FY18
RESULTS PRESENTATION

Presenters | **Tim Reed** Chief Executive Officer
Richard Moore Chief Financial Officer
21 February 2019

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

Contents

FY18 BUSINESS HIGHLIGHTS

FY18 Highlights

Solid financial results through investment period; in line with FY18 Guidance

Online subscribers up 57% to 628,000

Revenue

$445m ↑ 7% YEAR ON YEAR

Recurring revenue up 7% to $430 million, or 97% of total revenue

Underlying EBITDA

$190m → Flat YEAR ON YEAR

Statutory EBITDA down 1% to $181 million

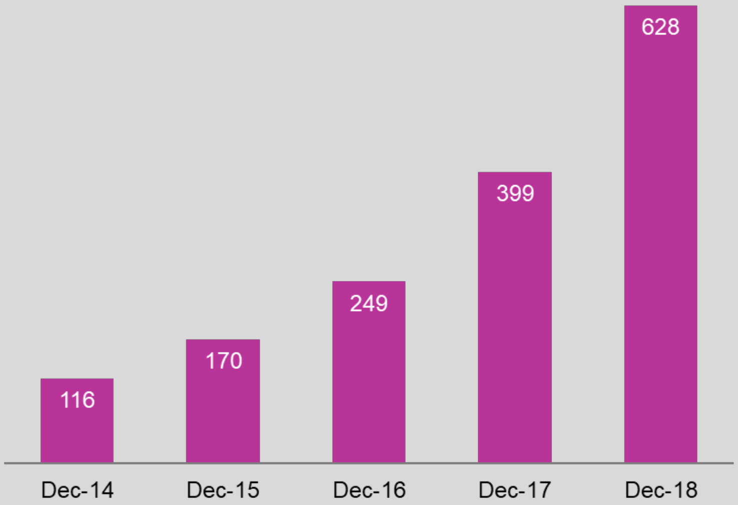
NPATA

$104m ↑ 2% YEAR ON YEAR

NPATA EPS up 4% to 17.6 cents

Online Subscribers

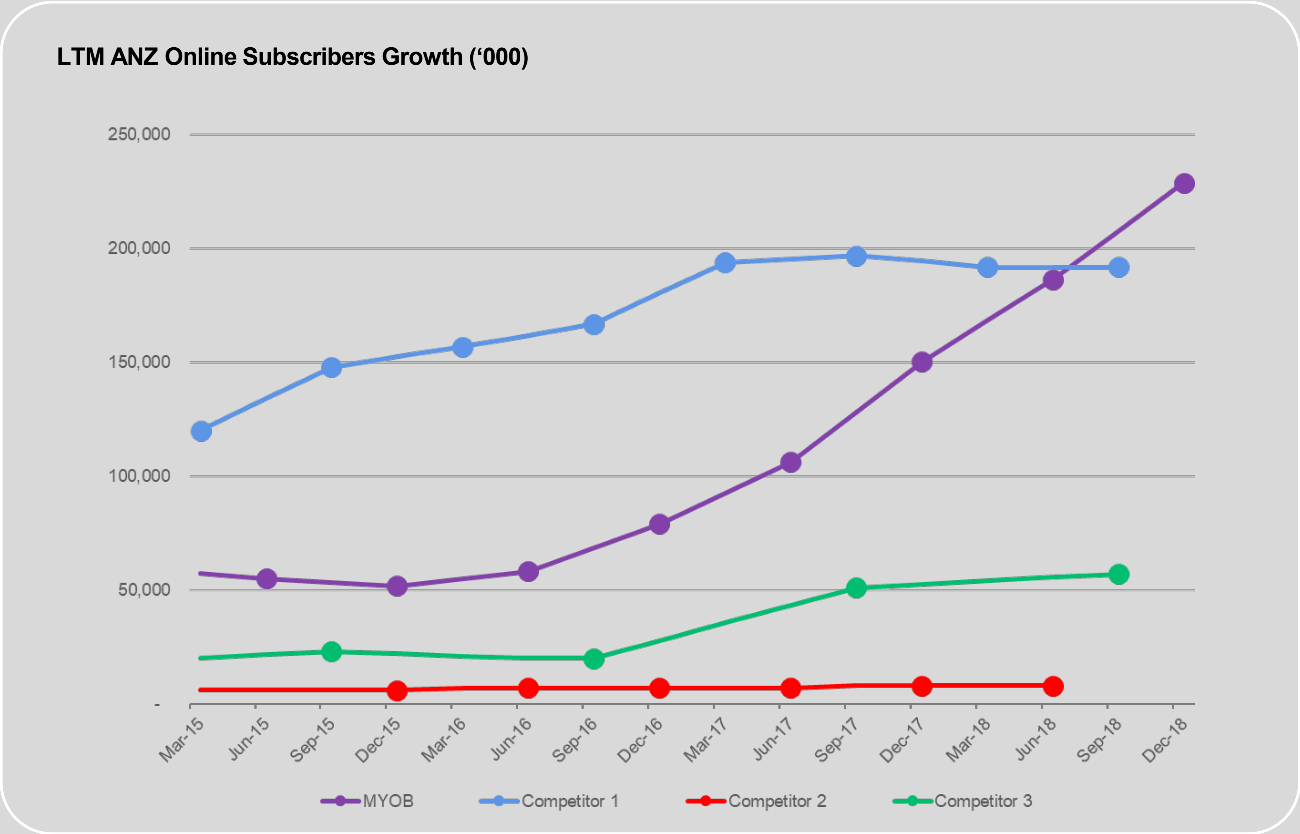
628k ↑ 57% YEAR ON YEAR



FY18 Highlights

#1 in online subscriber growth, adding 229,000 online subscribers over past 12 months

On track to reach our 1 million goal in 2020



NOTE: LTM = Last 12 months

STRATEGY **AND** GROWTH DRIVERS

Our Strategy

Driving growth and creating long-term value for our shareholders

Accelerate growth in existing markets		Penetrate new markets already opened		Strengthen core and new TAM
1 Growing online subscribers	2 Increasing Lifetime Value	3 Increasing TAM through Payments and SME Lending	4 Increasing share and TAM through Enterprise	5 Strategic Acquisition Opportunities

FY18 – FY22 : Investing for future growth

$50m **MYOB Platform** acceleration

- Accelerate development of the **MYOB Platform** to win new accounting practices, leading to a corresponding increase in SME referrals

$30m **Sales and Marketing** investment

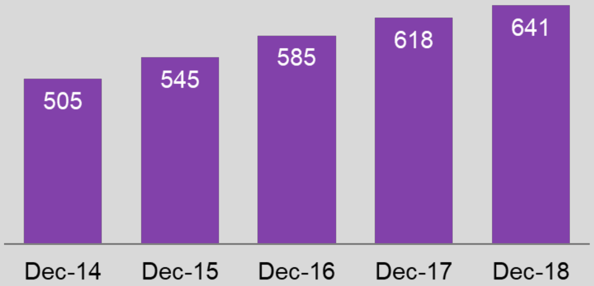
- Increase **adviser sales team to drive** increases in the number of referrals from our adviser base
- Increase **marketing spend** over a 2 year period to ensure direct SME purchases remain strong and long-term CAC months remains <12

BUSINESS PERFORMANCE

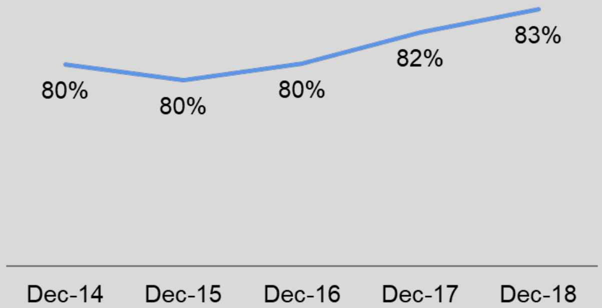
Accelerate growth in existing markets

Increasing Lifetime Value by growing our subscriber base, improving retention and lifting ARPU

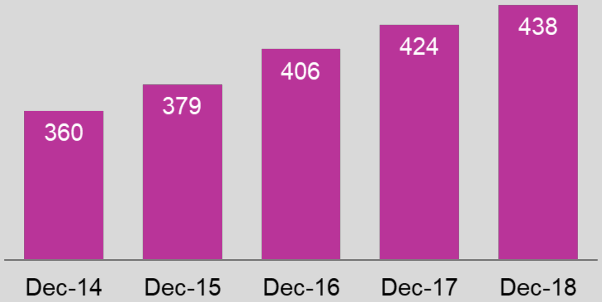
SME Paying Subscriptions (k)



SME Paying User Retention



SME ARPU ($)



Paying subs up

10%

Churn down

12%

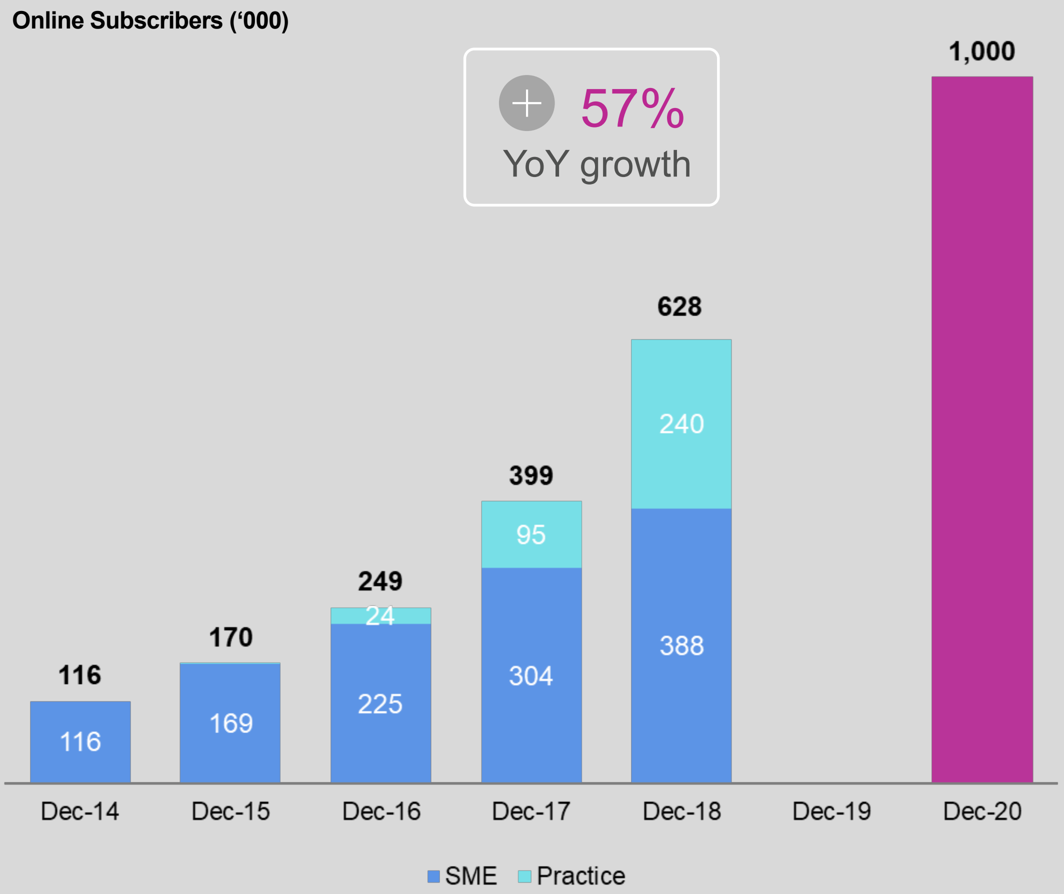
ARPU up

8%

Combined these have increased the lifetime value of SME base by 30% **in the past 2 years**

Online Subscribers up 57% reaching 628,000

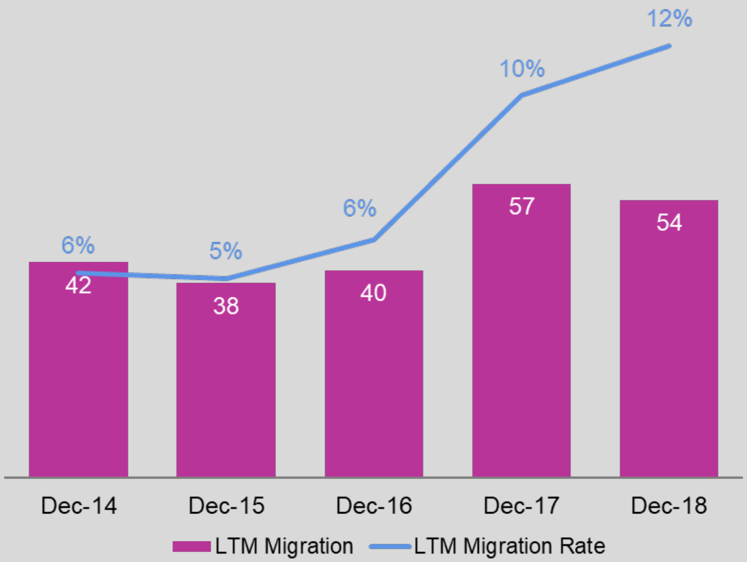
Growth surging ahead; on track to reach 1 million in 2020



Migrations and New Sales performing well

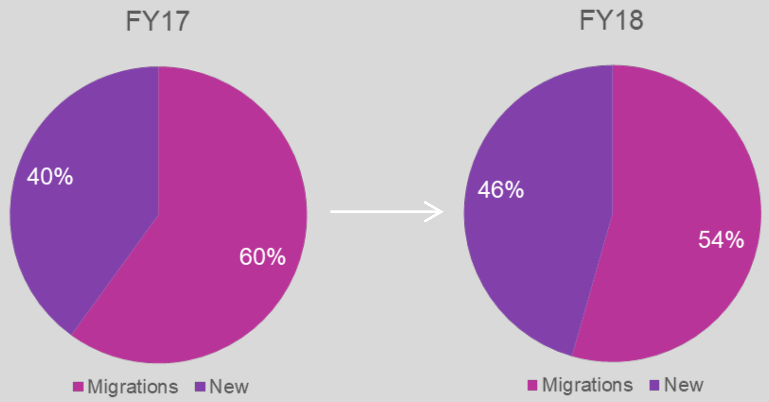
Subscriber growth supported by continued strong migrations from non–paying base and sales to new SMEs

Online DIY Migrations ('000)
(Non-paying, active DIY to paying cloud subscribers)



Maintained **double-digit migration rate** from active, non-paying base in FY18

Mix of gross DIY additions



Sales to **new SMEs** are becoming a greater proportion of DIY additions in FY18, as the total gross adds increase

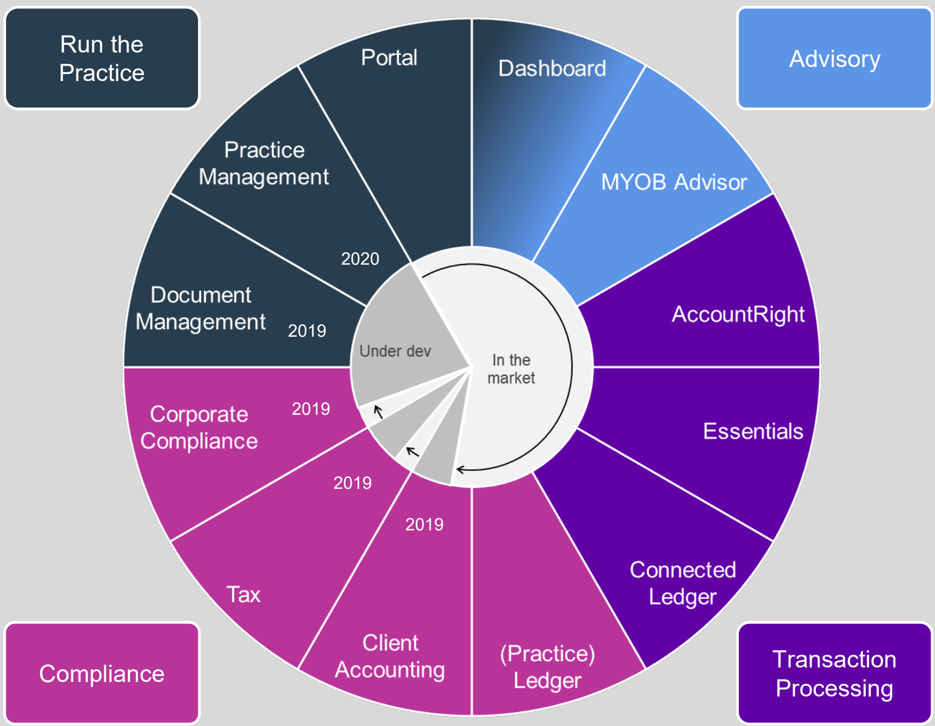
NOTE: LTM = Last 12 months

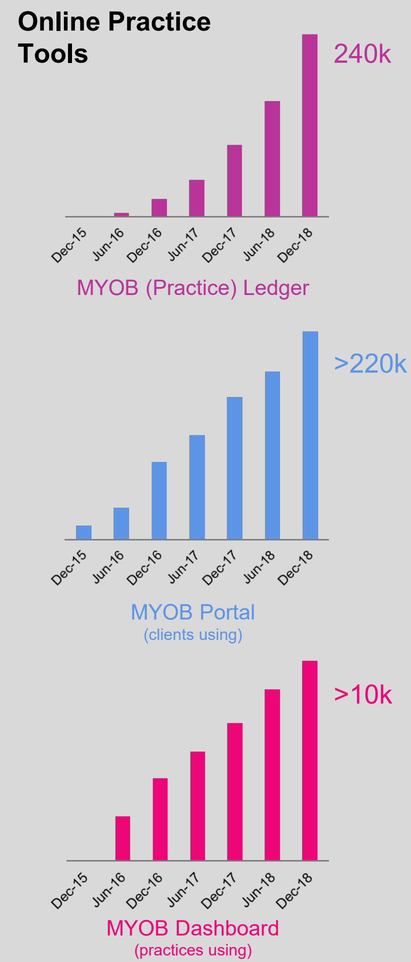
Delivery of the MYOB Platform is accelerating

New features in market and more modules now under development

The MYOB Platform

- Delivering a single, integrated and efficient online platform. A clear differentiator for MYOB and our clients.
- More than half of the platform modules are developed and already in market; with ongoing enhancements continuing.
- 2018 saw significant progress in compliance (client accounting and tax), corporate compliance and document management with dates for these modules to be in market, accelerated to 2019.
- Practice management module advanced and now under development.





> *I have found using Corporate Compliance beta very easy to use for setting up small companies. It is extremely helpful being able to apply for the ABN and TFN at the same time as applying for registration of a new company.*
>
> MGI Adelaide

Sales & Marketing acceleration

$30m invested into Sales & Marketing to drive growth in online subscribers

1 Brand

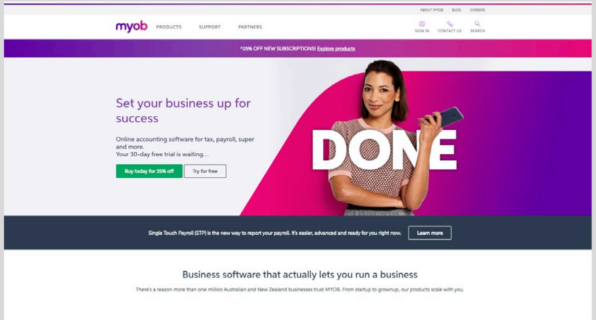
Increase presence of MYOB brand in market to drive awareness, consideration and preference across ANZ

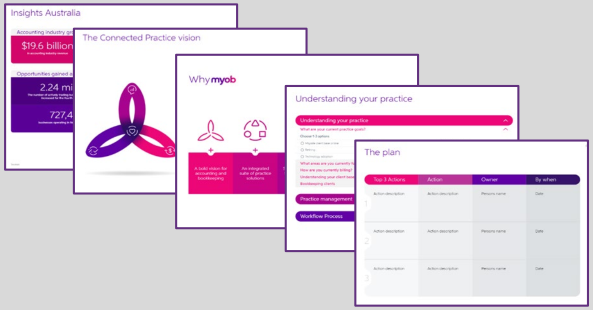
2 Direct SME Sales

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

3 SME Sales via Advisers

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





- Advertising share of voice
- SME brand consideration
- Start up MYOB consideration

↑ YEAR ON YEAR

- # of new visits to myob.com
- Direct SME sales
- Trial conversion rate

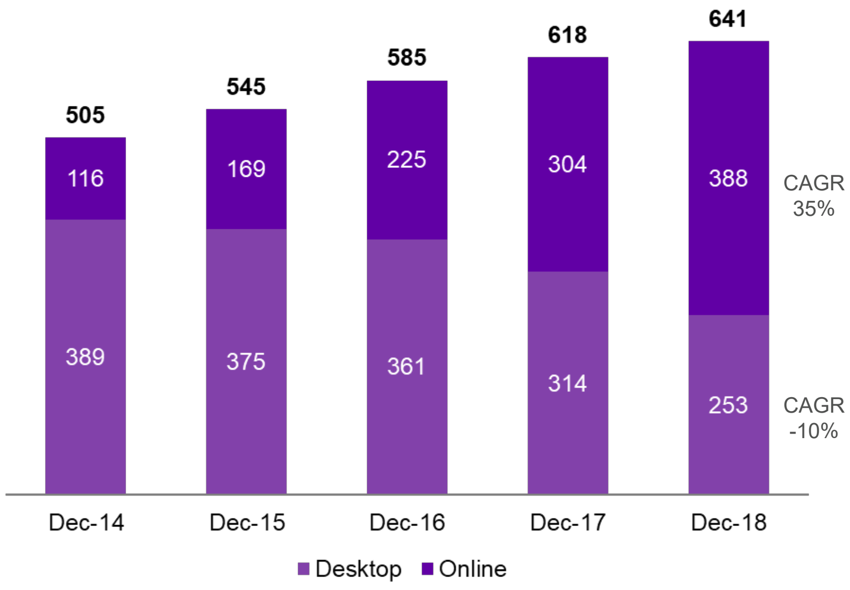
↑ YEAR ON YEAR

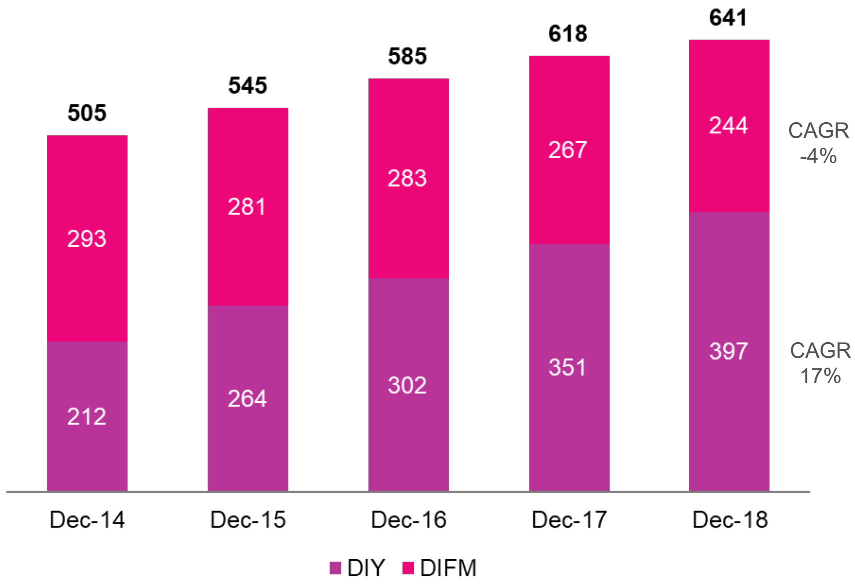
- New sales & sales operations team members
- Connected Ledger sales
- “Most referred” brand for accountants and bookkeepers

↑ YEAR ON YEAR

SME Paying User trends continue

As outlined at Nov '18 Investor Day



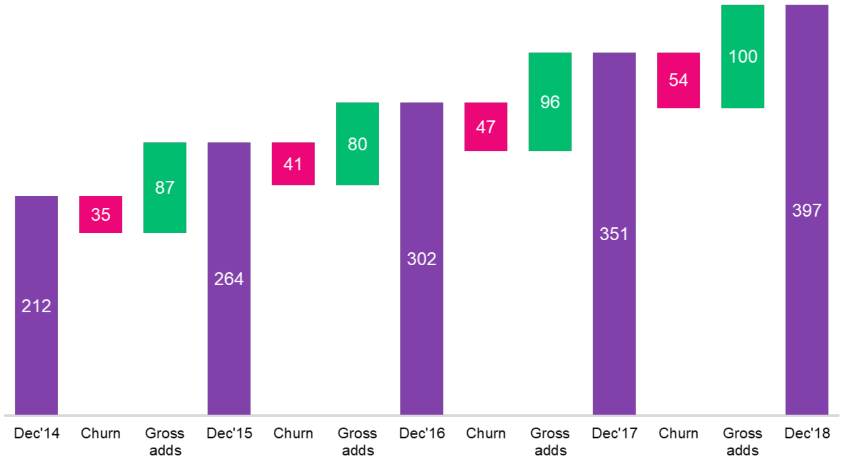


- Online clients growing quickly (35% CAGR since FY14), making up more than 60% by volume and over 77% by value

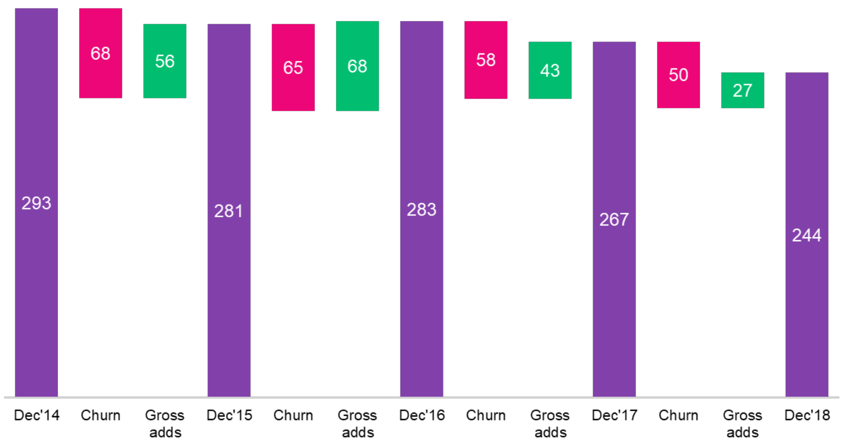
- DIY growing at 17% CAGR since FY14; now 88% of value, 62% of volume of SME subs
- DIFM declining at -4% CAGR since FY14; now 12% of value, 38% of volume of SME subs

DIY gross adds continue to grow

SME Paying Users (DIY) – Gross Adds & Churn



SME Paying Users (DIFM) – Gross Adds & Churn



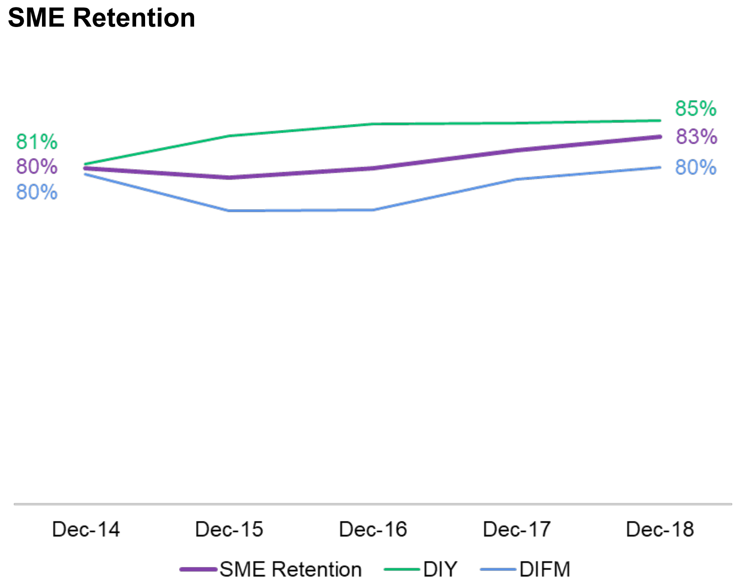
- DIY retention rate is stable at 84%-85% since 2016
- Gross adds are increasing – driven by both sales to newly formed SMEs and migrations from non-paying

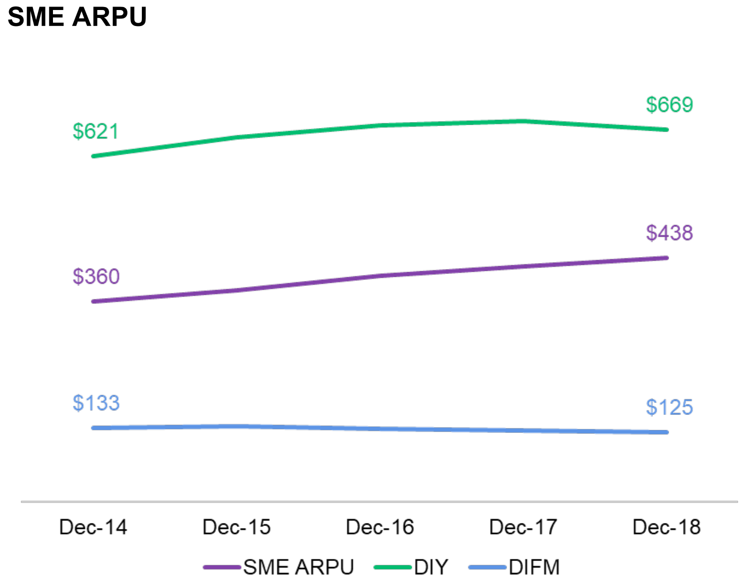
DIFM churn and gross adds have reduced since 2016, driven by:

- Replacement product announcement leading to practices taking a "wait and see" approach
- Usage audit at the time of migration resulting in less than 100% of subscriptions being migrated to the new solution

Long-term DIFM picture is positive, with 20% of the DIFM base now online with Connected Ledger

Retention & ARPU trends remain strong





- DIY retention rates have improved 4ppts over the past 4 years; DIFM stable
- Mix shifting to DIY / Online solutions also contributing to the improved overall performance
- Note: Online DIY solutions retention is approx. 1% higher than desktop solutions

ARPU growth (5% CAGR since FY14) has been a function of:

1) DIY (+2% CAGR):
+ Annual Price increases in DIY products
- Competition driving higher discounting for new sales
- Channel shift to Advisers who receive wholesale pricing

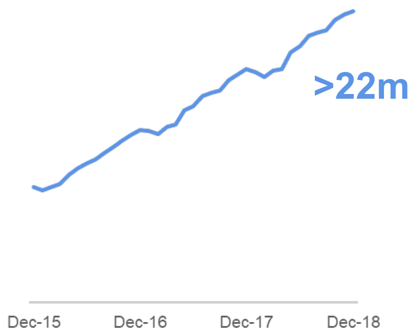
2) DIFM (-2% CAGR)
- No price increases since 2015

3) Positive impact of mix shift from DIFM to DIY

Strong Growth in Online Connected Services

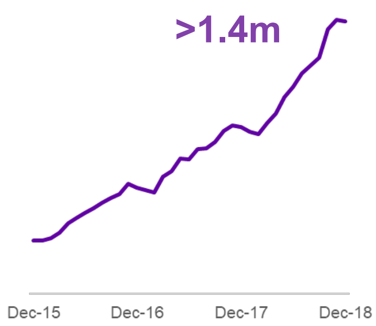
New STP product announced

Monthly **bank transactions** fed to online solutions



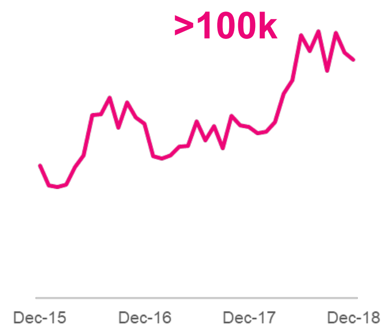
Up >25% since Dec-17

Smart bills
Processed per month



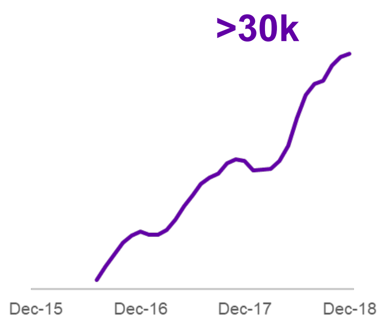
Up >60% since Dec-17

PaySuper
New employees paid (L3M)



Up >40% since Dec-17

Online Invoice Payments
Transactions per month



Up >80% since Dec-17

MYOB leading the way for Single Touch Payroll (STP)

- Single Touch Payroll requires small businesses to report payments directly to the ATO in a streamlined digital format
- Employers need to report payments (salaries & wages, pay as you go (PAYG) withholding, super contributions etc.) electronically, to the ATO at the same time they pay their employees

- From 1 July 2018, reporting through Single Touch Payroll for employers with 20 or more employees was mandated
- Employers with 19 or less employees will commence from 1 July 2019. ATO could make concessions to micro businesses, such as deferrals or exemptions, if needed

- MYOB will **release two new products** designed to make payroll processing and STP compliance as easy as possible:
  1. A fully-featured, simple payroll-only product $10/month (limited to 4 employees)
  2. Connected Ledger plus Payroll $30/month (limited to 4 employees)
- Expected release date – April 2019

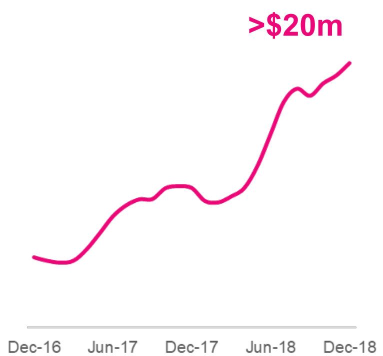
Payment Solutions expands TAM through partnership with Mastercard

Opens up c.$200bn transaction volume opportunity for MYOB

1. Accounts Receivable	2. Accounts Payable	3.Payroll Payments	4. Enterprise Customers

Online Invoice Payments

Transaction value per month



- Bpay and Amex
- Invoice reminders
- Invoice lists / statements
- Fraud detection & prevention

Strategic partnership with Mastercard

- Partnership provides an integrated solution for SMEs to pay suppliers and employees directly within MYOB software
- Debit/credit card solution (Eftpos, MC, Visa or Amex) for SMEs
- $200bn made in payments annually by MYOB's online accounting clients – this is a large market opportunity

MYOB 'IN PRODUCT' FUNCTIONALITY

Simplified payments solutions for larger enterprises and their customers

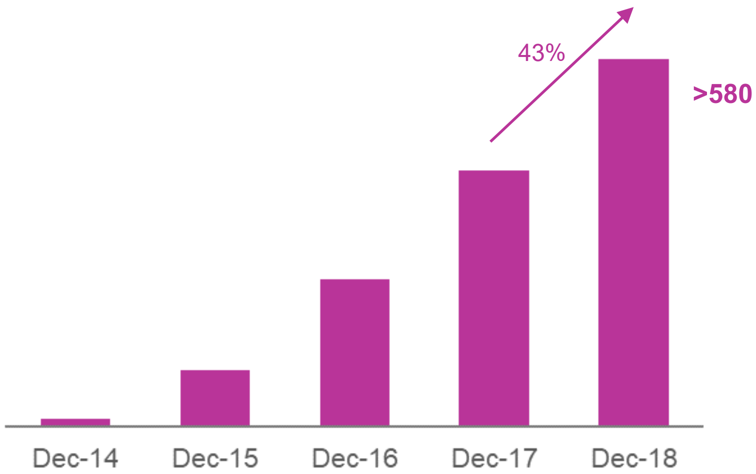
myob payby

- Stand-alone, merchant capabilities and card fraud detection solutions for larger enterprises
- In 2018 re-platformed to acquire and grow customer base, implemented fraud engine services and expanded merchant services and functionality
- Strategic relationships in place with EFTPOS Australia and China Unipay

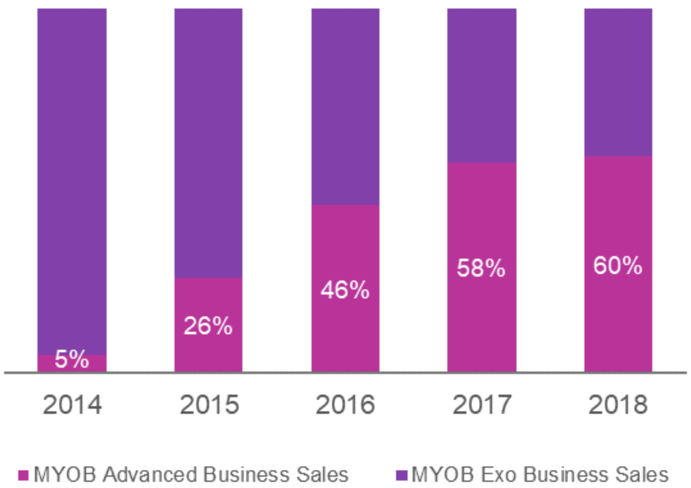
Enterprise

43% growth in MYOB Advanced ERP sites; surpassing >580 sites

MYOB Advanced Business Sites



MYOB Enterprise ERP Sales Mix



- MYOB Advanced has been recognised by Gartner in its Market Guide for Service-Centric Cloud ERP Solutions, amongst global profiles for major cloud ERP vendors
- Advanced People is a competitive differentiator for MYOB, now more that 230 sites, leading to increased ARPU

simplify success

Scheme of Arrangement with KKR

Transaction Overview

- On 23 December 2018, MYOB announced that it had entered into a binding Scheme Implementation Agreement (**SIA**) with Kohlberg Kravis Roberts & Co. L.P. (together with its affiliates **KKR**) under which KKR will acquire the shares that it does not own[1] by way of a Scheme of Arrangement (**Scheme**)
- If the Scheme is implemented, MYOB shareholders would be entitled to receive A$3.40 in cash per MYOB share. The offer price assumes no full year dividend is paid
- Under the SIA, MYOB cannot declare and pay any dividend without KKR's prior written consent. On the basis of this restriction, the MYOB Board has not declared a final dividend for the financial year ended 31 December 2018. If the proposed scheme of arrangement with KKR does not proceed, the MYOB Board will consider whether or not it will declare a special dividend at that time
- Pursuant to the SIA, MYOB and KKR had agreed to "go shop" provisions that permitted MYOB and its advisers to solicit competing proposals until 22 February 2019 with a commitment from KKR to sell its shareholding into, or vote in favour of, any Qualifying Superior Proposal[2]
- From 22 February 2019, customary matching rights and non-solicitation restrictions apply to a Superior Proposal (as defined in the SIA)
- In absence of a Superior Proposal[2] and subject to the independent expert concluding that the Scheme is in the best interests of the MYOB shareholders, the MYOB Directors unanimously recommend shareholders vote in favour of the Scheme

Indicative Scheme Timetable

Event	Expected Date
First court hearing	Mid-March 2019
Despatch of Scheme Booklet to MYOB shareholders	Mid to late March 2019
Scheme Meeting	Mid to late April 2019

NOTE:

1. KKR currently has a legal and economic interest in MYOB Shares of approximately 19.9%.

2. Qualifying Superior Proposal means a Superior Proposal in respect of 100% of MYOB shares that is at least 5% higher than KKR's scheme consideration of $3.40 in cash, that is recommended by a majority of the MYOB Board and in respect of which MYOB enters into an implementation agreement.

FINANCIAL SUMMARY

Solid financial results, in line with FY18 Guidance

A year of investment in sales, marketing and product

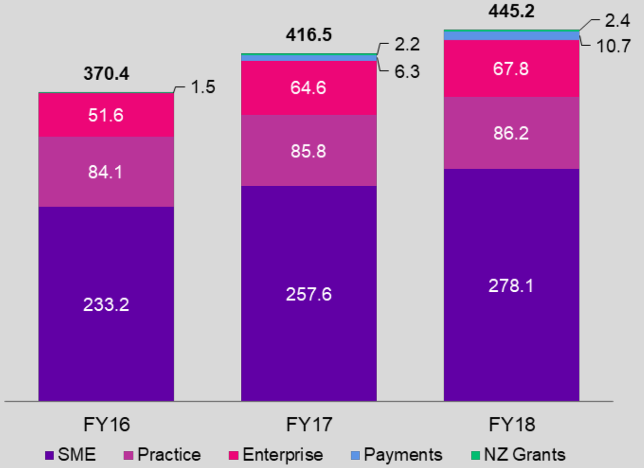
MYOB FINANCIAL PERFORMANCE

$M; 12 months ended 31 Dec	FY18	FY17	v FY17
Revenue	**445.2**	416.5	7%
Operating Expenses	**(255.6)**	(226.6)	13%
Underlying EBITDA	**189.6**	189.9	0%
NPAT	**63.8**	60.7	5%
NPATA[1]	**103.6**	101.6	2%
Recurring Revenue %	**96.5%**	96.1%	0.4%
Underlying EBITDA Margin %	**42.6%**	45.6%	(3.0%)

KEY MOVEMENTS

- Organic revenue growth is lower than FY17, as expected, due to the impact of price-led migration campaign in 2H17, the impact of which is lessening over time. The growth rate of 6.8% is up from 6.3% in 1H18, driven by higher SME APRU growth.
- Underlying EBITDA flat due to previously announced investment in sales and marketing (now 22% of revenue). Year on year underlying EBITDA growth would have been 5% excluding this additional investment.
- NPAT/NPATA growth positive due to one-off gain on the revaluation of a previously held equity accounted investment.

REVENUE BY SEGMENT ($M)



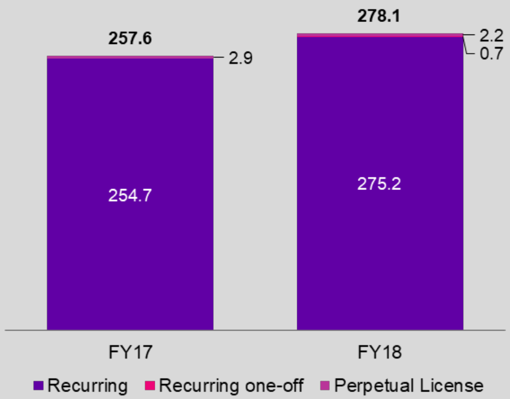
	Growth		
	FY16	FY17	FY18
C&P: SME Organic	11.3 %	10.5 %	7.7 %
C&P: Practice Organic	2.9 %	2.1 %	0.4 %
Enterprise Organic	10.6 %	7.5 %	8.2 %
Payments Organic			39.1 %
Total Organic	*9.1 %*	*8.3 %*	6.8 %
Total	**13.0 %**	**12.4 %**	**6.9 %**

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

Delivered 82% of total group revenue

SME REVENUE ($M)



	Growth	
	FY17	FY18
Recurring	11.1 %	8.1 %
Perpetual License	(28.7)%	(23.7)%
Total Organic	10.5 %	7.7 %
Total	**10.5 %**	**8.0 %**

SME Paying Subs (k)	618	641
YoY %	6%	4%
SME ARPU ($/yr)	424	438
YoY %	4%	3%
SME Retention	82%	83%
YoY % (ppt mvmt)	1.6%	1.2%

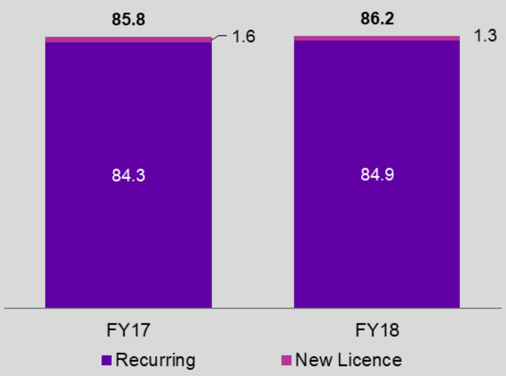
SME organic revenue growth of 7.7% driven by 8.1% uplift in organic recurring revenue, which now makes up 99% of total SME revenue.

8.1% organic recurring revenue growth coming from:

- 4.6% growth in average paying users
- 3.5% growth in ARPU

One-off revenue in FY18 relates to the consolidation of Kounta in December 2018.

PRACTICE REVENUE ($M)



	Growth	
	FY17	FY18
Recurring	2.4 %	0.7 %
New Licence	(9.9)%	(18.6)%
Total Organic	2.1 %	0.4 %
Total	**2.1 %**	**0.4 %**

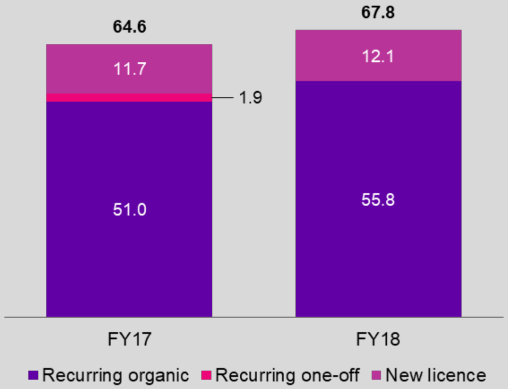
Practice revenue growth of 0.4%, slightly below FY17.

- Recurring revenue up 0.7%, driven by ~2% growth in subscription revenue offset by a reduction in services
- New software sales down 19% on prior year, as new online modules replacing desktop sales opportunities

Enterprise & Payments

Enterprise continues to deliver strong recurring revenue growth; Payments growing rapidly

ENTERPRISE REVENUE ($M)

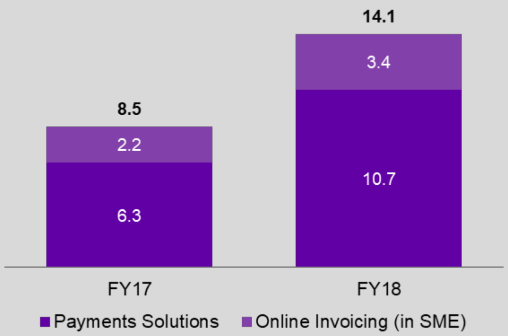


	Growth	
	FY17	FY18
Recurring	11.2 %	9.4 %
New Licence	(8.9)%	3.2 %
Total Organic	7.5 %	8.2 %
Total	**25.1 %**	**5.0 %**

Enterprise revenue continues to grow strongly, with 8.2% organic growth in FY18:

- Organic recurring revenue growth of 9.4% driven by continued strong uptake of MYOB Advanced, with Advanced Business sales continuing to make up more than half of MYOB ERP sales in FY18 (60 per cent)
- New licence revenue grew by 3.2% with continued strength in Tier 2 PayGlobal and Greentree products
- One-off revenue in FY17 relates to the sale of the Greentree UK business

PAYMENTS REVENUE ($M)



	Growth	
	FY17	FY18
PayBy (Organic)	N/A	39.1 %
Online Invoicing (in SME)	N/A	53.1 %
Total (Organic)	N/A	42.8 %
Total	**N/A**	**65.6 %**

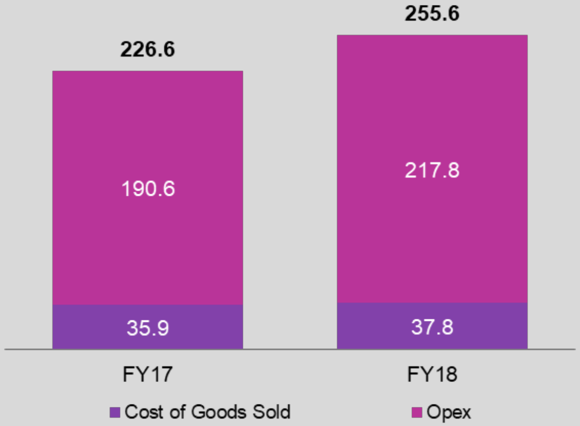
Payments revenue grew 66% in FY18:

- Payments revenue from the Paycorp acquisition (rebranded MYOB PayBy) grew by 70%, reflecting 12 months revenue in FY18 vs 9 months in FY17. Like-for-like growth rate 39%.
- Revenue from online invoicing (reported in MYOB SME revenue) grew by 53% (organically) as the number of merchants and transactions continues to climb, boosted by the introduction of BPAY in mid 2018.

Focused investment in Sales, Marketing and R&D

To accelerate online growth and capture market share

OPERATING EXPENSES ($M)



	FY17	FY18	YoY	% Revenue FY17	% Revenue FY18
Cost of Goods Sold	35.9	37.8	5%	9%	8%
Sales & Marketing	82.1	98.1	20%	20%	22%
Services & Support	34.7	38.2	10%	8%	9%
Research & Development	32.5	31.8	(2%)	8%	7%
General Office / Admin	41.4	49.6	20%	10%	11%
Total COGS/Opex	**226.6**	**255.6**	**13%**	**54%**	**57%**

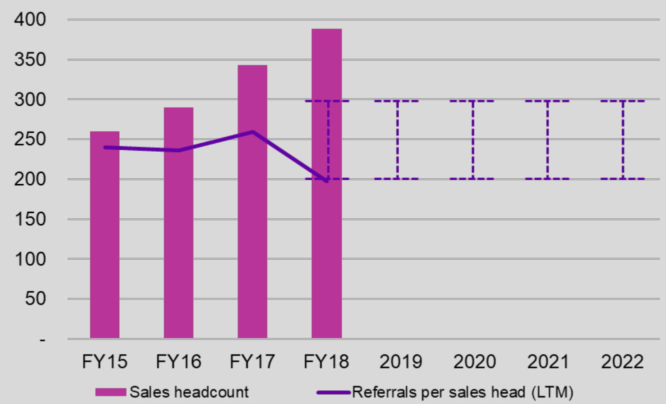
Total expenses up 13% year on year, driven by full year impact of acquisitions and investment in Sales & Marketing, specifically:

- Increased investment in Sales & Marketing (now 22% of revenue) to support investment in the MYOB Platform and the growth in online subscribers. Approximately $9m 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

Sales & Marketing Investment Metrics

In line with expectations

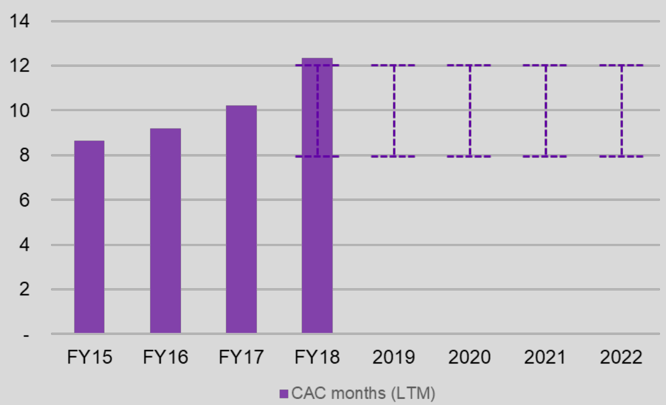
SALES HEADS AND REFERRALS



SALES

- Sales headcount increased by 45 (13%) during 2018, with the total expected to be >400 early in 2019
- As expected, referrals per sales FTE is at the lower end of the range as the team builds, this will improve as productivity increases

CAC MONTHS



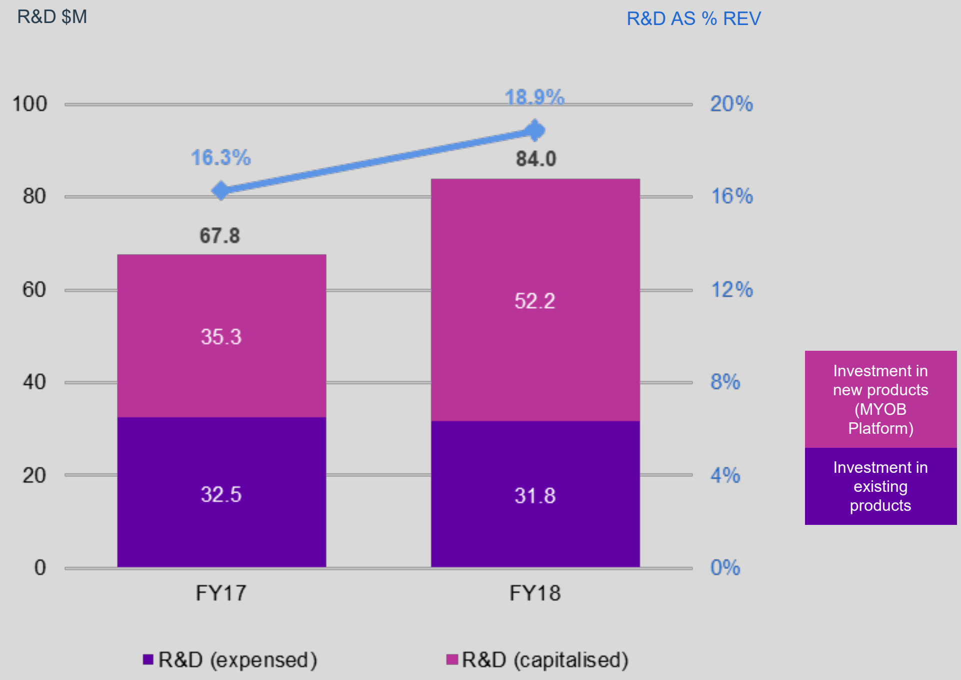
MARKETING

- Sales & Marketing expense attributable to growing SME subscribers was up 18% year on year, broadly in line with total Sales & Marketing expense growth
- FY18 CAC months is 12.2. This sits at the top of the expected 8-12 month CAC months range, and is expected to drop as initiatives gain traction

Investing to deliver the MYOB Platform

Underpins our Connected Practice vision for the industry

PRODUCT RESEARCH AND DEVELOPMENT COSTS



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

Total FY18 R&D investment of $84m, or 18.9% of revenue, is in line with guidance:

- All of the increased investment has been spent on the MYOB Platform (yet to generate revenue), resulting in faster growth of capitalised spend over expensed[1]
- Approximately $12m of the $50m Platform acceleration has been invested to date (all capitalised)
- For FY19 we expect investment levels to be approx. 20% of revenue 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.

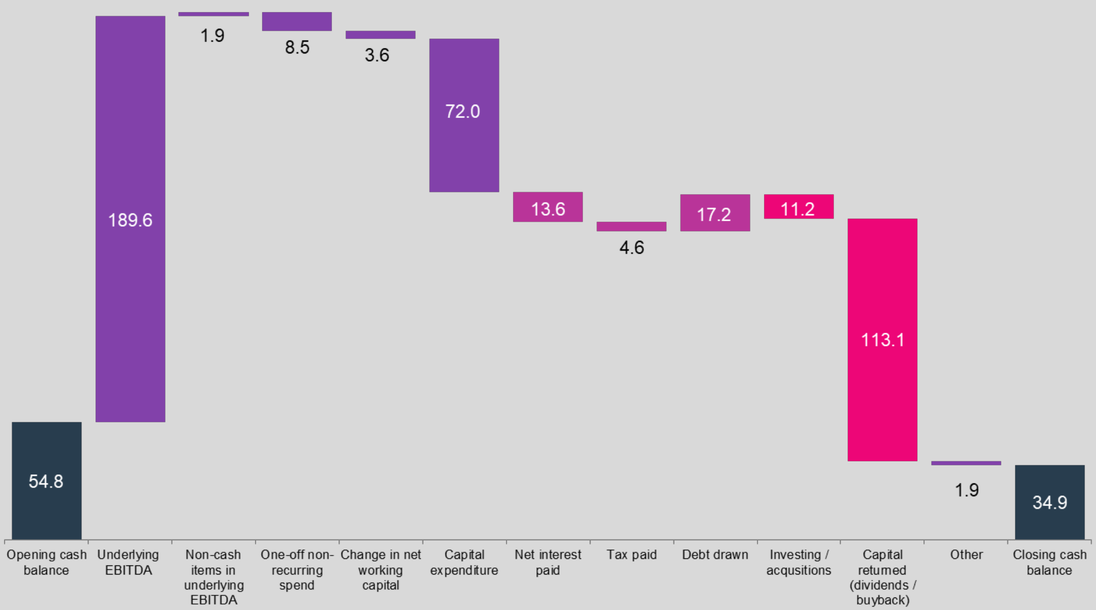
- Any development on products already generating revenue is expensed. This spend is on both online and desktop solutions.
- Any development on products that will create a benefit in future periods is capitalised. e.g. the MYOB Platform, internal CRM systems.
- Previously capitalised spend starts amortising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

simplify success

Cash flow conversion and free cash flows remain strong

$113 million capital returned to shareholders in 2018

CASH FLOW ($M)



CASH FLOW CONVERSION

Operating cashflow, $M	FY18	FY17
Statutory EBITDA	**181.0**	**182.2**
Non-cash items in EBITDA	1.9	1.9
Change in net working capital	(3.6)	(1.8)
Operating free cash flow before capital expenditure	**179.3**	**182.4**
Research and development capex	*(52.2)*	*(35.3)*
PPE and other capital expenditure	*(19.8)*	*(15.8)*
Capital expenditure	(72.0)	(51.1)
Net free cash flow before financing, tax and dividends	**107.3**	**131.2**
Cash conversion %	***59%***	***72%***

- Cash conversion of 59% is lower than FY17 due to higher capex (predominantly R&D)
- Net free cash flow of $107 million, in line with guidance (>$100m)
- Investing/acquisitions relate to increased investment in equity accounted investments and purchase of MyAdvisor
- $113m returned to shareholders through dividends and accelerated share buyback
- Net debt / EBITDA ~2.2x as at 31 December 2018

OUTLOOK

Guidance

Measure	2018	2019	Target 2022
Organic revenue growth	6.8%	6% - 8%	High single digit %
Research & development[1]	18.9%	~20%	<16%
Underlying EBITDA margin[2]	42.6%	>38%	>45%
Free cash flow[3]	$107m	>$100m	>$200m

Amendments to previously stated 2019 guidance:

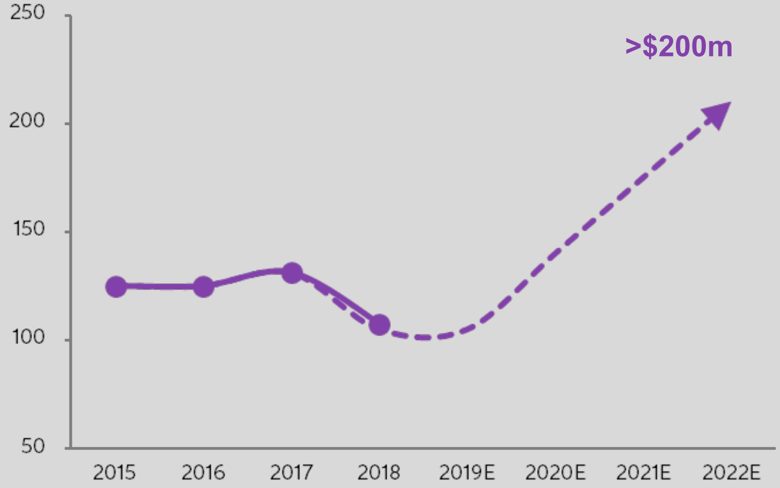
- Organic revenue growth expected to be in the range of 6% - 8% (previously "high single digit")
- R&D spend expected to be approx. 20% (previously <20%)
- Underlying EBITDA expected to be >38% (previously >40%) impacted by the consolidation of Kounta in December 2018

NOTE:

1. Total R&D (opex + capex) as a percentage of revenue
2. Underlying EBITDA as a percentage of revenue
3. Statutory EBITDA less net working capital and capex

Medium-term targets unchanged

CASH FLOW ($M)



- Online subscribers: 1 million in 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

	FY16	FY17	FY18
MYOB Group			
Number of online subscribers ('000s)	249	399	**628**
Revenue growth %	13%	12%	**7%**
Organic revenue growth %	9%	8%	**7%**
Recurring revenue as a % of total revenue	96%	96%	**97%**
Underlying EBITDA Growth %	12%	11%	**0%**
Underlying EBITDA Margin %	46%	46%	**43%**
NPATA Growth %	8%	10%	**2%**
NPATA Margin %	25%	24%	**23%**
Product development costs as a % of total revenue	15%	16%	**19%**
Clients & Partners			
Number of online SME subscribers ('000s)	225	304	**388**
Number of SME paying users ('000s)	585	618	**641**
Average SME user retention rate (%)	80%	82%	**83%**
SME Average revenue per paying user (ARPU) ($)	406	424	**438**
SME revenue growth %	14%	10%	**8%**
SME Organic revenue growth %	11%	10%	**8%**
Recurring revenue as a % of SME revenue	98%	99%	**99%**
Number of online practice ledgers ('000s)	24	95	**240**
Practice revenue growth %	3%	2%	**0%**
Recurring revenue as a % of Practice revenue	98%	98%	**98%**
Enterprise Solutions			
Revenue growth %	26%	25%	**5%**
Organic revenue growth %	11%	7%	**8%**
Recurring revenue as a % of Enterprise Solutions revenue	80%	82%	**82%**
Payment Solutions			
Revenue growth %	N/A	N/A	**70%**

Income statement and reconciliation of statutory to underlying EBITDA

$m	FY18	FY17	v FY17
Revenue			
Clients & Partners: SME	**278.1**	257.6	8%
Clients & Partners: Practice	**86.2**	85.8	0%
Enterprise Solutions	**67.8**	64.6	5%
Payment Solutions	**10.7**	6.3	70%
Group	**2.4**	2.2	10%
Total Revenue	**445.2**	**416.5**	**7%**
COGS	**(37.8)**	(35.9)	5%
Staff related expenses	**(154.9)**	(140.7)	10%
Marketing	**(21.9)**	(17.0)	29%
General office / administration	**(41.0)**	(32.9)	25%
Total operating expenses	**(255.6)**	**(226.6)**	**13%**
Underlying EBITDA	**189.6**	**189.9**	**(0%)**
One-off non-recurring expenses	**(8.6)**	(7.7)	12%
Statutory EBITDA	**181.0**	**182.2**	**(1%)**
Depreciation	**(9.2)**	(6.8)	36%
Amortisation of capitalised inhouse software	**(23.6)**	(15.5)	52%
EBITA	**148.2**	**159.9**	**(7%)**
Amortisaton of acquired intangibles	**(56.9)**	(58.4)	(3%)
EBIT	**91.3**	**101.4**	**(10%)**
Net interest expense	**(15.5)**	(13.6)	14%
Gain on revaluation of previously held equity accounted investment	**12.0**	-	N/A
Share of losses from equity accounted investments	**(2.7)**	(2.4)	13%
PBT	**85.2**	**85.5**	**(0%)**
Tax expense	**(21.4)**	(24.8)	(14%)
NPAT	**63.8**	**60.7**	**5%**
D&A add back (tax effected)	**39.9**	40.9	(3%)
NPATA	**103.6**	**101.6**	**2%**

$m	Note	EBITDA FY18	EBITDA FY17
Statutory EBITDA		**181.0**	182.2
Acquisition transaction and integration costs	1	**5.0**	5.2
Business transformation one-off costs	2	**3.5**	1.2
(Gain)/loss on FX translation of intercompany loans	3	**(0.1)**	1.3
(Gain)/loss on sale of fixed assets	4	**0.2**	-
Total one-off non-recurring adjustments		**8.6**	7.7
Underlying EBITDA		**189.6**	189.9

One-off, non-recurring items:

1) Transaction and integration costs relating to the acquisition of Paycorp ($3.0m) and terminated acquisition of Reckon ($2.0m)
2) Business transformation initiatives and restructuring costs, including preparation for STP and redundancies
3) FX movement on intercompany loans (AU/NZ)
4) Loss on sale of fixed assets

Balance sheet

$m as at	31-Dec-18	31-Dec-17
Assets		
Current assets		
Cash and cash equivalents	**34.9**	54.8
Other current assets	**64.0**	45.6
Total current assets	**98.9**	100.4
Non-current assets		
Intangible assets & goodwill	**1,277.1**	1,256.6
Other non-current assets	**49.5**	42.9
Total non-current assets	**1,326.5**	1,299.5
Total assets	**1,425.5**	**1,399.9**
Liabilities		
Current liabilities		
Unearned revenue	**52.7**	50.0
Other current liabilities	**73.9**	50.8
Total current liabilities	**126.6**	100.7
Non-current liabilities		
Interest-bearing loans and borrowings	**450.5**	432.5
Other non-current liabilities	**27.3**	22.2
Total non-current liabilities	**477.8**	454.7
Total liabilities	**604.5**	**555.4**
Net assets	**821.0**	**844.4**
Equity		
Contributed equity	**1,098.4**	1,141.6
Retained earnings	**(308.4)**	(304.8)
Outside equity interest	**19.7**	0.0
Reserves	**11.3**	7.7
Total equity	**821.0**	**844.4**

- Cash balance of $35 million, lower than December 2017 due to the 2017/18 share buyback ($45m spent in FY18)
- Most balance sheet measures in line with FY17 actuals

Forecast Amortisation of Intangible Assets

Actual / Forecast Amortisation ($m)	2016	2017	2018	*2019F*	*2020F*	*2021F*
Brands	3	3	2	*0*	*0*	*0*
Customer Relationships	21	20	19	*17*	*11*	*8*
Commercialised Software	34	35	36	*27*	*4*	*3*
Total amortisaton of acquired intangibles	**57**	**58**	**57**	***45***	***15***	***11***
Amortisation of capitalised in-house software	**13**	**16**	**24**	***35***	***45***	***50***
Depreciation of PP&E	**5**	**7**	**9**	***12***	***15***	***16***
Total amortisaton and depreciation	**75**	**81**	**90**	***91***	***74***	***77***

- 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 announced in late 2017
- 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

Actual / Forecast Year End Balance ($m)	2016	2017	*2018*	*2019F*	*2020F*	*2021F*
Brands	118	115	*113*	*113*	*113*	*112*
Customer Relationships	87	83	*65*	*48*	*36*	*29*
Commercialised Software	95	68	*37*	*10*	*6*	*3*
Goodwill	889	912	*952*	*952*	*952*	*952*
Total acquired intangibles	**1,189**	**1,179**	***1,167***	***1,122***	***1,107***	***1,096***
Capitalised in-house software	**57**	**78**	***110***	***136***	***153***	***162***
Property, Plant & Equipment	**19**	**25**	***36***	***45***	***50***	***54***
Total intangible assets and PP&E	**1,265**	**1,282**	***1,313***	***1,303***	***1,310***	***1,312***

- $0.95 billion of the $1.17 billion 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

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