

ASX ANNOUNCEMENT

14 February 2020

3P LEARNING ANNOUNCES FY2020 HALF YEAR RESULTS
Result impacted by FY19 APAC execution issues

3P Learning today announced its FY2020 half year results.

3P Learning CEO Rebekah O'Flaherty said, "As previously reported, we had sales execution issues in APAC in H2-FY19 that resulted in licence loss and this has negatively impacted our H1-FY20 result. In line with that, revenue, EBITDA and NPAT were down for the half year compared to H1-FY19. I am, however, pleased to report that the corrective measures we put in place at the end of FY19 in APAC are on track with licences up 4% in H1-FY20 and cash billings growth expected H2-FY20 over H2-FY19."

Key Financial Information A\$M (unless stated)	H1-FY20	H1-FY19	Variation %
Revenue	23.2	24.0	down 3%
EBITDA	3.5	6.9	down 49%
NPAT	(1.9)	2.0	down 195%
Earnings Per Share (cents)	(1.35)	1.44	down 194%
Cash	12.5	10.1	up 24%

Revenue from licence sales was down \$0.5million (2%) as a result of prior year churn in the APAC region and, with a decrease in non-trading income of \$0.4million, group revenue was down \$0.8m (3%). In H2-FY19 we increased our cost base as part of our 3 year organisational restructure. Operating expenses are now level with the prior half (H2-FY19) at \$19.6million and were up \$2.5million (15%) vs. H1-FY19.

Costs increased in line with investments in both sales and marketing as well as product development to support our growth agenda. Consequently, EBITDA declined \$3.4million and NPAT declined \$3.9million.

Globally licences declined 1% from 30 June 2019 due to the start of school year churn in H1 in the UK and the Americas, however licences were up 4% in APAC. ARR was up 6% from 30 June 2019 reflecting the successful corrective action in APAC and growth in the Americas. All regions are showing positive lead indicators for H2 sales growth.

No dividend has been declared.

Progress report against our recently announced 20:22 Accelerate Growth Plan

Rebekah O’Flaherty said, “At a group level, our first half result provides evidence that our FY20:22 Accelerate Growth Plan, announced in August 2019, is showing promising signs. We increased new business billings on current products and ARR in all regions. The important Americas region posted 59% growth in new business billings on current products as well as a 30% increase in license revenue compared to H1-FY19 and a 11% increase in ARR since 30 June 2019. Encouragingly the Americas achieved revenue growth and operating profit.”

“The work we did during the 2017-2019 period to restructure 3P Learning and build a foundation to support scalable and profitable sales growth positions us well to enjoy operating leverage as we now accelerate sales growth.”

FY2020 Outlook

With new business billings on current products and ARR up in all regions in H1, stronger products in market and new products being launched later this year, we expect increased revenue and EBITDA for H2-FY20 vs. H2-FY19, but with full FY20 EBITDA down vs. FY19.

FY2020 Half Year Results Presentation – Conference Call and Webcast

Chief Executive Officer, Rebekah O’Flaherty and Chief Financial Officer, Simon Yeandle will host a webcast and teleconference today at 10.30 am AEDT.

The webcast will be available at <https://edge.media-server.com/mmc/go/3p-hyr20/>

Pre-registration for the teleconference is available at <http://www.3plearning.com/investors/>

Alternatively, the teleconference can be accessed as follows:

Conference ID: 10003490

Australian callers - 1800 908 299 or +61 2 9007 8048

US/Canada - 1855 624 0077

UK - 0800 051 1453

Singapore - 800 101 2702

Hong Kong - 800 968 273

New Zealand - 0800 452 795

Japan - 0066 3386 8000

[Other](#)

This announcement has been authorised for release by the Board of 3P Learning Limited.

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