

Preliminary results

Year ended 31 December 2012

Keith Evans – Chief Executive
Steve Breach – Group Finance Director

14 March 2013

Agenda

- Highlights for 2012
- Strategic progress
- Market review and focus for 2013
- Financial results
- Outlook
- Q&A



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

Highlights for 2012

- Good progress in first year of plan
- Strong profit growth
- Good cash generation
- Net debt reduced
- Simplified and focused business
- Strong UK market positions retained
- Robust progress in chosen international markets

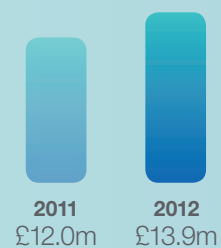


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Highlights for 2012

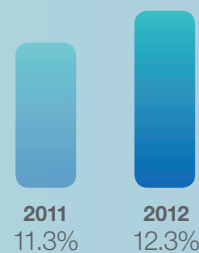
Financial performance

Adjusted operating profit



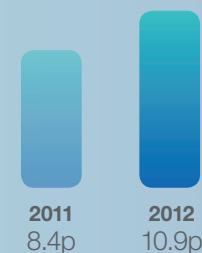
+16%
Performance 2012

Adjusted operating margin



+9%
Performance 2012

Adjusted earnings per share



+30%
Performance 2012

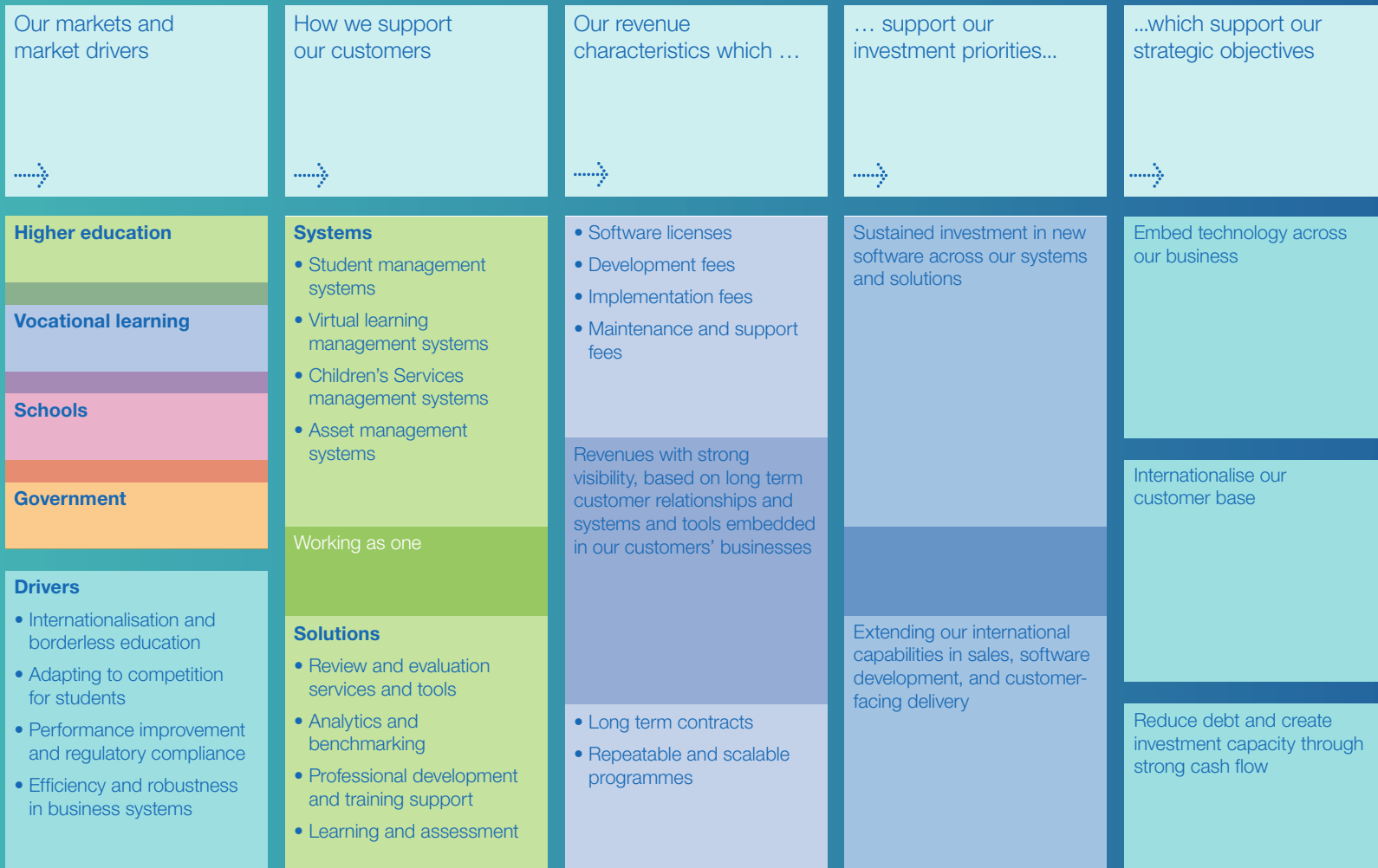
Strategic progress

- Retained UK market leading positions
- Continued international growth
- Technology across the business
- Sales and marketing reorganised
- Global software development and implementation model
- Bolt-on acquisition completed



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Market driven business model

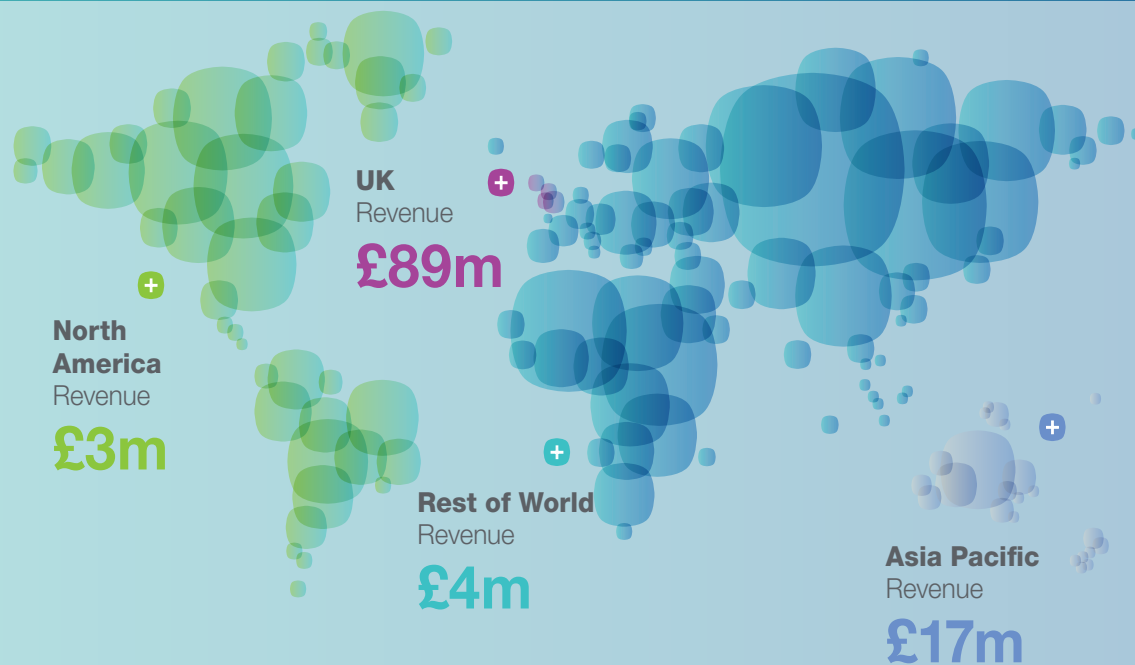


Market driven systems & solutions

Market Segment	Systems						Solutions			
	SITS	EBS	Maytas	Synergy	k2	Software Solutions	Quality Review & Evaluation	Adult Learning & Professional Development	Analytics & Benchmarking	Learning & Assessment
Higher education	● ● ●				●	●			● ● ●	
Vocational learning	●	● ●	● ●	●	●	● ● ●	●	● ●	● ● ●	●
Schools	●	●	●	● ●	● ●	●	● ●	● ● ●	● ● ●	
Government and other		●			●	● ● ●	●	● ●		

● UK&I ● APAC ● ROW

Our revenues



Our revenues	Our revenues			Our revenues		
	Systems	Solutions	Total	UK	Int'l	Total
Higher Education	17	1	18	13	5	18
Vocational Learning	22	14	36	27	9	36
Schools	10	34	44	36	8	44
Government and other	5	10	15	13	2	15

Figures are stated net of inter-divisional revenues

i-graduate acquisition

- Tribal’s evidence based systems and solutions support improvement of educational outcomes
- Benchmarking and analytics are a cornerstone of the evidence base
- i-graduate brings:
 - Enhanced technology-based benchmarking
 - Market access with an extended international customer base

i-graduate market access opportunities

		UK	Asia Pacific	North America	Europe	Rest of World
Higher Education	Tribal	135	7	-	3	1
	i-graduate	122	72	71	258	4
Vocational Learning	Tribal	1,007	18	-	-	-
	i-graduate	130	140	1	2	1
Schools	Tribal	7,889	2,200	374	-	4
	i-graduate	62	133	407	31	33
Government and other	Tribal	149	-	1	3	1
	i-graduate	102	2	1	2	-

Significant potential market access opportunities
 Figures stated represent gross customer numbers of each business in each region

Higher Education

UK

- Number 1 provider of student management systems and analytics and benchmarking solutions
- Two large new student management system customer wins
- New research grant module launched – first implementation at University of Warwick
- Major implementation programme at the University of Oxford progressing well
- Increased focus on analytics and benchmarking
- Good pipeline of opportunities for 2013

International

- Two significant new student management system wins in Asia Pacific
- Major implementation programme at the University of Sydney continues
- Active analytics and benchmarking market
- Strong cross-selling opportunities across i-graduate customer base
- Strong pipeline of opportunities for 2013



Vocational Learning

UK

- Number 1 provider in:
 - Student management systems
 - Analytics and benchmarking solutions
 - Quality review and evaluation solutions
- Eight new FE college student management system wins
- Development of new employer-based virtual learning and assessment contracts
- Strong potential for cross selling FE College, training provider and employer solutions

International

- New benchmarking contract win in New Zealand
- Strong cross-selling opportunities being progressed across i-graduate customer base
- Good progress being made on SALM programme
 - Design and development well advanced
 - Systems go into test environment in Q1 2013
 - Initial go-live planned for late 2013, roll-out in 2014
- New opportunities emerging through SALM credentials



Schools

UK

- Quality review and evaluation contracts with Ofsted continue to progress well
 - Providing product development opportunities for wider markets
- Analytics and benchmarking activity commenced
- Early piloting of schools based management systems underway
- Three new sales of local authority Children's Services management systems
- Asset management system now being deployed across English schools

International

- Major SALM schools system management programme progressing well
- New opportunities are emerging on the back of SALM credentials
- Quality review and evaluation contracts
 - US activities expanding out of Nashville with new contract in New York State
 - Abu Dhabi work extended
- Analytics and benchmarking activity commenced in Nashville
- New asset management system contract win in New Zealand for all schools



Government

- Adult learning and professional development solutions contracts making good progress
 - UK Department of Education
 - NHS
- New records management contract win for National Institute for Health Research
- New contract win in New Zealand for national professional development portal for adult literacy and numeracy teaching



Plans and focus for 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
 - Third party implementation partners
- Deliver on major implementations and convert strong pipeline
- 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 review

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

Financial highlights for 2012

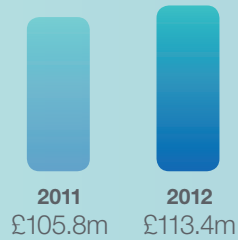
- Increasing internationalisation
- Operating profit growth
- Earnings per share growth
- Order book remains strong
- Good operating cash flow
- Increased investment in new software products
- Net debt further reduced
- Dividend increased



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

Key financial indicators (1)

Revenue



+7%

Performance 2012

Adjusted operating profit



+16%

Performance 2012

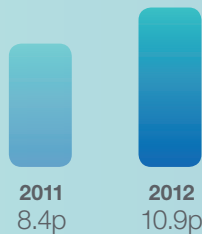
Adjusted profit before tax



+27%

Performance 2012

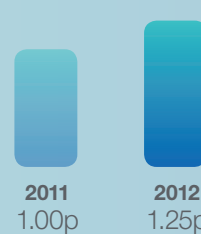
Adjusted diluted earnings per share



+30%

Performance 2012

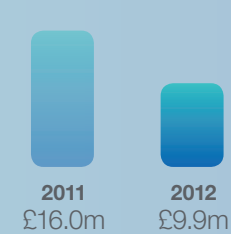
Dividend per share



+25%

Performance 2012

Net debt

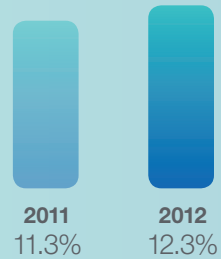


-38%

Performance 2012

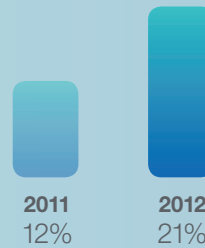
Key financial indicators (2)

Adjusted operating margin



+9%
Performance 2012

Internationalisation



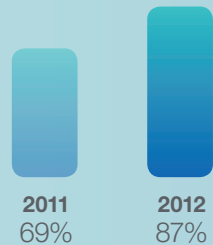
+75%
Performance 2012

Order book



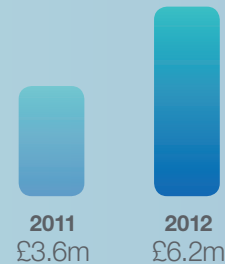
-6%
Performance 2012

Cash conversion



+26%
Performance 2012

Product development capitalisation



+72%
Performance 2012

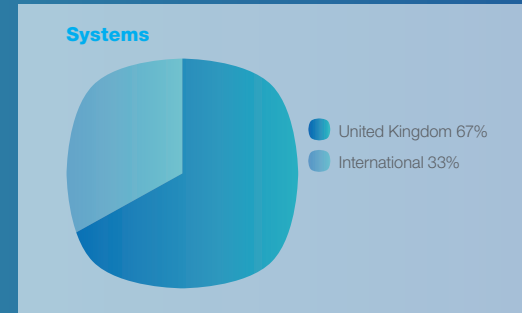
Income statement

Year ended 31 December	2012 £m	2011 £m	Change
Adjusted Revenue	113.4	105.8	7%
Adjusted EBITDA	16.9	15.4	10%
Adjusted operating profit	13.9	12.0	16%
<i>Adjusted operating margin</i>	<i>12%</i>	<i>11%</i>	<i>9%</i>
Net finance costs	(1.0)	(1.9)	(47)%
Adjusted profit before tax	12.8	10.1	27%
<i>Effective tax rate</i>	<i>21%</i>	<i>22%</i>	
Adjusted diluted earnings per share	10.9p	8.4p	30%
Dividend per share	1.25p	1.00p	25%

- Good uplift in financial performance
 - Systems division drives growth
 - Results of closed businesses excluded
- Decrease in finance charges
 - Debt reduction
 - Withdrawal from swap arrangement
- Tax rate benefitting from prior year actions
 - Medium term outlook approximately in line with UK statutory rate
- Strong EPS growth
 - Supports three year target to double EPS from 7.9p (reported FY2011 EPS)
- High dividend cover (8.7x)
 - Cash retained to support investment

Divisional performance

Systems

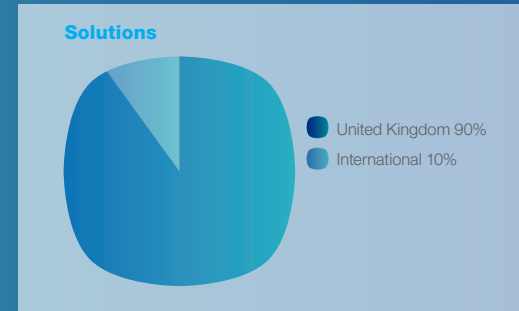


Year ended 31 December	2012 £m	2011 £m
Licence	10.6	7.8
Implementation	19.6	15.7
Maintenance	16.8	14.6
Other	8.6	7.1
Total revenue	55.5	45.2
Operating profit	12.1	10.1
<i>Operating profit margin</i>	22%	22%
Systems division: Product development investment	5.3	3.0
<i>As a % of Systems revenue</i>	10%	7%

- Good trading conditions in the UK
- Strong growth in Asia Pacific
- SALM programme progressing well:
 - Software revenues: £3.5m (equivalent to cA\$5.4m, of potential maximum contracted value of A\$26m)
 - Implementation revenues: £4.8m
- Maintenance revenues up following successful go-lives for new customers won during 2011
- Sales capacity expanded and business support infrastructure in Asia Pacific now robust
 - Short term constraint on margins
- Greater investment in new software development

Divisional performance

Solutions



Year ended 31 December	2012 £m	2011 £m
Benchmarking and analytics	2.7	4.5
Review and evaluation services	29.8	33.1
Professional development and training support	19.8	20.4
Learning and assessment	7.1	5.1
Total revenue	59.3	63.2
Operating profit	5.3	5.4
<i>Operating profit margin</i>	9%	8%

- UK markets quiet
 - Developing scalable and repeatable software-based solutions; and
 - Internationalising our customer base
- Benchmarking and analytics
 - Combining benchmarking business and i-graduate
- Review and Evaluation services
 - Ofsted inspection contracts progressing well
 - International growth in Middle East and US
- Professional development and training support
 - Increasing focus around applied technology
 - Programmes to manage training across dispersed professional and vocational learning communities
- Learning and assessment
 - Good appetite for learning solutions for FE colleges

Cash flow

Underlying activities

Year ended 31 December	2012 £m	2011 £m
Operating cash flow from underlying activities - <u>before</u> exceptional cash flows and capital expenditure	20.4	12.8
Product development expenditure	(6.2)	(3.7)
Capital expenditure (net)	(2.1)	(0.8)
Operating cash flow from underlying activities - <u>before</u> exceptional cash items, but <u>after</u> capital expenditure	12.1	8.3
Exceptional cash flows	(1.7)	(4.8)
Operating cash flow from underlying activities	10.4	3.5

- Strong cash generation from operations
- Cash flow reinvested
 - New software product development
 - Refreshing and extending business infrastructure
- Cash conversion - 87% (2011: 69%)
- Exceptional cash flows
 - Run off of surplus property lease commitments arising from restructuring in 2011
 - Liabilities now diminished through mitigating actions

Cash flow Group

Year ended 31 December	2012 £m	2011 £m
Operating cash flow from continuing activities after capex	10.4	3.5
Operating cash flow from closed businesses	(0.8)	(0.7)
Operating cash flows relating to discontinued operations	(1.2)	(8.4)
Net interest	(0.6)	(1.6)
Tax	(1.7)	0.7
Free cash flow	6.1	(6.5)
Disposal proceeds	1.5	12.4
Dividends paid	(0.9)	(1.0)
Settlement of interest rate swap	-	(2.1)
Loan arrangement fee amortisation	(0.6)	(0.3)
Movement in net debt	6.1	2.5

Discontinued activities / disposals

- Operating cash flows
 - Property commitments - now largely sublet
 - Collection of old receivables
- Disposal proceeds
 - Successful conclusions on contingent / deferred consideration arrangements

Continued focus on net debt reduction

- Net debt reduced by £6.1m during the year
- Combination of actions:
 - Working capital management
 - Wrap up of discontinued activities

Investment

Software product development

Software development costs	£m	£m
Carrying value of software development costs at 1 January 2012		4.0
Investment programme for 2012:		
- Student management systems	3.6	
- Virtual learning management systems	1.3	
- Children's Services management systems	0.7	
- Asset management systems	0.4	
- Other	0.2	
Total investment in the year		6.2
Amortisation and impairments in the year		(1.3)
Carrying value of software development costs at 31 December 2012		9.0

- Increased discipline to match increased investment levels
 - Investment programmes operate to product roadmaps
 - Significant enhancement to methodologies for measuring development activities
- Investment focus
 - Enhancement of existing student management systems and asset management system for international markets
 - New product developments for both domestic and international markets

Outlook

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

Outlook

- Good progress implementing our strategic plan
- Currently trading in line with our expectations for 2013
- Good potential to make further progress



+ Diary date

Investor day

5 June 2013
London

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

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 before exceptional cash flows and 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>

Balance sheet

At 31 December	2012 £m	2011 £m
Intangible assets	82.8	78.3
Other non-current assets	5.2	4.2
Net working capital	(17.3)	(13.4)
Pension obligations (net)	(0.4)	(0.5)
Other liabilities	(4.5)	(6.7)
Net debt	(9.9)	(16.0)
Net assets	55.9	45.9
Share capital	4.7	4.7
Profit and loss reserves	24.3	15.0
Other reserves	26.9	26.2
Equity shareholders funds	55.9	45.9

- Increasing balance sheet strength
- Net debt reduced
- Core bank facilities committed to 2015
 - £30m revolving credit line
- £10m combined working capital / guarantee line
- Additional £9m of guarantee facilities committed during 2012

Divisional progress

Year ended 31 December	H1 2012 £m	H2 2012 £m	2012 £m	2011 £m
Systems				
Revenue	24.6	30.9	55.5	45.2
Segment operating profit	5.1	7.0	12.1	10.1
<i>Segment operating margin</i>	21%	23%	22%	22%
Solutions				
Revenue	31.4	27.9	59.3	63.2
Segment operating profit	1.9	3.4	5.3	5.4
<i>Segment operating margin</i>	6%	12%	9%	8%
Unallocated corporate expenses	(2.3)	(1.2)	(3.5)	(3.5)
Operating profit	4.7	9.2	13.9	12.0
<i>Operating margin</i>	8%	16%	12%	11%

Systems

- Strong revenue growth
- New customers in UK and Asia Pacific
- Good progress on SALM programme
- Some cost uplift holding back margin progress
 - Investment in sales capabilities
 - Stronger business structure in Asia Pacific

Solutions

- Quiet market conditions
- Focus on higher quality revenue
 - Increasing use of technology
 - Internationalising activities

Corporate expenses

- Costs held at 3% of revenue (2011: 3%)

Exceptional operating costs and closed businesses

Year ended 31 December	2012 £m	2011 £m
Closed business activities		
- Trading losses in the period	0.8	0.7
- Costs associated with cessation of closed businesses	1.3	-
	2.1	0.7
Other		
- Restructuring costs	-	6.0
- Acquisition-related expenses	0.2	-
- Adjustment to deferred consideration relating to Class Measures acquisition	0.1	(0.7)
- Amortisation of IFRS 3 intangibles	-	0.2
Exceptional costs	2.4	6.3

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

- Restructuring complete

Reconciliation to financial performance originally reported for FY2011

Year ended 31 December	2012 £m	2011 £m	Change %
Revenue	115.4	108.2	7%
- Microsoft Dynamics business	(0.6)	(1.4)	
- Direct delivery business	(1.4)	(1.0)	
Revenue as adjusted / restated	113.4	105.8	7%
Adjusted operating profit – as originally stated	13.0	11.3	15%
- Microsoft Dynamics business	0.5	0.8	
- Direct delivery business	0.4	(0.1)	
Adjusted operating profit as restated	13.9	12.0	16%
Adjusted EPS– as originally stated	10.2p	7.9p	29%
- Microsoft Dynamics business	0.4p	0.6p	
- Direct delivery business	0.3p	(0.1)p	
Adjusted EPS – as restated	10.9p	8.4p	30%

- Closed businesses have been 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 terminated as non-core and negative future prospects

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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.

The forward-looking statements, including assumptions, opinions and views of the Group or cited from third party sources, contained in this results announcement are solely opinions and forecasts which are uncertain and subject to risks. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to be correct. Actual results may differ materially from those expressed or implied by these forward-looking statements. A number of factors could cause actual events to differ significantly. These factors include, but are not limited to:

- 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.