



praemium

FY2014 Annual
Results Presentation

August 2014



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Overview & strategy

FY2014 results

Looking forward

Who we are

ASX Listed

- Company founded in 2001
- Listed on Australian Stock Exchange (ASX) in 2006

Global Footprint

- Head office in Melbourne, Australia
- Locations across London, Jersey, Hong Kong & Shenzhen
- Over 150 staff

Services

- Wealth management software
- Over 700 wealth management clients covering \$80 billion in assets

What we do

Software as
a Service

**Portfolio
Admin
(V-Wrap)**

- Non-custodial portfolio administration system
- Record, monitor and report investments
- Web based, with Australian-based clientele

**Financial
Planning
(WealthCraft)**

- CRM*- client centric financial planning
- Intuitive, flexible, efficient
- Cloud based, global

Investment
platform

**Separately
Managed
Account
(SMA)**

- Custodial platform with proprietary technology
- Next gen platform – managed accounts
- Web based, global

*CRM: Customer Relationship Management

Economics

Recurring revenue

- Software services – subscription based
- SMA – based on funds on platform

Scalable operations

- Efficient cloud/web delivery model
- Discretionary mode (SMA)
 - Automated rebalancing and account updates
 - No need for client permissions on model changes
- Low marginal operating costs
- Australia at 40% EBITDA margins on \$15 million revenue

Technology

In-house proprietary technology

- Web based from the outset

Unique account reconstruction engine

- Enhanced by a thorough corporate actions database
- Significant competitive differentiator

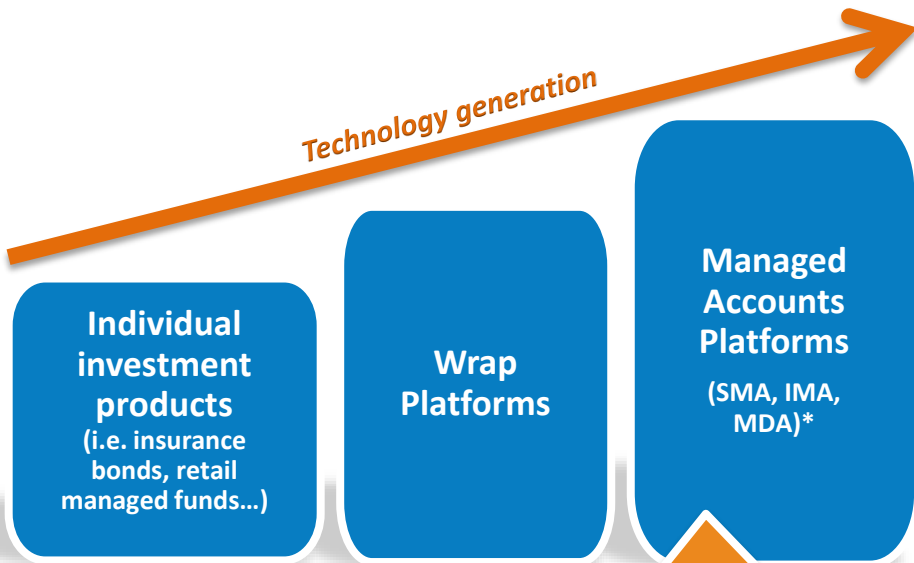
Dynamic SMA rebalancing

- Model portfolios “float” with the market
 - We reflect the “mind of the manager”
 - Low tracking error between investors and model
- All investors rebalanced simultaneously when manager adjusts model portfolio
 - Shared, low trading costs

SMA a better way

Platform progression

Technology generation



SMA's advantages

| | 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 | ✓ |

Australia

- Managed Accounts represent less than 5% of platform assets
- A number of advice firms and platform providers have announced plans to enter the SMA space
- As the market leader, Praemium is well positioned to benefit from the growth of SMA

SMA = Separately Managed Accounts
 IMA = Individually Managed Accounts
 MDA = Managed Discretionary Accounts



V-Wrap

Best-in-class portfolio administration system

- Non custodial
- Links with all Australian stock brokers
- Unique account reconstruction technology
- Unrivalled corporate actions processing
 - All ASX-listed equities
 - Over 3,000 international equities
- Ideally suited to SMSFs
- Excellence in accountant-strength CGT reporting

WealthCraft

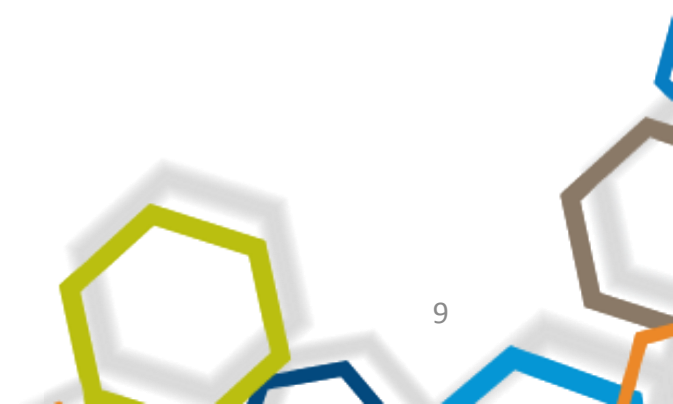
New generation financial planning system

- Client-centric approach with CRM at the core
- Built around Microsoft Dynamics CRM and Office 365
- Powerful lead generation, marketing, sales and relationship management
- Financial planning tools
- Easy to build advice and regulatory workflows
- Data feeds with insurance and fund research providers
- Integrates with V-Wrap and SMA

Overview & strategy

FY2014 results

Looking forward



FY2014 - Key achievements

- ✓ 28% increase in revenue
- ✓ Showed strong growth in SMA inflows onto platform
- ✓ Maiden year of positive operating cash flow
- ✓ Established an in-house investment management team in London
- ✓ Delivered significant improvements to UK client service operations
- ✓ Launched a new retail superannuation product in the Australian SMA
- ✓ Progressed a major upgrade to V-Wrap with SMSF compliance and reporting
- ✓ Secured an important WealthCraft sale to Hong Kong-based Dah Sing Bank
- ✓ Signed up The Royal Bank of Scotland International

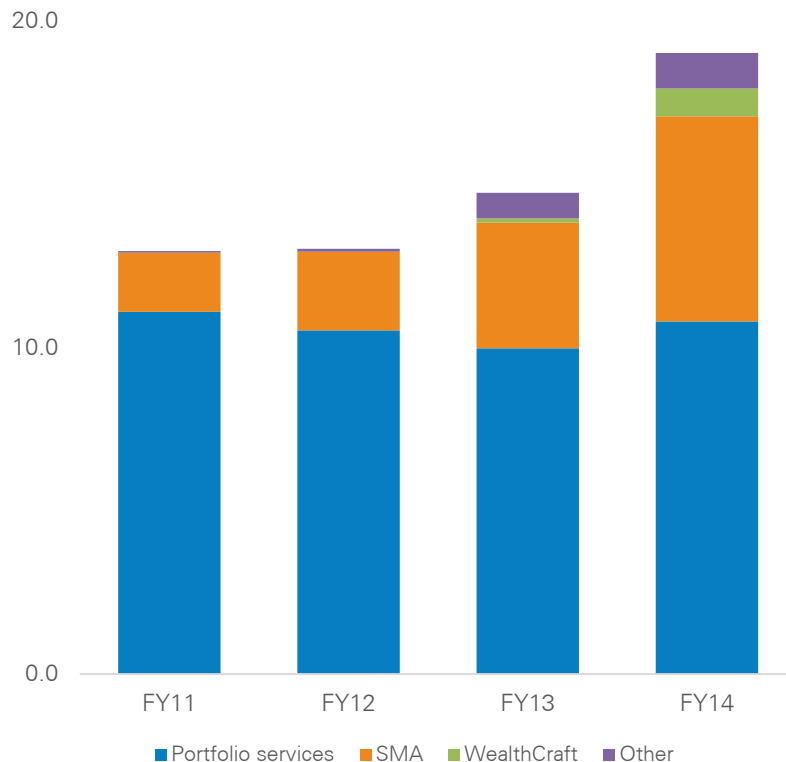
Improvement of key metrics

Results Summary

| PRAEMIUM GROUP | FY2014 | FY2013 | Change | Change |
|---------------------------|---------------|----------------|---------------|---------------|
| | \$000 | \$000 | \$000 | % |
| Revenue | 18,032 | 14,095 | 3,937 | 28% |
| Expenses | 18,780 | 15,366 | 3,414 | 22% |
| EBIT (underlying)* | (748) | (1,271) | 523 | 41% |
| NPBT | (848) | (353) | (495) | (140%) |
| Cash | 8,562 | 8,061 | 501 | 6% |
| Net Assets | 13,998 | 15,912 | (1,914) | (12%) |
| Operating Cashflow | 306 | (245) | 551 | 225% |

Revenue growth of 28%...

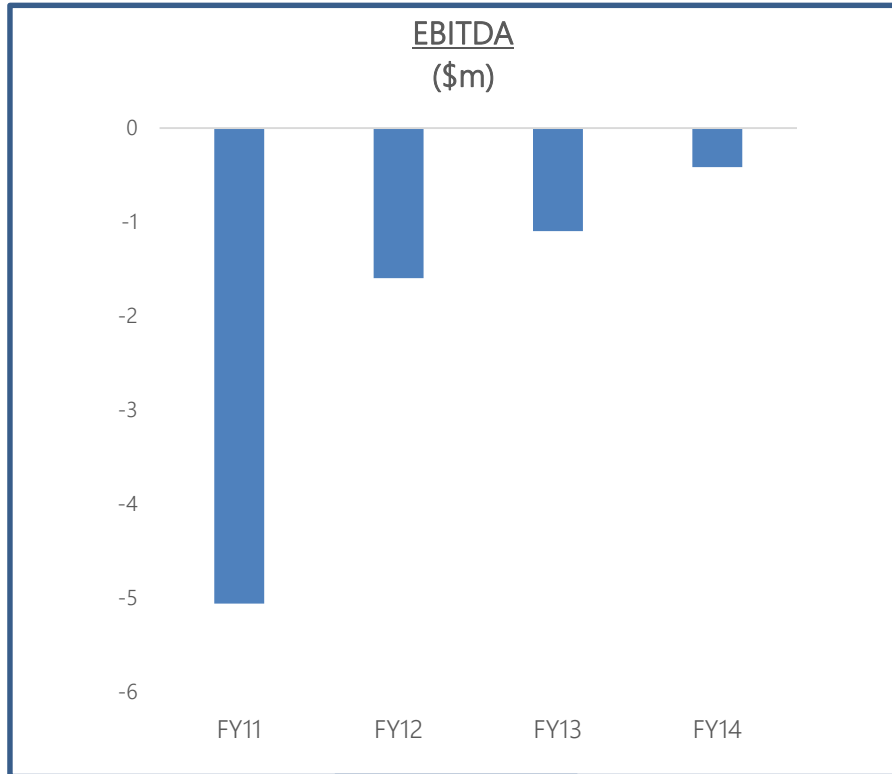
Product Revenue
(\$m)



Highlights

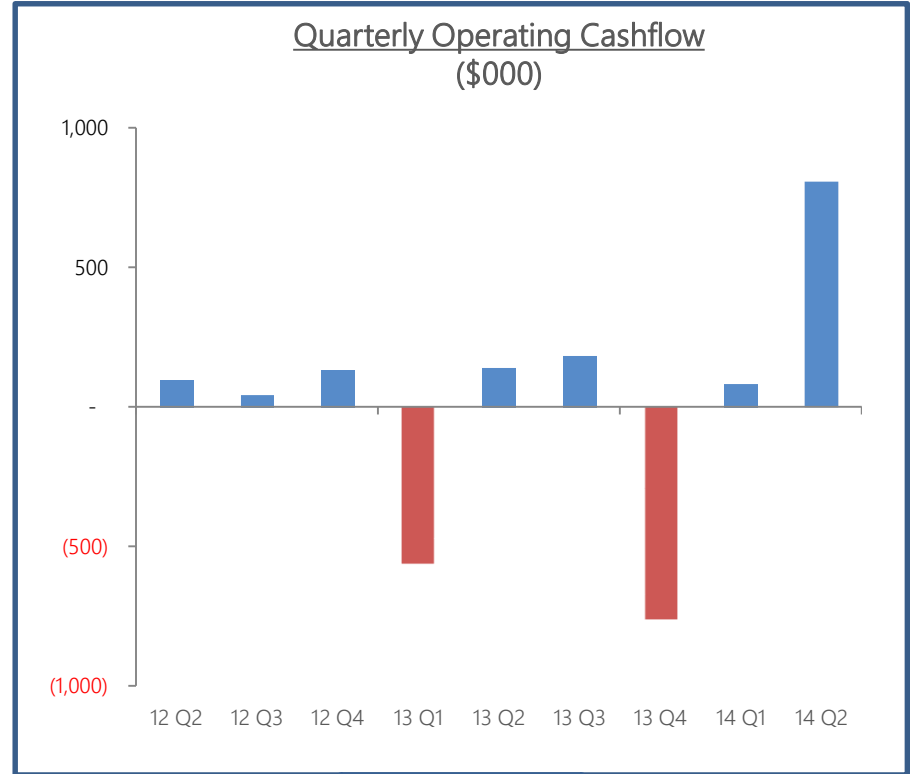
- Revenue up 28% to \$18 million
- SMA revenue up 64% over prior year to \$6.3 million
- WealthCraft gaining traction in Australia market
- FY14 WealthCraft also includes project-related fees for the Dah Sing Bank project
- Portfolio services up 8% on prior year
- Second half \$9.4 million compared to H1 \$8.6 million

...moving closer to breakeven



Revenue growth supported business investment

Group now ready to maximise operating leverage

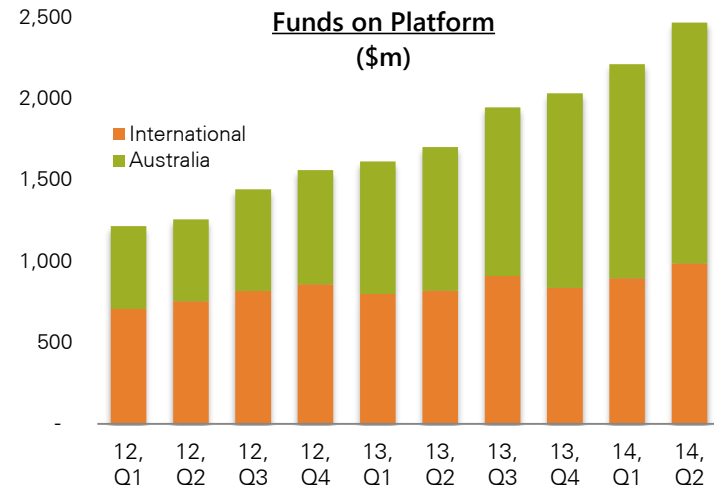
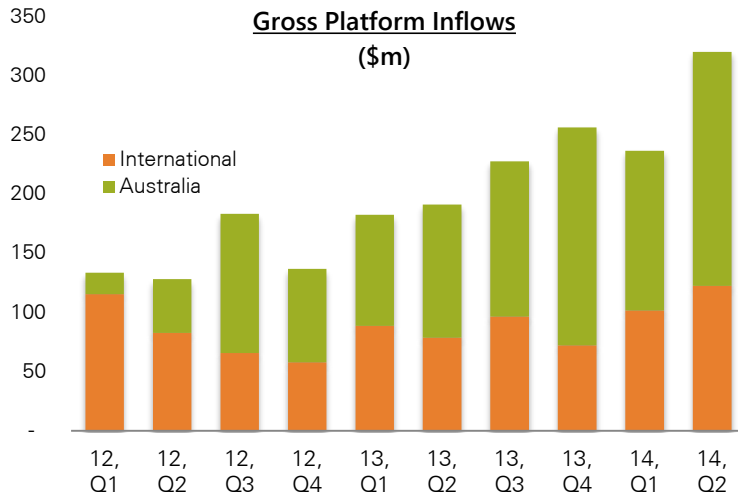


Closing cash \$8.56 million

Positive operating cash in 7 of the last 9 quarters

Includes cash from legal arbitration

Record high for SMA



Highlights

- 42% annual growth to \$2.5 billion funds on platform
- Key sign-ups to Australian and International platforms
- Launched retail SuperSMA to target growing superannuation market
- Launched in-house investment models under Smart Investment Management (SIM)

Summary

Praemium continued to service key institutional clients in FY14:

- Tax tools for E*Trade
- Platform technology for Powerwrap
- CGT engine for CoFunds in the UK

and in Australia, Praemium also provides portfolio services for over 400 financial advice, accounting and stockbroking clients

Highlights

- Revenue up 8% to \$10.8 million
- V-Wrap portfolio numbers up 1% to 45,566
- V-Wrap portfolios fully integrated with WealthCraft CRM
- SMSF compliance and reporting functionality developed with many clients engaged in ongoing beta program
- New smartphone and tablet compatible investor portal in development

Revenue up 570% to \$0.9 million

- Strong growth in WealthCraft subscriber licences across Asia & Australia
- Signed up Hong Kong based Dah Sing Bank to WealthCraft
- Integration with V-Wrap driving cross selling opportunities
- Further financial planning modules to come in FY15
- Development of a new modern, mobile / tablet compatible investor portal underway
- First client in the Middle East now active



Approaching inflexion point

| PRAEMIUM (\$m) | FY11 | FY12 | FY13 | FY14 | |
|------------------------|--------------|--------------|--------------|--------------|------------------------------|
| REVENUE | 13.0 | 13.0 | 14.9 | 19.0 | Increasing recurring revenue |
| Operations | (4.7) | (3.7) | (3.8) | (4.8) | |
| Gross margin | 8.3 | 9.3 | 11.1 | 14.2 | |
| GM % | 64% | 72% | 74% | 75% | Improving margins |
| Information Technology | (3.8) | (3.2) | (3.6) | (4.4) | R&D fully expensed |
| Sales & Marketing | (2.9) | (2.3) | (3.1) | (4.0) | |
| General & Admin | (6.6) | (5.4) | (5.4) | (6.2) | |
| EBITDA | (5.1) | (1.6) | (1.0) | (0.4) | Operating leverage |
| Depreciation | (0.5) | (0.4) | (0.3) | (0.3) | |
| EBIT | (5.6) | (2.0) | (1.3) | (0.7) | |
| Non-recurring | 0.0 | (1.4) | 0.6 | 0.3 | |
| FX & other | 0.0 | (0.5) | 0.4 | (0.4) | |
| NPBT | (5.6) | (3.9) | (0.3) | (0.8) | |
| Tax | - | - | 4.7 | (2.7) | |
| NPAT | (5.6) | (3.9) | 4.4 | (3.5) | |

Overview & strategy

FY2014 results

Looking forward

Company is now on track

F12

New board and management team

Major cost reduction program to cease cash burn

Operational effectiveness program commenced in the UK to improve client service

New strategic direction formulated

F13

Two small acquisitions completed:

- Vertical integration of the Australia SMA (replaced BlackRock as Responsible Entity)
- Acquired WealthCraft financial planning software

Continued UK operational effectiveness program

Commenced several strategic new product developments

F14

Revenue growth of 28%

Milestone win for WealthCraft in banking space

UK operational improvements in place and now growth ready

Significant momentum of funds onto SMA platform in second half

Product development projects progressed and nearing beta phase

Enhance our core product



Protect & grow existing V-Wrap base

- SMSF compliance and reporting to augment V-Wrap
- WealthCraft front end plus a new mobile/tablet-compatible investor portal
- A complete integrated solution

Global SMA player



A differentiated platform strategy to a large addressable global market

- Upside from retail super in Aus and UCITs-compliant Smartfund internationally
- Seamless SMA account opening via WealthCraft
- SIM* risk-weighted discretionary model portfolios

*SIM: Smart Investment Management

In summary

Key strategic building blocks now in place

Recurring revenues from our SMA investment platform will continue to grow

WealthCraft sales to expand globally as we release new software functionality

Launch of SMSF compliance and reporting tools a catalyst for long-term growth of V-Wrap

Building a growing, scalable and global wealth management services business

