

TRIBAL

**Empowering the  
world of education**

# **2019 Full Year Results**

March 2020



# 2019 Overview



Growth in core metrics of Annual Recurring Revenue, Adjusted Operating Profit and Margin%



Winning greater market-share in Higher and Further Education; strong bookings in Education Services



Continuing to drive development of the Tribal Edge products; first Edge module live



Dispute with software platform provider on royalty payments fully resolved; new 10 year VARA



# 2019 Highlights

4

Fourth consecutive year of EBITDA growth and positive financial results; net cash of £16.5m



Driving improved profitability - Adjusted EBITDA up 9.1%\* to £15.4m and Margin improvement of 190bps to 19.6%\*



Driving quality revenue - Annual Recurring Revenue (ARR) is 69% of software-related revenue, 54% of total revenue



Driving future income - Committed Income increased £14.0m\* to £133.6m, inc. new SIS customers and 5 large ES re-tenders

\* on a constant currency basis    SIS – Student Information Systems    ES – Education Services

# 2019 Highlights



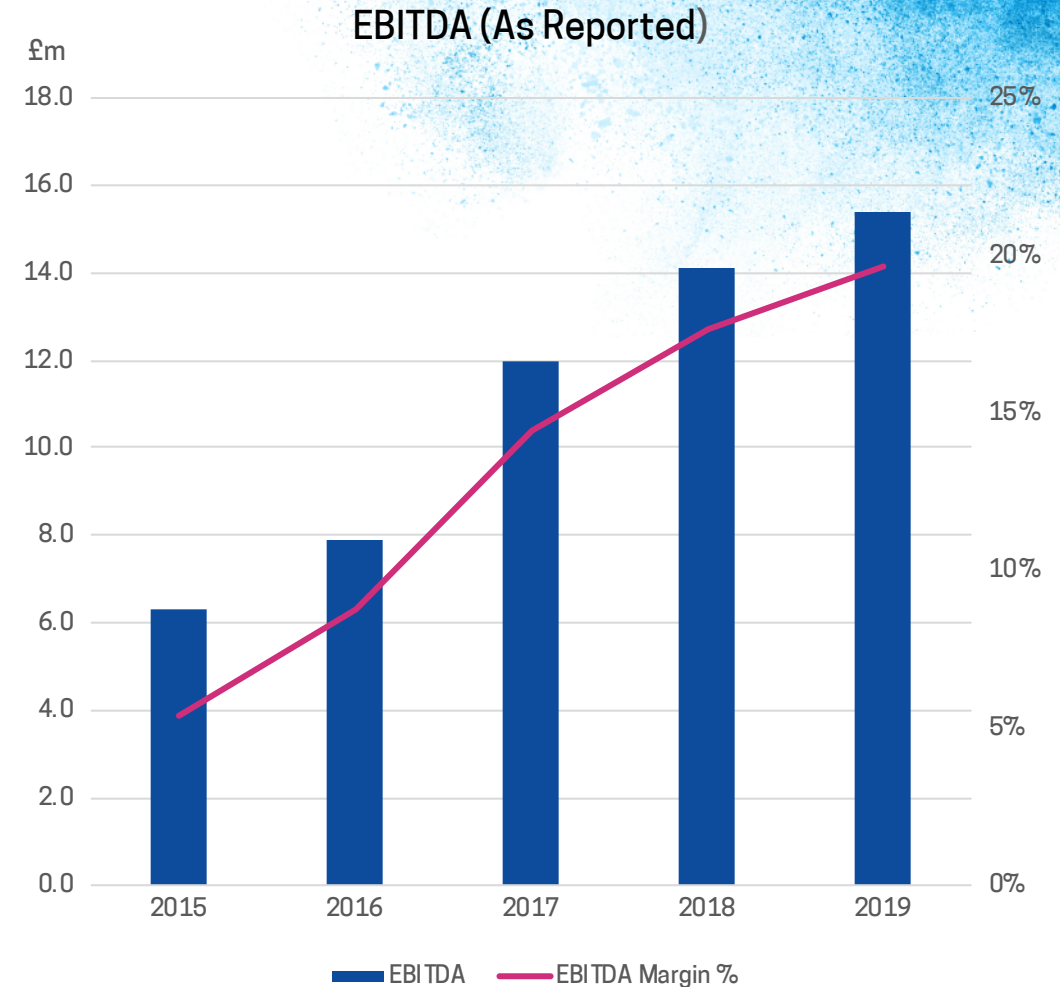
## Student Information Systems

**Higher Education:** won University of Northampton, UK; Kaplan and HETI (NSW), Australia

**Further Education:** won 11 new EBS customers in the UK; significant additional work with TAFE NSW in Australia

## Education Services

Won all 5 major re-tenders across UK, US & Middle East, and new contract in Sharjah; value of all contracts won £29m





TRIBAL

# **Tribal Group: becoming a pure-play, cloud-only, EdTech software company**

## **EMPOWERING THE WORLD OF EDUCATION**

We provide the expertise, cloud solutions and services required by education and business organisations worldwide to underpin student success.



## 2020 priorities



Protect the business from impact of coronavirus

Ensure business continuity, protect cash, maximise revenue, and support customers and protect staff. Execute cost mitigation actions to protect shareholder value



Win new customers and increase share of wallet in existing customers

Drive new business sales and support our customers in moving to the cloud and through value-add solutions and services by building a partner programme and through acquisitions

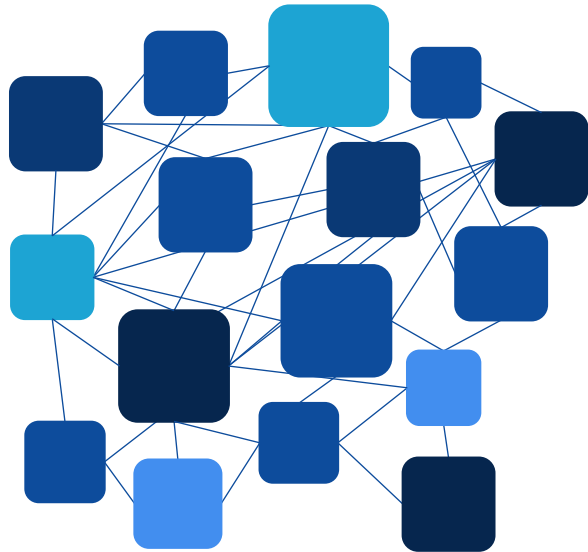


Deliver on Tribal Edge strategy

Provide a compelling and differentiated proposition for our next-generation, comprehensive and best-of-breed SIS which maximises the student experience and reduces customers' technical complexity and IT cost

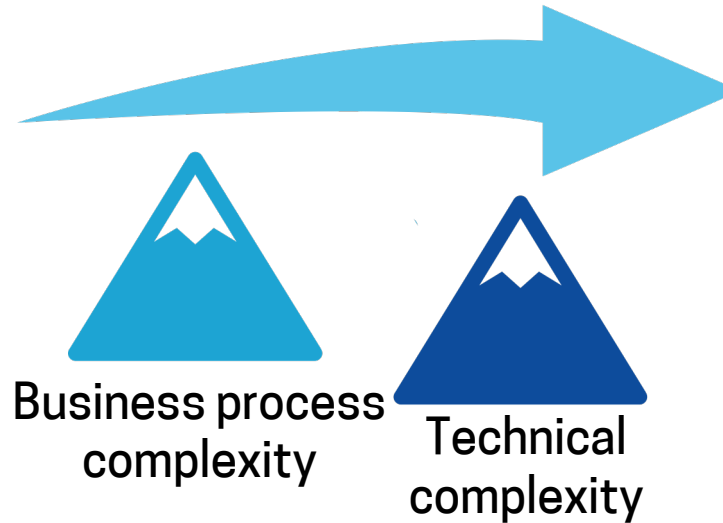


# Transforming an Institution's Student Information System

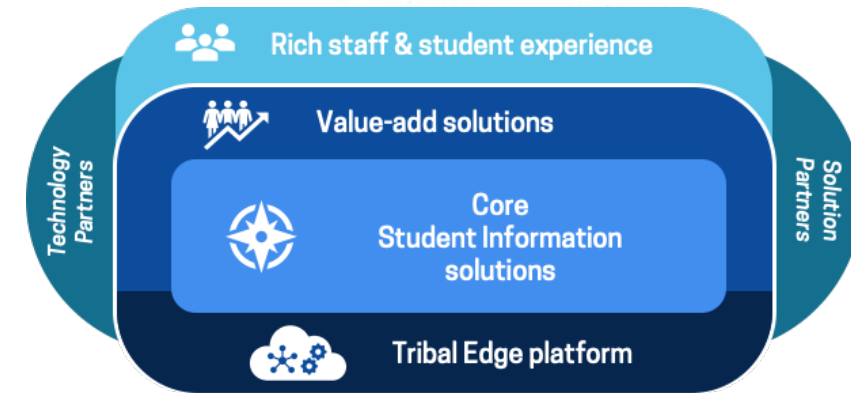


Inefficient, inflexible, costly

## Process Transformation

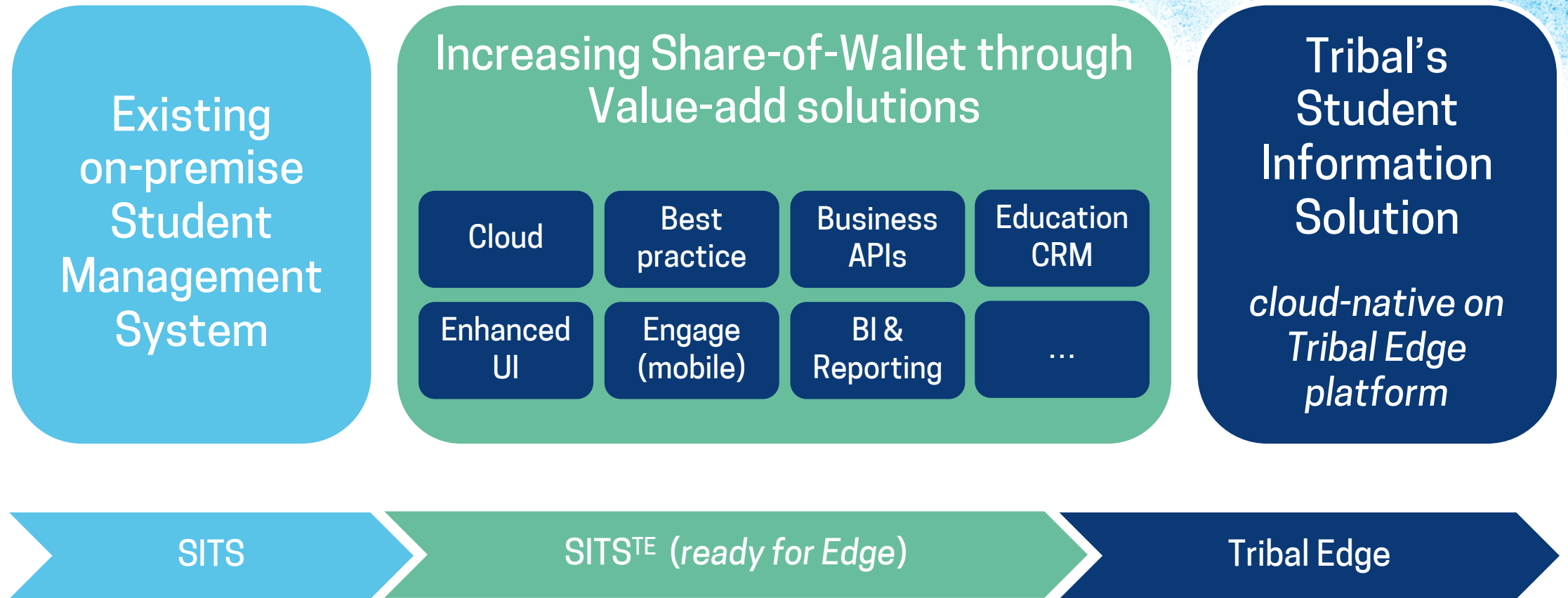


## System Transformation



- Fully integrated
- Orchestrated
- Open
- Secure
- Intelligent
- Cloud-native

# Delivering Tribal Edge – a new strategy: Three steps to success



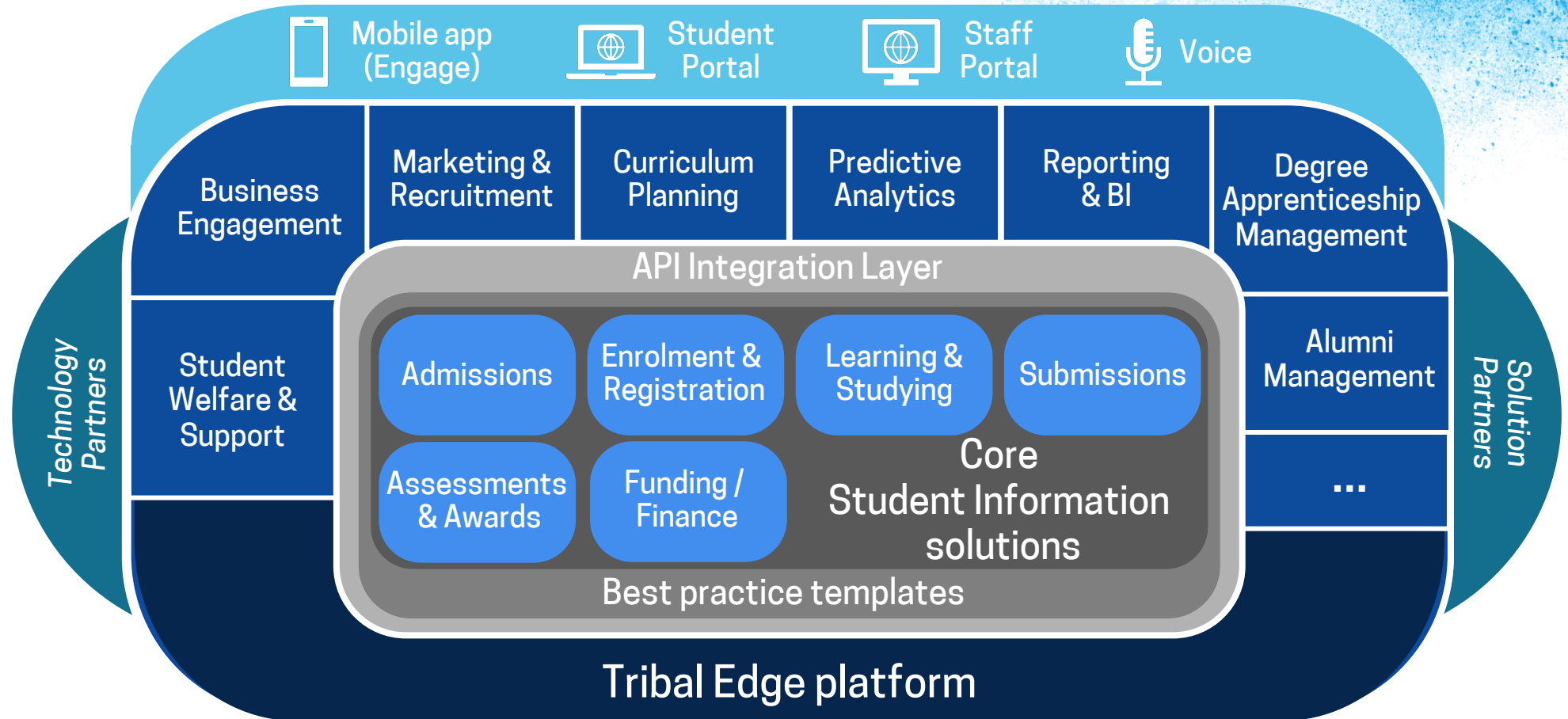


# Tribal's Student Information solution

## Your journey:

Evolving to an advanced Student Information Solution:

- Flexible
- Open
- Scalable
- Secure
- Intelligent and cloud-native



# Tribal Edge: three-year plan → progress

**2019****2020****2021**

- ✓ Deliver first Edge module to Australian customers (Callista).
- ✓ Improve profitability further
- ✓ Drive incremental revenue through moving customers to the Cloud

Generate additional recurring revenue from moving existing customers into the cloud

→ progressing well

Deliver first Student Management module

→ Admissions- targeting five Early Adopter customers by end 2020

Generate incremental revenue by selling completed, best-of-breed core modules to new customer

Deliver complete core Student Management modules



# Financial Report



# Summary

12 months ended 31 December 2019

## Revenue

**£78.2m**

2019 £78.2m

2018 £80.1m

↓ **down 2.3%**

## EBITDA

**£15.4m**

2019 £15.4m

2018 £14.1m

↑ **up 8.9%**

## Net Cash

**£16.5m**

2019 £16.5m

2018 £20.0m

↓ **down 18%**

- Core revenue, on a constant currency basis, is down 1.8%, mainly due to timing on Education Services contracts
- EBITDA growth on a constant currency basis is 9.1% reflecting quality of revenue and improvements in efficiency
- Strong cash management, net cash £22.5m pre-acquisition; increase in investment in Edge product to £5.9m




# Financial Key Points (core business)

Revenue

**£78.2m**


2018 £79.6m\*

  
down 1.8%

Adjusted Operating Profit, EBITDA

**£15.4m**

2018 £14.1m\*

  
up 9.1%

Statutory (Loss)/Profit After Tax

**£(3.0)m\*\***


2018 £4.1m\*

  
down 173%

Annual Recurring Revenue (ARR)

**£42.3m**


2018 £39.1m\*

  
up 8.1%

Adjusted Operating Profit, EBITA

**£11.7m**

2018 £10.8m\*

  
up 8.2%

Proposed Dividend

**1.2p**


2018 1.1p

  
up 9.1%

Committed Income

**£133.6m**

2018 £119.6m\*

  
up 11.7%

Adjusted Operating Margin, EBITDA

**19.6%**

2018 17.7%\*

  
up 190bps

Net cash excluding acquisition

**£22.5m\*\*\***

2018 £20.0m

  
up 12.5%

\* Constant Currency basis \*\* Statutory Loss includes payments relating to platform dispute of £9.1m \*\*\* Net cash of £16.5m including acquisition



# Segment Results

## Revenue (£m)

	2019 FY	2018 FY	2018 FY Constant Currency	Growth % Constant Currency
Student Information Systems	58.6	57.6	57.1	3%
Education Services	19.6	22.4	22.5	(13%)
<b>Total</b>	<b>78.2</b>	<b>80.1</b>	<b>79.6</b>	<b>(1.8%)</b>

## Annual Recurring Revenue

	<b>42.3</b>	<b>39.5</b>	<b>39.1</b>	<b>8.1%</b>
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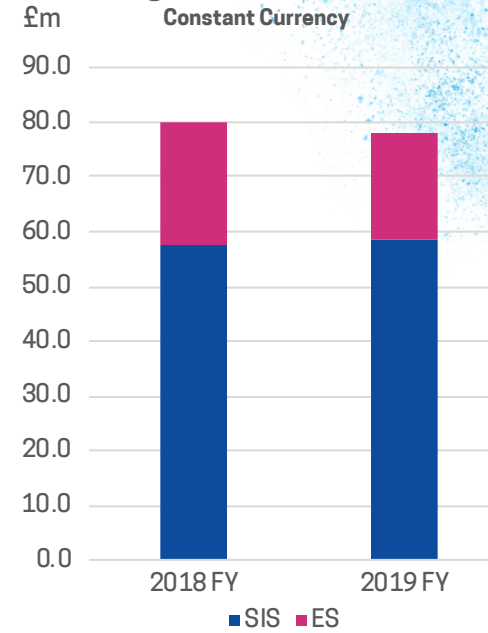
## Adjusted Operating Profit (£m)

	2019 FY	2018 FY	2018 FY Constant Currency	Growth % Constant Currency
Student Information Systems	17.9	16.9	16.7	8%
Education Services	4.0	4.6	4.6	(14%)
<b>Segment Profit</b>	<b>22.0</b>	<b>21.5</b>	<b>21.3</b>	<b>3%</b>
Central Overheads	(10.3)	(10.7)	(10.5)	2%
<b>Total</b>	<b>11.7</b>	<b>10.8</b>	<b>10.8</b>	<b>8%</b>

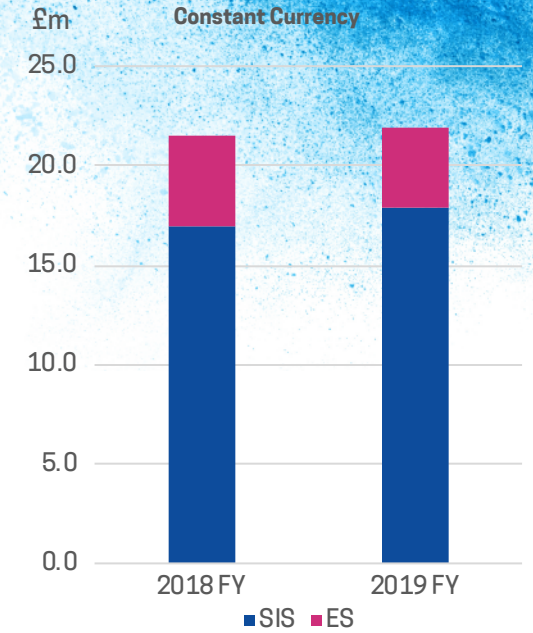
## Operating Margin

	<b>14.9%</b>	<b>13.5%</b>	<b>13.5%</b>	<b>1.4pp</b>
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## Segment Revenue



## Segment Profit



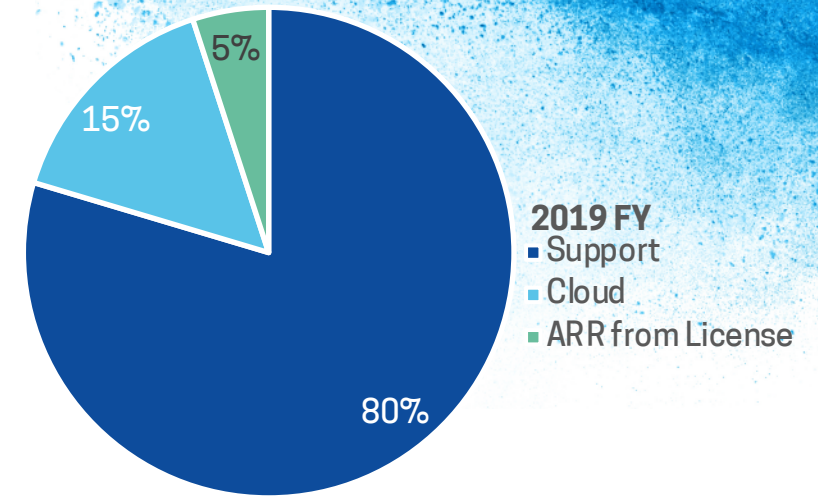
## Revenue by Geography (£m)

	2019 FY	2018 FY	2018 FY Constant Currency	Growth % Constant Currency
UK	47.4	42.6	42.6	10%
Rest of World	30.8	37.5	37.1	(20%)
<b>Total</b>	<b>78.2</b>	<b>80.1</b>	<b>79.6</b>	<b>(2%)</b>

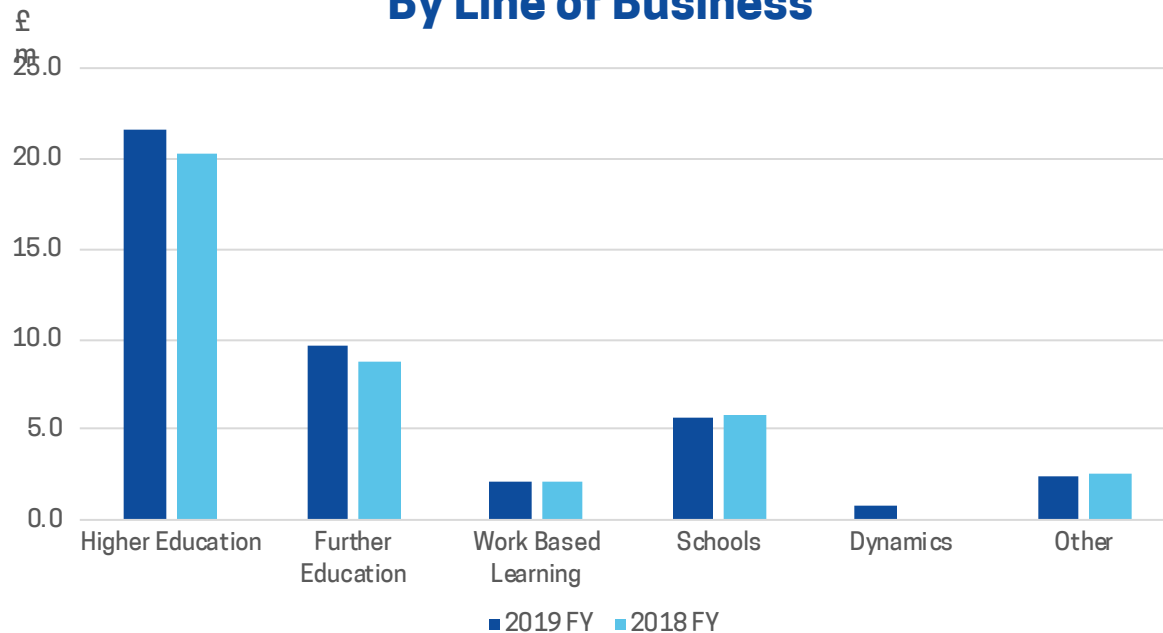
# Annual Recurring Revenue (ARR)

## Annual Recurring Revenue (£m)

	2019 FY	2018 FY	2018 FY Constant Currency	Growth % Constant Currency
Support & Maintenance	33.7	32.9	32.5	3.7%
Cloud Services	6.5	5.7	5.6	16.1%
Subscription Licenses	2.1	1.0	1.0	110.0%
<b>Total</b>	<b>42.3</b>	<b>39.5</b>	<b>39.1</b>	<b>8.1%</b>



## By Line of Business



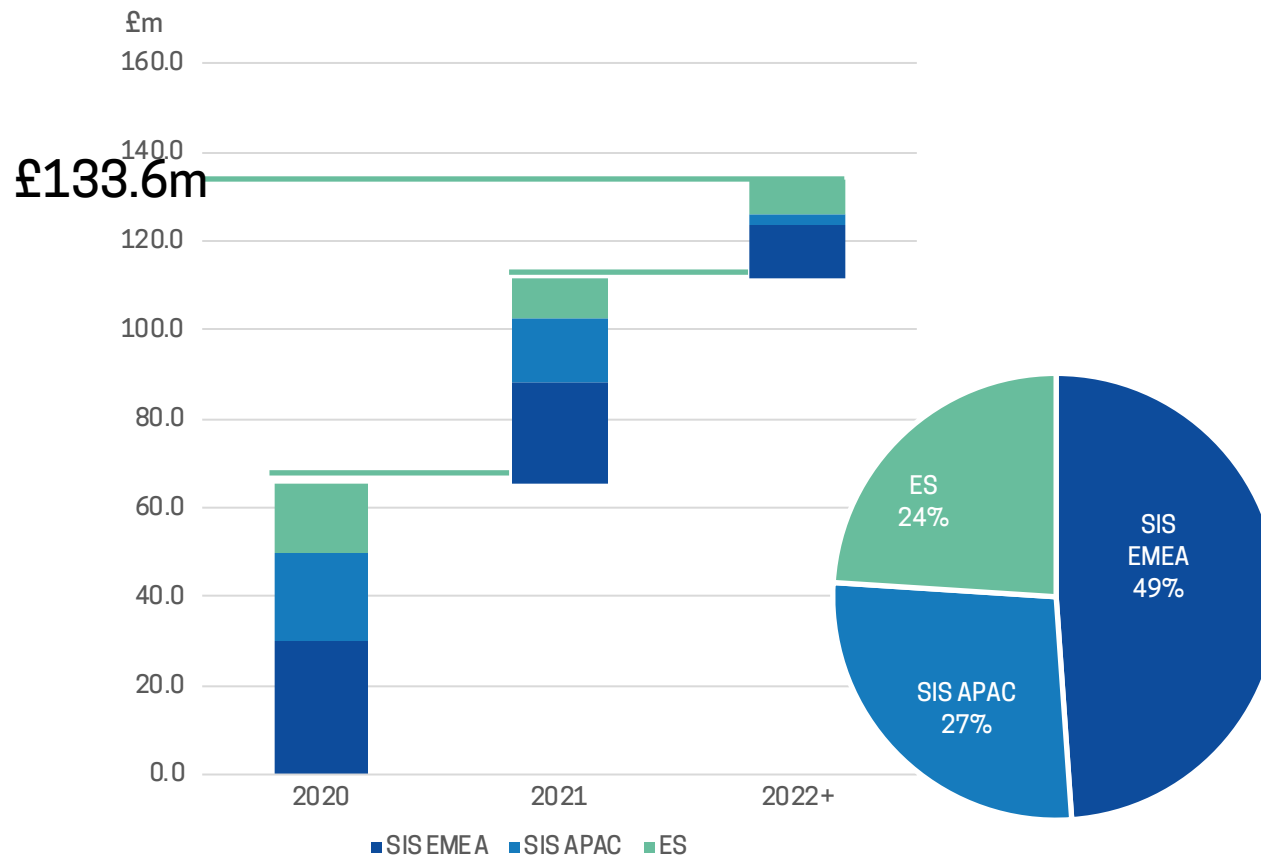
## Total Annual Recurring Revenue £42.3m (FY18 £39.1m\*)

- Increase of £3.2m (8.1%)
- Continuing demand for cloud & hosting services from customers
- Tribal Dynamics delivers on a full SaaS basis: contributed £0.8m (7 months) to subscription licenses, increases to £1.3m on a fully annualised basis

\* Constant Currency basis



## Committed as at 31 December 2019 split by year of expected recognition



Committed Income (Backlog) refers to the Total Contract Value of booked sales orders which have not yet been delivered (including 2 years Support & Maintenance, where it is contracted on an annually recurring basis)

## Total Committed Income £133.6m (FY18 £119.6m\*)

- Increase of £14.0m (11.7%)
- ~ 78% of next 12 months' consensus revenue committed
- SIS includes Tribal Dynamics (£3.6m) and the impact of one less year on the Callista contract
- ES includes the five re-tenders won in the year

## Key contracts closed

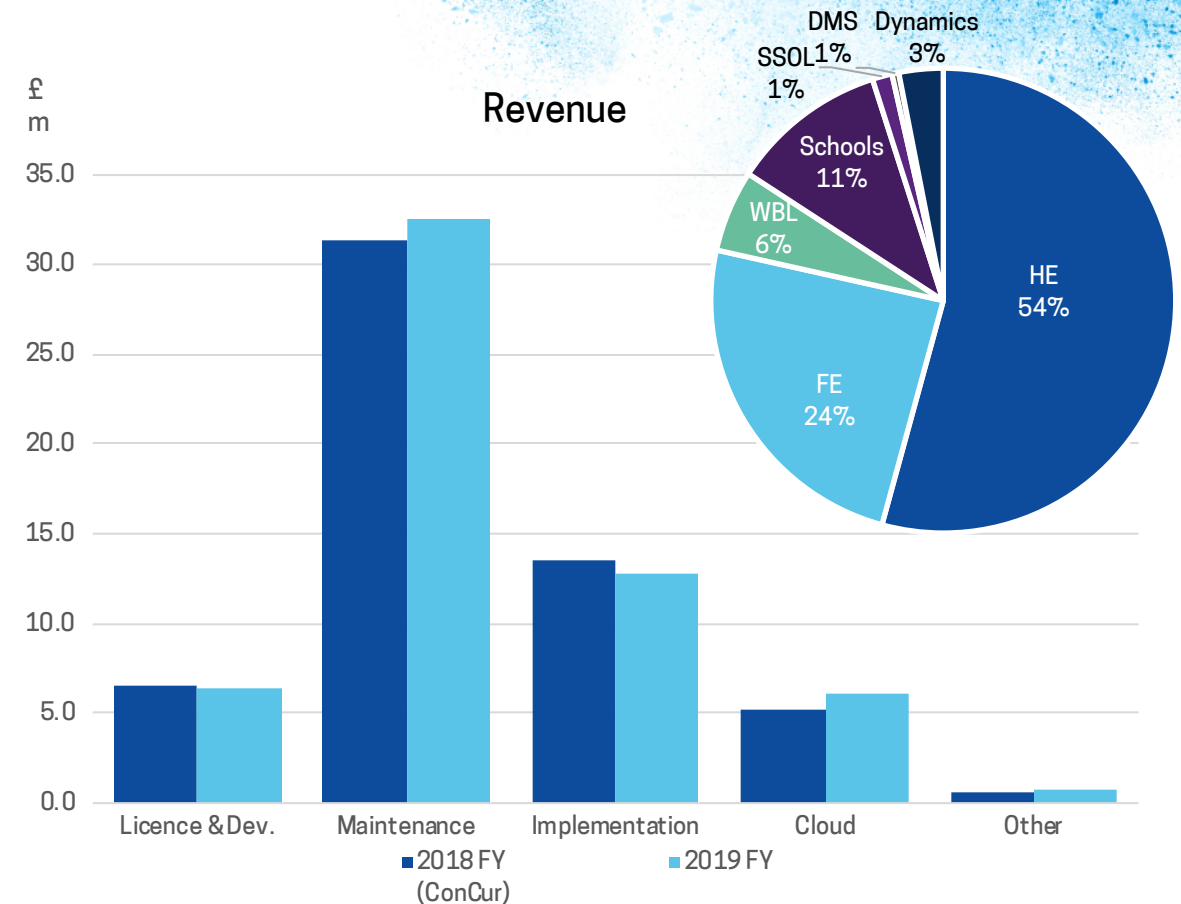
- Student Information Systems
  - University of Northampton
  - Kaplan Australia
- Education Services
  - National Centre for the Teaching of Mathematics, UK
  - New York State Education Department, US
  - Abu Dhabi Department of Education and Knowledge, UAE
  - Inspection of European Schools, EU
  - New Zealand Tertiary Education Commission, NZ

\* Constant Currency basis

# Student Information Systems

## Student Information Systems (£m)

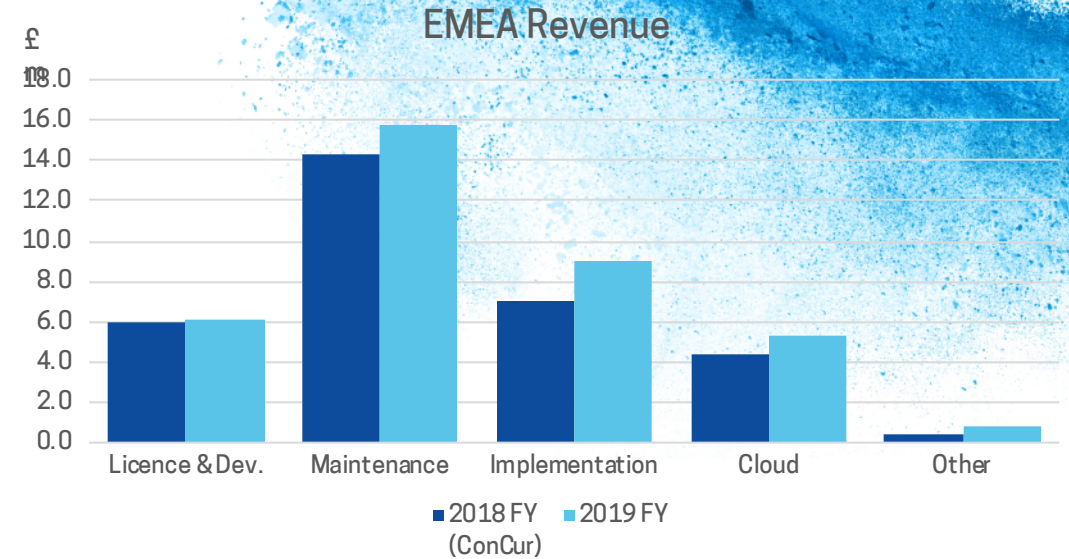
	2019 FY	2018 FY	2018 FY Constant Currency	Growth % Constant Currency
License & Development Fees	6.4	6.5	6.5	(2%)
Support & Maintenance Fees	32.6	31.7	31.3	4%
Implementation Services	12.8	13.6	13.5	(5%)
Cloud Services	6.0	5.2	5.2	17%
Other	0.8	0.7	0.7	22%
<b>Revenue</b>	<b>58.6</b>	<b>57.6</b>	<b>57.1</b>	<b>3%</b>
<b>Segment Profit</b>	<b>17.9</b>	<b>16.9</b>	<b>16.7</b>	<b>8%</b>
<b>SIS Segment Margin %</b>	<b>31%</b>	<b>29%</b>	<b>29%</b>	<b>200bps</b>



# Student Information Systems by Region

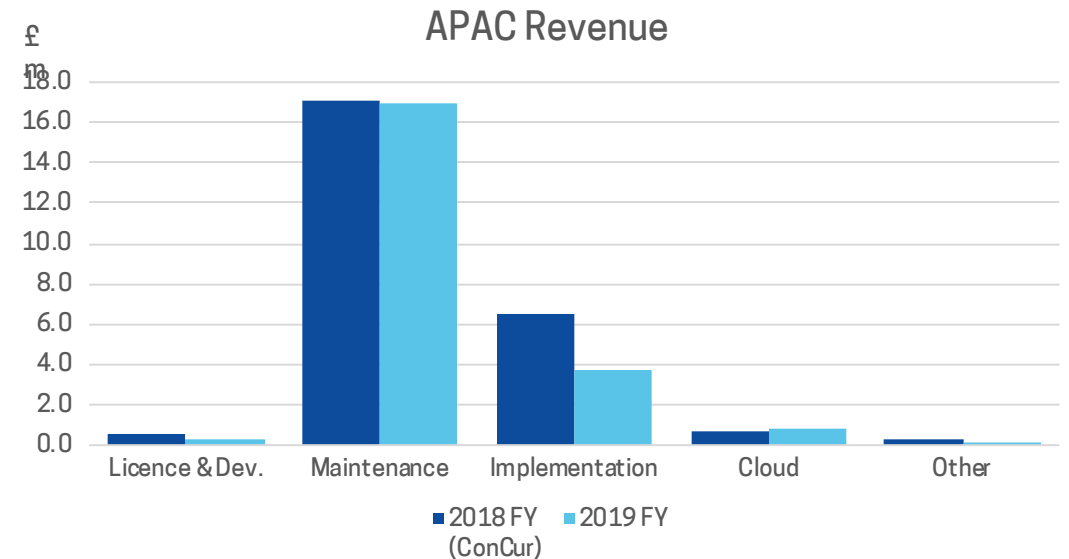
## EMEA (£m)

	2019 FY	2018 FY	2018 FY Constant Currency	Growth % Constant Currency
License & Development Fees	6.1	6.0	6.0	2%
Support & Maintenance Fees	15.7	14.2	14.2	10%
Implementation Services	9.0	7.0	7.0	28%
Cloud Services	5.3	4.4	4.4	19%
Other	0.8	0.4	0.4	79%
<b>Revenue</b>	<b>36.9</b>	<b>32.1</b>	<b>32.1</b>	<b>15%</b>
<b>Segment Profit</b>	<b>10.3</b>	<b>8.9</b>	<b>8.8</b>	<b>17%</b>
<b>Segment Margin %</b>	<b>28%</b>	<b>28%</b>	<b>27%</b>	<b>0bps</b>



## APAC (£m)

	2019 FY	2018 FY	2018 FY Constant Currency	Growth % Constant Currency
License & Development Fees	0.3	0.5	0.5	(43%)
Support & Maintenance Fees	16.9	17.5	17.1	(1%)
Implementation Services	3.7	6.5	6.4	(42%)
Cloud Services	0.8	0.7	0.7	8%
Other	0.0	0.2	0.2	(91%)
<b>Revenue</b>	<b>21.8</b>	<b>25.5</b>	<b>25.0</b>	<b>(13%)</b>
<b>Segment Profit</b>	<b>7.6</b>	<b>8.0</b>	<b>7.9</b>	<b>(3%)</b>
<b>Segment Margin %</b>	<b>35%</b>	<b>31%</b>	<b>31%</b>	<b>400bps</b>





# Cashflow

## Cashflow (£m)

	2019	2018
Operating Cashflows*	11.9	12.7
Working Capital movements*	0.3	3.1
Tax received / (paid)	0.2	(1.6)
<b>Net Operating Cash</b>	<b>12.4</b>	<b>14.2</b>
Investing activities	(6.8)	(5.4)
Acquisition of investments in subsidiaries	(5.9)	-
Deferred consideration	(0.5)	(0.8)
Financing (incl dividend)	(2.9)	(1.9)
Foreign exchange impact	0.2	(0.2)
<b>Cash (decrease) / increase</b>	<b>(3.5)</b>	<b>5.9</b>
<b>Net Cash</b>	<b>16.5</b>	<b>20.0</b>

\* Excludes cash impact of platform provider dispute provision

Net cash before acquisition

**£22.5m**

2018 £20.0m



up 13%

Net cash after acquisition

**£16.5m**

2018 £20.0m



down 18%

Cash conversion

**105%**

2018 132%



down 2700bps

Operating cashflow (before tax)

**£12.2m**

2018 £15.8m



down 23%

A black and white photograph of a young woman with long dark hair, laughing joyfully while holding a smartphone. She is wearing a light-colored, textured sweater. Behind her is a large, vibrant blue cloud of fine particles or dust, which partially obscures the background. The overall mood is one of excitement and forward-looking optimism.

# **Tribal – Looking Forward**



# COVID-19 (Coronavirus) impact

- **Impact on Customers & Tribal:**

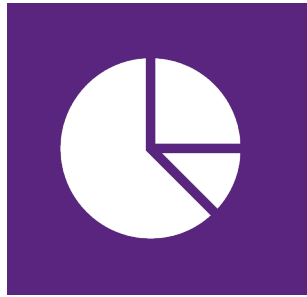
- Students unable to attend lectures: institutions diverting resource to create online, distance learning courses. Lost fees from overseas students, esp. Chinese of which there are ~130k in Australia and ~120k in the UK, creating significant cash challenges. Impact: current projects are likely to be delayed, and few new sales of licenses or services to existing customer are likely.
- Education Services: school closures prevent inspections (schools in Abu Dhabi and US schools likely to be closed until June); benchmarking and survey services delayed; UK contracts continuing. Impact: revenue and profit being significantly impacted
- Self-isolation of staff – academic and support staff – disrupt customer's business and divert resource to resolving related issues

- **Tribal impact mitigation actions** – plan in place, including headcount reduction, mandating unpaid leave, reduction in working hours, and reducing expenditure.

**The financial impact on the Group will be significant, but cannot yet be determined with any degree of certainty. We are monitoring the situation closely and will advise the market accordingly.**



# FY20 opportunities: significantly impacted by Coronavirus



Drive ARR  
through  
increased  
share-of-wallet  
from existing  
customers



New license  
sales from  
existing portfolio  
of solutions,  
including CRM,  
and partnerships



Improved  
efficiency  
through cost  
savings and  
offshoring



Create added  
value through  
Education  
Services  
(QAS & i-grad)

# Summary & FY20 Outlook



Good overall 2019 performance: growth in core metrics of Annual Recurring Revenue, Adjusted Operating Profit and Margin%



First full Edge module live; good progress being made, with Tribal Admissions expected end 2020



Opportunities for increased revenue through customers moving existing products to cloud



Covid-19 is significantly impacting revenues and profit, but as the current situation is evolving and uncertain, the impact cannot fully be quantified



# Thank you

# Any questions?



## Contact:

### Email

- [Mark.Pickett@tribalgroup.com](mailto:Mark.Pickett@tribalgroup.com)
- [Paul.Simpson@tribalgroup.com](mailto:Paul.Simpson@tribalgroup.com)

**WWW.TRIBALGROUP.COM**  
**@TRIBALGROUP**







# Appendix

# Tribal Dynamics (Crimson Consultants)

## Acquisition rationale

To support key goals of:

- delivering a cloud-based Student Information System (Tribal Edge)
- increasing Annual Recurring Revenue
- growing market share
- driving improved margin

## Consideration

- Initial consideration £6m
- Contingent consideration £4m
- Total consideration £10m

Contingent consideration based on challenging Annual Recurring Revenue (ARR) growth targets.

## Key customers



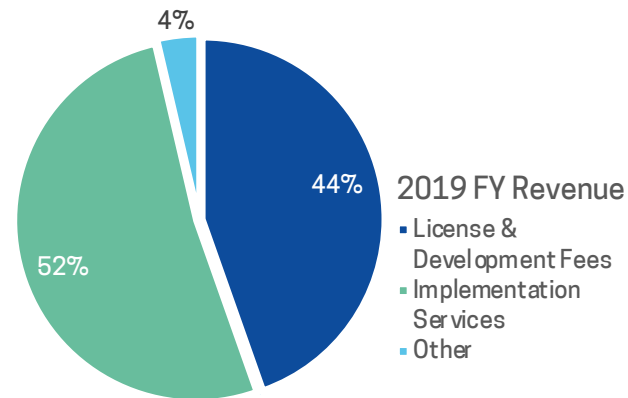
## Tribal Dynamics (£m)

License & Development Fees	0.8
Support & Maintenance Fees	-
Implementation Services	0.9
Cloud Services	-
Other	0.1

**Revenue** 1.8

**Profit** 0.2

**Margin %** 9%



\* From date of Acquisition 10<sup>th</sup> May 2019

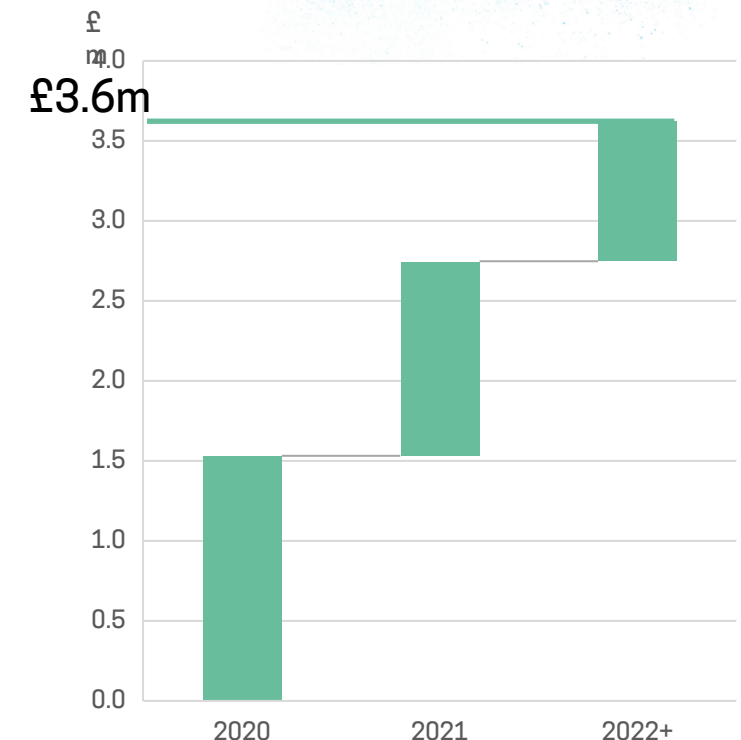
2019 FY\*  
7 months

## Annual Recurring Revenue (ARR)

**£1.3m**

2019 FY\* £0.8m

**Committed Income as at 31 December 2020 split by year of expected recognition**





# Product Development

## Product Development (£m)

	2019	2018	Change
<b>Total spend</b>	<b>12.3</b>	<b>11.2</b>	<b>9%</b>
<b>Of which capitalised</b>	<b>6.2</b>	<b>4.1</b>	<b>33%</b>
- Tribal Edge	5.9	3.7	38%
- Tribal Dynamics	0.2	-	100%
- SchoolEdge	-	0.5	(100%)
<b>Of which expensed</b>	<b>4.7</b>	<b>5.7</b>	<b>(20%)</b>
<b>Of which amortised</b>	<b>1.4</b>	<b>1.4</b>	<b>2%</b>

Investment in the Tribal Edge platform significantly increased, with a total of £5.9m capitalised in 2019 compared to £3.7m in 2018. Tribal Edge will be amortised over 15 years.

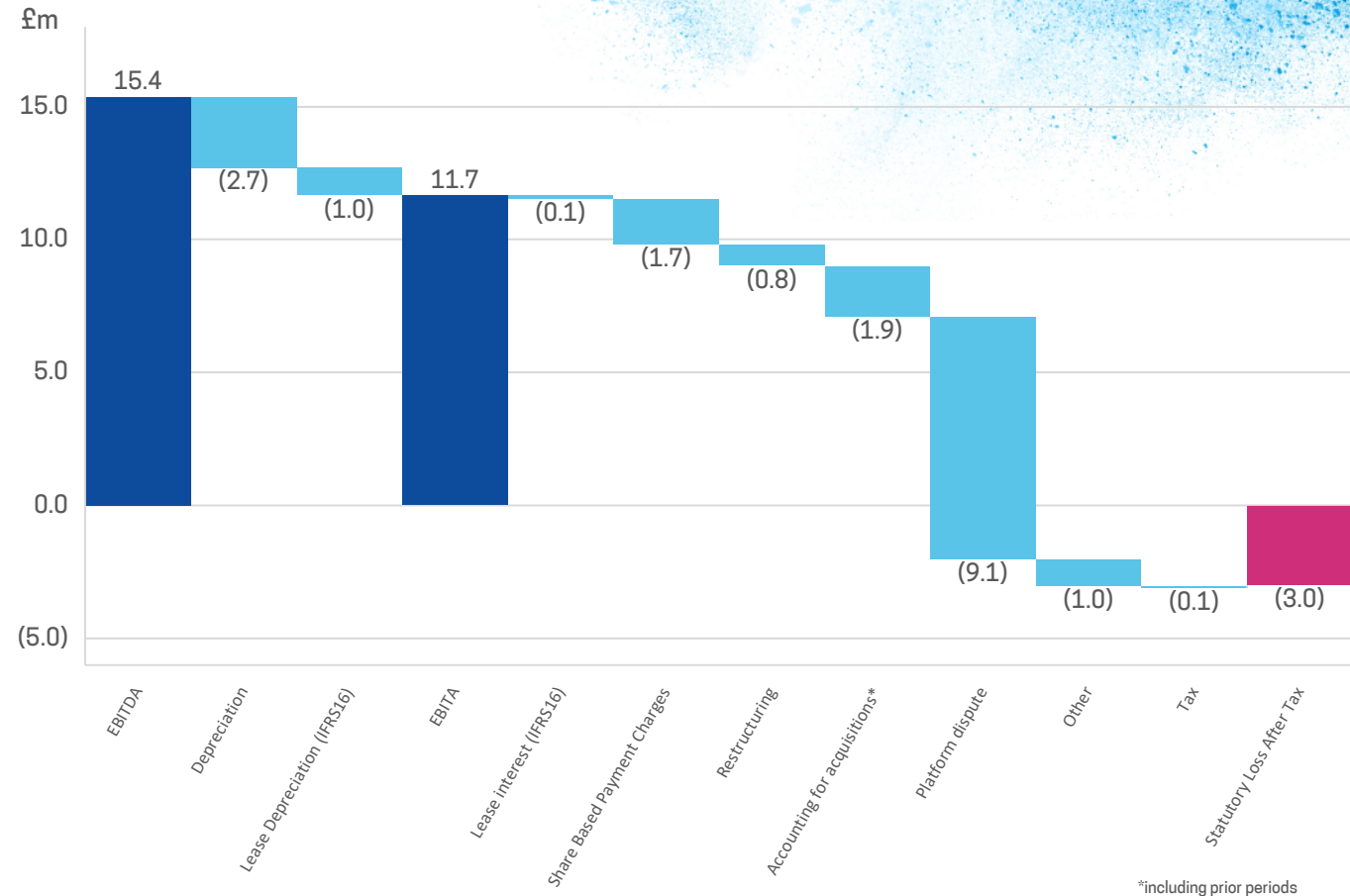
We continue to support and invest in SITS, ebs, Maytas and now Tribal Dynamics as the development of Tribal Edge continues. However, spend reduced year on year by 20% to £4.7m (2018: £5.7m).

# Consolidated Income Statement

## Consolidated Income Statement (£m)

	2019	2018
Revenue	78.2	80.1
Gross Profit margin	50%	49%
Adjusted Operating Profit (EBITDA)	15.4	14.1
Adjusted Operating Profit margin	19.6%	17.6%
Adjusted Operating Profit (EBITA)	11.7	10.8
Adjusted Operating Profit margin	14.9%	13.5%
Other Items	(14.1)	(6.2)
Statutory Operating (Loss)/Profit	(2.4)	4.6
Finance (Costs)/Income	(0.5)	0.2
Statutory (Loss)/Profit Before Tax	(2.9)	4.8
Income Tax Charge	(0.1)	(0.7)
Statutory (Loss)/Profit After Tax	(3.0)	4.1

## EBITDA to Statutory Loss After Tax





# Experienced Management Team



**Mark Pickett**  
CEO

- Joined in July 2016
- Prior to Tribal, served as Chief Financial Officer and Finance Director, UK of Computer Sciences Corp ('CSC')



**Mark Wilson**  
COO

- Joined in December 2016
- Prior to Tribal, served as Professional Services director at Unit4 and Head of Professional services at Lumesse



**Peter Croft**  
Managing Director,  
APAC Further Education

- Joined in September 2017
- Prior to Tribal, served as Regional Director at Allocate Software and as Managing Director at Clearswift



**Janet Tomlinson**  
Managing Director,  
Education Services

- Joined in October 2009
- Prior to Tribal, served as Director of Education and Children's Services at Oxfordshire County Council



**Mike Cope**  
CTO

- Joined in September 2019
- Prior to Tribal, served as CIO at University College, London



**Paul Simpson**  
Acting CFO

- Joined in December 2016
- Chartered Accountant (FCA), qualified at PwC
- Prior to Tribal, served as Group Financial Controller at Jelf Group plc



**Mike Beech**  
Marketing and Product  
Management Director

- Joined in March 2016
- Prior to Tribal, served as Marketing Director at Kerridge; Head of Product Marketing at RM Education; VP Product Management, Acision



**Chloe Payne**  
Director of HR

- Joined in March 2007
- Prior to Tribal, worked in the Health sector and at Cambridge Assessment