



ABN 53 000 364 465

18 April 2019

MARCH QUARTER UPDATE

The Directors of Euroz Limited (**Euroz**) provide the following March Quarter Update and Investor Presentation.

Shareholders will recall our half yearly announcement as at 31 December 2018 reported a -\$2.1 million net loss after tax. Underlying “cash” profits in the first half were \$6.8 million after tax which were offset by -\$8.9 million “non-cash” after tax loss on mark to market of investments.

The March quarter has seen a continuation of modest underlying profitability with an underlying “cash” profit for the period ending 31 March 2019 of \$9.2 million offset by -\$8.3 million in “non-cash” after tax losses on the mark to market of our investments. This equates to a net profit after tax (attributable to members) of approximately \$1 million.

Euroz has a strong track record of paying dividends and the two primary drivers of these dividends have historically been corporate revenue derived from our Equity Capital Markets (**ECM**) activity and performance fee revenue from our funds management operations. Both of these income streams are somewhat dependent on Western Australian and commodity driven markets which are inherently lumpy by nature.

The March quarter saw a good rebound in markets but ASX turnover and ECM activity were relatively quiet. Pleasingly this still managed to provide a modest improvement to underlying profitability.

Our various funds management businesses enjoyed excellent performance in the March quarter but given the December quarter sell off in all markets it is somewhat unlikely that they will provide any outperformance and hence any performance fee income this year (\$10.2 million last year).

If current ECM activity remains at the same somewhat subdued levels for the balance of the financial year your Directors expect full year underlying profitability to be broadly similar to current levels.

Your Directors are pleased with this current years overall solid performance and advise, based on our current position that we intend to pay a final dividend of ~ 5c fully franked for this second half in July 2019.

For further information please contact:

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INVESTOR PRESENTATION

April 2019



Euroz is a growing and diversified financial services company

GROUP FUM

\$1.52b¹

MARKET CAPITALISATION

\$185m¹

HALF YEAR DIVIDEND STEADY

1.75cps

\$213m 

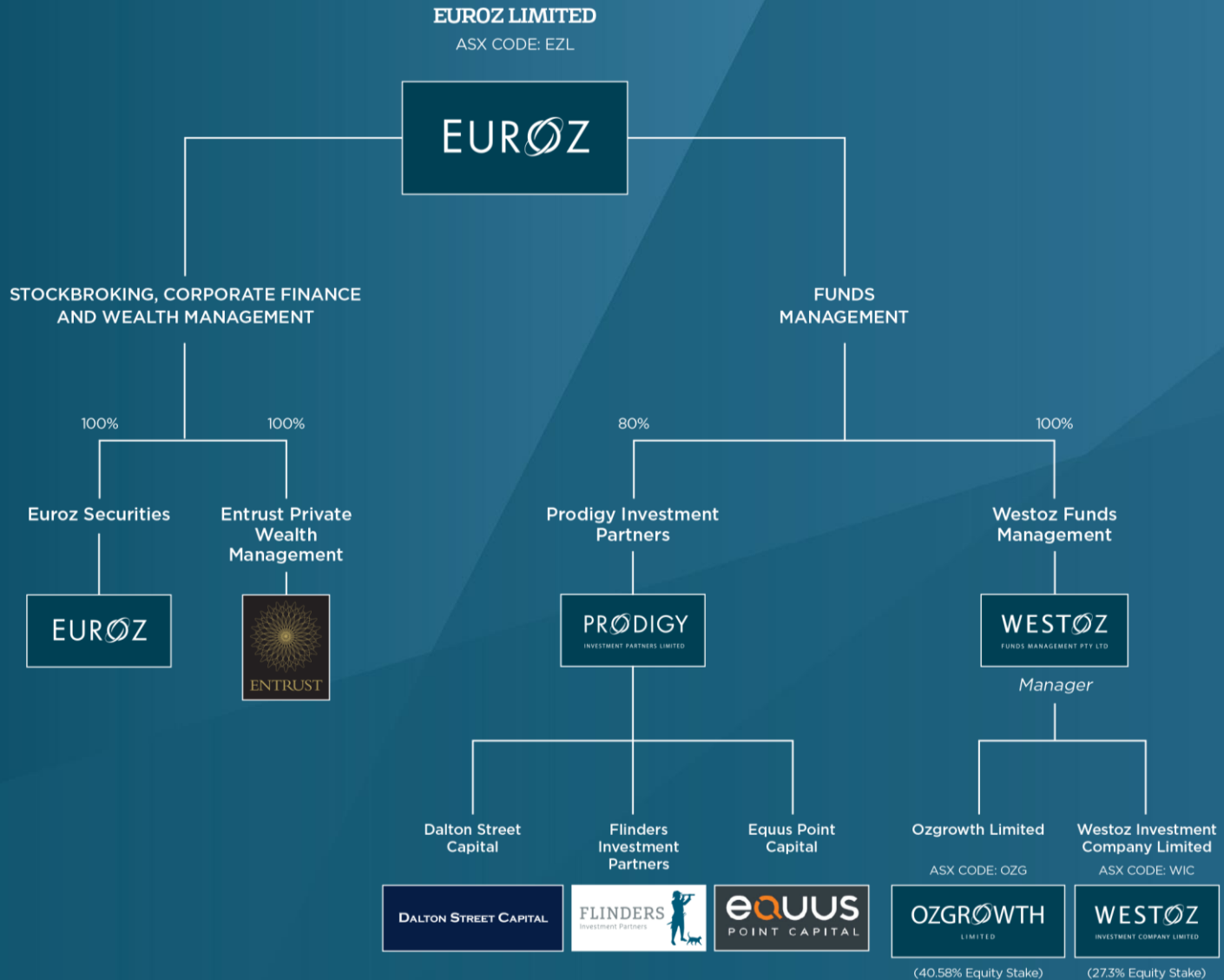
**FULLY FRANKED DIVIDENDS
IN 19 YEARS**

CASH & INVESTMENTS

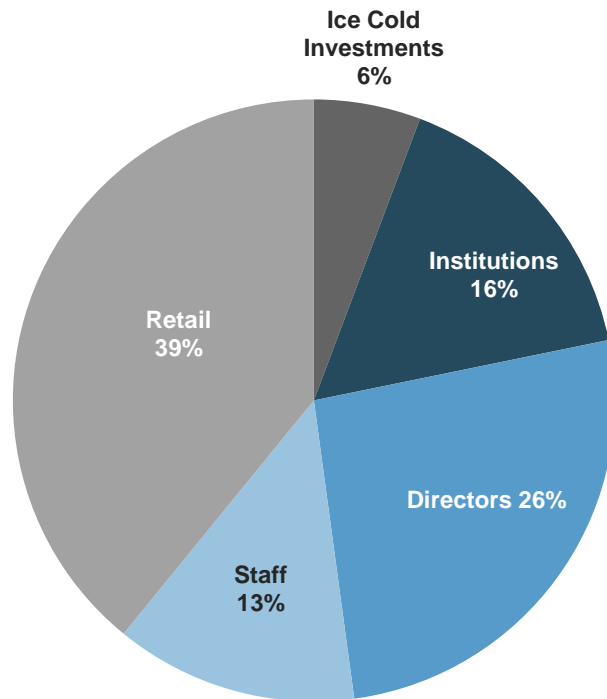
\$114.5m¹

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

Significant staff ownership = strong alignment with shareholders

Note : As at 31 October 2018

Solid NTA Growth



Strong balance sheet / increasingly diversified revenue streams

Underlying “cash” profits of \$6.8 million after tax were offset by -\$8.9 million “non-cash” after tax losses from mark to market investments

NET LOSS AFTER TAX

\$-2.1m¹

UNDERLYING CASH PROFIT

\$6.8m¹

1ST HALF DIVIDEND STEADY

1.75cps

GROUP FUM STEADY

\$1.425b

EUROZ SECURITIES EQUITY RAISINGS

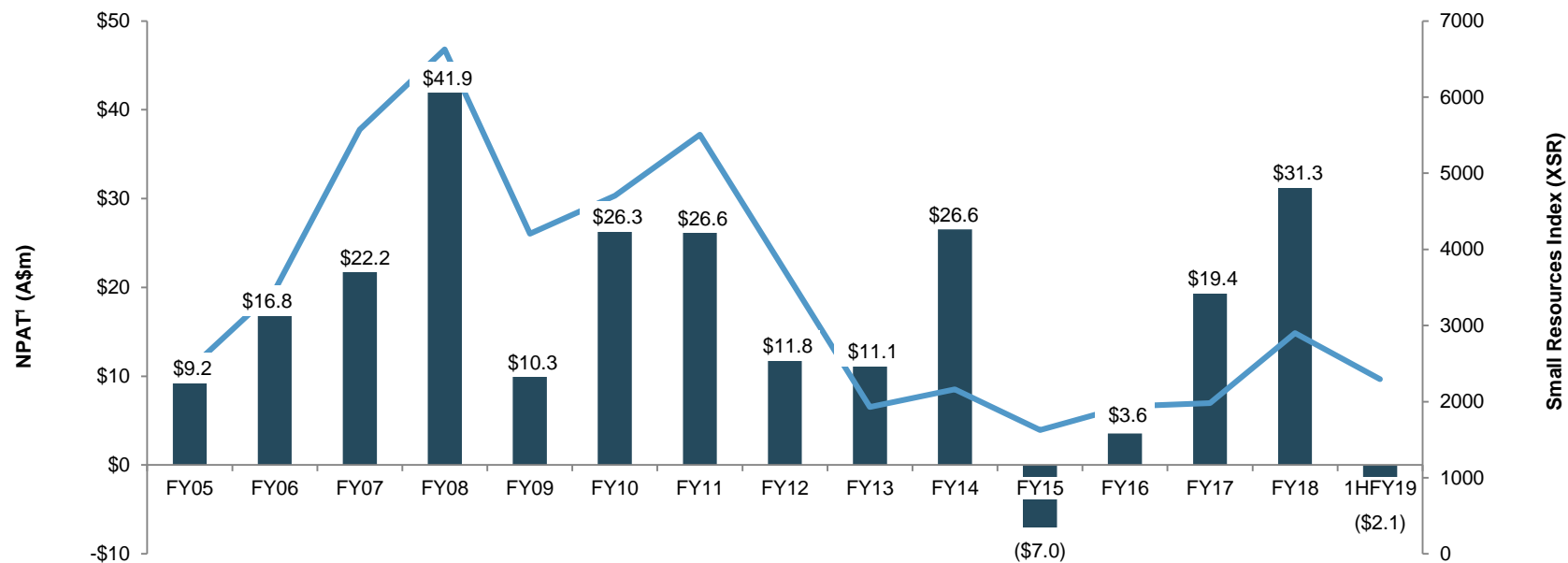
\$277m

NO. 1 WA BROKER FOR ECM TRANSACTIONS FOR CY18



Note 1: Attributable to members

Resource and commodity markets improving but remain volatile due to global events

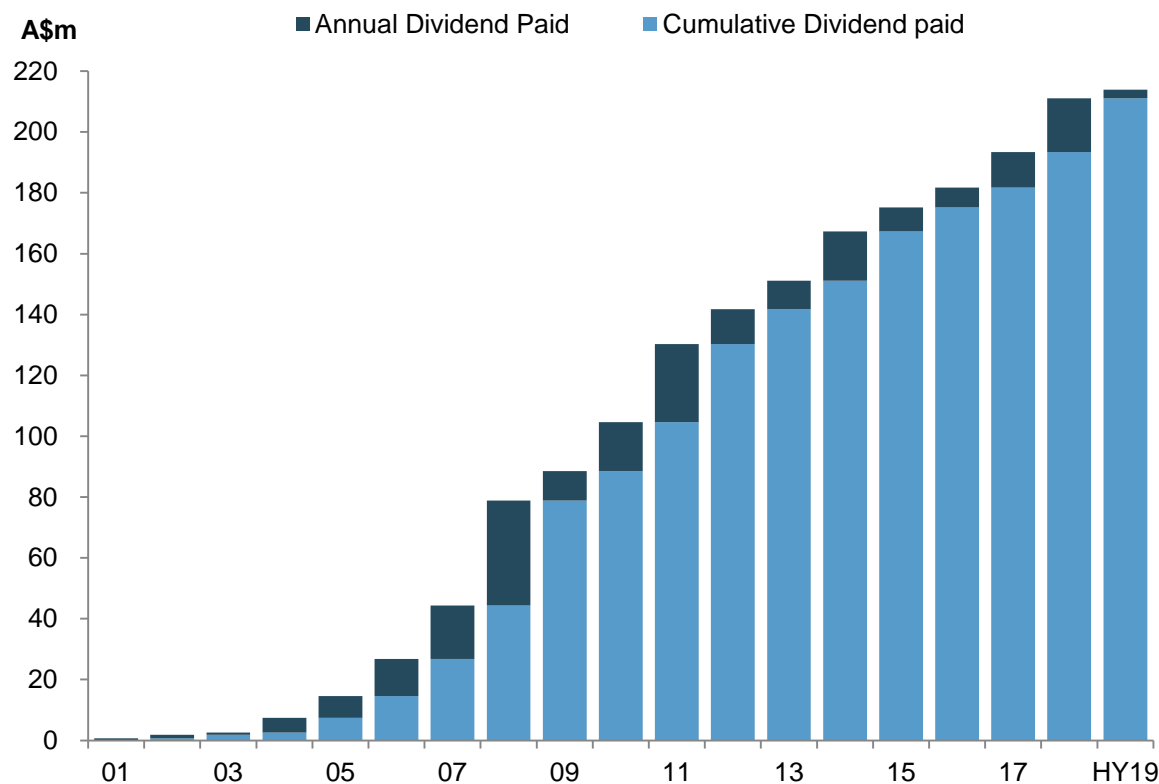


- Strong past correlation to resource markets (Small Resources Index)
- Small Resources Index up 47.5% last financial year and down 21.1% in the 6 months to 31 December 2018
- Small Resources up 12.1% in the March quarter
- Strategy is to generate diverse revenue streams whilst maintaining traditional upside leverage to resource markets

Maintain traditional strengths while building new revenue streams

Note 1: Attributable to members

Euroz has paid \$213 million in fully franked dividends in 19 years



PAST:

- Paid \$213m dividends over 37 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 - 19 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

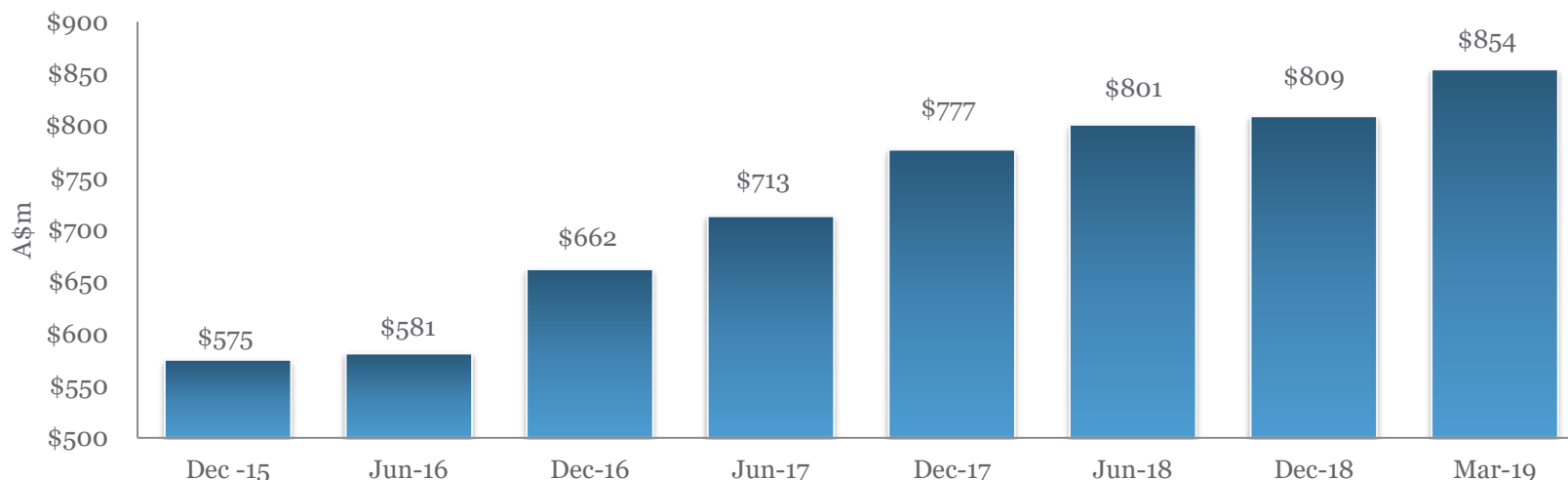
Major financial year corporate finance transactions

<p>Placement & ANREO</p> <p>\$60 million</p> <p>Sole Lead Manager & Underwriter</p> <p>Euroz Securities Ltd Jul 18</p>	<p>Placement</p> <p>\$25 million</p> <p>Joint Lead Manager</p> <p>Euroz Securities Ltd Aug 18</p>	<p>Placement</p> <p>\$3 million</p> <p>Sole Lead Manager</p> <p>Euroz Securities Ltd Aug 18</p>	<p>Placement & ANREO</p> <p>\$35.1 million</p> <p>Joint Lead Manager & Underwriter</p> <p>Euroz Securities Ltd Sep 18</p>	<p>Placement</p> <p>\$27 million</p> <p>Sole Lead Manager</p> <p>Euroz Securities Ltd Oct 18</p>	<p>Placement</p> <p>\$7.8 million</p> <p>Sole Lead Manager</p> <p>Euroz Securities Ltd Oct 18</p>
<p>Placement</p> <p>\$74.4 million</p> <p>Sole Lead Manager & Underwriter</p> <p>Euroz Securities Ltd Oct 18</p>	<p>Acquisition by EagleView Technologies Inc</p> <p>\$136.8 million</p> <p>Financial Adviser</p> <p>Euroz Securities Ltd Dec 18</p>	<p>Placement</p> <p>\$43 million</p> <p>Joint Lead Manager & Underwriter, Co-Manager</p> <p>Euroz Securities Ltd Dec 18</p>	<p>Placement</p> <p>\$30.5 million</p> <p>Sole Lead Manager</p> <p>Euroz Securities Ltd Feb 19</p>	<p>Placement</p> <p>\$50 million</p> <p>Joint Lead Manager</p> <p>Euroz Securities Ltd Feb 19</p>	<p>Placement</p> <p>\$4 million</p> <p>Sole Lead Manager</p> <p>Euroz Securities Ltd Apr 19</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 \$854m

ENTRUST FUM

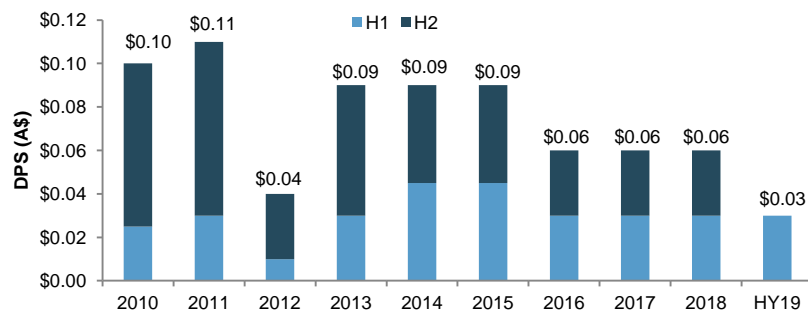


LONG TERM STRATEGY: Grow FUM through organic growth and attracting external wealth advisors to join our wealth platform

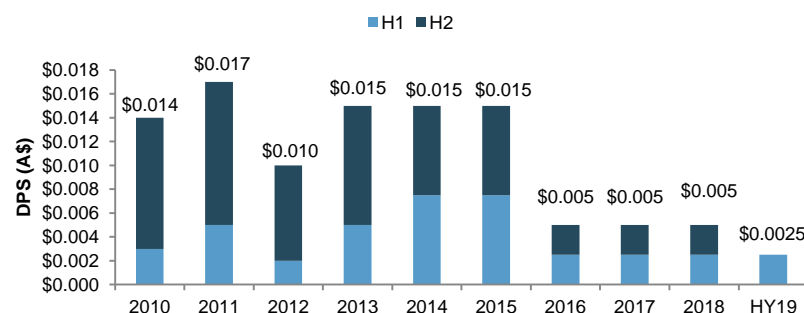
Westoz Funds Management – “Finding the Best in the West”

- 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 \$38.8m in dividend income to Euroz Limited since inception
- WIC and OZG have paid \$152m in fully franked dividends to shareholders since inception
- Euroz owns 27.30% of WIC and 40.58% of OZG
- WIC Gross Investment 9 months performance of -2.5% to 31 March 2019
- OZG Gross Investment 9 months performance of -9.6% to 31 March 2019

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

PRODIGY INVESTMENT PARTNERS LIMITED



- 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
- Top quartile performance since inception
- Gross investment performance of 14.2% since inception and 13.5% in the March quarter

DALTON STREET CAPITAL

- DSC's strategy is aimed at giving investors access to strong uncorrelated absolute returns through different market cycles
- DSC is headed by Alan Sheen. Alan previously worked at Credit Suisse where he was Head of Proprietary Trading.
- DSC has achieved "Superior" fund rating from SQM Research, "Investment Grade" from Zenith and "Investment Grade" from Lonsec
- Gross investment performance of 14.5% in the March quarter



- 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 20 months
- Rated Favourable by SQM Research
- Seeded 1 December 2018 with 3.95% gross investment performance since inception

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

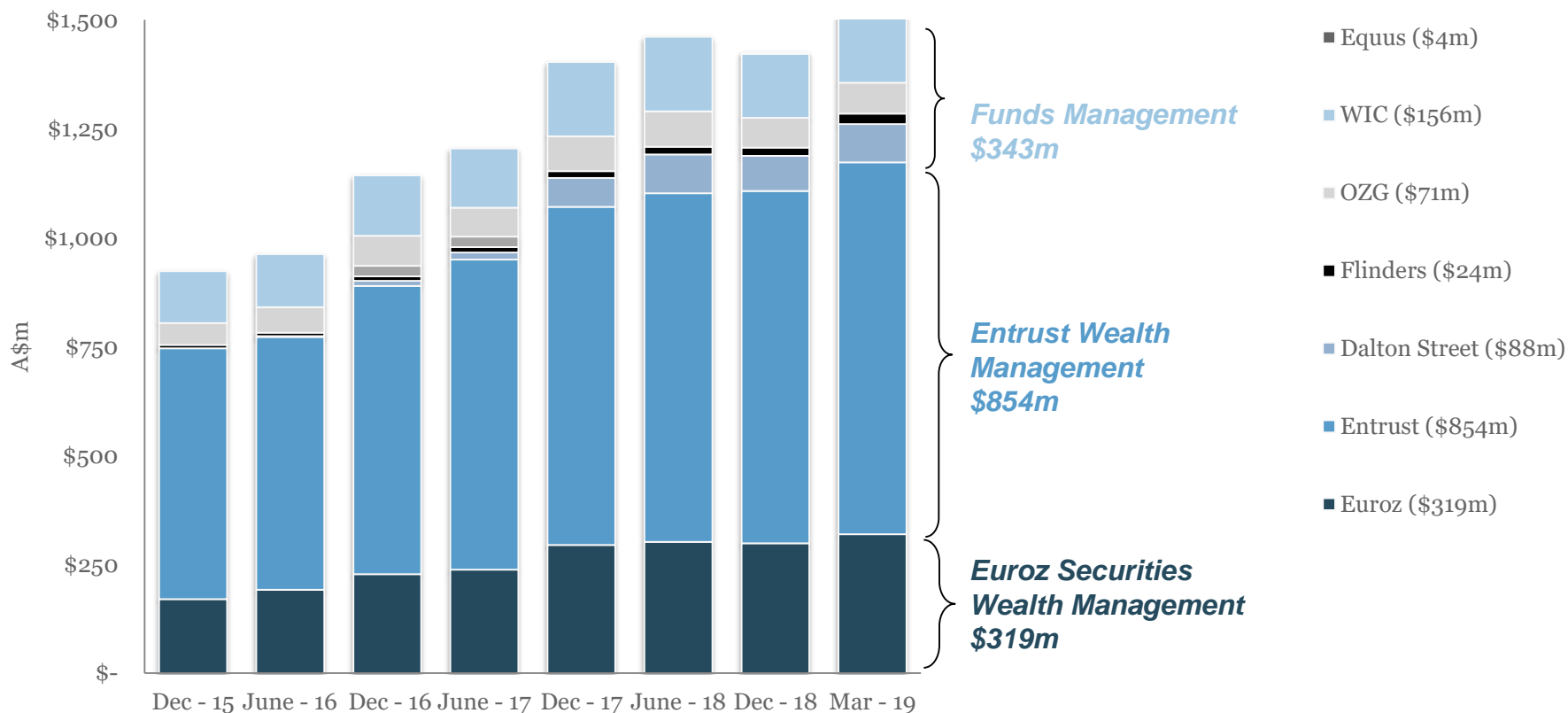
Improving balance sheet

- Strong balance sheet/zero debt
- Recycle Prodigy fund investments over time
- Market Valuation: \$59m – \$71m enterprise value

	Cost	Market	Look through value ¹
Westoz	\$39.0m	\$35.9m	\$41.2m
Ozgrowth	\$27.7m	\$23.2m	\$29.2m
Flinders / Dalton / Equus Investments	\$11.4m	\$12.4m	\$12.4m
Other Investments	\$8.6m	\$7.9m	\$7.9m
Cash	\$35.1m	\$35.1m	\$35.1m
Total	\$121.8m	\$114.5m	\$125.8m
NTA		\$0.76	\$0.83
Market Capitalisation (\$1.15/share)		\$185m	\$185m
Enterprise Value (approx.)		\$71m	\$59m

Note 1: WIC and OZG valued at NTA

Strong organic FUM growth from a diverse range of businesses



Group FUM of \$1.52 billion

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

Euroz Group Summary

- Solid first half from Euroz Securities followed by a quieter March quarter
- Group FUM up to \$1.52 billion
- Lower WIC and OZG share prices continue to affect reported profitability
- Underlying “cash” profit of \$9.2m after tax offset by -\$8.3m “non cash” after tax loss on mark to market of investments
- Net profit after tax (attributable to members) of approximately \$1m as at 31 March 2019
- Performance fees unlikely this financial year / ECM activity currently subdued
- Expect underlying cash profitability to remain around current levels

Euroz Securities

- Strong first 6 months, quieter third quarter ECM activity
- \$277m in announced ECM raisings for first half / \$82m for March quarter
- FUM up modestly to \$319m



Entrust Private Wealth Management

- Platform for future wealth management acquisitions and organic growth
- Good increase in FUM to \$854m

Westoz Funds Management

- Better third quarter markets improving WIC and OZG investment performance
- WIC +10.9% in March quarter/FUM \$156m
- OZG +7% in March quarter/FUM \$71m

Note: As at 31 March 2019



Prodigy Investment Partners

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



Flinders Investment Partners

- Modest FUM growth to \$24m
- Top quartile performance since inception / outperforming benchmark and peers
- Performance of 14.2% p.a since inception attracting new wholesale and retail FUM opportunities

DALTON STREET CAPITAL

Dalton Street Capital

- Positive consultant & investor engagement
- Excellent March quarter gross investment performance of 14.5%
- FUM now at \$88m

eQUUS
POINT CAPITAL

Equus Street Capital

- Founded by Rob Stewart (Challenger, Colonial/First State) and Toby Masters (Pittwater Capital, Credit Suisse)
- Market neutral strategy
- Launched / seeded 1 December 2018 with 3.95% gross investment performance since inception

Euroz is a growing and diversified financial services company

Solid full year underlying profitability / intention to pay ~5c fully franked final dividend

Established track record provides solid platform for growth



A robust & growing balance sheet



Diversification strategy continues

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

THANK YOU

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