

Delivering a
Cloud first,
mobile first world

2017 Half Year Results

ending 31 March 2017

Adrian Di Marco
Executive Chairman

Edward Chung
Chief Executive Officer

Tony Ristevski
Chief Financial Officer

technologyone
Transforming business, making life simple

23 May 2017

FINAL

Commercial in confidence

Disclosure Statement

Technology One Ltd Half Year Presentation – 23 May 2017

Technology One Ltd (ASX: TNE) today conducted a series of presentations relating to its 2017 Half Year results.

These slides have been lodged with the ASX and are also available on the company's website: 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

Transforming business, making life simple

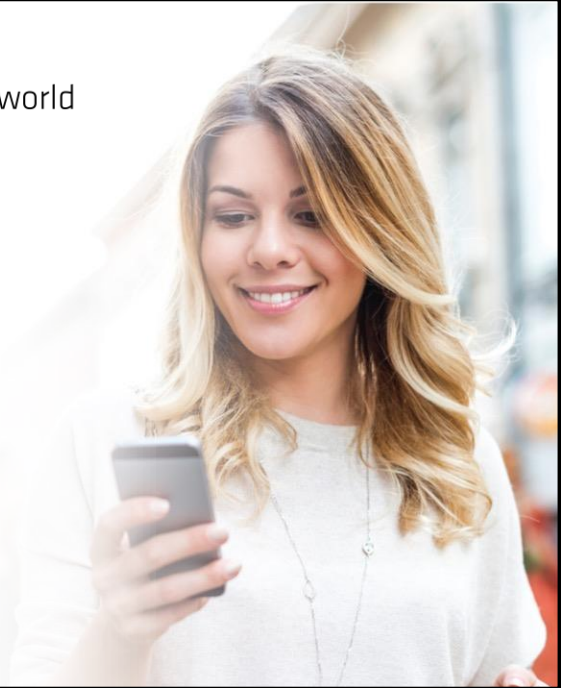
Delivering a
Cloud first,
mobile first world

Agenda

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

Appendix

- TechnologyOne Overview



Original Guidance

Half year results in line with guidance

Guidance provided at the start of 2017 financial year¹...

"As in previous years, we see the sales pipeline this year once again weighted strongly to the second half. This year we also have the additional challenge caused by the substantial costs we incurred for our Evolve conference, with a 'once off impact' of approximately \$3m in the first half; this will be fully expensed in the first half, though the benefits will be seen over the next 24 months.

Once again this year, our first half results will not be indicative of the full year results.

Having said this, the full year pipeline is strong and supports continuing strong profit growth over the full year.

¹ Refer Letter to Shareholders – section Outlook 2017 , re-iterated at AGM dated 17 Feb 2017



Our cloud first, mobile first strategy
is driving our strong results

Results Summary

	FY17	FY16	Variance %	
Revenue	\$113.9m	\$101.0m	13%	
Initial Licence Fees	\$24.1m	\$18.5m	30%	
Total Consulting ¹	\$32.9m	\$33.0m	(0%)	Refer slides: Total Consulting
Annual Licence Fees	\$47.9m	\$43.7m	10%	
Cloud Service Fees	\$8.2m	\$4.3m	90%	
Expenses	\$103.6m	\$91.5m	13%	
R&D Expenses ²	\$23.6m	\$21.8m	9%	
Expenses excl R&D	\$80.0m	\$69.8m	15%	
Profit				
Profit Before Tax	\$10.3m	\$9.4m	10%	
Profit After Tax	\$8.1m	\$7.4m	10%	
Other				
Operating Cash Flow	\$2.6m	(\$3.3m)	177%	
Cash and Cash Equivalents	\$57.5m	\$45.4m	26%	
Profit Before Tax Margin	9%	9%		
Dividend	2.60	2.36	10%	

¹Total Consulting includes Plus

²21% of revenue v 22% last year

Significant investments

R&D of \$24m, fully expensed¹ (\$22m in H1 2016)

Evolve customer conference, \$3m¹ expensed (versus nil pcip)

¹Fully expensed in the year incurred



Updated Guidance For The Full Year

Profit growth of 10% to 15% for the full year

- Pipeline for second half is strong
- Continuing growth in Licences Fees expected in full year
- Full year guidance will be discussed in more detail

Impact of Evolve User Conference

Profit excluding Evolve is \$13.3m, up 41% (\$3.9m)

TNE Evolve User Conference had a negative impact of \$3.0m on our earnings.
This investment will drive sales momentum over the coming years

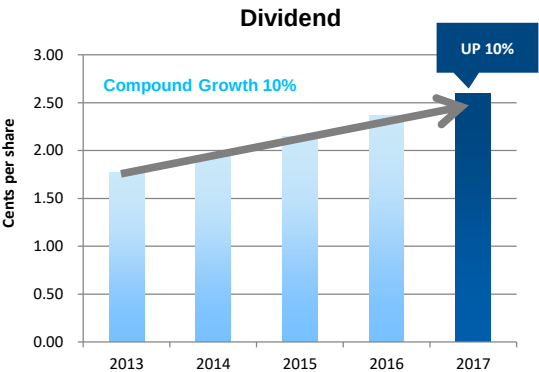
1H FY17	Company	Sales & Marketing	Consulting	Company Excl. Evolve
Revenue	\$113.9m	-	³ \$1.2m	\$115.1m
Expense	\$103.6m	¹ (\$1.4m)	² (\$0.4m)	\$101.8m
Profit	\$10.3m	\$1.4m	\$1.6m	\$13.3m
1H FY16	Company	Sales & Marketing	Consulting	Company Excl. Evolve
Revenue	\$101.0m	-	-	\$101.0m
Expense	\$91.6m	-	-	\$91.6m
Profit	\$9.4m	-	-	\$9.4m
Variance Profit \$	\$0.9m			\$3.9m
Variance Profit%	10%			41%

Evolve is our very successful user conference held every 3 years. The impact on our P&L associated with Evolve was as follows:
¹\$1.4m Marketing Costs, ²\$400K Consulting Staff Travel to Evolve, ³\$1.2m lost revenue Consulting because they all attended Evolve

Dividend Up 10%

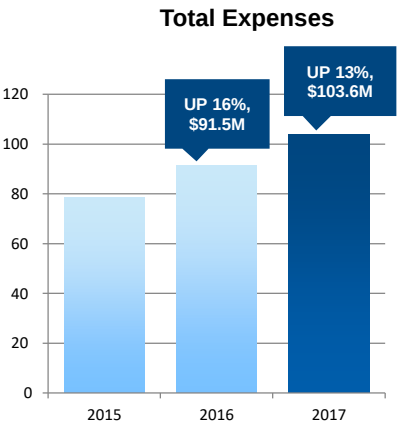
Given strong profit growth for the full year, H1 dividend increased

- 2.60 cps up 10% (declared, 75% franked¹)
- Payout ratio of 101%
- Board will consider a special dividend at year end



- Notes
- ¹We have paid less tax due to the R&D Tax Concession and the TechnologyOne Share Trust. We expect 2019 dividend to be fully franked again.
 - We have continuously paid a dividend 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

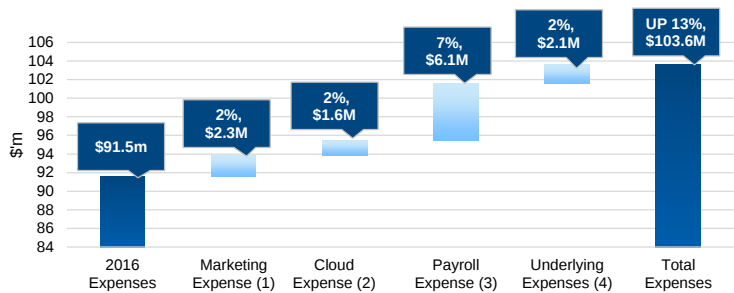
Total Expenses Up 13% (\$12.1m) versus Revenue up 13%



Total expenses excluding Evolve¹ would have been \$101.8m, up 11%

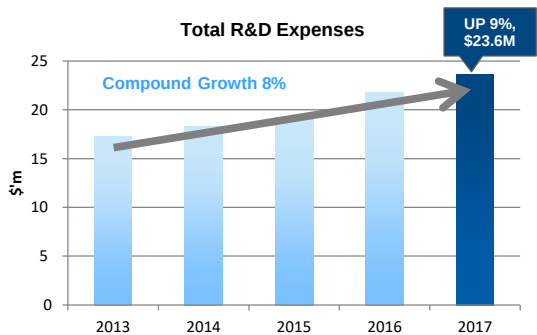
¹Evolve is our very successful user conference held every 3 years. Expenses associated with Evolve were \$1.8m, as follows: \$1.4m Marketing Costs, \$400K Consulting Staff Travel to Evolve

Total Expenses Up 13% (\$12.1m)



- Major contributors to expense increase were as follows:
- (1) Marketing - an additional \$1.8m in costs directly attributable to Evolve
 - (2) Cloud costs - cloud services revenue up 90% (\$3.9m)
 - (3) Pay increases & additional headcount
 - (4) In line with CPI

Total R&D Expenses up 9% fully expensed



R&D¹ target for full year is 8%

- Ci - existing very successful enterprise software suite
- Ci Anywhere - our new generation product for smart mobile devices
- New R&D plan for the next 5 years, which once again recommitts the company to deliver CAG² of 8% (compared to CAG of 16% historically). This represents a saving of \$75m over this 5 year period.

¹R&D fully expensed in the year it is incurred; and includes any R&D subsidies

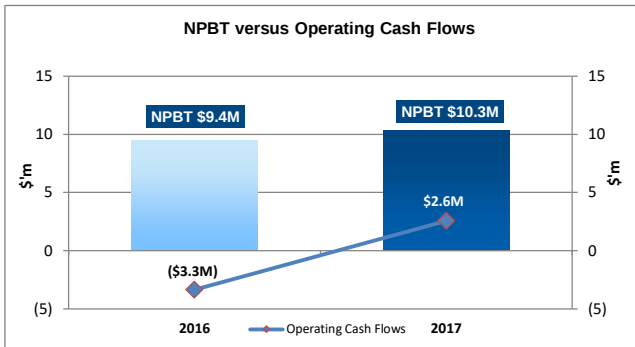
²CAG – Compound Annual Growth

Cash Flow

Operating Cash Flow \$2.6m, has increased from negative \$3.3m in prior year (up \$5.9m)

- Up \$5.9m, 177% from Mar 2016
- Vs Net profit before tax of \$10.3m
- Vs Net profit before tax of \$9.4m to Mar 16

This will improve substantially over full year, to align to NPAT



	Mar-17 \$ '000	Mar-16 \$ '000	Var	%
EBIT	10,325	9,420	905	10%
Depreciation & Amortisation	2,098	2,297	(199)	(9%)
Change in working Capital				
(Increase) / Decrease in Debtors ¹	2,045	(5,407)	7,452	138%
(Increase) / Decrease in Prepayments ²	(7,627)	(4,886)	(2,740)	(56%)
Increase / (Decrease) in Creditors	(65)	(1,466)	1,401	96%
Increase / (Decrease) in Staff Entitlements	(593)	(667)	74	(11%)
Net Interest (Paid) / Received	302	520	(218)	(42%)
Income Taxes paid	(4,522)	(3,498)	(1,025)	(29%)
Other	683	343	340	99%
Operating Cash Flow	2,646	(3,343)	5,989	(179%)
Capital Expenditure	(4,417)	(2,645)	(1,772)	(67%)
Payment for purchase of business ³	(1,246)	(2,000)	754	(100%)
Proceeds from Sale of PP&E and Investments	(0)	0	(0)	0%
Free Cash Flow	(3,017)	(7,988)	4,971	(62%)
Dividends Paid	(22,214)	(20,629)	(1,585)	(8%)
Repayment of finance lease	(16)	(1,915)	1,899	99%
Proceeds from Shares issued	115	416	(301)	(72%)
Increase / (Decrease) in Cash & Cash equivalents	(25,132)	(30,115)	4,983	(17%)

¹ Significant collection of debtors in H1

² Significant prepayment to AWS of \$14m vs \$10m in prior year (increase \$4m)

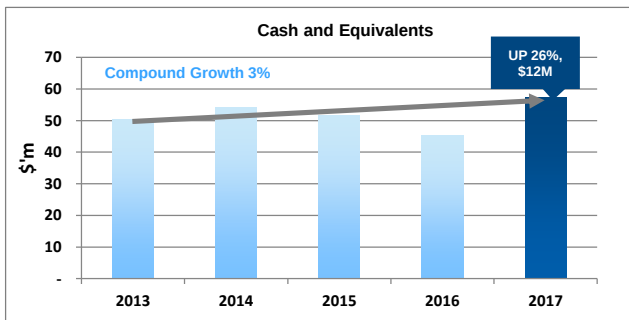
³ Acquisitions - final guaranteed payments after 12 months.

Balance Sheet

Cash & Equivalents of \$57.5m up \$12m (\$45.4m pcip)

- Net Cash: 18.33c/s (vs. 14.60c/s)
- Debt/Equity: 0.01% (vs. 0.45%)
- Net Assets: \$124.6m (vs. \$107m, up \$17.6m)
- Interest Cover: 216 times

This will continue to improve over the full year and exceed 2016



¹ includes additional \$4m prepayment for cloud infrastructure services and other items

² To be billed in the next 12 months – work in progress, retentions, and contracted licences to be billed

³ To Be Billed more than 12 months – contracted licences for which the contract must include a 'break fee' for the total amount revenue recognized

⁴ Prepayments by customers - the majority of which relates to Prepaid Cloud Service Fees

	Mar-17 \$'000	Mar-16 \$'000	Var \$'000	%
Cash & cash equivalents	57,456	45,420	12,036	26%
Prepayments ¹	13,517	6,642	6,875	104%
Trade and other receivables	38,708	39,415	(707)	(2%)
Earned and unbilled revenue ²	15,668	14,244	1,424	10%
Other current assets	1,596	583	1,013	174%
Current tax asset	1,521	-	1,521	0%
Current assets	128,466	106,304	22,162	21%
Property, plant and equipment	13,579	10,986	2,593	24%
Intangible assets	47,814	48,706	(892)	(2%)
Earned and unbilled revenue ³	6,505	2,081	4,424	213%
Deferred tax assets	6,789	7,622	(833)	(11%)
Non-current assets	74,687	69,395	5,292	8%
Total Assets	203,153	175,699	27,454	16%
Trade and other payables	29,405	22,276	7,129	32%
Provisions	10,637	9,975	662	7%
Current tax liabilities	-	1,808	(1,808)	(100%)
Unearned revenue ⁴	21,605	12,846	8,759	68%
Current liabilities	61,647	46,905	14,742	31%
Trade and other payables	11,324	15,845	(4,521)	(29%)
Provisions	3,854	4,470	(616)	(14%)
Other non-current liabilities	1,679	1,456	223	15%
Non-current liabilities	16,857	21,771	(4,914)	(23%)
Total Liabilities	78,504	68,676	9,828	14%
Net Assets	124,649	107,023	17,626	16%
Issued Capital and Reserves	54,584	48,701	5,883	12%
Retained earnings	70,065	58,322	11,743	20%
Equity	124,649	107,023	17,626	16%

We are managing the transition to the cloud carefully

We are generating significant cash from the cloud

From the Balance Sheet on previous page...

	Mar 2017	Mar 2016	
• Earned & Unbilled Revenue (non current) ³	(\$6.505m)	(\$2.081m)	Driven by cloud - Revenue recognized & to be billed over more than 12 months – multi year contracted licences for which the contract must include a 'break fee' for the total amount revenue recognized. We expect this to grow slowly because of the Commitment fee (ie deposit) we are requesting be paid upfront.
• Unearned Revenue ⁴ (ie prepayments)	\$21.605m	\$12.846m	Driven by the cloud - Prepayments by cloud customers - the majority of which relates to Prepaid Cloud Service Fees. We expect this to grow quickly (\$143m per year recurring in 2022)
• Prepayments exceed Earned & Unbilled	\$15.1m	\$10.765m	Prepayments exceed Earned & Unbilled Revenue by \$4.4m which means net generation of cash. This will continue to grow quickly as Cloud ACV hits \$143m per year in 2022.

Results Analysis

Half Year 2017 v Half Year 2016	2017 \$'000	2016 \$'000	Variance \$'000	%
Revenue excl interest	113,597	100,570	13,027	13%
Expenses (excl R&D, interest, Depn & Amortisation)	77,867	67,461	10,406	15%
EBITDAR	35,730	33,109	2,621	8%
R&D Expenditure	23,609	21,756	1,853	9%
EBITDA	12,121	11,353	766	7%
Depreciation	1,833	1,692	140	8%
Amortisation of Intangibles	265	604	(339)	(56%)
EBIT	10,023	9,057	966	11%
Net Interest Income	301	363	(62)	(17%)
Profit Before Tax	10,324	9,420	904	10%
Profit After Tax	8,054	7,351	703	10%

R&D is a significant expenditure we incur today, to build the platform for our continuing strong growth in the future

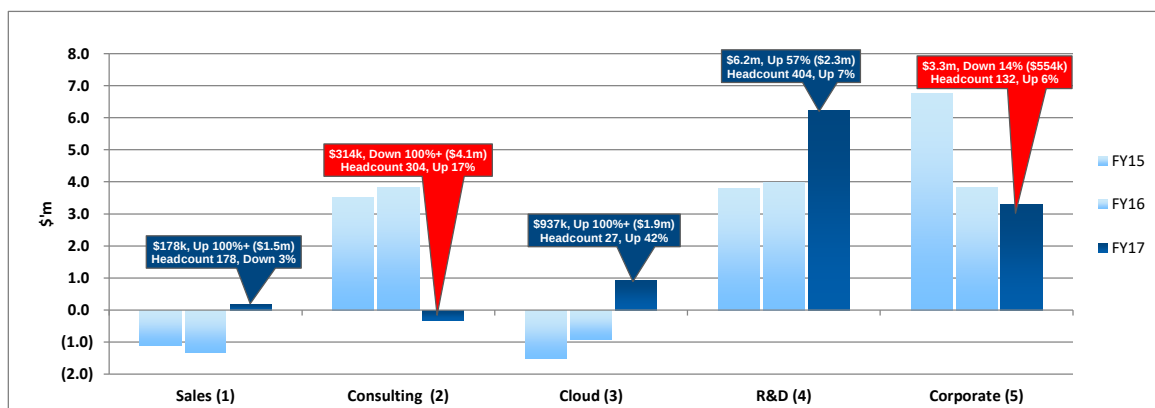
Results – Key Metrics

Half Year 2017 v Half Year 2016	2017	2016	Variance %	Half Year 2017 v Half Year 2016	2017	2016	Variance %
EPS (cents)	2.57	2.36	9%	ROE			
Dividends (cents)				Return on equity	7%	7%	
Standard	2.60	2.36	10%	Adjusted return on equity ¹	11%	12%	
Special	-	-		Balance Sheet (\$'000s)			
Total dividends paid (cents)	2.60	2.36	10%	Net Assets	124,646	107,023	16%
Dividend Payout Ratio	101%	100%		Cash & Cash Equivalents	57,456	45,420	26%
Key Margin Analysis				Operating cash flows	2,646	(3,343)	100+%
EBITDAR Margin	31%	33%					
EBITDA Margin	11%	11%		Debt/Equity	0.01%	0.45%	
Net Profit Before Tax Margin	9%	9%		R&D as % of Total Revenue	21%	22%	
Net Profit After Tax Margin	7%	7%					

¹Adjusted for net cash above required working capital, which was assumed at \$10m

Transforming business, making life simple

Profit By Segment Analysis



Net Profit Before Tax \$10.3m, up 10% (\$900k)

(1) Sales: Licence Fees up on LY by 30% contributing to the \$1.5m improvement

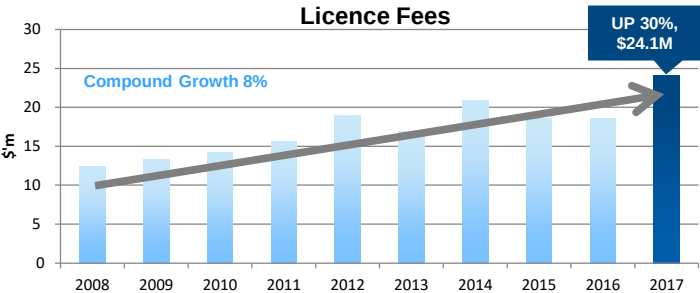
(2) Consulting: Profit down \$4.1m: discussed previously - Impact of BCC (\$2m) and Evolve (\$1.6m)

(3) Cloud: strong contribution as business reaches scale

(4) R&D: Licence Fees up on LY by 30%

(5) Corporate: Increased legal costs in 1H

Licence Fees continue to grow strongly, up 30%

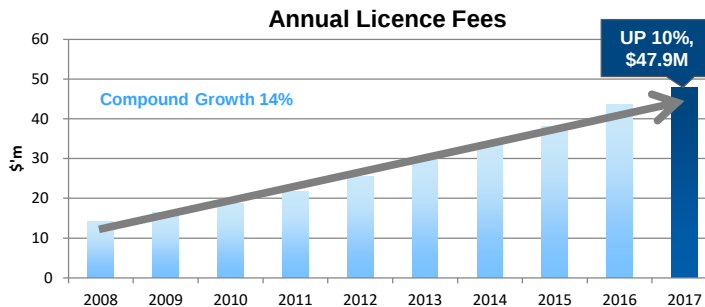


- This exceeded expectations as a number of deals closed earlier than would normally be expected
- New customers added this half: 30 (refer next slide)
- The pipeline for the second half remains strong, to deliver continuing Licence Fee growth over the full year
- First enterprise vendor to be audited and recommended for certification to the Federal Government IRAP security standard which will drive significant licence & cloud sales in Half 2, as well as the coming years

New Customers for 2017 (30)

Adur & Worthing Borough Councils	Forico Pty Limited	Tamaki Redevelopment Company Limited
Best Friends Support Services Pty Ltd	HAMBS	Tasmanian Irrigation Pty Ltd
CEnet - Archdiocese of Hobart	Horsham District Council	Tasracing Pty Ltd
CEnet - Diocese of Townsville	Inner West Council	University of Sunderland
CEnet - Diocese of Wollongong	Irrigo Centre Limited	University of Worcester
CEnet - Sydney Catholic Schools	Mount Alexander Shire Council	Victorian Planning Authority
Archdiocese of Sydney	Mutual Marketplace Pty Ltd	WorkSafe New Zealand
Charters Towers Regional Council	Office of National Assessments	
Clontarf Foundation	Rotorua District Council	
Cumberland Council	SmashCare Australia Pty Ltd	
Department for Child Protection and Family Support	SYC Ltd	
Flourish Australia	Sydney Motorway Corporation Pty Limited	

Annual Licence continues to grow strongly, up 10%



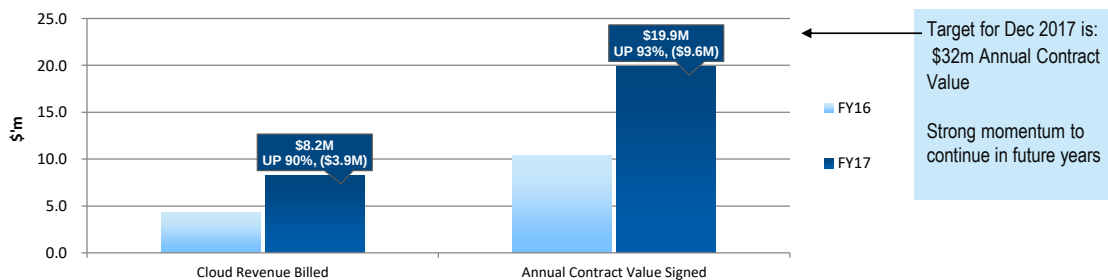
- Compound growth over the last 10 years is 14%
- Customer retention is important
- Investing in Compelling Customer Experience III, Ci Anywhere, TechnologyOne Cloud

Transforming business, making life simple

Cloud Service Fees¹ Continue To Grow Strongly

Annual Contract Value (ACV) of \$19.9m, Up 93%

Half year profit of \$937k (vs a loss \$900k in H1 2016)



- New customers added this half: 41 (refer next slide)
- Total Cloud customers now: 199 vs 158 at 30 Sept 2016
- Our mass production architecture is now in operation with Cloud 5.0+
- Cloud focus has moved from ACV to Profit over the next 12 months
- Profit for the full year revised up from \$1m to \$2.5m (vs \$2.2m loss full year 2016)
- First enterprise vendor to be audited and recommended for certification to the Federal Government IRAP security standard

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

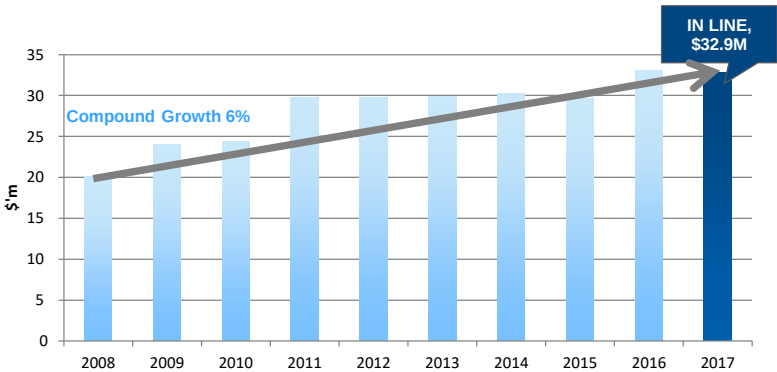
New Cloud Customers For 2017 (41)

Adur & Worthing Borough Councils	Illawarra Credit Union	Tasracing Pty Ltd
CEnet - Archdiocese of Hobart	Inner West Council	Thames Coromandel District Council
CEnet - Diocese of Townsville	Irrigo Centre Limited	The Roman Catholic Archbishop of Perth Corporation Sole
CEnet - Diocese of Wollongong	Kalgoorlie-Boulder City	University of Worcester
CEnet - Sydney Catholic Schools Archdiocese of Sydney	Live Borders Limited	Urban Growth NSW
Central Highlands RC	Mercy Community Services SEQ Limited	Waikato District Council
Charters Towers Regional Council	Moonee Valley City Council	Whanganui District Council
Citywide Services	Mutual Marketplace Pty Ltd	WorkSafe New Zealand
Clontarf Foundation	NZX Limited	Yarra Ranges Shire Council
Cumberland Council	Office of National Assessments	
Department for Child Protection and Family Support	Outsource Australia	
Dept of Indigenous Affairs	Royal Flying Doctors Service (WA)	
Flourish Australia	State Services Commission	
Forico Pty Limited	SYC Ltd	
Horsham District Council	Sydney Motorway Corporation Pty Limited	
	Tamaki Redevelopment Company Limited	
	Tasmanian Irrigation Pty Ltd	

Transforming business, making life simple

Total Consulting Revenue Line Ball

Profit contribution down 100%+ (\$4.1m)

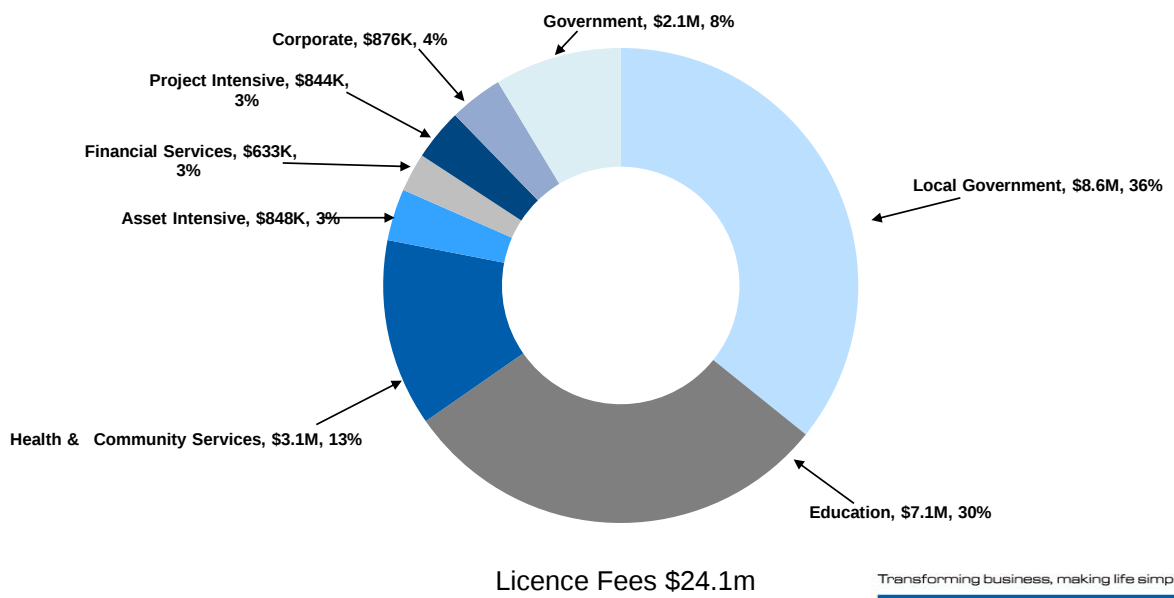


- Impacted by the Evolve user conference¹ (\$1.6m), BCC (\$2m) and UK consulting practice loss increased by \$475k, which was expected as we build this practice
- Changes to Consulting also discussed later
- Full year we expect Total Consulting Profit will be down \$1.5m, and return to profit growth in 2018

¹Evolve is our very successful user conference held every 3 years. Evolve impact on P&L was \$1.6m, as follows: \$1.2m reduced consulting revenue as staff attended Evolve, \$400K consulting staff travel costs to Evolve

Transforming business, making life simple

Licence Fee Contribution - Vertical Market



Delivering a
Cloud first,
mobile first world

Agenda

- ✓ Results
- Significant Achievements
 - Strategic Initiatives
 - Outlook for Full Year
 - Long Term Outlook

Appendix

- TechnologyOne Overview



TechnologyOne Cloud

Enterprise software as a service

- ✓ TechnologyOne Cloud 5.0+ introduced the start of our mass production Software as a Service offering
- ✓ Have now migrated majority of customers seamlessly from Cloud 1.0, 2.0, 3.0, 4.0, 5.0 to Cloud 6.0
- ✓ Cloud 7.0 now released
 - ✓ Increased security accreditation: IRAP and PCI
 - ✓ Only SaaS vendor to achieve this high level of security accreditation in Australia
 - ✓ Increased scalability, reliability and efficiencies
- Profit of \$937k vs a loss of \$922k pcp
- Full year profit of the cloud now upgraded from \$1m to \$2.5m

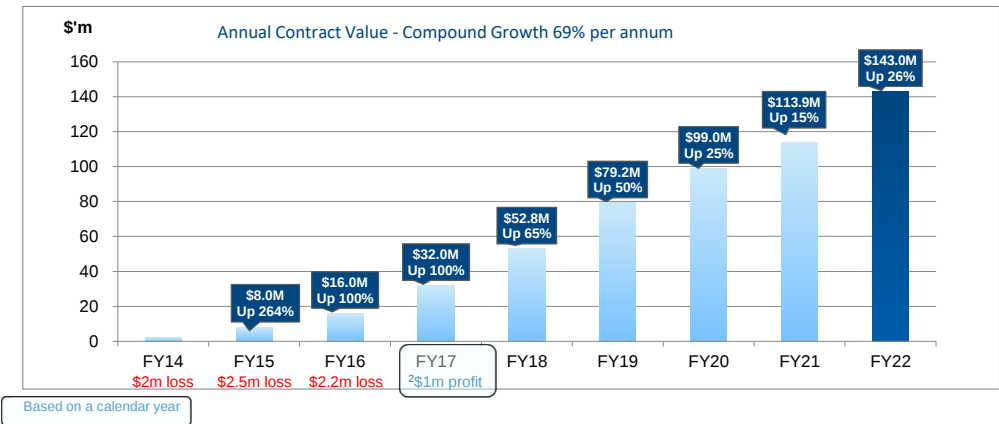
199 customers on TechnologyOne Cloud



TechnologyOne Cloud Services Fee¹ Growth To 2022

Additional \$143m / year (recurring) in 2022

new revenue stream and does not cannibalise existing revenue streams



¹Cloud Services Fee only – new incremental revenue, does not cannibalise Initial or Annual Fees

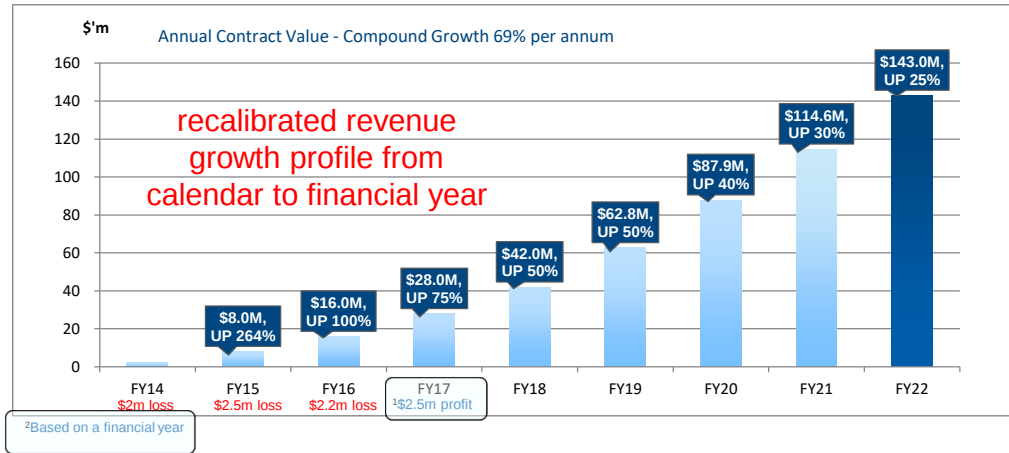
²Revised from breakeven to \$1m profit

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

TechnologyOne Cloud Services³ Growth To 2022

\$143m / year (recurring) in 2022, recalibrated by financial year

new revenue stream and does not cannibalise existing revenue streams



¹Revised from \$1m to \$2.5m profit

²Recalibrated from Calendar to Financial Year

³Cloud Services Fee – new incremental revenue, does not cannibalise Initial or Annual Fees

Recalibrated to be by financial year. Also profit contribution in 2016/2017 year upgraded to \$2.5m.



Absolutely essential in a digital world

Ci Anywhere

Any device. Any where. Any time.

Enterprise software, incredibly simple

Ci Anywhere

Enterprise software, incredibly simple

Any device. Any where. Any time.

- 2016A & earlier releases progressively de-commissioned by mid 2017
- 2016B is current release to which customers are being migrated to
- 2017A is under development – planned release date 30/5/17
- 2018A is being planned – tentative release date early 2018
- Deliver all remaining functionality late 2017 /early 2018
 - Significant competitive advantage
 - We are the only ERP vendor committing 100% of our ERP functionality across all mobile devices

Showcases

Insights, Inspiration, Innovation

- ✓ Following success of Evolve
- ✓ Create sales momentum for TechnologyOne Cloud and Ci Anywhere
- Solution showcases now planned for mid 2017 to early 2018 to continue momentum
 - Australia, New Zealand and UK

Capitalising on Evolve

- ✓ New strategy being implemented to return to profit growth
- ✓ Separation into 2 focused / separate business units
 - Consulting New Customers vs Consulting Existing Customers
 - Different culture, systems, processes
 - Improved business processes and methodologies
- ✓ Profitability to improve 2018
- ✓ New Operating Officer appointed to implement the new strategy
 - Mrs Nancy Mattenberger, who has had extensive experience leading the INFOR practice in the USA

Consulting

United Kingdom

- United Kingdom \$775k loss¹ (vs 300k last pcg)
- Licence Fees down 50% to \$678k
 - A large University contract could not be finalized by March 30th
 - Pipeline strong for the full year, and expect to grow licence fees by 33% to \$4m
- 4 new customers, all of which are on the TechnologyOne Cloud
- Our 'blue ocean' strategy is gaining traction
 - Provide a total ERP solution for higher education & local government
 - HRP² availability - target date mid 2017, Early adopter in place
 - Student Management availability - target date phase 1 mid/late 2017 ; phase 2 mid/late 2018, Early adopter in place
- Focus to build a profitable Consulting practice
 - Have grown from 7 to 24 FTE consultants by March 2017
 - 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.

New UK Customers for 2017 (4)

Adur & Worthing Borough Councils
Horsham District Council
University of Sunderland
University of Worcester

UK Customers (44)

Local Government (12)

- Adur & Worthing Borough Councils
- Aylesbury Vale District Council
- Cambridge City Council
- Clackmannanshire Council
- Huntingdonshire District Council
- Horsham District Council
- Leicester City Council
- Scarborough Borough Council
- Scottish Borders Council
- South Cambridgeshire District Council
- The East Riding of Yorkshire Council
- The Mayor and Burgesses of the London Borough of Haringey

Health & Community Services (10)

- East Dunbartonshire Leisure and Culture Trust
- Edinburgh Leisure
- Enjoy East Lothian Leisure Ltd
- Equity Housing Group
- Hereford & Worcester Fire & Rescue Services
- Ongo Partnership Ltd
- Scottish Association for Mental Health
- Strathclyde Fire & Rescue
- Strathclyde Partnership for Transport
- West Lothian Leisure Limited

Higher Education (14)

- Carnegie College
- Ealing, Hammersmith and West London College
- Glasgow Clyde College
- Institute of Education
- New College Lanarkshire
- The University of Dundee
- University of Exeter
- University of Hertfordshire
- University of Lincoln
- University of South Wales
- University of Sunderland
- University of Worcester

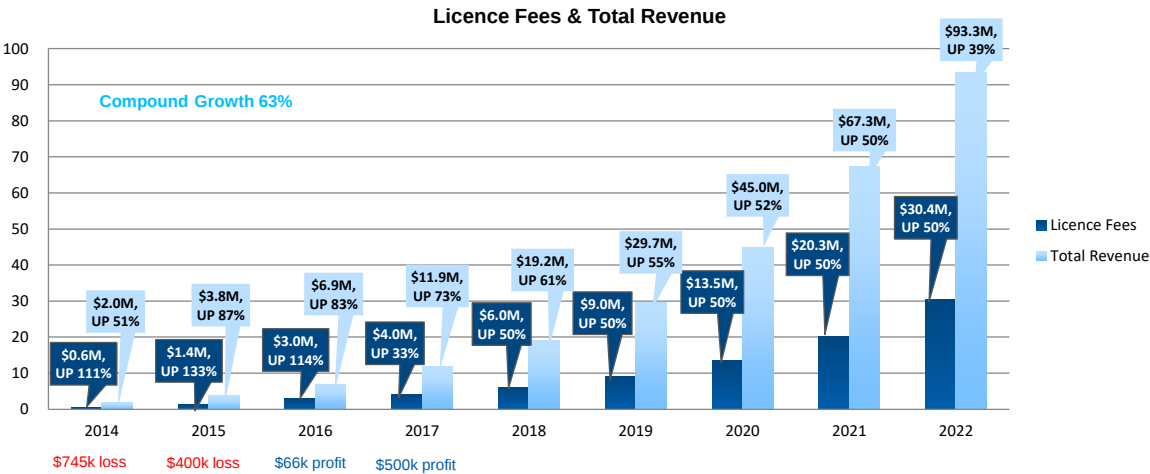
Other (8)

- BT Investment Management UK
- CIPFA Business Limited
- Dickinson Dees LLP
- Greater London Enterprise
- Live Borders Limited
- Livingbridge EP LLP
- Pepper Europe (UK) Limited
- Pepper Finance Ireland

Transforming business, making life simple

UK Licence Fee Growth to 2022

Additional \$93m Revenue in 2022 year



¹Licence Fee Compound Growth

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

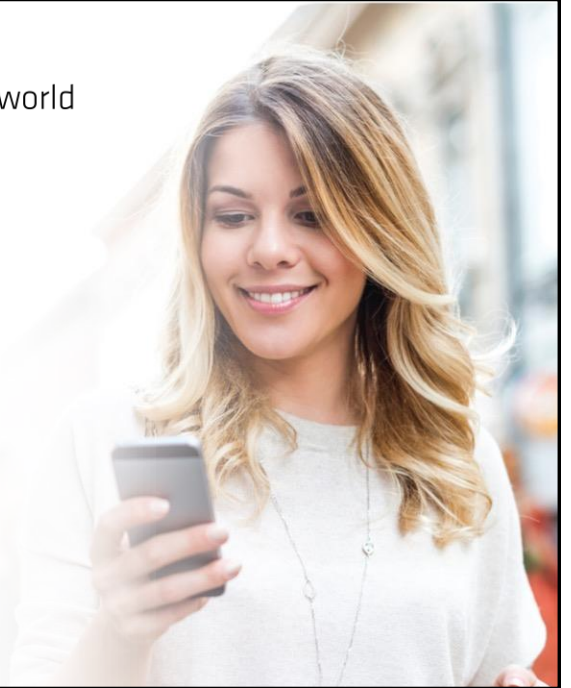
Delivering a
Cloud first,
mobile first world

Agenda

- ✓ Results
- ✓ Significant Achievements
- Strategic Initiatives
 - Outlook for Full Year
 - Long Term Outlook

Appendix

- TechnologyOne Overview

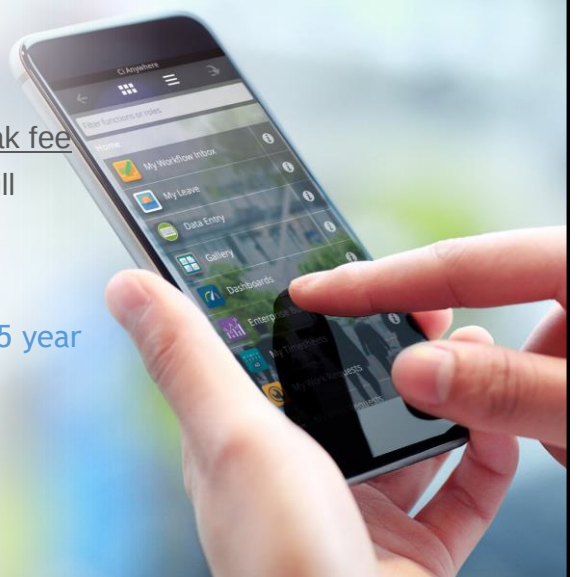


Fast Track Subscription Licences

- ✓ Move away from perpetual licences
 - on Cloud or On Premise
- ✓ Push 5 year subscription licences with break fee
- ✓ After 5 years these subscription licences will move to yearly licences

Goal this year is 50% of all new business is 5 year subscription licences

At Half 1 we achieved 80+% of subscription licence fees for new business



Edward Chung Appointed CEO

- Long term carefully executed succession plan
- Edward Chung was previously Chief Operating Officer
 - Long serving executive for 10+ years
 - Responsible for day to day operations of TNE globally
- Adrian Di Marco continues in role of Executive Chairman
 - Lead the Board
 - Assist the Executive team through the transition
 - Continued focus on Strategy and R&D
 - Will remain a major shareholder of TNE

Brisbane City Council Status

This is a unique event in the company's 30 year unblemished history, as BCC were development partners of TechnologyOne for its new generation digitally enabled local government rating and property solution. This is the first time the company has ever allowed a customer to fulfil this role. BCC found it increasingly difficult to fulfil their obligations.

- Dispute initiated unexpectedly and publicly by Lord Mayor on Jan 25th 2017
 - Prior to the announcement there was no dispute between TNE and BCC
 - On the morning of the announcement TNE was briefed by BCC independent review committee which was critical of BCC and not of TNE
 - Lord Mayor's facts were incorrect - TNE was on track for contracted date 'go live date' of Jan 2018¹
 - refer ASX statement 25 January 2017 "TNE Responds to Brisbane City Council Press Release"
 - refer ASX statement 30 January 2017 "TNE Guidance of continuing strong profit growth unchanged – BCC update"
- No progress made in resolving the dispute, and TNE updates shareholders
 - refer ASX statement dated 28 April 2017 "Reconfirms guidance and update on BCC LGS Project"
 - BCC 'spins its wheels' and will not allow the project to proceed, because of minor items that have no bearing on the project at this time
 - BCC purposefully frustrates the contract to make TNE appear culpable and improve their negotiating position
- Lord Mayor threatens termination of contract, and TNE again updates shareholders
 - Refer ASX statement dated 3 May 2017 "BCC Project Event Chronology" – a detail chronology of events
 - Lord Mayor public statements of co-operation with TNE are disingenuous, and BCC continues to frustrate the contract
- Given the lack of progress, attempted termination of the contract by BCC is now probable
 - Litigation would be a good way forward, allowing TNE to pursue legal remedies, seek compensation & put this behind us
 - Had BCC been commercially sensible and not been driven to improve their negotiating position, BCC would be on track for a new digitally enabled system by January 2018
- TNE remains confident of its legal position & confirms guidance of continuing strong growth
- TNE would have preferred this to have not been put in the public arena by BCC, which has led to this point

¹contractual variation changed the contracted go-live date of 30 March 2017 to January 2018 on a 'no fault basis with each party to bear their own costs'

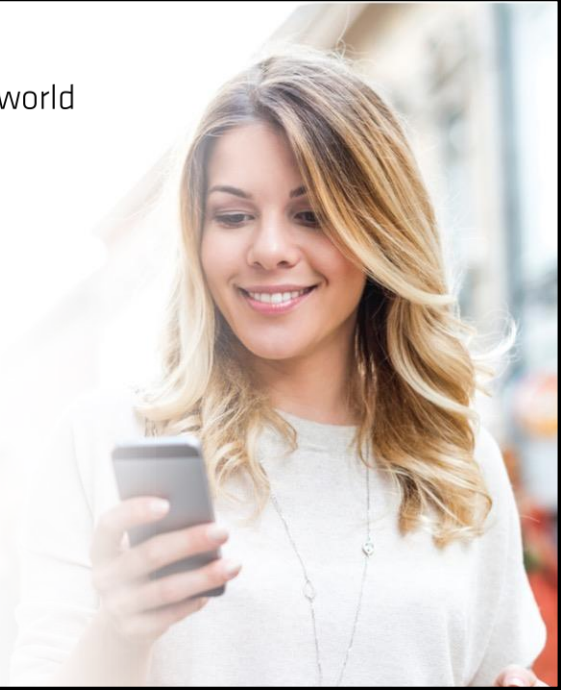
Delivering a
Cloud first,
mobile first world

Agenda

- ✓ Results
- ✓ Significant Achievements
- ✓ Strategic Initiatives
- Outlook for Full Year
- Long Term Outlook

Appendix

- TechnologyOne Overview



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 Full Year

- Substantial base of committed Annual Licence fees heavily weighted to the second half
- Strong pipeline of opportunities in second half
- **We expect profit growth of 10% to 15% for the full year**

Transforming business, making life simple

Assumptions

- The current pipeline remains strong for the second half
- Total Expenses will be up 10% for the full year (vs up 13% at the end of Half 1). Furthermore:
 - Operating expenses up 10%
 - R&D expense up 8%
- Other points
 - Cloud Profit will be \$2.5m for the full year
 - United Kingdom profit will be \$500k (vs \$66k profit last year)
 - No new acquisitions in the second half
 - Total Consulting Profit² will be down \$1.5m on pcg

²Consulting One Offs not repeated H2 : Evolve Costs were \$400k travel & \$1.2m loss revenue; BCC of \$2m

Transforming business, making life simple

Our focus this financial year

- ✓ Control costs: R&D, Cloud, Consulting etc..
- ✓ Cloud to deliver \$2.5m profit in 2017
- ✓ United Kingdom to deliver \$500k profit in 2017
- ✓ Consulting improve profitability
- ✓ Transition our business: TechnologyOne Cloud & Ci Anywhere
- ✓ Focus on our eight vertical markets – resilient & strong
- ✓ Cross sell into our large existing customer base
- ✓ Focus on HRP, Asset Management, ECM

Delivering a
Cloud first,
mobile first world

Agenda

- ✓ Results
- ✓ Significant Achievements
- ✓ Strategic Initiatives
- ✓ Outlook for Full Year
- Long Term Outlook

Appendix

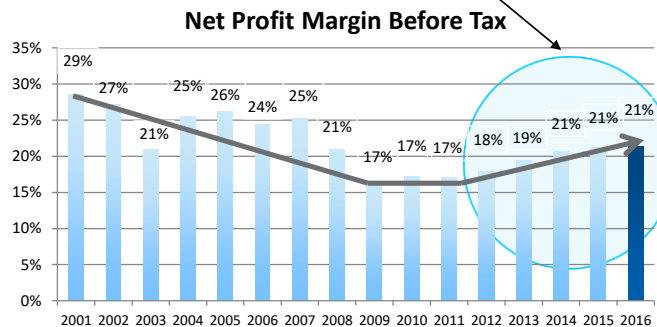
- TechnologyOne Overview

Long Term Outlook

Focus is to substantially improve PBT margins through:

- Controlled R&D growth
- Product maturity
- Cloud becomes profitable

Temporary hiatus due to Cloud loss of \$2.2m on revenues of \$10.1m
Excluding Cloud business, margin is 23%.
Cloud becomes profitable 2017 financial year, margin improvement to resume

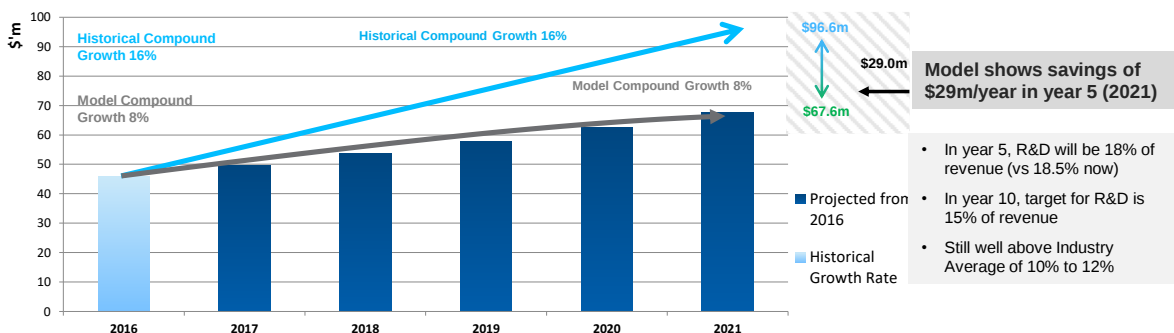


Profit margin to continue to improve to 25% in the next few years

Transforming business, making life simple

R&D¹ Growth from 2016 to 2021

Save \$75m over the 5 year period



Target for R&D growth of 8% per annum compound

- Included acquisitions to date: JRA, DMS, ICON into the baseline
- Operating leverage, economy of scale, new work practices, off shore R&D centres
- Continues to be a very aggressive R&D program
- Assumes no Acquisitions in next 5 years, and continuing growth in revenue

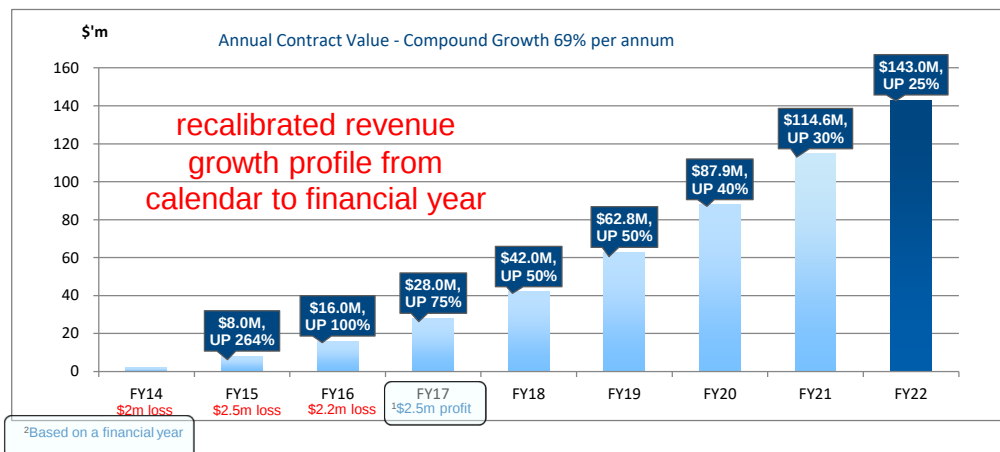
¹ R&D excluding acquisitions, including R&D product mods / subsidiaries

Transforming business, making life simple

TechnologyOne Cloud Services³ Growth To 2022

\$143m / year (recurring) in 2022, recalibrated by financial year

new revenue stream and does not cannibalise existing revenue streams



¹Revised from \$1m to \$2.5m profit

²Recalibrated from Calendar to Financial Year

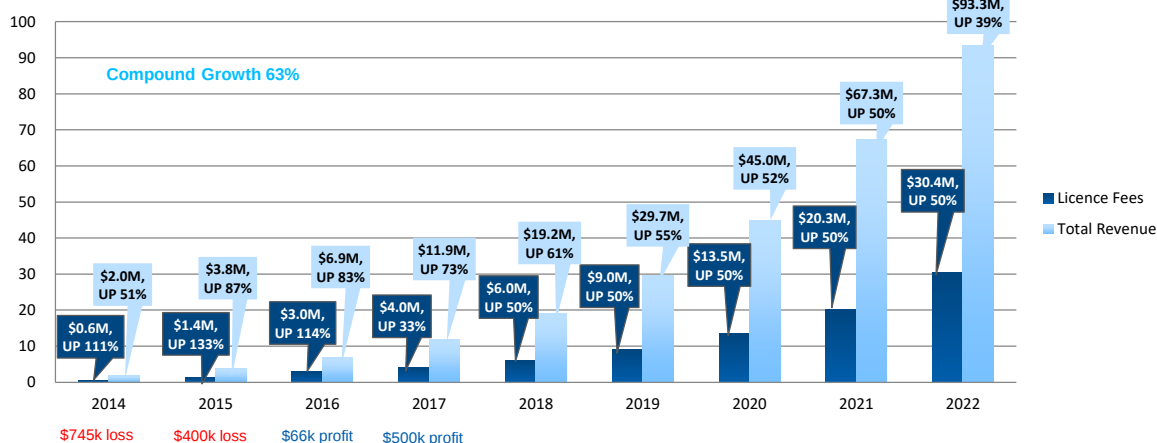
³Cloud Services Fee – new incremental revenue, does not cannibalise Initial or Annual Fees

Recalibrated to be by financial year. Also profit contribution in 2016/2017 year upgraded to \$2.5m.

UK Licence Fee Growth to 2022

Additional \$93m Revenue in 2022 year

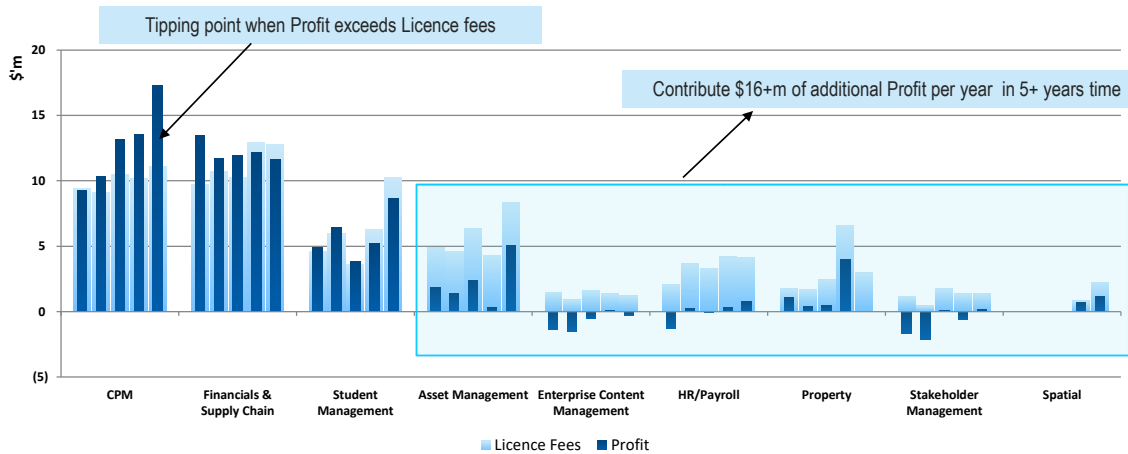
Licence Fees & Total Revenue



¹Licence Fee Compound Growth

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

Product Maturity



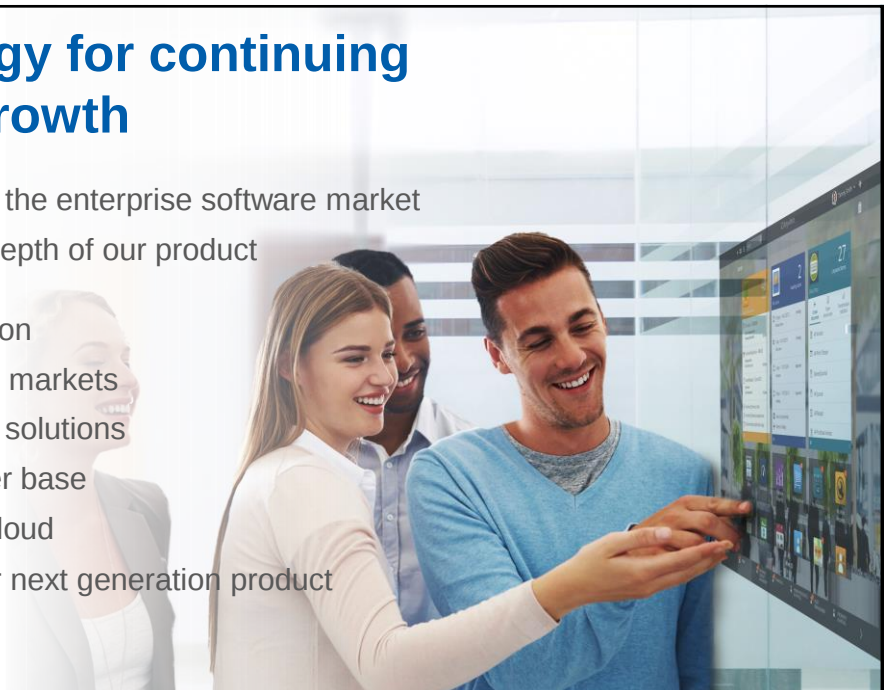
- Significant investment over the last 10 years in Assets, ECM¹, HRP², Property, Stakeholder Management
- Expected these to contribute strongly in the coming years to profitability

¹ Enterprise Content Management

² Human Resources & Payroll

Clear strategy for continuing long term growth

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



Positioned well for the future...

Delivering a
Cloud first,
mobile first world



Delivering a
Cloud first,
mobile first world

Agenda

- ✓ Results
- ✓ Significant Achievements
- ✓ Strategic Initiatives
- ✓ Outlook for Full Year
- ✓ Long Term Outlook

Appendix

- TechnologyOne Overview



Australia's largest enterprise software company



1000+ high profile customers



Financially Very Strong

• Cash and Equivalents	\$82.6m
• Return on Equity	30+%
• Adjusted Return on Equity ¹	61%
• Debt/Equity	0.02%
• Interest Cover	683
• Continually paid dividends since 1996	(21 years)
• Continually profitable since 1992	(25 years)

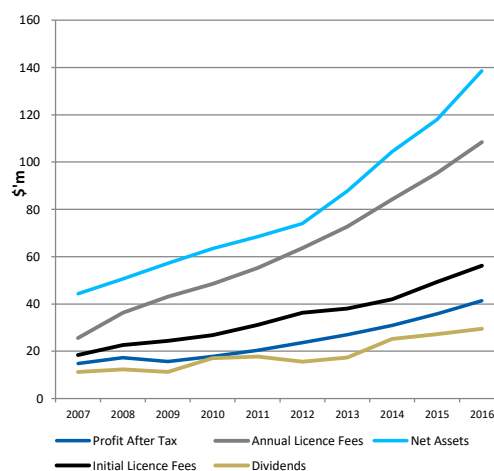
As at 30th Sept 2016 ¹Adjusted for net cash above required working capital, assumed at two months of staff costs

Transforming business, making life simple

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



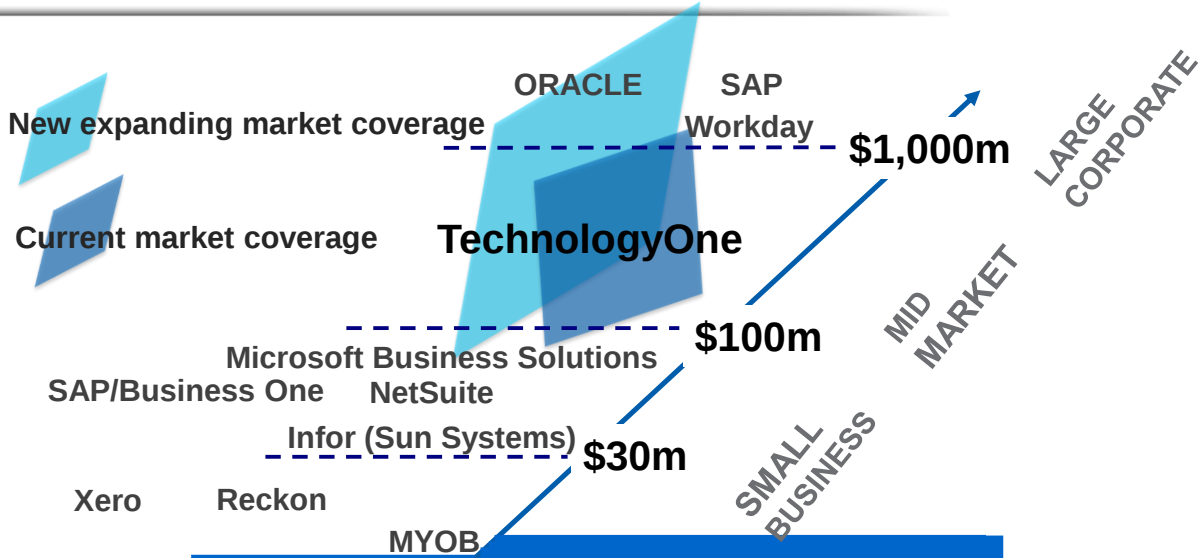
Doubling in size every 5+ years

Transforming business, making life simple

Delivering a
Cloud first,
mobile first world

Technology One .. Additional Information

The Competitive Landscape



Transforming business, making life simple

Our enterprise vision
The power of a single,
integrated enterprise solution

What makes us unique

What makes us unique...

Our enterprise vision

**We are one of only a few
global enterprise vendors**

- Suite of 14 products
- Deeply integrated
- Best of Breed functionality
- Common platform
- Consistent user interface

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

			 Student Management	 Budgeting & Forecasting
		 Asset Management	 Supply Chain	 Property & Rating
	 Financials	 Performance Planning	 Human Resource & Payroll	 Spatial
		 Enterprise Cash Receipting	 Stakeholder Management	 Business Process Management
			 Enterprise Content Management	 Business Intelligence



What makes us unique...

The power of one

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.



Compelling Customer Experience

One vision. One vendor. One experience.

Transforming business, making life simple

What makes us unique...

We focus on eight key markets...

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



We sell to asset and service intensive organisations.
We do not service retail, distribution or manufacturing industries.

Market focus and commitment

Transforming business, making life simple

Preconfigured solutions

Proven practice preconfigured solutions designed to meet the needs of each sector

- Tailored configuration
- Proven practice
- Streamlined implementation
- Reduced time, cost and risk

Faster, cheaper, safer, better

The power of evolution

An enterprise solution that adapts and evolves



What makes us unique

What makes us unique...

The power of evolution

Substantial investment into R&D each year

- New releases encompass new technologies, concepts and innovations
- Configuration and not customisation



Green screen



Client server



Web based



Cloud computing & smart mobile devices

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

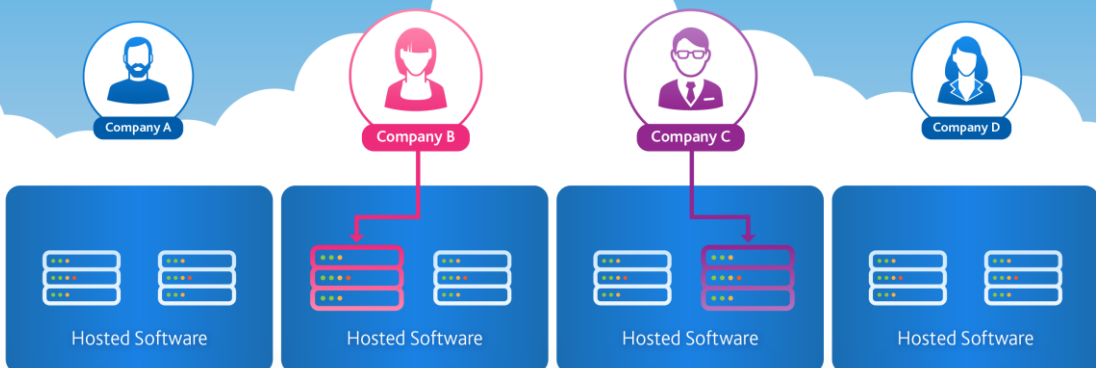
TechnologyOne Cloud

Enterprise software as a service

- We run our own enterprise software through the cloud
- We take responsibility to provide a simple, cost effective and highly elastic model of computing
- Unique mass production model delivers economies of scale and strategic benefits to our customers
- Focus on your business not the technology

The future of enterprise software, today

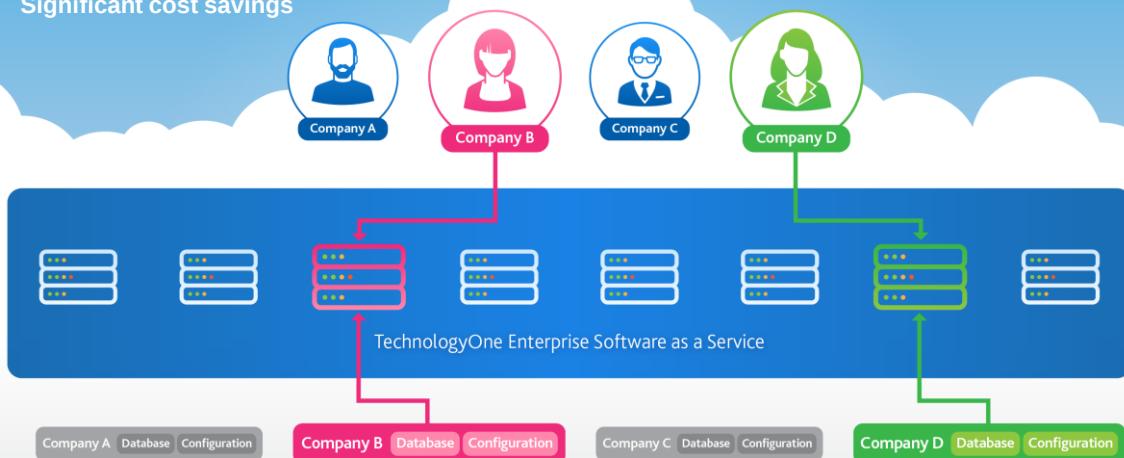
Traditional Hosting Customised



Hand crafted to your specific needs – you only get what you pay for

- ✓ Economy of scale
 - Massively scalable, Highly efficient, Cost effective
- ✓ Highly resilient & fault tolerant
- ✓ Elastic - add capacity dynamically
- ✓ Significant cost savings

TechnologyOne SaaS Mass Production



Future proof - We invest millions annually to make our production line and software better

Absolutely essential in a digital world

Ci Anywhere

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



Flow across many devices in the course of a day

We are delivering our entire enterprise suite on mobile devices



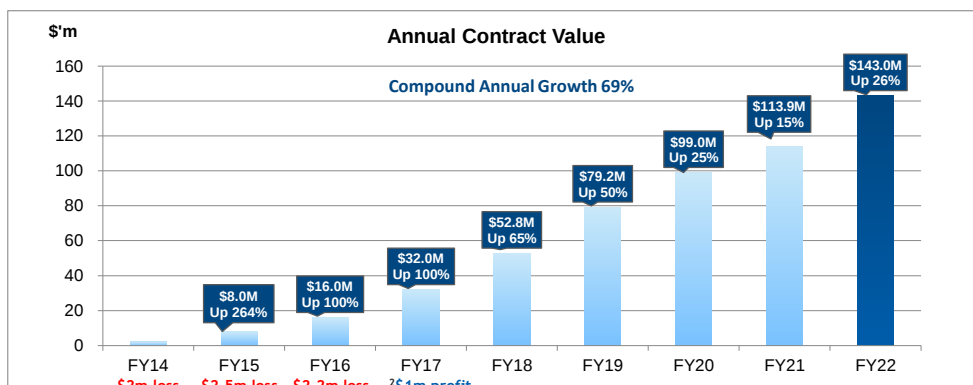
Enterprise Software intelligently adapts to the devices

Transforming business, making life simple

TechnologyOne Cloud Growth To 2022

Additional \$143m / year (recurring) in 2022

new revenue stream and does not cannibalise existing revenue streams



Based on a calendar year

¹Cloud Services Fee only - new incremental revenue and does not cannibalise Initial or Annual Licence Fees etc.

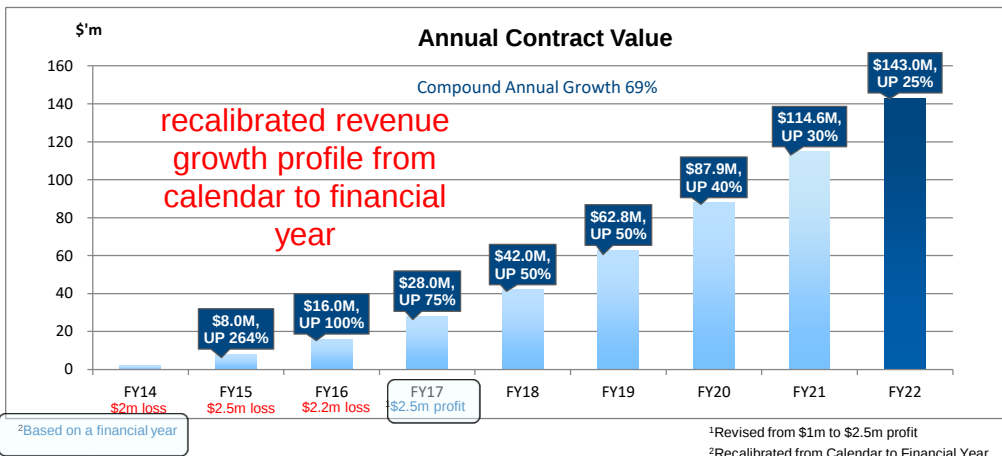
²Revised from breakeven to \$1m profit

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

TechnologyOne Cloud Services Fee³ Growth To 2022

\$143m / year (recurring) in 2022, recalibrated by financial year

new revenue stream and does not cannibalise existing revenue streams



Recalibrated to be by financial year. Also profit contribution in 2016/2017 year upgraded to \$2.5m.

TechnologyOne is delivering...

**Cloud first,
mobile first world**



Other Facts

Diversity of revenue streams from multiple:

- Products 14
- Vertical markets 8
- Geographies 12
 - All states of Australia, New Zealand, South Pacific, Asia and UK

Strong, very loyal blue chip customer base

- We provide a mission critical solution – ‘sticky customer base’
- 60%+ of our revenues generated from existing customers each year
 - Annual licences, increase usage, new modules, new products, ongoing services etc..

Transforming business, making life simple

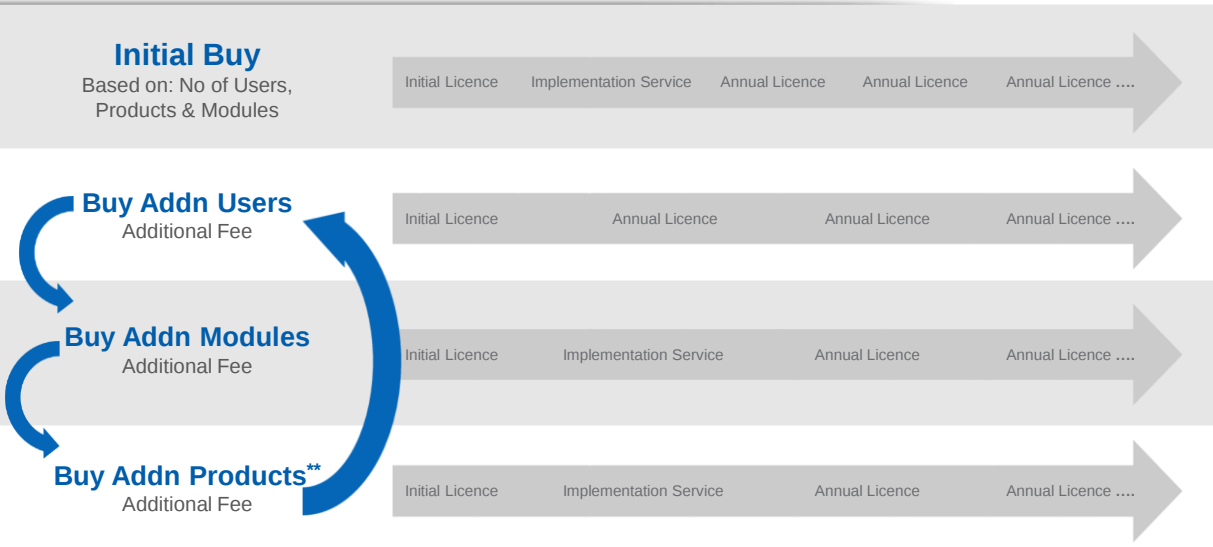
Robust Revenue Model

- **Initial Licence - based on usage (number of users)**
 - Matrix of licensable products & modules (approx 300 modules over 12 products)
 - Once off fee – invoiced on contract signing
- **Implementation services - fee for service**
 - \$1 Services : \$1 Initial licence
 - Once off fee – invoiced as services rendered
- **Annual Licence fee**
 - 22.5% of Initial Licence
 - Recurring every year



Transforming business, making life simple

Robust Revenue Model



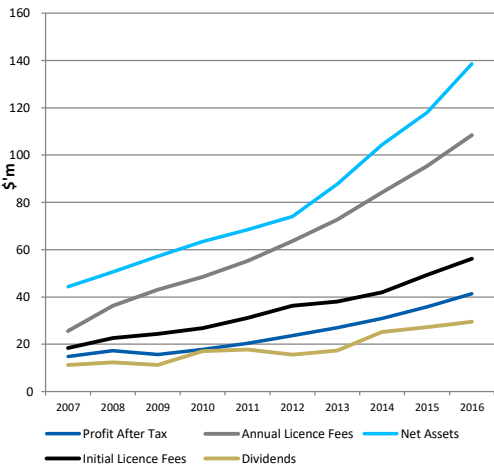
** On average our customers have 3.5 products out of a product range of 12 products

Transforming business, making life simple

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



Doubling in size every 5+ years

Transforming business, making life simple

Clear and focused vision...

**Transforming business,
making life simple**

