the software solutions and customer opportunities in its Q4 sales pipeline are competitive and compelling, the timing of closure of these opportunities is dependent on our customers' investment approval processes.

RPM's Advisory business continues to gain market share and we expect the second half of FY2016 to be consistent with the first half, with the division delivering a small positive contribution.

The GeoGAS division continues to provide free cash flow to the business however this has reduced from the first half of FY2016 due to continued cut backs in coal exploration during the first three months of this calendar year along with a drop off in coal gas consulting work.

Operational costs (excluding Research and Development) are expected to finish the year at least \$5 million below what the business incurred in FY2015.

RPM now expects full year EBITDA for FY2016 to finish somewhere between a \$2 million loss and a \$1 million profit (FY2015: \$2.6 million profit) and to report a FY2016 Loss Before Tax of between \$1.4 million and \$4.4 million (FY2015: \$6.9 loss).

RPM maintains a strong balance sheet with \$19.4 million in net cash (as at 31 March 2016) after spending \$2.4 million buying back 6,364,650 company shares at an average price of 39.5 cents per share in the first three months of this calendar year.

RPM's CEO and Managing Director Richard Mathews said "RPM's financial performance is heavily driven by its software license number at the back end of Q4 each year and while we once again have a strong pipeline, the risk of deal slippage is higher this year than in past years due to the continued increase in austerity measures by mining companies right across the industry."

"As already reported to the market, the increase in software development expenditure for FY2016 over FY2015 is expected to be in the order of \$2.5 million. The Board and Management continue to believe that this investment is crucial to the Company's future long term success as it extends RPM's lead in the delivery of enterprise software over its competitors. While we do not expect this investment to increase in the FY2017 year, we also do not expect to see this investment in innovation reduce given the positive responses we are receiving from the global mining community."

"While we believe it is important to show continuous profitable growth, it is also important to take a longer term view during this difficult time for suppliers to the mining industry."

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About RungePincockMinarco:

RungePincockMinarco Limited (ASX: RUL) is the world's largest publicly traded independent group of mining technical experts, with history stretching back to 1968. We have local expertise in all mining regions and are experienced across all commodities and mining methods.

Listed on the Australian Securities Exchange on 27 May 2008, RungePincockMinarco is a global leader in the provision of advisory consulting, technology 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.

We operate offices in 18 locations across 12 countries.

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