



CountPlus Limited (ASX: CUP)

**Results Presentation
For the Financial Year ended 30 June 2019**

PRESENTED BY

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Laurent Toussaint, Chief Financial Officer

26 August 2019



Disclaimer

This document is a presentation of general background information about the activities of CountPlus Limited (CountPlus) current at the date of the presentation. The information contained in this presentation is for general background information and does not purport to be complete.

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This document contains certain forward-looking statements and comments about future events, including CountPlus' expectations about the performance of its business. Forward looking statements can generally be identified by the use of forward-looking words such as 'expect', 'anticipate', 'likely', 'intend', 'should', 'could', 'may', 'predict', 'plan', 'propose', 'will', 'believe', 'forecast', 'estimate', 'target' and other similar expressions. Indications of, and guidance on, future earnings or financial position or performance are also forward-looking statements.

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Pro forma financial information

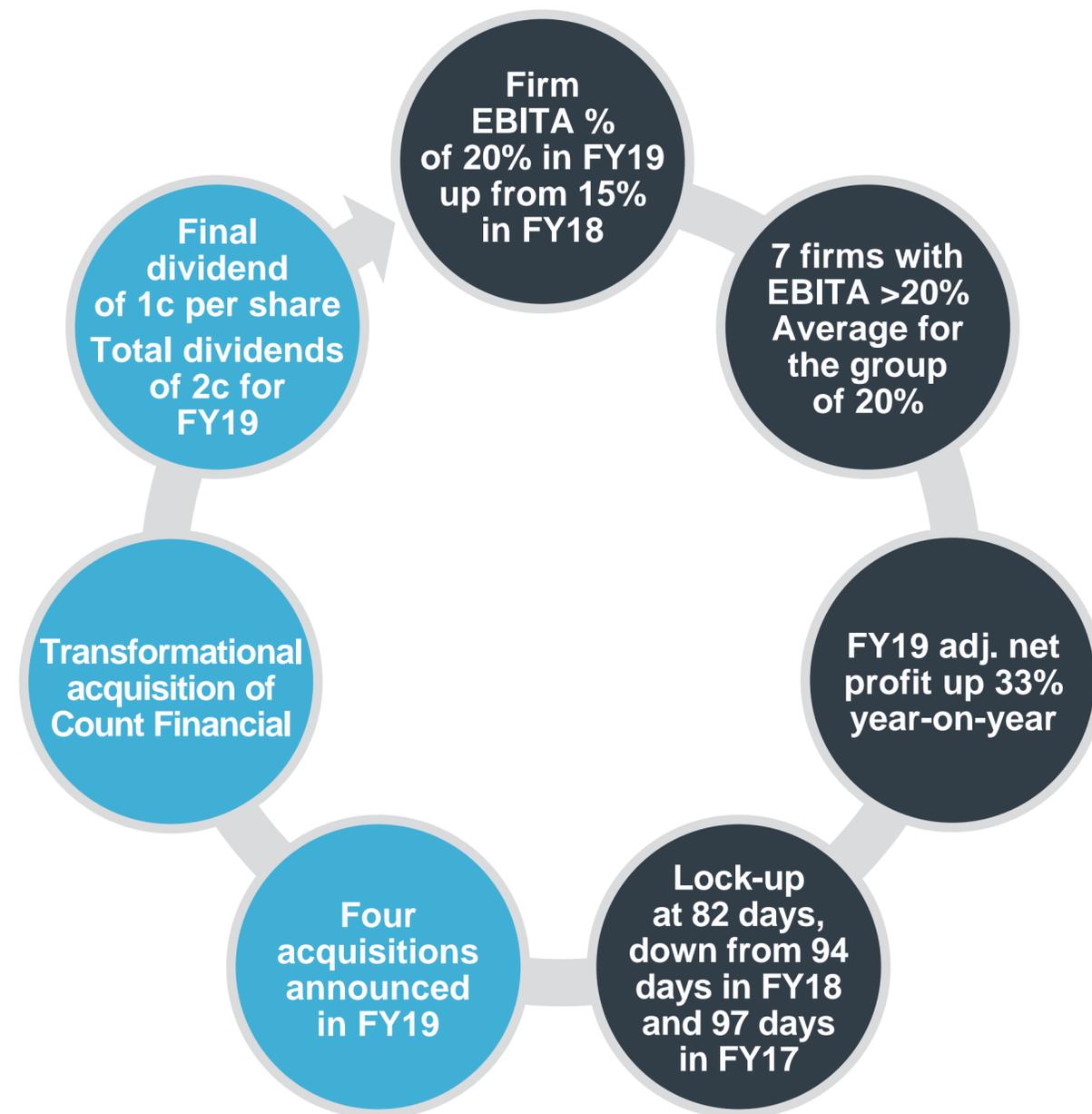
CountPlus uses certain measures to manage and report on its business that are not recognised under Australian Accounting Standards. These measures are referred to as non-IFRS (International Financial Reporting Standards) financial information. CountPlus considers that this non-IFRS financial information is important to assist in evaluating CountPlus' performance. The information is presented to assist in making appropriate comparisons with prior periods and to assess the underlying operating performance of the business.

All dollar values used in this document are in Australian dollars (A\$) unless otherwise stated.

Key Performance

Our approach will continue to focus on making a decent profit, decently

Listed on the ASX since 2010, we are a network of successful professional accounting and financial advice firms, **aligned through shared values, mutual success and our sense of community.**



CountPlus footprint



Full year performance highlights – FY19

Turnaround complete, positioned for growth



Financial Results summary	FY19 Adjusted	FY19 Adjusted vs FY18 Adjusted	FY19 Reported
Income Statement	\$'000	%	\$'000
Revenue from operating activities	68,646	(8)	68,646
Earnings before interest, tax and amortisation (“EBITA”)	8,262	5	6,217
Net profit after tax (“NPAT”)	5,002	33	2,956
Net profit attributable to CountPlus shareholders	3,681	34	1,635
Net profit after tax before amortisation (“NPATA”)	6,442	10	4,396
Key Metrics	FY 19 Adjusted and Reported		
Firm EBITA margin	20% (Up from 15%)		
Lock-Up	82 days (Down from 94 days)		
Total dividends per share	2 cents (Up from 1 cent)		

Note: NPATA means net profit after tax but before amortisation and this measure is intended to remove the effect of non-cash charges of acquired intangibles

Profit Reconciliation

Adjusted to statutory profit reconciliation

NPAT analysis – Adjusted	FY19	FY18	Movement
	\$'000	\$'000	% change
Net profit after tax – Reported	2,956	847	249
Add: One-off M&A transaction costs	1,752	–	
Add: Loss from discontinued operations	–	1,465	
Add: Impairment of intangible assets	1,060	4,700	
Add: Termination and redundancy costs on restructure	–	917	
Add: Once-off litigation costs	58	–	
Deduct: Net gain on sale of product / investments	(901)	(2,258)	
Deduct: Gain on deferred consideration	–	(271)	
Deduct: Results from exited firms	–	(390)	
Add / Deduct: Tax impact of adjustments above	77	(1,246)	
Adjusted NPAT	5,002	3,764	33

Financial track record

Transformation plan delivering improved earnings growth



Financial Results summary	FY19	FY18	Movement – FY19 vs FY18	
	\$'000	\$'000	\$'000	%
Revenue from operating activities	68,646	74,386	(5,740)	(8)
Adjusted Earnings before interest, tax and amortisation (“EBITA”)	8,262	7,843	419	5
Adjusted Net profit after tax (“NPAT”)	5,002	3,764	1,238	33
Adjusted Net profit attributable to CountPlus shareholders	3,681	2,741	940	34
Adjusted Net profit after tax before amortisation (“NPATA”)	6,442	5,834	608	10
Share of associates earnings	1,553	828	725	88
Net cash	8,503	8,975	(472)	(5)
Reported earnings / (loss) per share – cents	1.48	(0.16)	1.64	1027
Adjusted earnings per share – cents	3.33	2.48	0.85	34
Net asset value per share – cents	25.01	23.70	1.31	6

Notes:

- FY19 revenue from operating activities reflects the change in business model for TFS, sale of a non-core asset (Achieve payroll), exit and retirement of Principals;
- Adjusted is defined as reported results adjusted for one-off, non-recurring items; and
- The FY18 reported loss per share is for continuing and discontinued operations.

Partner Firms – 100% aggregation

Underlying firm performance continues to improve with ongoing margin expansion



Pro forma P&L analysis	FY19	FY18	Movement
	\$'000	\$'000	%
Total Revenue from operating activities	95,087	95,001	
Operational Salaries	(50,032)	(54,300)	
Contribution margin	45,055	40,701	11
Other income	2,255	870	
Operating expenses	(28,252)	(28,646)	
Firm EBITA	19,058	12,925	47
Interest income	35	124	
Amortisation	(1,039)	(1,243)	
Interest expense	(742)	(992)	
Corporate office – net costs	(4,471)	(3,799)	
One-off acquisition costs	(1,752)	(36)	
Consolidation adjustments	(1,371)	(570)	
Profit before tax	9,718	6,409	52
Income tax expense	(3,842)	(1,984)	
Loss from discontinued operations	–	(1,465)	
Net profit after tax	5,876	2,960	98

Key points to note:

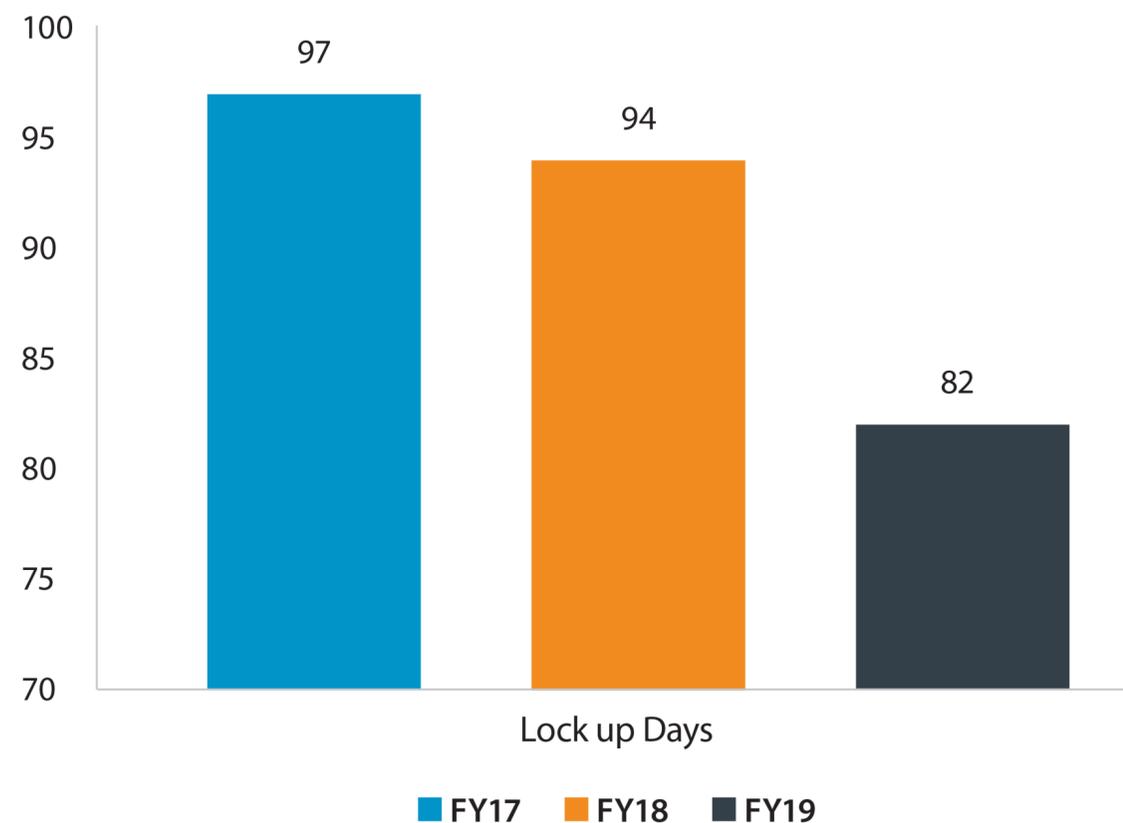
- This analysis is prepared by aggregating all CountPlus entities at 100% including associates. This analysis reflects the underlying performance of all Partner firms, ignoring the impact of shareholding to facilitate a year-on-year comparison.
- The increase in other income includes the \$1M for the sale of the Privilege product by TFS.
- Firm EBITA margin up from 15% in FY18 to 20% in FY19 and 12% when the turnaround commenced.

Revenue, Lock up and other metrics

Disciplined execution of key operational metrics drives key performance

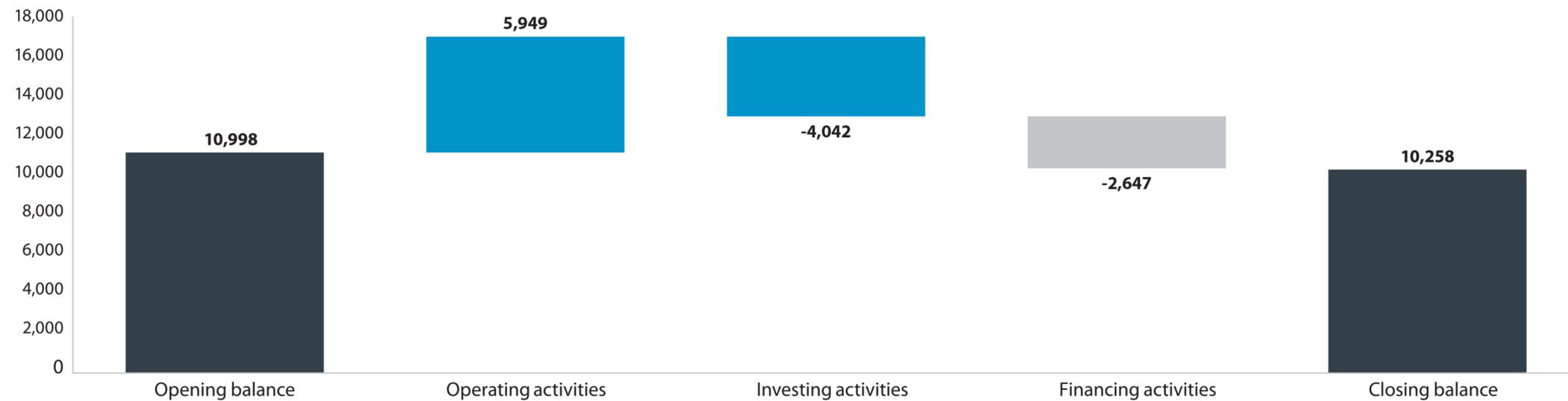
Financial metrics	FY19	FY18	FY17
	\$'000	\$'000	\$'000
Revenue per full time employee (Firm level)	196	182	177
Average firm EBITA margin (%)	20%	15%	12%
Employment costs – % of revenue	61%	66%	68%

Lock up days – 30 June 2017 to 30 June 2019



Cash flow waterfall

Strong cash flow funds growth investments and dividends



Operating cash flows reconciliation	FY19	FY18
	\$'000	\$'000
Cash flow from operating activities	5,949	4,794
Add: Vendor financing (1)	1,057	1,635
Normalised cash flow from operating activities	7,006	6,429
Operating cash conversion to adjusted EBITA	85%	82%

Note:

1. The vendor financing in FY18 relates to equity in two associates disposed of that were part of the TFS Group

Dividends

- FY19 final dividend of 1 cent per share, fully franked. Total dividends for FY19 of 2 cents per share.
- Target dividend pay-out ratio of 40% to 70% of maintainable net profit after tax, attributable to CountPlus shareholders.
- Pay dividends out of operating cash flow generated per company policy.
- **Key dates for FY19 dividend:**
 - Ex-dividend date: Thursday, 26 September 2019
 - Record date: Friday, 27 September 2019
 - Payment date: Wednesday, 16 October 2019
- Franking credits at 30 June 2019 amount to \$6.7M (FY18: \$6.5M).

Purchase of Count Financial

Accounting led advice future

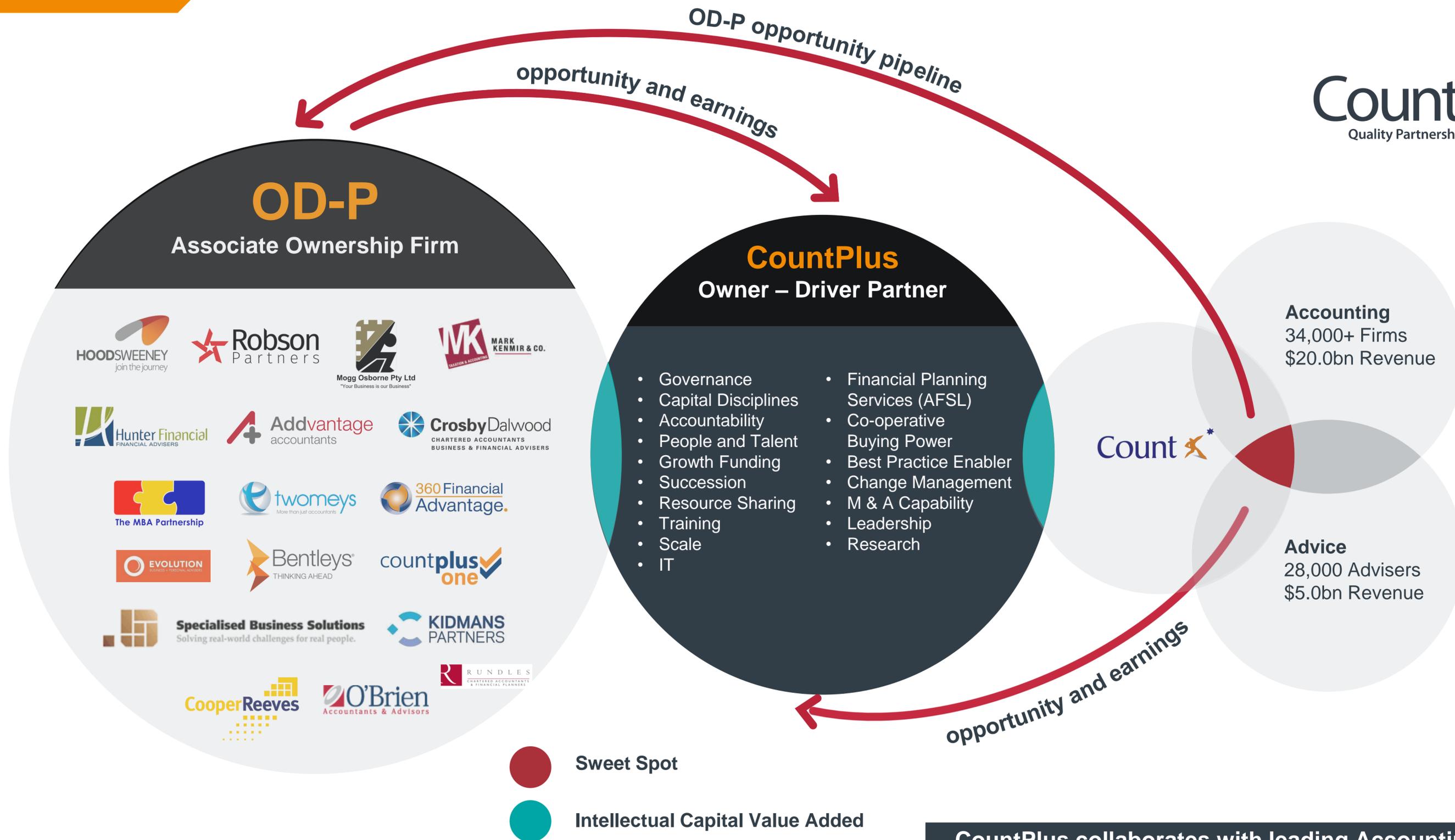


- Binding sale and purchase agreement to purchase Count Financial from the Commonwealth Bank of Australia (CBA) for \$2.5M;
- The full 100% of Count Financial will be purchased. The majority 85% of Count Financial will be acquired by CountPlus, with the 15% balance to be to be acquired by a wholly owned special purpose subsidiary of the Count Member Firm Trust (CMFT);
- Count Financial complements our Accounting-led financial advice model, accelerating the CountPlus growth strategy: non-vertically integrated, fee-for-service, aligned Owner, Driver – Partner model;
- \$200M CBA indemnity against certain past regulatory and advice failure liabilities;
- CBA has also confirmed its intention to sell down its 35.85% equity interest in CountPlus;
- The independent expert concluded that the acquisition is fair and reasonable to non-CBA shareholders;
- CountPlus shareholders approved the acquisition on 6 August 2019. The acquisition was approved by 99.8% of CountPlus shareholders. Acquisition is expected to become effective 1 October 2019; and
- Implementation strategy running according to plan. Count Financial has a well capitalised balance sheet to fund the turnaround of the business.

Conclusion



- Turnaround complete, positioned for growth;
- Adjusted earnings per share up 34%;
- Disciplined execution of clear strategy delivering firm performance, firm EBITA margin up from 15% in FY18 to 20% in FY19 and 12% when the turnaround commenced;
- CountPlus ready for next stage of growth with Count Financial acquisition with implementation strategy running according to plan; and
- Well positioned for sustainable performance as the leading accounting led advice provider.



CountPlus future model

CountPlus collaborates with leading Accounting and Advice firms for the long-term success of our clients, people and shareholders

Corporate Index – CountPlus

Appendices

Appendix 1

CountPlus wholly owned subsidiaries, partially owned subsidiaries and associates

No.	Partner Firm	Shareholding
	Wholly-owned subsidiaries	%
1.	360 Financial Advantage Pty Ltd	100.00
2.	Addvantage Financial Freedom Pty Ltd	100.00
3.	Bentleys (WA) Pty Ltd	100.00
4.	Cooper Reeves Pty Ltd	100.00
5.	CountPlus One Pty Ltd	100.00
6.	Crosby Dalwood Pty Ltd	100.00
7.	Evolution Advisers Pty Ltd	100.00
8.	CountPlus FS Holdings Pty Ltd ("TFS")	100.00
9.	Twomeys Pty Ltd	100.00

No.	Partner Firm	Shareholding
	Partly-owned subsidiaries	%
10.	Robson Partners Pty Ltd	70.00
11.	Kidmans Partners Pty Ltd	67.19
12.	Mogg Osborne Pty Ltd	65.00
13.	Specialised Business Solutions Pty Ltd	61.28
14.	The MBA Partnership Pty Ltd	60.00

No.	Partner Firm	Shareholding
	Associates	%
15.	Hunter Financial Planning	40.00
16.	OBM Financial Services Pty Ltd ("O'Brien")	40.00
17.	One Hood Sweeney Pty Ltd	32.36
18. (a)	Rundles CountPlus Pty Ltd*	40.00
18. (b)	Rundles Financial Planning Pty Ltd*	20.00

Notes:

* CountPlus management view the investment in Rundles CountPlus and Rundles Financial Planning as one investment

Appendix 2

Abridged Statement of Financial Position

Abridged Statement of Financial Position (\$'000)	FY19	FY18	FY17	Movement (FY19 vs FY18)
Cash	10,258	10,998	8,284	(740)
Interest bearing loans and borrowings	(1,755)	(2,023)	(13,578)	268
Investments in associates	13,607	9,088	11,716	4,519
Intangible Assets	33,173	34,228	44,994	(1,055)
Total Assets	77,407	75,277	98,546	2,130
Total Liabilities	(16,066)	(14,489)	(40,796)	(1,577)
Total Equity	61,341	60,788	57,750	553

Key points to note:

- Our continued focus on operating cash flow has seen our net cash remain strong at \$8.503 million for 30 June 2019, a slight reduction from \$8.975 million at 30 June 2018. This is after settling three acquisitions, paying two dividends and the Count Financial transaction costs.
- Intangible Assets have decreased due to current year amortisation and the impairment of the TFS Group goodwill to nil.
- The Investment in associates line item has increased due to the acquisition of O'Brien, Rundles CountPlus Pty Ltd and Rundles Financial Planning Pty Ltd.

Appendix 3

Salient dates

Key Dates	
FY19 final dividend payment date	16 October 2019
Annual General Meeting	19 November 2019
HY20 Financial Result	February 2020



THANK YOU