

FY2017 half-year results
Delivering our growth strategy

13 February 2017

Disclaimer

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 (13 February 2017) and is supplementary to the Group's financial results released to the ASX on 13 February 2017.

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.

Integrated technology solution

Investment Platform



Asset-based pricing

Highly scalable SMA platform
London platform servicing UK and offshore, including SIPP
Melbourne platform servicing Australia, including retail superannuation

Portfolio administration & reporting



Subscription-based pricing

Non-custodial reporting portfolio administration system
Strong incumbent position in Aus
Many institutional clients
Excellence in portfolio reporting
SMSF administration and compliance

Our global strategy is to generate recurring revenue from a *fully integrated* solution to the financial advice process

Asset-based pricing

In-house investment management team based in London
Range of multi-asset model portfolios and funds
Unique capital protected "Smartfunds"
Model portfolios on both Australia and London platforms

Subscription-based pricing

Cloud-based CRM and financial planning system
Integrates with V-Wrap and SMA
Based on Microsoft Dynamics CRM
Sales and support hub in Asia



Investment management



CRM & financial planning

Global reach, global scale



- Founded in 2001, now with 9 offices and over 200 staff
- Over 700 clients (including some of the world's largest financial institutions), covering \$80 billion in assets
- Proprietary technology

First half FY2017 highlights

Revenue up 23%
To \$16.4 million



Smart^{im} FUA
up 51%
to \$549 million



EBITDA up
39%
to \$2.6 million



Global SMA FUA
up 29%
to \$5.4 billion



Acquired a UK
pensions
provider

Successful
onboarding of
new V-Wrap
institutional client

Excellent 1st-year
performance for
Smartfund 80%
Protected

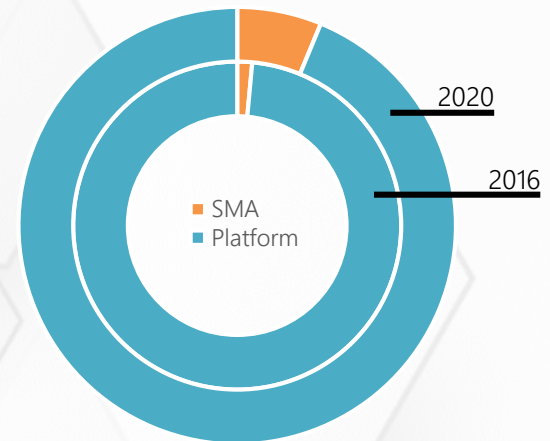
Premium client again won
"Best Adviser Practice using a
Platform" at Schroders UK
Platform Awards

SMA is disrupting financial services

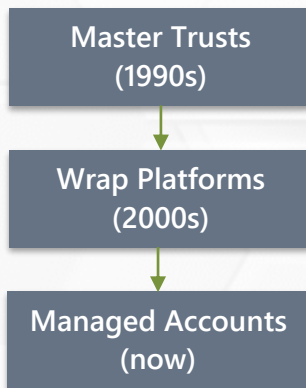
By 2020, Australia platform market FUA to grow*:

- From \$672 billion to \$900 billion
- SMA segment from \$18 billion to \$60 billion at 35% CAGR
- SMAs could deliver 75% of industry net flows

AUS platform market (2016-2020)



AUS platform market \$672 billion today, growing to \$900 billion by 2020*



Market forces driving disruption

- Customer demand for transparency; in particular, SMSFs seeking professional investment management, beneficial ownership and tax advantages
- Evolution of retail brokers to wealth managers
- SMA cost efficiencies further boost financial practice value
- Regulation: loss of platform rebates under FoFA driving new revenue sources
- New entrants with considerable shift away from institutional platforms

Praemium SMA – a proven market leader

Praemium's SMA technology helps advice businesses drive substantial efficiencies at scale



Expanding client base from strong global pipeline driving record growth

Model portfolios

Strategic asset allocation aligned to client attitude-to-risk

Insourced investment management

Beneficial ownership/tax efficiency

Cost effective/transparent

Praemium SMA

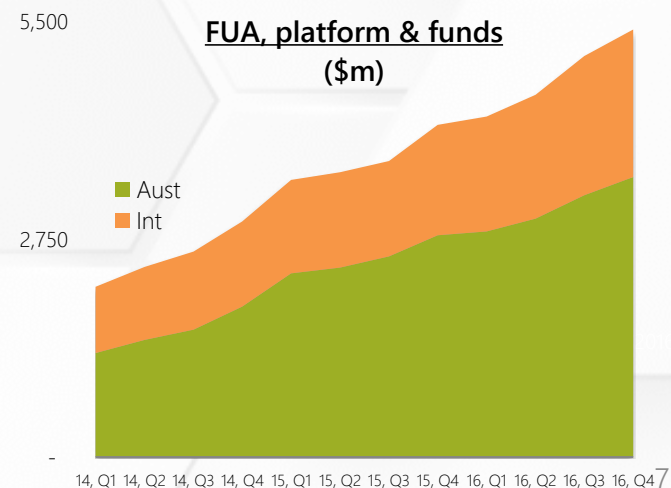
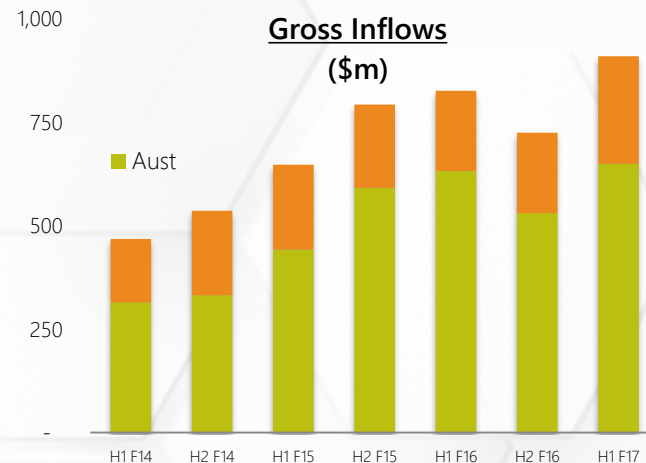
Technology

Dynamic modelling

Auto-rebalancing

Trade aggregation/netting

Accountant-strength reporting



Australia growing strongly

Both SMA and portfolio services growing strongly

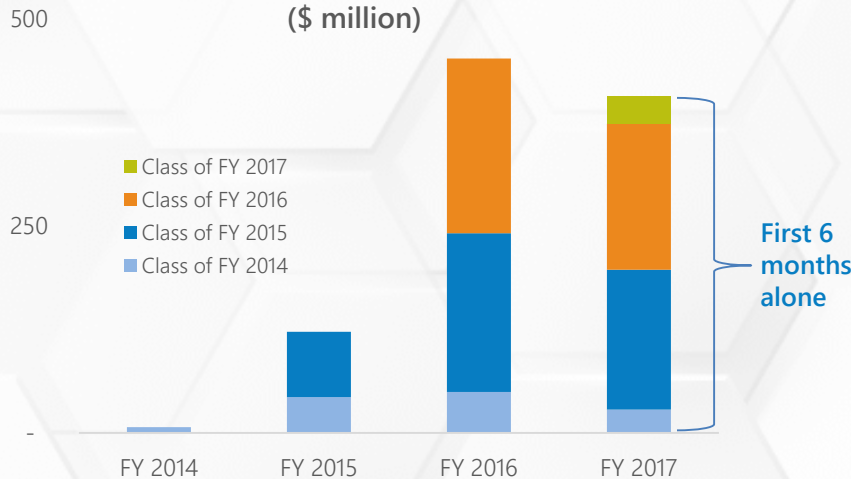
SMA market is expanding quickly now

- Australia SMA platform FUA up 26% to \$3.5 billion
- Praemium continues to experience considerable client enquiries for SMA solutions
- Third robo-advice client secured for 2017 launch
- Retail SuperSMA FUA at \$470 million, or 13% of the Australian SMA, compared to 6% one year ago
- First half inflows by cohort show a continuing acceleration of SMA inflows for Praemium. See below:

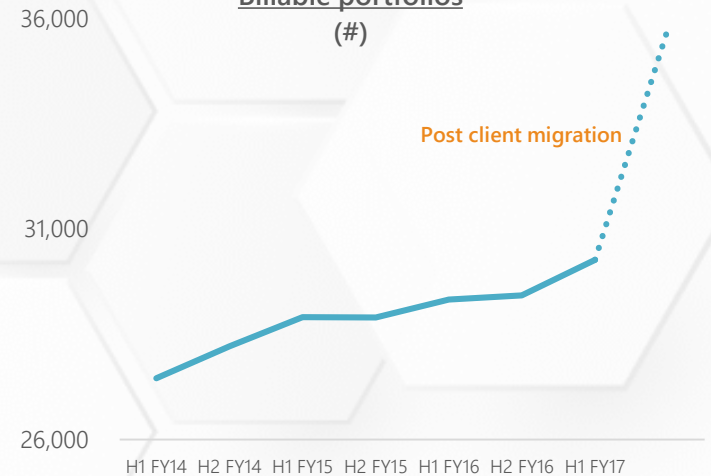
Investment in V-Wrap is paying dividends

- Key new institutional client transition completed on schedule in January 2017
- Major new functionality for performance attribution by asset class
- Powerful new consolidated reporting tools for both SMA and non-custodial holdings
- Planned 2017 launch of a complete SMSF solution that will include administration and accounting

Client inflows by Cohort
(\$ million)

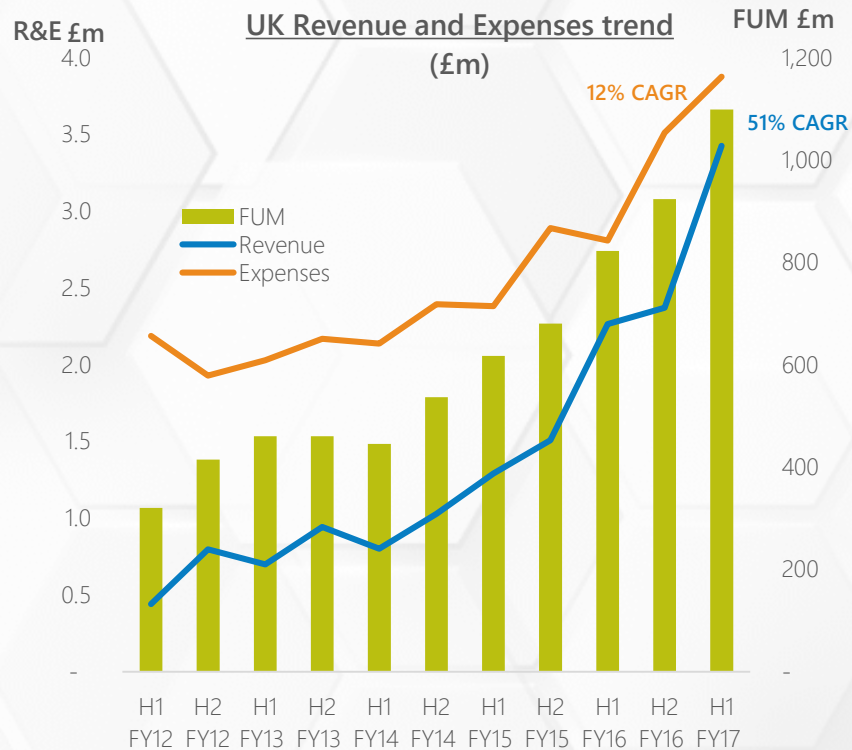


Billable portfolios
(#)



International business nearing profitability

UK strategy starting to deliver



UK business comprises:

- Investment platform for the UK domestic market and the international ex-pat market (covering Europe, the Middle East, Asia and South Africa)
- Smart^{im} investment management offering SMA model portfolios and managed funds
- Plum Software, UK financial planning system
- Wensley Mackay pensions (acquired November 2016)

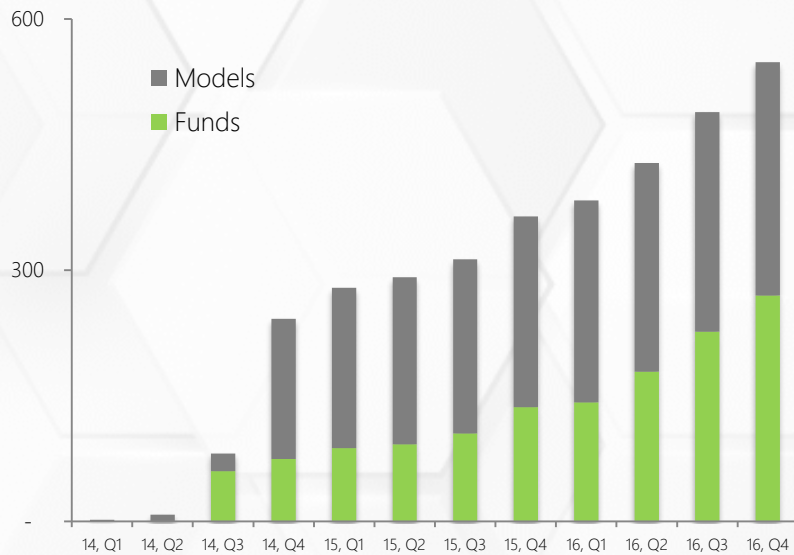
UK approaching inflexion

- Revenue & other income up 51% on pcp*
- Platform and fund FUA up 34% to £1.1 billion
- Smart^{im} FUA of \$549 million adding considerable margin and scalability
- UK business now comprises 34% of total group revenue, compared to 15% three years ago

Investment management team making strides

Capturing more of the value chain

Smart Investment Management FUA (\$m)



In-house investment management

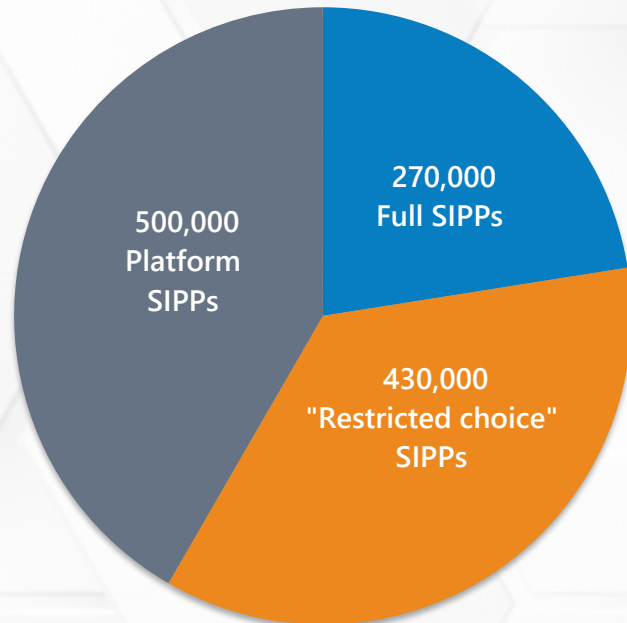
- Highly credentialed team in risk-weighted multi-asset strategies
- Recently invited to the judging panel for the prestigious UK Fund Manager of the Year awards
- Wide range of model portfolios on platform:
 - For UK, international and Australia markets
 - Available in GBP, USD, EUR and AUD
 - Spanning 11 strategic asset allocations

Strong platform and funds management growth

- In-house investment management FUA up 51% to £323 million
- Since launch in September 2015, the innovative Smartfund 80% Protected funds have reached £110 million and are growing strongly

Next area of strategic growth

UK SIPP (Self Invested Personal Pensions) market



Large UK pensions market

- 1.2 million pension plans
- £150 billion FUM
- Market to double by 2020*

Wensley Mackay acquisition

Acquisition details

- Wensley Mackay founded in 1982 and based in Cumbria, England
- SIPP provider with £50 million in assets
- Regulated by the UK Financial Conduct Authority
- Consideration of £600,000 in cash

Strategic rationale

- Praemium had 2 of the 3 key UK investment vehicles: Individual Savings Accounts (ISAs) and General Investment Accounts (GIAs)
- Adding the third vehicle; an in-house SIPP to the platform will drive growth
- Approximately two-thirds of UK household wealth comes from private pension savings
- Facilitates the ability to safely add a sizable, accretive pension book that provides scale and accelerates the path to UK profitability

H1 FY17 financial results

Group Financial Results	H1, FY16 (\$m)	H1, FY17 (\$m)	
Revenue	14.7	17.2	← 23% underlying growth (excl R&D)
Cost of operations	(3.0)	(4.2)	← Higher product commissions
Gross margin	11.7	13.0	
GM %	80%	76%	
Expenses:			
Information Technology	(3.7)	(3.7)	
Sales & Marketing	(2.5)	(2.8)	← Investment in global sales team
General & Admin ⁽¹⁾	(3.7)	(3.9)	
EBITDA (underlying)	1.8	2.6	← 39% growth
D&A ⁽²⁾	(0.4)	(0.4)	
EBIT	1.4	2.2	
Restructure & acquisition ⁽³⁾	(0.2)	(0.5)	← Includes Wensley Mackay acquisition
FX & other ⁽⁴⁾	(0.1)	(0.4)	
NPBT	1.1	1.3	
Tax ⁽⁵⁾	0.2	(0.7)	← Aus segment tax paying
NPAT	1.3	0.6	

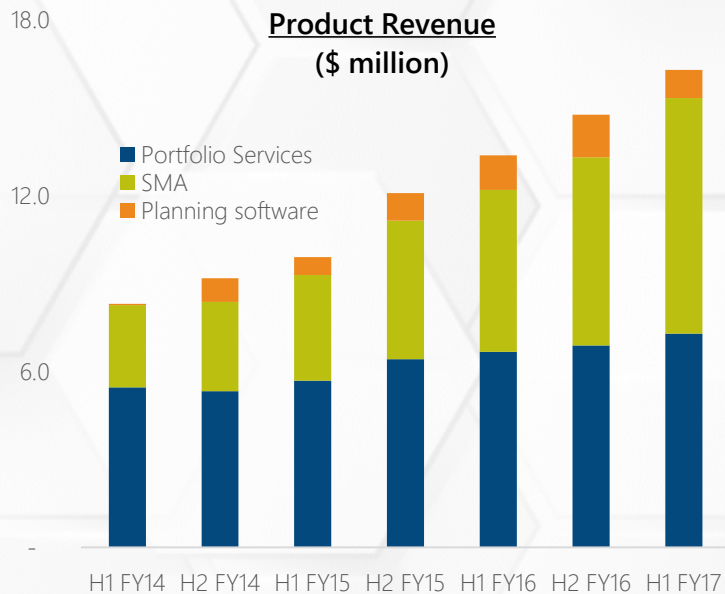
Maintaining growth

- (1) In addition to salaries, G&A includes professional fees (\$0.7m), facilities (\$0.8m), travel (\$0.5m) board & corporate (\$0.3m), IT support (\$0.4m) and performance rights (\$0.2m)
- (2) Depreciation & amortisation includes amortisation of intangibles from SMA & Plum acquisitions
- (3) Costs from Wensley Mackay acquisition and UK / Asia organisational restructures
- (4) Unrealised FX from cash held in foreign currencies (GBP, USD, HKD)
- (5) H1 FY17 AUS tax estimate of \$0.8m (tax expense), less lower FY16 tax payable (\$0.1m benefit)

H1 FY17 revenue by segment

23% underlying revenue growth*

By product...

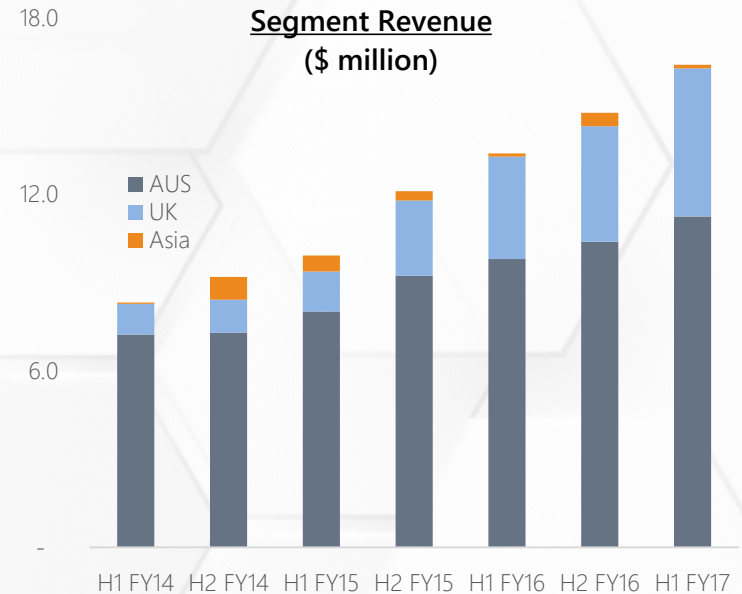


SMA revenue up 45%



Portfolio services revenue up 9%

By region...



UK revenue up 50% (75% in GBP)



Aus revenue up 15%

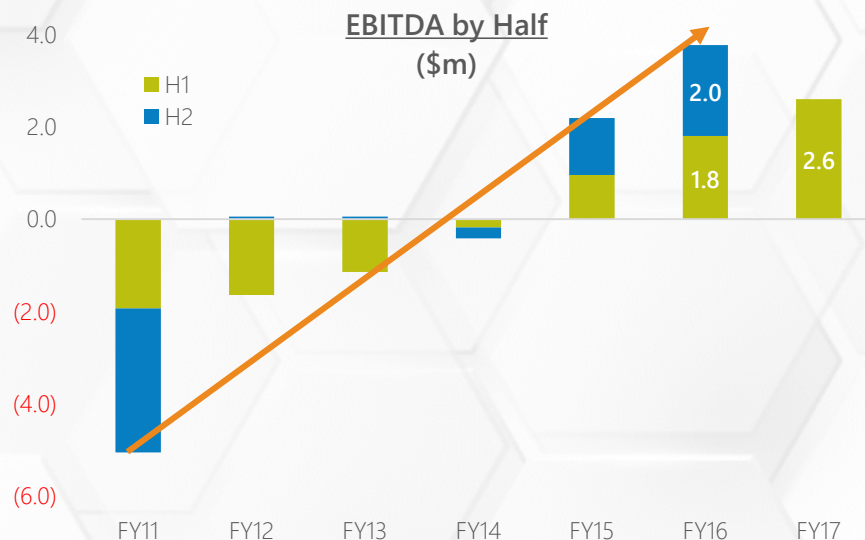
H1 FY17 EBITDA by half

Sixth consecutive half of profit growth

\$m	H1 FY16	H1 FY17	Change \$	Change %
EBITDA (pre R&D)	0.7	1.8	1.1	138%
UK R&D incentive	1.1	0.8	(0.3)	(30%)
EBITDA	1.8	2.6	0.8	39%
EBITDA% to Revenue	12%	15%		

Maintaining profit growth

- EBITDA pre R&D up 138% to \$1.8 million
- Increase in EBITDA margin to 15%
- Managing costs, reducing offshore losses
- Absorbed lower UK R&D from FX movements



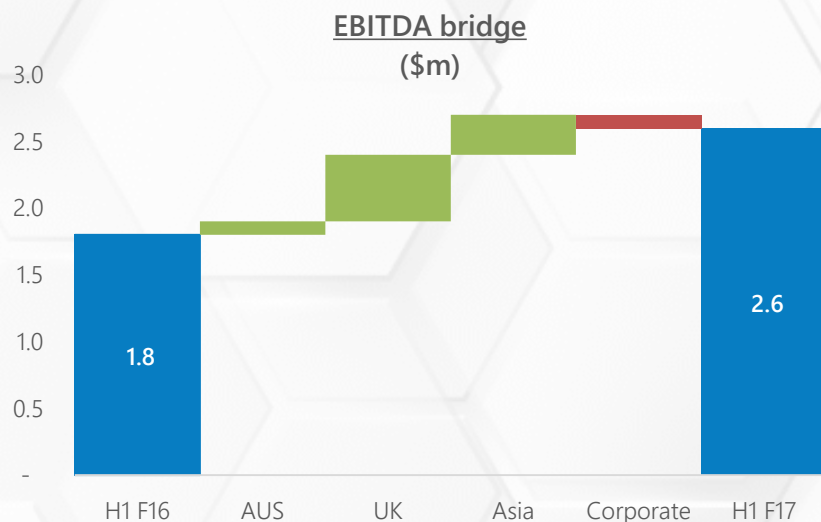
Investing in the future

- Business investment in line with maintaining profit momentum
- Continued R&D investment in proprietary technology
- Investments in product management and sales to drive future earnings growth

H1 FY17 EBITDA by segment

Significant improvement in the international business

H1 FY17 \$m	AUS	UK	ASIA	Corp	Total
Revenue	11.3	5.8	0.1		17.2
Expenses	(6.7)	(6.5)	(0.9)	(0.5)	(14.6)
EBITDA*	4.6	(0.7)	(0.8)	(0.5)	2.6
EBITDA %	41%				15%



EBITDA uplift of \$0.8m comprising:

- UK \$0.5m improvement
- Asia \$0.3m improvement

Australia

- Record inflows for the half
- FUA up 26%
- Revenue up 15%
- \$0.5m increase in sales, marketing and implementation
- Realignment of core R&D to Melbourne and Yerevan

UK

- Record inflows for the half
- FUA up 34% (in £)
- Revenue (ex R&D) up 75% (in £)
- Completed SIPP company acquisition

Asia

- Revenue up 17%
- Cost base to reduce post completion of development phase of large bank WealthCraft CRM program

Looking forward – FY2017

Excellent start to FY17 with record inflows in the first half

Australia platform

- Transition from wrap platforms to SMA to continue to drive growth for Praemium's SMA platform
- Successful implementation of new institutional client to increase V-Wrap portfolios by 20%
- Investment in sales, marketing and implementation resources to accelerate new business take-on
- Smartfund 80% Protected fund to launch in Australia in 2017
- Consolidated R&D to core hubs in Melbourne and Yerevan

International platform

- Expansion of distribution resources in the UK, Channel Islands, Europe and the Middle East
- Smart^{im} expected to continue strong growth
- New in-house SIPP to be offered on UK and international platform in early 2017
- Current acceleration of platform assets combined with SIPP growth strategy to drive the UK business toward profitability

Asia

- Major Hong Kong-based WealthCraft CRM project will be completed in 2017
- Billing of completion milestones plus reduction of R&D cost base are expected to see a significant improvement in Asia profitability during 2017
- Three major new WealthCraft international clients with integrated platform solution to go live in 2017

Global R&D across 2 core hubs plus 3 specialist sites

Appendix: Cashflow

\$m	H1 FY16	H1 FY17
Operating cashflow	0.2	2.7
Tax paid	-	(2.3)
One-off costs	(0.2)	(0.3)
Net Operating Cashflow	0.0	0.1
Acquisition	-	(1.0)
Capex	(0.3)	(0.7)
Regulatory reserves	-	(0.1)
Net Investing Cashflow	(0.3)	(1.8)
Net Cash movement	(0.3)	(1.7)
Opening cash	11.5	10.4
Unrealised FX	-	(0.5)
Closing cash	11.2	8.2

Operating cashflows

- Now tax paying on AUS profits (FY16 in full, plus FY17 provisional)
- One-off costs include restructure payments

Investing cashflows

- Acquisition of Wensley Mackay
- Upgrading capital infrastructure plus UK office move
- Regulatory reserve to support SuperSMA growth

Unrealised FX

- Impact of Brexit on GBP-held currency with sharp appreciation of AUD from June 2016

Appendix: Balance sheet

\$m	Jun'16	Dec'16
Cash	10.4	8.2
Receivables	5.3	6.1
Intangibles	4.3	4.7
Other assets	3.3	3.9
Assets	23.3	22.9
Tax liabilities	2.0	0.5
Other liabilities	5.1	5.5
Liabilities	7.1	6.0
Net Assets	16.2	16.9

Solid balance sheet to fund growth

- \$8.2 million in cash reserves following Wensley Mackay acquisition and tax payments
- Increase in receivables from higher H1 billing, plus UK R&D accrual
- No debt
- H1 FY17 company tax payable \$0.5 million, with franking credits now being earned