



ReadyTech Holdings Limited

ABN 25 632 137 216

20 November 2019

Annual General Meeting – Presentation

ReadyTech Holdings Limited (ASX: RDY) (**ReadyTech** or the **Company**) attaches the presentation to be made at ReadyTech's Annual General Meeting being held in Sydney today.

For more information:

Martin Cole
Capital Markets Communications
Tel: +61 403 332 977
martin.cole@capitalmarketscommunications.com.au

About ReadyTech

ReadyTech is a leading provider of SaaS technology that helps providers of education and employment manage the increasingly complex human journey through study, work and career transitions. ReadyTech provides people management software to over 3,600 educators, employers and facilitators of work transitions. Bringing together the best in student management, apprenticeship management, payroll and HR admin, employment services and behavioural science technology, ReadyTech supports the development and success of tomorrow's workforce.



AGM PRESENTATION



NOV 2019



ASX: RDY



Marc Washbourne – CEO


FY19 Key Operational and Financial Metrics

FY19
Exceeded
prospectus
forecast

PRO-FORMA 
REVENUE
\$33.0^m
VS Prospectus forecast: +1%
YOY%:  13.5%

PRO-FORMA 
EBITDA
\$12.8^m
VS Prospectus forecast: +1.5%
YOY%:  20.8%

PRO-FORMA 
NPATA
\$5.7^m
VS Prospectus forecast: +9.7%
YOY%:  33.6%

CLTV^{*}
to CAC^{*}
6.9^x
 FY18 = 5.8x

AVERAGE
REVENUE PER
CLIENT
\$8.9K
 12% (YoY)

OPERATING
CASH FLOW
CONVERSION
RATIO
98%

CLIENT
REVENUE
RETENTION
96%

CLTV: Client lifetime value and CAC: Customer acquisition cost

FY19 Strong Revenue and Earnings Growth

PRO FORMA \$ MILLIONS				
	FY19	FY18	% Change YOY	% change vs Prospectus
Subscription and licence revenue	29.7	25.6	15.8%	1.5%
Implementation, training and other revenue	3.3	3.4	(3.8%)	(3.4)%
Total revenue	33.0	29.0	13.5%	1.0%
Salaries and wages	(15.2)	(13.5)	(12.7)%	0.2%
Technology infrastructure and operations	(2.5)	(2.2)	(12.9)%	(7.5)%
General and administrative	(2.5)	(2.8)	10.4%	(0.0)%
Total operating expenses	(20.1)	(18.4)	(9.3)%	(0.7)%
EBITDA	12.8	10.6	20.8%	1.5%
Depreciation and amortisation	(8.1)	(7.3)	(10.5)%	2.5%
EBIT	4.7	3.3	43.4%	9%
Net finance expenses	(1.6)	(1.4)	(16.2)%	0.2%
PBT	3.1	1.9	63.2%	14.5%
Income tax expense (Effective rate 30%)	(0.9)	(0.5)	(57.7)%	(10.7)%
NPAT	2.2	1.4	65.5%	16.2%
Add: amortisation of acquired intangibles (post-tax)	3.5	2.9	(19.0)%	(5.9)%
NPATA	5.7	4.3	33.6%	9.7%

Highlights



Revenue grew by 13.5% driven by new client wins and increased sales to existing clients



Operating expenses grew 9.3% driven by investment in new Sales and Marketing roles and R&D, as well as increased client hosting costs



Benefits of a scalable platform sees a 13.5% revenue increase delivering a 20.8% increase in EBITDA



Depreciation and amortisation figures comparable to capitalised development costs which are amortised over 5 years



Pro-forma net finance expenses based on the terms of new Banking facilities as if they were in place from 1st of July 2017

Strong Recurring Revenue on Scalable Platform

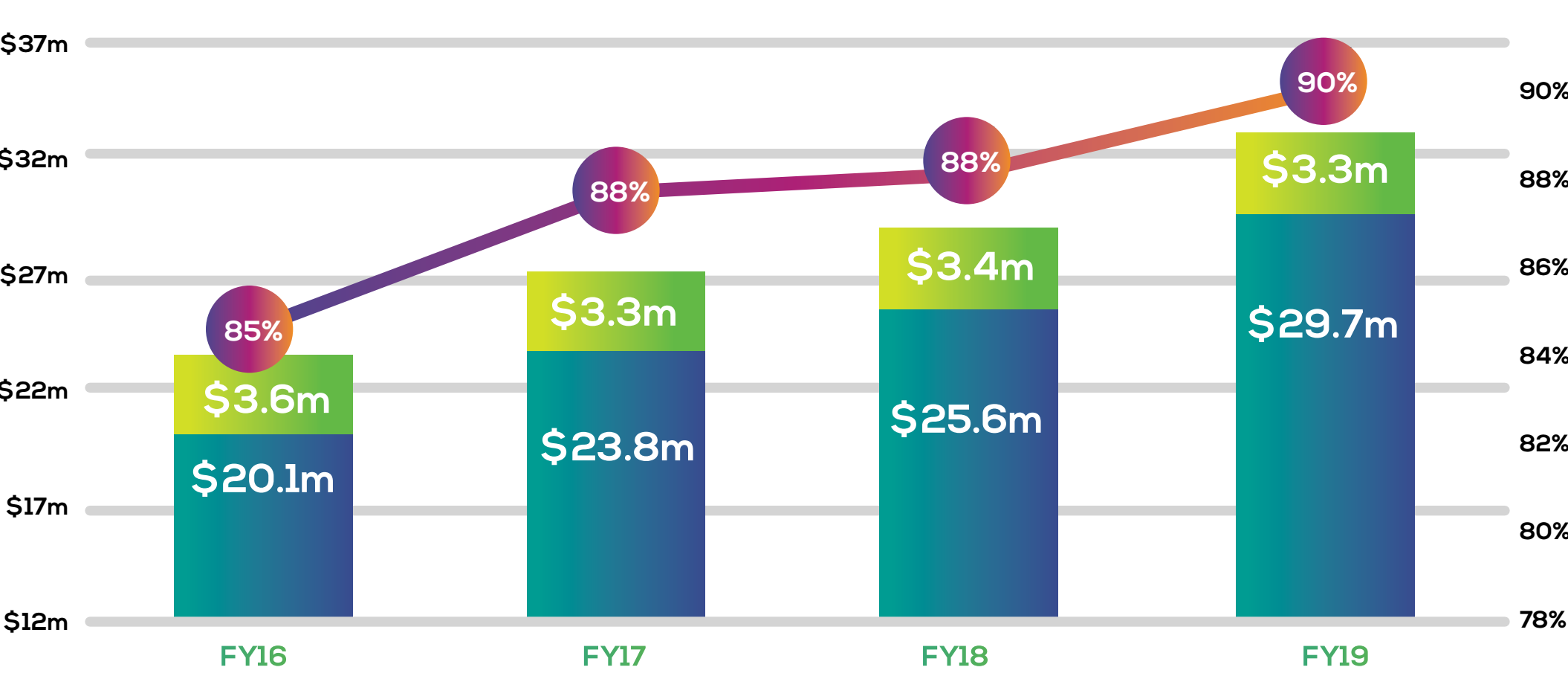
CONTINUED GROWTH
IN SUBSCRIPTION &
LICENCE REVENUE

FY19
90%

SCALABLE PLATFORM
SUPPORTS STRONG
EBITDA MARGIN

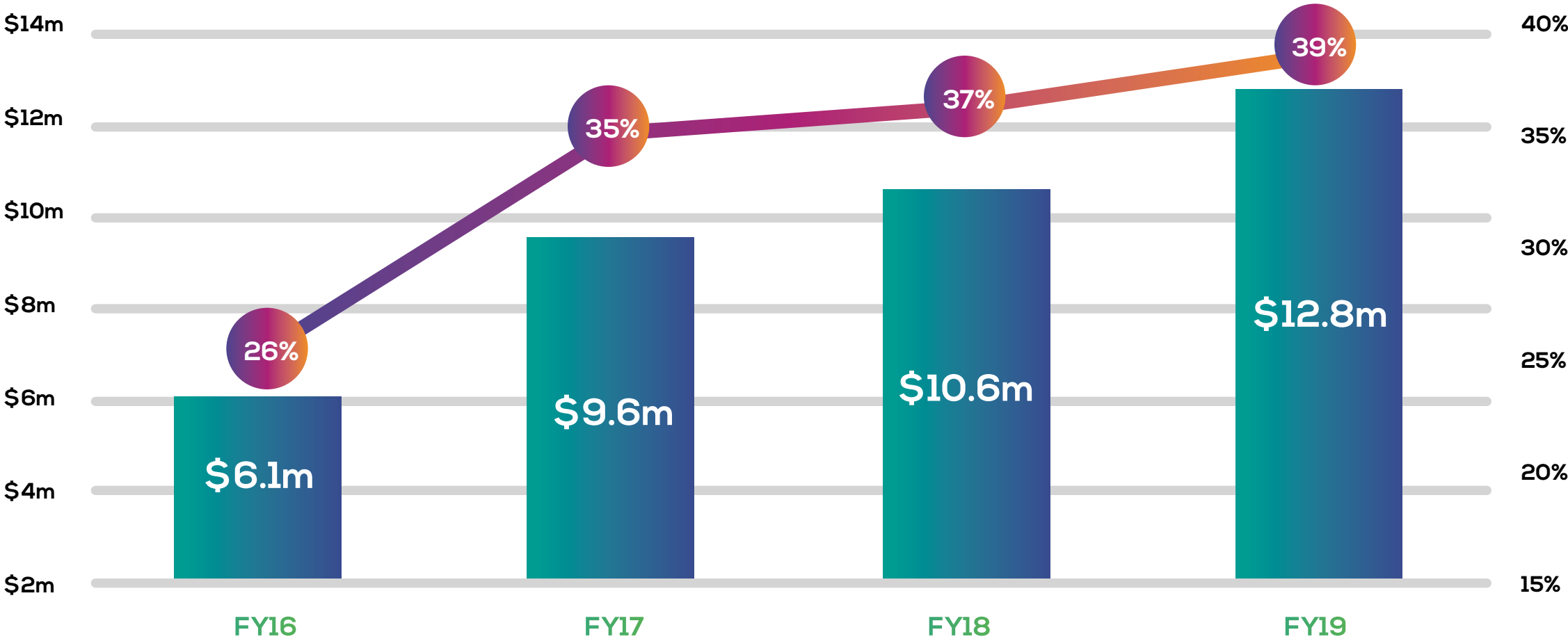
FY19
39%

Pro Forma Revenue (\$m)



Subscription and licence revenue Implementation, training and other revenue % Subscription and licence revenue

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



EBITDA EBITDA margin (%)

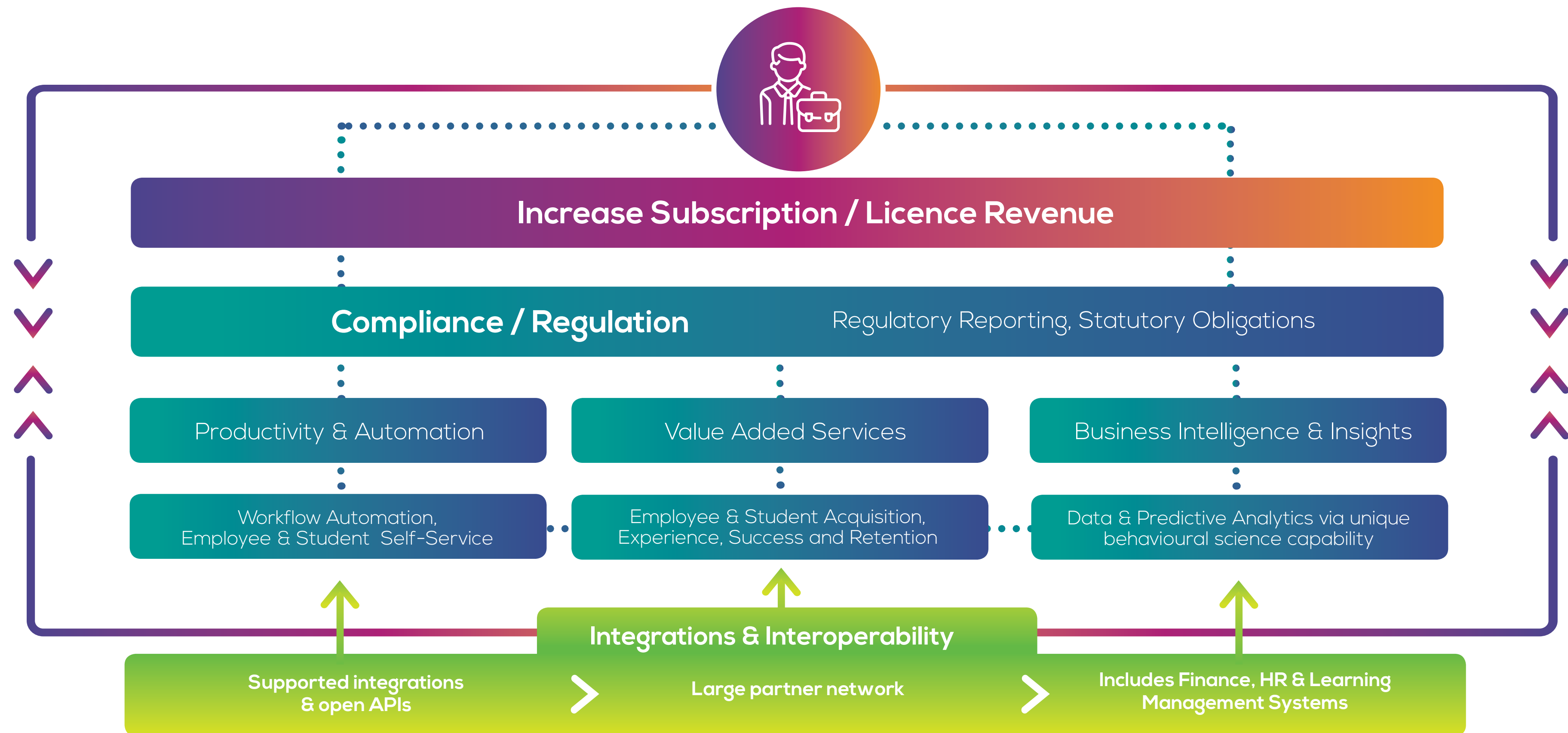


GROWTH & PRODUCT STRATEGY

ASX: RDY

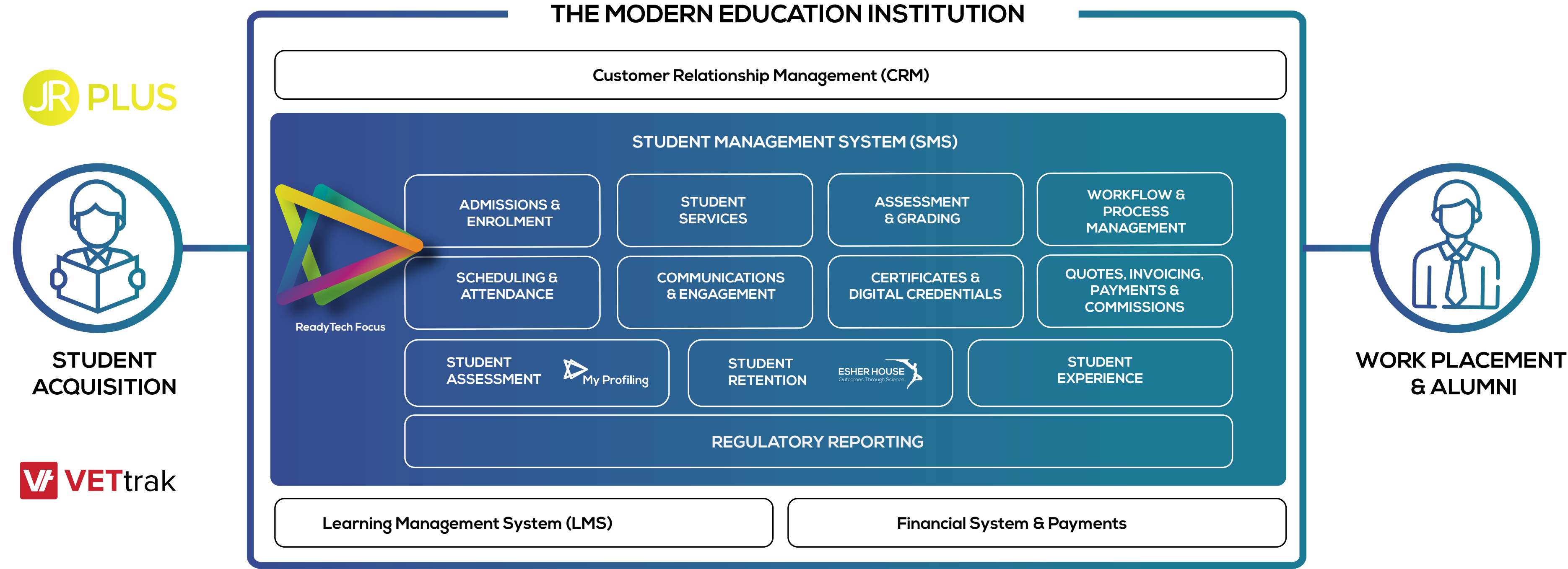
Mission-critical SaaS for managing people

Managing the Student and Employee Lifecycle



Student Management Systems (Education)

ReadyTech provides mission-critical student management systems (SMS) which are at the core of modern tertiary education institutions and then seeks to drive key performance outcomes such as improved student experience and graduation rates.



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



SMS represents the single 'source of truth' for student data



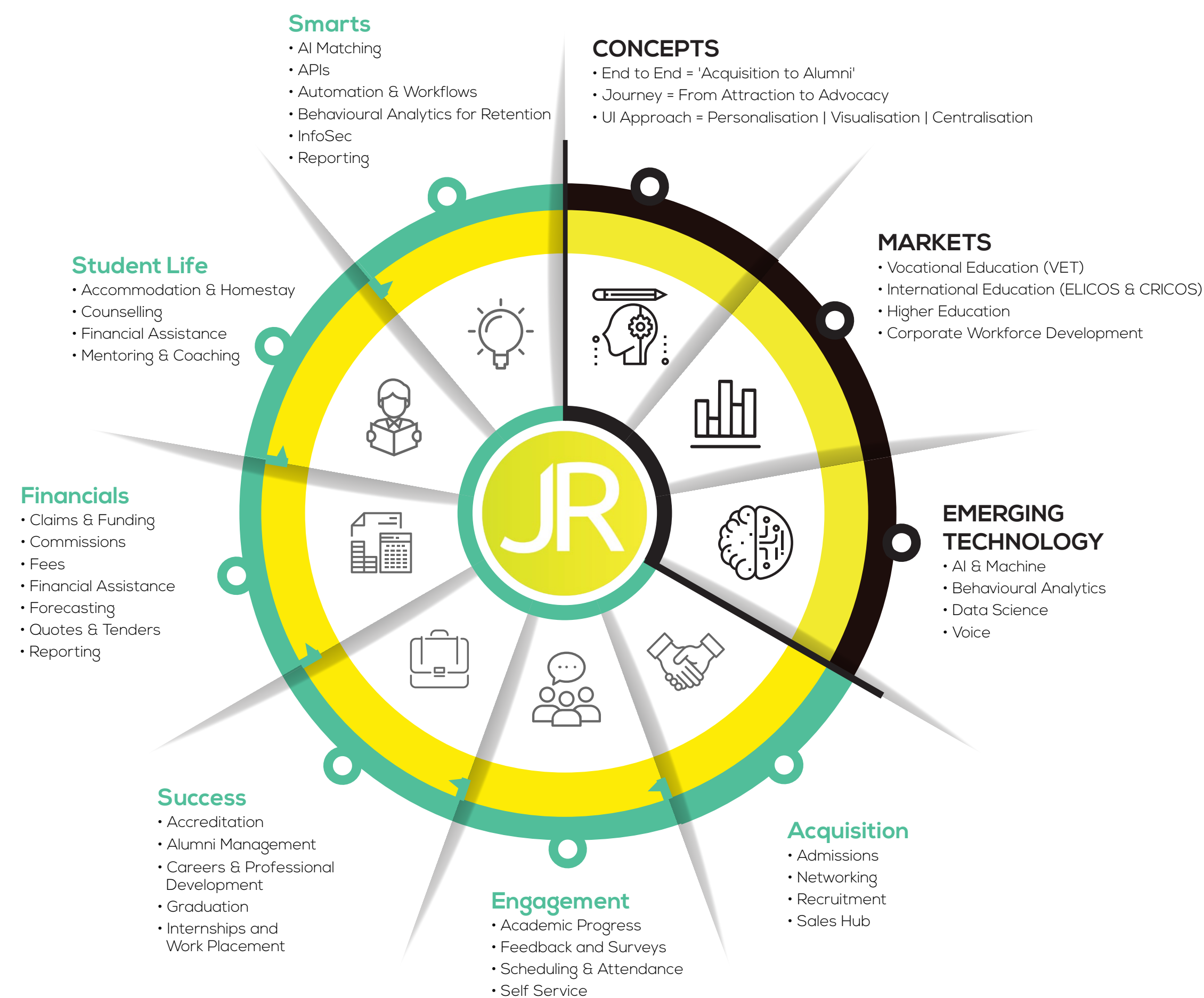
Integrates with other systems such as LMS/key partners including Canvas

OPPORTUNITY – SECTOR IS CHANGE READY

- ✓ Sunset current legacy systems and digital transformation projects.
- ✓ Seeking agility to evolve business and maintain regulatory requirements, limited by rigid, slow moving systems.
- ✓ Focus on improving student outcomes (admission, retention, course completion, employability) and student experience.
- ✓ Seeking productivity and efficiency through business systems.
- ✓ Sentiment shifted from large, upfront technology investments.

UNIQUE DIFFERENTIATORS – WHY WE WIN

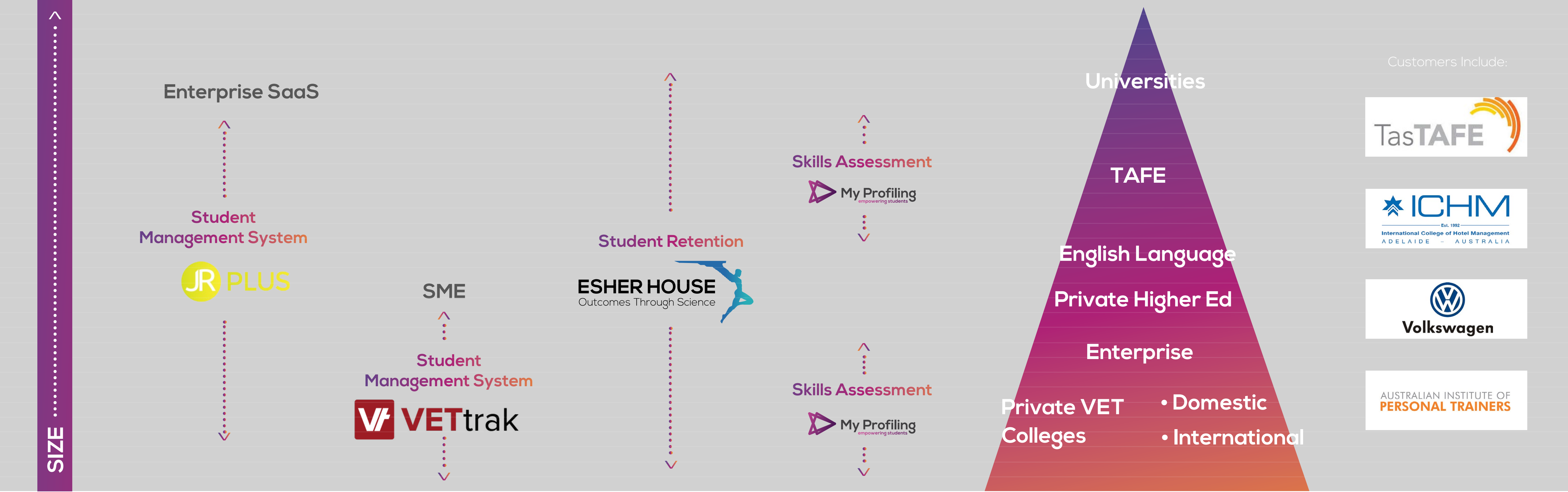
- ✓ Pure cloud provides such benefits as agile development and regular releases via subscription offering.
- ✓ Local and strong regulation expertise and customer service offering.
- ✓ The ability to support "student life" from accommodation, counselling, financial assistance, mentoring and coaching. Marketplace manages employment pathways and internships.
- ✓ Delivered through Assess to Educate (A2E) – a unique value-added product focussed on increasing student outcomes.



ReadyTech Offerings across the Tertiary Education Sector



ReadyTech provides a range of market-leading technology solutions across the tertiary education sector including mission-critical Student Management Systems (SMS).



ReadyTech Education Market Opportunity



ReadyTech has made strong progress penetrating into new segments including higher education, government, TAFEs and international education including CRICOS and ELICOS.

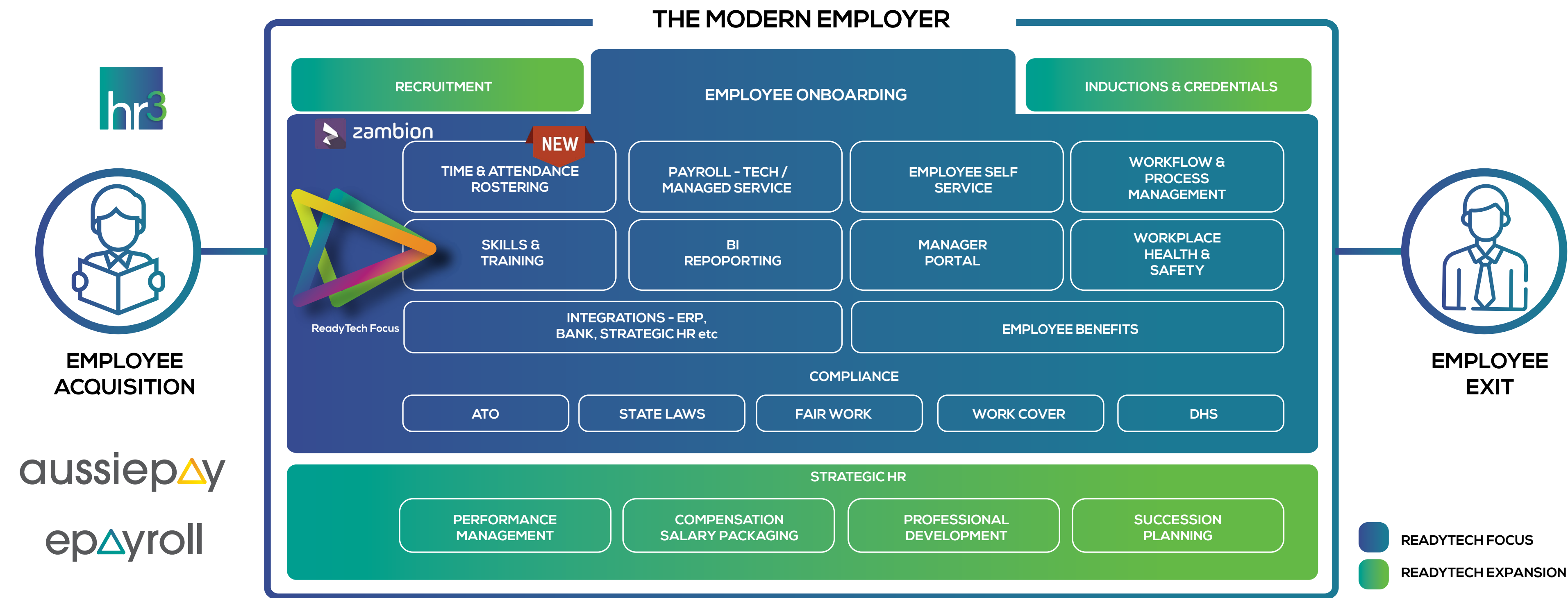
Market	Total market (#)	ReadyTech customers ²	ReadyTech's market position
Higher education - Public	40	3	<ul style="list-style-type: none">• Making progress with breakthrough client win with University of Queensland - differentiated through JobReady Plus cloud offering capable of managing entire student lifecycle and behavioural science offering to drive student outcomes.
Higher education - Private	134	7	<ul style="list-style-type: none">• Multiple recent wins and pipeline of opportunities in private higher education with cloud offering and new innovations of value to the sector.
TAFE	40	9	<ul style="list-style-type: none">• Significant opportunity for JR Plus as a number of TAFEs are seeking next generation SMS.• 9 TAFE customers are currently using My Profiling's competency assessment and skills profiling platform.
Domestic VET (Private) ¹	4,150	1,387	<ul style="list-style-type: none">• Market leader for VET providers with VETtrak strong brand presence and JR Plus positioned as a premium SMS for medium to large, more complex providers.
International Colleges (CRICOS & ELICOS) ¹	1,147	145	<ul style="list-style-type: none">• Growing footprint with international colleges and well positioned to capitalise on the robust international student market.
Enterprise training	n/a	37	<ul style="list-style-type: none">• Strong pipeline with key wins in blue-chip companies and enterprise providers such as Boral, Volkswagen, Crown and Rio Tinto demonstrating ReadyTech's strong position.
State Government VET	8	1	<ul style="list-style-type: none">• ReadyTech is well positioned given its experience developing the ACT Government's VET system.

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

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. Management estimates as at FY19

Payroll and HR Administration to Payroll & Workforce Management

ReadyTech is at the core of the employment software ecosystem offering mission-critical Payroll and Workforce Management solutions



- ✓ 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 T&A, WHS, BI Reporting, workflow automation enhance value for customers

Employment – Product capability of Workforce Management



State of the art, advanced cloud and app based Workforce management including:

- ✓ Rostering
- ✓ Time and Attendance
- ✓ Awards Interpretation

Existing Customers

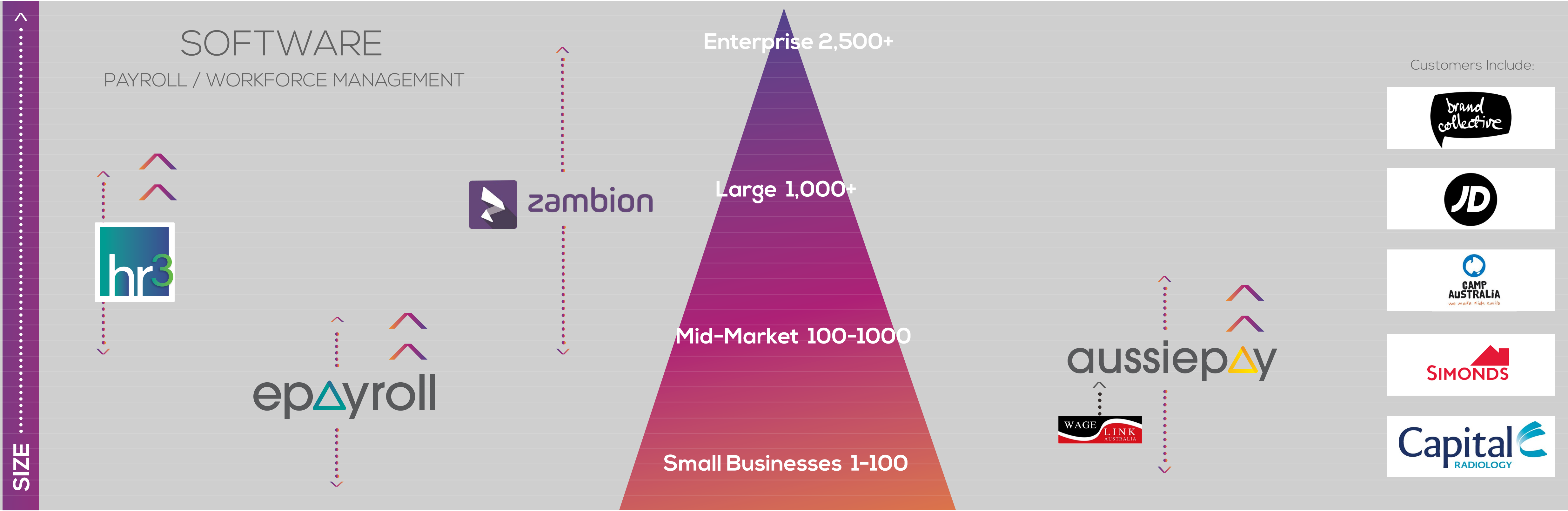


Strategic Rationale

- ✓ Zambion complementary capability acquisition (Sep 2019) to enhance employment offering.
- ✓ Strong New Zealand customer base and opportunity to upsell into HR3 customer base and wider Australian mid-market.
- ✓ Estimated between 35-40% of HR3 customers have Time and Attendance and Rostering requirement.
- ✓ Ability to support Trans-Tasman organisations.
- ✓ Growing, profitable business and earnings accretive acquisition.

ReadyTech Offerings cover the Employment Sector

ReadyTech provides Payroll & HR administration technology and managed services across the employment market and increasingly targets higher value customers.



Growth Initiatives

ReadyTech enjoys a range of opportunities to maintain strong rates of growth into the future.

Technology	Talent	Existing Customers	New Customers	M&A/Partnerships
Continued investment in SaaS products – R&D spend of \$10M pa	Invest in new talent to drive growth	Grow APRC with Licence growth, upsell of modules and cross sell of value added services	Win new and higher value customers	M&A strategy and strategic partnerships
<p>Education – investment in enterprise/higher education product strategy including:</p> <ul style="list-style-type: none">• New apps• Student services• Integrations <p>Employment – investment in new modules including:</p> <ul style="list-style-type: none">• Onboarding• Workflow automation• CFO Reporting Portal• Enhanced User Interface <p>Security – ongoing commitment to invest in InfoSec – ISO27001 and IRAP compliance.</p>	<p>Sales – Investment in enterprise/higher education enterprise sales strategy. Continued investment in broader sales and marketing.</p> <p>Customer Success – Invest in customer success to grow advocacy, APRC and secure retention rates.</p> <p>R&D – Building talent attraction strategies and talent pipeline to underpin future growth. Expand R&D capabilities such as data analytics and AI.</p>	<p>ARPC – 12% growth in average revenue per customer from FY18 to FY19.</p> <p>Cross and Up-Sell – Up-sell of workforce management to employment customers. My Profiling and behavioural science cross-sell pipeline growing strongly in FY20.</p> <p>Growth – in user subscriptions on the back of strong macro trends in Tertiary education and employment sectors.</p> <p>New Value – Offer new modules including self-service, WHS and business intelligence.</p>	<p>Pipeline – Retained pipeline >\$15m of potential opportunities with strengthening conviction.</p> <p>Higher Value – New clients on average 3.6x larger than average client churn.</p> <p>Target – Employment to target sectors with payroll complexity including retail (e.g. client win Glue Store) and construction sectors.</p> <p>Enterprise – Continued development of enterprise sales and marketing capability.</p>	<p>New Partnerships Focus on new partnerships to deliver value to customers and referrals.</p> <div> Digital Credentials</div> <div> Employee Benefits</div> <p>M&A – Maintaining active M&A register focused on complementary technology and/or customer base.</p> <p>Consultants – Launch of Education Certified Consultant Program.</p>

OUTLOOK

ASX: RDY



ReadyTech maintains the prospectus forecast for CY19 (Pre-acquisition)

Pro-forma Revenue: \$35.1M – 14% yoy growth compared to CY18

Pro-forma EBITDA : \$14.6M – 28% yoy growth compared to CY18



New business pipeline and growth in existing customer ARPC will continue to drive revenue growth for both employment and education segments.



ReadyTech

Ready for the Future of Work



APPENDIX

FY19 STATUTORY TO PRO-FORMA RESULTS RECONCILIATION

\$ MILLIONS		
	FY19	FY18
Statutory revenue	32.7	25.6
Employgroup and HR3	-	2.9
My Profiling (3 months)	0.3	0.8
R&D tax offset income	-	(0.3)
Pro forma revenue	33.0	29.0
Statutory EBITDA	7.4	5.3
Employgroup and HR3	-	1.3
My Profiling (3 months) and Earnout trueup	(0.1)	0.4
R&D tax offset income	-	(0.3)
Impact of lease accounting	-	0.5
Offer and related IPO costs including Esher house vendor payment	5.6	2.8
Legacy ownership and structuring	-	1.4
Incremental public company costs	(0.3)	(0.7)
Transaction costs	0.2	-
Pro forma EBITDA	12.8	10.6

\$ MILLIONS		
	FY19	FY18
Statutory NPAT	(1.5)	(2.3)
Employgroup and HR3	-	1.1
My Profiling (3 months) and Earnout trueup	(0.1)	0.4
R&D tax offset income	-	(0.3)
Offer and related IPO costs including Esher house vendor payment	5.6	2.8
Legacy ownership and structuring	-	1.4
Incremental public company costs	(0.3)	(0.7)
Transaction costs	0.2	-
New debt facility	0.3	(0.2)
Amortisation of capitalised development expenses	-	(0.4)
Amortisation of acquired intangibles	4.9	4.2
Tax effect	(3.4)	(1.6)
Pro forma NPATA	5.7	4.3

Board of Directors



Tony Faure
Independent Non-Executive Chairman

- Currently the Chairman of ASX-listed oOh!-media, data intelligence platform PredictHQ and start-up accelerator Pollenizer
- Previously a board member of Australian Independent Business Media, Junkee Media, Torque Data, iSelect, biNu, Lasttix, and Stackla
- Previously CEO of ninemsn, and HomeScreen Entertainment, and Managing Director at the launch of Yahoo! Australia & NZ
- Tony is also a member of the Audit and Risk Committee, and Remuneration and Nomination Committee



Marc Washbourne
CEO

See management slide



Elizabeth Crouch
Independent Non-Executive Director

- Currently the Chairman of Customer Owned Banking Association, SGS Economics and Planning, and NSW Government's Non-Government Schools Advisory Council, and is an Emeritus Deputy Chancellor of Macquarie University having served the governing council for 17 years
- Currently on the board of the NSW Government's Institute of Sport, Health Infrastructure and the Western Sydney Local Health District
- Previously a Non-Executive Director at Chandler Macleod Group, McGrath Estate Agents, and Macquarie University Hospital
- Elizabeth is also Chairman of the Audit and Risk Committee and a member of the Remuneration and Nomination Committee



Timothy Ebbeck
Independent Non-Executive Director

- Over 30 years of board, executive and advisory experience across a breadth of industries including technology, media, consulting and finance
- Currently the Managing Director and Senior Vice President of Automation Anywhere (ANZ)
- Previously CFO of Unisys South Pacific, Compaq Computers South Pacific, TMP Worldwide (Asia Pacific and Japan), CFO and CEO of SAP (ANZ), Chief Commercial Officer of NBN Co, and Managing Director of Oracle (ANZ),
- Tim is also Chairman of the Remuneration and Nomination Committee and a member of the Audit and Risk Committee



Tom Matthews
Non-Executive Director
(Pemba Representative)

- Over 15 years of experience in private equity, principal investment, investment banking and middle market advisory and valuations
- Partner at Pemba, a leading private equity manager investing in small and mid-sized private businesses in Australia and New Zealand
- Prior to Pemba, Tom worked at UK-based specialist private equity fund Sovereign Capital Partners where he focussed on healthcare, education and businesses services sectors
- Tom previously worked with the investment banking group at Macquarie Bank focussing on principal investment opportunities, and gained experience at Deloitte Corporate Finance focussing on business valuations, independent expert's reports and corporate advice



Mark Summerhayes
Non-Executive Director
(Alternate Director to Tom Mathews)

- Currently Managing Director at Pemba Capital Partners, a leading investor in small and mid-sized private businesses in Australia and New Zealand
- Currently Chairman of the Board at Coverforce and a Director of Ausreo, Instant Access, InteriorCo and ReadyTech
- Previously a co-founder of SB Capital Partners, Managing Director at Smedvig Capital and a board member of Device Technologies
- Previously at Bain & Company advising corporates on a mix of strategy, M&A, and operational improvement projects

Management Team

Senior management



Marc Washbourne
CEO

- Marc Washbourne was one of the founders of the JobReady business and was appointed CEO in 2006
- As a former software developer, Marc brings to ReadyTech over 20 years of experience in technology and software solutions within the education and employment industries
- Marc has been an active member of the CEO Institute since 2011 and is a member of the advisory board of Year 13 Pty Ltd
- Marc was educated in the U.K. at the Royal Grammar School of High Wycombe and achieved a first-class degree in History from the University of Leeds



Nimesh Shah
CFO

- Nimesh has been the CFO of ReadyTech since August 2017
- Nimesh has over 20 years' experience as an executive in technology and online digital industries across Australia and many parts of Asia including over 7 years as Finance Director of Fairfax Digital
- Previous CFO experience for companies including pioneering social networking site, Friendster, Inc., and ASX-listed leading media intelligence organisation, iSentia Group Limited
- Nimesh holds an MBA from the Australian Graduate School of Management and a Bachelor of Commerce with Merit from the University of New South Wales. Nimesh is also a member of The Institute of Chartered Accountants in Australia

Business leadership



Daniel Wyner
Chief Executive, Employment

- Joined ReadyTech in 2018 and heads up Employment segment.
- Over 10 years of experience as an executive in the information, software and service industry
- Former Asia Pacific Regional Director at CCH Australia, owned by multinational global provider of professional information software solutions and services Wolters Kluwer. Previously Head of Strategy, Mergers & Acquisitions



Michael Benyon
Head of Revenue, Employment

- Michael has experience spanning 35 years in payroll software.
- Michael has been instrumental in building ReadyTech's trust, growth and influence in the payroll industry.
- Most recently, Michael worked with an advisory group with the ATO on the roll-out of Single Touch Payroll (STP) initiative.



Tony Jones
GM, JobReady

- Joined JobReady in an operational role in 2006
- Project Director of AVETARS for ACT State Government
- Previously worked on major IT transformation projects at Universal Music Group in UK



Trevor Fairweather
GM, VETtrak

- GM of VETtrak since 2018
- Over 20 years of experience in senior management and executive roles in the technology sector
- Previous experience at MYOB, Acendre and EstimateOne

A2E	Assess2Educate, a ReadyTech product
ACV	Annual contract value
ARPC	Average revenue per customer
CAC	Customer acquisition cost
CAGR	Compounded annual growth rate
CLTV	Customer lifetime value
CY	Refers to the calendar year ending 31 December
DHS	Department of Human Services
FY	Refers to the financial year ending 30 June
LMS	Learning management system
NPATA	Net profit after tax but excluding the non-cash amortisation of acquired intangibles (including customer-related intangibles and acquired software) from prior acquisitions undertaken by ReadyTech
SMS	Student management system
STP	Single Touch Payroll
WHS	Work, health and safety



ReadyTech

Ready for the Future of Work



ASX: RDY