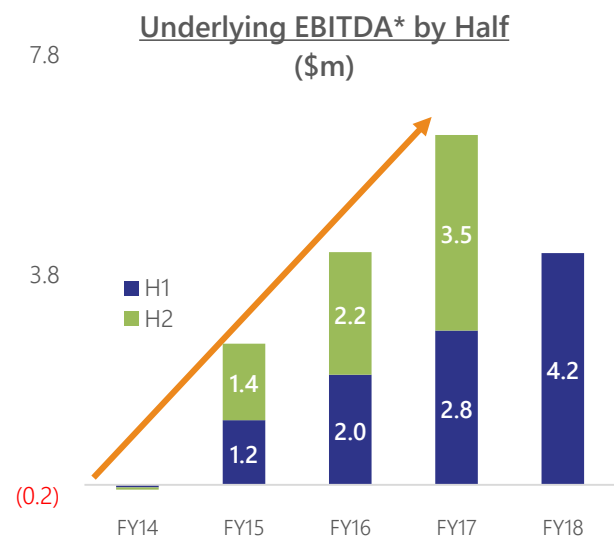
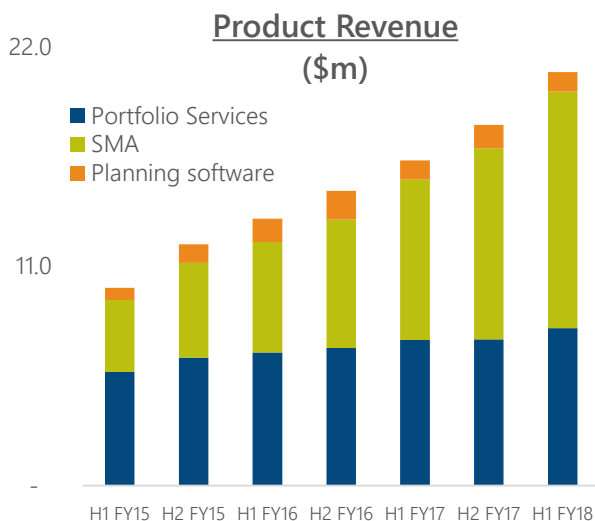


## Praemium's H1 FY2018 results a new record

12 February 2018, Melbourne: Praemium is pleased to provide its financial results for the half year ending 31 December 2017. Financial highlights for the period were:

- Record gross inflows of \$1.5 billion for the half;
- 21% increase in FUA to a record \$7.4 billion;
- 25% increase in revenue and other income to \$21.5 million;
- Record underlying\* EBITDA of \$4.2 million, a 51% increase on H1 FY17; and
- The 8<sup>th</sup> consecutive half of profit increase.



### Highlights

The Company continued investments to support revenue-generating opportunities and delivered a number of strategic initiatives in the half, including:

- Launch of digital acceptance for SMA account opening;
- Launch of international models for the Australian SMA;
- Launch of an admin service for non-custodial clients;
- Delivered compliance updates for the European Union's MiFID<sup>^</sup> II regime;
- Expanded the investment menu by 60%;
- Launched an online platform for Self-Invested Personal Pension (SIPP) account opening; and
- Expanded the R&D, product and sales functions.

Additional financial information is provided in the Half-Year Report and Investor Presentation.

\*Underlying EBITDA is detailed at Note 2 of the attached half-year report.

<sup>^</sup>Markets in Financial Instruments Directive

## Australia

Revenue increased by 21% on the first half of FY2017. Record inflows to the SMA investment platform resulted in a 44% increase in SMA revenue, while portfolio services revenue increased 8% from higher Portfolio numbers and growth in services to institutional clients.

Australian EBITDA increased 19% to \$5.7 million, compared to \$4.8 million for the first half of FY2017. EBITDA margins were consistent to the prior period at 42% of revenue. The Company added to sales & marketing to support the considerable pipeline of new business and accelerating inflows, and to client services to deepen client engagement. R&D investment in proprietary technology was also accelerated this half, with \$0.6 million to expand our platform offering capitalised for the first time.

## International

UK revenue and other income grew 34%, resulting in a 43% reduction in EBITDA losses to \$0.4 million. Funds under administration (FUA) was up 36% over last year to \$2.54 billion, with assets managed by Smart Investment Management up 47% to \$822 million. Gross inflows in 2017 of £447 million (\$822 million) were 63% higher than 2016. Net revenue growth of 36% CAGR over 3 years compares favourably to 13% for expenses.

Asia's EBITDA loss decreased by 18% to \$0.6 million with the completion of the testing phase of the major Hong Kong-based CRM project. Reduction of its R&D cost base and recurring licence revenues are expected to see a significant improvement in Asia profitability through 2018.

## Looking forward

CEO Michael Ohanessian stated, "I am pleased with the financial improvement across all of our core markets in the half. Revenue growth of 25% helped fund further investments in growth while still delivering a record profit outcome. The decision to expand our global technology development team reflects our commitment to building highly efficient, integrated solutions that we believe will accelerate growth in the years to come.

"An exciting example of our investment in technology was the release of digital acceptance for paperless account-opening enabling advisers to open new accounts in under two minutes. Digital acceptance was used in the recent pilot of international models for the Australian SMA which will deliver direct access to quality global investment opportunities in a cost-effective manner and which leverages Praemium's excellence in reporting. For our clients that rely on our market-leading Portfolio reporting and analytics capabilities, we also launched a value-added service to provide cost-efficient administration of non-custodial assets.

"Internationally, to support our UK pensions strategy, we created an on-line account opening process for our SIPP product. We hope to announce further investments in UK pensions in 2018. We continue to move closer to break-even with overall FUA up 36% compared to December 2016. We are particularly optimistic about the potential future growth of our innovative protected Smartfunds, especially in the Gulf Cooperation Council (GCC) where we are seeking approval to promote these funds. We remained focused on maintaining our strong momentum to drive the international business toward profitability."

**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 475,000 investor accounts covering approximately \$100 billion in funds globally, and currently provides services to approximately 800 financial institutions and intermediaries, including some of the world's largest financial institutions.

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