



T R I B A L

working as one

Rebuilding a Market Leader

2016 H1 Roadshow

Contents



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Business Review CEO Update

Ian Bowles
CEO

Background – February 2016

- Historic Buy and Build strategy with no integration or economies of scale
- Multiple fiefdoms based on products
- No overarching product strategy
- No effective operating model
- No clear accountability or responsibility
- No clear visibility of performance
- Poor contract management
- Poor forecasting
- Excessive bureaucracy
- Broken and dysfunctional company

FY16 Priorities

Restore confidence

- Customer, Investor, Team

Drive operational efficiencies

Reduce operating costs

Develop a coherent product strategy

Implement a single operating model

Create a single go to market strategy

Develop cohesive company & solutions messaging

A photograph of three people in an outdoor setting. A man with curly hair and a beard, wearing a white and blue baseball-style shirt, is in the center, looking towards a woman on his right. The woman has dark, wavy hair and is wearing a bright yellow long-sleeved top; she is smiling. To the left, the back of a woman with long blonde hair wearing a dark top is visible. The background shows a stone wall and some greenery.

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FY16 Priorities

And to make the strapline a reality

One Team

One Culture

One Objective

FY16 Priorities:

Stabilise the customer base

Major contract challenges

Further Education

- Queensland TAFE
- NSW TAFE / Schools
- Tasmania TAFE

Higher Education

- Bournemouth University
- University of Otago

H1 Operational Highlights

Refreshed executive team

- **Execs leaving**
 - Interim CEO
 - Services Director
 - CFO
 - Co. Secretary & Legal Counsel
- **New key hires**
 - CFO
 - Marketing Director
 - Cloud Operations Director

New organisational structure (from July 1st)

- Simplified operating model
- Clear lines of responsibility & accountability
- New financial reporting structure

H1 Highlights

Balance
sheet
strengthened

Cost
reduction
programme
undertaken

Strategic
direction
refreshed

Streamlined
banking
facilities

Stability
restored and
positive
momentum
created

Tribal – My Aspiration



World Class Software & Services Company



International market leading educational management solutions provider



Valued by:

- Customers
- Staff
- Shareholders

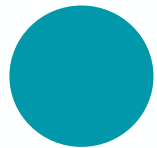
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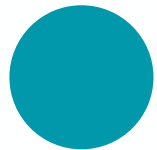
Financial Results

Mark Pickett
CFO

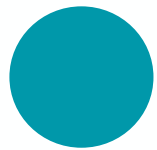
CFO Opening Remarks



Initial observations



Improving Performance:
Factors impacting H1 results



Regaining Stability:
Strengthened Balance Sheet

Financial Key Points

Six months ended 30 June 2016	2016 (£m)	Change
Revenue	£45.2m	(22%)
Adjusted operating profit	£0.5m	(83%)
Statutory loss after tax	£(2.6)m	57%
Operating cash flow	£4.6m	244%
Net cash / (debt)	£5.7m	125%

First Half of the year is Transitional. Performance as anticipated

Performance Highlights

- Secured a number of new customer wins
- Annual Recurring Revenue increased 14%

Key Factors in expected revenue reduction

- Winding down of Ofsted contract in QAS
- Planned exit from non-core activities

Key Factors affecting Operating Profit

- Conservative approach to revenue recognition in challenging contracts
- Lower Development Cost capitalisation due to change in Product Strategy

Net Cash improved by £28.8m (£38.2m on 31 Dec 2015)

- Disposal of Synergy business
- Successful completion of Rights issue and Directors' investments

Income Statement

Adjusted Results

Six months ended 30 June 2016	2016 (£m)	2015 (£m)	Change
Revenue	45.2	58.0	(22)%
Gross profit margin	41%	36%	5pp
Adjusted operating profit	0.5	2.4	(81)%
<i>Adjusted operating margin</i>	1%	4%	
Finance costs	(0.5)	(0.5)	
(Loss)/profit before tax	(0.1)	2.0	(103)%
Tax charge	(0.2)	(0.5)	
(Loss)/profit for the period	(0.3)	1.5	(118)%
Adjusted diluted earnings per share	(0.2)p	1.6p	

License and S&M increase share of the business, improving Gross Margin

Improved Gross Margin % due to product mix:

- PD&CS is higher margin and represents 53% of total revenue (H1 2015 42%)
- Lower profitability, non-core business closed; PBS more profitable on 49% decline in revenue

Adjusted operating Margin % lower due to:

- Other Administrative expenses reducing by only 2%

Finance costs in line with prior year

Tax charge in H1 2016 due to:

- Taxable profits arising in Australia

Board remains committed to a progressive dividend policy

- Dividends will only be recommenced once financial performance has improved

Segmental Performance

All Segments (incl Corporate expenses)

Six months ended 30 June 2016	Revenue 2016 (£m)	Change (£m)	Operating Profit 2016 (£m)	Change (£m)	Changes in Segment Profit
PD & CS	23.9	(0.3)	1.5	0.2	<p>Overall Operating profit reduced by £2.0m</p> <ul style="list-style-type: none"> QAS operating profit reduced by £1.9m Remainder of business had similar profitability as prior year, despite revenue lower by £5.4m <p>PD&CS improved profitability</p> <p>PBS making positive contribution despite significant decline in revenue</p> <p>QAS operating profit reduced by £1.9m</p> <ul style="list-style-type: none"> Global Central support functions <p>Corporate expenses include:</p> <ul style="list-style-type: none"> Global Central support functions Plc Board costs
Implementation	7.0	(1.5)	0.1	(0.5)	
PBS	3.8	(3.6)	0.1	0.2	
QAS	10.5	(7.7)	0.7	(1.9)	
Intersegment		(0.3)			
Total	45.2	(12.8)	2.4	(1.9)	
Corporate expenses			(1.9)	(0.0)	
Adjusted operating profit			0.5	(2.0)	

Segmental Performance

Product Development & Customer Services

Six months ended 30 June 2016	2016 (£m)	2015 (£m)	Change
Licence and development fees	4.9	4.2	17%
Maintenance	17.4	15.3	14%
Other	1.6	4.7	(66)%
Total Revenue	23.9	24.2	(1)%
Adjusted operating profit	1.5	1.3	15%
<i>Adjusted operating profit margin</i>	<i>6%</i>	<i>5%</i>	
Capitalised product development	£0.5m	£2.7m	
<i>As a % of software-related revenues</i>	<i>2%</i>	<i>8%</i>	

Growth in strategic areas of License and Annual Recurring Revenue (S&M)

New customer wins in Higher education include:

- New Zealand, Massey University and University of Waikato
- Canada, Carleton University
- Hungary, Central European University

Key Factors in expected Revenue reduction

- Annual Recurring S&M revenue 38% of total (26% in H1 2015)

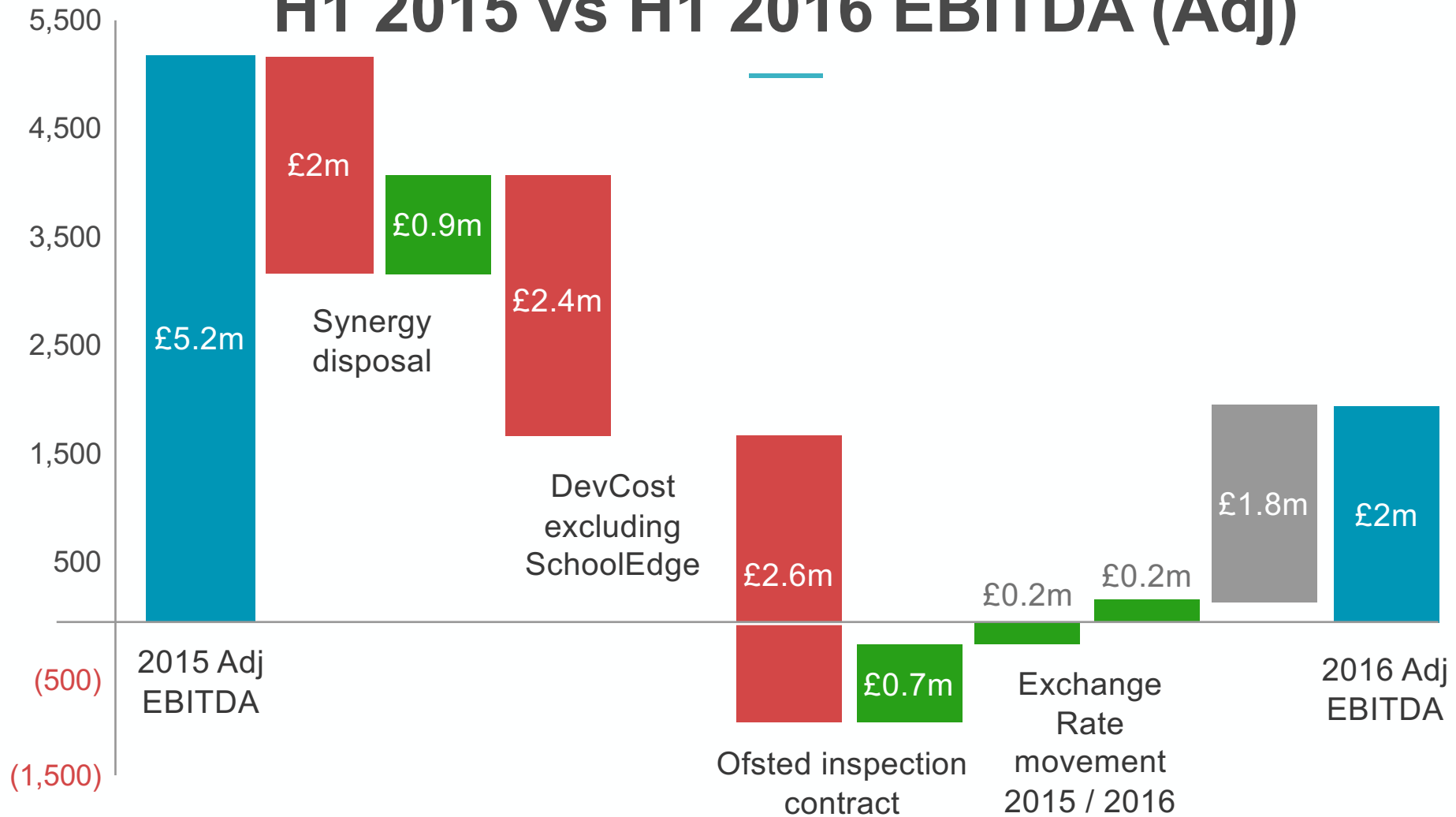
SALM contract

- 693 schools & 138 TAFEs now live. Revenue £3.8m (£2.5m in H1 2015)

Capitalised Development Costs

- Under new product strategy, capitalisation predominantly in respect of new platform/product development
- £2.4m of cost capitalised in H1 2015, in respect of non-SchoolEdge development, would not have been capitalised in H1 2016

H1 2015 vs H1 2016 EBITDA (Adj)



Exceptional Items

Six months ended 30 June 2016	2016 (£m)	2015 (£m)
Profit on sale of Synergy	0.3	-
Acquisition related costs	(0.4)	0.1
Impairment charges	-	(7.3)
Onerous contracts	0.1	0.2
Costs on closure of SLS business	(0.0)	-
Property related	0.1	0.1
Restructuring and associated costs	(1.5)	-
Amortisation of IFRS 3 intangibles	(0.9)	(0.8)
Exceptional financing items	(0.4)	(0.3)
	(2.7)	(8.0)
Tax on other items	0.5	0.2
	(2.3)	(7.8)

Exceptional costs, relating to acquisitions / disposals and Restructuring of the business

Sale of the Synergy business completed on 1 April 2016

- Profit on disposal reflects proceeds of £19.4m.
- goodwill of £19.1m has been allocated to the disposal calculation

Acquisition-related costs related to deferred consideration adjustments from acquisitions:

- additional charge of £0.6m for iGraduate.
- release of £0.2m related to the Sky (now Campus) acquisition

Restructuring items include costs for redundancy and property related items

Amortisation of goodwill relates to intangible from acquisitions, and is treated consistently with prior period

Cash Flow

Six months ended 30 June 2016	2016 (£m)	2015 (£m)
Net cash inflow/(outflow) from operating activities	4.6	(3.2)
Investing activities		
Purchases of property, plant and equipment	(0.2)	(0.6)
Expenditure on product development and business systems	(1.0)	(3.1)
Gross proceeds from disposal of Synergy	19.4	-
Costs associated with disposal of Synergy	(0.9)	-
Deferred consideration for acquisitions net of cash acquired	(2.9)	(3.8)
Net cash inflow/(outflow) from investing activities	14.4	(7.4)
Financing activities		
Interest paid	(0.4)	(0.4)
Purchase of own shares	(0.1)	-
Gross proceeds on issue of shares	22.1	-
Costs associated with issue of shares	(2.1)	-
(Repayment)/draw down of borrowings/loan	(33.0)	6.5
	(13.5)	6.1
Net increase/(decrease) in cash and cash equivalents	5.5	(4.5)
Changes to Net Debt (from 31st Dec)	38.2	(11.4)

Improvement of cash position

Net Operating Cash inflow

- Improvement in Working Capital

Successful completion of Rights issue and Directors' investments

Disposal of Synergy business

£33m Loan repaid

New banking arrangements put in place

Future Financial Reporting



Three lines of business

SMS

i-graduate

QAS



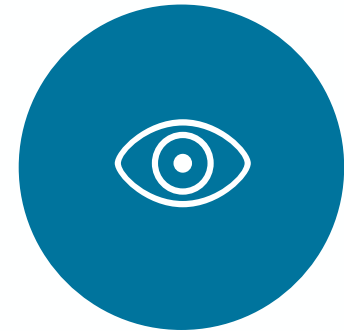
Four market segments

Higher Education

Further Education

Schools

Work Based Learning



Greater transparency of operating margin



TRIBAL

Tribal The Road Ahead

Ian Bowles
CEO

Tribal – My Aspiration



World Class Software & Services Company



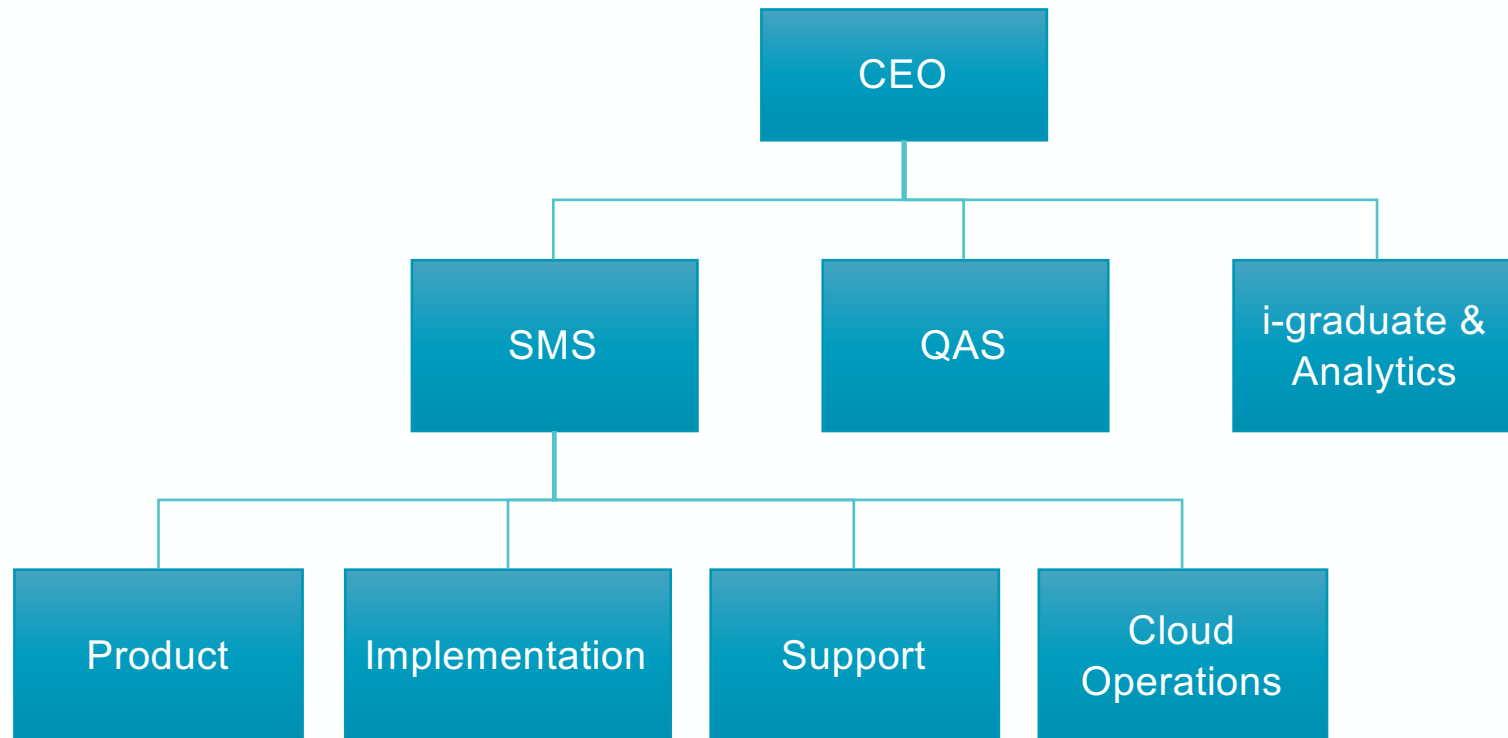
International market leading educational management solutions provider



Valued by:

- Customers
- Staff
- Shareholders

Tribal Structure



TRIBAL

Vision, Mission & Values

Vision & Mission

To empower the world of education

Provide the expertise, software and services required by education and business organisations worldwide to underpin student success

Tribal Values

Anticipate
Listen
Respond
Requirements
Customers
Trustworthy
Honest discussion
Rely on
each other

Committed
Long-term relationships
Customers
Dedicated
Collaborate
Deliver optimum
solutions

Ownership
Keep our promises
Customers
Accountable
Focused
Deliver successful
outcomes
Meet needs
Strive to innovate
Customers
Pioneering
Welcome change
Education
Ever evolving market

TRIBAL

HE / FE Market Drivers

Evolving Market Dynamics



Need for Student Insight

Across recruitment,
learning, and
eventual
outcomes



Drive for efficiency

Focus spend on
teaching, research
and students



Greater competition

Students have
wider choice
than ever



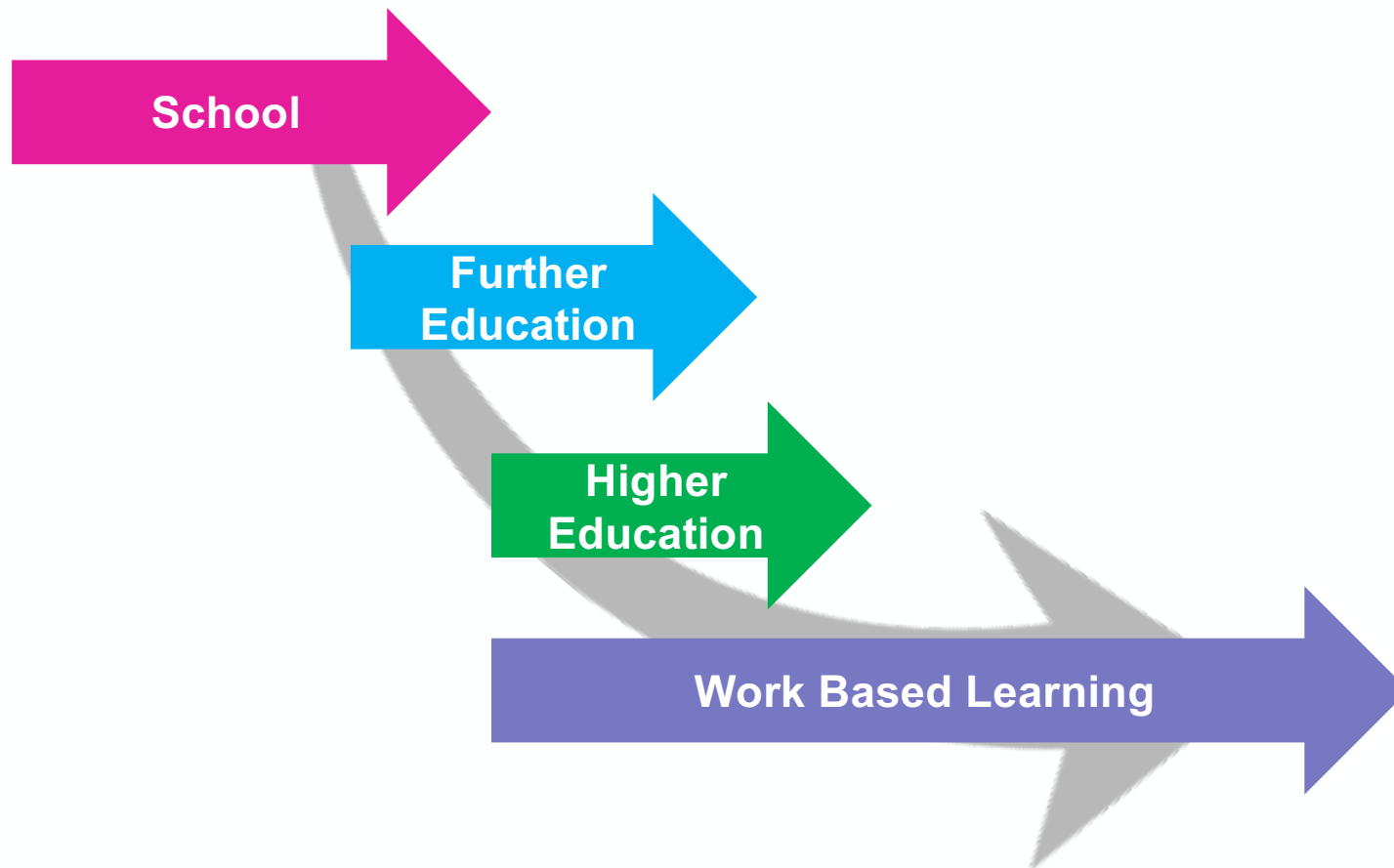
Student experience is key

Engage, retain,
succeed

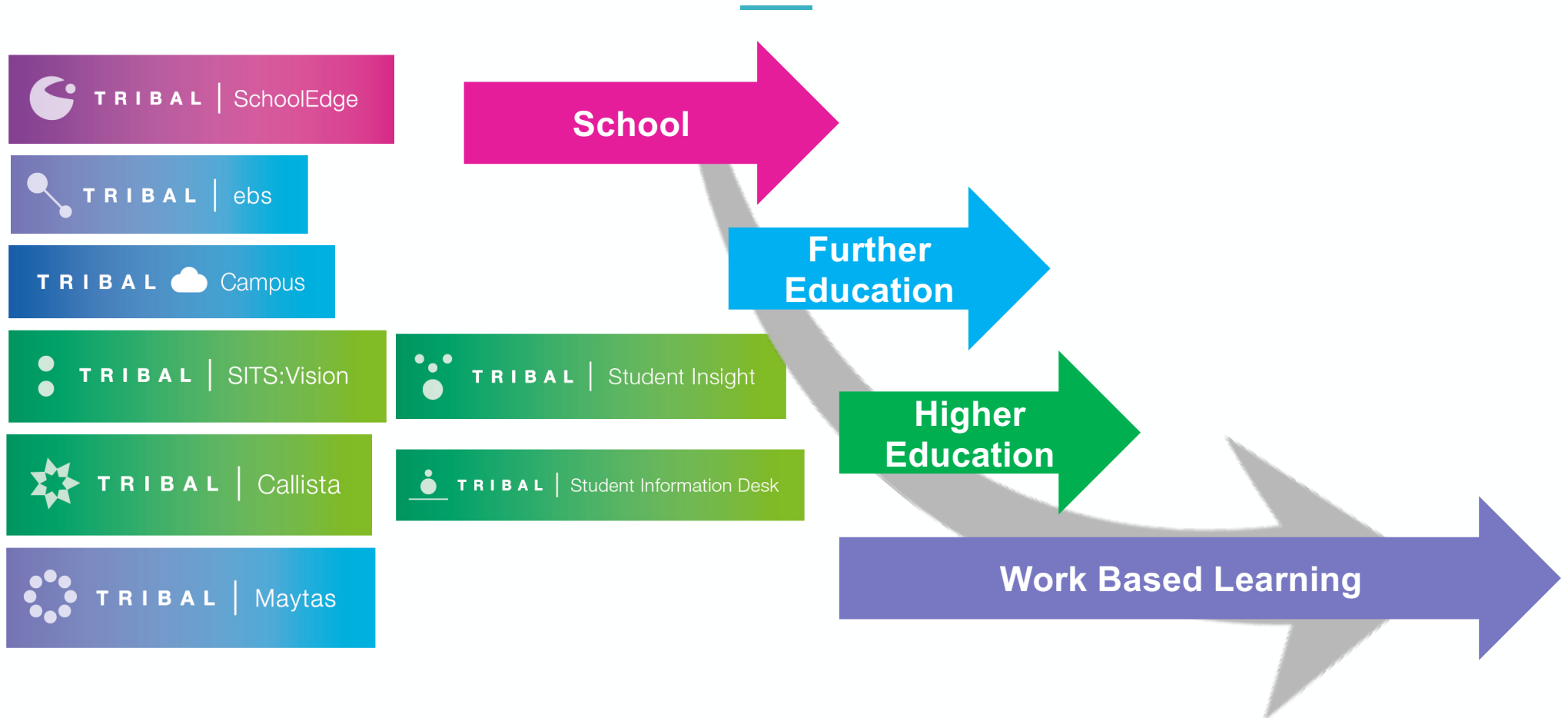
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Product strategy: Student Information Systems

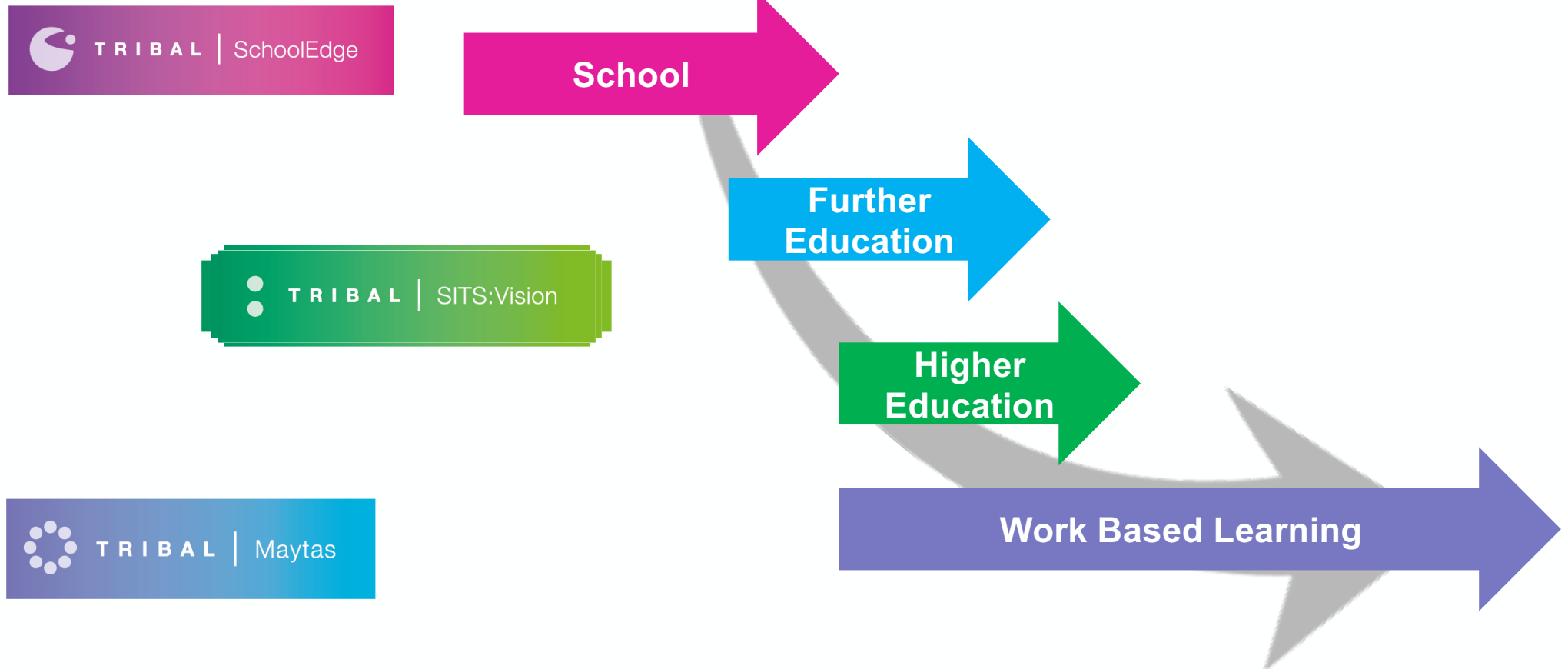
The Student's Life-long Learning Journey



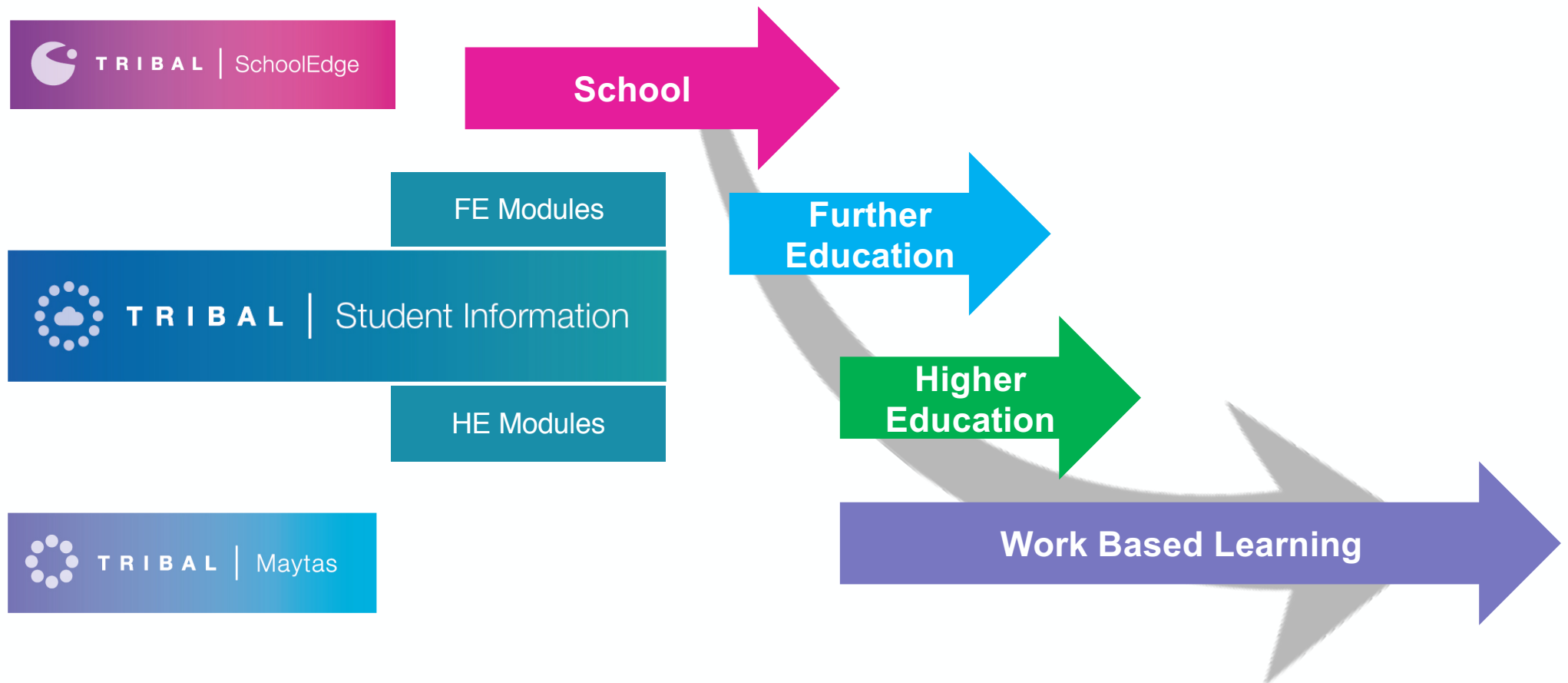
Underpinned by Tribal Student Management Systems



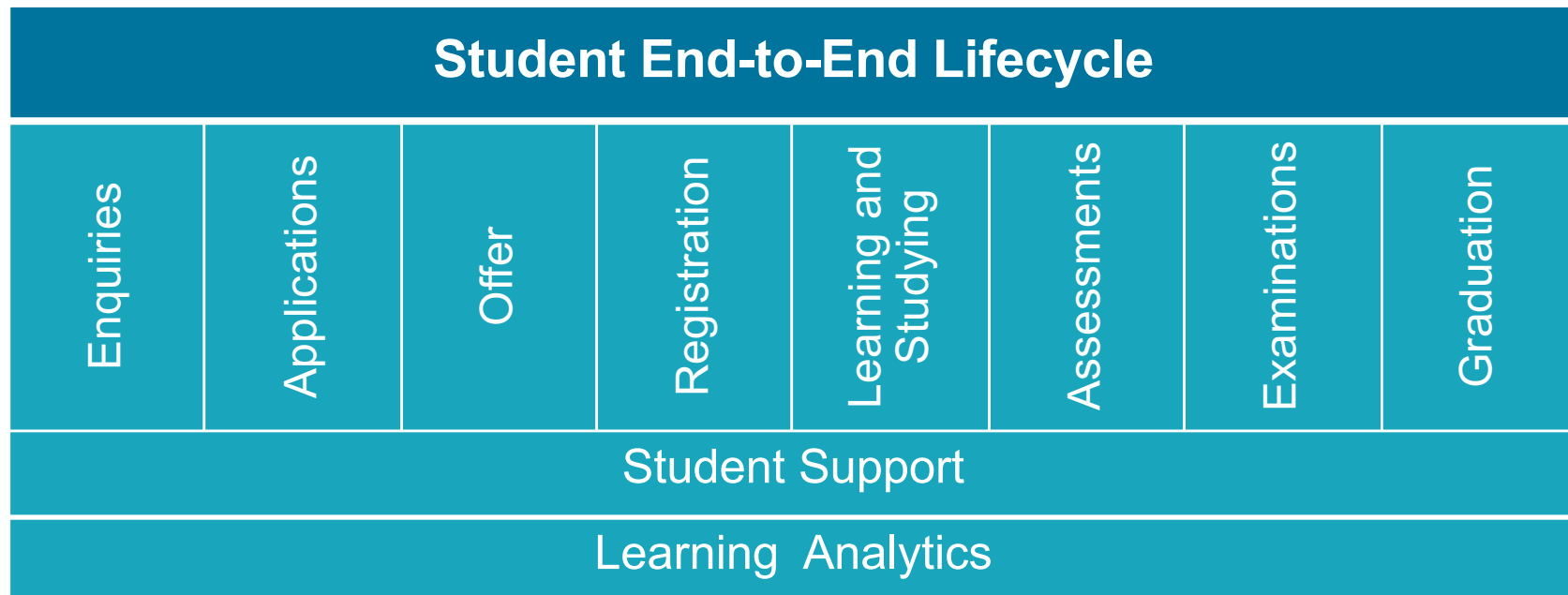
Improve Return on Investment



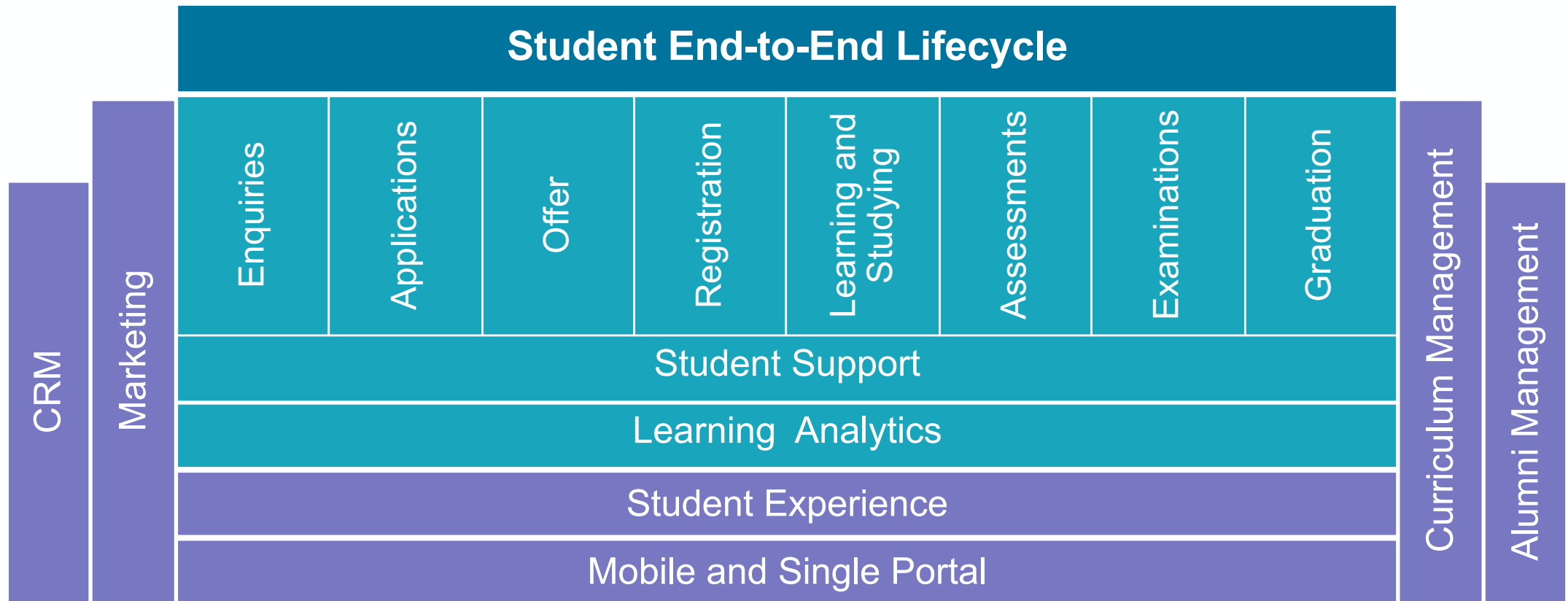
Improve Return on Investment



Adding Value



Adding Value



Product Strategy - Design Goals

Priority 1

Data migration
from all
current
systems

Priority 2

Cloud &
on-premise
deployment
options

Priority 3

Localisable
to any
language

Priority 4

Modular
design
customer
configurable
workflow
engine

Priority 5

Database
independence



T R I B A L

| Student Information

**Evolution not
Revolution**

No product sunset
- evolve at your
pace

**Designed for
Cloud**

Easier and more
cost effective to
deploy and
manage

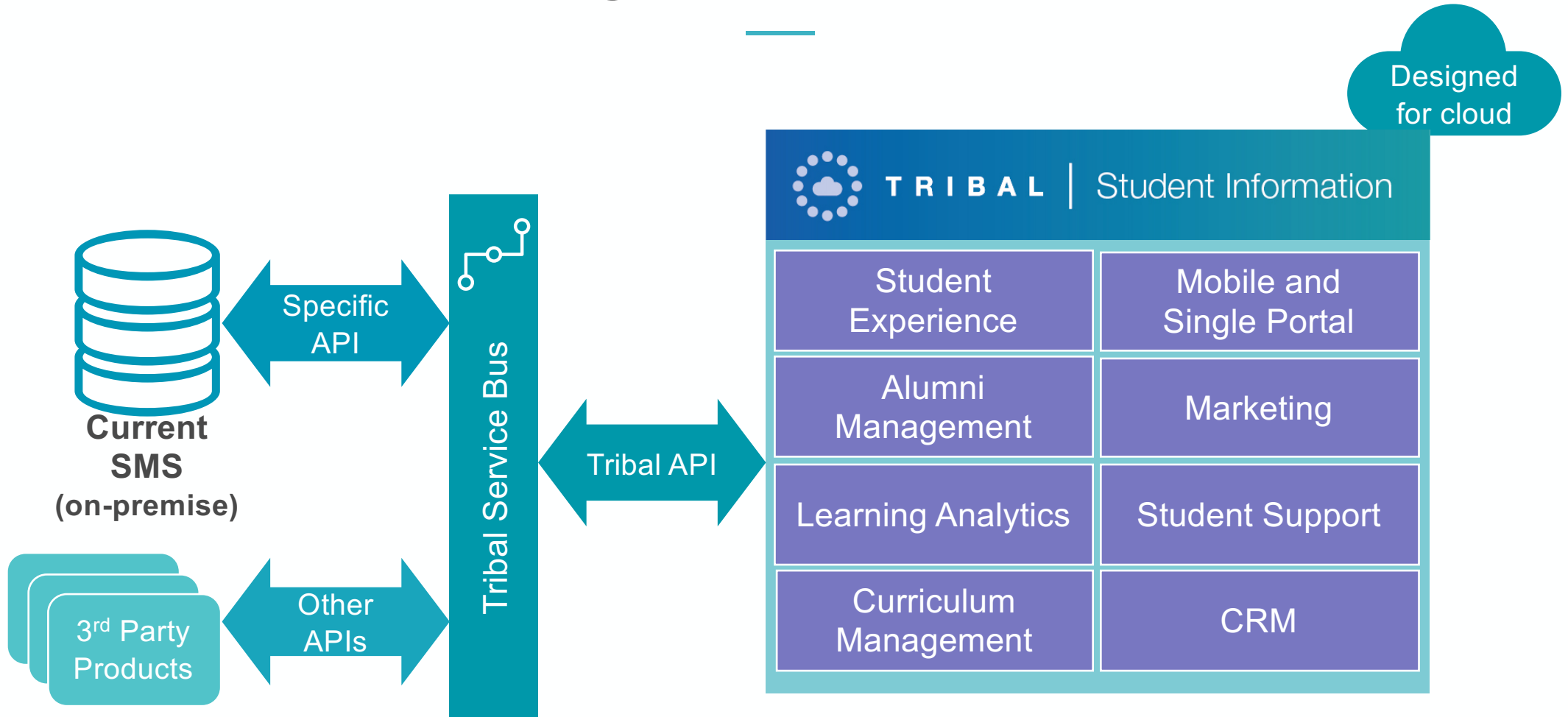
**Encapsulating
Best Practice**

Using the
experience gathered
from a worldwide
customer base

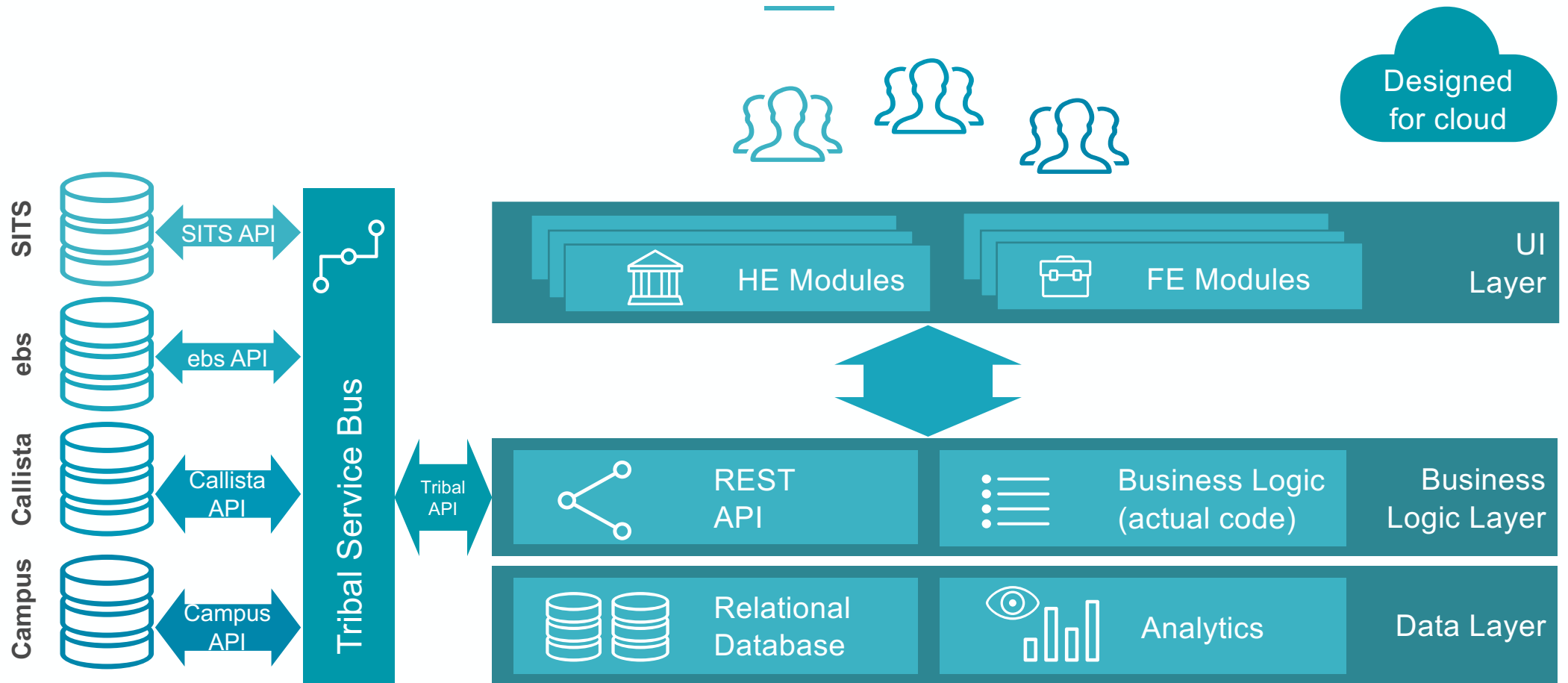
**Streamlined
to Grow**

Build once,
use many –
maximise return on
investment

Accessing Added Value Modules



Three-Tier Architecture



Technology Ecosystem



Standard Technology

Common database and business logic technology (.NET)



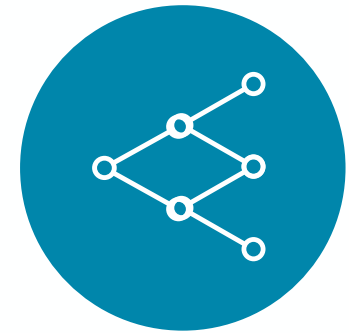
Complete REST API

Modern interaction layer



Cloud Architected

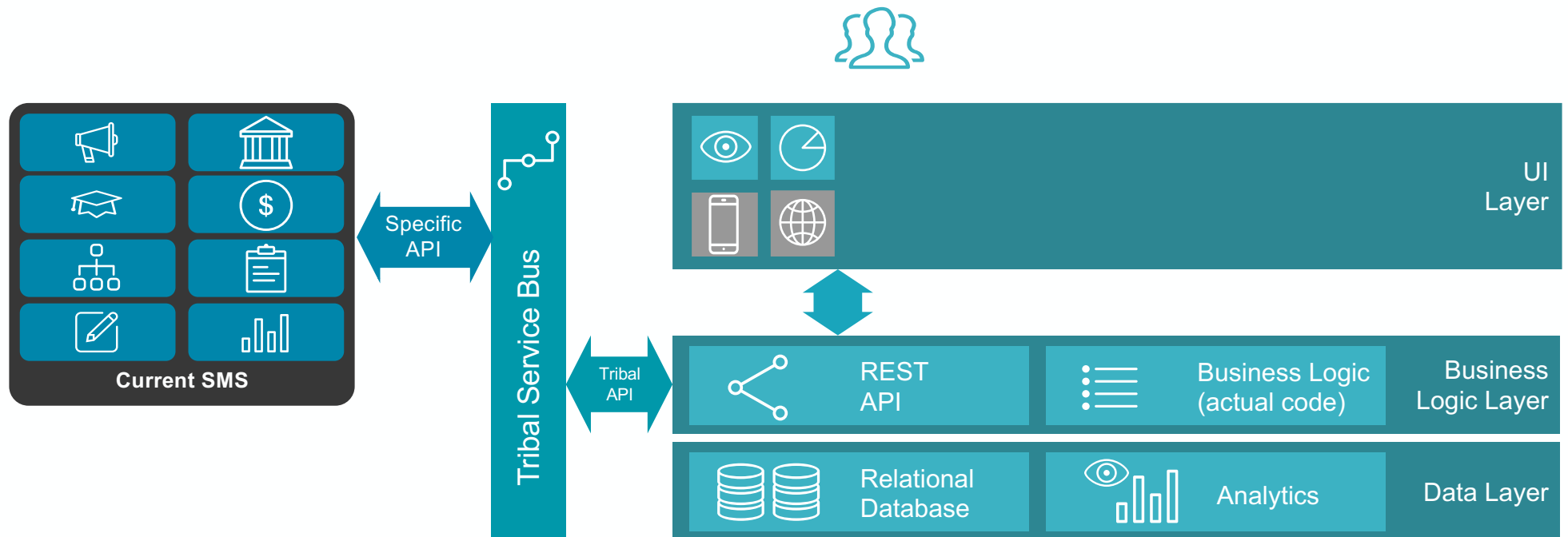
Multi-tenant solution



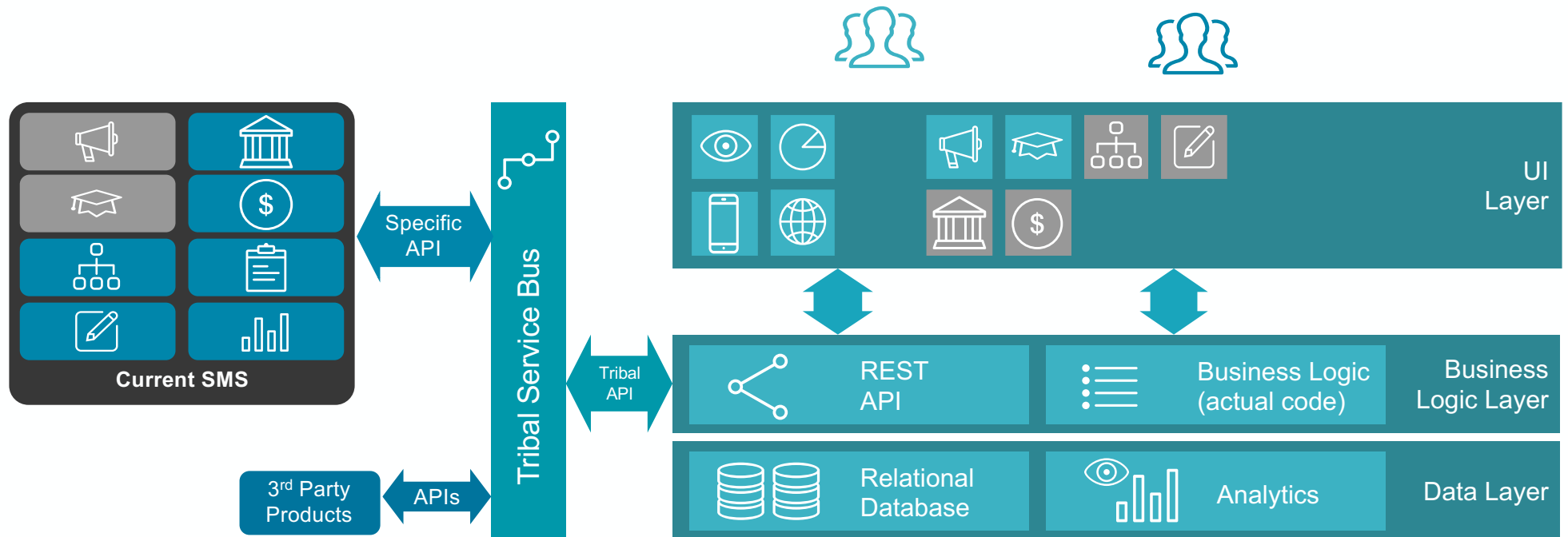
Flexible User Interface

Future-proofed,
Flexible
Decoupled

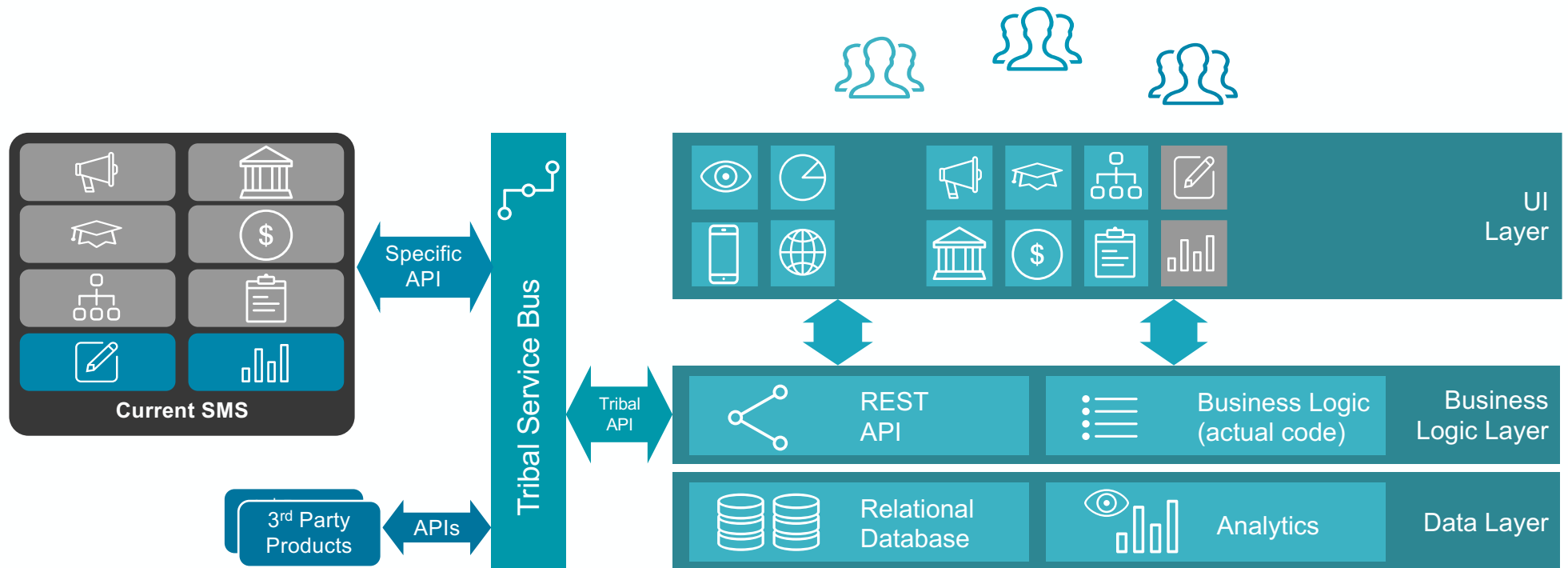
Accessing Added Value



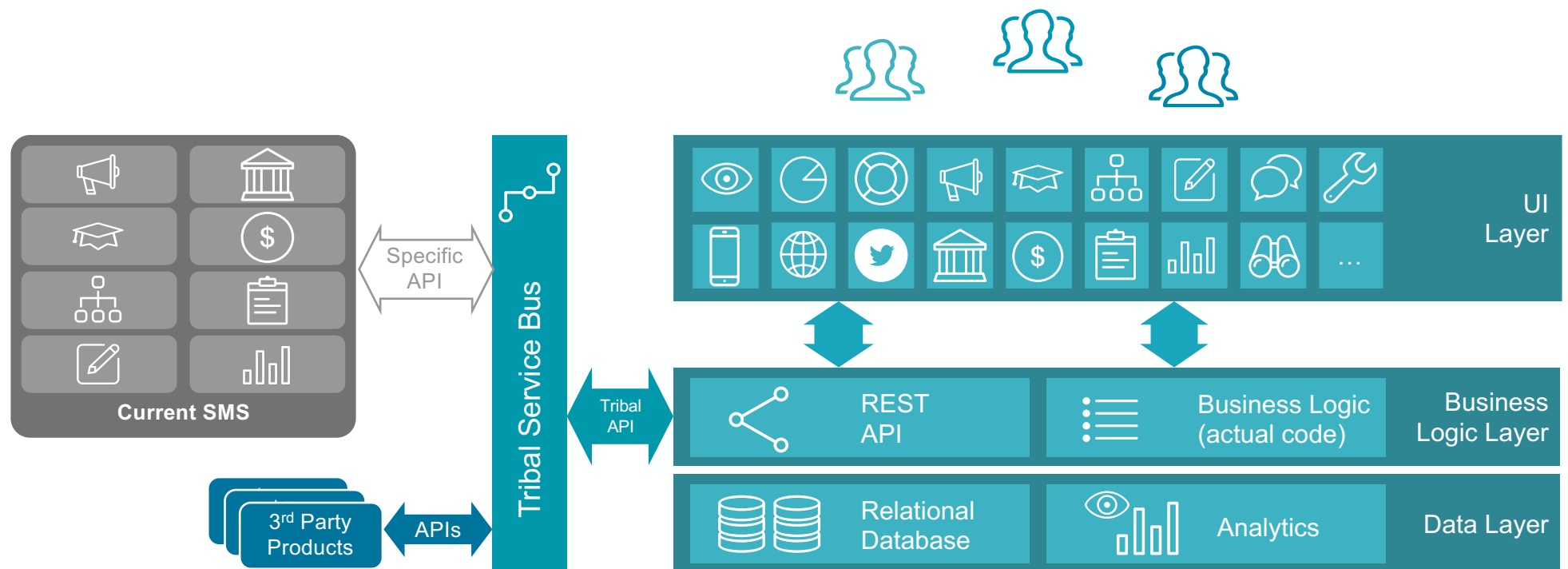
Access to New Core Functions



Access to New Core Functions



Full Evolution and Access to All New Functionality



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Product Strategy Advantages

For Customers



Easier

To deploy
To manage
To use



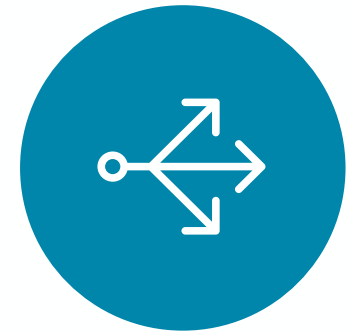
Faster

New modules from
“whole” of Tribal
investment
Better ROI



More Cost-Effective

Managed, scalable,
pay as you grow,
and can leverage
current assets



More Flexible

Add-on through
Open APIs
Delivery choice

... at our customers' pace

For Tribal



Easier

To deploy
To support
and maintain



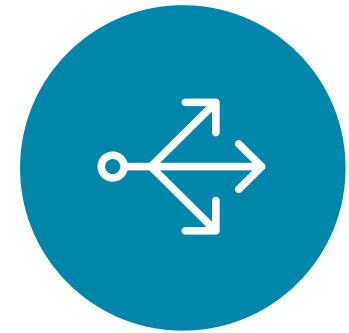
Faster

Time to Market
Better ROI



More Cost-Effective

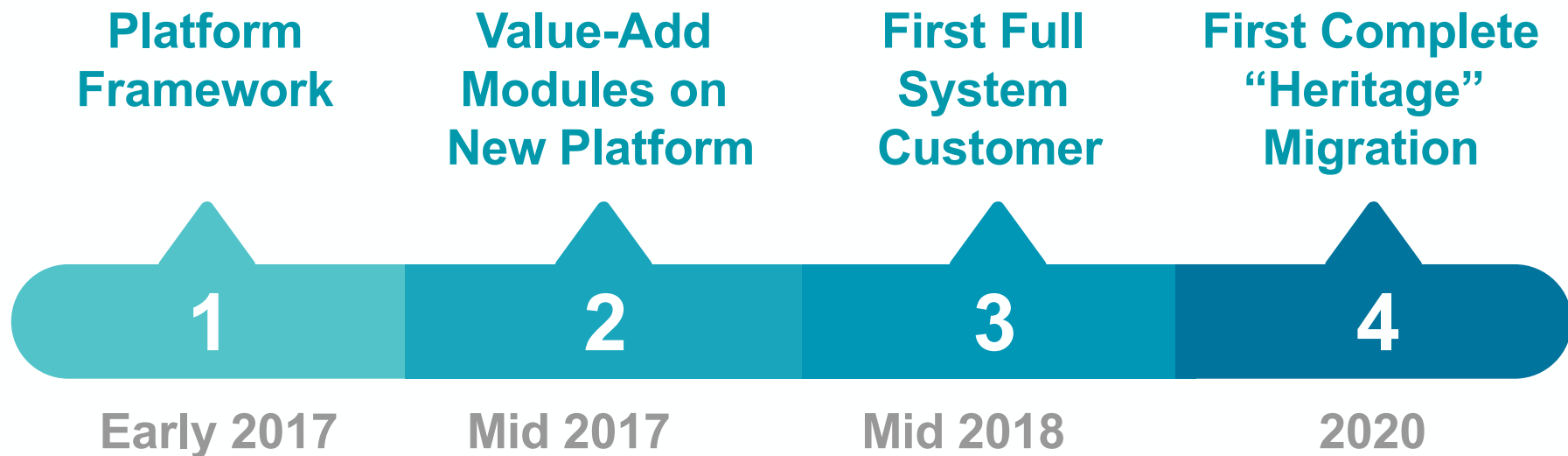
Lower cost of
development &
support



More Flexible

Add-on modules &
integration with 3rd
party applications
through open APIs

Roadmap



➔ Build out new modules on new platform

T R I B A L

working as one

Q&A



T R I B A L

working as one

Thank You



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