



# ASX Announcement

## Results Summary

### Financial Year Ended - 31 December 2014

#### 10 February 2015

### Results Summary

Non- IFRS*	2014 Result	2013 Result	% Change	Amount Change
Revenue	\$100.8 million	\$98.1 million	3% increase	\$2.7 million
EBITDA excluding profit on sale of investment	\$37.1 million	\$33.9 million	10% increase	\$3.2 million
NPAT excluding profit on sale of investment	\$17.6 million	\$16.7 million	5% increase	\$0.9million
EPS excluding profit on sale of investment	14.2 cents per share	12.8 cents per share	11% increase	1.4 cents per share

\* 2013 statutory results included the profit on sale of the investment in Connect2Field Holdings Pty Ltd of \$1,414 thousand. The impact of this sale has been removed from the 2013 results in the above table.

Statutory	2014 Result	2013 Result	% Change	Amount Change
Revenue	\$100.8 million	\$98.1 million	3% increase	\$2.7 million
EBITDA	\$37.1 million	\$35.3 million*	5% increase	\$1.8 million
NPAT	\$17.6 million	\$18.2 million*	3% decrease	\$0.6million
EPS	14.2 cents per share	13.9 cents per share*	2% increase	0.3 cents per share

\* 2013 statutory results in the table above include the profit on sale of the investment in Connect2Field Holdings Pty Ltd of \$1,414 thousand (after tax impact was also \$1,414 thousand).

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## Commentary

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### Reckon Group CEO, Clive Rabie said:

The group set some very significant targets for 2014 and I am pleased to report that on the whole these were successfully achieved:

- **Strike a balance of profit growth and re-investment into the business**
  - EBITDA has increased by 10%, whilst
    - Increasing our investment in cloud infrastructure, sales capability as well as product development.
    - Investing in the Reckon One launch into the UK and Virtual Cabinet into the USA.
  - EPS has increased by 11%.
  - Operating cash flow has increased by 18% partly driven by the move to a subscription model.
- **Volume growth**
  - Unit sales of core Business Group products grew by 4%.
    - Online products now represent 41% of core Business Group sales.
  - 9% growth in practice management seats in the Accountants Group.
  - 10% unit growth in the ReckonDocs business.
  - 25% growth in Virtual Cabinet seats in the International Group.
- **Grow the subscription component of group revenue to enhance long-term sustainability**
  - 86% of practice management revenue in the Accountants Group is now sold under a subscription model, up from 79% in the prior year.
  - 62% of units sold of the core Business Group products are now subscription, up from 53%.
  - 78% of International Group revenue is now subscription, up from 76%.
- **Expand the groups cloud capability and reach**
  - The next generation Reckon Accounts Hosted product was launched in Q3 in 2014.
  - Reckon One was launched in Q1 of 2014, with a next generation release, which will include a number of important enhancements, to be launched in Q2 of 2015.
  - Reckon One launched in New Zealand in Q4 of 2014.
  - Reckon One is expected to be launched in the UK in 2015.
  - Good progress has been made moving our practice management products into the cloud.
  - Stellar growth in the Virtual Cabinet product range in the UK, Australia and New Zealand. Expansion into the USA has commenced.
  - Sync Direct is gaining momentum.
- **Share buyback of major shareholder Intuit's shares** – successfully completed in July 2014.

### Mr Rabie further said:

We have experienced both strong volume growth and profit growth whilst we have stepped up our investment in the cloud, by increasing our sales teams, enhancing our infrastructure and investing in product development. We have also successfully improved our working capital largely as a result of moving to a subscription business.

We anticipate that we will see higher revenue growth in 2015 and beyond from the ground work done over the last few years. We remain committed to re-investing some of this additional revenue growth into sustaining the long-term success of the business with a particular focus in further expanding our cloud capability and reach, as well as targeting new markets for our product range.

For further information, please contact:

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