



Company Announcements Platform
Australian Securities Exchange Limited
20 Bridge Street
Sydney NSW 2000

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MYOB DEEP DIVE INVESTOR DAY & STRATEGIC UPDATE

MYOB Group Limited (“MYOB”; ASX: MYO) is today hosting an “Insight to Innovation” event in Melbourne. The event is being held to share with investors and analysts the progress that the Company is making in implementing its strategy and to demonstrate the core modules of the MYOB Platform that are being developed and released.

At MYOB’s first half financial year 2016 results (1H16) the Company explained that it has undergone a significant transformation to reflect changes in the software accounting industry.

MYOB’s strategy is designed to deliver sustainable, profitable growth and a market leading position in its rapidly changing market, by focussing on the following five imperatives:

- **Connected Practice:** To lead the accounting services industry through a period of intense change by painting an inspiring view of the industry’s future;
- **MYOB Platform:** To deliver a platform designed to leverage network effects and bring to life the Connected Practice vision for SMEs and their advisors;
- **Clients:** To accelerate MYOB’s multi-channel capabilities to attract new clients, continue to move existing clients online, and help both succeed through the adoption of connected services;
- **Brand:** To refresh the MYOB brand to build greater awareness of MYOB’s range of online services and products; and
- **Bigger Business:** To expand MYOB’s Enterprise business by driving growth through its first-to-market cloud ERP and Payroll solution, complemented with inorganic growth.

The Company is pleased to report that it is making material progress with the implementation of its strategy, with a number of new platform modules gaining traction and delivering growth.

New Products & Services

The percentage of MYOB’s new SME DIY clients taking an online subscription, as opposed to a desktop licence, exceeded 90% for the three months to October 2016, up from 83% in the



quarter to June 2016. Of note is that 50% of new subscribers acquired during the 2016 end of financial year did not consider any other provider than MYOB.¹

Excellent progress is being made in MYOB's online connected services with at least 50% year-on-year growth on multiple fronts.

- Since October 2015 the Company's PayDirect mobile transactions per month are up 73%;
- PayDirect online transactions (which was launched in May 2016) has exceeded 6,000 transactions as at October 2016;
- Monthly bank transactions fed to online solutions are up 55% since October 2015 with more than 12 million feeds being processed in October 2016;
- Smart Bills processed per month are up 87% over the past 12 months to more than 500,000; and
- MYOB's PaySuper product had paid more than 400,000 employees as at October 2016, up 142% since October 2015.

Brand Awareness

SME awareness of the MYOB brand is high and well ahead of the competition. As at September 2016, 76% of SMEs had spontaneous MYOB brand awareness versus 24% for a key competitor² and total SME prompted awareness of the MYOB brand sat at 92% versus 40% for the same competitor.³

Importantly, MYOB continues to be the most recommended SME accounting solution in the Australian market with 69% of accountants and bookkeepers recommending MYOB to their clients in the last 12 months, compared to 40% for the key competitor's offerings, with both numbers being steady over the last two years.⁴

Bigger Business

A big opportunity exists in targeting "bigger businesses", being businesses generating revenue between \$10 million - \$250 million p.a. with 10 to 100 users and 20 to 1,000 employees. Moving forward, the cloud will be integral to MYOB's strategy and growth in this segment.

To cater to this market segment, the Company launched MYOB Advanced in early 2015. As at October 2016 more than 200 MYOB Advanced cumulative sites have been acquired demonstrating the strong demand that exists in the market for MYOB's cloud solutions.

The sales mix in Enterprise Solutions (ES) continues towards online solutions. From a base in 2015 when one quarter of combined MYOB Exo (desktop) and MYOB Advanced (online)

¹ MYOB EOFY Campaign Research Survey

² Rothcorp MYOB Brand Health Monitor Sept 2014 – Sept 2016

³ Rothcorp MYOB Brand Health Monitor Sept 2014 – Sept 2016

⁴ Rothcorp MYOB Brand Health Monitor Sept 2014 – Sept 2016



sales were of MYOB Advanced, YTD 2016 is roughly half and half, with management expecting of more than two thirds of ES sales being on MYOB Advanced in 2017.

OUTLOOK

MYOB CEO Tim Reed said, "We're making excellent progress in implementing our strategy and see plenty of opportunity for growth.

We expect our Connected Practice strategy, underpinned by the MYOB Platform, to drive online category penetration. As investment in our platform continues, we expect R&D as a percentage of revenue to remain at the upper end of the 13% - 16% range."

"Our expectation is that our revenue growth will be in line with historic trends and EBITDA margins will remain in the 45% - 50% range. We will continue to reconfigure our revenue mix from license based income to high quality, recurring subscription revenue" he added.

"We continue to look for and expect to make targeted acquisitions which fit into the core of our business, as well as investments in new growth opportunities outside of our business" Mr Reed concluded.

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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.