



2015 Annual General Meeting Presentation

20 October 2015, Melbourne:

Praemium (ASX:PPS) is pleased to provide a copy of the address to be given by Praemium's Chairman, Mr Bruce Loveday, and the presentation by Praemium's CEO, Mr Michael Ohanessian at the Company's Annual General Meeting (which will commence at 11am this morning).

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 900 financial institutions and intermediaries, including some of the world's largest financial institutions.

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Ladies and Gentlemen

At last year's AGM, I noted that, while your Board was pleased with the operational improvements Praemium had achieved in the previous 12 months, the Company had not achieved operating profitability and, until it did, we still had plenty of work to do. This year, as you know, Praemium achieved its maiden operating profit in the financial year just ended. To summarise our results:

- > Praemium earned \$1.5 million in profit before tax, a substantial improvement over last year's result of an \$850,000 loss. Shareholders will have noted that our reported profit after tax was a loss of \$2.1 million. This has come about because more than 100% of the Company's profits were generated by our Australian business, and the tax payable on that exceeded our consolidated profit before tax.
- > At the end of FY2015, the funds invested through our Separately Managed Account (SMA) platforms stood at \$3.8 billion, being \$2.4 billion in Australia and £710 million (equivalent to \$1.4 billion) in the UK. Since that date, total funds have risen further to \$4.1 billion. Given the performance of equity markets in recent months, we are particularly pleased that strong inflows into our SMAs have continued and that funds invested through these products has continued to increase.
- > We had a cash balance of \$11.5 million at year-end, and today this balance is largely unchanged. Our positive cash balance gives us the resources to enable the business to continue to develop and grow in the normal course without having the need for either borrowings or capital raisings.

While we are delighted with the results the Company has achieved, our challenges are not over. We operate in a very exciting but very competitive environment. Notwithstanding the opportunities that the continuing growth in our market segment provides us with, we know that we must continue to invest in the business to ensure our offer to our customers is always at the leading edge and is always relevant to their changing needs.

We have made considerable progress with our UK business, as is highlighted in our Annual Report, but we are yet to achieve profitability in that segment. I believe we will continue our very strong progress in the UK, but we are not there yet.

I would now like to make some brief comments on three aspects of Praemium's business and some relevant market developments.

Firstly, some observations on our UK business.

Approximately 4 years ago, we began to introduce major necessary changes in our UK operations. A number of unnecessary costs were stripped out of the business while major improvements to both customer relationship management and internal administration were introduced. These changes have taken time to implement and bed down, and the year just ended is, in effect, the first full year of our "new" UK business. And, it has been a year of real achievement:

UK revenues increased 63% in FY2015, reflecting the general improvement in the business and the increase in the value of funds on our UK platform by 31% from £540 million to £710 million over the year ended 30 June 2015.

- > Funds managed under our Smart Investment Management business have grown from £4 million to £172 million over the 12 months to 30 June 2015 and this business will be an important part of our future.
- > In addition to the improvements in our UK business generally, we recently launched the Smartfund 80% Protected product range, in conjunction with Morgan Stanley. The concept, which delivers to investors a capital protected investment option based on Morgan Stanley's skills in managing derivatives and the expertise of Smart Investment Management in Strategic Asset Allocation modelling, is both significant in its own right and potentially an important part of the UK retirement incomes scene following the decision of the UK Government about 12 months ago to de-mandate the use of annuities in the provision of retirement incomes.

Initially, the Smartfund Protected range is being marketed only to the UK expatriate market, and we have already raised approximately £10 million in less than 2 months. We will consider broadening the distribution to the onshore UK market and, potentially, elsewhere, in the months to come.

A new expression that has descended on the wealth management world in recent months is "robo-advice". While this is a new piece of terminology which has already developed strong bands of both supporters and detractors, the underlying concept is not in fact new. Robo-advice, in effect, refers to a process whereby investors' attitude and tolerance to risk are assessed using quantitative tools, and asset allocation strategies consistent with the investor's assessed risk preferences are then recommended. The "robo" element emerges as either all or substantially all of the investor risk assessment is undertaken quantitatively, rather than with the active involvement of a human adviser.

Praemium is particularly well-placed to thrive in a robo-advice world:

- > Our Smart Investment Management business has proven expertise in building risk-based strategic asset allocation models, which are at the core of the robo-advice concept;
- > We have an established relationship with Oxford Risk, whose business is the development of risk assessment algorithms;
- > Our Separately Managed Account (SMA) structure is ideally suited to both the conventional and robo-advice worlds because it enables investors' chosen portfolio models to be continually and efficiently re-balanced to reflect both market movements and model changes that the investor's advisor might recommend.

While we have achieved operating profitability, we have lots still to do. I believe we have a strong platform to achieve our potential and that our results for FY 2015 are the first real indication of that potential.

One final comment. As we all know, there has been considerable market volatility in recent months, and Praemium's revenues – particularly those resulting from our SMA products – are sensitive to market movements. Shareholders should be aware of the potential volatility, but should also remember that, firstly, not all of Praemium's revenues derive from our SMA business and, secondly, not all of the assets in our SMAs are equities. Overall, well less than half of Praemium's total revenues are directly related to movements in global equity markets.

In conclusion, whatever we have achieved this year is, as ever, the result of the contribution of our staff and our executive management team, led by our CEO Michael Ohanessian, who I will now invite to present his report to the meeting.

Bruce Loveday
Chairman – Praemium Limited
20 October 2015

CEO's Report

Michael Ohanessian - CEO

The material contained in this document is a presentation of general information about the Praemium Group's activities current as at the date of this presentation (20 October 2015). It is provided in summary and does not purport to be complete. You should not rely upon it as advice for investment purposes as it does not take into account your investment objectives, financial position or needs. These factors should be considered, with or without professional advice when deciding if an investment is appropriate.

To the extent permitted by law, no responsibility for any loss arising in any way (including by way of negligence) from anyone acting or refraining from acting as a result of this material is accepted by the Praemium Group or any of its related bodies corporate.

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 – 392.5 million*
- Market cap - \$129.5 million*

Core products

- Software as a service & custodial investment platform
- Major upgrades released now to market
- Integrated suite significant competitive differentiator



Over 800
global clients



\$80 billion
in assets
administered

Proprietary technology

- Unique technology in account reconstruction and dynamic SMA rebalancing
- Excellence in corporate actions processing
- Web based from the outset

Scalable business

- Recurring revenue
- Diversified revenue streams, global reach
- Independent of financial advice

Strong balance sheet

- Positive operating cash-flow
- \$11.5 million in net cash
- R&D fully expensed

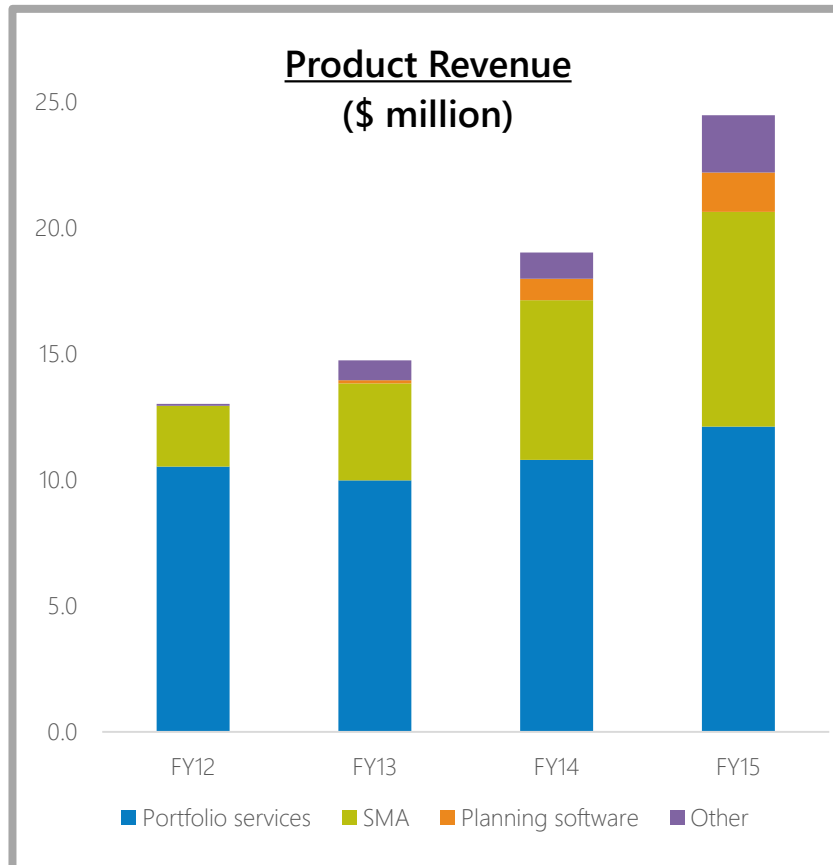
Award winning



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*".

Revenue growth of 28%



Compared with FY2014

Revenue up 28% to \$24.4 million

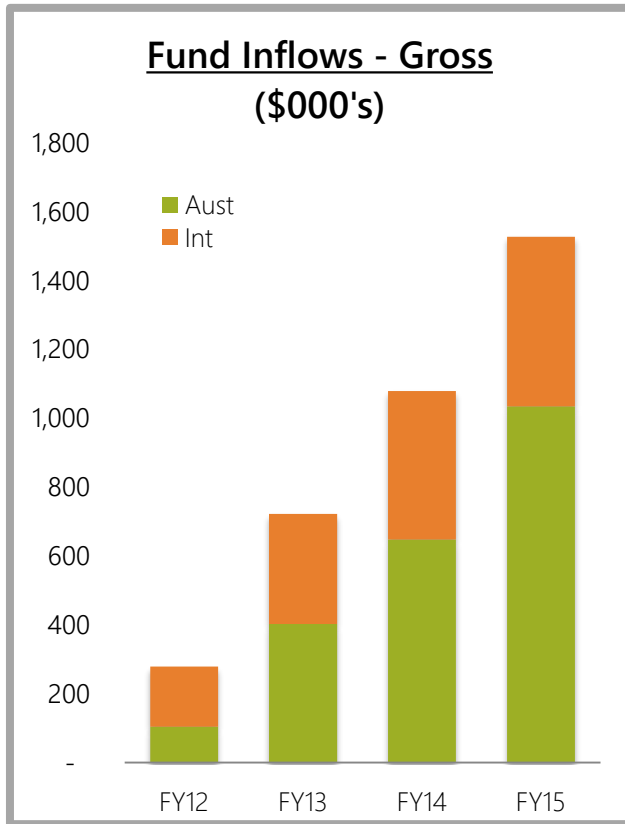
SMA revenue up 35% to \$8.5 million

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)

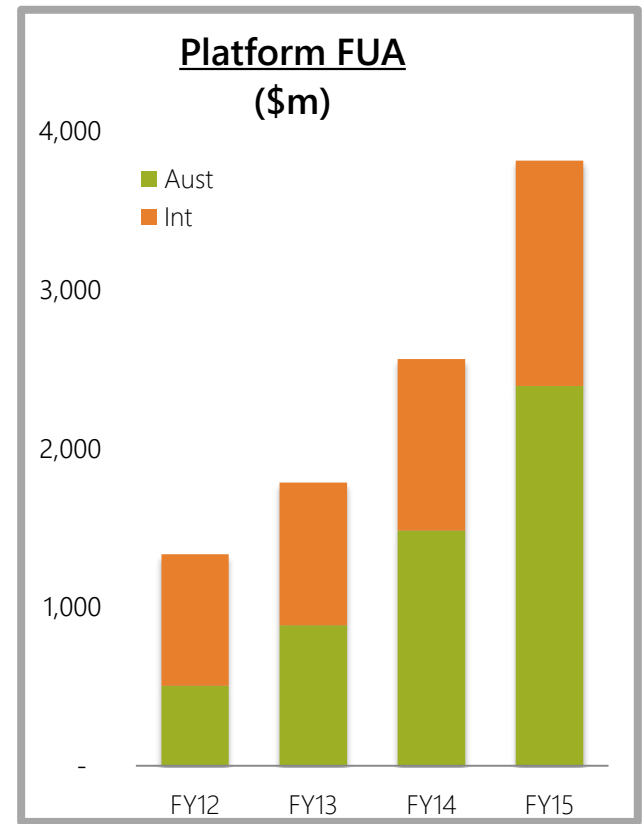
Strong growth in SMA



Growing fund inflows leading to accelerating Funds on Platform



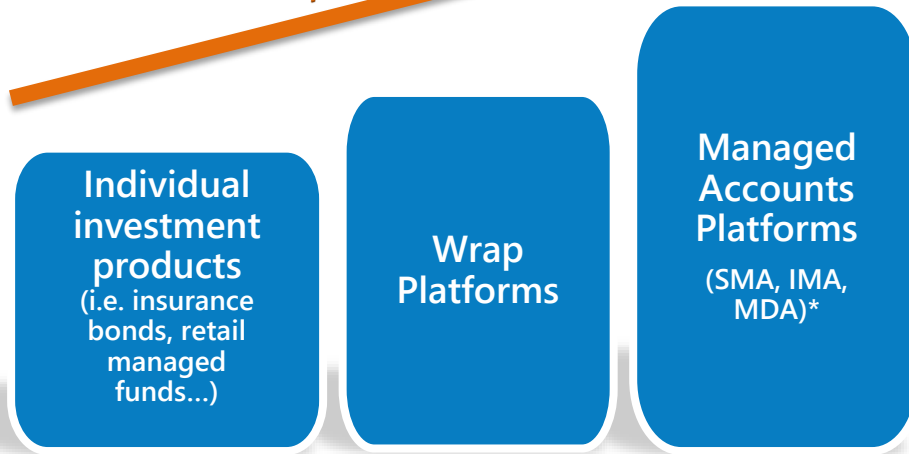
Several new significant clients still in early adoption phase → further upside momentum



Why SMA?

Platform progression

Technology generation



SMA: Transparent, cost effective, beneficial ownership, scalable

SMA's expansion

Considerable increase in demand for managed account solutions

Large institutional wrap platforms announcing plans to enter the SMA space

Emergence of robo-advice well suited to SMA

Praemium well placed in SMA:

- Clear leader with proven track record
- Focused SMA strategy to drive excellence
- Offer retail super & non-super options
- Superior technology with Praemium's proprietary dynamic SMA engine
- Leverages our excellence and market leadership in reporting

Maiden profit in FY15

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

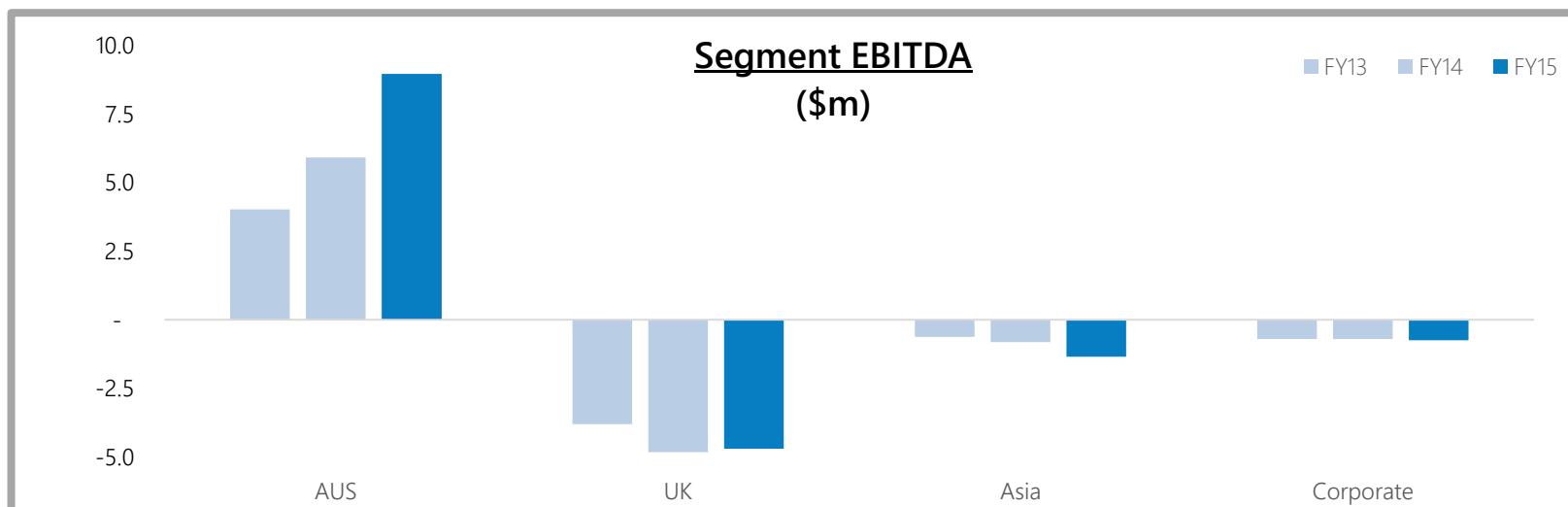
Segment results

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%

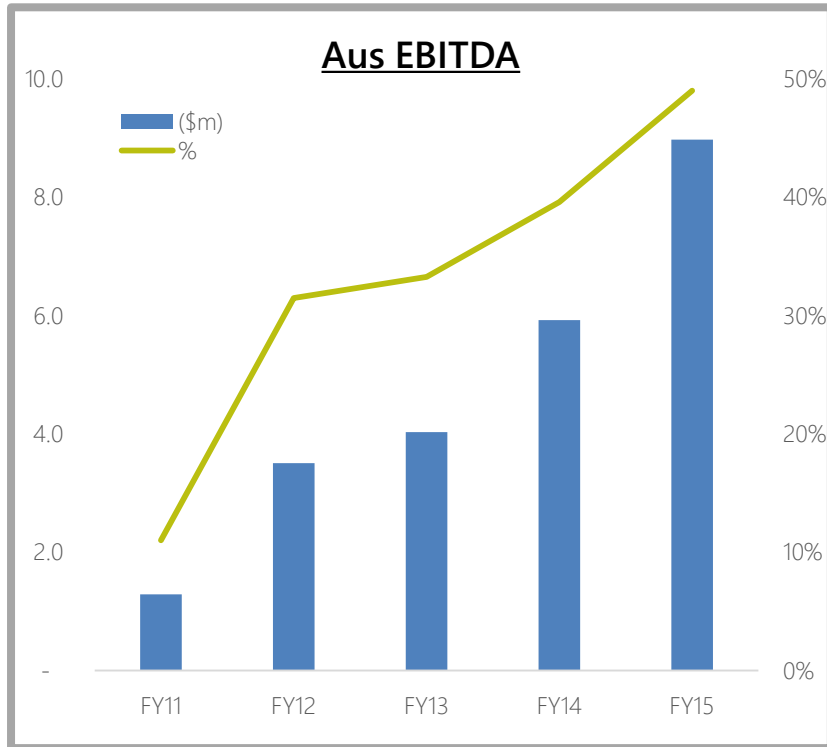
Year on year

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



A global growth story

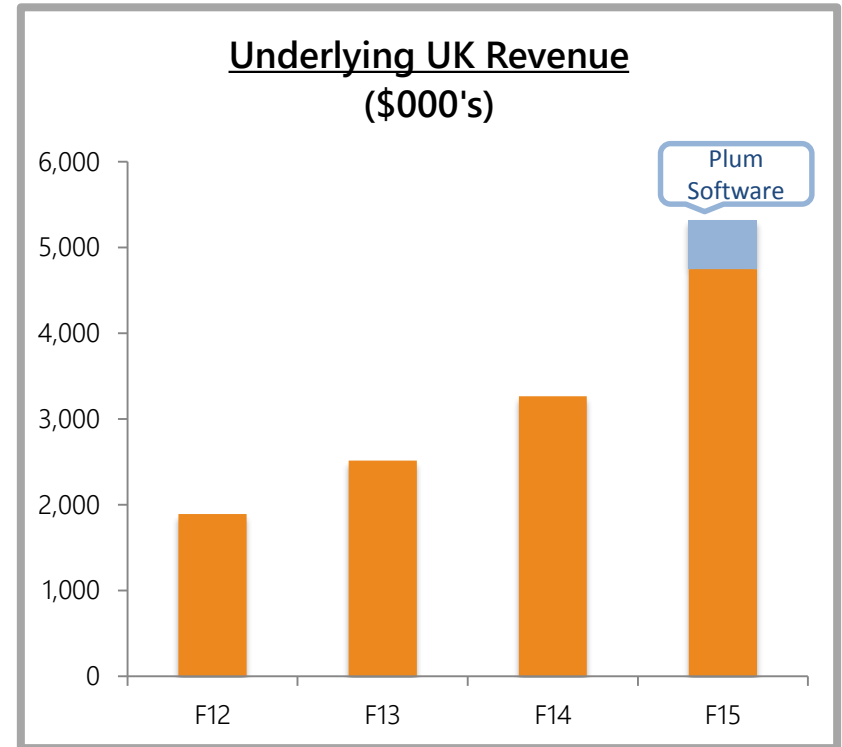
Aus EBITDA margin of 49%



Australia

- Revenue ↑ 22%
- Expenses ↑ 4%

Breakout year for UK business



UK

- Revenue ↑ 63%
- Expenses ↑ 24%

Looking forward

An excellent start to the new financial year – our second best quarter in terms of inflows.

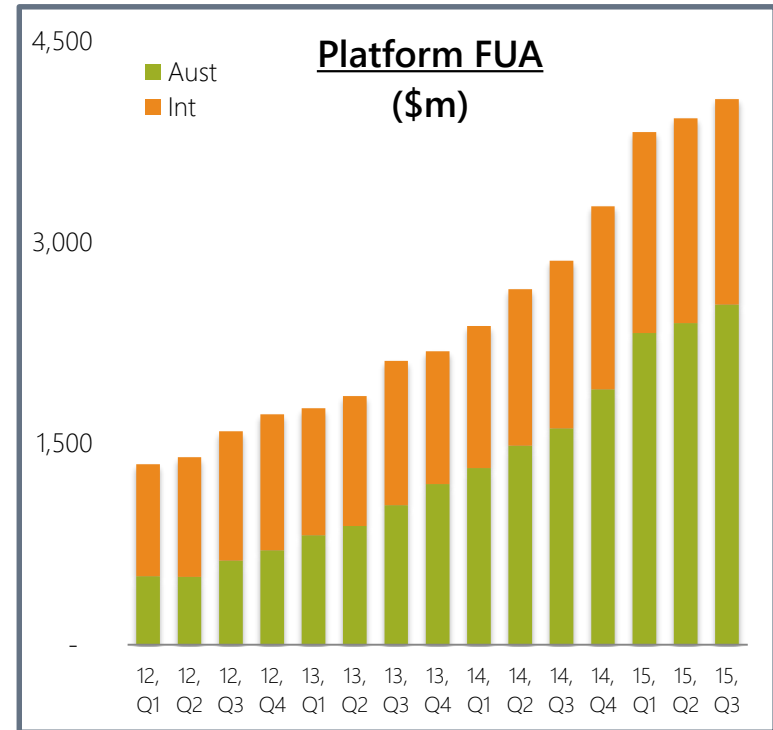
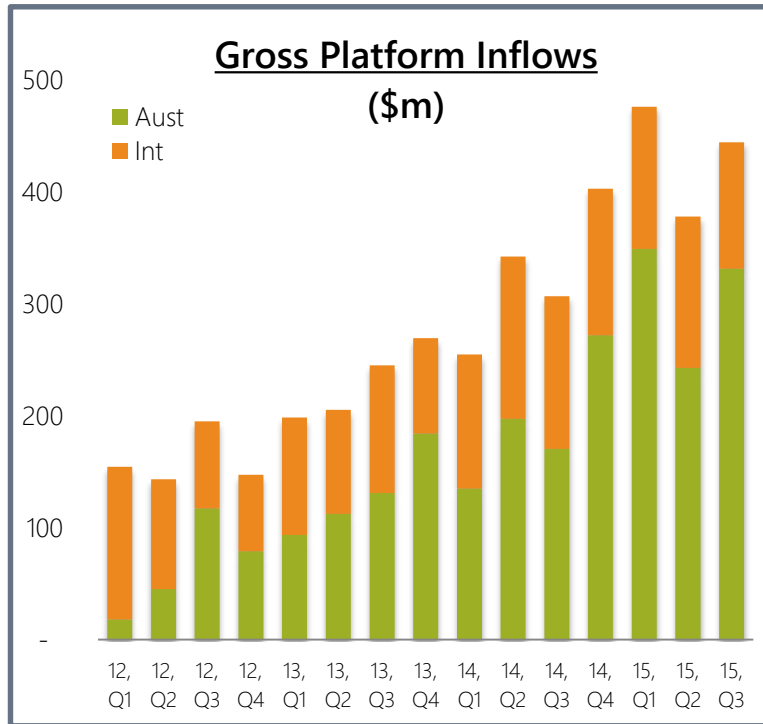
Release of new functionality to automate the monitoring and accounting of SMSFs will help drive sales of V-Wrap.

Distribution of an innovative new fund for the offshore retirement market that offers exposure to growth assets with an 80% capital protection built in.

Roll-out of our newly completed mobile compatible portal for investors.



FUA now over \$4 billion

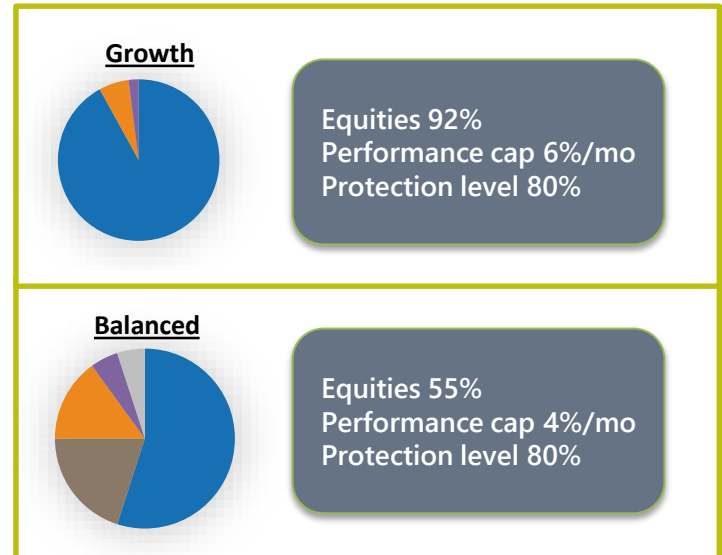
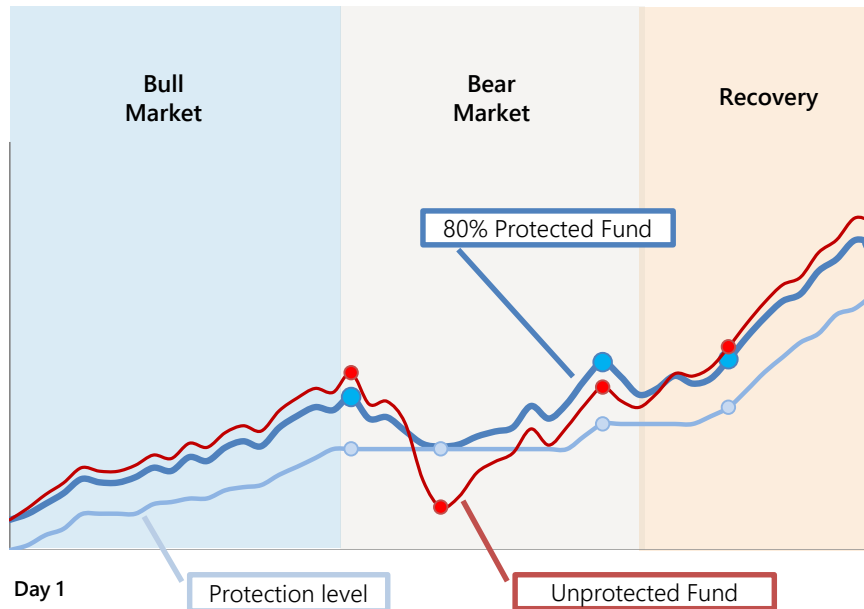


September 2015 quarter: 3.6% increase, despite:

- Australian equity markets 8% decline
- UK equity markets 7% decline



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



In summary

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?