

SFG Australia Goldman Sachs Emerging Companies Conference 2013

16 May 2013

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All numbers are as at **31 December 2012** unless otherwise stated. Numbers may not add due to rounding.

Agenda



- Group Overview
- Key Revenue Drivers
- Results
- Operating Update
- Looking Ahead

GROUP OVERVIEW

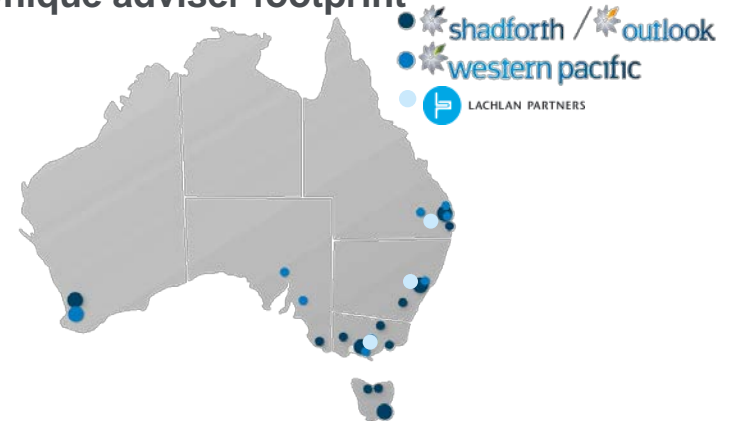
Group Overview



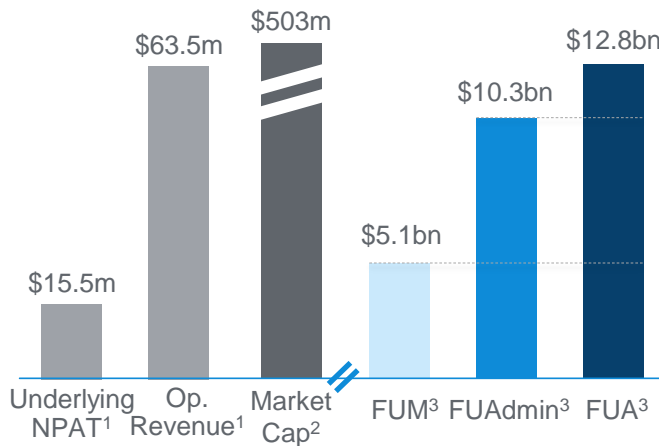
A unique, quality financial advice & wealth management firm

- Quality, professional, HNW and complementary financial advice business models – fee for service
- Integrated wealth management implementation services across the client value chain (see “1H13 Revenue by service” below)
- Significant scale, footprint and industry presence
- Experienced management team, with strong transaction execution and integration credentials
- Aligned interests of management, advisers and staff with shareholders

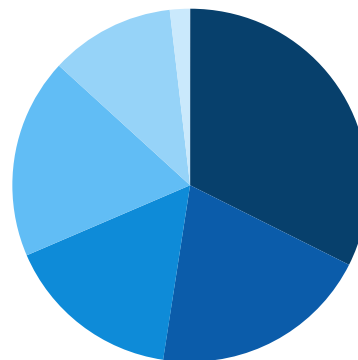
Unique adviser footprint



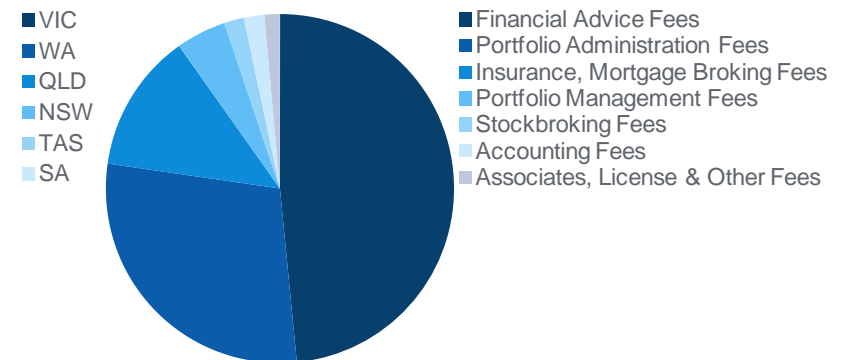
Key metrics



1H13 Revenue by state



1H13 Revenue by service



1. For the six months ended 31 December 2012 (1H13) 2. As at 14 May 2013. 3. As at 31 March 2013.

Contemporary Business Model



Integrated advice & implementation services across the entire client value chain



Advice businesses

| Professional Advice Model | | Affiliate, Licensed Services | | B2B Adviser Services |
|--|--|---|---|---|
| <p>LACHLAN PARTNERS¹</p> <ul style="list-style-type: none"> Private clients & business owners 42 accountants & 13 financial advisers | <p>shadforth Financial Group</p> <ul style="list-style-type: none"> Private client focus 109 employed advisers & accountants <p>16 offices nationally¹</p> | <p>outlook Financial Solutions</p> <ul style="list-style-type: none"> Small account balance & Corporate Solutions 7 Relationship Mgrs & 4 advisers | <p>western pacific Financial Advisers</p> <p>16 practices & 34 advisers nationally</p> | <p>actuate Advice Solutions</p> <p>Adviser Services, Platforms & Funds</p> |

Solutions & Support

'Best Advice': IP & Best Practice

Implementation Solutions & Corporatised Support Services

| | | | | |
|--|---|---|---|--|
| <p>mosaic Portfolio Advisers</p> <p>Portfolio Construction & Management</p> | <p>finHQ Financial Scoreboard</p> <p>Platform Services</p> | <p>shadforth Insurance Brokers</p> <p>Insurance Services</p> | <p>shadforth Financial Group</p> <p>Stockbroking</p> | <p>SFG Corporate Services</p> <p>Corporate Services</p> |
|--|---|---|---|--|

1. The acquisition of Lachlan Partners (LP) was effective 1 March 2013. LP has 2 offices.

KEY REVENUE DRIVERS

Earnings Drivers



Quality, diversified earnings streams with market leverage

Revenue Drivers

Over 90% of the Group's financial advice fees are recurring and predominantly generated via asset based fees, which are influenced by market movements, behaving in aggregate like a diversified portfolio.

FUA

- Primarily generates ongoing, asset based advice fees
- Client portfolio balances move according to the aggregate of individual asset allocation, aggregate net flows (inflows from existing and new clients, less outflows from pension payments, client redemptions and fees and expenses) and asset price movements

FUAdmin

- Earn a portfolio administration fee and/or margin (asset based fee) for in-house services rendered and buying power through the Group's scale
- Balances move similar to FUA

FUM

- Earn portfolio construction margin and/or RE margin (asset based fees) on funds which Mosaic is RE
- Balances move according to fund performance and net flows – leveraged to volatility in fund asset class

Other

- Insurance (general & risk) broking fees, stockbroking fees (back office outsourced to UBS), mortgage broking fees, accounting & tax fees, AFS Licence fees

Expense Drivers

- People business: >70% of operating expenses are personnel expenses
- Scale game: Snowball merger synergies achieved by end FY13 run rate of \$10.5m, annualised & gross of integration costs
- Advice business model differentiation in cost to income ratio (Professional Advice Model to B2B Adviser Services)

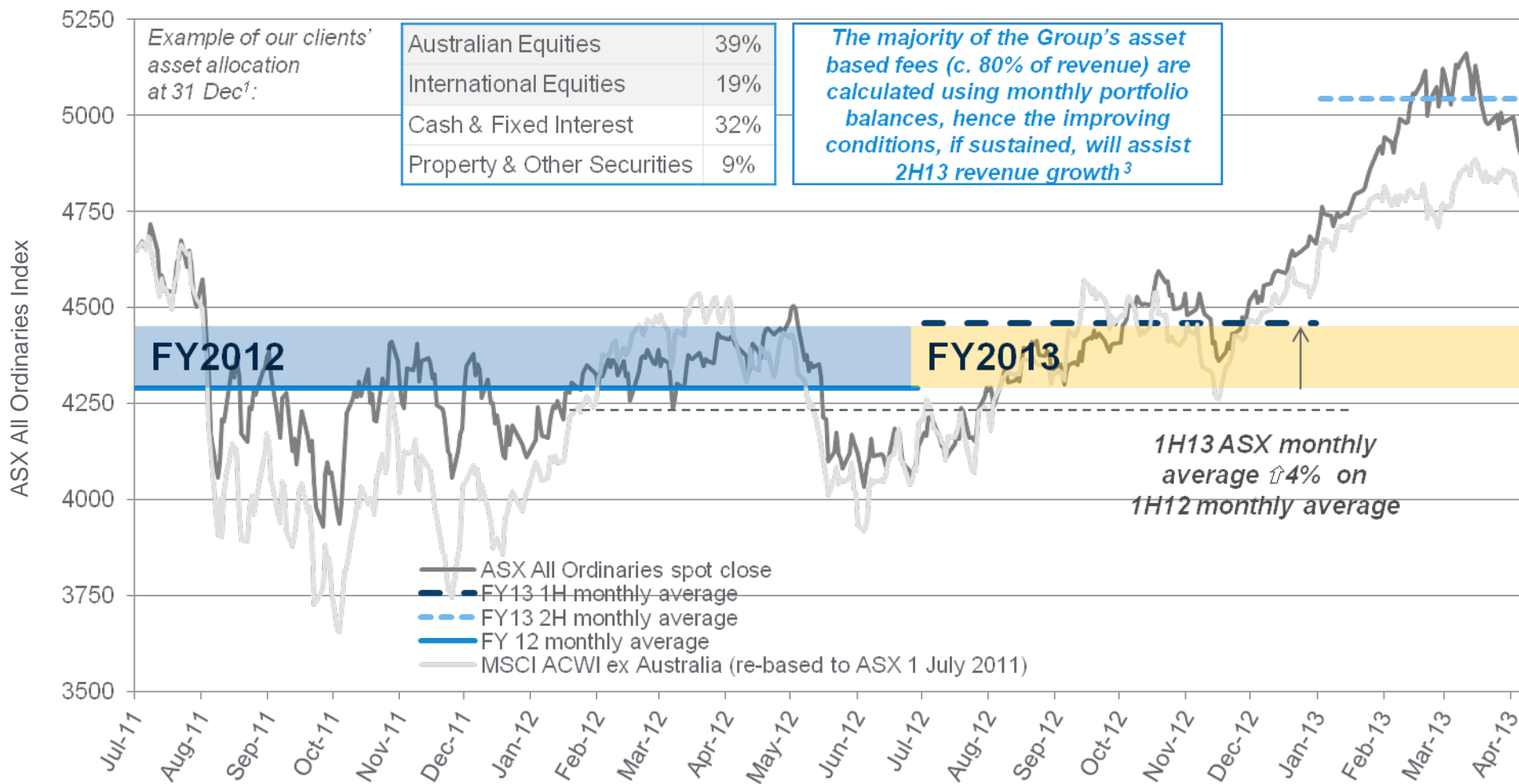
Profit and Dividends

- Fundamental business structure is based on fixed and variable costs, and variable revenues, providing cost leverage
- Amortisation a noticeable item due to the Group's ongoing acquisition strategy
- Underlying NPAT (excludes amortisation and one-off, non-operational items) reported as meaningful measure of ongoing cash generating ability of the Group
- Dividend payout ratio equal to 50% – 70% of Underlying NPAT, sustaining regulatory capital requirements and funding capacity for tuck in acquisition strategy

Market Conditions



Equity market performance – most asset based revenue depends on month end averages



Note: FY13 2H monthly data YTD to 30 April 2013. 1. Using actual asset allocation data for total BT FUAdmin as at 31 December 2012. 3. Asset based fees movement impact on revenues (with market changes) depends on the clients' asset allocation and the relevant fee scales which are often sliding scales.

1H13 RESULTS – SNAPSHOT

1H13 Results – Key Highlights



Solid result highlighting synergies achieved & business resilience

- Achieved underlying earnings growth
- Improving operating conditions off a tough base – business remains resilient
- Successfully integrated the Snowball/Shadforth businesses – synergies fully achieved and continue to assist operational performance
- Announced strategic acquisition, Lachlan Partners (**LP**), to be Underlying EPS accretive to the Group in FY14
- Investing in growth and business upgrade initiatives during the half year and also realising benefits from recent tuck-in acquisitions
- Comparative period Reported NPAT and EPS includes impact of the Rights to Future Income (**RTFI**) legislation, not present in 1H13²
- Interim fully franked dividend of 1.20c per share paid in April 2013, up 20% on pcp, representing a payout ratio of 56% of Underlying NPAT

| Results | 1H13 | △1H12 |
|---------------------------------------|---------|-------|
| Net Operating Revenue ¹ | \$63.5m | ↑ 10% |
| Operating EBITDA | \$22.8m | ↑ 14% |
| Underlying NPAT | \$15.5m | ↑ 14% |
| Reported NPAT ² | \$10.6m | ↓ 22% |
| Reported NPAT excl. RTFI ² | \$10.6m | ↑ 6% |
| Underlying EPS | 2.13c | ↑ 14% |
| Reported EPS ³ | 1.46c | ↓ 22% |
| Reported EPS excl. RTFI ³ | 1.46c | ↑ 6% |
| DPS (fully franked) | 1.20c | ↑ 20% |
| FUA | \$11.6b | ↑ 8% |
| FUAdmin | \$10.0b | ↑ 9% |
| FUM | \$4.7b | ↑ 16% |

OPERATING UPDATE

Industry leading financial advisers across key metrics

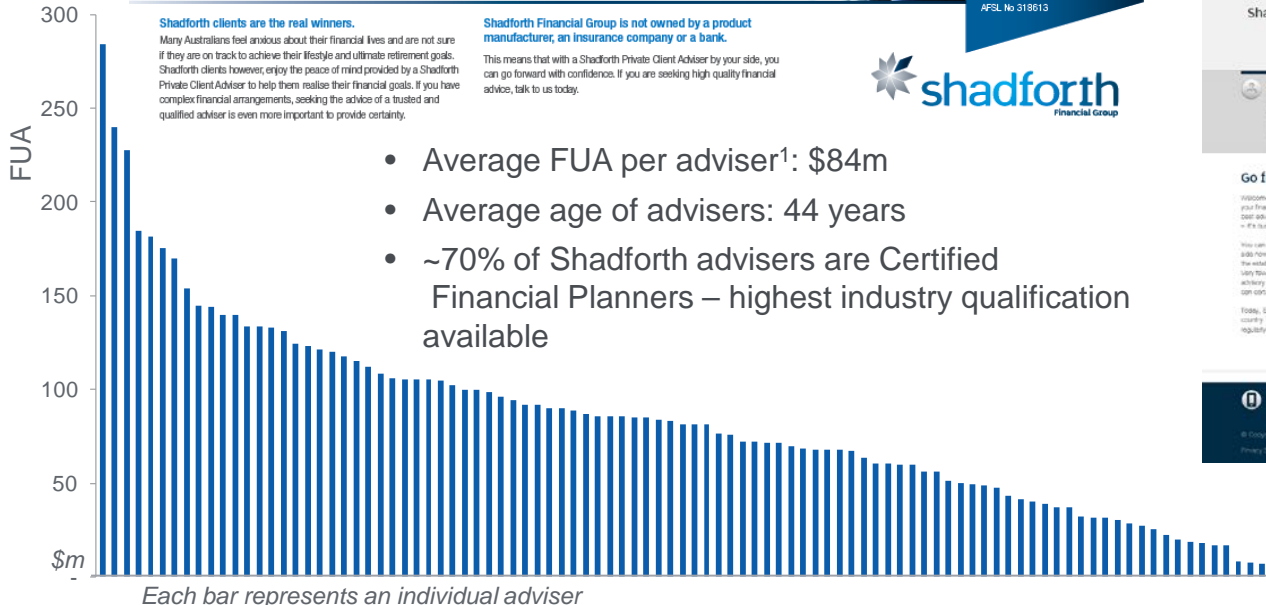
Shadforth has again had success in the recent 2013 AFR Smart Investor Masterclass Survey

A financial review worth reading:
 "Shadforth Financial Group Clients go forth with confidence."

In the 2013 AFR Smart Investor Master Class Awards, Shadforth Private Client Advisers took out 32% of the top 50 award places. Three of them were in the top ten. Shadforth Financial Group was the only financial advisory firm with a high national representation in these awards. Please join us in congratulating Sally Huynh (Brisbane), Mathew Taylor (Hobart), Christopher Elliott (Launceston), Nicole Bryant (Hobart), Patrick Carden (West Perth), Bruce Chisholm (Melbourne), Phillip Gillard (North Sydney), Nicolas d'Emden (Launceston), Rebecca Ferguson (Hobart), Ashley Davis (Brisbane), Brian Dooley (Brisbane), Drew Douglas (Brisbane), Matthew McConnell (Devonport), Luke Roberts (Hobart), Wade Ritchie (Melbourne) and Daniel White (Brisbane) on their success.

Contact us
 1300 308 440
 sfg.com.au

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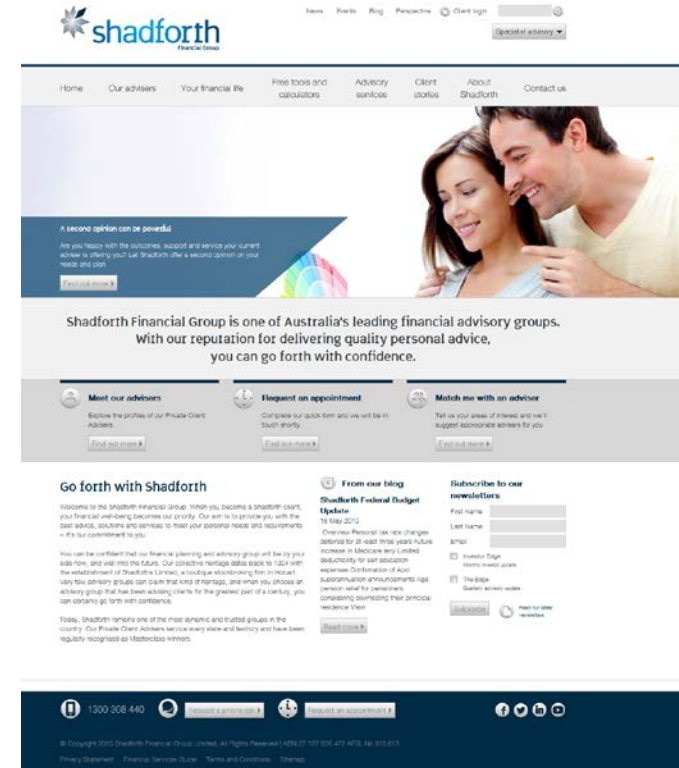
- Average FUA per adviser¹: \$84m
- Average age of advisers: 44 years
- ~70% of Shadforth advisers are Certified Financial Planners – highest industry qualification available

Shadforth clients are the real winners.

Many Australians feel anxious about their financial lives and are not sure if they are on track to achieve their lifestyle and ultimate retirement goals. Shadforth clients however, enjoy the peace of mind provided by a Shadforth Private Client Adviser to help them realise their financial goals. If you have complex financial arrangements, seeking the advice of a trusted and qualified adviser is even more important to provide certainty.

Shadforth Financial Group is not owned by a product manufacturer, an insurance company or a bank.

This means that with a Shadforth Private Client Adviser by your side, you can go forward with confidence. If you are seeking high quality financial advice, talk to us today.



Illustrative FUA per Shadforth Private Client Adviser¹, December 2012

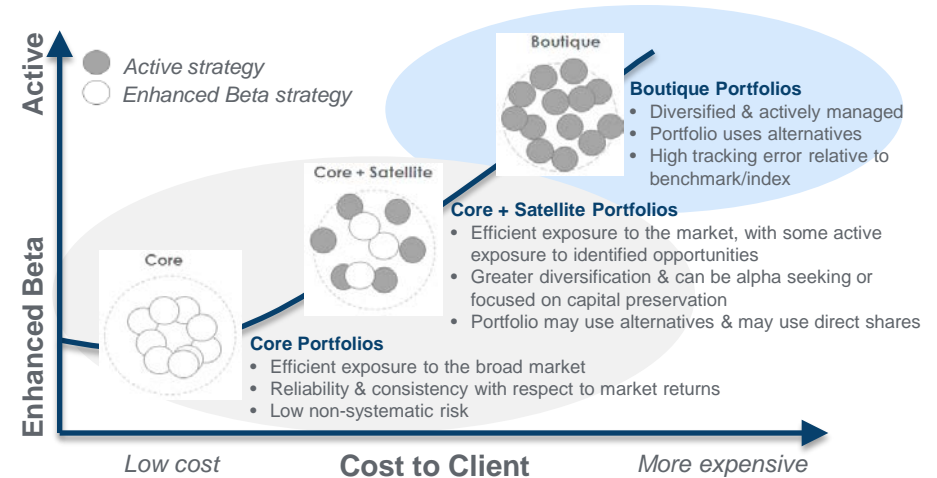
Note: Shadforth launched a new client website in April 2013. 1. As at 31 December 2012. This data (and the chart data) excludes those advisers who are primarily dedicated to attracting new clients and those with less than \$5m in FUA which they service.

Our key point of differentiation is advice, culture, expertise & client service in the marketplace – a culture of continuous improvement, quality and excellence



Mosaic has a core role in the delivery of best-of-breed portfolio solutions

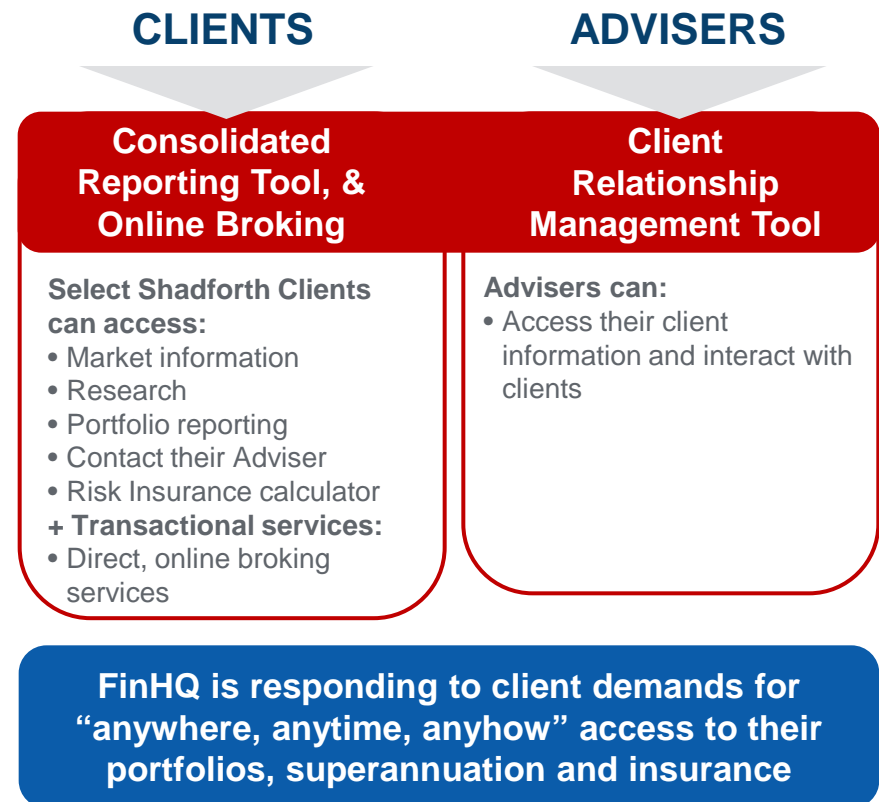
- Mosaic is essentially an in-house asset consultant supported by leading external expertise and research. Mosaic delivers recommendations to the internal Investment Committees and manages the:
 - Group investment philosophy
 - Group strategic asset allocation ranges, and
 - Construction of the group portfolios, including best-of-breed manager selection
- It has three main functions:
 1. Designs and implements fully executable core portfolio options (Diversified Funds), based on main client risk profiles
 2. Constructs and manages a spectrum of portfolios which may be implemented using sophisticated portfolio tools on behalf of advisers, such as the enhanced Managed Portfolio Service and Dynamic Portfolio Update Service – via the FinHQ platform
 3. Assists in the management of bespoke portfolios for clients of the Group’s advisers
- In addition, Mosaic:
 - creates “building block” managed fund solutions to support the group portfolios, giving clients access to ‘core options’ which are low cost, highly diversified, and research based, and separately, specialist alpha-seeking funds
 - performs the Responsible Entity fund accounting and administration functions for these funds, outsourcing some functions to institutional/scaled providers, reducing risk



| Mosaic Strategic Trusts: | | 31-March-13 FUM |
|--|--|-----------------|
| Australian Equity | | \$1.7bn |
| Fixed Interest | | \$1.0bn |
| International Equity | | \$0.9bn |
| Global Property | | \$0.4bn |
| Cash Plus | | \$0.1bn |
| Mosaic Specialist & Diversified Funds: | | 31-March-13 FUM |
| Specialist Funds | | \$293m |
| Diversified Funds | | \$75m |

FinHQ platform evolving to produce client reporting & enhanced access services

- FinHQ is our administration business utilising our underlying, outsourced platforms to provide clients with:
 - Custody
 - Registry
 - Tax, cash flow and other record keeping
 - Portfolio reporting
 - Transaction services
- FinHQ is also an online portal for clients to access their platform, portfolio and other services, built within the Cloud technology and security. It was launched to select Shadforth clients in September 2012
- To date, FinHQ has added consolidated reporting, direct broking transaction capability and integrated Risk Insurance lead generation
- FinHQ is primarily leveraging existing scaled supplier's technology, with relatively modest development spend being incurred
- FinHQ clients and their advisers are supported by a dedicated telephone based client engagement and broking operations team



Growing Web Presence



FinHQ – example of client reporting view, share trading view and insurance calculator

Security

- Change Your Password
- Update Security Questions

Popular Links

- ASX News
- My Watchlists
- FAQ

Your Accounts & Reports

Valuation Report | Performance Report

Date: 14/05/2013 | Group by entity | Current Holdings | Disposed Assets | Display Valuation

| Account | Balance |
|--------------|---------------------|
| Account | \$48,372.30 |
| Account | \$300,104.90 |
| Total | \$396,477.20 |

Information presented is according to our records at the report date and should be used as a guide only. Subsequent transactions may have occurred including corporate actions (share purchase plans, rights, bonus issues, etc.) or applications made from a PDS where new shares/units may not have been allocated or listed at the report date but may have already been paid for. Values for Allocated Pension investments may not be adjusted for recent pension payments. Shadforth Financial Group may receive on-going commissions on managed fund investments as disclosed in your financial plan.

Insurance calculator

How much insurance do I need?

The FinHQ insurance calculator can help you consider the level of cover you and your family require to ensure you are financially protected in the event of unforeseen circumstances.

Based on the calculator results you are then able to input the insurance cover required during the quote process. To get a quote, click on the "Get a quote" button.

Online Personal Insurance

Get a quote

Personal Insurance advice is available

If you are unsure about the type and amount of cover you need, you can request advice from one of our highly-qualified affiliated advisers based throughout Australia.

They will help you analyse your requirements, including the level of cover that suits your needs and matching you with an appropriate insurance provider.

Call us on 1300 693 464 or email us using the "Contact Us" form above.

Explore our insurance services here

Insurance advice and services are provided by our affiliated advisers of the Shadforth Financial Group.

shadforth

Market | Trading | Log Off

Overview | Quote & Depth | Watchlist | Activity | Security Information | Charts | News | Dividends

Market - Watchlist

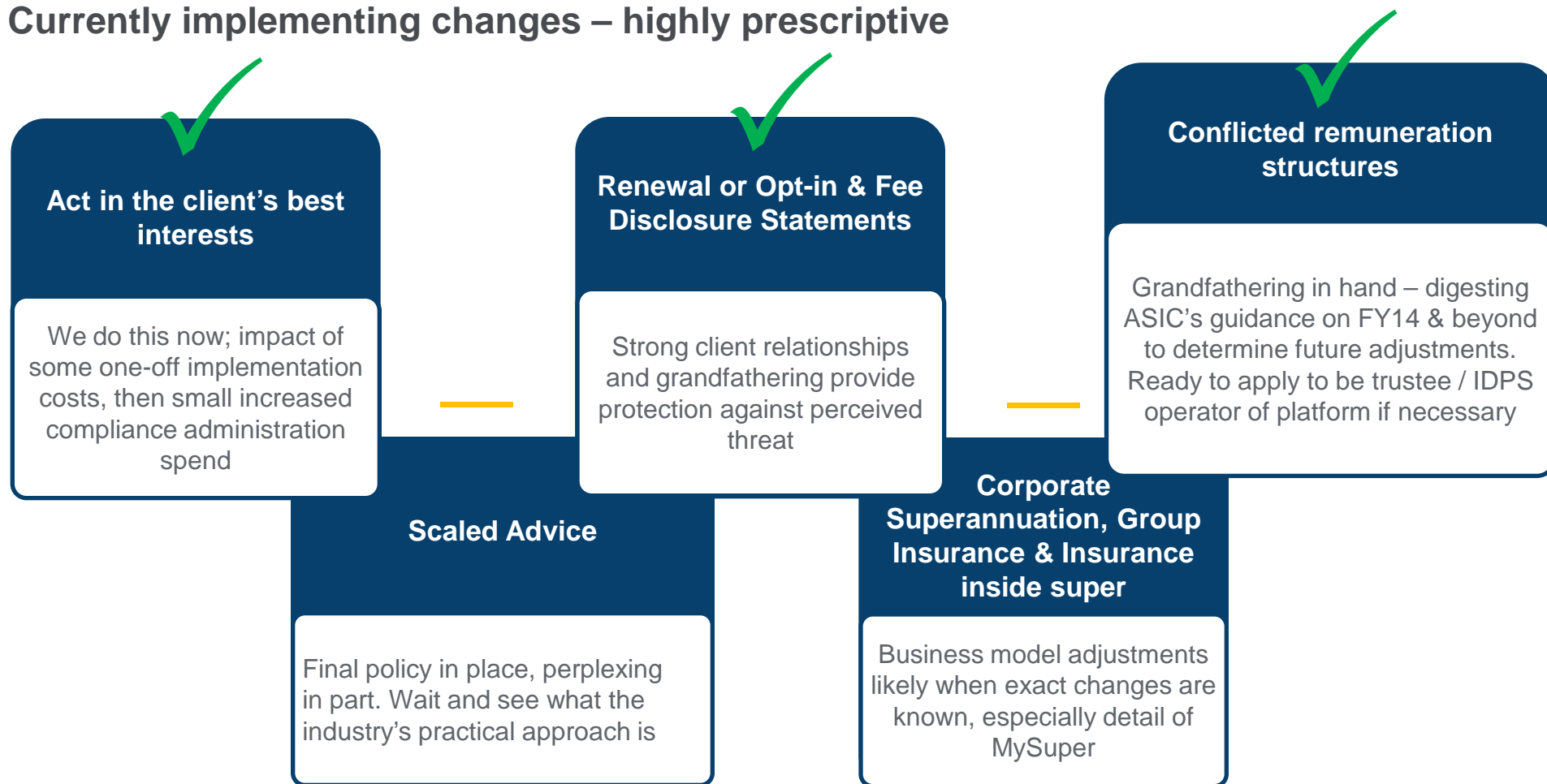
Watchlists: WATCHLIST0 | Request | Edit | New

| Code | DS | Last | +/- | % | Bid | Ask | No. Trades | Cum. Vol. | Open | High | Low | PrevClose | Actions |
|---------|----|--------|-------|-------|------|------|------------|-----------|------|--------|--------|-----------|----------|
| ANZ.ASX | R | 2993.5 | -15.5 | -0.52 | 2993 | 2994 | 15829 | 3,746,899 | 3000 | 3014 | 2991 | 3009 | Buy Sell |
| ARG.ASX | | 680 | -2 | -0.29 | 682 | 683 | 83 | 104,949 | 684 | 690 | 679 | 682 | Buy Sell |
| CBA.ASX | R | 7205.5 | 91.5 | 1.29 | 7205 | 7206 | 11341 | 2,050,794 | 7120 | 7211 | 7117.5 | 7114 | Buy Sell |
| IOZ.AXW | | 2272 | 11 | 0.49 | 2271 | 2272 | 16 | 20,485 | 2252 | 2273 | 2252 | 2261 | Buy Sell |
| ISO.AXW | | 412 | 0 | 0 | 412 | 413 | 7 | 17,529 | 413 | 413 | 411 | 412 | Buy Sell |
| NAB.ASX | | 3313.5 | -4.5 | -0.14 | 3313 | 3314 | 13878 | 4,383,809 | 3323 | 3328 | 3292 | 3318 | Buy Sell |
| QBE.ASX | | 1545.5 | 39.5 | 2.62 | 1545 | 1546 | 7623 | 3,551,070 | 1504 | 1548.5 | 1501.5 | 1506 | Buy Sell |
| SFW.ASX | | 68 | -0.5 | -0.73 | 68 | 68.5 | 93 | 95,905 | 68 | 68.5 | 68 | 68.5 | Buy Sell |

Regulatory Reforms Update



Currently implementing changes – highly prescriptive



Expect cost of preparation & implementation of c. \$1m plus internal resources, with most incurred in 2H13

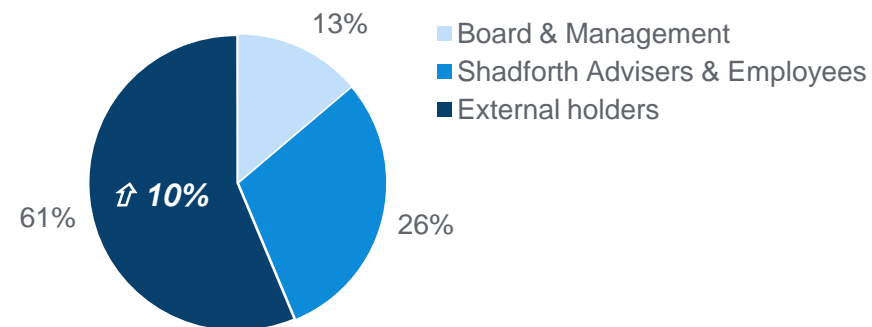
Share Register Update



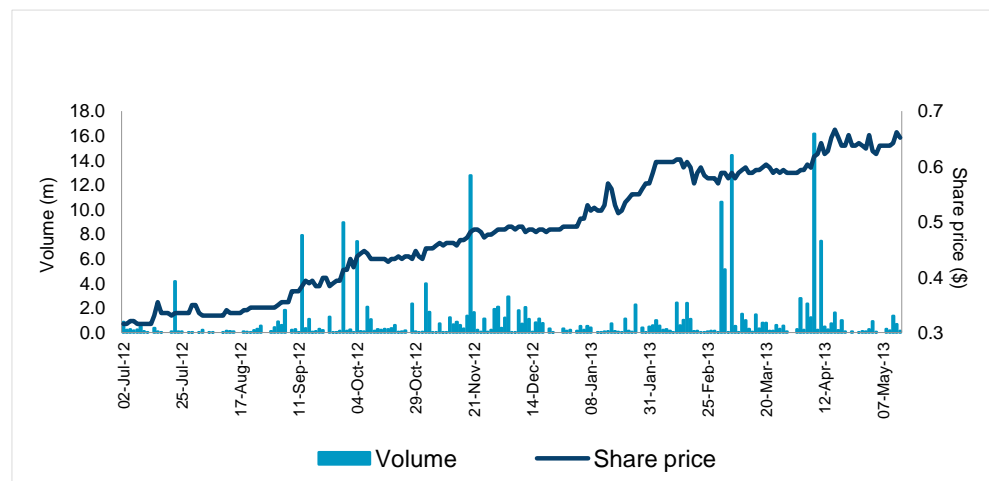
- Current market capitalisation equal to \$503m, assuming a share price of 68.5c¹
- External holders (non-insiders) now estimated to hold 61% of the register, up from 51% at the 2012 Annual General Meeting in November 2012
- Large number of SFGA shareholders are employees and the dealing in these shares is governed by the Company's Securities Trading Policy (available on the SFG Australia website) – trading window following the full year announcement to open from late August 2013³
- Trading volumes have improved since release in August 2012 of the final escrow parcel

Estimated breakdown of internal & external holders²

(Internal holders being employees (and their related parties) of the Company)



Share price & volumes current financial year (FY13)



1. As at 14 May 2013. 2. Estimate based on management's review of approx. 90% of the issued share capital as at 14 May 2013. 3. Consistent with the Company's Securities Trading Policy, and remains at the discretion of the Company.

LOOKING AHEAD

Looking Ahead



Investing in growth and maintaining strategic M&A focus

Convergence

- SFGA believes that the services demanded from accountants and financial advisers as trusted advisers to HNW client families and private companies are converging, but fundamentally remain distinct skill sets – this is the core strategic rationale underlying SFGA’s interest in acquiring further quality capabilities in accounting, tax and SMSF

Merger & Acquisitions

- **Track record – management team has delivered** transforming and tuck-in transactions – continued pursuit of strategically attractive transactions
- **Cash capacity** – strong operating cash flows and further funding capacity for additional tuck-in acquisitions
- WHK Group – withdrawn indicative offer
- Merits of accounting and financial advice convergence strategy clear to SFGA – executing on this strategy with Lachlan Partners and other recent acquisitions
- “Wait and see” approach

Financial Nuances

- Markets up compared to FY12 – see slide 9
- Lachlan Partners and other acquisitions on board for FY13
- Some transition and timing costs with Lachlan and team to integrate Jeena model into Lachlan

FOFA

- **Implementing government reforms** – executing on first round of reforms due 1 July 2013. Planning continues on longer term structural reforms

APPENDIX

Definitions



| Term | Definition |
|---------------------------------|--|
| pcp | Previous corresponding period |
| FUA | Funds under Advice: funds balances upon which the Group derives a share of the advice fee |
| FUAdmin | Funds under Administration (FUAdmin): funds balances upon which the Group derives a share of the administration margin |
| FUM | Funds under Management: funds balances upon which the Group derives a share of the management margin |
| FUMA | The collective term for Funds under Advice, Administration and Management |
| MPS | Managed Portfolio Service – an MDA type client service |
| DPU | Dynamic Portfolio Update Service – similar to MPS, but a client must agree to recommended portfolio changes |
| Net Operating Revenue | Net Operating Revenue comprises Operating Revenue less cost of goods sold type expense items to derive Net Operating Revenue to the Group. Refer to the Appendix 4D as at 31 December 2012 lodged with the ASX for the reconciliation of Net Operating Revenue and Statutory Revenue |
| Net Operating Expenses | As above, excludes cost of goods sold type expense items |
| Operating EBITDA | Earnings before interest, tax, depreciation and amortisation, before one-off and non-operating items |
| NPAT | Net Profit After Tax |
| Underlying NPAT or UNPAT | Underlying Net Profit After Tax. Underlying NPAT excludes amortisation and one-off, non-operational items. SFGA considers this to be a meaningful indicator of the underlying performance and cash generating capability of the Group |
| RTFI | Rights to Future Income legislation |

Segment Net Operating Revenue



88% of the Group's Net Operating Revenue is generated directly or indirectly by the Professional Advice model, which incorporates Shadforth & Outlook

| \$m | Professional Advice model | Affiliate Adviser model | B2B Adviser Services model | 1H13 Total | % of Net Operating Revenue |
|--|---------------------------|-------------------------|----------------------------|-------------|----------------------------|
| Financial Advice Fees (<i>relates to FUA</i>) | 29.7 | 1.1 | - | 30.8 | 48% |
| Accounting Fees | 1.2 | - | - | 1.2 | 2% |
| Insurance, Mortgage Broking Fees | 7.9 | 0.3 | - | 8.2 | 13% |
| Portfolio Administration Fees (<i>FUAdmin</i>) | 13.2 | 2.4 | 2.8 | 18.3 | 29% |
| Portfolio Management Fees (<i>FUM</i>) | 2.1 | 0.6 | 0.2 | 2.9 | 5% |
| Stockbroking Fees | 1.2 | - | - | 1.2 | 2% |
| Associates, License & Other Fees | 0.4 | 0.2 | 0.3 | 0.9 | 0% |
| Net Operating Revenue | 55.7 | 4.5 | 3.3 | 63.5 | 100% |
| <i>% of Net Operating Revenue</i> | <i>88%</i> | <i>7%</i> | <i>5%</i> | <i>100%</i> | |

Note: Accounting Fees in 1H12 were \$0.1m and were included in the "other" category.

Historical Financial Performance



| \$m | 1H13 | 1H12 | △1H12 |
|---|---------------|---------------|------------|
| Net Operating Revenue | | | |
| Financial Advice Fees | 30.8 | 29.8 | 3% |
| Accounting Fees | 1.2 | 0.1 | 841% |
| Insurance & Mortgage Broking Fees | 8.2 | 7.5 | 9% |
| Portfolio Administration Fees | 18.3 | 15.9 | 15% |
| Portfolio Management Fees | 2.9 | 2.7 | 8% |
| Stockbroking Fees | 1.2 | 1.1 | 4% |
| Associates, License and Other fees | 0.9 | 0.7 | 34% |
| Total Net Operating Revenue (incl. Associates) | 63.5 | 57.8 | 10% |
| | | | |
| Personnel expenses | (29.6) | (27.5) | 8% |
| Occupancy expenses | (2.9) | (3.1) | (8%) |
| Advertising & marketing expenses | (0.5) | (0.3) | 45% |
| Professional fees | (1.7) | (2.1) | (20%) |
| Travel & entertainment expenses | (0.6) | (0.7) | (18%) |
| IT & communications expenses | (2.9) | (1.4) | 103% |
| Other expenses | (2.6) | (2.7) | (4%) |
| Total Net Operating Expenses | (40.7) | (37.9) | 8% |
| | | | |
| Operating EBITDA | 22.8 | 19.9 | 14% |

Numbers may not add due to rounding.