

Sequoia Financial Group Limited

ASX Code: SEQ

2020 Annual General Meeting – Business Update, 19 November 2020

Garry Crole, Chief Executive Officer

Today's Objectives:

Discuss the 2020 results.

Share our view on the structural changes taking place in the Australian Financial Services landscape.

Update shareholders on the progress of our 5 year business plan that recommenced in November 2018.

Provide an update of the current business performance.

Offer shareholders the opportunity to ask questions of the board and management.

	2019	2020
Revenue	\$83.1 million	\$84.5 million
EBITDA (Operating Profit)	\$1.1 million	\$4.8 million
NPAT	(\$1.0 million)	\$1.9 million
Dividend	Nil	0.4 cents (25% NPAT)
Shareholders Equity	\$31.1 million	\$33.2 million
EBITDA on equity	4.34%	15.43%
EBITDA on revenue	1.32%	5.68%
Average no of advisers	250	350

We believe advice should be a stand alone activity with ownership separated from those who supply product solutions.

This major shift has seen an increase in the delivery cost to advisers.

The shift however should increase confidence to the 12 million working Australians who need help to understand the various complexities of strategy and product without any conflicts between the two.

There has been a fall in adviser numbers to below 20,000, we expect recovery will not occur before 2024 despite the increase in demand.

Sequoia's role is to provide multiple services to advisers so they can deliver best practice and cost effective advice to end clients who recognise the cost benefit of having an advice coach.

The Adviser Services We Provide

Licensing authority to self employed advisers

Education, Media and Research services to
third party licensees and their advisers

SMSF Administration services
Legal Document and other administration
activities

General Insurance and
Finance broking services

Advisers.
Accountancy
practices.
Third party
licensees

Corporate and negotiation of specialist
investment opportunities

Direct Equity Clearing Services

Revenue Generation (KPI on every function)

Licensee Services

Interprac FP, Libertas FP
Sequoia Wealth, Sequoia Corporate
Sequoia Asset Management

Administration and Technology Solutions

Morrison Securities, SMSF Administration
Legal Documents, General Insurance

Media, Education and Research Provision

Financial News, Yield Report
Internal research, Specialist Investments
Internal Compliance and Education staff

Medium Term Strategic Objectives

Lead the market in the provision of adviser services.

Increase group revenue towards \$400 million by 2024.

Build the return on group revenue towards 8% by 2024.

Move the reinvesting of profit to fund growth from current dividend pay out ratio of 25% in 2020 towards 65% by 2024.

Increase scale of each business as stand alone profit centres.

Increase the number of third party licensees using a Sequoia owned service therefore passing on scale synergies to a market place that needs this.

Increase the number of advisers we act as the licensee to from 415 at present to over 1,000 by 2024 which we believe is the optimal number to optimize the return on revenue , share cost synergies with clients and create the premium advice brand.

2021 Budgeted for High Growth

	2019	2020	2021 Budget
Revenue	\$83.1million	\$84.5 million	+20%
EBITDA (Operating Profit)	\$1.1 million	\$4.8 million	+25%
NPAT	(\$1.0 million)	\$1.9 million	+ 50%
Dividend Ratio	Nil	25% of NPAT	30% of NPAT
Shareholders Equity	\$31.1 million	\$33.2 million	>\$35 million
EBITDA on equity	4.34%	15.43%	>17.5%
EBITDA on revenue	1.32%	5.68%	>6.0%
Adviser numbers	250	350	450

2020/2021 Progress to Budget

Revenue: Budgeted to increase from \$84.5 million in 2020 by \$17.5 million or 20% to \$102m in FY 2021.

The business is currently tracking ahead of this budget.

EBITDA: Operating profit is budgeted to increase by 25% from \$4.8m in 2020 to \$6m in 2021.

The business is currently tracking ahead of this budget.

NPAT: NPAT is budgeted to increase by 50% from \$1.9 million in 2020 to \$2.85 million in FY 2021.

The business is currently tracking ahead of this budget.

**Half Year
Warning** We expect to trade more evenly than in 2020.

This will make the 1HY 21 results appear to be increasing well ahead of budgeted growth budget forecast.