

# Results Presentation

Year Ended  
December 2009

**Clive Rabie – Group CEO**  
**Chris Hagglund – Group CFO**  
**Brian Armstrong – CEO Professional Division**  
**Gavin Dixon – CEO Business Division**

## Overview

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- Reckon is taking strong strides towards achieving its mission: “to be the leading provider of best of Class”:
  - Accounting software solutions
  - Content and service provider for the professionals
  - Personal wealth management solutions
  - Practice management solutions for professionals
  - Expense management solutions
- Our results and balance sheet testify to the success of our ongoing strategy:
  - To build on our organic growth
  - To expand our product and service offering to existing clients
  - To grow by acquisition

## Performance Highlights – year ended December 2009

### Reckon Group

Operating revenue **up 42% to \$85.3m**  
EBITDA\* **up 38% to \$26.1m\*\***  
NPAT\* **up 27% to \$14.4m**

### Business Division

Operating revenue **up 29% to \$49.9m**  
EBITDA\* **up 29% to \$15.9m**

### Professional Division

Operating revenue **up 32% to \$28.1m**  
EBITDA\* **up 26% to \$11.6m**

### nQueueBillback

Operating revenue **\$7.3m**  
EBITDA\* **\$2.4m**

\* Excludes business acquisition restructure costs (all pages)

\*\* Includes central administration costs of \$3.8M

## Performance Highlights – year ended December 2009

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- Operating cash flow before business acquisition restructure costs and catch-up tax payments (+25%)
- Operating cash flow \$18.9m (+16%)
- Net debt \$nil
- Final dividend of **4.0 cents** per share
- Total 2009 dividend of **7.0 cents** per share (+17%)
- Dividend franked to **100%**
- Dividend payout ratio is **71%**
- EPS **growth up 24%** to 10.5 cents (excl restructure costs)

## Major focus on expense management – year ended December 2009

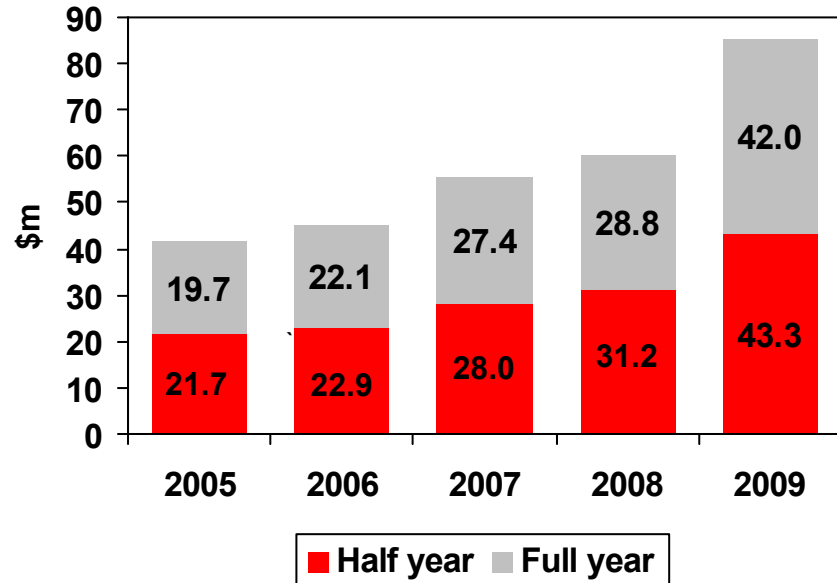
	Marketing	Staff costs & other overheads	
December 2008	\$4.4m	\$27.0m	
Acquired – Corporate Services & Billback	\$0.6m	\$12.2m	
December 2008 restated	\$5.0m	\$39.2m	
Cost reductions	(\$1.9m)	(\$2.0m)	-9%
December 2009	\$3.1m	\$37.2m	

**Business acquisition restructure costs – year ended December 2009**

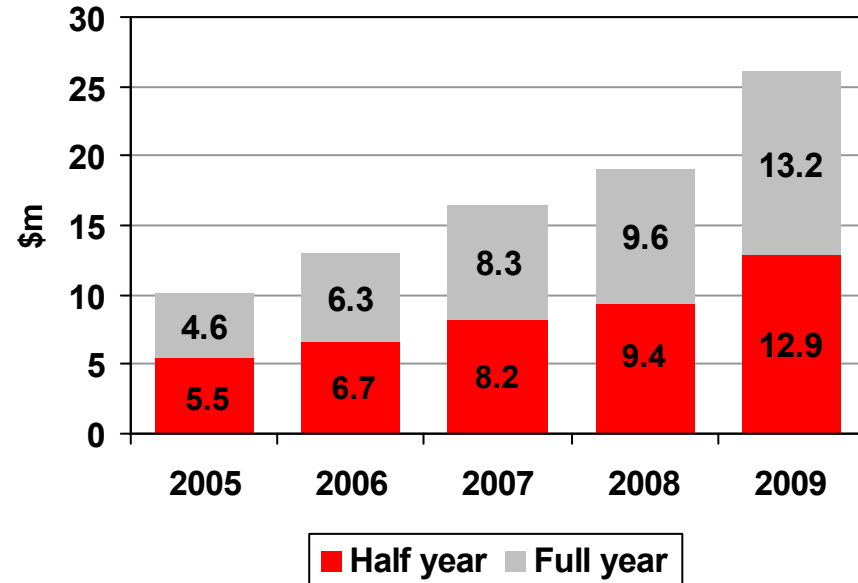
	<b>2009</b>
<b>Surplus premises, moving costs, asset writedowns</b>	\$0.4m
<b>Staff redundancy and other staff costs</b>	\$0.6m
<b>Other residual costs</b>	\$0.2m
<b>Tax effect</b>	(\$0.4m)
<b>TOTAL</b>	\$0.8m

## Trends over last 5 years

### Operating revenue



### EBITDA



Cumm Growth

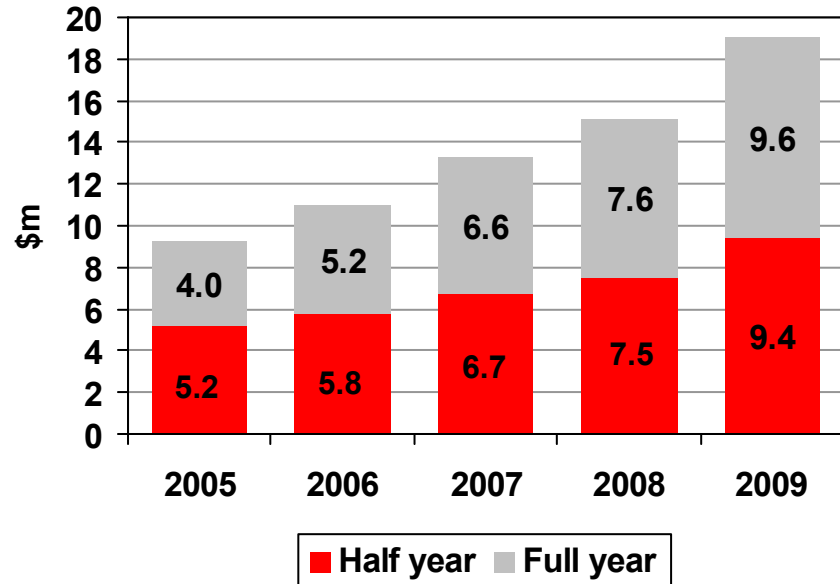
108%

Cumm Growth

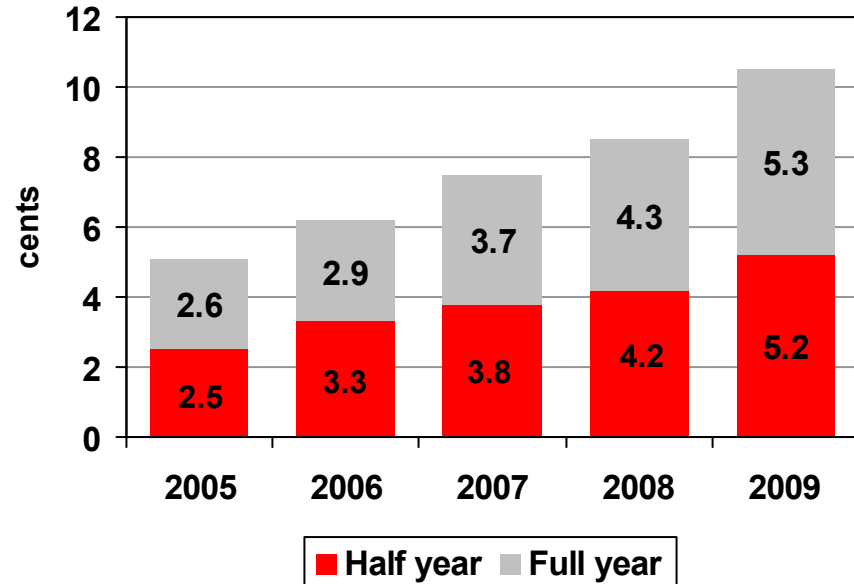
159%

## Trends over last 5 years

### NPBT



### EPS



## Margin trends – year ended December 2009

	2005	2006	2007	2008	2009
<b>EBITDA</b>	10.1m	13.0m	16.5m	19.0m	26.1m
<b>Margin</b>	<b>24%</b>	<b>29%</b>	<b>29%</b>	<b>31%</b>	<b>31%</b>

### The current year has been impacted by:

- The inclusion of the Corporate Services business. This business incurs a proportionately higher level of COGs due to the fees paid to ASIC for new company registrations.
- The inclusion of the Billback business. This business also supplies hardware and consequently it too incurs a higher level of COGs than the existing APS business.
- Share based payment expenses increase by \$0.7m due to strong share price improvement.
- Cost savings as previously referred to on slide 5

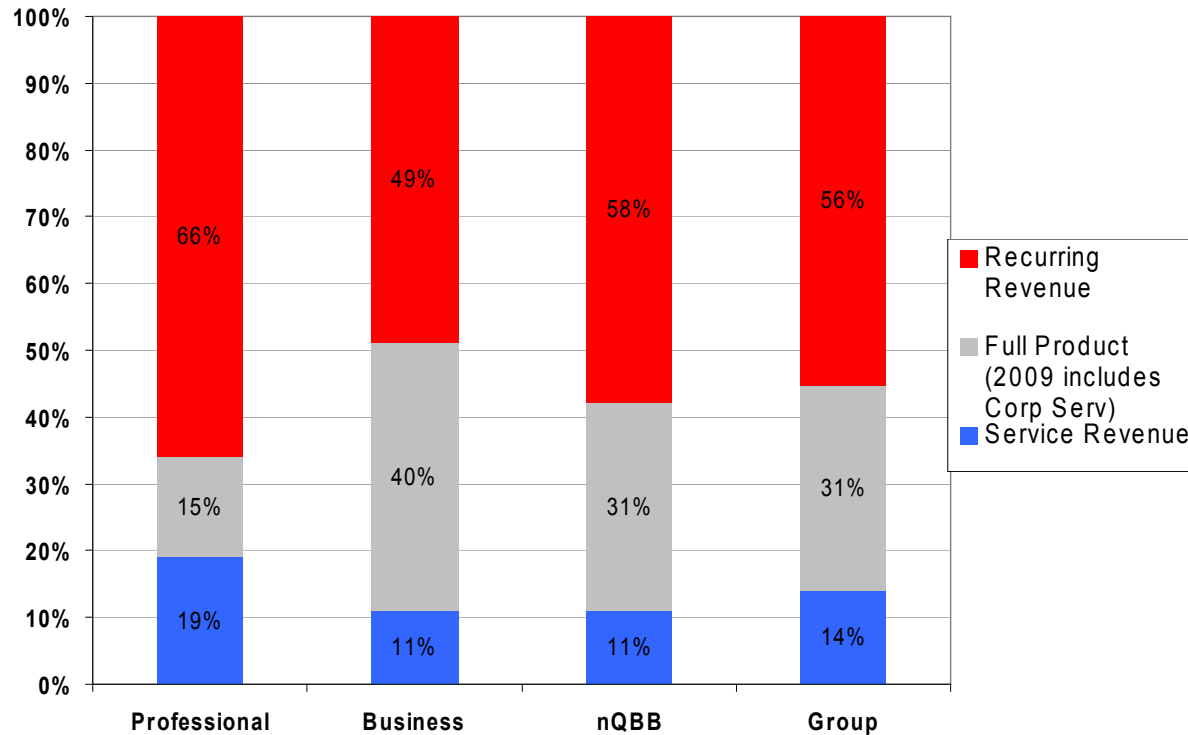
## Cash Flow Highlights – year ended December 2009

	2009	2008	
Cash/(Borrowings) at Dec 2009 / Dec 2008	-	\$16.1m	
Operating cash flow	\$18.9m	\$16.3m	<b>+16%</b>
Operating cash flow before business acquisition restructure costs & tax paid	\$24.3m	\$19.4m	<b>+25%</b>
Acquisitions	\$18.6m	\$1.3m	
Development Cost Expenditure <sup>1</sup>	\$6.5m	\$4.6m	
Fixed Asset Acquisitions <sup>2</sup>	\$1.8m	\$0.7m	
Dividends Paid	\$8.6m	\$7.2m	

1 Higher costs reflect additional expenditure on Billback, APS tax product and company secretarial software.

2 Higher expenditure relates to launch of online product and merger of APS and Billback sites.

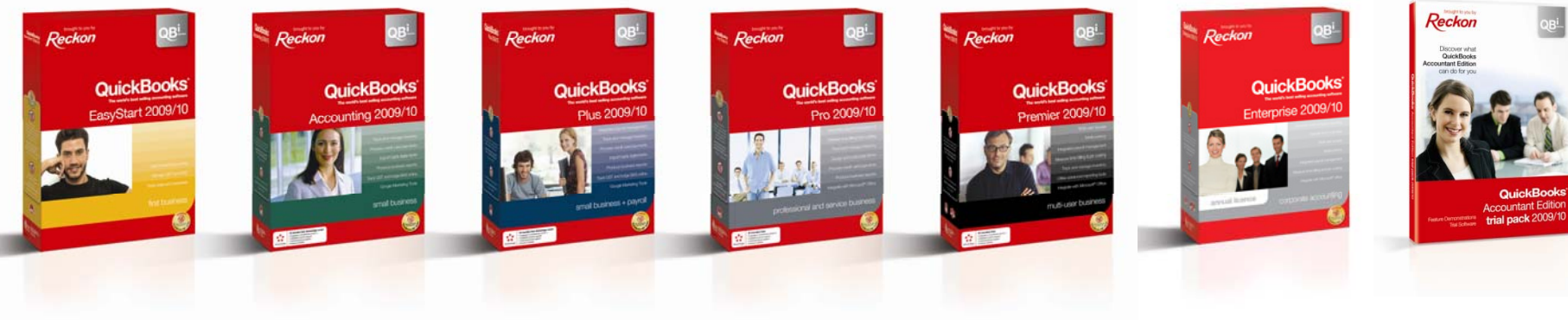
## Revenue Breakdown – year ended December 2009



Prior year recurring revenue

61%	59%	-	61%
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## Business Division



**Business Division – year ended December 2009**

	<b>2009</b>	<b>2008</b>
<b>Operating revenue</b>	\$49.9m	\$38.6m
<b>Operating revenue growth</b>	29%	
<b>Underlying business revenue decline</b>	(2%)	
<b>EBITDA</b>	\$15.9m	\$12.3m
<b>EBITDA growth</b>	29%	
<b>Underlying business EBITDA growth</b>	9%	

## Business Division – year ended December 2009

	Reckon	Market
<b>Underlying business revenue decline</b>	(2%)	
<b>QuickBooks Enterprise &amp; online</b>	29%	
<b>Elite</b>	14%	
<b>Other Direct revenue growth</b>	7%	
<b>Retail revenue decline</b>	(35%)	
Gfk - Retail Sell Thru Units*	(12%)	(13%)
* 1st half decline 16%; 2nd half decline 6%		
Gfk – Mix and EasyStart impact	(6%)	(3%)
Estimated effect of destocking	(17%)	

**Business Division (Corporate Services) – Year ended December 2009**

	<b>2009</b>
<b>Operating revenue</b>	\$12.0m
<b>EBITDA</b>	\$2.5m

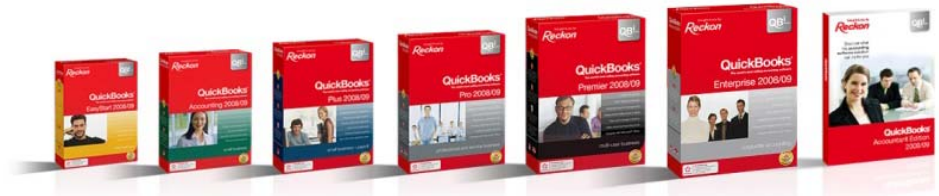
## Business Division - 2009 Highlights

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- Release of QuickBooks 2009 QB<sup>i</sup> Series
  - Consolidating 2008 QB<sup>i</sup> release
  - Scalable to mid-size enterprises
- Strong growth from QuickBooks customer base especially Enterprise
  - Revenue Growth 29%
- Continued success with Elite products
  - Revenue Growth 14%
  - Release of new technology platform (SQL) to increase market reach
- Professional partner membership exceeds 6,500
- Gfk market unit share hit 39% at end of year
- ReckonDocs (Reckon Espreon and Reckon Shelco) continued growth
  - Reckon Docs Online now handling more than 70% all transactions
  - Over 300 installations of Reckon Docs Desktop
  - Improving market share
- Good uptake of QuickBooks Online in Aust & NZ
  - Over 1000 users signed up in 4 months

## Key 2010 Strategies

- Leverage QuickBooks 2010 QB<sup>i</sup> series release
  - Broad user acceptance now achieved
  - Increasing organic growth
  - Attractive new capabilities and offerings
- Leverage scalability of QuickBooks Enterprise Edition
- Expand QuickBooks Online service
- Expand Elite customer acquisition through broader addressable market
- Continue to grow Reckon Docs market share
  - Add new service offerings
- Take advantage of expanded direct sales team



## Professional Division

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Accountable Technology

**BILLBACK**  
Expense Management

**Professional Division – year ended December 2009**

	<b>2009</b>	<b>2008</b>
<b>Operating revenue</b>	\$28.1m	\$21.3m
<b>Operating revenue growth</b>	32%	
<b>Underlying business revenue growth</b> (before negative FX impact of 2%)	9%	
<b>Billback Aust and UK revenue</b>	\$5.3m	
<b>EBITDA</b>	\$11.6m	\$9.2m
<b>EBITDA growth</b>	26%	
<b>Underlying business EBITDA growth</b> (before negative FX impact of 2%)	13%	
<b>Billback Aust and UK EBITDA</b>	\$1.4m	

## Professional Performance – year ended December 2009

### Software revenue

- Reflects impact of continued new business growth
- Reflects success of product extension and integration strategies in challenging market conditions

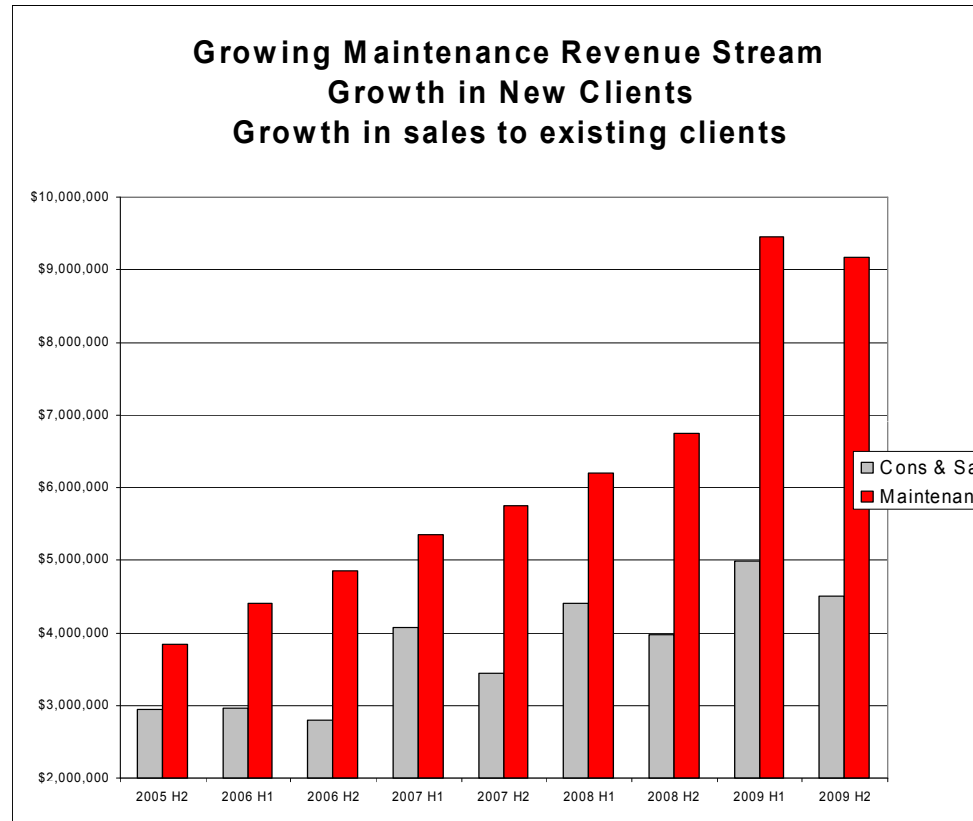
### Consulting revenue

- Reflects ongoing demand for high level consulting from clients
- Reflects new business growth and high take up of compliance and productivity software and services

### Maintenance revenue

- Reflects continued strong new business sales
- Reflects high uptake of extended product range
- 2<sup>nd</sup> half impacted by loss of Bearing Point and negative FX impact

2009 includes Billback Aust and UK for the 1<sup>st</sup> time



## Professional Division - 2009 Highlights

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- Continued success with product extension and integration strategies
  - 5 new products added
- 2<sup>nd</sup> Big Four firm successfully implemented
- Supplier of choice to leading firms
  - Continue to win majority of leading firms' considering a solution or platform change
- Significant growth in client base
  - High demand for additional products and services
- Successful integration of BillBack business into APS
- Successful integration of Solutions 2001 (Imaging & Scanning )
- Extended Legal product suite

## Advance Suite Accounting



## Advantage Suite Legal



## Professional Division – 2010 Strategies

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- Continued rollout of integrated compliance and practice management suite
- Leverage expanded Legal product suite
- Cross sell opportunities
  - ACR
  - Company formations
  - QuickBooks Online
- New Products available in 2010
  - Expense Management & Print solutions
  - Digital imaging
  - Workpaper management
  - Resource planning





## nQueueBillback (USA) – year ended December 2009

	2009
<b>Operating revenue</b>	\$7.3m
<b>EBITDA</b>	\$2.4m
<b>Maintenance Revenue</b>	\$4.3m
<b>New Revenue</b>	\$3.0m

On 1st July BB USA merged with NQ USA. Reckon owns 67% of JV

### Rationale:

- Merged 3rd & 4th largest players
- Best of breed product with desktop and embedded solution for cost management and cost recovery
- Established management team in USA
- Focused on the US legal industry

## Future Opportunities

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- Continued organic growth
  - Grow product suite to provide product from Micro markets to Enterprise market
  - Grow product suite for Accounting market into Mid market
  - Develop product for the SaaS market
  - Provide deeper product range to Accounting and Legal Market
- Professional division
  - Leverage full product suite across both accounting and legal professions
- Business division
  - Continue to leverage enterprise and online offerings
- nQueueBillback
  - Continued organic growth in the US legal market from new client acquisition together with expanded product range to existing clients
- Seek out other suitable acquisitions
- Take advantage of ungeared balance sheet
  - Buyback announced today: up to a maximum of 10% of issued capital

Questions

Thank you