

Full Year Results

27 August 2015

Barry Lambert - Chairman

Phil Aris - Managing Director & CEO

countplus 

Full Year Results Highlights

Financials

NPBT: **\$13.05 million** (Excluding Loyalty Payments **up 15.9%**)
(Including Loyalty Payments **down 15.1%**)

Net Profit after Tax attributable to shareholders: **\$9.93 million**

Earnings per Share: **9.0 cents** (Including Loyalty Payments in 2014 **down 11.1%**)

CUP Dividends

8 cents declared and paid for 2014/15

First quarterly dividend for 2015/16 of **2 cents** per share fully franked declared (payment date 16/11/15; ex-date 27/10/15)

Fully Franked Dividend Declared

Dividend Declared	Cents Per Share	Ex-Dividend Date	Record Date	Payment Date
2016 1 st Interim Dividend	2 cents	27/10/15	29/10/15	16/11/15

Recent CUP Dividends

Dividends Paid	Cents Per Share	Paid
2015 1 st Interim Dividend	2 cents	17/11/2014
2015 2 nd Interim Dividend	2 cents	16/02/2015
2015 3 rd Interim Dividend	2 cents	15/05/2015
2015 Final Dividend	2 cents	14/08/2015



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 40% interest in Gisborne (VIC) based financial planning firm Nixon Financial Services.
Aug 2015	ADVICE389	Acquired a 40% interest in Newcastle (NSW) based financial planning firm Hunter Financial.

Benefits of Joining Countplus

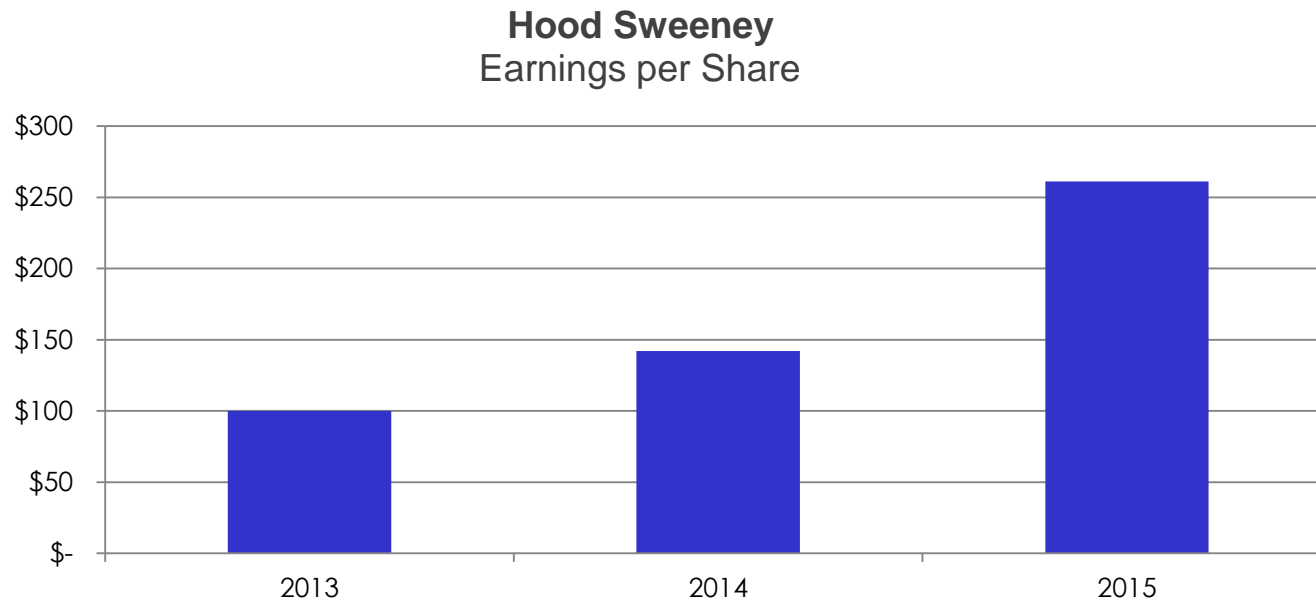
What are the benefits to accountants and other financial services businesses in being a part of the Countplus network?

- 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

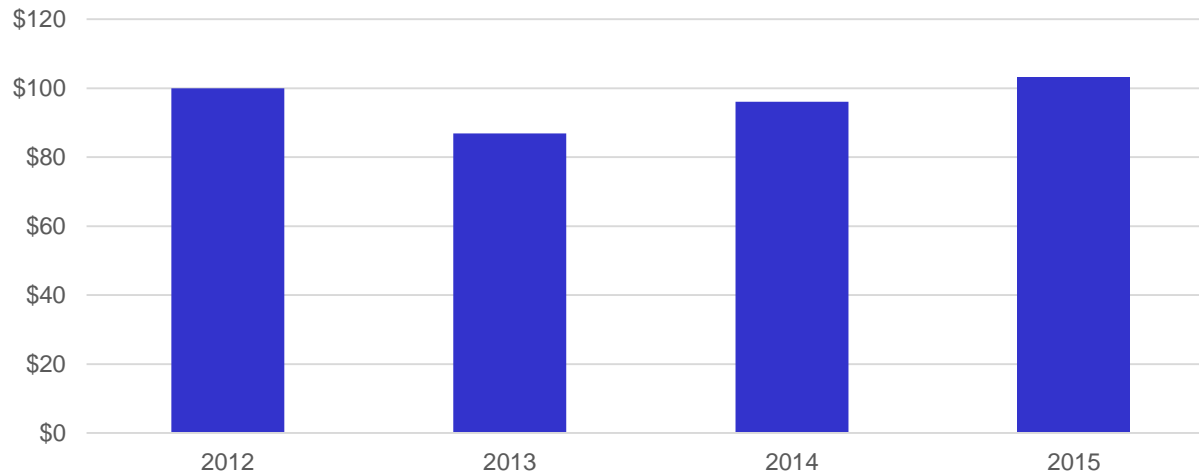




- TFS, a national financial planning dealer group was fully acquired on 30 September 2010
- TFS is expecting continued growth in EPS in 2016 as a result of recent and expected adviser signings

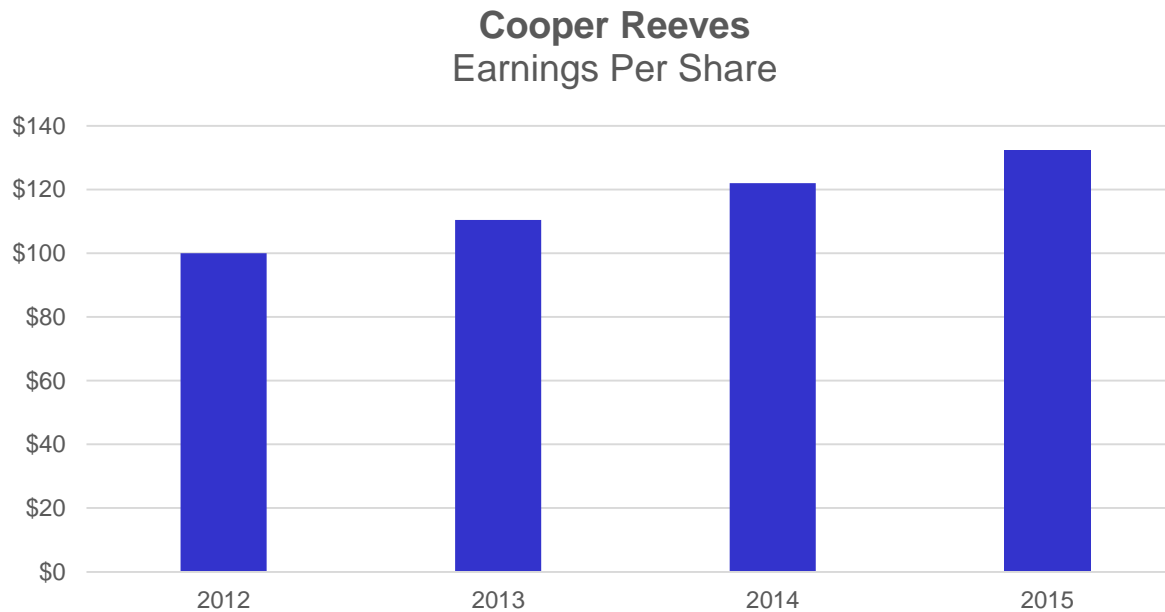


TFS
Earnings Per Share

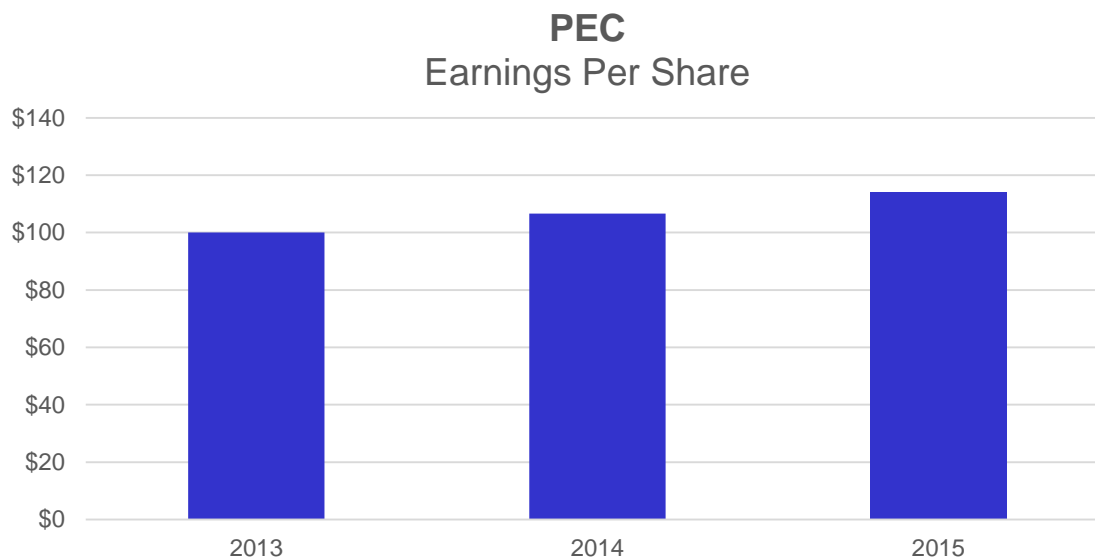


Performance measured by EPS Growth (2012: Base \$100)

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

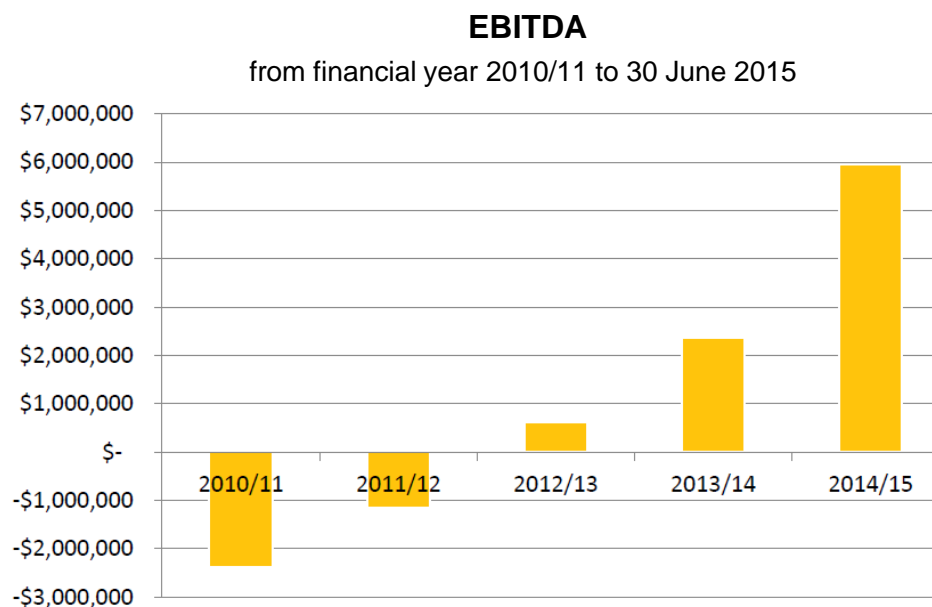
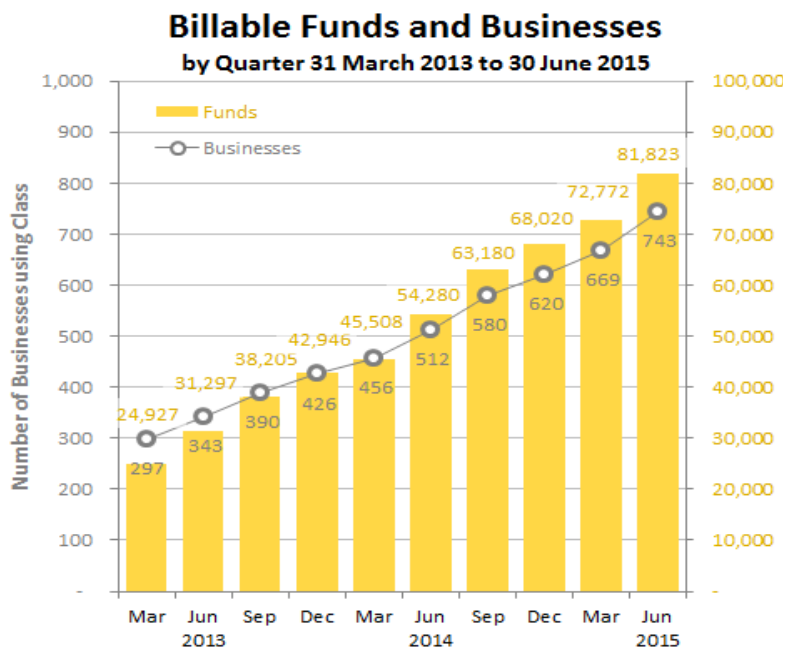


- Acquired on 11 February 2012
- Core business unit is property research and broking services on new residential property developments
- Has grown strongly since acquisition



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 Pty Ltd)

- A shared equity model for larger firms that encourages Principals to maintain their entrepreneurial spirit and zeal, with firms retaining their brand, significant direct equity, and management control
- Currently in discussions with a number of accounting firms / potential investees



Barry McGee - CEO



- 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)*

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

- Our success will come from:
 - Improved performance by existing investments (& this remains our focus)
 - Selective acquisitions by CUP, BLUE789 & ADVICE389
 - Acquisitions will initially absorb our increased earnings, consume more debt (offset in part by sell down of existing investments - DEP) and perhaps much later require new capital. New capital will only be raised when acquisitions are expected to be significantly EPS accretive
- Outlook will be updated at the Annual General Meeting on 25th November 2015



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