

# AGM PRESENTATION

November 2018



EUROZ

*Euroz is a growing and diversified financial services company*

## GROUP FUM

\$1.45b<sup>1</sup>

## MARKET CAPITALISATION

\$201m<sup>1</sup>

## DIVIDEND 11 CPS

52% 

INCREASE ON FY17

\$211m 

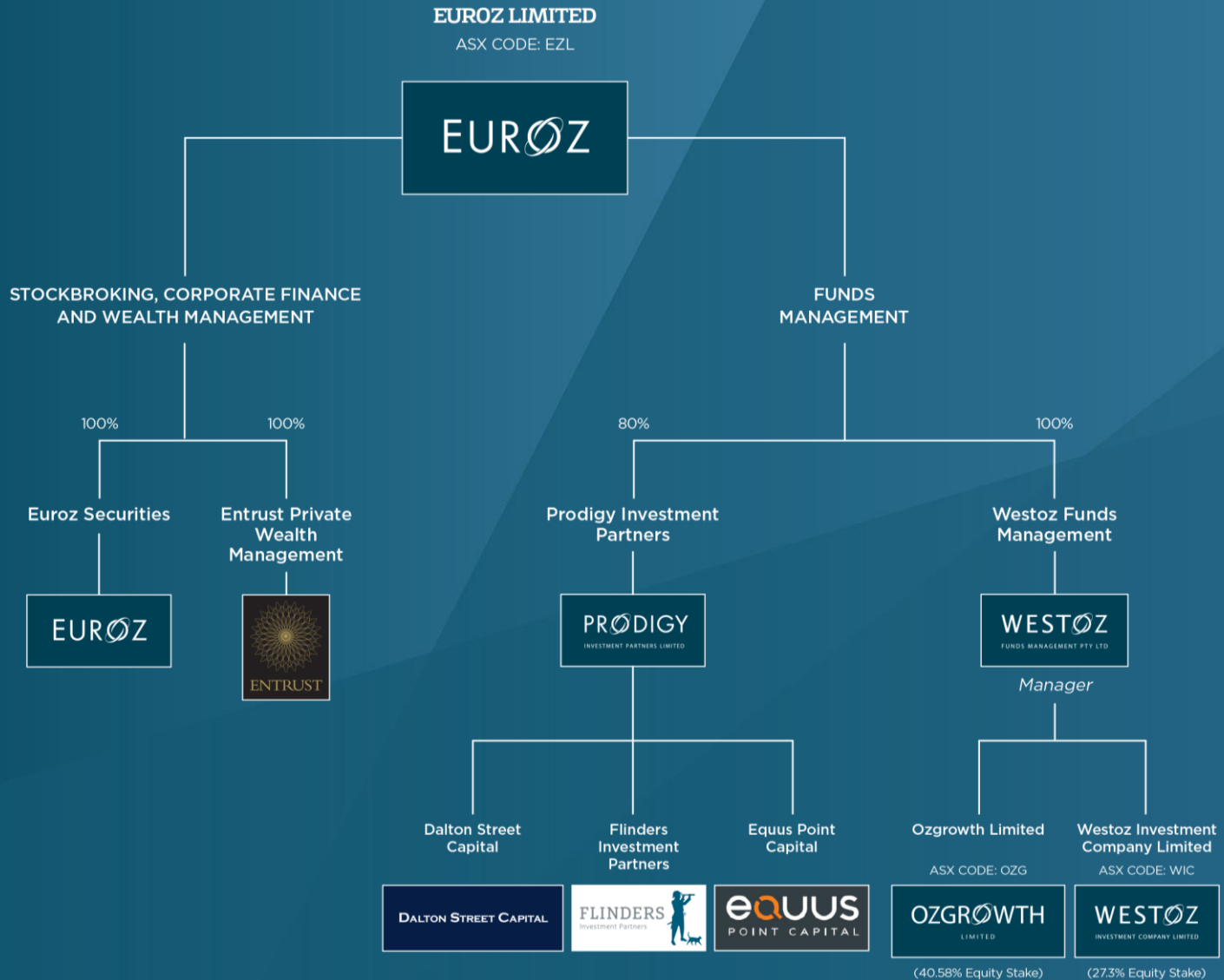
FULLY FRANKED DIVIDENDS  
IN 18 YEARS

## CASH & INVESTMENTS

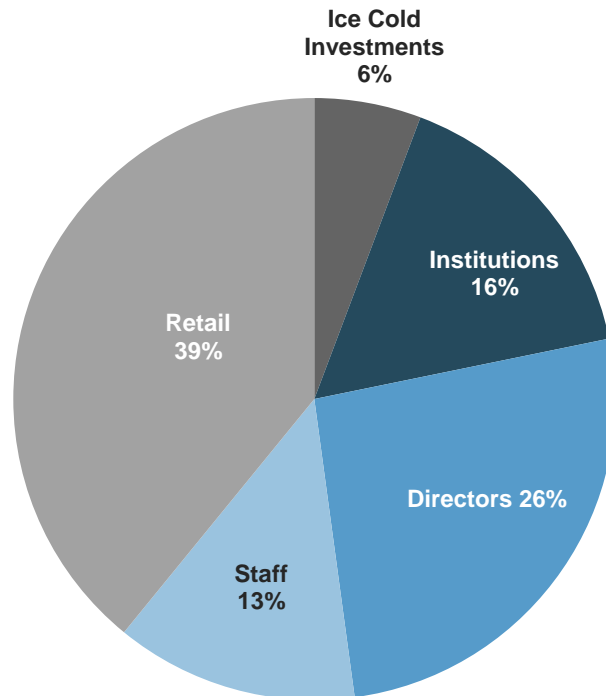
\$123.4m<sup>1</sup>

**A strong platform for future diversification and growth**

# GROUP STRUCTURE



## *Increasingly diversified share register*

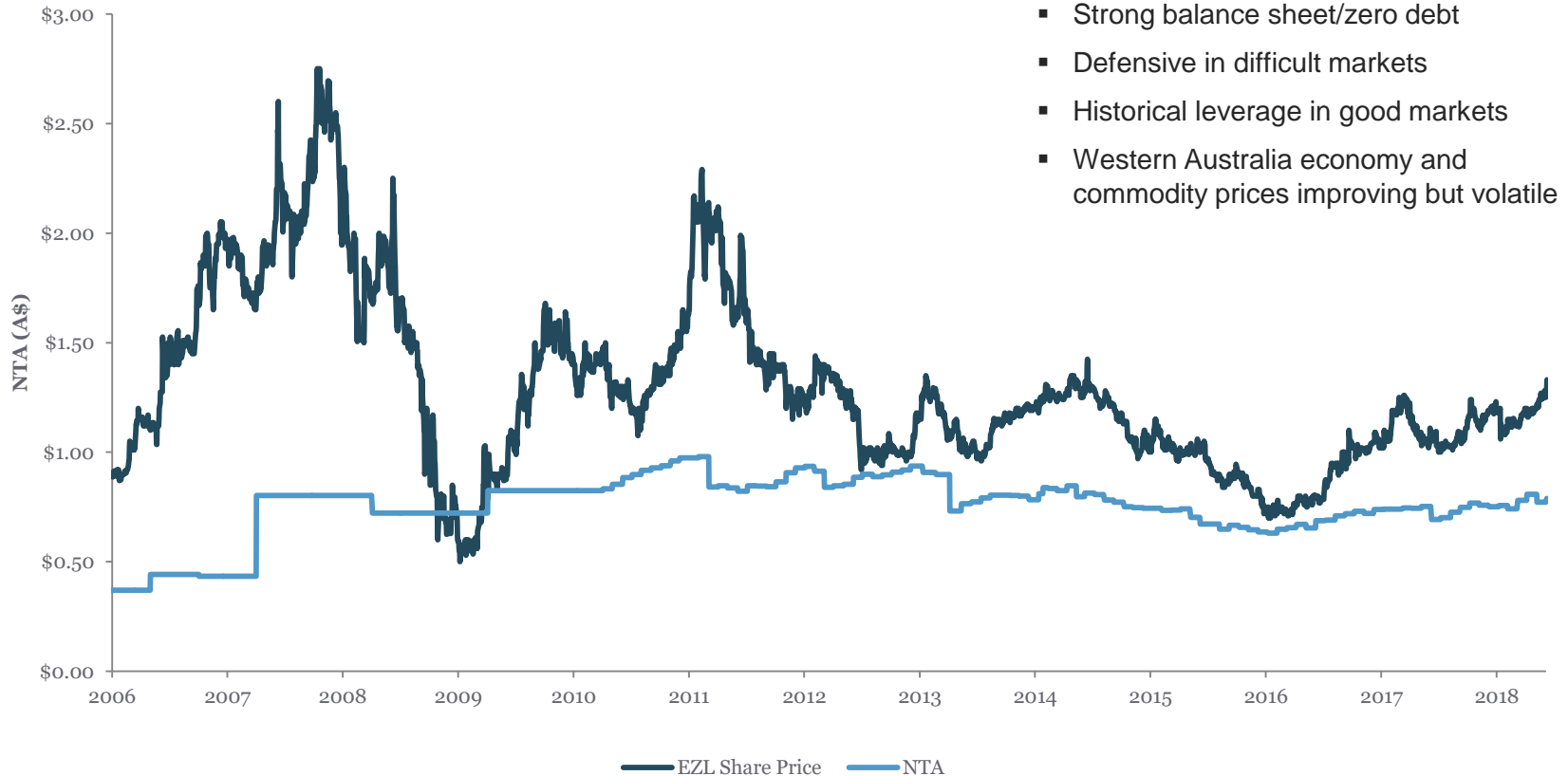


- Staff ownership of 39%
- Increasing institutional ownership
- Improving liquidity
- Performance Rights Plan = ongoing capital management

As at 31 October 2018

**Significant staff ownership = strong alignment with shareholders**

## Solid NTA Growth



**Strong balance sheet / increasingly diversified revenue streams**

*Profitability driven by increases in WIC and OZG share prices, performance fee income, equity capital markets activity and growth in group FUM.*

## WIC INVESTMENT PERFORMANCE

39.1%

## OZG INVESTMENT PERFORMANCE

30.7%

## TOTAL PERFORMANCE FEE REVENUE

\$10.2m

## EUROZ SECURITIES EQUITY RAISINGS

\$837m

## GROUP FUM UP TO \$1.4b

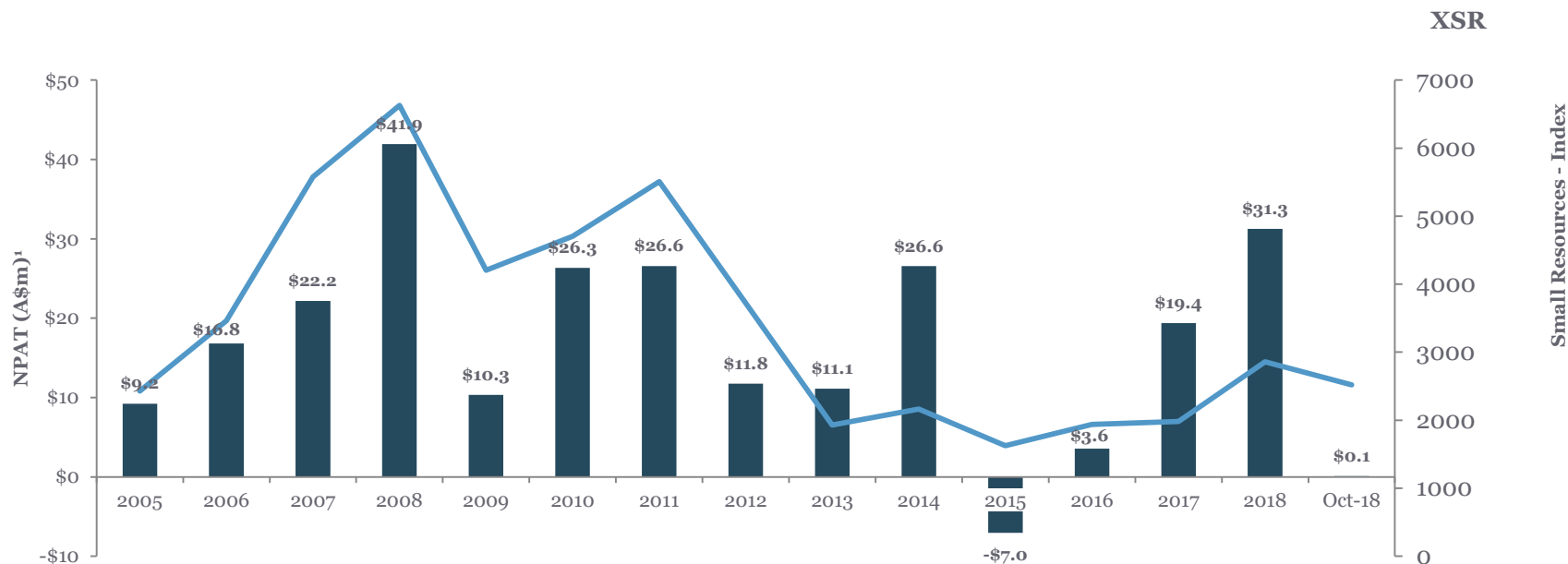
21.3%

## NET PROFIT AFTER TAX

\$31.3m<sup>1</sup>

Note 1: Attributable to members

## Resource and commodity markets improving but volatile

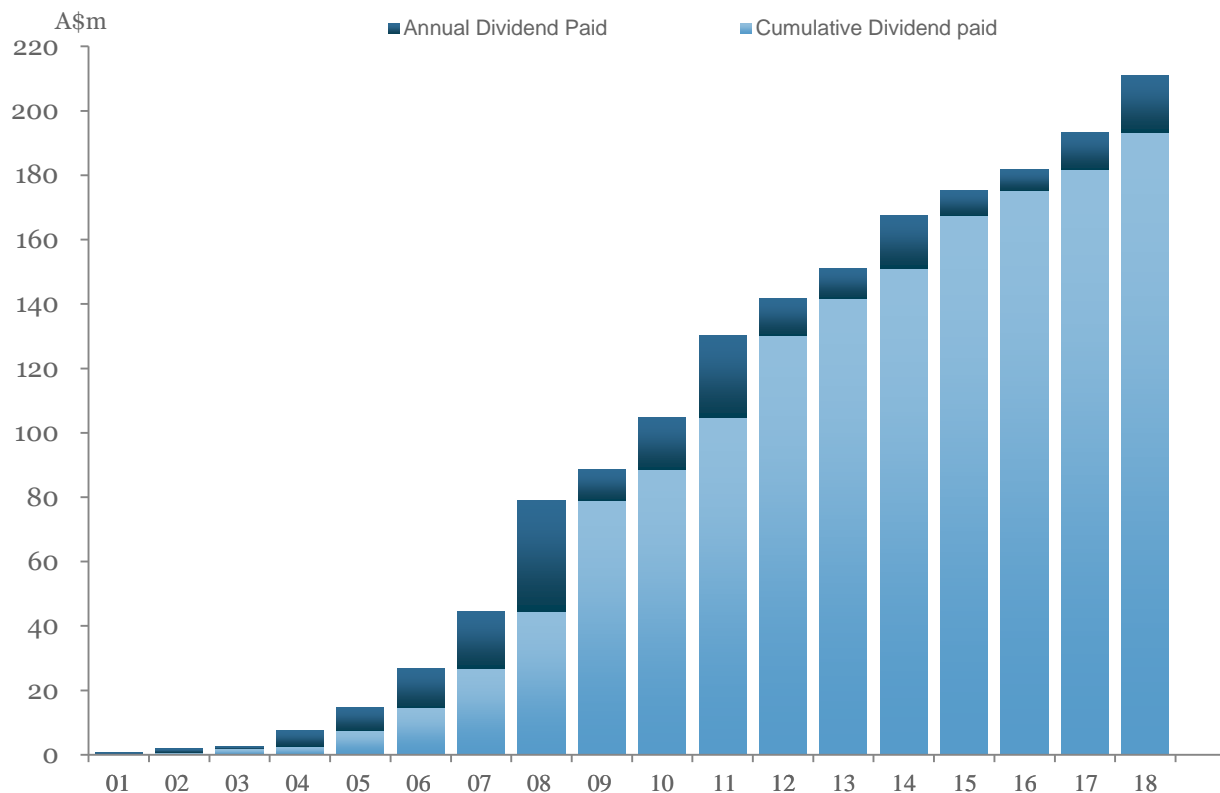


- Strong past correlation to resource markets (Small Resources Index)
- Small Resources Index up 47.5% last financial year and down 13% in the 4 months to 31 October 2018
- Strategy is to generate diverse revenue streams whilst maintaining traditional upside leverage to resource markets

**Maintain traditional strengths while building new revenue streams**

Note 1: Attributable to members

*Euroz has paid \$211 million in fully franked dividends over 18 years*



### PAST:

- Paid \$211m dividends over 36 consecutive half year periods
- High payout ratio

### FUTURE:

- Aim to increase the base level of dividends through generating recurring revenue streams

**Strong dividend history reflects strong cash flow and minimal capital expenditure**



*Euroz Securities - 18 year history of partnering and supporting clients through research, dealing and corporate finance services*

## Research

- Quality equities research is the foundation of our business
- Highly rated research from our team of six analysts

## Institutional Sales

- Institutional advisory and equities dealing services
- Team of nine institutional dealers have significant long-term relationships with major institutional investors

## Private Client Dealing

- Predominantly high net worth client base
- Significant capacity to support new issues/construct first class share registers
- Expanded wealth management capabilities

## Corporate Finance

- Dominant market position in WA Equity Capital Markets (**ECM**)
- Specialised mergers and acquisitions (**M&A**) corporate advisory services

**LONG TERM STRATEGY: Leverage deal flow in WA related companies through high quality research, dealing and corporate finance services**

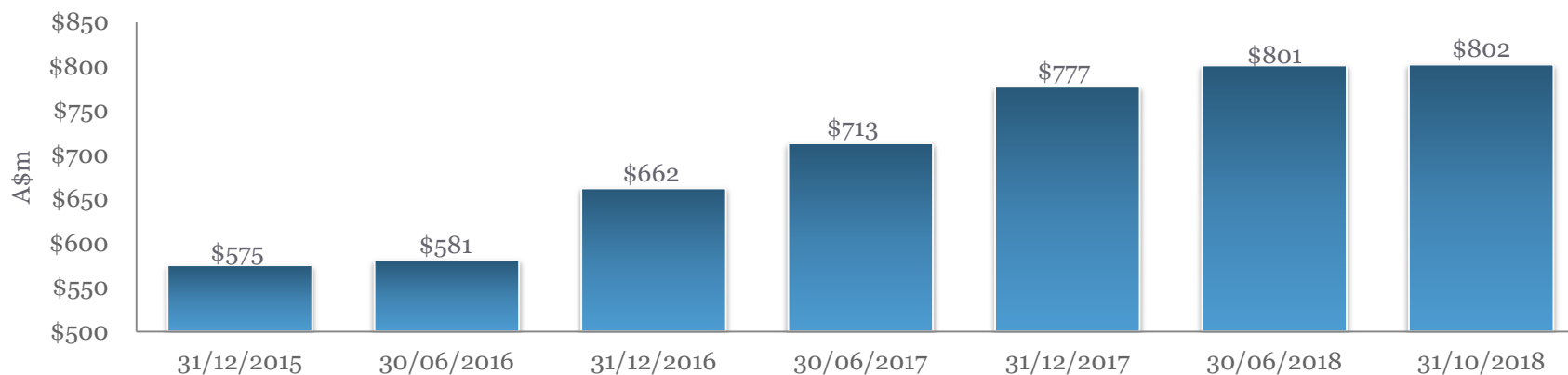
## Major transactions in FY18

<p>Placement <b>\$7.7 million</b> Joint Lead Manager, Bookrunner &amp; Underwriter Euroz Securities Ltd Jul 17, Nov 17</p>	<p>Placement <b>\$20 million</b> Joint Lead Manager Euroz Securities Ltd Aug 17</p>	<p>ANREOs <b>\$135 million</b> Joint Lead Manager &amp; Underwriter Euroz Securities Ltd Aug 17</p>	<p>Placement <b>\$31.8 million</b> Lead Manager, Global Co-Ordinator &amp; Sole Bookrunner Euroz Securities Ltd Sep 17</p>	<p>Placement <b>\$11 million</b> Sole Lead Manager Euroz Securities Ltd Oct 17</p>	<p>Placement <b>\$15 million</b> Joint Lead Manager Euroz Securities Ltd Oct 17</p>	<p>Placement <b>\$3.6 million</b> Joint Lead Manager Euroz Securities Ltd Dec 17</p>	<p>Placement <b>\$29 million</b> Sole Lead Manager Euroz Securities Ltd Dec 17, Mar 18</p>
<p>Renounceable Entitlement Offer <b>\$20.9 million</b> Sole Lead Manager &amp; Underwriter Euroz Securities Ltd Mar 18</p>	<p>Placement &amp; ANREO <b>\$331 million</b> Joint Lead Manager &amp; Underwriter Euroz Securities Ltd Mar 18</p>	<p>Placement <b>\$3.5 million</b> Sole Lead Manager Euroz Securities Ltd Mar 18</p>	<p>Placement <b>\$39.2 million</b> Sole Lead Manager Euroz Securities Ltd Mar 18</p>	<p>Placement <b>\$31 million</b> Sole Lead Manager Euroz Securities Ltd Apr 18</p>	<p>Placement <b>\$35 million</b> Joint Lead Manager Euroz Securities Ltd May 18</p>	<p>Placement <b>\$16 million</b> Sole Lead Manager Euroz Securities Ltd May 18</p>	<p>Placement <b>\$7 million</b> Sole Lead Manager Euroz Securities Ltd Jun 18</p>
<p>Placement &amp; Rights Issue <b>\$11.3 million</b> Sole Lead Manager &amp; Underwriter Euroz Securities Ltd Jun 18</p>	<p>Placement <b>\$11 million</b> Joint Lead Manager Euroz Securities Ltd Jun 18</p>	<p>Placement <b>\$3.75 million</b> Sole Lead Manager Euroz Securities Ltd Nov 17</p>	<p>Placement <b>\$33.2 million</b> Sole Lead Manager Euroz Securities Ltd Nov 17</p>	<p>Placement <b>\$16.5 million</b> Sole Lead Manager Euroz Securities Ltd Apr 18</p>	<p>Placement <b>\$20 million</b> Sole Lead Manager &amp; Underwriter Euroz Securities Ltd Apr 18</p>	<p>Supporting our clients on major transactions during FY18</p>	

## *Entrust Private Wealth Management - 16 year track record*

- Combines its deep knowledge of managed discretionary advice, financial planning and portfolio management with its portfolio administration service to create a comprehensive wealth management solution for each individual client
- Euroz acquired Entrust Private Wealth Management (**Entrust**) in July 2015
- The strategy behind acquiring Entrust was to leverage an established wealth management business with long term ongoing revenues as a platform for further acquisitions and organic growth
- Entrust has a significant high net worth client base with Funds Under Management (**FUM**) of \$802m

### ENTRUST FUM

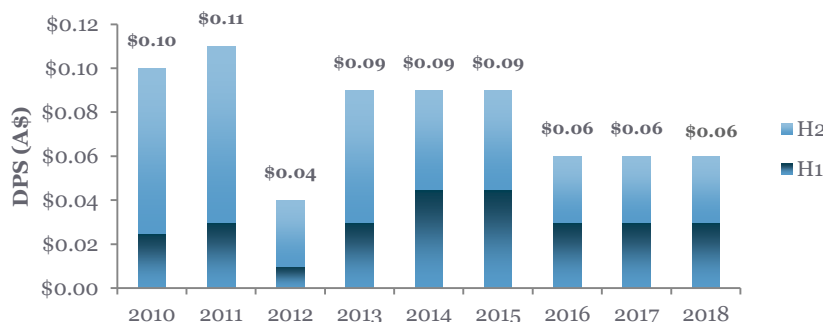


**LONG TERM STRATEGY: Grow FUM through organic growth and attracting external wealth advisors to join our wealth platform**

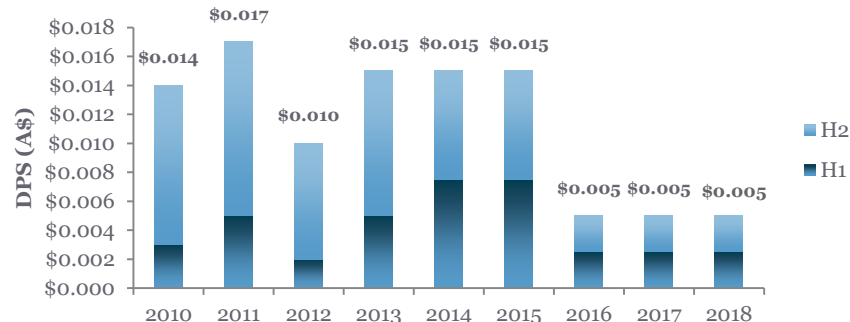
## Westoz Funds Management – “Finding the Best in the West”

- Westoz Funds Management (**WFM**) is a 100% owned subsidiary of Euroz Limited established in 2005
- WFM manages portfolios of Australian equities on behalf of two listed investment companies, Westoz Investment Company Limited (**WIC**) and Ozgrowth Limited (**OZG**)
- WIC and OZG have contributed \$37.3m in dividend income to Euroz Limited since inception
- WIC and OZG have paid \$147m in fully franked dividends to shareholders since inception
- Euroz owns 27.30% of WIC and 40.58% of OZG
- WIC Gross Investment performance of 39.1% to 30 June 2018
- OZG Gross Investment performance of 30.7% to 30 June 2018

### WESTOZ INVESTMENT COMPANY LIMITED (ASX:WIC)



### OZGROWTH LIMITED (ASX:OZG)



**LONG TERM STRATEGY: provide a steady base of ongoing management fee revenues with potential performance fee upside**

**WESTOZ**  
FUNDS MANAGEMENT PTY LTD

FINDING THE  
**BEST IN  
THE WEST**

## *Prodigy Investment Partners – boutique funds management joint venture*

- Prodigy Investment Partners (**Prodigy**) is an 80% owned joint venture between Euroz Limited and former MLC CEO Steve Tucker
- Flinders Investment Partners (**Flinders**) was launched in July 2015, Dalton Street Capital (**DSC**) in May 2016, and Equus Point Capital (**EPC**) in August 2018



- Flinders is a specialist small companies investment manager that brings together two of Australia's most experienced small and emerging company investors Andrew Mouchacca (ex -Contango Asset Management) and Richard Macdougall (ex - Perennial Growth)
- Flinders has achieved "Investment Grade" rating from Lonsec and an "Approved" rating from Zenith
- Strong financial year investment performance of 34.2%

- DSC's strategy is aimed at giving investors access to strong uncorrelated absolute returns through different market cycles
- The strategy has a 12-year track record of producing positive investment returns over various market cycles
- DSC is headed by Alan Sheen. Before joining Prodigy, Alan worked at Credit Suisse where he was Head of Proprietary Trading.
- DSC has achieved "Superior" fund rating from SQM Research, "Approved" from Zenith and "Approved" from Lonsec
- Solid financial year investment performance of 18.3%

- Market neutral focussed strategy
- Equus will target a return of 7.5%-12.5% p.a. above benchmark using a systematic approach to harvest both positive and negative momentum in a risk controlled environment
- The Equus team led by Co-Founders and Portfolio Managers Rob Stewart and Toby Masters have been successfully managing this specific strategy for the last 18 months

**LONG TERM STRATEGY: provide a steady base of diverse ongoing management fee revenues with potential performance fee upside**

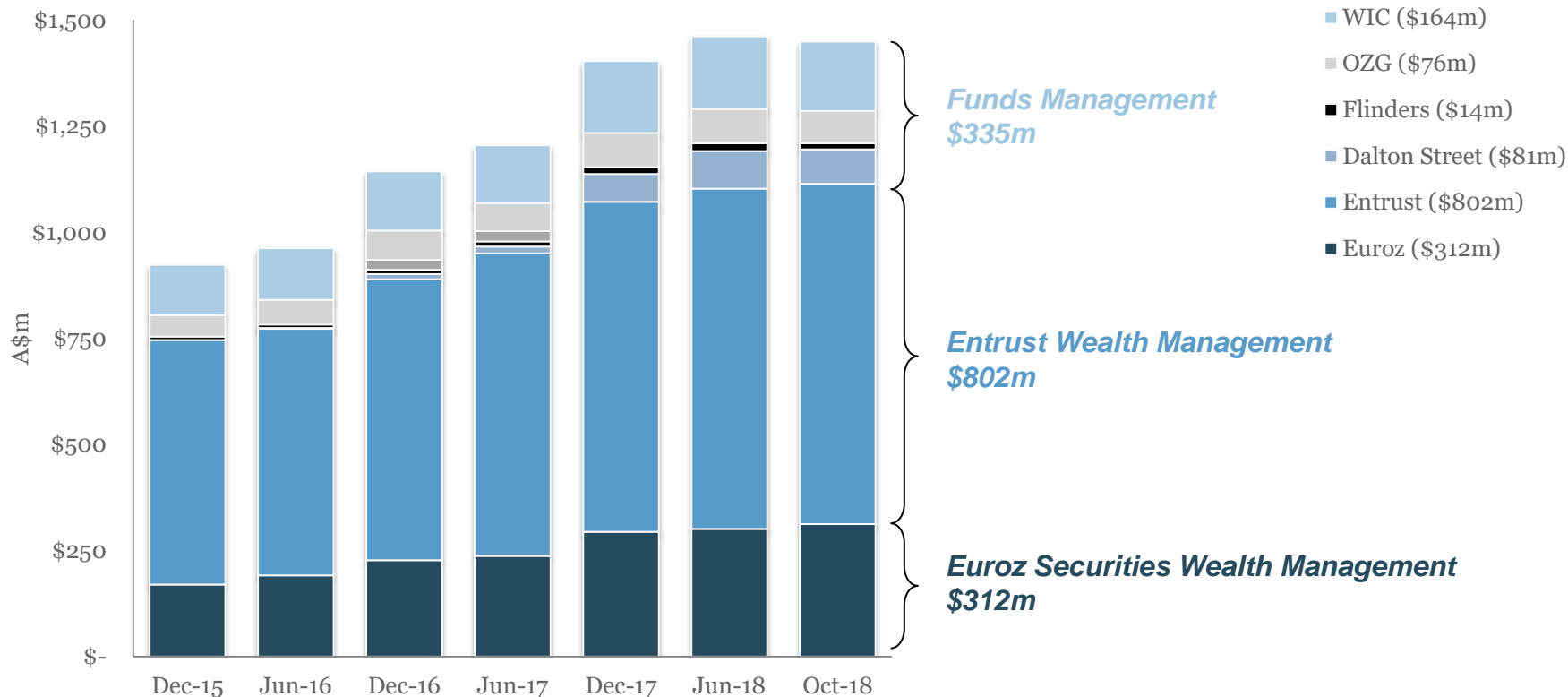
## Improving balance sheet

- Strong balance sheet/zero debt
- Deploying modest capital into Prodigy
- Market Valuation: \$68- \$78m enterprise value.

	Cost	Market	Look through value <sup>1</sup>
Westoz	\$39.0m	\$38.2m	\$42.2m
Ozgrowth	\$27.7m	\$25.3m	\$30.5m
Flinders / Dalton Investments	\$9.4m	\$9.3m	\$9.3m
Other Investments	\$8.0m	\$8.4m	\$8.4m
Cash	\$42.2m	\$42.2m	\$42.2m
<b>Total</b>	<b>\$126.3m</b>	<b>\$123.4m</b>	<b>\$132.6m</b>
NTA		\$0.77	\$0.83
Market Capitalisation (\$1.25/share)		\$201m	\$201m
<b>Enterprise Value</b>		<b>\$78m</b>	<b>\$68m</b>

Note 1: WIC and OZG valued at NTA

## Strong organic FUM growth from a diverse range of businesses



**Group FUM of \$1.45 billion**

Note: ■ PFM (\$24m) Precision Funds Management removed from 01/07/2017 as no longer a corporate authorised representative

## Euroz Group Summary

- Modest first 4 months start to the 2019 financial year
- Solid performance from Euroz Securities
- Group FUM steady at \$1.45 billion
- Lower WIC and OZG share prices affecting reported profitability
- Unaudited break even result forecast to 31 October 2018
- Underlying unaudited “cash” profit of \$5.4m after tax offset by \$5.3m “non cash” after tax loss on mark to market of investments

### Euroz Securities

- Good 4 months given weaker markets and investor sentiment
- \$232m in announced ECM raisings
- Small increase in FUM to \$312m



### Entrust Private Wealth Management

- Platform for future wealth management acquisitions and organic growth
- FUM flat at \$802m (modest FUM growth offset by lower portfolio values)

### Westoz Funds Management

- Negative short term markets affecting WIC and OZG investment performance
- WIC 3.3%↓ to 31 October 2018      FUM \$164m
- OZG 5.6%↓ to 31 October 2018      FUM \$76m
- Relative outperformance





## Prodigy Investment Partners

- Sales team making good progress into retail platform market
- Building good relationships with consultants and platforms
- New partnership with Equus Point Capital



## Flinders Investment Partners

- Excellent continued investment performance
- Top quartile performance 6 months, 1 year and 3 years providing better opportunity for new FUM flow



## Dalton Street Capital

- Positive consultant & investor engagement
- Weaker Asian equity markets affecting recent performance
- FUM now at \$81m



## Equus Street Capital

- Founded by Rob Stewart (Challenger, Colonial/First State) and Toby Masters (Pittwater Capital, Credit Suisse)
- Market neutral strategy
- Formal launch and seeding early December

*Euroz is a growing and diversified financial services company*

Excellent full year result  
and dividend



Established track record provides solid  
platform for growth



A robust & growing balance  
sheet



Diversification strategy continues

# THANK YOU

Euroz Limited  
Level 18 Alluvion  
58 Mounts Bay Rd  
Perth Western Australia 6000

[euroz.com](http://euroz.com)

An aerial photograph of a coastal town at sunset. The sun is low on the horizon, casting a warm orange glow over the scene. In the foreground, there is a large, ornate, light-colored building with a green roof and multiple arches, situated on a sandy beach. The ocean is a vibrant turquoise color, with gentle waves lapping at the shore. A small boat is visible in the water. The background shows a residential area with houses and trees. The image is framed by a dark blue geometric overlay on the left and bottom right.

EUROZ