

Half Year Results Presentation

28 February 2013

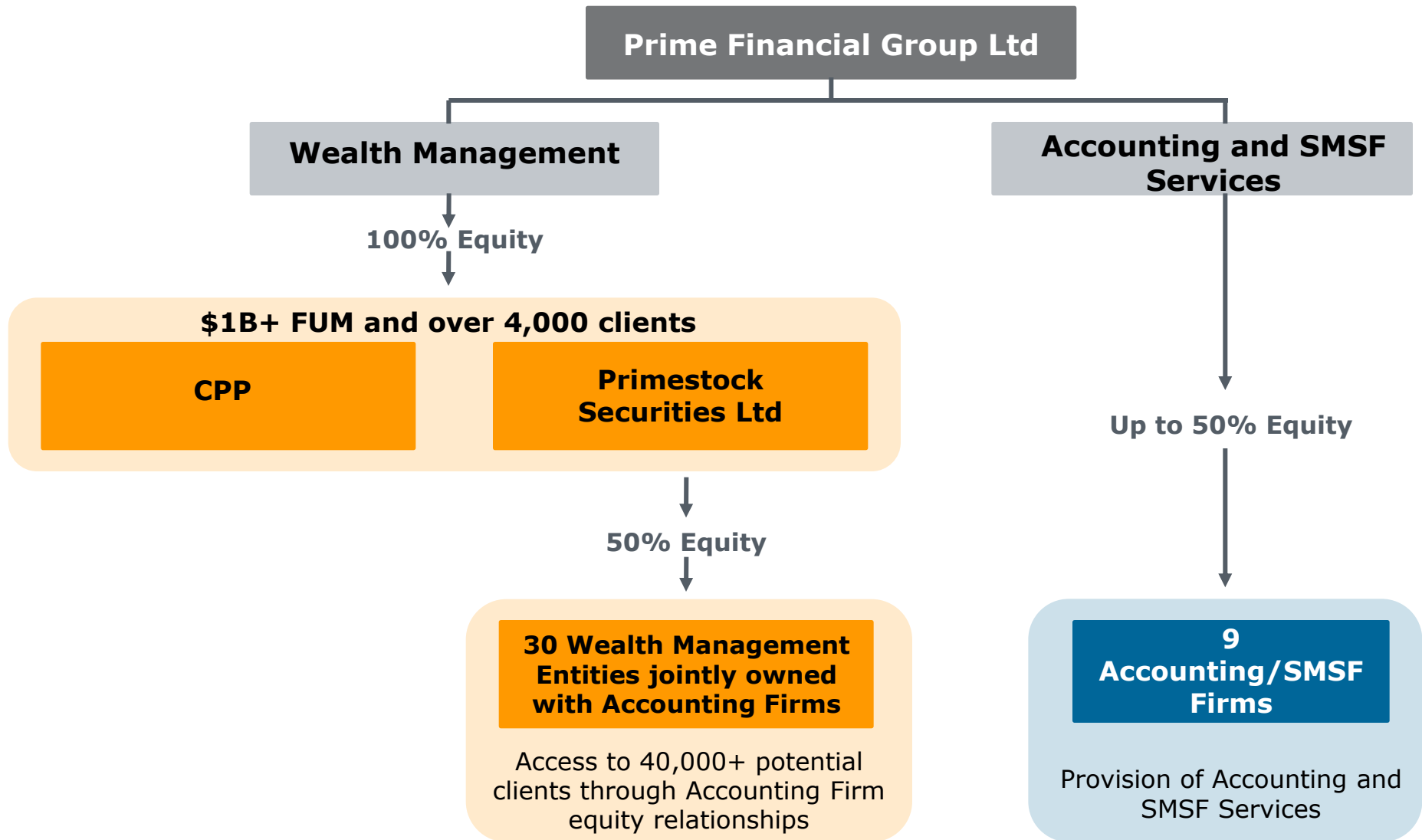
Helping Clients Build Wealth and Protect Assets



- **What do we do?**
 - Provide Integrated Wealth Management Services
 - Financial Planning
 - Investment Advice
 - Life Insurance
 - Asset Protection Advice incorporating Legal Services
 - Superannuation, including Self Managed Superannuation, and
 - Accounting Services
- **To whom do we provide these services?**
 - To Prime's own direct clients, and by;
 - Licensing Prime's Client Engagement Model to Accounting and Advisory Groups;
 - Operated and managed through equity relationships (50/50)
 - Over 4,000 clients across Australia

- **How do we provide these services?**
 - Through a team of highly qualified Financial Advisers
 - Located in hubs in VIC, NSW, WA and QLD
 - Providing cost effective, transparent and consistent advice
 - Combining Wealth Management Advice with Accounting client relationships
- **How do we access new clients**
 - Through our own direct channels but substantially through Accounting Firm Equity Partners & Accounting Investees
 - 40,000+ Accounting Clients to access for Wealth Management
- **Why are we successful?**
 - Independent and Scalable Operating Model, providing Personalised Service to a Captive Client Base, in a Cost Effective Manner

‘Advising clients how to Build Wealth & Protect Assets’



Introduction

- A more positive Business Environment for the Financial Services Sector in the 6 months ending 31 December 2012
- Global & Domestic uncertainty and Low Investor Confidence has started to abate, particularly in the last few months, reflected by the Australian Stockmarket performance;
 - Up 13% between July 2012 and December 2012, or
 - Up 19% between July 2012 and January 2013
- These significant increases have a positive impact on Prime's revenue, albeit with a partial lag effect, as 84% of Prime's Revenue is Wealth Management based
- Key areas of recent (tail end of 1H2013 and start of 2H2013) strong revenue growth, which has been driven by both Prime's Business Development Activity and Stockmarket sentiment and performance, include;
 - Wealth Management - New Business (Investment Brokerage + New Issues & IPO's)
 - Wealth Management - Recurring Revenue (From FUM), and
 - New FUM for 1H2013 of \$47.3M versus \$68.9M for the Full-Year 2012

Introduction.. cont

- The Operational focus for Prime in 1H2013 has been;
 - Restructuring the cost base – Reducing ongoing costs by \$750K in 2H2013 versus 1H2013, plus further reductions reflected in FY2014
 - Improving operating cash flow – Ongoing focus
 - Increasing Wealth Management New Business Activity through Prime’s Client Engagement Model (CEM)
 - Recruiting Accounting Firm Wealth Management JV Partners (10 in active discussions), whilst transitioning further existing Partners to Prime’s CEM, and
 - Positioning Prime to allow for improved dividend payments
- Prime’s Normalised (excluding one-off’s) Earnings Before Interest and Tax (N.EBIT) has declined 9% to \$2.43M in 1H2013
- Net Profit After Tax (including one-off’s) (NPAT) has declined 44% to \$1.017M
- During the period the Operating Margin decreased from 41% to 38% (excluding one-off costs)

Introduction.. Cont

- Debt levels have remained flat since 30 June 2012 and Prime's gearing ratio has decreased from 11.3% (restated) at 30 June 2012 to 11.2% at 31 December 2012
- Directors have declared an Interim Dividend of 0.25cps. This represents a 40% payout ratio based on the reported half year Earnings Per Share (EPS) of 0.63cps. The Interim Dividend is payable 17 April 2013 with a Record Date of 20 March 2013

Wealth Management Results

- Overall Wealth Management Revenue grew by 5%
- Traditional Wealth Management Revenue (New Business & Recurring) grew by 4%
- Licensing Revenue grew by 12%
- New Leads were flat for the period
- New FUM was \$47.3M
- Net New FUM was \$34.9M
- Total FUM at December 2012 was \$1.083B = Up \$82M

Accounting and SMSF Services Results

- Accounting and SMSF Revenue was down 11%
- Continued Review of Structure

Summary Half Year Results

Financial	1H12	1H13	% Change
Normalised Earnings Before Interest & Tax (EBIT) (\$M)*	2.66	2.43	- 9%
Reported Earnings Before Interest & Tax (EBIT) (\$M)	2.66	1.68	- 37%
Normalised Net Profit After Tax (NPAT) (\$M)*	1.81	1.54	- 15%
Reported Net Profit After Tax (NPAT) (\$M)	1.81	1.02	- 44%
Normalised Basic & Diluted Earnings (cents per share)*	1.1	1.0	- 9%
Reported Basic & Diluted Earnings (cents per share)	1.1	0.6	- 45%
Dividend Paid & Proposed (cents per share) (fully franked)	0.75	0.25	- 66%
Operational	30/06/12	31/12/12	% Change
Group Operating Margin	39%	38%	- 3%
Total FUM (\$B)	1.001	1.083	+ 8%
Net Debt (\$M)	7.6	7.6	0%

* Note: Normalised reflects financial outcomes excluding non recurring costs of \$0.75M in 1H2013.

Summary Profit & Loss (Normalised)

	1H12	2H12	1H13	% Change 1H12 v 1H13
Wealth Management – New Business Revenue (\$M)	1.42	1.26	1.40	- 1%
Wealth Management – Recurring Revenue (\$M)	3.41	3.48	3.62	+ 6%
Wealth Management – Licensing Revenue (\$M)	0.82	1.00	0.92	+ 12%
Total Wealth Management Revenue (\$M)	5.65	5.74	5.94	+ 5%
Accounting and SMSF Investees (\$M)	1.17	0.91	1.04	- 11%
Other Revenue (\$M)	0.16	0.15	0.14	- 13%
Gross Revenue (\$M)	6.98	6.80	7.12	+ 2%
Less Group Overheads (excl. Net Interest) (\$M)	(3.96)	(4.08)	(4.27)	+ 8%
Less Non-controlling Interest (\$M)	(0.36)	(0.36)	(0.42)	+ 17%
Normalised Earnings Before Interest & Tax (EBIT) (\$M)*	2.66	2.36	2.43	- 9%
Group Operating Margin	41%	37%	38%	- 7%
Dividend Paid & Proposed (cents per share) (fully franked)	0.75	0.25	0.25	- 66%

* Note: Normalised reflects financial outcomes excluding non recurring costs of \$0.75M in 1H2013 and a one off capital loss of \$0.70M in 2H2012

Wealth Management

Wealth Management Revenue represents 84% of Prime's Gross Revenue

New Business Revenue	1H12	2H12	1H13	% Change 1H12 v 1H13
• Investment Brokerage (\$'000)	927	658	794	- 14%
• New Issues & IPO's (\$'000)	68	301	214	+215%
• Asset Protection & Life Insurance (\$'000)	390	266	349	- 11%
• Other (\$'000)	31	39	38	+ 23%
Total New Business Revenue (\$'000)	1,416	1,264	1,395	- 1%

Recurring Revenue	1H12	2H12	HY13	% Change 1H12 v 1H13
• Funds Under Management (FUM) (\$'000)	3,017	3,089	3,201	+ 6%
• Asset Protection & Life Insurance (\$'000)	205	209	232	+ 13%
• Other (\$'000)	185	185	185	0%
Total Recurring Revenue	3,407	3,483	3,618	+ 6%

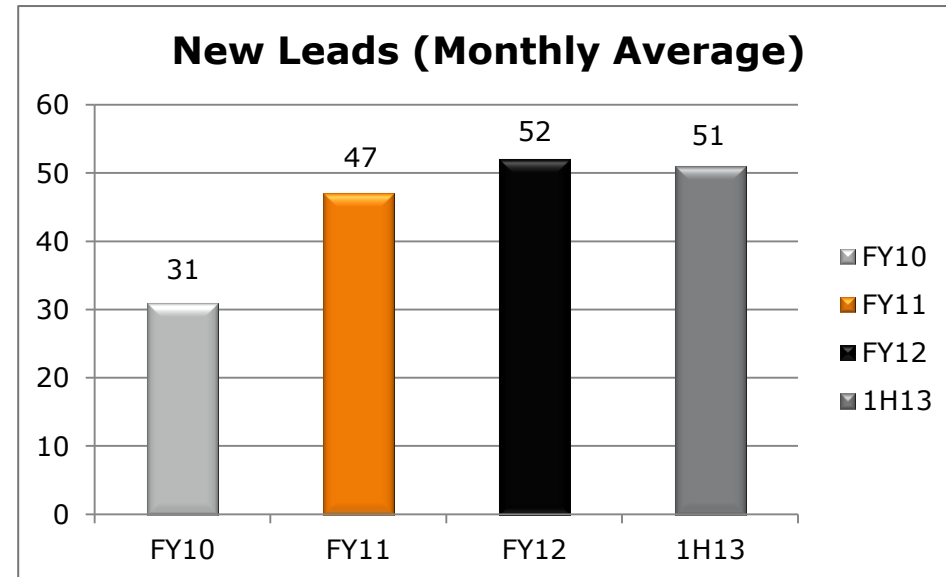
Wealth Management Licensing Revenue

	1H12	2H12	1H13	% Change 1H12 v 1H13
Licensing Revenue (\$'000)	820	1,000	920	+ 12%
Total (\$'000)	820	1,000	920	+ 12%

- In FY2012 Prime commenced its licence roll out of Prime's new Client Engagement Model (CEM)
- In 1H2013 Prime has consolidated this initial position by transitioning further existing Partners to this model and increasing marketing activity to recruit new Partners (in active discussions with 10 firms)
- Further promotion of Prime's CEM is an important step in growing Prime's current and future Wealth Management revenue, through New Leads, New Business Revenue, Recurring Revenue and Wealth Management Licensing Revenue

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 flattened for the period – They are however expected to accelerate as the CEM is implemented by Prime in more Accounting Firms



Key Metrics – FUM Net Inflows and Net Margin

Funds Under Management (FUM)

	1H12	2H12	1H13
• Opening FUM (\$M)	1,055	1,008	1,001
• FUM - New (\$M)	35.5	33.4	47.3
• FUM - Outflow (\$M)	(11.5)	(9.2)	(12.4)
• Implied Market Movement (\$M)	(71.0)	(31.2)	47.1
FUM – Net Inflow (\$M)	(47.0)	(7.0)	82.0
• Closing FUM (\$M)	1,008	1,001	1,083

Commentary

- The overall increase in FUM of \$82m is reflective of the positive stockmarket environment and Prime's Business Development activity in 1H2013
- New Inflows of \$47m were 38% higher than the average of the previous two halves. Net New FUM of \$35m was 45% higher than the average of the two previous halves

Wealth Management Net Margin

	1H12	2H12	1H13
• New Business Revenue (\$M)	1.42	1.26	1.40
• Recurring Revenue (\$M)	3.41	3.48	3.62
• Total (\$M)	4.83	4.74	5.02
• Average FUM	1.032b	1.005b	1.042b
Annualised Net Margin	0.94%	0.94%	0.96%

Commentary

- Consistent with improvements in Revenue the annualised net margin has increased by 2%

Accounting and SMSF Services Revenue

Prime's 9 Accounting and SMSF Investees represent 15% of the Prime's Gross Revenue

	1H12	2H12	1H13	% Change 1H12 v 1H13
Accounting and SMSF Revenue (\$M)	1.17	0.91	1.04	- 11%
Total	1.17	0.91	1.04	- 11%

Note

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

Commentary

Accounting and SMSF Services Revenue was down. A clear reflection of the lower level of Business Services Activity linked to the more difficult business and economic environment and the general caution of Business Owners to engage in Business Expansion and Corporate Activity

FY2013

- Drive organic growth initiatives to increase the Prime network of Wealth Management Investees and expand service offerings:
 - Continue to deliver outcomes from Prime's Client Engagement Model and Wealth Management Joint Venture Licensing structure rollout to existing and new Accounting Firms and Financial Advisory Groups
 - Grow the take-up of Prime's Non-Discretionary & Discretionary Investment & Asset Management Services
 - Expand the service offering for Asset Protection Advice and Prime's Legal Services across the Prime Group
- Continue to work on & improve key indicators within the business that drive earnings:
 - Overhead Reduction
 - New FUM of \$80.0M - \$100.0M + for year
 - Maintain FUM Annualised Net Margin of circa 1.00%
 - Continue growth in new client leads to beyond 300 per half
 - Improve on Group Operating Margin of 38%

FY2013.. Cont.

- Leverage off key attributes of the Prime business:
 - Scalable centralised system
 - Vertically integrated business (Financial Planning, Investment Advice, Life Insurance, Asset Protection incorporating Legal Services, Self Managed Super & Accounting Services)
 - Extensive untapped new client network contained within business structure (Accounting Firms)
- Actively pursue the Organic Growth Plan and selectively consider investee opportunities where they make strategic sense

Longer Term

- Target \$1.5B - 2.0B FUM

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