



2012 Annual General Meeting Presentation

7 November 2012, Melbourne: In accordance with the requirements of the Listing Rules, Praemium (ASX:PPS) is pleased to provide a copy of the presentation to be given by the Praemium's Chairman, Mr Bruce Parncutt, and its CEO, Mr Michael Ohanessian at the Company's Annual General Meeting (which will commence at 10am this morning).

About Praemium: Praemium Ltd (ASX: PPS) is one of Australia's leading suppliers of online financial portfolio administration and Separately Managed Account (SMA) technology, administering in excess of AUD44 billion-FUA* of assets in Australia and with more than £425 million-UK FOP* in funds on the platforms it operates in the UK. Praemium currently provides services to approximately 500 financial institutions and intermediaries, including some of the world's largest financial institutions.

*As at 30 September 2012

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PRAEMIUM LIMITED - CHAIRMAN'S ADDRESS

The financial year to 30 June 2012 was a period of significant change and progress for Praemium.

Much has been achieved since Michael Ohanessian commenced as CEO in August 2011. Most significantly the annual operating expenses of the company were reduced by over \$3 million or approximately 20%. This, combined with the growth in underlying revenues in both Australia and the UK, resulted in a pleasing improvement in the Company's operating financial performance for the 2011/12 year.

The Company's management has also made good progress on a number of other fronts during the year; enhancing the efficiency and effectiveness of the Company's operations and developing clear strategic priorities in both Australia and the UK. The implementation of these strategies has culminated in the Company's first acquisition, of WealthCraft Systems Limited in October 2012 and the agreement to take over as Responsible Entity of BlackRock's Customised Portfolio Service. I'll touch more on these significant opportunities for Praemium shortly and our CEO, Michael Ohanessian, will comment in more detail on the group's recent performance and prospects during his presentation.

Results

Firstly I'd like to summarise the financial results of the Company, as outlined in the Annual Report. The Company recorded an underlying EBIT loss of \$2.0 million before one-off charges of \$1.9 million, associated with the restructuring of the Company's operations and cost base.

Praemium's Australian business generated sales of \$11.1 million and an operating EBIT contribution (before one-offs) of \$3.3 million, reflecting the partial impact of the September 2011 cost reductions and the October 2011 price increases. We expect the level of profitability of the Australian business to improve further in the current year on an annualized basis, to around \$4.0million.

While the top line growth of the Australian business has slowed in recent years, management has identified a number of opportunities for future growth through:

- functionality improvements in existing services
- a broadening of software-based services to existing clients, including adding Customer Relationship Management functionality through the WealthCraft acquisition, and
- the expansion of Separately Managed Account services

The Board believes the Australian business is financially and strategically valuable and has a value that more than supports the recent market value of the company.

For the 2011/12 year the UK operations had operating expenses of £4.2 million and earned normalized revenues of £1.3 million on average funds on platform during the year of £350 million.

PRAEMIUM LIMITED - CHAIRMAN'S ADDRESS

The Board and Management of the Company see considerable potential for Praemium in the UK but we must begin to realize this potential in near term. Intense management attention has been given to the operations in the UK to enhance the operating procedures and customer services levels that are critical to ensuring the sustainability of this business. While further improvements are needed, the progress made to date is a credit to the efforts and commitment of our management and the whole London-based team.

Praemium has made a considerable investment in the UK business since setting up in 2006. While it is difficult to assess the value of the UK business at its present scale it remains the Company's expectation that as funds on platform grows the value of the business will justify the continuing commitment being made by the Company and its shareholders. In the medium term the Board expects the most important determinant of value will be the rate at which funds under administration are added to the platform.

Capital

In respect of the Group's cash reserves, the Company commenced the 2011/12 financial year with \$4.6 million in cash, raised a net \$4.8 million from an equity issue in August/September 2011 and concluded the year with \$4.7 million at 30 June 2012. The final quarter of the financial year saw a very small positive net cash inflow, a very welcome result reflecting both revenue gains and reduced costs but also the impact of the timing of some receipts.

Since the conclusion of the financial year, we have completed a \$2m private placement to sophisticated investors and a \$2.4m underwritten rights issue to all shareholders, raising a net \$4.2m, further boosting our cash holdings at end October 2012 to over \$8m. The Company is now well capitalized to pursue its growth plans in Australia and internationally.

In the current financial year, we are budgeting additional investment in our UK business, to further improve operational effectiveness but also to drive and close revenue opportunities.

Strategic Initiatives

The Company also recently announced two important strategic initiatives.

Firstly, Praemium has agreed to take over as responsible entity of BlackRock's Customised Portfolio Service, Australia's leading managed investment scheme for Separately Managed Accounts. Subject to scheme member approval on 7 December, Praemium will operate a scheme with over \$600 million in funds under management.

This transaction is an important milestone for Praemium in Australia. While Praemium has previously been exclusively a software service business, it will now not only provide the software that supports the Blackrock SMA service but will also take over all responsibility for marketing, sales and administration. Also important is that we will be operating separately managed account services in both the UK and Australia, from which we expect to realise meaningful synergies.

PRAEMIUM LIMITED - CHAIRMAN'S ADDRESS

The acquisition of WealthCraft Systems provides the opportunity to combine WealthCraft's financial planning tools and customer relationship management software with both our portfolio administration system, V-Wrap, as well as our SMA investment platform. This enhanced product suite will allow Praemium to offer a low-cost, scalable solution for financial advisors looking for a more integrated solution in a changing regulatory environment.

While the combined cost of these two acquisitions will come to a quite modest \$1m, the expanded fiduciary responsibilities attaching to the Separately Managed Account business being acquired from Blackrock will require increased regulatory capital and a stronger balance sheet. This was the primary reason for the recently concluded capital raisings.

Board

The 2011/12 year saw some significant changes to the composition of Praemium's Board. Dr Donald Stammer, Chairman of the Board since the Company's IPO and ASX listing in 2006, retired as Chairman in August 2011 and subsequently stepped down from the Board in March 2012. Mr. John Bryson also retired from the Board in June 2012. Both Don and John gave valuable service to the Board and to Praemium; they both remain significant shareholders of the Company and we look forward to their continued interest and support.

Two new non-executive directors joined the Board during the year to fill the vacancies created by our retiring directors. Peter Mahler was appointed in December 2011, and Bruce Loveday was appointed in July 2012. I am delighted that in Peter and Bruce we have attracted the services of two individuals who bring experience and skills that are highly relevant to Praemium's current position and future growth path. I would like to say a little about of each of them.

Peter Mahler's early career includes 7 years as principal of a software based business he created and built with a partner, giving him a rich experience of the challenges faced by a business like Praemium. He subsequently had appointments as Chief Information Officer for three large businesses, Belgium Telecom, Coles Myer (for 8 years) and Axa Asia Pacific and he now consults to a number of significant businesses as well as being a mentor/coach to CIO's or CEO's. For a company that heavily relies on the continued development of its core software Peter is already proving a real asset.

Bruce Loveday has had extensive experience in financial services including in banking, stock broking, funds management, and listed company investor relations. He has a strong knowledge of the workings and challenges of funds administration, and the marketing and distribution of retail financial products through financial planner intermediaries, both of high relevance to the business of Praemium. Amongst Bruce's current roles he is Chairman of Bennelong Funds Management, which is one of the providers of portfolio models to the SMA business we are acquiring from Blackrock.

PRAEMIUM LIMITED - CHAIRMAN'S ADDRESS

In accordance with our Constitution, as both Peter Mahler and Bruce Loveday were appointed as Directors by the Board since the last Board meeting, shareholders are being asked at this meeting to reconfirm their appointments.

When I was appointed to the Board in August last year and subsequently became Chairman I committed to the Board that I would serve until at least the conclusion of the 2012 Annual Meeting. Consistent with this commitment the Board has agreed that I will step down as Chairman in favour of Bruce Loveday whose appointment as Chairman will be effective from the conclusion of this meeting assuming his election as a Director is confirmed by shareholders this morning. I will remain a non-executive Director of the Company.

There are several factors contributing to this change but by far the most important is that Bruce Loveday, in my view and in the view of the Board, is the best placed amongst the non-executive directors to lead the Board going forward. I'm sure shareholders will join me in wishing Bruce well as he takes on this important role for the Company.

Finally, as I have outlined, 2011/12 was a year of significant change and progress for Praemium. I would like to express my appreciation to each member of the Board during the year, to the non-executive directors of our UK subsidiary and to the CEO, his management team and all of Praemium's staff for their commitment and achievements during the year.

The priority for the current financial year is to further develop our strategies, to build on Praemium's competitive strengths and take the Company as quickly as possible to overall profitability. With the restructuring of the last 12 months behind us and with the Company now in a strong financial position, I can assure shareholders the Board is fully focused on maximizing shareholder value taking a several year forward view.

Bruce Parncutt
Chairman
Praemium Limited
7 November 2012

CEO's Report

Michael Ohanessian - CEO

Disclaimer

The material contained in this document is a presentation of general information about the Præmium Group's activities current as at the date of this presentation (7 November 2012). It is provided in summary and does not purport to be complete. You should not rely upon it as advice for investment purposes as it does not take into account your investment objectives, financial position or needs. These factors should be considered, with or without professional advice when deciding if an investment is appropriate.

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Key FY12 Highlights

Group

- Significantly reduced prior year's cash burn
- Breakeven EBITDA for second half of FY2012 (\$32k profit)
- Annualised cost savings of \$3m+ (20% of FY11 cost base)

Australia

- Consistent underlying revenue growth
- Enhanced sales & marketing focus
- R&D investment to strengthen our core V-Wrap service

UK

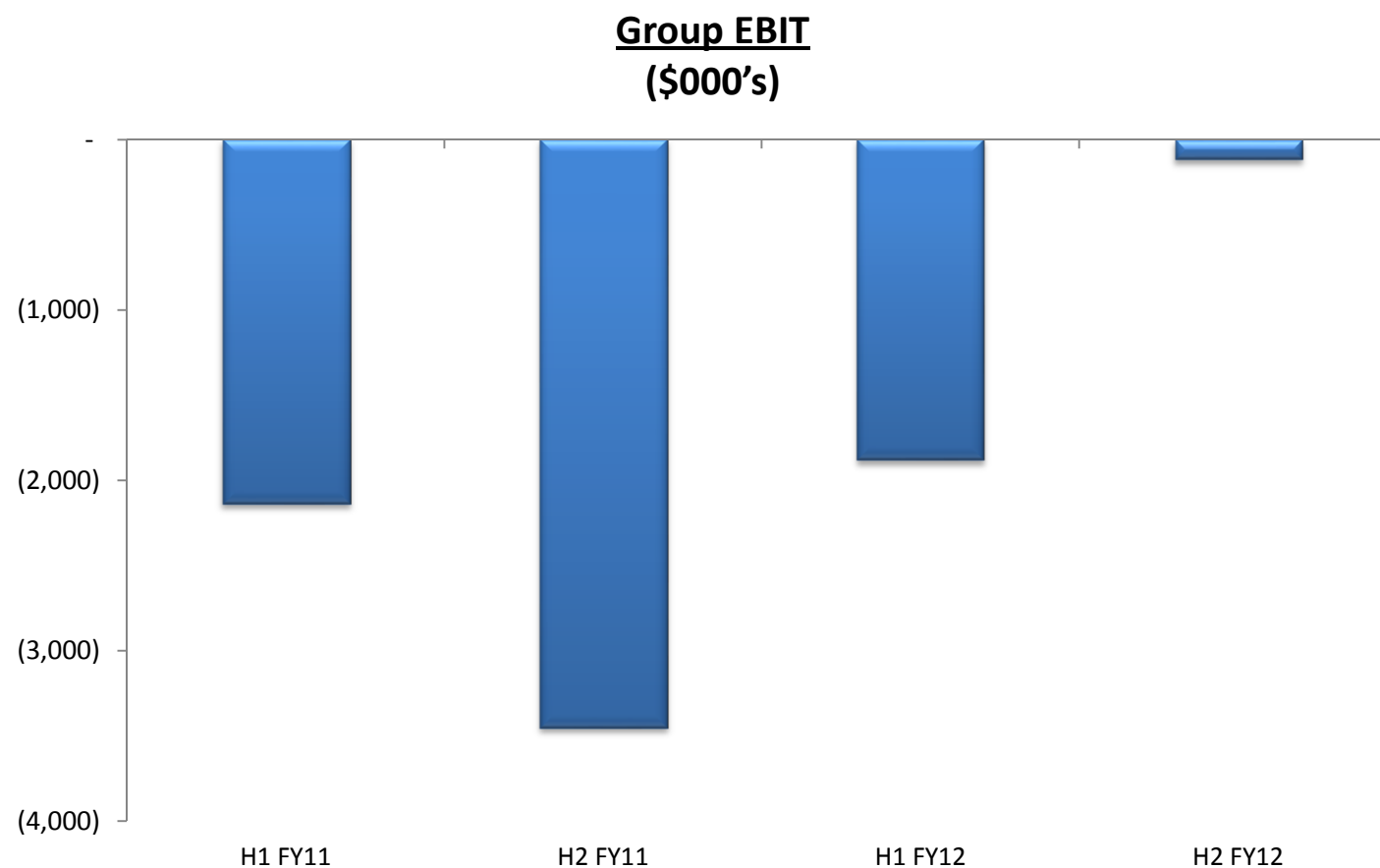
- Revenue growth of 50%
- Discretionary Portfolio Service (*dps*) growing strongly
- Expanding distribution through Jersey offshore platform, now operational

Financial Summary

Præmium Group	FY2012 \$000	FY2011 \$000	Change %
Revenue	13,045	13,037	0%
Expenses	15,041	18,623	(19%)
EBIT*	(1,996)	(5,586)	64%
Net Loss after Tax	(3,945)	(5,536)	29%
Cash at Reporting Date	4,713	4,644	1%
Net Assets	6,592	5,494	20%
Operating Cashflow*	(3,082)	(5,854)	47%
Earnings per Share	(1.4)	(2.5)	44%

*Excludes organisational restructure costs.

Significant improvement in EBIT



Note: Excludes organisational restructure costs.

Divisional Breakdown

Præmium Group	AUS FY12 \$m	UK FY12 \$m	Corporate FY12 \$m	Group FY12 \$m
External Revenue	11.1	1.9		13.0
Employee Expenses	(5.1)	(4.6)	(0.1)	(9.8)
Operating Expenses	(2.5)	(1.7)	(0.6)	(4.8)
Total Expenses	(7.6)	(6.3)	(0.7)	(14.6)
EBITDA	3.5	(4.4)	(0.7)	(1.6)
EBITDA%	32%			
Restructure Costs	(1.2)	(0.2)		(1.4)
Depreciation	(0.3)	(0.1)		(0.4)
EBIT	2.1	(4.7)	(0.7)	(3.3)
NPBT	2.1	(5.3)	(0.7)	(3.9)

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Praemium to execute two acquisitions

Acquisitions

- Take over from BlackRock as Operator of the SMA in Australia.
- Acquire WealthCraft Systems Limited in Hong Kong.

Financial impact

- Total cash expenses (including consideration and transaction-related costs) of approximately \$1.1 million plus two million ordinary shares.
- Revenue increase of 20% relative to FY2012.
- Expected to be accretive in year one.

Capital implications

- Praemium Australia becomes the Responsible Entity (RE) for the BlackRock SMA.
- At current FUM of \$0.6 billion, prudential capital of \$3 million is required.
- At \$1 billion the maximum prudential capital requirement would be capped at \$5 million.

Acquisition 1: BlackRock/Praemium SMA

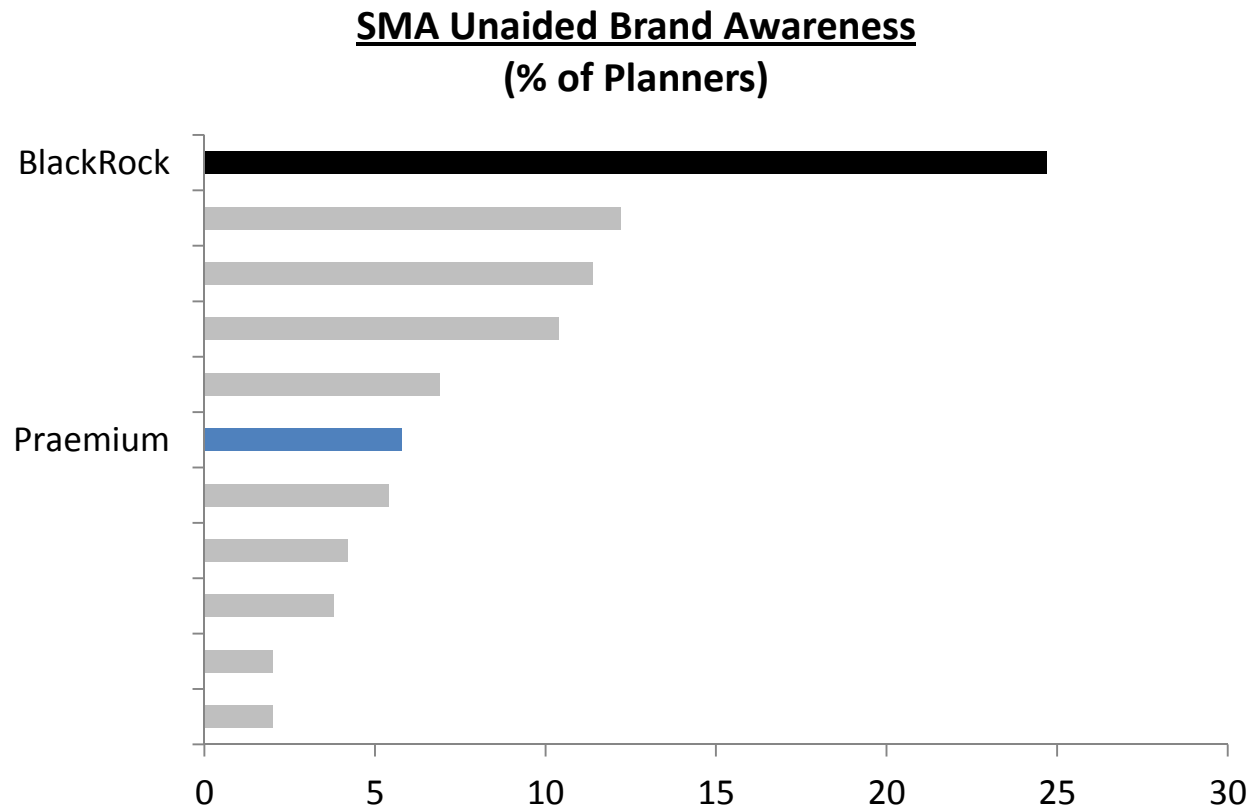
Background:

- Following a strategic review, BlackRock determined that a company that focusses on portfolio administration would be better placed to develop the product.
- Praemium to take over as the RE for the SMA scheme, which is marketed as the Customised Portfolio Service (CPS).

Process:

- Completion is subject to various conditions precedent such as investor approval in the SMA representing at least 50% of the scheme funds.
- The BlackRock administration team that operates the CPS will transition to Praemium upon completion.

Well placed as the leading SMA brand



Source: Investment Trends – March 2012 Planner Direct Equities & SMA Report
Note: Top 11 out of 30 shown

SMA has many inherent benefits

Benefits of investing in an SMA

	SMA	Managed Funds	Direct Shares
Tax efficient	✓	X	✓
Transparent	✓	X	✓
Lower brokerage costs	✓	N/A	X
Customisable/flexible	✓	X	✓
Access to professional managers	✓	✓	X
Beneficial ownership	✓	X	✓

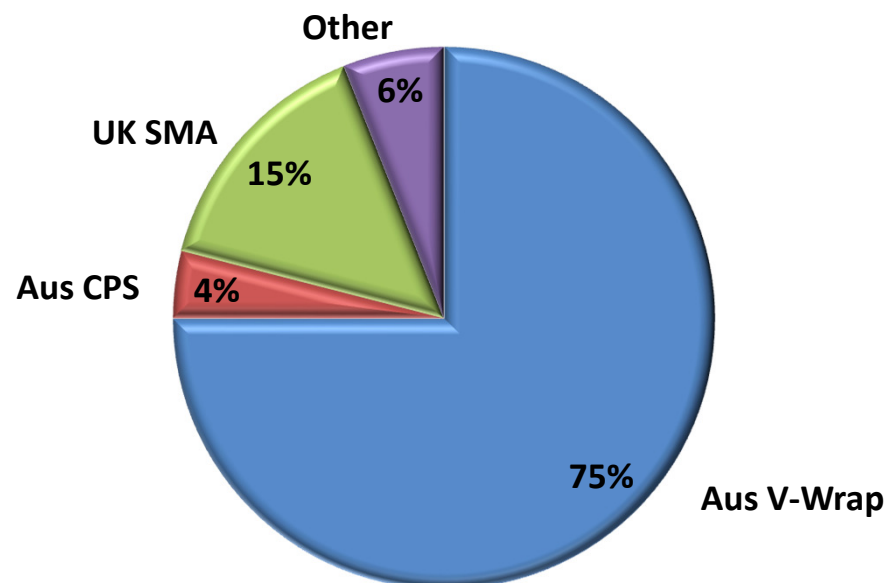
After 40 years the US SMA market is over \$900 billion;
after 10 years Australia's market is less than \$2 billion.

According to market research*, Australian advisors plan to increase use of SMA significantly over the next three years.

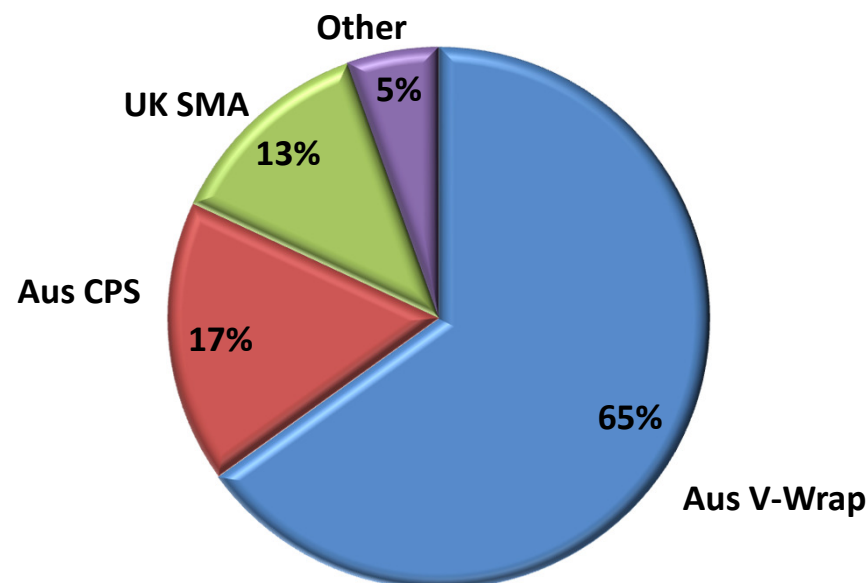
*Investment Trends – March 2012 Planner Direct Equities & SMA Report

SMA diversifies business

Product Revenue - FY2012



Pro forma Post CPS acquisition



Products

V-Wrap — Non-custodial portfolio administration

CPS — SMA operated by BlackRock

UK SMA — Discretionary Portfolio Service (*dps*) and SMARTfunds

Other — Includes Powerwrap and E*Trade tax tools

Acquisition 2: WealthCraft

Completed in October 2012:

- Consideration of \$75,000 plus 2 million Praemium shares to Wealthcraft Inc.
- Plus \$550,000 in debt converted to equity

Key product is the Wealthcraft Adviser 5.0:

- Customer relationship management (CRM) based on Microsoft Dynamics
- Financial planning
- Investment research
- Portfolio management
- Unit trust trade automation

The WealthCraft CRM integrates seamlessly into Microsoft Office:

- Uniquely integrates CRM into the Outlook environment.
- On-going support and development from Microsoft.

Expected benefits

1. Acquire a rapidly growing CRM+planning software business addressing the English-speaking ex-pat market in Asia.
2. Provide a sales and distribution capability for Praemium's International SMA investment platform targeting the same client base.
3. Bolt onto the V-Wrap offering to provide clients a more complete and fully integrated solution.
4. Integrate into the SMA investment platform to enable planners to link client risk tolerance with appropriate strategic asset allocation.

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Observations

FY2012 was a year of significant change for the company

- We are on a much stronger financial footing and ready for growth

Trading conditions have been and remain difficult

- Investor appetite remains cautious
- Advisor firms busy preparing for the new regulatory environment

We have continued to invest in our capabilities

- Improving client service and engagement
- Improving the effectiveness of R&D
- Improving our management processes

We have also developed our growth strategies

- Bolt-on acquisitions
- New services and functionalities

Post the transactions

Australia

UK

International
(Jersey)

Core processing engine & dynamic re-balancer

SMA Platform
CPS

SMA Platform
dps
SMARTfunds

SMA Platform
dps

Software
V-Wrap
Powerwrap
WealthCraft CRM

Software
WealthCraft CRM

Software
WealthCraft CRM

Capital Raising

Key points

- Successfully completed recent capital raising of \$4.4 million to support our growth strategies.
- Solid support from new and existing shareholders and the Praemium Board.
- Remaining spend on two acquisitions will be \$0.2 million.
- Group cash of \$8.3 million* with no debt.

Strong balance sheet to pursue opportunities

*At date of release

Summary

1. Will be vertically integrated as the leading SMA Operator in Australia.
2. With the recent launch of our Jersey based service, we will become a global SMA player.
3. We expect to extract considerable synergies in the development of our SMA platform technology.
4. WealthCraft provides an Asian footprint to drive our international SMA platform.
5. Wealthcraft also adds a complementary toolkit with CRM and financial planning capabilities.
6. We will continue to invest in product and service delivery for our early stage UK and International business.