



ReadyTech

Ready for the Future of Work



Macquarie Conference

MAY 2019

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Today's presenters



Marc Washbourne

Chief Executive Officer

- 20+ years at ReadyTech and one of the founders of the JobReady business
- 22+ years' experience in technology and software solutions within the education and employment industries
- Former software developer
- First Class Honours degree from the University of Leeds, UK

ReadyTech (ASX:RDY) overview



ReadyTech is a leading SaaS provider of mission-critical people management systems to help customers meet compliance obligations, efficiently manage people through software and drive key performance outcomes.

Business overview



Over 20 years of experience in the education and employment industries with marquee clients



Sarina Russo

Deloitte
Private

navitas
English



Leading provider of student management systems for tertiary education and training providers

JobReady.

Vf VETtrak



Leading provider of payroll and human resource management solutions



aussiepay
epayroll










Differentiated behavioural science and skills profiling tools to increase course completions and improve job outcomes

A2

My Profiling

Ready for the Future of Work

Highlights of the ReadyTech business

 <p>Leading and modern people management systems</p>	<ul style="list-style-type: none"> ✓ ReadyTech has dedicated over half a million human hours over the past 20 years into writing 14 million lines of code which today underpins its leading and modern people management systems
 <p>Mission-critical solutions that benefit from a complex and evolving regulatory environment</p>	<ul style="list-style-type: none"> ✓ Solving increasing regulatory compliance and reporting requirements for educators, and similarly payroll and legislative compliance for employers
 <p>Increasingly agile development approach to customer-led innovation</p>	<ul style="list-style-type: none"> ✓ 92 out of a total 152 full time staff dedicated to technology and product development to adapt to changes in regulation and deliver new value to customers as at 31 Dec 2018
 <p>Long-tenured and non-concentrated customer base</p>	<ul style="list-style-type: none"> ✓ Over 3,600 customers with an average customer tenure of more than 7 years ✓ The largest education and employment customer comprises 2% and 1% of total FY18 group revenue respectively
 <p>Recurring revenue and attractive unit economics</p>	<ul style="list-style-type: none"> ✓ 95% revenue retention rate with a strong pipeline of greater than \$15 million in gross annual revenue ✓ Total group CLTV to CAC ratio over 5x as at FY18
 <p>Strong growth and financial profile</p>	<ul style="list-style-type: none"> ✓ Forecast 14.4% revenue growth from CY18 to CY19F to deliver \$35.1m revenue and \$14.6m EBITDA ✓ Highly cash generative SaaS-focussed business with strong EBITDA margins and FY16 to CY19F EBITDA CAGR of 29%
 <p>Experienced management team</p>	<ul style="list-style-type: none"> ✓ Management team has significant industry experience with over 20 years in education, employment and technology

Segment customer snapshot

ReadyTech's leading SaaS people management solutions are sector agnostic and ReadyTech is experiencing strong traction with higher value customers such as universities and larger employers

Education segment

 VET providers	 
 English language / Higher education	  
 Enterprise	  
 Pathways / Apprenticeships	  
 Back-to-work	  

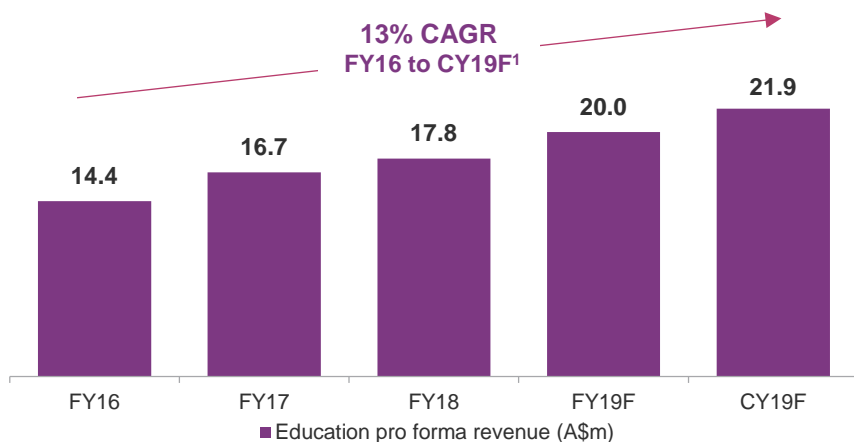
Employment segment

 Retail	 
 Financials	 
 Technology	  
 Health	  
 Other	  

Segment revenue snapshot

Both the education and employment segments have long-tenured and non-concentrated customer bases that ReadyTech believes reflect the mission-critical nature of its software solutions

Education segment



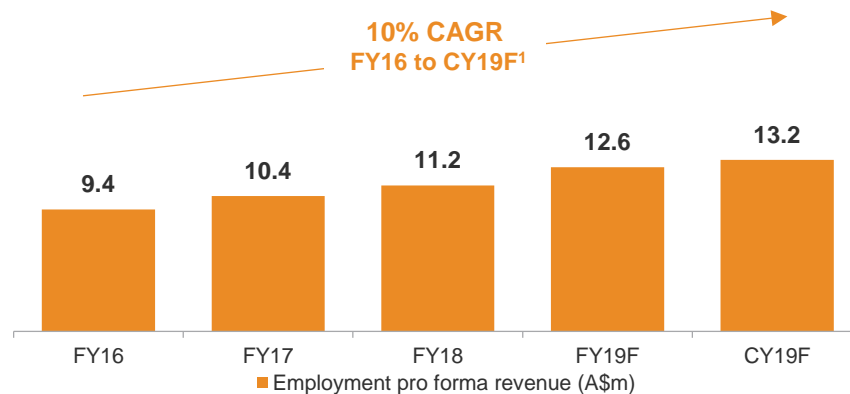
7+ years average customer tenure²

Top 10 customers comprise 11% of total group revenue²

95% revenue retention²

CLTV to CAC of 5.1x²

Employment segment



7+ years average customer tenure²

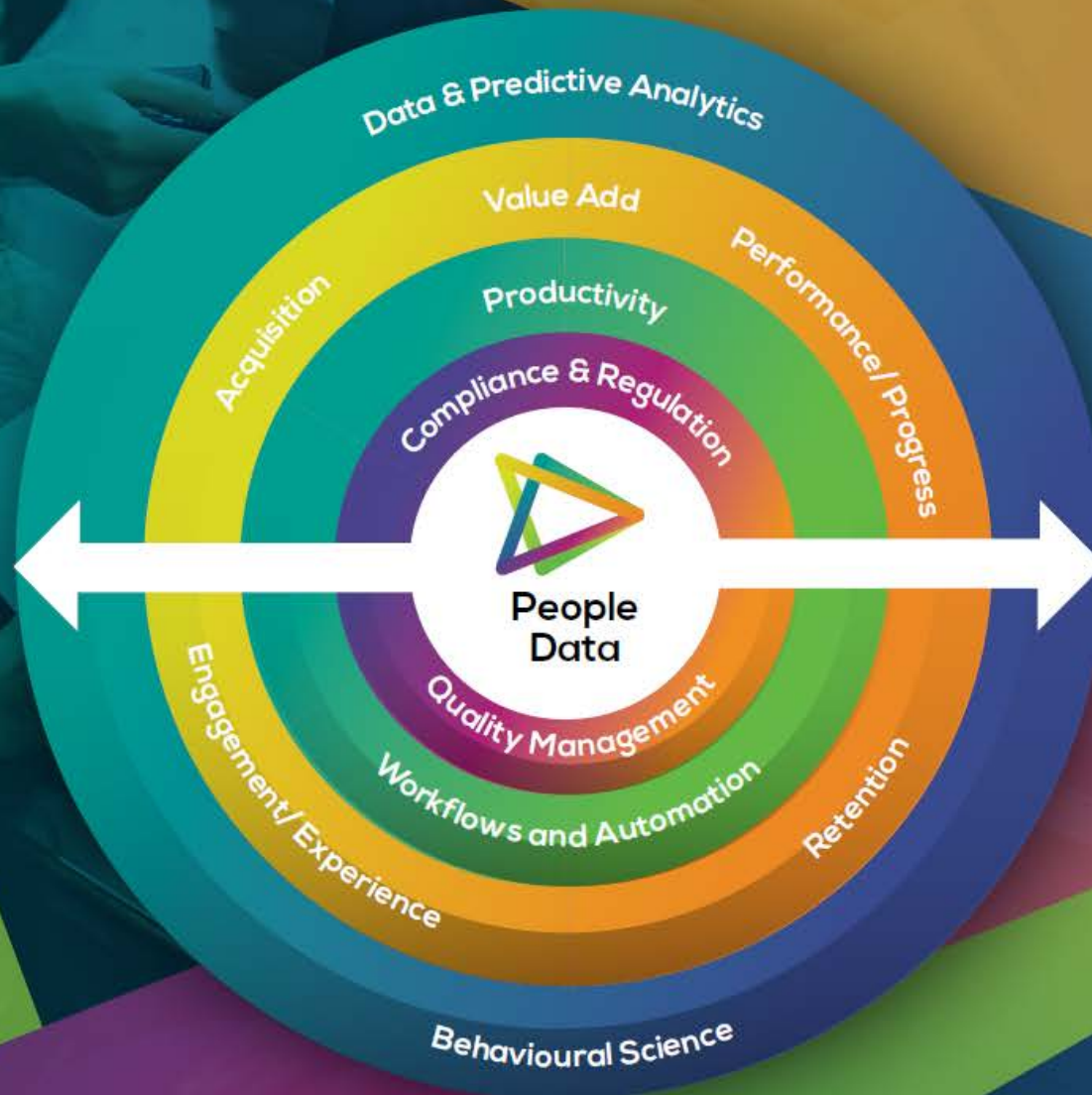
Top 10 customers comprise 5% of total group revenue²

95% revenue retention²

CLTV to CAC of 5.9x²

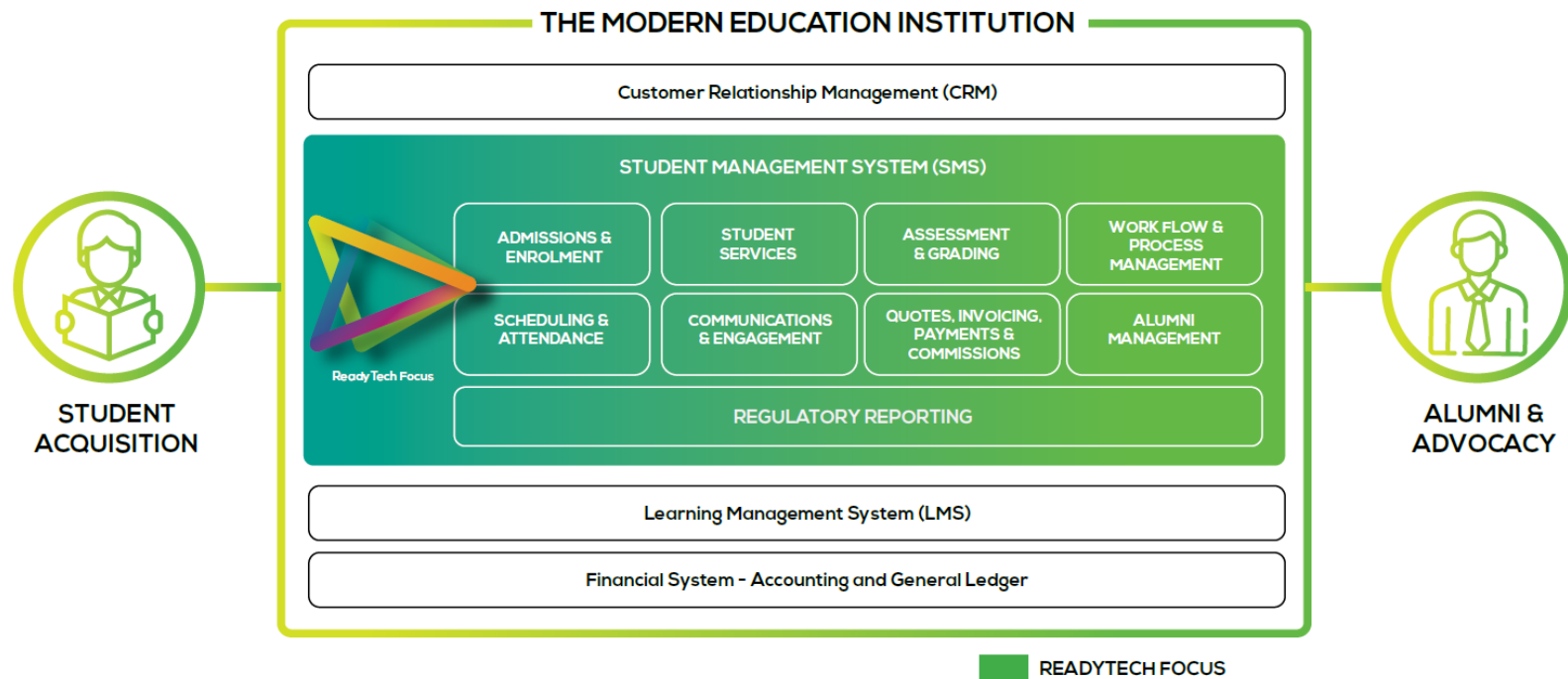
Note: 1. Pro forma adjustments have been made to all acquisitions back to FY16 to show organic revenue growth; 2. Metrics as at FY18

READYTECH PRODUCT STRATEGY



Student management systems

ReadyTech's solutions aim to provide mission-critical student management systems which are the core of the modern education institutions and then seeks to drive key performance outcomes such as graduation rates



Manage the key aspects of the student journey from education to employment



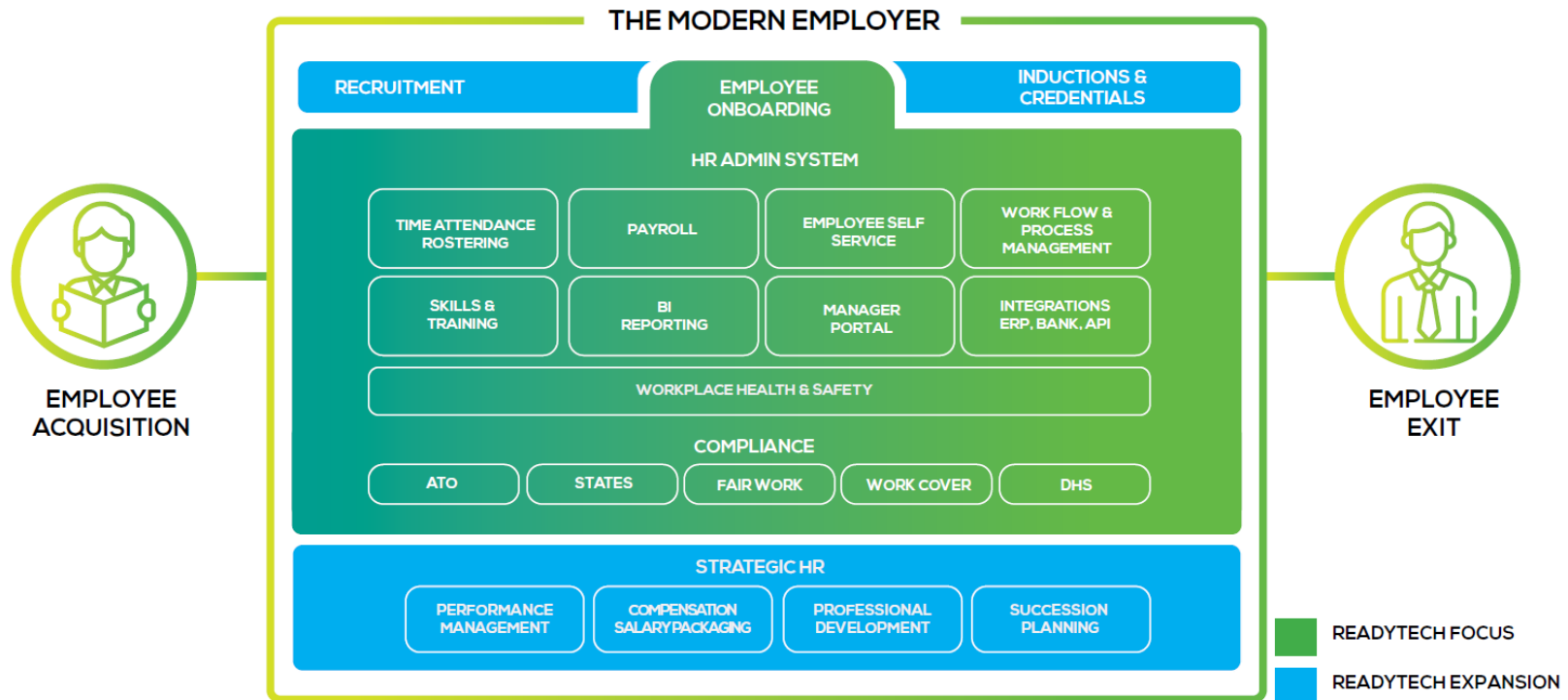
Represents the single 'source of truth' for student data



Integrates with other systems used by education providers such as LMS

Payroll and HR administration

Similarly, ReadyTech has first addressed the mission-critical payroll functions and is now expanding into human capital management



✓ Mission-critical HR functions such as HR admin and payroll

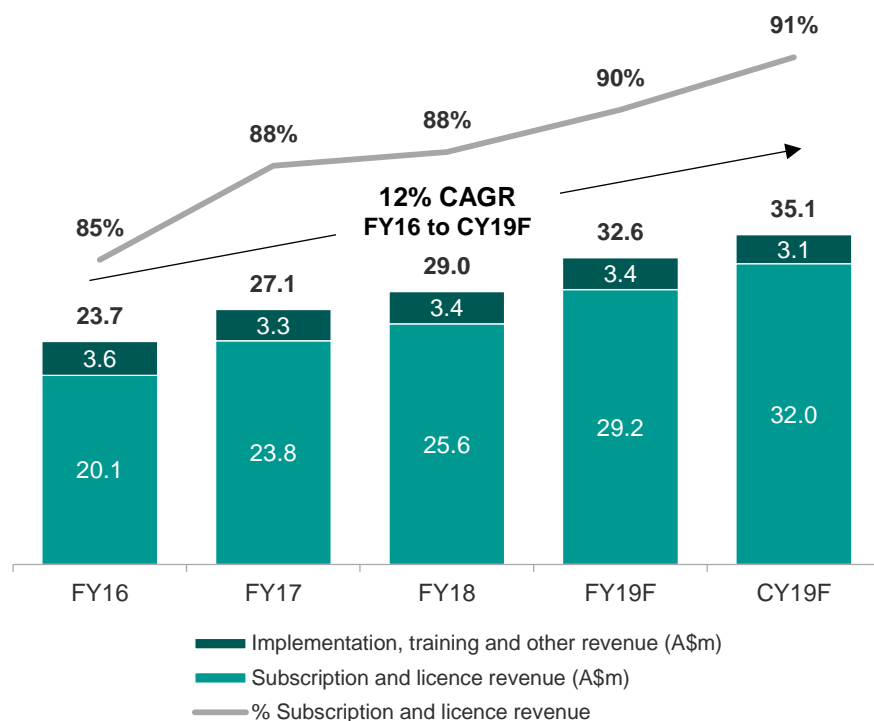
✓ Enable our customers to remain compliant with evolving regulatory compliance

✓ Add-on modules such as WHS, reporting, automation enhance value for customers

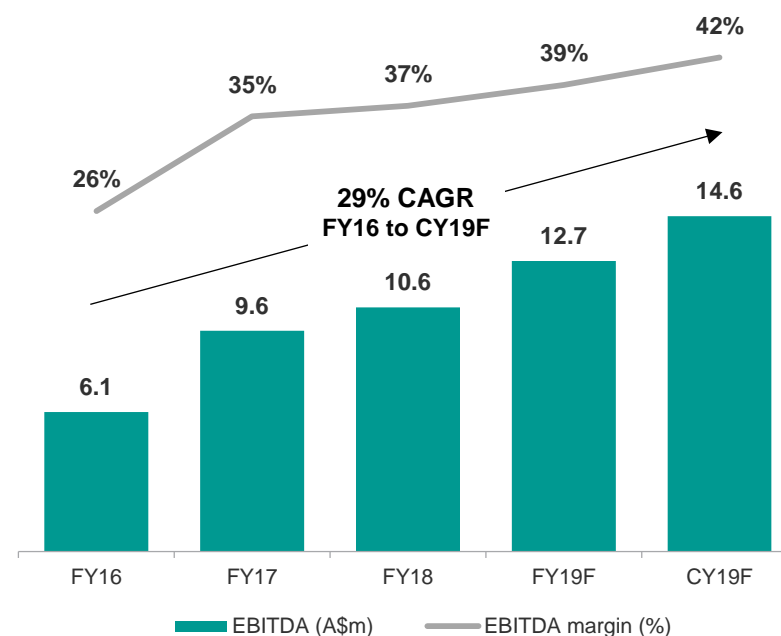
Financial snapshot

ReadyTech is expected to grow organic revenue at 12% CAGR from FY16 to CY19F and increase the percentage of subscription and licence revenue from 85% in FY16 to 91% in CY19F

Pro forma revenue (A\$m)¹



Pro forma EBITDA (A\$m) and EBITDA margin (%)¹



FY19F on track with 1H FY19 revenue of \$16.0m and high revenue visibility with strong revenue retention rates of 95%



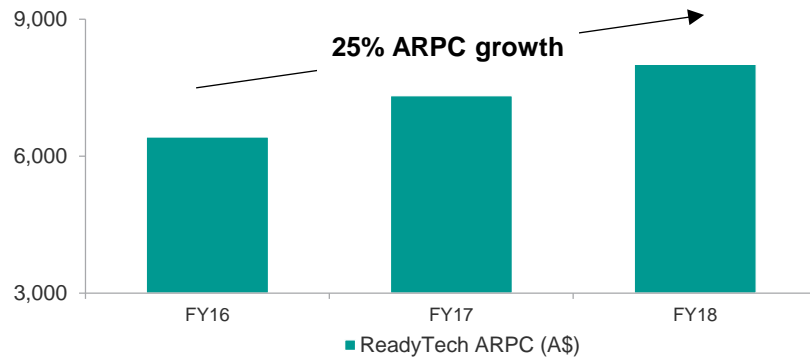
Stable capitalised development expenses of ~\$3.4m decreasing from 13.1% of revenue in FY16 to 9.6% in CY19F

Note: 1. Pro forma adjustments have been made to all acquisitions back to FY16 to show organic growth

Shifting to higher value customers

ReadyTech's transition to higher value customers is demonstrated through the growth in ARPC and with new business wins being 2.7 times larger than churned customers on average

Group ARPC (A\$)

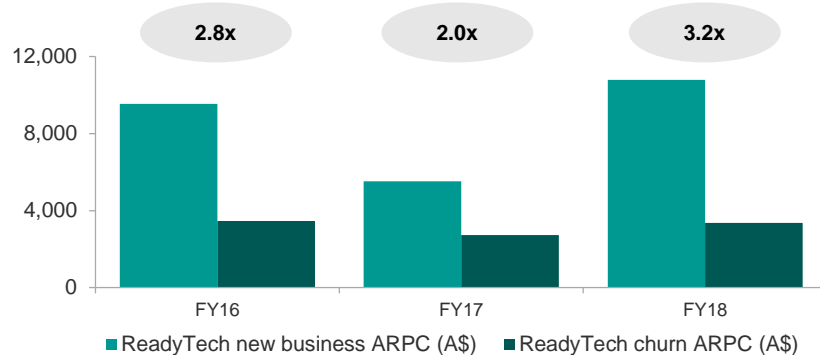


Growing with customers as they manage more students and employees and require more modules including self-service tools, online enrolment, WHS



Continued traction with larger, higher value education and training providers and employers

ARPC by new business wins vs. churned customers (A\$)



Total annual contract value of new business wins increasing by +50% from FY17 to FY18



During 1H FY19, the total ACV of new business wins was 31% higher than the average of 1H FY18 and 2H FY18



Highly attractive unit economics with CLTV to CAC ratio of 5.1x and 5.9x in the Education and Employment segments respectively

GROWTH OPPORTUNITIES



WINNING NEW AND HIGHER VALUE CUSTOMERS

- Recent client wins include University of Queensland and a current pipeline opportunity >\$15m
- Demonstrated ability to win new customers by growing the total annual contract value of new business wins by greater than 50% from FY17 to FY18
- During 1H FY19, the total ACV of new business wins was 31% higher than the average of 1H FY18 and 2H FY18



GREATER SPEND PER CUSTOMER

- >25% growth in average revenue per customer in last two years from FY16 to FY18
- Offer modules customers require as they grow including self-service tools, WHS, business intelligence
- My Profiling and behavioural science expected to become material revenue contributors in medium-term



BEHAVIOURAL SCIENCE

- Direct ROI as educators and employers are increasingly incentivised to meet key performance outcomes
- Key differentiator to win new clients plus attractive cross-sell opportunity into >3,600 customer base
- Opportunity to deploy capabilities for new use cases such as assessing employees at risk of resigning



PARTNERSHIPS AND STRATEGIC ALLIANCES

- Accelerate growth with new channel partners
- Partnerships to expand customer value proposition and deepen penetration in new and existing markets

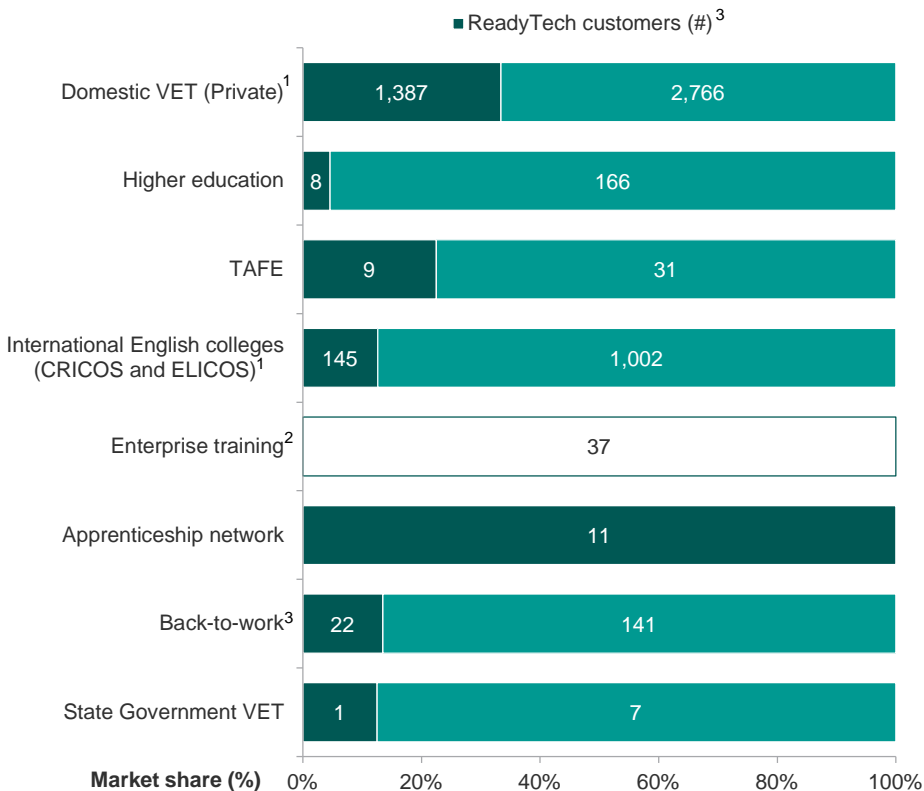


BUY AND BUILD

- Strategic acquisition of My Profiling provided access to TAFE customer base with cross-sell opportunity
- Will explore further inorganic opportunities that expand capability and product offering in relevant areas for ReadyTech's existing and/or target customer base

Education market opportunity

ReadyTech has made good progress penetrating into new segments such as higher education, government, TAFEs and international education including CRICOS and ELICOS



ReadyTech's market position

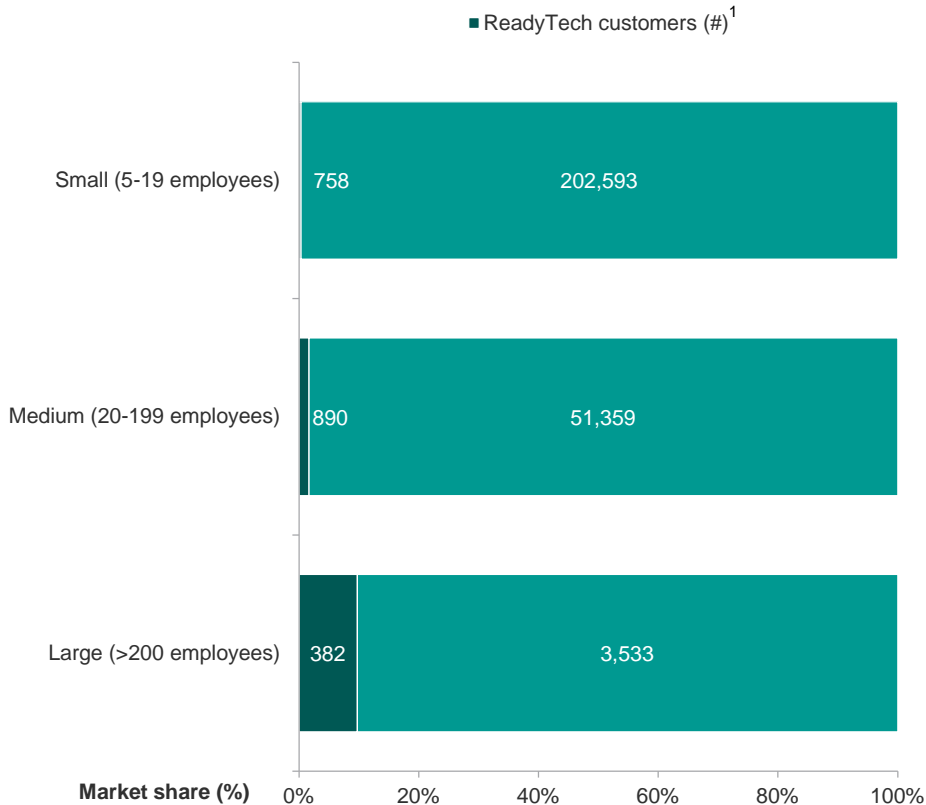
- VETtrak is a leading SMS for small to medium-sized private VET providers with JobReady Plus positioned as a premium SMS for medium to large VET providers with more complex requirements
- Key public university wins including Macquarie University and University of Queensland
- 9 TAFE customers are currently using My Profiling's competency assessment and skills profiling tools
- Potential opportunity to act as key leads to sell ReadyTech's SMSs and behavioural science offerings
- Continued traction due to its SMSs which are capable of meeting the needs of colleges to manage agents, complex fee structures, flexibility in course structure and homestay for international students
- Strong pipeline with key wins in blue-chip companies and enterprise providers such as Boral, Volkswagen, Crown and McDonald's demonstrating ReadyTech's strong position
- JobReady Active is the leading apprenticeship management system used by all 11 AASN providers
- JobReady Live platform currently has a strong position differentiated by its behavioural science offering that has proven to increase the number of successful job outcomes
- Management expects multiple State Governments will seek to replace existing systems in next 1-2 yrs
- ReadyTech is well positioned given its experience developing the ACT Government's VET system

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

Note: 1. An operator in the domestic private VET market can also be an operator in the International English colleges market, resulting in double-counting of the number of operators in the total market. Double-counting issues do not arise for ReadyTech's number of customers; 2. Total market undefined; 3. Management estimates as at FY18

Employment market opportunity

ReadyTech continues to win new customers through its strong reputation for customer service with dedicated staff based in Australia



Employment revenue distribution

ReadyTech's market position

10%

- Payroll software ePayroll is continuing to win customers with its easy to use and configure SaaS offering
- Increased compliance obligations as a result of STP is expected to increase the uptake of payroll solutions for small and medium businesses

47%

- HR3 is a leading payroll and HR administration software provider
- Combined with outsourced payroll services AussiePay, ReadyTech is able to cater to both in-house and outsourced payroll processing customer preferences
- Evolution of HR function from administrative to a strategic role is expected to increase demand for payroll solutions offering HRM functionality such as HR3

43%

- ReadyTech currently manages payroll for 41 companies with over 1,000 employees each including iSelect, MECCA Brands, and Brand Collective
- ReadyTech's current expansion into talent management functionality is expected to accelerate traction in this market

Source: Note: Australian Bureau of Statistics, '8165.0 Counts of Australian Businesses, including Entries and Exits, Jun 2013 to Jun 2017' (February 2018). Note: 1. Management estimates as at FY18