



23 February 2017
Market Announcements Office
ASX Limited

MYOB to acquire leading payment solutions provider, Paycorp

- Paycorp is a market leading provider of payment processing solutions to over 6,500 clients (banks and businesses of all sizes) across Australasia.
- The acquisition of Paycorp presents a significant market opportunity for MYOB, in a sector where the Total Addressable Market for fees from payments through accounting software platforms is estimated to be over A\$700 million.
- The acquisition positions MYOB as a market leader to bridge the gap between accounting and payment solutions through adding integrated and seamless payment acceptance into accounting software flows.
- The transaction is expected to complete on 1 April 2017, subject to satisfying certain conditions, and will be immediately EPS accretive.

MYOB Group Limited (MYOB or the company; ASX: MYO), a leading provider of online business management solutions, today announced it has entered in to a sale and purchase agreement to acquire 100 per cent of Paycorp Payment Solutions Pty Limited ("Paycorp") for a total consideration of A\$48 million. The acquisition will be funded from the company's existing cash reserves and is expected to complete by 1 April 2017.

The acquisition is in line with MYOB's corporate strategy of providing innovative solutions to clients, and follows the successful launch of MYOB's PayDirect Mobile and PayDirect Online solutions, with monthly MYOB PayDirect Mobile transactions growing by 64 per cent in 2016 and PayDirect Online launched mid-year.

MYOB CEO Tim Reed said:

"We are pleased to announce this deal with Paycorp, which brings significant growth opportunity for us in the payment service industry. We know from our clients, that cash flow is consistently the number one pain point for small business operators and we are delighted that we can bring together a solution that enables our clients to reduce administration time and costs and improve cash flow through the automation of payment services for their businesses.

Through this acquisition, we will be the first to market with an integrated payment and accounting solution to our clients, which will create a new revenue stream for MYOB while staying true to our vision of helping businesses succeed."

Paycorp's CEO John Caliguri said:

"We are excited to join forces with MYOB, a market leader providing online solutions to businesses across Australia and New Zealand. This is the opportunity we've been looking for to deliver fully integrated payment solutions to many more clients across Australasia, and thereby help them improve their cashflow."

Strategic Rationale and Market Opportunity

MYOB has an existing robust payment offering, delivering innovations through MYOB PayDirect Mobile and Online, M-Powered Invoices and M-Powered Payments. This is in addition to payroll solutions PaySuper and NZ Payroll.

With strong growth in PayDirect Mobile transactions, which increased to more than 10,000 per month by the end of 2016, MYOB believes a large market exists within small and medium businesses to use core payments service to drive efficiencies in their business and their cashflow requirements. MYOB has seen critical cash flow inefficiencies and losses for many businesses in Australia and New Zealand, and expects strong demand for a solution to bridge the gap between accounting software services and the payment services market.

Paycorp provides a secure payments service to over 6,500 clients across multiple industries, allowing customers to receive and process secure payment transactions (such as credit card, direct debit and BPAY). Adding an integrated and seamless payment acceptance process into MYOB's accounting software flows, enables businesses to automate payment services which, in turn, creates efficiencies in cash flow, reduces administration time and costs for clients.

The acquisition will also strengthen margins for existing MYOB connected services by allowing MYOB to have direct commercial, contractual and operational relationships with the acquirers and payment processors.

With an existing client base of around 1.2 million small to medium size businesses, MYOB is well positioned to address this attractive market opportunity and create a new revenue stream for MYOB.

Research in August 2016 by Deutsche Bank estimated that fees from payments through accounting software platforms in Australia and New Zealand has a Total Addressable Market of more than A\$700 million.

Enquiries:

Investors/ Analysts

Christina Nallaiah
Head of Investor Relations
T: +61 2 9089 9122
M: +61 468 362 553
christina.nallaiah@myob.com

Media Enquiries

Sarah Beyrath
PR & Corporate Affairs Manager
P +61 2 9089 9043
M: +61 427 223 841
sarah.beyrath@myob.com

About Paycorp

Established in 2001, Paycorp has operations across Sydney, New Zealand and Sri Lanka.

Paycorp is a high growth technology business that provides payment services that allows clients to receive and process secure payment transactions. With over 15 years of global experience, Paycorp acts as a local online Payment Solutions Provider (PSP), providing cutting-edge payment solutions to help organisations become PCI compliant, consolidate payment collection methods and improve efficiencies in managing receivables.

Paycorp services over 6,500 clients across multiple industries including banks, insurance, telecommunications, utilities, government and many more. Services include:

- Secure online payment solutions, such as credit card, direct debit BPAY and alike
- Integrated POS terminal solutions
- Accounts receivable automation
- Secure credit card data storage
- Tokenisation solutions

All products are PCI-DSS (Payment Card Industry Data Security Standard) level 1 compliant.

About MYOB

MYOB Group Ltd (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 through its Connected Practice Strategy and through the development of the MYOB Platform. For more information, visit <http://investors.myob.com.au/Investors> or follow @MYOB on Twitter.