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sn<sup>o</sup>wball  
GROUP LIMITED

# Snowball Group Limited

## Investor Presentation

Tony McDonald, Group Managing Director

Melbourne, 5 September 2007

# Agenda

- Who we are
- 2007 results
- 2008 guidance
- Growth strategies

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# Who we are & what we do

- Diversified, specialist financial advice organisation
- “Corporatised” approach to financial advice, with scale & critical mass
- Currently 2 parallel, but complementary, distribution channels
  - = multiple sales and revenue drivers, including accounting
  - = multiple opportunities for inorganic growth
- Both channels
  - contribute and benefit from scale
  - have built in retention mechanisms
  - benefit from “in-house”, shared services
  - participate in “product profit” (packaging portfolio admin and investments)

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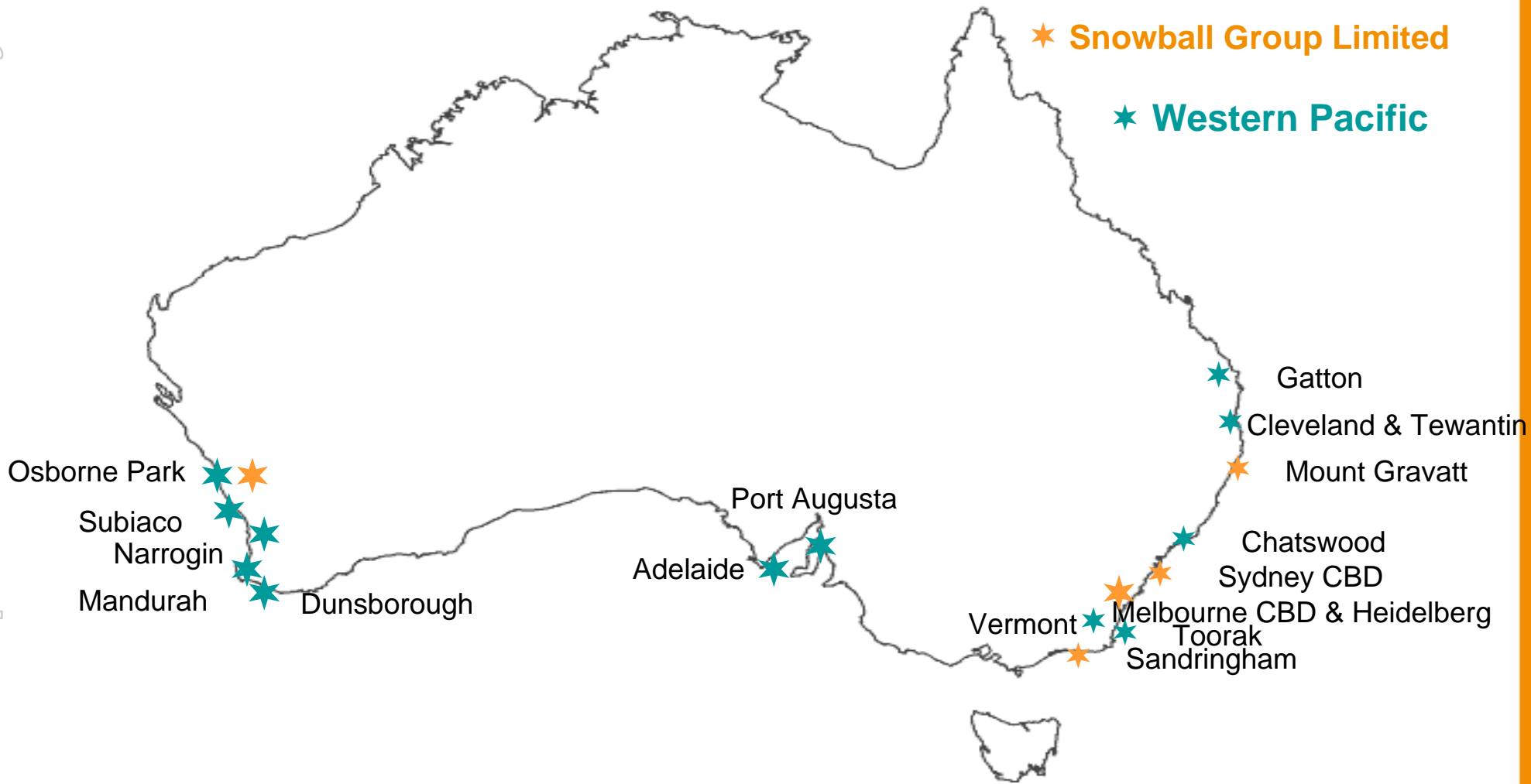
## Western Pacific

- 54 advisers
- 19 independently owned practices
- \$2 billion FUA
- SNO receives share of gross revenue plus rebates, operating costs borne by practices

## Outlook



- 28 advisers (6 in joint venture)
- Single practice owned by SNO (in 5 offices), plus joint venture
- \$2 billion+ FUA
- SNO receives 100% of all revenue plus rebates and bears all practice operating costs, plus joint vent. income

# National Operating Capability



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# Outlook & Western Pacific – the ties that bind

		
<b>Geography</b>	<ul style="list-style-type: none"> <li>Strong presence in WA, QLD, SA and VIC</li> </ul>	<ul style="list-style-type: none"> <li>Strong presence in NSW and VIC</li> </ul>
<b>Client base</b>	<ul style="list-style-type: none"> <li>Primarily individuals – pre retirees and in pension phase</li> </ul>	<ul style="list-style-type: none"> <li>Affinity groups, corporates and individuals – range from accumulators to pensioners</li> </ul>
<b>Investments</b>	<ul style="list-style-type: none"> <li>Well developed, “Intelligent Investing” portfolios</li> </ul>	<ul style="list-style-type: none"> <li>Centralised investment committee</li> </ul>
<b>Advisers</b>	<ul style="list-style-type: none"> <li>Practice owner shareholders and their employees</li> </ul>	<ul style="list-style-type: none"> <li>SNO employed advisers, most also shareholders</li> </ul>

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# What sets us apart ...Western Pacific Financial Group

- Successful and long established practices with strong ties
  - ➔ Reduces dealer's operational and compliance risk
- Long term arrangements secured by practices
  - ➔ Alignment of interests, negligible defection risk
- "Locked-in" dealer margin and access to rebates
  - ➔ Profitable and secure revenue stream to dealer



**Highly profitable and sustainable dealer group with quality underlying practices**

# What sets us apart ...Outlook Financial Solutions

- Employed advisers, corporatised systematic approach



Consistent delivery of advice

- Scale and centralised “industrial infrastructure”



Low cost of delivery

- Telephone advice as well as face to face advisers

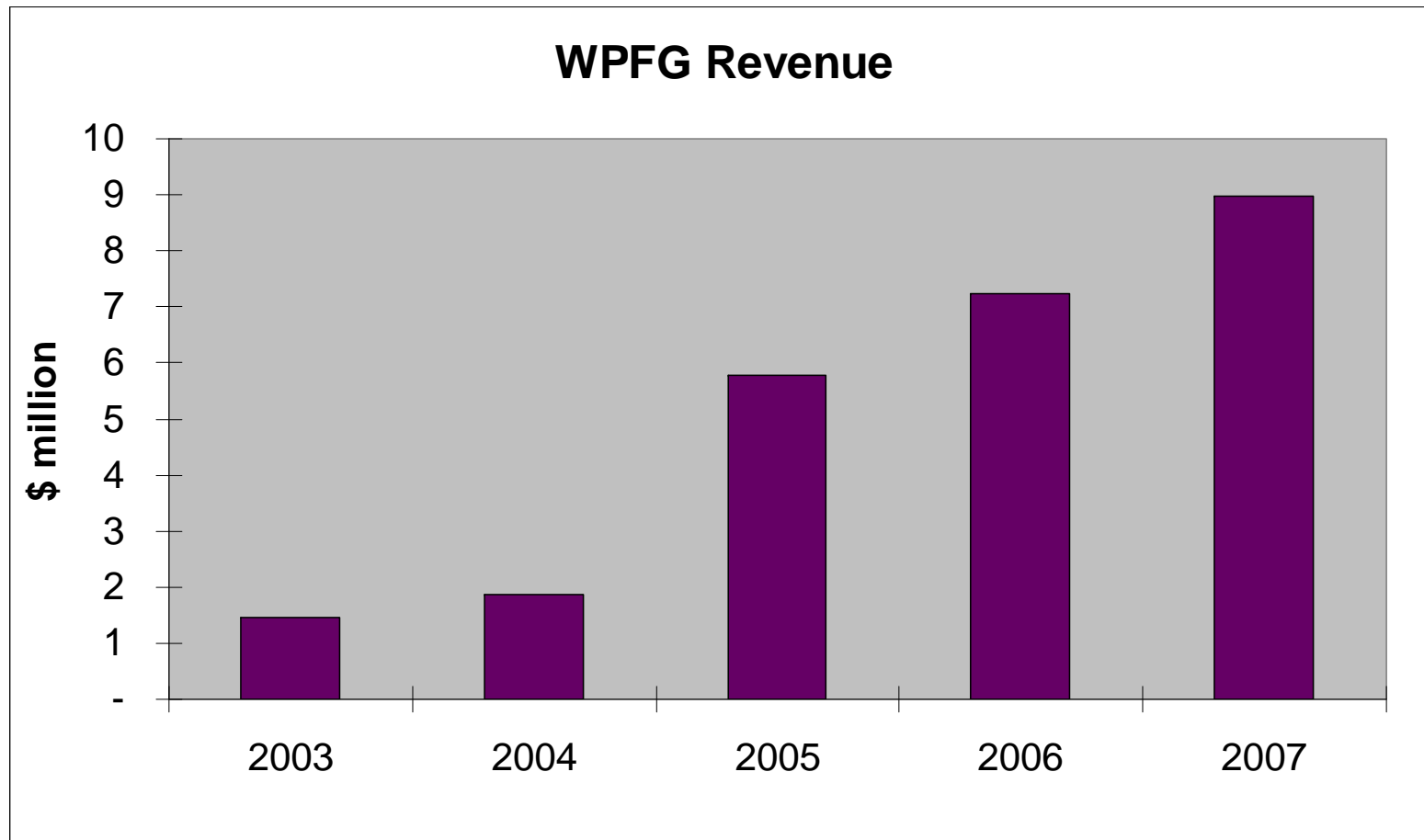


Ability to match all client needs



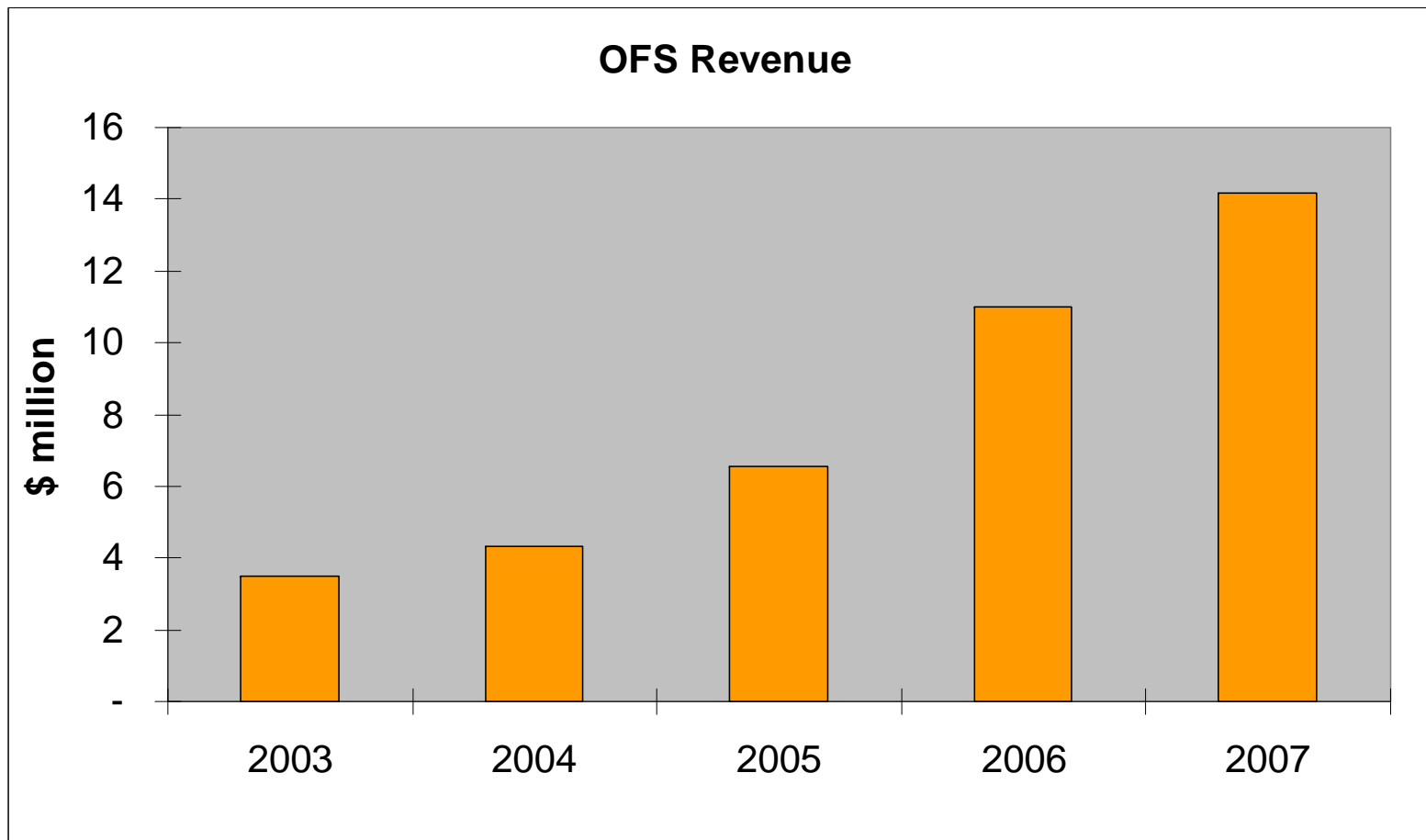
**Profitable delivery of relevant advice to  
the widest cross-section of Australians**

# A history of strong growth in financial planning ...Western Pacific



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# A history of strong growth in financial planning ...Outlook



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# And a successful accounting practice ...Outlook Tax and Accounting Solutions

- Provides services to financial planning clients and SMEs
- Specialisation in self managed superannuation (fast growing sector)
- 2007 annual revenue of \$2.2m (pro-forma), and growing
- Circa 20% profit margin, and growing
- Opportunity to leverage this expertise and specialist services throughout the Group

# Acquisitions have contributed to our growth

- 8 acquisitions by Outlook of financial planning firms since 2001
- Western Pacific practices have also acquired “tuck-ins”
- All have been EBTDA per share accretive
- All have been successfully integrated operationally
- All have performed above expectations

A track record of successful acquisitions which have contributed to sustainable profit growth

# 2007 operational highlights

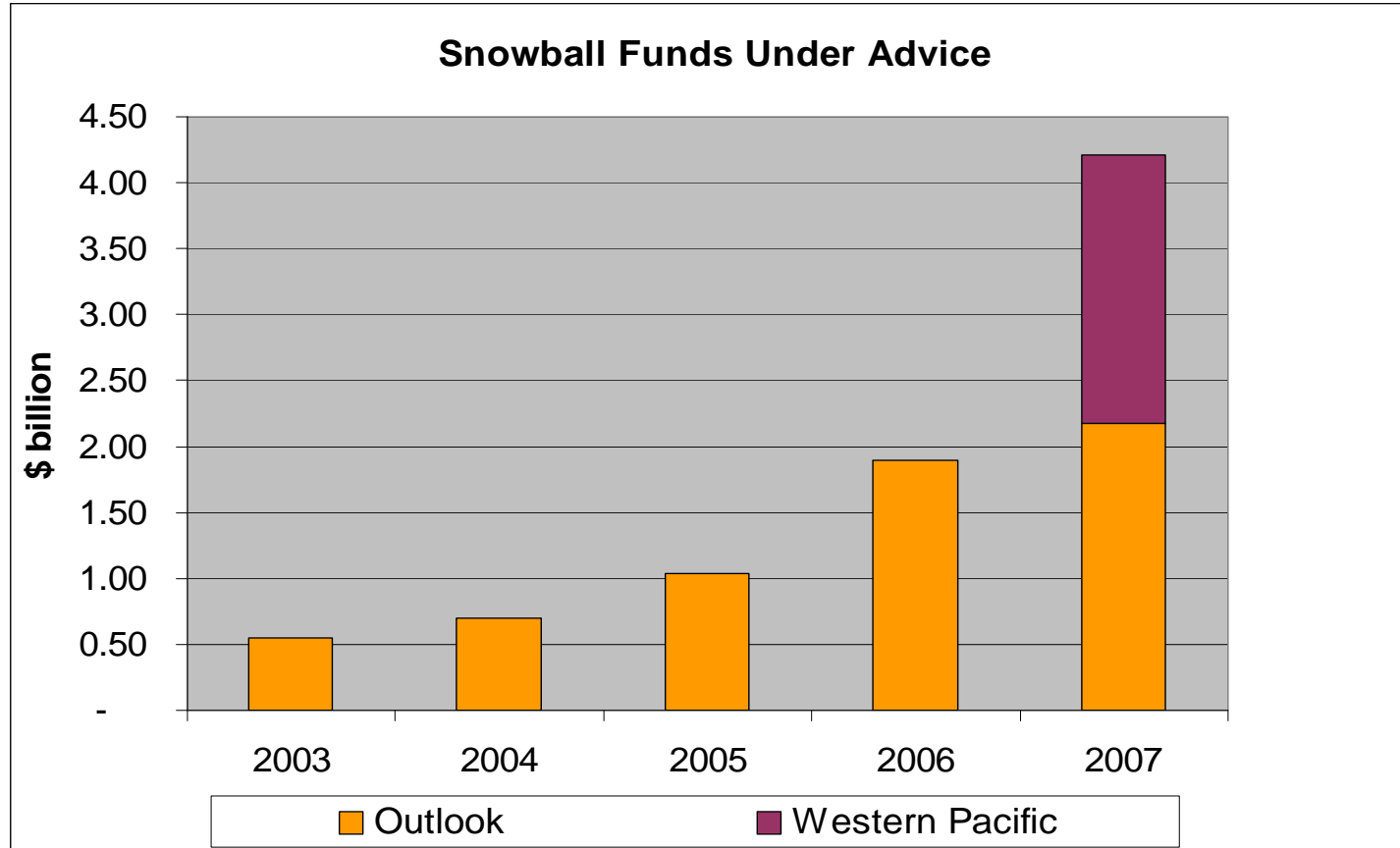
- Completed Western Pacific merger
- Achieved scale and synergy benefits principally from re-negotiation of outsourcing arrangements
- Invested in advice infrastructure to increase adviser efficiency and productivity
- Made in-roads into shared services and practice support for Western Pacific practices

Capitalised on increased size and scale to position SNO for further growth and create opportunities for our staff

# Strong 2007 results exceed guidance

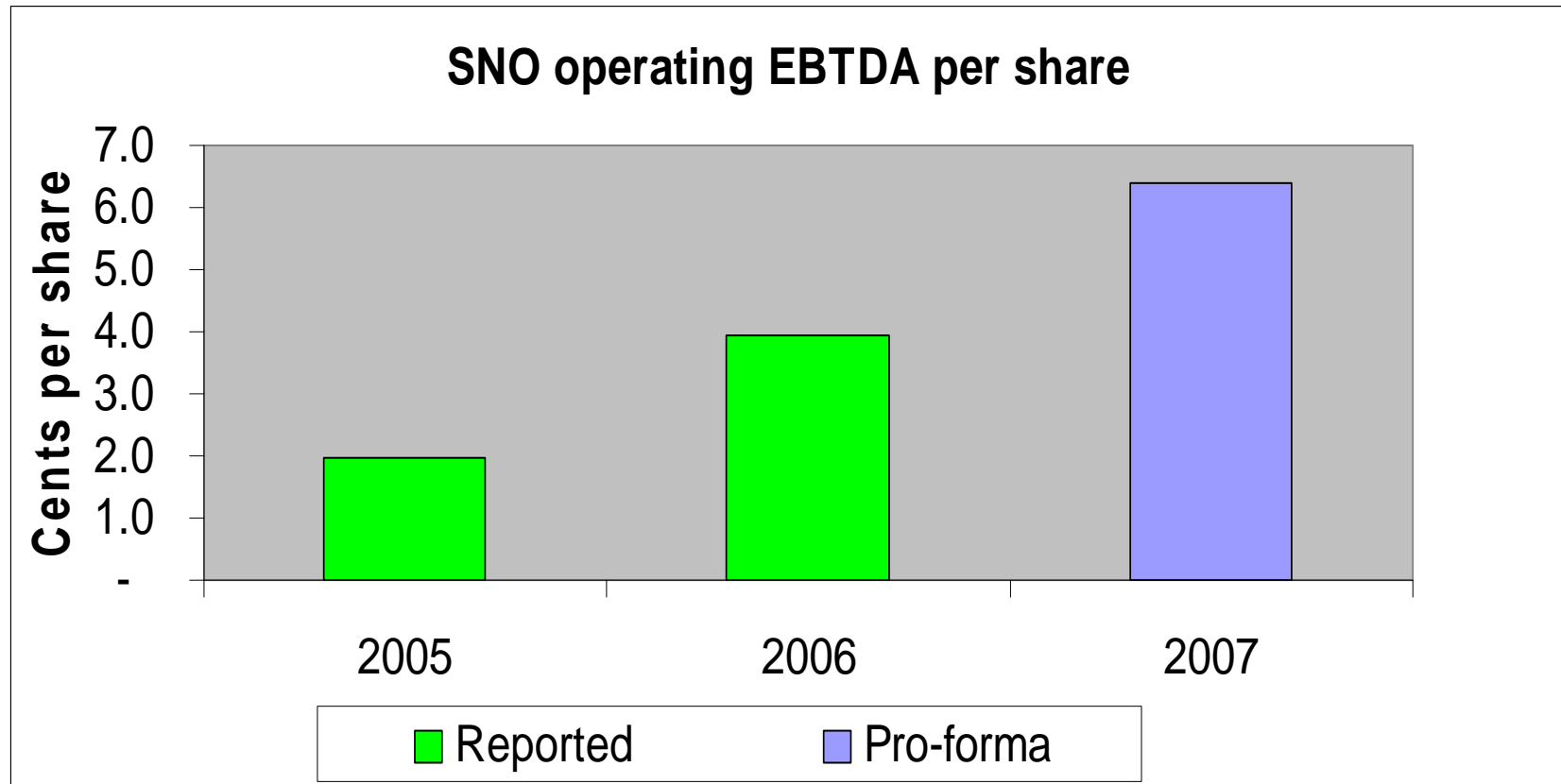
- Pro-forma operating EBITDA of 9.42m exceeds guidance of \$8.5m - \$9.0m
- Reported EBTDA of \$7.66m reflects reverse acquisition accounting
- 2007 pro-forma EBTDA of \$9.02m is 31% above 2006 pro-forma
  - revenue growth of 28% reflects strong performances by each division and revenue synergies following merger with Western Pacific
  - **after** \$0.75m one-off spend on integration and infrastructure
- Operating expense ratio reduced to 64%
- Announcement of 2 cent fully franked dividend, up from 1 cent in 2006

# Funds under advice has more than doubled



An increase in funds under advice to over \$4.2 billion has delivered revenue synergies for 2006/7 and beyond

# Operating EBTDA per share continues to grow



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# Our recent investment in advice infrastructure

- Organisational restructure has
  - augmented Group management capability
  - increased support staff to adviser ratio by 16% in the Outlook channel
- Establishment and rollout of telephone advice has increased our ability to profitably service “accumulators” and corporate super clients
- Contributed to a **27%** increase in revenue per Outlook adviser in 2007

This scalable infrastructure will be leveraged beyond 2007  
in both Outlook and Western Pacific channels

# Guidance for the 2008 financial year

- Expected organic EBITDA growth of over 15%, providing no material market downturn
- Committed to continuing our strategy of sensible M&A, ie EBTDA per share accretive and “fit the (broader) family photo”
- Single-digit percentage growth in expenses and a further reduction in operating expense ratio
- Continuing amortisation of identifiable intangibles
- Balance sheet is ungeared

# The drivers of our growth in 2008

- Increasing sales penetration from existing “lead reservoirs”
- Capitalising on prior investment in infrastructure and adviser productivity
- Leveraging scale from merger - shared services and “best of both worlds”
- Capitalising on industry themes
  - Recent changes in superannuation
  - Adviser succession and industry consolidation
  - Demand from corporates and affinity groups seeking partners in advice
  - Need for heightened investment expertise at the advice level

# Specific growth strategies for 2008

- Continued organic growth from 2 channels
- Recruit selected additional advisers
- Wholesale our “owned” advice model to affinity partners seeking advice services
  - corporations
  - credit unions
  - industry & public sector funds
- Acquisitions and mergers
  - as bolt on to existing distribution channels – “tuck-ins”
  - as additional but complementary channels – “a 3<sup>rd</sup> distribution arm”
  - vertical integration – e.g. product packaging and portfolio construction

Building on our previous success in delivering both organic and inorganic growth using this strategy

# Drilling down

## ...growth in the Outlook channel

- Leverage infrastructure, including telephone advice, to further increase revenue per adviser and profit per employee
- Refine the Outlook offer to improve client outcomes and increase margins
- Use the Outlook “lead reservoirs” sales model to increase sales
- Greater cross-sell of Outlook Taxation and Accounting Solutions to the wider group

# The Outlook “lead reservoirs” sales model

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## Managing & Acquiring Reservoirs of Leads

- Corporate super
- Affinity partners
- Adviser clients & personal networks



## Improving Lead Generation Systems

- All client touch points
- Direct & event driven marketing
- Engagement program



## Building Sales Channel Capacity

- Triage model
- **Telephone advice** team for high volume
- **Face to face advice** for high value

# Phone advice

- Highly scalable, systemised and cost effective distribution
- Can provide “single issue” advice e.g. insurance, superannuation, mortgage broking
- Can “triage” or qualify financial planning leads
- Career path / breeding ground for face to face advisers

LEAD GENERATION & QUALIFICATION



# Drilling down

## ...growth in the Western Pacific channel

- Support the Western Pacific practices to grow their revenue, a fixed percentage of which SNO receives as “dealer margin”
  - working together on lead generation initiatives
  - using “best of both worlds” agreed shared services
  - assisting in improving adviser and practice efficiency
- Rollout of agreed joint initiatives with the practices, possibly including
  - corporate super
  - insurance, mortgages, estate planning
- Ensure alignment of interests in relation to longer term succession

# Snowball...sustainable high growth advice

- Succession and “belonging” actively managed
- Close knit – shared values
- Process driven, key functions centralised & shared services
- High productivity per planner in both channels
- Multiple opportunities for organic growth and acquisition
- Participation in “product” profits and scale benefits
- Adviser and management interest aligned with shareholders through equity participation

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