

Yellow Brick Road Holdings

FY 2015 Summary & 2016 Outlook

November 11, 2015



YellowBrickRoad
Wealth Management

Executive Summary:

Delivery in FY15, Enhancement in FY16, Position For Growth

- Delivered on our commitment to get to operating breakeven in FY15*
- Underpinned by strong execution of our strategies through FY15
 - Distribution scale – near four fold increase in points of presence off the back of acquisitions
 - Diversification – six product introductions improved spread of income
 - Margin – scale from acquisitions improved corporate margin 140% yoy
 - Brand – acquisition marketing generated 40% increase in leads yoy
- Some big changes for FY16 investing to reinforce our business model
 - Major brand investment – doubling of marketing spend to generate leads and brand uplift
 - Re-platforming web & lead infrastructure – generating significant uplift in digital yield
 - Invest in wealth product – Guru, Loan Protect (life insurance) & new investment platform
- Leaving Yellow Brick Road uniquely positioned for growth
 - Home loans – strong growth in mortgage book, driving new customer acquisition
 - Wealth – diversifying revenues and provides broader customer base for stability
 - Distribution scale & diversity – true national multi-channel reach
 - RESI mortgage manager capability – brings manufacturing and credit assessment in house

* Underlying EBITDA excludes acquisition and integration costs and non cash share expenditure. NB Underlying EBITDA

normalised for 12 months ownership of Vow and Resi is circa \$1.7m

1. Brought Business to Operating Breakeven in FY15

Yellow Brick Road delivered our key commitment of operating breakeven in FY15

Yellow Brick Road delivered on our key commitment to achieve an operating breakeven performance in FY15:

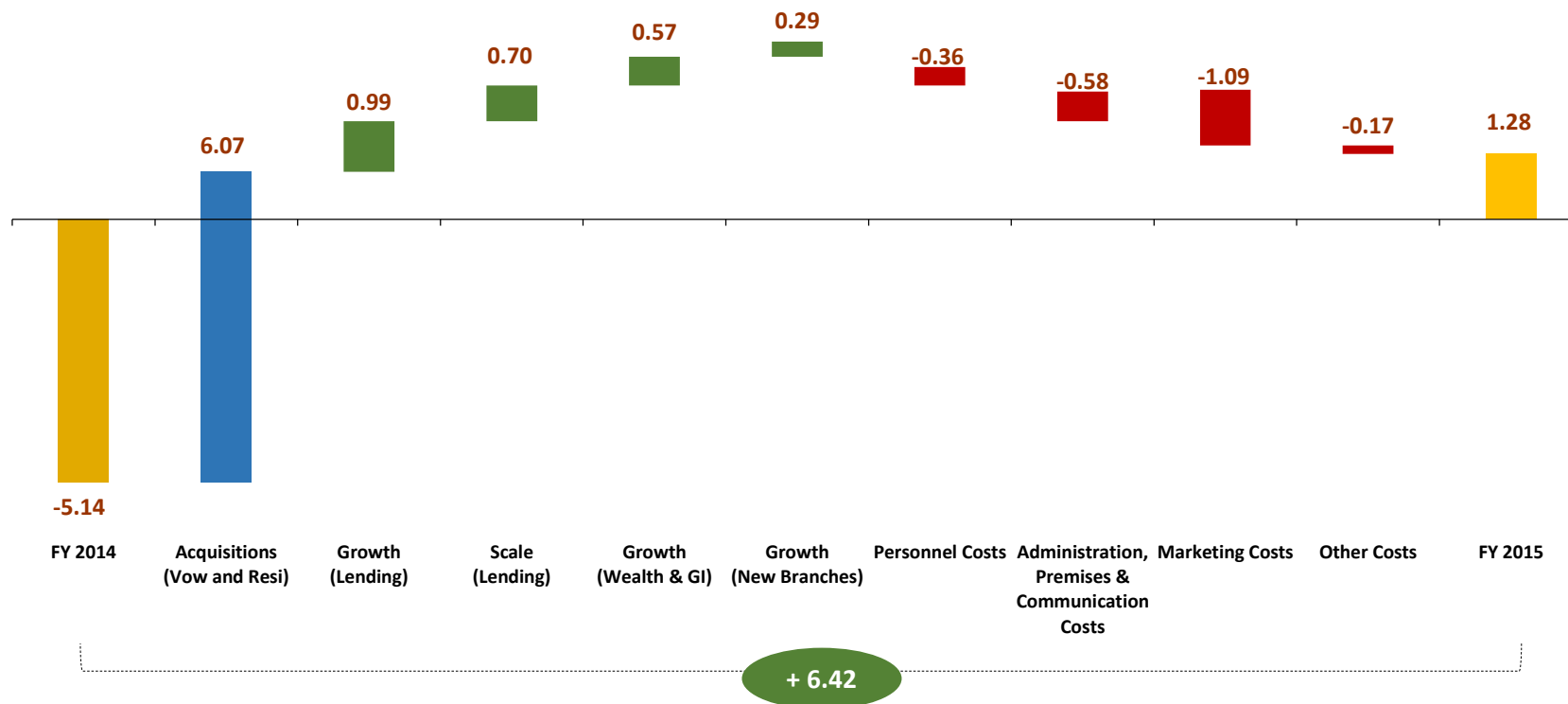
- Underlying Earnings* Before Interest Tax & Depreciation (EBITDA) of \$1.3M**
 - Represents an improvement of circa \$6.4m compared to (\$5.2m) in FY14
- A net loss after tax (NPAT) of (\$2.5m)
 - Represents an improvement of \$6.3m compared to (\$8.8m) in FY14
- Underlying EBITDA excludes & NPAT (IFRS) includes some one off effects
 - \$3.9m acquisition and integration costs
 - Non cash share expense of \$4.2m
 - Offset by a significant tax benefit of \$6.8m

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** Underlying EBITDA normalised for 12 months ownership of Vow and Resi is circa \$1.7m

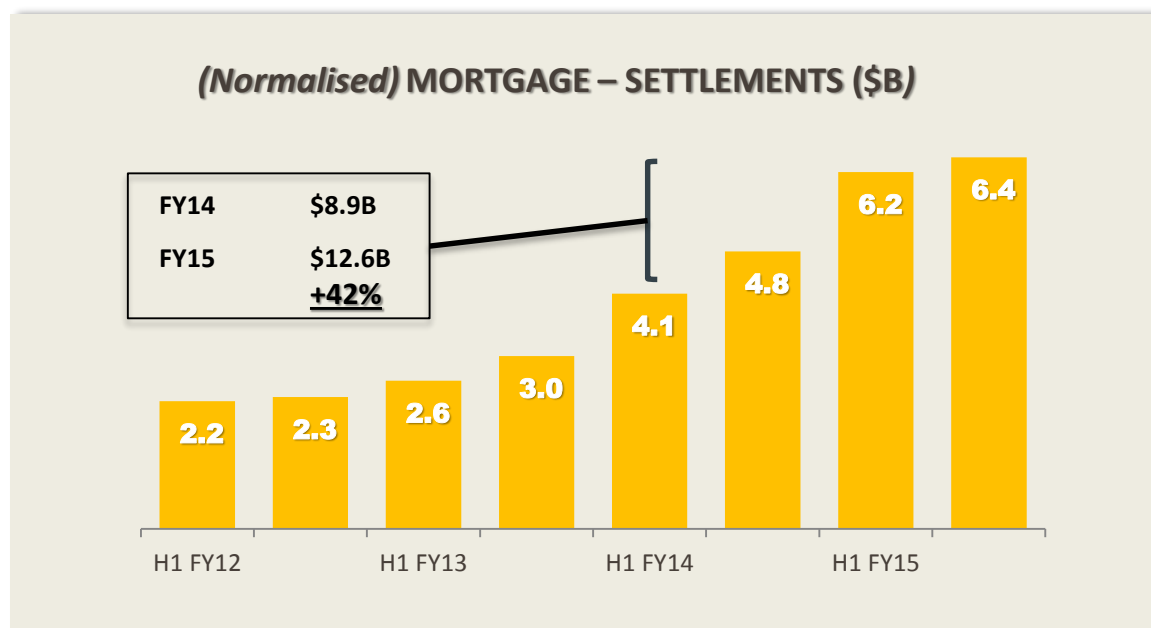
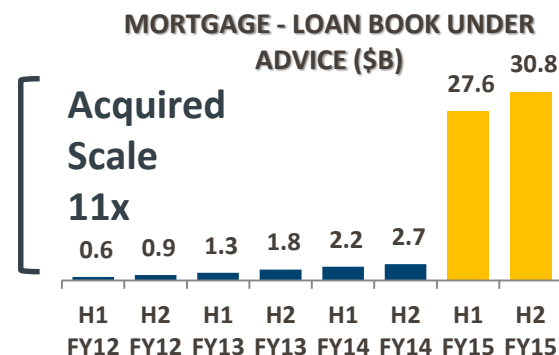
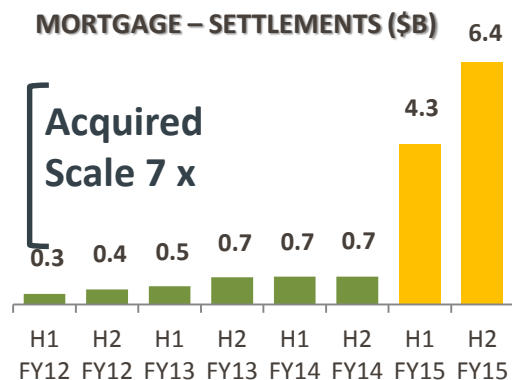
FY15 financial outcome driven by our core strategies

YBR (GROUP) - Underlying EBITDA* - FY 2014 vs FY 2015 (\$mil)



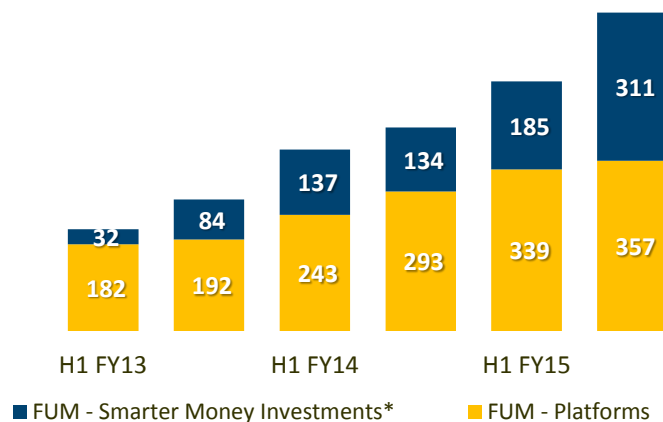
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Acquired 7- 11x scale in lending and grew organically on normalised basis by 42% versus FY14



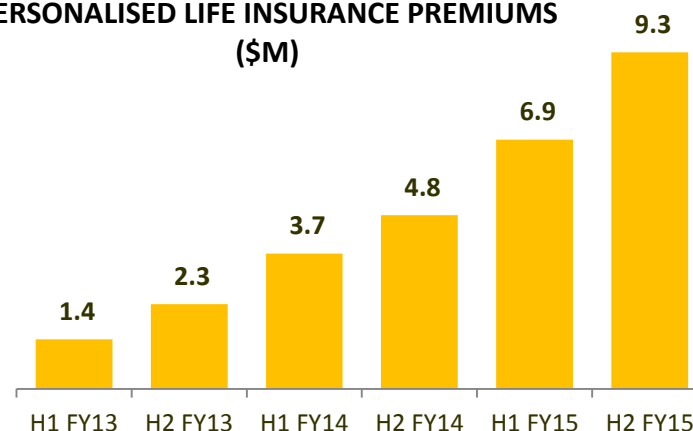
Strong organic growth in wealth yielding an increase of 57% in FUM and 94% in insurance book

TOTAL FUNDS UNDER MANAGEMENT (\$M)



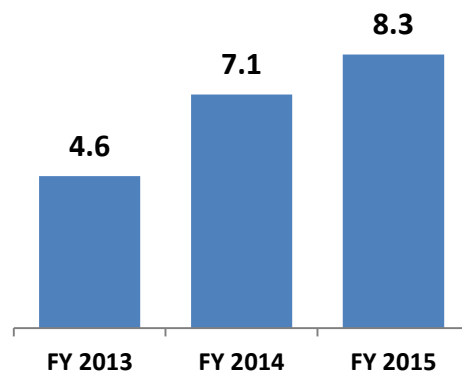
FY14	\$427M
FY15	\$668M
	+57%

PERSONALISED LIFE INSURANCE PREMIUMS (\$M)



FY14	\$4.8B
FY15	\$9.3B
	+94%

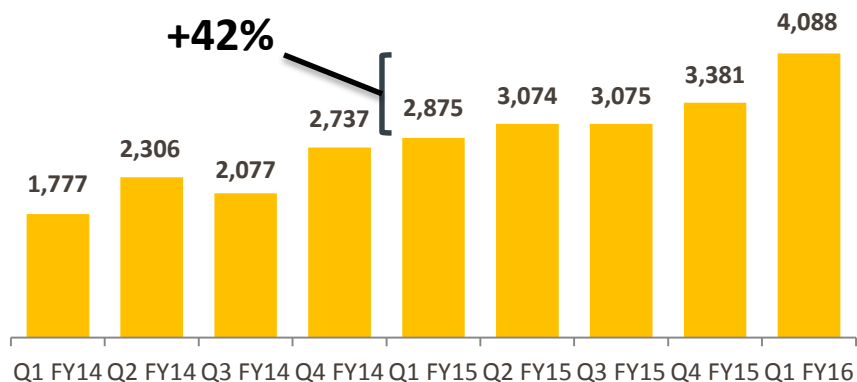
WEALTH REVENUE (\$M)



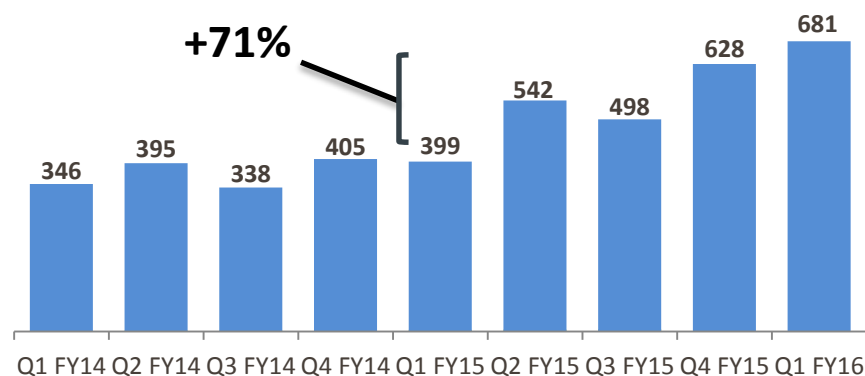
2. Carried Momentum into Q1 2016

Q1 FY16 delivered 42% increase in settlements– off huge 71% increase in YBR settlements

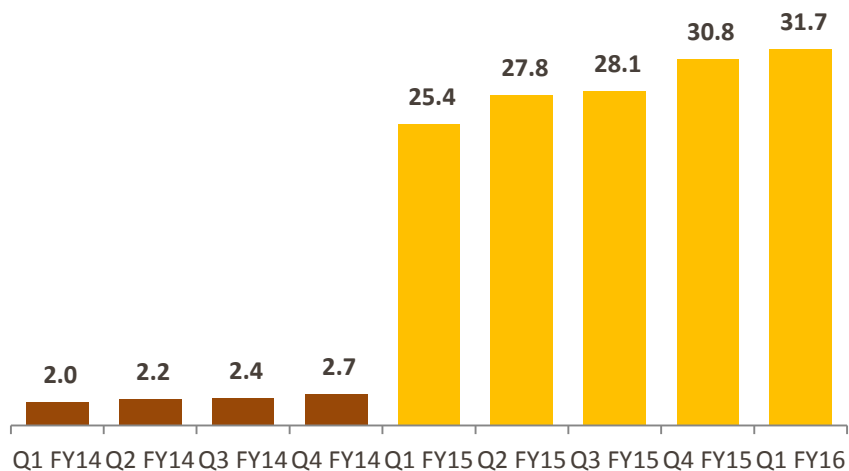
(Normalised) MORTGAGE (GROUP) – SETTLEMENTS (\$B)



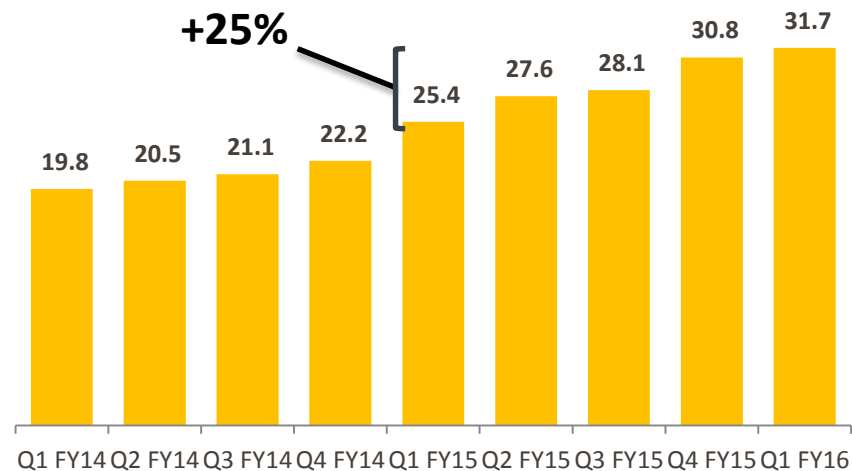
MORTGAGE (YBR) – SETTLEMENTS (\$B)



MORTGAGE (GROUP) - LOAN BOOK (\$B)

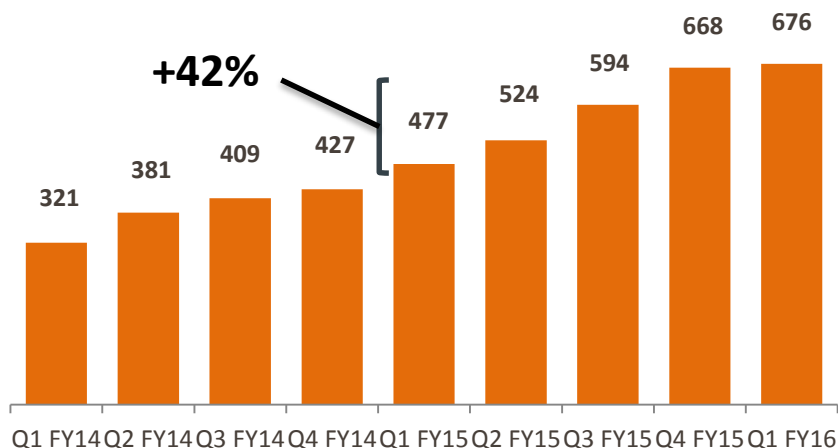


(Normalised) MORTGAGE (GROUP) - LOAN BOOK (\$B)

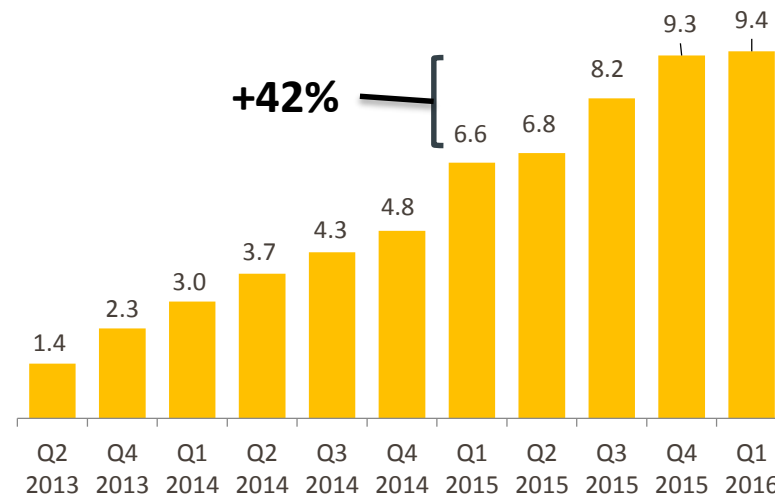


And a strong 42% increase in both FUM & PUM while network growth continued apace

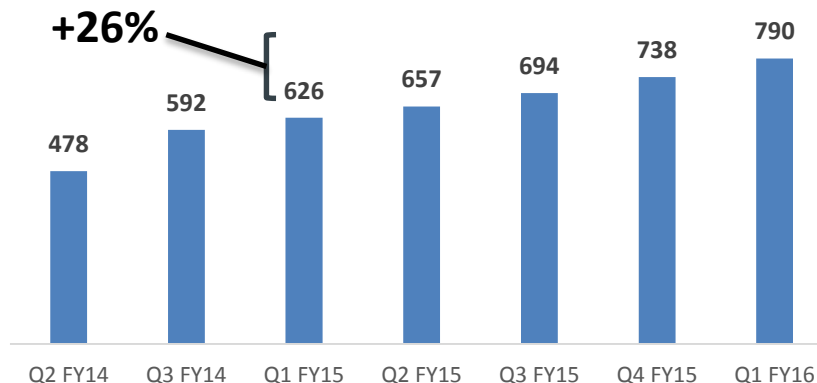
FUM* (GROUP) (\$M)



PUM* (GROUP) (\$M)



POP Agreements in Place*



* PUM = Premium Under Management; FUM = Funds Under Management; POP = Points of Purchase

3. 2016 Investment in Long-term Growth

4. Client Acquisition

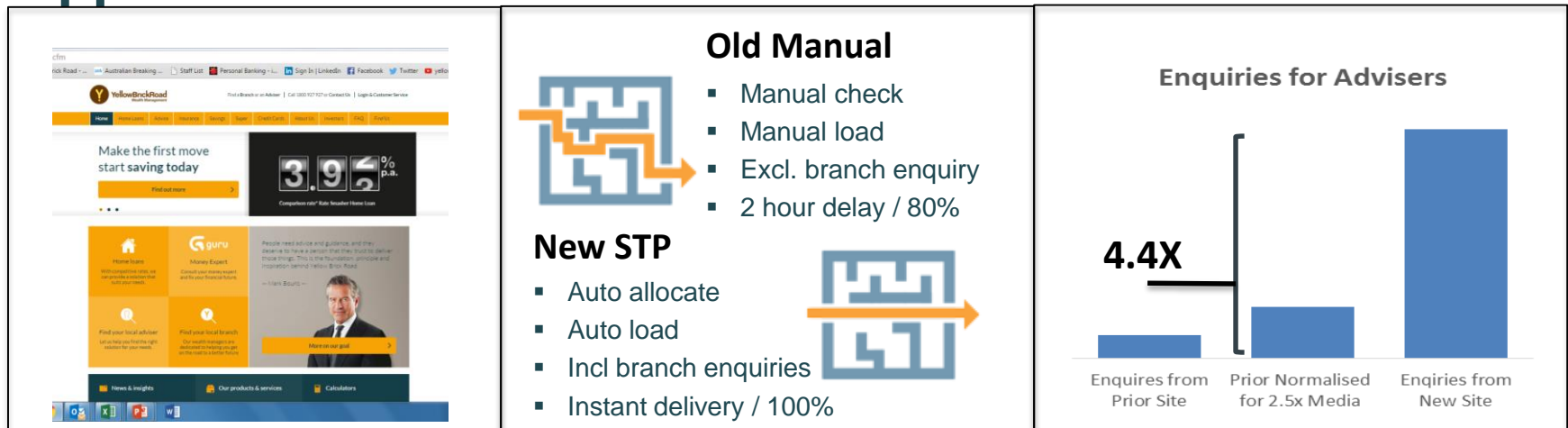
Major investment in client
acquisition & capability

Doubling of advertising investment to drive brand equity, awareness and leads



- Significant increase in television investment and presence across FY16
 - \$5M of media support in FY16 at best in market rates, gives 10 months coverage
 - Celebrity Apprentice content to value of \$17M in H1 16 – leveraged across Q2
- To drive a significant increase in brand strength and double brand leverage

Re-platforming YBR web & lead infrastructure, increasing conversion of visitors to leads & leads to applications



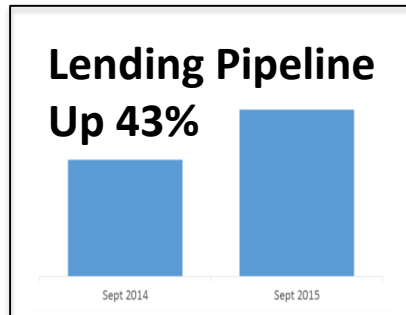
New website in Kentico ecommerce platform

- New SEO informed design & content – pilot driving multiples of former lead flow
- Tracks consumer behaviour across digital channels web, email, mobile
- Integrated insights on propensity to act
- Informs & automates targeting/ timing and messaging

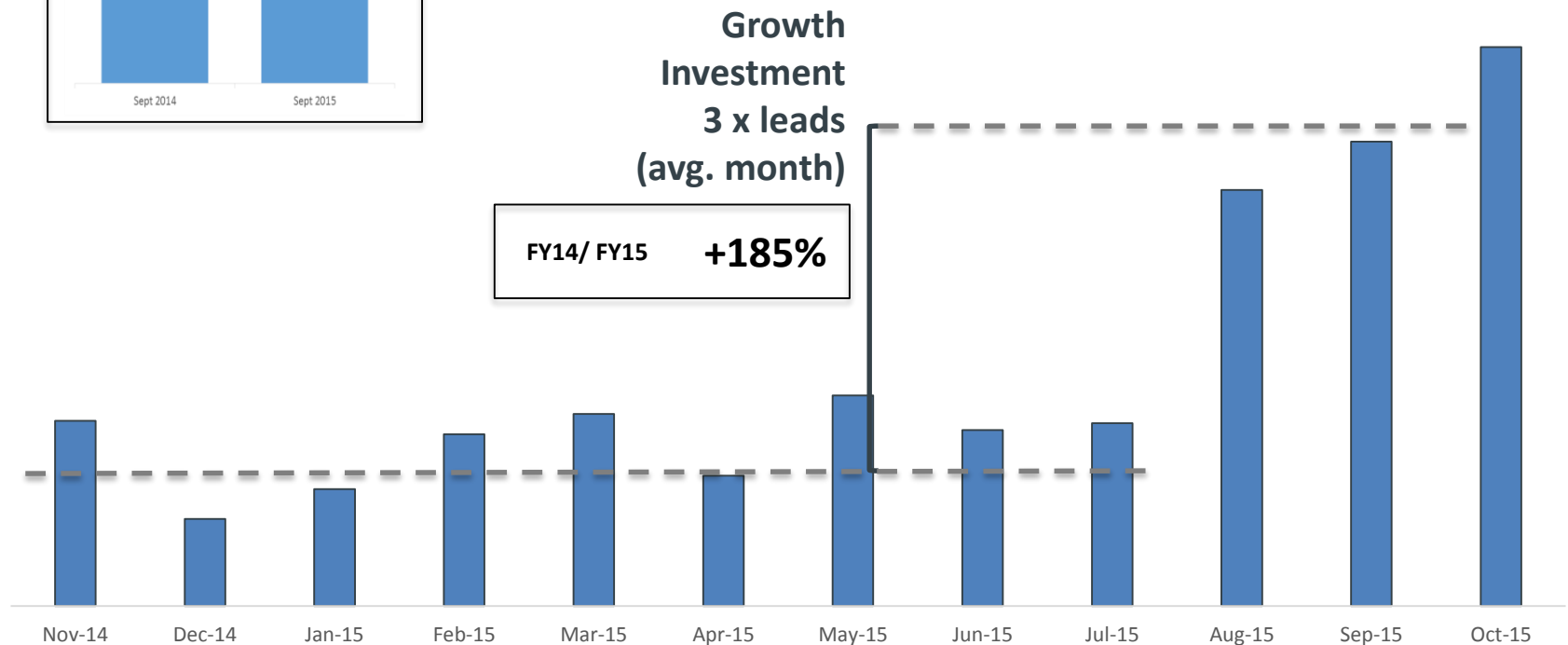
Automation and control of back-office lead platform

- Straight through processing of leads – more timely response & reduced cost
- New tracking and reporting of customer branch enquiries ~ 20% of leads

YBR marketing investment paying dividends with new prospect introductions up threefold in the year to date



Monthly Lead Flow To YBR branches



5. Wealth Product Enhancement

A wealth offering tailored for our mortgage client base

Guru is at the vanguard of ROBO advice targeting the “other 80%” and off to a flying start.



Prepositions Advice for 80% of Population Without a Plan

- Market is concentrated on population in pre-retiree and retiree phase
- Guru targets mass market – middle class families YBR serves with home loans
- Addresses concerns about accessibility, outcomes, cost and control
- Empowers them to act by showing enormous benefits of a few tangible actions

National Launch in Celebrity Apprentice

- Over 300 leads from first night
- Early feedback ~80% proceeding to meeting >20% proceeding with advice/loan
- Heavy support through Q3 “New year plan” drive

YBR will enter the mortgage life insurance market with a breakthrough branded product in second quarter FY16

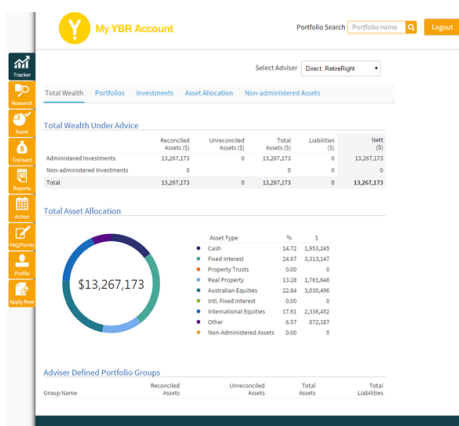


- Mortgage life insurance is a life product offered in mortgage sales process
- Enhances our ability to convert mortgage clients to wealth
- Current offerings have limited margin and risks to client experience
- YBR has agreed terms with a major global provider & will launch Q2
- Product designed to YBR's needs and branding offering
 - Up-front underwriting for better client experience
 - Competitive affordable pricing for our target market
 - A direct relationship with insurer which improves margins to YBR

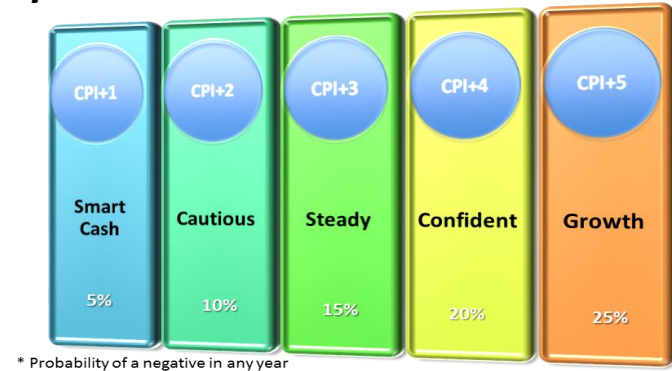
Re-platformed investment offering to accelerate uptake of wealth across branches & improve margin

My YBR Account

- Cash, invest, super, ins
- Two series of SMAs
- Guru integration
- Simple to complex
- Smarter Money series
- Active asset allocation
- Centrally managed
- No SOA for rebalancing
- Sophisticated res. tools



My YBR SMAs



My YBR Account covers investment, super and insurances

Low cost, high performance SMAs for the “other 80%”

Reduces admin. burden for branches providing wealth advice by 400 hours or \$40k p.a.

- One platform to cover 95% of needs vs. 3 at present
- Automates & centralises tasks currently managed in branch
- Saves ~ 4 hrs p.a. / client or 400 hours p.a. for 100 clients

Ramps up YBR returns from wealth

- Accelerate uptake of wealth - 1/3 branches embedded, this will address next 1/3
- Added margins from SMAs
- Centralised portfolio management reduces risk
- Client access and analytical tools will increase engagement

Direct to consumer investment offering under development & personal lending acquisitions in due diligence



Building direct consumer proposition in wealth

- New My YBR Account platform back end is direct ready
- Guru plugs into My YBR Account
- “Money Manager” cash flow tool to launch Q3
- Working on buy and adapt option for consumer front end

Personal lending acquisition opportunities in due diligence

- Additional business line for network & direct potential
- Securitisation funding capability will support

YBR has a securitisation platform two years in the making & will go to market when conditions right



Much of required capability & structure built in FY14 and FY15

- RESI capabilities including credit and customer service teams in place
- Legal structures and appropriate funding entity in place
- Leading providers appointed for mortgage servicing, trustee & legal counsel
- Servicing platform customisation & reporting in final stages of development

Launch now targeted for 3rd quarter FY2016

- We have paused this activity for a quarter given recent market volatility
- In negotiation with 4 funding partners
- Pending appropriate conditions considering Q3 launch

END