

## Praemium's FY2017 profit a new record

**14 August 2017, Melbourne:** Praemium is pleased to provide its annual results for the financial year ending 30 June 2017. Key highlights include:

- 54% increase in underlying\* earnings before interest, tax, depreciation and amortisation (EBITDA) to a record \$6.3 million, compared to \$4.1 million in the previous year;
- 17% increase in revenue and other income to \$35.4 million; and
- 28% growth in funds under administration to a record \$6.1 billion.

RESULTS SUMMARY	FY2017 \$000	FY2016 \$000	Change \$000	Change %
Revenue & other income	35,398	30,219	5,179	17%
Expenses	29,061	26,107	2,954	11%
<b>EBITDA (underlying)*</b>	<b>6,337</b>	<b>4,112</b>	<b>2,225</b>	<b>54%</b>
<b>Net Profit before Tax</b>	<b>2,219</b>	<b>1,563</b>	<b>656</b>	<b>42%</b>
Tax Expense	1,531	784	747	95%
Net Profit / (Loss) after Tax	688	779	(91)	(12%)
Earnings per Share	0.2	0.2	-	(5%)
<b>Cash</b>	<b>8,983</b>	<b>10,426</b>	<b>(1,443)</b>	<b>(14%)</b>
Net Assets	17,093	16,240	853	5%
<b>Operating Cashflow</b>	<b>1,538</b>	<b>978</b>	<b>560</b>	<b>57%</b>

\*Underlying EBITDA excludes restructure and acquisition costs of -\$2.1 million (2016: -\$0.7 million), share based payments of -\$0.6 million (2016: -\$0.4 million) and foreign exchange movements of currencies held on deposit of -\$0.5 million (2016: -\$0.6 million), as detailed in Note 20 of the attached annual report.

Commenting on the full-year results, CEO Michael Ohanessian stated, "I am pleased to say that we have again delivered solid financial performance in both our Australian and International businesses. Our track record of strong year-on-year growth has continued uninterrupted for the past 5 years.

"Despite a period of disruption and uncertainty, our dedicated management and staff have delivered a number of key achievements in the 2017 financial year. This is a great testament to our people and the strength of our vision."

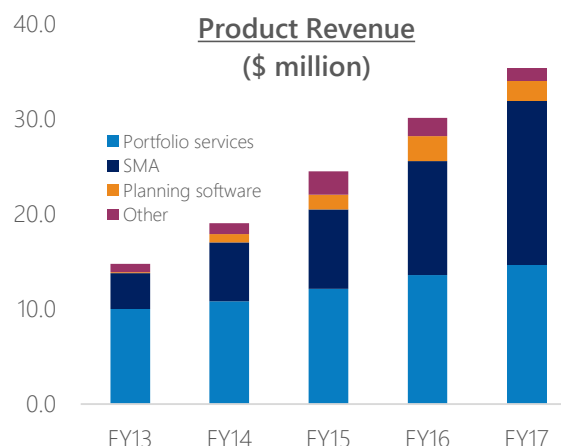
Key achievements include:

- Record asset inflows of \$1.9 billion, up 24% on the prior year;
- Entering the UK pension market by acquiring SIPP business (Self-Invested Personal Pension) Wensley Mackay;
- Subsequently launching a Praemium SIPP on the International platform;
- Launching a UK IMA (Individually Managed Account);
- Piloting a full SMSF portfolio service for Australian SMA clients; and
- Successfully transitioning a major institution's clients to the Praemium Portfolio service.

## FY2017 Results

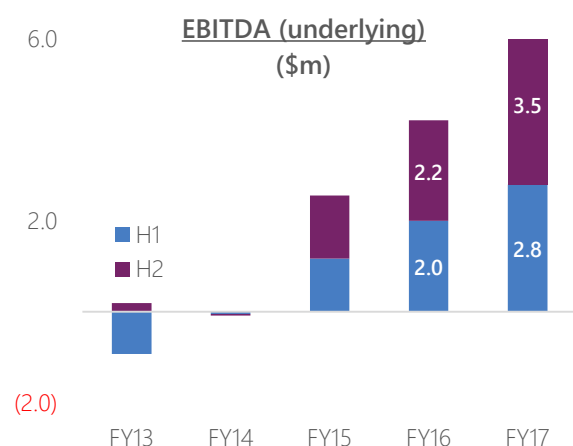
The group achieved **revenue and other income growth of 17% to \$35.4 million**, due to:

- Global investment platform revenue increasing 44% to \$17.2 million, driven by FUA on Praemium's SMA platforms reaching a record \$6.1 billion; and
- Portfolio services revenue up 8% to \$14.7 million, from a 20% increase in billable portfolios for Praemium Portfolio, our administration and reporting software (formerly V-Wrap).



Gross margin improved to 79.3%, compared to 78.9% in the prior year, as the business continued to enhance its operating leverage through increasing recurring revenue streams.

The Company recorded **underlying EBITDA of \$6.3 million, a 54% increase** compared the previous year. Underpinning this result was:



- Record EBITDA for the Australian business segment of \$10.6 million, with an EBITDA margin of 46%; and
- A 33% improvement in the UK business segment with EBITDA loss down to \$2.2 million, driven by revenue in GBP up 26%, while expenses increased by 13% highlighting the business' improving scalability as it nears profitability.

Refer Note 20 of the attached annual report for the reconciliation of underlying EBITDA.

The Company has reported Net Profit Before Tax (NPBT) of \$2.2 million, a 42% improvement from the prior year, and NPAT of \$0.7 million, which is 12% lower than FY2016 as a result of a higher tax expense for Australian company profits.

The Company also recorded positive operating cashflows of \$1.5 million for the year to 30 June 2017, a 57% improvement. Strong underlying cashflows of \$6.5 million, reflecting improving operating leverage, were used to pay \$3.1 million in Australian company tax (FY16 and FY17 periods) and absorb non-recurring costs, including \$1.0 million for expenses incurred by the former board in terminating the CEO and defending the subsequent shareholder requisition which led to their removal.

Closing cash reserves were \$9.0 million at 30 June 2017, with the Company retaining strong cash reserves to support its strategic objectives and continuing investment in the business.

## The year ahead

CEO Michael Ohanessian commented, "Our strategic focus on managed accounts (both SMA and IMA) is bearing fruit as financial advisers adapt to evolving investor and business requirements. Clients who have adopted our SMA platform are seeing greater productivity (and hence profitability) and are delivering a better and more cost-effective investor experience. Our ability to deliver best-in-breed managed accounts platform technology in Australia, the UK and to the international ex-pat market places us in a strong competitive position, a position we intend to build upon.

"Following a record year for platform inflows in FY2017, the new year has started strongly both in Australia (FUA now \$4.15 billion) and internationally (FUA now £1.37 billion). With an expanding client base from a strong global pipeline and enhanced product range, we believe that Praemium as the SMA leader with the best reporting and rebalancing capability is ideally placed, and, based on the pipeline of new business, we expect our SMA to accelerate.

"Our strong and supportive client base and diverse revenue streams (in both product and geographic terms) are a great strength of our business. The Australian business is growing and profitable and our international business is exhibiting strong operating leverage which will drive improving financial performance.

"I particularly want to thank our highly professional, talented and dedicated employees for their hard work during the year, and look forward to continued success in the year ahead."

Additional financial information is provided in the attached Annual Report, Investor Presentation and Appendix 4E: Preliminary Final Report.

**About Praemium (ASX: PPS):** 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 \$100 billion in funds globally, and currently provides services to approximately 700 financial institutions and intermediaries, including some of the world's largest financial institutions. For further information contact: Mr Paul Gutteridge, Company Secretary +613 8622 1222