21 February 2017

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

**BY ELECTRONIC LODGEMENT**
**TECHNOLOGY ONE LIMITED AGM PRESENTATION**

Attached is the AGM presentation for the year ended 30 September 2016.

Once released by the ASX a copy will be made available on the Company's website at www.technologyonecorp.com/shareholders.

Yours faithfully

Gareth Pye
Company Secretary



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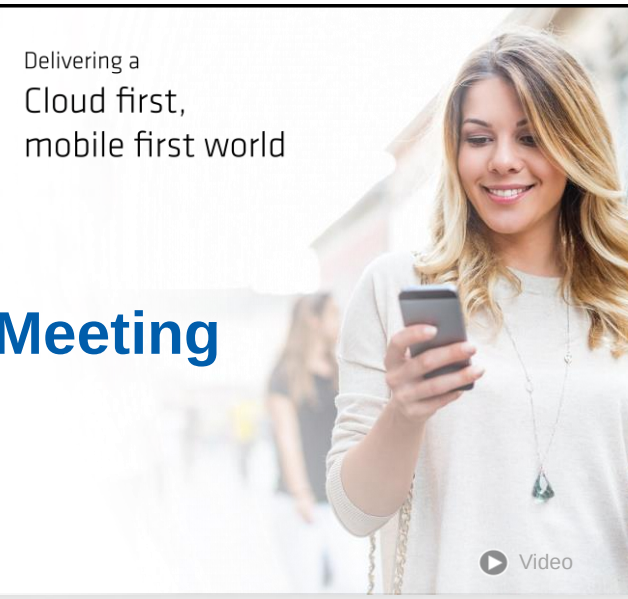



# 2016 Annual General Meeting

21 February 2017

**Adrian Di Marco, Executive Chairman**

**Edward Chung, Chief Operating Officer**



technologyone
Transforming business, making life simple

## Disclosure Statement

### Technology One Ltd Annual General Meeting – 21 February 2017

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

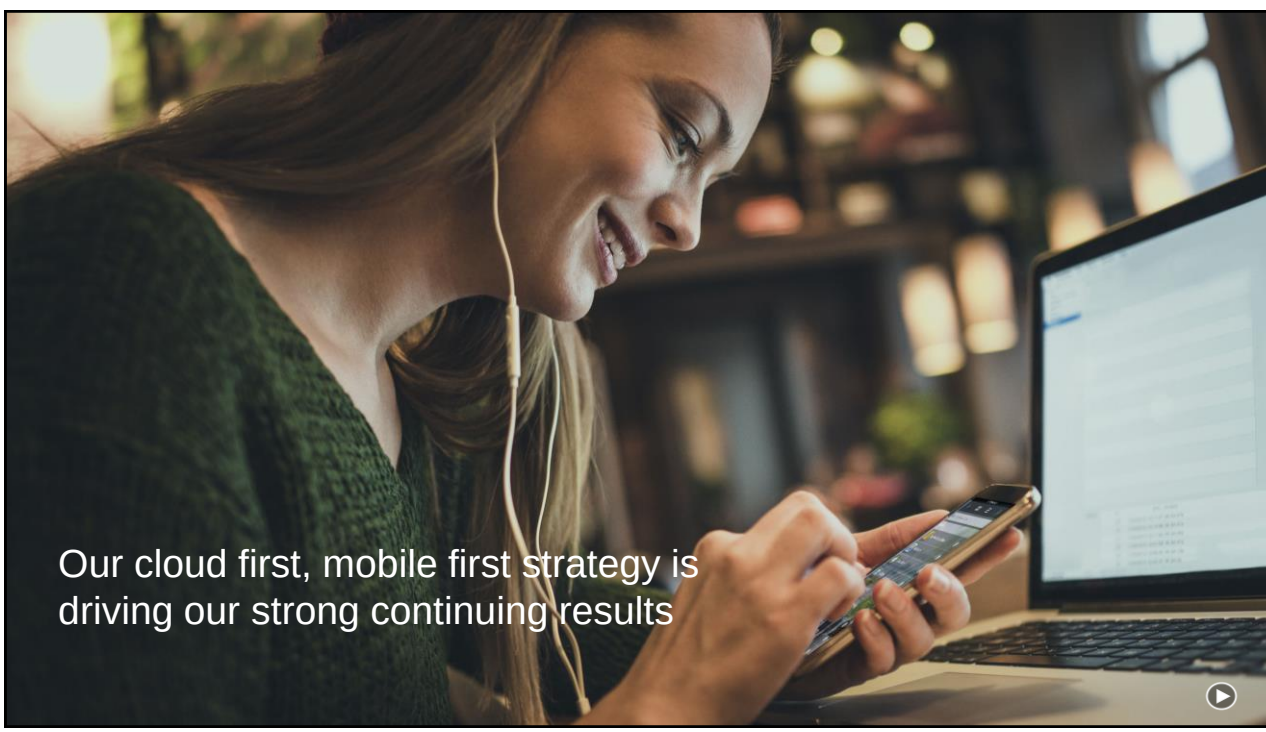
These slides have been lodged with the ASX and are also available on the company's web site: www.TechnologyOneCorp.com.

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

Delivering a
Cloud first,
mobile first world

# Agenda

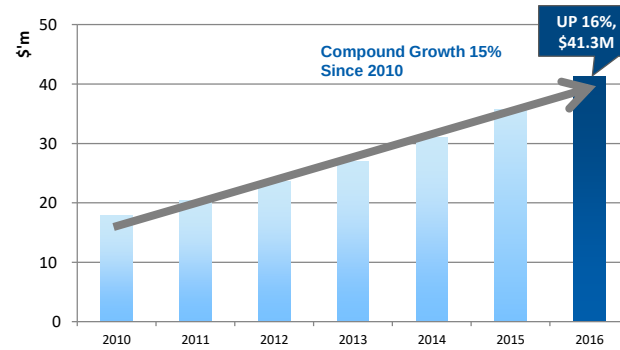
- Results Overview
- Significant Achievements
- Remuneration & Corporate Governance
- Outlook for Full Year
- Long Term Outlook



## We continue to double in size every 4 to 5 years

**Over the last seven years compound growth in NPAT has been 15% per annum.**

### Net Profit After Tax up 16%



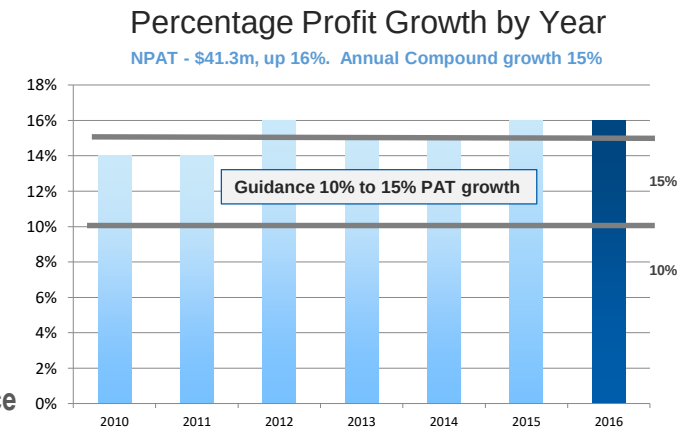

Transforming business, making life simple

# Top End of Full Year Guidance Achieved

## Full Year Guidance

**Continuing profit growth of 10% to 15%**

- ✓ **Profit Before Tax up 15%**
- ✓ **Profit After Tax up 16%**
- ✓ **Seventh year achieved top end of guidance**




**Over last 7 years we have consistently met the top end of our guidance (10% to 15% profit growth)**



# Significant investments

TechOne Cloud $2.2m loss ($2.5m loss in 2015 )

R&D of $46m, fully expensed[1] ($41m in 2015)

- Ci - existing very successful enterprise software suite
- Ci Anywhere - our new generation product for smart mobile devices

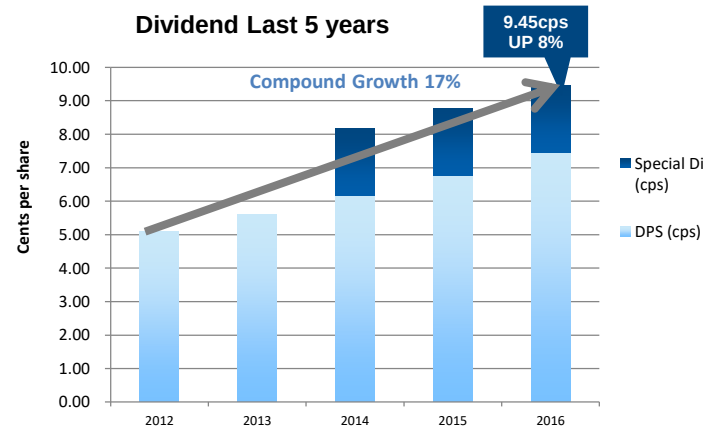
[1]Fully expensed in the year incurred

# Total Dividend Up 8%

## Dividends for the 2016 year:

| | |
|---|---|
| Half 1 | 2.36 cps up 10% (paid) |
| Half 2 | 5.09 cps up 10% (declared) |
| **Total** | **7.45 cps up 10%** |
| Special | 2.00 cps (as per last year) |
| **Total** | **9.45 cps up 8%** |

Dividend payout ratio is 72%

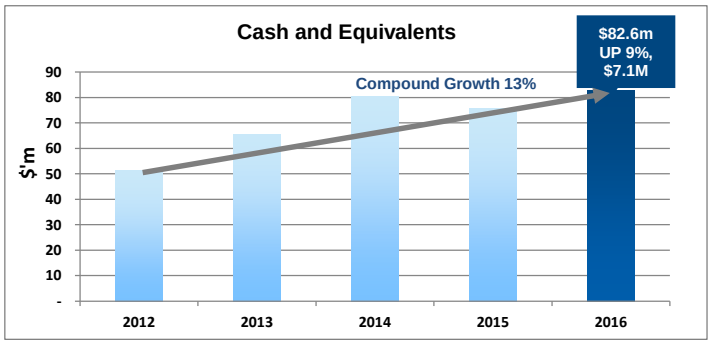



**Notes**

- We have continuously paid a dividend for 20 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
- No Special Dividend in 2012 & 2013 because of a lack of franking credits



# Balance Sheet Strong

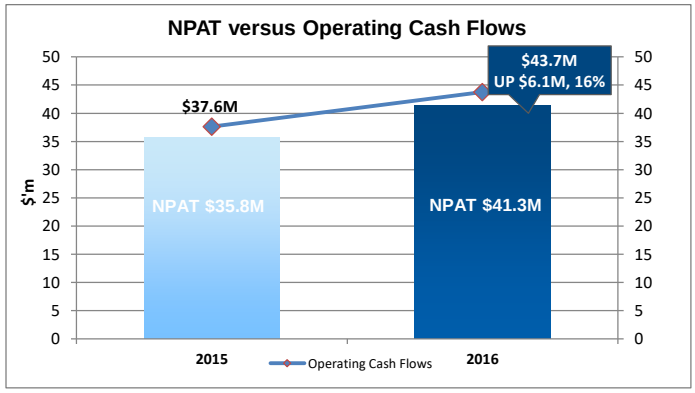



| | |
|---|---|
| **Cash & Equivalents[1]** | $82.6m (vs $75.5m up $7.1m) |
| **Net Cash[2]:** | 26.49c/s (vs 24.42c/s) |
| **Debt/Equity:** | 0.02% (vs 2.02%) |
| **Net Assets:** | $138.5m (vs $117.9m, up $20.6m) |
| **Interest Cover:** | 683 times |

[1] includes $2m payment for JRA acquisition, $4m extra prepayment for cloud infrastructure

[2] after debt per share

# Cash Flow Strong



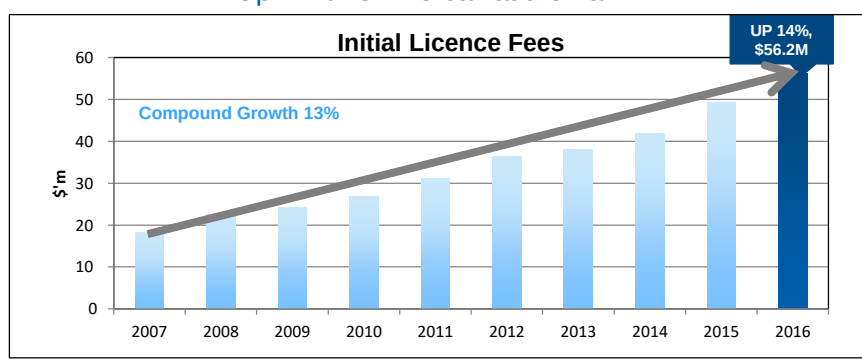

**Operating Cash Flow ($43.7m), has improved substantially over the full year**

- Up $6.1m, 16% from $37.6m Sept 2015
- Vs NPAT of $41.3m
- Vs negative $3.3m at the half year



# Initial Licence Fees growing strong

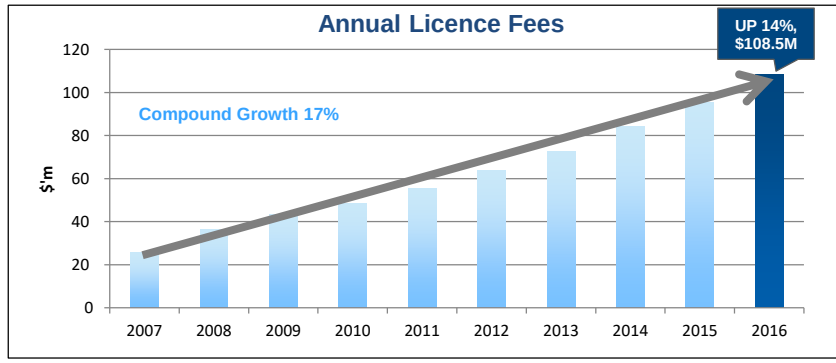
## Up 14% vs Line ball at the half




- 13th consecutive year of strong L/Fee growth
- Added 64 new customers, of which 12 replaced systems from Oracle, SAP, Microsoft & INFOR
- High profile wins: TAFE Queensland, Department of Agriculture & Water Resources, Department of Health NT, Department of Finance (ACT), Commonwealth Director of Public Prosecutions (ACT)
- Pipeline for 2017 year is strong

# Annual Licence growing strong

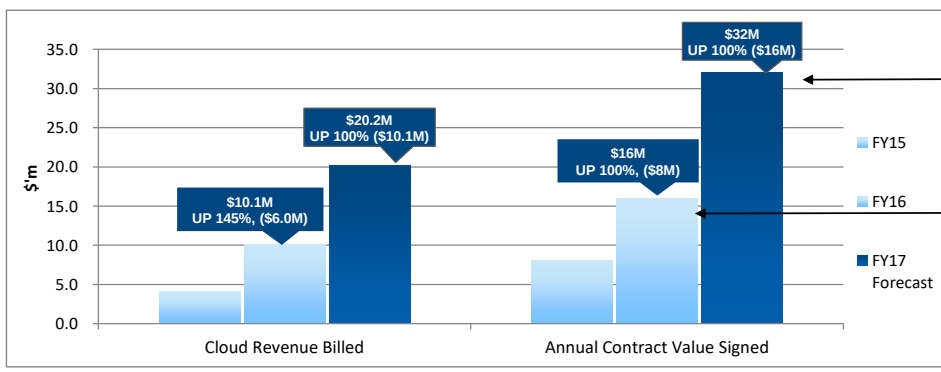
Up 14%




- Compound growth over the last 10 years is 17%
- Customer retention is important – remains at 99+%
- Ci Anywhere and TechnologyOne Cloud are critical to the ongoing retention of customers



# Cloud Service Fees[1] growing strong: $16m ACV, up 100%




**Target for Dec 2017 is:**
$32m ACV

Strong momentum to continue in future years

**Target for Dec 2016 was:**
$16m ACV achieved early, 30 Sep

- Cloud Customers: 158 vs 101 at 30 Sept 2015
- New Customer this year: 57 includes LaTrobe University, Commonwealth Department of Public Prosecutions, Department of Finance, Queensland TAFE
- Full year loss of $2.2m (vs a loss $2.5m in 2015)
- Focus moves from revenue growth to profitable growth
- Significant contributor to profit in subsequent years

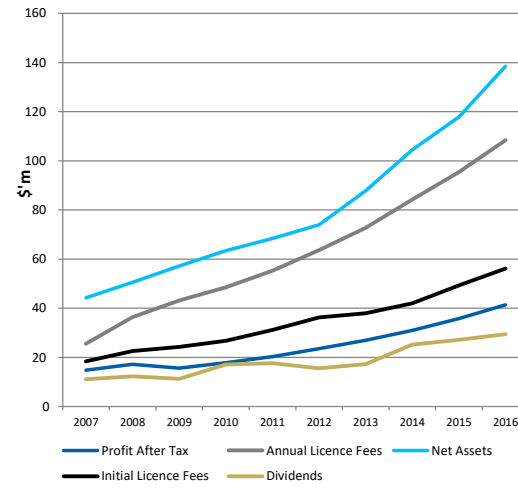
[1]Cloud Service Fee – incremental revenue to run our software in our cloud. Does not include licence Fees.

ACV – Annual Contract Value

# Historical Performance

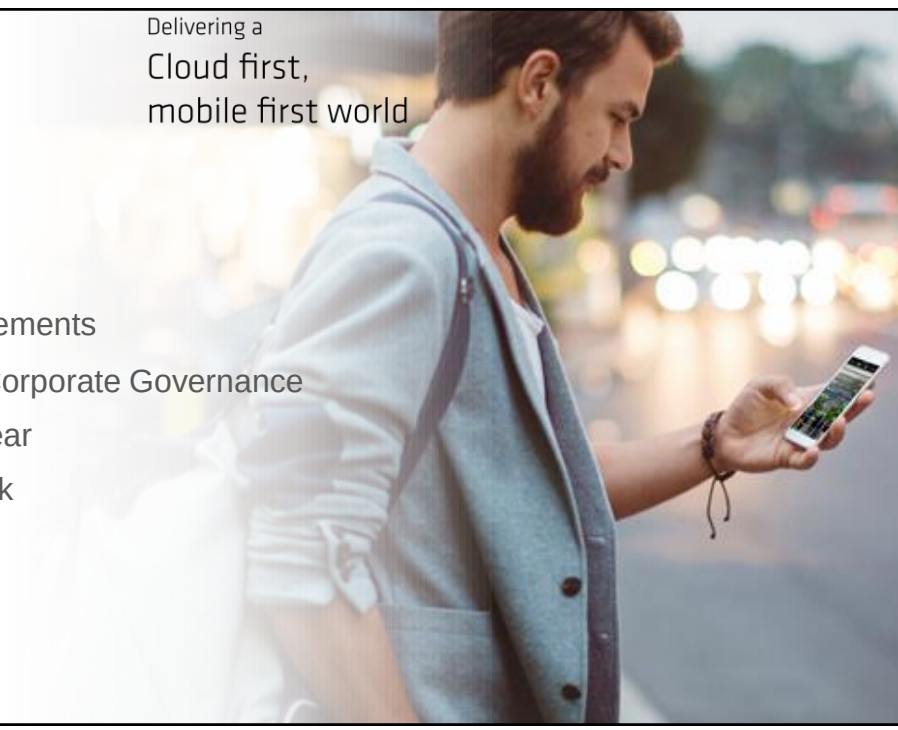
## Key metrics over last 10 years …

- ✓ **Revenue** - 14% per annum compound
  - Even through the Dot-Com and GFC
- ✓ **Initial Licence fees** - 13% per annum compound
- ✓ **Annual Licence fees** - 17% per annum compound
- ✓ **Profit After Tax** - 12% per annum compound
- ✓ **Dividends** - 11% per annum compound
- ✓ **Net Assets** - 13% per annum compound




*Continue to Double in size every 4 to 5 years*



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✓ TechnologyOne Cloud

✓ Ci Anywhere

## Well positioned for the digital revolution

amazon web services™
Technology Partner of the Year

UKcloud AWARDS 2016 WINNER
ERP Cloud Product of the Year

THE SaaS AWARDS
Global Best SaaS Product for
Not For Profit or Education

THE AUSTRALIAN BUSINESS AWARDS ABA100 CLOUD INNOVATION WINNER 2016

HM Government G-Cloud Supplier

Australian Government
Shared Services for SaaS

## TechnologyOne Cloud

**Enterprise Software as a Service**

# 150+ customers on TechnologyOne cloud

Hosting Providers

TechOne Cloud today

+3 years

| 1.0 | 2.0 | 3.0 | 4.0 | 5.0 | 6.0 | ..... | 12.0 |
|---|---|---|---|---|---|---|---|
| Citrix | Active Active | AutoScale Self Heal | Browser No Citrix | Mass Prodn Multi Tenant | Most Trusted Cloud | | |

# TechnologyOne Cloud is evolving fast

Transforming business, making life simple

ISO/IEC 27001

ISO/IEC 27017

ISO/IEC 27018

SOC 1

SOC 2

UK G-Cloud

# Most Trusted Cloud

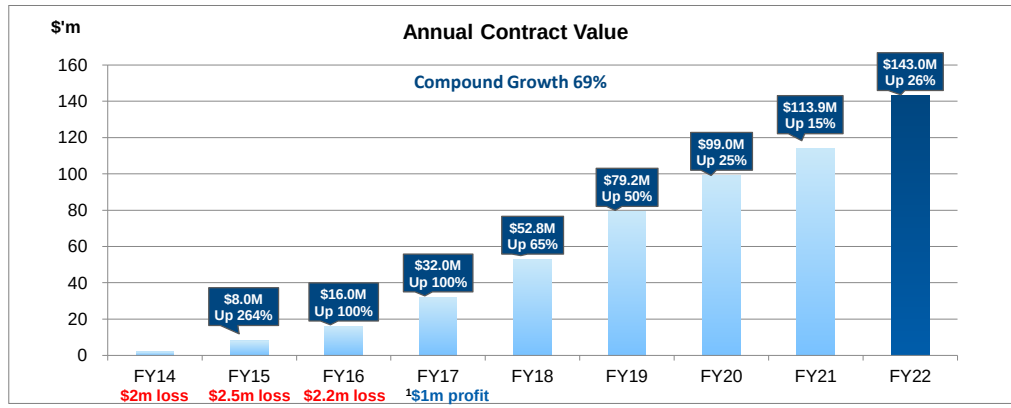
## TechnologyOne Cloud

### Enterprise software as a service

- ✓ TechnologyOne Cloud 5.0 introduced the start of our mass production Software as a Service offering
- ✓ We have released TechnologyOne Cloud 6.0, which continues to deliver further economies of scale, and enhanced security.
- ✓ Migrate customers seamlessly from Cloud 1.0, 2.0, 3.0, 4.0, 5.0 to Cloud 6.0
- ✓ Cloud 7.0 under development for mid 2017
  - Substantial increase in scalability, reliability and security

# TechnologyOne Cloud Growth To 2022

## $143m / year (recurring) in 2022

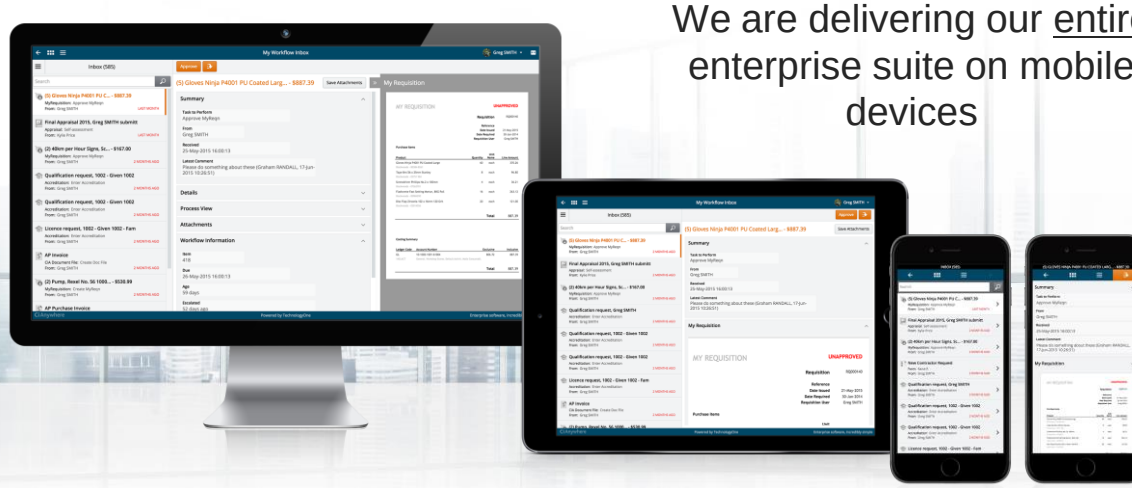



Based on a calendar year

[1]Revised from breakeven to $1m profit

**$1m profit contribution in 2016/2017 year. Platform for substantial profit growth in coming years**

## Flow across many devices in the course of a day



We are delivering our entire enterprise suite on mobile devices

**Enterprise Software intelligently adapts to the devices**

Transforming business, making life simple

## Ci Anywhere

### Enterprise software, incredibly simple
### Any device. Any where. Any time.

- ✓ Two releases available each year
- ✓ 2016B now released to early adopters
- ✓ 2017A under development for Mid 2017
- ➢ Deliver all remaining Ci Anywhere functionality late 2017 calendar year
- ✓ Significant competitive advantage
  - ➢ We are the only ERP vendor committing 100% of our ERP functionality across all mobile devices

## Evolve Customer Conference

**Engage, Enhance, Empower**

- ✓ October 2016, Brisbane Convention Centre
- ✓ 2300 attendees, 3 days, 11 streams, 100+ sessions, 80 speakers, large exhibition area
- ✓ Create sales momentum for TechnologyOne Cloud and Ci Anywhere over coming years

# Capitalizing on our Vision

## Showcases

Showcases now planned throughout Australia, New Zealand, and UK from mid 2017 to continue the Evolve momentum

| | |
|---|---|
| New South Wales | Friday 28 April 2017 |
| Victoria | Tuesday 30 May 2017 |
| Queensland | Wednesday 7 June 2017 |
| Western Australia | Tuesday 20 June 2017 |
| Tasmania | Thursday 13 July 2017 |
| Australia Capital Territory | Wednesday 2 August 2017 |
| South Australia | Thursday 17 August 2017 |
| New Zealand | Thursday 31 August |
| UK | end of the year |

# United Kingdom

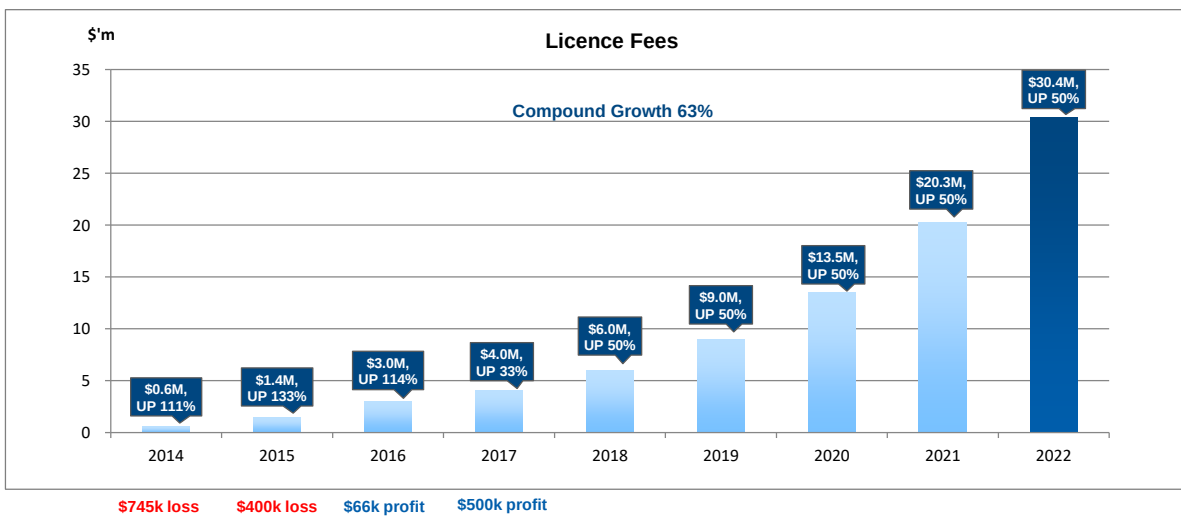
- United Kingdom $66k profit[1], one year earlier than expected
- 13 new customers, all of which are on the TechnologyOne Cloud
- Total of 40 customers in the UK now – critical mass achieved
- Our strategy is to move to the 'blue ocean'
  - Our target markets are higher education & local government
  - HRP[2] availability - target date mid 2017
    - University of Dundee will be an early adopter
  - Student Management availability - target date phase 1 mid/late 2017 ; phase 2 mid/late 2018
    - University of Lincoln will be an early adopter
- ➢ Focus to build a profitable Consulting practice
  - Going from 7 to 24 FTE consultants by December 2016
  - Expect challenges as we build our UK business

[1] Using like for like cost allocation for UK

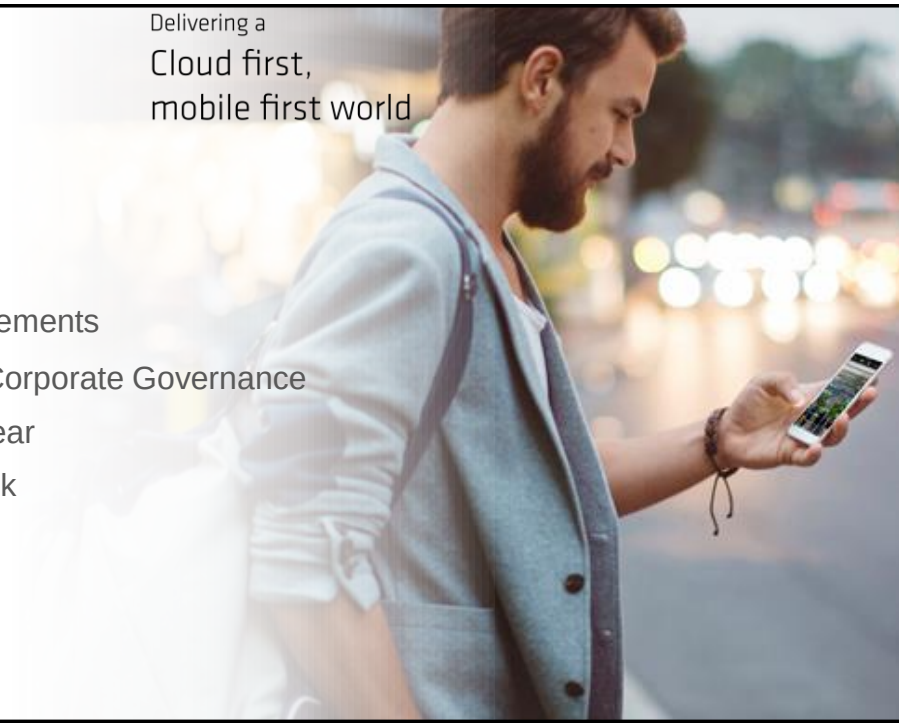
[2] Human Resource & Payroll

**We are now entering a period of substantial growth for the UK business.**

# UK Licence Fee Growth to 2022




**$500k profit contribution in 2016/2017 year. Platform for substantial profit growth in coming years**

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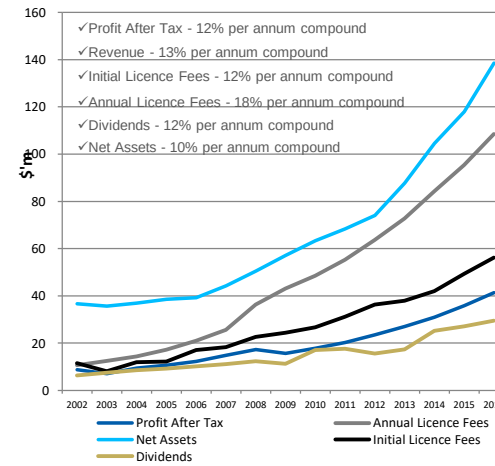
# Remuneration & Corporate Governance

**Existing remuneration & corporate governance framework has been critical to our success over last 25+ years**

- ✓ Company doubling in size every 5 years
- ✓ Created substantial shareholder wealth
- ✓ TechnologyOne executive pay is in the mid to lower quartile of our peers
- ✓ Proven to be very effective

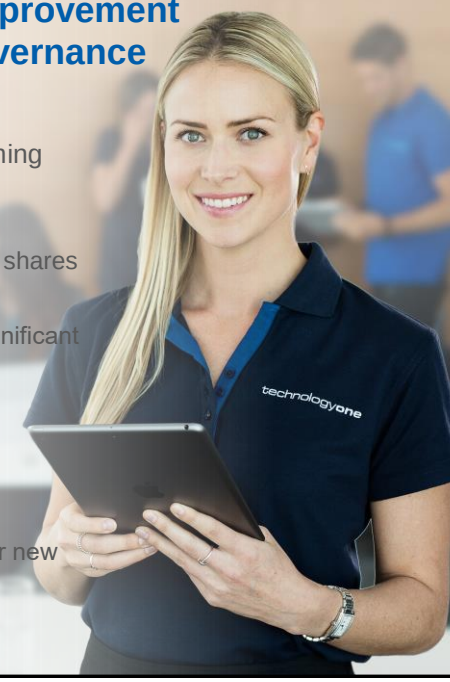
**TSR of 26% compound per year**
**Over last 15 years**

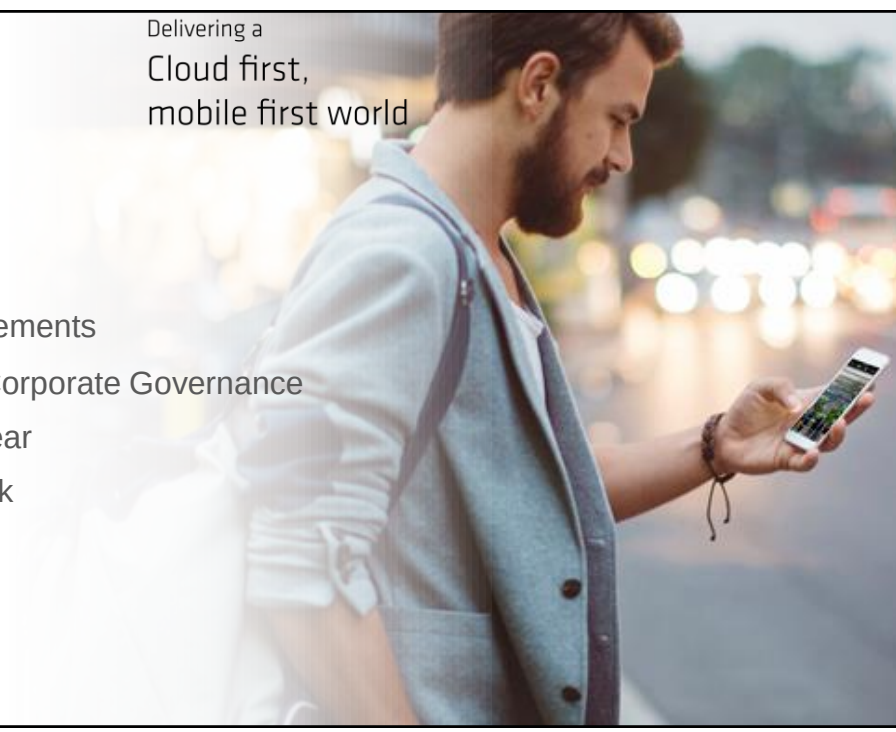
**Key metrics last 15 years**



## TechnologyOne is committed to continuous improvement of our Remuneration Report and Corporate Governance

- We are continually evolving our Remuneration and Corporate Governance Framework while still maintaining our high performing culture. Changes implemented are as follows:
  - ✓ Greater level of disclosure on all aspects of Rem
  - ✓ LTIs based on options now issued at market price, and are not shares
  - ✓ Performance Hurdles for Long Term Incentives (LTI)
  - ✓ Performance hurdles are all 'hard targets' that will generate significant shareholder wealth
  - ✓ Poll now taken at AGM for all resolutions
  - ✓ Added an additional independent director – Dr Jane Andrews
  - ✓ We plan to add another director late 2017
  - ✓ We plan to add another director late 2018
  - ✓ An appropriate transition from our 'long serving directors' to our new directors to ensure the transition is successful

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# Outlook for 2017 Year

## Continuing strong growth

- 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 strong over many years: government and government related businesses
- The Pipeline for 2017 supports continuing strong profit growth

# Outlook for 2017 Year

## Full Year - Strong Profit growth to once again continue in 2017

- We expect to see strong continuing growth in licence fees, revenue and profit
- This year the sales pipeline is once again weighted strongly to the second half
- ➢ We have the additional challenge of our Evolve conference with an additional 'once off' impact in half 1 of $3m
- ➢ We expect the first half of 2017 will once again be challenging and not indicative of the full year results
- We will provide detail guidance with the first half results

Delivering a
Cloud first,
mobile first world

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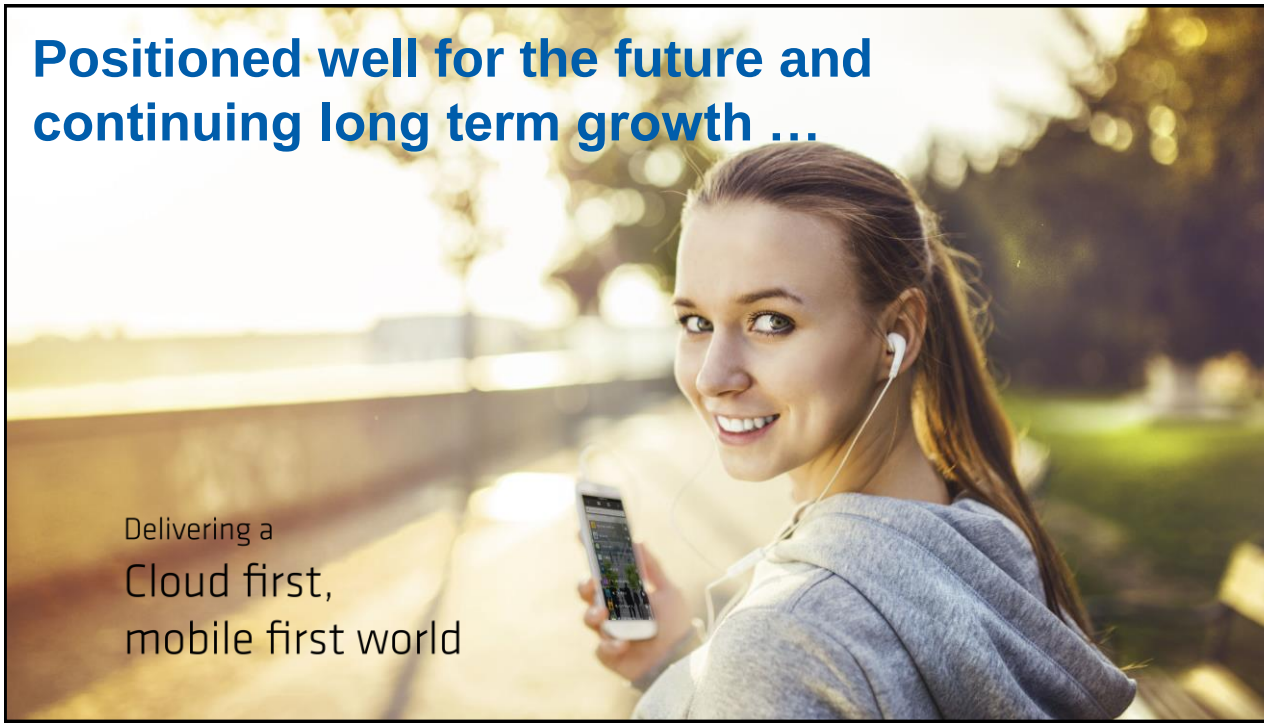
# Clear strategy for continuing long term growth

- ✓ Resilient nature of the enterprise software market
- ✓ TechnologyOne Cloud
- ✓ Ci Anywhere – our next generation product
- ✓ United Kingdom
- ✓ The breadth and depth of our product offerings
- ✓ Our enterprise vision
- ✓ Our focus on eight markets
- ✓ Our preconfigured solutions
- ✓ Our large customer base

## Positioned well for the future and continuing long term growth …

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