

# ASX RELEASE.

## BELL FINANCIAL GROUP

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18 September 2019

ASX Market Announcements Office  
ASX Limited  
20 Bridge Street  
Sydney NSW 2000

### **BELL POTTER EMERGING LEADERS CONFERENCE 2019**

Attached is the presentation that Bell Financial Group Executive Chairman, Alastair Provan, will give this morning at the Bell Potter Emerging Leaders Conference in Sydney.

**Cindy-Jane Lee**  
Group General Counsel & Company Secretary

For further information:

Cindy-Jane Lee  
Group General Counsel & Company Secretary  
[cjlee@bellpotter.com.au](mailto:cjlee@bellpotter.com.au)

### **ABOUT BELL FINANCIAL GROUP**

Bell Financial Group Ltd (ASX: BFG) is an Australian-based provider of stockbroking, investment and financial advisory services to private, institutional and corporate clients. Bell Financial Group has over 650 employees, operates across 16 offices in Australia and has offices in New York, London, Hong Kong and Kuala Lumpur.

# BELL FINANCIAL GROUP (ASX:BFG)

An Australian owned provider of stockbroking, investment and financial advisory services to private, institutional and corporate clients

September 2019

# CONTENTS

<b>1</b>	Overview	3
<b>2</b>	Corporate Structure & Businesses	5
<b>3</b>	Strategy	13
<b>4</b>	Financial Summary	16
<b>5</b>	Market Update	18

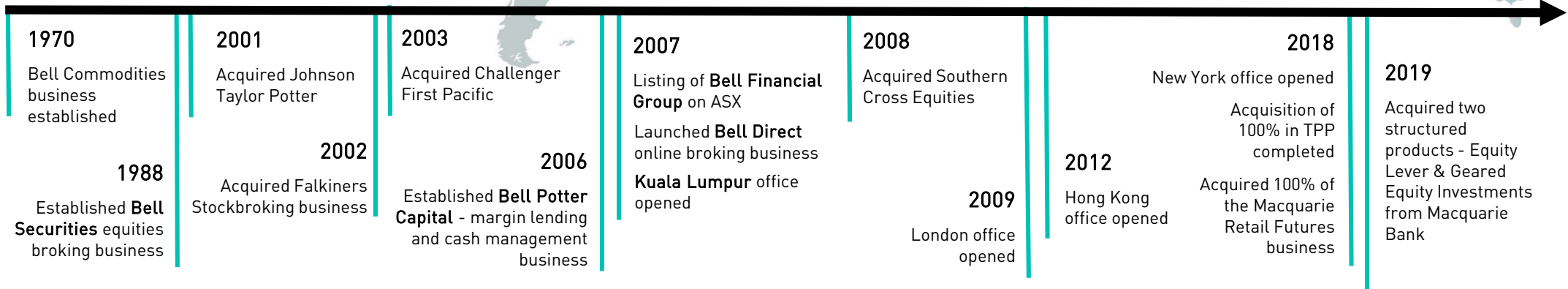
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# OVERVIEW

# OVERVIEW Bell Financial Group is a leading Australian financial services business

Established in 1970 and publicly listed in 2007, Bell Financial Group is an Australian owned provider of stockbroking (full service and online) and investment and financial advisory services to private, institutional and corporate clients.

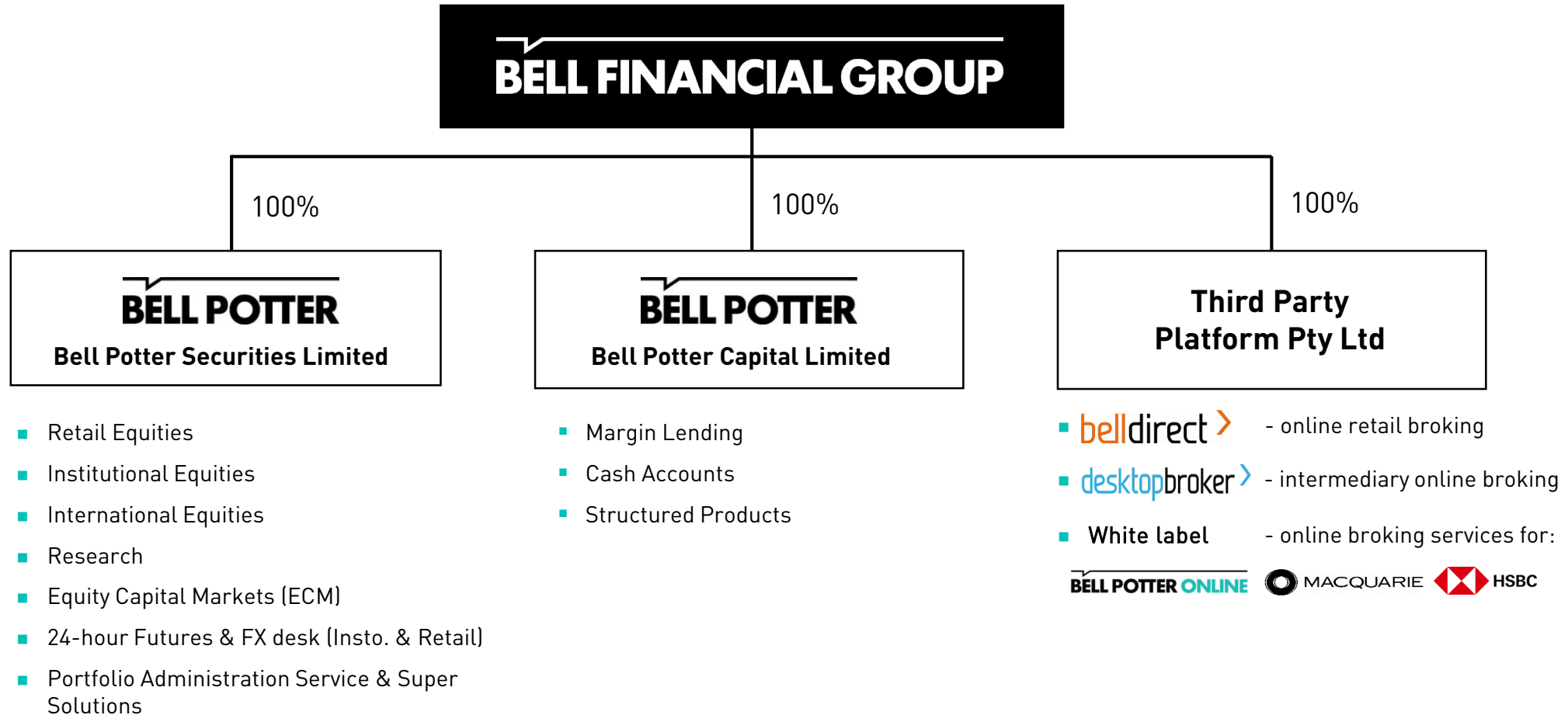
- 15 offices across Australia plus offices in London, New York, Hong Kong and Kuala Lumpur
- 680 staff including 325 Financial Advisers
- \$55b funds under advice
- Market capitalisation – \$300m



# 2

## CORPORATE STRUCTURE & BUSINESSES

# CORPORATE STRUCTURE & BUSINESSES



# MANAGEMENT

A deliberately flat management structure that is experienced, stable and has a substantial shareholding in the business

## BELL FINANCIAL GROUP BOARD

**Alastair Provan**  
Executive Chairman  
+35 years' industry  
experience

**Craig Coleman**  
Non-Executive Director  
+30 years' industry  
experience

**Graham Cubbin**  
Non-Executive Director  
+16 years' industry  
experience

**Brian Wilson AO**  
Non-Executive Director  
+40 years' industry  
experience

## SENIOR MANAGEMENT

**Colin Bell**  
BPS Director  
+45 years' industry  
experience

**Alastair Provan**  
Executive Chairman  
+35 years' industry  
experience

**Andrew Bell**  
BPS Director  
+40 years' industry  
experience

**Lewis Bell**  
BPS Director  
+35 years' industry  
experience

**Arnie Selvarajah**  
BPS Director &  
CEO of TPP  
+25 years' industry  
experience

**Dean Surkitt**  
BPS Director &  
Managing Director of  
Retail Equities  
+32 years' industry  
experience

**James Unger**  
BPS Director &  
Head of ECM  
+25 years' industry  
experience

**Dean Davenport**  
Group COO & CFO  
+25 years' industry  
experience

**Rowan Fell**  
BPS Director & CEO  
Bell Potter Capital  
+36 years' industry  
experience

**Geoff Louw**  
Head of Futures & FX  
+40 years' industry  
experience

**Brendan Goff**  
Group Head of Compliance  
+20 years' industry  
experience

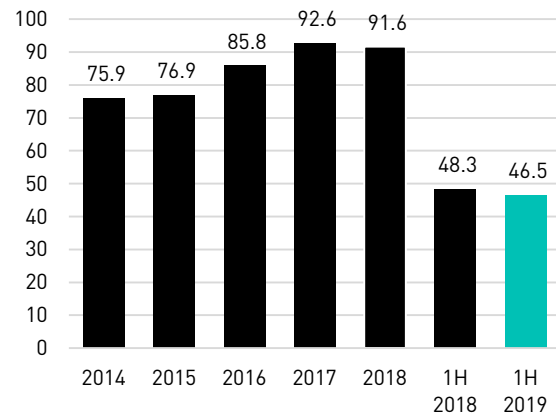
**James Gordon**  
Head of Australian  
Institutional Broking  
+26 years' industry  
experience

**Cindy-Jane Lee**  
Group General Counsel &  
Company Secretary  
+18 years' industry  
experience



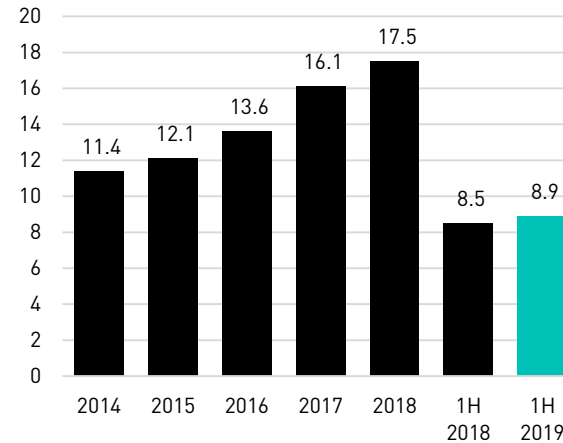
# BELL POTTER SECURITIES (BPS)

**BROKERAGE REVENUE  
(RETAIL & WHOLESALE) (\$M)**



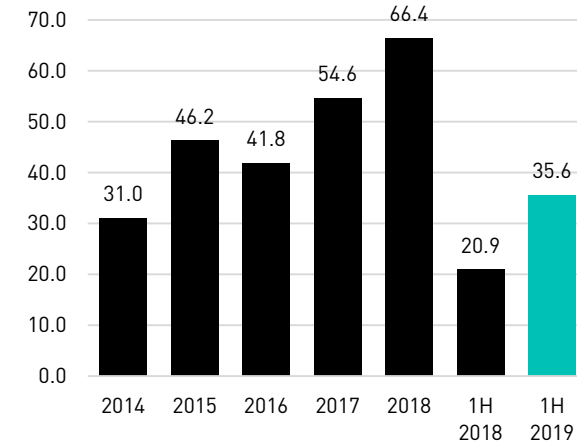
- 325 Financial Advisers servicing 500,000 retail, wholesale and institutional client accounts.
- \$91.6 million in gross brokerage in 2018.
- \$46.5 million in gross brokerage in 1H 2019. 4% down on the p.c.p. reflecting the slower start to year.

**PAS & SUPER SOLUTIONS REVENUE (\$M)**



- Consistent long term growth.
- \$17.5 million gross revenue generated in 2018 with \$3.25 billion in FUA.
- \$8.9 million in gross revenue 1H 2019, 5% up on the p.c.p. from \$3.8 billion in FUA.

**ECM REVENUE (\$M)**



- ECM team raised \$1.7 billion in new equity capital in 2018.
- Generated \$66.4 million in fee income across 120 transactions.
- In 1H 2019 \$1.25 billion in new equity capital raised and \$35.6 million in fee income earned across 75 transactions.
- 1H 2019 70% up on the p.c.p.
- Market leader in Small Mid-Cap Australian ECM.

# THIRD PARTY PLATFORM (TPP)

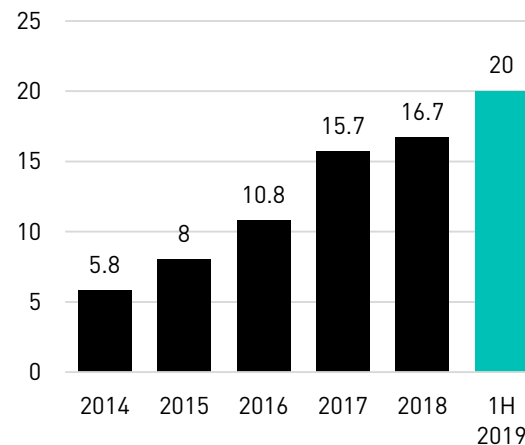
- Consistent growth in revenue, sponsored holdings and clients account over last five years.
- \$15.2 million gross revenue in 2018, up 7% on p.c.p.
- \$8.6 million gross revenue and \$1.4 million profit before tax for 1H 2019, up 15% and 17% respectively on p.c.p.
- TPP currently has \$20 billion in CHESSE sponsored holdings and 168,000 client accounts.
- In latest Investment Trends “Online Investing Report”, Bell Direct was ranked first in Overall Customer Satisfaction category and first in 10 out of 21 other key service areas measured.
- TPP operates out of three locations, with 20 permanent staff in Sydney, 12 in Perth and 53 in KL. BPS also has 7 full-time staff in KL.

Online retail broking  
**belldirect** >

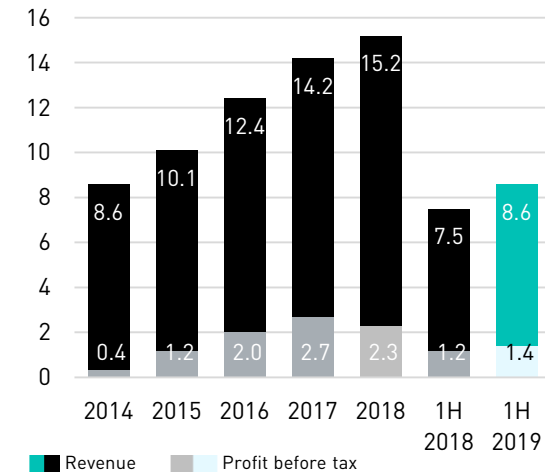
Online intermediary broking  
**desktopbroker** >

White label online broking services  
**BELL POTTER ONLINE**  **MACQUARIE**  
 **HSBC**

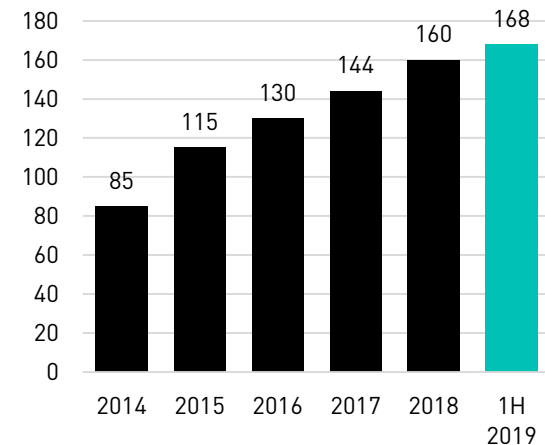
SPONSORED HOLDINGS (\$B)



REVENUE (\$M)



CLIENT ACCOUNTS ('000)



# BELL POTTER CAPITAL (BPC)

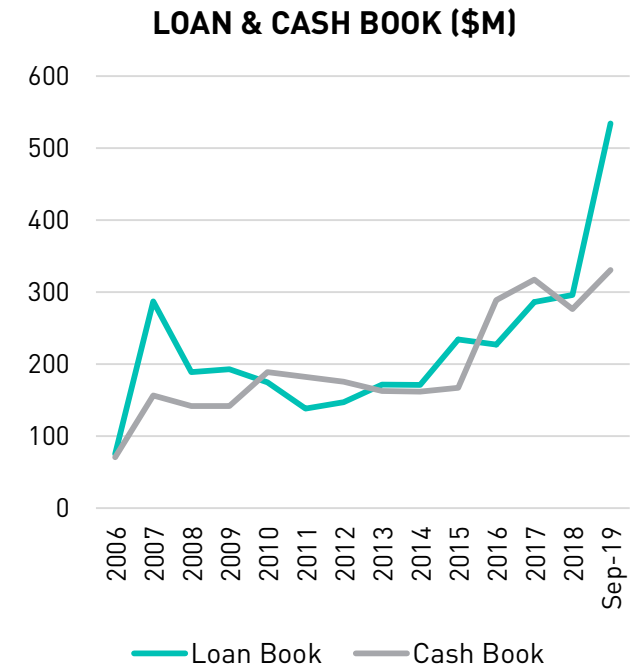
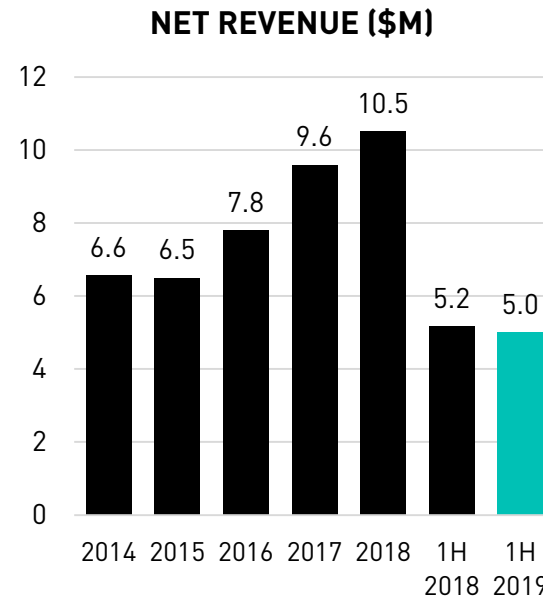
- Established in 2006
- Only non-bank margin lender in the Australian marketplace
- \$270 million loan book (at 30 June 2019)
- \$313 million cash book (at 30 June 2019)
- Conservatively managed:
  - 30% average LVR across the loan book
  - No bad debts in the company's history
- Consistent revenue and earnings growth over last 5 years.

## 1H 2019

- Flat due to slight margin compression caused by lower interest rate environment and repayment of outstanding loan balances.

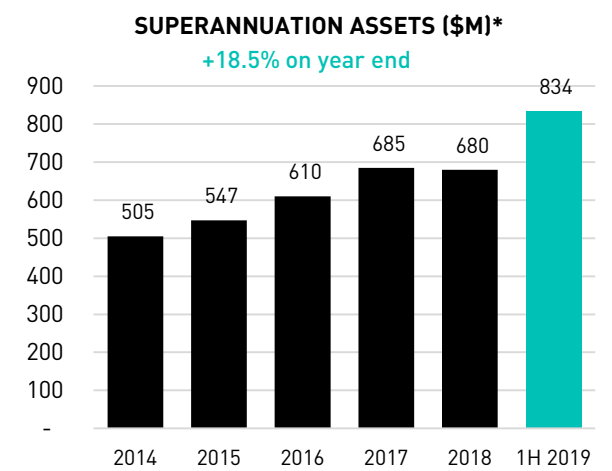
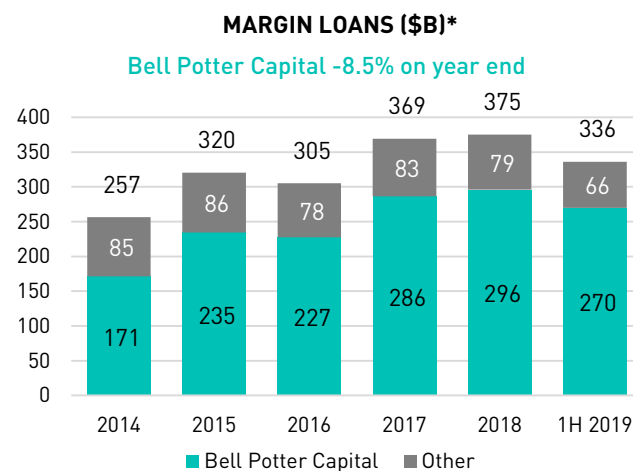
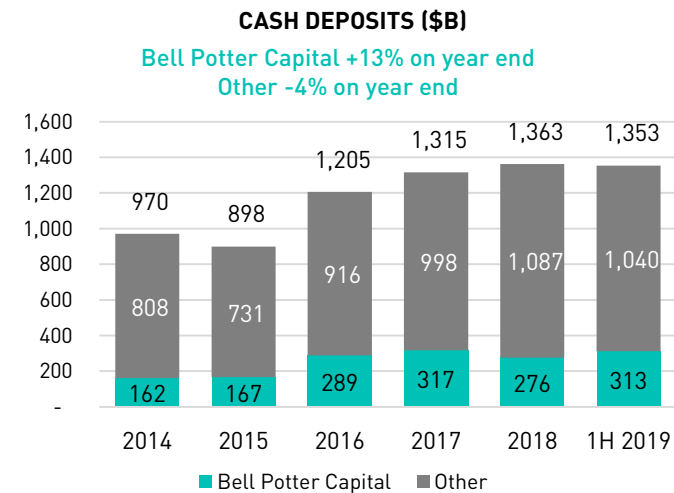
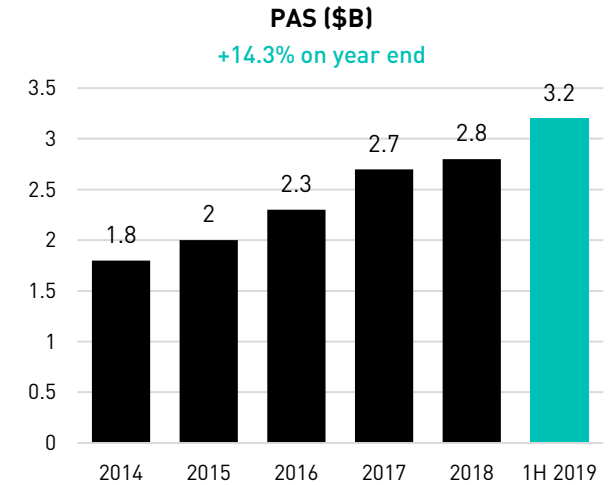
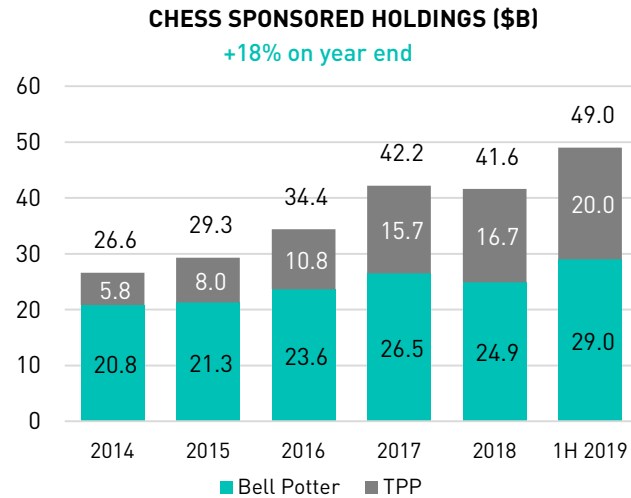
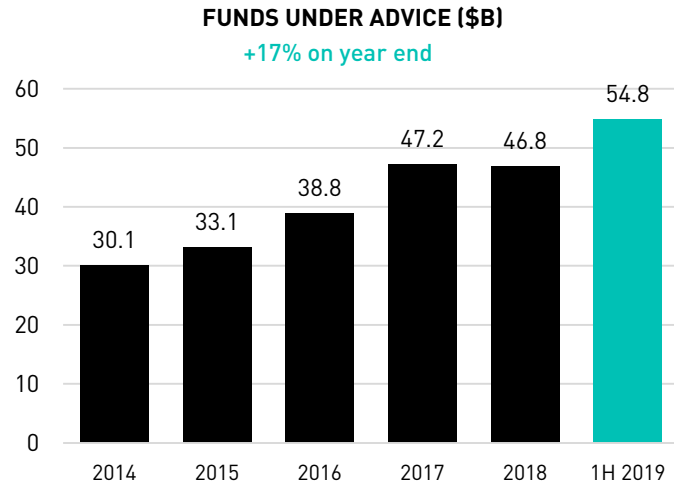
## 2H 2019

- Post 30 June this year BPC acquired two structured loan products (Equity Lever and Geared Equity Investments) and the associated sales and product development teams from Macquarie Bank.
  - Increases BPC's loan book to approx. \$550 million (see chart)
  - Significantly increases direct sales access to the rapidly changing Independent Financial Advisers channel, in addition to providing new products for our stockbroking clients.



# FUNDS UNDER ADVICE (FUA)

At 30 June 2019 FUA were \$55 billion.



\*Excludes structured products, loan books acquired 05/09/2019  
Current BPC loan book is \$550m

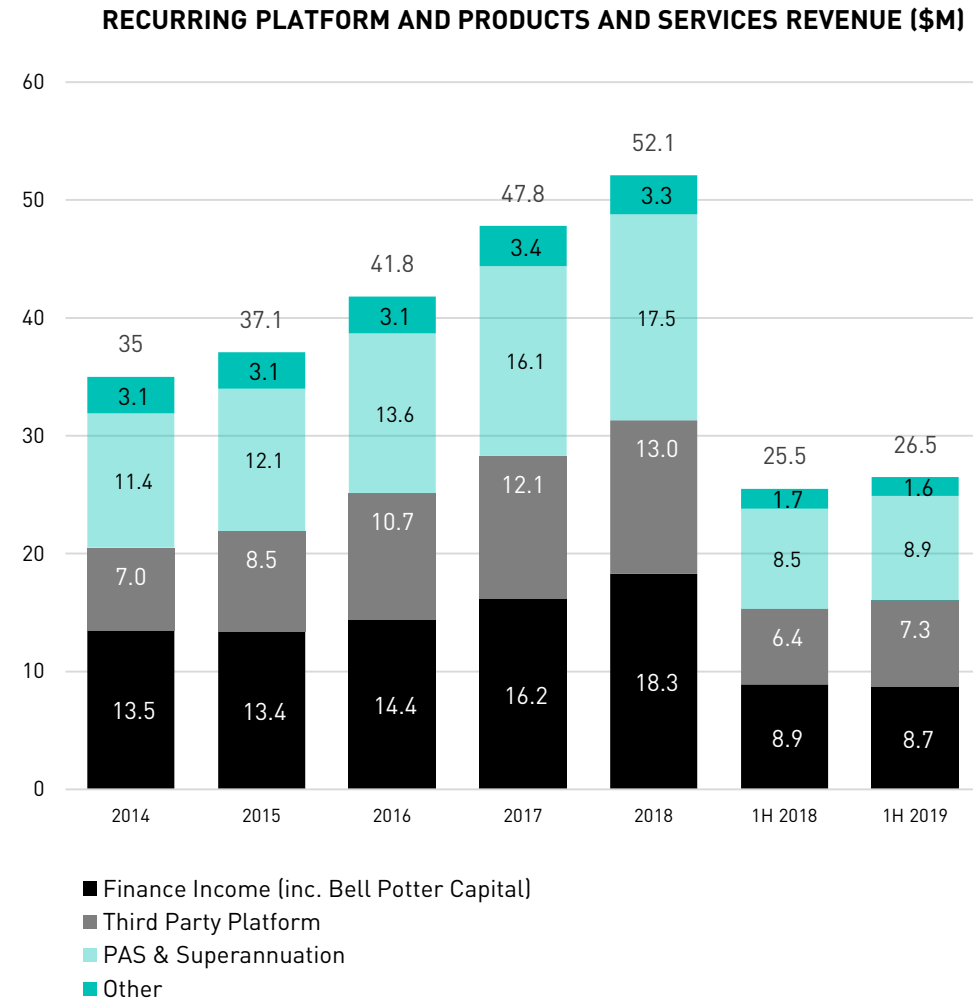
\* Superannuation assets are managed in PAS

3

STRATEGY

# RECURRING PLATFORM + PRODUCTS + SERVICES REVENUE

- Approximately 10% of Group FUA, \$5.7 billion, using our various platforms and products and services produce recurring revenue.
- Generated recurring revenue of \$52.1 million in 2018, approximately 24% of total gross revenue.
- \$18.3 million BPC Finance Income, \$13 million from TPP, \$17.5 million from PAS and Superannuation.
- Recurring revenue of \$26.5 million for the six months to 30 June 2019 was 4% higher than previous corresponding period.
- Earlier this year we launched the Bell Potter Guided Portfolio Service (GPS), a Managed Account solution for distribution through our various internal channels as well as externally through Independent Financial Advisers serviced by Bell Potter, Bell Potter Online and Desktop Broker.
- While still in early stages, this initiative is an important component of the evolution of our business which is increasingly leveraging technology and bringing better product solutions to our clients.



# TECHNOLOGY

**We are committed to ongoing development of new and existing proprietary platforms which deliver real cost and revenue benefits and market advantage.**

## **IQ**

- Our price discovery and trade execution platform 'IQ' is currently being rolled out across the network
- Will result in a significant reduction in execution costs

## **FUSION**

- FUSION is our proprietary compliance Desktop and CRM application
- Assists with client management and our compliance obligations in a changing regulatory environment

## **TPP platform development**

- A dedicated development team is working on the platform to enable it to execute, settle, clear and account for all equity transactions for our full service and online broking businesses
- Represents a significant opportunity to materially reduce our cost of producing contract notes. Also presents possibility to offer Third Party Execution and Clearing Services to the market
- TPP has applied to ASX to become a General Clearing Participant. We hope to receive approval by the end of this year

## **Commitment to technology**

- We have a full-time technology team of 74 across the Group (40 in TPP and 34 in Bell Potter) who provide support, maintain infrastructure and continuously develop and improve our proprietary applications and platforms

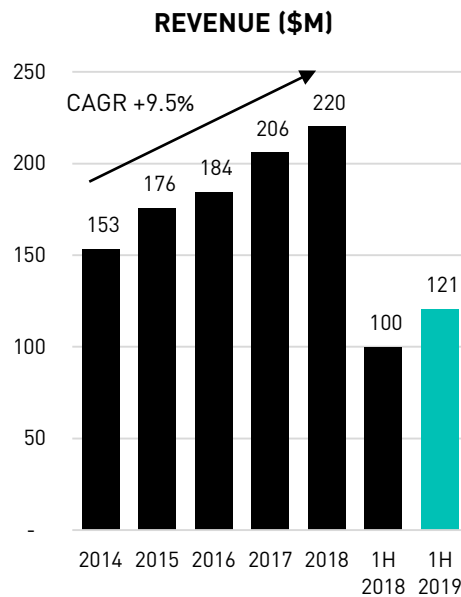
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FINANCIAL  
SUMMARY

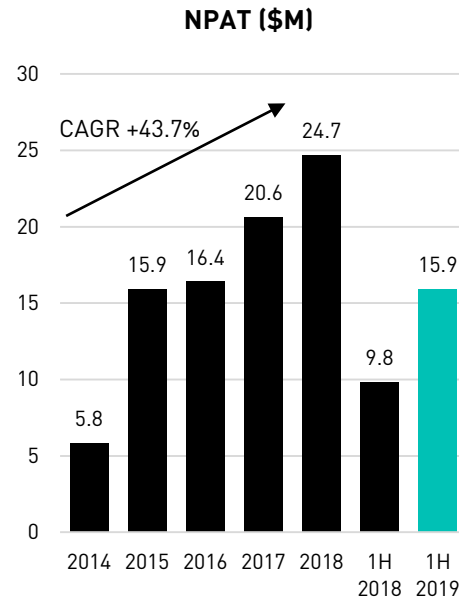


# GROWTH

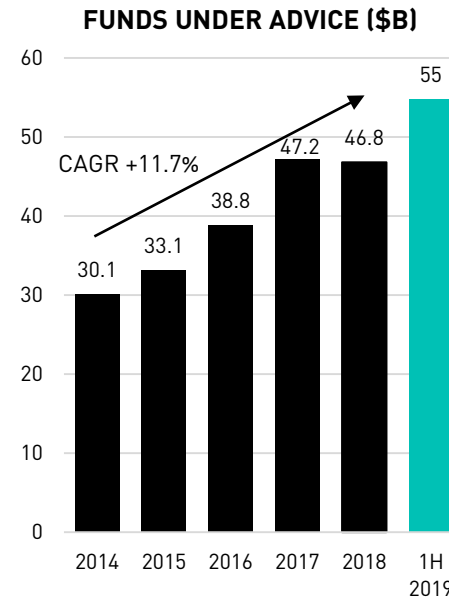
- We have a record of consistent growth across all business units over an extended period
- Little or no recognition in our share price
- Five year Compound Annual Growth Rate Charts



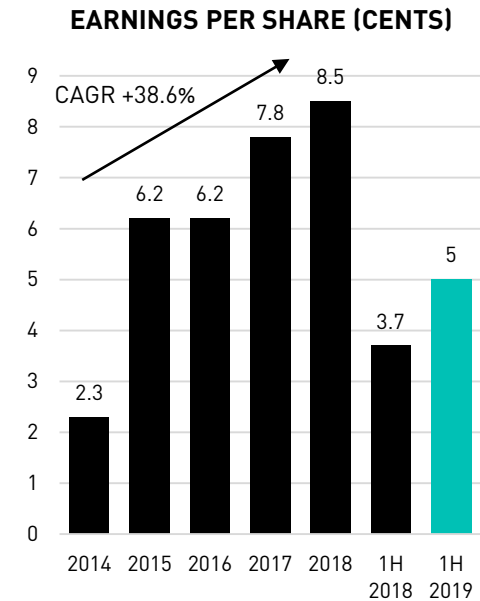
1H19 Revenue up 21% on a p.c.p basis



1H19 NPAT up 62% on a p.c.p basis



1H19 FUA up 18% on December 2018

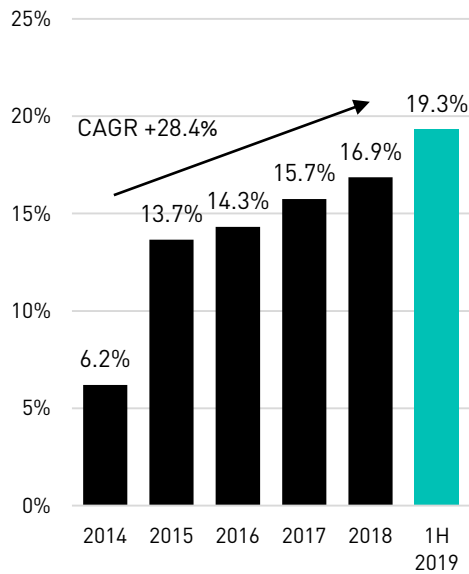


1H19 EPS up 35% on a p.c.p basis

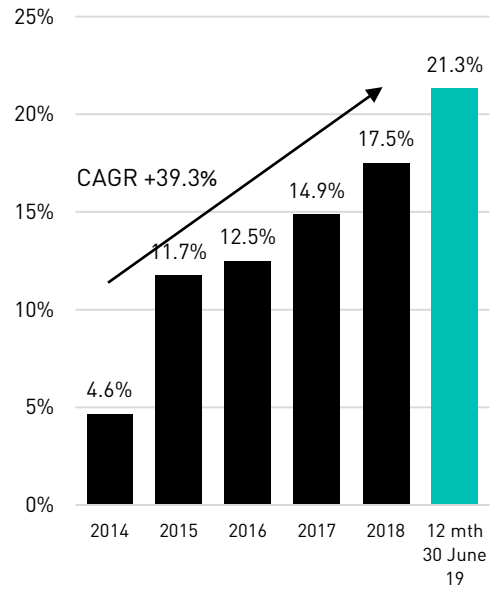
# GROWTH (CONT.)

A solid cash-backed balance sheet with no core operating debt

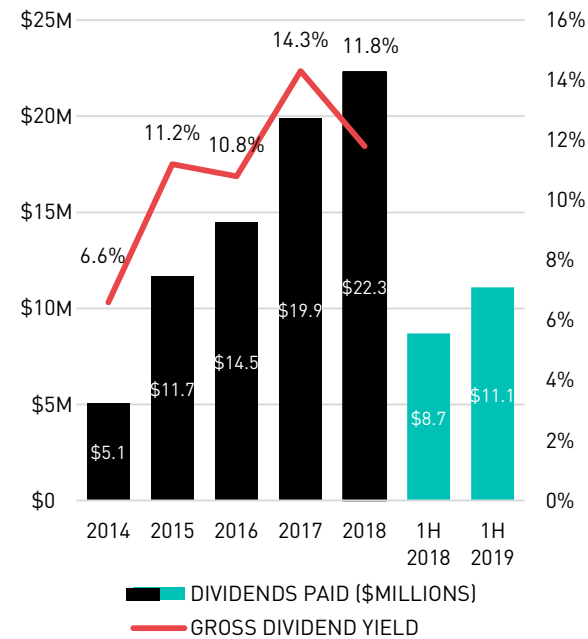
**EBITDA MARGIN**



**RETURN ON EQUITY**



**DIVIDENDS PAID (\$M) AND GROSS DIVIDEND YIELD (%)**



**BALANCE SHEET**  
(as at 30 June 2019)

	\$M
Net assets	206
Net tangible assets	64
Net Group cash	77
Borrowings *	Nil

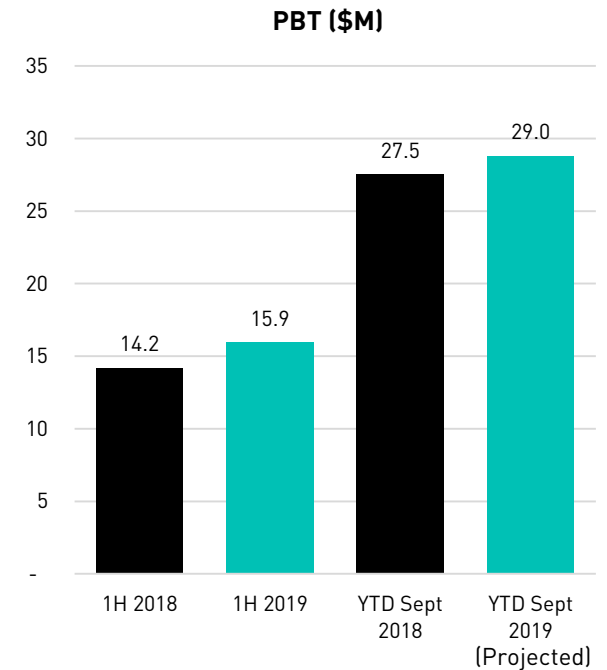
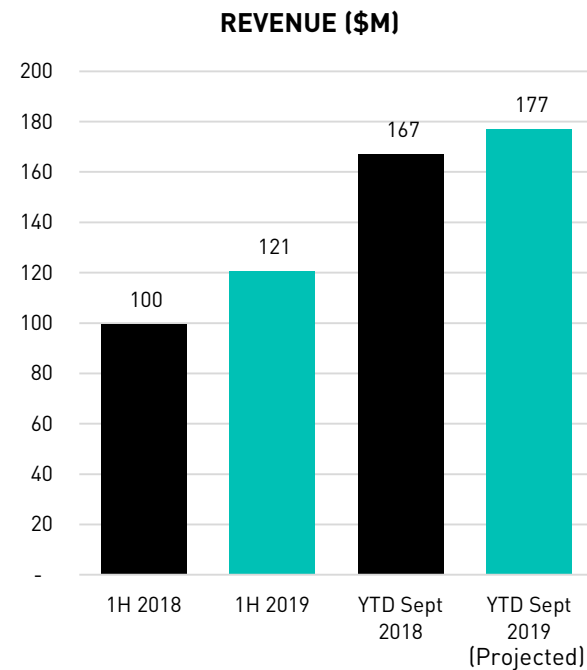
\* With the exception of a loan funding facility in our Margin Lending business, Bell Potter Capital

5

MARKET UPDATE

# MARKET UPDATE (9 months to 30 September 2019)

- Projected revenue for the 9 months to 30 September is \$177 million, 6% ahead of the p.c.p (\$167 million)
- Projected profit before tax is \$29 million, 5.5% ahead of the p.c.p (\$27.5 million)
- Our profit margin over p.c.p has reduced since 30 June. This is due to 3Q 2018, in particular August, being the most profitable quarter for that year
- All divisions are active and profitable, and we have a solid pipeline of ECM work through to the end of the year



# MARKET UPDATE

Market capitalisation	<b>\$300m</b>
EV/EBITDA multiple <sup>1</sup>	<b>5.2x</b>
Dividend yield (gross) <sup>2</sup>	<b>11.8%</b>
Price earnings ratio (PE) <sup>3</sup>	<b>9.8x</b>

<sup>1</sup> based on 12 month EBITDA to 30 June 2019, and BFG share price at 17 September 2019

<sup>2</sup> based on final 2018 and interim 2019 dividends paid over BFG share price at 17 September 2019

<sup>3</sup> based on market capitalisation at 17 September and 12 month earnings to 30 June 2019

**BFG SHARE PRICE (\$A)**



## Conclusion

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