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HUB 24

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HUB24
ANNUAL GENERAL MEETING
MANAGING DIRECTOR'S ADDRESS

20
NOV
2017

HUB24

GROUP RESULTS FY17

GROUP RESULTS FY17

FUA
\$5.5bn* ↑ 66%

Revenue
\$61.9m ↑ 45%

Gross Profit
\$20.8m ↑ 91%

Underlying EBITDA
\$5.1m ↑ **\$5.9m**

Underlying NPAT
\$3.9m ↑ **\$5.4m**

FUNDS UNDER ADMINISTRATION



*Now \$6.6bn



FY17 highlights



Opportunities for growth



Outlook



Additional information

OVERVIEW

FY17 HIGHLIGHTS



OUR FOCUS ON
INVESTING IN
PLATFORM
INNOVATION
& GROWTH...



Net flows of
\$2.0b

FUA increase
of 66% since
30 June 2016,
now \$6.2bn



Acquisition of
Agility Applications



Launch
of direct
investing in
international
shares across 15
exchanges



1st
in categories
for Managed
Accounts, User
Interface and
Smartphone/
Tablet Access¹

1. Results from Investment Trends December 2016 Platform Competitive Analysis and Benchmarking Report based on extensive analyst reviews of 19 platforms across 526 functional points.



Underlying
EBITDA¹ of
\$5.1m



Underlying
NPAT² of
\$3.9m



Positive operating
cashflows of
\$4.1m



1st
in overall
platform
satisfaction³



...HAS DELIVERED
OUR FIRST YEAR
OF PROFIT



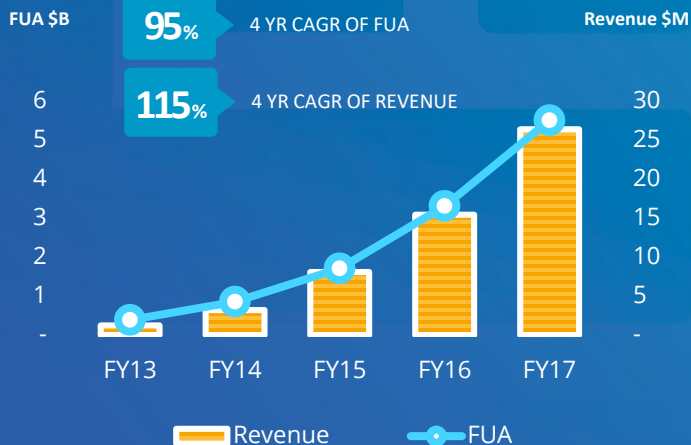
1. Underlying EBITDA represents earnings before interest, tax, depreciation, amortisation and other significant items.

2. Underlying NPAT is a non-IFRS measure used internally by management and by some in the investment community to assess the operating performance of the business. Underlying NPAT represents Net Profit After Tax excluding non-recurring items.

3. Equal first from 2017 Investment Trends Planner Technology Report for platform satisfaction.

HUB24

LEADING CHANGE IN WEALTH MANAGEMENT UNDERPINNED BY MARKET LEADING TECHNOLOGY



- ➔ The fastest growing platform¹ at a time of significant change for wealth management in Australia
- ➔ Margin expansion occurring at increasing scale
- ➔ Continuing to invest to support expanding operations & innovate to increase market share
- ➔ Paragem recruited 5 new practices in 2HFY17, reaching funds under advice of circa \$3.8bn
- ➔ Acquisition of Agility Applications already resulting in winning new business (Euroz)



Fastest growing platform¹



Best managed accounts platform²



1st for overall platform satisfaction³

1. Source: Strategic Insights. Analysis of Wrap, Platform and Master Trust Managed Funds at June 2017. HUB24 is the fastest growing wrap platform relative to its size in percentage terms, 6th fastest in dollar terms of net inflows.

2. Results from Investment Trends December 2016 Platform Competitive Analysis and Benchmarking Report based on extensive analyst reviews of 19 platforms across 526 functional points.

3. Equal first from Investment Trends 2017 Planner Technology Report for platform satisfaction.

AGILITY APPLICATIONS

AGILITY ACQUIRED 3 JANUARY 2017, IS A SUCCESSFUL SPECIALIST TECHNOLOGY SERVICES PROVIDER TO THE FINANCIAL SERVICES INDUSTRY, PARTICULARLY STOCKBROKERS

THE OPPORTUNITY

- Non-institutional advisers, brokers and accountants want to leverage new technology to improve client engagement, increase efficiency and reduce costs
- Together, HUB24 and Agility can deliver an integrated solution that meets these needs through our award winning proprietary platform and integration to best of breed 3rd party applications
- Currently Agility licenses over 2,600 users from within 165 firms, reporting on over \$250 billion of client assets

ACTIVITY TO DATE

- Integration of data and reporting of HUB24 and Agility resulting in improved user experience and back office efficiency for clients
- A dedicated development team has been established to deliver on connectivity and integration projects between HUB24 and Agility technology
- Five joint client wins (including Euroz) with products already launched to market. Significant new client opportunities in the pipeline



At HUB24 we make a difference in our **customers'** lives by connecting them to innovative solutions that create wealth



Connecting **brokers** to new ways to grow their business



Supporting wealth management **licensees** through connecting them to new ways to create value



Providing **investors** with the right solutions for their wealth needs



Providing **advisers** with the freedom to choose their preferred investment options and way of doing business



Allowing **investment professionals** access to new distribution channels and innovative technology to seamlessly execute their investment strategies



HUB24 CONTINUES TO WIN AWARDS

1ST PLACE IN OVERALL PLATFORM SATISFACTION



2017 Planner Technology Report

Overall Satisfaction: Platform

HUB24*
*Joint Winner

1ST PLACE FOR EASE OF USE/NAVIGATION



2017 Planner Technology Report

Ease of Use/Navigation: Platform

HUB24

1ST PLACE FOR NAVIGATION & USER INTERFACE, TABLET SMARTPHONE ACCESS & MANAGED ACCOUNTS FUNCTIONALITY



2016 Platform Competitive Analysis and Benchmarking Report

Best Navigation and User Interface

HUB24



2016 Platform Competitive Analysis and Benchmarking Report

Best Tablet/Smartphone Access

HUB24



2016 Platform Competitive Analysis and Benchmarking Report

Best Platform Managed Accounts Functionality

HUB24

RECOGNISED FOR GROWTH



Deloitte.

50 | Technology **Fast 50**
2016 AUSTRALIA

Finalist

1ST PLACE IN 16 OUT OF 24 CATEGORIES INCLUDING;

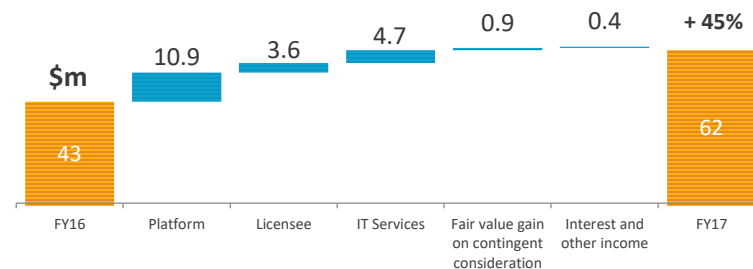
- Relationship support
- Mobile app
- Investment range
- Tax optimisation tools
- Reporting functionality

GROUP FINANCIAL RESULTS

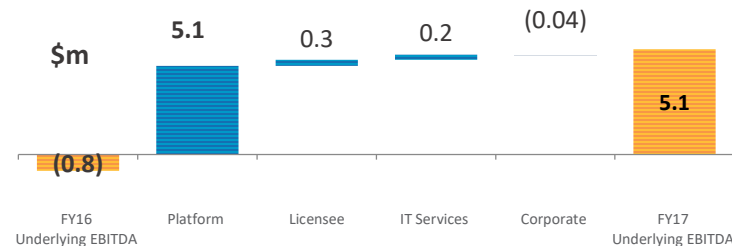
FIRST REPORTING PERIOD WHERE ALL GROUP PROFIT LINES ARE POSITIVE – REFLECTING THE BENEFITS OF GROWTH AND SCALABILITY

GROUP FINANCIAL RESULTS	FY17	FY16	FY17 v FY16
	\$m	\$m	%
Group revenue	61.9	42.7	45%
Direct costs	(41.1)	(31.8)	29%
Gross profit	20.8	10.9	91%
Operating expenses	(10.5)	(7.2)	46%
Growth resources expense ¹	(5.2)	(4.5)	14%
Underlying EBITDA²	5.1	(0.8)	
EBITDA	4.7	(1.7)	
NPAT*	18.9	(1.2)	
Underlying NPAT³	3.9	(1.5)	

REVENUE BREAKDOWN



UNDERLYING EBITDA BREAKDOWN



* Other significant items reported in NPAT include interest, share based payments, non-recurring corporate costs, amortisation and income tax benefit associated with the recognition of prior period tax losses.

1. Growth resources expensed are costs for platform development, strategic development (inclusive of M&A activity) and to accelerate additional FUA onto the platform

2. Underlying EBITDA represents earnings before interest, tax, depreciation, amortisation and other significant items

3. Underlying NPAT is a non-IFRS measure used internally by management and by some in the investment community to assess the operating performance of the business. Underlying NPAT represents Net Profit After Tax excluding non-recurring items.

PLATFORM SEGMENT RESULTS

PLATFORM FINANCIAL RESULTS	FY17	FY16	Var %
	\$m	\$m	%
Retail FUA (Now \$6.6b)	5.5b	3.3b	66%
Revenue	26.3	15.4	71%
Direct costs	(9.9)	(6.8)	45%
Gross profit	16.4	8.6	92%
% margin	62%	56%	7%
Operating expenses	(6.3)	(4.8)	33%
Growth resources expense ¹	(5.0)	(4.4)	15%
Underlying EBITDA ²	5.1	(0.6)	
% margin	19%	-4%	23%
EBITDA	5.2	0.0	515%
% margin	20%	0%	19%
PBT	4.4	(0.6)	

CONTINUING INVESTMENT AND SOLID EXECUTION IS BEING REWARDED WITH FUA GROWTH, INDUSTRY RECOGNITION AND EXPANDING PROFIT MARGINS

- Revenue increase of 71% driven by net inflows from a broadening client base
- Gross profit growth driven by improved margins from increased scale
- Combined Operating and Growth resource expenses increase 23% to support record growth and future investment
- EBITDA margin continues to expand with increasing scale

Other significant items reported in NPAT include interest, share based payments, non-recurring corporate costs, amortisation and income tax benefit associated with the recognition of prior period tax losses.

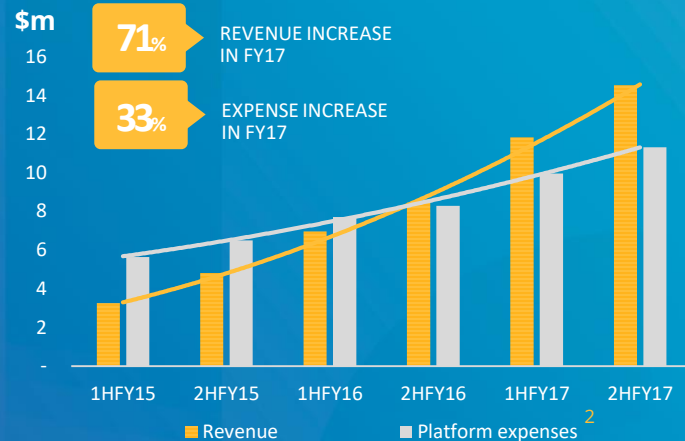
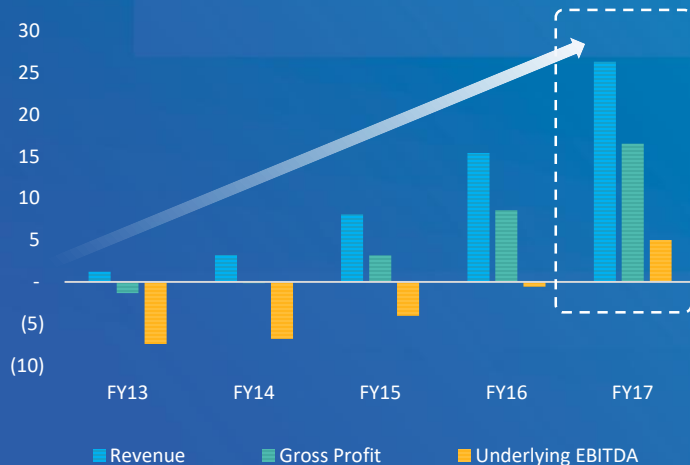
1. Growth resource expenses are costs for platform development, strategic development (inclusive of M&A activity) and to accelerate additional FUA onto the platform

2. Underlying EBITDA represents earnings before interest, tax, depreciation, amortisation and other significant items

PLATFORM SEGMENT RESULTS

MARGIN EXPANSION ACROSS PROFIT LINES AT INCREASING SCALE

PLATFORM
REVENUE, GROSS
PROFIT AND
UNDERLYING
EBITDA¹ TRENDS

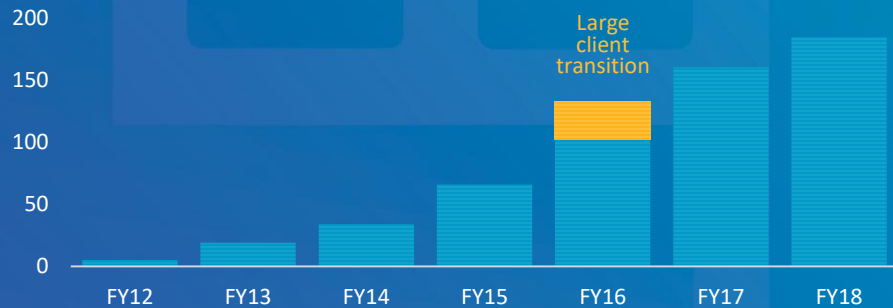


PLATFORM
REVENUE AND
EXPENSES

PLATFORM PROFIT LINES	PROFIT MARGINS AS A % OF REVENUE			
	FY14	FY15	FY16	FY17
Gross profit	(5%)	39%	56%	63%
Underlying EBITDA ¹	(213%)	(51%)	(4%)	19%

1. Underlying EBITDA represents earnings before interest, tax, depreciation, amortisation and other significant items
 2. Platform expenses are the total of direct, operating and growth resource expenses relating to the Platform Segment.

PLATFORM SEGMENT RESULTS



	FY17 \$M	INCREASE ON PCP
Retail FUA	5,515*	66%
Net inflows	1,953	21%
Gross inflows	2,629	36%
Number of advisers	917	39%

* Now \$6.6bn



BROADENING DISTRIBUTION BASE

- 108 active licensees
- 15 white labels in total, 3 new in FY17
- 37 new licensees to the platform in FY17



DELIVERING ACROSS MULTIPLE LEGAL STRUCTURES

- IDPS
- Super
- MDA
- Wholesale
- Reporting service



NOW OFFERING

- International managed portfolios
- International direct shares
- Interfaces including online account opening from client systems

1. Underlying EBITDA represents earnings before interest, tax, depreciation, amortisation and other significant items

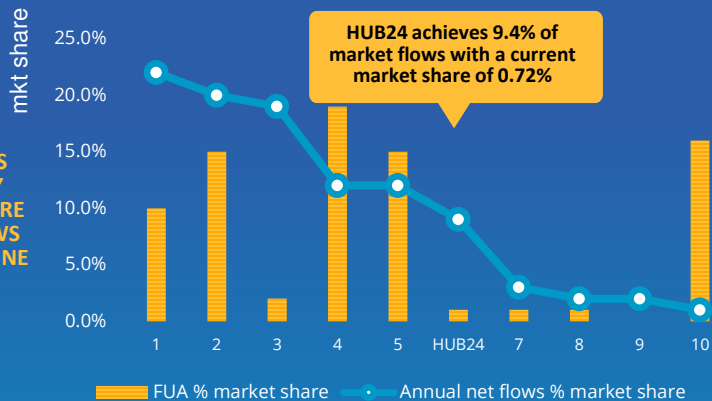
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A blue-tinted photograph of a business meeting. In the foreground, a person's hand points to a bar chart on a document. In the background, another person is visible, also looking at the document. The overall scene is professional and focused on data analysis.

OPPORTUNITIES FOR GROWTH

HUB24 IS WELL POSITIONED FOR FURTHER GROWTH

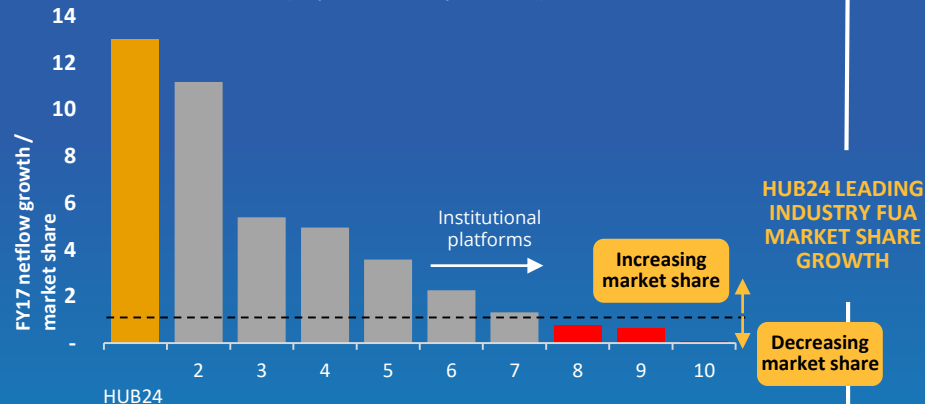
MARKET SHARE BY NET FLOWS
(Top 10 netflow platforms)



PLATFORMS RANKED BY MARKET SHARE OF NET FLOWS VS FUA (30 JUNE 2017)¹

- HUB24 has 0.72% share of Wrap, Platform & Master Trusts at 30 June '17 with 9.4% share of annual net flows
- Non-institutional platforms (disruptors) account for 3.42% of FUA and 32.6% of net flows annually
- Highest growth rate in % terms, 6th in \$ terms annually

NETFLOW SHARE to UNDERLYING MARKET SHARE RATIO
(Top 10 netflow platforms)



- HUB24 share of net inflows at 9.4% / share of market FUA of 0.72% i.e. growing at 13 x current market share.
- 3 institutional platforms losing market share, independents growing
- HUB24 has achieved the highest growth rate in % terms the last three years.

1. Source: Strategic Insights. Analysis of Wrap, Platform and Master Trust Managed Funds at June 2017. HUB24 is the fastest growing wrap platform relative to its size in percentage terms, 6th fastest in dollar terms of net inflows.

THE MARKET

Sector	Current status	Forecast growth
Personal Investments	\$2.3 tr (30 June 2016)	CAGR 10% (platforms to 2031)
Superannuation	\$2.3 tr	CAGR 12% (to 2020)
Platform	\$765 bn	CAGR 10% (historical & projected)
Managed Accounts	\$24.6bn	CAGR 35% (to 2020)
Advisers	1/3 independent, 2/3 aligned to institutions	Independents accounting for 2/3 of adviser growth

THE CHANGING LANDSCAPE

Market share continues to shift to new / non-institutional platforms

- New non-institutionally owned platforms are growing market share HUB24 is ranked ahead of all traditional platforms in terms of product offering and platform satisfaction by advisers.
- Dec 2016 saw the first net outflow quarter across bank and institutional platforms³

Adoption of Managed Portfolios across Dealer Group, Advisers

- Usage by advisers has increased for fifth consecutive year, highest growth in the last 12 months¹

Convergence occurring across advisory, stockbroking and financial advice

- Stockbrokers exploring annuity based income models to better service clients
- Accountants and financial advisers collaborating to provide holistic financial advice
- The Stockbrokers association changed its name to Stockbrokers and Financial Advisers Association (Nov 2016)

Australians increasing use of international shares

- Low international investment exposure for self directed / unadvised SMSFs.
- Direct international share ownership (directly through foreign exchanges) has doubled from 4% to 8% since 2010

Year to June 2017:

- New non-institutional platforms have a market share of 32.6% and net flow share of 28.7%
- HUB24 has a market share of 0.72% and net flow share of 9.4%

- HUB24 is the leading² provider of Platform Managed Portfolio capability.
- Increase of 83 across 24 portfolio managers to 295 – the most in the market

- HUB24 designing product and solutions to support this convergence
- Agility acquisition is an investment to support this shift
- HUB24 is providing white labels to licensees & groups with strong accountancy heritage
- HUB24 has secured 2 new relationships with brokers in FY17

- HUB24 has a licensee and platform offer to increase exposure
- HUB24 provides direct access to 15 International share exchanges and provides 12 international share managed portfolios

1. Financial Observer – 'Managed Accounts uptake sees broader appeal' 24 July 2017

2. 2016 Investment Trends Platform Competitive Analysis and Benchmarking Report.

3. Strategic Insights - Analysis of Wrap, Platform and Master Trust Managed Funds at June 2017.

NEW DEVELOPMENTS

Development	Benefit
Foreign currency assets (mid 2018)	<ul style="list-style-type: none">• Enables portfolio managers and investors to buy and sell investments in foreign currencies, hold foreign currencies and receive foreign currency dividends.• Increasing the range of assets available to create enhanced opportunities and value.
ROA Generator (Dec 2017)	<ul style="list-style-type: none">• Advisers can create Records of Advice for clients directly on HUB24.• Improving record keeping, compliance, efficiency and client engagement.
Online account applications (Jan 2018)	<ul style="list-style-type: none">• New online application functionality to open a broker and HUB24 account simultaneously with electronic signatures and a single client identification process.• Followed with the ability to open third party accounts with the same process (eg margin Lending, Cash Management).• This will provide the industry with the most functional and truly electronic multi-account opening facility in combination with our business partners. Advisers and their clients will be able focus rapidly on portfolio implementation with significantly reduced administration.
Third Party account linking (early 2018)	<ul style="list-style-type: none">• An open architecture interface for clients to link available third party accounts to their HUB24 account for integrated reporting and holistic view

OUTLOOK



Continued strong FUA growth expected and targeting to more than double FUA in the next 3 years to >\$12b



Increasing distribution footprint by accessing current advisers and targeting new relationships



Extend industry leadership position by connecting our customers to innovative solutions



Pursue appropriate corporate activity & strengthening profitability



Continue to lead change and leverage industry dynamics



Growing our investment in:

Platform innovation
Agility/HUB24 joint technology initiatives – several projects already underway with joint clients

Further open architecture interfaces for advisers, licensees, broker and financial product providers

CORPORATE INFORMATION

HUB24 SHARE PRICE



CAPITAL STRUCTURE AT 17 NOVEMBER '17



Shares on issue	60.69m
Share price	\$8.94
Market capitalisation	\$543m

SUBSTANTIAL SHAREHOLDERS



Thorney Holdings Ltd	14.94%
Acorn Capital Ltd	6.30%
Ian Litster	5.90%

BALANCE SHEET AS AT 30 JUNE '17



Cash and cash equivalents	\$10.84m
Other current assets	\$7.51m
Non-current assets	\$44.76m
Total assets	\$63.11m
Current liabilities	\$11.94m
Non-current liabilities	\$7.56m
Total liabilities	\$19.50m
Net assets	\$43.61m
Equity	\$43.61m

DISCLAIMER

→ SUMMARY INFORMATION

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

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