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PRESENTED BY

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Praemium Limited ACN 098 405 826



# Half Year to 31 December 2022 Financial Results Presentation

27 February 2023

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# Agenda



Anthony Wamsteker  
CEO

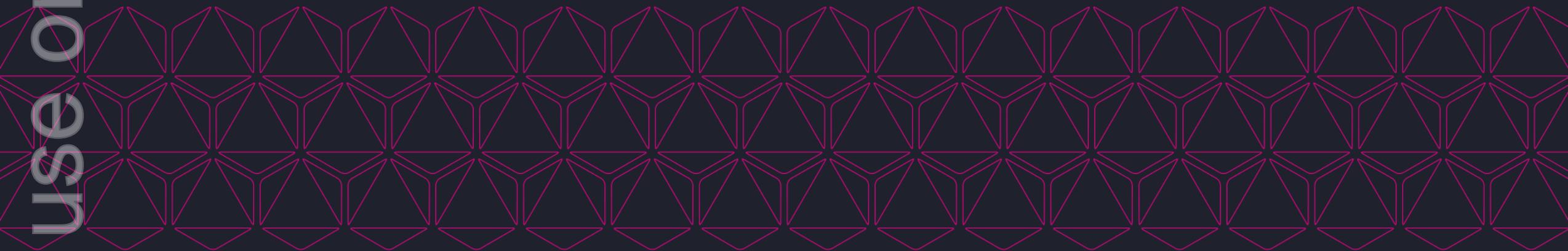


David Coulter  
CFO

- HY23 Business Highlights  
– Anthony Wamsteker
- HY23 Financial Results  
– David Coulter
- Looking Forward  
– Anthony Wamsteker
- Questions

# Business Highlights

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# HY23 business highlights

**\$11.4m** Record HY EBITDA (underlying)

**\$1.0b** HY net inflows

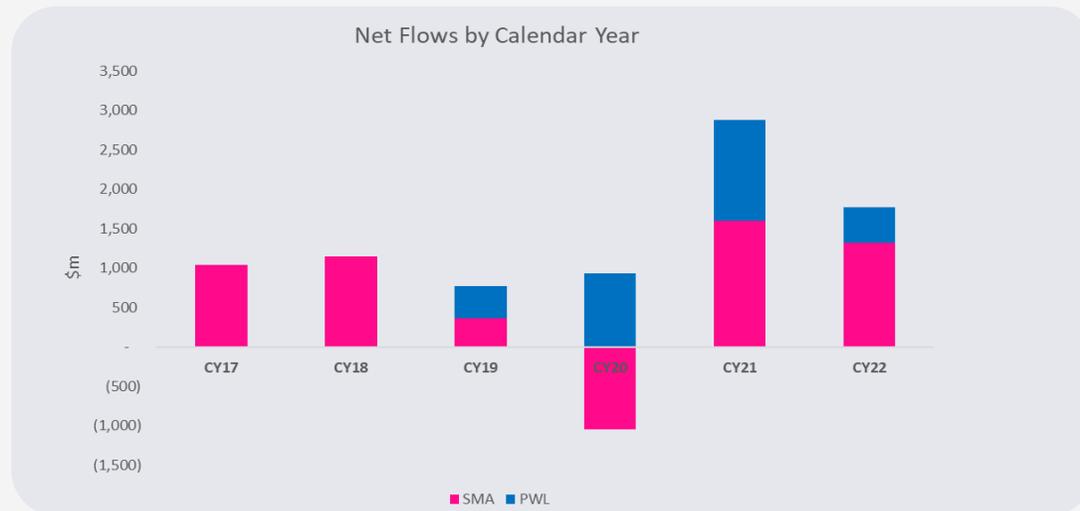
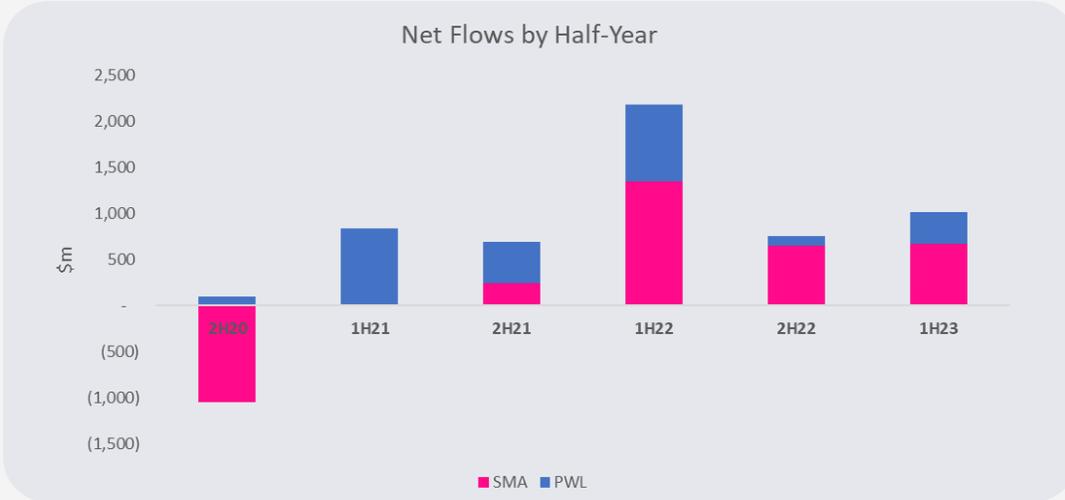
**\$42.7b** Scalable Australian FUA

**\$32.4m** Returned to shareholders from International sale

- Strong 17% revenue growth
- HoH cost discipline
- 13% 5-year CAGR for SMA
- Powerwrap recurring positive flows
- Market leading \$21.8b VMAAS non-custody solution
- Higher margin SMA now at \$9.0b
- \$26m dividend paid
- \$7m of buy-back completed
- Strong balance sheet

# Net flows and FUA

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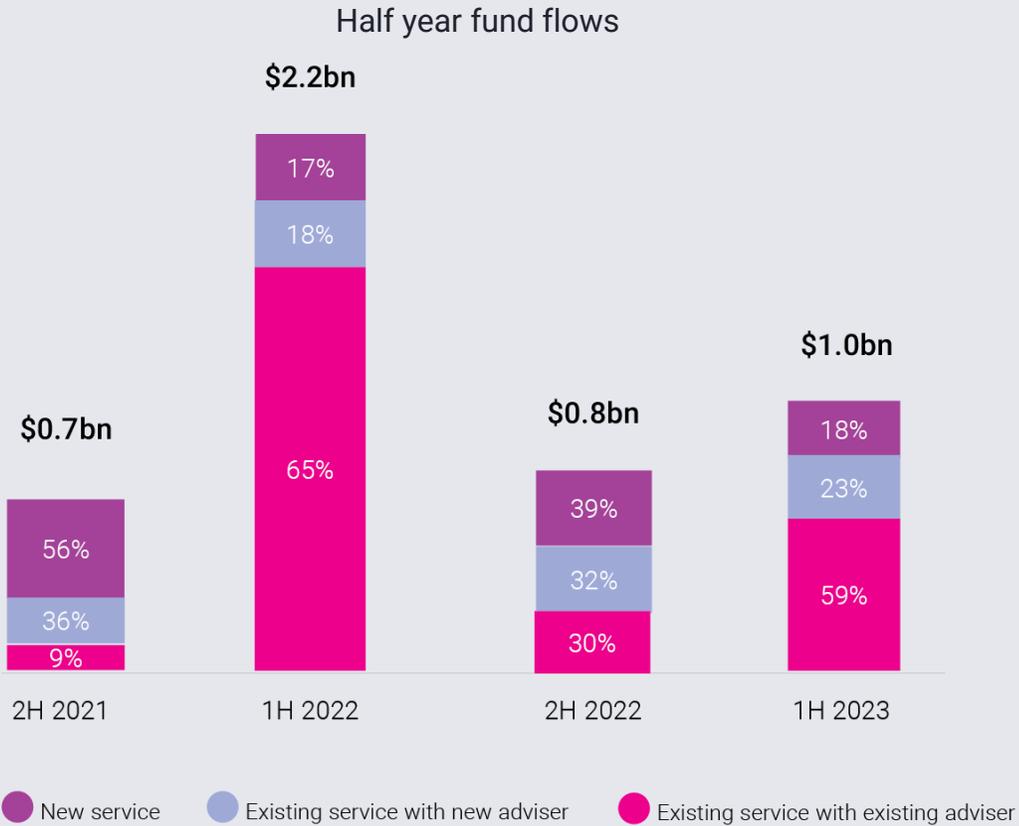
## Net Flows HY23

- Platform \$1,016m
  - SMA \$670m
  - Powerwrap \$346m
- Market movement \$421m

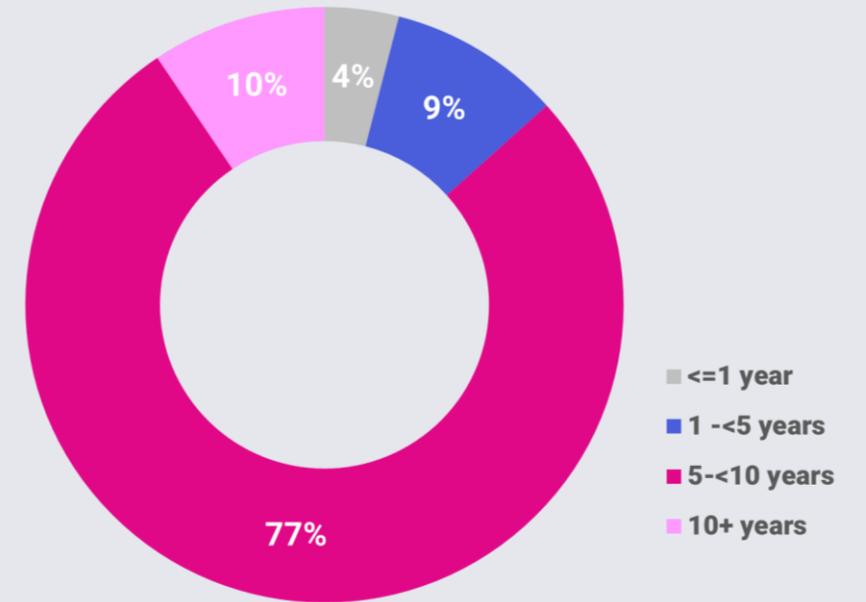
## FUA (Dec 22 v Jun 22)

- \$42.7b - up 6%
  - SMA \$9.0b - up 11%
  - Powerwrap \$12.0b – up 5%
  - VMAAS \$21.8b - up 4%
- 13% SMA FUA CAGR 5 years to Dec 22

# Established partnerships supported by growing new pipeline



FUA by adviser length of tenure



# Maintain Leadership - Award winning technology innovations

→ No. 1 in 2 of the 6 main categories, narrowly No. 3 platform in 2022

→ The gap from No.1 platform continues to narrow 1.6% between 1st and 3rd

→ Widened gap with No. 4 platform to 5%

→ Continuing to focus on functionality that advisers are prioritising



2022 Platform Competitive Analysis and Benchmarking Report  
Best in Decision Support Tools

Praemium

**1<sup>st</sup>**  
in Report Generation

**1<sup>st</sup>**  
in Advanced analytics/tools

**1<sup>st</sup>**  
in Business Reporting



2022 Platform Competitive Analysis and Benchmarking Report  
Best in Security, Data & Intergation

Praemium

**1<sup>st</sup>**  
in Online Permissions

**1<sup>st</sup>**  
in Tax Tools

**1<sup>st</sup>**  
in Workflow visibility

**1<sup>st</sup>**  
in Investor Correspondence

**1<sup>st</sup>**  
in Calculators & Modelling

**1<sup>st</sup>**  
in Search & Selection

**1<sup>st</sup>**  
in Info & Education - product

**1<sup>st</sup>**  
in White labelling

**1<sup>st</sup>**  
in API

**1<sup>st</sup>**  
in integration from planning software

**1<sup>st</sup>**  
in Non-Custodial Assets

\*Investment Trends Competitive Analysis and Platform Benchmarking Survey 2022

# Delivering innovation with purpose

## Focusing on delivering what advisers want in our core competencies

### Leader in non-custodial

Upgraded Praemium integration centre for advisers

New asset class groupings for enhanced transparency & reporting

Customised performance reporting

Positive ESG reporting

Export and Upload Centre improved bulk transaction capability & reporting

### Managed Accounts expert

Positive ESG reporting

Application submission enhancements

New adviser tools for individual assets

Enhanced Term Deposit order placement

Fee consent workflow enhancements

### Leader in High Net Worth (HNW)

Adviser Portal for private wealth advisers

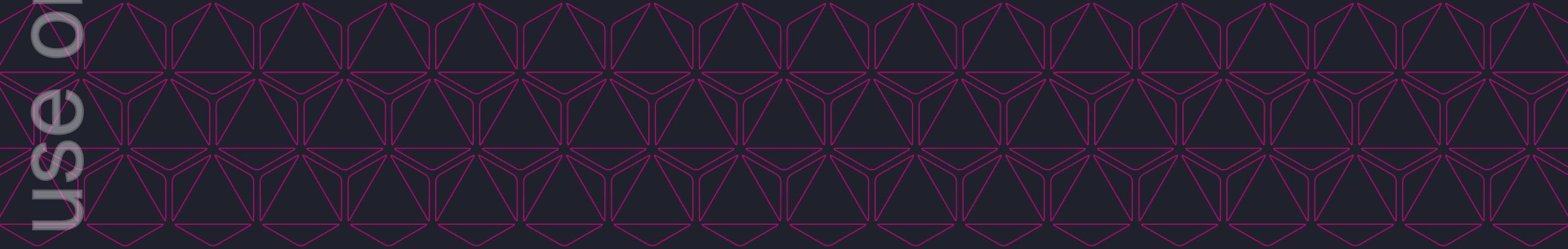
Managed fund order pad

Private Wealth support centre

Portfolio liquidity reporting

Wholesale investor certification

# Financial Results



# Group financial results HY23

Group Financial Results (\$m)	HY23	HY22	\$ change	% change
Revenue (net)	35.4	39.2	(3.8)	(10)
Cost of operations	(8.6)	(12.3)	3.7	30
Gross margin	26.8	26.9	0.5	-
GM % of net revenue	75.7%	68.5%	7.2%	
Expenses:				
Information Technology	(5.5)	(5.4)	(0.1)	(2)
Sales & Marketing	(5.3)	(8.3)	3.0	36
General & Admin	(4.6)	(5.6)	1.0	18
Total expenses	(15.4)	(19.4)	4.0	21
EBITDA (underlying)	11.4	7.5	3.9	52
EBITDA %	32.2%	19.1%	13.1%	
EBITDA (continuing)	11.4	7.6	3.8	50
EBITDA (discontinuing)	-	(0.1)	0.1	
Share schemes	(0.9)	(2.0)		
D&A	(3.6)	(4.6)		
EBIT	6.9	0.9	6.0	
Acquisition & restructure	(0.9)	(2.1)		
FX & other	0.5	(0.3)		
NPBT	6.4	(1.5)	7.9	
Tax	2.7	(1.1)		
NPAT	9.1	(2.6)	11.7	

- HY22 impacted by carrying divested business albeit EBITDA neutral
- Share schemes no longer required to support UK / Dubai, but will increase 2H 23 with new grants
- Restructuring
  - » \$0.4m retention
  - » \$0.4m divest completion
  - » \$0.1m asset write down
- \$4.8m tax benefit from loan forgiveness on divestment
- Underlying EBITDA reconciled to NPAT in detail at Note 6 in the statutory financials

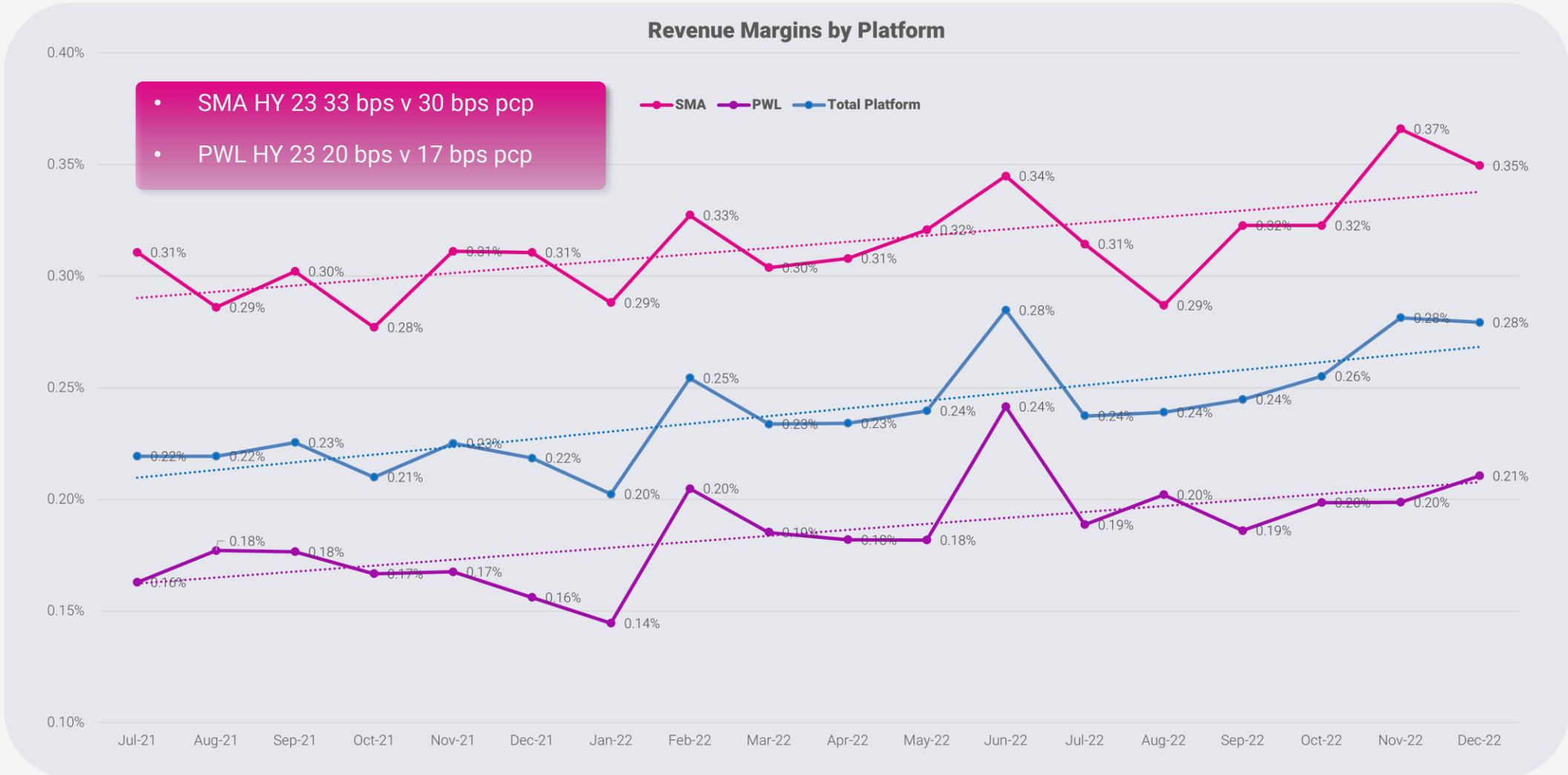
# Australian segment results

Australia results \$m	HY23	HY22	\$ change	% change
Platform	25.9	21.7	4.2	19
Portfolio services	9.4	8.7	0.7	8
Service fees	0.1	-	0.1	-
<b>Revenue</b>	<b>35.4</b>	<b>30.4</b>	<b>5.0</b>	<b>17</b>
Cost of operations	(9.1)	(8.8)	(0.3)	(3)
Information Technology	(5.1)	(5.1)	-	-
Sales & Marketing	(5.3)	(5.2)	(0.1)	(2)
General, Admin & Corporate	(4.6)	(3.6)	(1.0)	(28)
<b>Expenses</b>	<b>(24.1)</b>	<b>(22.7)</b>	<b>(1.4)</b>	<b>(6)</b>
<b>Aust Segment EBITDA</b>	<b>11.4</b>	<b>7.5</b>	<b>3.9</b>	<b>52</b>
EBITDA %	32.1%	24.7%	7.2%	

- Strong revenue growth, augmented by sector leading cost constraint, opens “jaws” by 30% (32.1% margin v 24.7% pcp)
- 17% revenue growth
  - » Cash admin fee on SMA lifted to 130bps from 1 October with rising RBA rates
  - » Re-weight to higher margin SMA (43% v 40% platform FUA)
  - » Equity markets -ve overall
- 6% cost growth
  - » Wage inflation ~6%, average FTE up marginally on pcp
  - » Gen Admin & Corp - Insurance and cybersecurity
- Underlying segment EBITDA reconciled to NPAT at Note 6 in the statutory financials

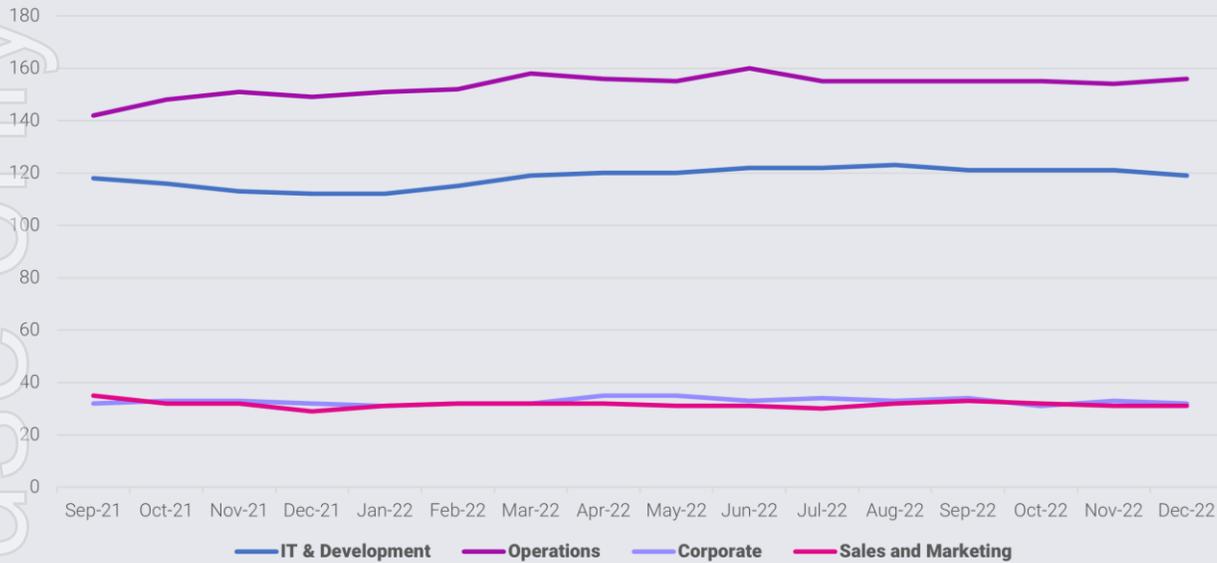
# Platform Revenue Margins – strong cash margin impact

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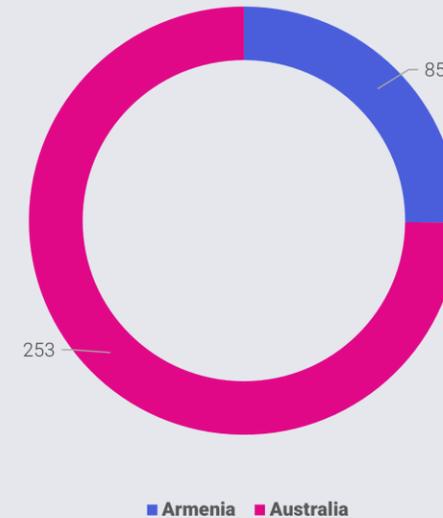


# FTE reduced from June due to tech uplift and TSA termination

### FTE by department



### FTE 31 Dec 22



### FTE totals (continuing business)

- » Dec 21: 322
- » Jun 22: 346
- » Dec 22: 338

### FTE Dec 22 by geography

- » Aus: 126 Ops, 68 IT, 31 S&M, 28 Corp
- » Arm: 30 Ops, 51 IT, 4 Corp

# Cashflow

Cashflow (\$m)	HY23	HY22
Operating cashflow	7.9	2.5
Tax paid	(0.8)	(1.9)
One-off costs	(1.5)	(0.7)
<b>Net operating cashflow</b>	<b>5.6</b>	<b>(0.1)</b>
Intangible capex	(3.6)	(2.9)
Equipment capex	(0.4)	(0.3)
Investments	-	(0.2)
<b>Net investing cashflow</b>	<b>(4.0)</b>	<b>(3.4)</b>
Dividends Paid	(25.8)	-
Borrowings repaid	(10.6)	(1.5)
Share buy-back	(6.6)	-
Other	(0.7)	(2.1)
<b>Net financing cashflow</b>	<b>(43.7)</b>	<b>(3.6)</b>
Net cash movement	(42.1)	(7.1)
Opening cash	80.5	26.7
Unrealised FX	(0.2)	(0.2)
<b>Closing cash</b>	<b>38.2</b>	<b>19.4</b>

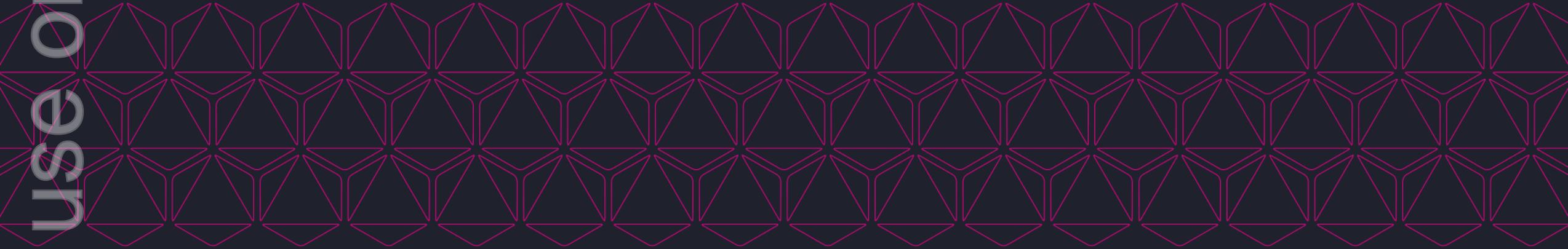
- Operating cashflow of \$7.9m impacted by:
  - » Deployment of working capital to support Morningstar TSA
  - » Large deal advisory payments post divestment
- One-off costs partly provisioned in FY22 P&L (divestment related)
- R&D capex of \$3.6m represents return to regular development post fee consents
- Financing cashflow de-risks balance sheet while moving swiftly to reward shareholders post-divestment
- Buy-back progressing based on available market liquidity

# Balance Sheet

Balance Sheet (\$m)	Dec 22	Jun 22
Cash	38.2	80.5
Receivables	11.3	7.3
Financial assets	3.5	3.6
Intangibles	59.3	58.4
Other assets	8.4	7.1
<b>Assets</b>	<b>120.7</b>	<b>156.9</b>
Tax liabilities	-	1.7
Borrowings	-	10.6
Other liabilities	15.1	42.3
<b>Liabilities</b>	<b>15.1</b>	<b>54.6</b>
<b>Net Assets</b>	<b>105.6</b>	<b>102.3</b>

- Strong balance sheet available to fund future growth
- Group regulatory cash requirement of \$15.0m
- Tax losses on divestment recognised
- Powerwrap tax losses of \$9.0m able to be utilised in future periods
- Dividend policy to be adopted in this financial year

# Looking forward





# Attractive market opportunities abound



**One platform – all clients, managed accounts & investments – regardless of advice business model**

# Continued delivery against core objectives

## Deliver customer value and sustainable growth

Target FUA growth from flows of 10-15%

Delivered platform enhancements to support advisers with regulatory obligations, efficiency and client engagement

Escala Partners, Praemium's largest client extended their agreement for further 6 years

## Attract and retain market-leading people

Implemented top 5 key recommendations from employee survey in FY23

Rolled out updated corporate values that reflect our integrated organization in 1H23

Appointed Chief Strategy Officer to help drive accelerated growth strategy

## Maintain leadership as Australia's HNW platform of choice

Continued delivery of whole of wealth portfolio administration and reporting

Enhanced Powerwrap functionality to support private wealth clients

Ongoing enhancements to sustain our market-leading position in the top 6 categories of Investment Trends Platform Benchmarking

Continued strong progress year on year in Investment Trends Platform Benchmarking Survey  
Launch of Private Wealth portal

## Support the evolution of advice

Released 2022 HNW investor research results

Continued to work collaboratively with our advice group partners to deliver content that supported professional development days and ongoing education that met their needs

Praemium is a foundation partner of IRESS Connectivity Network & will collaborate on the design of Xplan Affinity and support the future of advice execution

# Strong foundations for continued growth momentum



**Praemium International sold to Morningstar**

Material cash reserves. Enhanced the conservative & strong balance sheet position



**Focus on domestic business & core competencies**

Streamlined sales, operations, tech & leadership behind a unified goal



**Clear market communications**

Say what we are going to do & do what we say



**Powerwrap acquisition synergies achieved**

Business & technology synergies materially complete



**Supporting advisers & the evolution of advice**

Strategic partnerships in research & innovation that supports the industry



**High performance culture**

Continuous improvement focus & rollout of company wide LSS training



**Accelerated growth potential**

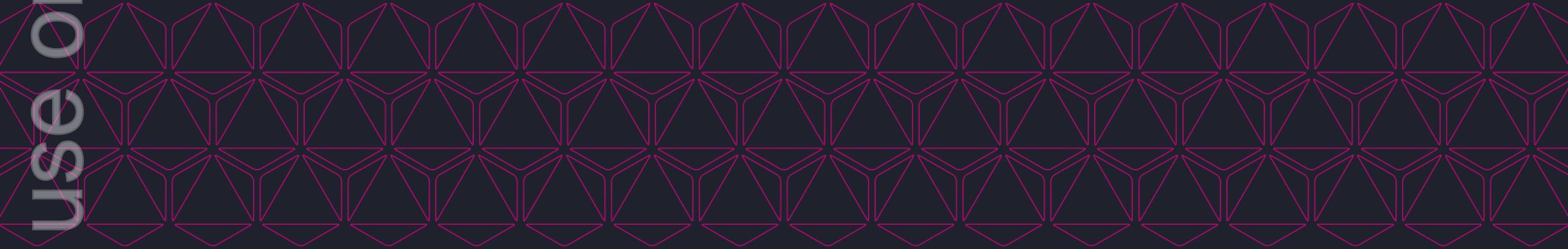
Strong balance sheet & operating performance

2021

Journey to 2025

2025

# Questions



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