



Evolve
Capital Partners

Netwealth Group Limited

November 2017

Summary of Initial Public Offering



**SPECIALIZED INVESTMENT BANKERS AT
THE INTERSECTION OF FINANCE & TECHNOLOGY**

Netwealth IPO – Executive Summary

Initial Public Offering Overview



ASX:NWL



Description

Netwealth Group Limited provides superannuation and non-superannuation platform products to financial intermediaries and clients, who offer portfolio administration and investment management tools, as well as investment and managed account solutions. The company's platform enables financial intermediaries and clients to acquire, hold, and administer a range of investments, including domestic and international securities, managed funds, cash, and term deposits. The platform also offers detailed reporting services to monitor the financial position and performance of investments.



Use of Proceeds

The company intends to use \$200 million of the proceeds for payment to existing shareholders to fund the cash purchase of NHL shares under the restructure. The transaction further provides financial flexibility for growth and greater public exposure.

Source(s): FORM F-1, CapitalIQ

* The exchange rate is 0.7551 on the date of 20-Nov-17.

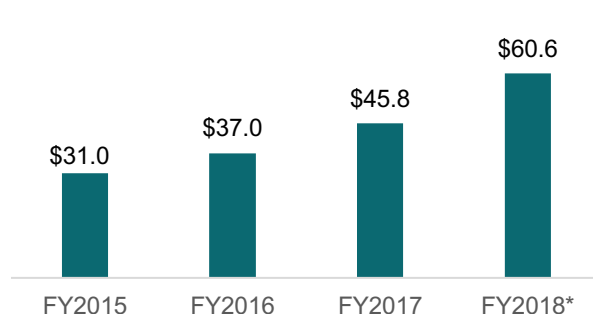
	Headquarters	Melbourne, Australia
	Founded	1999
	Employees	243
	Listing Date	11/20/2017
	Lead Underwriters	CREDIT SUISSE   UBS
	Offering Price	\$2.79 per Share
	Shares Offered	71 million Shares
	Total Proceeds	\$200 million

Netwealth IPO – Executive Summary

Key Metrics – IPO

Shares Offered at the time of IPO*	71 million
Issue Price	\$2.79
Total Shares on issue after IPO	238 million
Market Capitalization on Offer Price ¹	\$664 million
Enterprise Value on Offer Price ²	\$647 million
EV / EBIT (FY 2018 Pro-Forma)	21.9x
Listing Date	11/20/2017
First Day Closing Price	\$3.86

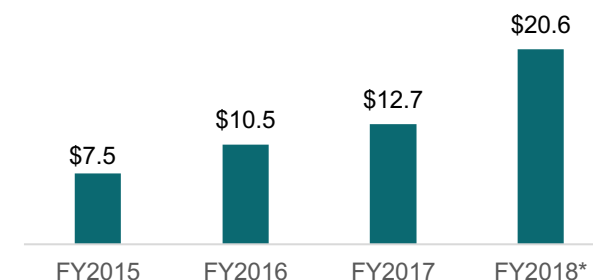
Platform Revenue (\$mm)



EBITDA (\$mm)



Net Profit After Tax (\$mm)



Platform Revenue/Average Number of Accounts (\$) **



Source(s): F-1 Form and Nasdaq.com

1. Market Value based on shares outstanding from Prospectus and IPO issue price of \$2.79.

2. Enterprise value is calculated as the market capitalization of the Company based on the Offer Price, minus pro forma net cash of \$16.96 million (0.7676 is the exchange rate used for net cash) as of June 30, 2017.

*The financials in 2018 are forecasted.

**Platform Revenue/Average Number of Accounts (\$) is calculated as Platform Revenue divided by average number of accounts, where average number of accounts is calculated as the monthly average number of accounts for each 12 month period presented.

Netwealth IPO – Executive Summary

Company Overview

Netwealth is a leading wealth management platform provider for financial intermediaries and clients.

- Netwealth operates in the Australian wealth management industry and provides financial products and services to assist clients in managing, growing and protecting their wealth in both the superannuation and non-superannuation sectors.
- The platform has been developed in-house by Netwealth's technology team based in Melbourne. The platform design and continuous enhancement are based on a deep understanding of the needs of users.
- Netwealth provides a range of products and services to clients, primarily through financial intermediaries. Netwealth's focus and expertise is the delivery of a leading wealth management platform which is an increasingly essential service for financial intermediaries and clients.
- The Netwealth platform provides financial intermediaries and clients with an efficient and transparent way to acquire, hold and administer a range of investments, including domestic and international securities, as well as to manage funds, cash and term deposits.
- Netwealth's platform also provides clients with detailed reporting so that they can accurately monitor their financial position and the performance of investments.

Source(s): Company Website, F-1 Form



Netwealth had approximately **\$10.8 billion** of Fund Under Management and Administration (FUMA) on the platform as of June 30, 2017.



The number of clients advised has increased from **14,148** in 2010 to **56,100** in 2017.



Total revenue increased from **\$31.0 million** in 2015 to **\$45.8 million** in 2017.

Netwealth IPO – Executive Summary

Company Overview

Products Offered

Netwealth's products can broadly be divided into:

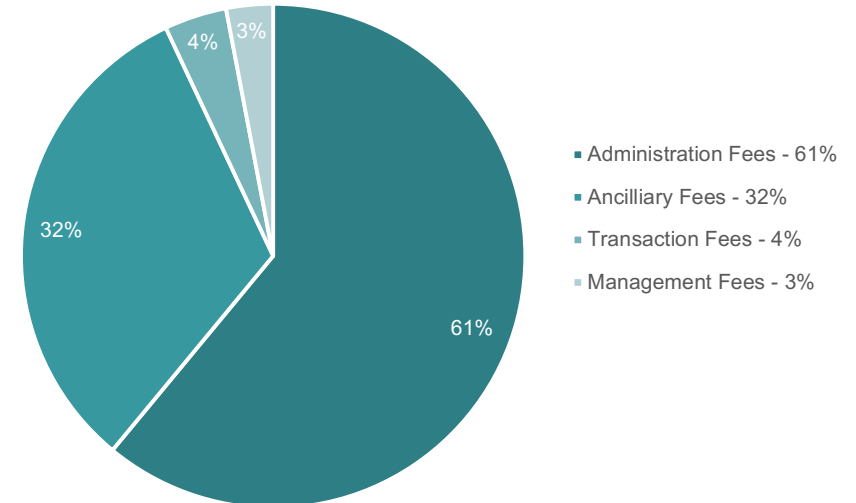
- Superannuation products provided on the platform, with \$4.8 billion of Fund Under Administration (FUA) as of June 30, 2017.
- Wrap products provided on the platform, with \$4.8 billion of FUA as of June 30, 2017.
- Managed funds, each of which is a registered managed investment strategy designed to be used in conjunction with the platform, with a total of \$667 million of Fund Under Management (FUM) as of June 30, 2017.
- Managed accounts, designed to be used in conjunction with the platform, with a total of \$513 million of FUM as of June 30, 2017.

Revenue Streams

Netwealth generates revenues in the following major areas:

- Administration Fees
- Ancillary Fees
- Transaction Fees
- Management Fees

Platform Revenue Breakdown in FY 2017



Source: Prospectus

Netwealth IPO – Executive Summary

Market Opportunity

Levels of Personal Wealth Are, on Average, Increasing in Australia

Households need to manage and protect their wealth and the demand for financial intermediary services is expected to continue to increase, which should support increased use of platforms such as Netwealth's.

Switch Larger Platform Providers to Specialist Platform Providers

According to a survey conducted by Investment Trends, **19%** of financial intermediaries are considering switching platforms in the next 12 months. Among this cohort, Netwealth is in the top two platform providers that financial intermediaries are considering.

Increase in Market Share for Specialist Platform Providers

Over the past four years, the leading Specialist Platform Providers have seen an increase in market share of net funds flow from 3.6% to 32.6%. This trend is supported by an increase in the number of financial intermediaries that are not aligned with or owned by a major bank or large diversified financial institution.

Netwealth's Strengths Include:

- Demonstrated track record of growth, profitability, and cash generation.
- Diversified and stable client base.
- Significant scope for growth and increased market share.
- Highly-scalable award winning technology.

Netwealth's Growth Strategies Include:

- Product innovation including expanding the investment options and trading capabilities available to clients.
- Expanding cash functionality and reporting by adding capabilities for bill payment and cash transfers from its wrap products.
- Retaining existing financial intermediaries and increasing their use of Netwealth's platform and obtaining new clients from existing financial intermediaries.
- Attracting new financial intermediaries and new clients.
- Increased penetration of the non-superannuation sector.

Source: S-1 Form

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