

TechnologyOne SaaS
Enterprise Software as a Service

Singapore Roadshow

Edward Chung
Chief Executive Officer

technologyone
Transforming business, making life simple

10 December 2018

Commercial in confidence

FINAL...

TechnologyOne SaaS
Enterprise Software as a Service

Agenda

- Background
- TechnologyOne is now a SaaS company
- What makes us unique
- FY18 Full Year Results Highlights
- Long Term Outlook
- Appendix FY18 Full Year Results

Australia's largest enterprise software company

ASX 150 Public Company

Continually profitable over 27 years

Formed in
1987

1200+

Corporate, government
and statutory authorities

1200+
employees



Largest
R&D centre
in Australia
315+
developers

Invest \$54m
Back into R&D

Profit
\$67m

Revenue
\$299m

Cash
\$104m

Market Capitalisation
\$1.8b

Double in size
Every 4 to 5 years

14 international offices

Australia, New Zealand, South Pacific,
Asia and United Kingdom

1200+ High Profile enterprise customers



Transforming business, making life simple



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340+ enterprise customers on TechnologyOne SaaS

Target 1000 enterprise customers by 2022



TechnologyOne is now a
successful SaaS company

New customer business
driven by SaaS

In FY19 we will have
\$177+m in ARR

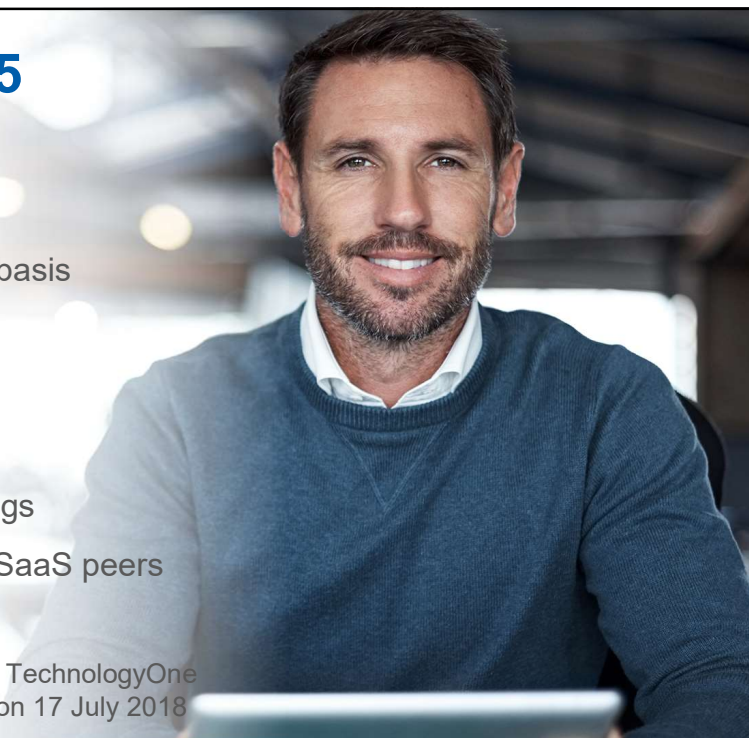
¹Annual Recurring Revenue
Represents 75% of our Revenue (excluding Consulting)

FY19 Adopt AASB15

SaaS Revenue Recognition Stronger, better business

- ✓ Revenue recognized on a daily basis
- ✓ Free cashflow does not change
- ✓ Minimal impact on P&L
- ✓ Simpler revenue model
- ✓ Improved predictability of earnings
- ✓ TechnologyOne is now like our SaaS peers

For further information please refer to the TechnologyOne IFRS Presentation submitted to the ASX on 17 July 2018



Simple & Robust SaaS Revenue Model – Annual Recurring Subscription Revenue

	Year 1	Year 2	Year 3	Year 4+
Initial Buy Based on: No of Users, Products & Modules	Yearly SaaS Fee e.g. \$500k per year	Yearly SaaS Fee e.g. \$500k per year	Yearly SaaS Fee e.g. \$500k per year	Yearly SaaS Fee ... e.g. \$500k per year
Buy Addn Users Additional Yearly SaaS Fee		+Yearly SaaS Fee e.g. \$50k per year	+Yearly SaaS Fee e.g. \$50k per year	+Yearly SaaS Fee ... e.g. \$50k per year
Buy Addn Modules Additional Yearly SaaS Fee <i>We have 325 modules across 14 products</i>		+Yearly SaaS Fee e.g. \$50k per year ¹	+Yearly SaaS Fee e.g. \$50k per year ¹	+Yearly SaaS Fee ... e.g. \$50k per year ¹
Buy Addn Product** Additional Yearly SaaS Fee <i>** On average our customers have 5.6 products out of a product range of 14 products</i>		+Yearly SaaS Fee e.g. \$140k per year ²	+Yearly SaaS Fee e.g. \$140k per year ²	+Yearly SaaS Fee ... e.g. \$140k per year ²

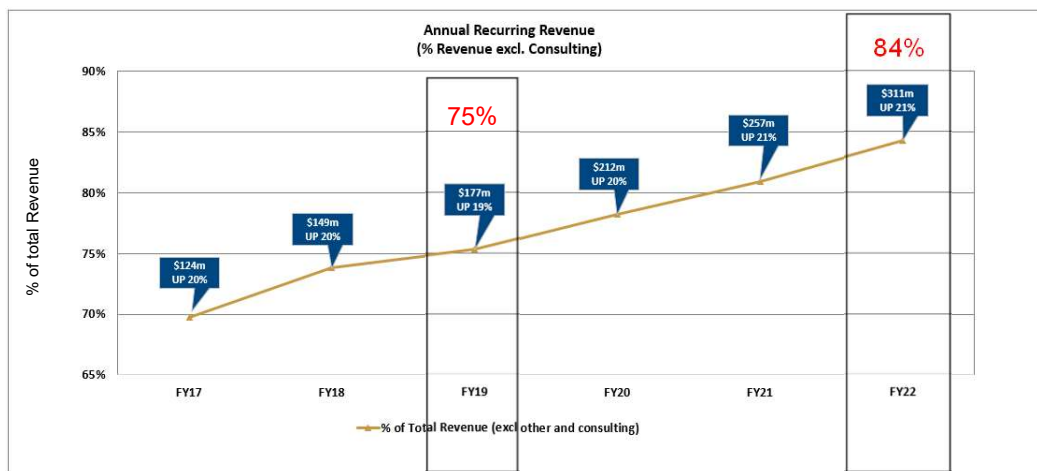
¹Assumes two additional modules

²Assumes one additional product

Note: CPI applies on subsequent years.

Illustrative models only
Not to be used as guidance

ARR is growing at approx. 20% per annum



FY19: ARR at start of year is \$177m, is 75% of total Revenue

FY22: ARR at start of year is \$311m, is 85% of total Revenue

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Enterprise software vendor

The power of a single integrated enterprise solution

- ✓ Financials
- ✓ Asset Management
- ✓ HR & Payroll
- ✓ Enterprise Budgeting
- ✓ Supply Chain
- ✓ Property & Rating
- ✓ Student Management
- ✓ Business Intelligence
- ✓ Enterprise Content Management
- ✓ Performance Planning
- ✓ Spatial
- ✓ Enterprise Cash Receipting
- ✓ Stakeholder Management (CRM)
- ✓ Business Process Automation

Deliver the deepest functionality for the markets we serve

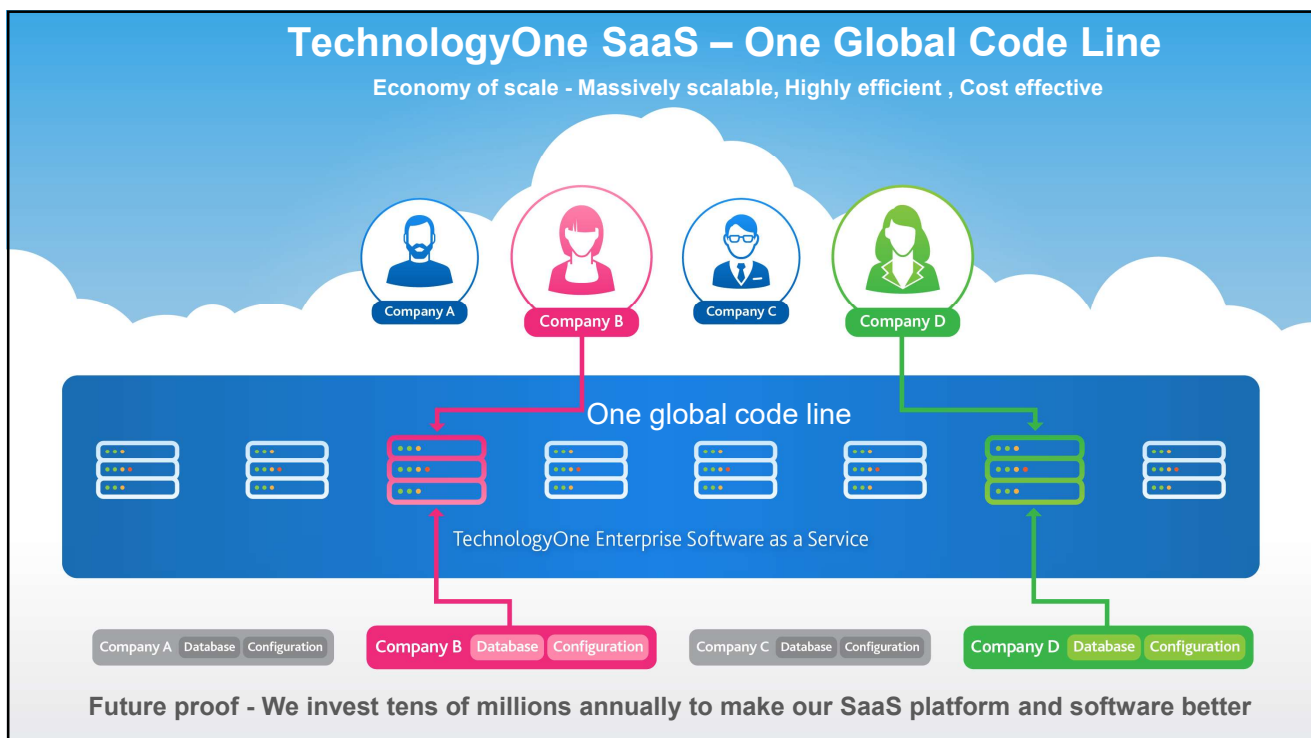
- ✓ Local Government
- ✓ Education
- ✓ Government
- ✓ Health & Community Services
- ✓ Asset & Project Intensive Industries
- ✓ Financial Services & Corporates

Also provide proven practice preconfigured solutions designed to meet the needs of each market

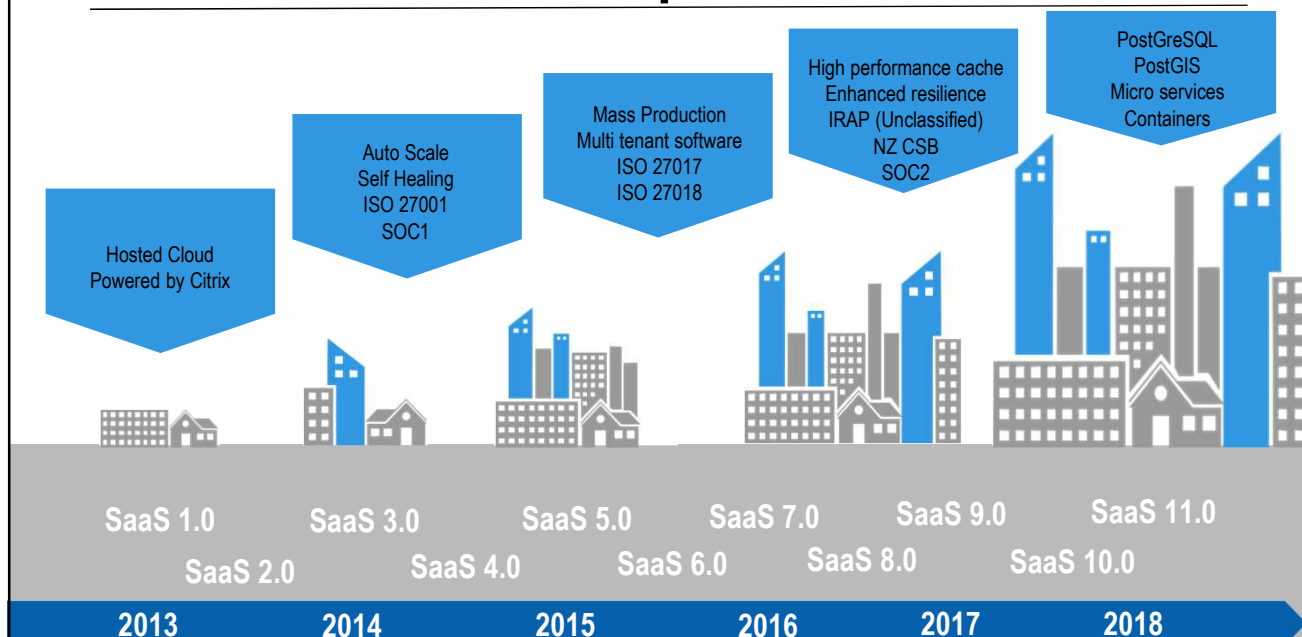
One Global Code Line

Massive economies of scale

TechnologyOne SaaS
Enterprise software as a service



SaaS - Incredible pace of innovation

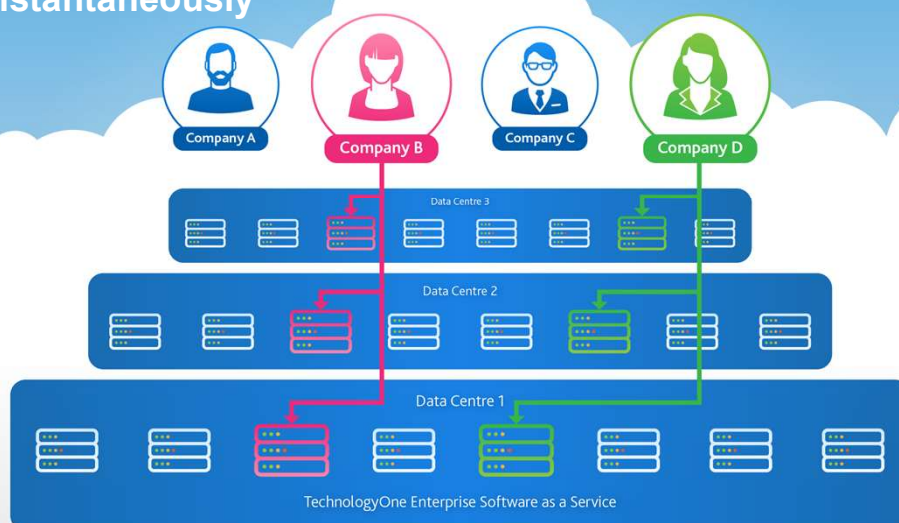


TechnologyOne SaaS

Update multiple Data Centres instantaneously

- ✓ Never stop
- ✓ Disaster Avoidance

Active⁸





ISO 27001 International Organization for Standardization

ISO 27017 International Organization for Standardization

ISO 27018 International Organization for Standardization

AICPA SERVICE ORGANIZATIONS SOC Formerly SAS 70 Reports

AICPA SERVICE ORGANIZATIONS SOC Formerly SAS 70 Reports

SOC 1 Audit Controls

SOC 2 Compliance Controls

HM Government G-Cloud Supplier

U.K G-Cloud

irap Australian Federal Government Security Standard

PCI Security Standards Council PCI DSS 3.2 SAQ-D

Defence in Depth Security

Our SaaS customers are always on the latest release

- ✓ New features, new functionality
- ✓ Bugs fixed on a continual basis
- ✓ No extra cost



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TechnologyOne Enterprise SaaS delivering strong growth

9 consecutive years of...

Record revenues
Record licences
Record profit

Total Annual Recurring Revenue recognised of \$169m, up 22%

¹ Recurring Revenue Recognised in FY18 under current Australian Accounting Standards

UP 15%
NPBT
\$66.5m

UP 22%
ARR Recognized
\$169m

UP 41%
SaaS Platform ARR
\$38m

19 YEARS of consecutive
record revenue

Profitable since
1992

UP 16%
Annual Licence Fees
\$140m

UP 9%
Revenue
\$299m

UP 14%
Consulting Profit
\$6.0m

UP 8%
Dividends
11.02 CPS

UP 14%
Earnings Per Share
16.10 (CPS)

UP 12%
Cash & Cash Equivalents
\$104.3m

UP 5%
Operating Cash Flow
\$48.6m

UP 6%
Initial Licence Fees
\$65m

22%
PBT Margin
(21% last year)

28%
Return on Equity

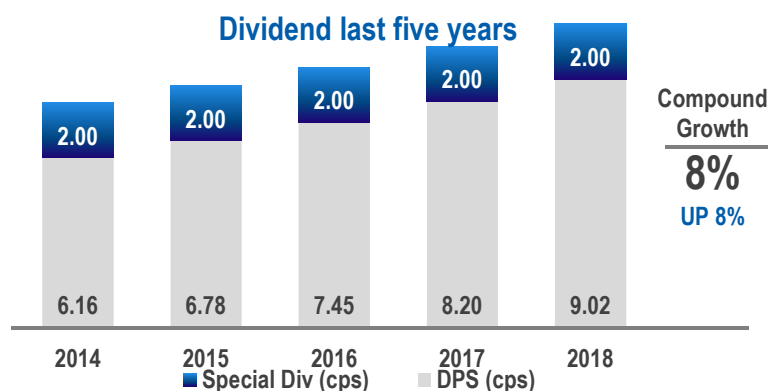
¹ARR – Annual Recurring Revenue

Total Dividend Up 8%

Dividends for the 2018 year:

Half 1	2.86 cps up 10% (75% franked ¹)
Half 2	6.16 cps up 10% (75% franked ¹)
Total	9.02 cps up 10%
Special	2.00 cps (declared, 75% franked ¹)
Total	11.02 cps up 8%

**Dividend payout ratio is
68%**

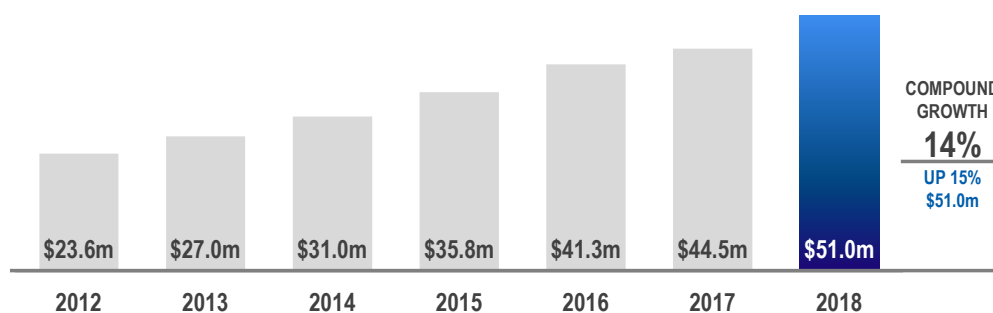


Notes

- ¹We have paid less tax due to the R&D Tax Concession and the TechnologyOne Share Trust. 2019 dividend will be 75% franked.
- We have continuously paid a dividend for 21 years - since 1996 (through Dot-Com and GFC)
- The Board considers the payment of a Special Dividend at the end of each year taking into consideration franking credits and other factors
- The Board continues to consider other Capital Management initiatives including acquisitions

We continue to double in size every 4 to 5 years

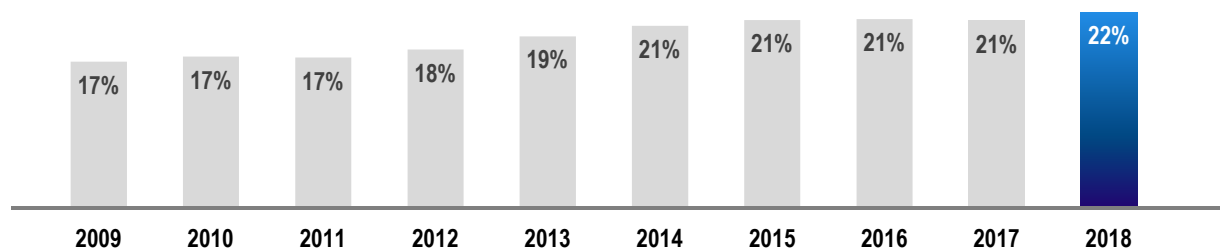
Net Profit After Tax up 15%



Over the last six years compound growth in NPAT has been 14% per annum.

Margin improved to 22%

Net Profit Margin Before Tax



Margin improvement

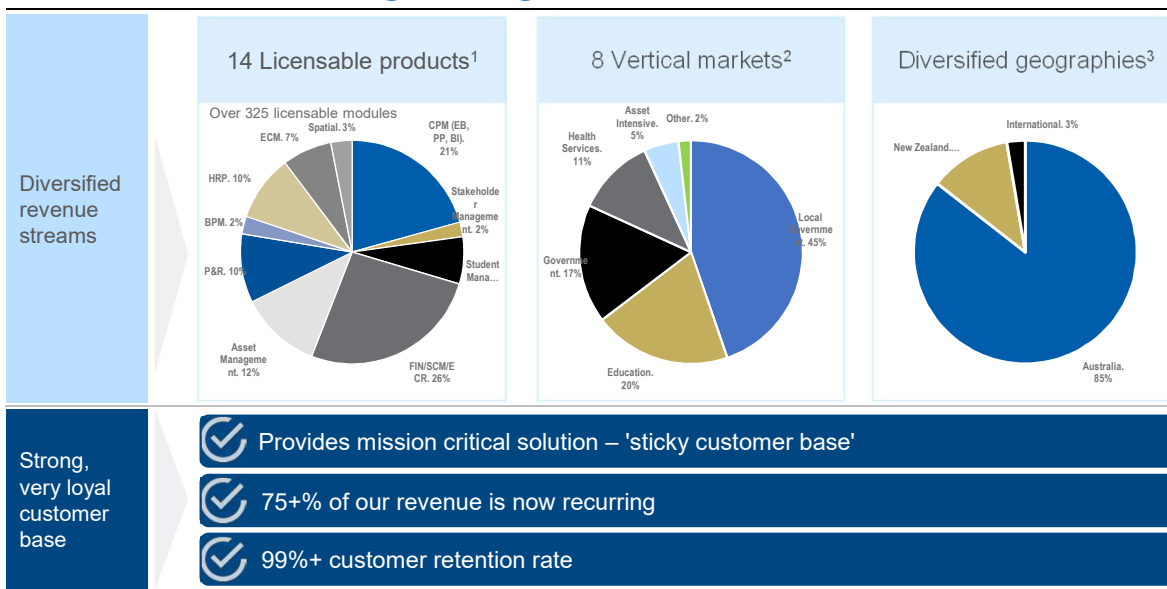
- Powered by TechnologyOne SaaS
- Cost control

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Foundations for long term growth

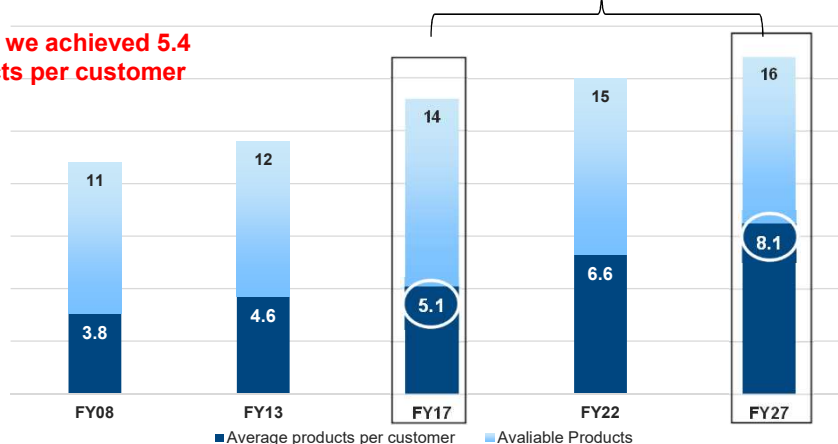


Focus on Existing Customers

Harvest substantial growth in our customer base

Estimate \$420m of new ARR by FY2027

In FY18 we achieved 5.4 Products per customer



In FY17, customers have on average 40% of our 14 products

For the products they do have, they have on average only 60% of the modules

¹based on 1,000 SaaS customers

If we were to add one more product to our customer base, this will generate \$140+m of revenue per year recurring¹. In FY17, on average, our customers have 5.1 out of 14 products. We expect this to increase to an average of 8.1 products per customer by FY27 which will generate \$420m ARR.

Continuing growth in APAC

- ✓ Local Government
- ✓ Education
- ✓ Government
- ✓ Health & Community Services
- ✓ Asset & Project Intensive Industries
- ✓ Financial Services & Corporates

Continuing growth in the UK

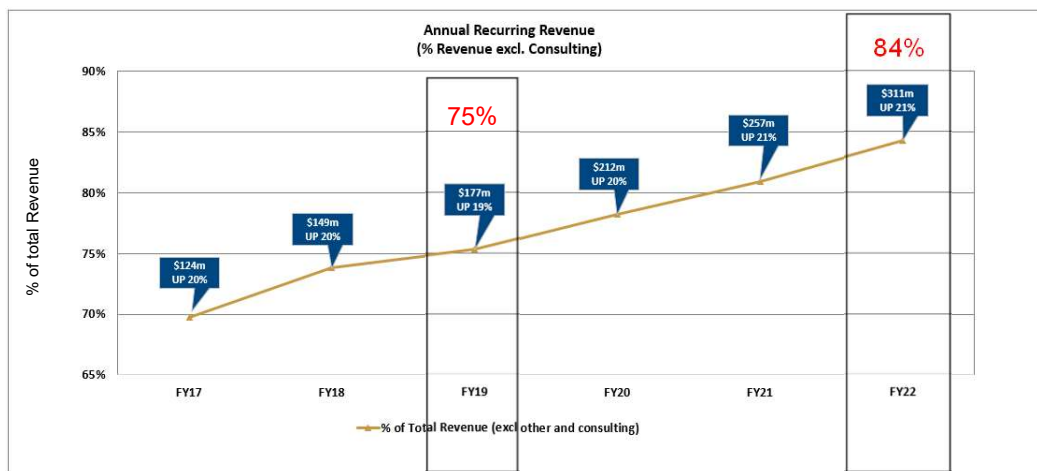
The UK market is 3x the size of Australian market for our enterprise system

Approaching critical mass in the UK over next 2 years

UK to return to growth in 2019

Illustrative models only
Not to be used as guidance

ARR is growing at approx. 20% per annum



FY19: ARR at start of year is \$177m, is 75% of total Revenue

FY22: ARR at start of year is \$311m, is 85% of total Revenue

Positioned well for the future
and to continue to double in
size every 4 to 5 years.

- ✓ Substantial future growth in our existing customer base
- ✓ Continuing growth in APAC
- ✓ Continuing growth in the UK
- ✓ SaaS continues to grow strongly

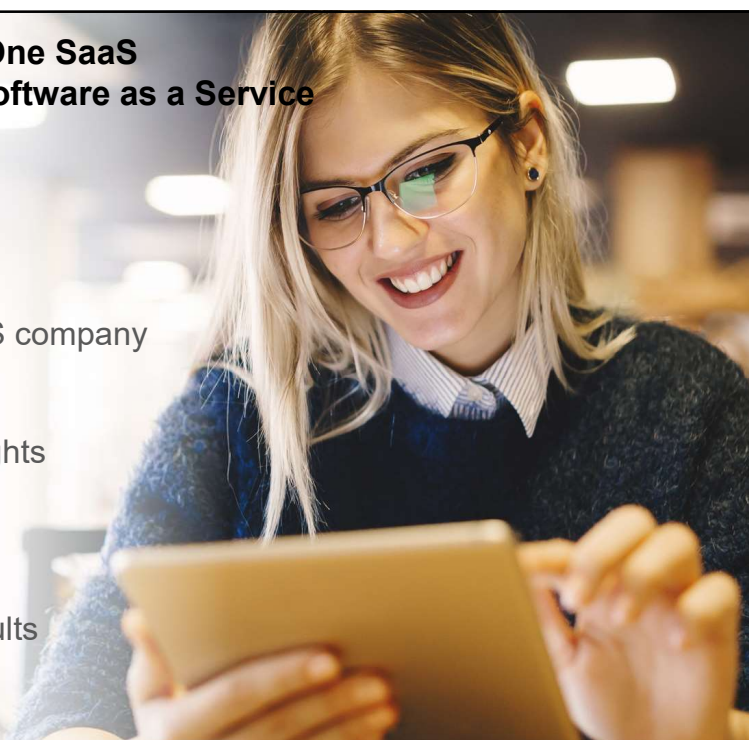
Questions ?



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2018 Full Year Results

ended 30 Sept 2018

Edward Chung
Chief Executive Officer

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20 November 2018

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FINAL

Disclosure Statement

TechnologyOne Ltd Full Year Presentation – 20 November 2018

TechnologyOne Ltd (ASX: TNE) today conducted a series of presentations relating to its 2018 Full Year results.

These slides have been lodged with the ASX and are also available on the company's website: www.TechnologyOneCorp.com.

The information contained in this presentation is of a general nature and has been prepared by TechnologyOne in good faith. TechnologyOne makes no representation or warranty, either express or implied, in relation to the accuracy or completeness of the information. This presentation may also contain certain 'forward looking statements' which may include indications of, and guidance on financial position, strategies, management objectives and performance. Such forward looking statements are based on current expectations and beliefs and are not guarantees of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of TechnologyOne. TechnologyOne advises that no assurance can be provided that actual outcomes will not differ materially from those expressed in this presentation.

TechnologyOne SaaS
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Agenda

- Results
- Significant Achievements
- Adoption of AASB 15
- Outlook for New Year
- Long Term Outlook

**TechnologyOne is now a
successful SaaS company**

TechnologyOne Enterprise SaaS delivering strong growth

9 consecutive years of...

Record revenues

Record licences

Record profit



**Total Annual Recurring Revenue
recognised of \$169m, up 22%**

¹ Recurring Revenue Recognised in FY18 under current Australian Accounting Standards



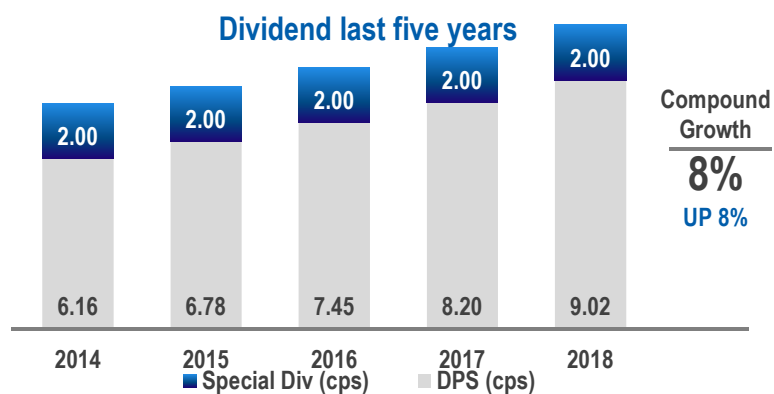


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Results Summary

	FY18	FY17	Variance %	
	m	m		
Revenue	\$298.6	\$273.3	9%	
Initial Licence Fees	\$65.3	\$61.7	6%	Refer slide: Licence
Total Consulting ¹	\$63.2	\$71.3	(11%)	Refer slide: Total Consulting
Other Revenue	\$1.5	\$1.6	(9%)	
Total ARR Recognized	\$168.6	\$138.6	22%	
Annual Licence Fees	\$139.6	\$119.9	16%	Refer slide: Annual Licence fees
SaaS Platform Fees ²	\$29.0	\$18.6	56%	Annual SaaS Platform Fees target \$143+m in FY2022
Expenses	\$232.1	\$215.2	8%	
R&D Expenses ³	\$54.0	\$49.9	8%	
Expenses excl R&D	\$178.1	\$165.3	8%	
Profit Before Tax	\$66.5	\$58.0	15%	
Profit After Tax	\$51.0	\$44.5	15%	
Other				
Operating Cash Flow	\$48.6	\$46.4	5%	
Cash and Cash Equivalents	\$104.3	\$93.4	12%	
Profit Before Tax Margin	22%	21%		
Dividend (cps)	11.02	10.20	8%	
Earnings Per Share (cps)	16.10	14.18	14%	

¹Total Consulting includes Plus

²SaaS Platform Fees – previously called Cloud Services Fee

³18% of full year revenue v 18% last year

Top End of Full Year Guidance Achieved

Guidance provided at the IFRS presentation...

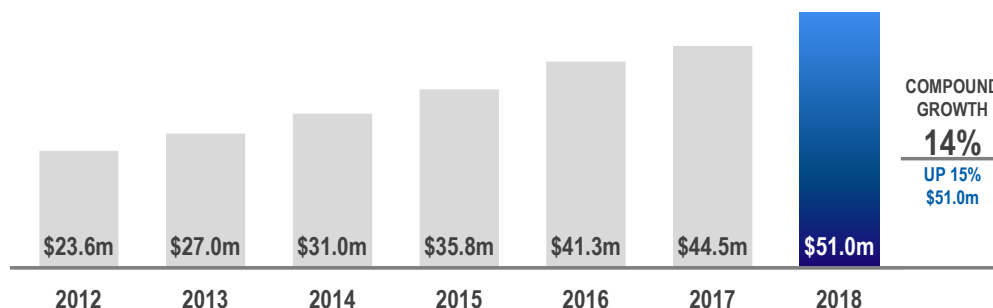
“We expect NPAT growth of 10% to 15% for the full year”

- ✓ Profit Before Tax up 15%
- ✓ Profit After Tax up 15%

Note: Though we do not plan to continue to disclose Underlying profit growth was also up 15%

We continue to double in size every 4 to 5 years

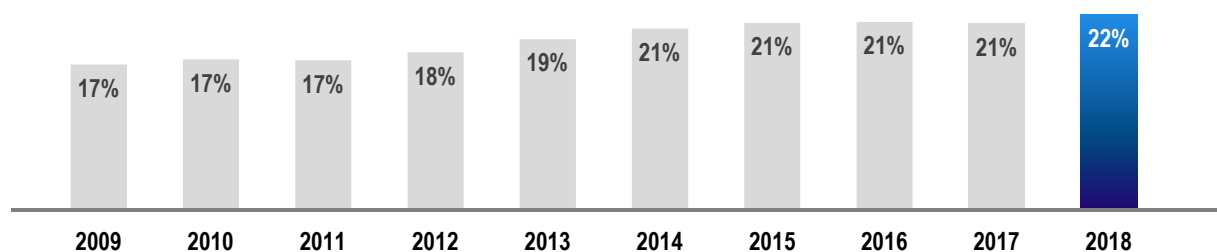
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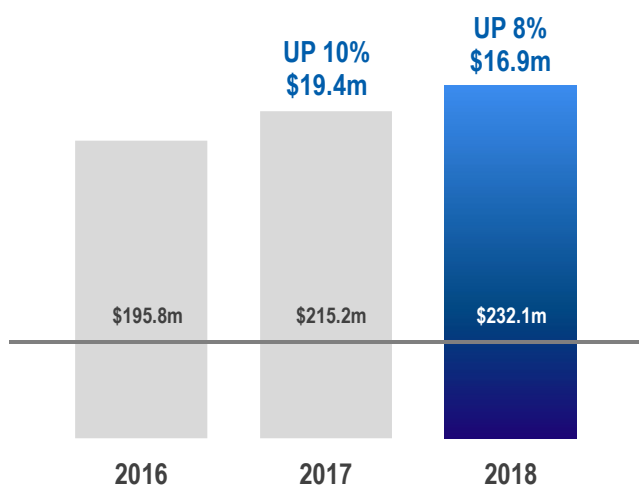
Net Profit Margin Before Tax



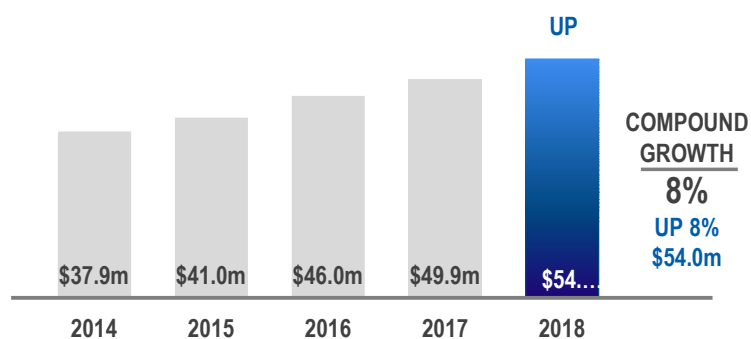
Margin improvement

- Powered by TechnologyOne SaaS
- Cost control

Total Expenses Up 8% \$16.9m versus Revenue up 9%



Total R&D Expenses up 8%



- Ci - existing very successful enterprise software suite
- Ci Anywhere - our new generation product for smart mobile devices
- 2016 R&D plan for the next 5 years, recommitts the company to deliver CAG² of 8% (compared to CAG of 16% historically). This represents a saving of \$75M over a 5 year period to 2021.

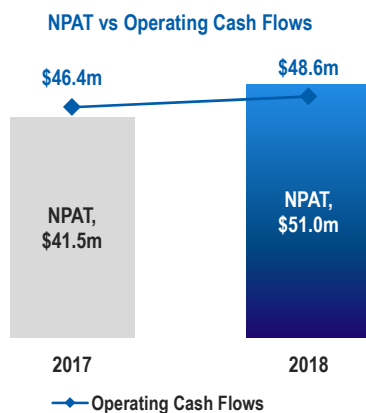
¹R&D fully expensed in the year it is incurred;

²CAG - Compound Annual Growth

Cash Flow

Operating Cash Flow strong at \$48.6m

- ✓ v Net Profit After Tax of \$51.0m
- ✓ Significant improvement from Half Year¹
- Free cashflow is up 10%



¹ Operating cashflow at half year was (\$10.4m) vs half year NPAT of \$8.1m

² Aged debtors has improved significantly

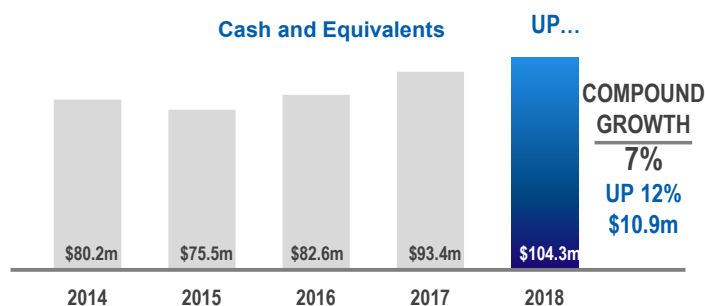
	Sep-18 \$ '000	Sep-17 \$ '000	Var \$ '000	%
EBIT	66,527	58,019	8,508	15%
Depreciation & Amortisation	4,276	4,237	39	1%
Change in Working Capital				
(Increase) / Decrease in Debtors ²	(6,558)	(11,620)	5,062	(44%)
(Increase) / Decrease in Accrued Receivables ³	(16,469)	1,346	(17,815)	1324%
(Increase) / Decrease in Prepayments	(2,632)	(2,419)	(213)	(9%)
Increase / (Decrease) in Creditors	11,196	5,950	5,246	(88%)
Increase / (Decrease) in Staff Entitlements	1,848	(319)	2,167	(679%)
Net Interest (Paid) / Received	340	680	(340)	(50%)
Income Taxes Paid	(11,187)	(10,507)	(680)	6%
Other	1,255	1,075	180	17%
Operating Cash Flow	48,596	46,442	2,154	5%
Capital Expenditure	(2,948)	(6,109)	3,161	52%
Payment for Purchase of Business	(2,721)	(1,319)	(1,402)	(106%)
Free Cash Flow	42,927	39,015	3,913	10%
Dividends Paid	(33,002)	(30,370)	(2,632)	(9%)
Repayment of Finance Lease	(5)	(18)	13	71%
Proceeds from Shares issued	1,019	2,169	(1,150)	(53%)
Increase / (Decrease) in Cash & Cash equivalents	10,939	10,795	144	1%

³ To be billed later than 12 months – contracted licences for which a 'break fee' must be included for the total amount of revenue recognised. This all unwinds from 1 October 2018 under AASB15

Balance Sheet

Cash & Equivalents \$104.3m up \$10.9m (12%)

- ✓ Net Cash: 32.9c/s (vs. 29.6c/s)
- ✓ Net Assets: \$179.5m (vs. \$157.5m, up \$22.0m)
- ✓ We have no debt



¹ Caused by a few large deals signed in September, leading to increase in debtors.

² To be billed in the next 12 months – work in progress, retentions, and contracted licences to be billed

³ To be billed later than 12 months – contracted licences for which a 'break fee' must be included for the total amount of revenue recognised. This all unwinds from 1 October 2018 under AASB15

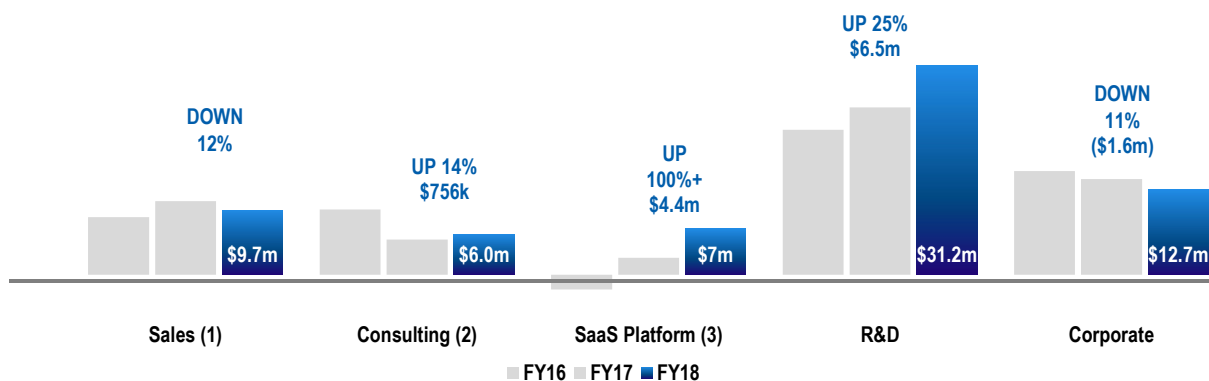
⁴ Deferred consideration on acquisitions reclassified from non-current to current

⁵ Prepayments by customers - the majority of which relates to Prepaid SaaS Platform Service Fees

	Sep-18 \$'000	Sep-17 \$'000	Var \$'000	%
Cash and cash equivalents	104,322	93,383	10,939	12%
Prepayments	10,852	8,220	2,632	32%
Trade and other receivables ¹	59,554	53,262	6,292	12%
Earned and unbilled revenue ²	19,758	14,305	5,453	38%
Other current assets	959	798	161	20%
Current tax assets	1,574	-	1,574	0%
Current assets	197,019	169,968	27,051	16%
Property, plant and equipment	12,280	13,525	(1,245)	(9%)
Intangible assets	45,011	47,549	(2,538)	(5%)
Earned and unbilled revenue ³	26,374	11,914	14,460	121%
Deferred tax assets	404	5,482	(5,078)	(93%)
Non-current assets	84,069	78,470	5,599	7%
Total Assets	281,088	248,438	32,650	13%
Trade and other payables ⁴	52,617	38,253	14,364	38%
Provisions	13,257	11,270	1,987	18%
Current tax liabilities	-	392	(392)	(100%)
Unearned revenue ⁵	31,305	27,862	3,443	12%
Borrowings	5	10	(5)	(50%)
Current liabilities	97,184	77,787	19,397	25%
Trade and other payables ⁴	-	8,370	(8,370)	(100%)
Provisions	3,144	3,338	(194)	(6%)
Other non-current liabilities	1,241	1,423	(182)	(13%)
Non-current liabilities	4,385	13,131	(8,746)	(67%)
Total Liabilities	101,569	90,918	10,651	12%
Net Assets	179,519	157,520	21,999	14%
Issued capital and reserves	63,701	66,839	(3,138)	(5%)
Retained earnings	115,818	90,681	25,137	28%
Equity	179,519	157,520	21,999	14%

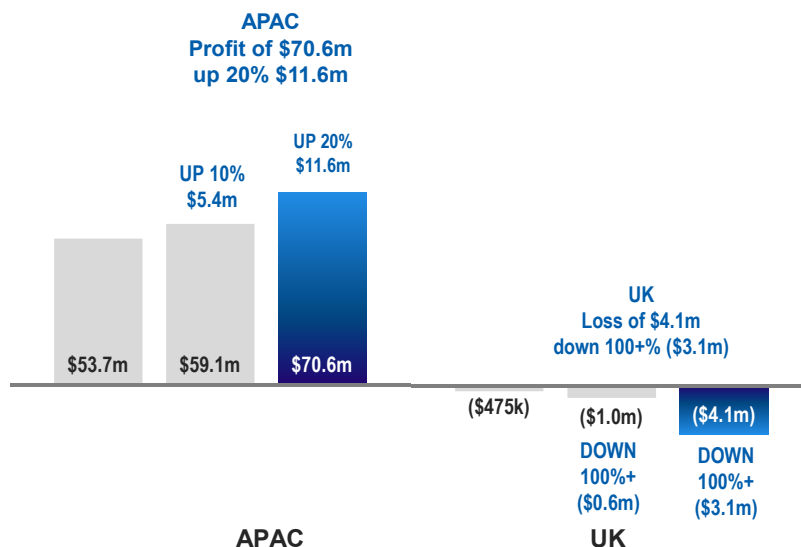
Profit By Segment Analysis

Net Profit Before Tax \$66.5m, up 15% \$8.5m



- (1) Sales: Investments made for future growth
 (2) Consulting: Has returned to profit growth. To be discussed later
 (3) SaaS Platform: strong contribution as business reaches scale
 (4) R&D: Expenses controlled at 8% growth on pcg
 (5) Corporate: increase in accommodation costs, corporate resources for future growth, increased provisions

APAC continues to perform strongly, up 20%



Results Analysis and Key Metrics

Full Year 2018 v Full Year 2017	2018	2017	Var%	Full Year 2018 v Full Year 2017	2018	2017	Var%
Revenue excl interest	298,650	273,525	9%	EPS (cents)	16.10	14.18	14%
Expenses (excl R&D, interest, D & A)	174,145	161,094	8%	Dividends (cents)			
EBITDAR	124,506	111,432	12%	Standard	9.02	8.20	10%
EBITDAR Margin	42%	41%		Special	2.00	2.00	
R&D Expenditure	54,042	49,856	8%	Total dividends paid (cents)	11.02	10.20	8%
R&D as % of Total Revenue	18%	18%		Dividend Payout Ratio	68%	72%	
EBITDA	70,464	61,576	14%	ROE	28%	28%	
EBITDA Margin	24%	23%		Adjusted return on equity ¹	68%	59%	
Depreciation	3,909	3,707	5%	Balance Sheet (\$'000s)			
Amortisation of Intangibles	368	530	(31%)	Net Assets	179,521	157,520	14%
EBIT	66,187	57,339	15%	Cash & Cash Equivalents	104,322	93,383	12%
Net Interest Income	340	680	(50%)	Operating cash flows	48,596	46,442	5%
Profit Before Tax	66,527	58,019	15%	Debt/Equity	0.02%	0.02%	
Net Profit Before Tax Margin	22%	21%					

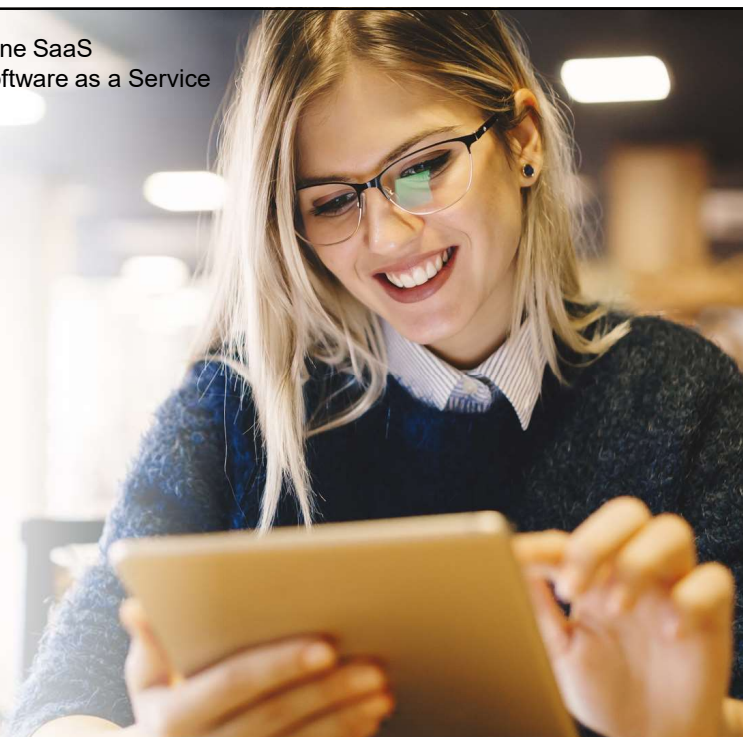
R&D is a significant expenditure we incur today, to build the platform for our continuing strong growth in the future

¹Adjusted for net cash above required working capital

TechnologyOne SaaS
Enterprise Software as a Service

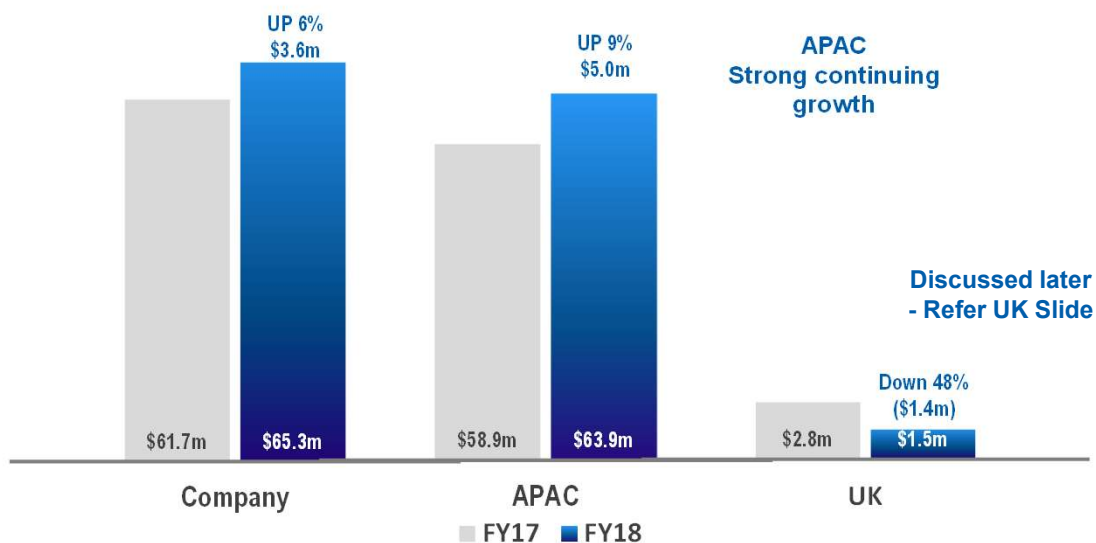
Agenda

- Results
- Significant Achievements
- Adoption of AASB 15
- Outlook for New Year
- Long Term Outlook

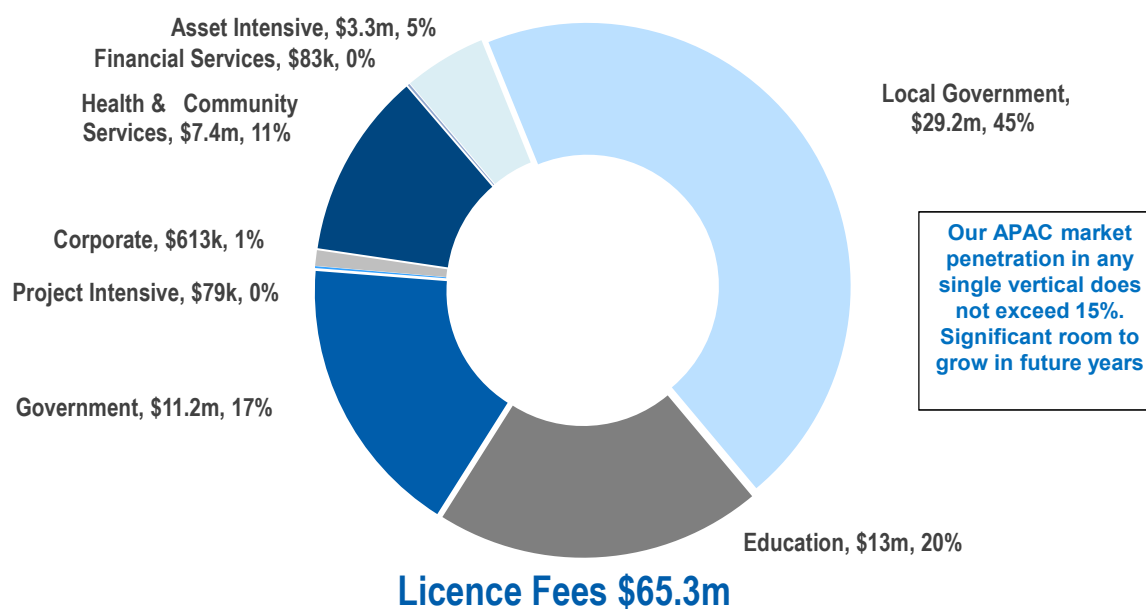


Licence Fee Revenue Growth

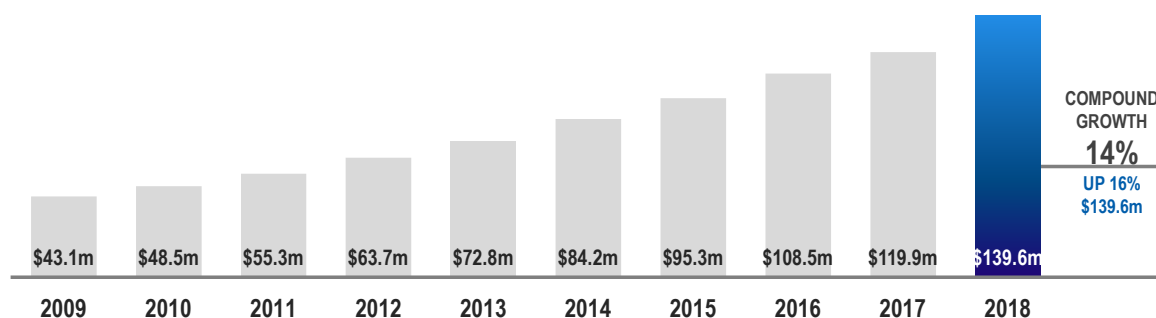
\$65.3m UP 6% \$3.6m



Licence Fee Contribution - Vertical Market



Annual Licence continues to grow strongly: Up 16%

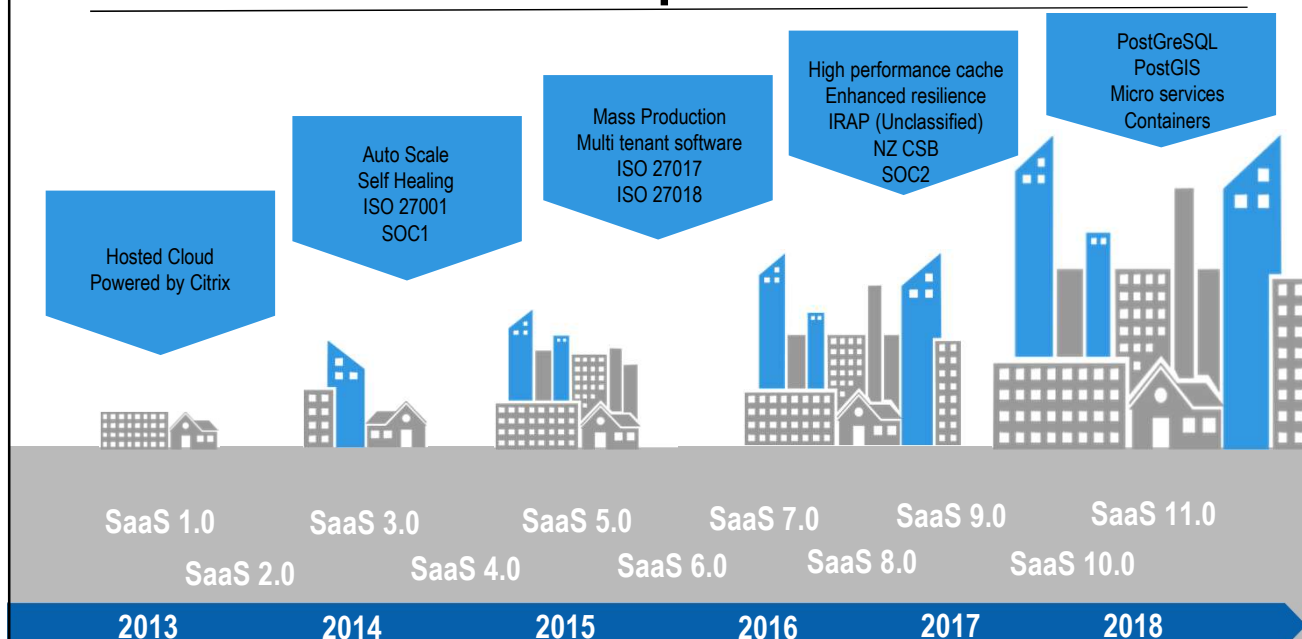


- Customer retention is important – remains at 99+%
- Ci Anywhere and TechnologyOne SaaS Platform are critical to the ongoing retention of customers

R&D of \$54.0m, 18% of Revenue Significant investments for Future Growth

- Ci - our existing very successful enterprise software
- Ci Anywhere - our new generation enterprise software for smart mobile devices
- TechnologyOne Software as a Service
- Early research into the next product line called the DXP – Digital Experience Apps including Artificial Intelligence and Machine Learning
- Met target R&D growth of 8% for the full

¹R&D was \$49.9M in 2017, 18% of Revenue



**347 enterprise customers on TechnologyOne SaaS Platform
versus 270 customers pcp**



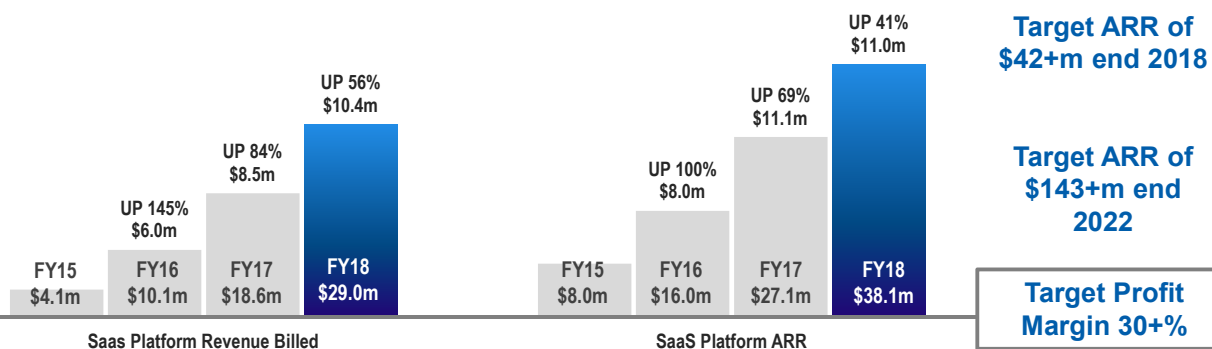
SaaS Platform Profit of \$7m, up 175%

Previous year SaaS Platform profit was \$2.5m. Original Forecast for 2018 full year was a profit of \$5m.



TechnologyOne SaaS Platform¹ Growing Strongly

ARR of \$38.1m, up 41%



Profit for the full year was \$7m (vs \$2.5m Profit full year 2017)

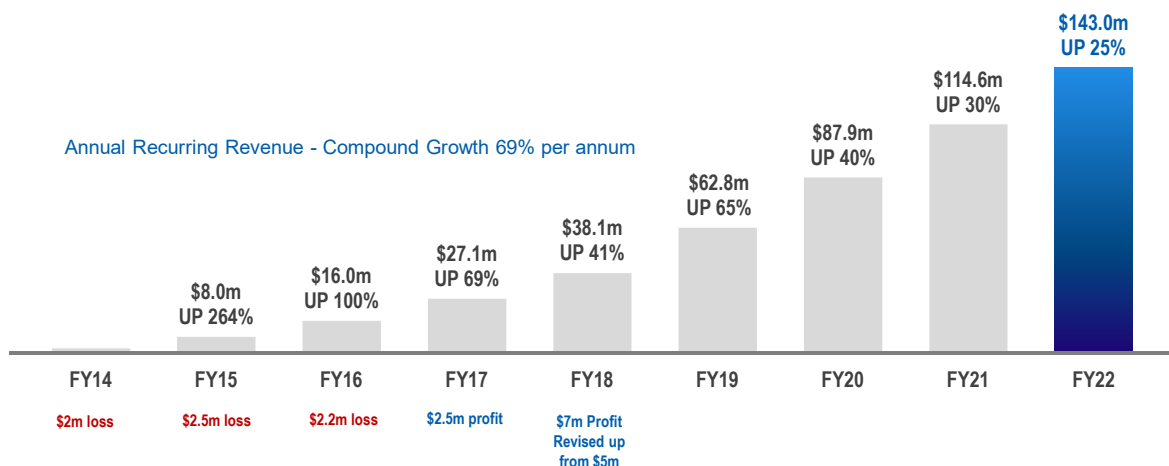
- Total SaaS customers: 347 vs 270 at 30 September 2017
- Our focus in the last 12 months has been on profit margin growth vs ARR growth
- Going forward the whole sales team is now incentivised to sell 'flip to SaaS'
- This business has significant momentum
- Platform for substantial growth in revenue & profit in coming years

¹SaaS Platform Fee - incremental revenue to run TechnologyOne software on our SaaS Platform. Does not include associated licence Fees. Previously called Cloud Services Fee.

Annual Recurring SaaS Platform Fees

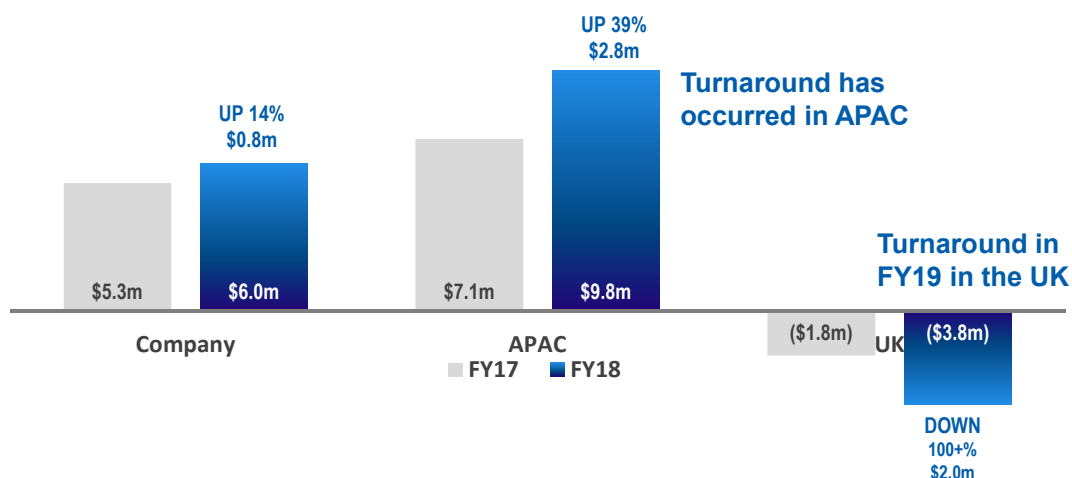
engine for significant profit growth in the coming years

As previously stated focus has moved from ARR growth to profitable growth in coming years



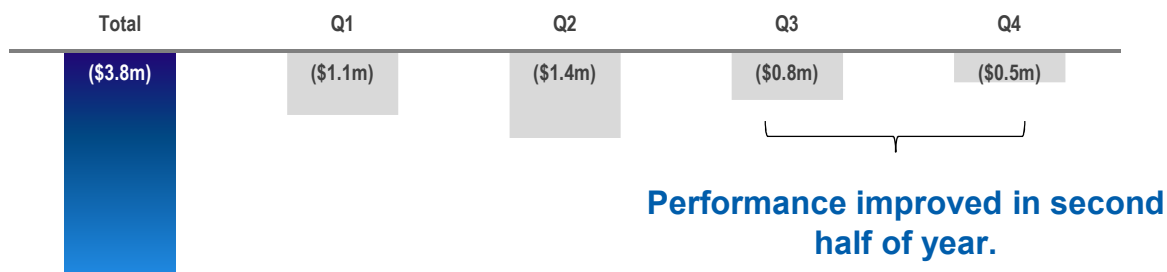
Our next Target - Profit Margin of 30+% for this business

Consulting profit of \$6m, up 14%



Continuing strong profit growth in FY19

UK Consulting Profit by Quarter



Substantial turnaround in FY19

- 12 projects have successfully gone live
- Red projects reduced from 20 to 4

United Kingdom Significant investment for future growth

UK loss \$4.1m vs loss \$1.1m pcp

- Consulting loss of \$3.8m vs loss of \$1.8m pcp. This has turned around substantially in Q3 and Q4 (refer UK Consulting Profit by Quarter). Significant improvement in FY19.
- \$1.5m licence fees v \$2.8m licence fees pcp
 - Pipeline is strong
 - Achieving preferred status
 - Our ability to close was an issue
 - Focus is on UK Sales team (up skilling)

We see significant upside in the UK in the coming years
Total addressable market in the UK is 3 x APAC

Strong Customer Base in the UK (44)

Critical mass is 50 customers

Local Government (13)

Adur & Worthing Borough Councils
Aylesbury Vale District Council
Cambridge City Council
Clackmannanshire Council
Horsham District Council
Huntingdonshire District Council
Leicester City Council
Mid Sussex District Council
Scarborough Borough Council
Scottish Borders Council
South Cambridgeshire District Council
The East Riding of Yorkshire Council
The Mayor and Burgesses of the London Borough of Haringey

Health & Community Services (10)

East Dunbartonshire Leisure and Culture Trust
Edinburgh Leisure
Enjoy East Lothian Leisure Ltd
Equity Housing Group
Hereford & Worcester Fire & Rescue Services
Ongo Partnership Ltd
Scottish Association for Mental Health
Strathclyde Fire & Rescue
Strathclyde Partnership for Transport
West Lothian Leisure Limited

Higher Education (14)

Carnegie College
Ealing, Hammersmith and West London College
Glasgow Clyde College
London School of Economics and Political Science
New College Lanarkshire
The University of Dundee
University of Exeter
University of Hertfordshire
University of Lincoln
University of South Wales
University of Sunderland
University of the Highlands and Islands
University of Sussex
West College Scotland

Other (7)

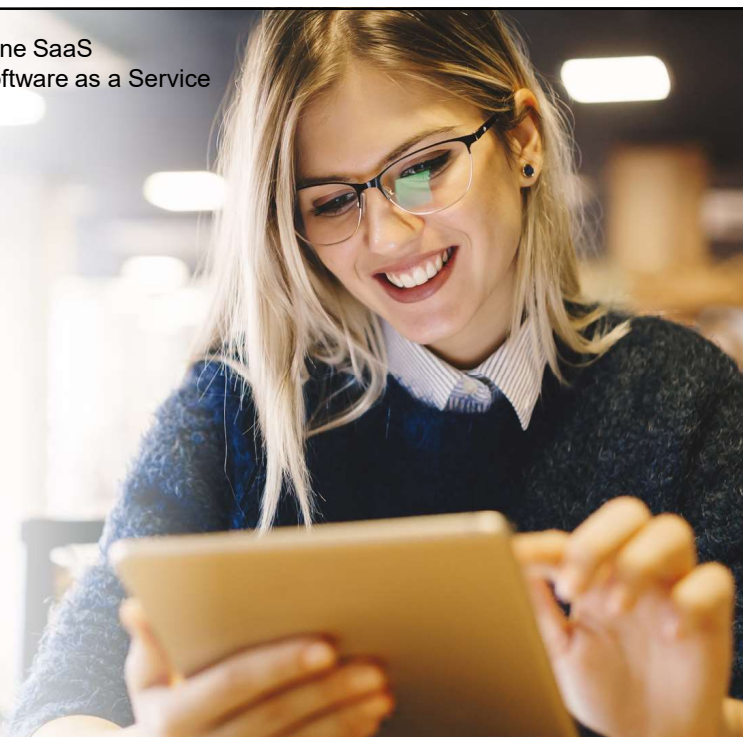
BT Investment Management UK
CIPFA Business Limited
Greater London Enterprise
Live Borders Limited
Livingbridge EP LLP
Pepper Finance Ireland
Science Museum Group

**UK approaching
Critical Mass**

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Background to AASB 15

IFRS 15 is the international standard for “Revenue from Contracts with Customers”. In Australia it is referred to as AASB¹ 15. AASB 15 was issued by the AASB in December 2014 and replaces all revenue recognition requirements, including those as set out in AASB 118 “Revenue”.

The standard contains a single model that applies to all revenue arising from contracts, unless the contracts are in the scope of other standards (e.g. leases).

The standard comes into effect from 1 Jan 2018. For TechnologyOne, it applies from the year commencing 1 Oct 2018 as it is the first full year post commencement of the new standard. So the first reporting year is year ending 30 Sept 2019.

With the 2019 financial results, we are required to re-state the prior year, as if the standard had always applied.

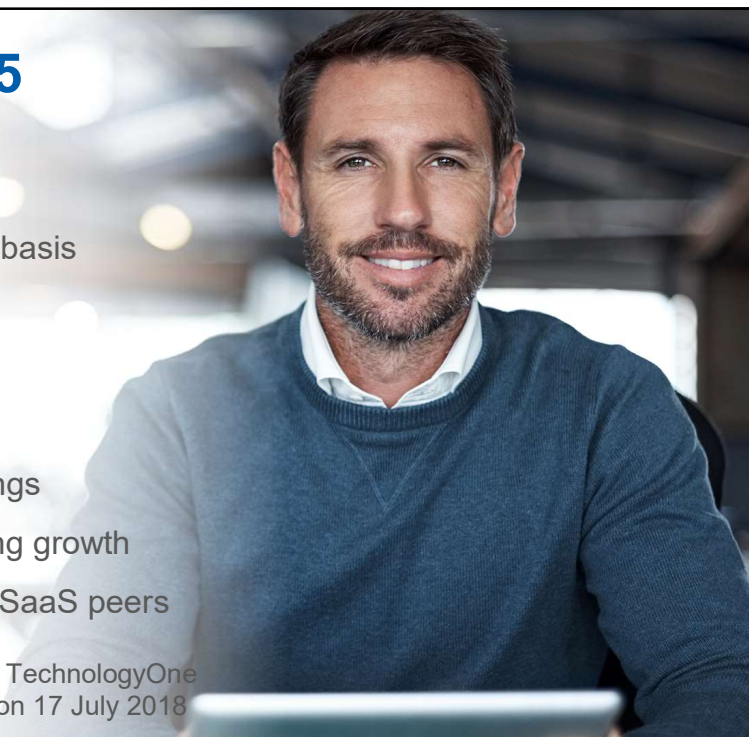
¹AASB - Australian Accounting Standards Board

FY19 Adopt AASB15

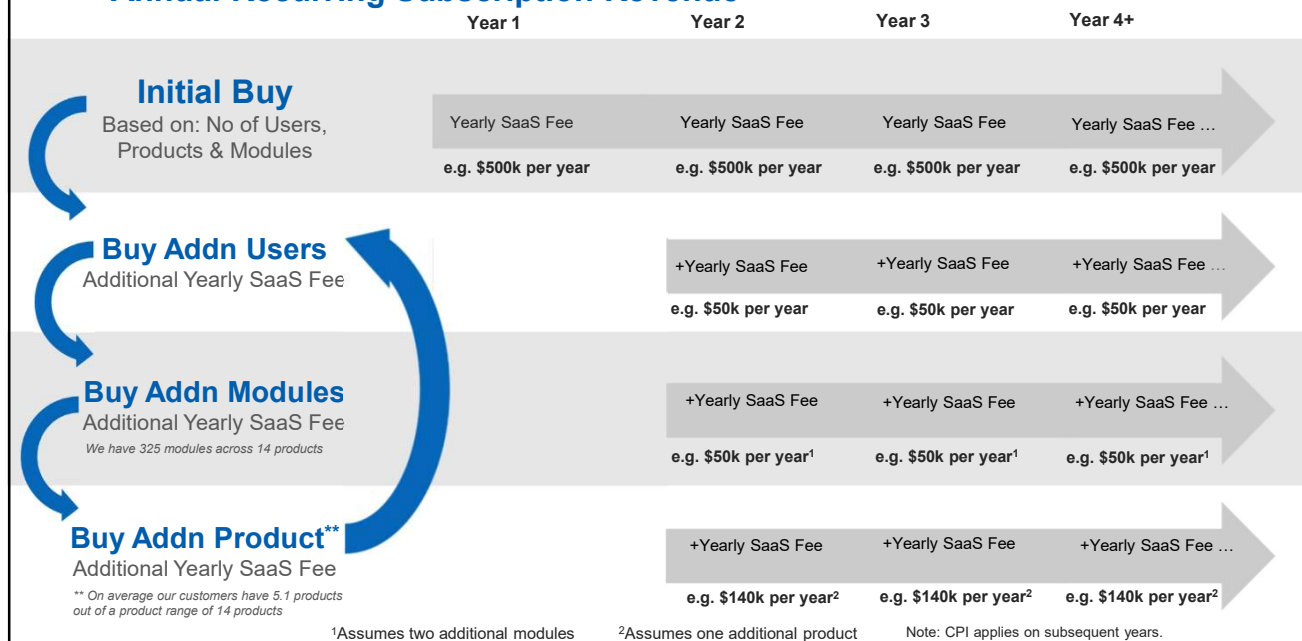
SaaS Revenue Recognition Stronger, better business

- ✓ Revenue recognized on a daily basis
- ✓ Free cashflow does not change
- ✓ Minimal impact on P&L
- ✓ Simpler revenue model
- ✓ Improved predictability of earnings
- ✓ Positions us for continuing strong growth
- ✓ TechnologyOne is now like our SaaS peers

For further information please refer to the TechnologyOne IFRS Presentation submitted to the ASX on 17 July 2018

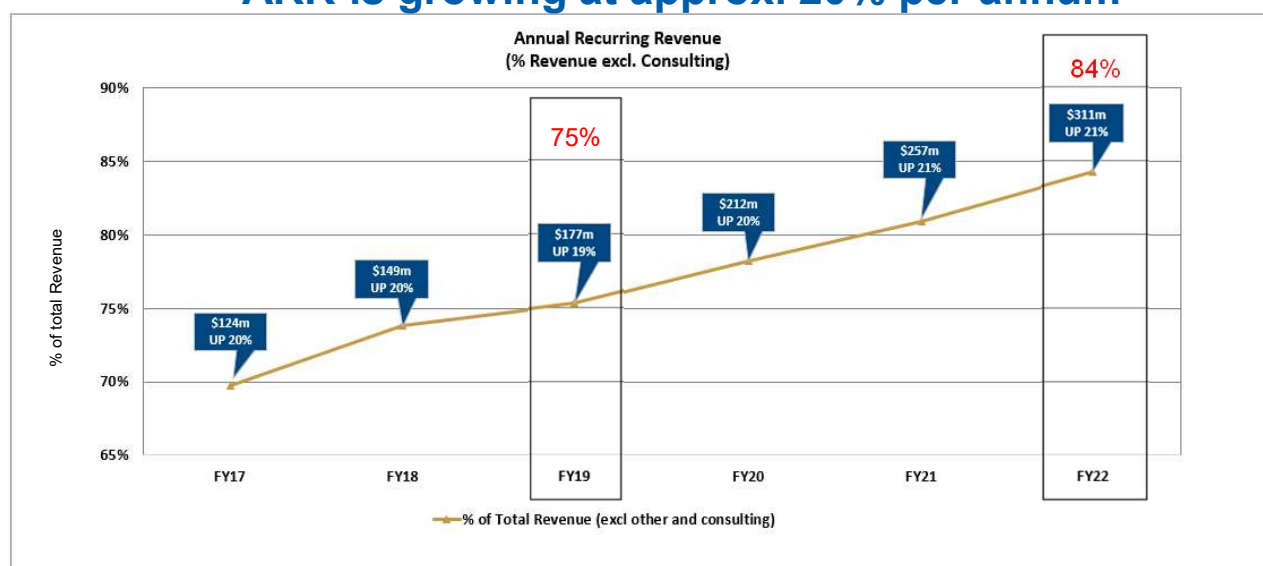


Simple & Robust SaaS Revenue Model – Annual Recurring Subscription Revenue



ARR is growing at approx. 20% per annum

Illustrative models only
Not to be used as guidance



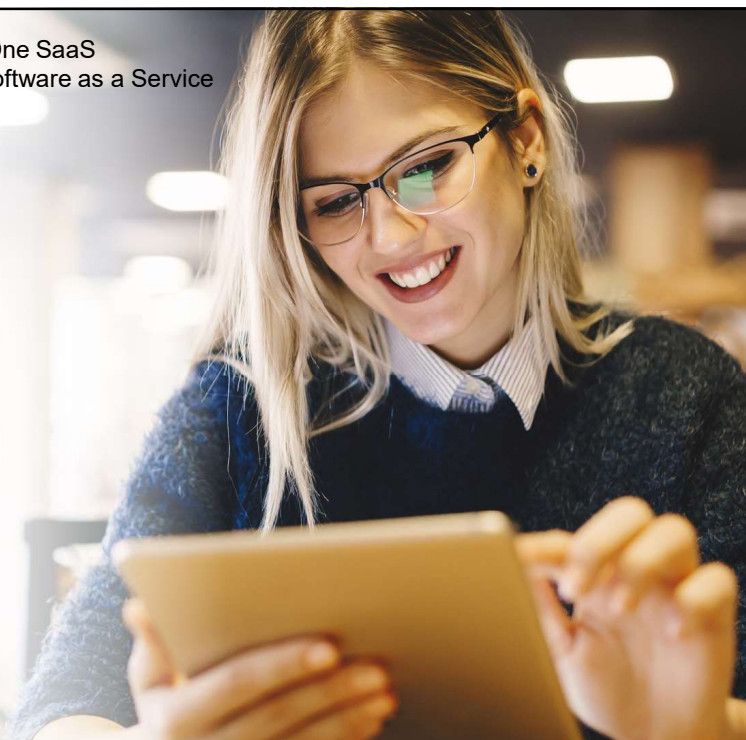
FY19: ARR at start of year is \$177m, is 75% of total Revenue

FY22: ARR at start of year is \$311m, is 85% of total Revenue

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Outlook for 2019 Year

Continuing strong growth

- The enterprise software market has been one of the most resilient sectors of the IT industry in recent years
- In particular TechnologyOne markets have remained strong over many years: Local government, higher education, government and government related businesses
- The Pipeline for 2019 remains strong



Our focus this financial year

- ✓ Successful transition to AASB15 / IFRS
- ✓ Drive ARR growth
- ✓ Continue strong momentum of transitioning our large customer base to our SaaS platform
- ✓ Consulting improve profitability
- ✓ Continue turnaround in the UK market
- ✓ Focus on our eight vertical markets
- ✓ Cross sell into our large existing customer base
- ✓ Continue to control costs

Outlook for 2019 Year

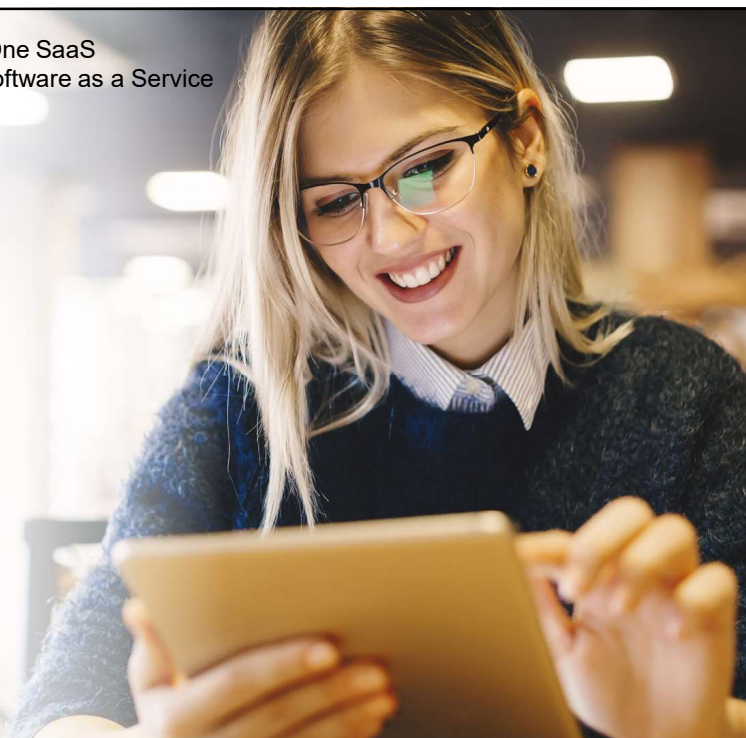
Full Year - Strong Profit growth to once again continue in 2019

- We expect to see strong continuing growth in ARR and profit
- We will provide further guidance at both the Annual General Meeting and with the first half results

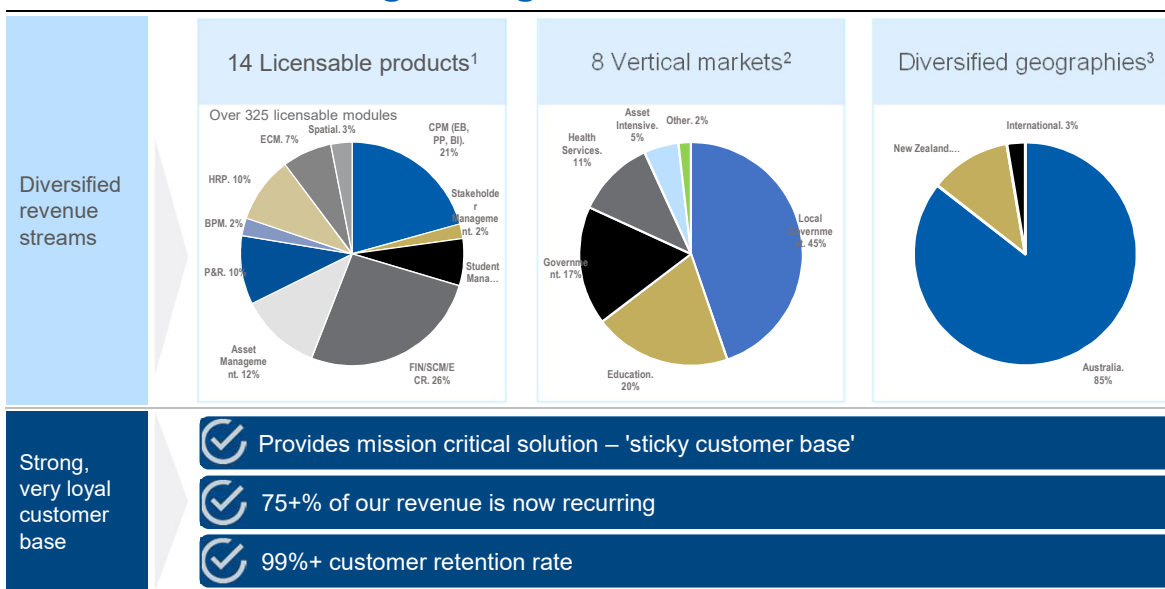
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Foundations for long term growth



¹ Based on FY18 Licence Fees

² Includes financial services, project intensive and corporate services.

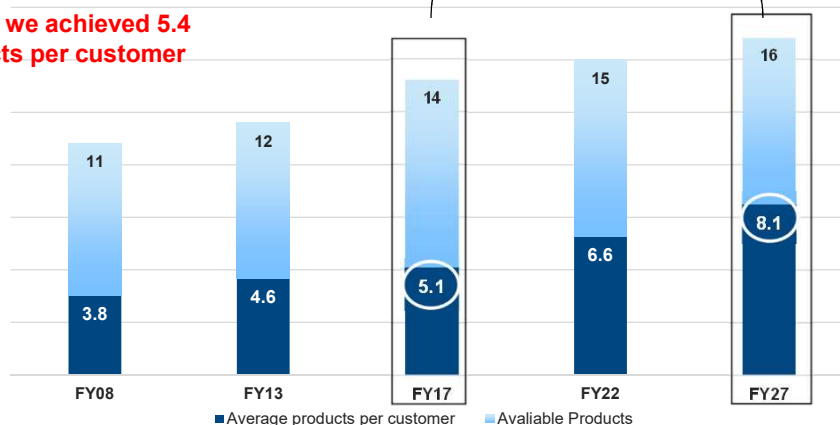
³ Based on FY18 Licence Fee Revenue

Focus on Existing Customers

Harvest substantial growth in our customer base

Estimate \$420m of new ARR by FY2027

In FY18 we achieved 5.4
Products per customer



In FY17, customers have on average 40% of our 14 products

For the products they do have, they have on average only 60% of the modules

¹based on 1,000 SaaS customers

If we were to add one more product to our customer base, this will generate \$140+m of revenue per year recurring¹. In FY17, on average, our customers have 5.1 out of 14 products. We expect this to increase to an average of 8.1 products per customer by FY27 which will generate \$420m ARR.

Continuing growth in APAC

- ✓ Local Government
- ✓ Education
- ✓ Government
- ✓ Health & Community Services
- ✓ Asset & Project Intensive Industries
- ✓ Financial Services & Corporates



Continuing growth in the UK

The UK market is 3x the size of Australian market for our enterprise system

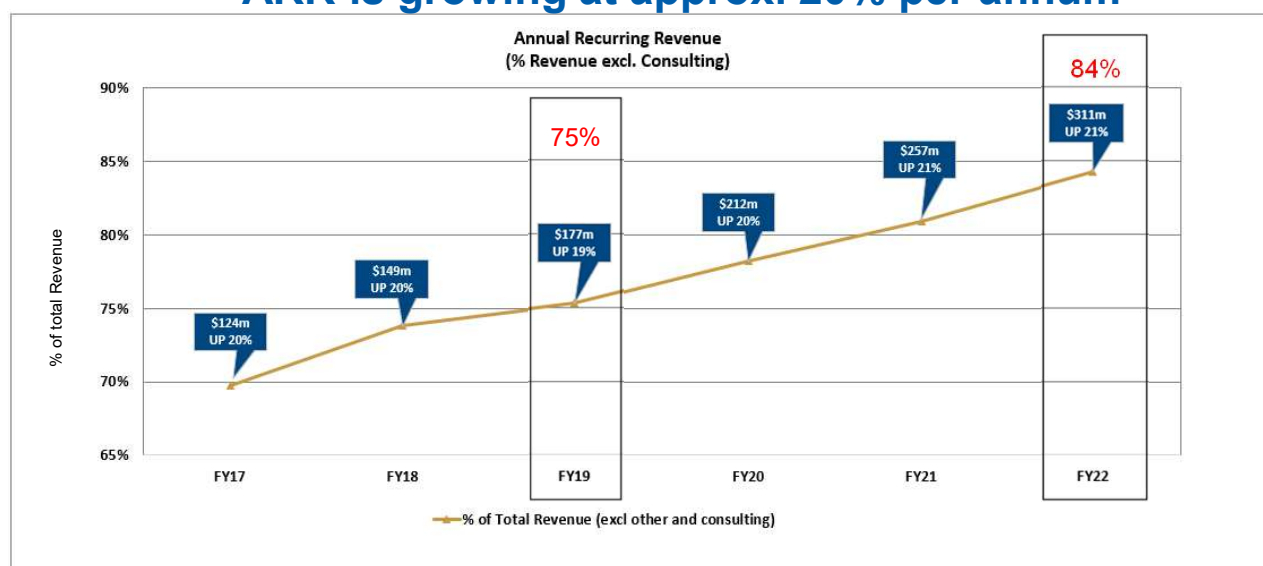
Approaching critical mass in the UK over next 2 years

UK return to growth in 2019



ARR is growing at approx. 20% per annum

Illustrative models only
Not to be used as guidance



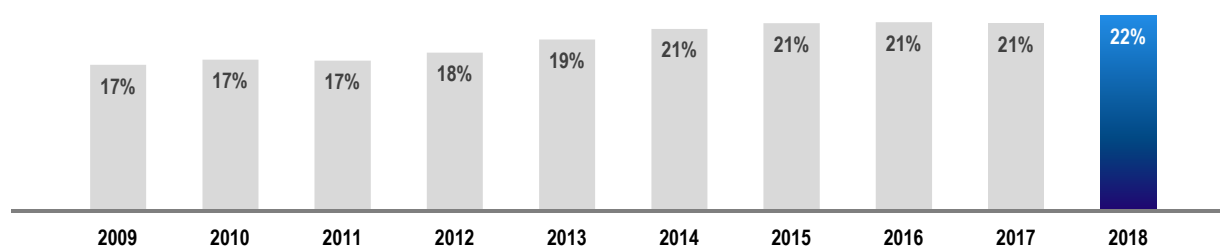
FY19: ARR at start of year is \$177m, is 75% of total Revenue

FY22: ARR at start of year is \$311m, is 85% of total Revenue

Profit margin to continue to improve to 25% in the next few years, and then continue to 30%

Focus is to substantially improve PBT margins through:

Net Profit Margin Before Tax



- SaaS Platform margin increasing to 50+%
- Controlled R&D growth to 8% per annum saving \$75m over 5 years
- New Product contribution of \$16+m per year
- UK moves to profitability

**Positioned well for the future
and to continue to double in
size every 5 years.**

- ✓ Substantial future growth in our existing customer base
- ✓ Continuing growth in APAC
- ✓ Continuing growth in the UK
- ✓ SaaS continues to grow strongly

Summary

- ✓ Record Profit up 15%, with EPS growth up 14%
- ✓ Record Revenue up 9%
- ✓ Record Licences up 6%, with APAC licences up 9%
- ✓ Total Annual Recurring Revenue recognized up 22%
- ✓ SaaS Platform profit up 175%
- ✓ Total Consulting Profit up 14%, with APAC Consulting Profit up 39%
- ✓ Net Profit Before Tax Margin of 22% (21% pcp)
- ✓ Cash & equivalents up 12%
- ✓ APAC region continued to perform strongly, profit up 20%
- Consulting UK loss \$3.8m vs \$1.8m loss pcp, down \$2.0m - turnaround in FY19

technologyone

Transforming business, making life simple