

Praemium FY2016 profit up 72%

15 August 2016, Melbourne: Praemium is pleased to provide its annual results for the financial year ending 30 June 2016. Key highlights include:

- 72% increase in underlying earnings before interest, tax, depreciation and amortisation (EBITDA) to a record \$3.8 million, compared to \$2.2 million in the previous year;
- 23% increase in revenue and other income to \$30.2 million;
- 25% growth in SMA funds on platform to a record \$4.8 billion; and
- Net profit after tax (NPAT) of \$0.8 million, compared to a \$2.1 million loss for the corresponding period.

RESULTS SUMMARY	FY2016 \$000	FY2015 \$000	Change \$000	Change %
Revenue & other income	30,219	24,575	5,644	23%
Expenses	26,448	22,388	4,060	18%
EBITDA (underlying)*	3,771	2,187	1,584	72%
Net Profit before Tax	1,563	1,544	19	1%
Tax Expense	784	3,636	(2,852)	(78%)
Net Profit / (Loss) after Tax	779	(2,092)	2,871	137%
Earnings per Share	0.2	(0.5)	0.7	140%
Cash	10,426	11,477	(1,051)	(9%)
Net Assets	16,240	15,764	476	3%
Operating Cashflow	978	4,167	(3,189)	(77%)

*EBITDA excludes restructure and acquisition costs of -\$0.7 million (2015: -\$0.1 million) and foreign exchange movements of currencies held on deposit of -\$0.6 million (2015: -\$0.1 million), as detailed in Note 20 of the attached annual report.

Commenting on the full-year results, CEO Michael Ohanessian stated, "I'm delighted to report a record result for the 2016 financial year, both in terms of underlying earnings (EBITDA) and net profit after tax (NPAT). Our results demonstrate the scalability of Praemium's business model with strong growth in recurring revenue streams. Even more pleasing is that we can deliver strong operating leverage while increasing investment in our business to further enhance our core technology.

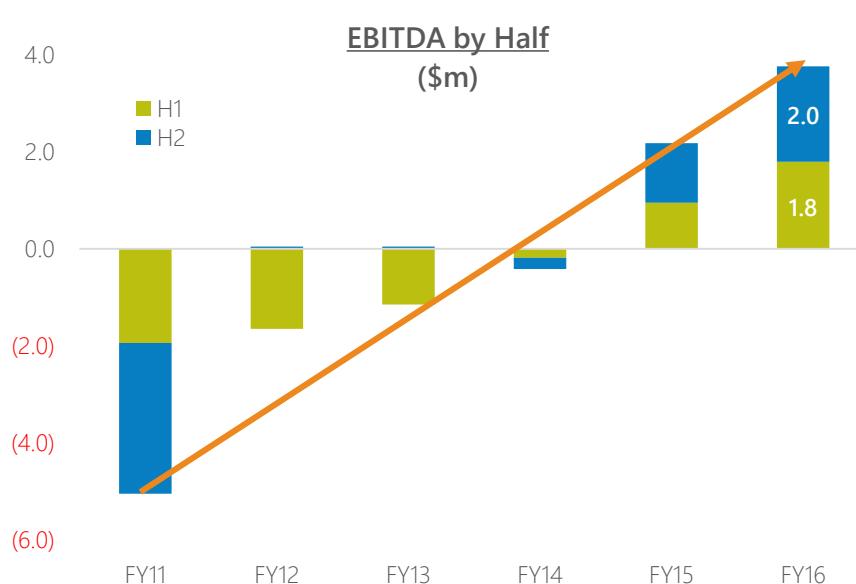
"FY2016 has been a great year in terms of our financial performance, new sales and new product development. Our global SMA platforms achieved record inflows, we received strong uptake in our newly launched Smartfund 80% Protected range and we were awarded International Platform of the Year. Our V-Wrap portfolio administration software was further enhanced, including the launch of SMSF compliance and reporting. The ongoing enhancement of the V-Wrap product helped deliver subscriber growth, in particular the major client win of JBWere."

FY2016 Results

The group achieved revenue growth of 27% to \$28.4 million. This was from:

- Global investment platform revenue increasing 43% to \$12.0 million, driven by funds under administration on Praemium's SMA platforms reaching a record \$4.8 billion; and
- Portfolio services revenue up 12% to \$13.6 million, from continuing growth in Praemium's portfolio administration and reporting software (V-Wrap).

Other income of \$1.8 million included \$1.3 million for UK R&D incentives received as cash. (Australia's R&D incentive for FY2016 was received as a tax offset, reducing reported tax expense.) Gross margins improved to 77%, compared to 75% in the prior year, as the business continued to enhance its operating leverage through increasing recurring revenue streams.



The company recorded underlying EBITDA of \$3.8 million, a 72% increase compared the previous year. Underpinning this result was:

- EBITDA for the Australian business segment of \$9.4 million, with an EBITDA margin of 48% demonstrating its scalability; and
- A 42% improvement in the UK business segment with EBITDA loss down to \$3.4 million, driven by revenue in GBP up 66%, while expenses increased by 20%.

The Company has reported NPBT of \$1.5 million, consistent with the prior year, and NPAT of \$0.8 million, compared to FY2015's loss after tax of \$2.1 million. The Company also recorded positive operating cashflows of \$1.0 million for the year to 30 June 2016. Cashflows were lower compared to the prior year, from the timing of working capital inflows (received in July 2016), the Australian R&D incentive no longer received as a cash rebate and the inaugural payment of company tax. Closing cash reserves were \$10.4 million at 30 June 2016 and despite the sharp appreciation of AU\$ in June 2016 following the impact of Brexit, the Company has strong cash reserves to support its strategic objectives and continuing investment in the business.

The year ahead

Commenting on the year ahead, CEO Michael Ohanessian stated, "The financial services market, particularly in Australia, continues to embrace SMA platform technology at an accelerating rate. As the market leader in the Australian SMA sector, Praemium is well placed to benefit from advisers shifting from wrap platforms to SMA, and we are very focussed on delivering on our growth opportunities.

"Our international platform business has continued its strong growth momentum, particularly in the past two years, resulting in the narrowing of operating losses. With the potential of significant upside from the international platform in the future, we continue to build a quality proposition and remain focussed on reaching inflexion to profitability in the near term."

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

About Praemium (ASX: PPS): Praemium is a global leader in the provision of investment administration, Separately Managed Account (SMA) and financial planning technology platforms. Praemium administers in excess of 300,000 investor accounts covering approximately \$80 billion in funds globally, and currently provides services to approximately 700 financial institutions and intermediaries, including some of the world's largest financial institutions.

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