



Reckon

Results presentation

Half year ended 30 June 2013

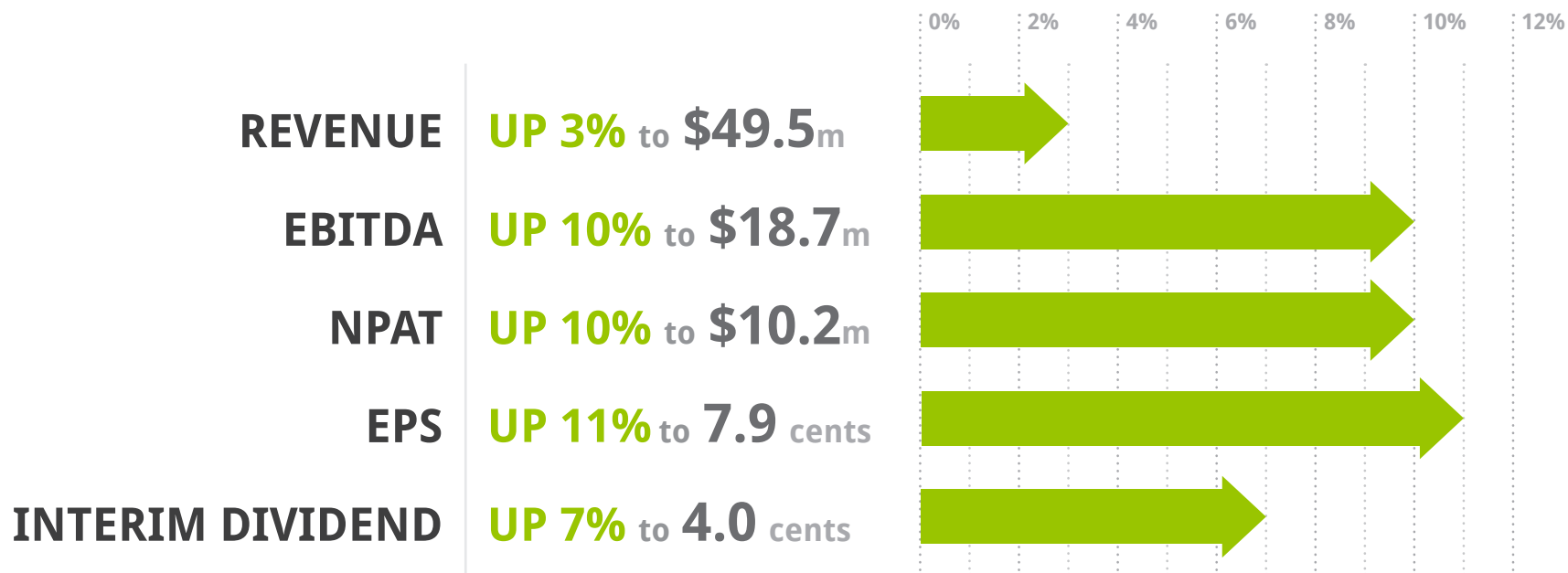
To be read in conjunction with the Appendix 4D and the Accounts

2013 ACHIEVEMENTS

1. Rebranded QuickBooks + Quicken with **no adverse revenue impact**
2. Developed and launched Reckon One - **positive feedback received**
(including in the UK)
3. Extended the APS Private Cloud solution - **positive feedback received**
4. Introduced Virtual Cabinet to all markets - **pipelines are building**

PERFORMANCE HIGHLIGHTS

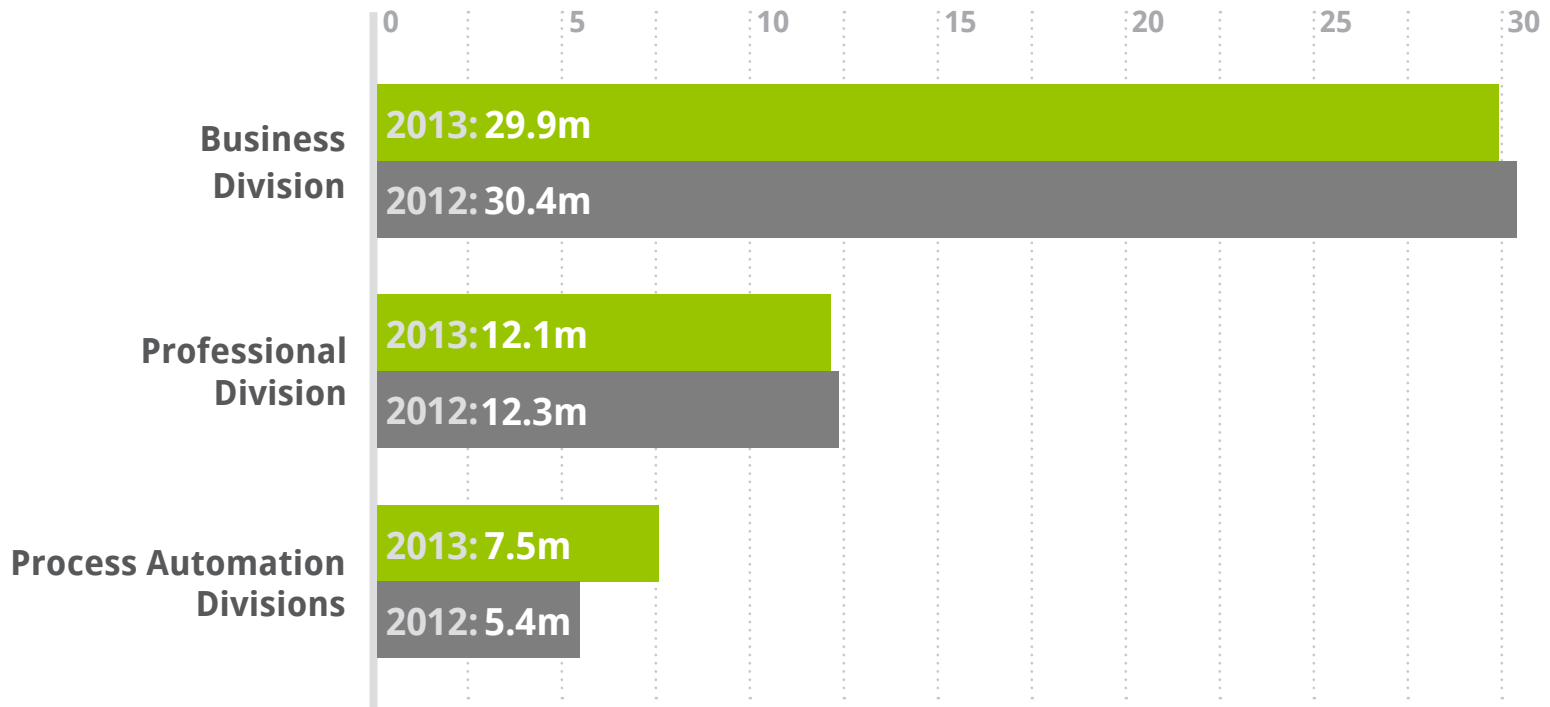
Half year ended 30 June 2013



GROUP TRENDS BY DIVISION

Half year ended 30 June 2013

Operating Revenue (\$ MILLIONS)



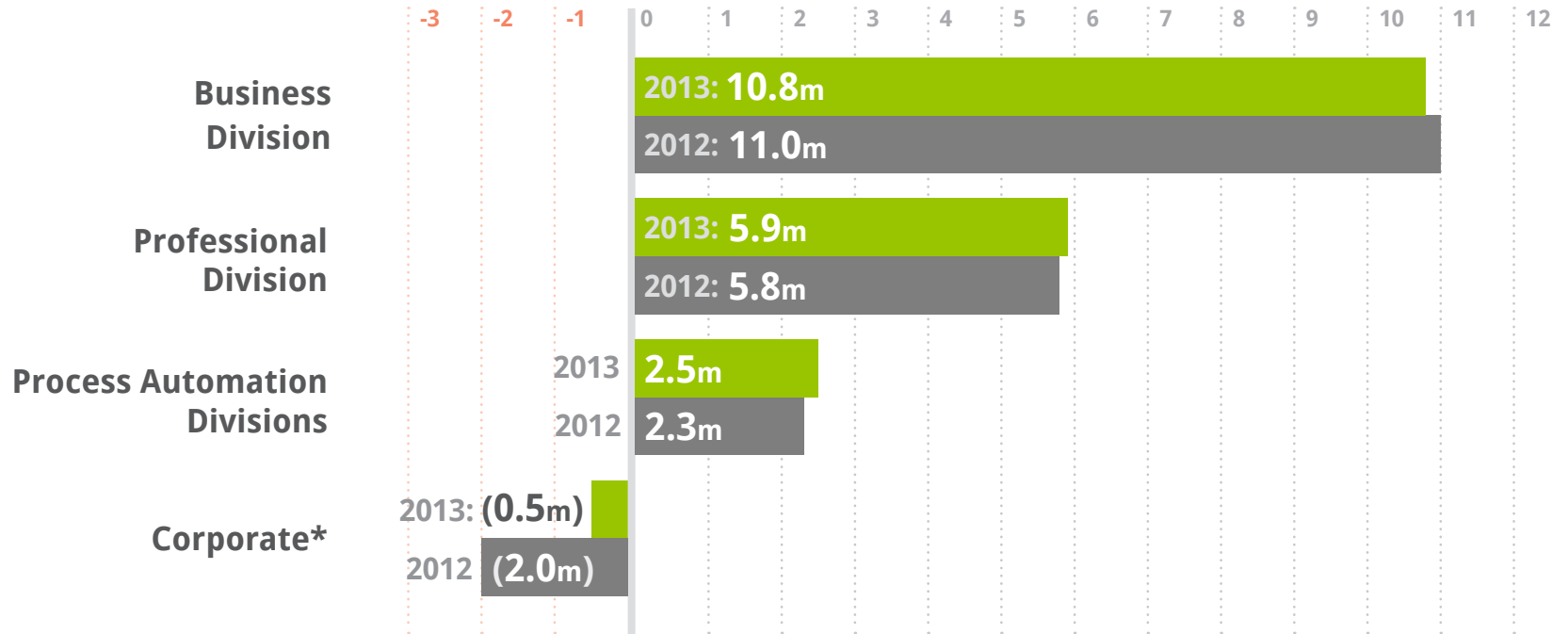
Total 2013 **49.5m**

Total 2012 **48.1m**

GROUP TRENDS BY DIVISION

Half year ended 30 June 2013

EBITDA (\$ MILLIONS)



Total 2013 **18.7m**

Total 2012 **17.1m**

* 2013 includes profit on sale of investment in Connect2Field of \$1.3m

RECKON GROUP

Major Revenue Movements

	\$ Millions	Growth
2012 Operating Revenue	48.1	
Australian Direct - SME Accounting Products	0.4	+3%
Australian Retail - SME Accounting Products	(1.0)	-51%
Docs	0.5	+6%
APS (Aus + NZ)	0.3	+2%
APS UK (business sold, replaced by royalty)	(0.5)	
Virtual Cabinet	2.4	-
nQueue Billback	(0.3)	-6%
Other	(0.3)	
2013 Operating Revenue	49.5	+3%

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EBITDA margin %

	2013	2012
Accounts (including Docs)	35.9%	36.1%
APS	49.0%	47.1%
nQueue Billback	37.6%	42.4%
Virtual Cabinet	25.3%	-
Group	37.8%	35.4%

BUSINESS DIVISION RESULTS

Half year ended 30 June 2013

	2013 \$ MILLIONS	2012 \$ MILLIONS
Revenue	\$29.9	\$30.4
EBITDA	\$10.8	\$11.0

Accounts

- Direct Revenue grew by 3%
 - QuickBooks + Quicken rebranded with no impact on revenue
 - Hosted + Enterprise were again the star performers
 - Move to subscription pricing continues to impact on \$ growth
 - Price increases conservative due to name change
- Retail continues to be a declining market, revenue down 51% (significantly impacted by de-stocking)

One

Launched, but no revenue as yet

Docs

Revenue growth of 6%

Overheads

- Proportionally higher Docs growth adversely impacts margin
- Marketing costs higher related to the Reckon One launch
- Higher proportion of development costs capitalised

PROFESSIONAL DIVISION RESULTS

Half year ended 30 June 2013

	2013 \$ MILLIONS	2012 \$ MILLIONS
Revenue (Aust + NZ)	\$11.8	\$11.6
Revenue (UK)	\$0.2	\$0.7
EBITDA	\$5.9	\$5.8

Australia and New Zealand

- Revenue growth 2%
 - Subscription revenue growth 10% (\$0.9m)
 - Upfront revenue reduced by 20% (\$0.7m)
 - Focus remains on moving the business towards a subscription model
 - Minimal revenue from APS Private Cloud offering to date

APS UK

- Royalty revenue of \$0.2m
 - No material impact on EBITDA, but improves margin %

PROCESS AUTOMATION DIVISIONS RESULTS

Half year ended 30 June 2013

	2013 \$ MILLIONS	2012 \$ MILLIONS
Revenue	\$7.5	\$5.4
EBITDA	\$2.5	\$2.3

Virtual Cabinet

- Revenue up marginally on the previous half year
 - Revenue is expected to be 2nd half weighted
 - Focus on moving business to a subscription model
- EBITDA improved by 21% on the previous half year
 - Sales mix favourable (less third party products sold)

nQueue Billback

- Revenue down by 6%
 - Subscription revenue +4%
 - Upfront revenue -32%
- Investment in future Virtual Cabinet revenue potential (costs in half year; minimal revenue as yet)

REVENUE BREAKDOWN

- Recurring Revenue
- Full Product Revenue
- Service Revenue

Accounts



Docs (all new product sales)



APS



nQueue Billback



Virtual Cabinet



RECKON GROUP

Cash Flow Highlights - half year ended 30 June 2013

	2013 \$ MILLIONS	2012 \$ MILLIONS
Net debt	\$9.2	
Operating cash flow	\$13.4	\$11.0
Capitalised development cost expenditure	(\$6.1)	(\$4.1)
Fixed asset acquisitions	(\$0.8)	(\$0.3)
Dividends paid	(\$6.1)	(\$5.9)

Cash spend on development

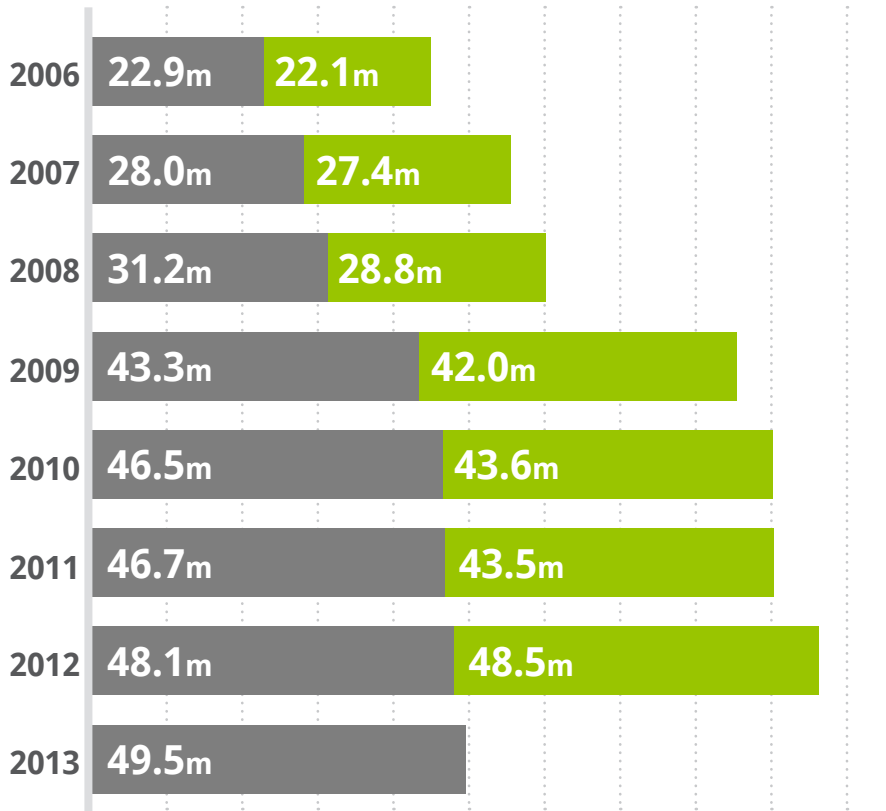
	2013 \$ MILLIONS	2012 \$ MILLIONS
Capitalised	\$5.8	\$4.1
Expensed	\$0.2	\$1.1
Existing products	\$6.0	\$5.2
New products - VC	\$0.3	-
Total	\$6.3	\$5.2

GROUP TRENDS

OPERATING REVENUE

\$ MILLIONS

0 10 20 30 40 50 60 70 80 90 100



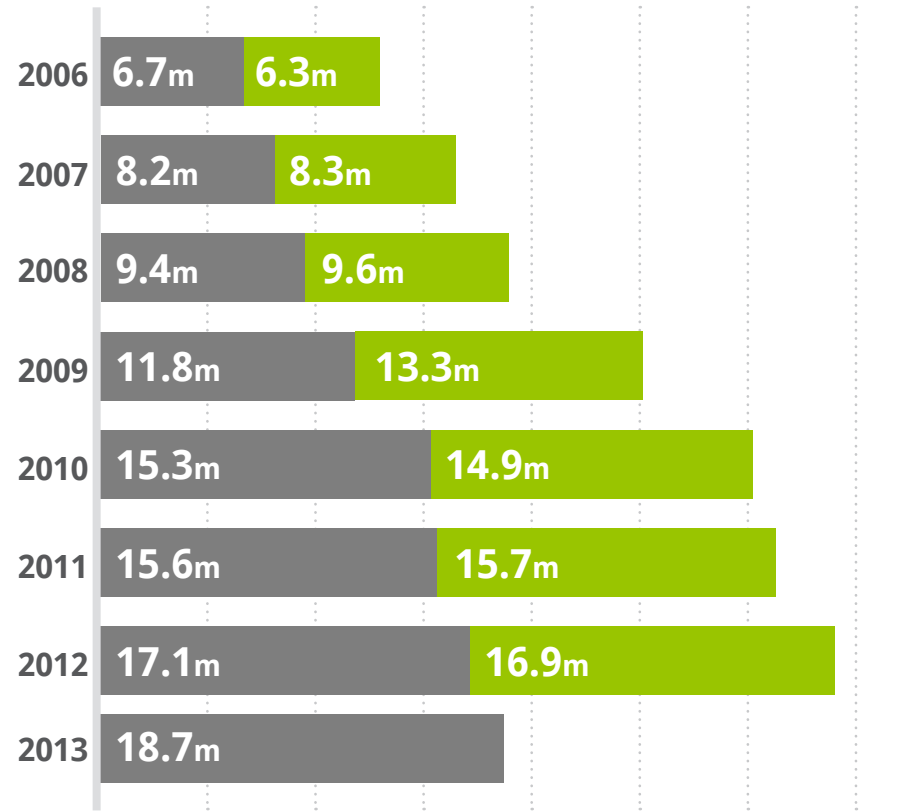
● Half Year

● 2nd Half

EBITDA

\$ MILLIONS

0 5 10 15 20 25 30 35



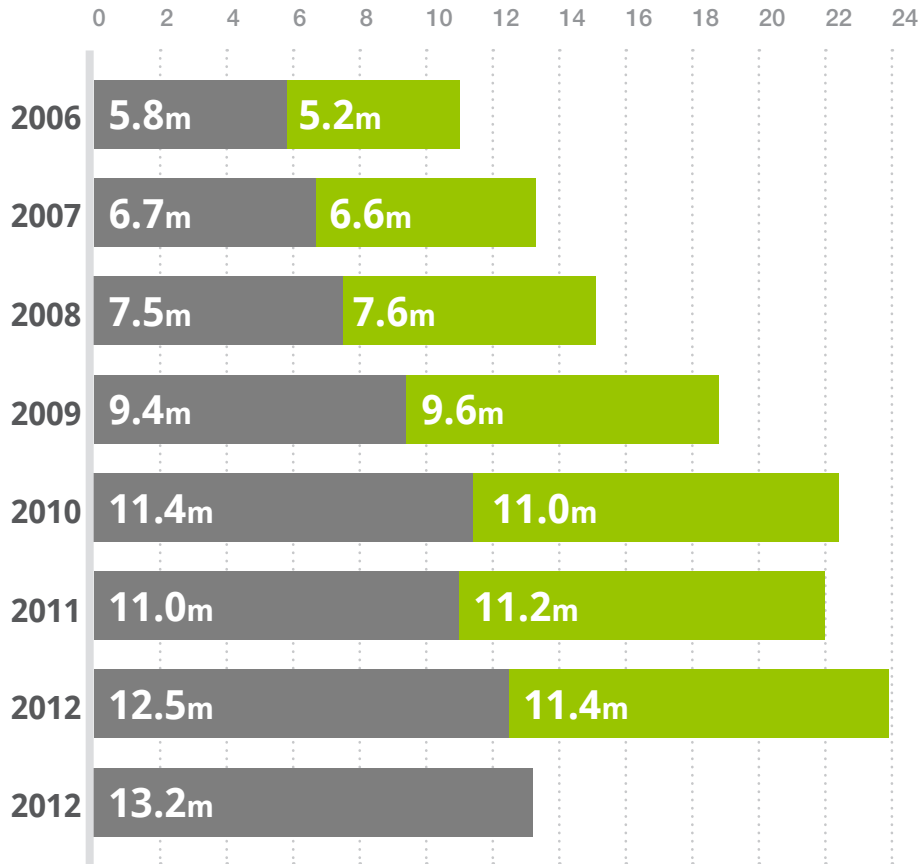
● Half Year

● 2nd Half

GROUP TRENDS

NPBT

\$ MILLIONS

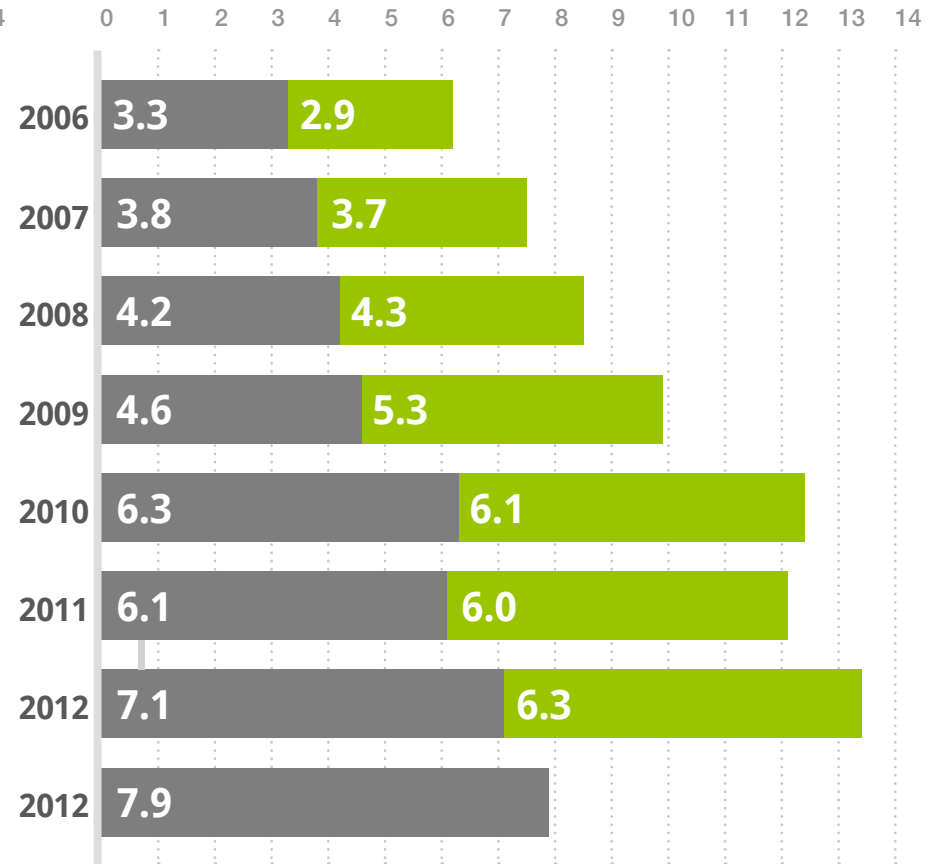


● Half Year

● 2nd Half

EPS

CENTS



● Half Year

● 2nd Half

RECKON'S UNIQUE POSITIONING

1. Customer choice

- We are and will continue to be a supplier of Desktop, Hosted & Cloud offerings

2. A “Designed for you” development methodology

- Flexibility and cost savings for clients

3. Relationship focused

- Strong relationships with customers and partners is firmly integrated into the Reckon culture

4. Domain expertise

- Provides best practice technology across our range of products

Supplier of choice
to progressive accountants and SMEs

Relationships



Engaged
Connections



Desktop



Hosted



Cloud

Designed by you



Reckon Personality



BUSINESS DIVISION

Reckon is an industry leader in accounting software solutions suitable for small to enterprise sized business.

Reckon partners with over **6,000 accounting practices** and has more than **600,000 registered businesses** as customers in its Reckon Accounts business.

+100,000 repetitive customers buying a variety of solutions annually.

Reckon Docs services 3,000+ clients.

RECKON ONE GOES TO BETA

The modular approach adopted in this recently launched product allows businesses to customise and configure a solution to meet specific requirements and therefore only pay for the functionality required.

- Initial launch ~4,000 people at 19 venues in Australia
- End July moved to Beta
- Limited Roadshow to ~25 accounting practices in UK with equally good response
- UK localisation has commenced

BUSINESS DIVISION

Opportunities:

Reckon One

- New market catering to micro clients seeking a modern web based solution - strong response to launch
- Opens up an opportunity to seek out new territories - positive feedback from UK presentations
- Go to market strategy leverages off our broad range of Accounts, Docs + Professional customers and partners.

Reckon Accounts + Reckon Docs

Continued organic growth particularly in Enterprise and Hosted solutions, as well as Docs content.

PROFESSIONAL DIVISION

Reckon is an industry leader in practice management software to accounting practices of all sizes.

Customer base:

- 1,000+ customers use the APS suite
- 3,000+ customers use the Reckon Elite suite

Reckons APS offers a truly integrated solution and is now well entrenched as the supplier of choice to the top tier of accounting firms.

Reckons APS focuses on building strong relationships with clients to truly understand their business needs. Only then can we work together to design, build and maintain effective solutions.

PROFESSIONAL DIVISION

Customer trends are towards:

- Hosting all of their IT requirements rather than having to manage their own infrastructure and internal IT teams.
- Moving to subscription pricing model providing certainty and consistency around cost of IT purchases

Opportunities

- Continue to roll out more modules to our existing customer base and gain further market share.
- Promote APS and Elite products as hosted solutions (market potential amongst existing clients is significant).
- Place more focus on the mid market using the cost effective hosted solution.

PROCESS AUTOMATION DIVISIONS

Reckon is an industry leader in solutions to enhance business efficiencies for accountants, lawyers and businesses in general across the globe.

- The combination of scan, document management and client portal solutions facilitates a paperless office and office virtualisation, and is well suited for mobile workforces.
- Expense Management of all disbursement types combined with print solutions allows for efficient cost management, recovery and value billing options.
- Reckon One delivers a mobile Business Management and Accounting system

PROCESS AUTOMATION DIVISIONS

Opportunities:

- Distribution of Virtual Cabinet into all markets serviced by Reckon companies
- Market share expansion into large markets such as the USA (Pipelines are building)
- Promote the latest scan and print solutions which are well suited for our customer base of predominately lawyers and accountants in all markets.

STRATEGIC FOCUS

- **Reckon Accounts + Reckon Docs**
 - Organic growth particularly in Hosted and Enterprise offerings as well as Docs content
 - Lock in the benefit from the profit uplift in 2014 from no more royalties payable to Intuit
- **Reckon One**
 - Release product into a new and fast growing market
 - Offshore opportunities
 - Extend available modules
- **Professional**
 - Organic growth from new client wins and additional module rollout
 - Major revenue opportunities form APS Private Cloud & Document Management
- **Virtual Cabinet**
 - Focus on meeting 2015 targets
 - Compliment growth by adding sales from Reckon's companies outside the UK
- **nQueue Billback**
 - Refocused sales initiatives, following new product releases
 - Document management opportunities in legal clients



Reckon

Questions

thank you