



Australasian Wealth Investments

FULL YEAR RESULTS (FY2015)

PRESENTATION TO SHAREHOLDERS - 31 AUGUST 2015

1. Overview

Executive Summary



- AWI has consolidated its core businesses under one management team
 - With three brands Intelligent Investor, InvestSMART and YourShare
- Significant cost synergies have been extracted by consolidation, including:
 - Corporate head office costs have been slashed
 - Operational overheads have been significantly reduced
- Significant revenue synergies expected, including:
 - Internal cross promotion of products & services between brands
 - Repackaging existing products and services to suit multiple audiences
 - Sales and marketing have a broader range of products and price points

- One business consolidated under strong functional teams:

- Technology
- Research and content
- Sales & marketing
- Member services

Function	Staff Numbers
Technology	10
Research	8
Sales	4
Marketing	4
Member Services & Processing	9
Finance	3

Competitive Advantage



- Positive monthly net cash flow
 - Over \$12m in annual revenue
 - Over \$1.6b in Funds Under Administration
 - No debt

- Large and active subscriber base
 - Close to 2m unique browsers to our website each year
 - Over 300,000 subscribers to our free daily/weekly updates
 - Over 30,000 paying members

- In-house proprietary technology anchored by our Portfolio Manager
 - Over 40,000 active users
 - with over \$3.4b in shares
 - with over \$1.2b in managed funds, and
 - with over \$3.2b in property

- Unique content, tools and products tested and ready for wider market launch
 - Internal team of research analysts and journalists producing daily content
 - Currently 8 model portfolios accessible via paid subscription or as a managed investment
 - Our portfolio manager allows members to track all ASX listed securities and managed funds
 - Portfolio health check designed to help self directed investors grow long term wealth

2. Financials

Balance Sheet Snapshot



- Statutory final accounts – statement of financial position – reflects consolidated accounting during FY2015
 - Liabilities for subscriptions received in advance
 - Liabilities for trail commission rebates outstanding
 - Write down of van Eyk Research (to \$0 million in December 2014)
 - Goodwill, intangibles and deferred tax liability arise on consolidation
- Group cash at 30 June 2015 of \$3.3 million (down from \$7.3 million in 2014)

Audited balance sheet – at 30 June 2015	
Assets (\$m)	
Cash & dividend receivable	3.3
Other current assets	1.4
Goodwill and intangibles	31.0
Deferred tax asset	0.7
AWI Ventures investees	1.7
Total Assets (\$m)	38.1
Subscriptions in advance	(2.0)
Trail commissions to rebate	(1.7)
Other payables	(1.7)
Deferred tax liability	(2.8)
Total Liabilities (\$m)	(8.2)
Net Assets (\$m)	29.9

AWI Group Result – 30 June 2015



- Statutory accounts include consolidated results from 1 Jan 2015
- Consolidated results are pro-forma for 12 months unaudited
- Employee costs include redundancy payments for senior staff
- Other expenses include software and website development written off in Intelligent Investor
- Intangibles are amortised over 5 and 10 years (\$1.1 million per annum)

AWI Limited Income Statement		
	Statutory	Consolidated
(\$'000s)	2015	2015
Dividend income from subsidiaries	1,350	-
Commission and subscriptions	6,094	11,804
Consulting fees	651	651
Other revenue	246	694
Total Income	8,341	13,149
Employee costs	(3,723)	(5,791)
Commission rebates	(1,205)	(2,457)
Webabout termination	(800)	(800)
Other expenses	(2,447)	(4,048)
Amortisation of intangibles	(562)	(562)
Total expenses	(8,737)	(13,658)
Loss before income tax and write down	(396)	(509)
Write down on van Eyk	(7,490)	(7,490)
Loss before tax for the year	(7,886)	(7,999)

AWI Normalised – 30 June 2015



AWI Limited Income Statement					
	Consolidated	Restructure costs	AWI Funds	AWI Ventures	Normalised
(\$'000s)	2015				2015
Commission and subscriptions	11,804				11,804
Consulting fees	651		(364)		287
Other revenue	694			(409)	284
Total Income	13,149				12,375
Employee costs	(5,791)	1,297	382	252	(3,860)
Commission rebates	(2,457)				(2,457)
Webabout termination	(800)	800			–
Other expenses	(3,486)		67	269	(3,150)
Total expenses	(12,534)				(9,467)
EBTA and write down	615				2,908

Restructure costs include redundancy payments and removal of employee cost for the year
 AWI Funds and Ventures will have no recurring costs in 2016
 Results shown before amortisation and tax expense

AWI Guidance for 30 June 2016



- Revenue is expected to increase by 12% from normalised base
- Costs are expected to increase by 11% from normalised base (driven by 100% increase in marketing costs)
- Consulting fees will fall as we focus on core business
- Earnings before tax and amortisation will increase 15% from normalised base
- Amortisation of Intangibles will be approx. \$1.1 million per annum



3. AWI Strategy

Business Strategy



Initial focus will be on growing subscriptions, with current member behaviour suggesting investors are more likely to take out a subscription before they invest in our products.

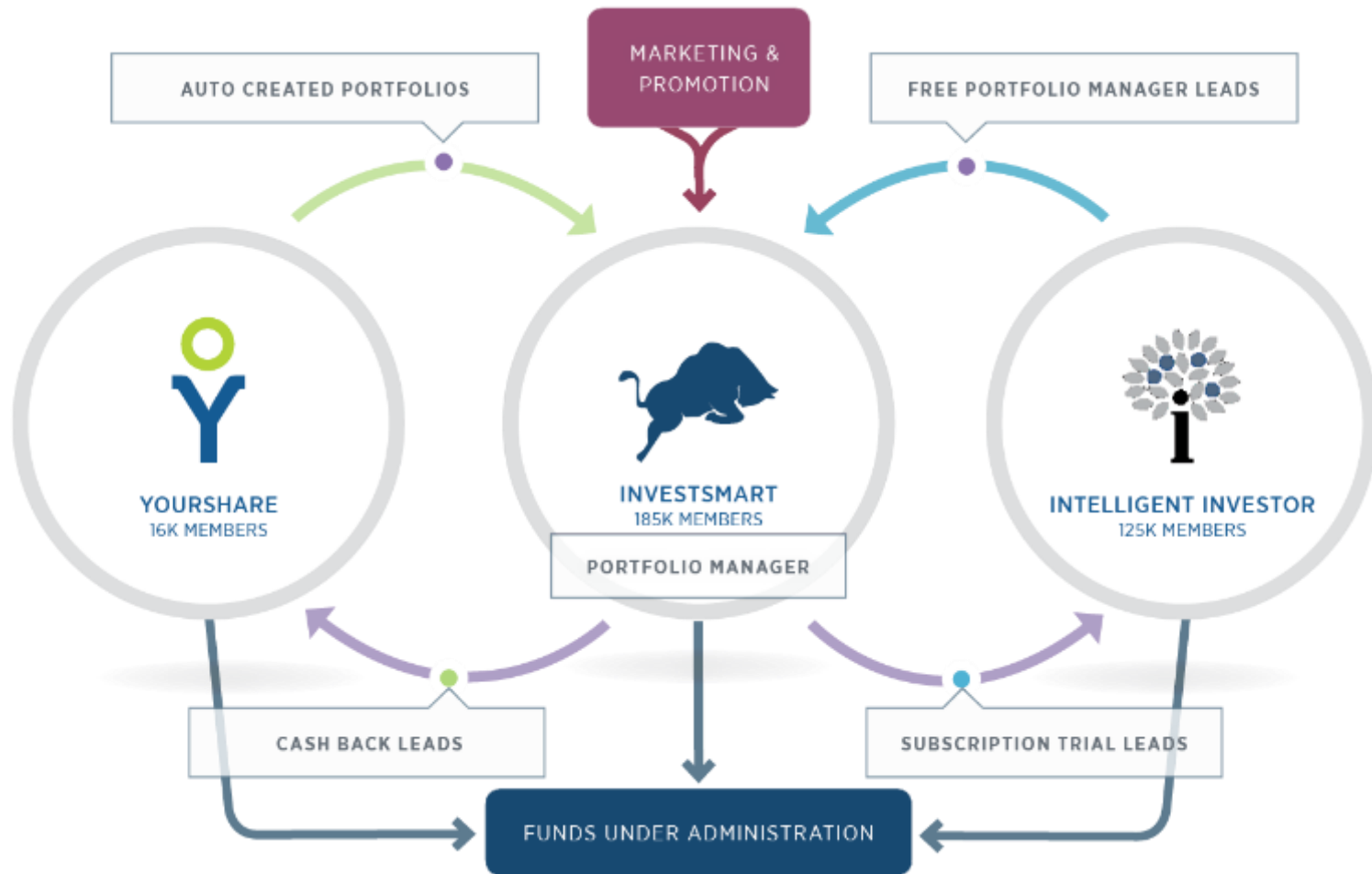
“Try before you buy”!



Marketing Strategy



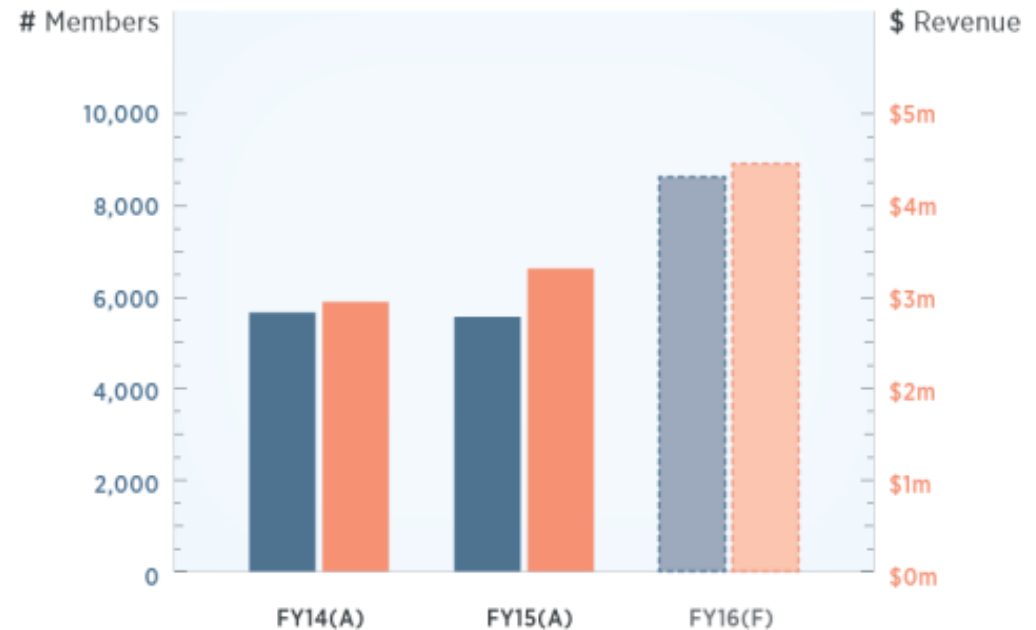
Marketing will be concentrated on one brand with broad appeal. Member engagement in our portfolio management tools will be key to overall success.



Growth in Paid Subscriptions



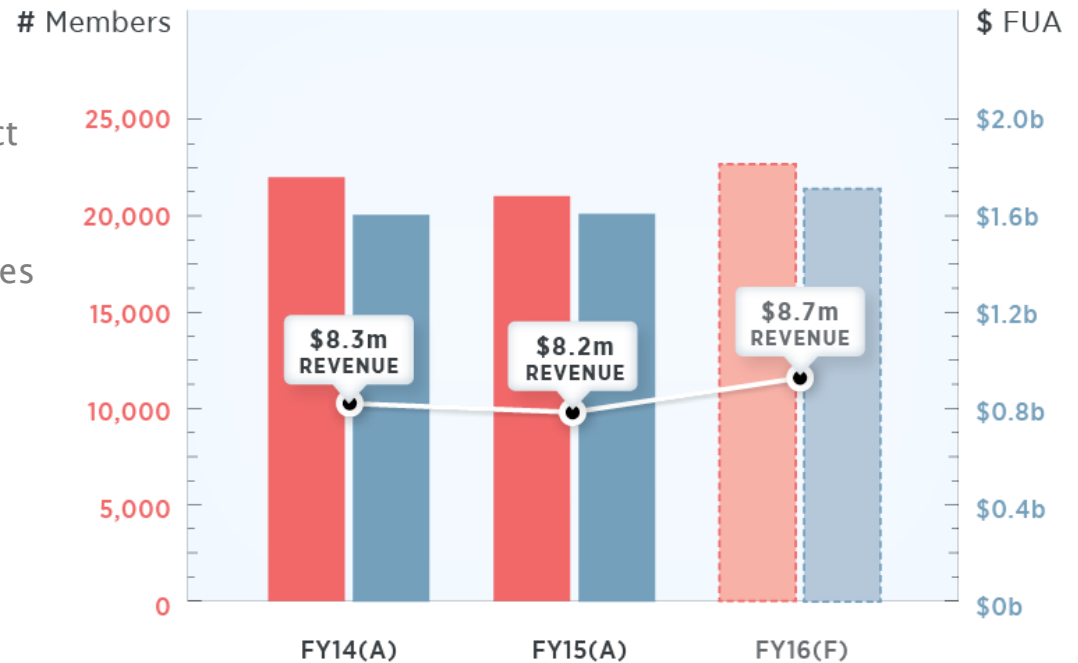
- Revenue increasing on similar number of members from FY14 to FY15 by offering premium products and reduced discounting
- Introducing lower cost subscription service to InvestSMART client base to increase members and revenue in FY16
- Building early trust in our brand and subscriptions products will attract investors to invest in our products over the longer term



Growth in Funds Under Administration



- Decrease in members from FY14 to FY15 was as a result of changing CashBack scheme
- CashBack changes had little effect on FUA or on revenue, mainly smaller clients and favourable market gains offset member losses
- CashBack changes resulted in significant decrease in refund costs from FY14 to FY15
- Modest increase in FUA expected as members move from subscriptions to our investment products in FY16.



Other AWI Business Units and Costs



- AWI Funds hold no assets and will be closed down

- AWI Ventures holds a number of early stage ventures
 - Small stakes in all current ventures will be held
 - No further funds expected to be invested in current ventures
 - The Board will continue to monitor these investments

- Operations have been consolidated in two offices – 122 Pitt St and Bowral

4. Future Prospects

Outlook



- AWI has its digital platform in operation, a large client and prospective customer base, existing brand recognition, and positive cash flow
- Five steps to the future:
 - Cut non-essential costs from the group – completed
 - Combine operations into one unit, three brands – completed
 - Focus business on customer needs to find information and products online – in progress
 - Use surplus cash flow in marketing to new customers (using existing unique content) – will commence during FY2016
 - Engage with potential partners who want to offer online financial service solutions to their customers (supermarket chains, industry super funds, newspapers, etc)

Industry changes



- Global fund managers are buying/creating online investment tools (robo-advice) –Blackrock , Schwab, Vanguard, Schroders
- Fund managers need new distribution channels in post-FOFA world
- DIY investor numbers are growing (through dis-satisfaction with current advice, or more transparent high costs).
- Investors need help to make decisions – “guided choice” or scaled advice will be more prevalent
- “Guided choice” can be only delivered at low cost through “robo-advice” technology
- AWI is at the forefront of these industry changes

5. Board & Governance

Board & Governance



EXPERIENCED MANAGEMENT & INDEPENDENT BOARD GOVERNANCE

- Board revamp nearing completion; skills based directors with the expertise and experience to contribute to the future of AWI
 - Paul Clitheroe – Executive Chairman
 - Ron Hodge – Executive Director
 - Mike Shepherd – independent non-executive director

- Skilled management:
 - Ron Hodge – COO
 - Alastair Davidson – CFO
 - Nigel Poole – CTO

- AWI has a comprehensive governance framework in place
 - A copy of AWI’s Policies is available on the Company’s website (www.awilimited.com/shareholders)

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