

Praemium's FY2021 half-year results

A transformational half for Praemium

10 February 2021, Melbourne: Praemium is pleased to provide its financial results for the half-year ending 31 December 2020, following the addition of Powerwrap Limited (ASX: PWL) during the reporting period. Combined with record platform growth this half, global funds under administration (FUA) exceeded \$34 billion. Praemium has delivered a strong financial result, as the Company delivers on its growth strategy as a leading financial platform business.

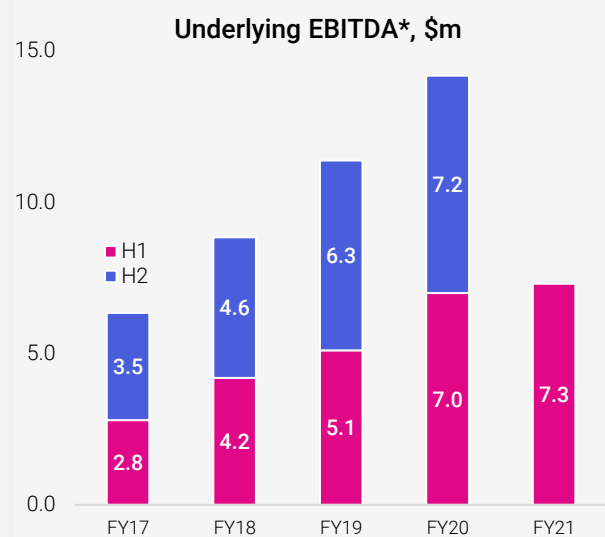
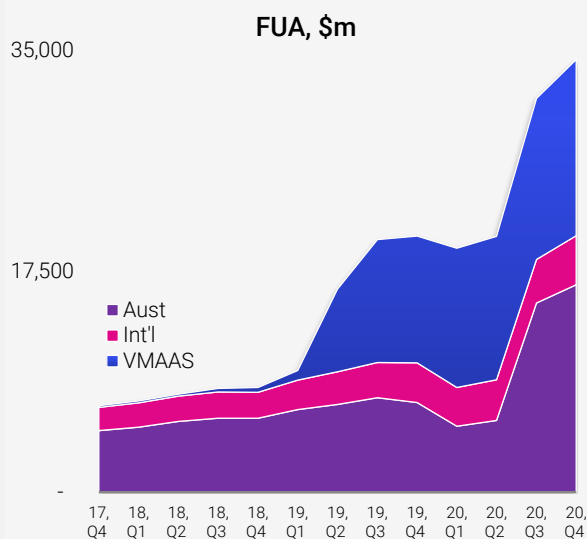
Key achievements:

Business highlights*

- » Record FUA of \$34.3 billion, up 69%
- » Record platform FUA of \$20.3 billion, up 99%
- » Record Australian platform FUA of \$16.4 billion, up 132%
- » Record International platform FUA of \$3.9 billion, up 24%
- » Record net platform inflows of \$1.85 billion, up 77%

Financial highlights*

- » 20% increase in revenue and other income to \$31.7 million
- » 5% increase in underlying EBITDA to \$7.3 million
- » Net profit after tax of \$3.0 million, a 113% increase on H1 FY2020
- » 98% increase in earnings per share (EPS)
- » The 14th consecutive half of profit increase



* Refer to the Results Summary table for further detail, as compared to H1 FY2020. Underlying EBITDA is detailed at Note 6 of the Half-Year Report.

Financial summary

Trading results this half included the acquisition of Powerwrap Limited from September 2020, which is now reported with the Australian business segment.

The Australian business saw revenue increase by 28% on the first half of FY2020^a to \$25.4 million, with the inclusion of Powerwrap's platform revenue of \$6.9 million. Australian platform FUA increased 132% to \$16.4 billion, with Australian platform revenue increasing 52% to \$16.9 million. Portfolio Services revenue increased 9% from the growth of VMA and VMA Admin (VMAAS) portfolios.

EBITDA for the Australian business was \$8.4 million, a 1% decline compared to the first half of FY2020. EBITDA margins were 33% of revenue, compared to 43% for the corresponding period last year. This was a result of incorporating Powerwrap's results following its acquisition (\$1.8 million EBITDA contribution), declining equity markets following the COVID-19 pandemic and continued investments in sales & marketing to support revenue generating opportunities. R&D investment saw continued innovation in proprietary technology this half, with \$3.0 million capitalised to support the expansion of our new platform offering.

For segment reporting, International comprises the United Kingdom and Asia business units. International's EBITDA loss decreased 41% to \$0.6 million, comprising UK's EBITDA loss of \$0.2 million (72% improvement) and Asia's EBITDA loss of \$0.4 million (5% increase). Platform revenue was up 20%, from accelerating momentum in platform FUA which increased 24% this half. The UK business was impacted by outflows in the Smartfund 80% Protected range of managed funds, resulting in overall platform revenue declining by 8%. Asia's EBITDA loss increased by 5% to \$0.4 million. Revenue increased by 12% compared to the prior reporting period due to an increase in WealthCraft CRM and planning software licences in 2020, which grew 26% internationally.

Cash reserves increased to \$28.9 million, with \$14.6 million acquired under the Powerwrap takeover. The Group continues to generate positive cash flows, with operating cash flows of \$2.2 million.

Looking forward

CEO Michael Ohanessian stated, "The first half of FY2021 has been truly transformational for Praemium, with the completion of the most important acquisition in our 20-year history. The addition of Powerwrap positions Praemium as a major player in the fast-changing Australia wealth management landscape, and integration is progressing well.

"The International business also starts 2021 with strong momentum, following record inflows and platform FUA in the first half. An increasing mix of global clients across UK, Europe, Middle East, Asia and South Africa has contributed to a 24% increase in FUA in the past 12 months. This growth rate has driven further operating leverage in the International business, with a 41% reduction in losses this half.

"Praemium ended the 2020 calendar year strongly and we carry that momentum into 2021. Record inflows and improving markets have lifted us to over \$34 billion in FUA.

"2020 was a year of significant disruption and challenges. However, the strength and resilience of our people see us placed in a strong position going into the new calendar year. On behalf of management and the Board, I would to thank our hard-working team at Praemium for their dedication and focus in delivering on our strategic agenda this half and into the future."

Results summary

Key financial metrics (\$m)	H1 FY2021 Reported	H1 FY2020 Restated [^]	% change
Revenue and other income ¹	31.7	26.5	20%
Expenses	24.4	19.5	25%
EBITDA (underlying)²	7.3	7.0	5%
EBITDA margin	23%	26%	
Profit before tax	4.6	3.2	44%
Tax expense	1.6	1.8	
Profit after tax	3.0	1.4	113%
Earnings per share (cents)			
Cash	28.9	14.7	96%
Net Assets	81.0	26.4	207%
Operating cashflow	2.2	3.8	(44%)

FUA (\$m)	H1 FY2021	H1 FY2020	% change
Australia Platform	16,445	7,093	132%
International Platform ³	3,905	3,147	24%
Total Platform FUA⁴	20,350	10,240	99%
VMAAS ⁵	13,974	10,065	39%
TOTAL FUA	34,324	20,305	69%

Notes:

[^] FY20 revenue restated from adoption of *AASB15 Revenue from Contracts with Customers* (\$2.3 million in platform revenue).

¹ Other income as outlined in the Half Year Report's Statement of Profit & Loss.

² Underlying EBITDA, as detailed in Note 6 of the attached Half-Year report.

³ International FUA in GBP at 31 December 2020 is translated at spot rate of 0.5657 (2020: 0.5340).

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 Half-Year Report and Investor Presentation.

This announcement is authorised by the Board of Præmium Limited

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

About Præmium (ASX: PPS): Præmium is a global leader in the provision of technology platforms for managed accounts, investment administration and financial planning. Præmium 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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