



Scheme Process Update

MYOB Group Limited (**MYOB or Company**) notes the recent change in the substantial shareholding notice filed by Manikay Partners LLC and its affiliates (**Manikay**) on 4 March 2019 increasing their holding to 9.99%, and the receipt by the Company of a letter from Manikay, attached as an appendix. The letter asserts, among other things, that the Board should reconsider its recommendation in relation to the proposed scheme of arrangement with Kohlberg Kravis Roberts & Co. L.P. and its affiliates (**KKR**) (**Proposal**) on the basis of the significant rally in equity markets and normalisation of financing markets, and that the movement in the markets be adequately addressed within the Scheme Booklet and Independent Expert's Report (**IER**).

The MYOB Board continues to unanimously recommend the Proposal subject to no Superior Proposal being forthcoming, and the receipt of an IER concluding that the Proposal is in the best interests of MYOB shareholders. The IER and Scheme Booklet are currently under review by ASIC, and subject to the satisfactory completion of that review, are expected to be sent to shareholders in the coming weeks. MYOB shareholders will be given the opportunity to vote on the Proposal at a Scheme meeting, which is expected to be held on 17 April 2019.

The Company previously disclosed on 22 February 2019, that notwithstanding comprehensive market testing with potential acquirers, no Superior Proposal had been identified prior to the conclusion of the 'go shop' period. If MYOB receives a Superior Proposal, which constitutes a Qualifying Superior Proposal¹, then KKR has agreed under the Scheme Implementation Agreement to sell its existing shareholding into, or vote in favour of, such proposal² prior to the Implementation Date.

The Company has responded to Manikay acknowledging their concerns and has assured them that the Scheme Booklet and IER will reflect any relevant and material movements in market data benchmarks since the announcement of the Proposal on 24 December 2018.

Investor and Analyst Enquiries

Christina Nallaiah
Head of Investor Relations
T: +61 2 9089 9122 | M: +61 468 362 553
christina.nallaiah@myob.com

Enquiries

Clive Mathieson
Managing Director, Cato & Clegg
M: +61 411 888 425
clive@catoandclegg.com

About MYOB

MYOB Group Ltd (ASX: MYO) is a leading provider of online business management solutions. It makes business life easier for approximately 1.2 million businesses and accountants across Australia and New Zealand by simplifying accounting, payroll, tax, practice management, CRM, job costing, inventory and more. MYOB operates across three core segments – Clients and Partners (business solutions to SMEs and Advisers); Enterprise Solutions (larger businesses) and Payment Solutions. It provides ongoing support through client service channels including a network of over 40,000 accountants, bookkeepers and other consultants. It is committed to ongoing innovation, particularly through its Connected Practice Strategy and through the development of the MYOB Platform. MYOB has been awarded the Top 8th innovative company in Australia and New Zealand by the Australian Financial Review's 2018 Top 100 Innovative Companies. For more information, visit <http://investors.myob.com.au/Investors/> or follow @MYOB on Twitter.

¹ A cash offer for 100% of MYOB shares that is at least 5% higher than the Proposal of \$3.40, is recommended by a majority of MYOB Directors and in respect of which MYOB has entered into a binding implementation agreement which is on foot and has not terminated or expired.

² This obligation is subject to KKR exercising its matching right under the scheme implementation agreement, pursuant to which KKR must be given a period of 3 Business Days to match a Superior Proposal before such Superior Proposal may be recommended by any of the MYOB Directors.



601 Lexington Avenue • 59th Floor • New York, NY 10022 • p: 212-588-6200 • f: 212-727-7073

March 5, 2019

Mr. Justin Milne
Chairman of the Board of Directors
MYOB Group Limited
Level 3, 235 Springvale Rd
Glen Waverly, VIC, 3150

Dear Mr. Milne,

We are writing on behalf of Manikay Partners LLC and its affiliates, including investments funds managed by Manikay ("Manikay", "we" or "our").

As you may be aware, we are a shareholder of, and currently hold approximately 9.9% of the shares on issue in, MYOB Group Limited ("MYOB" or "Company"). We have a deep understanding of the Company and its business having followed it since it first went public almost two decades ago. We were pleased to see the Company re-list on ASX in 2015 and became a shareholder in January 2018.

Our investment in MYOB is predicated on our belief in the long-term prospects of the enterprise and we are optimistic about its long-term opportunity. We believe that the Company's management is doing an excellent job. Having met CEO Tim Reed and CFO Richard Moore on several occasions, we are strongly of the view that they are capable and willing to execute on the wonderful opportunities that exist. We strongly support the Company's management and the strategic business plan that the Company's board of directors (the "Board") has embarked upon. We expect that the implementation of this plan will deliver strong growth and result in significant value for the Company's shareholders over the long haul.

Unfortunately, in December of last year, the Company agreed to a scheme of arrangement (the "Scheme") with Kohlberg Kravis Roberts & Co. L.P. and its affiliates ("KKR") at a price per share of \$3.40. We believe this deal significantly undervalues the Company. The Scheme followed a previous unsolicited and conditional offer by KKR at a price per share of \$3.77. We were disappointed when KKR made its original offer and expected the Board would be able to negotiate a higher price that would reflect the true value of the Company. Instead, KKR took advantage of the temporary adverse market conditions in late 2018 to pressure the Board to accept a deal at \$3.40 per share, a material reduction from the original \$3.77 per share offer. Since then, equity markets have rallied significantly, and the financing markets have normalized, such that a sale of the Company at \$3.40 per share does not represent a fair and reasonable deal for Company shareholders. Our valuation of the Company, which we are happy to discuss with the Board and with our fellow shareholders, is well in excess \$4.00 per share.

We strongly believe that, given the change in market conditions since the scheme was agreed, among other things, the Board's recommendation to vote in favor of the Scheme cannot be supported and should not be maintained. Further, we urge the Board to ensure that the Scheme Booklet being prepared by the Company give adequate disclosure of such matters, and that the Independent Expert for the Scheme is properly instructed to consider such matters in its analysis of the proposed transaction. We do not believe that the Scheme Booklet or the Independent Expert Report would contain all information that is material to a MYOB shareholder in voting on the Scheme, unless they contain disclosures which adequately address the true value of the Company and the significant changes in market conditions since this deal was agreed. We would be happy to provide you and the Independent Expert with our detailed analysis and valuation of the Company.

For your information, we have copied this correspondence to ASIC, so that it may give consideration to the matters raised in this letter during its review of the draft Scheme Booklet and the draft Independent Expert Report, and in considering whether or not to appear itself at the First Court Hearing in respect of the Scheme.

We assume that the Company will form a view as to whether the matters raised by this letter require disclosure. We note that this letter is not confidential, and it may be appropriate for the Company to disclose this correspondence to ensure full disclosure.

In conclusion, we believe in order for the Board to adequately discharge its fiduciary duties, it can no longer support a favorable recommendation for the Scheme, which was negotiated under significant market duress in late December last year.

We expect the Board to communicate to the market in a timely manner its response to this letter.

Yours faithfully

Manikay Partners LLC



Shane D Finemore