



PRESENTED BY
Praemium Limited
ACN 098 405 826

Acquisition of Powerwrap Limited

Investor Presentation

9 July 2020



Disclaimer

This presentation has been issued by Praemium Limited ACN 098 405 826 (PPS) in relation to its proposed off-market takeover offer (Offer) to acquire all of the ordinary shares in Powerwrap Limited ACN 129 756 850 (PWL) not already owned by PPS (PWL Shares) in accordance with Chapter 6 of the Corporations Act 2001 (Cth) (Corporations Act).

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The offer

Praemium is offering to acquire the 85% of the shares it does not already own in Powerwrap for 7.5¢ cash per share and one Praemium share for every two Powerwrap shares owned.

Offer Structure

Agreed off-market takeover to acquire 85% of the outstanding shares of Powerwrap not already owned by Praemium.⁽¹⁾

Consideration

The offer consideration is 7.5¢ cash and one Praemium share for every two Powerwrap shares.⁽²⁾

This implies an offer value of 26.44¢ per share⁽²⁾ and an implied equity value of \$55.6m.⁽³⁾

Transaction Funding

The offer is not subject to any financing condition.

Funded by a mix of scrip, cash and a term loan facility.⁽⁴⁾

Bid Conditions

90% minimum acceptance, material third party consents.

No material adverse change, no regulatory actions, no prescribed occurrences and other customary conditions.⁽⁵⁾

Timing

Agreed exclusivity during offer.

Expected completion in September 2020.

Board Recommendation

Powerwrap's Board has unanimously recommended that **shareholders accept in favour of Praemium's offer**, subject to a superior proposal.⁽⁵⁾

(1) Praemium currently owns 31.1 million Powerwrap shares. This represents 15% of Powerwrap's fully diluted shares outstanding.

(2) Based on Praemium's Volume Weighted Average Price (VWAP) of 37.89¢ for the 5 trading days prior to the announcement of the proposed transaction on 9 July 2020. Foreign shareholders of Powerwrap to have Praemium shares issued to a nominee, then receive the net proceeds from Praemium shares sold

(3) Based on an implied offer price of 26.44¢ and current diluted shares outstanding of 210.1 million, excluding Performance Rights expected to be issued following finalisation of Powerwrap's Audited Financial Statements.

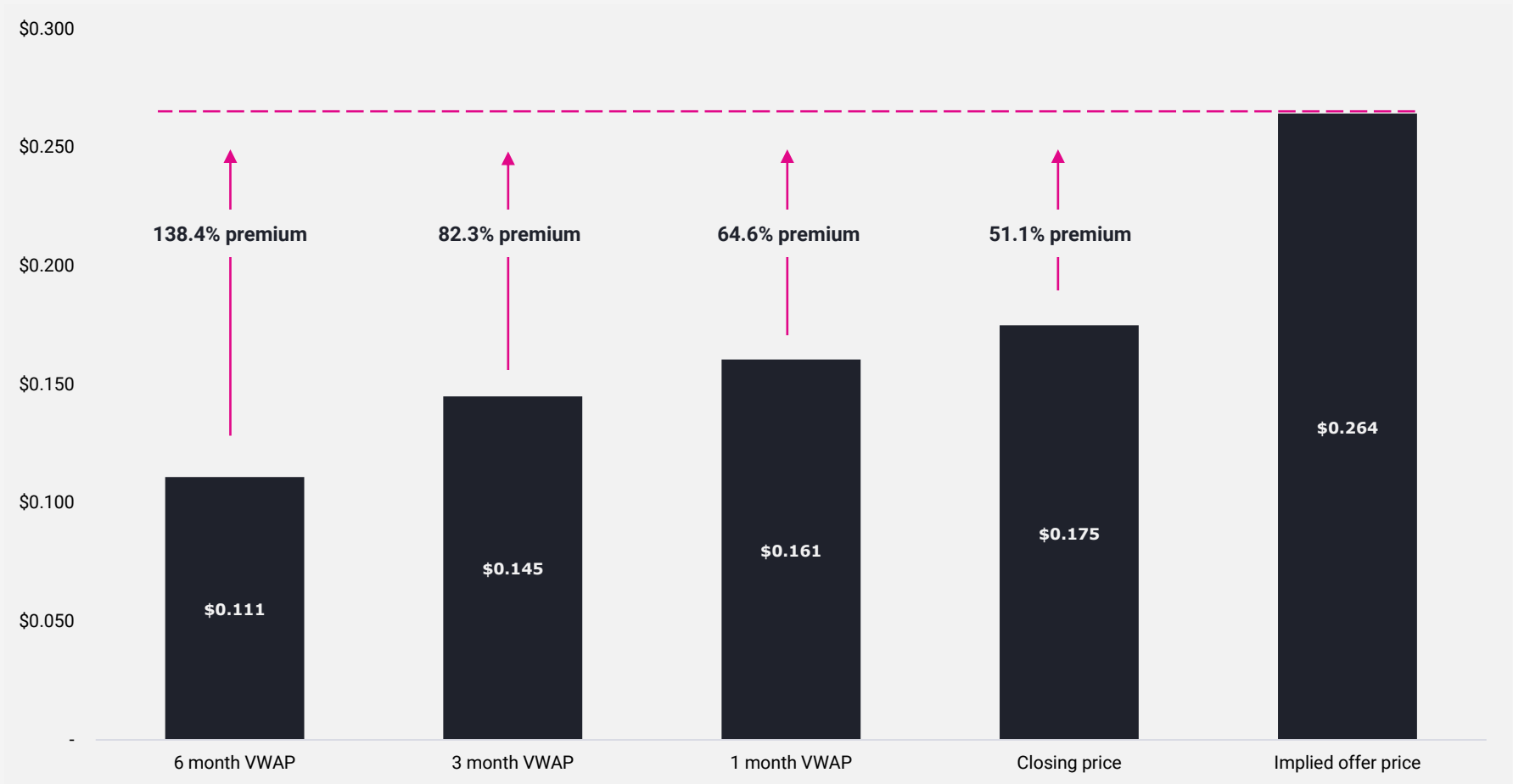
(4) Praemium has secured a \$15m term loan facility to fund the transaction.

(5) Refer page 11 for a summary of the Bid Implementation Agreement's (BIA) conditions.



An attractive premium

The implied offer price represents an attractive premium to Powerwrap's closing share price and the 1 month, 3 month and 6 month VWAPs.⁽¹⁾



(1) As at the day prior to the announcement of the proposed transaction on 9 July 2020.



About Powerwrap

The HNW investor segment is a key target market for Powerwrap. It comprises over \$2 trillion in assets across some 460,000 HNW investors*.

The platform has the largest investment product menu with FUA of \$7.9bn.

The platform specialises in sophisticated investment solutions.

Includes access to over 250 domestic and international OTC Bonds.

13% of Powerwrap portfolios are allocated to alternative assets (wholesale managed funds).

International and fixed interest assets represent a further collective 16%.



Complex HNW portfolios
with average account size
of \$1.9M



Full HIN based account
allowing all corporate
actions



Experts in alternative
assets and hedge funds



Tax report for every asset
class

The combined business will be the platform provider of choice for many of Australia's leading advisor groups, creating a strong contender in both the HNW segment and the broader investment platform market.

Provides scale

The Merged Group will have greater financial and operational scale and is expected to be better positioned to pursue growth opportunities.



The combined business to leverage the scale of our investment platform technology to realise the full potential of the current market opportunity.



Greater combined scale and improved inflows may attract a higher valuation in line with other leading Australian financial platform businesses.



Pro forma combined revenue of \$65.8m⁽¹⁾ for the 12 months to December 2019.



Full year EBITDA operating cost synergies are expected (on a preliminary basis) to total \$6.0 million by FY2022. As Powerwrap currently licenses Praemium's technology, significant synergies are expected to be derived through consolidation of both company's platforms onto the most recent version of Praemium's IT infrastructure.



Possible consolidation of responsible entities of the Praemium and Powerwrap managed investment schemes, unlocking \$5 million in regulatory capital.

(1) Pro forma adjustments include elimination of intercompany sales and purchases between Praemium and Powerwrap and re-allocation of revenue associated with platform trading and recovery.

Highly synergistic

Cost synergies

Full year EBITDA operating cost synergies are expected (on a preliminary basis) to total \$6.0 million by FY2022. Further, rationalisation of Powerwrap's platform development activities may avoid ~\$2.5m p.a. of capitalised software development expenditure.

The post-transaction implementation program will focus on:

- ✓ **Removing cost duplication** across the operations of the Merged Group;
- ✓ **Removing IT duplication** of product development, maintenance and support costs;
- ✓ **Realising purchasing synergies** arising from operational and administrative economies of scale;
- ✓ **Consolidating suppliers** of custody, market data and brokerage services;
- ✓ **Saving operational costs** by unifying Powerwrap's processes onto Praemium's IT infrastructure; and
- ✓ **Eliminating corporate costs** associated with Powerwrap operating as a listed company on the ASX.

Revenue synergies

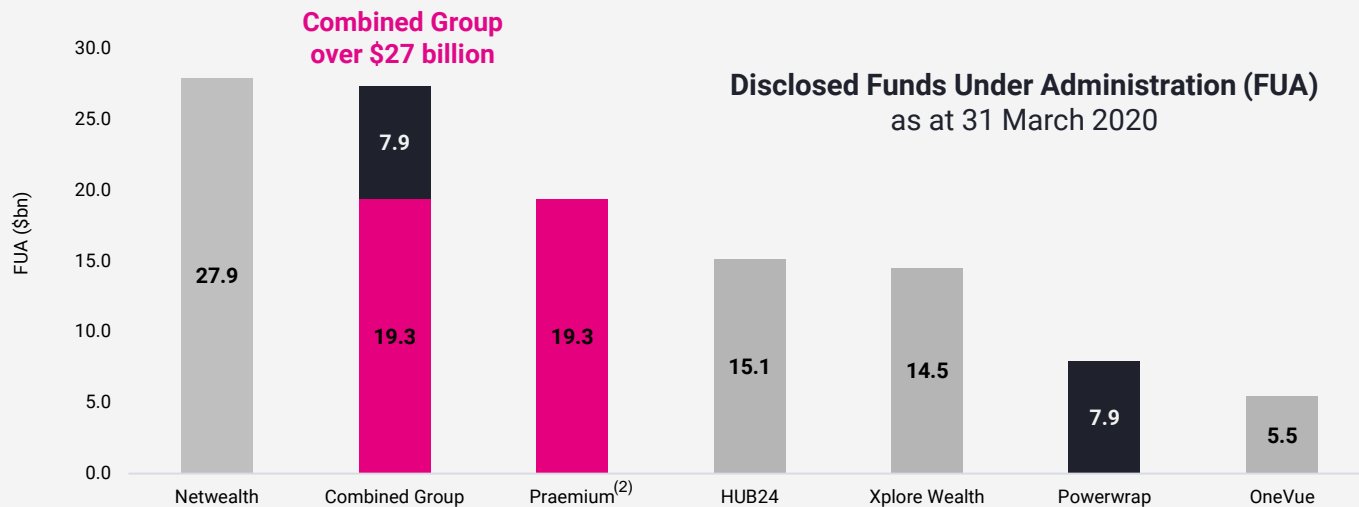
Post acquisition, Praemium intends to conduct a review of Powerwrap and its operations to identify areas for improvement and identify available revenue synergies. The review will focus on opportunities to cross-sell products, strengthen client engagement, integrate technologies and coordinate sales programs across the Merged Group.

Note: The extent and timing of the benefit of potential synergies is currently uncertain and will depend on, amongst other things, whether or not Praemium is able to acquire 100% of Powerwrap.

A business with greater scale and a stronger market position

Combining the resources and capabilities of both Praemium and Powerwrap will create a business with greater scale, international reach, improved inflows, a more diversified customer base, improved liquidity and a larger and more flexible balance sheet. Overall, the Merged Group will have a number of important differentiators:

- 1 A strong position serving the complex needs of advisers with clients in the HNWI⁽¹⁾ market segment;
- 2 A clear market leader in accurate and reliable portfolio and tax reporting;
- 3 A major provider of reporting and administration for HIN-based portfolios; and
- 4 The only adviser platform that operates in Australia, the UK and a number of offshore markets.



(1) High-net-worth individual

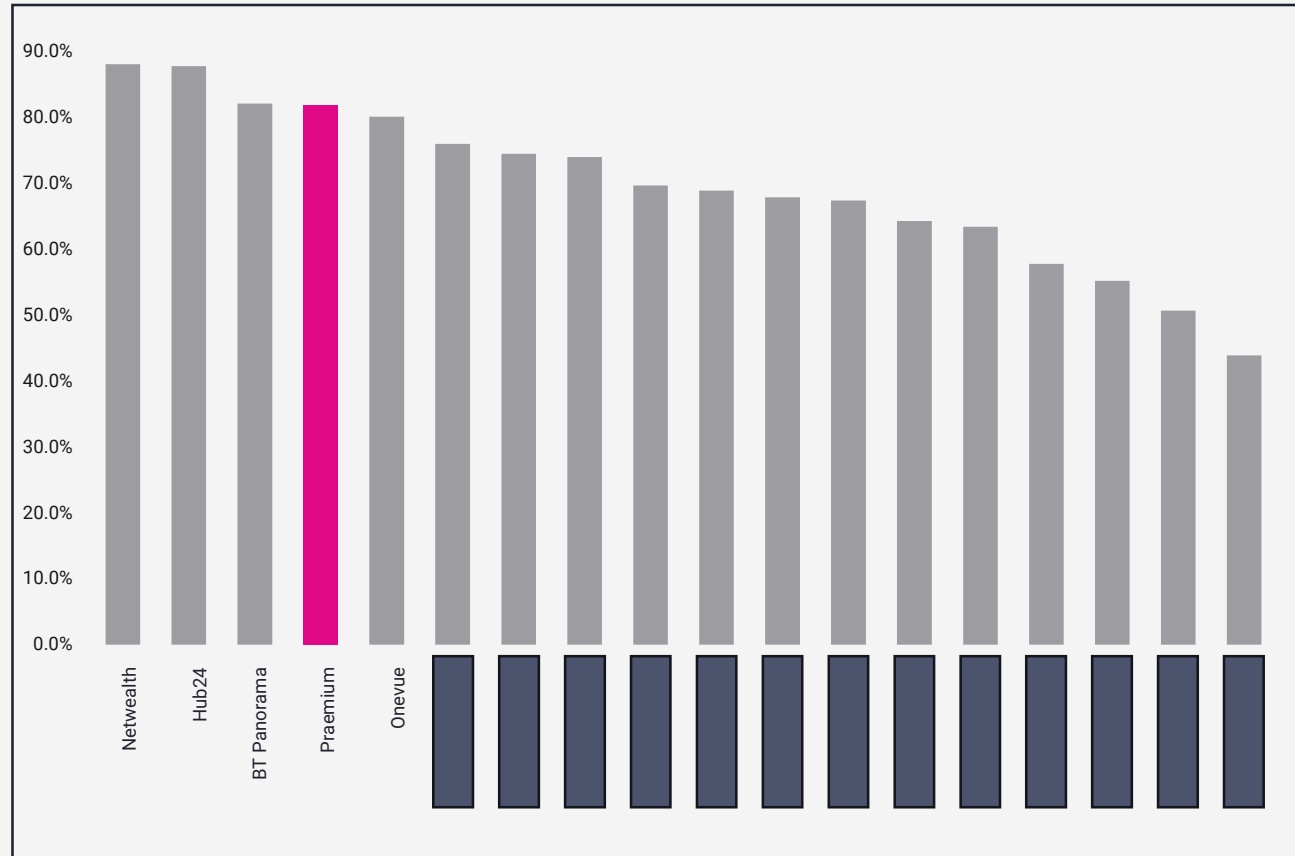
(2) Includes Praemium's custodial and non-custodial FUA which relates to \$8.8m of platform FUA and \$11.1m held within its non-custodial Virtually Managed Accounts Administration Service. Praemium's international FUA in GBP is translated at spot rate for quarter end FUA of 0.5006. All figures provided are unaudited.



Praemium is emerging as a global leader

The proposed transaction is likely to further accelerate its challenge of the sector's incumbents.

Australia: Praemium debuted 4th in Investment Trends platform survey.



Source: Investment Trends overall platform scores (2019).

UK: Praemium debuted 2nd in prestigious platform ratings.

Total overall score	
Parmenion	4.64
Praemium	4.47
Novia	4.30
Transact	4.23
True Potential	4.15
Nucleus	3.91
Seven IM	3.83
Elevate	3.83
Zurich	3.83
Standard Life Wrap	3.69
Old Mutual Wealth	3.54
AJ Bell Investcentre	3.53
FundsNetwork	3.38
Aviva Platform	3.31
Aegon Retirement Choices	3.22
James Hay Modular iPlan	2.93
Ascentric	2.92
Alliance Trust Savings	2.55
The Aegon Platform	2.23
Total Average Score	3.84

Source: The Lang Cat Platform Scorecard (March 2020)
The ratings give insight into how advisers are using platforms and how well their needs are being served.



Powerwrap and Praemium – stronger together

Praemium's reporting and administration strength combined with Powerwrap's execution capabilities and broad range of alternative investment options will create a highly attractive proposition as a specialist platform solution.

Merged Group differentiators

- A strong position serving the complex needs of advisers with clients in the HNWI market segment

- A clear market leader in accurate and reliable portfolio and tax reporting

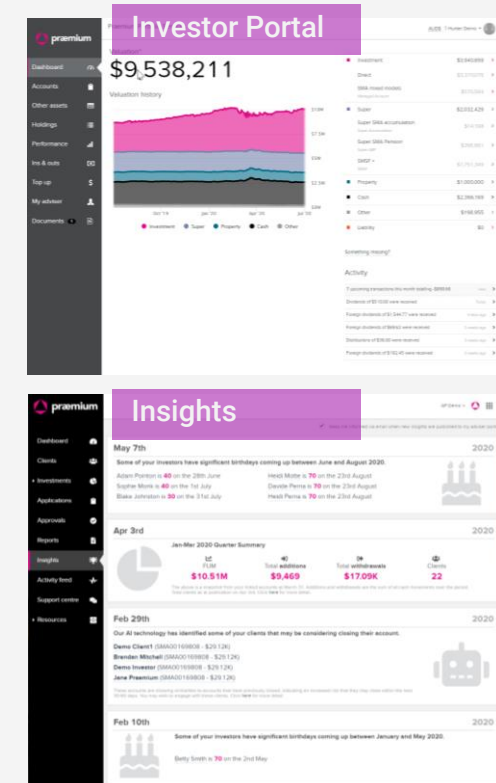
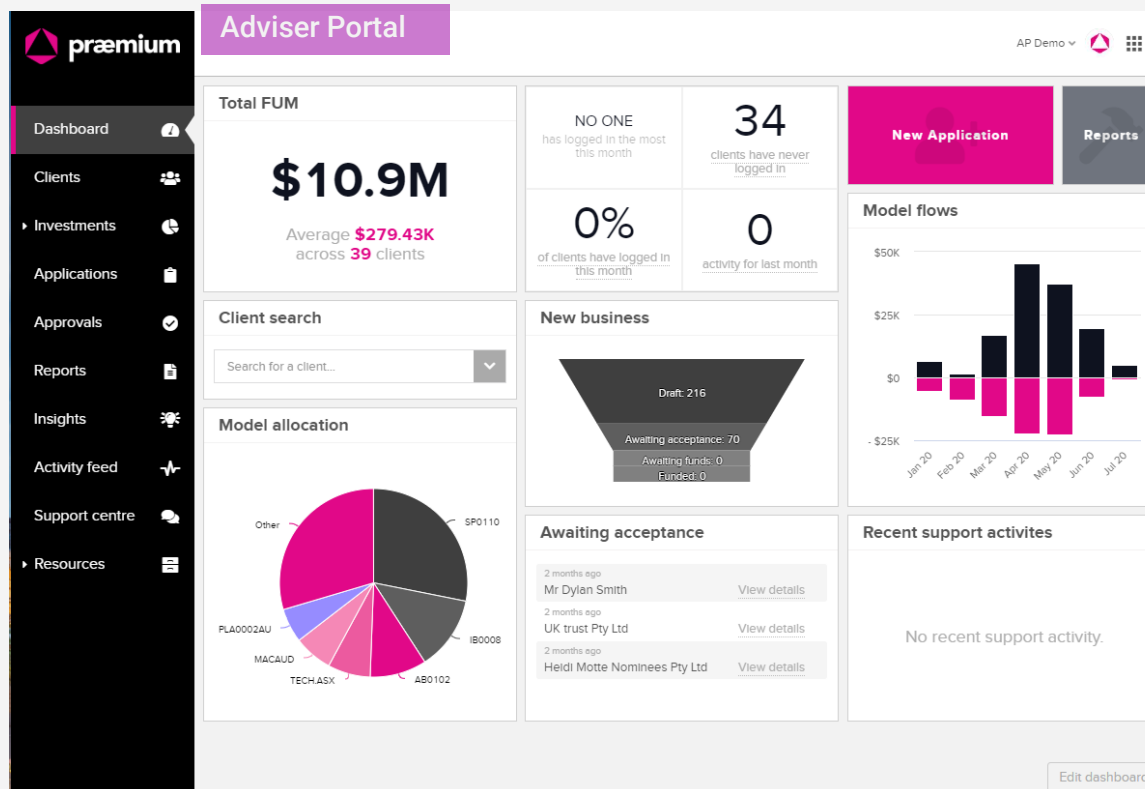
- A major provider of reporting and administration for HIN-based portfolios

- The only adviser platform that operates in Australia, the UK and a number of offshore markets

Powerwrap will leverage Praemium's upgraded tech

In early 2019, Praemium launched a major platform upgrade to create a fully integrated managed accounts platform. The upgrade will be provided to Powerwrap clients and includes:

- An intuitive digital Adviser Portal
- An enhanced digital Investor Portal
- An artificial intelligence application, *Insights*, that assists advisers with client retention.





Offer period timetable (unless extended)

Step	Event	Date
1.	Praemium lodges Bidder's Statement with the Australian Information Securities Commission (ASIC) and serves it on Powerwrap and the Australia Securities Exchange (ASX).	16 July 2020
2.	Dispatch of Bidder's Statement to Powerwrap shareholders.	30 July 2020
3.	Offer period commences.	30 July 2020
4.	Dispatch of Target Statement to Powerwrap's shareholders.	14 August 2020
5.	Close of Offer Period (unless extended).	31 August 2020

(1) Refer to the Bid Implementation Agreement for further information.



Subject to a number of conditions

Condition	Description ⁽¹⁾
Minimum acceptance threshold	At the end of the Offer period, Praemium has a relevant interest in at least 90% of the Powerwrap shares (on a fully diluted basis).
No regulatory action	No regulatory action is taken in consequence or in connection with the Offer (other than by ASIC or the Takeovers Panel) that materially impacts the making of the Offer and completion of the transaction.
No acquisitions, disposals and other matters	Powerwrap does not acquire or dispose any asset or business which would involve a material change to the manner in which it conducts its business or its assets / liabilities, does not enter into or materially amend any key contract and does not declare, agree to pay or become liable to pay a material bonus, other than in the ordinary course of business.
No material adverse change	No event occurs or information is disclosed that has, or would be considered reasonably likely to have, a material adverse effect on the business's assets, liabilities, financial or trading position, profitability or prospects of Powerwrap.
No prescribed occurrences	Between when the takeover is announced and the date the minimum acceptance threshold is fulfilled or waived no prescribed occurrence (as outlined in the Bid Implementation Agreement) takes place.
No distributions	Powerwrap does not announce, make, declare or pay any distribution or agree to do so.
Australian Financial Services Licence (AFSL)	The AFSLs granted in favour of Powerwrap and MWH Capital are valid and are not subject to variation, cancellation or revocation.
Material third party consents or approvals	Powerwrap and Praemium obtain all necessary consents and approvals of any third party.
No breach of representation or warranty	The warranties (as outlined in the Bid Implementation Agreement) in respect of Powerwrap are true and correct in all material respects.
Options, performance rights and restricted securities	Before the end of the Offer period, all of Powerwrap's non-employee options are cancelled for no or nominal consideration, performance rights are exercised provided they do not cause the fully diluted share count to exceed 212,000,000 Powerwrap shares and Restricted Securities are free of any restriction.
General market fall	The All Ordinaries Index is not, for a period of three consecutive trading days, lower than 30% of the level of that index as at the close of normal trading on the ASX on the Announcement Date.

(1) Refer to the Bid Implementation Agreement for further information.



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