



PRESENTED BY  
Anthony Wamsteker CEO  
David Coulter CFO

# Half-Year to 31 December 2023 Financial Results Presentation

Praemium Limited ACN 098 405 826

26 February 2024

**At Praemium we acknowledge the Traditional Custodians of Country.  
We pay our respect to their Elders past, present, and emerging for they hold  
the memories, traditions, and culture of First Nations' People.**

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# Agenda



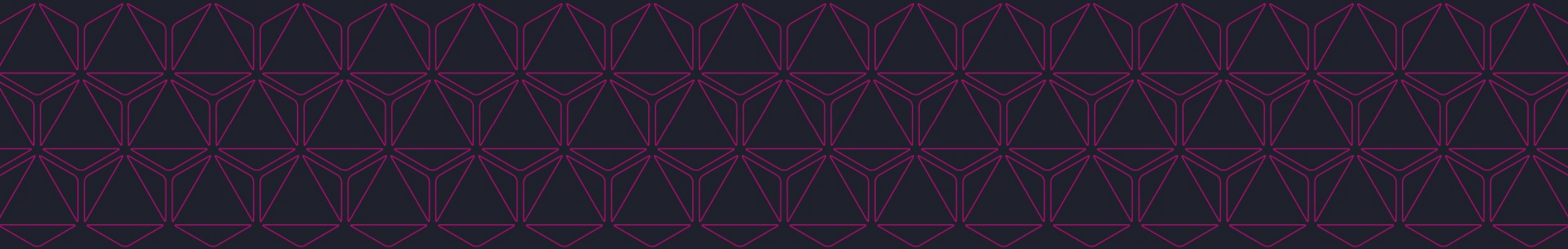
Anthony Wamsteker  
CEO



David Coulter  
CFO

- » HY24 Business Highlights  
– Anthony Wamsteker
- » HY24 Financial Results  
– David Coulter
- » Strategy / OneVue Acquisition  
– Anthony Wamsteker
- » Questions

# Business Highlights



## HY24 business highlights



**\$9.0m**

HY EBITDA  
(underlying)



**\$39.7m**

Revenue and other  
income



**\$48.3b**

Scalable FUA



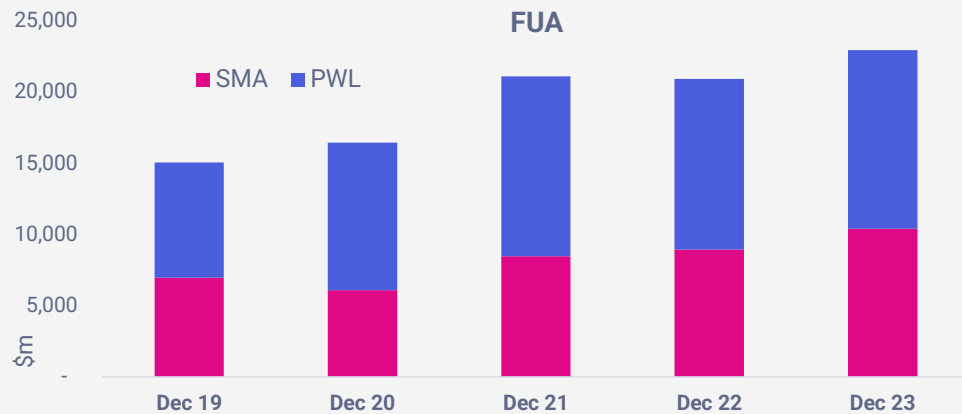
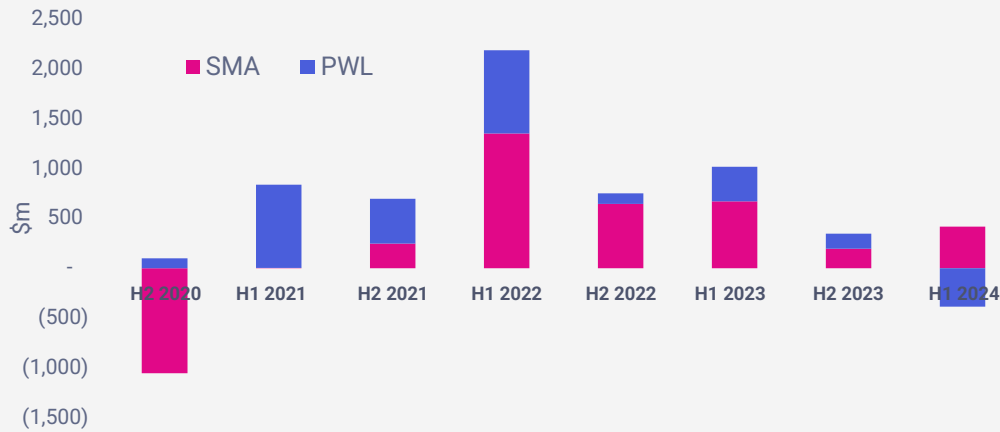
**\$7.5m**

Returned to shareholders  
HY24

- » Strong 10% revenue growth
- » 12% 5-year CAGR for SMA
- » Market-leading \$25.3b VMAAS non-custody solution
- » Higher margin SMA now at \$10.4b
- » \$7.5m of buy-back completed HY24 - \$19m buy-back in total up to 21/12/23
- » Strong balance sheet – utilised for accretive Iress OneVue Platform Business (IOPB) acquisition

# Net flows and FUA- custody

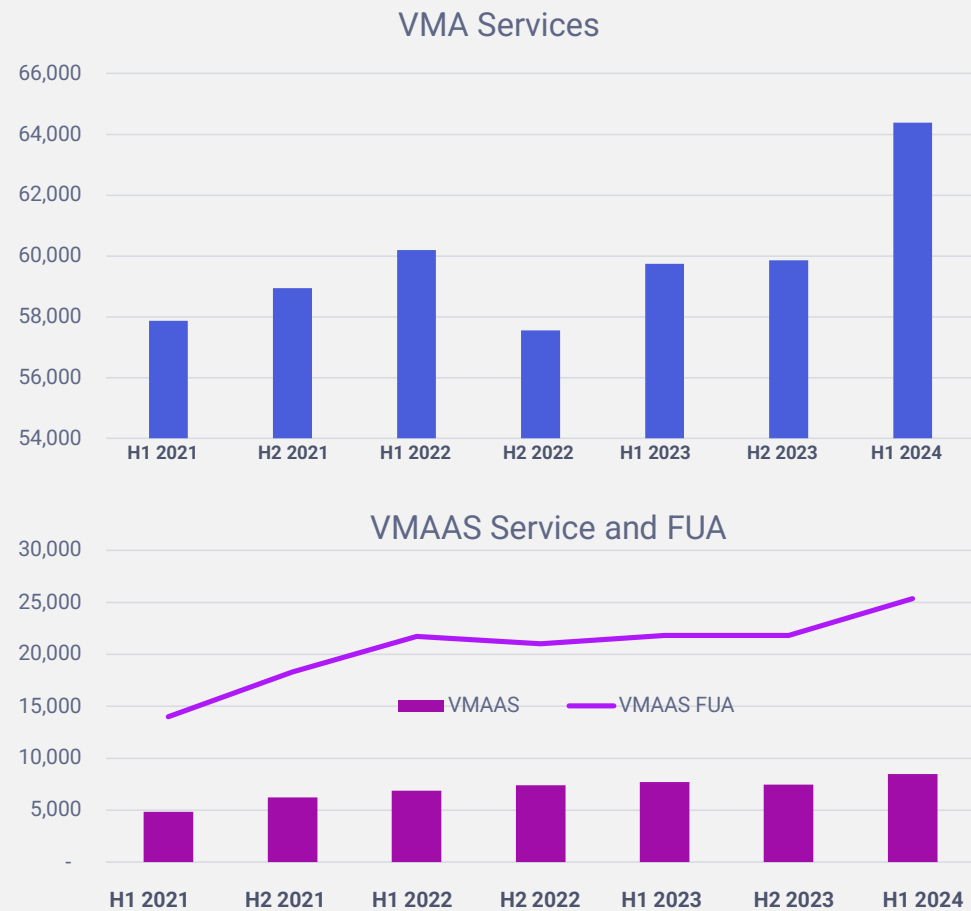
Net Flows by Half-Year



## Net Flows HY24

- » Platform \$31m
  - » SMA \$416m inflow
  - » Powerwrap \$385m outflow
- » Market movement \$696m increase
  
- » FUA (Dec 23 v Dec 22)
- » \$48.3b - up 12%
  - » SMA \$10.4b - up 16%
  - » Powerwrap \$12.5b – up 5%
- » 12% SMA FUA CAGR 5 years to Dec 24

## Net flows and FUA – non-custody



- » Reinvigorated growth in non-custodial services with 27 new client firms signed
  - » VMA 64,384, up from 59,745
  - » VMAAS 8,493, up from 7,702
  - » VMAAS FUA \$25.3b - up 16%
- » Shaw & Partners adviser recruitment pipeline remains strong
- » Mercer service a significant win



## Maintain Leadership



2023 Platform Competitive Analysis and Benchmarking Report

**Best in Data, Integration & Security**

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Praemium



2023 Platform Competitive Analysis and Benchmarking Report

**Best in Decision Support Tools**

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Praemium



## Award-winning technology innovations



» No. 1 in 17 sub-categories



» No. 2 for sub-category wins

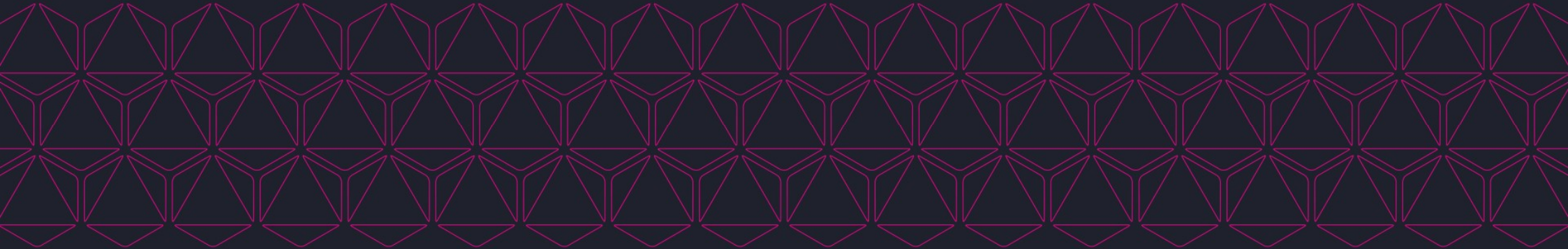


» No. 3 platform overall



» 90% platform rating – highest score to date

# Financial Results



## Group results

Group results \$m	HY24	HY23	\$ change	% change
Platform	28.5	26.0	2.5	10
Portfolio services	10.0	9.4	0.6	6
<b>Revenue</b>	<b>38.5</b>	<b>35.4</b>	<b>3.1</b>	<b>9</b>
Cost of operations*	(11.7)	(9.8)	(1.9)	(19)
Information Technology	(6.5)	(5.1)	(1.4)	(28)
Sales & Marketing	(6.3)	(5.3)	(1.0)	(19)
General, Admin & Corporate	(5.0)	(4.6)	(0.4)	(8)
<b>Expenses*</b>	<b>(29.6)</b>	<b>(24.8)</b>	<b>(4.7)</b>	<b>(19)</b>
<b>EBITDA (underlying) ^</b>	<b>9.0</b>	<b>10.6</b>	<b>(1.6)</b>	<b>(15)</b>
EBITDA %	23.3%	29.8%	-6.5%	
Share schemes	(1.1)	(0.9)	(0.2)	(24)
D&A	(2.7)	(3.6)	0.9	25
<b>EBIT</b>	<b>5.2</b>	<b>6.0</b>	<b>(0.9)</b>	<b>(15)</b>
Acquisition & restructure	(0.7)	(0.9)	0.2	22
Interest & other	1.0	0.5	0.5	104
<b>NPBT</b>	<b>5.5</b>	<b>5.6</b>	<b>(0.1)</b>	<b>(2)</b>
Tax	(1.5)	2.7	(4.2)	(158)
<b>NPAT</b>	<b>4.0</b>	<b>8.3</b>	<b>(4.3)</b>	<b>(52)</b>

\*Expenses includes \$19,133,721 (2023: 16,041,278) allocation of employee costs.

^The prior period EBITDA derives from \$11.4 million adjusted for the reallocation of outsourced administration charges to the period in which they were actually incurred

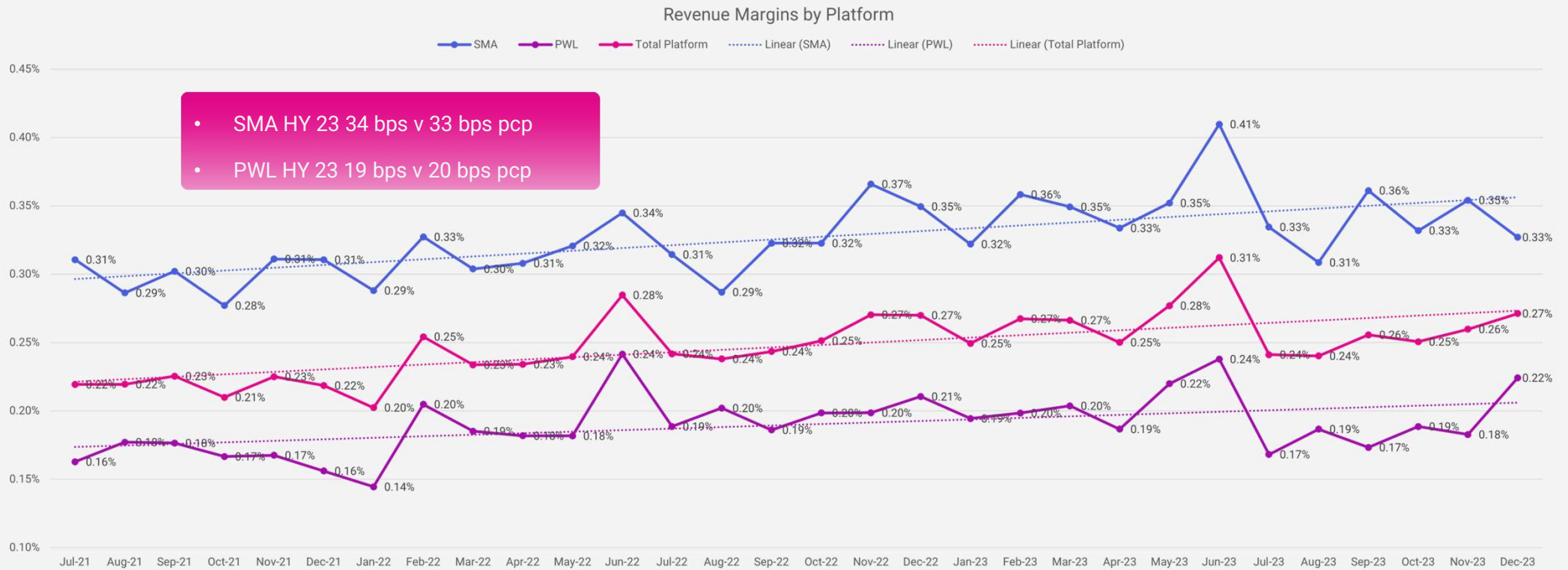
### » 9% revenue growth

- SMA inflows partly offset by Powerwrap adviser exits to non-user licensee
- Equity markets strongly +ve overall

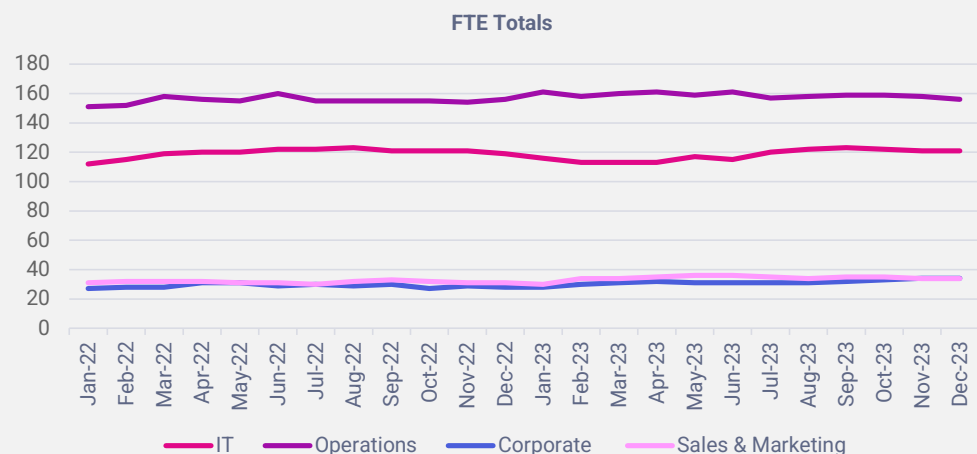
### » 19% cost growth

- » Wage inflation ~7%, combined with increased average FTE and contractors
- » CoO – higher FUA, higher FTE
- » IT – license fee increases, capability uplift in cyber security and infrastructure resilience
- » G&A – governance staff and dedicated systems

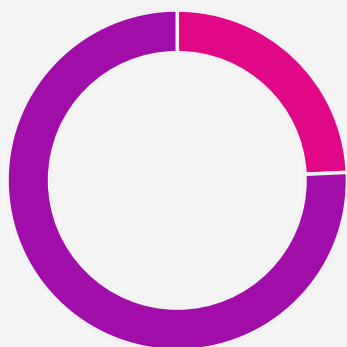
# Platform Revenue Margins – subdued trading volume impact



## FTE increases in Australia



Geographical Distribution of FTE



## FTE totals

- » Dec 21: 322 (Aus 242)
- » Jun 22: 346 (Aus 253)
- » Dec 22: 338 (Aus 253)
- » Jun 23: 347 (Aus 264)
- » Dec 23: 349 (Aus 269)

## Higher average FTE v pcp

- » Group Dec 23: 350 v Dec 22: 341
- » Aus Dec 23: 270 v Dec 22: 252

## FTE Dec 23 by geography

- » Aus: 130 Ops, 71 IT, 34 S&M, 30 Corp
- » Arm: 26 Ops, 50 IT, 4 Corp

# Cashflow

Cashflow (\$m)	HY24	HY23
Operating cashflow	4.9	7.9
Tax refunded / (paid)	2.6	(0.8)
One-off costs	(0.7)	(1.5)
<b>Net operating cashflow</b>	<b>6.8</b>	<b>5.6</b>
Intangible capex	(3.9)	(3.6)
Equipment capex	(0.2)	(0.4)
Investments	(0.1)	-
<b>Net investing cashflow</b>	<b>(4.2)</b>	<b>(4.0)</b>
Dividends paid	-	(25.8)
Loan repayment	-	(10.6)
Share buy-back	(7.5)	(6.6)
Other items	(0.3)	(0.7)
<b>Net financing cashflow</b>	<b>(7.8)</b>	<b>(43.7)</b>
Net cash movement	(5.2)	(42.1)
Opening cash	46.3	80.5
Unrealised FX	(0.1)	(0.2)
<b>Closing cash</b>	<b>41.0</b>	<b>38.2</b>

- » Operating cashflow of \$6.8m impacted by:
  - » Timing mis-match on GST remittance
  - » PAYG tax refunded post 30 June 2023
- » HY23 one-off costs were divestment related
- » R&D capex of \$3.9m broadly in line with wage increases
- » Financing cashflow largely confined to share buy-back given strong balance sheet
- » Other financing - reduced lease from both lower property footprint and lower per sqm
- » Buy-back progressing based on available market liquidity

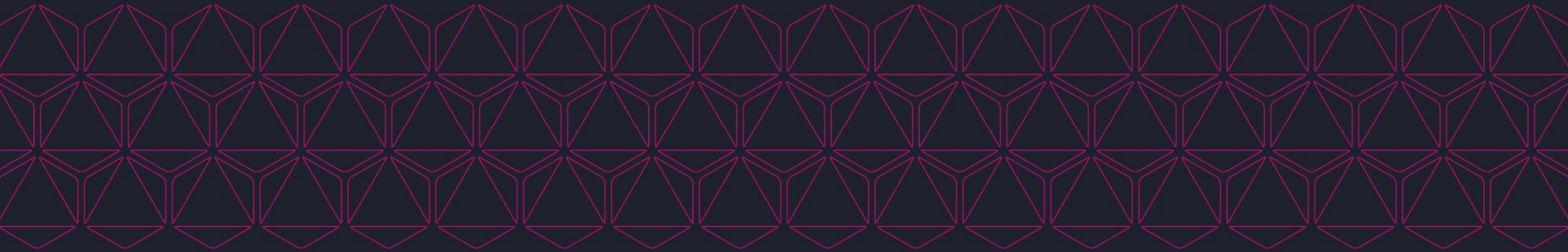
## Balance Sheet

Balance Sheet (\$m)	Dec 23	Jun 23
Cash	41.0	46.3
Receivables	9.8	10.5
Financial assets	2.1	4.0
Intangibles	62.3	60.5
Other assets	8.4	8.1
<b>Assets</b>	<b>123.6</b>	<b>129.5</b>
Tax liabilities	1.3	1.6
Other liabilities	16.7	19.8
<b>Liabilities</b>	<b>17.9</b>	<b>21.4</b>
<b>Net Assets</b>	<b>105.7</b>	<b>108.1</b>

- » Strong balance sheet available to fund future growth, even allowing for cash used to fund accretive IOPB acquisition
- » Group regulatory cash requirement remains \$15m – delayed regulatory process



# Strategy





## Strategic approach



- » Closely tracking enduring market trends.



- » Develop and offer products & services that effectively address evolving needs.



- » Create unique offerings and differentiators
- » Deliver improvements that outshine existing alternatives



- » Continue to grow and scale our business to the benefit of our clients, shareholders and employees

# ◊ Growing market share in our core markets



One platform – all clients, managed accounts & investments – regardless of advice business model

## Strong progress on strategic initiatives

### 01. Next-generation Powerwrap & Non-custodial

Next-gen IDPS product launch in final stages.

Mercer agreement onboard of 400 portfolios for VMAAS.

### 02. Operational transformation

82% of employees trained in LSS delivering increased efficiencies across the business.

Revenue uplift for SMA and SuperSMA

### 03. Group-wide service enhancements

All service teams brought together under Customer Experience for enhanced processes and client support.

Dispute resolution team bolstered.

### 04. Superannuation advances

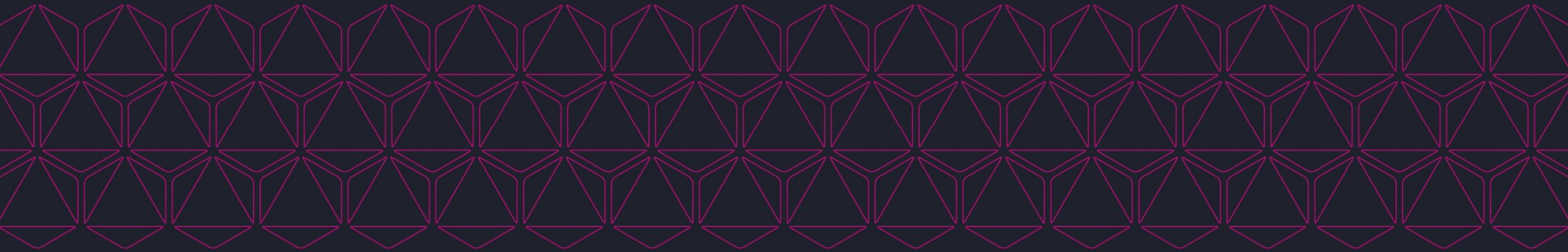
Enhanced service with upskilling and improved reporting and analytics on service provider.

New functionality for money in and money out phases

### 05. Acquisition opportunities

One Vue Platform Business purchased from IRESS

# OneVue Acquisition



# Highly Accretive Strategic Acquisition

Praemium has entered into an agreement to acquire 100% of the Iress OneVue Platform Business (“IOPB”) from Iress Limited (ASX:IRE)

## Strategic value accretive acquisition

- » Highly strategic, adding \$4.0b funds under administration (“FUA”) to Praemium’s Platform business<sup>(1)</sup>
- » Pre-tax synergies of at least \$3.0m, driven by migration to Praemium technology and associated scale benefits
- » Attractive mid-teens EPS accretion<sup>(2)</sup>

## Attractive consideration structure

- » Upfront payment \$1.0m with earn-out of \$6.7m<sup>(3)</sup> on current IOPB FUA
- » Max earnout \$20.0m<sup>(3)</sup> at 18 months
- » Estimated migration costs \$4.0m over 18 months<sup>(4)</sup>, acquisition costs \$1.5m, and other one-off costs \$1.5m.
- » Acquisition to be 100% cash funded from Praemium’s cash reserves

## Client migration and timing

- » Target transaction completion April 2024<sup>(5)</sup>
- » Consolidation into the award-winning Praemium technology platform
- » Low-risk IOPB client migration targeted to complete in 18-months
- » Experienced dedicated IOPB team moving to logical owner - both teams have experience in large scale transformation

### Notes:

(1) Assuming the full migration of IOPB’s existing portfolio FUA as at 31 January 2024.

(2) EPS accretion based on run-rate financial performance following the migration period, assuming a minimum of \$3.0m in synergies. Excludes the impact of transaction related costs.

(3) Excludes customary completion adjustments and regulatory capital of \$5.0m. Earnout paid based on \$1.7k consideration paid for every \$250k of FUA migrated from IOPB to Praemium within 18-months, tested at 9-monthly intervals (e.g. under an assumed \$4.0b FUA migration, the total consideration would be \$7.7m, excluding adjustments and transaction costs). Earnout calculated above minimum FUA of \$3.0b with the maximum earnout based on \$6.0b of FUA.

(4) \$2.7m annualised i.e. for the first twelve months

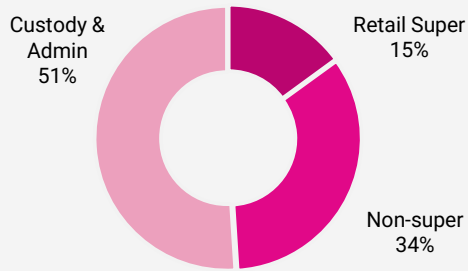
(5) Subject to agreed Conditions Precedent

# FUA and client overview

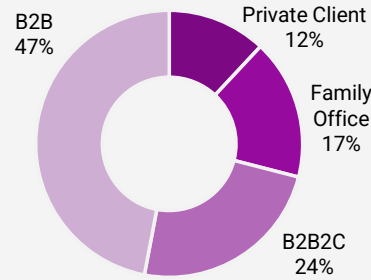
IOPB has long term, stable relationships with high-quality client base with \$4.0b of FUA

## Key metrics<sup>(1)</sup>

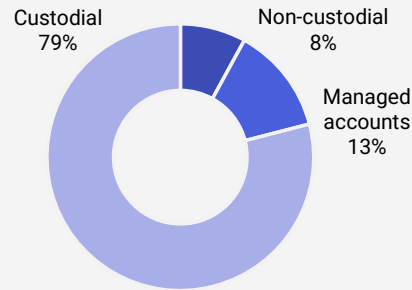
FUA by product / service<sup>(1)</sup>



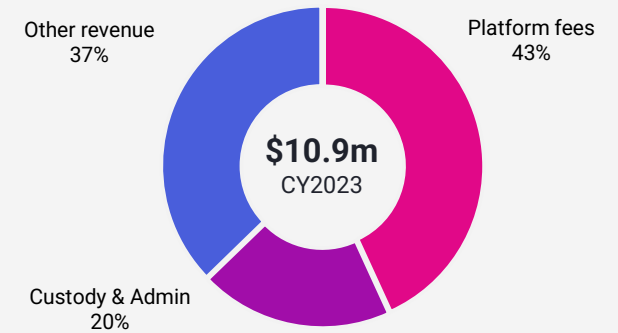
FUA by client segment



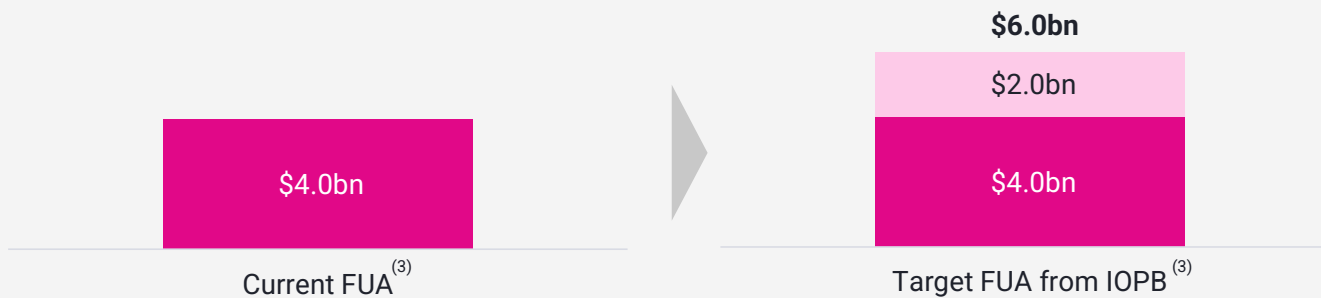
FUA by asset type



## Revenue by product / service<sup>(2)</sup>



FUA opportunity (\$bn)



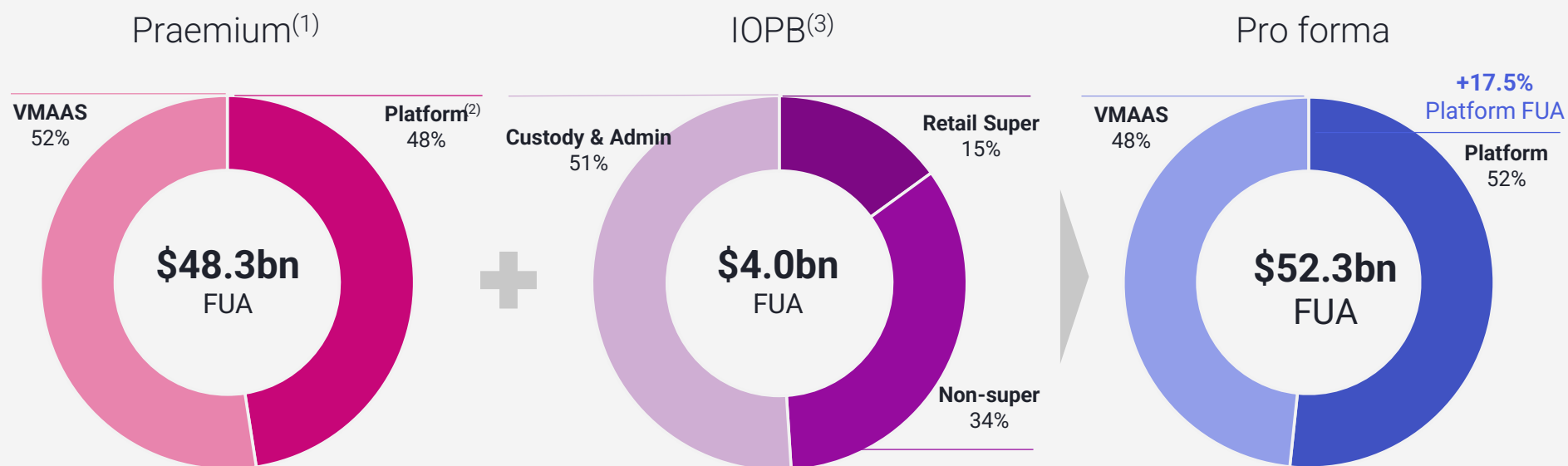
## Client metrics<sup>(1)</sup>



Notes: (1) FUA and client metrics as at 31 January 2024. (2) IOPB net revenue over CY23. Platform fees include retail super and non-super administration revenue. Other revenue includes cash net, net brokerage, RITC and other income. (3) IOPB FUA as at 31 January 2024, including potential target FUA to achieve the maximum earnout consideration (inclusive of potential new pipeline opportunities).

## Post-migration snapshot

Through the acquisition, Praemium's Platform FUA is expected to grow by \$4.0bn, bringing the pro forma Platform FUA to \$26.9bn and total FUA to \$52.3bn

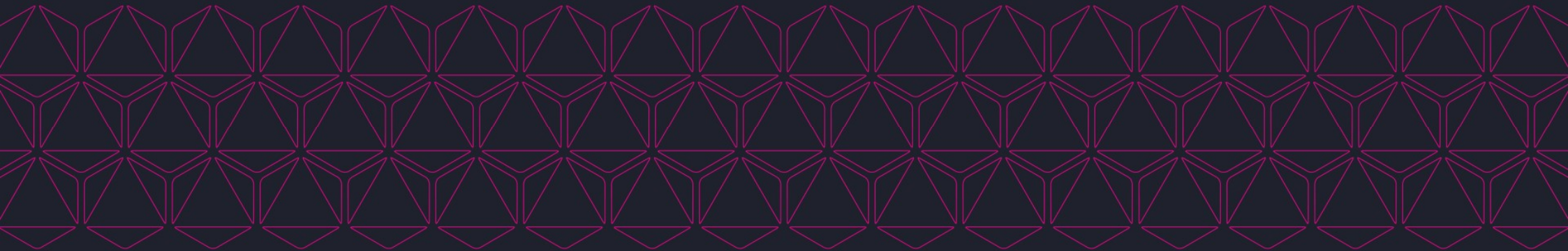


The combined business will benefit from increased scale, platform and cost synergies with the ability to capitalise on future growth opportunities

Notes: (1) Praemium FUA as at 31 December 2023. (2) Platform FUA represents Praemium's Platform SMA and Powerwrap FUA, excludes VMAAS FUA. (3) IOPB FUA split by segment metrics as at 31 January 2024.



# Questions







## contact us

Level 19, 367 Collins Street,  
Melbourne, VIC 3000  
Ph: 1800 571 881

E: [support@praemium.com.au](mailto:support@praemium.com.au)  
[praemium.com.au](http://praemium.com.au)



[twitter.com/praemium](https://twitter.com/praemium)



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# Appendix: About the Iress OneVue Platform Business

IOPB offers a comprehensive range of financial products and services in both the super and non-super segments, as well as value-add custody and administration services

