

2018 Annual General Meeting Presentation

27 November 2018, Melbourne: Praemium is pleased to provide a copy of the address to be given by Praemium's Chairman, Barry Lewin, and the presentation by Praemium's CEO, Michael Ohanessian at the Company's Annual General Meeting (which will commence at 11am this morning).

Praemium's Chairman's Address

Barry Lewin, Melbourne, 27 November 2018

I extend a very warm welcome all shareholders, staff, professional advisors and other visitors to the 2018 Praemium Annual General Meeting. I'm delighted to be presenting to you following my first full year as Chairman of Praemium.

During the past year the Company has seen record platform inflows in both Australian and international markets, new and expanded relationships with several institutional clients, new product features, significant investment in product, sales distribution and marketing, and major technology initiatives. Perhaps most importantly, it has been a year of stability and organic growth, and the Company has laid solid foundations for the years to come.

The Board's focus this past year has been on supporting management's strategy of investing in the Company's people and products both here and abroad, and executing the Company's Australian and international growth strategy, all while retaining the cost-conscious culture for which Praemium is well known, in order to maximise shareholder value.

Industry factors have provided especially strong tailwinds, with the fallout from the Royal Commission and the likely demise of the vertical model delivering much greater inflows into Managed Accounts. This is of particular benefit to Praemium, which is Australia's leading Managed Accounts provider both in terms of funds under management and in technological sophistication.

Under Michael Ohanessian's disciplined and focused leadership, and with several industry-leading professionals recently appointed to the executive team, all the key elements are in place to build on this very significant growth phase for the Company and generate significant value for shareholders. The future for Praemium is very exciting indeed.

My fellow directors and I wish to express our sincere appreciation to all shareholders for your support, and we are confident you will continue to benefit from your investment in the Company well into the future.

I would now like to ask our CEO Michael Ohanessian, to present his report to the meeting.

CEO's Report

Michael Ohanessian - CEO

The material contained in this document is a presentation of general information about the Praemium Group's activities current as at the date of this presentation (27 November 2018) and is supplementary to the Group's financial results released to the ASX on 13 August 2018 and previous ASX filings as applicable. It is provided in summary and does not purport to be complete. You should not rely upon it as advice for investment purposes as it does not take into account your investment objectives, financial position or needs. These factors should be considered, with or without professional advice when deciding if an investment is appropriate.

This presentation may contain forward looking statements including statements regarding our intent, belief or current expectations with respect to Praemium's businesses and operations, market conditions, results of operation and financial condition, capital adequacy, specific provisions and risk management practices. Readers are cautioned not to place undue reliance on these forward looking statements. Praemium does not undertake any obligation to publicly release the result of any revisions to these forward looking statements to reflect events or circumstances after the date hereof to reflect the occurrence of unanticipated events. While due care has been used in the preparation of forecast information, actual results may vary in a materially positive or negative manner. Forecasts and hypothetical examples are subject to uncertainty and contingencies outside Praemium's control. Past performance is not a reliable indication of future performance.

To the extent permitted by law, no responsibility for any loss arising in any way (including by way of negligence) from anyone acting or refraining from acting as a result of this material is accepted by the Praemium Group or any of its related bodies corporate.

A global investment platform



Established in 2006



THE LEADER IN MANAGED ACCOUNTS

Investment platform uniquely serving Australia, UK and international markets.

Our mission: To assist wealth advisers to deliver great investor experiences and outcomes.

We offer sophisticated and scalable technology to over 700 clients covering \$110 billion in assets.



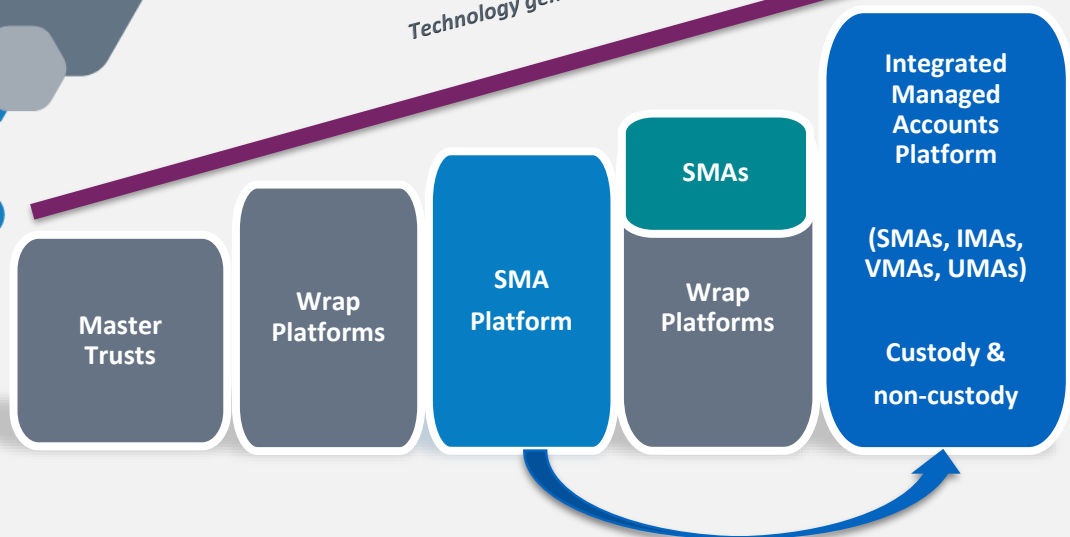
Founded in 2001

Praemium platform, the next-gen

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Platform progression

Technology generation



An Integrated Managed Accounts Platform is the next-gen approach
Includes all types of Managed Accounts and 'wrap' functionality

Why Managed Accounts?

Lower cost

Tailored strategies

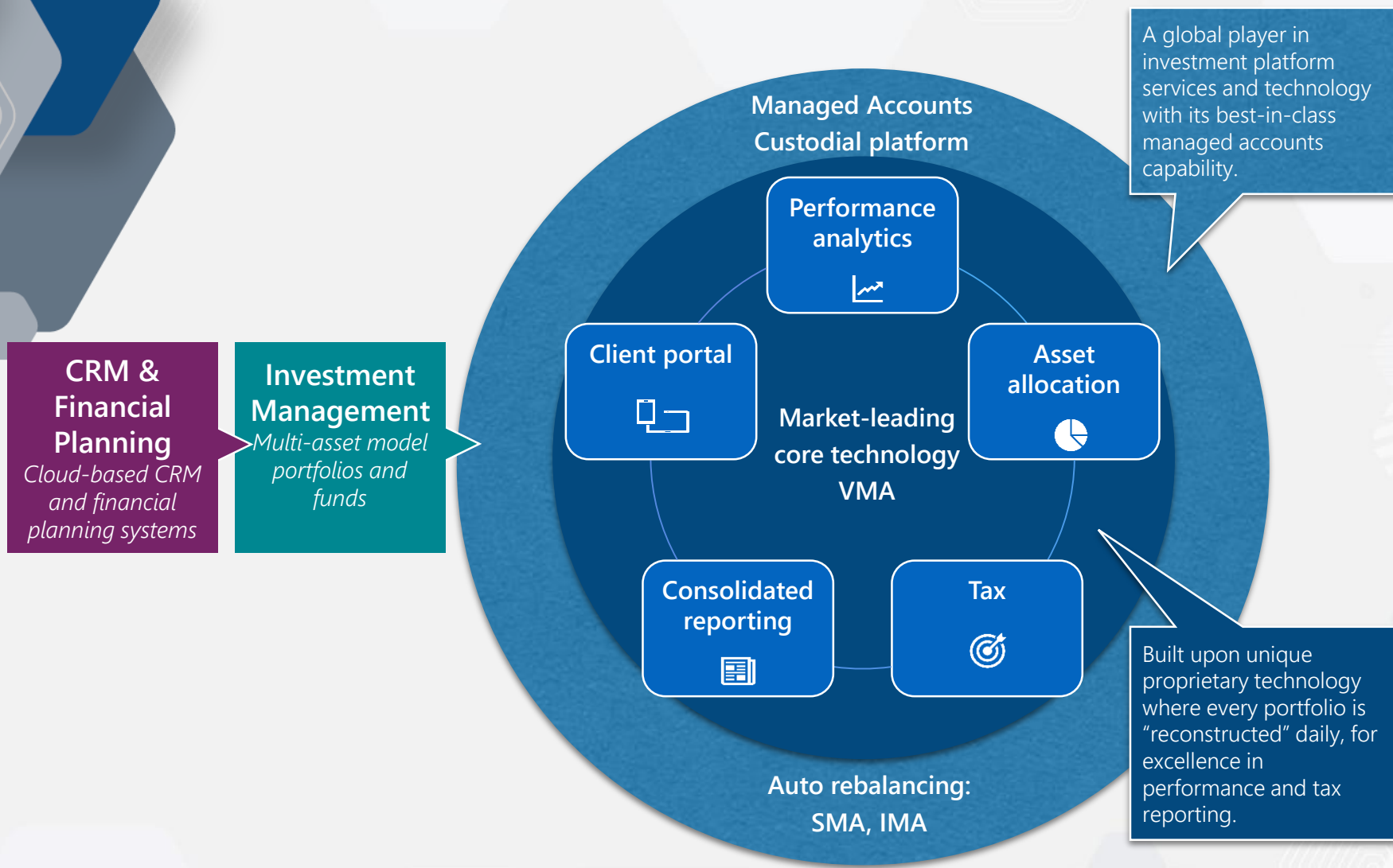
Viewable transactions

Easy to switch

Visible holdings

Beneficial ownership

Tax effective



FY2018 financial results

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Group Financial Results	FY17 (\$m)	FY18 (\$m)
Revenue	35.4	43.2
Product commissions	(2.6)	(4.6)
Revenue (net)	32.8	38.6
Cost of operations	(6.8)	(7.3)
Gross margin	26.0	31.3
GM %	79.3%	81.2%
Expenses:		
Information Technology	(6.8)	(6.7)
Sales & Marketing	(5.7)	(7.5)
General & Admin ⁽¹⁾	(7.2)	(8.3)
EBITDA (underlying)	6.3	8.8
Share schemes ⁽²⁾	(0.6)	(1.1)
D&A ⁽³⁾	(0.9)	(1.0)
EBIT	4.8	6.7
Arbitration & restructure ⁽⁴⁾	(2.1)	(1.8)
FX & other ⁽⁵⁾	(0.5)	(0.0)
NPBT	2.2	4.9
Tax ⁽⁶⁾	(1.5)	(3.5)
NPAT	0.7	1.4

Key financial highlights



Revenue growth 22%



Gross margin up 21%



Underlying EBITDA up 40%

As a percentage of sales (net):

- Expanded sales & marketing from 17% to 19%
- IT (excluding \$2.3 million in R&D capex) up from 21% to 23%
- G&A from 22% to 21% despite larger premises to support headcount growth

(1) In addition to salaries, G&A includes facilities (\$2.1m), professional fees (\$2.0m), travel (\$1.0m) board & corporate (\$0.5m) and IT support (\$0.2m)

(2) Expense relates to phasing of long term incentives (performance rights) under the Company's employee share scheme

(3) Depreciation & amortisation includes amortisation of intangibles from software intangibles, Plum and Wensley Mackay acquisitions

(4) Refer appendices for detailed breakdown

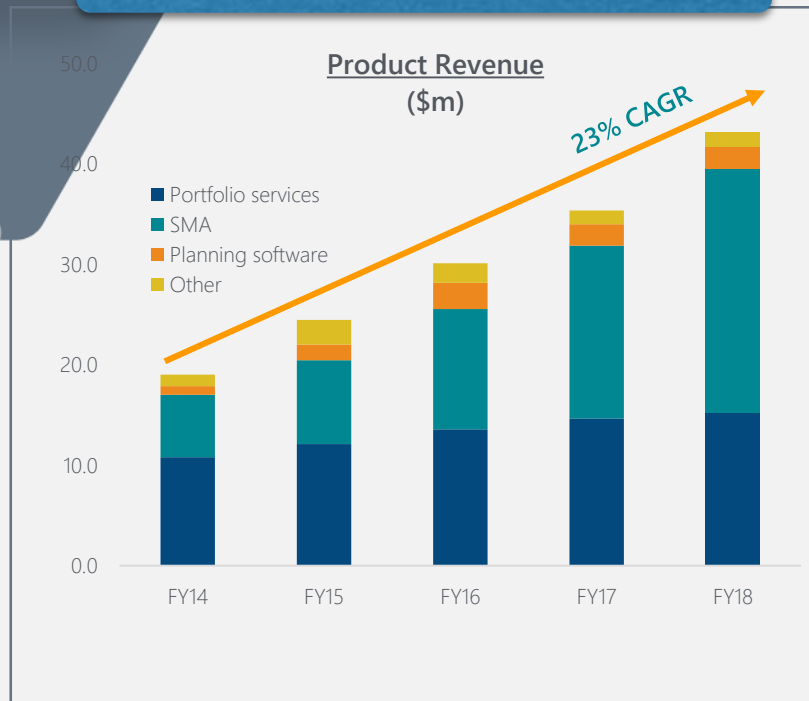
(5) Unrealised FX from cash held in foreign currencies (GBP, USD, HKD)

(6) FY18 AUS tax estimate of \$3.2m (tax expense), with \$1.9m in instalment payments made. R&D Incentive provision \$0.3 million.

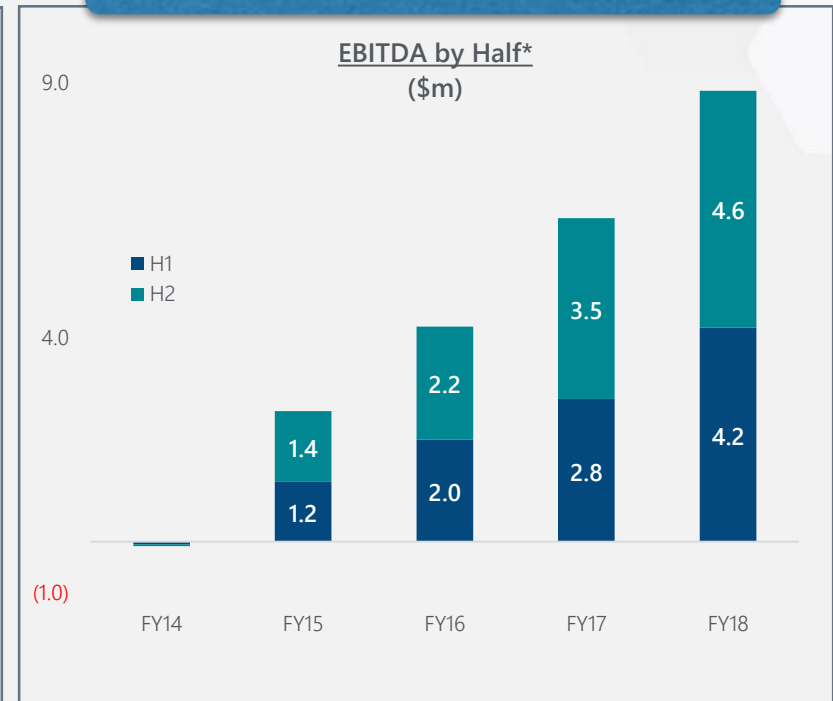
Sustained growth

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Group revenue



Group earnings



Strong revenue growth

9th consecutive half of profit growth

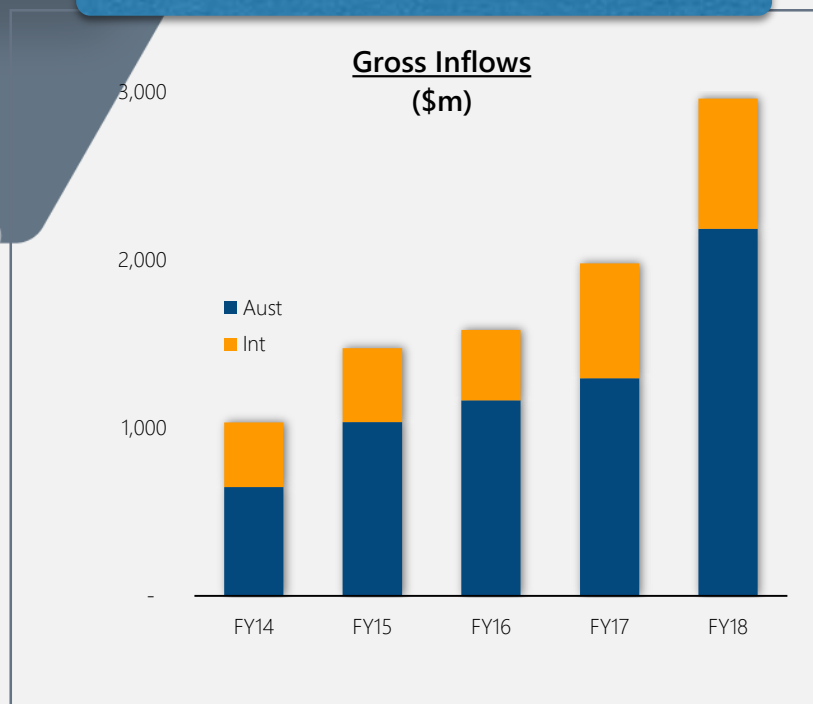
Product revenue includes revenue from services and other income.

*Refer underlying EBITDA reconciliation on slide 10 and Note 20 of the Annual Report

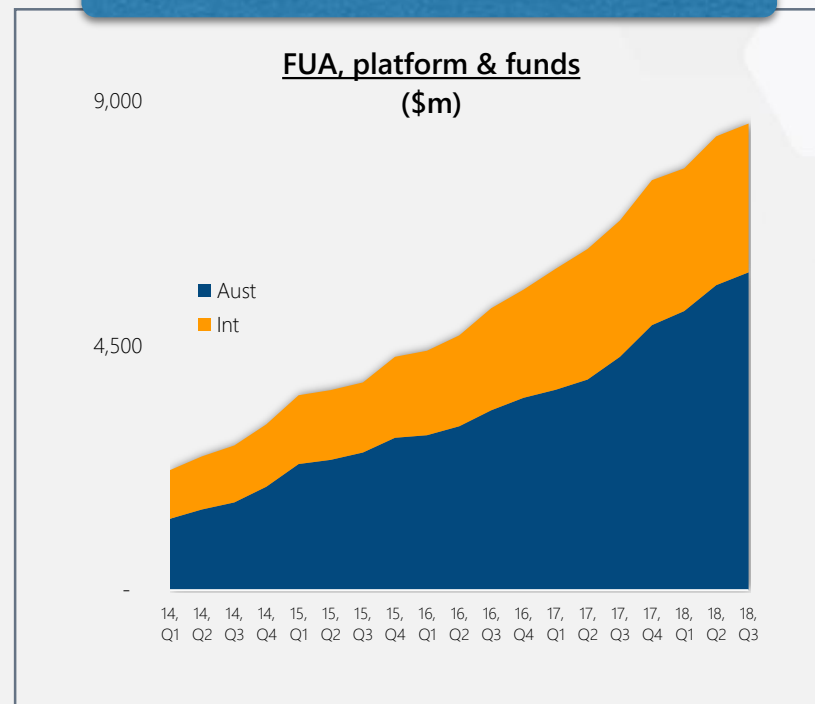
Managed Accounts driving growth

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Increasing inflow momentum



Accelerating FUA



- Global client base: Australia, UK, Europe, Middle East, South Africa, SE Asia
 - Superior portfolio and rebalancing algorithms
- Lowest transaction costs coupled with advanced CGT optimisation
 - Over 100 investment managers

Australia platform industry disrupters

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Market growth

Managed Accounts market up 30% in FY2018¹

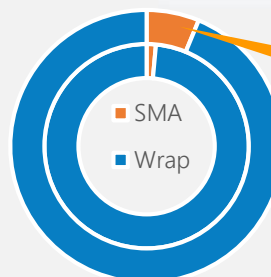
Shift to independence

10% loss of advisers from the large institutions over FY2018³

Move to Managed Accounts

A step change in sentiment towards Managed Accounts

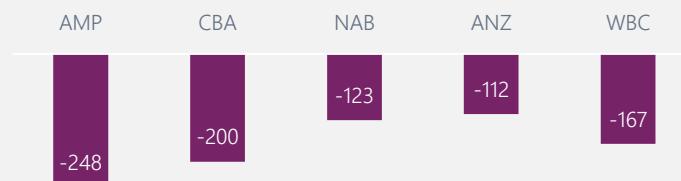
AUS Platform market (2016-2020)



\$62 billion at 30 Jun 2018¹

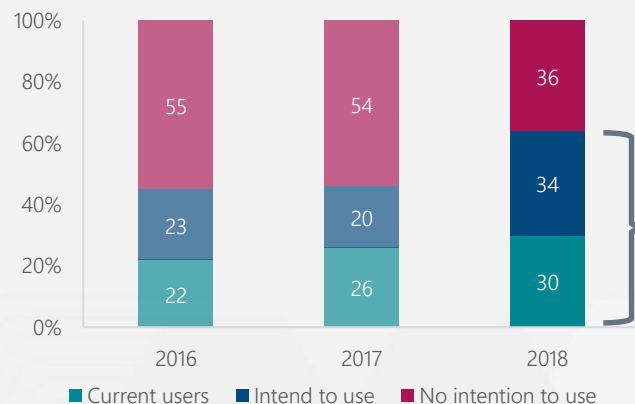
SMA was forecast to grow from \$18b to \$60bn by 2020⁵

Adviser changes Jul '17 to Jun '18²



Advisers moving to independent platforms, with 4% of market taking 65% of annual net flows³

Financial planners' use of Managed Accounts⁴



Steep increase in SMA interest

¹ Institute of Managed Account Professionals, Managed Account FUM Census at 30 June 2018

² Bell Potter Adviser Landscape, July 2018

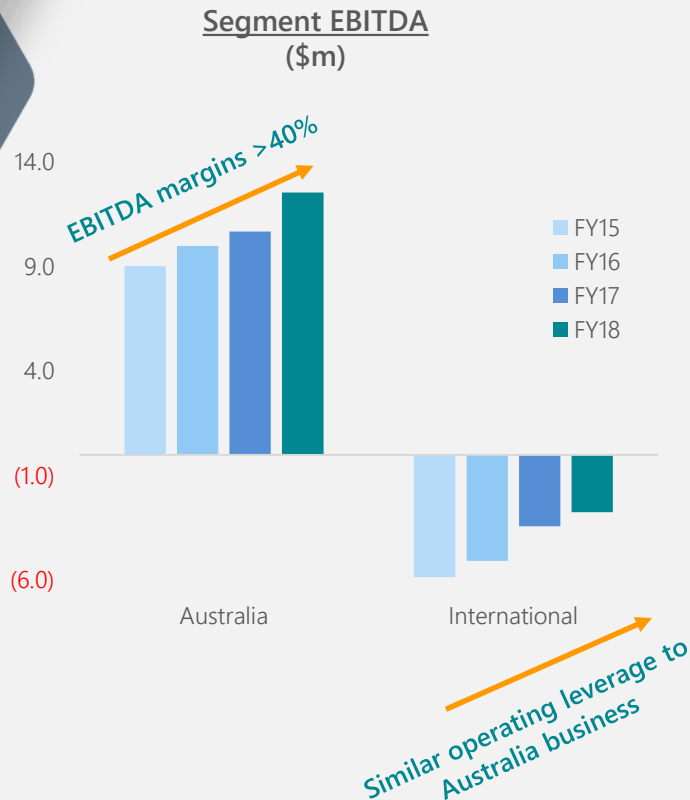
³ Strategic Insight (Plan for Life) media release, Funds Under Management at June 2018

⁴ Investment Trends Managed Accounts Report, February 2018

⁵ Morgan Stanley Asia Insight Report (June 2016), *Disruptors: Australia Financials*

International division close to inflexion

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Growth drivers

Increasing use of model portfolios in the UK: has grown 25x over the last 7 years¹.

UK market growing due to pension freedoms introduced in 2015, with SIPP's generating 80% of platform inflows.²

High-watermark 80% Protected Smartfunds approved for distribution in the Middle East – rewarding investors for *time in market*.

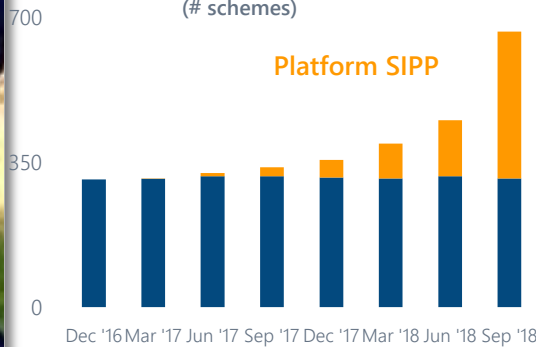
Scalable business model

Leveraging our global pensions expertise

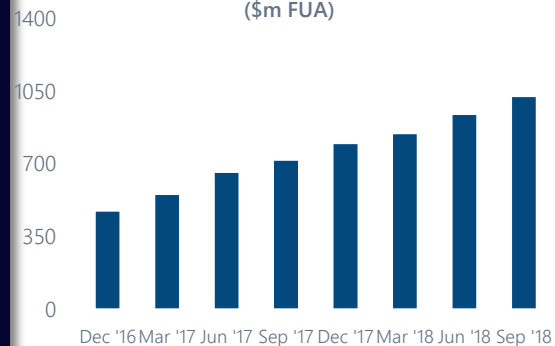
Expat pensions: a big market

- 5.5 million UK expats, 1.3 million in Australia
- 1.0 million Aussie expats, 0.3 million in the UK
- Both groups struggle to maximise benefits from “stranded” pension pots

Praemium UK Pensions
(# schemes)



Praemium Australia Retail Super
(\$m FUA)





Platform evolution

Praemium's UMA platform to provide a modern whole-of-market solution



Australia Managed Accounts

Ride the wave of industry disruption in the Australia platform market



International profitability

Accelerate top-line and bottom-line growth



Expat retirement accounts

Create global super/pension solutions for Australian and UK expats

