

Full Year Results Presentation

29 August 2013

Helping Clients Build Wealth and Protect Assets



- **Who is Prime?**

- National Financial Services & Advisory Group, managing over \$1.0B for clients, that partners with 30+ Accounting Firms for Wealth Management and also owns equity in 9 Accounting or SMSF Firms

- **What do we do?**

- Prime has two key audiences, Clients & Accountants;
 - **Clients** – Protect, manage and grow their financial future through a series of integrated advisory services
 - **Accountants** – Provide a 'Client Engagement Model' and an additional team of advisory and business development resources to deliver Wealth Management under the Accountants & Prime's brand

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- **What advisory services do we provide to clients?**
 - Financial & Retirement Planning;
 - Investment Advice;
 - Life Insurance;
 - Asset Protection Advice incorporating Legal Services;
 - Superannuation, including Self Managed Superannuation; and
 - Accounting Services
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The majority of Prime's revenue is generated by providing Investment Advice to clients

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- **To whom do we provide advisory services?**
 - To Prime's own direct clients, and by;
 - Licensing & Implementing Prime's Client Engagement Model for Accounting Groups;
 - This is operated and managed through 50 / 50 equity relationships
 - Across all services Prime has over 4,000 clients throughout Australia
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- **How do we access new clients?**
 - Through our own direct channels but substantially through our partnered Accounting Groups & Accounting Investees
 - 40,000+ Accounting Clients to access for Wealth Management (4,000 clients thus far)
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- **How do we provide these services?**
 - Through a team of highly qualified Financial Advisers located in hubs in;
 - VIC, NSW, WA and QLD
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- **What need do we fulfill?**
 - **Clients** – We provide security through personalised Financial & Investment Advice
 - **Accountants** – Create additional engagement more consistently with clients, we deliver additional services that clients are seeking and also build new income streams and business value for the Accounting Firm Prime partners with
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- **Why Prime?**

- **Clients** – Team of specialists, integrated service incorporating Client’s Accountant, Direct & Transparent Investment approach without the cost burden of additional intermediaries plus strong Asset Protection & SMSF knowledge
- **Accountants** – We address the key issues facing Accountants through the Prime Client Engagement Model and Prime, like Accountants, are advice providers first, not product providers

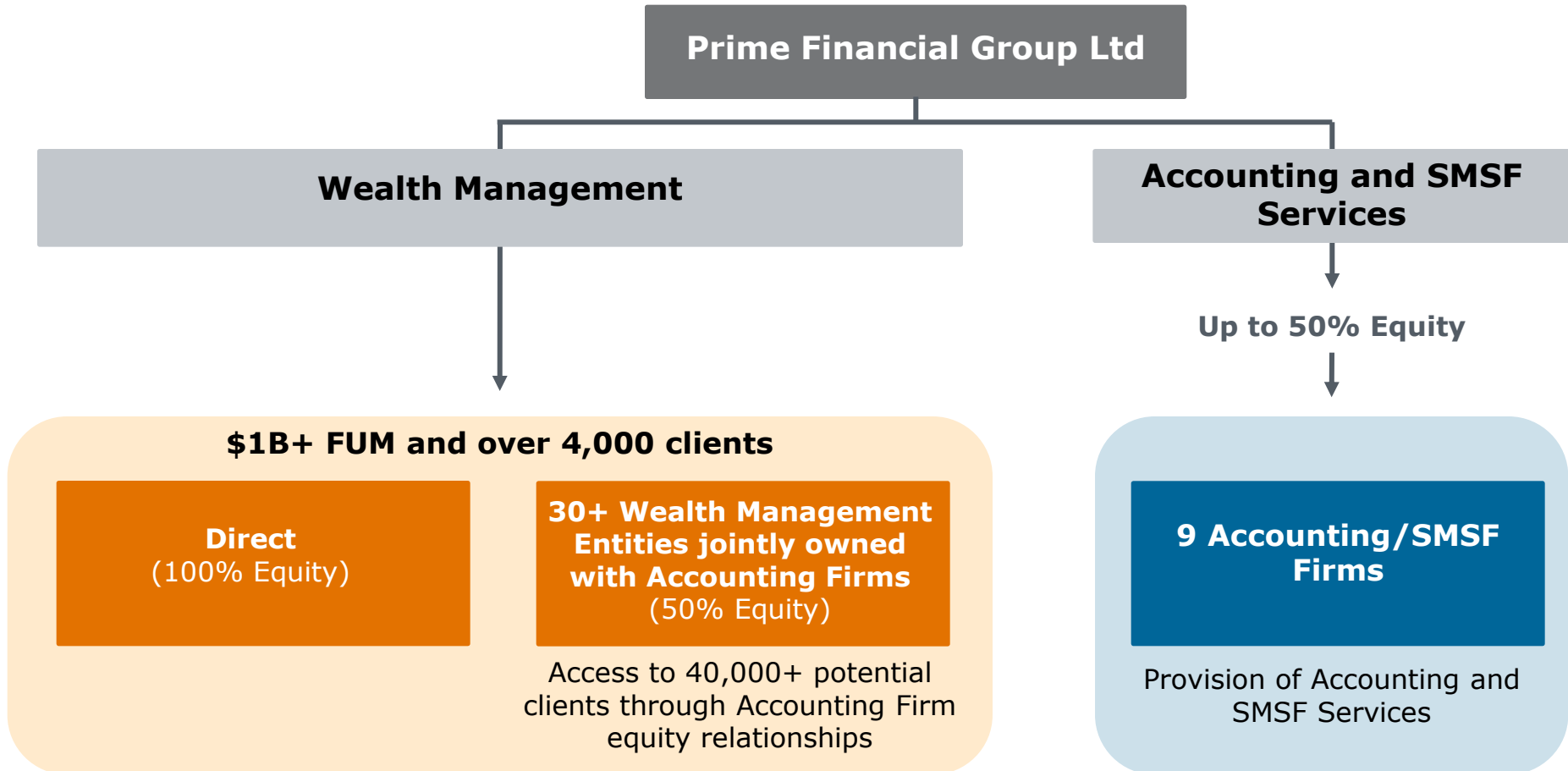
- **What’s the opportunity for Prime?**

- **Clients** – Estimated that only 20% - 40% of Australians receive Financial Advice. Superannuation asset pools continue to grow and Australians are increasingly becoming more engaged in their financial future
- **Accountants** – There are up to 2,000 Accounting Firms in Australia that meet Prime’s key partner profile - Prime currently partners with 30+ Accounting Firms

- **Key Challenges?**
 - Distraction of implementing legislative change (FoFA), lack of industry transparency which confuses consumers, investor confidence and driving growth while maintaining cost controls
- **How does Prime grow?**
 - More consistently implement Prime's Wealth Management Client Engagement Model with Accounting Firms (More New Leads)
 - Recruit new Accounting Firms (3 New Wealth JV's with Accounting Firms in FY2013 versus 1 in FY2012)
 - Deliver more services to existing clients through structured systems and engaging advice
 - Increasingly target the more affluent market segment with Prime's Private Client Family Group approach
 - Build Prime's brand
 - Acquire more (currently 9) non-controlling equity interests of 15% - 50% in Accounting and/or SMSF Firms
 - Selectively target tuck-in acquisitions

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- **Why are we successful and why will we become more successful?**
 - Key roadmap to Growth (Organic & Acquisition)
 - Clear focus on what our ideal Clients and Partners look like and, how to access them
 - Access to a ready pool of new clients
 - Independent and scalable Operating Model
 - Personalised Service delivered in a repeatable manner
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'Advising clients how to Build Wealth & Protect Assets'



- Restructured Cost Base - \$1.3M benefit to flow through in FY2014;
- Continued improvement in traditional Wealth Management Revenue (New Business & Recurring Revenue) through Prime's Client Engagement Model (CEM) (Up 6% on FY2012);
- Recruited new Accounting Firm Wealth Management JV Partners for Prime's Client Engagement Model (CEM) (3 in FY2013 versus 1 in FY2012) whilst transitioning existing Partners (3 further transitions) to Prime's CEM;
- Improved new leads (up 14% on FY2012);
- Increasing FUM (plus \$82M);

- Revamped the Digital Branding Strategy as part of Prime's wider Brand build;
- Recruited a dedicated Chief Investment Officer (CIO) to facilitate further development of Prime's investment offering;
- Finalised the review of the Accounting & SMSF Investee structure – Conclusion: Grow the number of Investees beyond the current 9 (15% - 50% non-controlling equity investments);
- Increased key management & employee ownership in the company, up from 20% to 35%;
- Reduced debt;
- Improved operating cash flow; and
- Increased the Final Dividend to 0.50 CPS up from 0.25 CPS

Summary Full Year Results

Financial	FY13	FY12	% Change
Earnings Before Interest & Tax (EBIT) (\$M)	3.74	4.32	- 13%
Net Profit After Tax (NPAT) (\$M)	2.78	2.81	- 1%
Basic & Diluted Earnings (cents per share)	1.7	1.7	0%
Dividend Paid & Proposed (cents per share) (fully franked)	0.75	1.00	- 25%

Operational	FY13	FY12	% Change
Group Operating Margin	30%	34%	- 12%
Total FUM (\$B)	1.098	1.001	+ 10%
Net Debt (\$M)	5.9	7.6	- 22%

Note: During FY2012 there was a capital loss of \$0.7M relating to a non-core Accounting Firm investee.

Note: During FY2013 there was a one-off overhead cost of \$0.75M relating to the development of the Client Engagement Model and one-off restructuring cost.

Summary Profit & Loss

	FY13	1H13	2H13	FY12	% Change FY13 v FY12
Wealth Management – New Business Revenue (\$M)	3.10	1.40	1.70	2.68	+ 16%
Wealth Management – Recurring Revenue (\$M)	7.51	3.62	3.89	6.89	+ 9%
Wealth Management – Licensing Revenue (\$M)	1.52	0.92	0.60	1.82	- 16%
Total Wealth Management Revenue (\$M)	12.13	5.94	6.19	11.39	+ 6%
Accounting and SMSF Investees (\$M)	1.69	1.04	0.65	2.08	- 19%
Other Revenue (\$M)	0.31	0.14	0.17	0.31	0%
Total Accounting, SMSF & Other Revenue (\$M)	2.00	1.18	0.82	2.39	- 16%
Gross Revenue (\$M)	14.13	7.12	7.01	13.78	+ 3%
Less Group Overheads (excl. Interest) (\$M)	(9.37)	(5.03)	(4.34)	(8.74)	+ 7%
Less Non-controlling Interest (\$M)	(1.02)	(0.42)	(0.60)	(0.72)	+ 42%
Earnings Before Interest & Tax (EBIT) (\$M)	3.74	1.67	2.07	4.32	- 13%
Group Operating Margin	30%	26%	34%	34%	- 12%
Dividend Paid & Proposed (cents per share) (fully franked)	0.75	0.25	0.50	1.00	- 25%

Note: During FY2012 there was a capital loss of \$0.7M relating to a non-core Accounting Firm investee.
 Note: During FY2013 there was a one-off overhead cost of \$0.75M relating to the development of the Client Engagement Model and one-off restructuring cost.

Wealth Management

Wealth Management Revenue represents 88% of Prime's Gross Revenue

New Business Revenue	FY13	1H13	2H13	FY12	% Change FY13 v FY12
• Investment Brokerage (\$'000)	1,954	794	1,160	1,585	+ 23%
• New Issues & IPO's (\$'000)	511	214	297	369	+ 38%
• Asset Protection & Life Insurance (\$'000)	485	349	136	656	- 26%
• Other (\$'000)	146	38	108	70	+ 109%
Total New Business Revenue (\$'000)	3,096	1,395	1,701	2,680	+ 16%

Recurring Revenue	FY13	1H13	2H13	FY12	% Change FY13 v FY12
• Funds Under Management (FUM) (\$'000)	6,652	3,201	3,451	6,106	+ 9%
• Asset Protection & Life Insurance (\$'000)	484	232	252	414	+ 17%
• Other (\$'000)	369	185	184	370	0%
Total Recurring Revenue	7,505	3,618	3,887	6,890	+ 9%

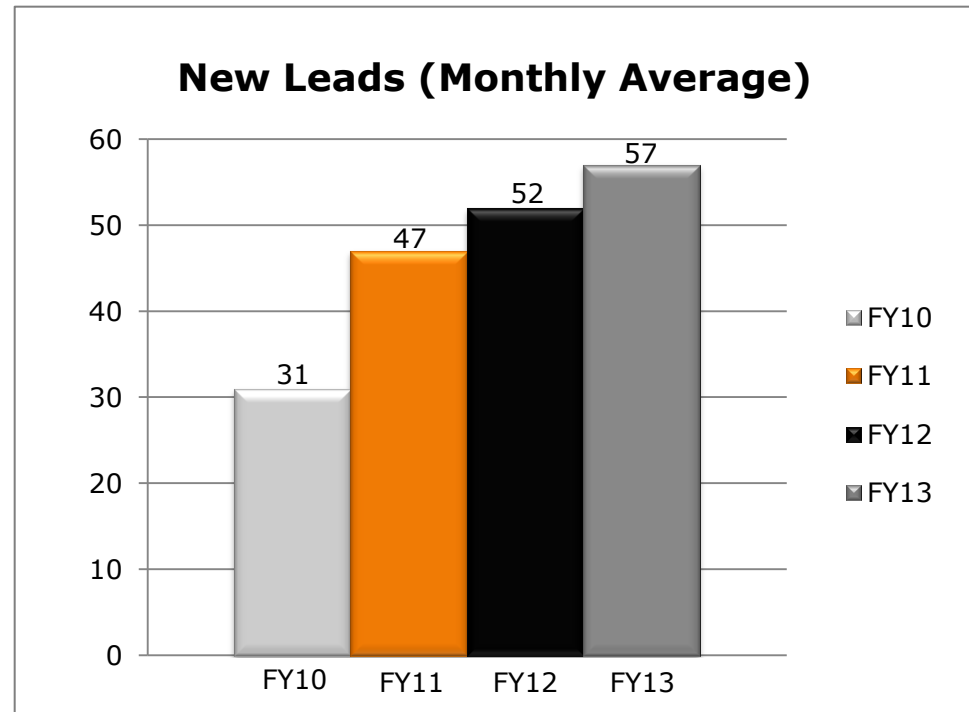
Wealth Management Licensing Revenue

	FY13	1H13	2H13	FY12	% Change FY13 v FY12
Licensing Revenue (\$'000)	1,520	920	600	1,820	-16%
Total (\$'000)	1,520	920	600	1,820	-16%

- In FY2013, three of Prime's existing Accounting Firm Partners moved to the Client Engagement Model (CEM) and commenced the implementation of this model, the benefit of which is anticipated to be a tangible improvement in business activity with new and existing clients and a revenue improvement
- Importantly, Prime has recruited three new Partners to the CEM in FY2013, one in each of Victoria, New South Wales and Queensland - this compares to one new Partner in FY2012. This business development activity has also yielded a significant opportunity pipeline that we look forward to advancing in FY2014

New Business Leads

- Prime's Client Engagement Model (CEM) drives the growth in new leads for Prime's Wealth Management Services. This is driven by:
 - New Client leads
 - Additional Services from Existing Clients
 - Transitioning Existing investees to this model
 - Recruiting new Accounting and Advisory investees for this model
- 'New leads' measures client meetings by service line and is a key driver of new FUM, Asset Protection and Life Insurances
- New leads continued to increase as Prime's CEM gained further traction



Key Metrics – FUM Net Inflows and Net Margin

Funds Under Management (FUM)

	1H13	2H13	Total
• Opening FUM (\$M)	1,001	1,083	1,001
• FUM - New (\$M)	47.3	34.2	81.5
• FUM - Outflow (\$M)	(12.4)	(37.4)	(49.8)
• Implied Market Movement (\$M)	47.1	18.2	65.3
FUM – Net Inflow (\$M)	82.0	15.0	97.0
• Closing FUM (\$M)	1,083	1,098	1,098

Commentary

- The overall increase in FUM of (\$97.0m) is reflective of improved stockmarket conditions and Prime's business development activity

Wealth Management Net Margin

	FY13	FY12	% change
• New Business Income (\$M)	3.10	2.68	+ 16%
• Recurring Income (\$M)	7.51	6.89	+ 9%
• Total (\$M)	10.61	9.57	+ 11%
• Average FUM	1.050b	1.028b	+ 2%
Annualised Net Margin	1.01%	0.93%	+ 9%

Commentary

- Consistent with the improved stockmarket conditions (+15% for FY2013) the annualised net margin has increased 9%

Accounting and SMSF Services Revenue

Prime's 9 Accounting and SMSF Investees represent 12% of Prime's Gross Revenue

	FY13	FY12	% Change FY13 v FY12
Accounting and SMSF Revenue (\$M)	1.69	2.08	- 19%
Total	1.69	2.08	- 19%

Note

- Prime's Accounting and SMSF Service Investees Revenue is Prime's profit from its equity (up to 50% in Investees)

Commentary

Underlying Accounting and SMSF Services Revenue was down due to a difficult economic and business environment. Investees did not generally have a high level of one-off advisory and consulting work in FY2013, this was the main reason for the variance.

Summary Balance Sheet

	30/06/13	30/06/12
Current Assets		
Cash	0.7	0.3
Other current assets	3.8	4.9
Non Current Assets		
Receivables	5.4	4.7
Plant & Equipment	1.3	1.5
Investments	61.9	62.1
Total Assets	73.1	73.5
Current Liabilities		
Payables/Provisions	2.3	3.0
Non Current Liabilities		
Borrowings	7.7	9.1
Total Liabilities	10.0	12.1
Equity	63.1	61.4

FY2014

The plan for the next twelve months is to;

- Continue to promote Prime, communicating our difference and the distinct value we offer in all of our key markets;
- Build out our Investment Advisory offering and the number of asset classes we directly manage for clients;
- Recruiting:
 - new Accounting Firm and Financial Advisory Groups for Wealth Management;
 - new Accounting Firms (Investees) for investment; and
 - new Team members that reflect our culture and commitment
- Secure new clients for Wealth Management services;
- Retain existing clients and expand the Wealth Management services provided to them;
- Continue to deliver 'Integrated Advice' to clients using Prime's Client Engagement Model;
- Further diversify revenue streams away from the stockmarket; and
- Invest in our people, processes and systems

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