



# Reckon®

## Media Release

16 November 2017

### Reckon to sell Accountants Practice Management division to MYOB for \$180m delivering on shareholder value commitment

- *All-cash sale of \$180 million*
- *MYOB to acquire all assets under Reckon's Accountants Practice Management division*
- *Reckon will retain Business and Legal Practice Management divisions*
- *Deal unlocks shareholder value at 35% above market cap, while Reckon retains Business and Legal Practice Management divisions continuing to deliver circa 50% of revenue and EBITDA*
- *Proceeds raised will be used to reduce debt as well as a distribution to shareholders*

**SYDNEY, Australia – 16 November, 2017** – Australian cloud accounting provider Reckon (ASX:RKN) today announced the sale of its Accountants Practice Management division to MYOB (ASX:MYO), in an all-cash sale of \$180 million. The move will see Reckon continue its focus on the Business division accelerating the company's long-term strategy to offer small businesses with a complete suite of cloud solutions to effectively grow and succeed, as well as pursue opportunities in the legal market.

The deal will deliver additional value for shareholders. While the Accountants Practice Management division represents less than half of the company's total group revenue, the proposed proceeds from the sale exceeds current market capitalisation for the whole Reckon Group.

Reckon will sell all assets under its Accountants Practice Management division to MYOB, whilst retaining its Business and Legal Practice Management divisions.

#### **Assets Sold**

- **Accountants Practice Management Division** – The Accountants Practice Management division includes three operating businesses (Reckon APS, Reckon Elite, and Reckon Docs) that provide accounting, tax compliance and related software to more than 4,000 large and small accounting practices in Australia and New Zealand.

## Assets Retained

- **Business Division [Revenue: \$35 million]** – The Business division (Reckon One, Reckon Accounts, Reckon Loans) provides business accounting software and solutions for small to larger sized businesses; as well as personal wealth management software. It works with a network of over 700,000 small businesses.
- **Legal Practice Management Division [Revenue: \$13 million]** – The Legal Practice Management division (nQueue Billback) has a specific focus on print and scan solutions. It predominantly operates in the US and UK and run out of the former.

The sale will see MYOB take over the complete portfolio of clients, intellectual property, systems and processes, as well as all 122 employees under the Accountants Practice Management division, including sales and support teams, ensuring that it is business as usual for all clients, staff and investors.

“We are pleased to have signed a definitive agreement with MYOB to sell our Accountants Practice Management division. The move marks a significant step forward for Reckon, as we look to narrow our focus on the small business accounting software market, further fuelling momentum in an area that’s rife with untapped opportunities especially as more enterprises look to the cloud,” said Clive Rabie, Group CEO at Reckon.

## Transaction Overview and Projected Timeline

The sale is projected for completion by the second quarter of FY2018. Finalisation of the transaction is conditional and subject to Australian Competition and Consumer Commission (ACCC) and the New Zealand Commerce Commission (NZCC) regulatory processes.

Upon completion, Reckon intends to use the proceeds to pay off its debt. Following that, a special dividend will also be paid to shareholders.

“The Reckon Board, management and staff have built a strong business around advisers and we’re excited to welcome their team to MYOB. We’re looking forward to the next exciting phase of our business, bringing to life our vision of the Connected Practice and delivering connectivity, efficiencies and growth opportunities to advisers and SME businesses across Australia and New Zealand,” said Tim Reed, CEO of MYOB.

“With the scale and resources afforded by MYOB, we are confident the team will continue to be a trusted partner and strategic advisor to new and existing clients. Importantly, we believe that combining two businesses that are strategically and culturally aligned under the MYOB group presents a compelling opportunity and long-term benefits for our clients, staff and investors,” said Rabie.

The latest move follows the de-merger of Reckon’s Document Management division and subsequent listing on the AIM market of the London Stock Exchange [GetBusy (AIM:GETB)], as part of the company’s ongoing journey and long-term strategy to better unlock shareholder value. The Business and Legal divisions represented circa half of the revenue and EBITDA of the Reckon Group prior to the above transactions.

Reckon and MYOB will continue working closely together through and following the transaction to ensure a smooth transition for all clients and employees.

### **Reckon Accountants Practice Management Division**

The Reckon Accountants Practice Management division designs, develops licenses, as well as supports state-of-the-art practice management, tax and professional client accounting software products for professional accounting firms.

The division includes three operating businesses:

- 1. Reckon APS** – The spread of modules offered by Reckon APS has evolved to meet a diverse range of tasks undertaken by accountants in Big Four practices to mid-range and small practices.
- 2. Reckon Elite** – The Reckon Elite Practice Management business comprises practice management and compliance solutions for smaller sized professional accounting practices.
- 3. Reckon Docs** – The Reckon Docs Corporate Services business comprises a range of corporate registration, documentation and company secretarial services.

The businesses are carried out predominantly in Australia and New Zealand.

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## About Reckon

Reckon is an ASX listed and Australian owned company with over 30 years' experience delivering market leading solutions to accountants and bookkeepers, legal professionals and small to medium sized businesses. Reckon's software services are designed to make accounting faster, easier and more productive.

Find out more at [www.reckon.com](http://www.reckon.com).

## About MYOB

MYOB Group Ltd (ASX: MYO) is a leading provider of online business management solutions. MYOB makes business life easier for approximately 1.2 million businesses across Australia and New Zealand by simplifying accounting, payroll, tax, practice management, CRM, job costing, inventory and more. MYOB operates across four strategic segments – Small to medium sized businesses (SMEs), Practices (accountants, advisors and book-keepers), Enterprise (larger businesses) and Payments. It provides ongoing support via many client service channels including a network of over 40,000 accountants, bookkeepers and other consultants. MYOB is committed to ongoing innovation and delivering efficiencies and growth opportunities for its growing client base across Australia and New Zealand.

For more information, visit <http://investors.myob.com.au/Investors> or follow @MYOB on Twitter.