

TRIBAL

**Empowering the  
world of education**

# **2020 Half Year Results**

August 2020



# 2020 H1 Overview



Resilience – move to remote delivery, and swift action on cost savings measures delivered good performance



Revenue increased in SIS segment, profit up 18%; revenue fall of 17% in Education Services, profit down only £300k



Increase in key metrics: Annual Recurring Revenue, Adjusted EBITDA (const.curr.) and statutory profit after tax



Continuing to drive development of the Tribal Edge products; first Edge module live; Admissions release on track for end 2020



## 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

# 2020 H1 Highlights



## Student Information Systems

**Higher Education:** Won Chartered Accountant Australia & New Zealand (CAANZ) and Kaplan Australia; Edge TCSI module live; University of Northampton implementation commenced.

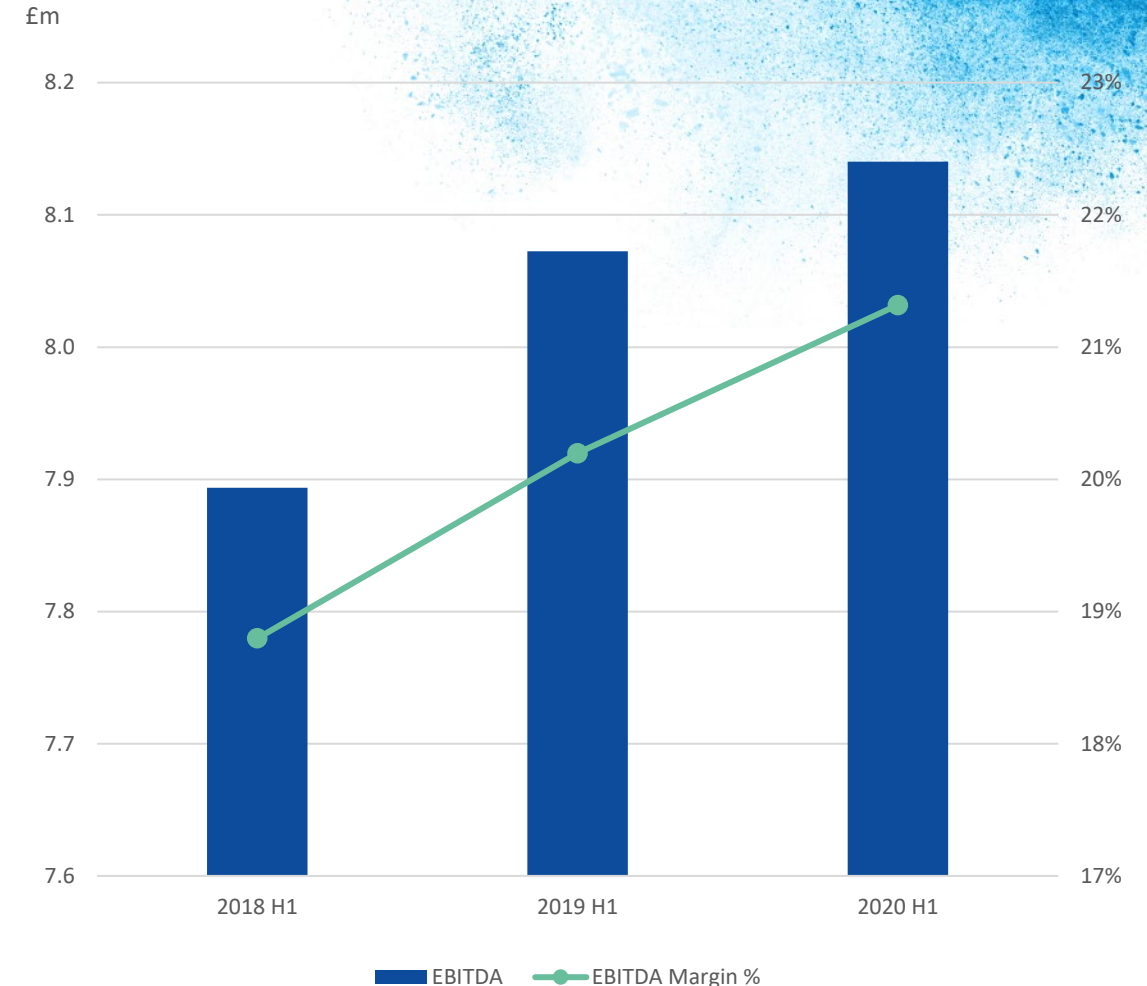
**Further Education:** Won 4 new EBS customers; Dynamics CRM to Nescot; OneTAFE at TAFE NSW, Australia.

## Education Services

**Extensions:** New Zealand Tertiary Education Council; Advanced Mathematics Support Programme (AMSP).

**New Opportunities:** Quality Mark for Further Education colleges (UK); evaluation of distance learning in Sharjah in the Middle East

Adjusted Operating Profit, EBITDA



# COVID-19 cost mitigations



**4 day week for all staff for 3 months to end July**, saving £550k pcm; benefits of furlough to be repaid, c£50k



**Headcount:** Reduction of 40 roles, saving £1.4m in year (£2.1m annualised); one-off cost £0.5m



**Other cost management:** no travel, all customer delivery successfully moved to remote delivery; property costs reduced



**Dividend:** FY19 dividend was cancelled, but we will resume dividend payments for FY20



# Post-COVID-19 initiatives



**Remote customer delivery:** can improve customer satisfaction, improves business efficiency, enables global delivery



**Employee Work location:** remote working can improve employee satisfaction and productivity, and reduce cost & carbon footprint



**Tribal offices:** smaller office footprint focussed on creating collaborative environments for meetings and group activities



**Tribal Edge and Cloud strategy:** organisation alignment and completion of internal initiative to prepare for Tribal Edge roll-out

# Delivering on Tribal Edge strategy



**Successful introduction of first Edge module** Australian Gov Reporting module (TCSI): closed deals with 12 universities



**\$10m, 7-year cloud contract signed with University of Sydney** major contract to run SMS in the public cloud (signed August 2020)



**Edge metrics up:** Annual Recurring Revenue and Subscription licenses increasing year-on-year. New SITS deals sold as cloud subscription.



**Edge Admissions development** release of first version of Tribal Edge Admissions on track for release end of 2020



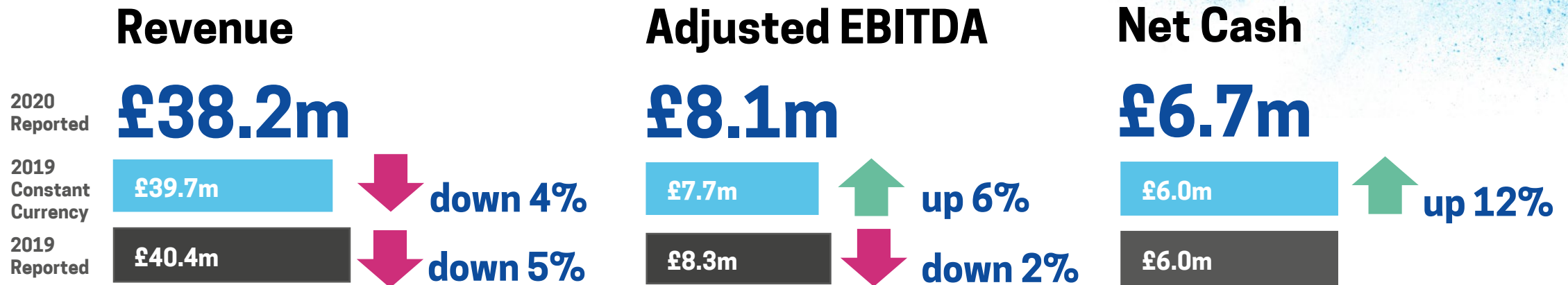
# Financial Report





# Summary

6 months ended 30 June 2020



- **Revenue:** SIS revenue increased 1.3%, overall decrease due to impact of COVID-19 on Education Services
- **Adjusted EBITDA:** increased on constant currency basis reflecting cost saving measures and improvements in efficiency
- **Cash:** includes one-off payment of £8.1m to settle platform provider dispute and Tribal Dynamics earnout payment of £1.7m




# Financial Key Points

Revenue

**£38.2m**

2019 £39.7m<sup>1</sup>

  
down 4%

Adjusted Operating Profit, EBITDA

**£8.1m**


2019 £7.7m<sup>1</sup>

  
up 6%

Statutory Profit After Tax

**£3.8m**


2019 £3.6m

  
up 4%

Annual Recurring Revenue at period end

**£43.2m**


2019 £41.8m<sup>1</sup>

  
up 3%

Adjusted Operating Profit, EBITA

**£6.6m**


2019 £5.7m<sup>1</sup>

  
up 15%

Earnings per share (diluted)

**1.9p**


2019 1.7p

  
up 12%

Committed Income

**£131.2m**

2019 FY £140.6m<sup>1,2</sup>

  
down 7%

Adjusted Operating Margin, EBITDA

**21.3%**

2019 19.4%<sup>1</sup>

  
up 190bps

Net cash after borrowings

**£6.7m**

2019 £6.0m

  
up 12%

<sup>1</sup> Constant Currency basis <sup>2</sup> 31 December 2019



# Segment Results

## Revenue 6 months to 30 June (£m)

	2020 H1	2019 H1	2019 H1 Constant Currency	Growth % Constant Currency
Student Information Systems	29.0	29.1	28.6	1%
Education Services	9.2	11.3	11.1	(17%)
<b>Total</b>	<b>38.2</b>	<b>40.4</b>	<b>39.7</b>	<b>(4%)</b>

## Adjusted Operating Profit 6 months to 30 June (£m)

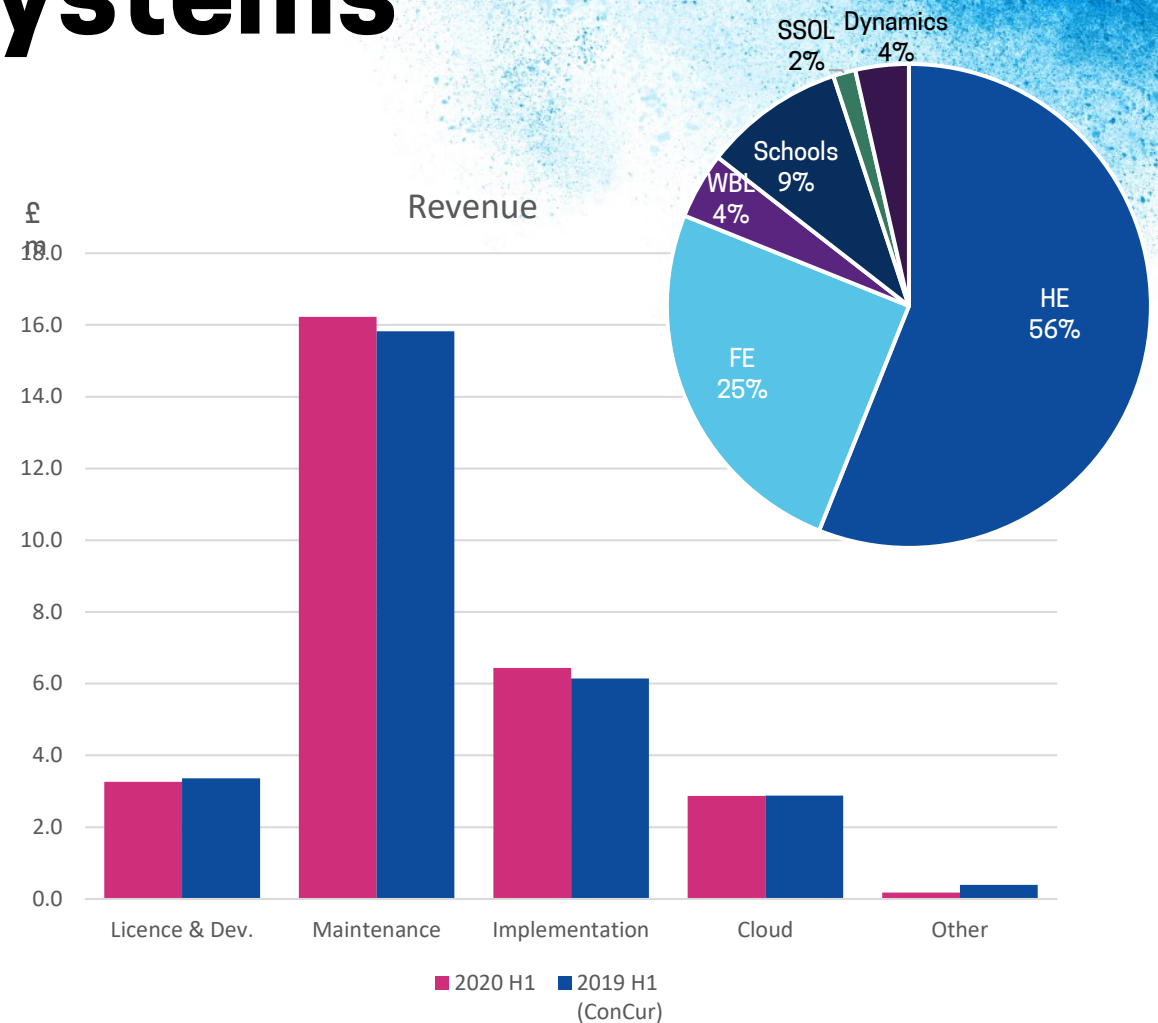
	2020 H1	2019 H1	2019 H1 Constant Currency	Growth % Constant Currency
Student Information Systems	10.5	9.5	9.0	18%
Education Services	2.0	2.3	2.3	(11%)
<b>Segment Profit</b>	<b>12.6</b>	<b>11.8</b>	<b>11.2</b>	<b>12%</b>
Central Overheads	(5.5)	(5.3)	(5.3)	(9%)
Structural FX	(0.5)	(0.2)	(0.2)	(150)%
<b>Total</b>	<b>6.6</b>	<b>6.3</b>	<b>5.7</b>	<b>15%</b>

<b>Operating Margin</b>	<b>17.2%</b>	<b>15.5%</b>	<b>14.4%</b>	<b>2.8pp</b>
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# Student Information Systems

## Student Information Systems (£m)

	2020 H1	2019 H1	2019 H1 Constant Currency	Growth % Constant Currency
License & Development Fees	3.3	3.4	3.4	(3%)
Support & Maintenance Fees	16.2	16.2	15.8	3%
Implementation Services	6.4	6.4	6.1	5%
Cloud Services	2.9	2.9	2.9	-
Other	0.2	0.3	0.4	-
<b>Revenue</b>	<b>29.0</b>	<b>29.1</b>	<b>28.6</b>	<b>1%</b>
<b>Segment Profit</b>	<b>10.5</b>	<b>9.5</b>	<b>9.0</b>	<b>18%</b>
<b>Segment Margin %</b>	<b>36%</b>	<b>33%</b>	<b>31%</b>	<b>16%</b>





# Annual Recurring Revenue (ARR) at period end

## ARR at period end (£m)

	2020 30 June	2019 30 June	2019 Constant Currency	Growth % Constant Currency
Support & Maintenance / Subscription licenses	36.8	35.9	35.9	2.5%
Cloud Services	6.4	5.9	5.9	8.3%
<b>Total</b>	<b>43.2</b>	<b>41.8</b>	<b>41.8</b>	<b>3.3%</b>

ARR Bookings represents contracted annual recurring revenue as at 30 June 2020.

## ARR at period end £43.2m (2019 H1: £41.8m<sup>\*</sup>)

- No impact from COVID-19 on renewals
- Increasing sales on a subscription basis
  - mainly organic growth, Dynamics increased £0.2m
- Support & Maintenance growth
  - increase from new wins and renewals uplifts

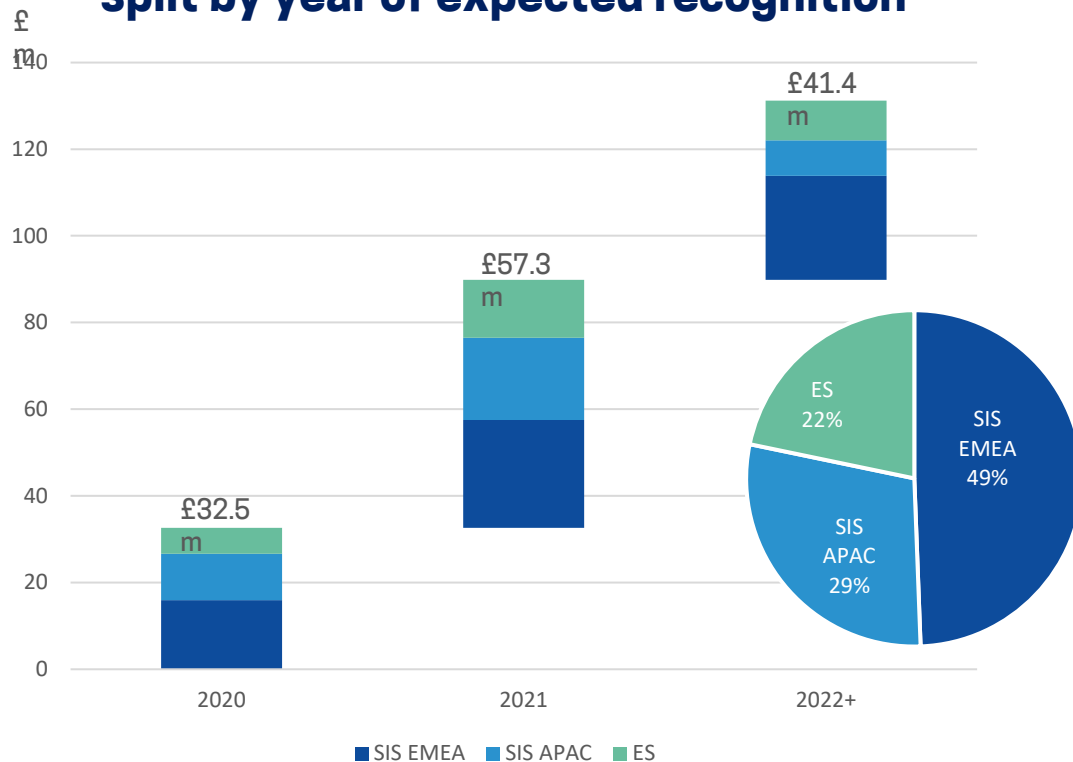
## ARR reported for period 6 months to 30 June (£m)

	2020	2019	2019 Constant Currency	Growth % Constant Currency
<b>Total</b>	<b>21.1</b>	<b>20.5</b>	<b>20.2</b>	<b>4.6%</b>
<b>ARR/Revenue</b>	<b>55%</b>	<b>51%</b>	<b>51%</b>	<b>500bps</b>

<sup>\*</sup> constant currency

# Committed Income

## Committed as at 30 June 2020 split by year of expected recognition



Committed Income 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)

## Committed Income **£131.2m** (FY19: £140.6m\*)

- >90% of next 6 months' consensus revenue committed
- SIS £102.7m (2019 FY: £107.4m)
  - 6 months less on the current 4 year contract with Callista customers
- ES £28.5m (2019 FY: £33.3m)
  - Delivery in H1 on all major long term contracts renewed last year

## Key contracts closed

- Student Information Systems
  - Kaplan Australia
  - Chartered Accountants Australia and New Zealand
  - 4 new ebs customers
- Education Services
  - New Zealand Tertiary Education Council extension
  - AMPS contract extension

\* constant currency



# Cashflow

## Cashflow (£m)

	2020 H1	2019 H1
Operating Cashflows	8.2	7.4
Working Capital movements*	(3.7)	(10.2)
Tax (paid) / received	(0.1)	0.1
<b>Adjusted Operating Cash Flow*</b>	<b>4.3</b>	<b>(2.7)</b>
Payment to platform provider	(8.1)	-
<b>Net Operating Cash Flow</b>	<b>(3.8)</b>	<b>(2.7)</b>
Investing activities	(3.3)	(3.3)
Acquisitions (inc. earnout payments)	(1.7)	(5.9)
Financing (inc. dividend)	(0.4)	(2.1)
Foreign exchange impact	(0.5)	0.1
<b>Cash increase / (decrease)</b>	<b>(9.7)</b>	<b>(14.0)</b>
<b>Net Cash after borrowings</b>	<b>6.7</b>	<b>6.0</b>

\* Excludes cash impact of platform provider dispute provision

**Net Cash £6.7m** (2019 H1: £6.0m; 2019 FY: £16.5m)

- Significant one-off payment of £8.1m to settle platform dispute, and earnout payment Tribal Dynamics acquisition £1.7m (2019: initial £6.0m)
- Dividend will resume for FY20

**Adjusted Operating Cash £4.3m** (2019 H1 £(2.7)m)

- Strong collections and working capital improvements
- Benefit of Covid-19 cost management actions



# Tribal Strategy: looking ahead



# Tribal Strategy: Sustain & Grow

## SUSTAIN : Customer Installed Base

- **S&M Annual Recurring Revenue (ARR)** : protect through excellence of customer service
- **SMS: new logo / existing customer sales** : continued investment in existing products
- **Long-term Contracts** : sustain contracts through quality of service delivery
- **Education Services** : sustain existing customers and develop new and existing geographies

## GROW : Edge & Edge Readiness

- **Tribal:Cloud** : Public Cloud delivery, optimised for Tribal products
- **Added value solutions** : including CRM solutions and acquisitions
- **Edge Readiness products & services** : leading practice through the journey to the cloud
- **Edge Migration & Sales to existing customers** : such as TCSI / Student Engage / Edge Admissions
- **Edge Sales to new customers / new geographies**  
Lower barrier-to-entry for standalone Admissions

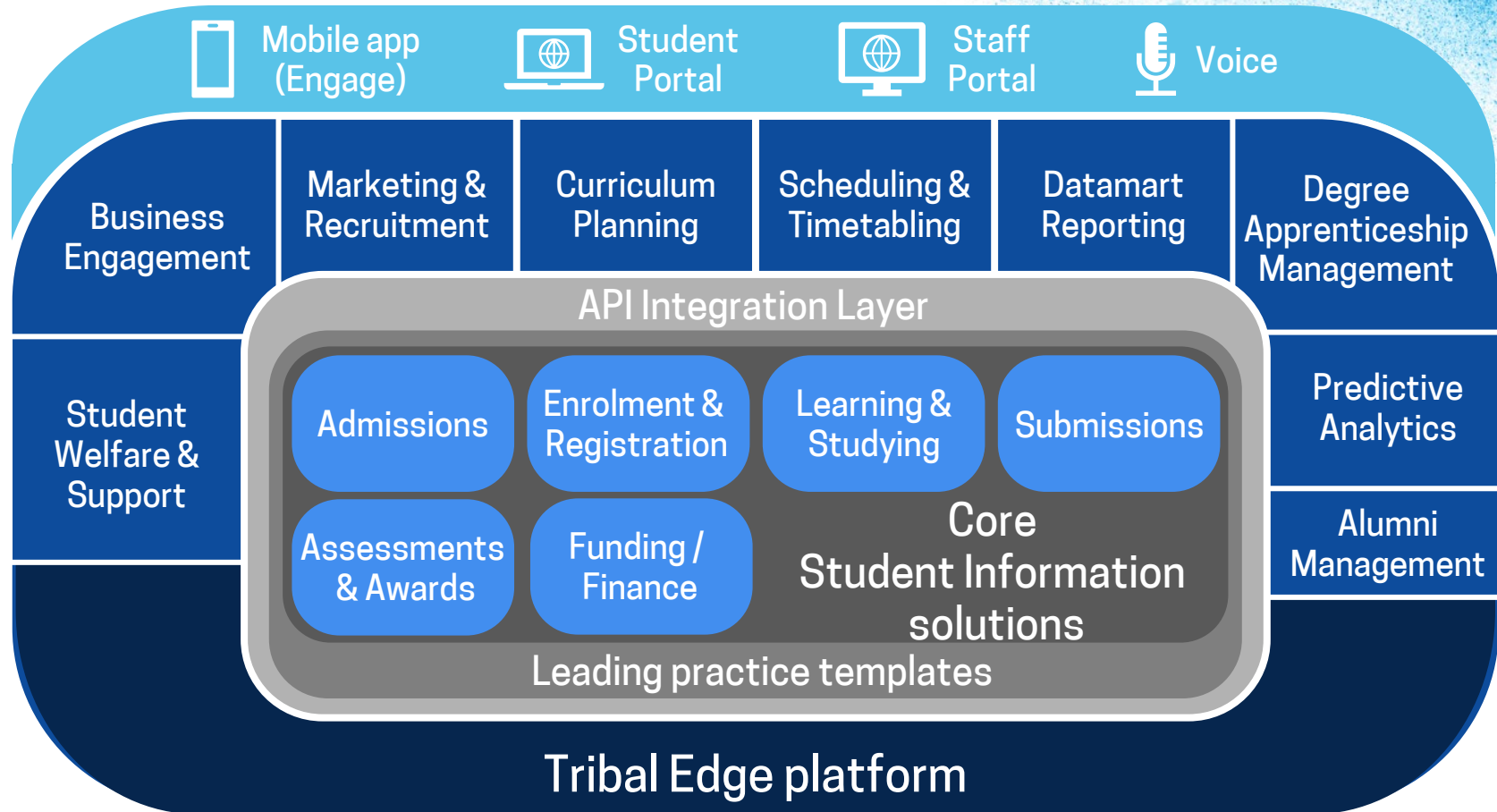
# Tribal's Student Information solution

## Your journey:

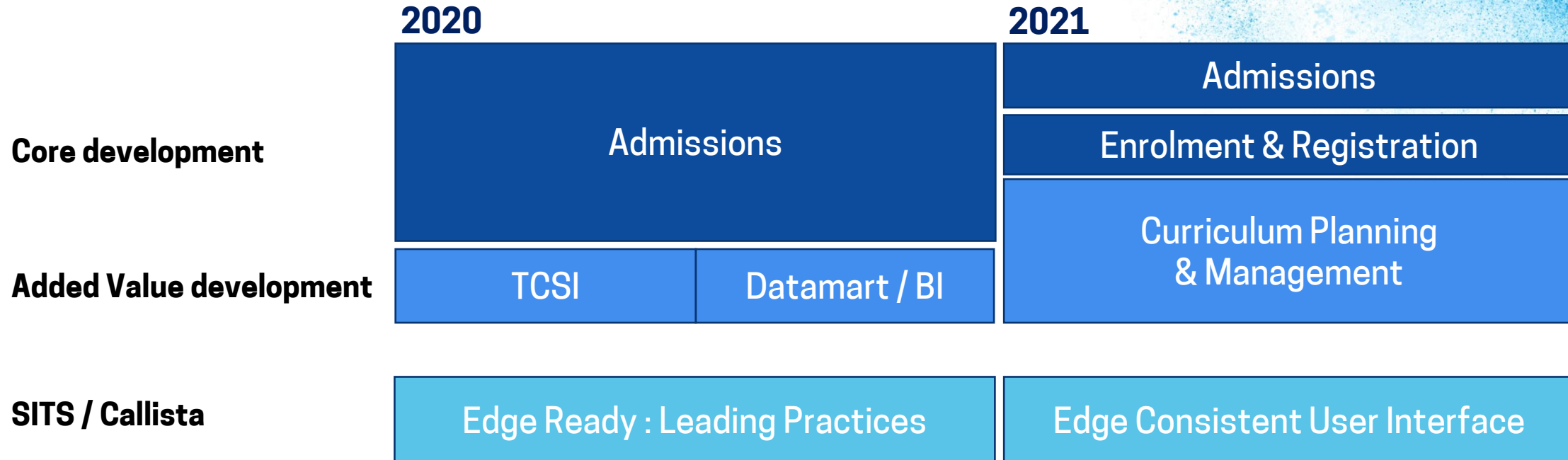
Evolving to an advanced Student Information solution:

- Flexible
- Open
- Scalable
- Secure
- Intelligent

and cloud-native



# Edge Development: twin track approach



TCSI (Transforming the Collection of Student Information) is an Australian Department of Education initiative to improve collect, manage and report student information.



# Tribal Edge: Admissions module

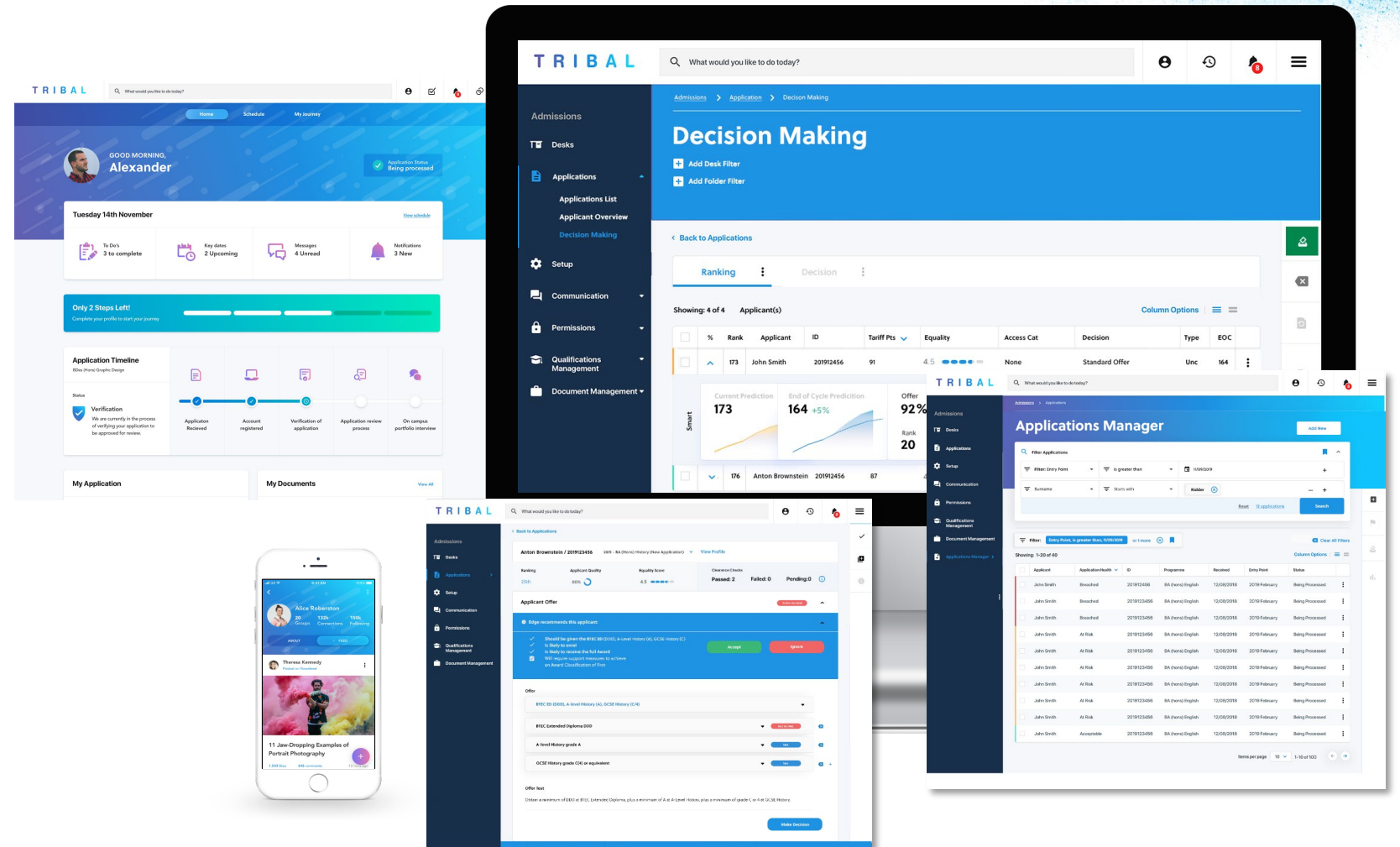
Edge Admissions revolutionises the staff & student experience.

**Empowering the end to end applicant journey:** seamless flow from the marketing & recruitment through a supported application process

**Simplified, beautiful and intelligently designed interfaces** that are intuitive to use: Less clicks, less time, easy to learn

**Actionable, predictive insights**

Assistive intelligence saving time, improving accuracy, delivering against institution targets



# The Potential of Tribal Edge: Admissions

## Migration to Edge: existing customers

- Increased Share of Wallet of existing customer spend
- SaaS, fully hosted application is around 2.5x existing S&M revenue, profit up by ~ 1.7x existing; increases with move to multi-tenancy
- Compelling proposition providing enhanced functionality, improved user experience (student and staff) at lower Total Cost of Ownership (TCO)

## New customers in existing geographies

- Enquiries-to-Enrolment process is standalone, and can be integrated to competitor SMSs
- Improved Admissions process provides increased competitive advantage to customers
- Tribal Edge provides compelling cloud journey also to customers of others SMSs

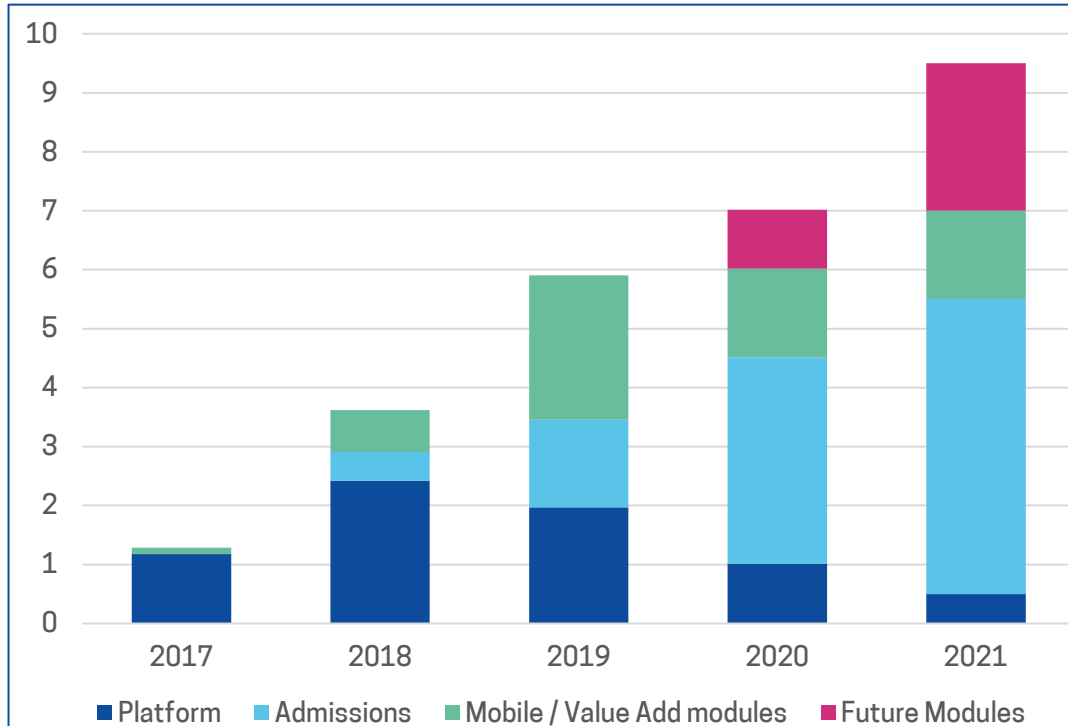
## New customers in new geographies

- Over 4,000 Higher Education institutions in the US\*
- 96 universities in Canada, 760 universities in India, etc
- Enquiries-to-Enrolment localisation requirements are lower barrier to entry than full SMS localisation
- May be through partnership

\* compared to around 400 in the UK (of which 165 are universities; others are alternative providers of tertiary education)

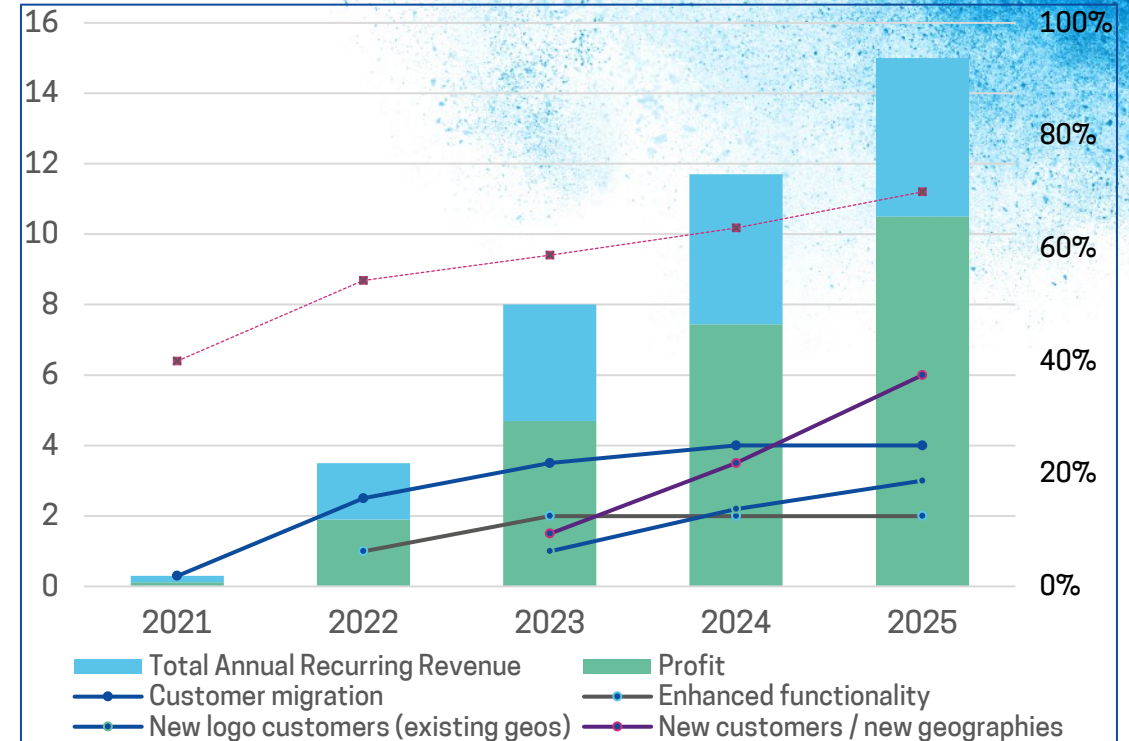
# Tribal Edge: Investment & Admissions Return

## Investment in Tribal Edge 2017 - 2021 (£m)



- H1 2020 investment £3.0m; total cumulative to-date £13.8m
- Investment for 2020 approx. £7m; 2021 increases to £9.5m
- Core Admissions completed 2019; enhanced in H2 2021
- Full cost Enhanced Admissions expected approx. £10.5m

## Edge Admissions: revenue & profit to 2025 (£m)



- Revenues: ARR only (ie, excludes Professional Services)
- Revenues are net of reductions in SITS S&M due to migration
- Individual revenue streams shown in lines; profit in green bar
- Margin increases as customers increase and multi-tenancy



# Summary & Outlook



Full year expected to be slightly ahead of expectation for Adjusted EBITDA and ahead for Adjusted EBITA



Increasing customer interest in moving Student Management Systems into the public cloud, and standardising processes



Opportunities for continued remote delivery, home-working and office environments maintain a lower cost base



Edge Recruitment / Admissions provides a compelling solution post-Covid to improving student engagement & outcome

# Thank you

# Any questions?





## Contact:

### Email

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# Appendix



# Product Development

## Product Development (£m)

	2020 H1	2019 H1	Change
Total spend	5.9	5.8	3%
Of which capitalised	3.1	2.8	9%
- Edge	3.0	2.8	7%
- Dynamics	0.1	-	100%
Of which expensed	2.2	2.2	(1%)
Of which amortised	0.6	0.7	(12)%

## Edge investment £3.0m (2019 H1: £2.8m)

- Increasing investment in Edge platform
- TCSI module live (Australian data collection)
- Admissions module to complete end of 2020
- Continue to invest in SITS, ebs, Maytas and Dynamics with Edge Ready modules

# Consolidated Income Statement

## Consolidated Income Statement (£m)

	2020	2019
<b>Revenue</b>	<b>38.2</b>	<b>40.4</b>
Gross Profit margin	53%	50%
<b>Adjusted Operating Profit (EBITDA)</b>	<b>8.1</b>	<b>8.3</b>
Adjusted Operating Profit margin	21.3%	20.5%
<b>Adjusted Operating Profit (EBITA)</b>	<b>6.6</b>	<b>6.3</b>
Adjusted Operating Profit margin	17.2%	15.5%
Other Items	(1.5)	(1.9)
<b>Statutory Operating Profit</b>	<b>5.1</b>	<b>4.4</b>
Finance (Costs)	(0.4)	(0.1)
<b>Statutory Profit Before Tax</b>	<b>4.7</b>	<b>4.3</b>
Income Tax Charge	(0.9)	(0.7)
<b>Statutory Profit After Tax</b>	<b>3.8</b>	<b>3.6</b>

## EBITDA to Statutory Profit After Tax

