



ReadyTech Holdings Limited
ABN 25 632 137 216

7 May 2020

Macquarie Australian Conference - Investor Presentation

ReadyTech Holdings Limited (ASX: RDY) (ReadyTech) attaches a copy of the Macquarie Australian Conference - Investor Presentation to be made at ReadyTech's investor briefings today.

This announcement has been authorised for release to ASX by the Board of Directors.

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About ReadyTech

ReadyTech is a leading provider of SaaS technology that helps providers of education and employment manage the increasingly complex human journey through study, work and career transitions. ReadyTech provides people management software to over 3,600 educators, employers and facilitators of work transitions. Bringing together the best in student management, apprenticeship management, payroll and HR admin, employment services and behavioural science technology, ReadyTech supports the development and success of tomorrow's workforce.



ReadyTech

Ready for the Future of Work

MACQUARIE AUSTRALIA CONFERENCE PRESENTATION

Marc Washbourne – CEO | Nimesh Shah – CFO

ASX: RDY 7 MAY 2020

www.readytech.com.au



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No recommendation, offer, invitation or advice

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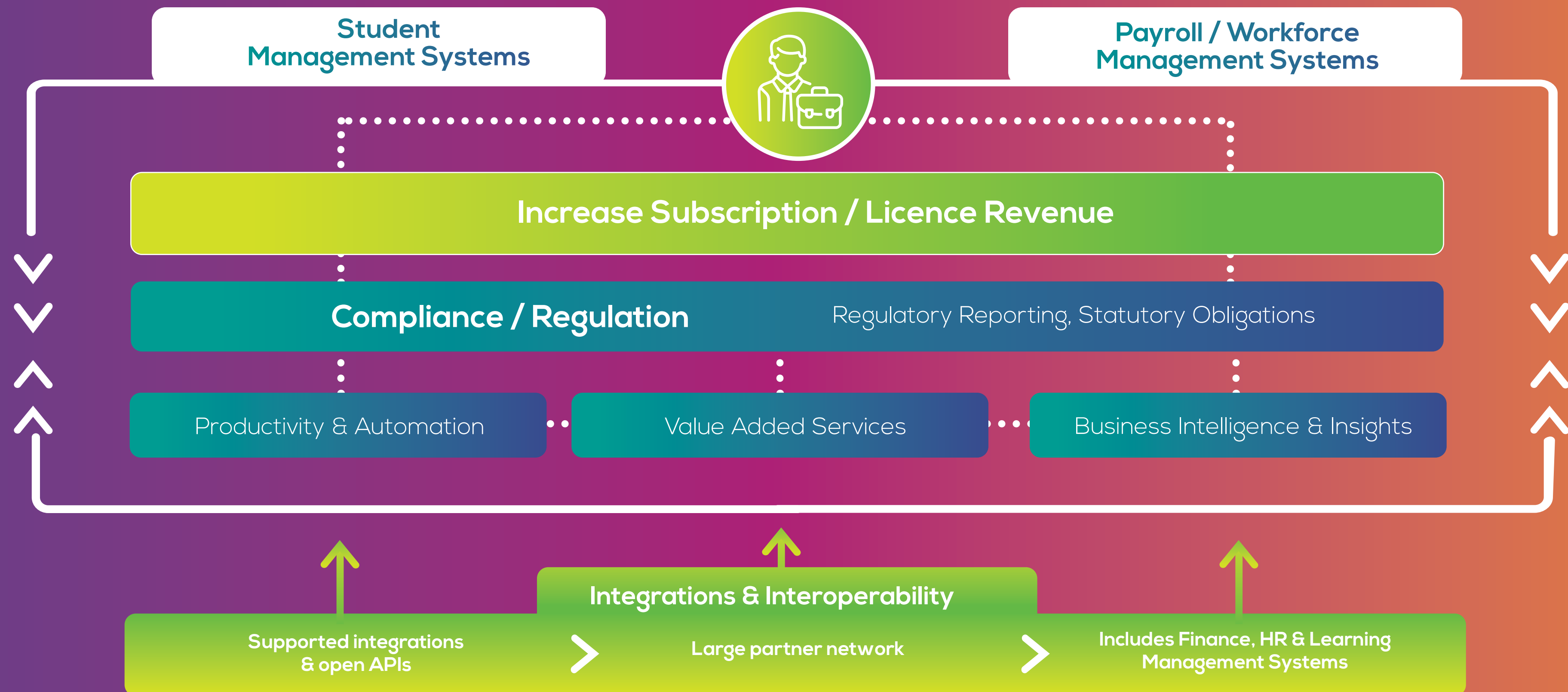
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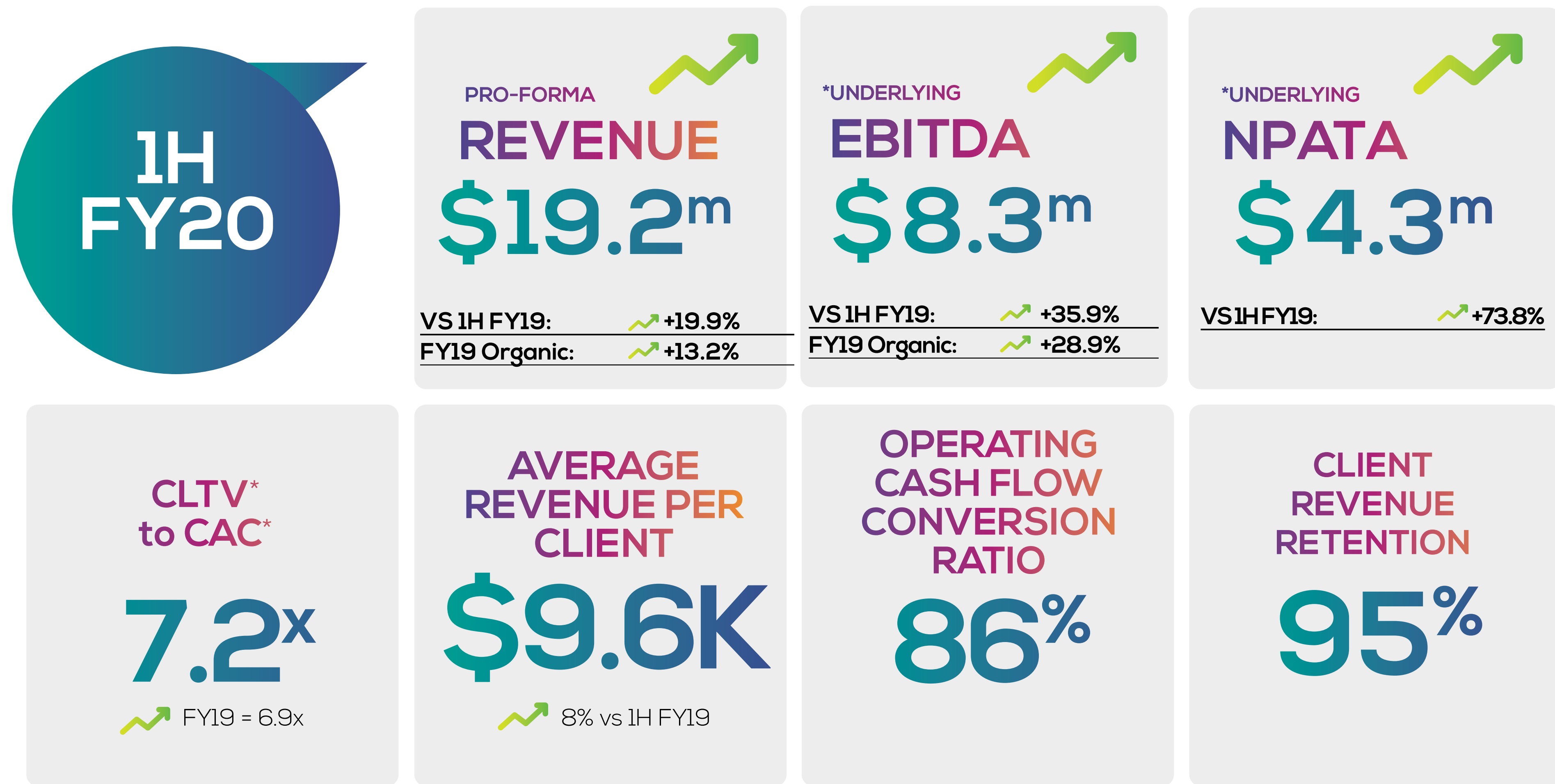
ReadyTech – What We Do

Mission-critical SaaS for Managing People

Managing the Student and Employee Lifecycle



Key Operational and Financial Metrics

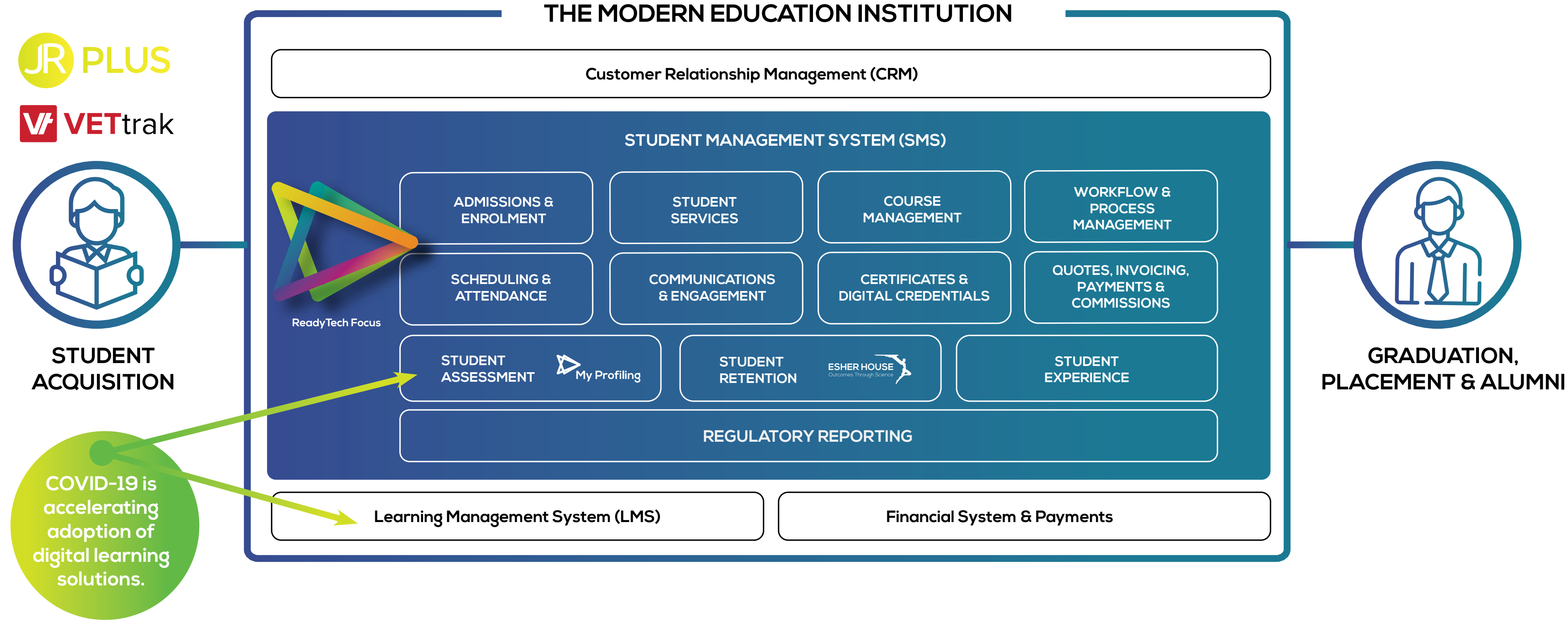


*CLTV: Client lifetime value and CAC: Customer acquisition cost

* Underlying 1H FY20 results exclude once off restructuring costs of \$0.4m

Student Management Systems (Education)

ReadyTech’s core student management system powers many educational institutions and drives improved student experience and graduation rates.



ENTERPRISE HIGHER ED MARKET

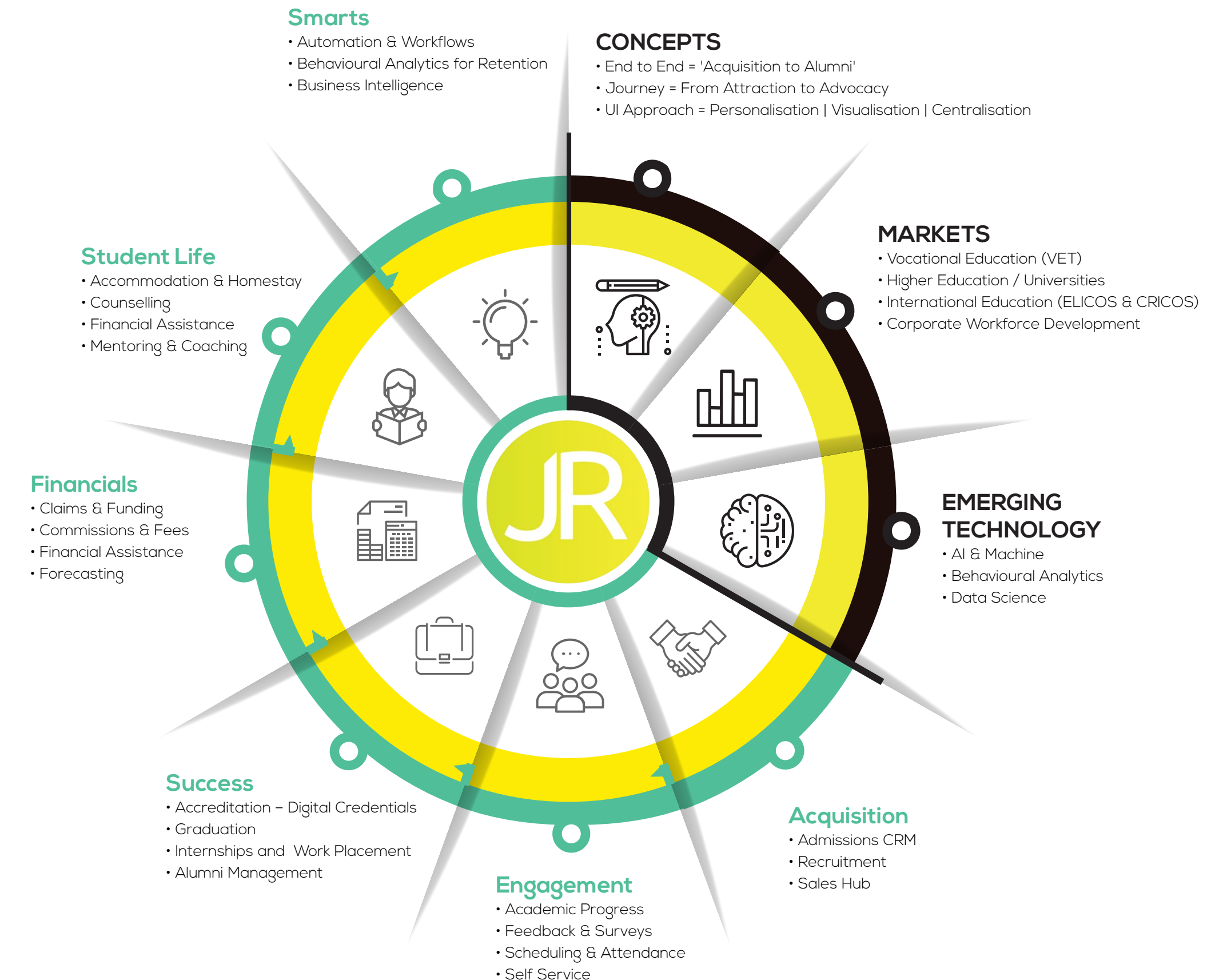
TAFE, UNIVERSITY AND PRIVATE PROVIDERS

OPPORTUNITY – SECTOR IS CHANGE-READY

- ✓ Sunset current legacy systems and digital transformation projects.
- ✓ Seeking agility to evolve technology and maintain regulatory requirements, limited by rigid, slow-moving systems.
- ✓ Focus on improving student outcomes (admission, retention, employability) and student experience.
- ✓ Seeking productivity, efficiency and technology consolidation through business.
- ✓ Sentiment has shifted from large, upfront technology investments.

UNIQUE DIFFERENTIATORS – WHY WE WIN

- ✓ Pure cloud provides such benefits as agile development and regular releases via subscription offering.
- ✓ Local and strong regulation expertise and technology partner offering.
- ✓ The ability to support “student life” including accommodation, counselling, financial assistance, mentoring and coaching. Marketplace manages employment pathways and internships.
- ✓ Delivered with Assess to Educate (A2E) – a unique value-added predictive capability focused on increasing student outcomes.



- \$7m contract with initial 5-year software subscription signed 2020.
- Will support 40,000+ students and 850+ staff.
- Major endorsement of JR Plus product and cloud offering.
- No change to project imperative and target go-live mid-2021.

ReadyTech Education Market Opportunity

ReadyTech has made strong progress penetrating institutions across the large addressable market of tertiary education and training with a range of mission-critical systems.



Australian tertiary education and training industry ICT expenditure \$1.85bn in 2020*

	TAFE	HIGHER ED (Public Uni/Private)	PRIVATE COLLEGES (VET)	ENTERPRISE TRAINING	STATE GOVT
MARKET SIZE *:	40	174	4150	N/A	8
RDY CUSTOMERS †:	10 [†]	12	1300+	37	1
	Significant opportunity as TAFEs seek next-gen technology.	Progressing well with breakthrough higher ed/uni wins.	Market leader for VET providers and benefits of scale.	Growing demand for platforms to manage corporate training programs.	Well positioned to win further contracts given experience with ACT Govt.

EXAMPLE CLIENTS:



AUSTRALIAN INSTITUTE OF
PERSONAL TRAINERS



1. Management estimates as at 1H FY20.

* Source of market data: Frost & Sullivan Report citing Universities Australia, National Centre for Vocational Education Research (NCVER), English Australia, Tertiary Education Quality and Standards Agency (TEQSA).

† 1 JR Plus customer, 9 My Profiling customers

Pathways – “Back to Work” Market

ReadyTech is well positioned to support increasing caseloads and government funding for Back to Work sector with market leading cloud based products and services.



MARKET LEADING SAAS PLATFORM FOR “BACK TO WORK” AND DISABILITY EMPLOYMENT PROVIDERS.

- Identify employment barriers and training/skills gaps to support work readiness.
- Job matching and work placement capability to drive job outcomes.
- Job seeker self-service to support remote delivery of critical services.



JR Live is one of only two systems security accredited by Department of Education, Skills and Employment – significant barrier to entry

ESHER HOUSE

Outcomes Through Science



HIGHLY RESPECTED BEHAVIOURAL SCIENCE TECHNOLOGY AND DATA ANALYTICS TO DRIVE EMPLOYMENT OUTCOMES.

- Assessment of work readiness – unique behavioural science informed I.P.
- Tech enabled tools and timed interventions to build resilience in job seekers and triage to supporting services.
- Strong return on investment and proven to deliver job outcomes.



jobactive is the Australian Government's \$1.3bn program to get more Australians into work. It connects job seekers with employers and is delivered by a network of jobactive providers in over 1,700 locations across Australia.

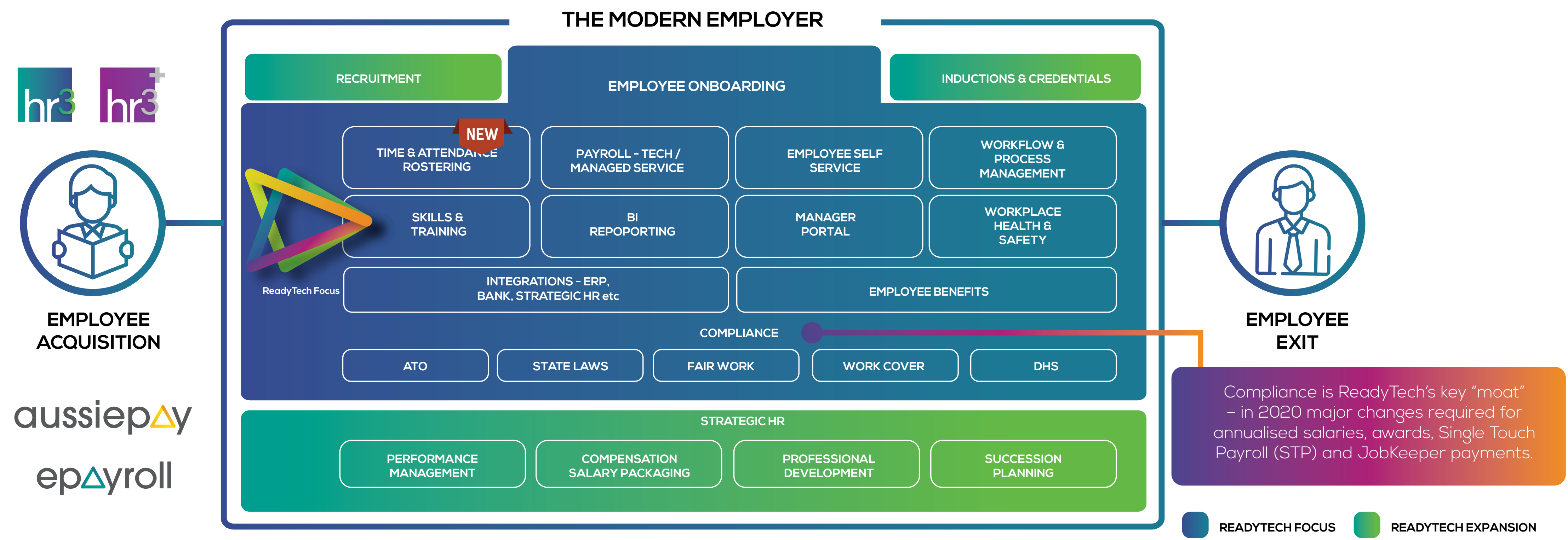


Clients Include:



Payroll, HR Administration and Workforce Management (Employment)

ReadyTech is at the core of the employment software ecosystem offering mission-critical Payroll, HR and Workforce Management solutions.

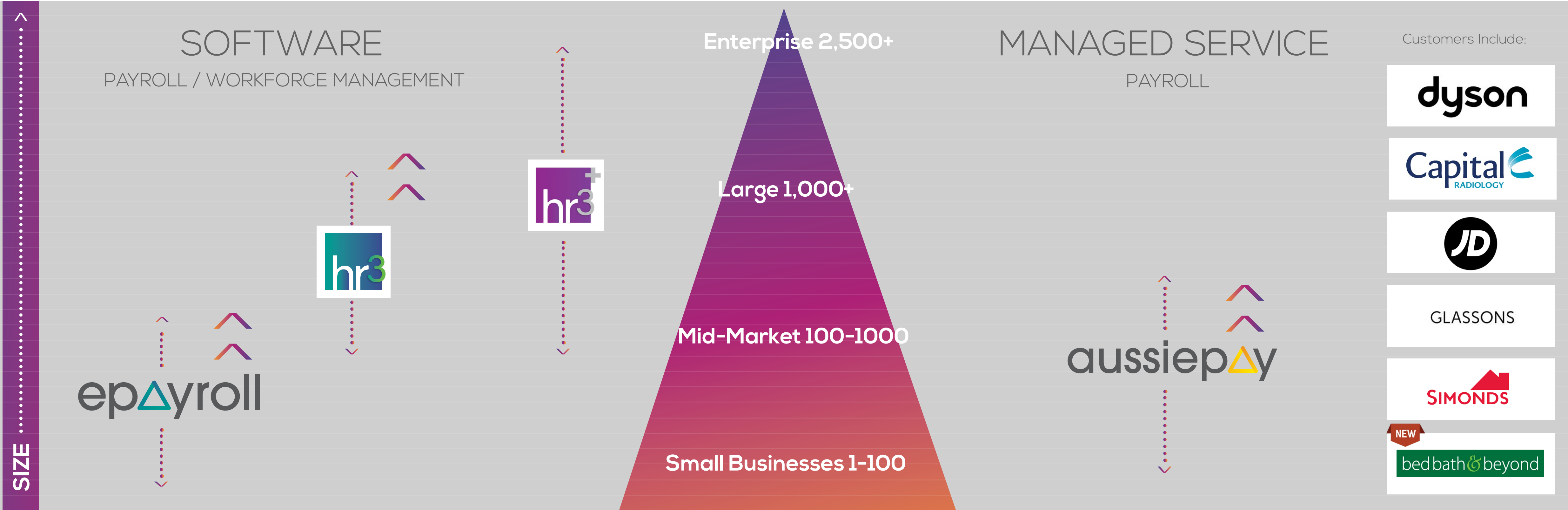


ReadyTech Offerings cover the Employment Sector



Comprehensive and complementary Employment product suite targeting higher value customers with significant upside potential.

Addressable markets for Workforce solutions and Payroll outsourcing in ANZ estimated to be \$2.4bn *



• The Australian Workforce Solutions Market Landscape, Value Adders, 2020

Strategic Growth Initiatives

ReadyTech enjoys a range of opportunities to maintain strong rates of growth into the future.



Attract new and higher value (enterprise) clients

Continue to target higher value and enterprise customers.

Spend of new clients on average 3.5x higher than those that churn.

Increase focus on most resilient areas of target markets and sales pipeline.

Maintaining strong pipeline of >\$14m in potential opportunities.



Grow ARPC via new offerings and customer success

Continue growth in ARPC through additional modules and user subscriptions.

Focus targeted initiatives and customer success to support remote delivery and servicing.



Drive upsell and cross-sell across ReadyTech

Maintain strong performance of Student & Apprentice retention (Esher House) and Student assessment (My Profiling) cross-sell opportunities to education customers.

Execute on upsell of HR3+ unified payroll and workforce management to employment customer base. Estimate ARPC greater than 3 times payroll only.



Continued R&D investment in product and modules

to support long term sustainable growth

Maintain R&D spend at over \$10m pa with continued investment in enterprise product strategy.

Expand R&D capabilities with advanced data analytics and AI to maintain competitive edge.



Execute on strategic and complementary acquisitions

Investment in new partnerships and referral network including complementary technology and industry consultants.

Maintain active M&A register focused on complementary technology and customer bases.



Retain and invest in new talent

Investment in further education and HR3+ sales capability and broader sales and marketing roles.

Investment in customer success to support retention and drive upgrades and customer advocacy.

Invest in new hire to head Education segment to drive next stages of growth strategy.

Strong Revenue and Earnings Growth

1H FY20 RESULTS (\$ MILLIONS)			
	1H FY20	1H FY19^	% Change HOH
Subscription and licence revenue	16.8	14.4	16.5%
Implementation, training and other revenue	2.5	1.7	50.1%
Total revenue	19.2	16.0	19.9%
Total revenue (Organic)	18.2	16.0	13.2%
Salaries and wages	(8.3)	(7.6)	(9.1)%
Technology infrastructure and operations	(1.5)	(1.1)	(32.7)%
General and administrative	(1.2)	(1.2)	3.8%
Total operating expenses	(10.9)	(9.9)	(10.1)%
*Underlying EBITDA	8.3	6.1	35.9%
*Underlying EBITDA (Organic)	7.9	6.1	28.9%
Depreciation and amortisation	(4.5)	(4.2)	(7.5)%
*Underlying EBIT	3.8	2.0	96.2%
Net finance expenses	(0.6)	(0.9)	34.7%
*Underlying PBT	3.3	1.1	197.4%
Income tax expense (Effective rate 30%)	(0.9)	(0.3)	(153.3)%
*Underlying NPAT	2.4	0.8	217.9%
Add: amortisation of acquired intangibles (post-tax)	1.9	1.7	(6.8)%
*Underlying NPATA	4.3	2.4	73.8%

Highlights



Strong organic revenue growth from new client wins and cross-selling to existing clients.



Total revenue of \$19.2M represents strong growth in subscription and license revenue of 16.5% or 87% of total revenue.



Total expenses of \$10.9M reflect the impact of acquisitions, continued investment in key sales and technology-related roles as well as increased hosting costs driven by client and revenue growth.



Earnings continuing to grow faster than revenue demonstrates strong operating leverage down the P&L and scalable platform.



Net finance costs are based on the terms of the new banking facility. The reduction is driven by a lower interest rate and improved leverage ratio resulting in better margin.

^ 1H FY19 Pro-forma reflects actuals as per Prospectus assumptions

* Underlying results exclude the impact of non-recurring costs of \$0.4M

OUTLOOK

RDY expects a FY20 total revenue growth rate of approximately 20% with an organic revenue growth rate in the early double digits. The Company expects the underlying FY20 EBITDA margin to be approximately 40%.



ASX: RDY