



# FY23 RESULTS

## PRESENTATION AND STRATEGY UPDATE

John Shuttleworth, CEO

Brendon Glass, CFO

August 2023



## Disclaimer

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All numbers are as at 30 June 2023 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

John Shuttleworth, CEO

## FINANCIAL RESULTS

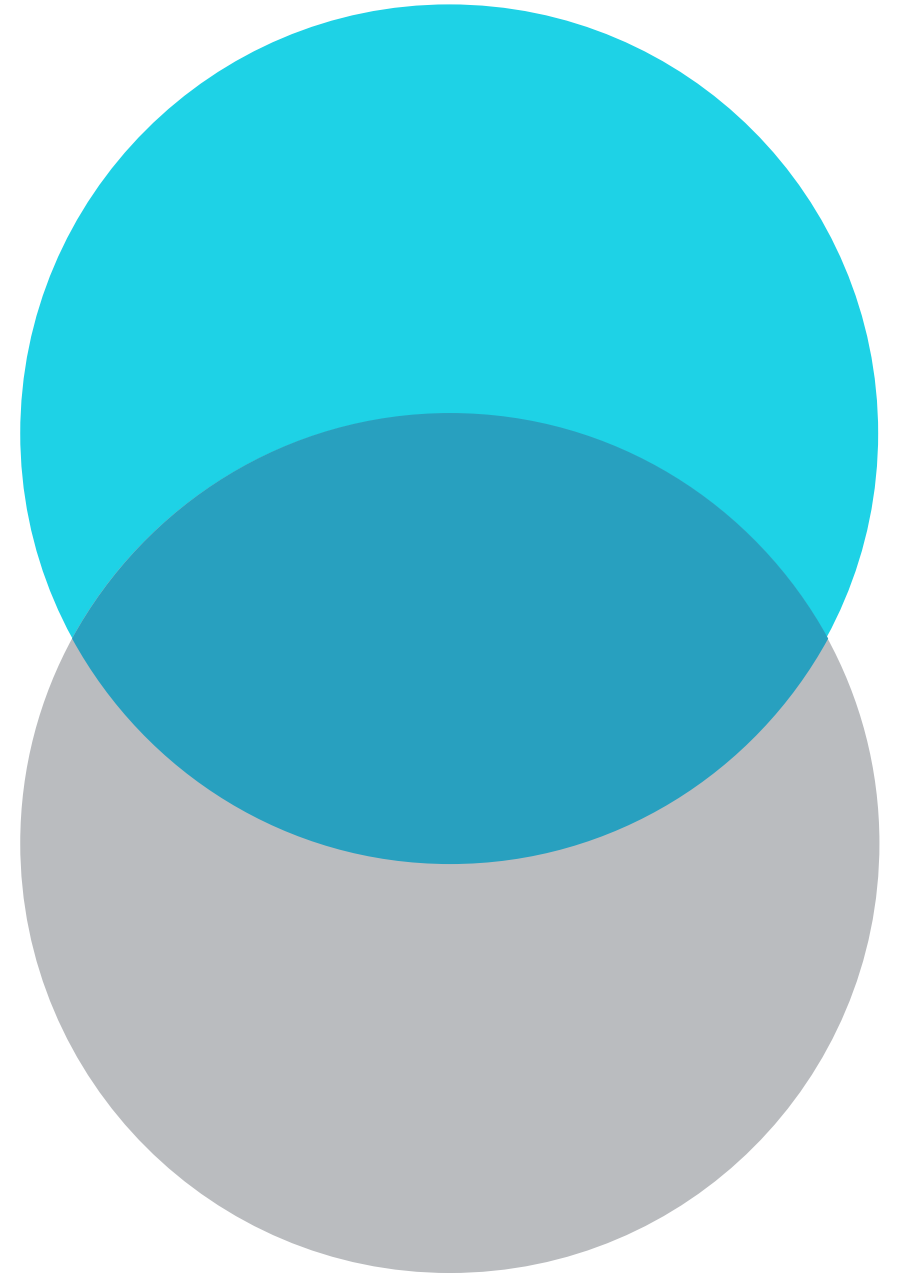
Brendon Glass, CFO

## STRATEGY UPDATE & OUTLOOK

John Shuttleworth, CEO

# BUSINESS RESULTS

John Shuttleworth, CEO



## Key highlights for FY23

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**The Group is well positioned with strong earnings and balance sheet to capitalise on the positive changes occurring in the industry**

- Strong FY23 result with revenue and profit growth
- Strong balance sheet
- Final dividend 2 cents (full year 3 cents)
- Clear number three in the market
- Scalable and efficient business post integration
- New initiatives are building momentum, Lending as a Service and Managed Accounts
- Industry is showing signs of growth returning
- \$10m debt facility secured to assist with organic growth or M&A

# Snapshot of FY23 results



**\$271.6m**

Gross revenue



**\$43m**

+19%  
on FY22



**\$7.6m**

EBITDA (normalised)

Excludes asset sales,  
LTI and one-off costs



**\$0.4m**

+5.6%  
on FY22



**\$32.5m**

Gross profit



**\$1.3m**

+4%  
on FY22



**\$6.6m**

Profit before tax



**\$4m**

+154%  
on FY22

Primarily \$1.8m from asset sales  
(Ventura) and \$0.4m increased  
EBITDA



**\$15.6m**

Cash

at 30 June 2023



**6%**

on 30 June 22



**Dividend**

Fully franked to be paid  
29 Sept 2023

**2¢ +**

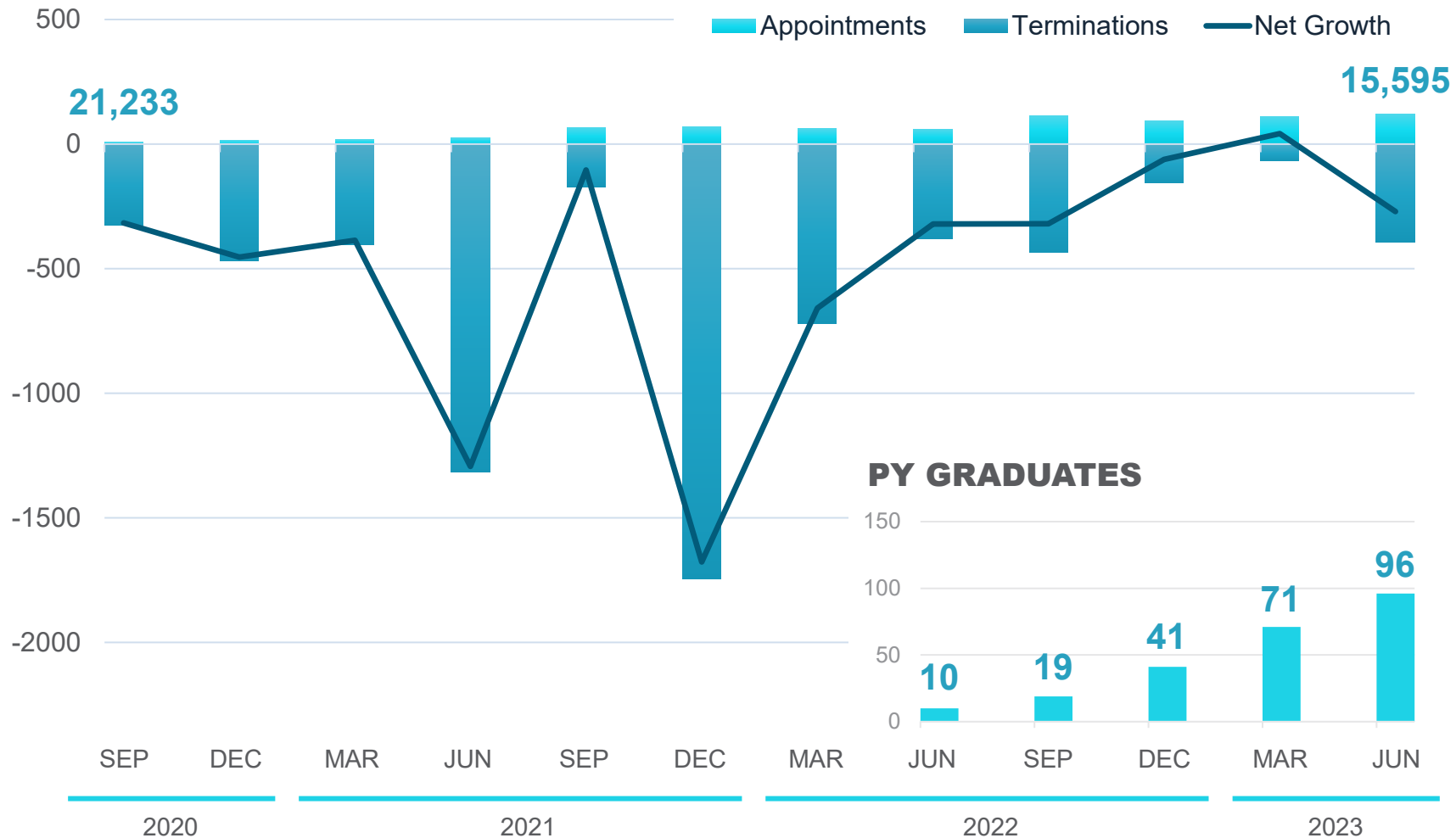
Fully franked paid  
17 March 2023

**1¢ Interim**

0.5c ordinary  
+ 0.5c special

# Adviser numbers have stabilised and there are 'green shoots'

## CHANGE IN AR NUMBERS<sup>1</sup>



AR numbers have stabilised in the last 3 quarters (after large falls for the prior 16 quarters)

Professional Year graduate numbers are growing off a small base











'Experience Pathway'<sup>2</sup> will retain advisers and may result in advisers re-entering

1. Wealthdata / ASIC

2. Experience Pathway is legislation that recognises prior experience exempting advisers from new education standards

# Centrepoint has performed strongly over the last two years relative to peers and is now the number 3 licensee in the market based on adviser rankings

## CHANGES IN ADVISER NUMBERS BY LICENSEE 1/7/2021 TO 30/06/2023

RANK	LICENSEE GROUP	NUMBER OF ARS <sup>1</sup>	APPOINTMENTS	RESIGNATIONS	NET CHANGE
1	 Insignia Financial	975	196	653	<b>-457</b>
2	 AMP	901	145	528	<b>-383</b>
3	 CENTREPOINT ALLIANCE	510	172	160	<b>12</b>
4	 wealthtoday	428	93	303	<b>-210</b>
5	 diverger	396	92	233	<b>-141</b>
6	 CountPlus	378	132	161	<b>-29</b>
7	 sequoia WEALTH MANAGEMENT	316	107	145	<b>-38</b>
8	 Lifespan FINANCIAL PLANNING	255	76	71	<b>5</b>
9	 Capstone FINANCIAL PLANNING	253	71	74	<b>-3</b>
10	 NTAA	246	25	445	<b>-420</b>

<sup>1</sup> Authorised Representatives

Source: Wealthdata. Note appointments and resignations of ARs of entities purchased by the Licensee Group during the period are included in the statistics.



## Service response times and consistency continue to improve

<b>SERVICE AREA</b>	<b>AVERAGE DAYS TO CLOSE FY22</b>	<b>AVERAGE DAYS TO CLOSE FY23</b>
Advice revenue processing	1.54	1.35
Education	3.25	2.37
Practice transitions	2.06	1.27
Technical advice	0.51	0.26
Governance and standards	0.98	2.15
Research	2.1	2.82
<b>Average</b>	<b>1.74</b>	<b>1.27</b>

Response times have improved by **27%** year on year

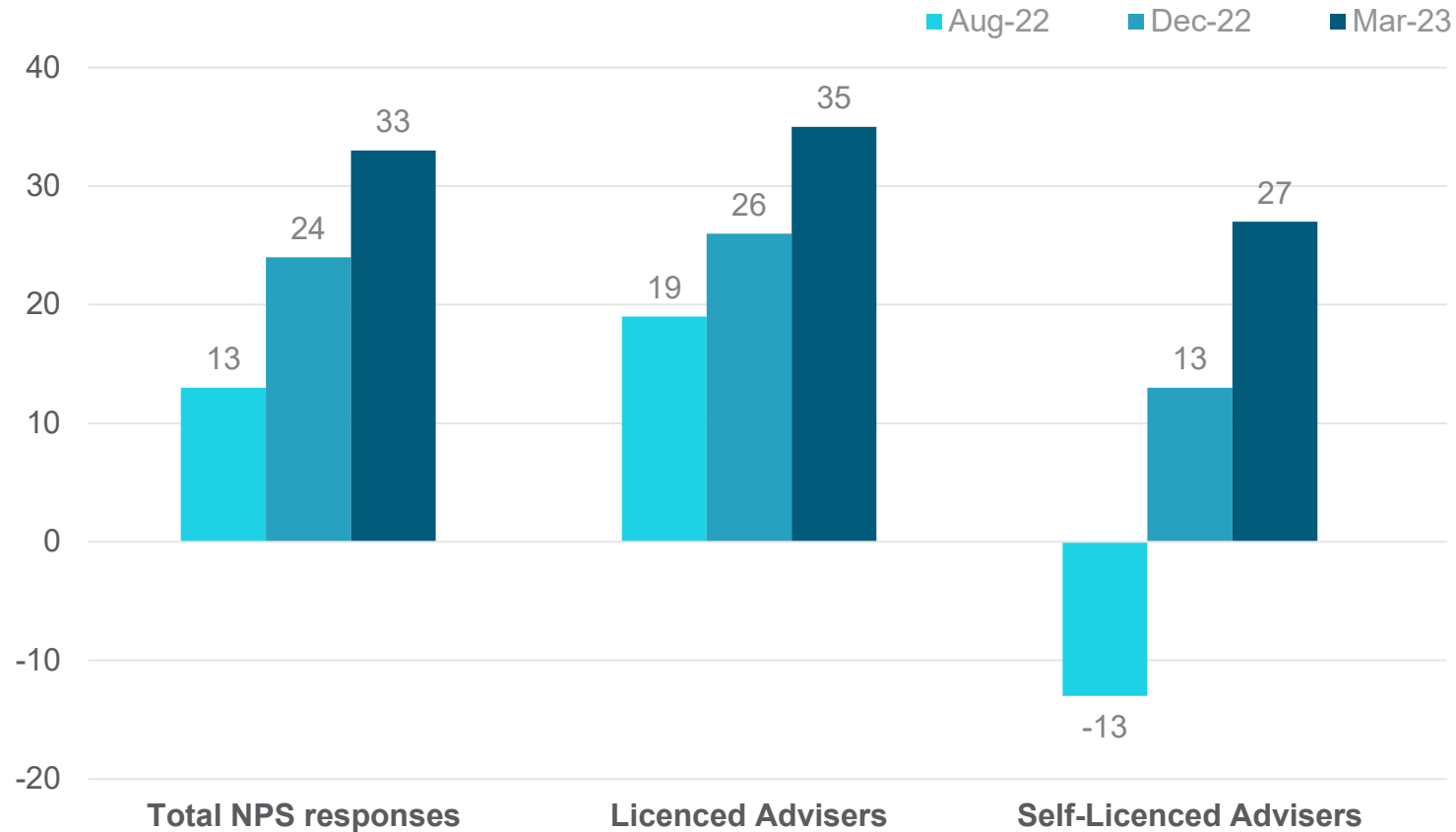
**60%** of cases resolved within 1 day  
– 12% improvement year on year

Cases for all service teams tracked in Salesforce

Over **34,000** cases raised by advisers and support staff in FY23

# Our focus on service has increased adviser satisfaction

## NET PROMOTOR SCORES BY CHANNEL

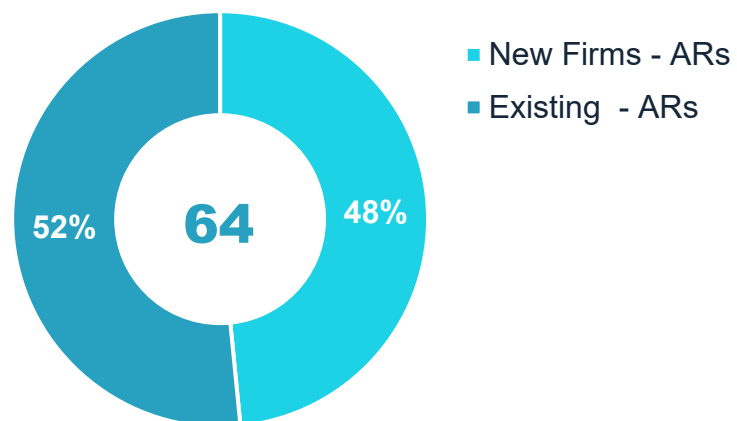


NPS adviser feedback drives service enhancements like case tracking on Salesforce, digital forms and practical compliance

# Recruitment pipeline is strong and firm attrition is negligible

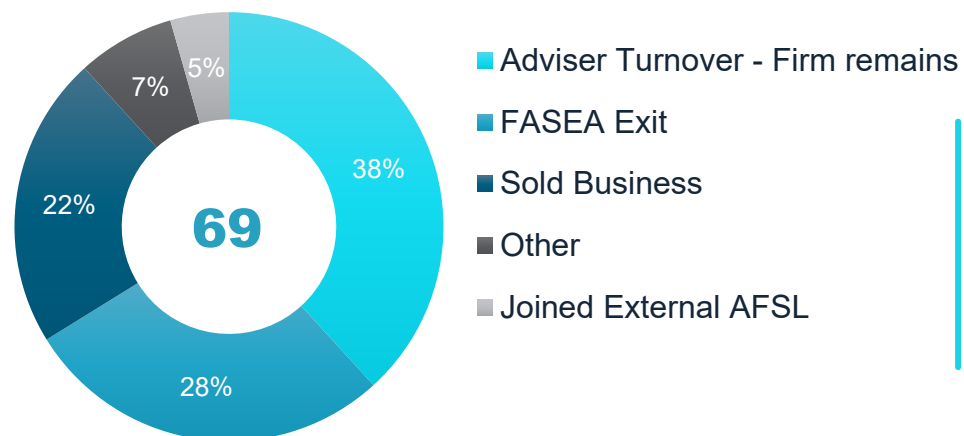
	LICENCED (ARs)	SELF- LICENCED (FIRMS)
Pipeline	271	93
Onboarding/ offer	15	5
Appointed since 1/7/2023	16	6

## APPOINTMENTS FY23



Growth in FY23 evenly balanced between existing firms growing and recruiting new firms

## TERMINATIONS FY23



28% of terminations were FASEA related  
Only 2 firms (3 ARs) left to join external AFSLs

# Centrepoint places paramount importance on both data management, privacy and data security to safeguard client data

## DATA MANAGEMENT PRIVACY

### CAF ADVISER PRACTICES

Mandated cyber measures for practice IT and Infrastructure

Mandated cybersecurity training for advisers

External system and cyber review of practice systems

Mandated secure methods for client communication



## DATA SECURITY

### CAF IT INFRASTRUCTURE

Azure cloud environment with web/filtering and ongoing vulnerabilities management

Antivirus and antimalware endpoint protection by CrowdStrike

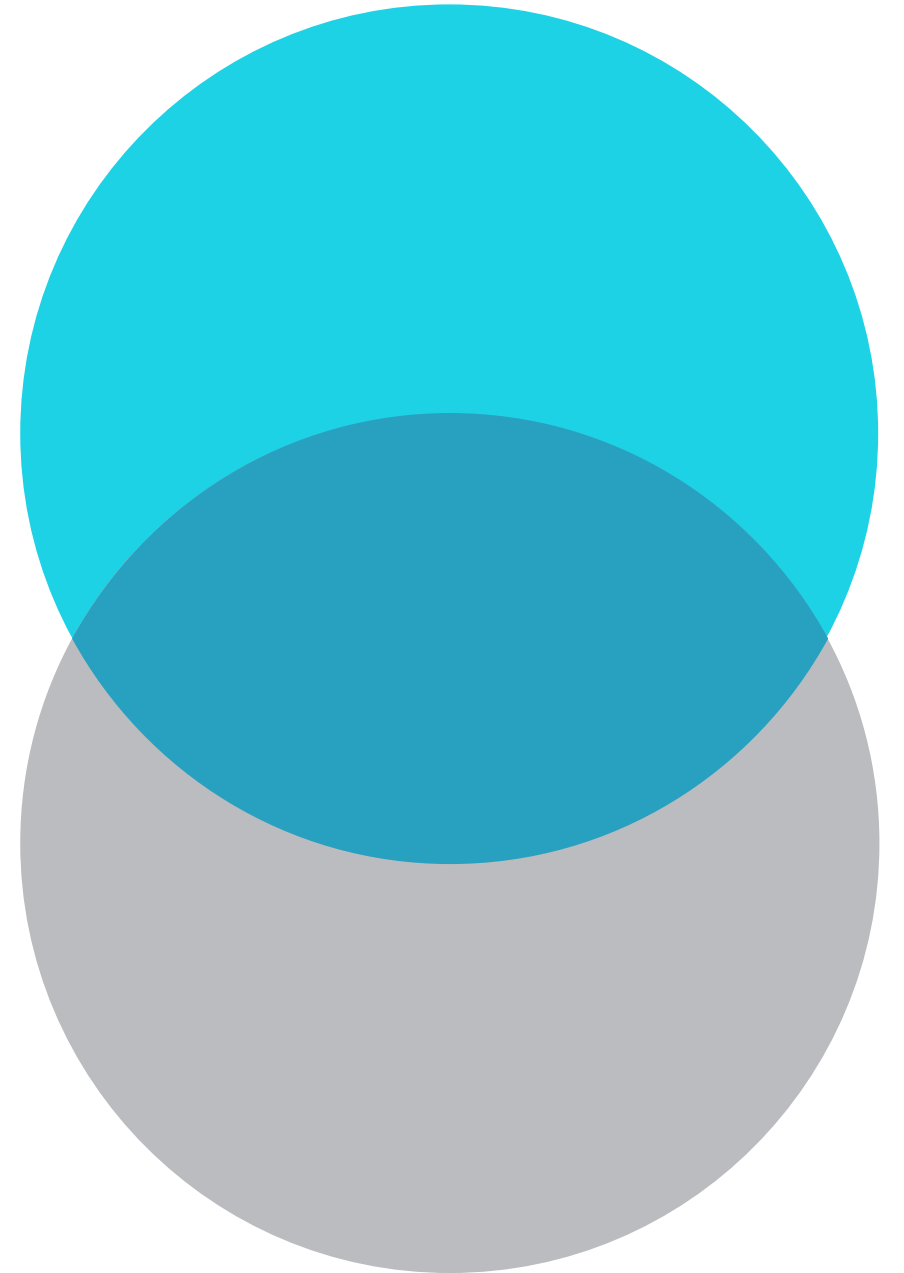
Microsoft 365 E5 licensed tenancy including the advanced identity management and governance

Next generation firewalls with 24/7 third party monitoring

Third party provider cybersecurity review process

# FINANCIAL RESULTS

Brendon Glass, CFO



## Financial results summary

For the period	FY21 (\$m)	FY22 <sup>1</sup> (\$m)	H1 FY23 (\$m)	H2 FY23 (\$m)	FY23 (\$m)
<b>Gross Revenue</b>	<b>139.2</b>	<b>228.5</b>	134.2	137.4	<b>271.6</b>
Adviser fees and commissions	(111.1)	(197.3)	(117.9)	(121.2)	(239.1)
<b>Gross Profit</b>	<b>28.1</b>	<b>31.2</b>	<b>16.3</b>	<b>16.2</b>	<b>32.5</b>
Management Expenses	(24.7)	(24.0)	(12.6)	(12.3)	(24.9)
<b>EBITDA (excluding LTI, One-Off Costs &amp; Asset Sale)</b>	<b>3.4</b>	<b>7.2</b>	<b>3.7</b>	<b>3.9</b>	<b>7.6</b>
Cost to Income Ratio	88%	77%	77%	76%	77%
LTI Costs	(0.3)	(1.6)	(0.2)	(0.2)	(0.4)
One-Off Costs	-	(1.1)	(0.4)	(0.2)	(0.6)
Asset Sale	-	-	1.6	0.2	1.8
<b>EBITDA</b>	<b>3.1</b>	<b>4.5</b>	<b>4.7</b>	<b>3.7</b>	<b>8.4</b>
Depreciation, Amortisation, Impairment, Finance Costs	(1.6)	(1.9)	(1.0)	(0.8)	(1.8)
<b>Profit/(Loss) before Tax</b>	<b>1.5</b>	<b>2.6</b>	<b>3.7</b>	<b>2.9</b>	<b>6.6</b>
Tax	0.4	3.9	(0.7)	0.4	(0.3)
<b>Net Profit/(Loss) after Tax</b>	<b>1.9</b>	<b>6.5</b>	<b>3.0</b>	<b>3.3</b>	<b>6.3</b>

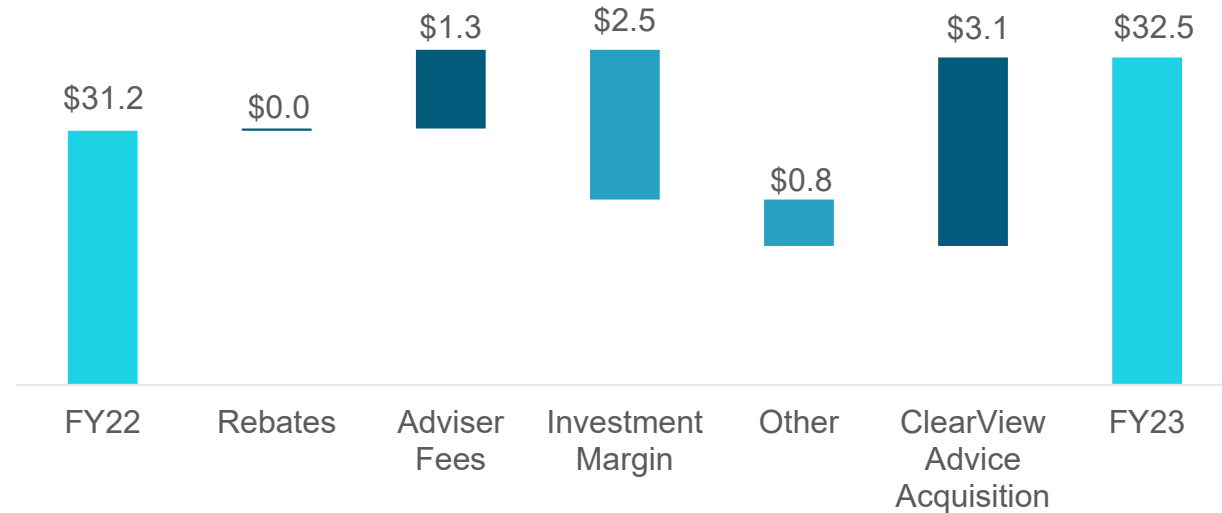
- Gross revenue up \$43.1m (+19% PCP) driven by \$22.4m organic licenced adviser growth and \$20.7m through ClearView Advice ('CVA') acquisition in gross commissions and annuitised adviser fees received
- Gross profit up 4% (+\$1.3m) on PCP driven by revenue uplift from CVA acquisition and organic licenced fee growth offsetting investment margin run-off
- Management expenses up 4% on PCP primarily driven by higher employment, marketing & travel offset by lower technology costs
- Cost to income stable at 77% from previous year
- EBITDA (excluding LTI, One-Off Costs & Asset Sales) of \$7.6m up 6% (+\$0.4m) on PCP mainly due to CVA driven gross profit increase and organic licenced fee growth
- PBT of \$6.6m up \$4.0m on PCP due to \$1.8m from Asset Sales, \$1.7m from lower LTI/One-Off Costs and \$0.4m increased EBITDA

Sources: Centrepont Alliance financial analysis; FY23 annual results.

Note: 1 Contributed revenue for ClearView Advice acquisition is for eight months in FY22 (Nov 2021 to Jun 2022).

## Gross Profit and expense analysis

### Gross Profit movement (\$m)



### Key revenue movements (PCP) :

- Adviser fees up \$1.3m with newly recruited advisers transitioning to full ratecard during FY23
- Investment income down \$2.5m due to \$1.7m lower platforms margin (cessation of platform rebates / margin), \$0.3m cessation due to Ventura asset sale and \$0.5m lower VMAPS margin
- Other reduction principally Enzumo \$0.5m and salaried advice \$0.2m
- Revenue from CVA acquisition up by \$3.1m on PCP

### Expense movement (\$m)



### Key expense movements (PCP) :

- Employment up \$0.6m primarily due to full year of CVA trading (vs 8 months in FY22). Headcount down by 3.8 FTE to 100.3 FTE in June 2023
- Marketing and Travel up \$0.4m due to resumption in spending post-COVID-19 restrictions
- Other down \$0.2m driven by lower technology costs

## BALANCE SHEET

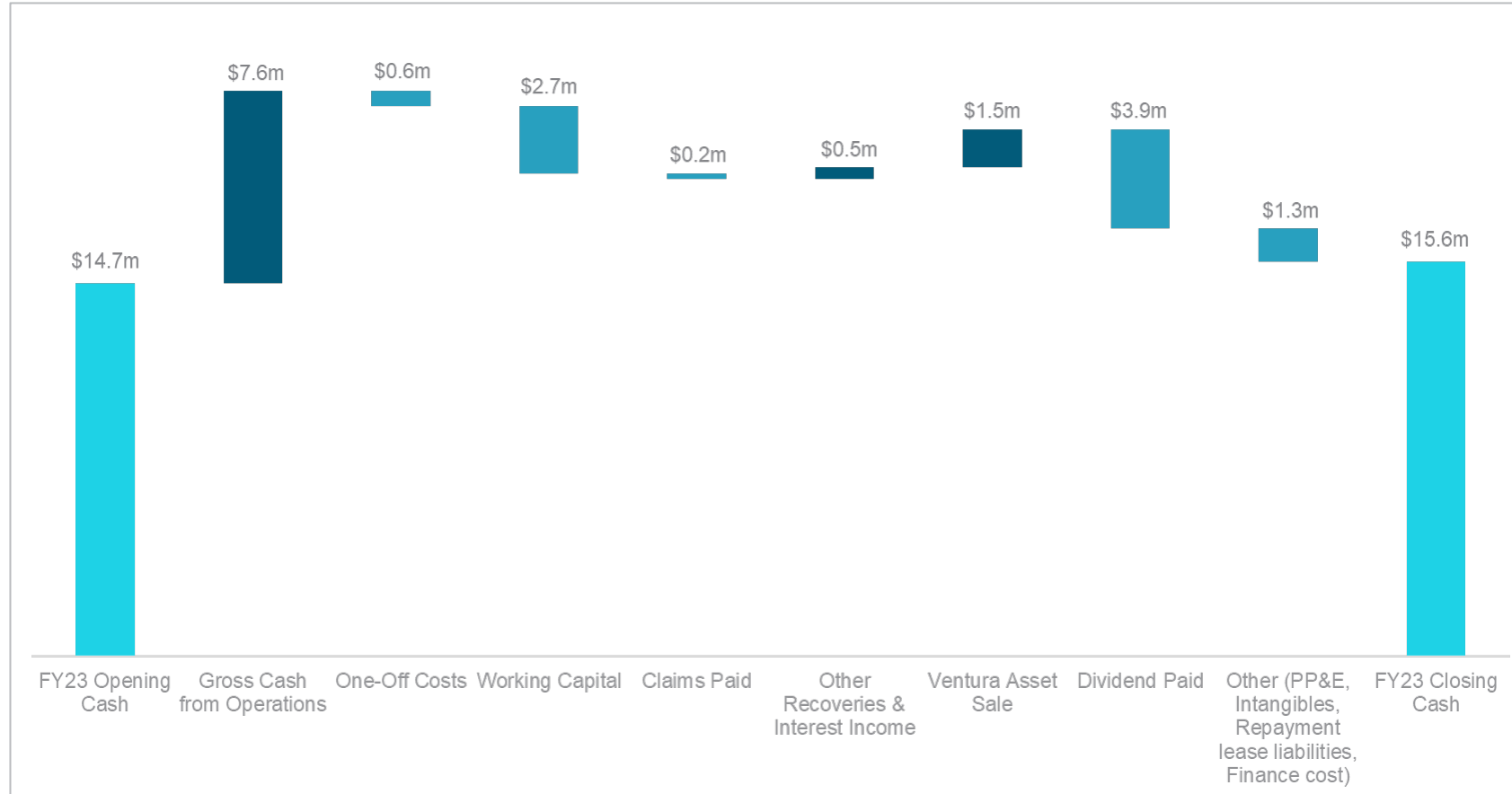
For the period ended	FY22 (\$m)	FY23 (\$m)
<b>Cash</b>	<b>14.7</b>	<b>15.6</b>
Trade and Other Receivables	5.2	6.6
Loans Receivable	0.4	0.1
Intangible Assets and Goodwill	17.8	17.5
Other Assets	11.2	8.3
<b>Total Assets</b>	<b>49.3</b>	<b>48.1</b>
Trade and Other Payables	10.2	9.3
Claims & Fee for No Service Provision	1.4	1.0
Other liabilities	9.4	6.6
<b>Total liabilities</b>	<b>21.0</b>	<b>16.9</b>
<b>Net Assets</b>	<b>28.3</b>	<b>31.2</b>
Net Tangible Assets	6.6	10.1
Net Tangible Assets (cents per share)	3.7	5.1

- Cash of \$15.6m up \$0.9m from June 2022 primarily due to \$4.8m net cash inflows offset by \$3.9m dividends paid
- Claims provisions: 16 open claims (FY22: 11). Excluding nil value claims, 7 open claims (FY22: 6)
- Net Assets increased primarily due to \$6.0m net profit after tax generated during the year, offset by \$3.9m dividends paid



Strong cash performance generating \$7.6m in gross cash from operations

## Cash movement



- FY23 Gross Cash from operations \$7.6m
- One-Off Costs redundancies from CVW acquisition and M&A
- Working capital trade receivable/trade payable movements of \$2.7m
- Ventura asset sale \$1.5m in July 2022
- Dividends paid \$3.9m (\$2.0m H1 FY23 and \$1.9m H2 FY23)
- Other \$1.3m consisting of PP&E acquisition, intangible acquisition, finance costs and repayment of lease liabilities

## Financial Snapshot

Expense Management	FY21	FY22	FY23
Headcount FTE	90.1	104.1	100.3
Employment Cost Ratio <sup>1</sup>	60%	52%	52%
Professional Fees	\$2.1m	\$1.1m	\$1.0m

Risk Management	FY21	FY22	FY23
ECL to Gross Revenue Ratio	(0.10%)	0.04%	0.01%
Number of Claims Paid Out	16	12	12
Claims Paid Out	\$1.1m	\$0.5m	\$0.2m

- Employment cost ratio down to 52% since FY21 due to organisational structure changes since CVA acquisition. Further headcount reduction achieved in FY23, post CVA acquisition integration
- Professional fee reduced by 52% since FY21 due to lower consulting costs and diligent management post CVA acquisition
- Nominal credit risk
- Material reduction in claims paid out

Balance Sheet	FY21	FY22	FY23
Closing Cash	\$11.1m	\$14.7m	\$15.6m
Net Tangible Assets	\$5.2m	\$6.6m	\$10.1m
Goodwill & Intangible Assets	\$3.1m	\$17.8m	\$17.5m
Net Current Assets	\$4.5m	\$5.3m	\$9.6m
Deferred Tax Assets	\$2.9m	\$6.6m	\$6.0m

Shareholder Returns	FY21	FY22	FY23
Ordinary Dividend Yield	7.5%	4.9%	6.3%
Franking Credits	\$15.0m	\$13.3m	\$11.7m
Earnings Per Share	1.28cps	3.63cps	3.23cps
Annualised ROE <sup>2</sup>	13%	9%	21%

- Robust cash balance with no debt
- NTA at \$10.1m with improved operating profit, loan redemptions and non-core asset sales enabling \$7.8m of fully franked dividends returned to shareholders last two years
- Net current assets up by \$4.3m primarily driven by increase in cash, net receivable/payable increase and reduction in employee benefits & provisions
- Franking credits of \$11.7m available
- EPS growth, double-digit ROE and strong dividend yield

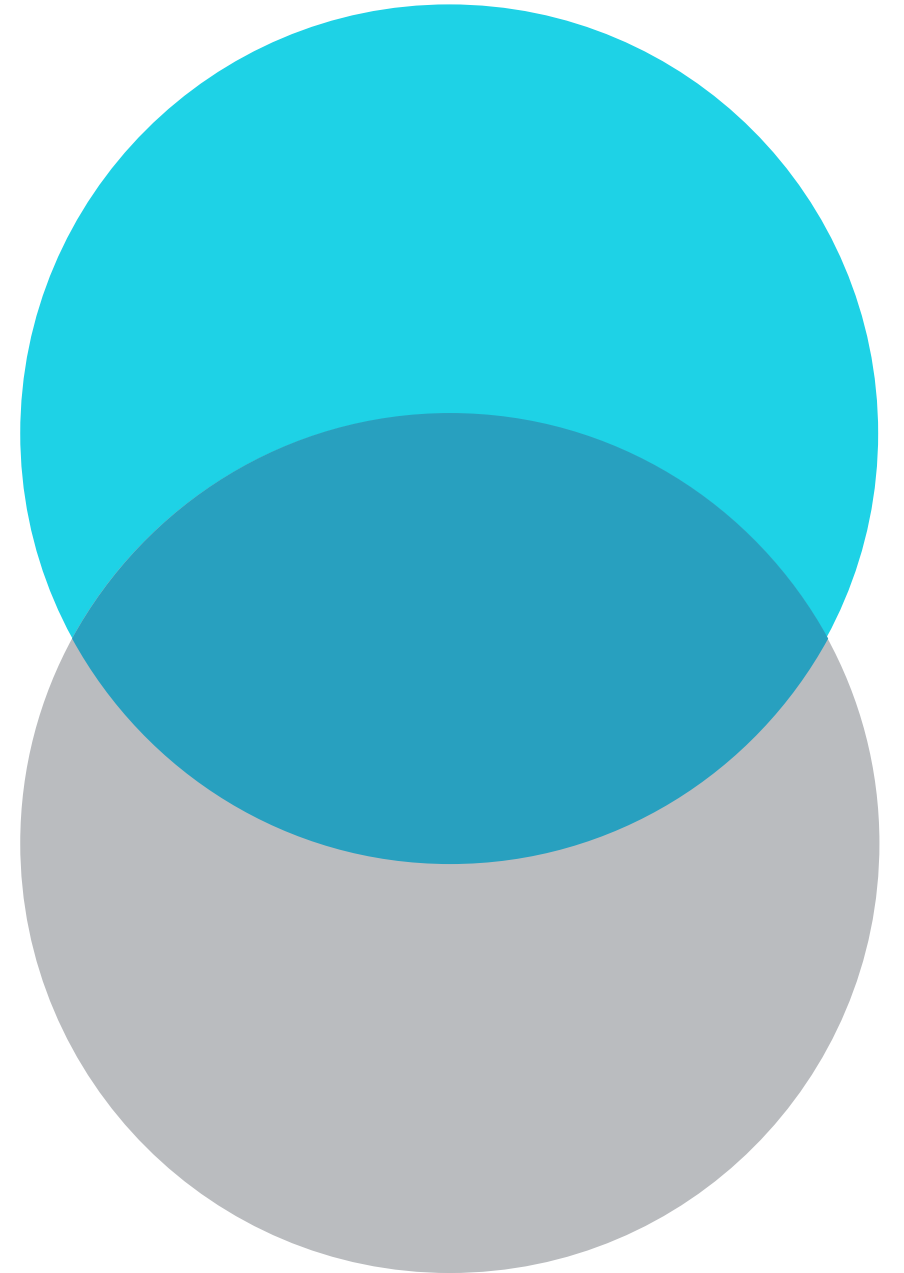
Sources: Centrepont Alliance financial analysis; FY23 financial results.

Note: 1 Employment Cost / Gross Pr.

Note: 2 NPBT / Shareholder Funds.

# STRATEGY UPDATE & OUTLOOK

John Shuttleworth, CEO



# Context – revenue opportunities the CAF advice network generates across the value chain are significant

## CURRENT EARNINGS



**\$32.5m**

Gross profit



**\$7.6m**

EBITDA (normalised)



**\$15.6m**

Cash

at 30 June 2023

## FUNDS UNDER ADVICE

**\$64B FUA**

- 511 licenced advisers
- 797 self-licenced advisers
- 1,308 advisers
- ~154,000 advised customers
- \$50M funds under advice per adviser

## ~ \$2B VALUE CHAIN REVENUE

**Adviser fee revenue \$446M**

- Advice fee \$2,900
- 154,000 x \$2,900 = \$446M

**Platform revenue \$192M**

- Platform revenue margin 30bps
- \$64B x 30bps = \$192M

**Asset management \$312M**

- Adjust \$64B for cash (8%) and equities (10%)
- \$64B x 0.82 = \$52B
- Asset management average fee 60bps
- \$52B x 60bps = \$312M

**Life insurance \$1,066M**

- \$120K insurance commission per adviser
- Total insurance commission \$160M
- Gross up representing 15% commission

**Home lending \$49M**

- \$6.5B in annual loans in network
- Upfront 60bps = \$39M / Annual trail 15bps = \$10M

## Our strategy is to grow the adviser network and expand our service offering



### Two key elements for our strategy

1. Continue to grow our network of financial advisers
2. Build revenue adjacencies by leveraging our scale to access market leading services

## Lending as a Service ('LaaS') has been enthusiastically embraced by advice firms

**30** firms participating, **27** firms in pipeline

Leads averaged **45** per month in June Quarter

More than **\$29M** in loans settled

More than **\$17M** loans in progress

Over **100** loan prospects in the pipeline

**3<sup>rd</sup>** salaried broker appointed



### ABOUT LaaS

A unique solution for advisers to deliver credit advice to clients

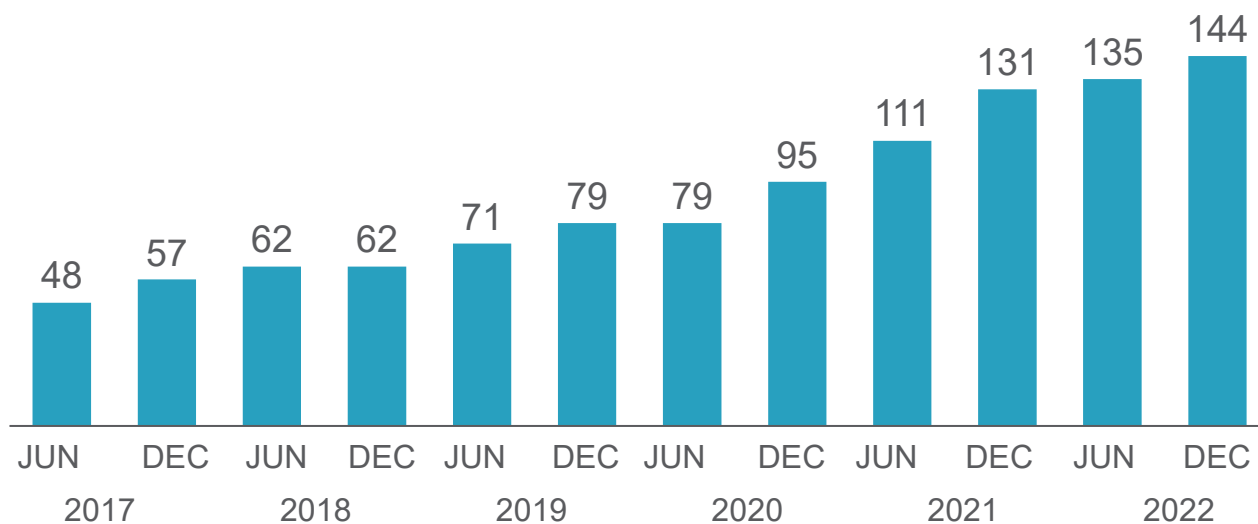
- Enable advisers to build a lending business by operating as authorised representatives under our credit licence
- Advisers retain ownership of clients, it is their business
- Advisers leverage our infrastructure partner with our in-house lending specialists
- We manage the end-to-end lending process
- Launched September 2022

# Managed accounts are a highly efficient portfolio solution for advisers and their clients

## MANAGED ACCOUNTS OVERVIEW

- Non-unitised managed investment
- Diversified portfolios
- Professionally managed
- Separately managed accounts
- Managed discretionary accounts

## MANAGED ACCOUNTS HAVE REACHED \$144.5B<sup>1</sup>



1. IMAP (Institute of Managed Account Professionals)

## ADVISER BENEFITS

- Highly efficient
- Investment decisions made by professional manager
- Rebalances don't require SOA / ROA
- All clients treated equitably
- Adviser can focus on 'strategic advice' rather than execution

## CLIENT BENEFITS

- Professionally managed
- Visibility and look through to underlying managers
- Cost effective
- Tax advantageous

# Strategy to grow managed accounts

Over the last 12 months the focus has been strengthening governance and developing a range of separately managed accounts that will be distributed on partner platforms

## INVESTMENT MANAGEMENT ROADMAP

### Current asset management

- Ventura managed account portfolios
- \$300M FUM
- Established in 2014
- Loyal support from core group of advisers

### Strengthened governance and capability

- Ventura responsible entity
- Separate AFSL
- Majority non-executive Board
- External independent review of governance and management of conflicts
- Appointment of Morningstar as asset consultant

### Launched managed accounts on First Choice platform

- Partner platform
- \$5.5B in FUA on First Choice platform
- Managed accounts launched 23 July
- 6 diversified portfolios

### Launching a new range of managed portfolios

- IQ SMAs
- Five diversified managed portfolios
- Income and Core & Satellite
- Ventura is investment manager
- Distribution across partner platforms



## We are very positive about the business outlook

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- ✓ Business is in good shape – integration complete, uniform pricing and efficient operating model
- ✓ Industry attrition of advisers has bottomed out post FASEA and showing signs of growth
- ✓ Regulatory change has shifted to practical changes to reduce compliance burden
- ✓ Adviser recruitment has started strongly with 17 new advisers joining the group since 1 July
- ✓ New initiatives (Lending / Managed Accounts) building momentum
- ✓ On track to replicate earnings for core business \$7.5m to \$8m EBITDA



CENTREPOINT  
ALLIANCE

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# APPENDICES



# Positive regulatory changes from the Quality of Advice Review will improve productivity for advisers

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<b>MEASURE</b>	<b>IMPLICATION FOR ADVISERS</b>	<b>IMPLICATION FOR CLIENTS</b>
<b>Replace Statement of Advice with more 'Fit for Purpose' advice documents</b>	Reduce time spent producing advice documents increasing adviser capacity to service more clients	Clear, concise advice documents that improve client understanding
<b>Removal of Safe Harbour steps</b>	Simplification of the advice process	Best interest duty obligations remain to protect clients – advice is focused on client outcomes rather than process
<b>Renewal and consent form streamlining, removal of FDS</b>	The simplification of consent and disclosure will reduce administrative burden renewing fees	Simplification of renewal process for clients eliminating duplication
<b>Amend restrictions on collective charging by Super Funds for providing advice to members</b>	Reduces burden on advisers to assist fund members with simple advice needs	Helps clients who need simple advice improving access to financial advice

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# Centrepoint Alliance business composition

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## 1. LICENSEE SOLUTIONS

*Everything an adviser needs to run an advice practice*

Financial Advice Licensee

**511** advisers operate under our licences as authorised representatives

**196** boutique AFSLs operate under their own licence representing **797** advisers

**5** salaried financial advisers

## 2. LENDING SOLUTIONS

*Everything a broker needs to run a mortgage broking business*

Boutique provider of lending services

**80** brokers

**\$3.4bn** loan book

Panel of ~ **60** lenders

## 3. INVESTMENT MANAGEMENT

*Managed portfolios*

Ventura Investment Management

20-year history

~ **\$295m** in managed accounts

## 4. TECHNOLOGY SOLUTIONS

*Technology services to improve the efficiency of advice*

Enzumo

Professional services

Core expertise in adviser software (Xplan)

Implementation and optimisation

# Corporate snapshot

## CAPITAL STRUCTURE

ASX stock code	CAF
FY23 gross revenue	\$271.6m
Cash balance as at 30 Jun 2023	\$15.6m
Share price as at 18 Aug 2023	\$0.24
Shares on issue	195.9m
Performance rights (nil ex price, various expiries)	18.7m
Fully diluted shares	214.6m
<b>Fully diluted market cap</b>	<b>\$51.5m</b>
<b>Enterprise value</b>	<b>\$35.9m</b>

## EXPERIENCED AND INVESTED LEADERSHIP TEAM

Board & Management	Role	Shares held As at 17/07/23
Mr Alan Fisher	Non-Executive Chairman	-
Mr John Shuttleworth	Chief Executive Officer	0.1m (0.1%)
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	7.8m (4.0%)
Mr Simon Swanson	Non-Executive Director	-
Mr Brendon Glass	Chief Financial Officer	-
<b>Total Board &amp; KMP</b>		<b>8.8m (4.6%)</b>

## TOP SHAREHOLDERS

Investors As at 17/07/2023	Shares held (% of SOI)
Thorney Investment Group	53.4m (27.1%)
ClearView Wealth Ltd	48.0m (24.4%)
Alexander Beard	7.8m (4.0%)
H&G Investment Management Ltd	7.6m (3.9%)
Alan Crozier	5.8m (3.0%)
Armytage Private Proprietary Limited	4.8m (2.4%)
<b>Total Top 20</b>	<b>149.1m (75.7%)</b>