

HUB²⁴

'18

FY18 RESULTS PRESENTATION

20 Aug 2018

HUB²⁴



Highlights



Financial results



Market & growth opportunities



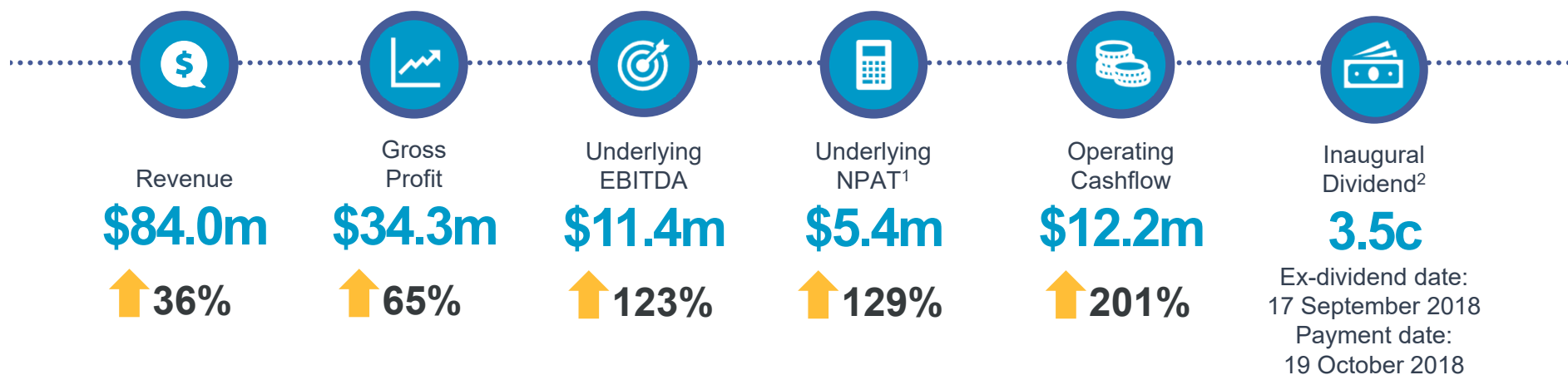
Outlook



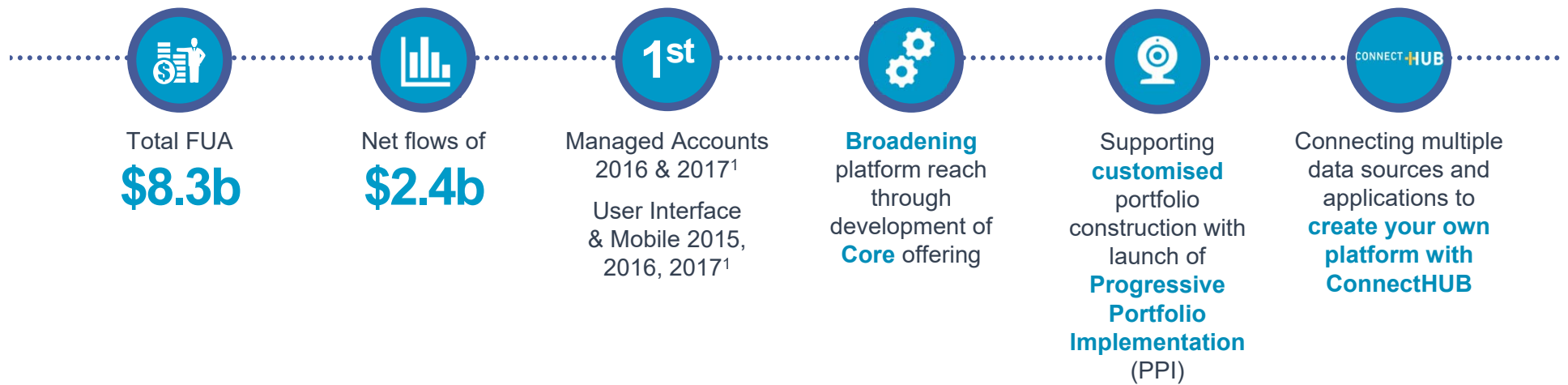
Additional information

OVERVIEW

GROUP FINANCIAL HIGHLIGHTS

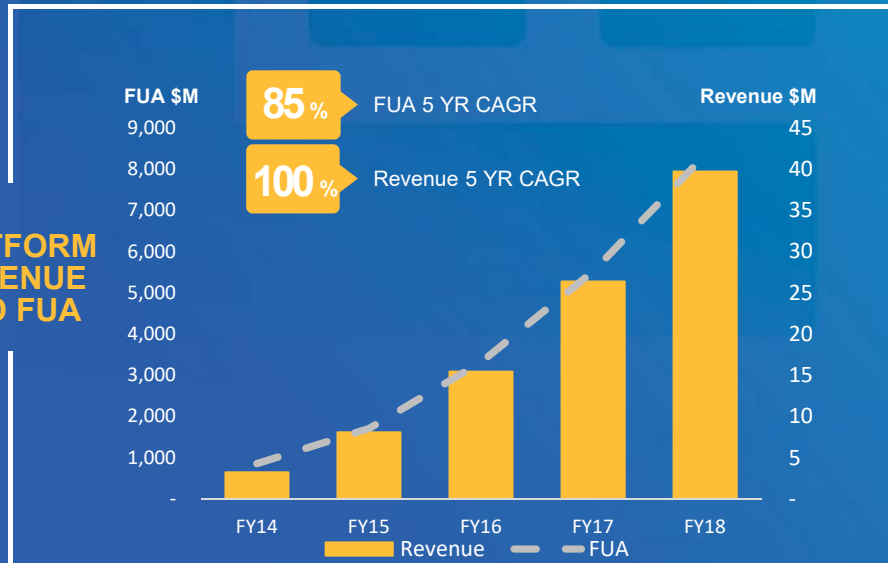


BUSINESS HIGHLIGHTS



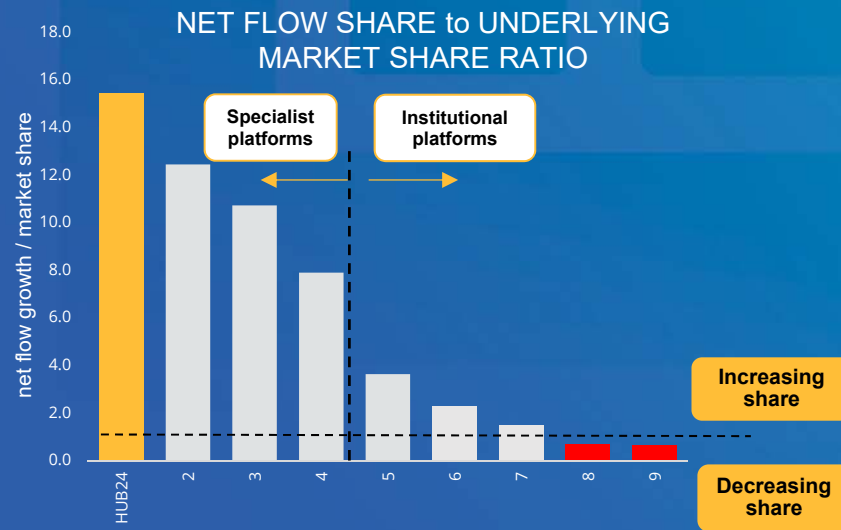
HUB24 | LEADING CHANGE IN WEALTH MANAGEMENT

PLATFORM REVENUE AND FUA



- The fastest growing platform¹ leveraging industry transformation
- Our investment in innovation is continuing to capture increasing market opportunity
- Our focus is delivering shareholder returns, financial results and growth
- Paragem well positioned with new leadership for changing market dynamics
- Gross profit & underlying EBITDA² expansion driven by increasing scale
- Unique opportunity to leverage Agility Applications technology and broker relationships to win new HUB24 platform business
- Platform opportunities continue to increase as market landscape favours innovation, service and choice

THERE'S A REASON WE'RE THE FASTEST GROWING PLATFORM

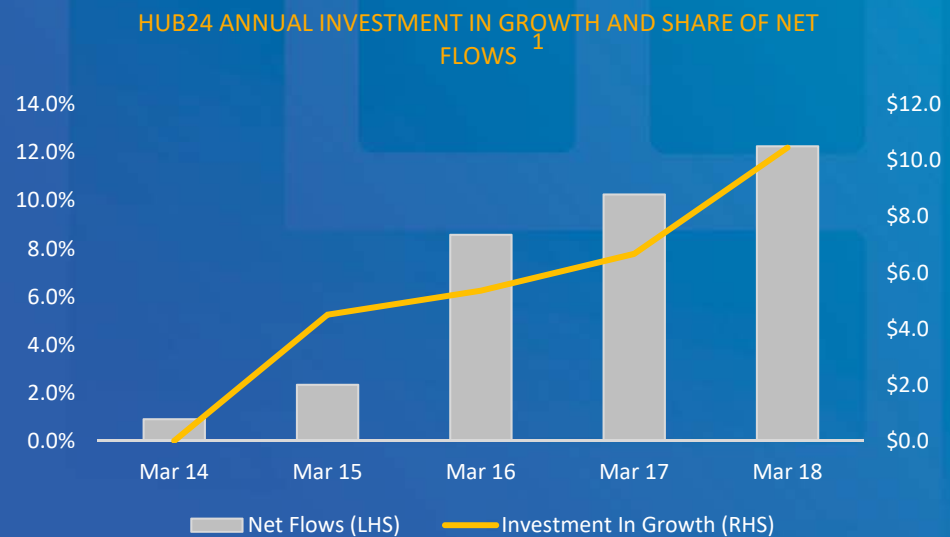


- HUB24 share of annual net inflows at 12.3% / share of market FUA of 0.9% i.e. growing at 15 x current market share.
- HUB24 has achieved the highest growth rate in % terms.

- We are constantly innovating and leading change
- The traditional 'asset administration' role of platforms has been disrupted
- Creating value in investment selection, tax management and portfolio construction is the future
- Advisers and clients are seeking this value, unconstrained choice, functionality and efficiency

#notjustanotherplatform

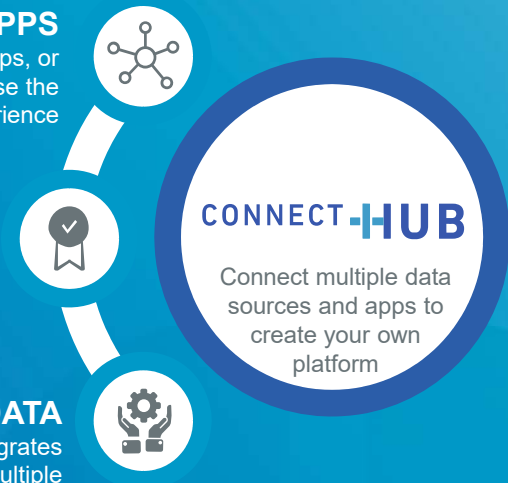
AND WE'VE ONLY JUST BEGUN



MY APPS
Bring your own apps, or use ours, to optimise the client experience

ADVISERHUB + AGILITY CONNECT
Leverage our collective expertise

MY DATA
It seamlessly integrates data from multiple sources



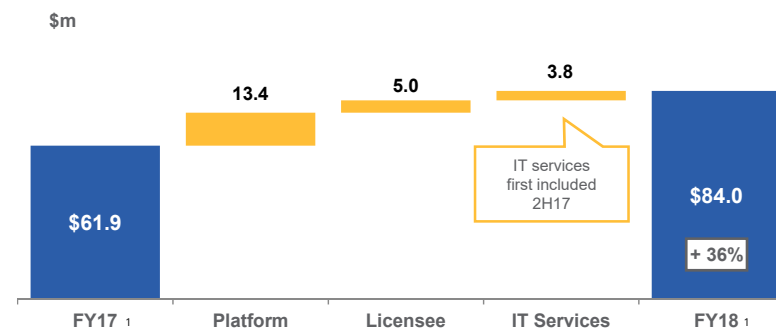
1. Source: Strategic Insights and company data. Analysis of Wrap, Platform and Master Trust Managed Funds at March 2018. HUB24 is the fastest growing wrap platform relative to its size in percentage terms, 4th fastest in dollar terms of net inflows. Annual investment in growth includes investment in sales, platform development and associated capitalized project costs and client transition.

GROUP FINANCIAL RESULTS

STRONG FUA GROWTH DRIVING INCREASED PROFITABILITY

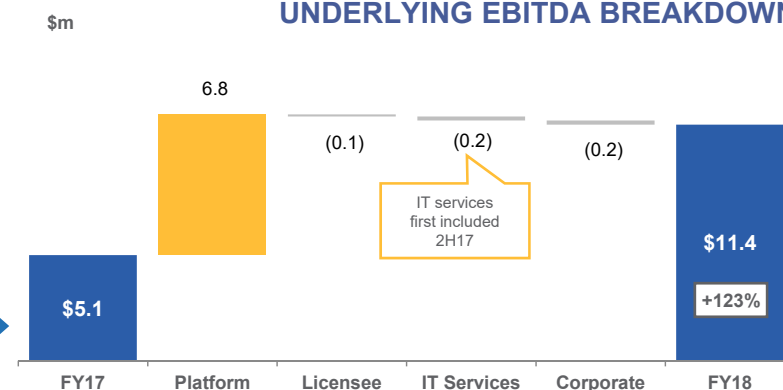
	FY18	FY17 ³	Change
	\$m	\$m	%
Group revenue	84.0	61.9	36%
Direct costs	(49.7)	(41.1)	21%
Gross profit	34.3	20.8	65%
Gross profit margin (%)	41%	34%	7%
Operating expenses ¹	(22.9)	(15.7)	46%
Underlying EBITDA	11.4	5.1	123%
Underlying EBITDA margin (%)	14%	8%	5%
EBITDA	9.9	4.3	130%
Underlying NPAT ²	5.4	2.4	129%
Statutory NPAT	7.4	18.9	(61%)

REVENUE BREAKDOWN



1. Group revenue excludes interest & other income \$0.6m and fair value gains \$2.4m (FY17 \$0.5m and \$0.9m) which is reported below underlying EBITDA

UNDERLYING EBITDA BREAKDOWN



1. Operating expenses include \$2.7m for IT Services (\$1.5m pcp for the period 3 January 2017 to 30 June 2017), investment in growth of \$7.6m (FY17: \$5.2m) represented by headcount (product and development, sales & marketing, FUA transition), branding and office facilities.

2. Underlying NPAT is a non-IFRS measure which is used to assess the operating performance of the business. Underlying NPAT represents Net Profit After Tax excluding non-recurring items.

3. Underlying NPAT for FY17 has been restated from \$3.9m to \$2.4m due to the misallocation of the initial recognition of the deferred tax asset. There is no impact on statutory NPAT.

4. FY17 includes the first time recognition of deferred tax assets of \$15.9m

5. Refer FY18 Annual Report and FY18 Analyst Pack for detailed financial disclosures.

PLATFORM SEGMENT RESULTS

	FY18	FY17	change
	\$m	\$m	%
FUA (Now \$8.7b - unaudited)	\$8.3b	\$5.5b	51%
Revenue	39.7	26.3	51%
Direct costs	(11.3)	(9.9)	14%
Gross profit	28.4	16.4	73%
Gross Profit margin %	72%	62%	10%
Operating expenses	(16.5)	(11.4)	45%
Underlying EBITDA	11.9	5.1	135%
Underlying EBITDA margin %	30%	19%	11%
PBT	10.9	4.4	148%
Total platform expenses (direct & operating ¹)	(27.8)	(21.3)	31%

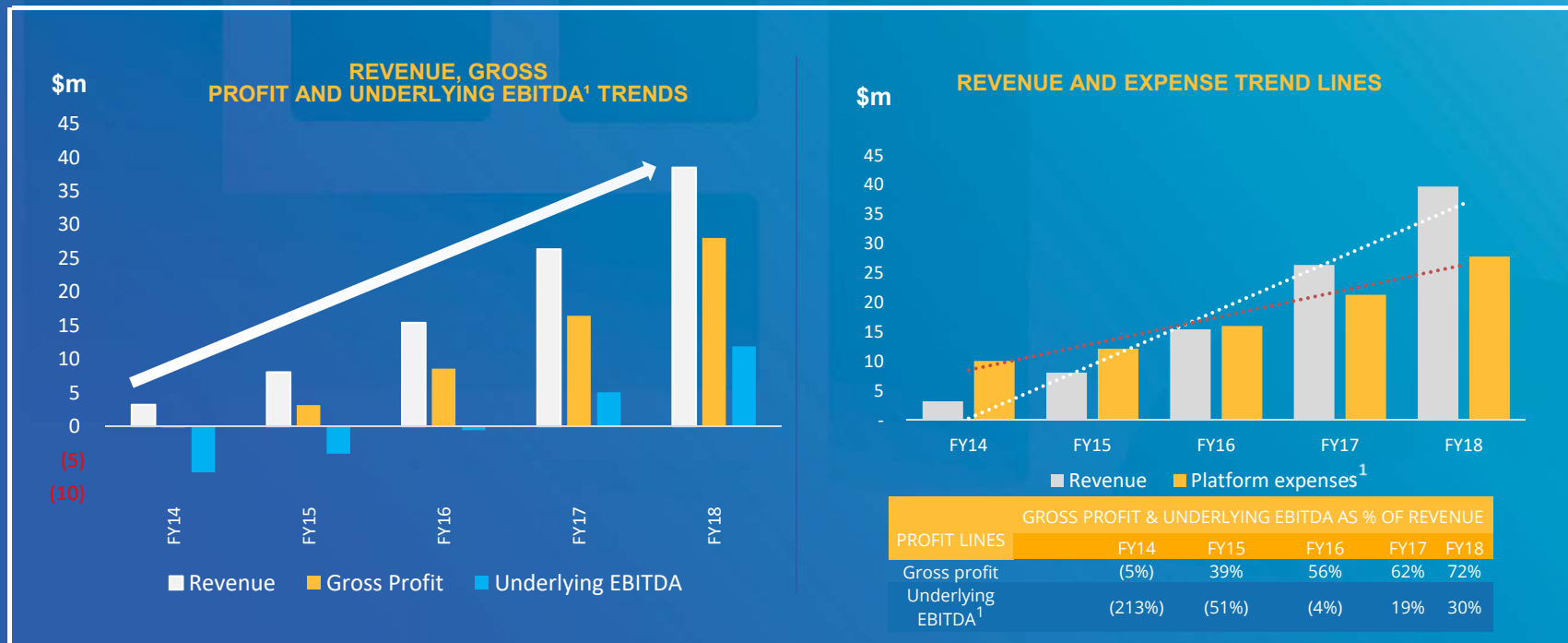
¹ Operating expenses include: investment in growth of \$7.6m (FY17: \$5.2m) representing headcount (product and development, sales & marketing, FUA transition), branding and office facilities.

Continuing investment and solid execution is being rewarded with growth in FUA and revenue whilst delivering expanding profit margins

- ➔ Revenue increase of 51% driven by net inflows from a broadening client base and distribution footprint
- ➔ Gross profit margin expansion driven by increased scale
- ➔ Operating expenses includes investment to support accelerating growth
- ➔ EBITDA margin continues to increase with scale

PLATFORM SEGMENT RESULTS

PROFIT LINES REFLECTING SCALE BENEFITS OF INCREASING FUA



1. Platform expenses are the total of direct and operating expenses relating to the Platform Segment.

THE MARKET

KEY TRENDS SHAPING OUR INDUSTRY

Australian platform market

\$809bn

Reaching \$1.55 trillion by 2026¹

Superannuation pool in Australia expected to be

\$4tn

in next 10 years and \$9.5 trillion by 2035²

In 2018 platform net inflows of

49%

went to non-aligned platforms (5.6% of the industry)³

Stockbrokers and financial advisers both seeking managed direct investments



Managed Accounts industry estimated to be

\$115bn

by 2020

Annual Managed Accounts growth of

45%

YOY 2016–2017⁴

ADVISER TRENDS



Non-institutionally owned Advisers are 41%⁵ of the market, having increased by 8% from 33% in Dec 2015



Advisers are increasingly seeking best of breed solutions to meet their clients needs with uncompromised product choice



Advisers remain challenged by compliance and are seeking new business efficiencies to improve client service and increase business profitability

1. CLSA Australian investment platforms – Royal Decree August 2018
2. Deloitte 2015
3. Strategic Insights March 2018
4. IMAP/Milliman Managed Account FUM Census 31 Dec 2017
5. Rainmaker Advantage Report

OUR CUSTOMER COMMITMENT

OUR COMMITMENT TO INNOVATION AND SERVICE HAS BUILT STRONG CUSTOMER ADVOCACY



89% of advisers who use us as their main platform say we are the best available*



Advisers using HUB24 have the lowest intention to change platform compared to the users of all other platforms*



HUB24 continues to win industry recognition as the leading platform in the managed accounts space

AND WE ARE COMMITTED TO DELIVERING EVEN MORE



Enhancing our platform functionality with foreign currency assets, further managed portfolio functionality and expanding our investment menu



Focusing on customer service excellence



Leveraging ConnectHUB to provide Challenger Annuities, additional banking feeds and allowing advisers to open multiple external accounts at once



Enhancing our relationship management for key accounts, institutional partners and broker clients

OUTLOOK



Leverage our current foundations

- Deliver increasing financial results & scale-based profit margin expansion
- Continued strong growth in platform net flows expected for the medium term
- New relationships for the platform, Paragem and Agility expected in FY19 and beyond
- Extend our lead in managed portfolios, increase our platform product range and enhance Agility services



...and lay foundations for future growth

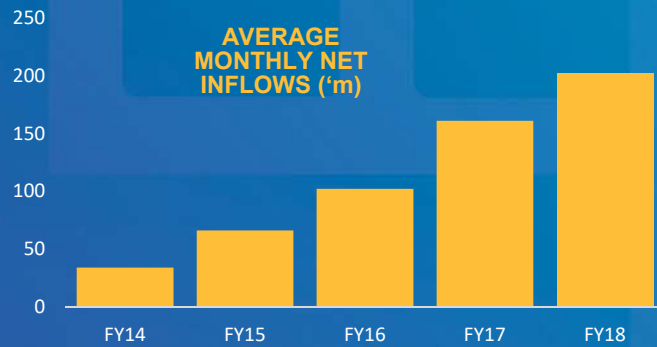
- Continue to lead change, leverage market dynamics and create new opportunities for clients and advisers through innovation
- Transform customer experience through service and ongoing integration of data and products
- Invest in people and technology to capture increasing market opportunity
- Pursue appropriate corporate activity that creates shareholder value

Revised FUA target range of \$19bn - \$23bn by June 2021¹

A blue-tinted photograph showing a close-up of two hands pointing at a document with a bar chart. The background is a blurred office setting. The text 'ADDITIONAL INFORMATION' is overlaid in white on the right side of the image.

ADDITIONAL INFORMATION

FURTHER PLATFORM SEGMENT RESULTS



	FY18 \$M	INCREASE ON FY17
Retail FUA	8,343*	51%
Net inflows	2,423	24%
Gross inflows	3,343	27%
Number of advisers	1,227	34%

* Now \$8.7bn (unaudited)

BROADENING DISTRIBUTION BASE

- ➔ No of advisers 1,227
- ➔ 18 white labels in total, 3 new in FY18
- ➔ 61 new licensees to the platform in FY18

LICENSEE SEGMENT RESULTS

	FY18	FY17	change
	\$m	\$m	%
Revenue	35.8	30.8	16%
Direct costs	(32.6)	(28.2)	16%
Gross profit	3.2	2.7	20%
% margin	9%	9%	0%
Operating expenses	(3.0)	(2.3)	28%
Underlying EBITDA	0.2	0.3	(12%)
% margin	1%	1%	0%
PBT	0.2	0.3	(12%)

PARAGEM ADVISERS CONTINUE TO EMBRACE HUB24's PLATFORM TO DEVELOP BETTER OUTCOMES FOR THEIR CLIENTS

- Revenue increase of 16% over prior corresponding period
- Recruitment of 2 practices during FY18
- Addition of 6 individual advisers
- Licensee now has circa \$4.4b in funds under advice
- New Managing Director commencing Sept '18

IT SERVICES SEGMENT RESULTS

	FY18	FY17	change
	\$m	\$m	%
Revenue	8.5	4.7	81%
Direct costs	(5.8)	(3.0)	94%
Gross profit	2.7	1.7	58%
% margin	32%	36%	-5%
Operating expenses	(2.7)	(1.5)	84%
Underlying EBITDA	0.0	0.2	(100%)
% margin	0%	5%	-5%
PBT	(0.3)	0.1	Lge

AGILITY'S MARKET LEADING CONNECT DESKTOP HAS OVER 2,500 USERS, REPORTING ON OVER \$200 BILLION OF CLIENT ASSETS

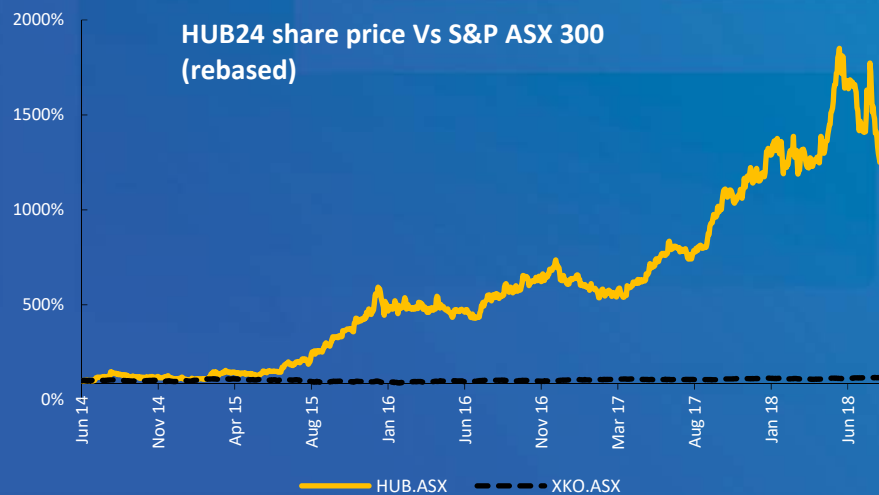
- An increase in users of the Connect software to 2,504 in FY18
- Investment in an account management capability to support sales opportunities
- Agility resources have been focused upon group strategic initiatives during FY18, including ConnectHUB and key client opportunities.

CORPORATE SEGMENT RESULTS

	FY18	FY17	change
	\$m	\$m	%
Operating expenses	(0.7)	(0.5)	38%
Underlying EBITDA	(0.7)	(0.5)	38%
Share based payment expense	(1.5)	(0.9)	65%
EBITDA	(2.2)	(1.4)	55%
Discount on consideration	(0.6)	(0.4)	55%
Interest revenue	0.3	0.2	34%
Depreciation & amortisation	(0.5)	0.0	n/a
Fair value gain - contingent consideration	2.4	0.9	159%
Transaction costs & other non-recurring	(0.5)	(0.5)	(9%)
PBT	(1.1)	(1.2)	(12%)

- Share based payment expenses includes include \$0.7 million due to the issue of options and performance rights to executives and staff during the past three years
- \$0.6 million discount on contingent consideration for the Agility acquisition.
- Fair value gain - Contingent consideration of \$2.4m relates to \$2.2m Agility contingent consideration probability reduced from 100% to 66% and \$0.2m to the finalisation of Paragem earnout

APPENDIX A - CORPORATE INFORMATION



CAPITAL STRUCTURE AT 16 AUGUST '18

Shares on issue	61.59m
Share price	\$11.99
Market capitalisation	\$738m

SUBSTANTIAL SHAREHOLDERS

Thorney Holdings Ltd	12.79%
The Capital Group Companies Inc	6.23%
Hyperion Asset Management Ltd	6.00%
Ian Litster	5.88%

BALANCE SHEET AS AT 30 JUNE 18

Cash and cash equivalents	\$16.96
Other current assets	\$5.86
Non-current assets	\$49.61
Total assets	\$72.42
Current liabilities	\$9.73
Non-current liabilities	\$4.83
Total liabilities	\$14.56
Net assets	\$57.87



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.

→ NOT INVESTMENT ADVICE

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This presentation contains certain forward-looking statements. The words 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'intend', 'should', 'could', 'may', 'target', 'plan' and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of HUB, that may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements. You should not place reliance on forward-looking statements and neither HUB nor any of its directors, employees, consultants, contractors, advisers or agents assume any obligation to update such information.