

ASX RELEASE.

BELL FINANCIAL GROUP

24 October 2018

ASX Market Announcements Office
ASX Limited
20 Bridge Street
Sydney NSW 2000

Via ASX Online

PRESENTATION – BELL FINANCIAL GROUP LIMITED

Attached is a copy of the presentation to be given by the Managing Director this morning at the Bell Potter Emerging Leaders Conference 2018.

A market update is provided on pages 19 and 20.



Cindy-Jane Lee
General Counsel & Company Secretary

BELL FINANCIAL GROUP (ASX:BFG)

An Australian owned provider of stockbroking, investment and financial advisory services to private, institutional and corporate clients

October 2018

CONTENTS

1	Overview	3
2	Corporate Structure & Businesses	5
3	Growth Strategy	13
4	Financial Summary	16
5	Market Update	18

1 OVERVIEW

OVERVIEW **Bell Financial Group is a leading Australian financial services business**

Established in 1970 and publicly listed in 2007, Bell Financial Group is an Australian owned provider of stockbroking (full service and online) and investment and financial advisory services to private, institutional and corporate clients

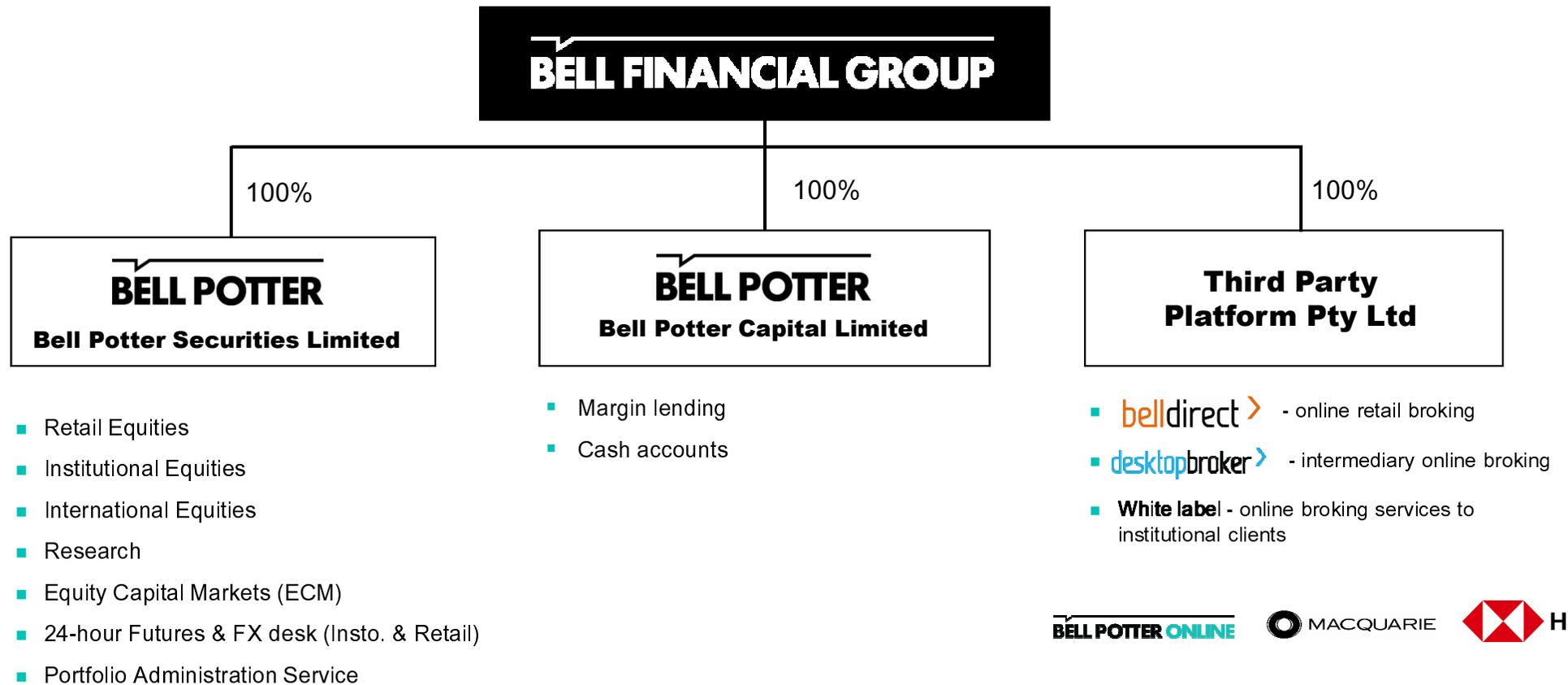


- **16 offices across Australia and offices in London, New York, Hong Kong and Kuala Lumpur**
- **680 staff including 350 Advisers**
- **\$49b funds under advice**
- **Market capitalisation – \$311m**

2

CORPORATE STRUCTURE & BUSINESSES

CORPORATE STRUCTURE & BUSINESSES



MANAGEMENT

A deliberately flat management structure that is experienced, stable and has a substantial shareholding in the business

BELL FINANCIAL GROUP BOARD

Colin Bell
Executive Chairman
+45 years' industry
experience

Alastair Provan
Managing Director
+35 years' industry
experience

Craig Coleman
Non-Executive Director
+30 years' industry
experience

Graham Cubbin
Non-Executive Director
+16 years' industry
experience

Brian Wilson AO
Non-Executive Director
+40 years' industry
experience

Brenda Shanahan
Non-Executive Director
+40 years' industry
experience

SENIOR MANAGEMENT

Colin Bell
Executive Chairman
+45 years' industry
experience

Alastair Provan
Managing Director
+35 years' industry
experience

Andrew Bell
Director
+40 years' industry
experience

Lewis Bell
Director
+35 years' industry
experience

Arnie Selvarajah
Director
CEO of TPP
+25 years' industry
experience

Dean Surkitt
Director
Managing Director of
Retail Equities
+32 years' industry
experience

James Unger
Director
Head of ECM
+25 years' industry
experience

Dean Davenport
COO & CFO
+20 years' industry
experience

Rowan Fell
Director –
Bell Potter Capital
+36 years' industry
experience

Geoff Louw
Head of Futures & FX
+40 years' industry
experience

Brendan Goff
Head of Compliance
+20 years' industry
experience

James Gordon
Head of Australian
Institutional Broking
+26 years' industry
experience

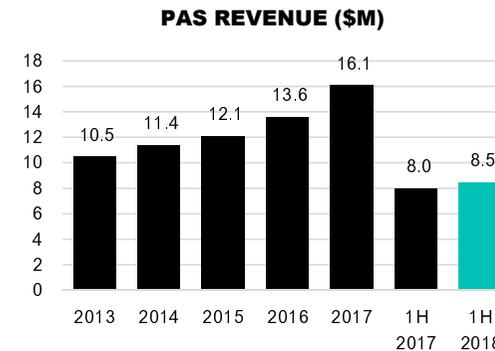
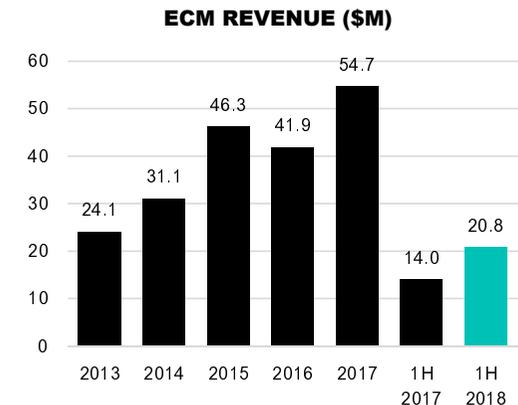
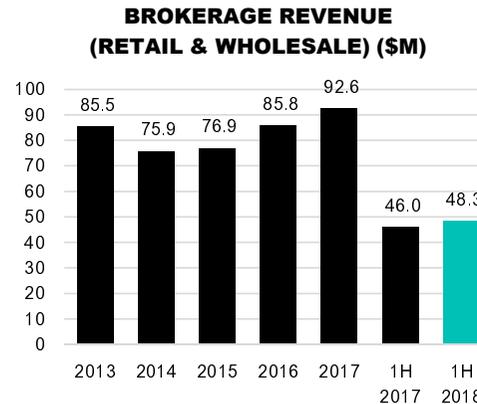
Cindy-Jane Lee
Company Secretary and
General Counsel
+18 years' industry
experience

BELL POTTER SECURITIES (BPS)

- 350 Advisers servicing 460,000 retail, wholesale and institutional clients generating \$92.6 million in brokerage revenue in 2017. 1H 2018 revenue was \$48.3 million, 5% ahead of the p.c.p
- Our ECM team raised \$1.7 billion in new equity capital on behalf of our clients in 2017. We generated \$54.7 million in fee income across 100 transactions

In the first six months of 2018 we raised \$450 million and generated \$20.8 million in fee income across 50 transactions, compared with \$14 million for the p.c.p

- At 30 June 2018 FUA on our Portfolio Administration Platform (PAS) stood at \$3.3 billion, and generated \$8.5 million in revenue versus \$8 million in the previous corresponding 6 month period
- Overall BFG has \$5 billion in FUA which generates recurring or low touch revenues



THIRD PARTY PLATFORM (TPP)

Third Party Platform is now 100% owned by BFG

- On 3 July 2018 BFG acquired the 43.37% of TPP that it did not already own, taking its ownership to 100%
- The acquisition received very strong support with 99.7% of eligible shareholders voting in favour of the acquisition
- The transaction was funded via a fully underwritten Entitlement Offer which was also strongly supported by eligible shareholders with a 95.4% take-up rate
- This was an important transaction for BFG –
 - Investment in Technology and Platforms is a key strategy. The TPP Platform is the only fully integrated open architecture online platform in Australia
 - There is the potential to release at least \$4 million in regulatory and working capital over the medium term
 - There is the potential to realize \$3 million - \$4 million per annum in recurring operational synergies through integration of TPPs technologies across the Group. Synergies include lower cost:
 - Order management
 - Market pricing and execution
 - Contract note generation
 - Facilitation of a possible move by Bell to provide 3rd party clearing services
- We currently have a team working on the integration of TPP and BPS Systems and Platforms

THIRD PARTY PLATFORM (cont.)

Third Party Platform operates three core businesses:

belldirect >

1. **Online market access**
and services for private clients, SMSFs and traders

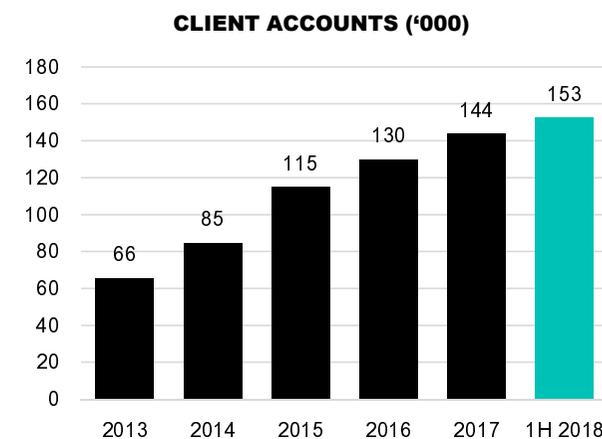
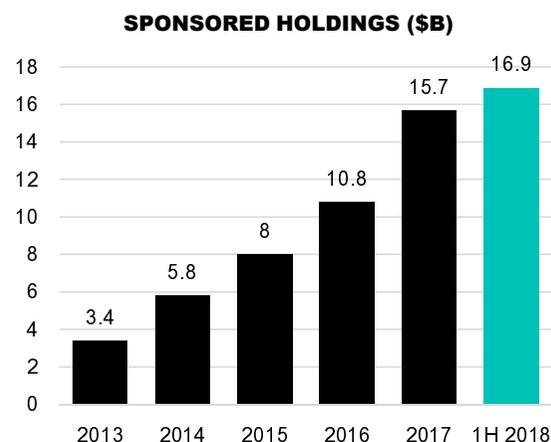
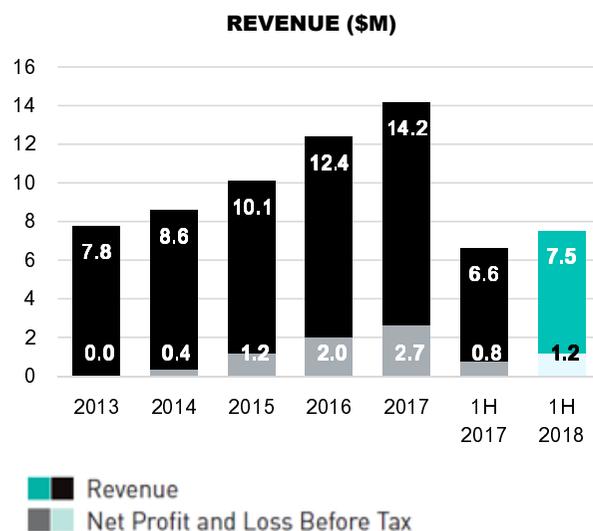
desktopbroker >

2. **Wholesale market**
e.g. dealer groups and independent financial advisers



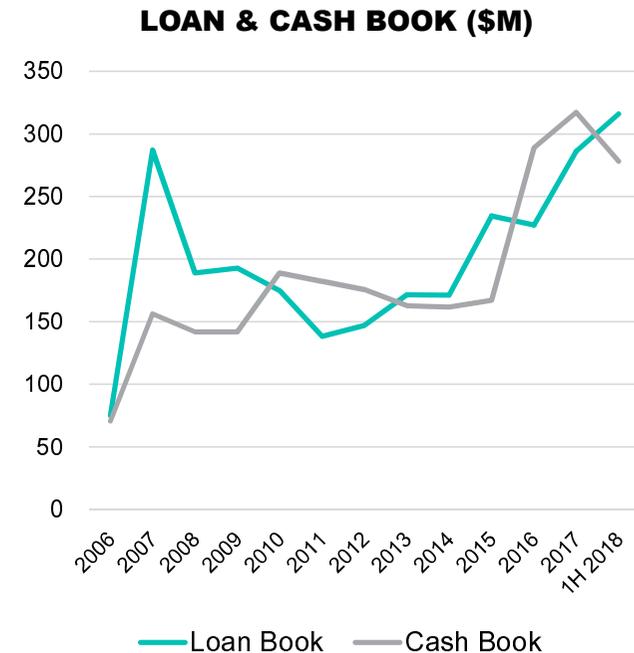
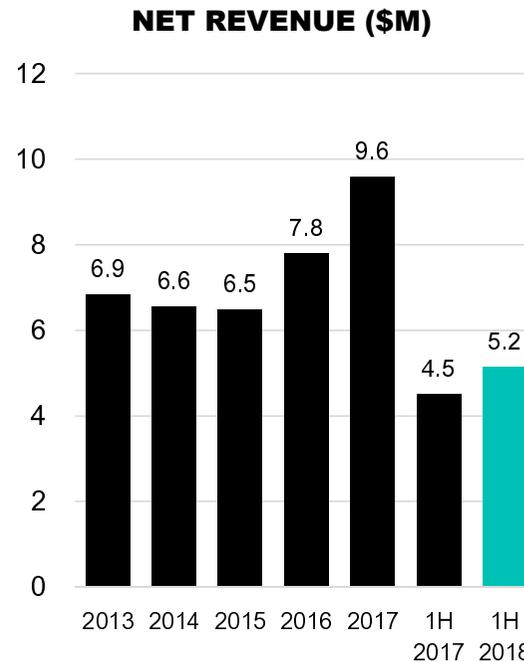
3. **White Label solutions**
provided to Bell Potter Online, Macquarie Online Trading and HSBC

- TPP operates across three offices located in Sydney, Perth and Kuala Lumpur
- TPP is the only fully integrated open architecture online platform in Australia



BELL POTTER CAPITAL

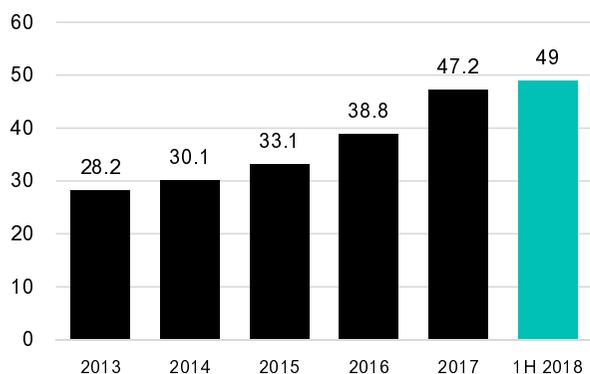
- Established in 2006
- The only non-bank margin lender
- \$315 million loan book
- \$278 million cash book
- Conservatively managed
 - 30% average LVR across the loan book
 - No bad debts in the company's history



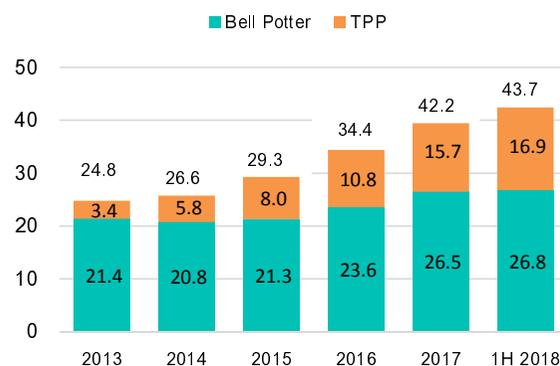
FUNDS UNDER ADVICE (FUA)

Of the \$49 billion FUA at 30 June 2018, \$5 billion consisting of Cash, Superannuation, Margin Loans and Portfolio Administration, generate recurring revenue

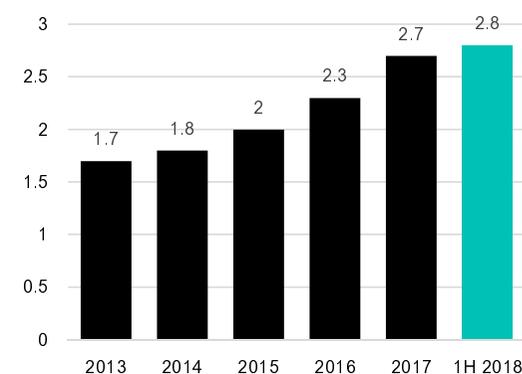
FUNDS UNDER ADVICE (\$B)



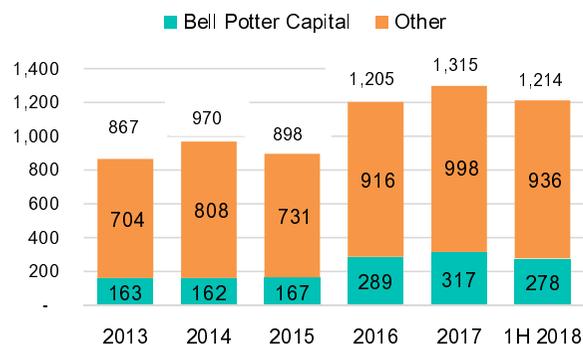
CHESS SPONSORED HOLDINGS (\$B)



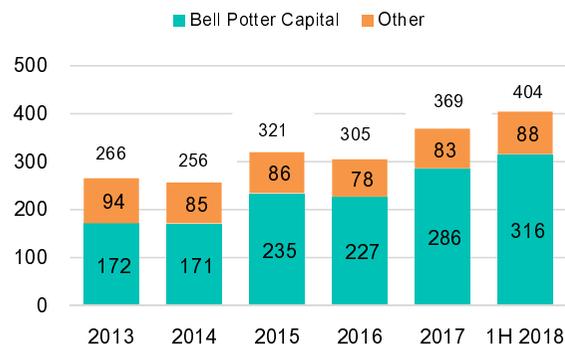
PAS (\$B)



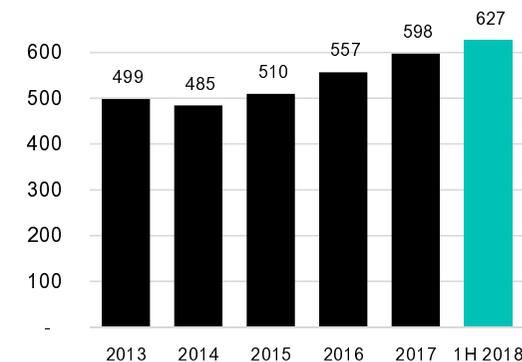
CASH DEPOSITS (\$B)



MARGIN LOANS (\$B)



SUPERANNUATION ASSETS (\$M)*



* Superannuation assets are managed in PAS

3

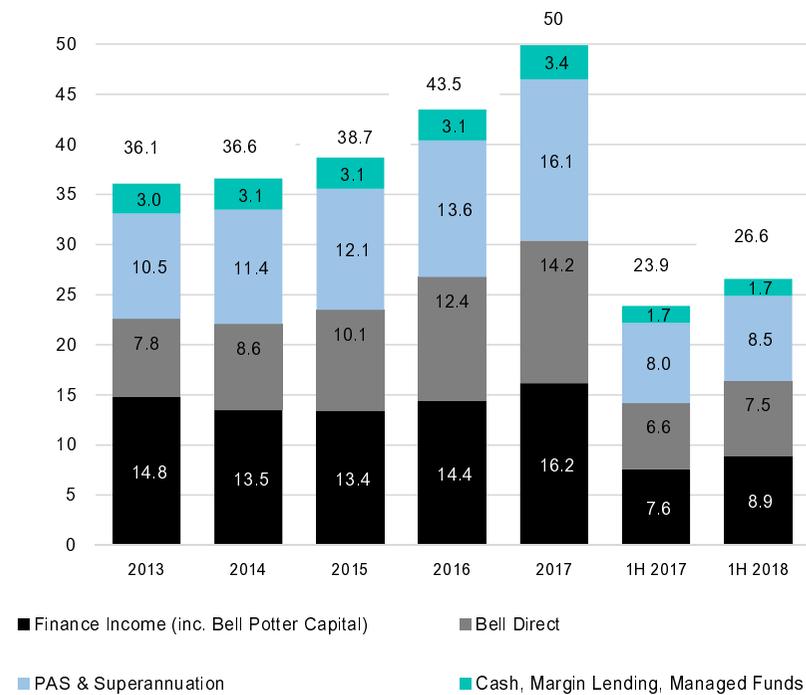
GROWTH
STRATEGY

STRATEGY: RECURRING & LOW TOUCH REVENUES

Recurring and low touch revenue is a key growth area for us

- The Group generated recurring revenues of \$50 million in 2017, representing approximately 25% of total gross revenues
- Around 10% of FUA, or \$5 billion provide some form of recurring revenue. These include Bell Potter Capital, the BPS Portfolio Administration Platform and Super Solutions products
- Third Party Platform is a non-traditional low touch broking business providing the most efficient route to market via our unique proprietary platform for self-executing wholesale and retail clients

RECURRING AND SOFT TOUCH REVENUE (\$M)



STRATEGY: TECHNOLOGY

Our investment in technology continues to differentiate us from our competitors

- We expect our proprietary platforms will not only enable the release of material cost benefits but will create meaningful revenue generating opportunities
- Proprietary platforms, which we are continuously developing, include:
 - **IQ** – a price discovery and trade execution platform. Currently being rolled out across the network
 - **FUSION** – a unique adviser CRM and compliance desktop application
 - **TPP platform** – a fully integrated, open architecture execution and clearing platform
- A dedicated technology team of 69 across the Group, including IT infrastructure and support, developers and programmers (35 in TPP and 34 in Bell Potter) who consistently maintain and provide updates and enhancements to our proprietary platforms
- Technology is the future of this industry and the future of this Group

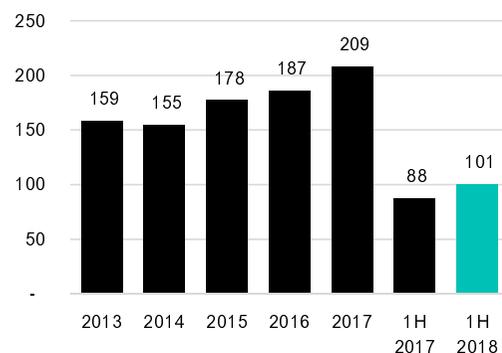
4

FINANCIAL
SUMMARY

FINANCIAL SUMMARY

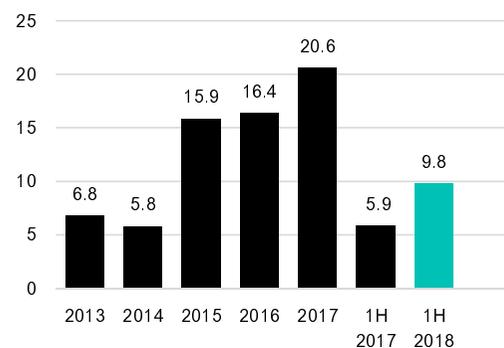
- A track record of growth over an extended period
- A solid cash backed balance sheet with no core operating debt

REVENUE (\$M)



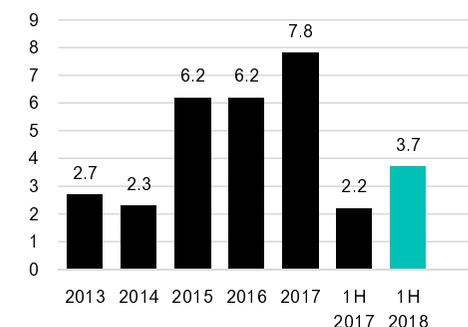
1H18 Revenue up 14.3% on a p.c.p basis

NPAT (\$M)



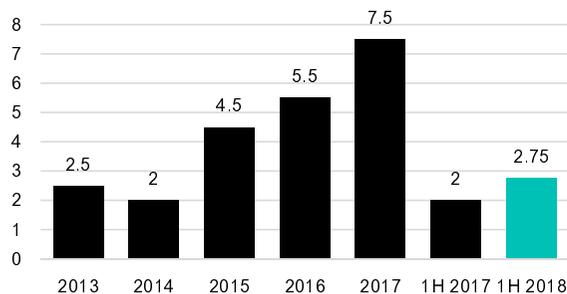
1H18 NPAT up 67.2% on a p.c.p basis

EARNINGS PER SHARE (CENTS)



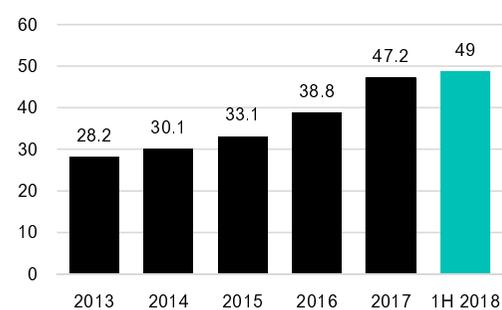
1H18 EPS up 67.2% on a p.c.p basis

DIVIDEND PER SHARE (CENTS)



1H18 Dividend Per Share up 37.5% on an expanded capital base

FUNDS UNDER ADVICE (\$B)



BALANCE SHEET (as at 30 June 2018)

	\$M
Net assets	198
Net tangible assets	58
Net Group cash	67
Borrowings *	Nil

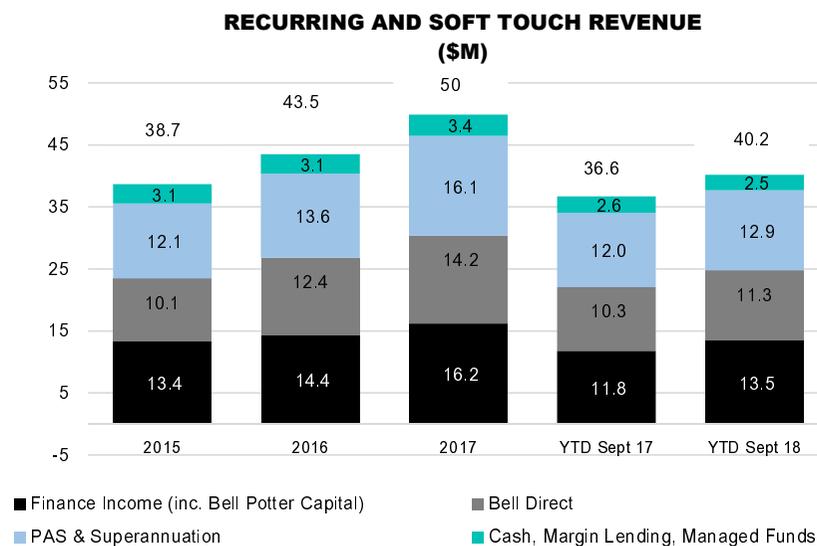
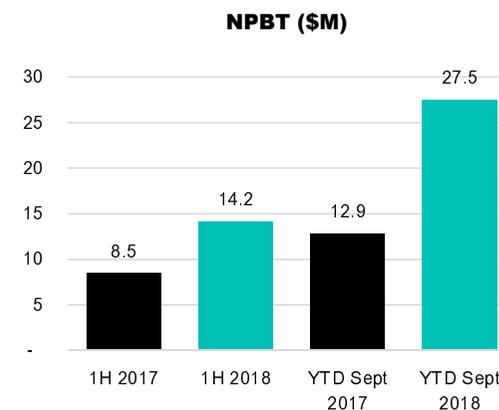
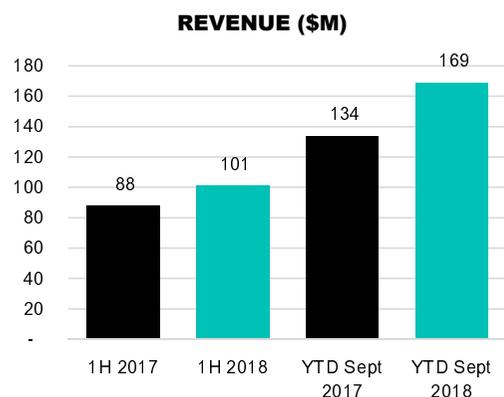
* With the exception of a loan funding facility in our Margin Lending business, Bell Potter Capital

5

MARKET
UPDATE

MARKET UPDATE (9 months to 30 September 2018)

- Unaudited revenue for the 9 months to 30 September was \$169 million, 26% ahead of the previous corresponding period (p.c.p) (\$134 million)
- ECM contributed \$49 million to the overall revenue earned in the 9 months to 30 September
- Unaudited profit before tax was \$27.5 million, 113% ahead of the p.c.p (\$12.9 million)
- Recurring and soft touch revenues were \$40.2 million for the 9 months to 30 September, 10% ahead of the p.c.p (\$36.6 million)
- All divisions are profitable, and we have a solid pipeline of ECM work through to the end of the year

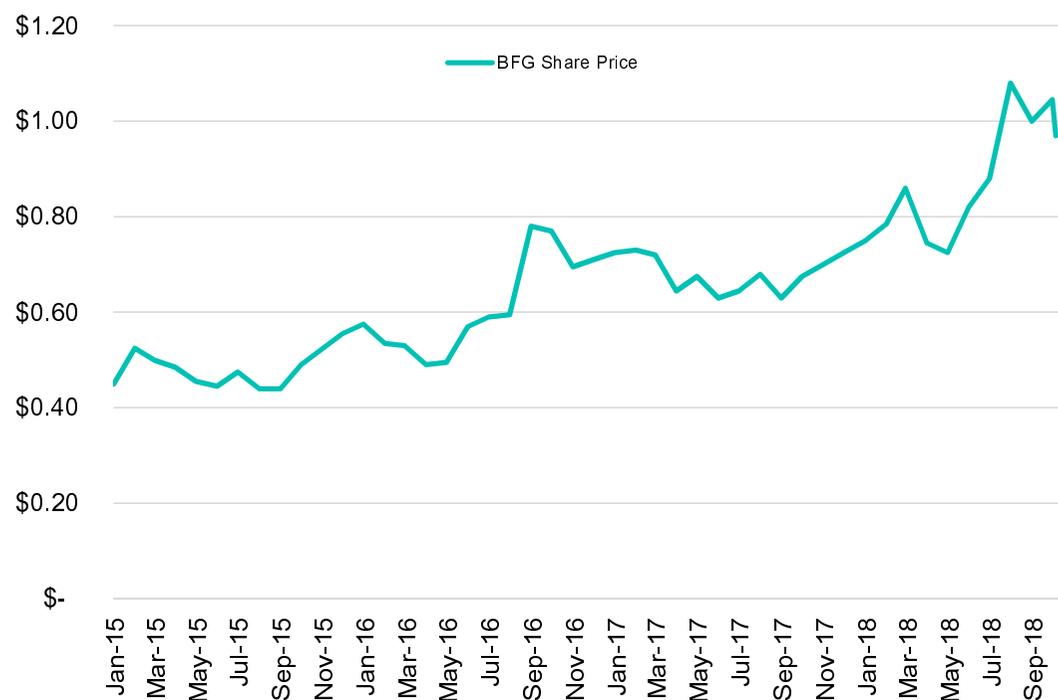


MARKET UPDATE

Market capitalisation	\$311m
Dividend yield (gross)¹	12.1%
Price earnings ratio (PE)²	12.7x

¹ based on final 2017 and the interim 2018 dividends paid over the BFG share price at 22nd October 2018
² based on market capitalization at 22nd October and 12 month earnings to 30 June 2018

BFG SHARE PRICE (\$A)



Important Disclaimer

The material contained in this presentation has been prepared by Bell Financial Group Limited ABN 59 083 194 763 (Bell Financial Group) and is general background information about the businesses, operations and activities of Bell Financial Group and its subsidiaries, current as at the date of this presentation. The information is provided in summary form only and does not purport to be complete or comprehensive. Certain information has been derived from publicly available sources that have not been independently verified. The information in this presentation should not be considered as advice or a recommendation for investment purposes, as it does not take into account your particular investment objectives, financial position or needs. These factors should be considered, with or without independent professional advice, when deciding if an investment is appropriate.

This presentation may contain forward-looking statements with respect to the operations and businesses of the Bell Financial Group. The assumptions underlying these forward-looking statements involve circumstances and events that have not yet taken place, and which are subject to uncertainty and contingencies outside Bell Financial Group's control. Readers are cautioned not to place undue reliance on any forward-looking statements. Bell Financial Group does not undertake any obligation to publicly release the result of any revisions to forward-looking statements in this presentation or to otherwise update forward-looking statements, whether as a result of new information, future events, or otherwise, after the date of this presentation. Past performance is not a reliable indication of future performance.

Certain financial information in this presentation may be prepared on a different basis to the Bell Financial Group Interim Financial Report for the half-year ended 30 June 2018 which is prepared in accordance with Australian Accounting Standards.

To the extent permitted by law, no responsibility for any loss arising in any way (including by way of negligence) from anyone acting or refraining from acting as a result of the material contained in this presentation is accepted by the Bell Financial Group.