



## **Chairman's Address to Shareholders**

### **AGM – 27 November 2009**

In our 2009 Annual Report we have noted our view that Snowball's result was a solid one in the circumstances of the very challenging year, in terms of both markets and trading conditions.

Highlights of the result for the 2009 financial year include:

- The EBITDA result of \$10.001 million for FY09 was 91% of the reported result of \$10.989 million achieved in FY08, and exceeded market guidance;
- Operating EBITDA (being EBITDA excluding the \$0.770m profit on the merger of our accounting business) was down 16%, reflecting the fall in revenue due to market declines. To put that into context, the All Ordinaries Index declined by 26% over the course of the year;
- Costs, excluding those associated with acquired businesses during the year, decreased by 6%, evidencing the benefit of judicious cost containment;
- NPAT decreased by 9% compared to the prior corresponding period (i.e. down from \$5.823 million to \$5.299 million);
- Operating EBITDA per share has grown by an average of 27% since FY05; and
- Snowball paid a final fully franked dividend of 2.0 cents per share, taking the full year's dividend payment to 3.0 cents, compared with 3.5 cents for the 2008 year. Dividends have grown by an average of 44% since the maiden dividend in FY06.

While the result did not eclipse that of the previous period, it exceeded guidance and compared favourably to our listed peers.

We believe that our result shows the strength of our business fundamentals, built organically and through acquisition, as well as our ability to contain costs. We believe that your company has laid very strong groundwork over the last few years, which positions Snowball well for addressing the significant structural challenges to the industry over the next few years.

The industry is preparing to undergo fundamental reform, has experienced the results of a seismic shift in investment markets and shaken consumer sentiment, and additionally,

increased competition. A reformed framework for the wealth management industry should deliver a transparent, robust and openly competitive financial services industry, which is more client focused.

Overall we view the intent of the reforms very positively – we believe reform is needed, and are embracing the changes. Importantly, we believe that Snowball's existing operating model is very well structured to continue to deliver profitable growth with respect to these reforms in the coming years.

We see this time as an opportunity to utilise our strength to capitalise on opportunities that may arise as competitors may fail to adapt or emerge successfully from these challenges. Our Managing Director, Tony McDonald, will discuss these reforms and our strategic initiatives to address them in more detail.

Our people, across all business units, are focused on driving highly valuable advice solutions to our customers, while also delivering profitable growth for your company. I look forward to engaging this energy for 2010 and on behalf of all shareholders, the Board would like to thank all of Snowball's management, advisers and staff for their tenacity during 2009 and their commitment to the company's future.