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Annual General Meeting 2017

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**ADDRESS BY**

**RAY  
KELLERMAN**

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Non-Executive Chair

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## GOOD MORNING LADIES AND GENTLEMEN.

My name is Ray Kellerman and I welcome you to the 2017 Annual General Meeting of Countplus Limited.

Your directors are all here today, including Chief Executive Officer Matthew Rowe, and our newest Independent Non-Executive Directors, Kate Hill and Alison Ledger.

Thank you for taking the time to join us here in Sydney today.

Our progress in revitalising Countplus is moving quickly. I am pleased to say that Matthew and his team have made excellent headway with the strategic transformation of the Company, and in building the foundations for a better Countplus for our Member firms, our shareholders, and the clients and communities that each of our 18 Countplus firms serve.

I want to spend some time this morning looking at the broader operating environment for Countplus, to help provide some context to you around the significant changes that have taken place inside the Company, and the growth opportunities your Directors and executive team are now focused on.

### **I wrote in our annual report in August this year:**

*"CountPlus is undergoing transformation to become a leader and realise its growth objectives. A new management team, a refreshed Board, a clear strategy and disciplined approach to executing on this strategy are the hallmarks for positive change, and our future success."*

I am pleased to say that we have seen strong evidence of the positive change that I referred to in August. The strategy, though in its relative infancy, is working. Why is the transformation strategy important? Because a reshaped CountPlus supports our future growth.

## GROWTH

Today, CountPlus operates in a market comprised of some 33,000 accounting firms, servicing primarily small to medium-sized, private enterprise (73%) and generating revenues of some \$20 Billion. Financial planning revenue in Australia accounts for \$5 Billion.

**CountPlus is well-positioned in these core markets. Together with the ageing demographic trend (that we believe will drive more Australians to seek quality financial advice and accounting services) these numbers highlight the value of our core business profile that:**

- > Has growing annuity revenue characteristics and an outlook of increased earnings, resulting from more efficient and technologically enabled operating practices, and effective use of capital.
- > Has relatively risk-free cash flow, low bad-debt levels. Additionally, no single client or firm represents a significant risk to overall earnings.
- > Is protected by regulatory barriers to providing tax and financial advice
- > Has an "Asset Lite" balance sheet. Meaning we are not capital intensive if we manage our lock-up (work in progress and debtors) to best practice standards.
- > Generates diverse income streams from the above core market segments, and a national geographic presence.

## BOARD

**Your Board has completely revitalised since just before the last Company AGM in 2016.**

I am pleased to report that the new Board has settled well, and that its contributions have underpinned the Company's repositioning, aligned towards our growth aspirations.

**I thank the Board for its guidance on key decisions that have enabled the Company to:**

- > significantly reduce debt;
- > introduce stronger fiscal reporting and capital recycling measures; and to
- > divest non-core investments.

The result is a stronger balance sheet, and a clearer picture of success. CountPlus has enjoyed some early wins. This, combined with the strategy being implemented by Matthew, will help to realise our vision of being Australia's leading network of professional accounting and advice firms.

Work on refreshing our Board is not yet complete. We are finalising the appointment of a further Non-Executive Director with complementary skills and will make an announcement to this effect in due course.

At the end of September two long-standing Directors retired from the Board, Graeme Fowler and Barry Lambert.

I would like to thank Graeme for his contribution to CountPlus over the past seven years. His advice and effort has been significant.

I would also like to thank the former Chairman of CountPlus, Barry Lambert. Barry is of course the founder of Count Financial and a pre-eminent leader in financial services in Australia. In recognition of Barry's contribution to CountPlus, the Company created the Barry Lambert Harvard Business School Scholarship. It is an enduring tribute to Barry. Fittingly, it also recognises excellence amongst a new generation of leaders within the CountPlus network.

## DIVIDEND

Earlier this year CountPlus took decisive action regarding the Company's dividend policy. This action is in the long-term, best interests of the Company and shareholders. Your Board is resolute in its approach to disciplined capital management that will deliver sustainable results, and shareholder value.

Our turnaround strategy is on track to deliver sustainable and consistent returns for our shareholders.

## FOCUS

Our focus is derived from a clear strategy to become a partner in high-quality practices. This focus will drive changes and improve the underlying performance of member firms.

Our intent is to invest in aligned member firms that offer high capacity for strategic value enhancement by CountPlus. Such businesses will form a strong and enduring bedrock for the Company's renewal.

As evidence of our commitment to growth and the new strategic direction, CountPlus recently sold six member firms (or subsidiaries of firms). Two CountPlus member firms have merged. The Company is in advanced discussions with several CountPlus member firms regarding the rollout of its direct equity plan and buyback terms. Due diligence is underway with firms that offer prospect for investment. The pipeline of potential firm investments is the strongest it has been since 2012.

Finally, I wish to reiterate: **transformational change for the better is well underway.** The early, positive impact of change is clearly apparent, and gives the Board confidence that the Company is positioned to achieve its stated strategic targets.

That completes my address to the meeting. I would like to invite our Chief Executive Officer Matthew Rowe to speak. Following Matthew's comments we will address the business of the meeting.

**Thank You.**