

Well positioned for FY24

Bell Financial Group Ltd (ASX:BFG) is a diversified provider of financial products and software solutions within, and increasingly outside, its traditional full-service stockbroking business. BFG reported FY23 NPAT of \$24.3m, 5% below FY22 and 10% below RaaS estimates. A H2 FY23 miss in Technology & Platforms (down 8% against a H1 result +100%) was the major difference to RaaS estimates, with all other divisions trading in-line with generally challenging but improving trading conditions. The extra-traditional broking divisions represented 83% of group NPAT in FY23, up from 35% in FY21, demonstrating earnings resilience relative to peers. BFG starts FY24 in a strong position, cycling weak ECM and equity trading with improving conditions, a record margin lending book (\$545m), a record PAS/Super balance (\$5.1b), higher average interest rates than FY23 and a strong net cash position (\$114m). An increased focus on selling existing products (margin lending and PAS) to both current internal clients and new external clients, together with new product development (International as an example) suggests likely revenue and earnings growth in the Technology & Platform and Products & Services divisions. Our Sum of The Parts (SoTP) valuation increases to \$2.25/share from \$2.15/share as we move from FY23 to FY24 peer assumptions.

Business model

BFG is a diversified financial services business incorporating a traditional stockbroking business (retail, institutional and corporate), and a range of financial product offerings including margin lending, portfolio administration, trade execution, clearing and settlement, and cash management. The business is supported by ~100 IT professionals who have developed internal systems for account management (Fusion) and cloud-based trading platforms for Bell Direct. This platform forms the foundation for external offerings to financial planners (Desktop Broker), white labelling and third-party clearing. The company says more intermediaries will be targeted for these products, and more products and services added to complete the offering and monetise the investment already made.

Well positioned for FY24 growth

Equity volume declines slowed through FY23 and recorded positive growth of 7% in December 2023 and January 2024. BFG now cycles an average 20% decline in equity volumes over FY23. Similarly, ECM volumes improved from a depressed level in the December 2023 half, and the company says January 2024 is 'off to a good start' with an ECM pipeline that 'remains strong'. Both the margin lending book and portfolios using Portfolio Administration (PAS) ended FY23 at record levels which augurs well for the FY24 revenue and earnings of these divisions. This is before the company's plan to put an increased focus on internal and external client penetration. Finally average interest rates at the current RBA cash rate in FY24 will be higher than FY23, predominantly in H1 (+75bps) which is a net positive for the business, in our opinion.

Valuation of \$2.25/share or \$717m market cap

Given the different earnings streams and drivers of the BFG business we use a Sum of The Parts (SoTP) methodology to value BFG. A shift to FY24f peer multiples and higher through the cycle Institutional assumptions have resulted in a revised valuation of \$2.25/share (up from \$2.15/share). Key to this valuation is through the cycle PBTA assumptions for Retail and Institutional, a separate DCF valuation for PAS earnings and 'platform' peer multiples for the Technology & Platform division.

Historical earnings and RaaS' estimates (in A\$ unless otherwise stated)

Year end	Revenue	PBTA adj.	NPATA adj.	EPS adj.	P/E (x)	EV/PBTA (x)	Yield (%)
12/22a	241.3	43.5	32.2	0.101	13.5	7.4	5.1
12/23a	248.4	39.7	28.7	0.090	15.1	8.0	5.1
12/24f	274.3	59.4	41.6	0.130	10.4	4.6	5.9
12/25f	282.5	66.6	46.6	0.146	9.3	3.7	6.6

Source: FY22 & FY23 actual, RaaS estimates FY24f and FY25f

Financial Services

19 February 2024

Share Details

ASX code	BFG
Share price (16-Feb)	\$1.36
Market capitalisation	\$433.5M
Shares on issue	318.7M
Cash at 31-Dec-23	\$114.3M
Free float	~40%

Share Performance (12 Months)



Upside Case

- Expand avenues to market for commercially available solutions and products
- New products through existing channels
- ECM and ASX activity improvements

Downside Case

- Prolonged ECM downturn
- Regulatory breaches
- Severe ASX correction

Catalysts

- New platform distribution partnerships
- New customers for Clearing and Technology
- Evidence of improved ECM activity

Board of Directors

Brian Wilson AO	Independent Chair
Graham Cubbin	Independent Director
Alastair Provan	Non-Executive Director
Christine Feldmanis	Non-Executive Director
Andrew Bell	Executive Director

Company Contact

Cindy-Jane Lee (Co. Secretary)
cjlee@bellfg.com.au

RaaS Contacts

John Burgess	+61 410 439 723 john.burgess@raasgroup.com
Finola Burke	+61 414 354 712 finola.burke@raasgroup.com

FY23 Result Summary by Division

Technology and Platforms

Under the trading entity **Third Party Platforms** Pty Ltd (TPP), BFG has built a cloud-based end-to-end execution and settlement platform which underpins Bell Direct (online), Bell Direct Advantage (HNW), Desktop Broker (Financial Planners), and white-label online broking (Macquarie and HSBC).

The division also derives income from **Third-Party Clearing**, which is the clearing, settlement, and movement of funds for both Bell Potter Securities (100% from March 2023), Macquarie and other parties (including users of Desktop Broker).

H1 FY23 PAT increased 100% on H1 FY22 to \$4.6m despite a 10% revenue decline as the clearing business reached scale on the back of increased volumes from Bell Potter and Macquarie.

H2 FY23 revenue was flat over H2 FY23 and PAT down 8% to \$3.6m as the new business volumes cycled out and underlying transaction volumes declined in-line with the market, resulting in FY23 PAT of \$8.2m or 34% of the group's total. H2 FY23 was the key divisional miss relative to RaaS estimates as we underestimated the timing of new volumes.

In the clearing space, competitor FinClear (via major shareholder Magellan) highlighted 'ongoing weak retail market conditions' in a broadly flat result.

Products and Services

The Products and Services division is made up of two distinct businesses: **Portfolio/Super Administration Service (PAS)**, deriving revenue from the administration of funds and/or portfolios under advice, and **Margin Lending**, essentially the net revenue (interest charge less cost of interest and overheads) from the margin lending book.

The combination of more sponsored clients opting for PAS services and a higher equity market boosting portfolio balances (All Ords +5.8% between June 30, 2023 and December 31, 2023) combined to boost FUM to a record \$5.1b at December 2023, + 20% on FY22 and +10% on June 2023. Stable fees resulted in a 10% increase in NPAT over FY23 to \$5.5m. Continued benefits of the increased FUM at year end should be seen in FY24.

Improved market conditions in H2 FY23 and particularly Q4 FY23 resulted in the margin lending book increasing 10% on FY22 to a record \$545m. The recent RBA rate increases were passed through to margin lending clients to offset the higher funding costs resulting in a stable net interest margin.

Following a 9% increase in H1 FY23 PAT on flat revenues, H2 FY23 produced revenue growth of 8% and NPAT growth of 9%. FY23 revenue increased 4% and PAT 9% to \$12.0m, 49% of the group total. This was approximately in-line with RaaS estimates.

Retail/Institutional

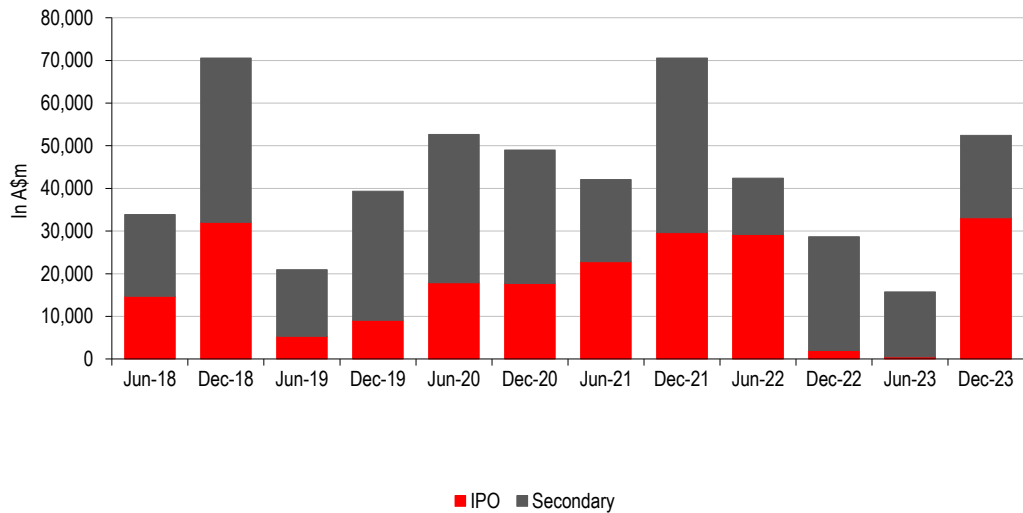
The Retail and Institutional division is the traditional full-service stockbroking business deriving revenue from brokerage (predominantly equities but also options, and FX), ECM activity and interest income.

We believe the fee income (ECM) side of the business is the key to profitability as ECM fees are materially higher than vanilla brokerage fees, particularly in Australia, and particularly in the ex-100 space that Bell Potter specialises in.

ECM activity picked up significantly over the December half, and the December quarter particularly and resulted in ~\$800m of ECM activity for Bell Potter against an initial RaaS forecast of \$550m and our estimate of ~\$950m in H2 FY22. Capital raises included Liontown Resources (\$420m co-lead), Delta Lithium (\$70m co-lead), IPD Group (\$65m), Aeris Resources (\$30m), Paradigm Biopharmaceuticals (\$30m) and AV Jennings (\$30m).

This is in-line with data from the ASX which saw ECM activity in the December 2023 half at the highest levels since the December 2021 half year following depressed conditions in the December 2022 and June 2023 halves.

Exhibit 1: Initial and secondary ECM activity on the ASX

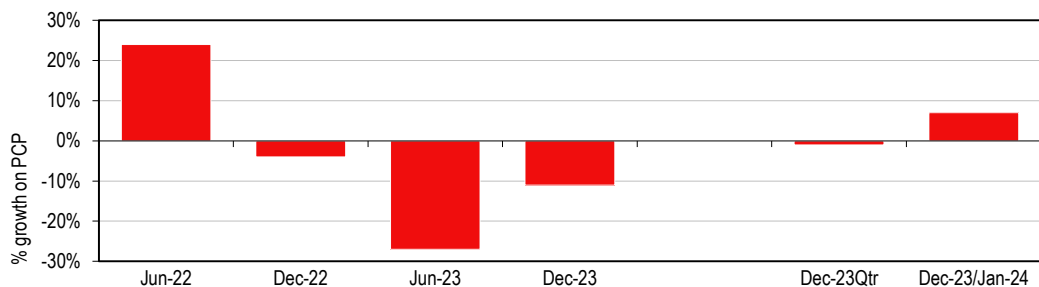


Source: ASX

Equity trading conditions measured by ASX trading volumes were tough in FY23, down 20% on FY22 but improving throughout the year to be down 11% over 2H FY23 and down just 1% over the December quarter. Volumes increased 7% in the month of December 2023 and have continued this trend in January 2024.

These numbers are evident in the brokerage revenues for Bell Potter in FY23 with Retail equity brokerage down 10% (H1 -15% and H2 -5%) and Institutional equity brokerage down 7% (H1 -25% and H2 +13%).

Exhibit 2: Growth in the number of ASX secondary-market equity trades



Source: ASX

Transactional weakness is also evident in the numbers released by of listed peer Euroz Hartleys Group (ASX:EZL) over recent halves with improvement over the recent December half. ECM tends to be more volatile half to half.

Exhibit 3: ECM and transactional brokerage (in A\$m unless stated)

Variable	Dec-21	Jun-22	Dec-22	Jun-23	Dec-23
ECM raisings					
BFG *	1,648	468	958	615	800
EZL	743	1,157	667	1,233	496
Transactional brokerage					
BFG	59.2	55.5	46.5	46.8	46.9
% growth on pcp			(21)	(16)	1
EZL	18.7	17.8	11.8	13.3	14.9
% growth on pcp			(37)	(25)	26

Source: Company announcements and RaaS estimates * Estimated using 4% average fee assumption

Net Interest income increased 22% to \$25.8m (predominantly the margin loan book but also cash at bank and net interest on client funds) as RBA cash rates increased to 4.35% from an average 1.0% in FY22.

NPAT declined 5% to \$24.3m which included mark to market losses on investments of \$3.7m in FY22 and \$1.4m in FY23. The technology & Platforms and Products & Services divisions combined now represent 83% of group NPAT.

A summary of the FY23 result by division is presented below.

Exhibit 4: BFG FY23 result (in A\$m unless otherwise stated)

Variable (A\$000')	FY22	FY23	% Chg	Comments
Revenue	241.3	248.4	3%	
Technology & Platforms	23.9	22.6	(5)	H2 -10% as new volume benefits cycled out
Products & Services	22.2	23.1	4	
Retail	113.5	100.1	(12)	Brokerage and fee income
Institutional	46.8	50.6	8	H1 +25%, H2 -1%
Interest Income	33.3	49.9	50	Higher cash rates
Other income	1.6	2.0	25	
Operating Costs	182.3	182.5	0	Costs well managed
Finance costs	7.5	18.2	141	Higher funding costs
EBTDA	51.4	47.7	(7)	
Depreciation	1.0	0.8		
Depreciation (RoU)	6.9	7.2		
Amortisation	2.7	3.0		
PBT	40.8	36.8	(10)	
less Tax	11.3	11.0		
add Amortisation	2.7	3.0		
Adjusted NPATA	32.2	28.7	(11)	
Adjustments	-3.8	-1.4		Mainly mark to market loss on investments in Institutional
Reported NPAT	25.7	24.3	(5)	
Divisional NPAT	25.7	24.3	(5)	
Technology & Platforms	6.2	8.2	33	H1 +100%, H2 -8%
Products & Services	11.0	12.0	9	Steady across both halves
Retail	2.5	-2.9	(216)	Losses across both halves
Institutional	6.0	7.0	16	Significant improvement in H2

Source: Company announcements

FY24 Outlook

Key assumptions and points of interest that underpin out FY24 assumptions include:

- **ECM raisings of \$1,900m assumed over FY24**, which is a touch higher than the average \$700m/half raised by Bell Potter over the last four half years but in-line with 2H FY23 and company statements regarding a good start to FY24 and a strong pipeline.
- **Mid-single digit growth in brokerage volumes cycling a low FY23 base**, particularly H1 FY23 where ASX volumes declined 27%, Bell Potter retail equity brokerage declined 15% and Institutional brokerage declined 25%.

Higher volumes are also supportive of Technology & Platforms, with Bell Direct, Desktop Broker and White label all brokerage revenue share models.

- **Stable cash rate of 4.35%** which should result in an interest rate ~75bps higher in H1 FY24 relative to H1 FY23 and 20bps higher in H2 FY24 relative to H2 FY23. While funding costs will also increase we expect net interest income in FY24 to be higher than FY23, benefitting cash at bank (retail division) and net interest on client funds (Technology and Products division).

Medium-term we assume sustainable cash rate of 3.6%, with reductions beginning H1 FY25.

- **Strong starting positions in the PAS and margin lending book.** The \$5.1bn and \$545m PAS and margin lending book represents a 10% and 5% increase respectively in the average balances before any new client additions or market growth.

Increased penetration of margin lending into the existing client base is a key focus for management over FY24, with increased PAS penetration likely to be an increased focus in FY25, in our view. Both products have ~<10% penetration into existing accounts currently.

- **Market direction.** While not explicitly forecasting a level for the ASX200 or the All Ordinaries in FY24 or beyond these indexes have held up remarkably well so far in the face of rising bond yields, cost of living increases and geopolitical uncertainties. The ASX200 is up 1% since December 2023 and closing at an all-time high 16 February 2024. A strong equity market is important for trading volumes and portfolio balances.
- **New product development.** International trading is slated for a soft launch in February 2024 and should be a complementary fit for clients within Technology & platforms. The company says other new products are being considered with a combination of build, buy and rent likely to complete the existing offering.
- **Higher Desktop Broker users numbers in FY24**, driven by recent M&A activity in the financial planning space suggests a solid uplift in Desktop Broker users in FY24. Current key customers WT Group (ASX:WTL) ¹ and Count Financial (ASX:CUP) ² have recently announced intentions to merge with Millennium3 (out of Insignia) and Diverger (ASX:DVR) respectively, indicating an uplift of ~300 new Desktop Broker users over FY24, with flow-on benefits for Third-Party Clearing.

Key changes to RaaS estimates are listed in Exhibit 5 below, with modest changes at the revenue, PBTA and EPS lines over the forecast period.

¹ <https://www.ifa.com.au/news/33571-wt-financial-announces-advice-network-acquisition>

² <https://www.moneymanagement.com.au/news/financial-planning/count-diverger-merger-create-3rd-largest-licensee>

Exhibit 5: RaaS BFG earnings adjustments (in A\$m unless stated)

Variable	FY23a	FY24f	FY25f	FY26f
Revenue				
Previous	245.5	271.8	283.3	279.3
Revised	248.4	274.3	282.5	275.7
% CHG	1	1	0	(1)
Adj. PBTA				
Previous	44.5	60.4	70.3	67.4
Revised	39.7	59.4	66.6	64.4
% CHG	(11)	(2)	(5)	(4)
Adj. EPS				
Previous	0.099	0.132	0.153	0.147
Revised	0.090	0.130	0.146	0.141
% CHG	(9)	(1)	(5)	(4)

Source: Company announcements and RaaS estimates

Listed Peer Update

The following table summarises the key financial metrics of selected peers for FY24f which we use to select the appropriate multiples for our Sum of The Parts (SoTP) valuation of BFG given the varying revenue and earnings streams.

For companies without consensus earnings (SEQ³ and CAF⁴) we use their latest FY24 guidance, while FY24 guidance is unavailable for EZL and EP1, although EZL has guided to a H1 FY24 PAT of \$1.0m, 67% below the \$3.1m reported in H1 FY23⁵.

Exhibit 6: Peer group FY24 financial comparison (in A\$m unless otherwise stated)

Company Name	Ticker	Share price (cps)	Mkt. cap.	Net debt (cash) @ Dec-23	Adj. pre AASB16 PBTA	Revenue	Adj. EPS (cps)	Adj. PBTA (x)	PER (x)	Yield (%)
Platforms						Average		22.8	35.3	2.5
						Avg Small		14.5	22.3	3.6
Netwealth	NWL	18.00	4,388	-109.4	120.6	250	0.34	36.4	52.5	1.6
Hub24	HUB	37.50	3,056	-42.8	118.2	329	0.85	25.9	44.2	1.0
Iress	IRE	8.62	1,609	375.2	88.0	630	0.32	18.3	27.3	2.8
Praemium	PPS	0.40	201	-46.2	18.7	80	0.02	10.7	17.4	4.5
Stockbroking						Average		na	na	na
Euroz Hartleys	EZL	0.86	142	-83.0	na	na	na	na	na	na
E&P Financial Group	EP1	0.48	114	-58.8	na	na	na	na	na	na
Other financial						Average		9.8	13.5	6.3
MA Financial #	MAF	5.89	1,050	64.0	72.1	330	0.39	14.6	20.1	2.9
Sequoia Financial *	SEQ	0.49	67	-30.0	9.4	130	0.04	7.1	11.0	7.5
Centrepoint Alliance *	CAF	0.30	59	-15.6	7.8	36	0.03	7.6	9.4	8.3
Bell Financial #	BFG	1.36	433	-114.3	59.4	274	0.13	7.3	10.4	5.9

Sources: Company guidance *, Refinitiv and RaaS estimates (BFG); Prices as of 16 February 2024 # December year-end

Looking at BFG relative to the peer group using actual FY23 multiples we would highlight the following:

- Trading at a 50% PBTA discount to our selected 'smaller' platform players, being IRE and PPS;
- Trading at a 25% PBTA discount to our selected 'other financial' peer group; and
- Has a solid net cash position, which is a feature of most stockbroking peers.

³ www.asx.com.au, SEQ announcement 15 November 2023 "SEQ confirms growth expectations for FY24"

⁴ www.asx.com.au, CAF presentation 10 November 2023, Annual General Meeting Addresses and Presentation (CEO address page 6)

⁵ www.asx.com.au, EZL announcement 29 January 2024, Trading Update and Interim Dividend

Valuation

Sum of The Parts

Given the mix of growth businesses such as Technology and Platforms, the recurring nature of businesses within Products and Services, and the cyclical nature of Retail and Institutional we believe a Sum of The Parts valuation is the most appropriate valuation methodology for BFG.

For Technology and Platforms we use the average FY24 PBTA multiple of the two smaller platform operators Iress (ASX:IRE) and Praemium (ASX:PPS) which have similar revenue drivers, operating leverage, and market capitalisation.

For the Margin Lending business within Products and Services we apply a 20% premium to the average regional bank FY24 PBT multiple (6.2x) to reflect the superior credit history, net interest margin, and ROE of this product.

For the PAS and Super business within Products and Services we have conducted a standalone DCF valuation for this product given the recurring nature of this income, low capex, low working capital, and growth visibility relative to other divisions. As a result, we apply a divisional beta of 0.8x against a group beta of 1.1x. Our numbers assume just 20% (or \$7b) of Bell Potter's current \$40.7b in FUA adopt the PAS fee option by FY31 against \$5.1b currently.

For the combined Retail/Institutional businesses we have applied our 'other financials' peer multiple of 8.2x to through-the-cycle earnings based on financial years FY21-FY23 inclusive, which incorporates both strong and weak trading environments.

For all divisions we have adjusted BFG earnings to a June financial year in-line with peer multiples.

While some divisions provide the environment for other divisions to thrive (Retail for example provides the FUA advice for PAS and many leads for Margin Lending), we think the SoTP exercise is useful in identifying the varying nature of revenue and earnings streams by product.

A shift to FY24f peer multiples and higher through the cycle Institutional assumptions has been somewhat offset by lower through-the-cycle retail PBTA assumptions, resulting a revised valuation of \$2.25/share (from \$2.15). Key to this valuation is through the cycle PBTA assumptions for Retail and Institutional, a separate DCF valuation for the PAS division and 'platform' peer multiples for the Technology & Platform division. .

Exhibit 7: BFG Sum of The Parts valuation – FY24 A\$m unless otherwise stated				
Division	CY24 adj. PBTA	PBTA multiple (x)	Valuation	Comments
Technology and Platforms	12.4	14.5	180	Avg of IRE and PPS, includes amort.
Products and Services	19.3	11.8	228	
Margin Lending	8.9	7.2	64	20% premium to regional bank average
PAS and Super	10.4	15.7	164	Standalone DCF
Retail *	5.0	9.8	49	Through-the-cycle PBTA
Institutional *	15.0	9.8	146	(FY21-FY23 inclusive)
Group total	71.1		604	
Add net cash (Jun-23)			114	
VALUATION			718	
Shares on issue			319	
EQUITY VALUE			\$2.25	

Source: RaaS estimates; *Average of FY21-FY23 inclusive

Investment Case Revisited

BFG has built a diversified earnings stream across multiple product streams, many at or approaching scale and therefore operating leverage. Despite this, the group is arguably still seen and being valued as a traditional full-service stockbroker. Consider the following:

- 83% of group FY23 PAT came from divisions outside of the traditional full-service broking, being Technology and Platforms and Products and Services. This compared to 40% for listed stockbroking peer E&P Group and 0% for Euroz Harleys, highlighting the continued shift in the business composition over recent years.
- The Retail division has experienced a \$5.4m PAT decline over the past 12 months on the back of a weak ASX trading volumes and lower ECM activity. Such a decline has aided the mix of non-stockbroking business but provides significant earnings leverage to improved equity market conditions when they return, with some encouraging recent signs.
- Having the internal on-line trading platform (Bell Direct) and having developed an execution and settlement offering for financial planners (Desktop Broker), there is an opportunity to add additional products and services to these solutions, and integrate with more platforms, offering a more compelling service and new revenue streams. We believe international trading is likely to be added this calendar year while existing products such as margin lending and portfolio administration have platform attraction.
- BFG has significant cash at bank for regulatory requirements, significant client cash holdings on its balance sheet, and a large and robust margin lending book that derives significant and consistent net interest income. BFG as a result is a net beneficiary of higher interest rates with a further 75bps benefit estimated for H1 FY24 relative to H1 FY23.
- Market downturns and industry consolidation provides further opportunities for Third Party Clearing and Technology and Platforms as players look to cut costs and improve efficiencies.
- BFG is trading on an FY23a EV/PBTA discount to each of our defined financial segments, being small platforms (50% discount) and other financial (25% discount). BFG offers top quartile dividend yields relative to our selected peer group.

Exhibit 8: BFG Financial Summary

Bell Financial Group (ASX:BFG)						Share price (16 February 2024)						A\$	1.360
Profit and Loss (A\$m)						Interim (A\$m)							
Y/E 31 Dec	FY21A	FY22A	FY23A	FY24F	FY25F	H122A	H222A	H123A	H223A	H124F	H224F		
Revenue	269.1	206.4	196.5	215.0	225.7	111.8	129.5	118.7	129.7	136.0	138.3		
Operating Revenue	269.1	206.4	196.5	215.0	225.7	21.8	29.7	23.1	24.6	35.6	32.1		
Finance/Other Income	23.7	34.9	51.9	59.3	56.9	16.1	24.7	17.9	18.9	30.3	25.9		
Total Revenue	292.8	241.3	248.4	274.3	282.5	NPATA (normalised)	14.7	20.2	15.5	16.2	23.9	20.9	
EBITDA	75.4	51.4	47.7	67.6	75.4	Adjustments	(2.8)	(1.0)	(1.7)	0.3	0.0	0.0	
Depn	(0.6)	(1.0)	(0.8)	(0.8)	(1.1)	NPAT (reported)	11.9	19.2	13.8	16.4	23.9	20.9	
RoU	(8.3)	(6.9)	(7.2)	(7.4)	(7.7)	EPS (adjusted)	0.046	0.063	0.049	0.051	0.075	0.065	
Amortisation	(2.7)	(2.7)	(3.0)	(3.2)	(3.2)	Dividend (cps)	0.025	0.045	0.030	0.040	0.040	0.040	
PBT	63.8	40.8	36.8	56.2	63.4	Imputation	30.0	30.0	30.0	30.0	30.0	30.0	
Tax	(19.0)	(11.3)	(11.0)	(17.8)	(20.0)	Operating cash flow	na	na	na	na	na	na	
(Tax Rate)	30%	28%	30%	32%	32%	Free Cash flow	na	na	na	na	na	na	
NPATA normalised	47.5	32.2	28.7	41.6	46.6	Divisionals	H122A	H222A	H123A	H223A	H124F	H224F	
Adjustments	(1.1)	(3.8)	(1.4)	0.0	0.0	Revenue	111.8	129.5	118.7	129.7	136.0	138.3	
NPAT (reported)	43.7	25.7	24.3	38.4	43.4	Technology & Platforms	12.3	11.6	11.0	11.6	12.3	12.8	
Cash flow (A\$m)						Products & Services	11.3	10.9	11.3	11.8	13.2	13.5	
Y/E 31 Dec	FY21A	FY22A	FY23A	FY24F	FY25F	Retail	57.9	55.6	50.7	49.4	49.9	52.4	
Adj EBTDA (after rent)	65.0	47.0	42.5	60.2	67.7	Institutional	16.9	29.9	21.2	29.5	31.2	29.6	
Tax	(21.6)	(12.1)	(10.6)	(17.8)	-20.0	Interest/Other	13.4	21.5	24.5	27.4	29.3	30.0	
Working Capital	40.8	-7.6	-87.1	35.6	6.6	Profit After Tax	9.2	16.5	11.1	13.3	21.0	18.6	
Other	(10.0)	(24.7)	9.4	0.0	0.0	Technology & Platforms	2.3	3.9	4.6	3.6	5.1	4.1	
Operating cash flow	74.2	2.6	(45.9)	78.0	54.3	Products & Services	5.4	5.7	5.9	6.1	7.8	8.3	
Mtce capex	(1.0)	(0.4)	(0.8)	(0.9)	-0.9	Retail	0.8	1.6	-1.6	-1.3	0.7	1.8	
Acquisition of Investments	-9.5	-10.8	-4.4	0.0	0.0	Institutional	0.7	5.3	2.1	4.9	7.3	4.5	
Proceeds from Investments	9.6	5.2	1.4	0.0	0.0	PAT %	8.3%	12.7%	9.3%	10.2%	15.4%	13.5%	
Free cashflow	73.3	(3.5)	(49.7)	77.1	53.4	Margins, Leverage, Returns	FY21A	FY22A	FY23A	FY24F	FY25F		
Equity	(1.7)	(1.4)	0.0	0.0	0.0	EBITDA margin %	25.8%	21.3%	19.2%	24.7%	26.7%		
Borrowings	95.6	(0.0)	0.0	0.0	0.0	EBIT margin %	21.8%	16.9%	14.8%	20.5%	22.4%		
CHG in Client Cash Balance	43.6	-19.7	-68.9	0.0	0.0	NPAT margin (pre significant items)	16.2%	13.3%	11.5%	15.2%	16.5%		
CHG in Margin Loans	-63.5	37.8	-49.2	0.0	0.0	Net Debt (Cash)	-	136.49	-110.31	-114.29	-162.90	-188.82	
CHG in borrowings	52.0	-48.0	130.0	11.7	35.2	Net debt/EBITDA (x)	(x)	-1.8	-2.1	-2.4	-2.4	-2.5	
Net Dividends paid	(35.3)	(28.9)	(24.1)	(25.5)	-25.5	ND/ND+Equity (%)	(%)	(57.5%)	(47.3%)	(49.0%)	(66.2%)	(71.6%)	
Change in cash	164.1	(63.6)	(61.9)	63.3	63.1	EBITDA interest cover (x)	(x)	-0.6	-0.5	-0.4	-0.4	-0.4	
Balance sheet (A\$m)						ROA	9.5%	3.1%	3.1%	4.8%	5.0%		
Y/E 31 Dec	FY21A	FY22A	FY23A	FY24F	FY25F	ROE	18.3%	10.9%	10.3%	15.4%	16.3%		
Cash	136.5	110.3	114.3	162.9	188.8	NTA (per share)	0.29	0.28	0.28	0.32	0.38		
Client cash	216.2	151.0	118.9	114.5	127.7	Working capital	184.6	133.2	85.2	59.1	70.0		
Trade receivables	100.9	151.0	118.9	114.5	127.7	WC/Sales (%)	68.6%	64.5%	43.3%	27.5%	31.0%		
Other receivables	180.7	102.8	57.7	55.5	61.9	Revenue growth	(23.3%)	(4.8%)	9.4%	5.0%			
Financial Assets	13.3	15.6	15.6	15.6	15.6	EBIT growth pa	(36.1%)	(9.9%)	52.9%	12.8%			
Loan advances	534.0	495.8	546.1	578.2	613.4	Pricing	FY21A	FY22A	FY23A	FY24F	FY25F		
RoU assets	12.2	45.5	40.0	32.6	24.9	No of shares (y/e)	(m)	320	319	319	319	319	
Goodwill	130.4	130.4	130.4	130.4	130.4	Weighted Av Dil Shares	(m)	320	319	319	319	319	
Intangibles	14.8	15.5	15.5	15.3	14.1	EPS Reported	A\$ cps	0.136	0.080	0.076	0.120	0.136	
Other assets	7.9	36.1	(8.7)	(3.4)	(7.5)	EPS Normalised/Diluted	A\$ cps	0.148	0.101	0.090	0.130	0.146	
Total Assets	1,347.0	1,254.0	1,148.8	1,216.1	1,297.2	EPS growth (norm/dil)	-3%	-32%	-11%	45%	12%		
Trade payables	132.5	168.9	152.7	169.9	185.4	DPS	cps	0.11	0.07	0.07	0.08	0.09	
Other payables	324.8	253.1	104.9	116.8	127.4	DPS Growth	5%	-36%	0%	14%	13%		
Bell Financial Trust	481.1	461.4	392.5	392.5	392.5	Dividend yield	8.1%	5.1%	5.1%	5.9%	6.6%		
Cash Advance Facility	92.0	44.0	174.0	185.7	220.9	Dividend imputation	30	30	30	30	30		
Lease Liability	16.3	52.0	48.5	48.5	48.5	PE (x)	9.2	13.5	15.1	10.4	9.3		
Employee Benefits	58.9	37.2	38.4	39.5	39.6	PE market	15.0	15.0	15.0	15.0	15.0		
Other	2.4	1.9	2.3	14.9	16.6	Premium/(discount)	(38.9%)	(10.1%)	0.7%	(30.5%)	(38.0%)		
Total Liabilities	1,108.0	1,018.6	913.4	967.7	1,031.0	EV/EBITDA (x)	5.8	8.4	9.1	6.4	3.2		
Net Assets	239.0	235.4	235.4	248.3	266.2	FCF/Share	A cps	0.218	(0.021)	(0.165)	0.232	0.161	
Share capital	204.2	204.2	204.2	204.2	204.2	Price/FCF share	6.2	(63.4)	(8.2)	5.8	8.4		
Other Equity	(28.9)	(28.9)	(28.9)	(28.9)	(28.9)	Free Cash flow Yield	16.1%	(1.6%)	(12.2%)	17.1%	11.9%		
Reserves	(0.6)	(1.0)	(1.2)	(1.2)	(1.2)								
Retained Earnings	64.2	61.0	61.3	74.2	92.1								
Total Shareholder funds	239.0	235.4	235.4	248.3	266.2								

Source: Company data for actuals, RaaS estimates

FINANCIAL SERVICES GUIDE

RaaS Advisory Pty Ltd

ABN 99 614 783 363

Corporate Authorised Representative, number 1248415

of

BR SECURITIES AUSTRALIA PTY LTD

ABN 92 168 734 530

AFSL 456663

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- our services
- how we transact with you
- how we are paid, and
- complaint processes

Contact Details, BR and RaaS

BR Head Office: Suite 5GB, Level 5, 33 Queen Street, Brisbane, QLD, 4000

RaaS. 20 Halls Road Arcadia, NSW 2159

P: +61 414 354712

E: finola.burke@raasgroup.com

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