



ABN 53 000 364 465

29 January 2020

Unaudited first half result and interim dividend

Euroz Limited (“**Euroz**”) reports solid underlying profitability for the first half of the 2020 financial year.

On a headline basis Euroz expects an unaudited net profit after tax (attributable to members) of approximately \$8.5 million for the 6 months to 31 December 2019 compared to the net loss after tax (attributable to members) of -\$2.1 million for the 6 months to 31 December 2018.

Underlying “cash” profits after tax of \$4.5 million were combined with \$4.8 million in “non-cash” after tax profits from the mark to market on investments but were offset by \$0.8 million in “non cash” after tax losses relating to the write down of deferred tax assets associated with the Prodigy Investment Partners (“Prodigy”) boutiques.

The Directors are pleased to announce a first half dividend of 1.75 cents per share fully franked.

Result Commentary

Underlying cash profitability was driven by a strong performance from Euroz Securities which delivered Equity Capital Market (“**ECM**”) raisings of \$519 million versus the corresponding half of \$277 million. It is also pleasing that brokerage income at the half was up 29% versus the previous corresponding half. Euroz Securities Funds Under Management (“**FUM**”) was up over the past 6 months to \$378 million reflecting modest organic new FUM growth.

Entrust Wealth Management (“**Entrust**”) has seen a continuation of excellent organic growth with FUM of \$998 million. Entrust has now grown FUM from \$565 million since being acquired in July 2015 and we remain very pleased with its performance and ability to continue to drive further organic growth.

Westoz Investment Company Limited (ASX:WIC) and Ozgrowth Limited (ASX:OZG) both had very solid investment performance of 15.5% and 10.8% respectively (gross) for the 6 months to 31 December 2019. The share prices of these significant investments continue to be a major influence on our reported profitability and the increase in their share prices for the 6 months to 31 December 2019 contributed \$4.2 million to our headline reported profit.

Our first Prodigy boutique partner, Flinders Investment Partners (“**Flinders**”), has demonstrated outstanding investment performance of 16.3%pa (gross) since inception together with a strong return in the 2019 calendar year where the Fund delivered 35.9% (gross). The Fund was ranked one of the top 10 performing Australian Small Company Funds by Morningstar in 2019, and is ranked top quartile amongst its peers over various periods including since inception. Strong returns above the benchmark (S&P/ASX Small Ordinaries Index) enabled Flinders to generate an excellent performance fee for the 6-month period.

Our second Prodigy boutique partner, Dalton Street Capital, returned 4.91% gross investment returns for the calendar year but continued low intraday futures volatility and negative Asian market sentiment has seen total FUM decrease to \$62 million as at 31 December 2019.

Our third and latest Prodigy partner, Equus Point Capital, returned -0.51% (gross) for the calendar year with FUM of \$3.8 million as at 31 December 2019.

Group FUM remains an important measure for our various businesses and the Directors report solid FUM growth to \$1.73 billion as at 31 December 2019.

Summary

The Board is pleased that our Euroz Securities business remains strongly leveraged to the commodity price cycle and to Western Australia in general and is performing well. Western Australia is showing signs of bottoming out and a modest recovery appears to be underway.

We remain increasingly positive on the internal and external drivers for our high-quality wealth management Entrust business and growing FUM through both organic growth and potential acquisitions.

Westoz and Ozgrowth had an excellent first half through their exposure to quality small-mid cap Western Australian connected companies and “Finding the Best in the West” for their investors.

Our Flinders partnership has an outstanding 4-year performance track record and we are optimistic that committed FUM from a number of consultants and platforms will provide more significant fund flow and scale for this quality investment team.

We remind investors that our second half performance and final dividend will be dependent on market sentiment, commodity prices and resulting ECM activity.

The relevant dates for the interim dividend are as follows:

Interim Dividend:	1.75 cents per share fully franked
Ex-Dividend Date:	4 February 2020
Record Date:	5 February 2020
DRP Election Date:	6 February 2020
Payment Date:	21 February 2020

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This announcement is authorised for release by the officer named above.