

T R I B A L

working as one

Half year results

Six months ended 30 June 2013

Keith Evans – Chief Executive
Steve Breach – Group Finance Director

13 August 2013

Agenda

- Highlights for H1 2013
- Financial summary
- Strategy and market review
- Financial results
- Outlook
- Appendix – *notes and supplementary financial analysis*



⊕ working as one to provide systems and solutions that enable our customers to deliver excellence in education, learning and training

Highlights for H1 2013

- Revenue and profit growth
- Healthy cash generation
- Advancing towards strategic objectives
- Systems
 - Good headway in existing markets
 - Important strategic contract win in Canada secures entry to North American university market
- Solutions
 - Acquisition of i-graduate completed, successfully integrated and delivering cross-sell value
 - Encouraging progress internationalising tools and services



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Financial summary for H1 2013

- Revenue growth – 12%
- Operating profit growth – 15%
- Earnings per share growth – 36%
- Good operating cash flow
– cash conversion 71%
- Sustained investment in new software
- Net debt remains below £10m
despite acquisition investment
- Interim dividend increased by 25%



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Key financial indicators (1)



Key financial indicators (2)

Internationalisation



+259bps

Performance Half Year 2013

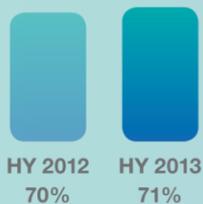
Order book



-14%

Performance Half Year 2013

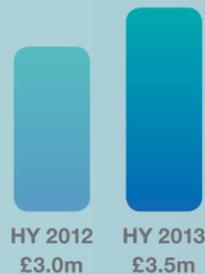
Cash conversion



+109bps

Performance Half Year 2013

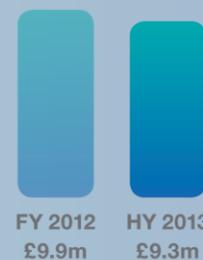
Product development investment



+17%

Performance Half Year 2013

Net debt



-6%

Performance Half Year 2013

Strategic progress

- Good progress in domestic markets
- Continued international growth
- Entered North American student management systems market
- Encouraging progress internationalising Solutions business
- Increasing use of technology throughout Solutions business
- i-graduate integrated and creating new Higher Education market opportunities



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Higher Education

UK

- UK market generally slower than previous year for account management
- However, new systems procurement market active
- Major implementations on track
 - Trinity College Dublin
 - Oxford University
 - Staffordshire University
 - University of Kent
- New research grant management system live at Warwick University
 - Good pipeline developing

International

- International market activity levels strong
- Important contract to supply student management system to University of British Columbia, Canada
 - One of top 40 world universities, 54,000 students from 140 countries, Canada's leading research university
- Good pipeline in Asia Pacific, North America and South Africa
- Major implementations on track :
 - Australia – Sydney, RMIT, Queensland
 - NZ – Otago, Christchurch



Vocational Learning

UK

- Four new college customers for student management systems
- New version of Maytas continues to sell well, c60% of vocational learning customer base has now migrated to version 5
- Apprenticeship programme management solution developing well, with several pilot contracts with large employers
- Cost pressures driving FE college decision-making creating some uncertainties

International

- New South Wales SALM student management system for Technical and Further Education (TAFE) colleges well advanced, and on track
- ebs4 now live in 33% of New Zealand Institutes of Technology and Polytechnics
 - Bay of Plenty Polytechnic go-live
 - Nelson Marlborough Institute of Technology go-live
- Good momentum in extending analytics and benchmarking to Asia Pacific
 - Operational benchmarking extended to TAFEs in Queensland



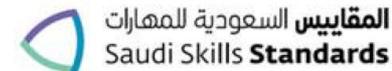
Schools

UK

- Quality review contracts with Ofsted progressing well
- Schools-based student management system now moving towards field testing with partner school
- Market for Children's Services management systems active, although procurement timetables extending
 - New contract to provide Synergy Children's Services management system to North Yorkshire County Council

International

- New South Wales SALM student management system for schools well advanced, and on track
- Quality review activities extending internationally
 - Contract with National Charter Schools Institute in US builds on experience in Nashville, Boston and New York
 - Contract with Saudi Skills Standards agency



Plans and focus for H2 2013

- Maintain leading positions in our UK markets
 - Pursue new contract wins
 - Deliver product enhancements
 - Cross-sell
- Maximise our growth of large systems
 - Explore entry into new markets
 - Increase sales capacity
 - Engage with third party implementation partners
- Convert strong international pipeline
- Continue to deliver on major implementations
- Increase efficiency of software development and implementation
- Create stronger market-facing solutions
 - Linking new modules to our core systems
- Seek out bolt-on acquisitions

Financial Results

- ⊕ working as one to provide systems and solutions that enable our customers to deliver excellence in education, learning and training

Income statement

Six months ended 30 June	2013 £m	2012 £m	Change
Adjusted Revenue	62.1	55.4	12%
Adjusted EBITDA	7.4	6.1	21%
Adjusted operating profit	5.4	4.7	15%
<i>Adjusted operating margin</i>	9%	9%	-
Net finance costs	(0.5)	(0.3)	(67)%
Adjusted profit before tax	4.9	4.4	11%
<i>Effective tax rate</i>	6%	23%	
Adjusted diluted earnings per share	4.90p	3.60p	36%
Dividend per share	0.50p	0.40p	25%

- Revenue growth
 - Strong growth in Systems division
 - Solutions business resilient after period of re-focussing
- Margins
 - Revenue mix increasingly underpinned by technology
 - Continued investment in business infrastructure and sales capacity
- Profits weighted towards second half of the year as previously identified
- Effective tax rate benefitting from prior year items, in line with UK statutory rate going forwards
- Interim dividend increased
 - Dividend cover – 9.8x
 - Progressive policy remains

Divisional progress

Six months ended 30 June	2013 £m	2012 £m	FY 2012 £m
Systems			
Revenue	30.6	24.6	55.5
Segment operating profit	5.8	5.1	12.1
<i>Segment operating margin</i>	19%	21%	22%
Solutions			
Revenue	31.7	31.4	59.3
Segment operating profit	1.9	1.9	5.3
<i>Segment operating margin</i>	6%	6%	9%
Unallocated corporate expenses	(2.3)	(2.3)	(3.5)
Operating profit	5.4	4.7	13.9
<i>Operating margin</i>	9%	9%	12%

Systems

- Strong revenue growth
- New customers in UK, Asia Pacific and Canada
- Strong progress on SALM programme
- Margin held back by:
 - Revenue mix
 - Sales and business development investment

Solutions

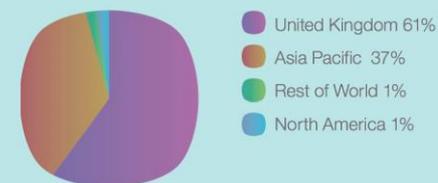
- Continued quiet market conditions in UK
- Focus on higher quality revenue:
 - Increasing use of technology
 - Growing pipeline of international opportunities

Corporate expenses

- Costs held at 4% of revenue (H1 2012: 4%, FY 2012: 3%)

Divisional performance Systems

Revenues from international sources (H1 2013)

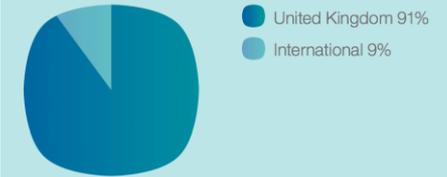


Six months ended 30 June	2013 £m	2012 £m
Licence and development fees	8.6	6.0
Implementation	11.3	8.0
Maintenance	9.0	8.2
Other	1.7	2.4
Total revenue	30.6	24.6
Operating profit	5.8	5.1
<i>Operating profit margin</i>	<i>19%</i>	<i>21%</i>
Systems division: Product development investment	£2.9m	£2.8m
<i>As a % of Systems revenue</i>	<i>9%</i>	<i>11%</i>

- Good market conditions
 - Generally good trading conditions in the UK
 - Continued strong growth in Asia Pacific
 - Emerging opportunities in North America
- Good revenue growth
 - Licence income enhanced by SALM progress and new customer wins
 - Implementation revenues driven by strong demand in Asia Pacific markets
 - Maintenance income growing on the back of extended installed base
- SALM programme progressing well
 - Software revenues H1 2013: £3.6m (£3.5m recognised in FY 2012)
 - Implementation revenues: £4.9m (£4.8m recognised in FY 2012)
- Continued investment in new software development

Divisional performance Solutions

Revenues from international sources (H1 2013)



Six months ended 30 June	2013 £m	2012 £m
Benchmarking and analytics	3.0	2.0
Review and evaluation services	15.7	17.0
Professional development and training support	9.6	9.2
Learning and assessment	3.4	3.2
Total revenue	31.7	31.4
Operating profit	1.9	1.9
<i>Operating profit margin</i>	<i>6%</i>	<i>6%</i>
Solutions division: Product development investment	£0.6m	£0.2m

- Benchmarking and analytics
 - i-graduate now integrated and performing as expected
 - Benchmarking contract for all New Zealand colleges extended
 - Growing activity in Australia
- Review and evaluation services
 - Ofsted inspection contracts progressing well
 - New contracts in Middle East and US
- Professional development and training support
 - Core contracted professional development and learning programmes progressing well
 - Apprenticeship programme management solution developing with several pilot programmes for large employers
- Learning and assessment
 - Generally good appetite for vocational learning solutions from FE colleges

Cash flow

Six months ended 30 June	2013 £m	2012 £m
Operating cash flow from continuing activities after capex	3.8	3.3
Operating cash flow from closed businesses	-	(0.9)
Operating cash flows relating to discontinued operations	0.1	(0.4)
Net interest	(0.3)	(0.2)
Tax	(0.6)	(0.3)
Free cash flow	3.0	1.5
Disposal proceeds	0.3	1.4
Acquisitions	(2.5)	-
Loan arrangement fee amortisation	(0.3)	(0.2)
Movement in net debt	0.5	2.7

Operating cash flow

- Good operating cash flow from continuing activities
- Legacy effect of closed / discontinued activities minimized

Cash conversion

- Cash conversion 71% (HY 2012: 102% as previously reported; 70% as restated)

Continued focus on net debt reduction

- Net debt below £10m despite £2.5m (net) investment in i-graduate

Balance sheet

	30 June 2013 £m	31 December 2012 £m
Intangible assets	92.4	82.8
Other non-current assets	5.2	5.2
Net working capital	(20.5)	(17.3)
Pension obligations (net)	(0.3)	(0.4)
Other liabilities	(6.5)	(4.5)
Net debt	(9.3)	(9.9)
Net assets	61.0	55.9
Share capital	4.7	4.7
Profit and loss reserves	28.6	24.3
Other reserves	27.7	26.9
Equity shareholders funds	61.0	55.9

- Increasing balance sheet strength
- Reported net debt <0.6x LTM EBITDA
- Core bank facilities committed to 2015
 - £30m revolving credit line
 - £19m combined working capital / guarantee lines

Outlook

- Good progress domestically and in our chosen international markets
- Profits weighted towards H2 consistent with previous years
- Trading anticipated to be at least in line with previous expectations for full year to 31 December 2013



+ Q3 interim
management
statement

November 2013

Appendix

Notes and supplementary financial analysis

- ⊕ working as one to provide systems and solutions that enable our customers to deliver excellence in education, learning and training

Exceptional operating costs and closed businesses

Six months ended 30 June	2013 £m	2012 £m
Closed business activities		
- Trading losses in the period	-	0.7
- Costs associated with cessation of closed businesses	0.1	0.7
	0.1	1.4
Other		
- Restructuring costs	(0.1)	-
- Acquisition-related expenses	0.1	-
- Adjustment to deferred consideration	0.1	-
- Unwinding of hedge accounting reserve	0.2	0.2
- Amortisation of IFRS 3 intangibles	0.1	-
Exceptional costs	0.5	1.6

- Closed businesses
 - Residual activities following 2011 restructuring
 - Microsoft Dynamics application reselling and implementation
 - Direct delivery of apprenticeship training

Reconciliation to financial performance originally reported for H1 2012

Six months ended 30 June	2013 £m	2012 £m	Change %
Revenue	62.1	57.0	9%
- Microsoft Dynamics business	-	(0.5)	
- Direct delivery business	-	(1.1)	
Revenue as adjusted / restated	62.1	55.4	12%
Adjusted operating profit – as originally stated	5.4	4.0	35%
- Microsoft Dynamics business	-	0.4	
- Direct delivery business	-	0.3	
Adjusted operating profit as restated	5.4	4.7	15%
Adjusted EPS– as originally stated	4.9p	3.0p	63%
- Microsoft Dynamics business	-	0.3p	
- Direct delivery business	-	0.3p	
Adjusted EPS – as restated	4.9p	3.6p	36%

- Closed businesses were closed during H2 2012
- Closed businesses excluded from adjusted trading results:
 - Microsoft Dynamics reselling activities, previously part of the Systems business
 - Direct Delivery of apprenticeship related training, previously part of the Solutions business
- Activities were terminated as non-core, and poor future prospects

Definitions and notes

Term	Definition
Adjusted revenue	Adjusted revenue excludes revenues arising in closed businesses
Adjusted profit measures	Adjusted profit measures are in respect of continuing operations, excluding trading losses of closed businesses, IFRS 3 intangible asset amortisation, exceptional costs and financial instruments charges and related tax credits
Cash conversion	Cash conversion is calculated as operating cash flow from continuing operations after capital expenditure, divided by adjusted operating profit
Order book	<p>In relation to the Systems division (excluding maintenance provision) and the Solutions division, order book relates to the anticipated value of activities to be performed under existing contracts, whether the contract value is fixed or variable; in the case of variable value contracts, management's best estimate is applied to reach a suitable value</p> <p>In relation to maintenance provision in the Systems division, maintenance income over the next two years is included in the order book at existing fee levels, adjusted for indexation and expected customer retention rates; maintenance provision is typically contracted on an annual basis, and therefore the extension of the order book beyond contracted periods is based on management's judgment of likely customer retention as required through customers' continued use of our software products</p>
Notes	<p>Percentages are stated based on the figures set out in the preliminary results announcement which presents figures to the nearest thousand pounds; minor differences in the percentages may arise if these are recalculated using the figures presented herein which are rounded to the nearest hundred thousand pounds</p> <p>Divisional revenue is stated gross of inter-segment revenues</p>

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This document contains certain forward-looking statements relating to the business, financial performance and results of the Group and / or the industry in which it operates. Actual results, levels of activity, performance, achievements and events are most likely to vary materially from those implied by the forward-looking statements. The forward-looking statements concern future circumstances and results and other statements that are not historical facts, sometimes identified by the words 'believes', 'expects', 'predicts', 'intends', 'projects', 'plans', 'estimates', 'aims', 'foresees', 'anticipates', 'targets', 'goals', 'due', 'could', 'may', 'should', and similar expressions. These forward-looking statements include, without limitation, statements regarding the Group's future financial position, income growth, impairment charges, business strategy, projected levels of growth in the relevant markets, projected costs, estimates of capital expenditures, and plans and objectives for future operations. Nothing in this document should be regarded as a profit forecast.

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- Education and training budgets which are subject to review and change from time to time and the level of available funding open to private contractors in the United Kingdom and Australasia;
- The winning of new business or retention of previous business through a competitive bidding process;
- The continued growth of the Group's business and the availability of attractive candidates for further acquisitions;
- Material adverse changes in economic conditions in the markets served by the Group; and
- Future regulatory actions and conditions in the Group's operating areas, including competition from others.

Most of these factors are difficult to predict accurately and are generally beyond the control of the Group. Any forward-looking statements made by, or on behalf of the Group, speak only as of the date they are made. Save as required by law, the Group will not publicly release the results of any revisions to any forward-looking statements in this document that may occur due to any change in the Directors' expectations or to reflect events or circumstances after the date of this document.