

# Results Presentation

Half Year Ended  
June 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 Australian provider of best of Class”:
  - Accounting Software Solutions
  - Personal wealth management solutions
  - Practice Management Solutions for professionals
  - Content and service provider for the 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 – 6 months to June 2009

### Reckon Group

Operating revenue **up 39% to \$43.3m**  
EBITDA\* **up 37% to \$12.9m\*\***  
NPAT\* **up 25% to \$7.0m**

### Business Division

Operating revenue **up 25% to \$25.7m**  
EBITDA\* **up 23% to \$7.5m**

### Professional Division

Operating revenue **up 36% to \$14.4m**  
EBITDA\* **up 31% to \$6.1m**

### BillBack USA

Operating revenue **\$3.2m**  
EBITDA\* **\$0.9m**

\* Excludes restructure costs (all pages)

\*\*Includes central administration costs of \$1.6M

## Performance Highlights – 6 months to June 2009

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- Operating cash flow \$9.8m (+19%)
- Operating cash flow before restructure costs and tax payments (+43%)
- Balance sheet effectively not geared
- Interim dividend of **3.0 cents** per share (+20%)
- Dividend franked to **100%**
- Dividend payout ratio is **65%**
- **EPS growth up 25%** to 5.2 cents (excl restructure costs)

## Major focus on expense management – 6 months to June 2009

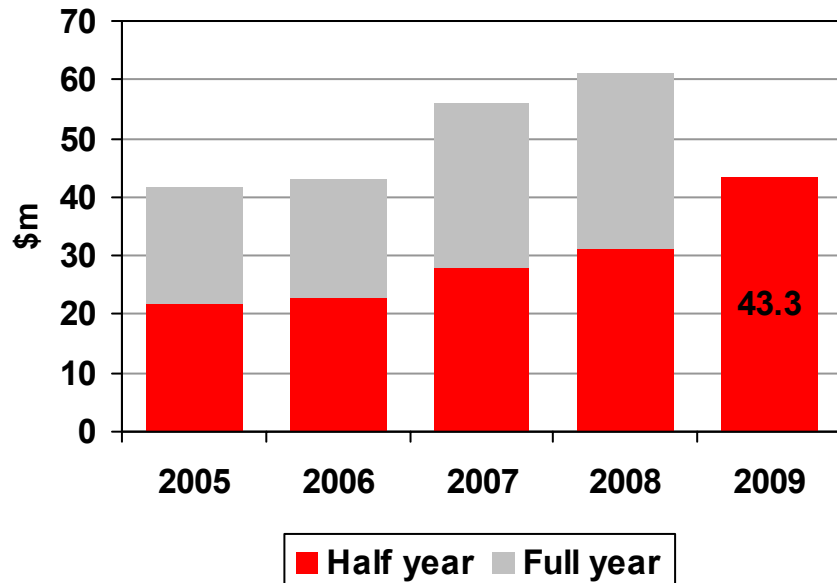
	Marketing	Staff costs & other overheads	
Half year ended June 2008	\$3.0m	\$13.7m	
Acquired – Corporate Services & Billback	\$0.4m	\$5.7m	
Impact of exchange rates	\$0.1m	\$0.3m	
Half year ended June 2008 restated	\$3.5m	\$19.7m	
Cost reductions	(\$1.4m)	(\$1.0m)	<b>-10%</b>
Half year ended June 2009	\$2.1m	\$18.7m	

**Business acquisition restructure costs – 6 months to June 2009**

	<b>2009</b>
<b>Surplus premises</b>	\$0.5m
<b>Staff redundancy and other staff costs</b>	\$0.6m
<b>Other residual costs</b>	\$0.1m
<b>TOTAL</b>	<b>\$1.2m</b>

## 6 month trends over last 5 years

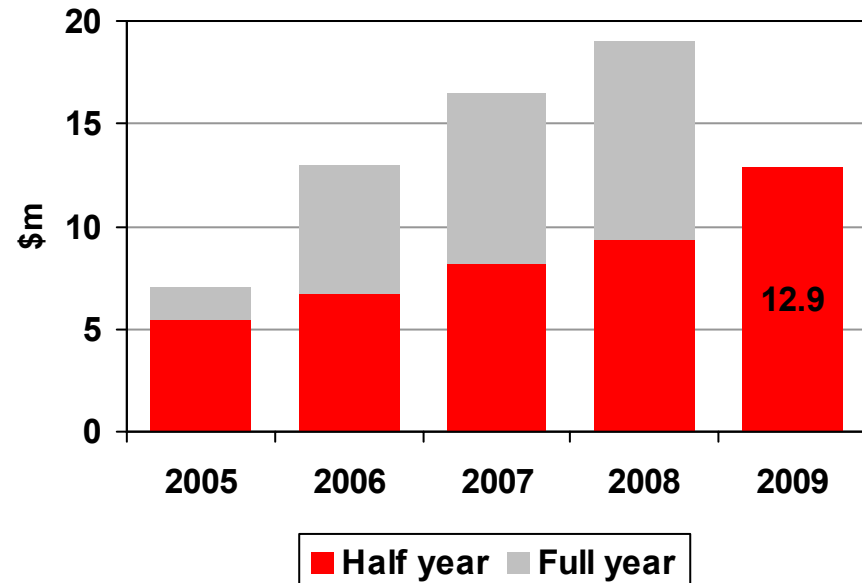
### Operating revenue



Cumm Growth

99%

### EBITDA

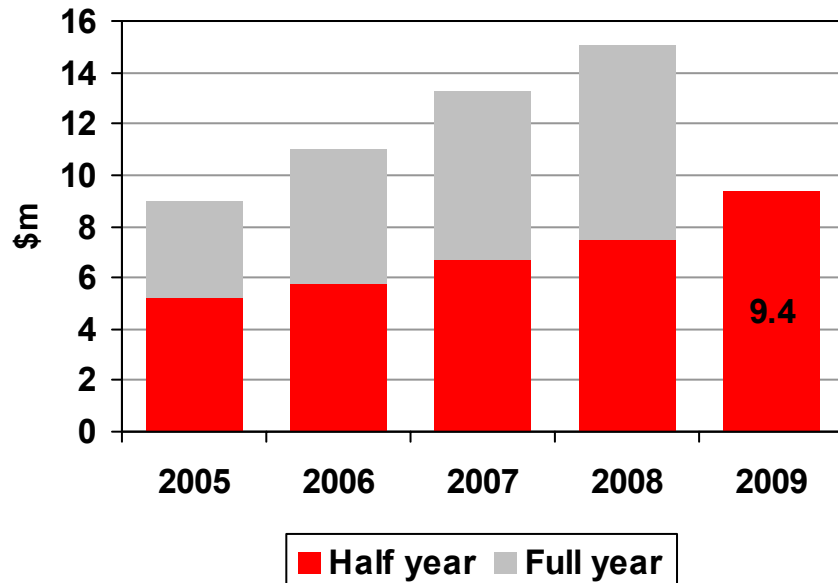


Cumm Growth

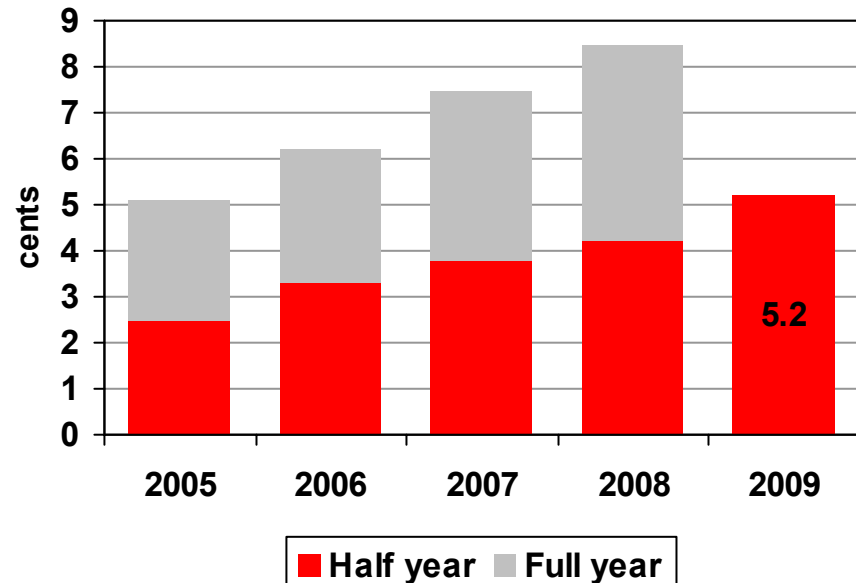
132%

## 6 month trends over last 5 years

### NPBT



### EPS



## Margin trends – 6 months to June 2009

	2005	2006	2007	2008	2009
<b>EBITDA</b>	5.5m	6.7m	8.2m	9.4m	12.9m
<b>Margin</b>	<b>25%</b>	<b>29%</b>	<b>29%</b>	<b>30%</b>	<b>30%</b>

The current year has been impacted by:

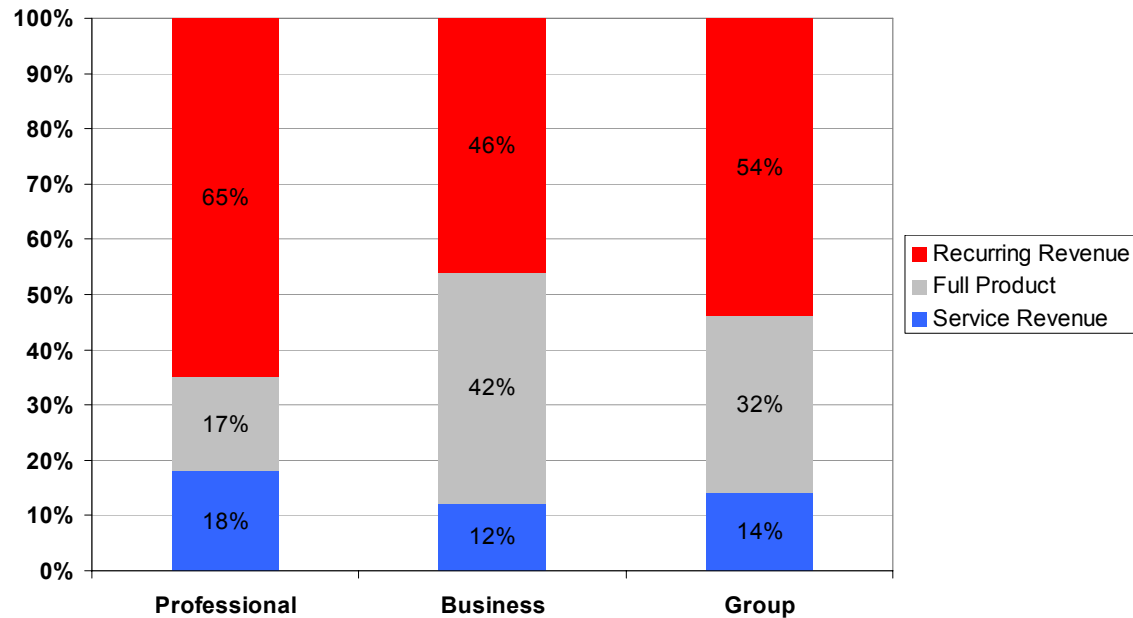
- The inclusion of the Corporate Services business. This business incurs a proportionately higher level of COGs due to the fees paid to ASIC for new company registrations.
- The inclusion of the Billback business. This business also supplies hardware and consequently it too incurs a higher level of COGs than the existing APS business.

## Cash Flow Highlights – 6 months to June 2009

	2009	2008	
Cash/(Borrowings) at June 2009 / Dec 2008	(\$0.6m)	\$16.1m	
Operating cash flow	\$9.8m	\$8.2m	<b>+19%</b>
Operating cash flow before restructure costs	\$10.3m	\$8.2m	<b>+25%</b>
Operating cash flow before restructure costs & tax paid	\$12.2m	\$8.5m	<b>+43%</b>
Acquisitions	\$18.5m	\$0.1m	
Development Cost Expenditure <sup>1</sup>	\$3.2m	\$2.3m	
Fixed Asset Acquisitions	\$0.5m	\$0.3m	
Dividends Paid	\$4.6m	\$4.0m	

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

## Revenue Breakdown – 6 months to June 2009



Prior year recurring revenue	59%	58%	58%
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## Business Division

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## Business Division – 6 months to June 2009

	2009	2008
Operating revenue	\$25.7m	\$20.6m
Operating revenue growth	25%	
Underlying business revenue decline	(6%)	
EBITDA	\$7.5m	\$6.1m
EBITDA growth	23%	
Underlying business EBITDA growth	1%	

## Business Division – 6 months to June 2009

	Reckon	Market
<b>Underlying business revenue decline</b>	(6%)	
<b>QuickBooks Enterprise</b>	24%	
<b>Elite</b>	21%	
<b>Direct revenue growth</b>	7%	
QuickBooks (excl Enterprise)	4%	
<b>Retail revenue decline</b>	(34%)	
GFK - Retail Sell Thru Units	(16%)	(17%)
GFK – Mix and Easystart impact	(10%)	(7%)
Estimated effect of destocking	(8%)	

## Business Division (Corporate Services) – 6 months to June 2009

	2009
Operating revenue	\$6.3m
EBITDA	\$1.4m
New company formations (ASIC)	(8%)

## 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
  - Enhanced security to enable QuickBooks Online release
- Strong growth from QuickBooks customer base especially Enterprise
  - Revenue Growth 24%
- Continued success with Elite products
  - Revenue Growth 21%
  - 90% net promoter score
- Espreon Corporate Services fully integrated into Australian operations by mid February
  - Launch of Reckon Docs Online (April) and Reckon Docs Desktop (June)
- Launch of QuickBooks Online in Aust & NZ

**QuickBooks<sup>®</sup>**  **Online**

## Key 2009 Strategies

- Leverage QuickBooks 2009 QB<sup>i</sup> Series release
- Leverage scalability of QuickBooks Enterprise Edition
- Leverage launch of QuickBooks Online service
- Continue to grow Espreon Corporate Services market share
  - Complete branding change to Reckon Docs
- Launch Quicken 2010
  - Provide smooth upgrade path for Microsoft Money users



## Professional Division (excludes BB USA)

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**Professional Division – 6 months to June 2009**

	<b>2009</b>	<b>2008</b>
<b>Operating revenue</b>	\$14.4m	\$10.6m
<b>Operating revenue growth</b>	36%	
<b>Underlying business revenue growth</b>	8%	
<b>EBITDA</b>	\$6.1m	\$4.6m
<b>EBITDA growth</b>	31%	
<b>Underlying business EBITDA growth</b>	8%	

## Professional Performance – 6 months to June 2009

### Software revenue

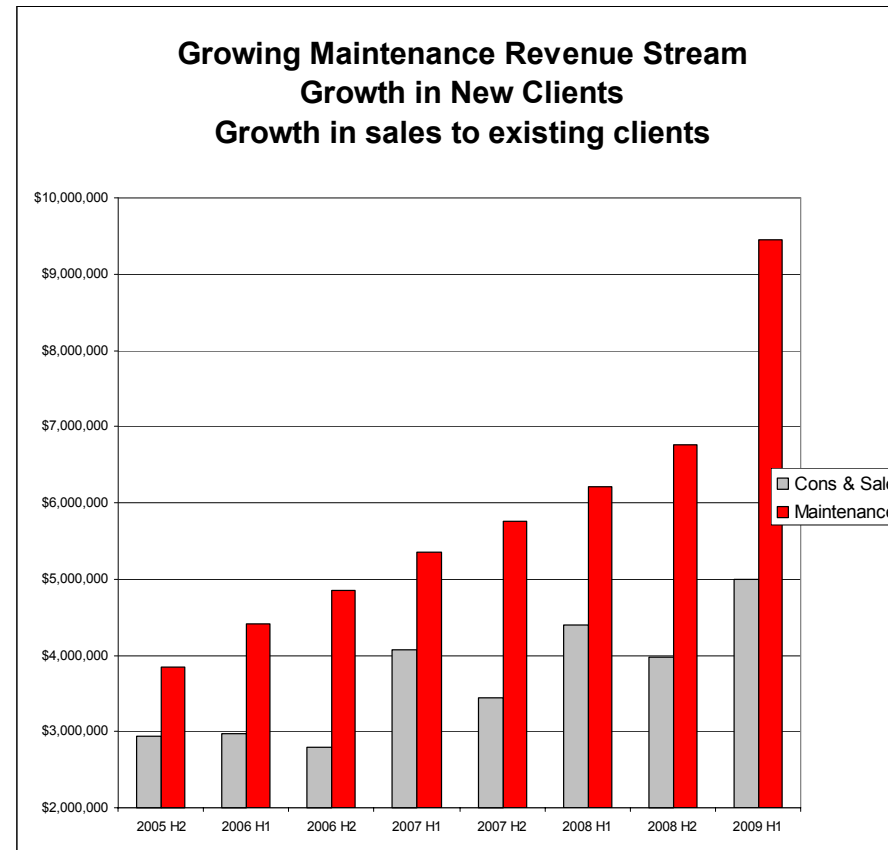
- Reflects impact of continued new business growth
- Maintained a strong pipeline
- Reflects success of adding new products
- Addition of BB UK and BB Aust

### Consulting revenue

- Reflects exclusivity of consulting services
- Reflects new business growth and high take up of compliance and productivity software and services

### Maintenance revenue

- Addition of BB UK and BB Aust
- Reflects continued strong new business sales



## Professional Division - 2009 Highlights

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- Continued success with high demand for new products
- Continued strong pipeline and order book
- 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 services
- Client relationship management strategy implemented for Billback
- Integration of Billback Australia and UK into APS operations
- Integration of Solutions 2001 (Imaging & Scanning ) into APS operations



## Key 2009 Strategies

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- Further expansion of integrated product suite
- Further growth in market share
- Leverage APS & Billback opportunities in all countries
- Continue focus on existing clients
- New Products available in 2009
  - Advance Company Register
  - Net Tax
  - Billback Expense Management & Print solutions
  - Workflow & Resource Planning
  - Digital imaging
  - Workpaper management





## BillBack USA – 6 months to June 2009

	2009
<b>Operating revenue</b>	\$3.2m
<b>EBITDA</b>	\$0.9m
<b>Maintenance Revenue</b>	\$1.9m
<b>New Revenue</b>	\$1.3m

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
- Professional division – leverage full product suite including cost management solution opportunities
- Business division – continue to leverage enterprise and online offerings
- Further roll out of integrated compliance and secretarial offerings
- Bed down US JV
- Seek out other suitable acquisitions
- Take advantage of ungeared balance sheet

Questions

Thank you