



**SALTER BROTHERS**  
EMERGING COMPANIES LIMITED  
(ASX CODE: SB2)

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FEBRUARY 2025



EMERGING COMPANIES LIMITED

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# 1. EXECUTIVE SUMMARY



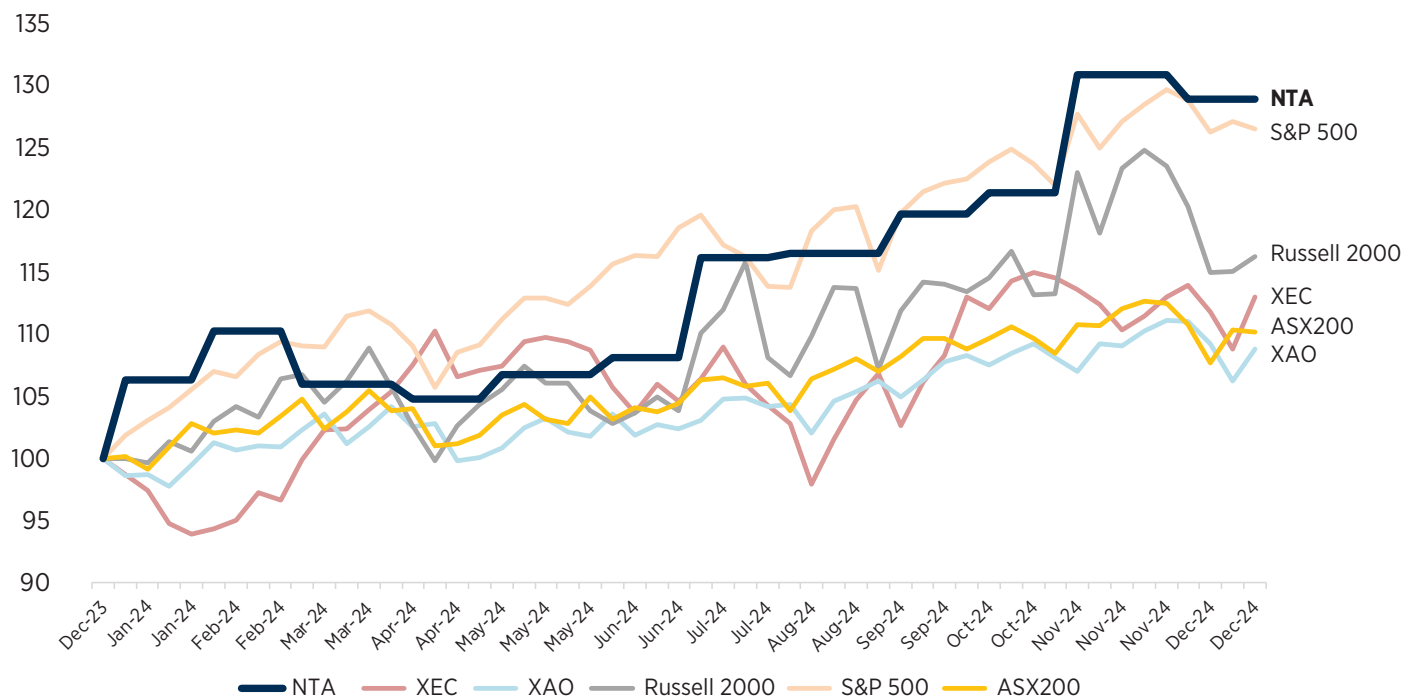
- Salter Brothers is a global fund manager with over A\$4B of group assets under management.
- Salter Brothers Emerging Companies Limited (**ASX-SB2**) is a listed investment company (**LIC**) dedicated to investing in small cap Australian companies with a market capitalization of under A\$500M. It offers a professionally managed and diversified exposure to the Australian small cap sector.
- SB2 has a strong three-year track record of outperforming the small cap market, with the fund achieving 27.4%\* gain in CY2024.
- As at 31st December 2024 the current share price of SB2 trades at a ~29% discount to the underlying post tax NTA value.\*
- Australian Small Cap Equities are poised for a positive 12 months with modest valuations and favourable economic tailwinds.

\* Performance numbers calculated as at 31 December 2024.

Investment portfolio performance is calculated net of management fees but before taxes, other fees, and expenses. Performance has not been grossed up for franking credits received by shareholders.

# 2. 2024 EQUITY MARKETS IN REVIEW

### Salter Brothers NTA vs Indexes



| Performance Summary#                  | 12 Months |
|---------------------------------------|-----------|
| <b>SB2 (Portfolio)</b>                | 29%       |
| SB2 Outperformance to XEC             | 22%       |
| <b>ASX:SB2 (Share Price)</b>          | 50%       |
| ASX:SB2 Outperformance to XEC         | 43%       |
| <b>Emerging Companies LTD ASX:XEC</b> | 7%        |
| <b>All ordinaries XAO</b>             | 9%        |
| <b>Russell 2000 smalls</b>            | 16%       |
| <b>S&amp;P 500</b>                    | 27%       |
| <b>ASX 200</b>                        | 10%       |

# Performance numbers calculated as at 31 December 2024

NTA performance reflects the pre-tax NTA disclosed in the monthly NTA updates.

Figures are indicative only, based on current assumptions, and may be subject to change.

The Disclosers do not guarantee the accuracy or correctness of the figures or performance metrics and recipients of this information should ensure that they read the latest Investment Report and NTA Updates as published on the SB2 website ([salterbrothers.com.au/funds-management/emerging-companies/asx-announcements](http://salterbrothers.com.au/funds-management/emerging-companies/asx-announcements)) from time to time.

# 3. SB2 2024 PORTFOLIO PERFORMANCE

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## Top 3 Listed Contributors

1. ASX: AIM - Ai-Media Technologies
2. ASX: AAL - Alfabs Australia
3. ASX: SPZ - Smart Parking

## Bottom 3 Listed Contributors

1. ASX: TSI - Top Shelf International Holdings
2. ASX: CLG - Close The Loop
3. ASX: 5GG - Pentanet

## Key Positions Exited

- ASX: TEA - Tasmaea
- ASX: RUL - Rpmglobal Holdings
- ASX: SPZ - Smart Parking
- ASX: PBP - Probiotec
- ASX: AND - Ansarada Group

## Key New Positions

- ASX: CHL - Camplify Holdings
- ASX: BBT - Bluebet Holdings
- ASX: BOT - Botanix Pharmaceuticals
- ASX: AAL - Alfabs Australia
- ASX: ALC - Alcidion Group

# 4. KEY MARKET DRIVERS

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## DOMESTIC

Election

Interest Rates

Consumer Sentiment

Exchange Rate

## GLOBAL

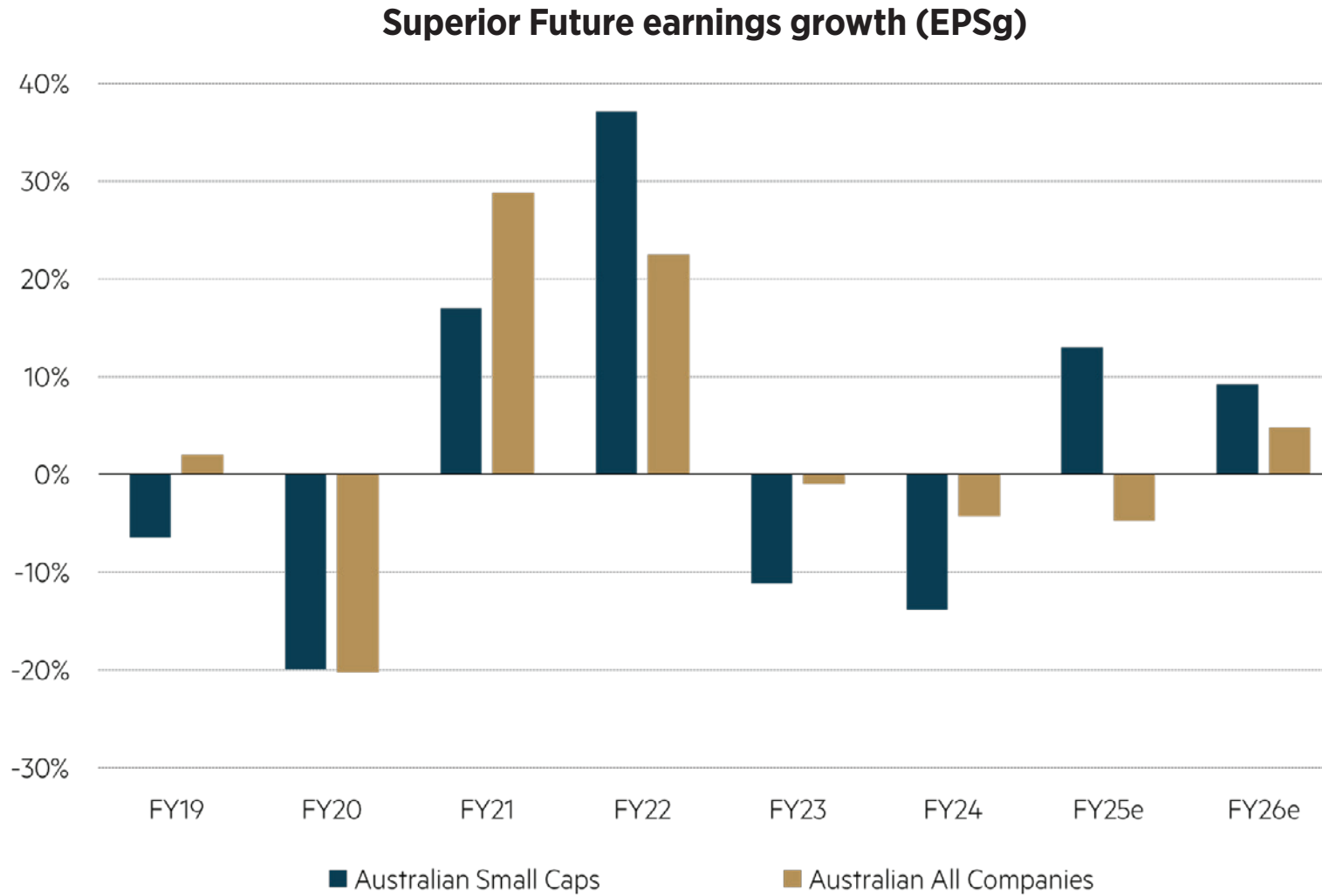
Geopolitics

Trade Wars

Interest Rates

Black Swan Event

# 5. 2025 SMALL CAP OUTLOOK





# 6. SB2 PORTFOLIO POSITIONING

## Key Holdings

|   | Market Cap | Sector                     | Company Description  |
|---|------------|----------------------------|--|
| 1. Botanix Pharmaceuticals Limited (ASX: <b>BOT</b> ) | \$840m     | Biotech                    | Botanix's experienced executive team has commenced commercialisation, with a fully trained and certified sales force now in the field, driving adoption of Sofdra in dermatology clinics.  |
| 2. Bluebet Holdings Ltd (ASX: <b>BBT</b> )            | \$220m     | Casinos & Gaming           | Bluebet under new Chairman Matt Tripp plan to aggressively pursue inorganic growth by leveraging their integration technology and consolidating the sub-scale wagering platforms.  |
| 3. Acrow Formworks LTD (ASX: <b>ACF</b> )             | \$350m     | Construction & Engineering | Acrow is well positioned to outperform, support by their current modest valuation and favourable Industry tailwinds as it's largest market prepares for the 2030 Olympics.   |
| 4. Camplify holdings LTD (ASX: <b>CHL</b> )           | \$60m      | Marketplace Technology     | Camplify experienced operational challenges following a difficult acquisition, which in conjunction with an unstable register led to a significant de-valuation. Salter Brothers believes the company has reached a critical point of inflection and is well-positioned going forward. |
| 5. Alcidion Group Ltd (ASX: <b>ALC</b> )              | \$100m     | Health Care Technology     | Alcidion is due to provide an update on their North Cumbria EPR, particularly particularly disclosing what the contract terms are. The company remains on the verge of breakeven and is actively pursuing further sales.   |

## Portfolio Metrics

- › Taking a two year view, the weighted average valuation upside of the listed holdings in the portfolio based on SB2 forecasts is greater than 70%.
- › The SB2 equity portfolio quantitatively reflects the investment philosophy of the Investment Team – that is focused on capital preservation and long-term capital.
- › Growth and income from its investments and generating attractive risk adjusted returns over the long term.
- › As such, the weighted average investment profile of our portfolio (as at 31/1/2025) features:
  - › Weighted average FY25-26F Revenue growth of c.+17%
  - › Weighted average FY25-26F EBITDA margin of c.19%
  - › Weighted average FY25-26F NPAT margin of c.5%
  - › Weighted average FY25-26F P/E multiple of c.10.3x

## Metrics of the Listed Portfolio\*\*

|                             | FY24A | FY25F | FY26F |
|-----------------------------|-------|-------|-------|
| <b>Key Ratios</b>           |       |       |       |
| EV / Revenue (x)            | 1.9x  | 1.5x  | 1.4x  |
| EV / EBITDA (x)             | 7.2x  | 5.7x  | 4.9x  |
| EV / EBIT (x)               | 8.7x  | 6.3x  | 5.9x  |
| P / E (x)                   | 16.0x | 10.6x | 10x   |
| <b>Portfolio Financials</b> |       |       |       |
| Revenue Growth (%)          | 14%   | 17%   | 16%   |
| EBITDA Margin (%)           | 13%   | 17%   | 21%   |
| EBIT Margin (%)             | 1%    | 7%    | 13%   |
| NPAT Margin (%)             | -3%   | 3%    | 8%    |

\*\*All metrics reflect weighted averages of the combined portfolio based on SB2 forecasts, as at 31/1/2025, adjusted for abnormalities.

# Q&A



# CONTACT US

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