



**CountPlus Limited**  
**(ASX: CUP)**

**Annual General Meeting**

**CountPlus Limited | 19 November 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.

It is not intended to be relied upon as advice to investors or potential investors and does not consider the investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice, when deciding if an investment is appropriate.

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## Forward looking statements

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.

For further detail of the pro-forma financial information presented for CountPlus in the appendices, it should be read in conjunction with the results presentation released to market on 26 August 2019.

**Ray Kellerman**

Chair CountPlus Limited | Chair's Address

# Resolutions

Ray Kellerman, Chair CountPlus Limited

## Matthew Rowe

CEO and Managing Director  
CountPlus Limited | CEO Address

# 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.

# CountPlus – snapshot

## Industry at a Glance

- Financial Advice Revenue \$4.7B
- Accounting Revenue \$20.3B
- 19,554 Financial Advice Firms
- 34,731 Accounting Firms
- Mature lifecycle
- Low level of concentration
- SMSF, Superannuation and retirement advice significant revenue segments across Accounting and Financial Advice
- Remains an unmet need for Financial Advice

## Operating Environment

- Major institutional advice players exiting
- Increasing regulation
- New education and professional standards Increasing barriers to entry for financial advisers
- Financial Adviser population dislocation and exit
- “old world” revenue models under pressure
- Major succession planning challenges
- Supply side pressures – consumer demand for financial advice stable and increasing
- Technology and data playing role in dislocation. Scale now required to play

## Opportunities

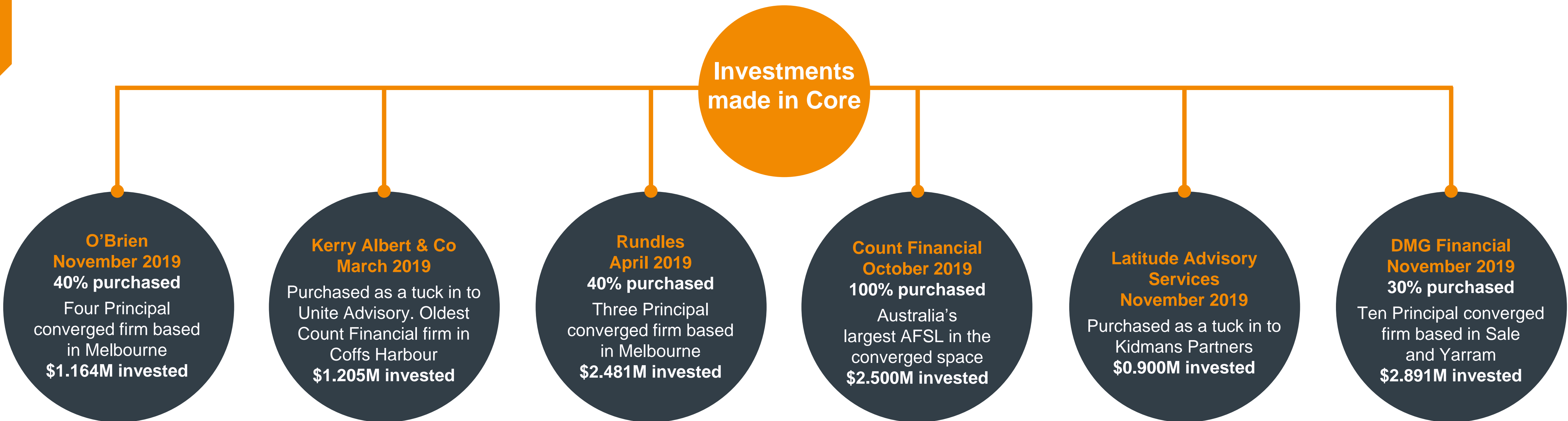
- Major institutional advice players exiting – end of product subsidy AFSL operating models
- Accountant and Financial Adviser succession
- Consolidation of smaller competitors
- Economies of scale with larger network
- “old world” revenue models under pressure – new model “user pay” model needed and benefits of scale becoming apparent
- Investment in specialist tools that allow vertically integrated professional advice business – separate product and advice
- Leverage trusted adviser status of Accountants

## Core Clients

- Mass Affluent
- SME Family/Private Business
- SMSF
- SME Self Employed

# CountPlus investment activity

Since the last AGM, CountPlus has successfully completed six investments



# Owner, Driver – Partner:

Investment in DMG Financial announced 18<sup>th</sup> November 2019

## Owner, Driver-Partner model



- CountPlus Limited continues its growth strategy with the acquisition of a 30% interest in DMG Financial, a significant regional practice located in Sale, Victoria (Gippsland). The practice is one of the largest in the greater Gippsland region and has seven shareholder-principals
- The existing DMG management and team will remain in place
- Together with CountPlus, DMG will implement synergies between the two groups moving forward
- The acquisition extends CountPlus' network from 19 to 20 Partner firms, and will be earnings accretive
- Consideration for the investment is a cash payment of \$2.891 million

# Update – Count Financial

An accounting-led financial advice future

Count 

# Update

- Announced to ASX on the 13<sup>th</sup> June 2019
- EGM held 6<sup>th</sup> August 2019 – 99.79% voted in favour of Count Financial acquisition
- The completion of the Count Financial acquisition was achieved on 1 October 2019 as planned, the transition was delivered in a 15-week period post deal announcement to market
- In a joint effort with CBA, the operational cut-over happened over five-days from Friday 27 September through to Tuesday 1 October 2019
- No unplanned business outages were experienced, and the business opened under CountPlus' ownership at 9am on Tuesday 1 October 2019
- The CountPlus/Count Financial team are now co-located in new fit-for purposes premises – 8<sup>th</sup> Floor, 1 Chifley Square
- Implementation of our 100-day plan is underway and on-track
- There is a focus on culture and rebuilding the sense of community within the firm network
- Released expanded approved paraplanning panel on 30th October, providing access to 65 additional Australian based paraplanners to help firms produce advice documents
- Approval of two digital signature providers to support efficiency in advice process for advisers and clients
- Regulatory technology tool – Lumen – to support monitoring of client advice due to be implemented before 31 December 2019
- First stage of changes to adviser fee models announced to be implemented 1 December 2019
- Board members have been appointed to Count Financial with significant advice experience and have set direction and expectations for the business
- A balance sheet of \$15.0M in assets – no debt – and \$14.2M in cash on 1 October 2019 completion
- \$200M CBA indemnity against certain past regulatory and advice failure liabilities – CBA to manage and resource remediation program
- CBA confirmed its intention to sell down its 35.85% equity interest in CountPlus

# Lifting Professional Standards

- Since 1 January 2019, all advice documentation stored centrally on Xplan advice platform
- All 11,003 ongoing service clients re-engaged with new standard agreements in last 12 months
- Provision of advice and ongoing service delivery can now be monitored via Xplan advice platform
- Appointment of Peter Kell, former ASIC Deputy Chair, as independent expert
- New fit for purpose supervision and monitoring framework approved and now being implemented
- New tools and training to support Best Interest Duty released
- New adviser standards released to support FASEA Code of Ethics

# Education standards – Count well positioned

- Existing financial advisers must:
  - Pass the industry exam by 1 January 2021\*
  - Meet the new FASEA Education Standards by 1 January 2024\*
- The new education standards will require advisers to complete between one and eight study units depending on existing qualifications
- Recognition of accounting qualifications
- 33% of Count advisers only required to complete one bridging subject (ethics)
- A further 45% only required to complete up to four subjects

*\*Government have proposed to extend date to 2022 for passing industry exam and 2026 to meet new education standards – not yet legislated*

# Count Adviser Numbers

30<sup>th</sup> June 2017 Count had 292 firms and 587 authorised representatives

30<sup>th</sup> June 2018 Count had 199 firms and 428 authorised representatives

30<sup>th</sup> April 2019 Count had 160 firms and 359 authorised representatives

30<sup>th</sup> September 2019 Count had 139 firms and 315 authorised representatives

Since completion on 1 October 2019 a review has been undertaken and some firms offboarded, Count currently has 129 Firms and 298 authorised representatives

## **Between 30<sup>th</sup> April 2019 and present:**

- 6 firms off boarded and have left industry that generated NIL gross business earnings
- 11 firms have left the industry completely, they generated an average < \$40K gross business earnings
- 2 firms have sold to external parties, average \$76k gross business earnings
- 7 small firms switching to other licensees - average gross business earnings of these firms: \$184k
- Regrettable loss of 2 larger firms switching to other licensees - average gross business earnings of these firms: \$925k
- 1 medium firm merged with larger business already part of another licensee: gross business earnings: \$537k
- 2 larger firms asked to leave for cultural and risk management reasons: gross business earnings: \$997k and \$725k

*\*gross business earnings: Annual gross business earnings – total financial advice fees and commissions earned by underlying firm*

# Update – Total Financial Solutions



# Update

- Announced to ASX on the 28<sup>th</sup> June 2019 that the goodwill carrying value of Total Financial Solutions (“TFS”) would be impaired to NIL
- TFS will cease operating as an AFSL entity early in the 2020 calendar year
- At the time of writing, TFS has one known client remediation matter under investigation. It is unlikely this will result in compensation being paid
- At the time of writing, there are no known outstanding regulatory matters
- TFS Advisers have been notified of the proposed change to TFS operations and;
  - 32 TFS Firms (62 Authorised Representatives) have been identified as a cultural, strategic and operating fit with Count Financial and have been invited to join Count Financial. The average gross business earnings of these firms are \$706k
  - 4 TFS Firms (4 Authorised Representatives) have decided to exit the industry. The average gross business earnings of these firms are \$98k
  - 3 TFS Firms (8 Authorised Representatives) have not been offered the opportunity to join Count Financial and we are working respectfully with these firms to assist them join another AFSL. The average gross business earnings of these firms are \$763k
- There will be synergies as a result of this decision
- We believe we are best served by focussing management resources on a single operating AFSL and we believe this decision also reduces operating risk

*\*gross business earnings: Annual gross business earnings – total financial advice fees and commissions earned by underlying firm*



# Questions

## Resolution Voting Results summary

1. Re-election of Director (Ms Kate Hill)
2. Re-election of Director (Mr Ray Kellerman)
3. Adoption of Remuneration Report
- 4A. Approval of remuneration package for Managing Director and CEO (Mr Matthew Rowe)
- 4B. Grant of Performance Rights to the Managing Director and CEO (Mr Matthew Rowe)
- 4C. Pro-rata vesting of Performance Rights to the Managing Director and CEO (Mr Matthew Rowe)
5. Increase in Maximum Annual Remuneration of Non-executive Directors

THANK YOU