



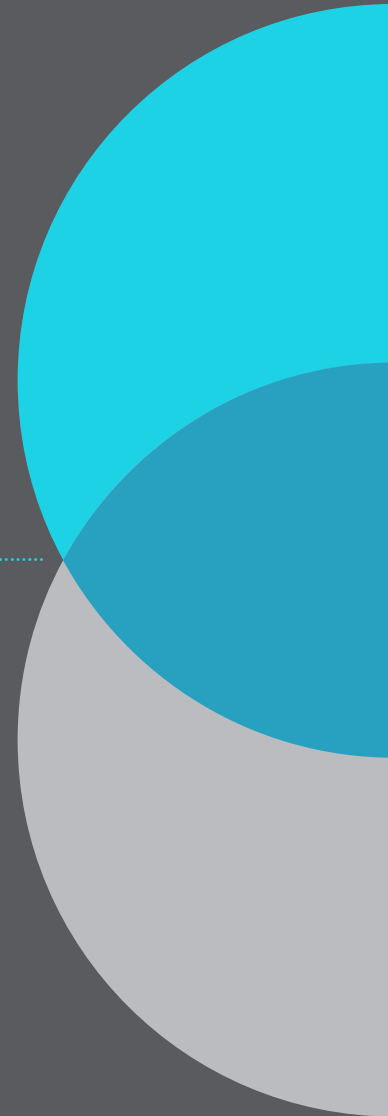
FY21 FIRST HALF

Results presentation and strategy update

Angus Benbow, Chief Executive Officer

Brendon Glass, Chief Financial Officer

26 February 2021



DISCLAIMER

This presentation is for general information purposes only and should be read in conjunction with the Half Year Financial Report for the six months ended 31 December 2020 and the Appendix 4D lodged with the Australian Securities Exchange by Centrepont Alliance Limited (ASX:CAF) on 26 February 2021. This presentation does not provide recommendations or opinions in relation to specific investments or securities.

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All numbers are as at 31 December 2020 unless otherwise stated. Numbers may not add up due to rounding.

The release of this announcement has been authorised by the Board of Directors.

\$70.6m ↑ **15%**
on 1H FY20
Gross revenue

\$2.1m ↑ **\$1.8m**
on 1H FY20
EBITDA (excl. legacy claims)

\$14.7m ↑ **107%**
on 1H FY20
Cash (at 31 December 2020)

3C Special
1C Ordinary
Dividend
(fully franked)
paid 26 February 2021



Core business

- Leading provider of licensing, advice and business services, and advice technology solutions to Australian financial advisers
- Licensed financial adviser market of +16,000, with scale advantage now being realised for larger licensees
- 109% increase in underlying AR revenue since 1H FY19, transitioned to recurring revenue model
- Increasing consolidation opportunities to drive organic and inorganic growth



New opportunities

- Largest scale service provider for self-licensed advice firms with new offering launched
- ~1,900 self-licensed firms addressable market
- Dealer-to-dealer wholesale licensee service offering continued early success with another major contract signed in 1H FY21



Revenue extensions

- Leverage advice technology capability with continued extensions through:
 - Partnership with Intelliflo and Enzumo for Australian market entry
 - 'reg-tech' exploration
- Continue to aggressively pursue core and extension inorganic opportunities

CENTREPOINT ALLIANCE IS A NATIONAL ADVICE AND BUSINESS SERVICES FIRM WITH A SCALABLE CORE OFFER

67 (WA)

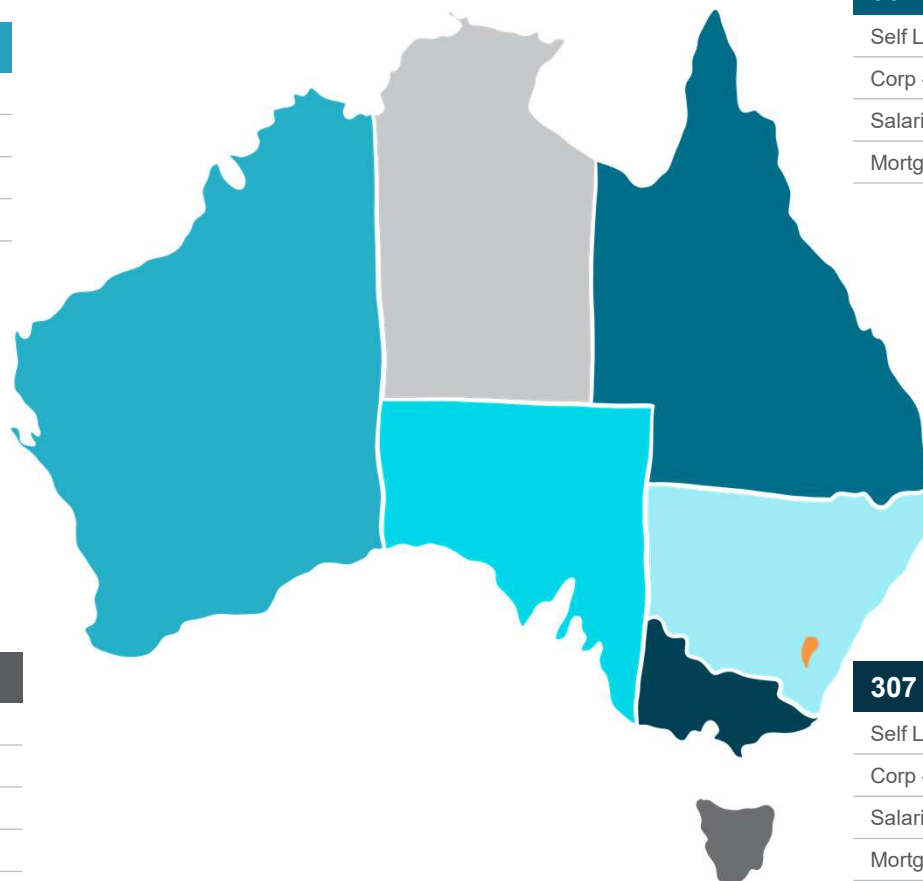
Self Licensed	49
Corp - Licensed	17
Salaried	0
Mortgage Brokers	1

99 (SA)

Self Licensed (Normal)	62
Corp - Licensed	30
Salaried	0
Mortgage Brokers	7

31 (TAS)

Self Licensed	24
Corp - Licensed	7
Salaried	0
Mortgage Brokers	0



361 (QLD)

Self Licensed	179
Corp - Licensed	137
Salaried	0
Mortgage Brokers	45

367 (NSW)

Self Licensed	252
Corp - Licensed	62
Salaried	2
Mortgage Brokers	51

14 (ACT)

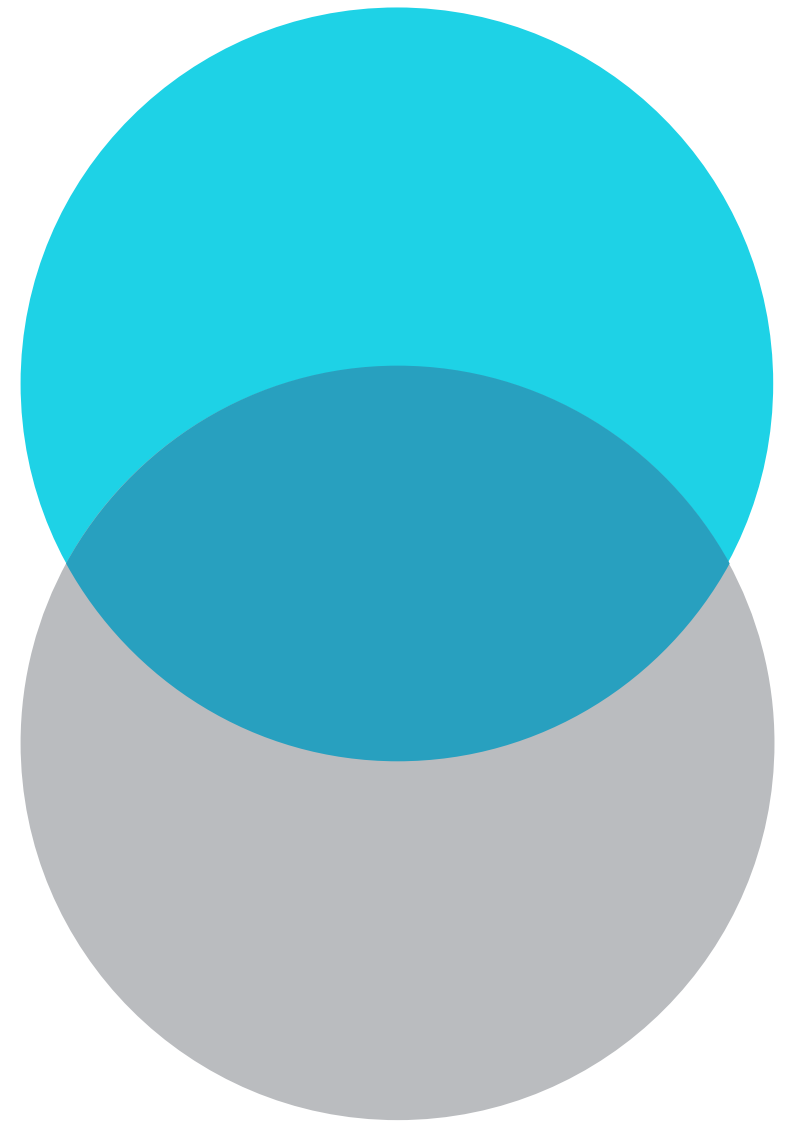
Self Licensed	6
Corp - Licensed	0
Salaried	0
Mortgage Brokers	8

307 (VIC)

Self Licensed	235
Corp - Licensed	53
Salaried	0
Mortgage Brokers	19

Sources: ASIC Financial Advisers Dataset as of 28/01/2021; Centrepont Alliance analysis. Per ASIC register, Centrepont Alliance advisers add up to 314 (Professional Investment Services & Alliance Wealth). Difference between the ASIC register and the AR reported number on slide 12 is attributed to Centrepont Alliance employees and timing adjustments. Self licenced adviser numbers no longer include four large licensees previously utilising CAF services through legacy rebate arrangements, that were represented in this diagram in previous results announcements, defined as Self licenced (XL)

FINANCIAL RESULTS



FINANCIAL RESULTS SUMMARY

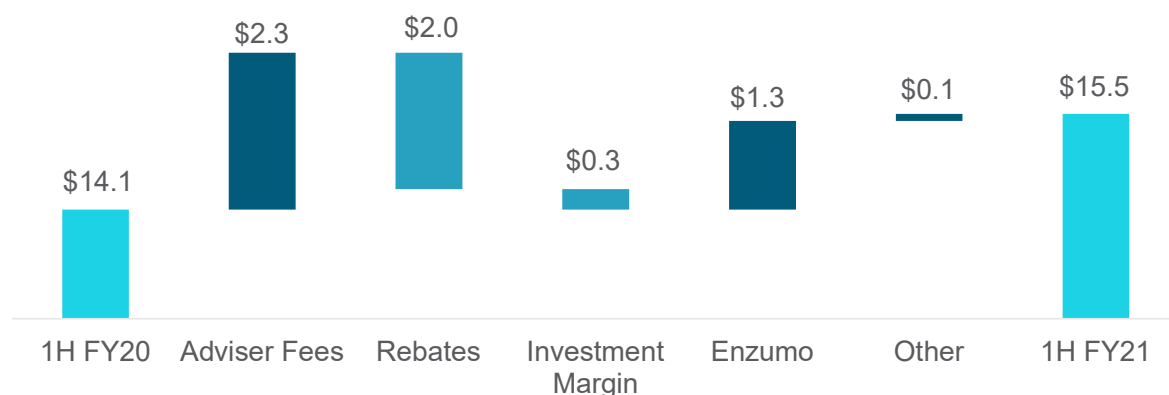
For the period	1H FY20 (\$m)	2H FY20 (\$m)	1H FY21 (\$m)
Gross Revenue	61.5	69.5	70.6
Adviser fees and commissions	(47.4)	(54.3)	(55.1)
Gross Profit	14.1	15.2	15.5
Management Expenses	(13.8)	(11.8)	(13.4)
EBITDA (excluding Legacy Claims)	0.3	3.4	2.1
Cost to Income Ratio	98%	78%	86%
Legacy Claims	(0.7)	(2.9)	0.0
EBITDA	(0.4)	0.5	2.1
Depreciation, Amortisation, Impairment, Finance Costs	(0.8)	(1.5)	(0.9)
Profit/(Loss) before Tax	(1.2)	(1.0)	1.2
Tax	(0.3)	0.5	0.4
Net Profit/(Loss) after Tax	(1.5)	(0.5)	1.6

- Gross revenue up \$9.1m (+15% PCP) due to higher advice fees & Enzumo integration, partially offset by rebate run-off
- Gross Profit up 10% on PCP mainly due to Enzumo acquisition
- Management expenses down 3% on PCP (10% excluding Enzumo acquisition)*
- Cost to income down to 86% due to advice and inorganic revenue growth, and decrease in employment, travel and professional costs
- EBITDA (excl. legacy claims) of \$2.1m up \$1.8m on PCP due to Gross Profit from advice fee growth whilst final rebates run off, and core employment costs and additional annual leave taken (COVID) savings realised
- PBT of \$1.2m up \$2.4m on PCP due to EBITDA driven by revenue growth, management fee expense savings, and nominal claims expenses (\$17k)

Note : Statutory expenses down 7% on PCP (14% excluding Enzumo acquisition)
Sources: Centrepont Alliance financial analysis; FY20 annual results and 1H FY21 half yearly results.

REVENUE AND EXPENSE ANALYSIS

Revenue movement (\$m)



Key revenue movements (PCP):

- Adviser Fees up \$2.3m with fee final step up in July 2020
- Rebates down \$2.0m due to grandfathered runoffs, with platform rebates ceased from 1 January 2021
- Investment Solutions down \$0.3m due to lower net inflows and competitive pricing pressure
- Enzumo acquisition the primary driver of net revenue growth of \$1.3m

Expense movement (\$m)



Key expense movements (PCP):

- Excluding impact of Enzumo acquisition, down \$1.4m (10%) mainly driven by:
 - Employment down \$0.9m (10%) with headcount down from 107.5 FTE 1H FY20 to 90.6 FTE 1H FY21
 - Professional fees down \$0.4m (30%) due to lower consulting and audit costs
 - Travel and Marketing down \$0.3m (52%) due to lower spend with COVID-19 restrictions
- Enzumo 8.7 FTEs primary driver of \$1m management expense increase

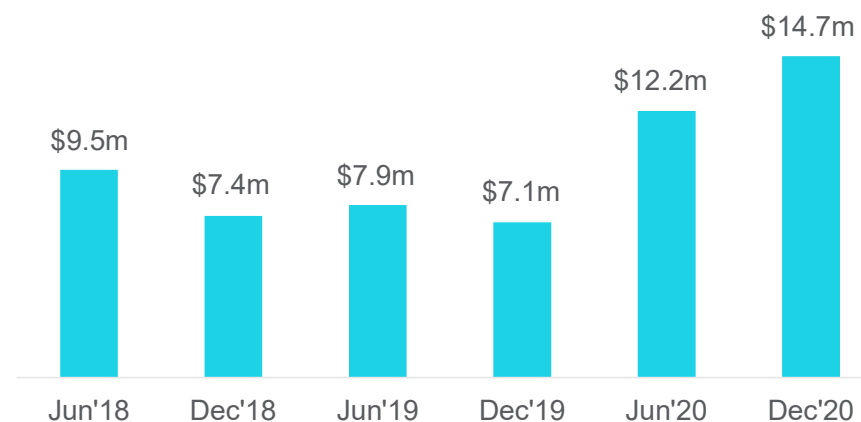
Sources: Centreport Alliance financial analysis; FY20 annual results and 1H FY21 half yearly results.

BALANCE SHEET

For the period ended	FY20 (\$m)	1H FY21 (\$m)
Cash & Term Deposits	12.2	14.7
Trade and Other Receivables	7.8	7.1
Loans Receivable	3.6	1.2
Intangible Assets and Goodwill	3.6	3.3
Other Assets	5.4	6.0
Total Assets	32.6	32.4
Trade and Other Payables	9.9	9.7
Claims Provision	3.0	2.1
Other liabilities	4.8	4.0
Total liabilities	17.7	15.8
Net Assets	14.9	16.5
Net Tangible Assets	8.7	10.3
Net Tangible Assets (cents per share)	5.9	7.1

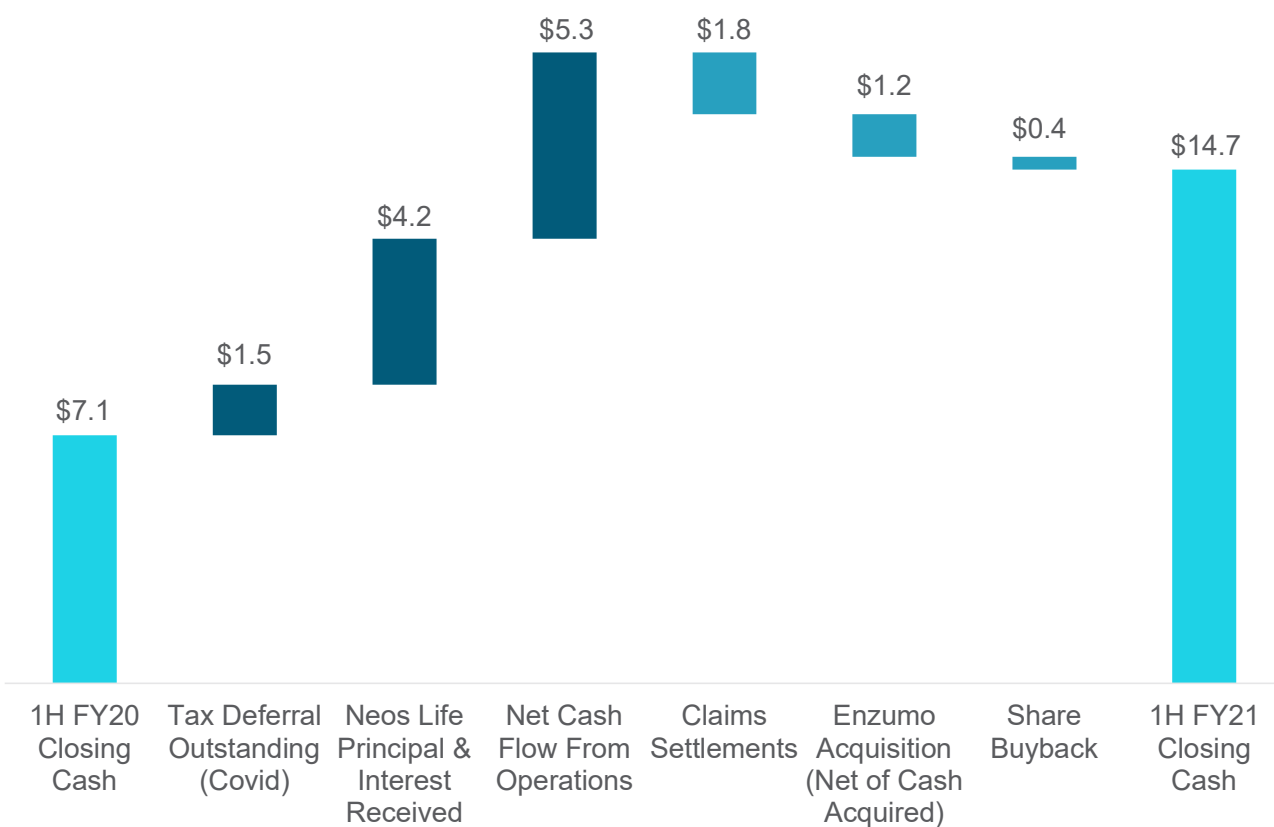
- Cash of \$14.7m up \$2.5m on June 2020 due to NEOS Life repayment of \$2.4m*
- Cash from operations up \$1.8m offset by claims settlements of \$0.9m
- Reduction in claims provision driven by \$0.9m legacy settlements relating to extended claims period by AFCA that closed June 2020
- Net Assets increased due to net profit after tax generated and some working capital timing benefits

Cash Balance (at period end)



Note: *Neos life divestment announced in ASX release 12 December 2018 'Centrepoint announces changes to its investment in Australian Life Development pty ltd'
Sources: Centrepoint Alliance financial analysis; FY20 annual results and 1H FY21 half yearly results.

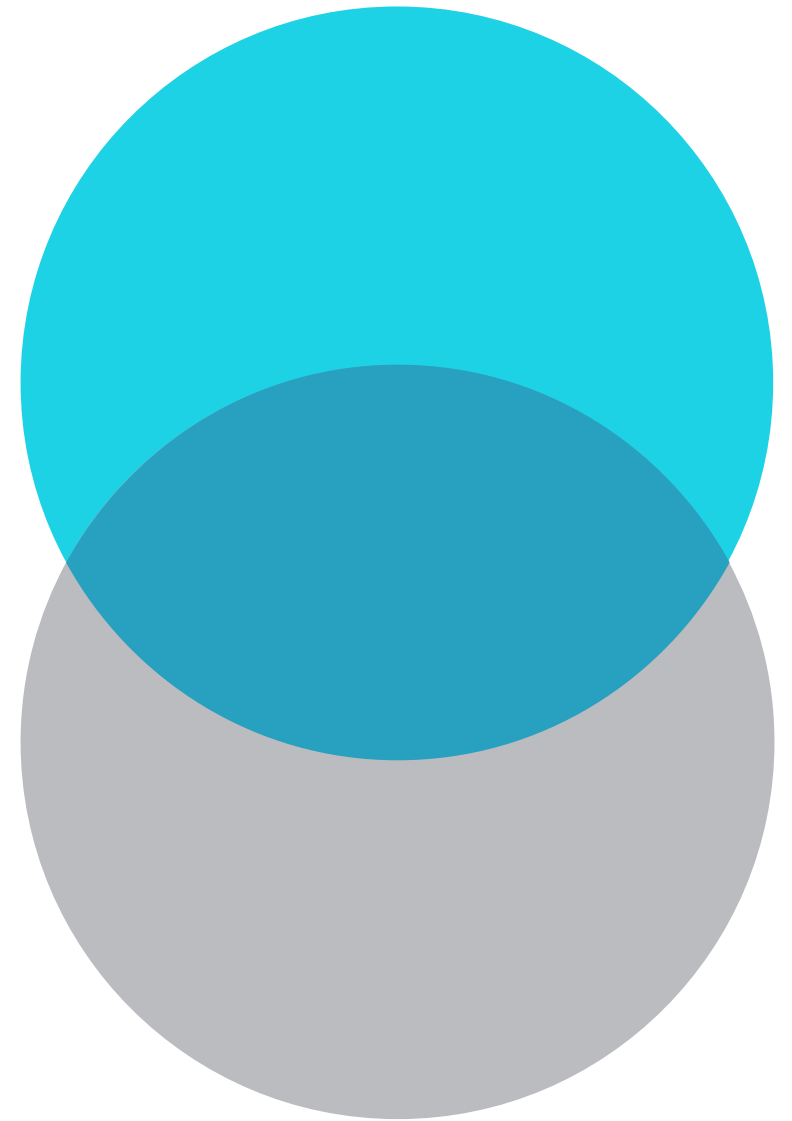
CAPITAL MANAGEMENT (OVER CALENDAR YEAR 2020)



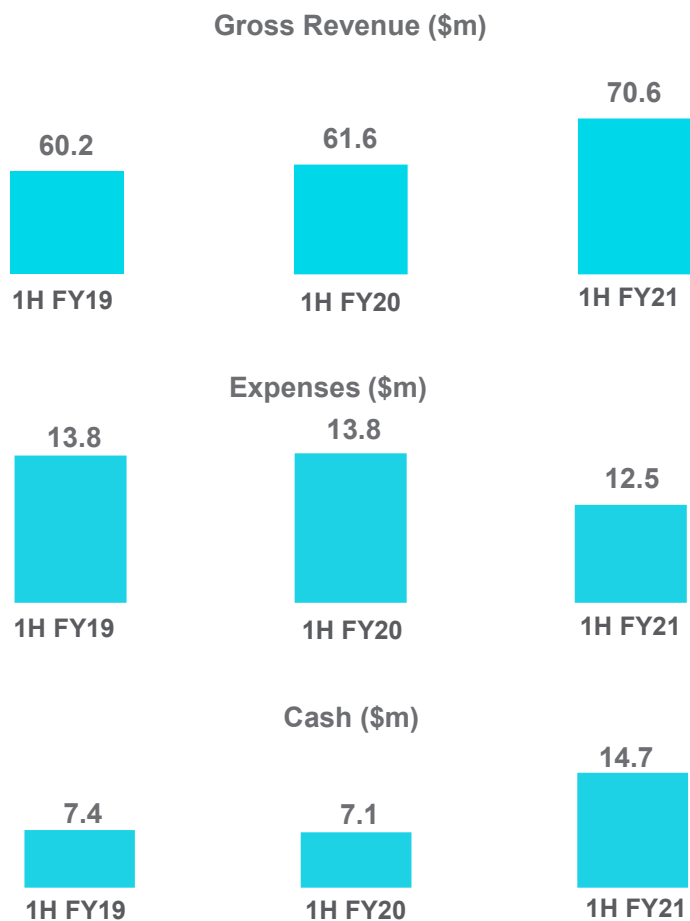
- Audited cash on hand 31 December 2020 - \$14.7m
- Deferred COVID tax payments to be settled August 2021
- Fully franked 3 cents special and 1 cent interim ordinary dividends declared 2 February 2021 - \$5.8 million distribution
- Franking credits of \$15.0m available after dividends paid 26 February 2021
- Leveraging strong share price appreciation and balance sheet flexibility to actively pursue consolidation and strategic options

Sources: Centrepont Alliance financial analysis; FY20 annual results and 1H FY21 half yearly results.

BUSINESS RESULTS



THE THREE-YEAR TRANSFORMATION OF CENTREPOINT ALLIANCE HAS DELIVERED A SCALABLE BUSINESS MODEL WITH REVENUE CERTAINTY



Highlights

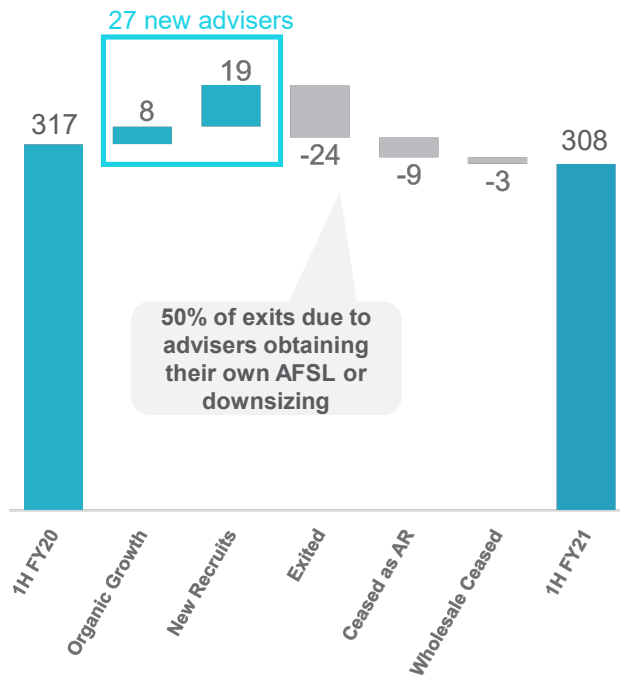
- 17% increase in gross revenue since 1H FY19
 - 109% increase in underlying AR revenue since 1H FY19, transitioning to recurring fee for service revenue model
-
- Reduced costs while transforming the business through Strategic Refresh, with minimal capital investment
 - 90.6 FTE 1H FY21, reduced from 109.4 FTE 1H FY19
 - Reduction in corporate and support staff, with reinvestment in front-line support for advisers, despite overall FTE reduction
-
- 99% increase in cash since 1H FY19
 - Simple and clean balance sheet, with no debt
 - Business model certainty and strong cash position has seen a return to paying dividends

Sources: Centrepoint Alliance financial analysis; FY19 & FY20 annual results and 1H FY21 half yearly results.

CENTREPOINT ALLIANCE CONTINUES TO ATTRACT QUALITY FINANCIAL ADVISERS TO ITS OFFER, WITH 27 NEW ADVISERS JOINING IN 1H FY21

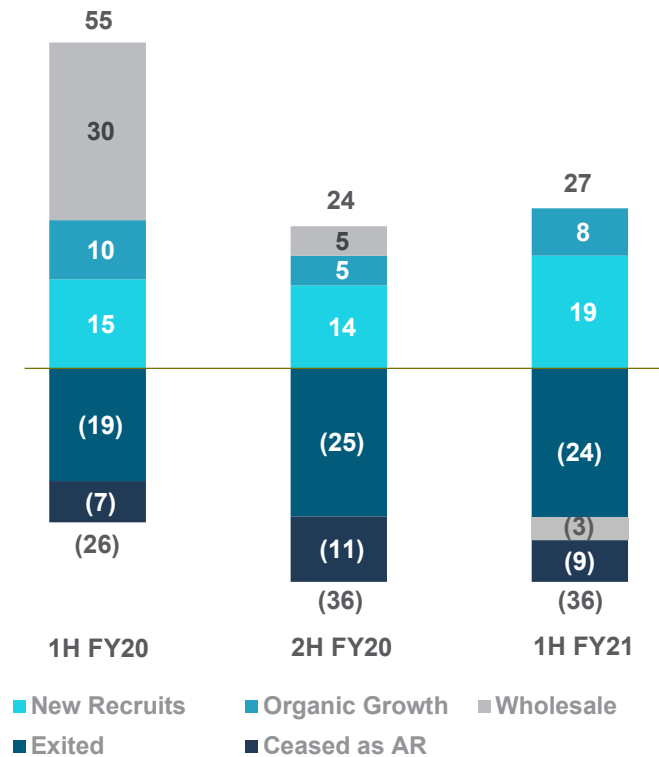
Industry exits result in flat net growth

1H FY21 adviser movement



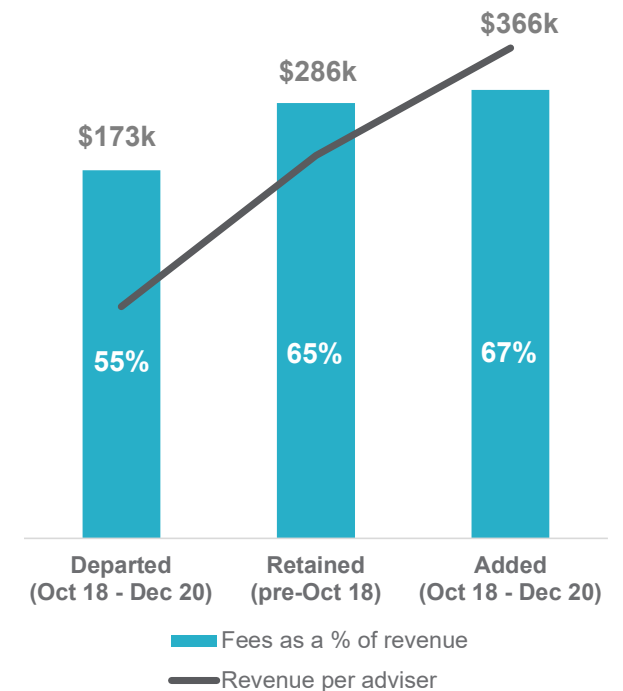
...despite consistent adviser growth

12-month adviser movement



...with improved revenue certainty

Improving adviser quality



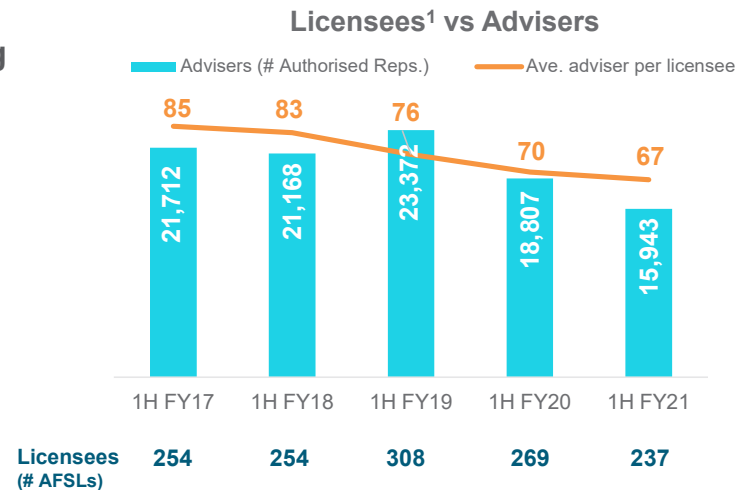
Sources: ASIC Financial Advisers Dataset as of 28/01/2021; Centrepoint Alliance analysis for AR's on licence as of 15 Feb 21; difference between the ASIC register and the above reported number is attributed to Centrepoint Alliance employees and timing adjustments

CENTREPOINT ALLIANCE IS WELL-POSITIONED IN A RAPIDLY EVOLVING INDUSTRY WHERE CONSOLIDATION IS IMPERATIVE FOR SURVIVAL

Licensees are facing significant structural pressures

- **Adviser market has been contracting** over the last 3 years largely due to regulatory reform, structural, business model and generational change
- Regulatory reform, increasing needs of advisers and Professional Indemnity insurance are driving a significant **increase in licensee costs**
- Intense competition is placing **downward pressure on licensee revenue** at the same time

The industry has become increasingly fragmented



Centrepont Alliance in prime position to benefit from industry change

- Leading licensee with **growing adviser market share** within Top 10 peer group²
- **Recurring fee-based business model** positioned to benefit from economies of scale
- **Scalable advice service platform**
- **Advice technology capability** scalable across licensees and advisers
- **Strong capital position** allows the Group to capitalise on market opportunities

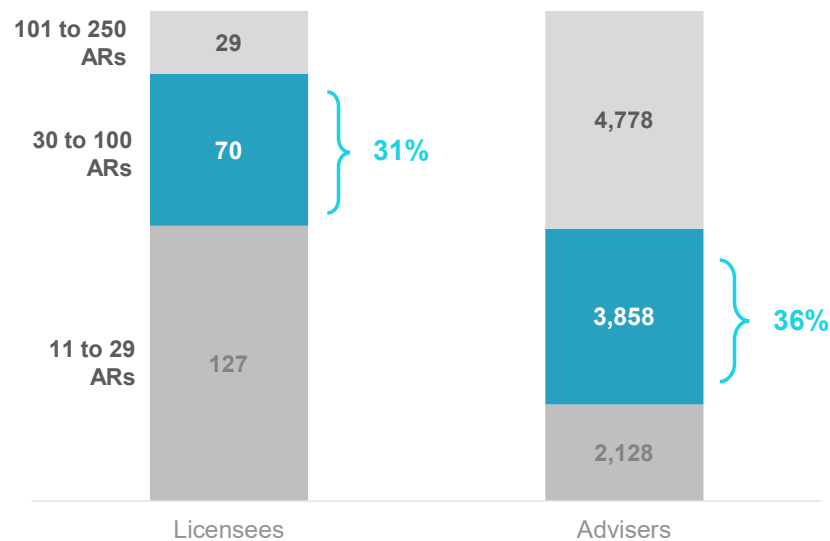
Consolidation likely to accelerate and leverage the benefits of scale

Note: 1. Licensees excluded those self-licensed (1-10 ARs). 2. Peer Group includes large licensees, excluding IOOF and AMP
Sources: ASIC Financial Advisers Dataset as of 28/01/2021; Centrepont Alliance analysis

WHOLESALE LICENSEE OPPORTUNITY OFFERS A REVENUE POOL POTENTIAL OF \$30-60 MILLION IN LICENSEE FEES

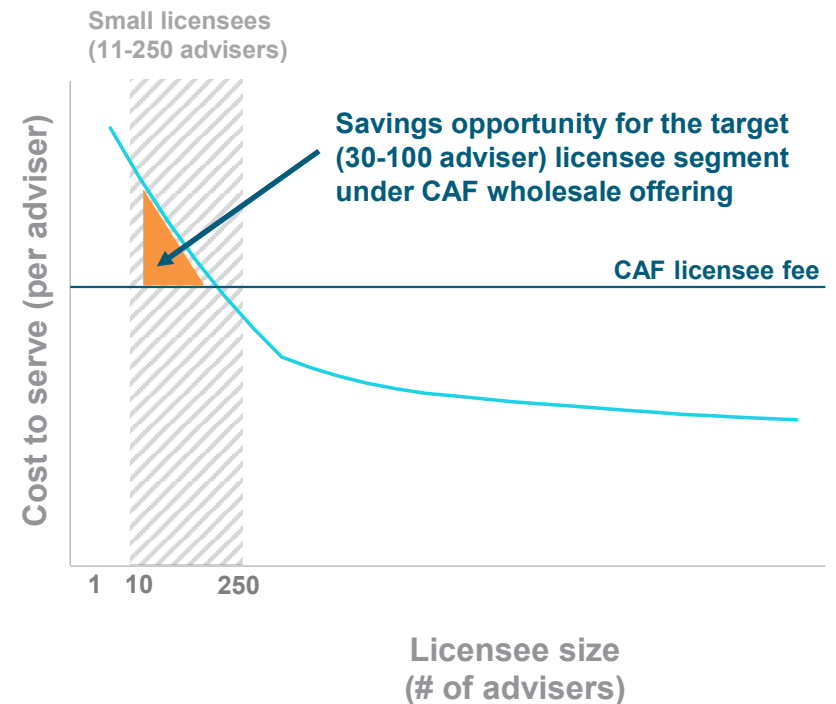
Market opportunity – revenue pool of \$30-60 million

Opportunity in small licensee segment (11-250 ARs)



CAF offer and economics – to pass on to smaller licensees

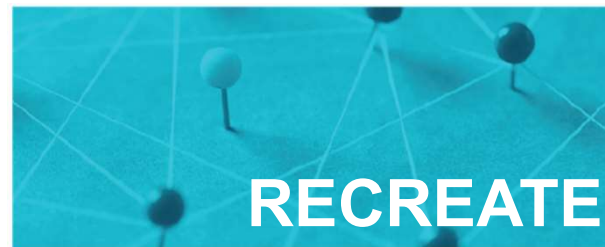
Economies of scale



STRONG EXECUTION ACROSS STRATEGIC INITIATIVES IN THE FINAL YEAR OF STRATEGIC REFRESH



- ✓ Continue to attract and retain quality advisers
- ✓ Leverage scale advantage through enhancing service experience for advisers
- ✓ Migrate to single use systems for all adviser engagement
- ✓ Prepare advisers and licence for final Royal Commission changes
- ✓ Continue to grow and invest in our people



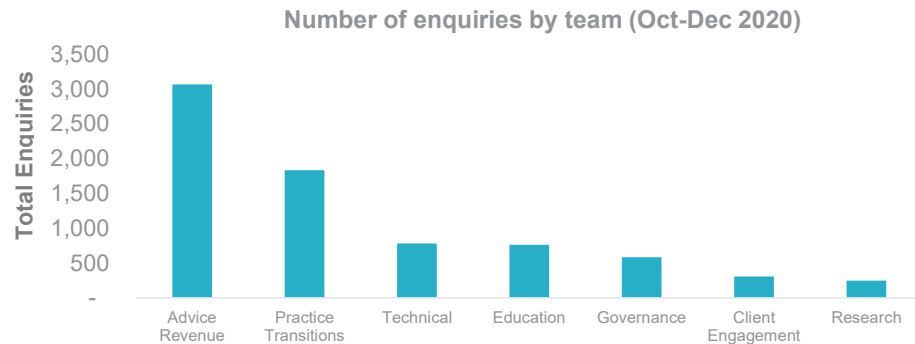
- ✓ Reconfigure the (AAP) self-licensed market offering and take to market
- ✓ Explore reg tech options and make decision on build, buy, or partner
- ✓ Continue to invest in data-led insights for advisers to help them run better businesses
- ☐ Enhance Centrepoint Lending Solutions offer (2H FY21)



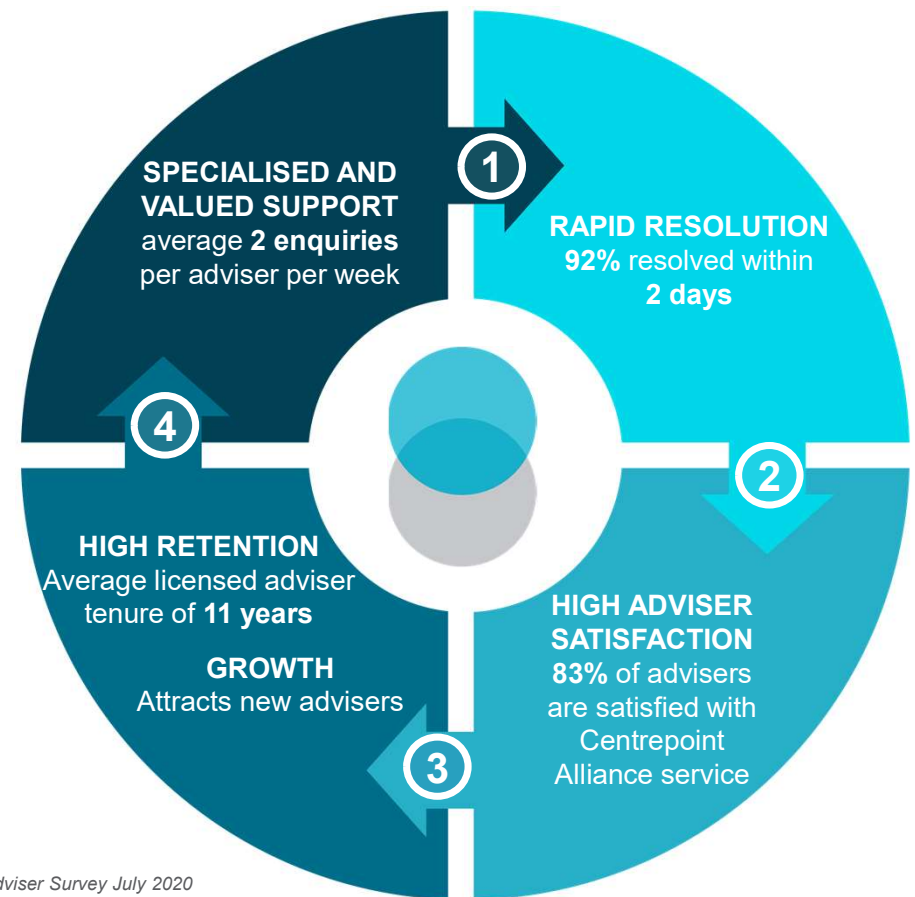
- ✓ Complete Enzumo integration
- ✓ Create a tailored and distinct wholesale offering for small and mid-sized licensees
- ☐ Review salaried advice market entry options (2H FY21)
- ✓ Continue to review our portfolio of businesses
- ✓ Aggressively pursue inorganic opportunities

BUSINESS MODEL DELIVERS SERVICING AT SCALE, LEADING TO HIGH RETENTION AND SUBSCRIPTION LIKE REVENUE FROM SATISFIED ADVISERS

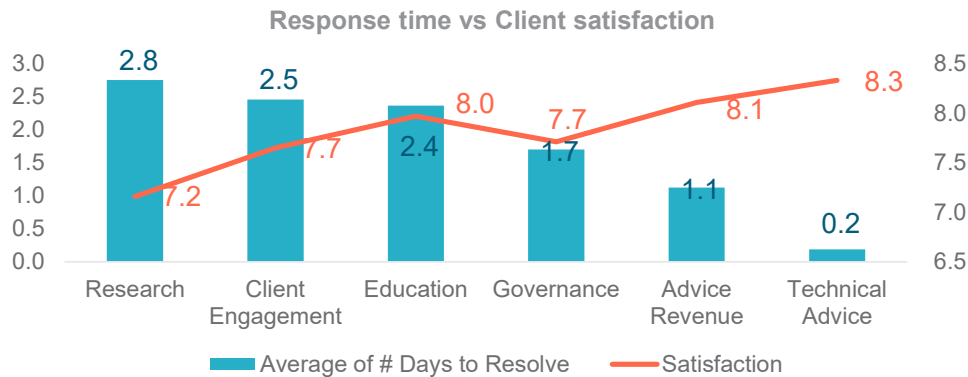
~8,000 enquiries were resolved in Oct - Dec 20



Adviser retention flywheel

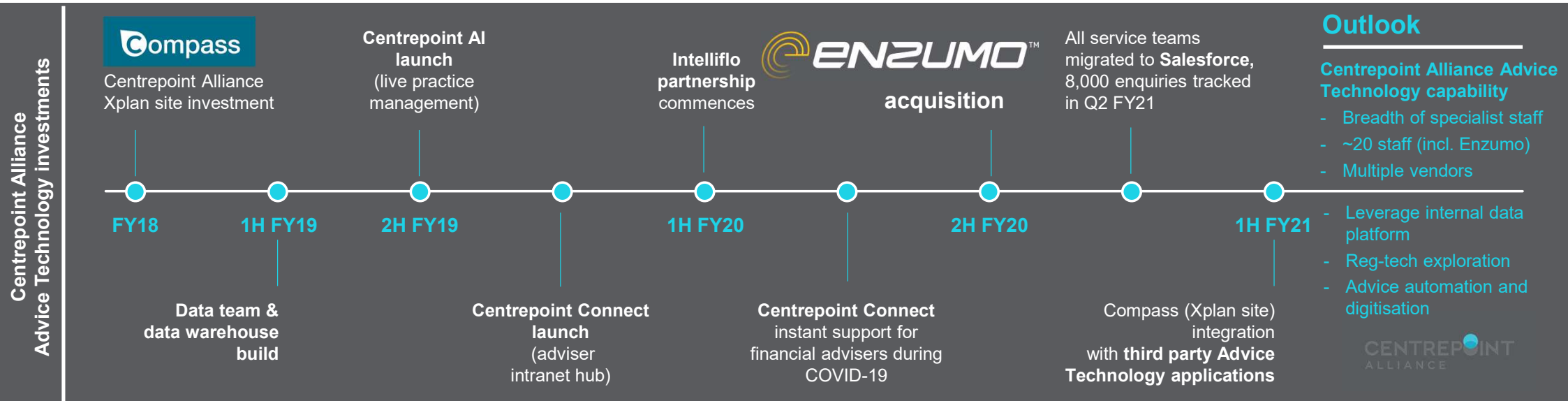


More responsive more satisfied



Sources: Centrepoint Alliance servicing data and analysis; Centrepoint Alliance satisfaction measures from Centrepoint Alliance Adviser Survey July 2020 independently conducted by Woolcott Research. Satisfaction measured as greater than or equal to 7 / 10.

LEADING ADVICE TECHNOLOGY OFFERING WITH THREE YEARS OF INVESTMENT IN CAPABILITIES, DATA, TEAM AND PARTNERSHIPS



Outlook

Centrepoint Alliance Advice Technology capability

- Breadth of specialist staff
- ~20 staff (incl. Enzumo)
- Multiple vendors
- Leverage internal data platform
- Reg-tech exploration
- Advice automation and digitisation



ADVICE TECHNOLOGY EXTENSION THROUGH PARTNERSHIP WITH INTELLIFLO, PROVIDING MORE CHOICE TO FINANCIAL ADVISERS



Intelligent Office (IO)
is used by more firms than any
other practice management
solution in the United Kingdom

Number of Firms



2,500+

Number of Users



25,500+



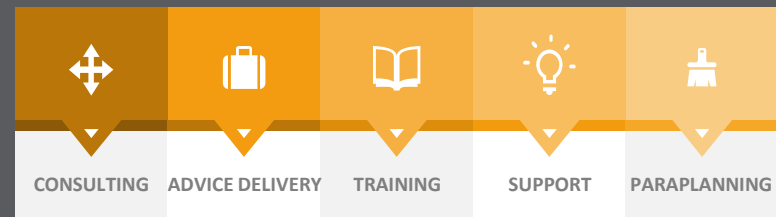
Centrepont Alliance Group

Centrepont Alliance advisers piloting first market release of IO, in addition to Enzumo appointed as the Australian implementation partner for Intelliflo

CENTREPOINT ALLIANCE

- Intelliflo memorandum of understanding signed in 2019
- Pilot Centrepont Alliance firms engaged for Intelliflo Australian market testing and readiness
- Centrepont Alliance committed to providing Financial Advisers choice in best of breed advice technology solutions
- Continued support for 'Compass', Centrepont Alliance's industry leading Xplan offering

 **ENZUMO™** The Leader in Advice Delivery Technology



CENTREPOINT ALLIANCE HAS A MARKET LEADING OFFER ACROSS MULTIPLE MARKET SEGMENTS, WITH STRONG GROWTH AMBITIONS

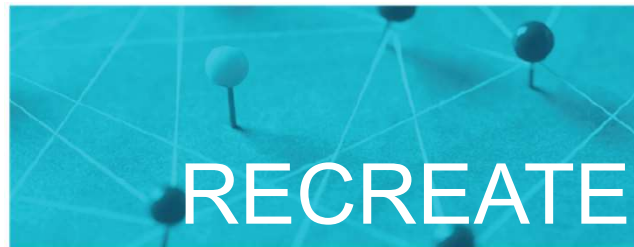
Market segments	Licensee Core business	Self-licensed Extension	Wholesale Licensee New offer	Revenue extensions New growth
Definition	Large licensee for individual advice practices	Service provider for small self-licensed firms	Licensee and tailored wholesale services and solutions for larger firms	Revenue opportunities in addition to core licensing and advice offer
Target segment	Small advice firms (1-10 advisers) Medium advice firm (10+ advisers)	Small advice firms (1-10 advisers)	Small sized licensee (30-100 advisers)	Revenue expansion within existing Centrepoint Alliance network
Client need	Licence (AFSL) to operate Bundled advice & business services	Unbundled advice services & solutions	Outsourced services at scale, reducing fixed costs of licensee	Outsourced workforce services Technology solutions Business services
Market size ¹	Advisers – 15,943	Firms – 1,954 Advisers – 5,074	Licensees – 70 Advisers – 3,858	Market size based on 2 yr CAF ambitions ³ : ~600 firms ~2,000 advisers
1H FY21 Centrepoint Alliance Advisers ²	Advisers - 308	Firms – 149 Advisers – 807	2 wholesale contracts in place	Firms – ~70 Advisers – ~90
2 - 3 year Centrepoint Alliance ambition	Advisers - 500	Firms – 250 (+10% market share) Advisers – 1,000+	15 wholesale clients (~20% market share)	Firms - ~120 Advisers - ~400 (~20% network cross-sell of services)

Sources: 1 ASIC Financial Advisers Dataset as of 28/01/2021

2 Centrepoint Alliance financial analysis; 1H FY21 half yearly results; Centrepoint Alliance analysis for AR's on licence as of 15 Feb 21

3 Revenue extension market size based on 2yr Centrepoint Alliance ambition: 600 firms made up of licensee market firms of 250 (2 AR's assumed for firm), plus 250 self-licensed firms, plus assumed 100 firms in wholesale, across 15 wholesale licensees

CLEAR FOCUS TO ENHANCE VALUE IN SECOND HALF OF FY21



- Capitalise on market leadership position in providing quality advice and business services to financial advisers and mortgage brokers
- Drive aggressive organic growth in the licensed and self-licensed market
- Take advantage of scale advantage through adviser technology investments and extensions
- Leveraging strong share price appreciation and balance sheet flexibility to actively pursue consolidation opportunities to create value

CONTACT DETAILS



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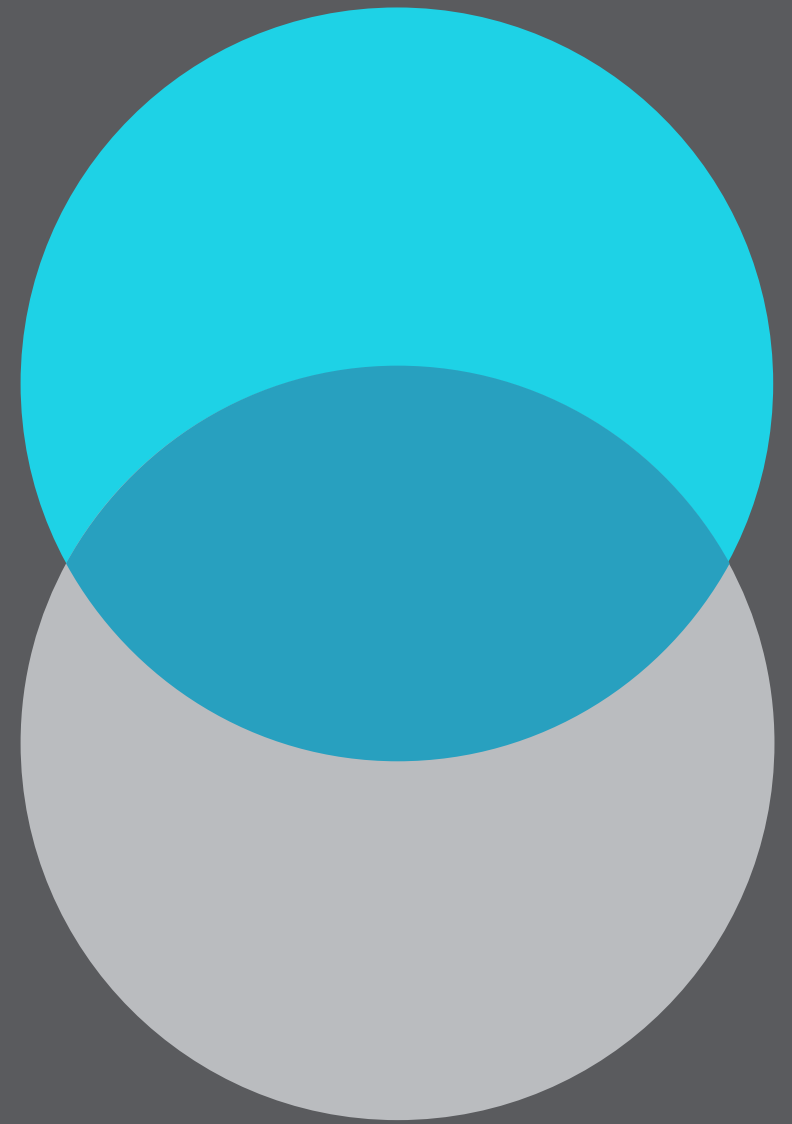
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APPENDICES



CORPORATE SNAPSHOT

Capital structure

ASX Stock Code	CAF
1H FY21 gross revenue	\$70.6m
Cash balance as at 31 December 2020	\$14.7m
Share price as at 22 February 2021	\$0.29
Shares on issue	144.3m
Performance rights (nil ex price, various expiries)	11.9m
Fully diluted shares	156.2m
Fully diluted market cap	\$45.3m
Enterprise Value¹	\$32.0m

12 month CAF share price and volume



Experienced and invested leadership team

Board & Management	Role	Shares held As at 15/1/21
Mr Alan Fisher	Non-Executive Chairman	-
Mr Angus Benbow	Chief Executive Officer	1.2m (0.8%)
Mr Georg Chmiel	Non-Executive Director	0.8m (0.6%)
Mr Martin Pretty	Non-Executive Director	0.1m (0.1%)
Mr Alexander Beard	Non-Executive Director	11.0m (7.6%)
Mr Brendon Glass	Chief Financial Officer	-
Total Board & KMP		13.1m (9.1%)

Top shareholders


Investors As at 15/1/2021	Shares held (% of SOI)
Thorney Investment Group	51.6m (35.8%)
Alexander Beard	11.0m (7.6%)
Richard Nelson	4.1m (2.9%)
Total Top 20	97.2m (67.4%)

Sources: Nasdaq Boardvantage; ASX; 1H FY21 half yearly results. 12 month CAF share price, ASX pricing 17 Feb 20 to 16 Feb 21
 Note 1 Enterprise Value is adjusted for \$1.4m tax deferrals (included in cash and payable to the ATO).

CENTREPOINT ALLIANCE SERVICES – SCALABLE SERVICE PLATFORM

4,217 
CPD HOURS LOGGED

1,570 
Technical team enquiries


30 Superannuation fact sheets
45 Insurance fact sheets 

INSTRUMENTAL IN THE PAYMENT OF
\$23m 
of life insurance claims

We support our advisers with enquires
2 x WEEK
on average per adviser

13,664 
Coaching interactions

22  Peer group sessions

14,246 
Logins to Centrepoint Connect


197 
Research reports produced

\$54.3m
advice revenue processed

6,134 
Advice revenue enquiries

524 
Audits completed

815 
Compass users

Advice Technology Enquiries
3,742 solved tickets
4.6hr average resolution time
3,591 inbound calls
98.9% satisfaction rating 

31  New Licensee standards
10  Regulatory updates

COMPLIANCE IN A BOX
21  New policies, procedures and templates
18  Updated policies, procedures and templates

FIRM SEGMENT ANALYSIS

Key Performance Indicator	Firms FY20	AR's FY20	New Firms 1H FY21	Ceased Firms 1H FY21	New AR's 1H FY21	Ceased AR's 1H FY21	Firms 1H FY21 Close	AR's 1H FY21 Close
Corporate Licence	228	317	15	(15)	27	(36)	228	308
Self Licensed	159	864	8	(18)	113	(170)	149	807

- 23 firms recruited (Corporate Licensed 15 and Self Licensed 8)
- Reduction of 18 Self Licensed firms driven by firms opting-out of the transition to new service offer
- 1,115 advisers in Group (Corporate Licensed 308, Self Licensed 807)

Corporate Licence – Half Years

Corporate License AR's	Half on Half Comparison		
	1H FY20	2H FY20	1H FY21
Open AR's	300	329	317
AR's Added	25	19	27
AR's Ceased	(26)	(35)	(33)
Wholesale AR's Added	30	5	-
Wholesale AR's Ceased	-	(1)	(3)
Close AR's	329	317	308
Close AR's – Non Wholesale	299	283	277
Close AR's – Wholesale	30	34	31

GRANDFATHERED REBATES

\$m	1H FY20	2H FY20	1H FY21
Total Rebate	4.0	4.2	2.0
Insurance Rebate	1.1	1.2	0.6
Platform Rebate	2.9	3.0	1.4

Key points

- Strategic Refresh began in August 2018 to move from a legacy funded revenue model to a new sustainable revenue model, pre-empting legislative changes passed in October 2019 to phase out Platform Rebates by 1 Jan 2021
- Grandfathered platform rebate run off driving overall rebate reduction

DEFINITIONS

Term	Definition
AFCA	Australian Financial Complaints Authority
AFSL	Australian Financial Services Licence
APRA	Australian Prudential Regulation Authority
AR	Authorised Representative of AFSL Licensee to provide financial advice
ASIC	Australian Securities and Investments Commission
Corporate Licensed advisers	Advisers authorised under Professional Investment Services Pty Ltd or Alliance Wealth Pty Ltd
CPD	Continuing Professional Development
EBITDA (excl. Legacy Claims)	Earnings before interest, tax, depreciation and amortisation excluding legacy claims
Firms	Accumulated total of corporate licensed firms and self-licensed firms in the Centrepoint Alliance Group
Gross Profit	Revenue received less Direct Costs
Net Tangible Assets	Total assets of a company, minus any intangible assets such as goodwill, patents and trademarks, less all liabilities and the par value of preferred stock
Operating Expenses	Expenses excluding cost of sales, interest, depreciation and amortization
PCP	Prior corresponding period
Royal Commission	The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, established 14 December 2017
Salaried advisers	Adviser authorised under Alliance Wealth Pty Ltd and employed by Centrepoint Alliance
Self Licensed advisers	Advisers part of firms having their own AFSL