

Company announcement

27 February 2018

Netwealth posts strong half year result following successful IPO

Following the successful ASX listing on the 20th of November 2017, Netwealth Group Limited (ASX: NWL) today announced strong and consistent growth with a pro forma net profit after tax ("NPAT") of \$14.1M representing a 59.3% improvement on the prior corresponding period ("PCP") of \$8.8M.

Funds Under Administration ("FUA") increased 21% or \$2.7B for the 1H 2018 and 58% (\$5.7B) for the calendar year December 2017 and net inflows were \$1.8B for 1H 2018 and \$4.5B for calendar year ended December 2017.

The Netwealth Managed Account experienced strong growth in 1H 2018 with Funds Under Management ("FUM") growing to \$1.4B representing an increase of \$0.7B or 107% on PCP.

Based on continuing current economic and financial market conditions, and key assumptions including netflows, transaction volumes and ancillary fees, Netwealth expects to achieve FY18 NPAT of 3-5% above prospectus forecast.

| | 1H 2018 Actual | 1H 2017 Actual | Change 1H 2017 | % Change 1H 2017 |
|----------------------------|-------------------|-------------------|-------------------|------------------------|
| Platform revenue | 39.8 | 28.7 | 11.2 | 38.9% |
| Other income | 0.7 | 0.3 | 0.3 | 100.3% |
| Total income | 40.5 | 29.0 | 11.5 | 39.7% |
| Employee benefits expenses | 13.6 | 10.9 | 2.8 | 25.3% |
| Other costs & expenses | 6.4 | 5.1 | 1.3 | 26.7% |
| Total expenses | 20.0 | 15.9 | 4.1 | 25.7% |
| EBITDA | 20.5 | 13.1 | 7.4 | 56.7% |
| EBITDA margin | 50.5% | 45.1% | 5.5% | |
| NPAT | 14.1 | 8.8 | 5.2 | 59.3% |
| NPAT margin | 34.7% | 30.4% | 4.3% | |

Note - Amounts are in millions and prepared on a pro-forma basis consistent with the prospectus

Commenting on the results Michael Heine, Joint Managing Director of Netwealth said:

"We are very pleased with the growth of the business and our successful IPO in 2017. The Netwealth team continues to do a great job delivering on our strategy to provide market-leading technology and service and this is reflected in our share of industry flows and profitability which are both at an all-time high."

He continued:

"We would also like to thank all our clients who remain at the core of our success."

[ENDS]

For further information

This media release should be read in conjunction with the corresponding [Half year Report for the half year ended 31 December 2017 \(1H 18\)](#). All documents are available on the Netwealth Shareholder website: <https://www.netwealth.com.au/web/about-netwealth/shareholders/>

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About Netwealth

Netwealth is a financial services company listed on the Australian Stock Exchange (ASX: NWL).

Founded in 1999, Netwealth was established to provide astute investors and wealth professionals with a better way to invest, protect and manage their current and future wealth. As a business, Netwealth seeks to enable, educate and inspire Australians to see wealth differently and to discover a brighter future.

Netwealth offers a range of innovative portfolio administration, superannuation, retirement, investment and managed account solutions to investors and non-institutional intermediaries including financial advisers, private client and high net worth firms.

Netwealth's award-winning platform is currently rated Australia's Number 1 Platform for overall functionality and overall satisfaction* providing wealth professionals with the technology required to efficiently manage and add value to their clients.

*Investment Trends May 2017 Planner Technology Report and Investment Trends December 2017 Platform Benchmarking Report.