
BELL FINANCIAL GROUP

23 April 2020

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

2020 AGM – EXECUTIVE CHAIRMAN’S PRESENTATION

Please find attached a copy of the presentation to be given by the Executive Chairman at Bell Financial Group Limited’s Annual General Meeting today.

For more information, contact:
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This announcement was authorised for release by the Bell Financial Group Board.

ANNUAL GENERAL MEETING

11:00AM ON THURSDAY 22 APRIL 2020

EXECUTIVE CHAIRMAN'S PRESENTATION



Welcome to the Bell Financial Group 2020 Annual General Meeting.

My name is Alastair Provan and I am your Chairman. We have a quorum and I am pleased to declare the meeting open.

I would like to welcome our shareholders who are participating through our online meeting platform.

Also attending online today are my fellow Directors:

- Graham Cubbin,
- Brian Wilson AO,
- Craig Coleman, who is standing for re-election today, and
- Christine Feldmanis, who joined the Board in February and is standing for election.

In addition, attending online are:

- Cindy-Jane Lee, our General Counsel & Company Secretary,
- Dean Davenport, our Group CFO, and
- Chris Wooden, our auditor from KPMG.

The Notice of Meeting was distributed to all shareholders and copies are also available from our ASX Announcement on the 20th March. I will take the Notice of Meeting as read.

Bell Financial Group lodged a subsequent ASX Announcement on the 3rd of April with updated meeting procedures for the AGM as a result of Covid-19 and government restrictions on holding meetings.

This AGM is being broadcast from our offices in Sydney.

Shareholders can watch the AGM via webcast and participate in the AGM online.



We will begin the meeting with a presentation then go through the formal proceedings which this year include three resolutions.

The resolutions will be decided by poll.

For those attending using the online meeting platform, voting on the resolutions is now open.

The voting icon will appear on the navigation bar. Once you click on this, the resolutions will appear on your screen.

You can vote at any time during the proceedings until I declare the voting closed.

You can also change your vote at any time throughout the proceedings.

I will give you a clear prompt later in the meeting to warn of the close in voting.

We will also take the opportunity for questions.

If you are attending online, you can start submitting questions now and we will address them later in the proceedings.



2020 AGM 2019 OVERVIEW

BELL FINANCIAL GROUP

2019 Highlights

	2019	2018	% change
Revenue	\$254.5m	\$220.0m	15.7% ↑
Net profit after tax	\$32.4m	\$24.4m	33.2% ↑
Earnings per share	10.2 cents	8.4 cents	21.4% ↑
Share Price (31 Dec.)	1.19	0.85	40.0% ↑
PE Multiple (i)	11.8	11.0	6.6% ↑
Dividend per share (fully franked)	8.0 cents	7.0 cents	14.3% ↑
Funds under advice	\$58.4b	\$46.8b	24.7% ↑
Platform, Product and Service Revenue	\$61.8m	\$52.1m	18.6% ↑
Dividend Yield (fully franked) (i)	6.7%	8.2%	-18.4% ↓
Dividend Yield (Gross) (i)	9.6%	11.8%	-18.4% ↓

(i) Based on 31 December share price

2019 was an outstanding year for the Bell Financial Group with solid growth across all business units producing a very credible bottom line performance.



Revenue grew 15.7% year on year resulting in a Compound Annual Growth Rate (CAGR) of approximately 10% over the last five years.

Similarly our **Net Profit after Tax (NPAT)** has grown consistently over the five year period with 2019 producing another strong result with NPAT of \$32.4 million, up 33% year on year and a five year CAGR of 19.6%.

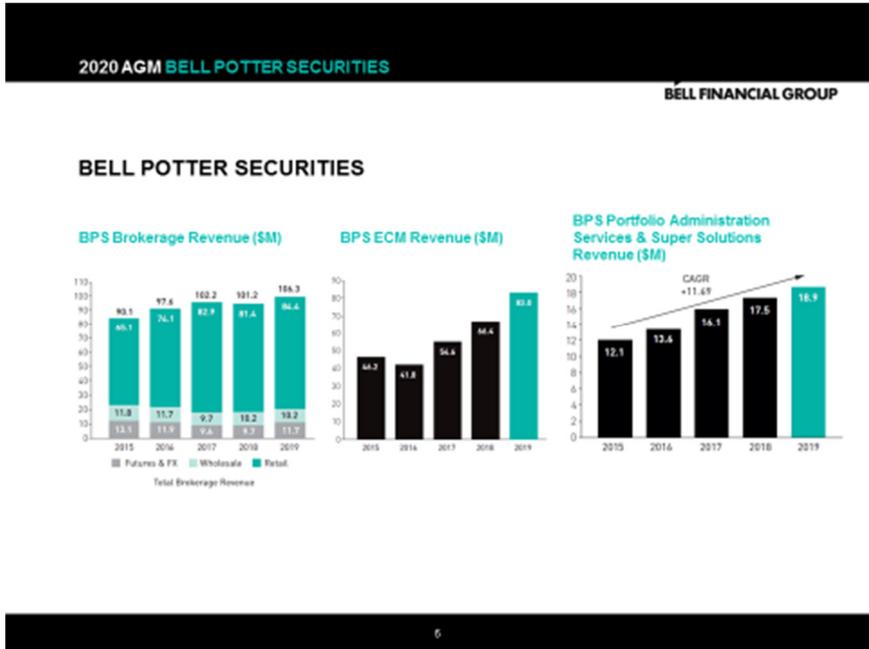
Earnings per Share (EPS) presents a similar growth story. 2019 EPS of 10.2 cents per share was up 21% year on year and represents a five year CAGR of 13.25%.

BFG **share price** closed at \$1.19 on 31 December 2019, a one year total shareholder return of 49.4% including dividends.

Growth in fully franked **dividends** over a five year period has been consistent with growth in earnings.

Funds under Advice (FUA) at year end were \$58.4 billion up 25% on 2018. This reflects the increase in our sponsored holdings, and strong growth in internal Products and Services including Portfolio Administration, Superannuation, Cash and Margin Lending.

Our various **Platforms, Products and Services** continue to be a priority and a focus for our commitment to ongoing investment. In 2019 revenues for the various platforms, products and services grew by 18.6% to \$61.8 million representing 24% of total Group revenues.



Brokerage from our Institutional and Retail desks plus our Futures, Foreign Exchange and Fixed Income business was \$106 million for the year, a 5% improvement on the previous year. A pleasing result given the relatively tough equity market conditions and the current extremely low interest rate environment.

Our Equity Capital Markets (ECM) team had a standout year. We completed 120 capital markets transactions raising \$2.5 billion in new equity capital over the year. In 2019 the team generated \$83 million gross corporate revenue, a 25% increase on the previous year.

Portfolio Administration Services (PAS) and Superannuation products is an area in which we continue to invest. Funds under Advice on PAS and Superannuation now exceed \$4.0 billion (a 21% increase on 2018) and generate revenues approaching \$19 million.

2020 AGM THIRD PARTY PLATFORM

BELL FINANCIAL GROUP

THIRD PARTY PLATFORM

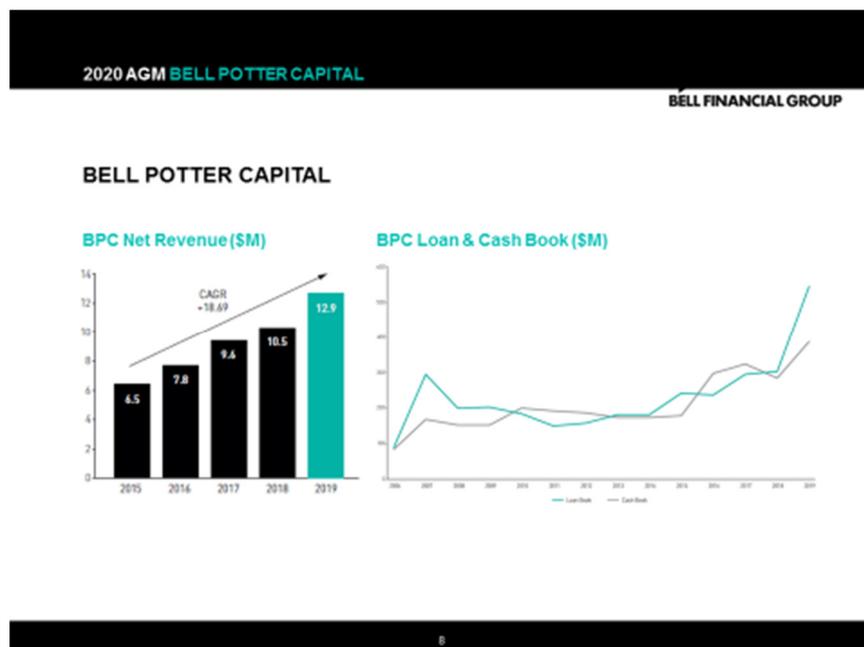


TPP’s revenue, sponsored holdings and client numbers have grown consistently over the last five years. Gross revenue of \$17.9 million in 2019 was up 17.8% on the previous year. \$3.4 million profit before tax was up 48% on the previous year.

TPP currently has three core businesses:

- Bell Direct** – online broking services for retail clients.
- Desktop Broker** – online broking services for Institutional and Wholesale (dealer groups and Independent Financial Advisers) clients.
- White Label** – end to end online solutions for corporate clients (currently Macquarie Bank, HSBC, and Bell Potter).

We are committed to the ongoing investment in TPP’s platforms and systems.



Bell Potter Capital (BPC) net revenue increased 23.3% year on year to \$12.9 million.

In August 2019, BPC completed the acquisition of two structured loan products (Equity Lever and Geared Equity Investments) and the associated sales and product development teams from Macquarie Bank.

The acquisition increased the size of BPC’s loan book to almost \$550 million and significantly improves direct sales access to the Independent Financial Planners channel, in addition to providing new products for our stockbroking clients.

Acquisition costs of approximately \$1.5 million were fully expensed during the course of the year and we expect the acquisition to have a significant positive impact on BPC’s revenues in 2020.

CLEARING PROJECT

- We have a dedicated development team working on our online platform to enable TPP to execute, clear and settle equity and derivative transactions for our online and full service businesses as well as providing these services to external third parties.
- TPP has applied to ASX to become a General Clearing Participant enabling it to clear Bell Group members as well as external third parties. We expect formal approval shortly.
- We anticipate TPP will process and clear the first full service trades for Bell Potter Securities (BPS) in the second quarter of 2020.
- This initiative presents us with an opportunity to consolidate both our two settlement systems and two settlement departments, which will materially reduce our cost of producing a contract note. It also enables us to grow via a new business stream, Third Party Clearing.
- We are currently engaged in discussions with a major ASX Participant who we hope will become our first external client.
- BPS will be TPP’s initial cornerstone client.

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FUSION

- FUSION is our proprietary productivity and efficiency tool designed to provide the Adviser immediate access to client data, markets, products and services in a tight compliance framework.
- FUSION is a desktop application covering all aspects of the Adviser's day to day functions in one fully integrated convenient application covering:
 - Compliance – SOA, ROA, Profile
 - Research – BPS, Citi, Morningstar
 - Markets – Local & International
 - Term Deposits/Cash Management/Margin Lending
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 - Comprehensive Reporting
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MARKET UPDATE

- In our Annual Report I said that last year’s momentum market had moved on seamlessly to the early part of 2020. This certainly had been the case earlier in the year but has since been overtaken by the dramatic volatility spike associated with Covid-19 and the various stimulus packages announced by governments and central banks. The result has been dramatic price swings and a significant increase in secondary market volumes over the last six weeks.
- We have experienced higher daily trading volumes across our equities, futures and FX desks. Our online broking platform TPP has processed record daily volumes in both value traded and contract notes generated.
- We have completed a number of capital market transactions and have an active pipeline of work in hand.
- Bell Potter Capital has started to capture the benefits of its recent acquisition of two structured loan products, and first quarter revenue is well ahead of the same time last year.
- All our business units have experienced a significant increase in new client enquiry.

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2020 AGM 2020 MARKET UPDATE

BELL FINANCIAL GROUP

1Q 2020

- Unaudited revenue for the quarter ended 31 March was \$62m (2019: \$45.5 million).
- Unaudited profit before tax for the quarter ended 31 March was \$9.4m (2019: \$3.8 million).
- All business divisions were profitable, with strong contributions from both Bell Potter Capital and Third Party Platform.
 - Bell Potter Capital has benefitted from the loan book acquisitions last year
 - TPP has benefitted from a combination of growth in new business and an increase in market volatility and trading volumes.
- We continue to make good progress on all major technology projects – third party clearing, systems integration, IQ and FUSION.
- We anticipate ASX's imminent approval of TPP as a General Participant. This will enable TPP to clear for Bell Potter, and paves the way for TPP to clear for external third parties.
- While this has been an exceptional first quarter it is obviously hard under current circumstances to predict how the rest of the year may unfold.

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COVID-19 UPDATE

- Bell Financial Group is a dynamic markets service provider – and we have adapted quickly.
- We employ 720 staff across the Group, the vast majority of which have been working remotely for the last six weeks.
- While this is not ideal it is working well. We have experienced little or no disruption to operations. Most importantly our back office, finance and accounting, compliance, risk management and client servicing departments are all fully functional.
- Hopefully we can return to some form of normality in the not too distant future, but until then we are well prepared and it's business as usual.
- Our cash position and balance sheet remain strong. We continue to comfortably meet all our regulatory capital and liquidity requirements.
- We are cash flow positive, and trading well.
- And as always we continue to look for new business opportunities.

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LOOKING BEYOND COVID-19

- Equity, commodity and derivative markets will remain essential products and asset classes for producers, consumers, investors, companies and advisers.
 - Our strategy of organic growth, opportunistic acquisition and focus on the areas that we know and understand well, aligned with our investment in technology, remain sound.
 - We believe we have a competitive advantage in many of the market segments in which we operate. Arguably we may be even more competitive in a changed landscape post Covid-19.
 - Colin Bell founded the business in 1971. We will be 50 years old next year. Over the years we have successfully navigated a path through many cycles and it's our intention to do so again now.
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