

For personal use only

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



*CapitalConnect*

# CapConnect Investor Forum

Melbourne, 5 March 2008

## Snowball Group Limited

Investor Presentation

Tony McDonald, Group Managing Director



*CapitalConnect*



snowball  
GROUP LIMITED

For personal use only

# Agenda

- Who we are, what we do & where we've come from
- Results & looking forward
- Our industry and acquisitions

For personal use only



# Who we are

- Integrated financial education, guidance & advice organisation
- Listed, corporatised, scale & critical mass
- Multiple sales & diversified revenue drivers
- Proven track record in acquisitions and integration

## Snowball

**outlook**  
financial solutions

- Employed advisers
- Focus on
  - referrals
  - corporates
  - credit unions
  - industry funds

**westernpacific**  
FINANCIAL GROUP

- Principal-owned
- “franchised” advisers
- Greater focus on retirement planning
- Dealer group structure

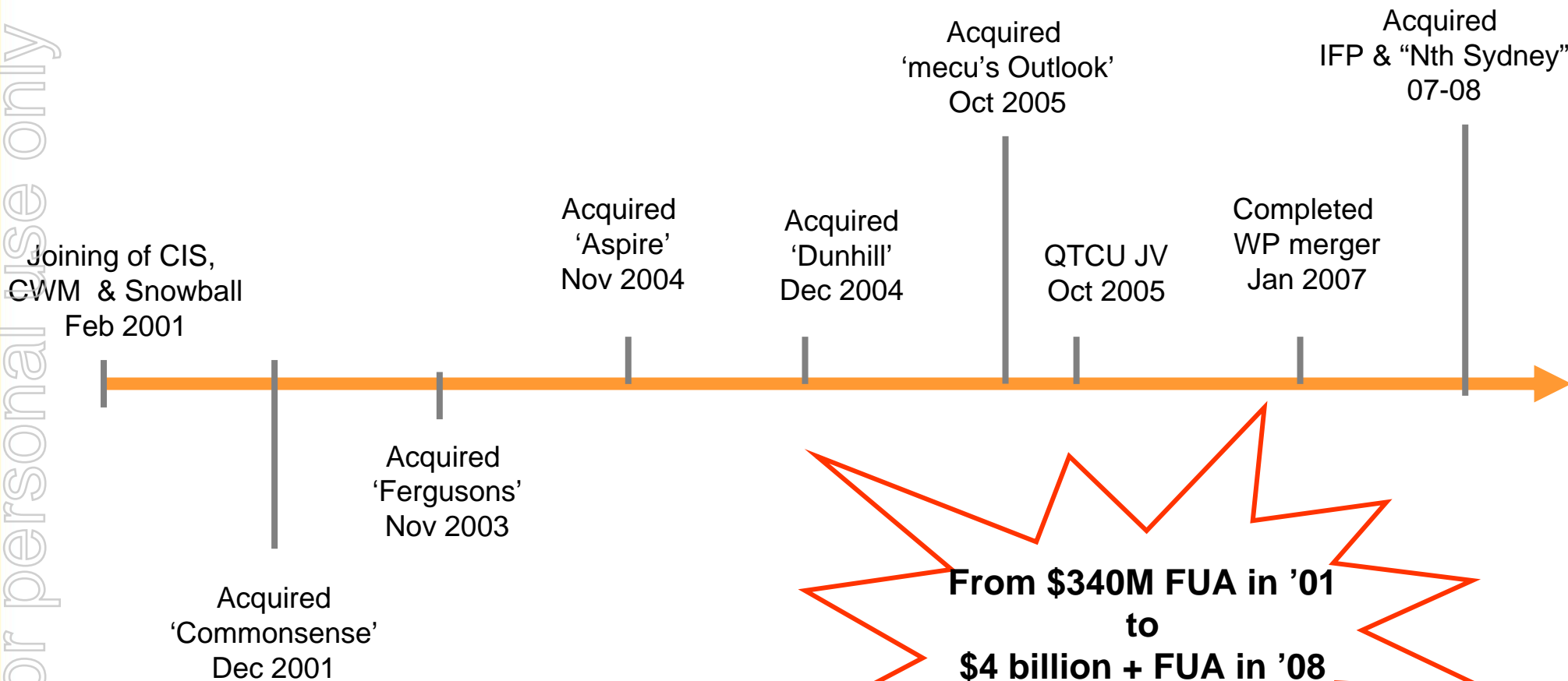


# What we do

- Provide 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)

# Where we've come from

For personal use only



**From \$340M FUA in '01  
to  
\$4 billion + FUA in '08**



# 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




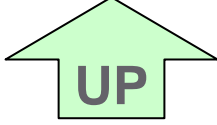

**Building on our previous success in delivering both organic and inorganic growth using this strategy**

# Productivity & efficiency

Benchmark	Citi research “aligned” channel average	Western Pacific average	Outlook average
FUA per planner	A\$23 million	A\$37 million	A\$67 million
Revenue per planner	A\$120,000	A\$413,000	A\$415,000

# EBITDA up 27% and on track for guidance




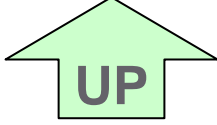

*Dec 2007  
Half Year*

Revenue from continuing operations		<b>18%</b> to	\$14.225M
Operating costs		<b>13%</b> to	\$9.164M
<b>EBITDA</b>		<b>27%</b> to	<b>\$5.144M</b>
Basic EBITDA per share		<b>21%</b> to	3.49 cents
Funds Under Advice		<b>10%</b> to	\$4.225B

*Based on proforma results for prior corresponding period, by adding together the results of the Outlook and WPFG businesses;  
Basic EBITDA per share calculated assuming the Outlook and WPFG businesses had merged at 1 July 2006*

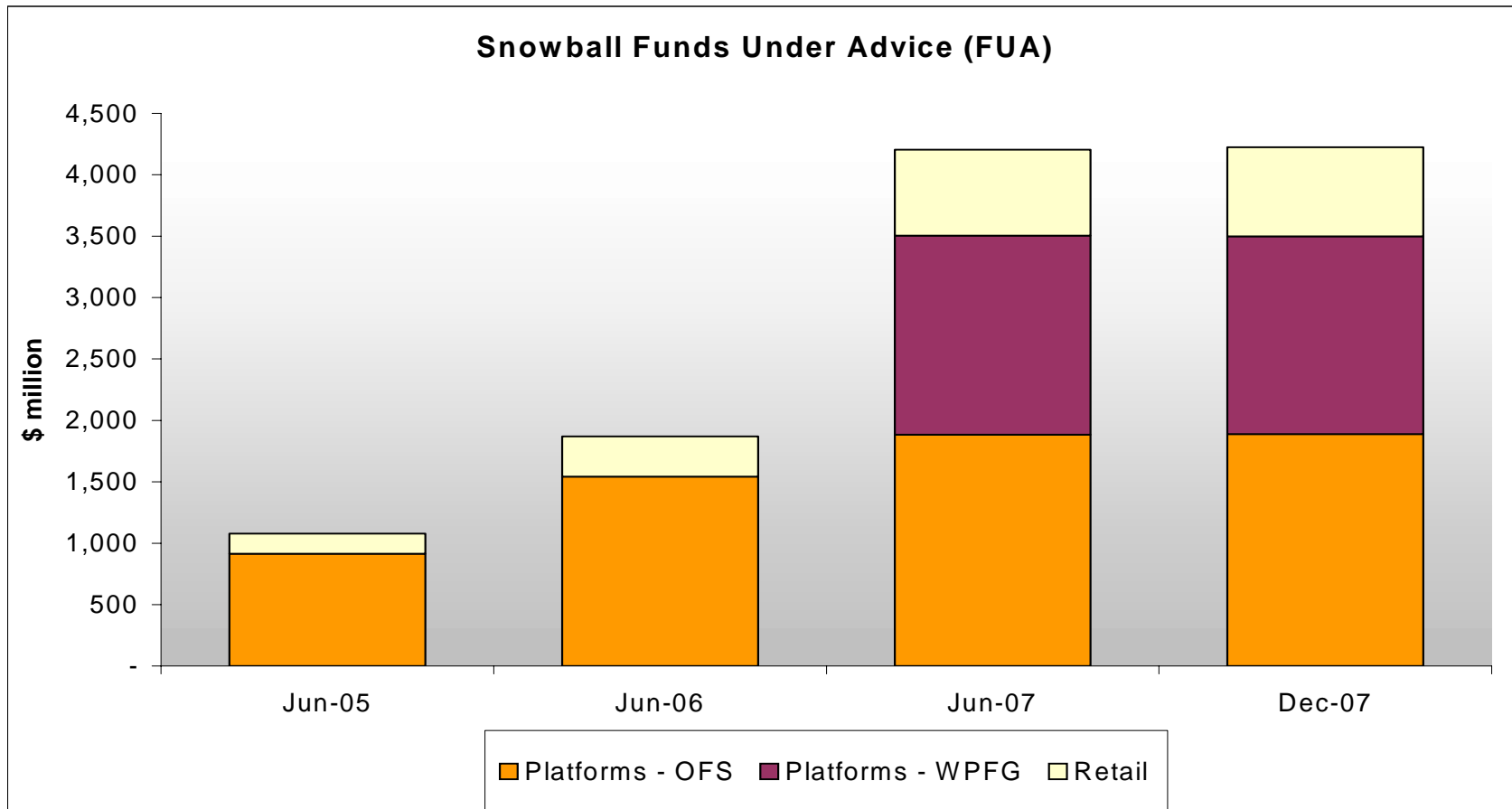
# Strong revenue growth in each business

*Dec 2007  
Half Year*

Financial planning (incl WP dealer margin)		<b>16%</b> to	\$11.677M
Insurance (Outlook)		<b>34%</b> to	\$1.181M
Accountancy services		<b>5%</b> to	\$1.206M
Other		to	\$0.161M
<b>Revenue from continuing operations</b>		<b>18%</b> to	<b>\$14.225M</b>

*Based on proforma results for prior corresponding period, by adding together the results of the Outlook and WPFG businesses*

# Snowball FUA doubled as a result of merger with WPFPG



Following the merger between Outlook and WPFPG in Feb 2007, Snowball FUA with platform providers has almost doubled ... giving rise to significant revenue synergy uplifts

## Expenses tightly controlled - forecast to be lower in 2<sup>nd</sup> half

Expenses in 6 months to Dec 07 in line with budget

Of the \$1.074m increase on prior corresponding period

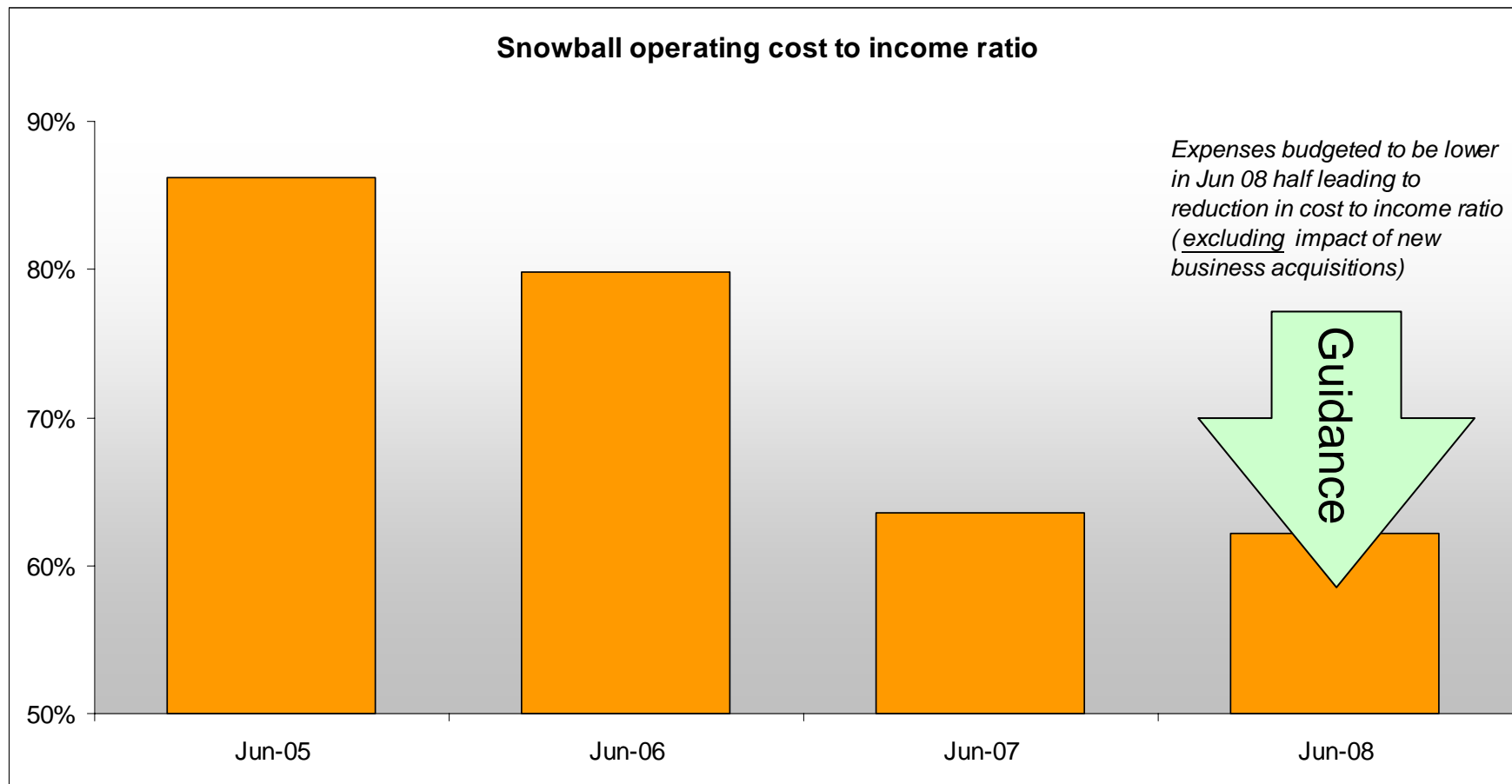
- approx. \$0.5m was planned **one-off** expenditure
- the balance is recurring in nature, being investment in infrastructure to support continuing expansion

Expenses forecast to be lower in 2<sup>nd</sup> half (excluding impact of acquisitions) due to

- continued cost control
- one-offs in 1<sup>st</sup> half won't be repeated

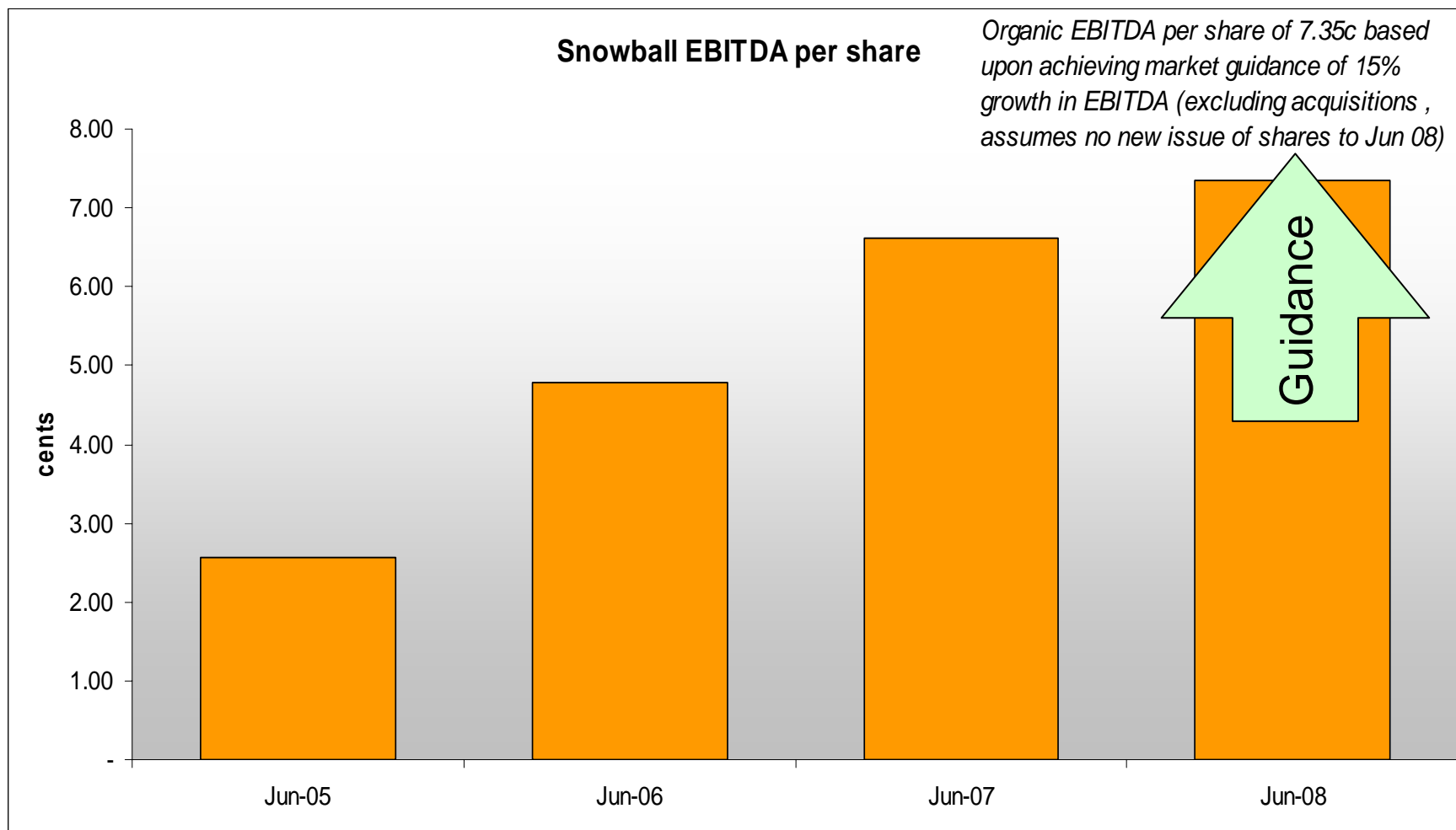
# Operating cost to income ratio reflects efficiency & synergies

For personal use only



Note: Jun 07 year based on pro-forma results (ie. assuming Outlook and WPFG were merged as at 1 July 2006)

# Organic EBITDA per share forecast to continue to climb



Note: Jun 07 year based on pro-forma results (ie. assuming Outlook and WPKG were merged as at 1 July 2006)

# Very low geared balance sheet to support strategy

	31 Dec 2007 \$'000	30 June 2007 \$'000
Working capital net of debt	2,603	1,196
Net intangible assets	48,000	48,457
Other non-current assets	3,775	3,656
Other non-current liabilities	(102)	(79)
<b>Net Assets</b>	<b>54,276</b>	<b>53,230</b>
Contributed Equity	54,369	52,869
Retained Profits *	3,649	3,940
Reserves & Minority Interest	(3,742)	(3,579)
<b>Total Equity</b>	<b>54,276</b>	<b>53,230</b>

\* Retained profits have decreased from 30 June 2007 due to dividend payment of \$2.976m exceeding net profit after tax earned for the current period of \$2.684m.

- With a significant excess of cash over borrowings and a gearing ratio of only 2%, Snowball has the balance sheet to support continuing expansion of the Group through a range of funding sources

## Strong EBITDA driven cash flows applied to dividends & debt

	6 months to 31 Dec 2007 \$'000
EBITDA	5,144
Issue of shares from exercise of options	1,056
Final fully franked dividend for 2007 year	(2,976) **
Repayments of borrowings	(1,188) **
Cap Ex	(243)
Other	(140)
<b>Net increase in cash</b>	<b>1,653</b>



Strong cash flows have enabled Snowball to

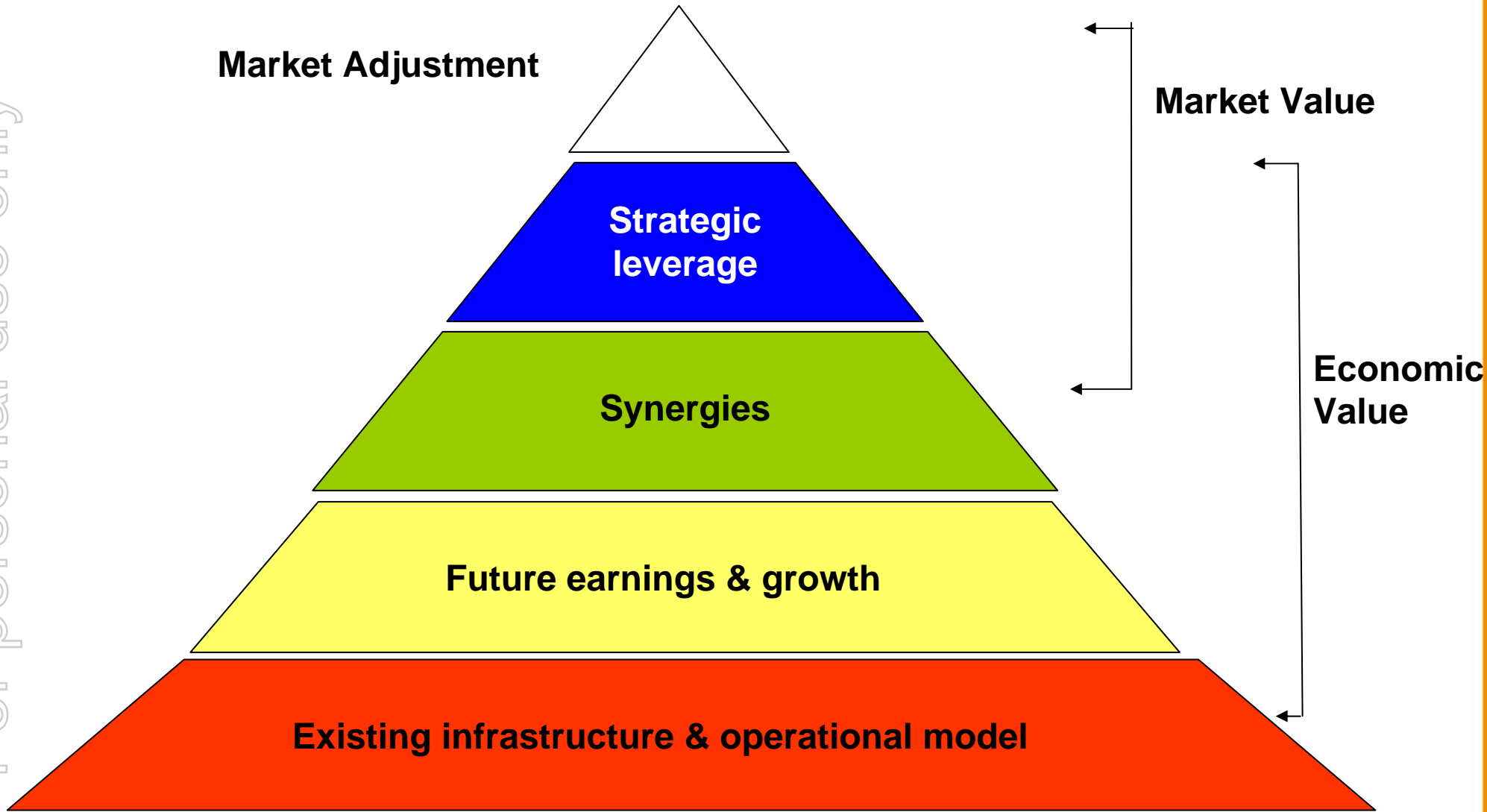
- accelerate loan repayments on borrowings; and
- pay a 2c final fully franked dividend for the year ended 2007 (and declare a 1c maiden interim fully franked dividend in 2008)

# Our industry – the realities

- 1 in 2 advisers will sell over the next 3-5 years
  - Talent shortage
  - Cottage industry, SME capacity constraint legacy
  - Scale is becoming important
- 
- Branding = trust
  - Margin squeeze
  - Compliance and back-office cost increases
  - “New” competitors

For personal use only

# Valuation pyramid



For personal use only

# 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

# Disclaimer

This presentation is for general information purposes, it does not purport to provide recommendations or opinions in relation to specific investments or securities.

This presentation is being provided to a limited number of “excluded offer” investors for the sole purpose of providing preliminary background financial and other information to enable recipients to review the business activities of Snowball Group Limited. It is not intended as an offer, invitation, solicitation or recommendation with respect to the purchase or sale of any securities.

This presentation should not be relied upon as a representation of any matter that a potential investor should consider in evaluating Snowball Group Limited. Neither Snowball Group Limited its affiliates or any of their Directors, agents, officers or employees make any representation or warranty, express or implied, as to or endorsement of the accuracy or completeness of any information, statements, representation or forecasts contained in this presentation, and they do not accept liability for any statement made or omitted from this summary.

Snowball Group Limited and its related companies, their officers, employees, representatives and agents expressly advise that they shall not be liable in any way whatsoever for any loss or damage, whether direct, indirect, consequential, or otherwise arising out of or in connection with the contents of and/or any omissions from this report except where a liability is made non-excludable by legislation.

This presentation and contents has been made available in confidence and may not be reproduced or disclosed to third parties or made public in any way without the written permission of Snowball Group Limited.

All estimates and forecasts relating to peer group companies have been made by Snowball Group Limited.