

25
AUG
2020

FY20 RESULTS PRESENTATION

HUB²⁴

At HUB24 we make a difference in our **customers'** lives by connecting them to innovative solutions that create better investment outcomes

HUB²⁴

HUBCONNECT

agility
APPLICATIONS

Paragem

FINANCIAL HIGHLIGHTS FY20



\$74.3m

37%

Platform Revenue



\$28.7m

59%

Platform Underlying
EBITDA³



\$24.7m

60%

Group Underlying
EBITDA



38.6%

Up from
33.3%
in FY19

Platform Underlying
EBITDA margin³

Underlying NPAT³

\$10.1m Up 49%

Statutory NPAT³

\$8.2m Up 15%

FUA at 30 June 2020

\$17.2bn Up 34%

FUA now \$18.5bn as
at 21 August 2020⁴

Final Dividend

3.5cps up 35% PcP
Fully franked

KEY MESSAGES

Target FUA now
\$28-32 billion
for FY22¹

- Continued strong business growth and increasing financial performance
- Creating new business opportunities from leadership in technology, product & customer focus
- Delivering on our strategy whilst maintaining momentum
- Managed Portfolio leadership & innovation is continuing
- Demonstrating our strength, resilience & market-leading solutions in the context of COVID-19 challenges
- Providing excellent customer service & support
- Positioning HUB24 for the future



Highlights



Financial results



Outlook



Additional information



FY20 REVIEW



BUSINESS HIGHLIGHTS

ANDREW ALCOCK

Managing Director

BUSINESS HIGHLIGHTS



Maintaining our focus on our customers and our people during COVID-19



Industry awarded & recognised



Continued strong pipeline

- Institutions
- Boutiques
- Aggregators



Maintaining 2nd place quarterly & annual net flows



Market-leader in managed portfolios¹



Maintaining momentum and progressing strategic initiatives



\$4.95bn Record annual net inflows



Expanded distribution footprint



Launched HUBconnect adviser experience to pilot



13 new Paragem Practices onboarded



Advice documentation compliance tool in pilot



2066 advisers using the platform
105 new licensee agreements signed

CONTINUING TO GROW WHILE ADAPTING TO COVID-19

Business impact



- ➔ Record net inflows of \$1.1bn for a June quarter after a slow start in April and record annual net inflows of \$4.95 billion despite the impact of the pandemic
- ➔ Volatility and significant negative market movement during 2H20 with impact of \$1.1 billion FUA¹
- ➔ Growth in number of advisers using the platform of 110, 34 new licensee agreements signed during June quarter
- ➔ Maintained strong and growing pipeline as drivers for selecting the HUB24 platform continue
- ➔ Lower interest rates have impacted revenue, offset partially by higher trading volumes
- ➔ The company has not entered into any deferred payment arrangements and has not received any government or third party concessions
- ➔ Profitability continues to increase with 2H20 Underlying EBITDA up 11% from 1H20

Though the impact of the pandemic remains uncertain, HUB24 is continuing to grow, our business is robust, we have demonstrated our product capabilities and operational strength resulting in customer advocacy.

Supporting our customers and our team



- ➔ Operations seamlessly transitioned to working remotely without business interruption and client impact
- ➔ Service levels maintained & exceeded in context of materially increased trading volumes & customer enquiries
- ➔ During market volatility our platform delivered value for clients with efficient rebalancing & tax optimisation
- ➔ Distribution team actively supporting advisers to assist them to leverage platform capability and work remotely
- ➔ Delivered product & service enhancements to help advisers adapt and offer choice for implementing new legislation
- ➔ Timely payment of early super release requests (minimal FUA impact)

HUB24 CONTINUES TO BE RECOGNISED BY THE INDUSTRY FOR FUNCTIONALITY & CUSTOMER SERVICE



1st Managed Accounts Functionality 2016, 2017, 2018, 2019¹



1st Product Offer & integration²



Equal 1st Platform Service²



2nd Adviser satisfaction³



2nd Adviser advocacy³



Ranked Top 2 in 17 out of 25 categories³



2nd Platform Net Promoter Score⁴

HUB24 LEADS THE MARKET IN MANAGED PORTFOLIOS, AND IS CONTINUING TO INNOVATE

Industry awarded & recognised



- ➔ 1st Managed Accounts Functionality¹
- ➔ 1st Managed Account reach²
- ➔ 1st Managed Accounts Primary relationships²
- ➔ Highest Adviser Satisfaction Managed Accounts functionality²

Demonstrating value in current market conditions



- ➔ Efficient & consistent portfolio rebalancing
- ➔ Tax optimisation delivering real benefits
- ➔ Transaction cost savings
- ➔ Delivering new research which demonstrates the power of HUB24 capability
- ➔ Commencing market campaign to quantitatively highlight the client benefits of HUB24's managed portfolios

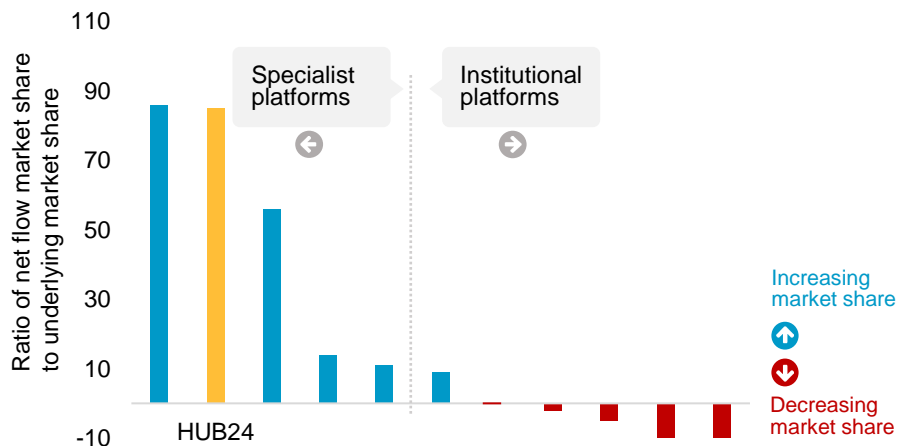
We're providing the market's leading solution



- ➔ Extensive choice with 108 new managed portfolios added in FY20
- ➔ Investing to unlock further client value & extend market leadership
- ➔ Increased trading security in ManagerHUB
- ➔ Enhanced portfolio research for advisers & investors
- ➔ Streamlining managed portfolio structure to a managed investment scheme (MIS)

MAINTAINING MOMENTUM IN MARKET SHARE & NET FLOWS

PLATFORM PROVIDERS NET FLOW SHARE TO UNDERLYING MARKET SHARE RATIO



➔ HUB24 market share has grown from 1.3% to 1.9%¹

HUB24 NET FLOWS RANKING IN \$ TERMS

	ANNUAL	QUARTERLY
	Rank	Rank
Mar - 20	2	2
Mar -19	2	2
Mar-18	4	3
Mar-17	5	5

➔ Maintaining our No.2 position for quarterly & annual net flows¹



FINANCIAL RESULTS

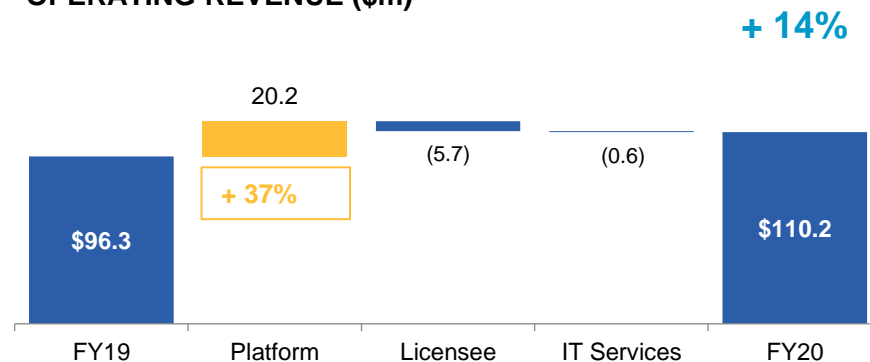
DEBBIE LAST

Interim Chief Financial Officer

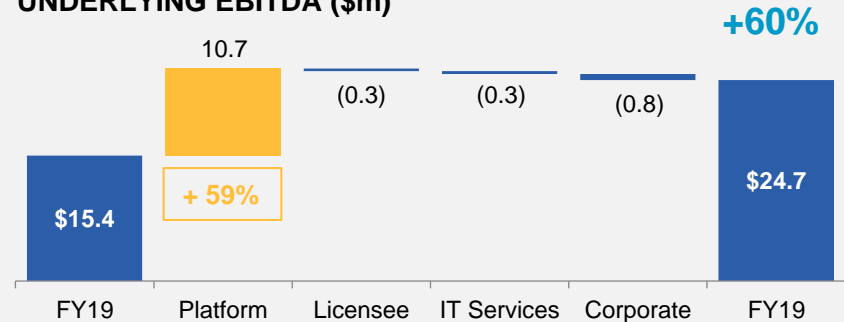
GROUP FINANCIAL RESULTS

	FY20	FY19	Change
	\$m	\$m	%
Group operating revenue	110.2	96.3	14%
Direct costs	(49.9)	(50.8)	(2)%
Gross profit	60.9	46.1	32%
Gross profit margin (%)	55%	48%	7%
Operating expenses ¹	(36.2)	(30.7)	18%
Underlying EBITDA ^{1,2}	24.7	15.4	60%
Underlying EBITDA margin (%)	22%	16%	6%
EBITDA ¹	20.4	13.4	52%
Underlying NPAT ³	10.1	6.8	49%
Statutory NPAT	8.2	7.2	15%

OPERATING REVENUE (\$m)



UNDERLYING EBITDA (\$m)

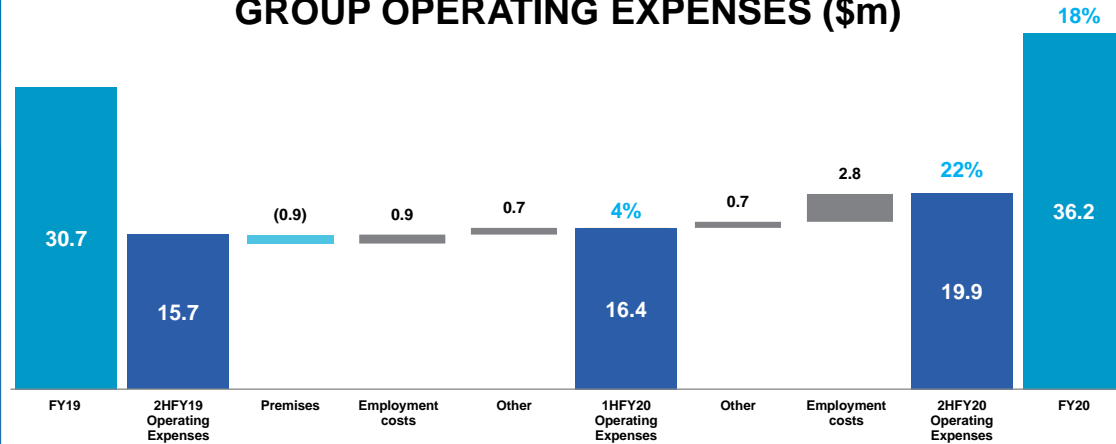


OPERATING EXPENSES

INVESTING FOR GROWTH

- The Group continues to invest in the business to support growth
- Increase in costs largely driven by headcount increase of 18% to 263 FTE at 30 June 2020
- Investment in Sales and Distribution team underpins growth in net flows, also invested in Innovation Lab and IT Development team
- Growth half on half reflects timing of when staff were recruited. 2H20 reflects full year run rate
- Constrained cost growth expected in FY21 given COVID environment
- Decrease in occupancy costs reflects the adoption of AASB16. Premises costs now capitalised and amortised.

GROUP OPERATING EXPENSES (\$m)

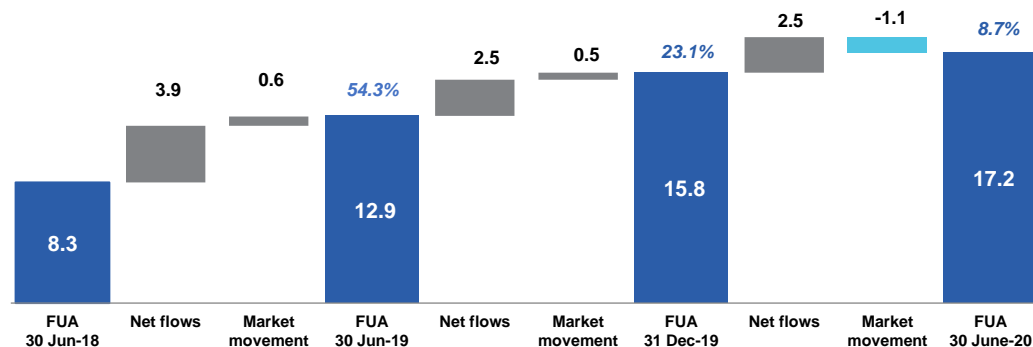


PLATFORM SEGMENT RESULTS

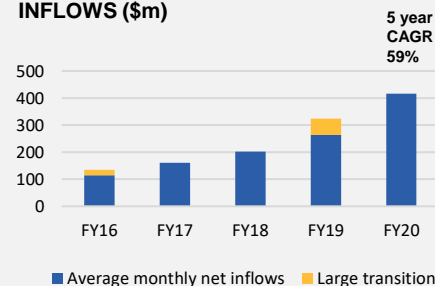
STRONG FUA GROWTH DRIVING INCREASED PROFITABILITY

PLATFORM	FY20	FY19	change
	\$m	\$m	%
FUA (Now \$18.5b ¹)	17.2b	12.9b	34%
Revenue	74.3	54.1	37%
Direct costs	(18.6)	(13.7)	36%
Gross profit	55.7	40.4	38%
Gross profit margin (%)	75%	75%	0%
Operating expenses ²	(27.0)	(22.4)	21%
Underlying EBITDA ^{2,3}	28.7	18.0	59%
Underlying EBITDA margin (%)	39%	33%	6%
Profit before tax	21.9	15.0	46%
Total platform expenses	(45.6)	(36.1)	26%

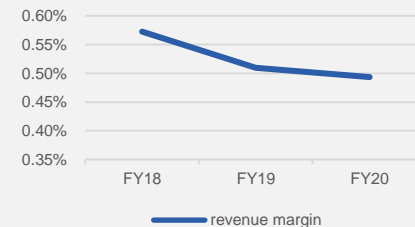
FUNDS UNDER ADMINISTRATION (\$b)



AVERAGE MONTHLY NET INFLOWS (\$m)



PLATFORM REVENUE MARGIN % OF AVERAGE FUA

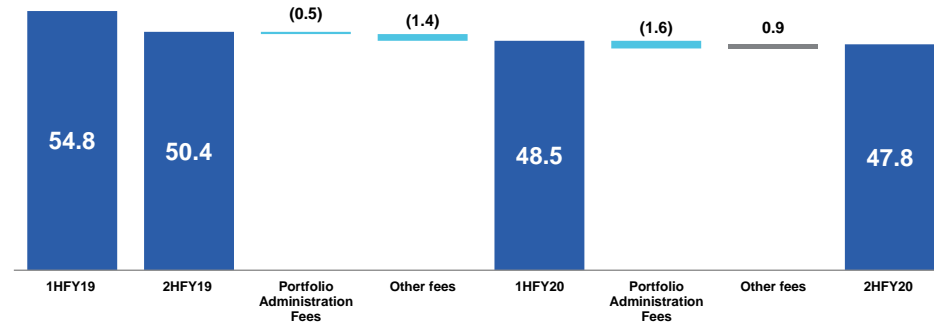


PLATFORM REVENUE

37% GROWTH DESPITE CHALLENGING MARKET

- Platform revenue increased by 37% to \$74.3 million despite challenging markets in 2H20
- Portfolio Administration Fees whilst based on FUA are not fully correlated to equity markets
 - Asset mix of FUA
 - Tiered fees
- Negative market movements of (\$0.6) billion in FUA cushioned by other fee income
- Market volatility saw increased trading volumes resulting in higher transaction fee income
- Higher client cash balances on Platform saw higher cash account income
- This has also cushioned the impact of RBA official cash rate cuts in 2H20

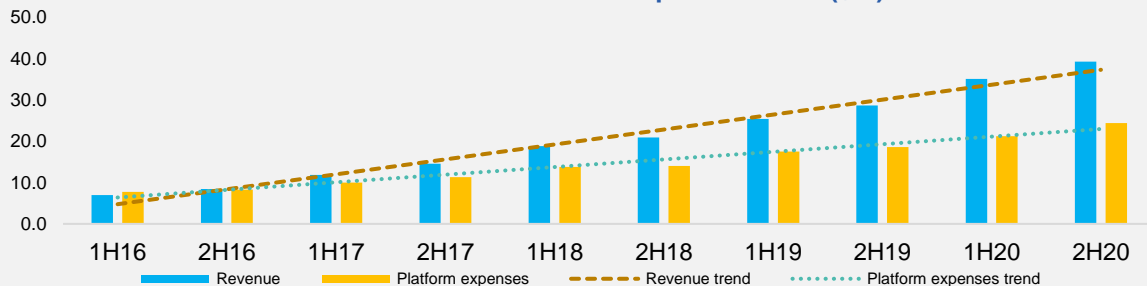
PLATFORM REVENUE MARGIN (BPS)



PLATFORM SEGMENT RESULTS CONT...

FUA GROWTH DELIVERING SCALE BENEFITS

Platform Revenue and Expense trends (\$m)²



Profit

Gross profit & underlying EBITDA as % of revenue

Lines	1HFY16	2HFY16	1HFY17	2HFY17	1HFY18	2HFY18	1HFY19	2HFY19	1HFY20	2HFY20
Gross profit	53%	58%	59%	65%	69%	74%	74%	76%	74%	76%
Underlying EBITDA ²	-11%	2%	16%	22%	26%	33%	31%	35%	39%	38%



Platform EBITDA margin continues to expand with scale



Investment made in FY19 now being leveraged

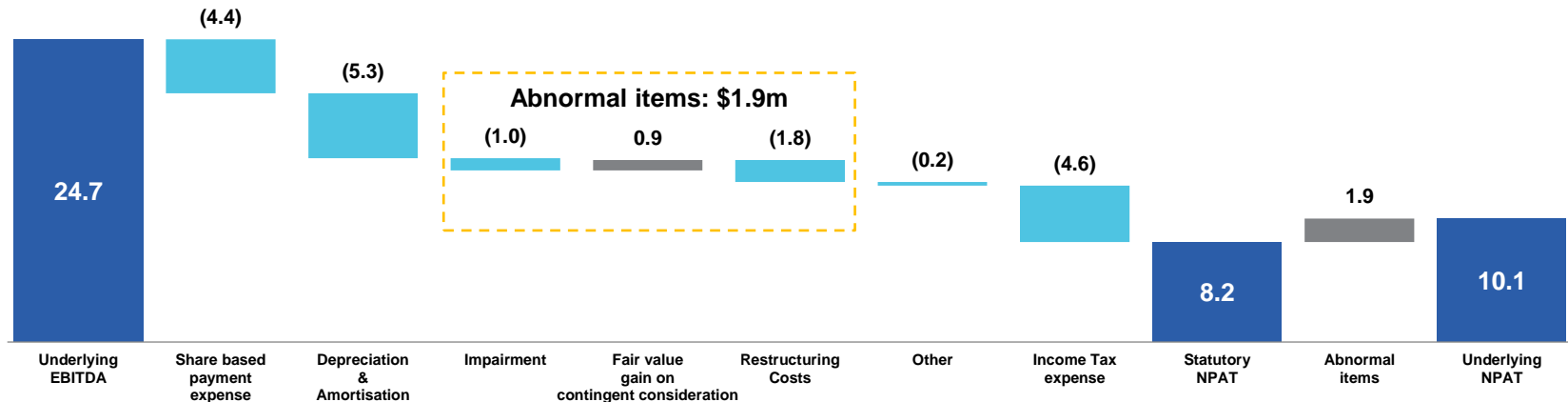


Funding Group 2HY20 fully franked dividend of 3.5cps, up 35% on 2HFY19

UNDERLYING NPAT

IMPACTED BY ONE OFF ITEMS ALIGNING THE BUSINESS FOR GROWTH

- Share based payments increased by \$2.3m largely due to initial recognition of Special LTI, granted in Dec 2018 in recognition of capping executive salaries. Performance hurdle 33% FUA CAGR over 4 years vesting Jun-22
- Amortisation and depreciation includes \$1.7m of lease depreciation in accordance with adoption of AASB16
- Release of Agility deferred consideration of \$0.9m¹ offset by \$1m impairment following the strategic decision to no longer provide technology hosting services to new clients and aligning services to Platform and broader financial services market
- Restructuring costs of \$1.8m in respect of change in Trustee and implementation of MIS to streamline existing IDPS and superannuation managed portfolios





STRATEGY AND OUTLOOK

ANDREW ALCOCK

Managing Director

MARKET DYNAMICS ARE CREATING OPPORTUNITY

1. Advice demand is increasing while supply is decreasing

- ➔ There is an increased need for professional advice in the midst of market volatility and uncertainty
- ➔ Demand for tools to help clients take greater control and have an integrated view of their wealth
- ➔ Increasing demand for solutions that provide client value and support best interests
- ➔ The costs of advice are high and increasing, leading advisers to seek efficiency and solutions for a growing advice gap

2. Continued evolution of retail platforms

- ➔ Platform switching activity continues to surge, hitting a post-GFC high.¹ Maintenance of market leadership in functionality and service essential
- ➔ Market leadership in functionality & service is essential for growth
- ➔ Specialist platforms are consolidating their position continuing to increase market share
- ➔ Increased demand for non-custodial reporting services and managed account solutions from both stockbrokers and planners
- ➔ Additional client value available through tailoring of portfolios to client circumstances
- ➔ Technology supporting manager preferences to cater to market conditions

3. Rise of private advisory groups

- ➔ Self-licensing trend continues
- ➔ New Private Advisory segment developing - 10-50 advisers; own AFSL
 - Large enough to offer differentiated service offering,
 - Requiring licensee and technology support services
 - A growth segment and likely to prosper during the transformation of the advice profession.
 - Forecast to grow from \$100m per adviser FUA to \$200m by 2025²

4. Transformation of licensee structures and services

- ➔ Institutional licensees can no longer be subsidised by product margin, some are exiting
- ➔ Advice collectives are growing rapidly but lack the scale required to deliver the necessary technology infrastructure or operational efficiency
- ➔ Seeking to retain flexibility for advisers in business processes while retaining visibility for licensees
- ➔ Access to quality data is a challenge

HUB24 IS WELL POSITIONED TO LEVERAGE OPPORTUNITIES

INDUSTRY TREND

HUB24 RESPONSE



Growing advice gap

- ➔ Well progressed on build of a self-service and 'bionic' advice platform with Aberdeen Standard Investments to support new adviser business models
- ➔ The development of a simple low-cost platform and investment solution



Continued evolution of retail platforms

- ➔ Developing whole of wealth reporting and integrated data solutions with HUBconnect
- ➔ Maintaining our strong service and support offering to advisers, stockbrokers, investment managers and clients
- ➔ Ongoing investment in product and innovation to lead change
- ➔ To support large platforms scale transitions we have built bulk FUA migration capabilities



Demand for Managed Account Solutions

- ➔ Leverage our market-leading position in managed account solutions and continue to build market share by:
 - Delivering enhanced portfolio reporting, research and comparison tools for advisers and clients
 - Demonstrating additional client value our technology can create
 - Providing education and implementation expertise via new Head of Managed Portfolios executive



Technology, innovation and greater data connectivity

- ➔ Launched a new version of HUBconnect and investor app to two pilot practices, enabling improved personalisation and data aggregation
- ➔ Primary focus now on adoption and continued evolution of the product based on client feedback
- ➔ Ongoing investment and inclusion of new data sources from product providers
- ➔ Continuing to build data management and integration solutions for advice collectives; powering a range of solutions including machine learning
- ➔ Innovation Lab to established investigate and leverage emerging technologies



Advice transformation

- ➔ Partnering with 5 licensee clients to construct new technology services that monitor compliance activities and reduce the cost of advice; moving into pilot phase a mid-tier licensee
- ➔ Continuing to grow and develop Paragem, including rollout of practice consulting services and adviser community

BUILDING FOUNDATIONS FOR GROWTH



Continued investment in managed portfolios market leadership and streamlining portfolio structure to support future innovation



New offer “HUB24 Access” designed for clients with simpler needs, integrated with ‘bionic advice’ in collaboration with Aberdeen Standard Investments



New independent trustee appointed for HUB24 Super to support our strategic growth objectives



Extend HUBconnect functionality for whole of wealth reporting with new product/data sources. Creating additional service opportunities



Establishment of Innovation Lab to leverage new & emerging technologies



Sharpening our IT Services (Agility) focus under new executive leadership



Collaborating with licensees to solve advice delivery challenges, create new revenue streams and increase platform advocacy

OUTLOOK

Create customer & shareholder value

➔ POSITION HUB24 FOR ONGOING SUCCESS

- Support advisers and customers with service excellence
- Showcase our capabilities and build long term relationships
- Constant innovation to support ongoing growth

➔ PURSUE GROWTH

- Leverage existing adviser and licensee opportunities to underpin platform growth and convert new opportunities from current strong pipeline
- Seek new opportunities across our current and emerging segments
- Extend IT Services (Agility) business to financial advice market and emerging technology and data providers
- Evaluate and as appropriate secure emerging opportunities for growth or extension of our business model

➔ CONTINUING STRONG FINANCIAL RESULTS

- Leverage FUA growth and business scalability to deliver shareholder value
- Increase profitability



Target FUA now
\$28-32 billion
for FY22¹



DISCLAIMER

→ SUMMARY INFORMATION

The material herein is a presentation of general background information about HUB24 Limited's ('HUB') activities current as at date of presentation. This information given in summary form does not purport to be complete and should be read in conjunction with previous ASX filings, Half Year Report and the audited Annual Report as applicable. Any arithmetic inconsistencies are due to rounding.

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