

HUB²⁴

27
AUG
2019

FY19 RESULTS PRESENTATION

At HUB24 we make a difference in our **customers'** lives by connecting them to innovative solutions that create better investment outcomes



BUSINESS HIGHLIGHTS

ANDREW ALCOCK
Managing Director

KEY MESSAGES

- Continued strong growth in platform net flows and Funds Under Administration (FUA)
- Continued strong growth in underlying profitability
- Continuing to invest in innovation and growth whilst controlling expenses
- Our strategic focus is delivering results
 - Leading market position
 - Sales growth
 - Industry recognition
- Increasing and unprecedented market opportunity as the future of wealth management takes shape

Target FUA for FY21 now \$22bn - \$26bn¹
(upgraded from \$19bn - \$23bn)

GROUP FINANCIAL HIGHLIGHTS

↑ **\$54.1m**

36% Platform Revenue

↑ **\$6.8m**

27% Underlying NPAT¹

↑ **\$18.0m**

52% Platform Underlying EBITDA

↑ **33.3%**

Up from
30.0% in
FY18

Platform Underlying EBITDA margin
(35.1% in 2H19)

FUA
\$12.9bn
up 54%

2H Dividend Declaration²
2.6cps

Full year dividend² 4.6cps
up 31%

BUSINESS HIGHLIGHTS

Industry Position



- Maintained our position as 1st in Managed Accounts for the 3rd year running
- Ranked 2nd in Annual & Quarterly Net Inflows²
- 1st for Decision Support Tools¹
- Rated No. 1 for Platform Offering and IT/Web Functionality³

Product Innovation



- Multi-currency now available in managed portfolios
- Leveraging ConnectHUB to launch
 - Annuities on platform
 - Historical performance reporting
- Launch of MIS portfolios
 - Now 69 available

Growth



- Our focus on growth has ensured momentum in a shifting market
- Secured new opportunities
 - Brokers
 - Self-licensed
 - New advice models
 - Mid-tier licensees
- Strong pipeline in place for further growth

FUA
\$12.9bn
up 54%

Net flows
\$3.9bn
up 61%

2nd place
for annual net flows²
up from 3rd place

1,625 advisers⁴
up 32%

Comparisons are from FY18, unless stated otherwise

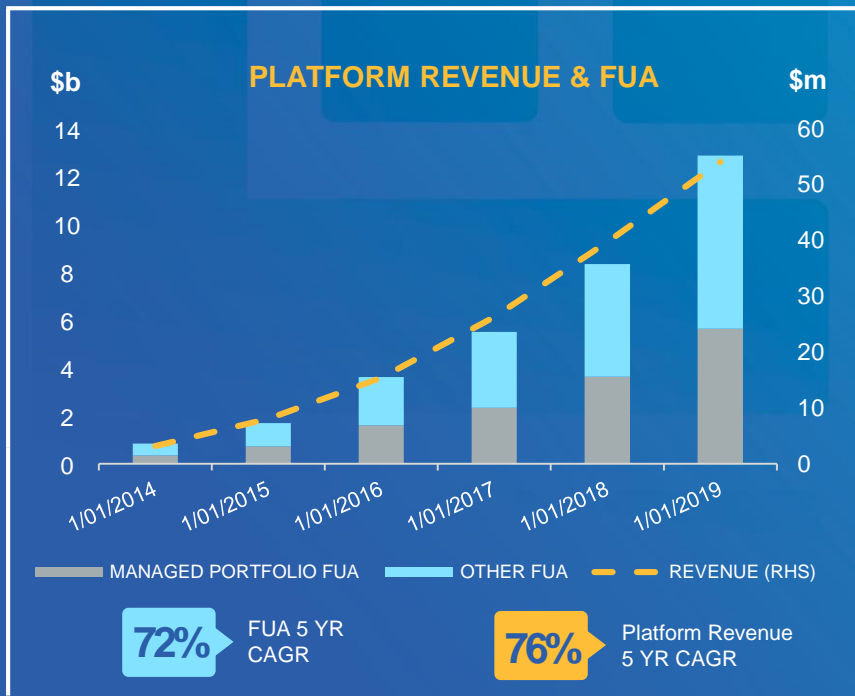
1. Results from Investment Trends December 2018 Platform Competitive Analysis and Benchmarking Report.

2. Strategic Insights Analysis of Wrap, Platform and Master Trust Managed Funds at March 2019

3. Results from the 2019 Wealth Insights Service Level Report

4. Advisers using HUB24 platform

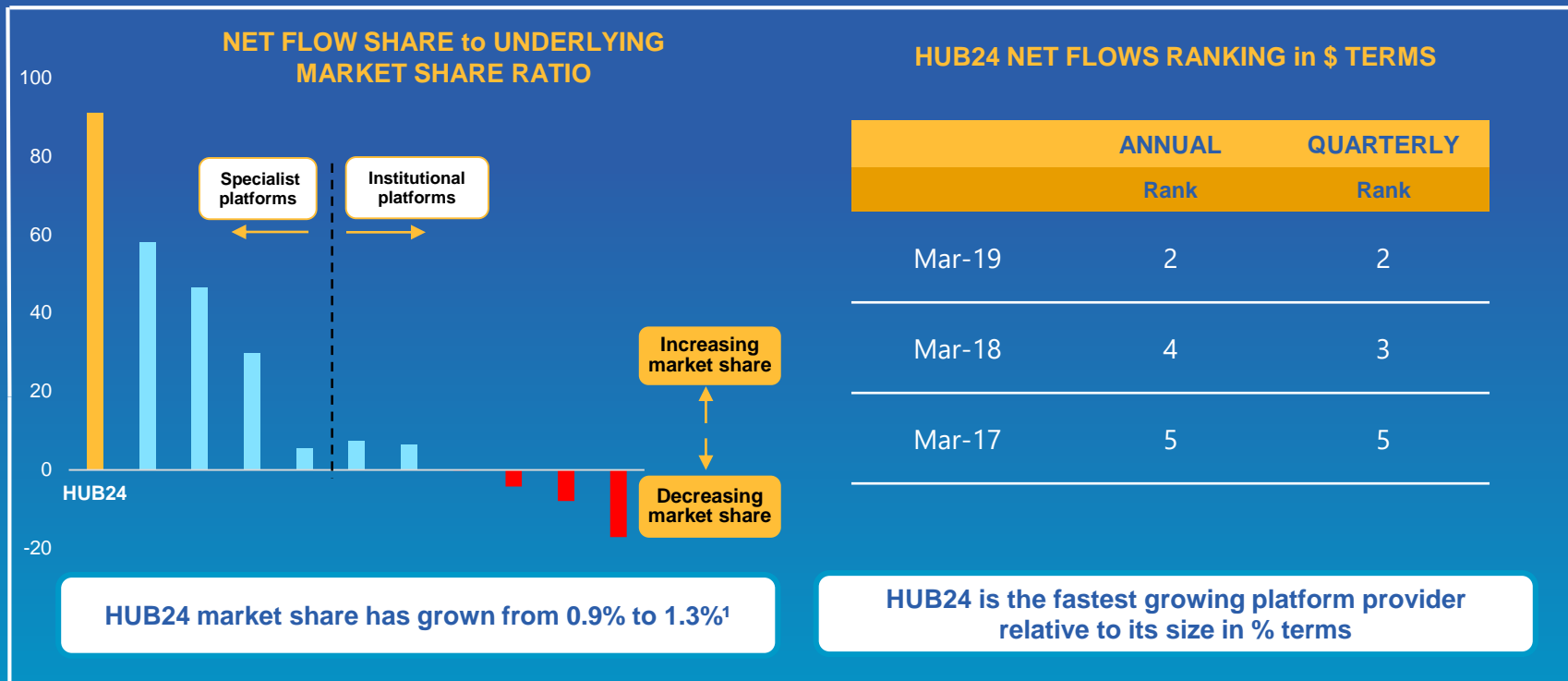
LEADING CHANGE IN WEALTH MANAGEMENT



- Delivering shareholder returns, improved financial performance and superior client outcomes
- Maintaining our position as the fastest growing platform provider¹
- Our Agility Applications expertise is delivering new client relationships and enhancing our product offer
- Paragem's redefined proposition is attracting new advisers from institutional licensees
- Our investment in ConnectHUB is enhancing our strategic offer and delivering growth

Multi-currency extending our managed portfolios leadership
Managed portfolios represent \$5.6bn FUA² and 44% of FY19 FUA growth (\$2bn)

CONTINUING TO BUILD MARKET SHARE



Source: Strategic Insights. Analysis of Wrap, Platform and Master Trust Managed Funds at March 2019. HUB24 is the fastest growing platform provider relative to its size in percentage terms, 2nd highest in terms of annual dollar based net inflows and 2nd highest in terms of quarterly net inflows.

¹Market share increase in previous 12 months

INDUSTRY AWARDED AND RECOGNISED

We're rated

#1

for...

- ➔ Managed Accounts Functionality¹ (for 3rd year running)
- ➔ Decision Support Tools¹
- ➔ Portfolio Management tools²
- ➔ Range of Investments²
- ➔ Helping demonstrate value to clients²
- ➔ Client Portal/login²
- ➔ Rated Top 3 in 32 of 33 categories²

Our commitment to innovation and service has built strong customer advocacy



Highest Net Promoter Score from primary platform users²



Rated No. 1 for Platform Offering and IT/Web Functionality
Top 2 in 6 of 9 categories³



Moved up to 2nd Place for overall adviser satisfaction²

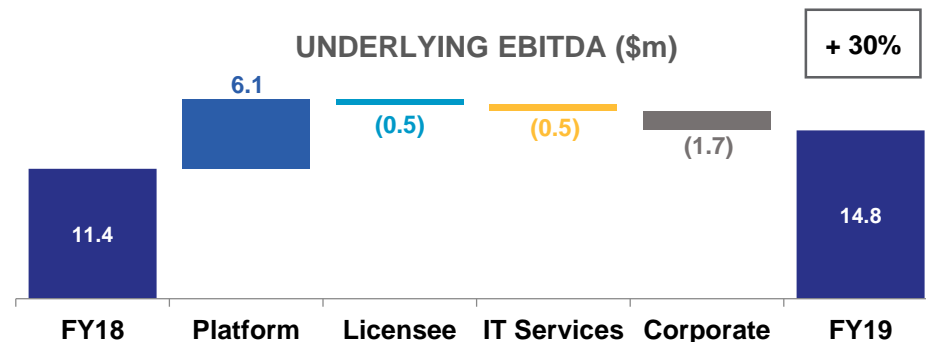
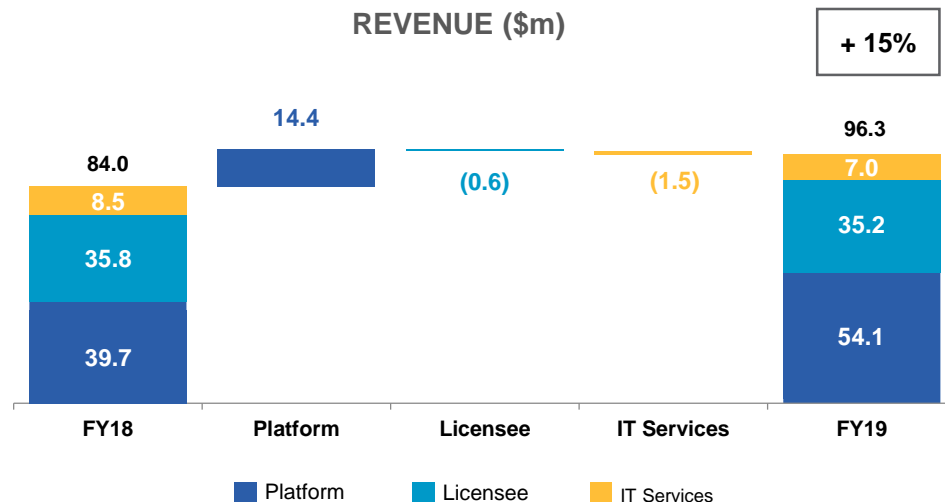


FINANCIAL RESULTS

MARK GOODRICK
Chief Financial Officer

GROUP FINANCIAL RESULTS

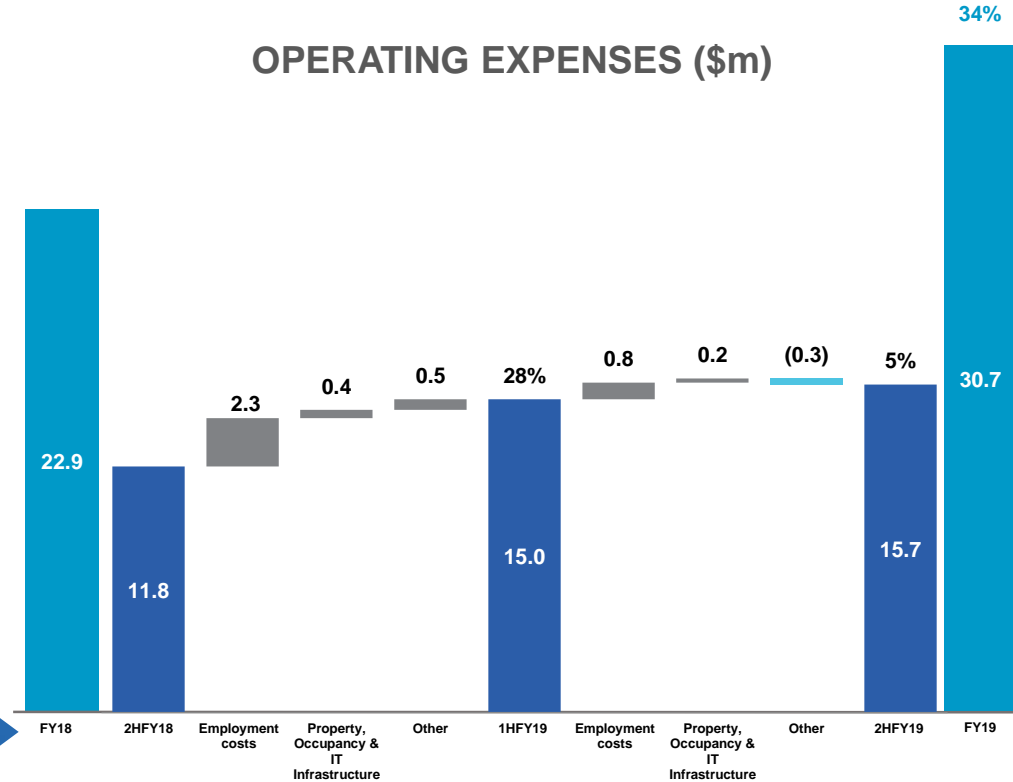
	FY19	FY18	Change
	\$m	\$m	%
Group revenue	96.3	84.0	15%
Direct costs	(50.8)	(49.7)	2%
Gross profit	45.4	34.3	33%
Gross profit margin (%)	47.2%	40.8%	
Operating expenses	(30.7)	(22.9)	34%
Underlying EBITDA ¹	14.8	11.4	30%
Underlying EBITDA margin (%)	15.4%	13.6%	
EBITDA	12.8	9.9	29%
Underlying NPAT ²	6.8	5.4	27%
Statutory NPAT	7.2	7.4	(2%)



GROUP FINANCIAL RESULTS (CONT'D...)

- Continued investment in the business to support growth ambitions
- As previously announced, first half 2019 saw headcount investment in distribution, finance, operations and risk and compliance
- As expected, this investment slowed in the second half and is being leveraged over an increasing FUA base

OPERATING EXPENSES (\$m)

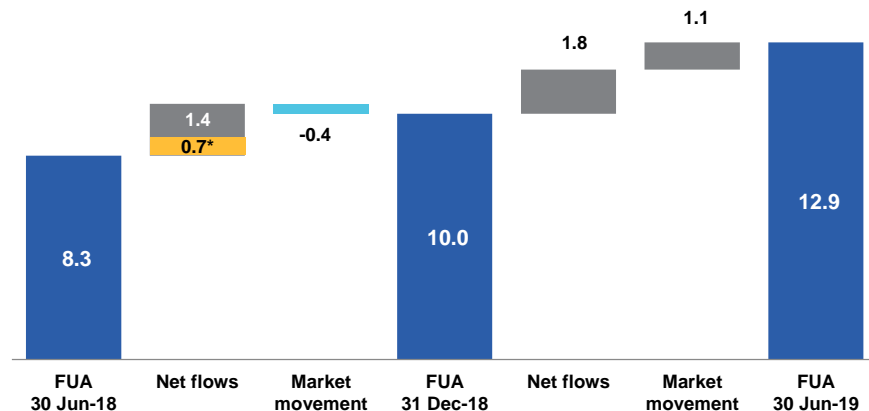


PLATFORM SEGMENT RESULTS

STRONG FUA GROWTH DRIVING INCREASED PROFITABILITY

PLATFORM	FY19 \$m	FY18 \$m	change %
FUA (now \$13.6b ¹)	12.9b	8.3b	54%
Revenue	54.1	39.7	36%
Direct costs	(13.7)	(11.3)	26%
Gross profit	40.4	28.4	42%
Gross profit margin (%)	74.7%	71.5%	
Operating expenses	(22.4)	(16.5)	37%
Underlying EBITDA ²	18.0	11.9	52%
Underlying EBITDA margin (%)	33.3%	30.0%	
Profit Before Tax	15.0	10.9	38%
Total platform expenses	(36.0)	(27.8)	30%

FUNDS UNDER ADMINISTRATION (\$b)

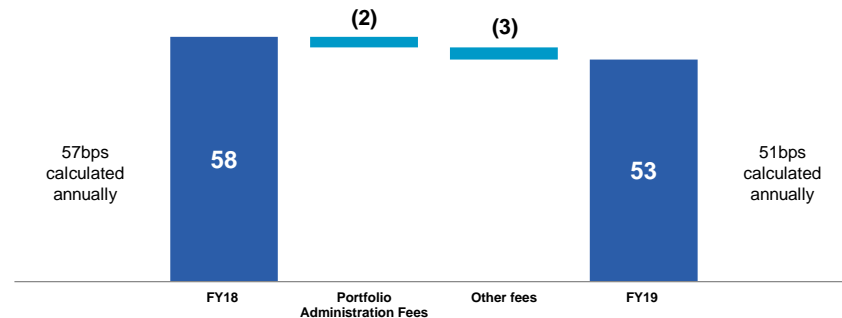


*one-off transition

PLATFORM SEGMENT RESULTS (CONT'D...)

- ➔ Portfolio Administration Fees are tiered - as average account balances increase (up 11% in FY19) the fee as a percentage of FUA decreases (revenue per account is increasing in dollar terms)
- ➔ Administration fees also impacted by scale based pricing from large FUA wins
- ➔ Other fees include transaction fees (e.g. trading for equities) and cash administration fees. Impacted by softer market cycle and targeted focus on assisted in-specie transitions of FUA to secure growth

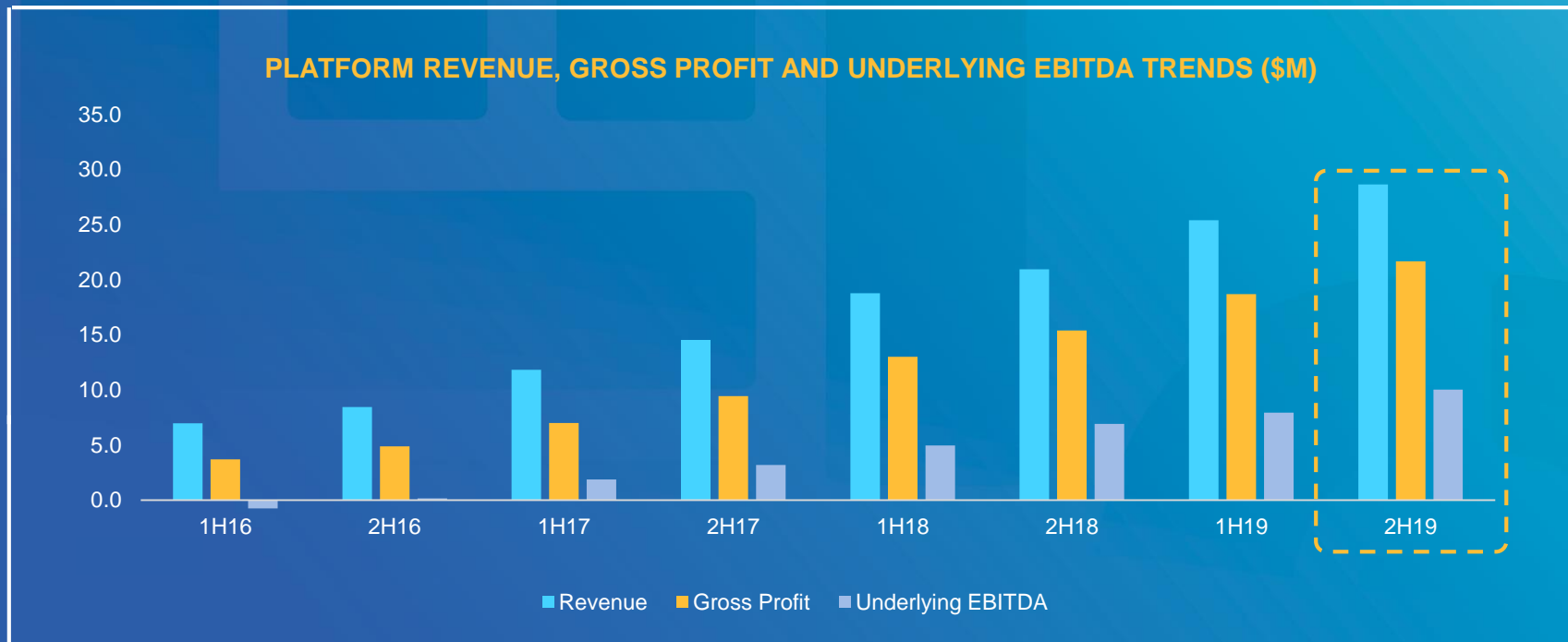
PLATFORM AVERAGE MONTHLY FUA REVENUE MARGIN (BPS)



Average monthly FUA revenue margin is more reflective of actual revenue generation

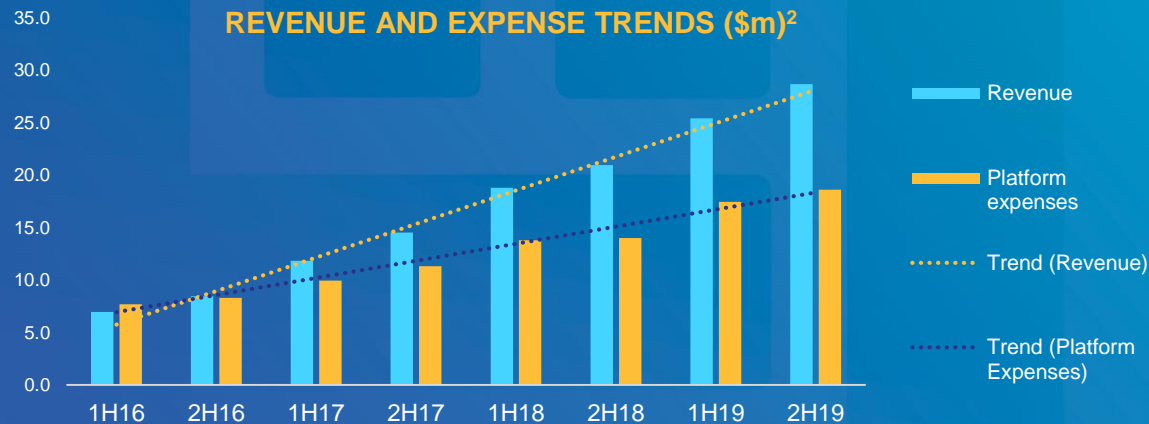
PLATFORM SEGMENT RESULTS (CONT'D...)

FUA GROWTH DELIVERING SCALE BENEFITS



PLATFORM SEGMENT RESULTS (CONT'D...)

FUA GROWTH DELIVERING SCALE BENEFITS



➔ Platform EBITDA margin continues to expand with scale

➔ Investment made in 1H19 leveraged in the second half

➔ Facilitating total FY19 dividends of 4.6cps, up 31%

PROFIT LINES	GROSS PROFIT & UNDERLYING EBITDA AS % OF REVENUE							
	1HFY16	2HFY16	1HFY17	2HFY17	1HFY18	2HFY18	1HFY19	2HFY19
Gross profit	53%	58%	59%	65%	69%	74%	74%	76%
Underlying EBITDA ¹	(11%)	2%	16%	22%	26%	33%	31%	35%

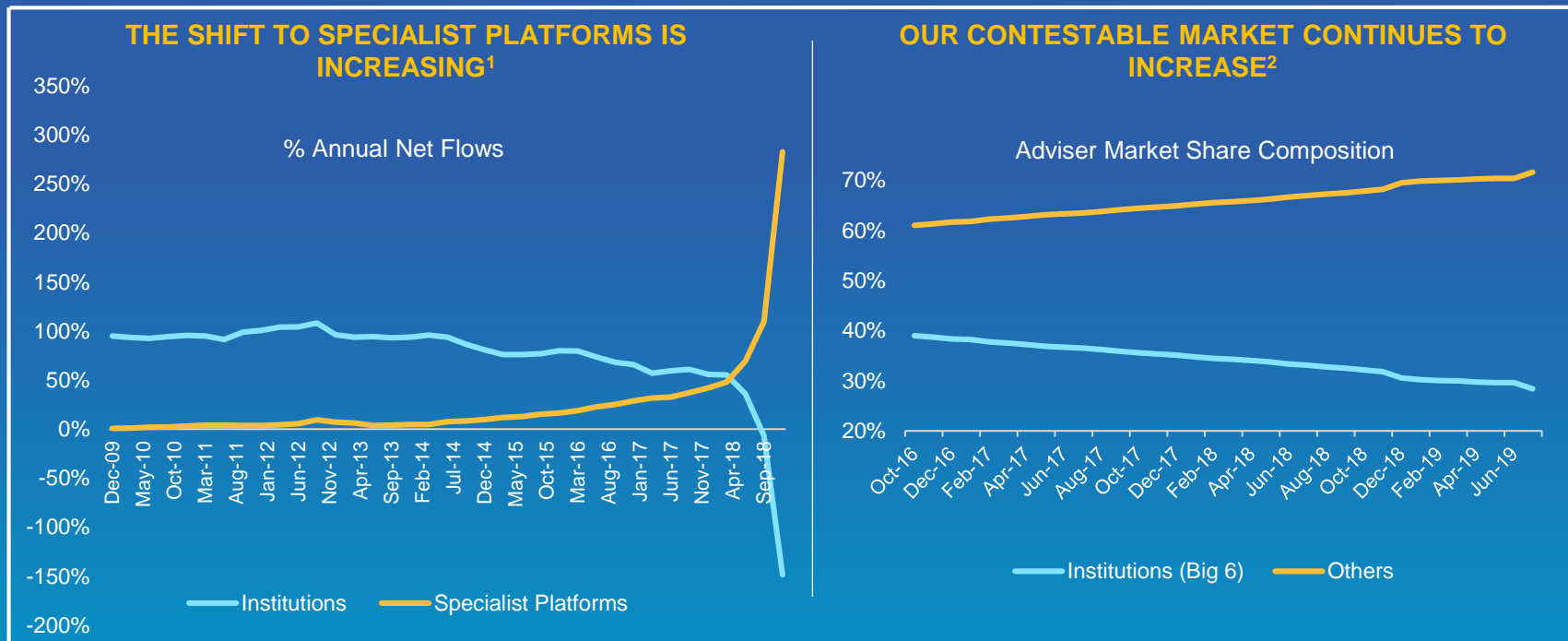
1. Underlying EBITDA represents earnings before interest, tax, depreciation, amortisation and other significant items. See HUB24 Analyst Pack for a reconciliation.
 2. Platform expenses are the total of direct and operating expenses relating to the Platform Segment.



STRATEGY AND OUTLOOK

ANDREW ALCOCK

THE MARKET CONTINUES TO SHIFT



PROVIDING INCREASING OPPORTUNITY FOR HUB24

INDUSTRY TREND



Demand for Managed Account solutions continues to grow



The non-aligned advice segment continues to grow



Platform FUA is in transition as advisers separate from institutions and grandfathering is phased out



Increasing focus on best in class product choice and business efficiency - integrated and accessed via a single interface



Institutions are reshaping/exiting financial advice driving dislocation in the licensee segment

HUB24 OPPORTUNITY

We are the market-leader in managed accounts and can build market share by leveraging this position

New licensee agreements provide access to ~1,400 new advisers and our pipeline continues to expand

We have built bulk migration capabilities to support large scale platform transitions and migrations

HUB24 delivers productivity and efficiency benefits for advisers. ConnectHUB is winning business and positioning HUB24 as the open architecture platform of the future

Paragem is attracting advisers aligned with incumbent platforms focused on positioning their business for the future

OUTLOOK

LEVERAGE OUR FOUNDATIONS FOR GROWTH

Continuing **FUA growth**

- From existing relationships and new opportunities won in FY19 across financial advisers and stockbrokers
- Conversion of current strong pipeline
- Leveraging our market leading product capability
 - Managed Portfolios
 - ConnectHUB
 - Core and Choice platform offer

Constant **innovation that delivers** customer and shareholder value

- Services and products to support the transformation of advice
- Continued development and roll-out of ConnectHUB and Agility solutions to advisers, brokers and their clients
- Customer satisfaction improvements from enhanced platform efficiency, simplicity and service
- Enhanced portfolio reporting, research and comparison tools for advisers and clients

Continue to **grow and develop Paragem**

- New leadership team building momentum
- Refreshed strategy and broadened offer including development of new community program supporting growth, retention and innovation
- Continue onboarding pipeline of new advisers and secure further adviser growth

OUTLOOK

INVESTING TO SECURE THE UNPRECEDENTED OPPORTUNITY

Grow our **distribution footprint** nationally

- Leverage our FY19 success to service and convert existing adviser and licensee opportunity
- Invest in an expanded distribution footprint (~ 8 FTE) to take advantage of the unprecedented market opportunity

Extend **our leadership** in managed portfolios

- Innovate to further unlock client value, disrupt existing investment paradigms and increase international investment accessibility
- Create new portfolio capabilities and attract new investment managers
- Invest in additional IT scrum team (~ 8 FTE)

Accelerate **growth** in market share

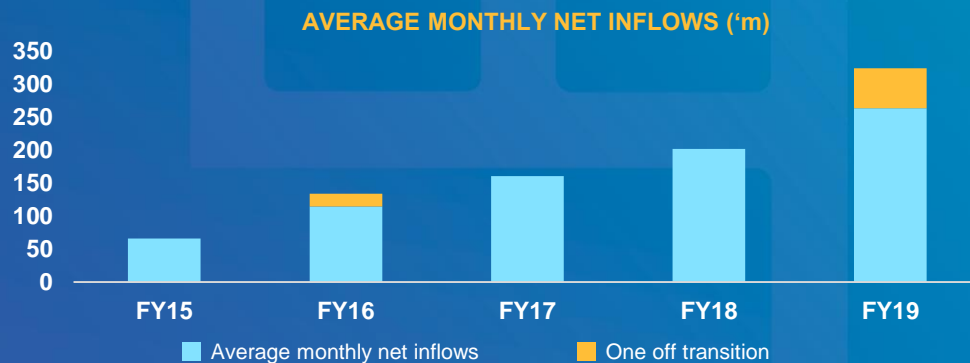
- Delivering a step change in our targeted FUA by increasing inflows
- Supported by product innovation and expanded distribution footprint
- Additional flows expected to emerge 2H FY20
- Full benefits expected in FY21 and beyond

Target FUA for FY21 now \$22bn - \$26bn¹
(upgraded from \$19bn - \$23bn)



ADDITIONAL INFORMATION

FURTHER PLATFORM SEGMENT RESULTS



	FY19 \$m	INCREASE ON PCP
FUA	12,870*	54%
Net inflows	3,891	61%
Gross inflows	5,327	59%
Number of advisers	1,625	32%

* Now \$13.6b¹

BROADENING DISTRIBUTION BASE

- ➔ 256 active licensees
- ➔ No of advisers 1,625
- ➔ 17 white labels in total
- ➔ 84 new agreements with licensees in FY19

AGILITY AND PARAGEM

SUPPORTING OUR BROADER STRATEGY



- Retention of largest client – contract extended for new 3 year term
- Restructured business to prioritise recurring and license revenue over consulting revenue; focus resources on HUB24 group strategic initiatives
- Launched 5 new products including data mining, marketing tools and data visualisation dashboards
- Integration of Cashwerkz with AgilityConnect, enabling advisers additional transparency and choice for cash investing
- First commercial machine learning product expected to be released to Beta in 1HFY20
- Establishment of new product and sales function to improve penetration of solutions to financial advice businesses

PARAGEM

- Leadership transformation – new executive team and refreshed strategy
- Recent period of transition with departure of 3 practices and successful recruitment of 11 new practices
- Well placed to launch new Paragem community program 2HFY20
- Activities underway to broaden Paragem's offer to meet demand from privately owned advice businesses for solutions to address governance, profitability and client engagement. Components of the refreshed offer will leverage Agility Applications capability

CONNECTHUB

SUPPORTING OUR BROADER STRATEGY

- Opportunity in data aggregation services for licensees and advice businesses with demand increasing post Royal Commission
- Focus on expanding new 3rd party data integrations continues, including 6 banks and Annuities during FY19, to progress further in FY20
- New investor native mobile app to be released in 1HFY20
- Historic performance reporting has been successfully deployed in production which aims to remove a significant barrier to changing platforms for advisers and their clients
- Providing a key differentiator for HUB24 platform

CONNECT-HUB



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➔ SUMMARY INFORMATION

The material herein is a presentation of general background information about HUB24 Limited's ('HUB') activities current as at date of presentation. This information given in summary form does not purport to be complete and should be read in conjunction with previous ASX filings, Half Year Report and the audited Annual Report as applicable. Any arithmetic inconsistencies are due to rounding.

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