

INVESTOR PRESENTATION

MARCH 2015



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- Focus for H2 2015

Executive Summary – Leading Non Bank Player

Strong delivery of our key strategies is taking us toward the leading non-bank player

- **Capture scale economies by aggressively expanding distribution footprint**
 - VOW acquisition and YBR network growth drove Group distribution points from 206 to 1,030
 - Revenues were up 288% while cost growth was contained at 33%
- **Grow margin through measured participation across value chain**
 - Macquarie Bank white label grew in YBR and expanded into the Vow and Resi networks
 - Resi's product manufacturing capability further added to Group product margin
 - As a result overall product income increased by 74%
- **Diversify by participating in all relevant markets**
 - We are now both a major player in the broker channel and owner of a growing franchise network
 - Outperformance in booming mortgage market gave settlement growth of 52% vs. market on 14%
 - Seizing the share opportunity in mortgages constrained wealth revenues, to 16% over the period
- **Drive customer growth by developing & leveraging challenger brands**
 - H1 campaign leveraged NEC for affordable ad production and premium media, growing leads 93%
 - Vow continues to challenge incumbents growing at 4.6 times system with >\$1B settlements in Dec.

We are on target with our goal of breakeven around 30 June 2015 FY end

Part 1 – Key Metrics update for H1 2015

- Yellow Brick Road Group delivered significant improvement in all key financial metrics during H1, via scale benefits of acquisition and strong underlying growth

	Acquired Scale <u>Group vs. YBR H114</u>	Underlying Growth <u>YBR vs. YBR H114</u>
• Business books:		
• Mortgage book	+1154%	+55%
• Funds under management	(NA)	+38%
• Insurance prem. under management	(NA)	+84%

	Acquired Scale <u>Group vs. YBR H114</u>	Underlying Growth <u>YBR vs. YBR H114</u>
• Revenue:		
• Overall growth	+288%,	+22%
• Branch network	+362%	+36%
• Professional services (normalised)	(NA)	+7% (ex sold books)

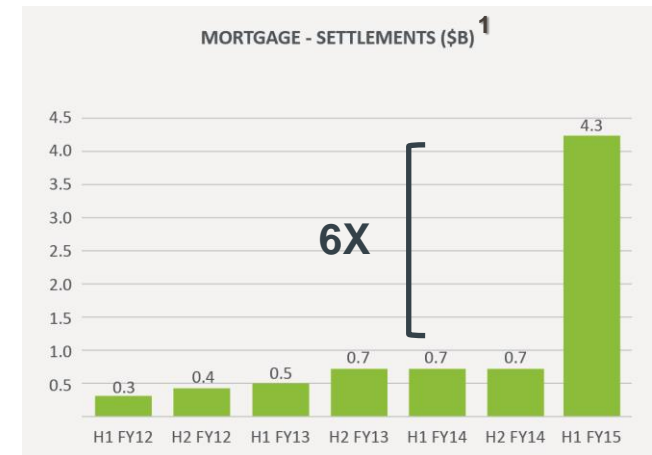
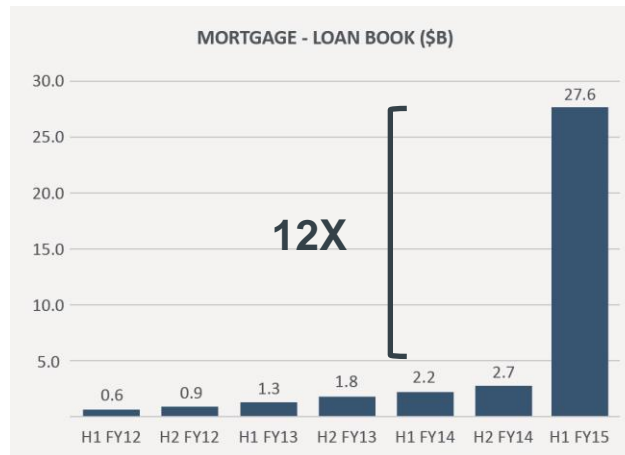
	Acquired Scale <u>Group vs. YBR H114</u>
• Operational Expenses:	
• Overall	+33%
• Marketing expenses	+31%
• Employee expenses	+40%

- As a result, net underlying EBITDA (excluding non-operating items) improved substantially to a loss of \$494k, an 84% improvement on the pcip.

Key Metrics - Mortgages

Excluding acquisitions'
historic performance:

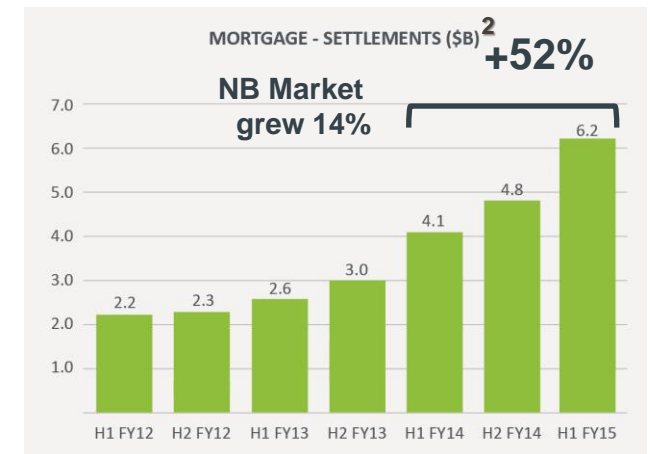
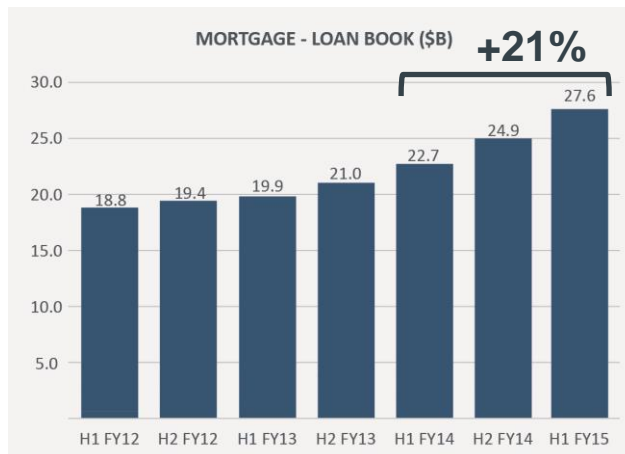
- Great **scale acquired**



1. 4.3M excludes VOW & RESI July & August 2014

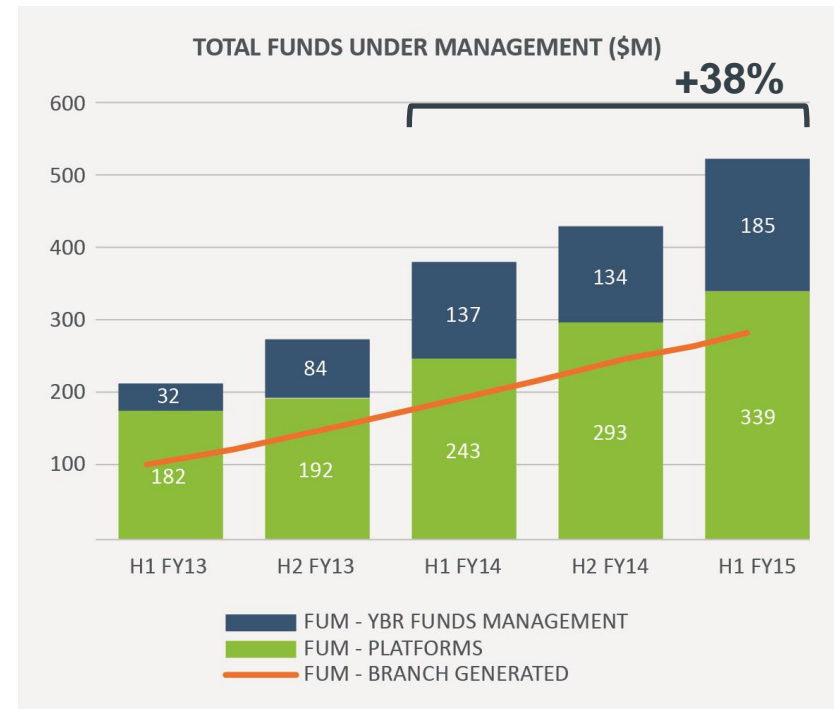
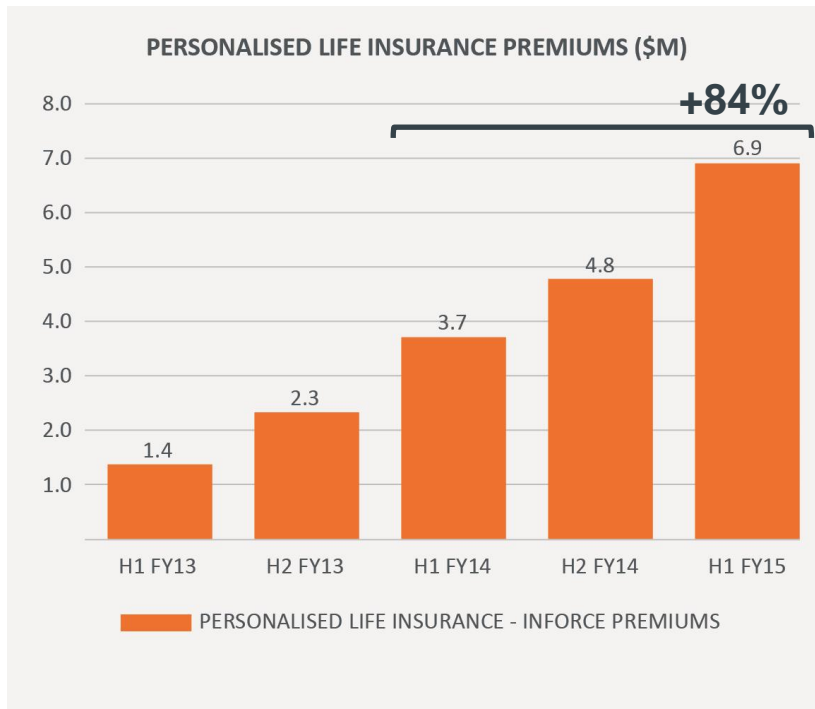
Including acquisitions'
historic performance

- **Underlying growth**



2. 6.2M includes VOW & RESI July & August 2014

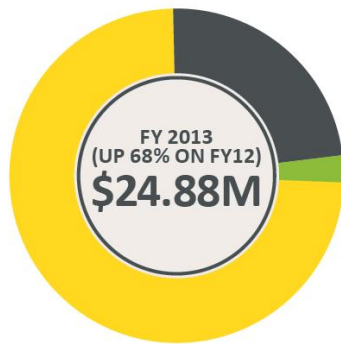
Key Metrics – Wealth Management



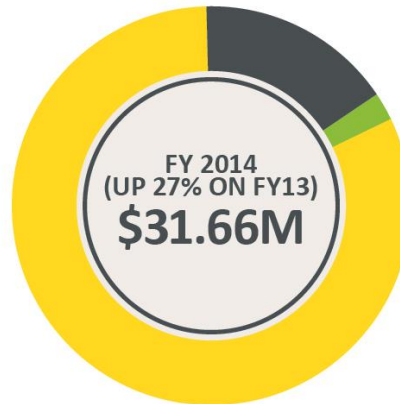
Wealth management continues to grow strongly.

Revenue Summary

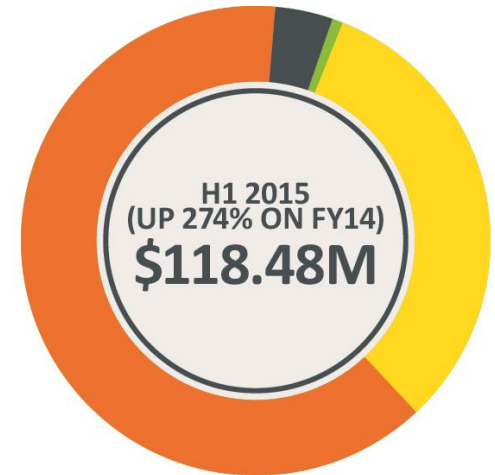
Revenue is now more diversified with a Broker model complementing the Branch network model. The Group's product and Professional Services team now support a much larger distribution footprint.



75% BRANCH
24% PROFESSIONAL SERVICES
1% OTHER



82% BRANCH
16% PROFESSIONAL SERVICES
2% OTHER



32% BRANCH
63% BROKER
4% PROFESSIONAL SERVICES
1% OTHER

P&L Summary

\$'000	Profit/(Loss)		
	H1 FY 2015	H1 FY 2014	% change
REVENUE			
Branch network	52,897	11,458	362%
Professional services	2,318	2,917	(21%)
Other revenue	4,027	891	352%
Total revenue	59,242	15,266	288%
GROSS PROFIT			
Branch network	8,789	3,139	180%
Professional services	2,203	2,369	(7%)
Other	925	624	48%
Total gross profit	11,917	6,132	94%
Share of JV Gain / (loss)	189	195	(3%)
EXPENSES			
Marketing expense	(2,458)	(1,871)	(31%)
Employee benefits expense	(6,687)	(4,789)	(40%)
Other operating expense	(3,266)	(2,647)	
Total Operating Expense	(12,411)	(9,307)	(33%)
Normalised EBITDA	(494)	(3,175)	84%
Depreciation & Amortisation	(674)	(206)	(227%)
Interest expense	(336)	(190)	(77%)
Other non-operating costs and non-cash expense	(5,770)		
Net Loss Before Tax	(7,274)	(3,571)	(104%)
Income Tax benefit	3,017		
Net Loss After Tax	(4,257)	(3,571)	(19%)

Reduced with the sale of clients.

Benefit obtained from offsetting carried forward losses against acquired deferred tax loss.

Balance Sheet

The balance sheet has changed substantially post 30 June 2014 following the recent capital raising and debt increase to support the acquisitions.

	Jun-14	Dec-14	% change
Cash	12,114	10,632	(12%)
Intangibles	8,985	31,601	252%
Prepaid Advertising	4,041	2,679	(34%)
Net Trail Receivable	5,147	36,410	607%
Total Debt	(5,000)	(5,000)	0%
Other Asset/ (Liabilities)	(199)	1,798	(1004%)
Net Assets	25,088	78,120	211%

Debt

The company has a total debt of \$5m and undrawn funding facilities of \$7.5m

Intangibles

The increase in intangibles primarily relates to goodwill (\$13m) and other intangible assets (\$9m) of the acquired businesses

Net cash after Debt	7,114	5,632	(21%)
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CAPITAL STRUCTURE at 31 DECEMBER 2014

Issued Shares	194,519,381	278,161,332
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CAPITAL STRUCTURE at 23 FEBRUARY 2014

Issued Shares		278,161,332
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MAJOR SHAREHOLDERS (Aggregated interest as at 4 September 2014)

Golden Wealth Holdings Pty Ltd	18.41%
Macquarie Bank Limited	18.34%
Pink Platypus Pty Limited	17.83%
Remainder	45.42%

Model in Motion – Overview

Distribution Footprint

Vow – wholesale distribution via 809 independently branded intermediaries



YBR - Retail distribution via 225 YBR branded shopfronts



Product Platform

Mortgage - all Lenders



Mortgage - Group product



Wealth Management

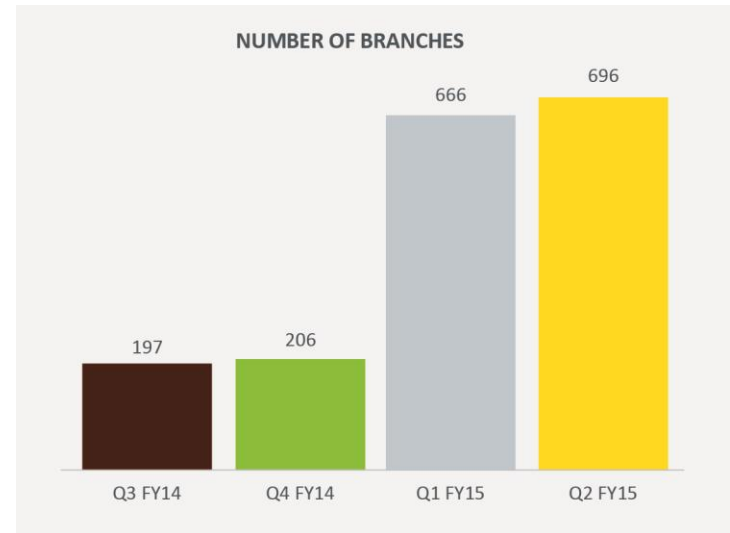


Funders



Model in Motion – Distribution Footprint

- Growth in the distribution footprint transformed with the acquisitions of Vow and Resi. On a YBR like for like basis, growth continues with the number of license agreements increasing to 225, up from 206 in the last half.
- YBR/Resi operate as branded branches. Vow brokers operate as independently branded brokerages.
- The Group has a strong east coast presence however growth opportunities still exist in QLD and there is a strong focus on recruitment in South Australia and Western Australia

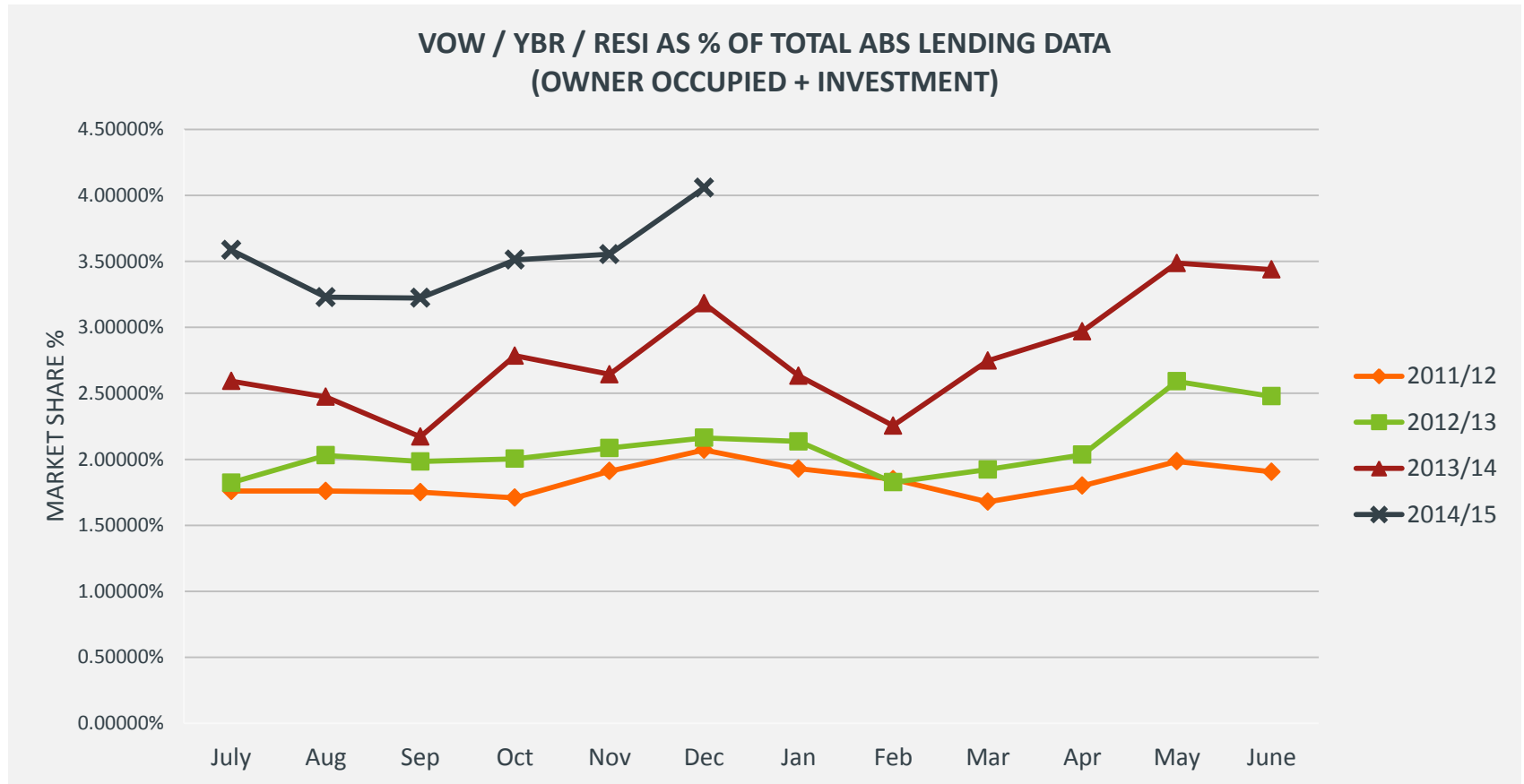


CURRENT BRANCH COUNT: (FOR AUSTRALIA CHART)

CONSOL	
ACT	12
QLD	111
NSW	393
NT	3
SA	10
TAS	4
VIC	130
WA	30
INT'L	3
	696

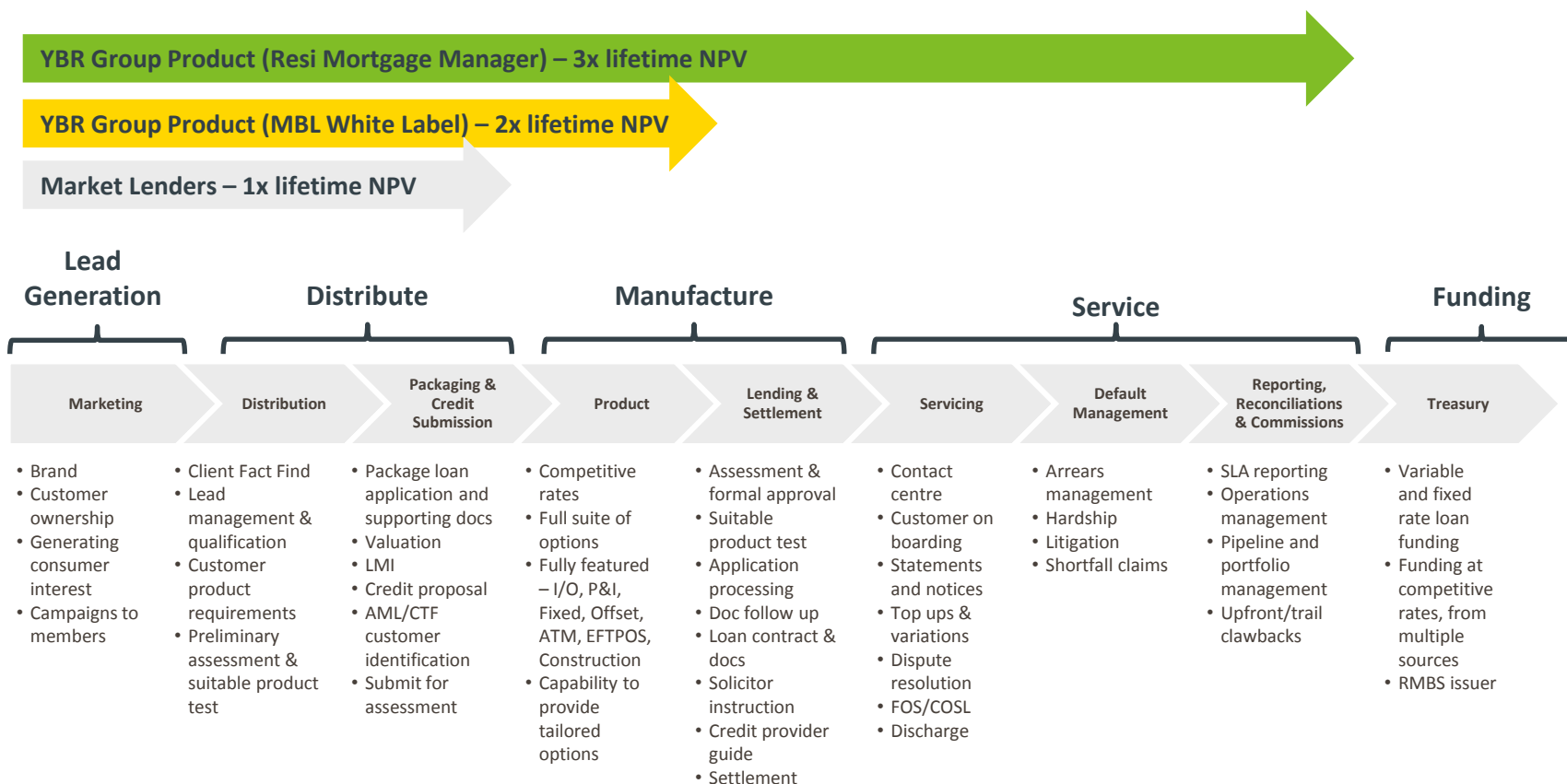
Model in Motion – Market Share

The group's market share continues to grow following recent acquisitions.



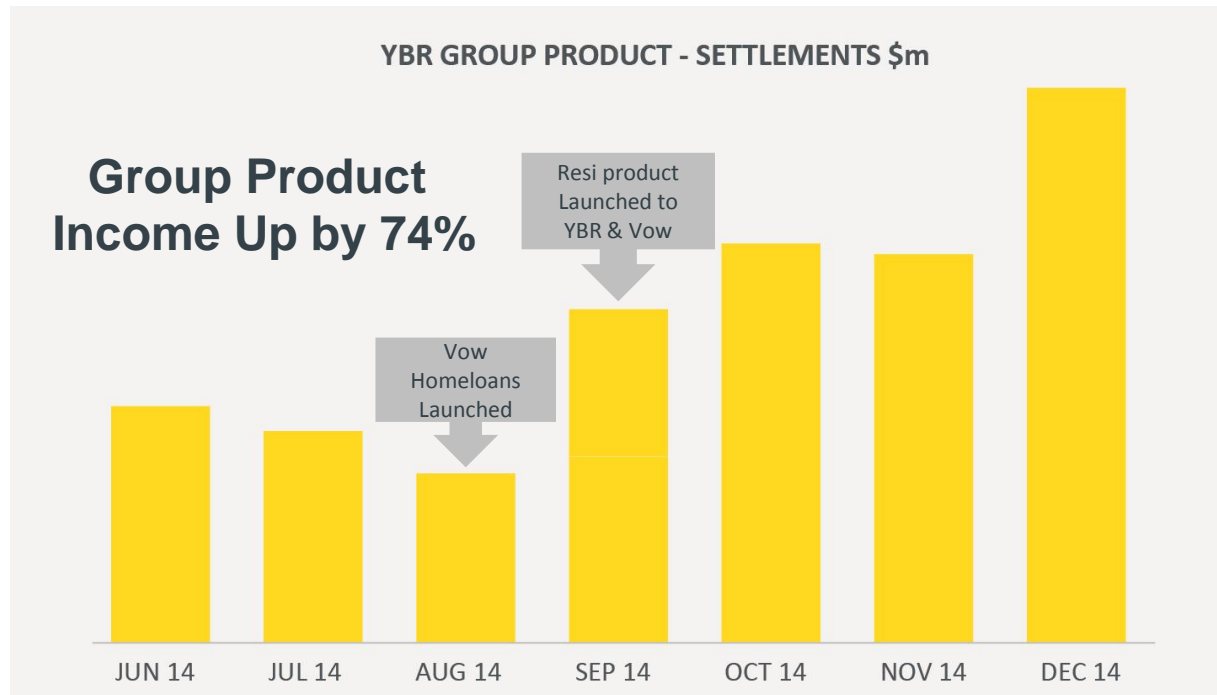
Model in Motion – Mortgage Product Portfolio

The focus is to offer the retail and wholesale networks competitive products with an increasing margin to the YBR group. Through vertical integration, the YBR group has significantly improved mortgage product capability (i.e. a credit function, call centre, product manufacture expertise, price setting), significantly extending the share of the value chain available to the group



Model in Motion – Mortgage Product Portfolio

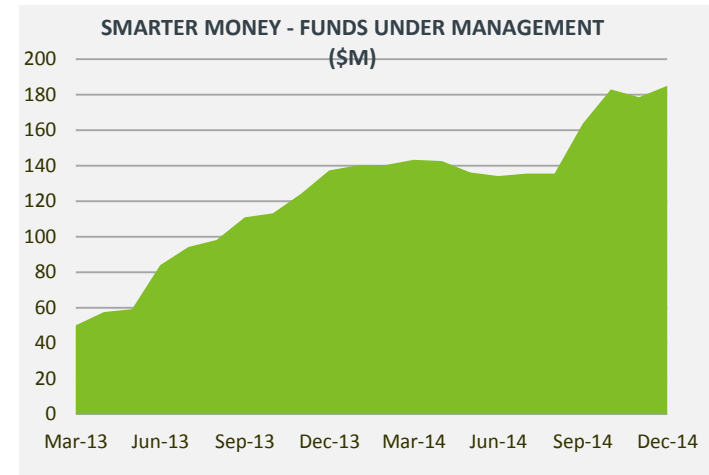
Group mortgage product offers a significantly deeper product margin than standard broker lending products. YBR group product growth increased significantly with the acquisitions of Vow and Resi, and continues to grow with increasing penetration of the group's distribution footprint.



Model in Motion – Wealth Management Products

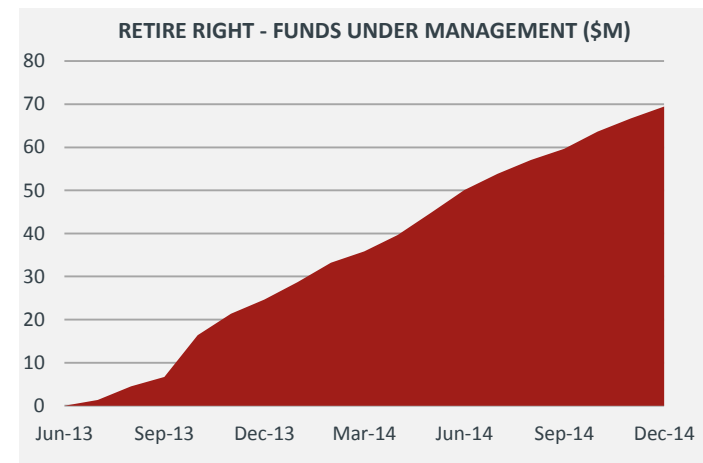
Smarter Money Investments

- Celebrated 3yr anniversary in Feb 2015
- Multi channel distribution including branches, high net worth and family offices, financial planners and corporates
- Smarter Money Active Cash was the foundation fund; now joined by Smarter Money Higher Income Fund (launched Oct 2014)
- An Australian Equities Fund will be launched in 2H2015.



Retire Right Superannuation

- Fee competitive superannuation fund that ranks in the top 10 of all super funds on fees*
- Low account balances initially but with regular contributions & investment growth, FUM will steadily increase over the medium to long term
- “Packaged” life insurance inside super is important for our client demographic



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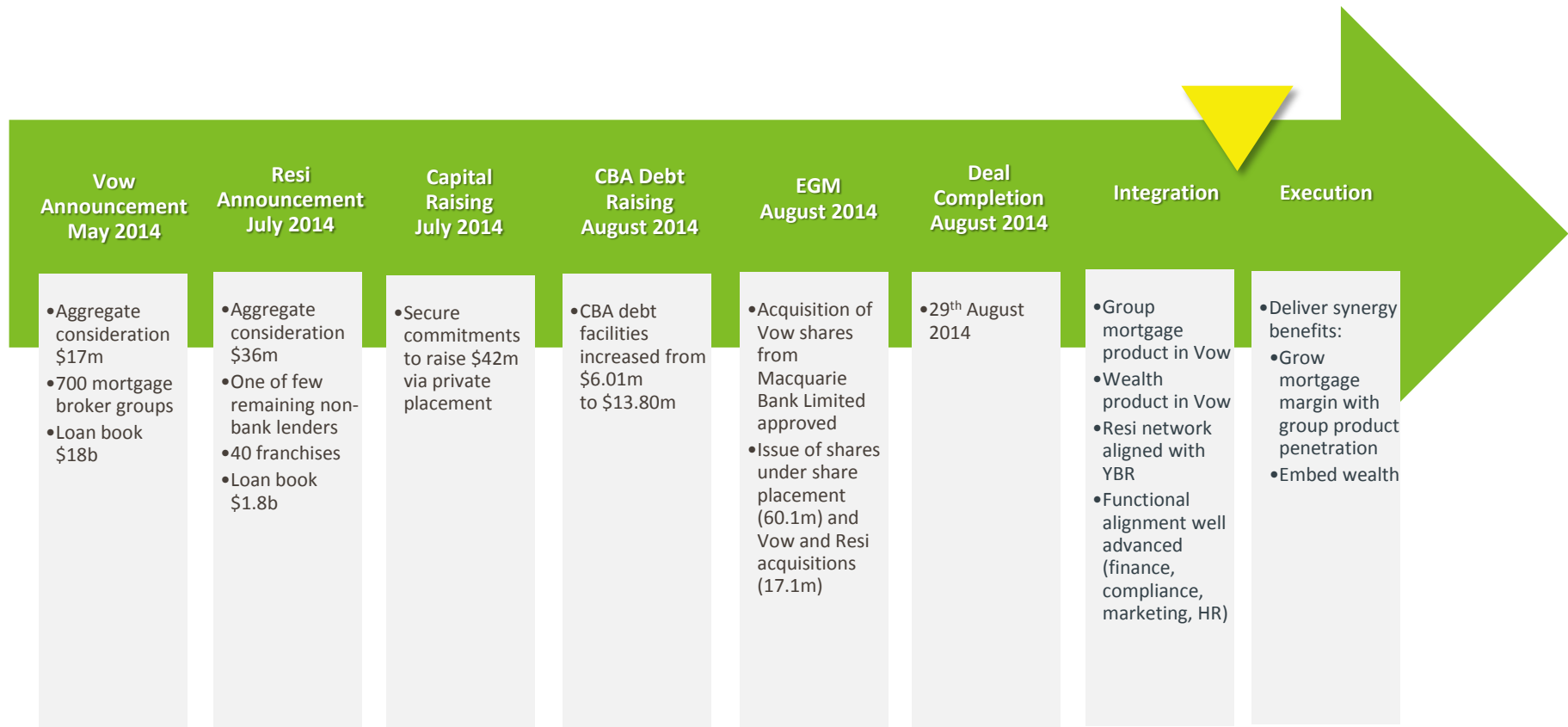
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Part 2 – The Acquisitions

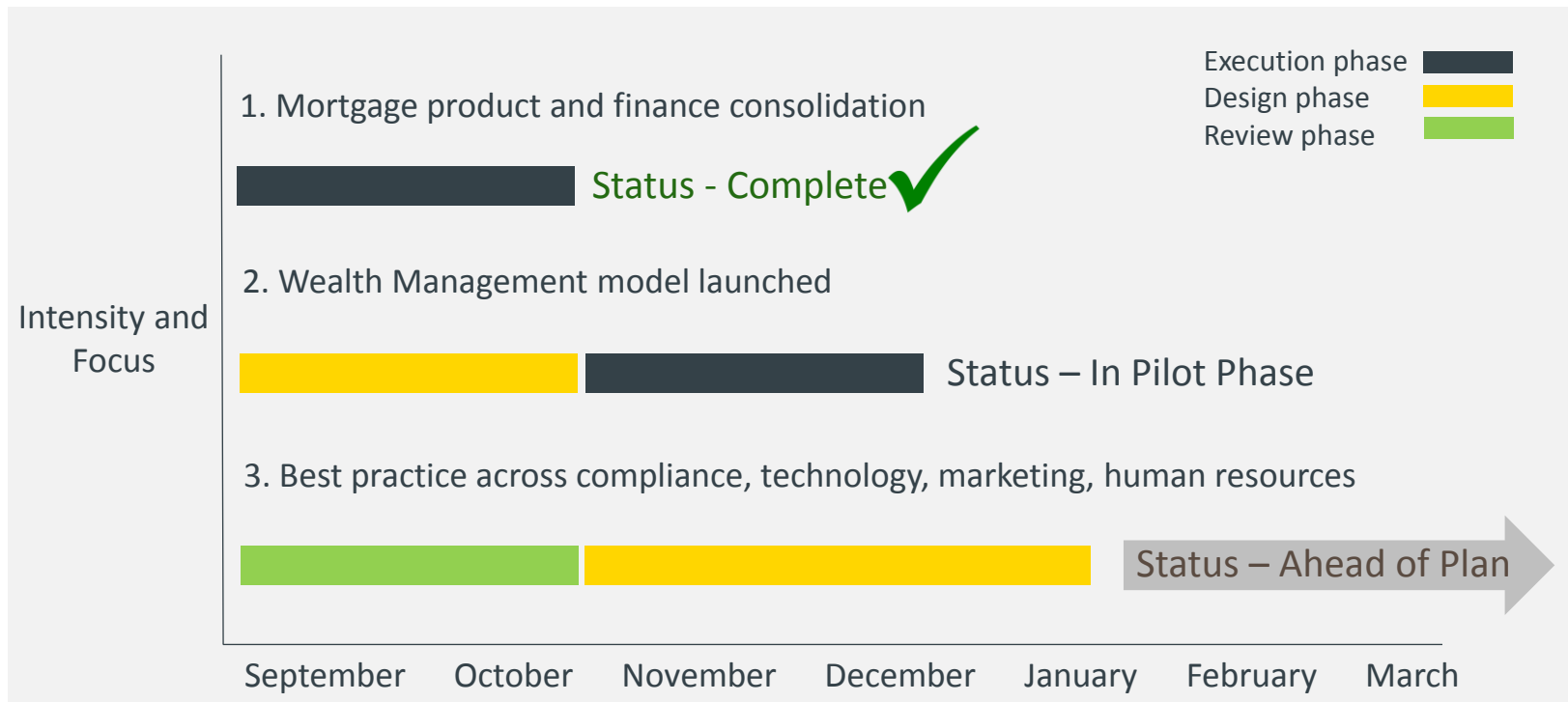
- Scale and “purchasing power” is the name of the game
 - The Financial System Inquiry is encouraging competition
- The group has built a comprehensive product suite and wealth management capability that can be leveraged into our broader distribution footprint.
- To be a leader in the “Non-Bank” segment, the acquisitions of Vow Financial and Resi Mortgage Corporation, underpin the theme of an expanded distribution footprint blended with deepening product margin:
 - Continue organic growth of YBR and Vow distribution footprint
 - Embed Macquarie and Resi mortgage product in YBR and Vow networks
 - Embed Wealth in YBR and Vow networks

Part 2 – Where are we on the Acquisition Journey



Part 2 - Integration Status at end H12015

At the Sept Investor briefings, we said we would focus on mortgage and wealth management product opportunities with logical and beneficial integration of shared services.



Integration is effectively complete – focus is on delivery of synergy benefits as part of normal business.

Part 2 – Balance of FY15 – Focus on Execution

- Integration is effectively complete. Synergy benefits are being delivered and show a promising trend for FY16.
- In balance of FY, each business to focus on:
 - Continued expansion of the distribution base
 - Growth in core mortgage business
 - Increasing share of mix for YBR group product
 - Penetration of wealth into mortgage customer base
- Tailwinds
 - The continued low interest rate environment > property markets > credit growth
 - Funding sources are numerous and costs are reducing
- Headwinds
 - Intermediaries are focussed on a booming property market
 - Execution of the wealth strategy will require constant reinforcement
- We are on target with our goal of breakeven around 30 June 2015 FY end

