

TechnologyOne reconfirms profit growth of 10-15% for full year, posting 100+ per cent cloud growth

BRISBANE, 23 May 2016 - Australia's largest enterprise software company, TechnologyOne (ASX:TNE) today announced its results for the half year ending 31 March 2016, posting a result which is in line with market guidance provided at the start of this financial year.

Revenue was up strongly by 12 per cent to \$101 million. Net Profit Before Tax was down 17 per cent to \$9.4 million, due to Total Expenses being up 16 per cent. Total Expenses will come down dramatically over the full year.

TechnologyOne's Executive Chairman, Adrian Di Marco said the company is well positioned for continuing profit growth of 10 to 15 per cent over the 2016 full year.

"We will see continuing strong Revenue growth over the full year, based on the strength of our sales pipeline. We are preferred supplier for a number of very large contracts which we will close in the second half of FY2016," Mr Di Marco said.

"Additionally, we expect Total Expenses to be reduced in the full year to 11 per cent, substantially below the 16 per cent increase at the half year.

"The continuing strong Revenue growth, coupled with Total Expenses being reduced dramatically over the full year, will allow us to achieve strong profit growth of 10% to 15% over the full year."

TechnologyOne's cloud business continued to grow rapidly, with Cloud Services fees up by more than 100 per cent on the previous year and 21 new customers signing up for its cloud service. The company is on track to sign a number of large and high profile cloud customers in the second half of the year.

Since delivering Cloud 5.0 at the 2015 full year, the company is now focused on migrating all its cloud customers onto its 5.0 architecture.

"Cloud 5.0 introduces the start of our mass production Software as a Service (SaaS) offering, which is a massively scalable platform with significant economies of scale," said Mr Di Marco.

"We are now part of an elite group of companies globally delivering true enterprise software as a service, making our software the premier enterprise cloud offering in Australia and New Zealand. We are also the only enterprise provider offering a fully configurable solution, with a mass production line of servers running our software for our customers."

The company received continuing public recognition for the strength of its cloud solution, as follows:

- Awarded Amazon Technology Partner of the Year
- Awarded UK Cloud Award – ERP Cloud Product of the Year
- Preferred supplier for UK Government G-Cloud panel
- Preferred supplier for Australian Government Cloud Services panel
- Selected for Australian Government Shared Services for SaaS

TechnologyOne has also been shortlisted for an Australian Business Awards for Cloud Innovation, with winners to be announced in June 2016.

Annual Licence fee growth of 15 per cent was recorded in the half year to \$43.7 million.

Research and Development (R&D) continued to be a significant investment for TechnologyOne at \$21.8 million for the half year, up 13 per cent.

“R&D represents 22 per cent of revenue, which exceeds the average of our competitors by approximately 10 per cent,” Mr Di Marco said.

“It is absolutely critical that we continue to invest in our future. The success of our cloud offering in particular, has been because we have invested heavily in R&D, and are focused on driving our technology forward.”

In light of confidence in the full year outlook, TechnologyOne increased its dividend for the half year to 2.36 cents per share fully franked, up 10 per cent on the prior year. This represents a payout ratio of 100 per cent. The company has continuously paid a dividend since it listed in 1999.

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About TechnologyOne

TechnologyOne (ASX:TNE) is Australia's largest enterprise software company and one of Australia's top 200 ASX-listed companies, with offices across six countries. We create solutions that transform business and make life simple for our customers. We do this by providing powerful, deeply integrated enterprise software that is incredibly easy to use. Over 1,000 leading corporations, government departments and statutory authorities are powered by our software.

We participate in only eight key markets: government, local government, financial services, education, health and community services, asset intensive industries, project intensive industries and corporates. For these markets we develop, market, sell, implement, support and run our preconfigured solutions, which reduce time, cost and risk for our customers.

For 28 years, we have been providing our customers enterprise software that evolves and adapts to new and emerging technologies, allowing them to focus on their business and not technology. Today, our software is available on the TechnologyOne Cloud and across smart mobile devices.

For further information please visit: TechnologyOneCorp.com