

HUB24 Limited

FY14 Results Update
and Paragem Acquisition

September 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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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.

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Overview



- Who we are, what we do
- FY14 overview, highlights & detail
- Financial summary
- Market environment
- Paragem acquisition
- Our advantage
- Outlook
- Corporate information

Who we are



HUB24 is a financial services company focused on delivering superior investment, superannuation and advice solutions to independently-minded advisers and their clients



- Market leading Wrap & Managed Account Platform
- \$1 billion Funds Under Administration (FUA)
- FUA grown 122% in FY14
- Providing solutions for 345 financial advisers

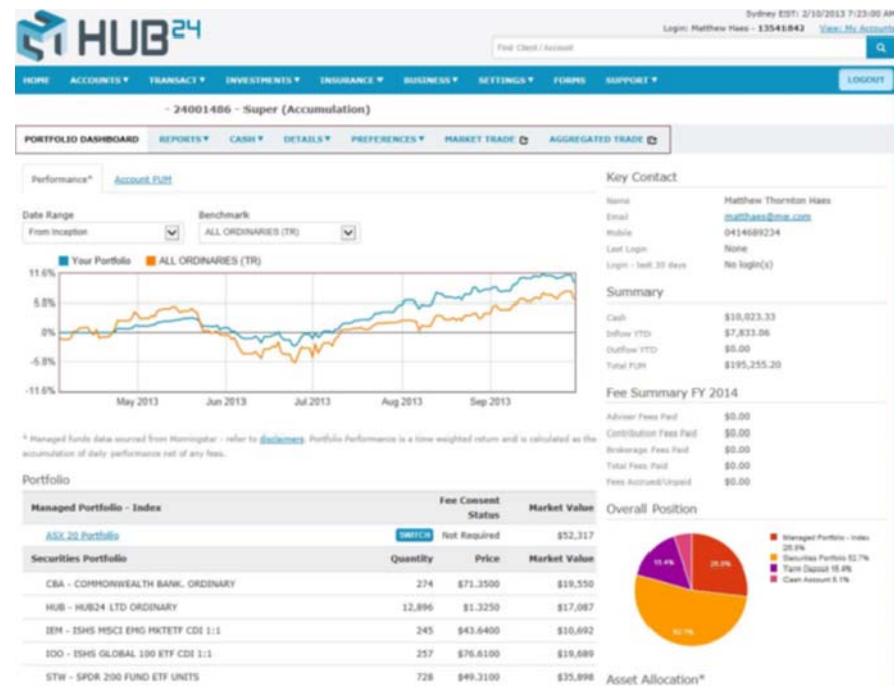


- Market leading boutique advice licensee
- \$2.5 billion Funds Under Advice
- 20 high quality practices, 50 advisers, national footprint

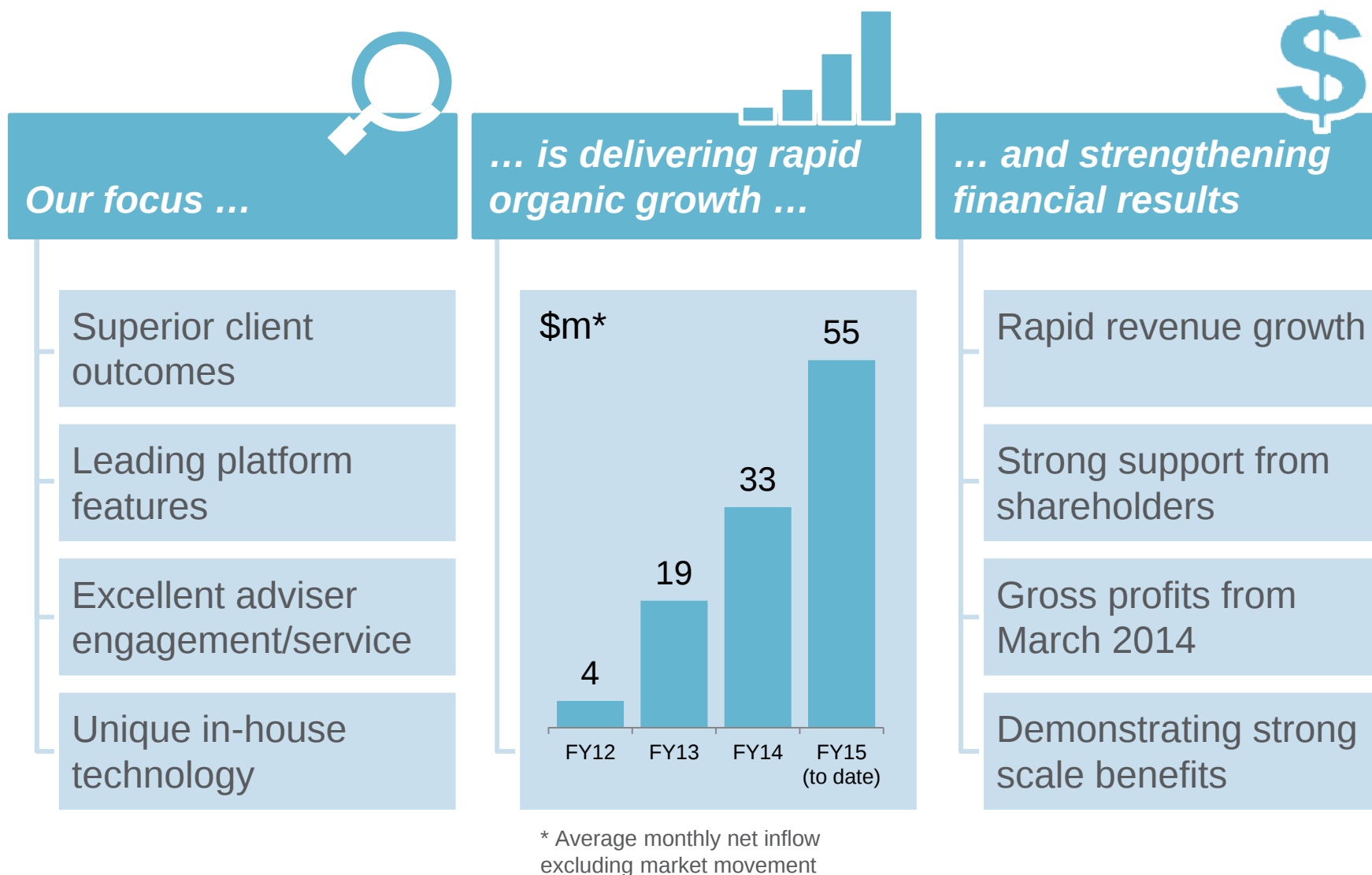
What we do



- 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
- Provide financial advice to clients via licensed advisers of the newly acquired Paragem business.



Overview



Highlights



FUA growth of 155% to

\$991m

as at 28 August 2014.



Cash and cash equivalents of

\$13.8m

and no corporate debt. \$10.6m raised in a placement at \$1.30.



Launched in June 2012

Super

now represents more than half of all client accounts.



Growth in active advisers of 109 to

345

serving 52 financial planning groups with 3 new white label agreements.



Increase in platform revenue of

161%

achieved through growing Funds Under Administration with consistent gross profit margins.



HUB24 awarded

3rd

in the Product category by market researcher Investment Trends, in December 2013 Platform Report covering 25 leading platforms. Now ranked ahead of many mainstream and traditional industry leaders.



188

Managed Portfolios offered with FUA in these increasing 170%.

FY14 in detail



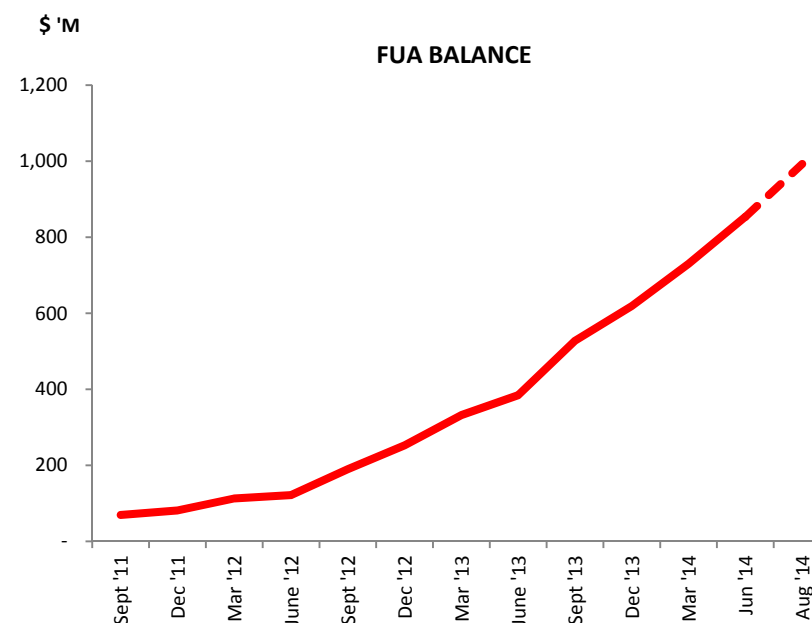
Financial	• Revenue increase of 161% to \$3.2m for FY14 (\$1.23m pcp) • Cash balance of \$13.8m • ASIC NTA position confirmed at 0.5% of IDPS assets (max of \$5m) • Initial Gross Profit achieved in March 2014, increasing since. • Maintain investment to accelerate FUA growth, new features, new sales • Improved processes to ensure operational scalability, decreasing admin staff ratios to service FUA (revenue increase 161%, direct costs up by 33.3%) • Share placement to institutional and sophisticated investors raising \$10.6m at \$1.30
Personnel	• Investment in leadership team to support rapid growth • Strengthened sales and account management team – yielding results • Continuing investment in technology development to enhance market lead • Staff incentive program relaunched. Majority of staff are now shareholders • Recruitment of key personnel to support ongoing development • Resourced for ongoing strategic development and M&A
Product	• Achieved top 5 ranking in Investment Trends Platform Benchmarking report, 3rd in Product category • Extended integration with financial planners and SMSF providers • Developed choice of broker, non-custody reporting service – now being piloted • Proven concurrent delivery of white labels with 3 launched during FY14
Customers	• Growth in active advisers of 46.2% to 345 • Number of superannuation client accounts increased by 187% • InterPrac, Premium and TFS white labels announced and launched since July '13

Key statistics – FY14



Growing business with scale benefits emerging

- FUA increase of 122% to \$854m*
(Now >\$1bn)
- 46% increase in active advisers to 345*
- Further developing a scalable operation to cater for continuing rapid growth
- Revenue increase of 161%, direct costs up 33.3%*
- Platform trading volumes increase >100%*
- FUA in managed portfolios increase by 170%*
- Grown FUA from existing clients & launched 3 new white labels.



Key statistics – FY14

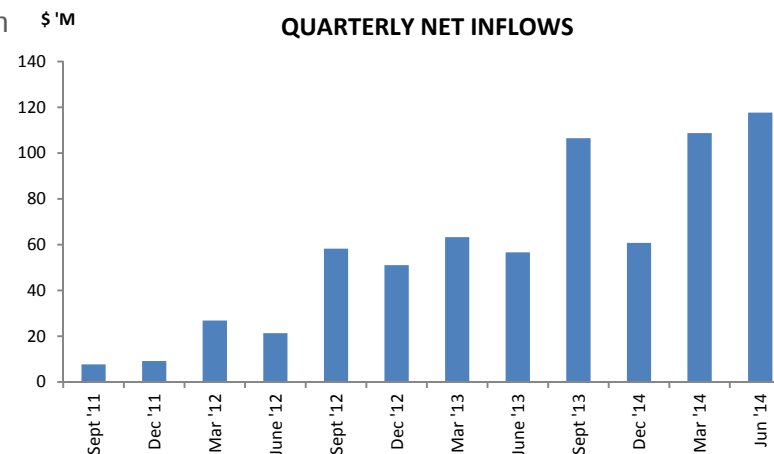


HUB has registered consecutive quarterly records for net inflows and gross inflows over the 3rd and 4th quarters of FY14 with continuing increasing flows into FY15.

Net flows*

\$33m monthly average for FY14, increased from \$19m monthly average for FY13.

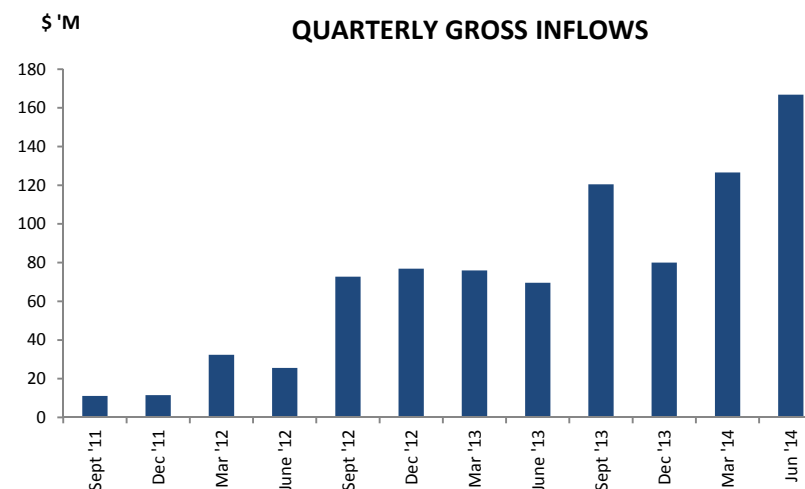
(increasing to \$47m monthly average since March '14)



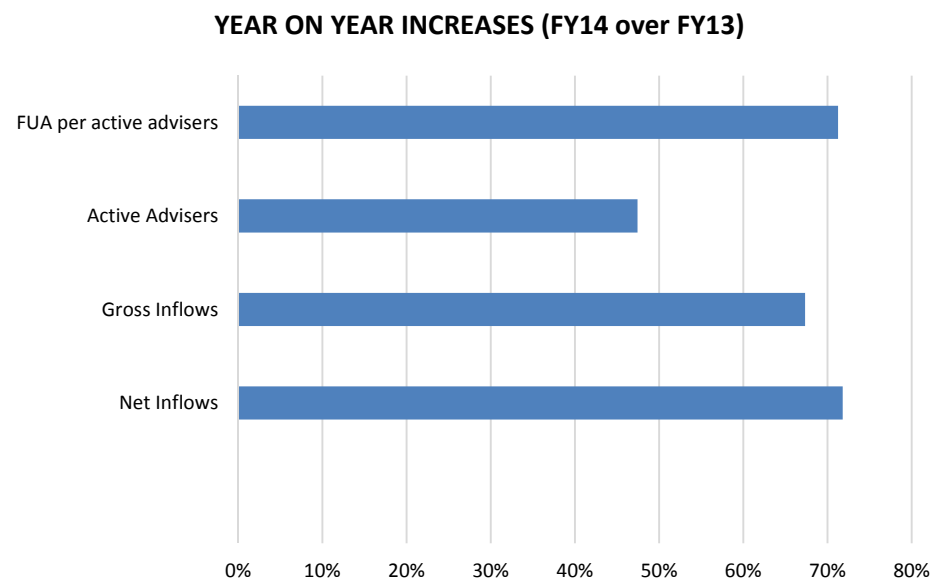
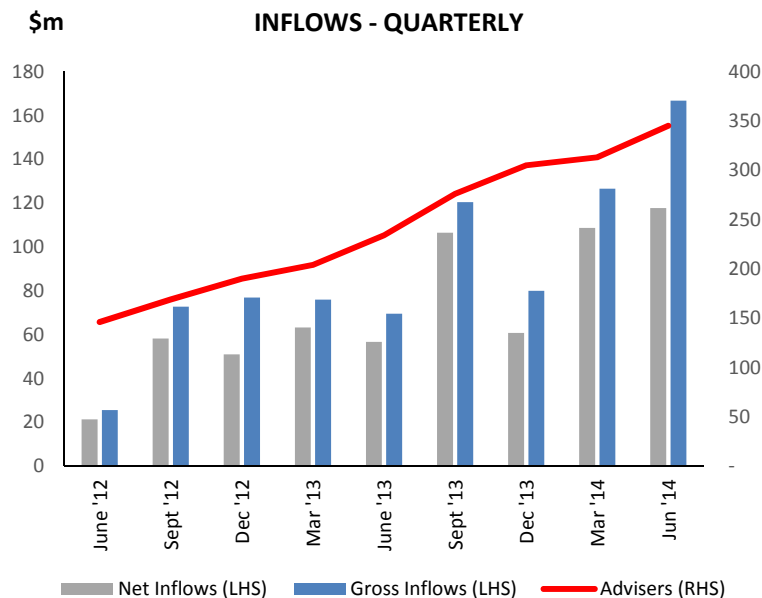
Gross inflows*

June '14 recorded the highest monthly gross inflow since inception.

* excludes market movement. Net inflows are Gross inflows less Outflows / withdrawals.



Key statistics – FY14



- In addition to growth in adviser numbers, average FUA per adviser increased by 71.7% .
- Many advisers are relatively new with expected upside in both new accounts and average FUA.
- Establishing new advisers relationships will support continuing FUA growth.

Financial summary



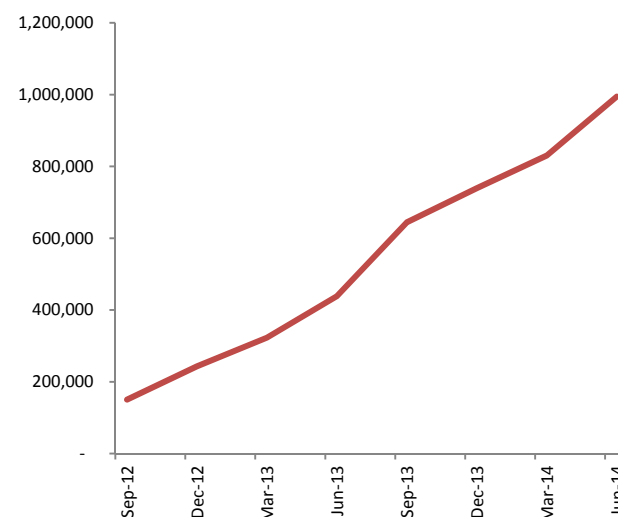
KEY FINANCIAL RESULTS	Year ended 30 June 2014	Year ended 30 June 2013	% change
FUA (million)	854	384	122.4%
Revenue	3,209,190	1,228,366	161.3%
Platform direct costs*	(3,461,416)	(2,597,463)	(33.3%)
Gross Profit	(252,226)	(1,369,097)	81.6%
EBITDA Pre-Investment	(3,976,878)	(4,678,536)	15.0%
EBITDA Post-Investment**	(7,663,800)	(6,520,239)	(17.5%)
NPAT (incl discontinued operations)	(8,423,012)	(9,782,971)	13.9%

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

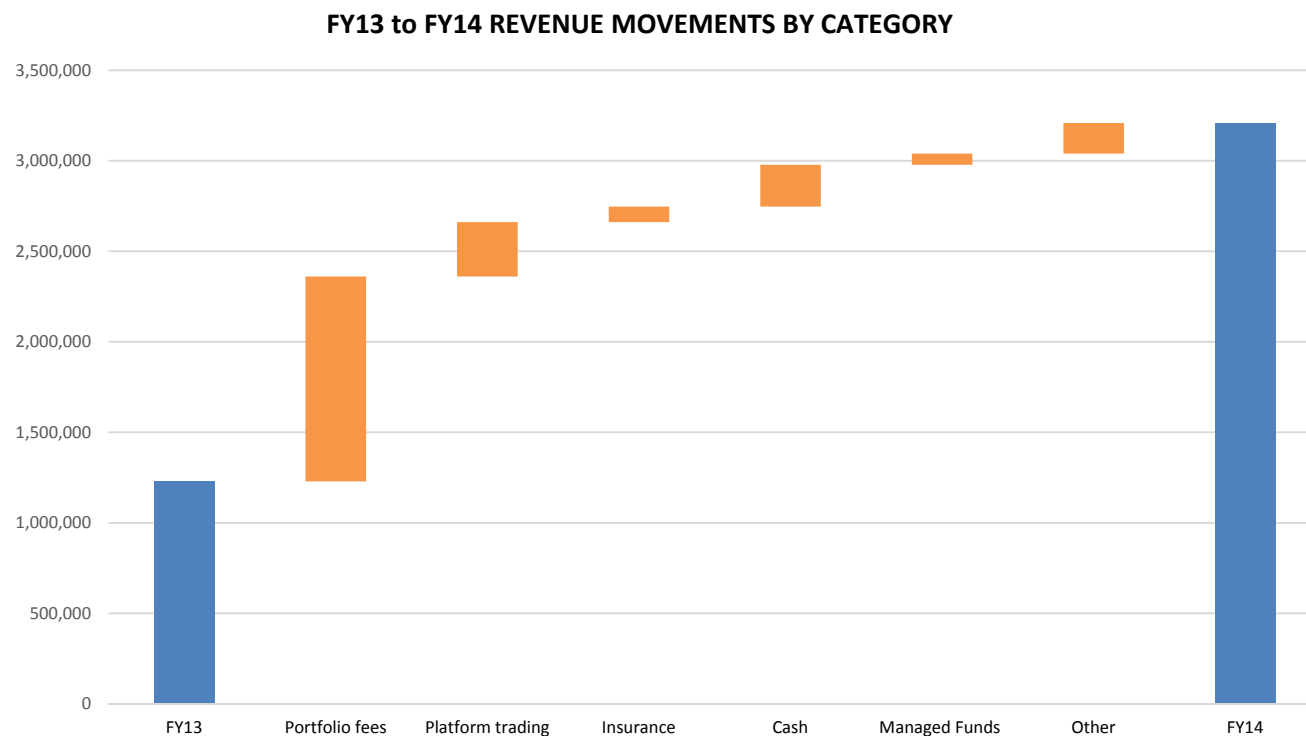
**Includes headcount resources that are dedicated to bringing new FUA onto the platform – sales, transition, new development functions.

- Continuing rapid increase in FUA is translating into revenue, gross profit and EBITDA improvements.
- Investment increase reflects strengthening headcount across executive team, development, sales and product.
- Investments made in the executive team in FY14:
 - have resourced the business for growth;
 - aim to accelerate growth further over FY15/16;
 - Explore further acquisition opportunities;
 - target efficiencies in supporting this growth and improving gross profit, EBITDA and NPAT margins.

QUARTERLY PLATFORM REVENUE

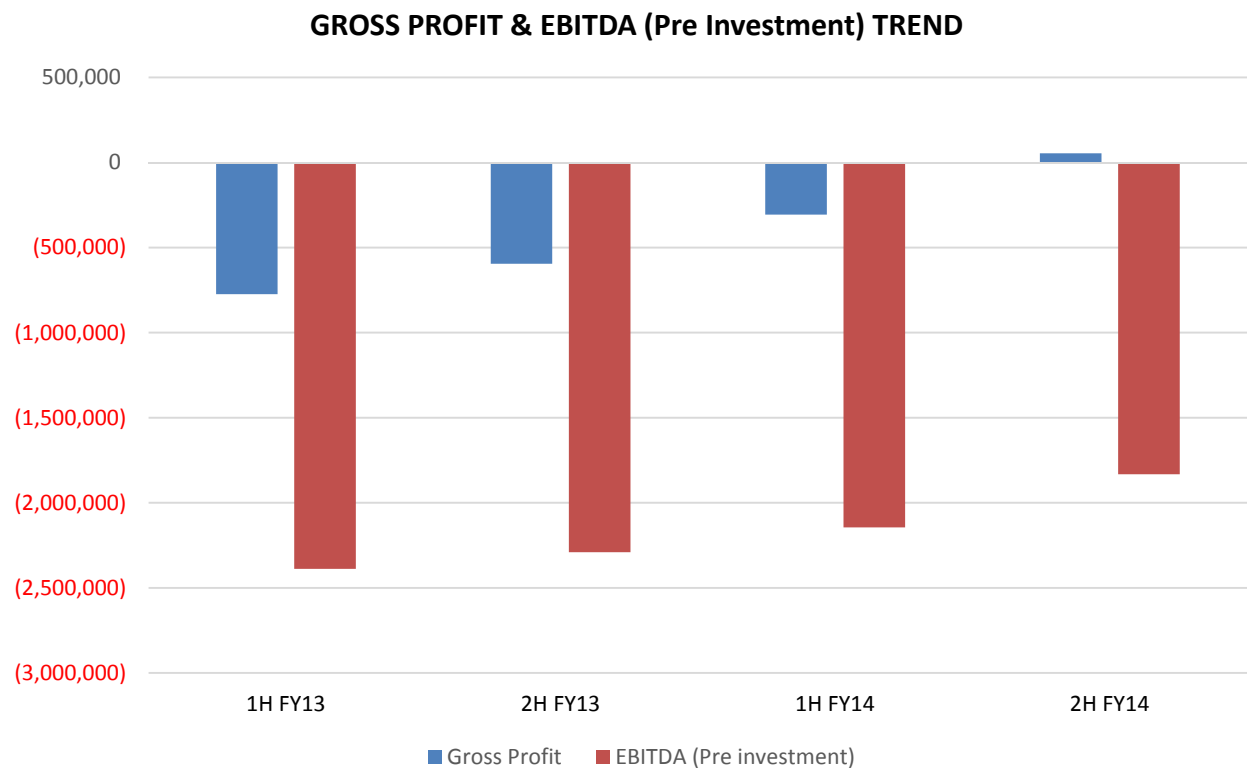


Financial summary



Increase in revenue margin from 48 bps to 52 bps of average FUA driven by maintaining client portfolio fees and increased transaction activity from platform trading, insurance and managed funds.

Financial summary



Market Environment



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.



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

Paragem acquisition



Strategic rationale

- Paragem is a leading 'independent dealer' group that will complement the range of services and solutions that HUB24 can offer to investors and advisers.
- Provides a 'landing pad' for independently minded financial advisers that are currently licensed by 'big 5' institutionally-owned dealer groups, but are looking for an independent, open architecture model.
- Provides an alternative licensing solution for self-licensed financial advisers looking for an independent, open architecture model.
- Diversify HUB24's revenue streams by participating more broadly in the financial services sector and also provide future strategic opportunities.
- Assist HUB24 work closely with Adviser Firms for the purposes of generating product innovation and better market intelligence.
- Support further growth of FUA. Paragem advisers seeking managed account solution and HUB24 is the market leader.
- Together, HUB24 and Paragem can optimise growth to build a leading 'independent dealer' group through the offer of a market leading integrated wrap platform and managed account portfolio solution

Paragem acquisition



Pro-forma Statement of Financial Performance for year ended 30 June 2014*

	HUB24	PARAGEM	COMBINED
	\$	\$	\$
Revenue	3,209,190	20,137,895	23,347,085
Gross Profit	(252,226)	1,769,029	1,516,803
EBITDA Pre-Investment	(3,976,878)	(10,750)	(3,987,628)
EBITDA Post-Investment	(7,663,800)	(10,750)	(7,674,550)
EBIT	(8,692,715)	(13,456)	(8,706,171)
NPAT (continuing operations)	(7,743,187)	336	(7,742,851)

* Based upon audited financial statements of each entity as at 30 June 2014.

Financial Impact of Acquisition

- Cash consideration of \$1m with a deferred cash payment of up to \$1m at 12 months to be funded from existing cash reserves.
- Capped earn-out consideration of up to an additional \$6m subject to financial performance measured over 3 years and paid in HUB24 ordinary shares no later than 30 September 2017.
- Paragem has operated on a break even basis and is in a strong growth phase.
- Paragem has in excess of \$2.5bn in Funds Under Advice
- Significantly improves the growth prospects for the HUB24 Platform

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.
- Paragem open-architecture and clearly differentiated licensee with full product choice, high quality advisers and strong compliance.
- 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 and accelerate
 - 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. Grow Paragem licensee by recruiting quality practices and providing exceptional advice and platform solutions.
4. Enhance product capability to target high net worth individuals and SMSF clients.
5. Efficiently develop and grow our high calibre talented team to support our future success.
6. Actively reviewing acquisition opportunities and strategic alliances.

Corporate information



Capital structure at 1 September '14

Shares on issue	47.06m
Share price	\$1.14
Market capitalisation	\$53.41m
Enterprise value	\$40.71m

Substantial shareholders

Thorney Holdings Ltd	17.6%
Acorn Capital Ltd	10.1%
Ian Litster	7.6%

Balance sheet as at 30 June '14

Current assets	\$14.61m
Non-current assets	\$ 7.07m
Total assets	\$21.68m
Current liabilities	\$ 2.05m
Non-current liabilities	\$ 0.19m
Total liabilities	\$ 2.24m
Net assets	\$ 19.44m
Equity	\$ 19.44m

	30 June 2013	30 June 2014
Cash and cash equivalents	\$9.54m	\$13.78m