

TRIBAL

**Empowering the
world of education**

2018 Full Year Results

19th March 2019



2018 Overview



Good overall results, particularly in UK;
more challenging in Australia



Significant growth in profit and net margin improvement;
positive cashflow



Continuing to drive development of the Tribal Edge
products



Dispute with software platform provider on royalty
payments, which we will strongly defend

2018 Business Review

2018 Overview



Third consecutive year of EBITA growth and positive financial results; net cash of £20m up 42%



Driving quality revenue – recurring revenue is 64% of software-related revenue and 45% of total revenue



Adjusted Operating Profit up 47% to £10.8m (pre-IFRS 15 profit up 77%)*



Adjusted Operating Margin improvement of 4.4pp to 13.5% (pre-IFRS margin 15%)*

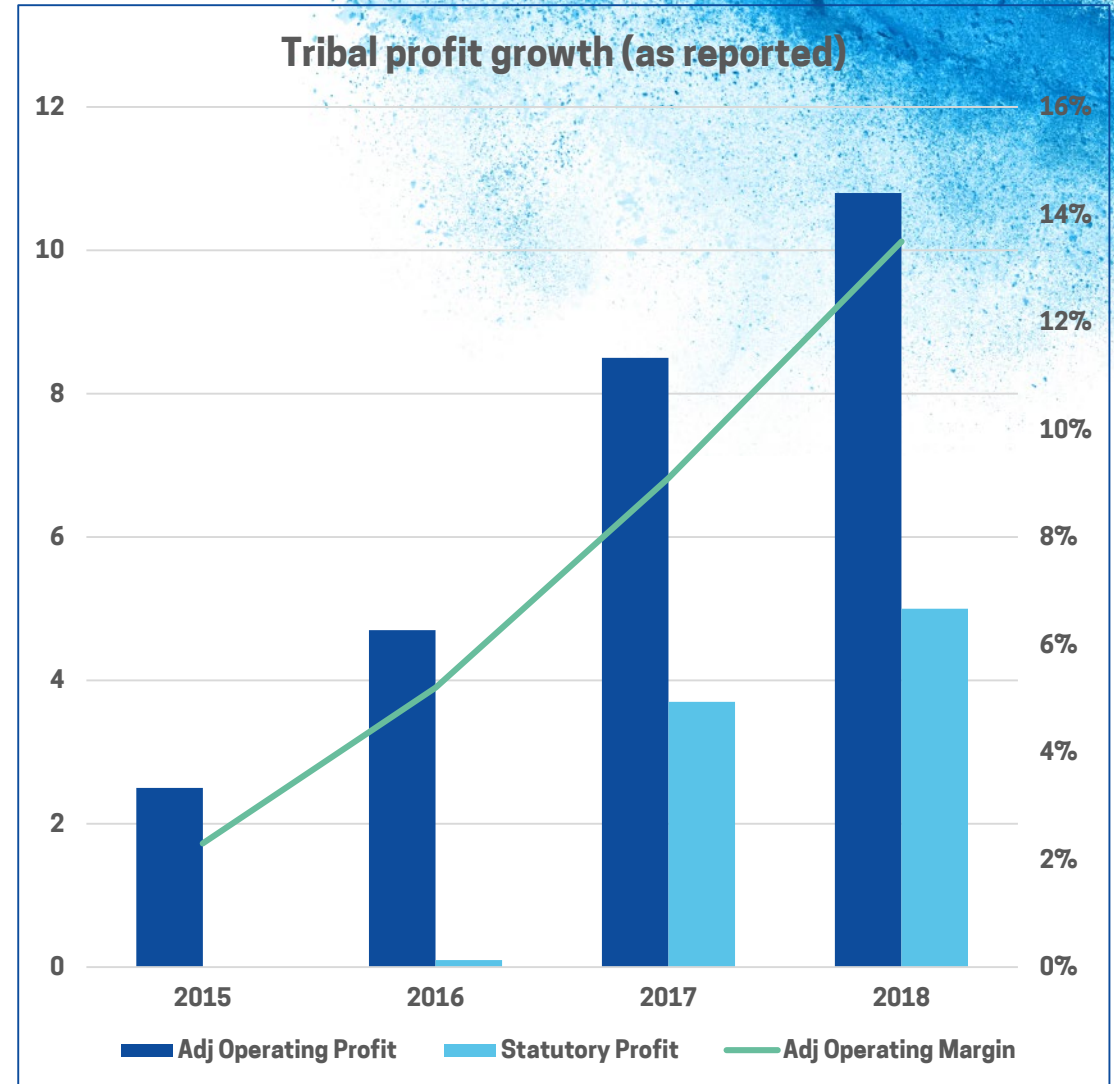
* Excluding the Ofsted contract, on a constant currency basis

2018 Highlights



- HE: 4 new competitive university wins
- FE: won all 6 Further Education Colleges in NI
- British Council rollout complete to 47 countries
- QAS: extension to NCETM contract and new UK DfE contract for NPQ
- Annually Recurring Revenue up to £38.5m, driven by customer trend to Cloud solutions

HE – Higher Education; FE - Further Education; WBL - Work-based Learning



* Pre-IFRS profits in 2018 would be higher by £1.4m (at £12.2m)

2018 Challenges



Higher Education opportunities in Asia-Pacific region limited



Large FE/VET contracts in Australia moving to more steady state, with lower revenue



Schools (Australia): limited new opportunities - focus on supporting existing customers



Dispute with software platform provider on royalty payments. Unsubstantiated pre-claim of £15m-£30m

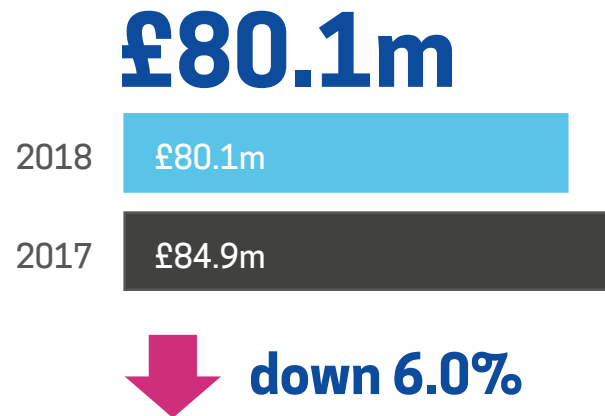
Financial Report



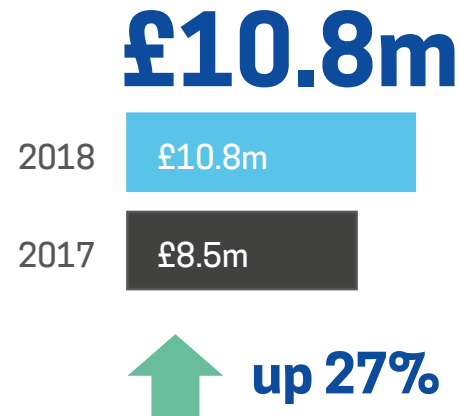
Summary

12 months ended 31 December 2018

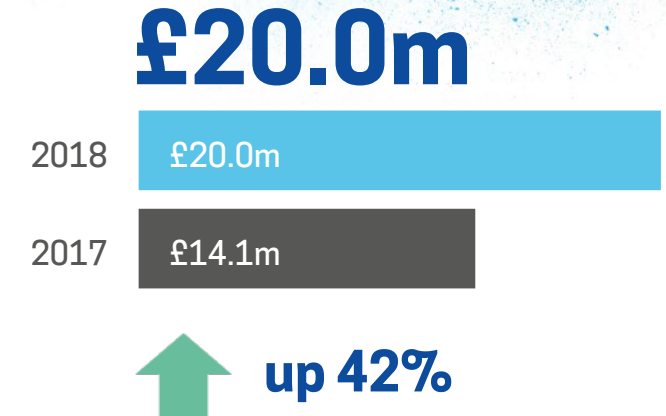
Revenue



Adjusted Operating Profit*



Net Cash



- Core revenue, on a constant currency basis, is down 1%, due to lower revenues in Australia
- Adjusted Operating Profit would have been £1.4m higher, under pre-IFRS 15 accounting
- Continued strong cash management; increase in Free Cash, despite further investment in Edge product of £4m

• Adjusted operating profit is in respect of continuing operations and is stated excluding "Other Items" charges of £6.2m (2017: £4.8m). Other Items include Share-based Payments, Amortisation of IFRS3 Intangibles, and Restructuring and associated costs

Impact of IFRS 15 & forex movements on core numbers

POST-IFRS 15 numbers

	Revenue			Operating profit		
	2018	2017	Growth %	2018	2017	Growth %
Post IFRS 15 numbers	80.1	85.3	(6)%	10.8	8.9	21%
Ofsted: discontinued contract		(2.4)			(1.1)	
Core business	80.1	82.9	(3)%	10.8	7.8	39%
Constant Currency: impact of exchange rate movements		(1.9)			(0.5)	
Post-IFRS 15: underlying business result excluding currency impact	80.1	81.0	(1)%	10.8	7.3	47%

PRE-IFRS 15 numbers

Impact of IFRS 15 accounting change	1.4	(0.4)		1.4	(0.4)	
Pre-IFRS 15: including impact of currency movements	81.5	82.5	(1)%	12.2	7.4	65%
Pre-IFRS 15: underlying business result excluding currency impact	81.5	80.6	1%	12.2	6.9	77%

On a pre-IFRS 15 basis, constant currency, excluding Ofsted, the revenue increased by 1%, despite challenges in Australia

Adjusted Operating Profit on the same basis, increased by 77%

Financial Key Points (core business*)

Revenue

£80.1m

2017 £81.0m*

down 1.1%



Adjusted operating profit

£10.8m

2017 £7.3m*

up 47%



Statutory operating profit

£4.6m

2017 £3.7m

up 24%



Annually recurring revenue

£38.5m

2017 £36.5m

up 5.6%



Pre-IFRS 15 Adj Operating Profit

£12.2m

2017 £6.9m*

up 77%



Proposed Dividend

1.1p

2017 1.0p

up 10%



Net cash

£20.0m

2017 £14.1m

up 42%



Adjusted operating margin

13.5%

2017 9.1%*

up 4.4 pp



Committed Income

£121.6m

2017 £120.1m*

up 1.2%



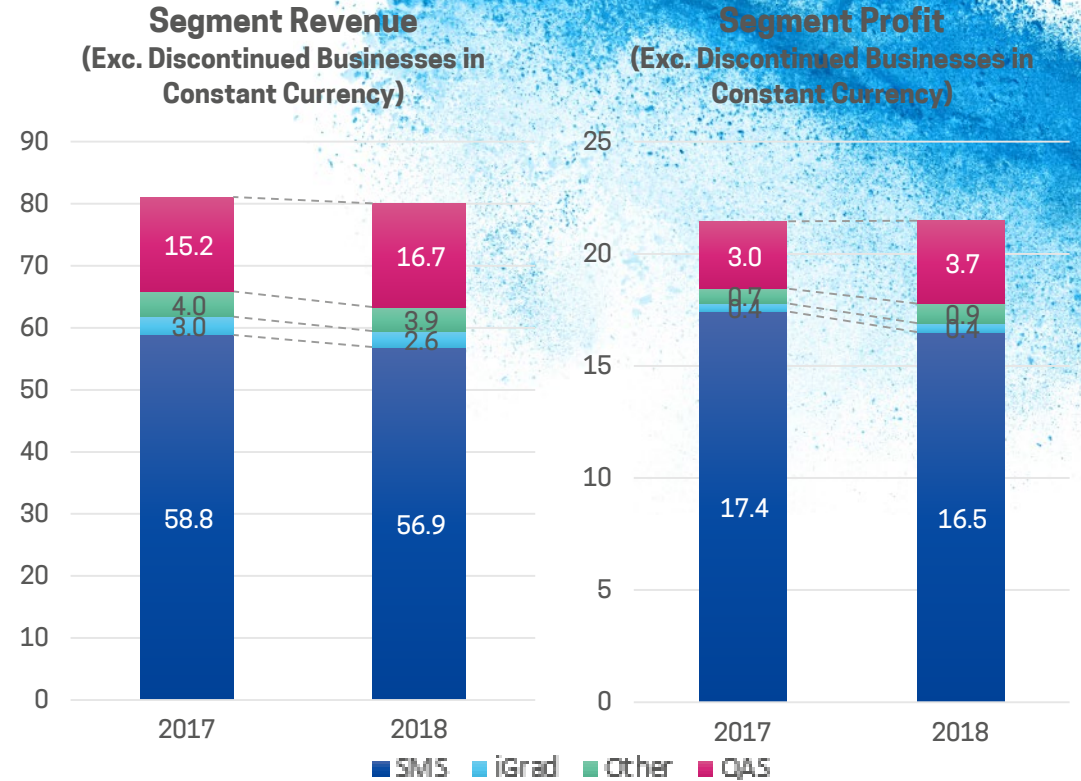
* Consistent with previous reporting, 2017 numbers exclude the Ofsted contract, which successfully concluded in March 2017, and are on a constant currency basis, and are adjusted for IFRS 15 (except as indicated)

Segment Results*

Revenue (£m)	2018	2017	2017 (ConCurr)	Growth % (ConCurr)
Student Information Systems	57.0	60.4	58.8	(3%)
QAS (excl Ofsted)	16.7	15.4	15.2	10%
i-graduate (& Other)	6.4	7.1	7.0	(8%)
Total (excl Ofsted)	80.1	82.9	81.0	(1%)

Annually Recurring Revenue	38.5	37.5	36.5	6%
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Adjusted Operating Profit	2018	2017	2017 (ConCurr)	Growth % (ConCurr)
Student Information Systems	16.5	18.0	17.4	(5%)
QAS (excl Ofsted)	3.7	3.3	3.0	24%
i-graduate (& Other)	1.3	1.1	1.0	27%
Segment Profit	21.5	22.4	21.4	0%
Central Overheads	(10.7)	(14.6)	(14.1)	(24%)
Total (excl Ofsted)	10.8	7.8	7.3	47%



REVENUE BY GEOGRAPHY	Revenue (£m)		
	2018	2017	Growth %
UK	42.6	36.2	17%
Rest of World	37.5	44.8	(16)%
Revenue*	80.1	81.0	(1)%

* consistent with previous reporting, 2017 numbers exclude the Ofsted contract, which successfully concluded in March 2017, and are adjusted for IFRS 15

Product Development costs in 2018

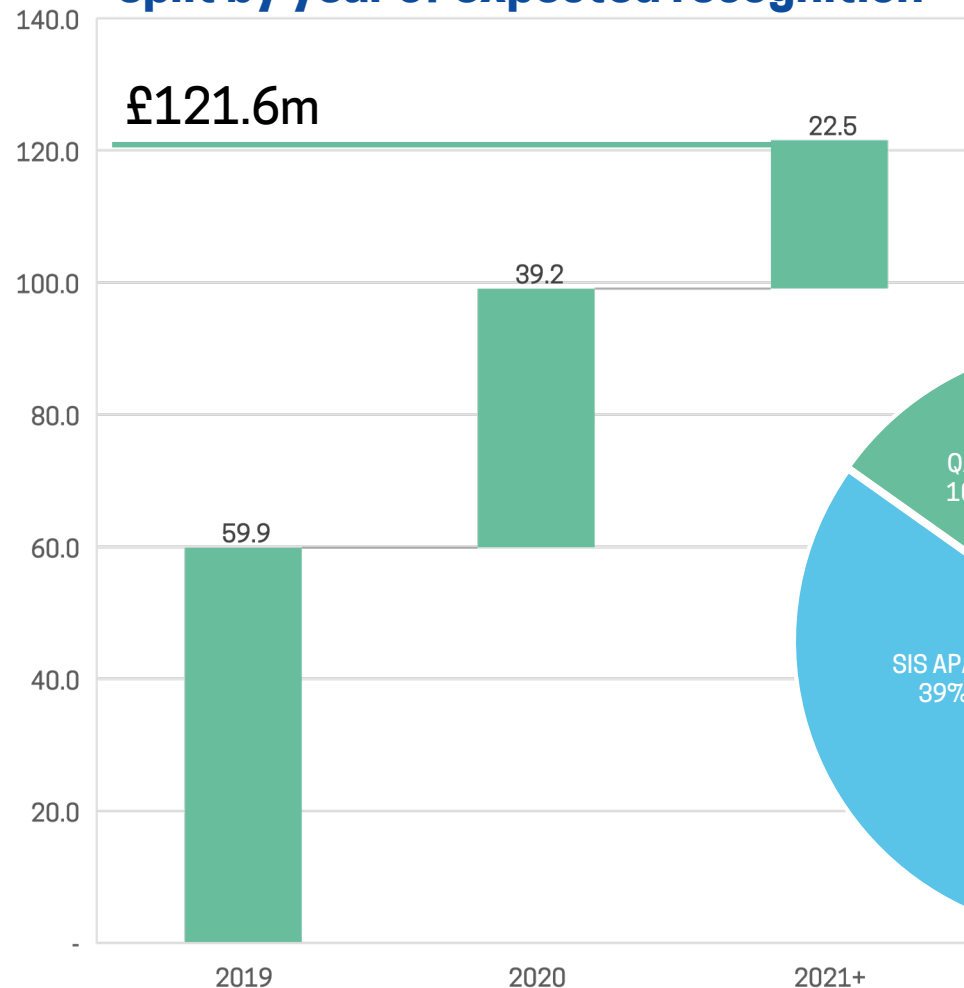
£'m	2018	Reported 2017	Change
Product Development	11.2	10.9	3%
Of which capitalised	4.1	2.1	96%
Tribal Edge	3.7	1.1	229%
SchoolEdge	0.5	1.0	(54)%
Of which expensed	7.1	8.8	(19)%
SITS (incl SID)	2.3	1.9	21%
ebs	1.8	1.9	(5)%
SchoolEdge	1.0	1.2	(17)%
Maytas	0.4	0.6	(33)%
Other (incl Campus, K2, bespoke)	1.6	3.2	(50)%
Including amortisation of	1.4	1.4	(2)%

Investment in the Edge platform was significantly increased, with a total to £4.1m capitalised, of which £3.7m related to the development of the Tribal Edge next-gen Cloud products.

We also continue to support and invest in our heritage products as the development of Edge continues. A total of £7.1m of development costs on SITS and other heritage products was expensed during 2018 (2017: £8.8m).

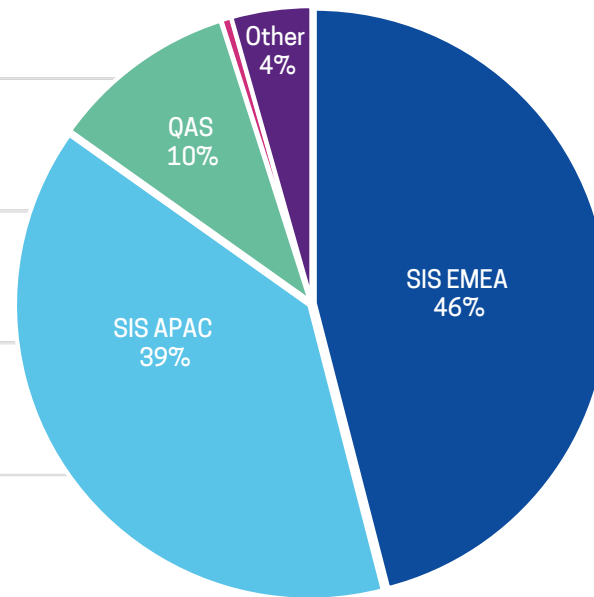
Committed Revenue

Committed as at 31 December 2018 split by year of expected recognition



Total Committed Revenue £121.6m (FY17 £120.1m)

- Increase of £1.5m on 2017
- ~ 70% of next 12 months' consensus revenue committed
- > 90% of 2018 full year revenue was recognised or committed by 30 June 2018



Key Student Information System contracts closed

- University of Portsmouth
- Canterbury Christ Church University
- St Mary's University, Twickenham
- Ravensbourne University, London
- Colleges Northern Ireland

* Committed Revenue (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)

Cashflow

	2018	2017
Operating Cashflows	12.7	10.9
Working Capital movements	3.1	0.1
Tax (paid)/received	(1.6)	0.1
Net Operating Cash	14.2	11.1
Investing activities	(5.4)	(4.3)
Deferred consideration	(0.8)	(1.2)
Financing (incl dividend)	(1.9)	(0.1)
Foreign exchange impact	(0.2)	(0.2)
Cash increase	5.9	5.3

Net Cash	20.0	14.1
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Net cash

£20.0m

2017 £14.1m



up 42%

Operating cashflow (before tax)

£15.9m

2017 £11.2m



up 42%

Cash conversion ¹**132%**

2017 130%



up 2pp

Free cash flow ²**£8.8m**

2017 £8.0m



up £0.8m

1 Cash Conversion is calculated as net cash from operating activities before tax from continuing operations, less expenditure on intangible assets (including Product Development) and property, plant and equipment, as a proportion of adjusted operating profit

2 Free cash flow calculated as net cash from operating activities less maintenance capital expenditure and less capitalised development costs (excludes Wambiz)



Tribal – Looking Forward

Our goal:

EMPOWERING THE WORLD OF EDUCATION

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



Tribal Edge – an evolutionary path to a cloud-based, next generation Student Information System



A cloud platform and services layer, that integrates with existing Tribal and 3rd party Student Information Systems



Putting student experience at the forefront with modules designed for access through a new mobile app



Delivering a next generation Student Information System through additional and replacement modules

Tribal Edge – currently available modules



Mobile app and safeguarded social network

Engage



Student wellbeing

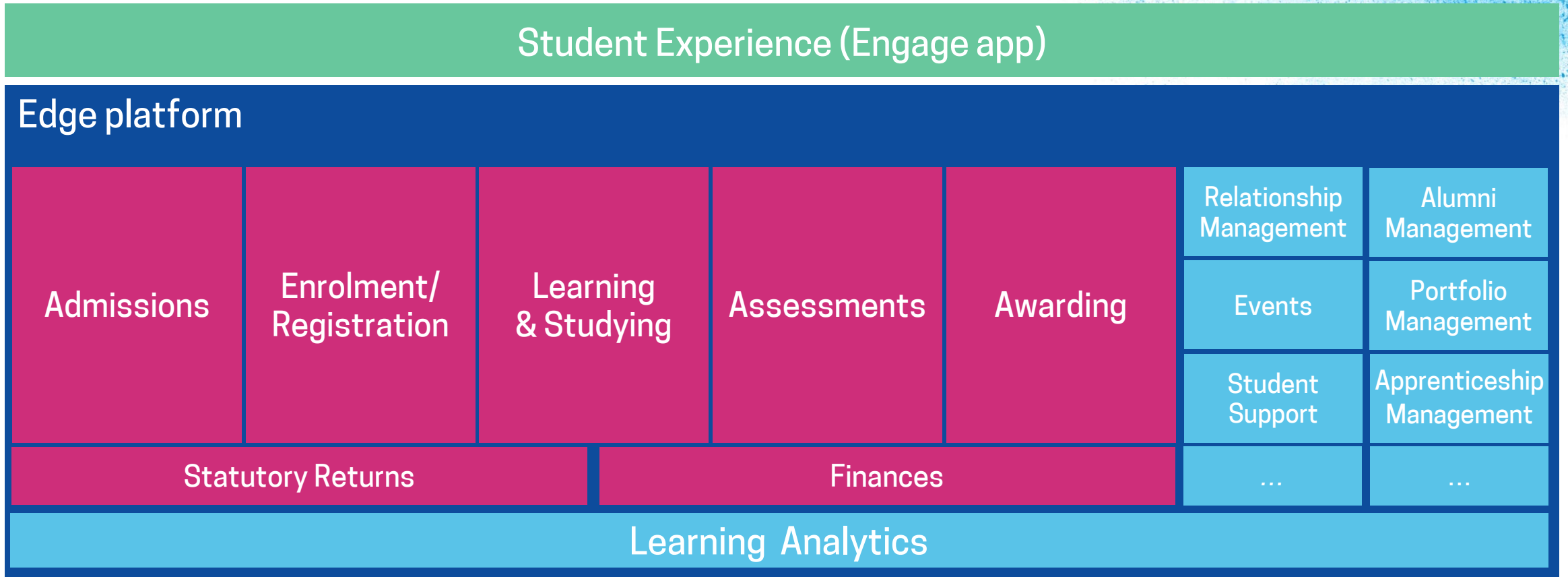
Student Support



Learning analytics and analysis

Student Insight

Tribal Edge – Student Information System



$$\text{SIS} = \text{Interfaces (App / Portal)} + \text{Core Student Management} + \text{Value-add modules} + \text{Platform}$$

Edge: three year plan



2019

Deliver first Edge module, to Australian customers (Callista).

Improve profitability further

Drive incremental revenue through moving customers to the Cloud

2020

Generate additional recurring revenue from moving existing customers into the Cloud

Deliver first core Student Management module

2021

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

Deliver complete core Student Management modules

FY19 outlook and opportunities



Drive
incremental
ARR through
Cloud
offerings



Grow ebs and
work-based
learning in
FE/VET



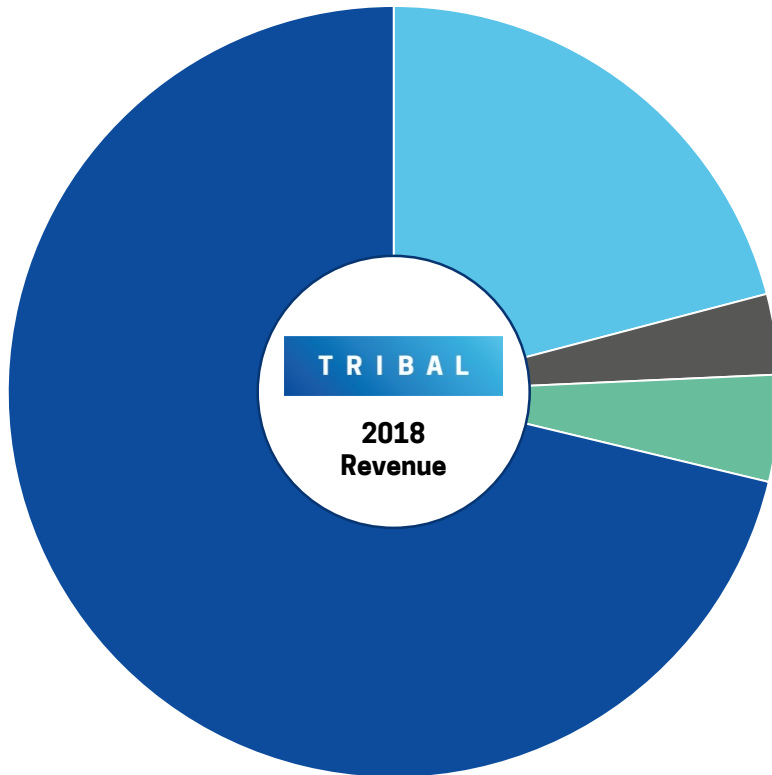
Improved
efficiency
through cost
savings



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

FY19 segment changes

Broad portfolio of software solutions complemented with best-in-class services, in two lines of business



Student Information Systems (SIS)



Higher Ed, Further Ed, Schools, WBL*

71%

Education Services



Quality Assurance Solutions (QAS)

21%



Analysis and Benchmarking (i-graduate)

3%



Other

5%

*Work-based Learning

Summary



Good overall 2018 performance, significant growth in profit (adjusted and statutory), net margin and cash.



UK well positioned in 2019; early contract win (Jan 19) in WBL (Sopra Steria/CITB) ; but revenue challenges remain in APAC.



Opportunities for additional cost efficiencies drive continued margin improvement



Company well positioned for M&A



Appendix

Consolidated Income Statement

	2018 £m	2017 £m
Revenue	80.1	84.9
Gross profit margin	49%	50%
Adjusted operating profit	10.8	8.5
Adjusted operating profit margin	13.5%	10.1%
Other Items	(6.2)	(4.8)
Statutory operating profit	4.6	3.7
Finance (income)/costs	0.2	(0.3)
Statutory profit before tax	4.8	3.4
Income tax charge	(0.7)	(0.8)
Statutory profit after tax	4.1	2.6

Other Items

	FY 2018 £m	FY 2017 £m
Share based payment charges	2.3	1.7
Restructuring	1.0	1.0
IFRS3 amortisation	1.8	2.0
Impairment of development cost	1.0	-
Other	0.1	0.1
Other Items (excluded from Adjusted Operating Profit)	6.2	4.8
Finance (income)/costs	(0.3)	0.1
Tax credit on other items	(1.1)	(0.9)
Total Other Items (excluded from Statutory Profit)	4.8	4.0

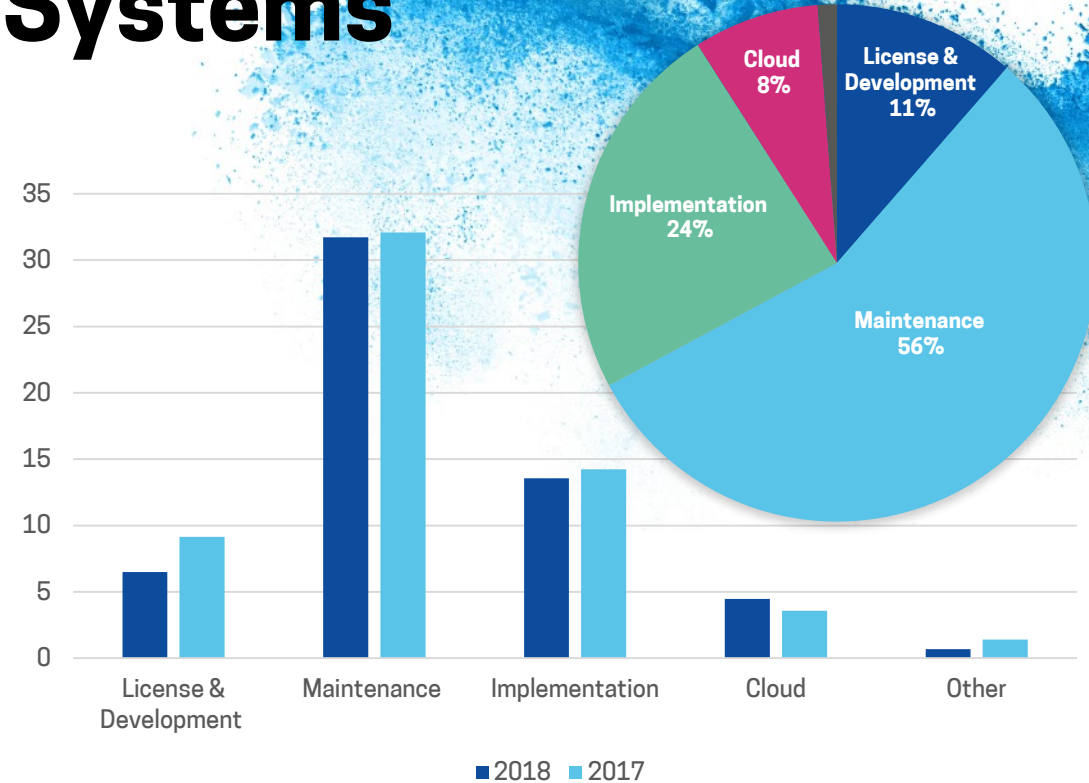
To assist understanding of the underlying performance of the business, certain items are included in Other Items.

The main items are Share-based Payments, Deferred Contingent Consideration, Amortisation of IFRS3 Intangibles, and Restructuring and associated costs.

Student Information Systems

Student Information Systems (£m)

	2018 Actuals	2017 Actuals	2017 (Constant Currency)	Growth % (Constant Currency)
License & Development fees	6.5	9.1	9.1	(29%)
Support & Maintenance fees	31.7	32.1	31.1	2%
Implementation services	13.6	14.2	13.7	(1%)
Cloud services	4.5	3.6	3.5	26%
Other	0.7	1.4	1.4	(52%)
Student Information Systems	57.0	60.4	58.8	(3%)
Segment Profit	16.5	18.0	17.4	(5%)
SMS segment Margin %	29%	29.9%	29.7%	(2%)
Capitalised Product Development	4.1	2.1		
Amortised Product Development	1.4	1.4		



License and development fees impacted by IFRS 15 license recognition from prior years.

S&M increase in constant currency mostly due to contracted annual uplift.

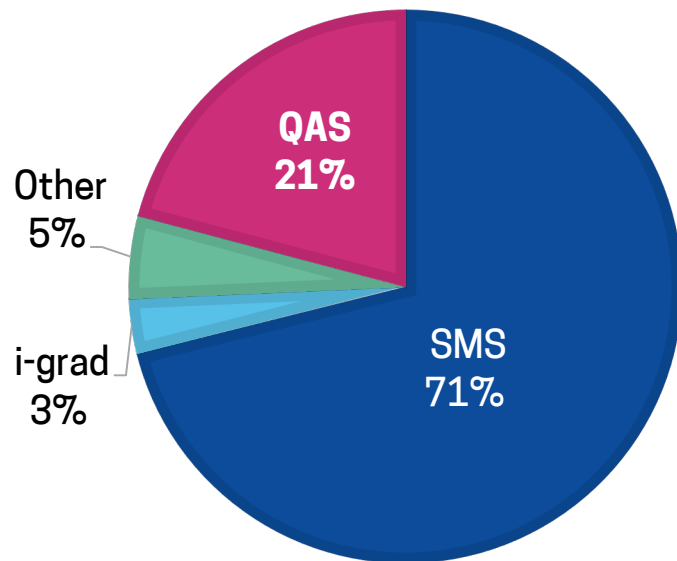
Increase in Cloud revenue as more contract wins include Cloud solutions, offsetting some of the softness in Implementation work

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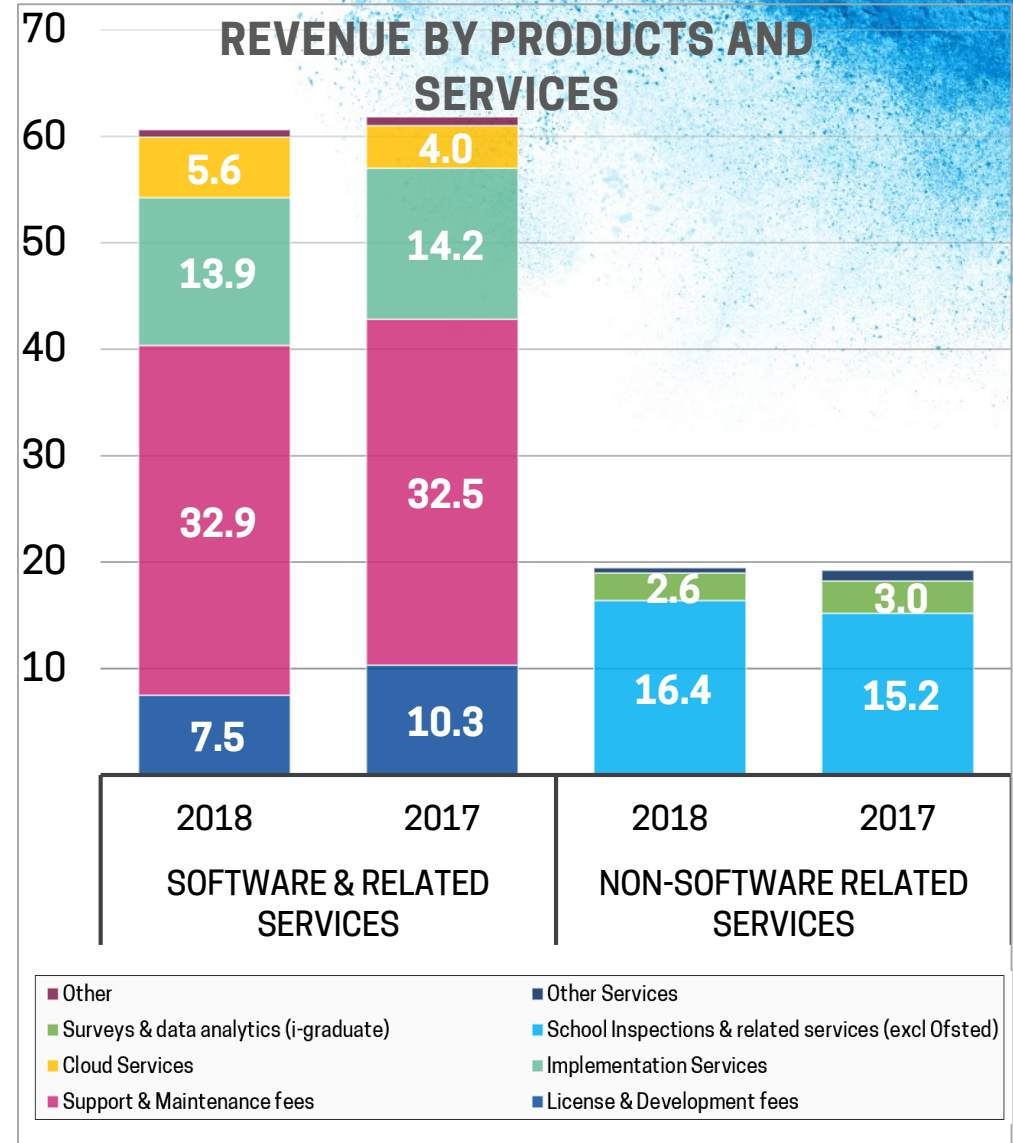
Revenue by Product/Service and by Segment

REVENUE BY GEOGRAPHY	Revenue (£m)		
	2018	2017	Growth %
UK	42.6	36.2	17%
Rest of World	37.5	44.8	(16)%
Revenue*	80.1	81.0	(1)%

REVENUE BY SEGMENT



* consistent with previous reporting, 2017 numbers exclude the Ofsted contract



Experienced Management Team



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



Jon Baldwin
Managing Director,
Higher Education

- Joined in May 2014
- Prior to Tribal, held managerial and teaching roles at Murdoch University and the University of Warwick



Mark Wilson
Managing Director,
EMEA Further Education

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



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



Barbara Staruk
Managing Director,
Product & Development

- Joined in February 2015
- Prior to Tribal, served as Product Director at Optum and as Director of Product Management at Picis



Mike Beech
Marketing Director

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



Chloe Payne
Director of HR

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



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

2019 Dividend

- ✓ Board proposes to maintain progressive dividend policy, with single annual payment
- ✓ Board recommends dividend of 1.1p per share (up 10% on prior year)
- ✓ Record date: 3rd May 2019
(ex div 2nd May 2019)
Expected payment date: 29th May



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