

FIRST HALF 2017 RESULTS

Centrepont Alliance Limited

24 February 2017

ASX:CAF

Highlights

- Group 1H17 profit after tax was \$4.6m up from \$0.7m in pcg
- Premium Funding sold on 30 December 2016 for \$21.4m
 - Gain on sale of \$4.5m
 - \$35m cash and no debt
 - Wealth focussed strategy
- Strong operational performance across the business (comparisons to pcg):
 - Revenues up 13%
 - Wealth operating EBITDA up 29% to \$4.0m
 - Recruitment of professional advice firms up 37%
 - Managed account inflows up 88% to \$96m
 - Salaried advice revenues up 86% and EBITDA up 177%
- Strategic investments made in accountant channel following regulatory changes and seeding of a new life insurance initiative
- The Board announced a change to the dividend policy to increase the ongoing annual dividend from 2.2cps to 4.5cps
- Legacy claims (pre 1 July 2010) provision increased by \$3.7m



Group Financial Results

\$m	1H16	2H16	1H17	1H17 v 1H16	1H17 v 2H16
Revenue (statutory)	64.8	66.0	76.7	18%	16%
EBITDA (statutory)	2.4	4.0	5.4	125%	35%
Revenue (continuing operations)	57.1	59.3	64.4	13%	9%
EBITDA (continuing operations excluding legacy claims)	1.2	2.8	2.2	83%	-21%
NPAT	0.7	3.6	4.6	6x	28%
ROE p.a.	6%	17%	23%	283%	35%

- Statutory results includes sale and contribution from Premium Funding
- Strong growth in continuing operations:
 - Revenue up 13% as growth in new firms begin to flow into results
 - EBITDA and cost to income ratio steadily improving each half year
- Efficiency savings allowing investment in new services, and expanding marketing and salaried advice capabilities

Centrepont Wealth Focus

- Premium Funding was sold to BOQ Finance for \$21.4m in December 2016.

The profit on sale was \$4.5m net of net assets, goodwill (\$1.2m) and transaction costs (\$1.5m). Nil tax payable due to prior year losses

- Centrepont Alliance solely focussed on the Australian wealth market and creating the leading non-institutional adviser services provider
- Leverage our leading adviser services position to create profitable business lines in funds management and administration, and supporting key strategic growth initiatives i.e.:
 1. Direct to consumer (salaried advice) wealth strategies
 2. Partnering with accountants to support their clients' wealth needs
 3. Seeding a new life insurance initiative to deliver enhanced products and services to clients and advisers



Capital Management

The sale of Premium Funding has generated a surplus cash position for the group of \$35 million

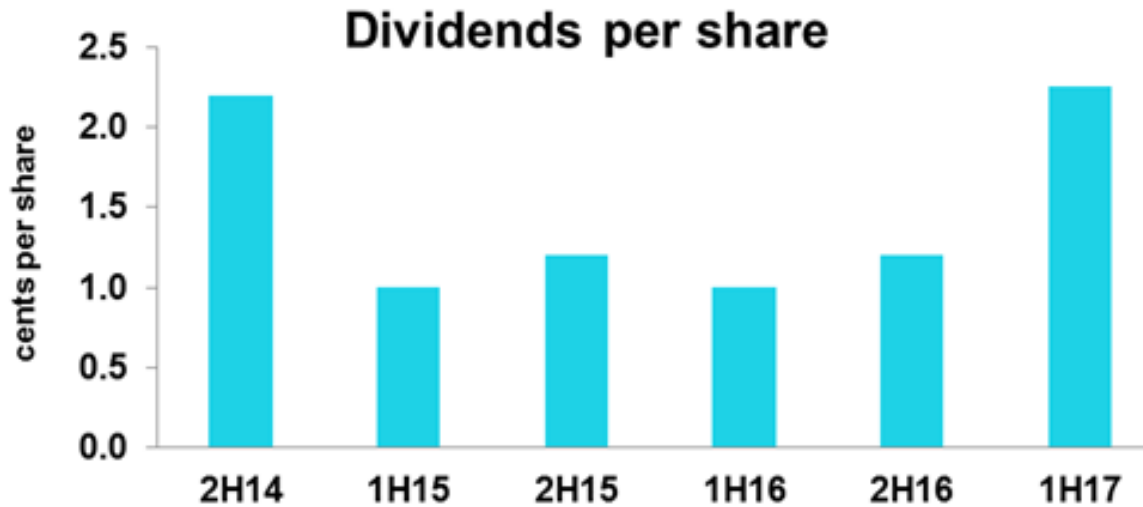
The Board considered various capital management initiatives and determined:

- A fully franked interim dividend of 2.25cps (\$3.5m) payable 5 April 2017
- Updated dividend policy with the intent to continue to pay 2.25cps each half year (4.5cps per annum)
- The remaining cash balance will be retained and directed towards strategic growth initiatives - organic and inorganic

The Capital management strategy aims to reward shareholders and provide flexibility to pursue growth opportunities in the wealth market

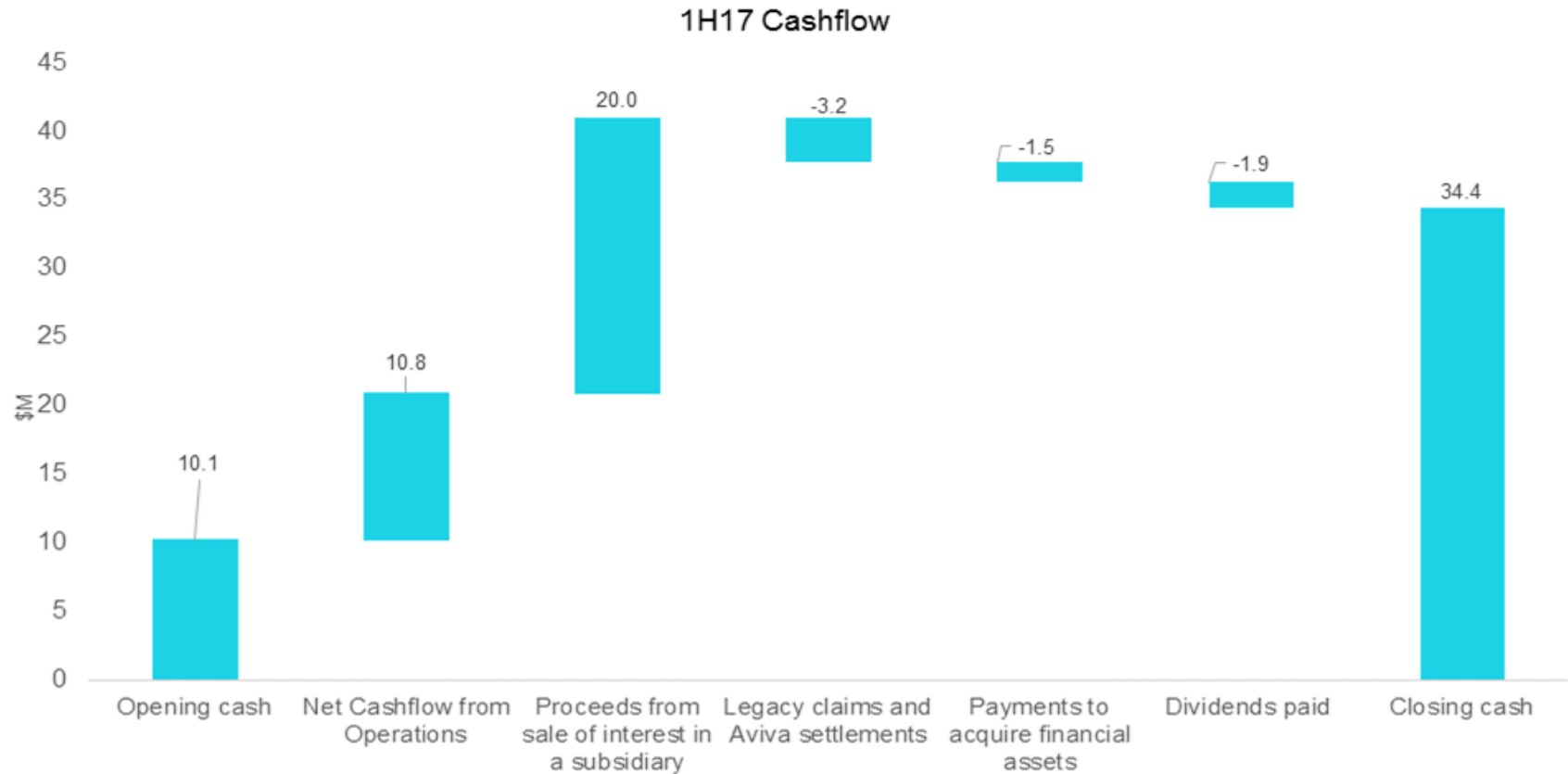


Dividends



- The Board have declared an interim dividend of 2.25 cps fully franked. Record date is 15 March 2017 with payment on 5 April 2017
- There are distributable earnings of \$30m and franking account reserve of \$25m (equivalent to \$59m of fully franked dividends). The Group has \$9m of deferred tax assets and unrecognised revenue tax losses of \$29m

Strong Cash Position



- A further \$1.4m cash was received on the sale of premium funding in February 2017 as final settlement
- \$35m cash able to fund ongoing high dividend payout ratio and growth initiatives
- Net cashflow from operations of \$10.8m (1H16: \$2.6m) includes \$6.0m in premium funding receivables repayments

Operating Segment Results – Continuing Operations

\$m	Funds Management and Administration			Licensee and Advice Services			Total Wealth			Corporate			Total		
	1H16	1H17	%	1H16	1H17	%	1H16	1H17	%	1H16	1H17	%	1H16	1H17	%
Revenue	5.8	6.2	7%	51.2	58.0	13%	57.0	64.2	13%	0.1	0.2	100%	57.1	64.4	13%
Gross profit	3.4	3.8	12%	12.4	11.6	-6%	15.8	15.4	-3%	-	0.2	100%	15.8	15.6	-1%
Operating expenses ex Claims	1.6	1.9	19%	11.1	9.5	-14%	12.7	11.4	-10%	1.9	2.0	5%	14.6	13.4	-8%
EBITDA ex Claims	1.8	1.9	6%	1.3	2.1	62%	3.1	4.0	29%	-1.9	-1.8	5%	1.2	2.2	83%

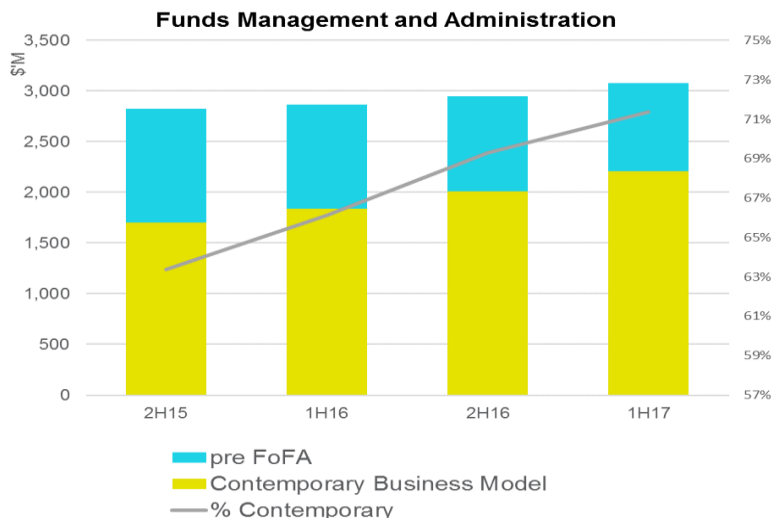
- Funds management and administration EBITDA up 6% due to increased adoption by advisers of new contemporary solutions. Gross profit higher due to improved margins on contemporary products and expenses reflect investment in sales team
- Licensee and Advice Services EBITDA up 62%. Revenue benefiting from recruitment of advice firms and growth in direct (salaried advice). Costs are being well managed.

Funds under Management and Administration - FUMA

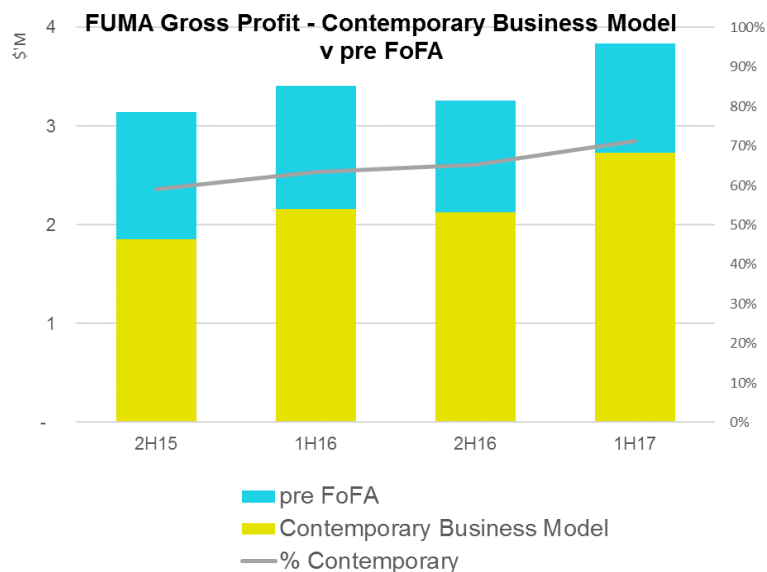
\$m	1H16	2H16	1H17	1H17 v 1H16	1H17 v 2H16
Revenue	5.8	5.8	6.2	7%	7%
EBITDA	1.8	2.0	1.9	6%	-5%
FUMA	2,856	2,948	3,155	10%	7%
Gross inflows	381	379	372	-2%	-2%
FUMA Net Flows	88	107	87	-1%	-19%
Managed Account Net Flows	51	61	96	88%	57%
Market impact	-50	-15	120	n/a	n/a

- EBITDA impacted by growth in FUMA offset by investment in 1H17 in sales and transition team
- Strong growth in managed accounts flows
- FUMA net flows impacted by closure of legacy products (\$35m) in 1H17

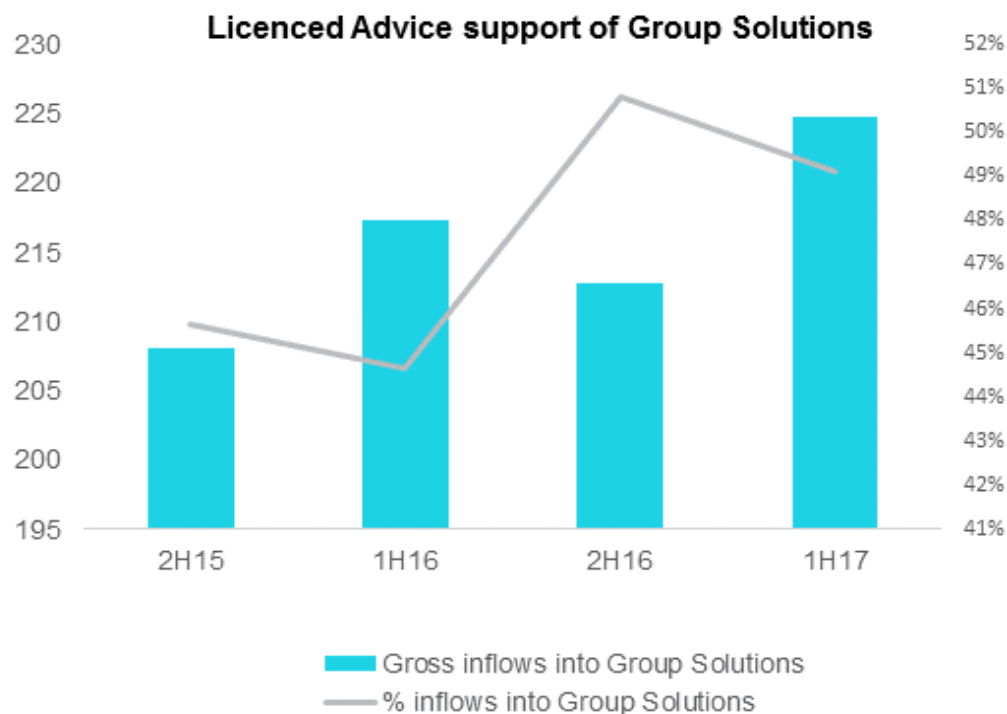
Funds Management and Administration - FUMA



- Contemporary FUMA up 20% on pcp
- Consistently strong flows sustained over past 18 months, contributing to growth in white label platforms and managed accounts
- Increasing number of advisers contributing to flows
- Margins increasing with scale contributing to strong growth in contemporary revenue



Funds Management and Administration



- Steadily increasing adviser support for Centrepont solutions (49%) by licensed advisers

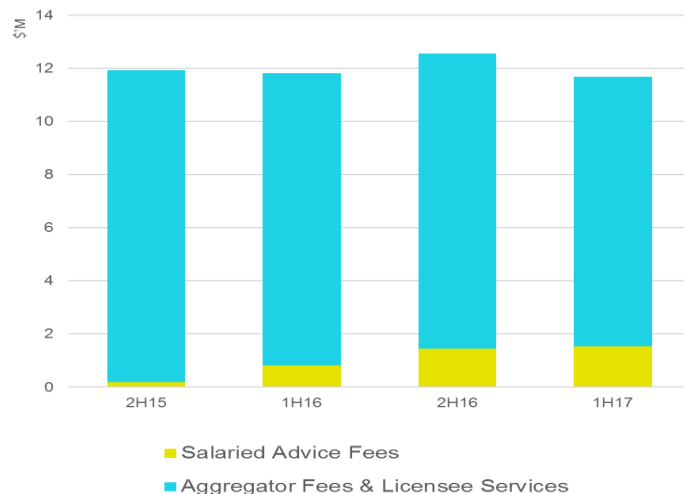
Licensee and Advice Services

\$m	1H16	2H16	1H17	1H17 v 1H16	1H17 v 2H16
Revenue	51.2	53.4	58.0	13%	9%
EBITDA (ex claims)	1.3	2.8	2.1	62%	-25%
New Firms	19	40	26	37%	-35%
Funds Under Distribution Agreements	8,067	7,738	7,608	-6%	-2%
No of Advisers (estimated)	1,764	1,793	1,830	4%	2%

- Solid revenue growth - up 13% on 1H16. Firm recruitment and growth in direct business key contributors. Fee revenues deferred for new firms typically by 6 months i.e. revenue from firms recruited in 2H16 not fully seen until 2H17
- EBITDA up 62% on 1H16 and down 25% on 2H16. 2H16 assisted by one off \$0.3m revenue from a reconciliation project
- Strong growth in new firms due to increasing brand awareness, enhanced marketing, quality services and solutions designed for professional advice firms and their clients

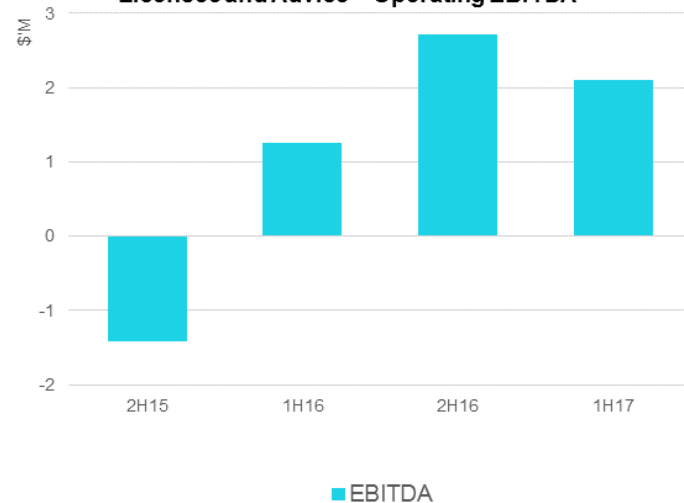
Licensee and Advice Services

Licensee and Advice - Revenue Mix



- Revenue base transforming to contemporary business model and fee for service
- Direct (salaried advice) commenced late FY15 and emerging as a significant and fast growing revenue stream
- Direct undergoing second phase of investment with direct marketing starting under “xseedwealth” brand.

Licensee and Advice - Operating EBITDA



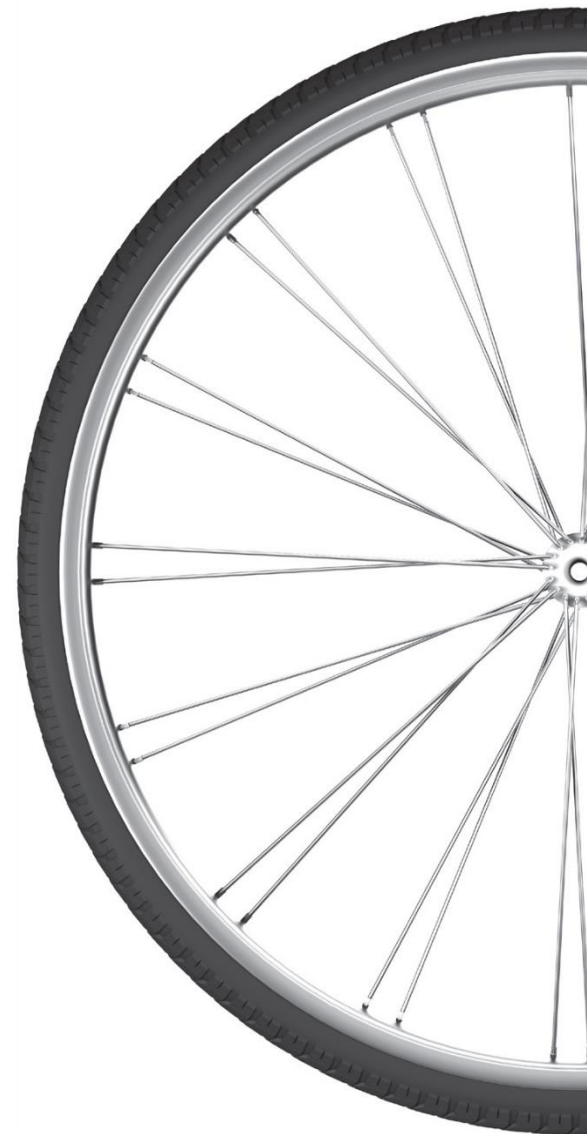
- Strong underlying trend in operating EBITDA driven by firm recruitment and salaried advice.



- ✕ xseedwealth new brand for our direct to consumer salaried advice channel
- ✕ Revenue of \$1.5m and EBITDA of \$0.5m up 86% and 177% respectively on pcp
- ✕ Further investment occurring in 2H17 to accelerate client and revenue growth through digital marketing and building out client fulfilment capabilities
- ✕ First digital marketing campaign to be launched in March. Digital also being used to engage with existing clients and deepen relationships
- ✕ Target market is Life Builders and Mature Professionals – offer differentiated from traditional advice market
- ✕ Recently added debt advice capability to existing life insurance and wealth capabilities – holistic offer in place

Accounting Partnerships

- Since new regulations were implemented in July 2016, accountants must be licensed to provide financial advice
- In October 2016 Centrepont made a \$1.5m investment via a convertible note (15% equity) in RFE
- RFE has established 18 accountant referral partnerships representing a potential accessible client base of 29,000
- Based on the success of client demand, further investment by Centrepont may be required to grow and scale the business



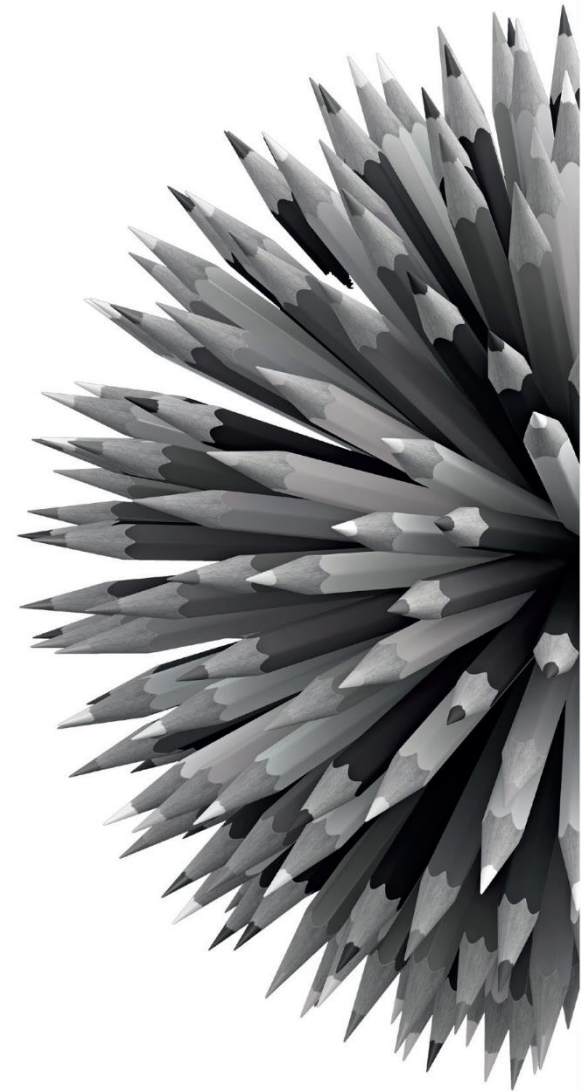
Life Insurance

- Centrepont is seed funding the start up of a life insurance development business with an experienced team targeting the IFA market
- The environment for new entrants is ideal
- Centrepont has a management team with strong life insurance experience and an existing adviser community with over \$400m premium inforce
- Centrepont will contribute \$5m via a convertible loan (minority interest) during 2017 with options to increase our stake over the next 3 years



Outlook

- Centrepoint is at the forefront of the positive disruption occurring across financial services
- Centrepoint is successfully creating a differentiated client centric wealth business and leveraging its scale as a leading non-institutional player
- Core business lines of adviser services and funds management/administration growing strongly, with steady investment in enhancing market leading capabilities to sustain future growth and margins
- New initiatives such as managed accounts and salaried advice performing strongly during pilot phases and now being scaled aggressively
- Initiating Life Insurance initiative to take advantage of significant value opportunity with proven thematic and an experienced team
- Continued wealth revenue and profit growth expected underpinned by strong balance sheet and dividend yield



CONTACT DETAILS

John de Zwart

Managing Director

Telephone: +61 2 8987 3002

Email: jdezwart@cpal.com.au

Level 9, 10 Bridge Street
Sydney NSW 2000

John Cowan

Chief Financial Officer

Telephone: +61 2 8987 3036

Email: john.cowan@cpal.com.au

Level 9, 10 Bridge Street
Sydney NSW 2000



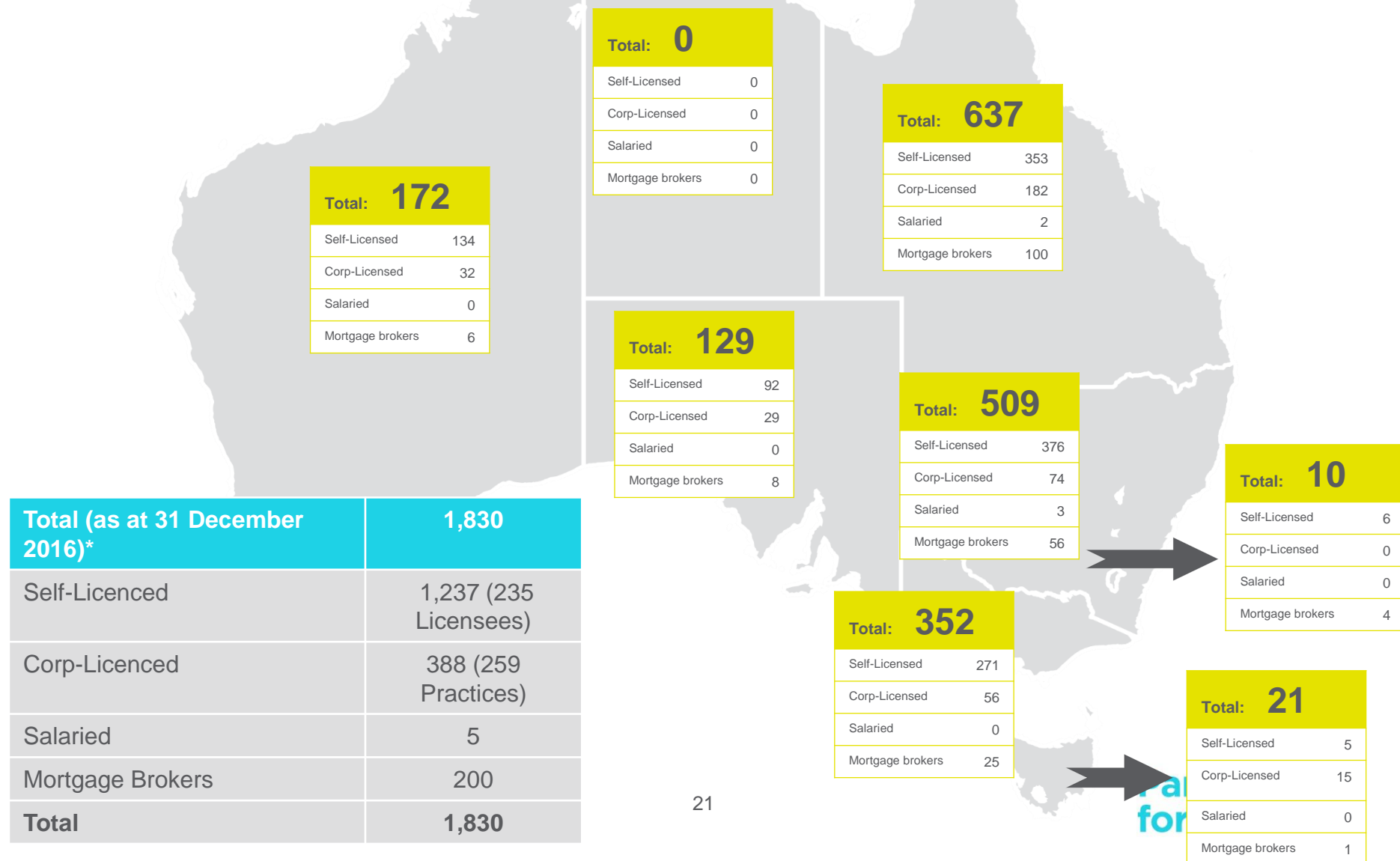
Appendices

Group Balance Sheet

\$m	2H16	1H17	1H17 v 2H16
Cash and Term Deposits	10.2	34.3	237%
Current Interest Bearing Receivables	125.8	0.1	-100%
Intangible Assets and Goodwill	3.8	2.2	-43%
Other Assets	28.7	25.4	-11%
Total Assets	168.5	62.0	-63%
Interest Bearing Liabilities	84.0	0.0	-100%
Other Liabilities	45.0	19.5	-57%
Total Liabilities	129.0	19.5	-85%
Net Assets	39.5	42.5	8%
Net Tangible Assets	26.3	29.1	11%
Net Tangible Assets (cents per share)	16.9	18.5	9%
ROCE p.a.	17%	21%	24%

Balance sheet at 31 December 2016 reflects the sale of Premium Funding and is simplified and strengthened

Centrepont Community



* Management estimate as at 31 December 2016. Not reconciled to ASIC Adviser register.

Definitions

Term	Definition
Contemporary Business Model	Includes assets and revenue in respect of self-licensed Firms, Salaried Advice, Licensed Practices (flat fee model), Open Administration Platforms, Managed Accounts and Open Ventura Funds
Pre FoFA	Includes assets and revenue in respect of Licensed Practices (excluding flat fee model), closed Administration Platforms (Mentor, Blueprint & DPM), Closed Ventura Funds and Allstar Funds
Funds	The collective term for Funds under Distribution Agreements, Advice, Administration, Management and Managed Portfolios
Funds Under Advice ('FUA')	Funds upon which advisers associated with the Centrepont group provide advice to clients
Funds Under Management and Administration ('FUMA')	Funds Under Administration represents funds upon which the Group derives fees as the responsible entity or as the promoter of badged investment administration solutions; and Funds Under Management represents funds upon which the Group derives fees as the responsible entity or as the promoter of a badged funds management product
FUDA	Funds under Distribution Agreements for which the business receives revenue
FoFA	Future of Financial Advice legislation
ROE p.a.	NPAT / Average equity for the relevant period (annualized)
Firms	Accumulated total of licensed Practices and self-licensed Licensees in the Centrepont Group
Non-institutionally owned	Not owned by a bank or insurance company
Managed Accounts	Ventura Separately Managed Account Solution
Statutory Revenue*	Gross statutory revenue, including non-operational interest income
Revenue*	Gross revenue, excluding non-operational interest income

Definitions (continued...)

Term	Definition
Direct Costs*	Advice and financial product fees and borrowing expenses of the funding business
Gross Profit	Revenue less direct costs
Operating Expenses	Expenses excluding direct costs, interest, depreciation and amortization
EBITDA	Earnings before interest, tax, depreciation and amortization. NB interest related to funding client premiums is included in earnings but not treated as an interest adjustment.
operating EBITDA	EBITDA excluding legacy claims adjustment
PBT	Profit before tax
UPBT	Underlying profit before tax and excludes tax, amortization and one off, non-operational items
PCP	Prior corresponding period
PP	Prior period
NPAT	Net profit after tax
Basic EPS	NPAT divided by average number of ordinary shares
Diluted EPS	NPAT divided by average number of adjusted for the effect of dilution
bps	Basis points
Wealth	Funds management & administration, Licensee and advice solutions
Continuing operations	Funds management & administration, Licensee and advice solutions & Corporate
RFE	R Financial Educators Pty Ltd

Disclaimer

This presentation is for general information purposes only and should be read in conjunction with the Appendix 4D lodged with the Australian Securities Exchange by Centrepont Alliance Limited (ASX:CAF) on 24 February 2017. This presentation does not provide recommendations or opinions in relation to specific investments or securities.

This presentation has been prepared in good faith and with reasonable care. Neither CAF nor any other person makes any representation or warranty, express or implied, as to the accuracy, reliability, reasonableness or completeness of the contents of this presentation (including any projections, forecasts, estimates, prospects and returns, and any omissions from this presentation. To the maximum extent permitted by law, CAF and its respective officers, employees and advisers disclaim and exclude all liability for any loss or damage (whether or not foreseeable) suffered or incurred by any person acting on any information (including any projections, forecasts, estimates, prospects and returns) provided in, or omitted from, this presentation or any other written or oral information provided by or on behalf of CAF.

It is not intended that this presentation be relied upon and the information in this presentation does not take into account your financial objectives, situations or needs. Investors should consult with their own legal, tax, business and/or financial advisers in connection with any investment decision.

All numbers are as at 31 December 2016 unless otherwise stated. Numbers may not add up due to rounding.