

Annual Meeting 2013

Chief Executive Address



Beautiful accounting software

1 August 2013

Rod Drury

CHIEF EXECUTIVE



2013 Highlights

Revenue growth

102%

(for FY2013)

Customers today

193,000

+93,000
(since AM July 2012)

Staff today

507

+247
(since AM July 2012)

Accounting partners

7400

(As at 30 June 2013)

Training & sales events

2000+

45,000 attendees
(1 July 2012 – 30 June 2013)

Cash to invest

\$69m

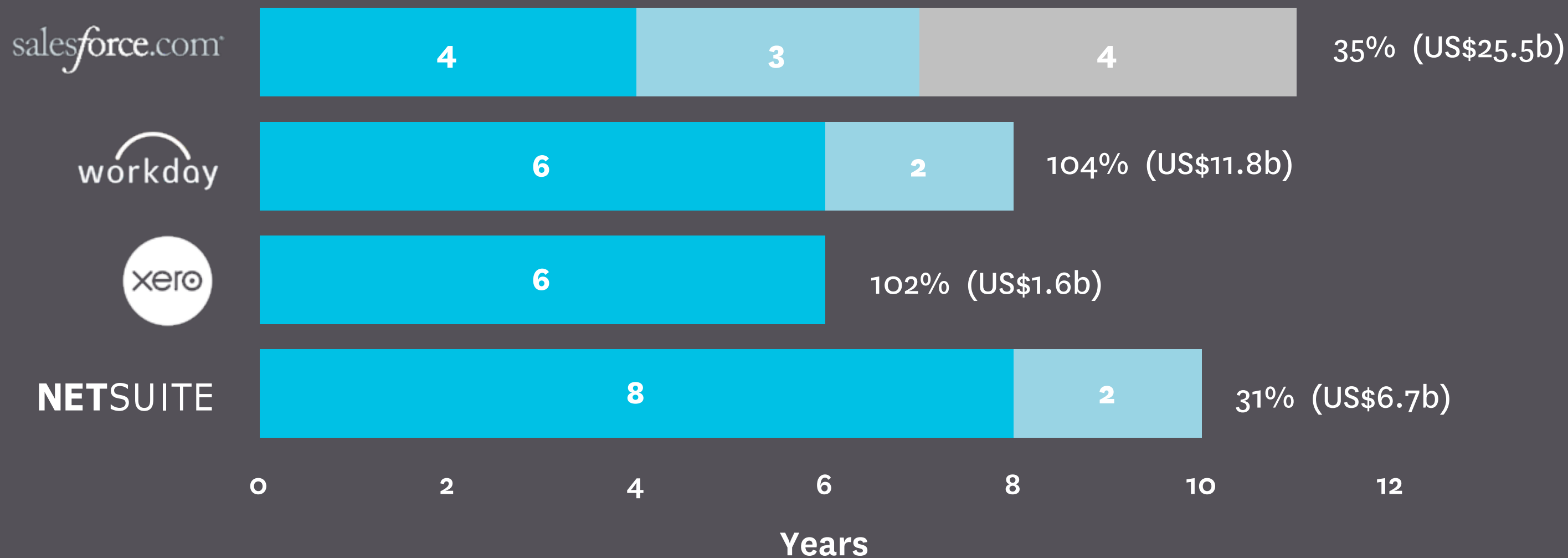
(As at 30 June 2013)

Service availability

99.97%

(1 July 2012 – 30 June 2013)

Comparative revenue growth rates



■ Yrs to \$20m

■ Yrs to \$100m

■ Years to \$1b

% current growth rate YoY (USD valuation July 2013)



Delighted customers

- Education approach proving successful with channel and customers.
- Support centered in NZ with satellite offices now in Milton Keynes, Melbourne and soon in Denver for US payroll, tax and market specialists.
- Customers emotionally connected to Xero. Word of mouth amplified by social media.
- Xero training courses, 92% customer satisfaction.



Company of the Year
Exporter of the Year

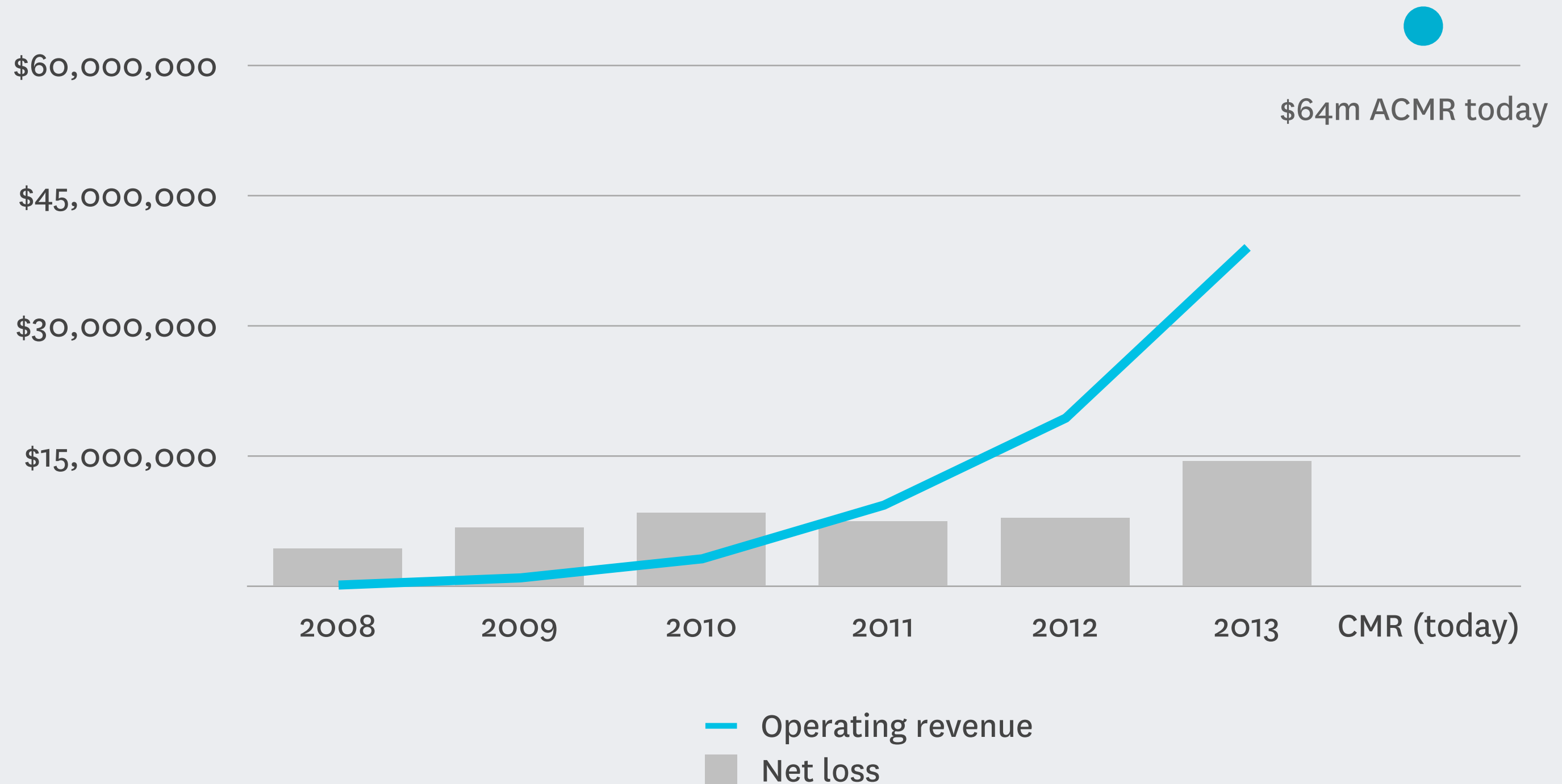


Victoria Financial Winner
Xero and Payroll



Xero – Accountant version
Help/support system
5 out of 5 stars
Jan 2013

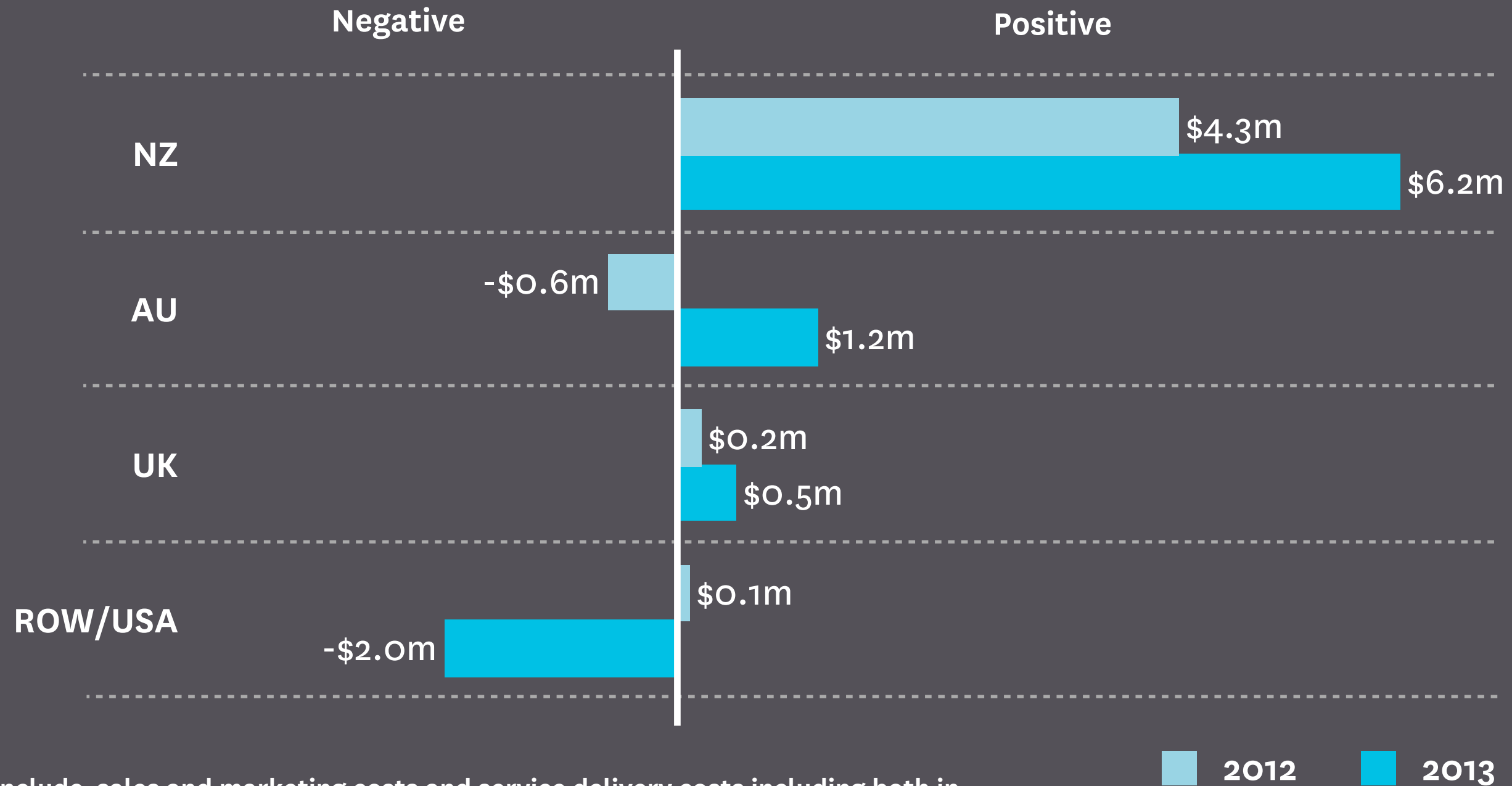
Investment delivering revenue growth



Early FY 2014 outlook

- Revenue growth over 80%
- Continuing strong investment will lead to an increase in loss for 2014
- Sufficient cash for current plans

Country contribution

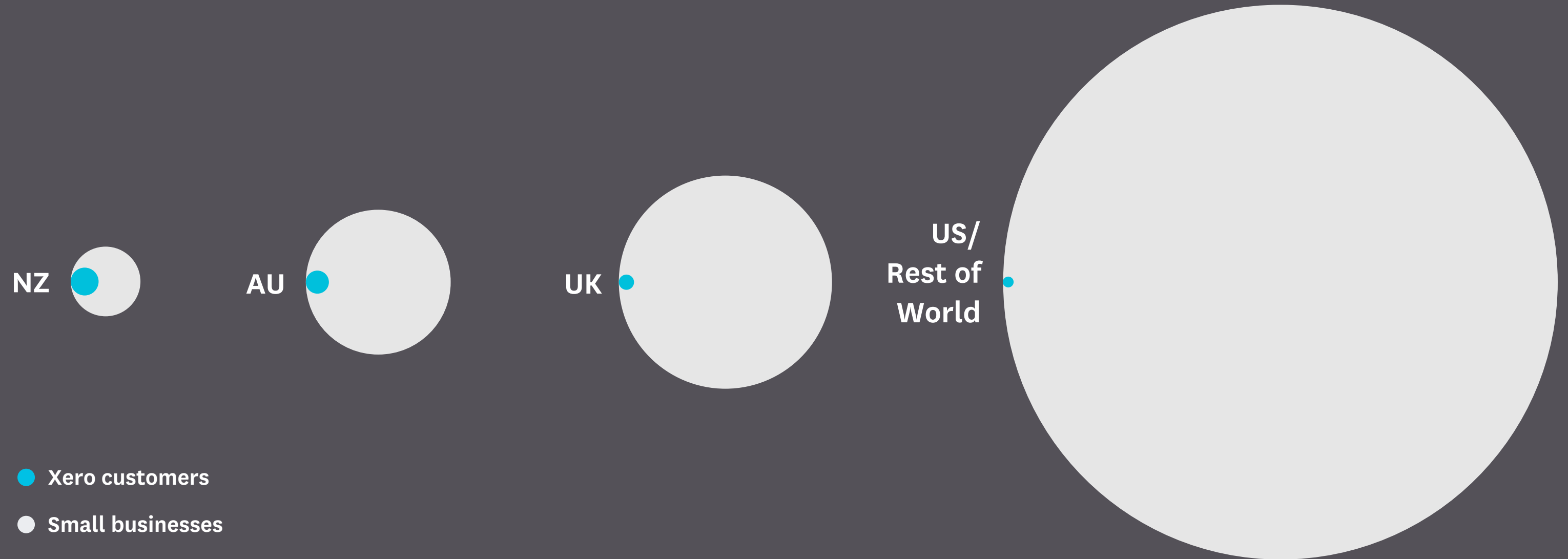


Country costs include sales and marketing costs and service delivery costs including both in-country and allocation of centrally managed costs. (Page 30 Annual Report 2013)

2012 2013



Market share today

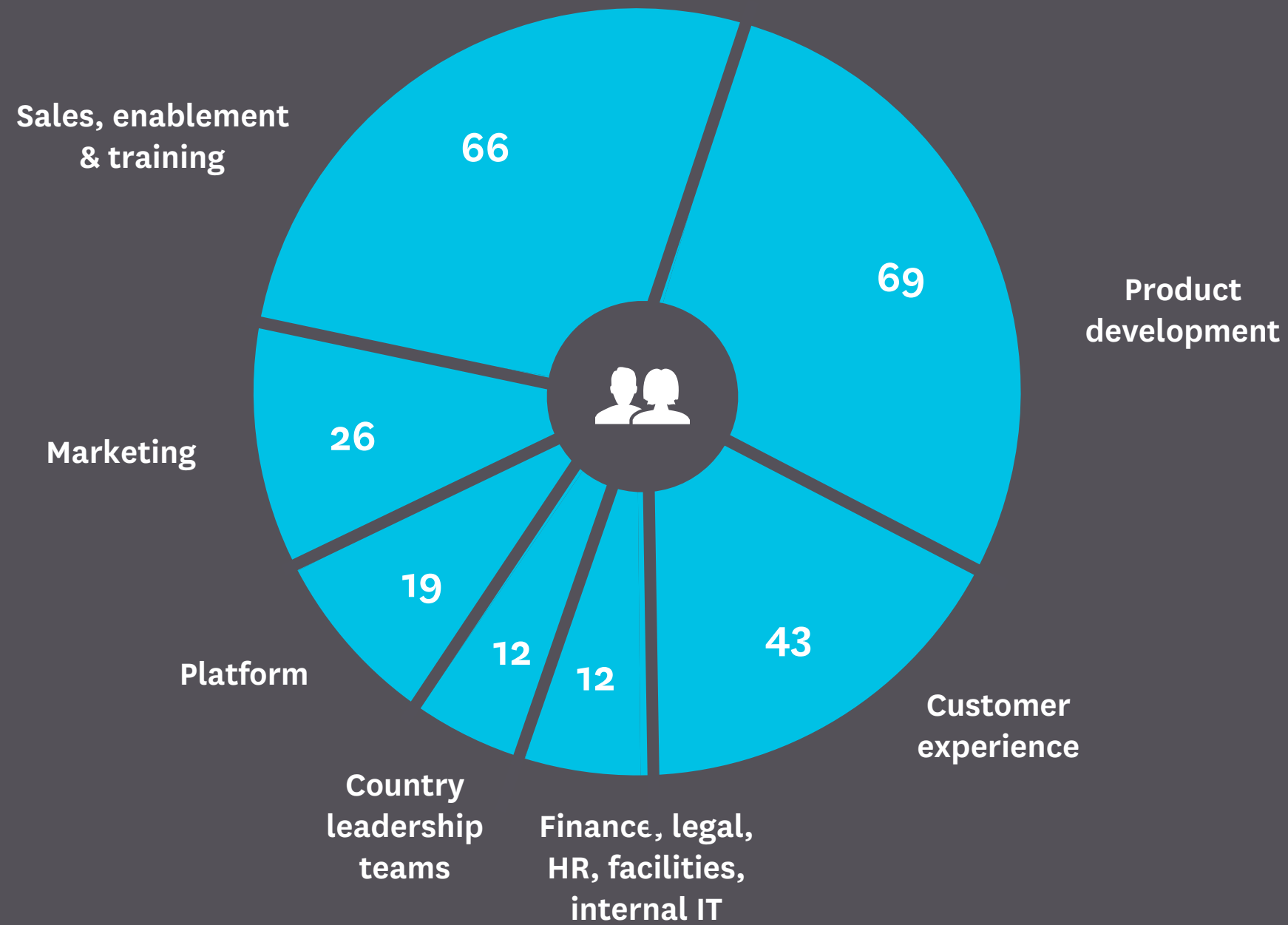


- Xero customers
- Small businesses

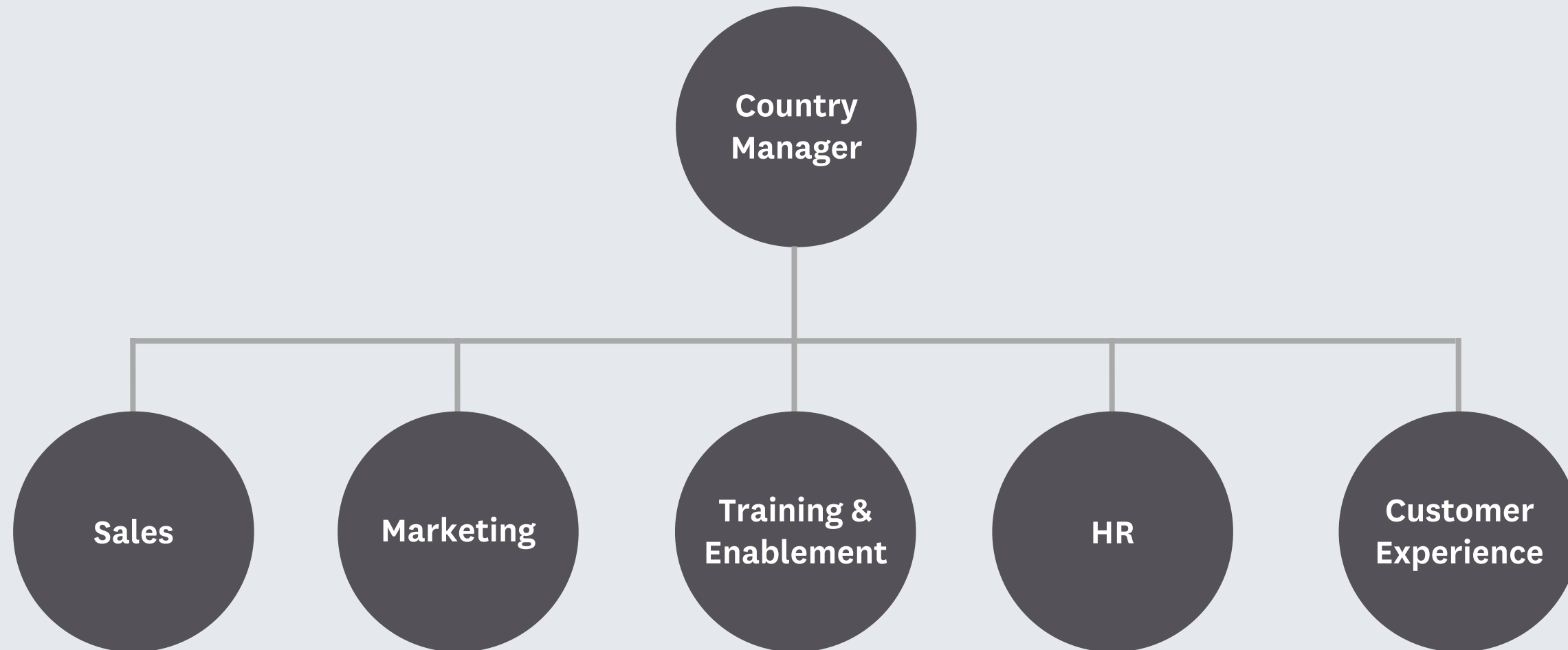
*Market share is indicative only

Investment in people

247 staff hired in the past 12 months



Country Management



Xero platform

Small businesses

Accountants & Bookkeepers

Online accounting software

Using Xero, your clients manage the day-to-day finances of their business with software that's smart and easy-to-use. You always have instant access to their numbers.

Practice Studio

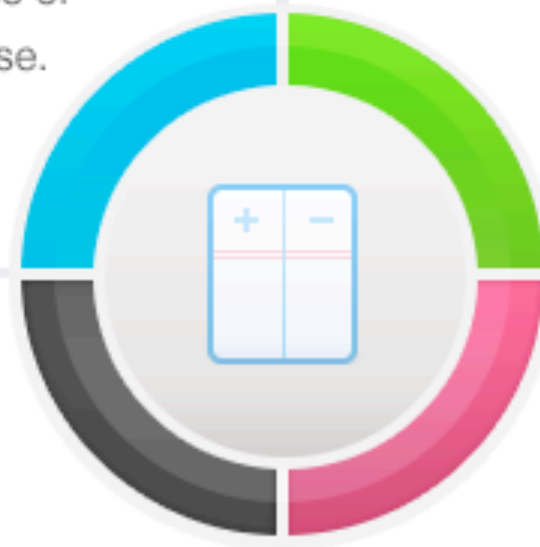
Connect client data with your practice software like Practice Manager, Workpapers and Tax. All on one platform in the cloud. And it's free.

Add-on services

Over 200+ small business apps integrate with Xero. Connecting these solutions gives you and your clients a view of their entire business.

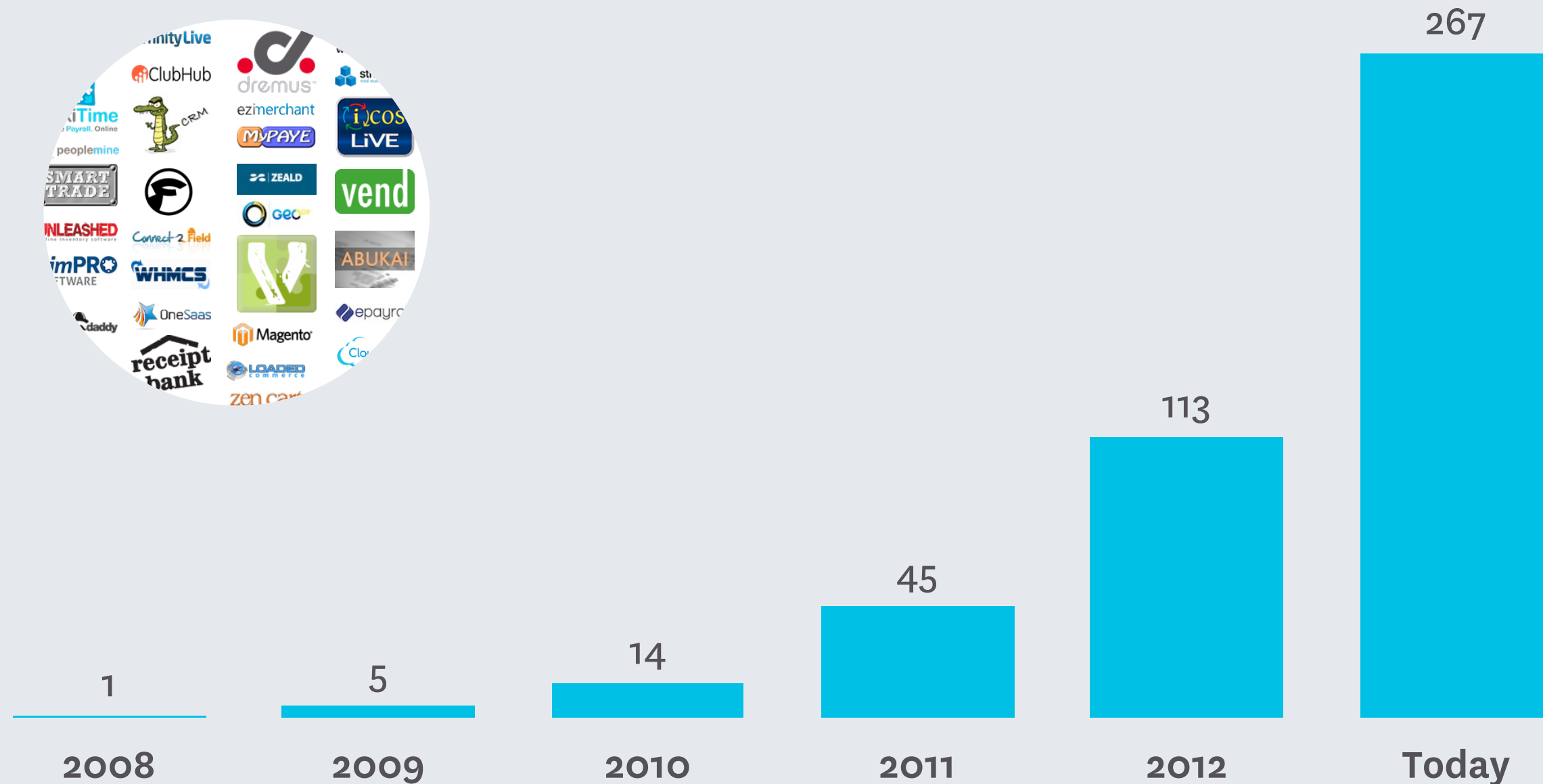
Modern Practice

As a business owner yourself, these are the tools you need to run your practice in the cloud – with your email, documents, marketing and content all connected together.



Add-on application growth

Integrated applications provide a comprehensive small business ecosystem



Xero Business Community

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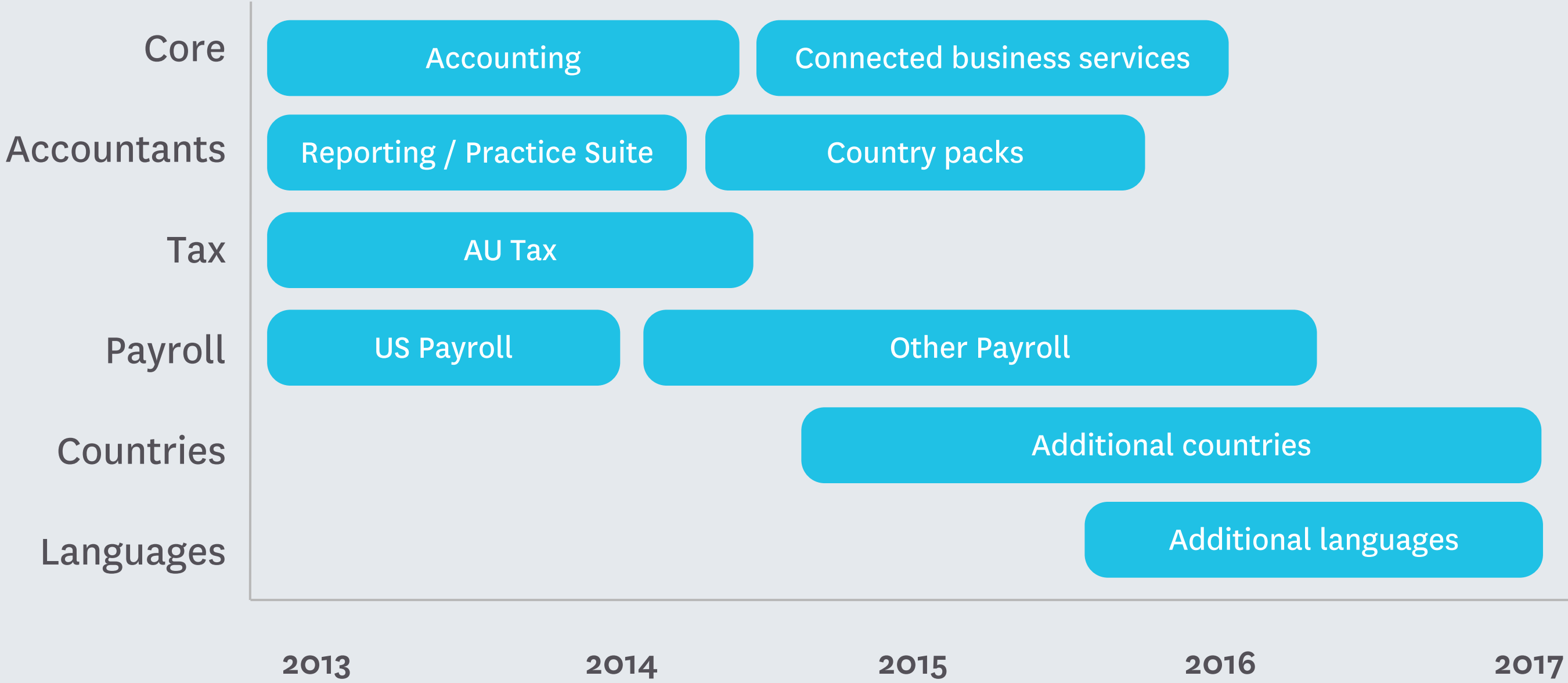
Socket

Added by [Xero API](#) on 22 Jul 2013 | Invoicing + Jobs

Not rated yet

0 user reviews

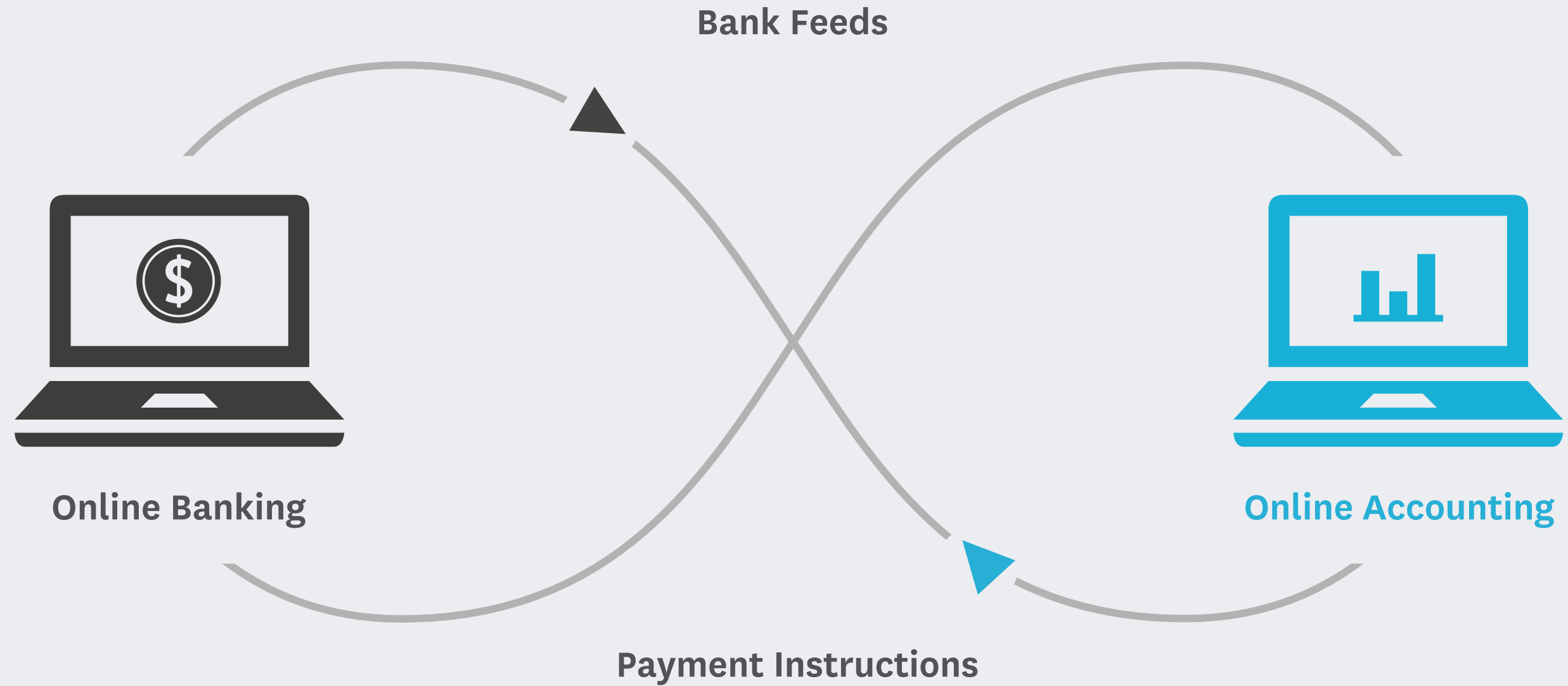
High level product roadmap

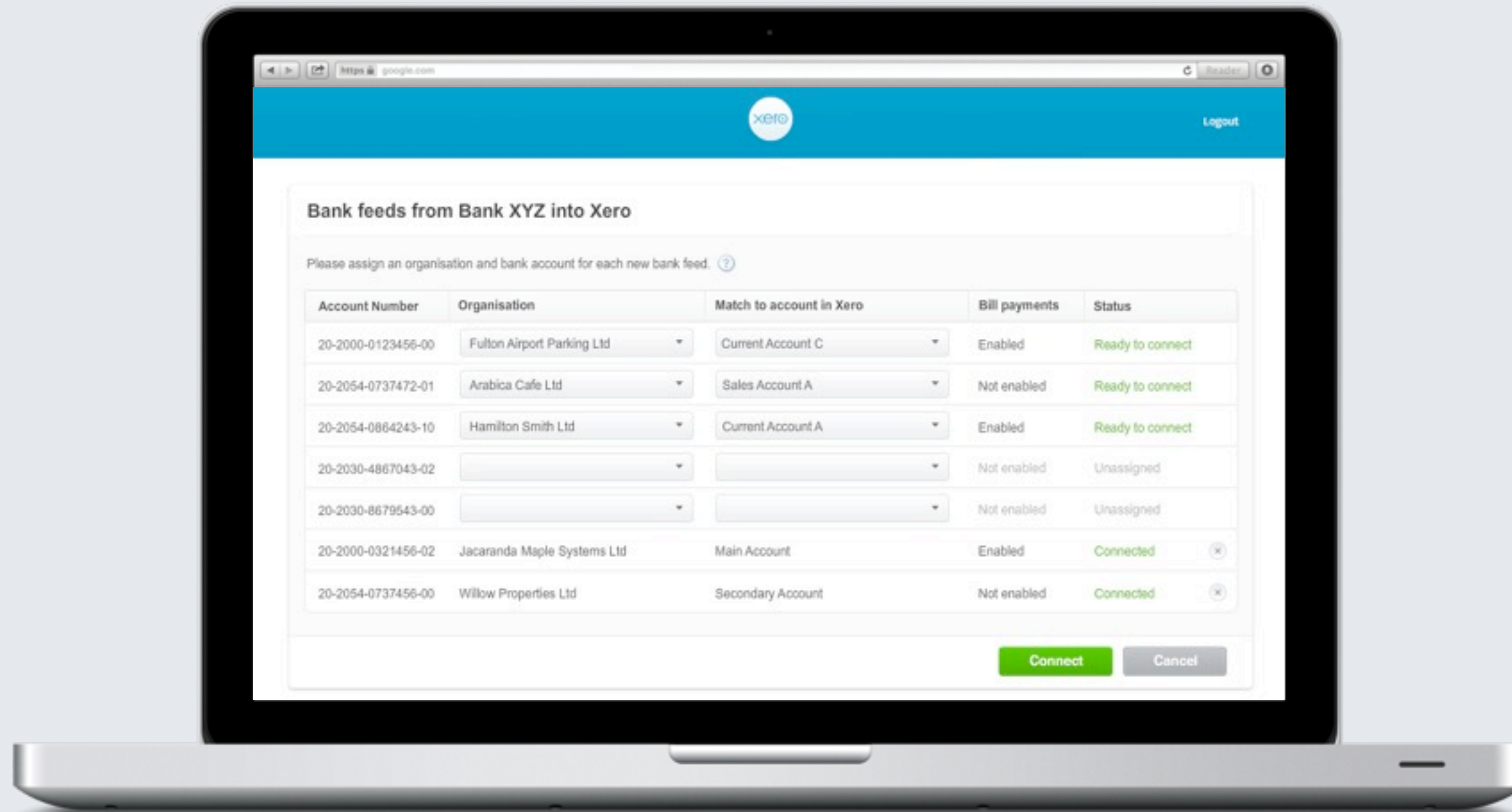


**Indicative dates only*



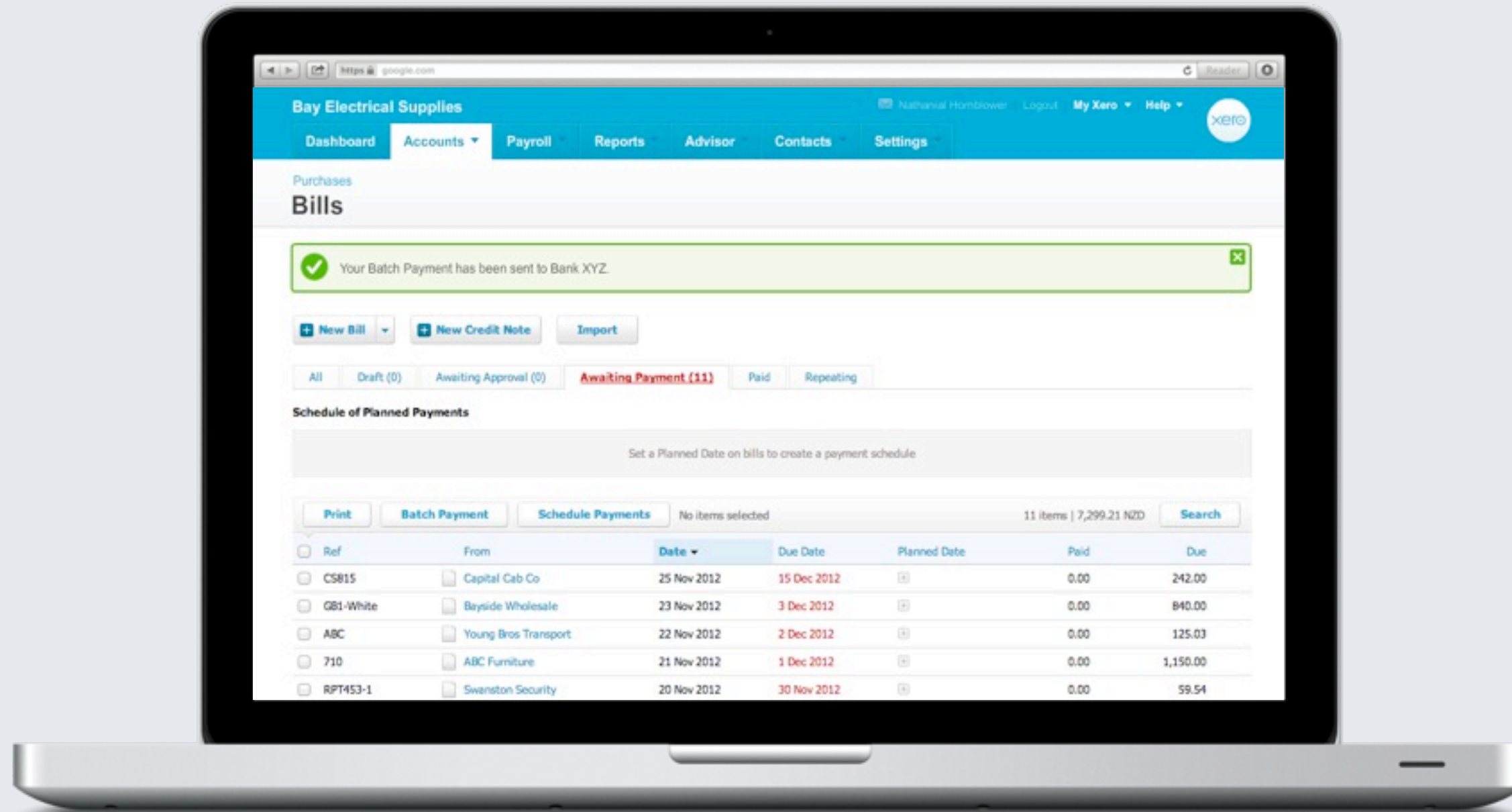
Banking 2.0





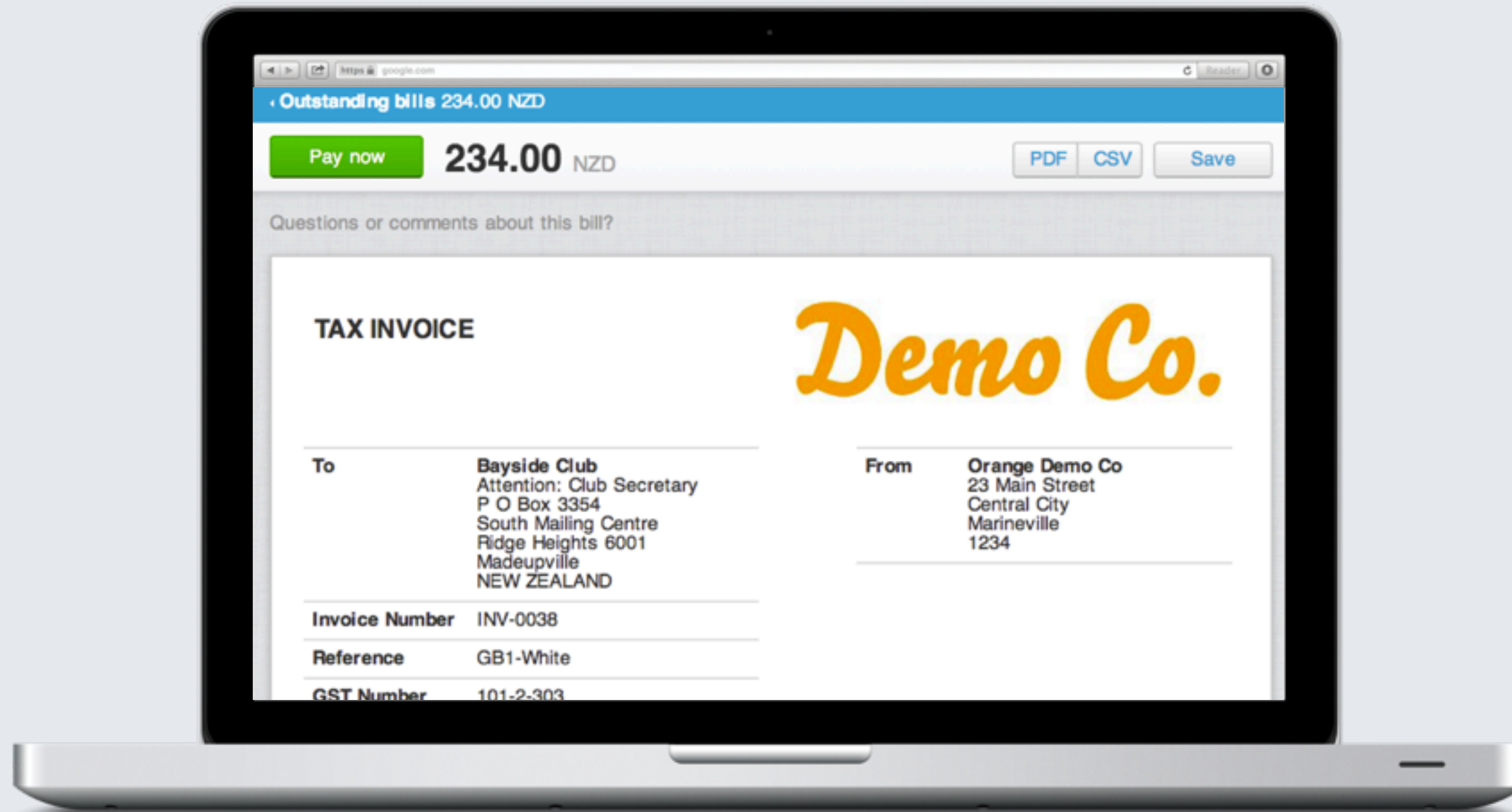
Provisioning inside Online Banking





Send payment instructions directly to online banking





Direct bank to bank payments



Banking in Xero

Total for New Zealand customers in the past 12 months

Invoices Received

7.4m

\$11B

Invoices Sent

8.0m

\$14B

UK highlights

- Growing revenue at similar rate to NZ
- Believe we are leading online vendor by revenue
- Over 1000 partners, over a 1/3 of top 100 UK firms
- Market size double that of Australia
- Opening sales office in London

US - early signs good

Product

Xero platform

- Localized product
- CPA Practice Advisor 5 stars
- US payroll this year
- Expanding add-on pipeline
- Major cloud alliances (e.g. Harvest, Bill.com)
- Practice tools 4.75 stars
Beating Quickbooks

Channel

Accountants & online

- Building accountant channel in CA
- 500+ active partners
- 2,000+ accounting professionals completed Xero training events
- Leading PR mentions
- Strong progress in online search
- Winning the thought leaders
- First US XeroCon in September

Growth

Team & customers

- Year one growth exceeds other countries for customers and partners
- Over 50% growth in accountant channel
- Largest private accounting firm in the California (29th largest in the US) is now a Gold partner
- Over 10 of top 100 accounting firms in process of moving clients to Xero
- Recruiting exceptional industry talent



Product demo

Let's take a look...

Incredibly well positioned

Massive opportunity



Strategy



Execution

Grow business to global scale

Operational Excellence

Wall of innovation

Focus on customer acquisition & revenue

Engineer high margin SaaS model

“...it’s just the beginning”

Questions

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