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MYOB posts record half-year result

Market leader's strong cloud momentum delivers double-digit growth

[MYOB](#) has posted a record half-year result in 1H 2014, achieving double-digit revenue and EBITDA growth as it builds on its leadership position in cloud accounting solutions.

For the six months to June 2014, MYOB reported revenue of A\$140 million, up 21% on the previous first half¹. In the same period EBITDA was up 29% to A\$70 million. MYOB maintained its cash conversion rate at more than 87%, with strong operating cash flows and continued improvement in its debt position. Operating expenses increased by 11% as MYOB continues to invest in innovative talent and new generation products.

MYOB CEO, Tim Reed, said the double-digit growth signalled continued sales momentum in cloud and mobile solutions.

"MYOB is the leader in cloud accounting for SMEs in Australia", said Mr Reed. "In the first half of this financial year, we continued to capitalise on this strong base with rapid adoption from new and existing clients, with 63% of new clients in June choosing cloud products and more than 86,000 paying subscribers using these solutions.

"In addition to the rapid growth of our cloud solutions, we've continued to build on our leading position in SME accounting software. Usage of MYOB accounting software is more than four times our nearest competitor," said Mr Reed.

"With a \$40 million investment in R&D this financial year, we have continued to expand our cloud offerings to meet the evolving needs of small and medium businesses. In the first half, we introduced innovative mobile solutions such as MYOB PayDirect – a category-first for credit card payments on smart phone – while the MYOB OnTheGo app is enabling greater mobility for businesses," he said.

"MYOB also continued to invest in talented people, with the business adding 100 new jobs over the past six months to meet rising client demand for an expanding product suite."

Mr Reed said MYOB's ongoing acquisition and investment in successful and innovative companies has put it at the forefront of cloud accounting solutions for Australia and New Zealand.

"We will continue to focus on providing cloud accounting for businesses of every size and supporting them as they grow from micro to mid-sized", said Mr Reed. "The recently announced acquisition of PayGlobal has doubled our presence in the mid-to-large sized business market in Australia and New Zealand. It is a complementary offering to MYOB EXO, and in early 2015, we expect to introduce a new cloud-based business management system for larger enterprises. We are excited by its development as it will help growing businesses to become more flexible and mobile," said Mr Reed.

¹ 93% of revenue was recurring, up from 90% in FY13

Key 1H FY2014 Highlights

- Strong growth driven by uptake of innovative cloud and mobile solutions:
 - Revenue of A\$140 million, up 21%
 - EBITDA of A\$70 million, up 29%
 - Recurring revenue increased to 93% of total revenue, up from 90%
 - Strong cash flow conversion (87%)
 - Continued improvement in debt position
 - More than 86,000 paying clients using cloud files, up from 43,000 12 months ago.
 - 63% of all new product registrations in July 2014 were for cloud solutions, up from 36% last year
- Ongoing investment and innovation in talent and new generation products:
 - 1H investment in research and development of A\$23m, up 43%
 - Release of MYOB PayDirect mobile payments solution as a category first
 - Increased focus on enterprise solutions with acquisition of PayGlobal
 - Strategic increase in sales force to support MYOB product launches
 - Staff headcount increased to 1,146, up 10%
- Supporting approx. 1.2 million businesses and 40,000+ accountants and other partners in Australia and New Zealand, MYOB generated more than 2.5 times the revenue of its nearest competitor.

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About MYOB Australia

Established in 1991, MYOB is Australia's largest business management solutions provider. It makes life easier for approx. 1.2 million businesses across Australia and New Zealand by simplifying accounting, payroll, tax, practice management, CRM, websites, job costing, inventory and more. MYOB provides ongoing support via many client service channels including a network of over 40,000 accountants, bookkeepers and other consultants. It is committed to ongoing innovation, particularly in cloud computing solutions, and planned 2014 investment on research and development is over A\$40 million. In 2013, MYOB expanded its offerings with the acquisition of accounting solutions provider BankLink and released a number of additional solutions and product enhancements. For more information, visit myob.com.au.