



CountPlus Limited (ASX: CUP)

**Results Presentation
For the Half-Year Ended 31 December 2018**

PRESENTED BY
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20 February 2019



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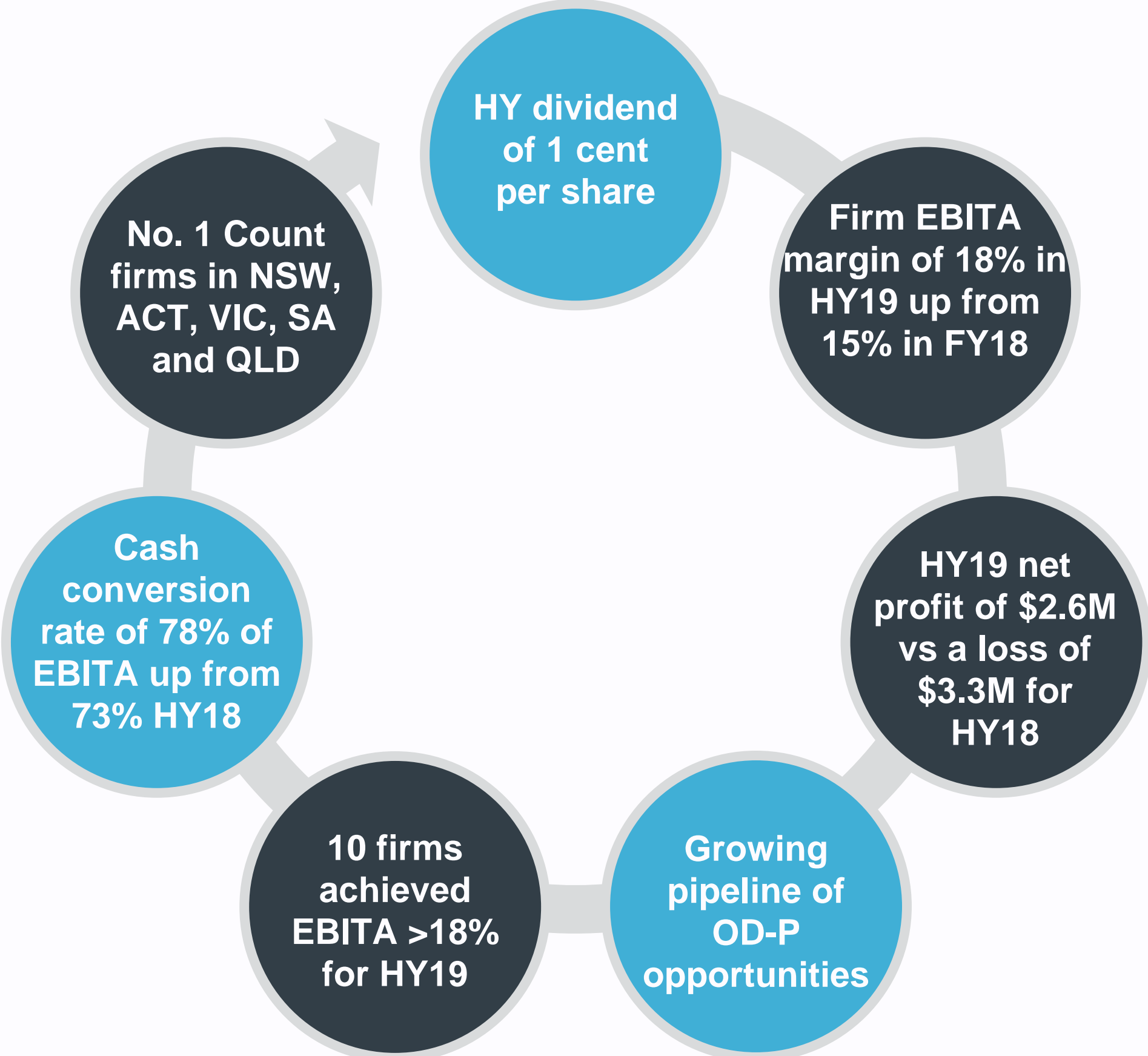
Pro forma financial information

CountPlus uses certain measures to manage and report on its business that are not recognised under Australian Accounting Standards. These measures are referred to as non-IFRS (International Financial Reporting Standards) financial information. CountPlus considers that this non-IFRS financial information is important to assist in evaluating CountPlus' performance. The information is presented to assist in making appropriate comparisons with prior periods and to assess the underlying operating performance of the business.

All dollar values used in this document are in Australian dollars (A\$) unless otherwise stated.

CountPlus key statistics

Listed on the ASX since 2010, we are a network of successful professional accounting and financial advice firms, **aligned through our shared values and sense of community**



CountPlus footprint



Half year performance highlights – HY19

Financial Results – HY19		
\$'000		
Revenue from operating activities	EBITA	NPATA
35,997	4,716	3,483

Firm EBITA margin	Operating free cash flow	Interim dividend per share (fully franked)
18%	3,694	1 cent

Note: NPATA means net profit after tax but before amortisation and this measure is intended to remove the effect of non-cash charges of acquired intangibles

- Turnaround of CountPlus tracking according to plan
- Reported HY19 net profit of \$2.6M compared to a loss of \$3.3M for HY18
- Run-rate showing an improvement at an earnings level. Firm EBITA average margin moving up to 18% in HY19 from 15% in FY18
- All firms are profitable
- O'Brien acquisition is expected to be earnings accretive this year
- Significantly improved balance sheet post restructure with net cash growing a further \$1.3M since June 2018
- Dividend of 1 cent per share declared for HY19 vs 1 cent dividend for FY18 and to be paid from operating cash flows

CountPlus timeline

Two year turnaround process



Strategic review of business model and underlying firms

May 2017

Successful conclusion of TFS remediation and strengthening of governance processes

Focus on working capital management, debt reduction and sale of non-core firms

Refreshed leadership across Partner firms
Successful roll out of Owner, Driver-Partner model

Increase in underlying EBITA margins of Partner firms;
Net Cash position; and
Resumption of dividends from operating cash flow

Now

Fiscally responsible deployment of capital and build capability for organic and inorganic growth

May 2019

Strategic shift in advice space to converged model of Accounting and Advice

Medium Term

Community of firms consistently performing to best practice levels on key measures
Generating sustainable earnings profile based on annuity style firm revenue

Purchase of Kerry Albert & Co

A strong alignment of values and purpose



- CountPlus member firm 360 Financial Advantage (“360 FA”) has finalised terms to acquire **Kerry Albert & Co**, a longstanding and respected member of the Count Financial network and the oldest Count member firm in Coffs Harbour
- The acquisition represents a strong alignment of cultural values, and professional client purpose. Symmetries are built upon the foundations of mutual respect and understanding that 360 FA represents a ‘safe pair of hands’ for the Kerry Albert & Co client base
- Principal Kerry Albert (CPA, CFP, JP) founded the firm in Coffs Harbour in 1985. Following acquisition, Mr Albert will be retained as a consultant. All existing firm staff will be offered roles
- 360 FA has acquired the entire client base of Kerry Albert excluding the audit fees generated by the practice. Included in the transaction is the Count Coffs Harbour brand
- The acquisition is expected to be earnings accretive within the first twelve months for 360 FA, and CountPlus as a group
- 360 FA’s Coffs Harbour practice will relocate to the Kerry Albert & Co offices as part of the transaction, further ensuring a smooth handover of clients
- The transaction will add scale to 360 FA’s operations and will be settled by cash



Financial Performance

Laurent Toussaint, Chief Financial Officer

Key metrics

Revenue, EBITA, NPAT, NPATA, track record HY18 to HY19



HY19 has built on the foundation that was set in FY18 by CountPlus

Financial Results summary	HY19	HY18	Movement	
	\$'000	\$'000	\$'000	%
Revenue from operating activities	35,997	38,760	(2,763)	(7)
Adjusted Earnings before interest and tax ("EBITA")	4,716	4,817	(101)	(2)
Adjusted Net profit after tax ("NPAT")	2,630	2,426	204	8
Adjusted Net profit attributable to shareholders	1,907	1,903	4	0
Adjusted Net profit after tax before amortisation ("NPATA")	3,483	3,534	(51)	(1)
Share of associates earnings	608	328	280	85
Net cash	10,237	358	9,879	large
Reported earnings / (loss) per share – cents	1.73	(3.33)	5.06	152
Adjusted earnings per share – cents	1.73	1.67	0.06	4

Notes:

- Adjusted is defined as reported results adjusted for one-off, non-recurring items. Refer to the following slides for a full reconciliation of these amounts
- The HY18 reported loss per share is for continuing and discontinued operations
- The increase in net cash is due to the sale of non-core firms, sale of Class shares and an improvement in lock-up

Adjusted profit – HY19 vs HY18

NPATA and EBITA analysis – Adjusted	HY19	HY18	Movement
	\$'000	\$'000	% change
Net profit / (loss) after tax	2,630	(3,281)	
Add: Loss from discontinued operations	-	1,465	
Add: Impairment of intangible assets	-	4,700	
Deduct: Gain on sale of investments	-	(1,402)	
Add: Termination and redundancy costs on restructure	-	613	
Add: Statutory income tax	-	1,370	
Deduct: Pro-forma calculation of tax at 30%	-	(1,039)	
Adjusted NPAT	2,630	2,426	8.4

Key points to note:

- The increased NPAT reflects the focus on firm production planning and operating capacity
- In H2-18 TFS changed its operating model to a fee for service model. The impact of the model change in HY19 vs HY18 is a reduction in NPAT of \$326,000. TFS' revenue and profitability maybe affected by this change in the operating model and restructure due to a tighter control in compliance and adviser quality

Partner Firms - 100% aggregation

Pro forma P&L analysis	HY19	HY18
	\$'000	\$'000
Total Revenue from operating activities	47,358	49,446
Operational Salaries	(24,733)	(26,361)
Contribution margin	22,625	23,085
Other income	646	298
Operating expenses	(13,981)	(14,085)
Firm EBITA	9,290	9,298
Interest income	18	19
Amortisation	(527)	(749)
Interest expense	(449)	(554)
Corporate office – net costs	(2,073)	(1,365)
Consolidation adjustments	(464)	(5,454)
Profit before tax	5,795	1,195
Income tax expense	(2,026)	(2,116)
Loss from discontinued operations	-	(1,465)
Net profit after tax	3,769	(2,386)
Attributable to:		
Owners of CountPlus Limited	1,907	(3,804)
Non-controlling interests	1,862	1,418

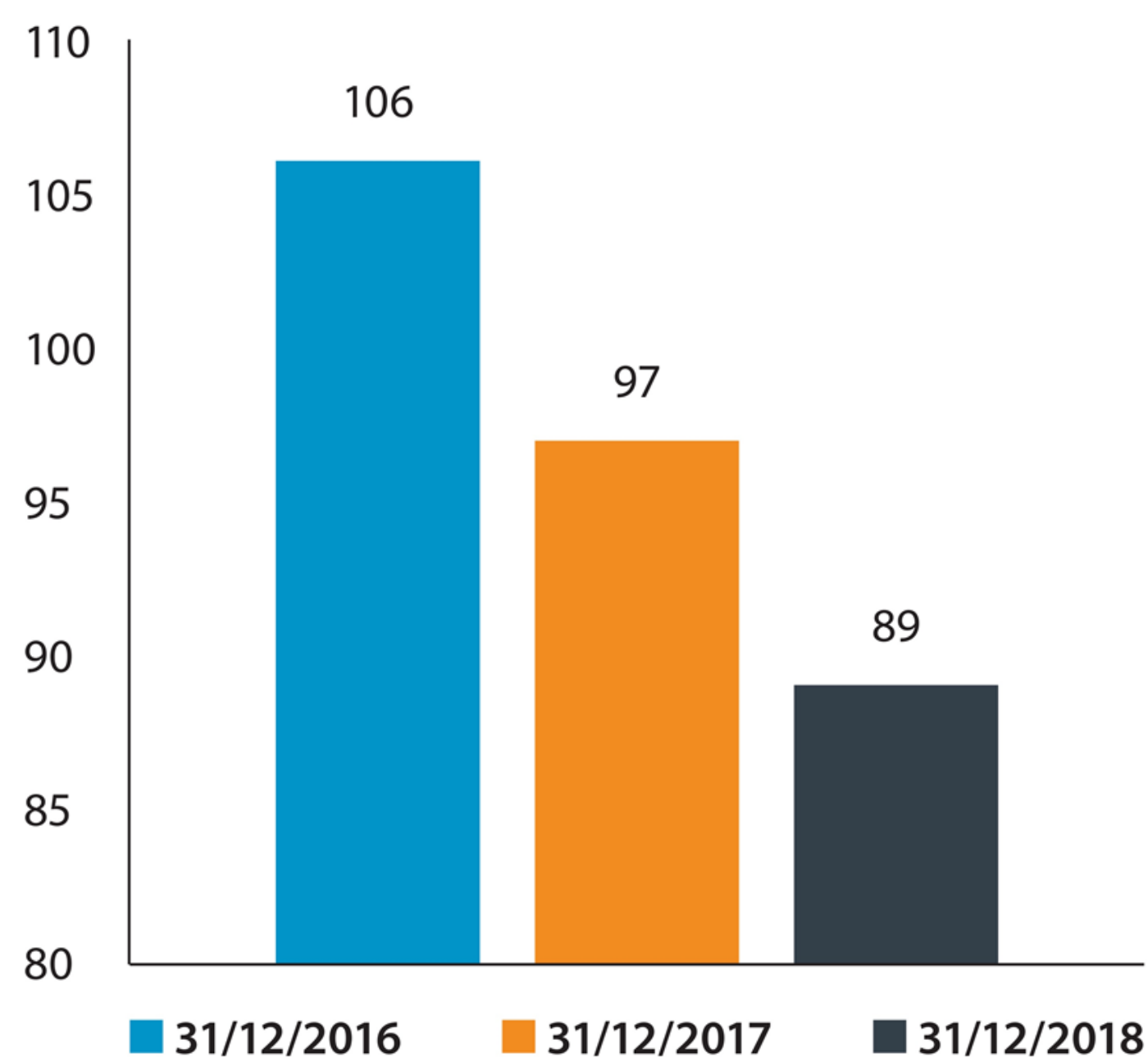
Key points to note:

- This analysis is prepared by aggregating all entities at 100%. This analysis reflects the underlying performance of all Partner firms ignoring the impact of shareholding to facilitate a year on year comparison
- The revenue of the sale of non-core business units i.e. the Achieve payroll business is included in the HY18 comparative. In addition, there were some fee parcel sales to good leavers
- The non-controlling interest portion is accounted for in the non-controlling interests line item
- Profitability has increased due to changes made in people (culture) and processes
- The increase in corporate overheads reflects the enhanced M&A capability and improved governance at the Corporate Office level

Revenue, Lock up and other metrics

Financial metrics	HY19	FY18
	\$'000	\$'000
Revenue per full time employee (Firm level)	192	182
Average firm EBITA margin - (%)	18%	15%
Employment costs as a % of revenue - (%)	62%	66%

Lock up days – 31 December 2016 to 31 December 2018

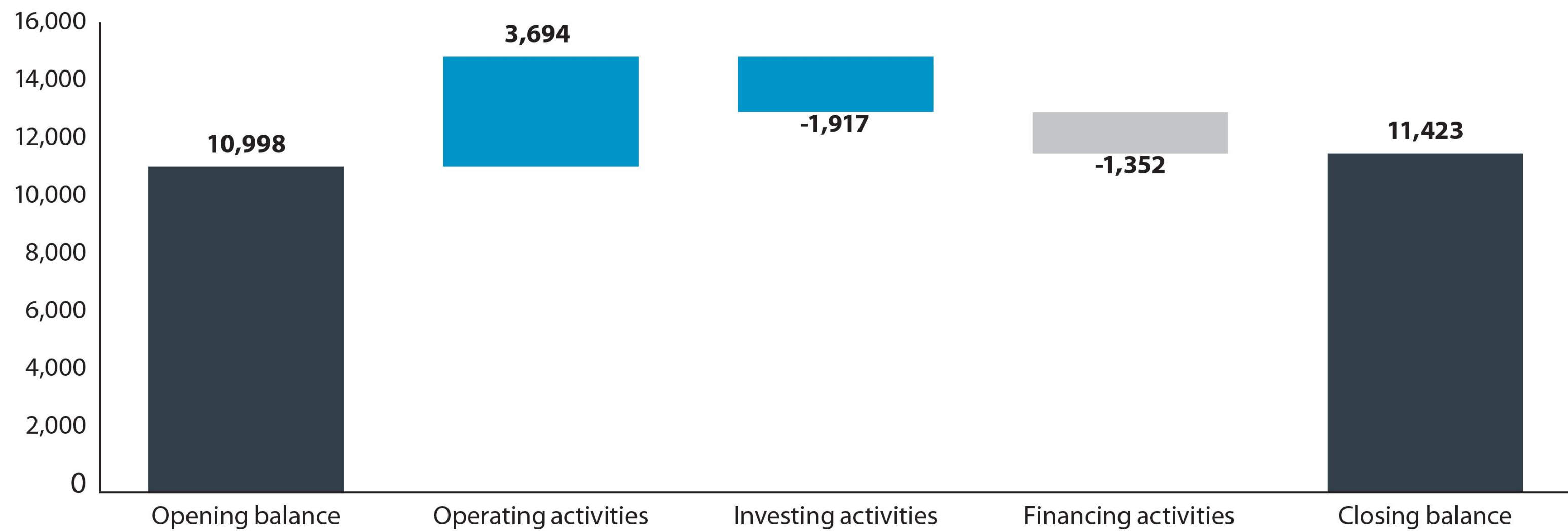


Key points to note:

- There has been an improvement across CountPlus in a number of metrics including but not limited to revenue per full time employee, average Partner Firm EBITA margins achieved and employee costs as a % of revenue
- Lock up has consistently improved from 31 December 2016 (106 days) to 31 December 2018 (89 days) as a result of improved operational efficiencies of Partner firms

Cash flow statement

HY19 – Cash flow statement waterfall (\$'000)



Key points to note:

- The majority of the cash flows from investing activities relates to the settlement of the O’Brien investment, payment of deferred consideration on acquisitions and purchase of equipment
- The majority of the cash flows from financing activities relates to the payment of the FY18 dividend

Operating cash flows reconciliation	HY19	HY18
	\$'000	\$'000
Cash flow from operating activities	3,694	3,535
Operating cash conversion to adjusted EBITA	78%	73%

Dividends

- HY19 interim dividend of 1 cent per share fully franked
- Target dividend pay-out ratio of 40% to 70% of maintainable net profit after tax attributable to CountPlus shareholders
- Pay dividends out of operating cash flow generated per company policy
- **Key dates for HY19 dividend:**
 - Ex-Dividend date Thursday, 21 March 2019
 - Record date Friday, 22 March 2019
 - Payment date Wednesday, 17 April 2019
- Franking credits at 31 December 2018 amount to \$8.1M

Corporate Index – CountPlus

Appendices



Appendix 1

Corporate Details



Snapshot

CountPlus Limited ticker	ASX:CUP
ABN	11 126 990 832
Shares on issue	114,222,559
Share price – 7 February 2019	\$0.53
Market capitalisation (\$'M)	60.5

Appendix 2

Abridged Statement of Financial Position

Abridged Statement of Financial Position (\$'000)	HY19	FY18	HY18	Movement (HY19 vs FY18)
Cash	11,423	10,998	4,585	425
Interest bearing loans and borrowings	(1,186)	(2,023)	(4,227)	837
Investments in associates	10,612	9,088	8,868	1,524
Intangible Assets	33,478	34,228	34,976	(750)
Total Assets	76,084	75,277	80,524	807
Total Liabilities	(13,465)	(14,489)	(26,195)	1,024
Total Equity	62,619	60,788	54,329	1,831

Appendix 3

Board and Management of CountPlus



Ray Kellerman

Independent Non-Executive Chair



Alison Ledger

Independent Non-Executive Director



Kate Hill

Independent Non-Executive Director



Andrew McGill

Independent Non-Executive Director



Matthew Rowe

Managing Director and CEO



Laurent Toussaint

Chief Financial Officer



Graham McGeagh

Chief Operating Officer



Narelle Wooden

General Counsel and Company Secretary

Appendix 3

Managing Principals of CountPlus Firms



Victoria Studley

Managing Director – 360 Financial Advantage



Mark Kenmir

Managing Director – Advantage Accountants and Mark Kenmir and Co



Chris Nicoloff

Managing Director – Bentleys



Christine Robinson

Managing Director – Cooper Reeves



Ian George

Managing Director – countplus one



Helga Baxter

Managing Director – Crosby Dalwood



Jane Beverley

Managing Director – Evolution



Marisa Riccio

Managing Director – Hood Sweeney



Philip Smith

Managing Director – Hunter Financial

Appendix 3

Managing Principals of CountPlus Firms



Ross Hedrick
Managing Director – Kidmans Partners



Geoff Missen
Managing Director – MBA Partnership



Peter Mogg
Managing Director – Mogg Osborne



Mark O'Brien
Senior Principal – O'Brien



Chris Mullins
Senior Principal – O'Brien



David Evers
Managing Director – Robson Partners



Lucas Woodbury
Managing Director – Specialised
Business Solutions



Andrew Kennedy
Managing Director – Total Financial
Solutions



Kerrie Walsh
Managing Director – Twomeys

Appendix 4

Key Dates

HY19 interim dividend paid	April 2019
FY19 year end results	August 2019
Annual General Meeting	November 2019



THANK YOU

