



MEDIA RELEASE

26 February 2015

MYOB ends 'transformational' year with strong double digit growth

**MYOB's financial position goes from strength to strength,
with 16% revenue and 15% EBITDA growth**

MYOB has reinforced its position as Australia's leading accounting and payroll solutions provider by lifting revenue for the year to December 2014 by 16% to A\$287m and delivering EBITDA of A\$138m, up 15%.

This growth was driven by the rapid adoption of cloud solutions from new and existing clients, the introduction of new innovative solutions and strategic acquisitions to grow organisational reach. Strong growth in client numbers saw MYOB pass a record client milestone at the end of 2014. There are more than 1.2 million businesses actively using MYOB SME solutions and more than 500,000 are now paying clients, with over 116,000 now cloud subscribers, also a record figure for MYOB.

CEO Tim Reed said, "The transformation delivered in the MYOB business in under three years is an outstanding achievement. I am immensely proud of what has been accomplished in a short period. We continue to expand our cloud solutions across all areas of our business with 67% of new MYOB SME clients choosing our innovative cloud solutions in Q4 2014."

"MYOB is in a strong financial position as it grows its client base and continues to deliver superior, innovative products and services that make business life easier for our clients", said Mr Reed. "In the last month we launched MYOB Advanced, our first cloud offering for the mid-range market, and are poised to take our first cloud product for accountants to market in the next few months."

MYOB Advanced is a cloud enterprise resource planning (ERP) solution that complements MYOB's existing EXO solution, and expands MYOB's suite of solutions for mid – sized businesses to three; MYOB Advanced, MYOB EXO and MYOB PayGlobal. MYOB acquired PayGlobal Limited, a market leader in the provision of business, HR and payroll solutions to larger businesses, part way through 2014.

In the first half of 2015, in addition to launching MYOB's first mid-market cloud product, MYOB will launch 'MYOB Portal', a cloud product for accountants using MYOB Accountants Office and MYOB Accountants Enterprise. MYOB Portal is aimed at delivering significant benefits in online collaboration to make their business life easier for accountants and their clients. The organisation also has plans to take the highly regarded BankLink product to the cloud in the future so that accountants can leverage the same functionality they love with all the benefits of cloud.

In 2014, MYOB announced a number of innovative product introductions including MYOB OnTheGo, a free mobile app that makes it easy to do business on the go for MYOB AccountRight and MYOB Essentials subscribers; MYOB Kounta, an online point-of-sale (POS) solution; and MYOB PayDirect, an award winning mobile payment solution that allows SMEs to take payment and manage their cash flow more easily. Innovative new features such as smart bills were also introduced into the core cloud software offering. Smart bills delivers a category first product enhancement at no additional cost as part of MYOB's focus on delivering better value for SMEs.

Mr Reed added: "These innovative new products and product enhancements strengthen our position as the only provider in Australia and New Zealand that caters to micro and small, through to medium and larger-sized enterprises. With over \$100 million spent on R&D for the Australian & New Zealand market alone in the last three years, we are in a great position to deliver further innovation that will drive our growth in the years ahead."

Key FY2014 Highlights

- Strong double digit growth, 16% revenue growth and 15% EBITDA growth year-on-year;
- 94% recurring revenue;
- 17% increase in operating expenditure to fund strategic growth initiatives;
- Fast-paced uptake in SME cloud solutions, with 67% of new MYOB registrations being cloud subscriptions in the quarter to December (versus 48% in the same quarter for 2013)
- Strong growth in paying users, passing a milestone of 500,000 in December 2014, showing strong conversion from the 1.2 million active users into paying users; the SME subscriber base represents 95% of recurring revenue.
- R&D investment of \$42 million focused only on Australia & New Zealand to drive innovation across all business segments.
- MYOB maintains a very healthy cash outlook. Operating cash flow is up 19% driven by 86% operating cash conversion, and A\$118.5 million operating cash to cover A\$51.1 million of interest payments.

- ENDS -

For further comment or to arrange an interview please contact:

Sarah Beyrath
PR and Corporate Affairs Manager
P: 02 9089 9043 / M: 0427 223 841

E: sarah.beyrath@myob.com

Steven Reilly
Ogilvy Public Relations
P: 02 8437 5311
M: 0431 711 470
E: steven@howarth.com.au

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 now spends well over A\$30 million annually on research and development. In 2014, MYOB released a number of additional solutions and product enhancements. For more information, visit myob.com.au.