

A man with short brown hair and a light beard, wearing a white t-shirt, stands with his arms crossed in front of a large wall covered in numerous colorful sticky notes. He is looking slightly to his right with a thoughtful expression. The background is a bright, modern office space with large windows.

# MY OB

RESULTS  
PRESENTATION

1H16

PRESENTERS

**TIM REED**  
CHIEF EXECUTIVE OFFICER

**RICHARD MOORE**  
CHIEF FINANCIAL OFFICER

25 AUGUST 2016

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## 1H16 Presented by:



**Tim Reed**

CHIEF EXECUTIVE OFFICER

Appointed Chief Executive Officer in 2008



**Richard Moore**

CHIEF FINANCIAL OFFICER

Appointed Chief Financial Officer in 2012



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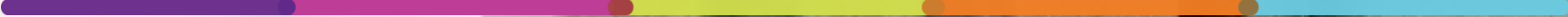
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## **BUSINESS STRATEGY AND 1H16 HIGHLIGHTS**



# 1H16 Highlights – the MYOB transformation story continues



## STRONG FINANCIAL PERFORMANCE

Grew revenue 11% and achieved final prospectus targets



## SUCCESSFUL UPTAKE OF CONNECTED PRACTICE STRATEGY

Taking accountants to the cloud – initial modules of MYOB Platform successfully launched

Accountants still in early stages of cloud journey

Connected Practice strategy expected to drive overall online category penetration



## CONTINUED SME GROWTH FROM NEW AND EXISTING CLIENTS

8% growth in SME paying users

37% growth in online SME users

Increasing online conversion rate of non-paying user base

Online connected services growing quickly



## INVESTMENT IN MYOB PLATFORM AND BRAND

15.7% of revenue invested in R&D

Key R&D focus is MYOB Platform delivery

Ongoing investment in brand marketing & new marketing technology platforms

Opened new tech hub in Richmond



## ACQUISITION TO FURTHER GROW ENTERPRISE SHARE

Acquired Greentree for NZ\$28.5m, extending MYOB's mid-market leadership into larger enterprises

# Strong Financial Performance

KEY PRO FORMA 1H16 FINANCIAL METRICS AHEAD OF PROSPECTUS FORECAST

PRO FORMA REVENUE OF

**\$178** MILLION

UP 11% YOY<sup>1</sup>  
UP 4% ON PROSPECTUS F'CAST

PRO FORMA EBITDA OF

**\$82** MILLION

UP 14% YOY<sup>1</sup>  
UP 1% ON PROSPECTUS F'CAST

PRO FORMA NPATA OF

**\$46** MILLION

UP 16% YOY<sup>1</sup>  
UP 2% ON PROSPECTUS F'CAST

PRO FORMA CASHFLOW  
CONVERSION OF

**76%**

SME PAYING USERS

**570** THOUSAND

UP 8% YOY

ONLINE SUBSCRIBERS

**200** THOUSAND

UP 41% YOY

DIVIDEND DECLARED  
OF 5.5c PER SHARE

PRO FORMA NPATA EPS  
OF 7.8c

RECURRING REVENUE UP  
13% TO \$171 MILLION, NOW  
96% OF TOTAL REVENUE

STATUTORY EBITDA OF  
\$79 MILLION AND NPAT  
OF \$26 MILLION

Note: 1. vs pro forma FY15 on a like-for-like basis.

# Successful uptake of Connected Practice strategy...

WE ARE BUILDING THE MYOB PLATFORM TO POWER OUR VISION OF THE CONNECTED PRACTICE

## THE CONNECTED PRACTICE

### POWERED BY MYOB

- + Transactions captured in real-time
- + Three core processes in parallel
- + Accountant's role transformed

### COMPLIANCE

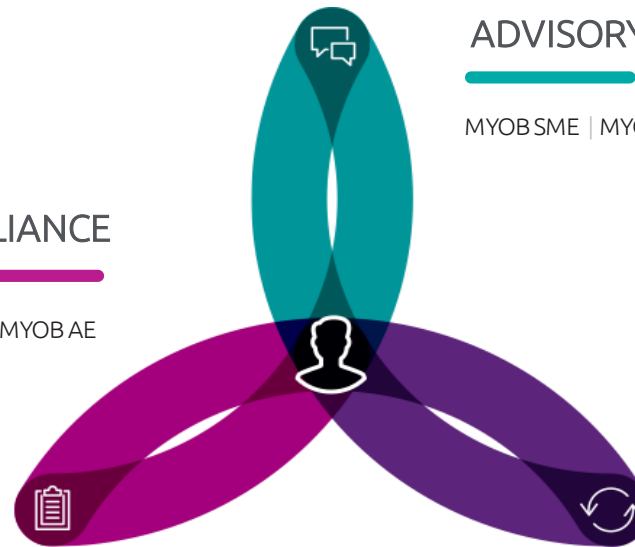
MYOB AO | MYOB AE

### ADVISORY

MYOB SME | MYOB AO/AE | ADD-ON SOLUTIONS

### TRANSACTION PROCESSING

MYOB CONNECTED LEDGER (BankLink) | MYOB ESSENTIALS | MYOB ACCOUNTRIGHT





## ...supporting an industry already in transition...



### TRANSACTION PROCESSING

>90%

Probability that accounting clerks/bookkeepers jobs will be automated<sup>1</sup>



### COMPLIANCE

15%

Decrease in revenue contribution from compliance services in last 7 years<sup>2</sup>



### ADVISORY

43%

Increase in revenue contribution from advisory services in last 7 years<sup>2</sup>

“

ONCE CLIENTS ARE IN THE CLOUD THE ACCESS TO INFORMATION FOR ACCOUNTANTS IS PHENOMENAL. IT'S ALLOWED US TO FOCUS MORE ON BUSINESS ADVISORY WORK AND MYOB ADD-ONS.

**SHANE KAURIN** AMD CHARTERED ACCOUNTANTS

“

TECHNOLOGY AND INNOVATION IN THE COMPLIANCE SPACE ALLOWS US ADDITIONAL TIME TO FOCUS ON ADVISORY SERVICES THAT OUR CLIENTS CONSIDER TO BE OF MOST VALUE AS WE HELP THEM ON THEIR GROWTH JOURNEY.

**DALE RYAN** GRANT THORNTON PARTNER

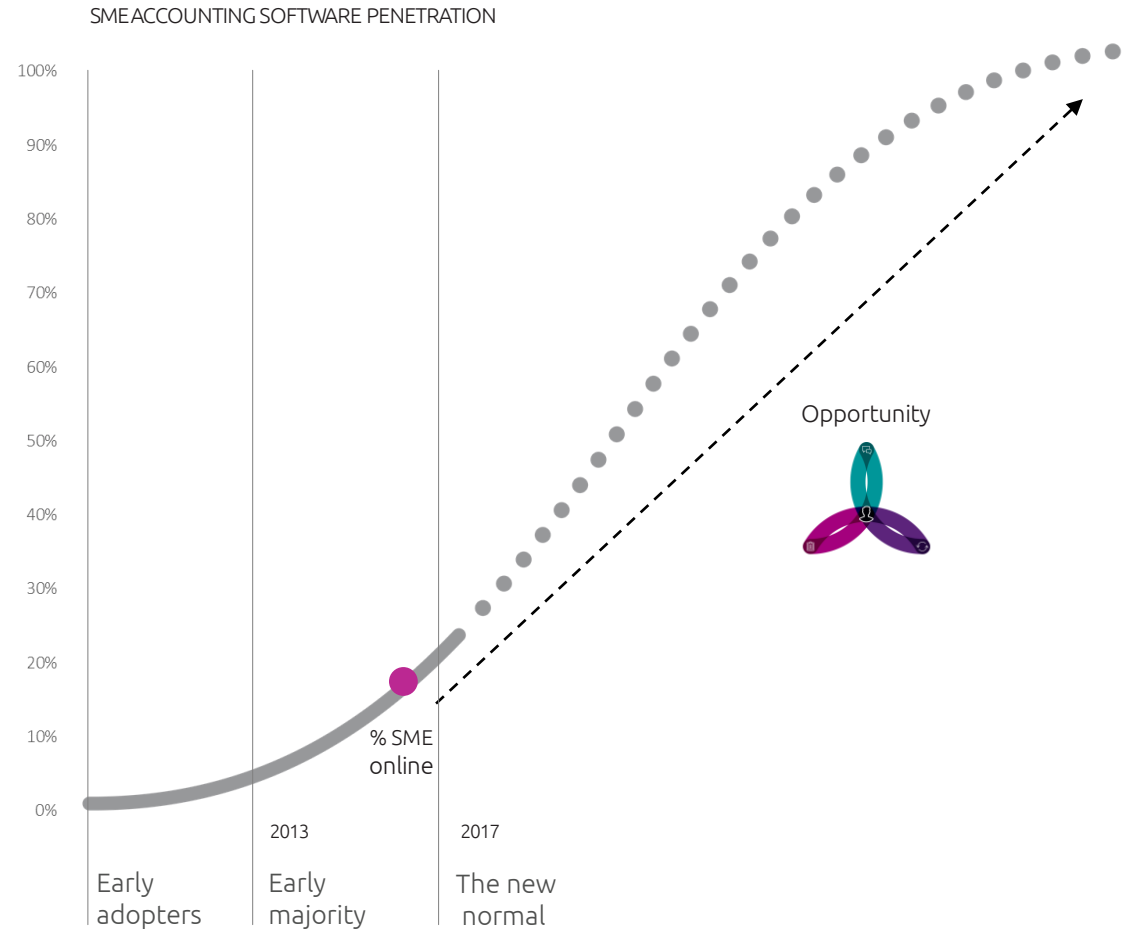
#### SOURCE:

1) Committee for Economic Development of Australia report "The Future Workforce", June 2015

2) Business Fitness, The Good, the Bad & the Ugly of the Australian Accounting Profession 2009-2016

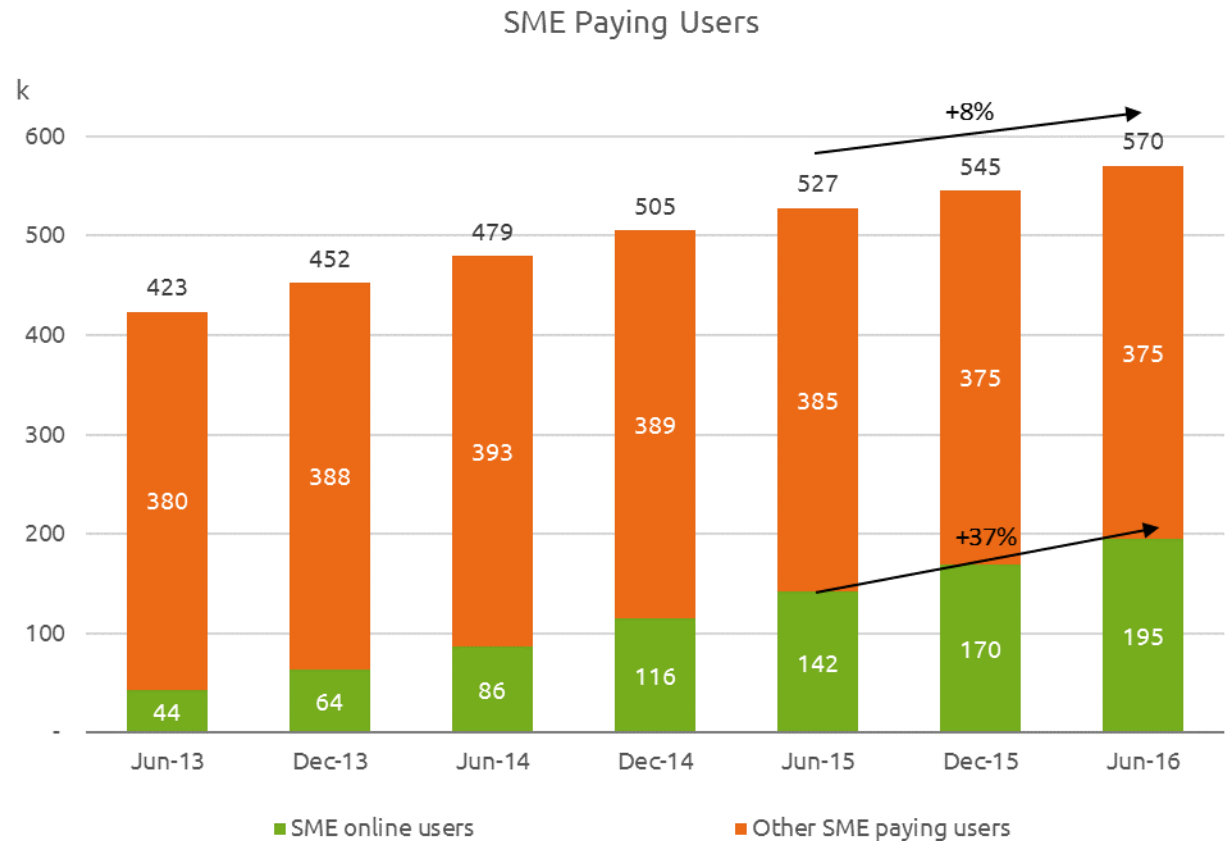
## ...which will position MYOB to drive category penetration.

- After 7+ years, total online SME accounting software penetration is ~20% (>80% of new SMEs now likely to go straight online)
- The MYOB Connected Practice strategy will take accountants online (penetration currently ~3%)...
- ...and through referral, drive SME online penetration (both new and existing small businesses)
- SME online penetration is expected to exceed current desktop levels (~70%) in coming years, increasing Total Addressable Market (TAM)
- MYOB's leading position within the accountants market means we are well placed to capture an increasing slice of that TAM



## Continued SME growth from new and existing clients...

- ↗ 570k SME paying users, up **8%** year on year
- ↗ 195k SME online users, up **37%** year on year
- ↗ SME online users represent **34%** of paying users as at June 2016, up from **31%** in December 2015

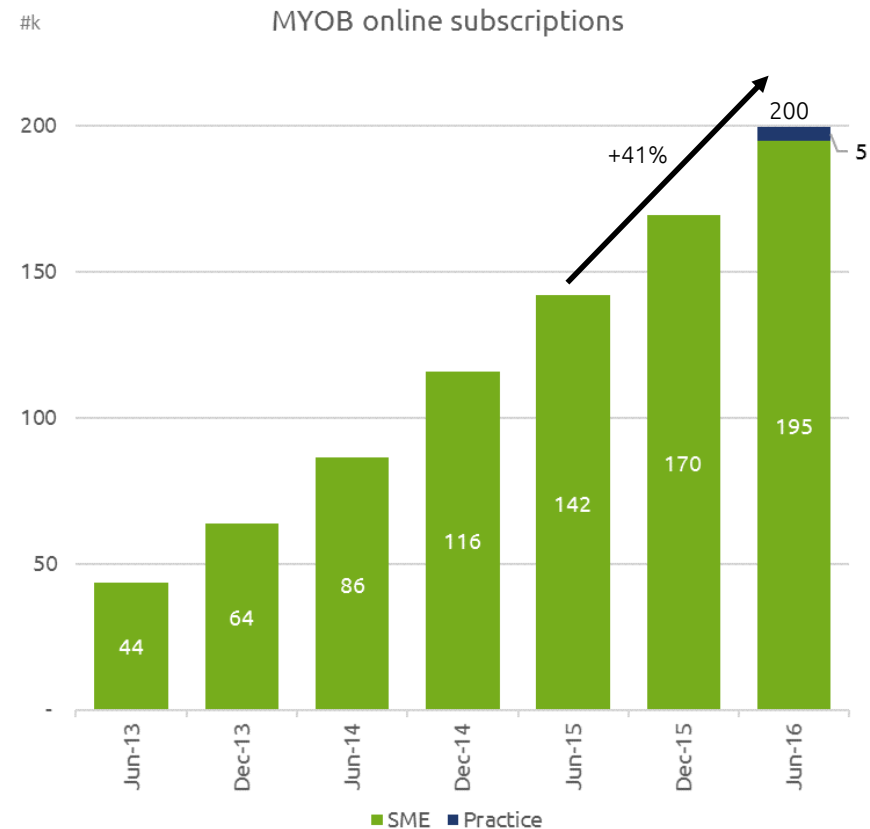


## ...driven by online registrations...

- 200,000 online subscriptions, up 41% year on year, including 5,000 online Practice Ledgers, launched in early Q2
- Online subscriptions growth expected to accelerate in 2H with momentum building for Practice Ledger; and then again in 2017 due to Connected Ledger (online BankLink replacement)
- 83% of new MYOB SME clients in Q2'16 chose online subscriptions, up from 70% in Q2'15

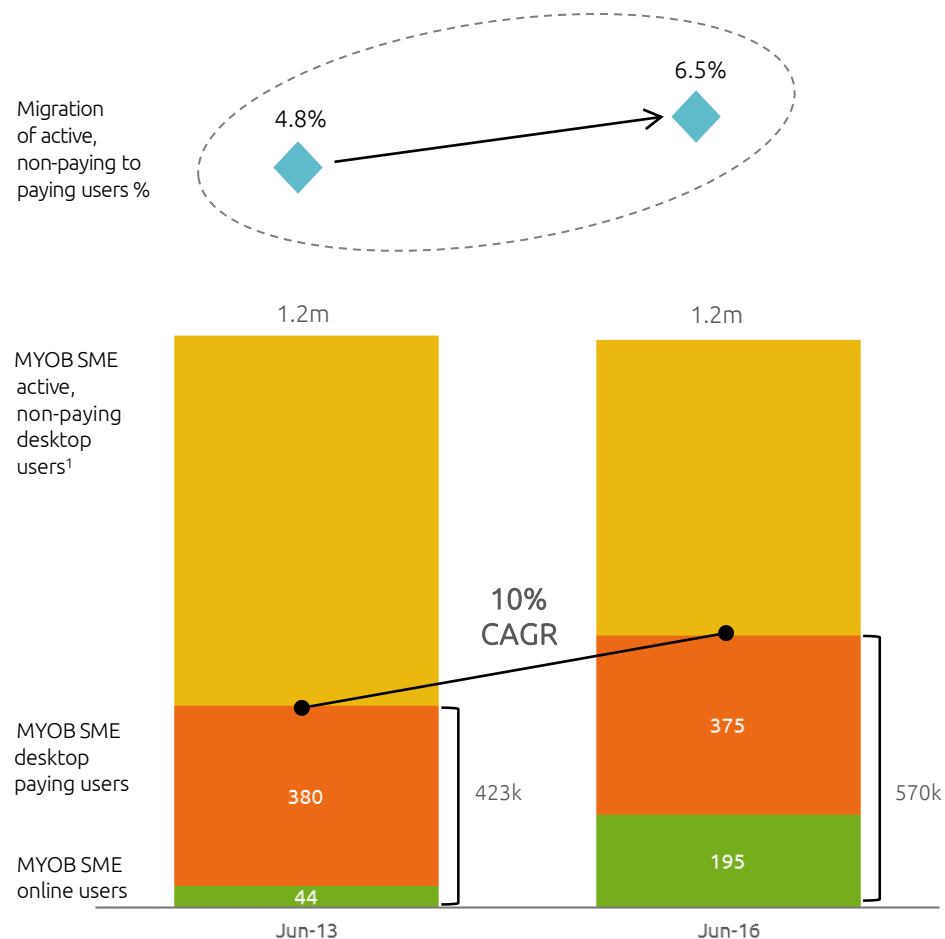
“MOVING OUR CLIENTS' DATA TO MYOB ONLINE LEDGERS AS PART OF OUR INTEGRATED CLIENT ACCOUNTING SOLUTION, CONTRIBUTED TO A 48% UPTICK IN AVERAGE HOURLY RATES AND A 27% INCREASE IN REVENUE PER TEAM MEMBER.

CRAIG STANMORE, ENSPIRA



## ...with increasing online conversion rate of non-paying user base...

- Over 50% of new GST registrations in Australia are MYOB registrations, in line with historical levels
- Movement of installed desktop base to subscriptions, along with usage of online features accelerated over the past 3 years
- We expect this to accelerate further in 2017 as we begin to migrate BankLink clients to MYOB Connected Ledger





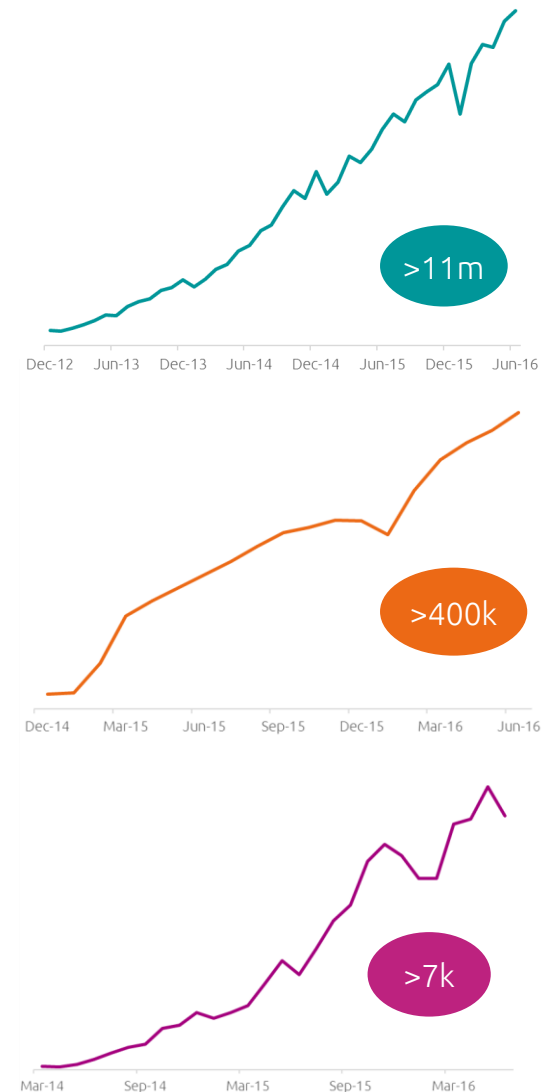
## ...with online connected services growing quickly, driving customer lifetime value.

- Uptake of online services continues to accelerate. Lifetime Value (LTV) increases as clients take up more connected services
- New features are being adopted more quickly, showing higher client engagement
- Underpinned by compliance drivers supporting the transition online (e.g. SuperStream in Australia and eGST in NZ)
- MYOB BankFeeds™ Quality Guarantee introduced in 2016

Monthly bank transactions fed to online solutions

Smart bills processed per month

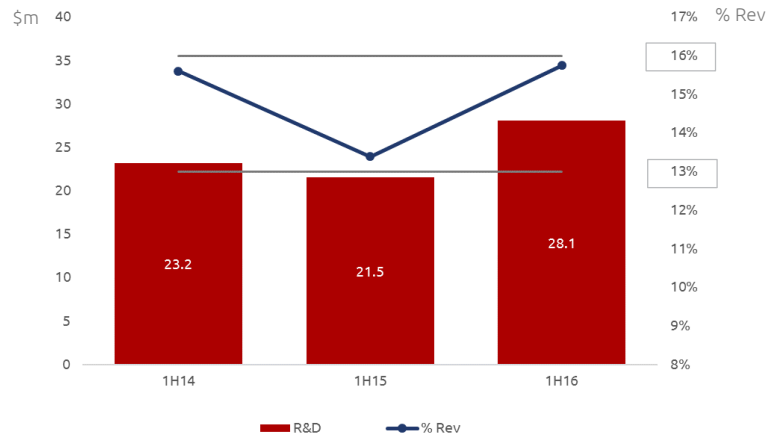
PayDirect mobile transactions per month



# Enabled through investment in the MYOB Platform...

➤ MYOB invested >15% of revenue in MYOB Platform modules in 1H16

➤ Investment is paying off with better than expected uptake of initial Platform modules (portal, dashboard and online practice ledger)



PRODUCT RESEARCH & DEVELOPMENT COSTS (\$ MILLIONS)<sup>1</sup>

Future

2016

2014

## MYOB PLATFORM MODULES

MYOB online practice suite

MYOB Tax

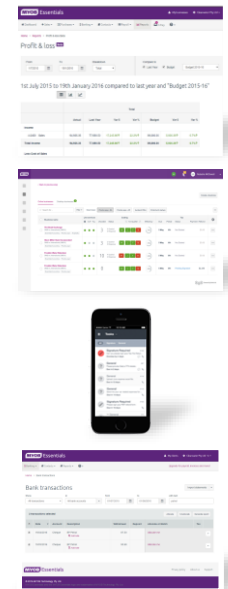
MYOB Connected Ledger  
Bringing BankLink online

MYOB Online Practice Ledger

MYOB Dashboard

MYOB Portal

MYOB Essentials Accounting



## ...and a refreshed MYOB brand launching in 2H16.

- New brand positioning and communication strategy will be launched in 2H16 to cement MYOB's position as a leading provider of digital accounting and business management solutions
- Implementation of Adobe Audience Experience Manager (AEM) will deliver further digital optimisation and personalisation to enhance experience throughout customer lifecycle
- Continued expansion of online and digital marketing teams to service new and existing clients through digital sales and support processes

The logo for MYOB, featuring the word "myob" in a lowercase, rounded, sans-serif font. The letters are a vibrant purple color, with a slight gradient from dark purple on the left to a lighter, magenta-like purple on the right.

## New Richmond tech hub now open

- New purpose-built agile space to house over 200 of MYOB's engineering and development team members
- The location and fitout are attracting the best new tech talent, in a part of Melbourne that is fast becoming a technology and innovation hub
- Opened in June this year, coinciding with MYOB's 25th birthday celebrations
- Richmond will be the centre of the MYOB investor deep dive in November 2016

“

MODERN AND FUN OFFICES  
WHICH MUST BE SEEN TO  
BE BELIEVED!

 glassdoor™



# The acquisition of Greentree strengthens MYOB's position in the attractive Enterprise segment

MYOB ACQUIRED GREENTREE FOR NZ\$28.5 MILLION, ANNOUNCED 1 AUGUST 2016

## STRATEGIC RATIONALE

- Extends MYOB's mid-market leadership into **larger enterprise** business offerings and increases the Total Addressable Market(TAM)
- Enables MYOB to apply its marketing and distribution resources to **accelerate growth** through the existing Greentree channel
- Allows MYOB to leverage Greentree's large company expertise and provide its **leading online capabilities** to the current Greentree product range
- 90 day consultative integration process currently underway

Greentree®  
PRIMED FOR BUSINESS


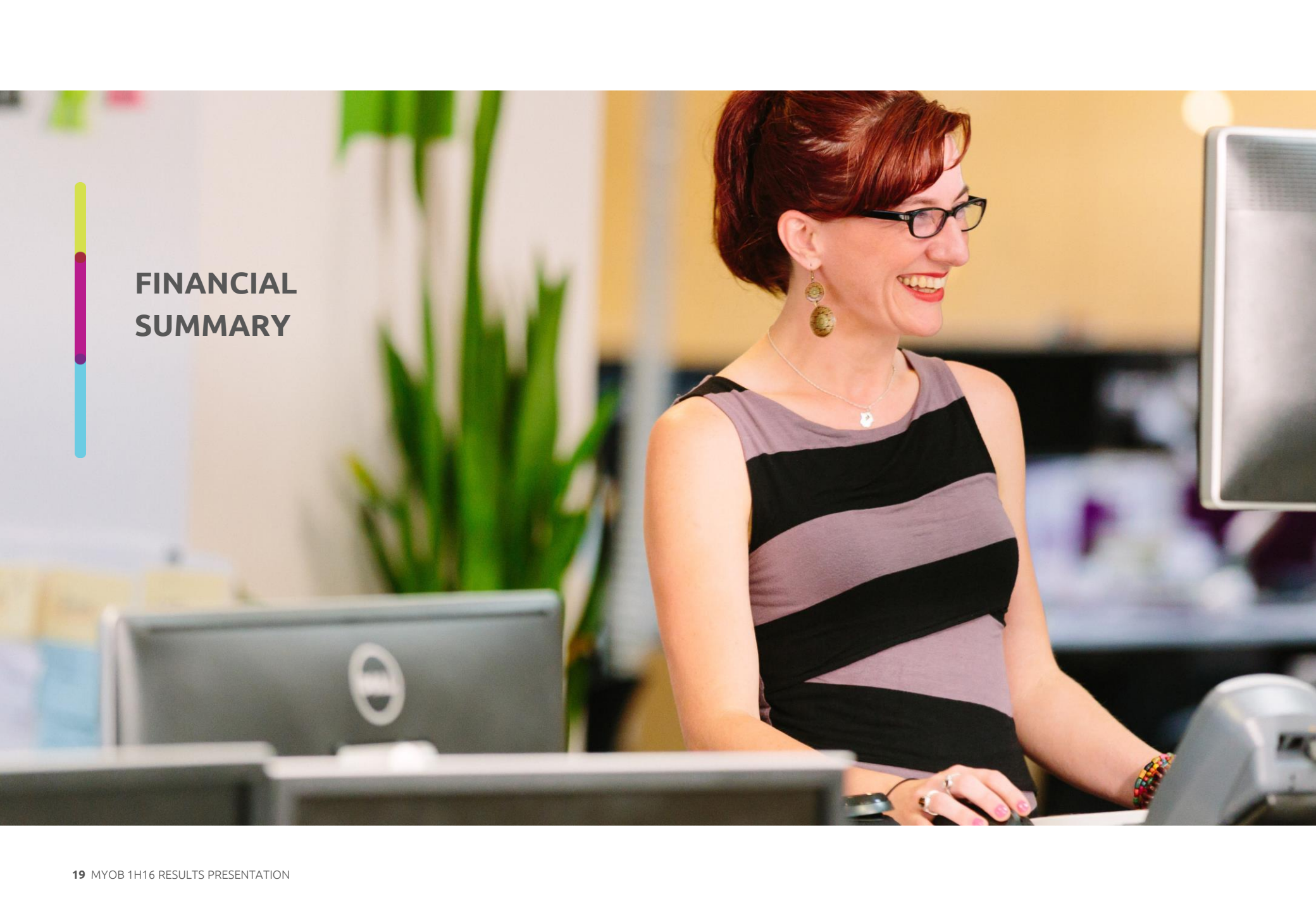
+

MYOB®

=

> better together





## FINANCIAL SUMMARY

# 1H16 financial results are ahead of prospectus forecasts

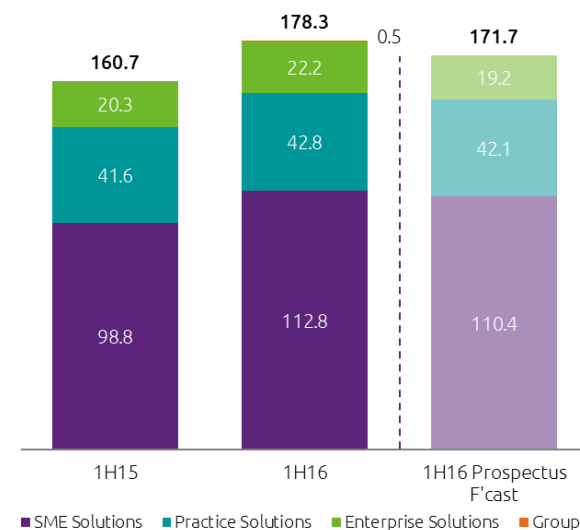
## MYOB PRO FORMA<sup>1</sup> FINANCIAL PERFORMANCE AND FORECASTS

A\$m; 6 months ended 30 June	1H15	1H16	1H16 Prospectus forecast	v 1H15	Prospectus forecast
Revenue	160.7	<b>178.3</b>	171.7	11%	4%
Operating Expenses	(89.0)	<b>(96.2)</b>	(90.8)	8%	6%
EBITDA	71.7	<b>82.0</b>	80.9	14%	1%
NPATA <sup>2</sup>	39.5	<b>45.7</b>	44.9	16%	2%
Recurring Revenue %	94.3%	<b>95.9%</b>	97.3%	1.6%	-1.4%
EBITDA Margin %	44.6%	<b>46.0%</b>	47.1%	1.4%	-1.1%

Note: 1. Pro forma adjustments have been made to statutory revenue and NPAT results to reflect the impact of the operating and capital structure now in place following completion of the IPO, as if it was in place as at 1 January 2015. In addition, certain other adjustments have been made to eliminate non-recurring items and to reflect standalone public company costs.

2. MYOB considers NPATA (net profit after tax and after adding back the tax effected amortisation expense related to acquired intangibles), 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.

## PRO FORMA REVENUE (\$ MILLIONS)



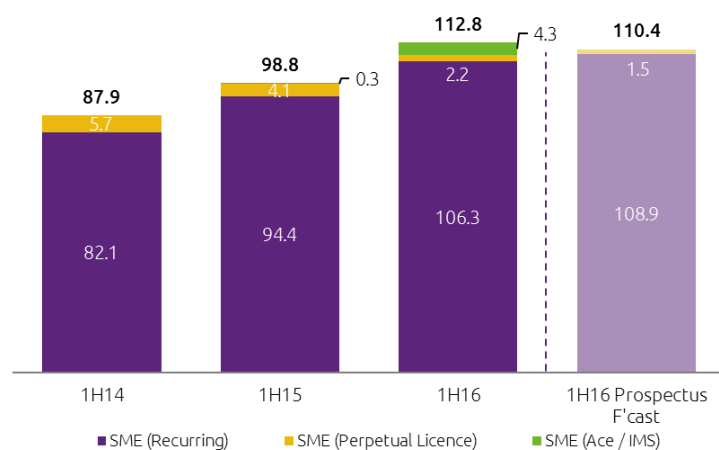
## CAGR

	1H13-1H15	1H15-1H16
SME Solutions	12.3 %	14.1 %
Practice Solutions	3.0 %	2.8 %
Enterprise Solutions	3.4 %	9.5 %
<b>Total</b>	<b>8.5 %</b>	<b>10.9 %</b>
Total excl. acquisitions	8.4 %	8.2 %

# SME Solutions delivered 63% of total group revenue with growth to 195k online users

PRO FORMA SME SOLUTIONS REVENUE (\$ MILLIONS)

	CAGR	
	1H13-1H15	1H15-1H16
SME (Recurring)	14.4 %	12.6 %
SME (Ace/IMS)	-	-
SME (Perpetual Licence)	(18.4)%	(47.8)%
Total	12.3 %	14.1 %
Total excl. Ace & IMS	12.3 %	9.7 %



KEY PRO FORMA REVENUE METRICS

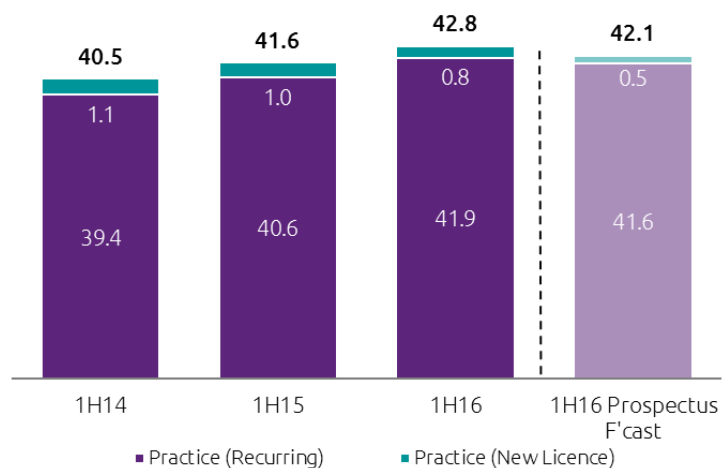
	1H15	1H16	1H16 Prospectus forecast
Number of paying users ('000s)	527	570	571
Recurring revenue as a % of SME Solutions pro forma revenue	96%	98%	99%
Average revenue per paying user (ARPU) (\$)	371	396	390
SME cloud registrations as a % of total new SME registrations (YTD)	68%	81%	96%

- 10% underlying revenue growth driven by 13% uplift in recurring revenue
- Recurring revenue growth has been driven by growth in online users
- Ace Payroll & IMS contributed \$4.3m of revenue in 1H16 (of which \$4.0m was recurring)

# Practice Solutions delivered 24% of group revenue, and Online Practice Ledger successfully launched

PRO FORMA PRACTICE SOLUTIONS REVENUE (\$ MILLIONS)

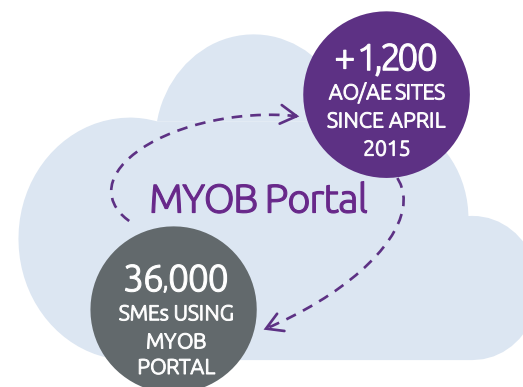
	CAGR	
	1H13-1H15	1H15-1H16
Practice (Recurring)	3.5 %	3.3 %
Practice (New Licence)	(11.9)%	(17.1)%
Total	3.0 %	2.8 %



➤ Practice Solutions recurring revenue growth in line with historical growth rates

➤ Connected Practice story positively received by Accountants

- Online Practice Ledger uptake higher than management expectations
- Dashboard adoption within partners and practices progressing well
- MYOB Portal continues to be our fastest growing practice solution

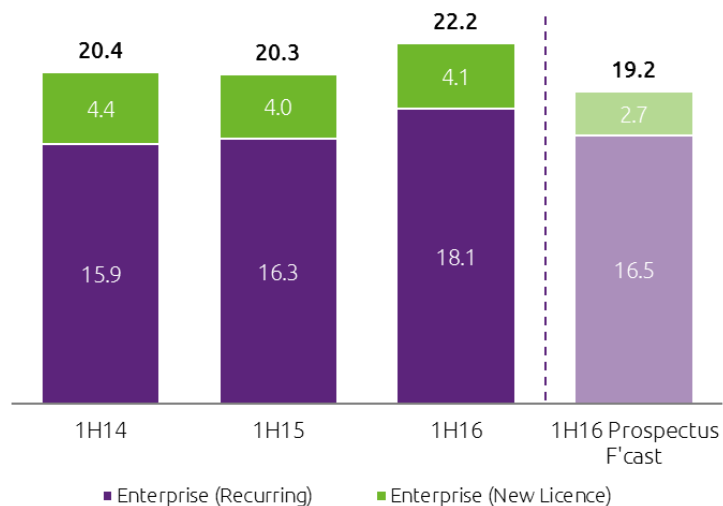


**THE CONNECTED PRACTICE**  
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# Enterprise Solutions delivered 12% of group revenue, with Greentree acquisition announced

PRO FORMA ENTERPRISE SOLUTIONS REVENUE (\$ MILLIONS)

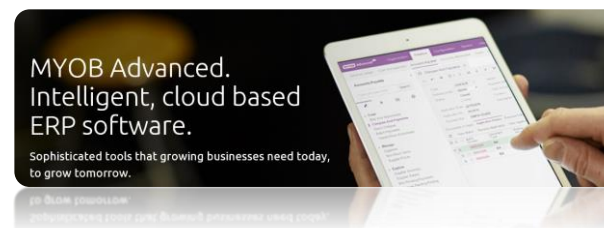
	CAGR	
	1H13-1H15	1H15-1H16
Enterprise (Recurring)	5.6 %	11.3 %
Enterprise (New Licence)	(4.1)%	2.4 %
Total	3.4 %	9.5 %



➤ Enterprise revenue growing more quickly than forecast and history, even with the headwind of shifting from up-front desktop (Exo) to online subscription (Advanced) licenses

➤ All 3 Enterprise solutions delivering ahead of expectations:

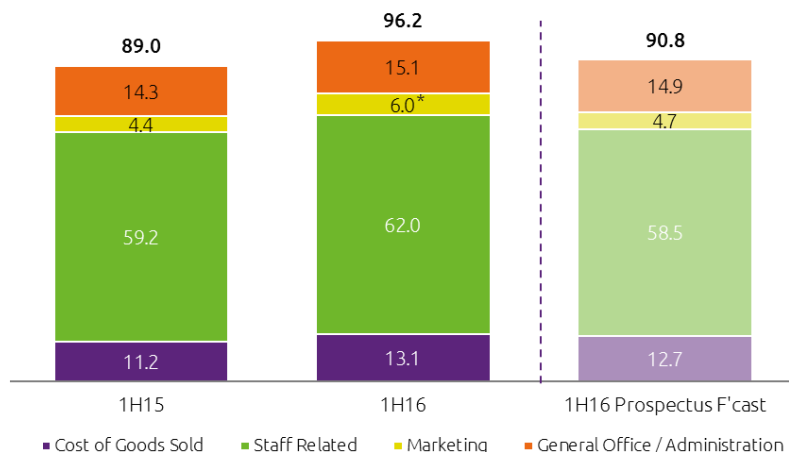
- Strong revenues from PayGlobal driven by higher than expected sales conversion rates and services revenues
- Uptake of MYOB Advanced continuing to exceed expectations, making up one third of MYOB ERP sales in 1H16
- Demand for MYOB Exo holding up well, resulting in better than expected new software revenues





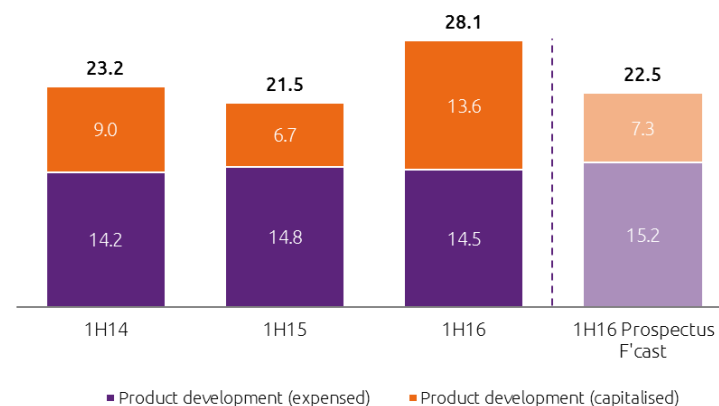
# Growth strategy is supported by investment in client acquisition, marketing and R&D

PRO FORMA OPERATING EXPENSES (\$ MILLIONS)



- Total expenses up 8% year on year, and 6% on prospectus forecast, driven by
  - continued investment in digital sales and marketing; and
  - ongoing costs from Ace & IMS acquisitions
- Total sales & marketing spend\* of \$35.1m in 1H16
  - 20% of revenue and up 12% YoY

PRO FORMA RESEARCH AND DEVELOPMENT SPEND (\$ MILLIONS)<sup>1</sup>



- Product development (R&D) costs are predominantly staff related. In 1H16 they were 15.7% of revenue, up from 15.0% in 2H15 and 13.4% in 1H15.
- The increased investment in 1H16 has been in the MYOB Platform(yet to generate revenue), resulting in growth of capitalised spend over expensed<sup>1</sup>
- We expect investment levels to remain in the upper half of the 13-16% range for the full year and the opex/capex ratio to remain close to 50/50

Note: 1. The MYOB accounting policy is to expense R&D on existing products, and capitalise R&D costs related to new products that have not been released in the market and have not generated any revenue, in order to match the timing of the expense and associated revenue.

# Strong pro forma free cash flow and high pro forma cash flow conversion

## PRO FORMA HISTORICAL AND FORECAST CASH FLOW CONVERSION

\$ in millions	Proforma Cash Flows		
	1H15	1H16	1H16 Prospectus Forecast
<b>EBITDA</b>	<b>71.7</b>	<b>82.0</b>	<b>80.9</b>
Non-cash items in EBITDA	1.7	0.4	0.4
Change in net working capital	1.1	(0.5)	(0.9)
<b>Operating free cash flow before capital expenditure</b>	<b>74.4</b>	<b>81.9</b>	<b>80.4</b>
Capital expenditure	(8.9)	(19.8)	(8.4)
<b>Net free cash flow before financing, tax and dividends</b>	<b>65.5</b>	<b>62.1</b>	<b>72.0</b>
<b>Cash conversion %</b>	<b>91%</b>	<b>76%</b>	<b>89%</b>

- Cash conversion strong at 76%, but lower than 1H15 and prospectus forecast due to higher R&D capex
- Net free cash flow of \$62 million
- Operating free cash flow ahead of prospectus forecast
- The majority of capex spend is R&D - \$13.6 million of \$19.9 million total capex (68%). 1H16 also saw a one-off \$4 million property investment in new Richmond technology hub

A woman with blonde hair, wearing a grey t-shirt, is smiling and looking towards a computer monitor. The monitor is black and displays the word "OUTLOOK" in white capital letters. To the left of the monitor, there is a vertical bar with three colored segments: yellow at the top, pink in the middle, and light blue at the bottom. The background is a blurred office environment with a purple wall and some papers pinned to it.

## OUTLOOK

# MYOB Outlook

➤ We expect revenue growth for the rest of FY16 to be in line with historical trends, and EBITDA margins to remain in the 45%-50% range

➤ The Connected Practice strategy, underpinned by the MYOB Platform, is expected to drive online category penetration

➤ As investment in the MYOB Platform continues, FY16 R&D is expected to be at the upper end of the previously stated 13%-16% revenue range

➤ We continue to look for and expect to make targeted acquisitions which fit in the core of our business, and investment in new growth opportunities outside of our business

## REPORTING TIMELINE

**1H16 Results**  
**25 August 2016**

**Investor/Analyst  
site visit**  
**25 November 2016**

**FY16 Results**  
**February 2017**

**AGM**  
**April 2017**

A woman with blonde hair tied back, wearing a blue sleeveless denim shirt, is smiling and looking at a computer screen. The screen shows a person's arm and shoulder in a light blue shirt. The background is a warm, orange-brown wall. To the right, there are white shelves and a chair with yellow and blue striped upholstery.

## Q&A



A man with dark hair, wearing a blue and white plaid short-sleeved shirt, is smiling and playing ping pong. He is holding a paddle and is in the middle of a stroke. In the foreground, a red paddle is visible, held by another person. The background wall is decorated with large, pixelated alien patterns in pink, yellow, and blue. A small white ball is in the air near the man. On the left side of the image, there is a vertical bar with three colored segments: green, purple, and blue. The word "APPENDIX" is written in bold, black, uppercase letters. In the bottom right corner, there is a small logo that says "TIGA".

## APPENDIX

# Key operating metrics summary

SUMMARY OF KEY PRO FORMA OPERATING METRICS FOR THE HISTORICAL AND FORECAST PERIODS

	Notes	1H15	1H16	1H16 Prospectus forecast
<b>MYOB Group</b>				
Pro forma revenue growth %		8%	<b>11%</b>	8%
Recurring revenue as a % of total revenue	1	94%	<b>96%</b>	98%
Pro Forma EBIT DA Growth %		14%	<b>14%</b>	14%
Pro forma EBIT DA Margin %		45%	<b>46%</b>	47%
Pro forma NPAT A Growth %		14%	<b>16%</b>	15%
Pro forma NPAT A Margin %		25%	<b>26%</b>	26%
Pro forma product development costs as a % of total revenue	2	13%	<b>16%</b>	13%
<b>SME Solutions</b>				
Number of paying users ('000s)	3	527	<b>570</b>	571
Average user retention rate (%)	4	80%	<b>80%</b>	81%
Average revenue per paying user (ARPU) (\$)		371	<b>396</b>	390
SME cloud registrations as a % of total new SME registrations	5	68%	<b>81%</b>	96%
Pro forma revenue growth %		12%	<b>14%</b>	13%
Recurring revenue as a % of SME Solutions pro forma revenue	1	96%	<b>98%</b>	99%
Pro forma contribution margin %		69%	<b>68%</b>	71%
<b>Practice Solutions</b>				
Pro forma revenue growth %		3%	<b>3%</b>	2%
Recurring revenue as a % of Practice Solutions pro forma revenue	1	98%	<b>98%</b>	99%
Pro forma contribution margin %		70%	<b>72%</b>	70%
<b>Enterprise Solutions</b>				
Pro forma revenue growth %		- 1%	<b>10%</b>	0%
Recurring revenue as a % of Enterprise Solutions pro forma revenue	1	80%	<b>82%</b>	86%
Pro forma contribution margin %		47%	<b>49%</b>	47%

Notes:

1. Recurring Revenue is the revenue received from paying users, as defined in Note 3 below.
2. Product development costs include both costs that are capitalised and costs that are expensed through the income statement.
3. Paying users comprise all online users and those desktop users that make additional maintenance payments (including MYOB BankLink customers).
4. Retention rate refers to the proportion of users that continue to use a given MYOB product in a 12 month period.
5. The number of MYOB SME Solutions online registrations as a percentage of total MYOB SME Solutions registrations in a given period.

# Income statement

## MYOB PRO FORMA FINANCIAL PERFORMANCE AND FORECASTS

\$ in millions	1H15	1H16	1H16 Prospectus forecast	v 1H15	v Prospectus forecast
<b>Revenue</b>					
SME Solutions	98.8	112.8	110.4	14%	2%
Practice Solutions	41.6	42.8	42.1	3%	2%
Enterprise Solutions	20.3	22.2	19.2	10%	16%
Group	-	0.5	-		
<b>Total Revenue</b>	<b>160.7</b>	<b>178.3</b>	<b>171.7</b>	<b>11%</b>	<b>4%</b>
COGS	(11.2)	(13.1)	(12.7)	18%	3%
Staff related expenses	(59.2)	(62.0)	(58.5)	5%	6%
Marketing	(4.4)	(6.0)	(4.7)	36%	27%
General office / administration	(14.3)	(15.1)	(14.9)	6%	1%
<b>Total operating expenses</b>	<b>(89.0)</b>	<b>(96.2)</b>	<b>(90.8)</b>	<b>8%</b>	<b>6%</b>
<b>EBITDA</b>	<b>71.7</b>	<b>82.0</b>	<b>80.9</b>	<b>14%</b>	<b>1%</b>
Depreciation	(2.4)	(2.7)	(2.5)	12%	11%
Amortisation of capitalised inhouse software	(3.7)	(6.1)	(5.7)	67%	8%
<b>EBITA</b>	<b>65.6</b>	<b>73.2</b>	<b>72.7</b>	<b>12%</b>	<b>1%</b>
Amortisation of acquired intangibles	(28.2)	(27.9)	(26.1)	-1%	7%
<b>EBIT</b>	<b>37.4</b>	<b>45.2</b>	<b>46.6</b>	<b>21%</b>	<b>-3%</b>
Proforma net interest expense	(8.7)	(7.8)	(8.2)	-10%	-5%
<b>PBT</b>	<b>28.7</b>	<b>37.4</b>	<b>38.4</b>	<b>30%</b>	<b>-3%</b>
Proforma tax expense	(8.9)	(11.2)	(11.7)	25%	-4%
<b>NPAT</b>	<b>19.8</b>	<b>26.2</b>	<b>26.7</b>	<b>33%</b>	<b>-2%</b>
D&A add back (tax effected)	19.7	19.6	18.2	-1%	7%
<b>NPATA</b>	<b>39.5</b>	<b>45.7</b>	<b>44.9</b>	<b>16%</b>	<b>2%</b>

Note: Pro forma adjustments have been made to statutory revenue and NPAT results to reflect the impact of the operating and capital structure now in place following completion of the IPO, as if it was in place as at 1 January 2015. In addition, certain other adjustments have been made to eliminate non-recurring items and to reflect standalone public company costs.

# Balance sheet

Balance Sheet (\$ in millions)	31-Dec-15 Actual	30-Jun-16 Actual
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	36.4	57.8
Other current assets	27.8	68.8
<b>Total current assets</b>	<b>64.2</b>	<b>126.5</b>
<b>Non-current assets</b>		
Intangible assets & goodwill	1,219.0	1,200.8
Other non-current assets	96.2	94.7
<b>Total non-current assets</b>	<b>1,315.2</b>	<b>1,295.5</b>
<b>Total assets</b>	<b>1,379.4</b>	<b>1,422.0</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Unearned revenue	42.9	47.9
Other current liabilities	35.6	72.7
<b>Total current liabilities</b>	<b>78.5</b>	<b>120.6</b>
<b>Non-current liabilities</b>		
Interest-bearing loans and borrowings	432.7	434.3
Provisions - Non-current portion	4.9	5.7
<b>Total non-current liabilities</b>	<b>437.6</b>	<b>440.0</b>
<b>Total liabilities</b>	<b>516.2</b>	<b>560.7</b>
<b>Net assets</b>	<b>863.3</b>	<b>861.4</b>
<b>Equity</b>		
Contributed equity	1,138.1	1,138.0
Retained earnings	(415.6)	(368.8)
Reserves	140.8	92.3
<b>Total equity</b>	<b>863.3</b>	<b>861.4</b>

➤ Most balance sheet measures in line with Dec 2015 actuals

➤ Cash balance of \$58 million

➤ Growth in other current assets / liabilities driven by client funds held in trust for superannuation clearing products over month end (average time held is 2 days)

## Forecast Amortisation of Acquired Intangible Assets

Actual / Forecast Amortisation (\$M)	2014	2015	2016F	2017F	2018F	2019F	2020F
Brands	4	3	3	3	2	0	0
Customer Relationships	24	22	19	16	14	12	10
Commercialised Software	33	33	33	33	33	24	0
<b>Total</b>	<b>61</b>	<b>58</b>	<b>56</b>	<b>52</b>	<b>48</b>	<b>36</b>	<b>10</b>

Actual / Forecast Year End Balance (\$M)	2014	2015	2016F	2017F	2018F	2019F	2020F
Brands	123	120	117	114	113	113	112
Customer Relationships	107	95	75	59	45	34	24
Commercialised Software	154	123	90	57	24	0	0
Goodwill	828	839	839	839	839	839	839
<b>Total</b>	<b>1,211</b>	<b>1,178</b>	<b>1,122</b>	<b>1,070</b>	<b>1,022</b>	<b>986</b>	<b>976</b>

- This forecast focuses on acquired intangible assets only so excludes “in house software” as it is impacted by additional R&D capex every year.
- Acquired brands fully amortised by 2019, leaving MYOB brand only (does not amortise)
- Acquired commercialised software fully amortised by end of 2019
- Note this forecast will be impacted by any future MYOB acquisitions

# Reconciliation of statutory to pro forma NPAT and EBITDA

\$ in millions	Note	NPAT			EBITDA		
		1H15	1H16	1H16 Prospectus forecast	1H15	1H16	1H Prospectus forecast
<b>Statutory Result</b>		<b>(65.0)</b>	<b>26.0</b>	<b>26.7</b>	<b>47.4</b>	<b>79.0</b>	<b>80.9</b>
Public company costs	1	(0.7)	-	-	(0.7)	-	-
Net interest adjustment	2	102.8	-	-	-	-	-
Acquisition transaction and integration costs	3	2.7	2.1	-	2.7	2.1	-
Offer related adjustments and other transaction costs	4	20.0	0.2	-	20.0	0.2	-
Business transformation one-off costs	5	0.9	0.3	-	0.9	0.3	-
Other non-recurring adjustments	6	1.4	0.5	-	1.4	0.5	-
Tax effect of pro forma adjustments	7	(38.1)	(0.9)	-	-	-	-
Difference between statutory and proforma tax rate	8	(4.2)	(2.0)	-	-	-	-
<b>Total pro forma adjustments</b>		<b>84.8</b>	<b>0.2</b>	<b>-</b>	<b>24.3</b>	<b>3.0</b>	<b>-</b>
<b>Pro forma Result</b>		<b>19.8</b>	<b>26.2</b>	<b>26.7</b>	<b>71.7</b>	<b>82.0</b>	<b>80.9</b>

See 1H15 investor presentation for a detailed explanation of 1H15 reconciling items (predominantly IPO-related)

1H16 one-off, non-recurring items:

- 3) Transaction and integration costs relating to the acquisitions of Ace Payroll and IMS
- 4) Final IPO-related fees expensed in 1H16
- 5) Business transformation initiatives and costs including costs of implementing a new HR information system
- 6) Initial spend on one-off MYOB brand transformation – it is likely there will be an additional \$1m in 2H16
- 7) The tax impact attributable to adjustments notes 1 to 6, calculated using an effective tax rate of 30%
- 8) The statutory tax rate is lower than the 30% pro forma tax rate due to the tax rebate received on eligible Australian R&D