

Countplus Limited

Annual General Meeting

25 November 2015

Contact:

Barry Lambert, Chairman

barry.lambert@countplus.com.au or (02) 8488 4500

Phil Aris, Managing Director

phil.aris@countplus.com.au or (02) 8488 4500

countplus 

Chairman's Address



Barry Lambert

countplus 

Executive Directors



Phillip Aris

Managing Director & CEO



Philip Rix

Executive Director &
Bentleys WA Principal

Non-Executive Director



Graeme Fowler

Independent Non-Executive Director
Audit & Risk Committee Chair

Company Secretarial



Arlette Jubian

Company Secretary

Auditors & Lawyers

Grant Thornton

- Conor Farley
- Stephen Thomas

Addisons Lawyers

- Jeff Mansfield
- Li Jean Chew

Financial Results 2015 v 2014

	2015 \$'000	2014 \$'000	% Change	%Normalised Change*
Total Net Revenue	88,913	95,820	(7.2%)	2.5%
Net Income Firms	14,688	18,766	(21.7%)	(1.2%)
Operating Profit (EBITA)	15,581	19,112	(18.5%)	2.4%
Profit before Tax	13,051	15,380	(15.1%)	4.6%
Tax Expense	(3,117)	(4,067)	(23.4%)	10.7%
Consolidated Net Profit after Tax	9,934	11,313	(12.2%)	2.5%

* The normalised change has been adjusted to:

1. Exclude the gain on revaluation of investment property in 2014/15;
2. Exclude the contribution from subsidiary sold in prior year; and
3. Exclude loyalty payments in 2013/14 paid by CBA (now expired).

AGM Resolutions

Barry Lambert



Resolution 1:

To receive and consider the annual financial report of the Company and its controlled entities and the reports of the Directors and of the auditors for the year ended 30 June 2015

- These Statements & Reports are incorporated in the Directors Report.
- It is not necessary to vote on this resolution.
- Any questions can be addressed to the CEO at the end of his presentation.

Resolution 2: Adopt Remuneration Report

- This Report is incorporated in the Directors Report of the Annual Report.
- The vote on this resolution is advisory only and does not bind the Directors of the Company.

Vote Type	Voted	%	% of all securities
For	9,928,754	73.58	8.73
Against	1,973,817	14.62	1.74
Open-Usable	1,593,389	11.80	1.40
Open Cond	0	0.00	0.00
Open Unusable	0	N/A	0.00
Abstain	248,042	N/A	0.22
Excluded	6,442,314	N/A	5.67

Resolution 3: Long Term Incentive (LTI) for the Chief Executive Officer and Managing Director

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 10.14 and sections 200B and 200E of the Corporations Act 2001 (Cth) and for all other purposes, approval be given for the grant to the Chief Executive Officer and Managing Director of the Company, Phillip Aris, loan funded shares with a value of \$354,166 under the terms of the Countplus Key Staff Loan Funded Share Plan, as more particularly described in the Explanatory Notes accompanying the Notice of Meeting.”

Resolution 3: Long Term Incentive (LTI) for the Chief Executive Officer and Managing Director

Vote Type	Voted	%	% of all securities
For	8,260,548	60.72	7.26
Against	3,745,857	27.54	3.29
Open-Usable	1,596,389	11.74	1.40
Open Cond	0	0.00	0.00
Open Unusable	0	N/A	0.00
Abstain	141,208	N/A	0.12
Excluded	6,442,314	N/A	5.67

Resolution 4: Re-election of Barry Lambert

This will be addressed by CEO Phil Aris



Barry Lambert

Chairman

Chief Executive Officer Address



Phillip Aris

countplus 

Resolution 4: Re-election of Barry Lambert

To consider and, if thought fit, to pass the following resolution as an ordinary resolution: “That Barry Lambert (who retires by rotation in accordance with the Constitution of the Company and, being eligible, offers himself for re-election), be re-elected as a Director of the Company.”

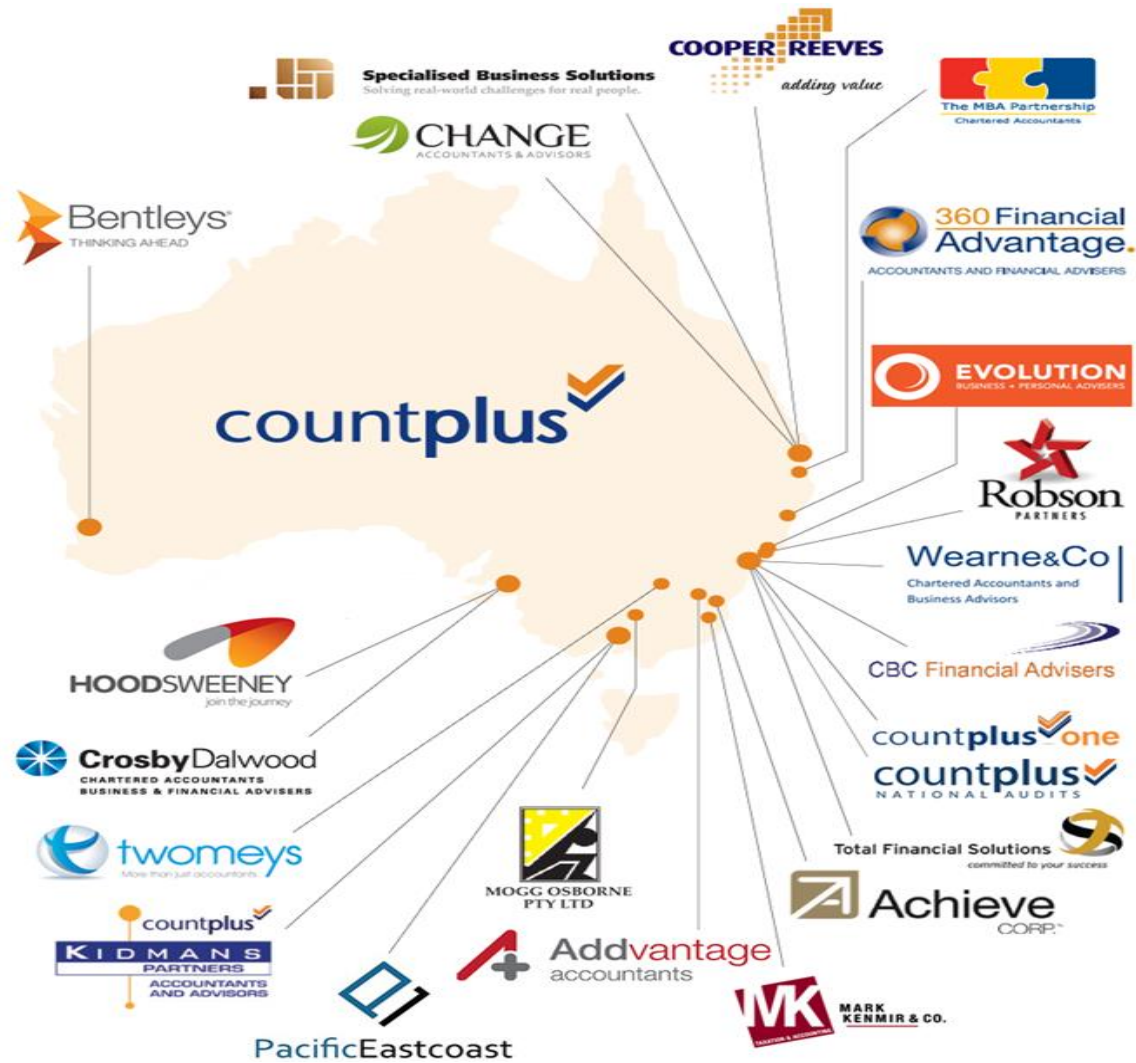
Vote Type	Voted	%	% of all securities
For	14,072,979	88.09	12.38
Against	315,013	1.97	0.28
Open-Usable	1,588,289	9.94	1.40
Open Cond	0	0.00	0.00
Open Unusable	0	N/A	0.00
Abstain	4,210,035	N/A	3.70
Excluded	0	N/A	0.00



Barry Lambert

Chairman

Countplus Member Firms



Group Performance – Member Firms

	2015 \$ '000	2015 % of Total Revenue	% Change	% Normalised Change*
Revenue:				
Accounting	58,243	65.5%	-7.2%	-1.3%
Financial Planning	20,087	22.6%	-15.9%	7.5%
Property Services	5,397	6.1%	18.9%	18.9%
Other Operating Revenue	5,186	5.8%	10.7%	13.7%
Total Net Revenue	88,913	100%	-7.2%	2.5%



*Cooper Reeves
(Salisbury, QLD)*

Accounting revenue
65.5% of net
member revenue

Financial planning
revenue up 7.5%

Property & related
services revenue
6.1% of net member
revenue

*Variance calculated after adjusting the prior year numbers to exclude the contribution from the subsidiary sold in December 2013 and to exclude loyalty payments that are no longer being received (ceased from 1/7/2014).

Group Performance – Member Firms

	2015 \$ '000	2015 % of Total Expenses	% Change	% Normalised Change*
Expenses:				
Salaries & Employment	-56,444	76.0%	-3.0%	3.8%
Premises	-5,098	6.9%	-11.0%	-2.0%
Acquisitions	-271	0.4%	14.8%	14.8%
Depreciation	-1,175	1.6%	4.4%	12.4%
Other Operating Expenses	-11,237	15.1%	-4.2%	2.7%
Total Operating Expenses	-74,225	100%	-3.6%	3.4%

*Variance calculated after adjusting the prior year numbers to exclude the contribution from the subsidiary sold in December 2013 and to exclude loyalty payments that are no longer being received (ceased from 1/7/2014).

Group Performance – Member Firms

	2015 \$ '000	% Change	% Normalised Change*
EBITA before Profit from Associates	14,688	-22.0%	-1.2%
Share of Profits from Associates	893	158.1%	158.1%
Operating Profit (EBITA)	15,581	-18.5%	2.4%
Other Income	228	286.4%	286.4%
Share Based Payments	-335	56.5%	56.5%
Interest Expense (net)	-1,159	5.7%	5.7%
Amortisation Expense	-2,804	-11.2%	-9.2%
Profit Before Tax (excluding fair value adjustments)	11,510	-21.7%	5.9%
Fair Value Adjustments / Impairment	1,542	N/A	N/A
Profit Before Tax	13,052	-15.1%	20.0%
Income Tax	-3,117	-23.4%	10.7%
Consolidated Net Profit After Tax	9,935	-12.2%	23.3%

*Variance calculated after adjusting the prior year numbers to exclude the contribution from the subsidiary sold in December 2013 and to exclude loyalty payments that are no longer being received (ceased from 1/7/2014).

Balance Sheet

	2015 \$ '000	2014 \$ '000	% Change
Current Assets	33,766	34,334	-1.7%
Non-Current Assets	71,672	65,427	9.5%
Total Assets	105,438	99,761	5.7%
Current Liabilities	18,892	21,013	-10.1%
Non-Current Liabilities	33,296	27,584	20.7%
Total Liabilities	52,188	48,597	7.4%
Net Assets	53,250	51,164	4.1%
Current Ratio	1.80	1.61	N/A
Net Debt	20,283	12,675	60.0%



Bentleys WA (Perth, WA)

Net debt has increased due to acquisitions and investments



Twomeys (Regional NSW)

Recent Acquisitions / Investments

Date	Acquirer	Acquisition / "Tuck-In"
Jul 2014	Total Financial Solutions (Australia wide network)	Acquired a 40% interest in Wangaratta (VIC) based financial planning firm Financial Momentum.
Sep 2014	Addvantage Accountants (formerly Beames & Associates) (Fyshwick, ACT)	Acquired Canberra (ACT) based professional services firm John Dormer Associates.
Oct 2014	Total Financial Solutions (Australia wide network)	Acquired a 49% interest in Melbourne (VIC) based financial planning firm McQueen Wealth Management.
Jan 2015	Kidmans Partners (Balwyn, VIC)	Acquired Melbourne (VIC) based accounting firm Harmon Partners.
Mar 2015	Total Financial Solutions (Australia wide network)	Acquired a 30% interest in Gisborne (VIC) based financial planning firm Nixon Financial Services.

Benefits of Joining Countplus

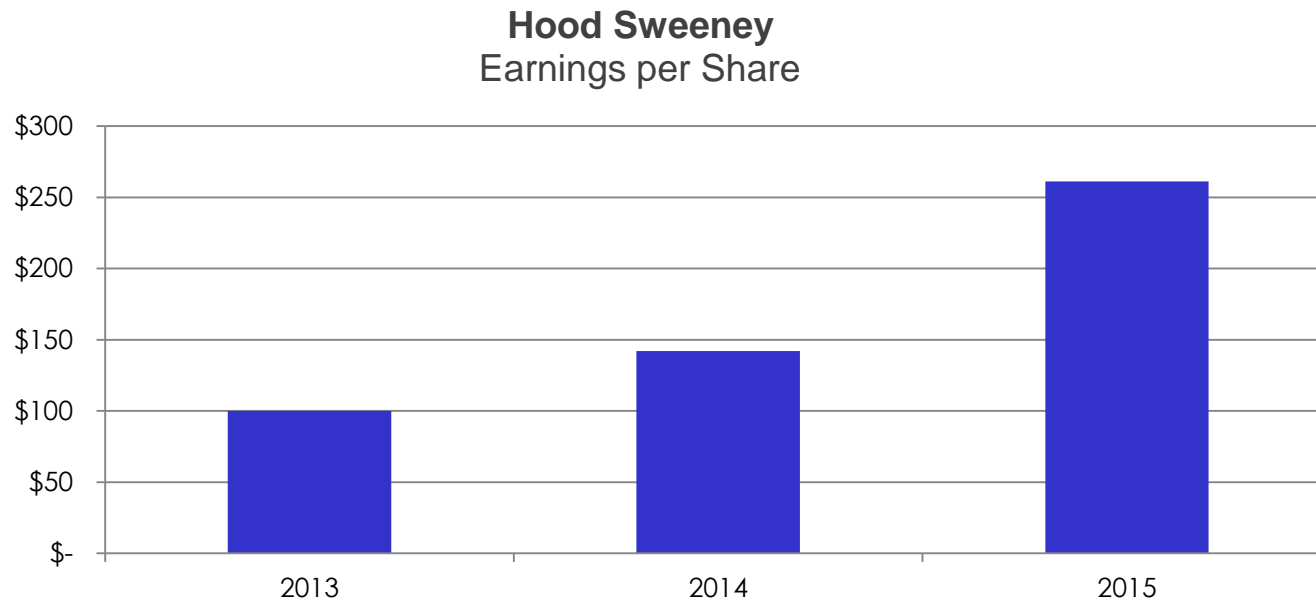
What are the benefits to accountants and other financial services businesses in being a part of the Countplus network?

- Learning from Member Firms & gaining cross referrals; cash buyer &/or diversification; and growing business value at a listed multiple
- Funding for business growth
- Long-term succession
- Enhanced client services
- Aligned ownership and incentive models to attract and retain quality employees



Change Accountants (Brisbane, QLD)
2015 XERO Accounting Partner of the Year

- Hood Sweeney is a South Australian professional services firm with more than 110 employees
- CUP's first investment in Hood Sweeney made in October 2012 and currently have a 26% interest

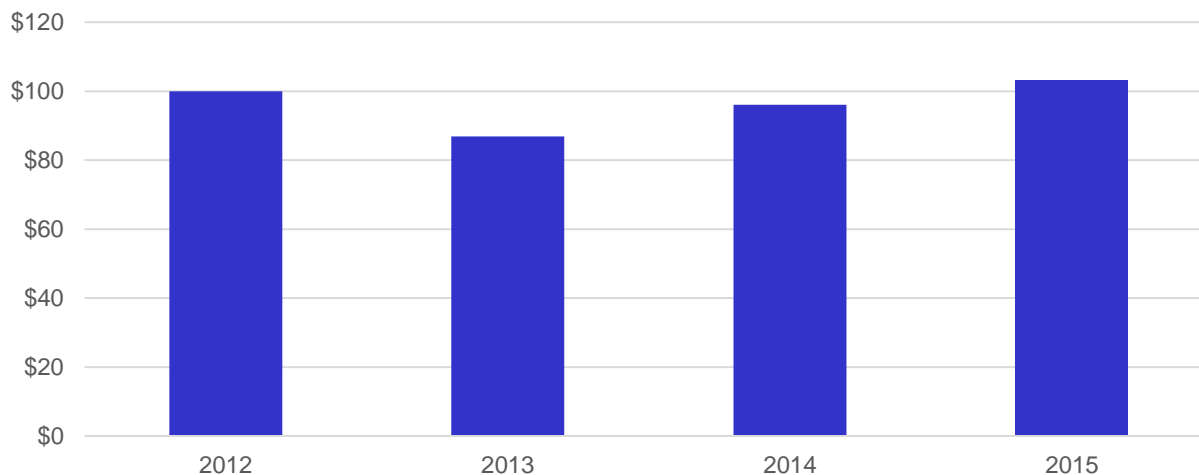




- TFS, a national financial planning dealer group was fully acquired on 30 September 2010
- TFS is expecting continued growth in EPS in 2016 as a result of recent and expected adviser signings

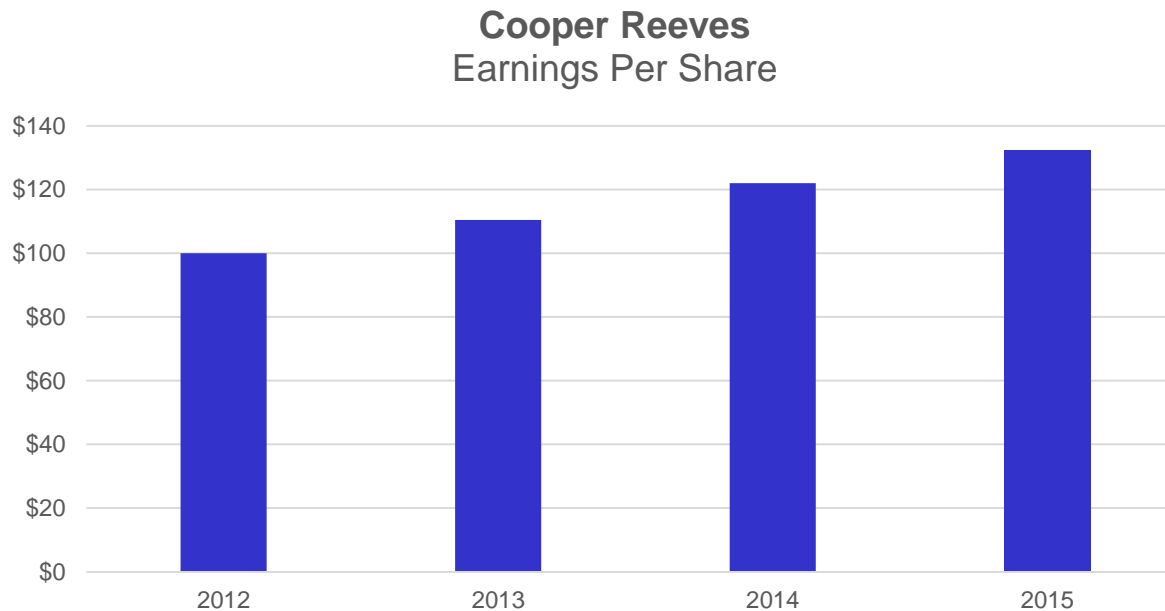


TFS
Earnings Per Share

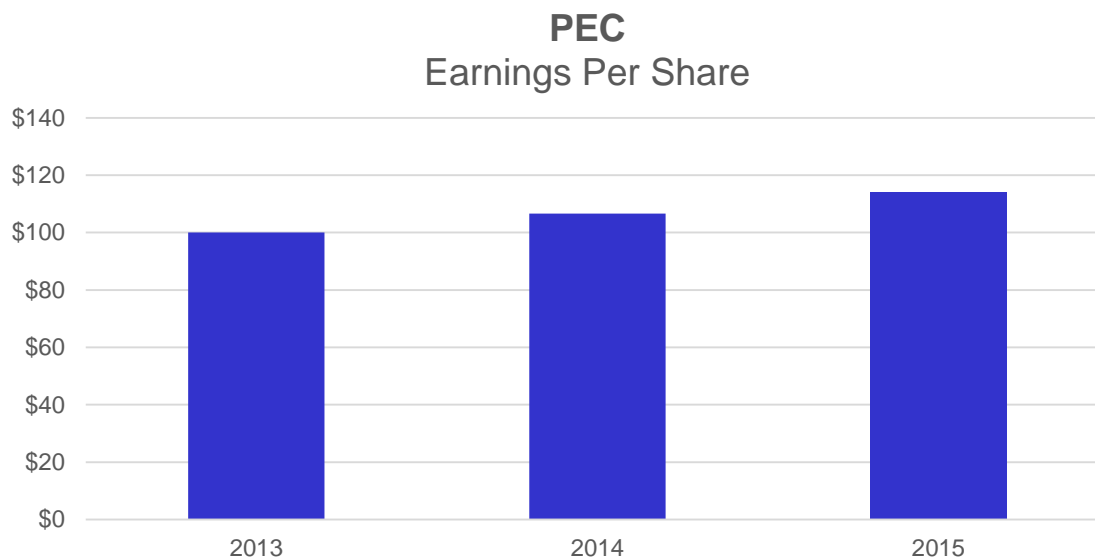


Performance measured by EPS Growth (2012: Base \$100)

- Acquired on 1 November 2008
- Brisbane based professional services firm

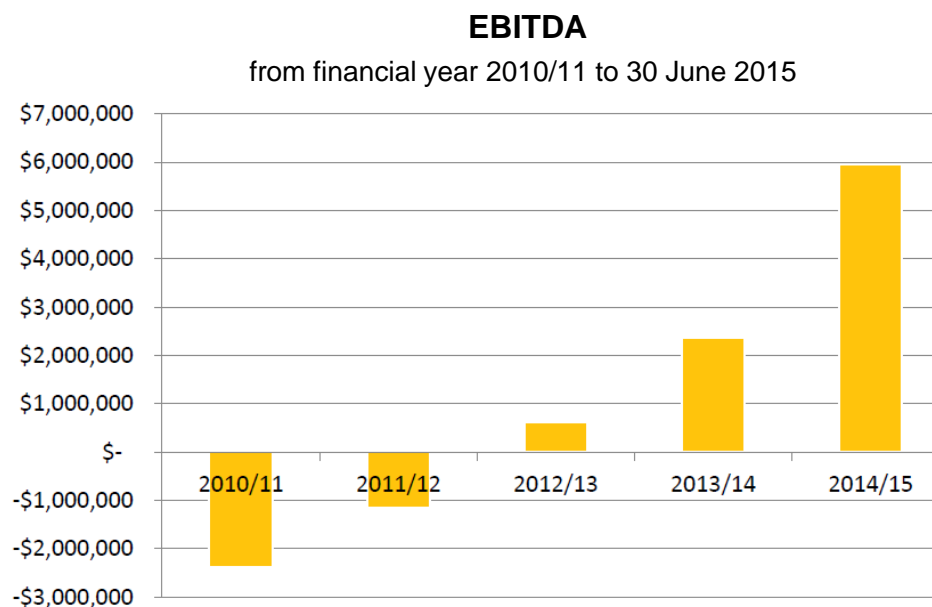
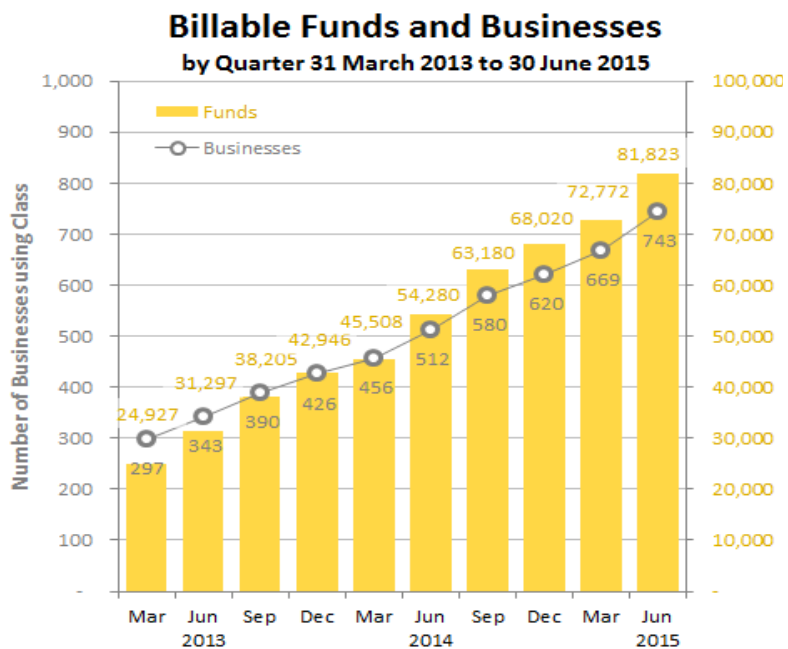


- Acquired on 11 February 2012
- Core business unit is property research and broking services on new residential property developments
- Has grown strongly since acquisition



Performance measured by EPS Growth (2012: Base \$100)

- Technology business servicing the SMSF sector with almost 90,000 billable SMSF's on its administration platform
- First investment in Class made in October 2013
- CUP is the largest institutional shareholder with a 4.8% interest
- Class is expected to list on the ASX in late 2015



Growth Acquisition Strategy

- Organic growth has been disappointing but remains our priority and best prospect of delivering strong EPS growth
- Funding of acquisitions will predominately be funded from profits & borrowings
- CUP acquisitions will be:
 - Low risk tuck-ins: 100% acquisitions of small firms incorporated into existing CUP businesses
 - Minority to majority interests (but not 100%) of firms that don't qualify for BLUE789 or ADVICE389
 - BLUE789: larger accounting firms
 - ADVICE389: larger financial planning firms
 - Selected investments: in financial service businesses (e.g. Class)

- ADVICE389 has a similar strategy to BLUE789, but will be acquiring quality Financial Planning Businesses with the view of floating on the ASX before June 2020
- The cornerstone of ADVICE389 is our existing AFS Licensee Total Financial Solutions
- First investment was made in August 2015, a 40% interest in Newcastle (NSW) based financial planning firm Hunter Financial



From Left:
*Philip Smith (Director of Hunter Financial),
Pierre Kraft (CEO of ADVICE389) &
Brian Kennaugh (Director of Hunter Financial)*

Recent Acquisitions / Investments

Date	Acquirer	Acquisition / “Tuck-In”
Aug 2015	ADVICE389	Acquired a 40% interest in Newcastle (NSW) based financial planning firm Hunter Financial.
Aug 2015	Bentleys WA	Acquired a 100% interest in specialist SMSF administrator – Australian Super & Compliance (ASC) with \$950k in revenue.
Oct 2015	MBA Partnership (Gold Coast)	Acquired a 100% interest in a Accounting business, HWC Accountants Pty Ltd for \$2.06m.
Nov 2015	Countplus Ltd	Through a buy-back in Hood Sweeney shares Countplus Ltd increased its % in Hood Sweeney from approximately 26% to 30% without any additional investment from CUP.

Direct Equity Plan (DEP)

- CUP offers Principals and key employees an opportunity to purchase equity in underlying businesses
- Vendor Principals may effectively “buy-back” part interest up to 40%
- Also targeting future leaders and Principals
- CUP will maintain control
- CUP Member Firms that have taken up this opportunity:



Kidmans Partners (Melbourne, VIC)



MBA Partnership (Southport, QLD)

Outlook

- Continued challenging business environment
- On a continuing business basis, ie excluding any abnormals, our full year 2016 profit before tax budgets are in line with FY2015
- Selective acquisitions by CUP, BLUE789 & ADVICE389



Question Time

countplus 

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