

25 February 2016

**MYOB Group Limited announces full year results for the twelve months ended 31 December 2015**

**EXCEEDING PROSPECTUS FORECASTS WHILE INVESTING IN INNOVATIVE R&D**

**Financial Highlights\*: meeting or beating prospectus forecasts**

- 10% pro forma revenue growth to \$328 million (prospectus forecast: \$323 million)
- 19% pro forma EBITDA growth to a record \$153 million (prospectus forecast: \$151 million)
- 22% pro forma NPATA\*\* growth to \$86 million (prospectus forecast: \$85 million)
- 87% pro forma cash flow conversion
- 95% recurring revenue reflecting the high quality nature of the revenue stream
- 8% growth in SME paying users to 545,000 (in line with prospectus forecast)
- Dividend of 5.0c per share

**Operational Highlights: 2015, a year of firsts**

- Undertaking the largest technology IPO in the history of the ASX
- Investing >14% of revenue in innovative technology for clients, launching MYOB Smart Bills, MYOB PaySuper, MYOB Advanced and the MYOB Portal
- Winning the BRW title of “Most Innovative Large Company”
- Securing the highest ever team engagement scores across the MYOB business

**Justin Milne, Chairman said:**

*“On the back of strong financial results and significant cash generation, the Board is pleased to declare a final dividend of 5.0c per share. In a world where the market often divides stocks into “growth stocks” and “dividend stocks,” MYOB offers both.”*

**Tim Reed, Chief Executive Officer said:**

*“2015 saw MYOB return to the ownership of public investors, undertaking the largest technology IPO in the history of the ASX. We enter 2016 with great momentum. We believe the accounting industry is transforming, with transaction processing, compliance and advisory services converging into one connected business process. We see this transformation and are preparing by developing a MYOB single platform, which will offer accountants, bookkeepers, small businesses and their consultants unparalleled ability to drive business success.”*

**Richard Moore, Chief Financial Officer said:**

*“In 2015, MYOB made record investment in technological innovation while delivering double digit pro forma revenue, EBITDA and NPATA growth, all exceeding IPO forecasts. In 2016 we continue our strategy of targeted investment for future growth and reaffirm June 2016 prospectus guidance. For FY16, we expect revenue growth to continue in line with historical trends and EBITDA margin to remain within the 45-50% range.”*

\*The MYOB Annual Report contains a reconciliation between statutory and pro forma measures.

\*\* MYOB considers NPATA, rather than NPAT, to be a more meaningful measure of after tax profit due to the large amount of non-cash amortisation of acquired intangibles that is reflected in NPAT

MYOB Group Limited (“MYOB”; ASX: MYO) today announced its results for the twelve months ended 31 December 2015 (CY2015). MYOB is a leading provider of online business management solutions provider and a partner to 1.2 million small businesses across Australia and New Zealand.

MYOB reported pro forma revenue of \$328 million, up 10% on FY14, reflecting strong growth across all segments of the business. Pro-forma earnings before interest, tax, depreciation and amortisation (EBITDA) was up 19% to \$153 million. Pro forma net profit after tax excluding amortisation of acquired intangibles (NPATA) was \$86 million, up 22% on prior year. Pro forma financials exclude the one-off costs associated with the IPO, restate the historical capital structure to that now in place post-IPO and remove other one-off costs.

The MYOB Board has declared a final dividend of 5.0c per share, reflecting the company’s pleasing results, strong cash flow and forward growth pipeline.

### **Segment Revenue Performance**

#### **SME Solutions (63 per cent of total revenue)**

- SME revenue up 14% to \$205 million (FY14: \$180 million), including that from the acquisitions of Ace Payroll and IMS
  - Ace Payroll and IMS contributed \$2.9 million of revenue in FY15 (of which \$2.7 million was recurring)
- Organic revenue up 12% to \$202 million, driven by strong uplift in recurring revenue and growth in online users
- Online users up 46% to 170,000, driving:
  - 8% growth in the Paying User base to 545,000;
  - high and stable retention rates of 80%; and
  - 5% growth in Average Revenue per Paying User (ARPU) to \$379 per year
- Growth in online and paying user bases supported by investment in product and increased sales and marketing spend year on year
- MYOB launched a number of new and innovative products to SME clients in 2015, including MYOB Smart Bills, MYOB PayDirect and MYOB PaySuper, helping drive uptake of its online solutions

#### **Practice Solutions (25 per cent of total revenue)**

- Practice Solutions revenue up 3% to \$81.7 million (FY14: \$79.4 million)
- Growth driven primarily by ARPU increases offset by limited (less than 2%) client churn
- Recurring revenue represents 97 per cent of Practice Solutions total revenue, in line with FY14

- In April 2015, MYOB launched the MYOB Portal, the first online practice module, which by the end of 2015 was being used by 1,000+ practices and 16,000+ clients, making it the most successful launch of a Practice Solutions product in MYOB history.

**Enterprise Solutions (13 per cent of total revenue)**

- Enterprise Solutions revenue up 4% to \$41 million (FY14: \$39.5 million)
- 2015 saw the start of the shift from selling up-front desktop software licences (MYOB Exo) to online subscriptions (MYOB Advanced)
- Even with the shift to online subscriptions slowing revenue growth in the short term, Enterprise Solutions revenue grew 5 per cent faster than expected in the Prospectus, due to stronger than expected revenues from PayGlobal (driven by higher than expected sales conversion rates), and higher than forecast sales of the new MYOB Advanced product, launched in January 2015
- Recurring revenue represents 80 per cent of Enterprise Solutions total revenue, up from 79 per cent in FY14.

**Outlook**

- June 2016 pro forma Prospectus guidance reaffirmed
- Guidance for FY2016
  - Revenue growth expected to be in line with historical trends
  - EBITDA margin expected to be maintained within the previously guided 45%-50% range
  - As targeted and disciplined investment in online solutions continues, it is expected that for FY16 R&D will be in the upper half of the 13 per cent to 16 per cent range.
- Dividend payout ratio for FY16 expected to be between 60 and 80 per cent of NPATA (Dividends are likely to remain unfranked until at least the financial year ending 31 December 2017).

**Further Information**

The MYOB market release should be read in conjunction with the MYOB Investor Presentation and MYOB Annual Report, all simultaneously released this morning on the ASX platform and MYOB IR website: <http://investors.myob.com.au/Investors/>.

CEO Tim Reed and CFO Richard Moore will present the results to analysts in a conference call at 10am (AEDT) today. Conference call details:

**Dial in:** +61 2 8038 5221

**1800 123 296**

**Pin:** 5016 6256

For those unable to listen to the call live, playback facilities will be available via the MYOB IR website. A conference call transcript will also be published on the ASX website later today.

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**About MYOB**

MYOB Group Limited (ASX: MYO) is a leading provider of online business management solutions. It makes business life easier for approximately 1.2 million businesses across Australia and New Zealand by simplifying accounting, payroll, tax, practice management, CRM, job costing, inventory and more. MYOB provides ongoing support via many client service channels including a network of over 40,000 accountants, bookkeepers and other consultants. It is committed to ongoing innovation, particularly in cloud computing solutions, and in 2015 was awarded the BRW award for the most innovative large company for 500+ employees and placed 2nd in BRW's Most Innovative Companies Award list across all categories nationally. For more information, visit <http://investors.myob.com.au> or follow @MYOB on Twitter.