

# The Citadel Group Limited 2019 Market Eye Technology Conf.

6 November 2019



citadel group

MANAGING COMPLEXITY

# FY19 results overview

## A strong platform for future growth



### Financial results

**Revenue \$99.2m**  
Guidance \$97m – 104m

**EBITDA \$23.3m**  
Guidance \$22m – 24m

**NPAT \$10.9m**



### Final dividend

6.0cps fully franked. Total FY19 dividends 10.8cps

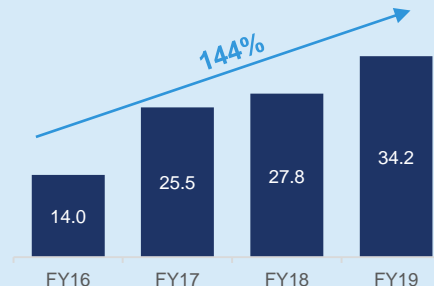


### Strong balance sheet

**Cash \$14.0m**  
**Debt \$12.0m**



### Software/SaaS growth



### Continued R&D investment

14% of Software/SaaS revenue



### Strategic outlook

- Continued focus on recurring revenue model
- Supported by growing long term managed services contracts with new and existing clients
- Weighted pipeline\* of \$137m, majority in software/SaaS
- Significant software/SaaS opportunities across business including Citadel-IX and eHealth
- All operating segments forecasting growth in FY20

\*Weighted pipeline represents the estimated Total Contract Value (TCV) of active sales opportunities, weighted by the estimated probability of winning the contract as at 20 August 2019

# Continued evolution of the Citadel 2.0 strategy

## Increasing our addressable market and reducing client concentration risk



### International opportunities

Building a significant pipeline of opportunities across our health and Citadel-IX offerings



### Inorganic growth expanding capabilities

Successful completion of Gruden and Noventus acquisitions expanding capabilities in strategic verticals including Government and Defence and National Security



### Continued contract wins

Significant contract wins in traditional services as well as in Software/SaaS space secure future revenue streams



### Citadel 2.0 products gaining traction

Revenue from Citadel-IX has increased 157% in FY19 from FY18 reflecting the investment in our new business model






### Increase in SaaS business

Software/Software-as-a-Service (SaaS) revenue now represents \$34.2m (35%) of segment revenue in FY19 – up from \$27.8m (26%) in FY18, building on our strong existing managed services business

# FY19 Operational summary

**Citadel won significant contracts, acquired panels to enable the business to tender for exclusive contracts, and invested in unique IP to underpin medium to long term growth**

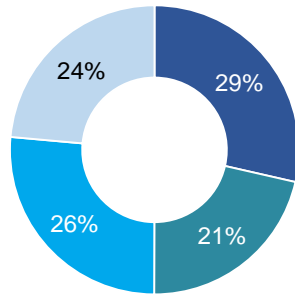
	 <b>Knowledge</b>	 <b>Health</b>	 <b>Technology</b>
<b>Key contract wins</b>	<ul style="list-style-type: none"> <li>Renewal of defence managed service contract</li> <li>Citadel-IX contract wins with Australia's largest council and with two Royal Commissions</li> <li>Now 12 Citadel-IX contracts</li> </ul>	<ul style="list-style-type: none"> <li>Five-year CHARM™ contract at St Vincent's Hospital NSW</li> <li>Implemented CHARM™ at John Hunter Children's Hospital, Slade Pharmacies, Prince of Wales Private Hospital</li> <li>Now 28% of the Australian medical oncology eHealth market</li> </ul>	<ul style="list-style-type: none"> <li>Extension of +\$25m total contract value with Monash University to December 2021</li> <li>Ten-year \$33m contract for new Royal Adelaide Hospital</li> <li>Secured Melbourne University as our third G8 University</li> </ul>
<b>Acquisitions</b>	<ul style="list-style-type: none"> <li>Gruden offers procurement-as-a-service focussed on Government</li> <li>Noventus provides systems integration capability – we are now on all three towers of the Defence ICTPA Panel</li> </ul>	<ul style="list-style-type: none"> <li>Integration and evolution of APP (2018) and CHARM™ (2017)</li> </ul>	<ul style="list-style-type: none"> <li>n/a</li> </ul>
<b>Investments</b>	<ul style="list-style-type: none"> <li>Sales capability</li> <li>Security</li> <li>Software engineering</li> <li>Attained ISO 27001 information security certification</li> </ul>	<ul style="list-style-type: none"> <li>Continued R&amp;D investment across all health platforms including rollout of new CHARM™ Web SaaS offering</li> <li>Sales focus on UK LIS opportunities</li> <li>ISO 27001 in progress</li> </ul>	<ul style="list-style-type: none"> <li>Grow niche specialisation capability in tertiary education, now servicing three G8 universities</li> <li>Development of SaaS enabled help desk support product AV Assist</li> </ul>

# Progress against Citadel 2.0

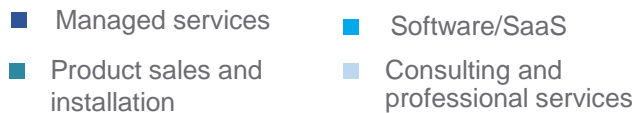
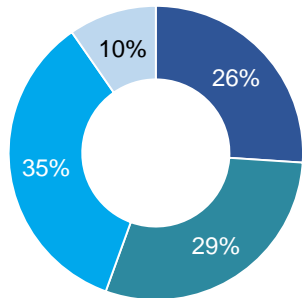
## Higher quality Software/SaaS earnings to become a significant proportion of Citadel 2.0

### Revenue by service

**FY18**

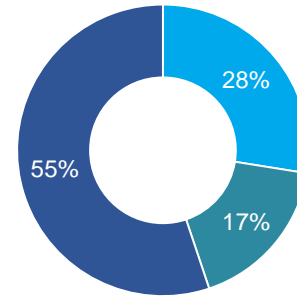


**FY19**

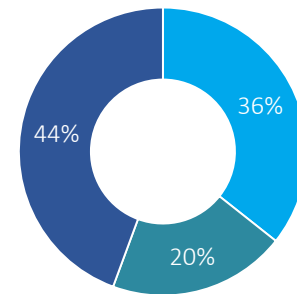


### Revenue by segment

**FY18**



**FY19**



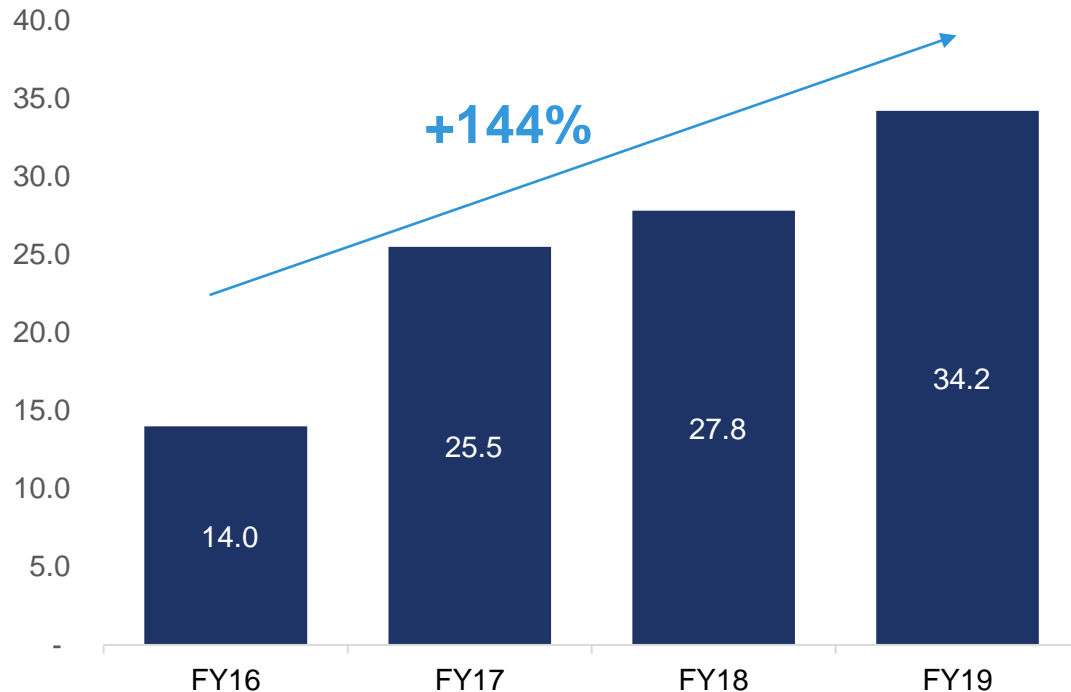
### Citadel 2.0

- Continue to invest in the development and distribution of products that have large addressable markets
- Expansion of diversified recurring business to add to the existing core business, rather than replace it
- International expansion opportunities leveraging Citadel's strong Australian IP and leading products
- Expansion into new markets via exclusive channel partnerships

# Continued growth in Software/SaaS in FY19

**Software/SaaS growth supported by new products building on the strong contribution from our existing profitable managed services business**

## Software/SaaS revenue from continuing operations (\$m)



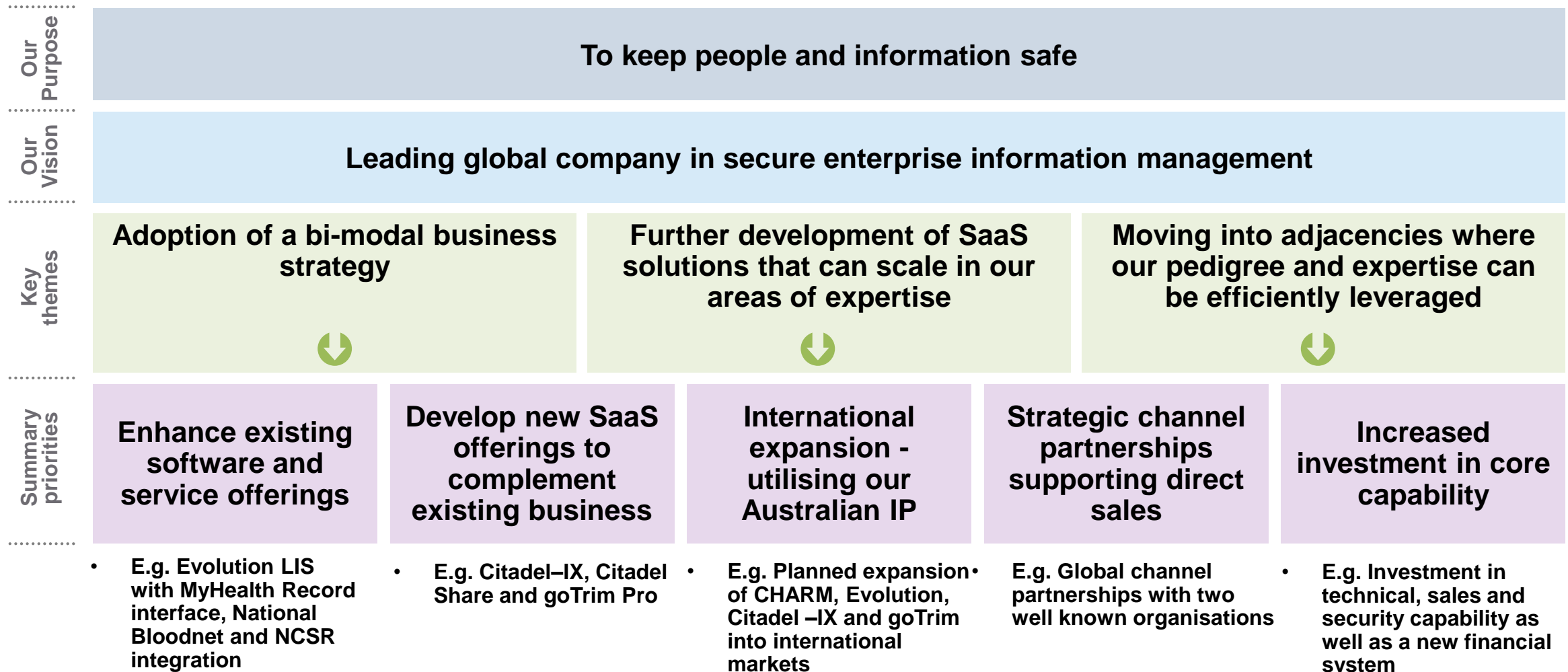
Software/SaaS revenue includes upfront perpetual licence fees, monthly SaaS revenue, annual maintenance or managed service revenue attached to a service contract

- Strong revenue growth from Software/SaaS business following investments made to develop and enhance software and platform capabilities
  - Citadel-IX gaining momentum, up 157% from FY18
  - Rolling out new SaaS products such as goTRIM Pro™ and CHARM™ Web
  - Continued investment in core enterprise health systems (Evolution/Auslab) and Kapish products
  - Redevelopment of Gruden e-tendering platform to .net
- Citadel-IX now 12 contracts and over 27,000 users\*
- New market opportunity addressable by Citadel-IX Share and AVAssist™ to be launched in FY20 (refer to Product roadmap)

\*as at 20 August 2019

# Strategic priorities and objectives

## Citadel's pedigree provides opportunity – our IP and systems are scalable



# Continued innovation in SaaS

## Snapshot of the roadmap ahead



### **goTRIM Pro™** Anytime, Anywhere

**Access Content Manager data securely, whenever and wherever with Citadel-IX mobility product, goTrim Pro.**

**Designed for people and organisations on the go.**

**Available: Now**



### **AVAssist™** Video AV assistance

**One-touch call from any smart phone direct to our video enabled help desk.**

**Interact in real time to show and resolve AV/VC problems quickly, economically, easily.**

**Available: Now**



### **Citadel Share** Share & Collaborate

**A collaboration tool that ensures document compliance, security, and version control while working with external stakeholders.**

**Available: November 2019**



### **Citadel Insights** Making Information Work

**Citadel Insights brings the dashboard experience to enterprise data.**

**Unlock endless opportunities through understanding.**

**Available: H2 FY20**



# Q1 Contracts Update

## Knowledge

- Additional work order for Defence (previously delayed from FY19)
- Commenced work for business intelligence and analytics across the Austender platform for Government procurement, with further work orders expected before the end of H1 FY20
- Successfully progressed to a Proof of Concept (POC) for Citadel-IX with a major Australian financial institution with a decision expected before the end of 2019
- Commenced a paid Proof of Concept (POC) for vResponder with an international customer to track illegal trafficking of goods
- Target timeline for 200k Citadel-IX seats revised by 12 months – no impact to FY20 outlook
- Sold approx 8,600 new software licences during the quarter with an approximate total contract value of \$2m recurring annual revenue

## Health

- Preferred supplier to the Melbourne Genomics Health Alliance for hosting and managed services for the clinical genomics platform
- Additional 2 sites at Ramsay Healthcare for CHARM™, Shepparton and Peel in WA, taking total sites at Ramsay to 20
- Orders received for implementation of interfaces to the National Cancer Screening Register and the National My Health Record System

## Technology

- Customer controlled project extensions delayed from FY19 in the Tertiary Education sector flowing through
- POC completed at University of Melbourne and now ramping up the 5-year managed services agreement
- New deal with Department of Veterans Affairs for AV/VC integration work
- Commenced work with two new clients: Court Services Victoria and Calvary Hospital, completing initial work in South Australia with opportunity for another 17 facilities

# Q1 Trading Update

## **Q1 performance in line with expectations**

- Citadel's revenue over Q1 (compared to prior corresponding period) has been in line with our expectations provided at the full year.
- Deferred contracts from Q4 FY19 in the Government / Defence and Tertiary Education sectors have now been confirmed, and will contribute to Q2, the remainder of FY20, and following years.
- While organic growth remains the focus, SaaS acquisitions in the eHealth sector are progressing, and we expect to execute at least one bolt-on acquisition in the near term.

## **FY20 outlook reaffirmed, targeting a return to revenue and EBITDA growth supported by:**

- Low double-digit organic revenue growth.
- Margins broadly consistent with FY19 (pre Noventus).
- Full year contribution from Noventus (circa \$18m revenue, \$2m EBITDA).

**Questions?**

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## CONTACTS

### **Darren Stanley, CEO**

Phone: +61 2 6124 0800

Mobile: +61 412 557 993

Email: [darren.stanley@citadelgroup.com.au](mailto:darren.stanley@citadelgroup.com.au)

### **Ronn Bechler, MD Market Eye**

Phone: +61 3 9591 8901

Mobile: +61 400 009 774

Email: [ronn.bechler@marketeye.com.au](mailto:ronn.bechler@marketeye.com.au)