

27 May 2014

Company Announcements Officer
Australian Securities Exchange Limited
Exchange Centre, 20 Bridge Street,
Sydney NSW 2000

**BY ELECTRONIC LODGEMENT
TECHNOLOGY ONE LIMITED – HALF YEAR RESULTS PRESENTATION**

Please find attached a copy of the Executive Chairman's presentation for the Half Year Results for the half year ended 31 March 2014.

Yours faithfully,



Rodney Hooper
General Counsel and Company Secretary

2014 Half Year Results Presentation

Ending March 31st 2014

Adrian Di Marco

Adrian_Dimarco@TechnologyOneCorp.com

*FINAL May 2014

Commercial in confidence

TechnologyOneCorp.com



TechnologyOne Half Year

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Technology One Ltd Half Year Presentation - 27 May 2014

Technology One Ltd (ASX: TNE) today conducted presentations relating to its 2014 Half Year results.

The attached presentation was made by:

- Mr Adrian Di Marco - Executive Chairman
- Mr Edward Chung - Operating Officer Corporate Services and CFO

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

Transforming business, making life simple

Agenda

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- Results
- Significant Achievements
- Outlook for Full Year

Appendix

- Long Term Outlook
- Technology One Overview



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Results Summary

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	FY14	FY13	Variance %
Revenue	\$87.6 m	\$79.7 m	10%
Initial Licence Fees	\$20.9 m	\$16.9 m	24%
Consulting Fees	\$23.2m	\$22.2m	4%
Annual Licence Fees	\$33.8 m	\$29.9 m	13%
Expenses	\$74.8 m	\$68.9 m	9%
R&D Expenses *	\$18.3m	\$17.2m	6%
Expenses excl R&D	\$56.5m	\$51.7m	9%
Profit			
Profit Before Tax	\$12.8 m	\$10.9 m	17%
Profit After Tax	\$9.9 m	\$8.7 m	14%
Other			
Operating Cash Flow	\$1.9 m	\$11.1 m	(83%)
Cash and Cash Equivalents	\$54.0 m	\$50.3 m	7%
Profit Before Tax Margin	15%	14%	

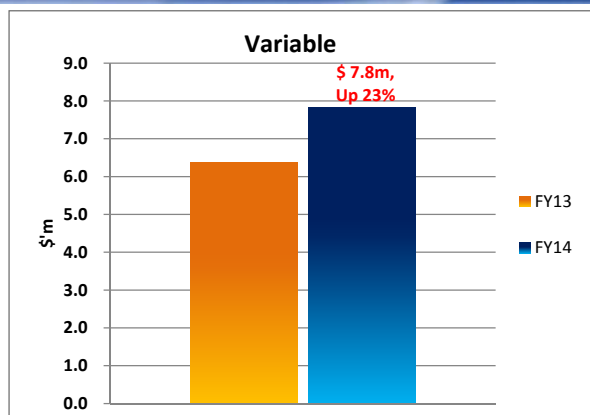
* 21% of revenue v 22% last year

Half year results can not be extrapolated to determine full year results

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Expenses up 9%

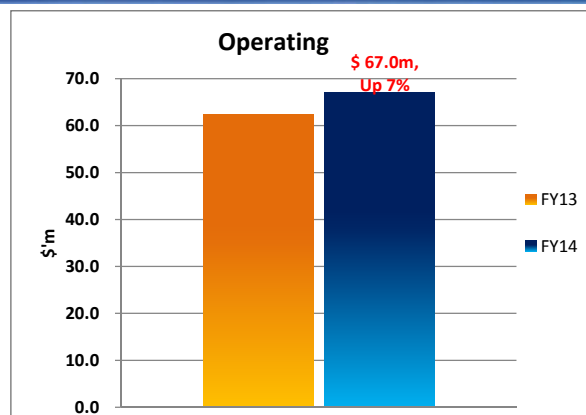
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Variable costs¹ up 23% (vs L/Fees up 24%)

- Cloud costs associated with TechOne Cloud (up 100+%)
- Commissions, third party costs etc associated with increased Licence fees (up 24%)

¹Costs directly associated with revenue growth



Operating costs up 7%

- Evolve costs \$600k
- Onerous Contract provision for office accommodation sublease - \$820k accounted for 3 year rent shortfall
- Excluding these costs, operating costs are up 5%

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Results Highlights

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- Positions us to deliver continuing growth in both revenue and profit for the full year
- Continued significant investments in a number of key areas as follows:
 - R&D into TechnologyOne Cloud
 - R&D into Ci² - Next generation of our Ci suite
 - Preconfigured solutions
 - United Kingdom
- All costs associated with these investments fully expensed as incurred
- These investments will drive growth in future years – discussed later

Highlights

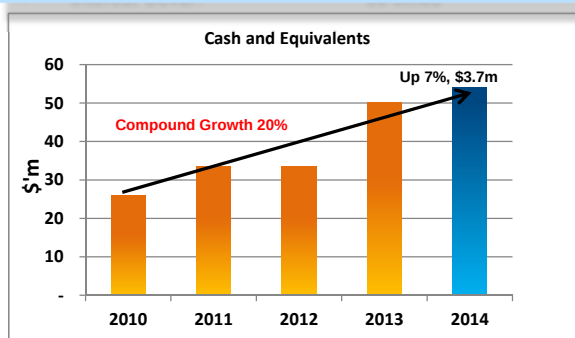
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Balance Sheet

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Strong balance sheet

Cash & Cash Equivalents	\$54.0m	(vs. \$50.3m)
Net Cash*:	16.09c/s	(vs. 14.00c/s)
Debt/Equity:	5.16%	(vs. 8.77%)
Net Assets:	\$86.9m	(vs. \$72.4m)
Interest Cover:	96 times	



*after debt per share

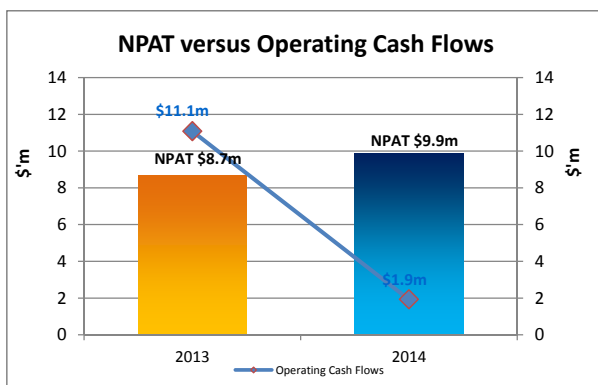
	Mar-14 \$'000	Mar-13 \$'000	Var \$'000	%
Cash & Available-for-sale financial assets	53,997	50,251	3,746	7%
Trade and other receivables	31,899	22,060	9,839	45%
Other current assets	12,454	7,496	4,958	66%
Current assets	98,350	79,807	18,543	23%
Property, plant and equipment	10,160	13,542	(3,382)	(25%)
Intangible assets	15,811	16,064	(253)	(2%)
Other non-current assets	4,236	4,831	(595)	(12%)
Non-current assets	30,207	34,437	(4,230)	(12%)
Total Assets	128,557	114,244	14,313	13%
Trade and other payables	16,067	14,615	1,452	10%
Provisions	10,848	9,684	1,164	12%
Unearned revenue	7,603	7,317	286	4%
Borrowings	4,486	6,355	(1,869)	(29%)
Other liabilities	2,650	3,849	(1,199)	(31%)
Total Liabilities	41,654	41,820	(166)	(0%)
Net Assets	86,903	72,424	14,479	20%
Issues Capital and Reserves	38,929	34,791	4,138	12%
Retained earnings	47,974	37,633	10,341	27%
Equity	86,903	72,424	14,479	20%

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Cash Flow

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Operating Cash Flow \$1.9m, down 83% from \$11.1m Mar13*
Operating Cash Flow \$1.9m (vs NPAT of \$9.9m)



* Significant billings in last 2 months of the quarter, to be collect early in Q3

	Mar-14 \$ '000	Mar-13 \$ '000	Var	%
EBIT	12,015	10,205	1,810	18%
Depreciation & Amortisation	2,394	2,858	(464)	(16%)
Change in working Capital				
(Increase) / Decrease in Debtors	(2,898)	2,596	(5,494)	(212%)
Increase / (Decrease) in Creditors	(3,570)	(1,894)	(1,676)	88%
Increase / (Decrease) in Staff Entitlements	(493)	(190)	(303)	159%
Net Interest Paid	739	523	216	41%
Income Taxes paid	(7,419)	(3,122)	(4,297)	138%
Other	1,158	106	1,052	992%
Operating Cash Flow	1,927	11,081	(9,154)	(83%)
Capital Expenditure	(879)	(855)	(24)	3%
Proceeds from Sale of PP&E and Investments	0	1,200	(1,200)	(100%)
Free Cash Flow	1,048	11,427	(10,379)	(91%)
Dividends Paid	(11,781)	(10,670)	(1,111)	10%
Repayment of finance lease	(855)	(956)	101	(11%)
Proceeds from leasing of PPE	0	0	0	0%
Proceeds from Shares issued	187	462	(275)	(60%)
Increase in Cash & Cash equivalents	(11,400)	262	(11,662)	(4451%)

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Results Analysis

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Half Year 2014 v Half Year 2013	FY14 \$'000	FY13 \$'000	Variance \$'000	%
Revenue excl interest	86,712	78,869	7,843	10%
Expenses (excl R&D, interest, Depn & Amortisation)	53,986	48,588	5,388	11%
EBITDAR	32,726	30,281	2,455	8%
R&D Expenditure	18,318	17,217	1,111	6%
EBITDA	14,408	13,064	1,344	10%
Depreciation	2,267	2,731	(464)	(17%)
Amortisation of Intangibles	127	127	-	-
EBIT	12,014	10,206	1,808	18%
Net Interest Income	740	662	78	12%
Profit Before Tax	12,754	10,868	1,886	17%
Profit After Tax	9,854	8,673	1,181	14%

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Results – Key Metrics

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Half Year 2014 v Half Year 2013	FY14	FY13	Variance %
EPS (cents)	3.20	2.84	13%
Dividends (cents)			
Standard	1.95	1.77	10%
Special	-	-	-
Dividend Payout Ratio	62%	63%	
Key Margin Analysis			
EBITDAR Margin	37%	38%	
EBITDA Margin	17%	17%	
Net Profit Before Tax Margin	15%	14%	
Net Profit After Tax Margin	11%	11%	

Half Year 2014 v Half Year 2013	FY14	FY13	Variance %
ROE			
Return on equity ¹	11%	12%	
Adjusted return on equity ^{2 3}	21%	23%	
Balance Sheet (\$ '000s)			
Net Assets	86,903	72,424	20%
Cash & Cash Equivalents	53,997	50,251	7%
Operating cash flows	1,927	11,081	(83%)
Debt/Equity	5%	9%	
R&D as % of Total Revenue	21%	22%	

¹ROE full year expected to be 30+%

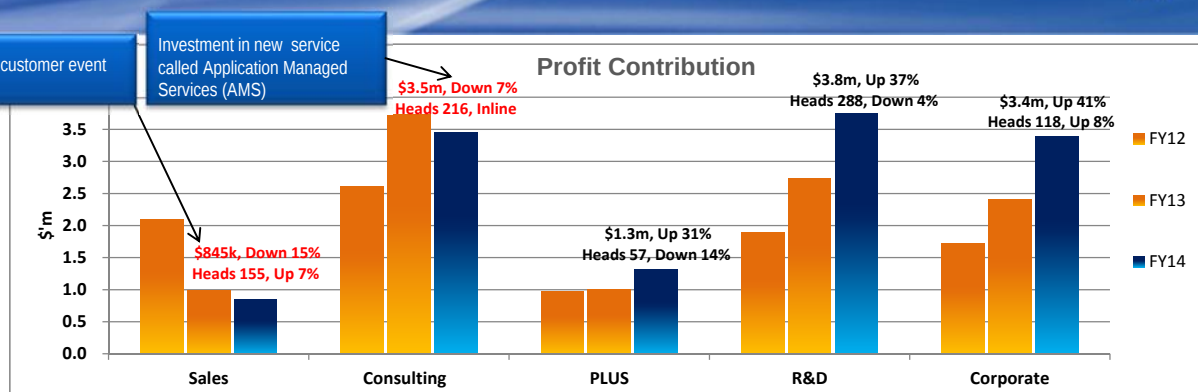
²Adjusted for net cash above required working capital, which was assumed at \$10m

³Adjusted ROE full year expected to be 70+%

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Profit By Segment Analysis

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- Net Profit Before Tax \$12.8m, up 17%
- Sales \$845k, down 15%
- Consulting \$3.5m, down 7%
- PLUS \$1.3m, up 31%
- R&D \$3.8m, up 37%
- Corporate \$3.4m, up 41%

(up \$1.9m)
(down \$146k)
(down \$279k)
(up \$312k)
(up \$1.0m)
(up \$987k)

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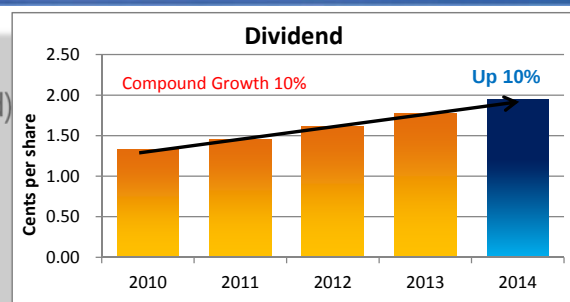
Dividend

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Dividends for this half year

- Half 1 1.95 cps up 10%* (declared, 100% franked)
- Payout ratio of 62%

*Indicative of our confidence for the full year outlook



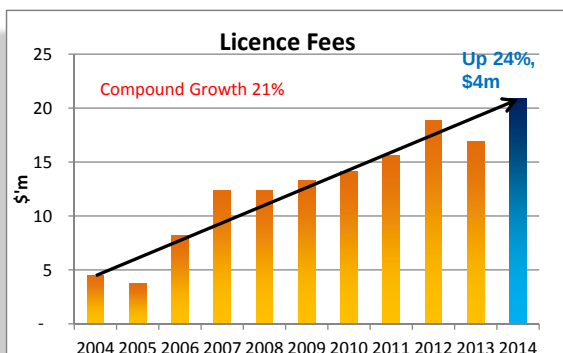
Notes

- We have continuously paid a dividend since 1996 (through Dot-Com and GFC)
- Previously we expected the dividend to be 85% franked over the full year. We now expect it to be 100% franked over the full year.
- 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 also considers other Capital Management initiatives

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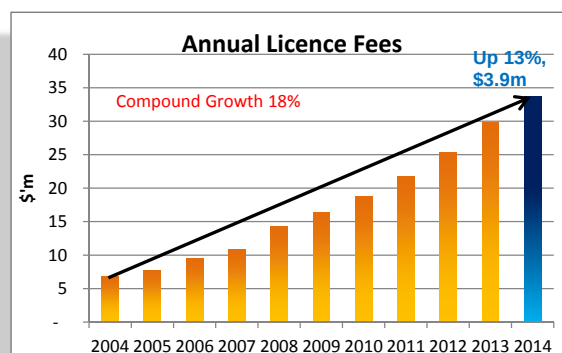
Revenue Streams

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Licence fees up 24%

- Strong indicator of the success of our products
- A number of large contracts closed earlier than expected
- Half year can not be simply extrapolated, for the full year
- Pipeline for second half is also good
- Continued growth in Licences expected in full year



Annual licence fees continue to grow strongly: up 13%

- Compound growth over the last 10 years is 18%
- Customer retention is important
- Our investment in Compelling Customer Experience program and Ci² is critical for the future

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Major New Customers

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Able Australia Services

Auckland University of Technology

Bendigo & Adelaide Bank

Banco Central De Timor-Leste

Bland Shire Council

Central Bank of Belize

Central Bank of Solomon Islands

Central Bank of South Pacific

Dept of Racing, Gaming & Liquor (WA)

Destination Resorts & Hotel

Edinburgh Leisure

Office of Environmental Protection Authority (WA)

Royal Freemasons Benevolent Institution

Fremantle Medicare Local

Geoscience Australia

Imaging Partners Online Limited

Maritime Mining Power Credit Union Ltd

Migrant Resource Centre (Southern Tas) Inc

Metro South Medicare Local Ltd

National Home Doctor Service

Network Waitaki Limited

OneCare Limited

Pepper Finance Ireland

Perth Home Care Services

Places Victoria

Secretariat of the Pacific Regional Environment Programme

Silver Chef Rentals Incorporated

The East Riding of Yorkshire Council

Teachers Mutual Bank

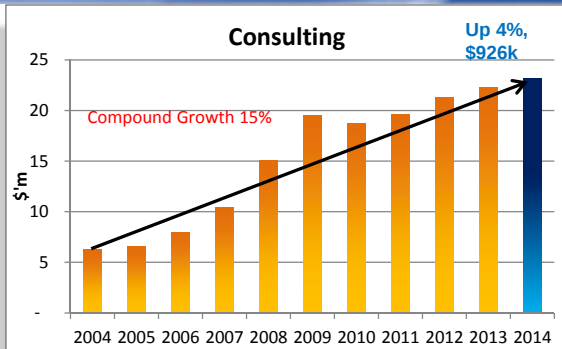
Transport for NSW

Victorian Institute of Teaching

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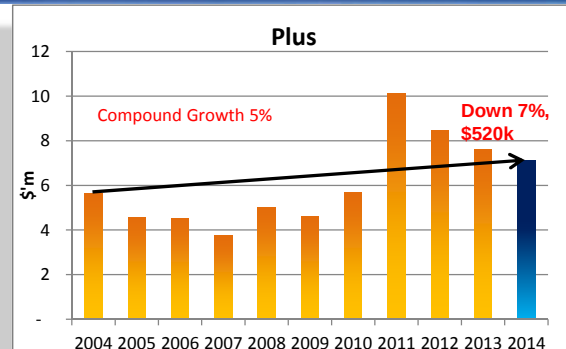
Revenue Streams

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Product Consulting revenue up 4%

- Consulting profit down \$279k, 7% on prior year
- Investment in new resources to support new revenue streams (Application Managed Services)
- Compound growth over the last 10 years is 15%



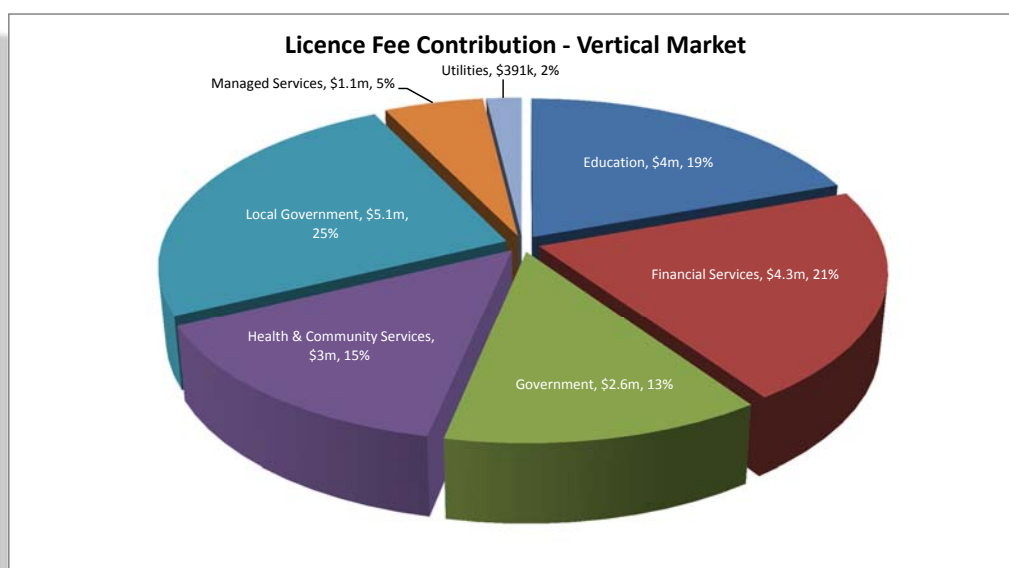
Plus (non product consulting) revenue down 7%

- Plus profit is up \$312k, 31% on prior year
- Better utilization rates
- Market conditions for non Ci product services challenging
- Strategy to move this business to 'value added' services around our Ci products

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Licence Fee Contribution - Vertical Market

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Agenda

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- ✓ Results
 - Significant Achievements
 - Outlook for Full Year

Appendix

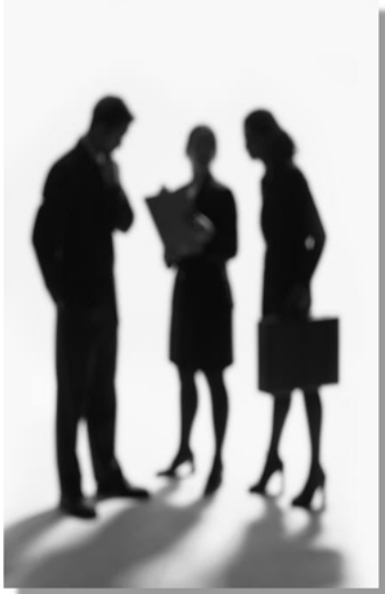
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Significant Achievements

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Significant Achievements

- Evolve User Conference
- Ci Anywhere
- TechnologyOne Cloud
- TechnologyOne's Journey to the Cloud
- R&D
- Sales Transformation
- UK Operation

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Evolve User Conference

Gold Coast Convention centre

- 1200+ customer attendees
- Released Ci² and TechOne Cloud
- Simple path forward for our customers
 - continued evolution of our very successful Ci product to embrace the power of Smart Mobile devices and The Cloud to transform their business.
- Showcases in each region over the next 8 months, to maintain momentum



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New name & positioning for Ci²

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Ci Anywhere

Enterprise software
Any device. Any where. Any time.



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Ci Anywhere

Enterprise software, incredibly simple



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TechnologyOne Cloud

Enterprise Software As a Service

We take care of everything

We build the software
and run it for you

Google

Salesforce

facebook



We own the software and invest millions
each year to make it better for the Cloud

**Allows our customers to focus
on their business, not the
technology**



New positioning for TechOne Cloud

TechnologyOne Cloud

Enterprise Software as a Service

The future of Enterprise Software, today.



We want a single unifying theme going forward ... **technologyone**

**Cloud first,
mobile first world**



TechnologyOne's Journey to The Cloud

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TechnologyOne's Journey to the Cloud ...

- | | |
|----------------------------------|-----------|
| ■ Email | done |
| ■ Corporate Accounting | done |
| ■ R&D in the Cloud | done |
| ■ Documents & Files in the Cloud | done |
| ■ Demonstrations via the Cloud | June 2014 |
| ■ Consulting in the Cloud | Dec 2014 |



Expected cost savings of \$1.5m in 2013/2014 year

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Sales Transformation

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OneSales now being implemented

- Continuing strong licence fee growth - 15+% per annum
- Capitalize on our new offerings - TechOne Cloud, Ci Anywhere
- Improve forecasting
- Streamline our operation - Salesforce rollout
- Consistent & disciplined sales approach - Sales Methods rollout
- Better executive engagement
- Change our culture
- New Operating officer for Sales & Marketing

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UK Transformation

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- UK conditions improving post GFC
- Added two new customers in the first half
- Capitalize on the 'beach head' we have in the UK, coupled with Ci Anywhere and TechnologyOne Cloud
- New strategy for the UK being developed
 - Partner with a HRP vendor to meet UK requirements
 - Partner with large SI
- Relocated one of our most senior and talented executives to the UK
 - Strong track record in building new regions

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Agenda

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Outlook for Full Year

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- Economic environment remains challenging and uncertain
- Strong committed annual licence fees in the second half
- TechnologyOne enterprise business remains resilient
- Good pipeline of opportunities in second half
- **We expect profit growth of 10% to 15% for the full year**

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Assumptions

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- The current pipeline remains strong
- Operating expenses up 5%
- R&D expense growth of 6% for the full year
 - TechnologyOne Ci Anywhere
 - TechnologyOne Cloud
 - Round off existing products – ECM, HR & Payroll, Asset Management
- Plus revenue will be approx \$1m less than the prior year
- United Kingdom – market remains challenging
 - UK full year loss of \$800k (vs \$1m loss last year)

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Agenda

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- ✓ Results
- ✓ Significant Achievements
- ✓ Outlook for Full Year

Appendix

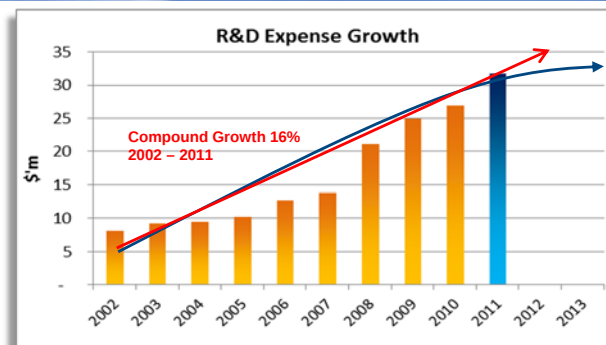
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Appendix I – Long Term Outlook

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Control R&D costs...

- Leveraging our new Offshore R&D centre
- Economies of scale
- World Class R&D practices
- Maintaining an ambitious R&D agenda

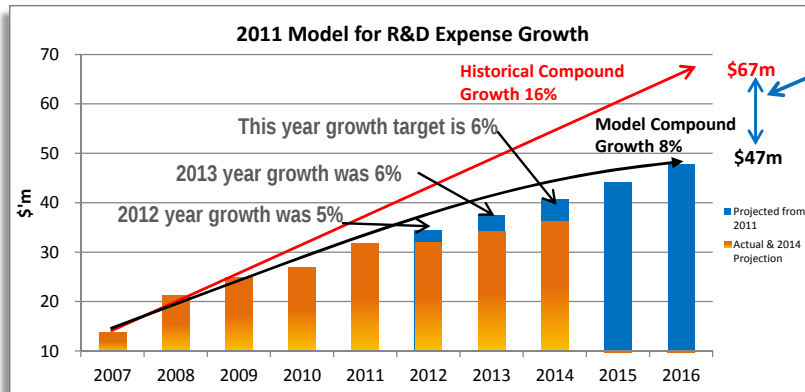
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R&D Growth Projections

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Target for R&D growth of 8% per annum compound, over 5 years set in 2011

- In 2012 year we demonstrated this was achievable with R&D growth of 5%
- In 2013 year we demonstrated this was achievable with R&D growth of 6%
- Continues to be a very aggressive R&D program
- Operating leverage & economy of scale
- Assumes no Acquisitions in next 5 years, and continuing growth in revenue



2011 Model, shows savings of \$20m/year in year 5 (2016)

In year 5, R&D will be 18.5% of revenue (vs 20% now)

In year 10, target for R&D is 15% of revenue

Still well above Industry Average of 10% to 12%

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Agenda

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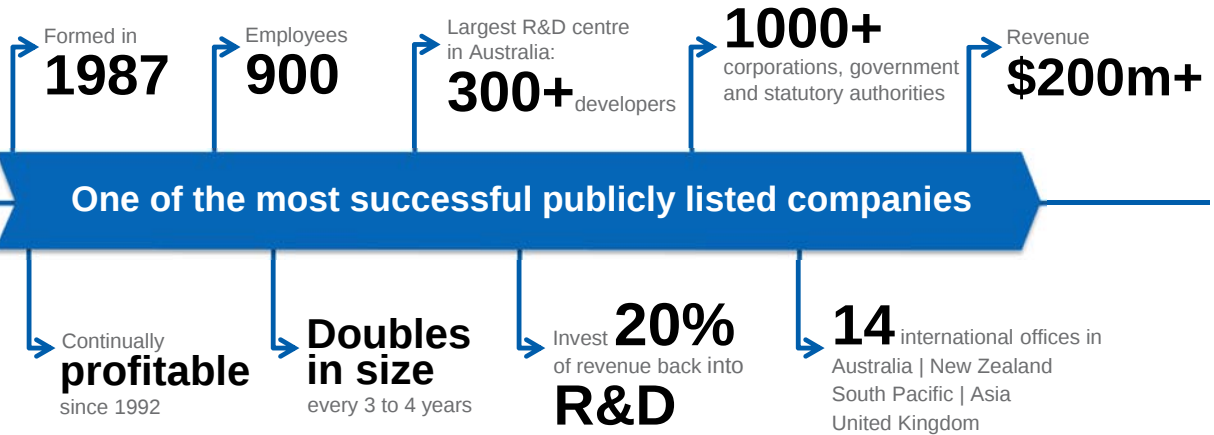
- ✓ Long Term Outlook
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Appendix II - TechnologyOne Overview

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1000+ high profile customers

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TechnologyOne Overview

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Strong financial track record¹...

- Doubling in size approx. every 4 yrs (last 15 yrs)
- Continually profitable since 1992 (22 years)
- Continually paid dividends since 1996 (18 years)
- Cash and Equivalents \$65.4m
- Return on Equity 31%
- Adjusted Return on Equity² 70+%
- Debt/Equity 6%
- Interest Cover 96



¹as at 30th Sept 2013

²Adjusted for net cash above required working capital, which was assumed at \$10m

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TechnologyOne Overview

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- One of Australia's largest software houses
- Invest \$34+m in R&D per year
- Strong track record in the successful commercialisation of our R&D
- Next generation of our enterprise suite Ci Anywhere is being released
- TechnologyOne Cloud also being released
- Diversity of revenue streams from...
 - Multiple geographies
 - 12 products
 - Seven vertical markets



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What Makes Us Unique

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We are one of only a few Enterprise Vendors globally ...

- ✓ Suite of 12 products
- ✓ Deeply integrated
- ✓ Common platform
- ✓ Consistent user interface



The power of a single, integrated, enterprise system

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What Makes Us Unique

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We focus on seven key markets ...

- ✓ Deep understanding and engagement in our markets
- ✓ Deeply integrated pre configured solutions
- ✓ Proven practice
- ✓ Streamlined implementations
- ✓ Reduce time, cost and risk



The power of market focus & commitment

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What Makes Us Unique

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We do not use implementation partners or resellers

We take complete responsibility for building, marketing, selling, implementing and supporting our enterprise solution for each customer to guarantee long term success.



The Power of One

One vision. One vendor. One experience.

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What Makes Us Unique

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An enterprise solution that adapts and evolves

Substantial Investment in R&D, to embrace new technologies, concepts and innovation

The power of evolution



Green screen



Client server



Web based



Cloud computing and smart mobile devices

99% retention rate of customers who have continued with us throughout our evolutionary journey

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