

# FY24 Half Year Results

20 February 2024

# HUB<sup>24</sup>

Empowering better financial futures, together



# HUB24 - Australia's Best Platform and Managed Accounts<sup>1</sup>

**#1**  
**Best Platform Overall**  
2 years running



2023 Platform Competitive Analysis and Benchmarking Report  
**Best Platform Overall**  
HUB24



2023 Platform Competitive Analysis and Benchmarking Report  
**Best Platform Managed Accounts Functionality**  
HUB24

**#1**  
**Best Platform Managed Accounts Functionality**

## Best in Reporting



2023 Platform Competitive Analysis and Benchmarking Report  
**Best in Reporting**  
HUB24

## Best in Online Business Management






2023 Platform Competitive Analysis and Benchmarking Report  
**Best in Online Business Management**  
HUB24

## Best Mobile Platform



2023 Platform Competitive Analysis and Benchmarking Report  
**Best Mobile Platform**  
HUB24

# Financial highlights 1HFY24<sup>1</sup>

	Revenue	Underlying EBITDA <sup>2</sup>
 <b>Total Group</b>	<b>\$156.7m</b> ↑ 14%	<b>\$55.0m</b> ↑ 10%
 <b>Platform</b>	<b>\$120.0m</b> ↑ 17%	<b>\$47.9m</b> ↑ 16%
 <b>Tech Solutions</b>	<b>\$34.8m</b> ↑ 4%	<b>\$10.1m</b> ↓ (4%)

Total FUA  
**\$91.2bn**

Platform FUA  
**\$72.4bn<sup>3</sup>**  
\$74.8bn as at 15 February<sup>4</sup>  
  
Platform net inflows  
**\$7.2bn**

PARS FUA<sup>5</sup>  
**\$18.8bn**

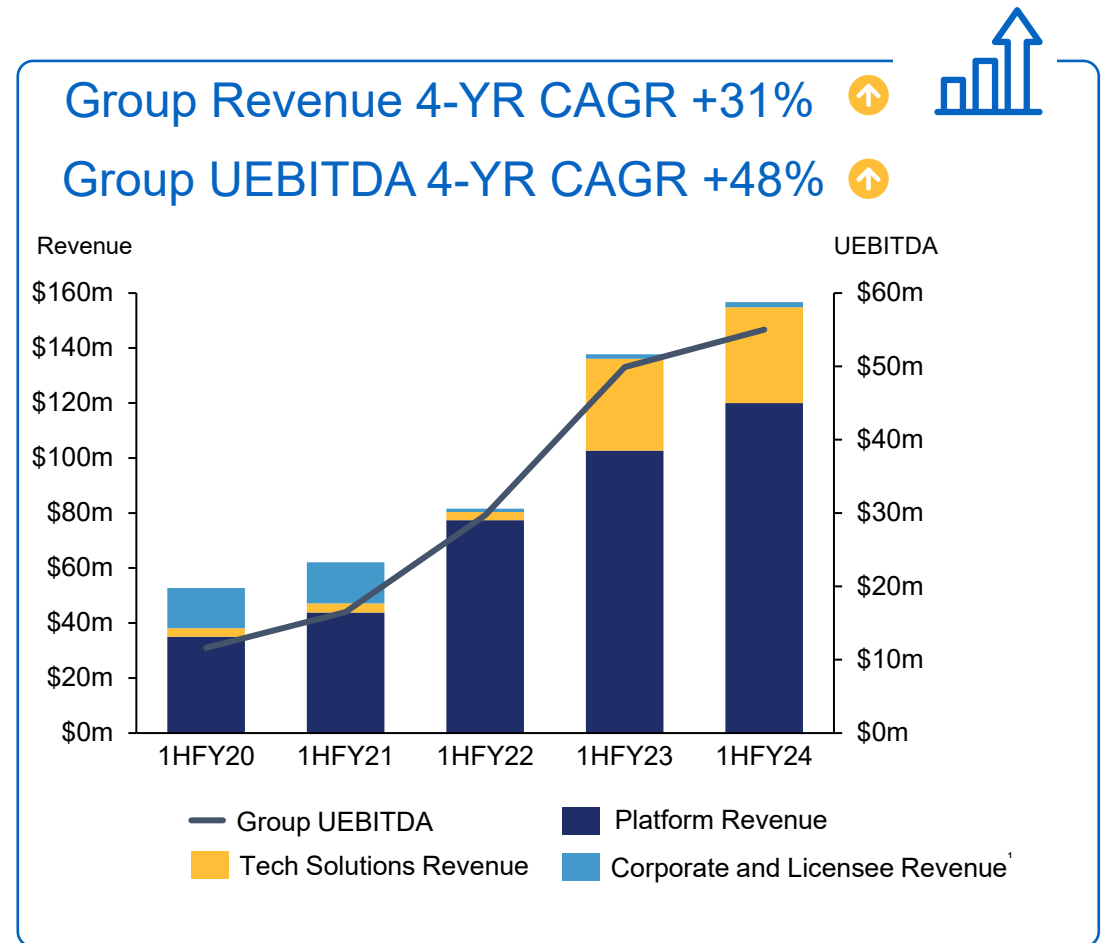
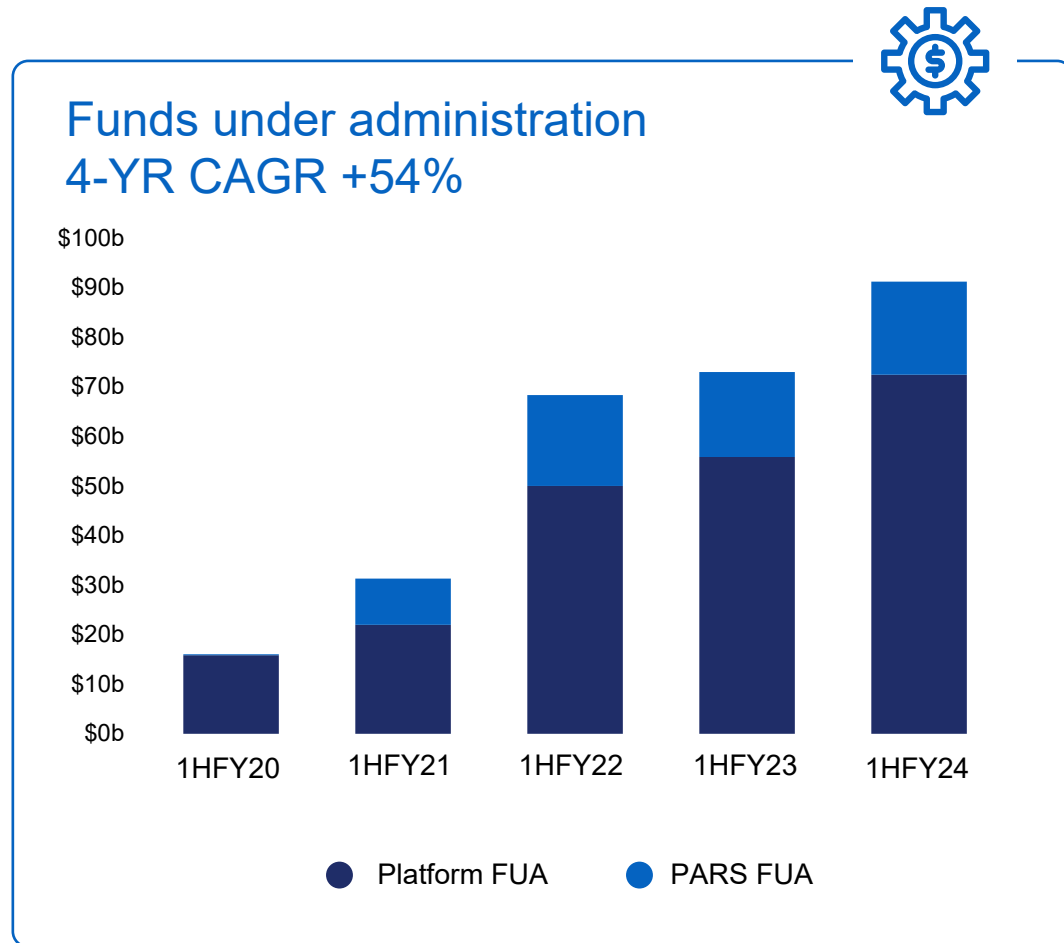
Statutory NPAT **\$21.5m** Up 39%

Underlying NPAT<sup>2</sup> **\$30.4m** Up 14%


Interim Dividend **18.5cps** Up 32%  
Fully franked

Underlying EPS (diluted) **36.2cps** Up 12%

# Consistently delivering growth and results



# Continued market leadership, growth & enhancing our customer proposition

-  Strong FUA growth and record 1HFY24 net inflows of \$7.2 billion, including \$1.8 billion from Insignia Financial large migration
-  HUB24 Discover launched, providing cost-effective managed portfolio platform and investment solution with strong uptake
-  Equity Trustees planned migration of ~\$4 billion on track<sup>1</sup>
-  Class - ongoing product and service enhancements with Class Super achieving market-leading Net Promoter Score and receiving industry awards<sup>4</sup>
-  Launched new product features e.g. AGILE retirement income solution & new high-net-worth capability
-  myprosperity has strong pipeline with enterprise licensing model launched
-  Investing for tomorrow - building market-leading data infrastructure leveraging HUBconnect technology and supporting the integration of Group capabilities
-  Further Xplore Wealth migrations with integration program now in final stages

**#1** platform net inflows<sup>2</sup>

**#1** platform superannuation net inflows<sup>2</sup>

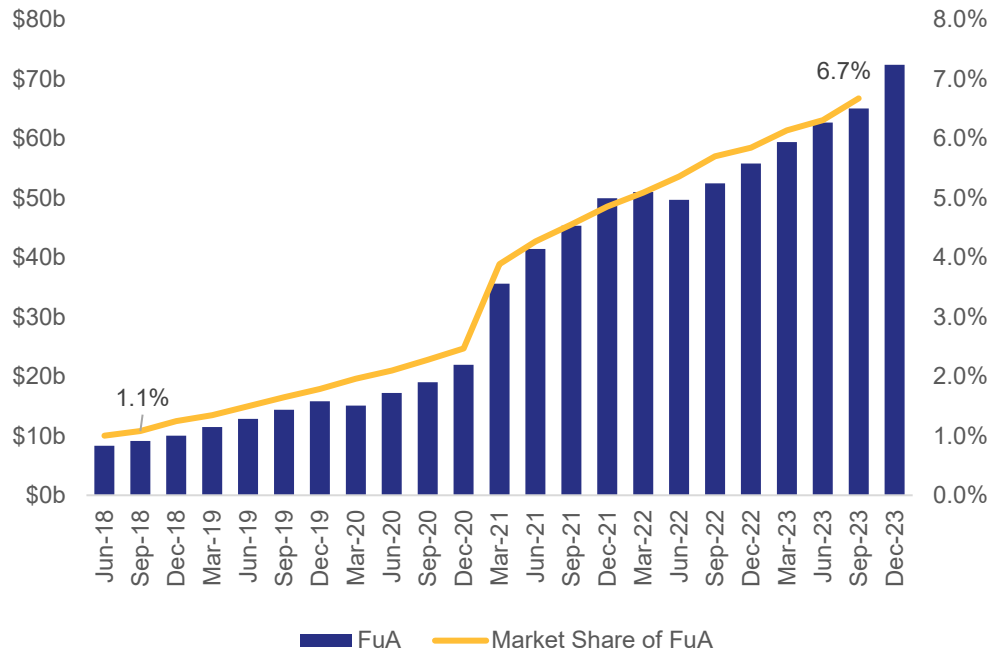
**#2** for net inflows from switching across all super funds<sup>3</sup>

**#4** net inflows across all super funds<sup>3</sup>

# HUB24 Platform market share gains

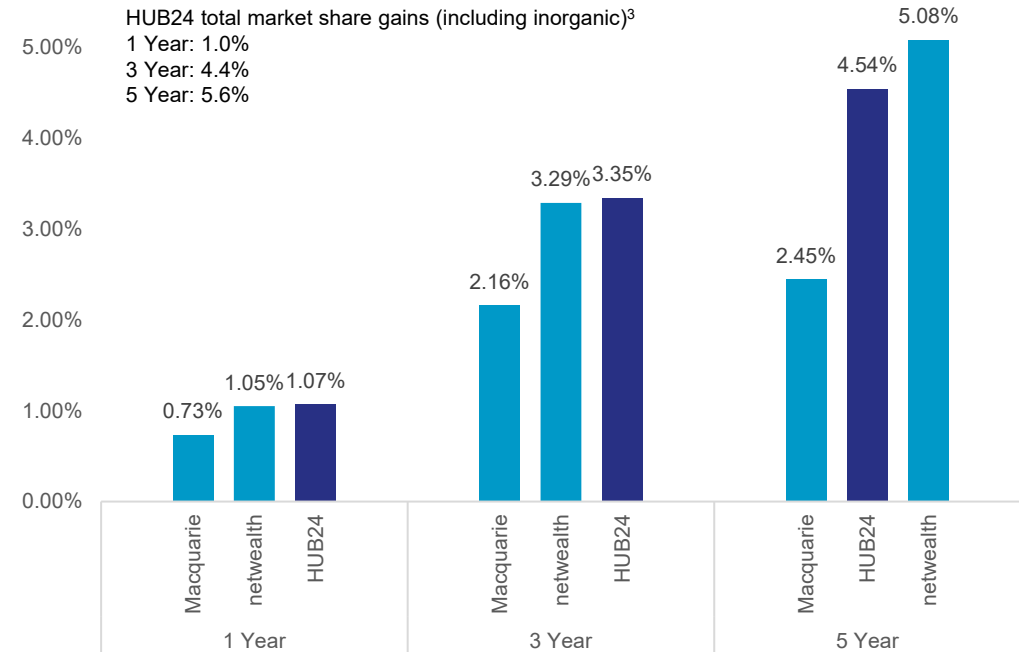
HUB24 market share increased from ~1% to ~7% over last 5 years<sup>1</sup>

HUB24 custody FUA and market share<sup>1</sup>



HUB24 ranked #1 for organic market share gains over 1 and 3 years<sup>2</sup>

Top 3 platforms by organic market share gains over 1, 3, 5 years<sup>2</sup>



1. Latest available data, Plan for Life Master Trusts, Platforms & Wraps, September 2023.

2. Latest available data, Plan for Life Master Trusts, Platforms & Wraps, September 2023. Organic market share is calculated excluding market share movements as a result of M&A and discontinued operations. HUB24 excludes the Xplore acquisition and Xplore Super discontinuation.

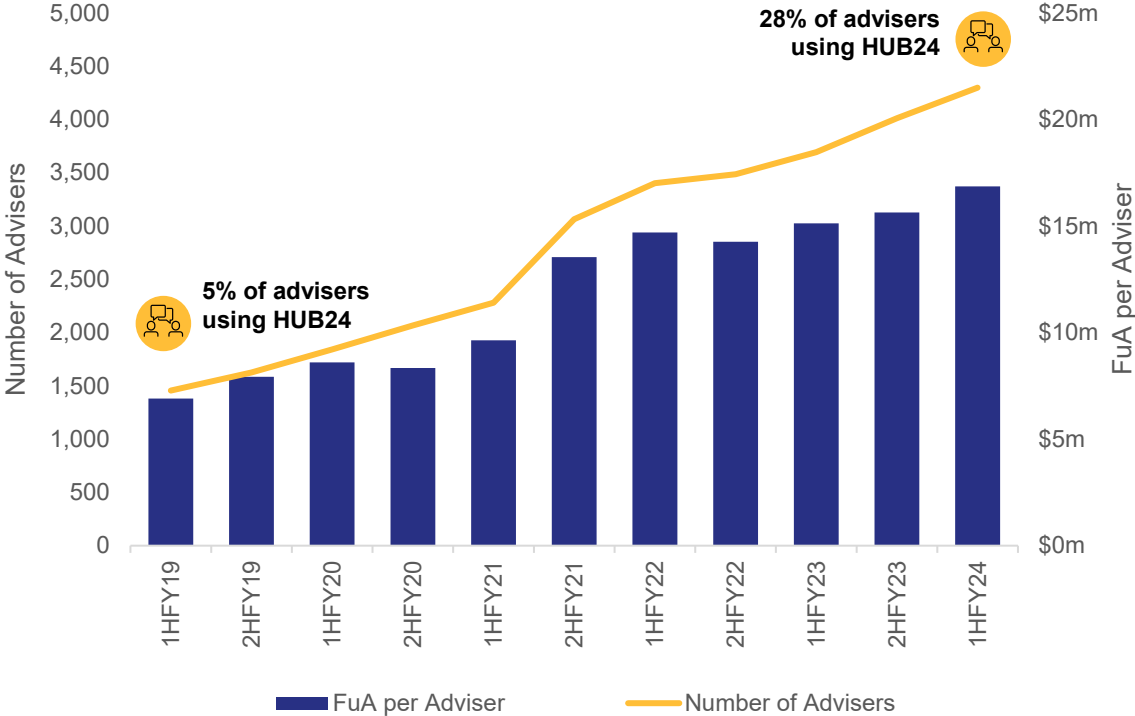
3. Total market share gains include inorganic growth. This includes adjustments of -0.10% for the discontinuation of Xplore Super over 1 year and +1.05% over 3 and 5 years for the Xplore acquisition, net of the discontinuation of Xplore Super.

# Growing adviser base supporting net inflows

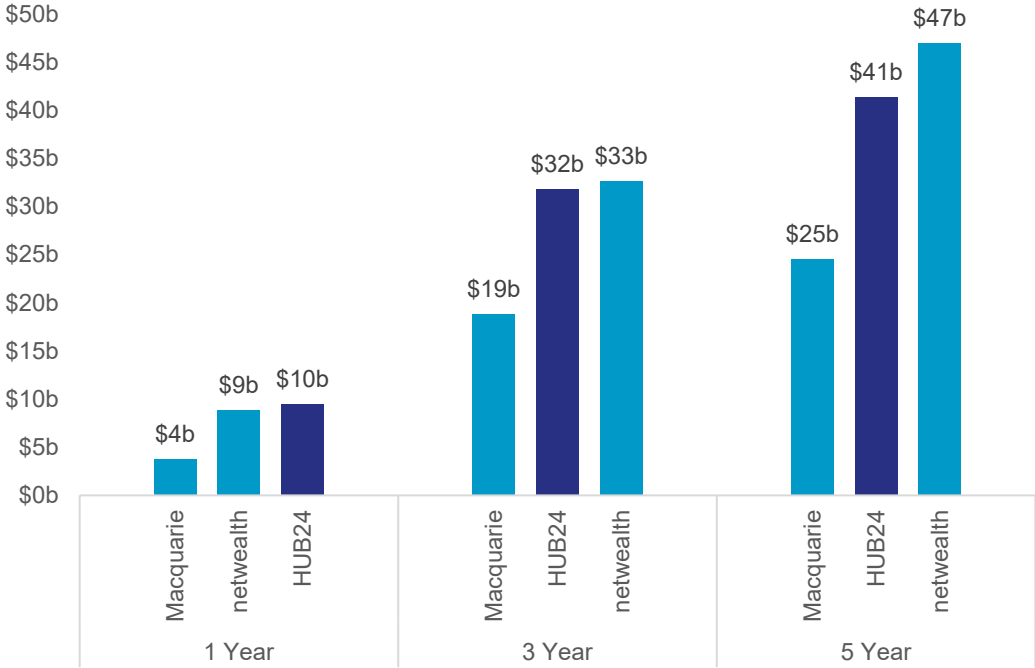
**Advisers 5-YR CAGR +24%**  
**28% of advisers use HUB24 (5% in 1HFY19)<sup>1</sup>**

**HUB24 ranked #1 for 12-month organic net inflows<sup>2</sup>**

**Advisers using HUB24 and FUA per adviser<sup>1</sup>**



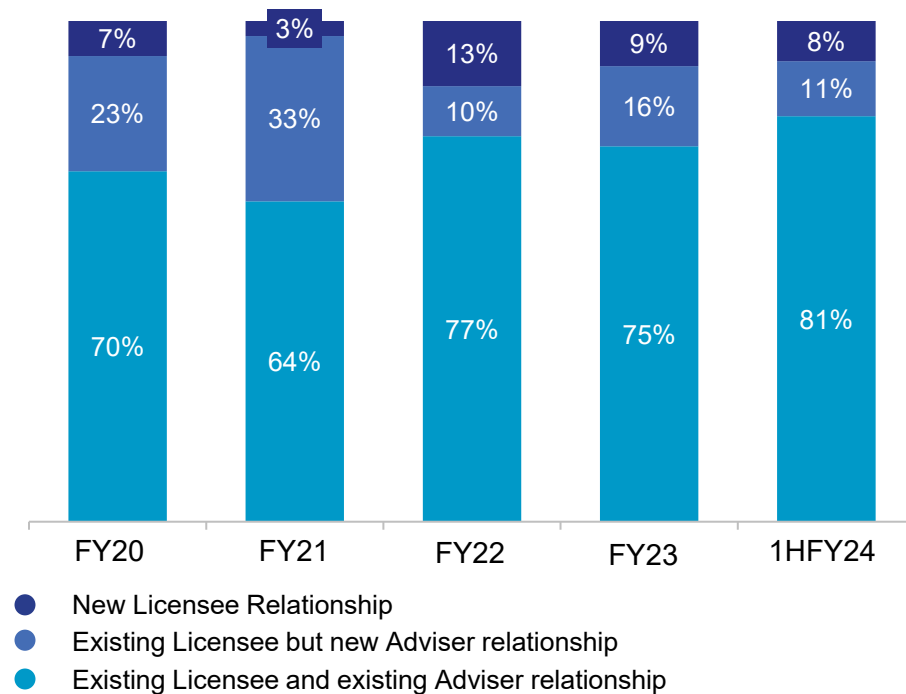
**Top 3 platforms by aggregate organic net inflows over 1, 3, 5 years<sup>2</sup>**



# Significant growth opportunity from existing and new advisers

## Net inflows from new and existing advisers

Composition of net inflows by tenure of adviser relationship



## Latent opportunity



HUB24 has access through relationships to more than **76%** of the total adviser market<sup>1</sup>



● ~4,300 active advisers (28% of the market)

● Access to ~7,500 Advisers covered by HUB24 licensee agreements who are not using the platform (48% of the market)

FUA per adviser at 1HFY24 was \$17m up from \$8m in FY20<sup>2</sup>

Industry average FUA per adviser estimated to be \$62m per adviser, providing further opportunity for growth<sup>3</sup>

9% of advisers using the platform have more than \$50m FUA on HUB24<sup>2</sup>

New adviser relationships deliver transition/flow benefits for up to 6 years<sup>4</sup>



# Extending our managed portfolio leadership

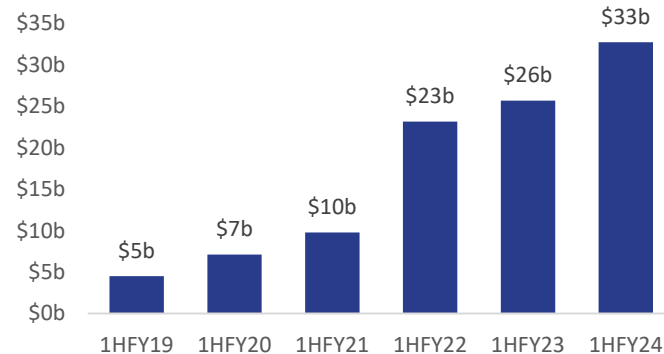
## Leveraging our unique capability to extend market-leadership

- Leading Tax optimisation capability delivering 'platform alpha'<sup>1</sup>
- In-house dedicated trade execution
- Efficient Portfolio Implementation via ManagerHUB
- HUB24 Discover – selected managed portfolios in a cost-effective and streamlined platform offer

## Growing demand and adoption of managed accounts

\$32.7 billion in managed portfolio FUA  
18% market share<sup>2</sup>

### HUB24 managed account FUA 49% 5-YR CAGR



56% of financial advisers now using managed accounts, up from 30% in 2018<sup>3</sup>

## Extending our managed portfolio leadership position



**No. 1**  
**Best Managed Accounts**  
Functionality<sup>4</sup>



**No. 1**  
**Overall satisfaction** with  
platform managed  
portfolio functionality<sup>3</sup>

# myprosperity – building pipeline of opportunity



**~72k households<sup>1</sup>**

up ~12K since acquisition in April 2023



**460+ wealth practices<sup>1</sup>**

up ~20 since acquisition in April 2023



**Leading, secure client portal technology** enabling collaboration between financial professionals, enhancing productivity and customer experience



**Strong interest from licensees, advisers and accountants** with opportunity to leverage Group distribution footprint



**Engagement with large wealth groups** underway with new enterprise licencing model

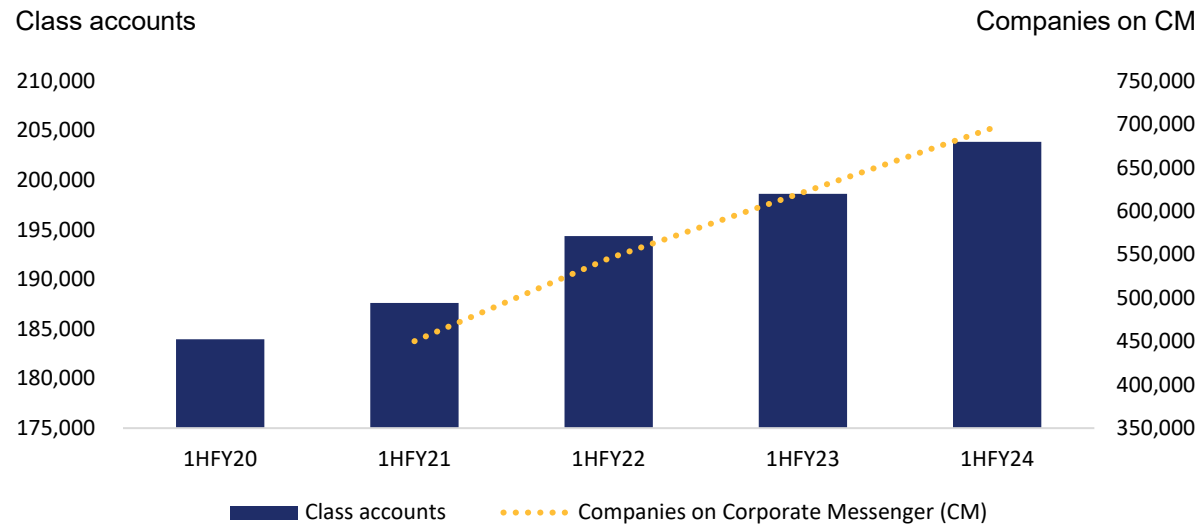


**Prototype for new Class client portal** in development

# Class and NowInfinity – consistent growth and supporting our strategy



## Continued growth in accounts



➔ Class SMSF market share 30.4% and ranked #2<sup>1</sup>

➔ More than 200K total Class accounts

➔ More than 650K Companies on Corporate Messenger



Diversified customer base of 6,000+ providing recurring revenue and opportunities to expand footprint across the Group



Class Portfolio data capabilities supporting 'whole of wealth' view & integration of solutions for growing customer segments



Continued focus on customer service excellence resulting in increased engagement and customer satisfaction

# Our industry recognition

**HUB**<sup>24</sup>



**#1 Best Platform Overall<sup>1</sup>**

2 years running

**#1 Best Platform Managed Accounts Functionality<sup>1</sup>**

- **#1 Best Mobile Platform<sup>1</sup>**
- **#1 Best Reporting<sup>1</sup>**
- **#1 Best Online Business Management<sup>1</sup>**

- #1 primary platform advocacy<sup>2</sup>
- #1 NPS for primary platform users (equal first)<sup>2</sup>
- #1 Tax Optimisation tools<sup>2</sup>
- #1 Client Reporting<sup>2</sup>



- Overall Best Advice Platform<sup>3</sup>
- Best Client Experience<sup>3</sup>
- Ease of Onboarding<sup>3</sup>
- Best Functionality<sup>3</sup>
- Best Adviser Support<sup>3</sup>
- Best Investment Options<sup>3</sup>



- #1 Overall Satisfaction (equal first)<sup>4</sup>
- #1 Ease of doing Business<sup>4</sup>
- #1 IT/Web functionality<sup>4</sup>



- SMSF Advice Platform of the Year<sup>5</sup>
- Best SMSF Investment Platform – Adviser Choice<sup>6</sup>

**CLASS**



SMSF Software provider of the year<sup>5</sup>



**Class #1 Net Promoter Score amongst accountants (equal first)<sup>7</sup>**

**NowInfinity #1 Net Promoter Score<sup>7</sup>**



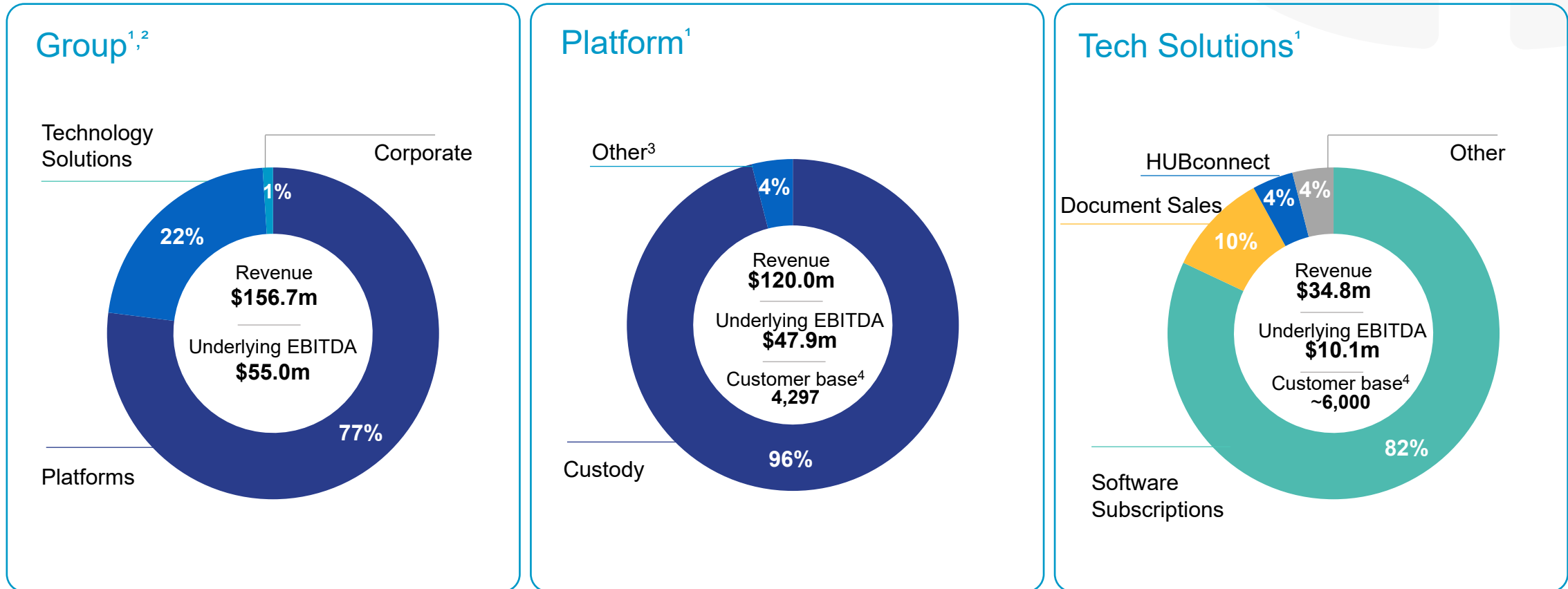
# Financial results

**Kitrina Shanahan**

Chief Financial Officer



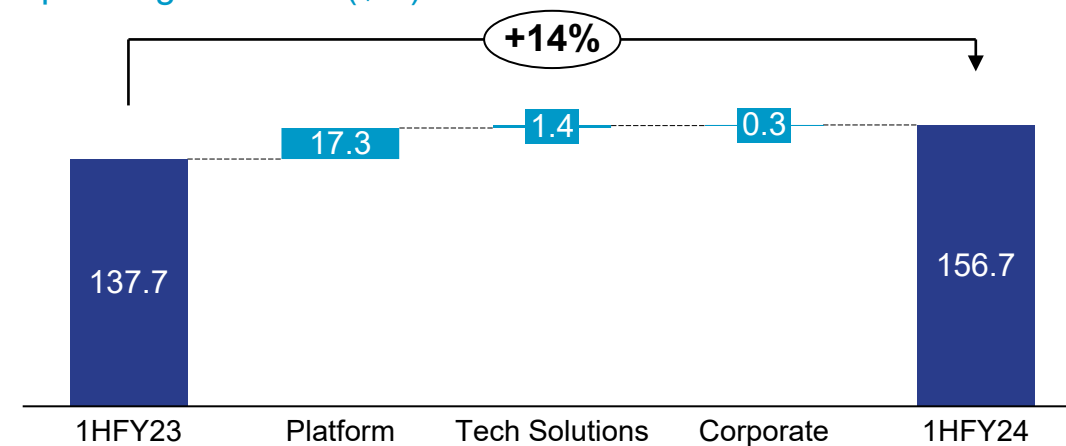
# Group snapshot as at 31 December 2023<sup>1</sup>



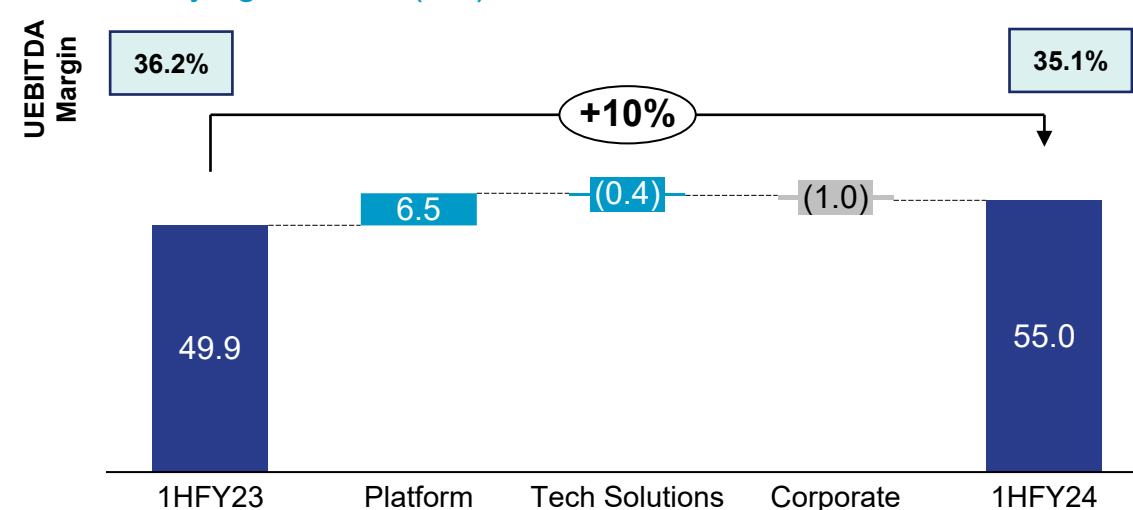
# Group financial results

	1HFY24	1HFY23	Change
	\$m	\$m	%
Operating Revenue	156.7	137.7	14%
Operating Expenses	(101.7)	(87.8)	16%
Underlying EBITDA <sup>1</sup>	55.0	49.9	10%
<b>Underlying EBITDA margin<sup>1</sup> (%)</b>	<b>35.1</b>	<b>36.2</b>	<b>(1.1)</b>
<b>Cost to income ratio (%)</b>	<b>64.9</b>	<b>63.8</b>	<b>1.1</b>
EBITDA	49.2	45.5	8%
Underlying NPAT <sup>2</sup>	30.4	26.6	14%
Statutory NPAT	21.5	15.5	39%
<b>Fully Franked Interim Dividend (cents per share)</b>	<b>18.5</b>	<b>14.0</b>	<b>32%</b>
<b>Underlying Diluted Earnings per share (cents)</b>	<b>36.2</b>	<b>32.3</b>	<b>12%</b>

## Operating Revenue (\$m)



## Underlying EBITDA (\$m)



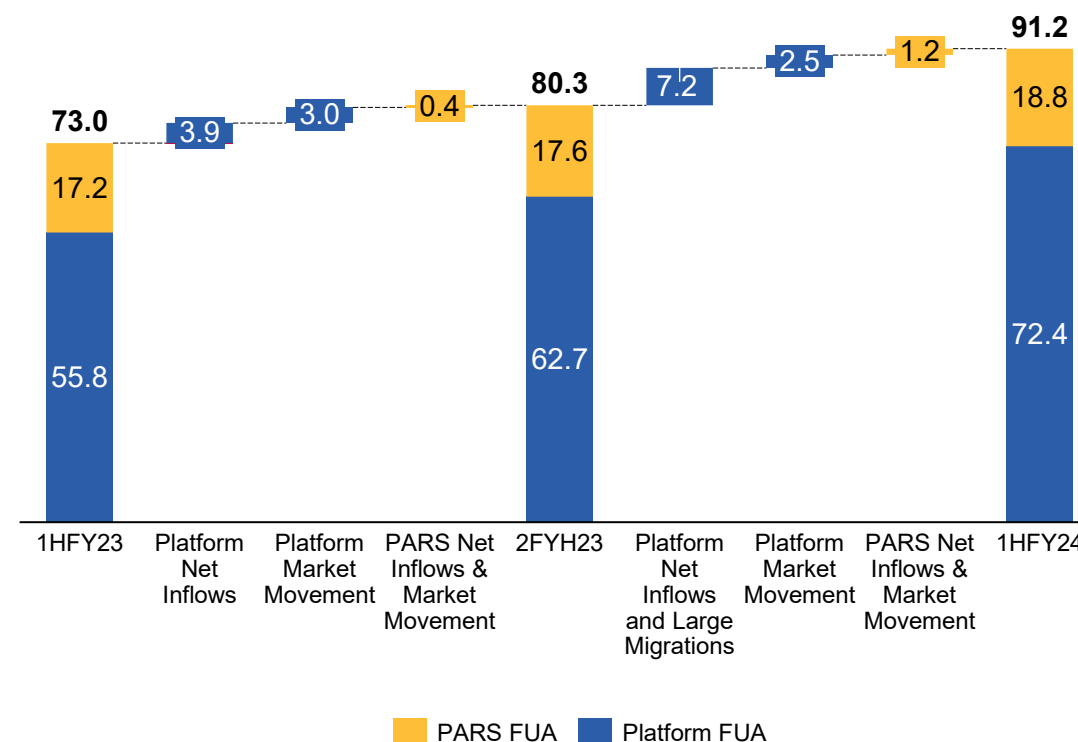
# Platform financial results

Strong UEBITDA growth driven by continued net inflows and FUA growth

Stable UEBITDA margins with the benefits of scale offsetting the impacts of a lower ADI deposit spread from December 2022<sup>1</sup>

	1HFY24	1HFY23	Change
	\$m	\$m	%
Platform FUA	72.4bn	55.8bn	30%
PARS FUA	18.8bn	17.2bn	9%
Total FUA	91.2bn	73.0bn	25%
Platform Net Inflows	7.2bn	5.8bn	26%
<b>Revenue</b>	<b>120.0</b>	<b>102.7</b>	<b>17%</b>
<b>Operating Expenses</b>	<b>(72.1)</b>	<b>(61.3)</b>	<b>18%</b>
<b>Underlying EBITDA<sup>2</sup></b>	<b>47.9</b>	<b>41.4</b>	<b>16%</b>
<b>Underlying EBITDA margin<sup>2</sup> (%)</b>	<b>39.9</b>	<b>40.3</b>	<b>(0.4)</b>

Funds Under Administration (\$bn)

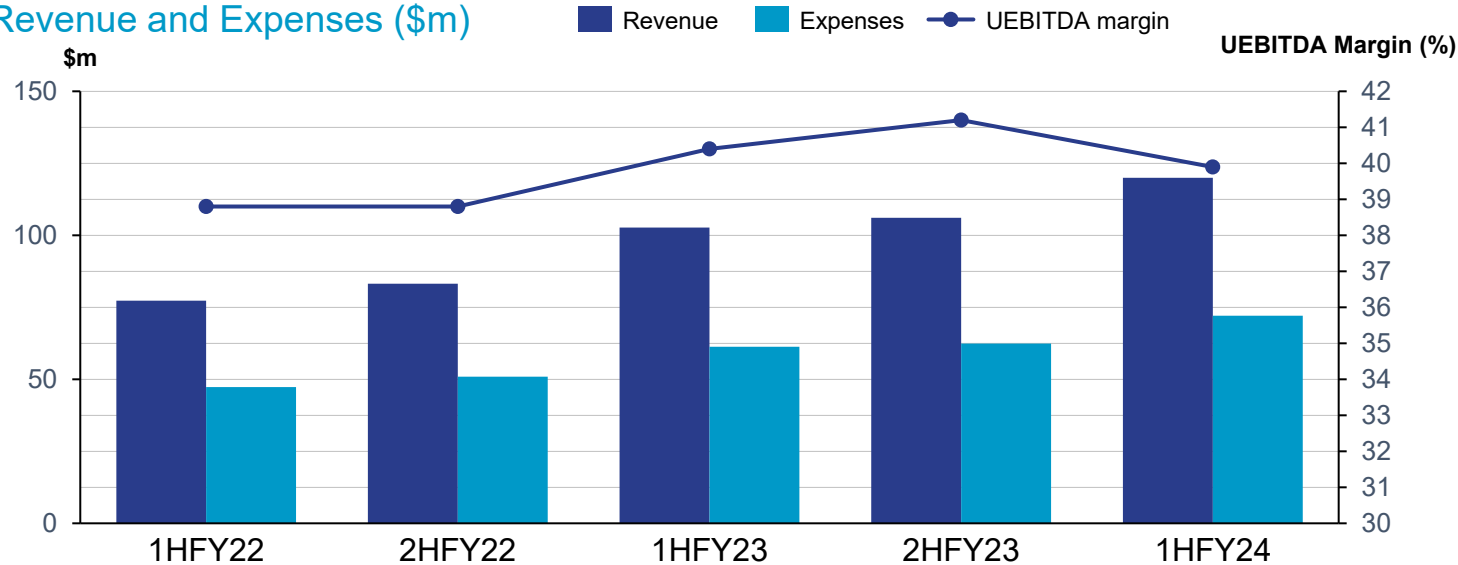




# Platform financial trends

## Platform segment delivering continued UEBITDA growth

Revenue and Expenses (\$m)



Platform UEBITDA margin (%)



Platform Underlying EBITDA \$m



\$7.2bn<sup>1</sup> of net inflows and \$2.5bn positive market movements during 1HFY24 driving continued FUA and revenue growth in the platform segment



\$47.9m Platform UEBITDA for the 1HFY24 up 16% YoY<sup>2</sup>



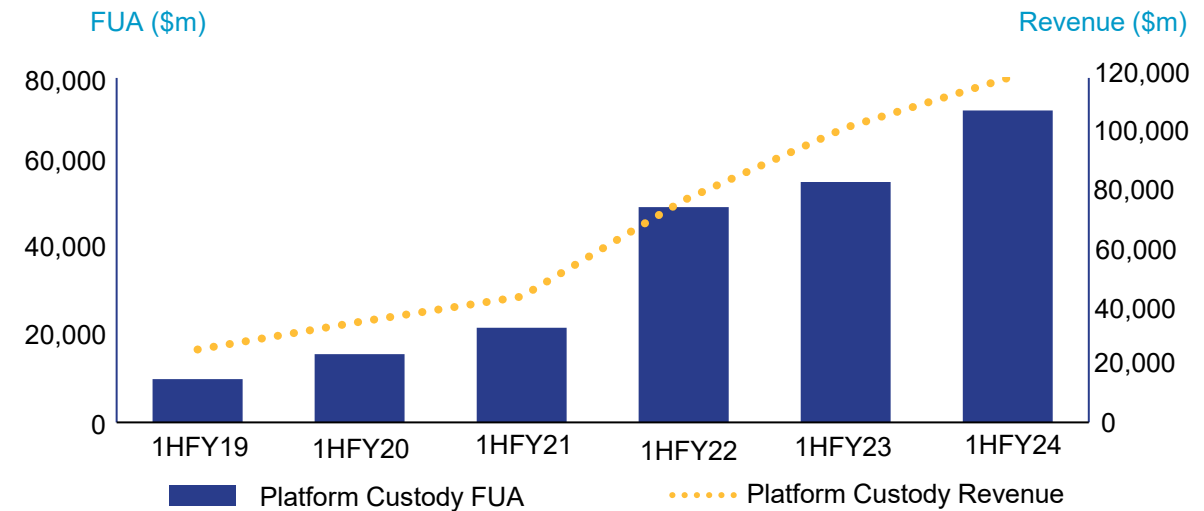
Stable UEBITDA margins YoY with scale benefits offset by the impacts of:

- lower deposit spreads (~2%)<sup>3</sup>
- lower employee vacancy rates; and
- inclusion of myprosperity in 1HFY24 (~1%)

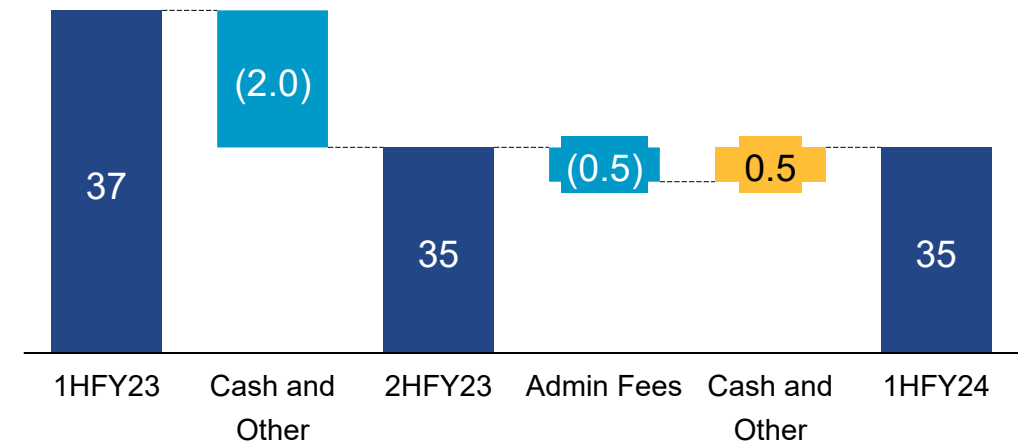
# Platform custody revenue and revenue margin

- ➔ FuA growth of 30% YoY with approximately two thirds of the growth driven by net inflows and one third driven by markets
- ➔ Platform revenue margins declined 2bp YoY to 35bp and stable compared to 2HFY23
  - 2bp reduction relative to 1HFY23 driven by reduction in cash management fee due to a change in ADI provider and reduction in deposit spreads across the platform industry
  - Stable revenue margins relative to 2HFY23 with normal admin fee margin compression from fee tiering and capping offset by higher trading activity
- ➔ The number of accounts on the Platform for 1HFY24 were up 22% YoY

Platform FuA and Custody Revenue (\$m)<sup>1</sup>



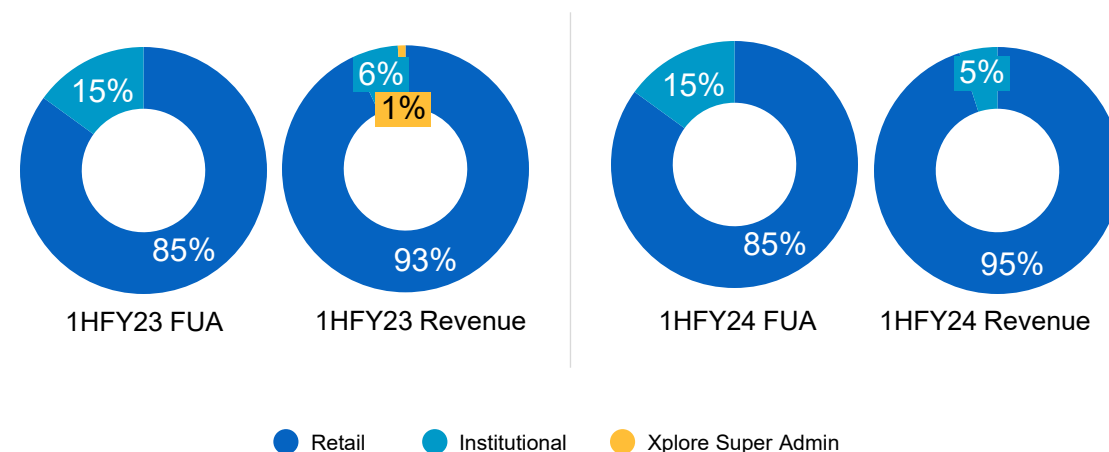
Platform Revenue Margin (bp)<sup>2</sup>



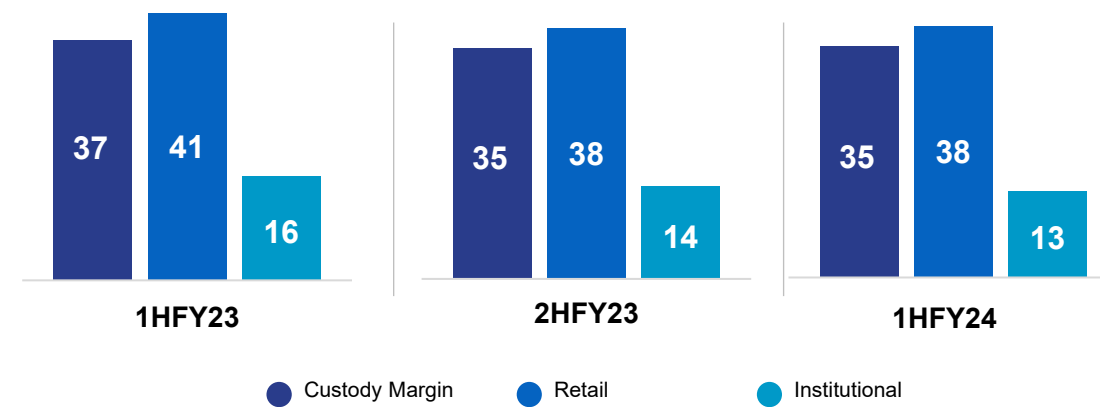
# Composition of platform revenue

- ➔ Composition of FuA by channel was stable in 1HFY24 compared to 1HFY23
  - Retail clients represent 85% of Platform FUA (85% 1HFY23) and 95% of revenue (93% 1HFY23)
  - Impact of institutional Insignia Financial migration (~2%)<sup>1</sup> offset by strong growth in retail channel
- ➔ PARS revenue growing in line with PARS accounts which increased 3% compared to 1HFY23
- ➔ Initial contribution from myprosperity
  - Expect FY24 UEBITDA to be loss of \$1.0-1.5 million, on track with expenses managed to revenue

Portfolio composition of custody FUA and revenue (\$m)



Custody revenue margin by channel (bp)



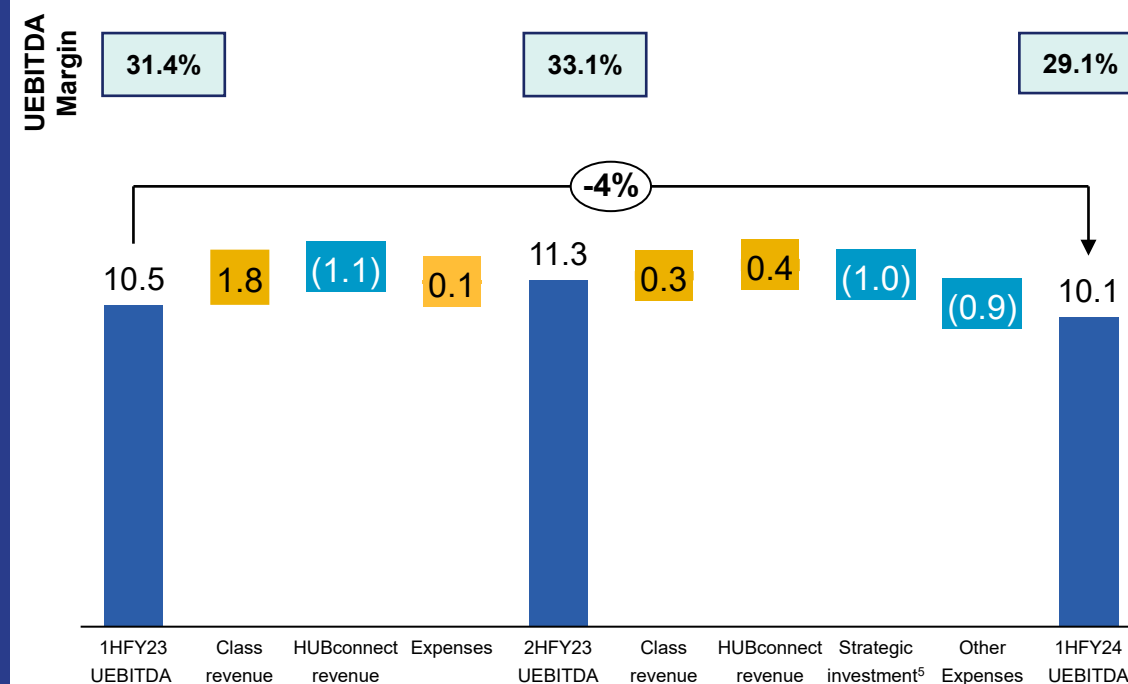
# Tech Solutions financial results

Class accounts and revenue growth of 3-4%, offset by strategic investment, lower employee vacancy rates and salary inflation

Strategic investment in data infrastructure supporting the integration of group capabilities

	1HFY24	1HFY23	Change
	\$m	\$m	%
Class accounts <sup>1</sup>	203,860	198,619	3%
Class Document Orders <sup>2</sup>	182,204	178,638	2%
Companies on Class Corporate Messenger <sup>3</sup>	697,573	621,478	12%
<b>Revenue</b>	<b>34.8</b>	<b>33.4</b>	<b>4%</b>
<b>Operating Expenses</b>	<b>(24.7)</b>	<b>(22.9)</b>	<b>8%</b>
<b>Underlying EBITDA<sup>4</sup></b>	<b>10.1</b>	<b>10.5</b>	<b>(4%)</b>
<b>Underlying EBITDA margin<sup>4</sup> (%)</b>	<b>29.1%</b>	<b>31.4%</b>	<b>(2.3)</b>

## Underlying EBITDA (\$m)



1. Number of Class accounts as at 31 December 2023 consists of Class Super, Class Portfolio and Class Trust licenses.

2. Documents paid for by Pay Per Unit (PPU) and subscription customers for the last 12 months to 31 December 2023. Prior periods have been adjusted to reflect an updated methodology.

3. Number of active companies as at 31 December 2023.

4. Underlying EBITDA represents earnings before interest, tax, depreciation, amortisation and other significant items. Refer HUB24 Analyst & Investor Pack for a reconciliation to statutory EBITDA.

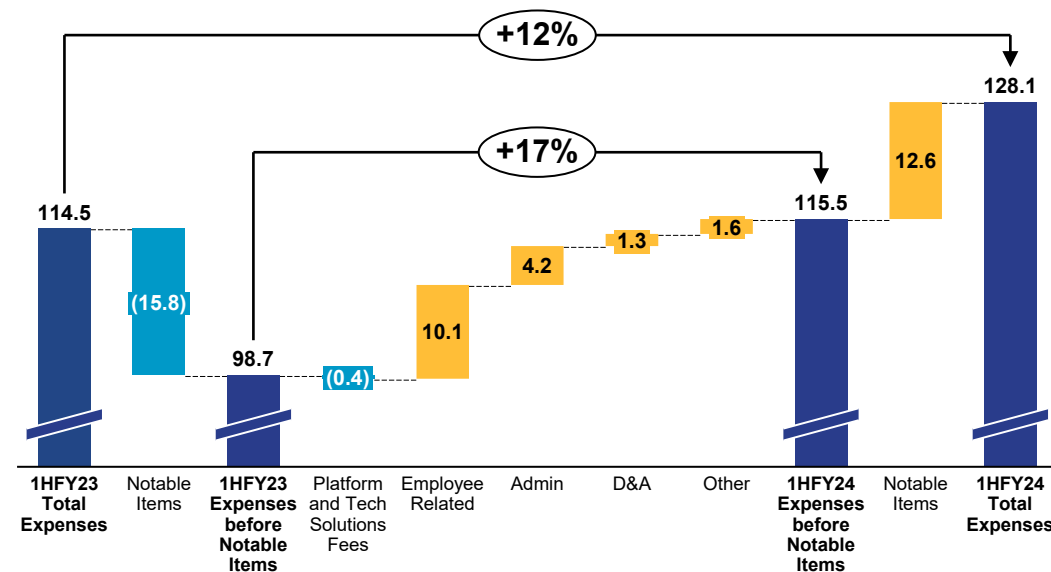
5. Strategic investment in data infrastructure.

# Group expenses and margins

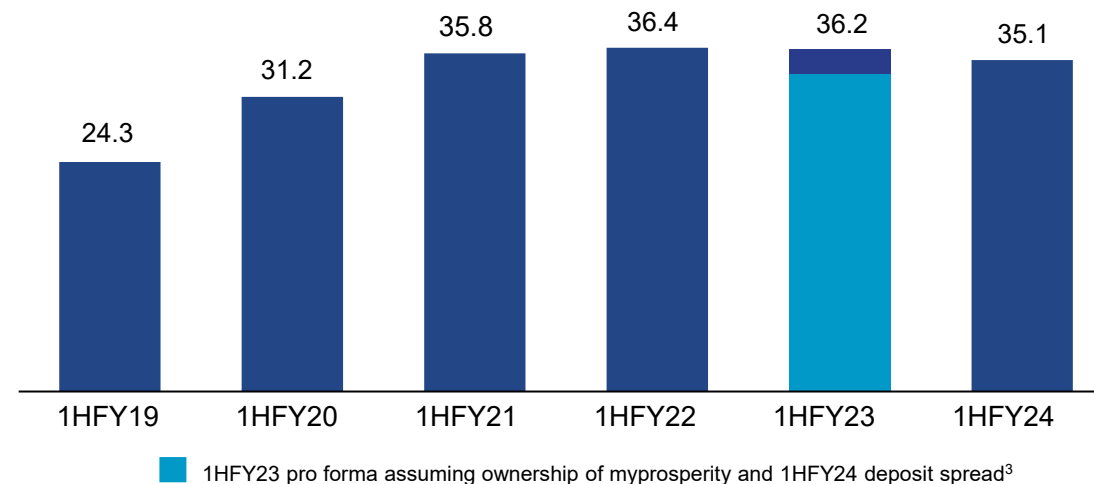
## Investing to support scale and drive future growth

- Group expenses before notable items increased 17% YoY driven by the investment in headcount, inflation and salary increases and the acquisition of myprosperity
- Group FTE increased by 20% YoY to 883 (1HFY23: 736)
  - FTE increase driven by growth investment (+102) and the acquisition of myprosperity (+45)
  - ~60% of the increase in FTE excluding myprosperity related to investment in technology FTE
- UEBITDA margin down 110bp YoY to 35.1% with the benefits of scale offset by:
  - Lower deposit spreads (~2% impact vs 1HFY23)<sup>1</sup>
  - Lower vacancy rates
  - Impact of myprosperity (~1%)

Group Expenses (\$m)



UEBITDA margin (from continuing operations)<sup>2</sup> (%)



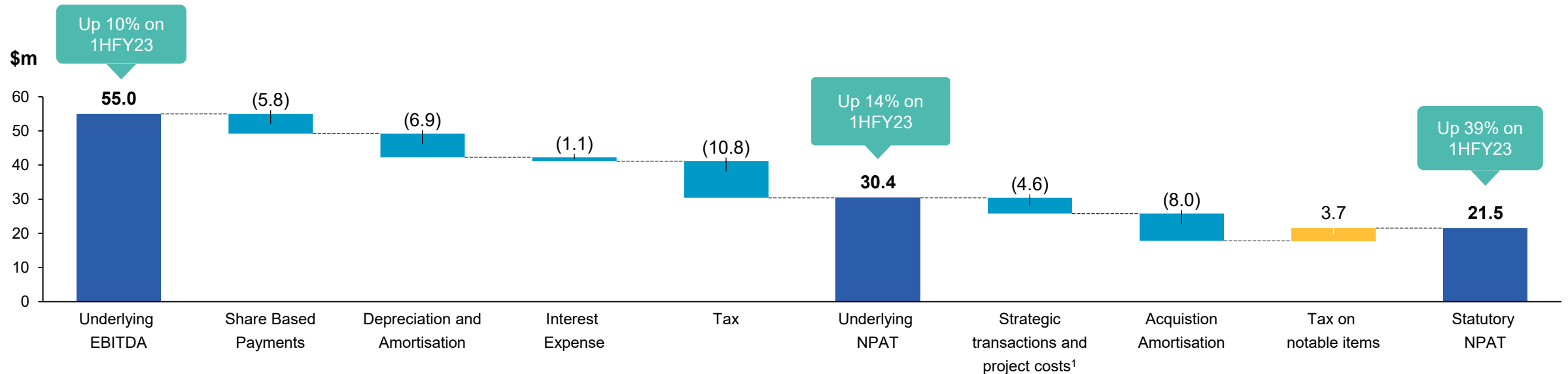
# Increasing profitability

Statutory NPAT up 39% and Underlying NPAT up 14%

\$4.6m of strategic transaction and project costs in relation to Xplore integration and large FUA migrations

Higher non-cash expenses YoY with share-based payments higher and higher amortisation as development and capitalisation of IT assets continues

Underlying effective tax rate of ~26% benefiting from movements in deferred tax balances

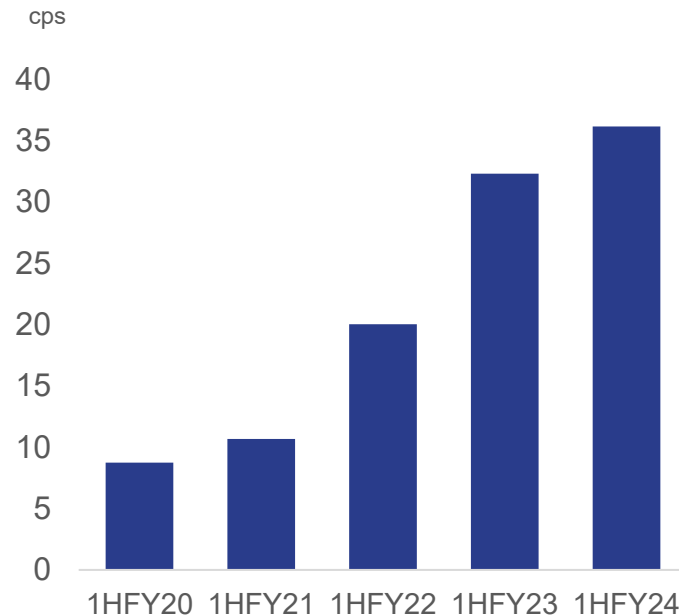


# Strong financial performance and capital management

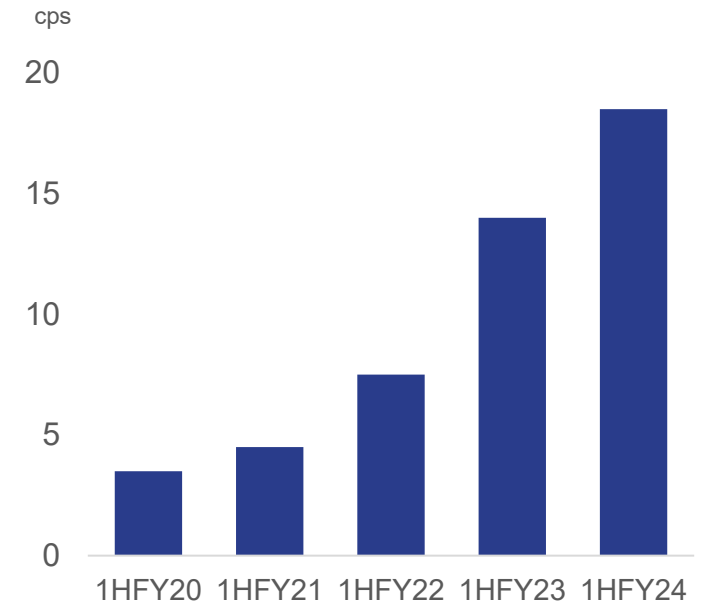


- Interim dividend of 18.5 cps up 32% YoY
- Strong balance sheet with \$61m net cash
- HUB24 bought back ~300k shares in 1HFY24 for \$10m
- Expect to complete remainder of \$50m buyback by September 2024
- \$10m of share purchases to service the Employee Share Plans

**Underlying Diluted EPS (cps)**  
**4-YR CAGR +43%**



**Dividends (cps)**  
**4-YR CAGR +52%**





# Strategy & Outlook

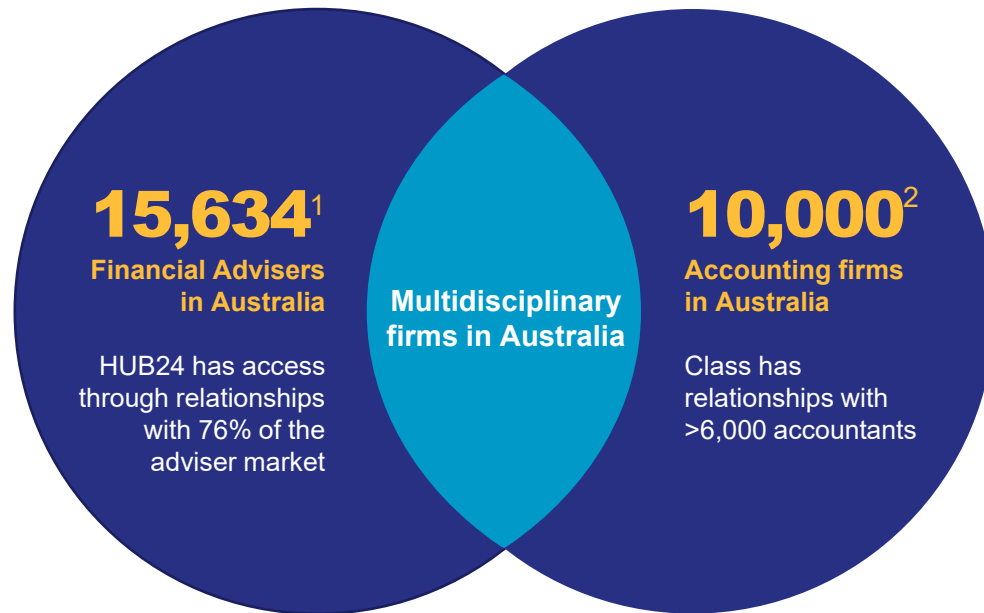
**Andrew Alcock**

Managing Director





# Significant demand for professional advice and wealth solutions



**1.8M<sup>3</sup>**

Australian's receive financial advice through an adviser

**6M<sup>4</sup>**

Australian's have a relationship with an accountant or financial adviser



## Advice industry rebuilding

Emergence of advice networks and opportunity to create large, professional advice and **multidisciplinary businesses**



## Greater demand for financial professionals

**29% of unadvised Australians** seeking advice<sup>3</sup>

**2.5 million** retirees expected to transition to retirement phase over the next 10 years<sup>5</sup>

**Intergenerational wealth transfer** of ~\$3.5 trillion over the next 20 years<sup>6</sup>



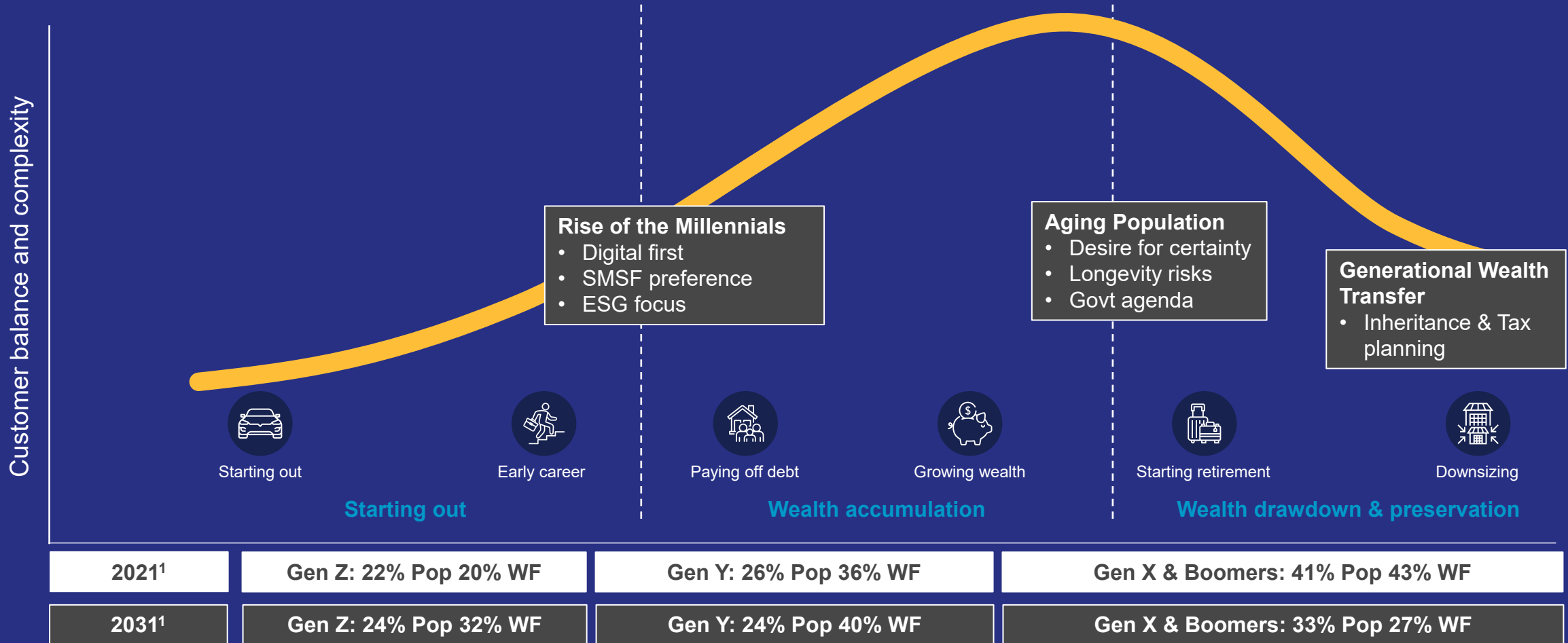
## Need for productivity increase across wealth advice & accounting

**30,000** additional accountant, audit, and finance professionals needed over the next three years to meet demand<sup>7</sup>

Advisers servicing an average of **120 clients** each<sup>8</sup>

**Staff shortage the No. 1 problem** for accountants for second year in a row<sup>9</sup>

# Shifts in population and workforce driving wealth needs across the lifecycle



1. Population and workforce percentages by generation - Simon Kuestenmacher, based on data from ABS and Centre for Population.

# Meeting demand with market-leading, unique capabilities



## Lead today

Delivering customer value and growth



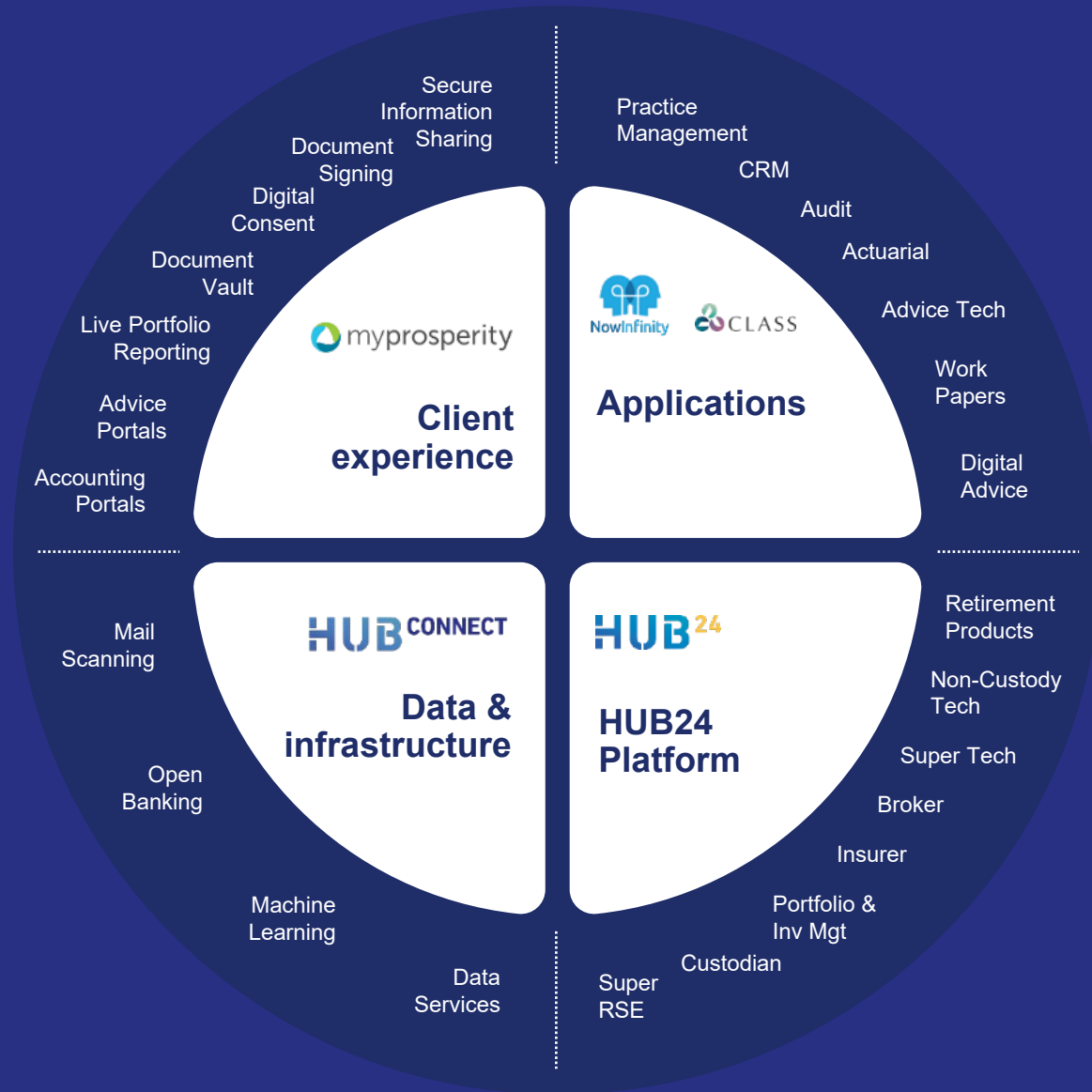
## Create tomorrow

Continuing to build the platform of the future



## Build together

Collaborating to shape the future of the wealth industry



● HUB24 ○ Partners



Single view of wealth for financial professionals and their clients



One way of doing business incorporating custody & non custody



Efficient access to investment manager IP



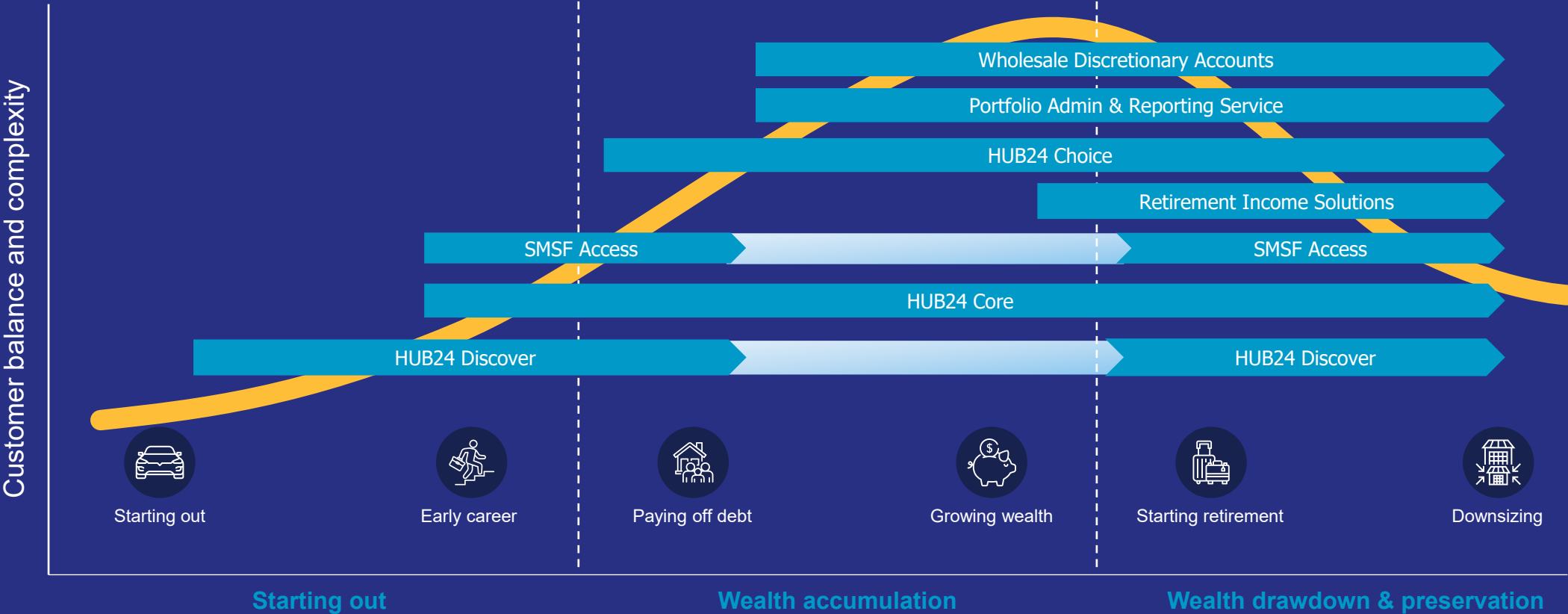
Flexibility for advisers & Visibility for licensees



Reporting & insights for businesses

# Extending our reach to meet client needs across their life stages

HUB24 Discover, Allianz Retire+ AGILE and HNW capabilities launched in 1HFY24



# Expanding HNW offer to meet growing demand

## Demand for advice is increasing from growing High-Net-Wealth (HNW) segment<sup>1</sup>

### HUB24 is empowering advisers with innovative solutions for their HNW clients



#### Current capabilities include:

- **Broad range of investment options** including unlisted domestic fixed income, TDs, direct FX and ESG investments
- **Market-leading managed portfolio** capabilities delivering 'alpha'
- **Whole view of wealth & enhanced client reporting** for on & off platform assets
- **Innovative solutions** enabling intergenerational wealth transfer – SMSF Access, Discover
- **Portfolio & administration reporting** (PARS) for large wealth groups and wholesale investors
- **Enhanced cybersecurity and collaboration** for HNW investors and their financial professionals with market-leading client portal technology

### Leveraging our capability & expertise to deliver future enhancements



#### Integrated custody and non-custody solution for advisers & HNW clients

- Comprehensive reporting and administration for off-platform assets including international direct shares & managed funds
- Further enables 'whole of wealth' view
- Efficient corporate action management & transactions for on & off-platform assets
- Phased roll out with select wealth firms from March FY24

# Pursuing profitable growth and maintaining leadership



Strong and reliable growth pipeline across both existing and new adviser relationships



Highly scalable, profitable and capital light business with significant recurring revenue across a diverse customer base



Strong balance sheet, net cash and cash flows supporting ongoing investment, shareholder dividends and share buy-back



Invest to extend our market leadership and create tomorrow's integrated wealth solutions



Leverage tech & data to meet evolving customer & industry needs, support adviser efficiency and create future growth opportunities



Capitalise on unique Group capabilities for innovation, competitive advantage & ongoing growth



Platform FUA target (excluding PARS FUA)

**\$92bn-\$100bn**

for FY25<sup>1</sup>

FUA target comprises

- Net flows \$10-12bn p.a. ex large migrations
- Opportunities for large migrations (\$4 billion from EQT in 2HFY24 and FY25)
- Range of market growth assumptions



# Questions?



# 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.

## NOT INVESTMENT ADVICE

This presentation is not a prospectus or a product disclosure statement under the Corporations Act 2001 (Cth) and has not been lodged with ASIC. The information provided in this presentation is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice when deciding if an investment is appropriate.

## RISK OF INVESTMENT

An investment in HUB shares is subject to investment and other known and unknown risks, some of which are beyond the control of HUB. HUB does not guarantee any particular rate of return or the performance of HUB nor does it guarantee the repayment of capital from HUB or any particular tax treatment.

## FORWARD LOOKING STATEMENTS

This presentation contains certain forward-looking statements. The words 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'intend', 'should', 'could', 'may', 'target', 'plan' and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of HUB24, that may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements. You should not place reliance on forward-looking statements and neither HUB nor any of its directors, employees, consultants, contractors, advisers or agents assume any obligation to update such information.

This presentation was authorised for release to the market by the Managing Director.



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## About HUB24

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HUB24 Limited is listed on the Australian Securities Exchange, and includes the award-winning HUB24 Platform, HUBconnect, the Xplore Wealth platform, Class and myprosperity.

The HUB24 platform offers advisers and their clients a comprehensive range of investment options, including market-leading managed portfolio solutions, and enhanced transaction and reporting functionality. As one of the fastest growing platforms in the market, the platform is recognised for providing choice and innovative product solutions that create value for advisers and their clients. HUBconnect focuses on leveraging data and technology to provide solutions to common challenges for stockbrokers, licensees and advisers and enable the delivery of professional advice to more Australians.

Class is a pioneer in cloud-based wealth accounting software and is recognised as one of Australia's most innovative technology companies. Class delivers trust accounting, portfolio management, legal documentation and corporate compliance solutions to financial professionals across Australia who depend on Class to drive business automation, increase profitability and deliver better client service.

myprosperity is a leading provider of client portals for accountants and financial advisers, enabling streamlined service delivery, increased productivity and enhanced customer experience for finance professionals and their clients.

For further information, please visit [www.HUB24.com.au](http://www.HUB24.com.au)