



praemium

FY2015 Annual results

26 August 2015

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A global fintech company



Financial
Planning
(WealthCraft)

Portfolio
Admin
(V-Wrap)

Separately
Managed
Account
(SMA)

Servicing Financial Advice intermediaries

- Head office in Melbourne
- 7 locations across Europe, Asia & Middle East

Company stats:

- ASX: PPS Listed May 2006
- Shares outstanding – 390.1 million*
- Market cap - \$117 million*

Scalable business

- Software as a service & custodial investment platform
- Proprietary technology
- Recurring revenue



Over 800
global clients



\$80 billion
in assets
administered

FY2015 key achievements

- ✓ Maiden EBITDA profit, \$2.2 million
- ✓ Strong operating cash flows, \$4.2 million
- ✓ 28% increase in group revenue
- ✓ 63% increase in UK revenue
- ✓ Record breaking year with SMA platform inflows of \$1.5 billion
- ✓ Acquired Plum Software to accelerate WealthCraft's launch in UK
- ✓ Expanded R&D capability with Armenia office establishment
- ✓ Progressed a major upgrade to V-Wrap with SMSF compliance and reporting
- ✓ Developed an innovative capital protected fund for the pension market
- ✓ Released our new digital experience, Investor Portal

Maiden profit

Praemium (\$m)	FY12	FY13	FY14	FY15
Revenue	13.0	14.9	19.0	24.4
Operations	(3.7)	(3.8)	(4.8)	(6.1)
Gross margin	9.3	11.1	14.2	18.3
GM %	72%	74%	75%	75%
Information Technology	(3.2)	(3.6)	(4.4)	(5.1)
Sales & Marketing	(2.3)	(3.1)	(4.0)	(4.4)
General & Admin ⁽¹⁾	(5.4)	(5.4)	(6.2)	(6.6)
EBITDA (underlying)	(1.6)	(1.0)	(0.4)	2.2
D&A*	(0.4)	(0.3)	(0.3)	(0.5)
EBIT (underlying)	(2.0)	(1.3)	(0.7)	1.7
Non-recurring	(1.4)	0.6	0.3	(0.1)
FX & other	(0.5)	0.4	(0.4)	(0.1)
NPBT	(3.9)	(0.3)	(0.8)	1.5
Tax [^]	-	4.7	(2.7)	(3.6)
NPAT	(3.9)	4.4	(3.5)	(2.1)

Highlights

- Revenue +28%
- Expenses +15%
- Increased R&D investment
- R&D fully expensed
- Expanded sales and marketing spend

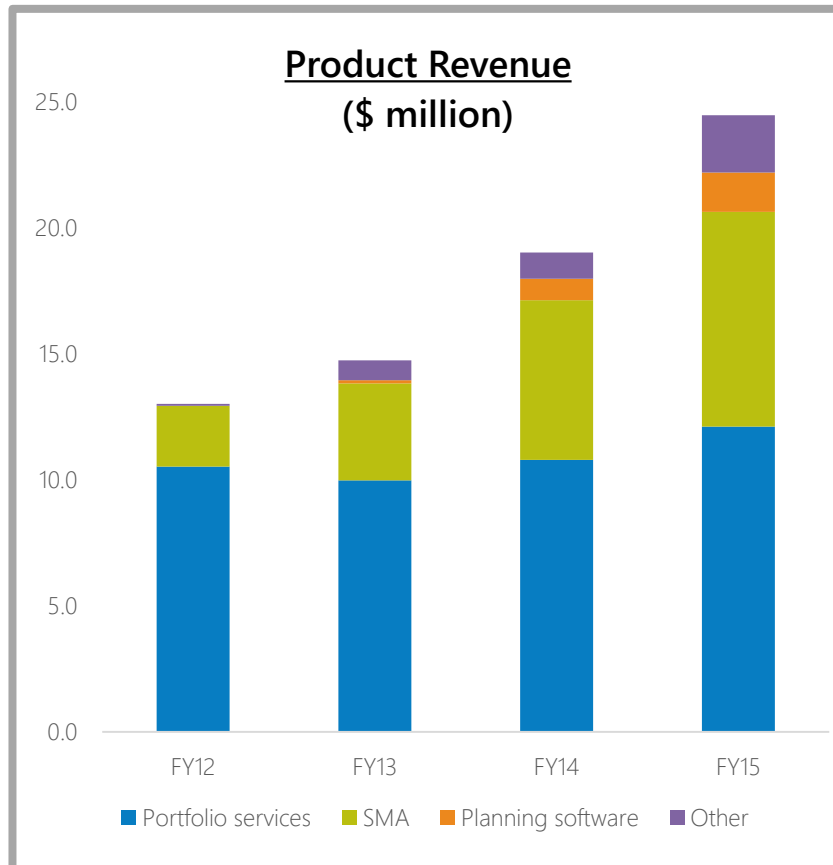
FY15's operating expenses comprises 74% employee expenses (FY14: 76%).

(1) In addition to salaries, G&A includes facilities (\$1.2m), professional fees (\$1.2m), board & corporate (\$0.9m), IT support (\$0.5m) and performance rights (\$0.4m)

*Depreciation & amortisation includes amortisation of intangibles from SMA & Plum acquisitions

[^] Tax expense relates to utilisation of final tax losses for the Aus business unit & \$2m Aus tax payable in FY16

Revenue growth of 28%



Compared with FY2014

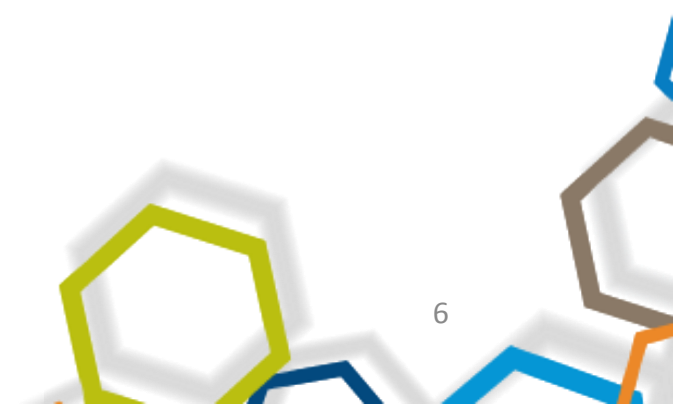
Revenue up 28% to \$24.4 million

SMA revenue up 35% to \$8.5 million

Planning software \$1.6 million, including 4-month contribution from Plum Software

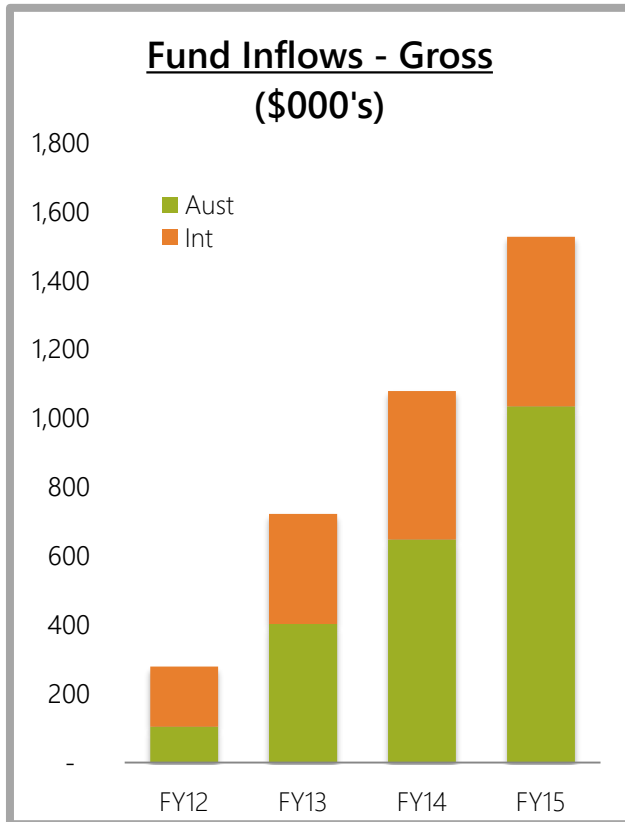
Portfolio Services of \$12.1 million, up 12%

Other income includes R&D refunds (Aus* & UK)



* Includes final Aus R&D tax refund in cash of \$1 million (future periods tax offset)

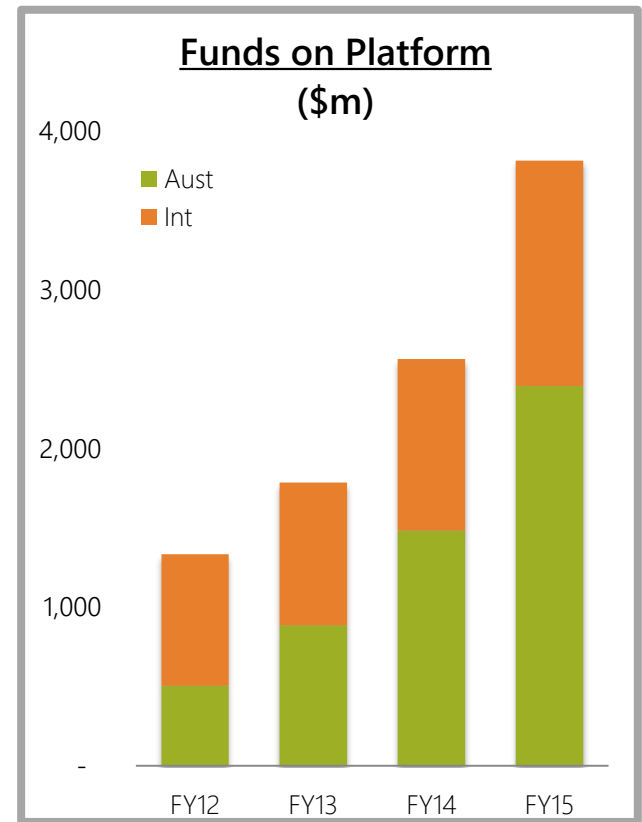
SMA growth is accelerating



Growing fund inflows leading to accelerating Funds on Platform

➔

Several new significant clients still in early adoption phase ➔ further upside momentum



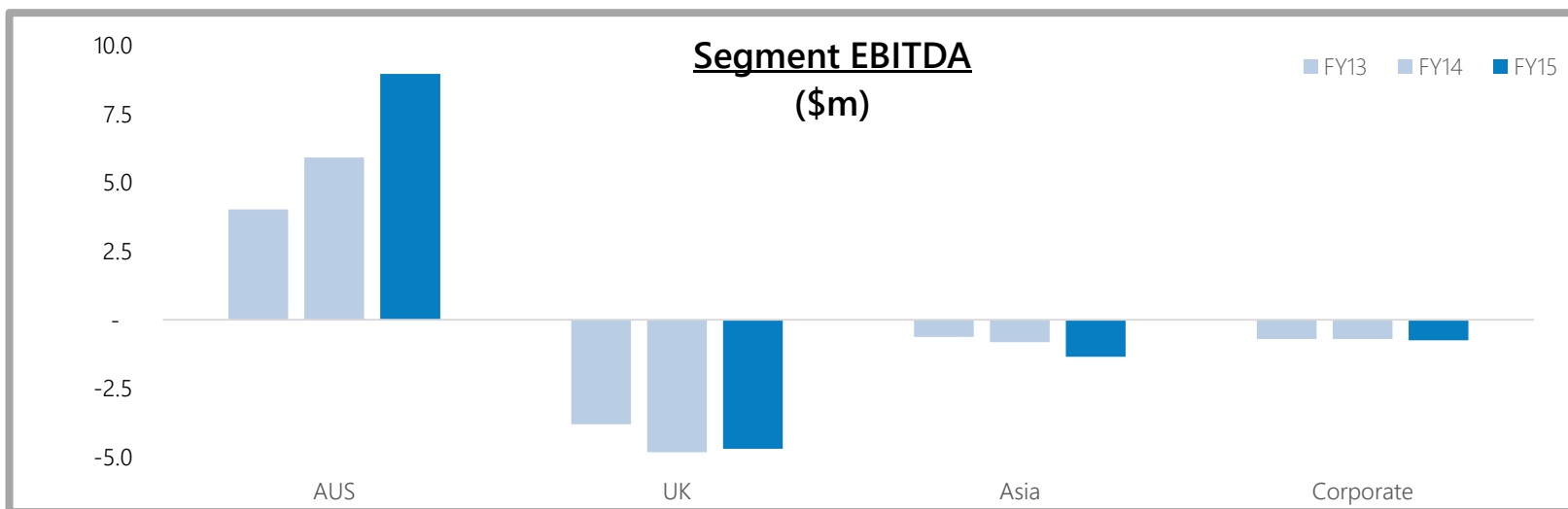
Segment results

FY2015 (\$m)

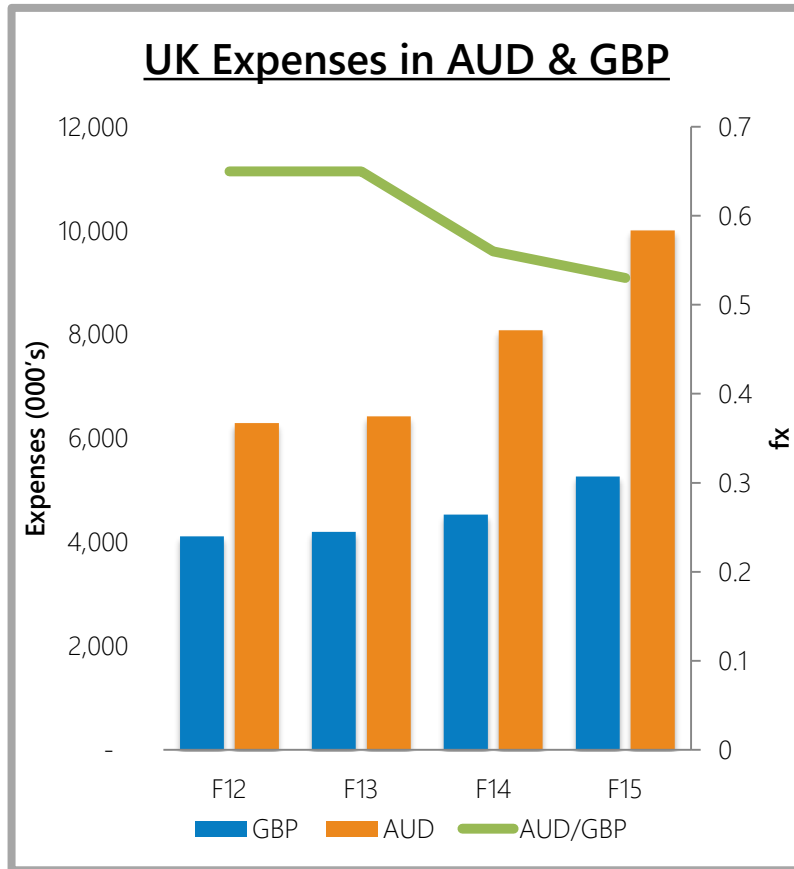
	AUS	UK	ASIA	Corp	Group Total
Revenue	18.3	5.3	0.8	-	24.4
Expenses	(9.4)	(10.0)	(2.1)	(0.7)	(22.2)
EBITDA	8.9	(4.7)	(1.3)	(0.7)	2.2
EBITDA %	49%				9%

Year on year

- Aus EBITDA ↑ 52%
- UK EBITDA ↑ 3% (GBP ↑ 8%)



Unfavourable fx impacted UK result



FY2015 expense growth of 16% in GBP included full year costs of Smart^{im} Investment Management plus 4 months of Plum Software

Expense growth in AUD was 24%

Balance sheet

Praemium (\$m)	FY14	FY15	Change
Cash	8.6	11.5	↑ 34%
Current Assets	3.8	3.0	
Non-Current Assets	5.1	8.0	
Total Assets	17.5	22.5	↑ 29%
Current Liabilities	(3.4)	(6.3)	
Non-Current Liabilities	(0.1)	(0.4)	
Total Liabilities	(3.5)	(6.7)	↑ 91%
Net Assets	14.0	15.8	↑ 13%
Capital & Reserves	61.2	65.0	
Accumulated losses	(47.2)	(49.2)	
Total Equity	14.0	15.8	↑ 13%

Highlights

- Strong cash position
 - Operating cash flow of \$4.2m
 - Cash for Plum acquisition of \$1.9m
- Zero debt
- Increase in current liabilities due to ~\$2m income tax payable
- Intangible assets of \$4m for Plum acquisition

Strong balance sheet to support growth

Australia business now highly profitable **præmium**

The Australian business recorded 49% EBITDA margin in FY2015

- Important institutional contract extension from November 2014
- Increased investment in technology development
- Strong operating cash flows

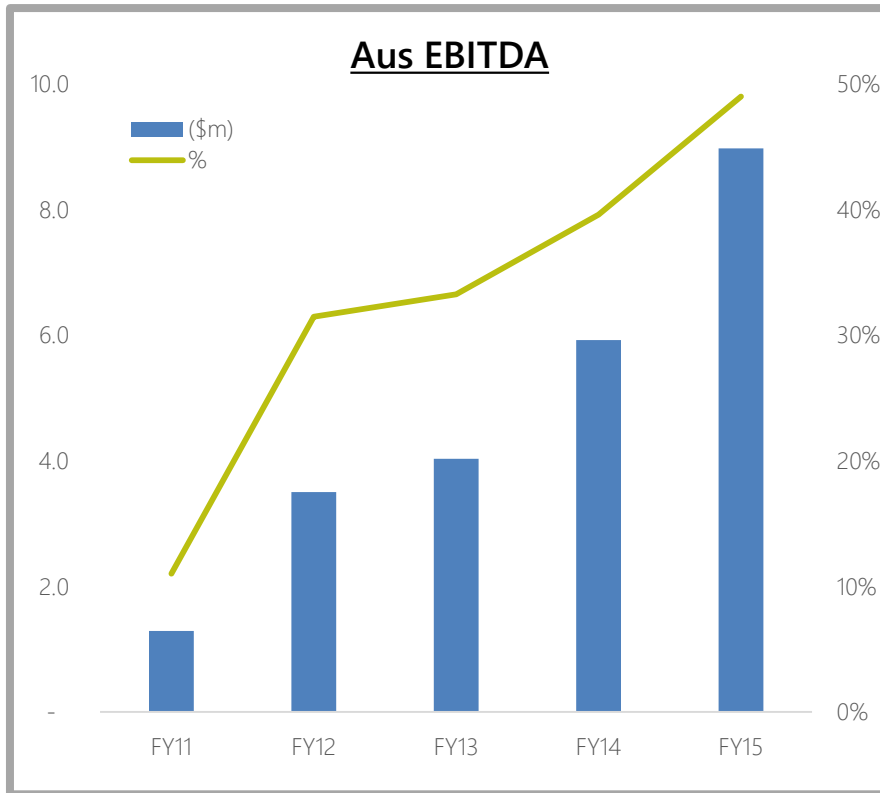
SMA platform in particular has grown very strongly with many large adviser groups still in the early stages of adoption

The re-launch of the platform retail super product is showing strong growth and will be a major driver of future platform assets

The first phase of a major program to build SMSF compliance and reporting functionality into V-Wrap was released in September 2015 quarter

Platform assets are expected to grow 4 fold over the next 15 years* with managed accounts the fastest growing sector

Aus EBITDA margin of 49%



Australia business EBITDA \$8.9 million

Revenue growth of 22% over last year with growth across all products

Expense growth of 4% including an increase in technology spend of \$0.4 million over last year

Demonstrable operating leverage with operating margin increasing to 49% compared to 40% in prior year

A high margin, high growth business

Strong SMA platform growth

Strong asset growth on Praemium's Australia SMA

- Gross asset inflows increased 61% over prior year
- Major client wins in the independent advisory segment
- Solid pipeline of new business expected from firms in early adoption phase
- Considerable shift away from institutional platforms
- SMA sector growing strongly
- First robo-advice partner, InvestSMART, with an innovative and holistic approach

Platform industry undergoing a major shift in Australia

"Platforms, including separately managed accounts and model portfolio products, will be the fastest growing segment in Australia"

- Rice Warner Personal Investment Market Projections 2014

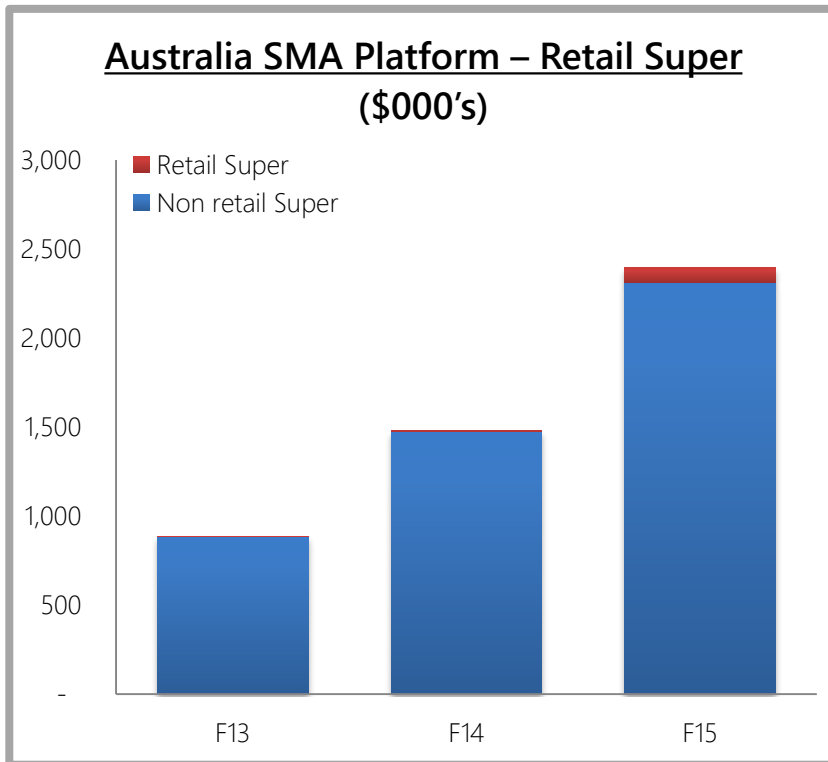
Award winning



SMA Platform Winner at the inaugural 2014 Lonsec Awards in Australia.

Lonsec Research described Praemium as "*an independent technology platform ... and their reporting is very good, arguably the best*".

Upside potential in retail SuperSMA



Praemium re-launched it's retail super product in early 2014

- Branded "Praemium SuperSMA"
- Improved proposition
- Competitive pricing

Praemium retail SuperSMA's share of total platform FUA has increased from 0.4% to 3.5% over the FY2015 year

- Platform industry average for retail super is over 70%
- Strong growth expected with several newly launched services offering both super and non-super options

Overall superannuation market is A\$2 trillion*

V-Wrap now with SMSF functionality



SMSF

v | wrap

Portfolio
administration

Complete member view at a glance

- ✓ Alerts for unallocated member transactions
- ✓ Transaction matching feature makes reconciliations easy
- ✓ Excellent contribution cap monitoring
- ✓ Covers cap history, contributions into other funds & contribution acceptance rules
- ✓ Easy to monitor pensions



Built upon the best-in-breed portfolio admin system

- ✓ Pain-free opening balance and transition process
- ✓ Daily member balance reconstruction from V-Wrap technology
- ✓ Automated processing of complex corporate actions
- ✓ Accountant-strength CGT
- ✓ Utilize the extensive reporting capabilities of V-Wrap

International business growing strongly **præmium**

UK revenue grew 63% over the prior year in AUD (53% in local currency), or 45% pre the impact of the Plum acquisition

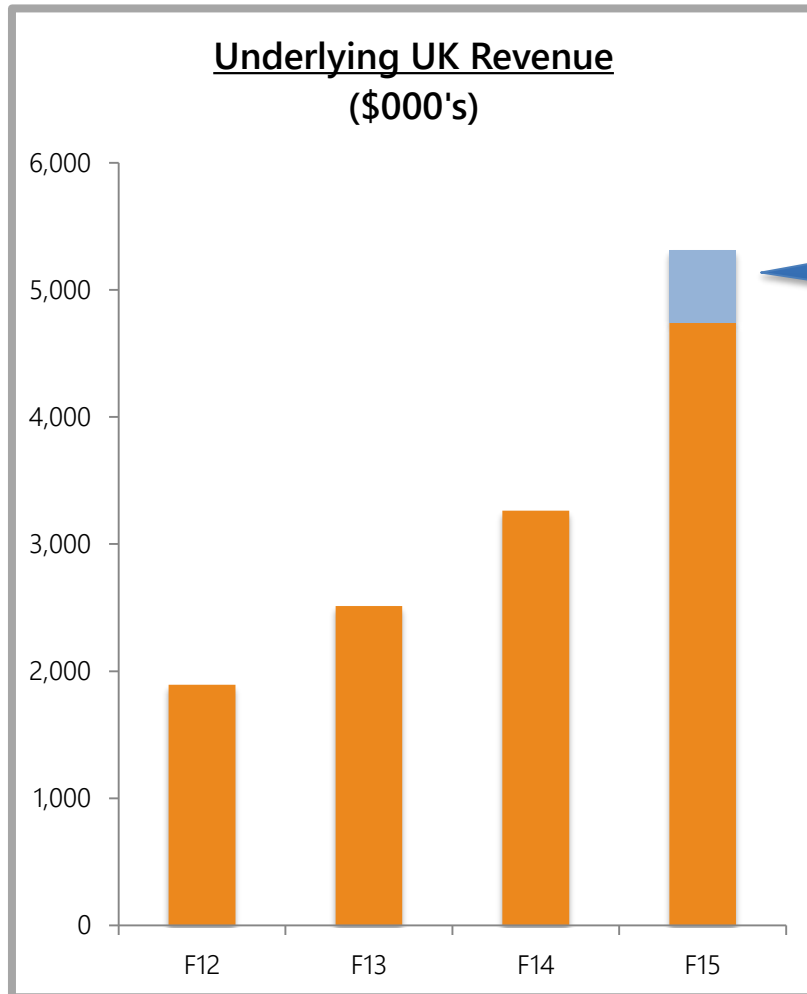
Solid pipeline of new clients seeing the unique benefits of Præmium's dynamic SMA platform

The in-house Investment Management proposition, Smart^{im}, in its first full year secured \$343 million in assets under management

The acquisition of Plum Software adds considerable capability to Præmium's CRM strategy especially for the UK and the post merger strategic objectives are progressing to plan

Looking forward, the recent launch of a Smartfund with 80% protection levels for the ex-pat market is expected to drive strong asset inflows through FY2016

Breakout year for UK business



Plum
Software

Revenue growth of 63%
(53% in local currency)
driven by:

- 31% increase in Funds under Administration
- Higher vertical margin with Smart^{im} models / funds
- 4 month contribution from acquisition of Plum Software

UK platform gaining traction

Services provided by International Platform

- UK domestic
- Offshore expat in £, \$, €

Fully automated discretionary SMA platform drives efficiencies for financial advice firms

- Centralises investment propositions to reduce risk and increase efficiency
- Significant reductions in admin & compliance time
- Handle clients scalably
- Real-time active investment management to implement portfolio changes quickly
- Cost and tax effective

FUA increase of 31% over the prior year

Award winning

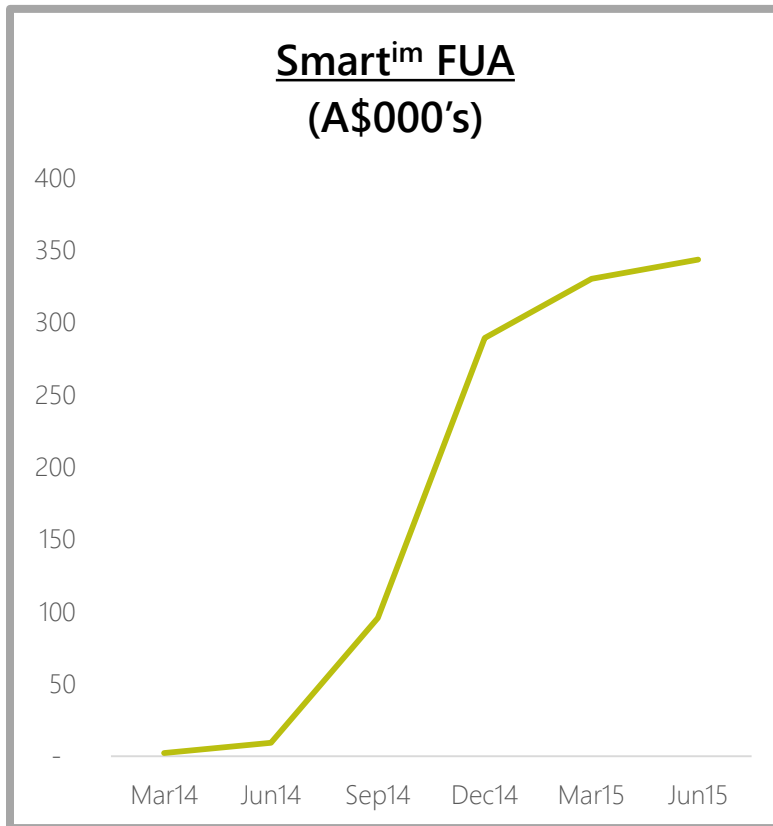
Praemium client **Price Bailey**, winner of the **Leading Adviser Practice** - 2014 Aberdeen UK Platform

"a firm that runs a sophisticated discretionary proposition at really low cost on Praemium's platform."



Excellent start for Smart^{im}

Smart Investment Management (Smart^{im}) – Praemium's in house Multi Asset Investment Management team



Background:

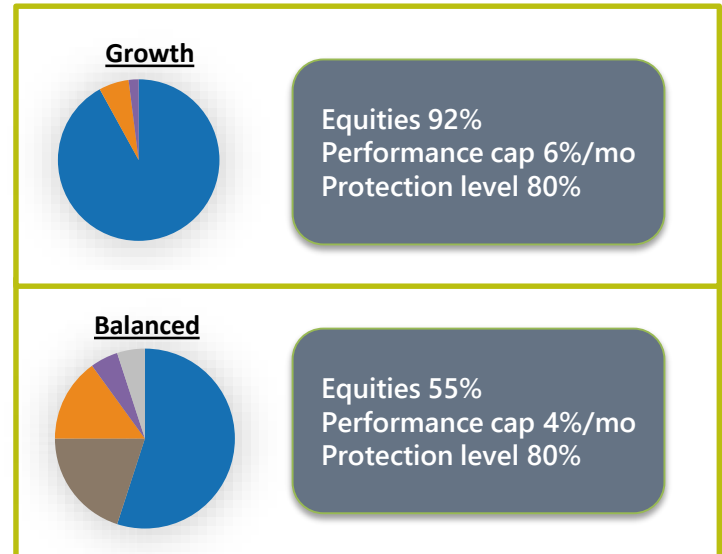
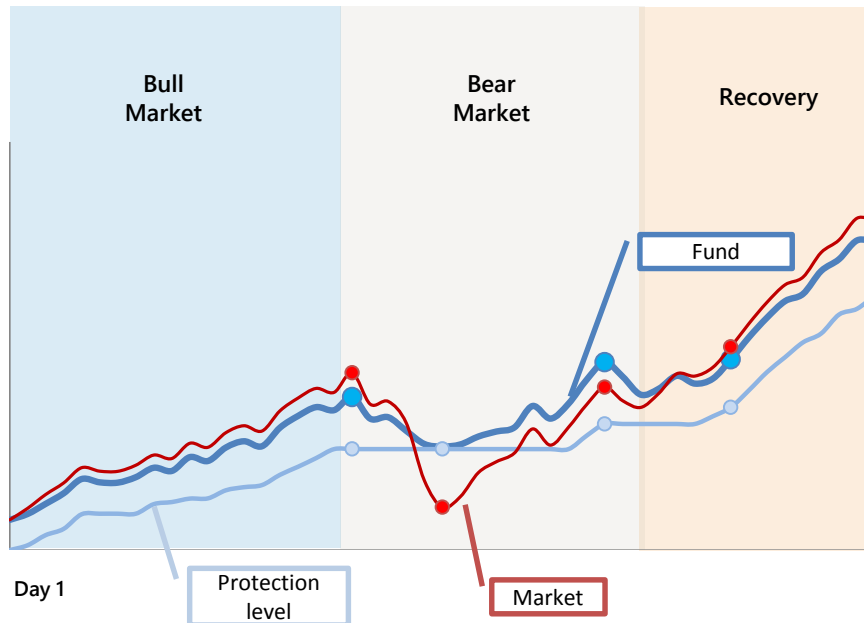
- Smart^{im} established in late 2013 in London
- Experienced team of multi-asset fund managers
- Prior experience in running model portfolios on Praemium's SMA
- Range of active and passive model portfolios and managed funds in £,\$,€

Smart^{im} Product Mix at June 30, 2015

Managed Funds	-	\$108m
Intl Model Portfolios	-	\$155m
Aus Model Portfolios	-	\$80m
Total FUA	-	\$343m

Innovative new fund from Q1, FY16

Smartfund 80% Protected



- Multi Asset Strategies
- Investment Management by Smart^{im}
- Targeting ex-pat markets: Europe, Asia, Middle East
- Available in \$, £, €

Exposure to equity markets with capital protection

- Available on/off platform
- Protection level computed daily
- Ideal for pension market



Value drivers

Industry drivers

SMA is the fastest growing segment in the Australia platform market

Mandated growth of superannuation funds in Australia

Model portfolios in the UK are common but often inefficiently executed

UK pension reforms de-mandating annuity products

Globally, regulatory directives similar in nature to FoFA will drive advised investments to platforms

Digital disruption to challenge legacy platforms and business models

Praemium...

...is the SMA market leader with proprietary technology

...has an innovative new SMSF solution plus a revamped retail SuperSMA solution

...can deliver model portfolios more efficiently with SMA technology

...recently launched a "protected" fund ideal for the retirement market

...has a regulatory friendly, transparent platform and multi-lingual/currency CRM with global reach

...is developing an integrated suite of digital solutions to transform the financial advice process

Looking forward

Strong SMA inflows expected to accelerate given the company's solid pipeline of new business, from recent client wins and new sales opportunities

Model portfolios and managed funds offered by Smart^{im} will continue to build off an excellent first full year of operation

Growth for V-Wrap is expected to continue following the release of some major product enhancements, such as SMSF compliance / accounting and investor portal

An increase in R&D spend is planned to accelerate development of our fully integrated platform and CRM product suite

Praemium

- ✓ Now profitable with a strong balance sheet
- ✓ Well positioned to accelerate its development and growth

Questions?