

ASX RELEASE.

BELL FINANCIAL GROUP

Bell Financial Group reports strong full year results, NPAT up 26%

Highlights relative to prior corresponding period (FY 2016)

- Net profit after tax \$20.6 million, up 26%
- Revenue \$208.6 million, up 12%
- Funds under advice \$47.2 billion, up 22%
- Recurring and low touch revenue \$50 million, up 15%
- Final dividend 5.5 cents per share, fully franked, up 47%
- Full year dividend 7.5 cents per share, fully franked, up 36%

Wednesday, 21 February 2018 – Diversified financial services business, Bell Financial Group Ltd (ASX: BFG) today announced its full year results for the year ended 31 December 2017, reporting net profit after tax (NPAT) of \$20.6 million, an increase of 26% on the prior corresponding period (pcp).

Group revenue increased 12% to \$208.6 million, up from \$186.7 million reported in the pcp. A final dividend of 5.5 cents, fully franked, was declared, bringing the total dividend for the year to 7.5 cents per share, fully franked.

Bell Potter's full service retail equities business was again the stand-out performer for the Group, continuing a five-year trend of increased revenue and profits year on year. The division delivered a pre-tax profit of \$18 million, an increase of 40% on the pcp.

Bell Financial Group Managing Director Alastair Provan said that while most investors have a pretty good understanding of its traditional broking business, the outstanding contribution from equity capital markets (ECM), and the growing recurring revenue stream of the Group were also worth highlighting.

In 2017, Bell Potter successfully completed more than 100 ECM transactions, raising over \$1.7 billion in new equity capital on behalf of its clients. ECM activity across the network generated \$54.7 million in gross revenue, representing 26% of Group revenue.

Growing recurring and low touch revenue

Funds under advice increased 22% to \$47.2 billion, approximately 10% of which provide some form of recurring revenue stream.

The annuity revenue stream, which is underpinned by the Group's investment in technology capabilities, is growing steadily in terms of assets under advice and client numbers.

Online broking platform, Third Party Platform (TPP), contributes a non-traditional, low touch revenue which increased 15% to \$14.2 million for the full year, up from \$12.4 million in the pcp.

Combined recurring and low touch revenue increased 15% to \$50 million for the full year, up from \$43.5 million in the pcp. Together, ECM and recurring and low touch generated revenues of around \$105 million in 2017, representing approximately 50% of the Group's total gross revenue.

Mr Provan commented: "I believe these numbers clearly demonstrate that we are not simply a traditional broker relying on day to day revenue from secondary market execution. While revenue from secondary market execution is extremely important, we have much more to offer than that.

"We have a wide range of products and services which involve input from across our entire network. They provide diversified revenue streams, leverage to the market, growth opportunities, scalability and most importantly underscore our business model," he said.

FULL YEAR 2017 RESULTS

Technology investment to drive cost synergies and commercialisation opportunities

"We believe our ongoing investment in technology both sets us apart from others in the industry and is critical to our future success. We have developed, and continue to develop a complete end to end broking platform where we see the opportunity to achieve significant cost synergies across the Group in the near term.

"FUSION, our proprietary client relationship, and compliance platform continues to evolve. It consolidates our products and services into one system, and enables adviser efficiency. We anticipate that at some stage, opportunities may present to commercialise this in-house intellectual property," Mr Provan added.

Outlook

"It is very early days, but 2018 so far has been the best start we've had in 10 years, and provides a base for another year of solid growth across the Group.

"Late last year we lodged a license application in the United States. Hopefully we will have a New York office up and running in the second quarter of 2018. The office structure will be similar to our Hong Kong office, and, if it is as successful, will add a new dimension to our institutional distribution capability," Mr Provan said.

ENDS ...**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. The Group has over 600 employees, operates across thirteen offices in Australia and has offices in London and Hong Kong. Bell Financial Group has a 56.6% holding in Third Party Platform Pty Ltd (Bell Direct), an online stockbroking business.

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