

HUB24 Limited

Half Year Update

26 February 2014

Disclaimer



Summary information

The material that follows is a presentation of general background information about HUB24 Limited's ('HUB') activities current at the date of the presentation, 26 February 2014. It is information given in summary form and does not purport to be complete.

Not investment advice

This presentation is not a prospectus or a product disclosure statement under the Corporations Act 2001 (Cth) and has not been lodged with ASIC. The information provided in this presentation is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice when deciding if an investment is appropriate.

Risk of investment

An investment in HUB shares is subject to investment and other known and unknown risks, some of which are beyond the control of HUB. HUB does not guarantee any particular rate of return or the performance of HUB nor does it guarantee the repayment of capital from HUB or any particular tax treatment.

Forward looking statements

This presentation contains certain forward-looking statements. The words 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'intend', 'should', 'could', 'may', 'target', 'plan' and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of HUB, that may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements. You should not place reliance on forward-looking statements and neither HUB nor any of its directors, employees, consultants, contractors, advisers or agents assume any obligation to update such information.

Overview



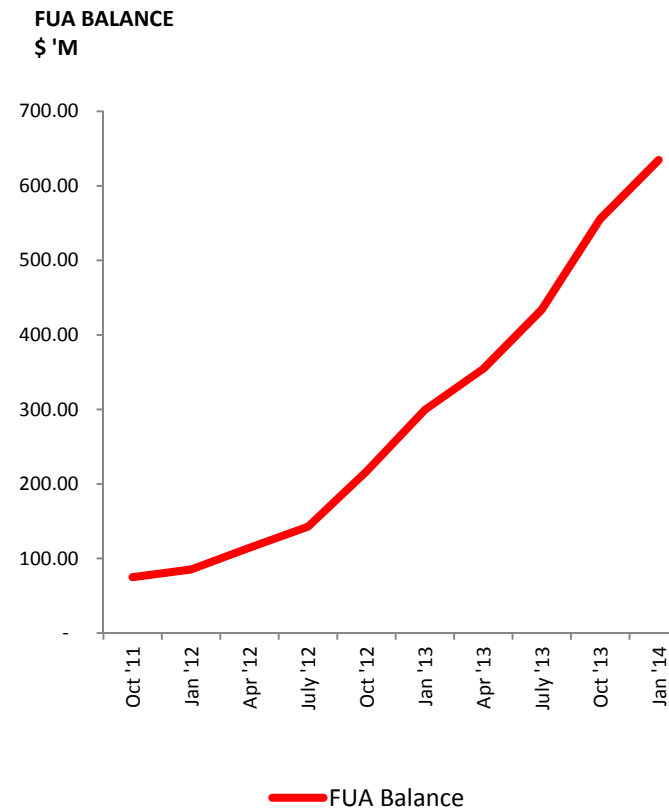
- FY14 Half Year review
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- What we do
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- Outlook

HALF FY14 in review



Growing business with scale benefits emerging

- FUA increase of 66% to \$635m*
- 32% increase in active advisers*
- Further developing a scalable operation to cater for continuing rapid growth
- Enhancing operational processes that are delivering cost efficiencies in administering the platform
- Grown FUA from existing clients & launched 3 new white labels.



* From 1 July 2013 to 31 January 2014

HALF FY14 in review



Financial	• Revenue increase of 251% to \$1.4m for half FY14 (\$394k prior corresponding period) • Cash balance of \$16.52m • Investment to accelerate FUA transition • Improved processes to ensure operational scalability, decreasing admin staff requirement to service FUA • Consolidation of office premises reducing costs by \$30k per month • Share placement to institutional and sophisticated investors raising \$10.6m at \$1.30
Personnel	• Commencement of Andrew Alcock as CEO, appointment of Jason Entwistle as Director – Strategic Developments also responsible for M&A. • Staff incentive program relaunched. All staff are now shareholders • Recruitment of key personnel to support ongoing development
Product	• Extended integration with financial planners and SMSF providers • Ongoing functionality development, relaunch of InvestorHUB • Added 8 managed portfolios
Customers	• Interprac, Premium and TFS white labels announced and launched since July '13
Investor Research	• HUB24 research published by Ord Minnett

Financial summary (continuing operations)

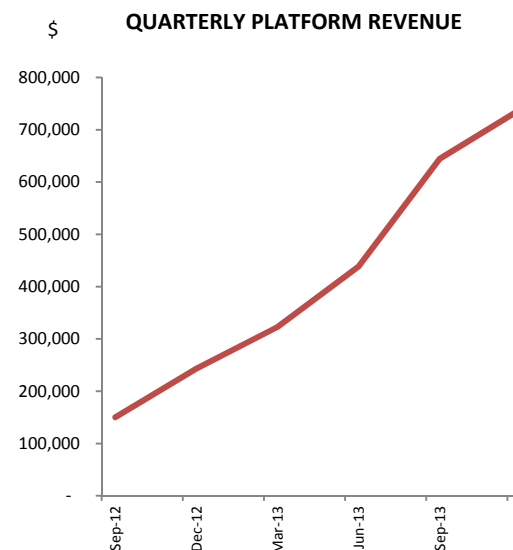


KEY FINANCIAL RESULTS	Half year ended 31-Dec-13	Half year ended 31-Dec-12	% change
FUA (million)	618.9	252.7	
INCOME	\$	\$	
Revenue	1,383,969	394,020	251.2%
Platform direct costs	(1,690,043)	(1,167,647)	
Gross Profit	(306,074)	(773,627)	60.4%
Gross Profit margin	(22.1%)	(196.3%)	
Operating expenses	(1,838,932)	(1,614,611)	
EBITDA (Pre-investment)	(2,145,006)	(2,388,238)	10.2%
EBITDA (Pre-investment) margin	(155.0%)	(606.1%)	
Investment	(1,644,530)	(1,005,681)	
EBITDA (post investment)	(3,789,536)	(3,393,919)	(11.7%)
EBITDA (Post-investment) margin	(273.8%)	(861.4%)	
Capitalised development	-	927,617	
Depreciation & amortisation	(533,707)	(512,431)	
EBIT	(4,323,243)	(2,978,733)	(45.1%)
EBIT Margin	(312.4%)	(756.0%)	
Interest	252,699	369,935	
NPAT	(4,070,544)	(2,608,798)	(56.0%)
NPAT Margin	(294.1%)	(662.1%)	
Discontinued operations	(494,379)	(3,867,341)	
NPAT (post Discontinued Operations)	(4,564,923)	(6,476,139)	29.5%
NPAT (post Discontinued Operations) Margin	(329.8%)	(1643.6%)	
CASHFLOW			
Operating cashflow (including capitalised costs)	(2,889,639)	(4,855,388)	40.5%
	31-Dec-13	30-Jun-13	% change
FINANCIAL POSITION	\$	\$	
Net assets	23,122,971	17,322,128	33.5%
Cash & cash equivalents	16,517,158	9,542,846	73.1%

*Includes custody, trustee, super administration, data, research and staff that support the existing FUA on the platform.

**Includes headcount resources that are dedicated to bringing new FUA onto the platform – sales, transition, new development functions.

- Continuing rapid increase in FUA is translating into revenue, gross profit and EBITDA improvements.
- This rate of growth is expected to lead to gross profit break even being reached within the next half year.
- Investments made in the executive team in calendar 2013:
 - have resourced the business for growth;
 - aim to accelerate growth over FY14/15/16; and
 - target efficiencies in supporting this growth and improving gross profit, EBITDA and NPAT margins.



Corporate information



Capital Structure at 26/02/2014

Shares on issue	47.06m
Share price	\$1.14
Market capitalisation	\$53.65m
Enterprise value	\$37.13m

Substantial shareholders

Thorney Holdings Ltd	17.23%
Ian Litster	8.02%
Paradice Investment Management Pty Ltd	5.61%

Corporate information



Balance sheet (as at 31 December 2013)

Current assets	\$17.51m	
Non-current assets	<u>\$ 7.56m</u>	
Total assets	<u>\$25.07m</u>	
Current liabilities	\$ 1.87m	
Non-current liabilities	\$ 0.08m	
Total liabilities	<u>\$ 1.95m</u>	
Net assets	<u>\$ 23.12m</u>	
Equity	<u>\$ 23.12m</u>	
	30 June 2013	31 December 2013
Cash and Cash Equivalents	\$9.54m	\$16.52m

Key statistics as at 31 January 2014



FUA

- Total FUA of \$635m
- 66% FUA increase*
- 91% increase in FUA held in managed portfolios*
- 36% increase of FUA per adviser*

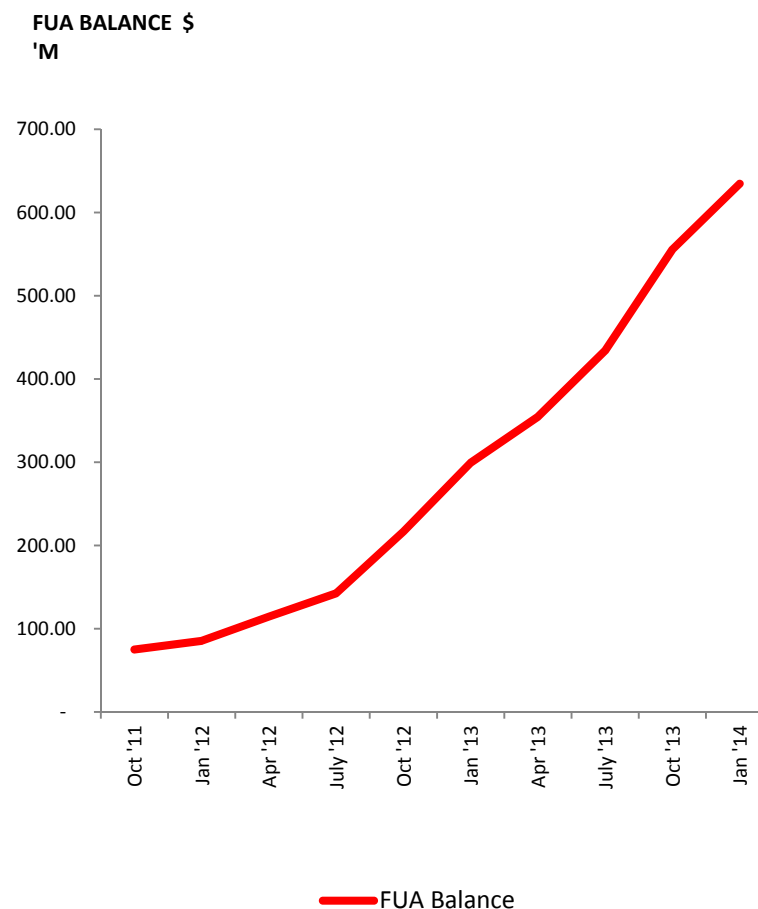
INFLOWS

- Monthly cash inflows of \$25m+*
- Average net inflows of \$30m per month for first 7 months of FY14 (FY13 average of \$19m)

OTHER

- Dealer groups actively using platform: 30
- Ongoing success of superannuation take-up with increase of 85%*
- Advisers actively using platform: more than 310 (increase of 32%*)
- 22% increase of accounts per adviser*

* From 1 July 2013 to 31 January 2014

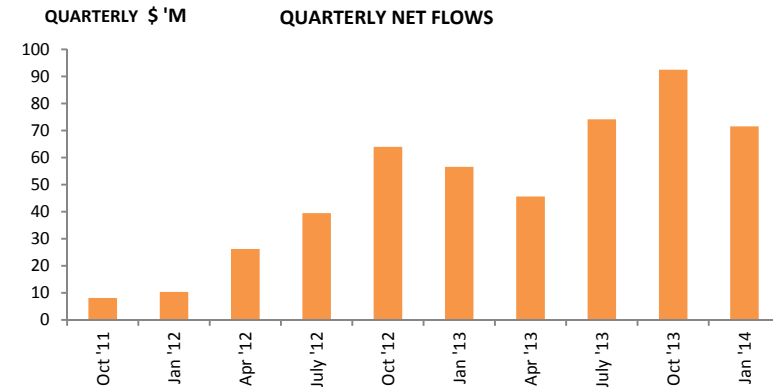


Key statistics as at 31 January 2014



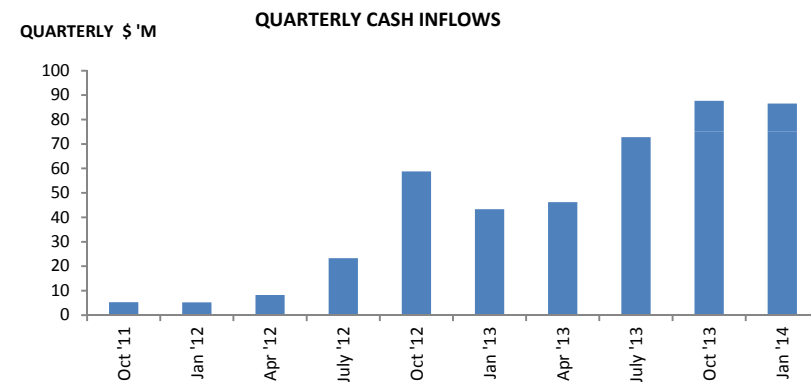
Net flows*

\$30m monthly average for FY14, increased from \$19m monthly average for FY13.



Cash inflows

Cash inflows represent a key measure of organic FUA growth. Jan '14 recorded the highest monthly cash inflow since inception.



* Inflows less outflows and market movement in FUA

Who we are

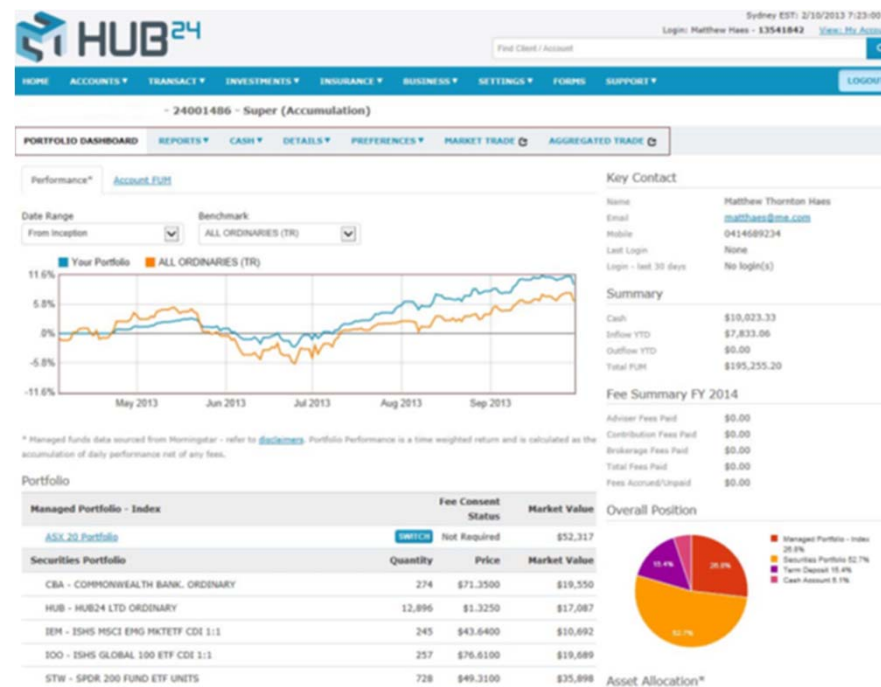


- HUB24 is a full featured Wrap Platform incorporating Investor Directed Portfolio Service (IDPS) and Super/Pension services
- Market leading Managed Portfolio functionality
- Open architecture, independent, offering wide investment choice
- Ability to build major developments and functionality quickly in response to client needs
- Highly experienced team in commercialising wrap platforms. Members of our team helped found successful financial planning and wrap platforms including Visiplan (now IRESS), COIN (Macquarie), Navigator (MLC) and Avanteos (Colonial FirstWrap)

What we do



- We develop, distribute and operate the HUB24 Investment and Superannuation platform
- Our customers are financial advisers, accountants, stockbrokers and institutions
- We allow our larger corporate customers to white label the platform under their own brand
- Very wide investment choice including Managed Portfolios, listed securities, managed funds, term deposits and cash



Our advantage



Market leading managed portfolio capability

- Enables dealer groups to offer advisers and their clients fully implemented SMAs and model portfolios made up of a range of asset types and classes
- Dealers can earn ongoing portfolio management fees and provide a more efficient implementation model for their advisers
- Supports the achievement of efficient fee and tax outcomes for clients
- Dealer groups can white label disclosure documents, online portal, reports and branded iphone app

Independence

- Independently owned, not reliant or influenced by in-house products
- Responsive to dealer group and adviser service needs
- Offering clients / customers a wider choice of products
- Offering a wider choice of product and service providers (Managed Portfolios, listed securities, managed funds, ETF's, margin lenders, insurance, term deposits)

Our advantage



Technology

- Proven internal technology development team that has taken prior projects through to successful commercialisation
- HUB24 owns the IP

ASX listed

- Maximum transparency of the performance of our operation for shareholders and customers
- Proven shareholder support and capital raising ability places the company in a strong position relative to its peers to compete for capital in this restricted regulatory environment

1. FUA growth trend expected to continue
 - Maximise existing adviser and dealer relationships
 - Ongoing business development including white labels for dealer groups, stockbrokers and accountants
 - Promote our unique managed portfolio capability as a FOFA compliant solution for advisers
 - Leverage our strong foundations to pursue larger / more significant opportunities

2. Continuing investment to maintain and enhance position as leading independent platform
 - Increase current product range and expand capabilities
 - Enhance adviser and client experience

Outlook



3. Enhance product capability to target high net worth individuals and SMSF clients
4. Efficiently develop and grow our high calibre talented team to support our future success
5. Actively reviewing acquisition opportunities and strategic alliances.