

## Praemium's maiden annual profit

**26 August 2015, Melbourne:** Praemium (ASX: PPS) is delighted to report its maiden profit. The key highlights of the Company's annual results for the financial year ending 30 June 2015 were:

- > 28% increase in revenue and other income to \$24.5 million;
- > 49% growth in SMA funds on platform to \$3.8 billion;
- > Underlying earnings before interest, tax, depreciation and amortisation (EBITDA) profit of \$2.2 million, compared to a loss of \$416,000 in the previous year; and
- > Net profit before tax of \$1.5 million, compared to a \$0.8 million loss for the corresponding period.

Commenting on the full-year results, CEO Michael Ohanessian stated, "I'm very pleased to say that we achieved an important milestone in this financial year with our maiden annual profit. We have continued to deliver on our strategic initiatives: the acquisition of Plum Software will accelerate our UK product offering, and with major product enhancements this year, including Self-Managed Superannuation Funds (SMSF) functionality within V-Wrap, and our new Investor Portal, we aim to solidify client relationships and drive sales.

"We achieved record fund growth on our global SMA platforms this year and expect a continued increase in fund inflows from existing and new clients, with the FY2016 year to date making a strong start. The Separately Managed Account (SMA) segment is clearly becoming a major component of platform markets globally and in Australia in particular. As Australia's market leader Praemium stands to gain considerably from this trend."

| RESULTS SUMMARY                       | FY2015        | FY2014       | Change       | Change        |
|---------------------------------------|---------------|--------------|--------------|---------------|
|                                       | \$000         | \$000        | \$000        | %             |
| Revenue & other income                | 24,575        | 19,121       | 5,454        | 28%           |
| Expenses                              | 22,388        | 19,537       | 2,851        | 15%           |
| <b>EBITDA (underlying)*</b>           | <b>2,187</b>  | <b>(416)</b> | <b>2,603</b> | <b>626%</b>   |
| <b>EBIT (underlying)*</b>             | <b>1,681</b>  | <b>(748)</b> | <b>2,409</b> | <b>325%</b>   |
| <b>Net Profit / (Loss) before Tax</b> | <b>1,544</b>  | <b>(848)</b> | <b>2,392</b> | <b>282%</b>   |
| Tax (expense) / benefit               | (3,636)       | (2,639)      | (997)        | (37%)         |
| Net Profit / (Loss) after Tax         | (2,092)       | (3,487)      | 1,395        | 40%           |
| Earnings per Share                    | (0.5)         | (0.9)        | 0.4          | 44%           |
| <b>Cash</b>                           | <b>11,477</b> | <b>8,562</b> | <b>2,915</b> | <b>34%</b>    |
| Net Assets                            | 15,764        | 13,998       | 1,766        | 13%           |
| <b>Operating Cashflow</b>             | <b>4,167</b>  | <b>306</b>   | <b>3,861</b> | <b>1,261%</b> |

\*Underlying earnings excludes non-recurring items of -\$0.1 million (2014: +\$0.3 million) and foreign exchange movements of currencies held on deposit of -\$0.1 million (2014: -\$0.4 million), as detailed on page 5 of the attached annual results presentation.

## **FY2015 Results**

The group achieved revenue growth of 28%, with growth across all products and regions in which Praemium operates (Australia, UK and Asia). Revenue from Praemium's SMA investment platforms rose 35% from the prior year, with record fund inflows across the Australian and International platforms resulting in Funds on Platform rising by 49% to \$3.8 billion.

The Australian business segment recorded a strong result with EBITDA of \$8.9 million, a 52% increase in segment profit. EBITDA margins increased from 40% in FY14 to 49% in FY2015, demonstrating the scalability of the business model.

The UK business segment recorded a 63% increase in revenue and other income to \$5.3 million, with fund inflows increasing platform and investment management income, while the acquisition of Plum Software also contributed four months of software revenue.

The Company has reported its maiden annual profit, with EBITDA of \$2.2 million and net profit before tax of \$1.5 million. EBITDA for the second half of FY2015 was \$1.3 million, a 44% increase on the first half.

The Company also recorded a significant improvement in operating cashflow of \$4.2 million for the 12 months to 30 June 2015. Closing cash was \$11.5 million, 34% higher than the prior year. The Company will continue to utilise its strong free cashflow to re-invest in product delivery and expand its sales footprint.

With Praemium's Australian business continuing to record strong profits, it has fully utilised carry-forward tax losses and is now in a tax paying position. As a result, a \$3.6 million tax expense has been recorded in FY2015, with a reported Net Loss After Tax (NPAT) for the Company of \$2.2 million.

## **The year ahead**

Commenting on the year ahead, CEO Michael Ohanessian stated, "We are focussed on continuing our growth momentum across the business. In Australia, we'll build upon our profitable and scalable business model with the addition of SMSF functionality within V-Wrap and the expansion of retail superannuation within our SMA. Internationally our strategy for future profitability and growth is to continue to grow assets on our SMA platform, build assets under the Smart Investment Management brand and distribute our new Smartfund 80% Protected range to the offshore ex-pat market as well as in the UK. Given the size of the opportunity, we believe our strategy to build a solid global business will prove highly valuable to our shareholders."

Additional financial information is provided in the attached Annual Report, Investor Presentation and Appendix 4E: Preliminary Final Report.

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**About Praemium:** Praemium is a global leader in the provision of investment administration, Separately Managed Account (SMA) and financial planning technology platforms. Praemium administers in excess of 300,000 investor accounts covering approximately \$80 billion in funds globally, and currently provides services to approximately 800 financial institutions and intermediaries, including some of the world's largest financial institutions.

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