



# Annual General Meeting

## Managing Director's Address

25 November 2015

personal use only

# Overview

- About HUB24
- FY 15 Highlights
- Market Environment
- Industry Recognition
- FY15 Results
- Outlook
- Corporate Information

personal use only

## About HUB24

HUB24 aspires to be the leading independent platform provider, revolutionising the way people manage their wealth



- Market leading Wrap & Managed Account Platform
- \$2.23 billion Funds Under Administration (FUA) as at today
- Continuing investment in client driven technology
- Industry recognised and rewarded - third in the market for platform functionality\*
- Independent product offering with extensive choice



- Market leading boutique advice licensee
- \$2.65 billion Funds Under Advice
- 22 high quality practices, 56 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

HUB24 seeks to transform the Wealth Management market through:

- innovative investment administration
- portfolio management
- reporting and support services

that deliver superior outcomes for advisers, licensees, investors and our shareholders.



- 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 Paragem.

# Drivers of our success

HUB24 is disrupting the Australian wealth management industry...

- Rapid and continual innovation enabling superior outcomes for advisers and clients
- One of the broadest and most functional Managed Portfolio and SMA platform in Australia
- Our unique, purpose built technology with outstanding in-house development team
- Our independent ownership providing truly unbiased investment and product choice
- Experienced, high calibre leadership team with a proven track record in wealth management
- We enable significant revenue opportunities and cost efficiencies for advisers.

**HUB24 has the highest growth rate of any platform in Australia and is emerging as the platform of choice for independently minded advisers\***

\*Plan for Life data for the period ended 30 June 2015. Net inflow growth rate calculated as net inflows/FUA

# FY15 Highlights



FUA growth of 100% to  
**\$1.7bn**  
now \$2.23bn



Increase in platform revenue of  
**151%**  
with increasing gross profit margins



Positive  
**Operating EBITDA\***  
from March 2015 quarter



Growth in active advisers of 139 to  
**484**  
serving 49 active financial planning groups with 6 white label agreements



Cash and cash equivalents of  
**\$12.1m**  
As at 30 June 2015



**3rd**  
in overall platform functionality\*\*



**217**  
managed portfolios offered with FUA in these increasing 103%



**1st**  
Value for Money and Ease of Use\*\*\*

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

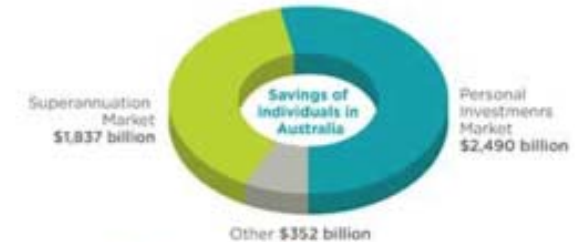
\*\* Investment Trends December 2014 Platform Benchmarking Report based upon extensive analyst reviews of 22 Platforms across 466 functional points

\*\*\* Results from Investment Trends 2015 Planner Technology Report, based on an online survey of over 890 financial planners.

# Market Environment

- The personal investments market is expected to grow at a rate of 4.6% per annum in real terms (7.7% per annum in future dollars) over the next 15 years.
- The total personal investments market was \$2,490 billion as at 30 June 2014. The superannuation market had assets of an additional \$1,837 billion as at the same date.
- **Wrap Platforms**, including separately managed accounts and model portfolio products, will be the **fastest growing segment**.
- Personal investments held on platforms will **increase 4X** in the next 15 years.
- By 30 June 2029, total equity holdings (including ETFs) will increase from 14.4% to 21.7% of overall personal investments.

## PERSONAL INVESTMENT MARKET PROJECTIONS



A significant shift from directly held investments to investments held on platforms is expected



**x4** Personal investments held on platforms will increase to four times its current level in 15 years

Source: Rice Warner's Personal Investment Market Projections Report 2014.

personal use only

# Industry Awarded & Recognised



## Investment Trends recognition – Platform Benchmarking Report

- 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



## 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 – Planner Technology Report\*\*\*

- Awarded first in Ease of Use / Value for Money
- 2<sup>nd</sup> overall: Platform satisfaction
- Highest user satisfaction for online functionality, turnaround times for applications, administrative accuracy and pricing flexibility.

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

\*\* Plan for Life data for the period ended 30 June 2015. Net inflow growth rate calculated as net inflows/FUA

\*\*\* The Investment Trends 2015 Planner Technology Report examines areas including adviser satisfaction with current platform offerings and strengths and weaknesses of each platform. The data is derived from a survey of over 890 financial planners.



# Results Overview

## Our focus ...

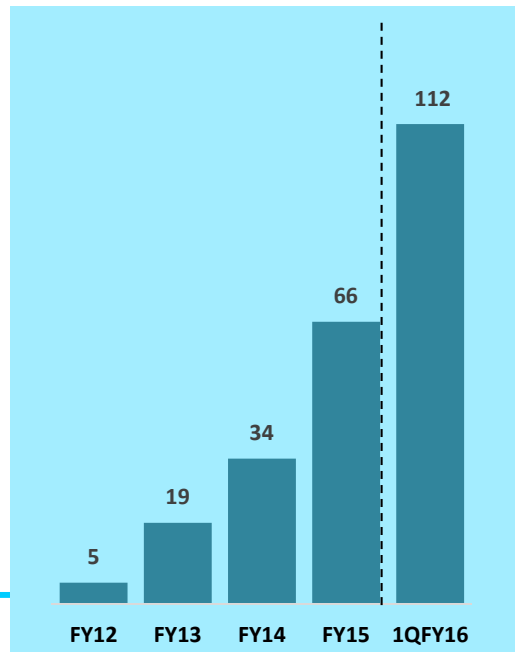
To be the leading independent platform provider

Revolutionise the way people manage their wealth

Transform the wealth management market

Deliver superior outcomes for advisers, licensees, investors and shareholders

## ... is delivering rapid organic growth ...



Average monthly net inflow excluding market movement

## ... and strengthening financial results

151% platform revenue growth

Positive Operating EBITDA\* from March '15 quarter

Cashflow positive projected by March '16

Strong scale benefits

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

personal use only

## FY15 Group Financial Results

Group Financial Results	FY14 \$m	FY15 \$m	% change
<b>FUA (now \$2.23bn)</b>	<b>\$854</b>	<b>\$1,704</b>	<b>100%</b>
Revenue – Platform	3.2	8.1	151%
Revenue – Licensee	-	20.2	
<b>Total Revenue</b>	<b>3.2</b>	<b>28.3</b>	<b>782%</b>
Direct Costs - Platform	(3.4)	(4.9)	45%
Direct Costs - Licensee	-	(18.6)	
<b>Gross Profit</b>	<b>(0.2)</b>	<b>4.8</b>	<b>3003%</b>
Operating Expenses*	(3.5)	(5.2)	50%
<b>Operating EBITDA*</b>	<b>(3.7)</b>	<b>(0.4)</b>	<b>89%</b>
Growth Investment Expenses*	(3.5)	(4.0)	12%
<b>EBITDA</b>	<b>(7.2)</b>	<b>(4.4)</b>	<b>39%</b>
NPAT	(8.5)	(6.5)	24%

- Acquisition of Paragem on 3 September 2014, contributing \$20.23 million revenue for the period
- FUA inflows of \$797 million, an increase of 102% on FY14 driving platform revenue together higher transaction activity.
- Strong scale benefits achieved with direct headcount
- Stable platform operating expenses during the period
- Positive Operating EBITDA from March '15 quarter.

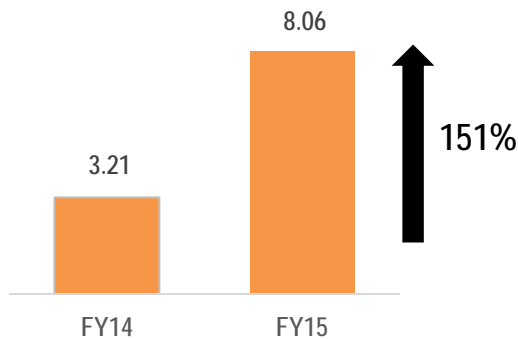
Other significant items reported in NPAT include interest, share based payments, transaction costs, amortisation and discontinued operations expense. (refer Appendix A)

\* 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

# FY15 Platform Segment Results

## REVENUE

\$ millions

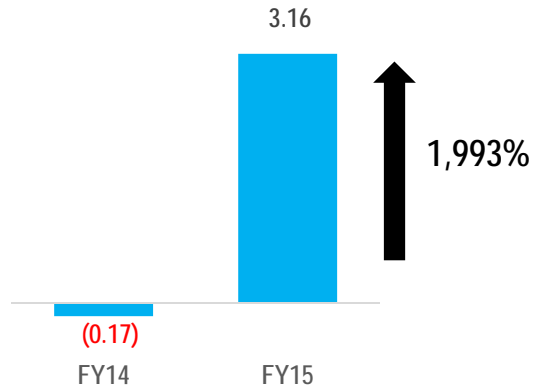


### Revenue growth driven by:

- FUA inflows of \$797 million, an increase of 102% on FY14
- Higher volume transaction activity on the platform

## GROSS PROFIT

\$ millions

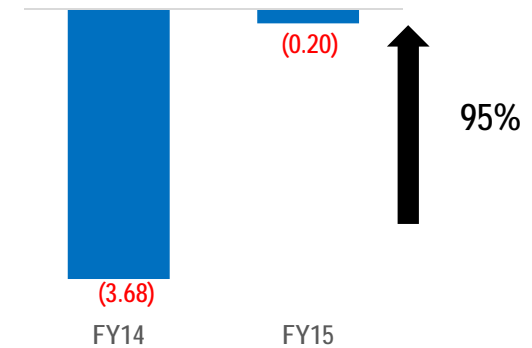


### Gross profit growth driven by:

- 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
- Operating expenses increase of 4% during the period
- Positive Operating EBITDA from March '15 quarter.

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

personal use only

## FY15 Platform Segment Results

Group financial results	FY14 \$m	FY15 \$m	% change
FUA (now \$2.23bn)	854	1,704	100%
Revenue	3.2	8.1	151%
Direct Costs	(3.4)	(4.9)	45%
Gross Profit	(0.2)	3.2	1993%
Operating Expenses*	(3.2)	(3.4)	4%
Operating EBITDA*	(3.4)	(0.2)	94%
Growth Investment Expenses*	(3.4)	(3.9)	13%
EBITDA*	(6.8)	(4.1)	40%

- Strong FUA inflows and increased transaction activity delivered revenue at 63 basis points of FUA (from 52 basis points).
- Direct supplier costs (custody, trustee, research) and direct headcount reducing to 37 basis points (from 42 basis points) of FUA in 2HFY15.
- Operating expenses well controlled.
- Operating EBITDA positive for 2HFY15.

\* 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. EBITDA excludes other significant items.

# Platform Segment Results

Financial results	FY14 \$m	FY15 \$m	% change	Qtr ended 30 Sept 2014**	Qtr ended 30 Sept 2015**	% change
FUA (now \$2.23bn)	854	1,704	100%	1,031	1,979	92%
Revenue	3.2	8.1	151%	1.3	3.2	146%
Direct Costs	(3.4)	(4.9)	45%	(1.1)	(1.5)	36%
Gross Profit	(0.2)	3.2	1993%	0.2	1.7	750%
Operating Expenses*	(3.2)	(3.4)	4%	(0.9)	(1.1)	(22%)
Operating EBITDA*	(3.4)	(0.2)	94%	(0.7)	0.6	186%
Growth Investment Expenses*	(3.4)	(3.9)	13%	(1.0)	(1.1)	10%
EBITDA*	(6.8)	(4.1)	40%	(1.7)	(0.5)	71%

- Strong FUA inflows and increased transaction activity delivered revenue at 63 basis points of FUA (from 52 basis points).
- Direct supplier costs (custody, trustee, research) and direct headcount reducing to 37 basis points (from 42 basis points) of FUA in 2HFY15.
- Operating expenses well controlled.
- Operating EBITDA positive for 2HFY15.
- 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. EBITDA excludes other significant items.

\*\* Figures per internal management accounts and not audited.

# 1QFY16 Platform Segment Results

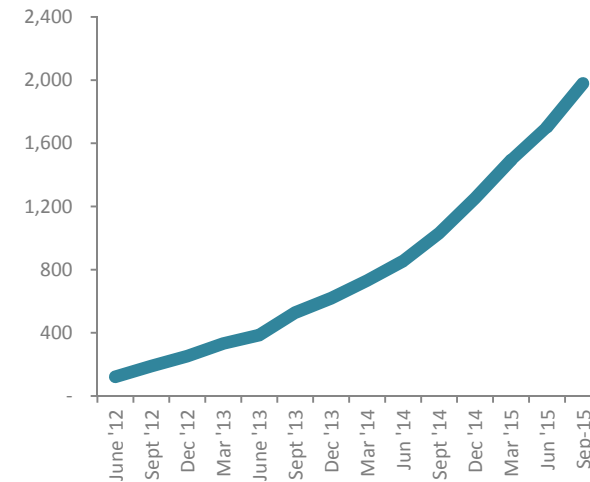
	1QFY16 \$ m	Increase on PCP
FUA* (now \$2.23bn)	1,979	92%
Net inflows	337	97%
Gross inflows	397	100%
Number of Advisers	522	36%

- FUA now exceeds \$2.23bn
- Record quarterly net and gross inflows for 1QFY16
- New White labels now launched for Infocus / Patron
- Fortnum proposal announced with over \$600m expected to transition in 2HFY16

\* Includes market movement

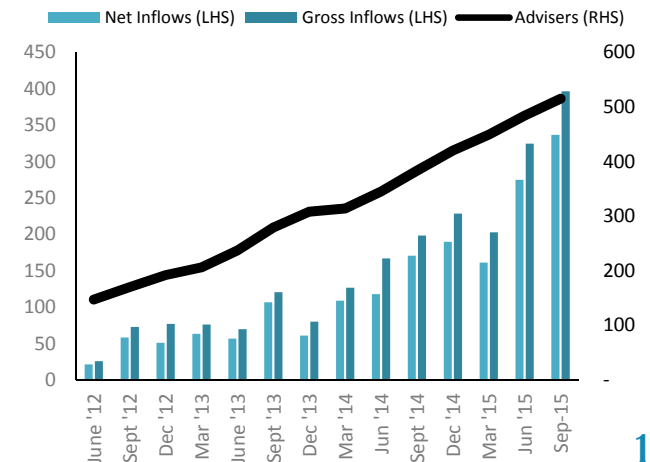
## FUA BALANCE

\$ millions



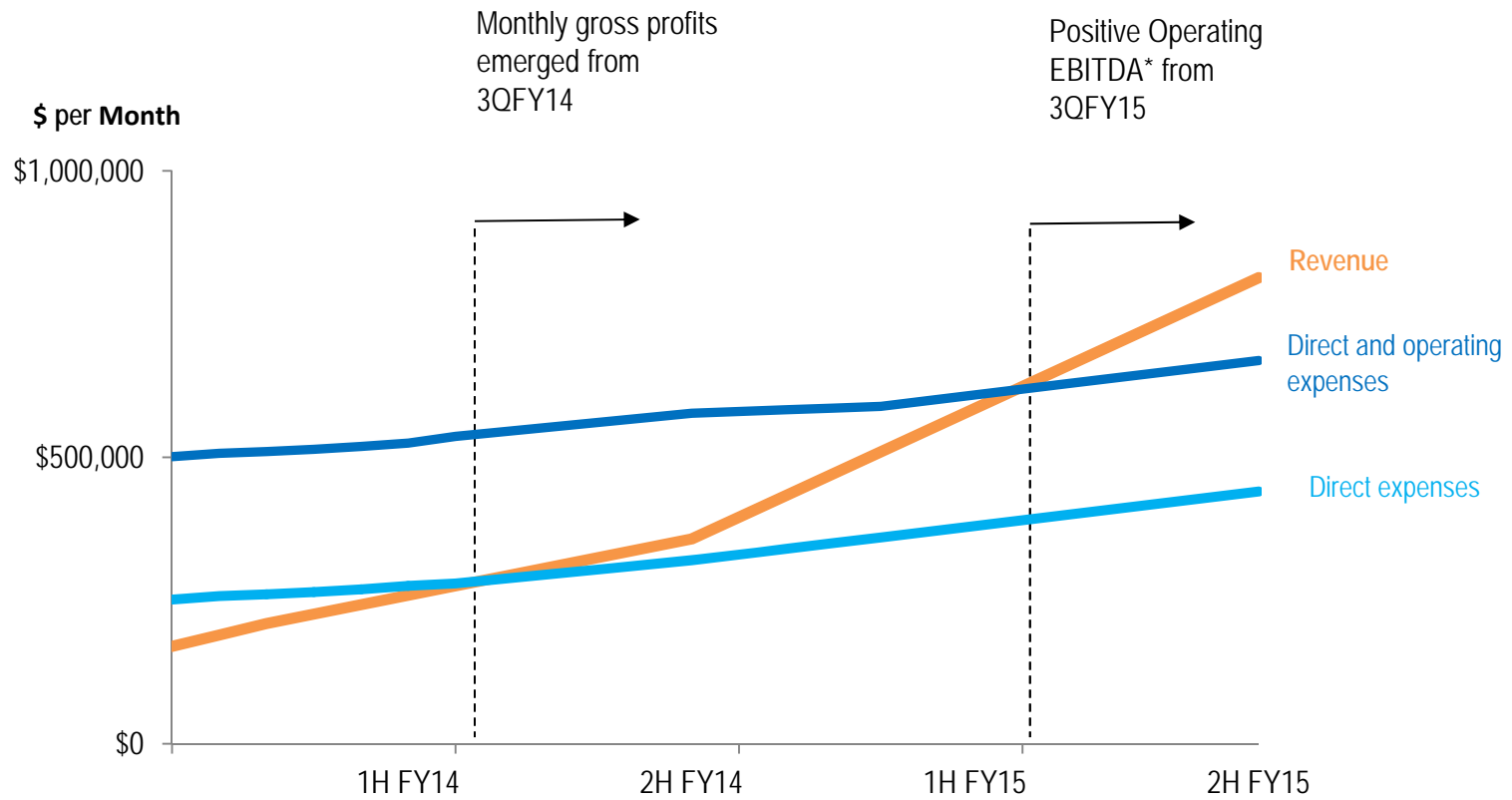
## INFLOWS AND NUMBER OF ADVISERS

\$ millions



personal use only

# Scale Efficiencies and Margin Expansion



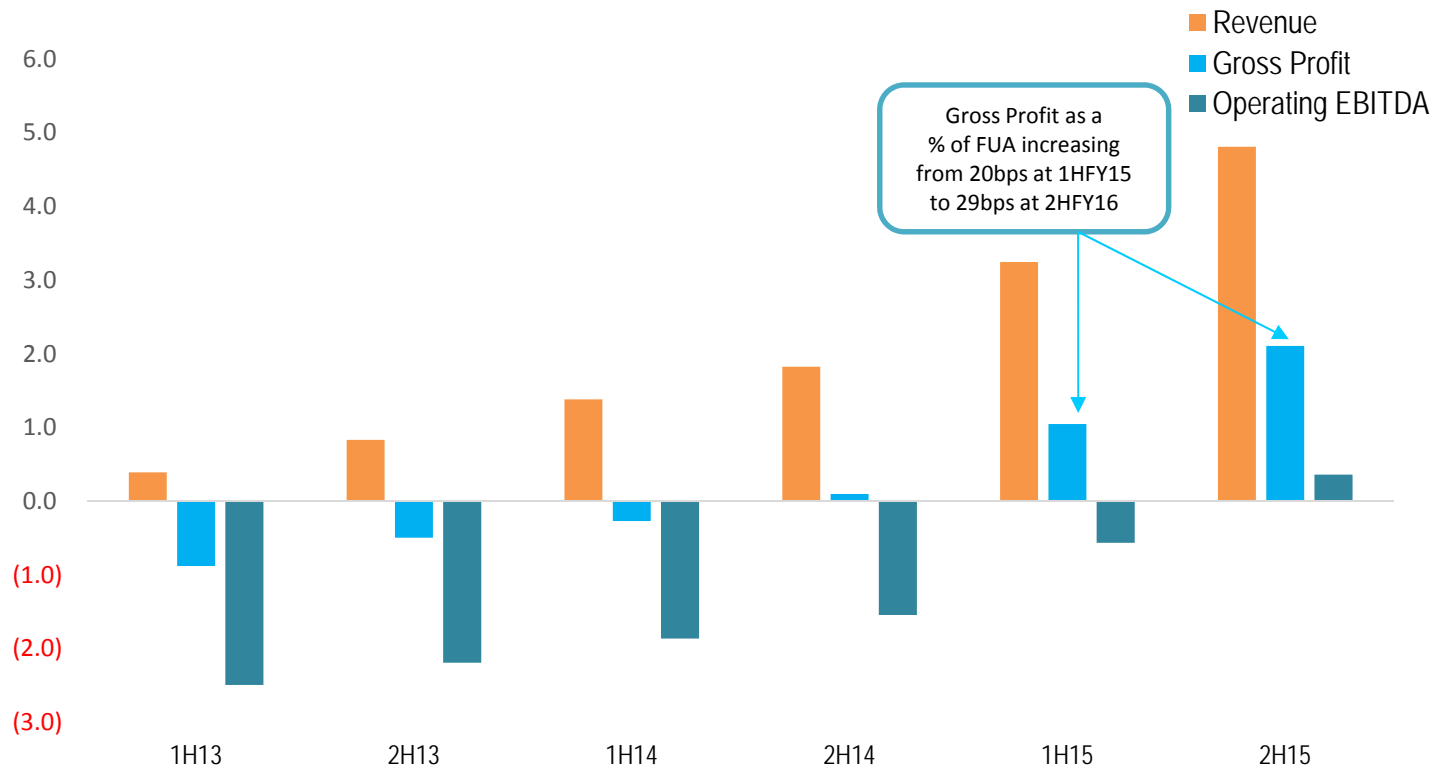
\* Operating EBITDA represents revenue less all operating expenses incurred in servicing the current FUA, it excludes growth investment expenses and other significant items

personal use only

# FY15 Platform Segment Results

## REVENUE, GROSS PROFIT AND OPERATING EBITDA\* TRENDS

\$ millions



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

personal use only



# Outlook

- 1 Increasing FUA growth is expected to continue**
  - Targeting over \$3.0 billion FUA by December 2016 and \$8-10 billion by end of the decade
  - Maximising existing adviser and dealer relationships
  - Ongoing business development for
    - Financial planning groups
    - Stockbrokers emerging as wealth managers
    - Large bulk transition opportunities
- 2 Extend industry leadership position through product innovation**
  - Commitment for ongoing product and technology development
  - Increase current product range and expand capabilities
    - International equities to launch in December 2015
  - Enhance adviser and client experience
- 3 Accelerating financial results**
  - Cashflow positive forecast by March 2016
  - Ongoing margin expansion with increasing scale
- 4 Grow Paragem licensee by recruiting quality practices**
- 5 Build strategic alliances and review appropriate acquisition opportunities**
- 6 Efficiently develop and grow our high calibre talented team**
  - Expand business development team nationwide

# Corporate Information

## Capital Structure at 23 November '15

Shares on Issue	52.59m
Share Price	\$3.48
Market Capitalisation	\$183.01m
Tax Losses (currently not recognised)	\$12.60m

## Substantial Shareholders

Thorney Holdings Ltd	20.00%
Acorn Capital Ltd	14.00%
Ian Litster	7.60%

## Balance Sheet as at 30 June '15

<b>Cash and Cash Equivalents</b>	<b>\$ 12.11m</b>
Other Current Assets	\$ 2.61m
Non-Current Assets	\$ 13.36m
<b>Total Assets</b>	<b>\$ 28.07m</b>
Current Liabilities	\$ 4.53m
Non-Current Liabilities	\$ 5.64m
Total Liabilities	\$ 10.17m
<b>Net Assets</b>	<b>\$ 17.90m</b>
<b>Equity</b>	<b>\$ 17.90m</b>

# 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

This presentation is not a prospectus or a product disclosure statement under the Corporations Act 2001 (Cth) and has not been lodged with ASIC. The information provided in this presentation is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice when deciding if an investment is appropriate.

## Risk of investment

An investment in HUB shares is subject to investment and other known and unknown risks, some of which are beyond the control of HUB. HUB does not guarantee any particular rate of return or the performance of HUB nor does it guarantee the repayment of capital from HUB or any particular tax treatment.

## Forward looking statements

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.