



# MAKING <sup>THE</sup> FUTURE

17.11.17

# Important notice

The information contained in this document (including this notice) or discussed at this presentation (collectively, the Presentation) has been prepared by MYOB Group Limited and its related entities (MYOB).

The Presentation is subject to the conditions outlined below. Your receipt or viewing of the Presentation evidences your acceptance of those conditions and that you agree to be bound by them.

## No offer of securities

The Presentation is not a prospectus, product disclosure statement, disclosure document or other offer document under Australian law or under any other law. It does not, and is not intended to, constitute an offer for subscription, financial product advice, invitation, solicitation or recommendation by any person or to any person with respect to the purchase or sale of any securities or financial products in any jurisdiction, and also does not form the basis of any contract or commitment to sell or apply for securities in MYOB or any of its subsidiaries.

The information contained in the Presentation has been prepared without taking account of any person's investment objectives, financial situation or particular needs and nothing contained in the Presentation constitutes investment, legal, tax or other advice. You must not rely on the Presentation but make your own independent assessment and rely upon your own independent taxation, legal, financial or other professional advice.

## Financial data

All information in the Presentation is in Australian dollars.

Certain financial data included in the Presentation are "non-GAAP financial measures" under Regulation G of the U.S. Securities Exchange Act of 1934, as amended. These non-GAAP financial measures do not have a standardised meaning prescribed by Australian Accounting Standards and therefore may not be comparable to similarly titled measures presented by other entities, and should not be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards.

Although MYOB believes these non-GAAP financial measures provide useful information to users in assessing the financial performance and condition of its business, you are cautioned not to place undue reliance on any non-GAAP financial measures included in the Presentation.

## Forward statements

No representation or warranty, expressed or implied, is made as to the accuracy, reliability, adequacy or completeness of the information and opinions contained in the Presentation.

The Presentation may contain certain forward looking statements, including estimates, projections and opinions (Forward Statements). We use words such as 'will', 'may', 'intend', 'seek', 'would', 'should', 'could', 'continue', 'plan', 'probability', 'risk', 'forecast', 'likely', 'estimate', 'anticipate', 'believe', or similar words to identify Forward Statements. Forward Statements may involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of MYOB, and have been made based upon management's expectations and beliefs concerning future developments and their potential effect on us. No representation is made or will be made that any Forward Statements will be achieved or will prove to be correct. Actual future results and operations could vary materially from the Forward Statements. Circumstances may change and the contents of this Presentation may become outdated as a result.

## Past performance

Past performance information given in this presentation is given for illustrative purposes only and should not be relied upon (and is not) an indication of future performance.

## Disclaimer

The information is supplied in summary form and is therefore not necessarily complete. The material contained in this presentation may include information derived from publicly available sources that have not been independently verified. No representation or warranty is made as to the accuracy, completeness or reliability of the information.

To the maximum extent permitted by law, MYOB and each of its affiliates, directors, employees, officers, partners, agents and advisers and any other person involved in the preparation of the Presentation disclaim all liability and responsibility (including without limitation, any liability arising from fault or negligence) for any direct or indirect loss or damage which may arise or be suffered through use or reliance on anything contained in, or omitted from, the Presentation. MYOB accepts no responsibility or obligation to inform you of any matter arising or coming to their notice, after the date of the presentation or this document, which may affect any matter referred to in the Presentation.

This Presentation should be read in conjunction with MYOB's other periodic and continuous disclosure announcements lodged with the ASX, which are available at [www.asx.com.au](http://www.asx.com.au).

# Contents

Introduction	4
Financial Summary and Long Term Growth Drivers	11
Strategic Acquisition	16
Growing Online Subscribers	19
Increasing Lifetime Value	52
Increasing TAM through Payments	70
Increasing TAM through Enterprise	77
The MYOB Experience – creating a strong culture	84
Wrap Up	95
Q&A session	98



# Introduction

Tim Reed

# MYOB Executive Team

**Richard Moore**  
Chief Financial Officer

**Nick Burkett**  
GM Service & Operations

**David Weickhardt**  
GM Product

**Luke Rattigan**  
GM Clients & Partners

**John Moss**  
Chief Strategy Officer



**Carolyn Luey**  
GM Enterprise & New Zealand

**Andrew Birch**  
Chief Operating Officer

**Natalie Feehan**  
GM Marketing

**Tim Reed**  
Chief Executive Officer

**Helen Lea**  
Chief Employee Experience  
Officer

**Hugh Fahy**  
GM Engineering

# The myob Way

## VISION

We help businesses succeed

CLIENTS

INNOVATE

COLLABORATE

## VALUES

SIMPLIFY

RESULTS

PASSION

Inspired  
Authentic  
In the know  
**EXPERIENCE**

**STRATEGY**

STRAT • SPHERE

# Connected Practice Vision Aligning with global tech trends

We are building the MYOB Platform to power our vision of the future of accounting

Global tech trends will change accounting

- Data & Internet of Things
- AI and Machine Learning
- Changing Nature of Work

Evolution of our vision for the industry

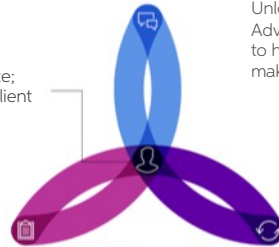
## *The Connected Practice*

### RUN THE PRACTICE

Providing visibility and control over the practice; driving efficiency and client experience through effortless collaboration

### ADVISORY

Unlocking the expertise of Advisers, and empowering them to help SMEs and individuals make intelligent decisions



### COMPLIANCE

Enabling accountants to efficiently produce year end compliance

### TRANSACTION PROCESSING

Enabling SMEs and their Advisers to produce the data that drives business success

Enabled by the MYOB Platform

- Transactions captured electronically, in real time
- Transactions processed automatically
- MYOB uses service to augment technology and work “done”
- Connected Practices transformed:
  - Efficiency in Compliance
  - Ownership of Transaction Processing
  - Increased Advisory role

## The Connected Practice: What will the world be like for a small business?

### SMEs

---

For the SME, this future world will be great!  
Things will just get done.

- **Quick and easy “mobile moments”**  
Accounting will mean creating, reviewing & processing txn on a mobile device leveraging AI. e.g. *Got a bill: approve it, file it, account for it, and schedule for payment in 5-10 secs from a mobile*
- **Track business performance**  
Leveraging AI, Adviser sets up critical reports, SME views through any device
- **Interactions with Advisor via (MYOB) App**  
Questions, signing docs, compliance lodgment – all via a shared online workspace, accessed through an app.



We always overestimate the change that will occur in the next two years and underestimate the change that will occur in the next ten. Don't let yourself be lulled into inaction.

Bill Gates



## The Connected Practice: What the world will be like for an adviser?

### Advisers

Accountants & Bookkeepers

---

In the future, the role of the Adviser will change. He or she will fulfill the role of a business coach and compliance manager

- **Transaction Processing**

Configure core accounting and add-on systems. Process anomalies and one-off transactions. Move to be the primary owner of Transaction Processing.

- **Compliance**

Structure their clients' affairs. Review (pre-filled) data. Ensure deadlines are met.

- **Advisory**

Review business performance. Monitor cashflow. Recommend process improvements. Consult on large decisions



As the role of Advisers evolves, their influence on the purchase of SME accounting software will grow.



**Helping businesses succeed** – today and in the future



# Financial Summary and Long Term Growth Drivers

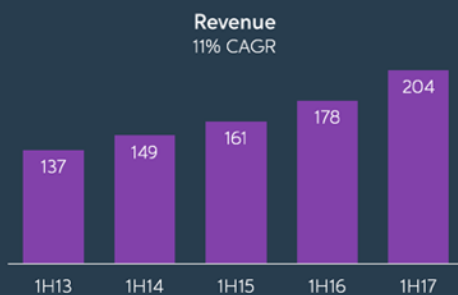
Richard Moore

# Proven history of profitability and growth

Revenue (1H17)

**\$204M**

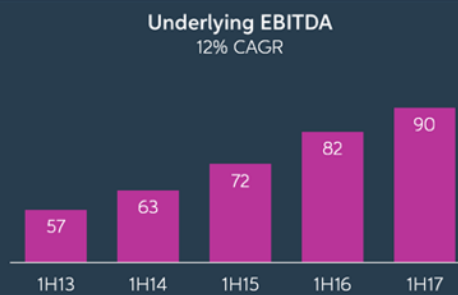
UP 14% YEAR ON YEAR



Underlying EBITDA (1H17)

**\$90M**

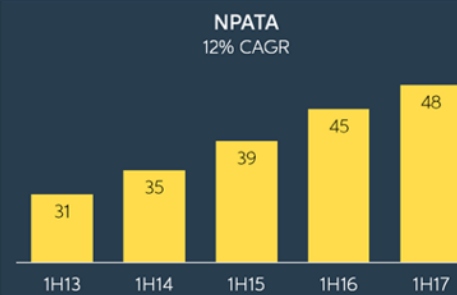
UP 9% YEAR ON YEAR



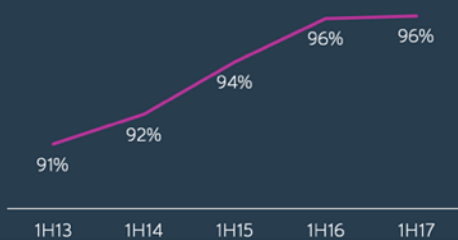
NPATA (1H17)

**\$48M**

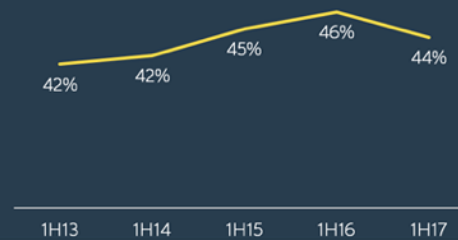
UP 9% YEAR ON YEAR



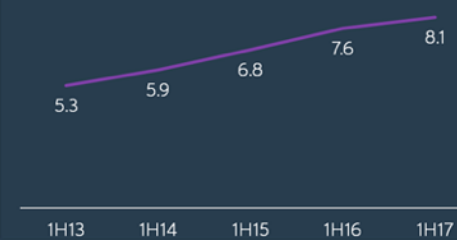
Recurring Revenue %



EBITDA Margin %



NPATA EPS (c)



# Acceleration in online subscribers continues...

Paying SME subscribers\*

**601K**

UP 5% YEAR ON YEAR

Online subscribers\*

**306K**

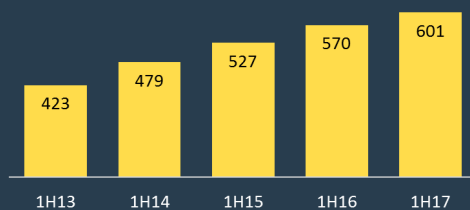
UP 53% YEAR ON YEAR

% of new SME clients online\*\*

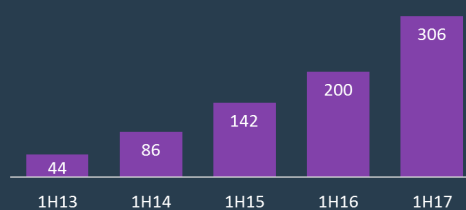
**90%**

UP 7 ppts YEAR ON YEAR

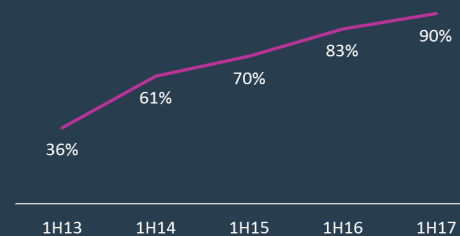
SME Paying Subscriptions (k)  
9% CAGR



Online Subscriptions (k)  
63% CAGR



SME DIY Online Registrations (L3M)

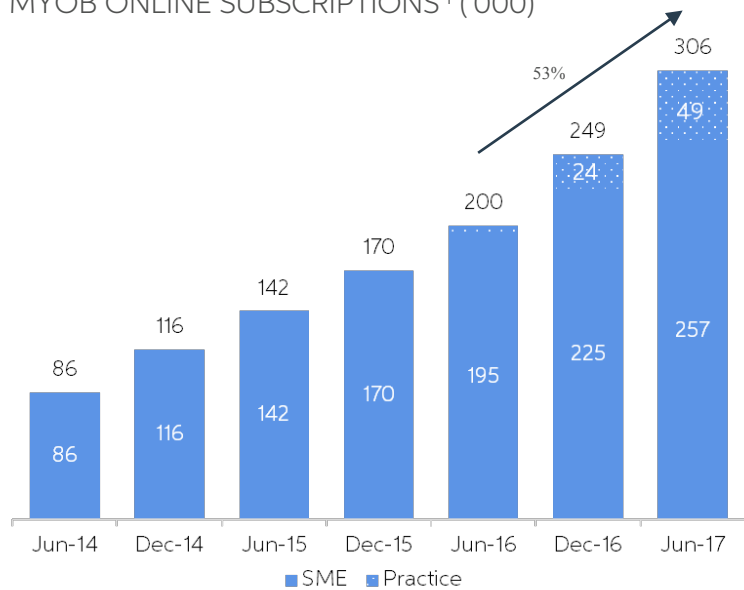


\* As at 30 June 2017 \*\* SME DIY Online Registration (L3M)

## ... driven by new SME clients and increased migrations

1

MYOB ONLINE SUBSCRIPTIONS<sup>1</sup> ('000)

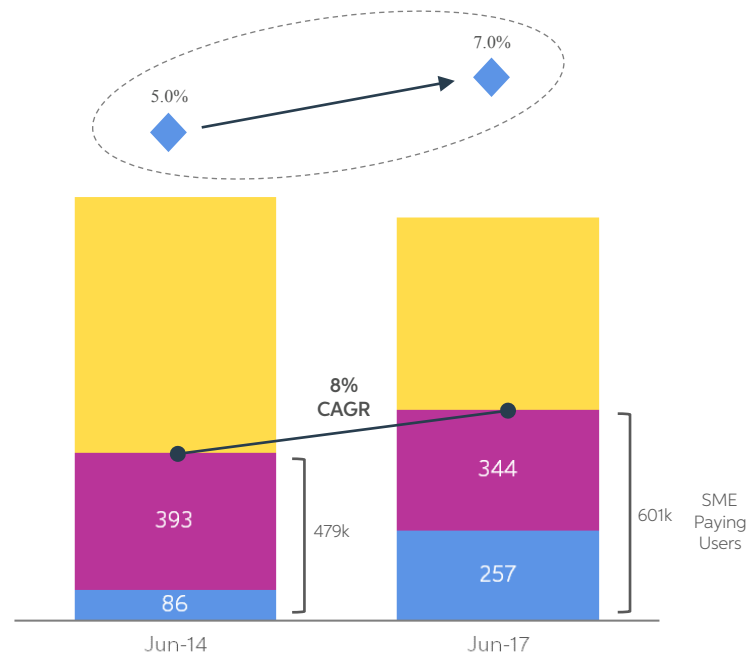


Migration of active, non-paying to paying users %

MYOB SME active, non-paying desktop users<sup>2</sup>

MYOB SME desktop paying users

MYOB SME online users



Accelerating growth in online subscriptions

Migration rate **up 40%** since June 2014

Note 1: The chart above includes practice ledgers to show total online ledger growth.

Note 2: Active desktop non-paying users confirmed via anti-piracy "pinging" mechanism.

# Long term strategy and growth drivers

Delivering value today. Significant upside potential.

1

Growing online subscribers

- Winning advisers through Connected Practice vision; accelerating impact through **Reckon** acquisition
- Increased **referrals** through **MYOB Platform**
- Investment in **marketing** to attract **new SMEs**
- Migrate non-paying, desktop SMEs **online**

2

Increasing lifetime value

- **Price uplift** reflecting value of new functionality including **AI** and **Machine Learning**
- Increased usage of **connected services**
- **ARPU benefit** from mix shift online
- Improved **retention**

3

Increasing TAM through Payments

- Growth in clients using **MYOB PayDirect**
- **Increased per client usage** of PayDirect through new payment types
- Expand **Paycorp** client base

4

Increasing share & TAM in Enterprise

- Increased **share in Tier 3** with **MYOB Advanced**
- **Migrate** existing Tier 3 desktop clients online
- **Increased TAM** by providing solutions for larger (Tier 2) Enterprises

5

Strategic acquisition opportunities

- Targeted acquisitions within our **core business**
- New investment opportunities which leverage our core business and **increase TAM**

Accelerate growth in existing core markets

Penetrate new markets already opened

Strengthen core and new TAM

# Strategic Acquisition – Reckon Accountant Group

John Moss



The transaction supports and strengthens MYOB's vision for the future of the accounting industry, the Connected Practice.

## What

- MYOB is acquiring the assets of the Accountant Group of Reckon in Australia and New Zealand for a purchase price of A\$180m.
- Reckon's Accountant Group provides practice software solutions to over 3,000 accounting practices in Australia and New Zealand.
- The transaction includes the Reckon APS, Reckon Elite and Reckon Docs products, and all Accountant Group employees (approximately 120) will transfer from Reckon to MYOB.

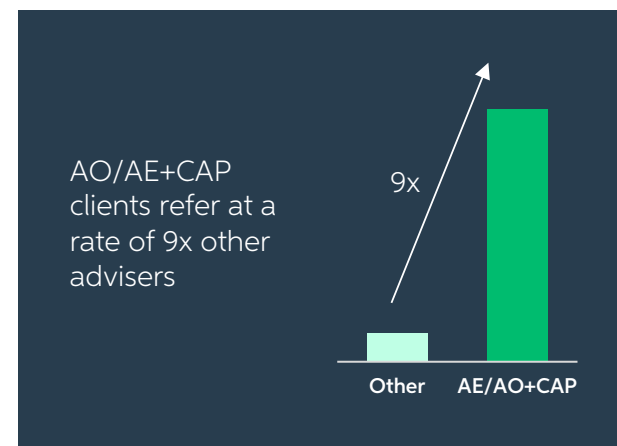
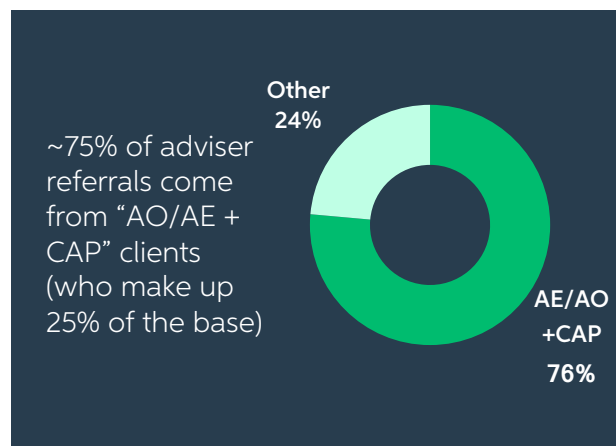
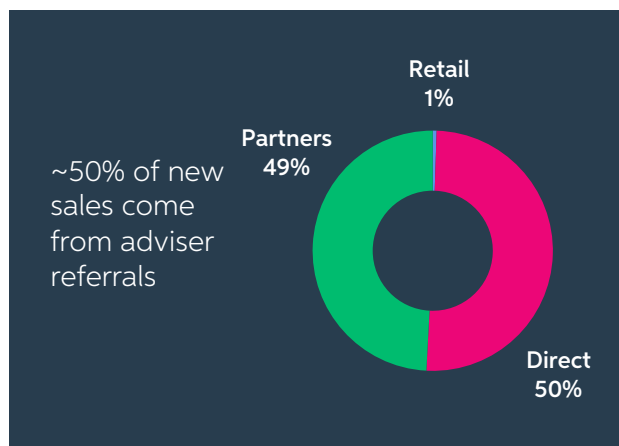
## How & When

- The transaction will be funded by a committed debt facility and is subject to regulatory approval from both the ACCC and NZCC.
- We expect to close on the last day of the month in which all regulatory approvals are received, expected to be by Q2 2018
- The Accountant Group will be integrated into MYOB and an integration fund of ~\$50M will be created. The funds will be invested over the next two years to accelerate the delivery of the MYOB platform, and allow MYOB to start the migration of Reckon clients to the MYOB Platform sooner.
- In addition the first two years of EBITDA from the transaction will be invested in sales and marketing activities to lift revenue, EBITDA and cashflow from year 3 onwards.

## Why

- Strategically aligned with MYOB's Connected Practice vision, to create seamless connectivity and efficiencies between advisers and SMEs
- The transaction strengthens MYOB's adviser base by enabling relationships with more than 3,000 accounting practices, who play a key advisory role for SME businesses
- The larger adviser base will lead to increased referrals of SME software solutions which will accelerate online SME subscriber growth
- It enables MYOB to accelerate the development of its online practice suite to bring advisers online faster and provide an online migration path for Reckon's Accountant Group clients
- The combined adviser base will provide a higher return on the investment in MYOB's online practice suite.

- MYOB provides practice solutions to approx. 8,000 accounting practices and generates >\$80m p.a. in revenue from these products. Reckon's Accountant Group provides practice solutions to over 3,000 accounting practices and generates \$25m p.a. from these products. It also provides entity formation tools to over 4,000 accounting practices and generates approx. \$7m from these activities.
- MYOB runs partner programs that allow accountants and bookkeepers to work seamlessly with their SME clients; over 10,000 advisers are members of MYOB's partner programs.
- On average, practices that use MYOB's practice solutions and are a member of a partner program currently deliver ~75% of adviser referrals, and refer at 9x the rate of other MYOB partners.
- Synergies (both cost and revenue) will be maximised when MYOB and Reckon's Accountant Group practice solutions products are migrated to the new online modules (part of the MYOB Platform). Reckon's Accountant Group spends c.\$6m p.a. and MYOB spends greater than \$20m p.a. on on-premise practice solutions R&D.
- MYOB paid 5.6x revenue for Reckon's Accountant Group which compares to MYOB's EV revenue multiple of >6.5x.
- The deal is EPS accretive on an underlying basis immediately, and on a statutory basis once the \$50m integration funding is fully deployed. This does not include any upside potential from synergies.



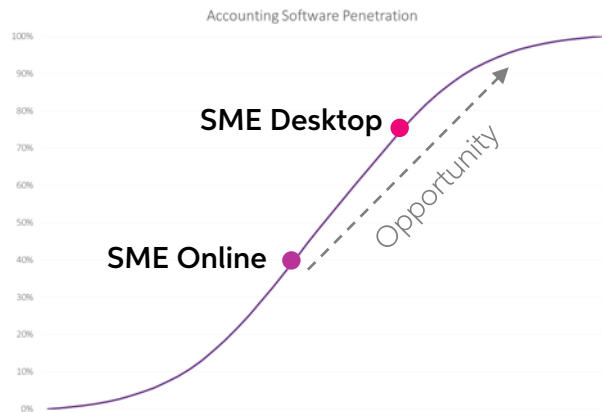
1

# Growing Online Subscribers

Andrew Birch, David Weickhardt, Paul Greenwell, Luke Rattigan

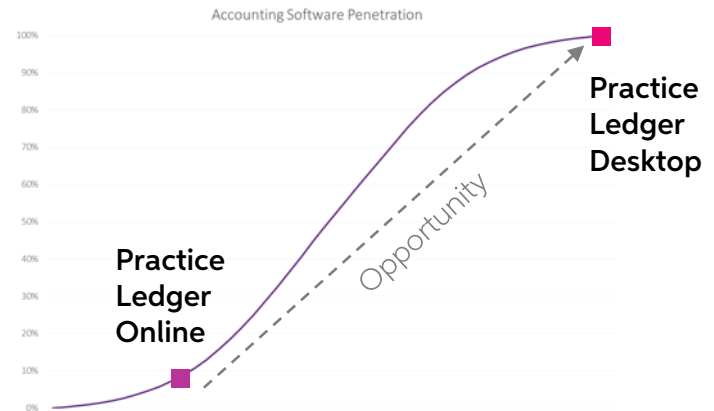
## SME Accounting

- Online adoption is ~40% after 7 years, has potential to go well above desktop;
- Desktop achieved ~75% penetration after 25 years



## Practice Ledger

- Online adoption is in its infancy, still ~10%;
- Desktop penetration complete



1

Building a **preferred platform** for SMEs and advisers

2

Implementing a **best of breed** sales strategy

3

Market Leading Brand

1

Building a **preferred platform** for SMEs and advisers

2

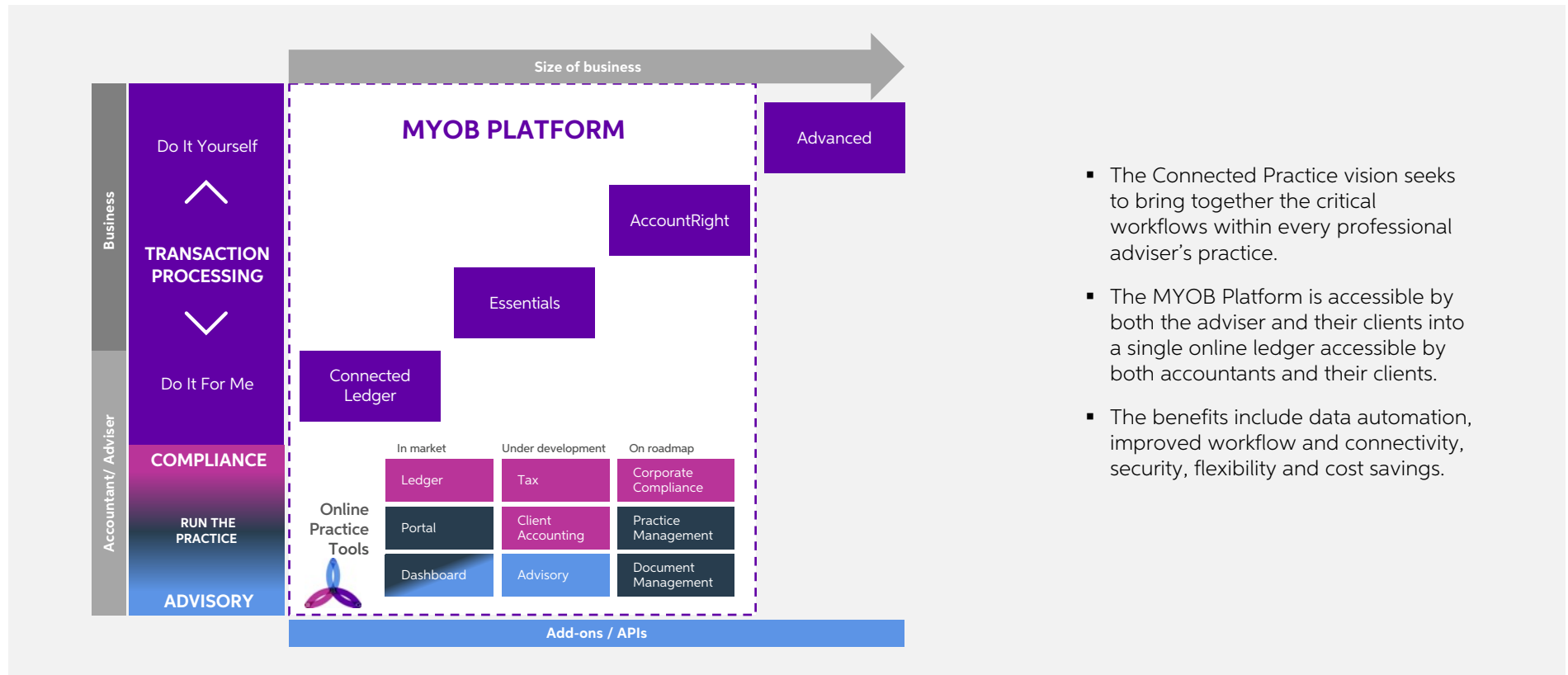
Implementing a **best of breed** sales strategy

3

Market Leading Brand

# The MYOB Platform delivers the tools for **Advisers** and **SMEs** that make the Connected Practice a reality

Growing online subscribers

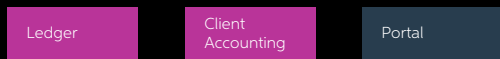


- The Connected Practice vision seeks to bring together the critical workflows within every professional adviser's practice.
- The MYOB Platform is accessible by both the adviser and their clients into a single online ledger accessible by both accountants and their clients.
- The benefits include data automation, improved workflow and connectivity, security, flexibility and cost savings.

## Modules

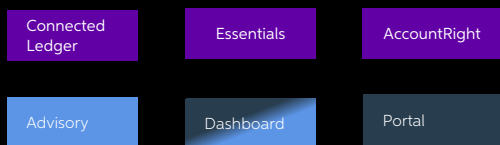
1

Increase **compliance efficiency** through online collaboration and efficiency tools



2

Enable advisers to provide **efficient transaction processing and advisory services** at scale



3

Streamline **all end-to-end workflows** by reimagining core practice modules online and taking advisers on the journey online module by module



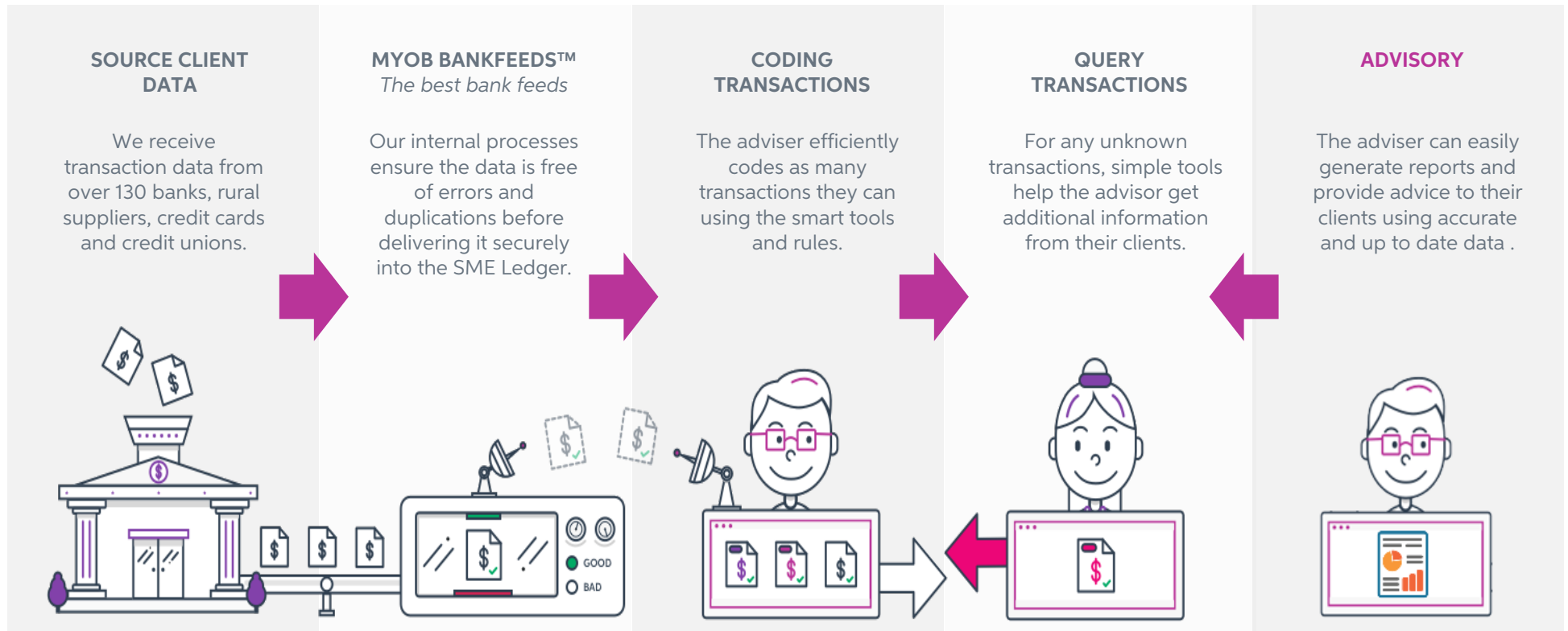


# 1 Increase compliance efficiency through online collaboration and efficiency tools



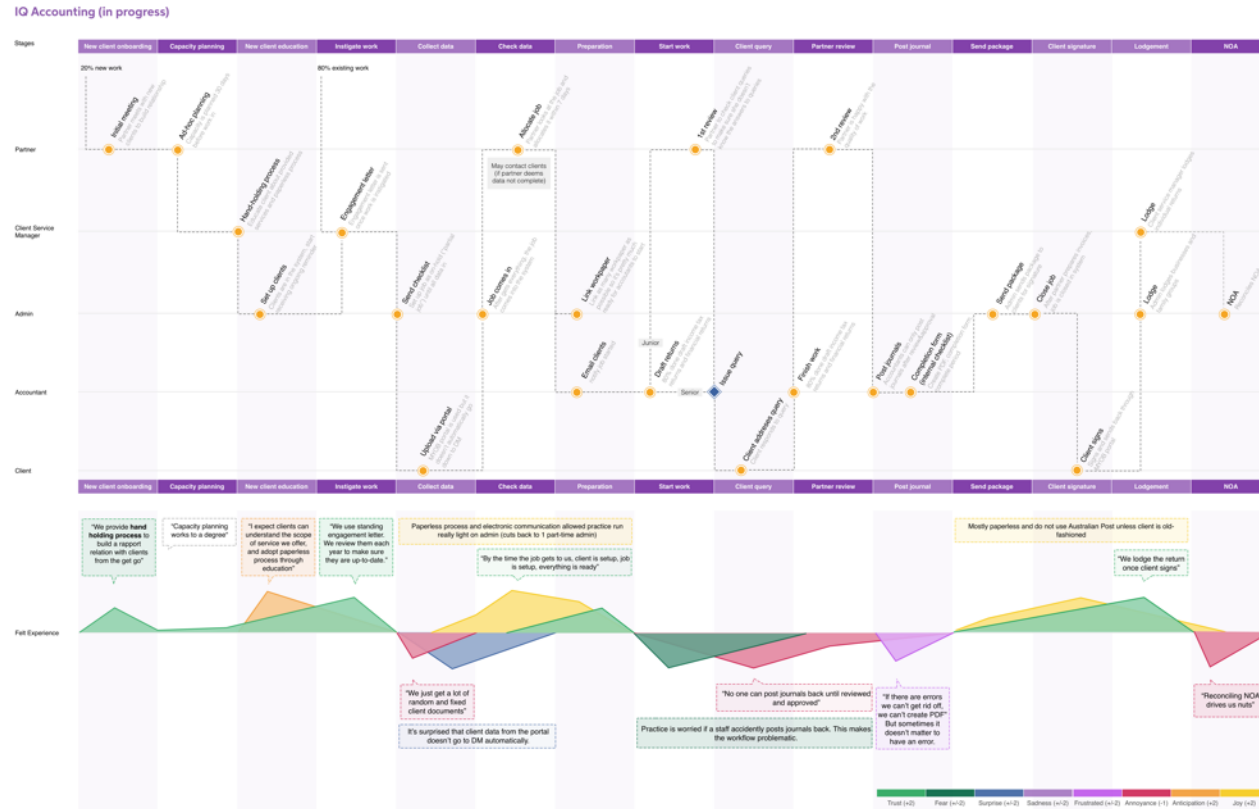
## 2 Enable advisers to provide **efficient transaction processing and advisory services** at scale

Growing Online Subscribers

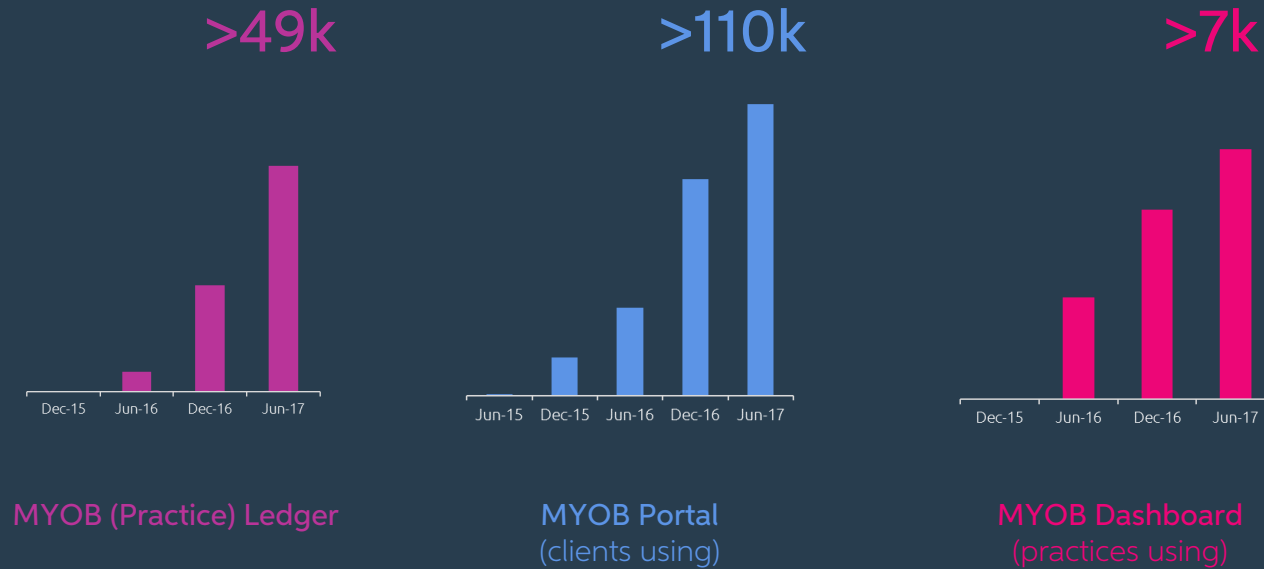


### 3 Streamline all end-to-end workflows by reimagining core practice modules online and taking advisers on the journey online module by module

Example first step in designing streamlined end-to-end workflows



Online Practice Tools



## Dashboard

A powerful single view to manage your clients online

## Portal

An integrated tool for streamlining document approvals and collaboration with your clients

## Tax

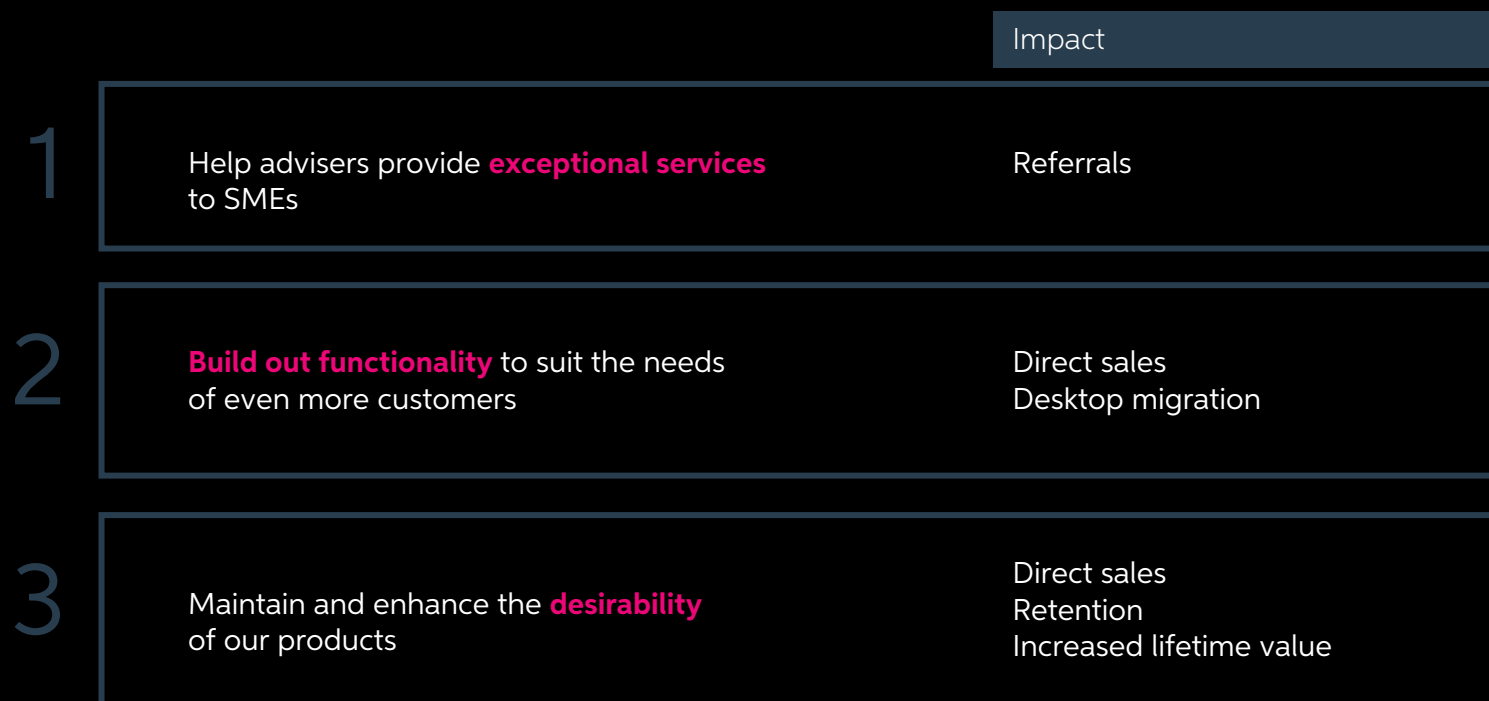
Simple tax preparation with prefill from the SME ledger and automated lodgment to the ATO and IRD

## Connected Ledger

Powerful SME ledger with high quality Bankfeeds for managing your clients transaction processing

## MyAdvisor

Easy and smart reporting to engage your clients in advisory discussions





Trusted personal adviser  
providing exceptional services

- Effortless, streamlined compliance
- Range of cost-effective transaction processing services
- Quality, timely advice



Simplify SME success



Save time

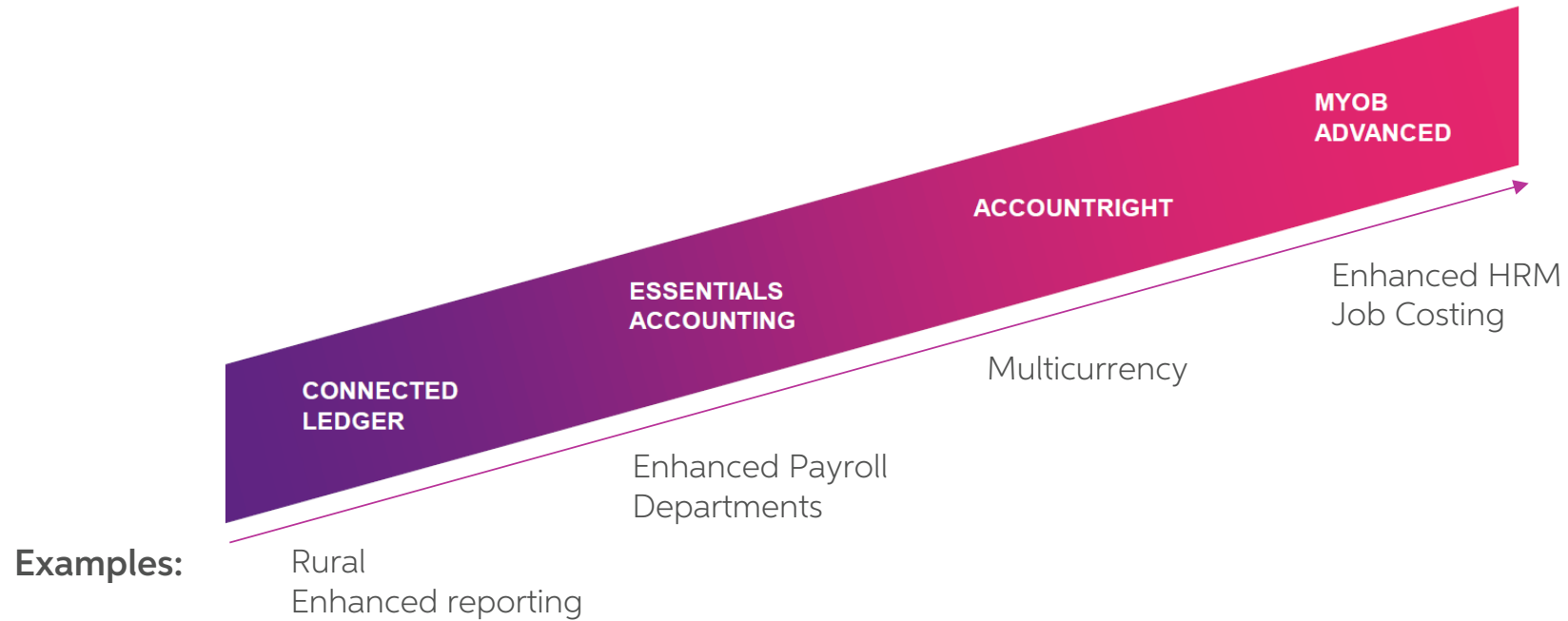


Easy



Improve cash flow

## 2 Build out **functionality** to suit the needs of even more customers





### 3 Maintain and enhance the desirability of our products

Growing Online Subscribers



---

SuperStream  
Taxable payments  
Online BAS  
Simplified BAS  
Single Touch Payroll



---

eGST  
AIM  
Pay day PAYE

#### Connected services:

---

PayDirect Online  
SmartBills  
APIs (Add-Ons)  
PaySuper  
Bankfeeds

#### Experience:

---

Design  
Security  
Reliability  
Mobile moments



1

Building a **preferred platform** for SMEs and Advisers

2

Implementing a **best of breed** sales strategy

3

Market Leading Brand

Because business  
isn't just business,  
it's personal

MYOB point of difference:

- We believe **success** is personal
- We aim to have a **personal relationship** with each of our clients and partners
- We understand their **business needs**





### SMEs

Small businesses, typically with less than 20 employees

**Products serviced:**

- SME accounting and payroll software such as AccountRight & Essentials
- Payments and Connected services like: PayDirect Online, Kounta, MYOB loans, Add-ons & Bankfeeds



### ADVISERS

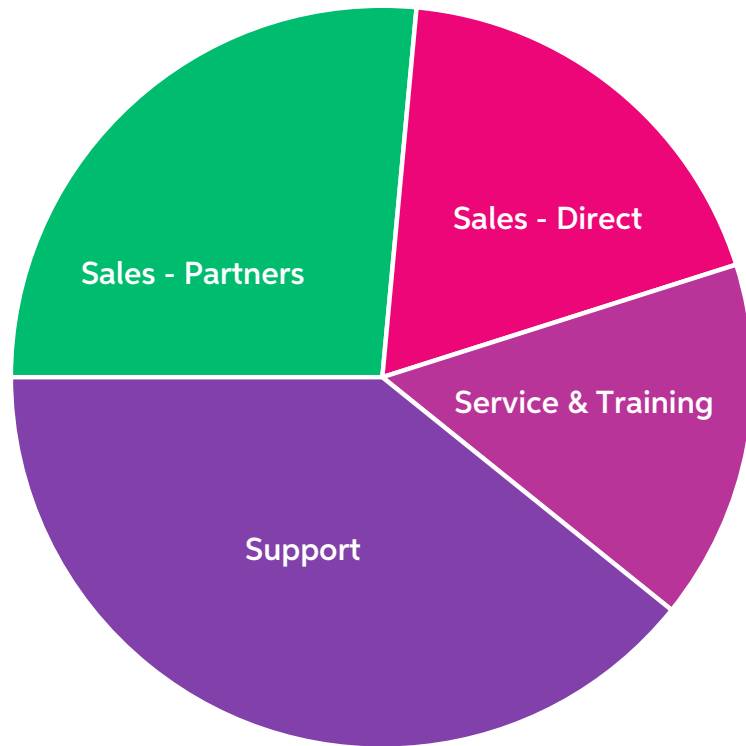
Accounting practices (small right up to "big 4"), Bookkeepers & Certified Consultants.

**Products serviced:**

- Accountants Enterprise / Office suites;
- Dashboard & Portal

Combined with Operations & Service we have a strong Sales and Service team of 700+ employees

Growing Online Subscribers



### Clients & Partners (Luke Rattigan)

#### Sales – Partners (Practice & SME solutions)

Field and phone sales teams that focus on our partner channel i.e. Accountants, Bookkeepers, Certified Consultants and other partners.

#### Sales – Direct (SME only)

Phone sales team that target SMEs directly. Both inbound and outbound across ANZ.

### Operations & Service (Nick Burkett)

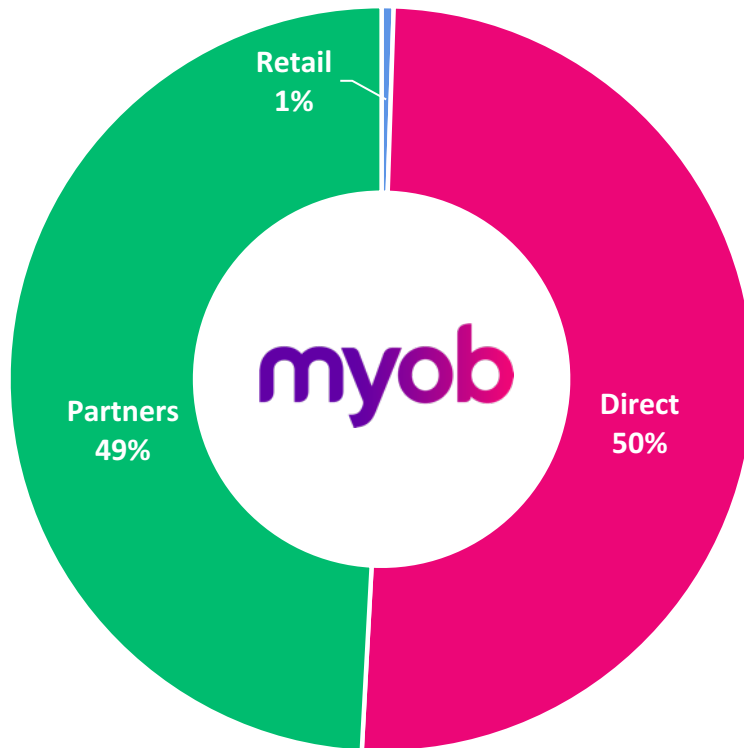
#### Support

Customer service queries and technical support across ANZ.

#### Service & Training

Provide training and service to our partners across ANZ.

Channel sales of SME solutions equally split between Partners and Direct



### Partner Channels

- Accountants
- Bookkeepers
- Certified Consultants
- Franchise

### Direct Channels

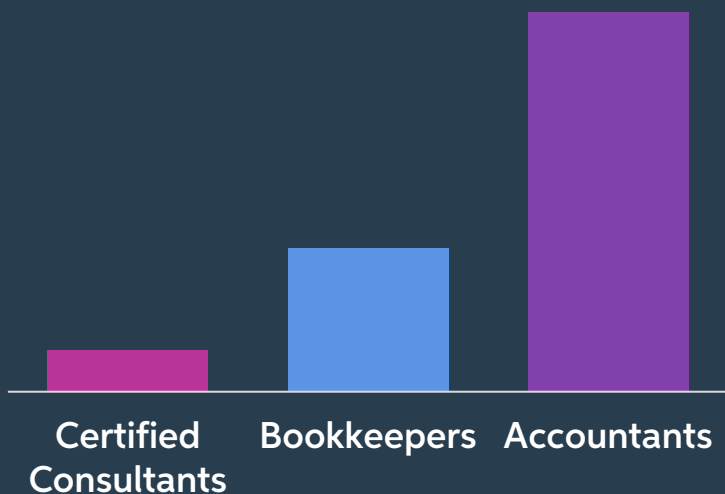
- Online buys
- Outbound phone sales
- Inbound phone sales

Almost 50% of MYOB sales of SME solutions are formally referred by advisers, and they also influence a significant portion of direct sales.

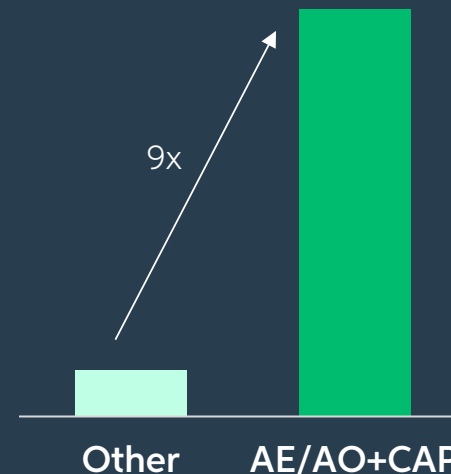
### Optimising sales channels through aligned team structure



We have over 14,000 active partners – across our Accountant, Bookkeeper and Certified Consultant partner base. This base provides a key source of our SME sales via referrals.



MYOB's AO & AE clients who are also CAP (Connected Accountant Program) members currently deliver ~75% of adviser referrals, and refer at 9x the rate of other MYOB partners.







## Partner Events

Growing Online Subscribers

	INCITE	PARTNER CONNECT
THEME	“Today Defines Tomorrow”	“Success is Personal”
WHAT	Industry vision, demonstrate product development and industry insights	In-depth product info, discuss industry, celebrate success
WHERE	Across AU & NZ – 48 locations	Across AU & NZ - 7 locations
WHEN	February & March	August & September
WHO	Accountants (70%) & Bookkeepers (30%)	Bookkeepers & Certified Consultants (80%) plus CAP Accountants (20%)

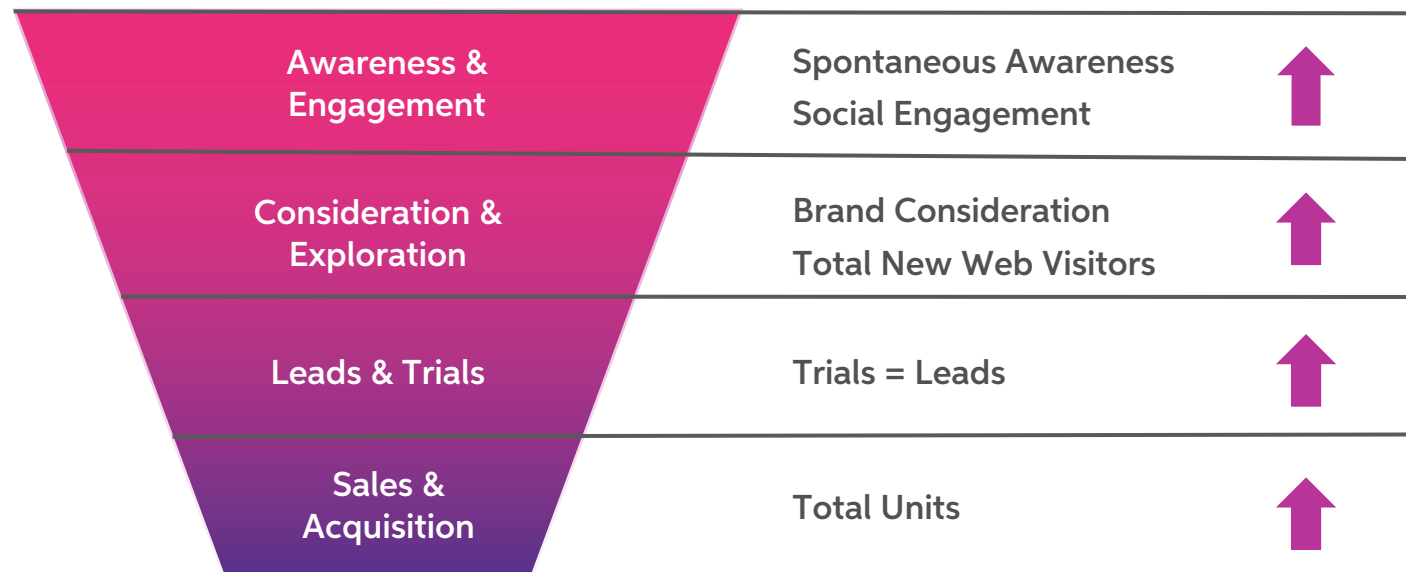


What's new	New partner status		Benefits	
<ul style="list-style-type: none"><li>▪ New program to help our partners succeed</li><li>▪ Rewards partners to move clients online, stay engaged with MYOB, and bring in new referrals</li></ul>				
<ul style="list-style-type: none"><li>▪ C. &gt; 2000 partners signed up to date</li><li>▪ C. 9,000 product referrals so far</li></ul>				

**Direct Channel** - Successful brand transformation has driven positive impact from awareness through the funnel to sales.

Growing Online Subscribers

**myob**



Increasing category spend is driving an uplift in acquisition costs and investment for 2018 and beyond.



## New Customer Acquisition

- Digital marketing (search/social/display)
- Content Marketing
- Optimise website ecommerce experience

- Optimise in Trial Experience
- Email & Content Marketing
- Digital Retargeting

- Inbound and outbound calls
- Trial conversions
- Onboarding

## Migrate Existing Base

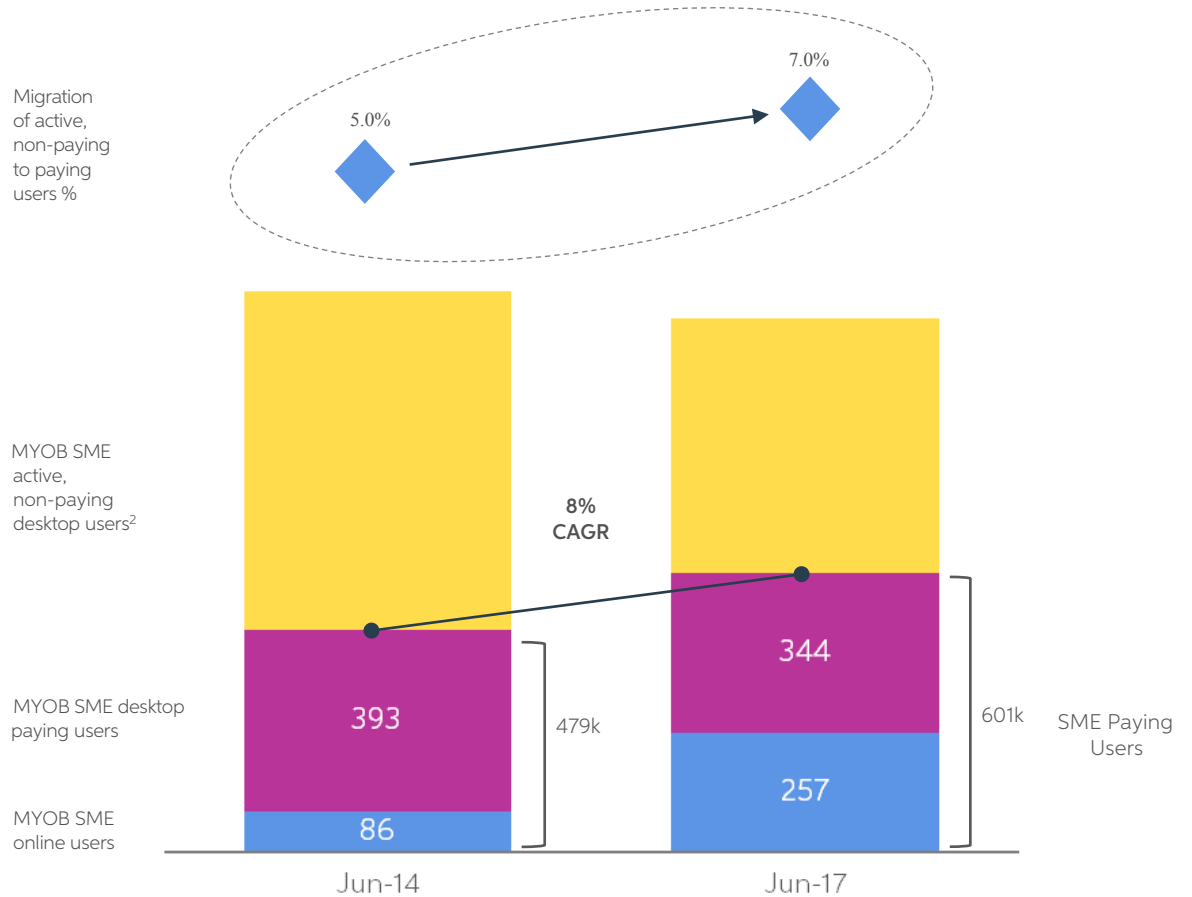
- Email & Content Marketing
- Digital Marketing

- Outbound calls
- Migration
- Onboarding

## Platforms and partners



- Almost half of our SME DIY online subscribers have come from migrating our desktop clients
- Over the 3 years to June 2017 we have increased the rate of migration of the active non-paying base to 7.0% per year through targeted marketing campaigns



1

Building a **preferred platform** for SMEs and Advisers

2

Implementing a **best of breed** sales strategy

3

Market Leading Brand



**Future of success**

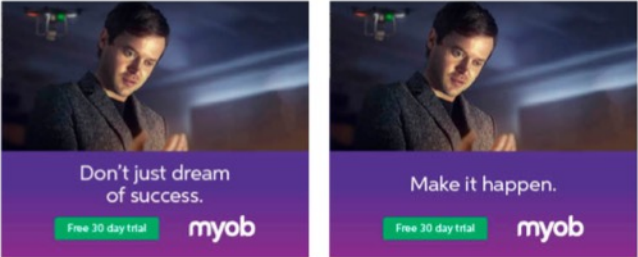
Throughout 2017 we have run multi-channel campaigns to both shift brand perception and drive sales.

Growing Online Subscribers

Traditional: ATL



Digital: Search, display, mobile, social





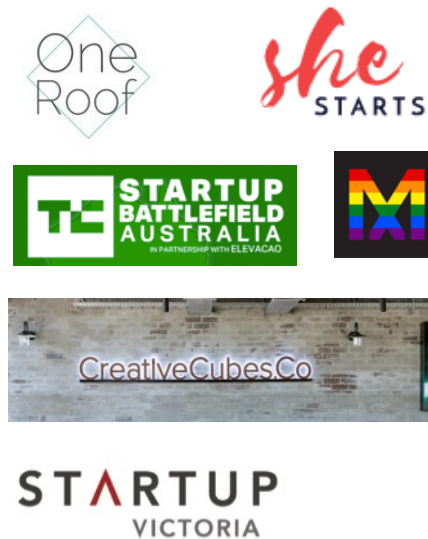
# Campaigns have been paired with activations, sponsorship & events, to cement MYOBs position as a technology leader.

Growing Online Subscribers

## Educating tomorrow's Entrepreneurs



## Supporting Startups



## Leading our industry



**Brand will continue to play a critical role in driving success.**

Growing Online Subscribers

As we build the MYOB platform, and bring the Connected Practice Vision to life, brand plays a critical role in communicating the value proposition of MYOB to help businesses succeed - 'Simplify Success'.

**myob** simplify  
success

**OUR CONTINUED  
INVESTMENT IN BRAND  
AND EXPERIENCE WILL:**

**DRIVE BRAND  
PREFERENCE AND  
NEW CLIENT  
ACQUISITION**

**DRIVE  
CONSIDERATION AND  
NEW CLIENT  
ACQUISITION**

**DRIVE RETENTION  
AND LIFETIME  
VALUE VIA  
INCREASED NPS**



Coffee break

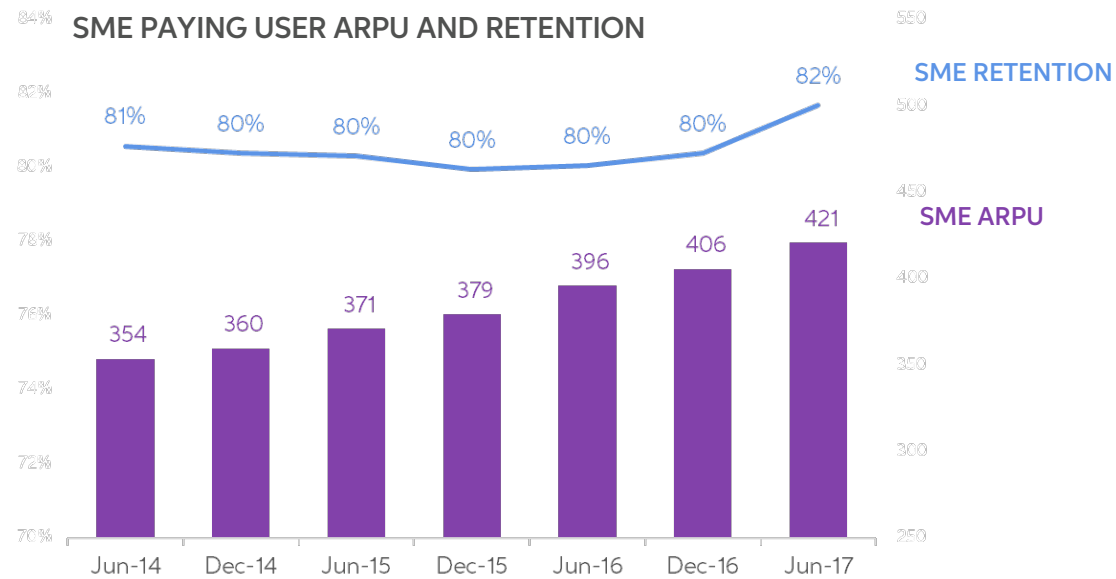
2

## Increasing lifetime value

Andrew Birch, Hugh Fahy, Dale Dixon, Nick Burkett

# Total Customer Lifetime Value is increased as retention and ARPU increase, together with continued SME subscriber growth

Increasing Lifetime Value



Considerable improvement in subscriber lifetime value from higher ARPU and improved retention rates

Every 1% increase in SME retention rates or ARPU delivers \$2.5 million additional revenue per year

## Product

Drive ARPU and retention by:

- Investing in our products and services to continue to offer improved value
- Increasing usage of **live services** to deliver better client experiences
- Investing in the core capabilities in the **platform**, to make the client experience better and better

## Service and support

Differentiate from competitors by:

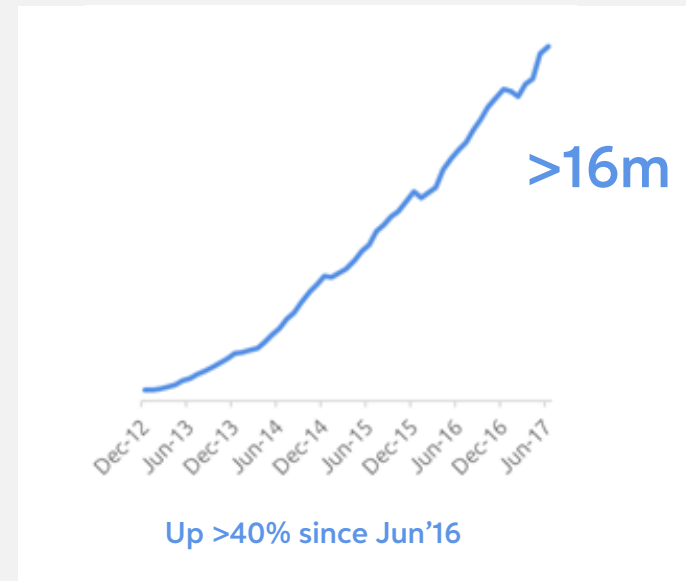
- Offering a wider choice of channels demanded by customers
- Continuous feedback loops to reduce need for interactions
- Investment in tools and processes to drive frontline efficiency
- Use service as a key touch-point for increasing monetisation of base

## Better value with cloud

- Cloud files
- Bankfeeds
- APIs (Add-ons)
- PaySuper
- Adviser Connections
- SmartBills
- Mobile App
- PayDirect Online

Bankfeeds allow clients to access their data anytime, anyplace and connected to other live services such as our APIs and mobile app

**Bank feeds save MYOB  
Online users over \$3,000  
worth of time each year.  
Save 10 hours a month.**



Monthly bank transactions fed to online solutions

Best coverage and success

**135** Financial institutions and growing

Highest number of direct datalinks with banks financial institutions, credit card providers

Secure and compliant

Client authorisation and bank authentication

ASIC's ePayment Code compliance and banking rules

No client's internet banking usernames and passwords required

Best quality bank data

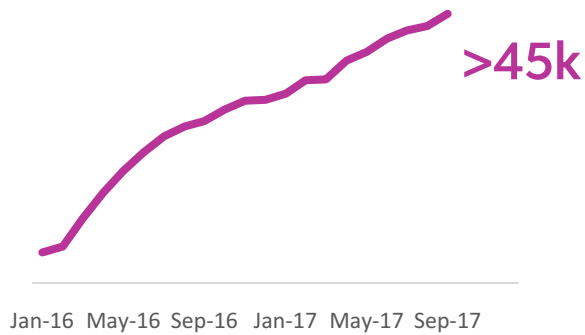
**25 million** Directbank transactions

**400,000+** Bank accounts

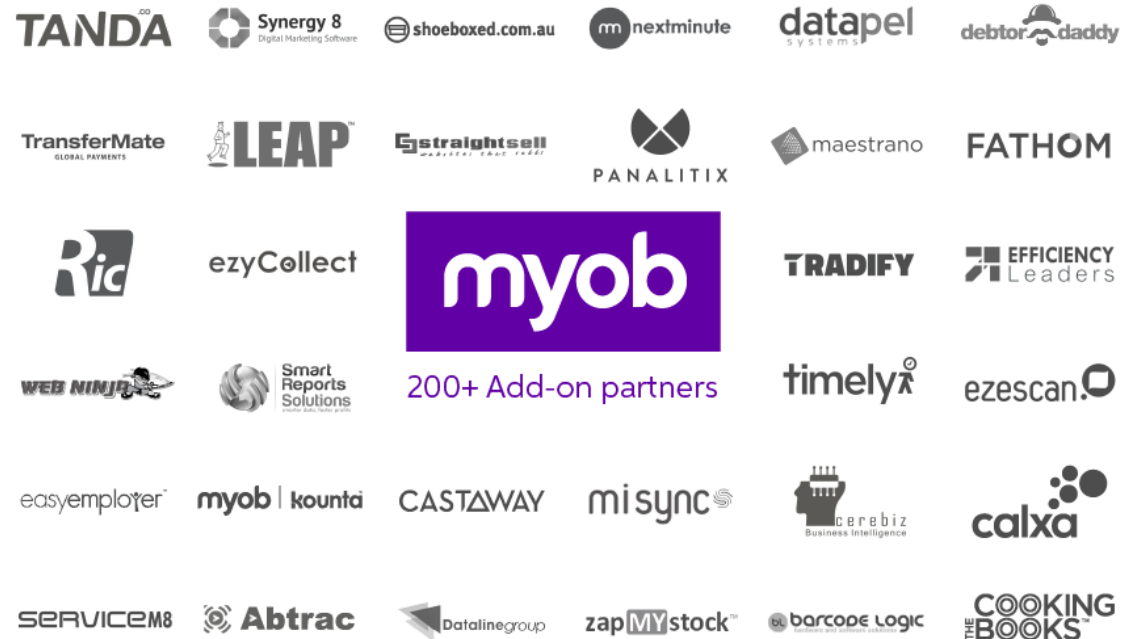
Direct bank transactions validation and automated quality enhancements ensures data accuracy



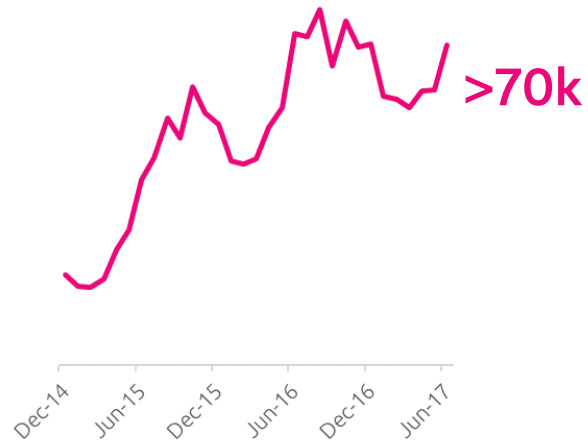
APIs and Add-on Partners: Add-on solutions add to the richness of experience that clients have while using MYOB's online accounting apps – we do the 80% common to most businesses, add-ons complete the last mile.



Number of online files with an add-on solution



PaySuper: PaySuper allows clients to dramatically reduce the time it takes to process their employees superannuation, while keeping them compliant with Superstream legislation.

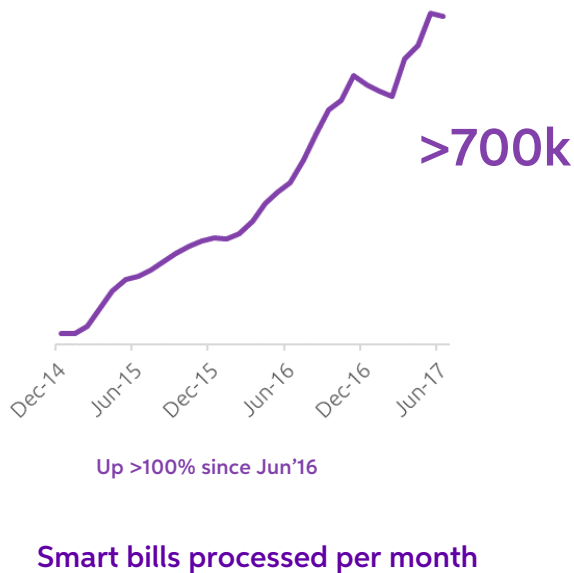


PaySuper – employees paid (Last 3 Months)

“ Love PaySuper more than life itself. It is significantly faster than any concept we have had previously. I love that we don't have to talk with the Super funds anymore. I just press a button and it's done.

**Nicole Smith** The Physio Joint

SmartBills: a revolutionary service that leverages AI and takes the work out of entering a bill. This encourages clients to run accrual accounts making it easier to project cash flow– critical to helping businesses succeed.



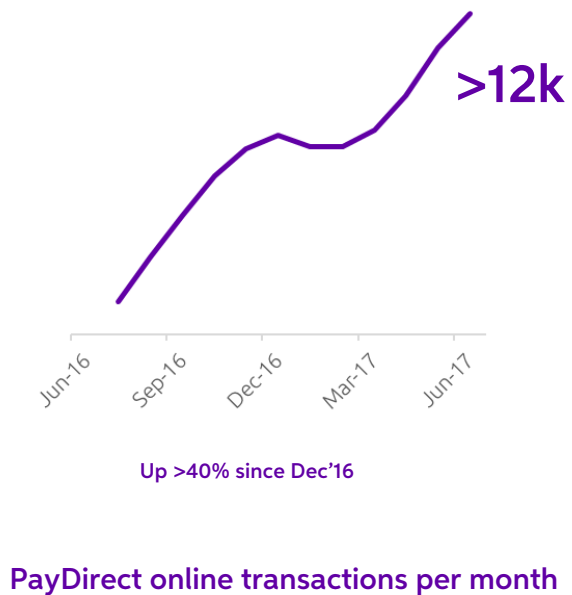
“

We're pleased to be partnering with MYOB to provide an automated solution that reduces business administration and helps make our customers' lives easier.

**Michael Howard** Officeworks



PayDirect Online: Online invoicing with integrated payment portal.  
Fast invoicing leads to greatly improved cashflow.



- Invoices paid through PayDirect Online get paid **4x faster**
- Payment days reduced by **33 days**

Creating a connection between an SME and their adviser is at the heart of the Connected Practice strategy. This enables Partners to use the Dashboard, and saves SMEs time in having to manually send partners a copy of their data.

# 57%

Number of MYOB Essentials clients across ANZ who have an adviser attached

“ I can speak to my accountant in real time and we can make decisions. The relationship with my accountant is so much easier.

*Maria Sieben, JMS Aquatics QLD Pty Ltd*

Invoicing &  
PayDirect Online

Helping small  
businesses get paid  
faster resulting in  
improved cash flow

Smart Bills

Automate the  
process of  
entering receipts  
and bills. Saving  
time, improving  
cash flow and  
collaboration  
with adviser  
descriptions

Budgeting

Together with  
your adviser  
compare how  
your business is  
performing  
against budget

Payroll and  
Compliance

Making it easy  
for small business  
to meeting their  
compliance  
obligations

140+

Support staff answering technical questions for partner and client support

24/7

In Product help and support  
Online help with real-time queries

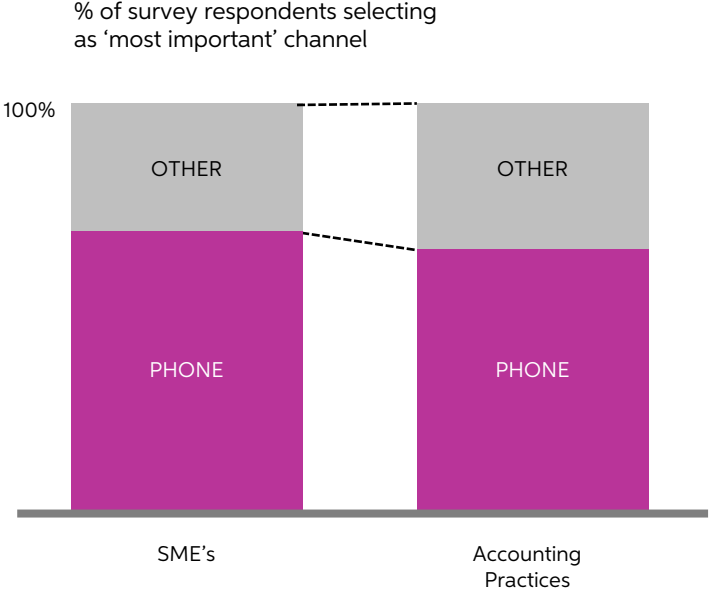
Accredited partner program

Exclusive benefits, tools and resources for your practice

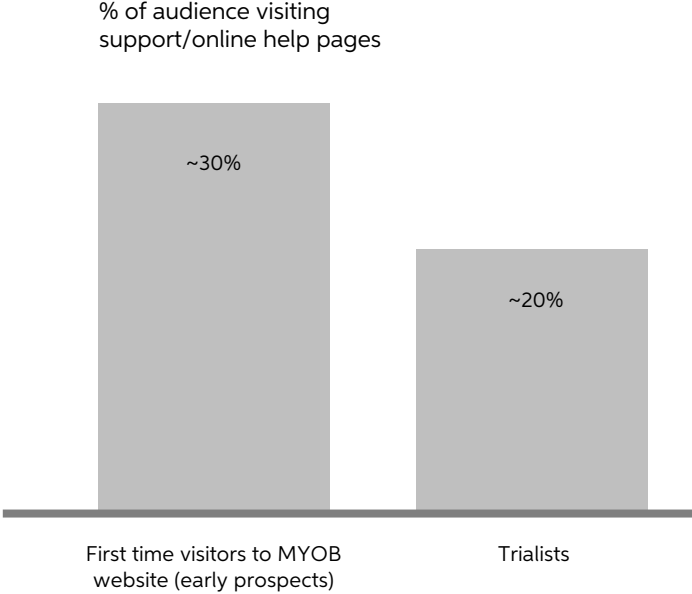
Unrivalled support



# Customer Support plays an important role in both retention and acquisition of subscribers



Phone support is highly valued by customers, and not offered by some competitors



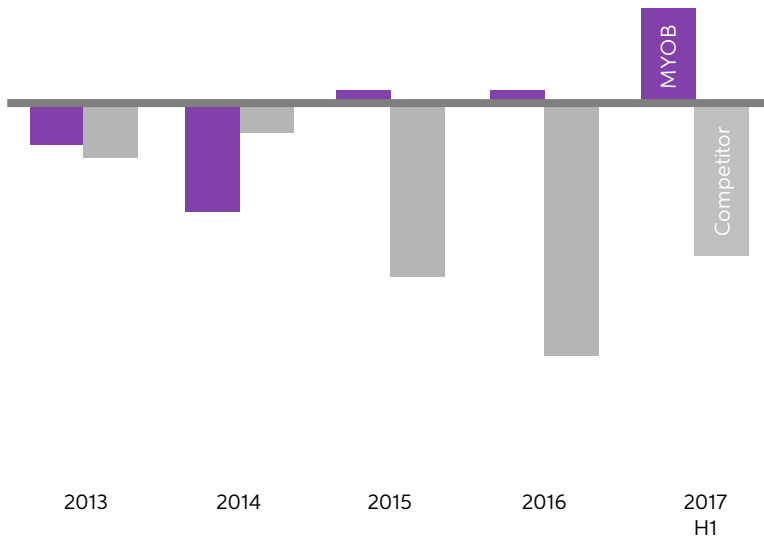
Support is also critical for acquisition of new customers



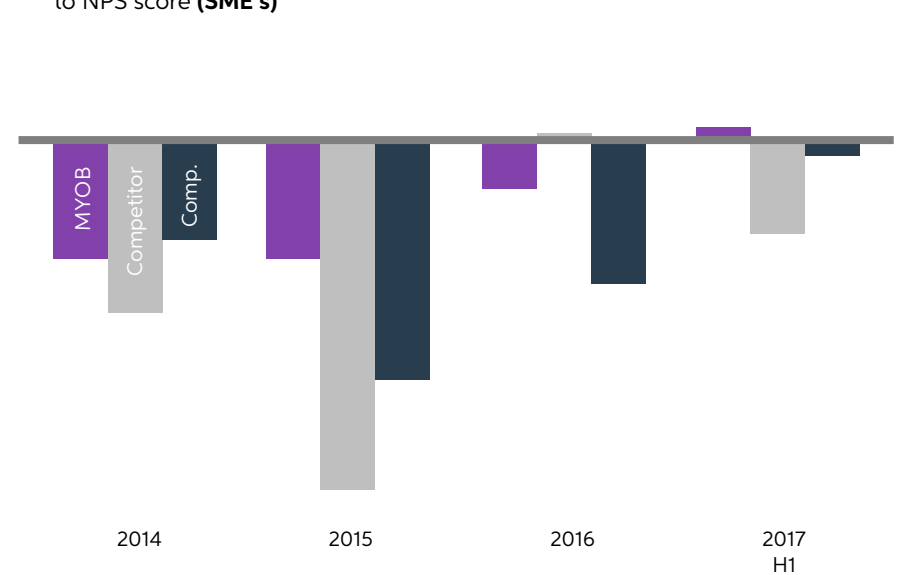
# Customer Support is a differentiator to competitors in the market

Increasing Lifetime Value

Support net contribution to NPS score **(Practices)**

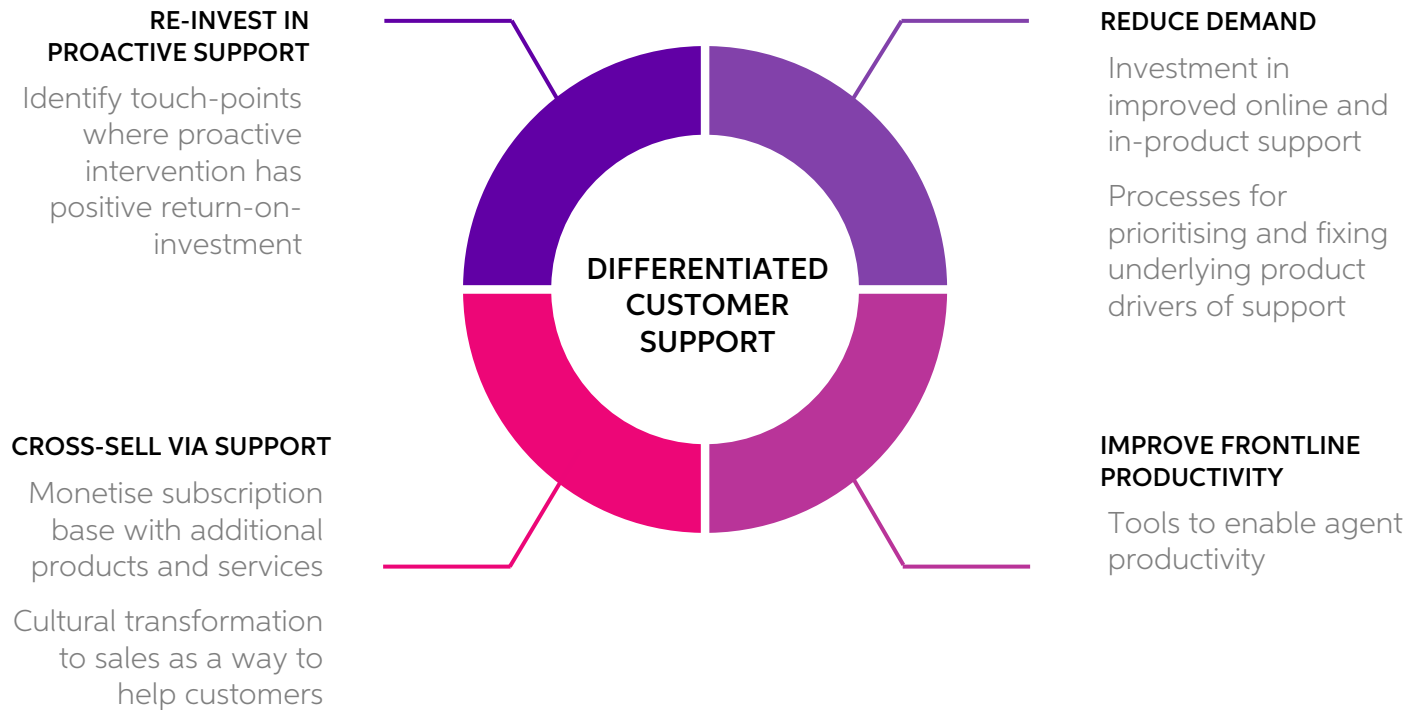


Support net contribution to NPS score **(SME's)**



NPS data shows MYOB support is seen as significantly better by Accounting Practices ...

... and also by SMEs



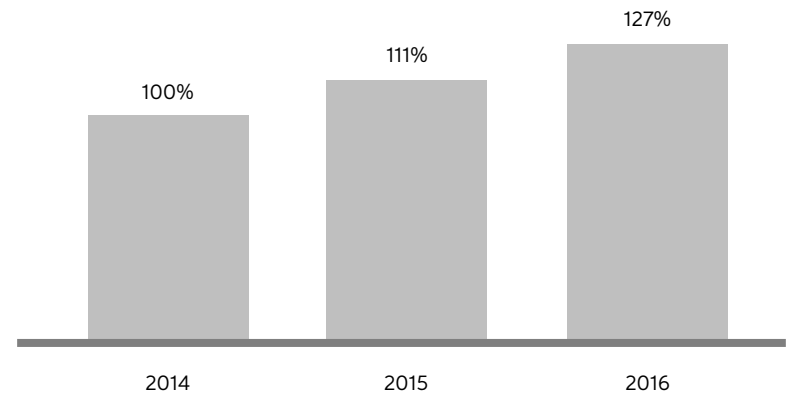
# Strategy has led to significant improvements in demand and agent productivity over the last 3 years

Support enquiries per customer per month



**>50% reduction in agent-assisted support enquiries**

Calls answered per rep (indexed to 2014)

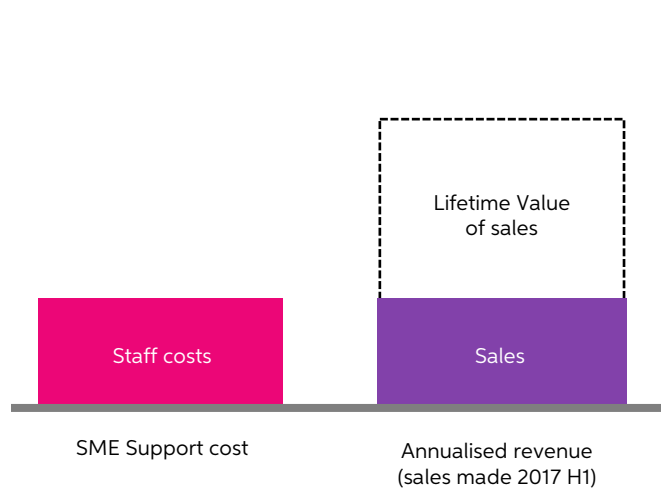


**~27% increase in agent productivity**

# Move to monetise base proving successful with SME support now profitable; Rapid investment in targeting micro-segment for proactive support

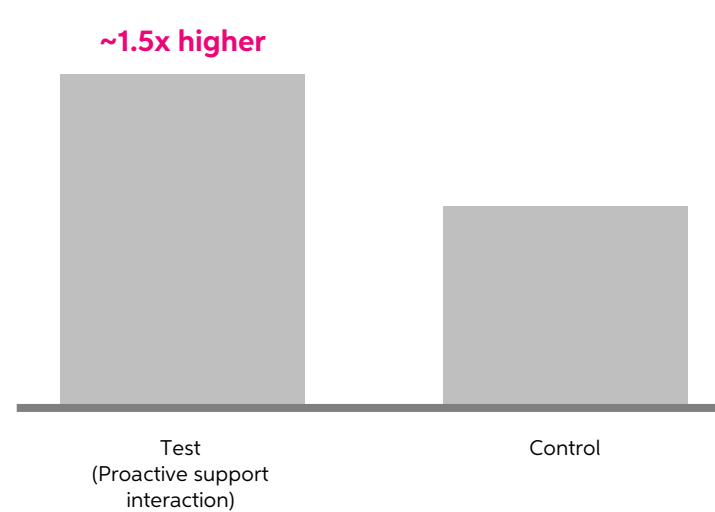
Increasing Lifetime Value

P&L Impact (2017 H1)



SME support is now a profit centre

Annualised retention rate



Tests of proactive support to microsegments show positive economics are possible



Lunch break

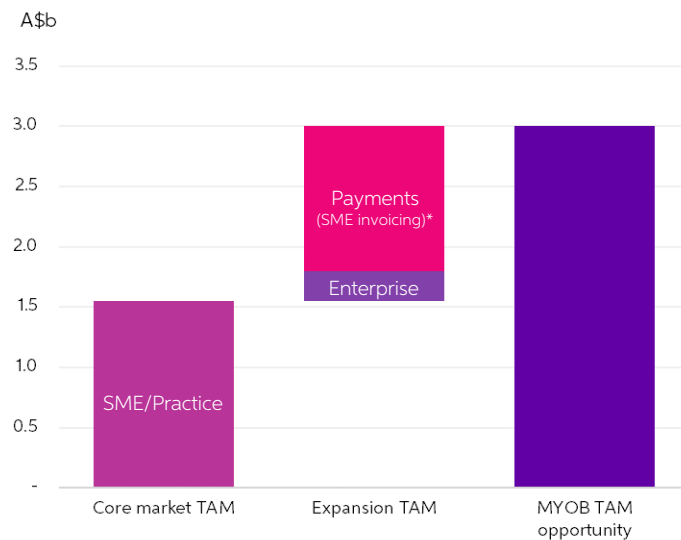
3

## Increasing TAM through Payments

Andrew Birch

# New **Payments segment** unlocks >\$1.2 billion TAM opportunity

ESTIMATED TOTAL ADDRESSABLE MARKET (TAM)



\* \$1.2 trillion of invoices raised annually on SME accounting software in Australia, conservatively assuming a 10bp net merchant fee

MYOB has a proven track record of successfully acquiring and integrating businesses that add value for our customers and increase TAM

- The acquisition of Paycorp completed on 1 April 2017; now fully integrated into MYOB
- Three months revenue of \$2.3 million included in 1H17 results
- Significant opportunity for growth, taking estimated industry TAM across all segments to at least **\$3 billion**

Payments is a natural  
**DIVERSIFICATION**  
for an accounting  
software business





# Why we're investing in Payments?

TAM through Payments



IMPROVE  
CASHFLOW  
for our clients



SAVE TIME  
for our clients



NATURAL  
EVOLUTION



FASTER INVOICE  
PAYMENT



SIMPLE,  
STREAMLINED  
INVOICING



OTHER  
PAYMENT  
SERVICES

→ Payments from invoices sent by our customers to their end customer

→ Payments from invoices our customers send to larger businesses

→ Payments from invoices sent by larger businesses to our customers

→ Payments from our customers paying their employees and the tax office etc.

\$ **16**

TRILLION  
IN VALUE

\$ **10**

TRILLION  
IN INVOICE VALUE

\$ **46**

BILLION  
MYOB INVOICES

\$ **700**

MILLION  
UNTAPPED REVENUE



**\$406M**  
FY16 payments revenue  
17.7% of \$2.2B small business revenue



Market leading payments  
company in the UK

## HERE & NOW

- **MYOB PAYDIRECT ONLINE**
- **8K** number of merchants
- **\$10M/m** in invoice value and growing
- **\$1M REV** fastest product to reach \$1m in revenue in MYOB history
- **2.5 MIN** fastest onboarding experience

## COMING SOON

- **PIPELINE OPPORTUNITIES**
- Creating a payments ecosystem
- Cash flow improvements and time savings for our customers
- Additional payment types i.e. Bpay, POLi, China Union Pay, AMEX
- Additional revenue streams

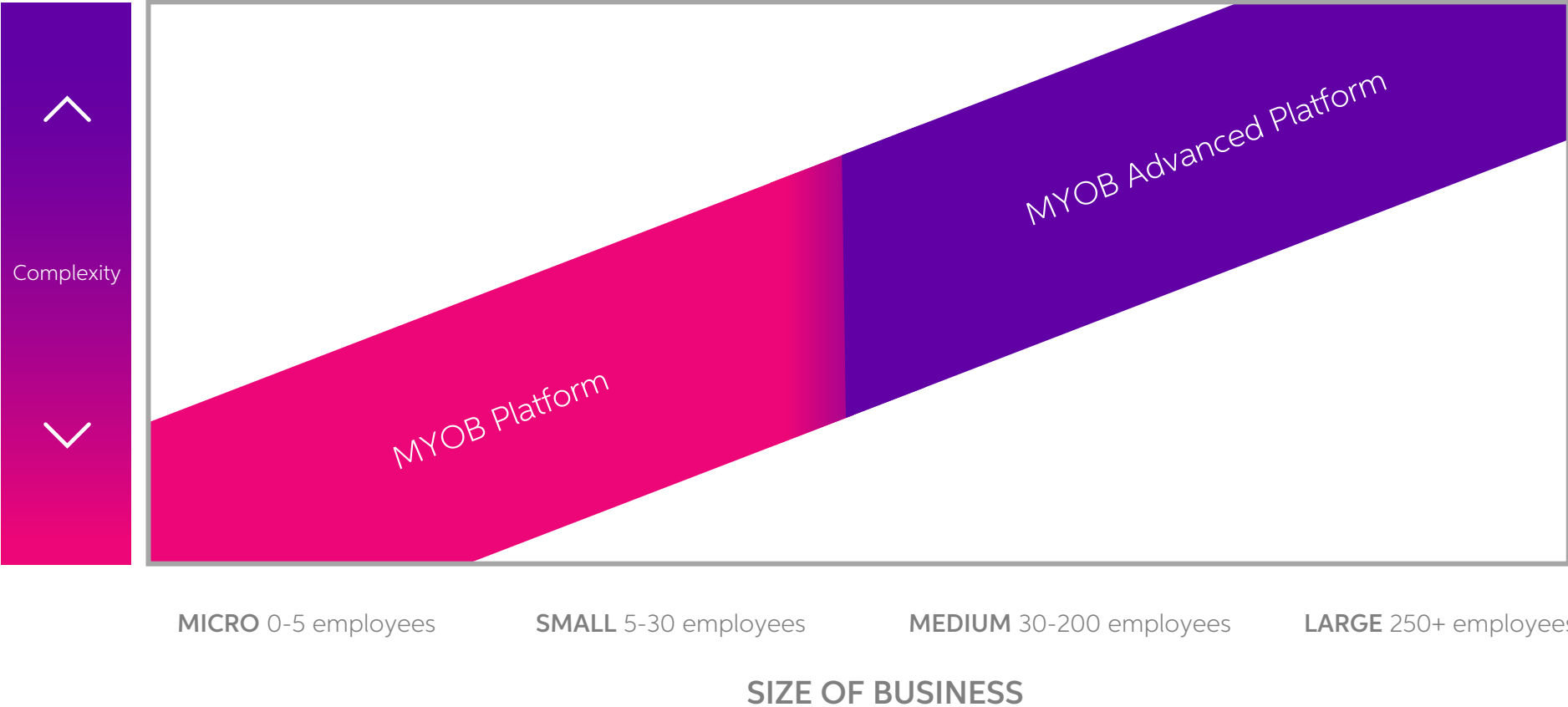
4

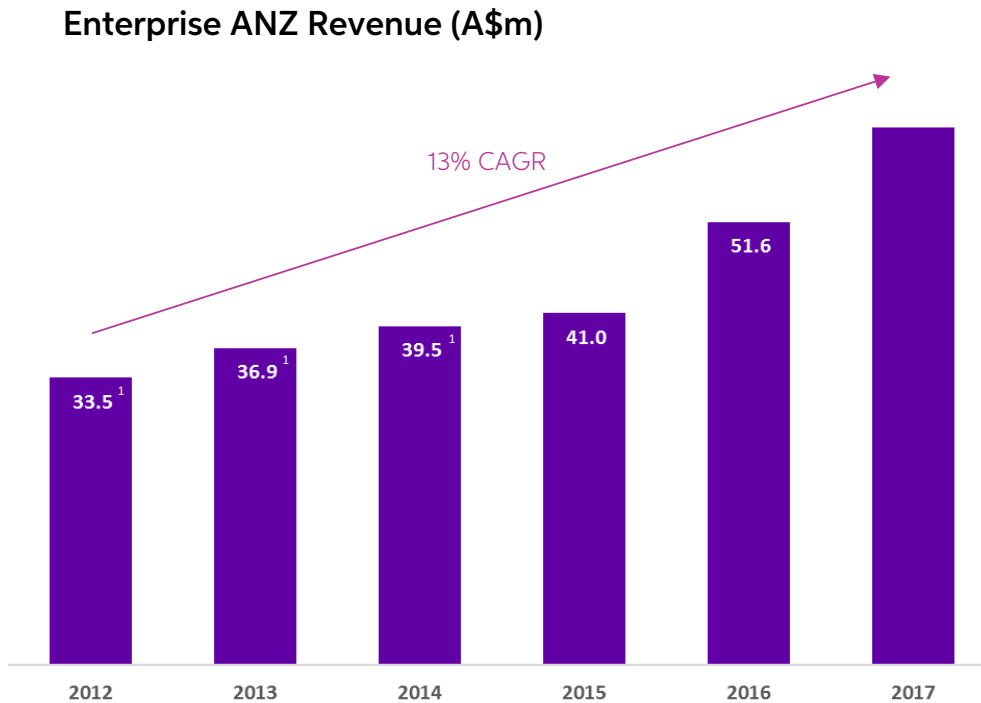
## Increasing TAM through Enterprise

Andrew Birch

**Enterprise** offers small businesses a migration path to ERP and Enterprise HRM as their business grows

TAM through Enterprise





Note 1: The chart above includes proforma revenue for PayGlobal (acquired mid-2014) in 2012-2014 as per the Prospectus

### Key Growth Drivers

- Growth of Advanced Subscription Revenue
- Targeted acquisitions (PayGlobal and Greentree) have opened up Tier 2 market to MYOB

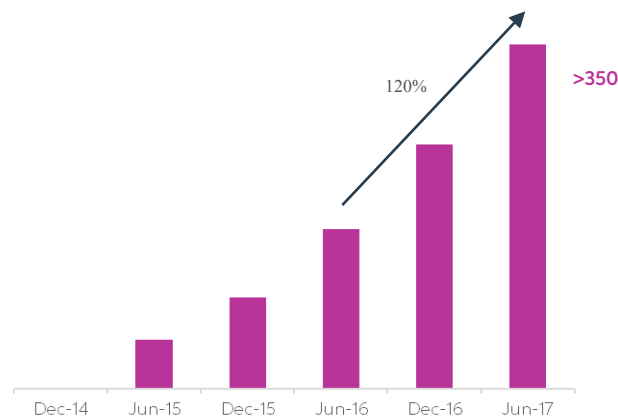
## MYOB Advanced

- Launched in 2015
- Built using the Acumatica platform
- Developed out of New Zealand
- Sold through a channel of ~40 resellers across Australia & NZ
- Fastest selling cloud ERP in ANZ

## Key Industry Verticals

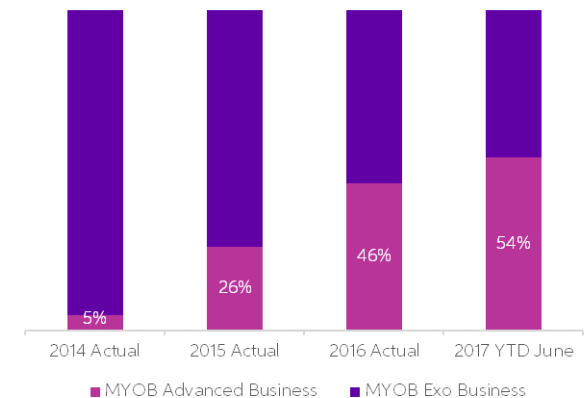
- Wholesale Distribution
- Manufacturing
- Professional Services
- Financial Services
- Not For Profit / Government

Advanced Business subscription model will drive strong recurring revenue compared to EXO Business perpetual licensing model



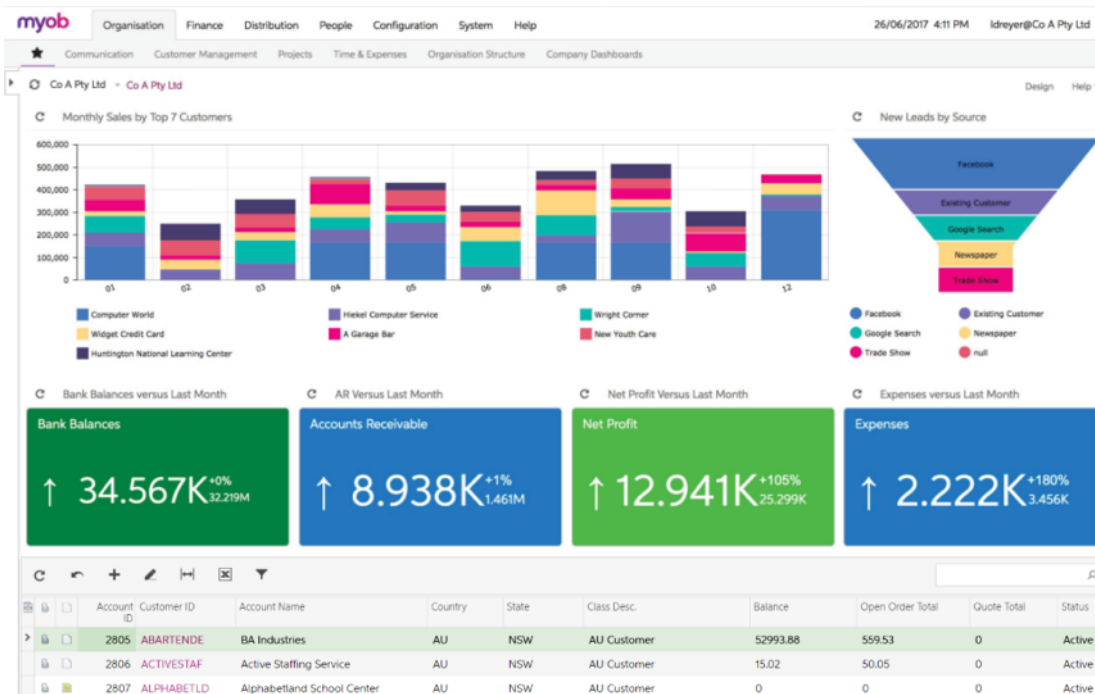
MYOB ADVANCED BUSINESS SITES

Increased market demand for Cloud ERP driving change in sales mix towards MYOB Advanced



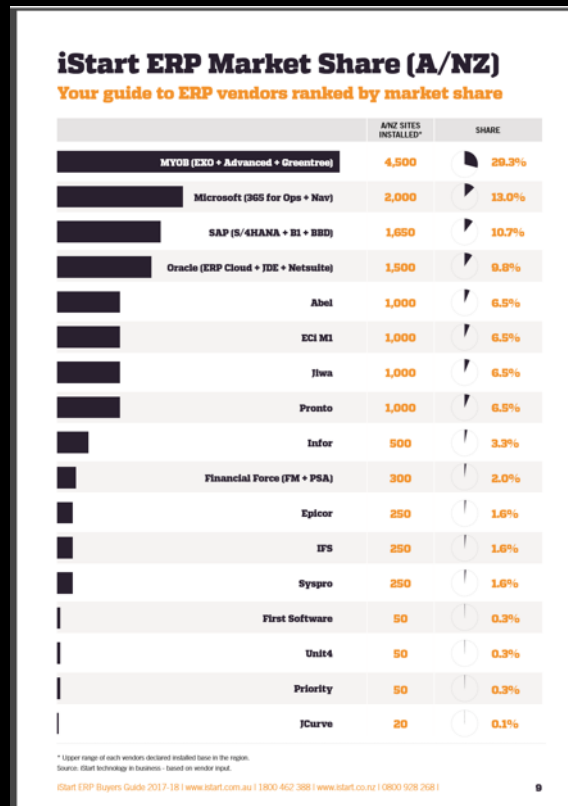
MYOB ENTERPRISE ERP SALES MIX





## Key Strengths

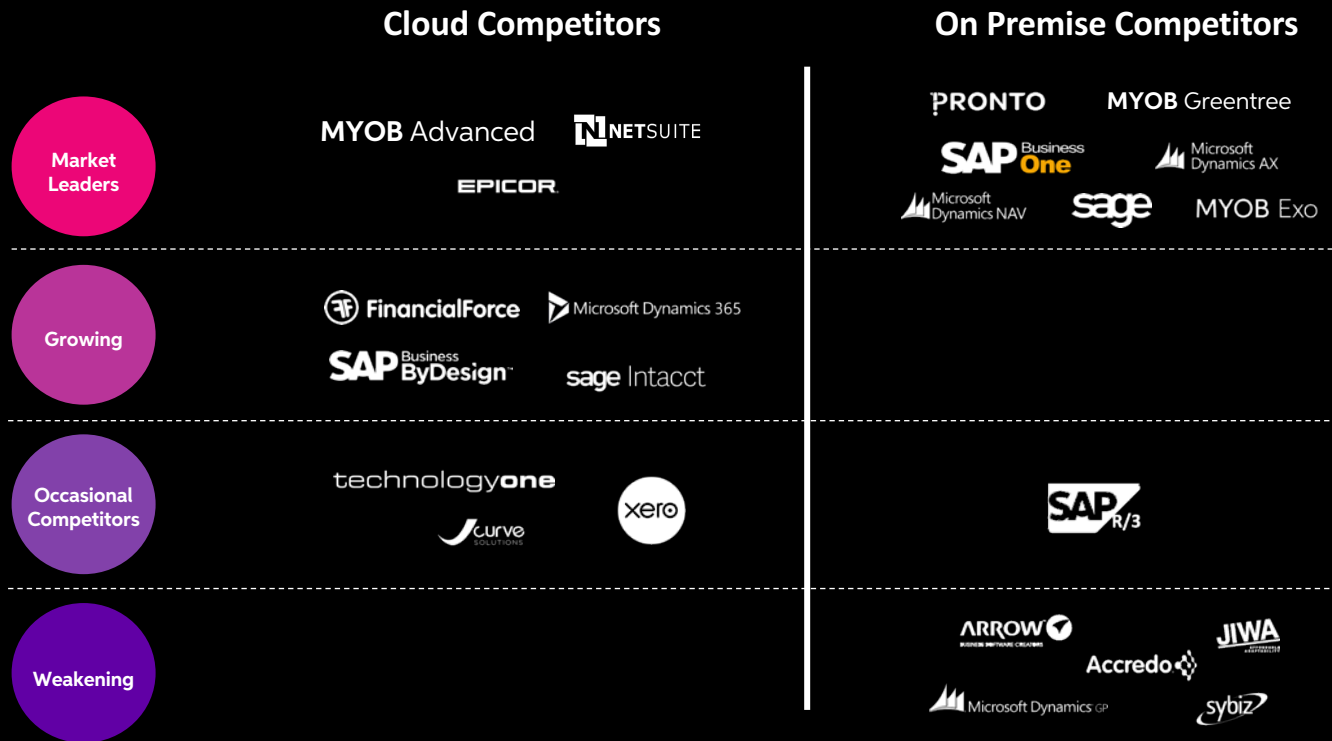
- Native cloud / SaaS
- Anytime, anywhere access from any device
- Built specifically for ANZ market with integrated localised Payroll
- Strong financial and distribution functionality
- Locally hosted and supported in ANZ
- Strong local network of channel partners
- Customisable platform can be tailored to needs



Source: iStart ERP Market Guide 2017

Highly competitive and fragmented market,  
 'local focus' key differentiator for MYOB

TAM through Enterprise





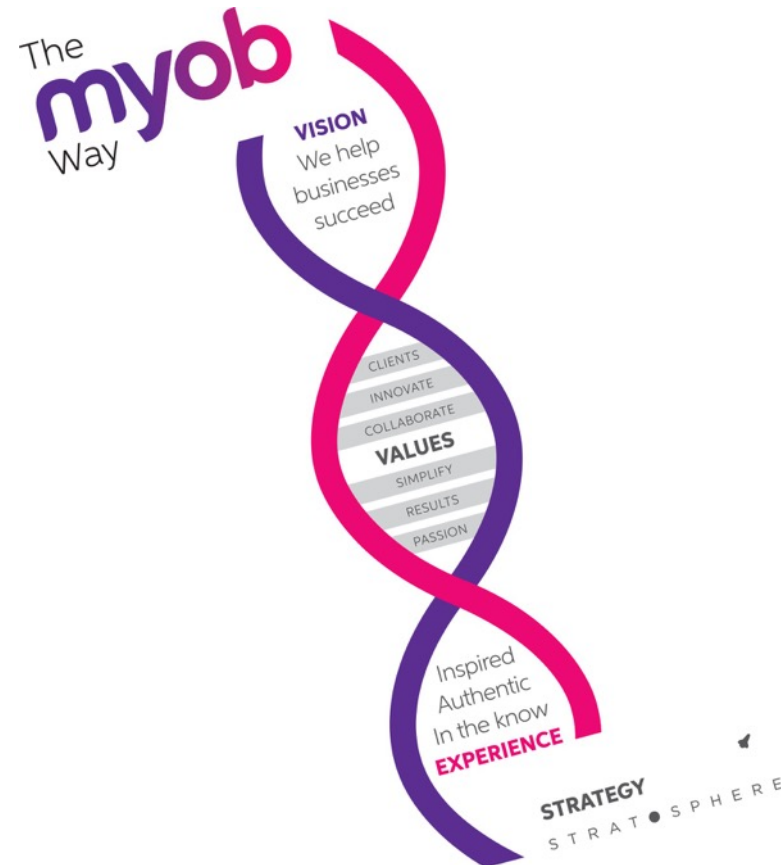
# MYOB Culture and Employee Experience

Helen Lea



**MYOB Way**

Our culture is at the heart of our competitive advantage – and we actively safeguard and seek to enrich it



### Technical skills are just the starting point

How will you 'fit' in our team?  
Will you be able to bring our values to life in your work?


Will we be a place where you will be inspired and challenged to do your best work?




## Onboarding for Culture

---


It begins before you start – how we get to know you and help you understand us




It continues when you join the team – with New Starter support, a team Buddy to orient you and clarity about your role and contribution



It extends to orienting you to the Organisation – with a dedicated Culture Day experience



How do we help confirm you made the right decision to choose MYOB? How do we support you in making your contribution felt positively and quickly?



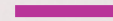




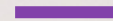
Goals oriented towards your tangible performance contribution and results



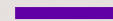
Feedback sought from colleagues, team and leaders on your contribution



An evaluation of the 'how' of your performance as well as the 'what'



How do we provide you with the feedback necessary to secure your success?



## Recognising Culture

Culture and Employee Experience

Informally via peer to peer recognition opportunities



Formally via the performance mechanisms



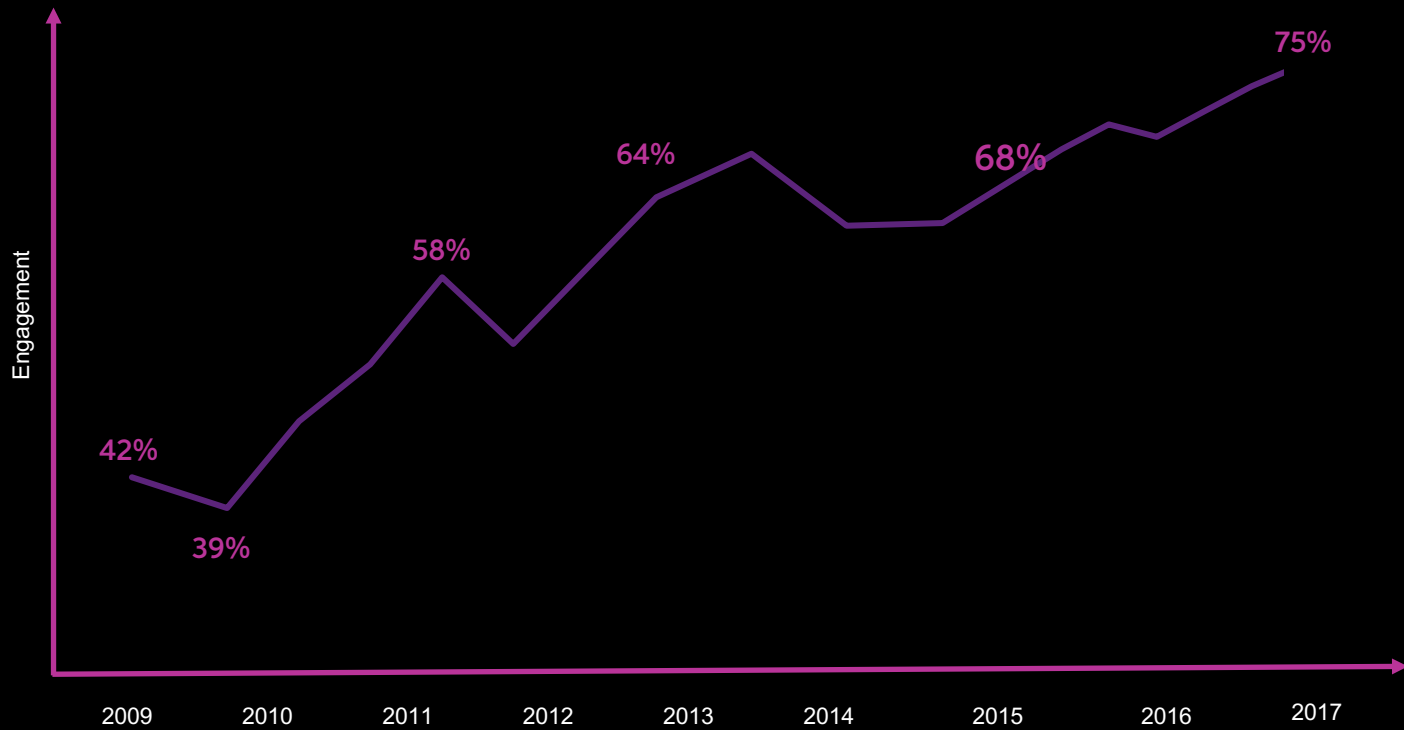
Formally via recognition awards

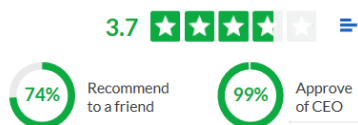


How do we celebrate your contribution and increase the likelihood of you engaging with our values again and again?



# Engagement Journey – Almost doubled since 2009





**Fantastic culture, interesting tech and great vision.**

Developer, Cremorne

### Employee Feedback

94% Recommended to a friend

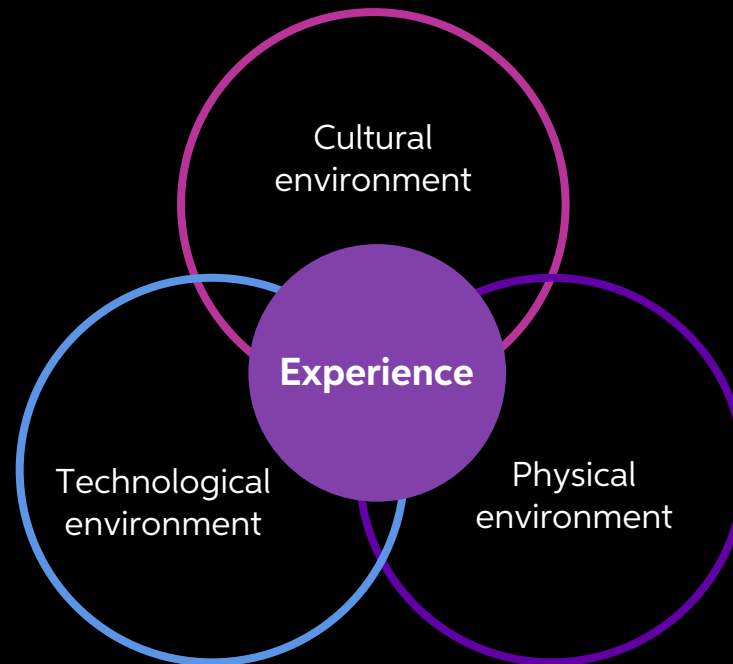


**Job Advisor** 4.8/5.0

- Values consistently score as our highest category in engagement surveys at 89%
- Our team’s knowledge and understanding of the values score 94% and 93% respectively
- Employees with less than 12m service are equally high in their evaluation, indicating the success of our induction & orientation efforts

**Such a fresh approach to working, you have the opportunity to be a catalyst for change ... Latest tech, great facilities, awesome culture.**

QA, Richmond



Jacob Morgan The Employee Experience Advantage

“ We strive to deliver Employee Experiences that ensure our team **experience easy, experience success** and **experience exceptional**.

Because we know that work isn't just business, it's personal. **Your work matters.**



# Wrap Up

Tim Reed

## Where to from here – our long term vision

1

---

We have a long-term vision that will see most of the accounting work done by SMEs automated, and the adviser take a more proactive role on managing the SME's financial matters. Our roadmap builds towards this vision while delivering value today.

2

---

We are very focussed on competing today – creating compelling reasons for long-term partnerships, and continually improving the client experience to lift retention & LTV; and getting a higher return from our sales and marketing.

3

---

We're actively investing in Payments and Enterprise to increase our TAM and allow us the runway for long-term growth whilst continuing to look at other value accretive acquisitions.



## FY17 Guidance

The Connected Practice strategy, underpinned by the MYOB Platform, is expected to accelerate online subscriber growth in 2H17

FY17 revenue growth rate to be in the 13% - 15% range, with EBITDA margins to be in the 45% - 46% range

Investment in the MYOB platform will continue with FY17 R&D investment expected to be at the upper end of the reported 13%-16% of revenue range

On-market share buyback of up to 5% of issued capital over a 12 month period. Continue to pursue acquisitions and investments in line with our growth strategy.

Reporting timeline  
**2017 Full Year Results**  
February 2018



Q&A

**myob** simplify  
success