

# Class Limited

**Annual General Meeting**

**16 October 2017**

**Hilton Sydney**

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- All currency amounts are in AUD unless otherwise stated.

# Today's Agenda

- **Chairman's Address**
- **CEO's Update**
- **Business of the Meeting**
- **Questions**

# Chairman's Address



**Mr Matthew Quinn**

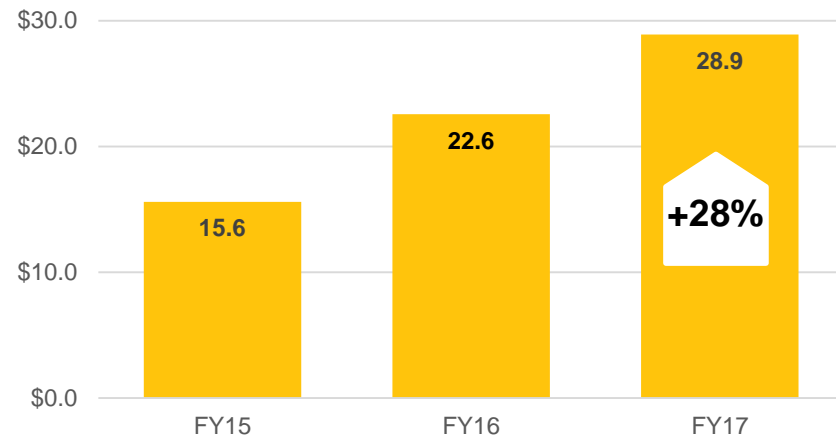
# CEO's Update



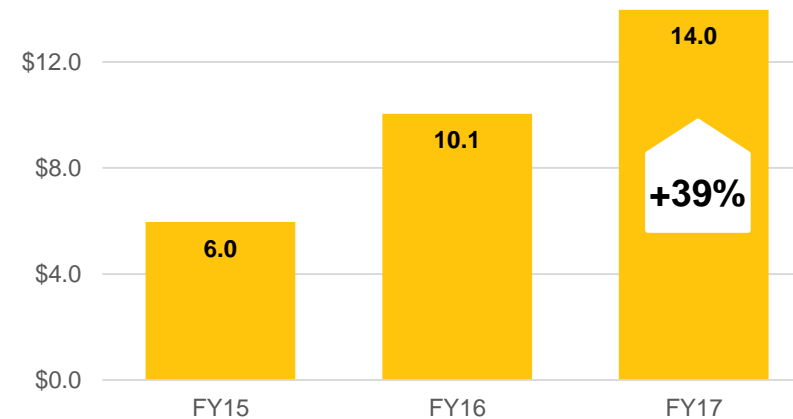
**Mr Kevin Bungard**

# Strong Revenue and Profit Growth

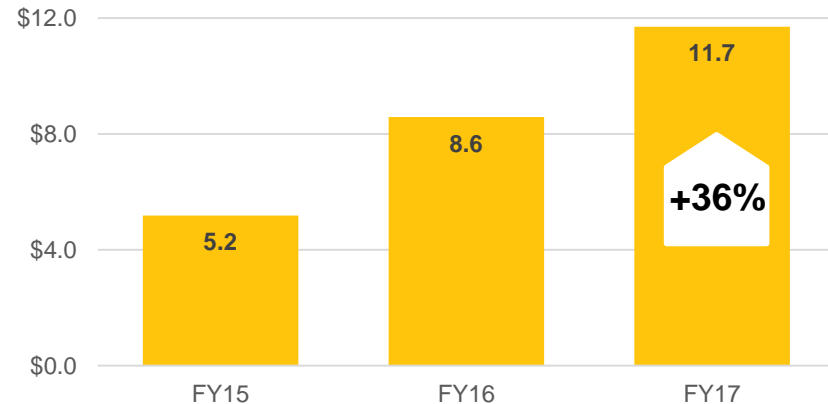
Operating Revenue (\$m)



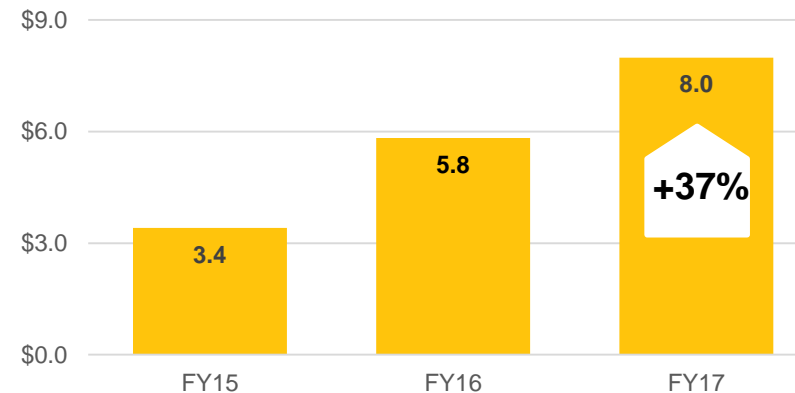
EBITDA (\$m)



NPBT (\$m)



NPAT (\$m)

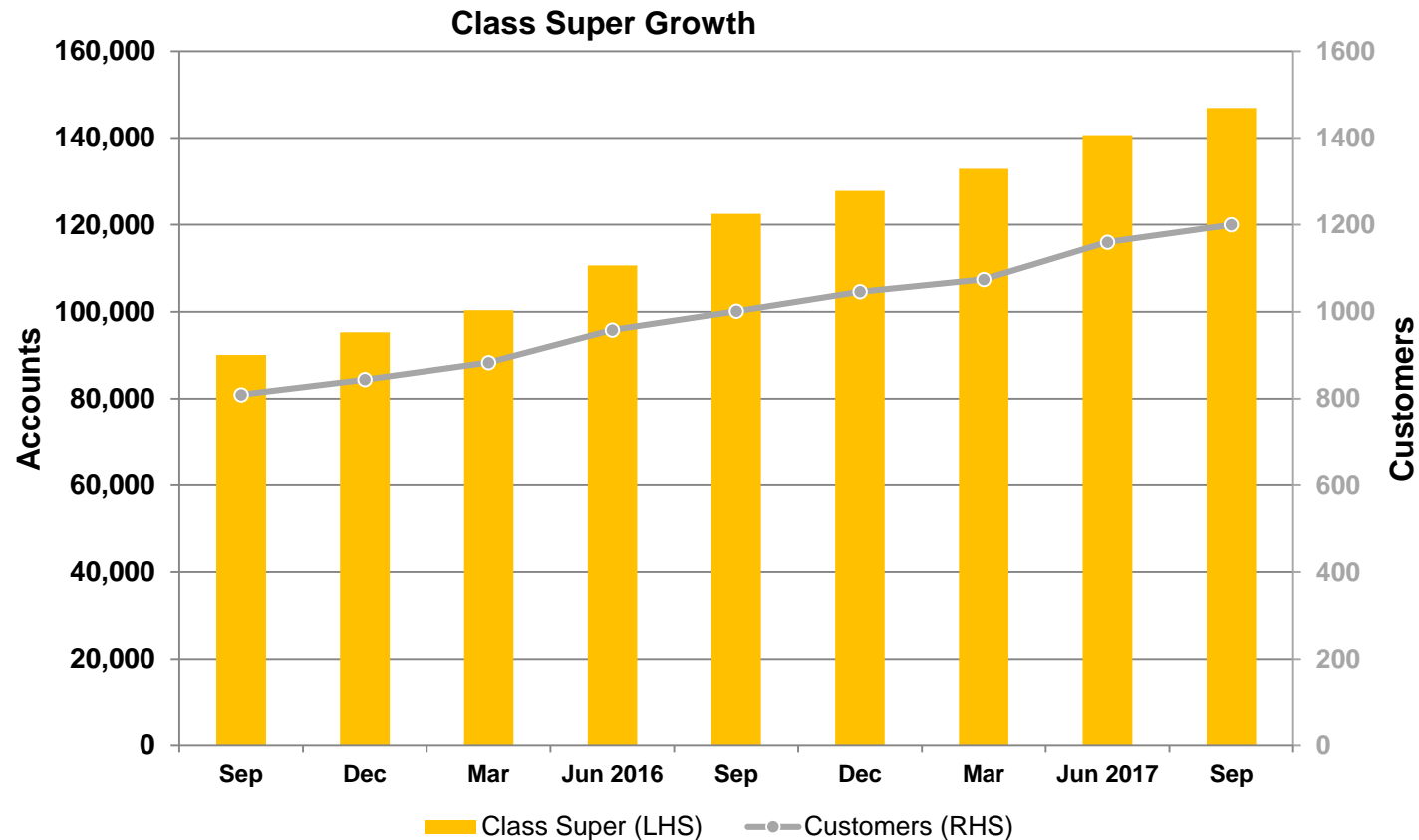


- EBITDA Margin expanded from **44.5%** to **48.4%**
- Growth driven by record increase in accounts

Notes:

All references for FY16 are after adjusting for one-off initial public offering ('IPO') expense. They are non-IFRS measures and are used by management to assess the performance of the business and have been extracted or derived from the FY16 financial report.

# Strong Growth in Class Super Accounts



- **30,076** new accounts, +27% at EOFY

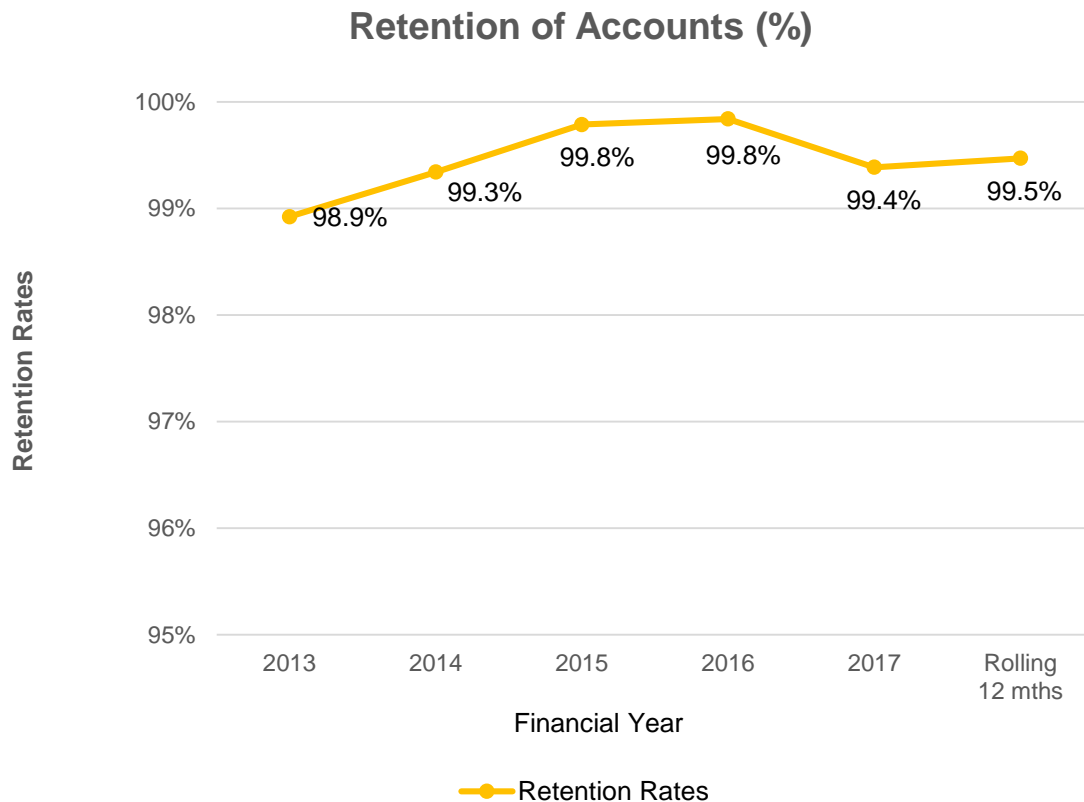
... currently **146,922**

- **200** new customers, +21% at EOFY

... currently **1,204**

- **\$216** ARPU, -1.4% at EOFY

# High Customer Satisfaction, Recurring Revenue



- Class Super won all FY17 SMSF software awards



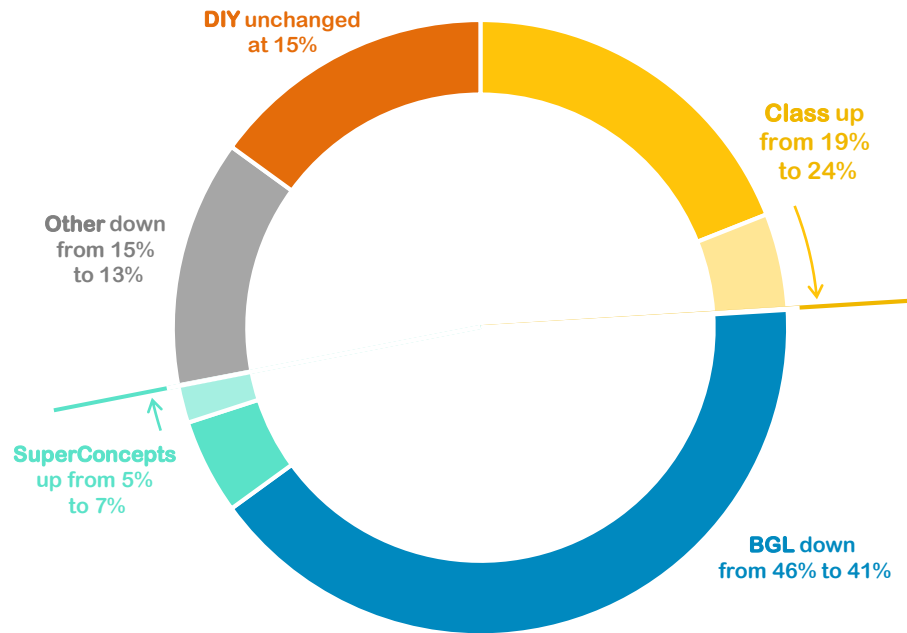
- CoreData 2017 SMSF award for SMSF Accounting Software/Administration (4<sup>th</sup> year running)
- 2017 SMSF Adviser SMSF Software Provider of the Year (4<sup>th</sup> year running)
- 2017 Investment Trends Highest Overall Client Satisfaction: SMSF Software (3<sup>rd</sup> year running)
- 2017 AFR Most Innovative Companies 40th on the list
- High retention rate fuels strong recurring revenue
- \$32.2m ACMR at 30 September 2017
- AMP is 6% of ACMR, and they have flagged that they intend to migrate to their own software but no date has been specified



# Increased SMSF Market Share

## SMSF Software Market Share

by est. no. SMSFs administered on each system<sup>1</sup>



- **24%** Class Super share, **+5%** at EOFY.
- ... currently **25%**
- Established Class customers continue to win market share away from peers who use less effective systems
  - **26%** of growth organic, from established customers
  - **17%** p.a. average growth for specialist SMSF Practices
- ...**3** times the industry rate of **5.2%** p.a.<sup>2</sup>

<sup>1</sup> Estimated from company announcements, ATO data and various Investment Trends surveys of SMSF Investors, Planners and Accountants in 2016 and 2017. DIY = SMSFs administered directly by investors. Other = SMSFs administered by accountants on Excel and general accounting software.

<sup>2</sup> 'Class SMSF Practices' have 25-500 SMSFs. Growth was over the 5 years to Nov 2016

# Impact of Super Reforms

## FY17

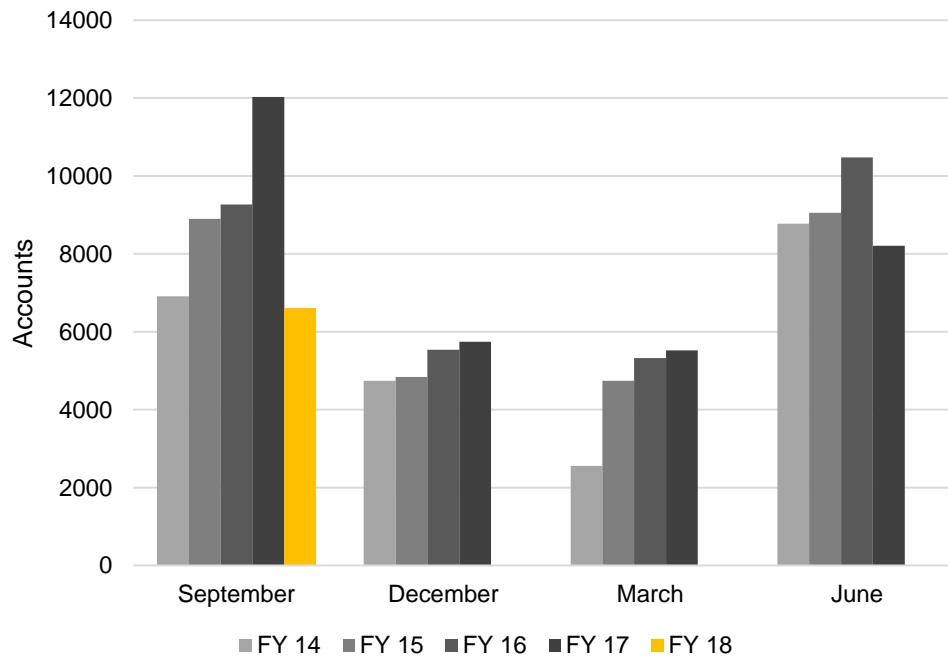
Uncertainty with rules for much of 2017	...saw 4% industry growth, lowest in five years
Industry disrupted by time required to assess and advise investors	...delayed industry lodgments and loading to Class
Significant technology costs for industry	...Class Super ~\$1m in FY17 (...similar spend in FY18)

## Moving forward

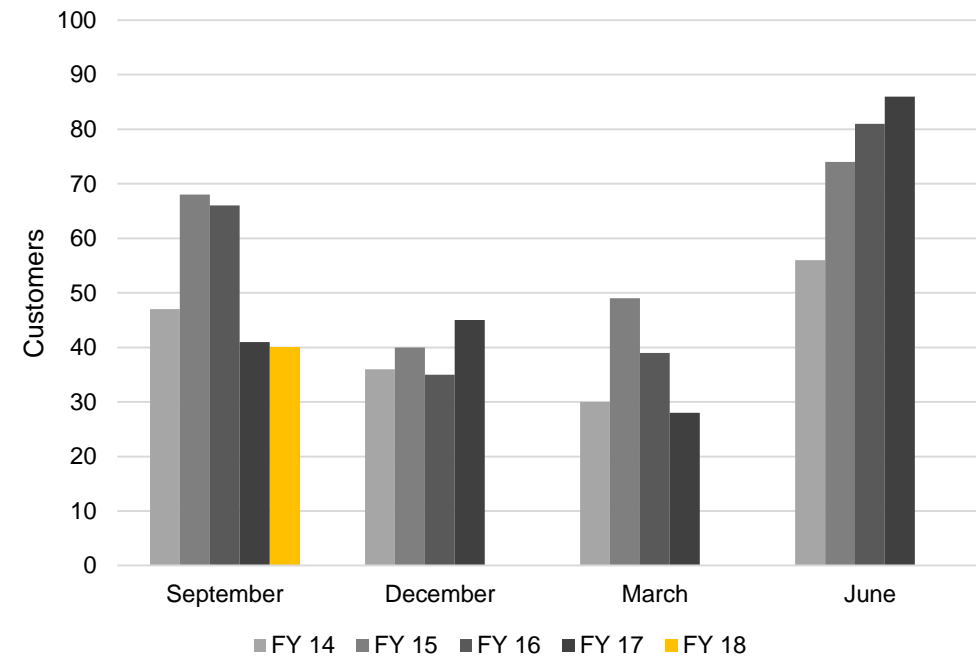
Complexity, especially upcoming reporting	...driving need for Class Super
Caps on contributions and pension balances	...driving need for Class Portfolio's 'whole of wealth' solution

# Quarterly Growth

Quarterly Net Account Growth



Quarterly Net Customer Growth



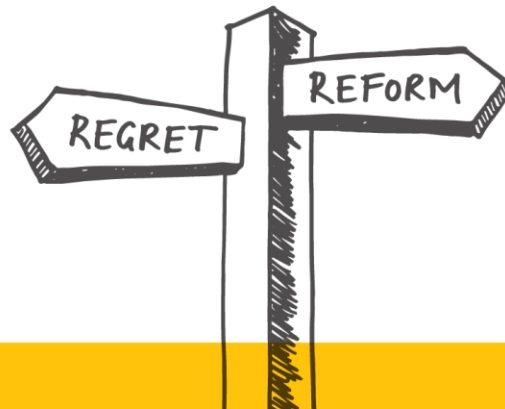
# Q2 Campaign

## Better move.

Choose **Class Super**  
and pay nothing 'til 1 July 2018\*

**Register Now**

Strictly limited – better be quick!



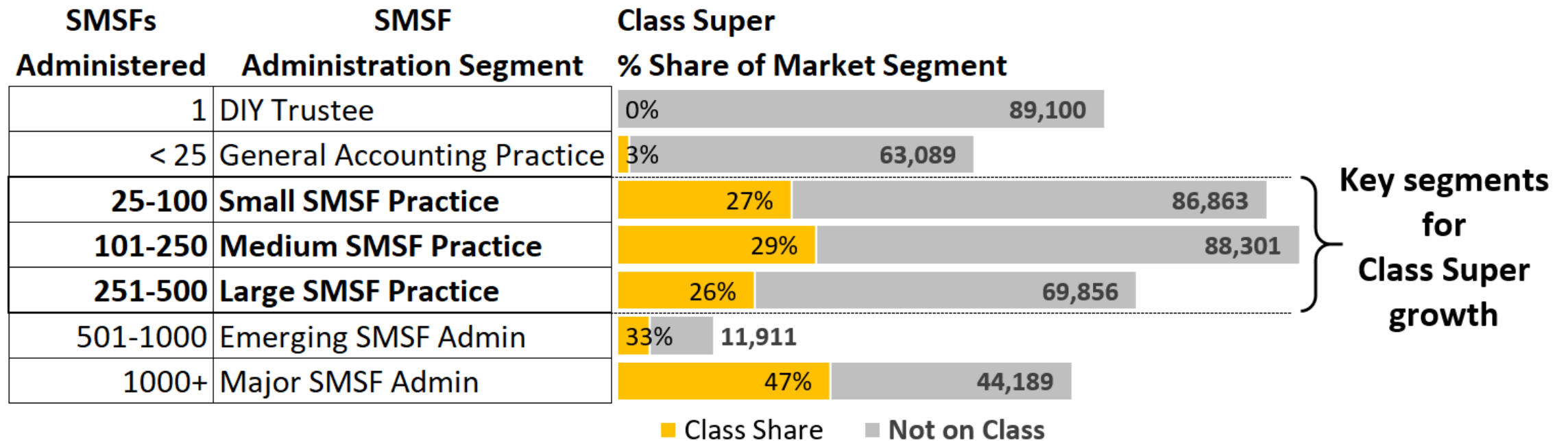
\*Terms & Conditions Apply



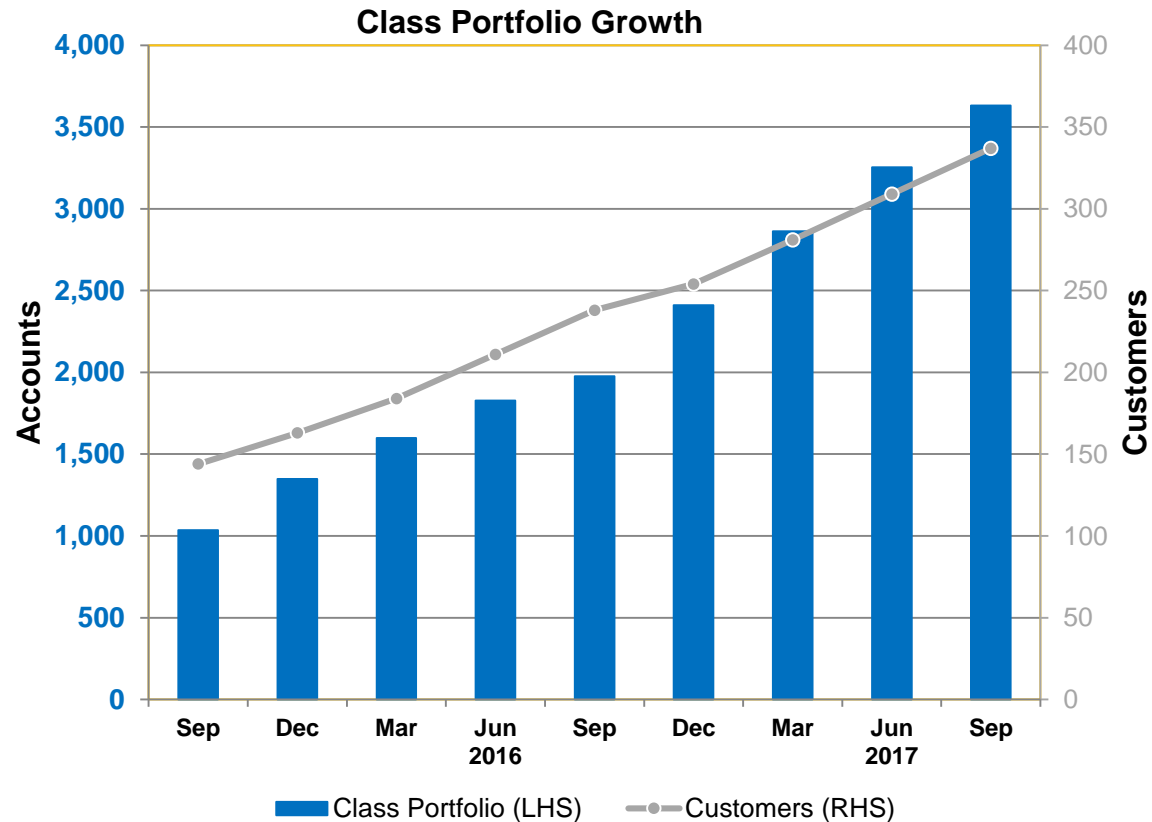
- Aims to accelerate acquisitions by bringing forward decision making in firms who:
  - are deferring due to Super Reform impacts; and
  - will be 'too busy' to migrate in Q3/Q4



# Plenty of Opportunity to Increase Share



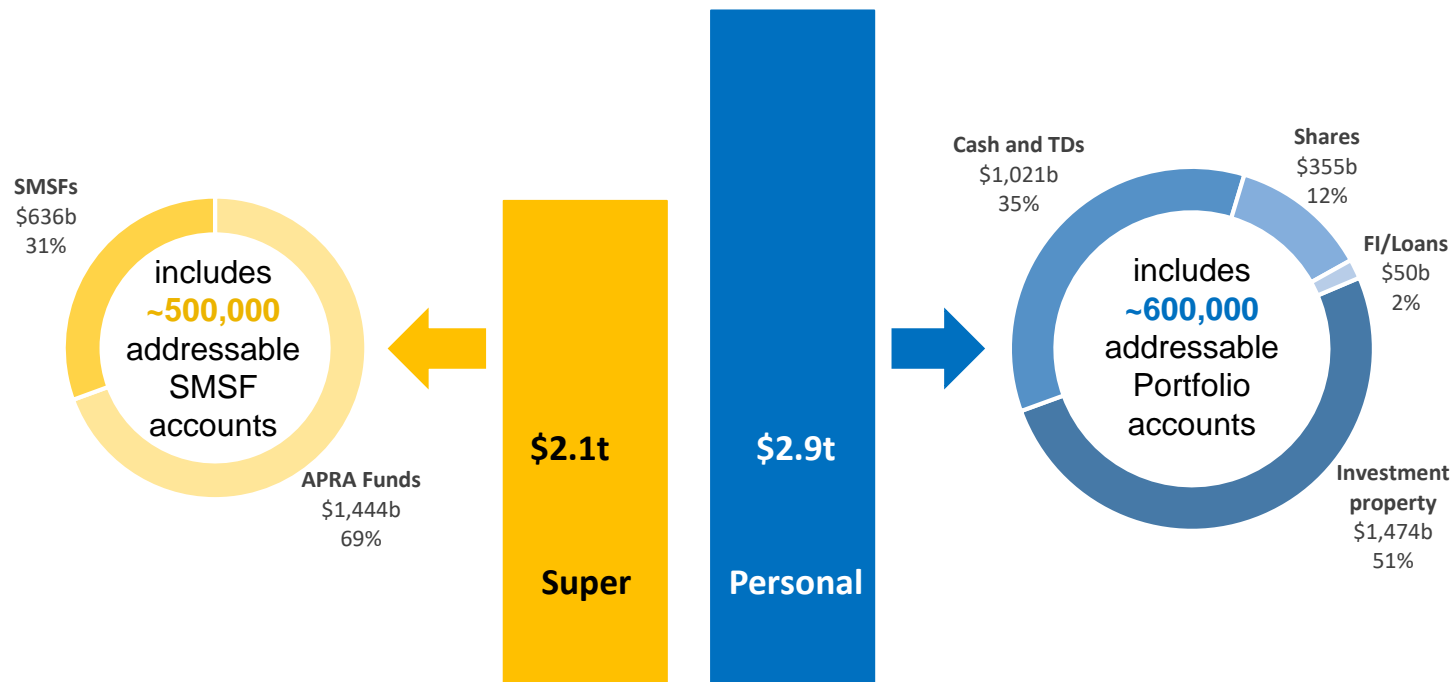
# Class Portfolio Growth



- **1,427** new accounts, **+ 78%** at EOFY  
... currently **3,631**
- Trust beneficiary accounting, consolidated portfolio functionality and portfolio fees launched
- **70%** of existing Class Super customers surveyed are potential Class Portfolio users
- **28%** of Class Super customers now use Class Portfolio, average **10.8** accounts per customer
- **\$147** ARPU, unchanged at EOFY

# Large Class Portfolio Opportunity

## Household Investment Assets\*



*\*Excludes owner-occupied dwellings and ownership of own business*

Sources: APRA, ATO

Sources: ABS, ATO, CoreLogic, Rice Warner

- SMSFs are no longer the “catch-all” they used to be
- Accountants need to have plans for “Family Office” style offerings and a whole of wealth view
- Class Portfolio provides the platform for accountants to deliver these solutions



# Clear Strategy

- **Class Super**

Invest in product to maintain market leadership of cloud and win market share

- **Class Portfolio**

Deliver a 'whole of wealth' solution and broaden our target market to financial planners

- **Broaden Platform**

Increase partner revenue and enhance benefits for customers creating a "network effect"



# Glossary

**Accounts:** billable Class Super funds and Class Portfolio entities.

**ARPU:** (Average Revenue Per Unit) assuming any sales promotions have ended and other factors such as pricing remain unchanged.

**ACMR:** (Annualised Committed Monthly Revenue) number of Accounts at the end of period multiplied by ARPU.

**CAC:** (Customer Acquisition Costs) sales, marketing and implementations expenses divided by gross new Accounts added.

**EBITDA margin:** calculated by dividing EBITDA by operating revenue.

**Established Customers:** practices that have been using Class for over 12 months.

**NPAT margin:** calculated by dividing NPAT by operating revenue.

**NPBT margin:** calculated by dividing NPBT by operating revenue.

**Retention Rate:** (Accounts for the period less Accounts lost due to customer terminations) / Accounts for the period. Accounts lost = the maximum number of Accounts the customer had during the year.