

# Annual General Meeting

## 25 November 2011

Integrated Wealth Management



- **Directors:**
  - Stuart James - Chairman
  - Simon Madder - Managing Director/CEO
  - Stephen Bennett - Non Executive Director
  - Peter Madder - Executive Director
- **Company Secretary:**
  - Campbell Kennedy
- **Auditors:**
  - William Buck Audit (VIC) Pty Ltd
- **Share Registry:**
  - Computershare Investor Services

- **Chairman's Address – Stuart James**
- **Managing Director/CEO's Report – Simon Madder**
- **Business of the Meeting**

# Managing Director/CEO's Report

## Simon Madder

Integrated Wealth Management



# Prime Financial Group Ltd – Positioning

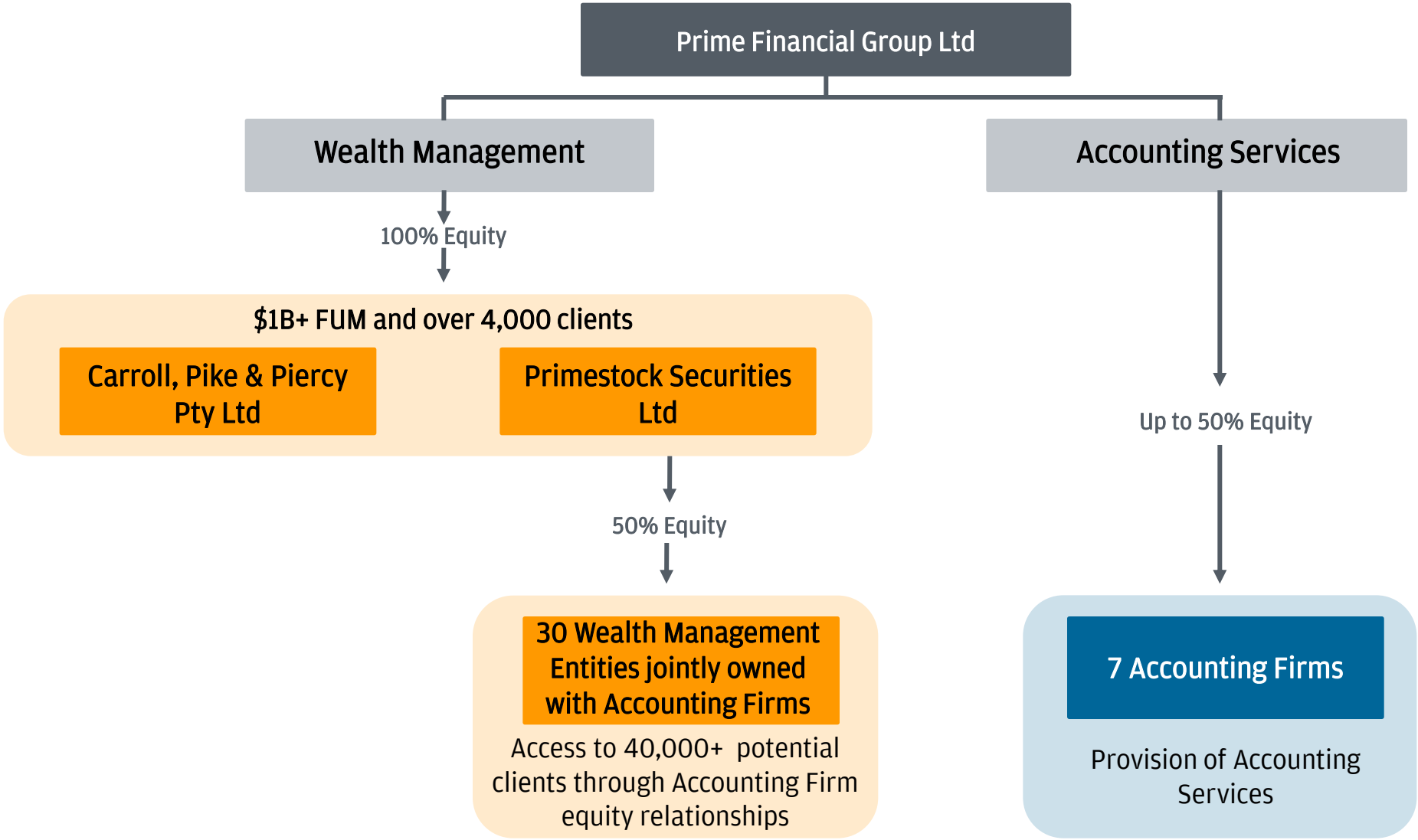
- **What do we do?**
  - Provide Integrated Wealth Management Services
    - Financial Planning
    - Investment Advice
    - Asset Protection & Life Insurance
    - Superannuation including Self Managed Superannuation, and
    - Accounting Services
- **To whom do we provide these services?**
  - Over 4,000 clients across Australia
- **How do we provide these services?**
  - Through 20 highly qualified Financial Advisers
    - Located in hubs in Victoria, NSW, WA and QLD
    - Providing cost effective, transparent and consistent advice
    - Combining Wealth Management Advice with Accounting client relationships

# Prime Financial Group Ltd – Positioning... cont

- **How do we access new clients**
  - Through our Accounting Firm Equity Partners & Accounting Investees
    - 40,000+ Accounting Clients to access for Wealth Management
- **Why are we successful?**
  - Independent Operating Model, providing Personalised Service to a Captive Client Base, in a Cost Effective Manner

‘Advising clients how to Build Wealth & Protect Assets’

# Structure Chart



# Summary Full Year Results

## Financial

	FY10	FY11	% Change
Earnings Before Interest & Tax (EBIT) (\$M)	5.36	5.50	+ 3%
Net Profit After Tax (NPAT) (\$M)	3.66	3.84	+ 5%
Basic & Diluted Earnings (cents per share)	2.3	2.4	+ 4%
Dividend Paid & Proposed (cents per share) (fully franked)	1.5	1.5	0%

## Operational

	FY10	FY11	% Change
Group Operating Margin	43%	43%	0%
Total FUM (\$B)	1.025	1.055	+ 3%
Net Debt (\$M)	5.0	6.4	+28%

# Summary Profit & Loss

	FY10	1H11	2H11	FY11	Annual % Change
Wealth Management - New Business Income (\$M)	3.31	1.63	1.37	3.00	- 9%
Wealth Management - Recurring Income (\$M)	7.35	3.66	3.59	7.25	- 1%
Total Wealth Management Income (\$M)	10.66	5.29	4.96	10.25	- 4%
Accounting Services Investees (\$M)	2.53	1.42	1.82	3.24	+ 28%
<b>Gross Income (\$M)</b>	<b>13.19</b>	<b>6.71</b>	<b>6.78</b>	<b>13.49</b>	<b>+ 2%</b>
Less Group Overheads (excl. Interest) (\$M)	(7.83)	(3.89)	(4.10)	(7.99)	+ 2%
<b>Earnings Before Interest &amp; Tax (EBIT) (\$M)</b>	<b>5.36</b>	<b>2.82</b>	<b>2.68</b>	<b>5.50</b>	<b>+ 3%</b>
<b>Group Operating Margin</b>	<b>43%</b>	<b>45%</b>	<b>41%</b>	<b>43%</b>	<b>0%</b>
Dividend Paid & Proposed (cents per share) (fully franked)	1.5	0.75	0.75	1.5	0%

## Wealth Management

- Total Wealth Management Income is down 4% despite an overall increase in FUM and Asset Protection & Life Insurance for FY11. This is principally due to:
  - Lower transactional income (Investment Brokerage and New Issues & IPO's)
  - Lower FUM earnings from a net margin decline (Driven by lower transactional Income)
- Overall, the Wealth Management position and platform continues to be well placed to grow organically from underlying FUM, Asset Protection & Life Insurance and offering new client services

## Accounting Services

- Significant improvement in FY11 (+28%) however continued opportunity for growth with a focus on business development, marketing, training, management and further Wealth Management integration

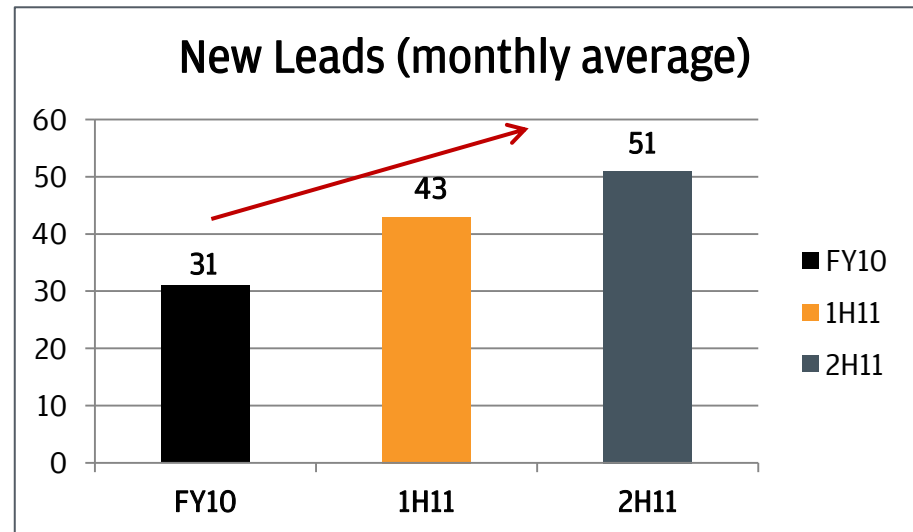
# Key Metric – New Business

## Introduction

- Prime has updated our new client tracking system to a real time IT program (SalesForce). It tracks new leads, work in progress and client completions
- This is a valuable tool to track the development of the business and accessing the incumbent 40,000+ potential clients of Prime's Accounting Firm equity relationships

## New Leads – Upward Trend

- 'New leads' measures client meetings by service line
- It is a key driver of new FUM, Asset Protection and Life Insurances
- New Business Investment Brokerage is mainly driven by existing clients



## Commentary

- Progress of monthly new leads growth is encouraging (increasing further in 1Q12 to 55 new leads)
- Conversion into new FUM, Asset Protection & Life Insurance is solid, in particular Life Insurance is growing
- The continued focus is to improve growth in new leads & conversion of those leads

# Proposed Changes To The Financial Services Industry (FoFA)

- Proposed changes in the current form will not materially impact Prime or its current business model, there is however potential for an increased administration burden in the future
- For 80%+ of Prime's FUM, clients remunerate Prime directly, not as a commission from a fund manager or product supplier
- Prime views the changes as a positive for our '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 Wealth Management'
- Our fee structure for ongoing service and advice is very competitive, significantly less than competitors and remains a key point of difference

# FY2012 Targets & Longer Term

## FY2012

- Continue to work on and improve key indicators within the business that drive earnings:
  - New FUM of \$80.0M - \$100.0M + for year
  - FUM Annualised Net Margin at or around 1.00%
  - Build on existing service lines & rollout new service offerings for our client base such as a 'Discretionary Investment Service'
  - Continue growth in new client leads beyond 300 per half
  - Improve on Group Operating Margin of 43%, subject to market conditions impact on FUM
- Leverage off key attributes of Prime:
  - Extensive untapped new client network contained within business structure (Accounting Firms)
  - Scalable centralised system
  - Vertically integrated business (Financial Planning, Investment Advice, Self Managed Super & Accounting Services + Asset Protection & Life Insurance)
- Actively pursue Merger/Acquisition & Consolidation Opportunities in combination with the Organic Growth Plan (significant opportunities)
- Continue capital management buy back activity, where the current share price does not reflect the underlying value of Prime

- **Business of the Meeting**
  - Consideration of Financial Statements
    - Note: There is no requirement for shareholders to approve these statements
  - Adoption of the Remuneration Report
  - Re-Election of Director - Stuart James

# Adoption of Remuneration Report

## Resolution 1

- To consider and, if thought fit, to pass (with or without modification) the following as a non-binding ordinary resolution:

**“That the Remuneration Report for the year ended 30 June 2011 forming part of the Director’s Report be adopted by the members.”**

Proxy Votes received prior to meeting

	Proxy Votes	% of Votes
▪ For	41,738,605	97.7%
▪ Against	707,258	1.7%
▪ Open	264,787	0.6%
▪ Abstain	102,555	-

- Note: A voting exclusion applies to this resolution for directors and executives who were key management personnel (KMP) during the disclosure period.

## Resolution 2 : Re-Election of Director – Mr. Stuart James

- To consider and, if thought fit, to pass (with or without modification) the following as an ordinary resolution:

**“That Mr. Stuart James, a Director retiring by rotation in accordance with the Company’s Constitution, and offering himself for re-election, be re-elected as a Director of the Company.”**

### Proxy Votes received prior to meeting

	Proxy Votes	% of Votes
▪ For	40,070,531	76.0%
▪ Against	164,150	0.3%
▪ Open	12,512,233	23.7%
▪ Abstain	3,500	-

Thank you

Integrated Wealth Management

