

KP+GH

FY20

Annual General Meeting

ASX: KPG

PRESENTED BY

Brett Kelly CEO and Executive Chairman

Kenneth Ko Interim CFO

November 2020

kellypartnersgroup.com.au

SECTION ONE:
Summary

KP+GH



COMPANY OVERVIEW

KELLY+PARTNERS

WHO WE ARE

- Kelly Partners Group Holdings Limited (KPG.ASX) has a ~51% interest in 21 operating businesses operating from 15 locations in NSW and VIC
- Our businesses provide accounting, taxation and other services to private businesses and their owners
- We operate under our unique “Partner-Owner-Driver” model, where partners are owners of the businesses

KEY BUSINESS ATTRIBUTES

- Annuity revenue stream that is defensive and recurring
- 8,000+ client groups across diverse industries
- Leading margins of 32.5% vs industry average of 19.2%
- ROE of 49.0% and Return on Invested Capital of 32.2%
- 98% of EBITDA converted to cash

FY20 Annuity and Transactional Revenue

Annuity Revenue*

Accounting

~96%

Wealth

~2%

Finance

~1%

~99%

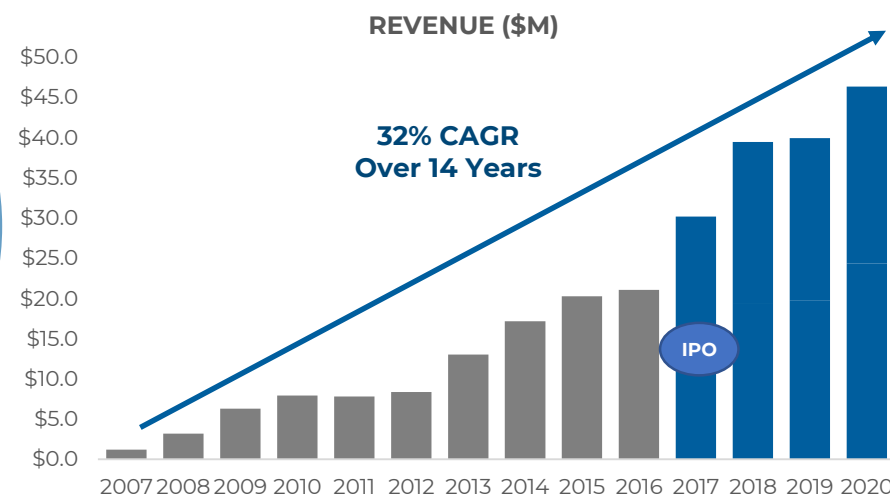
Transactional Revenue

~1%

Investment Office

~1%

* Based on FY20 results, excluding the Corporate Advisory business which is not material and which ceased after balance date.



RESILIENT K+P BUSINESS MODEL DELIVERING SOLID FUNDAMENTALS

PROFIT & LOSS

↑ 16%
REVENUE
GROWTH

REVENUE

Revenue increased +16% to \$46.4m

(FY19: \$40.0m)

Acquired revenue contribution +6.6%

Organic revenue contribution +9.4%

↑ 30%
EBITDA
MARGIN

MARGIN

FY20 Underlying EBITDA (pre AASB 16) \$13.7m to Revenue of \$46.4m

↑ 25%
UNDERLYING
NPATA
GROWTH

PROFIT

FY20 Underlying NPATA increased +25% to \$4.0m

(FY19: \$3.2m)

BALANCE SHEET

↑ 49%
RETURN ON
EQUITY

RETURN

NPATA \$11.2m on Group Equity of \$22.9m

↓ 1.1X
NET DEBT TO
UNDERLYING
EBITDA

GEARING

Net Debt of \$15.2m on Underlying Group EBITDA (pre AASB 16) of \$13.7m

CASHFLOW

↑ 27%
INCREASE IN
OPERATING
CASHFLOW

CASHFLOW

FY20 Operating Cashflow pre AASB 16 increased +27% to \$12.7m

(FY19: \$10.0m)

98%
CASH
CONVERSION

EFFICIENCY

FY20 Operating Cashflow of \$16.7m to Statutory EBITDA \$17.1m

	Revenue / FTE	Firm EBITDA %	Stat. NPATA
FY20	\$307K / FTE	32.5%	\$4.4m
FY19	\$225K / FTE	27.7%	\$2.8m

Group ROE	Lockup Days
49.0%	54 (↓16 ~ +\$0.7m)
32.7%	70

Cash at Bank	Cash Conversion
\$3.8m	98%
\$4.0m	117%

K+P COVID-19 RESPONSE

The Group was in a strong position pre COVID, and existing infrastructure enabled a smooth transition with minimal business impact across the second half.

From March, to further strengthen the Group's position in light of COVID we took the following proactive measures:

TEAM	COST MANAGEMENT	CAPITAL & LIQUIDITY	ANNUITY STYLE INCOME
<ul style="list-style-type: none"> Over ~90% of the team working remotely with no notable interruption to client service Existing systems have been resilient to large-scale remote working, reflecting investment in technology since IPO Enhanced wellbeing, communications and training programs to support the team 	<ul style="list-style-type: none"> Reduced executive salaries by 20% for April, May and June Reduced ongoing expenses and negotiated rent abatements Reduced team size Dividend grew but at a slower rate than profits with payout ratio reduced to 61.0% (FY19: 82.2%) Government incentives of \$1.1m/\$0.6m received by the Group/Parent. These are deducted in measuring the group's underlying performance 	<ul style="list-style-type: none"> \$12.5m in cash and unused facilities at 30 June 20 for both acquisitions and COVID cushioning Group Gearing reduced to 1.11x (FY19: 1.35x) Well capitalised with 39.7% equity ratio Non-essential capital expenditure, including fitout upgrades, have been indefinitely deferred Facilities extended with no facilities due for refinance in FY21 	<ul style="list-style-type: none"> Annuity style activities represent 99% of revenue Resilient client base consisting of 8000+ client groups Only 10% of client base receiving receive JobKeeper < 5% of revenue from Victoria No slow down in collections. Lockup reduced to 54 days (FY19: 70 days) freeing up \$0.7m
Team working remotely ~90%	EBITDA Margin (Pre AASB16) ~30%	Group Gearing ~1.1x	Annuity style revenue ~99%

KPG STRATEGY

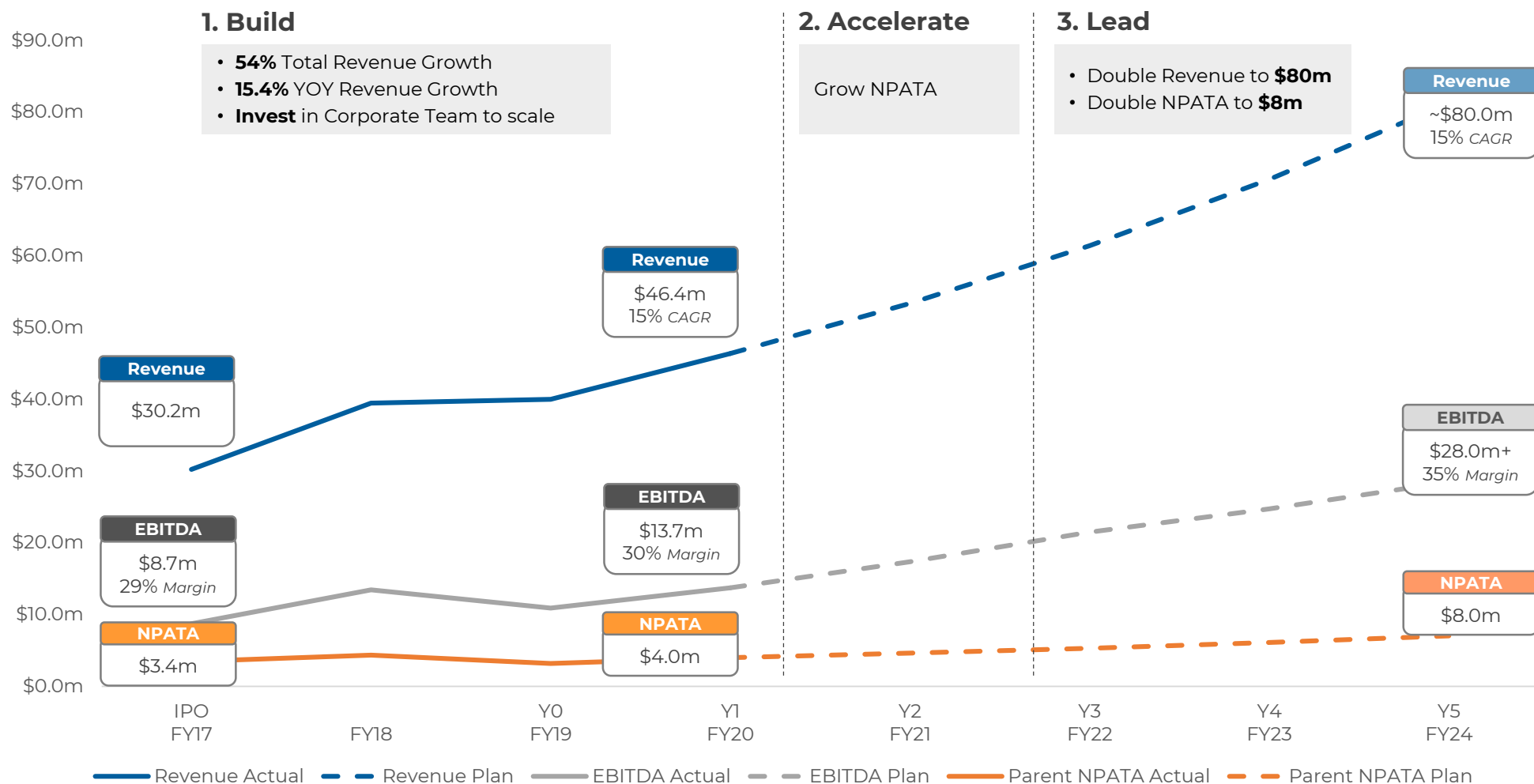
To build intrinsic value

Kelly Partners Group Holdings Limited aims to build per-share intrinsic value by:			Dashboard	
			FY19	FY20
1	Improving the earning power of our many operating businesses		27.7% (EBITDA margin)	32.5% (EBITDA margin)
2	Further increasing their earnings through tuck-in acquisitions		6.4% Contribution to 1.3% revenue growth	6.6% Contribution to 16.0% revenue growth
3	Participating in the growth of our businesses		7.5%* Contribution to 1.3% revenue growth	9.4% Contribution to 16.0% revenue growth
4	Repurchasing KPG shares when they are available at a meaningful discount from intrinsic value		2,181 Shares bought back	95,000 Shares bought back
5	Making an occasional large acquisition (i.e. greater than \$5m in revenue)		None in FY19	None in FY20

* excludes Sydney CBD

BUILD, ACCELERATE AND LEAD

Five Year Plan on track to double revenue to \$80m+ by FY24



SECTION TWO: Financials

KP+GH



FY20 Financial Highlights

Underlying Shareholder NPATA up 25.3% to \$4.0m

FY20 Financial Highlights (m)		KPGHL & Controlled Entities			KPGHL Attributed (parent only)		
P&L and Cashflow		FY19	FY20	% Change	FY19	FY20	% Change
Revenue		\$40.0	\$46.4	16.0%	–	–	–
Underlying EBITDA (pre AASB 16)		\$10.9	\$13.7	26.1%	–	–	–
Margin %		27.2%	29.6%	–	–	–	–
EBITDA (pre AASB 16)		\$10.2	\$14.7	44.1%	–	–	–
Underlying NPATA		\$8.8	\$10.3	17.2%	\$3.2	\$4.0	25.3%
Margin%		22.1%	22.3%	–	–	–	–
NPATA		\$7.9	\$11.2	42.3%	\$2.8	\$4.5	59.5%
Dividends & Distributions Paid		\$6.7	\$10.5	56.4%	\$2.0	\$2.4	19.9%
Cash From Operations (CfO)		\$10.0	\$14.6	46.8%	–	–	–
Owners' Earnings (CfO - Maint. Capex)		\$9.7	\$12.5	29.4%	–	–	–
Gearing (Net Debt / Underlying EBITDA) pre AASB16		1.3x	1.1x	–	–	–	–
Cash Conversion (Operating Cash Flow / EBITDA)		116.8%	97.8%	–	–	–	–
Earnings per share (Underlying NPATA) (cents)		–	–	–	7.02c	8.81c	25.6%
Earnings per share (Stat NPAT) (cents)		–	–	–	5.35c	8.84c	65.2%
Dividend Per Share (cents)		–	–	–	4.40c	5.39c	22.5%
Equity Partners		40	44	10%	–	–	–
Revenue per Equity Partner (Trailing 12 months)		\$1.0	\$1.1	5.4%	–	–	–
Balance sheet		30-Jun-19	30-Jun-20	% Change	30-Jun-19	30-Jun-20	% Change
Lockup (Debtors + WIP) ¹		\$7.6	\$6.9	-9.8%	–	–	–
Net Debt		\$14.7	\$15.2	3.8%	\$2.7	\$2.7	–
Total Equity		\$24.1	\$22.9	-5.0%	\$14.9	\$15.9	6.9%
Return on Equity ²		32.7%	49.0%	–	28.1%	18.8%	–
Return on Invested Capital ³		22.5%	32.2%	–	21.8%	29.2%	–
Days Lockup ⁴		69.6	54.1	-22.2%	–	–	–
Equity Ratio (Equity / Total Assets) ⁵		48.7%	39.7%	–	–	–	–

¹ Lockup – calculated as the total of trade and other receivables, accrued income less contract liabilities

² Return on Equity – calculated as NPATA / Total Equity

³ Return on Invested Capital – calculated as EBIT / (Total Equity + Debt)

⁴ Days Lockup – calculated as lockup divided by revenue multiplied by 365

⁵ Equity Ratio – calculated as Equity / Total Assets. Equity ratio has dropped compared to the prior year due to the recognition of \$5.9m of right of use assets as a result of the new leasing standard AASB 16.

FY20 Income Statement

Strong revenue & earnings growth driven by acquisitions and existing businesses

- **Revenue of \$46.4m (+\$6.4m, up 16.0%)**, driven by in year acquisition revenue of +\$2.3m (Melbourne and Glenbrook) and +\$0.3m prior year run rate; as well as organic revenue growth of +\$3.7m.
- **EBITDA and NPATA margin expansion** with total revenue growing faster (at 15.9%) than operating expenses (at 12.2%).
- Operating expenses increased to \$32.8m (+\$3.6m, up 12.2%) which included \$1.6m of costs from in year acquired businesses and \$2.0 additional costs from existing businesses.
 - Employment and Related Expenses of \$21.8m are the Group's largest expense and whilst increasing 11.3%, fell 2.00 percentage points to 46.9% of Revenue (FY19: 48.9%)
 - Additional IT costs of \$0.4m were invested to strengthen IT infrastructure and security.
- Non-recurring items includes one off government incentives received for COVID-19 and restructuring and acquisition costs relating to in year acquisitions.
- Rent expense previously classified as operating expenses are now classified under depreciation expense and finance costs as per AASB 16.

Income Statement Summary (\$m)*	FY19	FY20	Change %
Professional Services Revenue	\$40.0	\$46.4	16.0%
Other Income	\$0.1	\$0.2	10.1%
Total Revenue	\$40.1	\$46.5	15.9%
Operating Expenses	-\$29.2	-\$32.8	12.2%
Underlying EBITDA (pre-AASB 16)	\$10.9	\$13.7	26.1%
Underlying EBITDA margin (pre AASB 16)	27.2%	29.6%	
Non Recurring Income/Expenses	-\$0.7	\$0.9	-
Statutory EBITDA (pre-AASB 16)	\$10.2	\$14.7	44.1%
AASB 16 Implementation	-	\$2.5	-
Statutory EBITDA	\$10.2	\$17.1	68.3%
D&A	-\$1.2	-\$3.7	199.4%
Finance Costs	-\$0.9	-\$1.5	76.8%
Income Tax	-\$0.9	-\$1.5	63.8%
Statutory NPAT - Group Total	\$7.1	\$10.4	44.9%
Non Controlling Interest	\$4.7	\$6.3	34.7%
Statutory NPAT - Parent entity	\$2.4	\$4.0	64.8%
Amortisation	\$0.4	\$0.5	24.6%
Non Recurring Income/Expenses	\$0.4	-\$0.5	-218.0%
Underlying NPATA to Shareholders	\$3.2	\$4.0	25.3%

* Rounded to the nearest \$100,000.

Attributable NPAT to Underlying NPATA Reconciliation

Reconciliation of attributed NPAT/NPATA (\$m)	FY19	FY20
Statutory NPAT attributable owners of Kelly Partners Group Holdings Limited	2.4	4.0
Amortisation of customer relationship intangibles	0.4	0.5
NPATA attributable to owners of Kelly Partners Group Holdings Limited	2.8	4.5
Add: non-recurring expense items		
Restructuring costs	0.2	0.1
Acquisition costs	0.3	0.4
Other non recurring expenses	0.2	0.0
Less: Non-recurring revenue items		
One-off government grants in relation to COVID-19 [^]	0.0	-0.6
Lease standard - impact on changes on extension of options	0.0	-0.3
Change in fair value of contingent consideration	-0.1	0.0
Less: Tax effect of non recurring items	-0.2	0.0
Net non-recurring items	0.4	-0.5
Underlying NPATA attributable to Shareholders*	3.2	4.0

* totals impacted by rounding

[^] one off government grants of \$1.1m were received in relation to COVID-19, of which \$0.6m is attributed to the parent entity

FY20 Margins

Targeting EBITDA margins of 32.5% across the Group

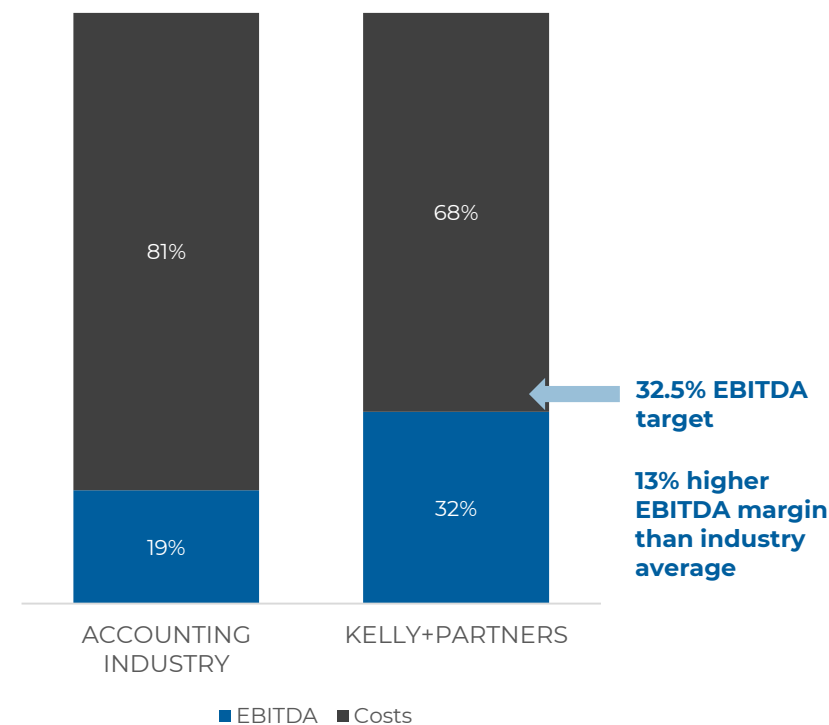
Margins by Cohort

Operating Businesses	Established	Growth	Start-ups	Other Services	Total
Revenue	\$34.5	\$8.6	\$0.4	\$3.0	\$46.4
EBITDA [^]	\$11.6	\$2.1	\$0.0	\$1.3	\$15.1
EBITDA Margin %	33.5%	24.7%	12.3%	45.4%	32.5%

[^]EBITDA before head office costs and pre AASB 16; EBITDA after deducting head office costs is 29.6%

Impact Of Acquisitions On Margins

- **Integration Costs:** Typically initially dilutive to margins, before returning to benchmark. Transaction costs in the first year typically represent c. 10% of the acquisition price.
- **Tuck in:** Margin uplift on tuck in's typically takes 6-12 months, with longer dated time frames typically due to locked in leases. Margin uplift in some instances can be substantially higher than 32.5% due to increased operating leverage.
- **Marquee:** Margin uplift to benchmark on Marquee acquisitions typically takes 12-24 months, due to the greater integration operational requirements.
- As the business grows, the initial margin drag of an acquisition to the overall group is expected to be less material to the group result.



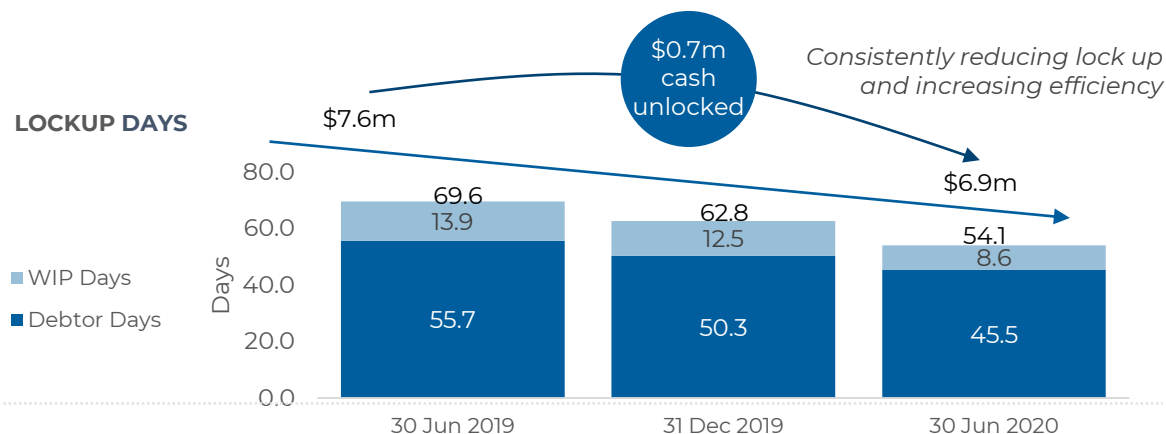
* Kelly+Partners data based on FY20 accounts before head office costs and is after Base Distributions to Operating Business Owners

Source: IBIS World Accounting Services in Australia Industry Report (April 2020)

Balance Sheet as at 30 June 2020

Conservative balance sheet with gearing reducing 18% to 1.1x

- Conservative capital structure with 39.7% Equity / Total Assets ratio, and Net Debt / Underlying EBITDA (pre AASB 16) of 1.1x (FY19: 1.3x)
- Group ROE of 49.2% (Group NPATA \$11.3m / Group Equity of \$22.9m)
- Shareholder ROE of 25.2% (\$4.0m Underlying NPATA / \$15.9m Shareholder Equity)
- Lock up days reduced to 54.1 days from 62.8 days reflecting tighter management of WIP and debtors
- Total Asset \$57.7m (-\$6.6m) driven mainly by the reduction in debtors and WIP and the depreciation of right of use assets
- Intangible assets increased to \$30.3m (FY19: 27.2) as a result of the two acquisitions that were completed in the year
- Leases are now recognised as Right of Use Assets and lease liabilities under AASB 16. \$7.1m in lease liabilities (includes options) and reflects a 5 year weighted average lease expiry, with maturity profile:
 - \$1.7m due in 12 months,
 - \$1.3m due in 1 - 2 years,
 - \$2.9m due in 2 - 5 years, and
 - \$1.1m due after 5 years.



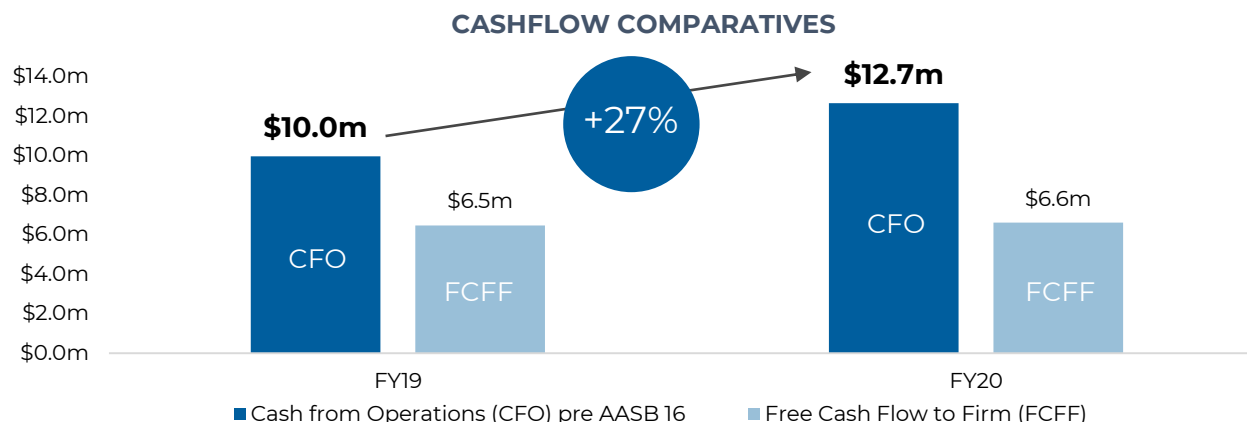
Balance Sheet			
\$m (consolidated)*	30 Jun 2019	31 Dec 2019	30 Jun 2020
Cash	4.0	4.0	3.8
Lock up (Debtors + WIP)	7.6	7.7	6.9
Right of Use Assets	-	9.0	5.9
Intangibles	27.2	30.4	30.3
Total Assets	49.5	64.3	57.7
Borrowings	18.6	21.1	19.0
Lease Liabilities	-	10.7	7.1
Total Liabilities	25.4	41.3	34.8
Net Assets / Group Equity	24.1	22.9	22.9
Non-Controlling Interest	9.3	8.4	7.0
Equity attributable to KPGH shareholders	14.9	14.5	15.9

* Rounded to the nearest \$100,000

FY20 Cashflow

Operating Cashflow up 27.0% and cash conversion at 98% reflects high quality earnings

- Cash from Operations \$12.7 (+27%) driven by billings growth and reduction in lock up
- Strong cashflow supports dividend.
- Strong Cash Conversion¹ of 98% (FY19: 117%). FY19 was a particularly strong year in lock-up reduction and FY20 reflects reversion to our expected 85-100% conversion ratio.
- Disciplined debt reduction supported by strong annuity style cashflows from underlying businesses.
- Growth capex includes purchase of the Bathurst and Central Coast properties
- Drawn debt used primarily to fund acquisitions and new partner buy-in loans.
- Lease payments as a financing activity have a \$2.2m impact on cash conversion metrics



Cash flow (\$m)*	FY19	FY20	Diff \$	Diff%
Cash from Operations (CFO) pre AASB 16	\$10.0	\$12.7	\$2.7	27.0%
Maintenance Capex	-\$0.2	-\$0.2		
Schedule Debt Reductions	-\$3.2	-\$5.8		
Free Cash Flow to Firm (FCFF)	\$6.6	\$6.8	\$0.1	2.0%
Acquisitions	-\$3.1	-\$2.5		
Growth Capex	-\$2.0	-\$1.8		
Net Debt Drawn	\$6.5	\$6.0		
Net Partner Loans Advanced / (Repaid)	-\$1.4	\$1.8		
Distributions to minorities	-\$4.7	-\$8.1		
Dividends to Shareholders	-\$2.0	-\$2.4		
Share buy backs	\$0.0	-\$0.1		
Change in Net Cash**	\$0.0	-\$0.3		

¹ Cash Conversion is calculated as Operating cash flow divided by Reported EBITDA. Operating cash flow means cash from operations but before finance and cash taxes.

* Rounded to nearest \$100,000. Refer to Appendix for a reconciliation from Statutory NPAT to Cash from Operations

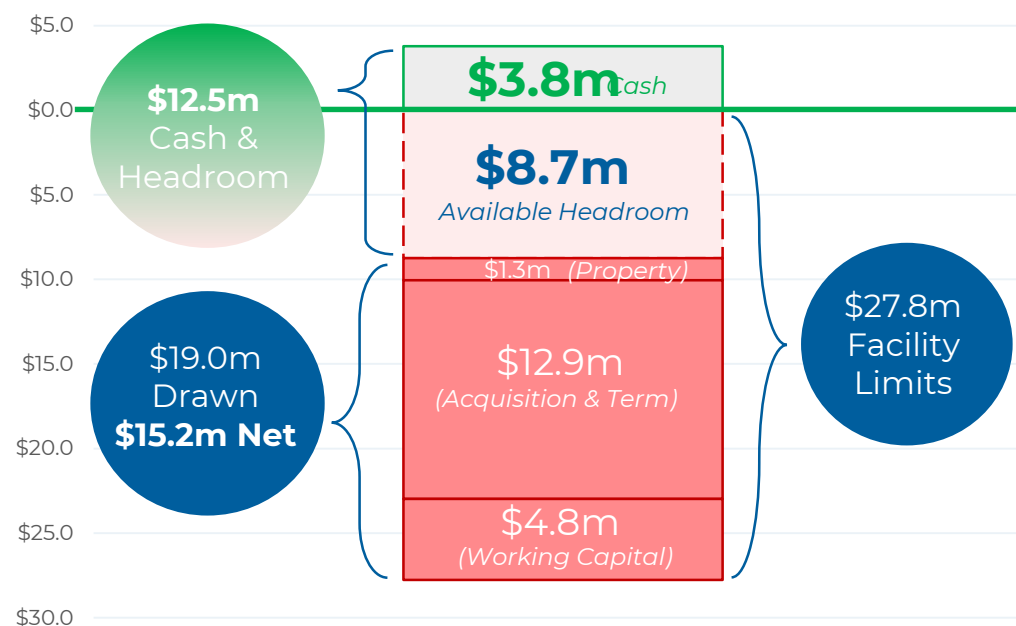
** As per the Statutory Cash Flow Statement

Debt and liquidity

\$12.5m in liquidity for COVID cushioning and \$31m in acquisition capability

- Up to \$12.5m equates to ~\$31m in acquisition capability, i.e. accretive Revenue of ~\$31m and accretive EBITDA of \$10m¹.
- Liquidity COVID cushion - Lock-up days could more than double without placing stress on the business².
- Working Capital debt of \$4.8m is covered 1.44x by WIP and Debtors.
- Acquisition & Term Debt of \$12.9m is supported by annuity style cashflows.
- Property debt of \$1.3m is expected to be cleared within next 6-18 months via sale of \$2.1m in properties to free up capital.
- Group Gearing reduced to 1.11x (FY19: 1.35x).
- Net Debt / Partner decreased to \$346k (FY19: \$366k).
- No refinancing of term debt required in FY21.

DEBT AND CASH



Drawn Debt (\$m)	Parent Debt	Operating Business	Total Debt
Working Capital Debt	\$2.1	\$2.7	\$4.8
Property Debt	\$0.0	\$1.3	\$1.3
Acquisition & Term Debt	\$1.4	\$11.5	\$12.9
Gross Debt	\$3.5	\$15.5	\$19.0
Cash	-\$0.8	-\$3.0	-\$3.8
Net Debt	\$2.7	\$12.5	\$15.2

¹ Assumes purchasing at market 100c in the dollar in fees using \$12.5m liquidity as 40% equity and 60% borrowed against the asset acquired (in line with major banks credit policies), and 32.5% EBITDA margin.

² Existing lock-up of \$6.9m could double and still be fully funded within existing headroom of \$8.7m

SECTION THREE:
Outlook

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Outlook

Strong outlook underpinned by annuity income and industry leading margins

The Company will maintain its focus on organic growth, network expansion and offering new services. During FY21 the Company aims to:

- Grow EBITDA margins (pre-AASB 16) to 32.5% in each individual accounting practice;
- Continue driving market share gains, underpinned by strong brand presence and growing market penetration;
- Pursue acquisition opportunities; and
- Deliver further operational efficiencies at the partnership level and across the Central Services team.

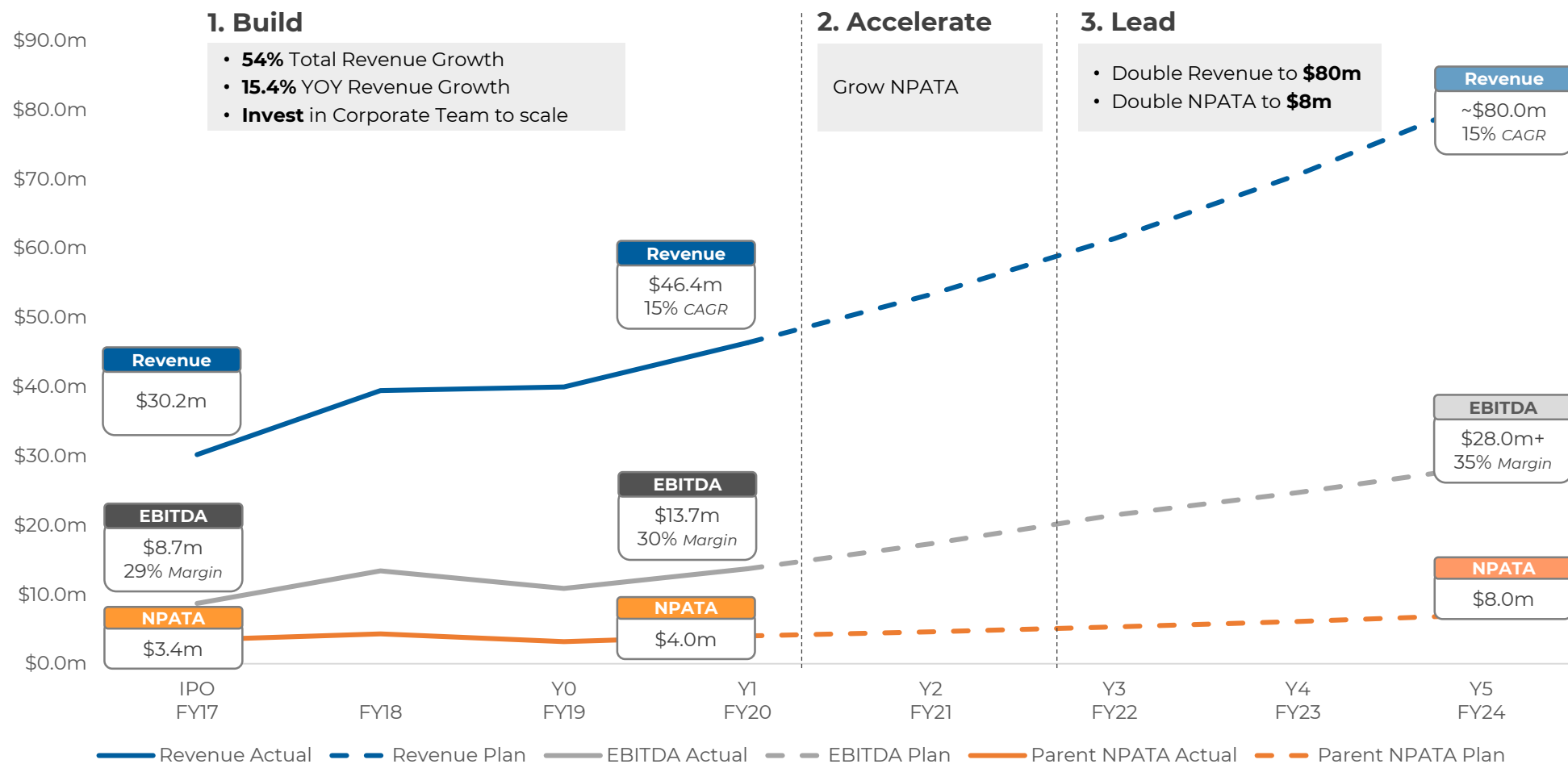
The Group expects FY21 Underlying NPATA (attributable to Shareholders) to increase in FY21, and to increase its dividends by 10% to 5.32 cents per share (FY20: 4.84 cents per share). This is based on no material adverse impacts emerging as a result of COVID-19.

Dividends	FY18		FY19		FY20		FY21 Outlook	
	DPS (cps)	Total	DPS (cps)	Total	DPS (cps)	Total	DPS (cps)	Total*
Ordinary Dividends	4.00	\$1,819,888	4.40	\$2,001,876	4.84	\$2,197,757	5.32	\$2,417,096
Growth %			10%		10%		10%	
Special Dividends					0.55	\$249,881		
Total	4.00	\$1,819,888	4.40	\$2,001,876	5.39	\$2,447,638	5.32	\$2,417,096
Payout Ratio %	41.5%		82.2%		61.0%			

*FY21 total may vary subject to share buy-backs

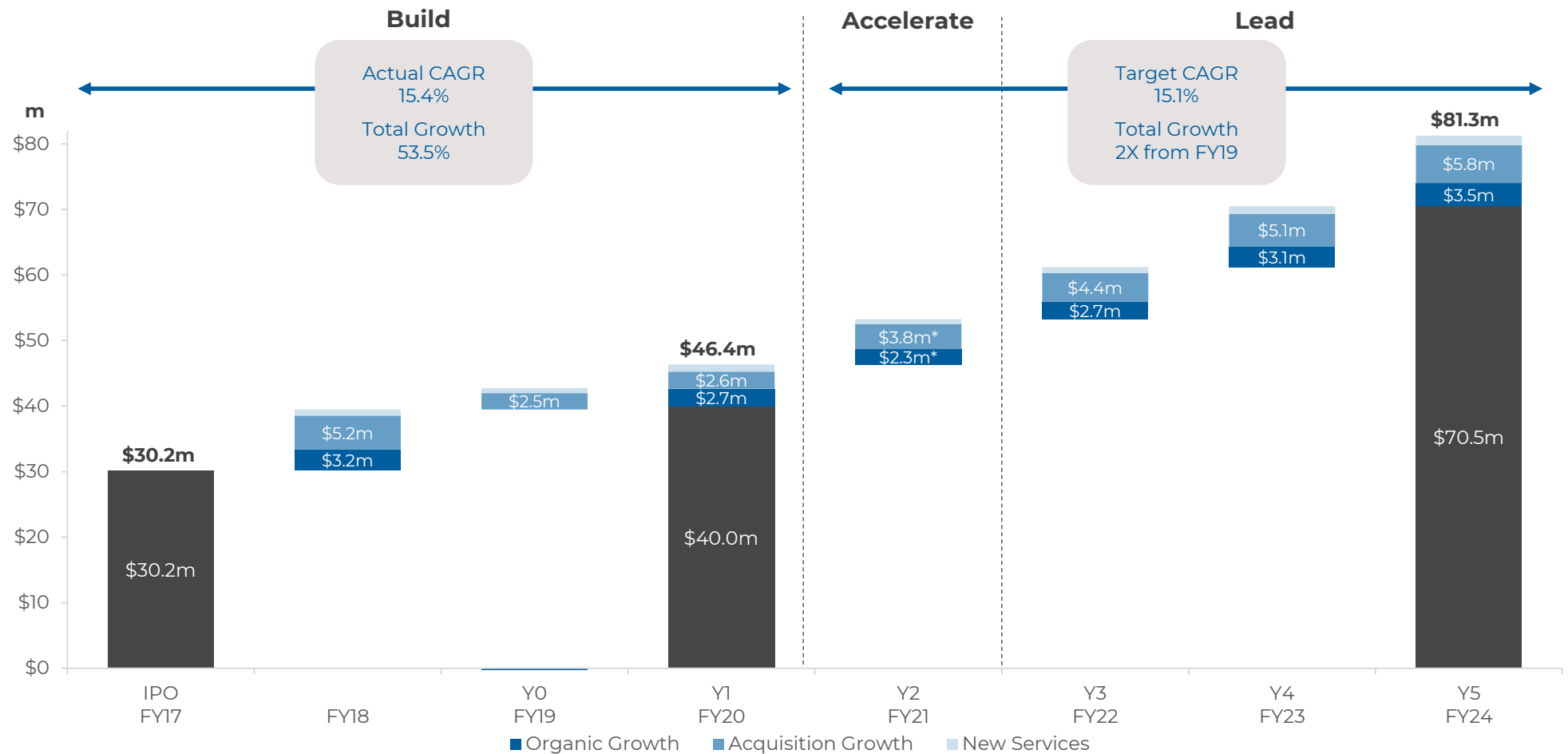
Build, accelerate and lead

Double revenue to \$80m+ by FY24



5 Year Revenue Growth Plan to FY24

Double revenue to \$80m+ by FY24



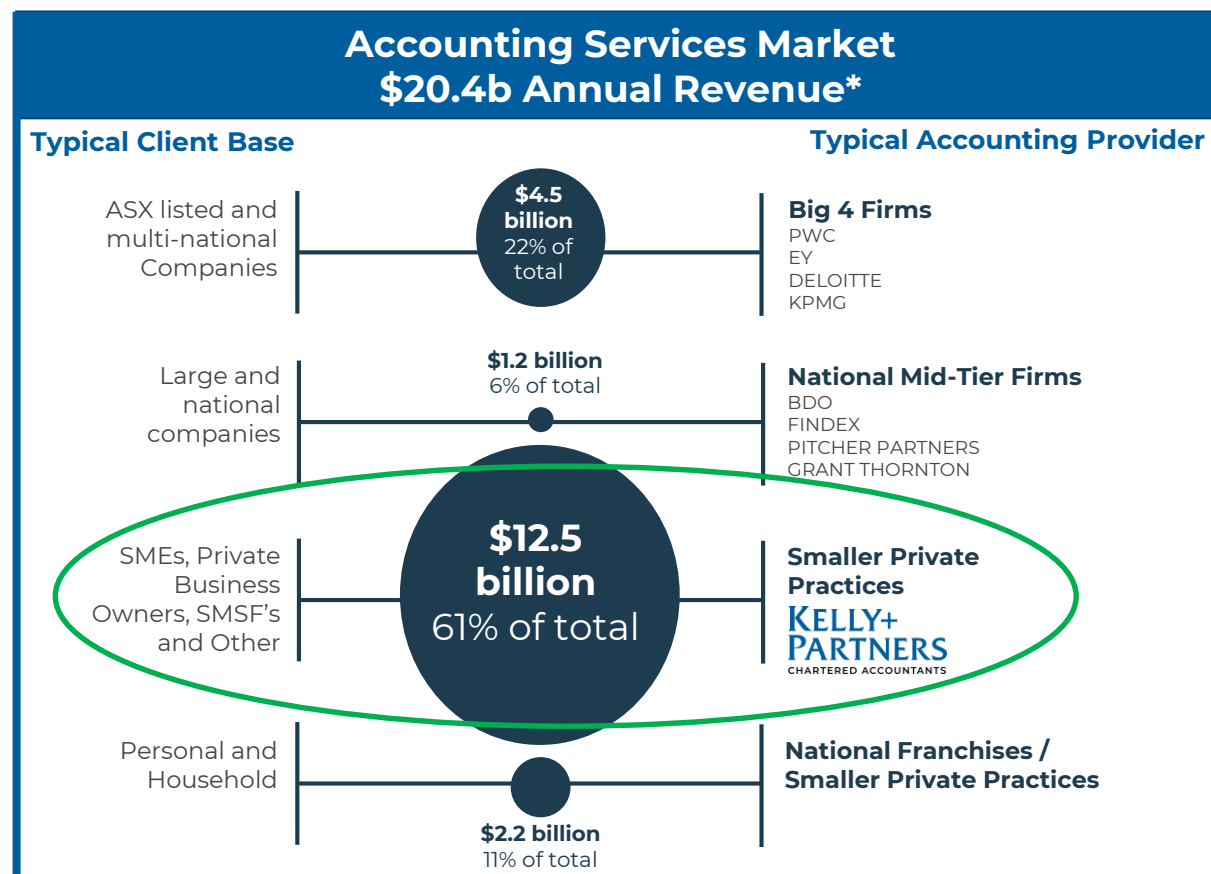
Appendix

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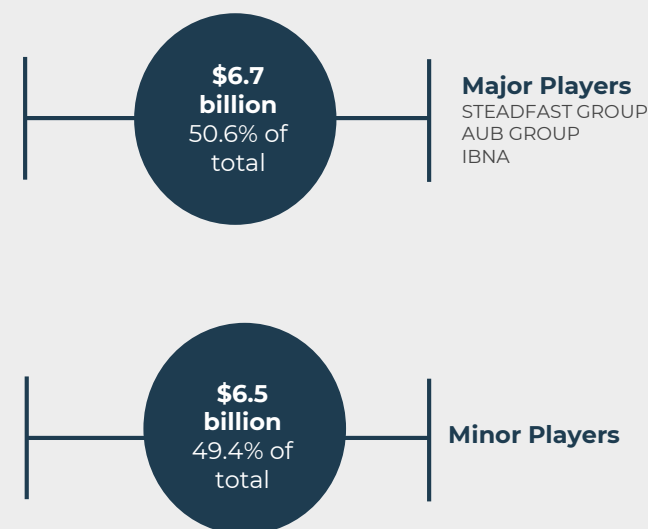


INDUSTRY SIZE AND STRUCTURE PROVIDES A SIGNIFICANT GROWTH OPPORTUNITY

Similar to the insurance-broking industry, there is significant opportunity to grow under the Partner-Owner-Driver model



Insurance Brokers Market \$13.2b Annual Revenue



Source: Management estimates. \$12.5bn represents the national market for SME's, Private Business Owners, SMSF's and Others, of which we estimate Sydney and Melbourne target markets are ~\$7.0b. Our estimate of Big 4 revenues excludes consulting/advisory and other non traditional accounting fees, including consulting and advisory and other non traditional accounting fees, the Big 4 revenue is circa \$8.6b.

* Source: IBIS World Accounting Services in Australia Industry Report (April 2020)

Source: IBIS World Insurance Brokerage in Australia Industry Report (October 2019)

WE ARE THE 24TH LARGEST ACCOUNTING FIRM IN AUSTRALIA AND THE OPPORTUNITY REMAINS ENORMOUS

BUILDING A PLATFORM BUSINESS FOR PROFESSIONAL SERVICES FIRMS

Financial Review Top 100 Accounting Firms							
Firm		Revenue FY19 (\$m)	Revenue Change (% YOY)	Total Partners	Total New Partners		
1	PWC	2600.00	10.6%	734	41	Big 4	9.9% average growth (Pre Covid)
2	Deloitte	2300.00	14.3%	883	67		
3	EY	1887.00	5.7%	569	54		
4	KPMG	1780.00	8.5%	582	104		
5	Findex	367.59	1.0%	300	11	Next 4	4.7% average growth (Pre COVID)
6	BDO	299.17	11.5%	196	13		
7	Grant Thornton	266.25	4.2%	163	8		
8	Pitcher Partners	261.48	3.7%	124	2		
9	RSM	202.19	6.8%	102	5	National Mid Tiers	5.9% average growth (Pre Covid)
10	William Buck	118.72	7.9%	98	9		
11	PKF	115.5	-1.3%	87	9		
12	Bentley's Network	113.86	7.7%	71	2		
13	HLB Mann Judd	103.3	1.1%	79	2		
14	CountPlus	97.5	-3.5%	61	1		
15	Nexia Australia	96.59	4.4%	89	12		
16	McGrath Nicol	88	25.7%	35	1		
17	Walker Wayland Australasia	84.12	8.3%	74	9		
18	Moore Stephens	80.19	9.0%	69	2		
19	Hall Chadwick	73.37	7.2%	56	2		
20	ShineWing	59	5.4%	34	0		

24	Kelly Partners (FY20)	46.4	16.0%	44	4	K+P
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Source: Australian Financial Review 13 November 2019

16.0%
Market leading growth

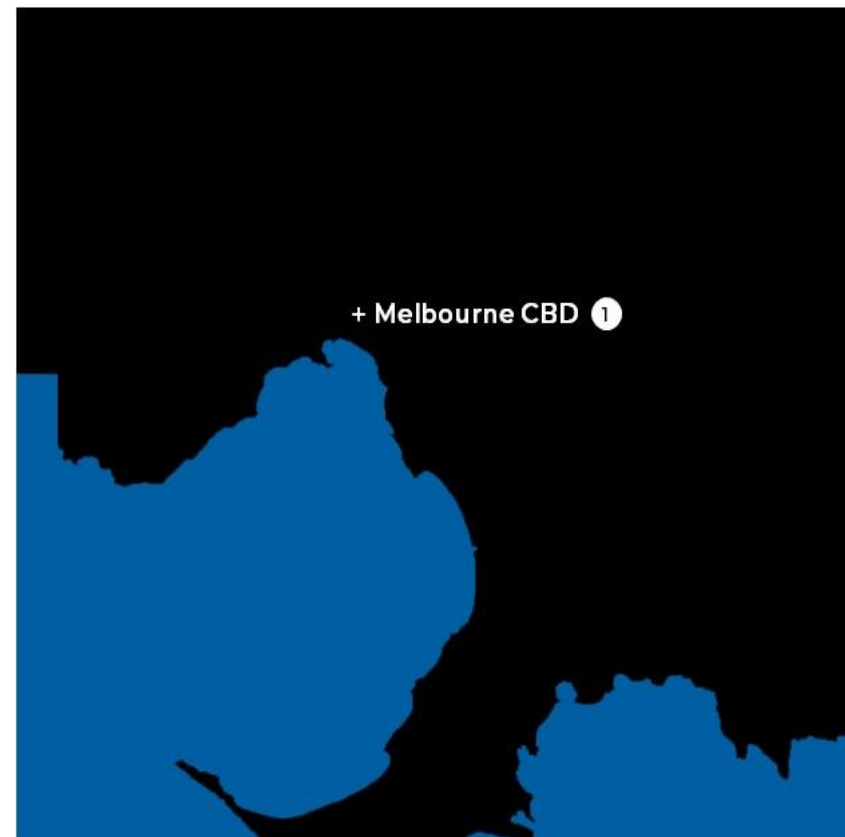
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Existing Kelly+Partners Office Locations

NSW and VICTORIA



NSW



VICTORIA

**“ TO BE SYDNEY AND
MELBOURNE’S FIRST
CHOICE ACCOUNTANTS
AND ADVISORS FOR
PRIVATE BUSINESS
OWNERS. ”**

MISSION AND MOMENTUM

KPG continues to focus on building out a scalable and difficult to replicate model. We have proven the model in Sydney and have commenced expansion geographically, with Melbourne as the first new target.

It is estimated that the addressable market in Sydney and Melbourne for accounting services is in excess of \$7bn per annum and currently KPG’s market share is less than 1%.

STRATEGIC PILLARS



CHALLENGE

Continue to challenge the status quo by delivering to our professionals in our team and clients of our industry our core values and unique systematic approach embodied in our **Kelly+Partners Purple File Program ('PFP')** and **Kelly+Partners Financial Advice System ('KPFAS')**.



FOCUS & STRUCTURE

Focus on deep expertise and market penetration making an industry of one type of client, the Private Business Owner and win the Sydney and Melbourne market before expanding geographically by deploying the **Partner-Owner-Driver ('POD')** ownership model to ensure we have the most aligned team of professionals in the market.



GROWTH

Scale our network of offices as we continue to drive our mission to become "the first choice accountant" to private business owners in Sydney and Melbourne leveraging our **Specialist Accounting Services ('SAS')**, Centralised Management Function and our proven **Acquisition Integration Process ('AIP')**.



PERFORMANCE

Delivering strong value to our clients, people, communities and investors.

' BETTER OFF '

Driven by our Mission & Values we are making our people, clients and communities better off.

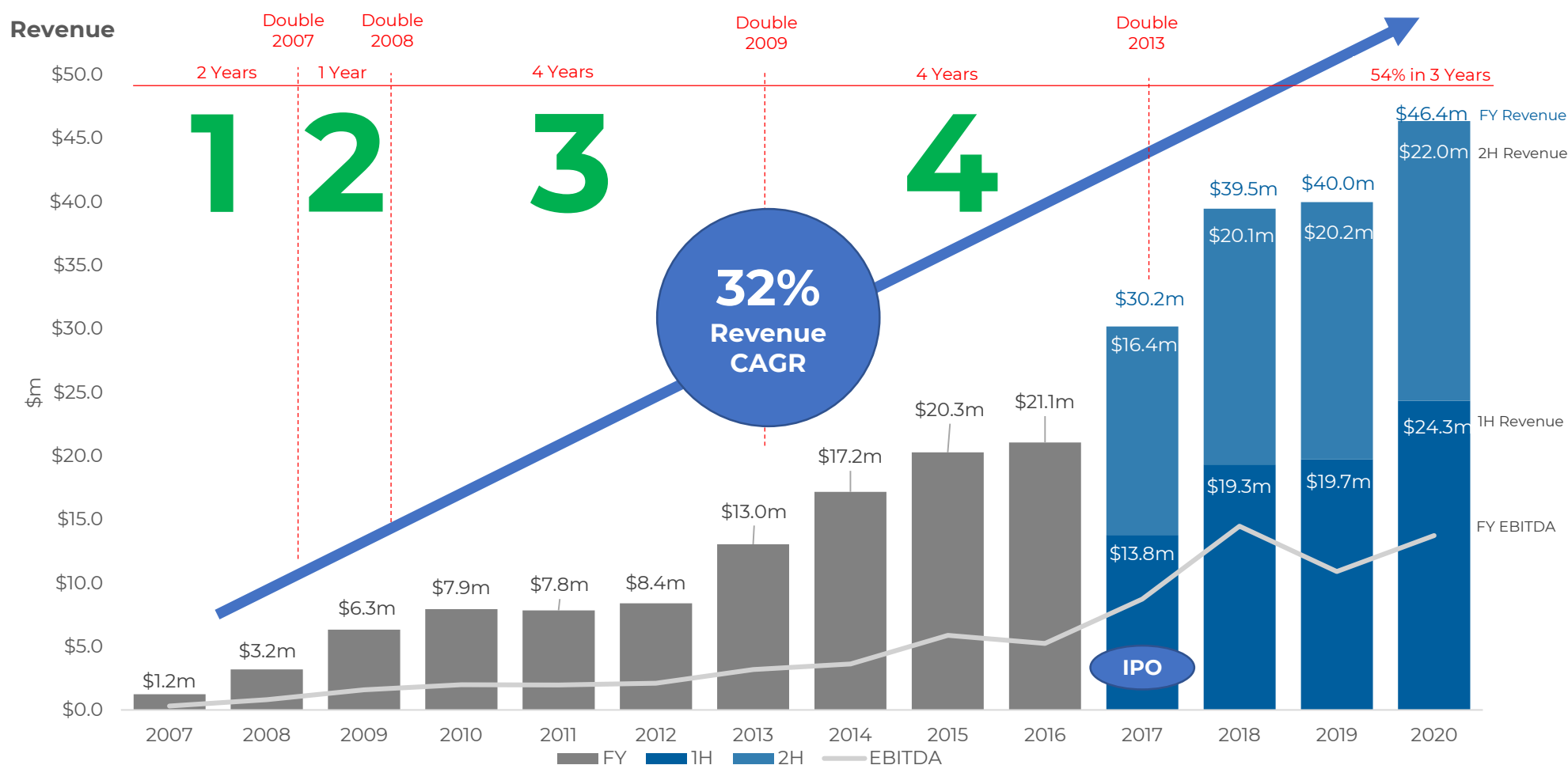
DIFFERENT ON PURPOSE

... TO TRADITIONAL ACCOUNTING FIRMS



FY20 Growth and Performance Continues

14 years of continual growth. The business has doubled on average every 3 years, 4 times in a row.

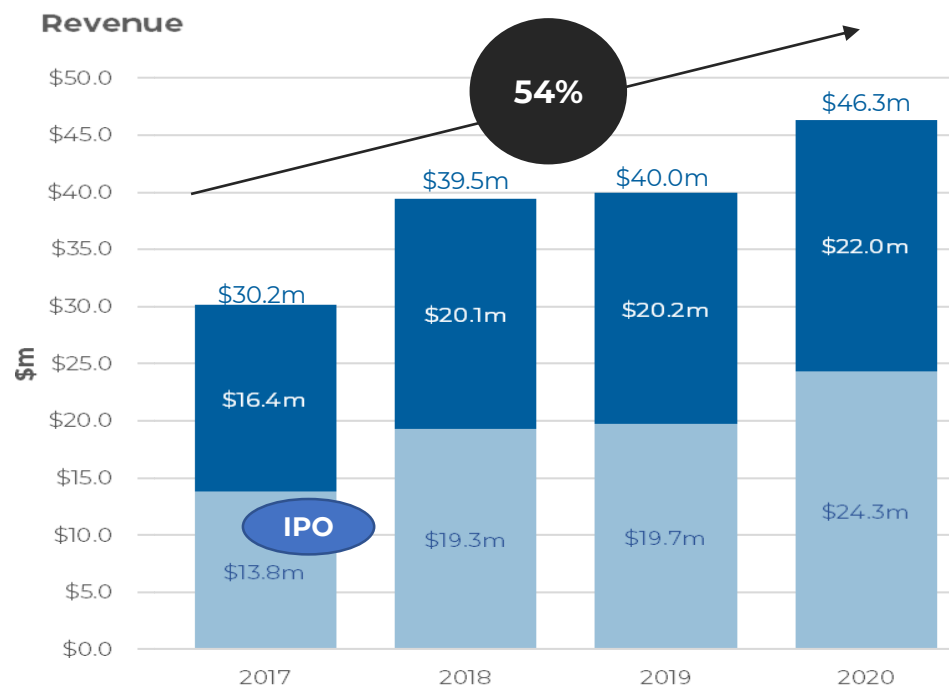


* CAGR means Compound Annual Growth Rate and represents the constant rate of compound revenue growth over the period since inception (with the business founded in 2006, with the calculation based on 2007 representing the first full year of operations). Audited numbers from FY2013 onwards.

Revenue Growth since IPO

54% revenue growth since IPO in 2017

- **Total Revenue has increased 54% since the 2017 IPO, representing a year on year revenue growth of 15.4%.**
- **Annuity revenue comprise ~95% of total group revenue, demonstrating defensive and recurring nature of K+P.**
- Since the IPO, the Group has completed 6 acquisitions representing approximately \$6m to \$8m of acquired revenue growth.
- The Group's revenue has been resilient through the COVID-19 period.
- The Group's 15 offices in NSW and Victoria provides geographic diversity and no single concentration to any office location.
- The Group continues to target 5% organic growth and 5% acquisition growth per annum.



FY20 Annuity and Transactional Revenue

Annuity Revenue

Accounting

~96%

Wealth

~2%

Finance

~1%

~99%



Transactional Revenue

Investment Office

~1%

~1%

Network Expansion Update

Melbourne	Blue Mountains
	
Marquee	Tuck-in
Revenue: \$2.0-\$2.5m	Revenue: \$1.2 - \$1.4m
EBITDA contribution*: ~ \$500k	EBITDA contribution*: ~ \$300k
Completion Date: 1 November 2019	Completion Date: 1 November 2019
<ul style="list-style-type: none"> Existing K+P partner of 5 years is now running the office. The vendor continuing as an equity partner in the business. Relocation occurred same day, no interruption to clients. 	<ul style="list-style-type: none"> Existing K+P partner of 6 years is now running the new office. The firm is over 15 years old, with the business operating out of the existing location.
 	

**Expected EBITDA contribution is post transaction improvement*

Complementary Business* Progress

Positive momentum in complimentary businesses with significant runway ahead

	WEALTH	FINANCE	CORPORATE ADVISORY**	INVESTMENT OFFICE***	TOTAL
Establishment date	Dec-16	Sep-17	Sep-17	Jun-18	
Investment	< \$5k	\$34k	\$90K	\$110k	< \$250k
KPG share of profit	51.00%	51.00%	51.00%	75.50%	
FY20 Revenue	\$953K	\$661K	\$859K	\$478K	\$2,952K
Growth % on pcp *	22%	28%	174%	316%	71%
FY20 EBITDA	\$217K	\$428K	\$316K	\$425K	\$1,386K
EBITDA Margin %	23%	65%	37%	89%	47%
Annual Growth %	30%	89%	-2928%	460%	202%
ROE	192%	778%	-205%	138%	432%
SIZE	\$219.0m	\$157.0m	n/a	\$5.7m	
	(FUA)	(Trail Book)		(Fund size)	

NEXT STEPS TO SCALE

- Greater access to existing client base
- Launch of KPIO Fund #2

* Complementary businesses now reported under "Other services segment" in the audited financial statements

** The Corporate Advisory business ceased trading after balance date.

*** Includes carry

Launch of Special Opportunities Fund #2

On the back of a successful Fund #1, Fund #2 looks to raise \$5-\$50m in FY21

Fund Name	Kelly+Partners Investment Office Special Opportunities Fund #2
Investment Manager	Kelly Partners (Investment Office) Pty Ltd
Trustee	Columbus Investment Services Ltd (One Investment Group)
Fund Structure	Closed and unlisted unit trust
Fund Objective	The Fund targets an absolute return. Aims to outperform the Benchmark after all fees and expenses over the Fund Term through investments in special opportunities
Benchmark	RBA Cash Rate
Eligible Investors	Wholesale Clients, as defined in the Corporations Act 2001
Minimum Subscription	\$50,000
Capital Call	100% upfront
Fund Target Size	\$5m - \$50m
Fund Term	7 Years
Fund Gearing	Nil
Manager Fees	Management fee of 1.5% and 20% of investment gains
Distributions	Periodically with mandatory distribution re-investment plan
Redemptions	The fund is subject to a lockup for the Term

Investment Team



Brett Kelly
Chief Investment Officer



Anoop Kalra
Senior Investment Manager



Kristian Haigh
Senior Investment Analyst



Joyce Au
Senior Investment Analyst

FY20 Dividends

Dividend growth of 10%+ per annum

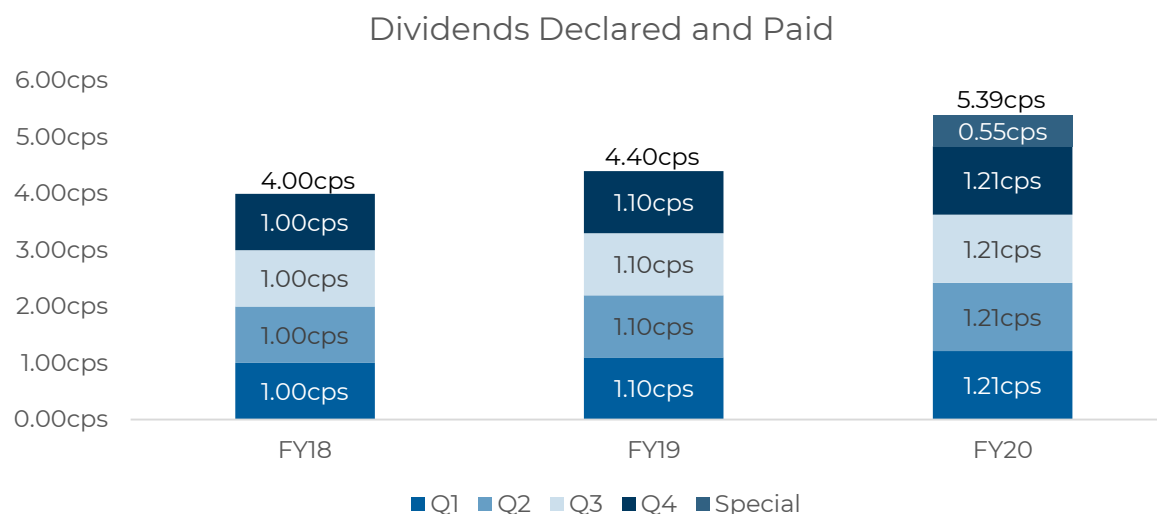
	Payment date	Total fully franked dividends paid	Amount per security Cents	Fully Franked amount per security Cents
<i>For the year ended 30 June 2020</i>				
Special dividend	18 September 2019	\$249,881	0.55	0.55
First interim dividend	30 September 2019	\$549,737	1.21	1.21
Second interim dividend	2 January 2020	\$549,340	1.21	1.21
Third interim dividend	2 April 2020	\$549,340	1.21	1.21
Final dividend	2 July 2020	\$549,340	1.21	1.21
Total Fully Franked dividends paid		\$2,447,638	5.39c	5.39c

- Consistent quarterly dividends with payout increased to 1.21c per share
- On 18 September 2019, the Group paid a fully franked dividend of 0.55c per share as a special dividend.

Return to shareholders since IPO

Consistent and regular returns to shareholders via quarterly dividends

- The Company since IPO, has consistently paid out quarterly dividends growing at 10% per annum from a base of 1.00 cent per share per quarter in FY20 to 1.21c in FY21.
- The Company has paid out, and expects to continue to pay out, quarterly dividends during the COVID-19 period, reflecting the resilience and strength of its earnings and cashflow.
- The Group Intends to maintain a through-the-cycle payout ratio of 50-70%, whilst growing dividends at 10% p.a.
- Profit attributable to owners have returned to FY18 levels and expected to grow with realisation of full year earnings from the Melbourne and Glenbrook acquisitions, as well as cost savings measures put in place in FY20
- During the COVID-19 period, dividends grew but at a slower rate than earnings with the Dividend Payout Ratio reduced to 61% (FY19: 82%)



	FY17 (IPO)	FY18	FY19	FY20
Profit attributable to owners	(\$2,789,526)	\$4,382,654	\$2,435,695	\$4,014,509
Weighted average number of shares	33,342,437	45,495,923	45,496,894	45,418,414
Earnings per share (EPS) (cents per share)	(8.37)	9.63	5.35	8.84
Dividends per share (DPS)	-	4.00	4.40	5.39
Dividend Payout Ratio (DPR)	-	42%	82%	61%

NPAT to Operating Cashflow Reconciliation

Reconciliation of NPAT to Operating Cashflow (\$m)	FY19	FY20
Reported NPAT	7.1	10.4
Adjustments for:		
Depreciation and amortisation	1.2	3.7
Change in fair value of contingent consideration	-0.2	-
Repayments of lease liabilities	-	-2.0
Net fair value (gain) /loss on other financial assets	-	-
Unwinding of interest on contingent consideration	-	0.2
Other non-cash movements	-	0.8
Change in operating assets and liabilities:		
Decrease / (increase) in trade and other receivables	1.8	0.8
Decrease / (increase) in deferred tax assets	-0.7	-0.1
Increase / (decrease) in trade and other payables	0.1	0.6
Increase in provision for income tax	0.5	0.3
Net cash from operating activities	10.0	14.6

Case Study: Business Transformation

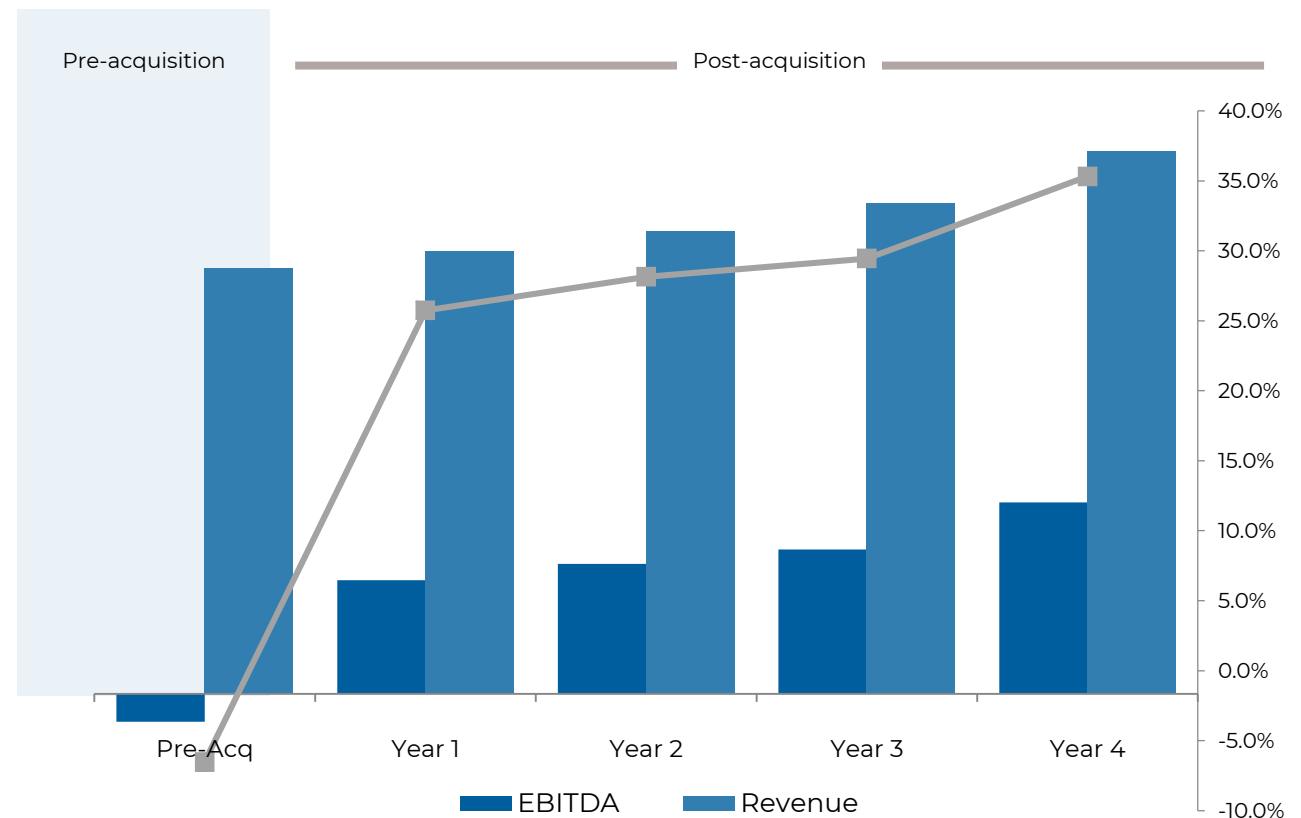
Kelly+Partners has a proven track record of delivering transformational outcomes for smaller firms

- Significant improvement in margins and revenue in the first 5 years after joining the network.
- Following an acquisition, transformation typically entails five deliverables including:
- expense reduction, better working capital management, better client experience, better team experience, and higher revenue growth.

"After 32 years, Kelly+Partners offered us the opportunity to take our service offering to clients one step higher. We have not only seen the business grow, but our people have new opportunities and resources, and we have provided a higher level of service to our clients."

Tim Bryan

Former Senior Client Director
Kelly Partners South West Sydney



Case Study: Greenfield Expansion

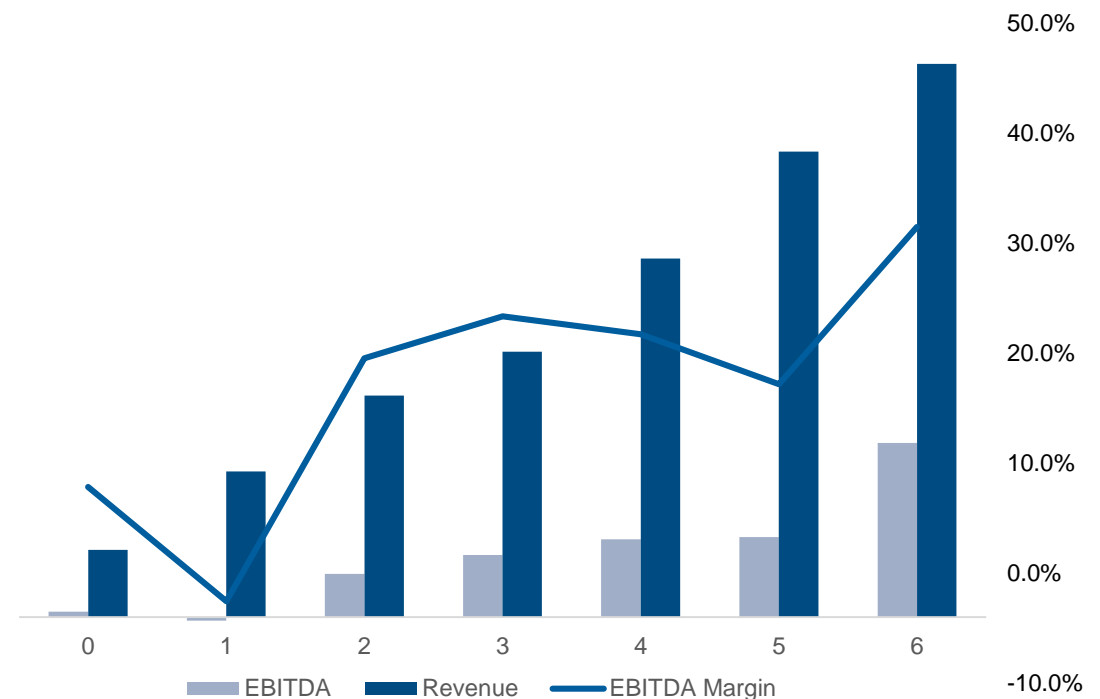
Kelly+Partners has successfully launched 7 greenfield operating businesses since its inception

- The Kelly Partners Norwest business has exhibited very strong growth in revenue and earnings, with a significant increase in margins. This has been achieved by targeted marketing and the roll-out of the proprietary Kelly+Partners systems and processes, leading to numerous new client acquisitions across private SMEs / families, franchisees, and other clients.

"I sat down one evening with Brett Kelly, and he showed me the Kelly+Partners systems and what the firm was doing for its people and its clients. After the first 2 years, the Kelly Partners Norwest business was performing very well, and so we started to add more people. The future is looking bright, and I'm happier in myself and my family is happier."

Paul Kuchta

Senior Client Director and
Company Director
Kelly Partners Norwest

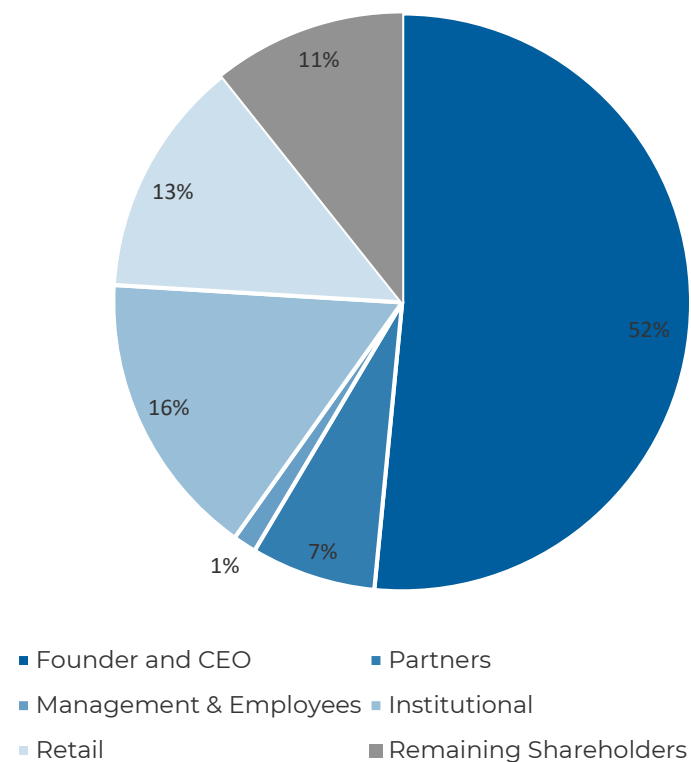


Top 50 Shareholders at 30 June 2020

Strong alignment of employee, partners and owners, holding 59.8%

Holder Type	No of shares	%
Founder and CEO	23,400,000	51.5%
Partners	3,178,251	7.0%
Management & Team	593,550	1.3%
Top 50 - Internal	27,171,801	59.8%
Institutional	7,314,781	16.1%
Retail	6,056,600	13.3%
Top 50 - External	13,371,381	29.5%
Top 50 - Total	40,543,182	89.3%
Remaining Shareholders	4,856,818	10.7%
Total Shareholders	45,400,000	100.0%

Shareholder Composition



5 Year Growth Plan

Three pronged growth plan

EXISTING GROUP	ORGANIC	NETWORK EXPANSION			NEW SERVICES	TARGET GROUP
	ORGANIC GROWTH	ACQUISITION – TUCK-IN	ACQUISITION – MARQUEE	OR	GREENFIELD	
	5% p.a.	<ul style="list-style-type: none"> • 2+ tuck-ins per year • 8 existing sites • \$1.0m+ revenue each • 112 spare seats • Integration cost 10% of price • 60 days integration • Target ROI – 30%+ 	<ul style="list-style-type: none"> • 5 new sites • \$2.0m+ revenue each • 2+ partners • Integration cost 20% of price • 2 year integration • Target ROI – 30%+ 		<ul style="list-style-type: none"> • 5 new sites • \$2.0m revenue target • 2 partners target • Start-up cost \$50-\$250k • 3 years to target metrics • Target ROI - 30%+ after 3 years 	<ul style="list-style-type: none"> • Wealth • Finance • Investment Office • General Insurance [NEW] • Alternative Investments [NEW]
	Self Funded / Overdraft	Self Funded / Overdraft	Self Funded / KPG / Overdraft		Self Funded / Overdraft	Self Funded / Overdraft
FY19 ~\$40.0m Revenue	\$12m+ Revenue Opportunity	\$12m+ Revenue Opportunity	\$10m+ Revenue Opportunity		\$5m+ Revenue Opportunity	\$80m+ Revenue Opportunity
FY2020 REVENUE ~\$46.4m	+\$3.4m	+\$0.7m In Year \$1.2 - \$1.4m Full Year Run Rate (Blue Mountains)	+\$1.6m In Year \$2.0 - \$2.5m Full Year Run Rate (Melbourne)		-	+\$6.4m In year \$6.6 - \$7.3m Run Rate
EBITDA	\$4.2m+ EBITDA Opportunity	\$4.2m+ EBITDA Opportunity	\$3.5m+ EBITDA Opportunity		\$1.8m+ EBITDA Opportunity	\$28m+ EBITDA Opportunity

Disclaimer

SUMMARY INFORMATION

This document has been prepared by Kelly Partners Group Holdings Limited ACN 124 908 363 (Company) of Level 8, 32 Walker Street, North Sydney NSW 2060. This document contains information in a summary form and general background information about the Company's activities current as at the date of the document. It is to be read in conjunction with the Company's other disclosure announcement filed with the Australian Securities Exchange (available at www.asx.com.au). This document is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor.

TERMINOLOGY

Certain non-IFRS financial information has been included with this document to assist in making appropriate comparisons with prior periods and to assess the operating performance of the business. The Company uses these measures to assess the performance of the business and believes that the information is useful to investors. Non-IFRS information including Underlying, Attributed and Pro forma NPAT, NPATA, EBITDA, and EPS have not been subject to review by the auditors.

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are generally identifiable by the words "anticipate", "believe", "expect", "projections" "guidance", "forecast", "estimate", "likely", "intend", "should", "could", "may", "will", "target", "plan" and other similar expressions. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. While due care and attention has been used in the preparation of forecast information, forward looking statements, opinion and estimates are based on assumptions and contingencies which involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Company. Neither the Company, its directors, officers or agent gives any representation, warranty, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this document will actually occur and actual results may differ materially from those expressed or implied in such statements. To the fullest extent permitted by law, the Company disclaims any obligation or undertaking to release any public update or revisions to the information to reflect any changes in expectations or assumptions. These statements are general guides only and should not be relied upon as an indication or guarantee of future performance. Past performance are not indicators of future performance.

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AUTHORISATION STATEMENT

Brett Kelly, Managing Director and Chair of Kelly Partner Group Holdings Limited, has approved the release of this document to the market.

Thank you