

11th microEQUITIES RISING STARS

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PRIME FINANCIAL (ASX PFG)

Presented by Simon Madder (CEO)





Prime Financial Group Ltd (ASX PFG)

27 June 2017

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Who We Are

- Prime is an Integrated Accounting, Wealth Management and Capital Advisory firm that operates a B2C direct client advice model and a B2B partnership model with Accounting & Advisory firms
- Prime's goal is for clients to receive complete Accounting, Wealth Management and Capital advice

Prime At A Glance



ASX Listed

- Established in 1998
- Accounting & Wealth Management Heritage
- Market Cap: \$27m



National

- 80+ Team Members
- Personalised & Integrated Advice
- Leading Innovation Partner to Entrepreneurs



\$1.0+ Billion Funds Under Management

- Partner to 30+ Accounting Firms

Strong, Entrepreneurial & Experienced Board

The Board has the background, proven track record & vision to succeed



Simon Madder
Managing Director
& CEO

Co-founder, Managing Director & CEO of Prime Financial Group Ltd (Prime) since 1998

20 years' experience in Wealth Management & Accounting Services across Operations, Strategy & Acquisitions



Paul Cowan
Independent Non-Executive
Chairman

Executive Director River Capital (Funds Management)

Previously Director of Brumby's Bakeries Holdings Ltd and Cash Converters International Ltd

Chartered Accountant with 30+ years' experience inc. Funds Management & Corporate Advisory



Peter Madder
Executive Director
& CFO

Previously Managing Partner of 2 Accounting Firms

Chartered Accountant with 50+ years' experience in Corporate Structuring & Acquisitions, Finance & Operations



Tim Carroll
Independent Non-Executive
Director

CEO of BUCKiTDREAM Inc (Entertainment & Digital Marketing Company)

Previously Chief Global Marketing Officer Village Roadshow Corporation (2000 to 2011)

20+ years' experience in Marketing & Customer Relationship Management

Services We Offer



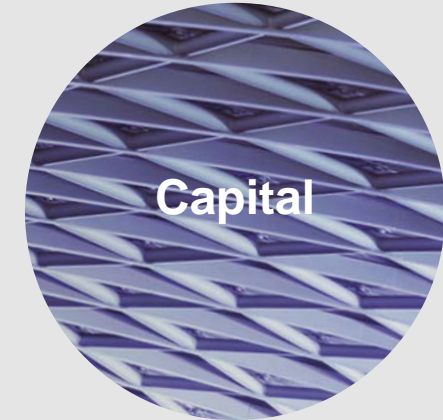
Whether you are a Business Owner, Founder, CEO, CFO – a start up; U.S. biotech looking to R&D in Australia; a small privately held business; to larger family enterprise; to unlisted or listed public company – through innovation and services we help you grow your enterprise

- Accounting & Tax Compliance
- Director & Board Services
- Management Advisory
- Start Up Services
- Outsourced CFO & Accounting Services
- SME Advisory
- Grants & Tax Incentives
- Innovation & Commercialisation



Professionals, Executive's, Business Owner's, Family Groups and Retirement orientated clients seek guidance and advice to manage and grow wealth to plan and protect for the future

- Financial & Retirement Planning
- Investment Advice
- Life Insurance
- Estate Planning, incl. Legal Services
- Superannuation incl. SMSF
- Lending & Finance
- Budgeting & Cashflow



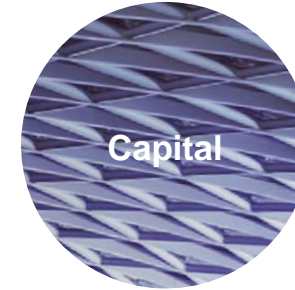
Whether accessing Equity Capital for growth or selling to realise value, we work with your aspirations to achieve your goals and objectives

- Corporate Advisory
- Transactions & Restructuring
- Capital Raising

Prime's Business Model

- Deliver Integrated Advice across Prime's three core service lines through Prime's national office structure to Prime's Direct Client base
- Partner with Accounting & Advisory Firms to help them deliver Integrated Advice across the three service lines, to their client base

How We Generate Income



Fee for Service	✓	✓	✓
Ongoing Retainer	✓	✓	✓
Success Fees	✓		✓
Asset Based Fees		✓	
Investment Brokerage		✓	
Insurance Commission		✓	

- Approximately 80% of Prime's income is recurring from the same client base
- The typical client across the group pays \$10,000 - \$20,000 a year in fees

How We Operate

- Prime operates a 'Hub and Spoke' model
- Core teams and infrastructure are centralized wherever possible, typically in Melbourne where Prime's head office is located
- Scalability of service line is a central theme
- Increasingly, Prime is a technology led but people driven business - Automation through technology is a priority, outsourcing is also utilised
- Personalised service and advice across common areas of expertise

Key Developments and FY2017 Progress

Corporate Development

- Acquisition of MPR
- Additional services, R & D and EMDG
- New division, Capital
- Acquisition of Altezza
- Acquisition of Equity Crowdfunding Platform (via Altezza)

People

- Increased team members from 35 to 80
- Brisbane presence through acquisition of Altezza (10 of 80 team members)

Investment Advice & Funds Management

- FUM of \$1.1Billion @ 31 May 2017
- Substantially increased use of Prime Separately Managed Accounts (SMA's) from \$96M in June 2016 to \$151M in May 2017
- \$1 Billion FUM advisory role (external)

Opportunities

- Leading Innovation Partner to Entrepreneurs and a Key Service Provider
- A Capital Facilitator for Early Stage Companies
- Significant Wealth Management & Superannuation Provider in the Non-Bank Advice Channel
- Provider of Scaled Investment and Funds Management Solutions
- Cornerstone Partner to Accounting & Advisory Firms for Integrated Advice
- 30,000+ clients of Prime's 30+ Accounting Partners

1H2017 Results Summary

- Members of the Parent Entity (After Outside Equity Interest)
 - Profit Before Income Tax **up 12%** to \$2.15M compared to 1H2016 of \$1.92M
 - Excluding Net Benefit from Restructuring Investments of \$0.46M in 1H2016, Profit Before Income Tax **up 47%** to \$2.15M compared to \$1.46M
 - Profit After Income Tax **up 9%** to \$1.76M compared to 1H2016 of \$1.61M
- Earnings Per Share (EPS) **1.16 up 4%** compared to 1H2016 of 1.12 Cents Per Share (CPS)
- **Interim Dividend of 0.40 CPS** (Paid 28 April 2017)
- **Income up 34%** versus 1H2016 principally due to consolidation of MPR Group (MPR)
- **1H2017 Net Profit Margin of 33%**
- **Net Debt of \$6.6M** up from \$2.3M at 30 June 2016 (Due to acquisition activity)
- Group FUM **increased by \$63M** to \$1.04B
- During the period **MPR became a subsidiary company**, rather than an equity accounted investment. The effect of this is that all income, expenses, assets and liabilities of MPR are now consolidated at 31 December 2016, versus previously, as an equity accounted profit and “Investments accounted for using the equity method”

1H2017 Results

DETAILED FINANCIAL RESULTS	1H17 \$M	1H16 \$M	% CHANGE 1H17 v 1H16
Wealth Management Income			
New Business Income	1.15	1.10	5%
Recurring Income	3.61	3.72	(3%)
Total Wealth Management Income	4.76	4.82	(1%)
Accounting Income			
Accounting & Business Advisory	3.52	-	-
Equity Accounted Profit	0.57	1.28	(55%)
Total Accounting Income	4.09	1.28	220%
Other Income	0.22	0.21	5%
Profit on Sale of Investments	-	0.46	(100%)
Total Income	9.07	6.77	34%
Less Group Overheads	(6.05)	(3.82)	(58%)
Profit Before Income Tax	3.02	2.95	2%
Less Non-Controlling Interest	(0.87)	(1.03)	16%
Members of the Parent Entity (After Outside Equity Interest)			
Profit Before Income Tax	2.15	1.92	12%
Profit After Income Tax	1.76	1.61	9%

Market Update – 20 June 2017 (Forecast)

- **Profit Before Income Tax** from continuing operations expected to **increase by 21 - 26%**
- Increased Debt Facility from **\$7.7m to \$12.0m** (expected debt at 30 June 2017 \$8.25m (approx.))
- Consolidated Group **Income expected to increase by 35%** (approx.)
- **Stronger than normal Net Inflows of FUM**
- **Final Dividend** expected to **increase** from 0.40cps to **0.45cps**
- Prime's focus in the 2018 financial year will be directed to the **integration of recent acquisitions**, the further **deployment of Prime's expanded business and service model** across both owned and partner firms and the **identification of new partners** to join the Group

Contact

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