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29 January 2016

The Manager
Company Announcements Office
ASX Limited
Level 4, 20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam

APPENDIX 4C: QUARTERLY COMMITMENTS REPORT

We attach the Company's Appendix 4C report for the three months ended 31 December 2015.

EXECUTIVE SUMMARY

In FY 2015 Yellow Brick Road Holdings (the Company) was focused on acquisition, with the purchase of Vow and Resi occurring in Q1 and the integration of these businesses through the balance of the year. During the final three quarters of FY2015, the scaled up business achieved three consecutive operating cash surpluses* totalling \$3.93m.

In FY2016, the Company has seen an opportunity to acquire significant scale organically, as market noise around home loan rates draws consumer attention to their mortgages. Consequently, we have made a strategic decision to invest in a major market-share push, through increased Yellow Brick Road marketing activity. Substantial additional leverage is applied to this investment through the Company's relationship with key investor Nine Entertainment Co, owner of the Nine Network.

As expected, this marketing investment has generated an operating cash deficit in Q2 FY2016 of \$1.70m. On a normalised basis*, this operating cash deficit was \$1.32m, an increase of \$0.62m on last quarter which is roughly in line with the \$0.64m increase in marketing spend.

The Company retains more than sufficient funding to support this marketing investment. At the end of the quarter the Company had cash and undrawn finance facilities totalling \$13.5m.

Also as expected, this marketing investment is delivering significant uplift in new customer introductions, with Q2 FY2016 leads up +299% vs prior corresponding period (PCP). These began flowing through to loan settlements in December (+51% vs December 2014).

*Normalised operating surplus is the reported operating surplus or deficit excluding non-operating acquisition and integration outflows and net underwriter payments.

This momentum is flowing through into increased share of the home lending market with Group share up to 4.55% in October 2015, vs 3.44% a year earlier.

Across the group in Q2 FY2016 settlements grew by 38% vs PCP, FUM grew 34% and network reach by 9%.

For details please see the attached Financial and Operating commentaries and Appendix 4C.



Kind regards

Richard Shaw
Chief Financial Officer
Yellow Brick Road Holdings

Yellow Brick Road Group

FINANCIAL COMMENTARY

Cash-flow Trends

FY2015

During FY2015 the Company achieved the following operating cash surpluses

- In Q4 FY2015 the Company reported an operating cash surplus of \$1.33m. On a normalised basis* the Q4 FY2015 surplus was \$1.77m.
- On a normalised basis*, in the 9 months to 30 June 2015, the Company generated three successive quarters of cash surplus, totaling \$3.93m (average \$1.31m per quarter).

FY2016 YTD

In FY2016 the Company has chosen to accelerate long term business expansion by increasing its investment in marketing and sales support resources. This is the primary driver behind a reduction in the Company's underlying operating cash result from trends achieved in FY2015.

Key Cash Outcomes	Q2 FY2016	Chg. Vs Q1 FY2016
Gross Receipts	\$48.1m	2%
Net Receipts	\$7.2m	0%
Normalised* Other Op. O'flows	\$8.5m	-7%
Normalised* Operating Surplus	(\$1.3m)	-86%
Cash	\$6.6m	-23%

Current Quarter - Q2 FY2016

Summary

The reported net operating cash deficit for Q2 2016 (including acquisition and integration outflows and net underwriter payments) increased by \$0.16m to a deficit of \$1.70m (Q1 FY2016: deficit of \$1.54m).

On a normalised basis* the operating cash deficit increased by \$0.62m to \$1.32m.

As at 31 December 2015 the Company has \$6.6m in cash and \$11.9m in available borrowing facilities (\$5.00m drawn and \$6.9m undrawn).

Operating Cash Receipts

The increased investment in sales and marketing expenditure, which has been primarily focused on the YBR branded network, is not expected to have a significant impact on revenues or cash receipts until the second half of FY2016.

Receipts from customers grew 2% to \$48.01m (Q1 FY2016 \$47.21m).

The branch and broker share of revenue (included in other working capital) also increased by 2% to \$40.87m (Q1 FY2016 \$39.96m).

Operating Cash Outflows

Operating cash outflows, excluding the branch and broker share of revenue, increased by 2% to \$8.77m (Q1 FY2016 \$8.60m). This \$0.17m increase included a 58% (\$0.64m) increase in advertising and marketing outflows to \$1.7m (Q1 FY2016 \$1.10m).

*Normalised results exclude acquisition and integration outflows and net underwriter payments.

OPERATING COMMENTARY

A substantial increase in YBR media investment versus PCP was maintained from Q1 throughout Q2 FY2016. This drove a quadrupling of leads (+299% vs PCP) and mortgage pipeline (+52% vs PCP). It began to flow into settlements in December (+51% vs December 2014).

Volume

- Settlements Responding– Q2 FY2016 settlements were up by 38% vs PCP to \$4.2B, behind strong lead flow and highly competitive rates from October. In December YBR brand was up 51% vs December 2014.
- Significant Underlying Book – Group loan book ended the quarter at \$33.9b up 22% vs PCP.
- FUM Growth – Overall FUM was up 34% vs PCP to \$700m. Growth was strong on YBR's RetireRight product which topped \$100m for the first time in October.

Key Operating Outcomes	Q2 FY2016	Chg. Vs Q2 FY2015
Settlements	\$4.2B	+ 38 %
Mortgage Book	\$33.9b	+ 22%
FUM	\$700m	+ 34%
POS agreements	805	+ 9 %
Leads (YBR)	-	+ 299%
Loan Pipeline (YBR)	-	+ 52%

Marketing

- YBR's Celebrity Apprentice IV promotion was executed successfully. Audiences were up 10% versus plan, show ranked #1 on key social media platforms and 45k people entered the YBR promotion.
- Lead Growth – this Celebrity Apprentice marketing plus a key price point (3.92% p.a.) on YBR's lead loan drove a quadrupling of leads vs PCP, well ahead of budget.
- Pipeline – these leads are flowing into applications. YBR's pipeline of applications in train is up 52% vs PCP.

Product Innovation

- Investment Offering – YBR launched My YBR Account, an all-new investment administration platform that provides investors with enhanced reporting, transparency and an engaging digital interface. The underlying investment offer was rebuilt and relaunched around 8 new SMAs.

Distribution

- Distribution Growth Continues – distribution agreements grew (+9% VS PCP) in the quarter to 805 across the Group.
- Individual representatives are also up by +88% vs PCP to 1311, with Vow attracting its 1000th broker during October.

Scale

- Vow Aggregation – in August, the Group moved mortgage aggregation for its YBR branded network to Vow, increasing purchasing power and doubling direct revenue from suppliers during Q2 FY2016 vs PCP.

YBR Holdings

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**Quarterly report
for entities admitted
on the basis of commitments**

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10

Name of entity

Yellow Brick Road Holdings Limited

ABN

44 119 436 083

Quarter ended ("current quarter")

31 December 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from customers	48,087	95,296
1.2 Payments for		
(a) staff costs	(3,369)	(6,914)
(b) advertising and marketing	(1,734)	(2,829)
(c) Transfer of business	-	-
(d) leased assets	-	-
(e) other working capital ⁽¹⁾	(44,291)	(87,435)
(f) Net payment to insurance underwriters on behalf of clients ⁽²⁾	(160)	(358)
(g) Acquisition and integration costs	(221)	(864)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	58	101
1.5 Interest and other costs of finance paid	(74)	(245)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net operating cash flows	(1,704)	(3,248)

⁽¹⁾ Includes branch and broker share of revenue, current quarter (\$40.9m), year to date (\$80.8m).

⁽²⁾ The Company receives general insurance premiums from clients and remits these to underwriters between 60 and 90 days after receipt. The difference between premiums received and paid is recorded as an underwriter deficit or surplus. As a consequence of these timing differences, payment to underwriters exceeded receipts from clients in the period by \$160,000.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A'000	Year to date (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	(1,704)	(3,248)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	(550)	(1,241)
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	316	316
1.13 Purchase of available for sale investments: (Working capital held in YBR Smarter Money Higher Income Fund, available at 3 days notice)	(3)	(4)
Net investing cash flows	(237)	(929)
1.14 Total operating and investing cash flows	(1,941)	(4,177)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	-
Cost of capital raising and debt arrangements.	-	-
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	-	-
Net financing cash flows	-	-
Net increase (decrease) in cash held	(1,941)	(4,177)
1.21 Cash at beginning of quarter/year to date	8,548	10,784

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1.22	Exchange rate adjustments to item 1.20	-	-
1.23	Cash at end of quarter	6,607	6,607

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	347
1.25	Aggregate amount of loans to the parties included in item 1.11	

1.26 Explanation necessary for an understanding of the transactions

Payments to related parties in 1.24 above include:

- Directors' fees \$37,500
- Golden Wealth Holdings Pty Ltd (GWH), a director related entity of Mark Bouris received contracted payments of \$309,375 covering consultancy fees during the period.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	11,900	5,000
3.2 Credit standby arrangements		

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	5,687	5,308
4.2 Deposits at call	920	3,240
4.3 Bank overdraft		
4.4 Other (provide details)		
Total: cash at end of quarter (item 1.23)	6,607	8,548

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:

Richard Shaw