

**HUB** 24

25  
FEB  
2020

# 1HFY20 RESULTS PRESENTATION

HUB<sup>24</sup>

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

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**HUB**<sup>24</sup>

**HUB**CONNECT

**agility**  
APPLICATIONS

**Paragem**

# KEY MESSAGES

Record net inflows

Expanding profit margins

Dividend growth

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→ Strong growth in Funds Under Administration (FUA) with market share continuing to increase

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→ Creating new business opportunities from leadership in technology, product & customer focus

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→ Delivering on our strategy whilst maintaining momentum

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→ Managed Portfolio leadership & innovation is continuing

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→ Favourable market conditions continue to provide unprecedented opportunities for growth



Business highlights



Financial results



Strategy & Outlook

# OVERVIEW



# BUSINESS HIGHLIGHTS

**ANDREW ALCOCK**  
Managing Director

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# GROUP FINANCIAL HIGHLIGHTS 1HFY20



**\$35.0m**

**38%**

Platform Revenue



**\$13.8m**

**73%**

Platform Underlying  
EBITDA<sup>3</sup>



**\$5.4m**

**75%**

Underlying NPAT<sup>2</sup>



**39.4%**

Up from  
**31.3%**  
in 1HFY19

Platform Underlying  
EBITDA margin<sup>3</sup>  
(35.1% in 2HFY19)

Statutory NPAT

**\$6.0m** up 90%

FUA at 31 Dec 2019

**\$15.8bn** up 58%

FUA now \$17.4bn<sup>5</sup>

1H Dividend<sup>4</sup>

**3.5cps** up 75%

# BUSINESS HIGHLIGHTS

1st



➔ Managed Accounts Solution<sup>1</sup>

1st



➔ Product Offering<sup>1</sup>

1st



➔ Integration<sup>1</sup>

\$2.5bn



➔ Record net inflows



➔ Innovating for the future of wealth management

- Platform Functionality
- Managed Portfolios
- HUBconnect
- Advice enablement
- Data enablement

2nd



➔ Annual & quarterly net inflows<sup>2</sup>

2nd



➔ Adviser NPS<sup>3</sup>

2nd



➔ Overall platform functionality<sup>1</sup>

1,841



➔ Advisers using the platform up 26%<sup>4</sup>

Now 11th for market share up from 14th

1. Results from Investment Trends December 2019 Platform Competitive Analysis and Benchmarking Report.  
2. Strategic Insights Analysis of Wrap, Platform and Master Trust Managed Funds at September 2019  
3. Adviser Ratings Financial Advice Landscape Report 2019  
4. As at 31 December 2019

5. Comparisons are from 1HFY19, unless stated otherwise



# EXTENDING OUR LEADERSHIP IN MANAGED PORTFOLIOS



**No.1 Managed Account** solution  
4th year running<sup>1</sup>



Managed Portfolios  
now **\$7.1bn of FUA**  
(from \$4.5bn)



Increasing portfolio  
choice, **61** new  
portfolios added during  
1HFY20 including **8**  
MIS portfolios



New **Managed Portfolio**  
development team



Delivered **enhanced portfolio research** for  
advisers & investors



Increased **trading security** in  
ManagerHUB with  
dual-trade authorisation



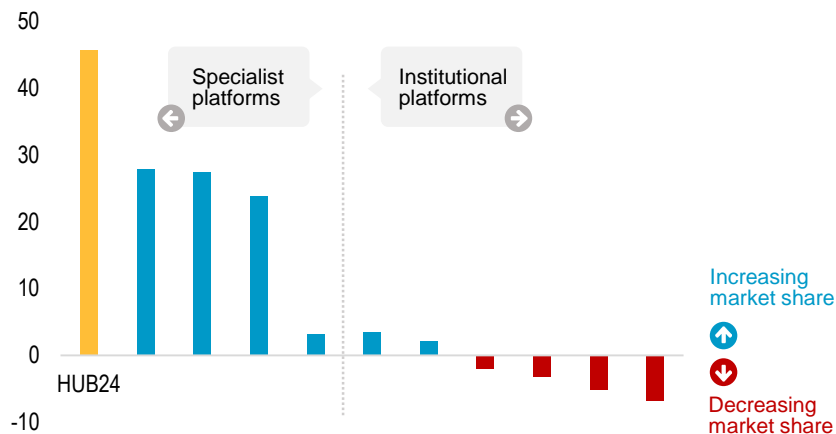
**468 Managed Portfolio**  
options including **60** MIS  
portfolios



Licensee & Adviser  
**demand** growing  
  
New specialist  
investment managers  
emerging

# MAINTAINING MOMENTUM IN MARKET SHARE & NET FLOWS

## NET FLOW SHARE TO UNDERLYING MARKET SHARE RATIO



- ➔ HUB24 market share has grown from 1.1% to 1.6%<sup>1</sup>
- ➔ Now in 11<sup>th</sup> position up from 14<sup>th</sup>

## HUB24 NET FLOWS RANKING in \$ TERMS

	ANNUAL	QUARTERLY
	Rank	Rank
Sept-19	2	2
Sept-18	3	2
Sept-17	5	4

- ➔ Maintaining our No.2 position for quarterly & annual net flows



# FINANCIAL RESULTS

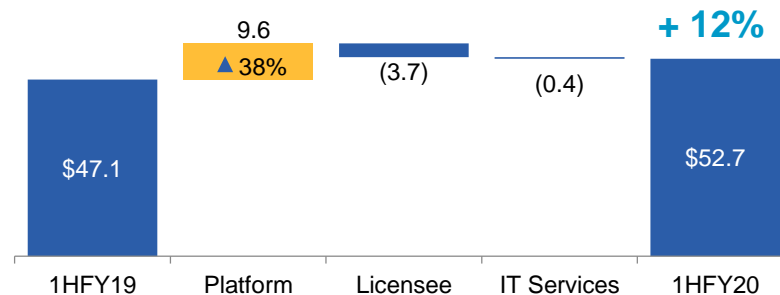
**MARK GOODRICK**  
Chief Financial Officer

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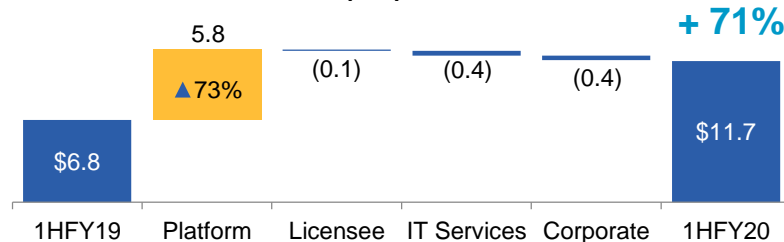
# GROUP FINANCIAL RESULTS

	1H20	1H19	Change
	\$m	\$m	%
Group operating revenue	52.7	47.1	12%
Direct costs	(24.9)	(25.7)	(3%)
Gross profit	28.0	21.8	28%
Gross profit margin (%)	53%	46%	7%
Operating expenses <sup>1</sup>	(16.4)	(15.0)	9%
Underlying EBITDA <sup>1,2</sup>	11.7	6.8	71%
Underlying EBITDA margin (%)	22%	14%	8%
EBITDA <sup>1</sup>	10.6	5.8	85%
Underlying NPAT <sup>3</sup>	5.4	3.1	73%
Statutory NPAT	6.0	3.2	90%

## OPERATING REVENUE (\$m)



## UNDERLYING EBITDA (\$m)

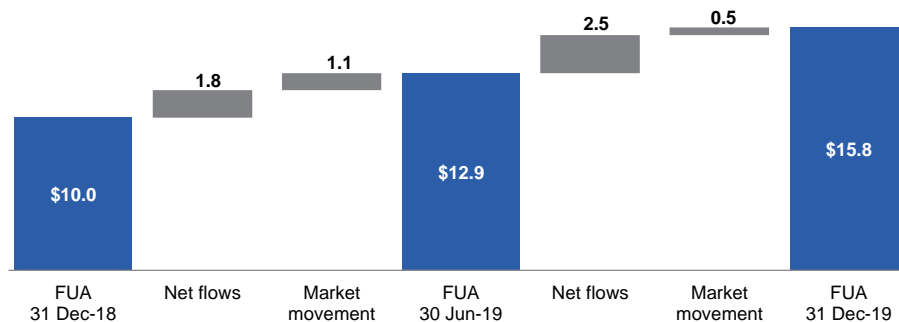


# PLATFORM SEGMENT RESULTS

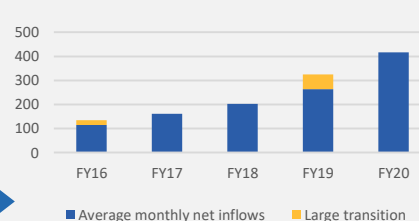
STRONG FUA GROWTH DRIVING INCREASED PROFITABILITY

PLATFORM	1HFY20	1HFY19	change
	\$m	\$m	%
Retail FUA (Now 17.4b <sup>1</sup> )	15.8b	10.0b	58%
Revenue	35.0	25.4	38%
Direct costs	(9.2)	(6.7)	37%
Gross profit	25.8	18.7	38%
Gross profit margin (%)	74%	74%	n/a
Operating expenses <sup>2</sup>	(12.1)	(10.8)	12%
Underlying EBITDA <sup>2,3</sup>	13.8	8.0	73%
Underlying EBITDA margin (%)	39%	31%	8%
Profit before tax	11.4	6.2	85%
Total platform expenses <sup>2</sup>	(21.2)	(17.5)	22%

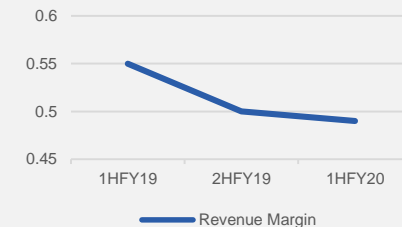
## FUNDS UNDER ADMINISTRATION (\$b)



## AVERAGE MONTHLY NET INFLOWS (\$m)



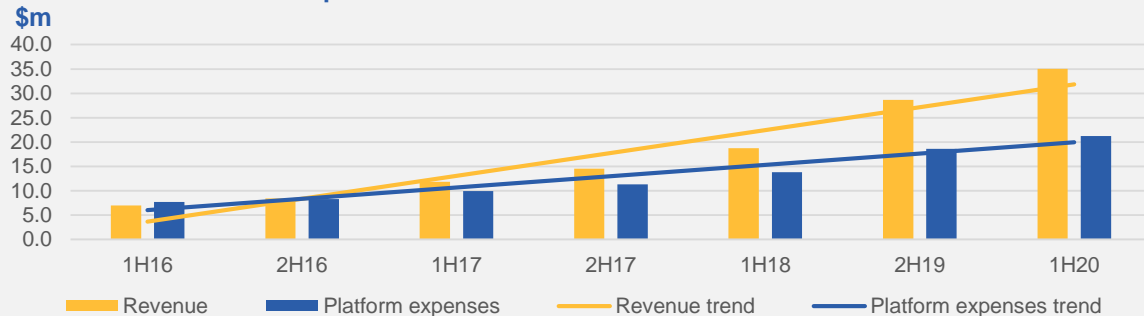
## PLATFORM REVENUE MARGIN % OF AVERAGE FUA



# PLATFORM SEGMENT RESULTS CONT...

## FUA GROWTH DELIVERING SCALE BENEFITS

Platform Revenue and Expense trends<sup>1</sup>



Gross profit & underlying EBITDA as % of revenue

	1HFY16	2HFY16	1HFY17	2HFY17	1HFY18	2HFY18	1HFY19	2HFY19	1HFY20
<b>Gross profit</b>	53%	58%	59%	65%	69%	74%	74%	76%	74%
<b>Underlying EBITDA<sup>2</sup></b>	(11%)	2%	16%	22%	26%	33%	31%	35%	39%



Platform EBITDA margin continues to expand with scale



Investment made in FY19 now being leveraged



Funding Group 1HFY20 dividend of 3.5cps, up 75% on 1HFY19



# STRATEGY AND OUTLOOK

ANDREW ALCOCK

Managing Director

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# STRATEGY

## HUB24 POSITIONED TO LEVERAGE INDUSTRY TRENDS



Adviser & client demand for managed portfolios is growing

HUB24 is the market leader and is targeting ongoing growth in market share



Contestable market of self-licensed & non-aligned licensees is growing

Our leading position allows us to win market share and benefit from this shift



Data integration & efficiency is becoming critical for advisers & licensees

HUB24's capability uniquely positions us to build solutions, support customers & grow FUA



New advice models and products are required for shifting client segments

Our flexibility, connectivity and provider collaboration allows HUB24 to lead the development of new solutions & grow market share



Advisers are reshaping their businesses and value propositions

Paragem is enabling this transition and building a community for advisers



# OUTLOOK

## DELIVER ON OUR STRATEGIC OBJECTIVES

### Advice Enablement



- Develop new technology services that assist licensees with compliance & practice management
- Building a self-service and 'bionic' advice platform with Aberdeen Standard Investments to support new business models
- Strengthen Paragem value proposition with new Practice Development executive
- Utilise AI to prototype advice delivery tools for compliance and customer service

### Market reach & FUA Growth



- Focus our expanded distribution team across target segments;
  - Boutique licensees
  - Self-licensed
  - Mid-tiers
  - Brokers
  - Institutional opportunities
- Increase uptake of HUB24 managed portfolios by;
  - Ongoing development to extend market leadership
  - Building licensee, adviser & investment manager advocacy
  - Demonstrate additional client value our technology can create
  - Provide education and implementation expertise via new Head of Managed Portfolios executive

### HUBconnect



- Rollout of latest release to existing pilot users followed by broader market rollout
- Launch of new investor app providing customer personalisation and data sharing
- Application infrastructure to support secure integration of new data providers is now complete
- Ongoing functionality enhancements and integration with new data and product providers

# OUTLOOK

## CREATE CUSTOMER & SHAREHOLDER VALUE

### → ACCELERATE GROWTH IN MARKET SHARE

- Leverage existing advisers and licensee opportunity
- Convert new opportunities from current strong pipeline
- Investment in distribution team expected to deliver benefits in 2H20 and beyond

### → CONSTANT INNOVATION TO SUPPORT ONGOING GROWTH

- Leveraging our group wide capabilities
- Unlock value for customers through technology and product innovation
- Create solutions that enable licensee and adviser success
- Increasing reach across client segments and emerging business models

### → CONTINUING STRONG FINANCIAL RESULTS

- Leverage FUA growth and business scalability
- Increase profitability
- Deliver growth in shareholder value



Target FUA for FY21

\$22bn - \$26bn<sup>1</sup>



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