



2011 Full Year Results Presentation

Ending September 2011

Adrian Di Marco
Executive Chairman

www.TechnologyOneCorp.com

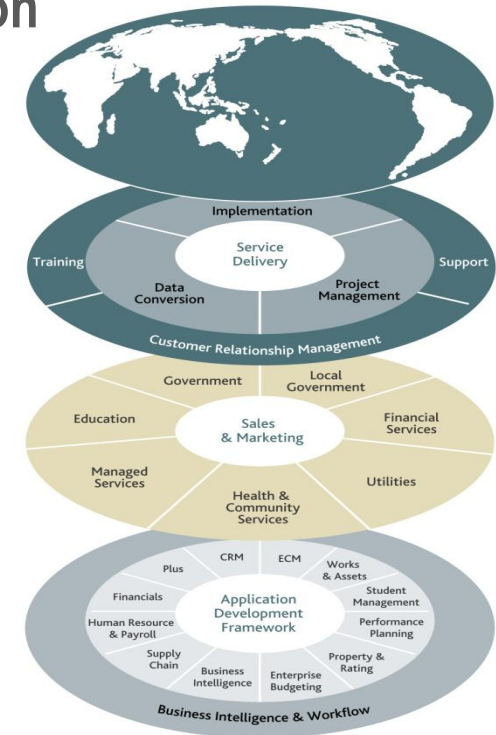
Commercial in confidence Nov 2011 – Final Version



Transforming business, making life simple

TechnologyOne develops, markets, sells, implements and supports a new generation enterprise solution specifically targeted at seven vertical markets:

- Local Government
- Government (State, Central and Federal)
- Education
- Financial Services
- Health, Community Services and Not for Profit
- Utilities
- Managed Services
 - Media/Entertainment
 - Property and Construction
 - Mining and Exploration



Our enterprise solution consists of the following products:

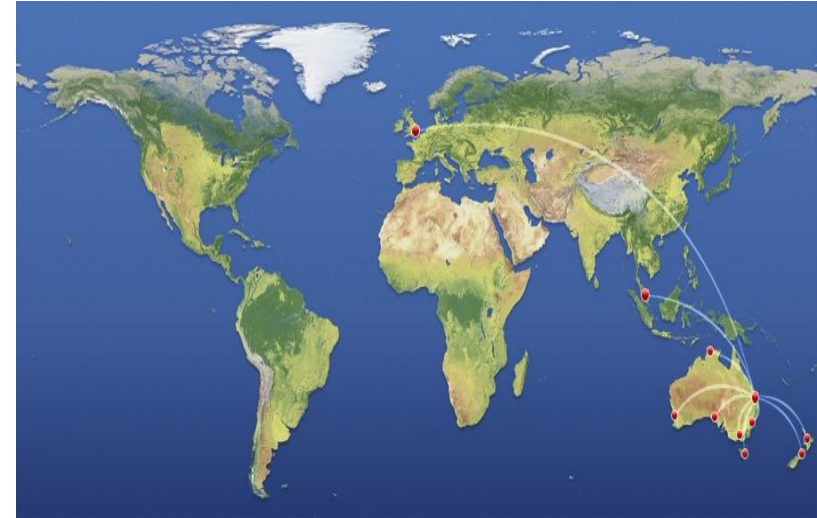
- TechnologyOne Financials
- TechnologyOne Asset Management
- TechnologyOne Supply Chain
- TechnologyOne Human Resource & Payroll
- TechnologyOne Corporate Performance Management
 - TechnologyOne Business Intelligence
 - TechnologyOne Budgeting & Forecasting
 - TechnologyOne Performance Planning
- TechnologyOne Enterprise Content Management (ECM)
- TechnologyOne Customer Relationship Management (CRM)
- TechnologyOne Student Management
- TechnologyOne Property & Rating
- TechnologyOne Mobile Solutions



- One of Australia's largest software houses, specialising in the research, development and commercialisation of software – invest \$32m+ in R&D each year
- A significant area of R&D for us is in Cloud Computing and the delivery of our enterprise suite as a service



- Offices in Australia, New Zealand, Asia and more recently, South Pacific and the United Kingdom (UK)
- Major supplier of enterprise applications in ANZ – 900+ major corporations, government departments and statutory authorities
- Sell 'best practice' preconfigured solutions for our seven vertical markets to reduce time, cost and risk for our customers
- Power of One - One Vision, One Vendor, One Experience

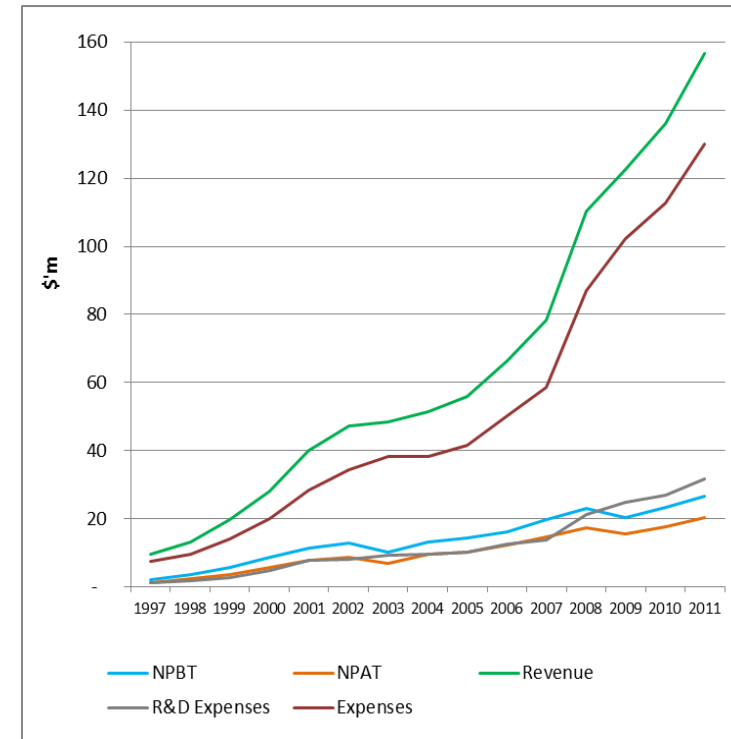


Strong financial track record ...

- Revenue growth* 22% per annum
- Profit growth* 20% per annum
- Dividend growth* 23% per annum
- Debt/Equity 14%
- Cash and Equivalents \$45.4m
- Return on Equity 30%
- Eight consecutive years of record revenues
- Continually paid a dividend since 1996
- Record revenues every year over last 20 years, but 2
- Record profits every year over last 20 years, but 3
- Continually profitable since 1992

*Compound growth per year over 15 years

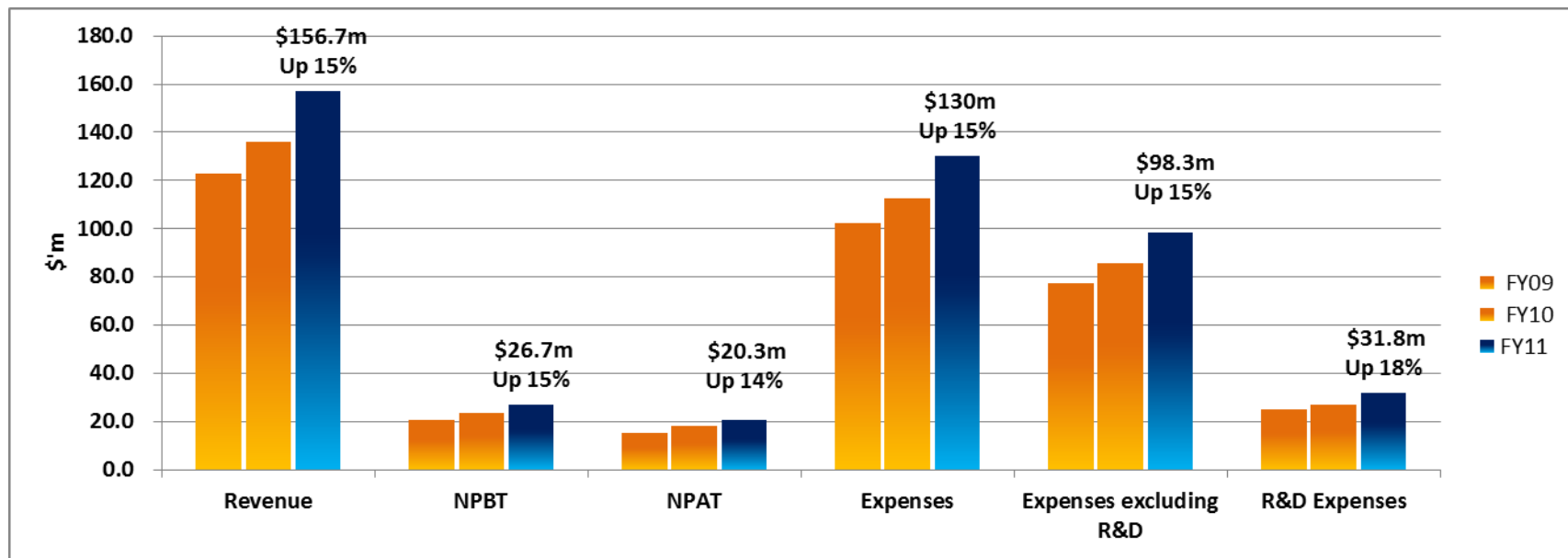
TechnologyOne - doubling in size, every three years over the last 15 years



- Results
 - Significant Achievements
 - Outlook for Full Year
 - Long Term Outlook



2011 Full Year Results

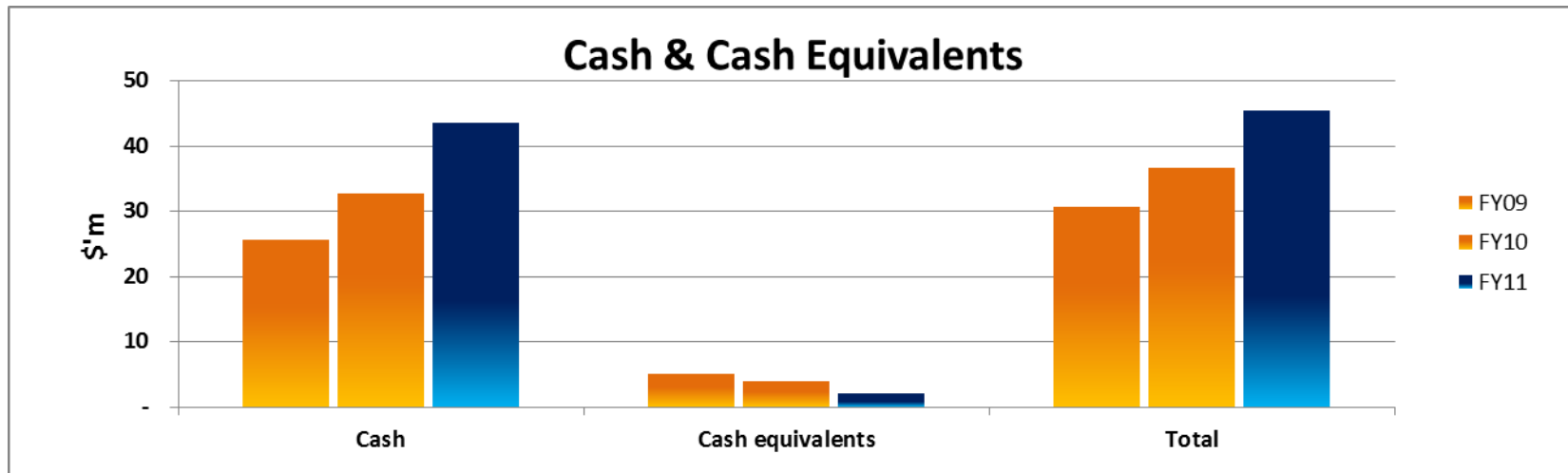


- ✓ **Net Profit Before Tax \$26.7m, up 15%** (up \$3.4m)
- ✓ **Net Profit After Tax \$20.3m, up 14%** (up \$2.5m)
- ✓ **Revenue \$156.7m, up 15%** (up \$20.8m)
- ✓ **Expenses \$130.0m, up 15%** (up \$17.4m)
- ✓ **Expenses excluding R&D \$98.3m, up 15%** (up \$12.6m)
- ✓ **R&D Expenses \$31.8m, up 18%** (up \$4.8m)
 - R&D Expenses as a % of revenue is 20% (vs 20% last year)

Continued significant investments made across the board:

- New Solutions group, which made a loss of \$3.2m
- Increased expenditure in R&D, up 18%. R&D at 20% is higher than our historical average of 18%, which is an additional investment of \$3.6m
- UK which made a loss of \$1.5m
- PNG Consulting Project (USD contract) impacted by depreciating US dollar. Reduced our Profit by \$300k*. Without this Profit Before Tax would have been up 16%+*

*assumes a consistent currency to prior year

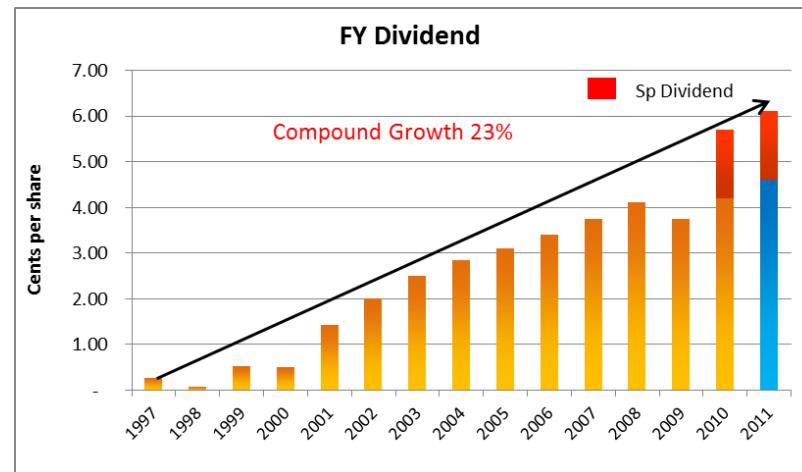


- ✓ Balance sheet strong
 - Cash and Equivalents*: \$45.4m (vs \$36.6m pcp)
 - Bank overdraft facility of \$7m (which is not drawn)
 - Debt/Equity: 14% (vs 4.6% pcp)
 - Net Assets are \$68.4m (vs \$63.4m pcp)
- ✓ Operating Cash Flow positive \$21.2m (vs Profit After Tax of \$20.3m)
- ✓ Interest Cover is 50 times
- ✓ Transparency of results – all R&D fully expensed

*Includes short term investments of \$1.9m

Dividends for this year

- Half 1 1.46 cps up 10% (paid)
- Half 2 3.16 cps up 10% (proposed)
- **Sub Total** **4.62 cps up 10%**
- Special Dividend 1.50 cps inline (proposed)
- **Total Dividend** **6.12 cps up 7%** (proposed)
- Yield of 6%** fully franked



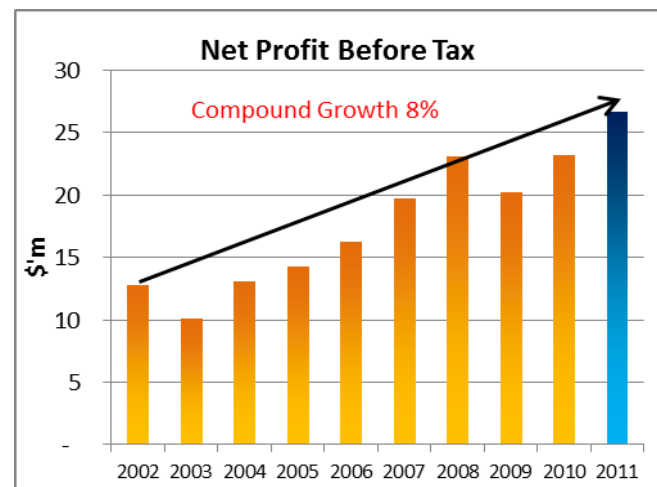
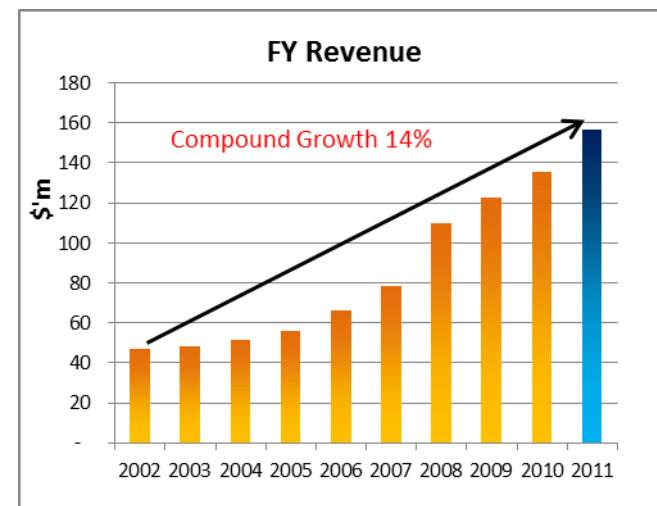
Notes

- We have continuously paid a dividend since 1996 (through Dot-Com and GFC)
- Compound growth in dividends over last 15 years has been 23% per annum
- Board will consider capital management options including share buy backs & special dividends, in future years, if cash reserves remain high, growth continues and there is no other compelling use for the surplus cash

** based on share price of \$1.01 cents

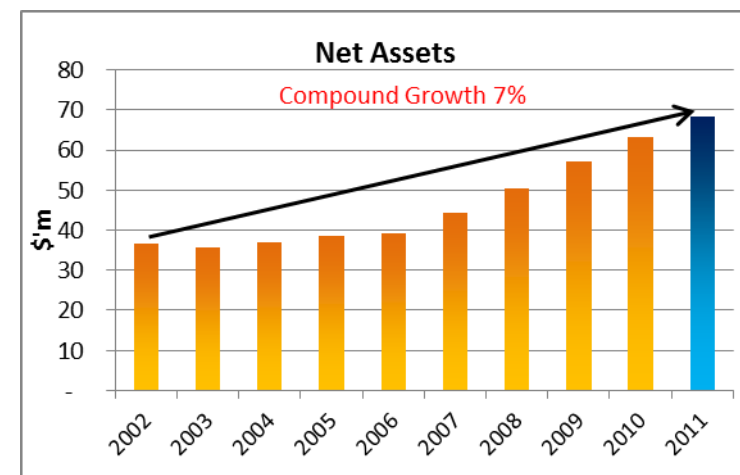
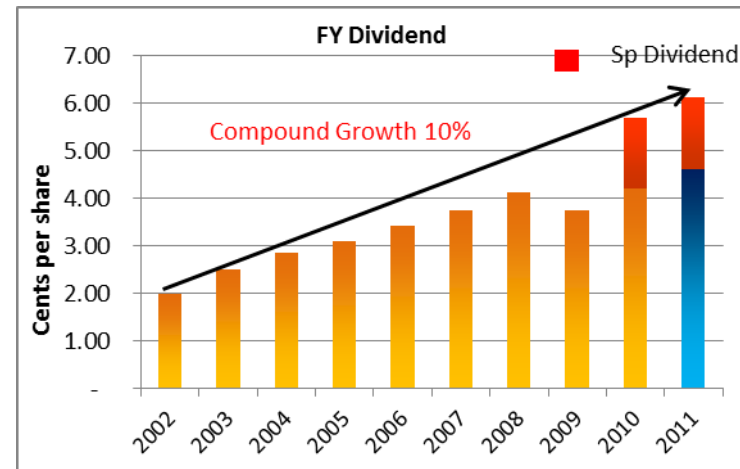
2011 Full Year Results

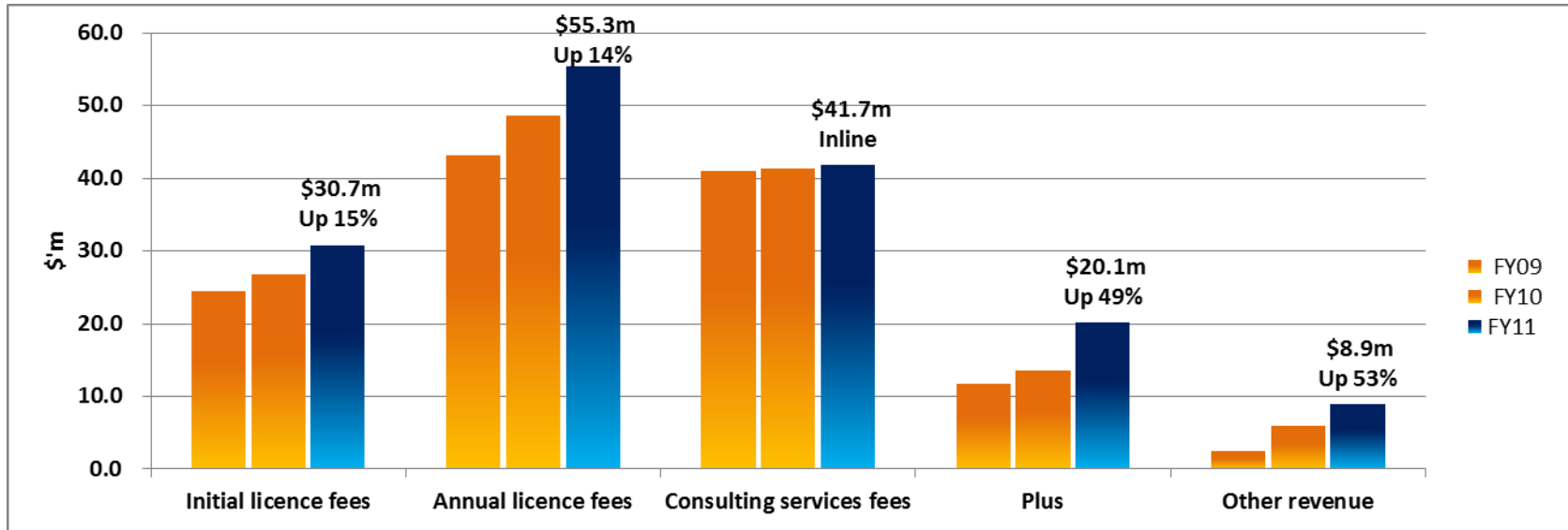
Full Year 2011 v Full Year 2010	2011 \$'000	2010 \$'000	Variance \$'000	%
Revenue excl interest	155,644	134,840	20,804	15%
Expenses (excl R&D, Depn, Forex & Amortisation)	92,926	81,402	11,524	14%
EBITDAR	62,718	53,438	9,031	17%
R&D Expenditure	31,796	26,963	4,833	18%
EBITDA	30,922	26,475	4,447	17%
Depreciation	4,874	3,607	1,267	35%
Amortisation of Intangibles	281	281	0	0%
Forex Expense	82	177	(95)	(54%)
EBIT	25,685	22,410	3,274	15%
Net Interest Income	1,501	872	629	72%
Profit Before Tax	27,186	23,282	3,903	17%
Profit After Tax	20,804	17,813	2,991	17%



2011 Full Year Results

Full Year 2010 v Full Year 2010	2011	2010	Variance	%
EPS cents Reported	6.71	5.93	0.78	13%
DPS cents - standard	4.62	4.20	0.42	10%
DPS cents - special	1.50	1.50		
Dividend Payout Ratio	91%	96%		
EBITDAR Margin	40%	40%		
EBITDA Margin	20%	20%		
Net Profit Before Tax Margin	17%	17%		
Net Profit After Tax Margin	13%	13%		
R&D as Percentage of Total Revenue	20%	20%		
Net Assets	68,370	63,415	4,955	8%
Cash & Cash Equivalents	45,357	36,573	8,784	24%
Net operating cash flows	21,217	31,575	(10,358)	(33%)
Debt/Equity	14%	5%		





Revenue \$156.7m, up 15%

- ✓ Initial licence fees \$30.7m, up 15%
- ✓ Annual licence fees \$55.3m, up 14%
- ❖ Consulting services fees \$41.7m, in line
- ✓ Plus \$20.1m, up 49%
- ✓ Other revenue \$8.9m, up 53%
 - This includes product modifications of \$4.5m

(up \$20.8m)

(up \$4m)

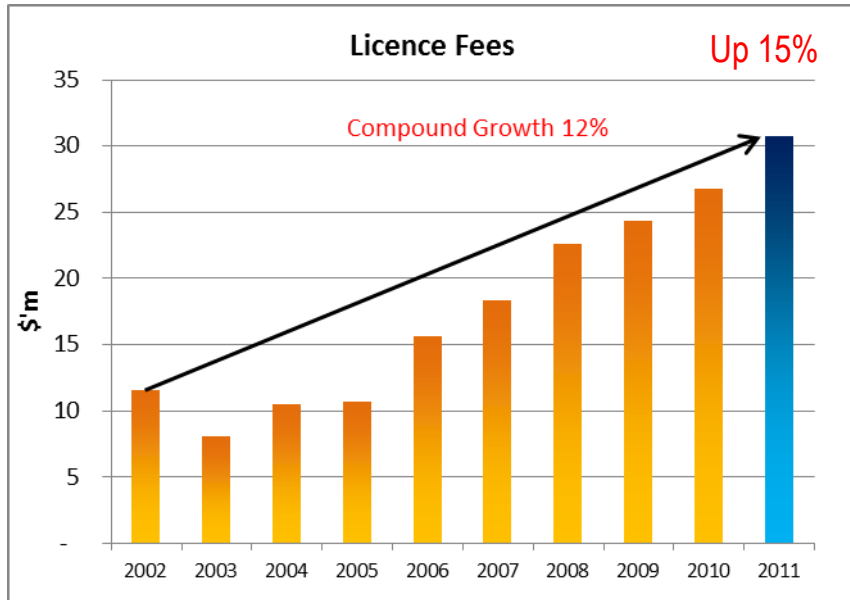
(up \$6.8m)

in line

(up \$6.6m)

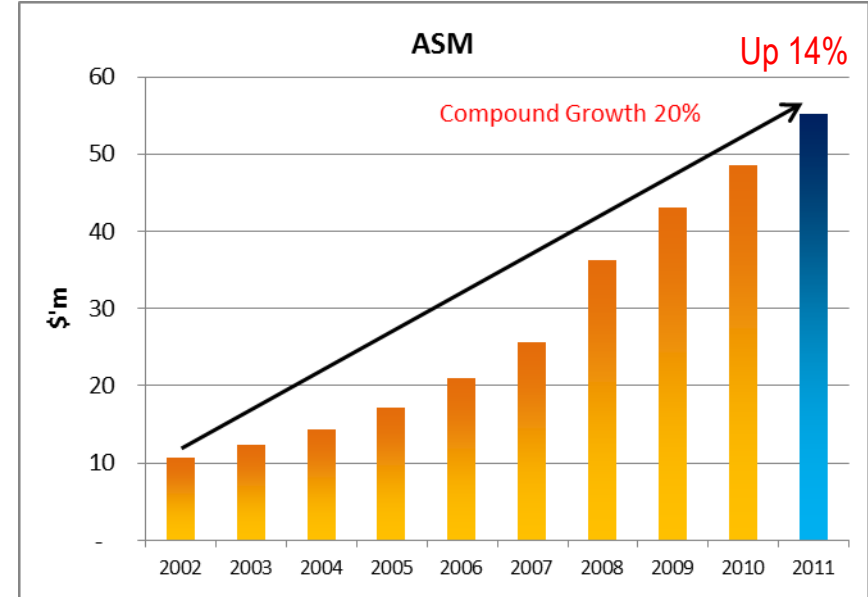
(up \$3.1m)

(up 30% , \$1m+)



Continuing strong demand for our products: 15% increase in licence fees

- Driven by Financials and Supply Chain, Corporate Performance Management, Asset Management, Property & Rating, Customer Relationship Management and Student Management
- Compound growth over the last 10 years has been 12%



Annual licence fees continue to grow strongly: up 14%

- Compound growth over the last 10 years has been 20%

Consulting Services line ball, impacted by:

- New staff and time taken to get them up to speed
- Staff utilisation

Stronger growth in Consulting Services in 2011/2012:

- Driven by continuing licence fee growth
 - Focus on increasing service levels to existing customers by having a dedicated Consulting team for existing customers
 - 'On boarding' new staff quickly and getting them productive – refer TechnologyOne College initiative later
- Review of our Consulting business over next 12 months

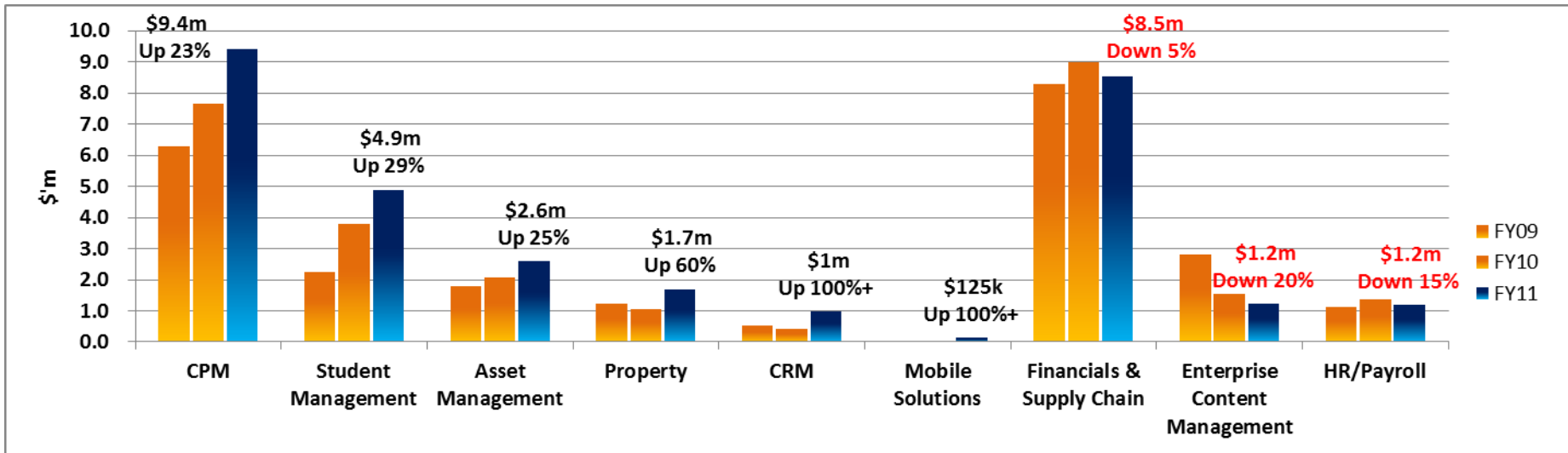


TechnologyOne Plus (up 49%) had a strong result:

- New strategy for Plus to work closely with our product business to provide 'value added services' around our enterprise suite, typically provided by other software companies
- Resulted in a better outcome for our customers as they now can deal with a single supplier for products, implementation services and now the 'value added' services



Licence Fees By Product



Licence fees \$30.7m, up 15%

- CPM licence fees \$9.4m, up 22%
- Student Management licence fees \$4.9m, up 29%
- Asset Management licence fees \$2.6m, up 25%
- Property licence fees \$1.7m, up 60%
- CRM licence fees \$1m, up 100%+
- Mobile Solutions licence fees \$125k, up 100%+
- Financials and Supply Chain licence fees \$8.5m, down 6%
- Enterprise Content Management licence fees \$1.2m, down 21%
- HR & Payroll licence fees \$1.2m, down 15%

(up \$4.0m)

(up \$1.7m)

(up \$1.1m)

(up \$517k)

(up \$639k)

(up \$565k)

(up \$125k)

(down \$499k)

(down \$329k)

(down \$202k)

- Good pipeline of opportunities continue into the new year
- All products are expected to perform strongly next year



- ✓ Results
- Significant Achievements
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 - Long Term Outlook



Significant Achievements

- R&D
 - New Offshore R&D Centre
 - Compelling Customer Experience
 - TechnologyOne Solutions
 - Other Initiatives



R&D investment was 20% of Revenue (\$32m)

- ✓ Financials, Supply Chain, CPM and Student Management continue perform well
- ✓ Continuing investment in new areas, strong in next few years:
 - ✓ New CRM product – gaining traction
 - ✓ Acquired ECM product – gaining traction
 - ✓ Asset Management – gaining traction
 - ✓ HR & Payroll – focus is on Human Resources
 - ✓ Property & Rating – focus on stabilisation on Ci platform
- ✓ Establishment of a new Mobile Solutions Group
 - Focus on apps for iPhone, iPad, smart mobile devices
- ✓ Significant investment into our new Ci² product suite



Ci² is the next generation of our enterprise suite for the Cloud ...

- ✓ Simplified computing model – all applications hosted in the cloud
- ✓ Browser based – no more software installs
- ✓ Pervasive access – anywhere, anytime

These become just ‘appliances’ that simply plug into Ci²



Ci² - the next generation of our enterprise suite for the Cloud ...

- ✓ Simple computing model
- ✓ Native Browser support – Macs, PCs, iPhones, iPads, Android etc.
- ✓ Simple, Easy User Experience
- ✓ Super Fast, 'Instant On'
- Supports an 'external cloud', 'private cloud', 'on premise'
- Massively scalable architecture

Combined with our traditional strengths ...

- ✓ Enterprise vision
- ✓ Depth of our functionality
- ✓ Power of One
- ✓ Solution approach

Winning combination



Significant Achievements

- ✓ R&D
- New Offshore R&D Centre
- Compelling Customer Experience
- TechnologyOne Solutions
- Other Initiatives



New R&D centre in Brisbane up and running with 500+ staff

New offshore R&D centre to handle our future growth

- To contain costs – operating leverage of offshore R&D staff
- ✓ To tap into a new pool of R&D talent outside of Australia
- ✓ To improve support levels to our customers
- ✓ Allow R&D in Brisbane to focus on our new Ci² project

Timeline new offshore R&D centre

- ✓ Research and feasibility study completed – Indonesia selected
- ✓ Negotiations and contracts completed
- ✓ Establishment started July 2011
- Trial and evaluation July 2011 – June 2012

Trial in progress with 30+ people

- Reduces the risk and proves the business case and benefits

Significant Achievements

- ✓ R&D
- ✓ New Offshore R&D Centre
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Customer retention is critical to our future success

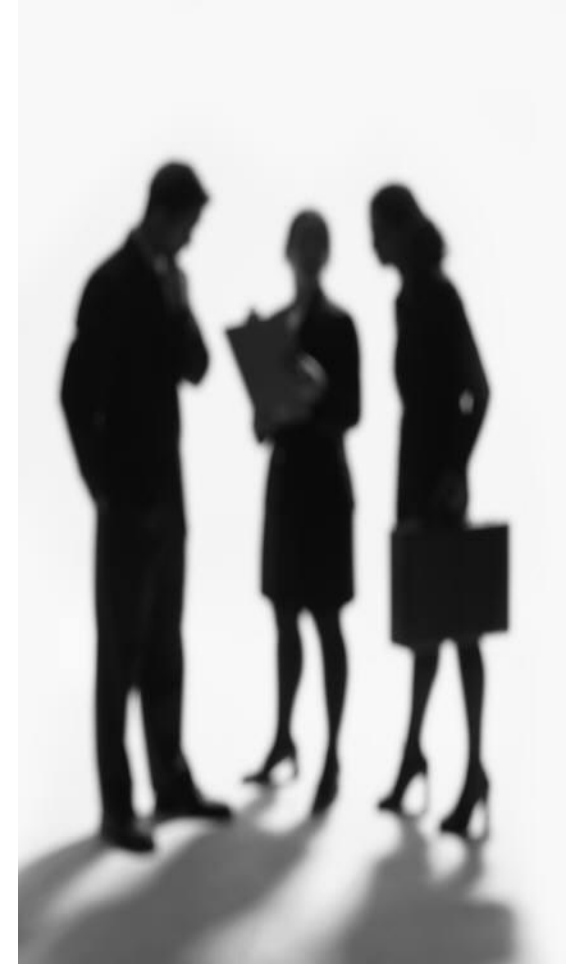
- \$50m+ annual revenue, \$17m+ licence fees, \$18m+ services
- Our focus is to give our customers a compelling customer experience
- Compelling customer service - you will never hear SAP, Oracle and Microsoft talk about this
- Future of ERP is all about customer retention

Status

- ✓ Developed our own Compelling Customer Experience program
- ✓ More than 50 workshops and 800 staff trained throughout Australia
- Re-engineering our business systems and processes around the customer
 - Independent Test Group, Independent Support Centre, Automated Testing, PCSMs etc..
- CCE stage 2 being rolled out in 2011/2012
- CCE stage 3 is under development

Significant Achievements

- ✓ R&D
- ✓ New Offshore R&D Centre
- ✓ Compelling Customer Experience
- TechnologyOne Solutions
- Other Initiatives



- Build, demonstrate, sell and implement a 'best practice, preconfigured out of the box' solution for our key vertical markets
- Change our approach from 'tell us what you want and we will build it' to 'this is best practice and how do you want to change it?'
- Reduce time, effort, cost and risk

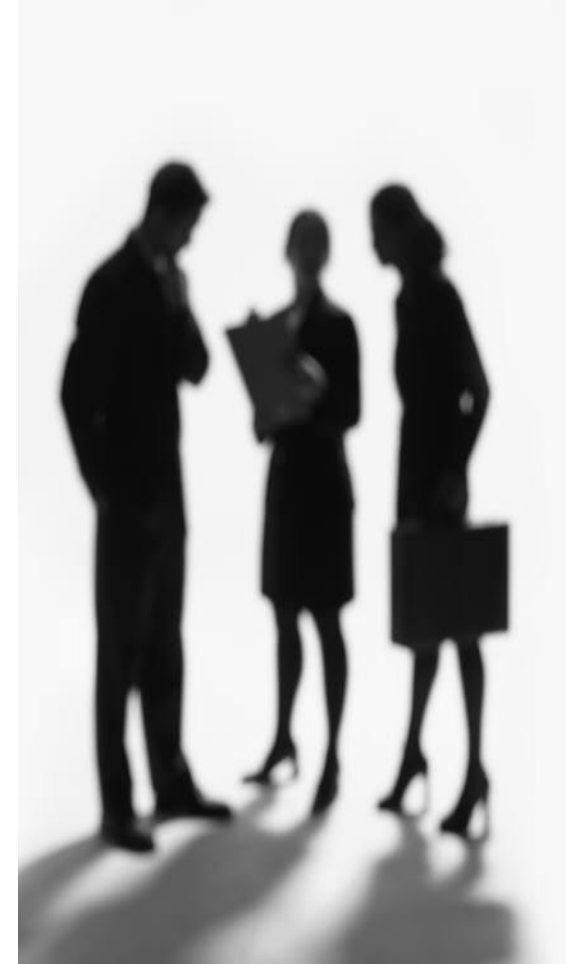


\$5m of licence fees attributable to our Solutions:

- The Disability Trust
- Affordable Community Housing
- Lifehouse
- Anglicare NSW
- Arts SA
- Australian Home Care Services
- Housing Choices Australia
- Mission Australia
- Mercy Health Care
- St George Community Housing
- Multiple Sclerosis Australia
- Devonport City Council (TAS)
- Hepburn Shire Council (VIC)
- Corangamite Shire Council (VIC)
- Inverell Shire Council
- Quilpie Shire Council
- Cassowary Coast Regional Council
- City of Playford
- Richmond Shire Council
- Newcastle Airport
- Port of Newcastle
- Reserve Bank NZ
- Police and Nurses Credit Union
- Land Information New Zealand
- Republic of Nauru
- Department of Health and Human Services (TAS)
- Great Barrier Reef Marine Park
- Wise Management Services (NZ)

Significant Achievements

- ✓ R&D
- ✓ New Offshore R&D Centre
- ✓ Compelling Customer Experience
- ✓ TechnologyOne Solutions
- Other Initiatives
 - Leadership Program
 - TechnologyOne College



- ✓ Results
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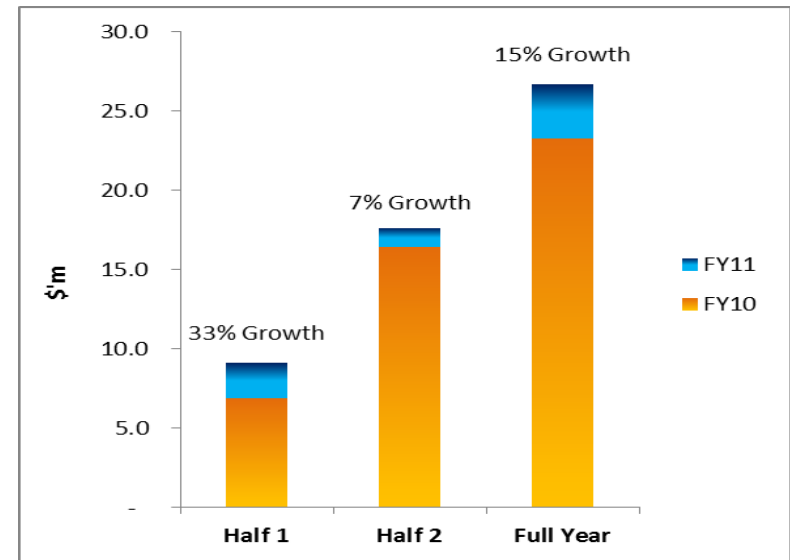
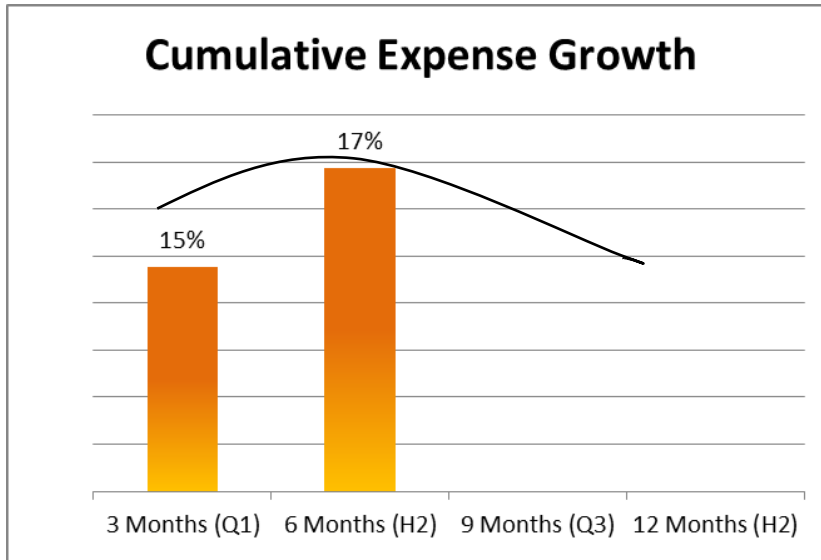


Economic Environment

- The global economic climate remains uncertain, and global events in recent months cloud the outlook. This may impact business confidence in Australia and New Zealand.
- Historically the enterprise software markets has been one of the most resilient sectors of the IT industry in a downturn.
- In particular TechnologyOne markets have been particularly robust: government and government related businesses.
- **Having said this our Pipeline for 2012 remains good for continuing growth**

2012 Half Year will be challenging

- Expense growth in Half 1 of 2012 is high, peaking at 17% up
- Profit growth in Half 1 2011 was abnormally high (up 33%) – this creates a very higher base for us to jump over in Half 1 2012



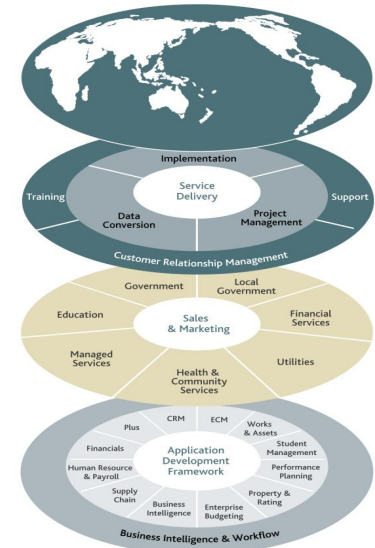
A number of large contracts closed earlier than expected in Half 1 2011. This is not expected to be repeated in Half 1 2012 - large contracts are expected to close in Half 2 2012

2012 Full Year - Profit growth expected to continue in the new financial year

- We expect to see continuing growth in licence fees and revenue
- We will need to carefully monitor and manage the sale cycle for potential contract delays given the uncertain economic climate

Our focus next financial year is ...

- Leverage our broadened & fast maturing product portfolio
- Focus on our seven vertical markets – resilient & strong
- Cross sell into our large existing customer base
- Contain R&D costs

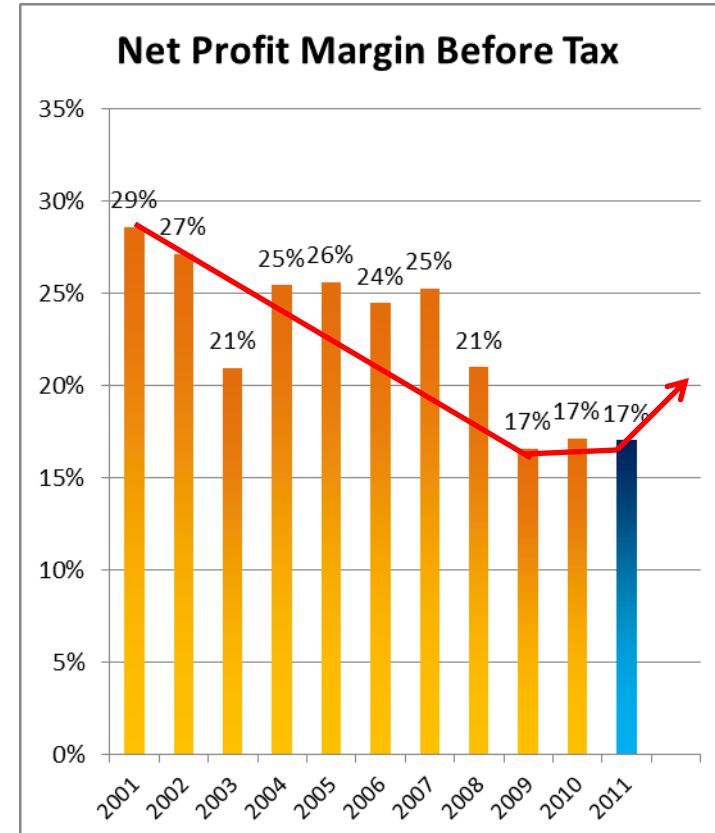


- ✓ Results
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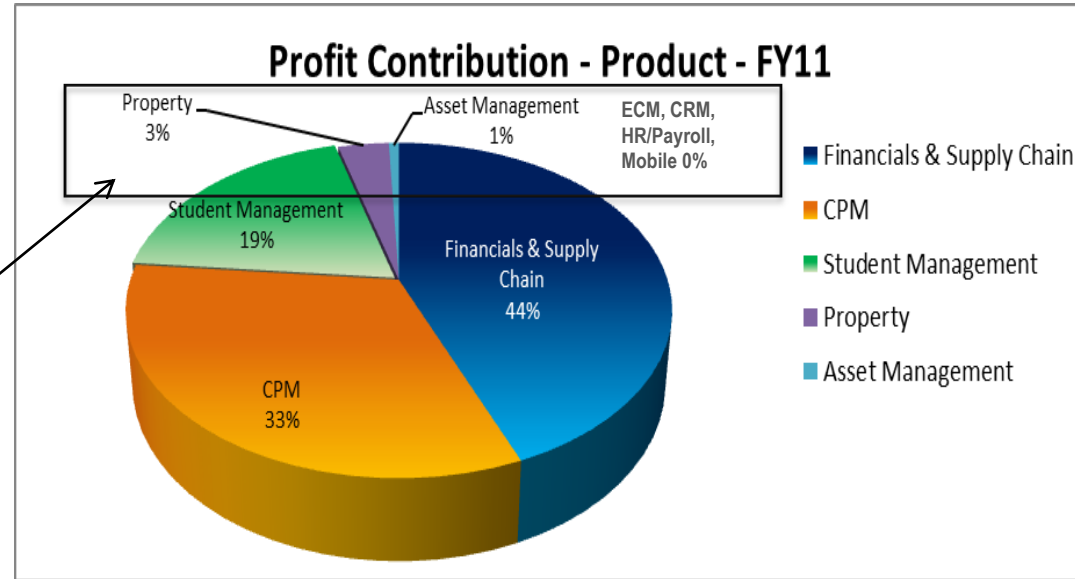
Improved Profit Margin

- Profit margin has contracted over the last 10 years as we have:
 - Expanded our product range
 - Invested in Ci & new R&D centre
 - Extended our management structure
 - Invested in solutions & new markets
 - Invested in the UK
- Profit margin now stabilised
- Focus is to substantially improve margins over next five years



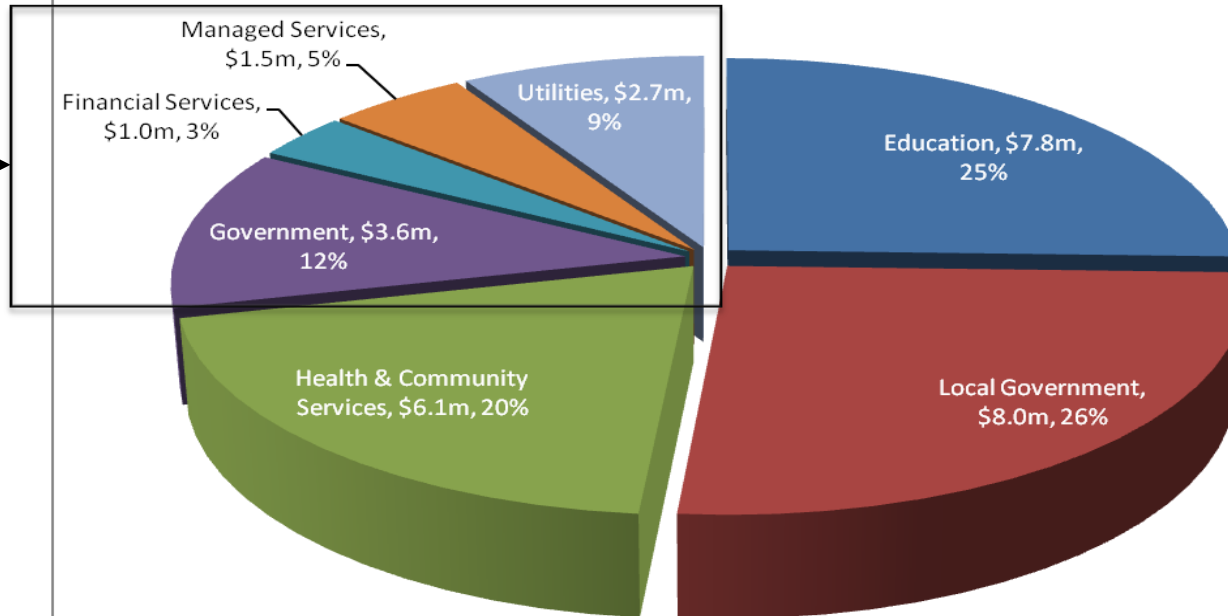
Improved Product Contribution

- Opportunity to substantially grow the contribution to profit by these products over the next five years:
 - Asset Management
 - ECM
 - HR & Payroll
 - CRM
 - Mobile Solutions
 - Property & Rating

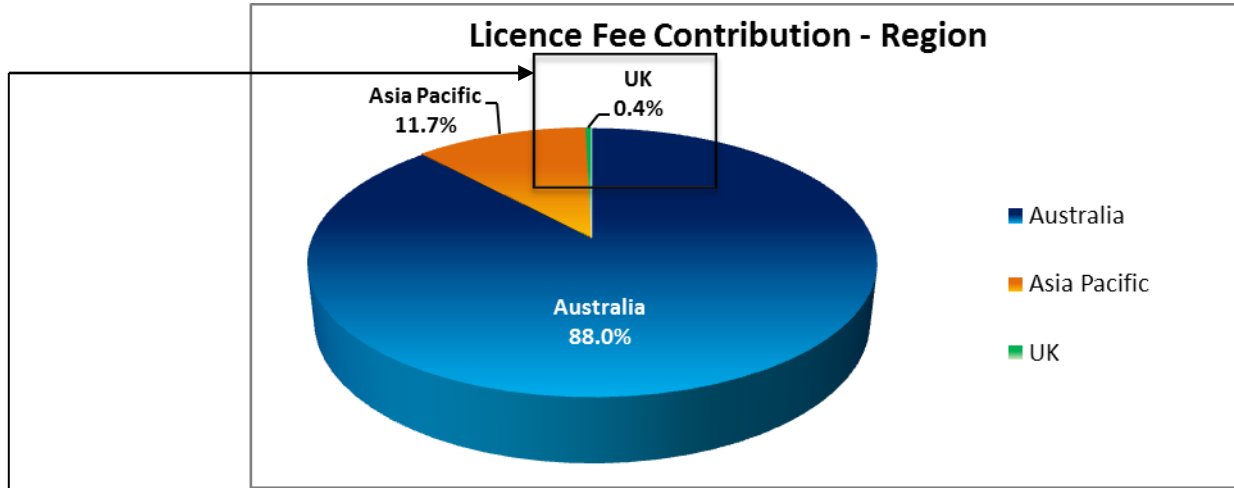


77% Profit Contribution from Financials/CPM

Licence Fee Contribution - Vertical Market



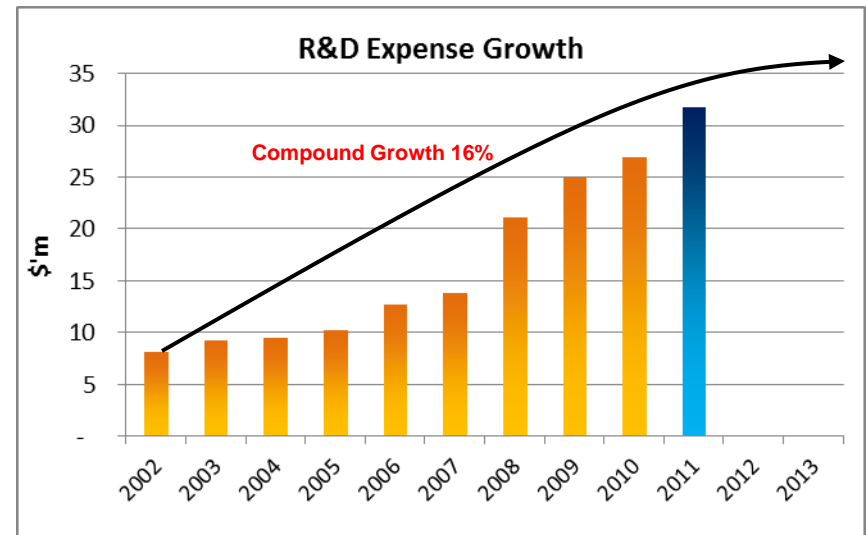
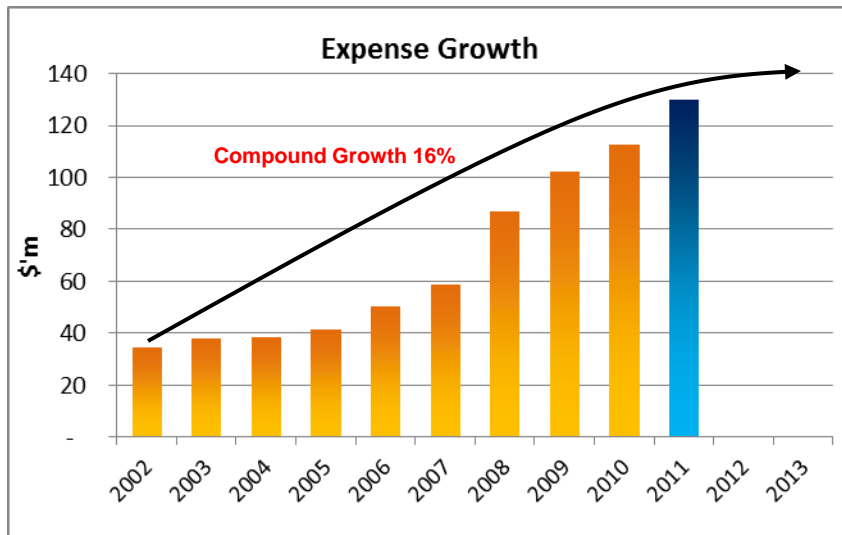
Future Growth: Government, Financial Services, Managed Services & Utilities



UK has significant potential growth for us in future years

- We need to get through the economic cycle in the UK

Control of costs, and leveraging Offshore R&D



Completed

- ✓ Power of One – unique approach to build, market, sell, implement and support our products
- ✓ Enterprise Suite – one of a few companies globally with an enterprise solution
- ✓ Aggressive R&D program – expand our product range (20%+ of revenue)
- ✓ Connected Intelligence – our new generation enterprise solution
- ✓ Vertical markets focus – focus on seven key markets and our deep industry knowledge
- ✓ Acquisitions – expand our product range and our customer base
- ✓ Our large customer base – opportunities to cross sell our expanding product range



In Progress

- ✓ Pipeline of products – at various stages of maturity, which we will continue to harvest in future years, as immature products move from loss making to profitability
- ✓ Geographical expansion – United Kingdom has significant longer term growth
- ✓ Preconfigured Solutions – reduce time, effort, risk and increase penetration in our markets
- ✓ Our Compelling Customer Experience program
- ✓ New offshore R&D centre – provide access to additional talent and operating leverage
- ✓ TechnologyOne Cloud Computing – position us as a continuing leader in innovation and technology
- ✓ Improving profit margin





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technologyone

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