

26 May 2015

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 2015.

Yours faithfully



Gareth Pye
Company Secretary

2015 Half Year Results

Half year ending 31 March 2015

Adrian Di Marco, Executive Chairman



26 May 2015
Commercial in confidence
Final



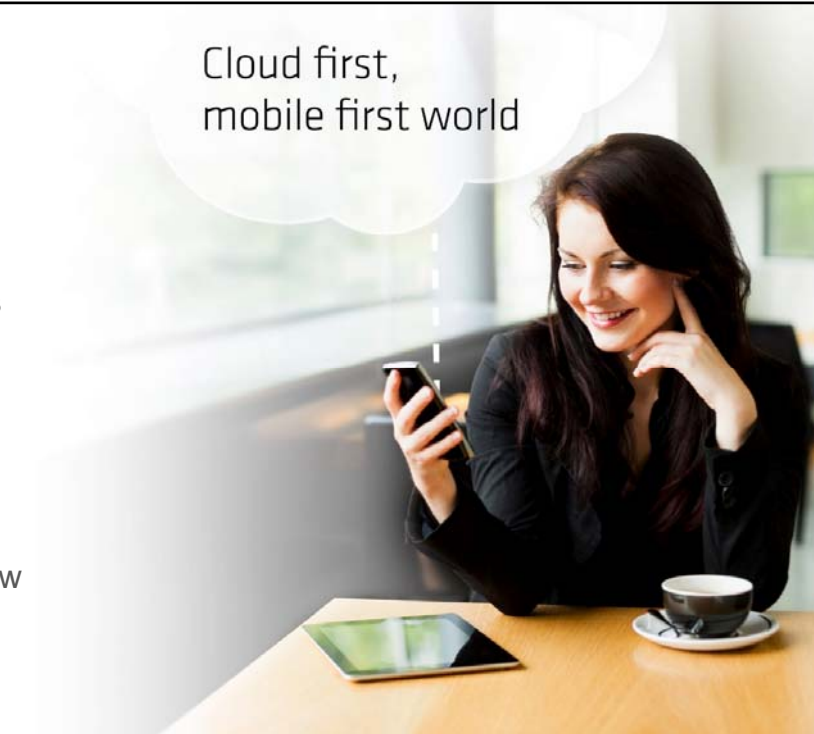
Disclosure Statement

Technology One Ltd Full Year Presentation - 26 May 2015

Technology One Ltd (ASX: TNE) today conducted presentations relating to its 2015 Half Year results.

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



Cloud first,
mobile first world

Agenda

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

Appendix

- Technology One Overview

Original Guidance

Half year results in line with guidance

Guidance provided at the start of 2015 financial year....

"In the first half of 2014 we saw a number of significant deals close earlier than normal which saw 2014 first half Licence fees up 24%. This was an unusual situation, which we do not expect to be repeated again this year. This year we see the sales pipeline is once again weighted strongly to the second half, so we expect the first half of 2015 to be challenging and not 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."

Results Summary

	FY15	FY14	Variance %
Revenue	\$90.0m	\$87.6m	3%
Initial Licence Fees	\$18.6m	\$20.9m	(11%)
Total Consulting ²	\$29.7m	\$30.3m	(2%)
Annual Licence Fees	\$38.1m	\$33.8m	13%
Cloud Service Fees	\$1.4m	\$0.6m	100%+
Expenses	\$78.6m	\$74.8m	5%
R&D Expenses ¹	\$19.2m	\$18.3m	5%
Expenses excl R&D	\$59.4m	\$56.5m	5%
Profit			
Profit Before Tax	\$11.4m	\$12.8m	(10%)
Profit After Tax	\$8.9 m	\$9.9m	(10%)
Other			
Cash and Cash Equivalents	\$51.7 m	\$54.0 m	(4%)

As per guidance given at start of financial year

As expected. Major contributors:
L/Fee down 11%, \$2.3m
Cloud loss \$1.6m, loss up \$700k
Icon Acqn \$300k negative impact

- Half year results can not be extrapolated to determine full year results
- Strong profit growth for the full year
- Profit YTD to April 2015 now exceeds prior period to April 2014

¹21% of revenue v 21% last year

²Total Consulting includes Plus

Updated guidance for the full year

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

- Pipeline for second half is strong
- Strong growth in Licences expected in full year
- We are now preferred supplier for a number of very large contracts
- Full year guidance will be discussed in more detail



Results Highlights

Continuing strong performance

Significant investments have continued as follows:

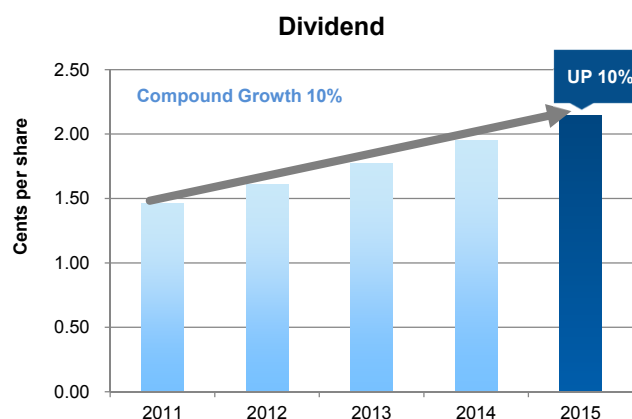
- United Kingdom (\$494k loss)
- TechnologyOne Cloud (\$1.6m loss)
- Preconfigured solutions (\$2.6m loss)
- R&D, including Ci Anywhere (\$19.2m)
 - Fully expensed as incurred



Dividend Up 10%

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

- 2.15 cps up 10%
(declared, 100% franked)
- Payout ratio of 75%
- Board will consider a special dividend at the end of the year



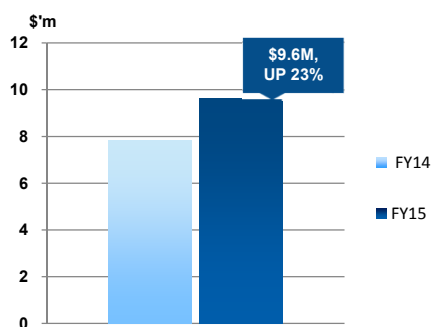
Notes

- 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

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Total Expenses up 5%

Variable

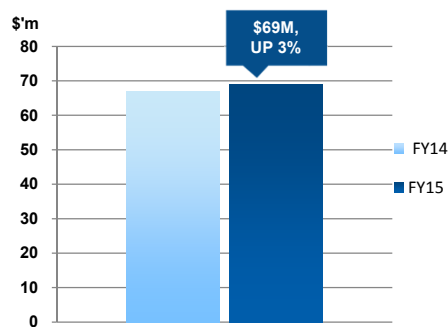


Variable costs¹ up 23% (\$1.8m)

- TechOne Cloud costs up 100%+ (\$841k), associated with cloud revenue growth
- Third party costs up 83% (\$934k), linked to our strong growth in the Health & Community services sector

¹Costs directly associated with revenue growth

Operating

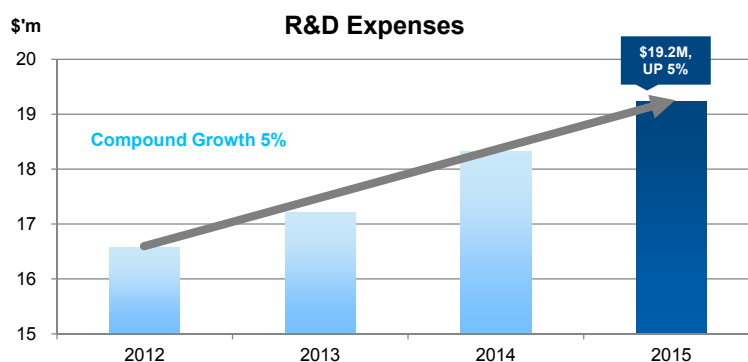


Operating costs up 3%

- As expected

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R&D Expenses up 5%, fully expensed

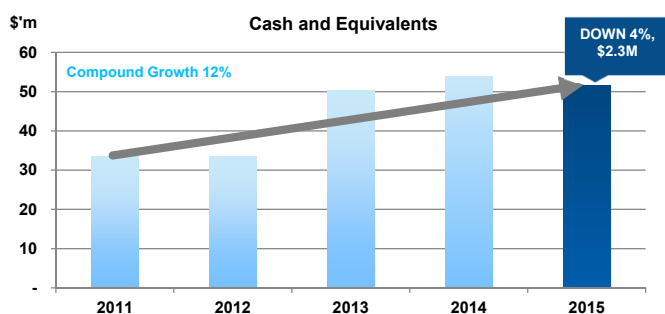


Full year R&D expenses expected to be up 6% (excluding acquisitions) below the 8% target set in 2011

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Balance Sheet

- **Cash & Cash Equivalents¹** \$51.7m (vs. \$54.0m, down \$2.3m)
- **Net Cash²:** 15.78c/s (vs. 16.09c/s)
- **Debt/Equity:** 3.06% (vs. 5.16%)
- **Net Assets:** \$98.7m (vs. \$86.9m, up \$11.8m)
- **Interest Cover:** 123 times



¹ includes \$4.6m payment for Icon acquisition, \$6m special dividend, \$3m prepaid for cloud infrastructure

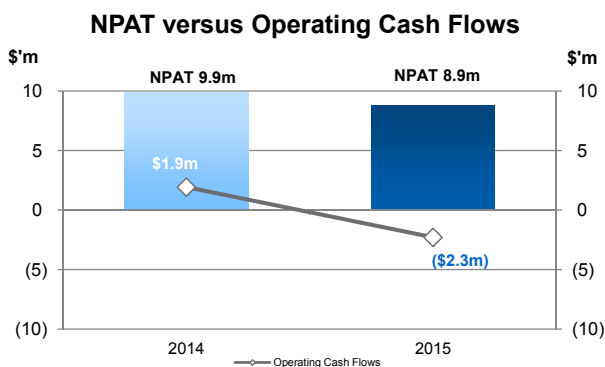
	Mar-15 \$'000	Mar-14 \$'000	Var \$'000	%
Cash & cash equivalents	51,703	53,997	(2,294)	(4%)
Trade and other receivables	39,246	31,900	7,346	23%
Earned and unbilled revenue	10,941	7,839	3,102	40%
Prepayments	5,143	2,078	3,065	148%
Other current assets	1,057	2,537	(1,480)	(58%)
Current assets	108,090	98,351	9,739	10%
Property, plant and equipment	9,337	10,160	(823)	(8%)
Intangible assets	25,684	15,811	9,873	62%
Other non-current assets	8,794	4,236	4,558	108%
Non-current assets	43,815	30,207	13,608	45%
Total Assets	151,905	128,558	23,347	18%
Trade and other payables	19,984	16,067	3,917	24%
Provisions	11,876	10,848	1,028	9%
Unearned revenue	10,638	7,603	3,035	40%
Borrowings	2,931	4,487	(1,556)	(35%)
Other liabilities	7,788	2,650	5,138	194%
Total Liabilities	53,217	41,655	11,562	28%
Net Assets	98,688	86,903	11,785	14%
Issues Capital and Reserves	46,569	38,929	7,640	20%
Retained earnings	52,119	47,974	4,145	9%
Equity	98,688	86,903	11,785	14%

² after debt per share

Cash Flow

Operating Cash Flow (\$2.3m), to improve substantially over the full year

- Down \$4.2m, 100%+ from \$1.9m Mar 2014
- Vs NPAT of \$8.9m



¹ Significant billings in last 2 months of the quarter, to be collect early in Q3

² \$3m prepaid for infrastructure for our cloud services

³ Acquisition of Icon, incl stamp duty

	Mar-15 \$'000	Mar-14 \$'000	Var	%
EBIT	10,465	12,015	(1,550)	(13%)
Depreciation & Amortisation	1,736	2,394	(658)	(27%)
Change in working Capital			0	
(Increase) / Decrease in Debtors ¹	(8,897)	(2,114)	(6,782)	(321%)
(Increase) / Decrease in Prepayments ²	(3,835)	(784)	(3,052)	(390%)
Increase / (Decrease) in Creditors	2,520	(3,570)	6,089	171%
Increase / (Decrease) in Staff Entitlements	(111)	(493)	381	(77%)
Net Interest Paid	951	739	212	29%
Income Taxes paid	(5,741)	(7,419)	1,678	23%
Other	628	1,158	(530)	(46%)
Operating Cash Flow	(2,284)	1,927	(4,211)	(219%)
Capital Expenditure	(2,030)	(879)	(1,151)	(131%)
Payment for purchase of business ³	(4,556)	0	(4,556)	(100%)
Proceeds from Sale of PP&E and Investments	6	0	6	100%
Free Cash Flow	(8,864)	1,048	(9,912)	(945%)
Dividends Paid	(19,194)	(11,781)	(7,413)	(63%)
Repayment of finance lease	(608)	(855)	247	29%
Proceeds from leasing of PPE	0	0	0	0%
Proceeds from Shares issued	160	187	(27)	(15%)
Increase in Cash & Cash equivalents	(28,506)	(11,400)	(17,106)	(150%)

Results Analysis

Half Year 2015 v Half Year 2014	FY15 \$'000	FY14 \$'000	Variance \$'000	%
Revenue excl interest	88,969	86,712	2,257	3%
Expenses (excl R&D, interest, Depn & Amortisation)	57,538	53,986	3,552	7%
EBITDAR	31,431	32,726	(1,295)	(4%)
R&D Expenditure	19,229	18,318	911	5%
EBITDA	12,201	14,408	(2,207)	(15%)
Depreciation	1,609	2,267	(658)	(29%)
Amortisation of Intangibles	127	127	(0)	(0%)
EBIT	10,465	12,014	(1,549)	(13%)
Net Interest Income	951	740	211	29%
Profit Before Tax	11,416	12,754	(1,338)	(10%)
Profit After Tax	8,855	9,854	(999)	(10%)

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Results – Key Metrics

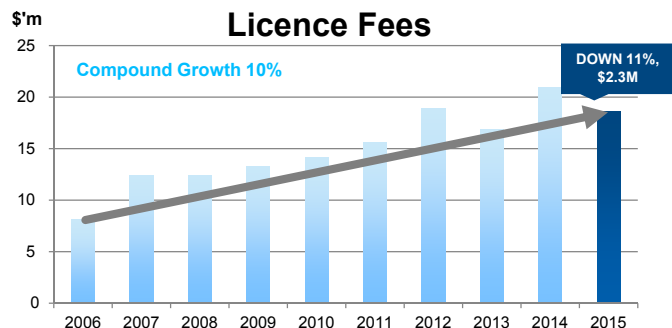
Half Year 2015 v Half Year 2014	FY15	FY14	Variance %
EPS (cents)	2.87	3.20	(10%)
Dividends (cents)			
Standard	2.15	1.95	10%
Dividend Payout Ratio	75%	62%	
Key Margin Analysis			
EBITDAR Margin	35%	37%	
EBITDA Margin	14%	17%	
Net Profit Before Tax Margin	13%	15%	
Net Profit After Tax Margin	10%	11%	

Half Year 2015 v Half Year 2014	FY15	FY14	Variance %
ROE			
Return on equity ¹	9%	11%	
Adjusted return on equity ^{2 3}	15%	21%	
Balance Sheet (\$ '000s)			
Net Assets	98,688	86,903	14%
Cash & Cash Equivalents	51,703	53,997	(4%)
Operating cash flows	(2,284)	1,927	(100%+)
Debt/Equity	3%	5%	
R&D as % of Total Revenue	21%	21%	

¹ROE full year expected to be 30+%²Adjusted for net cash above required working capital, which was assumed at \$10m³Adjusted ROE full year expected to be 70+%

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Revenue Streams



Licence fees down 11%, as was expected

- At the start of the 2015 year we identified that the sales pipeline was weighted strongly to the second half of 2015
- Licence Fees down at the half year is not an unusual situation – no compelling reason for customers to sign contracts by March 31st
- First half last year (2014) unusual, as a significant number of deals closed earlier than normal (2014 H1 Licence Fees up 24%)
- This year the pipeline is weighted heavily to the second half
- A number of large contracts we are now preferred at H1, and are in contract negotiation
- Pipeline for second half is strong. Continued strong growth in Licences & Profit expected in full year

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Major New Sales

The Baptist Union of Queensland

TAFE Queensland (CAA)

Box Hill Institute of TAFE

Central Institute of Technology

CraigCare Group

Department of Lands

East Dunbartonshire Leisure and Culture Trust

Freedom Aged Care

Gladstone Area Water Board

HQ Plantations

Hume Bank Limited

Livingbridge EP

Mercy Health and Aged Care Incorporated

Mater Health Services North Queensland

National Superannuation Fund Ltd

Pilbara Ports Authority

Port Arthur Historic Site Management Authority

Qantas Credit Union

Scottish Borders Council

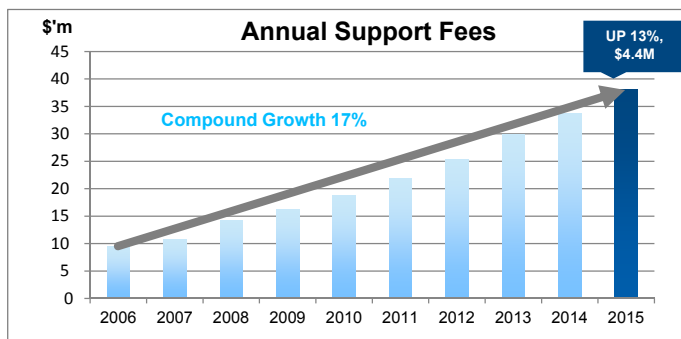
University of Lincoln

VisAbility Incorporated

Wesley College

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Revenue Streams

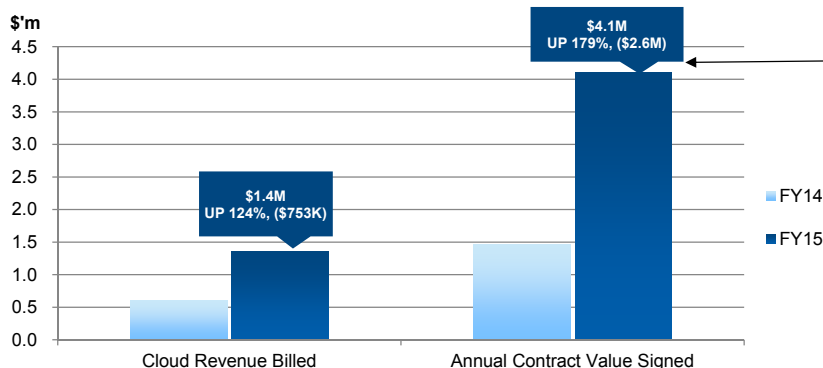


Annual licence fees continue to grow strongly: up 13%

- Compound growth over the last 10 years is 17%
- Customer retention is important
- Investing in Compelling Customer Experience III, Ci Anywhere, TechnologyOne Cloud

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Cloud Service Fees

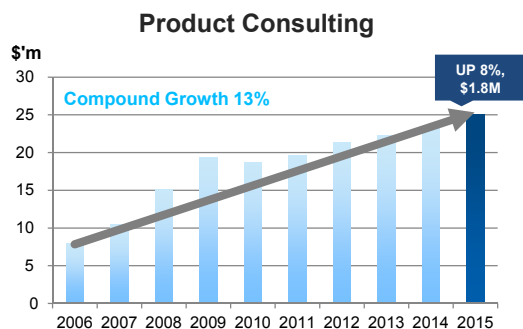


Annual Contract Value continues to grow strongly: \$4.1m, up 100%+ (\$2.6m)

- Cloud Customers: 47 vs 23 at 30 Sept 2014
- Loss of \$1.6m in the half (vs a loss \$900k H1 2014)
- Full year loss expected to be \$2.3m
- Loss reduces to \$1m in 2015/2016 year with our new Cloud 5.0 architecture and increasing customer base

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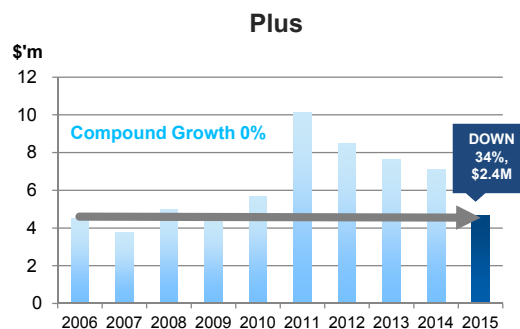
Consulting Revenue inc Plus down 2% (\$600k)



Product Consulting revenue up 8%

- Application Managed Services¹, revenue up 315% (\$1.5m). Momentum to continue for the full year
- Continued growth forecasted over the full year

¹ a new service to allow our customers to outsource the administration and management of their enterprise software back to us

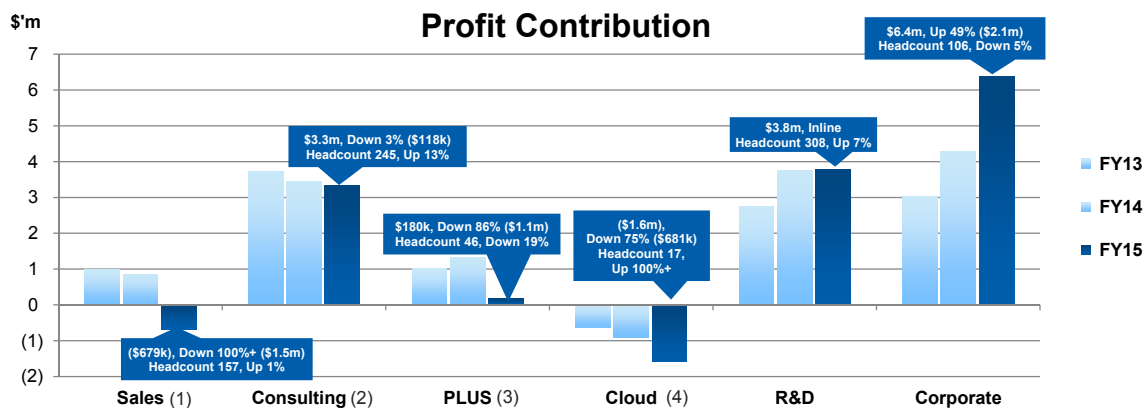


Plus (non product consulting) revenue down 34%

- Plus profit is down 86% (\$1.1m)
- Market conditions for non Ci product services challenging
- Strategy to move this business to 'value added' services around our Ci products
- Full year Plus revenues will remain down approx. \$2.4m

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Profit By Segment Analysis



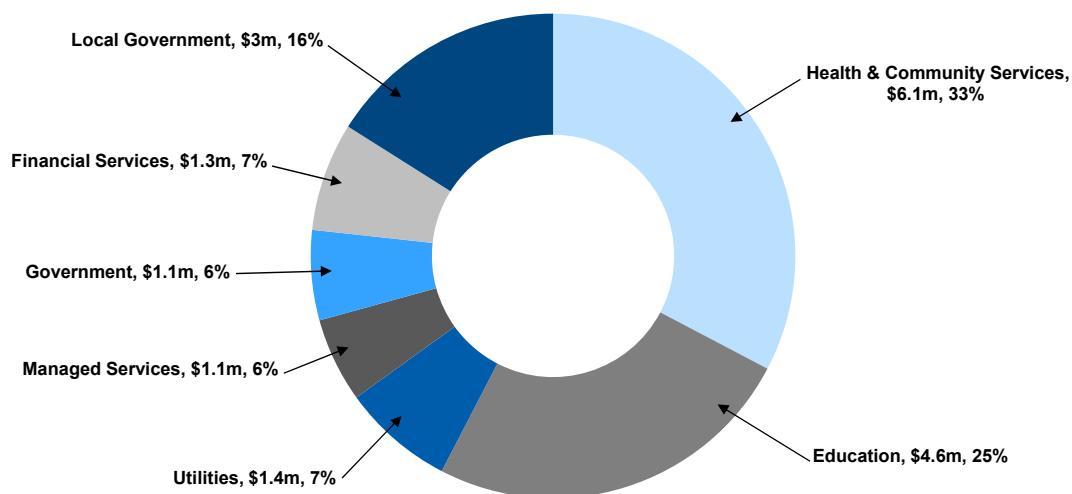
Net Profit Before Tax \$11.4m, down 10% (\$1.3m)

Notes are as follows:

- (1) Sales: Licence Fees down \$2.3m (11%), strong turnaround H2
- (2) Consulting: Extensive training in H1 for CiA, Profit growth forecasted over the full year
- (3) Plus: As expected as we move Plus in new direction
- (4) Cloud: Investment in TechnologyOne Cloud

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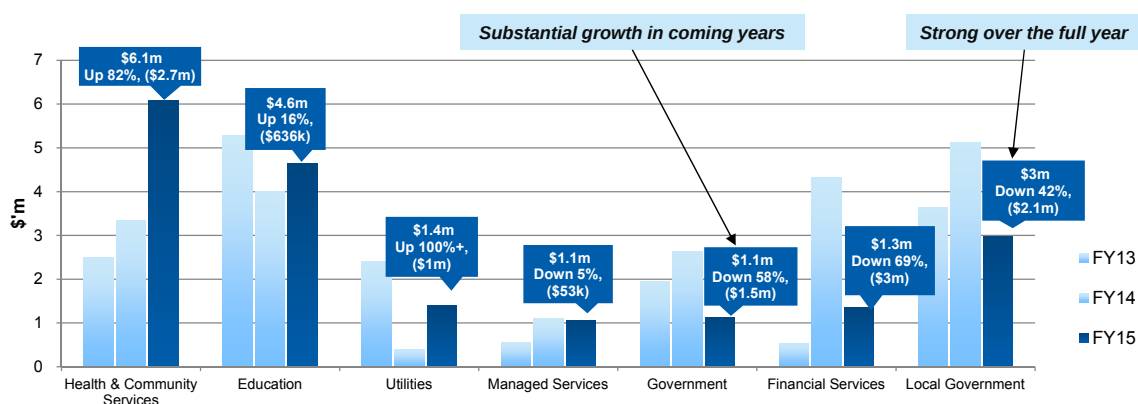
Licence Fee Contribution - Vertical Market



Licence Fees \$18.6m

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Licence Fees – by vertical market



Licence Fees \$18.6m

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Cloud first,
mobile first world

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Appendix

- Technology One Overview

Ci Anywhere

Enterprise software

Any device. Any where. Any time.

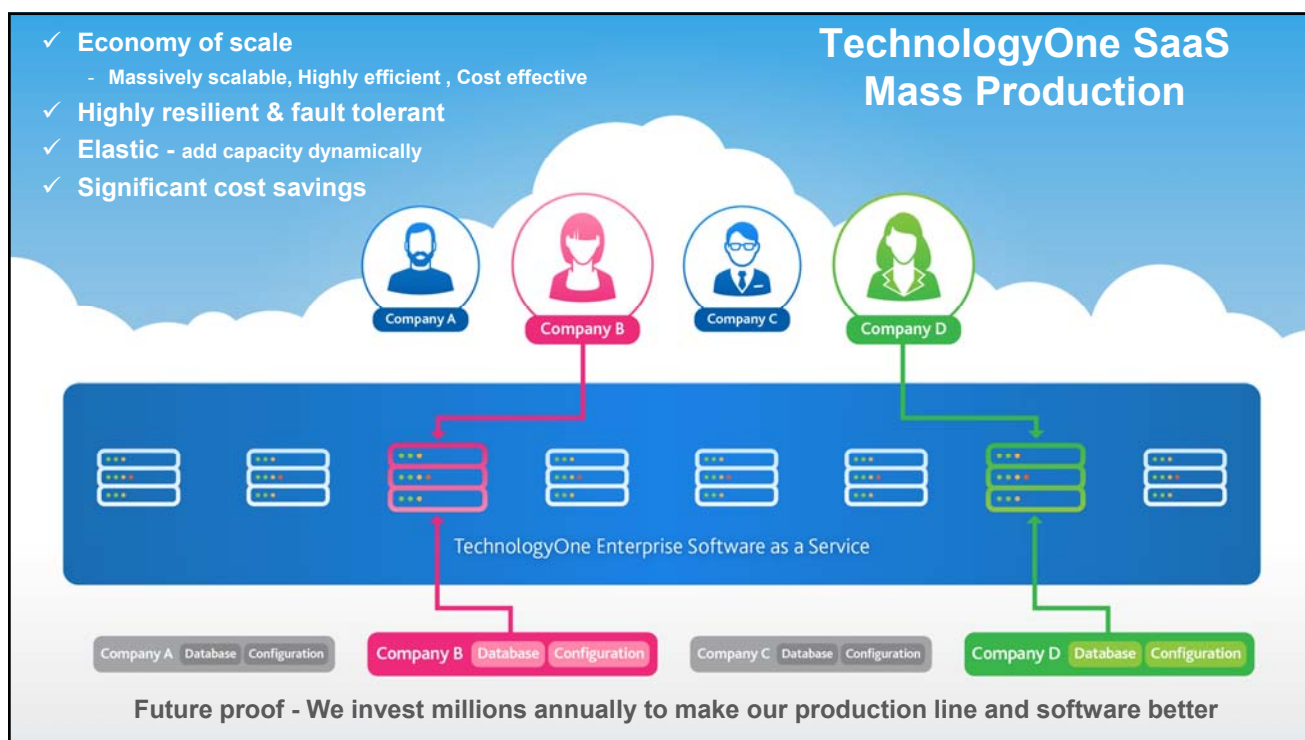
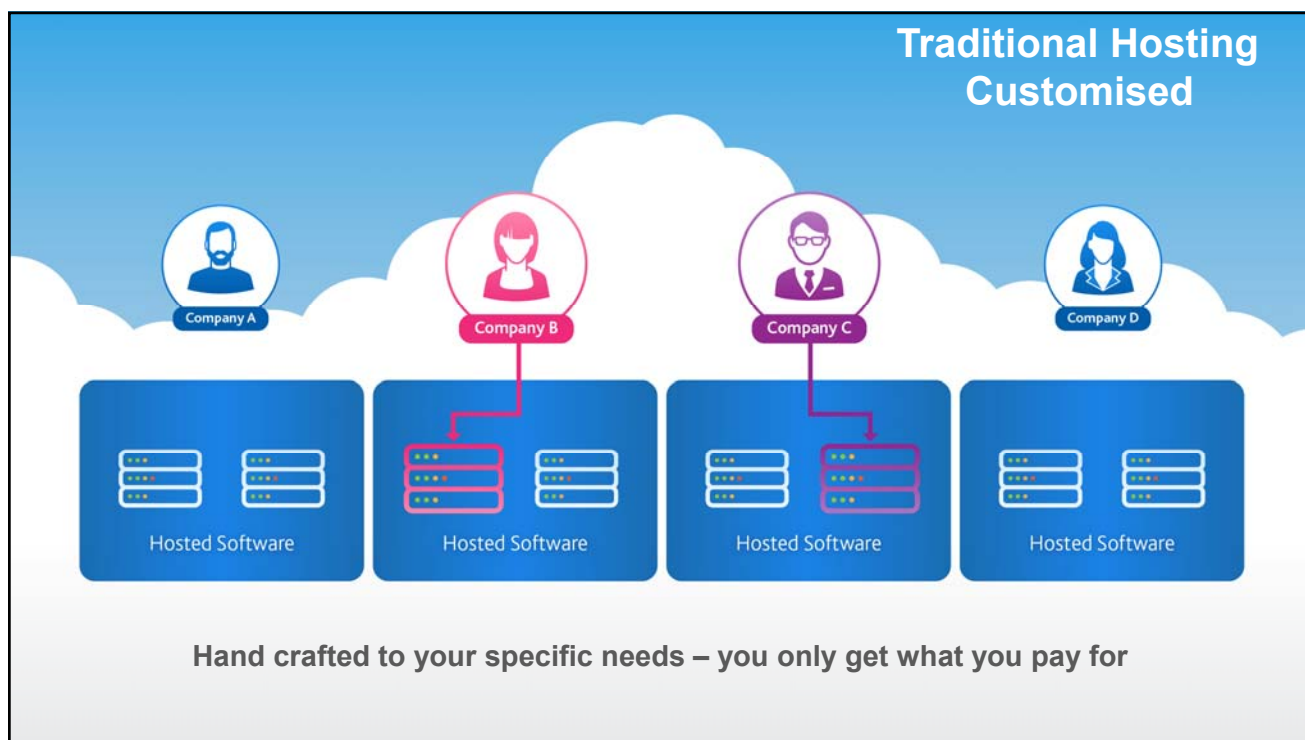
- ✓ Early adopters in progress, positive feedback
- ✓ Front Office mobile apps now completed
- ✓ Deliver all remaining functionality on this platform by mid 2017
- ✓ Transition our customers next to Ci Anywhere
- ✓ Significant competitive advantage

TechnologyOne Cloud

Enterprise software as a service

- ✓ TechnologyOne Cloud 5.0 on target for mid 2015
- ✓ Significant leap forward – Mass Production Model
- ✓ Huge economies of scale





TechnologyOne Cloud

- ✓ 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



TechnologyOne Market Opportunity in 2022 (8 Years)

Recurring Cloud Fee in 2022*

\$143m / year (recurring)

- | | |
|---|--|
| <ul style="list-style-type: none"> ■ Existing customers on the cloud <ul style="list-style-type: none"> • Assume 80% conversion by end of year 7 • Cloud Fee 1 x ASM¹ ■ New customers on the cloud <ul style="list-style-type: none"> • Assume 80% of new I/fees in the cloud by end of year 7 • Cloud Fee 1 x ASM | <p>\$105m / year (recurring)</p> <p>\$38m / year (recurring)</p> |
|---|--|

¹assumes licence fees grow at 10% and ASM at 13%

Subject to change, not guaranteed

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 done
- Consulting in the Cloud June 2015



Acquisition Strategy

- TechnologyOne is not an acquisition driven business
 - Prefer organic growth because of the significant cost, time, effort and management distraction that accompanies an acquisition.
- TechnologyOne considers acquisitions when the opportunity arises to acquire Intellectual Property (IP) that extends our enterprise footprint
 - Into new areas that we do not currently support, and which would take an inordinate amount of time, money and risk for us to develop
- Our acquisition strategy is to deeply integrate the acquired business; and redevelop the acquired IP onto our Ci Anywhere platform
- This is the case with two acquisitions we have undertaken in recent months

Acquisitions



Icon Software Solutions

- Online Planning and Approval for Local Government and Government
 - Streamline the development approvals for Councils reducing cost, time and effort
- Strengthens our overall enterprise solution, particularly in Local Government
 - Strategic high value addition to TechnologyOne OneCouncil solution
 - Have market presence and credibility
 - Have partnered with Icon over many years
- 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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Acquisitions



Digital Mapping Solutions

- Digital mapping software for the management and viewing of spatial data, and integration of spatial data into business processes
- Opens up new and innovative ways to use spatial data and enterprise software
- Strategic high value addition for Local Government and Asset Intensive industries
 - Have market presence and credibility
 - Have partnered with DMS over many years
- Critical to our TechnologyOne Cloud to host spatial data
- \$12m valuation, Earnings neutral in 2015, Earn out formula over 3 years
- Significant investment to redevelop DMS on our powerful Ci Anywhere platform

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Other Initiatives

UK

- Relocated Operating Officer from Australia to the UK
- 4 new customers, taking us to a total of 21 customers in the UK
- Critical mass will require 40+ customers
- Critical we bring our HRP¹ offering into the UK market
 - HRP UK adaption in progress, Target date available late 2016

¹ Human Resource & Payroll

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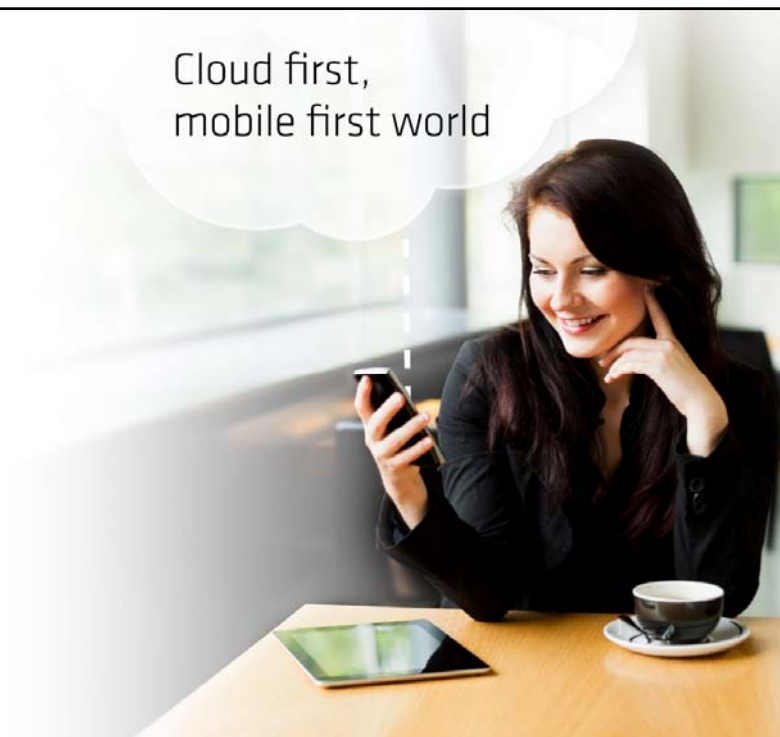
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Cloud first,
mobile first world



Outlook for Full Year

- Substantial base of committed annual licence fees in the second half
- Strong pipeline of opportunities in second half
- We are now preferred supplier for a number of very large contracts, for which we are now in contract negotiations
- **We expect profit growth of 10% to 15% for the full year**

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Assumptions

- The current pipeline remains strong
- Operating expenses up 5% excluding acquisitions (8% including acquisitions)
- R&D expense growth of 6% excluding acquisitions (8% including acquisitions)
 - TechnologyOne Ci Anywhere, TechnologyOne Cloud, Round off existing products, Acquisitions
- Plus revenue will be down \$2.4m, and profit also being down \$1.1m for the full year
- Cloud loss \$2.3m for the full year
- New Acquisitions will be earnings neutral over the full year
- United Kingdom – market conditions improving
 - UK full year loss of \$400k (vs \$800k loss last year)

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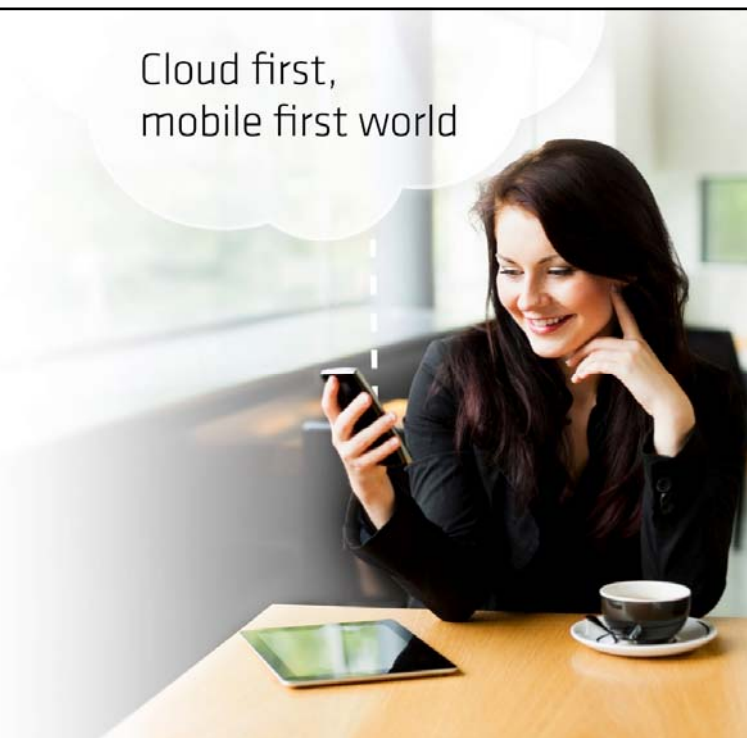
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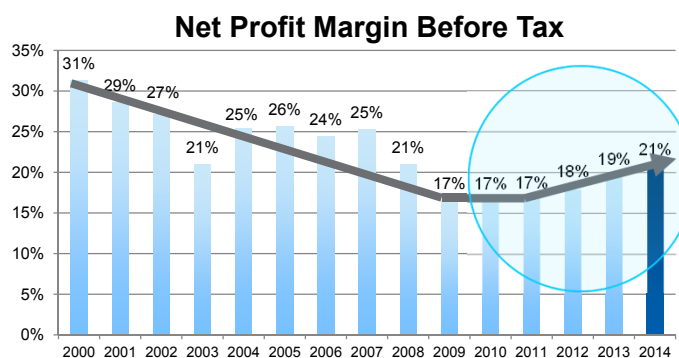
Cloud first,
mobile first world



Long Term Outlook

Focus is to substantially improve PBT margins through:

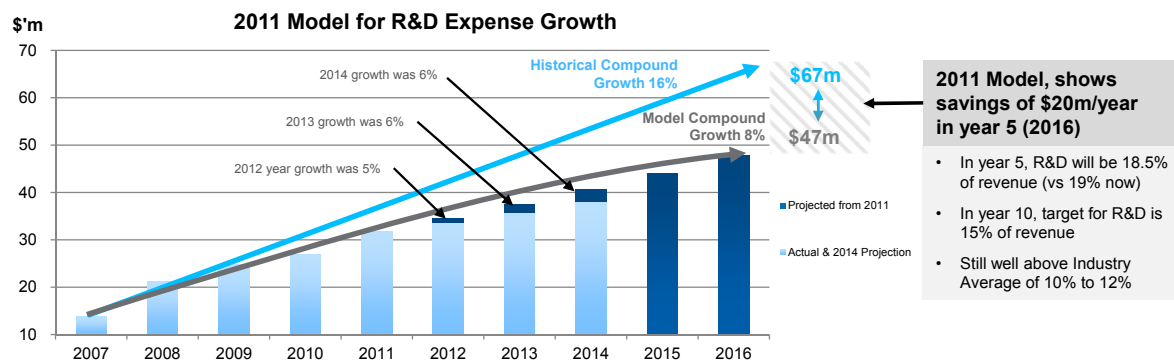
- Controlled R&D growth
- Product Maturity



Profit margin improving, as predicted

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Controlled R&D Growth

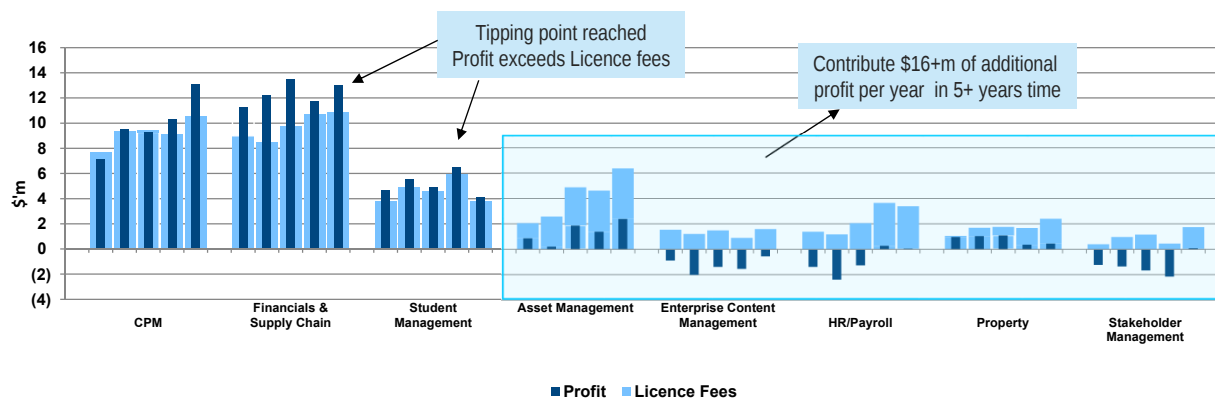


Target for R&D growth of 8% per annum compound, over 5 years set in 2011

- Operating leverage, economy of scale, new work practices...
- In 2012, 2013 & 2014 year we demonstrated this was achievable with R&D growth of 5%, 6% and 6% respectively
- Continues to be a very aggressive R&D program
- Assumes no Acquisitions in next 5 years, and continuing growth in revenue

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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

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Long Term Outlook

Clear strategy for continuing growth

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

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Cloud first,
mobile first
world

**Positioned well
for the future...**

Agenda

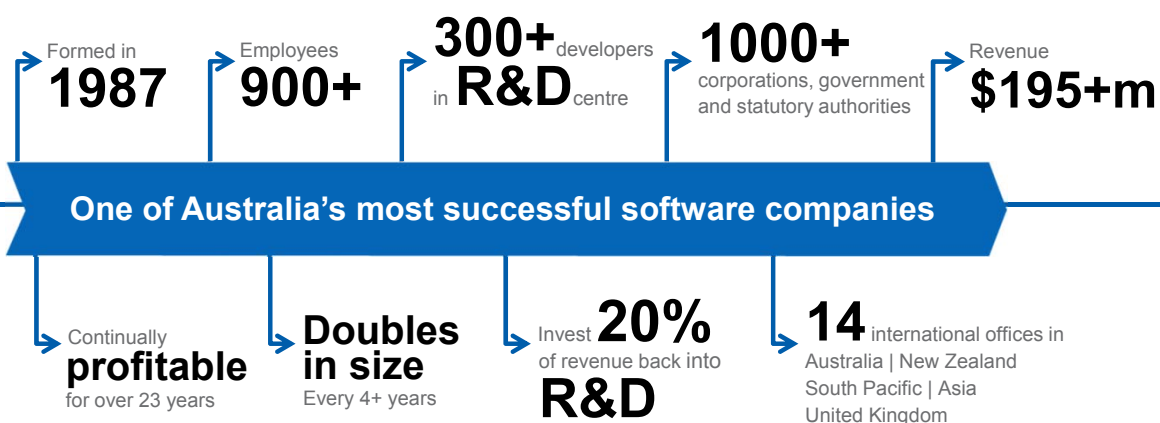
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TechnologyOne Overview



Transforming business, making life simple

1000+ high profile customers



TechnologyOne Overview

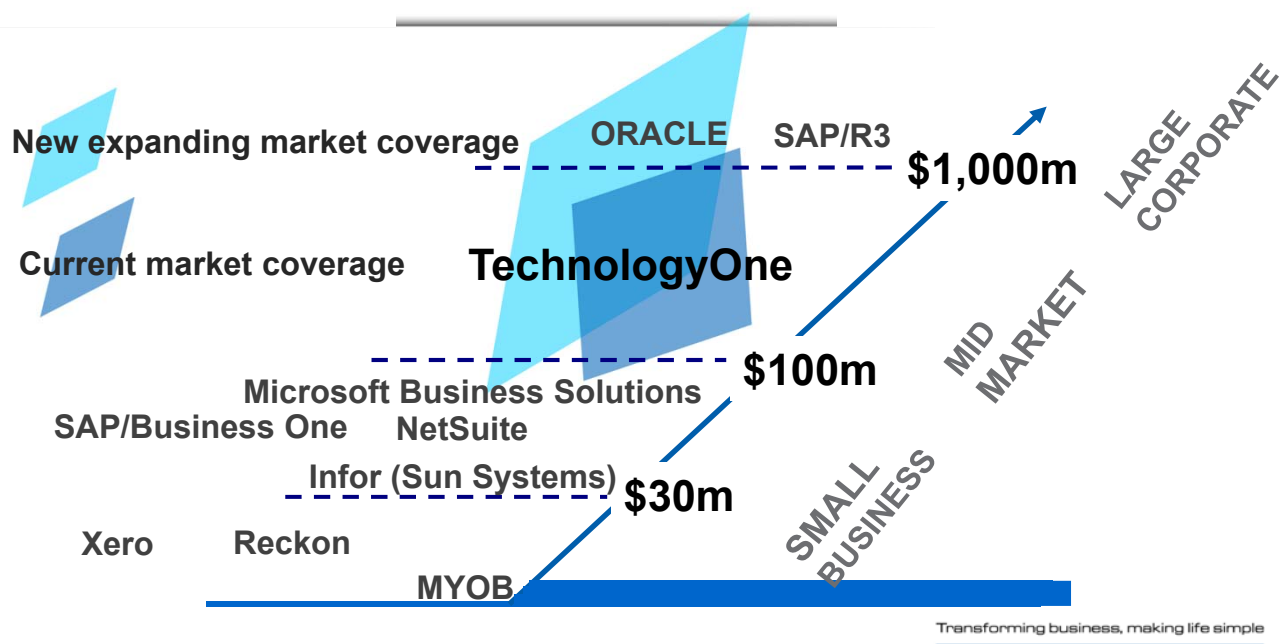
Financially very strong¹

- 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

The Competitive Landscape



What makes us unique

We are one of only a few global enterprise vendors

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



We believe in
the freedom of choice our solution is modular by design

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

Transforming business, making life simple

What makes us unique

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



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

Market focus and commitment

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What makes us unique

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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What makes us unique

The power of evolution

- Substantial investment into R&D each year
- Embrace new technologies, concepts and innovation



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

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Clear & focused vision...
**Transforming business,
 making life simple**



Robust Revenue Model

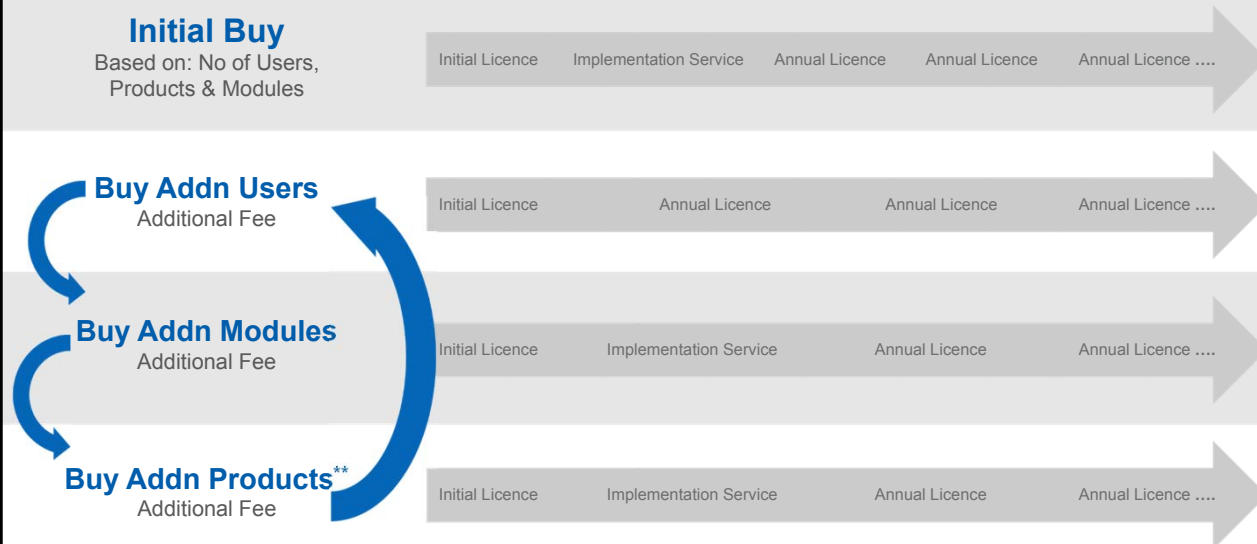
Robust Revenue Model ...

- **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
 - Re-occurring every year



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Robust Revenue Model



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

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TechnologyOne Overview

Diversity of revenue streams from multiple:

- Products 12
- Vertical markets 7
- Geographies 12
 - All states of Australia, New Zealand, South Pacific, Asia and UK

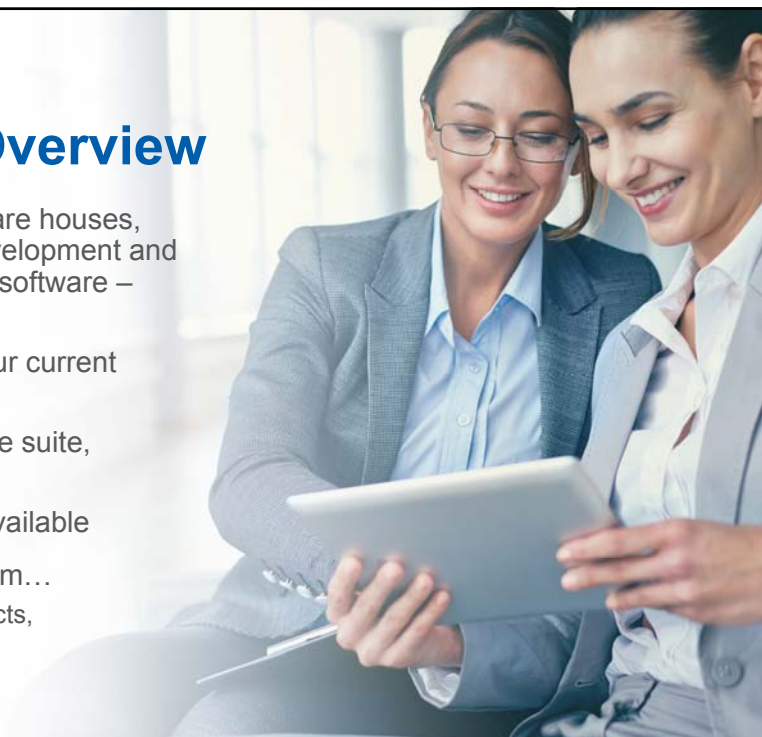
Strong, very loyal blue chip customer base

- 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..

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TechnologyOne Overview

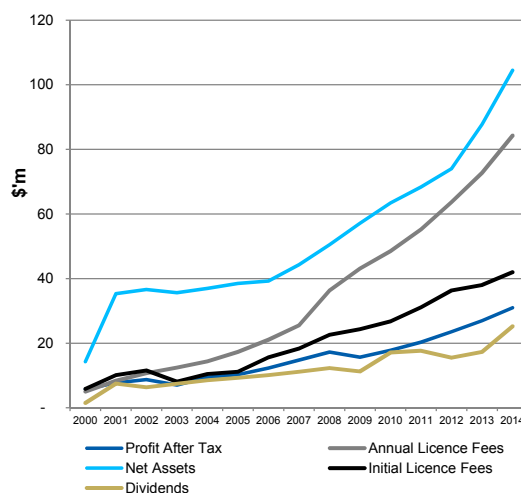
- One of Australia's largest software houses, specialising in the research, development and commercialisation of enterprise software – invest \$37m+ in R&D per year
- Connected Intelligence (Ci) is our current generation enterprise suite
- Next generation of our enterprise suite, Ci Anywhere is now released
- TechnologyOne Cloud is now available
- Diversity of revenue streams from...
 - Multiple geographies, 12 products, seven vertical markets



Historical Performance

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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