

HUB24 Limited

CBA Equities - Financials Small Companies Day
presentation

Andrew Alcock – Chief Executive Officer

20 March 2014

Disclaimer



Summary information

The material that follows is a presentation of general background information about HUB24 Limited's ('HUB') activities. This information given in summary form and does not purport to be complete and should be read in conjunction with previous ASX filings, Half Year Report and the audited Annual Report and as applicable.

Not investment advice

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Overview



- Company Background
- Industry Landscape
- Our advantage
- Half FY14 in review
- Key statistics at 31 January 2014
- Financial Summary
- Outlook

Company Background



CORPORATE OVERVIEW

- HUB24 is a financial services company listed on the ASX (ASX: HUB).
- HUB24 is an award-winning, next-generation investment and superannuation platform service.
- As specialists in proprietary platform technology, we build and provide state-of-the-art portfolio management, transaction and reporting solutions for financial advisers, dealer groups, stockbrokers, and institutions.
- We are independently owned and not aligned to a fund manager or bank.
- Highly experienced team in commercialising wrap platforms and leading wealth management businesses. Members of our team helped found successful financial planning and wrap platforms including Visiplan (now IRESS), COIN (Rubik), Navigator (MLC) and Avanteos (Colonial FirstWrap).

HUB24 EXECUTIVE TEAM

Andrew Alcock – Chief Executive Officer

Andrew has over 20 years experience across wealth management encompassing advice, platforms, industry superannuation, insurance and information technology. Andrew was formerly Chief Operating Officer of Genesys Wealth Advisers and Head of the Genesys Equity Program, where he was a director of over 20 financial planning practices across Australia. His previous executive roles include General Manager for Asteron's wealth management business, where he was responsible for a broad range of superannuation and investment solutions for investors, employers, licensees and advisers.

Jason Entwistle – Director Strategic Development

Jason Entwistle has over 20 years' experience in financial services, establishing and managing a number of successful wealth management-related businesses. In 1990, he was part of a small team that created the successful Navigator master trust. He was the co-founder of Avanteos, which was launched in 2001 as Australia's first online wrap platform and later purchased by the Commonwealth Bank of Australia.

Wes Gillett – Head of Product and Distribution

Wes has been in the financial services industry for over 24 years, managing sales and marketing teams for several prominent organisations such as Asgard, Skandia, ING and KPMG. His experience spans administration, product, investments, advice and technology, and he has managed multi-million dollar client relationships for over 15 years.

Matt Haes – Chief Financial Officer and Company Secretary

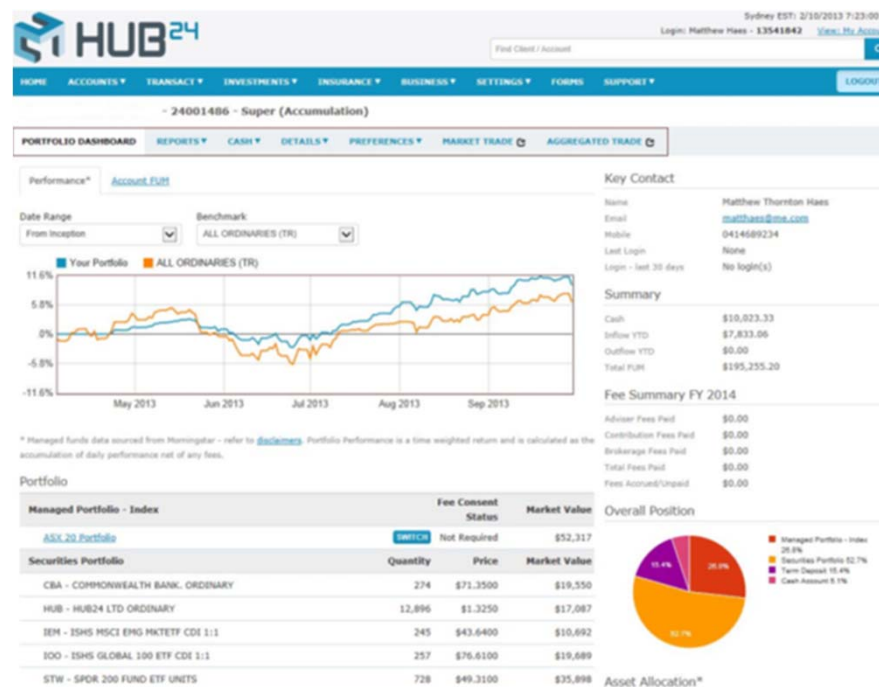
Matt's financial services experience spans over 16 years in senior finance roles, covering wealth management, securitisation, capital markets, stockbroking and funds management. He spent eight years as Finance Manager and Company Secretary at Centric Wealth Limited where he developed the finance function and integrated businesses resulting from the company's merger and acquisition activities.

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 and leading wealth management businesses. Members of our team helped found successful financial planning and wrap platforms including Visiplan (now IRESS), COIN (Rubik), 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.



INVESTMENT & SUPERANNUATION GROWTH

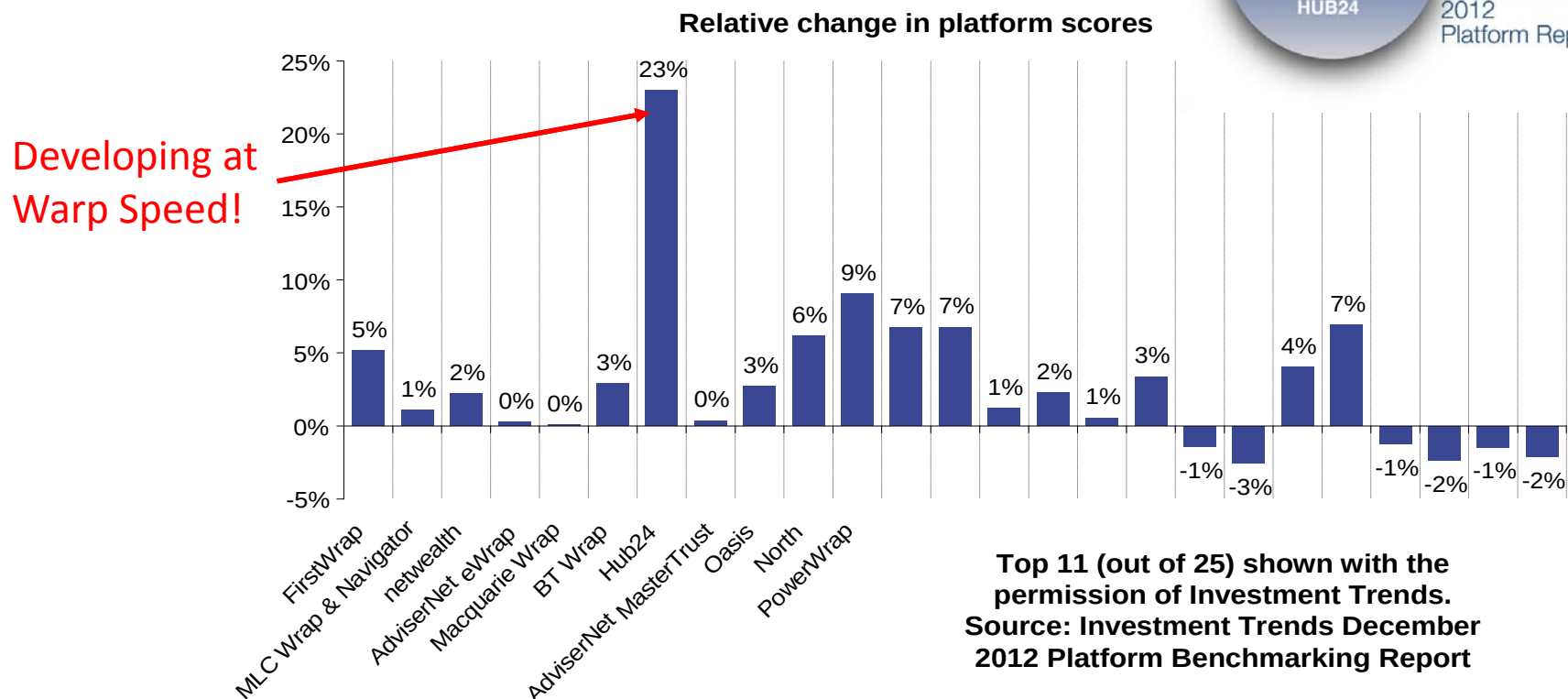
- The personal investments market was \$2,275bn as at 30 June 2013 and is expected to grow at 7.8% p.a. (4.8% in real terms) over the next 15 years.*
- Wrap platforms, including separately managed accounts (SMA) and model portfolio products will be the fastest growing segment of the personal investment market with market share growing from 2.0% to 7.5% over the 15 years to 30 June 2028.*
- Within wrap platforms, directly held assets will grow to become 75% of assets, compared to 66% currently.* HUB24 is well positioned to capitalise on this growth having market leading technology supporting model portfolios with directly held assets.
- The value of superannuation assets was \$1,616bn as at 30 June 2013 and is expected to grow at 5.2% in real terms over the next 15 years.* Progressive rise in employer superannuation (SG) to 12% will further fuel net flows to platforms.
- FOFA - HUB24 is attracting customers looking for solutions in order to meet client best interests duties and avoid remuneration conflicts.

* (Rice Warner – Media Release February 2014 – Personal Investments Market Projections Report 2014)

PLATFORM DEVELOPMENT & FUNCTIONALITY

The 2012* Investment Trends Platform Survey rated HUB24 as:

- Winner – Most New Developments category.
- Now rated as serious competitor to major platforms.

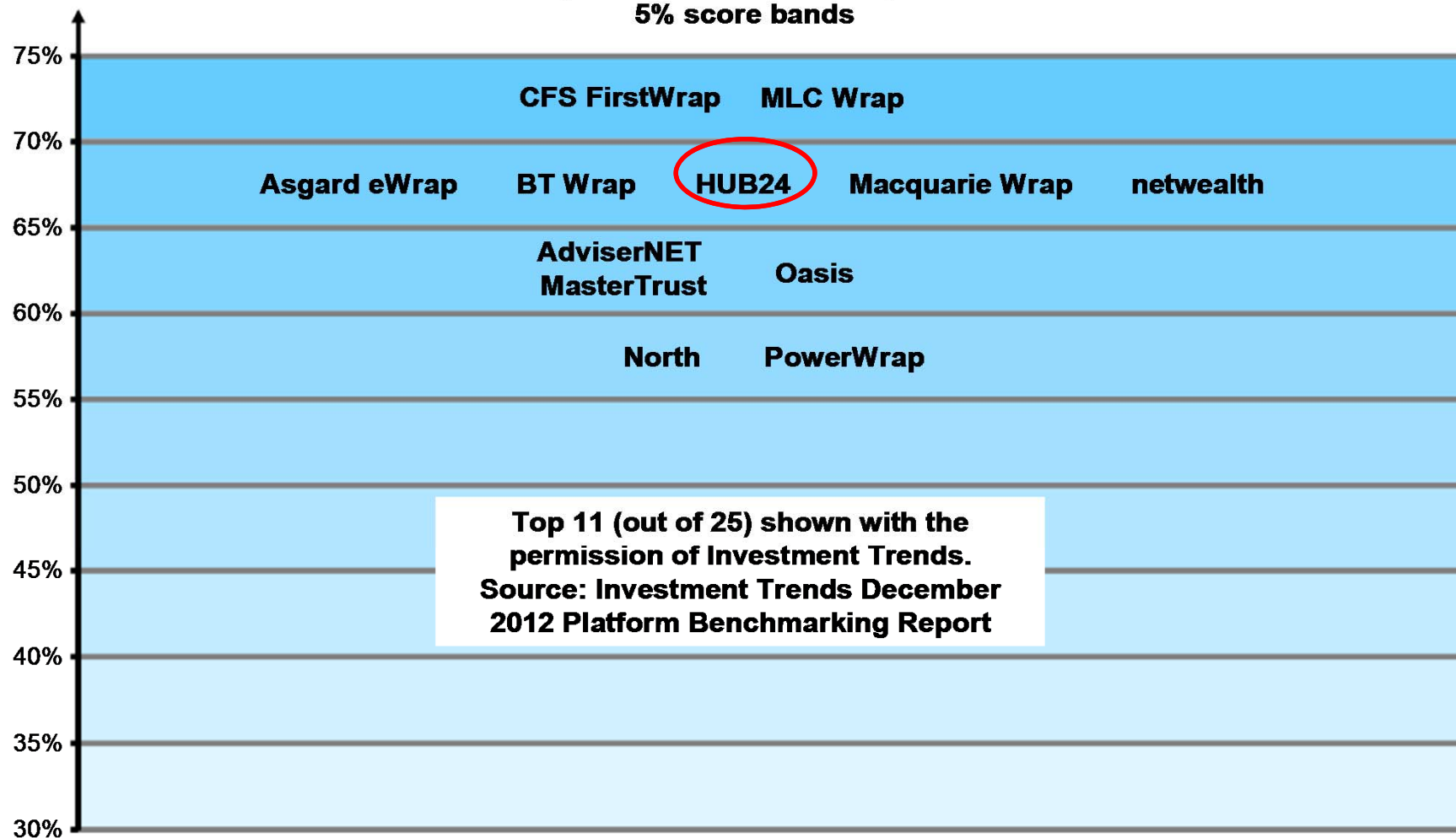


Based on Analyst reviews of platform functionality conducted by Investment Trends

* 2013 Investment Trends Platform Survey is due out in April 2014

PLATFORM DEVELOPMENT & FUNCTIONALITY

**Full functionality scores of investment platforms – overall
5% score bands**



Based on Analyst reviews of platform functionality conducted by Investment Trends

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).

TECHNOLOGY

- Proven internal technology development team that has taken prior projects through to successful commercialisation .
- HUB24 owns the IP and has the opportunity to develop and deploy new functions and features more rapidly than our peers.



ASX LISTED

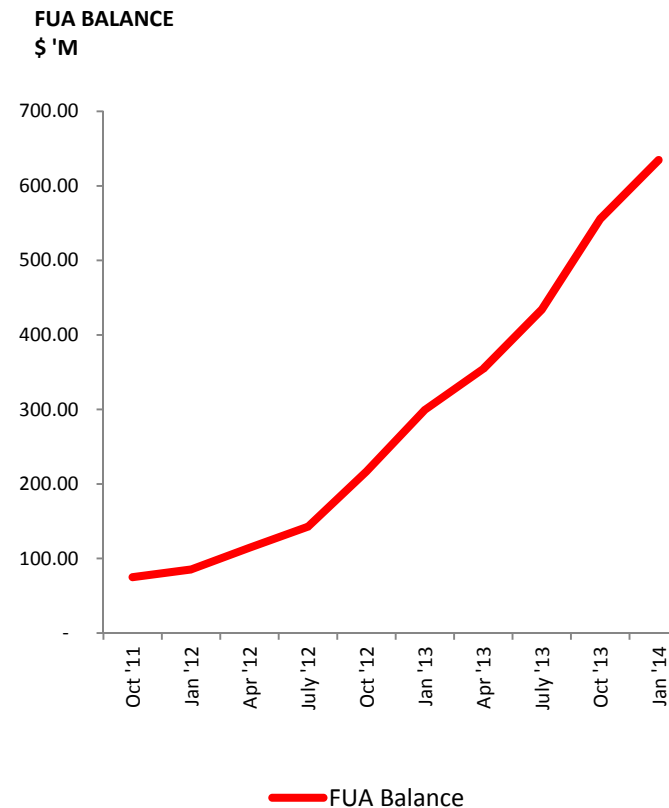
- Maximum transparency of the performance of our operation for shareholders and customers.
- Proven shareholder support and capital raising ability places the company in a strong position relative to its peers to compete for capital in this restricted regulatory environment.

HALF FY14 in review



Growing business with scale benefits emerging

- FUA increase of 61% to \$619m (31 Dec).
- 30% 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.



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.

Key statistics as at 31 January 2014



FUA

- Total FUA of \$635m. (currently \$709m**)
- 66% FUA increase*.
- 91% increase in FUA held in managed portfolios*.
- 36% increase of FUA per adviser*.

INFLOWS

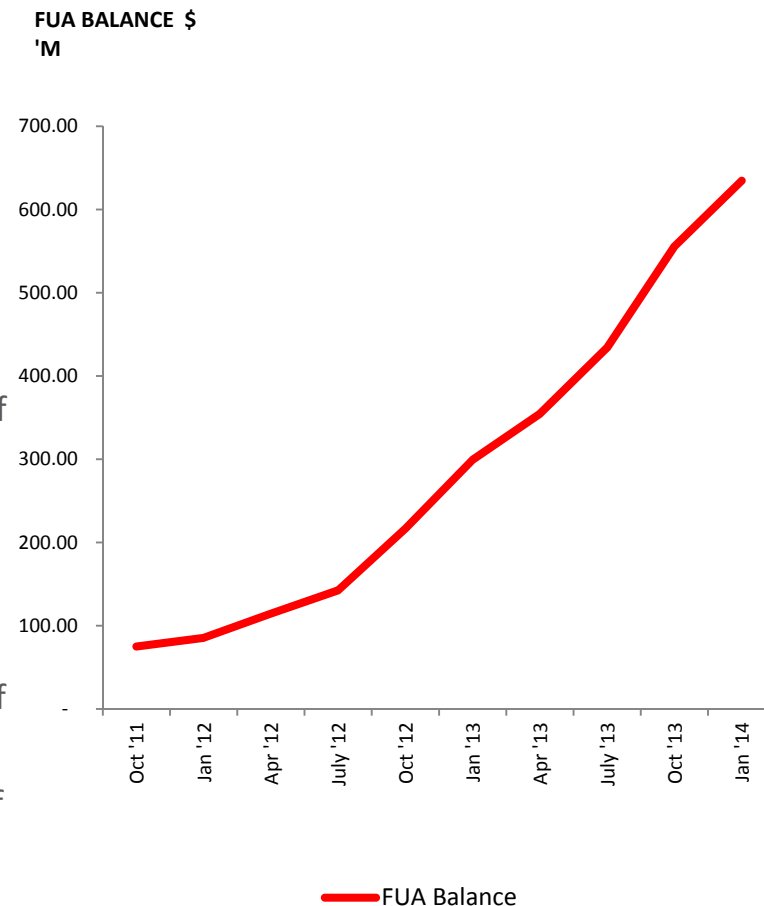
- Monthly cash inflows of \$25m+*.
- Average net inflows of \$30m per month for first 7 months of FY14 (FY13 average of \$19m).

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

** as at the date of this presentation

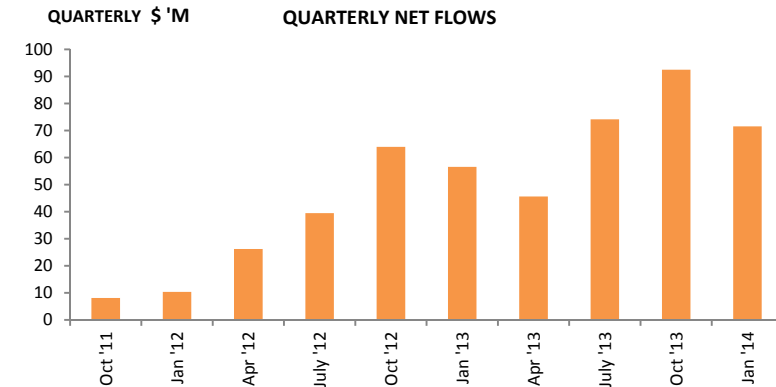


Key statistics as at 31 January 2014



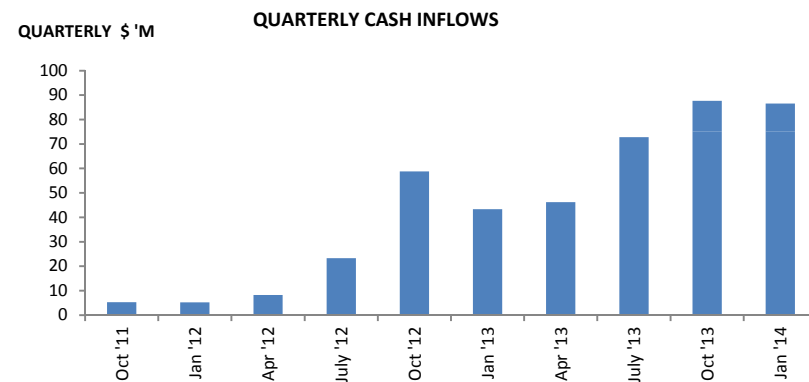
Net flows*

\$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

MAJOR HUB 24 CLIENTS

- Ord Minnett
- Beresford's Financial Planning
- Sentry Group
- Unison Wealth Management
- Gamma Wealth Management
- Matrix Planning Solutions
- Elston Partners
- Interprac Ltd
- Premium Wealth Management

The combined funds under advice across HUB24's major clients is estimated to be \$30~\$40bn of which HUB currently has a share of less than 2% and growing.

Financial summary

(continuing operations)

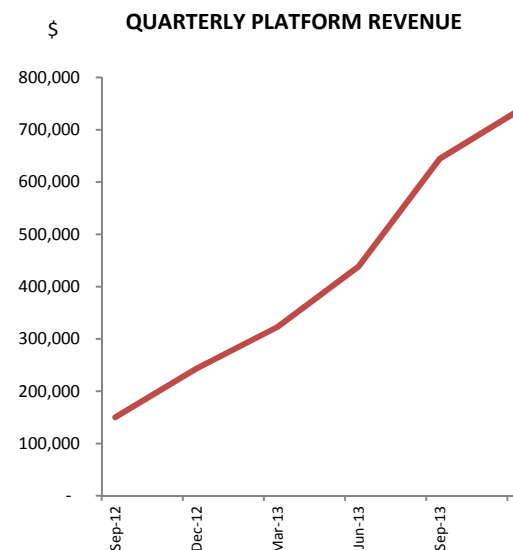


KEY FINANCIAL RESULTS	Half year ended 31-Dec-13	Half year ended 31-Dec-12	% change
FUA (million)	618.9	252.7	
INCOME	\$	\$	
Revenue	1,383,969	394,020	251.2%
Platform direct costs	(1,690,043)	(1,167,647)	
Gross Profit	(306,074)	(773,627)	60.4%
Gross Profit margin	(22.1%)	(196.3%)	
Operating expenses	(1,838,932)	(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%

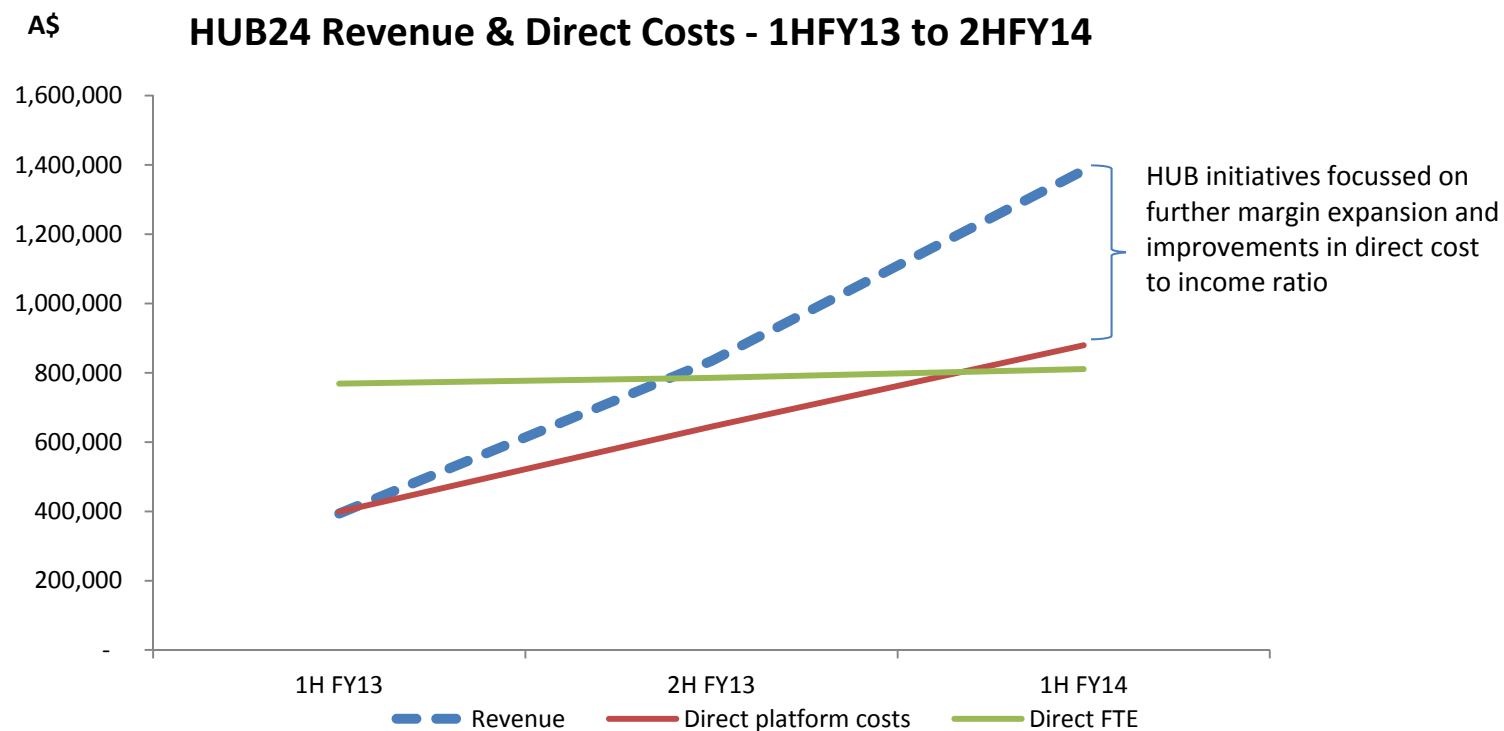
*Includes custody, trustee, super administration, data, research and staff that support the existing FUA on the platform.

**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.



SCALE EFFICIENCIES & MARGIN EXPANSION



Scale benefits emerging for HUB over the 3 half year reporting periods:

1. More than 2.45 times FUA increase.
2. More than 3.5 times revenue increase while direct costs (platform & FTE) to service that those revenues has increased only 1.4 times – supporting our scalable business model.

CORPORATE FINANCIALS

Capital Structure at 19/03/2014

Shares on issue	47.06m
Share price	\$0.99
Market capitalisation	\$46.59m

Substantial shareholders

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

CORPORATE FINANCIALS

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

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.