

16 October 2018

Company Announcements Office
Australian Securities Exchange Limited

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**Presentation – The 9th Annual Australian Microcap Investment Conference,
Wednesday 17th October**

Please find attached a copy of the presentation that Simon Madder (Managing Director & CEO) of Prime Financial Group Ltd (Prime – ASX code PFG) will be making on 17th October at 10.15am at the 9th Annual Australian Microcap Investment Conference held at the Sofitel Melbourne On Collins, Melbourne.

About Prime Financial Group

Prime is an Integrated Accounting, Wealth Management and Capital Advisory firm that operates a direct client advice model and a partnership model with Accounting and Advisory firms. Prime's goal is for clients to receive complete Accounting, Wealth Management and Capital Advice.

For more information on this announcement please contact Simon Madder (Managing Director / CEO) on (03) 9827 6999.



Prime Financial Group Ltd (ASX: PFG) – Australian Microcap Investment Conference

17 October 2018

Who We Are

Services



- Integrated Accounting & Business Advisory, Wealth Management and Capital Services with \$1.1 billion of funds under management (FUM)

Purpose



- Advise investors, business owners and entrepreneurs on realising their aspirations, protecting and growing their wealth and accessing capital

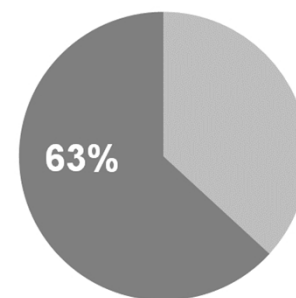
Operations



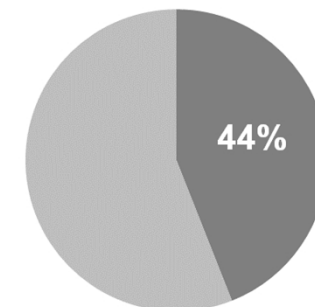
- 90+ team members across Melbourne, Sydney, Brisbane, Gold Coast, Cairns, and Perth
- Focus on growing three core hubs in Melbourne, Sydney and Brisbane for all service lines
- Centralised Services (IT, Finance, Marketing & HR) in Melbourne

Prime's Capital Structure

| | |
|--|----------------|
| Shares on issue (includes treasury shares) at 30/06/18 | 193.0 million |
| Market Capitalisation at \$0.105 at 11/10/18 closing | \$20.0 million |
| Net debt at 30 June 2018 | \$7.7 million |



Top 20 Shareholders



Staff & Associate Shareholders

Key Points

1. Exposure to favourable industry thematics in Wealth Management, SMSF and Business Advisory
2. Continued Revenue Growth and Scale
3. Strategic repositioning of Prime substantially complete in FY18
4. Invested in infrastructure and services to allow acceleration of business plan
5. Targeting double digit earnings growth in FY19
6. Potential acquisitions to add to earnings and EPS
7. Attractive valuation with gross dividend yield (including franking credits) of 11.8%*

What We Do – Revenue by Service

Wealth Management



- Financial & Retirement Planning
- Investment Advice
- Separately Managed Accounts (SMAs)
- SMSF
- Life Insurance

Prime operates a direct client advice model under the Prime brand and a Joint Venture model with accounting firms (co-branded)

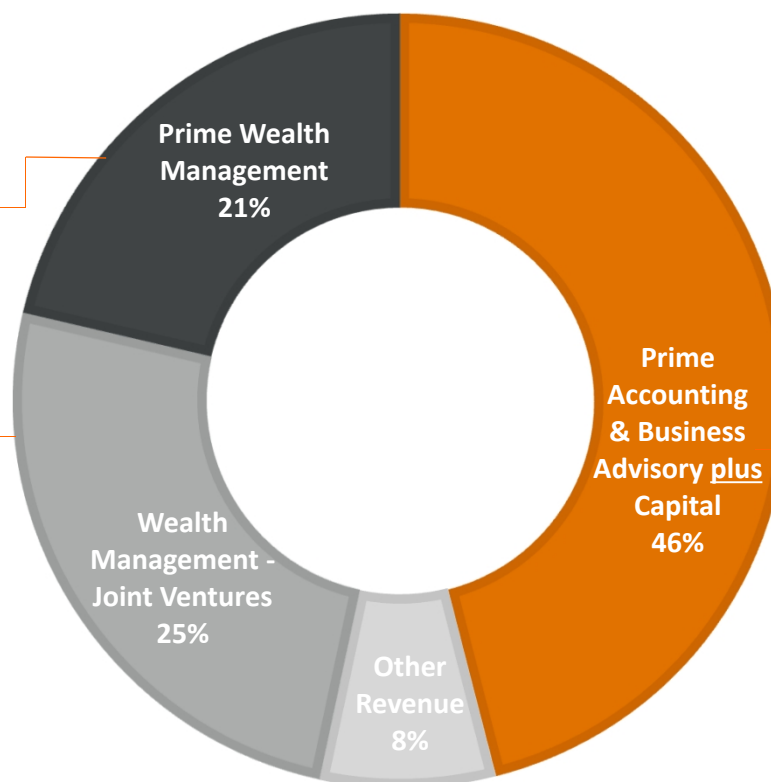
- **80% of total revenue is generated from existing customers**

Wealth Management

- Prime employees liaise directly with clients under the Prime brand

Wealth Management – Joint Ventures

- 30+ joint ventures with small and mid-sized accounting firms



Accounting & Business Advisory plus Capital



Traditional Accounting

- Accounting and Tax Compliance

Advisory Services

- SME Advisory
- Government Grants

Capital Advisory

- Corporate Advisory and M&A
- Capital Raising

Other Revenue

- Two minority firm investments (equity accounted)
- Other revenue

FY18 Highlights

Continued Growth

- Revenue growth +11% in FY18
- Scaling through acquisitions and organic growth

Build Platform to Scale

- Three core hubs now established in Melbourne, Sydney and Brisbane
- Only core capability not available across key hubs is Accounting & Business Advisory in Sydney (key priority)

Acquisitions Successfully Implemented

- Altezza Partners (Prime Brisbane) acquisition successfully implemented and growing
- Better systems and resourcing in place for growth and performance improvement

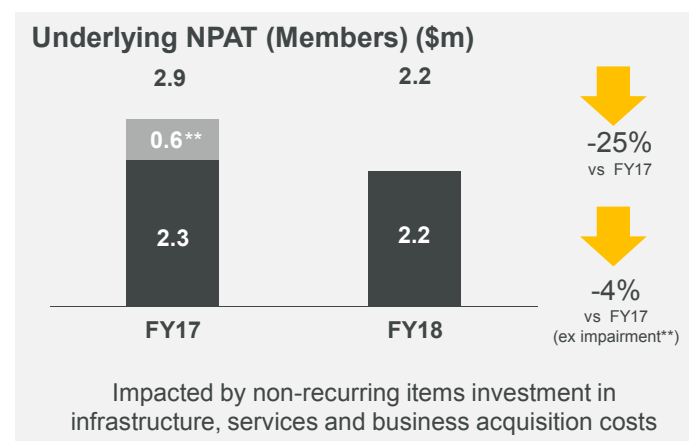
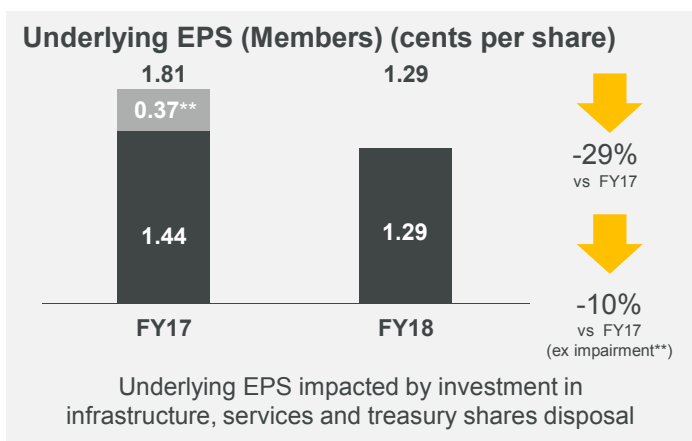
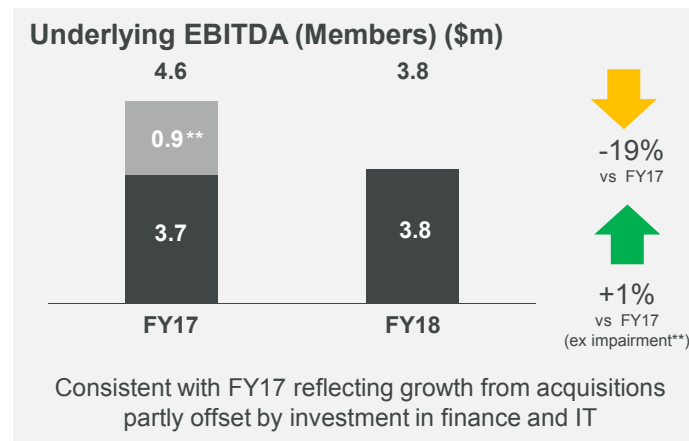
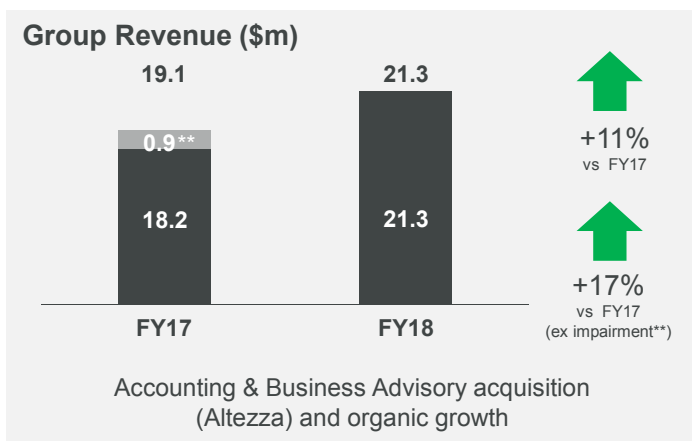
Divestments and Focus on Core

- Divestment of minority equity interests in Accounting Firms (almost final)
- Acquisition of additional equity in Wealth Management entities (core)
- Acquisition of Corporate Advisory entities (July 2018) to scale Capital plus successfully raised a Venture Capital Fund to deploy to early stage businesses

Key Takeaway

- Prime has invested in future growth by building infrastructure, services and acquiring strategic assets
- These investments impacted FY18 earnings but position Prime to deliver growing shareholder value through further acquisitions and organic growth

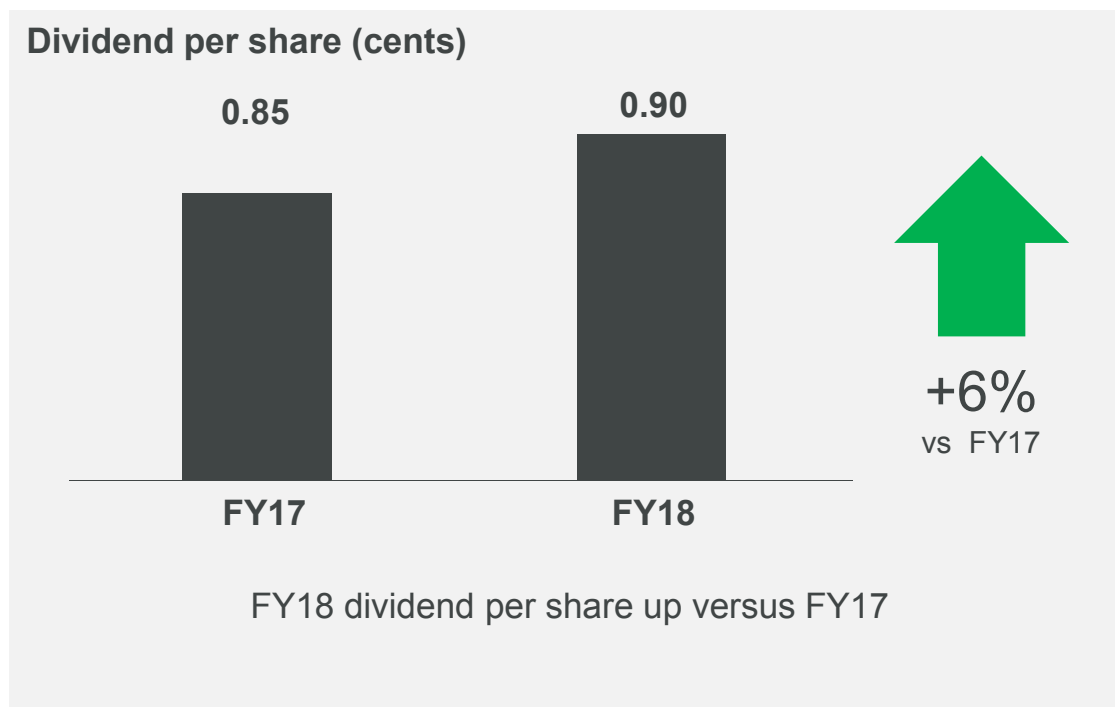
FY18 Performance Summary



• Note the P&L metrics included above have been derived from the FY18 Financial Statements and exclude share based payment expenses/(benefits), fair value adjustments on contingent consideration, amortisation of intangibles and non-recurring items including: business acquisition costs, restructuring costs, non-recurring professional fees, losses on disposal of investments and impairment losses. Please see Appendix for reconciliation of Underlying NPAT and Reported EBITDA and NPAT

** This item represents revenue recognised in FY17 that was written off as an impairment in H1 FY18. It related to non-recoverable debtors and work in progress. To provide a useful period-on-period comparison for users of this document, this item has been separately identified in the FY17 figures shown above. Prime has strengthened its systems and controls to reduce the risk of any future impairments of these items

FY18 Dividend Summary



**FY18 dividend at
0.90 cents per share
(FY17 0.85 cents per share)**

- Final dividend = 0.45 cents per share
- Record date for determining entitlement to final dividend
– 28 September 2018
- Payment date for final dividend
– 1 November 2018
- Final dividend consistent with prior year

FY18 Revenue

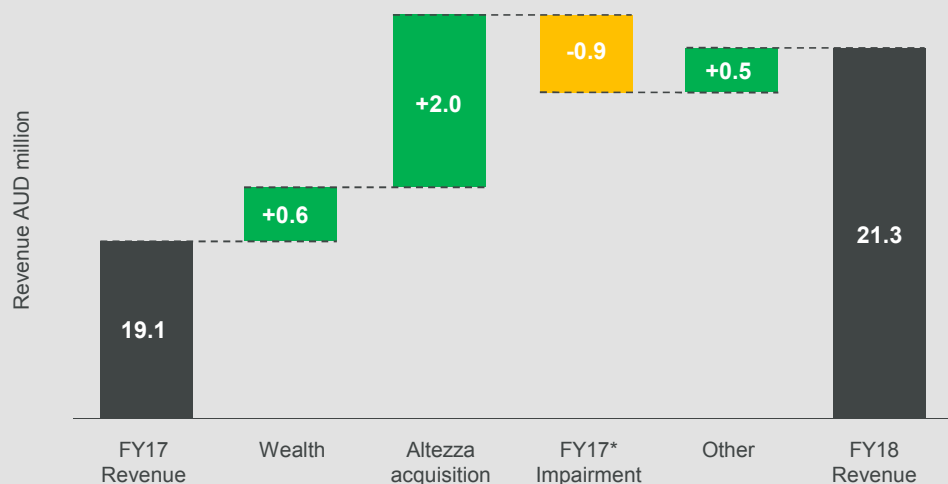
How are we growing?

- Strategy changed in FY17 to divest minority accounting firm investments and focus on wholly owned businesses in Melbourne, Sydney and Brisbane

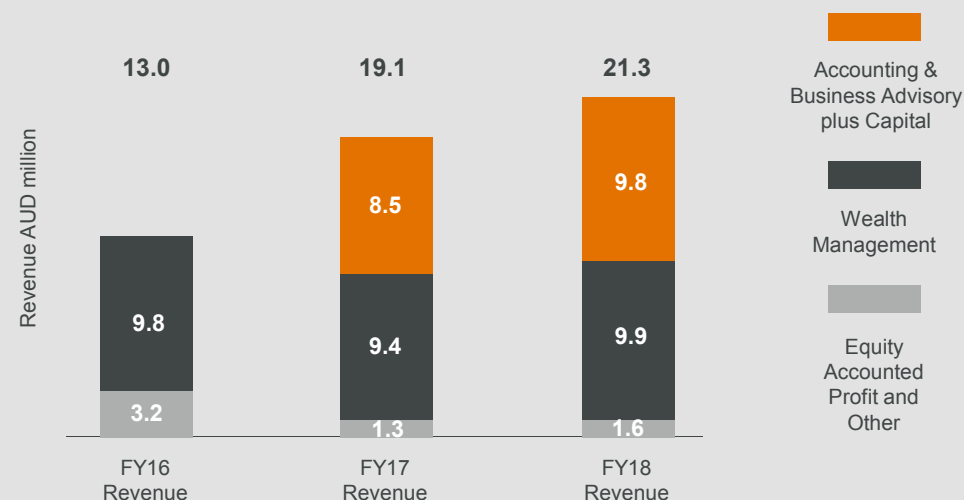
Where are we growing?

- **Accounting & Business Advisory plus Capital revenue increased from \$0 in FY16 to \$9.8 million in FY18.** Delivered through two successful acquisitions in Melbourne and Brisbane plus the set up of Prime's capital advisory division
- Wealth Management revenue increased by 6% in FY18 with continued growth in SMAs (+ \$65 million)

Analysis of Revenue – FY17 v FY18



Analysis of Revenue Growth – FY16 to FY18



* This item represents revenue recognised in FY17 that was written off as an impairment in H1 FY18. It related to non-recoverable debtors and work in progress. To provide a useful period-on-period comparison for users of this document, this item has been separately identified in the FY17 figures shown above. Prime has strengthened its systems and controls to reduce the risk of any future impairments of these items

Typical Clients

Accounting & Business Advisory

- Start-ups, Scale-ups and Businesses with \$1 million - \$30 million revenue
- Australian and Overseas companies seeking to access Australian Government Grants

Wealth Management

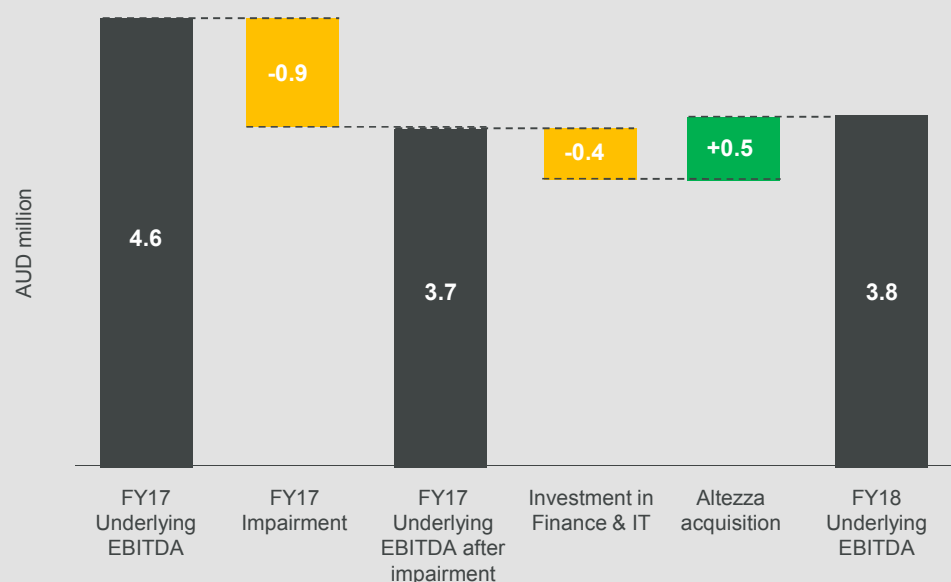
- Mass affluent with \$100k - \$1 million of investible assets (typically \$750k)
- Higher net worth individuals and family groups with \$1 million - \$30 million of investible assets, often with a SMSF

Capital Advisory

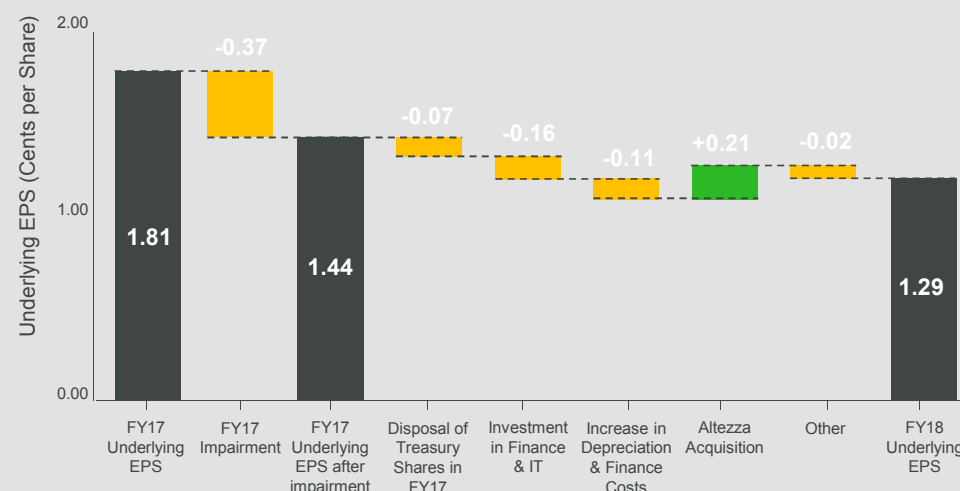
- Emerging to mid market companies with a value up to \$300 million (typically \$10 million - \$150 million)
- Cover all industry's sectors (including early stage), but typically exclude mining and real estate

FY18 Underlying EBITDA & EPS (Members)

Analysis of Underlying EBITDA – FY17 v FY18



Analysis of Underlying EPS – FY17 v FY18



- FY17 Impairment - this item represents revenue recognised in FY17 that was written off as an impairment in H1 FY18. It related to non-recoverable debtors and work in progress. To provide a useful period-on-period comparison for users of this document, this item has been separately identified above. Prime has strengthened its systems and controls to reduce the risk of any future impairments of these items
- Investment in Finance & IT in FY18 – Prime invested in Finance & IT, which reduced EBITDA and NPAT but provides the platform for future growth through both acquisitions and organic growth

* Note the P&L metrics included above have been derived from the FY18 Financial Statements and exclude share based payment expenses/(benefits), fair value adjustments on contingent consideration, amortisation of intangibles and non-recurring items including: business acquisition costs, restructuring costs, non-recurring professional fees, losses on disposal of investments and impairment losses. Please see Appendix for reconciliation of Underlying NPAT and Reported NPAT

FY18 Balance Sheet & Cash flow

- Group net debt at 30 June 2018 was \$0.3 million lower than 30 June 2017
- Operating cash flow for FY18 was \$2.7 million

Balance Sheet




| Group (AUD million) | At 30 Jun 2018 | At 30 Jun 2017 * |
|--|----------------|------------------|
| Cash | 0.9 | 0.6 |
| Total assets | 60.5 | 63.6 |
| Borrowings | (8.6) | (8.6) |
| Total liabilities | (16.1) | (16.0) |
| Net assets | 44.4 | 47.5 |
| Non-controlling interests | (6.1) | (5.9) |
| Equity attributable to members of the parent | 38.3 | 41.6 |
| Group net debt | (7.7) | (8.0) |
| <i>Gearing ratio</i> | <i>16.8%</i> | <i>16.1%</i> |

Cash flow

| Group (AUD million) | FY18 Reported | FY17 Reported |
|---------------------|---------------|---------------|
| Operating cash flow | 2.7 | 3.0 |
| Investing cash flow | (0.7) | (5.2) |
| Financing cash flow | (1.7) | 1.6 |
| Net cash flow | 0.3 | (0.6) |
| Cash at 30 June | 0.9 | 0.6 |

* FY17 amounts have been restated and do not correspond to amounts included in the FY17 Annual Report. Please see the FY18 Financial Report for further details.

Strategic Plan

| Purpose | Advise investors, business owners and entrepreneurs on realising their aspirations, protecting and growing their wealth and accessing capital | | |
|-------------------|---|---------------------------------------|--|
| Goal | To be the leading integrated advice firm of the future | | |
| How | Helping our clients and business partners access advice, services, grants, networks, education, expertise and capital | | |
| Area | Strategic Objective | FY19 Key Priorities | |
| Customer | Provide clients with advice, growth opportunities and wealth management services | Organic Growth |  <ul style="list-style-type: none"> Improve and grow partnerships, proactive client advice and a total client service |
| Financial | Target double digit earnings growth, scale revenue to \$50 million and FUM to \$3 billion | Acquisitions & Integration |  <ul style="list-style-type: none"> Make further acquisitions in core locations Integrate and leverage corporate advisory acquisitions made in July 2018 (Eaton Partners and CMB) |
| People | Build a team that adds value to clients through proactive, goal oriented advice | People & Culture |  <ul style="list-style-type: none"> Further develop and empower our people to confidently advise our clients and engage with prospects - client service is a priority |
| Technology | Invest in the future by utilising data and technology to improve our clients' experience and deliver Prime's business strategy | Systems & Efficiency |  <ul style="list-style-type: none"> System enhancement plus automation to increase efficiency, reduce cost to income ratio and further our client experience Leverage the investment in Finance & IT infrastructure to improve ROI on acquisitions |

Acquisition & Divestment Strategy

Strategy



- Acquire operating businesses in three core service lines that Prime can consolidate, integrate, improve and grow
- Prior to FY17, Prime's strategy was to acquire minority equity interests in accounting firms, these have substantially been sold or consolidated
- Focus on Melbourne, Sydney and Brisbane core hubs

Timeline

Acquisitions

Accounting & Business Advisory Expansion

August 2016
Acquisition of MPR Accountants & Advisors (Melbourne accounting firm)

June 2017
Acquisition of Altezza Partners (Brisbane accounting firm)

Wealth Management Expansion / Consolidation

October 2017
Increased exposure to wealth management (Nexia)

June 2018
Increased exposure to wealth management (Pacifica & PFG NTH QLD)

Capital Advisory Expansion

July 2018
Acquisition of corporate advisory businesses of Eaton Partners and CMB Advisory

Continued Focus on Accretive Transactions to Deliver Shareholder Value (Melbourne, Sydney & Brisbane hubs)

FY17

FY18

FY19-FY21

Divestment of minority interests

August 2016
Disposal of Rothsay accounting firm equity accounted investment

October 2017
Disposal of Nexia equity accounted investment

June 2018
Disposal of Pacifica accounting firm equity accounted investment

Core Hub Strategy – Melbourne, Sydney & Brisbane

| Division | HUB | FY17 | FY18 | FY19 |
|--------------------------------|-----|---------------------------------|------|-------------------------------|
| Accounting & Business Advisory | MEL | MPR acquisition (100%) → | | |
| | SYD | | | Key acquisition focus |
| | BRI | Altezza acquisition (100%) → | | |
| Wealth Management | MEL | Existing presence → | | |
| | SYD | Existing presence → | | |
| | BRI | | | Key adviser hire → |
| Capital | MEL | | | Eaton acquisition (100%) → |
| | SYD | Capital division set up → | | Eaton acquisition (100%) → |
| | BRI | | | CMB acquisition (100%) → |



Industry Landscape & Opportunities

| | Key Themes | Opportunities |
|---|---|--|
| Wealth Management | <ul style="list-style-type: none"> • Royal Commission • New advisor educational requirements • Shift away from non-bank owned advice channels • Scale, consolidation and margin compression • Changing business models • Fintech | <ul style="list-style-type: none"> • Continue to position Prime as the leading client focused integrated advice firm of the future • Progressively leverage investment in infrastructure and services • Acquire sub-scale businesses struggling with change and the investment required • Destination for advisors that seek ownership, growth and support |
| Accounting & Business Advisory <u>plus</u> Capital | <ul style="list-style-type: none"> • Tax and compliance responsibilities are a constant • SMEs need support and advice to succeed • New business establishments, rise of the start-up community, incubators and scale-ups • R&D investment and government grants technical advice | <ul style="list-style-type: none"> • Further establish Prime as the 'go-to' advisory group for entrepreneurs & business owners • Keep bringing together advice, services and access to capital in one cohesive service • Help clients grow, realise and manage their capital in one connected environment |

Competitive Advantage

- Provider of integrated Accounting and Business Advisory, Wealth Management and Capital services through one connected team
- Access to new client growth through 30+ partnerships with accounting firms for Wealth Management & Superannuation, including SMSF
- A client focussed Business model in Wealth Management & Superannuation expected to be well positioned post Royal Commission
- Experts in Self Managed Superannuation Fund (SMSF) Advice and Administration
- Leading adviser in Government Grants, especially R&D and EMDG for Australian and International companies
- One of the only integrated providers of capital and services for the growing start-up and scale-up community of entrepreneurs and business owners

Key Points

1. Exposure to favourable industry thematics in Wealth Management, SMSF and Business Advisory
2. Continued Revenue Growth and Scale
3. Strategic repositioning of Prime substantially complete in FY18
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Contact

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Appendix 1 - Reconciliations of Reported NPAT to Underlying EBITDA and Reported NPAT Attributable to Members to Underlying NPAT Attributable to Members

EBITDA reconciliation:

| \$000 AUD | FY18 | FY17 |
|---|--------------|--------------|
| Profit after tax from operations (Group) | 131 | 4,081 |
| Add: Tax expense | 431 | 46 |
| Add: Interest expense/(income) | 503 | 335 |
| EBIT * | 1,065 | 4,462 |
| Add: Depreciation | 235 | 122 |
| Add: Amortisation | 699 | 350 |
| EBITDA ** | 1,999 | 4,934 |
| Adjustments: | | |
| Business acquisition costs, restructuring costs and non-recurring professional fees | 660 | 86 |
| Share based payment expenses/(benefit) | (284) | 812 |
| Fair value adjustment on contingent consideration | 88 | - |
| Loss on disposal of investment | 689 | - |
| Impairment losses | 2,303 | 393 |
| Underlying EBITDA ** | 5,455 | 6,225 |
| Underlying EBITDA attributable to members | 3,772 | 4,631 |

* EBIT is defined as earnings before interest and tax

** EBITDA is defined as earnings before interest, tax, depreciation and amortisation

NPAT attributable to members reconciliation:

| \$000 AUD | FY18 | FY17 |
|---|----------------|--------------|
| NPAT attributable to members - Reported | (1,135) | 2,922 |
| Business acquisition costs, restructuring costs and non-recurring professional fees | 660 | 86 |
| Share based payment expenses/(benefit) | (284) | 812 |
| Fair value adjustment on contingent consideration | 88 | - |
| Loss on disposal of investment | 689 | - |
| Impairment losses | 2,303 | 393 |
| Amortisation | 699 | 350 |
| Tax on above items and alignment of underlying tax rate to 27.5% (FY17: 30%) | (821) | (1,641) |
| NPAT attributable to members - Underlying | 2,199 | 2,922 |

Appendix 2 - Experienced Board



Simon Madder
Chief Executive Officer &
Managing Director

Co-founder, Managing Director & CEO of Prime Financial Group Ltd (Prime) since 1998

20 years' experience in Wealth Management & Accounting Services across Operations, Strategy & Acquisitions

Share Ownership 27.7m (14.4%)



Paul Cowan
Independent Non-Executive
Chairman

Executive Director River Capital (Funds Management)

Previously Director of Brumby's Bakeries Holdings Ltd and Cash Converters International Ltd

Chartered Accountant with 30+ years' experience in Funds Management & Corporate Advisory

Share Ownership 2.1m (1.1%)



Peter Madder
Executive Director

Previously Managing Partner of two Accounting Firms

Chartered Accountant with 50+ years' experience in Corporate Structuring & Acquisitions, Finance & Operations

Share Ownership 9.7m (5.0%)



Tim Carroll
Independent Non-Executive
Director

CEO of BUCKiTDREAM Inc (Entertainment & Digital Marketing Company)

Previously Chief Global Marketing Officer Village Roadshow Corporation (2000 to 2011)

20+ years' experience in Marketing & Customer Relationship Management

Share Ownership 133k (0.1%)

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