



Our ambition is to be the acknowledged market leader
Powered by Sage Business Cloud

Agenda

14.00 – 15.40: Session 1	
Strategic Overview and Business Model <ul style="list-style-type: none"> Stephen Kelly – Strategic Overview Keith Robinson – Market Opportunity Rob Reid – Sage Intacct Steve Hare – Business Model 	Go-to-market <ul style="list-style-type: none"> Blair Crump – Go-to-market Sue Goble – Services Jennifer Warawa – Partners and Accountants First Q&A Session
BREAK	
16:00 – 17:00: Session 2	
Technology <ul style="list-style-type: none"> Sanjay Almeida – Technology Nick Goode – Sage Business Cloud Kriti Sharma – AI and Emerging Technology Seamus Smith – Payments and Banking 	Second Q&A session
17.00 – 19.00: Drinks in Sage Board Room	

Key messages

- Our ambition is to be the acknowledged market leader.
- Our total addressable market is worth \$28bn per annum and is growing at 7% with the cloud software element growing at 13%, yet the market remains fragmented with no consistent global competition.
- We now have the leadership, technology and organisational alignment, combined with local expertise, to target faster growth in our markets.
- Sage Business Cloud gives customers the most comprehensive business management cloud platform in the market and provides the platform for this acceleration.

Key financial targets

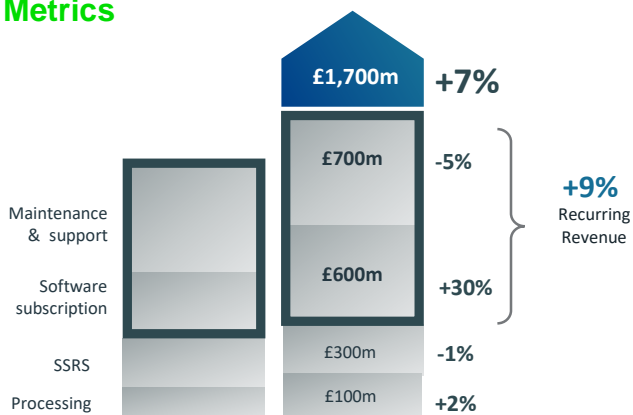
FY18	Mid-term	Long-term
Organic revenue growth around 8%	Organic revenue growth to reach 10%	Sustained organic revenue growth at least 10%
Organic operating margin around 27.5%	Organic operating margin at least 27%	Organic operating margin at least 30%

Sage Business Cloud - Product Naming

sage One	➔	Accounting
sage Live	➔	Financials
sage Intacct	➔	Sage Intacct
sage X3	➔	Enterprise Management
sage People	➔	People
sage Payments	➔	Payments and Banking
sage Payroll	➔	Payroll

Key Financial Metrics

Financial performance as reported	FY17	FY16
Organic revenue*	£1,696m	£1,591m
Organic revenue growth	6.6%	6.7%
Organic operating profit	£475m	£431m
Organic operating margin	28.0%	27.1%
Underlying cash conversion	95%	100%
Net Debt : EBITDA leverage	1.6	0.9
Return on capital employed	27%	31%



Sage KPIs Disclosed

FY18 additions in green

	KPIs FY17	KPIs FY18 onwards
Retention	<ul style="list-style-type: none"> Contract renewal by volume, % 	<ul style="list-style-type: none"> Contract renewal by volume, % Contract renewal by value, %
Product growth	<ul style="list-style-type: none"> Sage One subscription numbers Sage One ARR, £ Sage X3 revenue growth, % ASB, £ 	<ul style="list-style-type: none"> Sage Business Cloud ARR, £
Margin	<ul style="list-style-type: none"> G&A as a proportion of revenue, % 	<ul style="list-style-type: none"> G&A as a proportion of revenue, % Cost savings and reinvestment bps, %
Financial	<ul style="list-style-type: none"> Organic revenue growth, % Organic operating profit margin, % Underlying basic EPS growth, % Underlying cash conversion, % Net debt leverage ratio Interest cover ratio Dividend cover ratio 	<ul style="list-style-type: none"> Organic revenue growth, % Organic operating profit margin, % Underlying basic EPS growth, % Underlying cash conversion, % Net debt leverage ratio Interest cover ratio Dividend cover ratio Return on capital employed, %
Other	<ul style="list-style-type: none"> Sage Foundation Days 	<ul style="list-style-type: none"> Sage Foundation Days

Definitions

*Organic revenue

From FY18 this includes acquired businesses from the beginning of the financial year following their date of acquisition. Adjustments are made to the comparative period to present acquired businesses as if these had been part of the Group throughout the period.

Mid-term

A period of three years

Long-term

A period of five or more years

Join us for the presentation – Thursday 25 January, 14:00 (GMT)

In person

- Warwick Business School
- The Shard, London
- By invitation only

Live Webcast

- Register at sage.com/investors
- Join live or watch the replay

Contact

- Lauren Wholley, Investor Relations Director
- Lauren.wholley@sage.com