

Full Year 2016 Results Presentation

29 August 2016

Who we are

Prime Financial Group is an ASX Listed Integrated Wealth Management Firm for business owners and family groups.

Prime's goal is for clients to receive complete Accounting & Wealth Management Advice.

PERSONALISED **ADVICE**



ASX LISTED



TRULY INTEGRATED
WEALTH MANAGEMENT

\$1BILLION+
CLIENT FUNDS
UNDER MANAGEMENT

INDEPENDENT
OF 'BIG 4' AU BANKS

ESTABLISHED 1998

» *Accounting Heritage* «

PREMIER
ACCOUNTING FIRM PARTNER

30+ ACCOUNTING FIRM EQUITY PARTNERS

FY2016 Results Summary

- Members of the Parent Entity (After Outside Equity Interest)
 - Profit Before Income Tax **up 5%** to \$3.94M compared to FY2015 of \$3.76M (excluding impairment)
 - Profit After Income Tax **up 20%** to \$3.23M compared to FY2015 of \$2.70M (excluding impairment)
- Earnings Per Share (EPS) **2.22 CPS up 19%** compared to FY2015 of 1.86 CPS (excluding impairment)
- **Final Dividend of 0.40 CPS**
- Full year **Dividend 0.80 CPS consistent** with FY2015
- FY2016 **Operating Margin of 29%, down from 30%** in FY2015
- **Net Debt \$2.3M down 69%** from \$7.4M at 30 June 2015
- Group FUM declined by \$74M to \$977M principally due to outflows from business divestments of \$46M and other movements of \$33M.

FY2016 Results Summary

FINANCIAL RESULTS	FY16 \$M	FY15 \$M	% CHANGE FY16 v FY15
Consolidated Entity			
Profit Before Income Tax	5.95	(18.33)	132%
Profit After Income Tax	4.59	(19.72)	123%
Members of the Parent Entity (After Outside Equity Interest)			
Profit Before Income Tax	3.94	(19.43)	120%
Profit After Income Tax	3.23	(20.49)	116%
Basic & Diluted Earnings (cents per share)	2.22	(14.07)	116%
Dividend Paid & Proposed (cents per share) (Fully franked)	0.80	0.80	-

FY2016 Results Summary

FINANCIAL – EXCLUDING IMPAIRMENT	FY16 \$M	FY15 \$M	% CHANGE FY16 v FY15
Consolidated Entity			
Profit Before Income Tax	5.95	4.87	22%
Profit After Income Tax	4.59	3.47	32%
Members of the Parent Entity (After Outside Equity Interest)			
Profit Before Income Tax	3.94	3.76	5%
Profit After Income Tax	3.23	2.70	20%
Basic & Diluted Earnings (cents per share)	2.22	1.86	19%
Dividend Paid & Proposed (cents per share) (Fully franked)	0.80	0.80	-

FY2016 Results Summary

DETAILED FINANCIAL RESULTS		Note	FY16 \$M	FY15 \$M	% CHANGE FY16 v FY15
Wealth Management	– New Business Revenue	Note 1	2.63	2.32	13%
	– Recurring Revenue	Note 2	6.85	7.48	(8%)
	– Licensing Revenue		0.31	0.35	(11%)
Total Wealth Revenue			9.79	10.15	(4%)
Accounting Revenue – Share of Profit			2.72	1.80	51%
Other Income			0.48	0.38	26%
Net Benefit on Restructure of Investments			0.46	-	-
Total Accounting & Other Income			3.66	2.18	68%
Total Revenue			13.45	12.33	9%
Less Group Overheads			(7.50)	(7.46)	(1%)
Profit Before Income Tax			5.95	4.87	22%
Less Non-Controlling Interest			(2.01)	(1.11)	(81%)
Members of the Parent Entity (After Outside Equity Interest)					
Less Impairment			-	(23.19)	-
Profit Before Income Tax			3.94	(19.43)	120%
Profit After Income Tax			3.23	(20.49)	116%

Wealth Management Revenue

NOTE 1 NEW BUSINESS REVENUE	FY16	FY15	% CHANGE FY16 v FY15
Investment Brokerage (\$'000)	1,657	1,719	(4%)
Implementation Fees (\$'000)	183	74	147%
Asset Protection & Life Insurance (\$'000)	310	304	2%
Plan Fees (\$'000)	93	32	191%
Other (\$'000)	383	193	98%
Total New Business Revenue (\$'000)	2,626	2,322	13%

NOTE 2 RECURRING REVENUE	FY16	FY15	% CHANGE FY16 v FY15
Funds Under Management (FUM) (\$'000)	5,965	6,585	(9%)
Asset Protection & Life Insurance (\$'000)	580	556	4%
Other (\$'000)	303	337	(10%)
Total Recurring Revenue (\$'000)	6,848	7,478	(8%)

FY2016 Results Summary

OPERATIONAL	FY16	FY15	% CHANGE
Group Operating Margin	29%	30%	(1%)
Total FUM (\$B)	0.977	1.051	(7%)

FUNDS UNDER MANAGEMENT (FUM)	FY16\$M
Opening FUM	1,051
FUM – Net FUM	5
FUM – Outflow from Sale of Business	(46)
Other Movements	(33)
FUM – Net Total Movement	(74)
Closing FUM	977

FY2016 Results Summary

SUMMARY BALANCE SHEET	30/06/16 \$M	30/06/15 \$M
Current Assets		
Cash	1.3	0.6
Other Current Assets	3.0	2.4
Non Current Assets		
Receivables	0.1	0.6
Investments	46.7	47.4
Total Assets	51.1	51.0
Current Liabilities		
Payables/Provisions/Borrowings	2.8	2.4
Non Current Liabilities		
Borrowings	3.6	8.0
Total Liabilities	6.4	10.4
Equity	44.7	40.6

Key Developments

Corporate Development

- Established or agreed to establish two new wealth JV's with Accounting Firms
- Increase in investment in Accounting & Advisory Firm MPR Group Pty Ltd (MPR) from 10% to 40% (9/12/2015) then to 93% (5/8/2016)
- Through MPR, Prime acquired a Melbourne accounting client base (Watermans) that Prime already held a minority ownership in (26/8/2016)

Marketing

- Implementation of Prime's 'Accountant Advisory Board' to help guide future strategies around CRM, database development and more Integrated Client Engagement
- Delivery of Strategic Marketing support to Accounting Partners
- Increased budget allocation & resourcing for development

Key Developments

Technology

- Prime are increasing investment in Technology and have also engaged a Chief Technology Officer (CTO) to lead Technology development. This is a key component of Prime's overall business strategy

Resourcing

- Increased Financial Advisory staff for growth in:
 - New South Wales; and
 - Western Australia
- Progress has also been advanced to further imbed Prime's global resourcing platform which is a cornerstone part of Prime's strategy

Key Developments

Investment Advice

- Substantially increased use of Prime Separately Managed Accounts (SMA's)
- SMA Funds Under Management (FUM) were \$96M at 30 June 2016, up from \$19M a year earlier
- Rollout of Prime International SMA on 18 February 2016

Prime SMA's Portfolio Performance (01/07/13 – 30/06/16)

PRE-FRANKING CREDITS	3 YEAR AVE.
Prime Australian Equity Growth Portfolio	9.31%
S&P/ASX200 Accumulation Index	7.66%
Prime value added	1.65%
Prime Australian Equity Income Portfolio	6.66%
S&P/ASX200 Accumulation Index	7.66%
Prime value added	(1.00%)
Prime Defensive Income Portfolio	3.28%
Bloomberg Bank Bill Index	2.85%
Prime value added	0.43%

FY2017 Focus

The plan for FY17 is to:

- Continue to proactively undertake acquisitions
- Invest further in Technology and Prime Client Engagement Platforms
- Build and market the Prime brand to support Complete Accounting, Wealth Management and Advice
- Continue to differentiate at a client solution level
- Foster a culture of innovation

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