

Annual General Meeting Presentation

February 18th 2015

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FINAL 1.0 Feb 2015 Commercial in confidence

TechnologyOneCorp.com



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Technology One Ltd Annual General Meeting – 18 February 2015

Technology One Ltd (ASX:TNE) today conducted its Annual General Meeting at the Brisbane Convention & Exhibition Centre.

The attached presentation was given at this meeting by the company's Executive Chairman, Mr Adrian Di Marco.

These slides 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
- Long Term Outlook

Appendix

- TechnologyOne Overview

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Results Summary

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	FY14	FY13	Variance %
Profit			
Profit Before Tax	\$40.2 m	\$35.1 m	15%
Profit After Tax	\$31.0 m	\$27.0 m	15%
Revenue	\$195.1 m	\$180.6 m	8%
Initial Licence Fees	\$42.0 m	\$38.0 m	11%
Consulting Fees	\$49.7 m	\$47.6 m	5%
PLUS Revenue	\$13.7 m	\$16.1 m	(15%)
Annual Licence Fees	\$84.2 m	\$72.8 m	16%
Expenses	\$154.9 m	\$145.5 m	6%
R&D Expenses*	\$37.9 m	\$35.6 m	6%
Expenses excl R&D	\$117.0 m	\$109.9 m	6%
Other			
Operating Cash Flow	\$35.1 m	\$33.0 m	6%
Cash and Cash Equivalents	\$80.2 m	\$65.4 m	23%
Profit Before Tax Margin	21%	19%	
*19% of revenue v 20% last year			

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Results Highlights

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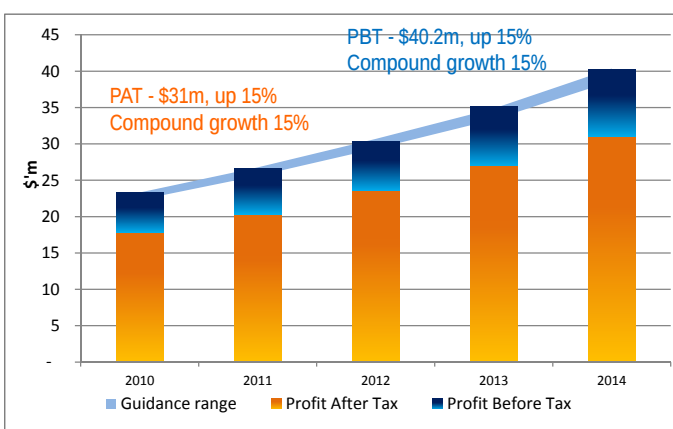
- Continuing strong performance
- Significant investments have continued as follows
 - United Kingdom (\$800k loss)
 - TechnologyOne Cloud (\$2m loss)
 - Preconfigured solutions (\$3m loss)
 - R&D, including Ci Anywhere (\$38m)
 - Fully expensed as incurred

Highlights

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Guidance

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Full Year Guidance

Continuing profit growth of 10% to 15%

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

Results were at the top end of Guidance again

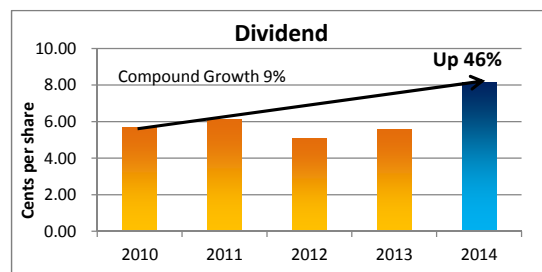
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Dividend

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Dividends for this year

- Half 1 1.95 cps up 10% (paid)
- Half 2 4.21 cps up 10% (declared)
- Sub Total 6.16 cps up 10%
- Special Dividend 2.0 cps (declared)
- Total Dividend 2014 8.16 cps up 46%



Notes

- We have continuously paid a dividend since 1996 (through Dot-Com and GFC)
- As previously advised, the Board considers the payment of a Special Dividend each year
- Dividends are 100% franked dividends
- We continue to consider other Capital Management initiatives, including highly strategic acquisitions

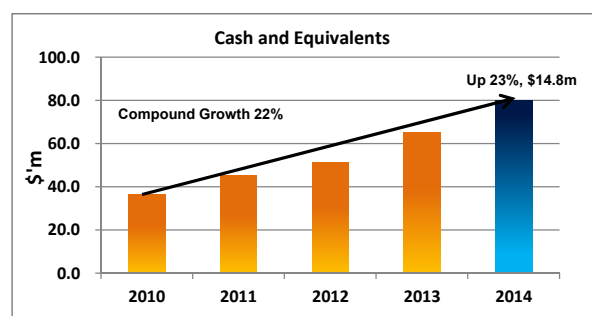
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Balance Sheet

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Strong balance sheet

- Cash & Cash Equivalents \$80.2m (up \$14.8m)
- Net Cash*: 24.8c/s (vs. 19.5c/s)
- Debt/Equity: 3.5% (vs. 6.3%)
- Net Assets: \$104.5m (up \$16.8m)
- Interest Cover: 168 times



*after debt per share

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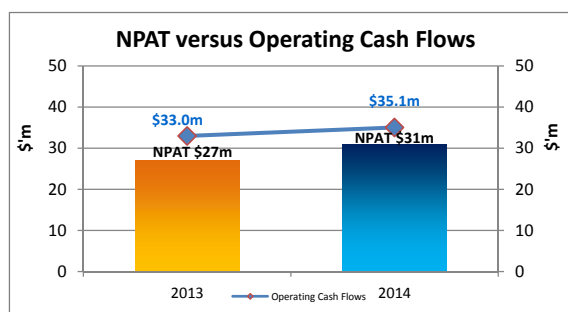
Cash Flow

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Operating Cash Flow strong at \$35m

- Operating Cash Flow up 6% from \$33m*
- Operating Cash Flow of \$35m versus NPAT of \$31m

* As at September 2013



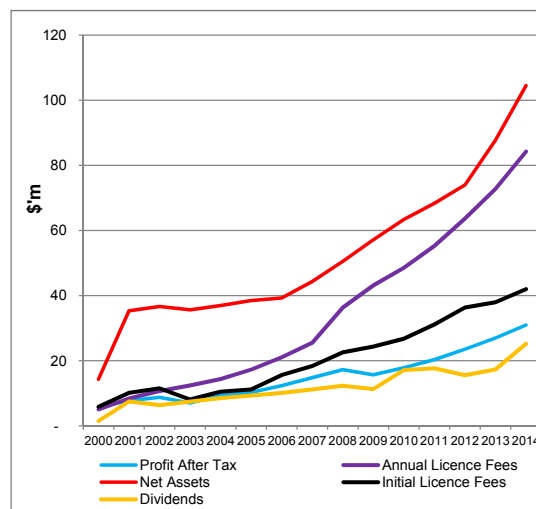
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Historical Performance

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Key metrics over last 15 years ...

- ✓ Revenue - 15% per annum compound
 - Even through the Dot-Com and GFC
- ✓ Initial Licence Fees - 15% per annum compound
- ✓ Annual Licence Fees - 22% per annum compound
- ✓ Profit After Tax - 13% per annum compound
- ✓ Dividends - 22% per annum compound
- ✓ Net Assets - 15% per annum compound

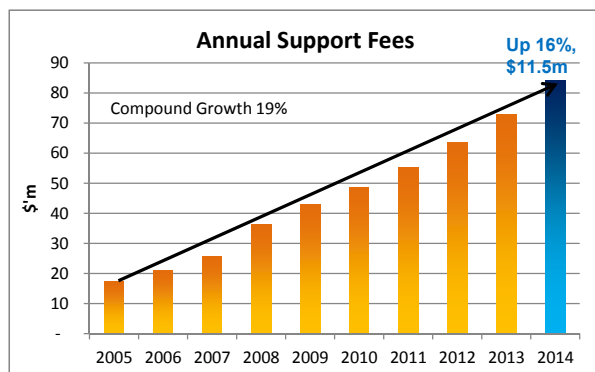


Doubling in size every 4+ years for last 15 years

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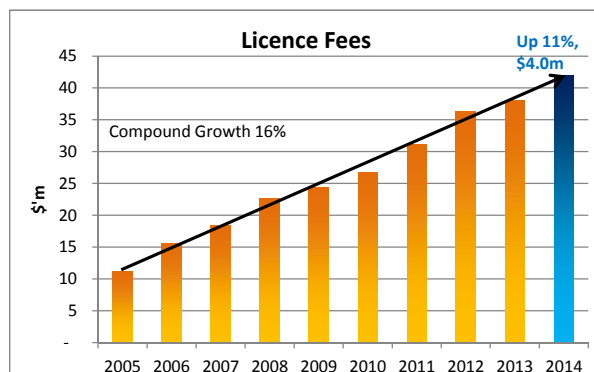
Highlights

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Annual support fees up 16%

- Customer retention is critical to our continuing success
 - Ci Anywhere
 - TechnologyOne Cloud
 - Our Compelling Customer Experience program
- Compound growth last 10 years: 19%



Initial licence fees up 11%

- 11th consecutive year of record licence fees
- Added 50+ new customers, 18 were for replacement of our competitors' systems incl Oracle, SAP, Msoft
- Growth to continue in future years with Ci Anywhere, TechnologyOne Cloud, Newer Products

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Ci Anywhere

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Enterprise software Any device. Any where. Any time.

- ✓ Launched at Evolve Feb 2014
- ✓ Early adopters in progress, positive feedback
- ✓ Solution showcases in progress
- Deliver all products on this platform over next 2 years
 - Deliver all our enterprise functionality on this platform
- Roadmaps now finalized for Stage 2 of this exciting project
- ✓ Significant competitive advantage



TechnologyOne Cloud

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Enterprise Software as a Service Future of Enterprise Software, Today

- ✓ Launched Evolve Feb 2014
- ✓ Early adopters program finished
 - 11 customers now live, another 26 in progress
- ✓ TechnologyOne Cloud 4.0 release imminent
 - Improved scalability, elasticity & efficiency
- ✓ TechnologyOne Cloud 5.0 mid 2015
 - Significant leap forward - Shared instances
- ✓ Strategy to grow this business
 - New 'SaaS' prospects
 - New 'on premise' prospects
 - Existing 'on premise' customers



TechnologyOne Cloud

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- ✓ Expect a smooth transition of our business to the Cloud over next 5+ years
- ✓ Significant benefits for us as we transition our business to the Cloud
 - Streamline our business, reduce costs
 - Reduce time to market
 - Increase innovation and creativity
 - Improve our customers' experience
 - More resilient business model
 - Strong competitive advantage



Other Initiatives

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- OneSales initiative – in progress
 - Streamline our operation - Salesforce rollout
 - Consistent & disciplined sales approach - Sales Methods rollout
 - Better executive engagement
 - Upskill our existing Account Managers
 - Strategic Account Managers for high value accounts
 - TechOne Direct for smaller value accounts
- UK reorganization – in progress
 - Relocated Operating Officer from Australia to the UK
 - 5 new customers, taking us to a total of 17 customers in the UK
 - Critical mass will require 40+ customers

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Acquisitions

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ICON Software Solutions

- Local Government – Online Planning & Approval
- Strengthens our overall solution in Local Government
 - Strategic high value addition to TechnologyOne OneCouncil solution
 - Have market presence and credibility
- ICON also well positioned in state Government.
- Large install base of Pathway and Authority sites
- \$10m valuation, Earnings neutral in 2015, Earn out formula
- Significant investment to redevelop ICON on our powerful Ci Anywhere platform

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Outlook for Full Year

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Economic Environment

- The enterprise software markets has been one of the most resilient sectors of the IT industry in recent years
- In particular TechnologyOne markets have remained robust in recent years: government and government related businesses
- The Pipeline for 2015 supports continuing strong profit growth

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Outlook for Full Year

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Full Year - Strong Profit growth to continue in 2015

- We expect to see strong continuing growth in licence fees, revenue and profit
- In the first half of 2014 we saw a number of significant deals close early, resulting in 2014 half 1 Licence up 24%. This year the sales pipeline is weighted strongly to the second half, so we expect the first half of 2015 will be challenging and not indicative of the full year results
- We will provide further guidance with the first half results

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Outlook for Full Year

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Our focus next financial year is ...

- ✓ Control R&D costs and Variable Costs
- ✓ Focus on our seven vertical markets – resilient & strong
- ✓ Cross sell into our large existing customer base
- ✓ Focus on our newer products
 - HRP, Asset Management, ECM
- ✓ TechnologyOne Cloud
- ✓ Ci Anywhere



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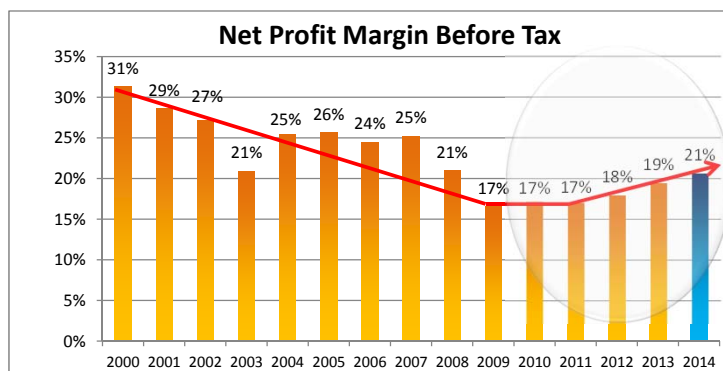
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Long Term Outlook

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Focus is to substantially improve PBT margins through:

- Controlled R&D growth
- Product Maturity



Profit margin improving, as predicted

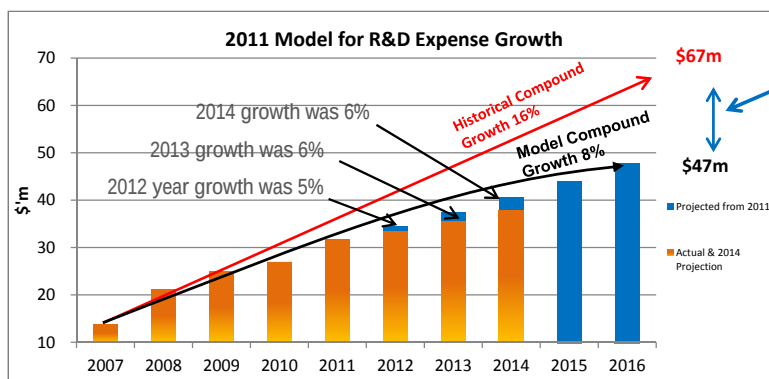
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Controlled R&D Growth

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

- Operating leverage, economy of scale, new work practices...
- In 2012 & 2013 year we demonstrated this was achievable with R&D growth of 5% and 6% respectively
- Continues to be a very aggressive R&D program
- 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 19% now)

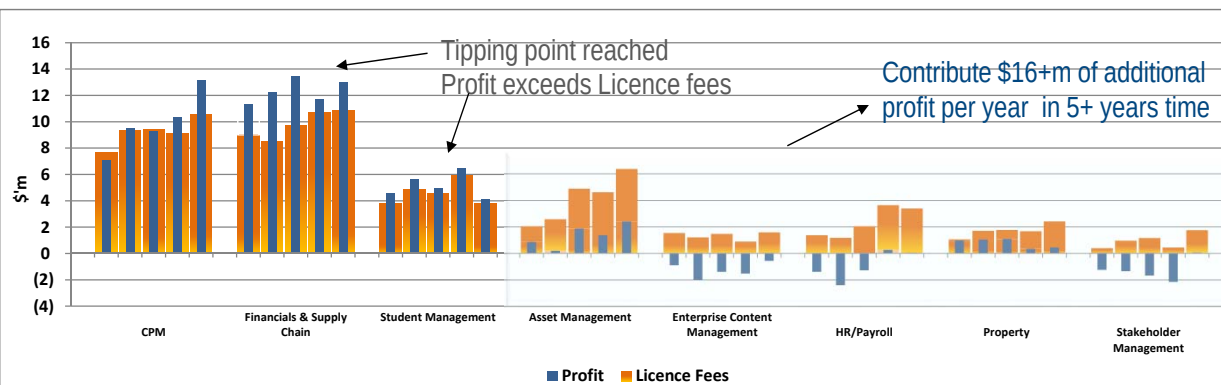
In year 10, target for R&D is 15% of revenue

Still well above Industry Average of 10% to 12%

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Product Maturity

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- Significant investment over the last 10 years in Assets, ECM¹, HRP², Property, Stakeholder Management
- Expected these to contribute strongly in the coming years to profitability

¹ Enterprise Content Management

² Human Resources & Payroll

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Positioned well for the future...

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**Cloud first,
mobile first world**



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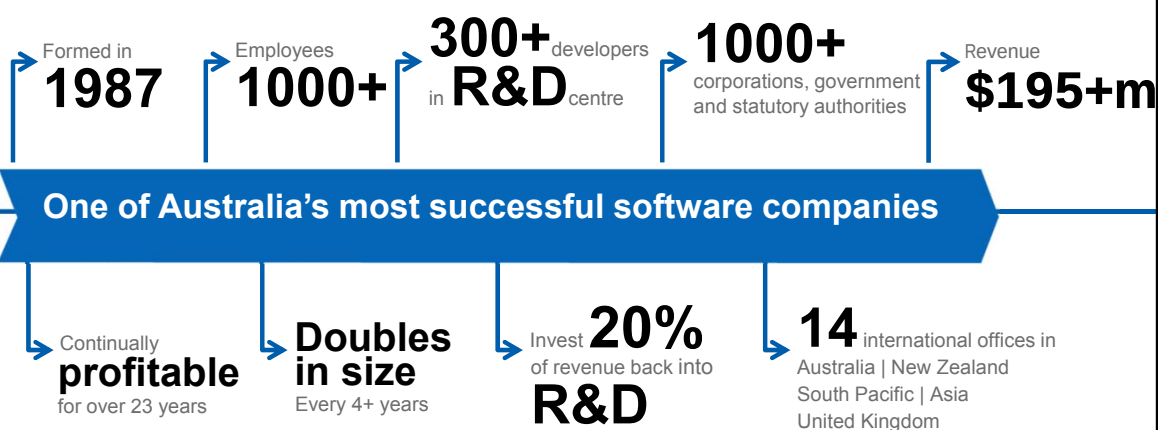
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TechnologyOne Overview

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1000+ high profile customers

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TechnologyOne Overview

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Financially very strong¹

- Cash and Equivalents \$80.2m
- Return on Equity 30+%
- Adjusted Return on Equity² 76+%
- Debt/Equity 4%
- Interest Cover 168
- Continually paid dividends since 1996 (19 years)
- Continually profitable since 1992 (23 years)

¹as at 30th Sept 2014 ²Adjusted for net cash above required working capital, assumed at two months of staff costs

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What makes us unique ...

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

- ✓ Single supplier of a suite of 12 products
- ✓ Best of Breed functionality
- ✓ Deeply integrated
- ✓ Common platform
- ✓ Consistent user interface
- ✓ Embraces new & emerging technologies



The power of a single, integrated, enterprise system to streamline your business, reduce costs and embrace new technologies

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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 preconfigured solutions
- ✓ Proven practice
- ✓ Streamlined implementations
- ✓ Reduce time, cost and risk



Market focus and 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, supporting and running 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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Our Vision

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Clear & focused vision ...

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