

## ASX ANNOUNCEMENT - KPG

Wednesday 17 Jun 2020

### Kelly+Partners Acquisition Tuck-In Announcement

Kelly Partners continues to deliver on its published 5 year plan (Appendix B). The key elements of that plan are to grow the group organically and continually make tuck in acquisitions to the existing sites. From time to time it is the intention to make marquee acquisitions in new areas as identified in Appendix A. KPG is also growing its complementary wealth, finance and investment office business gradually over time.

In line with this plan, Kelly Partners Group Holdings Limited ("Group", ASX:KPG) announces today that it has acquired an accounting firm located in Bathurst, NSW.

The acquisition is expected to contribute approximately \$270,000 in annual recurring revenue to the consolidated Group and approximately \$130,000 of EBITDA to the parent before any transaction improvements. The acquired firm will relocate to the Group's existing Bathurst office located at 89 William St, Bathurst.

Chief Executive Officer of Kelly+Partners, Brett Kelly said "The acquisition confirms the attractiveness of the Kelly+Partners offer to owners of progressive accounting firms. While this deal is not financially material we simply highlight that we are quietly working away on our plan to grow each site according to our proven model."

This is the Group's seventh acquisition since IPO in June 2017. Acquisition discussions continue with other firms.

The business continues to receive significant levels of interest from talented professionals and firms looking to join the Group.

#### **Brett Kelly**

Executive Chairman and CEO  
Ph: 02 9923 0800

**Brett Kelly, Executive Chairman of Kelly Partner Group Holdings Limited, has approved the release of this document to the market.**

**Kelly Partners Group Holdings Limited ABN 25 124 908 363**

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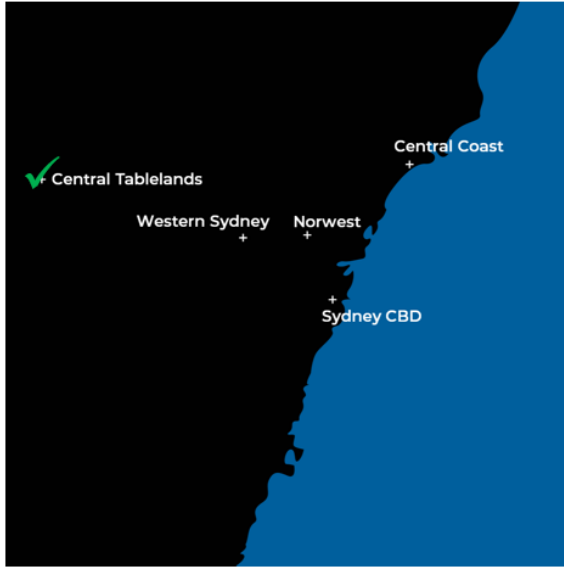
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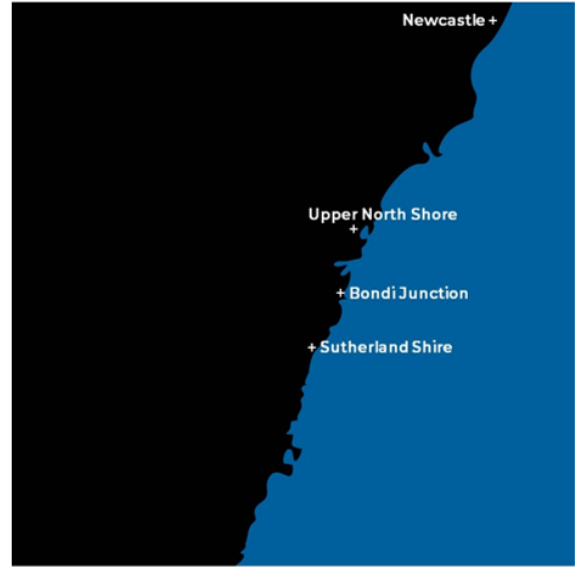
## Appendix A: Acquisition: Tuck-in & Marquee

### Targeted acquisitions sites - NSW



**TUCK-IN**

5 existing sites targeted



**MARQUEE**

4 new sites

### Targeted acquisitions sites - VIC



**TUCK-IN**

1 existing site targeted



**MARQUEE**

5 new sites

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## Appendix B: KPG - 5 Year Growth Plan

Three-pronged growth plan

EXISTING GROUP	ORGANIC	NETWORK EXPANSION			NEW SERVICES	TARGET GROUP	
	ORGANIC GROWTH	ACQUISITION – TUCK-IN	ACQUISITION – MARQUEE	OR GREENFIELD			
	5% p.a.	<ul style="list-style-type: none"> <li>• 2+ tuck-ins per year</li> <li>• 8 existing sites</li> <li>• \$1.0m+ revenue each</li> <li>• 112 spare seats</li> <li>• Integration cost 10% of price</li> <li>• 60 days integration</li> <li>• Target ROI – 30%+</li> </ul>	<ul style="list-style-type: none"> <li>• 5 new sites</li> <li>• \$2.0m+ revenue each</li> <li>• 2+ partners</li> <li>• Integration cost 20% of price</li> <li>• 2 year integration</li> <li>• Target ROI – 30%+</li> </ul>	OR	<ul style="list-style-type: none"> <li>• 5 new sites</li> <li>• \$2.0m revenue target</li> <li>• 2 partners target</li> <li>• Start-up cost \$50-\$250k</li> <li>• 3 years to target metrics</li> <li>• Target ROI - 30%+ after 3 years</li> </ul>	<ul style="list-style-type: none"> <li>• Wealth</li> <li>• Finance</li> <li>• Corporate Advisory</li> <li>• Investment Office</li> </ul>	
	Self Funded / Overdraft	Self Funded / Overdraft	Self Funded / KPG / Overdraft		Self Funded / Overdraft	Self Funded / Overdraft	
FY19 ~\$40.0m Revenue	\$12m+ Revenue Opportunity	\$12m+ Revenue Opportunity	\$10m+ Revenue Opportunity		\$5m+ Revenue Opportunity	\$80m+ Revenue Opportunity	
<b>FY2020 PROGRESS</b>	<b>+\$3.4m</b>	<b>+\$1.2 - \$1.4m Annual Fees Blue Mountains</b>	<b>+\$2.0 - \$2.5m Annual Fees Melbourne</b>		-	<b>+\$6.6 - \$7.3m Additional Run Rate</b>	
EBITDA	\$4.2m+ EBITDA Opportunity	\$4.2m+ EBITDA Opportunity	\$3.5m+ EBITDA Opportunity		\$1.8m+ EBITDA Opportunity	\$28m+ EBITDA Opportunity	

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## Kelly+Partners – Current Office Locations



## About Kelly+Partners

Kelly+Partners is a specialist chartered accounting network established in 2006 to provide a better service to private clients, private businesses & their owners, and families. Growing from two greenfield offices in North Sydney and the Central Coast, Kelly+Partners now consists of 21 operating businesses across 15 locations in Greater Sydney, Melbourne, Hong Kong and Auckland. In total, the team consists of more than 250 people, including 44 partners, who service over 7,500 SME clients. Our holding company, Kelly Partners Group Holdings, was successfully listed on ASX on 21 June 2017. Over the past 13 years, Kelly+Partners has undertaken 28 individual transactions in order to build the current accounting network. This includes the transformation of 15 external firms, and the launch of 13 greenfield businesses. Our ownership structure and operating model is unique in the Australian accounting market, and provides a strong platform for long-term sustainable growth. The combination of a proven business model and specialist operational expertise enables Kelly+Partners to help solve many of the issues currently facing both the accounting sector and our SME clients.

For more information, please contact:

### **Brett Kelly**

Executive Chairman and CEO

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