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business software solutions

2005 Results Presentation

Connected Intelligence

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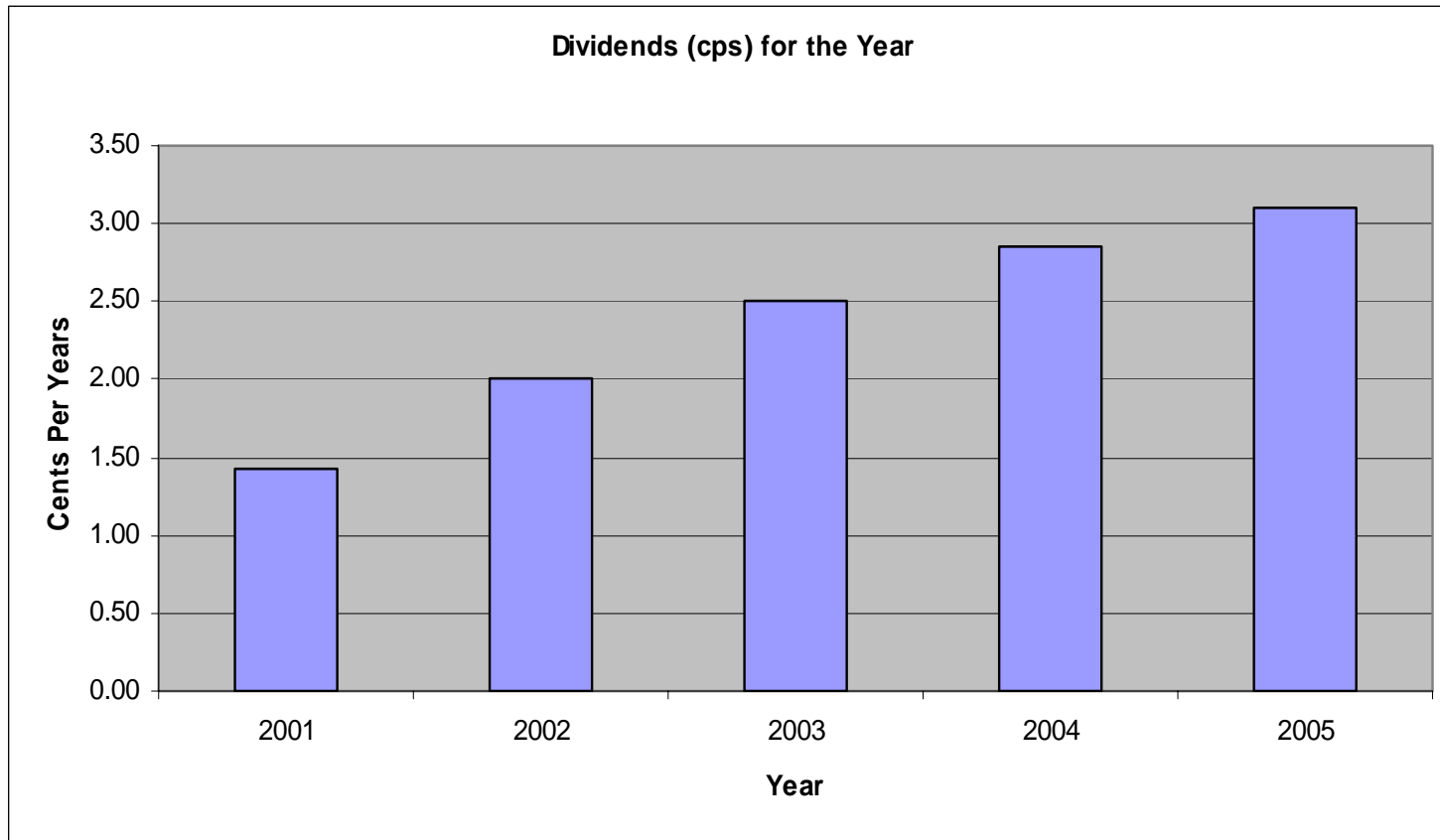
- 2005 Full Year Results
 - Summary
 - Analysis
- Significant Achievements
- Overseas Expansion
- Outlook
 - By Product
 - By Geography
 - Summary
 - Challenges in 2006
 - Long Term Outlook

- Record Revenue of \$55.8m, up 8%
- Record Profit Before Tax of \$14.3m, up 9%
- Profit After Tax of \$10.3m, up 8% (vs 9% PBT)
 - Over provisioning for tax in prior year saw a 'once off' gain in 2004 financial year

- Record R&D expenditure of \$10.2m
 - Representing 18% of revenue
 - R&D fully expensed as incurred
- Dividend of 3.10 cents fully franked, up 9%
 - Yield of 5.08% ff, based on a share price of 61 cents
 - Payout ratio of 90%

2005 Full Year Results - Summary

The Power of



- Adjusted ROE of 55%
 - Unadjusted ROE of 28%
- Strong Operating Cash Flow of \$11.1m compared to NPAT of \$10.3m
- Debt/Equity of 3%
- Capital Buy Back program instigated
 - Manage our capital base in respect of options exercised now and in the future

2005 Full Year Results - Summary The Power of

Full Year 2005 v 2004	2005	2004	Variance	Increase
	\$ (000)	\$ (000)	\$ (000)	%
Revenue	54,538	50,554	3,984	8%
Expenses	29,552	27,334	2,218	8%
EBITDAR	24,986	23,220	1,766	8%
R&D	10,220	9,547	673	7%
EBITDA	14,766	13,673	1,093	8%
Depreciation and Amortisation	1,099	906	193	21%
Amortisation of Intangibles	650	667	(17)	(3%)
EBIT	13,017	12,100	917	8%
Net Interest Income	1,285	1,010	275	27%
NPBT	14,302	13,110	1,192	9%
NPAT Pre Amortisation	10,930	10,146	784	8%
NPAT Reported	10,280	9,479	801	8%
Earnings Per Share - Reported (Cents)	3.44	3.17	0.27	9%
Dividend Per Share (Cents)	3.10	2.85	0.25	9%
Adjusted Return on Shareholders' Equity	55%	52%		
Cash and Cash Equivalents	25,623	23,853	1,770	7%
Net Operating Cash Flow	11,061	12,356	(1,295)	(10%)
Debt/Equity	3%	3%		
EBITDA Margin	26%	27%		
NPBT Margin	26%	25%		
R&D as Percentage of Total Revenue	18%	19%		

- Licence fees to new customers up 17%
- Annual licence and support revenue of \$17.3m, up 20%
- Implementation and consulting services revenue of \$16.4m up 11%
- Project Services revenue of \$9.5m down 11%
 - Poor performance in NSW and Victoria
 - Revenue down \$1.5m and \$0.55m respectively
 - Problem being addressed

- Finance One suite revenue up 7%
 - Involved in almost all deals
 - Have not yet tapped the full potential of our Supply Chain and Payroll/HR (People One)
- Proclaim One revenue up 18%
- Student One revenue up 46%

- All regions performed well except WA and ACT (revenue down 33% and 35% respectively)
 - Malaysia now profitable
 - NSW and Victoria expect stronger performance this year
- New Zealand revenue up 29% (\$726k), but profit down 17% (\$112k)
 - Growing pains – management structure improved

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- **Significant Achievements**

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- **Increased Sales**
- Success of our new Finance One CI
- Organisational Changes
- Continued R&D program

- 83 new customers
- Licence fees to new customers up 17%
- Strong indicator of the increasing success of our Connected Intelligence product line

■ 45 new general commercial clients:

- **5 Utilities** - CrossCity Motorway Pty Ltd, State Water Corp, Southern Rural Water, Papua New Guinea Harbours Limited, Adelaide Airport Limited
- **12 Corporate** - SMB Fleet Management, The Marketing Department, Mitsui Coal Holdings, Qld Motorways, QM Technologies, Ramsey & Bourne Pty, IVS Industrial Solutions, Michell, Melbourne Inner City Management, West Coast Eagles, Wesfarmers, Intech
- **3 Entertainment** - Film Australia Limited, Premier Media Group, Sydney SuperDome Pty Ltd
- **6 Finance/Insurance** - Allco Finance Group, Alliance e-finance, CreditLink, Australian Central Credit Union, La Trobe Home Loans, Police Association Credit Cooperative
- **3 Health** – Nursing Agency Australia, RFDS SA, Pearl Healthcare
- **3 Not for Profit** – Fusion, National Heart Foundation, Industrial Foundation for Accident Prevention
- **4 Retail** – Sydney Fish Markets, Bing Lee Electrics, Ed Harry Menswear, Westfuel
- **6 Technology/Communications** – AARNet, Odyssey Travel, Bravura Solutions, Outsource Australia Bureau, Technisyst, AeM Management,
- **3 Tourism / Hospitality** – Great Adventures, Australian Alpine Enterprises, Australian Commercial Catering

- **15 new Local Government clients:**
 - Armidale Council
 - Clarence Valley Council
 - Snowy River Shire Council
 - Environmental Bay of Plenty Regional Council
 - Far North District Council
 - North Shore City Council
 - Mareeba Shire Council
 - City of Campbelltown SA
 - City of Holdfast Bay
 - The Barossa Council
 - City of Stonnington
 - Frankston City Council
 - Mitchell Shire Council
 - Moorabool Shire Council

- **12 new State and Federal Government clients:**
 - NSW Long Service Payment Corporation
 - NSW Office of State Revenue Project
 - ACT Department of Justice and Community Safety
 - Northern Territory Archives Service
 - Commerce Commission
 - Energy Efficiency Conservation Authority NZ
 - Ministry of Agriculture and Forestry NZ
 - NZ Ministry of Defence
 - Government of Samoa
 - Major Sport Facilities Authority
 - Workcover Queensland
 - Corruption and Crime Commission WA

- People One (Payroll/HR)
 - 37 new contracts signed
 - Sold as 'add on' to Finance One, not as best of breed
 - Played an important part in winning Finance One deals
 - 103 customers now using People One
- Work One (Asset and Work Management)
 - 17 Work One contracts signed
 - Very strong start for this new product
- Student One
 - James Cook Uni (JCU) – an important strategic win

- **15 new clients in New Zealand**
 - Port of Tauranga Limited NZ
 - NZ Automotive Association Incorporated
 - Wellington Institute Of Technology
 - Ticketek New Zealand Limited
 - Pinnacle Group Limited NZ
 - Commerce Commission
 - Energy Efficiency Conservation Authority NZ
 - Ministry of Agriculture and Forestry
 - NZ Ministry of Defence
 - St George's Hospital NZ
 - Environment Bay Of Plenty Regional Council NZ
 - Far North District Council NZ
 - North Shore City Council NZ
 - Farmers Mutual Group Limited
 - Todd Petroleum Mining Company Ltd NZ

- **4 new clients in Malaysia**
 - Hijrah Venture Holdings Malaysia
 - Khazanah Holdings Berhad
 - Nando's Chickenland Malaysia Sdn Bhd
 - Delcom Services Malaysia

- Increased Sales
- **Success of our new Finance One CI**
- Organisational Changes
- Continued R&D program

- Finance One Connected Intelligence (CI) – a new generation of financials to support a more devolved and empowered organisations
- 22 customers live on CI platform
- Another 33 customers in progress of implementing CI
- Product leadership position over our competitors
- Started the redevelopment of our other products to the CI platform
- Focus has been on new business
 - In 2006 calendar year will focus on our existing customer base, which will generate substantial consulting revenue stream

- Increased Sales
- Success of our new Finance One CI
- **Organisational Changes**
- Continued R&D program

- Period of continued organisational changes
- Transition to a new executive team
 - Increased bandwidth to better manage our expanding business
 - Commitment to “Think Globally, Act Locally”
 - Better pipeline management
 - Better interaction between regions and head-office
 - Strategic planning introduced across the company

- To better address the 'roll out' of new software to the market
 - Product Marketing – support our sales people in the field to win business
 - Product Service Delivery – support our consultants in the field to implement
- Product Marketing group expanded
 - Marketing now integrated into Product Marketing
- Product Service Delivery group implemented
 - 6 new staff added

- Increase focus on our existing customer base going forward
- Move to more sophisticated model to manage our customers. Relationship Managers introduced.
 - Move away from the account managers dealing with just one part of an organisation
 - Relationship managers – interact with all parts of an organisation and co-ordinate resources to address specific areas

- Increased Sales
- Success of our new Finance One CI
- Organisational Changes
- **Continued R&D program**

- R&D continued at 18% of revenue, fully expensed
- Significant enhancements across all our products
 - Finance One, People One, Retail/Supply Chain R11.1
 - Student One R3.n series
 - Proclaim One R9.05/9.06
- Support for multi-currency for the UK market for Finance One
- Substantial effort expended on the next generation of our products called Connected Intelligence (CI) series:
 - CI versions for People One, Student One, Proclaim One, Retail/Supply Chain planned for 2005/2006
- Work One – significant new direction
 - Existing markets: Local Government plus other existing clients
 - New markets: Professional Services, Commercial Services

- Enterprise One – significant new direction
 - Business Intelligence “out of the box” across all our products
 - Lower cost of ownership; TNE aware; able to incorporate other non TNE data sources
 - A separate R&D team
 - Objective: consolidate our approach to BI and Corporate Performance Management

- New areas under investigation
 - CRM – Customer Relationship Management
 - Contract Management
 - Fleet Management
 - Property Management

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- UK
 - Office opens January 2006
 - Country Manager appointed
 - Australian staff to go across
 - Power of One business model to be adopted
 - Opportunities for substantial growth – market estimated to be 3+ times size of Australian market
 - 4 offices in 5 years; 100+ people

- South Africa
 - Local Government market as the initial entry point
 - Issue is ‘Black Empowerment Partner’
 - Strategy to find a high quality partner
 - Still under investigation

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- Finance One CI gaining traction
 - 55 customers now signed up to CI
 - Increase win rate expected
 - Improving market conditions
 - Will need to carefully manage the roll-out of CI to our existing customers so as not to slow our 'win rate'
- Proclaim One
 - The new CI series coupled with Work One and tighter integration to Finance One/People One will continue to position this product strongly in Local Government
 - Currently three major players – consolidation is inevitable

- **People One**
 - Total of 103 clients now using People One (vs 53 last year)
 - Addition of HR functionality and the new CI series will position this product well in the future
 - Focus on product stability and user satisfaction over the next 12 months
 - Becoming critical in the sale of Finance One
 - Best of breed in 2007 financial year to become a 'sales leader'

- **Supply Chain/Retail One**
 - Reviewing our strategy

- **Work One**
 - Allows us to increase our penetration in existing markets and in time potentially open up new markets
 - Roll out of this new product being carefully managed

- Student One
 - Significant opportunities in 2005/2006
 - Callista and PeopleSoft 'melt down'
- Project Services
 - Re-look at the strategy going forward in NSW and Victoria
 - Re-align to add value to our products through Integrate One initiative
- Integrate One
 - Separate group to R&D that specialises in 'add ons' to our products
 - Spun out of our Project Services group
 - Provide us the flexibility that VAR model provides
 - Potentially new modules eg Property Management system

- **Australia**
 - Market conditions continue to improve
 - Increase “win rate” expected

- **New Zealand**
 - Strong opportunities going forward
 - Increase “win rate” expected

- **Malaysia**
 - Target smaller deals to get into larger opportunities
 - Partners to access more deal flow

- **UK**
 - Early days – expect a slow start from Jan 2006 , and to achieve profitability in year 3
 - Expect a loss of \$800k in year 1 and again in year 2 .

- 2006 continuing growth
 - Market conditions continue to improve
 - Increased win rate from CI
 - Increased penetration of Student One, People One, Proclaim One
 - Opportunities from Work One and Enterprise One initiatives
 - Limit our expenditure on the UK to \$800,000
- Expect growth of 5% to 10% in 2006

- Manage the aggressive roll-out of Finance One CI
- Progressively develop and release other CI products
- Re-align our Supply Chain/Retail strategy over the next 12/24 months
- Consolidate People One place in the market
- Manage rollout of our new Work One product into the market
- UK expansion

- Growth will come because of our integrated strategy:
 - Focus on business software solutions
 - Financials, Supply Chain, HR/Payroll, Work/Projects, Student Administration, Rating and Property Management, Business Intelligence etc.
 - New Connected Intelligence series
 - Compelling purchasing proposition “Putting more in the box”
 - Product breath expansion and depth
 - Deep integration “out of the box”
 - Enterprise wide BI
 - Unique “Power Of One” business model
 - “One company develops, markets, sells, implements and supports”
 - Geographical expansion
 - UK market 3+ times size of Australia



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