

MARKET RELEASE

26 May 2010

Presentation to Macquarie Securities Investor Session

Tony McDonald, Managing Director of Snowball Group Limited (Snowball), has today presented the attached investor briefing to a Macquarie Securities Investor Session. The presentation includes an overview of Snowball, discussion of the proposed industry regulatory reforms and Snowball's responses to those reforms, and a brief review of Snowball's recent financial performance.

It also reaffirms Snowball's stated performance guidance included in the 1H10 result, with the 2H10 result expected to be better than the first half, assuming no materially adverse market movements.

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Macquarie Securities Investor session

26 May 2010

sn^owball
GROUP LIMITED

Important Notice and Disclaimer

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

The presentation has been prepared in good faith and with reasonable care. It is not intended that it be relied upon and the information in this presentation does not take into account your financial objectives, situations or needs. Investors should consult with their own legal, tax, business and/or financial advisers in connection with any investment decision.

Agenda

Overview of Snowball Group Limited

Regulatory reforms

Financial performance

Questions

Overview of Snowball Group Limited

Overview of Snowball Group Limited



Salaried advisers

- Employed, salaried adviser model
- 10 offices and 39 advisers across NSW, VIC, QLD and WA
- Includes our corporate super business and affinity partner model
- Corporatised advice infrastructure



'Franchised' advisers

- 'Franchise' dealer group, principal adviser owner operators
- 19 practices and 55 advisers across NSW, VIC, QLD, WA and SA
- In-built adviser retention mechanisms
- Access to group infrastructure



Accounting / SMSF advisers

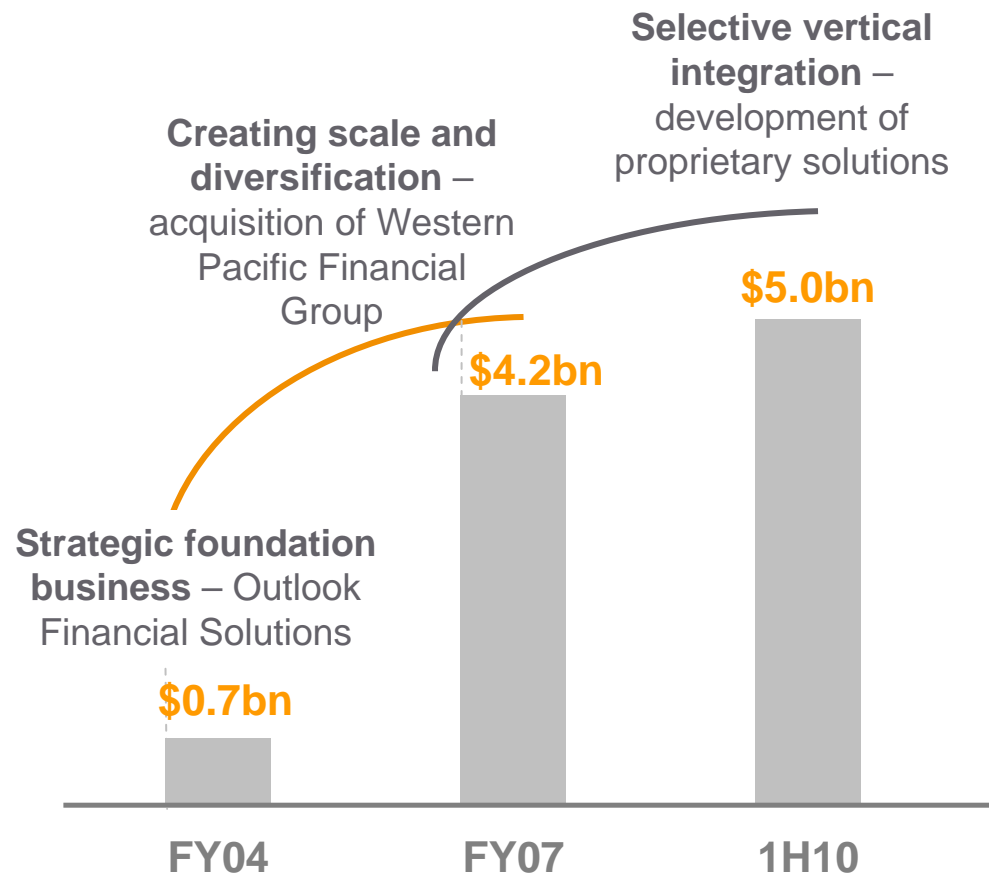
- Our accounting / SMSF JV – operations in NSW and VIC
- Well established SMSF business



Portfolio management

- Acquired 1 Feb 2010
- Portfolio construction and fund-of-funds management business
- RE capability
- Group investment product "hub"

Our journey to \$5.0bn in FUMA



Consistent, long-term growth strategy

- Continued organic growth across all businesses
- Wholesale our advice and product model to affinity partners seeking advice services, including corporations, credit unions and industry and public sector funds
- Acquisitions and mergers
 - Tuck-in and firm level acquisitions
 - Additional but complementary distribution channels
 - Selective vertical integration (*acquired Officium Capital, effective 1-Feb-10*)
 - Rationalisation of independents

Differentiated wealth adviser group

✓ Scale

- Non-aligned critical mass – economies of scale in key distribution channels
- As at 1H10:
 - \$4.5bn in FUA
 - \$3.3bn (73%) of FUA in preferred platforms
 - \$465m in FUM

✓ Diversification

- Diversified across:
 - Distribution models: Outlook, Western Pacific, Duncan Dovicco / OTAS
 - Consumer segments: mass affluent, HNW, SMSF, corporate super
 - Revenue lines: advice, dealer services, portfolio management, platform, accounting, SMSF

✓ Sustainable, non-aligned business model

- Adviser retention mechanisms
- Close contact with our adviser network
- Corporatised, scalable approach to advice
- Proven organic and inorganic growth strategy
- Well positioned to deal with regulatory change and further industry consolidation

Regulatory reforms –
The contemporary advice model

“Contemporary advice firms will control their own destiny”

Aligned: the Consumer and the Regulator

Consumer ✓

Observations

- Existing trust among advised clients
- Need to establish trust among 'new clients'
- Trust comes from transparency and delivery
- Managed funds seen to be relatively less trusted following market volatility fallout
- Greater demand for direct, 'transparent' assets and self direction

Needs

- Adviser must be aligned to client needs (while extracting economies of scale)
- The client needs to understand what they are going to receive and it needs to be delivered
- And, it needs to be delivered for value

Regulator ✓

- **Henry: Fairer super**
 - Increased compulsory super to 12% by 2019
 - Greater concessions for low income earners
 - Catch-up contributions for older workers
- **Ripoll / Bowen: More transparency, less conflicts**
 - Fiduciary duty – best interests
 - Prospective ban on commissions
 - Prospective ban on volume based rebates
 - 'Opt in' payment for advice method
 - Extension of intra-fund advice
- **Cooper I, II, III: Governance, Operations and Efficiency, Structure**

Potential impacts on the advice industry

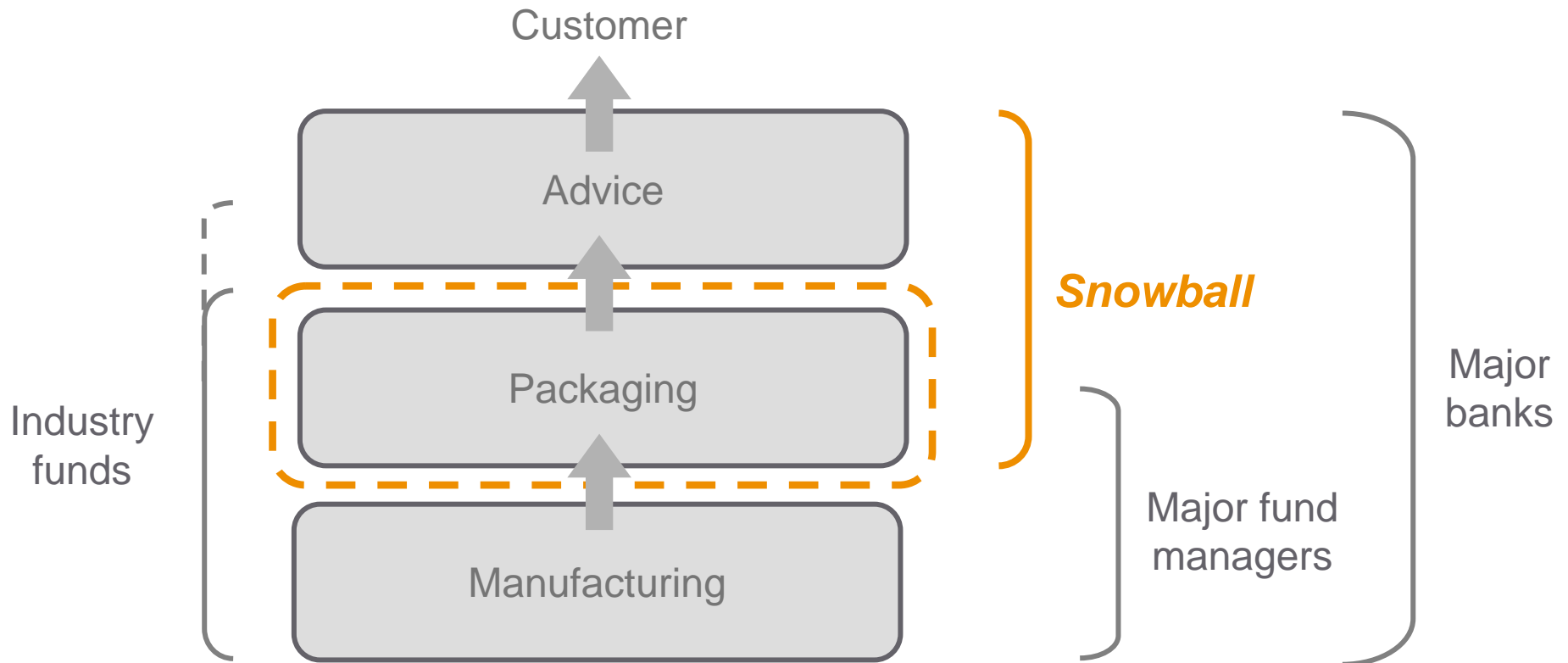
- Broadly, the consumer and the regulator are aligned – supports advice
- Snowball understands that the relationships between each segment in the value chain will change, but advisers hold the client relationship
- Advice firms with scale are better positioned to introduce changes and be a price maker – many others will be a price taker to large institutional suppliers
- Potentially have a similar impact to the introduction of the Financial Services Law Reform Act in 2001 – the introduction of a fiduciary duty and increased compliance may force out smaller or standalone operators, but query vendor sale expectations
- There are still execution risks:
 - Unintended consequences that impede consumer empowerment and informed choice
 - Over zealous drafting that inadvertently reduces competition

Our responses

Driving the client experience and our profitability across the value chain

- We support the government's intentions
- Well positioned for broadest regulatory agenda but ready for the 'best case' scenario
- As previously stated to the market, Snowball is in the process of building appropriate infrastructure to become a leading, non-aligned advice group, satisfying client and regulatory needs:
 - Continue to enhance the client and advice experience – 'the advice offer'
 - 'Proprietary / owned', cost conscious investment portfolio solutions – segmented approach
 - 'Proprietary / owned' low cost portfolio administration solutions – segmented approach
- Responses will be implemented to extract scale benefits – a shared benefit

The contemporary value chain



Contemporary advice firms will be in control of their own destiny

Driving the client experience & our profitability

#1: Development of our advice offers – responding to the consumer

- Expanding and refining our offers to better address client needs in a changing environment
 - Greater discernment and self direction (eg. MDAs, IMAs, SMSFs)
 - Enhanced integration with investment approach and portfolio solutions

Continuous improvement of our core advice offers – business as usual

#2: Investment approach

- Cost conscious
- Broadening review of asset classes and methods of gaining exposure (eg. direct vs managed funds)
- Refining tactical asset allocation (eg. Dynamic Asset Allocation Fund)
- Increasing transparency (eg. fund manager see through)

Acquired Officium Capital in 2H10 – continuously leveraging our portfolio management capability

Driving the client experience & our profitability

#3: Portfolio administration – developing a proprietary solution for our future needs

- Key to enhancing the client experience
- Cost conscious proprietary solution – functionality and pricing structure critical to deliver flexibility and efficiency across a range of consumer preferences, market segments and account balances

Discussions with providers in progress since mid 2009 – expect implementation in FY11

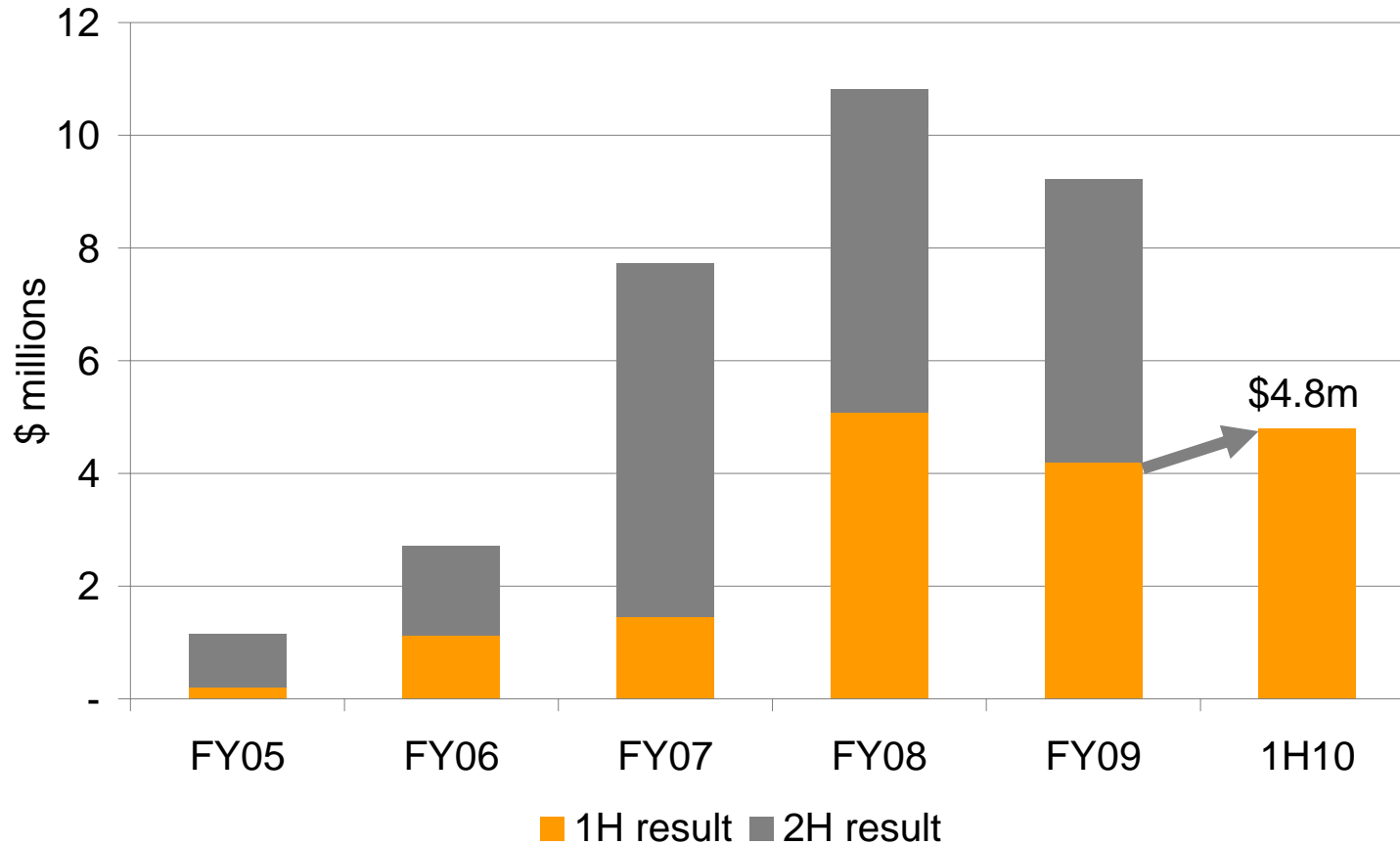
In summary

- ✓ Support the Government's intentions and proposed reforms to date - the consumer and regulator are broadly aligned
- ✓ Engaged with regulators and industry associations to support outcomes and implementation
- ✓ Well positioned and actively implementing our key initiatives to address the regulatory reforms – should provide sustained organic and inorganic growth opportunities
- ✓ Overall, reducing the cost to the consumer while maintaining Snowball revenue margins

Financial performance

Growth in Operating EBITDA

Operating EBITDA increased by 14% in 1H10



Note: FY07 based on reported results; 2H07 includes WPKG and Outlook.

Financial performance – 1H10

- Increase of 14% in Operating EBITDA due to:
 - Increase in revenue of 9%, largely due to increase in FUA driven by acquisitions and market recovery
 - Increase in expenses of 6%, largely due to acquisitions and re-investment in the business to address proposed regulatory change.
- Decline in reported NPAT of 39% was due to:
 - Favourable one-off profit of \$770k from the sale of OTAS in 1H09
 - Amortisation adjustment of \$240k in 1H09 (relating to a prior period)
 - Acquisition related costs of \$464k associated with the Officium Capital transaction in 1H10.
- Removing the impact of the above non-recurring items, 'Normalised' NPAT increased by 3%

1H10 financial performance

\$'000	1H10	1H09	Δ%
Operating EBITDA	4,794	4,202	14%
Impact of one-off items	(464)	770	
EBITDA	4,330	4,972	(13%)
Interest expense	(300)	(92)	226%
Depreciation and amortisation expense	(1,549)	(1,029)	51%
Income tax expense	(687)	(897)	(23%)
Reported NPAT	1,794	2,954	(39%)
Removal of one-off items	464	(1,010)	
Tax impact of one-off items	(139)	110	
'Normalised' NPAT	2,119	2,054	3%
Basic EPS (c)	1.17	1.93	(39%)
EPS (Normalised NPAT) (c)	1.38	1.34	3%
DPS (c)	1.25	1.00	25%

Share register and market statistics

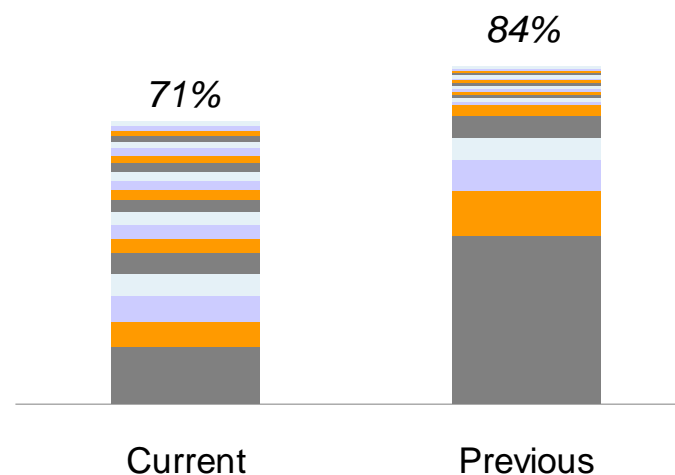
Enhanced liquidity

- Share register historically largely illiquid due to Officium Group's holding of approximately 62%
- Officium Group has recently distributed its Snowball shares to its underlying shareholders, who are predominantly the practice owners and senior advisers of Western Pacific
- These shares are escrowed until 17 March 2012, but are able to participate in managed sales processes at approximately 6 monthly intervals
- First process was completed in April 2010. 8.2m shares were sold (~5.3% of register) to new and existing institutional investors
- Enhanced liquidity program on track

Market statistics

Share price (as at 24 May)	\$0.40
Market capitalisation	\$61.5m
Annualised, fully franked dividend*	3.25c
Yield	8.1%

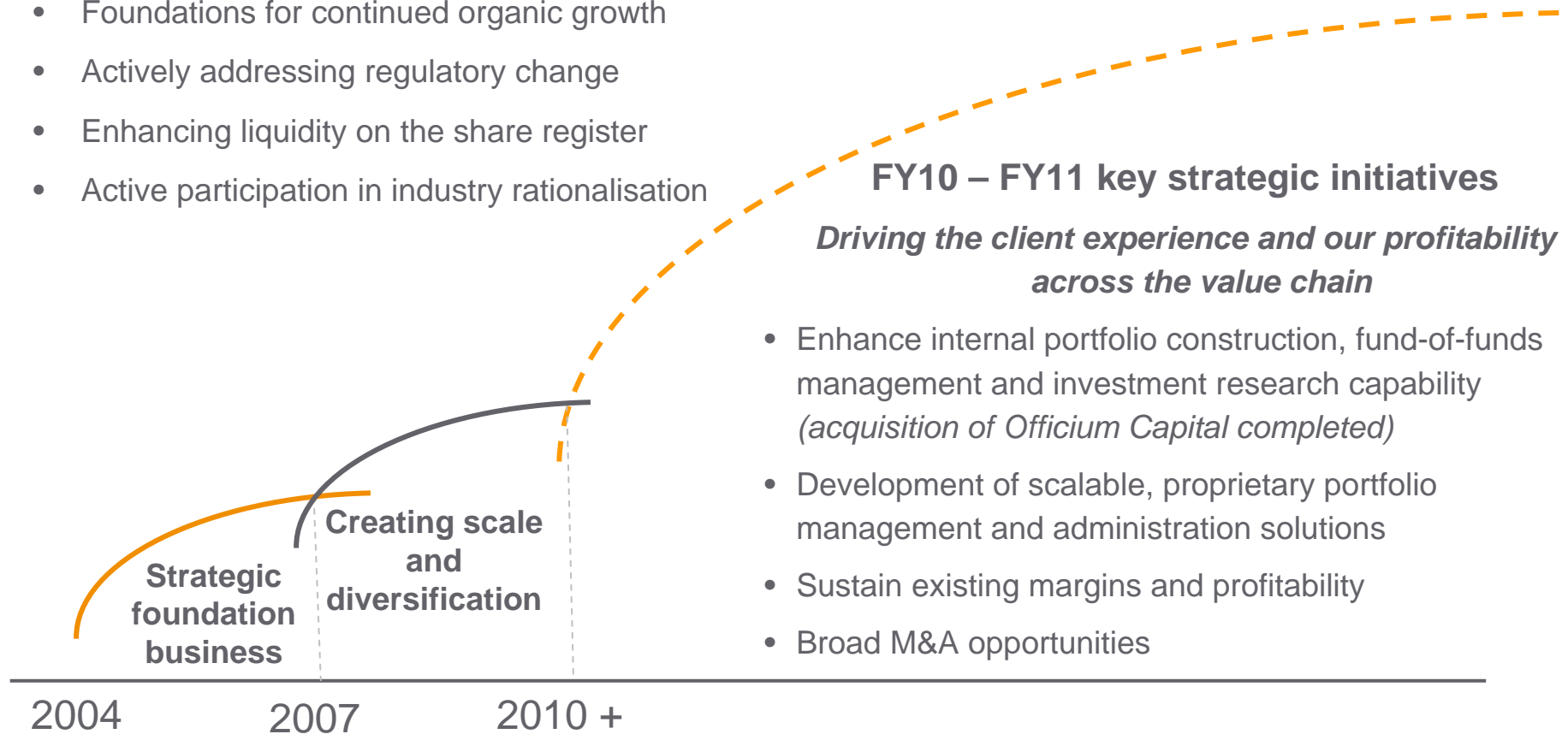
Top 20 shareholdings



*Annualised dividend = Final FY09 dividend of 2c and 1H10 interim dividend of 1.25c.

Looking forward

- FY10 performance outlook unchanged – on track to improve on 1H10 NPAT¹
- Foundations for continued organic growth
- Actively addressing regulatory change
- Enhancing liquidity on the share register
- Active participation in industry rationalisation



1. Subject to no materially adverse market movement.

Questions

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