

Full Year Results

25 August 2016

Phil Aris - Managing Director & CEO

John Collier - CFO



Full Year Results Highlights

Financials

Record Net Profit before Tax: \$21.8 million (↑67%)

**Record Consolidated Net Profit after Tax:
\$14 million (↑41%)**

Earnings per Share: 12.13 cents (↑35%)

CUP Dividends

8 cents (fully franked) declared and paid for 2015/16

**First quarterly dividend for 2016/17 of 2 cents per share
fully franked declared (payment date 15/11/2016)**

Result Overview

- Core investment in Class Limited has been an outstanding investment following its successful IPO
- Continued challenging conditions for accounting division
- Impairments in two of our accounting businesses
- Financial planning continues to grow with planning business
Total Financial Solutions one of the group's best performers
- Acquisition by ADVICE389 of 40% of inaugural firm Hunter Financial Planning
- Increased shareholding in our largest associate Hood Sweeney (26% to 32%) following share buyback
- Achieved first 3 transactions in the Direct Equity Plan
- Divestment of one small accounting firm due to the focus not being aligned

Group Performance – Member Firms

2016 \$ '000	2016 % of Total Revenue	% Change
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Accounting revenue
66.2% of net
member revenue

Revenue:			
Accounting	58,022	66.2%	-0.4%
Financial Planning	20,340	23.2%	1.3%
Property Services	4,703	5.4 %	-12.8%
Other Operating Revenue	4,552	5.2%	-2.7%
Total Net Revenue	87,617	100%	-0.9%

Financial planning
revenue up 1.3%

Property & related
services revenue
5.4% of net member
revenue

Group Performance

	2016 \$ '000	% Change
Total Net Revenue	87,617	(0.9%)
Non-cash Fair Value gain	16,294	N/A
Other income	2,396	(5.5%)
Expenses:		
Salaries & employment (member firms)	(57,095)	4.4%
Salaries & employment (HO)	(2,405)	37.4%
Premises	(5,423)	6.4%
Depreciation	(948)	(19.3%)
Impairment expense*	(2,672)	N/A
Other Expenses	(13,098)	9.3%
Total Expenses	(81,641)	9.3%
Share of Profit from Associates	1,111	24.4%
Operating Profit (EBITA)	24,665	51.9%

Non-cash fair value gain relates to Class Limited shares which listed in December 2015. The shares have been valued at the closing price as at 30 June 2016 of \$3.30

Increase in expenses due to investment in headcount and set up costs for ADVICE389 & BLUE789, lease renegotiations and relocations and higher professional fees and marketing expenses

* Impairment of two accounting practices.

Group Performance

	2016 \$ '000	% Change
Interest Expense (net)	(1,293)	0.9%
Amortisation Expense	(2,673)	(4.7%)
Net Profit before Tax	21,811	67.1%
Income Tax Expense	(7,831)	151%
Consolidated Net Profit after Tax	13,980	40.6%

Largest component of non-cash amortisation expense relates to acquired client relationships arising on acquisitions. Reducing over time.

Higher tax expense primarily relates to the fair value on Class Limited shares, the tax deconsolidation of 3 member firms under our Direct Equity Plan and disposal of one member firm

Balance Sheet

	2016 \$ '000	2015 \$ '000	% Change
Current Assets	29,061	33,766	(13.9%)
Current Liabilities	19,293	18,892	2.2%
Current Ratio	1.51	1.80	
Non-Current Assets	90,456	71,672	26.2%
Non-Current Liabilities	37,469	33,296	(12.5%)
Net Assets	62,755	53,250	17.8%
Loans and Borrowings			
Net Debt	19,259	20,283	(5%)

Interest bearing loans reduced by \$767K (3%) due to settlement of commercial property sale and funds from the DEP

Current assets declined due to settlement of commercial property sale post 30 June 15

* Non-current assets increased due to the fair value gain on the Class Limited Shares.

* Non-current liabilities include the group's loan facility with Macquarie Bank with a limit of \$30m (balance of \$25.6m at 30.6.16) which is a 3 year facility due to expire in May 2018.

Progressive Restructuring

- As previously advised, we are restructuring our business model over a 3 year period
- May negatively impact earnings and EPS in short term
- Committed to a better and more enduring structure which aligns the interest of Principals & Shareholders
- Restructure has impacted profits pending the reinvestment of proceeds from DEP with new investments

Dividends

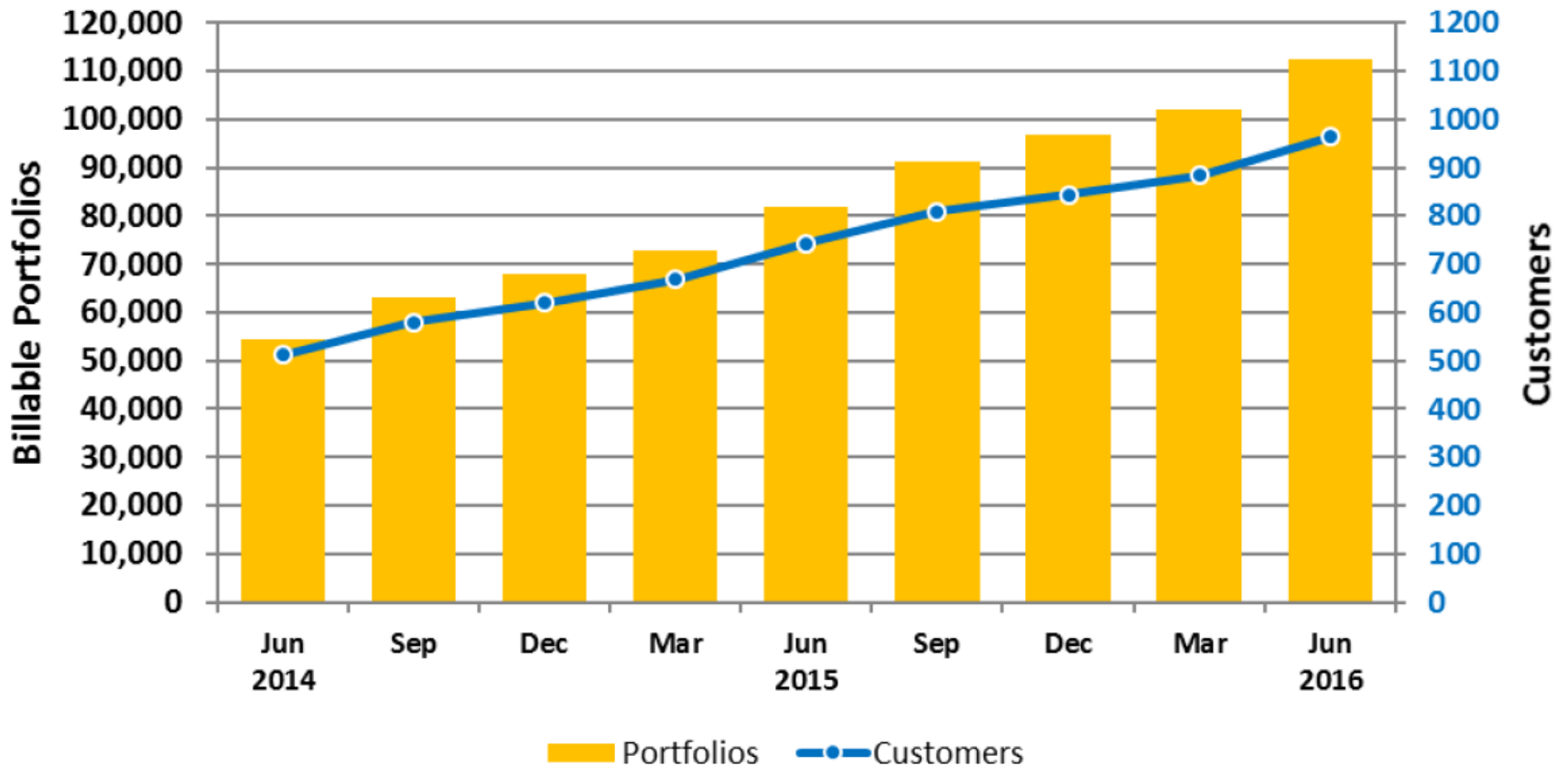
Dividends 2015/16	Cents Per Share	Paid
1 st Interim Dividend	2 cents	16/11/2015
2 nd Interim Dividend	2 cents	15/02/2016
3rd Interim Dividend	2 cents	16/05/2016
2016 Final Dividend	2 cents	15/08/2016

Dividend Declared	Cents Per Share	Ex-Dividend Date	Record Date	Payment Date
2017 1 st Interim Dividend	2 cents	26/10/2016	27/10/16	15/11/16

2016 Acquisitions/Investments

Date	Business	Activity
Aug 2015	Hunter Financial	Financial planning firm in Newcastle, NSW. 40% interest acquired by ADVICE389.
Aug 2015	Australian Superannuation & Compliance ("ASC")	Specialist SMSF administrator in West Perth, WA. 100% interest acquired by Bentleys (WA).
Oct 2015	HWC Accountants	Accounting & Financial planning firm in Gold Coast. 100% interest acquired by The MBA Partnership.
Jan 2016	Cummings West	Accounting & Financial planning firm in Tweed Heads, NSW. 51% interest acquired by The MBA Partnership.
Mar 2016	HyperTax	Accounting & tax firm based in NSW Central Coast. 100% interest acquired by Robson Partners.
June 2016	Robert Jan & Associates	Accounting firm in Melbourne. 100% interest acquired by Kidmans Partners.

Billable Portfolios on Class - June 2014 to June 2016



Board Renewal

- Two new Directors announced on 25 August 2016 (effective from 1 October 2016):
 - Alison Ledger
 - Matthew Rowe
- Philip Rix will stand down at the 2016 AGM and will continue to lead Bentleys (WA) as the firm's Managing Principal in Perth
- Our Chairman, Barry Lambert, has indicated his intention to retire at or before the 2017 AGM

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 and/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

Direct Equity Plan

- Direct equity plan previously announced to the market and employees
- Opportunity to acquire equity directly in business
- Countplus to retain controlling share
- Designed to:
 - Promote retention of key employees
 - Facilitate succession for Principals
- Provide direct performance alignment
- First three transactions completed in the first half:
MBA Partnership, Kidmans & SBS

Growth Acquisition Strategy

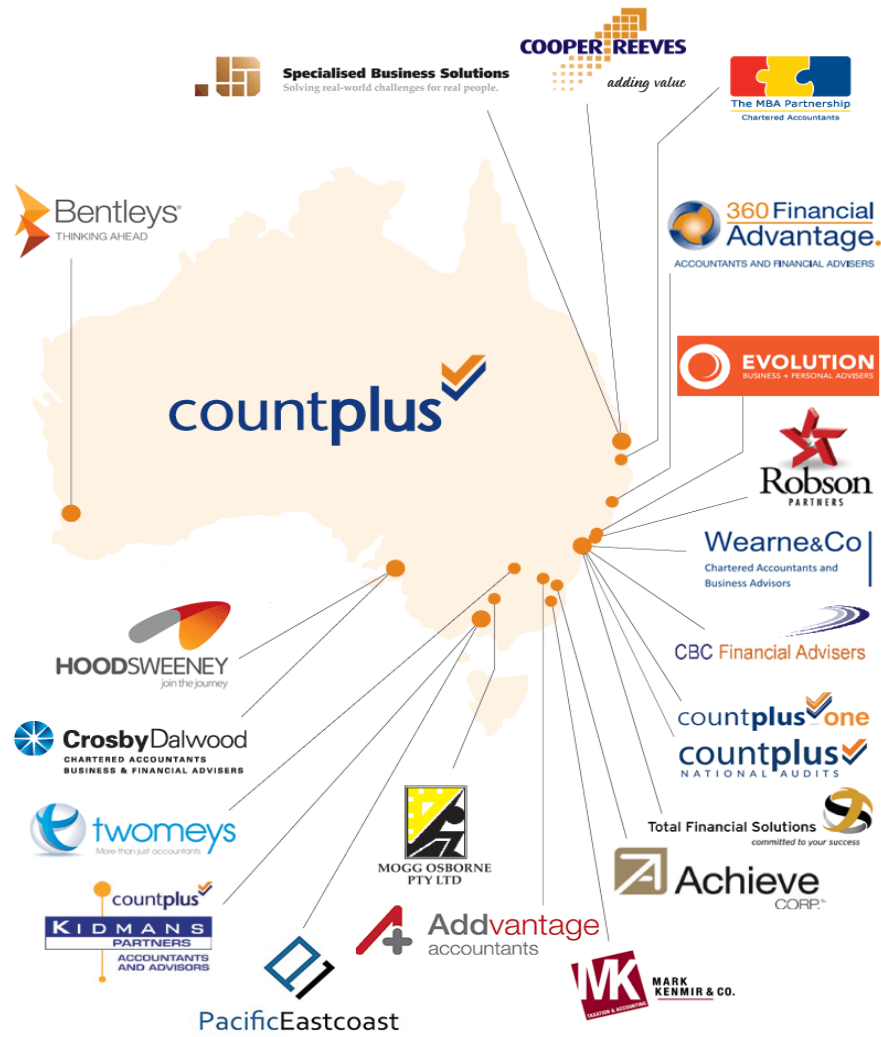
- Organic growth has been disappointing but remains our priority and best prospect of delivering strong EPS growth
- Funding of acquisitions will predominately be funded from profits & borrowings
- CUP acquisitions will be:
 - Low risk tuck-ins: 100% acquisitions of small firms incorporated into existing 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)

Outlook

Our success will come from:

- Improved performance by existing investments (our core focus)
- Selective acquisitions by CUP, BLUE789 & ADVICE389
- Acquisitions will initially absorb our increased earnings and consume more debt (offset in part by progressive DEP)

The Countplus Network



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