

Via ASX Online

ASX ANNOUNCEMENT – 20 August 2018

ASX Market Announcements Office
 ASX Limited

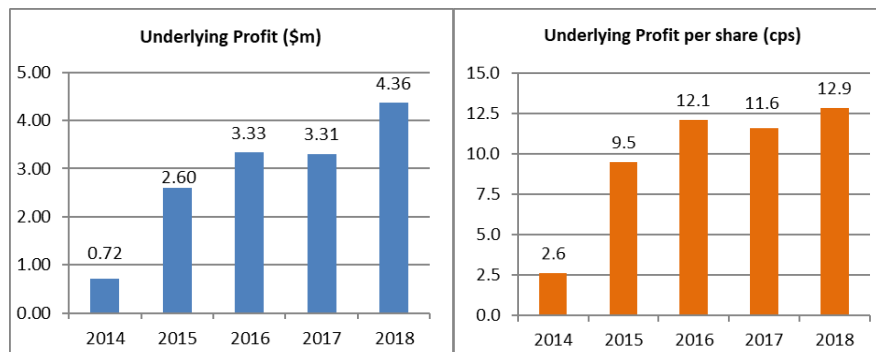
ASX Code: EAS

2017/18 Full Year Results

Easton Investments Limited (**Easton** or the **Company**) releases its results for the 12-months ended 30 June 2018.

Performance Highlights

- ✚ Statutory Profit¹ up 20% to \$1.77m (2017: \$1.48m)
- ✚ Underlying Profit² up 32% to \$4.36m (2017: \$3.31m)
- ✚ Revenue of \$50.79m (2017: \$17.23m)
- ✚ Inaugural (final) dividend of 2 cents per share, fully franked
- ✚ Profit contribution from the Wealth Solutions Division up 57% to \$3.07m (2017: \$1.95m)
- ✚ Profit contribution from the Accounting Solutions Division up 9% to \$3.07m (2017: \$2.82m)



Dividend Policy Initiated – Inaugural Dividend

Based on the Company's higher earnings and the outlook for sustainable profit growth, Directors have declared an inaugural (final) dividend of 2 cents per share, fully franked, with a record date of 3 September 2018. This dividend will be paid to shareholders on 20 September 2018.

¹ Statutory Profit is Net Profit after Tax.

² Underlying Profit is Normalised Earnings before Interest, Tax and Amortisation. Underlying Profit is an unaudited, non-IFRS measure and is used by the Company to assess performance as it excludes non-cash amortisation, share based payment charges and one-off or non-operational items.



Financial Position

At balance date, the Company is in a sound financial position with net debt of \$6.78m. The Company's \$10m credit line provides adequate cash reserves to fund operations and meet anticipated capital requirements.

Cash flow generated from operations (before tax and interest) during the year was \$1.49m with additional dividend income received from minority interests post balance date of \$0.32 m. Operating cash flow was adversely impacted by one-off, non-recurring factors, including timing of receipts.

Operating Highlights

Key outcomes during the financial year were:

- ✚ The transformational acquisition of GPS Wealth
- ✚ The successful restructuring of activities into two core business streams – Wealth Solutions and Accounting Solutions
- ✚ Growth in CARE Managed Accounts (**CARE**) to \$938m at 30 June 2018, an increase of 49% (2017: \$630m)
- ✚ Good progress in growing the Limited Authorisation service for Accountants (**LARs**), over 400 on license at year end
- ✚ Emergence as a Top 10 advisory group in Australia by the number of advisers – 574 on license at year end with a further 53 in transition
- ✚ Continue growth in training (up 17% in training hours delivered)
- ✚ Release of KS IQ, a first of its kind interactive, on-demand video-based training program tailored to experience levels.

Outlook

Directors remain positive about the Company's strategic direction, its market position and its growth prospects. We expect the next 12 months to deliver:

- ✚ Higher earnings flowing from a full year contribution from GPS Wealth
- ✚ An increase in the number of Authorised Representatives (advisers) operating under the GPS Wealth and Merit Wealth brands
- ✚ Strong growth in the number of Limited Authorised Representatives influenced by the FASEA changes which become effective on 1 January 2019
- ✚ Continued growth in Knowledge Shop's membership base and training hours delivered to the accounting profession
- ✚ Increasing engagement across our Accounting Solutions and Wealth Solutions markets.



With the integration of the GPS Wealth business largely completed, the Company will continue to remain alert to strategic acquisition opportunities over the next 12 months, although the primary focus will be on organic growth given the earnings potential on the back of regulatory and industry changes, business growth and improvement and internal leverage.

Other Information

The following information has been released to the market:

1. Annual Report for the 12-months ended 30 June 2018;
2. Appendix 4E for the 12-months ended 30 June 2018; and
3. 2017/18 Full Year Results presentation dated 20 August 2018.

Greg Hayes

Managing Director

Ph. 02 9221 6666

Mobile 0419 298 536

Email greg.hayes@eastoninvestments.com.au