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# BELL FINANCIAL GROUP

16 September 2020

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

## BELL POTTER EMERGING LEADERS CONFERENCE 2020

Attached is the presentation that Bell Financial Group Executive Chairman, Alastair Provan will give at 8:30am today at the Bell Potter Emerging Leaders Conference.

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This announcement was authorised for release by the Executive Chairman.

# BELL FINANCIAL GROUP (ASX:BFG)

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

September 2020

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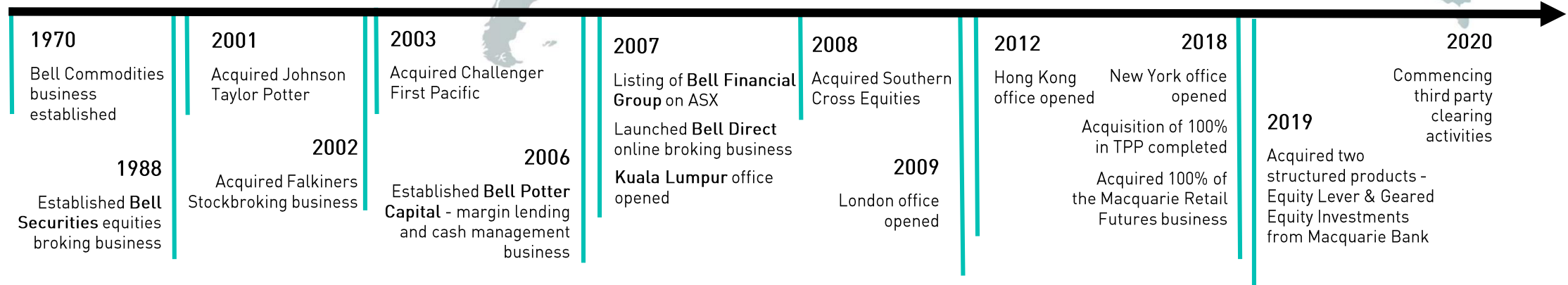
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# OVERVIEW

# 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.

- 14 offices across Australia plus offices in London, New York, Hong Kong and Kuala Lumpur
- 730 staff including 325 Financial Advisers



# 2

## CORPORATE STRUCTURE & BUSINESSES

# CORPORATE STRUCTURE & BUSINESSES

## BELL POTTER

- Retail Equities
- Institutional Equities
- International Equities
- 24-hour Futures & FX Desk
- Equity Capital Markets (ECM)
- Research
- Portfolio Administration
- Superannuation

## THIRD PARTY PLATFORM

 desktopbroker >

 belldirect >

 MACQUARIE

 HSBC

 BELL POTTER ONLINE

 THIRD PARTY CLEARING

 BELL POTTER GPS  
GUIDED PORTFOLIO SERVICE

Institutional & Financial Planners online  
share trading

Private Client online share trading

White label online share trading

Third Party Clearing

Guided Portfolio Service

## BELL POTTER CAPITAL

- Margin Lending
- Cash Accounts
- Structured Loan Products

# MANAGEMENT

Professional board with deep industry understanding.

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  
+18 years' industry  
experience

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

**Christine Feldmanis**  
Non-Executive Director  
+30 years' industry  
experience

## SENIOR MANAGEMENT

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

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

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

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

**Arnie Selvarajah**  
BPS Director &  
CEO of TPP  
+27 years' industry  
experience

**Dean Surkitt**  
BPS Director &  
Managing Director of  
Retail Equities  
+34 years' industry  
experience

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

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

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

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

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

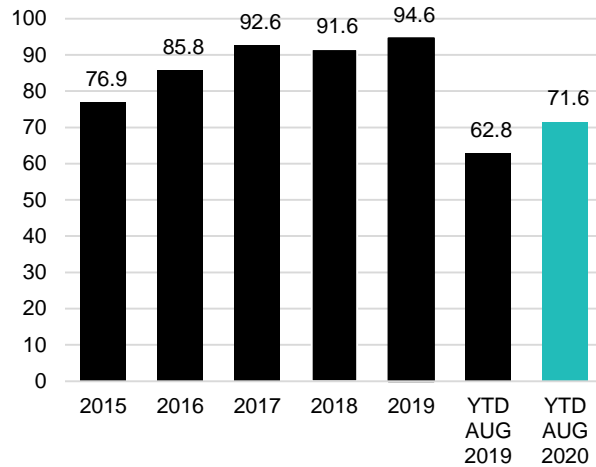
**Cindy-Jane Lee**  
Group General Counsel &  
Company Secretary  
+20 years' industry  
experience

**Lee Muco**  
COO of TPP  
+21 years' industry  
experience



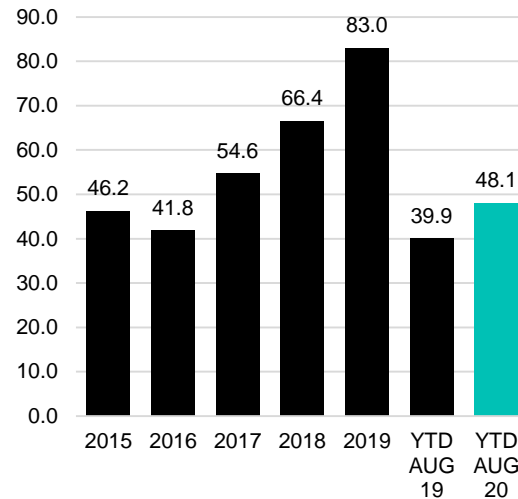
# BELL POTTER SECURITIES (BPS) – AUGUST YTD

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



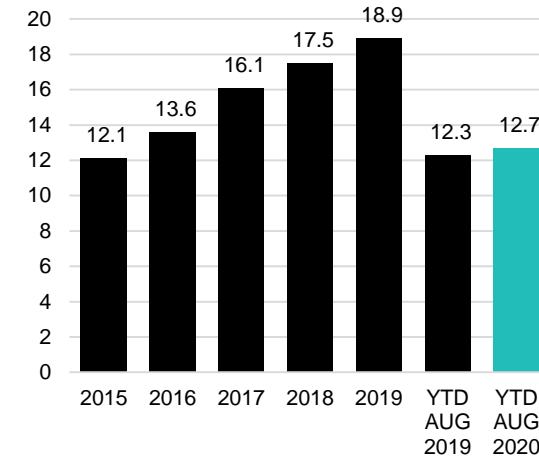
- 325 Financial Advisers servicing 500,000 retail, wholesale and institutional client accounts.
- \$71.6 million in gross brokerage revenue YTD 31 August 2020, up 14% on the p.c.p.

## ECM REVENUE (\$M)



- Successfully executed more than 70 transactions YTD 31 August 2020.
- Raised in excess of \$1.4 billion in new equity capital.
- \$48.1 million in fee income earned, up 20% on the p.c.p.

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



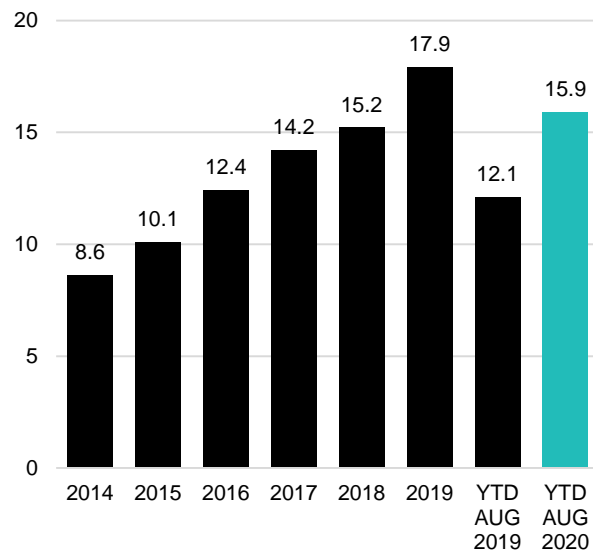
- Consistent long term growth.
- \$3.6 billion in F.U.A.
- \$12.7 million revenue YTD 31 August 2020, up 3% on the p.c.p.

# THIRD PARTY PLATFORM (TPP) – AUGUST YTD

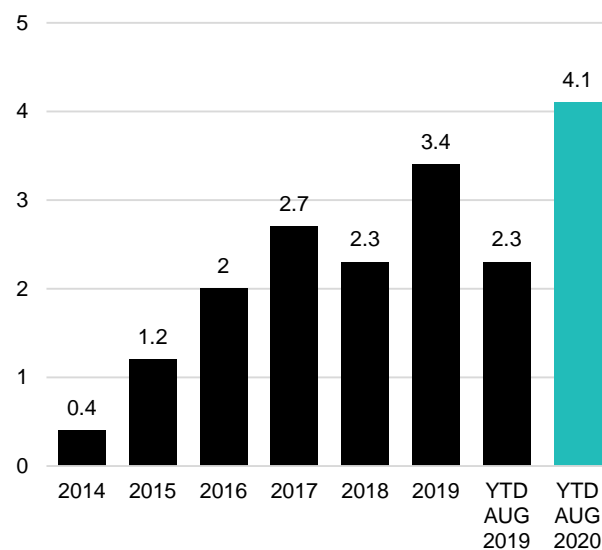
## Consistent growth in revenue, profit, sponsored holdings and client accounts since inception.

- \$15.9 million revenue YTD August 2020, up 31% on p.c.p.
- \$4.1 million profit before tax YTD August 2020, up 78% on the p.c.p.
- \$22.2 billion in Sponsored Holdings, up 9% on p.c.p.
- 197,000 client accounts.
- \$220m client cash.
- General Clearing Participant. BPS to be cornerstone client.
- Final stage of negotiation with Macquarie Private Wealth on Third Party Clearing.
- Macquarie Private Wealth client transfer – 17,000 client transfer.
- Macquarie online trading agreement due for renewal in October.
- HSBC Online agreement recently renewed for 3 years.

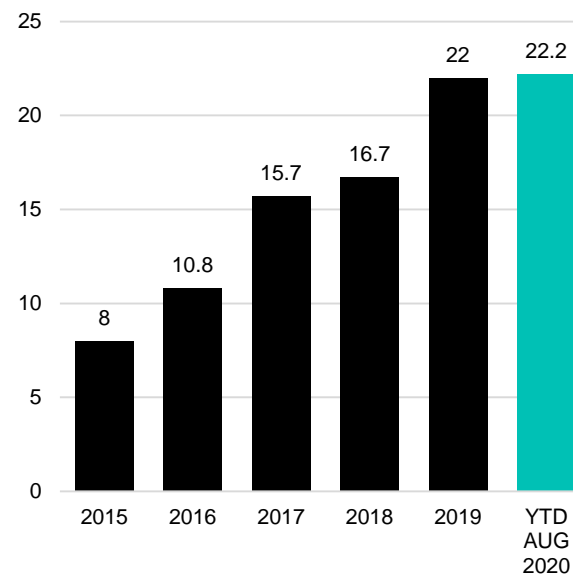
REVENUE (\$M)



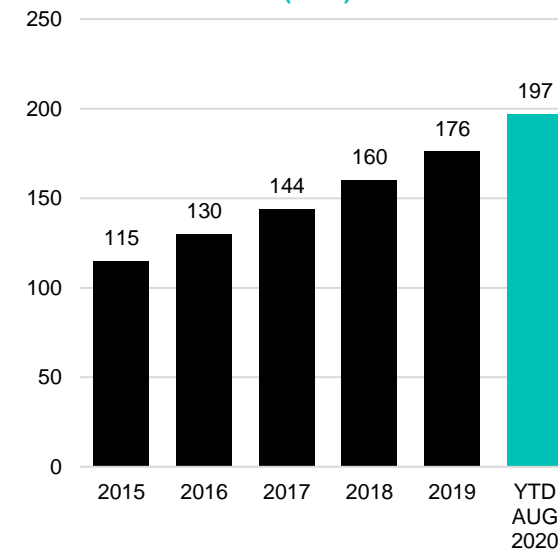
PROFIT BEFORE TAX (\$M)



SPONSORED HOLDINGS (\$B)



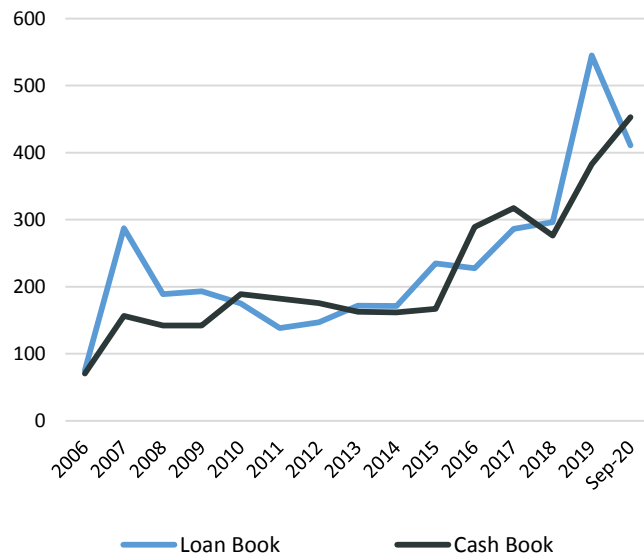
CLIENT ACCOUNTS ('000)



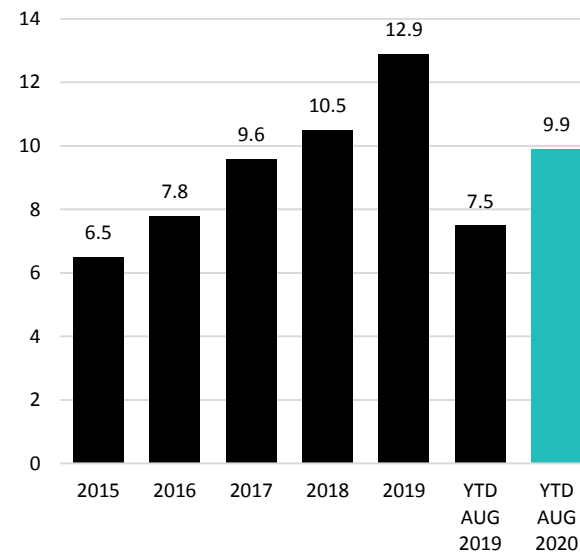
# BELL POTTER CAPITAL (BPC) – AUGUST YTD

- Established in 2006
- Only non-bank margin lender in the Australian marketplace
- Consistent revenue and earnings growth
- \$410 million loan book YTD August 2020, down 26% on the p.c.p
- \$442 million cash book YTD August 2020, up 31% on the p.c.p
- 26% average LVR across the loan book
- Successfully onboarded Equity Lever and Geared Equity Investments
- \$9.9 million net revenue YTD August 2020, up 32% on the p.c.p
- \$3.2 million profit before tax YTD August 2020, up 128.5% on the p.c.p

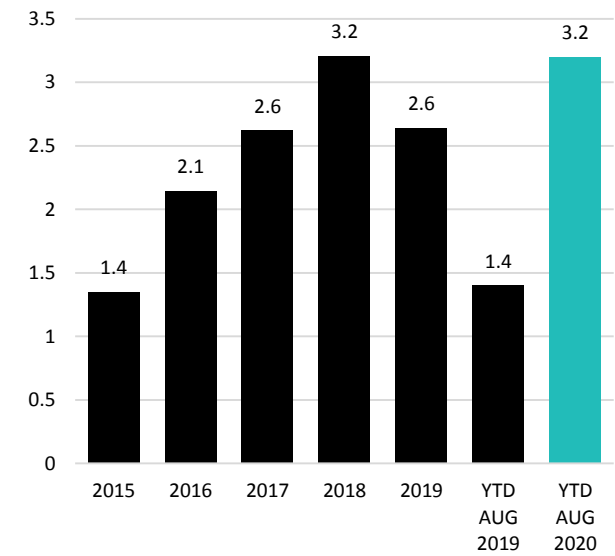
**LOAN & CASH BOOK (\$M)**



**NET REVENUE (\$M)**



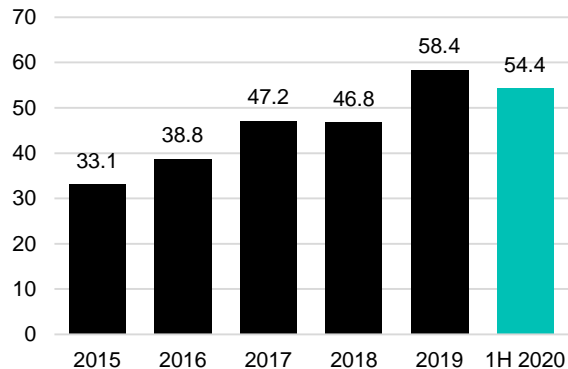
**PROFIT BEFORE TAX (\$M)**



# FUNDS UNDER ADVICE (FUA) – 6 MONTHS TO 30 JUNE 2020

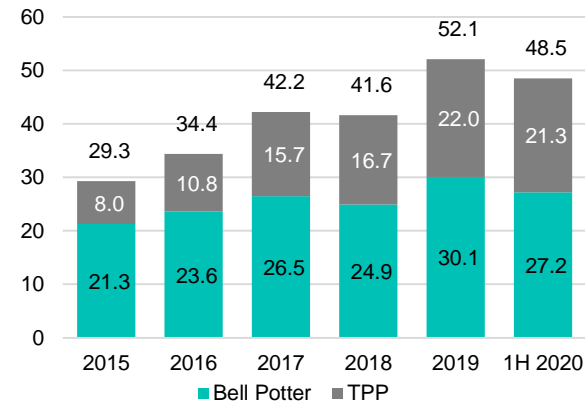
## FUNDS UNDER ADVICE (\$B)\*

↓ 7% on December 2019



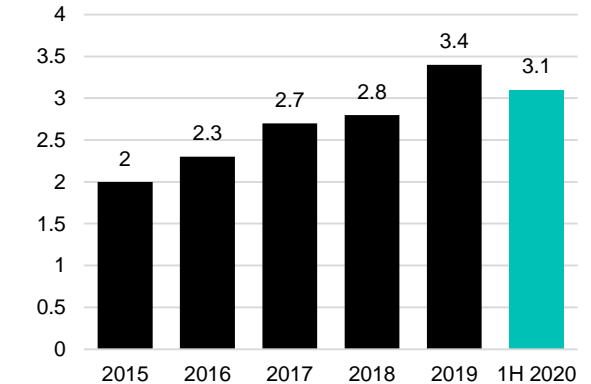
## CHESS SPONSORED HOLDINGS (\$B)

↓ 7% on December 2019



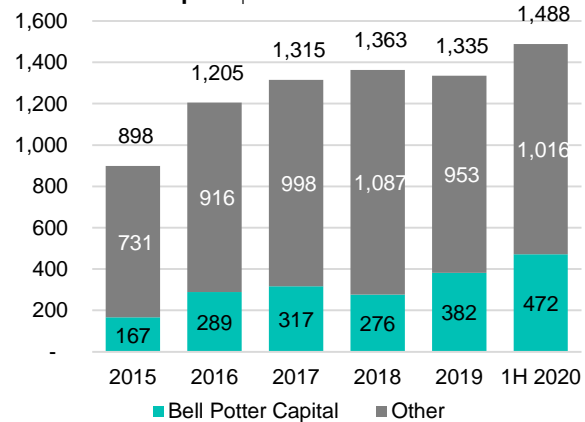
## PAS (\$B)

↓ 7% on December 2019



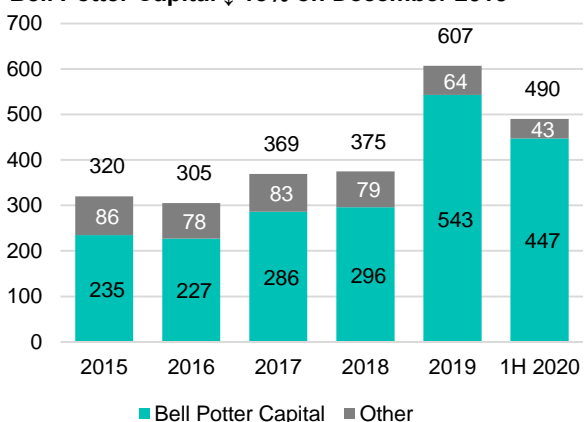
## CASH DEPOSITS (\$M)\*

Bell Potter Capital ↑ 24% on December 2019



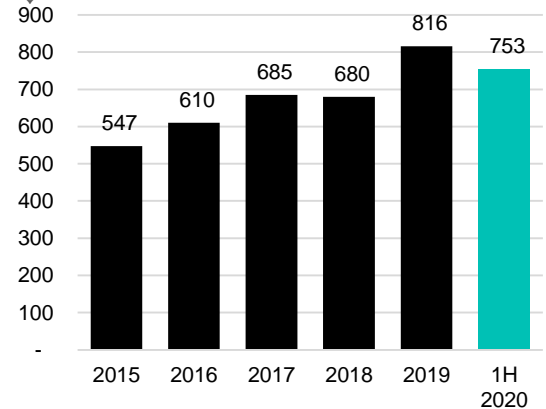
## MARGIN LOANS (\$M)\*

Bell Potter Capital ↓ 18% on December 2019



## SUPERANNUATION ASSETS (\$M)\*

↓ 8% on December 2019



- FUA down on average 7% for the 6 months to 30 June versus the S&P/ASX200 benchmark down 12% over the same period.
- Client deleveraging has resulted in a reduction in the margin loan book and a similar increase in cash deposits.

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STRATEGY

# GROWTH - INVESTMENT IN TECHNOLOGY / PRODUCTS & SERVICES

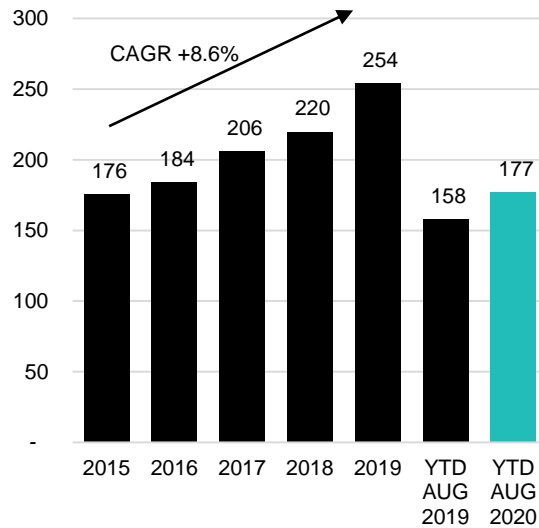
We have a simple strategy. Growth through our traditional full service broking businesses augmented by investment in leading edge technology through our ongoing commitment to the continuous development of our proprietary systems and platforms and suite of products and services.

- FUSION – our inhouse desktop application covering all aspects of the adviser’s day to day functions.
- IQ – our price discovery and trade execution platform.
- TPP - our market leading fully integrated online trading platform.
- Superannuation Solutions
- Portfolio Administration Service
- Margin Lending
- Cash
- Structured Loan Products

# GROWTH

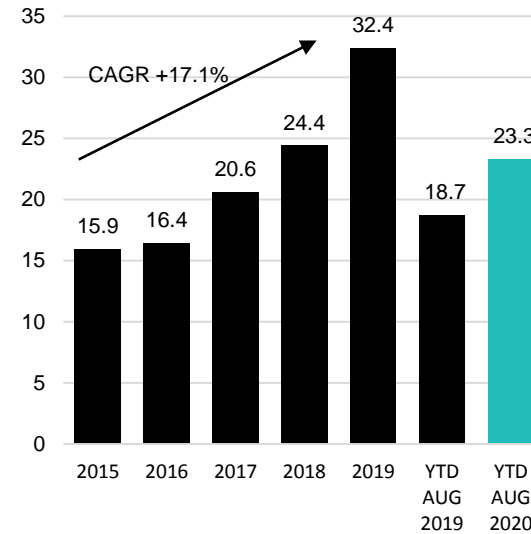
Consistent growth in Margins, ROE and Dividends over an extended period supported by a solid cash backed Balance Sheet with no core operating debt

## REVENUE (\$M)



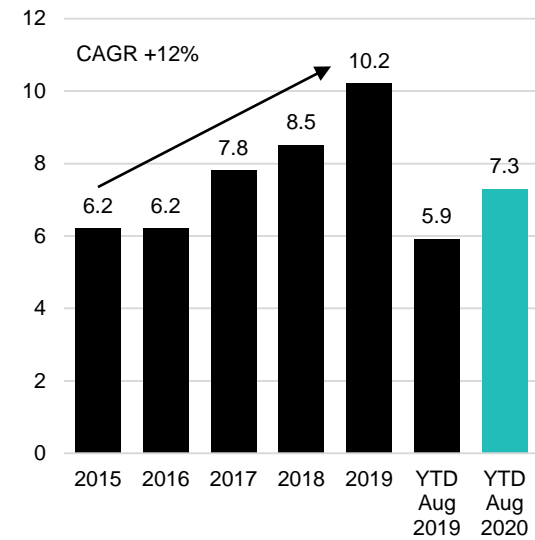
YTD August 2020 revenue up 12.1% on a p.c.p basis

## NPAT (\$M)



YTD August 2020 NPAT up 24.5% on a p.c.p basis

## EARNINGS PER SHARE (CENTS)

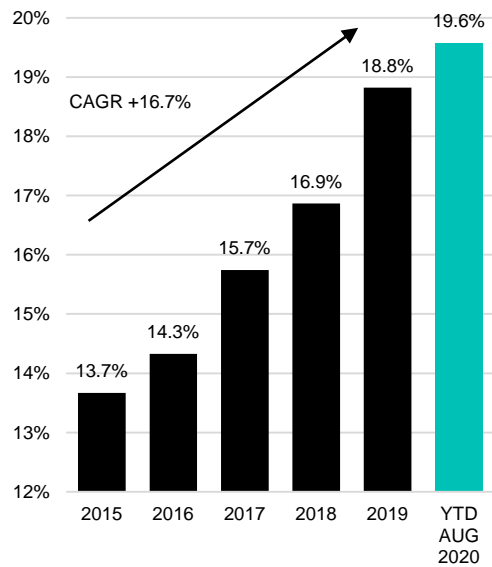


YTD August 2020 EPS up 23.7% on a p.c.p basis

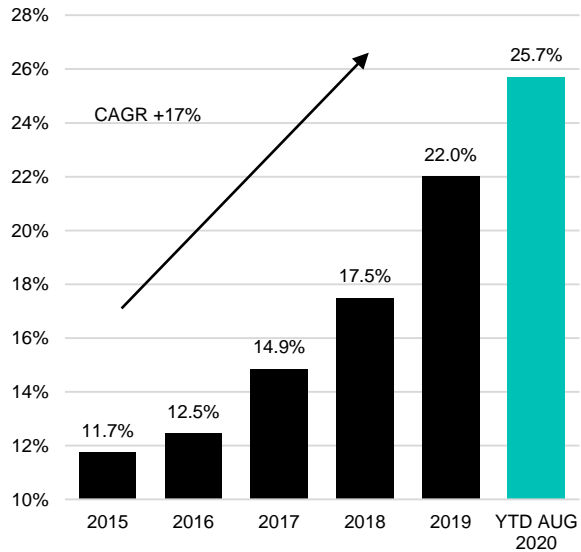
CAGR calculation based on YTD August 2020 annualised

# GROWTH (CONT.)

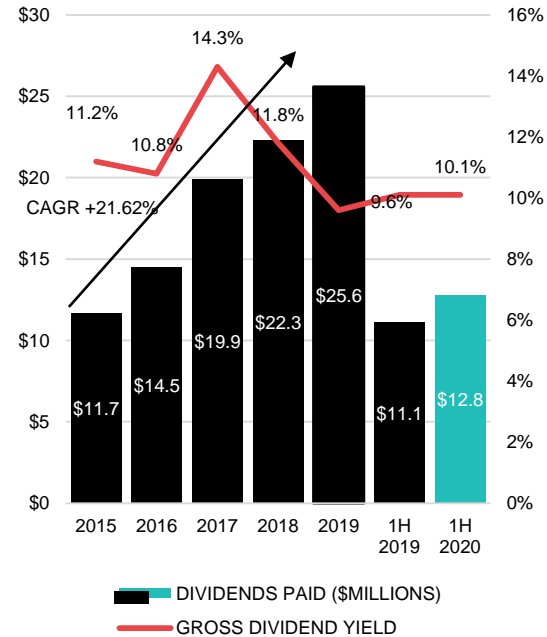
## EBITDA MARGIN



## RETURN ON EQUITY



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



## BALANCE SHEET

As at 31 August 2020

	\$M
<b>Cash</b>	65.5
<b>Net assets</b>	207.4
<b>Net tangible assets</b>	63.6
<b>Bank Borrowings</b>	Nil

A strong cash-backed Balance Sheet with no core debt, and \$65.5 million net cash at 31 August.

CAGR calculation based on YTD August 2020 annualised

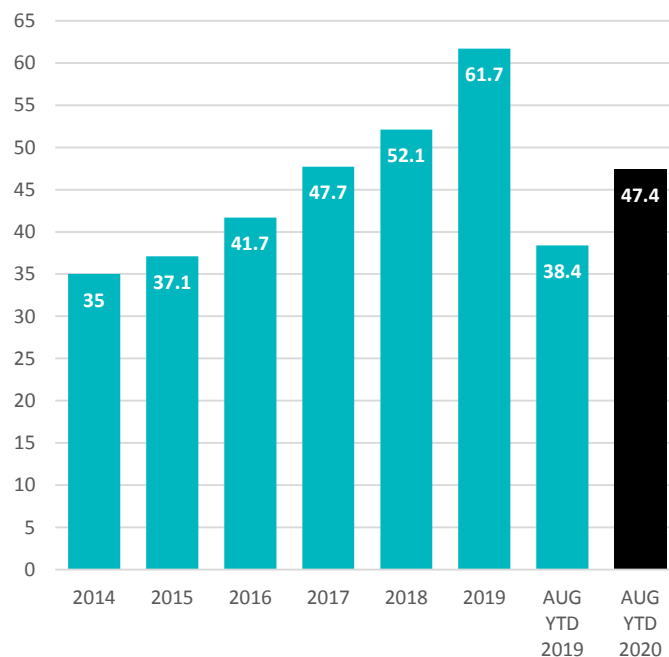


# INVESTMENT IN TECHNOLOGY - AUGUST YTD

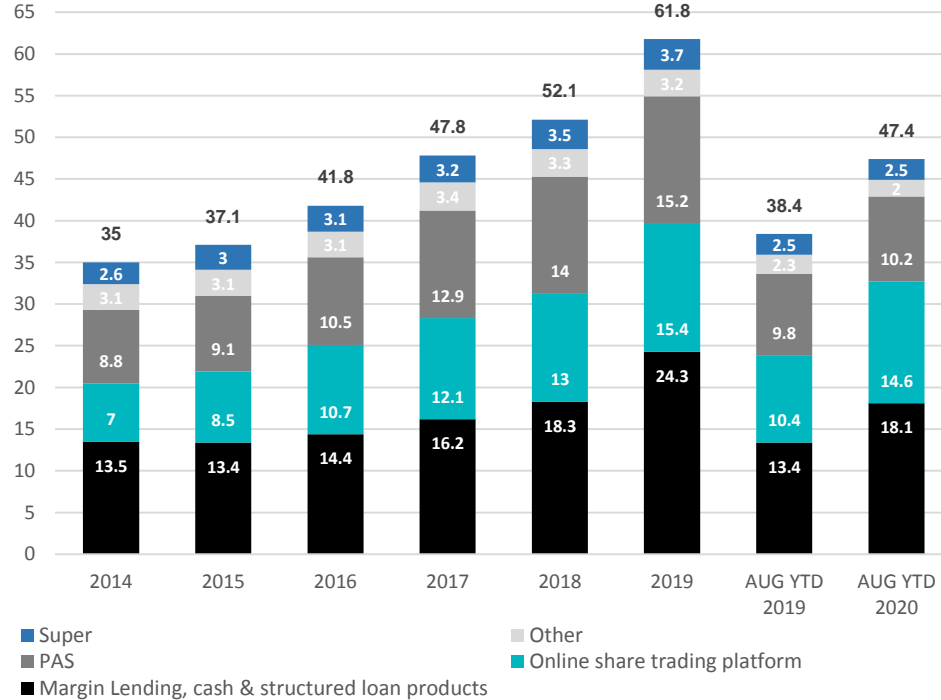
Investment in Technology & Platforms and Products & Services (TPPS) is a significant component of our ongoing business development. Increased leverage to technology is producing better outcomes for our staff and clients resulting in material growth in revenues and profit across the Group.

- Approximately 11% of Group FUA, \$5.9 billion, currently use our various technology and platforms, products and services.
- TPPS revenue of \$47.4 million for the eight months to 31 August 2020, 23% higher than previous corresponding period.
- TPPS revenues represent approximately 27% of total revenue.
- TPPS profit before tax of \$13.2 million for the 8 months to 31 August has grown 38% y.o.y, and represents almost 40% of total profit.

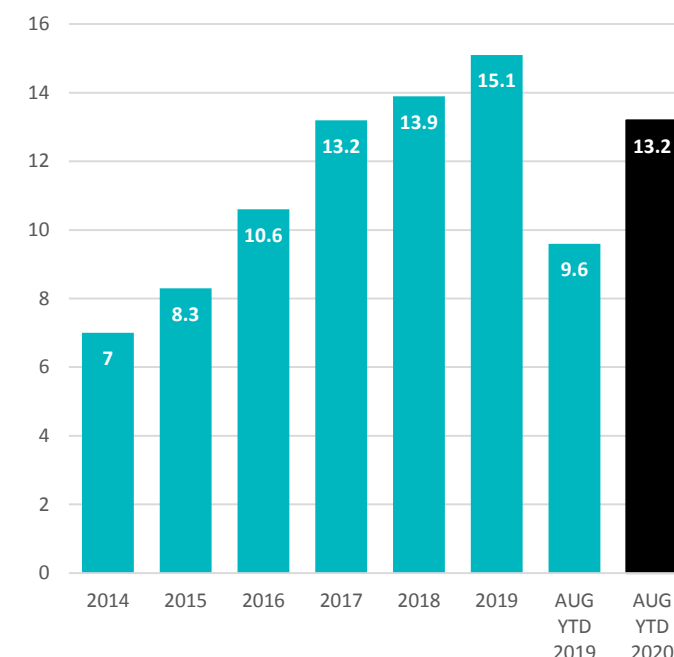
TECHNOLOGY & PLATFORMS AND PRODUCTS & SERVICES REVENUE (\$M)



TECHNOLOGY & PLATFORMS AND PRODUCTS & SERVICES REVENUE BREAKDOWN (\$M)



TECHNOLOGY & PLATFORMS AND PRODUCTS & SERVICES PROFIT BEFORE TAX (\$M)

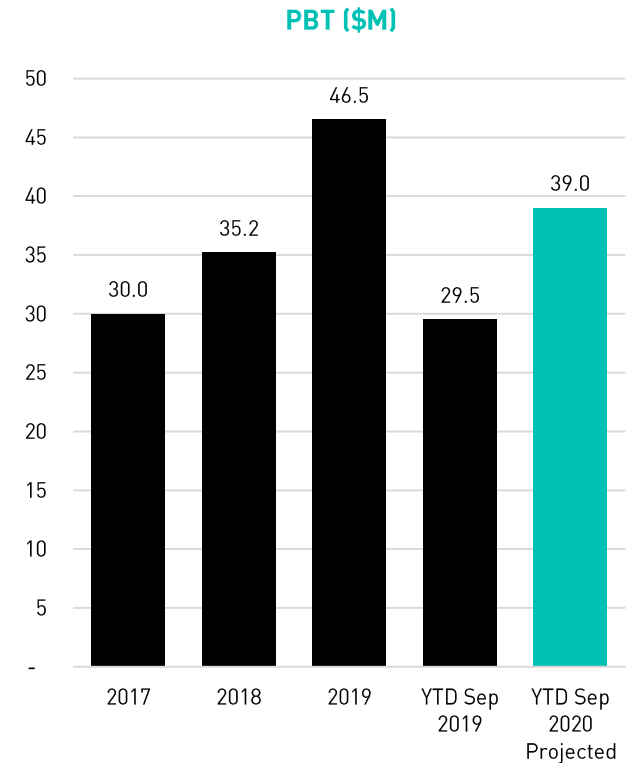
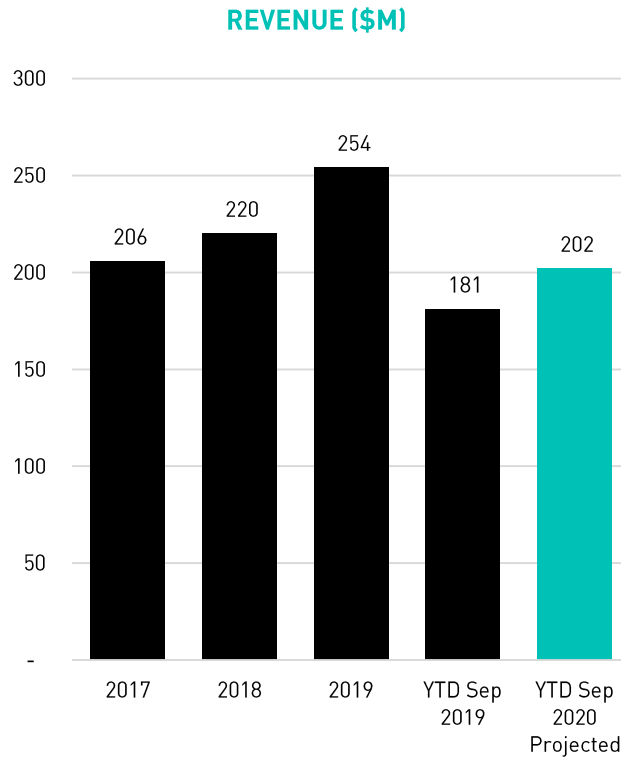


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MARKET UPDATE

# MARKET UPDATE (Projected 9 months to 30 September 2020)

- Projected revenue for the 9 months to 30 September is \$202 million, 12% ahead of the p.c.p, (\$181 million).
- Projected profit before tax for the 9 months to 30 September is \$39 million, 32% ahead of the p.c.p (\$29.5 million).
- All business units are profitable.
- We have a number of significant projects on hand which will hopefully complete by the end of first quarter 2021 and we have a solid pipeline of ECM work in hand through to the end of this year and beyond.



# BFG SHARE PRICE

<b>Market capitalisation</b>	\$364m
<b>EV/EBITDA multiple<sup>1</sup></b>	5.8x
<b>Dividend yield (gross)<sup>2</sup></b>	10.7%
<b>Price earnings ratio (PE)<sup>3</sup></b>	11.1x

<sup>1</sup> based on 12 month EBITDA to 30 June 2020, and BFG share price at 8 September 2020

<sup>2</sup> based on final 2019 and interim 2020 dividends paid, divided by BFG share price at 8 September 2020

<sup>3</sup> based on market capitalisation at 8 September 2020 and 12 month earnings to 30 June 2020

**BFG SHARE PRICE**  
JUNE 2015 – JUNE 2020



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