



Easton Investments Limited
ABN 48 111 695 357

Level 2, 115 Pitt Street
Sydney NSW 2000

T: 1300 655 695 or +612 9221 6666

E: info@eastoninvestments.com.au

eastoninvestments.com.au

Via ASX Online

ASX ANNOUNCEMENT – 20 November 2019

ASX Market Announcements Office
ASX Limited

ASX Code: EAS

2019 ANNUAL GENERAL MEETING

Easton Investments Limited (**Easton** or **the Company**) will today address shareholders at its Annual General Meeting to be held in Sydney, commencing at 10:30am AEDT.

Attached is a copy of the Address to be delivered by the Chairman, Mr Kevin White, and the Presentation to be delivered by the Managing Director, Mr Greg Hayes.

Enquiries and further information:

Greg Hayes

Ph. **02 9221 6666**

Mobile **0419 298 536**

Email greg.hayes@eastoninvestments.com.au



2019 ANNUAL GENERAL MEETING

CHAIRMAN'S ADDRESS

Before taking questions, I would like to briefly address the meeting and then invite Greg Hayes, our Managing Director, to present his report to shareholders on our Company's performance over the last 12 months, provide an update on year-to-date trading and comment on the Company's near term outlook.

Given the scope of Greg's report, I will restrict my comments to matters of a broader nature about our Company's position, rather than its businesses, and your Board's on-going objective and intent to create value for our shareholders.

First and foremost, I want to re-iterate that we are fortunate to have well-established, scale businesses operating across and having prominent brands in both of our core business streams (divisions), namely Wealth Solutions and Accounting Solutions.

Our two divisions are profitable, growing, strategically aligned and well positioned to benefit from sector convergence as wealth and accounting progressively move closer together. Importantly, both divisions have excellent growth prospects and directors anticipate continued growth in earnings over coming years.

At the same time, the Board has continued to carefully manage the Company's capital and surplus cash flow from operations. Retention of funds for reinvestment in operations, future growth and debt amortisation has been balanced against dividend payments to shareholders, amounting to 3 cents per share fully franked over the full financial year, together with active management of the on-market share buy-back program.

Notwithstanding this position, your directors continue to be mindful of the fact that Easton's share price has under-performed over recent years.

Several factors have and continue to weigh heavily on our share price, some of which are Company related, such as size (market capitalisation currently of the order of \$30m) and low share liquidity (affecting the ability to trade shares without impacting the share price and hence discouraging larger investors in particular from investing). It is also worth noting that earnings growth, and hence the Company's market rating, has been tempered by on-going investment in future organic growth opportunities and initiatives, as well as under-performance by our Document businesses.

Other prevailing factors are sector or industry related, including regulatory and compliance imposts. Our Wealth division in particular has been impacted by sector and market sentiment following the Banking Royal Commission and subsequent related events and outcomes, which have manifested in higher operating costs across specific functions.



Of course, a weak share price has lessened the appeal of issuing shares to fund new business acquisitions. This has made the Company more reliant on organic growth and accessing debt for acquisitions than directors would ideally like, especially given the Board's keenness to accelerate earnings growth, maintain a strong balance sheet, increase market capitalisation and improve liquidity as important steps in strengthening the Company's share price.

It is in this context that the Board announced in August of this year that it had decided to explore all avenues and options that are considered capable of enhancing shareholder value.

To help identify and investigate a full range of options and alternatives, the Board appointed Grant Samuel Corporate Finance as its corporate adviser in September to undertake a strategic review of the Company, its businesses and its prospects.

I am pleased to report that the strategic review is well progressed and has identified a number of strategic alternatives worthy of further analysis and investigation.

Please rest assured that your Directors remain focused on creating value for our shareholders and all options will be carefully considered, assessed and evaluated in this context.



2019 ANNUAL GENERAL MEETING

MANAGING DIRECTOR'S PRESENTATION

Good morning ladies and gentlemen and thank you for joining us today.

I will now take you through my presentation, which provides a review of fiscal 2019, a brief update on 1st quarter progress and the outlook having regard to our strategic growth goals and the related drivers of growth going forward.

– Presentation follows –



20 November 2019
ASX : (EAS)

Greg Hayes
Managing Director

ANNUAL GENERAL MEETING

2019 - a strong platform for continuing growth

Revenue	\$59.80 m	▲	18% PCP
NPAT	\$2.73 m	▲	54% PCP
Underlying Profit	\$5.12 m	▲	17% PCP
Dividend	3 cps	▲	50% PCP



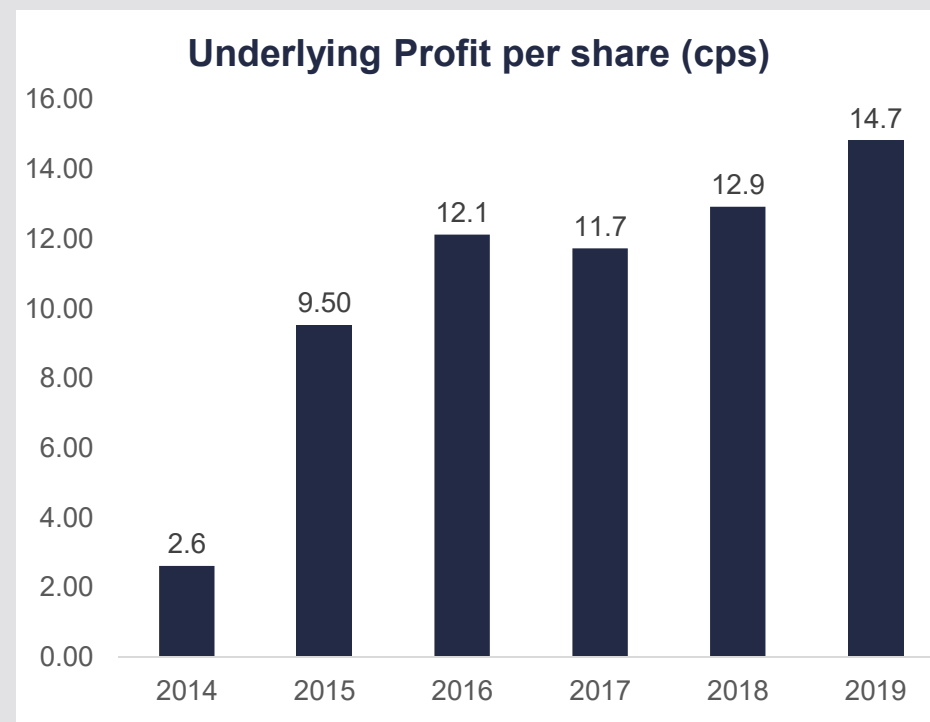
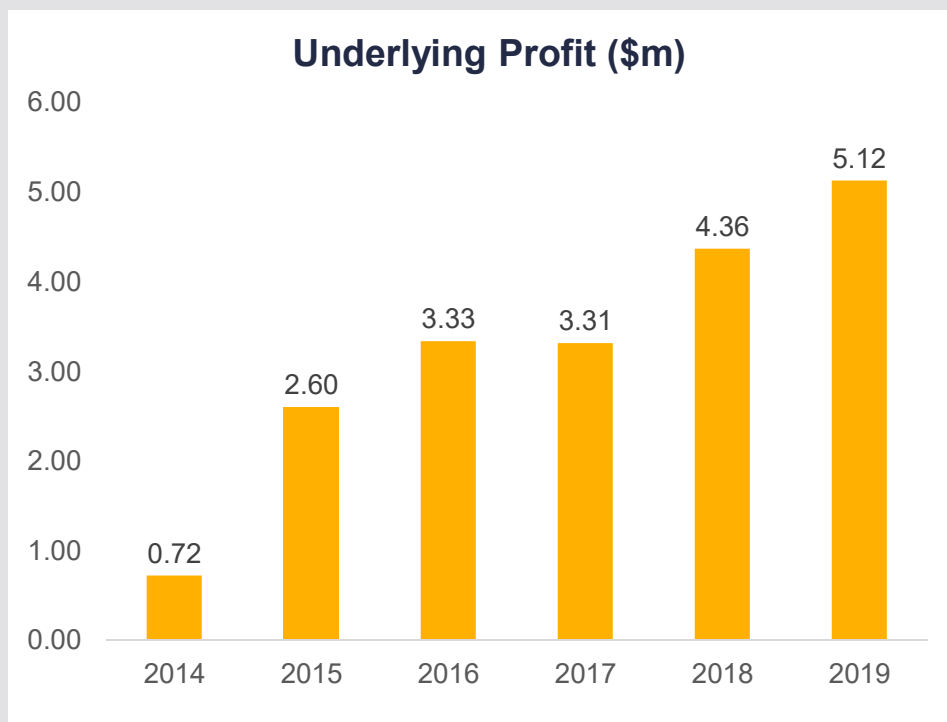
We have the largest combined accounting and wealth channel in Australia – over 3,000 Accounting firms and 770 advisers



Annuity style income 44% of gross contribution

Note: Underlying Profit = Normalised EBITA, which 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 amortization, share based payment charges and one-off or non-operational items. NPAT includes gain on fair value adjustment (\$1.48m) for a call option derivative on our interest in First Financial and a goodwill charge (\$0.80m) against carrying value of the Document businesses.

Underlying Profit Growth



2019 Business Highlights



TRAINING demand accelerating

Hours delivered increased to 48,166 hours (+28% PCP)



GROWTH in revenue in our wealth unit

Advisor revenue +12% on PCP



RECORD increase in Knowledge Shop subscribers

215 new firms with net growth of 143



MOMENTUM continues in Managed Accounts

Funds invested through CARE increased by \$264m to \$1.20b

Market Recognition in the Training & Wealth Sectors



Market Environment



Market sentiment impacted by Royal Commission and changing regulatory environment



FASEA changes caused uncertainty for advisers and accountants but also opened a significant opportunity in the training space



Investment in training resources to allow expansion of our training offer into the wealth sector

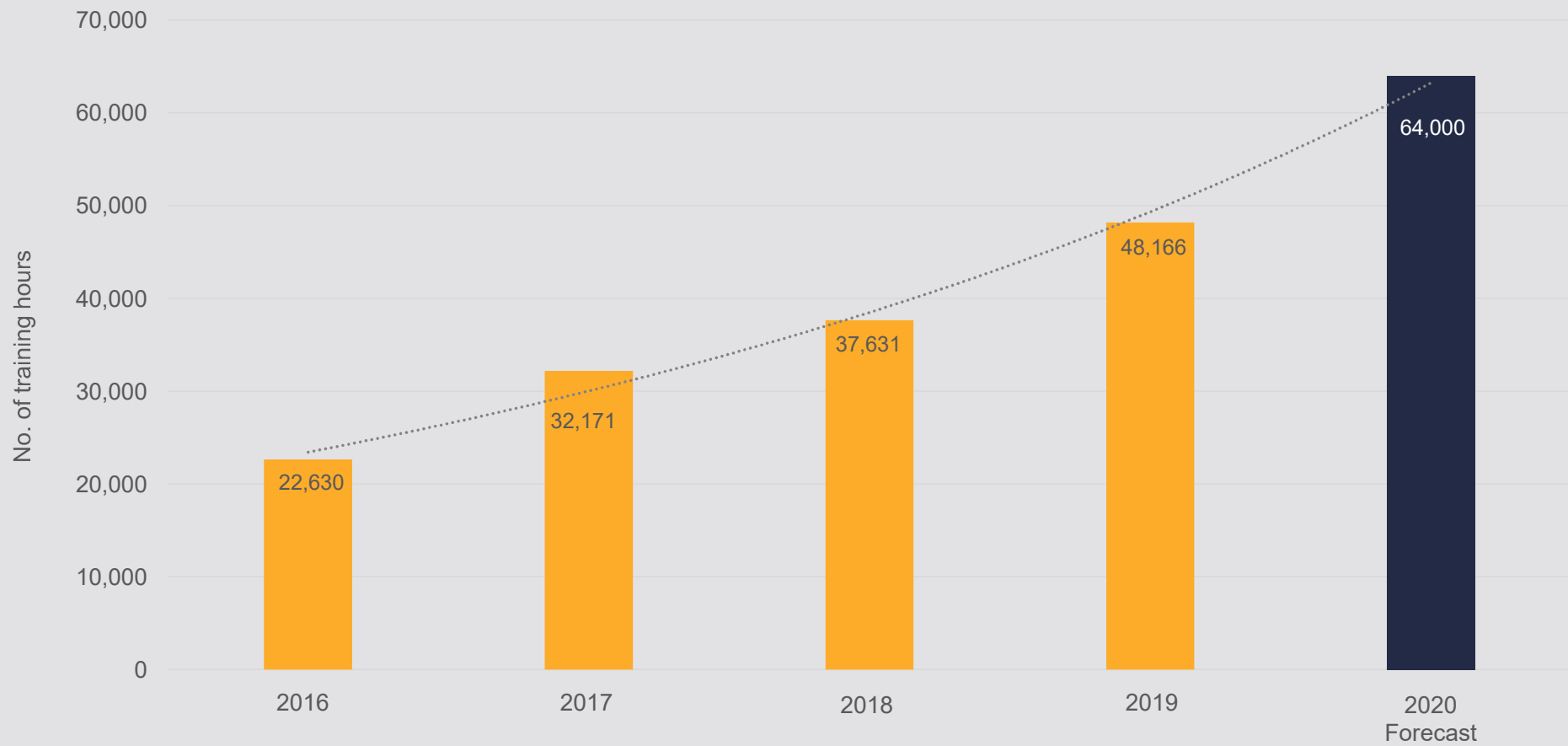


Significant investment in compliance, training and monitoring to meet best practice expectations

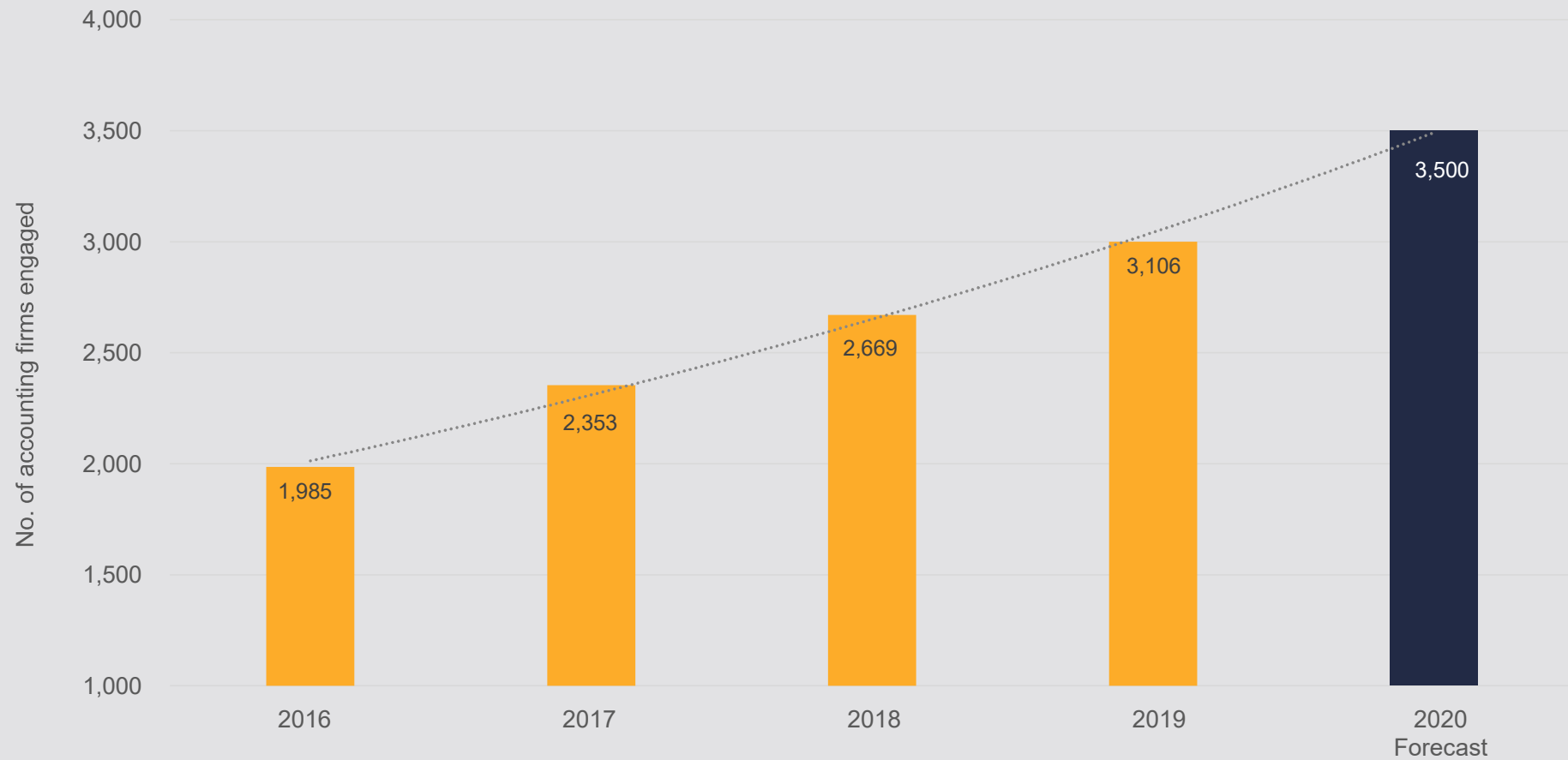


Accounting / wealth convergence through different business models and influenced by environment and succession trends

Growth trend - training delivered



Growth trend - accounting channel



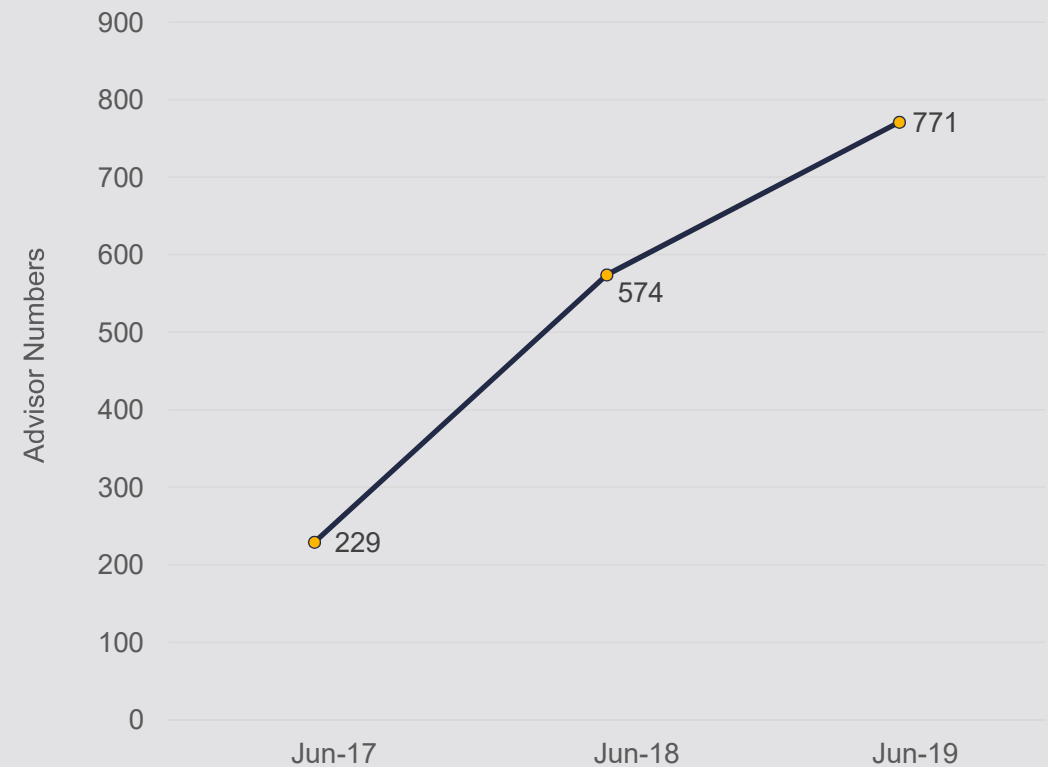
Growth trend - adviser numbers

Now a top 10 dealer group based on adviser numbers

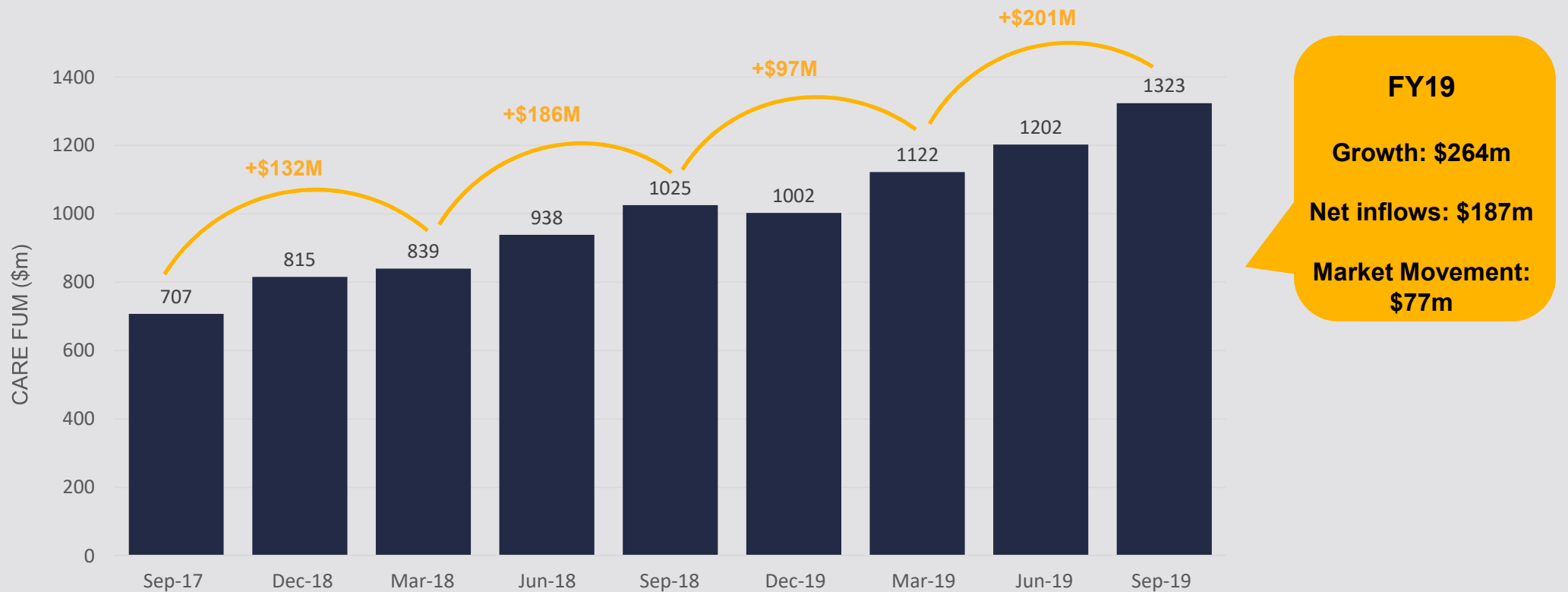
1. AMP Dealer Group	2,403
2. IOOF Dealer Group	1,769
3. NAB Dealer Group	1,493
4. CBA Dealer Group	1,429
5. SMSF Advisers Network	1,009
6. Easton Investments	764
7. WBC Dealer Group	604
8. Synchronised Group	499
9. ANZ Dealer Group	385
10. Centrepont Alliance	345

*Bell Potter, Australian Super and Adviser Landscape report
5 June 2019

Easton advisor numbers



Growth trend - CARE Managed Accounts

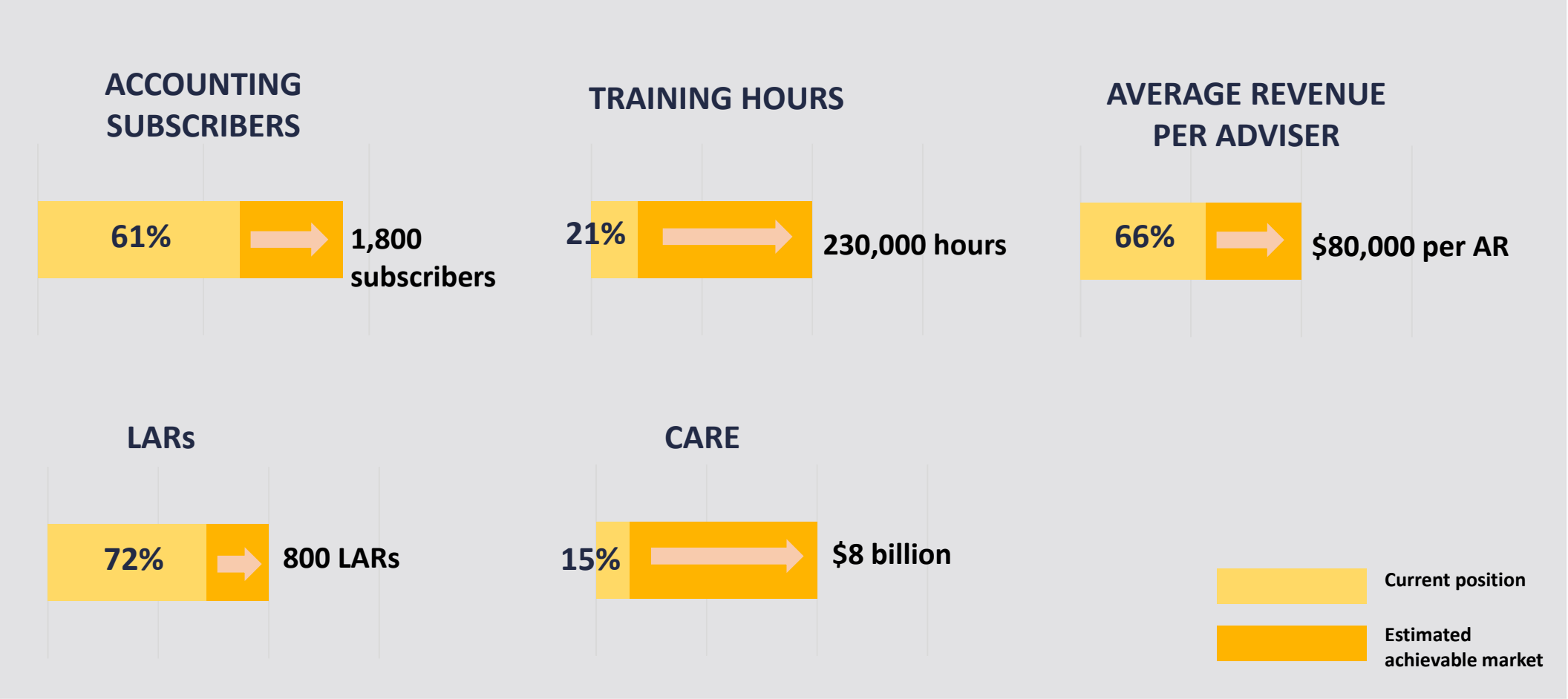


Strategic intent

We are uniquely positioned as the accounting & wealth sectors converge



Organic growth runways – the opportunity within



Horizon opportunities



Extension products with a SaaS focus



A service offer to self-licensed advisers



A learning management system for accounting & wealth markets

Q1 Performance

Overall business on budget for the first quarter

CARE managed accounts grew by \$121m, to \$1.32b

Training revenue up 27% on PCP to 31 October 2019

FASEA pre exam prep course – completed by 9% of all 2019 exam candidates

A net increase of 47 subscribers in Knowledge Shop

Increased resources put in place 2nd half 2019, and investment in Easton Finance capability, absorbing some of our uplift

FY20 outlook

Expect Continued growth in earnings & earnings per Share. Dividend policy to be maintained



Continuing 2nd half year earnings bias



Increase in adviser revenue

- Revenue growth supported by release of client engagement tools
- AR and LARs to grow as market reacts to our service offer



Training continues to grow

- Expanded product range
- Increasing online take up
- Market extended into the wealth sector



Continuing momentum in CARE, supported by increased adviser engagement



Actively pursuing strategic acquisitions



Corporate Information

INVESTMENT (Year to 30 June 2019)

- Underlying Profit \$5.12m
- Underlying Profit per Share 14.7 cents
- EV / Underlying Profit (12 month trailing) 7.4 times
- Dividend Rate (final 2019) 2.0 cps
- Interim dividend 1.0 cps
- Dividend Yield 3.2% fully franked
- Shareholders Funds \$32.30m
- Return on Equity (12 month trailing)¹ 15.8%
- Net Debt \$5.37m

¹ Return on Equity is Underlying Profit divided by Shareholders Funds

MARKET (as at 30 June 2019)

Shares on Issue	34.85m
Share price	\$0.94
Market capitalization	\$32.54m
Substantial shareholders:	
Greg Hayes & related entities	17.1%
Kevin White & related entities	8.8%
Pie Funds Management	7.6%

About Easton Investments

Easton Investments is the only ASX listed company focused solely on providing integrated accounting and wealth management services to the Australian market.

The company has established deep industry relationships through its leading network of brands that provide resources and support to over 3,000 accounting practices and 100 financial planning businesses and their clients across the country.

Easton Investments' unique business offering places it at the forefront of a growing market in the convergence of accounting and wealth management services.



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.

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This presentation has not been subject to auditor review.





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