



Sequoia Financial Group Limited

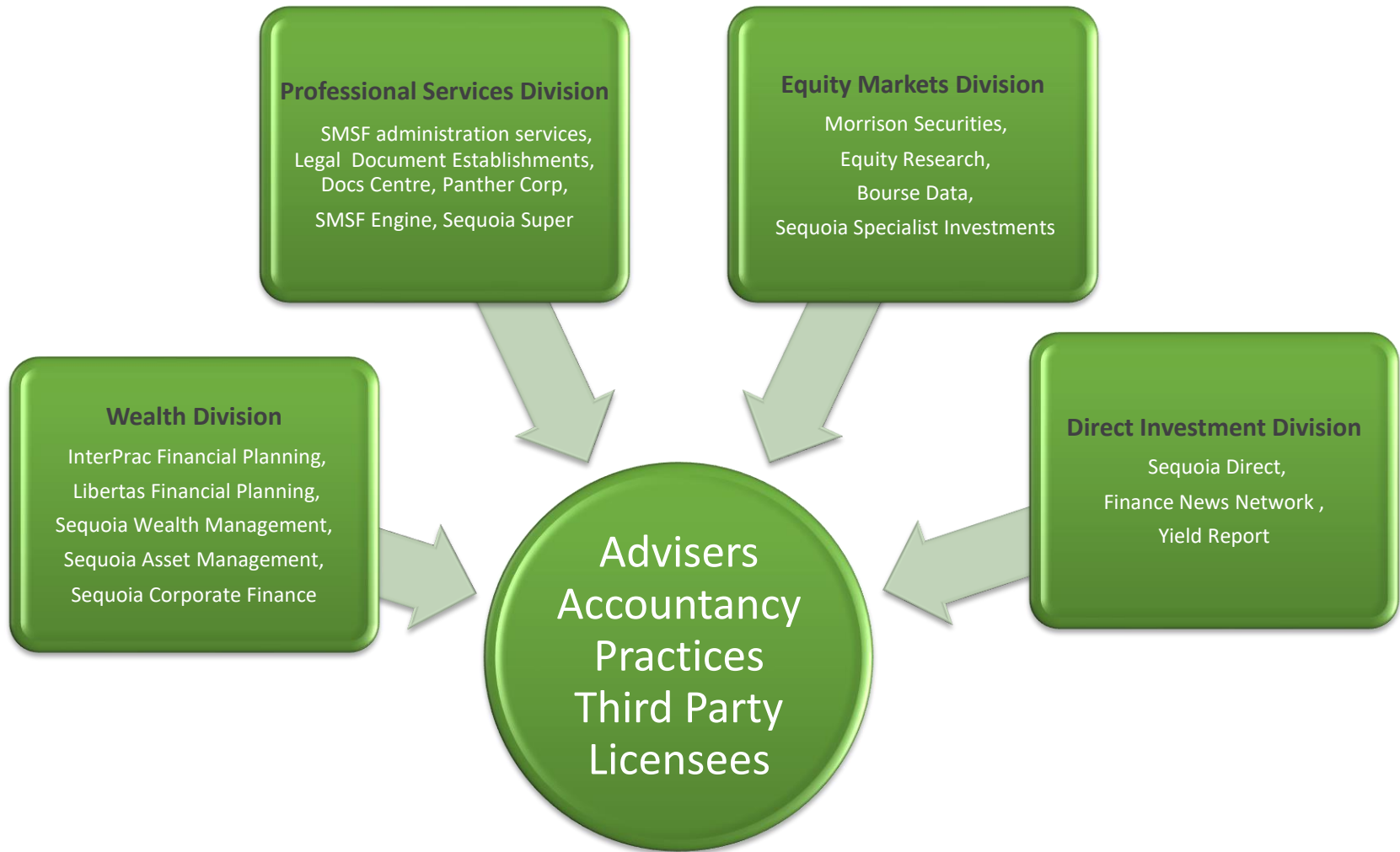
ASX Code: SEQ

Half Year Results Presentation 2021 (1H21)

February 2021

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1H21 Results were strong, with EBITDA (Operating Profit) ahead of 1H20 and on track to exceed FY21 budget of \$6M, as greater synergies are obtained from multiple and aligned service offering to the IFA marketplace.

	Actual 1H21	Budget 1H21	2H20	1H20
Revenue	\$52.4M	\$48.0M	\$43.4M	\$41.1M
EBITDA	\$4.0M	\$3.0M	\$3.4M	\$1.44M
NPAT	\$1.7M	\$1.4M	\$1.7M	\$0.26M
EBITDA on equity	>20%	17.1%	14%	9.1%
EBITDA on Revenue	7.6%	6.3%	7.8%	3.5%
Nos. of Advisers	405	400	388	304

Note: 1H21 EBITDA included one-off JobKeeper payments and trading gains on share portfolio ~ \$0.6M

Financial

- Beat budget on all key financial indicators
- Achieved consolidated Revenue Growth of 27.6% on 1H20 with outperformance in the wealth and equity markets divisions
- Achieved 176% of growth in operating profit on 1H20 results.
- Saw adviser growth of 33% over 1H20 through acquisition and organic growth
- Morrison Equities month contract note turnover is up 400% on PCP in FY20
- Morrison ETO contract turnover is up 100% on FY20 PCP (No.1 in ASX ETOs)
- Morrison Securities funds on sponsored holdings is up from \$400m in January 2020 by 500% to \$2.8B by January 2021
- Strong results despite Covid-19 impacting the Professional Services and Direct Investment divisions half year performance.

Operational

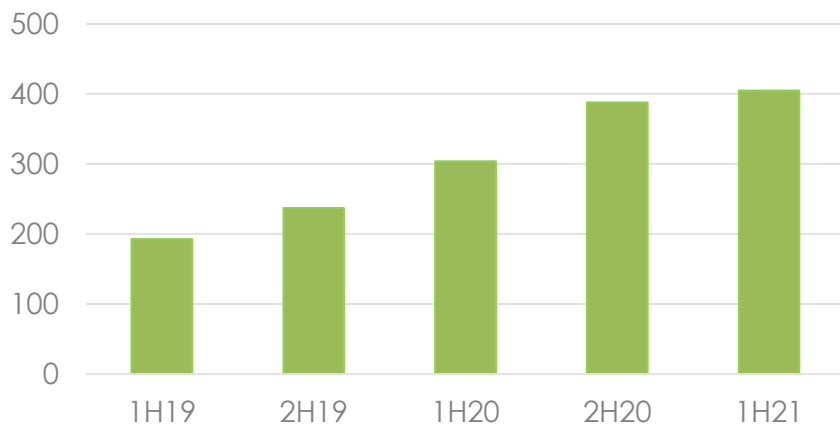
- Scale allowed us to maintain pricing but increase margin
- Acquired more scale in business units that are sub scale direct-to-consumer advice business assisting retiring advisers and through the acquisition of the Panther Corp document business
- Initiated a SMSF marketing program in November 2020 to address growth in fund administration
- Sequoia Corporate Finance team improved performance
- Significantly enhanced Research capability following the appointment of a Research head and acquisition of Yield report.

FY21 Forecast Upgrade

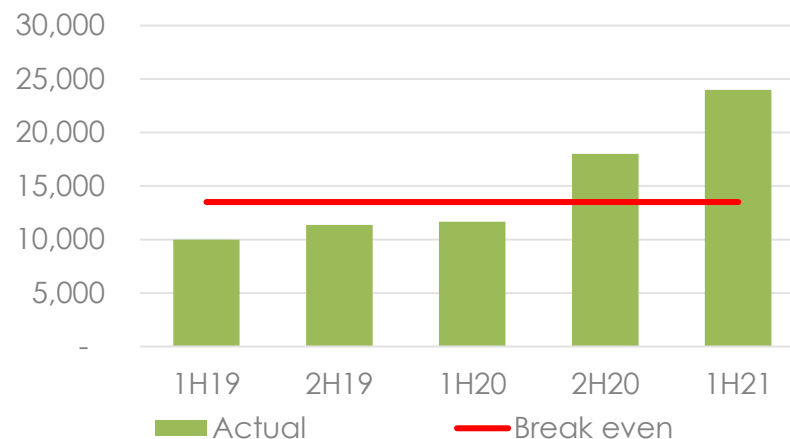
	FY19	FY20	FY21 Budget	FY21 Forecast Upgrade
Revenue	\$83.0M	\$84.5M	\$100M	\$110M
EBITDA (Operating Profit)	\$1.1M	\$4.8M	\$6M	\$7M
NPAT	(\$1.0M)	\$1.9M	\$2.8M	\$2.9M
Dividend Ratio	Nil	25% of NPAT	30% of NPAT	30% of NPAT
Shareholders Equity	\$31.2M	\$33.2M	>\$35M	>\$35M
EBITDA on equity	3.5%	14.5%	>17.1%	>17.1%
EBITDA on revenue	1.3%	5.7%	>6.0%	>6.0%
Nos. of Advisers	237	388	450	450

Key Performance Indicators

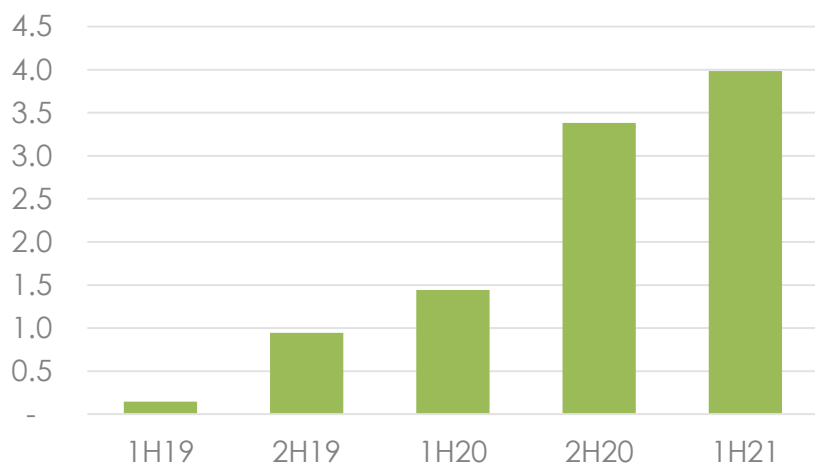
Number of Licensed Advisers



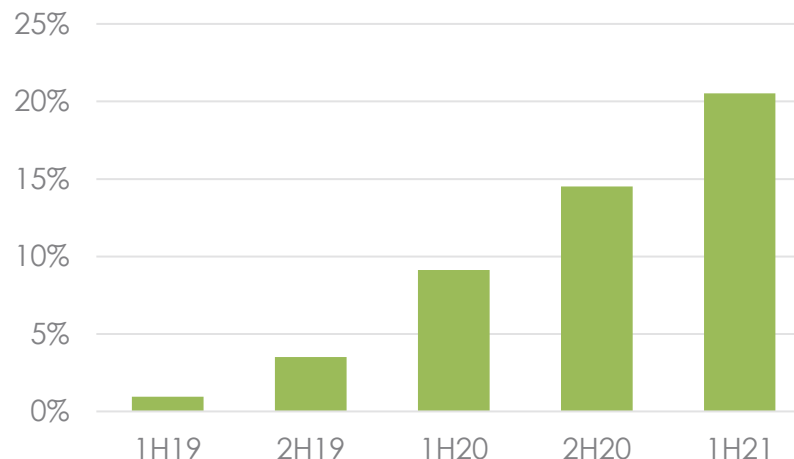
Morrison month average contracts



EBITDA \$M

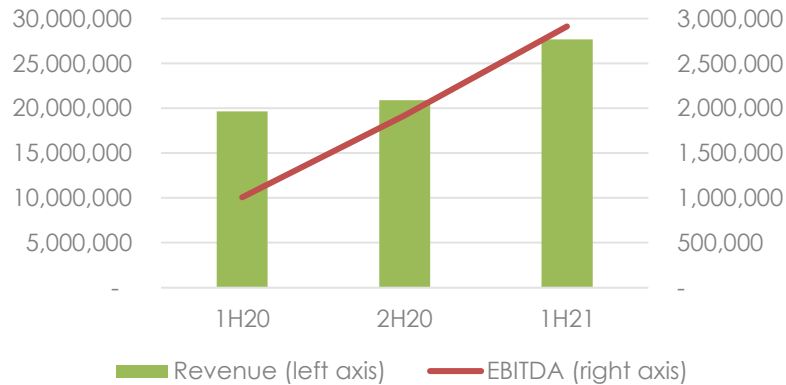


Return on Equity (EBITDA / Equity)

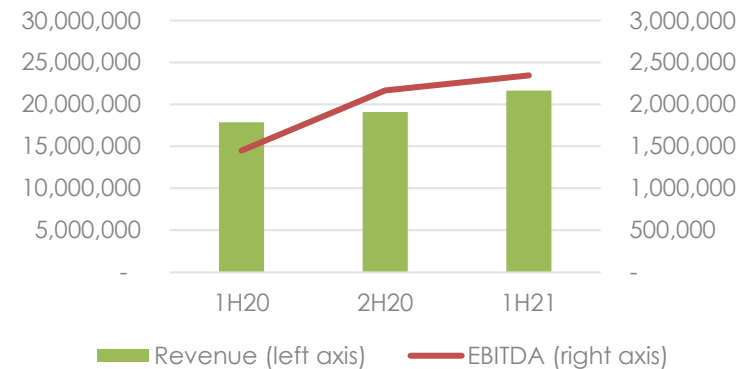


Divisional results

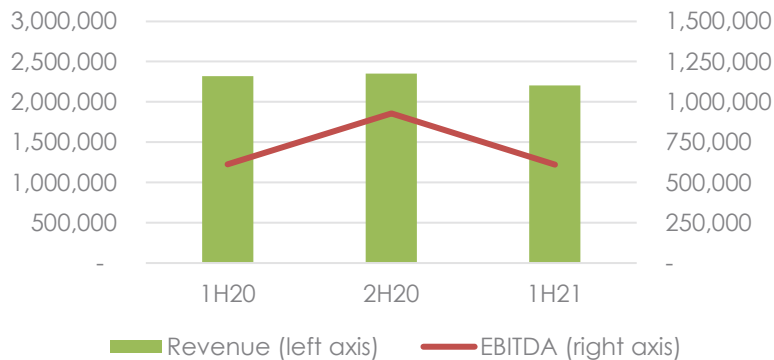
Wealth



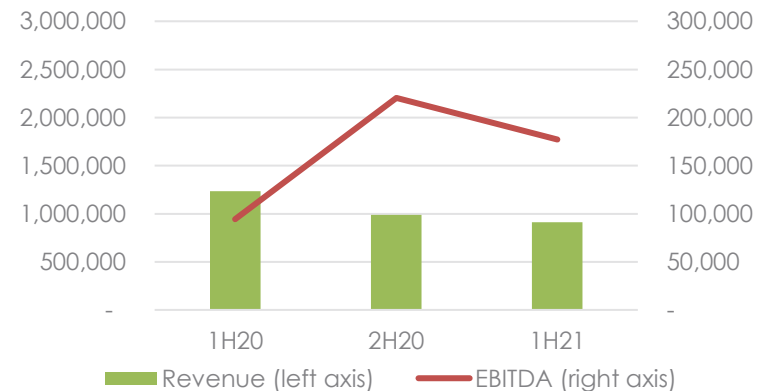
Equity Markets



Professional Services



Direct Investments



Note: Head Office costs are approximately \$2M per half year period and are allocated to the divisions based on a combination of headcount numbers or revenue methods.

There is increased demand for personal advice in the IFA market following global equity market falls in March 2020

Self directed investors such as SMSF Trustees have increased take up of an investment adviser to improve some inefficient investment strategies

Banks and Product providers continued to exit their vertical integrated advice businesses with advisers within those groups increasingly seeking out the service of non-aligned AFSL

COVID-19 was a wake-up call for many Australians in respect to personal saving habits particularly those that were non-advised in industry superannuation funds

Younger Australians were attracted to investing via a range of on-line short term trading strategies which is driving demand for advice, media and education outlets.

Adviser numbers across the industry continued to decrease as the cost to provide services increased despite demand for services increasing.

Governments began to recognize the need for them to encourage advice and be a part of the solution in driving down the costs of advice rather than over burdening the industry with red tape and adding to the price of advice provision.

Short Term Objectives

Maintain current revenue growth trajectory of at least 25%

Organically reach 450 advisers under a Sequoia AFSL by June 2021

Continue to seek out acquisitions in the advice market to scale towards the target market share of 10% of the IFA licensee marketplace

Continue to grow market share in Morrison clearing business at the current rates of organic growth. Increase Morrison stock on HIN to above \$3.5B by 30 June 2021

Build more research content for IFA market on our technology platforms Financial News Network, Yield Report and Sequoia research.

Surpass the FY21 revenue budget by more than 10% to achieve FY21 revenue of at least \$110M

Surpass the FY21 budget by more than 15% and achieve FY21 operating profit of \$7M

Lead the market in the provision of services to advisers, accountants and licensees

Increase group revenue towards \$400M by year ending 30 June 2025

Build the operating profit return on group revenue towards 8% by year ending 30 June 2025

Increase the number of advisers we act as the licensee to, from just >400 at present to 1,000 by 30 June 2025

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