

# Investor Presentation

May 2018



EUROZ

*Euroz is a growing and diversified financial services company*

Group FUM

**\$1.435b<sup>1</sup>**



**Market  
capitalisation**

**\$189m<sup>1</sup>**

**\$196m**



**fully franked dividends  
in 18 years**

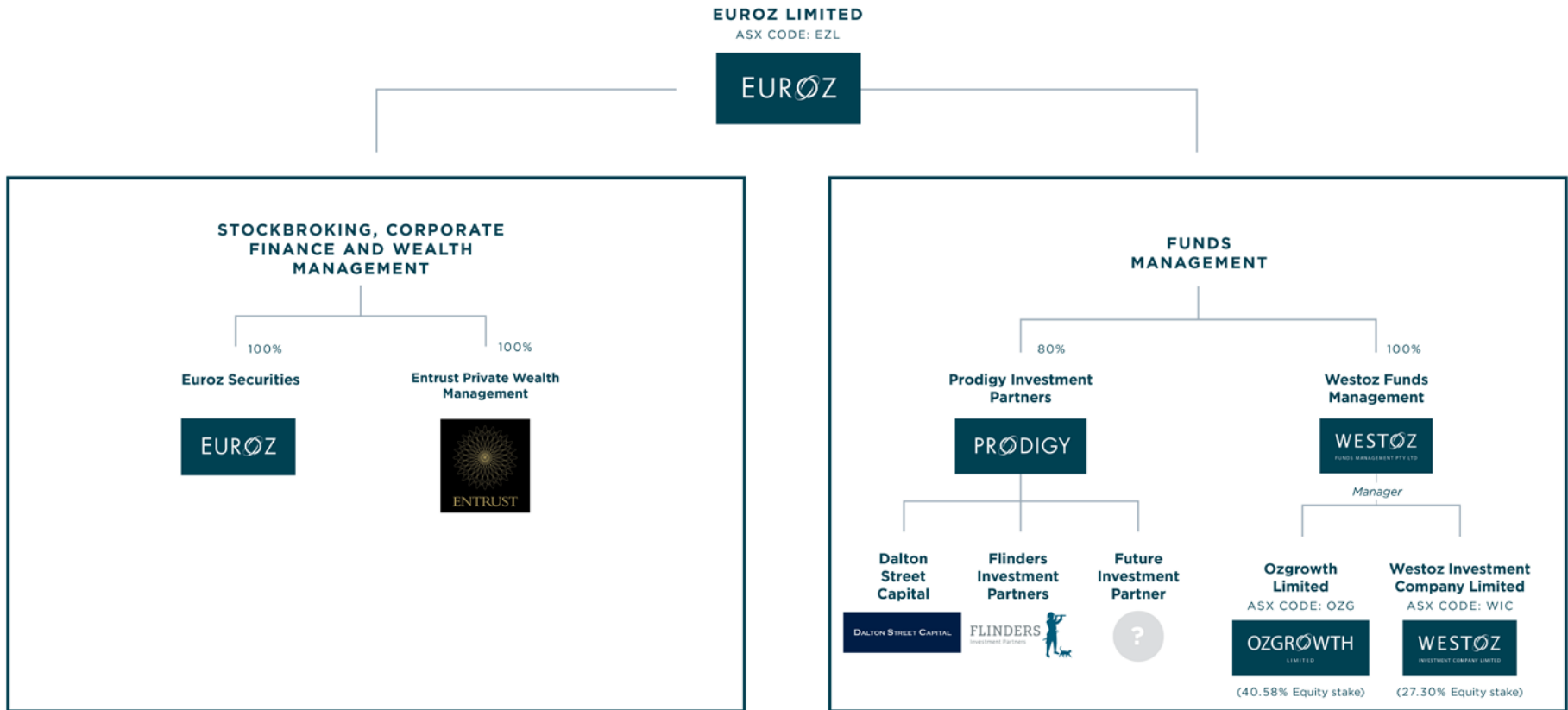
Cash & investments  
increasing

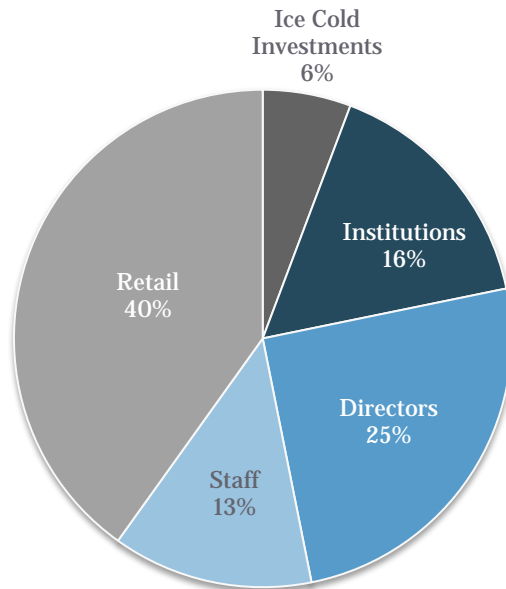
**\$126.2m<sup>1</sup>**



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

Note 1: As at 30 April 2018





- Staff ownership of 38%
- Increasing institutional ownership
- Improving liquidity
- Performance Rights Plan = ongoing capital management

As at 9 May 2018

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



- Strong balance sheet/zero debt
- Defensive in difficult markets
- Historical leverage in good markets
- Western Australia and commodity prices continue to improve
- Increasingly diversified

**Strong balance sheet /increasingly diversified**

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

Euroz Securities  
equity raisings

**\$270m**



WIC investment  
performance

**29.3%**



**22%**

OZG investment  
performance



Group FUM up  
\$1.4 billion



**16.5%**

Net profit after tax

**\$13.76m<sup>1</sup>**

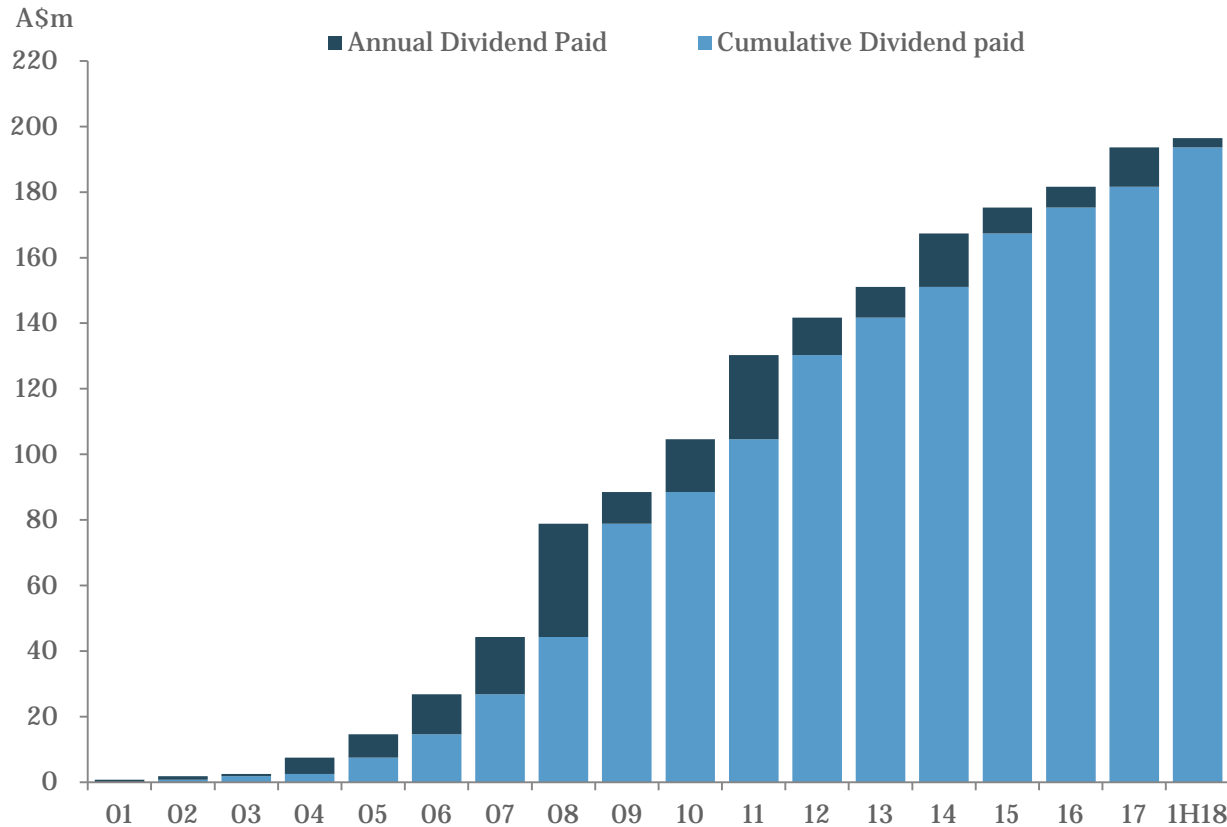
**Euroz ranked top WA broker for 2017 ECM raisings by**



**THOMSON REUTERS**

Note 1: Attributable to members

***Euroz has paid \$196 million fully franked dividends over 18 years***



**Past:**

- Paid \$196m dividends over 35 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 seven 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**

- Specialised corporate advisory services
- Euroz ranked top WA broker for 2017 ECM raisings by Thomson Reuters Corporation

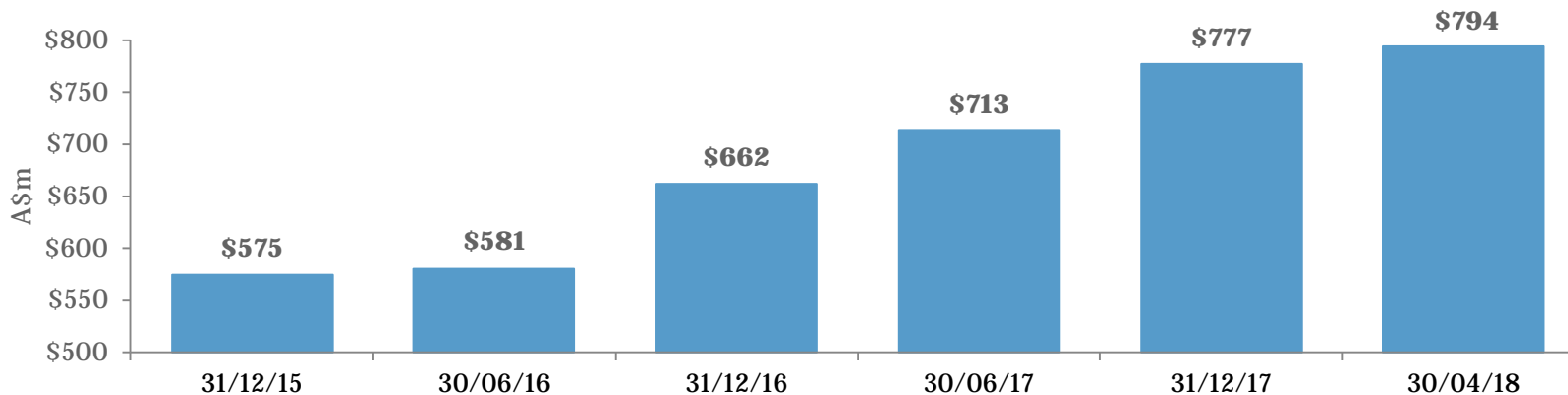
**Long term strategy: Leverage deal flow in WA related companies through high quality research, dealing and corporate finance services**



## ***Entrust Private Wealth Management - 15 year track record***

- Combines its deep knowledge of managed financial planning, discretionary advice 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 of \$794 million

### **Entrust FUM**

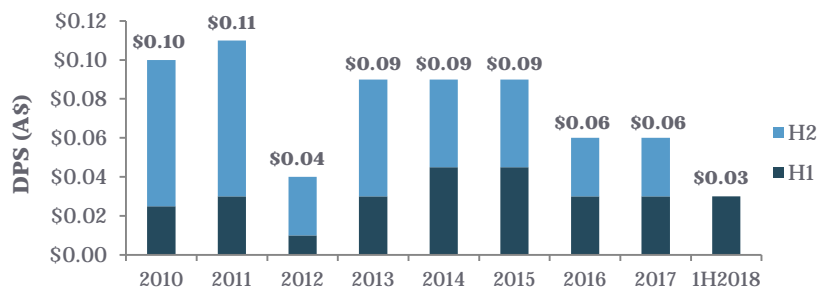


**Long term strategy: Grow FUM through organic growth and attracting external wealth advisors to join our wealth platform**

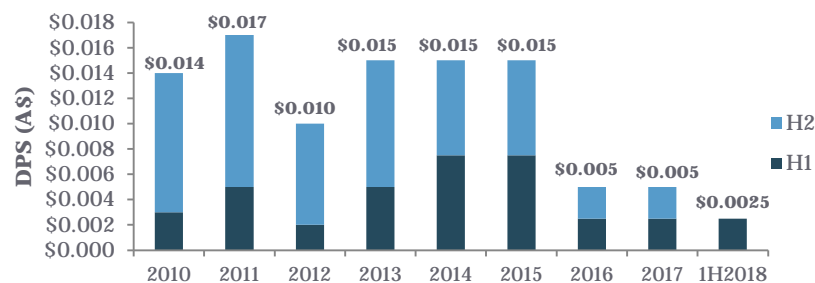
## Westoz Funds Management – Western Australian connected investment opportunities

- 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 \$37m in dividend income to Euroz Limited since inception
- Euroz owns 27.30% of WIC and 40.58% of OZG
- Investment objective of both portfolios is to generate consistent positive returns over medium long term
- WIC Gross Investment performance of 32.5% for the financial year to 30 April 2018
- OZG Gross Investment performance of 23.7% for the financial year to 30 April 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**

## *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
- The first of these new boutique fund management partnerships was announced in July 2015 with Flinders Investment Partners (Flinders) and subsequently Dalton Street Capital (DSC) was launched in May 2016

PRODIGY  
INVESTMENT PARTNERS LIMITED

FLINDERS  
Investment Partners

DALTON STREET CAPITAL

- 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 "Recommended" rating from Lonsec and Independent Investment Research. "Investment grade" rating from Zenith.

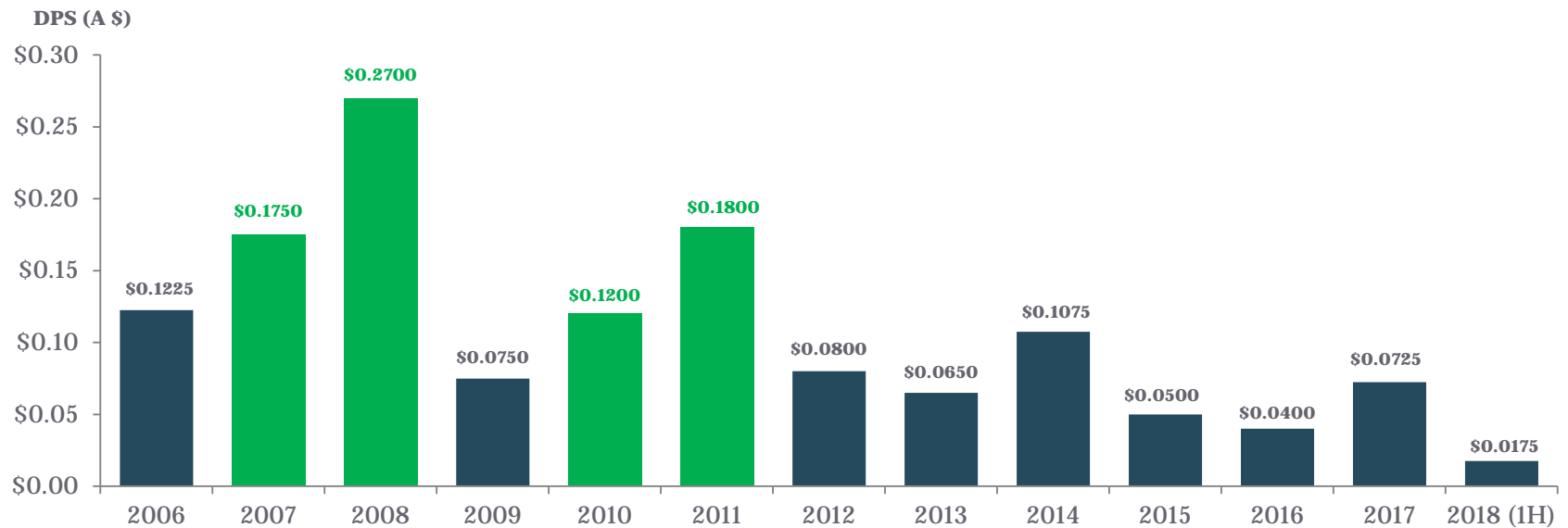
- DSC is a quantitatively driven absolute return manager, using strategic and tactical investment strategies, seeking to deliver superior absolute returns uncorrelated to major asset classes
- DSC's strategy is aimed at giving investors access to strong absolute returns through different market cycles
- 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 and "Approved" from Zenith.

**Long term strategy: provide a steady base of diverse ongoing management fee revenues with potential performance fee upside**

	Business attributes		
	Base Dividend	Dividend Upside	Market Rating/EV
<p><b>Stockbroking and Corporate Finance</b></p> <ul style="list-style-type: none"> <li>Daily brokerage turnover provide a <u>base</u> of revenues</li> <li><u>High impact</u> (but cyclical) transactional fee upside (ECM/M&amp;A)</li> </ul>	✓	✓	
<p><b>Wealth Management</b></p> <ul style="list-style-type: none"> <li>Growing recurring base fee revenue as funds under management increase</li> <li>A platform to attract and acquire new wealth managers</li> </ul>	✓		✓
<p><b>Funds Management</b></p> <ul style="list-style-type: none"> <li>Growing recurring base fee revenue as funds under management increase</li> <li>Increased opportunity for high impact performance fees from a diversified range of funds</li> </ul>	✓	✓	✓
<b>Strategy: Building diverse revenue streams</b>			

- The major driver of past dividends have been Corporate Finance fees (equity capital market and M&A) and Funds Management performance fees (WIC and OZG)
- ECM and performance fees have typically occurred together in strong resource markets (2007, 2008, 2010 and 2011)

**Strategy: Grow the base level of dividends by building more diverse recurring revenue streams while maintain exposure to an increase range of high impact performance and transactional fees**



- Strong balance sheet/zero debt
- Deploying modest capital into Prodigy Investment Partners
- Market Valuation: \$55 - \$63m enterprise value.

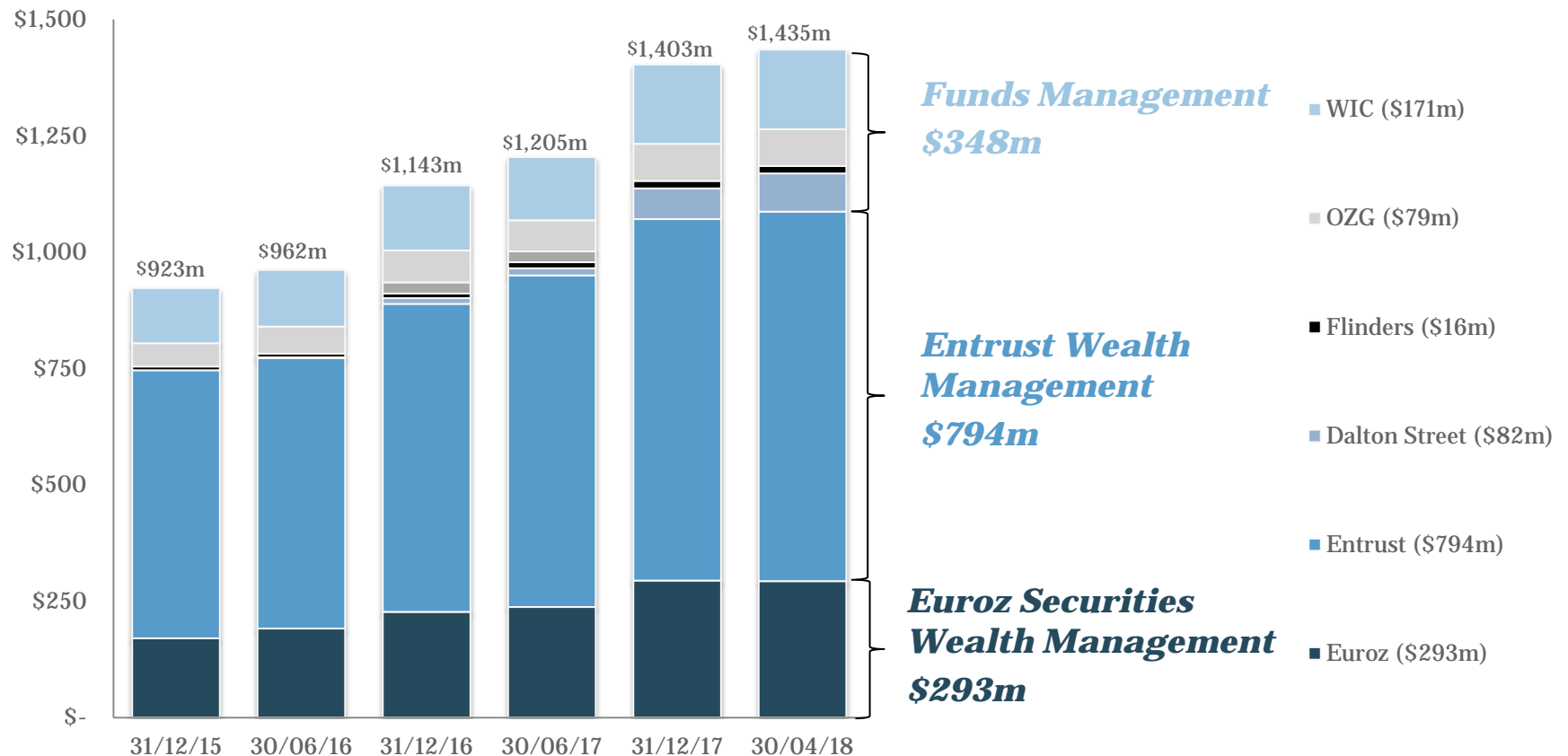
	Cost	Market	Look through value <sup>1</sup>
Westoz	\$39.0m	\$40.4m	\$43.3m
Ozgrowth	\$27.7m	\$26.2m	\$31.3m
Flinders Investment Partners	\$6.1m	\$8.3m	\$8.3m
Dalton Street Capital	\$5m	\$5.5m	\$5.5m
Other Investments	\$11.3m	\$12.1m	\$12.1m
Cash	\$33.6m	\$33.6m	\$33.6m
<b>Total</b>	<b>\$122.7m</b>	<b>\$126.1m</b>	<b>\$134.1m</b>
<i>NTA</i>		<i>\$0.78</i>	<i>\$0.83</i>
Market Capitalisation (\$1.1725/share) <sup>2</sup>		\$188.8m	\$188.8m
<b>Enterprise Value (approx.)<sup>1,2</sup></b>		<b>\$63m</b>	<b>\$55m</b>

Note 1: WIC and OZG valued at NTA

Note 2: As at 30 April 2018

# Funds Under Management

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



**Group FUM of \$1.435 billion**

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



## ***Euroz Group Summary***

- An improved second half driven by strong ECM activity in Euroz Securities
- Wealth Management FUM now over \$1.087 billion/slower second half FUM growth
- Solid Dalton Street Capital investment performance and FUM growth

### **Euroz Securities**

- Positive resource sentiment continues
- Strong second half ECM activity (\$757m total raisings FYTD)
- FUM \$293m



### **Entrust Private Wealth Management**

- Profitability improving with increased scale
- Acquisitions continue to be evaluated
- FUM \$794m

### **Westoz Funds Management**

- WIC 32.5% gross investment performance FYTD/FUM \$171m
- OZG 23.7% gross investment performance FYTD/FUM \$79m

As at 30 April 2018

PRODIGY  
INVESTMENT PARTNERS LIMITED

## Prodigy Investment Partners

- Sales team making good inroads into retail platform market
- Excellent Dalton Street Capital progress / strong investor interest
- Building good relationships with consultants and platforms

FLINDERS  
Investment Partners



## Flinders Investment Partners

- Improved investment performance (FYTD 27.1%)
- \$16m FUM

DALTON STREET CAPITAL

## Dalton Street Capital

- Positive consultant & investor engagement
- Solid investment performance (FYTD 19.6%)
- Zenith and SQM research ratings
- Strong FUM growth to \$82m

As at 30 April 2018

*Euroz is a growing and diversified financial services company*

Modest six  
month result /  
stronger  
second half

WA &  
commodity  
prices volatile  
but improving



**Ranked #1**  
in WA based  
equity capital  
raisings<sup>1</sup>



A robust &  
growing balance  
sheet



Diversification  
strategy

Established track  
record provides  
solid platform  
for growth

Source 1: Thomson Reuters Corporation CY2017

## **Disclaimer & Disclosure**

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Note, all figures are expressed in Australian dollars unless otherwise stated.

# Thank you

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

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

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