FY18 Half Year Results

28 February 2018

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Key Messages

MGP has continued to grow organically following an investment in sales resources whilst executing the transaction to acquire 100% of the shares in Linear Financial Holdings Pty Ltd (Linear) and merge the companies.

- Pre-merger MGP FUA has increased by 19.3% to $2.36bn over 1HFY17 FUA
- Pre-merger net inflows for 1HFY18 increased by 28% over 1HFY17 to $153.4m including pre-merger business record net inflows for December quarter of $113.6m
- MGP merger with Linear was completed on 16 November 2017, integration is progressing to plan and synergy achievement of $3.5m by 2HFY19 is on track
- As at 31 December 2017, the Company now administers FUA of $12.36bn

Capability	Revenue Stream	FUA
All Services excluding Portfolio Administration Service (PAS)	Fees as percentage of FUA	$6.90bn
Portfolio Administration Service (PAS)	Fees per Account	$5.46bn
Total		$12.36bn

Section: 1
1HFY18 Financials

1HFY18 Key Metrics

	1HFY18	1HFY17		Change
FUA	$6.9bn	$2.0bn	↑	+248.7%
Revenue	$4.7m	$3.3m	↑	+43.9%
Underlying EBITDA[(1)]	$0.3m	$0.6m	↓	-55.7%
EBITDA Margin	*6.0%*	*19.6%*		

(1) Excludes one off acquisition related expenses of $1.2m.

- Merger of MGP and Linear completed on 16 November 2017
- The merger of Linear has increased FUA generating fees as a percentage of FUA 248.7%, pre-merger MGP achieved growth of 19.3%
- Post merger revenue increased 43.9%, the pre-merger MGP business increased revenue 13.5%
- Underlying EBITDA is down due to a small operating loss in Linear and an investment in sales and compliance executive resources

Statutory Profit and Loss

Statutory Profit and Loss ($m)	1HFY18	H1FY17	Δ
Revenue	4.7	3.3	43.9%
CoGS	(1.0)	(0.7)	(40.8)%
Gross Profit	3.8	2.6	44.7%
GP margin	*79.5%*	*79.0%*	*+50bps*
Other Income	0.0	0.1	(31.5)%
Opex	(4.7)	(2.0)	(132.8)%
EBITDA	(0.9)	0.6	nm
EBITDA Margin	*nm*	*19.6%*	
D&A[(1)]	(0.6)	(0.0)	nm
Tax[(2)]	0.4	(0.2)	nm
NPAT	(1.2)	0.4	nm
Amortisation[(1)]	0.4	-	nm
NPATA	(0.8)	0.4	nm

- The merger of Linear has increased revenue 43.9% and gross profit 44.7%
- Gross profit margin improved to 79.5%
- Statutory EBITDA loss is due to a small operating loss in Linear and an investment in sales and compliance executive resources
- D&A includes $0.4m of amortisation of Linear's software development

(1) NPATA excludes $0.4m of amortisation of Linear's software development ($15.4m to be amortised over 5 years).
(2) Tax losses utilised, Linear transaction had $9m of tax losses.
"nm" – not meaningful

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Balance Sheet

Balance Sheet as at 31 December 2017 ($m)	
Cash and cash equivalents	3.2
Financial assets[1]	1.0
Investments	0.6
Trade and other receivables	2.5
Property, Plant and Equipment	0.4
Intangible assets	43.1
Deferred tax assets	3.2
Total assets	53.9
Trade and other payables	(2.0)
Employee benefits	(0.9)
Deferred tax liabilities	(1.2)
Other liabilities	(0.0)
Total liabilities	(4.0)
Paid up capital	56.6
Share based payment reserve	0.4
Accumulated losses	(7.1)
Total equity	49.9

(1) ASX membership bond and bank deposits securing bank guarantees.

- Regulatory capital of $5.0m able to be supported through cash, financial assets and investments
- The Company remains debt free
- $15.4m of Linear's software development was capitalised as an intangible asset and will be amortised over 5 years
- The Company acquired $9.0m of tax losses and $2.0m of net deferred tax benefits in the Linear merger, which will provide future cash flow benefits to MGP shareholders

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Section: 2
Business Overview

Products and Services

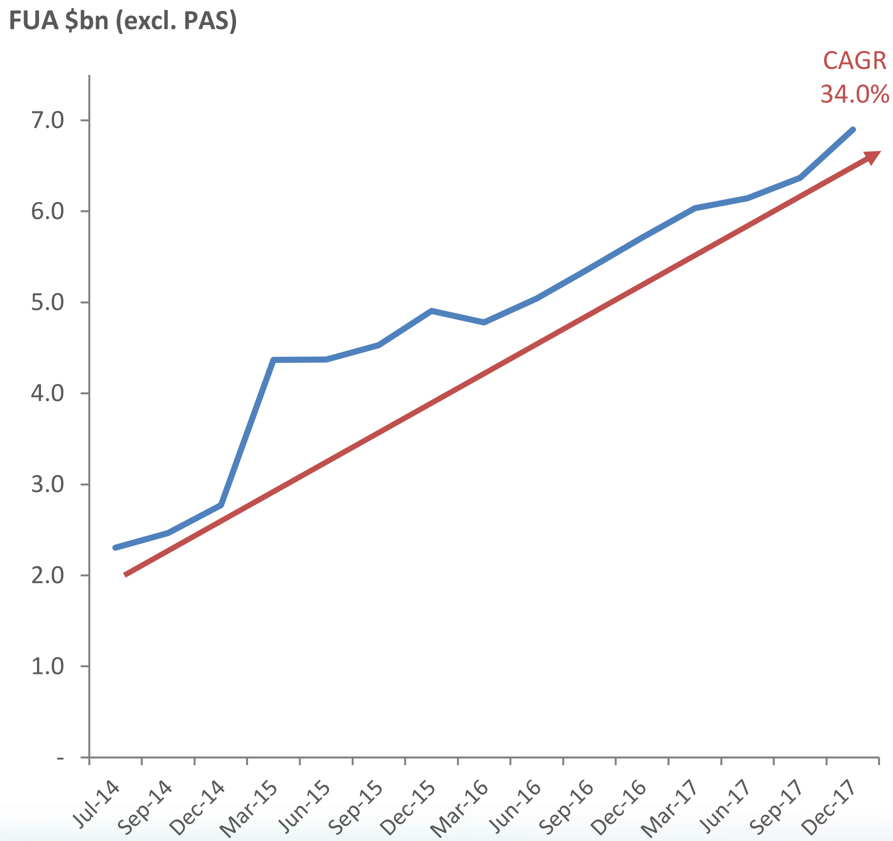
The Company has a comprehensive product and service offering to service stockbrokers, private wealth managers, independent financial advisory firms (IFAs), investment managers and institutions to enable the efficient management of client portfolios.

Capability		Description	Distribution Channels
Portfolio Administration (PAS)	✓	• Investment and tax reporting service	• IFAs • Private Wealth / Stockbrokers
Super	✓	• Non-unitised superannuation administration	• IFAs • Private Wealth / Stockbrokers • Investment Managers • Institutions
Wrap[1]	✗	• Platforms offering access to approved investment products with reporting	• IFAs • Private Wealth / Stockbrokers • Investment Managers
SMA	✓	• Provision of model portfolios where investor owns underlying asset, and reporting	• IFAs • Private Wealth / Stockbrokers • Investment Managers
Managed Accounts[2]	✓	• Platform with discretion over investments and trade execution, and reporting	• IFAs • Private Wealth / Stockbrokers • Investment Managers
Institutional Solutions	✓	• Sophisticated multi-asset and multi-currency management and reporting solution	• Investment Managers • Institutional - Family Office / Private Bank / Industry Funds & other platforms

(1) The Company is currently working towards a Wrap solution before 30 September 2018.
(2) Typically delivered through a MDA

Pro Forma Funds Under Administration

The transformative merger of Linear and MGP has created a merged entity that has grown Funds under Administration (FUA) to $12.36 billion with $6.9 billion FUA earning revenue on a % FUA basis.



- Record net inflows of $188.4m
  - Pre-merger MGP flows of $113.6m since Sep-17
  - Linear received flows $74.8m since 16-Nov-17 acquisition
- On a pro forma basis(1) FUA up 20.8% from $5.7 billion in Dec-16 to $6.9 billion in Dec-17
  - Pre-merger MGP achieved growth of 19.3% from Dec-16 FUA to $2.4 billion
- The PAS (fees per Account) reached $5.5 billion at Dec-17, 19.9% growth on a pro forma basis since Dec-16(1)

(1) Pro forma basis assumes Linear was owned as at Dec-16. Pre-merger MGP had $2.0bn of FUA at 1HFY17.

Section: 3
Integration Update

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Synergy Update

MGP is on track to deliver the previously mentioned full run-rate pre-tax cost synergies of $3.5 million per annum by the end of FY19(1).

Target annual pre-tax cost synergies **$3.5 million(1)**	**Executive function**	• Migration of previous Linear staff to a consulting firm and contracting back of their services to MGP for a minimum period of twelve months. Previous Linear Executive Chairman, Colin Peterson added to the MGP Board in November 2017 • Annualised total saving in salaries achieved to $1,120,000, which is offset by fixed consulting fees of $804,000 until November 2018
	Occupancy costs	• Lease executed in early February 2018. Annualised total reduction in occupancy costs of $400,000 from June 2018
	Service provider management	• Review in progress. Completion of review and action plan on track for 31 March 2018
	Centralised functions	• Linear and MGP staff integrated with Executive Team determining optimised use of resources whilst ensuring no loss of service or delivery to the client
Not included in above target synergies	**Technology synergies**	• Optimal technology solution review to commence in Q4FY18
	Revenue synergies	• Discussions have identified cross sell opportunities to existing Linear clients. These will be quantified as realised • Addition of Linear international capability to pre-merger MGP clients is well advanced • Addition of MGP MDA capability to Linear administration is well advanced

(1) Excludes one-off implementation costs and potential technology cost synergies and incremental revenue streams that may be generated by the Company following integration.

Integration Update

Integration continues to progress well. The Executive Team continues to be finalised, new product initiatives are underway, a relationship management model continues to be rolled out to clients and staff are actively engaged through all aspects of the integration process.

- Executive Team continues to be finalised with appointment of Kobie Turner to Head of Product to manage a centralised Product team
- Wrap implementation project tracking to plan
- Lease executed to relocate from May 2018, IT migration underway with new fitout to better match business requirements
- Relationship management model continues to be implemented across the Linear client base using centralised Distribution and Relationship Management team
- Linear staff actively engaged through the integration process with no resignations as a result of the merger

Section: 4
Outlook

Outlook

MGP guides to FY18 underlying EBITDA range of $1.5 to $2.3 million and reaffirms previous guidance for FY19 underlying EBITDA in the range of $7.5 to $8.5 million.

- The Company provides guidance for FY18 underlying EBITDA of $1.5 - $2.3 million

- The Company maintains its underlying EBITDA guidance for FY19 in range of $7.5 - $8.5 million
  - Full run rate synergies of $3.5 million from the Linear transaction expected to be achieved in 2H FY19
  - Excludes any transaction or integration costs
  - Assumes all Linear development costs are expensed
  - Assumes no inclusion of amortisation of Linear software or client contracts

- Key areas of management focus include:
  - Retention of existing key clients through continuous improvements in delivery and relationship management
  - Execute integration program to achieve identified cost synergies ($3.5m)
  - Increased revenue from existing client base
  - Develop new relationships from expanded capability and scale
  - Determine optimal technology solution and identify and achieve any additional cost synergies

Appendix

Appendix A: Statutory Cash flows

Cash flows ($m)	1HFY18	H1FY17	Δ
Receipts from customers	4.7	3.6	28.5%
Payments to suppliers and employees	(6.4)	(2.8)	(130.7)%
Net interest	0.0	0.0	(13.9)%
Operating cash flows	(1.7)	0.9	nm
Net business purchase cost	(23.1)	-	nm
Payment for intangibles	(0.6)	(0.8)	27.7%
Other	0.1	2.1	(96.2)%
Investing cash flows	(23.6)	1.3	nm
Proceeds from issue of shares	35.2	0.2	nm
Share issue costs	(2.7)	-	nm
Dividends paid	(0.3)	(0.6)	58.4%
Borrowings	(5.4)	-	nm
Financing cash flows	26.9	(0.4)	nm
Net cash flow	1.6	1.8	(8.5)%

- On an underlying basis, operating cash flow remains positive for 1HFY18 excluding amounts owed by Linear at the time of acquisition that were paid post acquisition
- The 1HFY18 cashflows recognise the $42.5m enterprise value merger with Linear including repaying its $20.5 million debt facilities. Funded through a combination of MGP scrip to Linear shareholders, a $34.0m placement to institutional investors and a $1.2m Share Purchase Plan

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