



technologyone
business software solutions

2006 Results Presentation

Connected Intelligence

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Private and Confidential

Agenda

- **TechnologyOne Overview**
- 2006 Full Year Results
 - Summary
 - Analysis
- Significant Achievements
- Strategy for Growth
- Outlook and Challenges

TechnologyOne Overview

- TechnologyOne develops, markets, sells, implements and supports a range of enterprise applications:
 - TechnologyOne Financials
 - TechnologyOne Supply Chain
 - TechnologyOne HR & Payroll
 - TechnologyOne Works & Assets
 - TechnologyOne Business Intelligence
 - TechnologyOne Student Management
 - TechnologyOne Property
- Presence in Australia, New Zealand, Asia and more recently United Kingdom

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- TechnologyOne Overview
- **2006 Full Year Results**
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2006 Full Year Results - Summary

- Record Revenue, up 21%
 - To \$65.2m, increase of \$11.3m
- Record Net Profit After Tax (NPAT), up 16%
 - To \$12.3m, increase of \$1.7m
- Record Net Profit Before Tax (NPBT), up 13%
 - To \$16.3m, increase of \$1.8m
 - NPBT up 13% vs 16% NPAT
 - Tax benefits associated with the move to Tax Consolidation

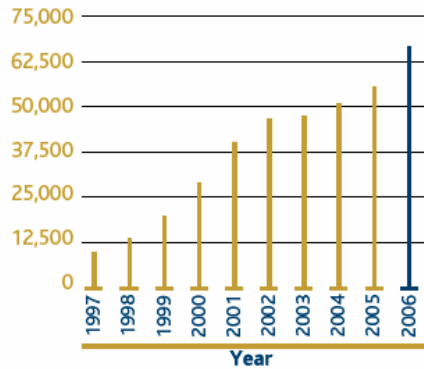
2006 Full Year Results - Summary

- Record R&D expenditure remained strong, up 24%
 - To \$12.7m, an increase of \$2.5m
 - Representing 19% of Revenue
 - R&D fully expensed as incurred
- Expenses excluding R&D/Depreciation up 24%
 - To \$36.4m, increase of \$7.0m
- Dividend of 3.41 cents fully franked, up 10%
 - Yield of 5% fully franked, based on a share price of 68 cents
 - Payout ratio of 83%
 - Sixth consecutive year of increasing dividends

2006 Full Year Results - Summary

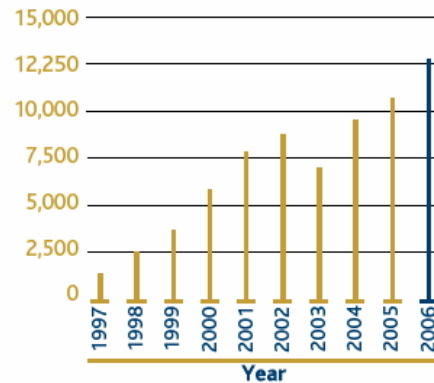
Revenue

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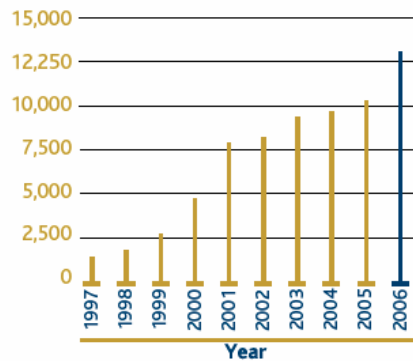
Net Profit after Tax

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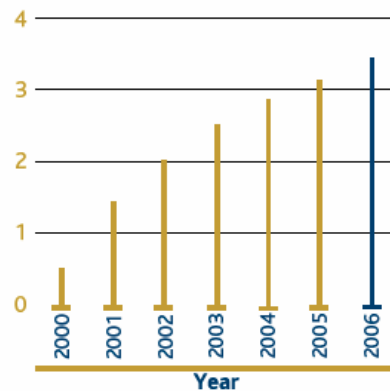
Research and Development

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Dividend per Share

Cents



2006 Full Year Results - Summary

- Return on Equity (ROE) of 32% (vs 26% last year)
 - Among top publicly listed companies in Australia
 - 24% ROE over 5 years, makes us #35 of all publicly listed companies*
 - Adjusted ROE of 62% (adjusted for non working capital cash)
- Strong balance sheet
 - Debt/Equity of 3%
 - Cash and Cash Equivalents of \$22.3m
- Operating Cash Flow of \$8.6m compared to NPAT of \$12.3m
 - Significant billings of approx \$10.7m in June, thus not converted to cash
 - Deferred payment terms associated with larger Tier One contracts
 - Note: Debt collection remains strong

2006 Full Year Results - Summary

Full Year 2006 v 2005	2006 v 2005			
	2006 \$ (000)	2005 \$ (000)	Variance \$ (000)	Increase %
Revenue	65,242	53,850	11,392	21%
Expenses	36,411	29,332	7,079	24%
EBITDAR	28,831	24,518	4,313	18%
R&D	12,675	10,220	2,455	24%
EBITDA	16,156	14,298	1,858	13%
Depreciation and Amortisation	1,142	1,154	(12)	(1%)
EBIT	15,014	13,144	1,870	14%
Net Interest Income	1,243	1,285	(42)	(3%)
NPBT	16,257	14,429	1,828	13%
NPAT Reported	12,314	10,597	1,717	16%
Earnings Per Share - Reported (Cents)	4.12	3.54	0.58	16%
Dividend Per Share (Cents)	3.41	3.10	0.31	10%
Adjusted Return on Shareholders' Equity	62%	54%		
Cash and Cash Equivalents	22,279	25,623	(3,344)	(13%)
Net Operating Cash Flow	8,613	11,061	(2,448)	(22%)
Debt/Equity	3%	3%		
EBITDA Margin	24%	26%		
NPBT Margin	24%	26%		
R&D as Percentage of Total Revenue	19%	19%		

2006 Full Year Results - Analysis

- Licence fees up 47% (vs 17% last year)
- Annual licence and support revenue of \$21.1m, up 23% (vs 19% last year)
- Implementation and consulting services revenue of \$18.1m up 22% (vs 11% last year)
- 53% of our revenues now generated from existing clients

2006 Full Year Results - Analysis

- TechnologyOne Financials licence fees up 44% (vs 7% last year)
 - Involved in almost all deals
- TechnologyOne Business Intelligence licence fees of \$1.3m in first full year
- TechnologyOne Student Management licence fees up 151%

2006 Full Year Results - Analysis

- North-West region (QLD, SA, WA, TAS & NZ) performed strongly
 - Profit contribution up 114% to \$5.5m, an increase of \$2.9m
 - Licence fees up 97% to \$9.2m, an increase of \$4.5m
 - Consulting (Total) up 38% to \$9.8m, an increase of \$2.7m
 - New Zealand and Queensland very strong performance
 - Growing pains in New Zealand coming under control
- Central region (NSW, VIC & ACT) performed below their potential
 - Profit contribution down 3% to \$2.4m, a decrease of \$70k
 - Licence fees down 15% to \$3.8m, a decrease of \$653k
 - Consulting (Total) up 17% to \$7.4m, an increase of \$1.1m
 - Actions taken to remedy this situation

2006 Full Year Results - Analysis

- Strong results particularly taking into consideration:
 - Project Services/Integration Services Revenue decrease of 6% to \$7.2m a reduction of \$437k
 - TechnologyOne HR & Payroll had an R&D loss of \$676k
 - TechnologyOne Supply Chain had an R&D loss of \$1.1m
 - TechnologyOne Property licence fees down 30%, a decrease of \$518k
 - Malaysia had a loss of \$548k
 - United Kingdom had an expected loss of \$512k
 - Performance of Central Region below potential – estimate of \$1m+
- Demonstrates the strength and diversity of our business
 - Geographical diversity – North-West, Central, New Zealand, Asia and in future UK
 - Market diversity – Local Government, State and Federal Government, Financial Services, Higher Education, Health and Community Services, Utilities, Managed Services
 - Product diversity – Financials, Supply Chain, HR & Payroll, Works & Assets, Business Intelligence, Student Management, Property

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- **Significant Achievements**
- Strategy for Growth
- Outlook and Challenges

Significant Achievements

- **Continued Strong New Business**
- Continued Strong R&D program
- Continued Organisational Changes
- TechnologyOne United Kingdom

Continued Strong New Business

- Licence fees to new customers up 58%
 - Strong indicator of the increasing success of our new Connected Intelligence (Ci) product line
 - General Commercial - 38 new customers
 - Local Government - 12 new councils, giving us 103 councils in total
 - State & Federal Government - 5 new agencies
 - Higher Education - 4 new customers
 - HR & Payroll - 38 new customers, giving us 141 customers in total
- Traction in Tier One customer space:
 - Government of PNG, Adelaide Bank, Ministry of Justice NZ, Queensland University of Technology, Ministry of Economic Development NZ
 - Continuing opportunities going forward

Significant Achievements

- Continued Strong New Business
- **Continued Strong R&D program**
- Continued Organisational Changes
- TechnologyOne United Kingdom

Continued Strong R&D Program

- Record R&D expenditure remained strong, up 24%
 - To \$12.7m, an increase of \$2.5m
 - Representing 19% of revenue
 - R&D fully expensed as incurred
- **Goal:** Integrated enterprise software suite with ‘out of the box’ deep functionality based on the very latest technology and software design concepts:
 - Financials
 - HR & Payroll
 - Supply Chain
 - Works & Assets
 - Business Intelligence
 - Student Management
 - Property
- Our new Connected Intelligence (Ci) series has been a major area of investment to achieve the above goal

Continued Strong R&D Program

- TechnologyOne Financials Ci has been very successful to date:
 - Involved in all new deals
 - 150 sites committed; 120 sites now live
 - Opened up opportunities in Tier One customer space
 - R11.2 now available – critical for United Kingdom
- R&D accelerated to bring remaining products onto the Ci platform in 2006/07 timeframe:
 - TechnologyOne Student Management
 - TechnologyOne Property
 - TechnologyOne HR & Payroll
 - TechnologyOne Supply Chain

Continued Strong R&D Program

- R&D accelerated to develop new modules/functionality in following areas:
 - TechnologyOne Works & Assets
 - TechnologyOne Business Intelligence
- R&D planned to develop new modules/functionality in following areas over 2006/07:
 - TechnologyOne Student Management
 - TechnologyOne Property

Continued Strong R&D Program

- TechnologyOne Business Intelligence (BI) – significant new direction
 - BI “out of the box” across all our products
 - Lower cost of ownership; TechnologyOne data aware; able to incorporate other non-TechnologyOne data sources
 - **Objective:** Consolidate our approach to BI and Corporate Performance Management across all our products
 - Significant opportunities going forward
- TechnologyOne CRM (Customer Relationship Management)
 - Early stage R&D started – proof of concept completed mid 2007 calendar year

Significant Achievements

- Continued Strong New Business
- Continued Strong R&D program
- **Continued Organisational Changes**
- TechnologyOne United Kingdom

Continued Organisational Changes

- Continue to evolve as our business grows rapidly
- New executive team 'bedded down' and responsibilities reassigned
- **Awesome Software Initiative**
 - Smaller, empowered 'domain teams' to increase ownership, commitment and innovation
 - Consolidated Financials, HR & Payroll, Supply Chain, Works & Assets and Business Intelligence under one senior manager – now called Core Enterprise Team

Continued Organisational Changes

- Exceptional Customer Service Initiative
 - All consulting now under one Operating Officer
 - Consistent business practices across all regions

- Exceptional Sales and Marketing Initiative
 - All sales and marketing now under one Operating Officer
 - Marketing now aligned to sales
 - Identified and committed to 7 well defined markets to achieve dominant position:
 - Government
 - Local Government
 - Financial Services
 - Higher Education
 - Health and Community Services
 - Utilities
 - Managed Services
 - Focus on 'pipeline management' and 'named accounts'

Continued Organisational Changes

- Creation of AANZ – Australia, New Zealand and Asia
 - Asia now reports into Australia Executive Team
 - Appointment of new Asian Manager to revisit our approach to Asia
 - Allows one senior executive to focus on developing our United Kingdom business

Significant Achievements

- Continued Strong New Business
- Continued Strong R&D program
- Continued Organisational Changes
- **TechnologyOne United Kingdom**

TechnologyOne United Kingdom

- First European office opened in Maidenhead United Kingdom
 - Opportunities for substantial growth – market estimated to be 3+ times size of Australian market
- Country Manager appointed with extensive experience and contacts
- Key Australian staff relocated into United Kingdom as culture and knowledge carriers
- Strategy finalised:
 - TechnologyOne Financials Ci first product into United Kingdom
 - 'Power of One' business model

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Strategy for Growth

- Focus on our seven key markets
 - Goal to achieve a dominant market presence in each market
 - Re-align sales, marketing, consulting, R&D and acquisitions/partnerships
- Connected Intelligence (Ci) increasing our 'win rate' in our financial business
 - Accelerate R&D to move all products to Ci platform over next 2 years
- Tier One opportunities opening to us
 - Capitalise on our competitors "confused strategy" and customer dissatisfaction
 - Focus to improve our products and services for larger Tier One sites

Strategy for Growth

- Higher Education – strong pipeline of opportunities now
 - TechnologyOne now ‘last man standing’
 - Need to pro-actively manage opportunities and build infrastructure for growth
 - Good candidate for United Kingdom to continue growth in this sector
 - Extend product breadth to ‘add more value’ for our existing customers
- Business Intelligence (BI) – strong pipeline of opportunities for 2008
 - Official release early 2007
 - Powerful and unified BI across all our products, ‘out of the box’
 - Potential to be embraced by majority of our customers
 - Strong differentiator to our competitors
 - Strong opportunities going forward

Strategy for Growth

- Focus now on HR & Payroll to become 'best in class'
 - Work with existing customers to achieve this
 - Significant revenue stream in medium term, as companies look for a totally integrated solution from one vendor
 - Will make this a highly profitable product line (\$676k loss in 2006)
- Local Government - Highly fragmented market
 - 3 major players - rationalisation inevitable over next 3 years
 - 'Last Man Standing' strategy
 - Increase focus on customer satisfaction
 - Property Ci and "One System" initiative
 - Increase solution breadth to provide a totally integrated solution: Works & Assets, Business Intelligence and partnerships
 - Open up a significant revenue stream

Strategy for Growth

- TechnologyOne Works & Assets
 - New product, needs to be carefully managed
 - Extend product breadth rapidly over next few years
 - Potential new markets for TechnologyOne
- Need to re-look at our strategies for:
 - TechnologyOne Supply Chain
 - TechnologyOne Project Services

Strategy for Growth

- New Zealand –continuing strong growth
 - Continue to build our management team

- Geographical expansion provide significant growth opportunity in medium term
 - Continue to invest in the UK
 - \$1m loss for 2007 financial year
 - Medium term strong contributor to growth
 - Critical to get first 10 sites – “early adopter” program initiated
 - Continue to invest in Asia
 - Breakeven in 2007 financial year
 - New Asian regional manager appointed; and region under AANZ structure
 - Long term – continue geographical expansion
 - USA or China

Strategy for Growth

- Significant opportunities in our existing customer base
 - Powerful proposition: 'provide customers with complete integrated solution from one company'
 - Cross-sell existing TechnologyOne products
 - Acquisition/partnerships of other third party products
 - Moving existing customers to our new Ci platform is critical
 - Looking at a more proactive and effective account management strategy to underpin this
- Need to achieve greater success for our expanding product line
 - Supply Chain, HR & Payroll, Property, Works & Assets, Business Intelligence
 - 'Core Financials' focus and culture is too pervasive
 - More effective and focused organisational structure to bring a focus on each product line

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- **Outlook and Focus**

Outlook 2007

- Continuing strong growth
 - Market conditions continue to improve generally
 - Continuing strong growth in New Zealand and Australia
 - Improvements in 2 largest states NSW and Victoria
 - Increased win rate from our Connected Intelligence series
 - Tier One opportunities
 - Increased penetration of
 - TechnologyOne Financials
 - TechnologyOne Student Management
 - TechnologyOne Works & Assets
 - TechnologyOne Business Intelligence
 - Limit our investment in the UK to \$1m loss
 - R&D target as 17% of revenue in 2007
 - Breakeven in Asia

- Expect profit growth of 15% to 20% in 2007

- Expect dividend to increase by 10% again next year

Outlook – Long Term

- Opportunities for continuing strong growth
 - Financials - further Tier One opportunities in ANZ due to acceptance of our Ci platform
 - Financials – growth in United Kingdom market
 - Higher Education continuing strong market in ANZ
 - Higher Education opportunities in United Kingdom
 - Local Government market consolidates in ANZ with TechnologyOne ‘Last Man Standing’
 - Business Intelligence new market opportunity
 - HR & Payroll becomes ‘best in class’ and a stand alone product line
 - Better management of our customer relationship and cross-selling products
 - Acquisitions/partnership to increase product breadth

Focus in 2007/2008

- Manage the migration of all our customers to our new Ci platform
- Progressively develop and release other Ci products
 - TechnologyOne Property Ci
 - TechnologyOne Student Management Ci
- Consolidate TechnologyOne HR & Payroll position in the market
- Manage rollout of TechnologyOne Works & Assets into the market
- Manage rollout of our new TechnologyOne Business Intelligence into the market
- United Kingdom expansion
- Further organisational changes to handle our broad range of products and expanding international operation:
 - Sales/Marketing
 - Consulting/Implementations
 - Account Management
- Manage our cost base inline with expected growth

***These slides are now available from our web site:
www.TechnologyOneCorp.com under
the investor relations section.***



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