



technologyone
business software solutions

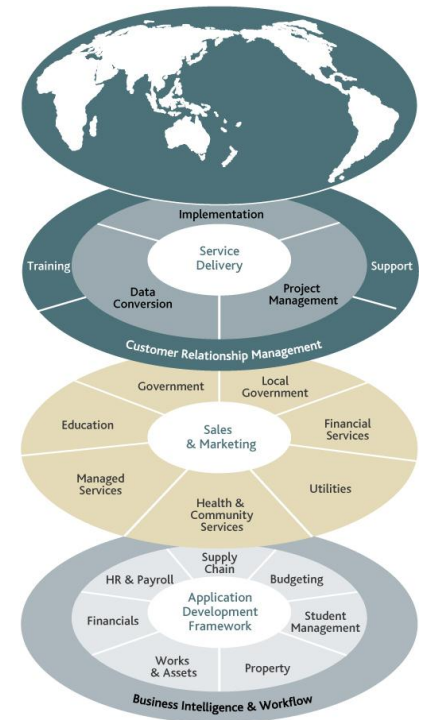
Full Year Results Presentation To June 2007

TechnologyOne Evolve

Adrian Di Marco
Executive Chairman

September 2007
www.TechnologyOneCorp.com
Private and Confidential

- TechnologyOne develops, markets, sells, implements and supports a broad range of enterprise applications & services:
 - TechnologyOne Financials
 - TechnologyOne Supply Chain
 - TechnologyOne HR & Payroll
 - TechnologyOne Works & Assets
 - TechnologyOne Business Intelligence
 - TechnologyOne Student Management
 - TechnologyOne Property & Rating
 - TechnologyOne Plus
- Presence in Australia, New Zealand, Asia and more recently United Kingdom
- Major supplier of enterprise applications in ANZ – 600 major customers
- One of Australia's largest publicly listed software companies



- 2007 Full Year Results
 - Summary
 - Analysis
- Significant Achievements Last 12 Months
- Outlook
- Our Strategy for Growth

- Record Revenue \$78.4m, up 18% (\$11.9m)
- Record Profit Before Tax \$19.8m, up 22% (\$3.5m)
- Profit After Tax \$14.8m, up 20%* (\$2.5m)
 - Expect continuing lower tax rate for 12 to 24 months (25.2%)
- Expenses excluding R&D \$44.8m, up 19% (\$7.2m)
- Company continued to invest in its future
 - R&D \$13.8m, up 9% (\$1.2m) - represents 18% of Revenue
 - R&D fully expensed as incurred
 - Extended senior & executive management team
 - New 'House of Products' initiative

*NPAT increase lower than NPBT because of the 'one off' tax benefit from the move to Tax Consolidation last year

- Operating Cash Flow of \$17.7m (vs \$14.8m NPAT)
- Balance sheet strong
 - Cash & Equivalents*: \$28.8m (vs \$22.3m 30/06/07)
 - Debt/Equity: 4% (vs 3% last year)
- Return on Equity 35%
 - Return on Equity (adjusted for non working capital) 66%
- Transparency of results – all R&D fully expensed
- Dividend increased to 3.75 cents (full year) up 10%
 - Seventh consecutive year of increasing dividend
 - Board target payout for full year is 75%

**Cash includes short term investments*

2007 Full Year Results

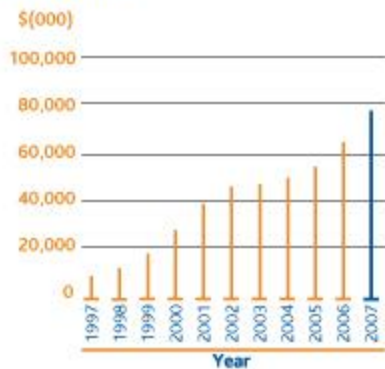
The Power of **One**

Full Yr 2007 v Full Yr 2006	Full Yr 2007 \$000	Full Yr 2006 \$000	Variance \$000	%
Revenue (pre 3rd party costs & excl interest)	77,054	65,242	11,812	18%
Expenses (excl R&D, Depn, Forex & Amort)	43,277	36,364	6,913	19%
EBITDAR	33,777	28,878	4,899	17%
R&D Expenditure	13,837	12,675	1,162	9%
EBITDA	19,940	16,203	3,737	23%
Depreciation & Amortisation	1,375	1,114	261	23%
Amortisation of Intangibles	28	28	0	0%
FOREX	78	47	31	66%
EBIT	18,459	15,014	3,445	23%
Net Interest Income	1,313	1,243	70	6%
Profit Before Tax	19,772	16,257	3,515	22%
Profit After Tax	14,781	12,314	2,467	20%
EPS cents Reported	4.97	4.12	0.85	21%
Dps cents standard	3.75	3.41	0.34	10%
Return on equity (ROE)	35%	32%		
Net Assets	44,312	39,256	5,056	13%
Cash and Cash Equivalents	28,809	22,279	6,530	29%
Net operating cash flows	17,715	8,613	9,102	106%
Debt/Equity	4%	3%		
EBITDA Margin (Total Revenue)	25%	24%		
Net Profit Before Tax Margin (Total Revenue)	25%	24%		
R&D as Percentage of Total Revenue	18%	19%		

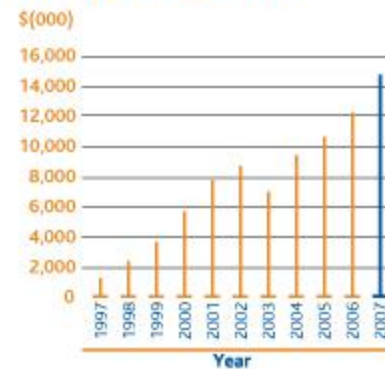
Historical 10 year annual compound growth is as follows*:

- Revenue: 23% per annum compound
- R&D: 22% per annum compound
- Net Profit: 27% per annum compound

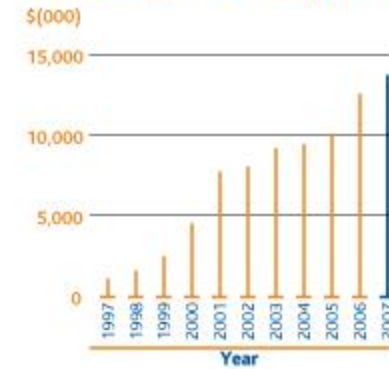
Revenue



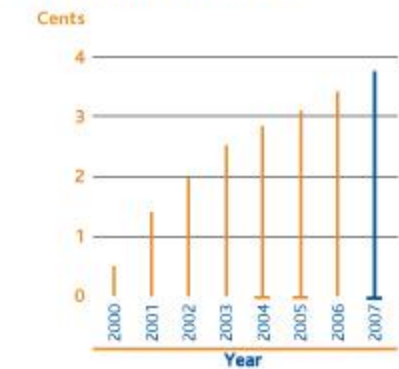
Net Profit After Tax



Research and Development



Dividend Per Share



- Total licence fees - \$18.3m, up 18% (\$2.7m)
 - Initial licence fees - New customers of \$14.4m, up 12% (\$1.6m)
 - Initial licence fees - Existing customers of \$3.9m, up 42% (\$1.1m)
- Annual licence fees of \$25.6m, up 21% (\$4.5m)
- Consulting services of \$22.5m, up 25% (\$4.4m)
- Project Services/Integrate One revenue of \$8.2m, line ball last year
- Approx 50% of our revenues generated from existing clients

- North West region continued strong performance, profit contribution up 28% (up \$755k)
- Central region turned around, profit contribution up 29% (up \$683k)
 - 3 new state managers appointed
- UK loss of \$1.3m as expected
 - An increase loss of \$755k, up 151% to last year
- Asia Pacific region performed below expectations, profit contribution down 61% (down \$859k)
 - Malaysia contributed loss of \$358k
 - New management team & new strategy of working with partners
 - New Zealand profit contribution down 63% (\$824k)
 - Refocus team & restructure in progress
 - Pacific Region profit contribution down 79% (\$900k)
 - 'Boom/Bust' region - abnormal PNG whole of government last year

- Strong result because:
 - Continuing strong demand for our products (18% increase in Initial Licences - New & Existing)
 - Strong performance from North West region & Central region
 - Continued strong investment in R&D at 18% of Revenue fully expensed
 - Good pipeline of emerging new products: Business Intelligence, Works & Assets, CRM
 - Continued investments as follows:
 - HR & Payroll (R&D loss of \$1.1m), Supply Chain (R&D loss of \$806k) – key products in the future
 - UK contributed loss of \$1.2m – important strategic market
 - New Zealand performed below expectations – expect improvement
 - Extended our senior management & executive teams

- Demonstrates the strength and diversity of our business
 - Geographical diversity – North West, Central, Asia Pacific, Asia and in future UK
 - Market diversity – Local Government, State and Federal Government, Financial Services, Higher Education, Health and Community Services, Utilities, Managed Services
 - Product diversity – Financials, Supply Chain, HR & Payroll, Works & Assets, Business Intelligence, Student Management, Property & Rating

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- **Significant Achievements Last 12 Months**
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Significant Achievements Last 12 Months

The Power of **One**

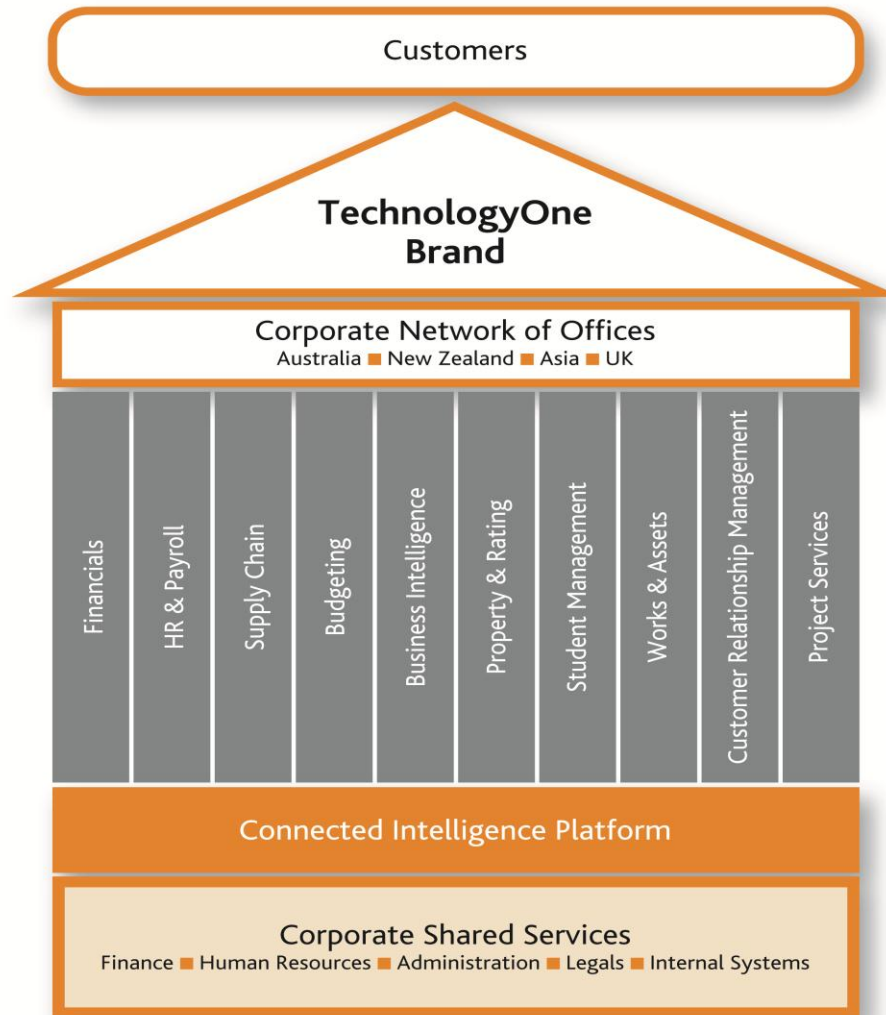
- New 'House of Products' business transformation
- Momentum of the Ci series
- Executive Team expanded
- United Kingdom
- R&D
- Developing Services Business
- New Systems & Processes
- Change of Financial Year

- Capitalise on our pipeline of products created over recent years:
 - Financials (well established)
 - Student Management (well established)
 - Property & Rating (well established)
 - Business Intelligence (developing)
 - Works & Assets (developing)
 - HR & Payroll (developing)
 - Supply Chain/Retail (developing)
 - Customer Relationship (under development)
- Only a few products currently driving the company's sales
 - Financials, Student Management and Property & Rating
 - Significant opportunity going forward

- Challenges
 - Round out each product to make 'best in class'
 - Become 'customer centric' by product
 - Move from intensive 'R&D' to marketing, sales and distribution
 - Increase substantially the profit contribution from each product
 - Capitalise on our extensive and growing customer base
 - Add 'more value' to our existing customers
 - Position ourselves to bring more products 'on line'
 - More scalable business model
- Solution is 'House of Products' transformation

'House of Products'

The Power of **One**



- Creation of separate 'product lines' driven as individual business units
 - Dedicated to 'market leadership' in functionality and service for each product
 - Dedicated product/industry specialists by product
- General Managers for each product line to drive them to be 'best in class'
 - Integrated strategy of R&D, Marketing, Sales, Implementation and Support
 - 5 Year Business Strategy developed for each product
 - Long term product roadmaps developed, in conjunction with our customers and industry groups
 - Specific KPIs and targets by product

- Substantial restructure & re-alignment of the company
- Significant Change Management issues
 - Over the last 6 months
 - Continuing for the next 12 months
- Significant impact on all our systems & business processes
- Senior management team expanded with appointment of General Managers to run each business:
 - GM Student Management (appointed previously)
 - GM Property & Rating (new appointment)
 - GM HR & Payroll (new appointment)
 - GM Financials (new appointment)

- Future focus will see General Managers appointed:
 - Works & Assets
 - Business Intelligence
 - Supply Chain
 - CRM
- Provides us with a powerful 'model' to undertake strategic acquisitions that will deliver significant revenue growth
 - Performance Planning
 - Library Systems
 - Document Management
 - Etc...

- Connected Intelligence (Ci) is the new generation of our suite of products
- Significant competitive advantage over our competitors
- Migration of existing customer to Ci accelerating
 - 600 customers in total
 - 300 Customers now committed to Ci
 - 280 live
 - Expect 98% of customers to migrate to Ci
- Allow us to offer our customers more products & services over the next few years
- Expect continuing strong increase in revenue from existing customers

- Executive Team expanded – Operating Officers (OO) as follows:
 - OO Sales/Marketing (existing)
 - OO Consulting (existing)
 - OO R&D (new appointment)
- Operating Officer role:
 - Ensure consistency across products
 - Drive 'best practice' for their respective disciplines
 - Ensure KPIs by product are met for their area of responsibility
 - Risk management by discipline (Sales, Consulting, R&D)
 - General Managers report to the Executive Team (ie Operating Officers)
- Next: OO Corporate Services to drive our Corporate Shared Services group:
 - Accounts, HR, Payroll, Internal Systems, Legals, Administration
 - Drive our significant investment in new systems & process over the next 3 years

- Geographical expansion continued to gain momentum
- Feedback continues to be very positive
- First sites lives in the UK are now strong references:
 - Allco Management UK
 - Bravura Solutions UK
 - Hereford, Worcester Fire & Rescue
- New strategic win : Institute of Education (IOE)
- Good pipeline developing
- Ambitious target to breakeven in 2008 financial year
 - One year earlier than expected

- R&D at 18% of revenue, fully expensed
 - Up 9% to \$13.8m, and increase of \$1.2m
- Connected Intelligence remains main focus
 - Migration of remaining products to Ci platform to be completed by June 2009
- Strategic initiatives on track
 - New Business Intelligence product now available
 - Proof of concept for new Customer Relationship Management (CRM) completed & progressing to next stage
 - Accelerated development of our Works & Assets product
 - Accelerated development of our HR & Payroll product
 - Early stage research on our next generation platform (after Ci) “NextGen”

- Focus on developing 'add on modules' to all our existing products
- Customers looking to expand their relationship with us
 - Programs/Promotions for existing customers
 - Increase our penetration into our customer base
 - Increase licence fees from existing customers

- Developing a services business based on:
 - Project Services business
 - Integrate One business
- New general manager appointed 18 months ago
 - New strategy & focus
 - New name: TechnologyOne Plus
 - Sales team increased
- Pipeline of opportunities emerging
- Early days

- New systems & business processes to meet the challenge of:
 - Strong & continuing growth
 - International expansion
 - New 'House of Products' Business Model
 - Acquisitions – integration using our Corporate Shared Services
- Objective: streamline, automate, control our business & create greater efficiencies as we grow

- Systems & business processes to be upgraded include:
 - Annual Support Renewals (90% complete)
 - Time Billing (90% complete)
 - 'House of Products' Management Reporting (80% complete)
 - Profit Forecasting (80% complete)
 - Utilisation Management (80% complete)
 - Customer Relationship Management (in progress)
 - Sales Pipeline Management (in progress)
 - Quotations & Sales Order Processing
 - Debtors & Accrued Receivables Management
 - Project Management
 - Customer Support
 - eLeave
 - Staff Performance Management

- Current year end: June 30th
- New year end: September 30th
- Transition period: July 1 2007 to September 30th 2007
 - 3 Months for transition purposes only
 - Not meaningful period to draw any conclusions
- First full year: October 1 2007 to September 30th 2008
 - Expected comparatives will be to the last full financial year
 - Comparative: Period July 1st 2006 to June 30th 2007
- First half year: October 1 2007 to March 31st 2008
 - Expected comparatives will be to the last half financial year
 - Comparative: Period July 1st 2006 to December 31st 2006

- Reasons for change
- Government is a major part of our business
- Tendencies for deals to close around December & June, which leads to significant licence fee revenues in Nov/Dec and May/June
- New AIFRS requires contract signed by both parties before period end
- New Financial Year significantly reduces this problem

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- Higher Education/Student Management
 - Consolidation progressing quickly
 - TechnologyOne solution well regarded
 - Tier one universities selecting our solution
 - Strong pipeline of opportunities over the next 3+ years in Australia
 - Investigating overseas markets: UK & USA

- Local Government
 - Consolidation inevitable in the next few years
 - Well positioned: Ci series, 'One System' initiative, new Works & Assets
 - New 'House of Products' Model brings the focus for our success
 - Amalgamation of Councils positive for us
 - Strong pipeline of opportunities appearing in the next few years

■ Financials

- Enterprise market confusion continues delaying replacement cycle
- Opportunities continue to emerge in 'tier one' space
- Good pipeline of opportunities going forward for new customers
- Existing customers licences to increase
 - Migration to Ci platform is a key driver for improved sales to existing customers
 - Existing Customers looking to buy more products & services from us

■ Business Intelligence (BI)

- Customers looking for an integrated solution 'out of the box'
- New product for TechnologyOne
- Compelling business proposition for our existing customers
- Strong demand in our existing customer base
- Medium term – 'best of class' solution as a business driver

- **Works & Assets**
 - Customers looking for an integrated solution ‘out of the box’
 - New product for TechnologyOne
 - Compelling business proposition for our existing customers
 - Strong demand in our existing customer base
 - Medium term – ‘best of class’ solution as a business driver
- **HR & Payroll**
 - Highly fragmented market – many ‘old legacy’ systems
 - Consolidation inevitable in the next few years
 - Move from ‘best of breed’ to ‘enterprise solutions’
 - Well positioned: Ci series, ‘One System’ initiative
 - New ‘House of Products’ Model brings the focus for our success
 - Need to ‘round out’ the product over next 2 years to capitalise on this market
 - Strong pipeline of opportunities to appear in the future
- **CRM**
 - Under development – early days
 - Substantial market potential in a few years time

- Australia & New Zealand
 - Conditions remain good
- United Kingdom
 - United Kingdom 3+ times size of Australian market, with substantial opportunities
 - First product is Financials – same competitors as Australia
 - Gaining momentum
- Asia
 - Challenge: our focus is Malaysia which is a small challenging market

- Continuing strong growth:
 - Continuing strong performance from Student Management
 - Growth from:
 - Financials
 - Property & Rating
 - Business Intelligence
 - Works & Assets
 - Existing customers – new licence fees & services as they migrate to the Ci platform
 - Continuing strong performance in Northern Region
 - Continuing improvement in NSW, VIC & ACT
 - Breakeven in the UK, profitable the following year
 - Breakeven in Asia
 - R&D target set as 18% of revenue in 2008
 - HR & Payroll remains unprofitable; contribute to profitability in 2010 year
 - Supply Chain remains unprofitable; contribute to profitability in 2010 year

- Board Budget for 2007/2008 (after 3 month transition period):
 - Profit growth of 15% to 20%
 - Dividend increase of 10%
- Manage costs in line with revenue growth
 - Staff costs
 - Continued expansion of senior management & executive team
 - New systems to handle scaling of our business
 - Manage investment in new geographies
 - Manage investment in 'Ci' series of product

- Complete the 'House of Products' business transformation
- Continue the successful migration of all our customers to our new Ci platform
- Complete the Ci redevelopment of all our products
 - Property & Rating
 - Student Management
 - Supply Chain
- Continue to drive our Student Management product into the market
- Continue to drive our Financials product into the market
- Positioning ourselves to be 'last man standing' in the Local Government market
- Positioning ourselves to be 'last man standing' in the HR & Payroll market
- Manage rollout of Works & Assets as a new product into the market
- Manage rollout of Business Intelligence as a new product into the market
- Manage United Kingdom expansion
- Manage our developing services business – TechnologyOne Plus
- Roll out new systems & process to streamline our business
- Managing costs in line with revenue growth
- Staff acquisition and retainment

- Financials
 - Mature market
 - Opportunities in Tier 1 space
 - Opportunities arising from consolidation of the market
 - Overseas expansion will drive sales growth from 2009
- Student Management
 - Continue to dominate in the Australian market
 - Overseas expansion in 2009 – either UK or USA
- Property & Rating
 - Become ‘last man standing’ in Australian/New Zealand market
 - Overseas expansion may be an option in 2009/2010

- Good pipeline of new products with strong earnings profile in Australia:
 - Business Intelligence – increasing from now
 - Works & Assets – increasing from now
 - CRM - in a few years
 - HR & Payroll - in a few years
- United Kingdom – significant market opportunity for many of our products over next 3 years
- Acquisitions
 - New products
 - New geographies

***These slides are now available from our web site:
www.TechnologyOneCorp.com under
the investor relations section.***



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