



Investor Presentation

October 2014



TURNAROUND STORY

- Poor performance in FY14 has been the catalyst for a significant change program
- Legal services has not achieved consistent earnings growth (under historical model)
- Wealth Management business added to complement - continues to meet expectations
- \$2.4m costs savings implemented - mostly in legal services
- Fundamental shift in strategy and business model from aggregation to integration
 - One business with a focus on maximising client opportunities and operational efficiencies
 - New senior management appointments to ensure focus and accountability
- No material acquisition activity in FY15
 - Develop Legal Services and Wealth Management platforms
 - Future acquisitions to capture full revenue and cost synergies
- Sale of Eaton Capital Partners - underperforming business unit
- New growth in Legal Services
 - Fiji, PNG, Taxation, Financial Services, Law Central joint venture and wholesale opportunities
- FY15 Guidance of \$2.5m - \$3m EBITDA
 - Cost savings, no acquisitions, heavy handed 30 June provisioning contribute
 - Solid start to FY15 achieving satisfactory results in first quarter
- Further initiatives

FY14

- After tax loss of \$8.96m for FY14, including impairment charges of \$4.1m
- For 1H, an after tax loss of \$1.4m following significant weakness in the Perth legal businesses and one-off acquisition related costs of \$800k
- 2H provided a much worse result, following underperformance of the legal businesses particularly in Perth, but also in Sydney and Melbourne, and with the newly acquired Corporate Advisory business not meeting the Board's expectations
- During the year the Board had targeted a significant acquisition opportunity (with annual revenues of \$20m) which would have significantly expanded the reach and growth potential of the Group
- This potential acquisition was ultimately unsuccessful and proved a major distraction during the period, as well as incurring further one-off costs of \$600k which were fully expensed in 2H
- Net operating cash outflows were \$1.1m for the year, impacted by the effect of the trading losses and acquisition costs, but substantially offset by improved receivable collections

LEGAL SERVICES

- Each of the legal services businesses and investments underperformed against expectations in FY14, as a result of reduced workflow
- The Perth businesses experienced significant weakness after the loss of a number of senior legal professionals and a downturn in economic conditions
- ILH commenced operations in Perth in 2007 and the WA businesses have represented about half of ILH revenue in recent years meaning the Perth downturn had a significant impact on earnings
- More generally, the legal services strategy has not achieved consistent revenue and earnings growth in the period since inception. Legal firm revenue has proven to be highly cyclical and organic growth has been challenging in a lower growth and an over-supply environment
- Recognising the need for change, a repositioning and diversification strategy commenced in 2012
- In 2013, ILH implemented a national branding strategy for its Australian legal business which is expected to provide revenue and cost reduction benefits over time
- The business model for the legal firms has continued to evolve with initiatives aimed at cost reduction including the recent merger of the Perth based law firms

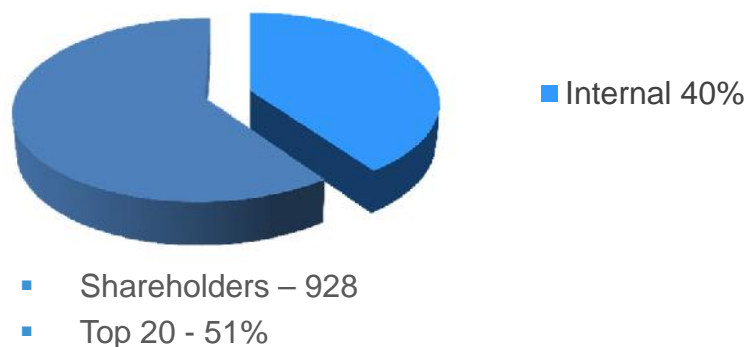
WEALTH MANAGEMENT CONTINUES TO MEET EXPECTATIONS

- Given the inherent earnings cyclicity of legal services, the Board introduced a complementary business strategy with the acquisition of two Wealth Management businesses in September 2013
- This complementary business strategy aims to provide ILH with recurring revenue and diversification of earnings
- These particular businesses have strong growth prospects and are highly revenue synergistic with the Group's existing legal businesses, providing cross referral opportunities
- The Wealth Management business has met expectations in earnings and synergy opportunities
- Funds under management have grown 7.6% since acquisition to \$480m
- Recurring revenues have continued to grow with \$3.6m anticipated in FY15
- In the medium term, further Wealth Management acquisitions are anticipated

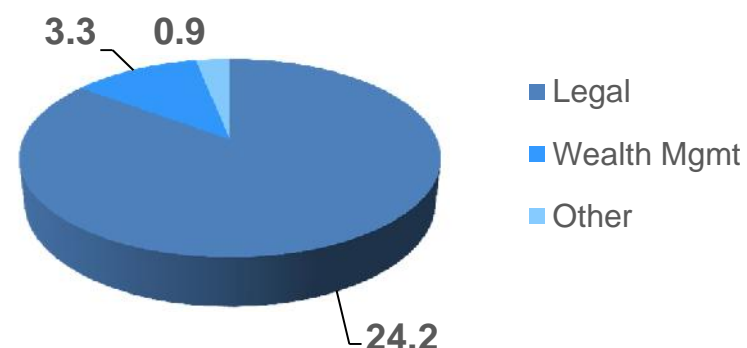
CORPORATE SNAPSHOT

Market	6 October 2014
Australian Exchange	ASX : ILH
Shares on Issue	166m
Share Price (A\$)	2.5 cents
Market Capitalisation (A\$)	4.15m

Shareholder Profile



Revenue Breakdown FY14



ILH GROUP LIMITED - BOARD



Matthew Driscoll
Chairman &
Independent Non-Executive Director
Appointed 1 October 2014

- Experienced across a number of industries - financial services, online technologies, property, resources, business strategy planning and growth, mergers and acquisitions, and equity and debt raisings
- Accomplished company director in roles with listed and private companies
- Has successfully mentored several high growth businesses
- Former member of the Australian Stock Exchange



Graeme Fowler
CEO and Managing Director

- Former group CEO of WHK (now Crowe Horwath), ASX listed aggregated accounting firm
- Former senior executive with BT Funds Management



David French
Executive Director
Appointed 1 October 2014

Managing Director and Head of Capricorn Investment Partners. Also appointed as Head of Wealth Management & Consulting for ILH Group

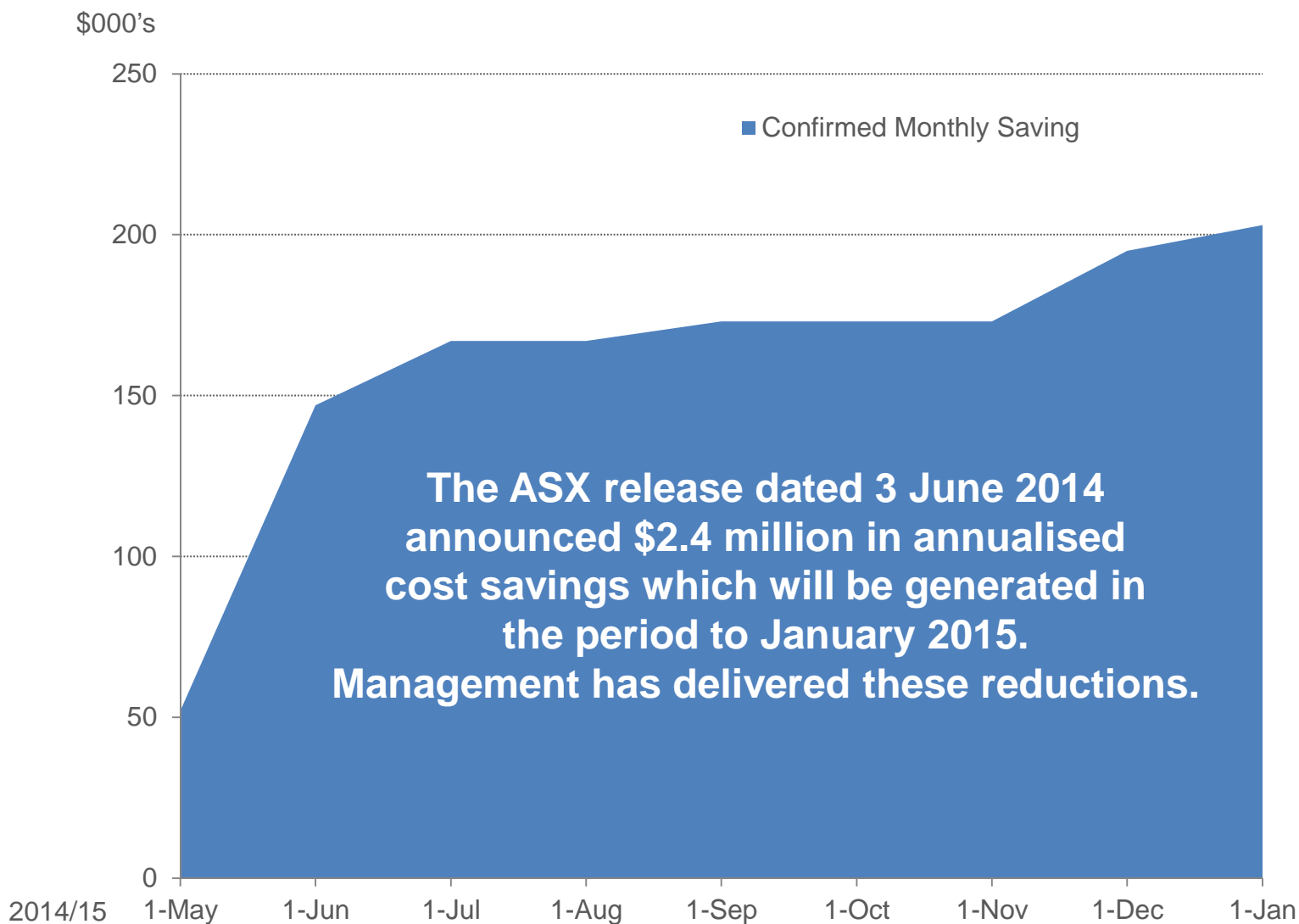
- 24 years' experience in finance and economics, 19 in investment markets, and was rated one of the top three investment analysts in Australia for his sectors of responsibility
- Holds a Bachelor of Economics, a Diploma in Corporate Management, and has completed courses relating to the valuation of companies and investments
- Past Director of Rockhampton Regional Development Limited and The Rockhampton Chamber of Commerce



STRATEGIC & OPERATIONAL INITIATIVES



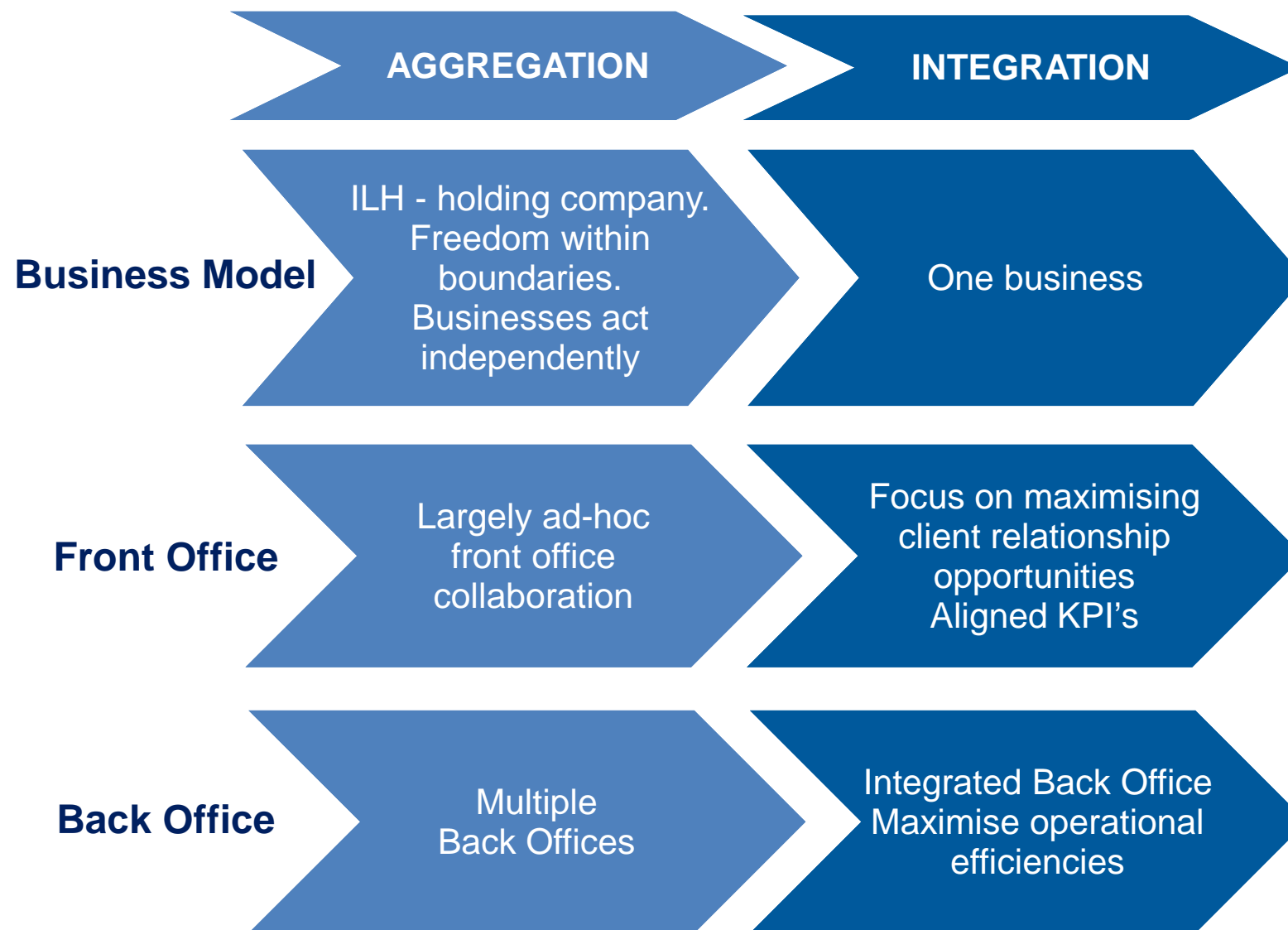
\$2.4M IN ANNUALISED COST SAVINGS - \$204K PER MONTH BY 1/1/15



A FUNDAMENTAL SHIFT IN STRATEGY....

- The ILH strategy was previously an aggregation or portfolio model, where acquired businesses operated largely independently within Group strategic boundaries
 - The prime strategic focus of the Group was revenue growth, with cost consolidation a secondary consideration and the realisation of synergies on a best efforts basis
 - This strategy and business model has not been successful and has been changed
- The ASX release dated 1 August 2014 announced a shift in strategy and business model from one of aggregation to integration
 - Under the integration model, ILH now operates as one business with a focus on maximising Group client relationship opportunities and an integrated back office targeting operational efficiencies. A number of senior management appointments were announced as a key element of this change
 - The business has continued to be positioned to focus on a number of profitable niche businesses including Pacific Legal Network, Argyle Private, local government and taxation
 - There will be no material acquisition activity for the Group during FY15 whilst integrated Legal Services and Wealth Management platforms are developed
 - Future acquisitions will be fully integrated on these platforms to achieve available revenue and cost synergies

A FUNDAMENTAL SHIFT IN STRATEGY....

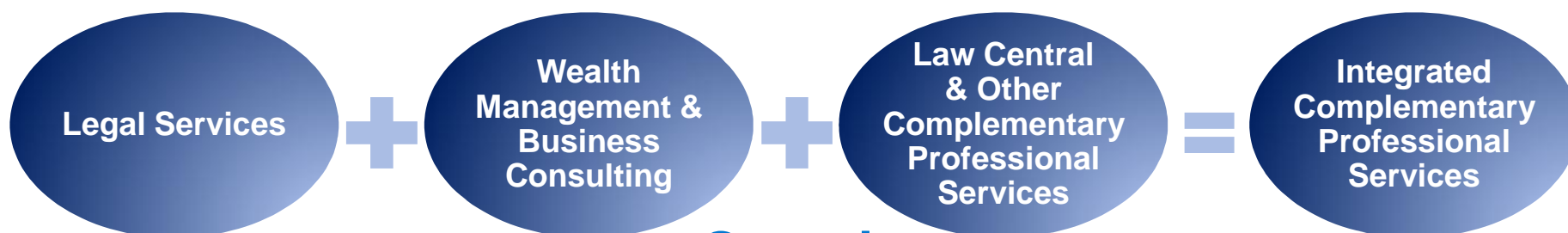


VISION, STRATEGY & GROWTH

Vision & Strategy

“To be a leading provider of integrated professional services for Private, SME and Corporate clients within our chosen markets

Integrate complementary professional service businesses to maximize client relationship synergies and operational efficiencies with a focus on profitable niche markets”



Growth

Organic and acquisition growth on a single integrated business platform.

Focus on profitable niches where ILH has competitive advantage and differentiation.

Organic and acquisition growth on a scalable proprietary platform.

East Coast Independent Wealth Management group.

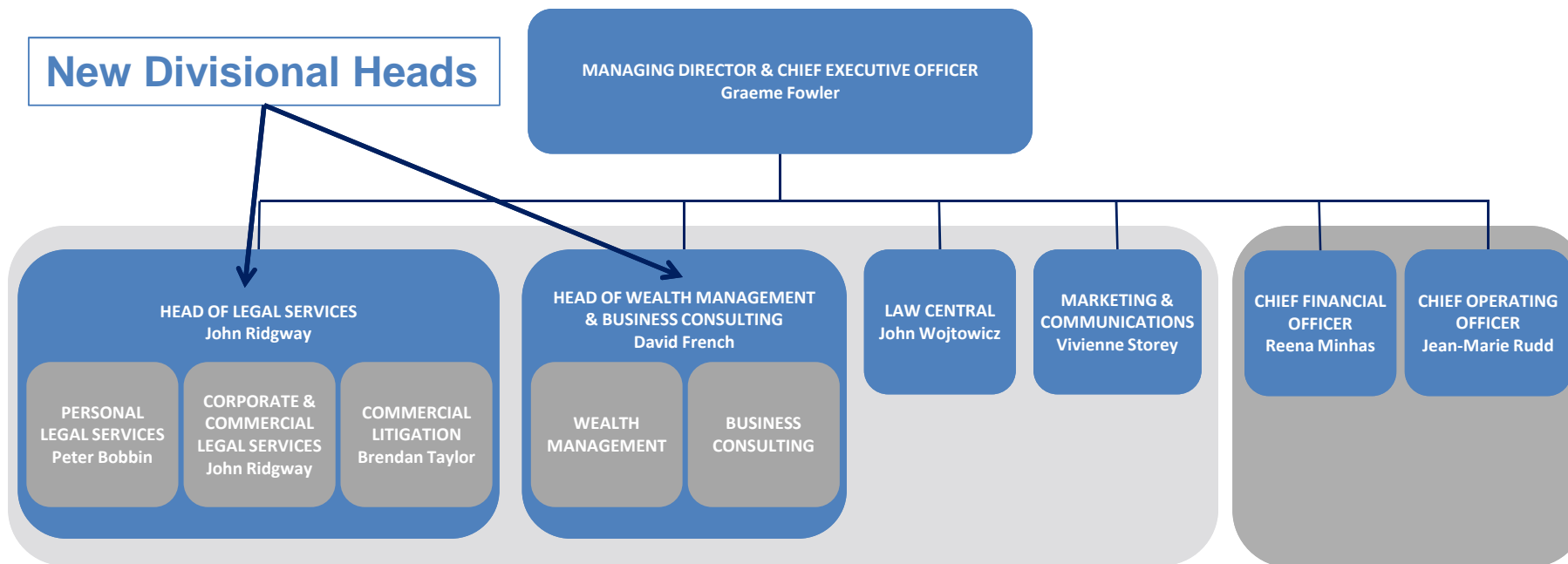
Law Central – scalable model, retail and wholesale opportunities.

Additional services which leverage existing skills or have revenue or operational synergy potential with existing businesses group.

Maximise client relationship opportunities.

Maximise operational efficiencies.

NEW MANAGEMENT STRUCTURE & TEAM TO DRIVE STRATEGY



Rockwell Olivier
Melbourne
(49%)

A FUNDAMENTAL SHIFT IN STRATEGY - BACK OFFICE INTEGRATION

Objectives

- Drive operational efficiencies through combined back offices
- Create integrated platforms for Legal & Wealth
 - Brands, marketing, systems, processes, policies

Implementation

- Current Group CFO, Jean-Marie Rudd, has been appointed to the newly created position of Chief Operating Officer (COO), responsible for the day to day management of the legal operations and maximising the operational efficiency and cost effectiveness of this aspect of the business
- The COO role also works closely with Wealth Management to identify and realise cross business unit operational efficiencies
- CFO role has been relocated from Perth to Sydney – Reena Minhas commenced 7 August
- All Group accounting resources have been centralised under the CFO role

SALE OF EATON CAPITAL PARTNERS – CORPORATE ADVISORY

- An agreement has been signed with Symon Capital Pty Ltd (a company related to ILH executive director Stephen Moss) to buy the for the sale of the Eaton Capital Partners corporate advisory business. The agreement has been effective 15 May 2014 is the final approval will be conditional on shareholder approval

Reason for the Sale

- The Eaton business was acquired in September 2013 and has not met the Board's expectations

Deal

- Consideration for the sale will consist of the selective buy-back (cancellation) of 13,710,821 ILH shares and \$164,175 cash
- As a related party transaction and a substantial asset, the proposed sale is subject to shareholder approval of an ordinary resolution
- The transaction requires an Independent Expert's Report to be provided to shareholders
- The selective buy-back (cancellation) of shares is subject to approval by shareholders of a special resolution

REVISED BANK FUNDING ARRANGEMENTS

- Announced 18 September 2014
- The revised facility agreement has a maturity date of 31 January 2016 and is subject to the following conditions:
 - Revised interest cover ratio targets which have also been reset from 1 July 2014, the first calculation period being 1 July 2014 to 31 December 2014
 - Revised loan amortisation schedule
 - \$250k per quarter from December 2014 (unchanged)
 - \$2m by 15 March 2015 (new). Advanced on a number of appropriate measures
 - \$300k per quarter from December 2015 (unchanged)
- Deferred consideration amounts payable to the vendors of the Capricorn Investment Partners and Pentad must be satisfied by way of the issue of shares only and not in cash
- As a result of initiatives implemented over the last several months and those still underway, these conditions can be achieved

OUTLOOK

FY15 Guidance

- ILH has made a number of very significant announcements over the past four months and as a result of these and forthcoming measures the Company expects for FY15 to achieve an EBITDA in the range \$2.5m to \$3m

Guide to FY15 EBITDA	\$000's
FY14 EBITDA	(4,800)
Cost saving initiatives (annualised)	2,400
FY14 Acquisition related costs	1,400
FY14 Bad & doubtful debts - abnormal	1,200
FY14 WIP write-down (revenue) - abnormal	1,000

FIRST QUARTER FINANCIAL RESULTS (unaudited)

Solid start to FY15 achieving satisfactory financial results in the first quarter to 30 September

	Actual (unaudited) \$000's	FY15 Guidance \$m
<u>ILH Group</u>	-	-
Operating Revenue	8,078	-
EBITDA	868	2.5 to 3.0
<u>Wealth Management (included above)</u>	-	-
Recurring Revenue	940	3.6
Funds Under Advice	<u>30/9/14</u> \$509m	<u>30/6/14</u> \$480m

The Company recorded positive operating cash flows for the September quarter