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ASX / Media Release

MainstreamBPO Limited final results for the full year ended 30 June 2017

MainstreamBPO Limited group (ASX: MAI) today announced its results for the full year ended 30 June 2017.

Highlights

- Revenue up 56% to \$29.3 million
- EBITDA up 83% to \$4.3 million
- NPAT up 38% to \$1.4 million
- Funds under administration up 35% to \$119 billion
- Completion of three international acquisitions for global distribution capability
- Fully franked final dividend of 0.75 cents per share, taking full year dividend to 1.25 cents

Results summary

Year ended 30 June	2017 \$m	2016 \$m	Change
Operating revenue	29.3	18.9	+56%
EBITDA*	4.3	2.3	+83%
EBITDA Margin (%)	14.5%	12.3%	+2.2%
Total Dividend per Share	1.25cps	1cps	+25%
EPS - basic	\$0.016	\$0.013	+21%

* Includes non-recurring acquisition costs of approximately \$250k.

The below table reconciles MainstreamBPO's net profit after income tax of \$1.4m to its EBITDA of \$4.3m for the twelve months ended 30 June 2017 compared to the prior corresponding period.

	Twelve months to 30 June 2017 \$ (000's)	Twelve months to 30 June 2016 \$ (000's)
Profit after income tax expense	1,425	1,029
Add:		
Income Tax Expense/(benefit)	387	336
Amortisation and depreciation expense	998	462
Interest expense	696	91
Share-based payments expense	751	412
EBITDA*	4,257	2,330

Funds under administration rose 35% during the year to \$119 billion from \$88 billion as at 30 June 2016. This was primarily due to organic growth of existing clients and new business. Over the same period, the number of funds administered grew from 435 to 667 funds.

Commenting on the results, MainstreamBPO Chief Executive Officer Martin Smith said “Since listing in October 2015 we are very pleased with the achievement of doubling our annualised revenue to \$29 million. This has been attained through a combination of organic growth, new business wins and strategic acquisitions.

“Another pleasing outcome of this reporting period was our margin improvement of 2.2% via the acquisition of higher margin businesses, restructuring of core software agreements and improved automation in key client processes.”

Acquisition update

The Group’s acquisition of the following established hedge fund administration businesses allowed the group to build its global distribution capability into some of the world’s largest hedge fund markets:

- › *Fundadministration, Inc* – established presence in New York, home of the world’s hedge fund market
- › Galileo Fund Services Limited – Expansion of services to support UK based offshore funds
- › Former European hedge fund business of Alter Domus – increased scale and cross-border growth opportunities in Europe

These businesses have all been successfully integrated into the MainstreamBPO Group with a common technology platform and retained staff adding management depth to the group.

Dividend

The Board has declared a final fully franked dividend of 0.75 cents per share, bringing the total dividends for the year to 1.25 cents per share. This is a 25% increase on FY16’s total dividend of 1.0 cent per share.

Outlook and FY18 guidance

The company expects revenue of approximately \$40m and EBITDA of approximately \$6m for FY18.

Increased profitability is expected to be driven by:

- › Organic growth of existing clients through inflows into existing funds, new product launches and closer, strategic relationships across jurisdictions
- › Full year impact of completed acquisitions
- › Positive earnings contributions from incomplete transactions: Trinity Fund Administration in Ireland and Cayman Islands (currently subject to regulatory approval) and IRESS’ superannuation administration business (due for completion October 2017)
- › Continued investment in technology and automation of our processes

For more information

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About MainstreamBPO

MainstreamBPO Limited is one of Australia's largest independent fund administrators. The Group provides fund administration, superannuation administration and share registry services for a diversified client base of fund managers and superannuation trustees.

The Group operates five businesses:

- › FundBPO, *Fundadministration, Inc* and Galileo Fund Services: provide fund administration services for investment managers
- › SuperBPO: provides superannuation administration services for superannuation trustees
- › ShareBPO: provides share registry services for listed investment companies and exchange-traded funds.

MainstreamBPO has seen exceptional growth since its inception in 2006. As at June 2017 administration services are provided to 667 funds and more than 92,000 investors with assets under administration in excess of AUD \$119 billion.

MainstreamBPO has operations in Australia, Singapore, Hong Kong, the United States, the Isle of Man and Malta, employing 180 people, with a further two offices in Ireland and the Cayman Islands subject to regulatory approval.