



Investor Presentation  
27 August 2020  
ASX : (EAS)

# FY 2020 Results

# 2020 continuing growth – despite COVID-19

Revenue	\$72.24 m	▲	21% PCP
NPAT	\$1.75 m	▼	36% PCP
Underlying Profit	\$5.67 m	▲	11% PCP
Dividend	4 cps	▲	33% PCP



We have the largest combined accounting and wealth channel in Australia – over 3,600 Accounting firms and 592 advisers



Annuity style income 47% 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, impact of AASB 16 Leases, and one-off or non-operational items.

NPAT includes loss on impairment charge (\$1.3m), adjusted to proposed sale value of interest in Hayes Knight (NSW) Pty Ltd.

# COVID-19 impact



**Health & safety of our team - our first priority**



**Business units impacted in 4<sup>th</sup> quarter (normally our strongest qtr)**



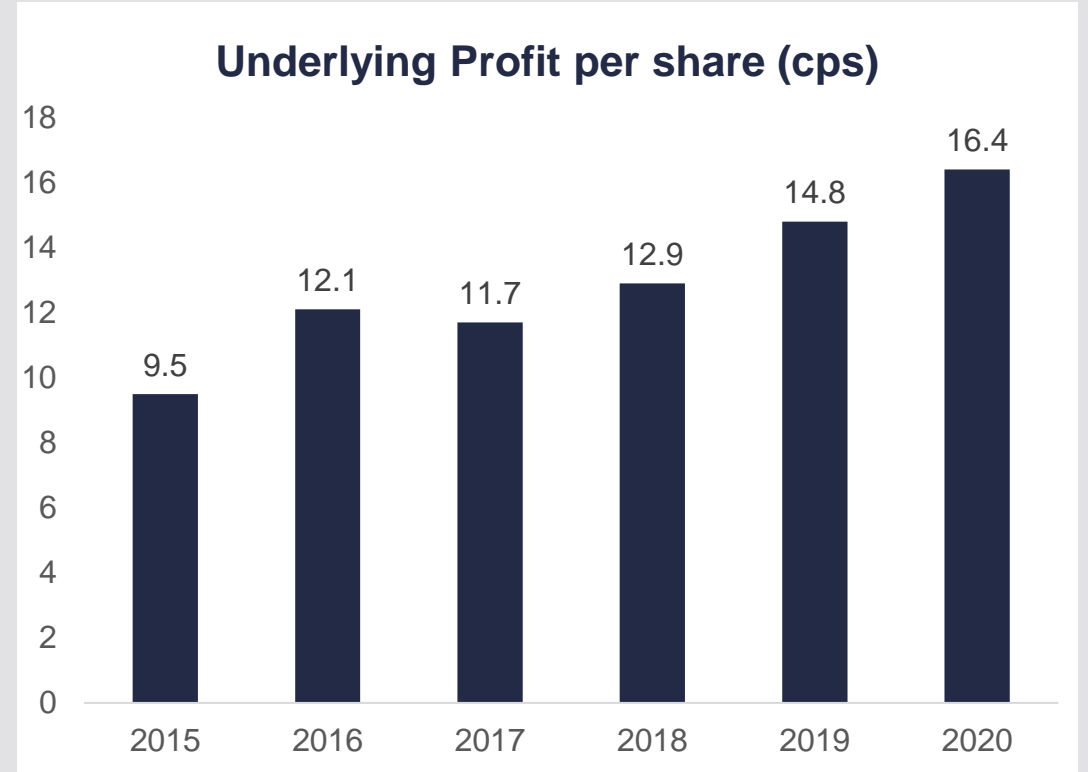
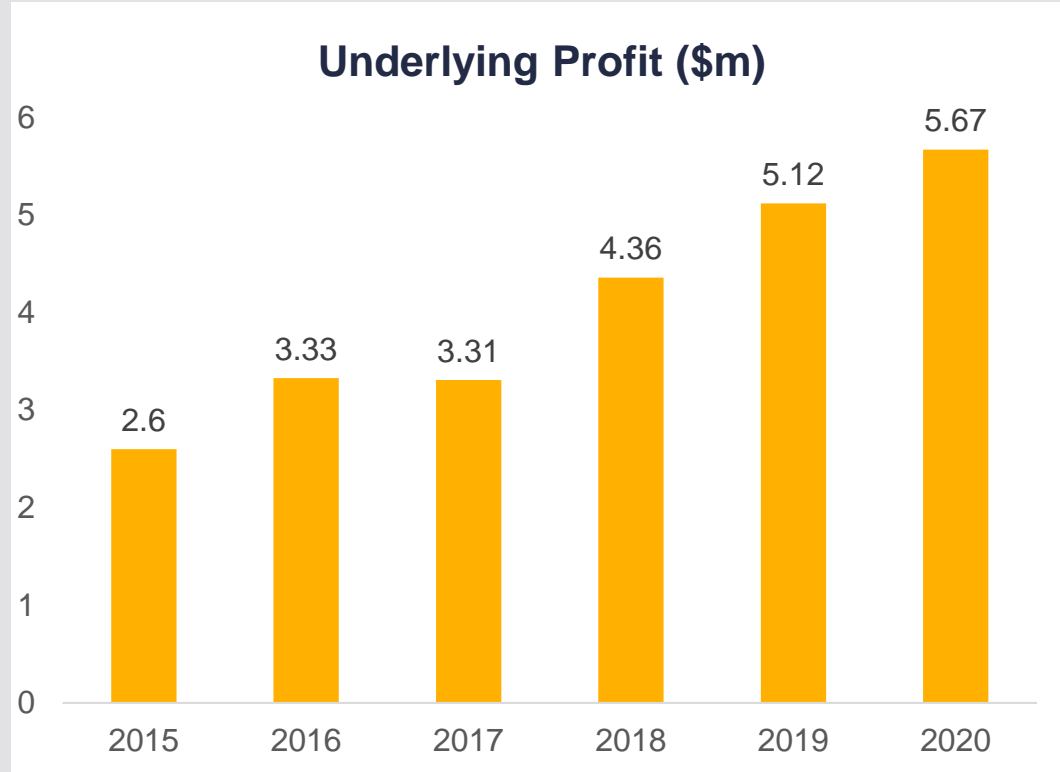
**Business units adjusted quickly and pivoted to meet market needs**



**Some positives – e.g acceleration in adoption of on-line training**

# Underlying Profit Growth

4 consecutive years of growth

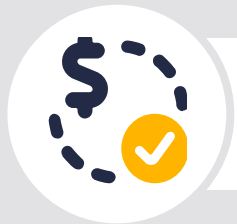


# Business Highlights



## **ACQUISITION OF TAXBANTER**

Assisted growth in training hours delivered to 145,442 hours (+202% PCP)



## **TRAINING establishes in the wealth sector**

2,746 program participants



## **RECORD growth in new subscriber firms to Knowledge Shop**





263 new firms with net growth of 174



## **CONTINUED growth in Managed Accounts**

Funds invested through CARE increase by \$200m to \$1.4b

# Diversified earnings contribution across the business

	2020 (\$m)	2019 (\$m)	Movement
 Accounting Solutions	4.68	3.11	51%
 Wealth Solutions	2.93	3.81	(23%)
 Corporate costs	(1.94)	(1.80)	8%
 Underlying Profit	5.67	5.12	11%

# 2020 operating metrics - The growing base

## Accounting solutions



**Knowledge Shop  
accounting channel**  
(subscribers + training)

3,689 firms  
▲ 19%

**Training hours delivered**

145,442 hrs  
▲ 202%

**Training hours to the  
wealth market**

8,205 hrs  
▲ 17%

**Online documents  
delivered**

6,394  
0%

## Wealth solutions



**Funds under advice**

\$4.2 bill ▲ 11%

**Risk premium income**

\$69.8 mill ▲ 7%

**LARs**

423 ▼ 26%

**Funds in CARE  
Managed Accounts**

\$1.40 bill ▲ 17%

# Balance sheet and business simplification

- Net debt at balance date \$8.15m (loan facilities \$13m line of credit)
- Sale of minority interests in First Financial (Aug. 2020) & Hayes Knight (NSW) (Oct. 2020) will provide a tighter focus around core businesses
- Sale will strengthen balance sheet by + \$6m with company debt, post sales, expected to be less than \$2m



# Our business in review



# Membership – Knowledge Shop



## Continuing growth

263 new firms became Knowledge Shop network members



## 34% joining in Q4

increasing demand for support



## Net growth +174

Continuing growth in subscription income



# Training



## Record year in Training

145,422 hours delivered, with 8,205 hours to the Wealth sector



## Acquisition of TaxBanter

Increases scale + provides a national capability in, in-house training



## Trend to on-line

Acceleration in on-line training, stimulus COVID-19



## Run rate

Annualised revenue approaching \$10m with strong earnings contribution

# Wealth



592 advisers (-23% on PCP) – continuing as a top 10 Dealer Group in Australia by adviser numbers



Wealth revenue grew by 18%, off growth in adviser business. CARE Managed Accounts grew despite 2<sup>nd</sup> half financial market movement



Introduction of new adviser fee model delayed to assist advisers in dealing with demands of COVID-19



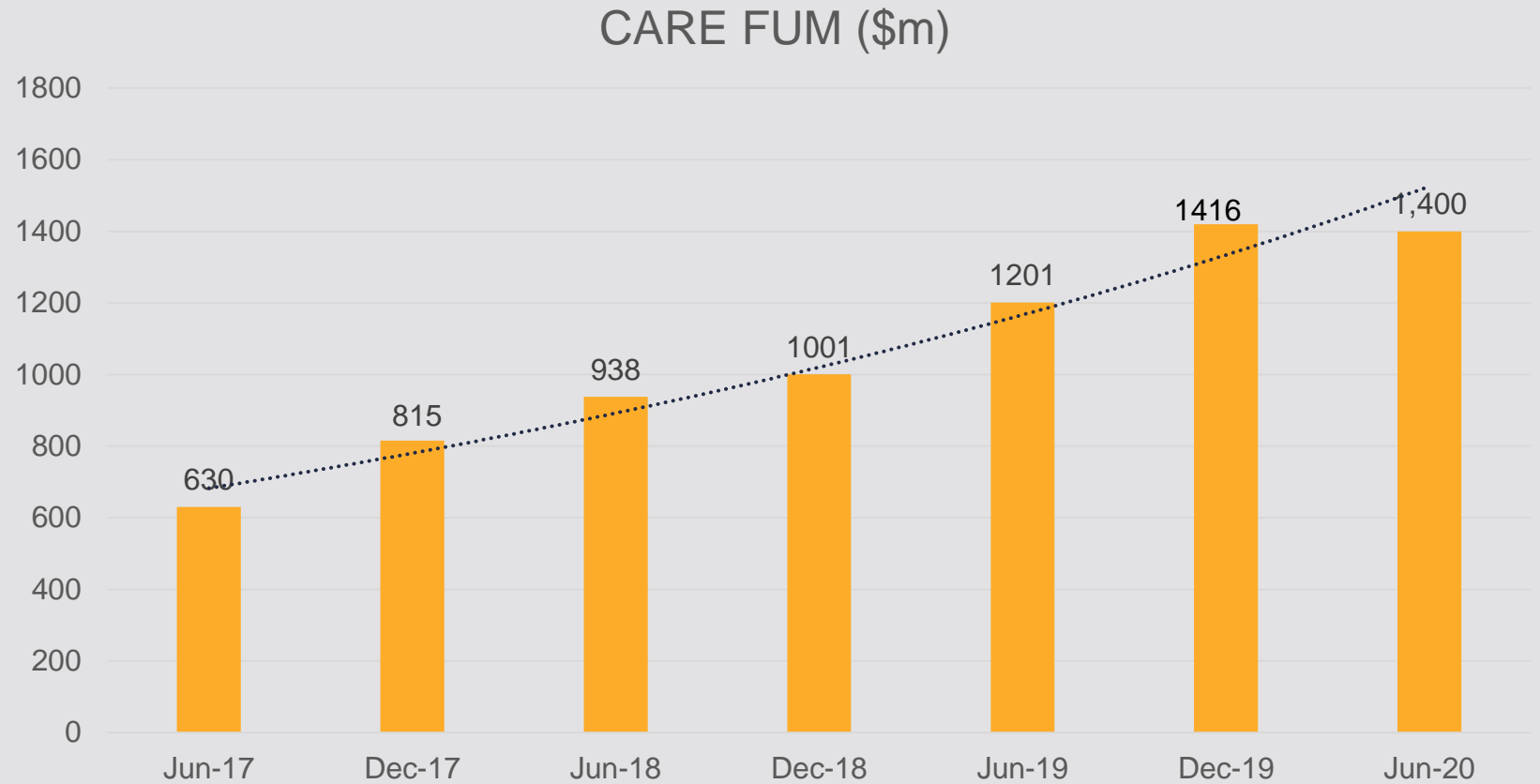
Earnings adversely impacted by 2<sup>nd</sup> half volatility, delayed income & increased investment in compliance & training



Compliance & monitoring program working – low case numbers requiring remediation

# CARE Managed Accounts

- CARE continues to grow, +17% in 2020
- 2<sup>nd</sup> half impacted by COVID-19 effect on financial markets
- Net inflows \$266m



# Documents



**Improved performance in 2020, despite 4<sup>th</sup> qtr COVID impact**



**Previous general market contraction stabilised**



**2019 cost restructure + stable gross contribution → 11% earnings to revenue**



**59% of all documents delivered on-line**

# FY21: growth to continue

**Organic growth**  
expected across all  
business  
units



## Training – our fastest growth sector

- Expect to exceed 200,000 hours
- Increasing online delivery
- Wealth market to expand



**CARE** ready to be taken  
into additional  
channels



**TaxBanter** to make a full  
year earnings  
contribution –  
should fully offset  
minority interests  
divested



# FY21 direction



Expansion of  
training library  
– accounting  
& wealth



Expansion of  
wealth service  
offer



Increasing  
use of  
technology for  
customer  
engagement  
& efficiency



Focus on  
strategic  
opportunities



# Corporate Information

## INVESTMENT (Year to 30 June 2020)

• Underlying Profit	\$5.67m
• Underlying Profit per Share	16.4 cents
• EV / Underlying Profit (12 month trailing)	6.0 times
• Dividend Rate (final 2020)	2.5 cps
• Interim dividend	1.5 cps
• Dividend Yield	5.3% fully franked
• Shareholders Funds	\$35.69m
• Return on Equity (12 month trailing) <sup>1</sup>	15.9%
• Net Debt	\$8.15m

<sup>1</sup> Return on Equity is Underlying Profit divided by Shareholders Funds

## MARKET (as at 30 June 2020)

Shares on Issue	34.46m
Share price	\$0.75
Market capitalization	\$25.85m
Substantial shareholders:	
• Greg Hayes & related entities	17.2%
• Kevin White & related entities	8.9%
• Pie Funds Management	8.6%
• Peter Hollick & related parties	7.2%

# 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.





**easton**