



# Investor presentation

1HFY15 results



# Overview

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## Who we are

HUB24 is an independent financial services company focused on delivering superior investment, superannuation and advice solutions to independently-minded advisers and their clients



- Market leading Wrap & Managed Account Platform
- \$1.4 billion Funds Under Administration (FUA) as at today
- FUA up 46% in FY15
- 420 financial advisers using the platform
- Third in the market for platform functionality\*



- Market leading boutique advice licensee
- \$2.5 billion Funds Under Advice
- 19 high quality practices, 50 advisers, national footprint
- Acquired by HUB24 on 3 September 2014

\* Investment Trends December 2014 Platform Benchmarking Report based upon extensive analyst reviews of 22 Platforms across 466 functional points.

## What we do

We develop, distribute and operate the HUB24 Investment and Superannuation platform



- Our customers are financial advisers, accountants, stockbrokers and institutions
- We allow financial advisory groups to white label the platform under their own brand
- Very wide financial product choice including Managed Portfolios, listed securities, insurance options, managed funds, term deposits and cash
- Provide financial advice to clients via licensed advisers of the newly acquired Paragem business.

# Foundations of our success

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## Market leading managed portfolio capability

- Market leader for implemented SMAs and managed portfolios within a fully featured wrap account
- Efficient implementation model for licensees and advisers allowing creation of new revenue streams
- Supports the achievement of superior fee and tax outcomes for customers

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## Experienced team

- Highly experienced financial services team covering platforms, technology and wealth management

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## Technology

- HUB24 proprietary technology with proven in house development team
- Fully online and scalable solution delivering operational efficiency

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## Independence

- Independently owned platform, not reliant or influenced by in-house products
- Paragem open-architecture and clearly differentiated licensee with full product choice, high quality advisers and strong compliance

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## Market environment

- Strong position in a growth market with mandated superannuation growth. Wrap accounts, including managed portfolios, forecast to be fastest growing segment of personal investment market\*

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## Continuing investment

- Ongoing commitment to invest in product innovation, FUA growth, client experience and operational excellence
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# 1HFY15 results

Our focus is delivering innovation, growth and financial results ...

## Focus

- Technology and product features
- Increasing flows and FUA
- Operational efficiency
- Superior client outcomes
- Adviser engagement
- Alliances and acquisitions



## Results\*

### Platform innovation

- Top 3 platforms\*\*
- Award - Smartphone / tablet access\*\*
- BRW innovation recognition

### Growth

- FUA up 102%
- Net inflows up 116%
- Advisers up 37%
- Monthly average net inflows up from \$30 million to \$60 million

### Financial results

- Revenue of \$11.17 million up from \$1.38 million
- Platform revenue of \$3.25 million, up 135%
- Gross Profit of \$1.71 million up from \$0.3 million loss
- Positive monthly operating EBITDA\*\*\* expected in 2H15

... and targeting over \$3 billion in FUA by Dec 2016 and \$8-10 billion by the end of the decade

\* Data and comparisons are for 1HFY15 and compared to prior corresponding period of 1HFY14 unless stated otherwise

\*\* Investment Trends December 2014 Platform Benchmarking Report based upon extensive analyst reviews of 22 Platforms across 466 functional points

\*\*\* Operating EBITDA represents Revenue less all Operating Expenses incurred in servicing the current FUA. It excludes Growth Investment expenses and other significant items

# 1HFY15 results – industry recognition



## Investment Trends recognition

- HUB now ranked top-3 in the market amongst full function platforms according to Investment Trends\* – ahead of traditional providers and up from fifth place 2013
- Awarded Best Tablet / Smartphone Access for 2014
- New interface released in February 2015 has further improved multi device access and user experience

## BRW Innovation awards

- Recognised as innovative Australian company in BRW 2014 Most Innovative Companies awards

## Plan for Life quarterly Platform, Wrap Market Report\*\*

- Sixth highest annual net inflows for wrap providers
- Highest net inflow growth rate across master trusts, wraps and platforms

\* Investment Trends December 2014 Platform Benchmarking Report based upon extensive analyst reviews of 22 Platforms across 466 functional points

\*\* Plan for Life data released December 2014 for the period ended 30 September 2014. Net inflow growth rate calculated as net inflows/FUA

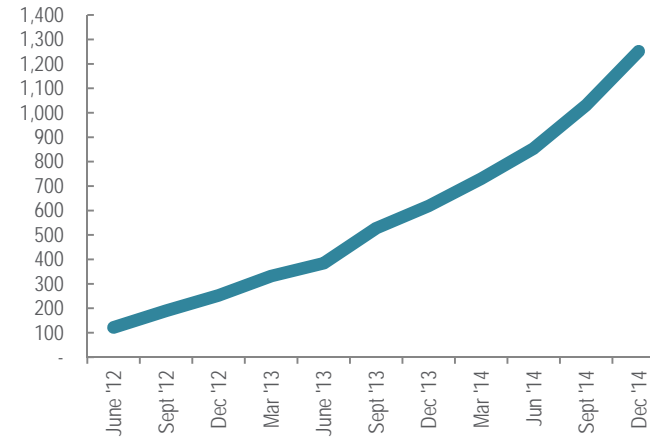
# 1HFY15 results – platform growth statistics

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	1HFY15 \$ millions	Increase on PCP	Increase on prior half
FUA* (now \$1.4 bn)	1,251	102%	46%
Net inflows	361	116%	59%
Gross inflows*	425	112%	45%
Number of advisers	420	37%	21%
Managed portfolios*	555	129%	55%

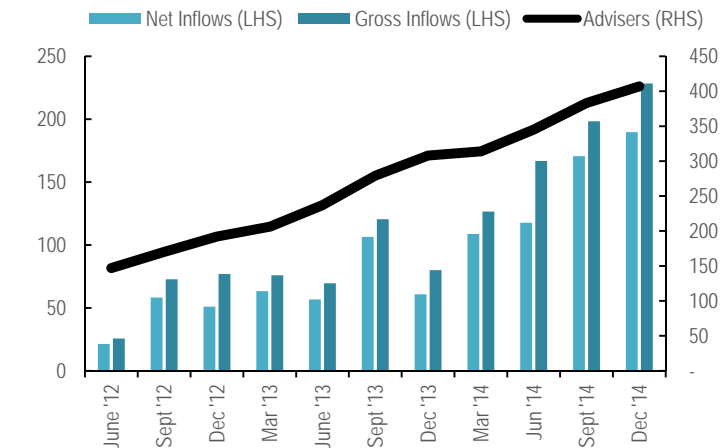
## FUA BALANCE

\$ millions



## INFLOWS AND NUMBER OF ADVISERS

\$ millions



\* includes market movement



# 1HFY15 group financial results

Inclusive of Paragem Pty Ltd from September 2014

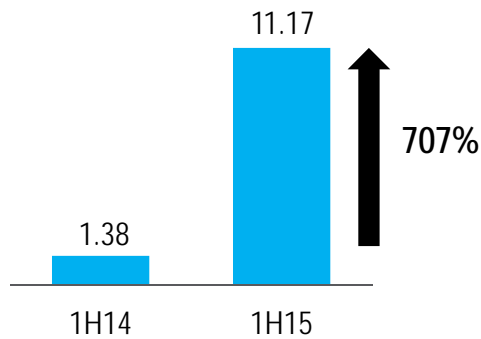
Key financial results	Half year ended 31 December 2014 \$ millions	Half year ended 31 December 2013 \$ millions	% change
FUA	\$1,251	\$619	102%
Revenue	11,168,712	1,383,969	707%
Direct costs	(9,454,275)	(1,690,043)	459%
Gross profit	1,714,436	(306,074)	660%
Operating expenses*	(2,366,520)	(1,588,581)	49%
Operating EBITDA*	(652,084)	(1,894,655)	66%
Growth investment expenses*	(1,861,660)	(1,644,530)	13%
EBITDA	(2,513,744)	(3,539,185)	29%
NPAT	(2,956,836)	(4,564,923)	35%

\* Operating expenses includes all expenses incurred in servicing current FUA for the platform and salaries and administrative expenses for the licensee, growth investment expenses are costs for platform development, strategic development (inclusive of M&A activity) and to accelerate additional FUA onto the platform, operating EBITDA excludes growth investment expenses and other significant items

# 1HFY15 group financial results

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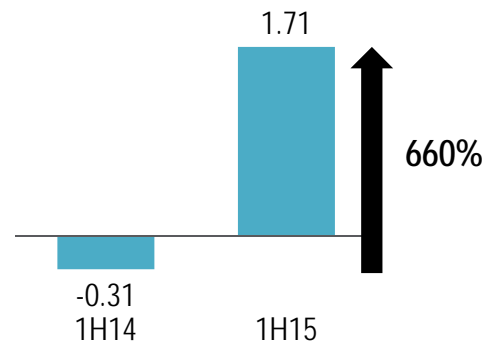
## REVENUE \$ millions



### Revenue growth driven by:

- Acquisition of Paragem on 3 September 2014, contributing \$7.9 million revenue for the period
- FUA inflows of \$361 million, an increase of 116% on pcp
- Higher volume transaction activity on the platform

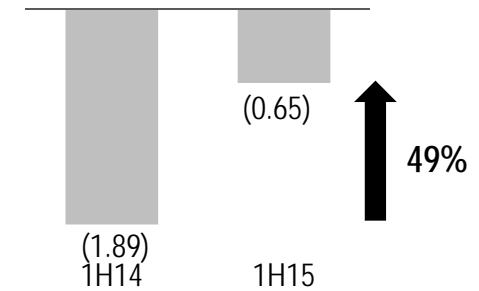
## GROSS PROFIT \$ millions



### Gross profit growth driven by:

- Improved margins from increased scale, platform transaction activity and adjusted pricing strategy
- Strong scale benefits achieved with direct headcount

## OPERATING EBITDA\* \$ millions



### Operating EBITDA driven by:

- Revenue growth and improved gross profit margins
- Stable operating expenses during the period

\* Operating EBITDA represents revenue less all operating expenses incurred in servicing the current FUA, it excludes growth investment expenses and other significant items

# 1HFY15 platform financial results

Continuing rapid increase in FUA is translating into significant revenue, gross profit and EBITDA improvements

Platform – key financial results	Half year ended 31 December 2014 \$ millions	Half year ended 31 December 2013 \$ millions	% change
FUA	\$1,251	\$619	102%
Revenue	3,246,843	1,383,969	135%
Platform direct costs	(2,197,543)	(1,690,043)	30%
Gross profit	1,049,300	(306,074)	443%
Operating expenses*	(1,611,906)	(1,588,581)	1%
Operating EBITDA*	(562,606)	(1,894,655)	70%
Growth Investment expenses*	(1,822,285)	(1,548,179)	18%
EBITDA	(2,384,891)	(3,539,185)	33%

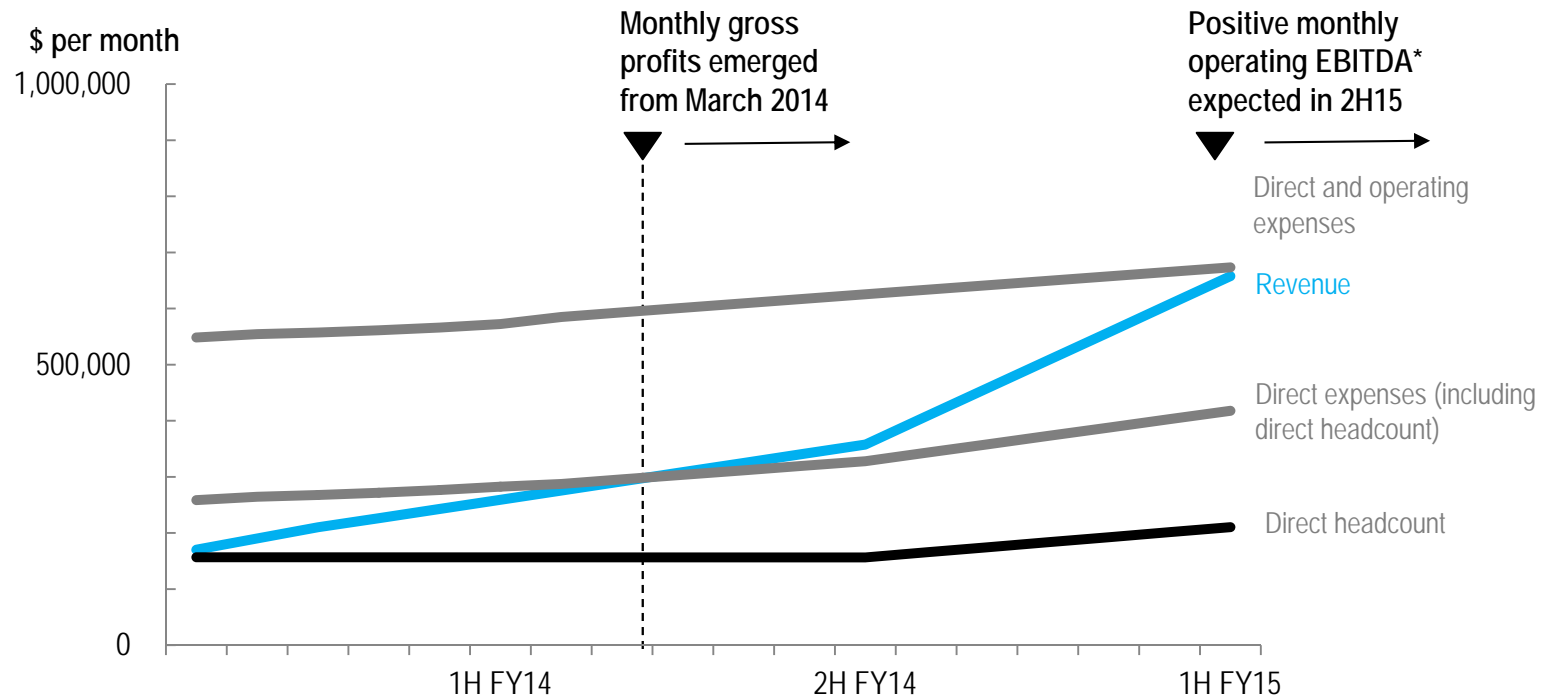
Revenue has increased 135% while direct costs have only increased 30%

Gross profit margin of 32% up from (22%)

Expecting positive monthly operating EBITDA during 2H15

\* Operating expenses includes all expenses incurred in servicing current FUA, growth Investment expenses are costs for platform development, strategic development (inclusive of M&A activity) and to accelerate additional FUA onto the platform, operating EBITDA excludes growth investment expenses and other significant items

# Scale efficiencies and margin expansion



Scale benefits and margin expansion have emerged and positive monthly operating EBITDA is expected in 2H15

1. Gross profits escalating in 1H15 with revenues up 135% and direct costs 30%
2. Increased scale, platform transaction activity and pricing strategy has improved margins
3. Headcount to support FUA has incurred a marginal increase only

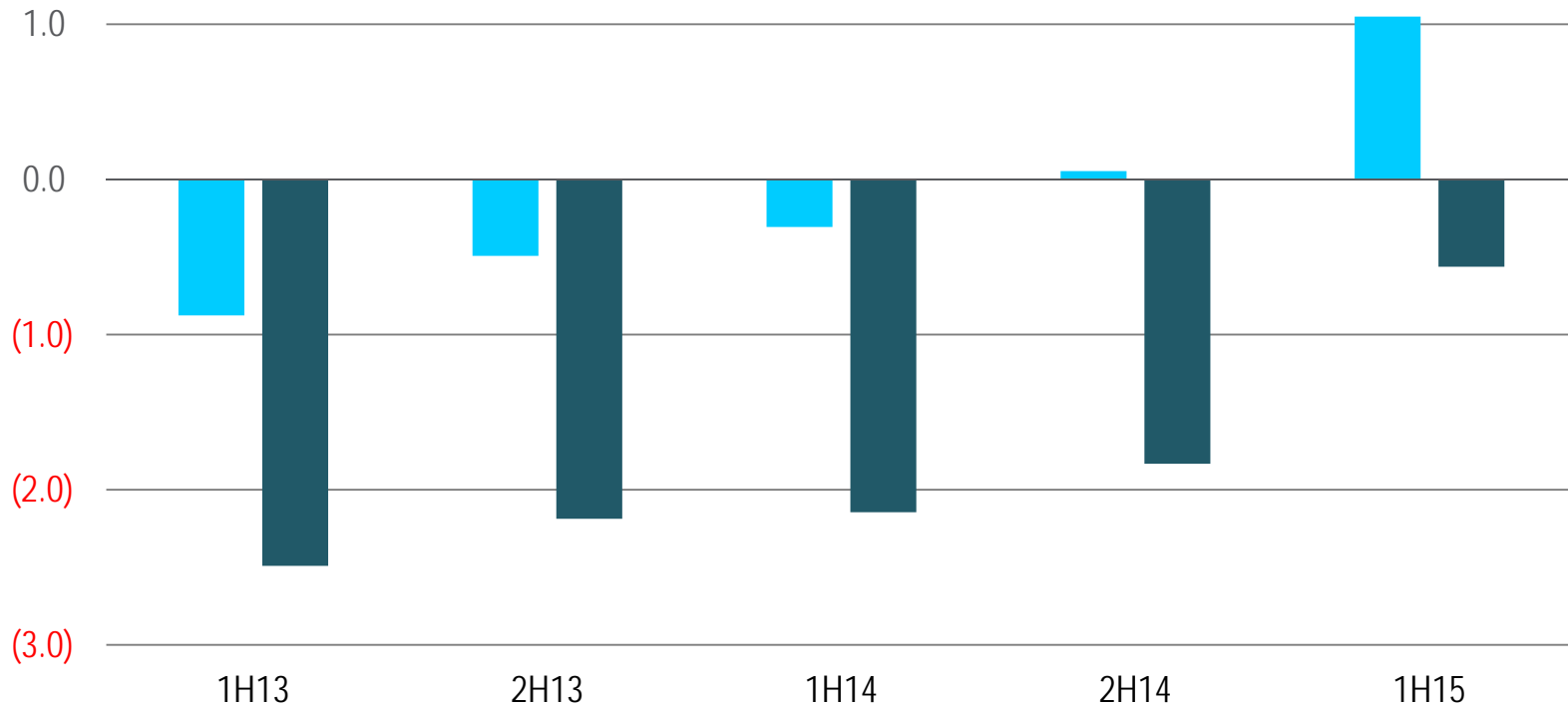
\* Operating EBITDA represents revenue less all operating expenses incurred in servicing the current FUA, it excludes growth investment expenses and other significant items

# 1HFY15 results – platform

## GROSS PROFIT AND OPERATING EBITDA\* TRENDS

\$ millions

■ Gross Profit  
■ Operating EBITDA



\* Operating EBITDA represents revenue less all operating expenses incurred in servicing the current FUA, it excludes growth investment expenses and other significant items

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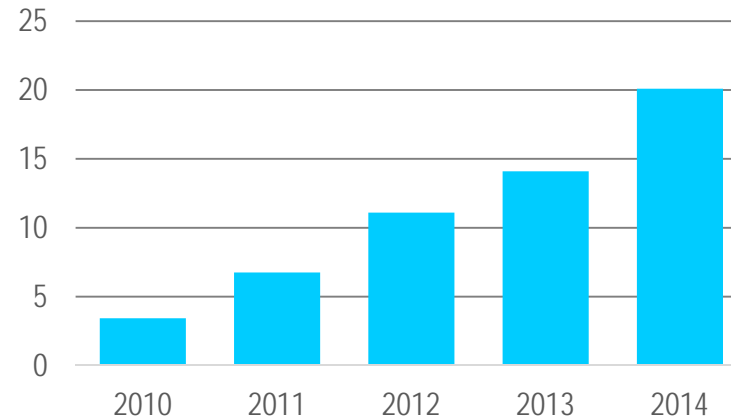
# 1HFY15 results – Licensee

- Paragem has been a rapidly growing business over the past 5 years
- Revenue has increased by 23% over the prior corresponding period
- Integration completed during the period
- Strategic benefits starting to emerge
- Removal of regulatory barriers for practice portability is expected to support adviser recruitment

Licensee Services – key financial results	4 months to 31 December 2014	4 months to 31 December 2013*	Variance
Revenue	7,921,869	6,440,226	23%
Direct costs	(7,256,732)	(5,894,856)	23%
Gross profit	665,137	545,370	22%
Operating expenses	(643,386)	(544,627)	18%
EBITDA	21,751	743	2,827%

### PARAGEM PTY LTD – HISTORICAL REVENUE

\$ millions



\* Extracted from Paragem Pty Ltd audited financial statements 2014

# Outlook

- 1 FUA growth trend expected to continue**
  - Maximise existing adviser and dealer relationships
  - Ongoing business development including white labels for dealer groups, stockbrokers and accountants
  - Targeting over \$3.0 billion FUA by December 2016 and \$8-10 billion by end of the decade
  
- 2 Continuing investment to maintain and enhance position as leading independent platform**
  - Increase current product range and expand capabilities
  - Enhance adviser and client experience
  - Targeting launch of new international equities for Q1 FY16
  - Leverage recent non-custody developments for revenue growth and stockbroker opportunities
  
- 3 Grow Paragem licensee by recruiting quality practices and providing exceptional advice and platform solutions**
  
- 4 Build strategic alliances and review appropriate acquisition opportunities**
  
- 5 Efficiently develop and grow our high calibre talented team to support our future success**

# Corporate

## Capital structure at 24 February '15

Shares on issue	47.06m
Share price	\$1.00
Market capitalisation	\$47.06m

## Substantial shareholders

Thorney Holdings Ltd	19.96%
Acorn Capital Ltd	11.17%
Ian Litster	7.6%

## Balance sheet as at 31 December '14

Cash and cash equivalents	\$ 8.72m
Other current assets	\$ 2.44m
<b>Non-current assets</b>	<b>\$ 13.36m</b>
<b>Total assets</b>	<b>\$ 24.52m</b>
Current liabilities	\$ 3.07m
Non-current liabilities	\$ 4.59m
<b>Total liabilities</b>	<b>\$ 7.66m</b>
<b>Net assets</b>	<b>\$ 16.86m</b>
<b>Equity</b>	<b>\$ 16.86m</b>



# Disclaimer

## Summary information

The material herein is a presentation of general background information about HUB24 Limited's ('HUB') activities. 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.

## Not investment advice

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