BELL POTTER

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Analyst
Hayden Nicholson 613 9235 1757
Associate Analyst
Ritesh Varma 613 9235 1658

Authorisation
Jonathan Snape 613 9235 1601

HUB24 Ltd (HUB)

The platform of the future

Recommendation
Buy
Price
$46.55
Target (12 months)
$53.20

Sector

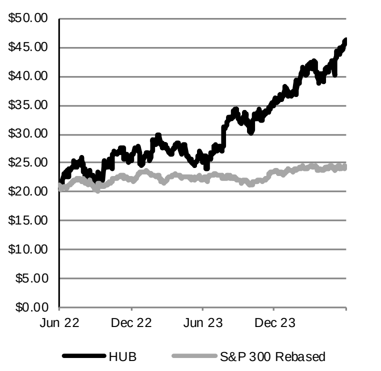
Diversified Financials

Expected Return	
Capital growth	14.3%
Dividend yield	0.8%
Total expected return	15.1%
Company Data & Ratios	
Enterprise value	$3,757.1m
Market cap	$3,779.5m
Issued capital	81.2m
Free float	88.7%
Avg. daily val. (52wk)	$9,648,093
12 month price range	$23.91-$46.55

Price Performance

	(1m)	(3m)	(12m)
Price (A$)	41.53	41.41	25.80
Absolute (%)	12.1	12.4	80.4
Rel market (%)	12.5	13.1	70.8

Absolute Price



SOURCE: IRESS

Company description and investment view

HUB24 (HUB) is a specialist investment platform provider with over $100bn in Funds Under Administration (FUA), housed through wrap and superannuation-based portfolio solutions. Around $80bn of the FUA relates to custodial services that provide financial intermediaries with a consolidated way to acquire, hold and administer a broad range of investments. We initiate on HUB with a Buy recommendation and a Target Price of $53.20 p/s. Our favourable investment view is supported by: (1) changes in advice, with investment professionals shifting away from institutionally owned platforms while seeking comprehensive technology solutions; (2) single digit market share and leading capital flows; and (3) increases to the super guarantee contribution and rollovers into self-managed super funds.

Coming to the point of difference…

We believe that average revenue margins will compress slower than peers, predicated on the utility ecosystem for its products and strong intermediated customer base. HUB recently acquired Class, an administrative SaaS solution to Australia's superannuation sector and myprosperity, a leading provider of front-end client portals with digital tools to increase practice efficiencies. We prefer the more diversified revenue mix and see integrated services as a winning formula.

Investment view: Initiate with a Buy; TP $53.20 p/s

Traditional Dealer Group attrition and a decade of underinvestment in technology has been a tailwind for specialist platform providers. Incumbents with legacy systems have ~$600bn in total FUA that could be redistributed in the medium-term. Adviser ratings recognised HUB as the best functional platform for the second consecutive year and we see this as an opportunity to upsell on capital flows. Netwealth (NWL; Not Rated) is trading on a blended 1 year forward EV/EBITDA of 32.9x with lower forecast FUA and mature EBIT margins. We don't believe HUB's trading discount of ~26% is justified and see the potential for it to rerate, predicated on superior technology, recurring revenue growth and operating leverage.

Earnings Forecast

Year Ending 30 June	2023	2024e	2025e	2026e
Sales ($m)	279.5	329.2	399.6	447.2
EBITDA (Underlying) ($m)	91.3	106.0	138.2	161.1
NPAT (Reported) ($m)	41.4	40.5	72.7	88.4
NPAT (Adjusted) ($m)	58.8	62.5	84.7	100.4
EPS (Adjusted) (¢ps)	73.5	76.7	103.9	123.1
EPS Growth (%)	48.8%	4.3%	35.5%	18.5%
PER (x)	63.4	60.7	44.8	37.8
EV/EBITDA (x)	36.7	31.8	24.9	21.4
FCF Yield (%)	1.4%	1.3%	2.1%	2.4%
Dividend (¢ps)	32.5	34.5	52.0	61.6
Yield (%)	0.7%	0.7%	1.1%	1.3%
Franking (%)	100.0%	100.0%	100.0%	100.0%
ROE (%)	12.2%	12.1%	15.6%	17.1%

SOURCE: BELL POTTER SECURITIES ESTIMATES

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Company overview

Company description

HUB24 (HUB) is a leading financial services company, principally engaged in the provision of integrated platform, technology and data services to the wealth management industry. The company sells its product solution suite to licensees, accountants, stockbrokers and advisers across all Australian states and territories. The HUB24 platform is currently rated as the Best Platform Overall[1], providing financial intermediaries with a consolidated way to acquire, hold and administer a broad range of investments. We briefly summarise HUB's operational footprint in the figure below.

Figure 1 - HUB Group summary

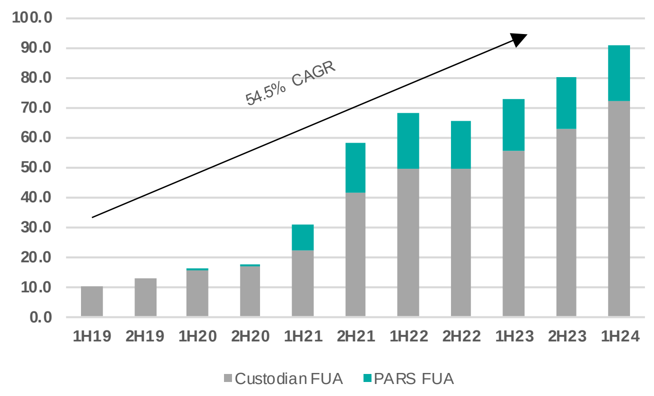
Segment	Brand	Description / Service Function	FY23 Revenue¹	Market size²	Market share²	Competition	Revenue Model
Platform	HUB24 & Xplore	Superannuation and Wrap based portfolio and investment management solution. These consolidated tax, transaction and performance reporting functionality under a single administrative arrangement. Investment options are flexible and customer driven.	~73%	A$975bn	~6.7%	Specialist Platforms (Netwealth and Praemium) and Bank Incumbants (Insignia, BT, AMP, Colonial and Macquarie).	FUA based fees, including tiered administration fees, cash management fees and transaction fees such as trading in equities
	PARS	Non-custodial administration, corporate action management and tax reporting services.	~2%	A$174bn	~10%	In-house broker and Praemium.	Administration fees.
	myprosperity	Front-end client portal that integrates with the investment platform, Class and technology stack, enabling a total view of household wealth.					Software subscription service.
Tech Solutions	Class	Premier cloud-based administration software, tailored specifically for accountants, auditors and financial advisers who oversee the administration of SMSFs.	~24%	612k Funds or A$880bn	~30%	BGL, Supercorp, Reckon and manual ledger accounting or Microsoft Excel.	Individual licensing agreements.
	HUBconnect	Platform-integrated application layer for brokers, advice networks and financial professionals. Delivers compliance and business insights from machine learning, artificial intelligence and natural language processing.	~1%				Enterprise licensing agreements.

¹Excludes the Corporate Function and equity accounted profits.
²Analysis of Plan for Life Master Trusts, Platforms & Wraps at September 2023.
²HUB estimates the private client PARS market to be A$174bn based on readily identifiable participants at 30 June 2023.
²Analysis of ATO data at September 2023.

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

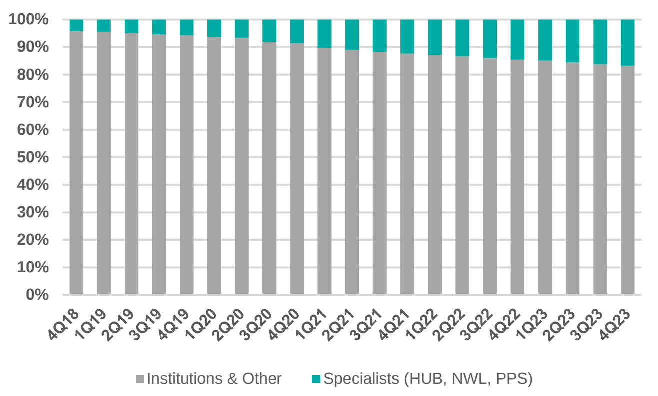
Between FY18-FY23, HUB has experienced platform revenue growth at a CAGR of 36.4%, driven by net inflows and positive market movements for the Funds Under Administration (FUA). Its customer base includes over 4,000 active financial advisers and custodial FUA of $79.7bn compares to $130.0bn+ for each incumbent provider that is vertically integrated.

Figure 2 - HUB funds under administration ($bn)



SOURCE: COMPANY DATA

Figure 3 - Australian investment platform market share (%)



SOURCE: PLAN FOR LIFE.

[1] Investment Trends Platform Competitive Analysis and Benchmarking Report 2023

Investment thesis

We initiate coverage on HUB24 (HUB) with a Buy recommendation and a Target Price of $53.20 p/s. Our investment thesis considers the following factors:

Recurring revenue: HUB derives ~80% of its revenue from a mix of FUA based fees for account administration, cash management and transactional activities. Given higher FUA and legacy customers within the incumbents, we believe there is little incentive to compete on price and forecast topline growth.

Self-licensing trends: Australia's big four banks, AMP and Insignia Financial (IFL) have traditionally held the largest licensed adviser networks, together accounting for around half of the total adviser market. We estimate that institutional Dealer Group attrition has seen AMP and IFL lose ~2,800 advisers since FASEA requirements were introduced in 2018. As of 31 December 2023, there were 25,083 advisers, and ~27% of these professionals were operating through micro and privately owned AFSLs.

Legacy systems: Over the medium-term, we believe that large incumbent competitors will need to develop their technology offerings and platform functionality, necessary to remain competitive after years of underinvestment and remediation costs. On 27 May 2024, WBC unveiled its 'Unite' program, which detailed an average annual investment spend of around $2bn, with sequenced initiatives aimed to reduce complexity and decommission duplicated systems by FY28e.

Quality of Advice Review: The Albanese Government is due to expand the supply of financial advice through a comprehensive package of reforms that could see a new class of professionals providing 'simple advice' and an expanded scope on superannuation.

Strong track record of FUA growth: Consistent flows and a high level of asset retention (~97% per quarter) has seen HUB benefit from average monthly net inflows of $896.9m since 1Q22 (excl. large transitions), driving a 5-year CAGR of 48.5% in platform FUA. HUB leads specialist platform providers in underlying net inflows and FUA is further supported by large client migrations.

Strong governance: Management must achieve an FUA CAGR of between 19.59-26.25% over FY23-25e for performance rights to vest. Current CEO Andrew Alcock joined HUB in 2013 to commercialise the investment and superannuation platform and has overseen FUA grow from ~$400m.

Opportunities for future growth: We believe that HUB is still in the relative early stages of expanding its investment platform, with a strong pipeline of opportunities across large national licensees, brokers, boutiques and self-licensed adviser networks. Average FUA per adviser has grown to ~$18.2m and this compares to an industry average of ~$65.0m. Increased user penetration could also see HUB acquire ~3,500 financial advisers.

Support from superannuation: The minimum Super Guarantee rate will rise to 12% of an employee's ordinary time earnings by 1 July 2025. We also expect HUB to benefit from net transfers within the superannuation industry, where SMSFs have seen an average ~$343m in quarterly net rollover benefits from industry funds over the last 9 years.

Valuation: We believe that HUB's relative EV/EBITDA discount to NWL is unreasonable and see the potential for a rerate, predicated on superior technology, recurring revenue growth and operating leverage. The trading discount (blended 1 year forward EV/EBITDA) has recently opened to ~26% and this compares to a 5-year average of ~23%.

Key risks

Key downside risks to our investment thesis include, but are not limited to:

Economic risk: HUB is exposed to general global economic conditions, including adverse macroeconomic conditions such as economic recessions, downturns or extended periods of uncertainty or volatility, which may influence the levels of investment made by clients and underlying investor clients. This could negatively impact HUB's financial position and earnings.

Regulatory risk: HUB is governed by a range of legislation and regulations in Australia. This is a complex and changing environment. There is a risk that HUB's processes and systems may not be adequate to detect and prevent all potential compliance breaches in the current or future regulatory environment. Serious breaches could have significant consequences, including the suspension or cancellation of AFSLs and other regulatory licences. Any suspension or cancellation of these licences or authorisations may result in HUB being unable to continue operating its business.

Litigation risk: Businesses operating in the financial services industry face the risk of litigation, instigated by regulators and plaintiffs through representative proceedings ("class action"). Disputes that arise from the ordinary course of business may negatively affect the financial performance of HUB or otherwise impact its reputation.

Competition risk: HUB operates in a competitive market and prospects for market share growth are contingent upon the actions, investments and position of its competitors as well as clients. There is a risk that improved or increased competition may adversely affect the financial performance and operation of its key businesses. Failing to remain competitive or adequately respond to demands and developments of the market may arise from factors including, but not limited to: investment market volatility, outdated technology, changing preferences of clients and underlying investor clients, pricing models and new or improved products being made available by competitors.

Personnel risk: HUB's success is heavily reliant on the ability and performance of its key personnel, including but not limited to, directors and key executive management. These individuals have extensive experience in the financial services industry, operating across wealth, platforms, superannuation and information technology.

Integration risk: There is a risk that HUB could be adversely impacted if businesses are not effectively integrated into the Group. There is a risk that integration could take longer, or cost more than anticipated, or that synergies from the combined business may be less than expected. Any failure to achieve this may impact on the financial performance and position of HUB.

Technology and counterparty risk: HUB relies on third-party suppliers, which include IT suppliers, that are necessary for the performance, reliability and availability of its services. Any failure from these parties to perform and undertake their contracted obligations could result in business disruption. HUB has robust measures in place to protect its technology, systems and information from unauthorised access. There is a risk that protection may not be adequate to prevent unauthorised access to systems and databases, which could lead to the loss, theft or corruption of data.

Disruption risk: HUB's services are heavily IT dependent and rely on a combination of internal and third-party systems to function effectively. There is a risk of disruption to the business due to an inability of any systems used, which includes handling increases in the volume of clients, transactions, errors or any omissions that may occur.

Platform

Product overview

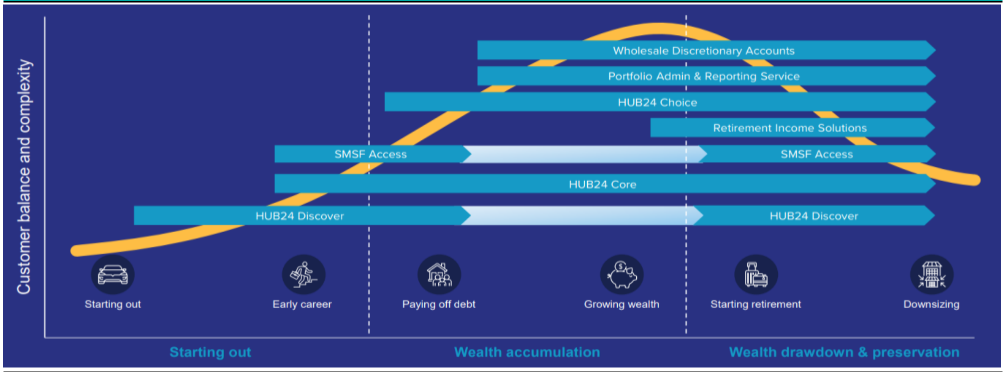
HUB's financial products cater for superannuation members (pre- and post-retirement) and non-superannuation investors, and the key value proposition to financial intermediaries is the quality of advice they can provide, enhanced through productivity and integrated open architecture. HUB relies on the development of its product solution suite, strong levels of customer satisfaction and leading technology infrastructure to attract and retain financial intermediaries and their clients.

We briefly summarise the types of platform products available below.

Investment: This service operates as an Investor Directed Portfolio Service (IDPS), or an unregistered Managed Investment Scheme (MIS) that allows investors to 'wrap' their assets under a custodial arrangement using an omnibus account. Wraps consolidate and provide an overview of the client's investments through a single account for reporting and tax purposes. Consolidating assets can produce cost savings by netting transaction fees and pooling investor funds to derive economies of scale.

Three different investment products are provided on HUB's IDPS: (1) a "Discover" Menu that provides simplified access to a selection of Managed Portfolios with no administrative fee; (2) a "Core" Menu that is targeted to suit lower account balances with the benefit of lower minimum administration fees; and (3) a flexible "Choice" Menu that offers access to the full range of investment options; including Cash, Managed Funds, Managed Portfolios, Term Deposits, ASX listed securities and international listed securities.

Figure 4 - Meeting product needs over the entire customer lifecycle



SOURCE: COMPANY DATA

Australia's non-superannuation sector had total personal investments of ~$2.8tn at 30 June 2020, with the majority of assets held directly. The value of investments held on platform is expected to be the fastest growing segment within personal investments, predicated on an increase from $125.7bn in 2020 to $285.8bn in 2030 at a CAGR of 8.1%.[2]

Figure 5 - Personal investments by platform 2020-2035

$m	2020	2025	2030	2035	Real 15-Year CAGR
Total non-superannuation wrap platforms	125,653	194,605	285,753	403,993	*8.1%*
Directly held assets	83,003	133,586	201,231	289,728	*8.7%*
Managed investments	42,650	61,019	84,522	114,264	*6.8%*
Non-superannuation master trusts	63,138	75,108	87,426	100,040	*3.1%*
Life investment products	25,699	31,400	37,639	44,485	*3.7%*
Directly held by households	2,633,567	3,290,016	4,035,880	4,886,361	*4.2%*
Total Personal Investments	2,848,057	3,591,129	4,446,698	5,434,879	*4.2%*

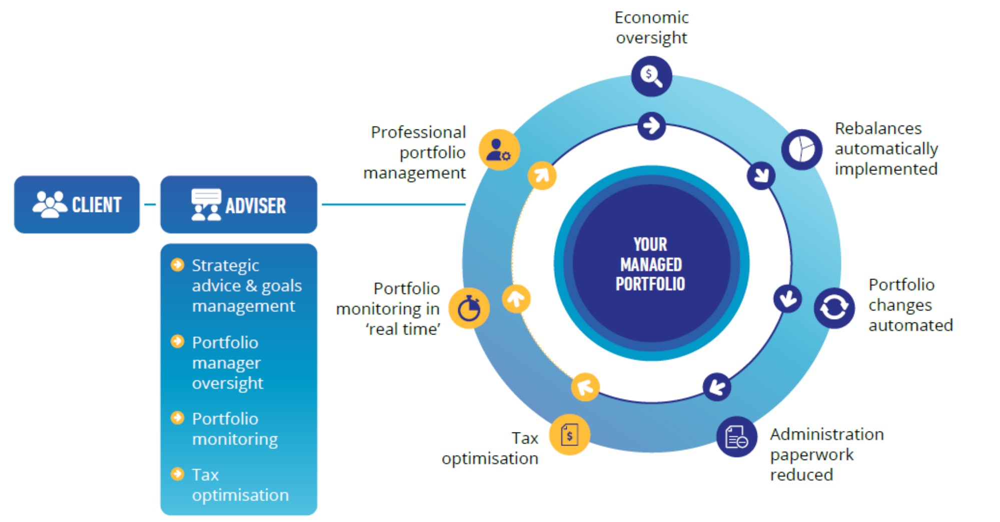
SOURCE: RICE WARNER

[2] Rice Warner Personal Investment Market Projections 2021

Superannuation: Super products are generally provided through a trust structure, where trustees hold funds on behalf of members, and the members have a beneficial ownership of the assets. This creates a clear separation of assets and establishes governance with the sole purpose of providing retirement benefits to members. There is no co-mingling of assets between the superannuation and investment accounts. HUB offers the same repertoire of investment products (e.g. Discover, Core and Choice) to superannuation members, utilises an external trustee and is regulated by APRA and ASIC under the *SIS Act* and the *Corporations Act* respectively.

Managed Portfolios: A non-unitised trust that is created and maintained by a regarded investment professional. An investor owns a beneficial interest in the underlying assets of the fund, held as part of superannuation or an investment. The HUB24 platform provides access to over 200 managed portfolios, operated by 16 primary model managers and implemented through a multi-asset allocation with a specific mandate, strategy and style tilt. Model managers include BetaShares, Blackrock, Morningstar, Lonsec and Zenith.

Figure 6 - The managed portfolio process



SOURCE: COMPANY DATA

Capability available on the HUB24 platform can be leveraged to create 'alpha' or additional value for clients otherwise unavailable through a unitised trust. Managers can implement progressive portfolio techniques to optimise investment returns, such as retaining existing clients in 'hard' closed money, while allocating incremental investor capital into alternative open funds. This removes the need to incur transaction fees, buy/sell spreads and CGT implications. In contrast, a client invested in a unitised managed fund would need to sell down their entire investment holding.

Key features

Other key features of the platform include the following.

Accessibility: Financial intermediaries and their clients can access investment information through a Personal Computer, Mobile and Tablet device.

Custody: Platforms provide a secure and efficient way to hold investments. HUB outsources its custodial functions to a series of third-party sub-custodians, including BNP Paribas Securities Services, Ausmaq and HSBC Bank Australia.

Portal: Specific to HUB is an integrated client experience that delivers a view of household wealth and facilitates the exchange of personal information in a secure way online.

Revenue breakdown

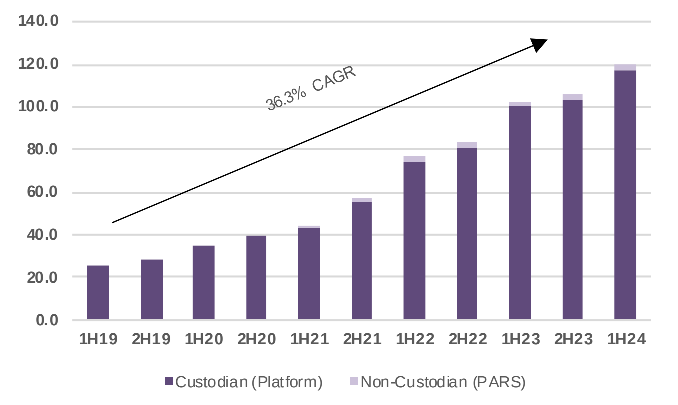
HUB derives revenue from three main sources relating to functions and services available on the platform. Revenue is recurring in nature and comprises a mix of FUA based fees for account administration, cash management and transactional activities. We expand on each of these in detail below.

Administration fees: Fees are calculated daily and are deducted monthly in arrears from a client's cash management account for providing online access, support functionality, maintaining records and producing performance and tax reporting on investments. A tiered administration fee is applicable per account, charged as a percent of FUA for IDPS and Super products and is generally capped for any amounts over the balance of $2.5m. A flat account keeping fee is also applicable, regardless of the total account balance.

Cash management fees: Fees are calculated daily and are deducted monthly from the interest earned on pooled cash, intermediated and held on deposit via Bank of Queensland (BOQ) effective 2 December 2022. A management fee of up to 1.75% can be applied to the cash account balance. We estimate that HUB earns an annual cash management fee of between 1.40-1.50% and clients are credited no less than RBA Cash minus 50-80bps.

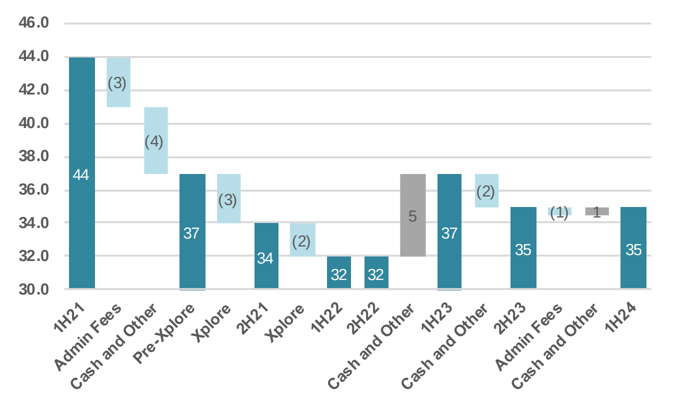
Transaction fees: Point-in-time activity fees charged for transactions within a managed portfolio, on managed funds, equities and insurance. Transaction fees are calculated as a percent of the trade value and are deduced from the client's cash account on settlement.

Figure 7 - Platform segment revenue ($m)



SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Figure 8 - Platform average revenue margin (bps)



SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

HUB reported 1H24 platform revenue of $117.2m, equivalent to a 0.35% revenue margin on the average FUA, calculated using the opening and closing balance for each month. HUB's average revenue margin has continued to compress, driven by tiered administration fees paid by clients on growing account balances. As of 1H24, the proportion of spot fee paying custodian FUA was 78.9% (82.5% at 1H21). Margin reductions have been partially offset by the higher target cash rate and an increased proportion of FUA held as cash. Together this provided an uplift of 5bps in 1H23. We estimate that 7-8% of FUA is cash.

HUB's acquisition of the Xplore platform contributed >$16.6bn in FUA between FY21-FY22 and broadened the overall composition of the book to include institutional clients with larger account sizes and wholesale pricing. We estimate a 25bps differential between average revenue margins across retail and institutional FUA on the platform, which delivered a 5bps headwind after integration between 1H21-1H22.

PARS: The Portfolio Administration Reporting Service (PARS) contributed $2.8m to segment revenue. Non-custody assets are administered under a similar tiered pricing arrangement, where we believe that the average revenue margin is around 3bps. PARS is provided to HNW broker clients under a non-custodial service. PARS revenue, while small at this point, has traditionally grown in-line with the number of customer accounts.

Financial advice industry

Advisers, licensees and Dealer Groups

There are currently 15,634 financial intermediaries in Australia who hold an Australian Financial Services (AFS) license or operate as an authorised representative of an AFS licensee and are registered to provide personal advice in relation to 'relevant financial products' to retail clients[3]. Professionals who provide general advice only, or personal advice on general insurance, consumer credit insurance and basic banking products are not recognised under the ASIC definition.

Financial intermediates can operate an independent advice practice with their own AFSL or align with a Dealer Group and operate under the Dealer Group's AFSL. Dealer Groups can facilitate collective bargaining power for individual advisers, reduce the operational burden on advice practices, and provide frameworks such as Approved Product Lists (APLs).

Regulating advice and vertical integration

Vertically integrating product design, sales and advice was popularised in the late 1990s and early 2000s. Each of the big 4 banks either acquired or merged with a fund manager, including CBA/Colonial, NAB/MLC and WBC/BT Financial Group. These institutions could cross-subsidise their licensing, compliance, and training costs with high ROI product sales through a distribution arm. The Final Report of the *Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry*, handed down on 4 February 2019, observed that large multi-Dealer Groups contained a bias to prescribing the owner's own products in favour of a potentially superior third-party product[4].

Losses that exceeded $5bn during the GFC revealed ~80,000 consumers had received inappropriate financial advice, leading to $1bn in consumer remediation in the late 2000s and *Future of Financial Advice* (FoFA) reforms in 2012[4]. FoFA contained three core pillars.

- The imposition of a 'best interests' obligation on financial advisers providing personal advice to retail clients;
- A ban on conflicted remuneration structures; and
- Measures intended to enhance the disclosure of fees and services associated with ongoing fees.

We have detailed other key formative developments across the financial services industry in the figure below.

Figure 9 - Major reforms in the financial services industry (applicable to financial advisers)

2012	• Introduction of FoFA legislation, establishing a 'best interests' duty and banning conflicted remuneration • Compliance becomes mandatory from 1 July 2013
2014	• The Government decides ASIC should establish and maintain a Financial Advisers Register (FAR) • Establishes a public register of professionals providing personal advice on more complex products to retail clients • Adviser compliance exemption with the Tax Agent Services (TAS) regime is repealed
2019	• Final Report of Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry • Introduction of the Professional Standards • Professionals must complete Continuing Professional Development (CPD) and comply with a Code of Ethics (FASEA) • Financial advisers are required to complete an exam and have an approved qualification, this is not grandfathered • Approved qualification includes a bachelor's degree (AQF7 level) or above or equivalent from 1 January 2026
2021	• Response to the Financial Services Royal Commission (FSRC) is implemented • Measures include the removal of grandfathered conflicted remuneration and changes to ongoing fee arrangements

SOURCE: ASIC, FINAL REPORT OF THE FINANCIAL SERVICES ROYAL COMMISSION, QUALITY OF ADVICE REVIEW AND BELL POTTER SECURITIES

[3] ASIC Financial Advisers Register

[4] Final Report of the Financial Services Royal Commission

Adviser losses, alignment and self-licensing trends

Australia's big 4 banks, AMP and Insignia Financial (IFL) have traditionally held the largest licensed adviser networks, together accounting for around half of the total adviser market. These groups have since looked to divest their wealth management divisions, stem losses and increase Common Equity Tier 1 capital ratios, driven by: (1) $4.7bn in total remediation to consumers who suffered a loss or detriment from fees for no service misconduct, or non-compliant advice; (2) general reputational damage from the fallout of the Financial Services Royal Commission, AMP for example must still settle two legacy class actions; and (3) an unbundling of fees, where *MySuper* legislation restricted default super contributions.

The big four banks have now completely withdrawn from wealth management, while AMP and IFL remain the two primary licensees with around 871 and 785 advisers respectively as of December 2023 (in total through their aligned Dealer Groups). We outline key events within this rationalisation in the figure below.

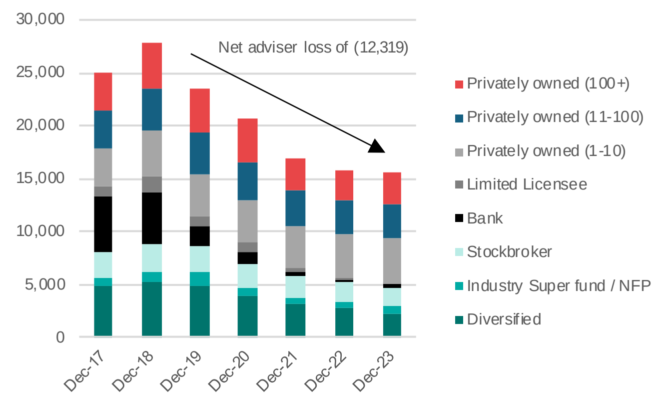
Figure 10 - Aligned Dealer Group changes in Australia

ANZ	• Sells aligned Dealer Groups (Millennium3, RI Advice & Others) to IFL for a cash consideration of $975m in Oct 2017 • Aligned Dealer Groups and pension investment produce an annual profit of $39m, sale boosts CET1 ratio by 15bps • De-risks with the sale of ANZ Wealth financial planning and advice in Sep 2022 to Zurich Financial Services Australia
CBA	• Ceases licensee services through FinWis (329 advisers) and transitions Commonwealth FP (654 advisers) in Jun 2019 • Count Financial Ltd, a wholly owned subsidiary and AFSL holder, is sold to CountPlus in Oct 2019 • Sells a 55% interest in CFS to KKR in May 2020, implying a total valuation of $3.3bn with cash proceeds of $1.7bn • Major interest sale completes in Dec 2021, delivering $1.5bn of CET1 and a pro-forma uplift of the CET1 ratio by 32bps
NAB	• Announces the intention to exit welath management in 1H18, with a pursued divestment of MLC and retains JBWere • Exit of MLC in May 2021 sees IFL purchase advice, platforms and AM businesses for total cash proceeds of $1,440m • Sale of advice licenses including TenFifty & Godfrey Pembroke provides a pro-forma uplift of 35bps to the CET1 ratio
WBC	• Exits personal advice by salaried and aligned planners in BT Financial Group by Sep 2019, ~175 adviers to Viridian • The wealth strategy reset removes a loss-making business, including $280m p.a. in cost reduction, but retains BT brand
IFL	• Subsidiary Brdiges Financial Services Group acquires the BEN Financial Planning for $3m cash consideration in Jul 2019 • Divests Godfrey Pembroke license to advisers and sells Millennium3 to WTF for $2m cash consideration in 2023/2024
Other	• Centrepoint acquires Cleaview licenses - Financial Advice & Matrix Planning Solutions on 1 Nov 2021

SOURCE: ASIC, AFR, COMPANY DATA AND BELL POTTER SECURITIES

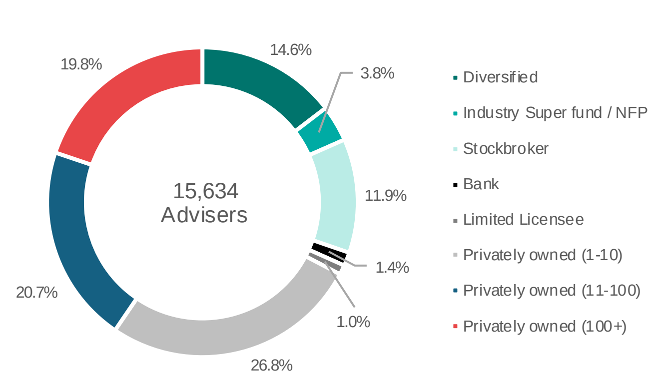
Overall adviser numbers have declined from 25,083 to 15,634 between CY17-CY23 at a CAGR of -7.6%. Negative growth also reflects a positive movement to include junior advice and support staff ahead of the educational requirements in 2018. At the same time, ASIC has on average granted ~900 AFSLs per annum (note 1,178 applications were approved in FY22)[5]. Smaller outfits, when considered as a proportion of the total adviser market, have risen from 42.8% in 2017 to 67.3% in 2023. We see this as a tailwind for independent open architecture platforms, where networks are seeking to collaborate and deliver improved client outcomes with greater flexibility in their product recommendations.

Figure 11 - Adviser numbers in Australia



SOURCE: ADVISER MUSICAL CHAIR REPORT 1Q24

Figure 12 - Adviser distribution by Licensee (Dec 2023)

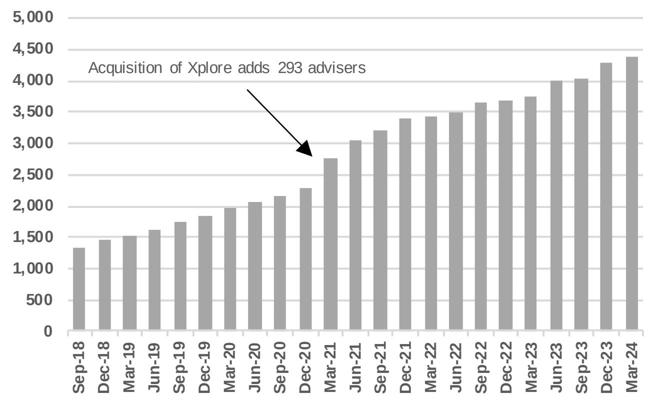


SOURCE: ADVISER MUSICAL CHAIR REPORT 4Q23

[5] ASIC Annual Reports

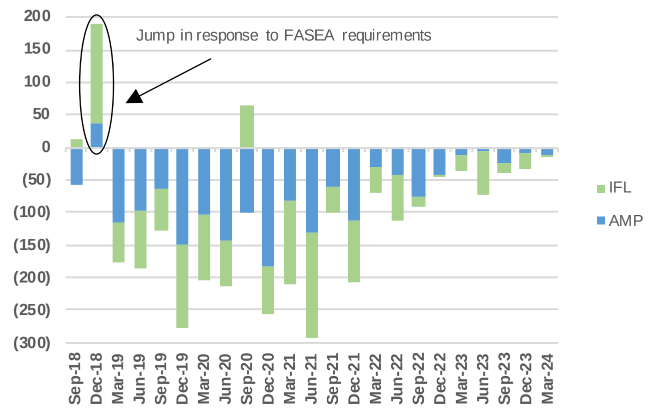
HUB has experienced platform adviser growth at a 5-year CAGR of 24.4%, while AMP and IFL aligned Dealer Groups have shed over half their adviser base. Quarterly net attrition for the two incumbents has slowed from around 10% to 3% but not inflected. Less than 100 professionals now join the adviser market each quarter with higher departures producing fewer total participants.

Figure 13 - HUB24 active advisers



SOURCE: COMPANY DATA

Figure 14 - Change in AMP and IFL adviser numbers



SOURCE: ASIC, WEALTH DATA AND BELL POTTER SECURITIES ESTIMATES

Quality of Advice Review

On 11 March 2022, the *Quality of Advice Review* (QAR) commenced following the recommendations and reforms of the *Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry*. The review seeks to evaluate regulatory frameworks from the past decade (aimed at protecting consumers) and the provision of high quality, accessible and affordable financial advice at scale[6].

The QAR raised concerns over the number of new advisers entering the industry and highlighted this is insufficient to replace those advisers exiting[6]. It detailed the decline in adviser numbers could be due to: (1) professional standards creating a potential barrier of entry, while triggering the early retirement of some advisers, rather than complying with new education and exam requirements; and (2) a reduction in traditional adviser revenue sources.

The QAR made 22 recommendations to change the regulatory framework that applies to the provision of comprehensive personal advice, general advice by product issuers and digital advice. Of these recommendations, the Albanese Government has confirmed its acceptance of 14, with the *Final Response to the Quality of Advice Review* on 7 December 2023 proposing a roadmap for the implementation of three tranche reforms, including.

1. A modernised and flexible best interests' duty, with the removal of "safe harbour" steps. Safe harbour provisions are intended to satisfy the best interests' duty and demonstrate compliance. KPMG modelling has indicated that removing provisions (while still retaining the best interests' duty) would result in a 9-11% reduction in the cost of advice[6]. This is largely due to eliminating mechanical processes.
2. A new class of financial adviser, proposed to solve the supply-side issue through a cohort that provides 'simple financial advice' only[6]. New advisers would belong to licensed financial institutions and be subject to the modern best interests' duty[6].
3. Expanding on superannuation advice, with specific allowances to enable funds to consider a broader range of a member's personal and household circumstances, and to create personalised 'nudges' depending on their financial situation[6].

[6] Quality of Advice Review and Final Government Response to the Quality of Advice Review

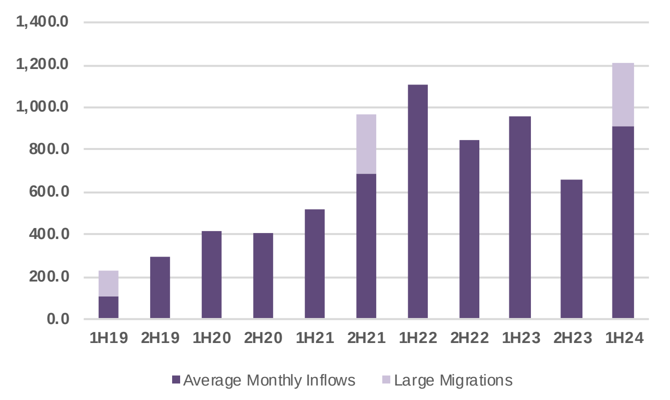
Strong track record of FUA growth

Consistent flows and a high level of asset retention (~97% per quarter) has seen HUB benefit from average monthly net inflows of $896.9m since 1Q22 (excl. large transitions), driving a 5-year CAGR of 48.5% in platformed FUA.

In FY23, softer flows and a consistent level of churn caused underlying monthly net inflows to decline by 17.2% YoY. HUB averaged $978.0m net inflows per month between 1Q22-4Q22 (vs. $810.1m 1Q23-4Q23). This coincided with poor investor sentiment and weaker support for the IDPS. Flows into HUB24 Super, which we believe represent around half of the platform FUA, have been less effected by the economic cycle and market volatility. An increased use of term deposits off-the platform also weakened flows.

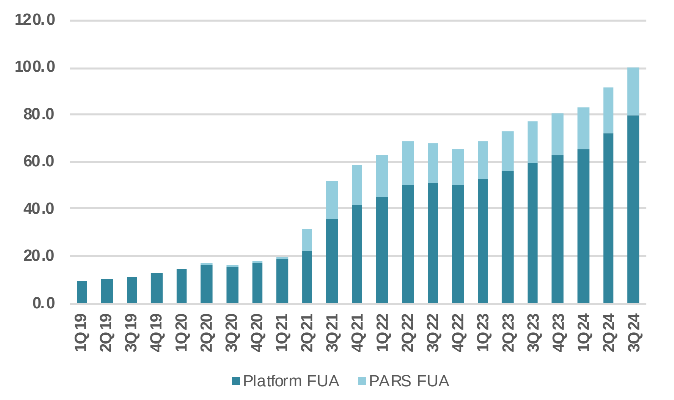
We expect that HUB will pivot back to the trend of higher average net inflows from FY24, helped by the launch of Discover in November 2023. As of 3Q24, HUB had $75m in FUA held through Discover. The investment menu offers of a range of managed portfolios that cater for drawdown sensitive customers. There are no administration, minimum or account keeping fees, but investment management fees still apply.

Figure 15 - Platform average monthly net inflows ($m)



SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Figure 16 - Total FUA ($bn)



SOURCE: COMPANY DATA

At its 3Q24 trading update, HUB delivered 10.1% FUA growth QoQ, including a $0.8bn benefit from the first tranche of its flagged Equity Trustees Ltd (EQT) migration program, positive market movements totalling $3.7bn and organic net inflows of $2.7bn. Even on an underlying basis, the result was a March quarter record, surpassing the 2023 achievement of $3.6bn across asset growth ($1.7bn) and net inflows ($1.9bn).

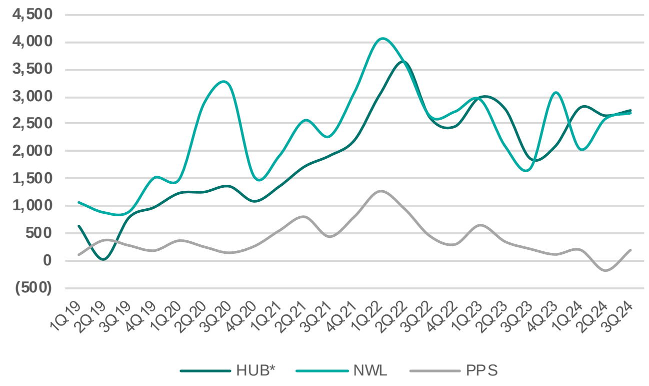
HUB has indicated that it expects to receive a further $1.7-3.0bn in FUA, forecast to be received during 4Q24e in respect to providing EQT custodial administration and technology solutions. The balance of EQT's $4.0bn scope is predicted to migrate onto the platform in 1H25e and should produce a further uplift of $850m.

In the figure below, we highlight the underlying net inflows of HUB, and draw a comparison to its specialist platform peers. Over the last three quarters, HUB has consecutively beaten NWL as the leading recipient of net inflows (1Q24-3Q24 $8,195m vs. $7,306m), while PPS continues to trail the two. We believe that HUB and NWL are better placed to attract more users onto the platform, driven by industry recognition, functional superiority and market-leading products and services. Last year HUB was awarded Best Platform Overall, Best Online Business Management, Best in Reporting, Best Managed Accounts Functionality and Best Mobile Platform[7].

Since FY21, HUB has sustained average flows equivalent to around 5.5% of its quarterly opening FUA, exceeding 4.6% for NWL and 2.2% for PPS.

[7] Investment Trends Platform Competitive Analysis and Benchmarking Report 2023

Figure 17 - Quarterly specialist platform net inflows ($m)



SOURCE: COMPANY DATA. *DOWNWARD REVISIONS MADE FOR LARGE MIGRATIONS

Figure 18 - Industry accolades awarded to HUB

SOURCE: COMPANY DATA

Governance to underpin FUA growth

HUB's executive remuneration framework includes a fixed money component and various performance linked outcomes, designed to maximise shareholder value while seeking to attract, retain and motivate a high calibre of senior staff members.

A key vesting condition for performance rights granted under the Long-Term Incentive (LTI) plan is a three-year FUA CAGR of 19.59-26.25%. We are forecasting HUB to grow its FUA at an annualised rate of 28.6% over FY23-FY25e, which is further supported by large client transitions and private label distribution agreements.

At its 1H24 result, HUB reiterated platformed FUA guidance of between $92-100bn for FY25e, predicated on: (1) net inflows of $10-12bn per annum excluding the effects of large migrations; (2) an estimated $4bn in FUA received through the Heads of Agreement with EQT, primarily to be realised in 2H24e with carryover in FY25e; and (3) a range of market growth assumptions.

In the figure below, we highlight management's history of providing reliable guidance, with positive surprises emerging on distribution agreements and the adviser base. Over the last two years, HUB has met or exceeded its guidance, achieving platform FUA of $49.7bn in FY22 and $62.7bn in FY23. HUB also remains well placed to meet its FY24e guidance ($80-89bn), based on reported platform FUA of $79.7bn at 3Q24.

Figure 19 - History of custodial FUA guidance

1H20	• Target of $22-26bn for FY21
2H20	• Target of $28-32bn for FY22, based on strong net inflows and no unforeseen economic impacts from Covid
1H21	• Target of $43-49bn for FY22, including HUB24 and Xplore custodial platform FUA (36.7% upgrade at the mid-point)
2H21	• Target of $63-70bn for FY23
1H22	• Target of $83-92bn for FY24
2H22	• Target of $80-89bn for FY24 (3.4% downgrade at the mid-point), based on strong net inflows and market volatility
1H23	• Target of $80-89bn for FY24 (reiterated guidance)
2H23	• Target of $92-100bn for FY25
1H24	• Target of $92-100bn for FY25 (reiterated guidance) • Comprises net inflows of $10-12bn per annum, $4bn in large migration opportunities and a range of market growth assumptions

SOURCE: COMPANY DATA

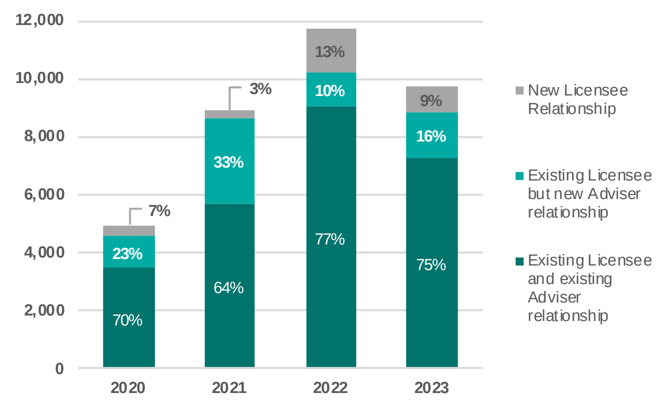
Opportunities for future growth

We believe that HUB is still in the relative early stages of expanding its platform offering, with a solid pipeline of opportunities across all intermediated customer segments, including large national licensees, brokers, boutique practices and self-licensed adviser networks.

Over the last four years, a large proportion of flows have been driven by the on-boarding of new licensees and advisers, estimated to be around 30% on average. HUB has continued to sign new distribution agreements with Independent Financial Advisers (IFAs) that are yet to be reflected in the company's FUA. Increased penetration through the private segment could see HUB acquire around 3,500 new advisers. As of March 2024, there were 4,382 advisers that actively engaged with the platform, and this could almost double to represent over three quarters of the total adviser market.

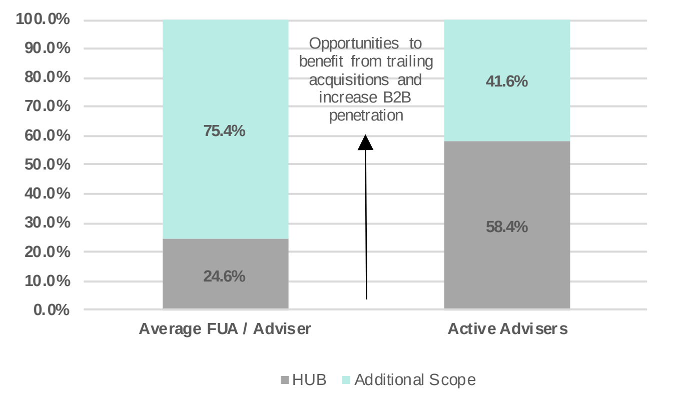
Average FUA per adviser has grown to around $18.2m, while the industry average is estimated to be $65.0m. We believe that HUB is well positioned to benefit from an annuity of flow/transition benefits through its present adviser base.

Figure 20 - Net inflow analysis: annual by relationship ($m)



SOURCE: COMPANY DATA

Figure 21 - Net inflow opportunity: from adviser base (%)



SOURCE: COMPANY DATA

Platform pricing and market share

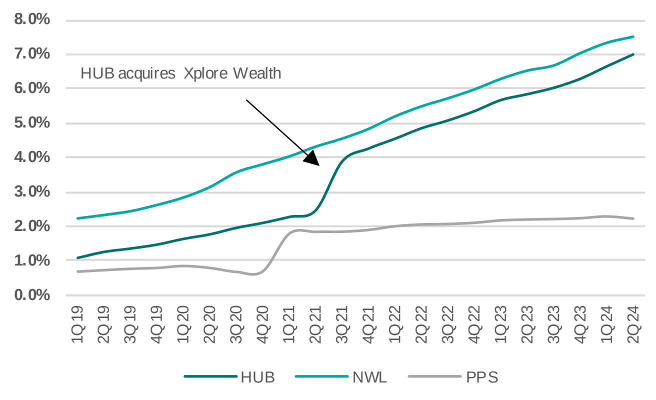
The platform market is highly competitive, and peers compete on homogenous products, differentiated by their levels of service and functionality.

To win back flows from specialist platform providers, BT Financial Group (a wholly owned subsidiary of WBC), announced a lower fee structure for its Panorama system in 2018. This comprised a 0.15% p.a. asset-based administration fee, capped over the balance of $1m plus a flat account fee of $540 p.a. Concurrently, BT looked to simplify its product and platform offering by migrating seven legacy systems into one core operating system.

Utilising scale through FUA to reduce fees has been an unsuccessful strategy to-date for the institutionally owned platforms - that have continued to lose market share. Over the last five years, specialist platforms' FUA have grown at a CAGR of 48.5% from $34.3bn to $173.1bn. Macquarie is the only institutional owner to have experienced meaningful FUA growth over this period.

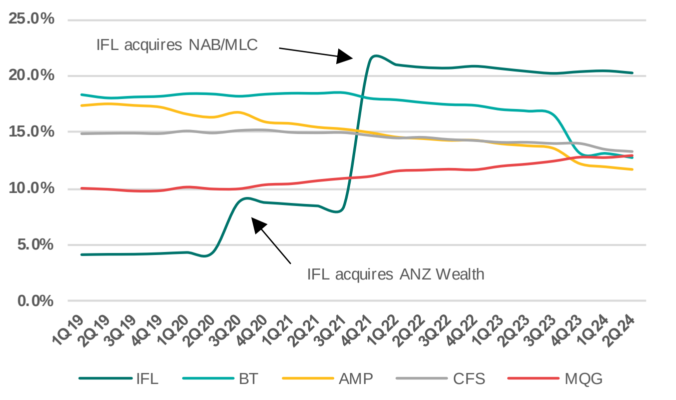
Over the medium-term, we believe that large incumbent competitors will need to improve their technology offerings and platform functionality. On 27 May 2024, WBC unveiled its 'Unite' program, which detailed an average annual investment spend of around $2bn and sequenced initiatives aimed to reduce the complexity and decommission its duplicated systems by FY28e. WBC will have taken over six years to successfully migrate its wealth management product suite, with Asgrard IDPS and superannuation products undergoing further work in FY24 to integrate onto the Panorama platform.

Figure 22 - Specialist platform FUA market share (%)



SOURCE: COMPANY DATA AND PLAN FOR LIFE

Figure 23 - Institutionally owned FUA market share (%)

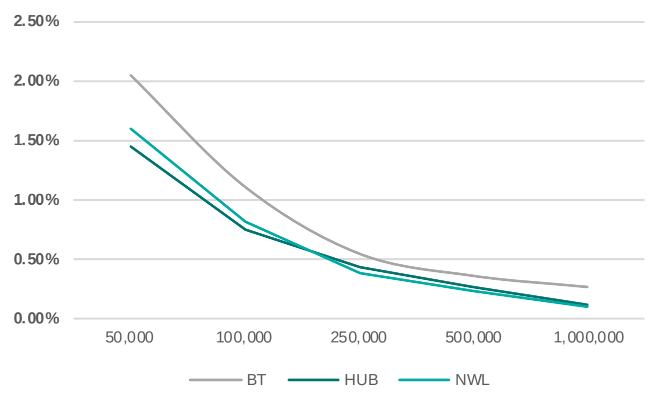


SOURCE: PLAN FOR LIFE

Given the legacy back-book of customers and high FUA, we believe there is little incentive for incumbent providers to cut fees again. Our analysis of comprehensive fees would also indicate that specialist platforms remain cost-effective when considering expense recovery, asset-based, flat management and custodial holding fees.

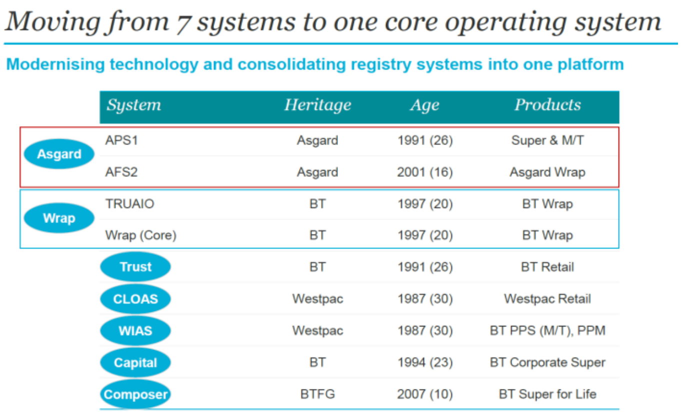
In the figure below, we have compared the total cost for similar superannuation products (full investment menu) provided by HUB, NWL and BT, taken as a percent of the portfolio value. We estimate administration costs are around 15bps lower for an investment through HUB and NWL where the portfolio value is between $250,000-1,000,000.

Figure 24 - Annual fee and cost analysis: as a % of PV on Super



SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Figure 25 - WBC wealth management strategy from 2017


Moving from 7 systems to one core operating system

Modernising technology and consolidating registry systems into one platform

	System	Heritage	Age	Products
Asgard	APS1	Asgard	1991 (26)	Super & M/T
	AFS2	Asgard	2001 (16)	Asgard Wrap
Wrap	TRUAIO	BT	1997 (20)	BT Wrap
	Wrap (Core)	BT	1997 (20)	BT Wrap
Trust		BT	1991 (26)	BT Retail
CLOAS		Westpac	1987 (30)	Westpac Retail
WIAS		Westpac	1987 (30)	BT PPS (M/T), PPM
Capital		BT	1994 (23)	BT Corporate Super
Composer		BTFG	2007 (10)	BT Super for Life

SOURCE: COMPANY DATA

Super effects to support margin net inflows

Super Guarantee (SG) was introduced in 1992 and requires employers to make mandatory contributions to their employees' superannuation fund. The contribution rate is scheduled to increment by 0.50% each year, before progressively reaching 12.00% on 1 July 2025. The minimum SG rate paid by employers is currently 11.50% as of 1 July 2024.

We also expect HUB to benefit from net transfers within the superannuation industry. On a quarterly basis, self-managed super funds (SMSFs) have seen an average net benefit of ~$343m in rollovers from industry funds over the last 9 years to 30 June 2023. The trailing 12-month value of transfers has increased at a 3-year CAGR of 62.2%, up to $2.1bn as of 30 June 2023. The current run-rate is tracking for net benefit transfers of $2.8bn through to March 2024.

Tech Solutions

Product overview

HUB's technology ecosystem provides integrated software solutions to support licensees, stockbrokers, advisers and accountants to deliver services to their clients. This includes direct-connect data feeds through the cloud-based accounting, investment, reporting and administration software, developed and distributed by Class (acquired in 2022 and 100% owned) to the self-managed superannuation industry.

We briefly summarise the product solution suite for Class below.

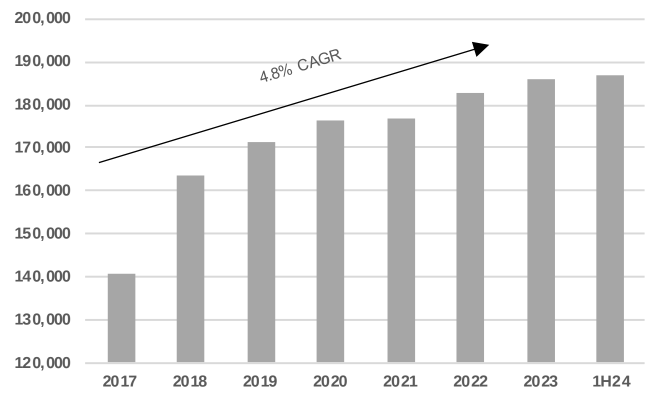
Class Super: An application programming interface with over 200 ASAE 3402 certified data feeds, delivered over secure transfer direct from the relevant source, including banks, brokers and platform providers. Direct-connect data feeds are used to match, process and reconcile daily business events, such as income entitlements (i.e. franking credits and withholding tax) and transactions through auto-journal general ledger entries. The solution also provides zero touch capabilities with a high level of system uptime and replicated data, tax statement automation and bulk processing for corporate actions. Data feeds are compatible with domestic and international equities, individually managed accounts and separately managed accounts platforms, and specialist term deposit and bond platforms.

Class Trust: Delivers a similar value proposition for beneficiaries of a trust, where complex administrative rules can be streamlined through the cloud-based solution.

Class Portfolio: An expansion of the total product offering, targeted at non-SMSF retail holders of investment portfolios.

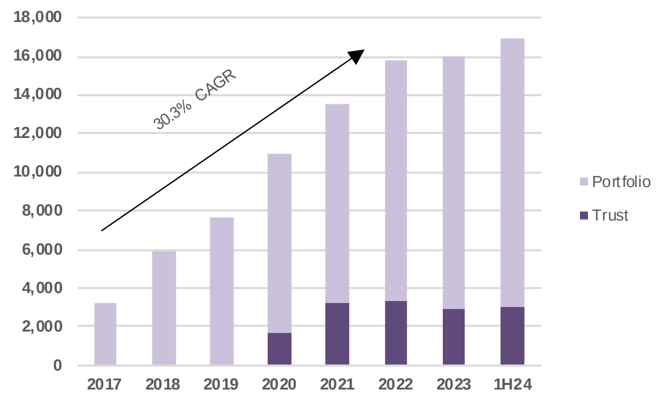
NowInfinity: Legal documentation and corporate compliance management solution that provides on demand access to a suite of over 70 accepted documents, used to establish and maintain companies, trusts, SMSFs and more. The products integrate with Class and deliver back-office automation for professional services firms, including financial planners, accountants and lawyers.

Figure 26 - Class super accounts (#)



SOURCE: COMPANY DATA

Figure 27 - Class trust and portfolio accounts (#)



SOURCE: COMPANY DATA

HUB is also a strategic shareholder in Count Ltd (CUP) (12% ownership), a diversified financial services business that operates across accounting, wealth and ancillary support functions, including actuarial certificates and education services.

Under a Distribution and Technology Partnership Agreement, CUP is a cornerstone client for HUBconnect's data and technology services.

Revenue breakdown

HUB derives revenue from three main sources relating to the provision of its technology applications. Revenue consists of recurring software subscription and professional service fees, as well as one-off transaction fees. We expand on each of these in detail below.

Licensing fees: Billable customers make monthly subscription payments, priced on a per investment portfolio basis (SMSF, trust or company) to access the administration software. Licensing fees also include an annual statement automation for ASIC compliance. Volume discounts may apply for enterprises that purchase multiple seat licenses or bulk document packages. The average annual revenue per unit (ARPU) for Class Super is $232, tending to grow in-line with inflation.

Transaction fees: Pay-per-use fees charged for document orders and priced according to the use case and format (electronic, slimline or binder). SMSFs purchase legal documents as required, which can include a Deed of Establishment, Change of Trustee or Investment Strategy reviews. Corporations may also request a legal document to register a standard company with ASIC.

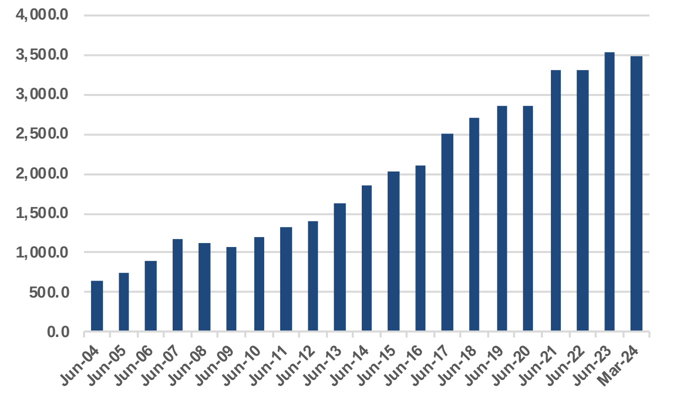
Commissions: Includes consulting and B2B partner fees, received for facilitating the sale of integrated third-party products and services, made available through the Class software.

Superannuation landscape

Australia's superannuation sector had total system assets of ~$3.6tn at 30 June 2023, with the majority held through industry funds and regulated by APRA. SMSFs are the second largest category within Australian superannuation, representing 26% of the asset base.

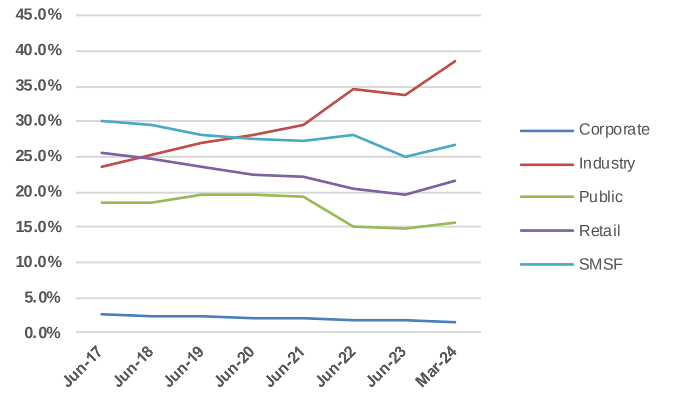
Net asset movements over the last 12-months have favoured industry funds, growing by ~$139bn or 13.6% YoY. The large growth experienced by industry funds has been further augmented by the acquisition of public funds and includes market share gains from retail funds post Royal Commission. Net asset movements for SMSFs have been more muted, with a ~$32bn or 3.8% gain over the last 12-months.

Figure 28 - Total superannuation system assets ($bn)



SOURCE: APRA

Figure 29 - Superannuation assets: distribution by fund type



SOURCE: APRA

As of 31 December 2023, there were 609,301 SMSFs with a total of 1,136,532 members. Class Super serviced the administrative needs of 186,961 SMSF portfolios, representing a 30.7% market share of the addressable market. Software competitor BGL has the largest market share, administering over 250,000 SMSF portfolios. The remainder are accounted for manually or via desktop solutions like Microsoft Excel.

Net establishments have recovered above their five-year low, bouncing from 2,146 in FY19 14,705 in FY23 to represent ~2.5% of the opening funds. Gross establishment growth is currently driven by a median member age of around 46 years of age.

Financials

Forecast profit & loss

We forecast sales revenue to grow at a CAGR of 17.0% and EBITDA (after accounting for share based payments) at a CAGR of 20.9% from FY24-26e.

A breakdown of our forecast P&L is shown below.

Figure 30 - Historical and forecast P&L ($m)

Year End 30 June	1H21	2H21	2021	1H22	2H22	2022	1H23	2H23	2023	1H24	2H24e	2024e	2025e	2026e
Platform	43.8	57.3	101.1	77.3	83.2	160.5	102.7	106.1	208.8	120.0	135.4	255.4	321.9	366.5
Tech Solutions	3.3	3.3	6.6	3.0	26.0	29.0	33.4	34.1	67.5	34.8	35.2	70.0	73.0	75.8
Corporate	0.4	1.0	4.3	1.3	1.7	3.0	1.6	1.6	3.2	1.9	2.0	3.9	4.7	4.9
Sales Revenue	**47.5**	**61.6**	**112.0**	**81.6**	**110.9**	**192.5**	**137.7**	**141.8**	**279.5**	**156.7**	**172.5**	**329.2**	**399.6**	**447.2**
Platform	25.1%	45.8%	36.1%	76.5%	45.2%	58.8%	32.9%	27.5%	30.1%	16.8%	27.6%	22.3%	26.1%	13.8%
Tech Solutions	6.5%	0.0%	3.1%	-9.1%	687.9%	339.4%	1013.3%	31.2%	132.8%	4.2%	3.2%	3.7%	4.3%	3.8%
… Growth %	*24.0%*	*43.3%*	*33.5%*	*71.8%*	*80.0%*	*71.9%*	*68.8%*	*27.9%*	*45.2%*	*13.8%*	*21.7%*	*17.8%*	*21.4%*	*11.9%*
Platform	17.4	20.5	37.9	30.0	32.3	62.3	41.4	43.7	85.1	47.9	59.0	106.9	138.8	162.3
Tech Solutions	0.9	0.8	1.7	0.8	10.6	11.4	10.5	11.3	21.8	10.1	11.0	21.1	24.6	26.6
Segment EBITDA	**18.3**	**21.3**	**39.6**	**30.8**	**42.9**	**73.7**	**51.9**	**55.0**	**106.9**	**58.0**	**70.0**	**128.0**	**163.3**	**188.9**
… Platform %	39.7%	35.8%	37.5%	38.8%	38.8%	38.8%	40.3%	41.2%	40.8%	39.9%	43.6%	41.9%	43.1%	44.3%
… Tech Solutions %	27.3%	24.2%	25.8%	26.7%	40.8%	39.3%	31.4%	33.1%	32.3%	29.0%	31.2%	30.1%	33.7%	35.1%
… EBITDA Margin %	38.9%	35.1%	36.8%	38.4%	39.3%	38.9%	38.1%	39.2%	38.7%	37.5%	41.1%	39.3%	41.4%	42.7%
… Growth %	*24.5%*	*16.4%*	*42.4%*	*44.6%*	*39.3%*	*86.1%*	*21.0%*	*6.0%*	*45.0%*	*5.5%*	*20.7%*	*19.8%*	*27.6%*	*15.6%*
Corporate	(1.4)	(1.5)	(3.0)	(1.1)	(2.2)	(3.3)	(2.0)	(2.5)	(4.5)	(3.0)	(6.9)	(9.9)	(12.0)	(13.4)
Underlying EBITDA	16.9	19.8	36.6	29.7	40.7	70.4	49.9	52.5	102.4	55.0	63.1	118.1	151.3	175.5
Share Based Payments	(3.0)	(3.2)	(6.2)	(6.0)	(4.8)	(10.8)	(4.4)	(6.7)	(11.1)	(5.8)	(6.3)	(12.1)	(13.2)	(14.4)
Operating EBITDA	**13.9**	**16.6**	**30.4**	**23.7**	**35.9**	**59.6**	**45.5**	**45.8**	**91.3**	**49.2**	**56.8**	**106.0**	**138.2**	**161.1**
Depreciation & Amortisation	(2.8)	(3.6)	(6.4)	(1.5)	(6.0)	(7.5)	(5.6)	(5.9)	(11.5)	(6.9)	(7.8)	(14.7)	(15.7)	(17.0)
EBIT	**11.1**	**13.0**	**24.0**	**22.2**	**29.9**	**52.1**	**39.9**	**39.9**	**79.8**	**42.3**	**49.0**	**91.3**	**122.5**	**144.1**
Interest Expense	(0.1)	(0.1)	(0.2)	(0.2)	(0.5)	(0.8)	(0.8)	(1.1)	(1.9)	(1.1)	(0.9)	(2.0)	(1.5)	(0.7)
EBT	**11.0**	**12.9**	**23.8**	**21.9**	**29.4**	**51.3**	**39.1**	**38.8**	**77.9**	**41.2**	**48.1**	**89.3**	**121.0**	**143.4**
Tax	(3.6)	(4.3)	(7.9)	(6.1)	(9.3)	(15.4)	(12.4)	(6.7)	(19.1)	(10.8)	(16.0)	(26.8)	(36.3)	(43.0)
Underlying NPAT	**7.4**	**8.6**	**15.9**	**15.8**	**20.1**	**35.9**	**26.7**	**32.1**	**58.8**	**30.4**	**32.1**	**62.5**	**84.7**	**100.4**
Abs & Extras (Post-Tax)	0.0	(8.1)	(8.1)	(8.3)	(12.8)	(21.1)	(12.5)	(4.9)	(17.4)	(12.6)	(9.4)	(22.0)	(12.0)	(12.0)
Reported NPAT	**7.4**	**0.5**	**7.8**	**7.5**	**7.3**	**14.8**	**14.2**	**27.2**	**41.4**	**17.8**	**22.8**	**40.5**	**72.7**	**88.4**
Core EPS (¢ps)	11.6	13.0	24.1	23.1	26.1	49.4	33.4	40.0	73.5	37.4	39.4	76.7	103.9	123.1
Dividend (¢ps)	4.5	5.5	10.0	7.5	12.5	20.0	14.0	18.5	32.5	18.5	16.0	34.5	52.0	61.6

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Net inflows: We forecast platform FUA to reach $120.9bn by FY26e, predominantly driven by our expectation for over $900m in average monthly net inflows and an asset retention rate of ~97%. We also incorporate an additional $3.2bn in FUA through the EQT migration, with $2.4bn (mid-point of guidance) forecast to be received in 4Q24e and $0.8bn in 1H25e. This underpins our expectation for net inflows of $15.8bn in FY24e and $11.8bn in FY25e.

Market movements: We assume a 65% asset allocation to equities and a market-based return of 2.0% per quarter in the long-run, driven by diversified managed portfolios and more attractive fixed income investments. We account for equity mark-to-markets in 4Q24e and forecast a -$0.5bn FUA movement for the quarter, predicated on a 1.1% loss rate for the S&P/ASX 200 Accumulation Index.

Revenue: Our Group revenue forecasts are underpinned by platform revenue growth at a CAGR of 20.6%. We have assumed that average revenue margins compress by around 1bps per annum, driven by tiered administration fees and increased FUA per adviser. We expect low single digit revenue growth for tech solutions, predicated on inflationary growth for Class Super ARPU and a ~3.2% net establishment rate for Australian SMSFs.

Platform expenses: Employee expenses have declined as a percent of FUA, down from 0.18% in 1H21 to 0.15% in 1H24. Custody and related expense growth (HUB outsources its custodial functions) has plateaued and demonstrates the economies of scale. Operating expense to revenue growth was -3.5% in 1H24. Together, positive jaws drive our forecast EBITDA margin of 44.3% by FY26e.

Depreciation: We forecast depreciation to remain at ~60% of PP&E, in-line with historic precedence.

Acquired amortisation: We forecast acquired amortisation of $17.1m per annum, relating to ~$137.9m of acquired software and relationships held on balance sheet. We account for this below the line as an extraordinary along with strategic transactions and project costs.

Amortisation: We forecast amortisation to increase, driven by platform and tech solutions capex and a depleted carrying value for the acquired intangibles.

NPAT: We forecast underlying NPAT to grow at a CAGR of 19.5%.

Dividends: We forecast dividends in-line with historical precedence at ~50% of core EPS. The Board's dividend policy targets between 40-60% of the underlying net profit after tax.

Balance sheet and cash flow

A breakdown of key items on our forecast Balance Sheet and cash flow is shown below.

Figure 31 - Historical and forecast Balance Sheet ($m)

Year End 30 June	1H21	2H21	2021	1H22	2H22	2022	1H23	2H23	2023	1H24	2H24e	2024e	2025e	2026e
Cash	85.3	63.5	63.5	59.5	43.5	43.5	67.1	72.7	72.7	60.8	79.4	79.4	116.8	152.5
Borrowings	0.0	12.5	12.5	12.5	39.3	39.3	36.3	30.0	30.0	30.0	20.0	20.0	10.0	0.0
Net Debt/(Cash)	**(85.3)**	**(51.0)**	**(51.0)**	**(47.0)**	**(4.2)**	**(4.2)**	**(30.7)**	**(42.8)**	**(42.8)**	**(30.8)**	**(59.5)**	**(59.5)**	**(106.9)**	**(152.5)**
Lease Liabilities	7.1	6.8	6.8	5.9	10.2	10.2	9.7	10.2	10.2	8.4	10.2	10.2	10.2	10.2
Associates	0.0	14.5	14.5	15.0	15.2	15.2	12.1	12.2	12.2	13.6	13.7	13.7	14.4	15.2
Intangibles (incl. Goodwill)	52.3	104.0	104.0	102.8	429.4	429.4	424.8	459.2	459.2	458.0	455.9	455.9	454.5	455.6
ROE (%)	13.0%	10.3%	12.4%	17.1%	12.5%	11.3%	11.6%	13.2%	12.2%	12.0%	12.5%	12.1%	15.6%	17.1%
ROIC (%)	40.8%	26.7%	28.6%	33.5%	20.7%	18.3%	18.6%	18.1%	17.6%	18.0%	21.0%	19.6%	26.6%	31.6%

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Net cash position: We expect an orderly deleveraging of the balance sheet, driven by our forecast FCFPS and the absence of further acquisitions.

Associates: We equity account for HUB's investment in Count Ltd (CUP) using consensus estimates from Bloomberg. Our book value rises on HUB's share of the expected net profit after tax less forecast dividends. We make no changes to the ownership through additional investment.

Intangibles: As of 31 Dec 2024, $114.6m or ~25% of the intangibles related to computer software and we estimate a closing carrying value of $49.5m for the cumulative additions through acquisition (together Xplore, Class and myprosperity). We maintain goodwill at the current carrying value of $246.3m.

Figure 32 - Historical and forecast cash flow

Year End 30 June	1H21	2H21	2021	1H22	2H22	2022	1H23	2H23	2023	1H24	2H24e	2024e	2025e	2026e
Lease Adjusted Operating Cash	9.6	7.5	17.1	13.9	20.4	34.3	28.2	43.6	71.8	33.2	38.2	71.4	105.7	121.4
Maintenance Capex	(0.4)	(0.2)	(0.6)	(0.5)	(4.8)	(0.6)	(0.8)	(0.8)	(1.6)	(0.4)	(0.6)	(0.9)	(1.0)	(0.9)
Growth Capex	(2.8)	(2.6)	(5.4)	(3.5)	(3.8)	(12.0)	(6.9)	(9.3)	(16.2)	(10.9)	(12.0)	(22.9)	(26.2)	(30.2)
Free Cash Flow	**6.4**	**4.7**	**11.0**	**9.9**	**11.8**	**21.7**	**20.5**	**33.4**	**54.0**	**21.9**	**25.6**	**47.5**	**78.4**	**90.4**
Dividends Paid	(2.2)	(3.1)	(5.3)	(3.8)	(6.0)	(9.8)	(10.0)	(11.2)	(21.2)	(15.1)	(15.1)	(30.2)	(32.1)	(45.9)
Acquisitions & Disposals	(15.1)	(34.0)	(49.1)	0.0	(12.5)	(12.5)	0.0	(0.4)	(0.4)	0.0	(1.4)	(1.4)	0.0	0.0
Share Issues	69.9	(2.6)	67.3	(2.3)	(5.4)	(7.7)	1.1	(10.0)	(8.8)	(17.8)	17.8	0.0	0.0	0.0
Change in Borrowings	(7.6)	13.2	5.7	(7.9)	(4.4)	(12.2)	11.9	(6.9)	5.1	0.0	(10.0)	(10.0)	(10.0)	(10.0)
Other Items	0.0	(0.0)	0.0	0.1	0.4	0.5	0.0	0.7	0.7	(1.0)	1.7	0.7	1.1	1.1
Net Change in Cash	**51.5**	**(21.8)**	**29.7**	**(3.9)**	**(16.1)**	**(20.0)**	**23.6**	**5.7**	**29.3**	**(11.9)**	**18.6**	**6.7**	**37.4**	**35.7**
FCFPS (¢)	19.9	14.1	16.7	28.9	30.6	29.8	51.5	83.4	67.5	54.1	62.9	58.3	96.3	110.9
OCF Realisation (%)	102.8%	71.2%	86.0%	86.9%	83.8%	85.1%	93.1%	119.6%	107.4%	94.1%	100.4%	97.4%	109.1%	106.7%
FCF Realisation (%)	86.2%	54.1%	69.4%	62.5%	58.6%	60.3%	77.0%	104.1%	91.8%	72.2%	79.7%	76.1%	92.6%	90.1%
Growth Capex / Revenue (%)	5.9%	4.2%	4.8%	4.3%	3.4%	6.2%	5.0%	6.6%	5.8%	7.0%	7.0%	7.0%	6.6%	6.7%

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Growth capex: We estimate higher platform capex, predicated on a competitive landscape and necessary development costs. Our growth capex forecasts also reflect post-acquisition improvements for Class. During 1H24 $4.0m or ~37% of growth capex related to the tech solutions segment (with the remainder attributed to platform). Our forecast growth capex to revenue floats around 6-7%.

Free cash flow: We forecast weaker FCF in FY24e on higher tax liabilities, but see growth driven by recurring FUA fees that outpace our growth capex assumptions.

Valuation

Earnings multiples

Below we have considered technology wealth management and administration, financial advice and distribution and specialist investment platform businesses as relevant peers for HUB.

Figure 33 - Trading multiples for comparable companies

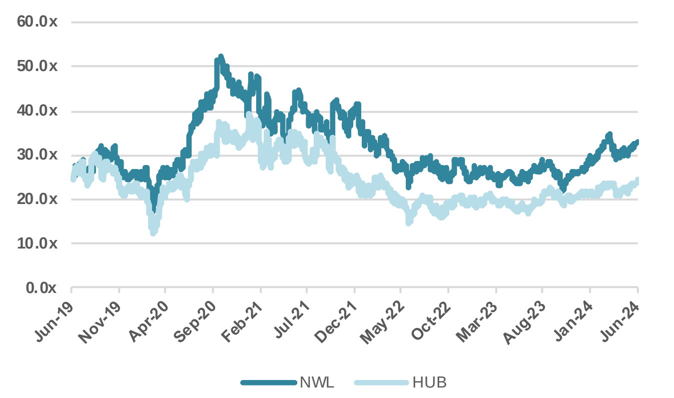
Wealth Management Administration	ASX Code	Market Cap ($m)	EV ($m)	Revenue (A$m) 2023	Revenue (A$m) 2024	Revenue (A$m) 2025	EBITDA (A$m) 2023	EBITDA (A$m) 2024	EBITDA (A$m) 2025	EV/EBITDA (x) 2023	EV/EBITDA (x) 2024	EV/EBITDA (x) 2025	3-Yr EPS CAGR (%)
IRESS Ltd	IRE	1,503.7	1,757.2	632.9	614.4	620.3	125.0	127.3	145.1	14.1	13.8	12.1	19.6%
Computershare Ltd	CPU	15,647.4	10,802.3	3,220.8	3,218.2	2,957.2	1,248.4	1,260.1	1,192.5	8.7	8.6	9.1	5.9%
Bravura Solutions Ltd	BVS	484.2	411.7	240.2	249.3	256.7	-10.4	16.5	33.3	-39.7	24.9	12.3	-192.8%
Median										*8.7*	*13.8*	*12.1*	
Average										*-5.6*	*15.8*	*11.2*	
Advice and Distribution	**ASX Code**	**Market Cap ($m)**	**EV ($m)**	**Revenue (A$m) 2023**	**2024**	**2025**	**EBITDA (A$m) 2023**	**2024**	**2025**	**EV/EBITDA (x) 2023**	**2024**	**2025**	**3-Yr EPS CAGR (%)**
AMP Group Ltd	AMP	2,873.9	19,174.3	1,315.0	n/a	n/a	253.3	276.3	338.4	75.7	69.4	56.7	20.2%
Insignia Financial Ltd	IFL	1,536.0	1,988.0	1,364.0	1,383.8	1,473.2	350.4	358.0	374.3	5.7	5.6	5.3	4.5%
EQT Holdings Ltd	EQT	853.7	803.0	141.0	173.5	192.3	49.7	64.7	77.0	16.2	12.4	10.4	19.4%
Pinnacle Investment Management Group Ltd	PNI	2,880.1	2,959.4	59.2	65.1	54.4	78.6	84.8	106.9	37.6	34.9	27.7	16.3%
Median										*26.9*	*23.7*	*19.1*	
Average										*33.8*	*30.6*	*25.0*	
Platform Providers	**ASX Code**	**Market Cap ($m)**	**EV ($m)**	**Revenue (A$m) 2023**	**2024**	**2025**	**EBITDA (A$m) 2023**	**2024**	**2025**	**EV/EBITDA (x) 2023**	**2024**	**2025**	**3-Yr EPS CAGR (%)**
Netwealth Group Ltd	NWL	5,410.2	5,281.2	206.0	246.0	291.0	100.7	128.4	159.9	52.5	41.1	33.0	23.7%
Praemium Ltd	PPS	243.7	207.5	70.9	74.1	80.3	22.9	18.8	23.4	9.0	11.1	8.9	9.7%
Median										*30.7*	*26.1*	*20.9*	
Average										*30.7*	*26.1*	*20.9*	

SOURCE: BLOOMBERG AND BELL POTTER SECURITIES ESTIMATES

We make the following observations.

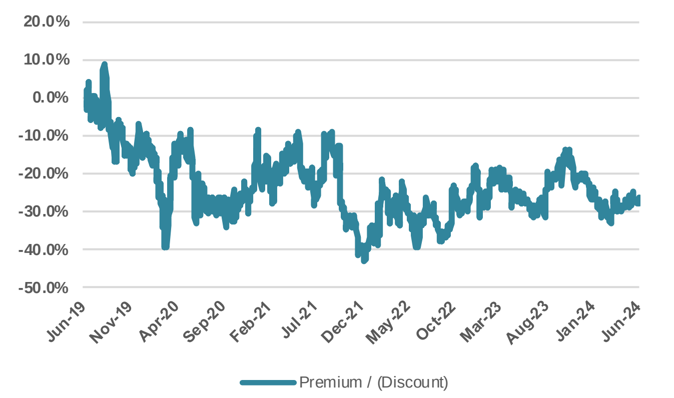
Valuation gap: We largely compare HUB to NWL when considering the convergence in platformed FUA and leading capital flows. HUB has grown its market share by 3.4% over the past 3 years (4.4% including inorganic migrations). This compares to 3.2% for NWL. Despite this performance, the trading discount (blended 1 year forward EV/EBITDA) has opened to ~26% versus a 5-year average of ~23%. We forecast FUA of $86.6bn in FY24e which would supersede $88.2bn in FUA for NWL using FY24e Visible Alpha consensus.

Figure 34 - Blended 1-year forward EV/EBITDA



SOURCE: BLOOMBERG

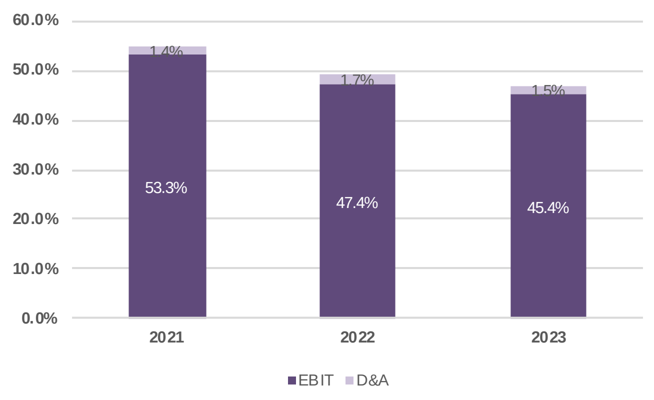
Figure 35 - Relative undervaluation EV/EBITDA



SOURCE: BLOOMBERG

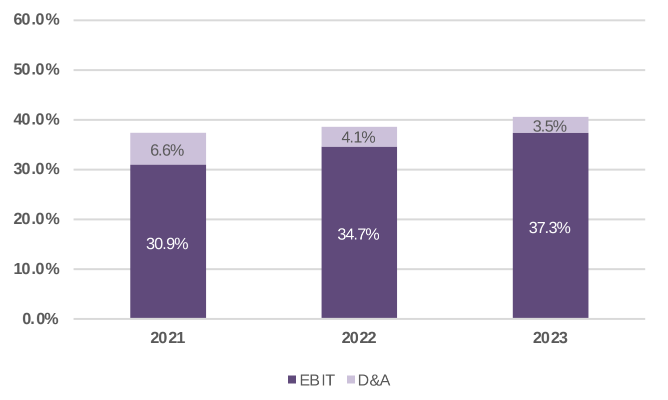
Margins: NWL generated platform revenue of $207.0m and $100.7m in operating EBITDA for FY23. This compares to segment revenue of $208.8m and EBITDA of $85.1m for HUB, the difference relating to custody expenses. We expect that HUB will derive incremental efficiencies on its cost base and reach an EBITDA margin of 44.3% by FY26e. While D&A is higher, HUB has experienced EBIT expansion. NWL's EBIT margins have contracted.

Figure 36 - NWL EBITDA and EBIT margins



SOURCE: COMPANY DATA

Figure 37 - HUB platform EBITDA and EBIT margins



SOURCE: COMPANY DATA

Sum of the Parts

Our Sum of the Parts (SOTP) methodology values HUB using an EV/EBITDA multiple for each operating segment. We value the platform segment at a 5% discount to the 5-year average for its closest peer, reflecting lower EBIT margins and like-for-like FUA. We value the tech solutions segment in-line with the median for wealth management administration peers at a 12.1x EV/EBITDA multiple. Our SOTP approach implies an EV/EBITDA of 29.0x and we derive a Target Price of $53.20 p/s.

Figure 38 - SOTP valuation approach

Financial Year	**FY24e**	**FY25e**	**FY26e**
As at 01-Jul-24	**Jun-24**	**Jun-25**	**Jun-26**
Revenue ($m)			
Platform	255.4	321.9	366.5
Tech Solutions	70.0	73.0	75.8
Corporate	3.9	4.7	4.9
EBITDA ($m)			
Platform	106.9	138.8	162.3
Tech Solutions	21.1	24.6	26.6
Corporate	(9.9)	(12.0)	(13.4)
EV/EBITDA (x)			
Platform	30.0	30.0	30.0
Tech Solutions	12.1	12.1	12.1
Corporate	5.0	5.0	5.0
EV ($m)			
Platform	3,202.3	4,156.0	4,859.5
Tech Solutions	254.4	296.2	321.0
Corporate	(48.9)	(59.3)	(66.4)
SOTP EV ($m)	**3,407.8**	**4,392.9**	**5,114.0**
Net Debt/(Cash) ($m)	(59.5)	(106.9)	(152.5)
Equity Value ($m)	**3,467.3**	**4,499.8**	**5,266.5**
Shares on Issue (m) - Fully Diluted	84.6	84.6	84.6
Equity Value ($) p/s	**40.99**	**53.20**	**62.27**

SOURCE: BELL POTTER SECURITIES ESTIMATES

Governance

Board of Directors

Andrew Alcock; Managing Director: Andrew Alock joined the board in 2013 and took over as Chief Executive Officer following the retirement of Jason Entwistle (who joined in a 2012 executive management restructure). Andrew has over 30 years' experience across wealth management encompassing advice, platforms, industry superannuation, insurance and information technology.

Andrew was formerly the Chief Operating Officer of Genesys Wealth Advisers (part of the AMP group) and Head of the Genesys Equity Program, where he was a director of over 20 financial planning practices across Australia.

Paul Rogan; Chairman and Non-Executive Director: Paul Rogan was appointed to the board in December 2017 and served as the Chair of the Audit, Risk and Compliance Committee from March 2018 until November 2023. Paul took over as chair following Bruce Higgins decision to take a six-month career break in November 2023.

Paul has previously held senior roles at MLC, National Australia Bank and Challenger Group, where he was instrumental in driving businesses through a rapid growth and is known for a turnaround capability. He is augmented by more than 20 years' experience serving on entity boards and industry groups including 10 years in the not-for-profit sector.

Catherine Kovacs; Non-Executive Director: Catherine Kovacs has served as a non-executive director since July 2021. Catherine has over 30 years' experience in the financial services industry, having held the position as Group Head of Business Development at Westpac Banking Group, where she was responsible for advising on business disruption and the future of banking and wealth strategy.

Prior to her executive role at Westpac, Catherine worked in the development and distribution of equity products to predominantly licensees, advisers and retail investors, with senior roles at Ellerston Capital, Macquarie Group and BT Financial Group.

Tony McDonald; Non-Executive Director: Tony McDonald was appointed to the board in 2015 and is the Chair of the Remuneration and Nomination Committee.

Tony is also a former director of The Investment Funds Association of Australia (now Financial Services Council) and a current Chairman of a leading not-for-profit organisation. He previously co-founded the financial planning firm Snowball Group Ltd in 2000, which later merged with Shadforth in 2011 to become SFG Australia Ltd. He has worked in variety of senior roles with the Snowball Group, SFG, Jardine Fleming Holdings Limited (Hong Kong), and Pacific Mutual Australia Limited.

Rachel Grimes; Non-Executive Director: Rachel Grimes has served as a Non-Executive Director since May 2023 and was appointed as Chair of the Audit, Risk and Compliance Committee in November 2023. Rachel has over thirty years' experience in financial services and accounting, having held previous roles at BT Financial Group, Westpac Bank and Challenger Ltd.

Rachel's most recent executive role was CFO for Challenger Ltd until October 2022, where she led the sales process of the Challenger Bank Ltd in addition to her role as CFO. Prior to this Rachel worked in finance, M&A, product and sales across the Westpac Group.

Michelle Tredenick; Non-Executive Director: Michelle Tredenick was recently appointed as a Non-Executive Director in June 2024. Michelle has held independent positions with the Bank of Queensland Ltd, Cricket Australia, Zafin and the Ethics Centre, as well as previously serving as a Senate Member of the University of Queensland. She currently serves on several listed and private company boards, including IDP Education Ltd, Urbis Pty Ltd, Insurance Australia Group Ltd and First Sentier Investor Holdings Pty Ltd.

Michelle has over 30 years' experience in financial services, having held senior executive leadership roles at National Australia Bank, MLC and Suncorp, including Chief Information Officer and Head of Strategy and Corporate Development.

Figure 39 - Significant board holdings

Board	Ordinary Shares	% Held
Andrew Alcock (Managing Director)	1,086,522	1.3%
Paul Rogan (Chairman & Non-Executive)	45,000	0.1%
Catherine Kovacs (Non-Executive)	3,750	0.0%
Tony McDonald (Non-Executive)	41,644	0.1%
Rachel Grimes (Non-Executive)	1,000	0.0%
Michelle Tredenick (Non-Executive)	0	0.0%
Total	**1,177,916**	**1.5%**

SOURCE: COMPANY DATA AND BLOOMBERG

Key management personnel

Jason Entwistle; Director, Strategic Development: Jason Entwistle is one of the longest-serving executives, having been involved with the business in various capacities for over 15 years.

Jason formerly co-founded Avanteos, which was launched in 2001 as Australia's first online wrap platform and was later purchased by the Commonwealth Bank of Australia and rebranded as Colonial FirstWrap.

Craig Lawrenson; Chief Operating Officer: Craig joined HUB in August 2017, and leads the Operations, PMO, Investment and Product Management teams.

Before joining HUB, Crag was Head of Product for BT Wrap, overseeing its development and growth to over $50bn in FUA. He also played a pivotal role in leading the design and development of the Panorama platform while at BT Financial Group.

Kitrina Shanahan; Chief Financial Officer: Kitrina Shanahan commenced as CFO on 7 September 2020. She was previously CFO in the Insurance division at Westpac Banking Corporation.

Prior to HUB, Kitrina held roles at BT Financial Group as Deputy Chief Financial Officer and Westpac Banking Corporation as Group Financial Controller.

Figure 40 - Significant management holdings

Executive KMP	Ordinary Shares	% Held
Jason Entwistle (Director, Strategic Development)	699,777	0.9%
Craig Lawrenson (Chief Operating Officer)	216	0.0%
Kitrina Shanahan (Chief Financial Officer and Joint Company Secretary)	78	0.0%
Total	**700,071**	**0.9%**

SOURCE: COMPANY DATA AND BLOOMBERG

Figure 41 - Options holdings

Executive KMP	Options	PARS
Andrew Alcock (Managing Director)	33,558	426,463
Jason Entwistle (Director, Strategic Development)	112,283	484,497
Craig Lawrenson (Chief Operating Officer)	39,170	141,551
Kitrina Shanahan (Chief Financial Officer and Joint Company Secretary)	10,974	127,403
Total	**195,985**	**1,179,914**

SOURCE: COMPANY DATA

HUB24 Ltd
as at 1 July 2024

Recommendation	Buy
Price	$46.55
Target (12 months)	$53.20

Table 1 - Financial summary

June Year End

Profit & Loss (A$m)	2022	2023	2024e	2025e	2026e
Sales Revenue	192.5	279.5	329.2	399.6	447.2
. . . % Change	71.9%	45.2%	17.8%	21.4%	11.9%
UEBITDA	**70.4**	**102.4**	**118.1**	**151.3**	**175.5**
. . . % Change	92.3%	45.5%	15.4%	28.1%	15.9%
Share Based Payments	(10.8)	(11.1)	(12.1)	(13.2)	(14.4)
EBITDA	**59.6**	**91.3**	**106.0**	**138.2**	**161.1**
Depreciation & Amortisation	(7.5)	(11.5)	(14.7)	(15.7)	(17.0)
EBIT	**52.1**	**79.8**	**91.3**	**122.5**	**144.1**
Interest Expense	(0.8)	(1.9)	(2.0)	(1.5)	(0.7)
EBT	**51.3**	**77.9**	**89.3**	**121.0**	**143.4**
Tax Benefit/(Expense)	(15.4)	(19.1)	(26.8)	(36.3)	(43.0)
Underlying NPAT	**35.9**	**58.8**	**62.5**	**84.7**	**100.4**
Significant Items (Post-Tax)	(21.1)	(17.4)	(22.0)	(12.0)	(12.0)
Reported NPAT	**14.8**	**41.4**	**40.5**	**72.7**	**88.4**

Cashflow (A$m)	2022	2023	2024e	2025e	2026e
EBITDA	**59.6**	**91.3**	**106.0**	**138.2**	**161.1**
Changes in Working Capital	(4.8)	(0.5)	(2.3)	(3.2)	(2.2)
Changes in Provisions	8.6	1.9	5.2	7.3	4.9
Gross Cash Flow	**63.4**	**92.6**	**108.9**	**142.2**	**163.8**
Interest Expense	(0.3)	(0.3)	(2.0)	(1.5)	(0.7)
Tax	(7.5)	(13.7)	(21.7)	(31.2)	(37.9)
Residual Operating Items	(18.7)	(3.1)	(10.0)	-	-
Operating Cash Flow	**36.9**	**75.5**	**75.2**	**109.5**	**125.2**
Finance Leases	(2.7)	(3.7)	(3.8)	(3.8)	(3.8)
Lease Adjusted OCF	**34.3**	**71.8**	**71.4**	**105.7**	**121.4**
Capital Expenditure	(12.6)	(17.8)	(23.9)	(27.3)	(31.0)
Free Cash Flow	**21.7**	**54.0**	**47.5**	**78.4**	**90.4**
Dividends Paid	(9.8)	(21.2)	(30.2)	(32.1)	(45.9)
Other Investing Items	(12.0)	0.3	(0.7)	1.1	1.1
Share Issues/(Buy-Backs)	(7.7)	(8.8)	-	-	-
Change in Borrowings	(12.2)	5.1	(10.0)	(10.0)	(10.0)
Net Change in Cash	**(20.0)**	**29.3**	**6.7**	**37.4**	**35.7**

Balance Sheet (A$m)	2022	2023	2024e	2025e	2026e
Cash and Equivalents	43.5	72.7	79.4	116.8	152.5
Trade Receivables	26.3	29.5	34.8	42.2	47.2
Other	5.3	8.7	8.7	8.7	8.7
Current Assets	**75.0**	**110.9**	**122.9**	**167.7**	**208.4**
Associates	**15.2**	**12.2**	**13.7**	**14.4**	**15.2**
Right-of-Use Assets	9.5	9.6	9.6	9.6	9.6
P,P&E	3.0	3.0	2.2	1.9	1.6
Intangibles	429.4	459.2	455.9	454.5	455.6
Other	15.7	1.8	1.8	1.8	1.8
Non-Current Assets	**472.7**	**485.7**	**483.2**	**482.2**	**483.8**
Total Assets	**547.7**	**596.7**	**606.1**	**649.9**	**692.2**
Trade Payables	13.9	16.6	19.6	23.8	26.6
Provisions	23.9	24.4	29.0	35.2	39.4
Lease Liabilities	3.3	3.8	3.8	3.8	3.8
Other	11.1	0.1	0.1	0.1	0.1
Current Liabilities	**52.1**	**44.9**	**52.5**	**62.9**	**69.9**
Provisions	3.3	4.5	5.1	6.2	7.0
Lease Liabilities	6.9	6.4	6.4	6.4	6.4
Borrowings	29.2	30.0	20.0	10.0	-
Other	0.5	0.4	0.4	0.4	0.4
Non-Current Liabilities	**39.9**	**41.3**	**31.9**	**23.0**	**13.8**
Total Liabilities	**92.1**	**86.3**	**84.4**	**85.9**	**83.7**
Net Assets	**455.7**	**510.4**	**521.7**	**564.0**	**608.5**
Contributed Equity	460.4	491.5	491.5	491.5	491.5
Reserves	70.2	93.9	93.9	93.9	93.9
Retained Profits/(Losses)	(75.0)	(75.0)	(63.7)	(21.4)	23.1
Total Equity	**455.7**	**510.4**	**521.7**	**564.0**	**608.5**
Net Debt/(Cash)	(4.2)	(42.8)	(59.5)	(106.9)	(152.5)

Price	$46.55
Recommendation	Buy
Shares on Issue (m)	81.2
Market Cap ($m)	3,779.5
Target Price (A$ps)	$53.20

Valuation Ratios	2022	2023	2024e	2025e	2026e
Core EPS (¢ps)	**49.4**	**73.5**	**76.7**	**103.9**	**123.1**
. . . % Change	104.8%	48.8%	4.3%	35.5%	18.5%
DPS (¢ps)	20.0	32.5	34.5	52.0	61.6
P/E (x)	94.3	63.4	60.7	44.8	37.8
P/CF (x)	212.6	93.9	108.6	65.8	57.1
EV/EBITDA (x)	53.4	36.7	31.8	24.9	21.4
EV/EBIT (x)	72.2	47.1	41.2	30.7	26.1
NTA ($ps)	1.5	1.7	1.8	2.4	2.9
P/NTA (x)	31.5	27.6	25.3	19.4	16.0

Perf. & Leverage Ratios	2022	2023	2024e	2025e	2026e
EBITDA Margin (%)	31.0%	32.7%	32.2%	34.6%	36.0%
EBIT Margin (%)	27.1%	28.6%	27.7%	30.7%	32.2%
OCF Realisation (%)	85.1%	107.4%	97.4%	109.1%	106.7%
FCF Realisation (%)	60.3%	91.8%	76.1%	92.6%	90.1%
ROA (%)	9.2%	10.3%	10.4%	13.5%	15.0%
ROE (%)	11.3%	12.2%	12.1%	15.6%	17.1%
ROIC (%)	18.3%	17.6%	19.6%	26.6%	31.6%
ROCE (%)	15.0%	15.2%	16.5%	21.5%	23.8%
Payout Ratio (%)	40.5%	44.2%	45.0%	50.0%	50.0%
Dividend Yield (%)	0.4%	0.7%	0.7%	1.1%	1.3%
Franking (%)	100.0%	100.0%	100.0%	100.0%	100.0%
Net Interest Cover (x)	66.9	41.4	44.9	81.3	211.3
Net Debt/EBITDA (x)	(0.1)	(0.4)	(0.5)	(0.7)	(0.9)
Net Debt/Equity (%)	(0.9%)	(8.4%)	(11.4%)	(18.9%)	(25.1%)
Net Debt/Net Debt+Equity (%)	(0.9%)	(9.1%)	(12.9%)	(23.4%)	(33.4%)

Segment Revenue	2022	2023	2024e	2025e	2026e
Platform	160.5	208.8	255.4	321.9	366.5
Tech Solutions	29.0	67.5	70.0	73.0	75.8
Total	**189.5**	**276.3**	**325.3**	**394.9**	**442.2**
. . . % Change	76.0%	45.8%	17.7%	21.4%	12.0%

Segment EBITDA	2022	2023	2024e	2025e	2026e
Platform	62.3	85.1	106.9	138.8	162.3
Tech Solutions	11.4	21.8	21.1	24.6	26.6
Total	**73.7**	**106.9**	**128.0**	**163.3**	**188.9**
. . . % Change	86.1%	45.0%	19.8%	27.6%	15.6%

SOURCE: BELL POTTER SECURITIES ESTIMATES

Recommendation structure

Buy: Expect >15% total return on a 12 month view. For stocks regarded as 'Speculative' a return of >30% is expected.

Hold: Expect total return between -5% and 15% on a 12 month view

Sell: Expect <-5% total return on a 12 month view

Speculative Investments are either start-up enterprises with nil or only prospective operations or recently commenced operations with only forecast cash flows, or companies that have commenced operations or have been in operation for some time but have only forecast cash flows and/or a stressed balance sheet.

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Research Team

Staff Member	Title/Sector	Phone	@bellpotter.com.au
Chris Savage	Head of Research/Industrials	612 8224 2835	csavage
Rob Crookston	Strategy	612 8224 2813	rcrookston
Analysts			
John Hester	Healthcare	612 8224 2871	jhester
Martyn Jacobs	Healthcare	613 9235 1683	mjacobs
Thomas Wakim	Healthcare	612 8224 2815	twakim
Michael Ardrey	Industrials	613 9256 8782	mardrey
Marcus Barnard	Industrials	618 9326 7673	mbarnard
Sam Brandwood	Industrials	612 8224 2850	sbrandwood
Joseph House	Industrials	613 9325 1624	jhouse
Baxter Kirk	Industrials	613 9235 1625	bkirk
Daniel Laing	Industrials	612 8224 2886	dlaing
Hayden Nicholson	Industrials	613 9235 1757	hnicholson
Chami Ratnapala	Industrials	612 8224 2845	cratnapala
Jonathan Snape	Industrials	613 9235 1601	jsnape
Connor Eldridge	Real Estate	612 8224 2893	celdridge
Andy MacFarlane	Real Estate	612 8224 2843	amacfarlane
Regan Burrows	Resources	618 9236 7677	rburrows
David Coates	Resources	612 8224 2887	dcoates
Stuart Howe	Resources	613 9325 1856	showe
Brad Watson	Resources	618 9326 7672	bwatson
James Williamson	Resources	613 9235 1692	jwilliamson
Associates			
Leo Armati	Associate Analyst	612 8224 2846	larmati
Kion Sapountzis	Associate Analyst	613 9235 1824	ksapountzis
Ritesh Varma	Associate Analyst	613 9235 1658	rvarma

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Bell Potter Securities Limited
ABN 25 006 390 772
Level 29, 101 Collins Street
Melbourne, Victoria, 3000
Telephone +61 3 9256 8700
www.bellpotter.com.au

Bell Potter Securities (HK) Limited
Room 1601, 16/F
Prosperity Tower, 39 Queens Road Central, Hong Kong, 0000
Telephone +852 3750 8400

Bell Potter Securities (US) LLC
Floor 39
444 Madison Avenue, New York NY 10022, U.S.A
Telephone +1 917 819 1410

Bell Potter Securities (UK) Limited
16 Berkeley Street London, England W1J 8DZ, United Kingdom
Telephone +44 7734 2929