

ASX Release

Thursday, 25 February 2016

Record growth drives HUB24 performance

HUB24 (ASX: HUB) today announces its results for the half year ended 31 December 2015. Record net inflows of \$668 million (an increase of 85% over the prior corresponding period) have driven significant improvements in the company's financial performance.

Key highlights for the half year are:

- Strong growth in Funds under Administration (FUA) from \$1.70 billion at 30 June 2015 to \$2.37 billion as at 31 December 2015;
- The company became operating cash flow positive on a monthly basis;
- An increase in revenue from ordinary activities of 71%. Platform segment revenue growth of 114% with direct platform expenses increase of 49%;
- Significant financial performance improvements with 179% increase in gross profit, 285% increase in Operating EBITDA¹ and 63% increase in EBITDA² over the prior corresponding period;
- Extension of the company's market leading managed portfolio capabilities to now offer international equity portfolios;
- Platform awards received for 'Best Navigation and User Interface' and 'Best Tablet/Smartphone Access'³;
- Secured agreement with Fortnum Financial Group for large FUA transition.

HUB24 Managing Director Andrew Alcock said: "It is pleasing to see our hard work result in such an impressive growth trajectory of FUA, cementing our position as an industry-leading investment and superannuation platform".

"We are not only attracting more and more independently-minded advisers to our platform, we also announced two new white label agreements in the half year. Our customer base is continually broadening and we expect ongoing growth as we continue to win further white label opportunities" Mr Alcock said.

¹ Operating EBITDA represents revenue less operating expenses in servicing current FUA. It excludes growth resources expensed and other significant items

² EBITDA excludes other significant items

³ Investment Trends December 2015 Platform Benchmarking Report based upon extensive analyst reviews of 22 platforms across 506 functional points

Financial Results

Revenue from ordinary activities for the half year increased 71% to \$20.443 million, up from \$11.973 million reported for the previous corresponding period with 114% increase in recurring platform revenue to \$6.963 million (1HFY15: \$3.247 million).

The company transitioned to be operating cash flow positive on a monthly basis during the half year as demonstrated by positive cash flows from operating activities in November and December 2015⁴. Also, the EBITDA result improved by 63% from a loss of \$2.514 million to a loss of \$0.923 million.

With the Fortnum transition being on track for completion in 2H FY16 the company now expects to have over \$3.0 billion in FUA on the platform by 30 June 2016.

The board of directors wish to advise that Mr Hugh Roberston has notified his intention to retire from the board effective 29 February 2016. Mr Roberston commenced as a director in April 2011 and is currently the longest serving non-executive director of HUB24. The company wishes to thank Mr Robertson for his significant contribution during a period of both transformation and strong growth.

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About HUB24

HUB24 is a financial services company listed on the Australian Stock Exchange (ASX: HUB). The business is focused on the delivery of the HUB24 platform and the growth of its wholly owned subsidiary Paragem. The HUB24 platform supports the achievement of superior superannuation and investment outcomes for investors. It is a next-generation service with state-of-the-art portfolio management, transaction and reporting solutions for licensees, financial advisers, accountants, stockbrokers and institutions. HUB24 is not aligned to any major bank, manager or institution. HUB24 is an independent organisation with award winning technology and a growing number of respected and high profile financial services companies as its customers.

For further information, please visit: www.hub24.com.au

⁴ Not subject to audit