

Praemium's FY2019 annual results

Delivering on our growth agenda

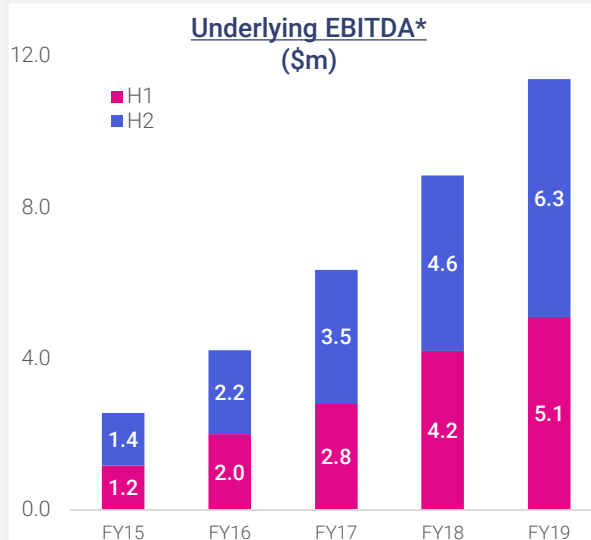
Monday 12 August 2019, Melbourne, Australia: Praemium is pleased to provide its financial results for the full year ending 30 June 2019.

Key achievements:

- » 25% increase in platform Funds Under Administration (FUA) to a record \$9.5 billion
- » With the expansion of the VMA Administration Service (VMAAS), total FUA reached \$16.1 billion, up 108%
- » Revenue and other income of \$45.1 million, a 5% increase on FY2018
- » Record underlying* EBITDA of \$11.4 million, a 29% increase on FY2018
- » Net profit after tax of \$2.5 million, a 80% increase on FY2018.

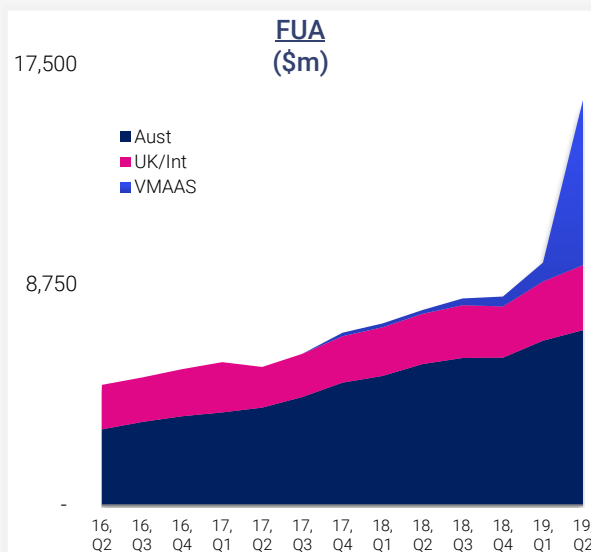
Highlights

- » Major upgrade to an Integrated Managed Accounts platform
- » Launch of a customisable Advisor Portal
- » Record gross International inflows of \$850 million
- » Now over 1,000 schemes in International pension
- » VMAAS has grown to \$6.6 billion since December 2017
- » Addition of 22 new firms to financial planning software WealthCraft



Accolades

- » UK: *International Platform of the Year* winner at the International Adviser Global Financial Services Awards
- » Australia: *Innovation Award* winner at the IMAP Awards
- » UK: *Best Fund Platform* winner at the City of London Wealth Management Awards
- » Achieved #1 ranking in 8 out of 44 categories of the *Investment Trends – Platform & Benchmarking 2018 Survey*



*Underlying EBITDA is detailed at Note 20 of the Annual Report

Financial Summary

Praemium's Australian platform has again set records this year, with FUA up 24% to \$6.9 billion from net inflows of \$1 billion. Driven by platform revenues, up 25% this year, Australian revenue increased 14% over FY2019 to \$31.4 million. Australian EBITDA increased 21% to \$15.2 million, compared to \$12.4 million for FY2018. EBITDA margins were 48% of revenue, up from the prior year's 45%.

The International platform also delivered a strong performance this year, with record gross inflows of \$850 million, up 62% on the prior comparable period. International platform FUA closed at \$2.6 billion as at 30 June 2019, a 29% improvement over last year.

International revenue (United Kingdom and Asia business units) declined by 12% for the year to \$13.7 million, with the UK business impacted by declines in global equity markets and outflows in the Smartfund range of managed funds. This was offset by growth in Asia for WealthCraft's CRM and planning software, with revenue increasing 19% to \$0.8 million from a 33% uplift in users over the past 12 months.

Despite challenging conditions, International's EBITDA loss decreased by 3% to \$2.7 million, comprising UK's EBITDA loss of \$1.6 million and Asia's EBITDA loss of \$1.1 million. This resulted from lower product commissions paid for Smartfunds and continued cost management of operating expenses.

In FY2019, Praemium accelerated its development of a range of product and technology solutions to significantly improve the way advisers deliver advice to their clients. Praemium capitalised \$4.7 million during the year to expand its platform offering.

Business Summary

On February 4th 2019 Praemium released its next-generation Integrated Managed Accounts platform to the market. The fully Integrated Managed Accounts platform provides advisers and wealth managers with the ability to construct the full breadth of managed accounts solutions for their clients via a seamless digital platform. The integrated platform includes: custodial Separately Managed Accounts (SMA) and Individually Managed Accounts (IMA); non-custodial Virtual Managed Accounts (VMA) to underpin MDAs, IDPS and similar structures; and Unified Managed Accounts (UMAs) that enable a consolidated view of custody and non-custody investment assets.

The Integrated Managed Accounts platform represents a full business model transition for Praemium, incorporating a technology, process and client engagement upgrade that brings together our well-regarded non-custodial platform with our custodial platform under an efficient single platform structure suitable for IFAs, stockbrokers, private wealth managers, family offices and institutional clients both domestically and globally, for our clients who access the platform via their local jurisdictions.

To support the launch of the new Integrated Managed Accounts platform, Praemium initiated the 'Welcome to the Upgrade' marketing campaign with a brand re-refresh and new website. A measure of the success of the campaign was indicated by our selection as a finalist for Financial Standard's *MAX Marketing Campaign of the Year Award*. Notably, Praemium was the only investment platform nominated in this category.

In Australia, the VMA administration service (VMAAS), which was launched in the previous financial year, reached critical scale with over 4,000 portfolios representing some \$6.6 billion in funds under administration. In addition to the \$9.5 billion on the custodial platform, Praemium can now report overall FUA of \$16.1 billion, an increase of 108% over the previous year.

Internationally, the Praemium's UK SIPP (self invested personal pension) has grown to over 1,000 members, a 350% increase since acquiring the business in October 2016. Similarly, there was a strong take-up of the WealthCraft financial planning CRM system in the UK, the Middle East, Asia and more recently South Africa.

Looking forward

CEO Michael Ohanessian stated, "The past year was a transformative one for Praemium. We believe February's upgrade to a full-service Integrated Managed Accounts platform represents the 5th generation in platform technology.

"An important consequence of this upgrade is a significant increase in the size of Praemium's addressable market. In Australia alone, our market has expanded from the \$21 billion SMA platform segment (as at end 2018) to the \$858 billion overall platform market¹. Although it is early days, we are very encouraged by the strong client interest in Australia and internationally for our new IMA capability.

"I'm delighted to say that our international business is now growing strongly and is on target to become profitable next year. We had hoped to achieve this milestone sooner, but challenging trading conditions in the UK interrupted our momentum in the early part of the financial year. That said, our momentum in the second half of the financial year has been very strong. We delivered a record \$521 million of inflows in the second half versus \$328 million in the first. Comparing this year to the previous year, gross inflows were up 62% and I'm pleased to say that momentum has continued into the current financial year.

"While our new Integrated Managed Accounts platform is a great achievement, there remain many things for us to do. Our next major program will be to fully integrate the platform and our WealthCraft CRM and financial planning system. With the combined global reach of our platform and WealthCraft, we believe our unique position will deliver us a competitive advantage that will also help support adviser firms in their efforts to deliver excellence in their management of client wealth.

"Praemium as a company is evolving very quickly into a very special business with superior technology and a very large addressable market. After another strong year, I'm excited that our strategic initiatives are progressing well to deliver on our growth agenda."

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

¹ Strategic Insights, March 2019

About Praemium (ASX: PPS): Praemium is a global leader in the provision of technology platforms for managed accounts, investment administration and financial planning. Praemium's technology is utilised across more than 500,000 investor accounts covering over \$140 billion in funds globally, and currently provides services to more than 1,000 financial institutions and intermediaries, including some of the world's largest financial institutions.

For further information:

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Financial summary

Key financial metrics (\$m)	FY2019	FY2018	% change
Revenue and other income ¹	45.1	43.2	5%
Expenses	33.7	34.4	(2%)
EBITDA (underlying)²	11.4	8.8	29%
EBITDA margin	25%	20%	
Profit before tax	5.4	4.9	11%
Tax expense	2.9	3.5	(17%)
Profit after tax	2.5	1.4	80%
Earnings per share (cents)	0.6	0.4	78%
Cash	13.7	12.1	13%
Net Assets	23.6	20.3	16%
Operating cashflow	6.2	5.4	14%

FUA (\$m)	FY2019	FY2018	\$ change	% change
Australia Platform	6,958	5,606	1,352	24%
International Platform ³	2,574	1,996	578	29%
Total Platform FUA⁴	9,532	7,602	1,930	25%
VMAAS ⁵	6,557	148	6,409	4,330%
TOTAL FUA	16,089	7,750	8,339	108%

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 2019 is translated at spot rate of 0.5535 (2018: 0.5634).

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.