



Annual meeting



Rod Drury

Chief Executive

Important notice

This presentation is given on behalf of Xero Limited
(Company number NZ 1830488, AU ARBN 160661183 NZX/ASX:XRO).

Information in this presentation:

- is for general information purposes only, and is not an offer or invitation for subscription, purchase, or recommendation of securities in Xero Limited;
- should be read in conjunction with, and is subject to, Xero's Annual Report, market releases, and information published on Xero's website (www.xero.com);
- includes forward-looking statements about Xero and the environment in which Xero operates, which are subject to uncertainties and contingencies outside of Xero's control – Xero's actual results or performance may differ materially from these statements;
- includes statements relating to past performance, which should not be regarded as a reliable indicator of future performance; and
- may contain information from third parties believed to be reliable; however, no representations or warranties are made as to the accuracy or completeness of such information.

All information in this presentation is current at the date of this presentation, unless otherwise stated.

All currency amounts are in NZ dollars unless stated otherwise.

500,000

subscribers

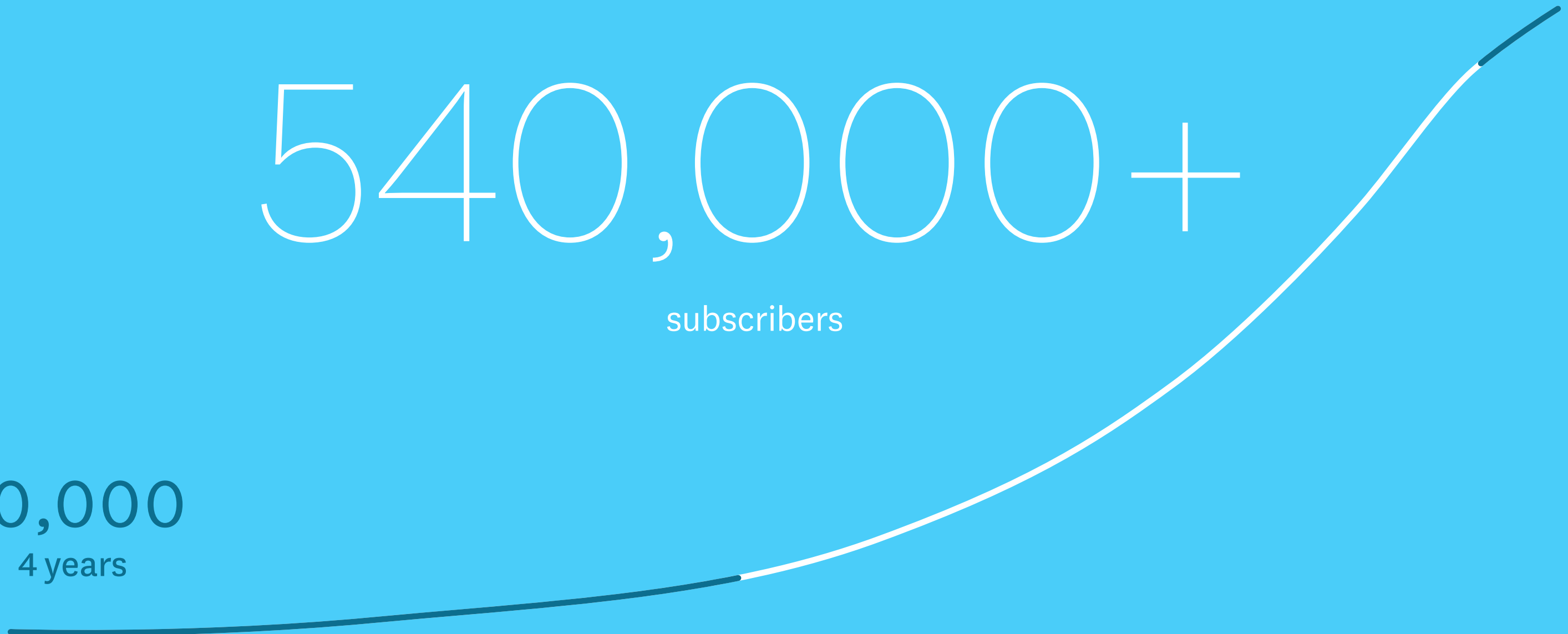
Announced June 3rd 2015

50,000
<10 weeks

540,000+

subscribers

50,000
4 years



Scaling the platform



Built people capability

1,200+

403 added in FY2015



Transaction value processed

\$300B+

In past 12 months



Partners

16,000+

28% of partners added in FY2015

Subscription revenue growth of 81% FY2015

ACMR 31 Mar 2015

\$159M

\$93m 31 Mar 2014

Subscription revenue FY2015

\$121M

\$67m FY2014

Capital raised

\$147M

March 2015

Cash to invest at 31 Mar 2015

\$269M

\$210M 31 Mar 2014



Payroll accounting

IDC named Xero the fastest growing company in the payroll accounting space demonstrating 74.7% year-over-year revenue growth in 2014



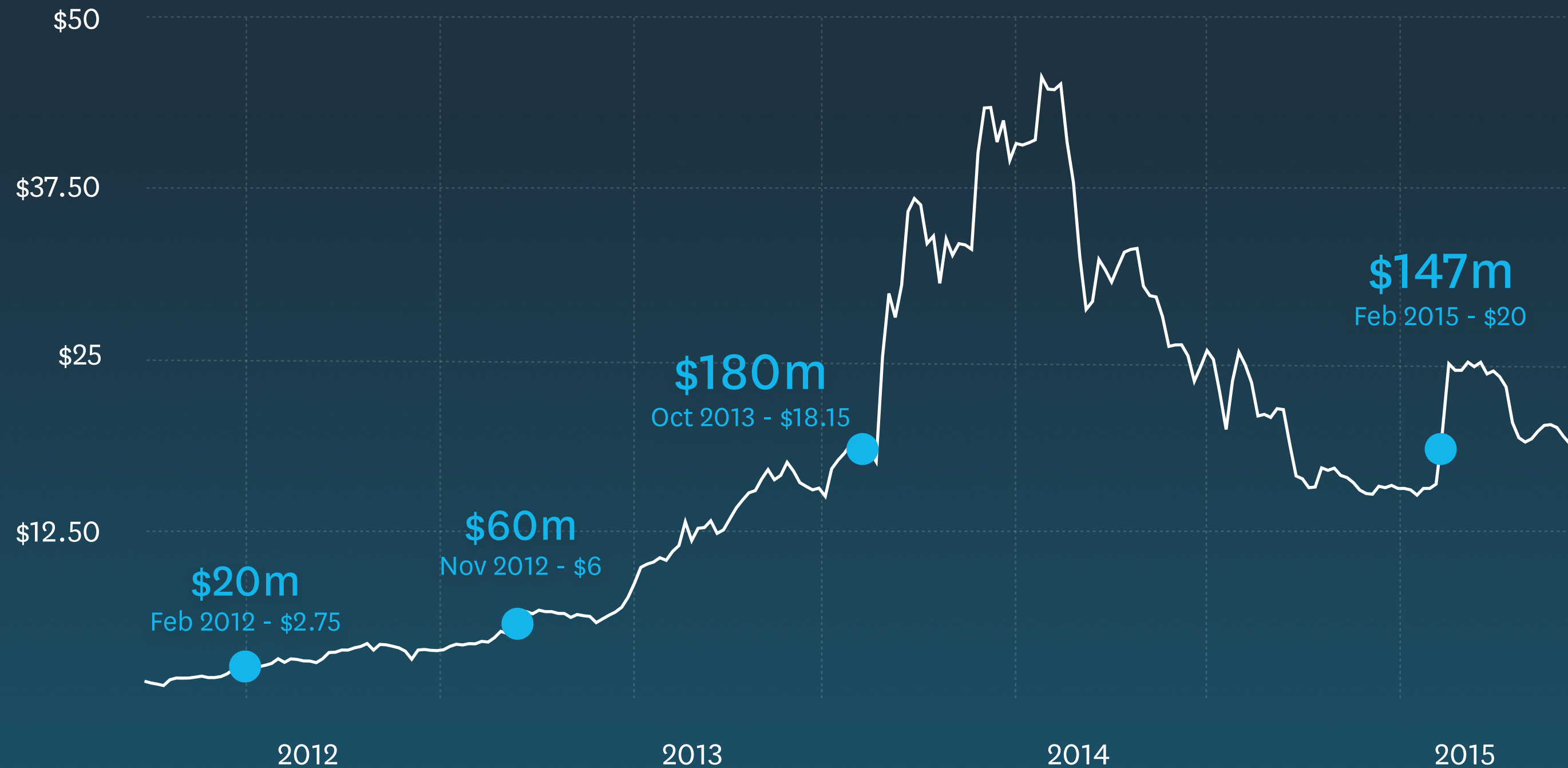
Financial accounting

Xero was also recently named the fastest growing financial applications vendor with 80.3% year-over-year revenue growth in 2014

* IDC, Worldwide Payroll Accounting Market Shares, 2014: Xero and Workday Lead Payroll Growth into the Cloud, Doc #256819, June 2015

IDC, Worldwide Financial Applications Market Shares, 2014: Year of SMB and Public Cloud, Doc #257867, July 2015

Attracting world class investment



We're delivering what we said last year

PRODUCT

Deliver best in class
US product

Innovate faster

Change product
category

PEOPLE

Complete US
leadership team

Global Management
focused on US

New US Directors

PARTNERSHIPS

Best ecosystem

Execute on existing
relationships

Large distribution
partners

GO TO MARKET

Build online channel

Focus on key
segments

US listing ready

CPA Practice
Advisor



Forbes



MOST INNOVATIVE GROWTH
COMPANY 2014 & 2015

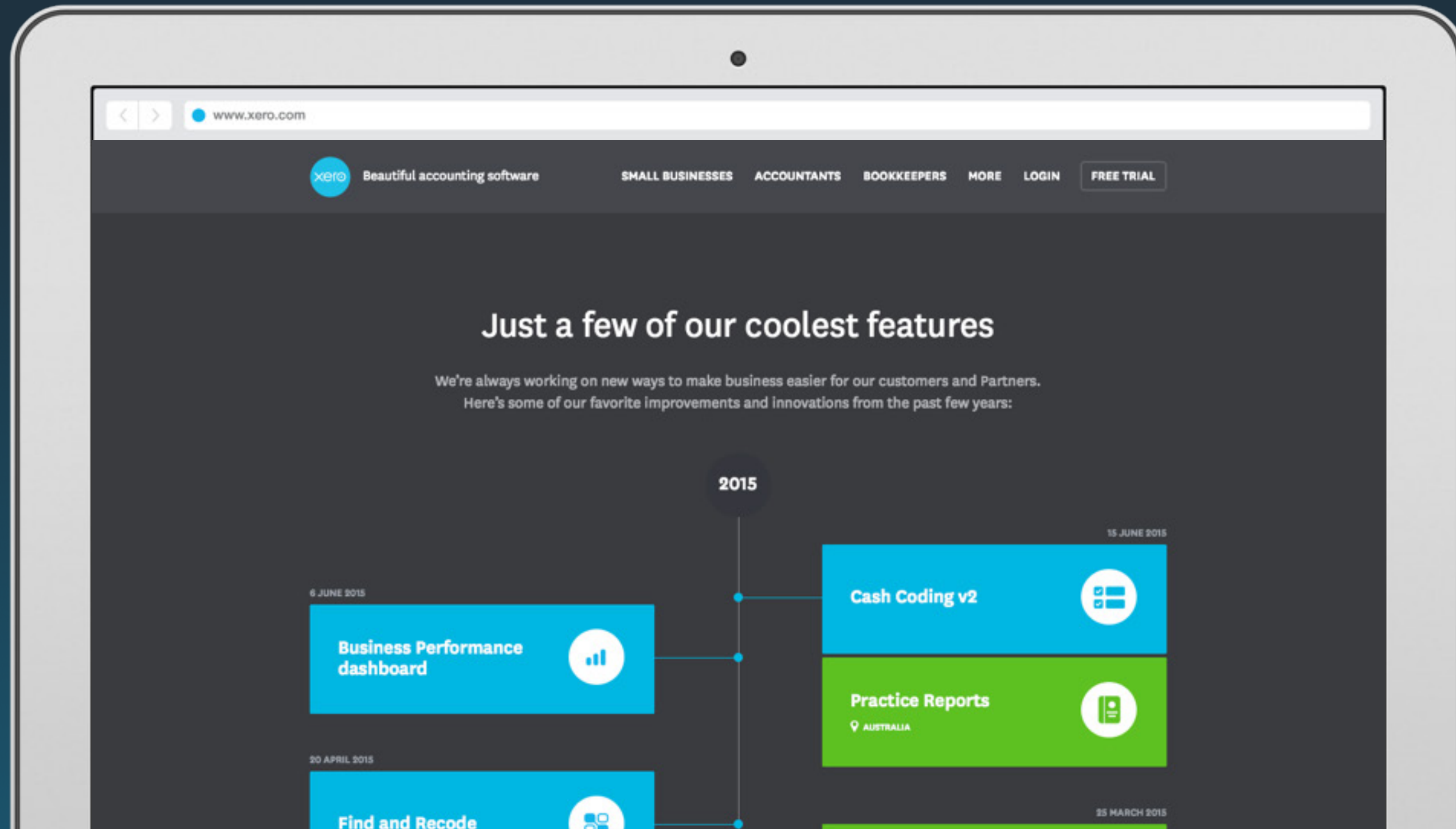
CloudPro



GetApp



xero.com/feature-timeline



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Graham Smith



Andy Lark



Russ Fujioka



Angus Norton



Sankar Narayan

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Microsoft



Bill.com

Avalara

MINDBODY



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US listing ready

300%

FY2015 H2 over H1

increase in North American
online leads & new customers

47%

FY2015

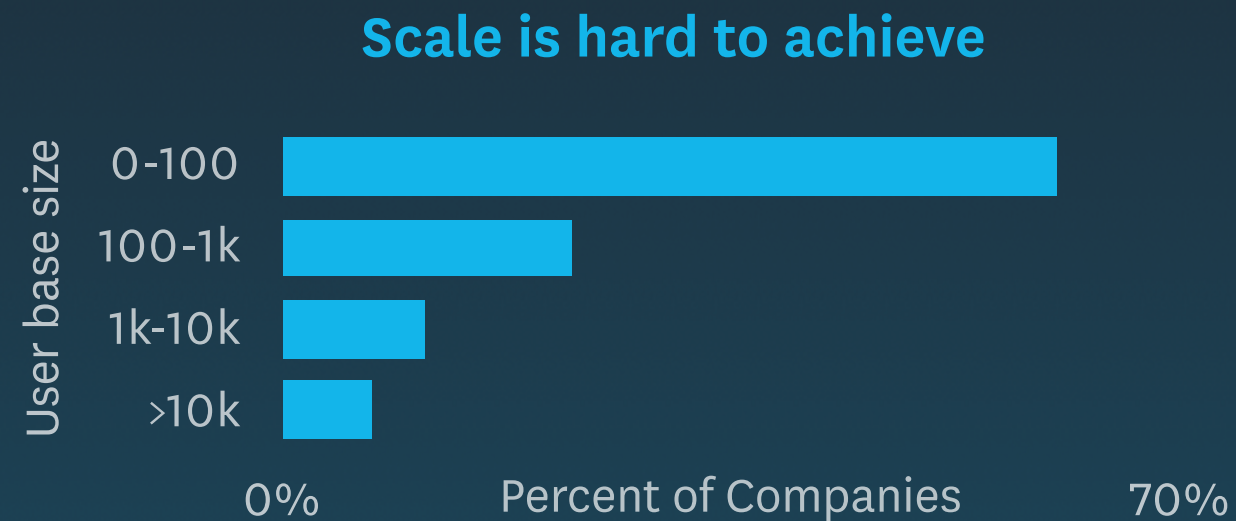
North American customers
via online channel

33%

FY2015

New customers via online
channel 25% in FY2014

Less than 7% of SaaS companies achieve greater than 10k users

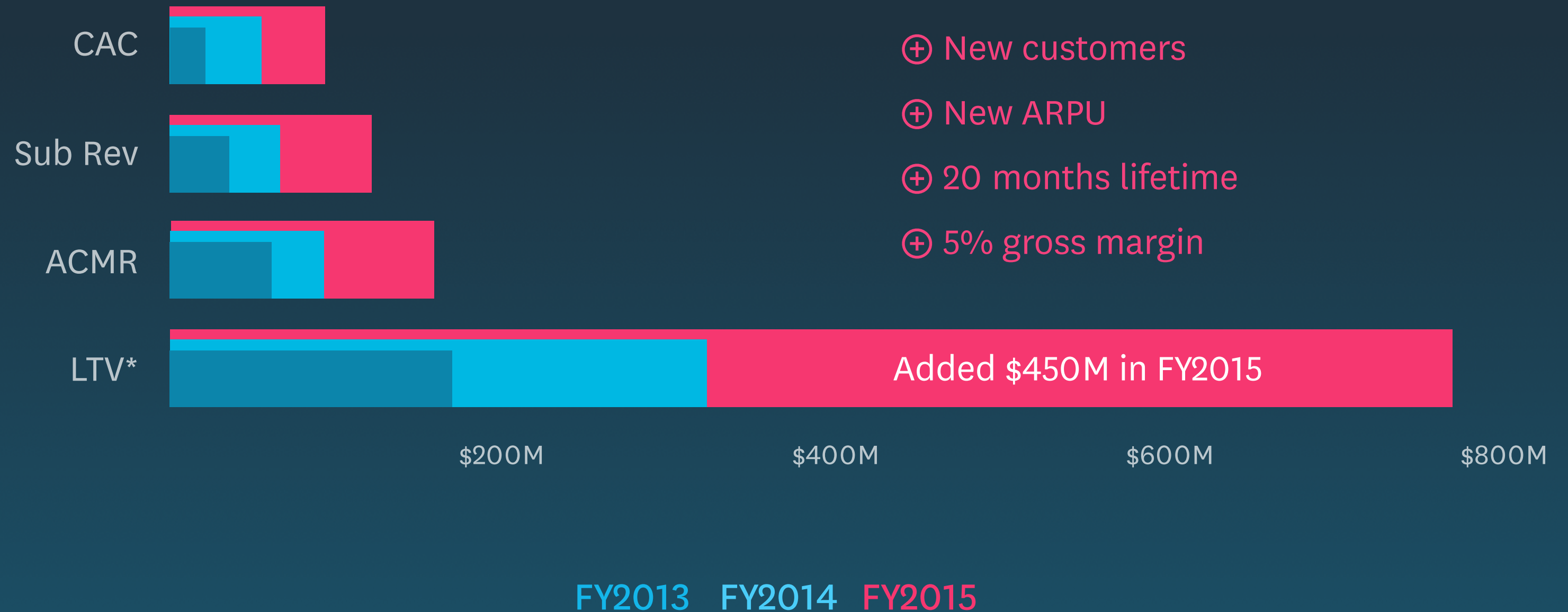


Lifetime value

*(LTV = ARPU * average lifetime * current gross margin)*

	ARPU	Gross margin	Lifetime*	Lifetime value
Group	\$28.00	70%	83mths	\$1,622
AU	\$30.50	69%	95mths	\$2,008
	FY2015	Group gross margin 65% in FY2014	Group retention improved by 20 mths FY2015	Future dollars of gross margin

Building long term margin



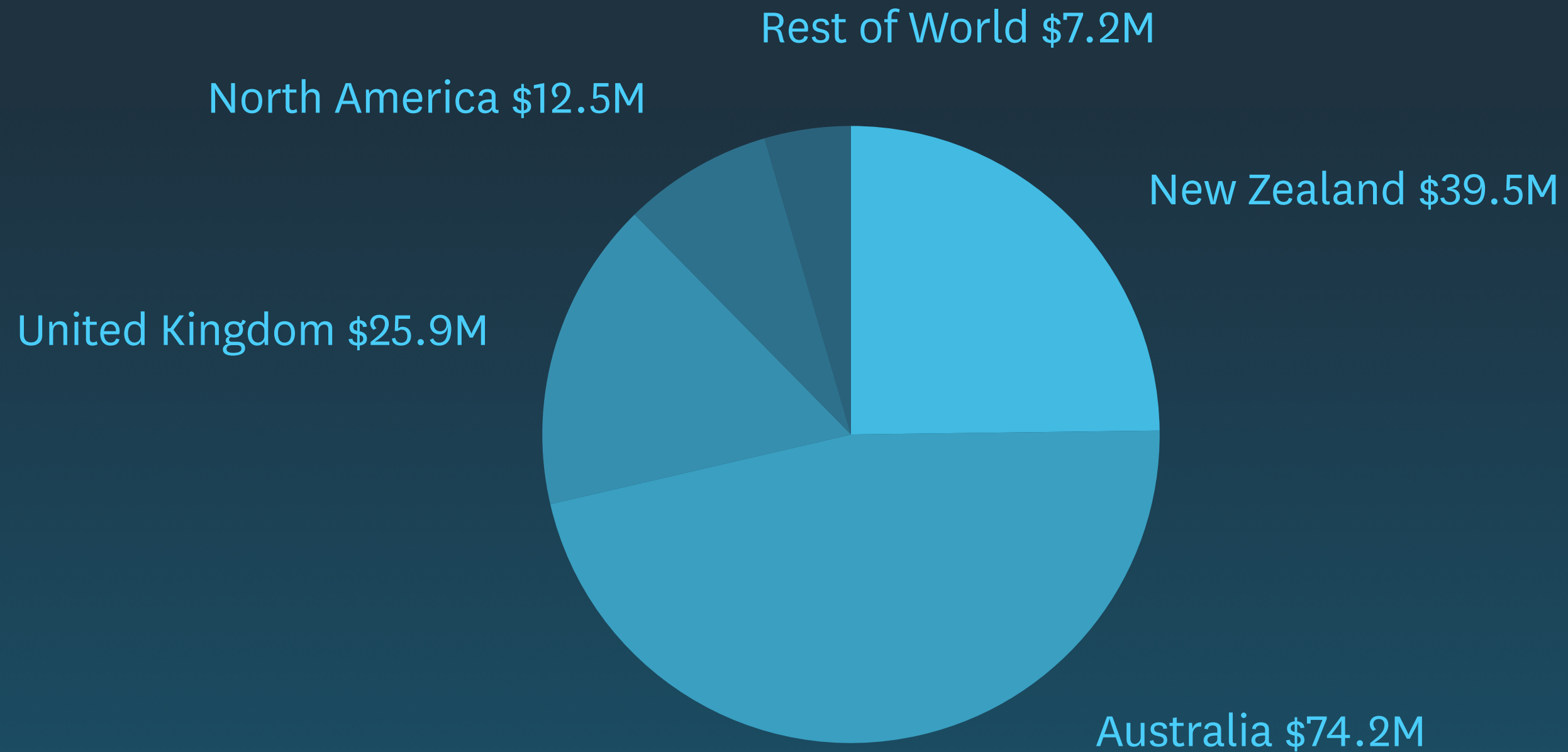
Early FY2016 outlook

While it's early in our financial year we are expecting subscription revenue for the full year to 31 March 2016 to exceed NZ\$200m, based on June 2015 FX rates.

While we still intend to list on a US stock exchange, timing will be dependent on internal and external factors and not before release of our FY16 results.

Approaching **a third*** of NZ software exports with Xero exports growing 102% to \$88m in FY2015

Annualised committed monthly revenue



As at 31 March 2015



United Kingdom

Managing Director: Gary Turner

As at 31 March 2015

STAFF

57 + 47

GO TO MARKET

GLOBAL STAFF

SUBSCRIBERS (\$25.9M ACMR)

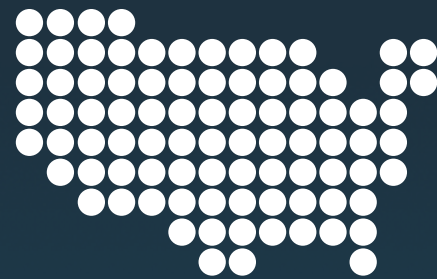
83,000

SUBSCRIBER GROWTH FY2015

77%

PARTNERS

3,000



North America

Managing Director: Russ Fujioka

As at 31 March 2015

STAFF

64 + 150

GO TO MARKET

GLOBAL STAFF

SUBSCRIBERS (\$12.5M ACMR)

35,000

SUBSCRIBER GROWTH FY2015

94%

PARTNERS

2,100



New Zealand

Managing Director: Victoria Crone

As at 31 March 2015

STAFF

32 + 626

GO TO MARKET

GLOBAL STAFF

SUBSCRIBERS

150,000+

AS AT TODAY

SUBSCRIBER GROWTH FY2015

35%

PARTNERS

3,000



Australia

Managing Director: Chris Ridd

As at 31 March 2015

STAFF

85 + 100

GO TO MARKET

GLOBAL STAFF

SUBSCRIBERS (\$74.2M ACMR)

203,000

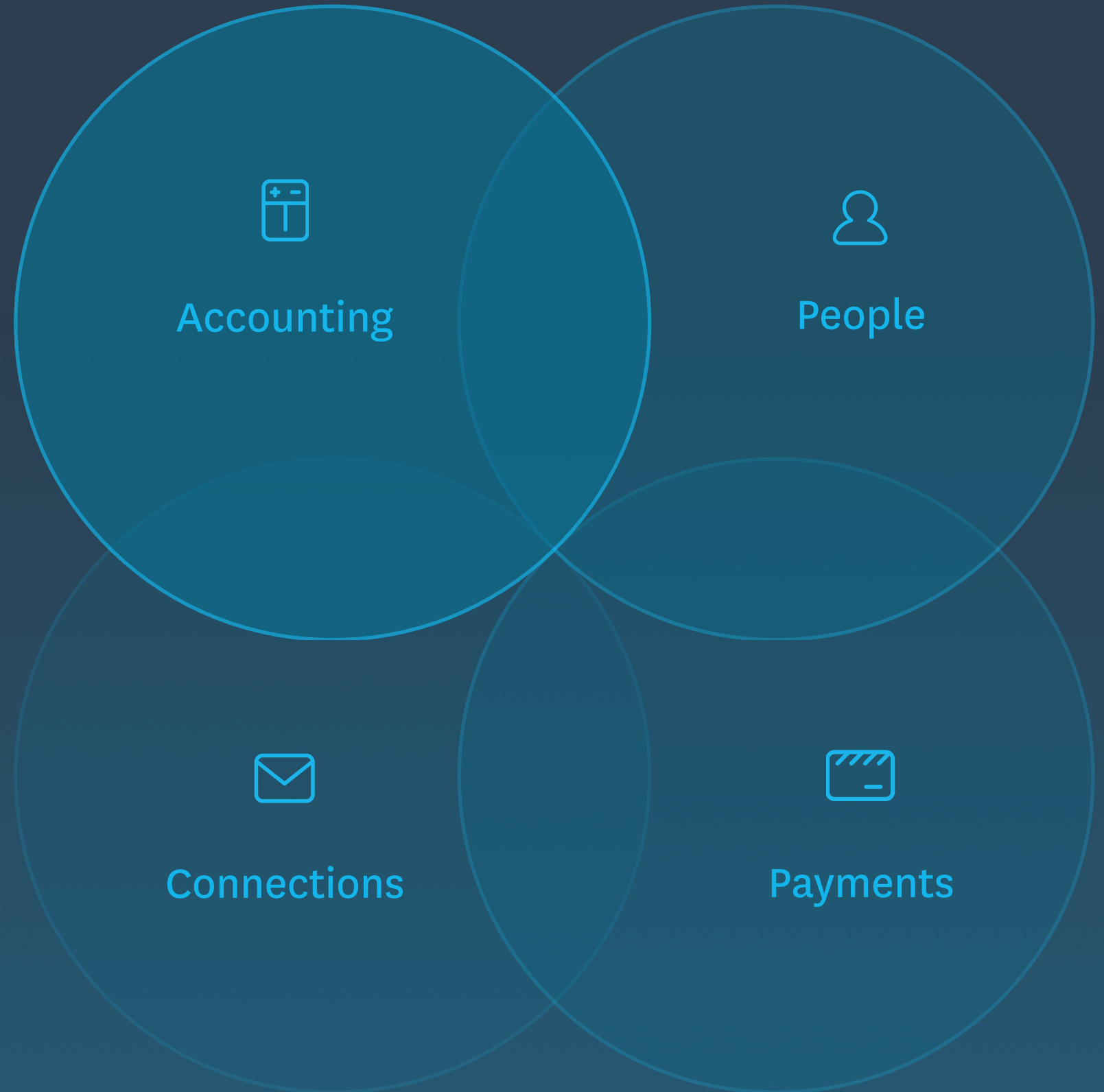
SUBSCRIBER GROWTH FY2015

86%

PARTNERS

7,400

From accounting to a business platform

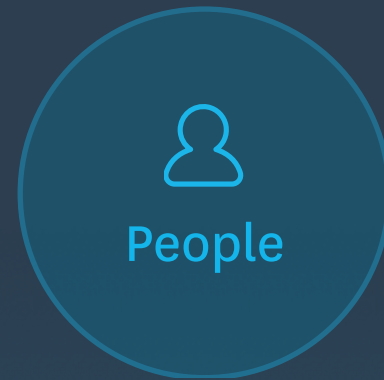




Accounting

540,000+

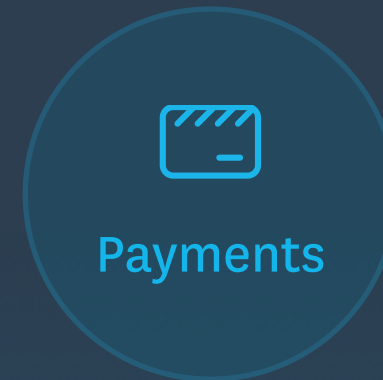
subscribers today



People

400,000+

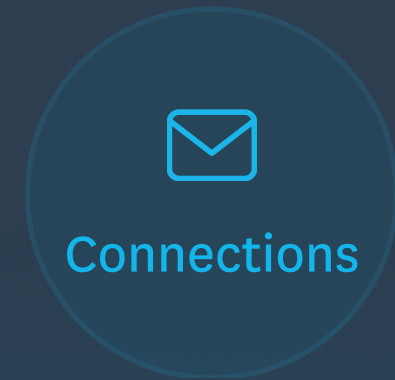
people got paid
in June 2015



Payments

\$300B+

transactions processed
in past 12 months



Connections

20M+

Businesses have interacted
on the Xero platform

\$5.6B

in the last 90 days

100M+

invoices in past 12 months



Andy Lark

Chief Marketing Officer

A world map with countries colored in three shades of blue to represent Xerox usage. The darkest blue (representing usage over 10 million) covers the United States, Canada, the United Kingdom, India, and Australia. The medium blue (representing usage over 100,000) covers Japan, China, Brazil, and parts of Europe and Africa. The lightest blue (representing usage up to 100,000) covers most of Europe, Africa, and South America. The text is centered over the map.

>Million use Xero
Many millions of times

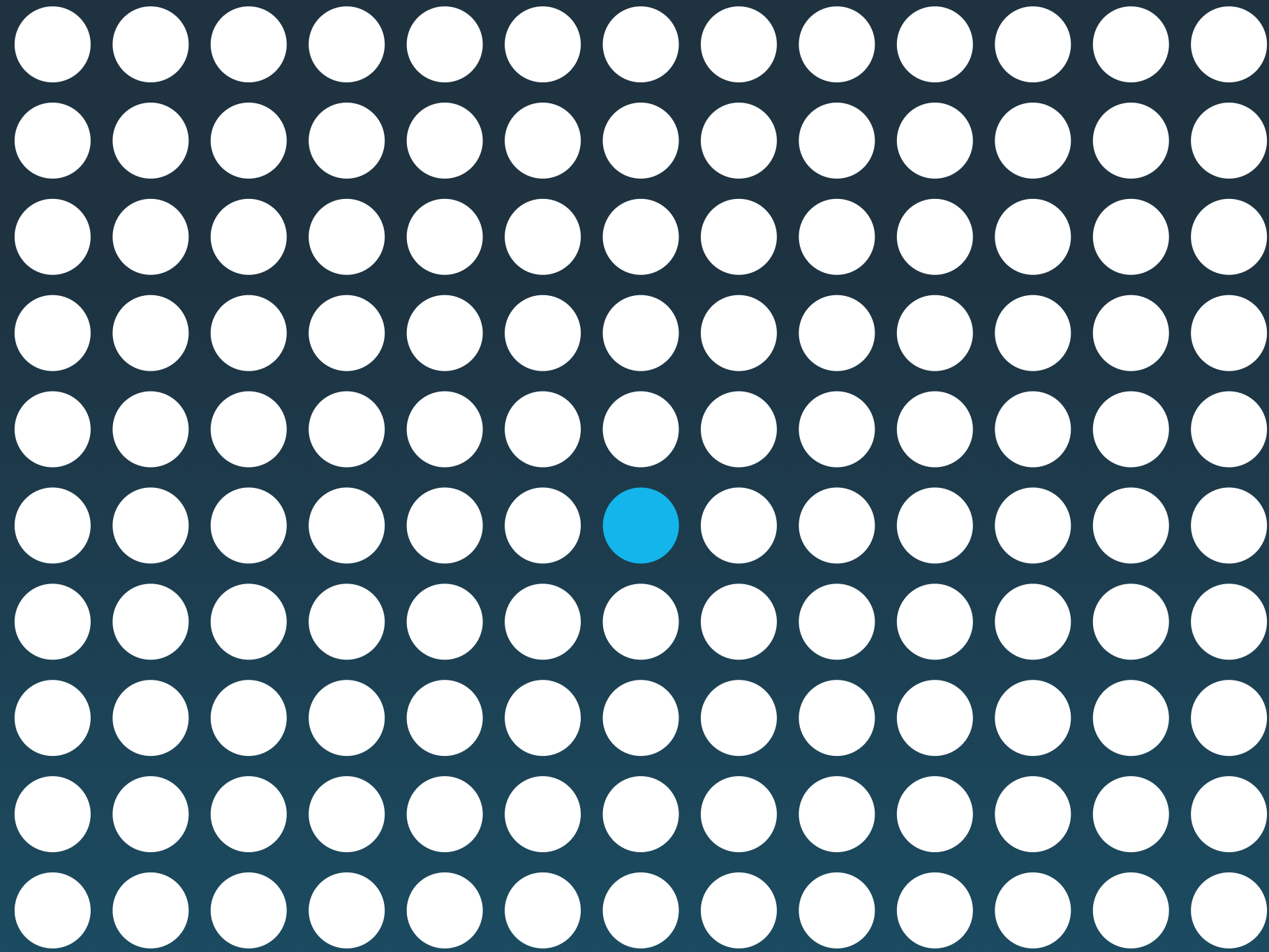
● More than 10,000,000

● More than 100,000

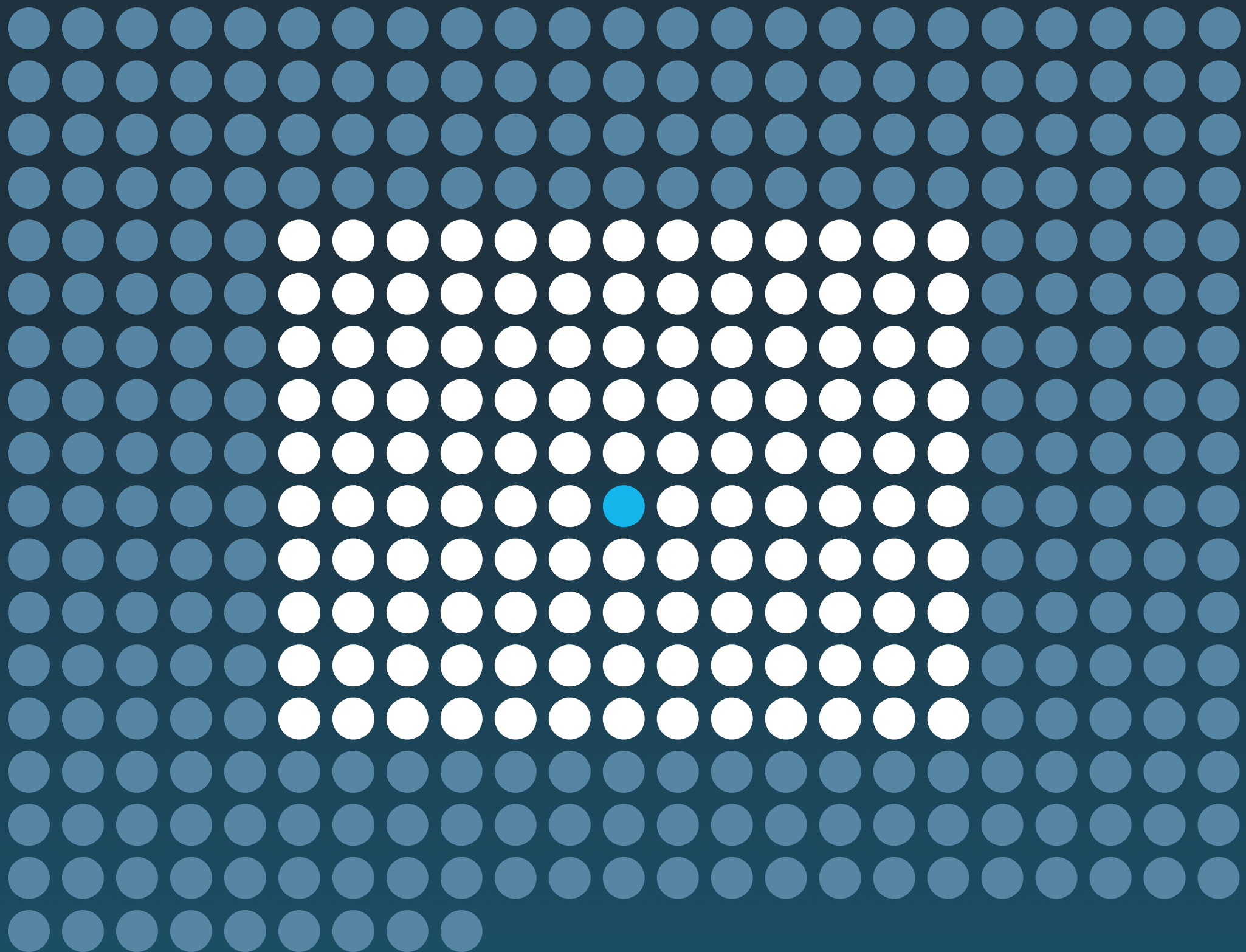
● Up to 100,000



540,000+
Xero subscribers today



65 million^{*}
English speaking small businesses



200 million*
small businesses worldwide



CPA Practice
Advisor



ZDNet



Forbes



MOST INNOVATIVE GROWTH COMPANY
2014 & 2015

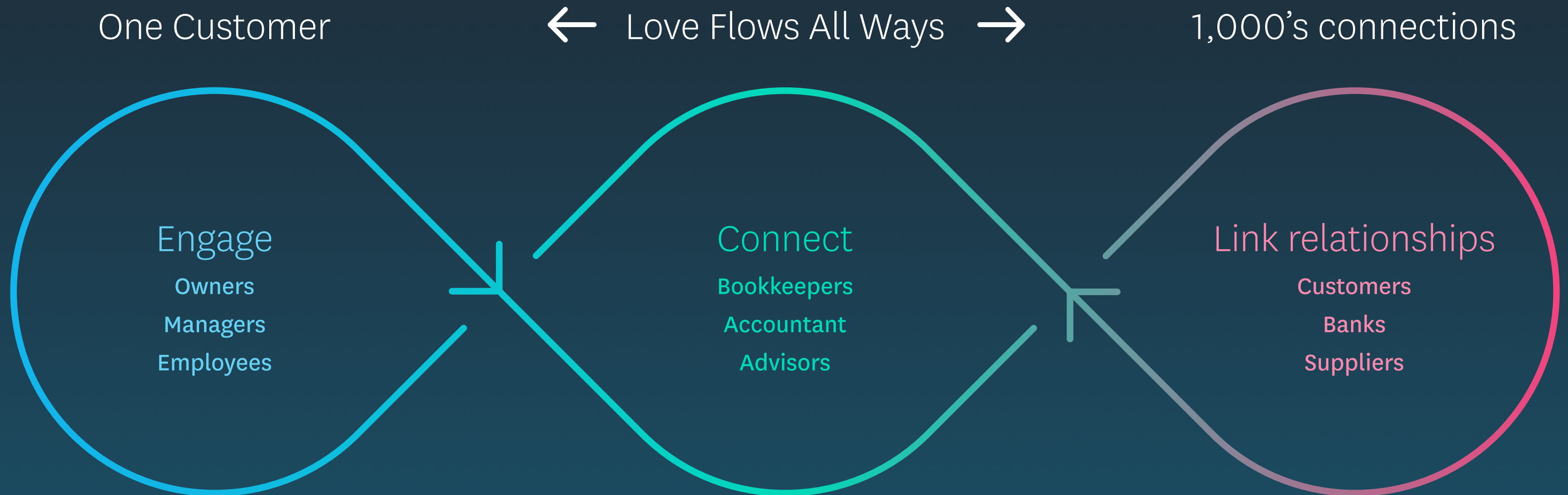
 **CloudPro**



GetApp®



Millions of customers, Billions of connections



51%

of NZ Xero customers trust
advice from their accountant*

compared to 27% for NZ non-Xero customers

PARTNERSHIPS

BDO
SOUTH AFRICA

KPMG
SINGAPORE

KPMG
UK

Deloitte.
AUSTRALIA

33 OF TOP 100 US FIRMS RANKED BY
ACCOUNTING TODAY HAVE CLIENTS ON XERO



Office 365 Outlook

SENT ITEMS Conversations by Date

All Unread To me Flagged

Regan Ashworth (No subject) 4:17p

No preview is available.

Last week

RA Regan Ashworth Mon 6/29/2015 4:17 PM Sent Items; Inbox

(No subject)

← Reply ← Reply all → Forward ...

Mark as unread

To: Regan Ashworth

Xero - Beautiful accountin... + Get more apps

Regan Ashworth
Odeon Fragrances Ltd

Email: regan.ashworth@xer... Telephone: 04 583-7142 Fax: 04 583-7400

Website: www.samsurf.co.nz

Postal Address
125 St Georges Bay Road
Parnell
Auckland
1052
New Zealand

Marine systems Ltd

Telephone: (08)569-4581 Fax: (08)569-4700

Postal Address
PO Box 45123
Kilbirnie
Auckland
620
New Zealand

Jobs See All (3)

3000308 - Annual Accounting Package 2015 Tue 19 May
3000258 - Annual Accounts - 2014 Mon 2 Mar
DIS81013 - Disbursements Wed 1 Apr

Quotes See All (1)

Q000077, est. cost \$0.00 Thu 25 Jun

Invoices See All (1)

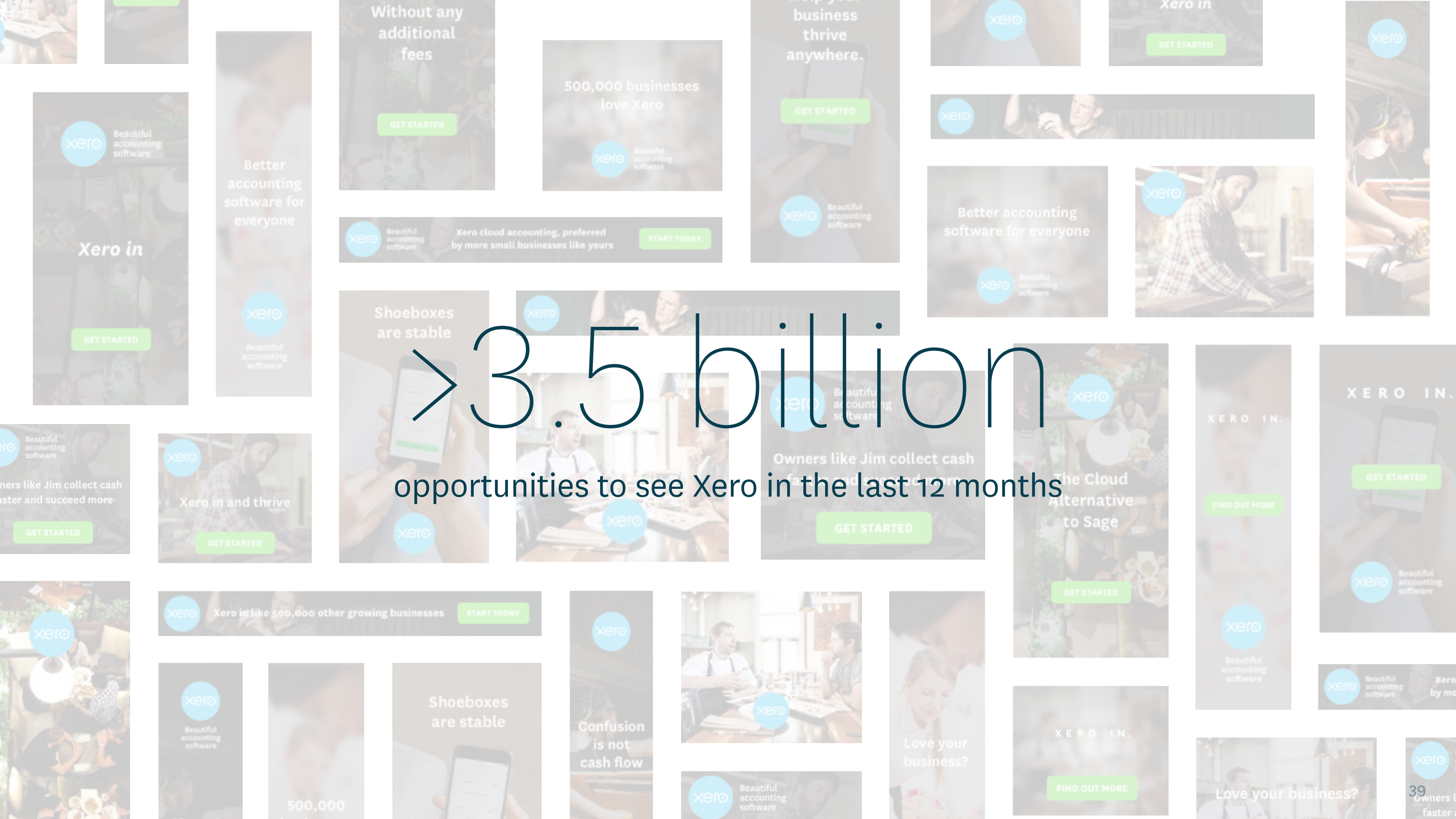
172.50 due Thu 9 Jul Thu 25 Jun





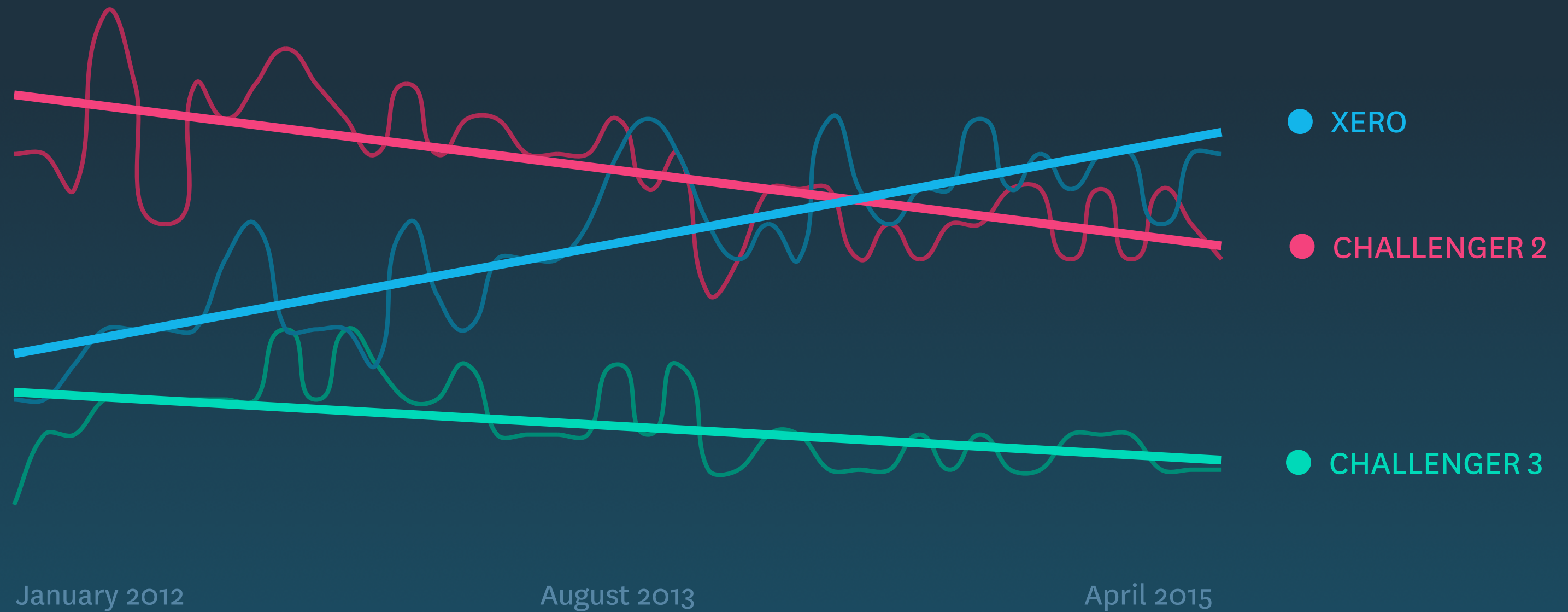
Network effects

Social networks were the last 10 years.
Market networks will be the next 10.



> 3.5 billion opportunities to see Xero in the last 12 months

More people searching than ever before





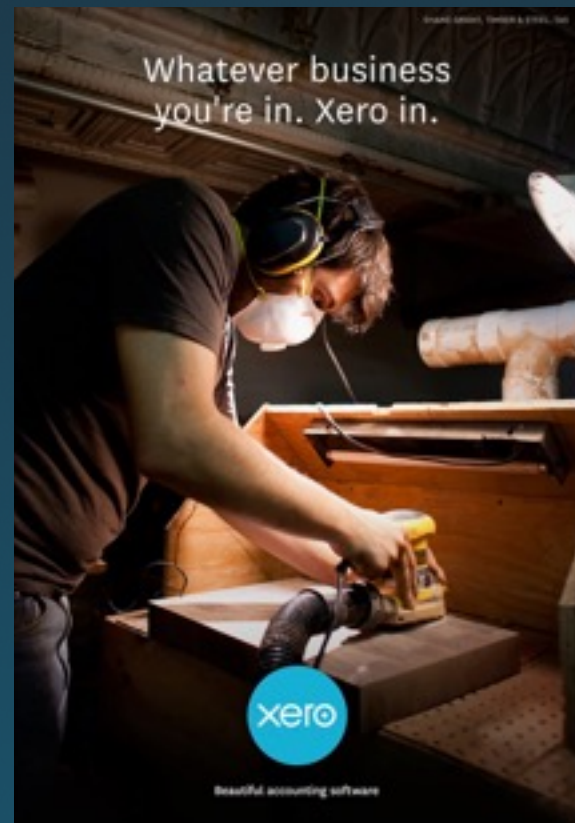
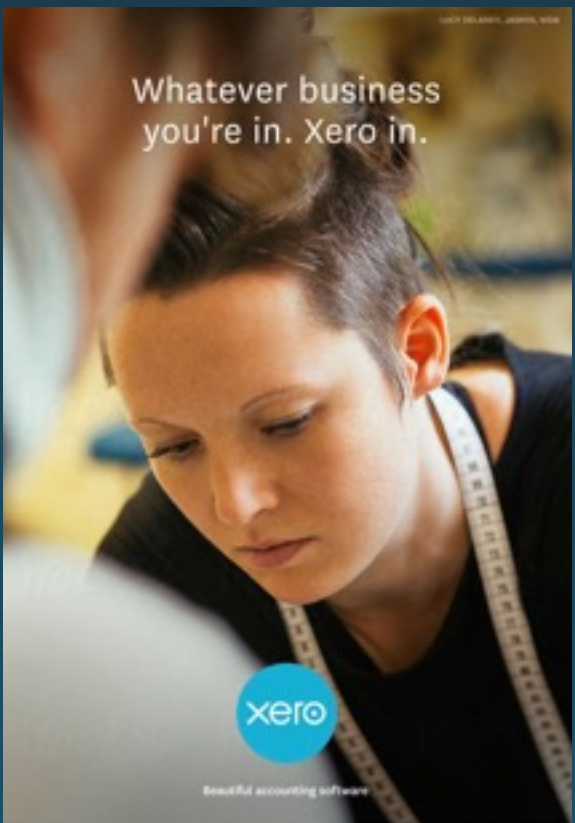
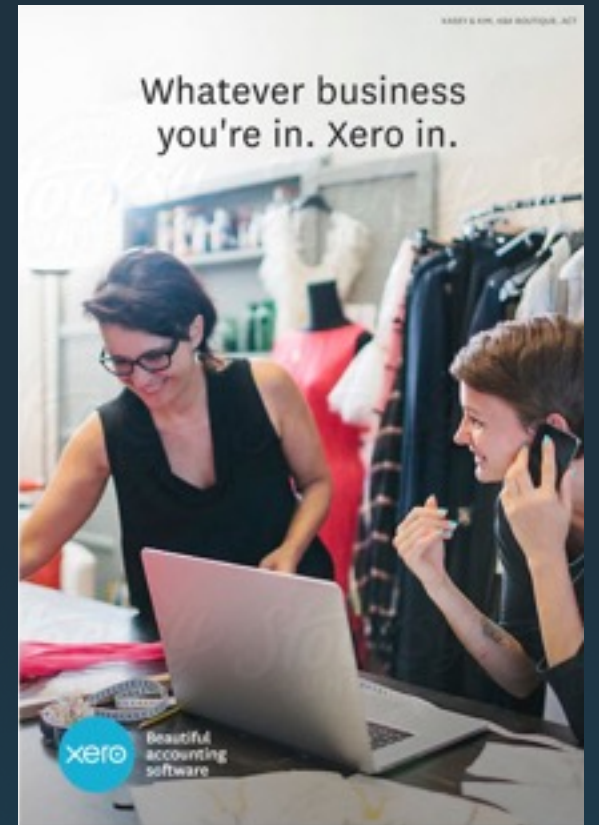
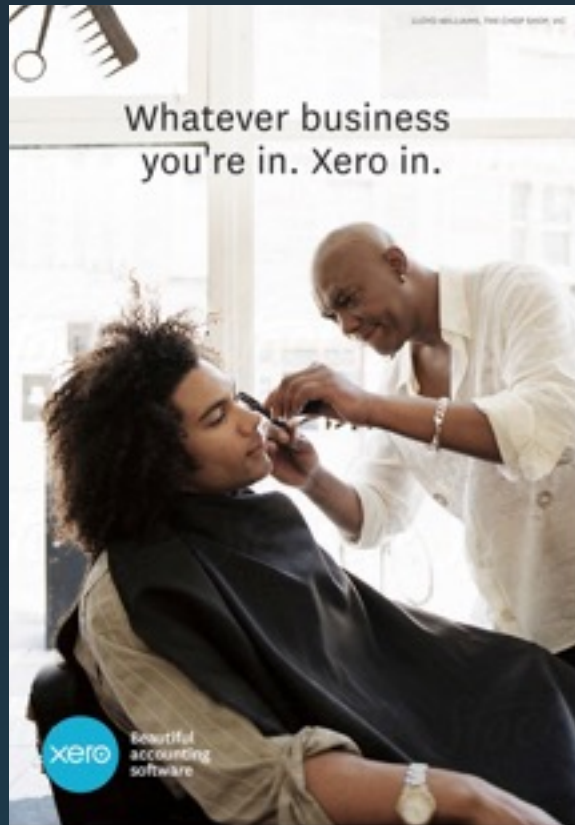
MELBOURNE

The top half of the image shows a nighttime scene in Melbourne. On the left, the ornate, yellow-lit facade of Flinders Street Station is visible, with its name in green neon. To the right, a large, bright blue billboard is mounted on a dark building. The billboard features the text 'XERO IN ON YOUR BUSINESS FROM ANYWHERE' in white, with 'XERO.COM' below it. At the bottom of the billboard is the Xero logo and the text 'Beautiful accounting software'.



SAN FRANCISCO

The bottom half of the image shows a daytime scene in San Francisco. A wide highway with several lanes of traffic is in the foreground. In the background, the city skyline is visible, including the Transamerica Pyramid. A large billboard for Xero is prominent on the right side of the highway. The billboard is blue and features the text 'The Cloud accounting alternative to QuickBooks (without the additional fees)' and the Xero logo. The billboard is supported by a metal structure.







Future of small business SaaS

We enable small businesses to thrive.

Summary

First global accounting solution
people love

Massive and expanding TAM,
significant new revenue opportunities

First global small business cloud
accounting platform

Global strategy and proven execution

Q&A



Beautiful accounting software