

Annual General Meeting  
Managing Director/CEO Presentation  
26 October 2010

National Financial Services & Advisory Group



## Overview

- National Financial Services & Advisory Group
- Financial Planning (FP), Self Managed Super (SMS) & Accounting Services (AS)
  - FP & SMS contribute approx 80% + (Currently 81%)
  - AS contributes approx 20% (Currently 19%)

## Financial Planning & Self Managed Super

- FP Funds Under Management (FUM) = \$1.070B (September 2010 + \$45.0M from June 2010)
- FP Revenue Margin on FUM = 1.00% (Approx)
- Funds Under Advice (FUA - incl. FP FUM & SMS Assets) = \$3.0B

## Accounting Services

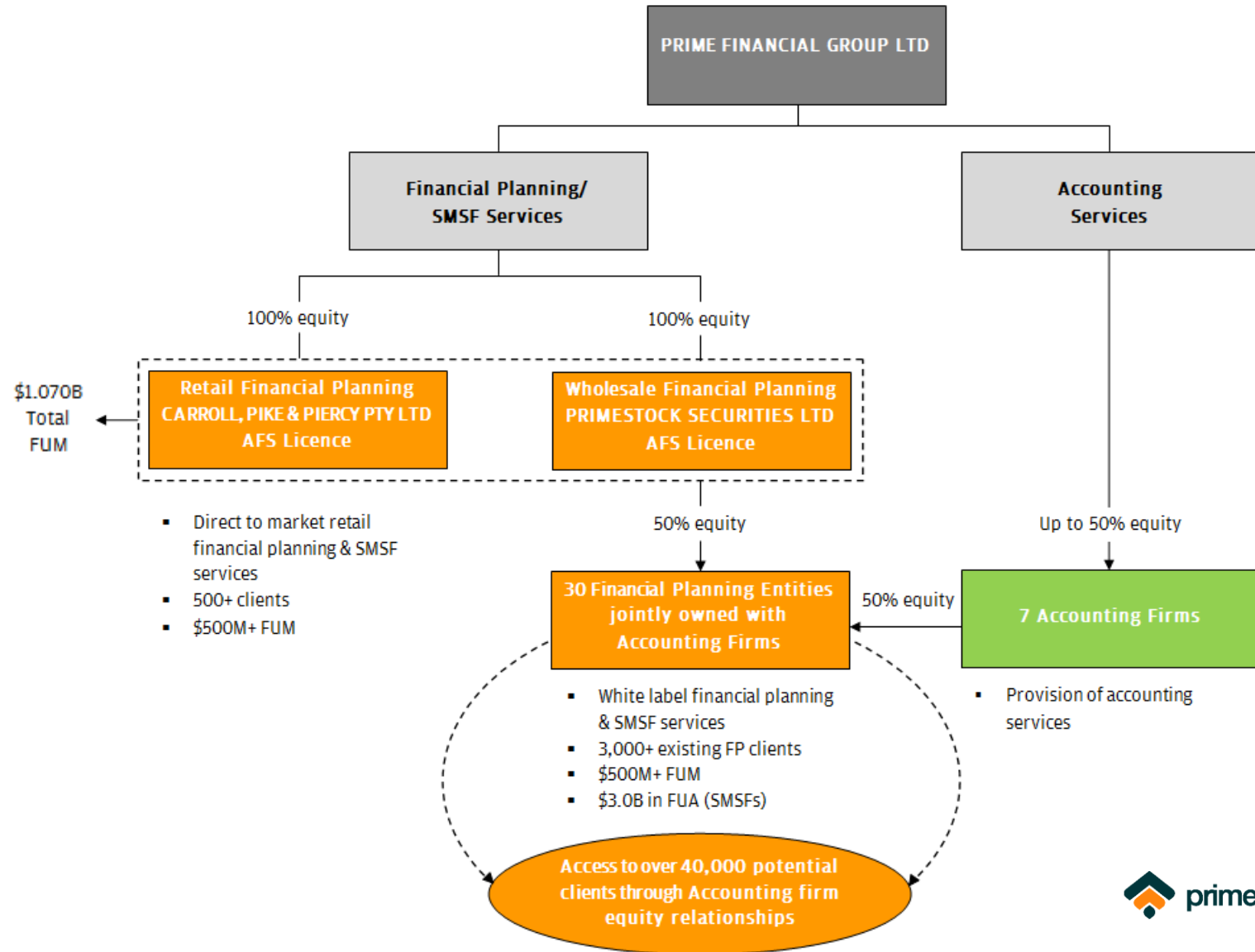
- 7 Accounting Investees

## Financial

- FY10 NPAT up 34% to \$3.66M compared to normalised FY09
- FY10 EBIT up 26% to \$5.36M compared to normalised FY09
- Final dividend of 0.75cps, equates to full year dividend of 1.5cps (66% payout ratio)
- FY10 operating margin of 43% compared to 36% in FY09
- FUM at 30 June 2010 = \$1.025B
- \$80.0M of new FUM for FY10
- FY10 EPS up 15% to 2.3cps compared to normalised FY09
- Net debt of \$5.0M at 30 June 2010 compared to \$6.5M at 30 June 09 – debt down \$1.5M

Note: normalised earnings for FY09 excludes the capital loss on sale of investment

# Structure Chart



# Summary Profit & Loss – FY10 v FY09

	FY09	FY10	% Change
Financial Planning - New Business Revenue	3.00	3.31	+ 10%
Financial Planning - Recurring Income	6.40	7.35	+ 15%
<b>Total Financial Planning Revenue</b>	<b>9.40</b>	<b>10.66</b>	<b>+ 13%</b>
Accounting Services	2.50	2.53	+ 1%
<b>Gross Financial Planning &amp; Accounting Services Revenue</b>	<b>11.90</b>	<b>13.19</b>	<b>+ 11%</b>
Group Overheads	(7.66)	(7.83)	+ 2%
<b>EBIT</b>	<b>4.24</b>	<b>5.36</b>	<b>+ 26%</b>
<b>NPAT</b>	<b>2.74</b>	<b>3.66</b>	<b>+ 34%</b>
<b>Group Operating Margin</b>	<b>36%</b>	<b>43%</b>	<b>+ 19%</b>

# Proposed Changes To The Financial Services Industry

- Proposed changes will not materially impact Prime or its current business model
- For 80%+ of Prime's FUM, clients remunerate Prime directly, not as a commission from a fund manager or product supplier
- The changes will be a positive for our industry, encouraging more clients to have the confidence to seek advice through increased transparency
- Prime is supportive of the proposed changes and see them as a positive for Prime's 'value proposition' for clients, based around;
  - Independence from product manufacturers,
  - Direct investment for clients
  - A fee structure where the client pays Prime for the service and advice we provide and;
  - A team based, service orientated model, offering 'Integrated Financial Services & Accounting Advice'
- Our fee structure for ongoing service (including ongoing advisory fees) via our direct Investment advisory model, is approx 40% - 50% of the ongoing cost of our competitors

## Financial Planning (FP) & Self Managed Super (SMS)

- **Build New Financial Planning FUM & New Clients**
  - Promote 'One Stop Shop' offering for FP & SMS through Accounting Firms (Wholesale)
  - Source new offerings for prospective clients (Wholesale)
  - Integrate AS & SMS Investees further with FP Operations (Wholesale)
  - Promote SMS & Direct Investment Advice opportunity in growing SMS market (Wholesale & Retail)
- **Cross-sell additional financial services to existing clients - Increase dollar contribution from each client**

## Accounting Services (AS)

- **Support Accounting Firm Growth - Deliver Marketing, Business Development & Training services**

## Overall

- **Assess Acquisition Opportunities in FP, SMS & AS**
- **Leverage opportunities available from potential legislative changes utilising existing business model**
- **Continue to align Staff & Shareholder interests**

## Longer Term

- **Target \$1.5B - \$2.0B FUM**
  - \$2.0B FUM = operating margin of circa 60%
  - Currently \$1.070B FUM (September 2010)

## Shorter Term

- **Build New Financial Planning FUM by \$80.0M - \$100.0M + (Annually)**
  - On target in FY11
- **Consistently increase EBIT & Operating Margin**
  - Expect to improve on FY10 in FY11
- **Maintain Gross FP FUM Margin at 1.00% (approx)**
  - Consistent
- **Improve Dollar Contribution from Accounting Services Investees (continuing project)**
  - Seeing improvements, but still work to do

## Simon Madder

Managing Director / CEO  
Prime Financial Group Ltd

Level 17, Como Office Tower  
644 Chapel Street  
South Yarra VIC 3141

Tel 03 9827 6999

Fax 03 9827 9100

[simonm@primefinancial.com.au](mailto:simonm@primefinancial.com.au)