

Praemium's FY2020 annual results

Growth in challenging times

14 August 2020, Melbourne: Praemium is pleased to provide its financial results for the full year ending 30 June 2020, with the Company's resilient business model achieving revenue and earnings growth despite the impact of global headwinds.

Key achievements:

- » 26% increase in global Funds Under Administration (FUA) to \$20.3 billion
- » 14% increase in revenue and other income to \$51.2 million*
- » 25% increase in underlying EBITDA to \$14.2 million*
- » Net profit after tax of \$4.9 million, a 91% increase on FY2019*

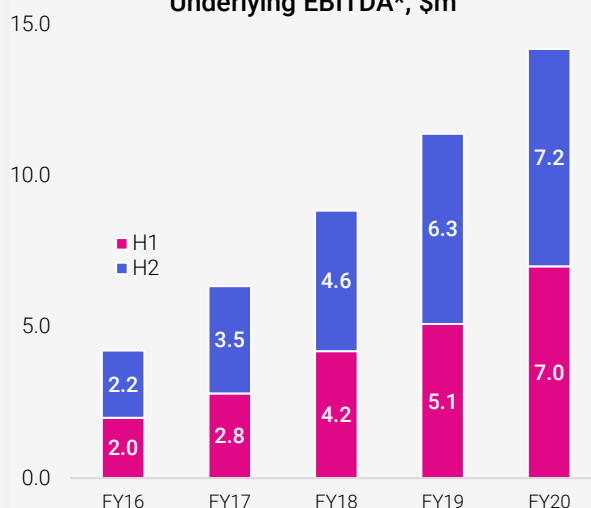
Highlights

- » Record gross platform inflows of \$3.3 billion, up 9%
- » Record net International inflows of \$767 million, up 51%
- » VMAAS FUA up 73% to \$11.4 billion
- » Billable VMA portfolios up 10%
- » Australian retail super FUA up 22%
- » UK pension schemes up 53%
- » WealthCraft software licences up 5%
- » International launch of upgraded platform and *insights* AI capability

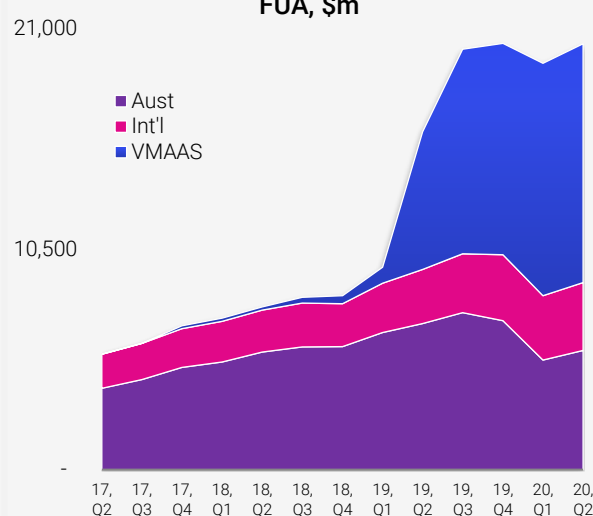
Accolades

- » Australia: Debuted 4th in *Investment Trends* 2019 Platform Competitive Analysis and Benchmarking Report
- » UK: Debuted 2nd in the lang cat's Platform Market Scorecard
- » International: *Global International Platform of the Year* winner at the International Adviser Global Financial Services Awards
- » UK: *Best Innovation* winner at the City of London Wealth Management Awards
- » Australia: Winner of Financial Standard's *2020 MAX Digital Campaign of the Year Award*

Underlying EBITDA*, \$m



FUA, \$m



* Refer to the Financial Summary table for further detail. Underlying EBITDA is detailed at Note 20 of the Annual Report

Summary

Praemium has reported improved financial results despite a number of challenges across the 2020 financial year. These included a global market downturn following the COVID-19 pandemic, the transition of a major Australian platform client and outflows from the run-off of the Smartfund 80% Protected range of funds.

Praemium's Australian business segment again delivered an increase in financial performance, with revenue up 11% over FY2019 to \$38.8 million from growth in both platform and portfolio reporting and administration. Excluding the client transition, net inflows for the Australian integrated managed accounts platform increased 68% to \$1.0 billion. Australia EBITDA increased 20% to \$18.1 million, compared to \$15.2 million for FY2019 from improved gross margins and expense management. EBITDA margins were 47% of revenue, down from the prior year's 48%.

The International platform also delivered record inflows, with gross inflows of \$1.2 billion, up 62% on the prior comparable period and net inflows of \$767 million, up 51%. International platform FUA closed at \$3.2 billion as at 30 June 2020, a 25% improvement over last year.

International net revenue increased 1% for the year to \$11.8 million. The UK business was impacted by declines in global equity markets and outflows in the Smartfund range of managed funds. This was offset by growth in planning software revenue, with revenue increasing 7% to \$2.3 million from a 5% uplift in users over the past 12 months. Expenses were up 1% from continued cost management. As a result of these challenging conditions, International's EBITDA loss increased by 5% to \$2.8 million, comprising UK's EBITDA loss of \$1.9 million and Asia's EBITDA loss of \$0.9 million.

In FY2020, Praemium continued its development of product and technology solutions which included the UK release of the integrated managed accounts platform, new adviser portal and the innovative artificial intelligence capability, *Insights*.

Looking forward

On 9 July 2020 Praemium announced it had entered into a bid implementation agreement, under which it is proposed to make an off-market conditional takeover bid for the remaining issued fully paid ordinary shares it does not currently own in ASX-listed Powerwrap. The acquisition of Powerwrap would complement Praemium's growth strategy and product suite, and the merger of these two companies will create a financial platform business with combined FUA of over \$28 billion. The transaction, if completed, is expected to deliver significant synergies and further updates will be provided to shareholders as the offer process progresses.

CEO Michael Ohanessian stated, "What a year 2020 is turning out to be. FY2020 has been a year of investment in our capabilities, people and technology infrastructure across all our offices and products. FY2020 was arguably our most productive in terms of technology and product development. Despite some headwinds, the year ended with \$20.3 billion of assets under administration, a 26% increase over last year.

"Several key strategic initiatives introduced in 2019 began to deliver results in 2020. Having launched a highly competitive full-service platform, we took the next logical step with a significant uplift in sales & marketing. While still early, having a larger sales team to cover the global markets that we address showed promising results in FY2020.

"Our prospects for growth are very exciting as more advisers become aware of the unique capabilities that our integrated managed accounts platform can provide. In addition to the efficiency gains for advisers from using the Praemium platform, we are also seeing great interest in the benefits of our first-to-market artificial intelligence application that helps advisers with client retention. This has become ever more critical in a volatile environment with investors naturally anxious about the long-term impacts of this unprecedented pandemic.

"In July 2020, the Company also announced an off-market takeover bid for Powerwrap, with the support of the Powerwrap board. This is an exciting opportunity, as the merger of these two companies will create a financial platform business with combined FUA of over \$28 billion and will put the Company in an even stronger position in a highly competitive market.

"Praemium is a special business with innovative technology, great people and a huge addressable market. I want to thank our shareholders and our board for their support. And most importantly, I want to thank our incredible employees for the way they have stepped up during this difficult time to ensure we continue to deliver high levels of service to our clients. I feel very lucky to be working with such a great team."

Financial summary

Key financial metrics (\$m)	FY2020 Reported	FY2019 Reported	% change
Revenue and other income ¹	51.2	45.1	14%
Expenses	37.0	33.7	10%
EBITDA (underlying)²	14.2	11.4	25%
EBITDA margin	28%	25%	
Profit before tax	7.7	5.4	42%
Tax expense	2.8	2.9	(1%)
Profit after tax	4.9	2.5	91%
Earnings per share (cents)	1.2	0.6	89%
Cash	15.9	13.7	16%
Net Assets	30.6	23.6	30%
Operating cashflow	12.1	6.2	95%

FUA (\$m)	FY2020	FY2019	\$ change	% change
Australia Platform	5,684	6,958	(1,274)	(18%)
International Platform ³	3,226	2,574	652	25%
Total Platform FUA⁴	8,910	9,532	(622)	(6%)
VMAAS ⁵	11,376	6,557	4,819	73%
TOTAL FUA	20,286	16,089	4,197	26%

Notes:

¹ Other income as outlined in Note 4 of the financial statements

² Underlying EBITDA, as detailed in Note 20 of the attached annual report.

³ International FUA in GBP at 30 June 2020 is translated at spot rate of 0.5586 (2018: 0.5535).

⁴ Platform FUA includes SMA (Separately Managed Account) professionally managed model portfolios and IMA (Individually Managed Account) bespoke portfolios with single assets.

⁵ VMAAS comprises FUA under our non-custodial VMA Administration Service.

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

This announcement is authorised by the Board of Praemium Limited

For further information contact Paul Gutteridge, Company Secretary, Ph: 1800 571 881

About Praemium (ASX: PPS): Praemium is a global leader in the provision of technology platforms for managed accounts, investment administration and financial planning. Praemium services in excess of 300,000 investor accounts covering over \$140 billion in funds globally for more than 1,000 financial institutions and intermediaries, including some of the world's largest financial institutions.

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