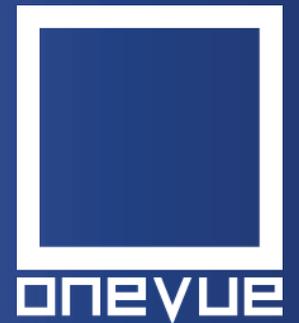


# OneVue Holdings Limited (OVH)

H1 FY 2018 results presentation

26 February 2018



*Strength in numbers*

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1

HIGHLIGHTS



*Strength in numbers*

# OneVue investment highlights

## BENEFITTING FROM SECTORAL GROWTH AND STRUCTURAL DISRUPTION

- Legislated superannuation growth
- Shift to independent platforms
- Continuing move to outsourcing

## HIGH QUALITY RESILIENT REVENUE MODEL

- 90% of revenues are recurring
- 48% of revenues independent of market movements
- High quality diverse client base
- Top 10 clients represent 43% of total revenues

## ACCELERATING GROWTH STRATEGIES

- Acquisition of KPMG Super Services
- Focus on redeployment of capital

### Intensifying Our Strategic Focus to Propel Profitable Growth

We are sharpening our business focus. We are executing on opportunities that deepen or broaden our key areas of growth. We are also divesting those services seen as non core. The execution of these strategic imperatives began with the divestment of the RE business and the transition of Investment Management's CPS clients. The acquisition of the KPMG Superannuation Administration business deepens and broadens our superannuation administration capabilities. We are committed to continuing to execute on the strategic plan to step change growth in our key markets and divest ourselves of any non core activities.



# H1 FY 2018 RESULTS : INCREASING PROFITABILITY, CASHFLOW AND EARNINGS MOMENTUM



REVENUE

\$23.5m ▲ 27%



EBITDA\*

\$3.6m ▲ 283%



EBITDA MARGIN

15% ▲ 10%



OPERATING CASH FLOW#

\$3.3m ▲ \$1.4m



EBIT^

\$1.3m ▲ \$2.2m



EPS

2.19 cents ▲ 2.04 cents

\*EBITDA excludes one off costs and share based payments

#Operating cashflow excludes non recurring costs

^EBIT excludes one off costs and share based payments

# Acquisition of KPMG's Superannuation Administration Service

## Financially and strategically compelling - catapults OneVue to #4

### A High Quality Super Member Administration Business

- 4<sup>th</sup> largest provider in the market
- Established in 1989, with 40,000+ members
- Strong financial performer with high recurring revenues
- Long standing clients including KPMG/EQT executive super
- FUA of \$1.96b
- 47 highly experienced specialist staff

### Highly complementary business

- Introduces new clients and client segments
- Extends OneVue's offering to include high quality investment accounting, technical services, and defined benefits expertise
- Increases super member administration core competencies
- OneVue's digital and large scale automation capabilities will enhance existing offering and drive operational efficiencies

### Acquisition rationale

- Consistent with drive for scale in core business lines
- Doubles scale, FUA and super member admin revenues
- Increases growth potential in the market
- Technology synergies
- Earnings accretive immediately (ex costs)



# Acquisition of KPMG's Superannuation Administration Service

## Strategically and financially compelling acquisition

### Financials

- Annualised revenue run rate expected of \$8m+ p.a
- Acquisition increases overall super member administration EBITDA margin
- Transaction and integration costs of approximately \$2.5m
- Attractive valuation multiple and immediately earnings accretive

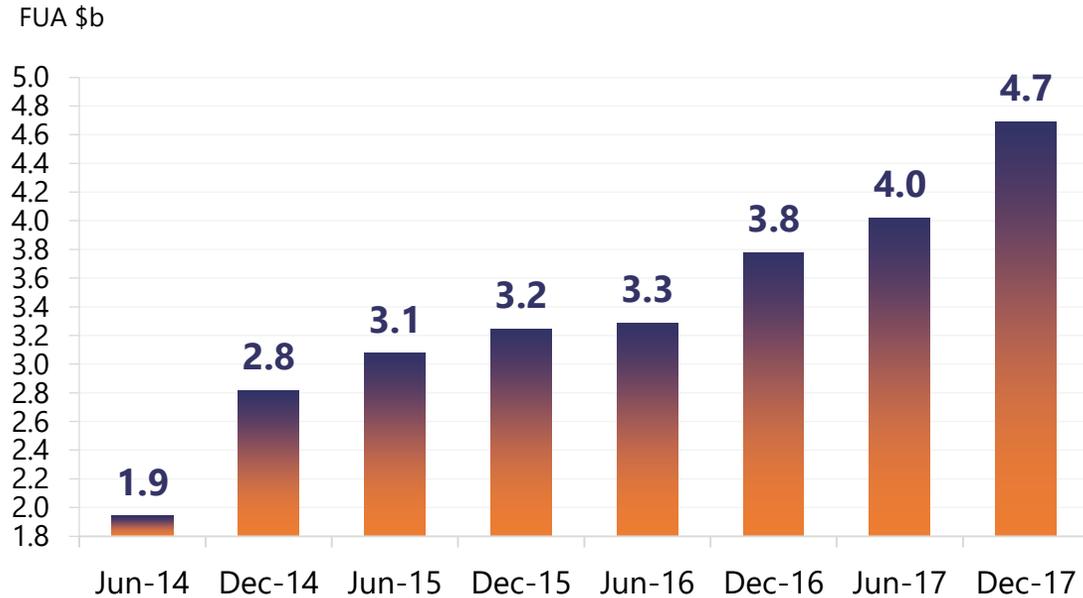
### Transaction Structure

- Funded from existing cash
- No equity funding required
- Upfront consideration of \$6.5m, Further contingent payments of \$5.5m in FY 19 and \$5.5m in FY 20
- Acquired entity on debt free basis

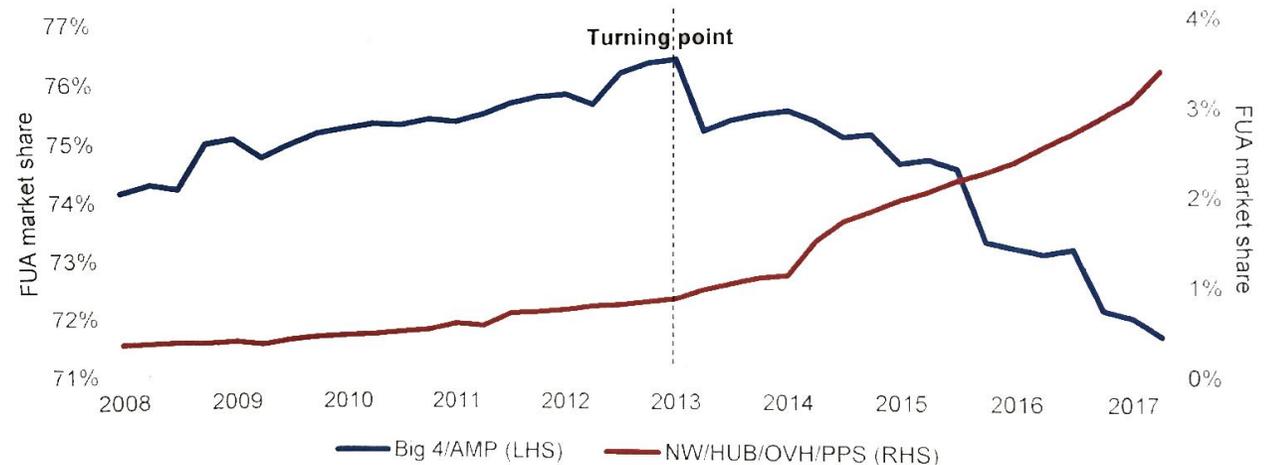


# Platform Services- structural growth and disruption

**ONEVUE RETAIL FUA REACHES \$4.7B AT 31 DECEMBER 2017, A CAGR OF 29% SINCE JUNE 2014**



**DISRUPTERS MARKET SHARE INCREASING**



# Innovation and awards

## Investment Trends December 2017 Platform Competitive Analysis and Benchmarking Report



**OneVue 3<sup>rd</sup> in full function platforms  
– up from 7<sup>th</sup> last year**



**Winner of 'Most New Developments'  
- second year running**



**Winner of Product Offering**

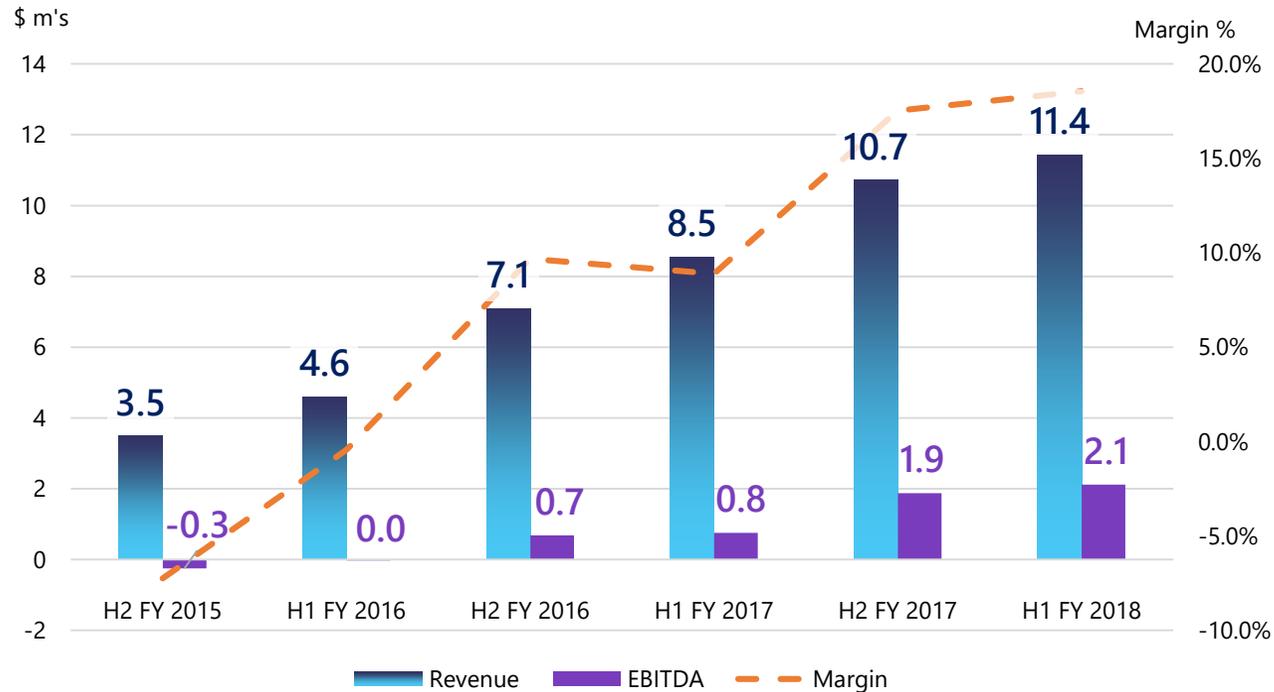


**OneVue awarded 'Best Innovator'  
SMSF Adviser category in the  
CoreData SMSF Awards 2017**

# Fund Services –increasing profitability and margin

## Transactional revenue model provides stability in volatile markets

### REVENUE PROFILE

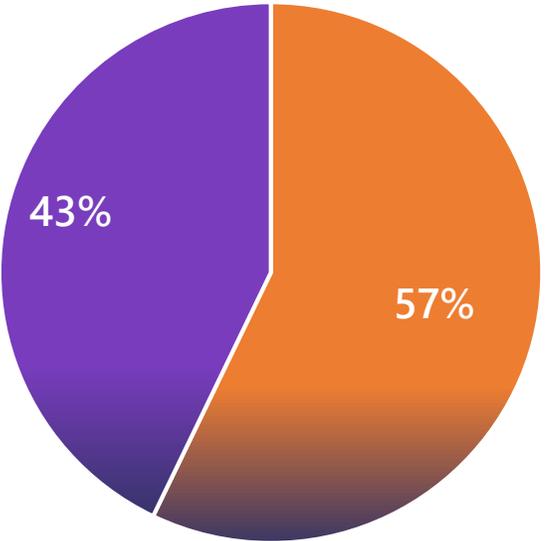


### COMMENTARY

- Consistent revenue growth since IPO with a 48% CAGR
- Margin improvement reflects operating leverage from increasing scale
- Margin has increased from (-7%) H2 FY 2015 to 18.5% in H1 FY 2018

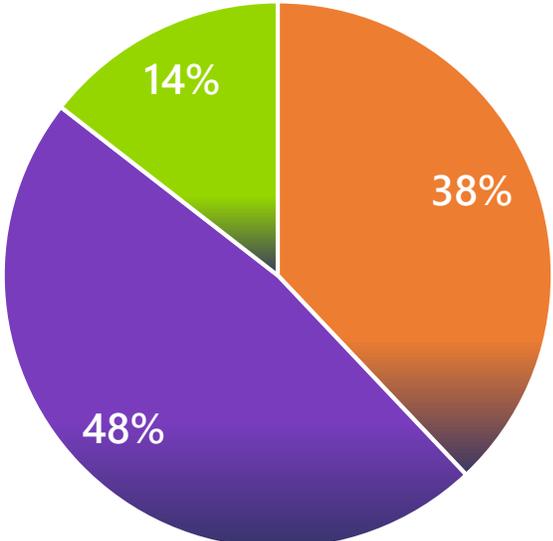
# OneVue, a revenue resilient business

FY 2016



■ Platform ■ Fund

H1 FY 2018



■ Platform ■ Fund ■ Trustee

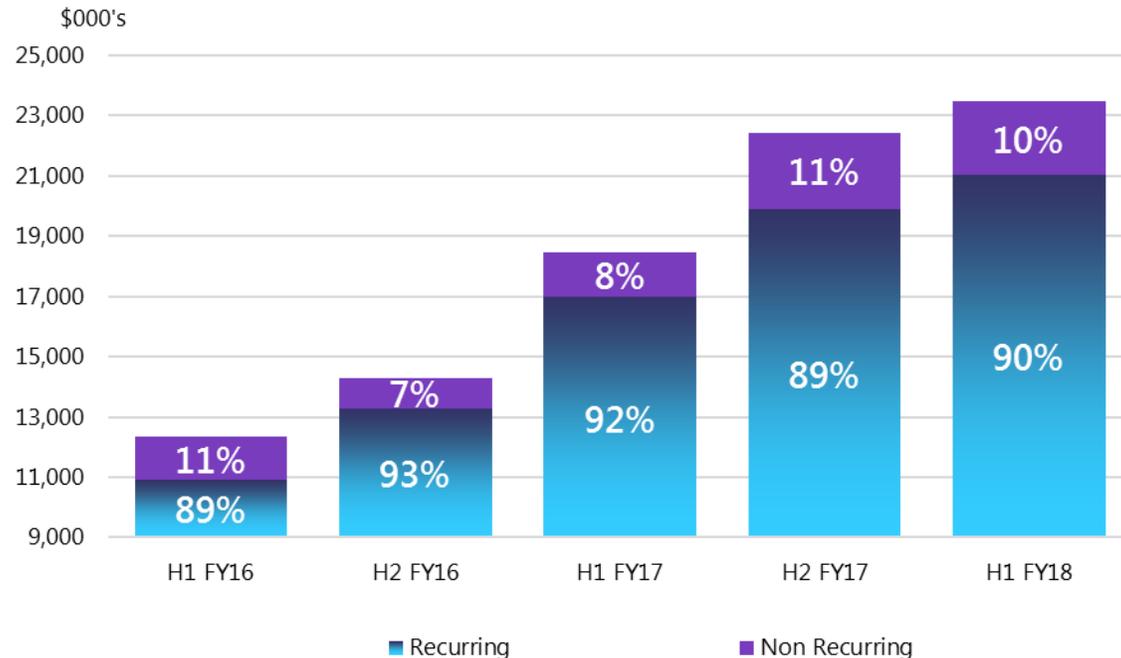
BUSINESS SEGMENT REVENUES

- 48% of revenues are independent of share market movements
- OneVue has progressed from a Platform only basis points business to a revenue diverse financial services Group
- Top ten clients account for 43% of revenues



# High levels of quality recurring revenues

## REVENUE PROFILE



## COMMENTARY

- Solid **revenue growth of 27%** underpinned by high levels of recurring revenue
- Recurring revenues represents **90%** of total revenues
- Recurring revenues comprise a blend of basis points fees, fees for items processed and member numbers
- High client retention rates

2

FINANCIALS



*Strength in numbers*

# Financial summary

## Improving profitability and margins

\$m	H1 FY 2018	H1 FY 2017	Change	Change %
<b>Revenue</b>	<b>23.5</b>	<b>18.5</b>	<b>5.0</b>	<b>27%</b>
Operating expenses	(19.9)	(17.5)	(2.3)	(13)%
<b>Underlying EBITDA*</b>	<b>3.6</b>	<b>0.9</b>	<b>2.7</b>	<b>283%</b>
Underlying EBITDA margin	15.4%	5.1%	10.3%	201%
<b>Underlying EBIT*</b>	<b>1.3</b>	<b>(0.9)</b>	<b>2.2</b>	
Share based payments	(0.6)	-	(0.6)	
Depreciation and amortisation	(2.3)	(1.8)	(0.5)	(27%)
Interest	(0.4)	(0.2)	(0.2)	(96%)
Non recurring costs	(0.6)	(0.9)	0.3	28%
Tax	6.2	2.3	3.8	164%
<b>NPAT</b>	<b>5.8</b>	<b>0.3</b>	<b>5.4</b>	
<b>NPATA#</b>	<b>7.1</b>	<b>1.3</b>	<b>5.8</b>	

### COMMENTARY

- Growth from all businesses
- EBITDA earnings momentum and margin improvements
- EBIT positive
- Restructure and redundancy costs
- Tax credit from recognition of tax losses

\* Excludes share based payments and non recurring costs

##NPATA represents net profit after tax excluding acquired amortisation

# H1 2018 operational highlights

## Consistently delivering on strategic priorities

### FUND SERVICES



#### Managed funds administration

- First NAB client UBS live in November
- Items processed up 72% on pcp
- FUA up \$36b on pcp, with total FUA of \$472b
- 5 new fund managers
- 117 additional funds and 727 total funds

#### Super member administration

- FUA of \$2.1b up 23% on pcp
- 90,000 members

### PLATFORM SERVICES



- Retail FUA reaches a record \$4.7b
- Gross inflows of \$1b up 61% on pcp
- Net inflows of \$612m up 353% on pcp

- \$300m transition completed
- Largest client renews for 5 years
- Two new white labels signed

### SUPERANNUATION TRUSTEE SERVICES



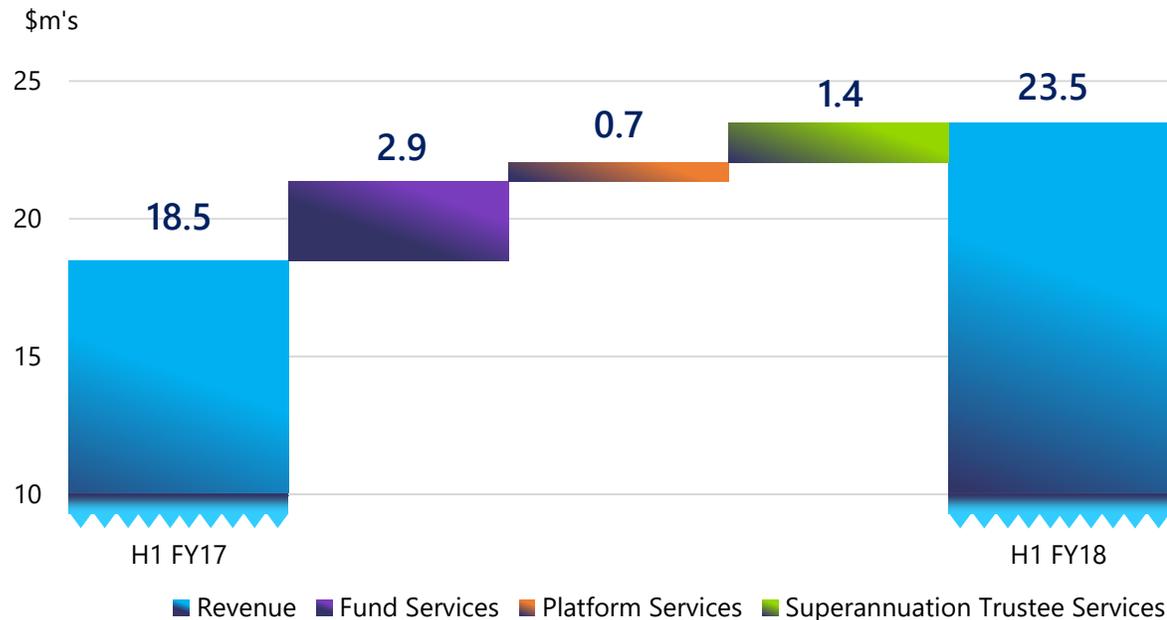
- Funds Under Trusteeship grew by a record \$1.5b to \$10.3b
- New managed account platform client went live
- 2nd largest client renews for 3 years



# Revenue growth from all businesses

## Revenue growth breakdown H1 FY 2017 to H1 FY 2018

### REVENUE GROWTH PROFILE



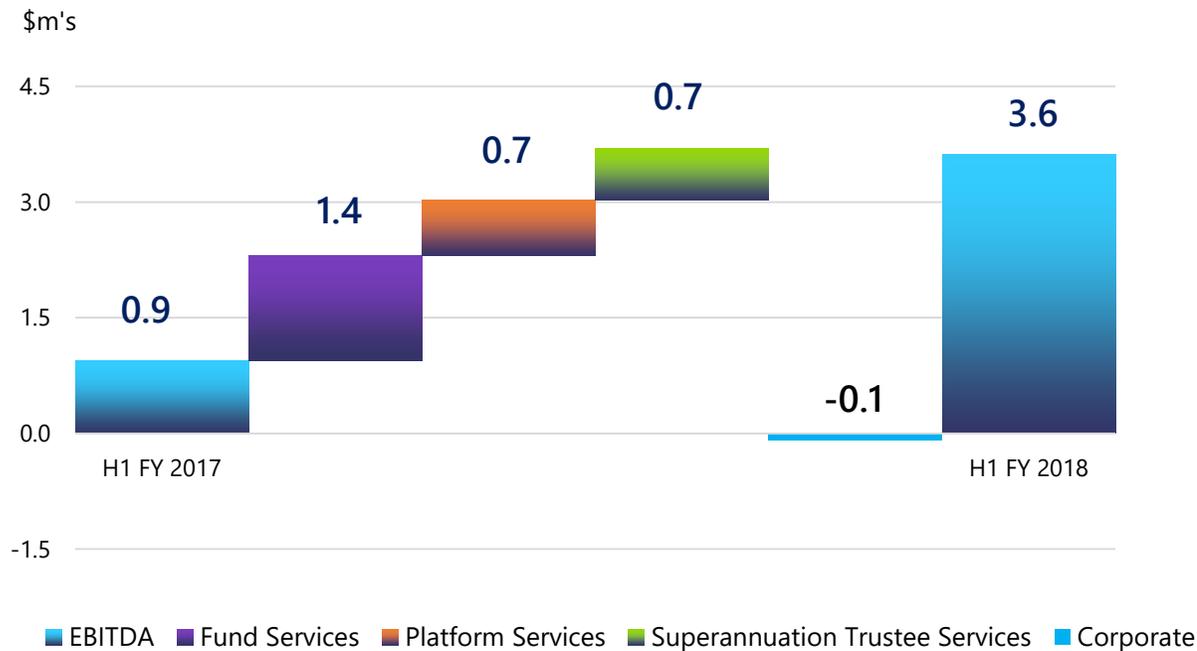
### COMMENTARY

- Organic revenue growth of \$2.5m (+17%)
- Diversa acquisition delivers revenue \$6.1m of (Trustee \$3.5m, Fund Services \$2.1m and Platform Services \$0.5m)

# EBITDA and margin expansion across the business

## EBITDA growth breakdown H1 FY 2017 to H1 FY 2018

### EBITDA GROWTH PROFILE



### COMMENTARY

- EBITDA margin growth to over 15%, up 10 percentage points
- Growth and Margin improvement in all businesses – Fund Services +10%, Platform Services +7%, Trustee +4%,

# EBITDA drives positive cashflow performance

\$m	H1 FY 2018	H1 FY 2017	Change
<b>EBITDA</b>	<b>3.6</b>	<b>0.9</b>	<b>2.7</b>
Non cash items	(0.3)	(0.2)	(0.1)
Working capital movement	0.4	1.3	(1.0)
Interest paid	(0.4)	(0.2)	(0.2)
<b>Underlying operating cashflow</b>	<b>3.3</b>	<b>1.9</b>	<b>1.4</b>
Non recurring costs	(0.8)	(0.7)	(0.1)
<b>Operating cashflow</b>	<b>2.4</b>	<b>1.1</b>	<b>1.3</b>

## COMMENTARY

- EBITDA lift drives operating cashflow
- Prior year initial Diversa benefit
- **Increase of 74% in underlying cashflow**
- Acquisition and restructure costs
- **Increase of 114%**

# Strong capital position supports growth plans

As at (\$m)	31 Dec 2017	30 Jun 2017	Change
Cash and cash equivalents	23.2	26.6	(3.4)
Debt	(7.7)	(9.0)	1.3
<b>Net cash</b>	<b>15.5</b>	<b>17.6</b>	<b>(2.1)</b>
Trade receivables and other assets	7.5	6.8	0.7
Goodwill and intangible assets	75.2	75.8	(0.6)
Other assets	6.9	0.7	6.2
Trade and other payables	(10.9)	(13.4)	2.5
Other liabilities	(2.9)	(2.8)	(0.2)
<b>Net assets /Total equity</b>	<b>91.2</b>	<b>84.7</b>	<b>6.5</b>

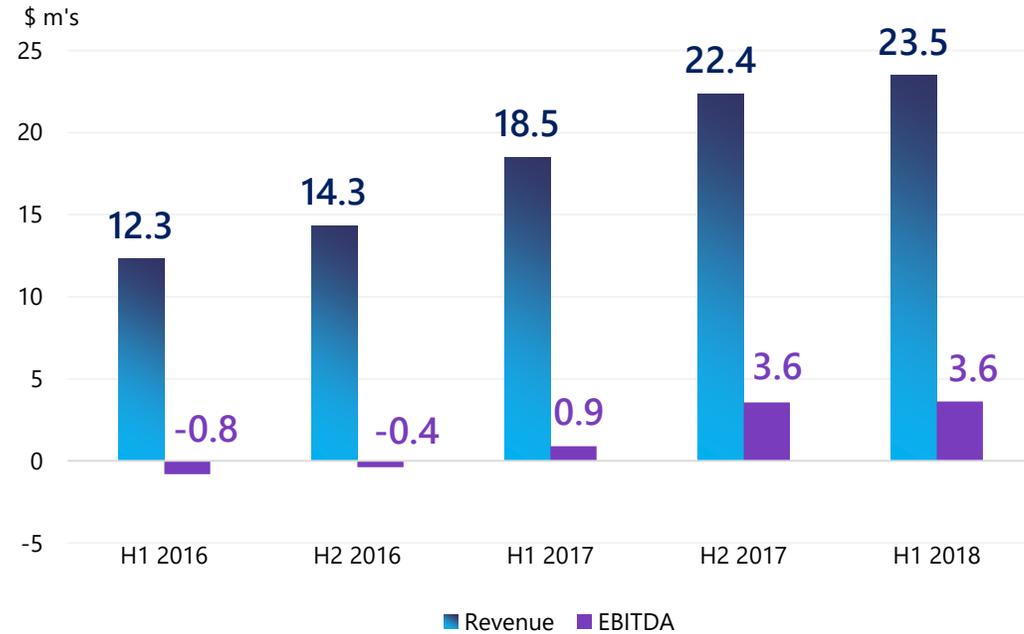
## COMMENTARY

- Refer cashflow
- Diversa loans reducing
- Healthy net cash position
  
- Recognition of Deferred tax asset
  
- \$1.9m final earn out for prior Diversa Transact acquisition paid from existing cash

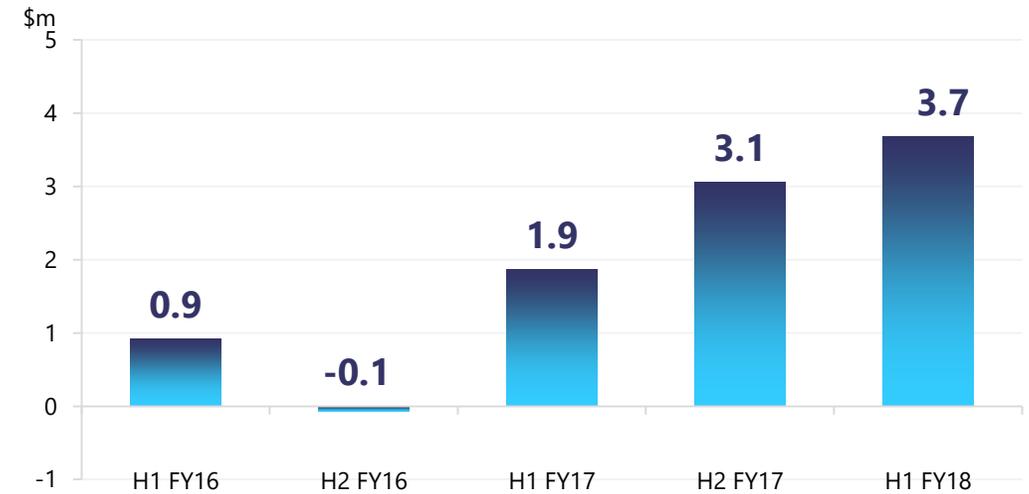
# OneVue growth record

## Revenue growth and growing profitability and cashflow

### REVENUE, EBITDA



### OPERATING CASHFLOW



# 3

## SUMMARY & OUTLOOK



*Strength in numbers*

# Summary and Outlook



## H1 2018 result confirms profit momentum

- Solid revenue growth of 27%
- Profitability across all businesses
- EBITDA and margin uplift
- Positive cashflow
- Sale of RE business to complete end of March

## FY 2018 focus

- KPMG Super Services acquisition integration
- Sharpening business focus and continuing program of acquisitions and divestments of non core businesses
- Redeployment of capital to growth areas
- Special dividend on completion of RE sale
- Transitioning existing contracted pipeline
- Securing new client opportunities



4

APPENDICES



*Strength in numbers*

# 4.1

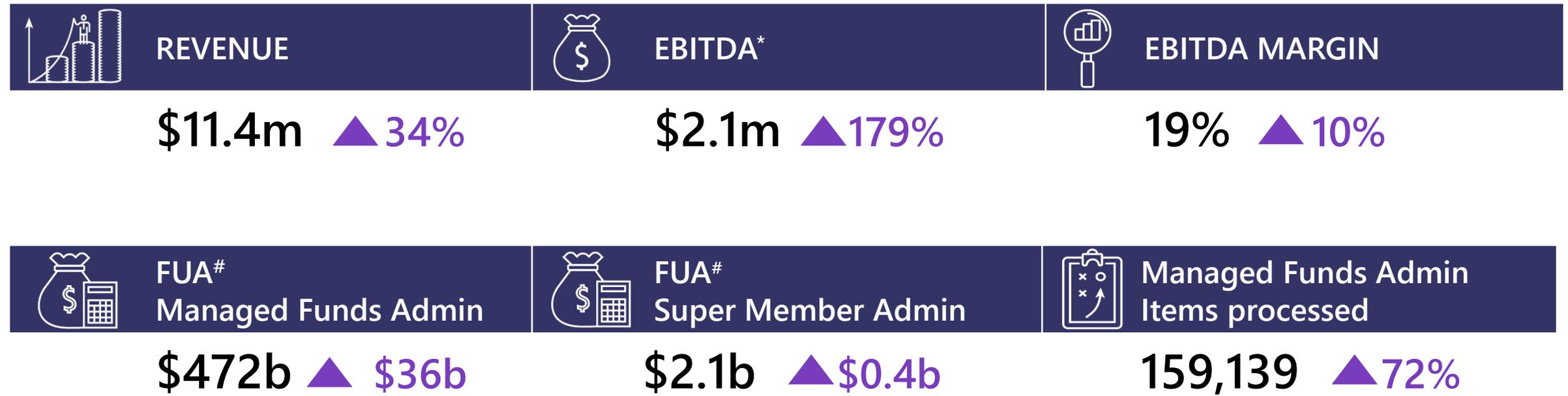
## SEGMENT RESULTS



*Strength in numbers*

# Fund Services dashboard

Revenue growth and scale delivers increasing EBITDA and margin



\*EBITDA excludes one off costs  
#Funds Under Administration

# Fund Services segment result

## Revenue growth and scale delivers EBITDA and margin improvements

\$m	H1 FY 2018	H1 FY 2017	Change	Change %
Managed fund administration	7.3	5.0	2.3	46%
Super member administration	4.1	3.5	0.6	17%
<b>Total Revenue</b>	<b>11.4</b>	<b>8.5</b>	<b>2.9</b>	<b>34%</b>
Operating expenses	(9.3)	(7.8)	(1.5)	(19%)
<b>EBITDA</b>	<b>2.1</b>	<b>0.8</b>	<b>1.4</b>	<b>179%</b>
EBITDA margin %	18.6%	8.9%	9.7%	109%

### COMMENTARY

- Managed fund administration growth from 5 transitioned fund managers
- 72% increase in number of items processed
- Super member administration benefits from new clients and Diversa Super acquisition (9 months from October 2016)
- Increased expenses include Diversa acquisition and ongoing investment in growth
- Margin improvement from increasing scale
- Increasing momentum from transitions and automation initiatives
- Quality recurring revenue represents **90% of total revenues**



# Platform Services dashboard

Record FUA growth delivers increased scale and EBITDA profitability



\*EBITDA excludes one off costs  
#Funds Under Administration

# Platform Services segment result

Record FUA growth delivers increased scale and EBITDA profitability

\$'m	H1 FY 2018	H1 FY 2017	Change	Change %
Platform services	8.5	7.8	0.7	9%
Performance fees	0.6	0.7	(0.1)	(8)%
<b>Total Revenue</b>	<b>9.1</b>	<b>8.5</b>	<b>0.7</b>	<b>8%</b>
Operating expenses	(6.9)	(7.0)	(0.1)	
<b>EBITDA</b>	<b>2.2</b>	<b>1.5</b>	<b>0.7</b>	<b>49%</b>
EBITDA margin %	24.2%	17.6%	6.6%	37%

## COMMENTARY

- Positive impact of record gross inflows reduced by lower rebalancing and transaction volumes and product mix
- Quality recurring revenues represent **88% of total revenues**
- Disciplined efficiency focus and scale underpins margin improvement
- Margin increased with operating leverage

# Superannuation Trustee Services dashboard

## Revenue and EBITDA contribution since acquisition in October 2016



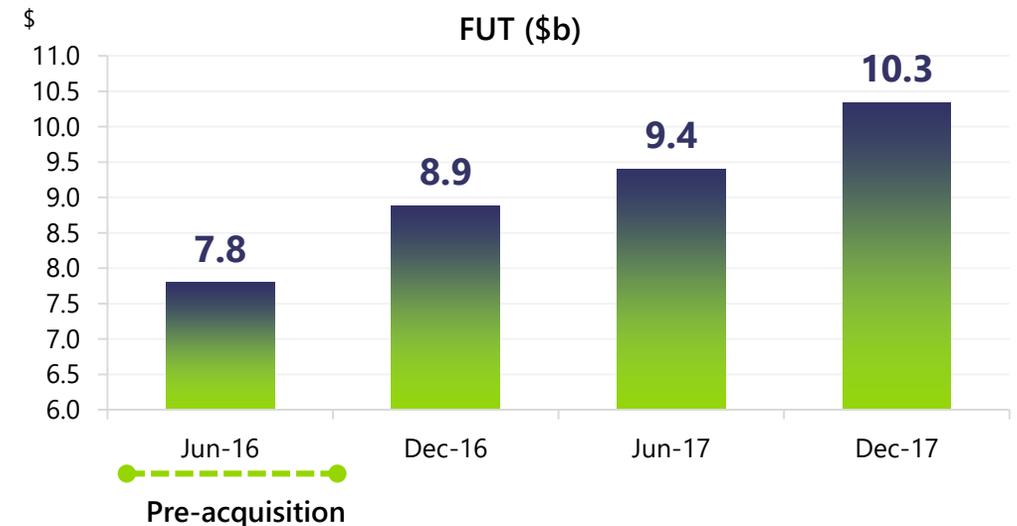
\*EBITDA excludes one off costs  
#Funds Under Trusteeship

# Superannuation Trustee Services segment result

Revenue and EBITDA growth continues post acquisition in October 2016

\$m	H1 FY 2018	H1 FY 2017	Change	Change %
Trustee Services	3.5	2.0	1.5	71%
<b>Total Revenue</b>	<b>3.5</b>	<b>2.0</b>	<b>1.5</b>	<b>71%</b>
Operating expenses	(2.1)	(1.3)	(0.8)	(60)%
<b>EBITDA</b>	<b>1.4</b>	<b>0.7</b>	<b>0.7</b>	<b>92%</b>
EBITDA margin %	40.1%	36.0%	4.1%	11%

- Results include additional quarter since acquisition of Diversa Trustee in October 2016
- Revenue growth driven by retail superannuation client growth
- Benefits of synergies realised
- Quality recurring revenues represent **96% of total revenues**



- FUT growth driven by leverage to growing managed funds sector of retail superannuation
- FUT growth of \$1.5b

# Segment key metrics

	H1 FY 2018	H2 FY 2017	H1 FY 2017	PCP Growth	PCP Growth %	HoH Growth \$	HoH Growth %
<b>FUND SERVICES</b>							
Managed fund administration FUA (\$'b)	471.7	489.1	435.9	35.8	8%	(17.4)	(4)%
Managed fund administration items processed	159,139	124,029	92,282	66,857	72%	35,110	28%
Managed fund administration nos of investors	134,079	119,823	114,321	19,758	17%	14,256	12%
Super member administration FUA (\$'m)	2,130	1,956	1,728	402	23%	174	9%
Super member administration members	90,529	89,845	90,395	134	-	684	1%
<b>PLATFORM SERVICES</b>							
Retail FUA (\$'m)	4,689	4,018	3,781	908	24%	671	17%
FUA gross inflows (\$'m)	991	600	616	375	61%	391	65%
Net inflows (\$'m) <sup>1</sup>	612	257	135*	477	353%	355	138%
<b>SUPERANNUATION TRUSTEE SERVICES</b>							
FUT (\$'m)	10,338	9,401	8,882	1,456	16%	937	10%

<sup>1</sup> Net inflows exclude market movements

\* Includes \$225m transition out by one client. Net inflows excluding the client loss amounted to \$360m

\*\* The business was acquired on 6 October, prior statistics provided by Diversa Limited are provided for information



# 4.2

## ADDITIONAL FINANCIAL INFORMATION



# Group profit and loss summary

\$m	H1 FY 2018	H1 FY 2017	Change	Change %
Services revenue	22.8	17.8	5.1	28%
Performance fees	0.6	0.7	(0.1)	(8%)
<b>Revenue</b>	<b>23.5</b>	<b>18.5</b>	<b>5.0</b>	<b>27%</b>
Staff costs	(13.3)	(10.8)	(2.5)	(23%)
Cost of sales	(2.8)	(2.7)	(0.2)	(6%)
IT costs	(1.6)	(1.5)	(0.1)	(9%)
Occupancy	(1.1)	(1.2)	0.1	(9%)
Other expenses	(1.1)	(1.3)	0.2	15%
<b>Operating expenses</b>	<b>(19.9)</b>	<b>(17.5)</b>	<b>(2.4)</b>	<b>(13%)</b>
<b>EBITDA (underlying)</b>	<b>3.6</b>	<b>0.9</b>	<b>2.7</b>	<b>283%</b>

## COMMENTARY

- Refer segment Results commentary

# Cashflow statement

\$m	H1 FY 2018	H1 FY 2017	Change
Receipts from customers	24.6	19.5	5.1
Interest received	0.8	0.4	0.4
Interest paid	(0.5)	(0.2)	(0.3)
Payments for staff	(13.6)	(10.9)	(2.7)
Restructure and acquisition costs	(0.8)	(0.7)	(0.1)
Other expenses	(8.2)	(7.0)	(1.2)
<b>Net operating cashflows</b>	<b>2.4</b>	<b>1.1</b>	<b>1.3</b>
Purchase of business	(1.9)	7.8	(9.7)
Payments for intangibles	(2.3)	(1.3)	(1.0)
Payments for PPE	(0.2)	-	(0.2)
<b>Net cash used in investing activities</b>	<b>(4.3)</b>	<b>6.5</b>	<b>(10.8)</b>
Repayment of borrowings	(1.6)	-	(1.6)
<b>Net movement in cash</b>	<b>(3.4)</b>	<b>7.6</b>	<b>(11.0)</b>

## COMMENTARY

- Increase in line with revenue growth
- Diversa borrowings
  
- Prior period final R&D tax incentive
- Diversa acquisition
  
- **Strong cashflow**
- Diversa cash inflow reflects cash balances acquired net of \$2.5m consideration
  
- Prior year capital raising
- Diversa loan funding

# Segment financial summary

## H1 FY 2018 vs H1 FY 2017

\$m	Fund Services	Platform Services	Trustee Services	Corporate	Elimination	Total
<b>H1 FY 2018</b>						
Services revenue	11.4	8.5	3.5		(0.6)	22.9
Performance fees	-	0.6	-		-	0.6
<b>Revenue</b>	<b>11.4</b>	<b>9.1</b>	<b>3.5</b>		<b>(0.6)</b>	<b>23.5</b>
Operating expenses	(9.3)	(6.9)	(2.1)	(2.1)	0.6	(19.9)
<b>EBITDA</b>	<b>2.1</b>	<b>2.2</b>	<b>1.4</b>	<b>(2.1)</b>		<b>3.6</b>
EBITDA margin	18.6%	24.2%	40.1%	n/a	n/a	15.4%
<b>H1 FY 2017</b>						
Services revenue	8.5	7.8	2.0		(0.6)	17.8
Performance fees		0.7				0.7
<b>Revenue</b>	<b>8.5</b>	<b>8.5</b>	<b>2.0</b>		<b>(0.6)</b>	<b>18.5</b>
Operating expenses	(7.8)	(7.0)	(1.3)	(2.0)	0.6	(17.5)
<b>EBITDA</b>	<b>0.8</b>	<b>1.5</b>	<b>0.7</b>	<b>(2.0)</b>		<b>0.9</b>
EBITDA margin	8.9%	17.6%	36.0%			5.1%
<b>GROWTH</b>						
Revenue	2.9	0.7	1.5			5.0
EBITDA	1.4	0.7	0.7	(0.1)		2.7
EBITDA margin	9.7%	6.6%	4.1%			10.3%

# Segment financial summary

## H1 FY 2018 vs H2 FY 2017

(\$m)	Fund Services	Platform Services	Trustee Services	Corporate	Elimination	Total
<b>H1 FY 2018</b>						
Services revenue	11.4	8.5	3.5		(0.6)	22.9
Performance fees	-	0.6	-		-	0.6
<b>Revenue</b>	<b>11.4</b>	<b>9.1</b>	<b>3.5</b>		<b>(0.6)</b>	<b>23.5</b>
Operating expenses	(9.3)	(6.9)	(2.1)	(2.1)	0.6	(19.9)
<b>EBITDA</b>	<b>2.1</b>	<b>2.2</b>	<b>1.4</b>	<b>(2.1)</b>		<b>3.6</b>
EBITDA margin	18.6%	24.2%	40.1%	n/a	n/a	15.4%
<b>H2 FY 2017</b>						
Services revenue	10.7	8.2	3.6		(0.6)	21.9
Performance fees		0.5				0.5
<b>Revenue</b>	<b>10.7</b>	<b>8.7</b>	<b>3.6</b>		<b>(0.6)</b>	<b>22.4</b>
Operating expenses	(8.8)	(6.5)	(2.1)	(2.0)	0.6	(18.9)
<b>EBITDA</b>	<b>1.9</b>	<b>2.2</b>	<b>1.4</b>	<b>(2.0)</b>		<b>3.6</b>
EBITDA margin	17.5%	25.7%	40.0%			15.8%
<b>GROWTH</b>						
Revenue	0.6	0.4	(0.1)		(0.1)	1.1
EBITDA	0.2			(0.1)		
EBITDA margin	1.1%	(1.5)%	0.1%			(0.4)%

# OneVue modelling notes



## FUND SERVICES

### Key revenue drivers

- Number/type of items processed
- Value added services
- Number of fund managers, investors and unit trusts onboarded

### Key profit drivers

- Average revenue per items processed
- Scale benefits

► EBITDA margin outlook  
12 months 20%  
Longer term 20 -25%



## PLATFORM SERVICES

### Key revenue drivers

- FUA bps
- Processing fees (fixed \$ per activity)

### Key profit drivers

- Average bps of FUA margin
- Scale benefits

► EBITDA margin outlook  
Longer term 15-20%



## SUPERANNUATION TRUSTEE SERVICES

### Key revenue drivers

- Trustee fees on bps
- Additional revenue from added-value services
- Number of Funds under trusteeship

### Key profit drivers

- Average bps of FUT margin
- Scale benefits

► EBITDA margin outlook  
Longer term 35%-40%

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Thank you



*Strength in numbers*