



Results Presentation 1H 2022

See wealth differently

16 February 2022

FY
20
22

Important notice and disclaimer

General Information only

Information provided is general information presented in a summary format as at 16 February 2022, and is therefore not necessarily complete. This presentation is for informational purposes only and is not to be relied upon as advice to investors or potential investors. This presentation does not take into consideration the investment objectives, financial situation or particular needs of any particular investor. Investors should not rely on this presentation to make any investment decision, and should make their own assessment, conduct their own research of Netwealth and the Netwealth Group and consider these factors with their legal, tax, business and/or financial adviser before making any investment decision.

Forward-looking statements

This presentation may contain certain forward-looking statements with respect to the financial condition, operations and business of the Netwealth Group and certain plans and objectives of the management of Netwealth. Forward-looking statements can be identified by the use of forward-looking terminology, including, without limitation, the terms "believes", "estimates", "anticipates", "expects", "predicts", "intends", "plans", "goals", "targets", "aims", "outlook", "guidance", "forecasts", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which because of their nature may cause the actual results or performance of the Netwealth Group to be materially different from the results or performance expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Netwealth Group's present and future business strategies, the political and economic environment in which the Netwealth Group will operate in the future and financial market conditions, which may not be reasonable, and are not guarantees or predictions of future performance.

No representation is made that any of these statements or forecasts will come to pass or that any forecast result will be achieved, or that there is a reasonable basis for any of these statements or forecasts. Forward-looking statements speak only as at the date of this presentation and to the full extent permitted by law, Netwealth, the Netwealth Group, and their respective affiliates and related bodies corporate and each of their respective related parties and intermediaries disclaim any obligation or undertaking to release any updates or revisions to information to reflect any change in any of the information contained in this presentation (including, but not limited to, any assumptions or expectations set out in the presentation).

Past performance

Past performance information given in this presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

Financial data

All figures in the presentation are provided in Australian dollars. Financial data may be subject to rounding.

This document has been authorised for release by CFO and Company Secretary, Mr Grant Boyle

For further information please contact:

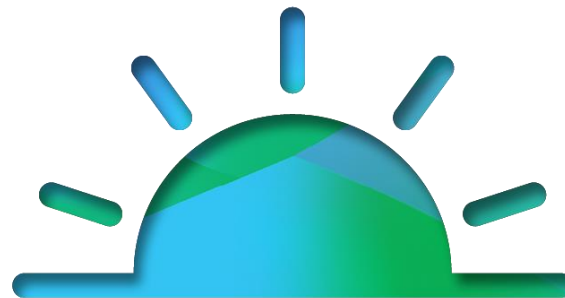
Grant Boyle, Chief Financial Officer

grant@netwealth.com.au

T: 03 9657 1488

Our purpose is

**To enable people to
see wealth differently
and discover a
brighter future**



Today's presenters and agenda

Meet:



Michael Heine
Joint Managing Director



Matt Heine
Joint Managing Director



Grant Boyle
Chief Financial Officer

Discover:

1. 1H2022 business and financial highlights
2. 1H2022 financial performance
3. Outlook
4. Questions
5. Appendix and additional information

Internal use only

1H2022

Business and financial highlights

1

Financial highlights FY2021



\$84.7m

Total income



\$27.5m

Underlying NPAT



\$43.8m

Underlying EBITDA excluding
non cash share based payments expense



\$45.7m¹

Operating net cashflow before
tax and interest



51.7%

Underlying EBITDA Margin excluding non cash share based payments expense



Dividend 10 cps



Technology, people & infrastructure
investment

Investing for growth

1. Operating net cashflow excludes non-recurring items for 1H2022
CPS – Cents per share

Business highlights 1H2022



\$56.7B FUA



\$7.6B

FUA Net Inflows 1H2022



\$13.9B FUM



\$1.7B

FUM Net Inflows 1H2022



\$11.7B MA



\$1.5B

MA Net Inflows 1H2022



#1 Platform Overall *



107,103 Clients

12 month growth of 18,914 (+21.4%)

* Investment Trends December 2021 Competitive Analysis and Benchmarking Report

Our strategy is...

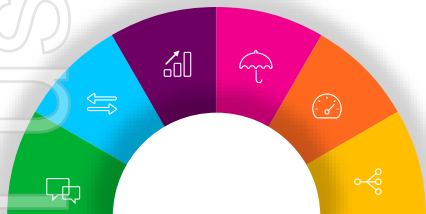
Supporting wealth professional and investors to see wealth differently

1

A focus on technology and platform innovation

We have a home grown market leading investment platform that connects clients and advisers. It is agile and flexible to provide choice and remove barriers.

170+ IT staff dedicated to platform development, accounting for nearly 40% of headcount.



2

A values-driven team focused on customer support and service

We pride ourselves on being a value-driven organisation, it guides everything we do.

We are real people who are:

- Focused on client service and support (both adviser and investor)
- Dedicated to building exceptional technology
- Committed to the community

3

Insights that matter that provide new perspectives

We provide deep insights to help you see your world in a new light, to help you spot change that matters today and tomorrow.

"Often I feel that I'm so absorbed by the detail I find a fresh perspective valuable in helping me see things differently."

"I want to deal with people who will challenge me and push me further towards success."

- Financial Advisers, Australia

4

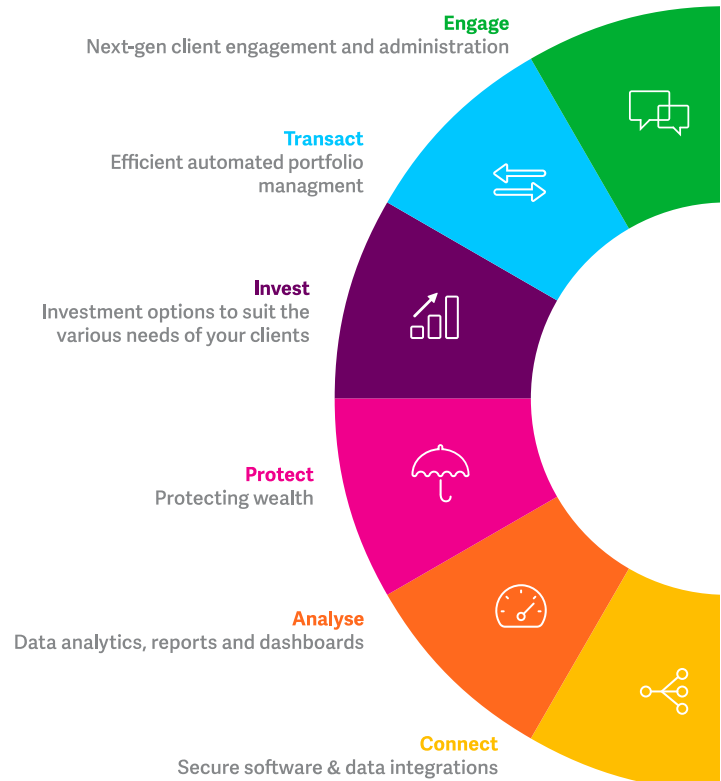
A focus on sustainability and social impact

Wealth takes time to accumulate. Being sustainable and here for the long-term custody of our clients' assets is very important to us. We have a range of initiatives that support this vision.

#1 for Functionality and Service

Award winning platform

- Ranked 1st by Investment Trends December 2021 Competitive Analysis and Benchmarking Report:
 - Best Overall Platform
 - Transaction tools
 - Reporting
- Rated 1st by Investment Trends May 2021 Adviser Technology Needs Report Netwealth for overall satisfaction among primary users for the tenth year
 - Additionally, rated No.1 for “Value for Money”
- Netwealth Super Accelerator product won Chant West Best Advised Product of the year for the 4th year in a row



Strategy to retain our leadership



Mobile and client engagement

- 3rd party data integrations
- Tasks & activities
- Ongoing development



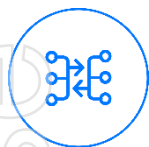
Reporting

- Report customisation
- Enhanced performance reports



Non-custodial

- Administration
- Reports
- Ongoing development



Adviser Efficiency

- Managed Accounts
- Enhanced trading efficiency
- Automated ROAs



Data and analytics

- 3rd party integrations
- API development
- Business intelligence



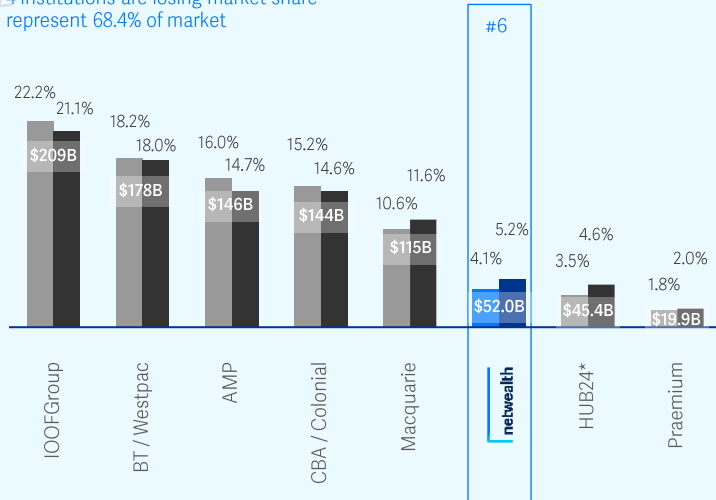
Scale and stability

- Back office upgrades & enhancements
- Ongoing cloud migration

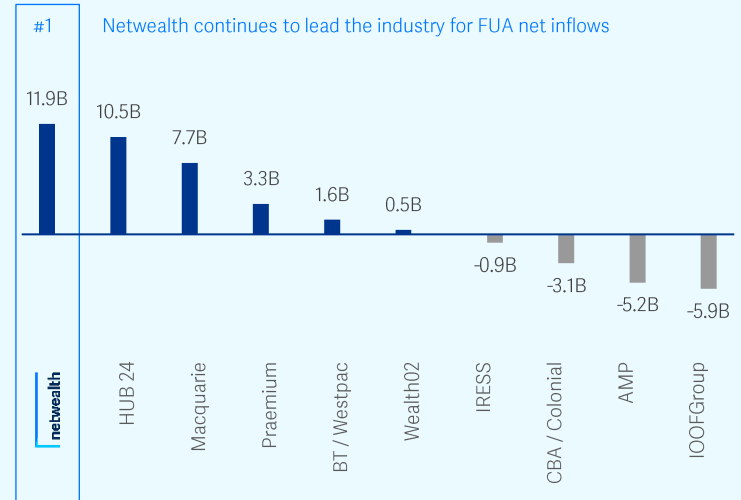
Disruption = Opportunity

Platform providers by FUA market share % market share (Sep 20 and Sep 21)

Top 4 Institutions are losing market share
and represent 68.4% of market



Platform providers net funds flows \$'Billions (12 months to Sep 21)



1. Source: Plan for Life: Wraps, Platforms and Master Trusts (Sep 2021)

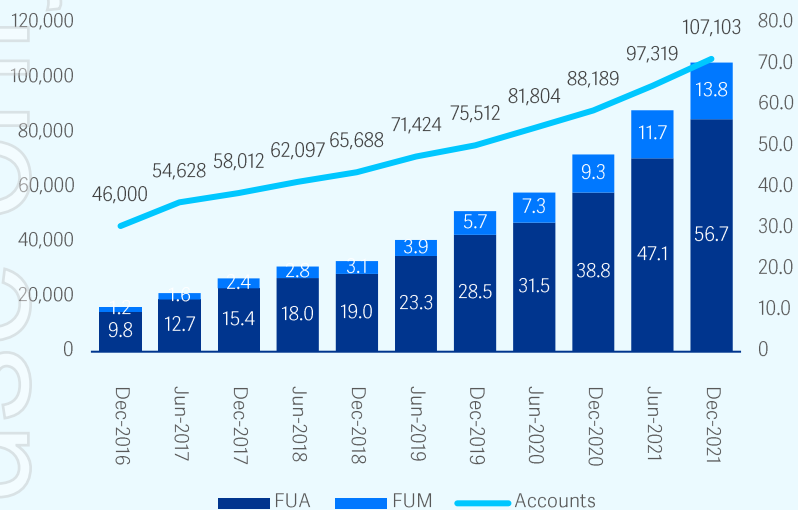
2. Total industry retail FUA of \$990.1B (as at Sep 2021)

3. *IOOF Group includes acquisition of MLC, HUB24 includes acquisition of Xplore Wealth,

1. Source: Plan for Life: Wraps, Platforms and Master Trusts (Sep 2021) 12 months to Sep 21. Total net flows of \$21.5B (Not included above: Others of +\$1.0B)

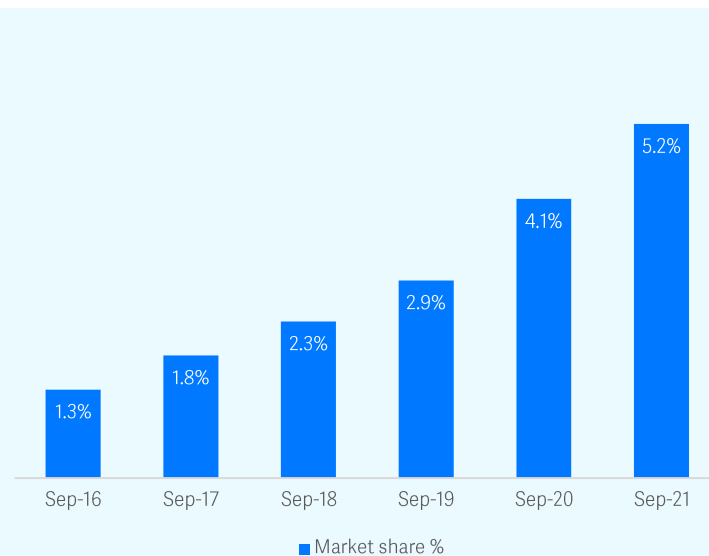
Accelerating FUA and account number growth

Growth in FUA, FUM and Accounts



Source: Netwealth

Growth in market share to 5.2% for the year to Sep 21



Source: Plan for Life: Wraps, Platforms and Master Trusts (Sep 2021)

Internal use only

1H2022 Financial performance

2

1H2022 financial results

1H2022 commentary (comparisons 1H2021)

Financials	1H2022 Actual	1H2021 Actual	Change	% Change
Platform Revenue	82.9	71.1	11.7	16.5%
Other Income	1.9	1.2	0.6	51.6%
Total Income	84.7	72.4	12.4	17.1%
Employee Benefits Expense	(31.0)	(23.4)	7.6	32.4%
Share Based Payments Expense	(1.9)	(0.3)	1.5	499.0%
Other Costs & Expenses ¹	(9.9)	(8.1)	1.8	21.8%
Total Operating Expenses¹	(42.7)	(31.9)	10.9	34.2%
Underlying EBITDA	42.0	40.5	1.5	3.6%
Underlying EBITDA excluding non cash share based payments	43.8	40.8	3.0	7.4%
Underlying EBITDA excluding non cash share based payments Margin %	51.7%	56.4%	(4.7%)	-
Underlying NPAT	27.5	27.6	(0.1)	(0.5%)
Underlying NPAT margin %	32.4%	38.2%	(5.8%)	-
Underlying Operating net cash flow before tax and interest²	45.7	41.1	4.6	11.1%
Underlying EPS – diluted (cents) ³	11.1	11.3	(0.2)	(1.8%)

\$M unless otherwise stated

Highly profitable

- Underlying EBITDA excluding non cash share based payments of \$43.8M (\$40.8M), increase of 7.4% compared to PCP
- Underlying EBITDA excluding non cash share based payments margin of 51.7% (56.4%)

Exceptional cash generation

- Underlying Operating net cash flow pre-tax² of \$45.7M (\$41.1M)

Strong balance sheet

- Low capital expenditure, debt free and significant cash reserves

Shareholder value

- Interim dividend of 10 cps

1. Excludes \$0.5 million of legal and consulting costs which are not recurring in nature as they relate to acquisitions no longer pursued.
2. Operating net cashflow excludes non-recurring items for 1H2022
3. EPS has been calculated on a dilutive basis to include all ordinary shares and have assumed all options and rights currently on issue has vested and converted to ordinary shares as at the beginning of the period



1H2022 key performance metrics

1H2022 commentary (comparisons 1H2021)

Platform Statistics	1H2022 Actual	1H2021 Actual	Change	% Change
Funds Under Administration				
FUA (EOP)	56,654	38,799	17,856	46.0%
Fee Paying FUA % (EOP)	63.5%	63.4%	0.2%	0.3%
FUA net inflows	7,636	4,468	3,168	70.9%
Funds Under Management				
Managed Account	11,703	7,603	4,099	53.9%
Managed Funds	2,114	1,711	403	23.5%
FUM (EOP)	13,817	9,315	4,502	48.3%
Managed Account net inflows	1,508	1,335	173	13.0%
Managed Funds net inflows	220	195	26	13.1%
FUM net inflows	1,729	1,530	199	13.0%
Platform Revenue / average FUA (bps)	31.7	40.5	(8.8)	(21.7%)
Platform Revenue / average number of accounts (\$)	1,609	1,666	(57)	(3.4%)
Accounts (EOP number)	107,103	88,189	18,914	21.4%
Financial intermediaries (EOP number)	3,254	2,982	272	9.1%

\$M unless otherwise stated

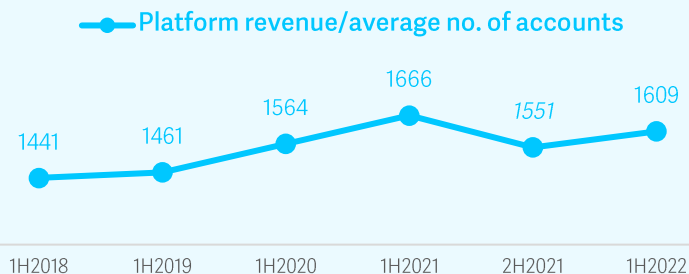
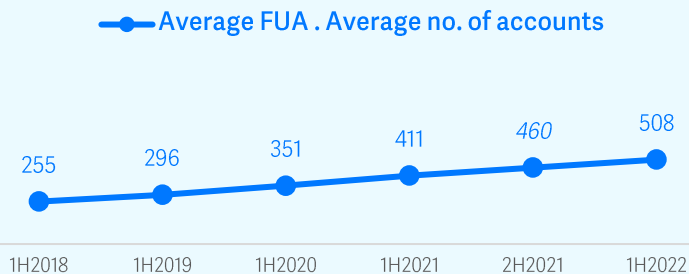
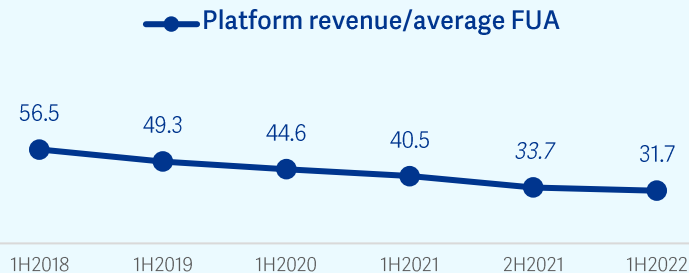
Accelerating growth

- FUA of \$56.7B, up \$17.9B (+46.0%)
- Record FUA net inflows of \$7.6B
- FUM of \$13.8B, up \$4.5B (+48.3%)
- MA FUM of \$11.7B, up \$4.1B (+53.9%)
- At 31 December 2021 the cash transaction account as a percentage of FUA was 6.1%.

Key statistics analysis

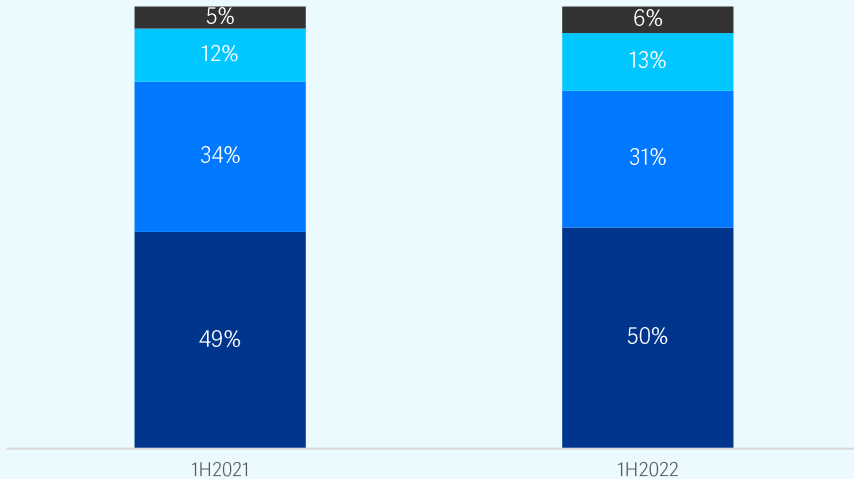
Focused on profitable & sustainable revenue growth

- Average Account size increased to \$529,000 as at 31 Dec 2021
 - as average Account size increases, revenue streams are diversified and ancillary revenues increase
- Platform Revenue per Account increased to \$1,609, an increase of \$58 vs. 2H2021 reflecting:
 - an increase in average Account balance, and
 - diversified revenue sources
- Platform revenue/average FUA of 31.7 bps for 1H2022, decreased by 2bps compared to 2H2021, primarily due to lower average client cash holdings and larger account sizes (including institutional accounts)



Further diversification of Platform revenue

Platform revenue split 1H2021 & 1H2022



Administration fees

Wrap
Super

Ancillary fees

Pool cash interest retained
Netcash
International equities admin
Managed model service
Fund manager service
Insurance admin
SMSF admin
Annuities

Transaction fees

Brokerage
Share settlement
Managed account brokerage
FX margins
International
Offline transactions
IPO & Broker handling

Management fees

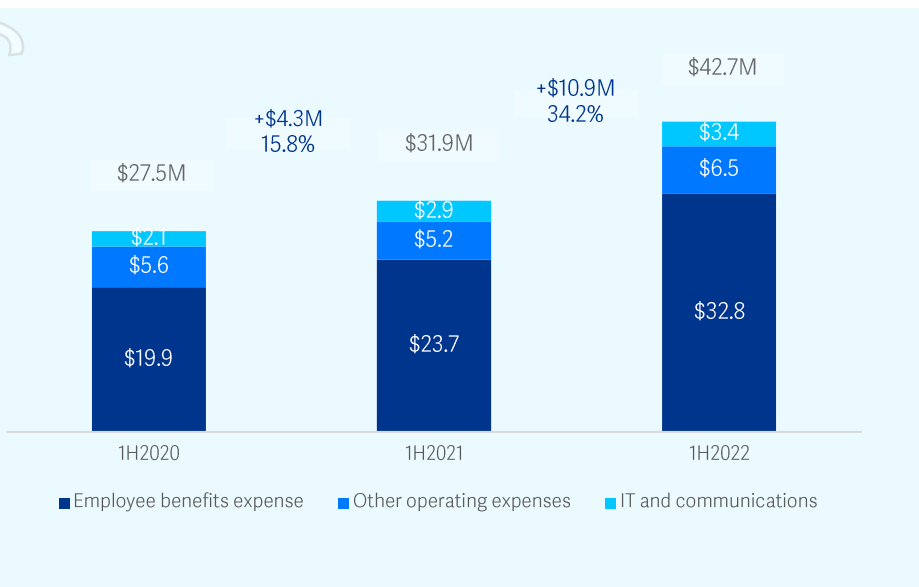
NWL Funds
Managed Account

Source: Netwealth

Step-up in investment to support growth and innovation

Strategic investments across IT infrastructure, people and software

Total underlying operating expenses (M)



1H2022 commentary (comparisons 1H2021)

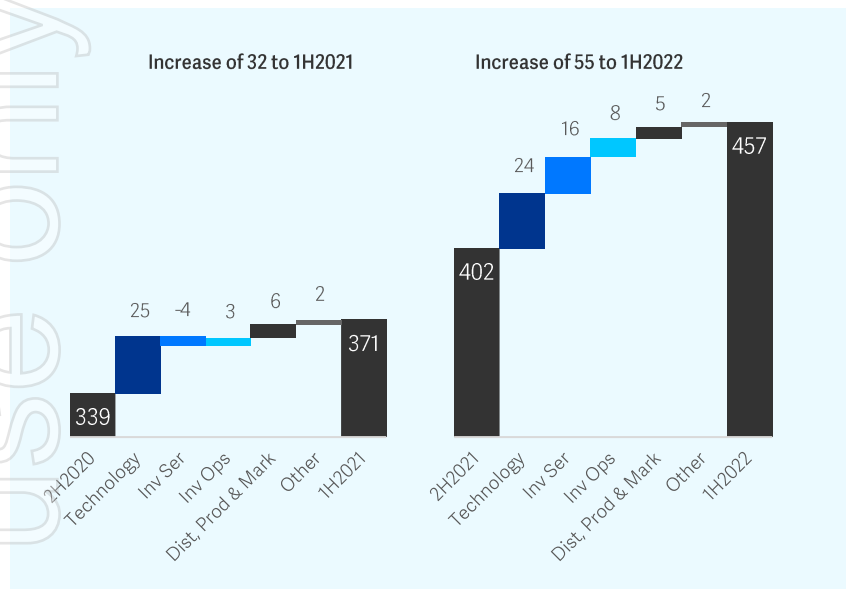
- Total Underlying Operating Expenses of \$42.7 million (\$31.9 million), an increase of \$10.9 million (34.2% increase) compared to PCP
- Employee benefits expense represented 78% of total operating expenses and includes inhouse IT development, product development and client service teams
- Employee costs including Share based payments expense increase of \$9.1M, up 38.4% reflects headcount increase of 55 roles in 1H2022 and the impact of FY2021 hires (63 additions)
- Employee costs included \$1.9M in Share based payments expenses compared to \$0.3M in PCP

Source: Netwealth

Investing in our people and Technology

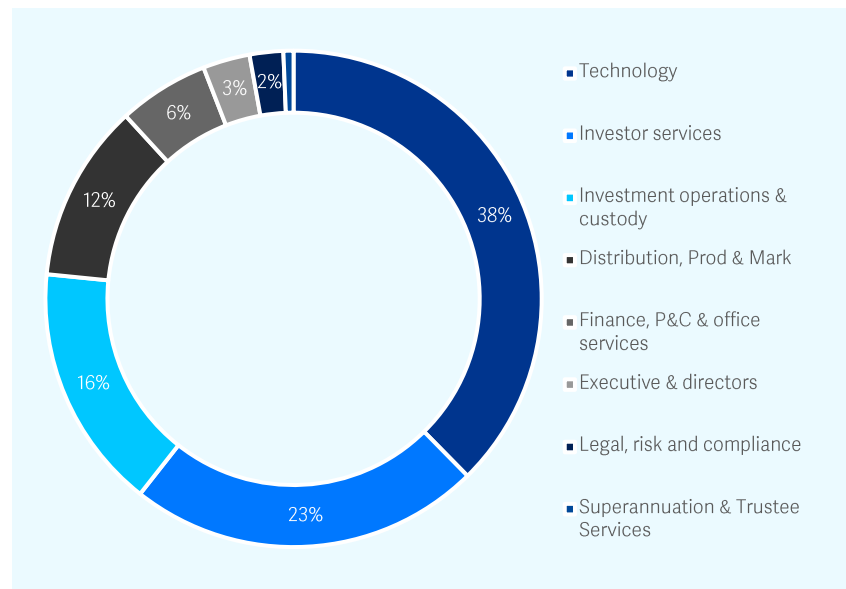
Across technology, operations and distribution to support continued stability, scalability and innovation

Strategic increase in headcount, increase of 24 in Technology and 24 in Operations



Source: Netwealth

Headcount by function 31 December 2021



Source: Netwealth

Strong financial and market position



Strong balance sheet

- low capital expenditure
- no debt
- significant cash reserves



Exceptional correlation between EBITDA and Cash Flow



High level of recurring and growing revenue



Ongoing strategic investment across IT infrastructure, people and software



A leader in mass affluent, high net-worth and private wealth solutions



Best rated platform for Functionality. Highest NPS ranked by advisers¹ and fastest growing platform²

1. As ranked by advisers in the Adviser Ratings 2020 Financial Advice Landscape Benchmarking Study

2. Plan for Life: Wraps, Platforms and Master Trusts (Sep 2021)

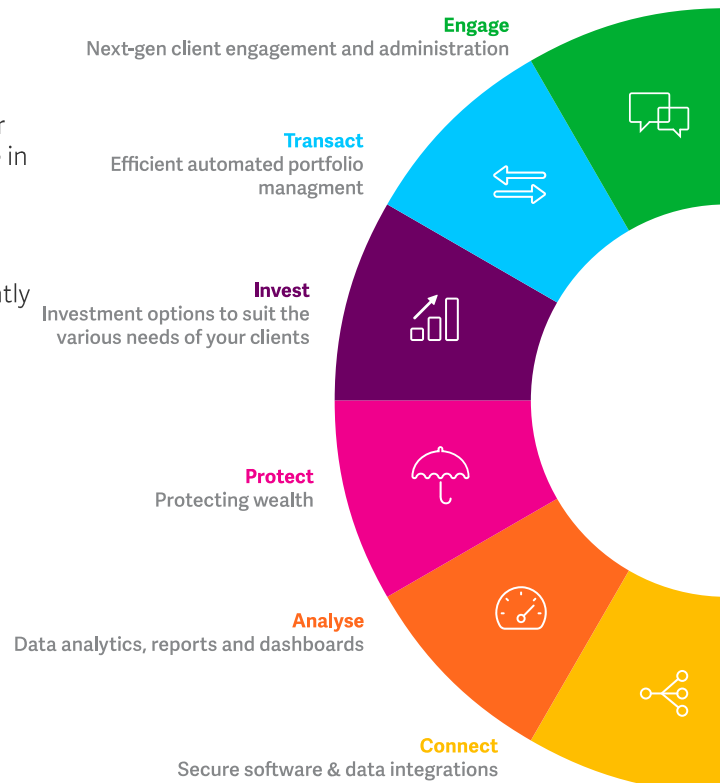
Internal use only

1H2022 Outlook

3

Outlook

- Growth has continued to accelerate in 1H2022 and we expect to benefit from ongoing industry consolidation and change.
 - We expect to benefit from growth in affluent, high net-worth and private wealth groups as the platform functionality supports and enables the unique and differentiated needs of this segment.
 - Launching new non-custodial administration and reporting solution during Q4 2022.
 - Strategically stepped up our investment in our technology and operations teams to ensure that we continue to innovate and maintain our scalability and service levels as we grow rapidly.
 - This investment will enable us to maximise the opportunity and our success in growing our clients, market share and profitability.
- The expected lower cash holding and lower margins will result in lower cash revenue in 2H FY2022.
 - In the event that the RBA rates return to 50bps in March 2022, we would expect our margin to exceed the 105bps we are currently receiving and positively impact 2023 and beyond.
 - Our FUA net inflow guidance is forecast to exceed \$13.5 billion.



analysts only

1H2022 Questions

4

Thank you

See wealth differently
Discover the possibilities



analyst use only

1H2022

**Appendix and
additional information**

5

Underlying profit for 1H2022

Set out in the table below is the reconciliation from EBITDA to underlying EBITDA and NPAT for 1H2022 to reflect an adjustment on non recurring costs

Consolidated Group for Period Ended

	31 Dec 2021	31 Dec 2020	Variance	Variance
	\$'000	\$'000	\$'000	%
EBITDA	41,468	40,514	954	2.4%
Add back: Non-recurring expense	501	-	501	100.0%
Underlying EBITDA	41,969	40,514	1,455	3.6%
Underlying EBITDA margin	49.5%	56.0%	(6.5%)	-
Interest on leases	(254)	(50)	204	408.0%
Depreciation and amortisation	(1,387)	(1,202)	185	15.4%
Income tax expense	(12,696)	(11,647)	1,049	9.0%
Addback: Tax impact from non-recurring expense	(150)	-	(150)	(100.0%)
Underlying NPAT	27,482	27,615	(133)	(0.5%)
Underlying NPAT margin	32.4%	38.2%	(5.8%)	-
Underlying EPS (cents per share)	11.1	11.3	(0.2)	(1.8%)

Underlying profit excluding non-cash share based payments for 1H2022

Set out in the table below is the underlying EBITDA adjustment to reflect the add back of non-cash share-based payments

Consolidated Group for Period Ended

	31 Dec 2021	31 Dec 2020	Variance	Variance
	\$'000	\$'000	\$'000	%
Underlying EBITDA	41,969	40,514	1,455	3.6%
Add back: non-cash share-based payment	1,857	310	1,547	499.0%
Underlying EBITDA excluding non-cash share-based payment	43,826	40,824	3,002	7.4%
Underlying EBITDA margin excluding non-cash share-based payment	51.7%	56.4%	(4.7%)	-
Interest on leases	(254)	(50)	204	408.0%
Depreciation and amortisation	(1,387)	(1,202)	185	15.4%
Income tax expense	(12,696)	(11,647)	1,049	9.0%
Addback: Tax impact from non-recurring expense	(150)	-	(150)	(100.0%)
Underlying NPAT excluding non-cash share-based payment	29,339	27,925	1,414	5.1%
Underlying NPAT margin excluding non-cash share-based payment	34.6%	38.6%	(4.0%)	-
Underlying EPS excluding non-cash share-based payment (cents per share)	11.9	11.4	0.5	4.4%

Underlying Cash Flow

The table below sets out the summary of the underlying consolidated statement of cash flows for 1H2022 and 1H2021

Consolidated Group for Period Ended

	31 Dec 2021	31 Dec 2020	Variance	Variance
	\$'000	\$'000	\$'000	%
Receipts from customers	91,172	75,270	15,902	21.1%
Other operating cash flows	(41,951)	(34,150)	(7,801)	(22.8%)
Adjustment for once-off lease incentives received	(3,537)	-	(3,537)	(100.0%)
Operating net cash flows before taxation and interest	45,684	41,120	4,564	11.1%
Investing activities	(3,101)	(4,676)	1,575	33.7%
Adjustment for acquisitions	-	2,521	(2,521)	(100.0%)
Adjustment for seed funding for Managed Funds	1,000	1,500	(500)	(33.3%)
Free cash flows	43,583	40,465	3,118	7.7%