

# KP+GH

# **austbrokers** **KELLY+PARTNERS** INSURANCE

ASX: KPG

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**PRESENTED BY**

**Brett Kelly** Founder and CEO

**Kenneth Ko** CFO

3 December 2020

CEO and Executive Chairman, Brett Kelly, has approved the release of this document to the market

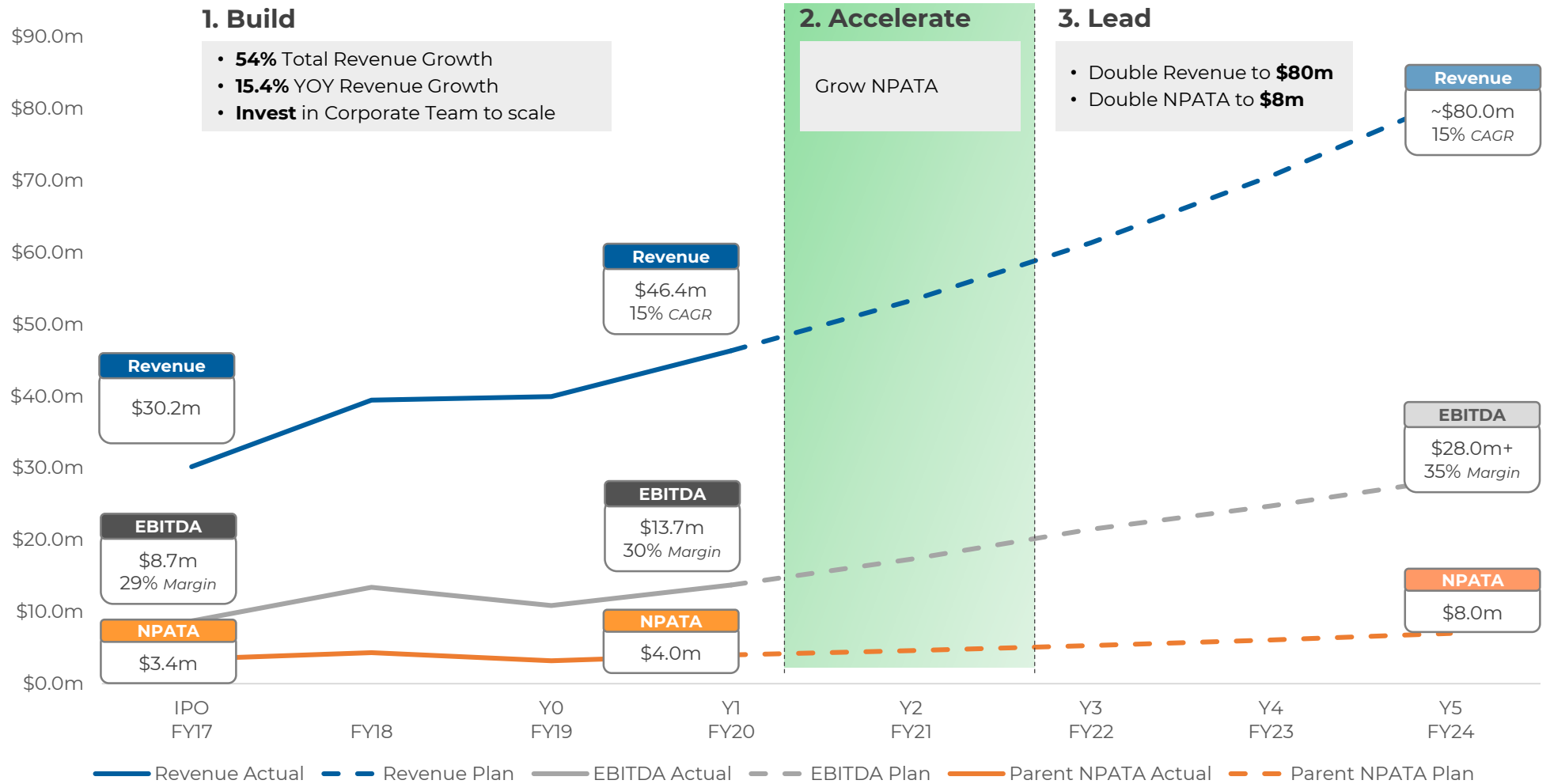
**Kelly Partners Group Holdings Limited**

**[kellypartnersgroup.com.au](http://kellypartnersgroup.com.au)**

**Level 8, 32 Walker Street, North Sydney NSW 2060, Australia**

# K+P 5 Years Strategy – Revenue / EBITDA/ NPATA

## Build, Accelerate and Lead



# Kelly+Partners Company Overview

## WHO WE ARE

- Kelly Partners Group Holdings Limited (KPG.ASX) has a ~51% interest in 21 operating businesses operating from 15 locations in NSW and VIC
- Our businesses provide accounting, taxation and other services to private businesses and their owners
- We operate under our unique “Partner-Owner-Driver” model, where partners are owners of the businesses

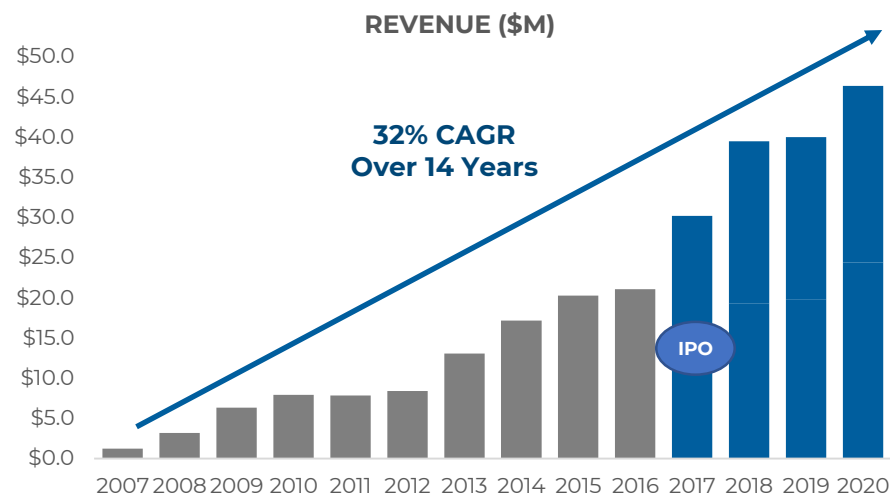
## KEY BUSINESS ATTRIBUTES

- Annuity revenue stream that is defensive and recurring
- 8,000+ client groups across diverse industries
- Leading margins of 32.5% vs industry average of 19.2%
- ROE of 49.0% and Return on Invested Capital of 32.2%
- 98% of EBITDA converted to cash

## FY20 Annuity and Transactional Revenue

<b>Annuity Revenue*</b>			<b>~99%</b>	<b>Transactional Revenue</b>		<b>~1%</b>
Accounting	Wealth	Finance		Investment Office		
~96%	~2%	~1%		~1%		

\* Based on FY20 results, excluding the Corporate Advisory business which is not material and which ceased after balance date.



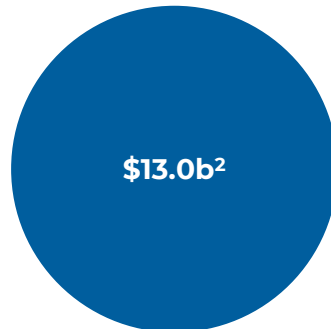
# Why?

**Increase addressable market by 100%**

**KELLY+  
PARTNERS**  
CHARTERED ACCOUNTANTS



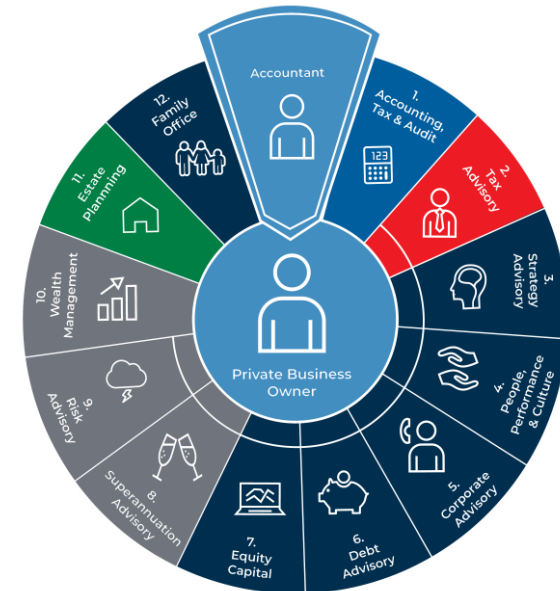
**austbrokers**  
**KELLY+PARTNERS**  
INSURANCE



**Total**

**\$25.0b**

▲ 100%



## GROWING ADDRESSABLE MARKETS

- Total Australian Insurance Broking market size is \$13.0b
- Together with the Australian Accounting market, Kelly+Partners is now addressing total opportunities of \$25.0b

Source:

1. <https://www.ibisworld.com/au/industry/accounting-services/561/>
2. <https://www.ibisworld.com/au/market-size/insurance-brokerage/>

## FOCUSED DIFFERENTIATED OFFER

- Private businesses looking for “one stop shop” for all their financial, accounting and business needs
- Austbrokers Kelly+Partners partnership will broker insurance policies to Kelly+Partners ~8,000 clients with better coverage and pricing

# What?

### New vertical with a differentiated approach

- The partnership will be owned 50% by Austbrokers and 50% by a Kelly+Partners controlled entity, with the lead broker, having a 49% interest in the Kelly+Partners controlled entity;
- The partnership will provide general and life insurance broking services to Kelly+Partners' ~8,000 clients and members;
- Kelly+Partners will act as an agent for Austbrokers in introducing competitive insurance products to KPG clients;
- The partnership differentiates from other accounting businesses who have sought to act as the broker, which requires a much larger investment, team structure and expertise;

### Low costs, high margin model

- Over time, the partnership expects to penetrate >30% of the Kelly+Partners' client base, generating approximately \$2m in EBITDA to the partnership;
- The partnership is expected to require minimal upfront capital and operate with a very low cost base. The partnership is expected to produce attractive levels of margin at >60% of revenue

### Other opportunities

- The above is the first of many other opportunities between both businesses, as outlined in Image 1

*Table 1: "Austbrokers Kelly+Partners" forecast conversion and profit at maturity within 5 years*

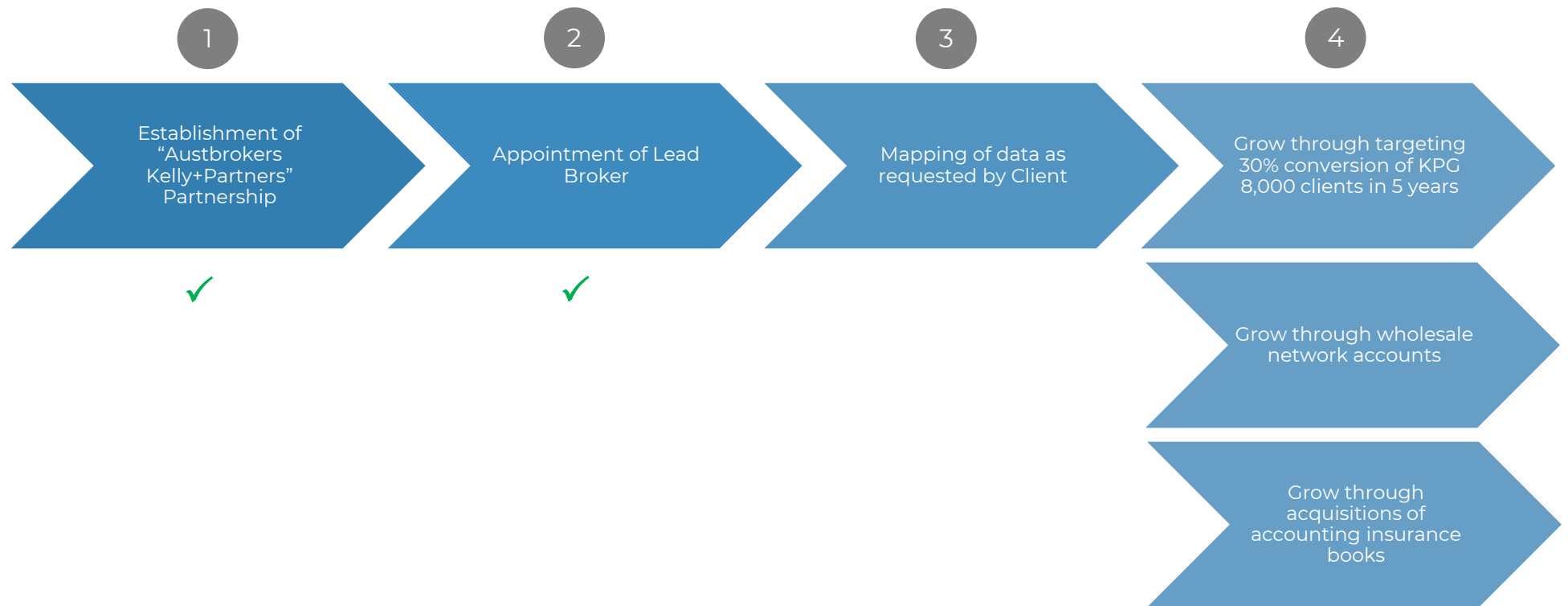
Line of Business	KPG Clients	Assumed client conversion	Austbrokers Kelly+Partners EBITDA
Retail	6,000	30.0%	\$1,080,000
Wholesale	2,000	30.0%	\$900,000
Acquisition		Unspecified	
Wholesale network accounts		Unspecified	
<b>TOTAL</b>	<b>8,000</b>		<b>&gt;\$1,980,000</b>

*Image 1: Other opportunities and services available to KPG and AUB (outside of the scope of the partnership)*



# How?

## Execution of the “Austbrokers Kelly+Partners” partnership



# Disclaimer

## **SUMMARY INFORMATION**

This document has been prepared by Kelly Partners Group Holdings Limited ACN 124 908 363 (Company) of Level 8, 32 Walker Street, North Sydney NSW 2060. This document contains information in a summary form and general background information about the Company's activities current as at the date of the document. It is to be read in conjunction with the Company's other disclosure announcement filed with the Australian Securities Exchange (available at [www.asx.com.au](http://www.asx.com.au)). This document is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor.

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## **AUTHORISATION STATEMENT**

Brett Kelly, Managing Director and Chair of Kelly Partner Group Holdings Limited, has approved the release of this document to the market.

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# Thank you