Full Year Results

Centrepoint Alliance Limited

30 June 2015

ASX:CAF

FY15 Highlights

- Statutory net profit after tax of $5.9m up 78% on pcp. Underlying pre-tax profit of $7.0m was down 15%
- Centrepoint further consolidated its position as a leading independent wealth and premium funding business with good growth in new clients off the back of strong relationships and enhanced capabilities
- Wealth underlying profit of $7.1m was up 10% on pcp. The move to a sustainable profitable business model is progressing well. Strong growth in Funds Under Management and Administration up 14% to $2.8bn
- Funding underlying profit of $2.5m was down 52% on pcp. The premium funding business was impacted by the 10-20% decline in the Australian commercial general insurance premium market. East coast business grew 21% in declining market with increased margins
- Strategic investments in new services and growth initiatives including Funding partnering strategy, salaried advice, investment solutions and M&A capabilities delivering positive results
- Final fully franked dividend of 1.2 cents per share, representing total dividends of 2.2 cps in FY15 (FY14 2.2 cps)

Centrepoint's vision

To be recognised as Australia's most trusted and respected financial services organisation

By:

- Being the leading choice for independent advisers
- Partnering with world class service providers to deliver quality solutions for advisers and their clients
- Helping clients achieve their financial goals and make the right financial decisions
- Having a strong brand and financial performance
- Having a culture of innovation to find better, simpler solutions

Attractive markets with strong positions

Centrepoint Alliance

Non-Bank Funding Market

Premium Funding

- $4.7bn premium funding market
- Distributed via General Insurance brokers to SME and corporate customers
- Relatively attractive margins increasing with scale

Mortgage broking and other non-bank funding

- Mortgage broking is a fast growing sector
- A range of product extension opportunities exist

Wealth Market

- Australian superannuation market of $2 trillion expected to grow at an average of 7% pa over the next 20 years
- The nature of the Australian regulatory, superannuation, welfare and tax environment ensures most Australians would benefit from quality financial advice
- Trend away from traditional institutions
- Significant regulatory, customer and technology changes are making customer centric full advice models more achievable
- Attractive margins and scale advantages

Centrepoint Funding

- 28,000 loans funded, $384m general insurance premiums and $4bn mortgages funded
- East coast growth in excess of 20% for last 3 years
- Largest network of partner GI broker groups
- Experienced and capable management team

Centrepoint Wealth

- Largest network of non institutional advisers (>1500) and > 500 Practices
- $2.8bn of Funds Under Management/Administration
- Client centric wealth model covering advice and investment solutions
- Experienced and capable management team

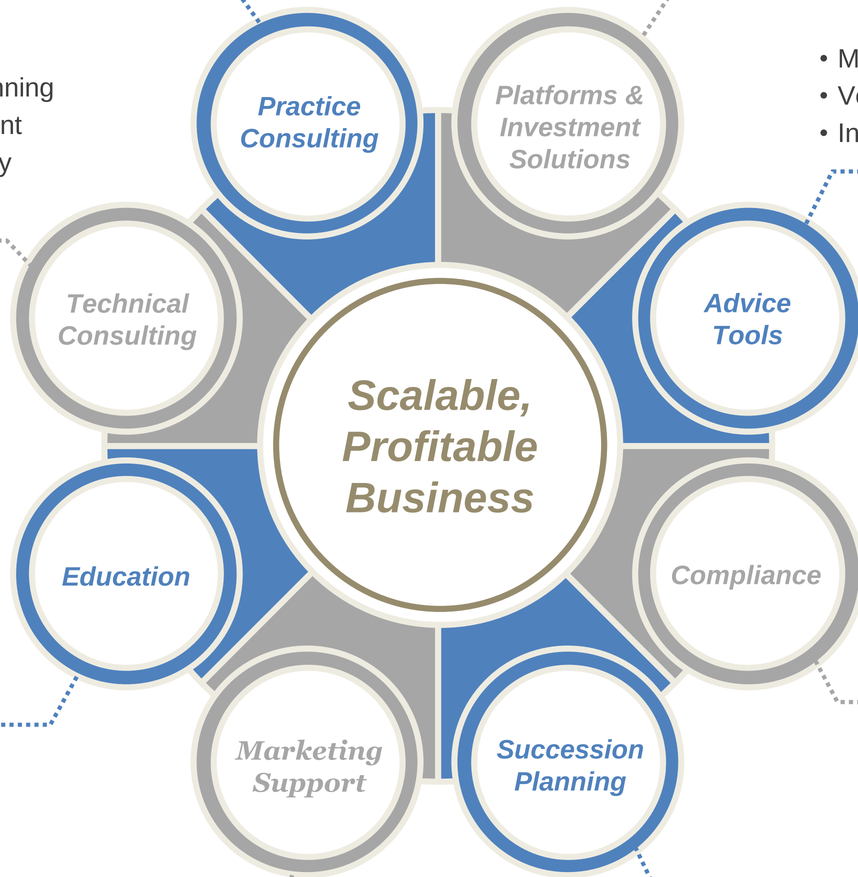
Our Wealth services & solutions

Centrepoint Alliance

Practice Consulting
- Business health
- Strategic and operational planning
- Business process improvement
- Independent adviser advocacy

Platform & Investment Solutions
- Managed Account Portfolios
- Ventura Funds Management
- Investment Diversity

Technical Consulting
- Retirement planning
- Aged care
- Risk insurance
- Estate planning
- SMSF
- Credit



Advice Tools
- COMPASS (XPLAN)
- CRM
- Paraplanning
- Credit advice
- Research
- PI insurance program

Professional Development
- PD days & workshops
- Webinars & industry updates
- Annual conferences

Compliance
- Coaching and mentoring
- AFSL applications
- Template documents
- Advice audits

Succession Planning
- 'Book Buys'
- Succession support
- Equity investments

Marketing Support
- Consulting and training
- Content & campaigns
- Collateral production
- Client engagement tools

Financial summary

Centrepoint Alliance

	FY13	FY14	FY15	Change FY15 v FY14
Total Revenue	$52.6m	$51.7m	$48.9m	▼ (5%)
Total Expenses (ex claims)	$49.2m	$45.5m	$43.7m	▼ (4%)
Cost to Income Ratio	93%	88%	89%	▲ 1%
Underlying PBT	$5.8m	$8.3m	$7.0m	▼ (15%)
Statutory NPAT	($7.2m)	$3.3m	$5.9m	▲ 78%
Underlying PBT EPS (cents)	6.0	8.3	4.8	▼ (42%)
Statutory diluted EPS (cents)	(7.9)	3.1	4.0	▲ 28%
Net Tangible Assets (cents per share)	6.9	15.5	14.8	▼ (4%)
Funds under Administration & Management				
- Invested	$2.23b	$2.47b	$2.83b	▲ 14%
- Net Flows	($16m)	$19m	$211m	▲ 10.3x
Premium Funding Loans	$368m	$445m	$384m	▼ (14%)

Financial Highlights

- $4m revenue impact of soft commercial general insurance premium market
- Business simplification continuing to deliver savings and service improvements. Offset by investment in strategic initiatives
- Strong growth in Funds under Management, Funds under Administration and net flows

Business line profit summary

Centrepoint Alliance

Segment	FY13	FY14	FY15	Change FY15 v FY14	
Wealth	$6.7m	$6.5m	$7.1m	▲	10%
Funding	$3.7m	$5.3m	$2.5m	▼	(52%)
Corporate	($4.6m)	($3.5m)	($2.6m)	▼	(25%)
Group Underlying PBT	**$5.8m**	**$8.3m**	**$7.0m**	▼	**(15%)**
Underlying Profit Adjustments	($12.4m)	($4.0m)	($4.4m)	▲	9%
Tax	($0.7m)	($1.0m)	$3.3m	▼	4.4x
Statutory NPAT	**($7.2m)**	**$3.3m**	**$5.9m**	▲	**78%**

Summary

- Wealth performing well with new business model attracting new practices and increased adoption of wealth solutions
- Funding growing east coast distribution, impacted by soft GI market, increased commissions and one-off costs
- Corporate expenses were contained as a result of lower consulting and staff costs

Underlying Profit Reconciliation

Centrepoint Alliance

	FY13	FY14	FY15	Change FY15 v FY14
Underlying Profit	**$5.8m**	**$8.3m**	**$7.0m**	**(15%)**
Legacy claims	($10.0m)	($1.9m)	($2.4m)	25%
Amortisation of intangibles	($2.0m)	($0.9m)	($0.8m)	(7%)
Restructuring costs	$0.0m	($1.2m)	($0.2m)	(82%)
Book acquisitions	$0.0m	$0.0m	($0.8m)	(100%)
Other	($0.4m)	($0.1m)	($0.1m)	112%
Statutory Profit Before Tax	**($6.6m)**	**$4.3m**	**$2.6m**	**(39%)**
Tax payable	($0.6m)	($1.0m)	($1.0m)	(6%)
Tax Assets Realised	$0.0m	$0.0m	$4.3m	-
Net Profit After Tax	**($7.2m)**	**$3.3m**	**$5.9m**	**78%**

Comments

- Legacy claims expense ($2.4m) relates to an increase in the provision for claims associated with advice provided pre-July 2010. The increase was due to increased claims in 1H15 around the time of intense media coverage and lawyers advertising ‘no win, no fee’ arrangements
- Amortisation relates to prior period acquisitions with long term value and capitalized IT costs
- Restructuring costs are associated with team restructuring and retention incentives
- Book acquisitions relates to clients purchased from in-house advisers to be serviced by the salaried advice team
- With the improving profitability, $4.3m of the deferred tax assets were recognised

Group balance sheet

	FY13	FY14	FY15	Change FY15 v FY14
Cash and Term Deposits	$9.4m	$21.4m	$12.5m	(41%)
Interest Bearing Receivables	$107.6m	$130.7m	$122.5m	(6%)
Other Current Assets	$16.7m	$17.2m	$15.8m	(9%)
Intangible Assets and Goodwill	$6.5m	$6.0m	$4.9m	(18%)
Other Non-current Assets	$10.0m	$9.5m	$12.9m	37%
Total Assets	**$150.2m**	**$184.8m**	**$168.6m**	**(9%)**
Interest Bearing Liabilities	$71.7m	$95.7m	$85.3m	(11%)
Other Current Liabilities	$47.9m	$46.2m	$43.7m	(6%)
Non-current Liabilities	$13.4m	$8.3m	$3.0m	(64%)
Total Liabilities	**$133.0m**	**$150.3m**	**$132.0m**	**(12%)**
Net Assets	**$17.2m**	**$34.5m**	**$36.7m**	**6%**
Net Tangible Assets	**$10.7m**	**$22.1m**	**$22.0m**	**(0%)**
Net Tangible Assets (cents per share)	**6.9**	**15.5**	**14.8**	**(4%)**

Highlights

- Strong cash position and stable Balance Sheet
- Decrease in Receivables due to softer market in Premium Funding
- Current liabilities decreased in line with Premium Funding volume reduction
- Non-current liabilities down in line with claims provisions
- Corporate debt remained insignificant

Wealth highlights

Centrepoint Alliance

Financial	• Underlying profit up 10% to $7.1m • Post FOFA revenues grew strongly with Funds Under Administration up 16% and Funds Under Management up 10% offsetting decline in grandfathered revenues • Strategic initiatives being funded by operational efficiencies
Operating	• Growth in quality practice recruitment offsetting exiting of non-core practices • Strong advocates for quality independent advice and customer best interest. Well positioned and ahead of many in the industry • Contemporary wealth business model including new Adviser fee model implemented. Development of fund administration and management services continues and adviser take up is increasing • Continue to enhance service offering for independent advisers
Strategy and people	• Proposition now in place to facilitate strong growth in recruitment of quality practices • Salaried Adviser channel established and growing steadily • Mergers & Acquisition capability established with solid pipeline of opportunities • Strong relationships with regulators and industry stakeholders

Wealth Results

Centrepoint Alliance

	FY13	FY14	FY15	Change FY15 v FY14	
Revenue	$35.9m	$32.5m	$31.6m	▼	(3%)
Expenses	($29.2m)	($26.0m)	($24.4m)	▼	(6%)
Underlying PBT	**$6.7m**	**$6.5m**	**$7.1m**	▲	**10%**

Key Metrics $m					
Net Flows, FUAd	78	27	164	▲	5.1x
Net Flows, FUM	(94)	(8)	47	▲	6.7x
Total Net Flows	**(16)**	**19**	**211**	▲	**10.3x**
Funds Under Administration	1,590	1,788	2,076	▲	16%
Funds Under Management	637	684	754	▲	10%
Total Funds Invested	**2,227**	**2,473**	**2,829**	▲	**14%**

Summary

- Revenues stabilised. Growth in post FOFA wealth revenues offsetting loss of grandfathered income
- New flat fee adviser model encouraging small non-core advisers to exit. Revenues are being replaced with growth in new practices and product revenues
- Significant investment in strategic initiatives continued: new salaried advice team of 12, new managed account service, new CRM and IT infrastructure, new M&A capability
- Turnaround story with net flows growing strongly

Alliance Wealth & Protection

Centrepoint Alliance

ALLIANCE
WEALTH & PROTECTION

A leading non-aligned financial advice & end-to-end wealth management firm

- Wholly owned subsidiary company of Centrepoint Alliance
- High quality, client focused salaried financial advice business with a team of 12
- Not aligned or affiliated with any major institution
- Ability to provide mums & dads, HNWs and family office clients with holistic or specialised advice
- Provision of scalable, ‘best of breed’ wealth solutions including:
  - Managed Accounts
  - Wrap with tailored portfolios
  - Highly customised insurance
- Clients currently sourced from orphan clients and clients acquired from exiting advisers

Funding highlights

Centrepoint Alliance

Financial	• Underlying profit down 52% to $2.5m • Premiums funded down 14% to $384m driven by commercial GI premiums down circa 10-20% per industry commentators • Difficult environment for brokers in soft GI market causing pressure on commission. Higher funding fees also impacting profits • Operational costs increased due to growth initiatives (Steadfast, NZ), retention incentives and investment in systems. Cost savings have lowered cost base and further savings targeted
Operating	• Broker engagement progressing well with 6% increase in active brokers • Rebranding and relaunch of mortgage broking business successfully completed. First year of sales growth in 8 years • Technology is being used to assist broker networks simplify loan applications and deepen relationships
Strategy and people	• Secured Steadfast relationship. Launched New Zealand premium funding business • Leading independent premium funder with strong partner arrangements with key broker groups - IBNA, Steadfast, CQIB, Insight • Business continuing to maintain margins and fund long term growth • Business risk lower, Funding lines diversified, distribution arrangements expanding and deepening, strong sales and credit management and key staff retention incentives

Centrepoint Funding results

Centrepoint Alliance

	FY13	FY14	FY15	Change FY15 v FY14
Revenue	$16.0m	$18.6m	$17.0m	▼ (9%)
Expenses	($12.3m)	($13.3m)	($14.4m)	▲ 9%
Underlying PBT	**$3.7m**	**$5.3m**	**$2.5m**	▼ **(52%)**
Amortisation	($0.1m)	($0.1m)	($0.1m)	▲ 1%
Restructure & other	$0.0m	$0.0m	($0.3m)	▲ 100%
Statutory PBT	**$3.6m**	**$5.1m**	**$2.1m**	▼ **(59%)**

Key metrics

	FY13	FY14	FY15	Change FY15 v FY14
PF Loan volume ($m)	368	445	384	▼ (14%)
Active brokers, end-of-year	269	362	382	▲ 6%
Loans	19,800	27,168	28,451	▲ 5%
Average size ($)	18,586	16,380	13,485	▼ (18%)
Bad debts written off, net	0.06%	0.06%	0.17%	▲ 176%
Funding Margin (%)	4.10	3.77	3.97	▲ 5%

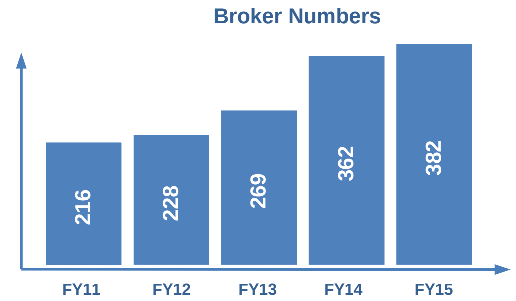
Summary

- The 10-20% fall in GI premiums in "soft" market resulted in premiums funded being down $60-$70m and revenues down $4m
- Strong organic growth on east coast more than offset loss of WA team in FY14
- Focus on higher margin smaller loans increased rates by 60bps or $2.3m to revenue
- Commissions increased 40bps or $1.5m as a result of brokers seeking to maintain revenues during softening GI market
- Expenses increased in FY15 due to one off items: retention incentives ($0.4m), funding of growth initiatives ($0.4m), bank fees ($0.4m) and team restructure ($0.2m)
- Strong credit management continued albeit bad debts up

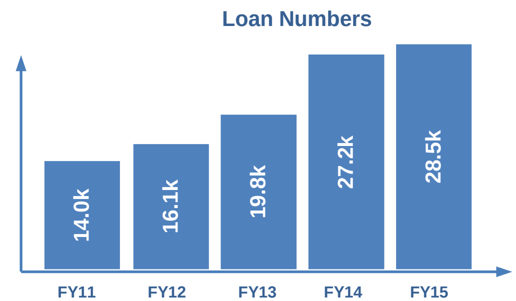
Funding

Centrepoint Alliance

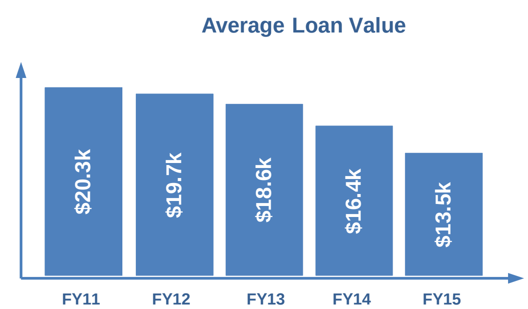
Strong focus remains on the key long term value drivers



- Broker numbers have increased 42% since 2013 off the back of strong distribution team
- Our reputation for consistent, reliable and responsive service is now being combined with technology to simplify and accelerate loan applications and improve the broker experience

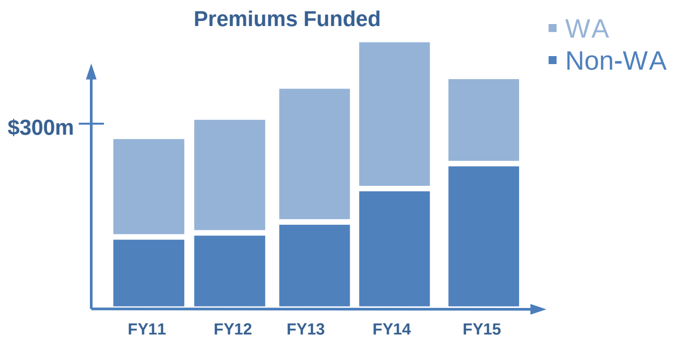


- Loan numbers have increased 44% since 2013 following the growth in broker numbers
- Over time we will target expanding our share of our broker's funding requirements

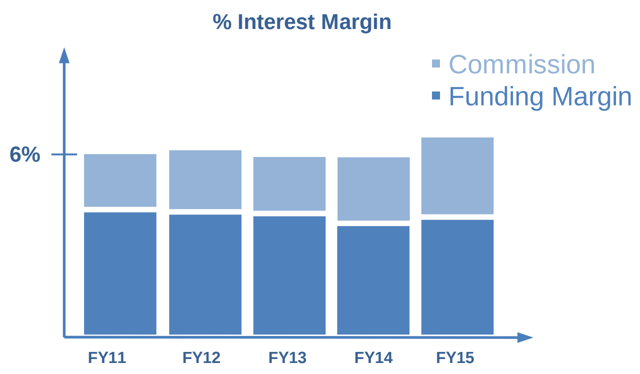


- Loan values decreased 18% in FY15 and 12% in FY14 due to the sale's team focus and maintaining margins, soft GI market and the loss of some large WA accounts
- Smaller loans are higher margin with lower credit risk

Funding



- Premiums funded decreased by $61m or 14% in FY15 due to soft GI market and weakness in WA economy
- Non-WA premiums funded increased 21% in FY15 following a 38% increase in FY14. This more than offset the loss of some WA accounts as a result of the loss of the WA team in FY14
- The new Steadfast relationship, along with other major network relationships, underpin future growth
- Business well positioned for any hardening in the GI market



- Premium funding rates have been generally declining in a falling interest rate and competitive market. Centrepoint's rates have improved during this period
- Rates increased 60bps with the focus on high margin low value loans and strong sales discipline
- The rapid softening of the GI market has impacted brokers hard with a flow on impact on commissions as they try to manage revenues. Commission costs increased 40bps during the period. We expect this to be temporary until the GI market stabilises

Deferred Tax Asset Recognition

- In FY15 the Group recognised an asset of $4.3m which is credited to statutory profit after tax from the recognition of off balance sheet deferred tax assets
- Given the strengthening financial results and the expectation of future profits, the Group has recognised a deferred tax asset for that amount where it is probable that the asset can be utilised to offset tax payable
- The Group has a further $35m of revenue losses off balance sheet that can be recognised in the future
- The group also has deferred capital losses of $29m and franking credits of $27m

Legacy claims

Centrepoint Alliance

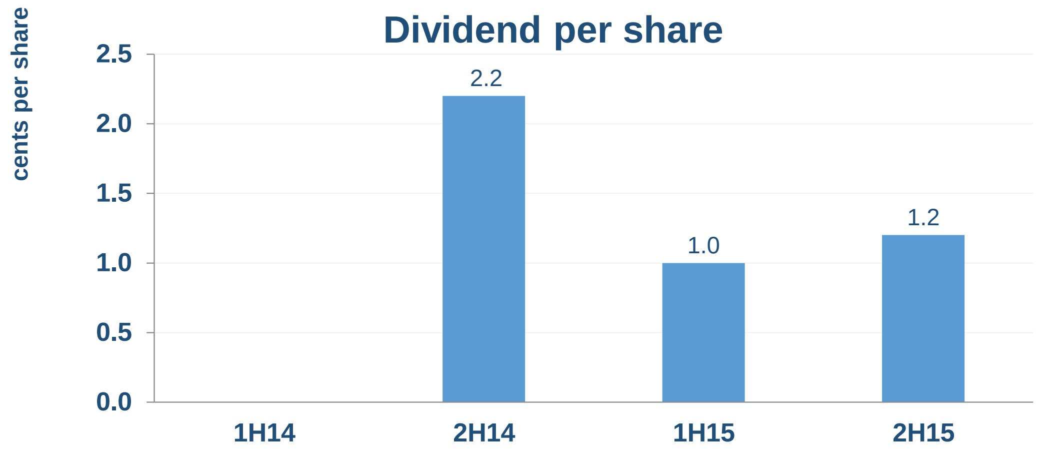
Legacy claims are claims related to advice provided pre July 2010 and prior to the acquisition by Centrepoint in December 2010

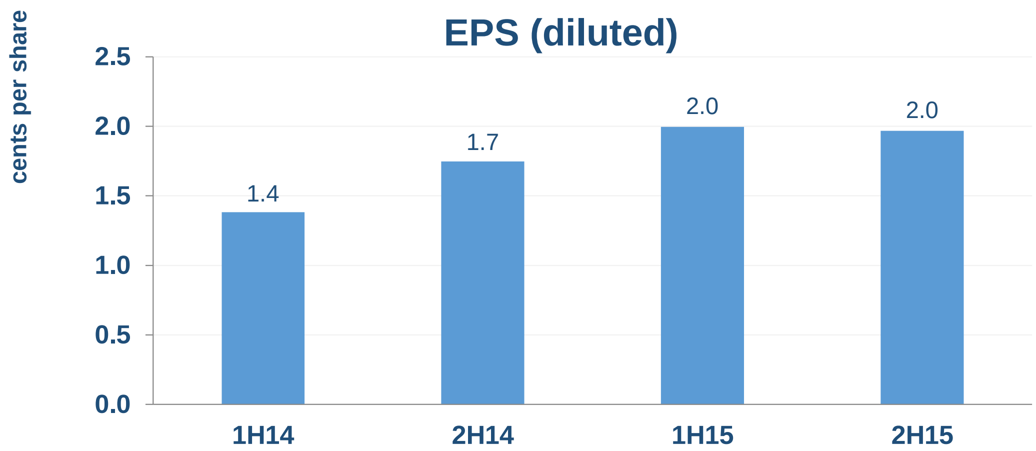
An independent actuarial assessment was undertaken of past experience and projected future likely experience resulting in $2.1m additional provisioning and the discount unwind increasing the provision by a further $0.3m

The 2H15 claims settled was $2.1m which is significantly below pcp and prior period. The 1H15 results we believe were adversely affected by intense media attention on financial advice during 2014 calendar year and increased lawyer advertising

	FY13	FY14	FY15
Opening balance	$22.1m	$20.8m	$13.8m
Claims provisioning expense during the period	$9.5m	$1.3m	$2.1m
Discount unwind	$0.5m	$0.6m	$0.3m
Claims settlements & fees paid (net of recoveries)	($11.3m)	($8.9m)	($8.9m)
Closing balance	**$20.8m**	**$13.8m**	**$7.3m**

Dividends





- The Board has declared a final dividend of 1.2 cents per share fully franked
- Record date is 25th September 2015 with payment on 16th October 2015
- A Dividend Reinvestment Plan is offered with a discount of 2%
- The aim of the dividend policy is to provide shareholders with sustainable and fully franked dividends, whilst balancing the cashflow needs of the business
- An $18m distributable dividend reserve has been established

Strategic initiatives - update

Organic Growth	• Strong organic growth in both new wealth practices and GI brokers • Increasing take up of in-house platforms and funds by advisers • Sales and marketing capability improving underpinning future growth • Improve margins by lowering costs and targeting high margin segments
Modern Advice Model	• Supporting independent advisers transition to professional advice model • Advisers increasing adoption of in-house services and solutions • New adviser fee model has been implemented • Focus on client best interest and improving the quality of advice
Salaried Advice (Alliance Wealth & Protection)	• Salaried advice capability established • Rapid growth and recruitment phase. Currently servicing orphan clients and providing adviser succession planning options
M&A	• M&A capability established • Multiple small client books acquired • Pipeline of ‘bolt on’ opportunities to leverage existing infrastructure and capability

Summary

- Wealth will focus on recruiting quality practices and increasing adoption of Centrepoint solutions
- Funding will continue to grow premiums funded, broker relationships and reduce costs
- Expansion of salaried advice model to continue
- M&A capability established with pipeline of inorganic growth and partnering opportunities
- Work closely with our clients and business partners, to continue to advocate and support non-institutional advisers and improve the quality of advice and solutions Australians receive
- Continue building the Centrepoint brand including re-launch in 2Q16
- Continued development of culture, team and in-house capabilities to support long term sustainable growth

Appendices

Our Story

Centrepoint Alliance

1991

Alliance Finance founded by Martin Kane in WA, offering insurance premium funding and equipment finance

June 2002

Listed on ASX (CAF)

Sept 2005

Merger with Centrepoint Finance, co-founded by chairman Rick Nelson. Renamed Centrepoint Alliance

Dec 2010

Centrepoint Wealth acquired incl. Professional Investment Services (PIS), one of the largest independent financial advice networks in Australia

Apr 2013

John de Zwart appointed MD and CEO. New Wealth strategic plan initiated

Oct 2013

Remaining 45% of Associated Advisory Practices (AAP), acquired

May 2104

$14m Capital raising to fund growth and strengthen the balance Sheet

Oct 2014

New AFSL, Alliance Wealth, launched. Managed Accounts Solution (vMAPs) launched. New Steadfast relationship

Nov 2014

Salaried adviser channel, Alliance Wealth & Protection (AWP), established

May 2015

Premium funder, Alliance Funding, launched in New Zealand

Original Wealth plan complete

Centrepoint Alliance

Stabilise
2013-14

- Implement FOFA
- Re-engage advisers
- Enhance service to advisers
- Minimise legacy claims costs
- Reduce costs and strengthen financial performance
- Ensure consistent quality advice and complete Ongoing Monitoring Program
- Exit non-core activities
- Integrate and simplify Wealth Management businesses
- Align staff remuneration

Position for Growth
2014-15

- Build experienced transformational management team
- Deliver modern investment solution
- Standardise business systems, processes and collateral
- Develop financial analysis and profitability systems
- Build SMART Practice solutions
- Launch practice funding and succession planning solutions
- Build culture and team expertise

Grow
2015 onwards

- Strengthen brand and grow awareness
- Support practices build high quality sustainable businesses
- Build marketing capabilities
- Grow and recruit quality practices
- Grow salaried advisers
- Increase adoption of Centrepoint solutions
- Consider inorganic and collaboration opportunities

The Centrepoint Family

Centrepoint Alliance

Brand re-launch including new brand architecture scheduled for October 2015

Centrepoint Alliance

Centrepoint Wealth

Financial Advice
- Associated Advisory Practices
- Professional Investment Services
- Alliance Wealth
- Alliance Wealth & Protection

Platforms & Administration
- Investment Diversity
  - Investment Exchange
  - Assemble
  - annex

Funds Management
- vMAPs
- Ventura Funds

Centrepoint Funding

Premium Funding
- Centrepoint Alliance Premium Funding

Mortgage Broking & Asset Finance
- Centrepoint Lending Solutions

Definitions

Term	Definition
CAGR	Compounded Annual Growth Rate
Funds	The collective term for Funds under Distribution Agreements, Advice, Administration, Management and Managed Portfolios
Funds under Administration (‘FuAd’)	Funds upon which the Group derives fees as the responsible entity or as the promoter of badged investment administration solutions
Funds under Advice (‘FuA’)	Funds upon which advisers associated with the Centrepoint group provide advice to clients
Funds under Management (‘FuM’)	Funds upon which the Group derives fees as the responsible entity or as the promoter of a badged funds management product
Funding Margin	Funding Margin comprises Premium Funding Revenue excluding broker commissions divided by the PF Loan Volume
KMP	Key Management Personnel as defined in the Corporations Act
Net Operating Expenses	Net Operating Expenses comprises Operating Expenses less cost of goods sold expenses items
Net Operating Revenue	Net Operating Revenue comprises Operating Revenue less cost of goods sold
PBT	Profit Before Tax
PCP	Prior Corresponding Period
PP	Prior Period
Practices	Accumulated total of licensed (PIS/AW) and self-licensed (AAP) practices in the Centrepoint Group
Underlying PBT	Underlying PBT excludes tax, amortisation and one-off, non-operational items
vMAPs	Ventura Separately Managed Account Solution

Disclaimer

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All numbers are as at 30 June 2015 unless otherwise stated. Numbers may not add up due to rounding.

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