



FY22 H1 RESULTS

PRESENTATION AND STRATEGY UPDATE

John Shuttleworth, CEO

Brendon Glass, CFO

24 February 2022



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All numbers are as at 31 December 2021 unless otherwise stated. Numbers may not add up due to rounding.

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

AGENDA

BUSINESS RESULTS AND STRATEGY

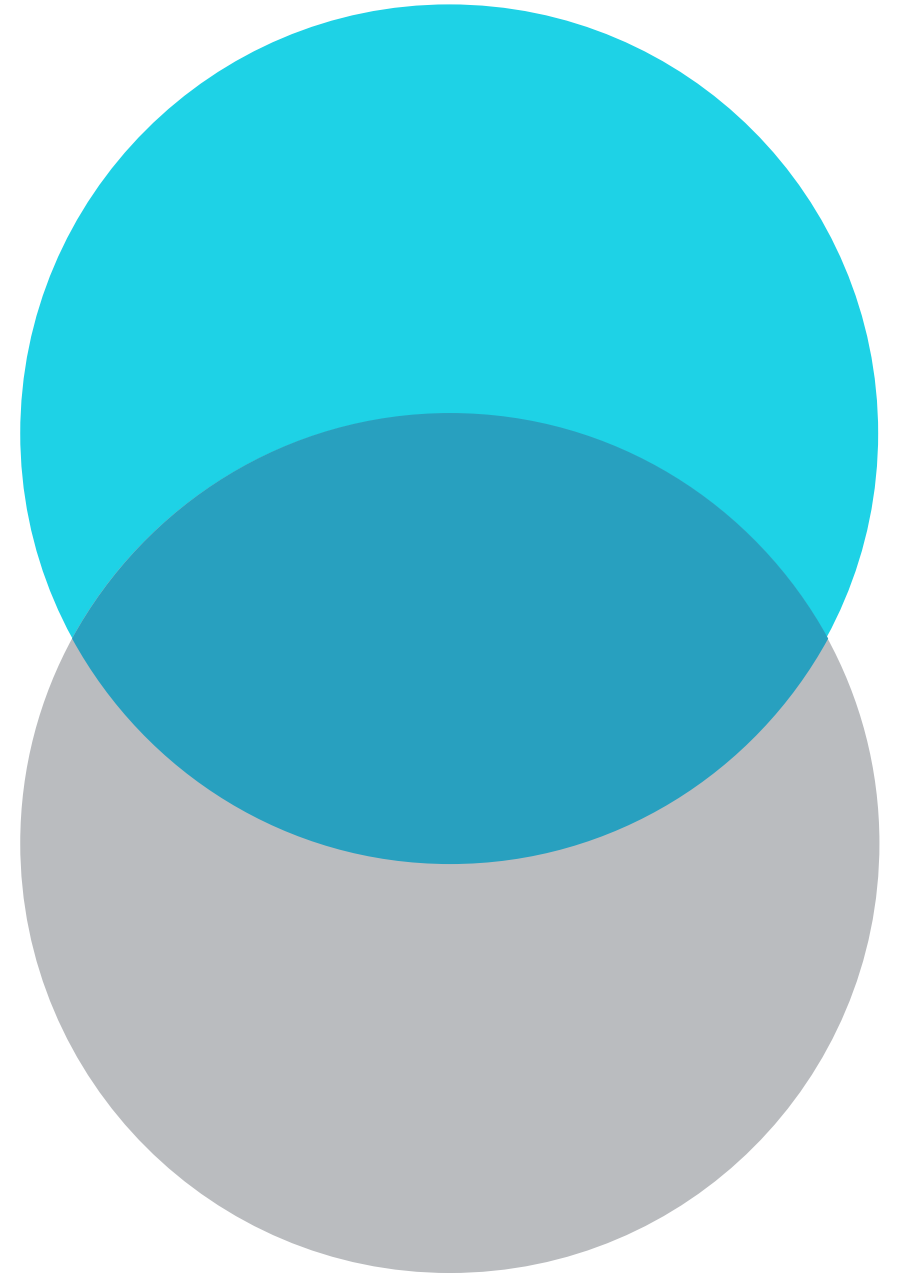
John Shuttleworth, CEO

FINANCIAL RESULTS

Brendon Glass, CFO

BUSINESS RESULTS

John Shuttleworth, CEO



KEY MESSAGES H1 2022

- Solid financial performance
- Transformational acquisition
- Cost synergies from integration realised
- Licensee has grown to #3 in the market
- Recurring revenue 96% up from 87% PCP
- Investment margin down due to legacy fund outflows and rising fund costs
- Transaction completed 1 Nov 2021
- Results include two months of ClearView Advice revenue and expense


Snapshot of core earnings

 **\$95.5m**
Gross revenue


 **\$24.9m**
+35%
on H121


 **\$11.9m**
Cash
at 31 December 2021

 **7%**
on 30 June 21

 **\$2.5m**
EBITDA

Excludes legacy claims,
LTI and one-off costs

 **\$0.3m**
+14%
on H121

 **Dividend**
Fully franked and
to be paid March 2022

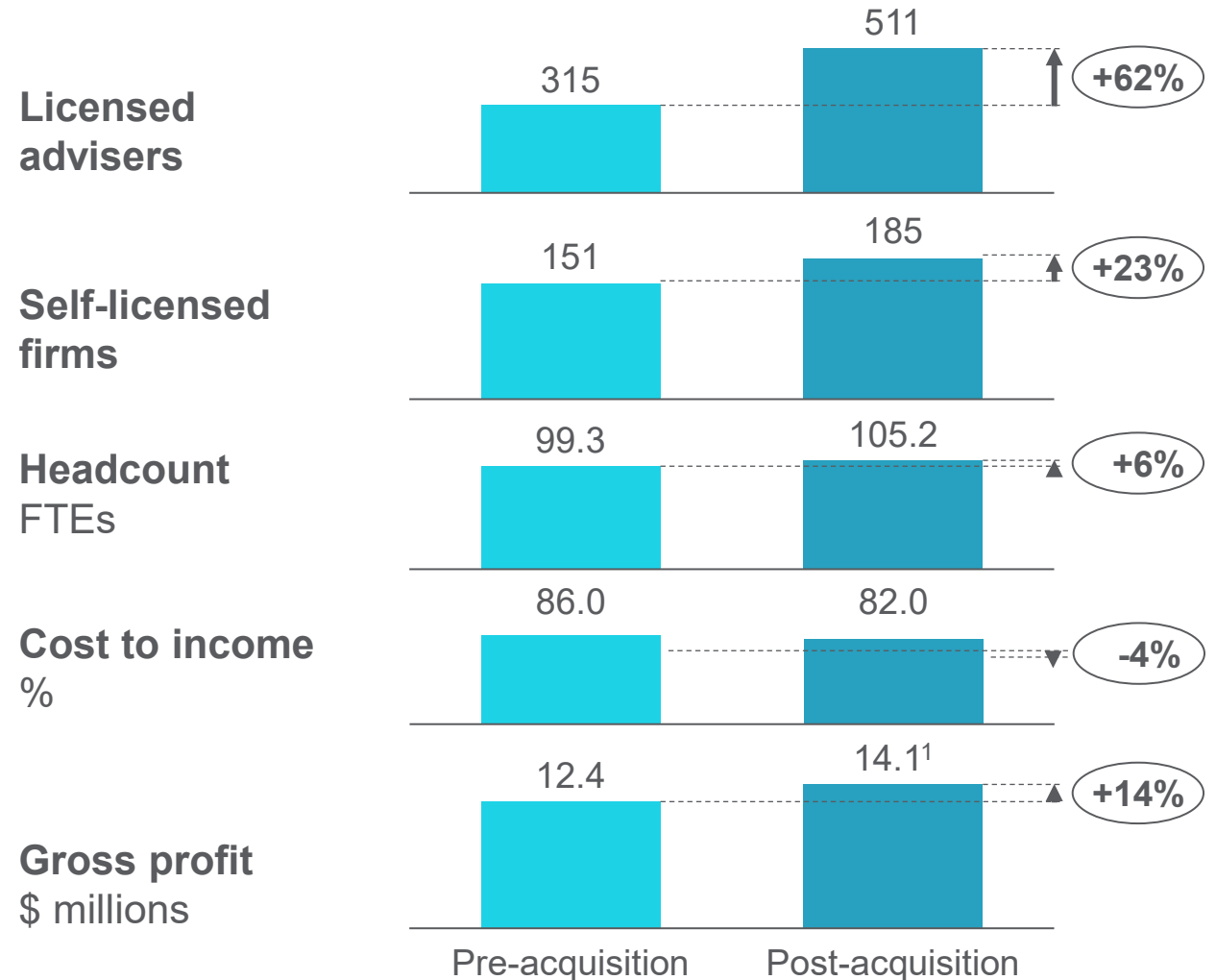
0.5c
Ordinary



KEY MESSAGES

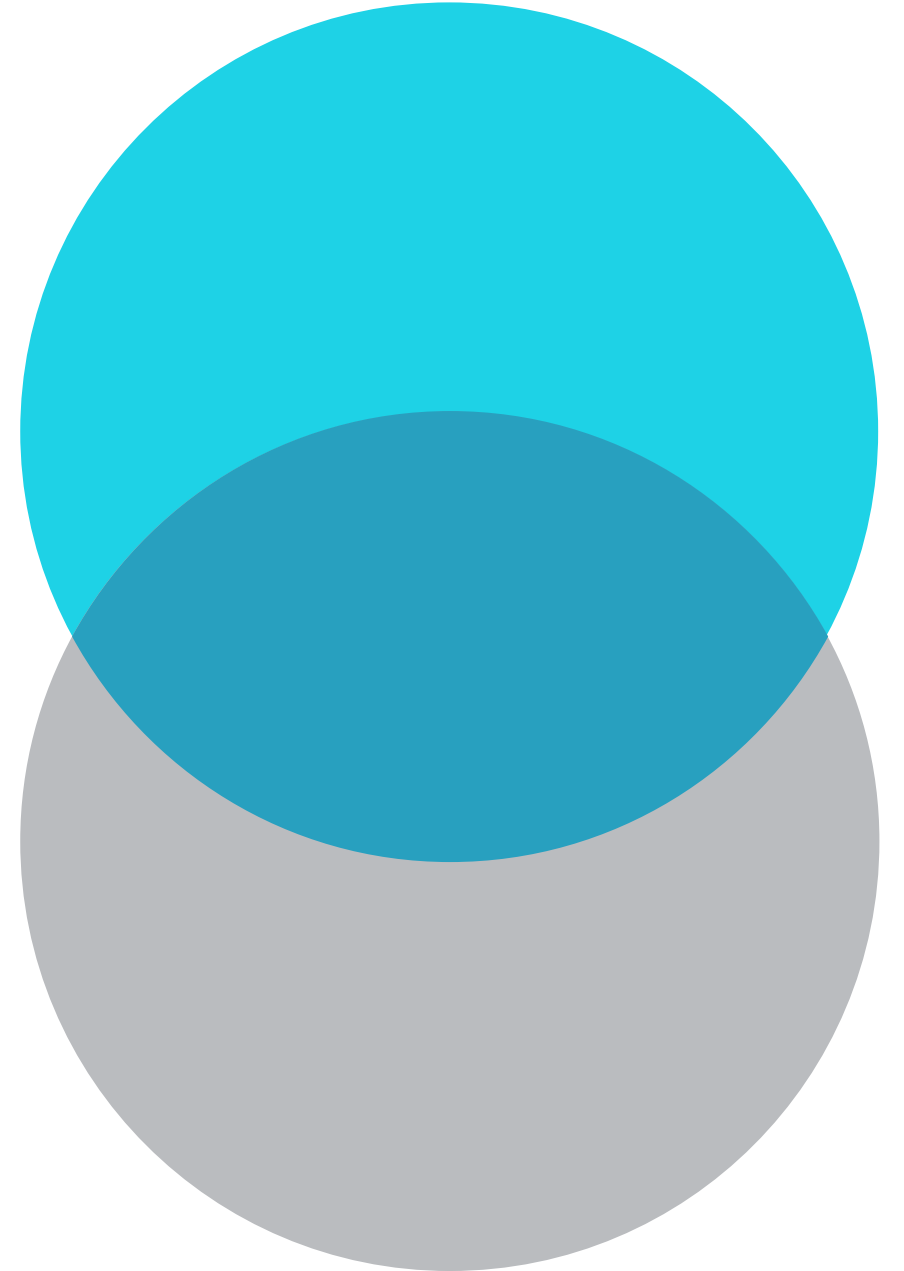
- Completed 1 Nov 2021
- Delivering scale and efficiency
- Organisation structure implemented day 1
- Strengthened leadership team
- Strong adviser retention
- Material expense synergies

ClearView Advice acquisition has transformed Centrepont Alliance



¹ \$14.1 million gross profit includes 2 months of ClearView Advice revenue (\$1.7 million)
 Source: Centrepont Alliance financial analysis; H122 financial results

STRATEGY AND PROGRESS



Market Opportunity

THE NEED FOR ADVICE HAS NEVER BEEN GREATER

\$13.4 trillion in household assets¹

\$3.4 trillion in super

\$8.9 trillion land and dwellings

\$2.9 trillion investments

\$3.5 trillion inter-generational wealth transfer³



The great **shift from accumulation to retirement** incomes driven by the ageing population



Increased complexity through the interplay of superannuation, retirement, tax and social security



Reduced accessibility to financial advisers – adviser numbers - **more demand and less advisers**



\$3.4 trillion in superannuation¹
4th largest pool globally²



Longevity – Australians are living longer, **risk of outliving their retirement savings**

¹ Source: ABS National Accounts June 2021.

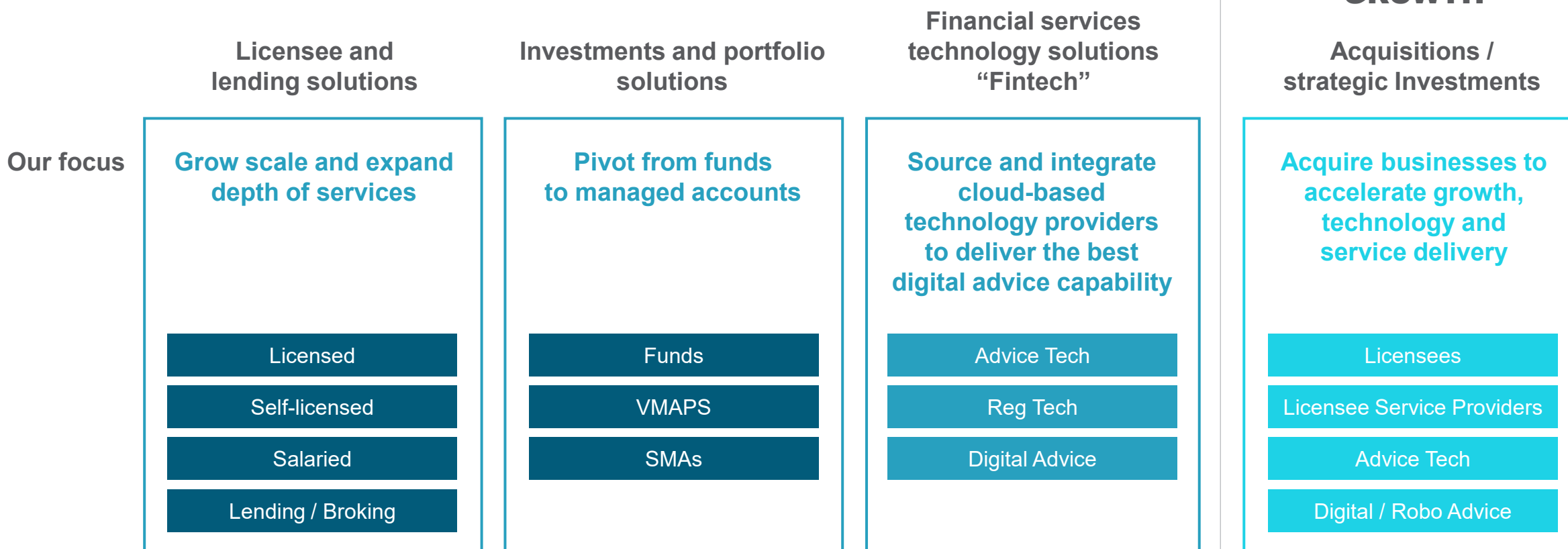
² Source: Willis Towers Watson [Global Pensions Asset Study – 2020](#).

³ Source: McCrindle, 2017, Wealth Transfer Report.

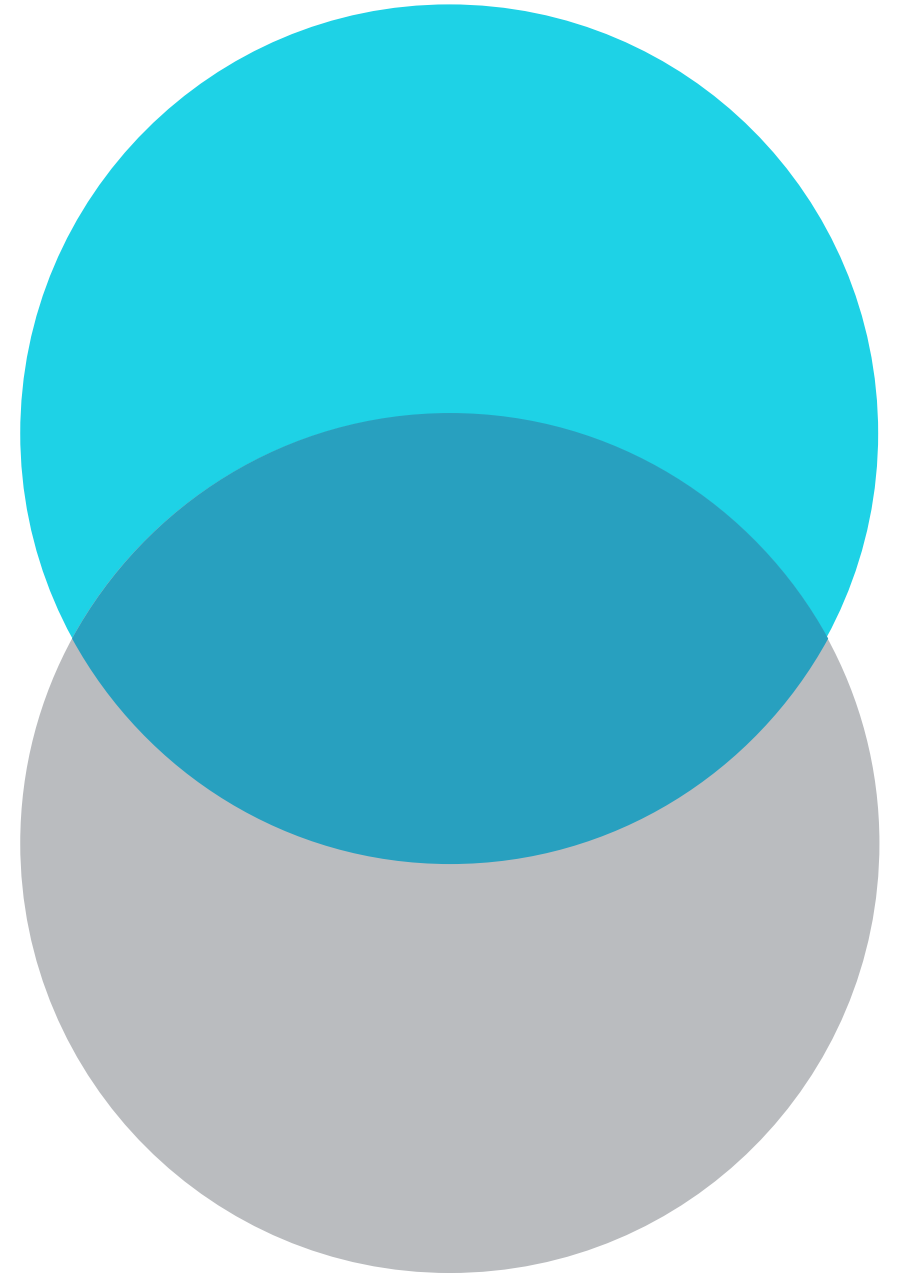
Centrepoint's growth strategy will leverage existing capabilities

■ Focus for today's update

THREE CORE STRATEGIC PILLARS FOR GROWTH



LICENSEE SOLUTIONS



Centrepoint is building scale

LICENSEE RANKING

Number of authorised representatives

Rank	Licensee group	No of AR's	Net growth
#1	INSIGNIA (IOOF)	1,226	-532
#2	AMP	1,110	-363
#3	Centrepoint	525	27
#4	Diverger (Easton)	464	-182
#5	Morgans	446	- 48
#6	Synchron	384	-123
#7	Sequoia	311	-76
#8	Ord Minnett	290	-46
#9	NTAA	285	-544
#10	NAB	278	- 24

CAF has performed well relative to peers and is now #3 in the market

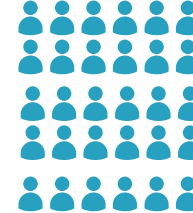
The only top-10 Licensee to have net growth (in addition to acquiring ClearView Advice)

Organic growth remains difficult to achieve – ignoring smaller AFSLs growing off a small base, no group is posting meaningful increases in adviser numbers, most are shrinking

Centrepoint has a strong presence with self licensed advisers and is investing to grow this important segment

SELF LICENSED MARKET

 **2,000¹**
self-licensed firms

 **6,000**
AR's

 **35%**
Self-licensed market share

CENTREPOINT



185 firms

9% market share

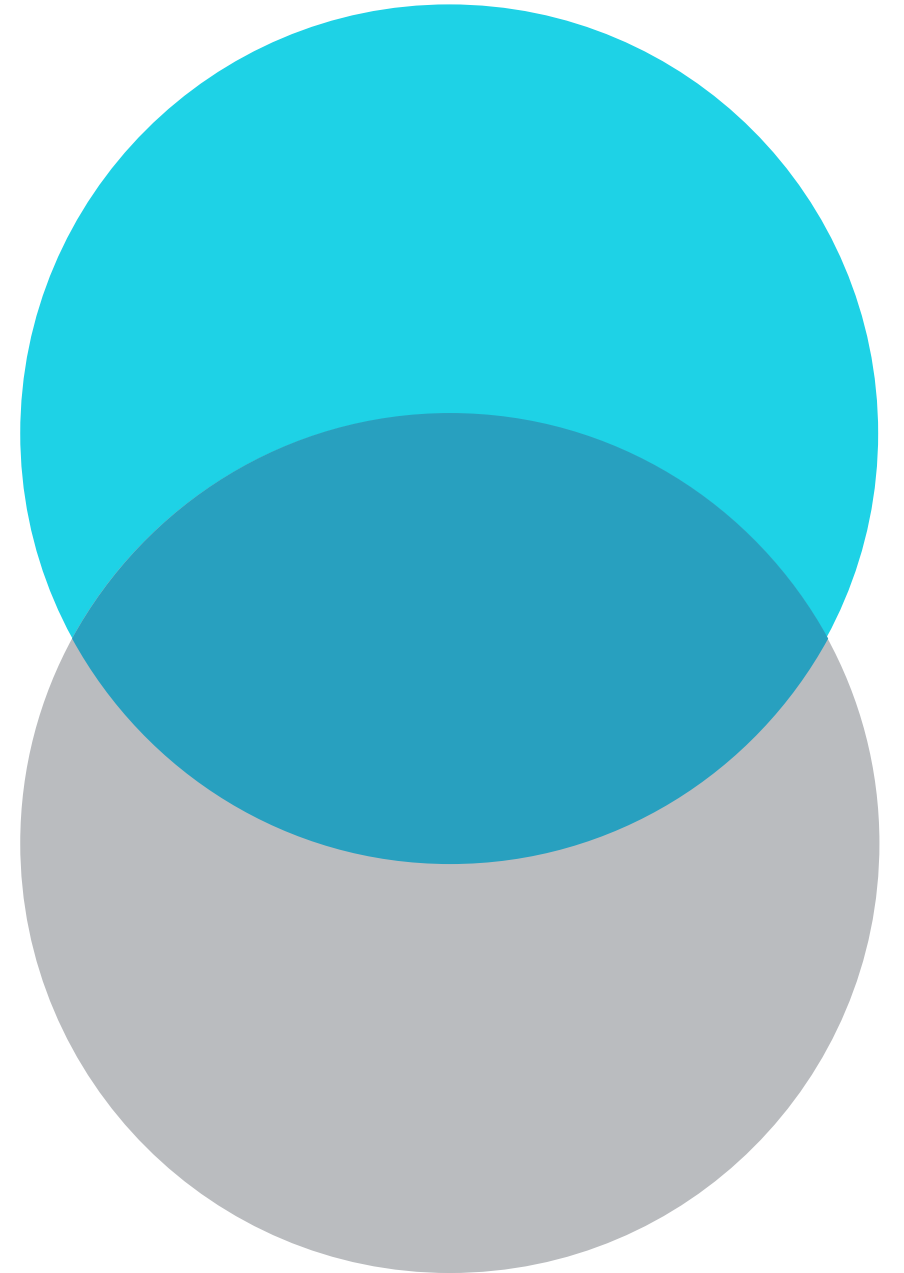
700¹ authorised representatives

- Centrepoint has a strong presence in the marketplace
- Market share of small AFSLs has increased as many advisers are now seeking greater control over their business
- Legislative and regulatory environment is complex and small AFSLs need assistance

STRATEGY

1. **Relaunch La Vista** – continue to develop La Vista as specialist self-licensed brand
2. **Recruit new firms** – attract new firms with quality of our service offer
3. **Increase depth of relationship with existing firms** – develop new services

LENDING SOLUTIONS



The Lending Market is attractive and there is a natural synergy with Centrepont advisers



RESIDENTIAL

\$480b¹
market

\$3b²
revenue pool

Brokers write
\$297b¹
loans



COMMERCIAL

\$420b³
market

\$2-3b⁴
revenue pool

Brokers write
~\$168b



CHANNEL MIX¹

60% Brokers

40% Direct Bank



BROKERS

16,000

Aggregators⁵
AFG

3,000+ brokers

Connective
3,000+ brokers

Loan market
~3,500 brokers

Finsure
~1,500 brokers



MARKET OPPORTUNITY



Residential

1% penetration

~ \$5b loans

~ \$30m revenue



Commercial

1% penetration

~ \$4b loans

~ \$25m revenue

1 Mortgage and Finance Association of Australia

2 CAF Estimate based on 60bps margin

3 Estimate Astute Financial Commercial Manager

4 CAF Estimate based on 50bps margin

5 CAF Estimate

Centrepoint has the infrastructure, distribution and capability to grow the lending business

BOUTIQUE PROVIDER OF LENDING SERVICES

- Credit licence
- Lending infrastructure
- Technology
- Lender panel
- Compliance and audits
- Training and business development
- Sense of community

Business snapshot

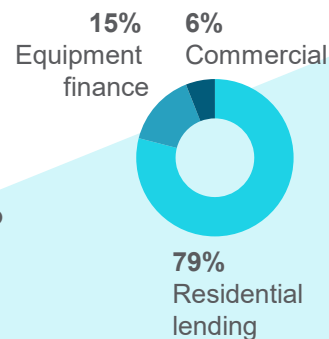
\$3b loan book

80 brokers in network

48%
increase in volume on PCP

\$750k EBITDA

Revenue mix



NETWORK POTENTIAL (RESIDENTIAL)

\$54b in loans in the network¹

~ \$11b financed each year

\$65m upfront revenue

\$16m recurring p.a.

STRATEGY

PRIORITY 1

Enable advisers to participate in lending

- Increase the number of brokers by enabling advisers to become accredited to give credit advice or write loans
- Provide Adviser clients, a refinance/repricing service on their loan

PRIORITY 2

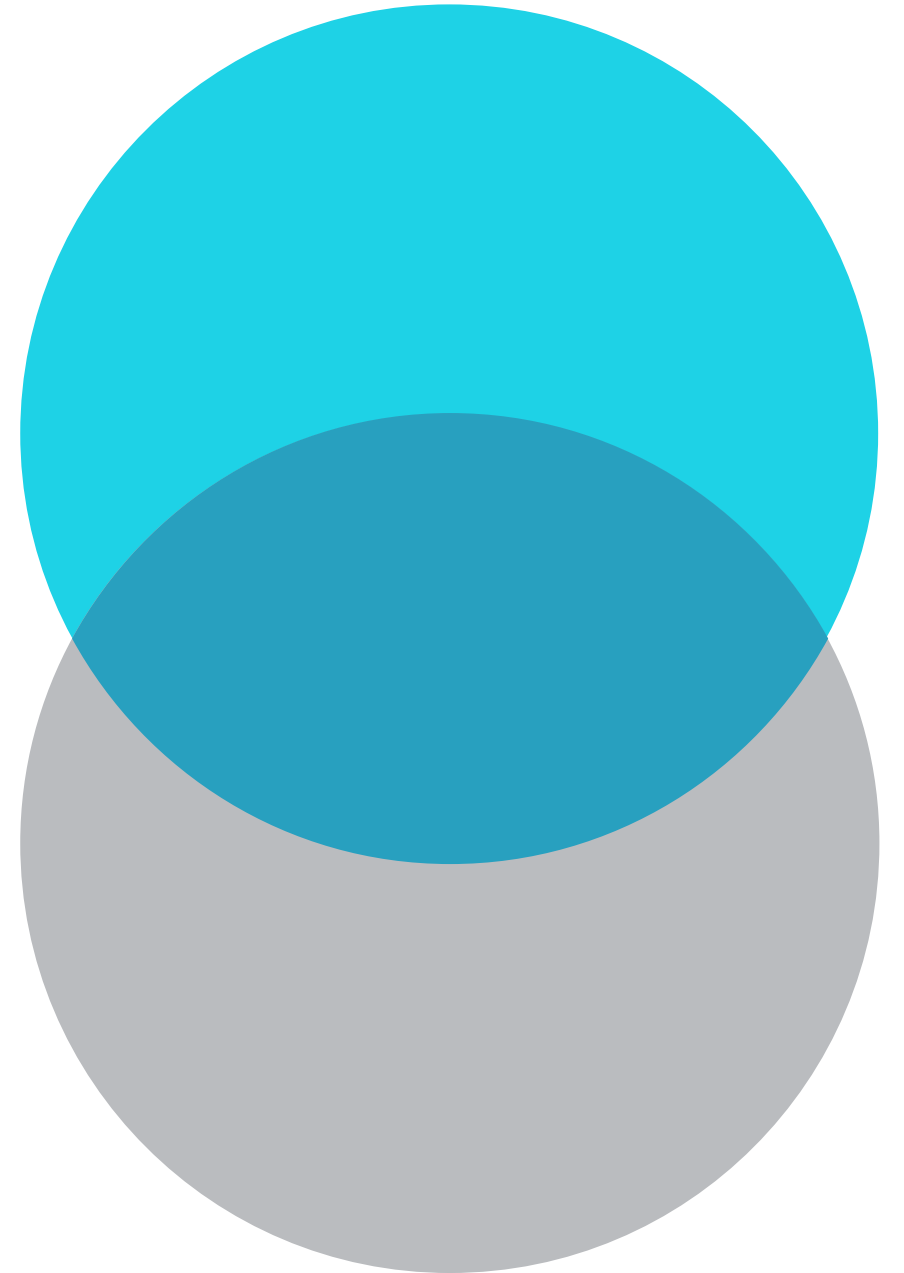
Assess 'Fintech' lending opportunity

- B2C and B2B digital lending service
- Build 'web front end' on lending infrastructure and service model



Assumptions: 1200 Advisers x 100 clients >120,000 clients (CAF)
Home Ownership 65.6% Australia (ABS)
~ 20% refinance + new loans per year (CAF Estimate)
\$688k average loan (Centrepoint Actual)
60bps upfront / 15 bps recurring (Centrepoint data)

INVESTMENT SOLUTIONS



There is an opportunity to reshape and grow the asset management business

THE MARKET

\$990b¹ Platform Market

\$111b² in Managed accounts

Forecast to **\$243b²** by 2024

Managed accounts

- Non unitised managed investments
- Diversified portfolios
- Efficient for advisers and investors
- Professional managers make investment decisions

CENTREPOINT NETWORK

\$42b³ in funds under advice

Ventura Asset Management +20 years

\$730m in Funds Under Management

Managed funds and Managed accounts

~ \$400m in VMAPS

Open architecture

- Strong research capability
- Over 1,100 products on APL
- 10 major platforms
- 900 Managed Funds
- 28 SMAs
- 9 Life insurance providers

ASSET MANAGEMENT STRATEGY

To offer the highest quality asset management, competitively priced in efficient diversified portfolios

3 key initiatives

1. Divest legacy funds to Russell Investment Management Limited
2. Relaunch VMAPS with refreshed investment options, improved pricing and functionality
3. Launch a range of SMAs leveraging current research models



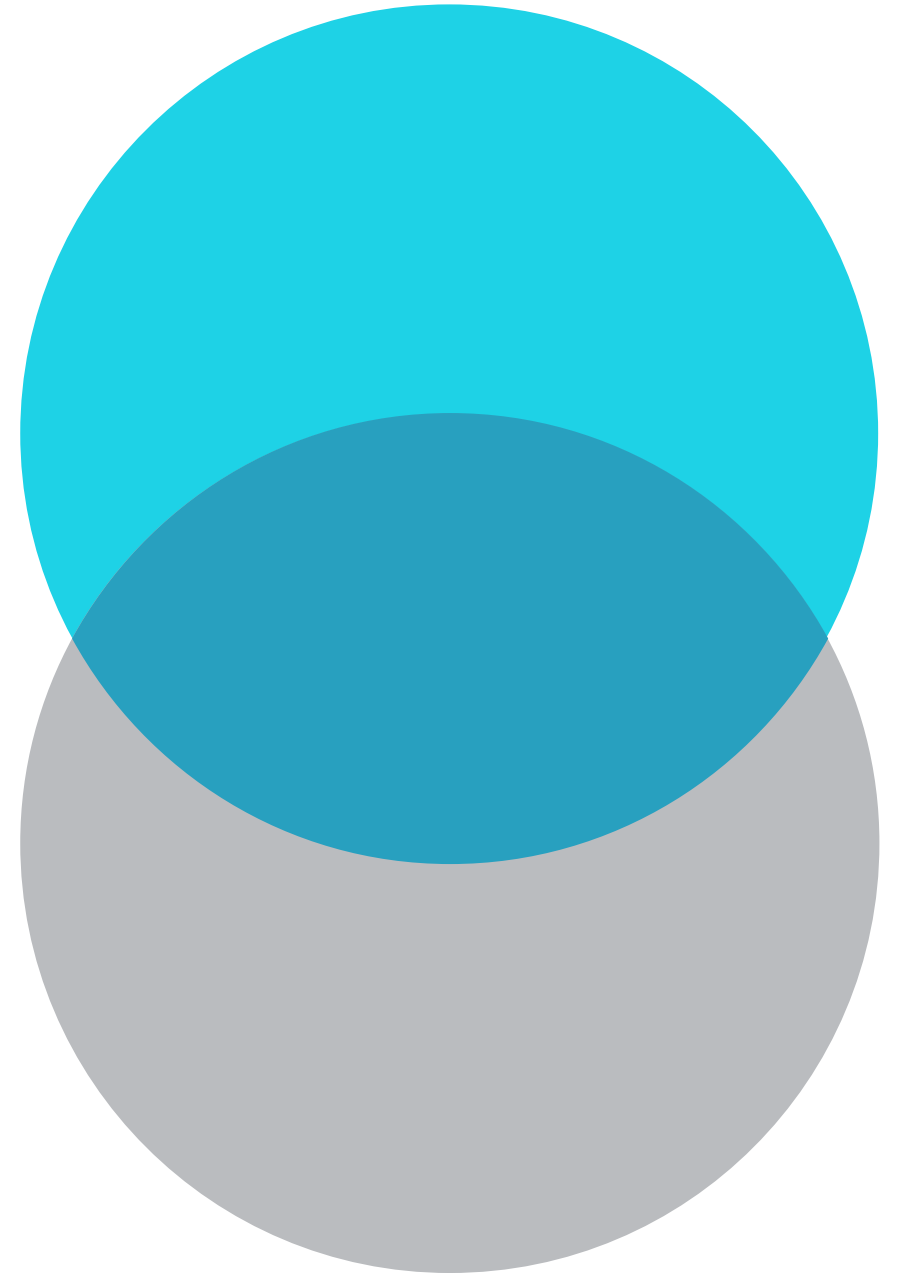
¹ Plan for Life Research – Wraps, Platforms and Master Trusts Sept 2021

² Institute of Managed Account Professionals June 2021

³ CAF Estimate 1200 advisers x 100 clients x \$350k average balance

FINANCIAL RESULTS

Brendon Glass, CFO



Financial results summary

For the period	H121 (\$m)	H221 (\$m)	H122 ¹ (\$m)
Gross Revenue	70.6	68.6	95.5
Adviser fees and commissions	(55.1)	(56.0)	(81.4)
Gross Profit	15.5	12.6	14.1
Management Expenses	(13.3)	(11.4)	(11.6)
EBITDA (excluding Legacy Claims, LTI & One-Off Costs)	2.2	1.2	2.5
Cost to Income Ratio	86%	90%	82%
Legacy Claims	0.0	0.0	0.0
LTI Costs	(0.1)	(0.2)	(0.4)
One-Off Costs	-	-	(0.5)
EBITDA	2.1	1.0	1.6
Depreciation, Amortisation, Impairment, Finance Costs	(0.9)	(0.7)	(0.7)
Profit/(Loss) before Tax	1.2	0.3	0.9
Tax	0.4	0.0	(0.4)
Net Profit/(Loss) after Tax	1.6	0.3	0.5

- Gross revenue up \$24.9m (+35% PCP) driven by \$9.4m organic licensed adviser growth and \$15.5m through ClearView Advice acquisition in gross commissions and adviser fee received
- Gross profit down 9% on PCP with rebate drop-off and investment margin run-off being replaced by annuitised adviser fee revenue
- Management expenses down 13% on PCP (20% excluding ClearView Advice acquisition)². Primarily driven by \$1.2m employment expense saving from a complete structural redesign concurrent to the acquisition
- Cost to income at 82% - improvement over PCP due to active cost management, despite gross profit decline
- EBITDA (excluding legacy claims, LTI & one-off costs) of \$2.5m ahead of PCP due to expense reduction on account of employment synergies driven by ClearView Advice acquisition
- PBT of \$0.9m down \$0.3m on PCP due to acquisition related one-off transaction costs related to legal, consulting and transition resources

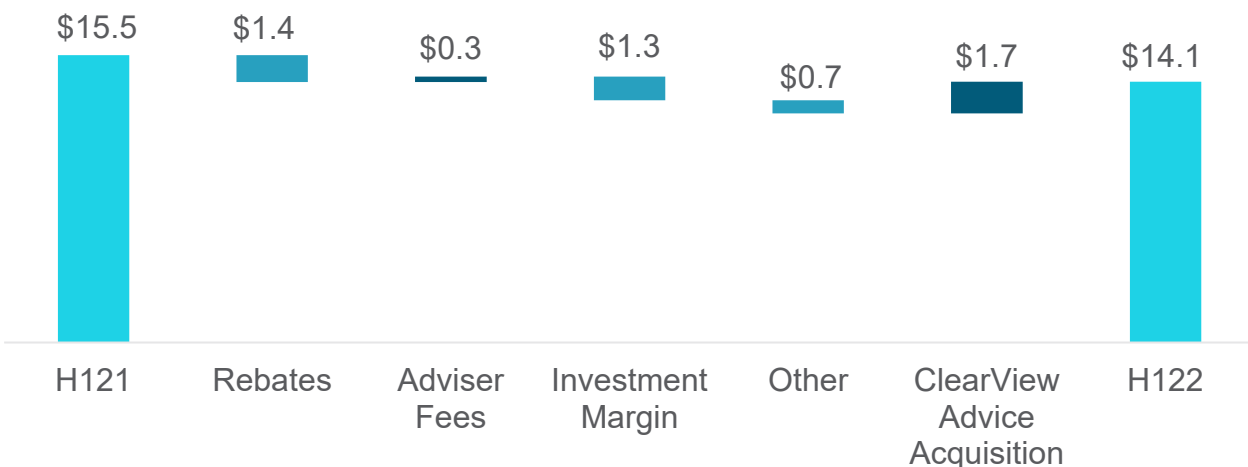
Sources: Centrepont Alliance financial analysis; H122 financial results.

Note: 1 Contributed revenue for ClearView Advice acquisition is for two months in H122 (Nov 2021 & Dec 2021).

Note: 2 Statutory expenses down 8% on PCP.

Revenue and expense analysis

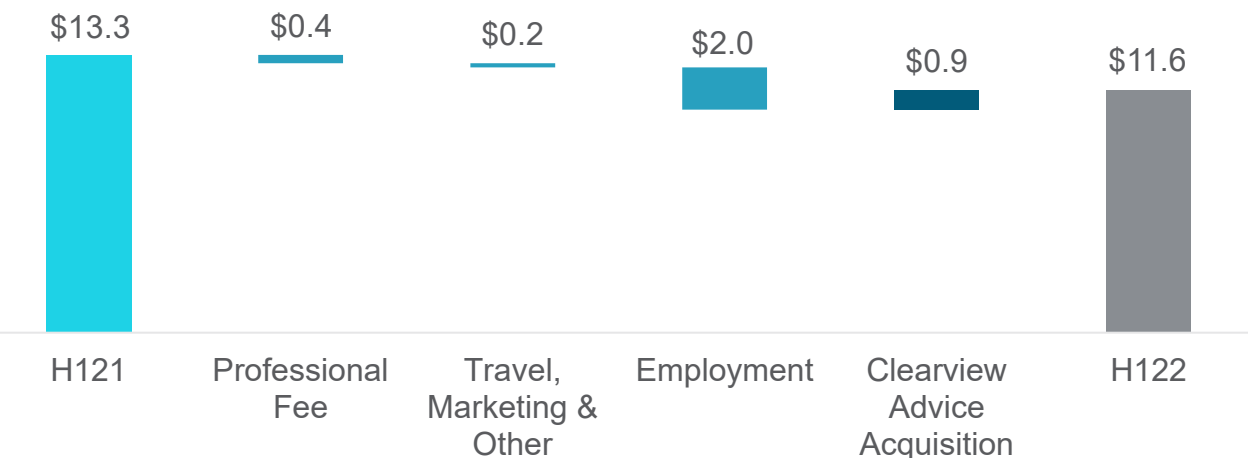
Net Revenue movement (\$m)



Key revenue movements (PCP) :

- Rebates down \$1.4m due to grandfathered rebates that have runoffs, with platform rebates ceased from 1 Jan 2021
- Investment margin down \$1.3m due to higher fund custody charges and lower platforms margin (BT, Insignia / IOOF and Navigator platforms ceasing)
- ClearView Advice acquisition partially offset the overall revenue decline with \$1.7m in contributed revenue. Contributed revenue is for two months effective Nov 2021 (adviser fee and employed planners)

Expense movement (\$m)



Key expense movements (PCP) :

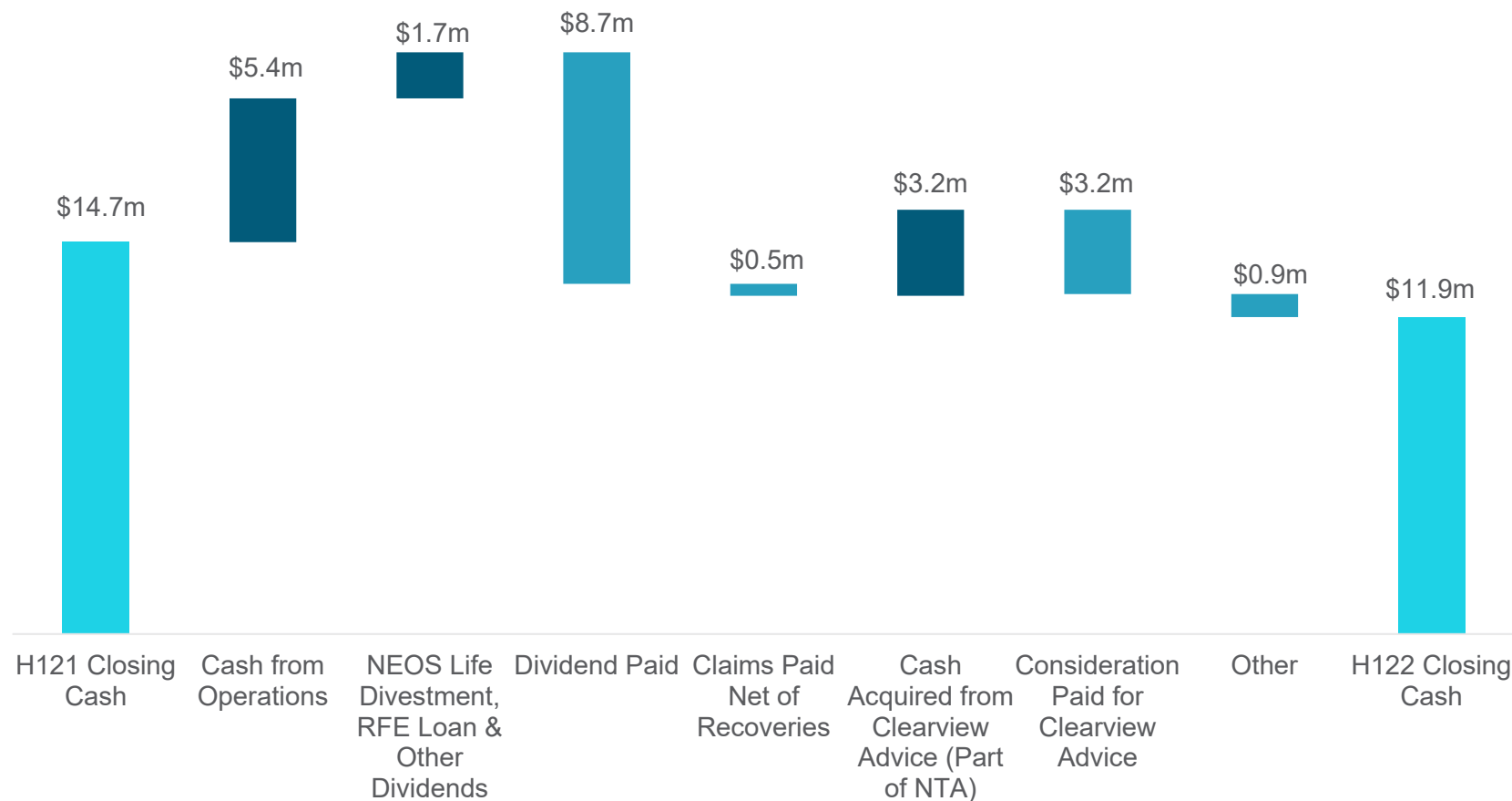
- Excluding impact of ClearView Advice acquisition, down \$2.6m (20%) mainly driven by:
 - Professional fee down \$0.4m (42%) due to lower consulting costs
 - Travel, Marketing & Other down \$0.2m (6%) due to lower spend with COVID-19 restrictions
 - Employment down \$2.0m (22%) . Headcount has only risen by a total of 6 to 105.2 after the acquisition of ClearView

BALANCE SHEET

For the period ended	30Jun21 (\$m)	31Dec21 (\$m)
Cash & Term Deposits	11.1	11.9
Trade and Other Receivables	6.7	6.9
Loans Receivable	1.2	0.6
Intangible Assets and Goodwill	3.1	18.1
Other Assets	5.0	5.8
Total Assets	27.1	43.3
Trade and Other Payables	9.8	13.0
Claims Provision	1.9	2.0
Other liabilities	4.2	6.3
Total liabilities	15.9	21.2
Net Assets	11.2	22.1
Net Tangible Assets	5.2	4.2
Net Tangible Assets (cents per share)	3.6	2.6

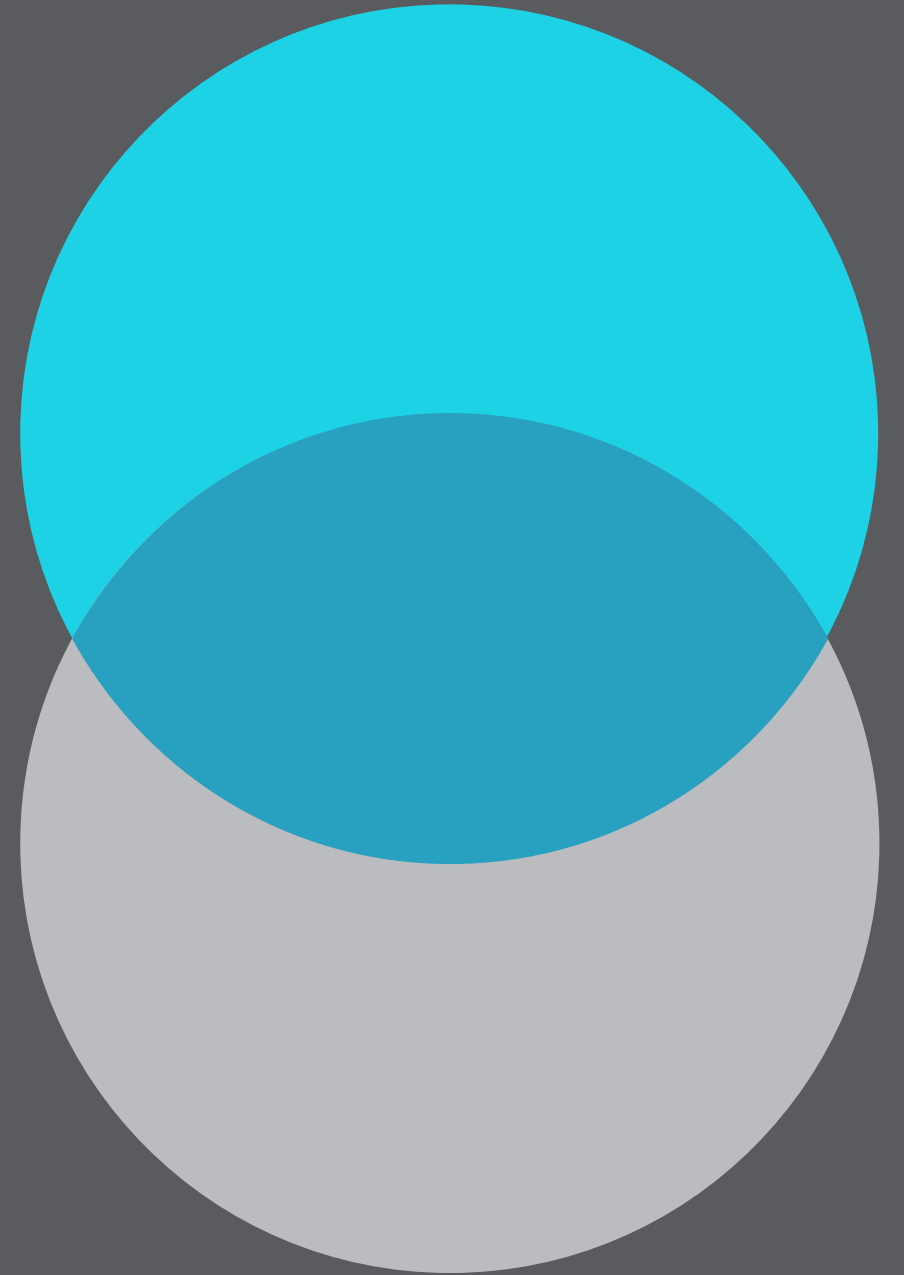
- Cash of \$11.9m up \$0.8m on Jun 2021 primarily due to cash flow from operations
- Loans receivable reduced due to \$1.1m Neos Life final repayment, offset by \$0.5m increase in adviser loans
- Intangibles increased by \$15.0m with ClearView Advice acquisition, comprising \$6.7m goodwill, \$8.0m client lists and \$0.6m trade name, offset by \$0.3m amortisation
- Claims provisions: 3 open legacy claims (PCP 20)
- Net Assets increased primarily due to \$0.5m net profit generated during H1 FY22, \$13.3m increase in issued capital from ClearView acquisition, offset by \$2.9m dividends paid

Cash movement (over calendar year 2021)



- Cash at 31 Dec 2021 \$11.9m
- Calendar Year 2021 Cash from operations \$5.4m
- Neos Life divestment \$1.1m, RFE loan recoveries \$0.3m and Other dividend/interest \$0.3m
- Dividends paid \$8.7m (\$5.8m H221 and \$2.9m H122)
- Claims paid out \$0.5m (net of recoveries)
- \$3.2m cash acquired as part of ClearView Advice acquisition, offsetting the \$3.2m cash consideration paid in Nov 2021
- Other \$0.9m consisting of PP&E acquisition, finance costs and repayment of lease liabilities

APPENDIX



Corporate snapshot

Capital structure

ASX stock code	CAF
H122 gross revenue	\$95.5m
Cash balance as at 31 Dec 2021	\$11.9m
Share price as at 15 Feb 2022	\$0.26
Shares on issue	195.9m
Performance rights (nil ex price, various expiries)	11.0m

Experienced and invested leadership team

Board & Management	Role	Shares held As at 15/11/21
Mr Alan Fisher	Non-Executive Chairman	-
Mr John Shuttleworth	Chief Executive Officer	-
Mr Georg Chmiel	Non-Executive Director	0.8m (0.4%)
Mr Martin Pretty	Non-Executive Director	0.1m (0.1%)
Mr Alexander Beard	Non-Executive Director	11.0m (5.6%)
Mr Simon Swanson	Non-Executive Director	-
Mr Brendon Glass	Chief Financial Officer	-
Total Board & KMP		11.9m (6.1%)

Top shareholders

Investors As at 15/11/2021	Shares held (% of SOI)
Thorney Investment Group	52.0m (26.5%)
ClearView Wealth Ltd	48.0m (24.5%)
Alexander Beard	11.0m (5.6%)
Alan Crozier	6.0m (3.1%)
Richard Nelson	4.1m (2.1%)
Total Top 20	146.9m (75.0%)