



ASX Announcement

15 November 2018

## MYOB confirms market leadership for growth in online accounting

*New partnership with Mastercard strategically extends MYOB's payments opportunity*

MYOB will today host its 2018 Investor Day. A copy of the presentation is attached and will be made available on MYOB's [investor website](#).

### Highlights

- MYOB confirms market leadership position in online subscriber growth in Australia and New Zealand, adding more than 200,000 online subscribers in the 12 months to September 2018
- Online subscribers reached more than 550,000 at the end of September 2018, up 60 per cent year on year
- MYOB's strategy to invest for future growth has commenced, with a clear focus on increasing subscribers, improving retention and lifting ARPU
- The accelerated investment in the MYOB Platform is progressing well. Attendees at today's Investor Day will see the first product demonstration of the end-to-end compliance workflows in the MYOB Platform. Other updates include the acceleration of the online Corporate Compliance and Document Management modules, with a brought forward date to be initially in market in 2019
- New strategic partnership with Mastercard enables supplier and payroll payments to be made within MYOB software, opening up an addressable market opportunity of c.\$200bn for MYOB to penetrate.
- A highly engaged team together with a strong employee brand delivers engagement scores well above the New Tech benchmark
- Medium-term guidance reaffirmed; MYOB on track to reach 1 million online subscribers in 2020

### Tim Reed, Chief Executive Officer:

*"We are excited by the progress we are making in our business. We have entered a 2-year period of accelerated investment and the benefits are already being realised. In the past 12 months we have added more than 200,000 online subscribers, confirming our leadership position in the online accounting market.*

*Delivery of our online platform is progressing well, and for the first time we are pleased to demonstrate the end to end compliance workflows- a clear differentiator for us in the industry.*

*The MYOB Platform will enable our vision of the The Connected Practice – a bold vision we have for the future of our industry. We are delivering a single cloud platform that leverages artificial intelligence to significantly streamline the processes across both SMEs and Advisers.*

*Great software is built by a great team. Our confidence in our ability to build the MYOB Platform is based on our highly engaged team. The ability for us to attract and retain top talent is strong and positions us well above the new tech benchmark for employee engagement."*

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**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 and accountants across Australia and New Zealand by simplifying accounting, payroll, tax, practice management, CRM, job costing, inventory and more. MYOB operates across three core segments – Clients and Partners (business solutions to SMEs and Advisers); Enterprise Solutions (larger businesses) and Payment Solutions. It provides ongoing support through 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.

**MYOB 2018 INVESTOR DAY**

**15.11.18**

# **FUELING**

**THE FUTURE OF BUSINESS**

**myob**

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# ***CONTENTS***

Introduction	5
Financial update & guidance	6
The Connected Practice & investing for future growth	22
Our values, our culture, our people	31
Investment strategy to deliver the MYOB Platform	39
Driving growth through sales, marketing and brand	60
Growth opportunities through Payment Solutions	83
Enterprise Solutions for larger businesses	91

# MYOB PRESENTERS



**Tim Reed**  
Chief Executive Officer



**Helen Lea**  
Chief Employee Experience Officer



**Andrew Birch**  
Chief Operating Officer



**Richard Moore**  
Chief Financial Officer



**David Weickhardt**  
General Manager – Product



**Natalie Feehan**  
General Manager – Marketing & Direct



**Nick Burkett**  
General Manager – Clients



**Kim Owen-Jones**  
Head of Product Marketing

# ***INTRODUCTION***



**Tim Reed**  
Chief Executive Officer

***FINANCIAL UPDATE  
& GUIDANCE***



**Richard Moore**  
Chief Financial Officer

# Highlights: Investment commenced, already seeing results in new sales and online subscribers – over 550,000 at the end of September

1H18 Revenue

**\$218m**



7% YEAR ON YEAR

1H18 Underlying EBITDA

**\$93m**



3% YEAR ON YEAR

1H18 NPATA

**\$46m**



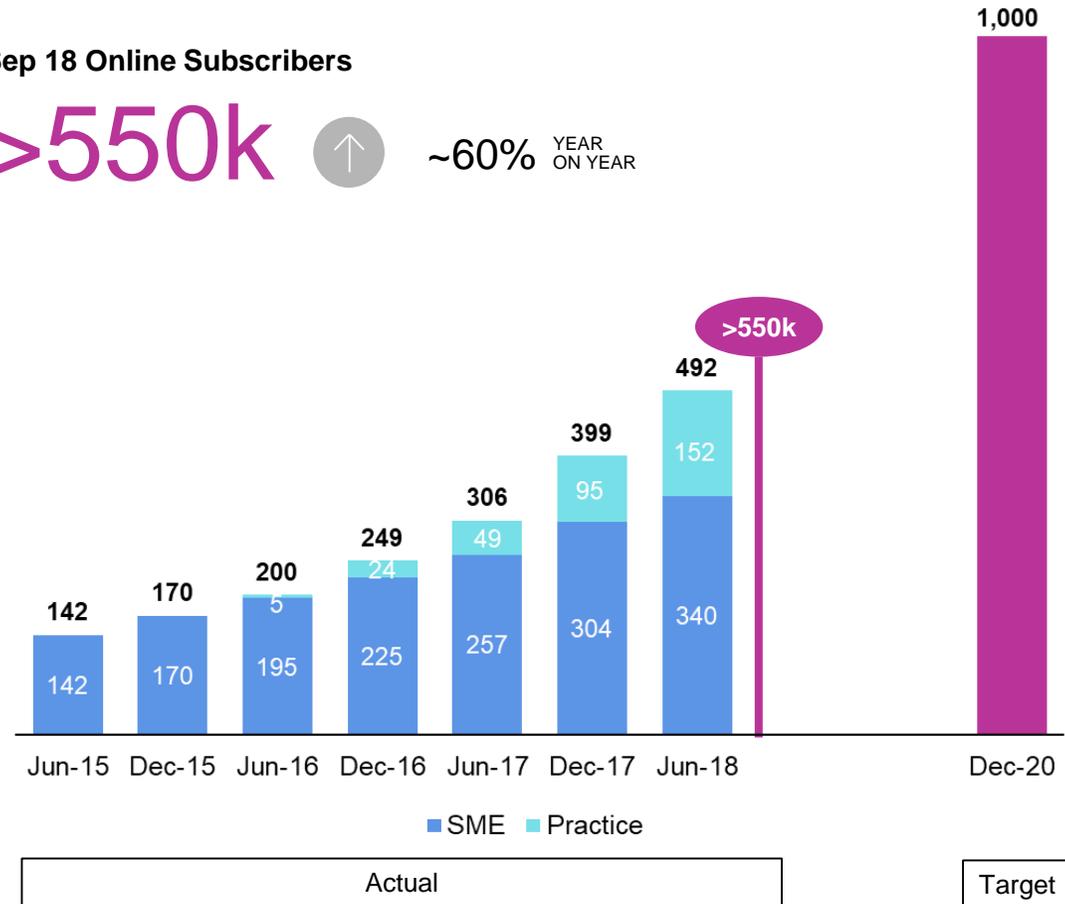
6% YEAR ON YEAR

Sep 18 Online Subscribers

**>550k**



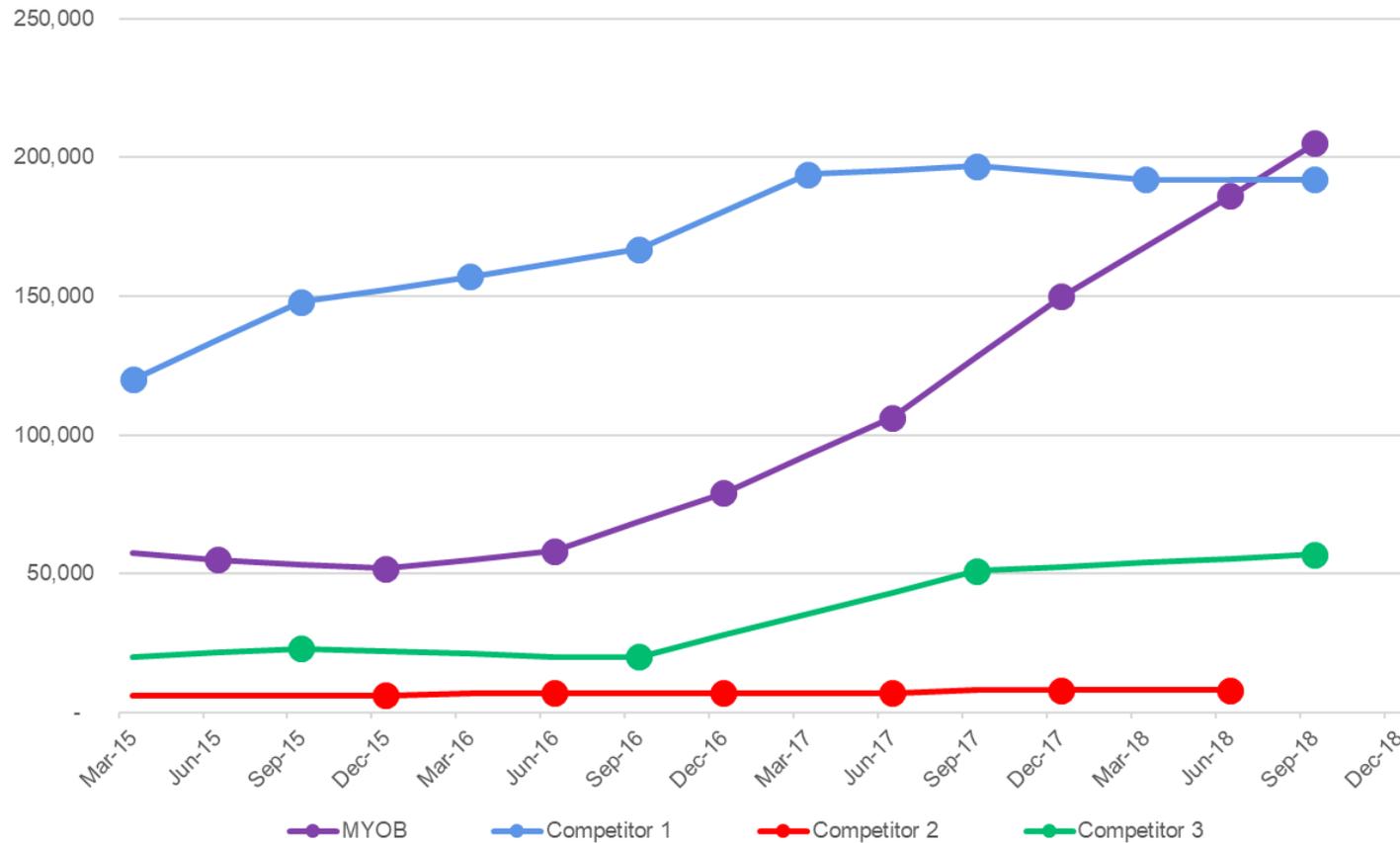
~60% YEAR ON YEAR



# We've added >200k online subscribers in the last 12 months

The rate we need to hit our 1M goal in 2020

LTM ANZ ONLINE SUBSCRIBERS GROWTH ('000)



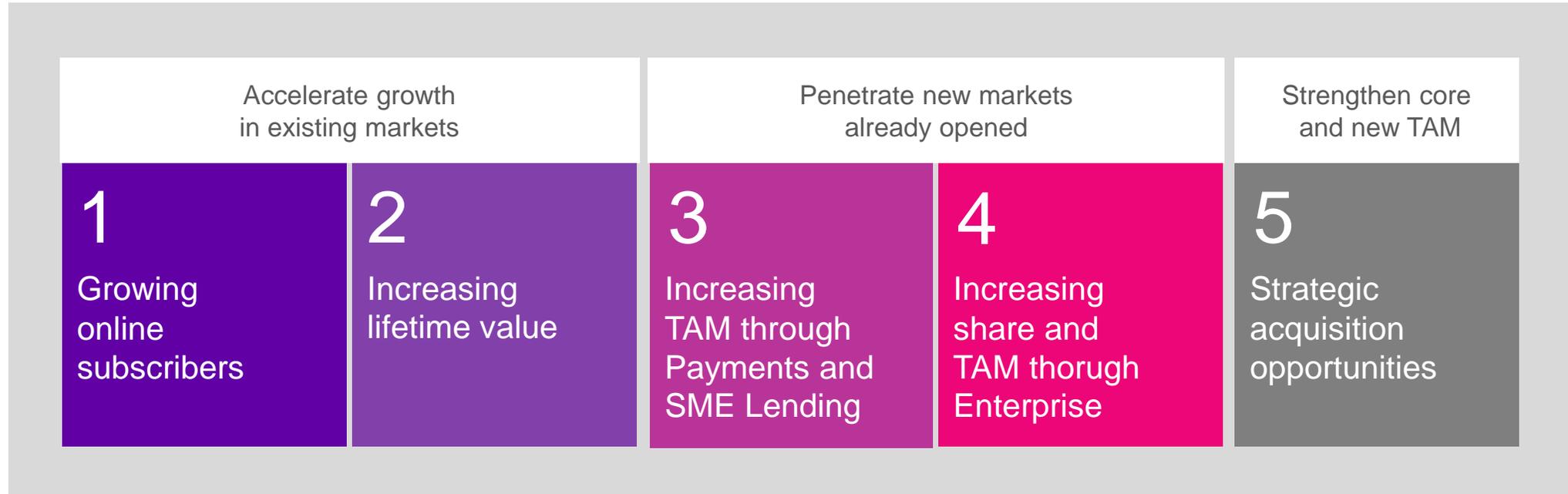
Note: LTM = Last 12 months

Strong Q3 performance on a number of fronts:

- Positive response to initial sales and marketing investment driving year on year growth in new sales of AccountRight & Essentials
- Accelerating migration of BankLink to Connected Ledger
- Continued growth in Practice Ledger sales

# Long-term strategy remains unchanged

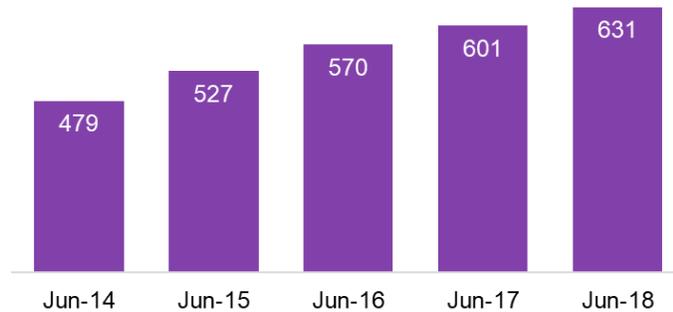
Delivers on our vision and creates value for our shareholders



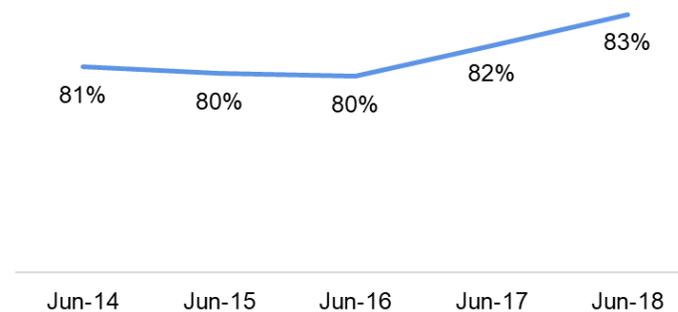
# Growing subscriber base & increasing lifetime value

The formula is clear: invest to deliver solutions that win new users, retain them for longer and drive ARPU growth

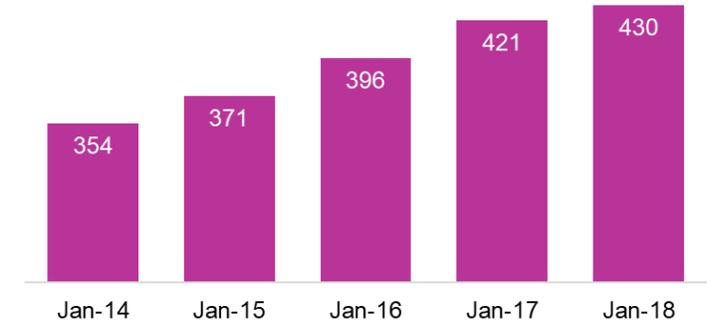
SME Paying Subscriptions (k)



SME Paying Subscriber Retention



SME ARPU (\$)

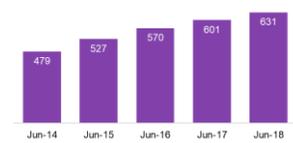


Paying subs up 11% 

Churn down 16% 

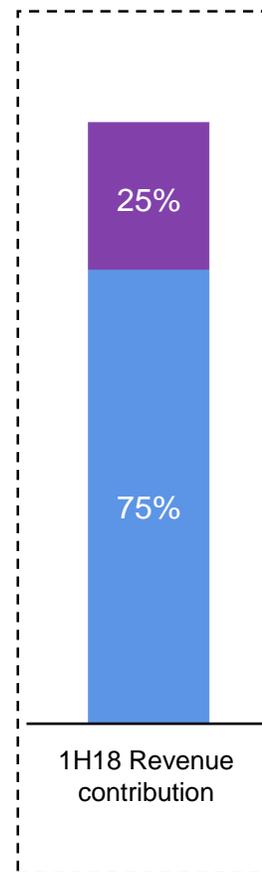
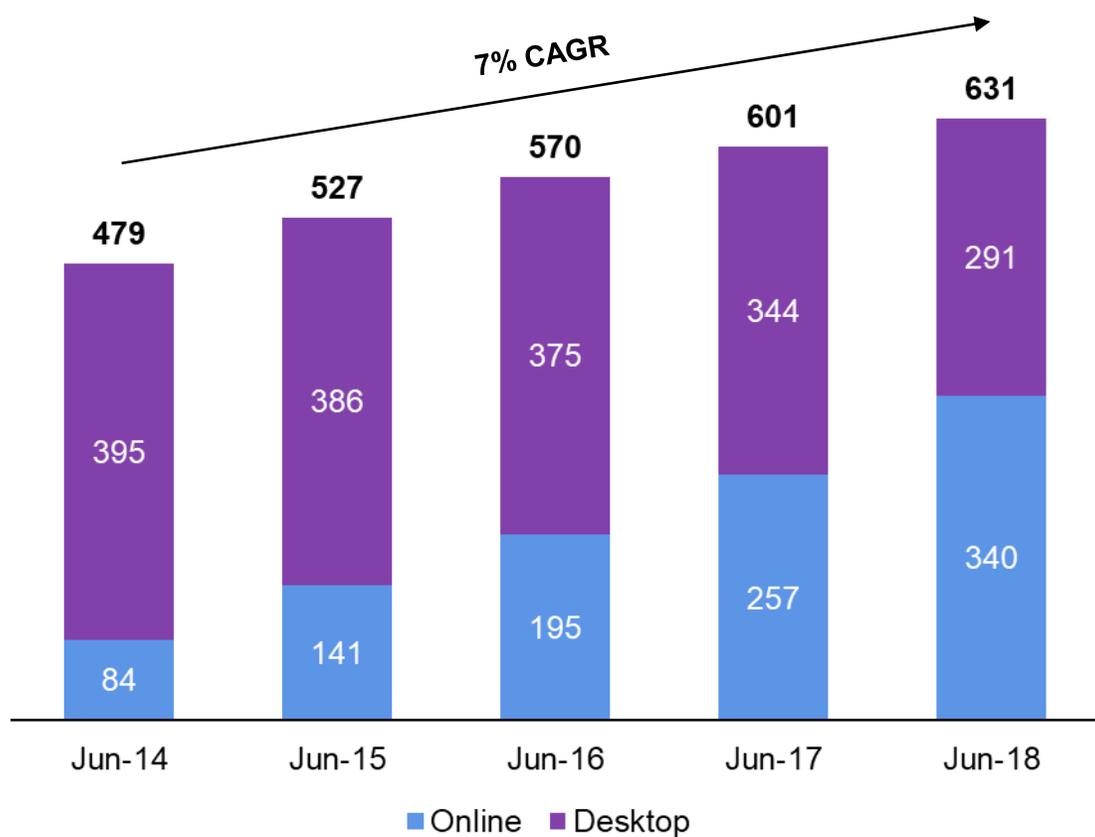
ARPU up 9% 

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

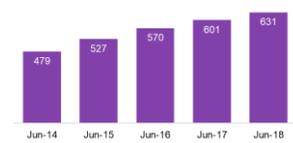


# SME Paying Subscriber base continues to grow

SME Paying Subscribers (000's)

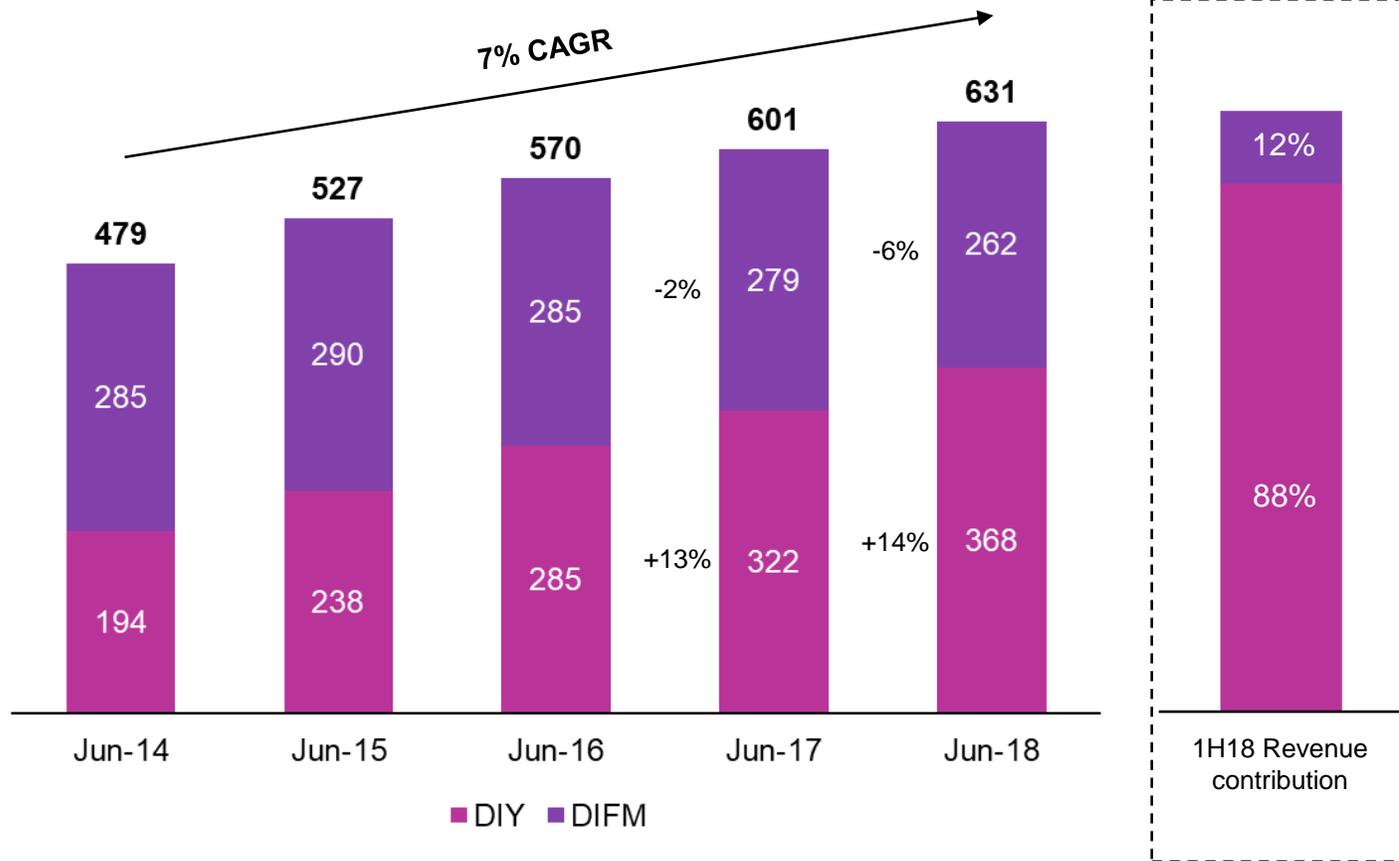


Online clients growing quickly (42% CAGR), making up more than 50% by volume and over 75% by value



# This growth is made up of two opposing trends

SME Paying Subscribers (000's)



Two types of SME subscriber:

- 1) **“Do It Yourself (DIY)”** where the SME uses the software to run their business (Products: AccountRight & Essentials)
- 2) **“Do It For Me (DIFM)”** where a micro SME’s accountant uses the software to maintain the books (Products: BankLink & Connected Ledger)

**DIY:**

- Growing at 13%-14% per year over past 2 years
- Now 88% of value; 58% of volume of SME subs

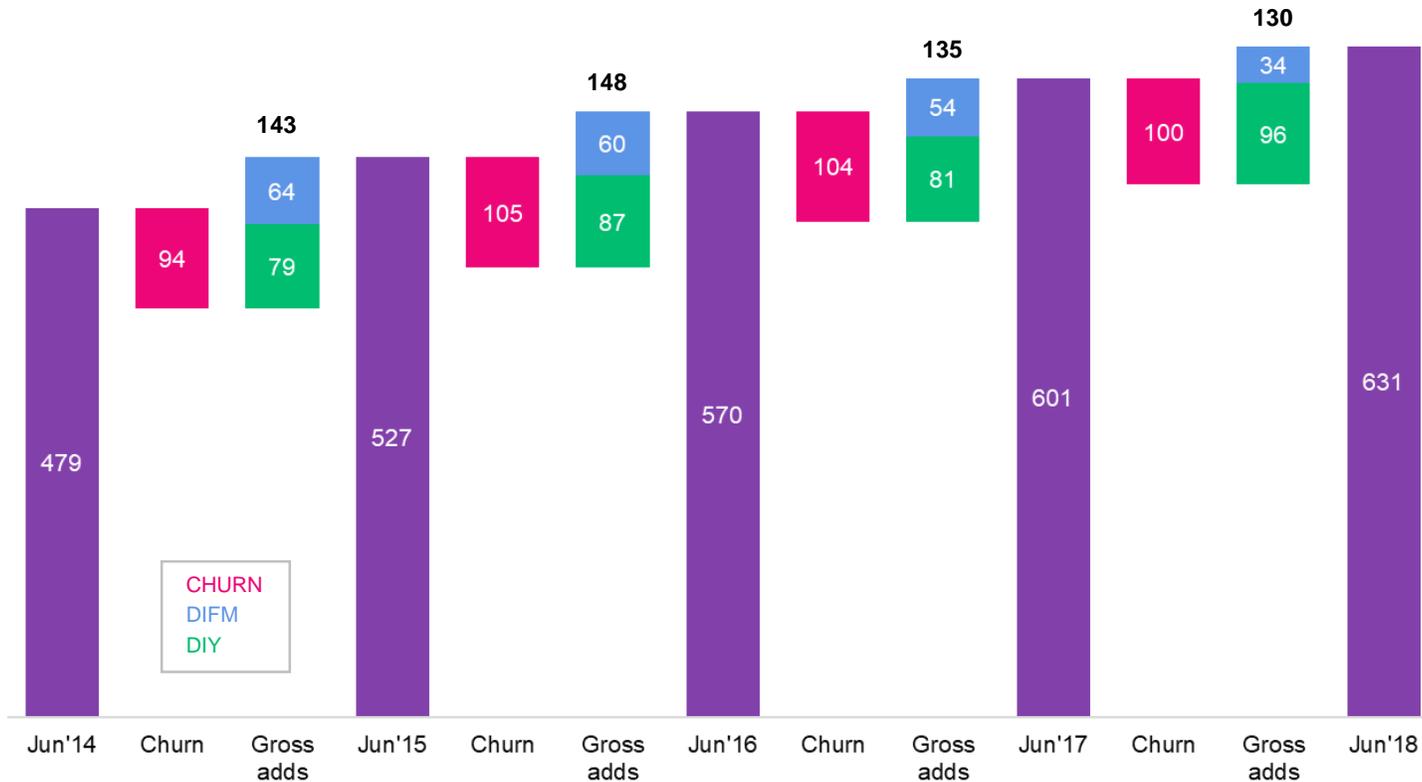
**DIFM:**

- Declining at 4% per year over the past 2 years
- Now 12% of value; 42% of volume of SME subs

# Gross adds have been increasingly weighted towards higher ARPU DIY products



## SME Paying Subscribers - Gross Adds & Churn



Total Gross Adds have slowed over the past few years

- Churned units have been relatively steady off a growing base. Both DIY and DIFM have seen retention rates improve
- Gross adds of high-ARPU DIY units have been increasing
- Gross adds of low-ARPU DIFM units have been decreasing



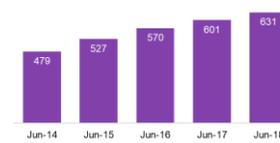
# Higher-ARPU DIY gross adds (sales) growing strongly

DIY: 88% of SME Revenue

## SME Paying Subscribers - DIY Gross Adds & Churn



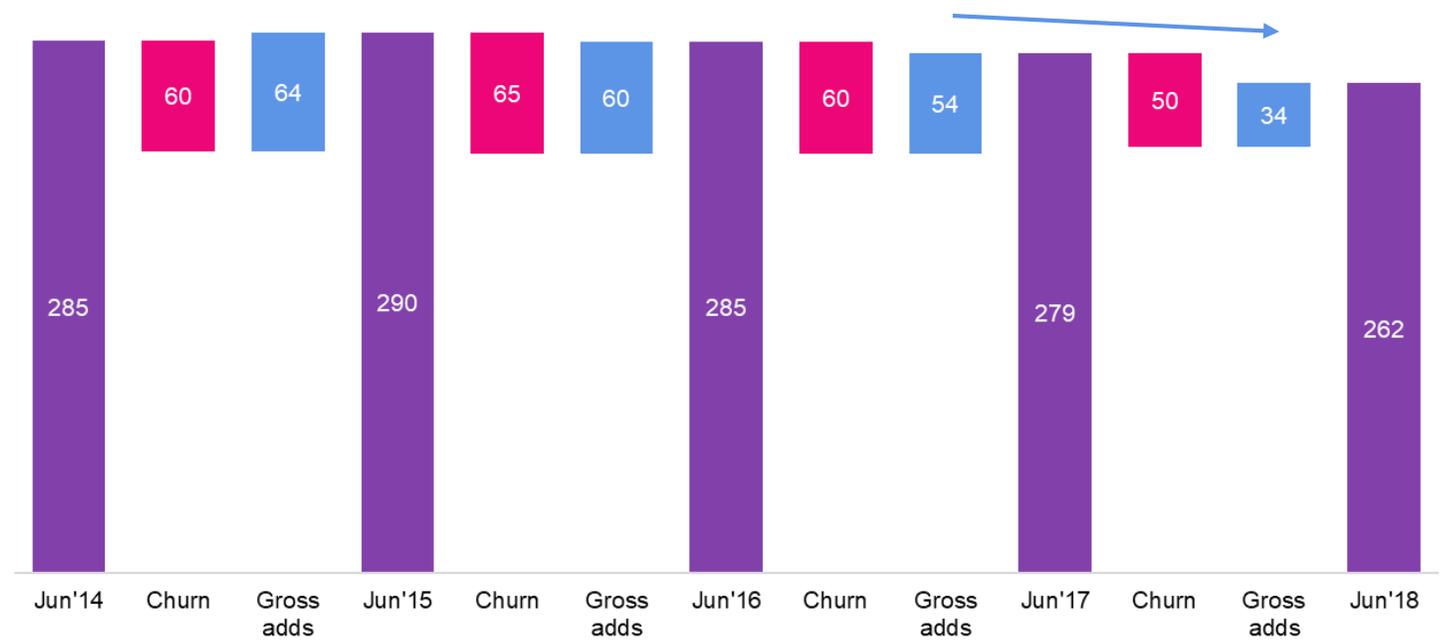
- While absolute churn number has increased, churn rate is decreasing
- Gross adds are increasing – higher than they have been in the past four years, driven by both sales to newly formed SMEs and migrations from non-paying



# Lower-ARPU DIFM gross adds (sales) have been slowing

DIFM: 12% of SME Revenue

## SME Paying Subscribers - DIFM Gross Adds & Churn

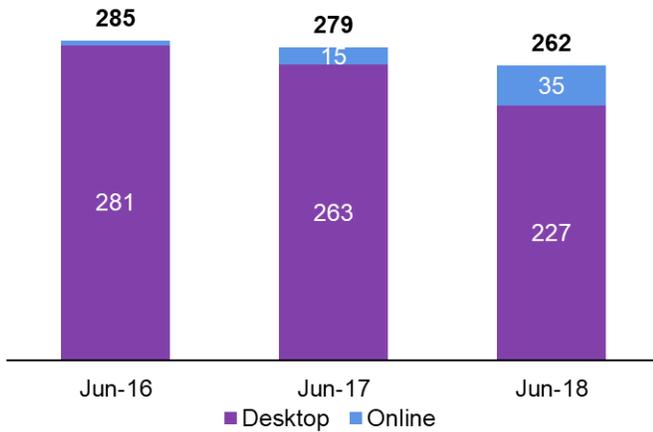


- DIFM churn has reduced over the past two years, while at the same time gross adds have also dropped. There are 2 drivers of this behaviour:
  - When a new, replacement product is announced, practices often take a “wait and see” approach. This has been the case here with MYOB Connected Ledger, the next generation of MYOB BankLink.
  - At the time of migration, practices also audit the number of client subscriptions being used, which can result in less than 100% of subscriptions being migrated to the new solution.
- While this is a short-term trend, the long-term DIFM picture is positive

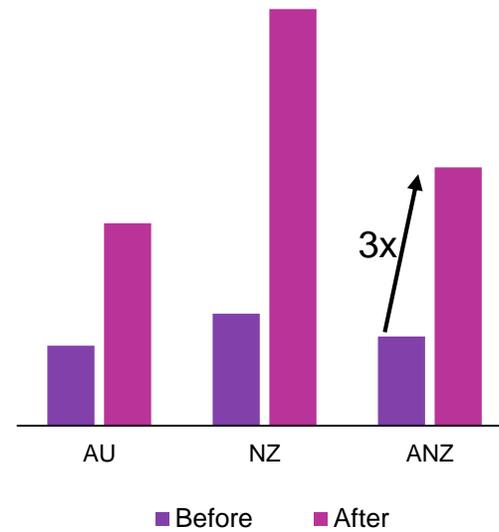


# DIFM: The move to Connected Ledger is progressing well

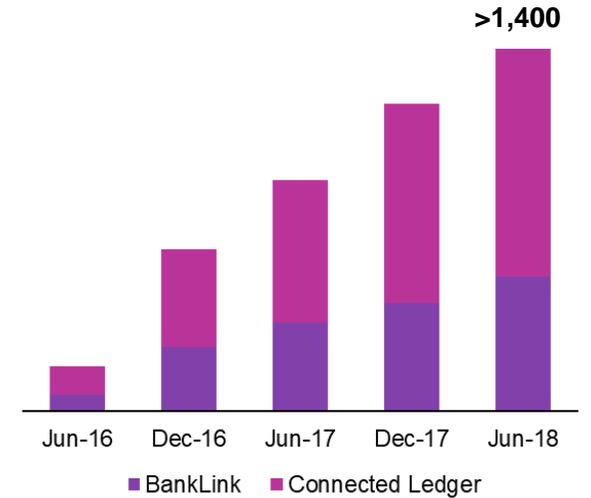
We are now >10% through the migration of BankLink to Connected Ledger



Once migrated, referral rates of new SMEs increases 3x...



... and the rate of new practices starting to refer DIFM solutions continues to rise

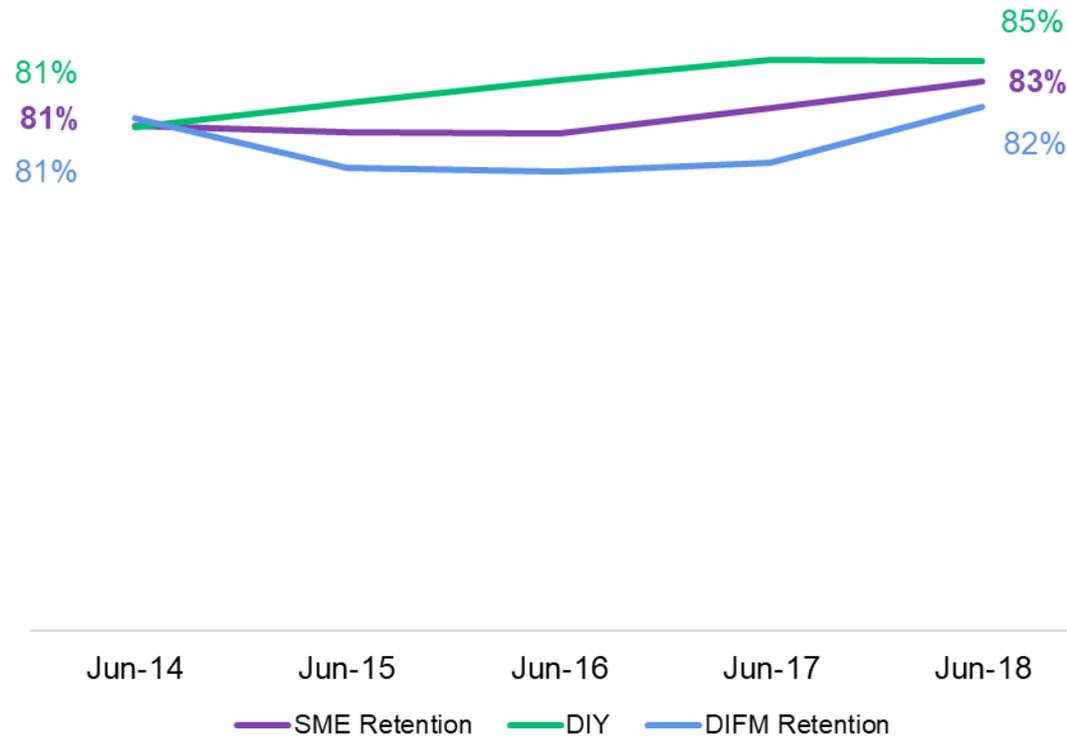


... with 2/3 referring Connected Ledgers

# Retention continues to improve in all products

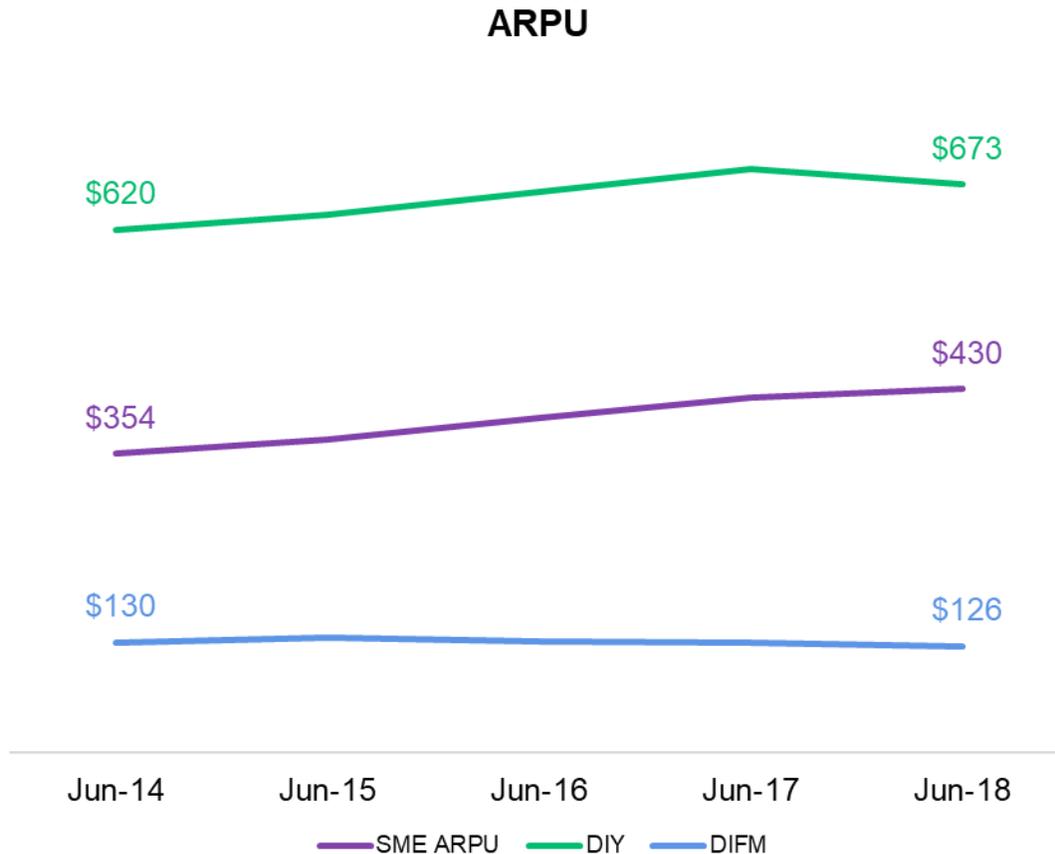
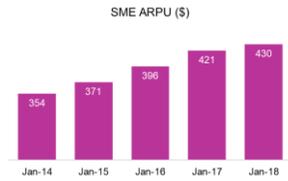


## Retention



- Retention rates have improved in all segments over the past 4 years, with the mix shifting to DIY / Online solutions also driving the improved overall performance
- Note: Online DIY solutions retention is approx. 1% higher than desktop solutions

# ARPU growth has also been strong at 5% CAGR



ARPU growth has been a function of a number of variables:

## 1) DIY (+2% CAGR):

- + Annual Price increases in DIY products
- Impact from increased competition driving higher discounting for new sales (from mid-2017)
- Channel shift to Accountants who receive wholesale pricing for software referred to their SME clients

## 2) DIFM (-1% CAGR)

- No price increases since 2015 as we move from BankLink to Connected Ledger

## 3) Positive impact of mix shift from DIFM to DIY

Combined these have driven an overall CAGR of 5%

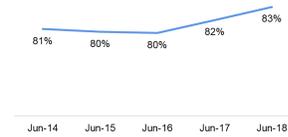
# Looking forward

The recent trends are likely to continue for the next several years with **no change to medium-term guidance**

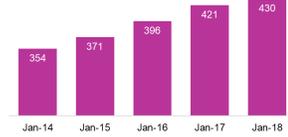
SME Paying Subscriptions (k)



SME Paying Subscriber Retention



SME ARPU (\$)



## Paying Subscribers

- DIY subscriptions, currently representing 88% of SME revenue, are expected to continue to grow strongly through:
  - Sales to newly formed SMEs, supported by sales and marketing initiatives (already coming to fruition in Q3), and
  - Migrations from the non-paying, active base;
- DIFM will continue to transition from BankLink to Connected Ledger:
  - As some current BankLink practices are taking a “wait and see” approach, and are also auditing subscription usage, the current trends in paying subscriber growth will likely continue in the short-term
  - Increasingly, however, this will be outweighed by increased referrals from practices that have migrated and new practices that begin referring Connected Ledger
  - Once the migration is complete DIFM will return to being a source of subscriber growth for MYOB

## Retention

- Rates will continue to improve as this base completes the migration online and leverages our increased investment

## ARPU

- Competitive activity, and increased sales through accountants with wholesale pricing, is expected to keep DIY ARPU relatively flat
- However a mix shift to DIY will lift overall SME ARPU by low - mid single digits

# 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 <sup>1</sup>	15.1% - 16.3%	<20%	<20%	<16%
Underlying EBITDA margin <sup>2</sup>	45.6% - 46.3%	42% - 44%	>40%	>45%
Free cash flow <sup>3</sup>	\$125m - \$130m	>\$100m	>\$100m	>\$200m

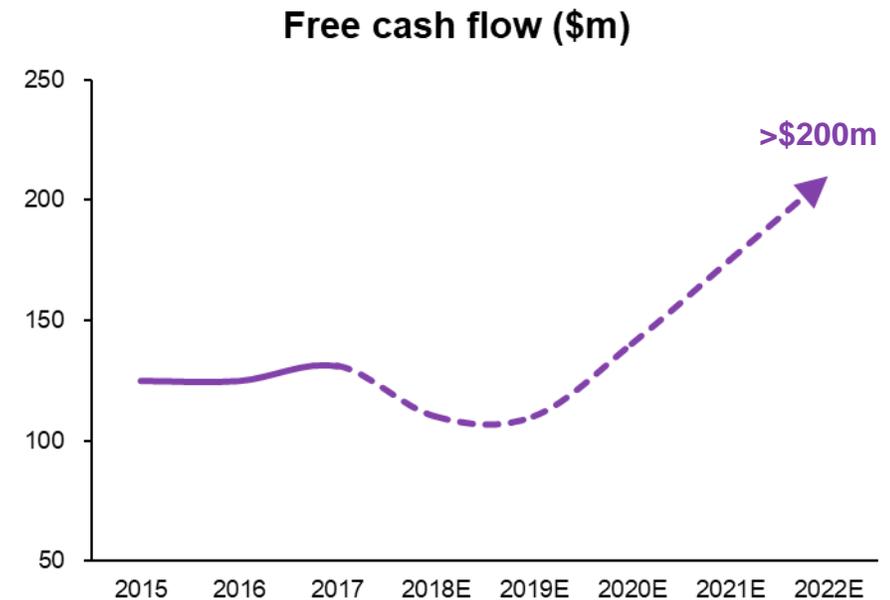
Note 1: Total R&D (opex + capex) as a percentage of revenue

Note 2: Underlying EBITDA as a percentage of revenue

Note 3: Statutory EBITDA less net working capital and capex

## Medium-term targets unchanged

- 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



***CONNECTED PRACTICE:  
INVESTING FOR FUTURE GROWTH***



**Tim Reed**  
Chief Executive Officer

**At MYOB our vision is to help business succeed**

## Delivering on our vision

### Today

We provide 1.2m businesses with a suite of business management solutions that help make life easier for business owners and their advisers. Our solutions range from simple to powerful - meeting the needs of sole traders to businesses with thousands of employees.

### Tomorrow

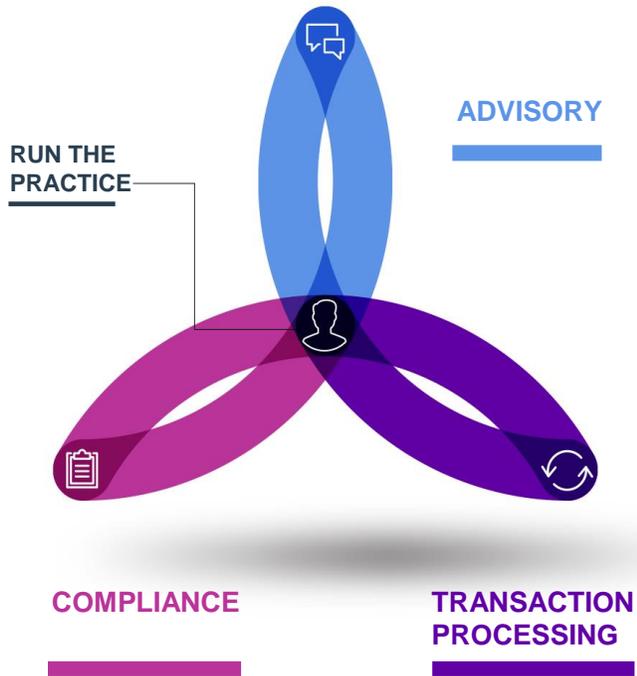
*The Connected Practice* – a bold vision of the future state of our industry.

We are building a single, cloud platform that will leverage AI, to significantly streamline processes SMEs and Advisers use today, bringing to life our vision of the Connected Practice.

Today we will show you the first product demonstration of the end-to-end compliance workflows in the MYOB Platform.

# MYOB's industry vision: The Connected Practice.

## The Connected Practice



## Impact

### Time

Time spent on transaction processing and compliance will reduce; time spent on advisory/ decision making will increase

### Timeframe

Three separate processes, completed in series, often over eighteen months will collapse into one, real-time process

### Adviser

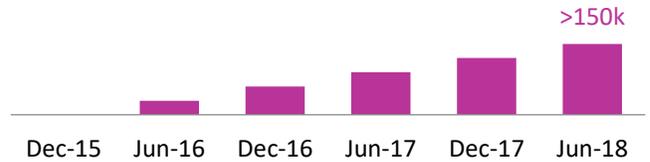
More businesses will use Advisers who will own the end-to-end process

### Tools

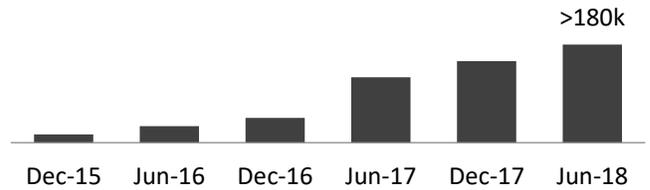
Three separate software systems on different computers replaced by one platform that: captures data once at its source, leverages AI to do as much work as possible, and then intelligently presents users with the tools and information to complete their job

## Online Practice Tools

### MYOB (Practice) Ledger



### MYOB Portal (clients using)



### MYOB Dashboard (practices using)



The Connected Practice will deliver seamless connectivity across the ecosystem, enabling live data to be readily available and accessible to enable effective, insight-led decision making by businesses and their advisors, ultimately driving increased referrals of SME solutions for MYOB.

# The Connected Practice: a new world for Advisers and SMEs

## Industry Dynamics

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- Total employment (hours worked) in transaction processing and compliance will reduce as **hours worked in advisory increases**
- **Competition between Advisers** will be based on **relationships**; price power will be weak
- The most efficient practices will drive to have all their clients on a **single platform**; the role of the Adviser in selecting and SME accounting tools will rise
- These **platforms will expand in scope to provide a range of connected services** making them commercial platforms for SME financial transactions as much as systems of record
- **One day the platform may be subsidised** as a lead generation tool for connected / financial services

## Advisers

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Accountants & Bookkeepers

In the future, the role of the Adviser will change. He or she will fulfill the role of a business coach and compliance manager

- **Transaction Processing**
  - Configure accounting and add-on systems
  - Process anomalies and one-off transactions
  - Move to be the primary owner of Transaction Processing
- **Compliance**
  - Structure their clients' affairs
  - Review (pre-filled) data
  - Ensure deadlines are met
- **Advisory**
  - Review business performance
  - Monitor cashflow
  - Recommend process improvements
  - Consult on large decisions

## SMEs

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For the SME, this future world will be great! Things will just get done

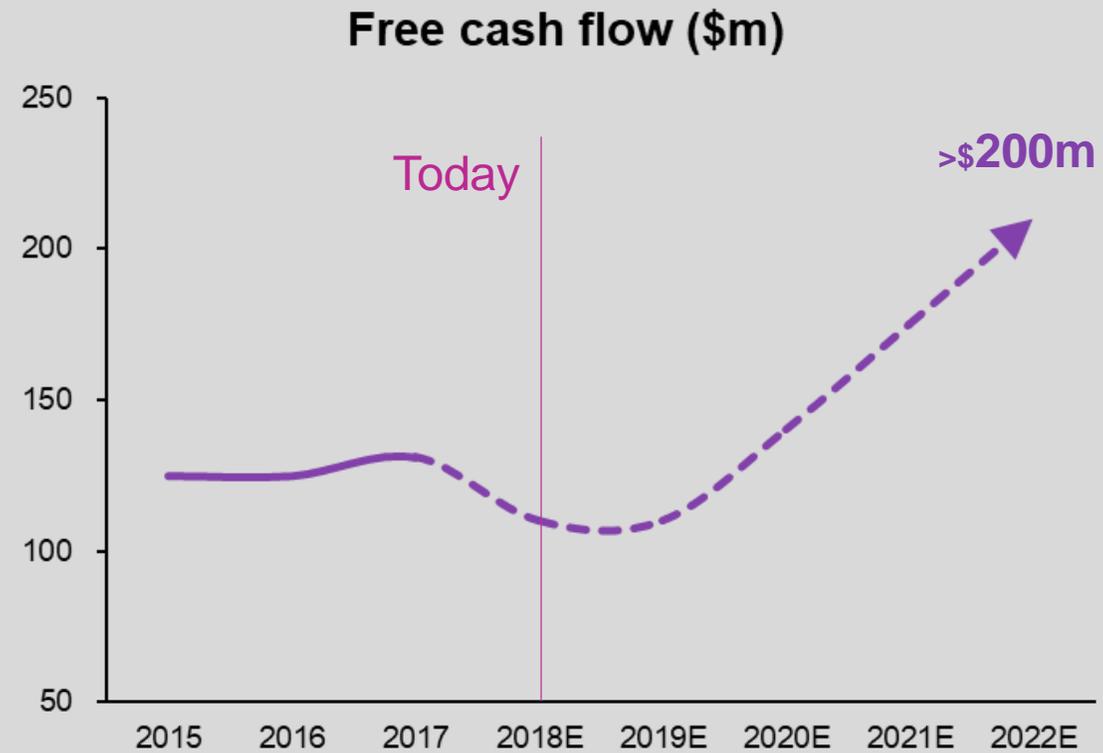
- **Quick and easy “mobile moments”**  
Accounting will mean creating, reviewing & processing transaction on a mobile device
- **Track business performance**
  - Leveraging AI
  - Adviser sets up critical reports
  - SME views through any device
- **Interactions with Adviser via MYOB App**
  - Questions, signing docs, compliance lodgment – all via a shared online workspace, accessed through an app



## Connected Practice Strategy

<https://myob-tv.wistia.com/medias/vii6sgemm3>

# Investing for future growth – why?



# Investing for future growth – how?

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 two key areas:

## \$50m MYOB Platform acceleration

- Accelerate development of the **MYOB 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 2H18 continues, our investments are progressing as expected and we are confident in achieving our medium-term targets.

# Investing for future growth – now is the right time

The screenshot shows a news article from the Financial Review. The headline is "MYOB's \$180m bid to buy Reckon in doubt as Xero considered zero competition". The article is written by Yolanda Redrup. It discusses MYOB's acquisition of Reckon's accounting group for \$180 million. The article mentions that the deal, if approved, will result in MYOB buying three Reckon product lines: Reckon APS, Reckon Elite, and Reckon Docs. It also notes that Reckon's shares have jumped more than 30% in early trade on the back of the deal. A quote from Clive Rabie, CEO of Reckon, is included: "We were absolutely convinced that we had the best technology, the best people and a very engaged client base, but as time went by we realised we needed move to the cloud and it was coming on faster and faster and the cost of build out the technology, or the products, that was going to be suitable for our customer base would require a lot of investment, which quite honestly we didn't have," he said. Another quote from Roger Featherstone, ACCC Commissioner, is also present: "Xero itself admits that its HQ modules lack the functionality and sophistication to meet the requirements of the larger firms," Mr Featherston said. The article concludes with: "Therefore we didn't see them as being a sufficient constraint upon MYOB going forward, at least in the segment of the market with larger accounting firms."

Source:  
<sup>1</sup><https://www.afr.com/technology/myobs-180m-bid-to-buy-reckon-in-doubt-as-xero-considered-zero-competition-20180329-h0y400>  
<sup>2</sup>AFR 17 Nov 2017 "Reckon sells its 'crown jewel' to MYOB"

He (ACCC Commissioner Roger Featherstone) told the Australian Financial Review that Xero had spoken to the ACCC as a part of its investigation and had conceded it was mainly focused on providing software to smaller accounting firms.

***"Xero itself admits that its HQ modules lack the functionality and sophistication to meet the requirements of the larger firms."***

Roger Featherstone, ACCC Commissioner<sup>1</sup>

***"As time went by we realised we needed to move to the cloud and it was coming on faster and faster, and the cost of building out the technology that was going to be suitable for our customer base would require a lot of money, which quite honestly, we didn't have."***

Clive Rabie, CEO Reckon<sup>2</sup>

**OUR VALUES**  
**OUR CULTURE**  
**OUR PEOPLE**



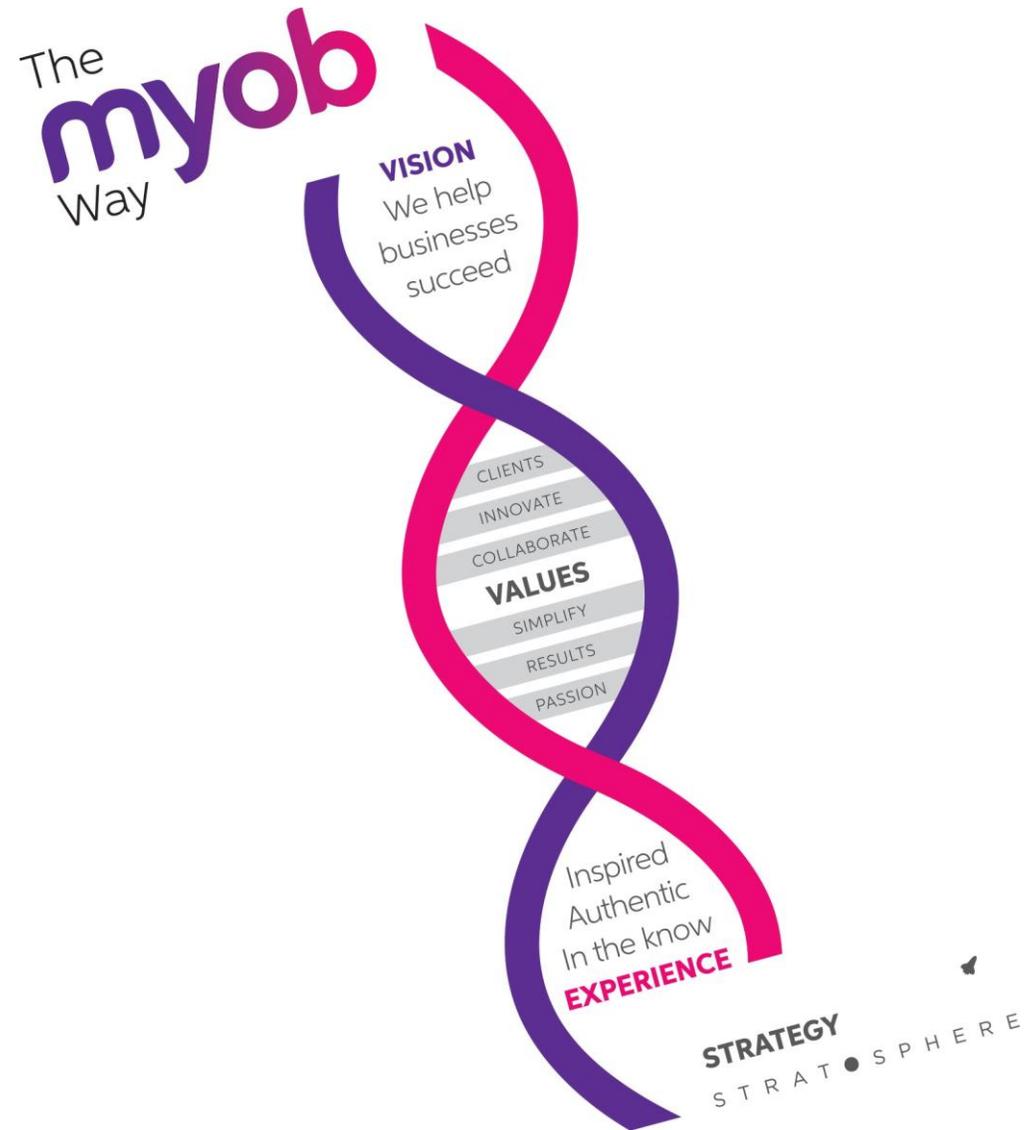
**Helen Lea**  
Chief Employee Experience Officer



## The MYOB Way

<https://myob-tv.wistia.com/medias/6c1yzsry1u>

# MYOB - A purpose led business



## Our Vision

WHAT

AT MYOB WE HELP BUSINESSES SUCCEED

HOW

BY DEVELOPING INTELLIGENT, INTUITIVE TOOLS THAT MAKE BUSINESS LIFE EASIER

WHY

BECAUSE WE KNOW, THAT BUSINESS ISN'T JUST BUSINESS, IT'S PERSONAL

## Our Values

clients



collaborate



simplify



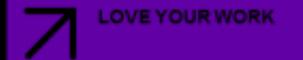
innovate



results



passion

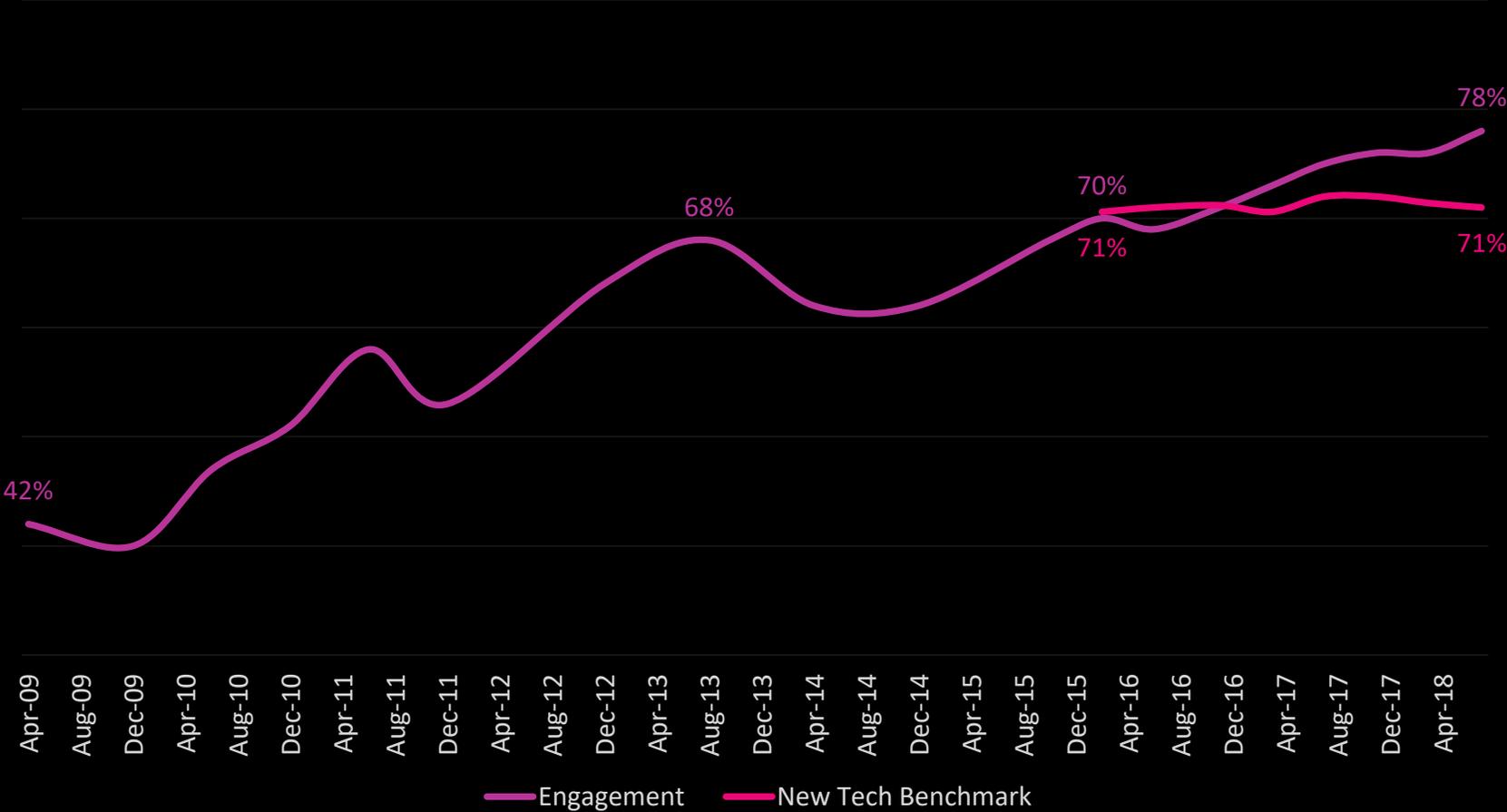


## Our Experience

pired **inspired** inspired  
authentic **authentic** aut  
ow **in the know** in the kn

# An engaged team

Our culture has evolved over time through a deliberate series of initiatives to engage our employees.



# A record of talent attraction & retention

**+556**

**APPOINTMENTS  
JAN – OCT 2018**

---

**Plus 343 Internal  
movements &  
promotions**

**26%**

**EMPLOYEE  
REFERRALS**

---

**Increases speed & conversion  
rate of potential candidates**

**Improves tenure of  
appointments**

**2% improvement**

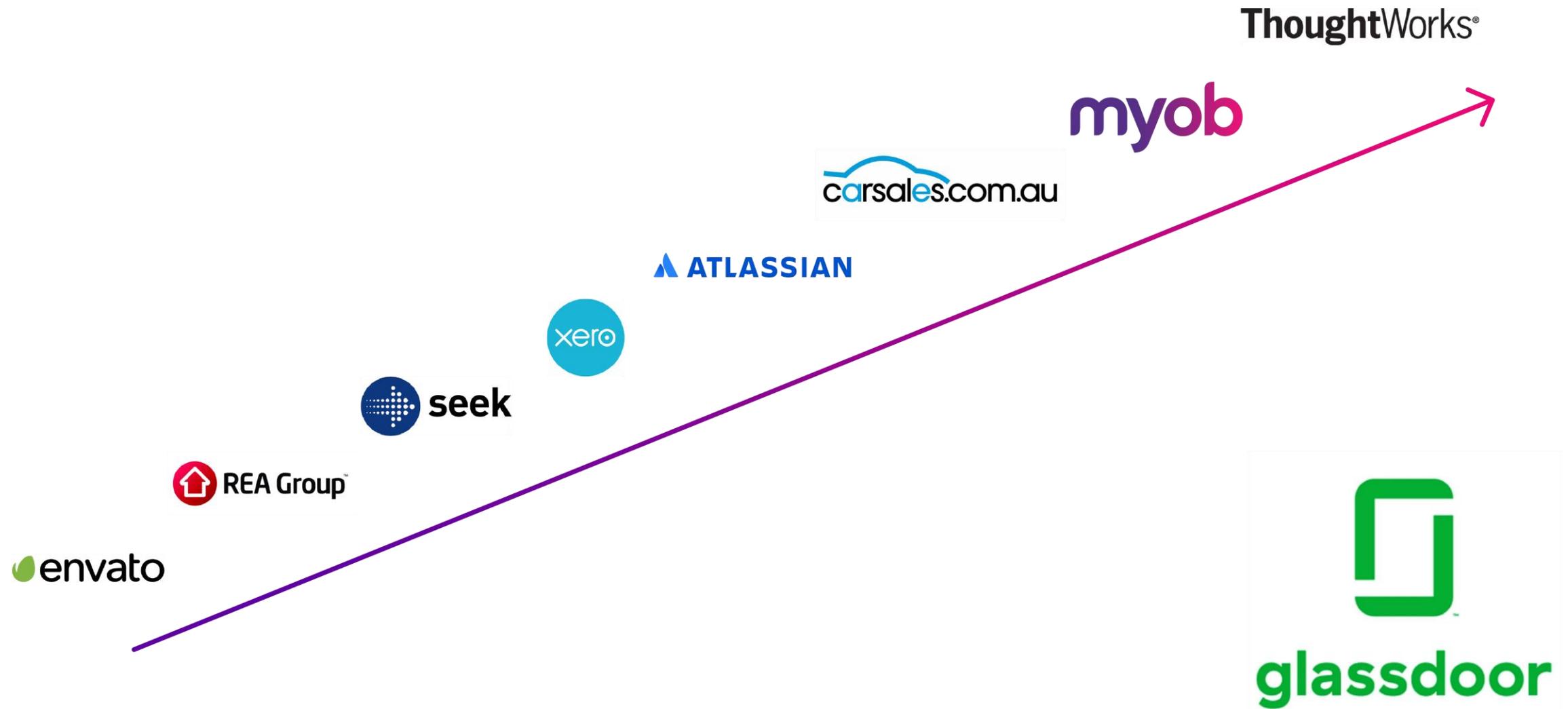
**EMPLOYEE RETENTION  
IN GROWTH AREAS**

---

**vs 2017**

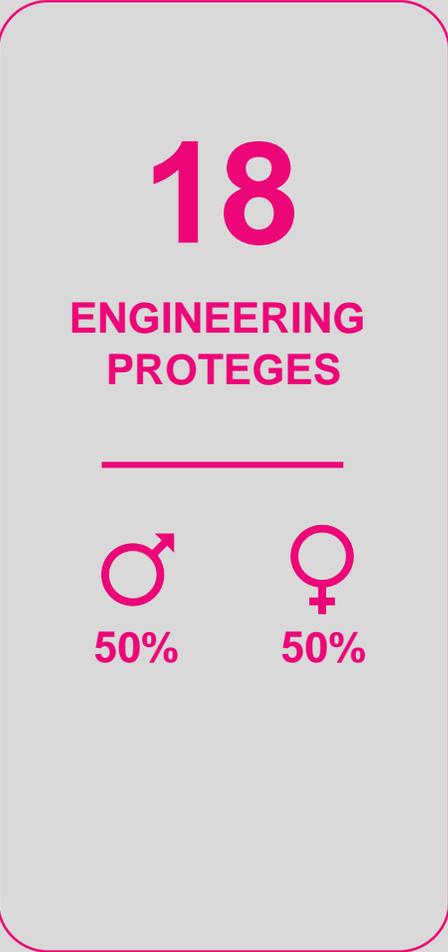
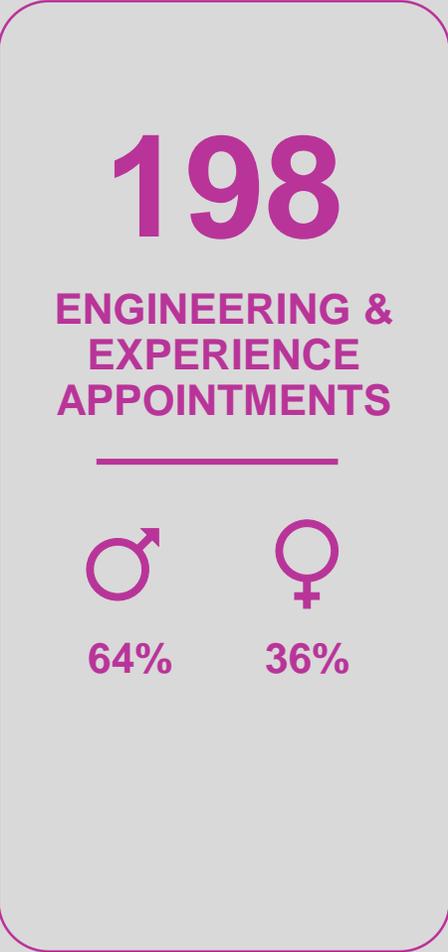
**Sales & Marketing and  
Engineering & Experience**

# Employer reputation is very well positioned



\* In ascending order based upon likelihood to recommend and CEO approval ratings, 2 November 2018

# And a growing reputation for Female Tech Talent



Across MYOB women comprise

**43%**

of our total team

**43%**

of our senior leaders

and are members of

**82%**

of our engineering crews

***MYOB PLATFORM  
ACCELERATED  
INVESTMENT***

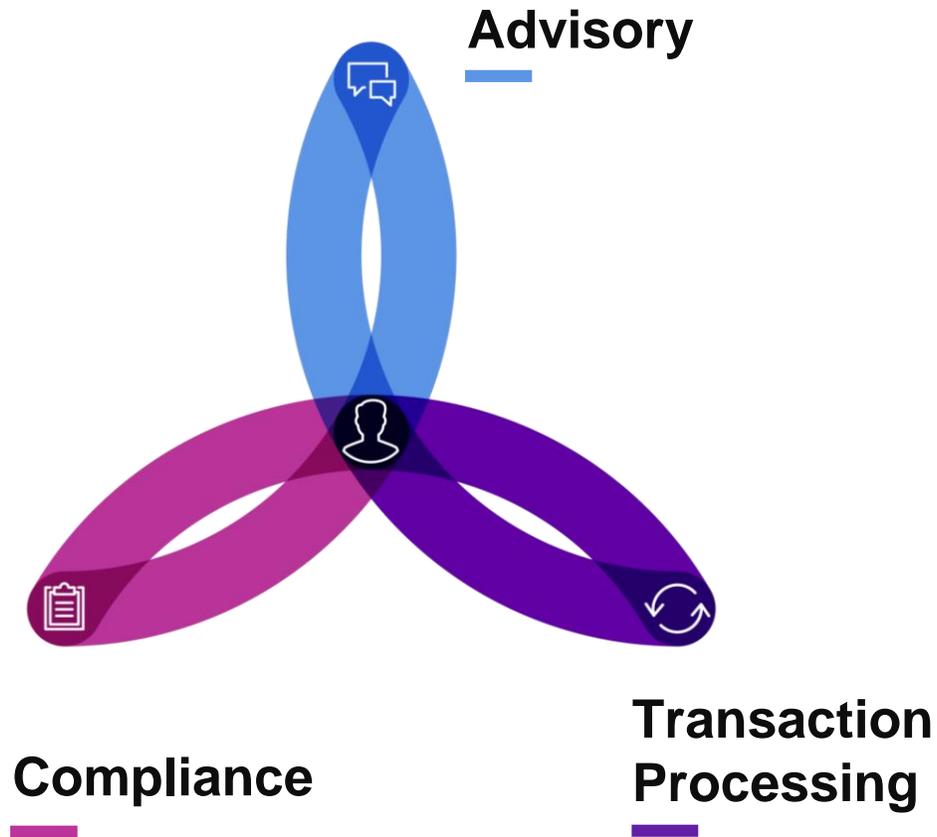


**Kim Owen-Jones**  
Head of Product Marketing



**David Weickhardt**  
General Manager - Product

# THE CONNECTED PRACTICE



- Automated **transaction processing** at scale, driving maximum efficiency
- Accurate real-time data, automatically populating efficient **compliance** tools
- Touchpoints with clients, delivering real-time **insights** on business financial health and goal planning

**MYOB Platform underpins**  
*The Connected Practice*

**One partner for all your  
core business processes**

---

**SECURE**

---

**CONNECTED**

---

**CUSTOMER DRIVEN DESIGN**

---

**INTEGRATED**

---

**EFFICIENT**

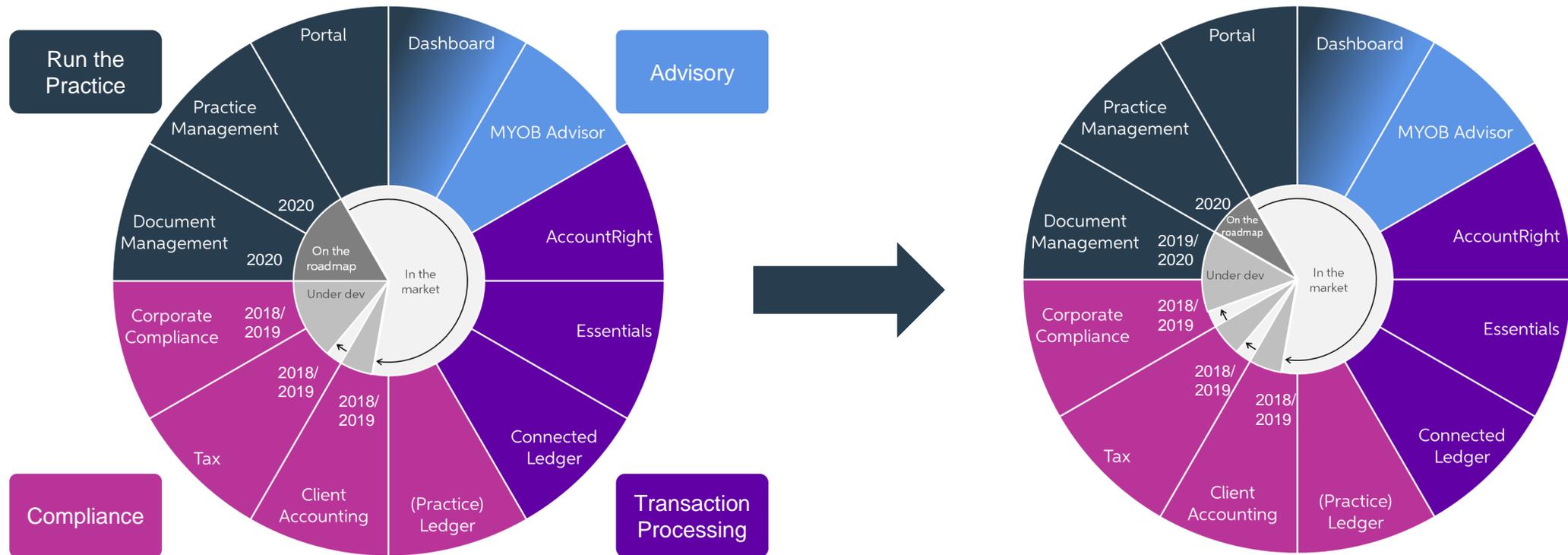
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# MYOB Platform delivery is accelerating

New features in market and more modules under development

The MYOB Platform – Jun'18

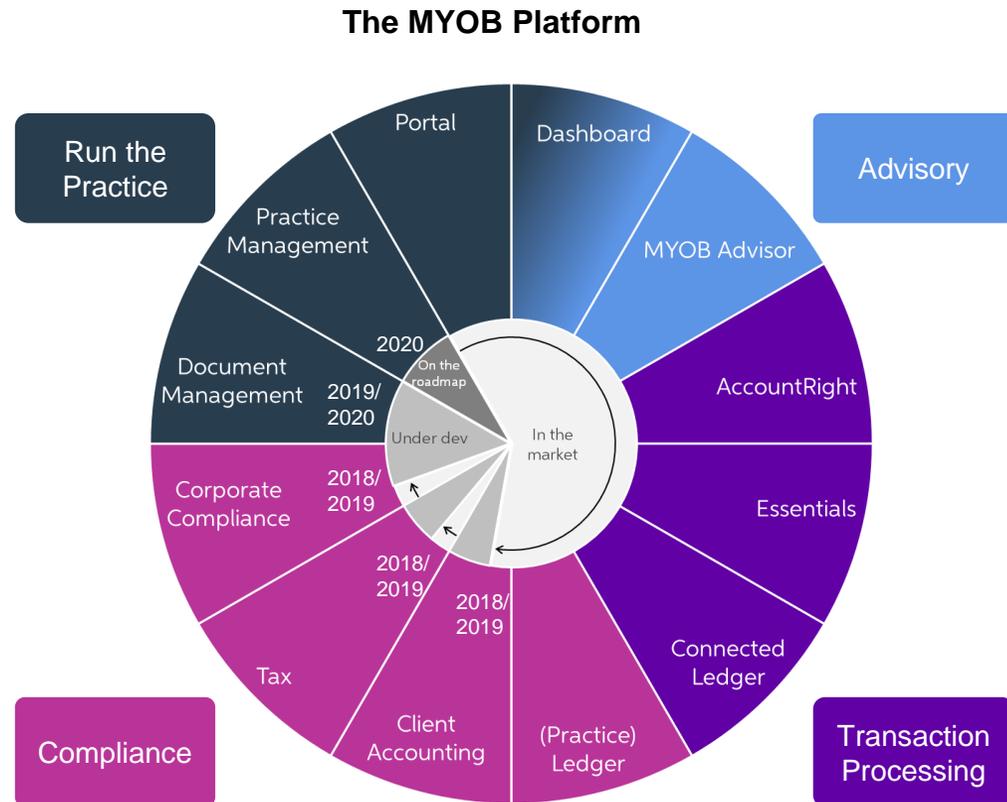
The MYOB Platform - Now



- Corporate Compliance: in Beta
- Document Management: under development and first modules in market in 2019

# MYOB Platform delivery is accelerating

Creating efficiencies for SMEs and Accountants



- A single, integrated and efficient platform which creates a key competitive differentiation for MYOB.
- More than half of the MYOB Platform modules are developed and already in market; with ongoing enhancements continuing.
- In 2018 we've made significant progress on compliance (client accounting & tax) and corporate compliance; targeting the end of 2019 to be in market.
- We have a clear vision of our 2020 targets for practice management and document management and are currently at discovery phase for these modules.
- We have received outstanding feedback and excitement from our clients. Delivery is key.

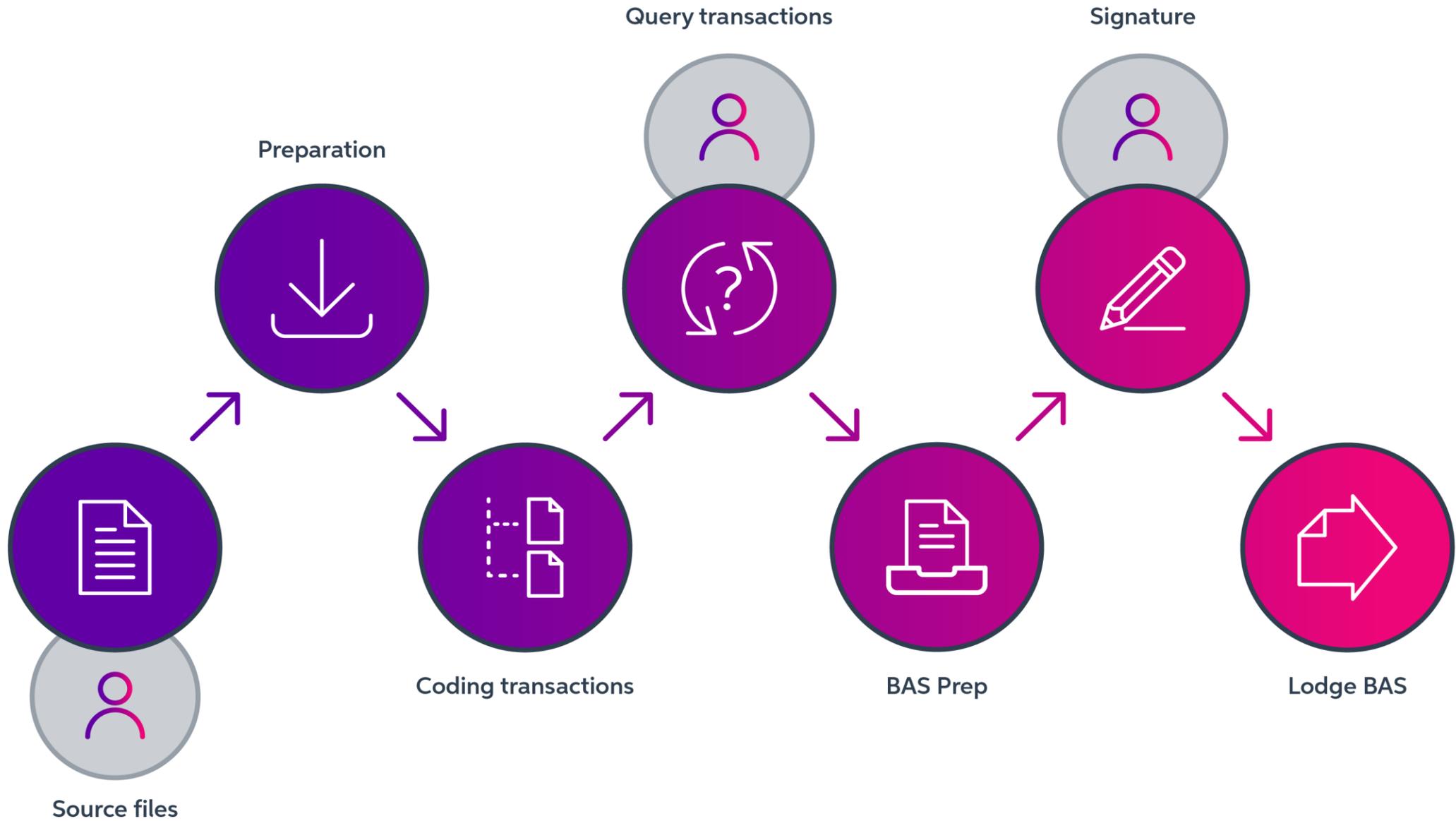


# TRANSACTION PROCESSING



- **Best in-market automation, reducing time on task**
- **Managing your work at scale**
- **Seamless client collaboration**

# BAS workflow



**Demo: Code transactions and then  
submit BAS/GST**

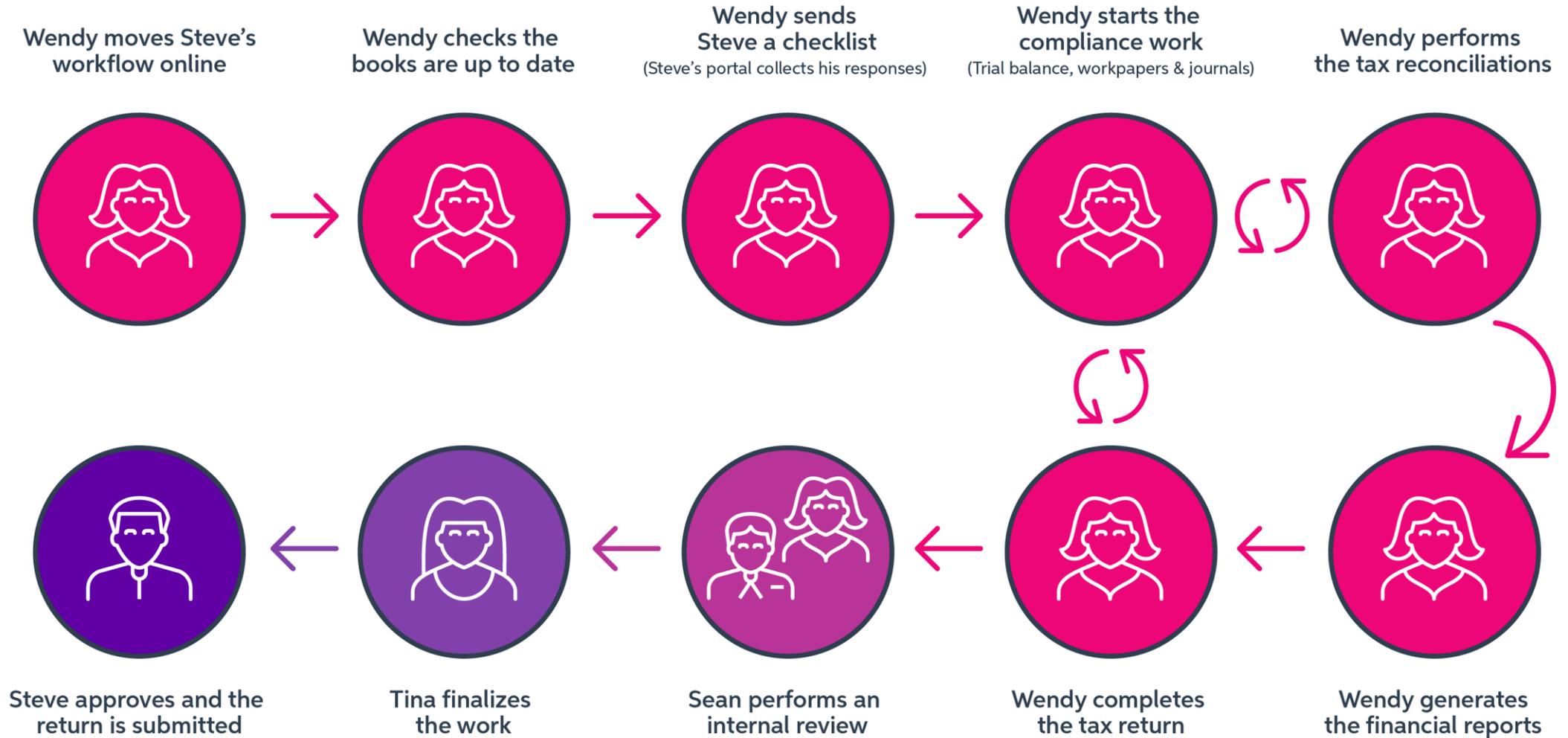


# COMPLIANCE



**Automating or eliminating every single step in the end to end compliance workflow**

# The compliance workflow



# Demo: Complete annual compliance

# Demo: Register a company

# **COFFEE BREAK**

**myob**

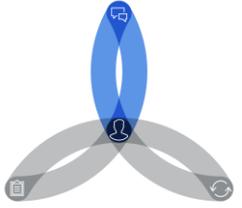
**MYOB PLATFORM  
ACCELERATED  
INVESTMENT –  
CONTINUED**



**Kim Owen-Jones**  
Head of Product Marketing



**David Weickhardt**  
General Manager - Product



# ADVISORY



## Automated management reports harnessing the power of artificial intelligence

# Demo: MYOB Advisor



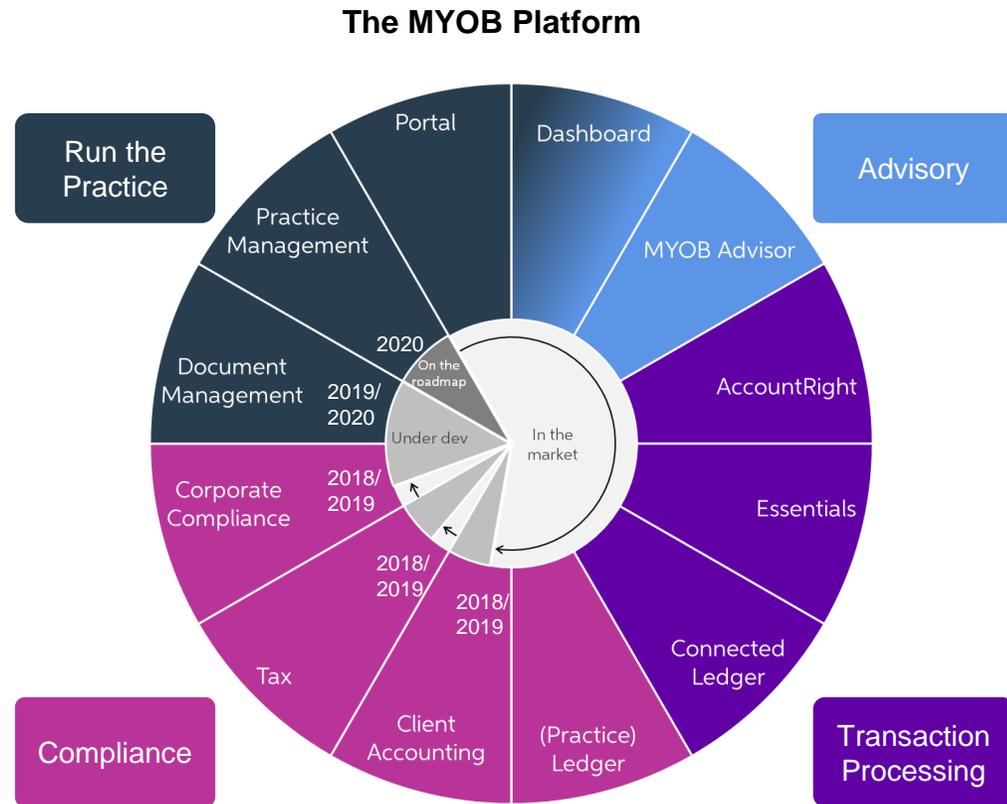
# RUN THE PRACTICE



- **Tailored control over jobs, time, costs and processes**
- **Automated intelligent storage, classification and retrieval of documents**

# MYOB Platform delivery is accelerating

Creating efficiencies for SMEs and Accountants



- We focus on the core jobs to be done by SMEs in each segment:
  - Integrate with Connected Practice workflows
  - Automate or eliminate every step
  - Design for ease of use
- This is enabled by capturing high-quality data at source, in real time

## Focus on the core jobs to be done in each segment, including integrated end-to-end workflows



## Capturing Data at Source

✓ Bank feeds

✓ Mobile apps

✓ Up to date GST and tax

✓ Smart Bills

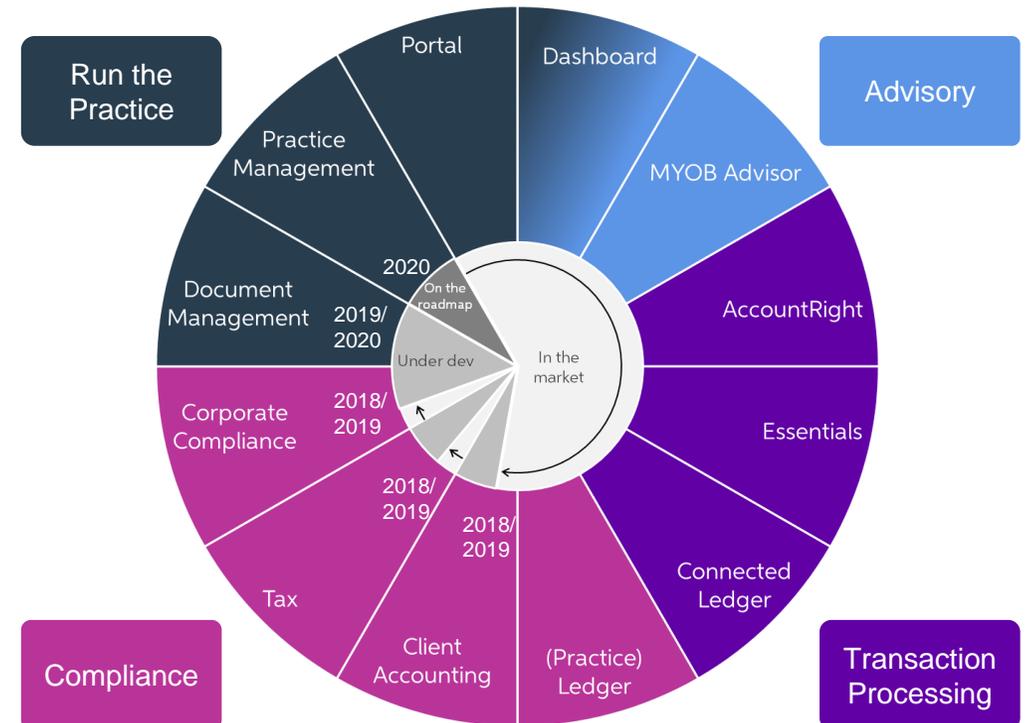
✓ Payroll

✓ Getting rid of the paper trail for expenses

# MYOB Platform 2018 developments

- ✓ Turbo-charging online invoicing, including
  - Mobile quoting;
  - Additional payment methods; and
  - Invoice reminders and lists
- ✓ Next generation Smart Bills and supplier feeds including
  - New and improved ways to access bills/receipts and attach them;
  - Bringing in line item information;
  - Auto account allocations; and
  - Seamless integration into workflows
- ✓ Extending payroll leadership including Single Touch Payroll
- ✓ Continued ledger enhancements (rural) for the Platform
- ✓ Multicurrency – enabling EOL of v19

# MYOB Platform Focus for 2019/2020



***SALES, MARKETING  
AND BRAND***



**Andrew Birch**  
Chief Operating Officer

INVESTMENT	OBJECTIVE	PERIOD
<b>\$30m<sup>1</sup></b>	<ul style="list-style-type: none"><li>• <b>No. 1 in online subs flow</b></li><li>• <b>1m online subs by 2020</b></li></ul>	<b>FY 2018 - FY 2021</b>

1. Net EBITDA impact of investment over 2018-2020. Total additional investment is higher but is offset by EBITDA from 2020 onwards

# Sales & Marketing Investment: Driving MYOB SME Acquisition

Key focus of investment is to increase market share via advances in technology, marketing and enablement

## Sales Acceleration

Grow the size and skill level of our partner sales teams to uplift productivity and new referrals

## Marketing Acceleration

Increase the acquisition of new direct sales through a strong brand and quality, cost effective leads

## Marketing Automation

Improve the tools available to our marketers, enabling them to communicate in an omni-channel method, to drive increased sales to new DIY clients

## Trial and Buy Experience

Improve the trial and buy user experience and thereby increase new client acquisition numbers via our direct sales channel

# Channels to market

SME sales are driven through three primary channels to market

## PARTNERS

SME sales via referrals from Accountants & Bookkeepers



## DIRECT

SME sales via online and phone sales



## CLIENTS

SME sales via migrating the existing active non-paying base



# Sales Acceleration - Partners

Leveraging and growing our sales team to uplift sales through the partner channel



- 50+ New Sales team members
- 50+ Operational Resources: Training, Marketing, Sales Ops, Partner Success
- Improved territory coverage and ratios

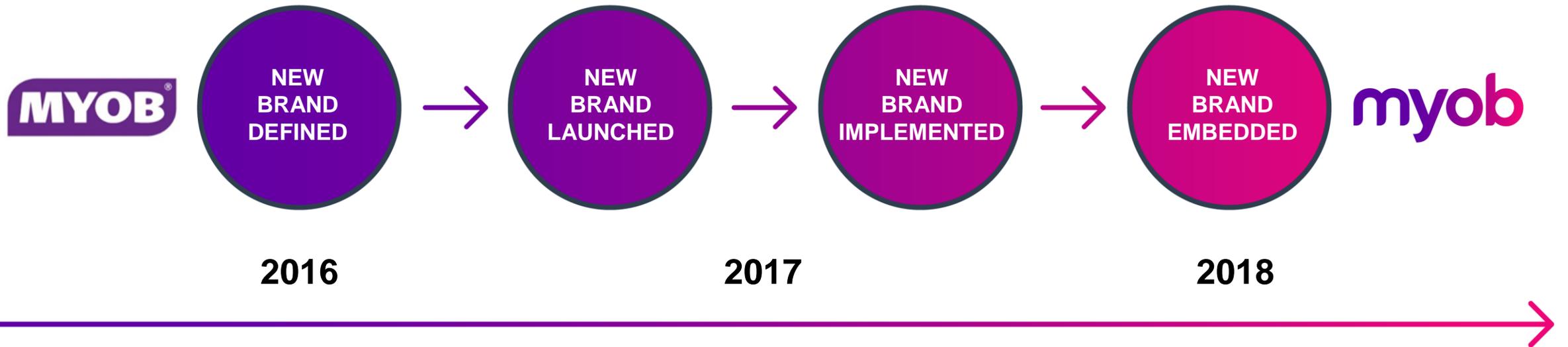
***BRAND & DIRECT***



**Natalie Feehan**  
General Manager - Marketing & Direct

# MYOB Brand Journey

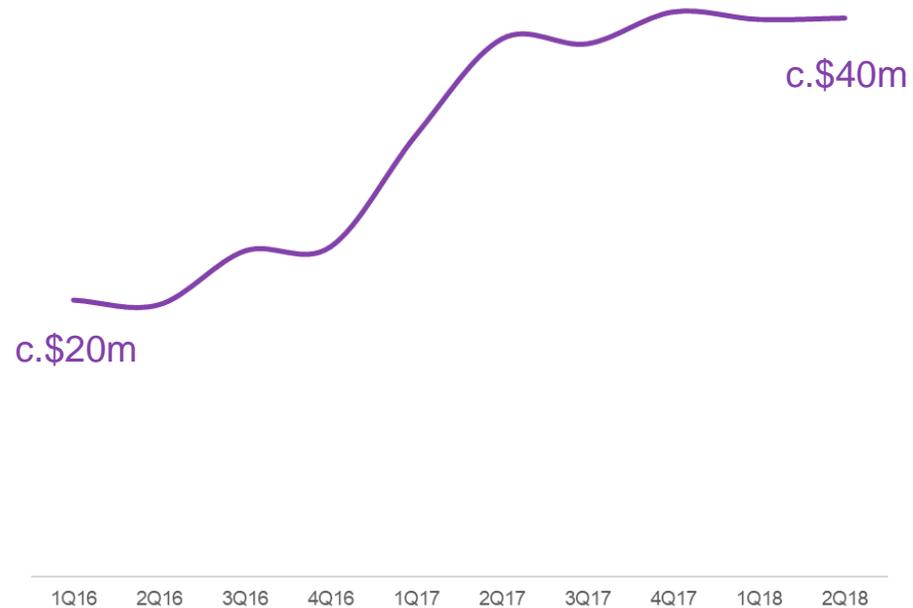
MYOB brand transformation continues



# The Category

Over the past 3 years, the category has significantly grown, additional investment enabled MYOB to increase media SOV

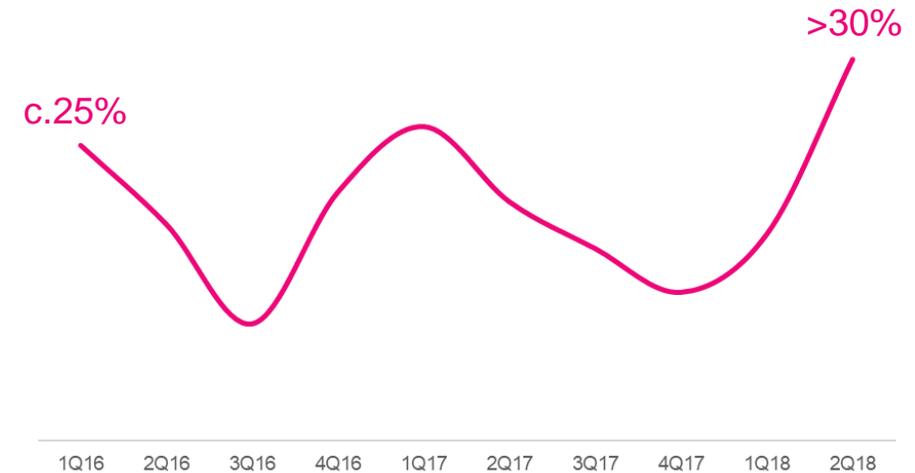
### Est. ANZ Category Media Spend (LTM)



**2x**

Category media spend doubled from 2Q16 to 2Q17 and has remained elevated

### Est. MYOB Media Share of Voice (SOV)



**2x**

MYOB share of voice increase from Q3'17 to Q2'18

# Media Strategy

In 2018 we made a significant acceleration in investment to stimulate brand demand

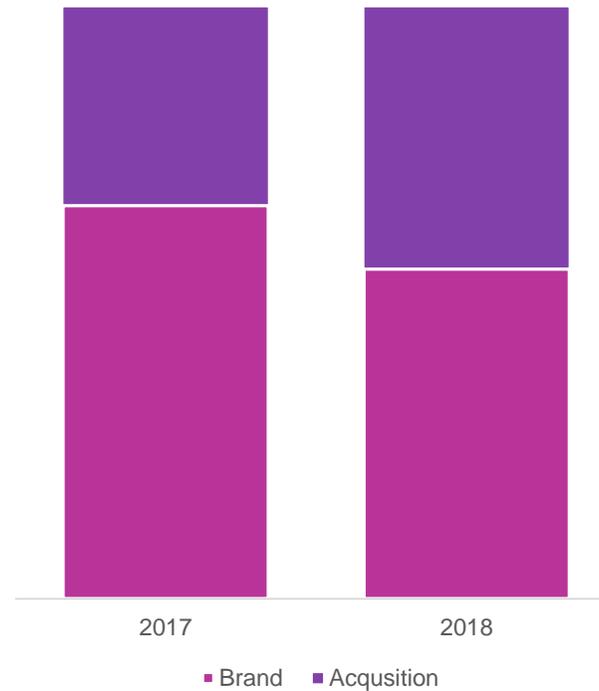
## A significant increase in ANZ media investment YoY



Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec

..... 2017 — 2018

## Skewed towards acquisition activity



## Resulting in increases in demand across key measures

**+34%**

YoY New Visits across ANZ to Acquisition Pages myob.com\*

**+76%**

Q3 YoY Increase in AU Brand Consideration RIPE Audience~

**+32%**

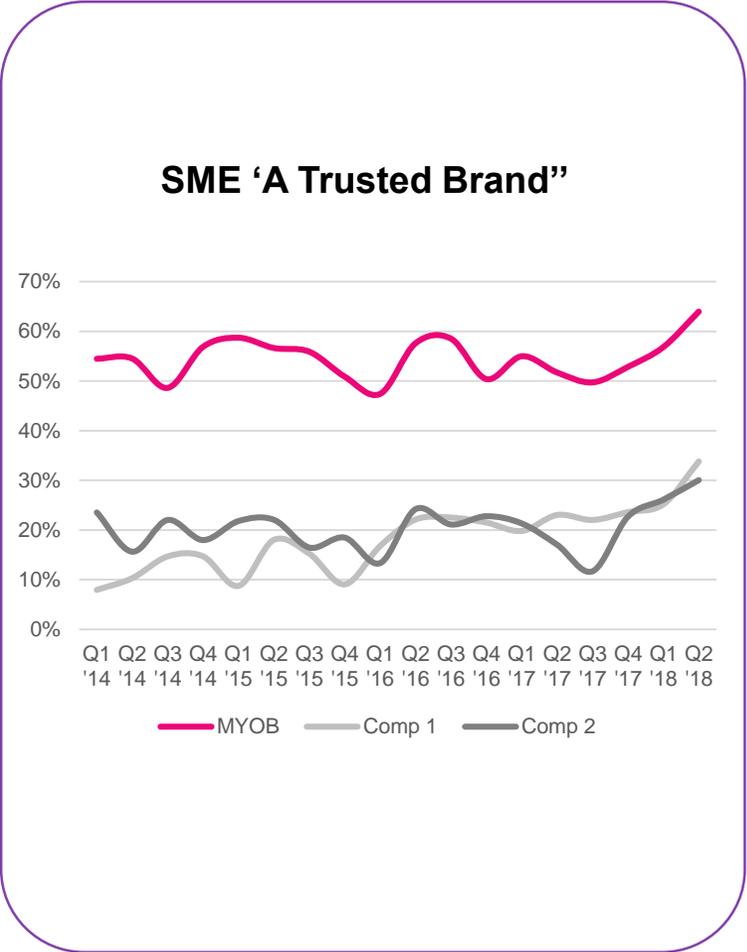
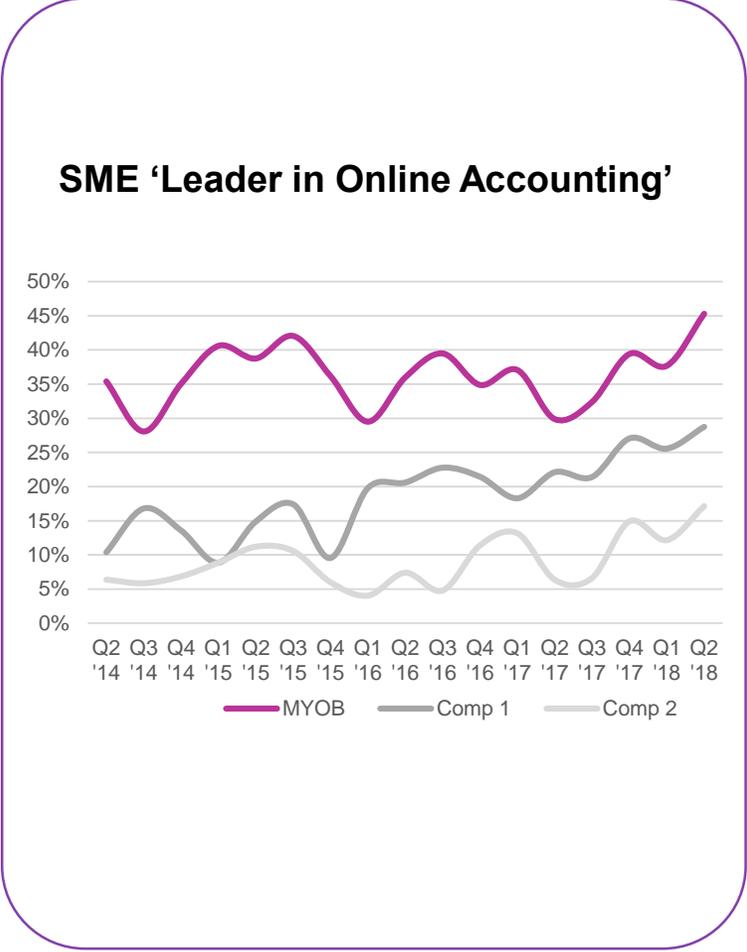
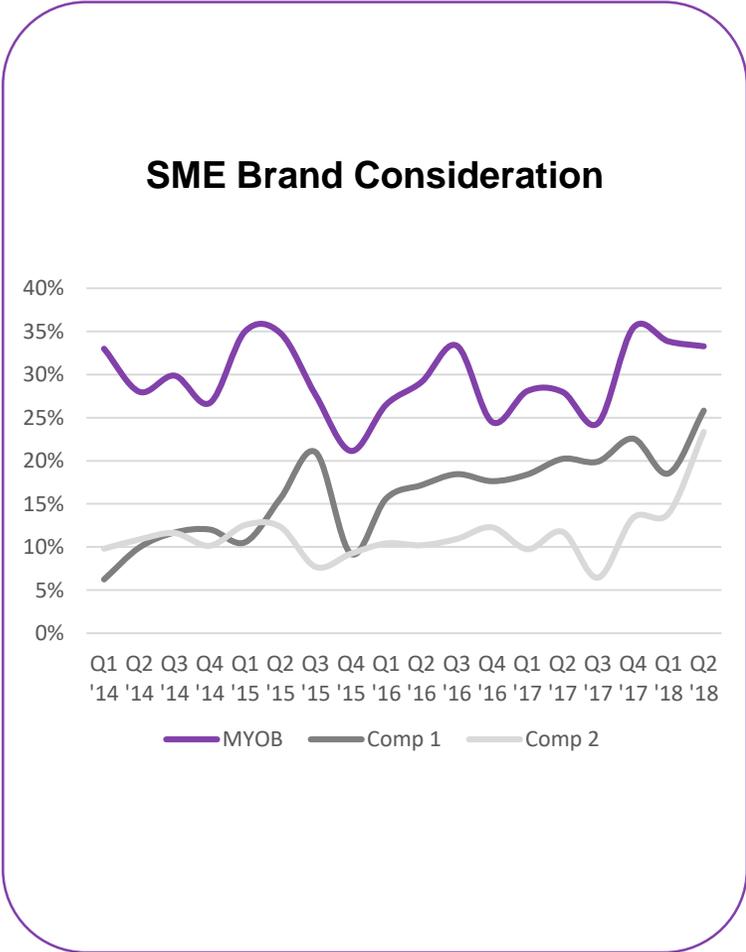
Q3 YoY Increase in NZ Brand Consideration RIPE Audience~

\*Google Analytics .No bounce, session =1, from product and acquisition pages (excluding homepage)

~Rothcorp MYOB Brand Health monitor. RIPE audience businesses 0-2 & those seeking to change their current accounting solution.

# MYOB Brand Health

MYOB continues to lead the market as relates to Brand Awareness and Consideration across ANZ



# Digital Capability

Increased internal digital marketing capability and technology to drive insight, efficiency and sales

1. **Digital foundations to scale** by investing in foundations we have accelerated platforms for faster and more agile deployment



**x7**  
Increased speed to market – development of new campaigns

2. **Mature digital marketing capability** through update of our advertising technology stack



**+80%**  
Online experiments increased conversion rates

3. **Optimise digital investment** through insight and attribution to better segment audiences



**+21%**  
Monthly marketing efficiency improvement through optimization

## Four areas of focus

There are four areas that we have focused on to drive increased sales & conversion

### DATA



### BRAND & ACQUISITION



### EXPERIENCE



### OPTIMISED PRICING



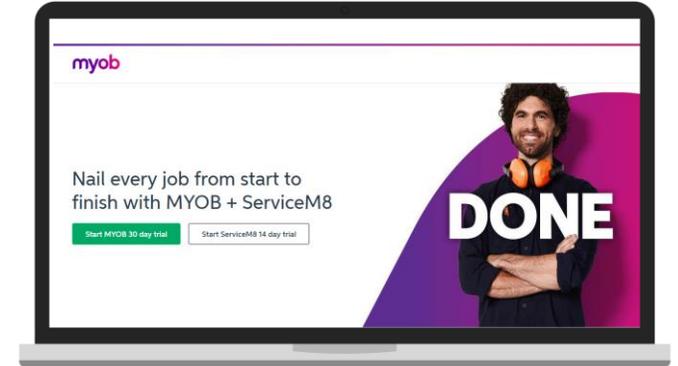
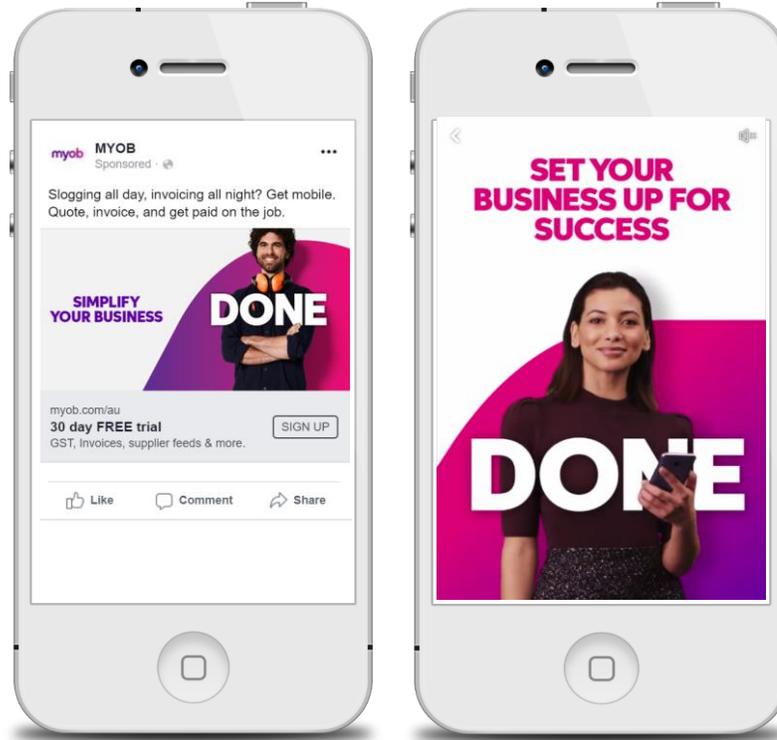
# Customer Lifecycle Approach

We look holistically at the customer lifecycle, with an experimentation mindset and agile approach, to generate maximum ROI



# Discovery: Brand Advertising

Above the line, to drive awareness and consideration, we launched our new creative platform, with an always on multi-channel marketing strategy



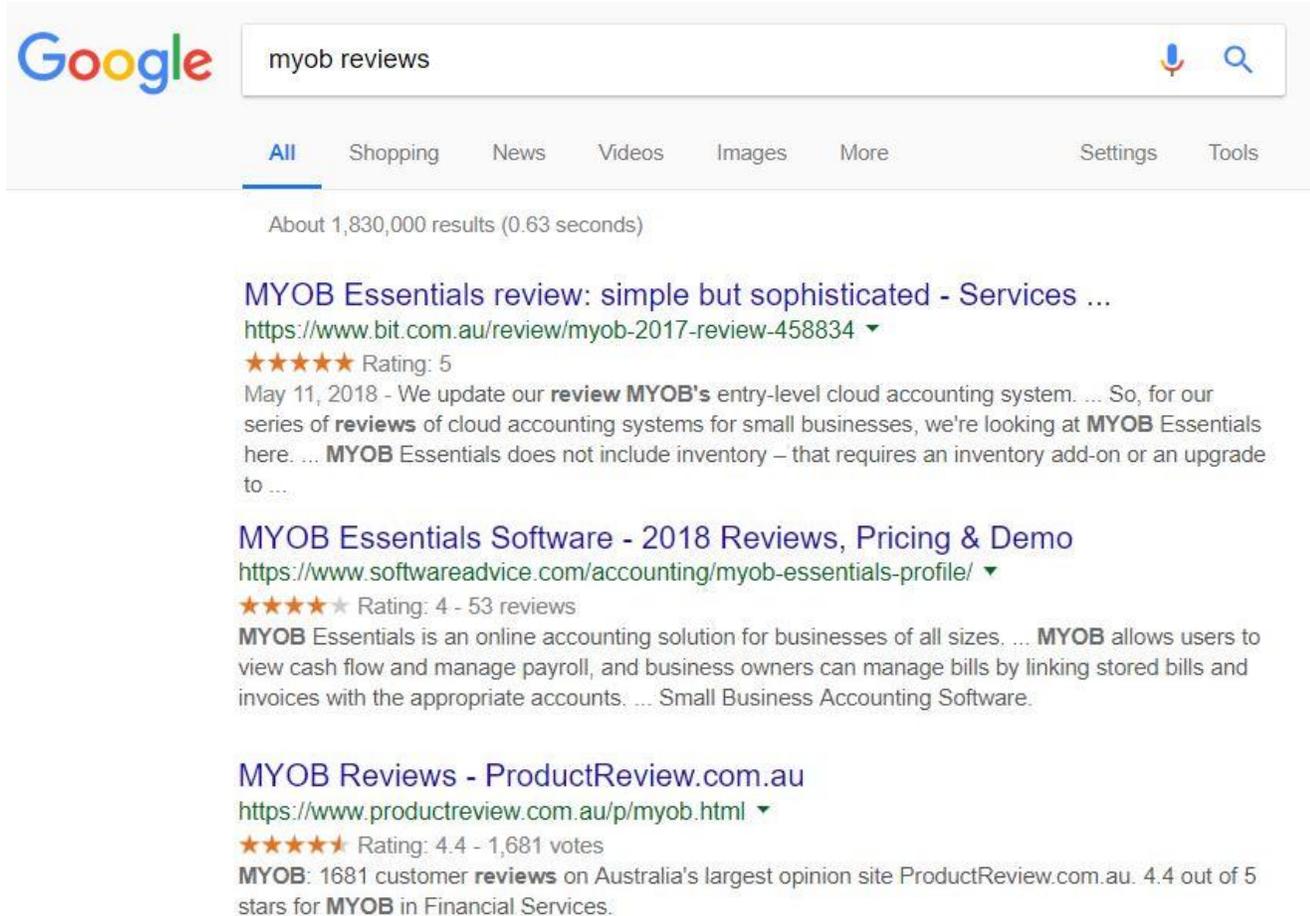
# Discovery: Start-ups & Sponsorship

We have continued to work closely within the Startup ecosystem building equity early with businesses in their formative stages



# Explore: Education

As prospects explore, we are top of mind, and presence with online reviews, SEM and SEO drive traffic to myob.com



Google myob reviews

All Shopping News Videos Images More Settings Tools

About 1,830,000 results (0.63 seconds)

**MYOB Essentials review: simple but sophisticated - Services ...**  
<https://www.bit.com.au/review/myob-2017-review-458834> ▼  
★★★★★ Rating: 5  
May 11, 2018 - We update our **review MYOB's** entry-level cloud accounting system. ... So, for our series of **reviews** of cloud accounting systems for small businesses, we're looking at **MYOB Essentials** here. ... **MYOB Essentials** does not include inventory – that requires an inventory add-on or an upgrade to ...

**MYOB Essentials Software - 2018 Reviews, Pricing & Demo**  
<https://www.softwareadvice.com/accounting/myob-essentials-profile/> ▼  
★★★★★ Rating: 4 - 53 reviews  
**MYOB Essentials** is an online accounting solution for businesses of all sizes. ... **MYOB** allows users to view cash flow and manage payroll, and business owners can manage bills by linking stored bills and invoices with the appropriate accounts. ... Small Business Accounting Software.

**MYOB Reviews - ProductReview.com.au**  
<https://www.productreview.com.au/p/myob.html> ▼  
★★★★★ Rating: 4.4 - 1,681 votes  
**MYOB**: 1681 customer **reviews** on Australia's largest opinion site ProductReview.com.au. 4.4 out of 5 stars for **MYOB** in Financial Services.

**+34%**  
YoY New Visits across  
ANZ to Acquisition  
Pages myob.com

**5/5 Stars**  
in BIT.com.au

**1,680**  
Reviews on  
productreview.com.au



# Engage: Social, content and automation

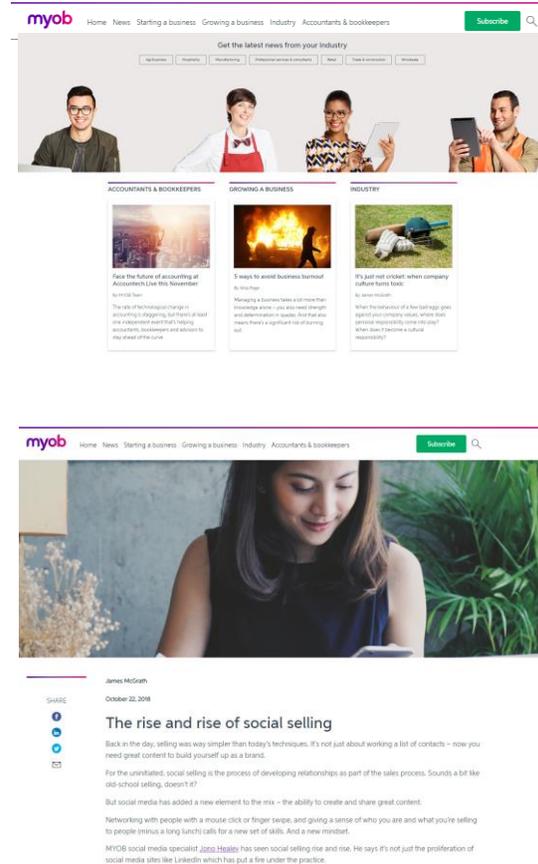
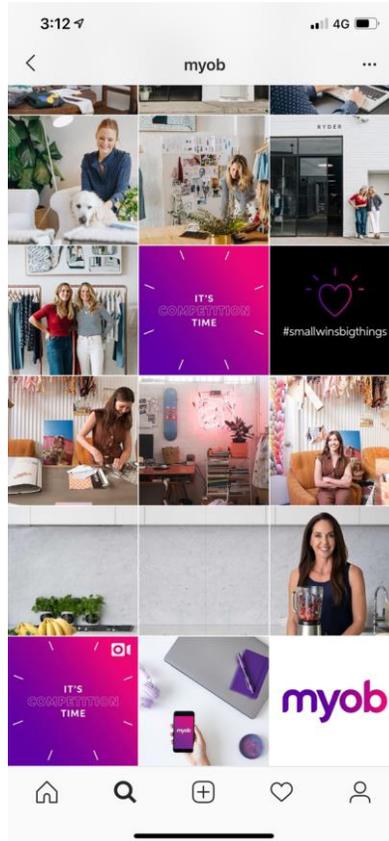
We use data and technology to personalize experiences to engage with and nurture prospects, with multi-media and multi-channel content strategy to drive engagement

**myob MYOB**  
Published by Falcon.io [?] · October 18 at 4:23 PM · ...

It's exciting to see the addition of two MAJOR superstar athletes turned entrepreneurs, to the speaker's list of the Startup Grind APAC Conference presented by MYOB! 🎉

We can't wait to hear 2x NBA All-Star Baron Davis 🏀 AND 7x World Champion Surfer Layne Beachley 🏄 speak at the conference on 6-7 December!

Get your tickets to #StartupGrind here 🎟️... See More



**+135%**  
YoY Content Views in  
Facebook platforms

**+100%**  
YoY Video Views in  
Facebook platforms

**1M+**  
Forecast to reach 1  
million visits in 2018

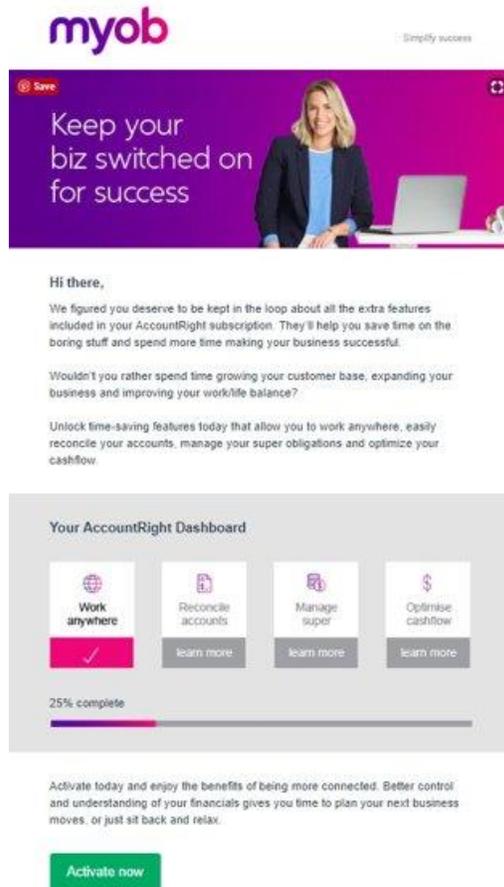




# Client Loyalty: Succeeding together

Continually engage with our clients to help them get the most from their products and their business

## Engage with our clients



**myob** Simplify success

Keep your biz switched on for success

Hi there,

We figured you deserve to be kept in the loop about all the extra features included in your AccountRight subscription. They'll help you save time on the boring stuff and spend more time making your business successful.

Wouldn't you rather spend time growing your customer base, expanding your business and improving your work/life balance?

Unlock time-saving features today that allow you to work anywhere, easily reconcile your accounts, manage your super obligations and optimize your cashflow.

Your AccountRight Dashboard

- Work anywhere
- Reconcile accounts
- Manage super
- Optimise cashflow

25% complete

Activate today and enjoy the benefits of being more connected. Better control and understanding of your financials gives you time to plan your next business moves, or just sit back and relax.

Activate now

## Through data insights



**+18%**

YoY increase in Live Services usage

**+50%**

YoY increase in Product Brand NPS

**+57k**

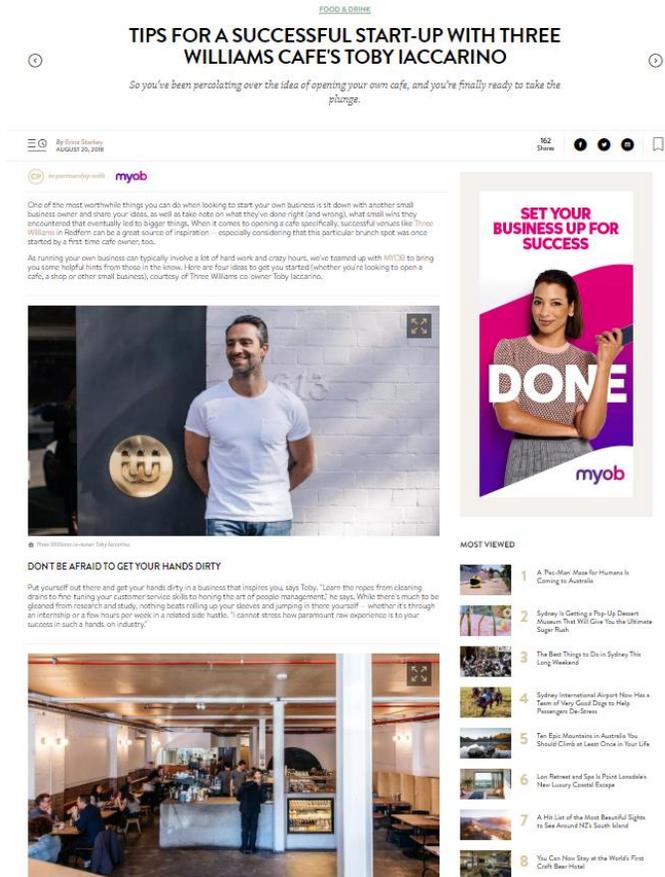
Additional subscription clients through migration

5

Loyalty

# Advocacy: Word of Mouth

Advocacy, referral and social influencer programs enable others to share our message

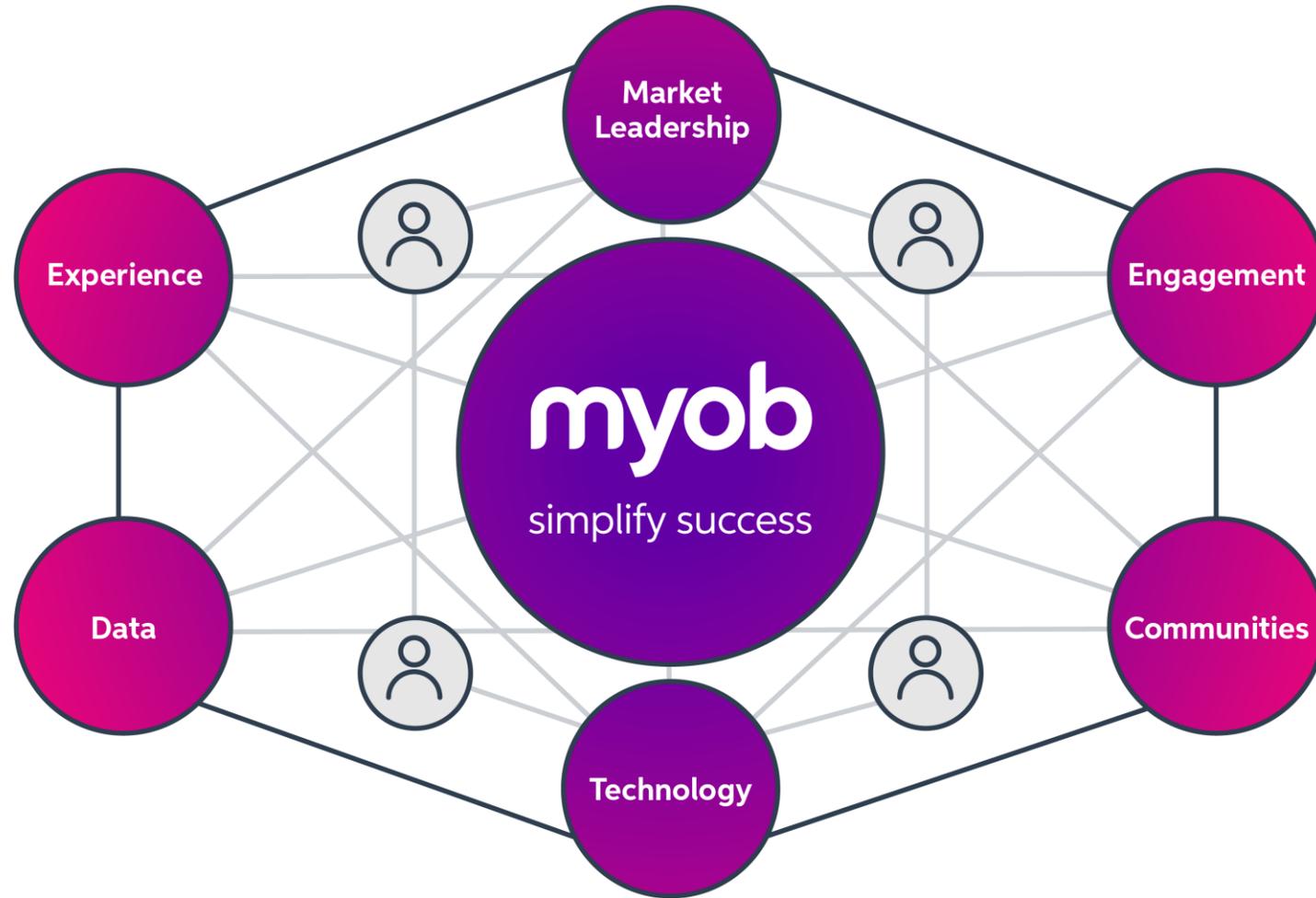


**750k**  
Businesses exposed to  
influencer articles / posts



# Brand and Direct Sales

Continue to transform the MYOB brand, whilst continuing to grow SME sales through direct channels





## Brand & social video

<https://myob-tv.wistia.com/medias/skrIt53o72>

# ***LUNCH BREAK***

**myob**

# ***PAYMENT SOLUTIONS***



**Nick Burkett**  
General Manager - Clients

# Why are we investing in Payments and Lending?

## 1. Compelling Customer Proposition



**Improve cash flow**  
for our clients



**Save time**  
for our clients



**Satisfy unmet needs**  
for our clients

## 2. MYOB Strategically Positioned



**Core to our client business flows**

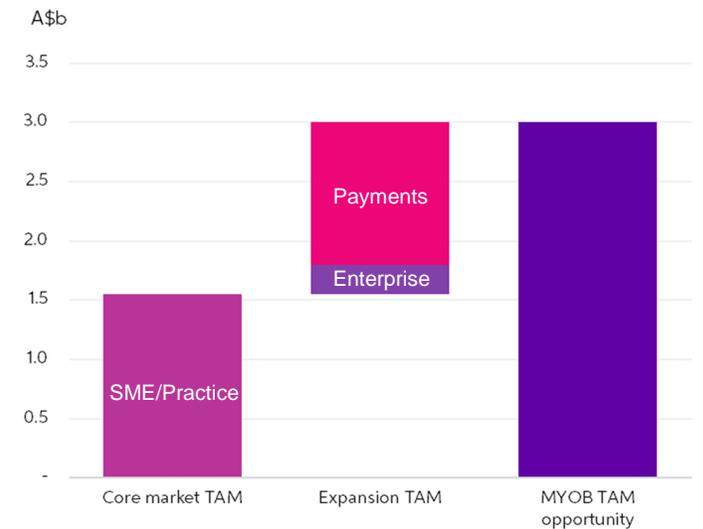


**Unique data / insights**



**Trusted brand**

## 3. Increases MYOB TAM



# Five key payment trends driving MYOB's payments strategy

## Sophisticated AI Fraud Tools

Minimising fraud losses and increasing revenue through smarter fraud detection and liability shift

## Increasing Choice of Payment Methods

Offer more payment choices for customers with a focus on emerging alternate payment types with significant customer bases

## Secure Remote Commerce

Partnership between AMEX, Visa and Mastercard to unify and streamline their online checkouts to make online digital payments more secure and interoperable

## Open Banking and New Payments Platform (NPP)

Combination of Open Banking and NPP opening up opportunities for real time irrevocable payments, richer data and payment initiation by external parties

## Virtual Cards and B2B Payments

Growing focus on B2B payments and delivering automated payment solutions that drive processing efficiencies and deliver working capital benefits

# Why we're strategically well positioned to penetrate this market

## Already entered

1

Online Invoice Payments

\$50bn  
Invoice value

Payments from invoices sent by MYOB customers to their end customer

2

Enterprise Payments (MYOB PayBy)

\$5bn  
Transactions p.a.

Payments processed through MYOB's gateway for Enterprise customers

3

SME Lending

40%  
Pre-qualified

MYOB SMEs pre-qualified for a loan

4

Supplier Payments

\$300m  
ABA files/week

Payments from MYOB customers to their suppliers

5

Payroll Intermediary

1 in 4 Employees  
in Australia

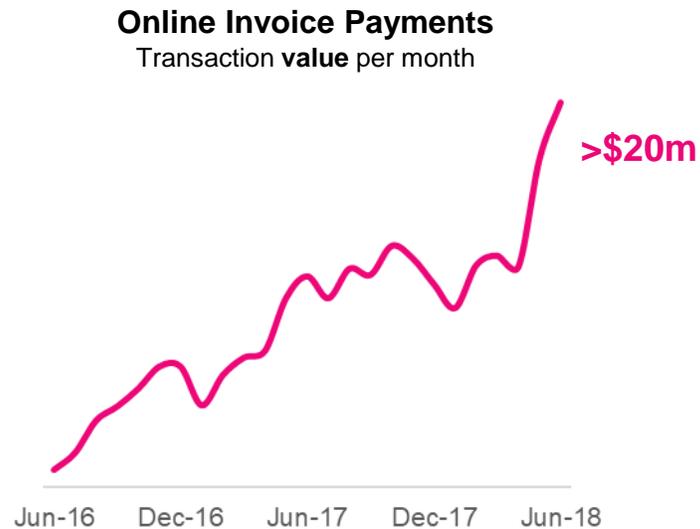
1 in 3 NZ employees  
are paid wages  
via an MYOB product

Payments from MYOB customers paying their employees, ATO etc.

## Near-term opportunities

# 1. Online Invoice Payments

Strong growth facilitating >23k invoices payments per month, worth >\$20m from >12k merchants



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

More payment types added in 2018 and early 2019



Q2 2018



Q1 2019

Linkage to core SME software

- Invoice reminders
- Invoice lists / statements

Underlying operational capabilities



Fraud detection & prevention

## 2. Enterprise Payments

**myob payby**  
the way to pay



### PAYMENTS GATEWAY

connects to all major banks, includes card vault with tokenisation



### MERCHANT SERVICE FACILITY

payment facilitator with three banks



### FRAUD MANAGEMENT SERVICES

monitor fraud transactions

## Roadmap

### More potential payment types

- China Union Pay
- Apple / Android Pay
- Masterpass
- EFTPOS Online
- POLi / CIDD

### Futureproofing

- Fraud – 3DS 2.0
- Lifecycle management of cards & tokens (SRC)
- NPP and open banking

### 3. SME Lending

Providing access to leading financing solutions for SME's, creating cash flow and easing time restraints



#### Simple process

Application finished in minutes either online or by phone. Approval and funding in as fast as 24 hours.



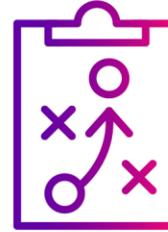
#### Providing financing solutions to more businesses

Application assessed beyond credit score alone.



#### No security required

Unsecured business loans from \$10,000 - \$250,000 over 6 to 24 months.



#### Tailored loan options

Leveraging sophisticated data analytics.



#### Loans presented in context

Within MYOB SME solutions.



#### Programmatic marketing

Driven by MYOB's deep customer insights.

## 4 & 5. Supplier and Payroll Payments

Strategic partnership with Mastercard extends payment opportunities

*Supplier and Payroll payments within MYOB software opens up \$200bn market opportunity*

### Attractive opportunity



**\$900bn**

Estimated value of SME supplier payments in Australia



**\$160bn**

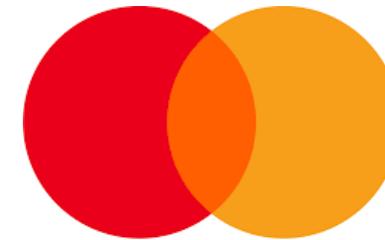
Supplier payments from AccountRight Live customers p.a.



**\$40bn**

Payroll payments from AccountRight Live customers p.a.

### Strategic partnership to enter



**mastercard.**

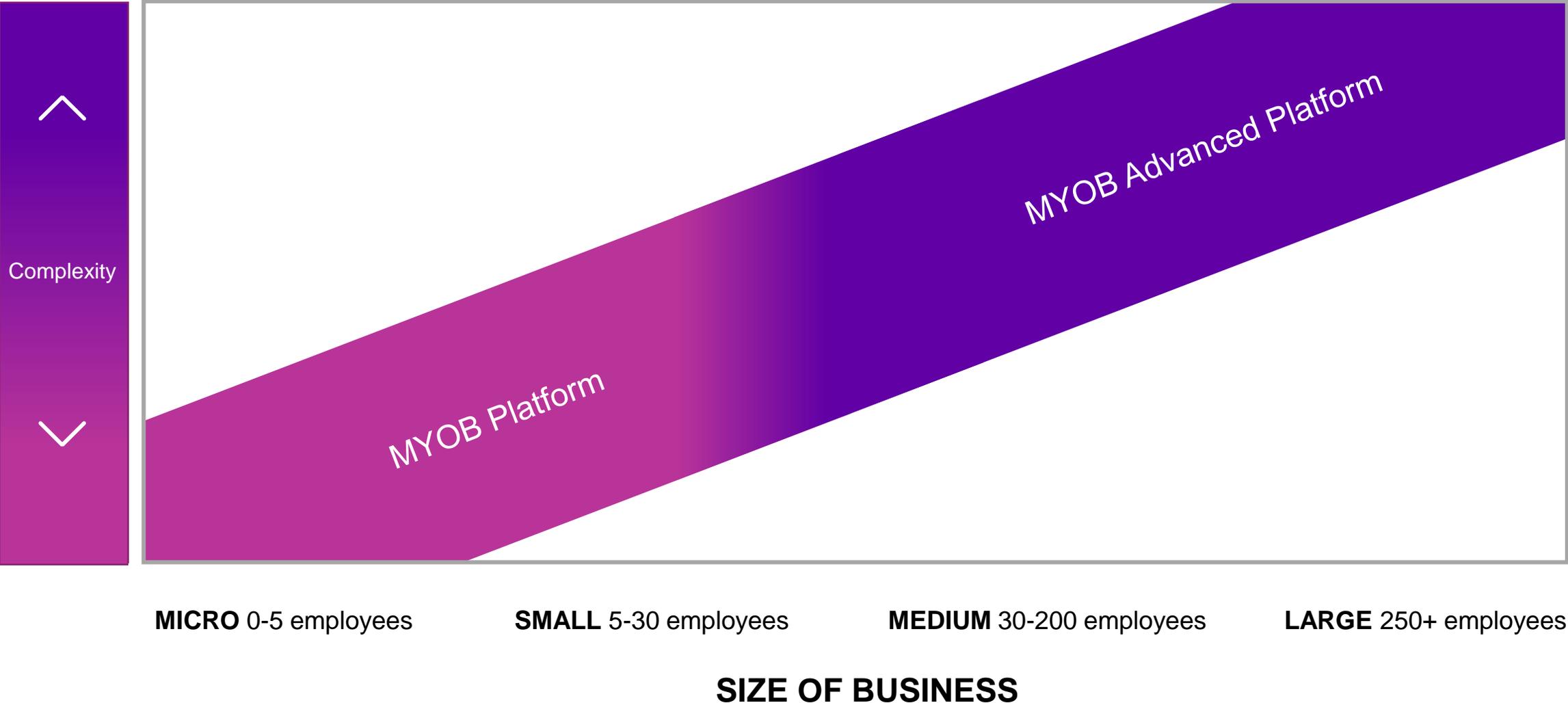
- Integrated solution enabling SMEs to pay suppliers/employees directly within software
- Dual debit/credit card solution, partnering with Mastercard
- Segmented approach allows solution for cost conscious customer vs. those valuing cash-flow/rewards from credit card

# ***ENTERPRISE SOLUTIONS***



**Andrew Birch**  
Chief Operating Officer

# Enterprise offers small businesses a migration path to ERP and Enterprise HRM as their business grows

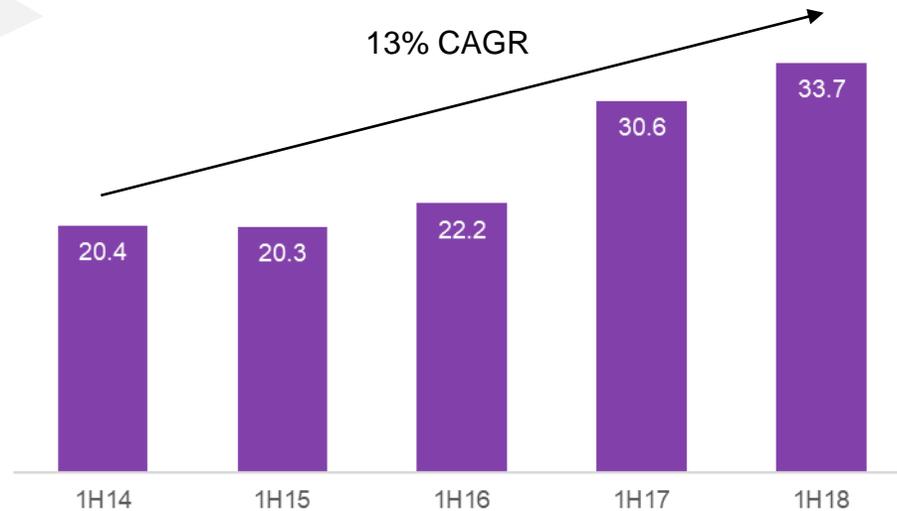


# Enterprise Solutions continues to be a significant growth opportunity for MYOB

*“MYO has grown its share of the ANZ Enterprises to ~10-12% today...we think MYO could grow to 25-35%, as they’re tapping into new space, higher tier enterprises with a leading cloud product that’s being recognised within the industry”*

*Morgan Stanley Research*

## Enterprise 1H ANZ Revenue (A\$m)



## Key Growth Drivers

- All ERP clients are paying users
- ERP client retention is high
- ERP sales are leveraged through channel partners
- Pricing power exists due to functionality enhancements
- Cloud ERP clients increase user numbers as they grow

# MYOB Advanced growing rapidly with strong uptake

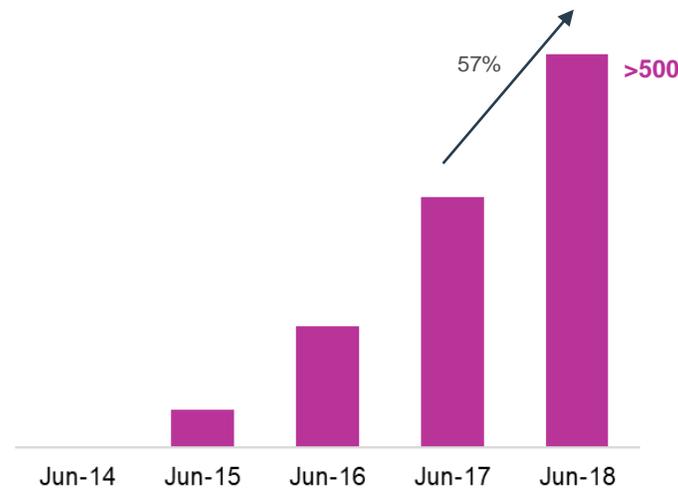
## MYOB Advanced

- Launched in 2015
- Built using the Acumatica platform
- Developed out of New Zealand
- Sold through a channel of ~40 resellers across Australia & NZ
- Fastest selling cloud ERP in ANZ

## Key Industry Verticals

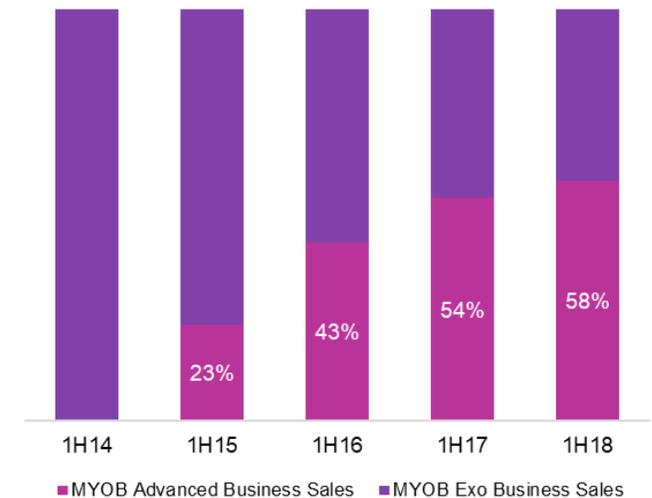
- Wholesale Distribution
- Manufacturing
- Professional Services
- Financial Services
- Not For Profit / Government

## Advanced Business subscription model driving strong recurring revenues



MYOB ADVANCED BUSINESS SITES

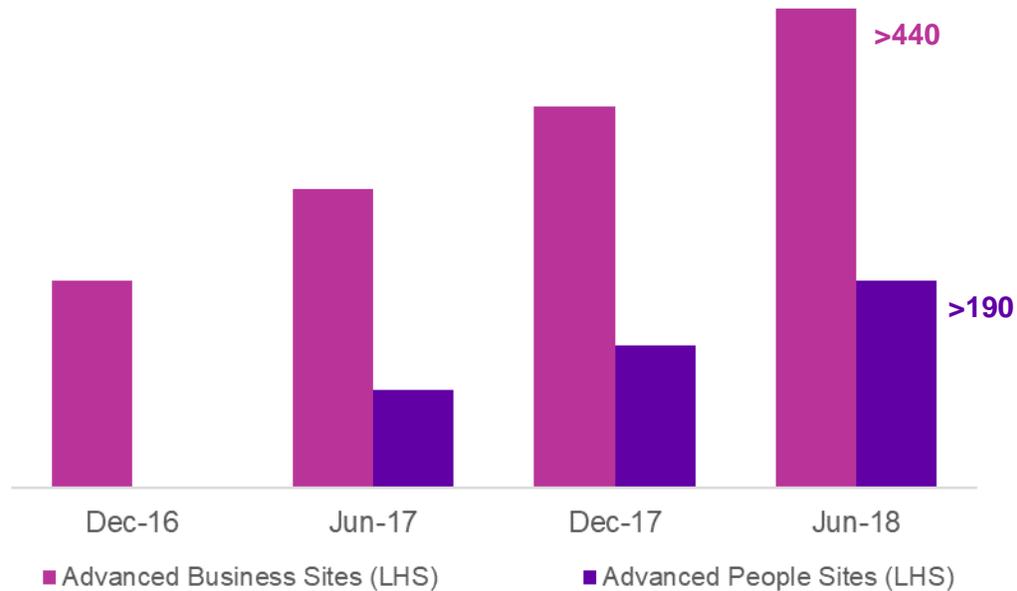
## Mix shift towards MYOB Advanced as market demand towards cloud ERP increases



MYOB ENTERPRISE ERP SALES MIX

# Advanced People is a competitive differentiator for MYOB

Advanced People Uptake (AU sites)



## Advanced People

- Native Cloud Payroll
- Launched late 2016
- Competitive differentiator
- ARPU driver
- Retention Driver

# MYOB and Acumatica

## MYOB

- Accelerated development cycle
- Fast to market in ANZ
- Cost effective feature delivery
- Exclusive strategic relationship
- Minority equity stake
- Board seat

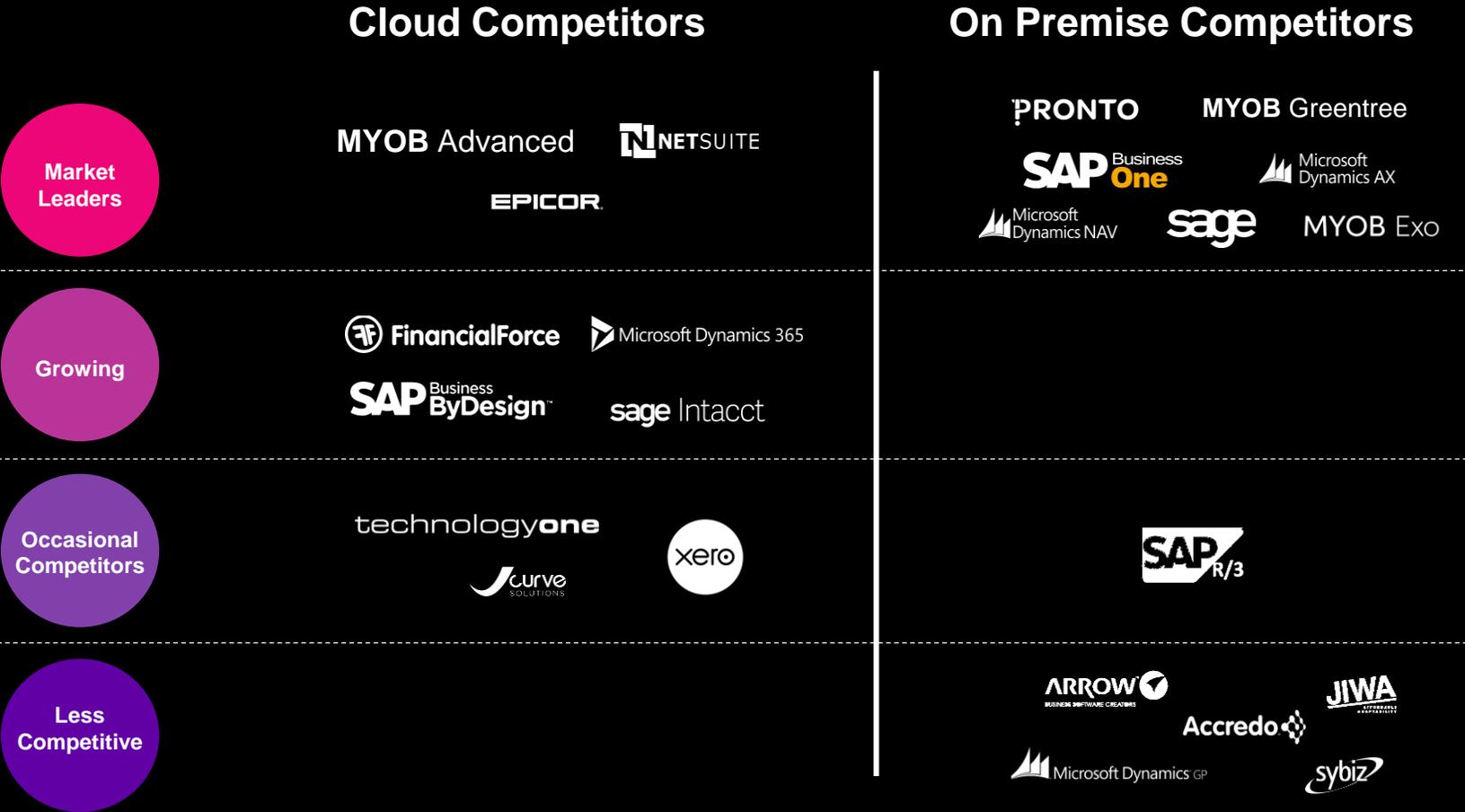
## Acumatica

- Economies of scale of product development
- One of the fastest growing ERP providers globally
- IDC ranks Acumatica as a major player in cloud ERP segment
- Gartner ranks Acumatica as a visionary in its Magic Quadrant for Cloud ERP



Source: Gartner (May 2018) Magic Quadrant for Cloud Core Financial Management Suites for Midsize, Large and Global Enterprises

# Highly competitive and fragmented market, 'local focus' key differentiator for MYOB





myob simplify  
success