



FY19 ANNUAL RESULTS

Results Presentation and Strategy Update

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22 August 2019



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All numbers are as at 30 June 2019 unless otherwise stated. Numbers may not add up due to rounding.

SUMMARY

Financial Results

- PBT \$1.2m, up from (\$3.4m) loss
- EBITDA \$2.4m, up from (\$1.6m) loss
- \$3.2m cashflow from continuing operations
- No significant new legacy claims
- Platform rebates phased out by 2021

Strategy Update

- Clear strategy, with 12 months of focussed delivery
- Compelling value proposition
- Fee-based service offer successful

86% of existing firms retained*

80% increase in new advisers

Record quarter for recruitment

Outlook

- Industry dislocation provides opportunity to grow market share
- Investing in technology and data to enable greater scale, better insights and superior service
- Re-launch of self-licensed advice offer with direct fee model

* Corporate licensed advice firms as at 1 March and 16 August 2019

Financial results



FY19 FINANCIAL RESULTS

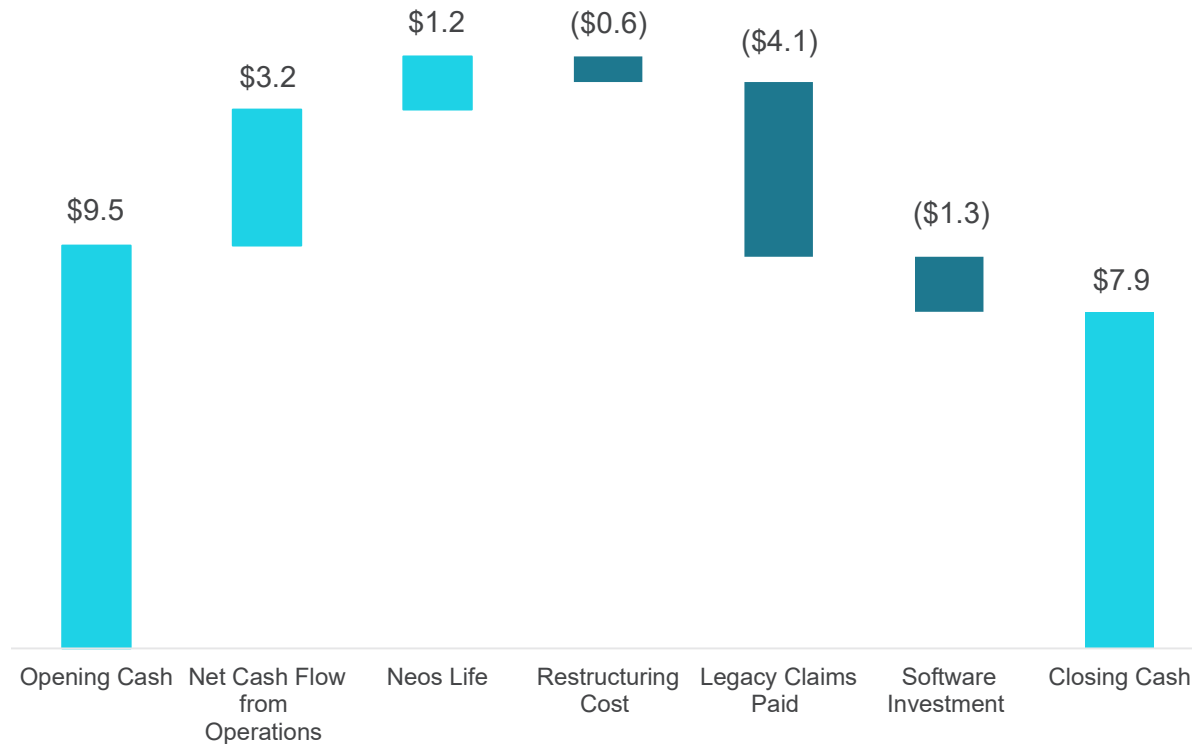
\$m	Total	
	FY18*	FY19
Gross Profit	32.3	30.7
Management Expenses	(28.5)	(28.1)
EBITDA (excluding legacy claims)	3.8	2.6
Cost to income ratio	88%	92%
Legacy claims	(5.4)	(0.2)
EBITDA	(1.6)	2.4
Depreciation, amortisation, impairment	(1.8)	(1.2)
Profit/(loss) before tax	(3.4)	1.2
Tax	(3.5)	(2.8)
Net profit/(loss) after tax	(6.9)	(1.6)

*FY18 prior year comparative restated. Refer slide 26

- Profit before tax of \$1.2m, turning around loss of \$3.4m in FY18
- Revenue reduction from accelerated rebate runoff. New revenue model in place from 1 July 2019 to mitigate this runoff
- Material reduction in the number and size of legacy claims
- EBITDA of \$2.4m, compared to a loss of \$1.6m in the prior year
- Stable management expenses while investing in new skills & capabilities

CASH FLOW

FY19 Cash Movement (\$m)



- Closing cash position of \$7.9m
- \$3.2m cash flow from Operations
- Neos Life divested December 2018 and returning capital as scheduled
- Software investment of \$1.3m to improve scale and service experience for advisers

GROUP BALANCE SHEET

\$m	FY18*	FY19
Cash & Term Deposits	9.5	7.9
Loans Receivable	6.9	6.6
Claims Provision	5.4	1.3
Net Assets	19.0	16.9
Net Tangible Assets	12.5	11.8
Net Tangible Assets (cents per share)	8.0	7.9

**FY18 prior year comparative restated. Refer slide 26*

- Maintaining strong balance sheet through transition
- Loans receivable includes \$5.8m from Neos, of which \$2.5m is scheduled to be repaid by June 2020
- Significant reduction in legacy claims resulting in reduced provision

An aerial photograph of a rugged, dark rock coastline. On the left, turquoise waves with white foam crash against the rocks. On the right, a rectangular swimming pool with a wooden deck is built into the rock face. The pool water is a clear, light green color. The text "Strategy update" is overlaid in a bold, cyan font on the right side of the image.

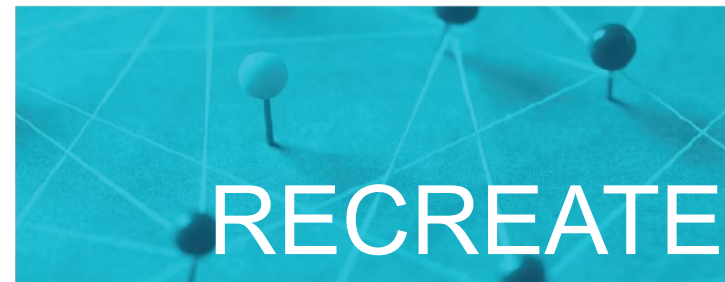
Strategy update

CENTREPOINT AIMS TO BE THE LEADING PROVIDER OF ADVICE AND BUSINESS SERVICES TO THE FINANCIAL ADVISER COMMUNITY

STRATEGIC REFRESH, AUGUST 2018



Focus on our community of advisers and the value financial advice brings to the Australian community



Recreate a new offer that will position Centrepont as a leader in the provision of advice and business services



Grow differently and aggressively to build scale as the industry dislocates

STRATEGY LAUNCHED 12 MONTHS AGO AND PROGRESSING STRONGLY



1H FY19

- ✓ Conduct portfolio review of businesses
- ✓ Implement new organisation structure
- ✓ Build new relationship Service Model
- ✓ Review adviser governance and standards

- ✓ Design new Centrepoint Service Offering
- ✓ Create new advice life-stage segments
- ✓ Introduce new pricing packages and bundles
- ✓ Create long-term data ecosystem strategy

- ✓ Identify targeted segments for growth
- ✓ Aligned (licensed) adviser community
- ✓ Self-licensed business partnerships

2H FY19

- ✓ Introduce new governance and standards framework
- ✓ Launch education transition support model
- ✓ Harness internal data for efficiency gains

- ✓ Launch new Centrepoint Service Offering
- ✓ Develop 'transition' package for advisers moving to the new model
- ✓ First stage of data ecosystem built with new Adviser Portal

- ✓ New package take-up in aligned advice practices
- ✓ Grow packages and unbundled offering in self-licensed advice community

WE PROVIDE KEY SERVICES THAT ADVISERS NEED

GOVERNANCE SERVICES

- New AFSL Setup
- Governance & Compliance
- Responsible Manager Training
- Licensee Reviews
- File Audits
- Advice Policy & Procedure
- AFSL Audits

ADVICE SERVICES

- Adviser Education
- Client Communication
- Technical Support
- Research Services
- Investment Solutions
- Training/Webinars
- Advice Technology
- Advice Helpdesk
- Advice Templates



BUSINESS MANAGEMENT SERVICES

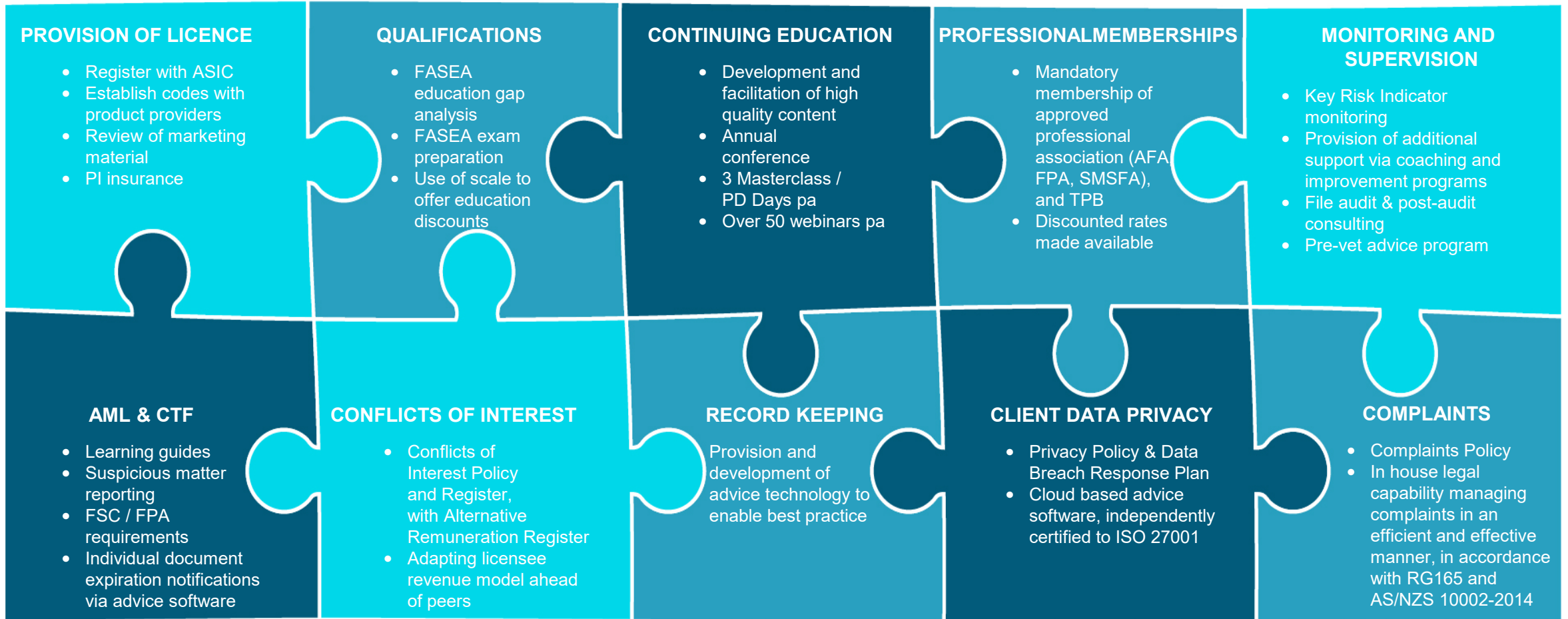
- Business Coaching
- Acquisition & Succession
- Partnered Services
- Dashboard Reporting
- HR Support
- Legal Support
- Peer Group Facilitation
- Cashflow Tools

CLIENT GROWTH SERVICES

- Client Marketing
- Client Facing Advice Tools
- Website Design & Development
- Client Education
- Lead Generation
- Client Segmentation & Pricing

CASE STUDY: GOVERNANCE SERVICES PROVIDE LICENCE TO OPERATE

*Licensee must operate efficiently, honestly and fairly**



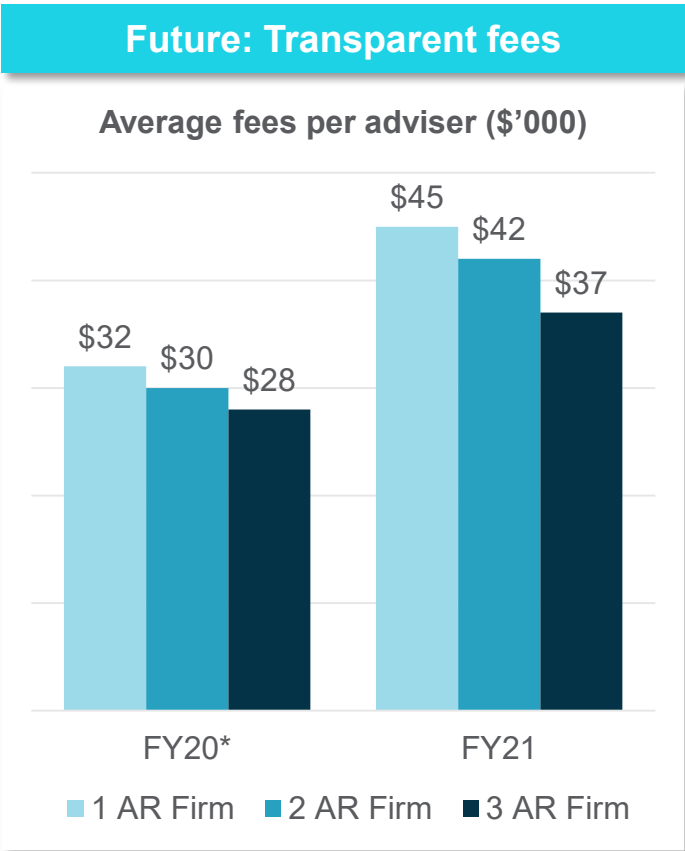
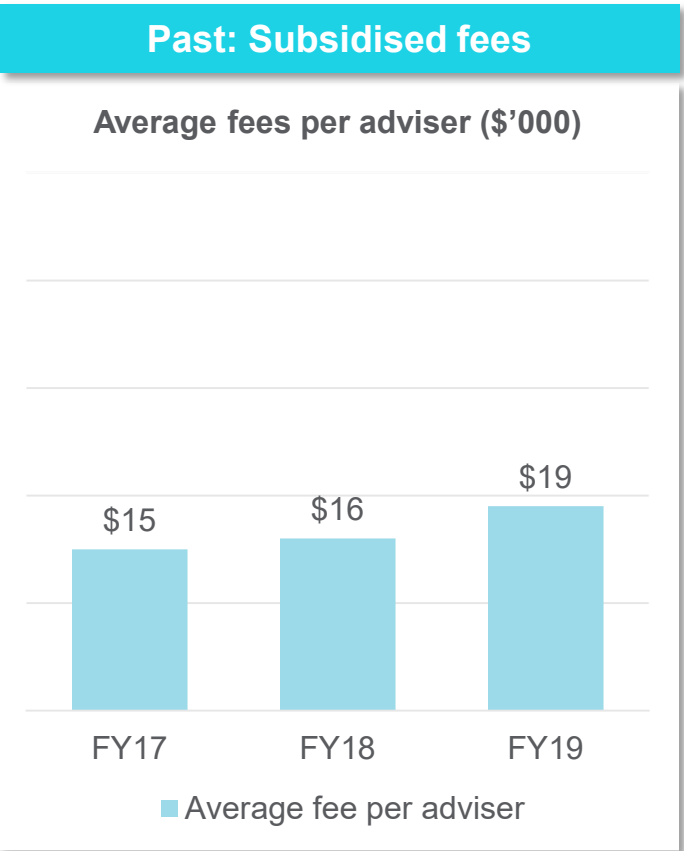
* Corporations Act 2001 (CTH), Section 912A

CASE STUDY: ADVICE SERVICES ENABLE PROVISION OF ADVICE



NEW FEE MODEL IS TRANSPARENT AND BASED ON SERVICES PROVIDED

Core service package fees for licensed advisers



Variable service fees

A range of variable services are available in addition to core package

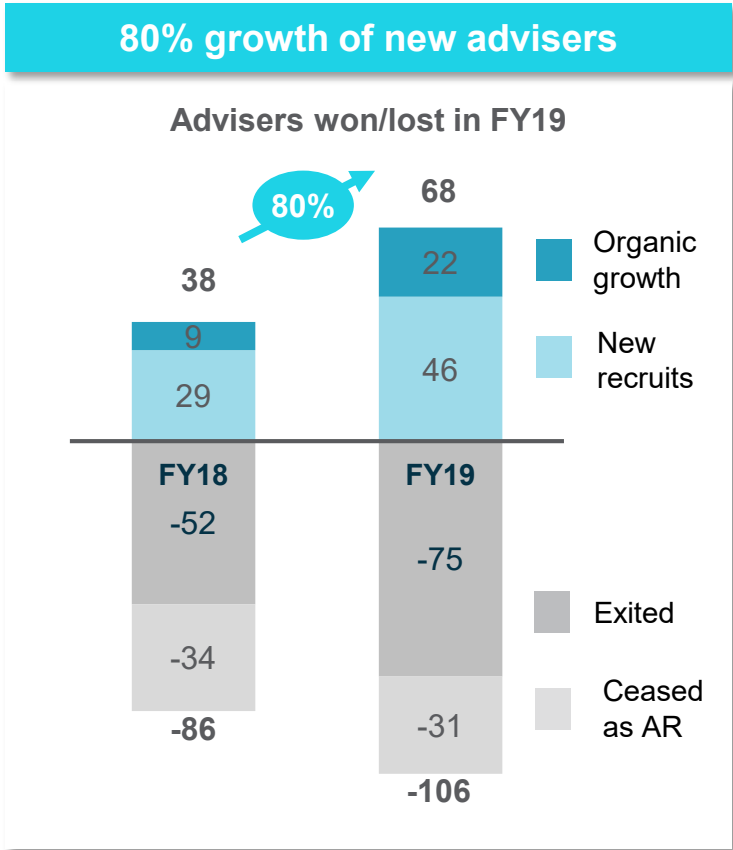
- Additional business consulting
- Acquisition and succession planning
- Business planning and performance analysis
- HR consulting
- Investment consulting
- Technical client presentations
- Advice technology consulting and training
- Research consulting and model portfolios
- Outsourced paraplanning
- Outsourced administration

Charged on time & materials basis

* FY20 Average fees shown are transitional fees for existing advisers

TAKE-UP OF FEE BASED SERVICE OFFER IS ENCOURAGING

Licensed firms and advisers



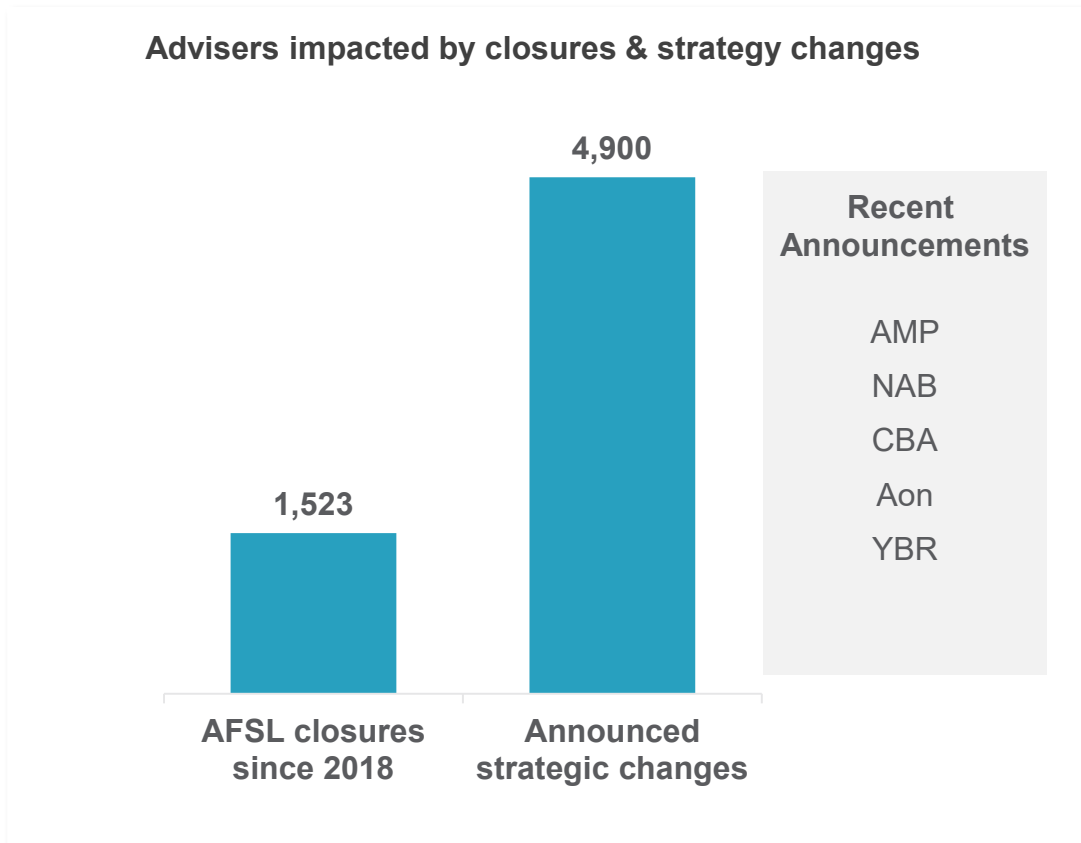
* Corporate licensed advice firms as at 1 March and 16 August 2019



Outlook

INDUSTRY DISLOCATION IS ACCELERATING AND PROVIDES OPPORTUNITY TO GROW MARKET SHARE

Unprecedented industry change



Focus on growing market share

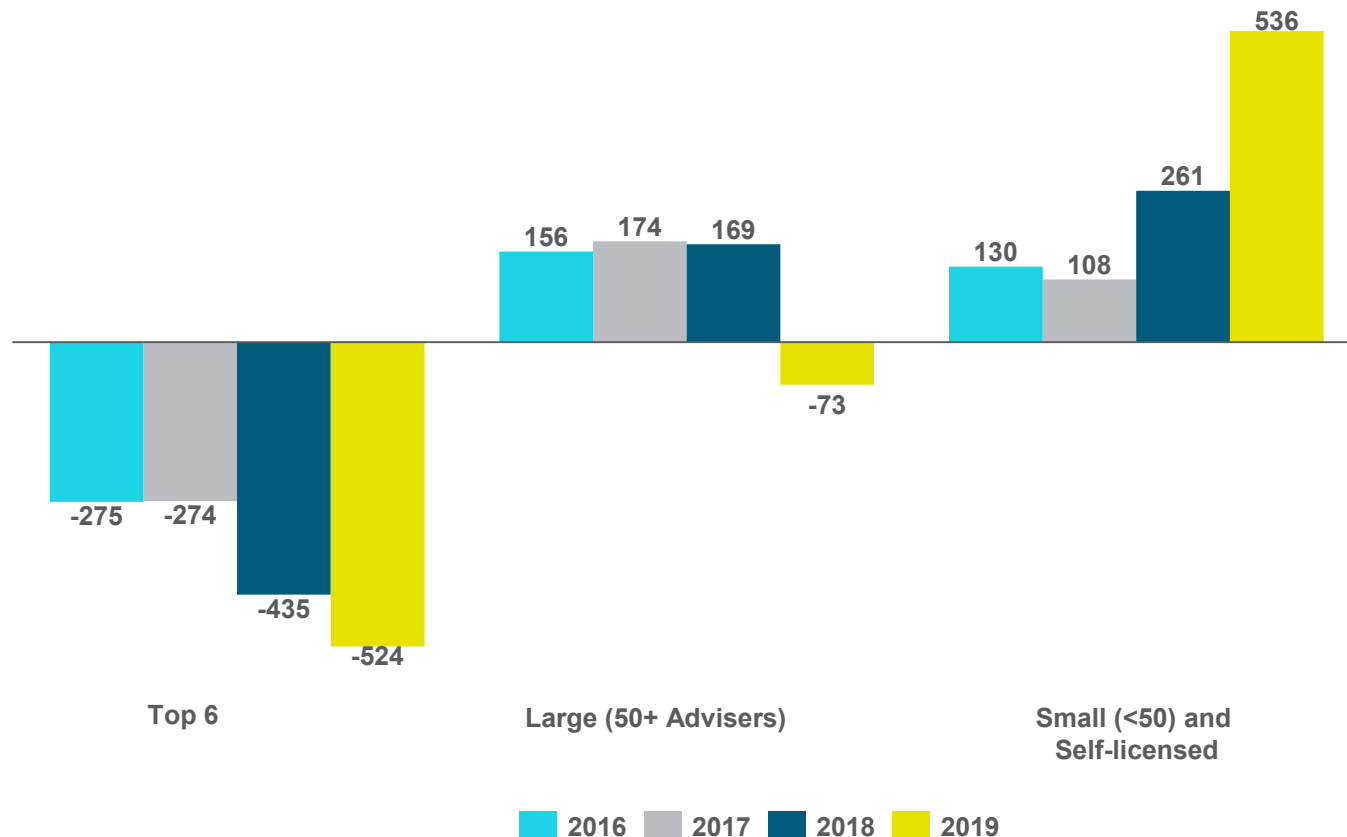
Proactive leadership position in support of advisers

- Clear offer & transparent fees
- Appointed new Advice Executive, Paul Cullen, with 30 years advice experience
- Restructured onboarding and service teams
- Hired new relationship managers
- Tailored services for small and large firms

WE WILL LAUNCH OUR FEE-BASED OFFER FOR SELF-LICENSED ADVISERS IN FY20

Growth of self-licensed segment is accelerating

Net annual adviser transfers per channel



Unique offer for self-licensed firms

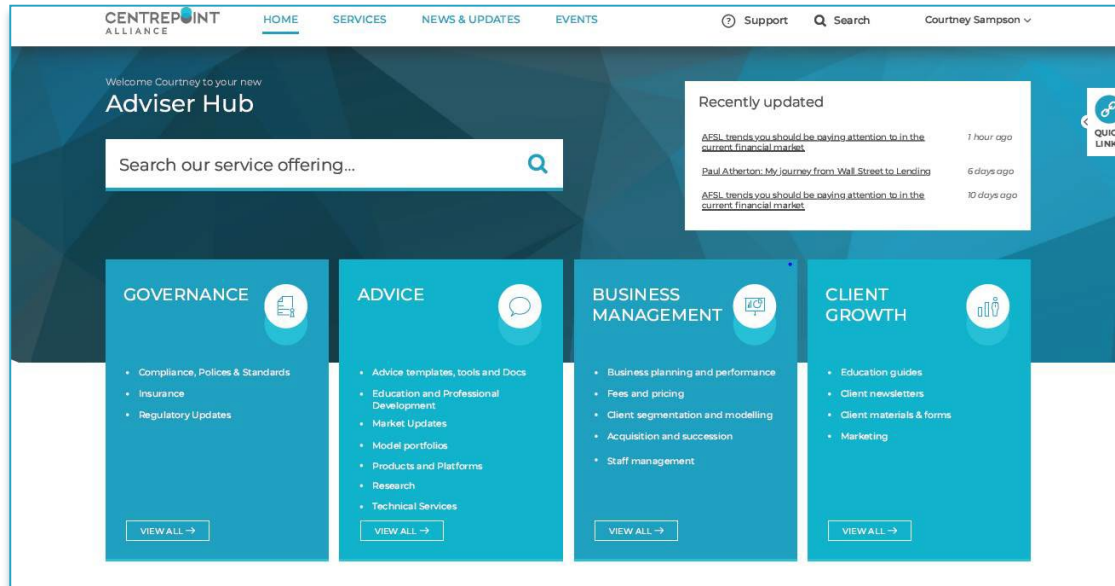
Providing quality advice

Running your business



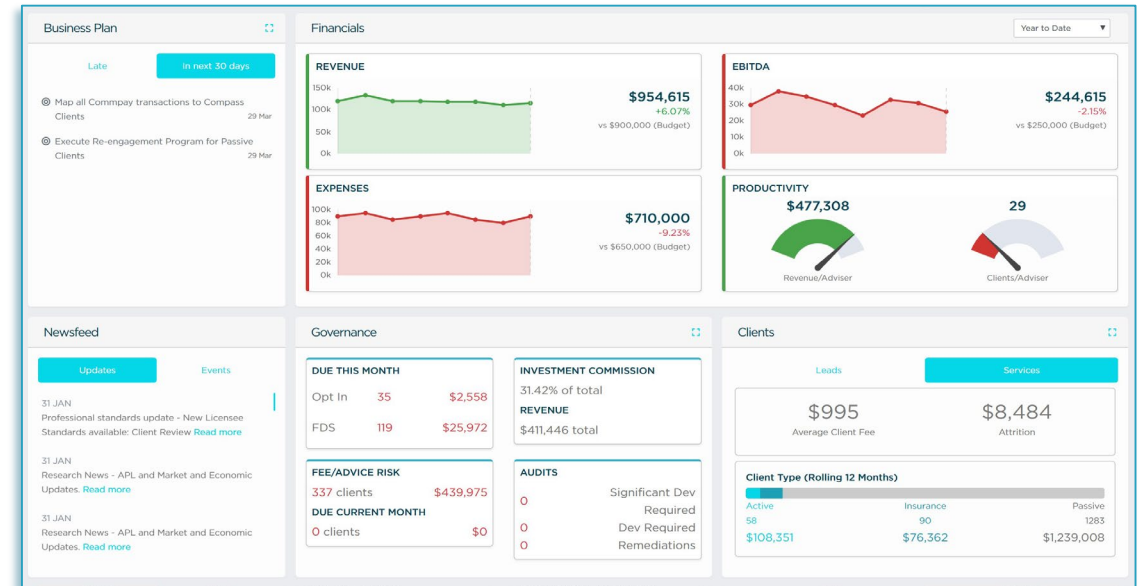
* Source: ASIC Financial Adviser Register, NMG Adviser Model

WE ARE INVESTING IN TECHNOLOGY AND DATA TO ENABLE GREATER SCALE AND SUPERIOR SERVICE



New adviser portal

- Intuitive portal providing access to more than 700 essential policies and documents
- Accessible exclusively to Centrepoint authorised representatives and self-licensed principals
- In Pilot phase; launching September 2019



Centrepoint Adviser Intelligence (Centrepoint.AI)

- Unique proprietary data-driven practice management dashboard, designed to help advice firms sustainably grow profit and manage individual client regulatory obligations
- Utilises Centrepoint's proprietary data fabric of more than 1000 variables across Centrepoint's 12 systems
- In Pilot phase; launching 2020

WE HAVE A CLEAR PROGRAM FOR DELIVERY IN FY20



FOCUS

Support financial advisers

FY

Embed new service offer

FY

Build internal capability

FY

RECREATE

Launch new self-licensed offer

1H

Digital content experience

1H

Build scalable adviser experience

1H

Invest in data ecosystem

1H

GROW

Grow share in disrupted industry

FY

Grow revenue from variable services

FY

Selective inorganic opportunities

FY

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Appendices

CENTREPOINT'S ADVICE NETWORK



Sources: ASIC Financial Advisers Dataset as of 04/07/2019; Centrepont Analysis. Per ASIC register, Centrepont advisers add up to 327 (Professional Investment Services & Alliance Wealth). Difference between the ASIC register and the above reported number is attributed to Centrepont self licensed advisers, employees and timing adjustments

CENTREPOINT'S EXPERIENCE

Governance & compliance capability founded on hard lessons

Professional
Investment Services
founded

1996

AAP founded

2006

Centrepoint acquired
Professional
Investment Holdings

Enforceable
Undertaking
with ASIC

2010

Strategic Refresh
launched

2018

Hayne Royal
Commission
findings

2019

Old world & learning ground

Investment in
governance capability

Contemporary business model

Fit for purpose

Culture & capability aligned to new world of advice

- Contemporary business model enables advisers to select the products & services that are in their clients' best interests
- 20 compliance personnel with collective 145 years of experience
- Unaligned with platform & product providers
- Led by experienced advice executives
- Experience, capability and focus to act decisively in a post Hayne world

FIRM SEGMENT ANALYSIS

Key Performance Indicator	Firms FY18	AR's FY18	Firms Ceased	Firms New	Firms Jun 19 CLOSE	AR's Jun 19 CLOSE	YTD Firms Variance	YTD AR's Variance
Corporate Licensed	240	338	(58)	33	215	300	(25)	(38)
Self Licensed (1-50 advisers)	230	986	(12)	7	225	1,138	(5)	152
Self Licensed (50+ advisers)	6	773	(2)	0	4	689	(2)	(84)

Self Licensed firm movement includes 2 firms moved from Corporate Licence

- 40 Firms recruited (Corporate Licensed 33 and Self Licensed 7)
- Overall reduction in adviser numbers is driven by existing advice firms reducing the number of authorisations for non-advice-giving representatives
- 2,127 adviser in Group (Corporate Licensed 300, Self Licensed 1,827)
- Small self licensed firms (1-50 advisers) growing strongly
- Reduction in number of large self licensed firms (50+ advisers) driven by the loss of Australian Central Credit Union, and Spectrum Wealth Advisers from the AAP network

Sources: ASIC Financial Advisers Dataset as of 04/07/2019; Centreport Analysis. Per ASIC register, Centreport advisers add up to 327 (Professional Investment Services & Alliance Wealth). Difference between the ASIC register and the above reported number is attributed to Centreport self licensed advisers, employees and timing adjustments

PRIOR PERIOD COMPARATIVE ADJUSTMENTS

\$m	30 Jun 2018 previously reported	Adjustment	30 June 2018 restated
Condensed consolidated statement of profit or loss			
Interest income	1.3	(0.8)	0.5
Total revenue	33.1	(0.8)	32.3
Total expenses	(35.7)	0.0	(35.7)
Net loss before tax	(2.6)	(0.8)	(3.4)
Income tax expense	(3.7)	0.2	(3.5)
Net loss after tax	(6.3)	(0.6)	(6.9)

- During the year, it was identified that a receivable from scheme participants of the Centrepont Alliance Employee Share Plan recognised in the 31 December 2017 and the 30 June 2018 financial results was incorrectly recognised. Associated prior period adjustments are reflected in the table.

FY19 OPERATING SEGMENT RESULTS

	Funds Management and Administration			Licensee and Advice Services			Corporate			Total		
\$m	FY18* restated	FY19	FY18 v FY19	FY18* restated	FY19	FY18 v FY19	FY18* restated	FY19	FY18 v FY19	FY18* restated	FY19	FY18 v FY19
Statutory Revenue	12.1	13.1	8%	110.4	104.0	-6%	0.7	0.3	-50%	123.2	117.4	-5%
Gross Profit	7.5	9.0	20%	24.1	21.4	-12%	0.7	0.3	-49%	32.3	30.7	-5%
Operating Expenses	3.5	3.3	5%	20.3	19.4	5%	4.7	5.4	-13%	28.5	28.1	1%
EBITDA (excluding Legacy Claims)	4.0	5.7	42%	3.8	2.0	-48%	(4.0)	(5.1)	-29%	3.8	2.6	-31%

*FY18 prior year comparative restated. Refer slide 26

- Funds Management and Administration EBITDA is \$5.7m (42% increase from FY18) attributed to higher settlement and management fees together with lower expense, reinvested in the new service offering
- Licensee and Advice Services:
 - Licensee & Advice Services gross profit is impacted by grandfathered rebate revenue run off
 - Expense reduction in Licensee & Advice Services is driven by headcount vacancy savings
- Corporate expense increased as a result of investment in new service offering

GRANDFATHERED REBATES

\$m	FY18	1H19	2H19	FY19
Total Rebate	13.1	6.2	5.3	11.5
Insurance Rebate	3.8	1.6	1.1	2.7
Platform Rebate	9.3	4.6	4.2	8.8

- Strategic Refresh began in August 2018 to address phase out of rebates and replace with a new sustainable revenue model
- Grandfathered platform rebates will be fully phased out by 1 January 2021, anticipated to be replaced by direct service fees

REVIEW OF LEGACY CLAIMS AND ADVISER SERVICE FEES

Legacy Claims

- No significant new legacy claims during FY19
- \$1.3m provision held at 30 June 2019, largely for matters provisioned for in prior financial years. Down from \$5.4m in FY18
- Provisioned for known claims arising from the extension of AFCA review period

Adviser Service Fees

- Good progress on proactive review of historical adviser service fees. Expected completion FY21
- Adviser firms progressing through verification well, and in a majority of cases producing clear evidence of service provision to their clients
- Independent review of program by external consultant, EY

DEFINITIONS

Term	Definition
AML & CTF	Anti Money Laundering & Counter Terrorism Financing
Basic EPS	Basic Earnings per Share is NPAT divided by average number of ordinary shares
Contemporary Business Model	Includes assets and revenue in respect of self-licensed firms, Salaried Advice, Licensed Practices (flat fee model), Open Administration Platforms, Managed Accounts and Open Ventura Funds
Corporate Licensed advisers	Advisers authorized under Professional Investment Services or Alliance Wealth
Diluted EPS	Diluted Earnings per Share is NPAT divided by average number of shares adjusted for the effect of dilution
Direct Costs	Consists of Advice commissions paid back to advisers and Financial Product fees (model management fee, custody charges etc.)
EBITDA (excl. Legacy Claims)	Earnings before interest, tax, depreciation and amortisation excluding legacy claims (claims related to advice pre 1/7/10)
FASEA	Financial Adviser Standards and Ethics Authority
Firms	Accumulated total of corporate licensed Firms and self-licensed Firms in the Centrepoint Group
FoFA	Future of Financial Advice legislation
Funds under Management and Administration ('FUMA')	Funds under Advice (FUA), Funds under Administration and Funds (FUAD) under Management (FUM)
Gross Profit	Revenue received less Direct Costs
Managed Accounts	Funds invested in Ventura Managed Account Portfolio Solutions (VMAPS), which is included in FUM and FUAD
Net Margin bps	FUMA Revenue divided by Average FUMA basis points
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
NPAT	Net Profit After Tax
Operating Expenses	Expenses excluding cost of sales, interest, depreciation and amortisation
PBT	Profit Before Tax
PCP	Prior corresponding period
PP	Prior period
Pre FoFA	Includes assets and revenue in respect of Licensed Practices (excluding flat fee model), closed Administration Platforms (Mentor, Blueprint & DPM), Closed Ventura Funds and Allstar Funds
Statutory Revenue	Revenue comprises financial advice and product margin revenue, service revenue and dividend and distribution income
ROCE	Return on Capital Employed is Profit after tax divided by Average equity
Royal Commission	The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, established 14 Dec. 2017