



# FY20 Annual General Meeting

**Edward Chung**  
**Chief Executive**

**technologyone**  
Transforming business, making life simple

Feb 2021 - Commercial in confidence

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## Disclosure Statement

### TechnologyOne Ltd Annual General Meeting – 23 February 2021

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 website: [www.TechnologyOneCorp.com](http://www.TechnologyOneCorp.com)

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This presentation includes the following measures used by the Directors and management in assessing the on-going performance and position of TechnologyOne: Profit before tax – Underlying, EBITDAR, EBITDA, EBIT, ARR, Churn, Cash Flow Generation. These measures are non-IFRS under Regulatory Guide 230 (Disclosing non-IFRS financial information) published by the Australian Securities and Investment Commission and have not been audited or reviewed.

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## Agenda

- Results & Achievements
- Outlook for Next Year
- Long Term Outlook

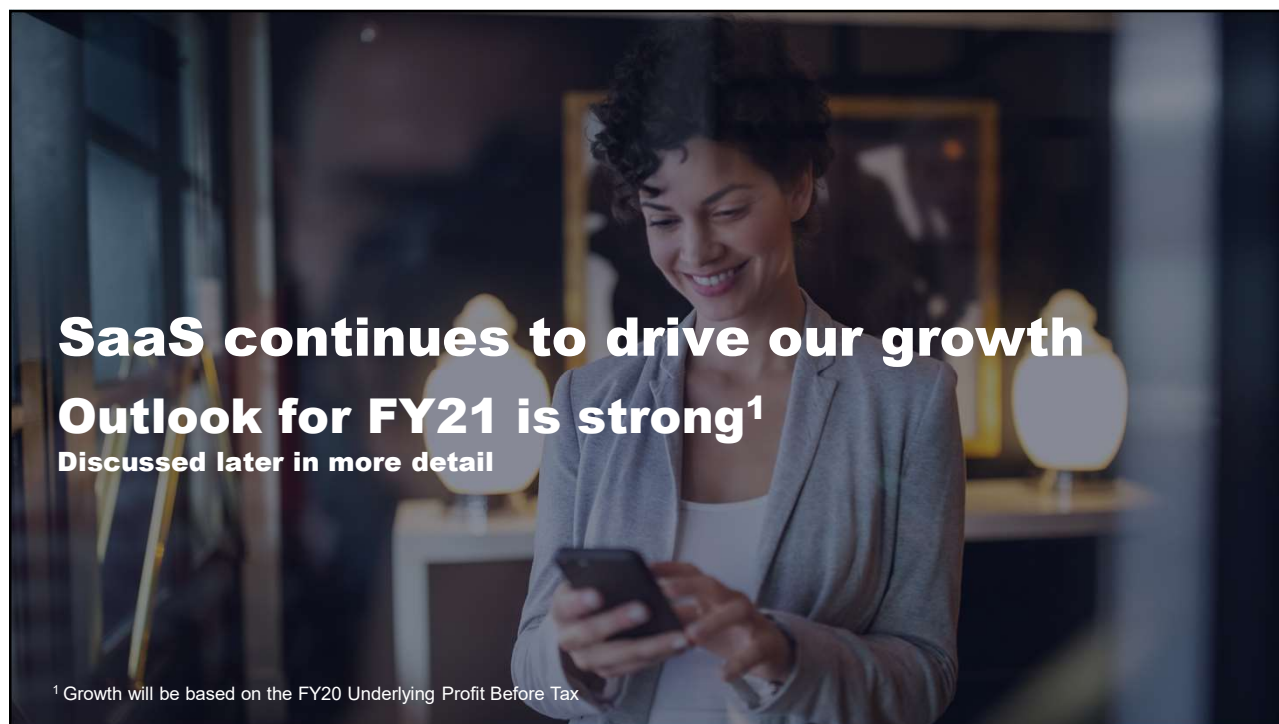
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**Underlying Net Profit Before  
Tax growth of 13%**

**11 consecutive years of Record Profit**

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**Our SaaS business is growing strongly**  
**SaaS ARR is growing at 32% per annum**

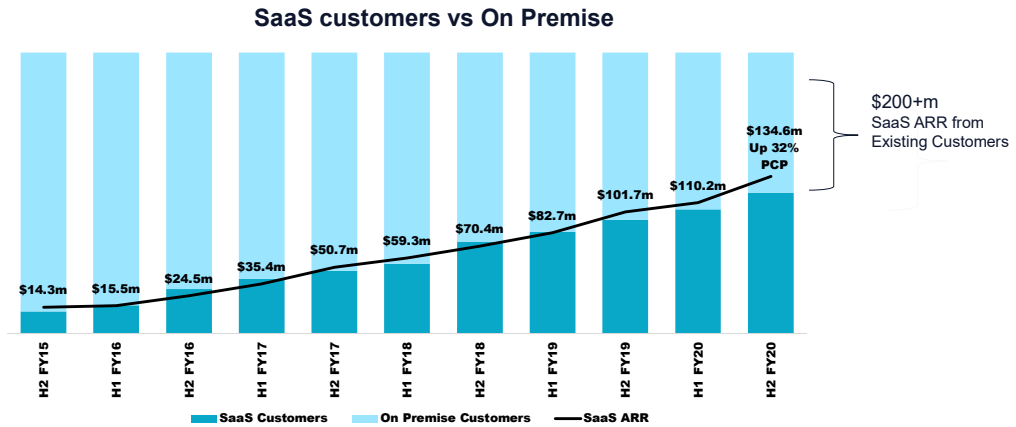
**Compelling value proposition of TechnologyOne Enterprise SaaS**

- ✓ One global code line
- ✓ Massive economies of scale
- ✓ 8 active-active data centres
- ✓ Defence-in-depth security
- ✓ Always on the latest technology
- ✓ Always on the latest release
- ✓ 2 releases each year providing new functionality
- ✓ Fast migration for existing on-premise customers to TechnologyOne SaaS
- ✓ Customers save 30+% on their total cost
- ✓ Take-on additional products quickly

**Making life simple for our Customers**

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## \$200m ARR Runway moving On Prem to SaaS by FY26



We expect 90+% of On Premise to move to SaaS by FY26

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## Quality of SaaS Revenue is very high

Recurring contractual nature, combined with our very low churn rate of 1%

**Today, 86% of Revenue is recurring subscription revenue**

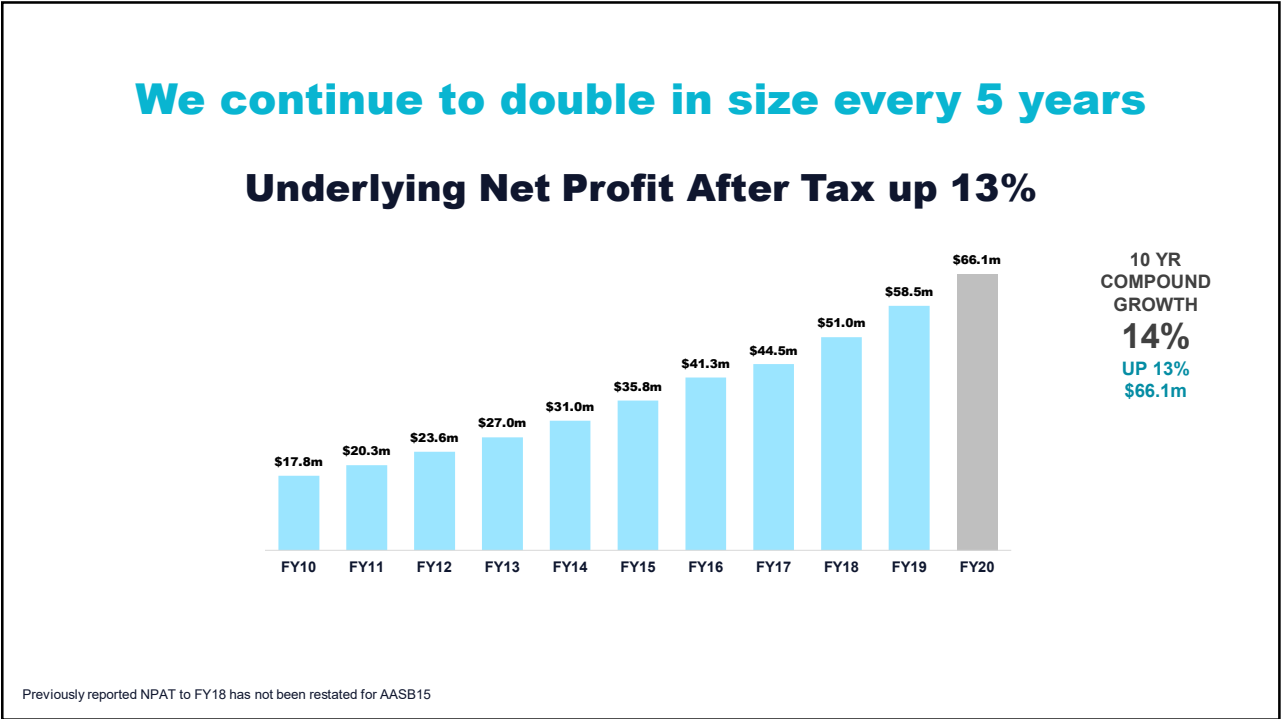
Based on FY20 opening ARR (\$202.5m) as percentage of total revenue excluding Consulting Revenue, which follows from new business wins (\$299m-\$62.5m = \$236.5m).  
Recurring subscription revenue includes SaaS Fees and Annual Licence Fees

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**Total Annual Recurring Revenues will increase to \$500+m by FY26**

<sup>1</sup>Total ARR in FY20 was \$222m  
<sup>2</sup>Date has been extended because of COVID-19 from FY24

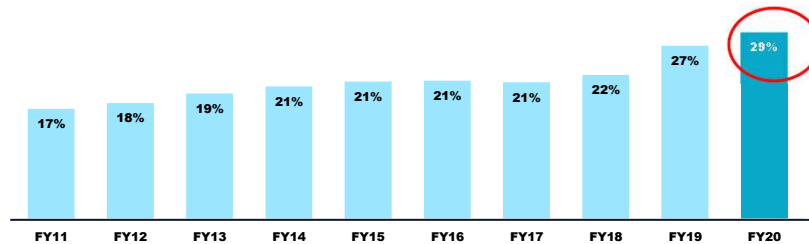
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## Profit margin to improve to 35% in the next few years

Underlying Profit Before Tax Margin is 29%



**Driven by the significant economies of scale from our single instance global SaaS ERP solution**

- ✓ We continued our highly disciplined management of expenses
- ✓ Rebalancing investment and headcount from on premise to growth areas including SaaS and DXP
- ✓ We will maintain our COVID inspired remote implementations and digital user groups

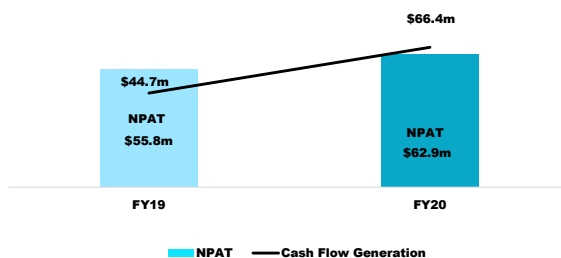
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## Cash Flow

Cash Flow Generation will continue to grow strongly

Cash Flow Generation of \$66.4m, up \$21.8m (49%)

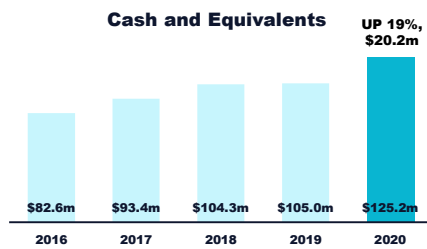
### NPAT Versus Cash Flow Generation



- vs NPAT of \$62.9m
- Strong and disciplined execution and cash collection

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## Balance Sheet

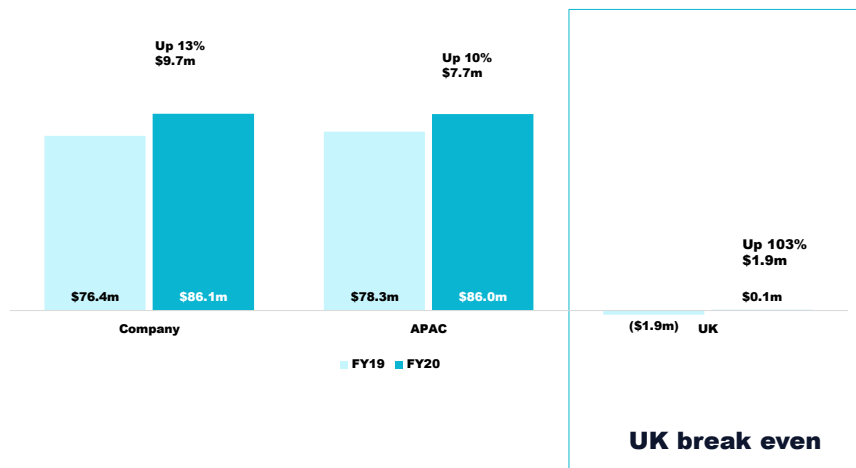


### Cash & Equivalents \$125.2m, up \$20m, 19%

- Net Cash: 39 cps vs 33 cps
- Net Assets: \$142.2m vs \$106.9m, up \$35.3m, 33%
- We have no debt

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## FY20 Underlying Profit Contribution APAC and UK

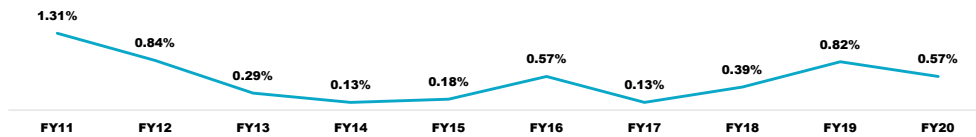


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# Customer Churn 10 Years

ASM Customer Churn 10 Years



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## Significant investment for future growth

R&D investment of \$68.1m<sup>1</sup>, 22% of Revenue, up 13%



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# DXP

- DXP is our Digital Experience Platform
- Delivering specialised functionality for the hundreds of thousands of end users in our vertical markets
- DXP 1.0 (employees) now in market
  - Meetings
  - Expenses
- DXP 2.0 for ratepayers in development
- DXP 2.0 for students early research



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## Most trusted SaaS

Only total SaaS ERP provided to be IRAP Protected



ISO/IEC 27001



ISO/IEC 27017



ISO/IEC 27018



ISAE 3402 SOC 1



SSAE 18 SOC 1



AT-C 205 SOC 2 + HIPPA



SOC 3



IRAP



GDPR



Cyber Essentials & Cyber Essentials Plus (UK)



Australian Cyber Security Centre (ACSC) Essential 8



National Cyber Security Centre (NCSC) Cloud Security Principles (UK)

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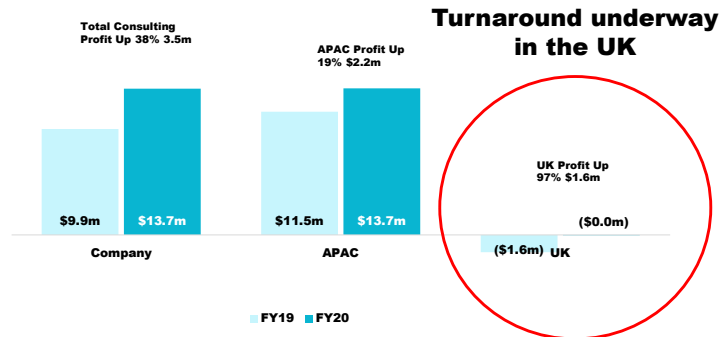
## Consulting Profit of \$13.7m, up 38%

Profit margin has improved to 22% in 2020, from 8% in 2017

Consulting is responsible for implementation of our software

### Turnaround driven by:

- ✓ New leadership
- ✓ Two focussed divisions
  - New Projects
  - Applications Managed Services (AMS) for our existing customers
- ✓ Improvement in systems and processes
- ✓ Improvements in culture
- ✓ Disciplined use of new implementation methodology



- Our AMS business for our existing customers is also moving to recurring revenue.
  - Now have \$14m locked in recurring revenue not included in our total ARR

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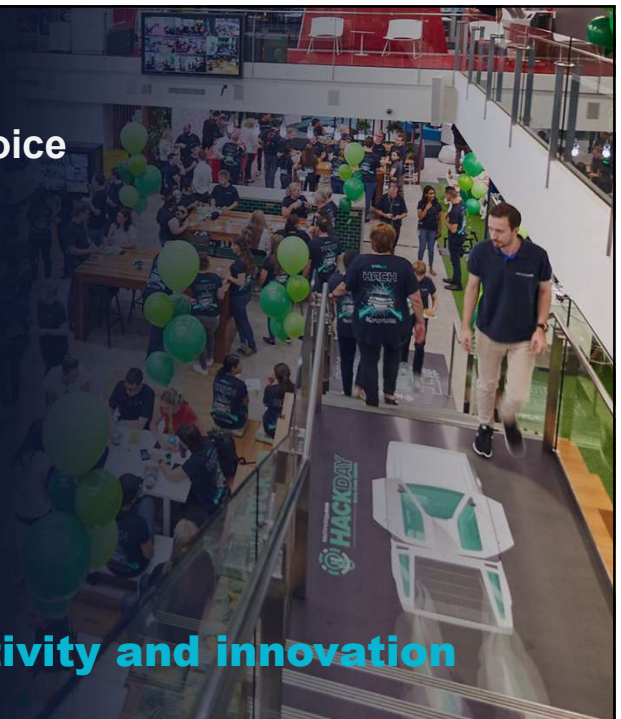
## People and Culture

### Recognized as Employer of Choice

#### Award winning programs

- ✓ O week
- ✓ Grad program
- ✓ Buddy program
- ✓ Townhalls
- ✓ Hack days
- ✓ Regional days
- ✓ MARVELS awards
- ✓ Continual eNPS surveys of all teams

**Strong culture of creativity and innovation**



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## 2020 Awards



2020 Corporate Philanthropist  
of the year - Finalist



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## FY20 Full Year Summary

**SaaS** Is driving our  
business growth

**Record  
Profit**

**Record  
SaaS ARR**

**13% growth** Top of guidance  
achieved

**UP 13%**  
Underlying PBT  
\$86.1m

**UP 32%**  
SaaS ARR  
\$135m

**86%**  
Recurring Revenue  
\$221.9m

ARR to increase to  
**\$500m**  
In FY26

**UP 38%**  
Consulting Profit  
\$13.7m

**UP 8%**  
Dividends  
12.88 CPS

**We continue to double in size every 5 years**

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## Outlook for 2021 Year

### Continuing strong growth

- The enterprise software market continues to be resilient
- TechnologyOne key markets remain strong : Local government, higher education, government and government related businesses
- SaaS is creating significant opportunities for us
- The pipeline for 2021 is strong

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# Outlook for 2021 Year

## Full Year - Strong Profit growth to continue in 2021

- We expect to see continuing strong growth in SaaS ARR and profit
- Our momentum remains the same, and we expect to continue to double in size once again in the next 5 years
- As we have seen in prior years the sales pipeline is weighted to the second half. As such we expect the first half of 2021 will not be indicative of the full year results
- Having said this, the magnitude of the difference between the first and second half will not be as great as in prior years because of the size of our SaaS business recurring revenue base<sup>1</sup>
- We will provide further guidance with the first half results

<sup>1</sup> H1:H2 skew reduces to 45%:55% over next 5 years as we continue to move our on premise customers to our SaaS Platform

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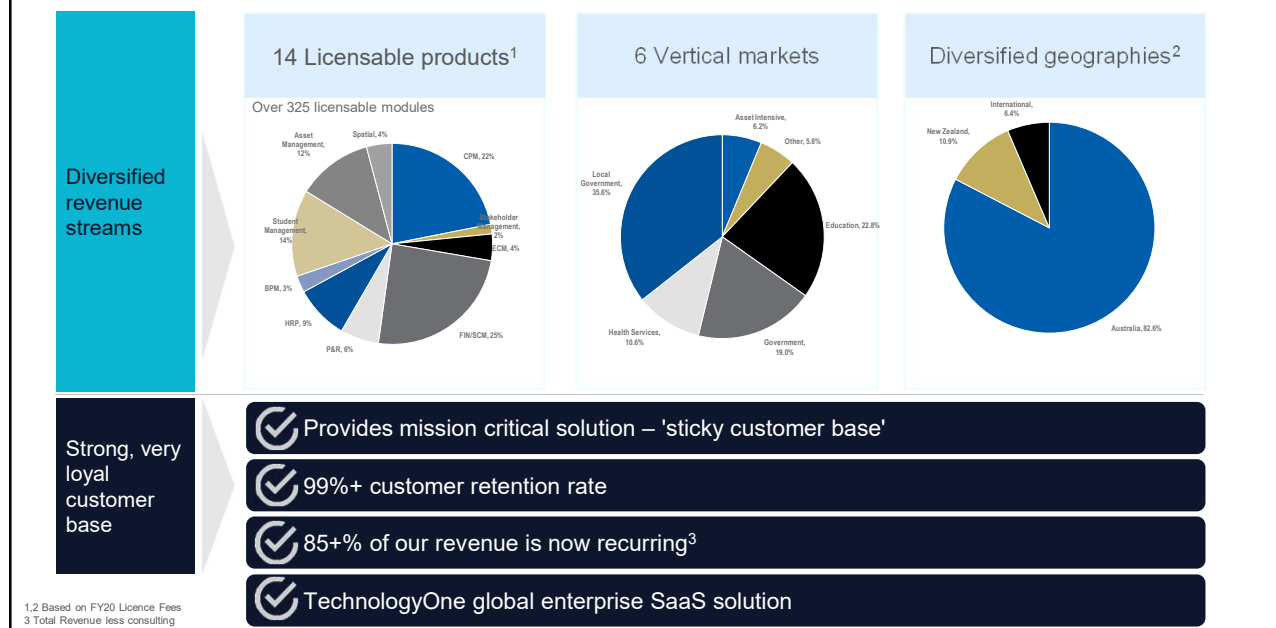
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## Drivers for long term growth

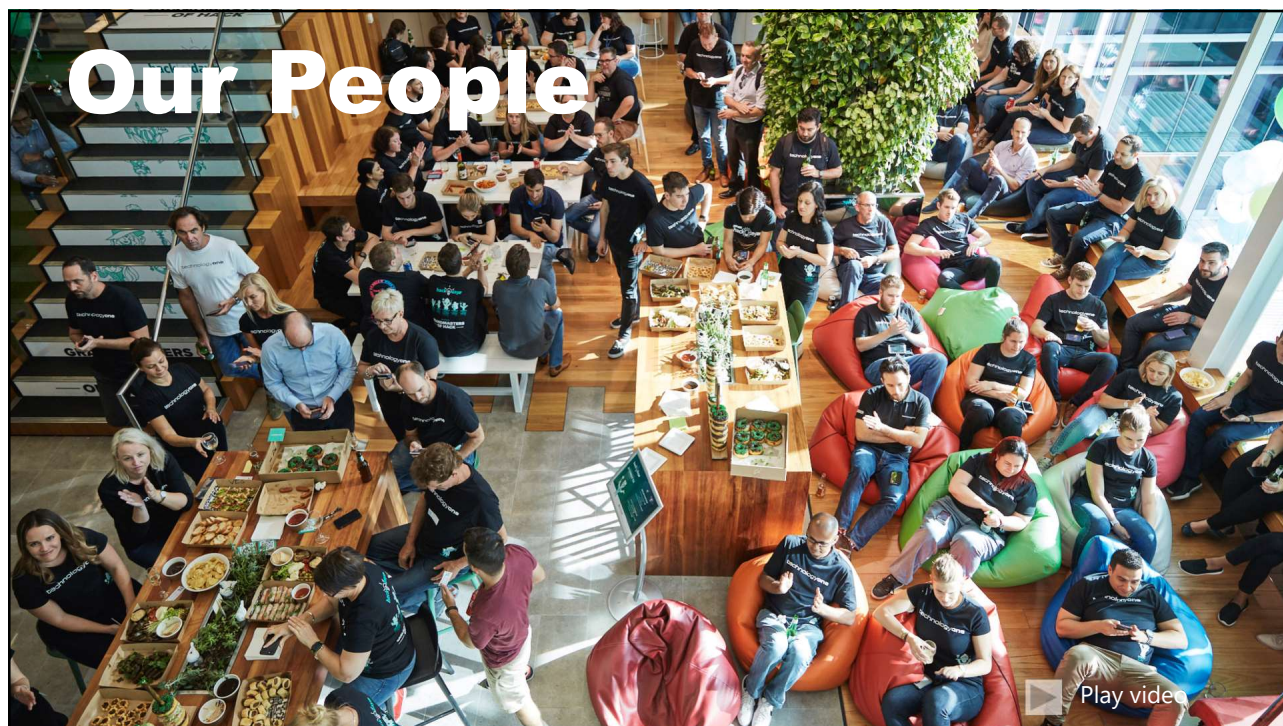


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## Positioned well for the future and to continue to double in size every 5 years

- ✓ SaaS continues to grow strongly
- ✓ Annual recurring revenues to increase to \$500+m
- ✓ Harvest substantial opportunities in our customer base
- ✓ Continuing growth in APAC
- ✓ Continuing growth in the UK
- ✓ Profit margins to grow to 35%, through significant economies of scale

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