

Class Limited

FY17 Results Presentation

Kevin Bungard, CEO

15 August 2017

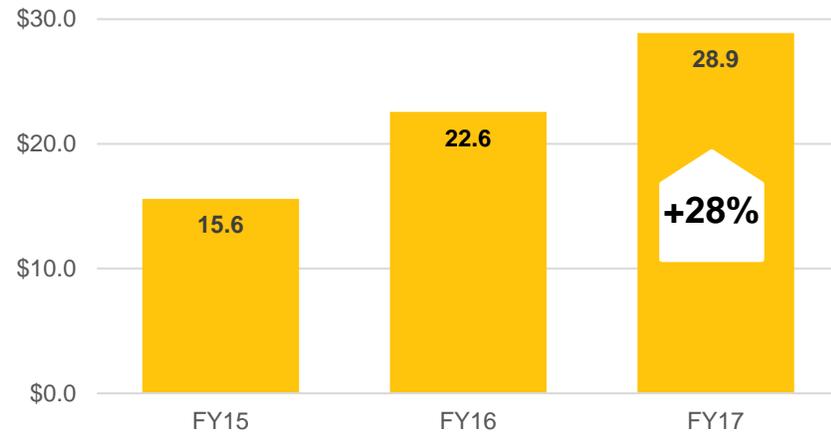


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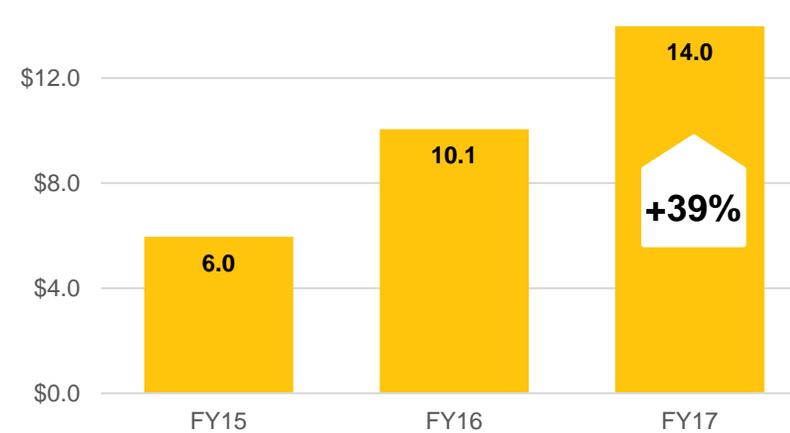
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Strong Revenue and Profit Growth

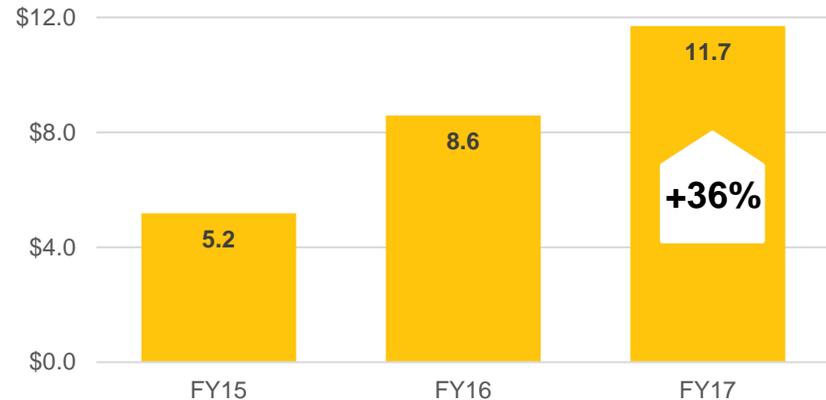
Operating Revenue (\$m)



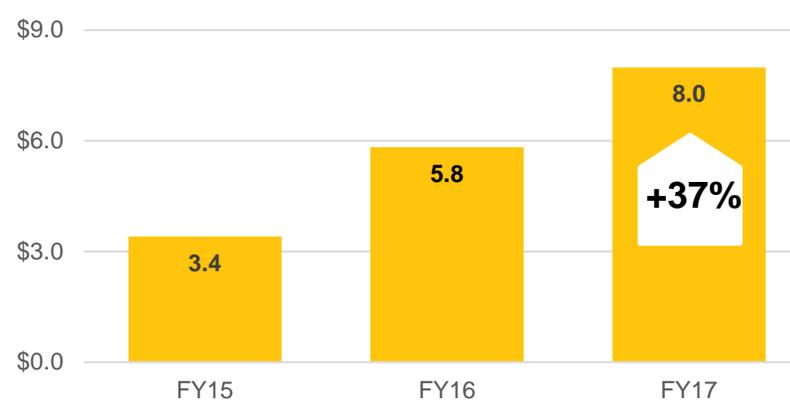
EBITDA (\$m)



NPBT (\$m)



NPAT (\$m)



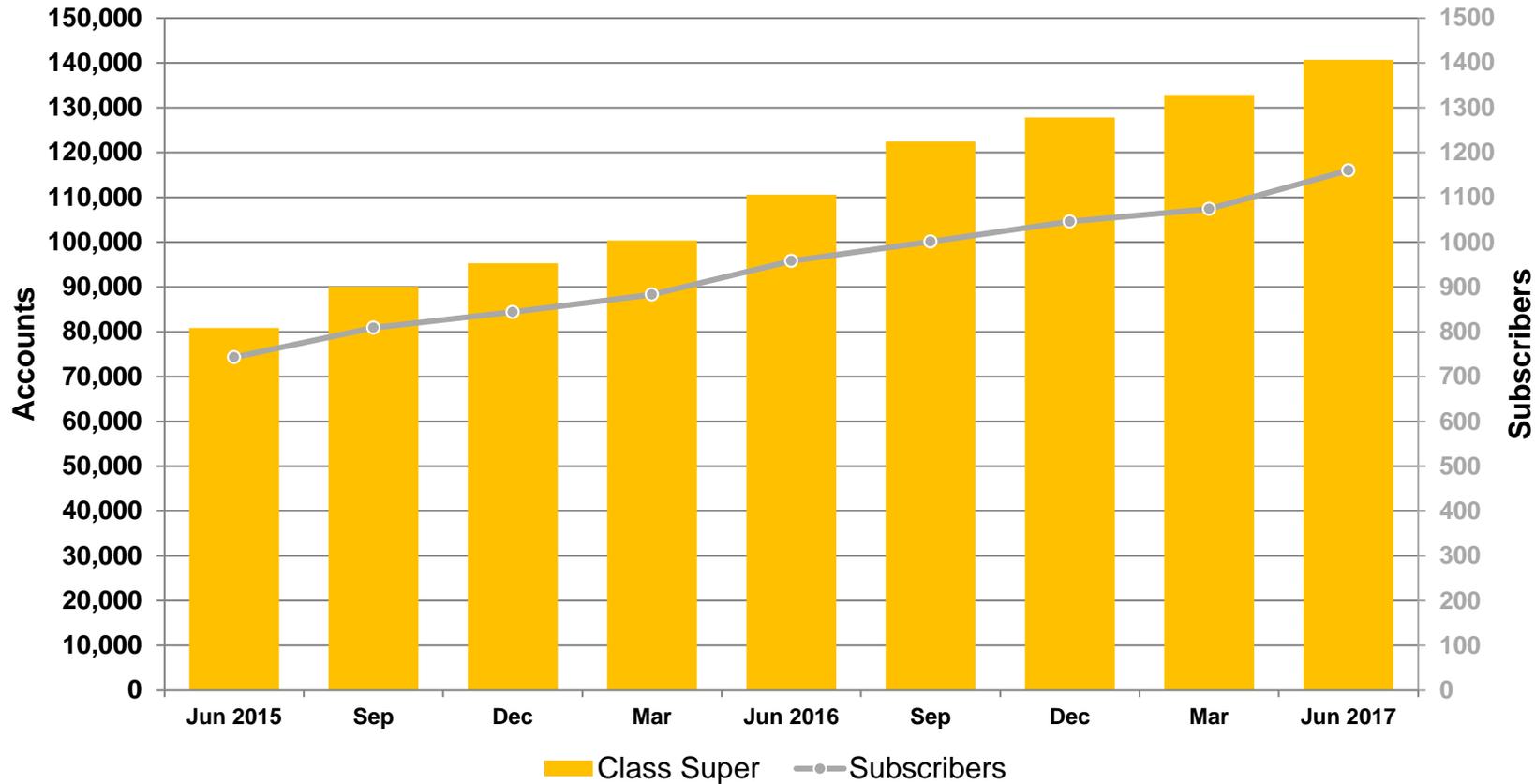
- EBITDA Margin expanded from **44.5%** to **48.4%**
- Growth driven by record increase in accounts

Notes:

All references for FY16 are after adjusting for one-off initial public offering ('IPO') expense. They are non-IFRS measures and are used by management to assess the performance of the business and have been extracted or derived from the FY16 financial report.

Strong Growth in Class Super Accounts

Accounts on Class Super - Jun 2015 to Jun 2017



- **30,076** new accounts, **+27%**
- **200** new subscribers, **+21%**
- **\$216** ARPU, **-1.4%**

Impact of Super Reforms

FY17

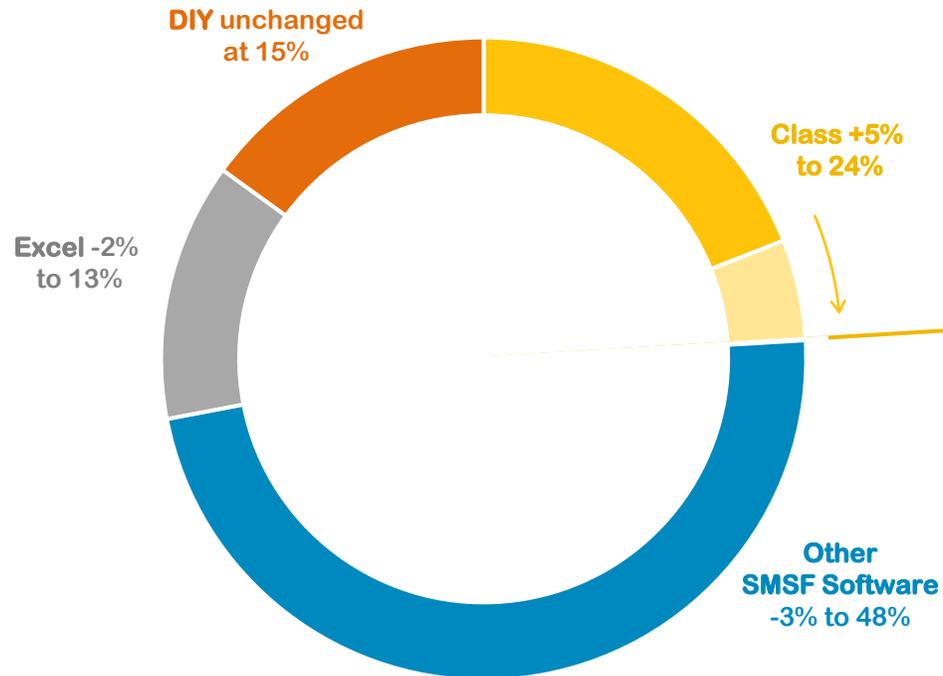
Uncertainty with rules for much of 2017	...saw 4% industry growth, lowest in five years
Industry disrupted by time required to assess and advise investors	...delayed industry lodgments and loading to Class in June
Significant technology costs for industry	...Class Super ~\$1m in FY17 (...similar spend in FY18)

Moving forward

Complexity, especially upcoming reporting	...driving need for Class Super
Caps on contributions and pension balances	...driving need for Class Portfolio's 'whole of wealth' solution

Increased SMSF Market Share

SMSF Software Market Share
by est. no. SMSFs administered on each system¹

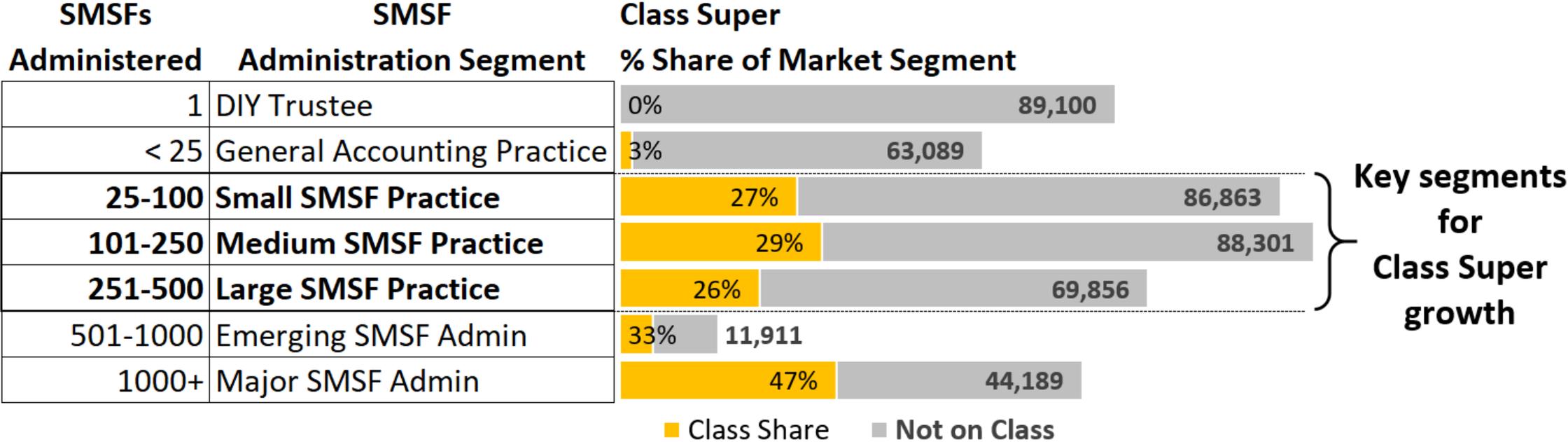


- **24%** Class Super share, **+5%**
- Established Class subscribers continue to win market share away from peers who use less effective systems
- **26%** of growth organic, from established subscribers
- **17%** p.a. average growth for Class SMSF Practices ...**3** times the industry rate of **5.2%** p.a.²

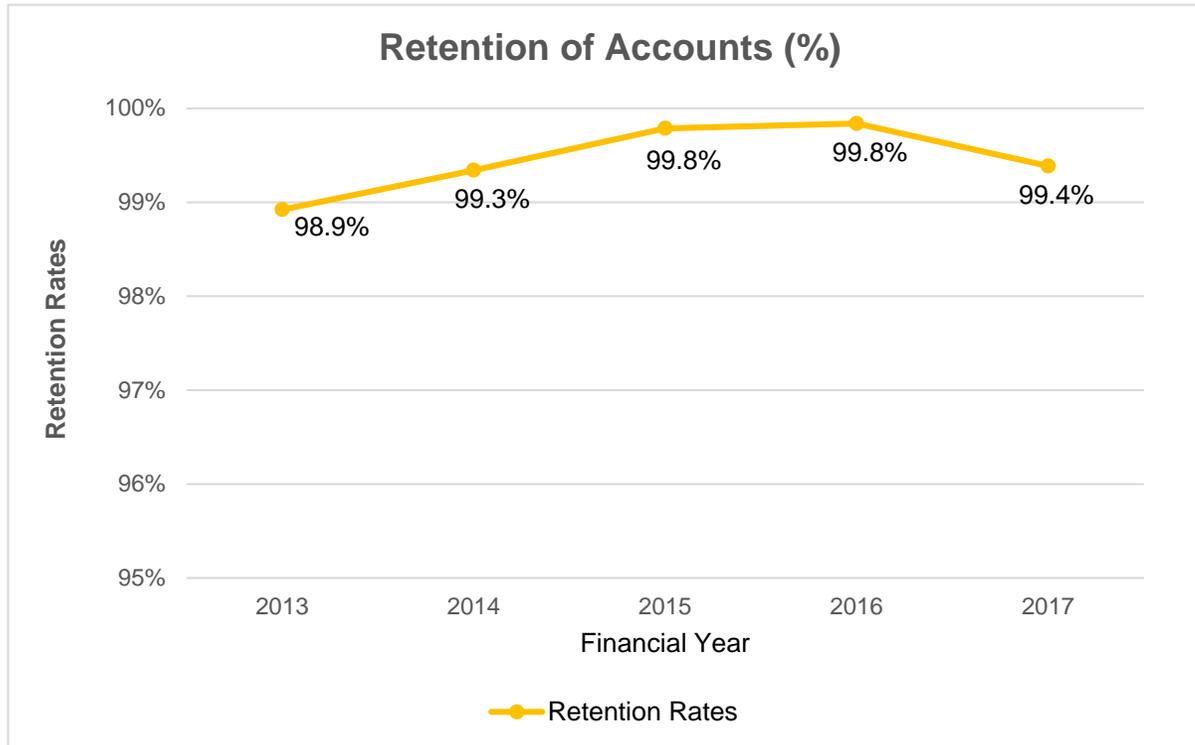
¹ Estimated from company announcements, ATO data and various Investment Trends surveys of SMSF Investors, Planners and Accountants in 2016 and 2017. DIY = SMSFs administered directly by investors. Excel = SMSFs administered by accountants on Excel and general accounting software. As at 30 June 2017, Class was used to administer 140,960 of the estimated 594,000 SMSFs.

² 'Class SMSF Practices' have 25-500 SMSFs. Growth was over the 5 years to Nov 2016

Plenty of Opportunity to Increase Share



High Client Satisfaction, Recurring Revenue

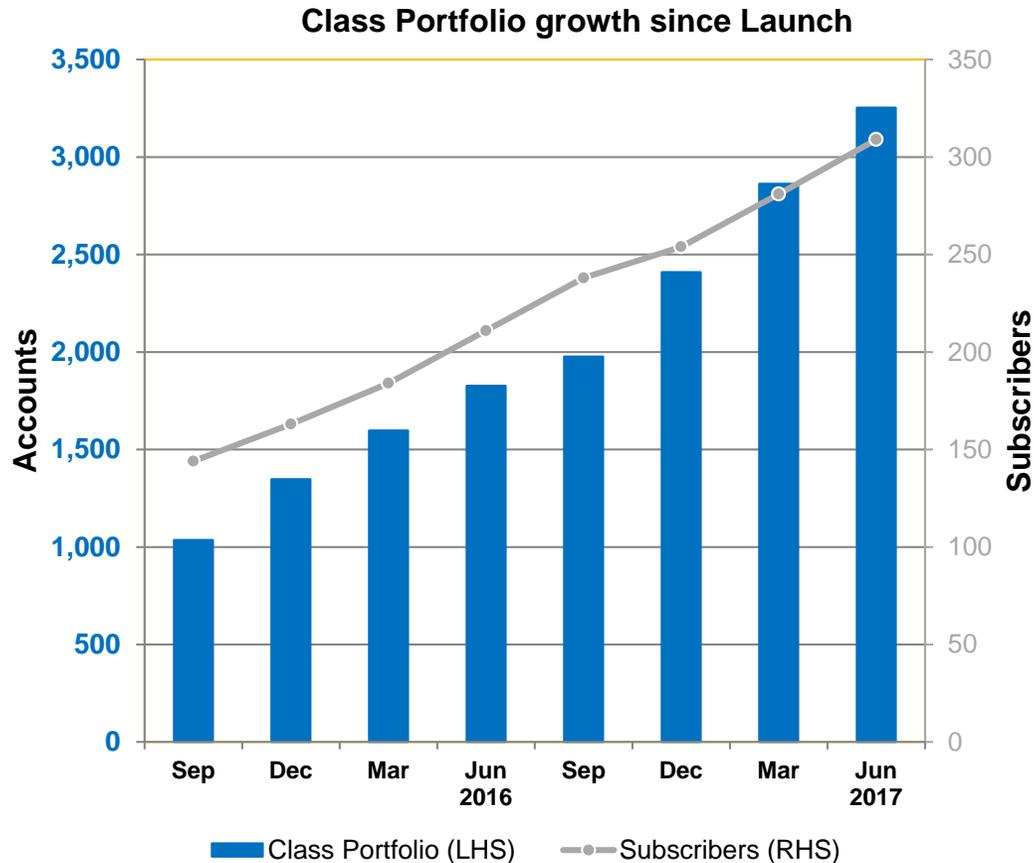


- Class Super won all FY17 SMSF software awards



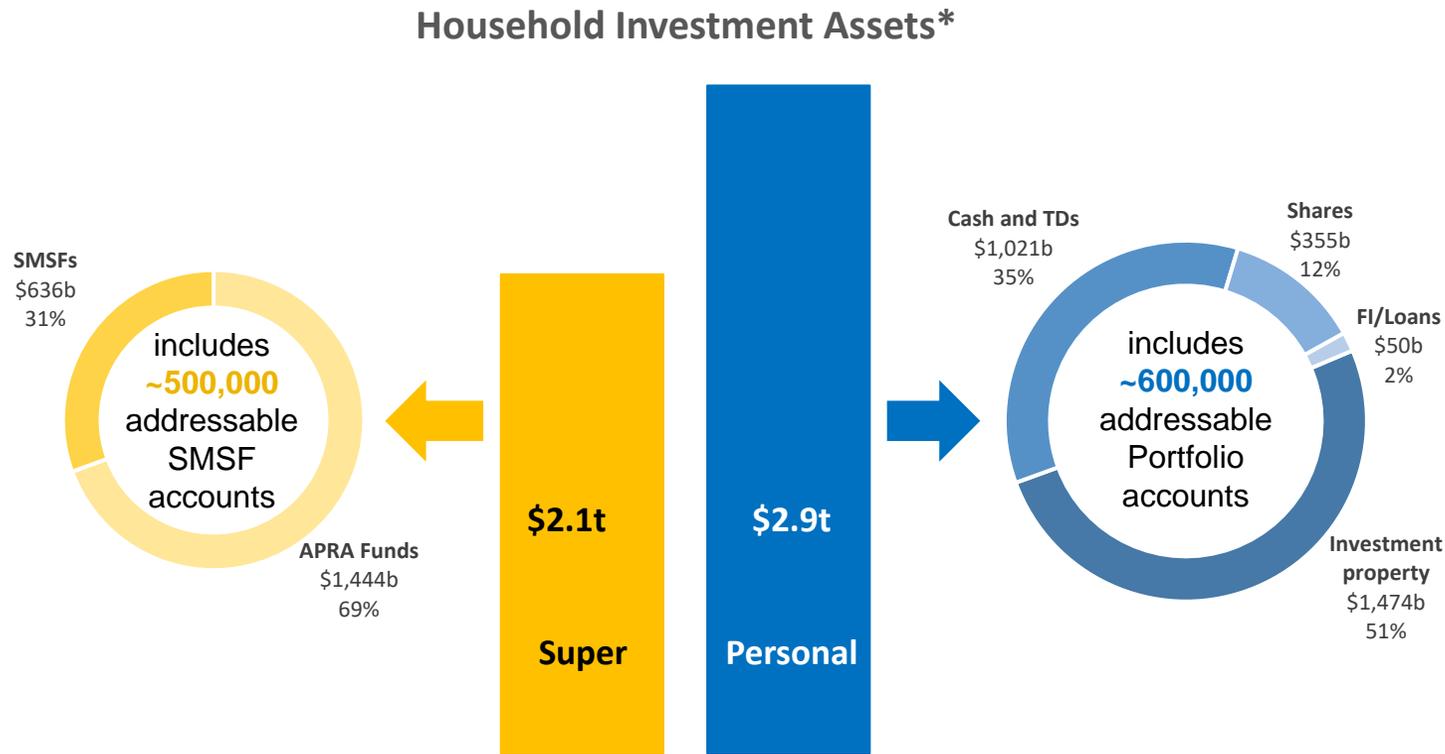
- Core Data 2016 SMSF award, *SMSF Accounting Software* (3rd year running)
 - 2017 SMSF Adviser *SMSF Software Provider of the Year* (4th year running)
 - 2017 Investment Trends *Highest Overall Client Satisfaction: SMSF Software* (3rd year running)
- High retention rate fuels strong recurring revenue
- \$30.9m** ACMR at 30 June 2017
- AMP is **6.4%** of ACMR
AMP have requested licence consolidation
...will remove SuperIQ's Nov 2017 end-date

Class Portfolio Growth



- **1,427** new accounts, **+ 78%**
- Trust beneficiary accounting and consolidated portfolio functionality launched
- **70%** of existing Class Super subscribers surveyed are potential Class Portfolio users
- **26%** of Class Super subscribers now use Class Portfolio, average **10.5** accounts per subscriber
- **\$147** ARPU, unchanged

Large Class Portfolio Opportunity



**Excludes owner-occupied dwellings and ownership of own business*

Sources: APRA, ATO

Sources: ABS, ATO, CoreLogic, Rice Warner

- SMSFs are no longer the “catch-all” they used to be
- Accountants need to have plans for “Family Office” style offerings and a Whole of Wealth view
- Class Portfolio provides the platform for accountants to deliver these solutions



Investing for Growth

	FY16	FY17
Growth Focused Employees		
33% increase		
Customer Acquisition	18	25
Product and R&D	17	21
Delivery Focused Employees		
17% increase		
CEO, Finance and Admin	6	7
Service Delivery	30	35
Total	71	88

- Increased resources to deliver growth of Class Super
- Cross-sell Class Portfolio into existing subscriber base

- Next generation of innovation – Broaden feeds, Open Banking, NPP and real-time reporting
- Laying foundation for improved APIs
- Expanding partner team. Contribution to earnings expected in FY19



Investing in Product

\$m	FY15	FY16	FY17
Total Development Costs	3.3	4.4	5.2
<i>Development costs / Operating Revenue</i>	20.9%	19.7%	18.1%
Less: Development recognised as expenditure	(1.5)	(1.8)	(1.5)
Capitalised Development Costs	1.8	2.6	3.7
<i>Capitalised development / Operating Revenue</i>	11.6%	11.6%	12.7%
Computer and Office Equipment & Other	0.2	0.3	0.6
Total Capital Expenditure	2.0	2.9	4.3
<i>Less: Leasehold Improvements & Fit-out/ Furniture</i>	-	-	(0.3)
Adjusted Capital Expenditure	2.0	2.9	4.0
<i>Capex / Operating Revenue</i>	13.0%	13.1%	14.8%
<i>Capex / EBITDA</i>	33.9%	29.3%	28.1%
Depreciation & Amortisation	0.9	1.6	2.6

- FY17 Development costs included:
 - Class Portfolio: **\$2m**
 - Super Reform changes: **~\$1m**
- FY18 Depreciation and Amortisation expense is expected to be **~\$4m**

Clear Strategy

- **Class Super**

Invest in product to maintain market leadership of cloud and continue to win market share

- **Class Portfolio**

Deliver a 'whole of wealth' solution and address a much larger market

- **Broaden Platform**

Grow the partner ecosystem to increase partner revenue and enhance benefits for subscribers

Appendix

Glossary

Accounts: billable Class Super funds and Class Portfolio entities.

ARPU: (Average Revenue Per Unit) assuming any sales promotions have ended and other factors such as pricing remain unchanged.

ACMR: (Annualised Committed Monthly Revenue) number of Accounts at the end of period multiplied by ARPU.

CAC: (Customer Acquisition Costs) sales, marketing and implementations expenses divided by gross new Accounts added.

EBITDA margin: calculated by dividing EBITDA by operating revenue.

Established Subscribers: practices that have been using Class for over 12 months.

NPAT margin: calculated by dividing NPAT by operating revenue.

NPBT margin: calculated by dividing NPBT by operating revenue.

Retention Rate: (Accounts for the period less Accounts lost due to subscriber terminations) / Accounts for the period. Accounts lost = the maximum number of Accounts the subscriber had during the year.

Summary P&L and Key Operating Metrics

\$m	FY16	FY17	
Operating Revenue	22.6	28.9	+28%
Employee costs	(9.8)	(11.1)	
Other costs of undertaking business	(2.7)	(3.8)	
EBITDA¹	10.1	14.0	+39%
Depreciation	(0.2)	(0.4)	
Amortisation	(1.4)	(2.2)	
Net interest benefit	0.2	0.3	
NPBT¹	8.6	11.7	+36%
Income tax (expense) / benefit ¹	(2.8)	(3.7)	
NPAT¹	5.8	8.0	+37%
One-off IPO expenses	(0.6)	-	
STATUTORY NPAT	5.2	8.0	+53%
Basic EPS ^{1,2} (cents)	5.2	6.8	+31%
Diluted EPS ^{1,2} (cents)	5.1	6.7	+31%

	FY16	FY17
No. of subscribers	964	1,164
Class Super accounts at 30 June	110,614	140,690
Class Portfolio accounts at 30 June	1,827	3,254
Total accounts at 30 June	112,441	143,944
EBITDA margin (% of revenue)	44.5%	48.4%
NPBT margin (% of revenue)	38.1%	40.5%
NPAT margin (% of revenue)	25.8%	27.6%
ACMR (\$m)	24.5	30.9
ARPU – Super (\$)	218	216
ARPU – Portfolio (\$)	147	147
CAC (\$)	n/a	114

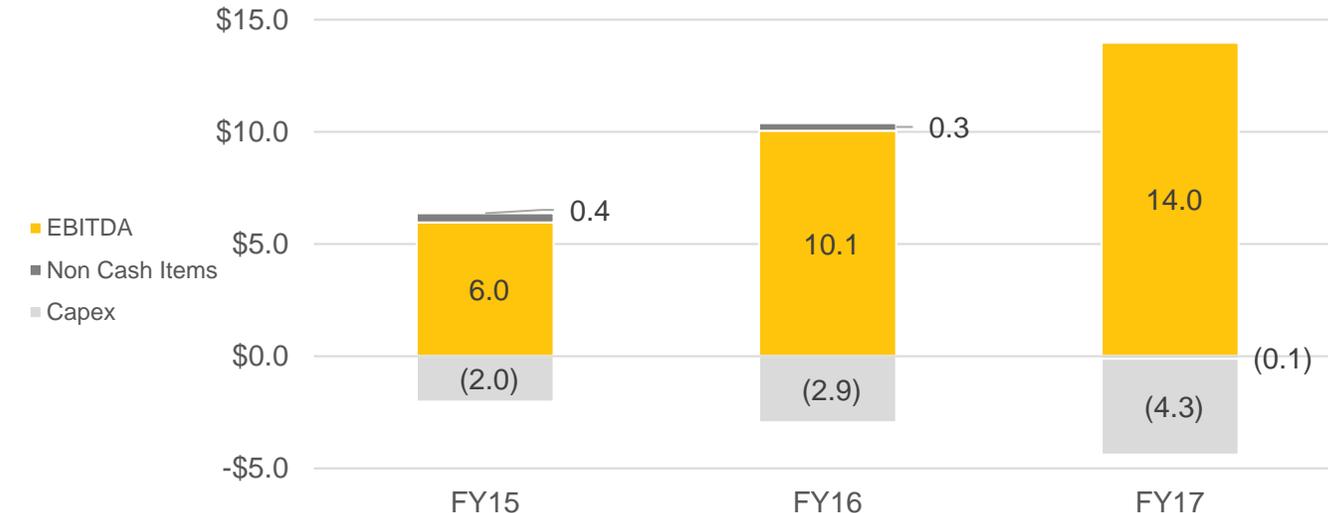
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1. All references for FY16 after adjusting for one-off initial public offering ('IPO') expense. They are non-IFRS measures and are used by management to assess the performance of the business and have been extracted or derived from the FY16 financial report.
2. EPS growth lower than NPAT growth due to shares issued at IPO.



Summary Cash Flow & Balance Sheet

Cash flow before Financing and Taxation (\$m)



\$m	FY15	FY16	FY17
EBITDA	6.0	10.1	14.0
Non-Cash Items	0.4	0.3	(0.1)
Capex	(2.0)	(2.9)	(4.3)
Net free cash flow	4.3	7.4	9.6
% of EBITDA	72.9%	74.1%	68.6%

Balance Sheet (\$m)

	30-Jun-16	30-Jun-17
Current Assets		
Cash and cash equivalents	15.2	19.4
Trade and other receivables	2.3	3.1
Other current assets	0.5	0.7
Total Current Assets	18.0	23.3
Property and equipment	0.6	0.8
Intangible assets	3.6	5.0
Deferred tax assets	0.3	-
Total Non Current Assets	4.5	5.9
Total Assets	22.5	29.1

Current Liabilities		
Trade and other payables	2.3	2.4
Provisions	0.4	0.5
Tax liabilities	0.7	1.8
Total Current Liabilities	3.4	4.7
Deferred Tax	-	0.7
Provisions	0.3	0.3
Total Non Current Liabilities	0.3	1.0
Total Liabilities	3.7	5.7
Net Assets	18.8	23.4