



Easton Investments Limited 2016 Year Results

Greg Hayes – Managing Director



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



Results highlights

Operational highlights

- ❑ Launch of Limited Authorisation service for accountants (LARs)
- ❑ 52% increase in number of online training programs delivered
- ❑ Knowledge Shop increases subscriber numbers by 10.5%
- ❑ Secured the Hayes Knight brand nationally
- ❑ Divested interest in Chesterfields to release capital for more aligned investments
- ❑ Increased equity stake in Law Central to 45.6%
- ❑ Unexpected – Harmony Distribution Agreement to finalise on 31 August 2016
- ❑ Emphasis on online distribution with new initiatives

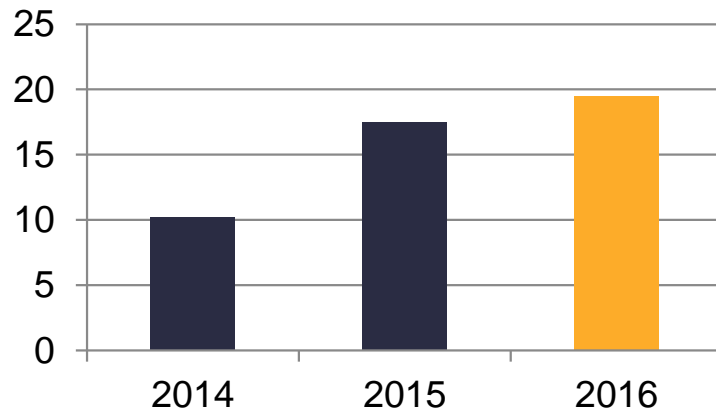
Financial highlights

- ❑ Group revenue \$19.46 mill – up 11%
- ❑ Normalised EBITA \$3.33 mill – up 28%
- ❑ NPAT (\$352K) – down 128% (primarily due to non cash impairment charge)
- ❑ Net cash flow from operations \$2.62 mill
- ❑ Debt Nil – with undrawn bank facility \$5 mill
- ❑ Cash position \$3.94 mill
- ❑ Available tax losses fully absorbed

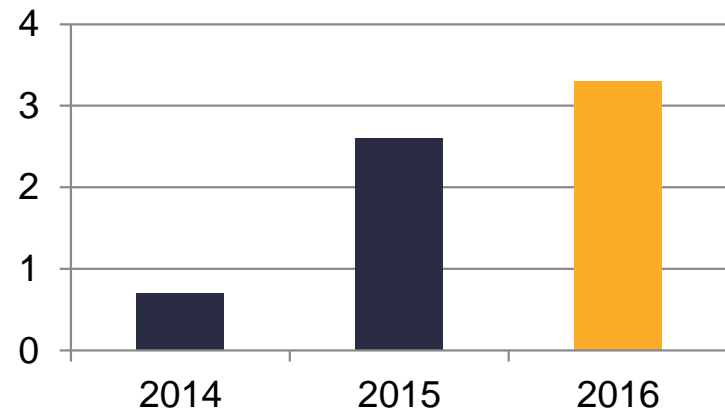
Overview of financial performance

Financial Performance trend over 3 years

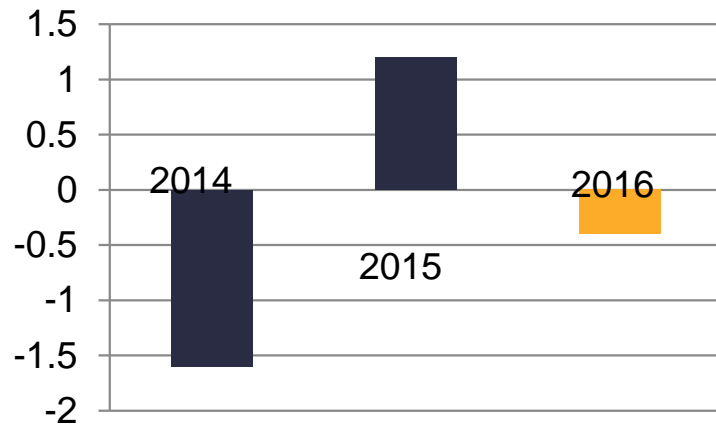
Revenue



Normalised EBITA



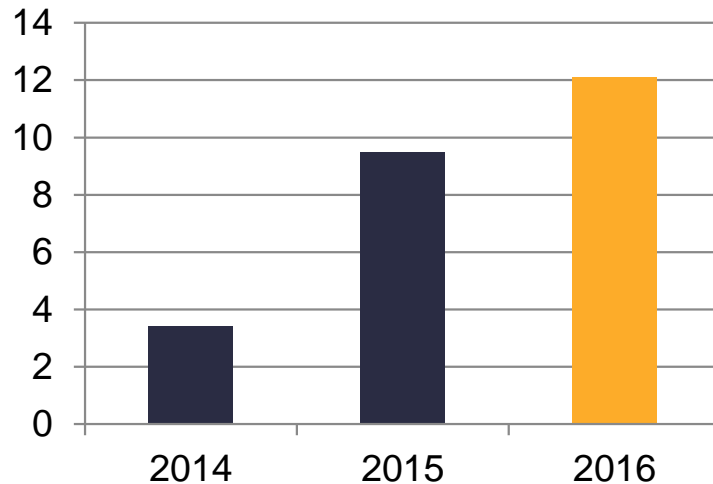
NPAT



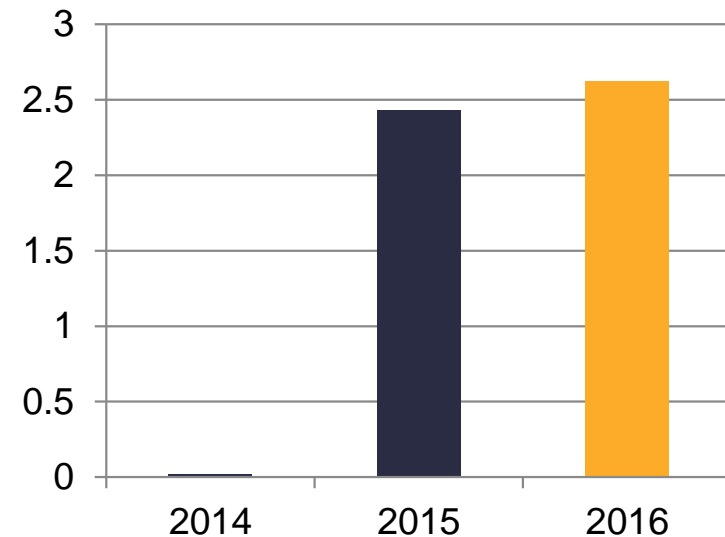
Overview of financial performance

Financial Performance trend over 3 years

Earnings per Share (on normalised EBITA)



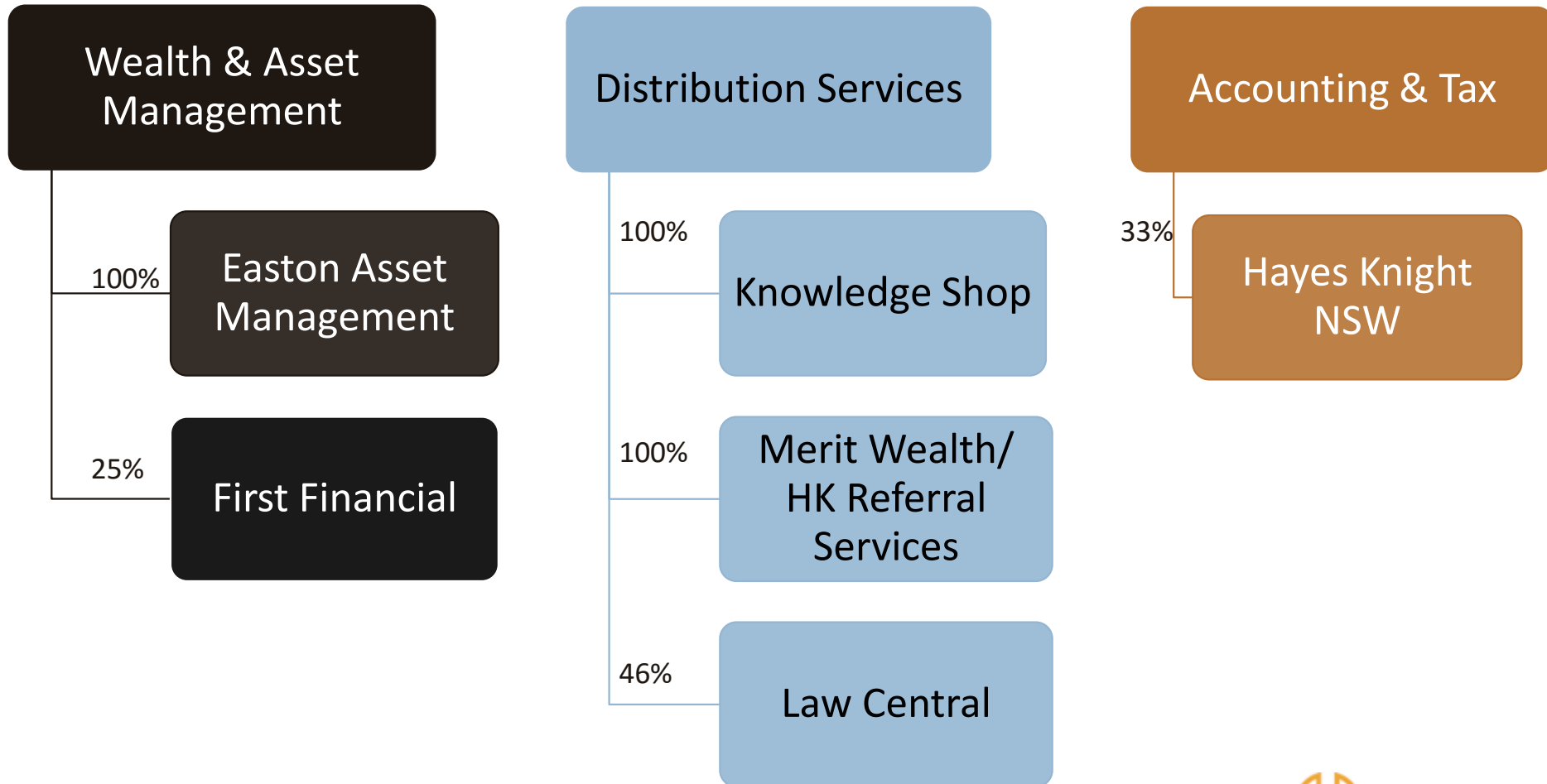
Net Operating Cash flow





Group overview

Group Businesses



Business strategy

To build a significant and strategic distribution capability in the accounting and financial services sector.

We achieve this by:

- Being a material supplier to the accounting channel
- Developing a strong accounting brand
- Building a material wealth business through the accounting channel
- Building a significant training business
- Leveraging online distribution
- Strong organic growth supported by selective acquisitions

Brands the market trusts



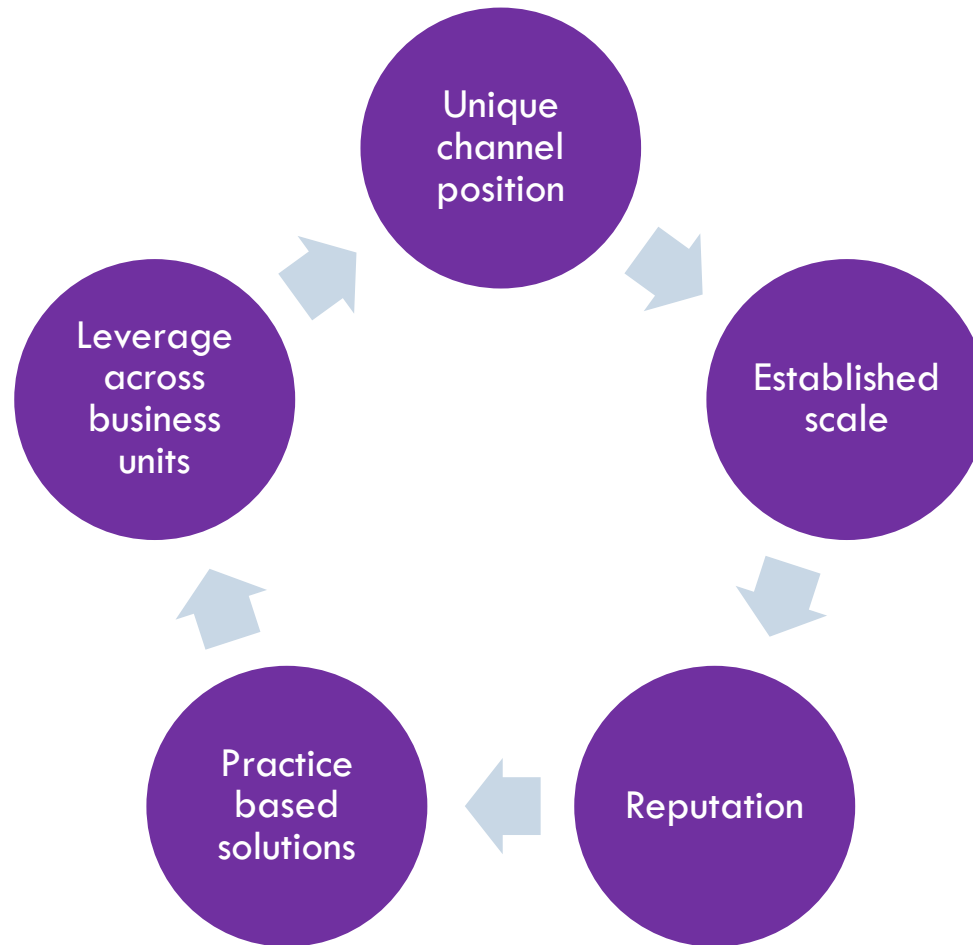
*Leverage created through
engagement between business units*



Operating metrics - 2016

Training hours delivered – 22,630	Funds under advice - \$1.35 bill
On line documents delivered – 5,879	Risk premium - > \$11 mill Loan book - \$420 mill
LARs - > 200	Accounting firms signed up to Law Central - 347
Knowledge Shop accounting channel (subscribers + training) – 1,985 firms	SMSFs under administration - 1120

Competitive advantage





Financial performance

Operating overview

	2016 (\$m)	2015 (\$m)	Change %
Revenue from continuing operations	19.46	17.47	+11
Normalised EBITA	3.33	2.60	+28
Normalisations:			
• Gross up for equity accounted investments	(0.34)	(0.12)	
• Share based payments	0.13	(0.18)	
• Net restructuring	0.02	(0.20)	
• Impairment losses	(3.19)	-	
• Other revenue	0.47	0.44	
Statutory EBITA	0.42	2.54	(83)
• Net interest and amortisation	(0.59)	(0.58)	
• Tax expense	(0.18)	(0.72)	
Statutory net (loss)/profit	(0.35)	1.24	(128)

Divisional (Segment) Performance

	2016 (\$m)	2015 (\$m)	Change %
Wealth & Asset Management			
• Revenue	10.36	8.99	+15
• Normalised EBITA	2.69	2.44	+10
Distribution Services			
• Revenue	9.09	8.40	+8
• Normalised EBITA	1.57	1.09	+44
Accounting & Tax			
• Normalised EBITA	.40	.33	+21
Corporate Costs	(1.33)	(1.26)	(6)
• Other revenue	.01	.08	(88)
Total Segment Result			
• Revenue	19.46	17.47	+11
• Normalised EBITA	3.33	2.60	+28

Note – 2015 year restated to include continuing operations only



Outlook & growth

Outlook

- ❑ Focus of accountants on financial services elevated through the removal of the Accountants Exemption
- ❑ Limited Authorisation market to continue to grow as more accountants move into regulated environment
- ❑ Accountants preference for on line, supported by face to face, training
- ❑ Demand for on line document delivery
- ❑ Strong balance sheet to support selective acquisitions
- ❑ All business units aligned to forward strategy

Growth opportunities

Organic

- **LARs**
- **On line training**
- **On line document capability**
- **Financial services growth through engagement with LARs**

Acquisition

- **Aligned distribution businesses**
- **Accounting firms to complete geographic distribution**

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