



praemium

FY2016 Half-year results
Confirming our potential

9 February 2016

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 (9 February 2016) and is supplementary to the Group's financial results released to the ASX on 9 February 2016.

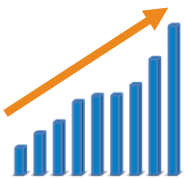
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Software company founded in Melbourne in 2001

- ASX listing in 2006 to launch our UK business in London
- Expanded to 8 offices globally with over 180 staff
- And over 700 clients covering \$80 billion in assets



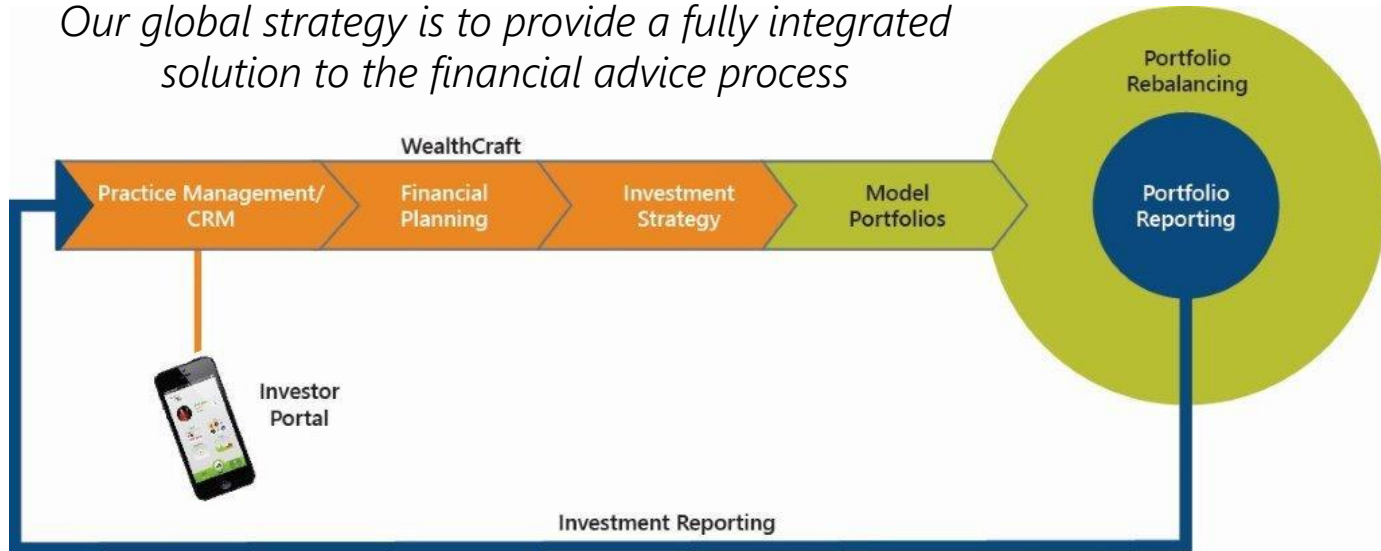
Our aim is to help transform the financial advice industry

- A scalable and efficient managed accounts platform
- An integrated solution to streamline the financial advice process
- Powered by our proprietary technology



What we do

Our global strategy is to provide a fully integrated solution to the financial advice process



Our services

- Managed accounts platform (SMA)
- Portfolio administration and reporting software (V-Wrap)
- Investment management services (Smart^{im})
- Financial planning and practice management software (WealthCraft)

Our clients

- Financial advisers
- Stockbrokers
- Financial institutions
- Investment managers
- Accountants

First half FY2016 highlights



Revenue **35%**
\$14.7 million

EBITDA **93%**
\$1.8 million

NPAT **259%**
\$1.3 million

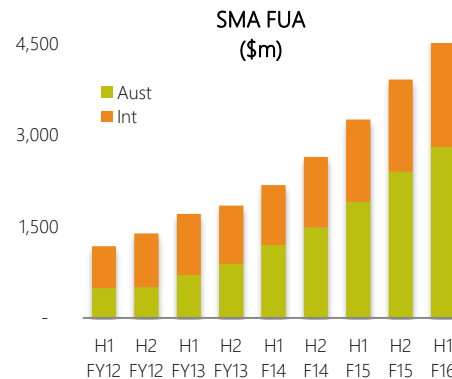
Products launched

SMSF compliance & accounting
Investor portal

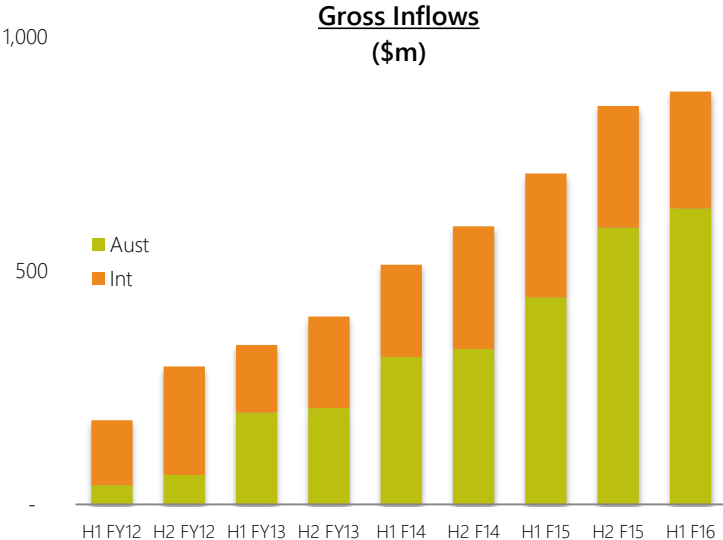
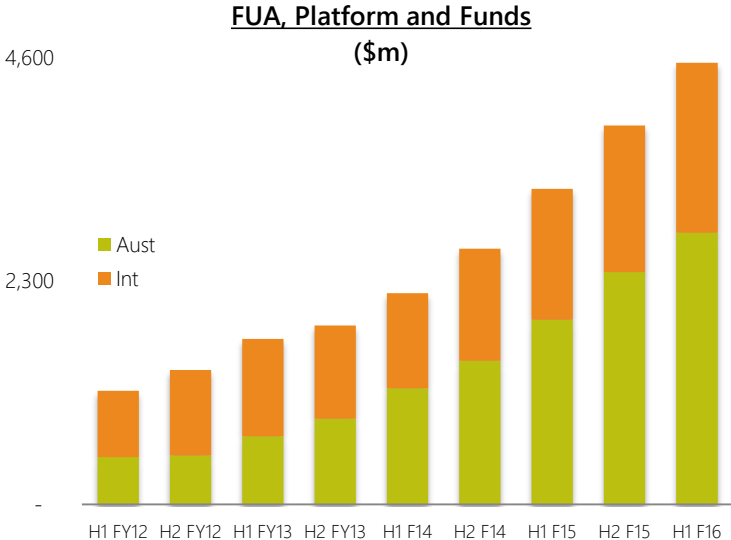


FUA **41%**
Record fund levels of \$4.5b

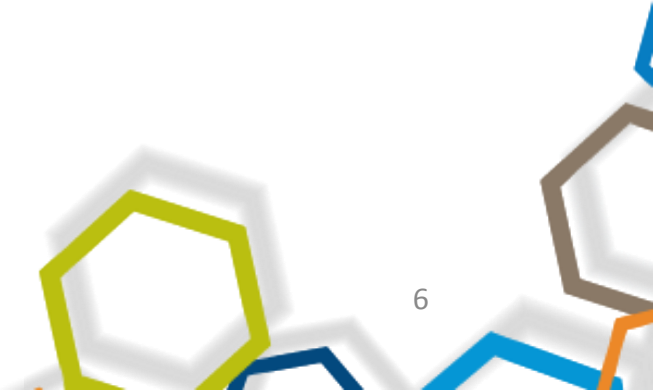
Inflows **33%**
Record annual inflows of \$1.7b



Strong growth in earnings base



FUA, \$m	Dec 2014	Dec 2015	Change
Australia	1,902	2,802	47% ↑
International	1,349	1,748	30% ↑



H1 FY16: Financial results

Group Financial Results	H1, FY15 (\$m)	H1, FY16 (\$m)
Revenue	10.9	14.7
Cost of operations	(2.6)	(3.0)
Gross margin	8.3	11.7
<i>GM %</i>	<i>76%</i>	<i>80%</i>
Expenses:		
Information Technology	(2.4)	(3.7)
Sales & Marketing	(1.9)	(2.5)
General & Admin ⁽¹⁾	(3.1)	(3.7)
EBITDA	0.9	1.8
D&A*	(0.1)	(0.4)
EBIT	0.8	1.4
Non-recurring ⁽²⁾	-	(0.2)
FX & other	0.1	(0.1)
NPBT	0.9	1.1
Tax [^]	(1.7)	0.2
NPAT	(0.8)	1.3

Strong profit growth

- ← 35% growth
- ← Expanding gross margins
- ← 54% increase in R&D investment (fully expensed)
- ← 93% growth

H1 FY16's operating expenses comprises 77% employee expenses (H1 FY15: 75%).

(1) In addition to salaries, G&A includes facilities (\$0.8m), professional fees (\$0.7m), board & corporate (\$0.4m), IT support (\$0.4m) and performance rights (\$0.1m)

(2) Non-recurring costs relate to UK organisational restructure

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

[^] Tax benefit relates to AUS tax offset (\$1.1m benefit), H1 FY16 AUS tax estimate of \$1.1m (tax expense) and release of UK DTL (\$0.2m benefit)

H1 FY16: Balance sheet

Solid balance sheet to fund growth

Balance sheet

	Jun'15 (\$m)	Dec '15 (\$m)
Cash	11.5	11.2
Other assets	11.0	12.7
Assets	22.5	23.9
Liabilities	6.7	6.4
Net Assets	15.8	17.5

- \$11.2 million in cash
- No debt
- UK R&D refund will continue to be received as cash
- From FY16, Australia R&D will be recorded as reduced tax expense and no longer treated as income
- Australia provision for tax \$1.9 million, comprising \$0.9 million for FY15 and \$1.0 million for H1 FY16

Reconciliation of operating cashflow

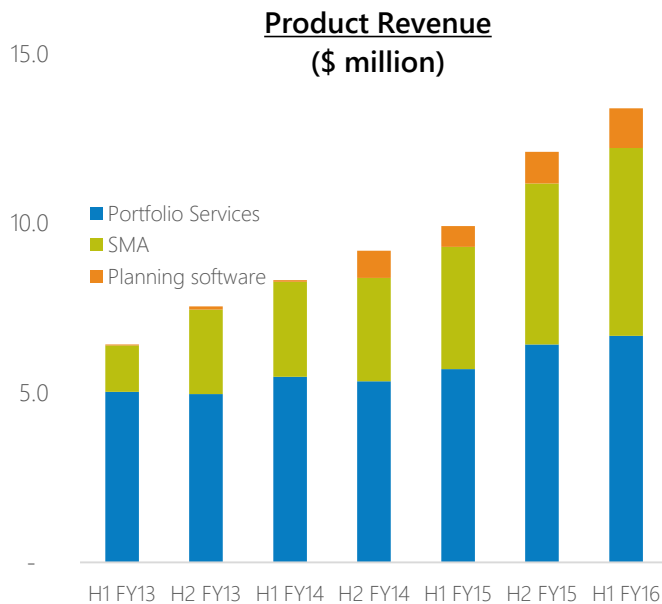
H1 FY2016	(\$m)
Net profit after tax	1.3
Non-cash items	0.5
UK R&D (H2 receipt)	(1.0)
Other working capital	(0.7)
Operating cashflow	0.1

- Positive cashflows for the last 2 years
- Infrastructure capex of \$0.3 million
- UK R&D to be received in H2
- Australian corporation tax to be paid in Q1, 2016 (\$0.9 million)

H1 FY16: Revenue by segment

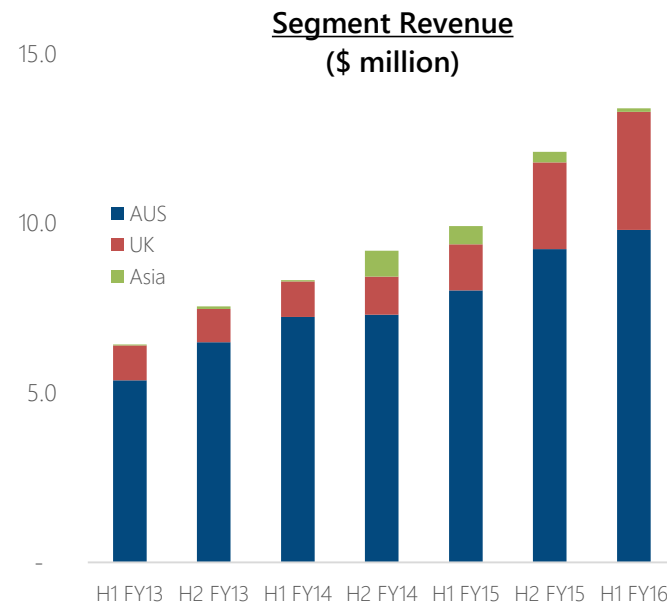
35% revenue growth

By product...



Global SMA revenue up 53%

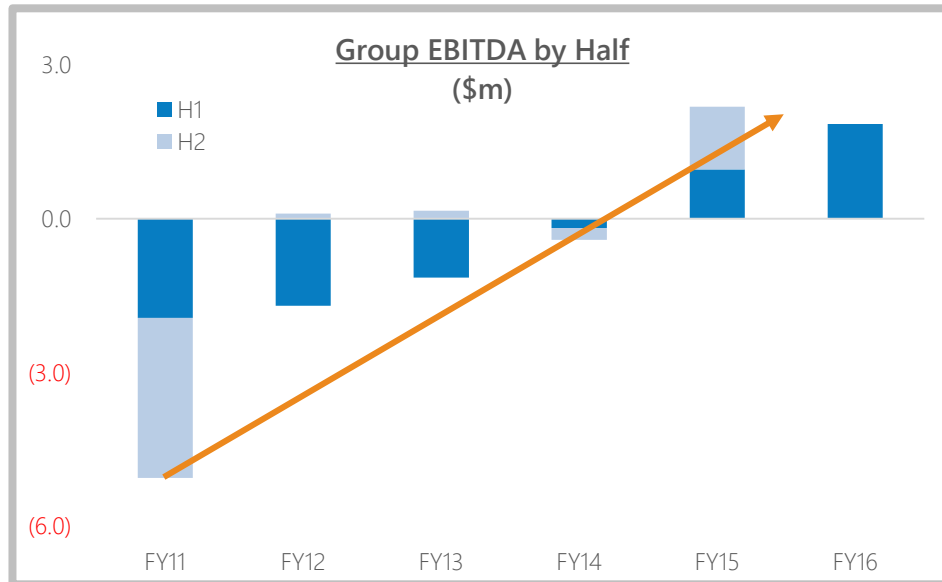
By region...



UK revenue up 136%

H1 FY16: EBITDA by segment

Confirming the operating leverage



Australia delivering strong earnings

- EBITDA improvement 21%
- EBITDA margins of 47%

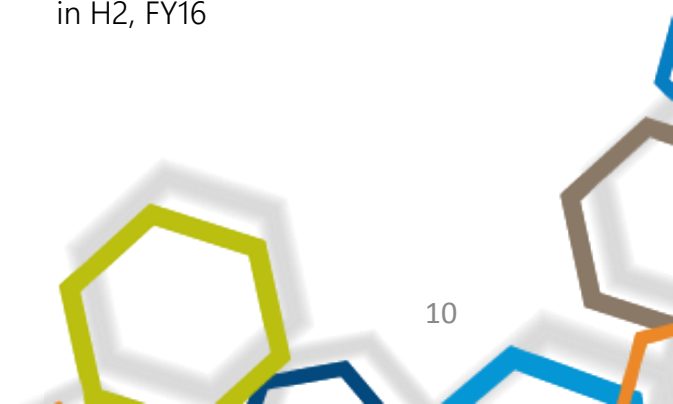
Significant reduction in UK losses

- EBITDA improvement 42% (50% in GBP)

Asia supporting product development

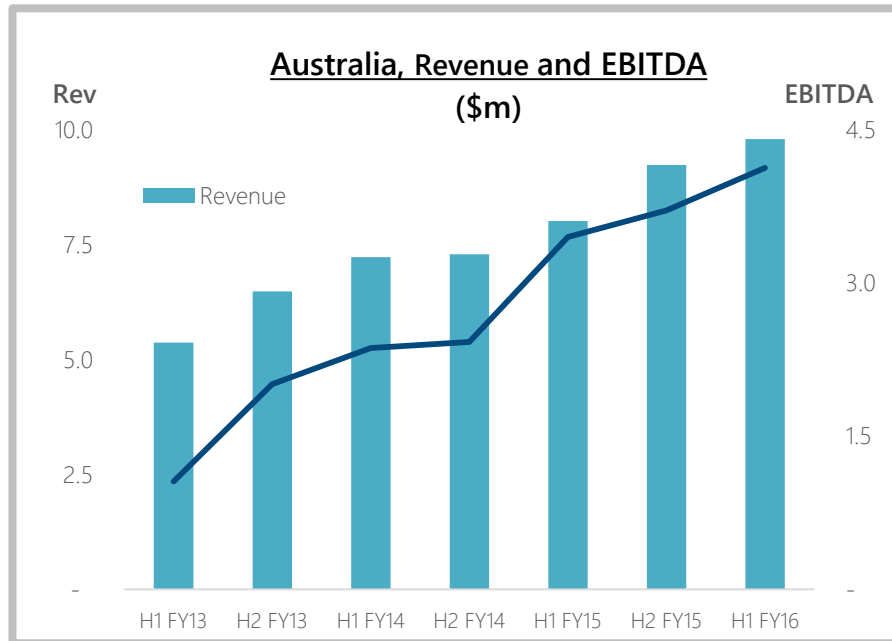
- Key Hong Kong bank project continuing, further milestone billing in H2, FY16

H1 FY16 \$m	AUS	UK	ASIA	Corp	Group Total
Revenue	9.8	4.8	0.1	-	14.7
Expenses	(5.3)	(6.0)	(1.2)	(0.4)	(12.9)
EBITDA	4.5	(1.2)	(1.1)	(0.4)	1.8
EBITDA %	47%				12%



1H FY16: Australia result

Australia – continuing strength



Aus Financial Summary	H1 FY15 (\$m)	H1 FY16 (\$m)	Change
FUA	1,902	2,802	47% ↑
Revenue	8.0	9.8	22% ↑
EBITDA	3.7	4.5	21% ↑

Australia EBITDA up 21%

Platform retail super FUA increase to \$173m from \$39m

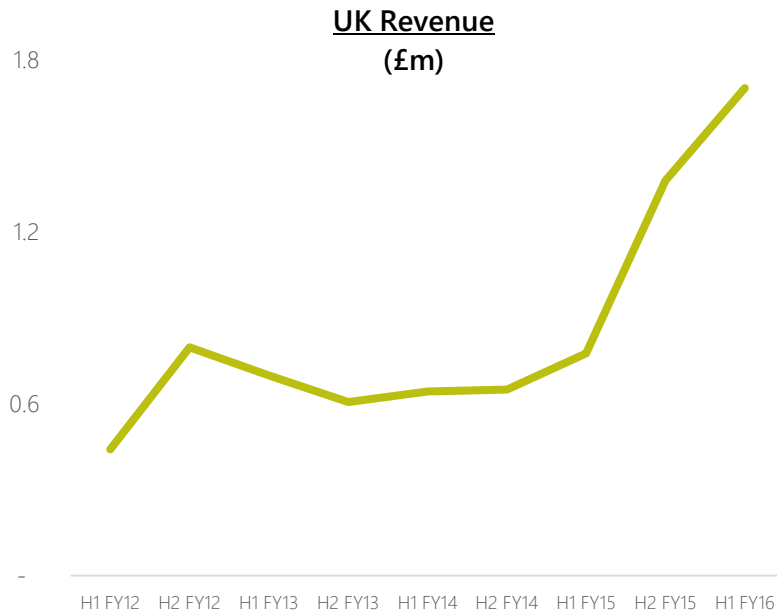
Strong pipeline of business:

- Over 20 new firms joined our SMA in the half year
- FUA potential from major dealer groups signed up over the past 2 years is considerable
- Strong interest from firms looking to switch from Wraps to Praemium’s SMA

Newly released SMSF monitoring capabilities have been adopted by a number of existing clients

1H FY16: UK result

UK – gaining momentum



Strong revenue momentum with sales up 119% over the pcp in local currency

Expenses growth by comparison was 18% resulting in a 50% improvement in the EBITDA loss

Plum software post-merger activities progressing to plan

Diversifying revenue streams:

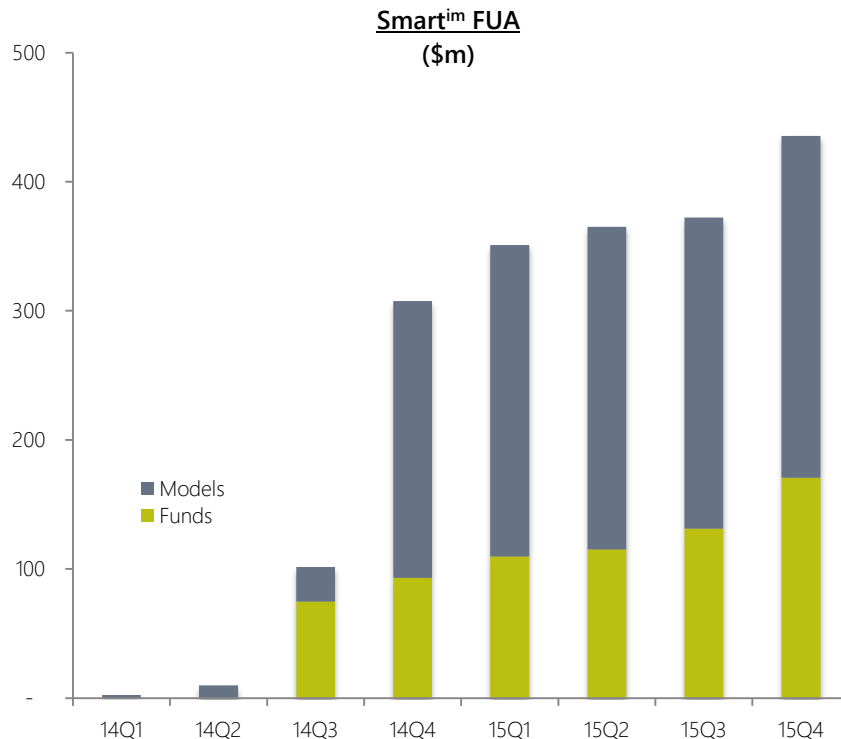
- Full half contribution from Plum Software
- Material revenue contribution from in-house investment management (Smart^{im})

Outsourcing fund administration of the company's multi-asset managed funds, Smartfunds, expected to drive operating efficiencies through C2016

UK Financial Summary	H1 FY15 (£m)	H1 FY16 (£m)	Change
FUA	634	822	30% ↑
Revenue	0.8	1.7	119% ↑
EBITDA loss	(1.1)	(0.5)	50% ↓

1H FY16: UK Investment management

Smart Investment Management - growing strongly



Established November 2013

Assets under management up 42% on Dec 2014

Outstanding investment performance over 2015 relative to the MSCI benchmark:

- Twice the return at...
- ...half the volatility

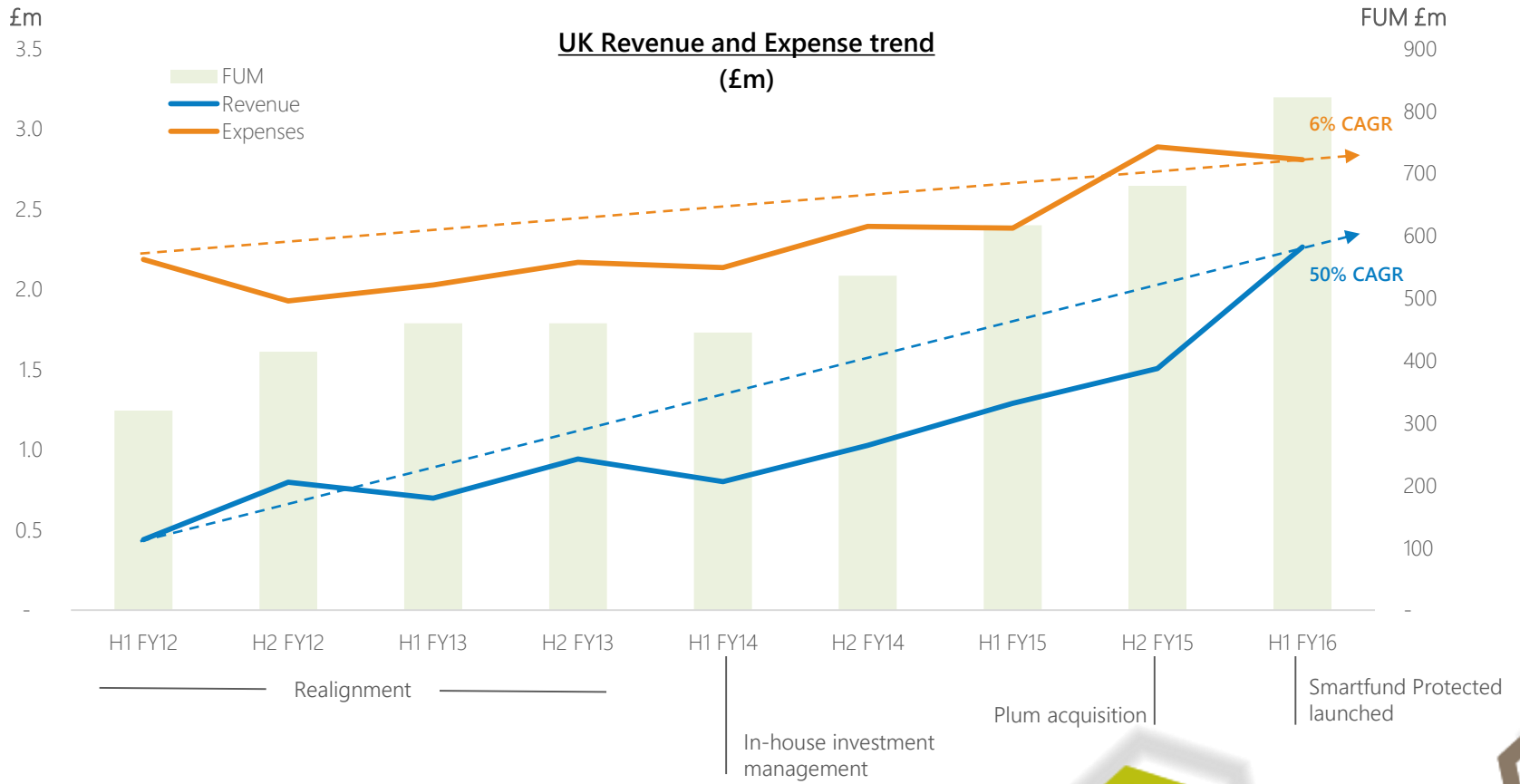
New innovative Smartfund 80% Protected fund

- Launched Sep 2015
- Reached \$56 million by end 2015

Delivering incremental margin and scalability

1H FY16: UK Trend

UK – approaching the inflexion point



Continue to grow funds under administration

- Accelerate on-boarding of SMA clients secured over the past 18 months
- Secure new clients looking to transform their business with a more efficient platform experience
- Secure new model portfolio business for our in-house investment management solution
- Expand distribution channels for the Smartfund 80% Protected range

Continue to invest in product innovation

- Expand platform capability
- Build out the integrated product suite to enhance the client experience
- Continue to invest in retirement products globally
- Add to our world-class development team

Continue to deliver operating leverage

- Increase profitability while continuing to invest in growth
- Drive the UK business towards inflexion
- Consider potential acquisitions that deliver synergies

A leader in a growing industry

Large and growing markets

- Australia is the 3rd largest superannuation market and is forecast to increase 5-fold to \$10 trillion by 2030*
- The UK is the 2nd largest retirement market and expected to expand strongly with pension reform
- The global expat market is large and underserved

Praemium's positioning

- Powerful portfolio reporting and rebalancing
- Australian platform market being disrupted by the shift towards SMA where we are the market leader
- Uniquely placed in the UK and offshore with a next-gen platform solution
- Investing in superannuation products and services

Scalable business

- Growing, recurring revenue with diversified revenue streams
- Highly automated platform with low marginal operating costs

