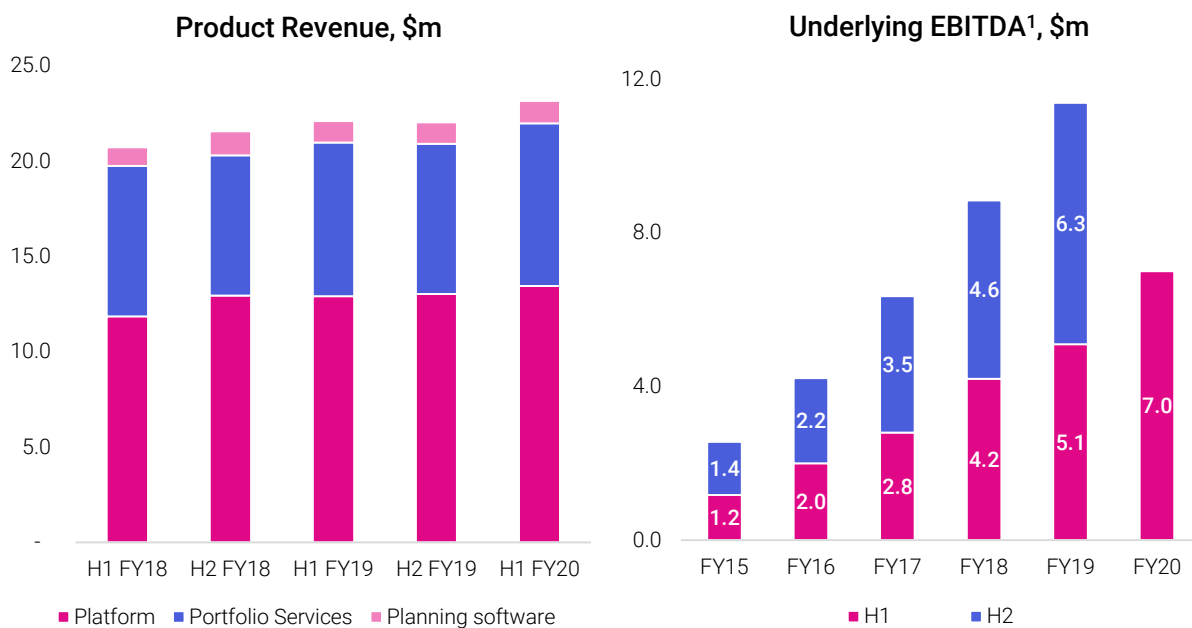


# Praemium reports record H1 profit

**10 February 2020, Melbourne:** Praemium is pleased to provide its financial results for the half year ending 31 December 2019. Financial highlights for the period were:

- » Record underlying<sup>1</sup> EBITDA of \$7.0 million, a 37% increase on H1 FY19;
- » The 12th consecutive half of profit increase;
- » Revenue and other income of \$24.2 million, a 5% increase on H1 FY2019; and
- » Net profit after tax (NPAT) of \$1.4 million, an increase of 122% on H1 FY2019.



## Business Highlights

The Company delivered a number of strategic growth initiatives in the half, including:

- » Global FUA surpassing \$20 billion for the first time;
- » Platform FUA of \$10.2 billion, up 30% in the 2019 calendar year;
- » International platform FUA over \$3 billion for the first time, up 54% on last year;
- » VMA Administration Service (VMAAS) FUA over \$10 billion for the first time, compared to \$0.3 billion last year;
- » UK pension schemes up 79% over the past year to 1,403;
- » WealthCraft seats up 18% over the past year to 844; and
- » Winner of two major international awards during the half: Leading Platform for Discretionary Management at the Schroders UK Platform Awards; and Global Investment Platform of the Year at the Investment Adviser Awards.

<sup>1</sup> Underlying EBITDA is detailed at Note 6 of the attached half-year report. Additional financial information is provided in the Half-Year Report and Investor Presentation.

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## Financial Summary

The Australian business continued its positive momentum this half, with revenue increasing by 13% on the first half of FY2019. Platform revenues were up 22%, in line with platform FUA which increased by 21%. Portfolio services revenue increased 6% due to the growth in Virtual Managed Account (VMA) portfolios and the strong uplift in VMAAS revenue.

EBITDA for the Australian business was \$8.5 million, a 31% improvement compared to the first half of FY2019. Strong incremental margins increased EBITDA margins to 49% of revenue, compared to 42% in H1 FY2019. The Company continued investments to support revenue growth, with a 36% increase in sales & marketing expenditure. R&D investment saw continued innovation in proprietary technology this half, with \$2.0 million capitalised to support the further development of the innovative integrated managed accounts platform.

The International<sup>2</sup> EBITDA loss decreased by 1% to \$1.0 million, comprising UK's EBITDA loss of \$0.6 million and Asia's EBITDA loss of \$0.4 million. The UK business achieved net revenue growth (after product commissions) of 7%. Platform revenue was up 27%, offset by Smartfund net revenues declining by 25%. Expenses were up 6% in line with platform growth.

Asia's EBITDA loss decreased by 11% to \$0.4 million, with revenue increasing by 24% compared to the prior reporting period. This was due to an increase in WealthCraft CRM and planning software licences in 2019, which grew 29% internationally.

## Looking forward

CEO Michael Ohanessian stated, "2019 was a transformational year for Praemium. In February the upgrade to a fully integrated managed accounts platform lifted us to a position where we could compete with our full-service peers. The upgrade also included a new digital portal for advisers that has drawn great feedback from clients and prospects.

"I want to draw particular attention to an important innovation from our amazing team that we believe to be an industry first – the launch of an artificial intelligence technology, Insights, that helps advisers with client retention. We are very excited by the predictive capability of Insights thus far and its potential to grow and expand. Our purpose is to help improve the efficiency and effectiveness of the advice process, and being able to assist advisers reduce client attrition in this fee-for-service world can have a positive material impact on advice businesses.

"I would also like to highlight two major business trends we have seen through 2019. The first is the startling rise of our VMA administration service, which grew from \$387 million to \$10 billion in FUA. Our SaaS reporting product, VMA, has always been the benchmark in accurate portfolio reporting, and the expansion into administering these portfolios on behalf of adviser firms has been a great step forward for the business.

"The second is the significant uplift in the International business. The International platform won 3 awards during 2019, and its gross inflows were up 81% over the previous year.

"Praemium continues to deliver on its strategic initiatives with its next-gen integrated Managed Accounts platform. 2020 will be an exciting year as we build upon the great strides we took in 2019."

Document approved by the Board of Praemium Limited

**About Praemium (ASX: PPS):** Praemium is a global leader in the provision of technology platforms for managed accounts, investment administration and financial planning. Praemium services in excess of 300,000 investor accounts covering over \$140 billion in funds globally for more than 1,000 financial institutions and intermediaries, including some of the world's largest financial institutions.

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<sup>2</sup> For segment reporting, International comprises the UK and Asia business units per Note 6 of the attached half-year report.