

1H18 RESULTS PRESENTATION



Presenters

Tim Reed Chief Executive Officer
Richard Moore Chief Financial Officer
24 August 2018

myob simplify
success

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Presenters



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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1H18 BUSINESS HIGHLIGHTS

1H18 Highlights

Solid financial results, delivered through investment period

Strong operational performance, as online subscribers surge to 492,000

Revenue

\$218m  **7%** YEAR ON YEAR

Recurring revenue up 8% to \$210 million, or 96% of total revenue

Underlying EBITDA

\$93m  **3%** YEAR ON YEAR

Statutory EBITDA up 1% to \$88 million

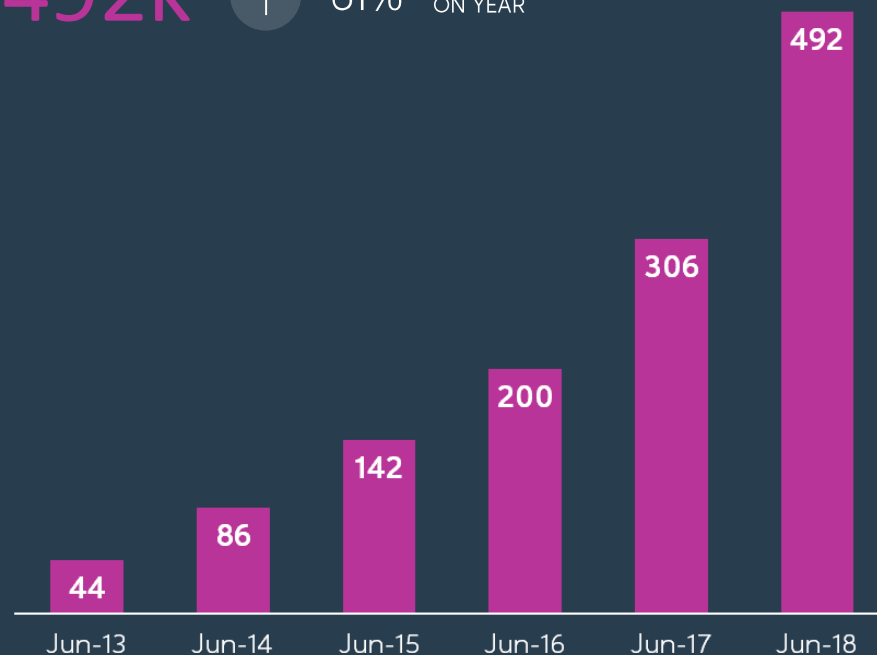
NPATA

\$46m  **6%** YEAR ON YEAR

NPATA EPS down 5% to 7.7 cents

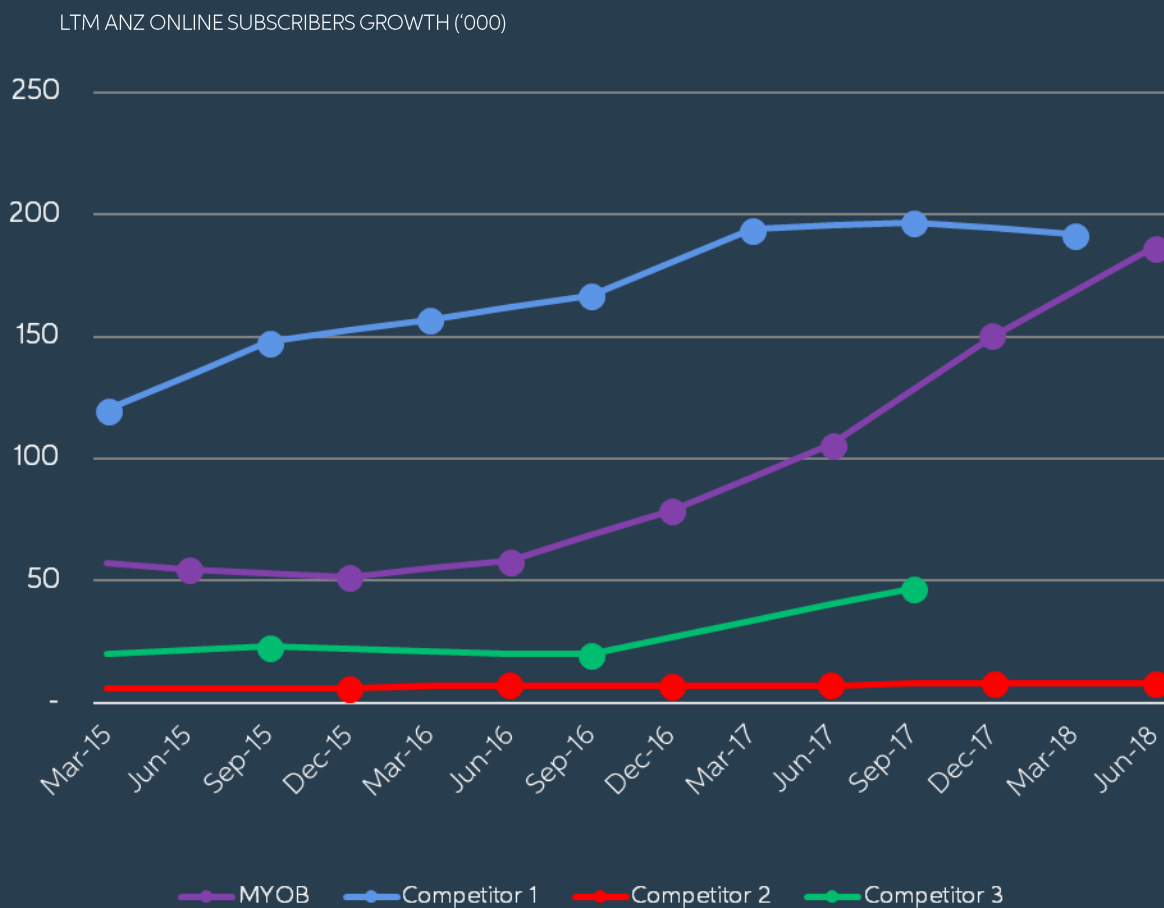
Online Subscribers

492k  **61%** YEAR ON YEAR



1H18 Highlights

Added 186k online subscribers in last 12 months; on track to add >200k in 2018



Note: LTM = Last 12 months

1H18 Business Update

Investing for future growth

As previously announced, we are entering a 2 year period of **accelerated investment** with a compelling case that leverages our momentum in online subscriber growth, recognising that now is the right time to invest to capture further market share.

Our **investment plan** focuses on 2 key areas:

\$50m MYOB Platform acceleration

- Accelerate development of the **online platform** to win new accounting practices, leading to a corresponding increase in SME referrals
- Competitors do not currently provide a full suite of online solutions for advisers
- The investment is **NPV positive** on the basis of accelerated retirement of legacy solutions

\$30m Sales & Marketing investment

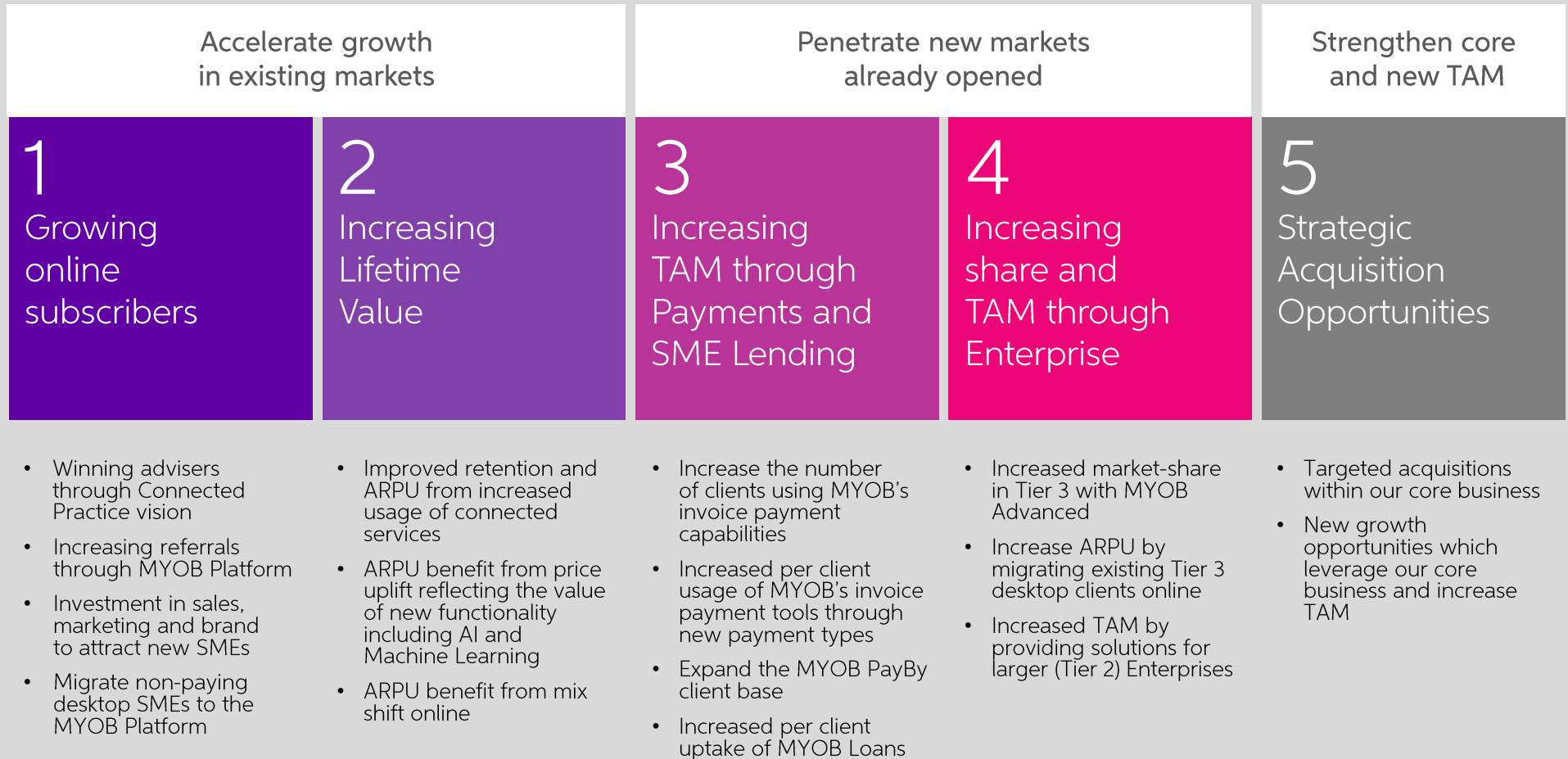
- Increase our **adviser sales team** to ensure we increase the number of referrals from our adviser base. This investment is NPV positive and will be cash flow positive in 2020 on the basis we can maintain current levels of team productivity
- Increase **marketing spend** over the next 2 years to ensure direct SME purchases remain strong and our long-term CAC months is < 12

As we enter 2H18, our investments are progressing as expected and we are confident in achieving our longer term targets.

STRATEGY **AND** GROWTH DRIVERS

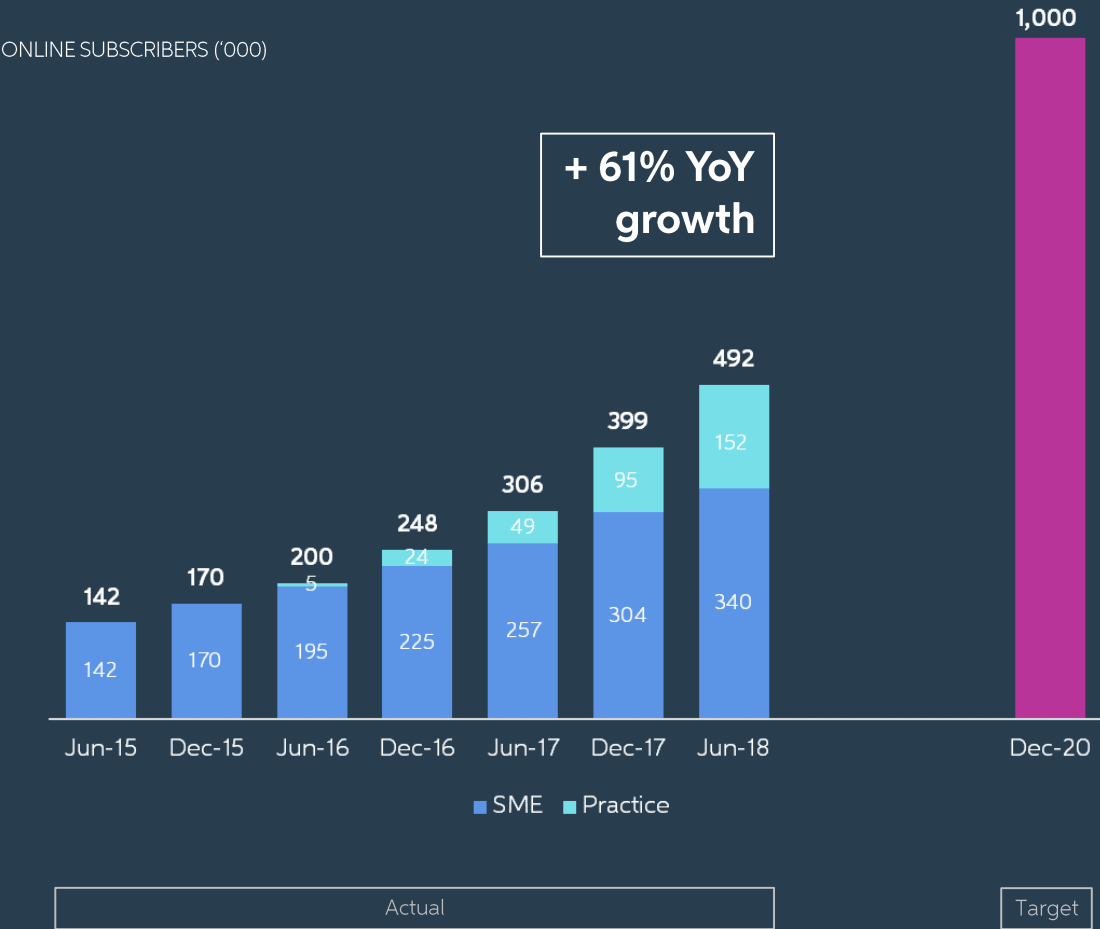
Long-term strategy remains unchanged

Aligns to our vision and creates value for our shareholders



Online Subscribers up 61% reaching ~ 500,000

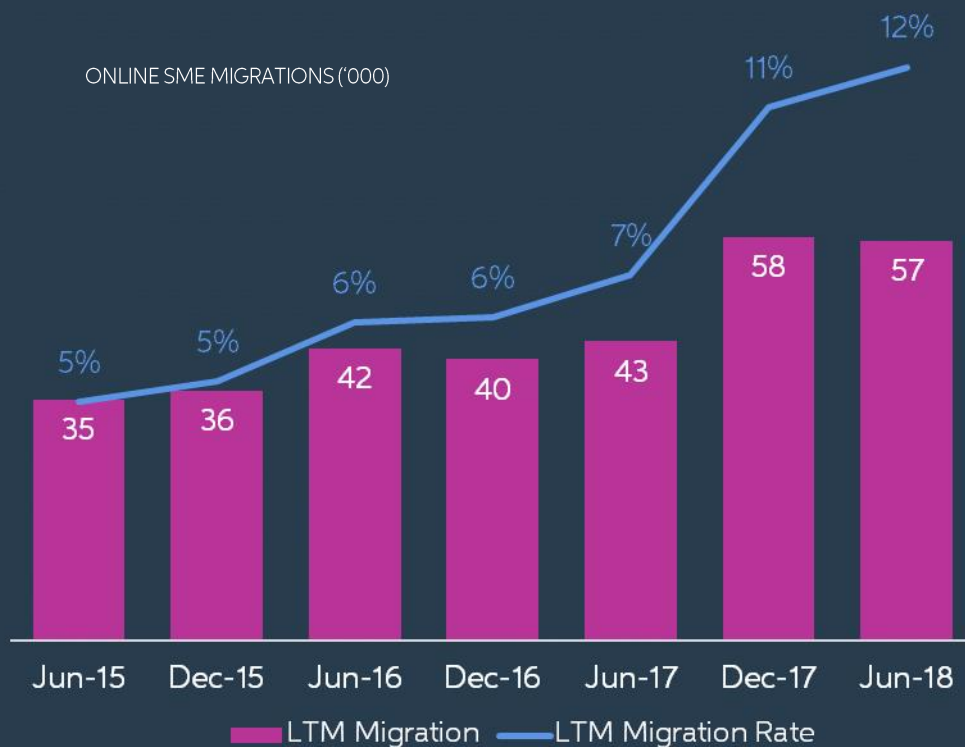
Growth surging ahead; on track to reach 1 million in 2020



Subscriber growth supported by continued **strong migrations from non-paying base**

1. Growing Online Subscribers

Targeted campaigns to active, non-paying base in 2H17 increased **migrations, up 34%** since 12 months ending June 2017



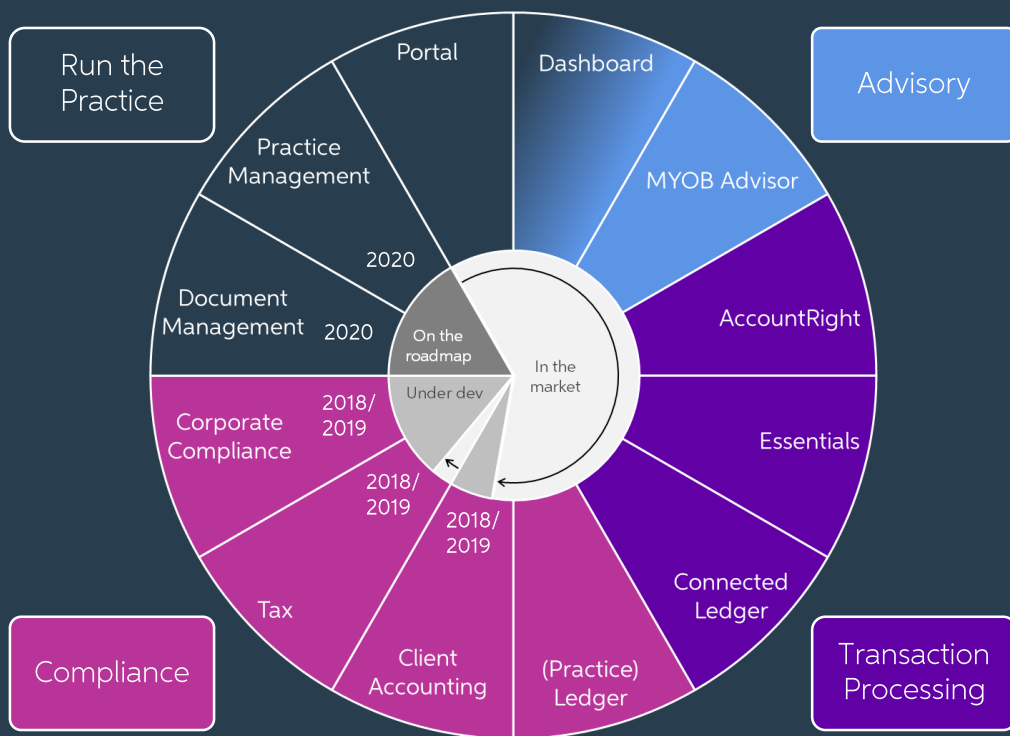
Note: LTM = Last 12 months

MYOB Platform delivery is accelerating

Creating efficiencies for SMEs and Accountants

1. Growing Online Subscribers

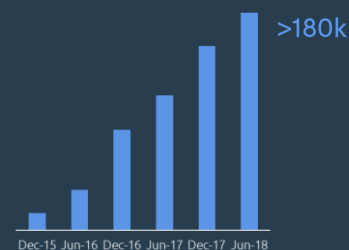
The MYOB Platform



Online Practice Tools



MYOB (Practice) Ledger



MYOB Portal
(clients using)



MYOB Dashboard
(practices using)

Delivering the MYOB Platform

- New Compliance tools brought to market in 1H18 include Online Assets in **Client Accounting**, plus enhancements in Online **Tax, Portal, Dashboard, Essentials, Connected Ledger** and **MYOB Advisor**.

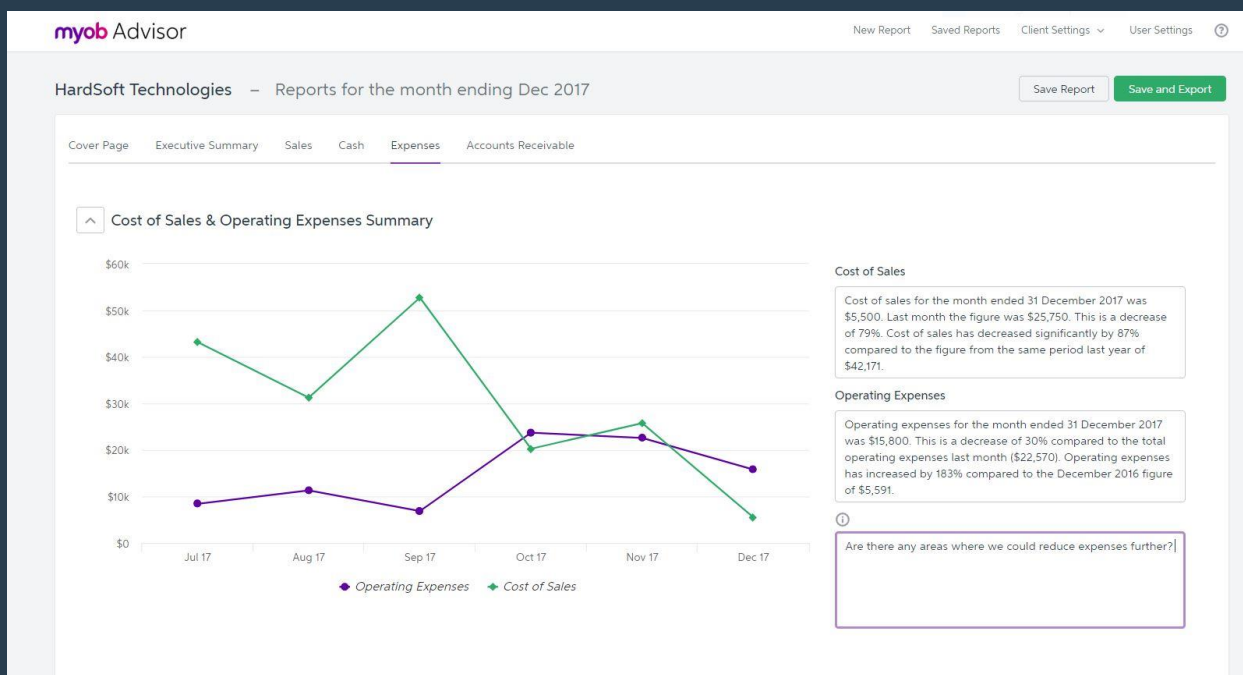
Streamlining the Portfolio

- We have announced that MYOB will no longer provide features, patches, compliance updates or product support for AccountRight Classic desktop (v19), from 30 September 2019.
- Other legacy products will be retired as the MYOB Platform is built out over the next 3 years.

MYOB Advisor launched in 1H18

1. Growing Online Subscribers

- Uses **AI and Natural Language Generation** technology
- Interprets financial information and creates written reports in natural language
- Led MYOB to #8 on the **AFR's Top 100 Most Innovative Companies** list



“ We use MYOB Advisor as a way to stay involved on an ongoing basis – not just reporting at year end. It can help us to keep the conversation going live – as it happens – rather than just reporting back at year end.

Jason Seidel
Galpins Accountants

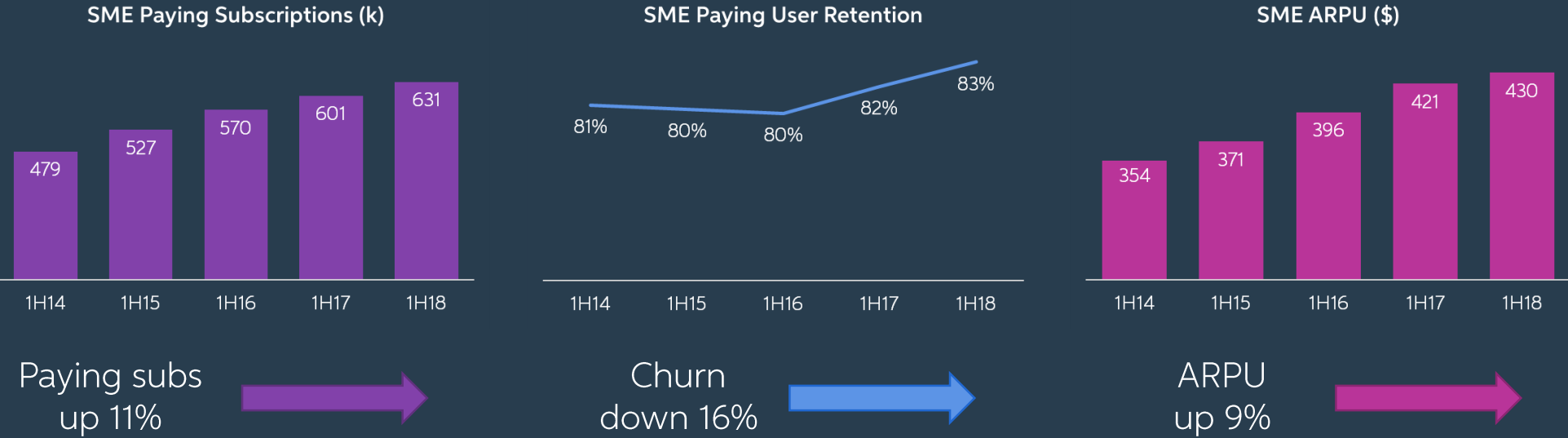
MYOB continues to lead the category in **brand preference and awareness**

1. Growing Online Subscribers



- Market leading brand in terms of consideration and trust
- Recognised as leader in online accounting
- Partnered with Network Ten and Shark Tank, Australia's favourite show for small businesses

Strong growth in the drivers of Lifetime Value

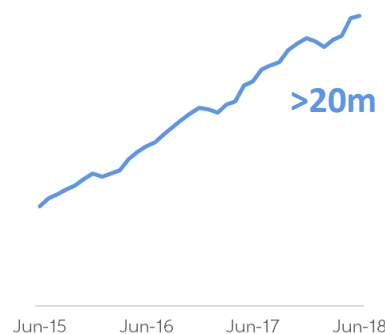


Combined these have increased the lifetime value of SME base by almost 40% since 1H16

Supported by momentum in Online Connected Services

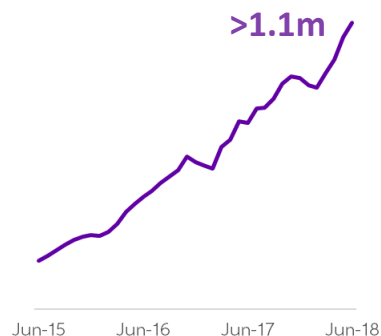
2. Increasing Lifetime Value

Monthly **bank transactions**
fed to online solutions



Up >30% since Jun-17

Smart bills
Processed per month



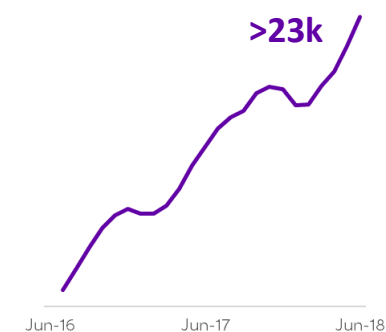
Up >50% since Jun-17

PaySuper
Employees paid (L3M)



Up >50% since Jun-17

Online Invoice Payments
Transactions per month



Up >80% since Jun-17

Leading the way for Single Touch Payroll (STP)

- The ATO has mandated streamlined reporting for payroll
- Employers will need to report payments (such as salaries and wages, pay as you go (PAYG) withholding and super information) through to the ATO directly from their payroll solutions at the same time they pay their employees

Who does this affect and when do SMEs need to be compliant :

- SMEs that pay staff in Australia
- From 1 July 2018, reporting through Single Touch Payroll for employers with 20 or more employees is mandatory
- Employers with 19 or less employees will commence from 1 July 2019 (Legislation pending)

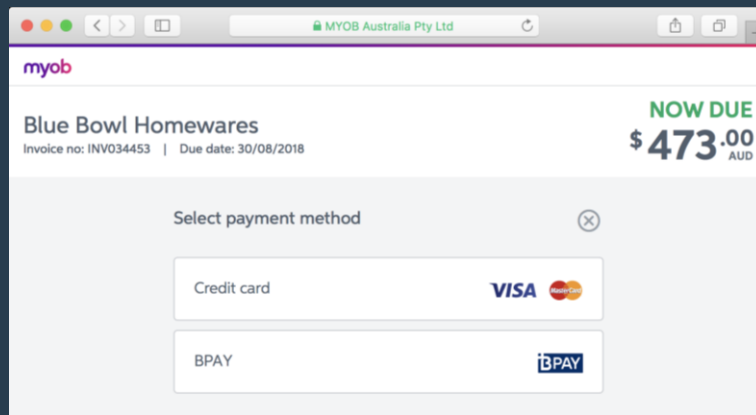
Payments

Positive growth trajectory, tapping into a \$1.2 bn market opportunity

3. Increasing TAM through Payments & SME Lending

Online Invoice Payments

- MYOB provides a seamlessly integrated payments gateway and merchant services facility, into invoices generated through our SME accounting software
- Facilitating >23k invoices payments per month, worth >\$20m from >12k merchants
- New payment type (BPAY) introduced in May, adding to credit card payment functionality. More payment types to follow.



Online Invoice Payments

Transaction **value** per month



Total transaction value increased >70% between April and June with the launch of BPAY

Get paid 4x faster*

By accepting card payments directly from your online invoices

Sign up today

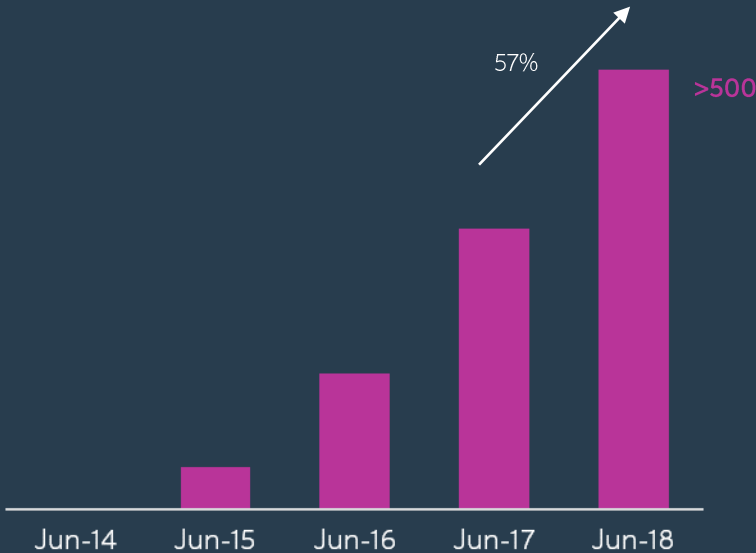
*Based on invoices paid through online invoice payments between September 2017 and February 2018

Enterprise

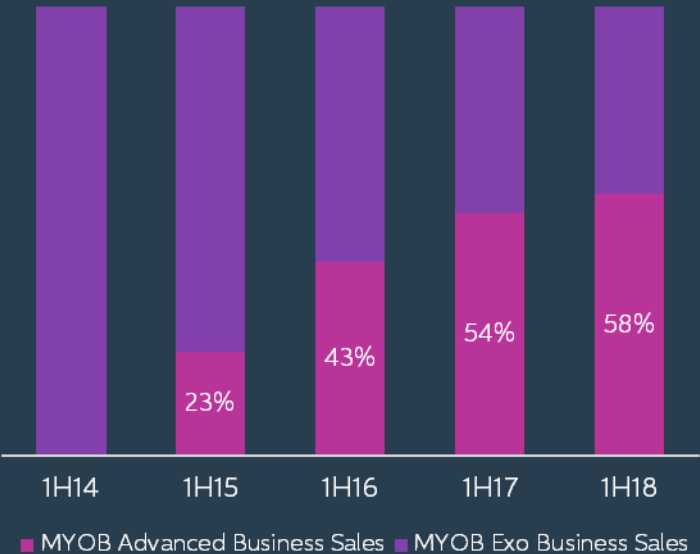
57% growth in MYOB Advanced ERP sites; surpassing >500 sites

4. Increasing TAM and share through Enterprise

MYOB Advanced Business Sites



MYOB Enterprise ERP Sales Mix



MYOB Advanced has been recognised for the first time by Gartner in its Market Guide for Service-Centric Cloud ERP Solutions, amongst global profiles for major cloud ERP vendors.

FINANCIAL SUMMARY

Solid financial results, delivered through investment period

Record online subscriber growth, short-term impact to revenue growth from price led migration campaign in 2H17

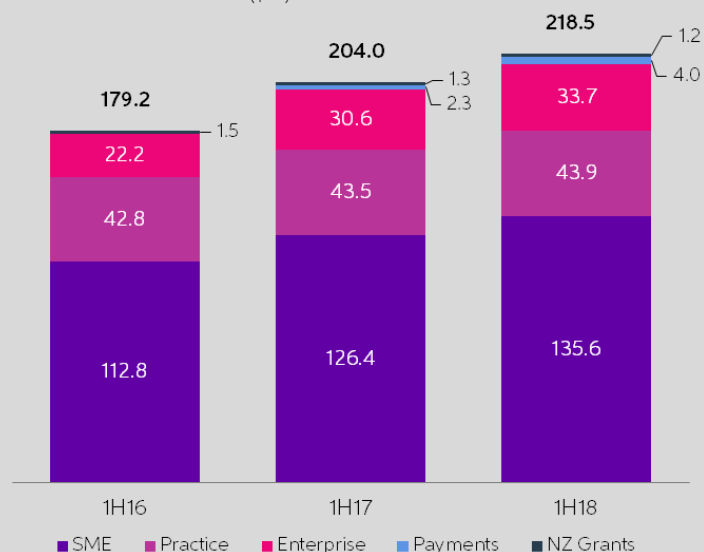
MYOB FINANCIAL PERFORMANCE

| \$M; 6 months ended 30 Jun | 1H18 | 1H17 | v 1H17 |
|----------------------------|---------|---------|--------|
| Revenue | 218.5 | 204.0 | 7% |
| Operating Expenses | (125.8) | (114.3) | 10% |
| Underlying EBITDA | 92.7 | 89.6 | 3% |
| NPAT | 25.3 | 28.3 | (11%) |
| NPATA ¹ | 45.6 | 48.5 | (6%) |
| Recurring Revenue % | 96.3% | 96.0% | 0.4% |
| Underlying EBITDA Margin % | 42.4% | 43.9% | (1.5%) |

Key Movements

- Organic revenue growth is lower than prior years, as expected, due to the impact of the price led migration campaign in 2H17. The impact of this will lessen over time and MYOB reaffirms guidance of >8% revenue growth for FY18.
- Underlying EBITDA growth is lower than revenue growth due to the previously announced incremental Sales & Marketing investment (now 22% of revenue). Underlying EBITDA growth would have been 7% excluding this additional investment. Sales efficiency measures (slide 25) are in line with expectations.
- NPAT/NPATA growth is negative due to the investment noted above plus increased amortisation of capitalised inhouse software. This is consistent with our R&D investment strategy and initial delivery has been strong.

REVENUE BY SEGMENT (\$M)

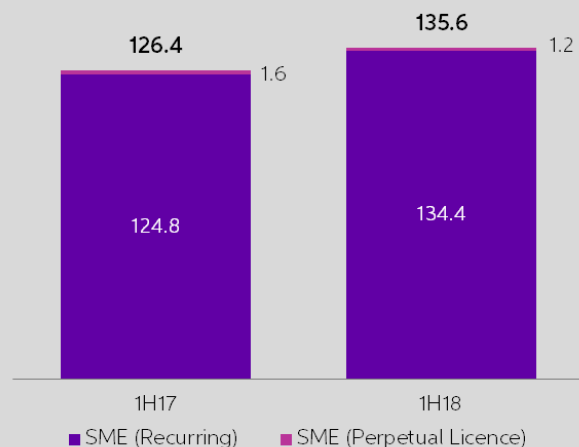


| | Growth | | |
|-----------------------|---------------|---------------|--------------|
| | 1H16 | 1H17 | 1H18 |
| C&P: SME Organic | 10.0 % | 12.1 % | 7.3 % |
| C&P: Practice Organic | 2.8 % | 1.7 % | 0.9 % |
| Enterprise Organic | 9.5 % | 8.3 % | 10.3 % |
| Total Organic | 8.1 % | 9.1 % | 6.3 % |
| Total | 10.9 % | 14.4 % | 7.1 % |

Note: 1. 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.

Clients & Partners segment delivered 82% of total group revenue

SME REVENUE (\$M)



| | Growth | |
|----------------------------|---------------|--------------|
| | 1H17 | 1H18 |
| SME (Recurring) | 13.1 % | 7.7 % |
| Total (all organic) | 12.1 % | 7.3 % |

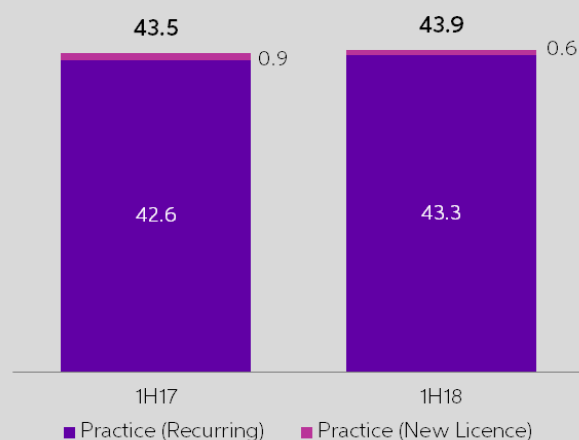
| | | |
|----------------------|------|------|
| SME Paying Users (k) | 601 | 631 |
| YoY % | 5% | 5% |
| SME ARPU (\$/yr) | 421 | 430 |
| YoY % | 6% | 2% |
| SME Retention | 82% | 83% |
| YoY % (ppt mvmt) | 1.6% | 1.7% |

SME revenue growth of 7% driven by 8% uplift in recurring revenue, which now makes up 99% of total SME revenue.

8% recurring revenue growth coming from:

- 6% growth in average paying users
- 2% growth in ARPU, impacted by price-led migration campaigns in 2H17. ARPU growth is expected to be >3% for FY18

PRACTICE REVENUE (\$M)



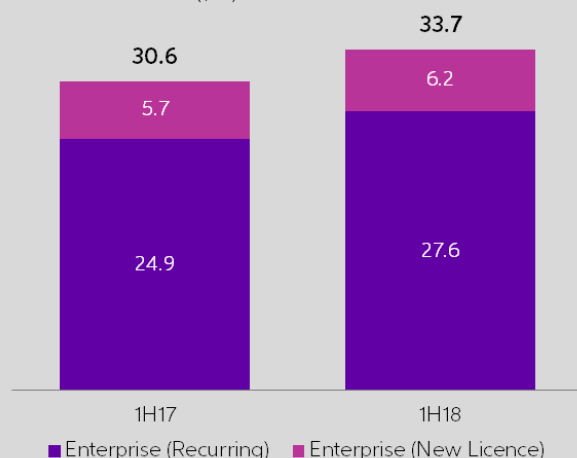
| | Growth | |
|----------------------------|--------------|--------------|
| | 1H17 | 1H18 |
| Practice (Recurring) | 1.6 % | 1.7 % |
| Total (all organic) | 1.7 % | 0.9 % |

Practice revenue growth of 1%, slightly below 1H17.

- Recurring revenue up ~2%, in line with 1H17, driven by 3% growth in subscription revenue offset by a reduction in services due to uncertainty around the Reckon transaction
- New software sales down 33% on prior year, as new online modules replacing desktop sales opportunities

Enterprise continues to deliver double digit recurring revenue growth; Payments revenue growing rapidly

ENTERPRISE REVENUE (\$M)

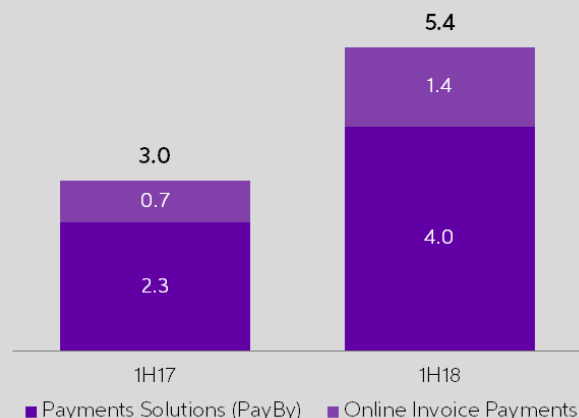


| | Growth | |
|--------------------------|---------------|---------------|
| | 1H17 | 1H18 |
| Enterprise (Recurring) | 11.3 % | 11.0 % |
| Enterprise (New licence) | (5.3)% | 7.4 % |
| Enterprise (Organic) | 8.3 % | 10.3 % |
| Total | 37.9 % | 10.3 % |

Enterprise revenue continues to grow strongly, with double digit underlying growth in 1H18:

- Organic recurring revenue growth of 11% driven by continued strong uptake of MYOB Advanced, with Advanced Business sales continuing to make up more than half of MYOB ERP sales in 1H18 (58 per cent)
- New licence revenue grew by 7% with continued strength in Tier 2 PayGlobal and Greentree products

PAYMENTS REVENUE (\$M)



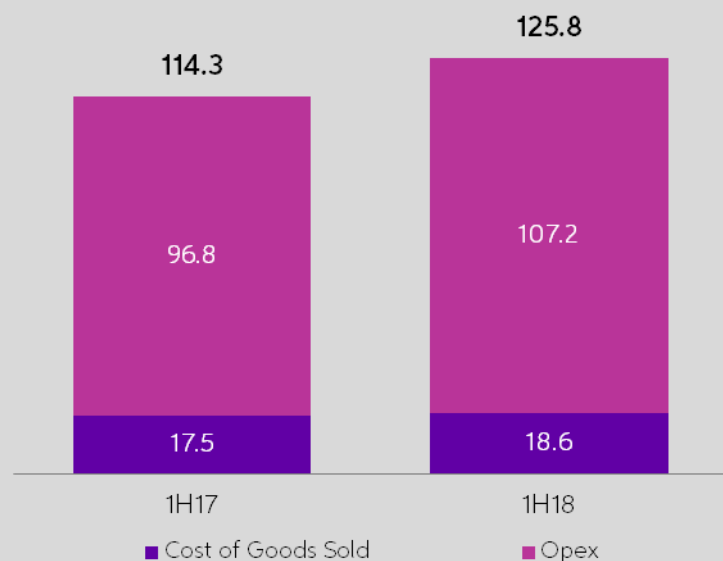
| | Growth | |
|---------------------------|------------|---------------|
| | 1H17 | 1H18 |
| Payments (PayBy) | N/A | 75.0 % |
| Online Invoicing (in SME) | N/A | 90.9 % |
| Total | N/A | 78.9 % |

Payments revenue grew 79% in 1H18:

- Payments revenue from the Paycorp acquisition (rebranded MYOB PayBy) grew by 75%, reflecting 6 months revenue in 1H18 vs 3 months in 1H17 (since acquisition)
- Revenue from online invoice payments (reported in MYOB SME revenue) grew by 91% (organically) as the number of merchants and transactions continues to climb, boosted by the introduction of BPAY in late 1H18

Focused investment in **Sales, Marketing and R&D** to accelerate online growth and capture market share

OPERATING EXPENSES (\$M)



| | 1H17 | 1H18 | YoY | % Revenue | |
|------------------------|--------------|--------------|------------|------------|------------|
| | | | | 1H17 | 1H18 |
| Cost of Goods Sold | 17.5 | 18.6 | 6% | 9% | 9% |
| Sales & Marketing | 41.1 | 47.8 | 16% | 20% | 22% |
| Services & Support | 17.8 | 19.0 | 7% | 9% | 9% |
| Research & development | 16.6 | 16.4 | (1%) | 8% | 8% |
| General Office / Admin | 21.4 | 24.0 | 12% | 10% | 11% |
| Total COGS/Opex | 114.3 | 125.8 | 10% | 56% | 58% |

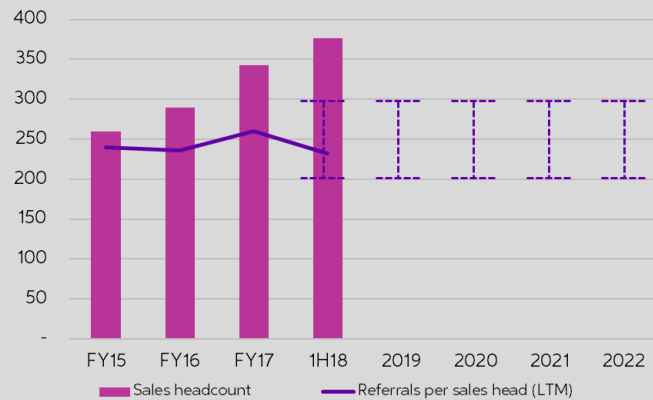
Total expenses up 10% year on year, driven by full year impact of acquisitions and investment in Sales and Marketing, specifically:

- Increased investment in sales and marketing (now 22% of revenue) to support investment in the MYOB Platform and the growth in online subscribers. Approximately \$3m of the additional \$30m Sales & Marketing investment has been spent to date.
- Ongoing costs from the Paycorp acquisition, across all categories
- COGS increases due to higher hosting costs, linked to the increased penetration of online solutions in all segments
- Controlled cost management in services and general office

Sales & Marketing Investment Metrics

are in line with expectations

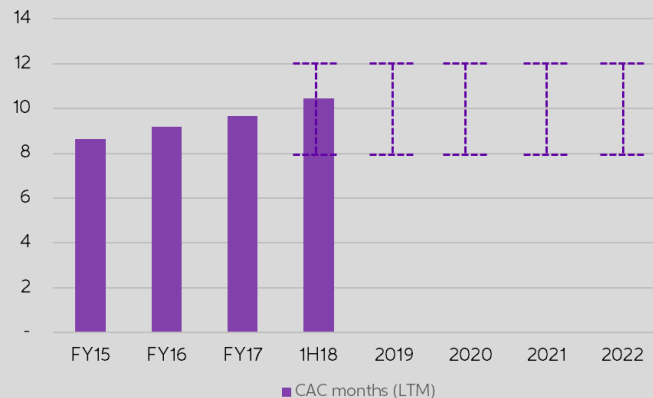
SALES HEADS AND REFERRALS



Sales

- Sales headcount increased by 33 (10%) from December 2017 to June 2018, with similar growth expected in 2H18 to take the total >400
- Referrals per sales FTE maintained in expected 200 – 300 range as team grows

CAC MONTHS

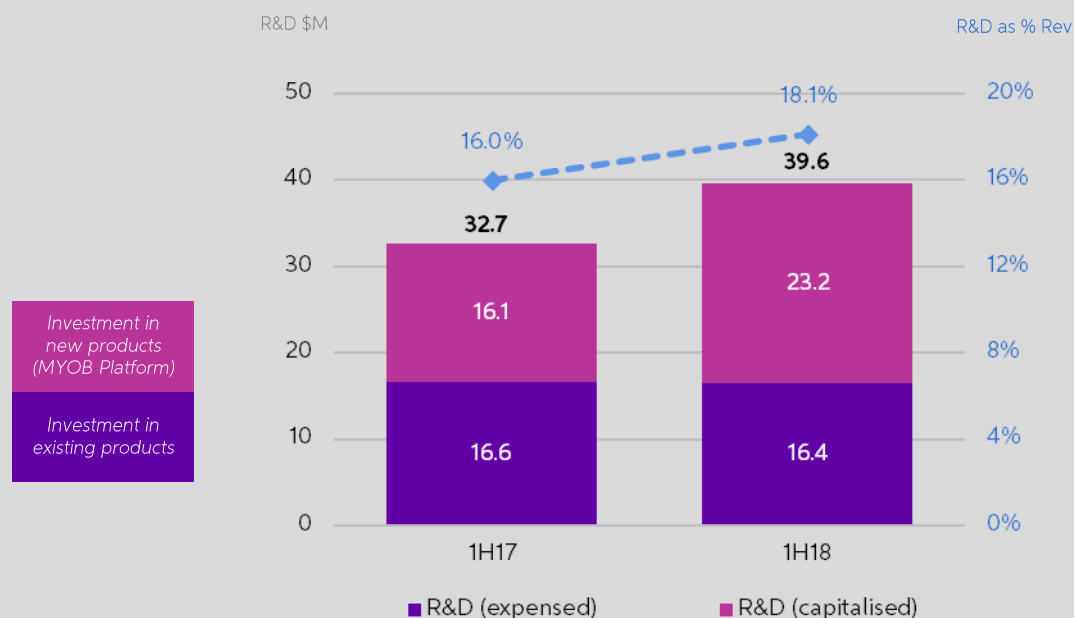


Marketing

- Sales and marketing expense attributable to growing SME subscribers was up 16% year on year, in line with total sales and marketing expense growth
- CAC months (LTM to Jun-18) is at 10.5. This sits within the middle of the expected 8-12 month CAC months range

The investment and delivery of the MYOB Platform underpins our **Connected Practice** vision for the industry

PRODUCT RESEARCH & DEVELOPMENT COSTS



Product development (R&D) investment is ramping up in 2018, in line with our stated investment strategy to accelerate the delivery of the MYOB Platform.

Total 1H18 R&D investment of \$40m, or 18.1% of revenue, is in line with guidance:

- All of the increased investment has been on the MYOB Platform (yet to generate revenue), resulting in faster growth of capitalised spend over expensed¹
- Approximately \$4m of the \$50m Platform acceleration has been invested to date (all capitalised)
- For FY18 we expect investment levels to be in the 18% - 20% of revenue range and for capex to make up approx. 60% of the total

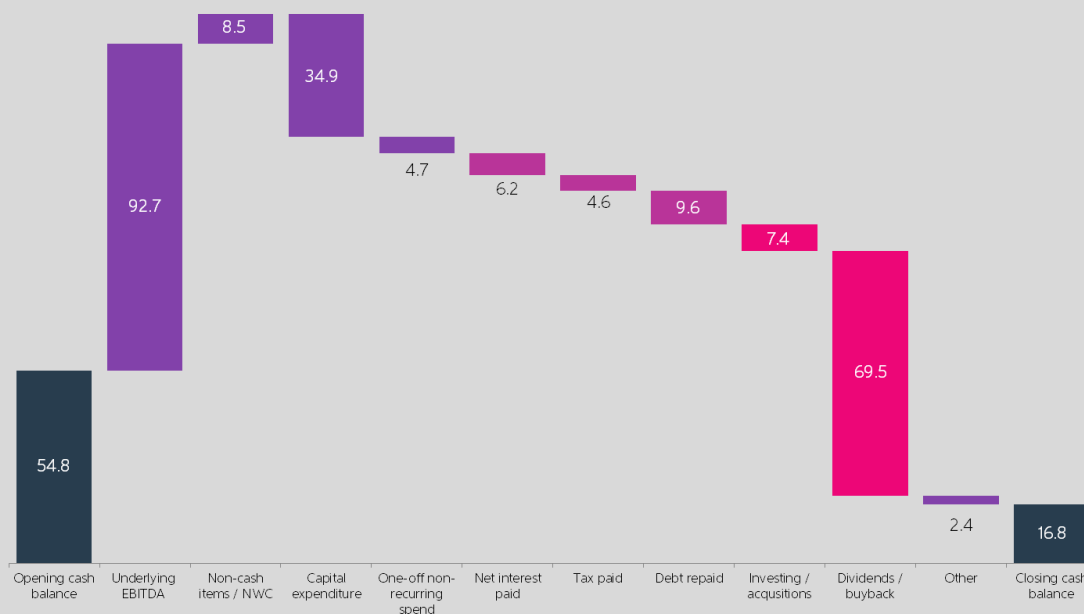
Note: 1. MYOB's accounting policy for R&D is based on Australian / International accounting standards – matching revenue and costs.

- Any development on products already generating revenue is expensed. This spend is on both online and desktop solutions.
- Any development on products that will create a benefit in future periods is capitalised, e.g. the MYOB Platform, internal CRM systems.
- Previously capitalised spend starts amortising once the product is released to market, over 5 years on a straight-line basis.

Cash flow conversion and free cash flows remain strong

\$69m capital returned to shareholders in 1H18

CASH FLOW (\$M)



CASH FLOW CONVERSION

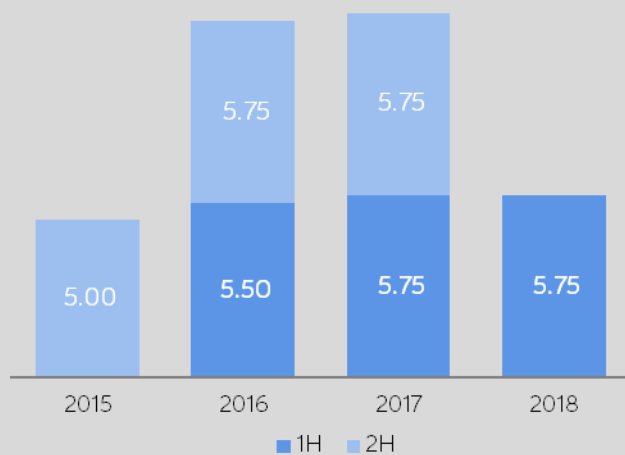
| Operating cashflow, \$M | 1H18 | 1H17 |
|---|-------------|-------------|
| Statutory EBITDA | 88.2 | 87.1 |
| Non-cash items in EBITDA | 0.7 | 1.6 |
| Change in net working capital | 7.8 | 6.4 |
| Operating free cash flow before capital expenditure | 96.7 | 95.1 |
| Research and development capex | (23.2) | (16.1) |
| PPE and other capital expenditure | (11.7) | (6.0) |
| Capital expenditure | (34.9) | (22.1) |
| Net free cash flow before financing, tax and dividends | 61.8 | 73.0 |
| Cash conversion % | 70% | 84% |

- Cash conversion 70%, lower than 1H17 due to higher capex (predominantly R&D)
- Net free cash flow of \$62 million
- Investing/acquisitions relate to increased investment in equity accounted investments and purchase of MyAdvisor
- \$69m returned to shareholders through dividend and accelerated share buyback
- Net debt / EBITDA ~2.1x as at 30 June 2018

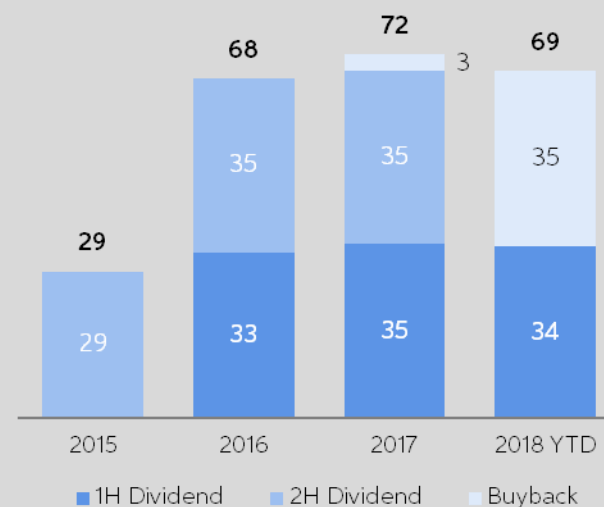
Capital Management

Optimising capital efficiency – returning capital to shareholders and investing for the future

Interim dividend declared of **5.75c** PER SHARE
75% 1H18 NPATA



\$69m of capital returned to shareholders in 1H18



\$238m of capital returned to shareholders since listing

OUTLOOK

Guidance

Reaffirming FY18 and beyond

| Measure | Past 2016 - 2017 | Current Year 2018 | Investment period 2019 - 2020 | Target 2022 |
|---------------------------------------|---------------------------------|----------------------|----------------------------------|----------------|
| Organic revenue growth | ----- High single-digit % ----- | | | |
| Research & development ¹ | 15.1% - 16.3% | <20% | <20% | <16% |
| Underlying EBITDA margin ² | 45.6% - 46.3% | 42% - 44% | >40% | >45% |
| Free cash flow ³ | \$125m - \$130m | >\$100m | >\$100m | >\$200m |

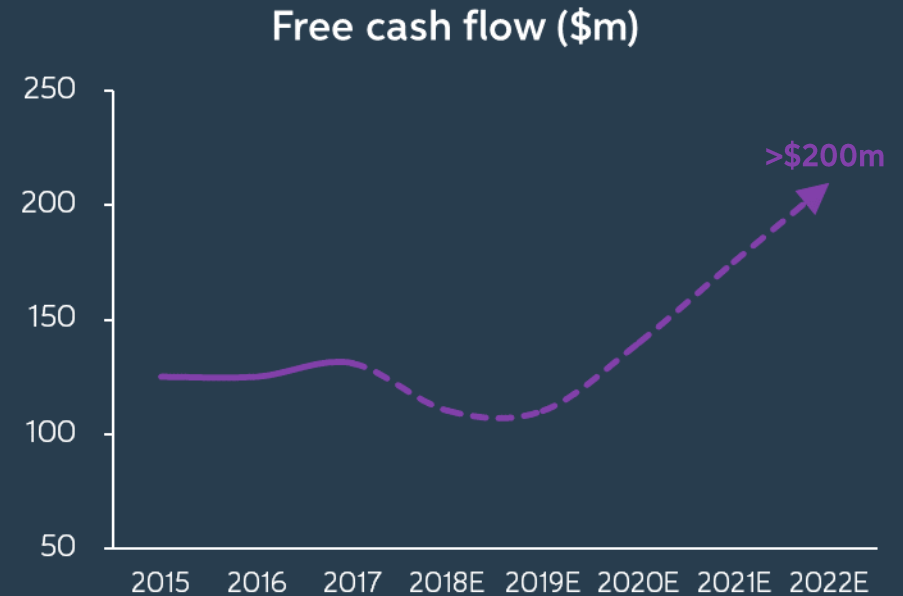
Note 1: Total R&D (opex + capex) as a percentage of revenue

Note 2: Underlying EBITDA as a percentage of revenue

Note 3: Statutory EBITDA less net working capital and capex

Medium-term targets

- Online subscribers: 1 million by 2020
- Total revenue growth: Double digit
- Organic revenue growth: High single-digit
- Underlying EBITDA margins: >45% from 2022
- R&D investment: <16% from 2022
- Free cash flow: >\$200m from 2022



Q&A

APPENDIX

Key operating metrics

| | 1H16 | 1H17 | 1H18 |
|--|------|------------|-------------|
| MYOB Group | | | |
| Number of online subscribers ('000s) | 199 | 306 | 492 |
| Revenue growth % | 11% | 14% | 7% |
| Organic revenue growth % | 8% | 9% | 6% |
| Recurring revenue as a % of total revenue | 96% | 96% | 96% |
| Underlying EBITDA Growth % | 14% | 9% | 3% |
| Underlying EBITDA Margin % | 46% | 44% | 42% |
| NPATA Growth % | 13% | 9% | (6%) |
| NPATA Margin % | 25% | 24% | 21% |
| Product development costs as a % of total revenue | 16% | 16% | 18% |
| Clients & Partners | | | |
| Number of online SME subscribers ('000s) | 195 | 257 | 340 |
| Number of SME paying users ('000s) | 570 | 601 | 631 |
| Average SME user retention rate (%) | 80% | 82% | 83% |
| SME Average revenue per paying user (ARPU) (\$) | 396 | 421 | 430 |
| SME DIY cloud regos as a % of total SME DIY regos (Q2) | 84% | 90% | 96% |
| SME revenue growth % | 14% | 12% | 7% |
| SME Organic revenue growth % | 10% | 12% | 7% |
| Recurring revenue as a % of SME revenue | 98% | 99% | 99% |
| Number of online practice ledgers ('000s) | 4 | 49 | 152 |
| Practice revenue growth % | 3% | 2% | 1% |
| Recurring revenue as a % of Practice revenue | 98% | 98% | 99% |
| Clients & Partners + Ops & Service contribution margin % | 69% | 68% | 67% |
| Enterprise Solutions | | | |
| Revenue growth % | 10% | 38% | 10% |
| Organic revenue growth % | 10% | 8% | 10% |
| Recurring revenue as a % of Enterprise Solutions revenue | 82% | 81% | 82% |
| Contribution margin % | 49% | 51% | 50% |
| Payment Solutions | | | |
| Revenue growth % | N/A | N/A | 75% |

Income statement and reconciliation of statutory to underlying EBITDA

| \$m | 1H18 | 1H17 | v 1H17 |
|---|----------------|----------------|--------------|
| Revenue | | | |
| Clients & Partners: SME | 135.6 | 126.4 | 7% |
| Clients & Partners: Practice | 43.9 | 43.5 | 1% |
| Enterprise Solutions | 33.7 | 30.6 | 10% |
| Payment Solutions | 4.0 | 2.3 | 75% |
| Group | 1.2 | 1.3 | (2%) |
| Total Revenue | 218.5 | 204.0 | 7% |
| COGS | (18.6) | (17.5) | 6% |
| Staff related expenses | (76.7) | (69.5) | 10% |
| Marketing | (11.1) | (10.4) | 7% |
| General office / administration | (19.3) | (17.0) | 14% |
| Total operating expenses | (125.8) | (114.3) | 10% |
| Underlying EBITDA | 92.7 | 89.6 | 3% |
| One-off non-recurring expenses | (4.5) | (2.5) | 79% |
| Statutory EBITDA | 88.2 | 87.1 | 1% |
| Depreciation | (4.1) | (3.2) | 28% |
| Amortisation of capitalised inhouse software | (10.6) | (6.9) | 53% |
| EBITA | 73.5 | 77.0 | (5%) |
| Amortisation of acquired intangibles | (29.1) | (28.8) | 1% |
| EBIT | 44.5 | 48.2 | (8%) |
| Net interest expense | (7.7) | (6.9) | 12% |
| Share of losses from equity accounted investments | (1.6) | (1.3) | 29% |
| PBT | 35.1 | 40.1 | (12%) |
| Tax expense | (9.9) | (11.8) | (16%) |
| NPAT | 25.3 | 28.3 | (11%) |
| D&A add back (tax effected) | 20.4 | 20.2 | 1% |
| NPATA | 45.6 | 48.5 | (6%) |

| \$m | Note | EBITDA 1H18 | 1H17 |
|---|------|----------------|------|
| Statutory EBITDA | | 88.2 | 87.1 |
| Acquisition transaction and integration costs | 1 | 3.5 | 1.2 |
| Business transformation one-off costs | 2 | 1.1 | 0.3 |
| (Gain)/loss on FX translation of intercompany loans | 3 | (0.3) | 1.0 |
| (Gain)/loss on sale of fixed assets | 4 | 0.2 | - |
| Total one-off non-recurring adjustments | | 4.5 | 2.5 |
| Underlying EBITDA | | 92.7 | 89.6 |

One-off, non-recurring items:

- 1) Transaction and integration costs relating to the acquisition of Paycorp (\$1.5m) and terminated acquisition of Reckon (\$2.0m)
- 2) Business transformation initiatives and restructuring costs, including redundancies
- 3) FX movement on intercompany loans (AU/NZ)
- 4) Loss on sale of fixed assets

Balance sheet

| \$m as at | 30-Jun-18 | 31-Dec-17 |
|---------------------------------------|----------------|----------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 16.8 | 54.8 |
| Other current assets | 103.9 | 44.7 |
| Total current assets | 120.7 | 99.5 |
| Non-current assets | | |
| Intangible assets & goodwill | 1,247.7 | 1,256.6 |
| Other non-current assets | 50.0 | 42.9 |
| Total non-current assets | 1,297.7 | 1,299.5 |
| Total assets | 1,418.4 | 1,399.0 |
| Liabilities | | |
| Current liabilities | | |
| Unearned revenue | 55.6 | 50.0 |
| Other current liabilities | 111.7 | 49.9 |
| Total current liabilities | 167.2 | 99.9 |
| Non-current liabilities | | |
| Interest-bearing loans and borrowings | 422.6 | 432.5 |
| Other non-current liabilities | 27.0 | 22.2 |
| Total non-current liabilities | 449.7 | 454.7 |
| Total liabilities | 616.9 | 554.6 |
| Net assets | 801.5 | 844.4 |
| Equity | | |
| Contributed equity | 1,106.8 | 1,141.6 |
| Retained earnings | (314.1) | (304.8) |
| Reserves | 8.7 | 7.7 |
| Total equity | 801.5 | 844.4 |

- Cash balance of \$17 million, lower than December 2017 due to the ongoing share buyback (\$35m spent in 1H18) and \$10m pay down of debt when refinancing
- 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 Intangible Assets

| Actual / Forecast Amortisation (\$m) | 2015 | 2016 | 2017 | 2018F | 2019F | 2020F | 2021F |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Brands | 3 | 3 | 3 | 2 | 0 | 0 | 0 |
| Customer Relationships | 22 | 21 | 20 | 19 | 17 | 11 | 8 |
| Commercialised Software | 33 | 34 | 35 | 36 | 27 | 4 | 3 |
| Total amortisation of acquired intangibles | 58 | 57 | 58 | 57 | 45 | 15 | 11 |
| Amortisation of capitalised in-house software | 8 | 13 | 16 | 23 | 35 | 45 | 50 |
| Depreciation of PP&E | 5 | 5 | 7 | 9 | 12 | 15 | 18 |
| Total amortisation and depreciation | 71 | 75 | 81 | 89 | 91 | 75 | 79 |

| Actual / Forecast Year End Balance (\$m) | 2015 | 2016 | 2017 | 2018F | 2019F | 2020F | 2021F |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Brands | 120 | 118 | 115 | 113 | 113 | 113 | 112 |
| Customer Relationships | 95 | 87 | 83 | 64 | 47 | 36 | 28 |
| Commercialised Software | 123 | 95 | 68 | 32 | 5 | 1 | - |
| Goodwill | 839 | 889 | 912 | 912 | 912 | 912 | 912 |
| Total acquired intangibles | 1,178 | 1,189 | 1,179 | 1,122 | 1,077 | 1,062 | 1,053 |
| Capitalised in-house software | 41 | 57 | 78 | 106 | 137 | 156 | 165 |
| Property, Plant & Equipment | 15 | 19 | 25 | 37 | 45 | 50 | 52 |
| Total intangible assets and PP&E | 1,234 | 1,265 | 1,282 | 1,265 | 1,259 | 1,268 | 1,270 |

- Acquired brands fully amortised by 2019, leaving MYOB brand only (does not amortise)
- Acquired commercialised software virtually fully amortised by 2020, replaced by in-house software
- Capitalised in-house software growth in line with investment announcement following Reckon termination
- PP&E additions assumed to continue at 2018 levels (indicative only to model amortisation – may not reflect actual spend). Impact of AASB16 not captured
- Overall amortisation and year end balances relatively stable throughout the forecast period
- \$1.0B of the \$1.2B acquired intangible assets at 31 December 2017 relate to Bain Capital's acquisition of MYOB. The balance relates to acquisitions made by MYOB
- Forecast will be impacted by any future MYOB acquisitions and by the adoption of AASB16 Leasing standard

