



ASX Release
Spring FG Limited (ASX: SFL)
9 November 2016

Company update

Financial services company Spring FG Limited (Spring FG or the Company, ASX:SFL) is pleased to release a company update presentation, which is attached to this announcement. The presentation outlines Spring FG's strategy and compelling investment case. It will be used for a series of non-deal roadshows over the coming months.

Investment highlights

- Emerging and scalable financial services company with a **valuable, high quality and growing client base**
- Opportunity to capitalise on the **expanding A\$0.6 trillion Australian SMSF and A\$1.6 trillion residential investment property markets**
- **Specialist investment property solutions** and structural advice provides a **differentiated approach** to wealth management
- Proven track record of revenue growth with **revenue CAGR of 61% over the last 4 years**
- **Multiple revenue streams** supported by growing predictable recurring revenues
- **Strong brand image established** supported by further plans to grow branch network in key target markets
- **Highly credentialed senior leadership team** with significant sector expertise
- Spring FG's growth strategy is focused on better leveraging its growing client base, rolling out **new branches, optimising its digital strategy** and pursuing **selective M&A opportunities**

About Spring FG Limited - www.springFG.com - ASX: SFL

Spring FG Limited (Spring FG) is a diversified financial services company offering financial planning and investment advice; wealth management; insurance and superannuation; finance; and tax and accounting services. Its advice and product offerings are broad and include a specialisation in the high-growth markets of self-managed superannuation funds (SMSFs); and direct and SMSF residential real estate investment.

The Company has offices in Sydney, Melbourne, Brisbane, Canberra, Newcastle and Wollongong and is preparing for a rollout of a franchised branch office network. It also operates a range of leading "fintech" services including its spring247 personal financial management and mysuper247 SMSF platforms.

With an online community of more than 160,000 subscribers, the Company's Spring FG Digital division offers financial education and market information services free-of-charge through regular seminar programs, the publication of its Wealthadviser library of more than 90 eBooks on a broad range of subjects, and the operation of content-rich websites, including industry-leading sharecafe.com.au and wealthadviser.com.au.

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A photograph of a man in a light blue long-sleeved shirt carrying a young child with blonde hair on his shoulders. The child is wearing a red and white checkered shirt. They are standing on a grassy area with several large trees in the background. The scene is brightly lit, suggesting a sunny day. A semi-transparent dark grey box is overlaid on the lower half of the image, containing white text.

A fresh approach.

SPRING FG LIMITED (ASX: SFL)

COMPANY UPDATE

NOVEMBER 2016

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An emerging Australian financial services company taking a **fresh approach** to wealth management

Corporate overview

Spring FG is an emerging financial services group focused on the Australian SMSF and residential investment property markets

Company profile

- Spring Financial Group (“Spring FG”) is a financial services company specialising in the high growth **self managed superannuation fund** (“SMSFs”) and **residential investment property** markets
- Key product and service offerings including **financial planning, investment advice, insurance and superannuation, finance, estate planning, residential investment and tax & accounting**

Share price performance



Source: IRESS

Financial information

Share price (8-Nov-16)	A\$0.21
Number of shares	125.4m
Market capitalisation	A\$26.3m
Cash (30-Jun-16)	A\$1.4m
Debt (30-Jun-16)	-
Enterprise value	A\$24.9m

Top shareholders

Keith Cullen (<i>Founder and Managing Director</i>)	27.7%
Chris Kelesis (<i>Executive Director</i>)	16.1%
IFM Pty Ltd (<i>Pre IPO investor</i>)	10.9%
DAM Enterprise Services (<i>Seed capital investor</i>)	5.7%

Highly invested board and management team and **clean capital structure**

Board of Directors

Highly credentialed Board of Directors with experience in the financial services, investment property and technology sectors



Guy Hedley
Chairman

- Former **Head of Macquarie Private Bank** in Australia and Asia
- Executive Director at **Macquarie Group** from 2002-2012
- Currently Executive Chairman of **Atlas Advisors Australia** and advisory Board Member at **China House**



Keith Cullen
Managing Director

- Founder and Managing Director of Spring FG
- Founding Managing Director and shareholder of **eBet Limited** (ASX-listed technology and gaming company)
- Former Chief Executive Office of **WPS Financial Group**



Chris Kelesis
Executive Director

- Founding shareholder and Director of Spring FG
- Heads Investment Property at Spring FG
- Former equities trader and analyst with >10 years at **Spring Equities, Ark Equities** and the **Rivkin Group**



Jeff Zulman
Non-executive director

- Executive Director of **Coyne Holdings**
- Founder and Managing Director of **Book Buyers Brokerage Services Australia**, a specialist mortgage and finance brokerage advisory business

The Spring FG Board acquired c. 3m shares in the last year and hold >44% of total shares outstanding

Unique business approach

Spring FG is a financial services company founded on the vision of a *fresh approach* to wealth management

Specialist advice

Specialist advice in Australian SMSFs and residential investment property markets

Non-aligned advice

Non-aligned advice ensures Spring FG is not limited to providing advice based on a specific product suite

Team-based model

Spring FG's core services are delivered through a primary adviser supported by a team of specialists

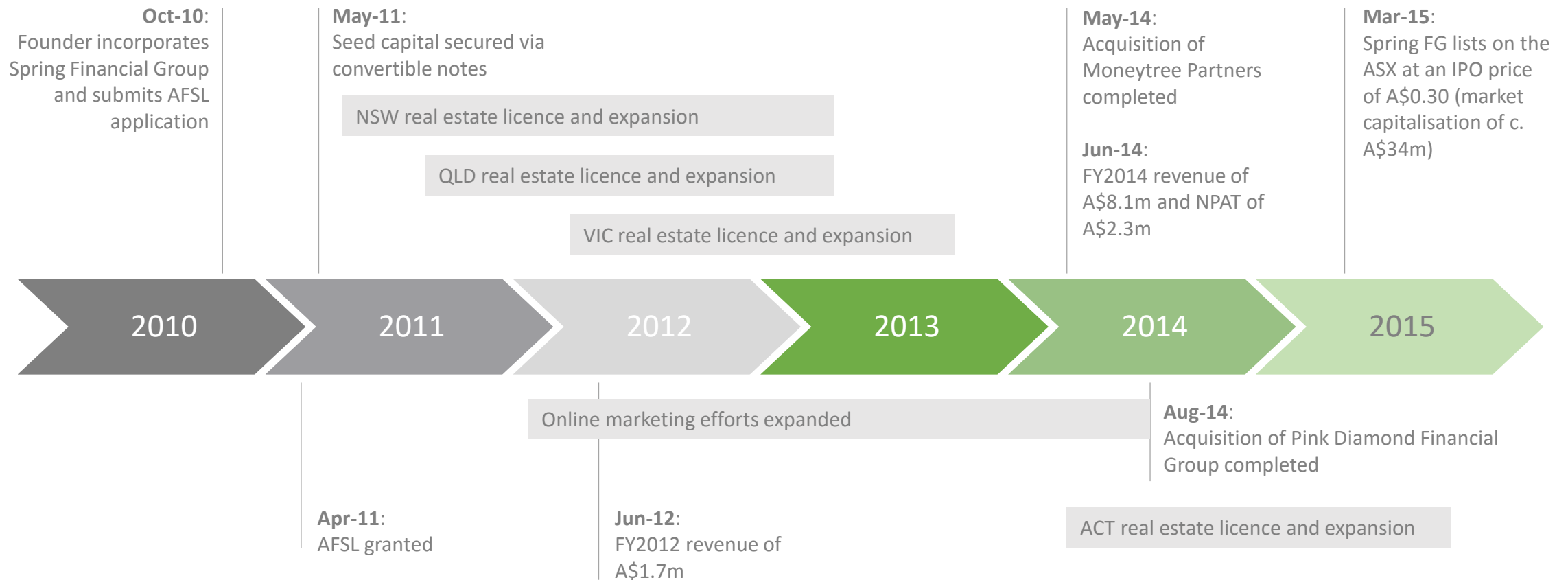
Centralised model

Spring FG's centralised model is scalable and positioned for further growth through franchising opportunities



Company history

Since its establishment in October 2010, Spring FG has successfully expanded across the east coast of Australia and experienced substantial revenue and earnings growth over this time

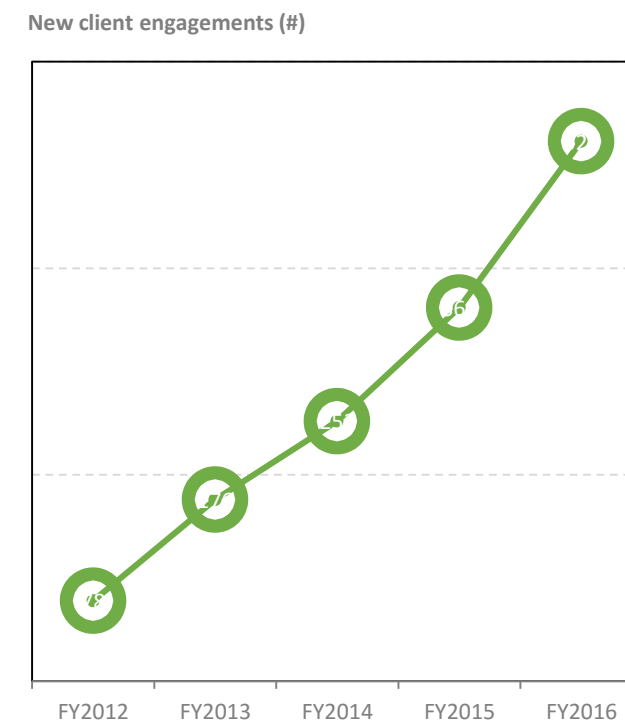
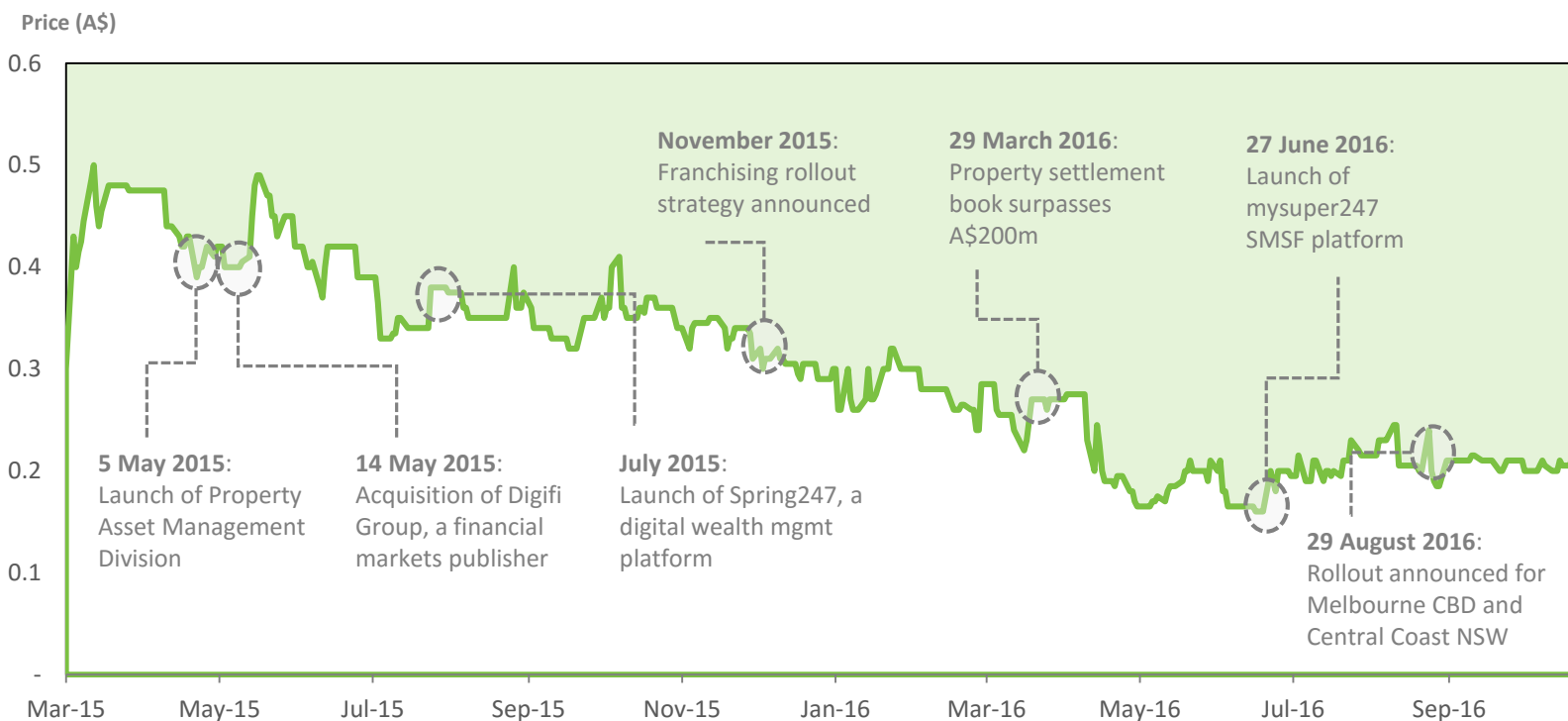


Recent share price performance

Spring FG's recent share price performance has not reflected its continued operational achievements since IPO

- Since listing, Spring FG has delivered on significant growth in its client base which has underpinned revenue growth and diversification
- In addition, Spring FG has implemented digital initiatives to potentially add material earnings in the longer term

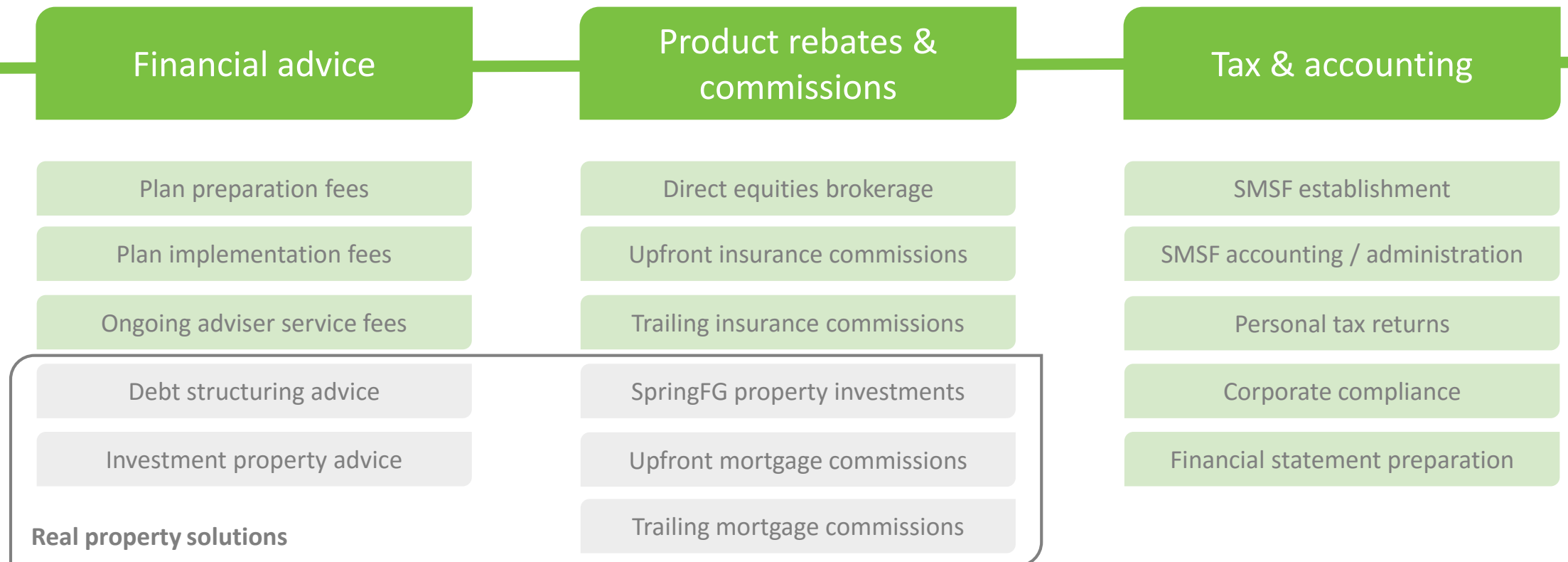
Share price performance disconnected to the substantial growth in Spring FG's client base



Multiple services and revenue streams

Spring FG receives revenue across a broad range of financial services including financial advice, product rebates & commissions and tax & accounting services

- Spring FG provides holistic financial advice in financial and retirement planning, superannuation solutions and taxation management
- Spring FG's significant expertise in SMSF solutions and residential property advice is the primary driver for the majority of revenue streams



Real property solutions

Spring FG generates substantial revenues from its real property transaction services which leverage its expanding SMSF and non-SMSF client base

- Spring FG sources residential property solutions for clients that seek to build direct and/or SMSF residential real estate portfolios
- This allows Spring FG to build long term relationships with their customer base by incorporating residential investment property into clients' overall financial goals
- Property transactions generate sales commissions from property developers and upfront and trailing mortgage commissions from bank and non-bank lenders
- Spring FG has established distribution agreements in place with leading property developers and project marketers

Property business model



Unique service offering

Spring FG's structural advice capabilities ensure clients' property portfolios are aligned with their overall wealth management strategy

Objectivity

Business model ensures Spring FG selects the best investment opportunities for clients (rather than marketing entire projects)

Relationship-based advice

Differentiated relationship-based approach ensures increased client engagement (vs. the traditional transactional nature)

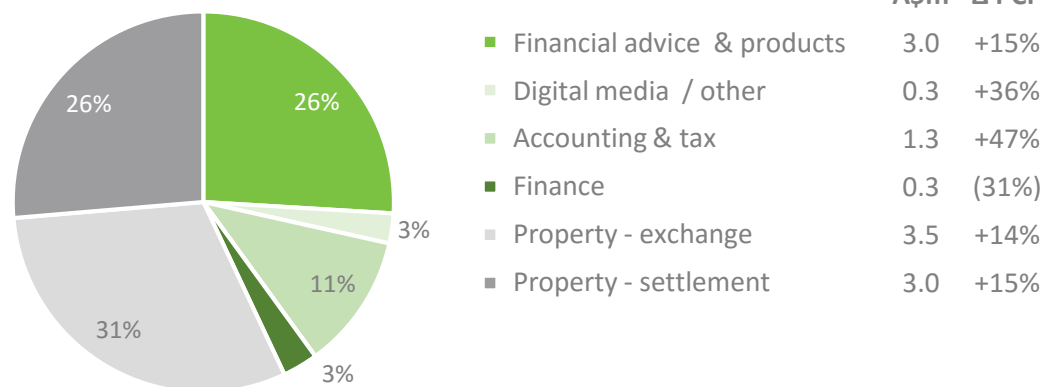
Growing recurring revenues

Spring FG's holistic client relationships mean it leverages other complementary financial services, as part of its differentiated approach to property investment

Revenue mix and growth

Consolidated growth in financial services and real property solutions during FY2016 establishes a strong platform for future growth

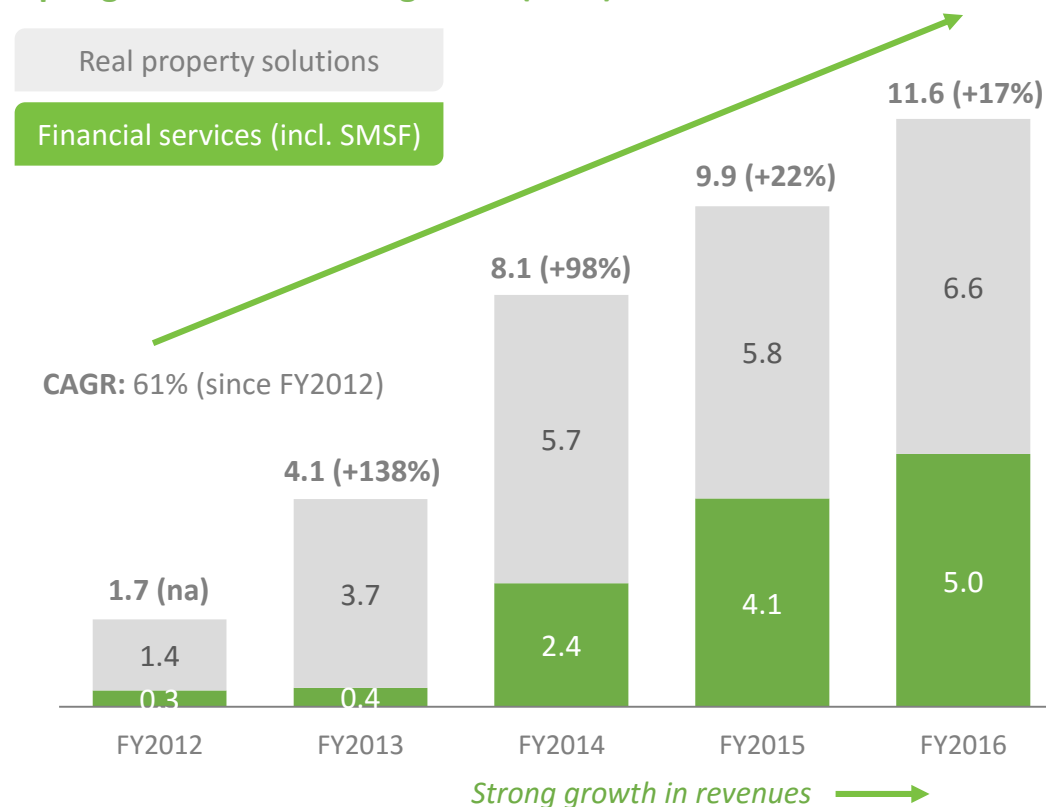
FY2016 revenue mix (A\$11.6m)



FY2016 recurring revenue mix (A\$2.8m)



Spring FG's revenue and growth (A\$m)

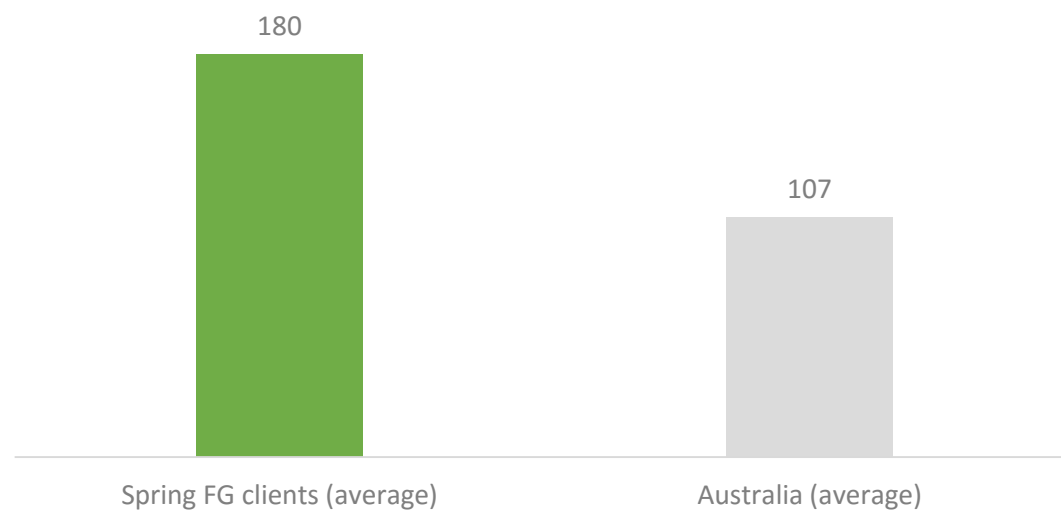


Our clients

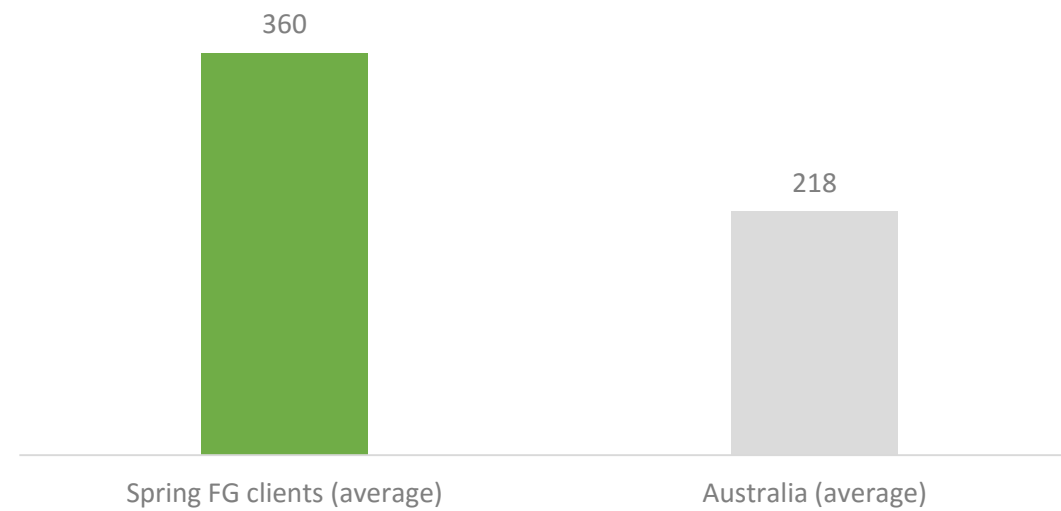
Spring FG services a high quality and valuable client base

- A large number of Spring FG's clients seek advice around establishment of an SMSF and/or construction of a property portfolio
- Clients are typically aged between 45 to 55 and are most often married with children
 - Two-third split to dual-income households
 - Household debt tends to be low
 - Existing home values tend to be slightly higher than the relative city median

Household income (A\$000's, gross)¹



Client superannuation balance (A\$000's)^{1,2}



Source: Australian Bureau of Statistics (ABS)

1. Based on 2013-2014 ABS data (latest data available)

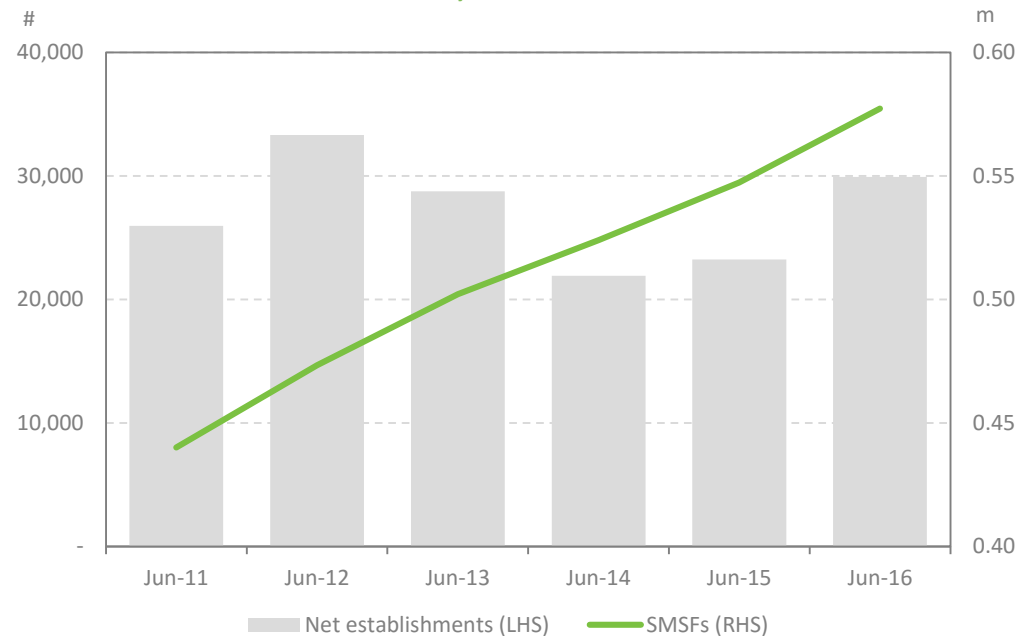
2. Australia (average) data is the sum of the mean total superannuation balance for males (A\$135k) and females (A\$83k)

Australian SMSF industry

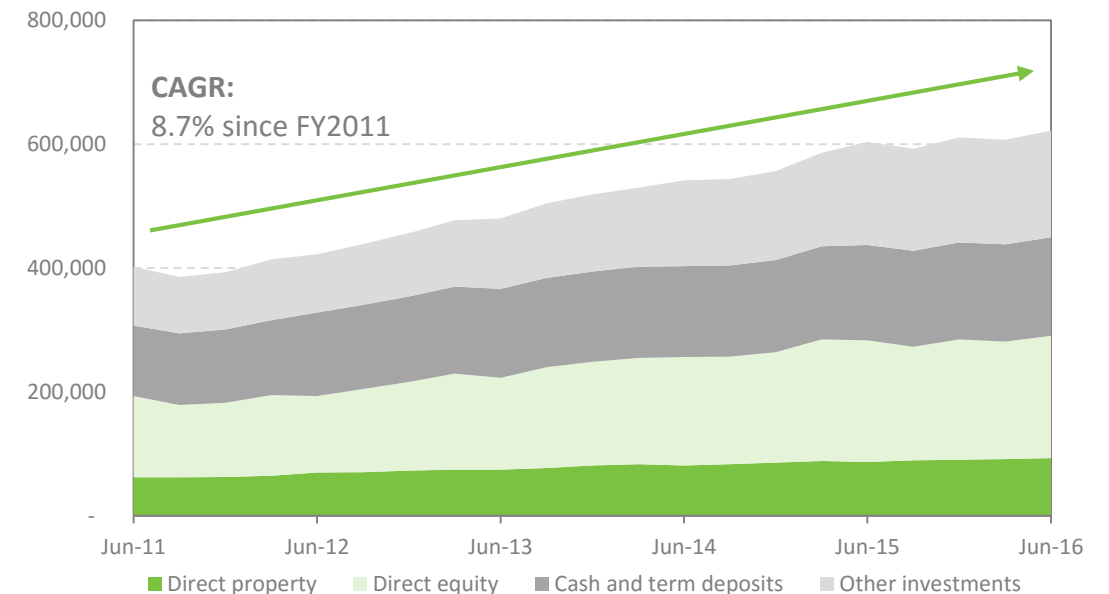
Spring FG is well positioned in the fragmented yet fast growing Australian SMSF industry

- Spring FG's strategy focuses on the key markets of NSW, VIC and QLD which account for c. 80% of the total SMSF market in Australia
- Currently a fragmented market with >575,000 SMSFs in Australia and c. 1.1m members (representing 10% of all super fund members)
- SMSFs hold >A\$621bn in assets, which have been growing at a CAGR of c. 9% between FY2011 to FY2016
- >70% of SMSF assets are held in direct property, cash and direct equity investments

Growth in net establishments, SMSFs and members



Growth in SMSF value over time (A\$m)

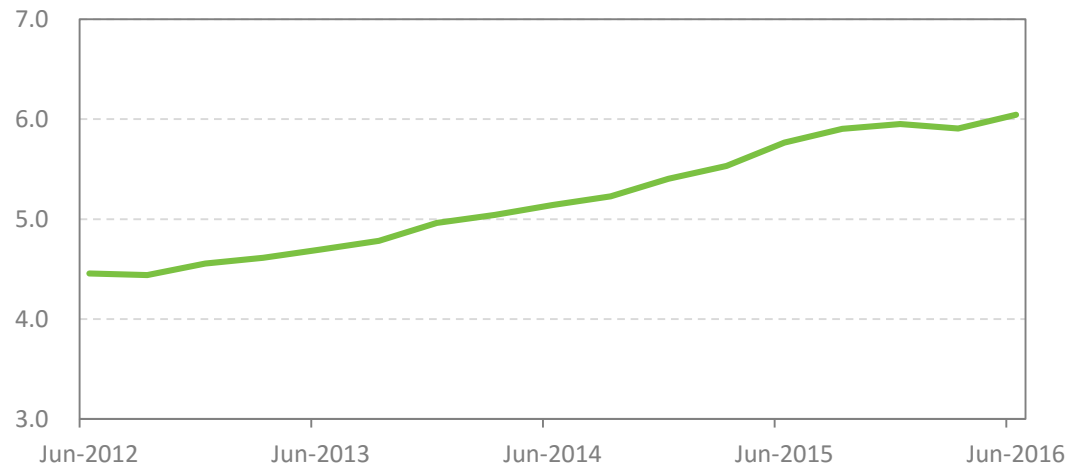


Australian residential investment property market

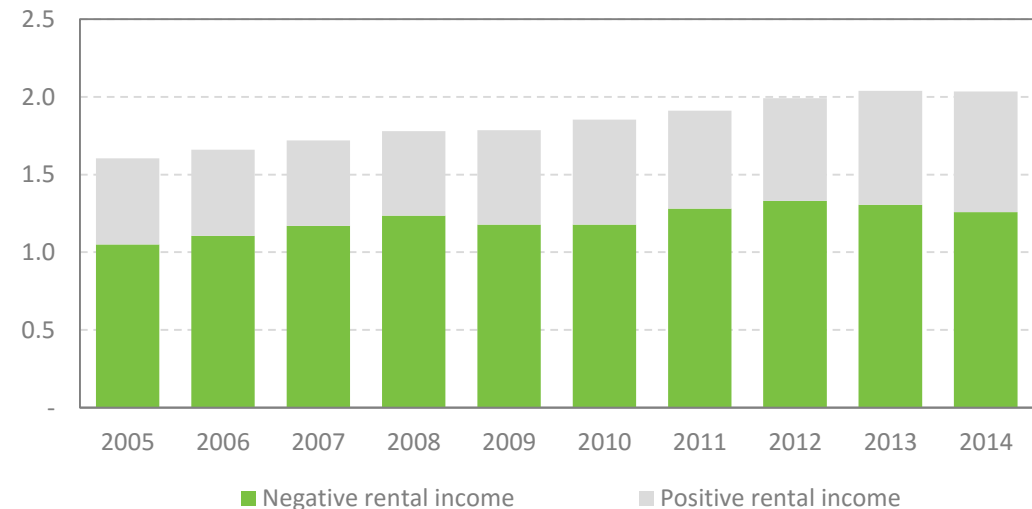
Spring FG is capitalising on the continued growth of interest in the residential investment property market

- Investment in residential property by Spring FG's clients directly and through SMSF is a key revenue driver
- The Australian residential investment property is estimated to be >A\$1.6t (equivalent to the market capitalisation of all the companies listed on the ASX), representing c.31% of the Australian property market
- Value of Australian residential property has grown at a CAGR of >7.5% since 2012, primarily driven by growth in property prices
- The number of investment property investors has grown steadily (10 year CAGR of c. 2.6%), with approximately 60,000 new investment property owners entering the market every year (who would need and seek advice)

Australian residential property market value (A\$tn)



Investment property investors in Australia (m)¹

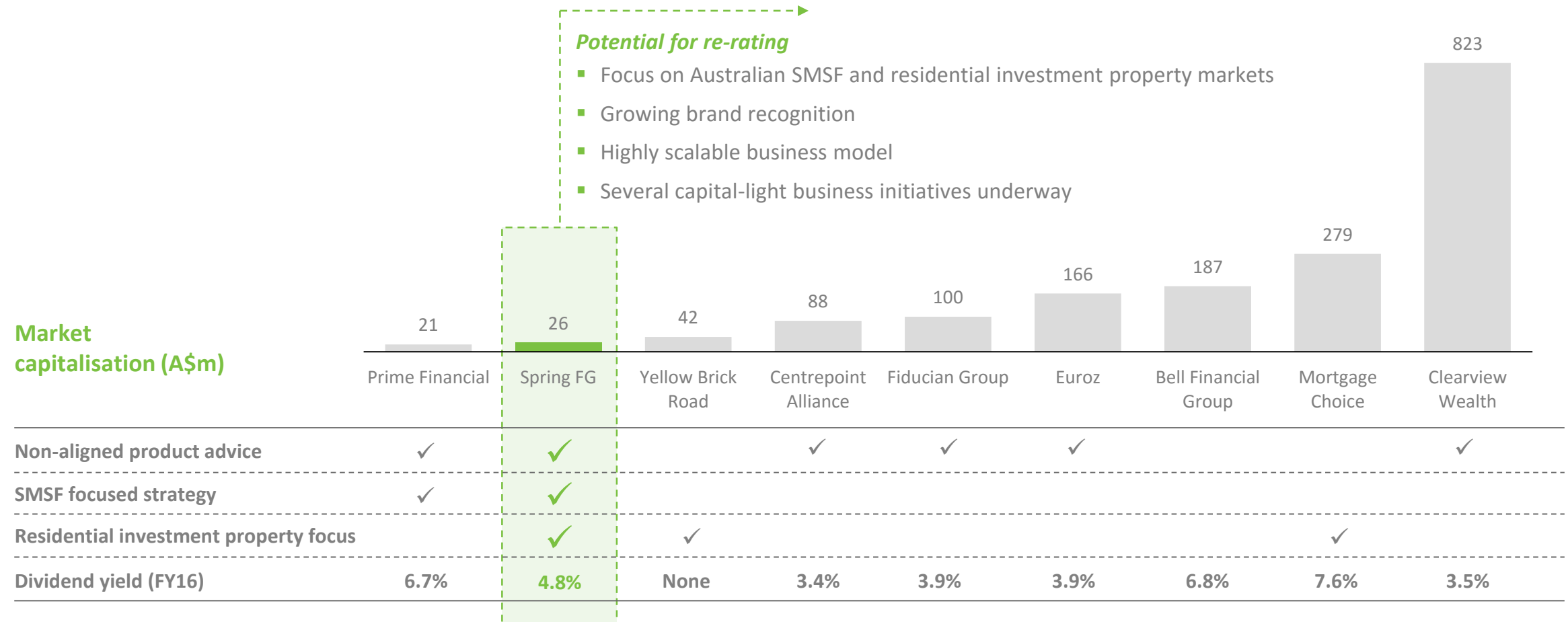


Source: Australian Taxation Office

1. Most of the negative rental income is driven by depreciation (non-cash expense)

ASX-listed financial services peers

Spring FG is well positioned relative to peers given its ability to leverage the rapidly expanding SMSF industry and the value of its differentiated real property solutions



Source: Company filings, IRESS as at 27 October 2016

Growth strategy

Spring FG's growth strategy is focused on optimising existing operations, roll out of branches and selective M&A

Business initiatives

- Leverage existing scalable platform and processes to support increased new client acquisition and organic growth
- Potential to grow by expanding property and SMSF marketing efforts, leveraging technology and broadening services to client base

Roll out of branches

- Revised goal of 10 branches by the end of FY2018, ensuring only premium high-profile sites in key capital city fringe and regional markets are secured
- Longer term growth is underpinned by the suitability of the operational model for franchising opportunities

M&A

- Ongoing assessment of strategic acquisitions that broaden Spring FG's expertise and product offerings in line with its *fresh approach* vision
- Focus on key areas of financial planning, insurance, mortgage brokerage and tax & accounting

Target FY2020 revenue

> A\$20m

From core wealth management business

Target EBITDA margin

30%

Driven by revenue growth and cost containment

Target COGS margin

< 10%

Underpinned by targeted 7% growth in operating expenses

Branches by end FY2018

10 branches

Updated guidance

Roll out strategy

80-100 branches

Target franchised branches over the next 5 to 8 years

Expected branch revenue

A\$1m p.a.

Expected EBIT contribution of >A\$0.4m p.a.

May 2015

Digifi Group

August 2014

Pink Diamond

May 2014

Moneytree Partners

Digital strategy

Exciting digital opportunities provide potential additional upside value to shareholders

- Spring FG's digital strategy is based on leveraging existing operations and proprietary databases to drive further digital revenue growth
- This allows Spring FG to deliver "cross-sell" products and services and provides a significant competitive advantage against other start ups and existing online players with digital strategies
- Digital strategy maximises Spring FG's traction with potential customers (i.e. young superannuation starters) and provides significant revenue monetisation opportunities as the client base transitions into "targeted clients" over time (i.e. combined/larger-value superannuation balances)
- In the long term, the recruitment of these "target clients" into fully advised wealth management clients represents the most valuable opportunity

Key highlights of Spring FG's digital strategy

Digital initiatives

Launches to **continue and underpinned** by successful roll out of a broad range of services to date

Utilise 160,000 proprietary database

To **drive further growth** in digital revenues

Revenue and earning contributions

Are expected to be meaningful and **achieved in the medium term**

Numerous low risk and low cost concepts

Potentially available by **leveraging profitable low volume and high margin** operations and proprietary database

Competitive advantage

Against start ups and existing online players by **leveraging existing operations**

Client recruitment

To fully advised environment in the longer term presents an **attractive value enhancing opportunity**

Note:

1. Partial acquisition or joint ventures may also be considered

Share price catalysts

Achievement of revenue growth and margin expansion in the near term underpin significant upside potential

Near term

- Opening of Melbourne and NSW Central Coast retail branches (during FY2017)
- Deliver on key financial targets
 - Revenue growth: 15% p.a.
 - Operating expenses growth: 7% p.a.
 - COGS target: <10% of revenue
- Continued development and roll out of digital initiatives

Medium term

- Launch of mytax247.com (for FY2017 tax season)
- 10 branches by end of FY2018
- Improvement in EBITDA margin (to 30%)
- Revenue and earnings contribution from digital initiatives

Long term

- Targeted revenues of >A\$20m from core wealth management operations
- Roll out of 80 to 100 franchised branches (over next 5 to 8 years)
- Proven client recruitment and transition from digital initiatives to fully advised environment

In addition, Spring FG will continue to assess and potentially **acquire selected strategic and value accretive opportunities**

Conclusion

An emerging Australian financial services company with a *fresh approach* to wealth management

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A photograph of a man and a woman in a meeting. The man, on the left, has a beard and is smiling broadly, with his right fist raised in a celebratory gesture. The woman, on the right, is seen from the side, looking towards the man. They are sitting at a desk with a laptop and papers. A large, modern lamp hangs above them. The background is a bright window with a view of a city.

Thank you