Annual Meeting 2013
Chief Executive Address
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)

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting partners</td>
<td>7400</td>
<td>(As at 30 June 2013)</td>
</tr>
</tbody>
</table>
| 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)               |

### Additional Information
- Revenue growth: $69m (As at 30 June 2013)
- 45,000 attendees (1 July 2012 – 30 June 2013)
Comparative revenue growth rates

- **salesforce.com**
  - 4 years to $20m
  - 3 years to $100m
  - 4 years to $1b
  - 35% (US$25.5b) current growth rate YoY (USD valuation July 2013)

- **workday**
  - 6 years to $20m
  - 2 years to $100m
  - 104% (US$11.8b) current growth rate YoY (USD valuation July 2013)

- **xero**
  - 6 years to $20m
  - 8 years to $1b
  - 102% (US$1.6b) current growth rate YoY (USD valuation July 2013)

- **NETSUITE**
  - 8 years to $20m
  - 2 years to $1b
  - 31% (US$6.7b) 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.
Investment delivering revenue growth

- $15,000,000
- $30,000,000
- $45,000,000
- $60,000,000


Operating revenue
Net loss

$64m ACMR today
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 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)
Market share today

NZ  AU  UK  US/R
Rest of World

Xero customers

Small businesses

*Market share is indicative only
Investment in people

247 staff hired in the past 12 months
Country Management

- Country Manager
- Sales
- Marketing
- Training & Enablement
- HR
- Customer Experience
**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.

**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.

**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.

**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
## Add-on Reviews

If you use a Xero Add-on, share your experiences and ratings with others or find an Add-on that works best for you.

### Topics

- Welcome
- Accounting
- Small Business
- Feature Requests
- Using Xero Business
- Add-on Reviews
- Using Xero Add-ons
- Tell us how we're doing
- Events
- General Interest

### Add-on Reviews

<table>
<thead>
<tr>
<th>Add-on</th>
<th>Rating</th>
<th>User Reviews</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sharesight</td>
<td>★★★★</td>
<td>2 user reviews</td>
</tr>
<tr>
<td>Added by Xero API on 22 Jul 2013</td>
<td>Other</td>
<td></td>
</tr>
<tr>
<td>Shoeboxed</td>
<td>★★★★</td>
<td>15 user reviews</td>
</tr>
<tr>
<td>Added by Xero API on 22 Jul 2013</td>
<td>Bills + Expenses</td>
<td></td>
</tr>
<tr>
<td>Pricing Matrix by Smart Reports</td>
<td>★★★★</td>
<td>1 user review</td>
</tr>
<tr>
<td>Added by Xero API on 22 Jul 2013</td>
<td>Invoicing + Jobs</td>
<td></td>
</tr>
<tr>
<td>SmartBill</td>
<td>Not rated yet</td>
<td>0 user reviews</td>
</tr>
<tr>
<td>Added by Xero API on 22 Jul 2013</td>
<td>Invoicing + Jobs</td>
<td></td>
</tr>
<tr>
<td>SmartTrade</td>
<td>Not rated yet</td>
<td>0 user reviews</td>
</tr>
<tr>
<td>Added by Xero API on 22 Jul 2013</td>
<td>Invoicing + Jobs</td>
<td></td>
</tr>
<tr>
<td>Socket</td>
<td>Not rated yet</td>
<td>0 user reviews</td>
</tr>
<tr>
<td>Added by Xero API on 22 Jul 2013</td>
<td>Invoicing + Jobs</td>
<td></td>
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</tbody>
</table>
High level product roadmap

Core
- Accounting
- Connected business services

Accountants
- Reporting / Practice Suite
- Country packs

Tax
- AU Tax

Payroll
- US Payroll
- Other Payroll

Countries
- Additional countries

Languages
- Additional languages

*Indicative dates only
Banking 2.0

Bank Feeds

Online Banking

Payment Instructions

Online Accounting
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

<table>
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<tr>
<th><strong>Product</strong></th>
<th><strong>Channel</strong></th>
<th><strong>Growth</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Xero platform</strong></td>
<td><strong>Accountants &amp; online</strong></td>
<td><strong>Team &amp; customers</strong></td>
</tr>
<tr>
<td>• Localized product</td>
<td>• Building accountant channel in CA</td>
<td>• Year one growth exceeds other countries for customers and partners</td>
</tr>
<tr>
<td>• CPA Practice Advisor 5 stars</td>
<td>• 500+ active partners</td>
<td>• Over 50% growth in accountant channel</td>
</tr>
<tr>
<td>• US payroll this year</td>
<td>• 2,000+ accounting professionals completed Xero training events</td>
<td>• Largest private accounting firm in the California (29th largest in the US) is now a Gold partner</td>
</tr>
<tr>
<td>• Expanding add-on pipeline</td>
<td>• Leading PR mentions</td>
<td>• Over 10 of top 100 accounting firms in process of moving clients to Xero</td>
</tr>
<tr>
<td>• Major cloud alliances (e.g. Harvest, Bill.com)</td>
<td>• Strong progress in online search</td>
<td>• Recruiting exceptional industry talent</td>
</tr>
<tr>
<td>• Practice tools 4.75 stars</td>
<td>• Winning the thought leaders</td>
<td></td>
</tr>
<tr>
<td>Beating Quickbooks</td>
<td>• First US XeroCon in September</td>
<td></td>
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</tbody>
</table>
Product demo

Let's take a look...
Incredibly well positioned

Massive opportunity

>500m small businesses

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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