



Reckon

Business Software for Accountants and Accounting Software for Businesses

Results presentation

Half year ended 30 June 2015

To be read in conjunction with the Appendix 4D and the Accounts

Reckon group

- **The Business Group**

Develops and distributes accounting software solutions on either desktop, hosted or cloud platforms to small and medium sized businesses. It has over 300,000 active customers, supports 6,000 partners and has over 30,000 online users.

- **The Accountant Group**

The supplier of choice in practice management software to accounting practices, with 4 out of the top 5 firms and over 1,000 larger practices using the comprehensive APS suite, comprising of 77,000 seats across multiple modules. This division also services circa 7,000 practices using our Elite smaller practice management and tax solution or Reckon Docs company secretarial solution.

- **The International Group**

Is an industry leader in enabling business efficiencies for accountants, lawyers and business in general, offering a range of document management, portal, scan and cost recovery solutions to circa 2,000 clients globally.

SOFTWARE THAT CONNECTS

SMALL / MED
BUSINESS

RECKON ONE

SAAS - ONE LEDGER

APS / SYNC DIRECT

ONE PROCESS

VIRTUAL CABINET

*ONLINE COLLABORATION
& DOCUMENTS*

ACCOUNTANT



Reckon

2015 achievements

Continued growth

- Revenue **+6%**
- EBITDA **+5%**, whilst:
 - Continuing investment in cloud infrastructure, sales capability and product development.
 - Investing in the Reckon One launch in the UK and Virtual Cabinet into the USA.
- EPS **+8%**
- Operating cashflow **+11%**

Supported by continued volume growth, including annualised growth of:

- **10%** in APS seats in the Accountant Group.
- **30%** in online users in the Business Group.
- **20%** in Virtual Cabinet seats in the International Group.

Further increased the subscription component of the group revenue to enhance long term sustainability

- **91%** of Practice management revenue in the Accountants Group is subscription.
- **70%** of core Business Group revenue is subscription.
- **77%** of International group revenue is subscription.

Multiple product releases across the whole Reckon range

Future opportunities

Accountant Group

- Organic growth continues:
 - New customers.
 - Additional module cross sell.
 - Docs products reach into the existing Accountant base.
- New and relatively untapped sectors - Sync Direct, Private Cloud, Document Management.
- Subscription pricing increases the addressable market.

Business Group

- Organic growth generated by the Hosted product.
 - Significant pricing competitiveness and future pricing upside.
- Latest version of Reckon One just launched.
 - Most affordable in the market (unique pricing model).
 - Payroll and other new features launch is imminent.
 - Online accounting market still largely untapped.

International

- Organic growth - increased market share in very large markets.
- Virtual Cabinet launched into the USA.
- Reckon One launch into the UK imminent through substantial existing accountant customer base.
 - Market is significantly larger than Australia / New Zealand.
- Reckon One launch into USA / Canada next target.

Performance highlights

Half year ended 30 June 2015

REVENUE	+ 6% to \$54.0 _m
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EBITDA	+ 5% to \$20.2 _m
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NPAT	- 1% to \$9.3 _m
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EPS	+ 8% to 7.9 cents
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Revenue growth

Half year ended 30 June 2015

	2015	Growth	2014
Subscription product revenue	31.4m	+21%	25.9m
Other recurring revenue	4.8m	-38%	7.8m
Upfront and service revenue	6.5m	-9%	7.2m
Content revenue	11.3m	+10%	10.2m
	54.0m	+6%	51.1m

Accountant group results

Half year ended 30 June 2015

	REVENUE	2015	Growth	2014
Subscription product revenue		11.8m	+8%	11.0m
Upfront and service revenue		1.1m	-45%	2.0m
Content revenue		11.3m	+10%	9.8m
		24.2m	+6%	22.8m
	EBITDA	8.7m	+3%	8.4m

Revenue

- Move towards a subscription model is complete.
- 10% increase in practice management seats.
- Content business continues historical growth.

Overheads

- Cost base maintained despite additional volume.
- Cost increase relates to COGS on content business (ASIC fees).

Business group results

Half year ended 30 June 2015

REVENUE	2015	Growth	2014
Subscription product revenue	11.6m	+42%	8.2m
Other recurring revenue	4.9m	-38%	7.8m
Upfront and service revenue	3.0m	-16%	3.6m
	19.5m	-1%	19.6m
EBITDA	10.4m	-3%	10.7m

Revenue

- Move to subscription aggressively escalated.
- 71% of core Business group product revenue is subscription (prior half year 49%).
- Net volume growth maintained.
- Reckon One gaining traction.
- Over 30,000 online users (increased by 30%).

International group results

Half year ended 30 June 2015

	REVENUE	2015	Growth	2014
Subscription product revenue		8.0m	+18%	6.8m
Upfront and service revenue		2.3m	+54%	1.5m
Content revenue (moved to accountants group)		-		0.4m
		10.3m	+19%	8.7m
	EBITDA	3.6m	+44%	2.5m

Revenue

- Strong new customer acquisition in Virtual Cabinet and nQueue.
- Virtual Cabinet signed customers in USA.
- nQueue scan product gaining traction.

Overheads

- Investment in UK online sales capacity continues.
- Investment in Virtual Cabinet in USA.

EBITDA margin

Half year ended 30 June 2015

	2015	2014
Business Group	53.5%	54.7%
Accountants Group	35.8%	36.6%
International Group	35.5%	29.2%
Group	37.5%	37.7%

Cash flow highlights

Half year ended 30 June 2015

	2015	2014	
Net debt	\$37.1m		
Operating cash flow	\$20.2m	\$18.1m	
Capitalised development cost expenditure (net of grant)	(\$8.9)m	(\$7.2)m	2nd Half 2014 (\$8.1)m
Capitalised internal systems	(\$0.8)m	-	
Dividends paid	(\$5.3)m	(\$6.0)m	

Cash flow post half year

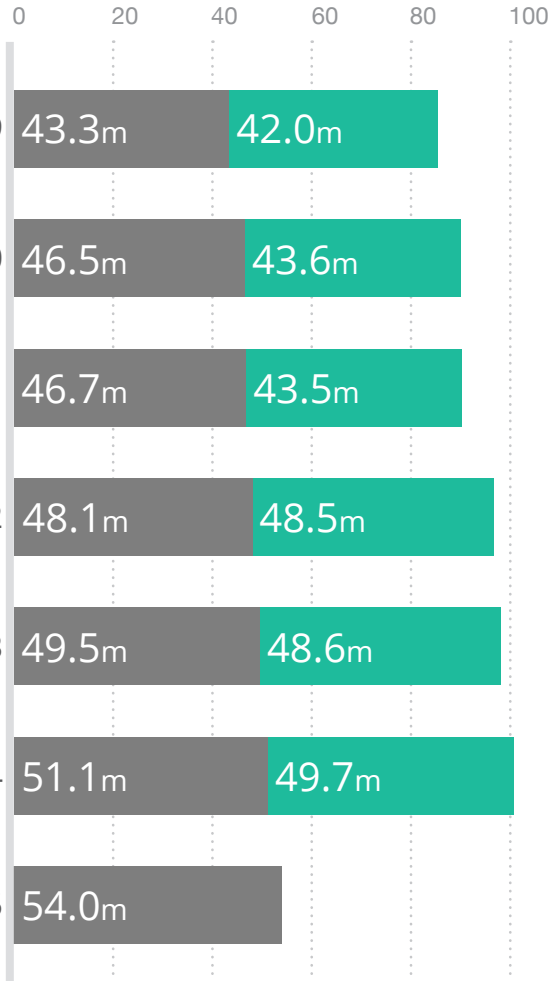
- Acquisition of remaining 30% of Virtual Cabinet for \$9m.

Group Trends

● Half Year
● 2nd Half

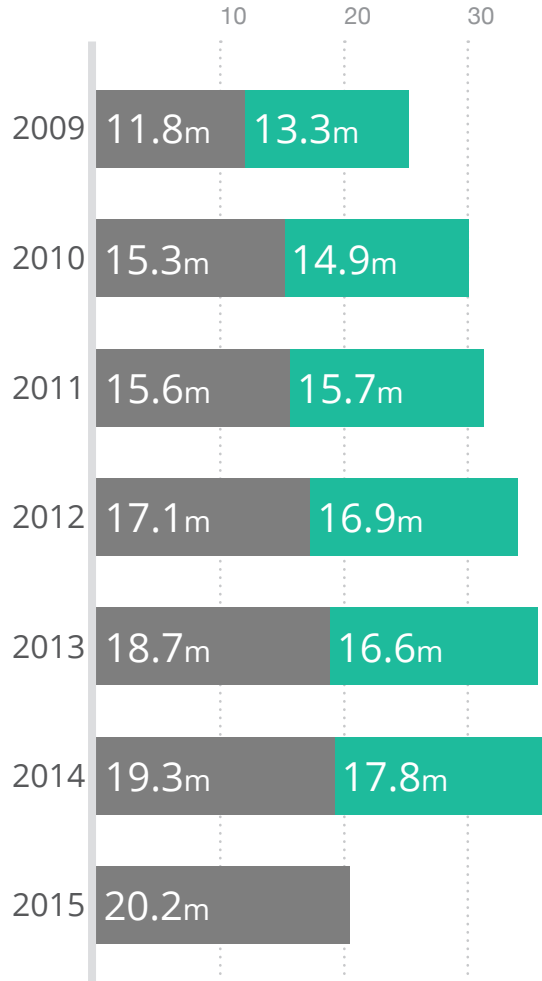
OPERATING REVENUE

\$ MILLIONS



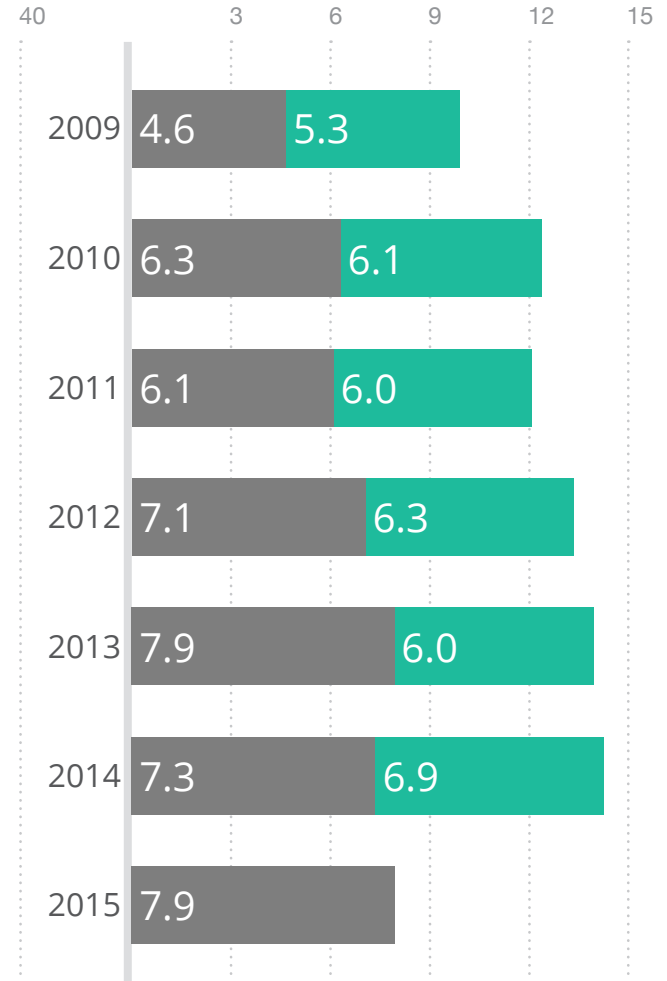
EBITDA

\$ MILLIONS



EPS

CENTS



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Questions

thank you