Easton Investments Limited Presentation & 2017 First Half Results

A leveraged distribution business in the accounting & financial services business channel

Greg Hayes – Managing Director 21 February 2017



First half summary

 Revenue and earnings experienced short term impact from loss of Harmony Distribution Agreement

 Revenue 	\$8.49 m	12% PCP
NPAT	\$0.56 m	■ 57% PCP
 Normalised EBITA 	\$1.26 m	25% PCP

 Growth in most of core businesses but they have a 2nd half earnings bias



Underlying Performance 2017

- Key Drivers of Performance:
 - Strong growth in Merit Wealth and Referral Rights Agreements (+4)
 with deferred income of \$0.80m to be recognised in 2nd half 2017 and
 2018 years
 - Panthercorp acquisition commenced contribution to earnings (Sept 2016) but business has a 2nd half earnings bias

Underlying Profit	2017 (\$m)	2016 (\$m)	Movement %	2015 (\$m)	2014 (\$m)
1st Half	1.26	1.68	(25)	1.01	(0.03)

Note: Underlying Profit = Normalised EBITA



Cash flow from operations

- Consolidated operating businesses generating strong positive cash flow
- One off impact from finalisation of Harmony business

Cash flow	2017	2016	Movement	2015
	(\$m)	(\$m)	%	(\$m)
1 st Half	0.50	1.30	(62)	0.52

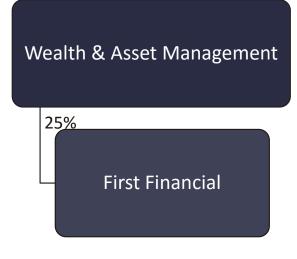


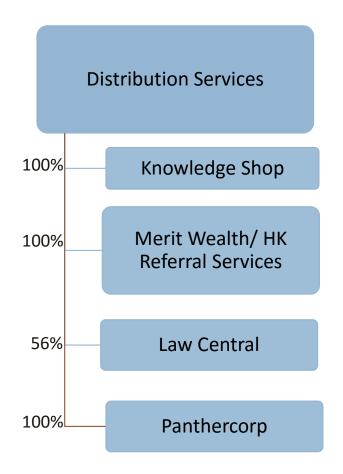
Balance sheet & Funding

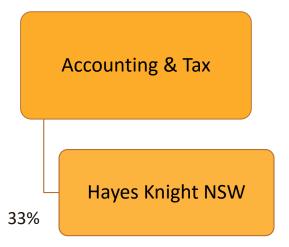
- A strong balance sheet
 - Cash position \$1.90 m
 - No debt
 - Bank facility line undrawn \$5.0 m
 - Operations cash flow positive, providing further funding for growth



Group Businesses









Operating highlights

- Purchase of Panthercorp business
- Completion of 4 new Referral Rights Agreements (RRAs), a total of 6 for the 2016 calendar year
- Deferred income of \$0.80m from RRAs to be recognised 2nd half 2017 and 2018 years
- Continued growth in number of accountants engaged under our Limited Authorisation offer
- Continuation of Knowledge Shop member growth
- Pay-on-demand online training platform substantially completed
- Well developed pipeline of acquisition opportunities



Expanding our wealth distribution -4 new Referral Rights Agreements



Next planned stage of growth



Knowledge Shop

- Continued growth in number of subscriber firms
- Face to face training and live on online webinars to be enhanced by access to pay on demand training
 - This will increase earnings stream from training
- Member firms increasing engagement with Law Central (400+ firms)



Accounting & Wealth segments continue to grow

- Growth consistent with sectors
- Continued growth in underlying activity
 - Funds under advice >\$1.7 bill.
 - Risk premium income >\$12 mill.
 - SMSFs under administration >1200



Acquisition activity



- Purchase of Panthercorp (Aug 2016)
- Increased stake in Law Central to a control interest (56%) (Aug 2016)



Panthercorp & Law Central

- Combined capability now provides a broader product and service spread for the accounting market
- Mix of online and traditional distribution capability meets the engagement requirements of all accountants
- Will benefit from increased scale



Market environment positive for business

Changes in the superannuation legislation coming into effect on 1 July 2017 should:

- Cause clients to seek advice from their accountant
- Increase the number of accountants providing SMSF advice & the need to operate under a licence
- Increase training requirements for accountants
- Increased engagement between accountants & advisers
- Increased review and updating of SMSF Deeds & constitution documents



Outlook

- 2nd half underlying profit expected to exceed 1st half and prior corresponding period
 - Majority of businesses have a 2nd half earnings bias
 - Growth despite the loss of Harmony earnings
- Continued growth in:
 - Referral Rights Agreements increasing national wealth coverage
 - LARs subscribers
 - Knowledge Shop subscribers
 - Training through launch of pay-on-demand option
- Our document business (Panthercorp & Law Central) to make a positive contribution to earnings



Disclaimer

The information contained in this presentation is not intended to be exhaustive and must be considered in conjunction with all other publicly available information disclosed by Easton to the Australia Securities Exchange from time to time.

This presentation does not take into consideration the investment objectives, financial situation or circumstances of any particular investor.

Certain statements in the presentation relate to the future. Such statements involve known and unknown risks and uncertainties and other important factors that could cause the actual results, performance or achievements to be materially different from expected future results, performance or achievements expressed or implied by those statements. Easton does not give any representation, assurance or guarantee that the events expressed or implied in any forward looking statements in this presentation will actually occur and you are cautioned not to place undue reliance on such forward looking statements.

This presentation has not been subject to auditor review.

