



ABN 52 126 450 271

8 November 2018

Chairman's AGM Address

Good afternoon ladies and gentlemen. My name is Jay Hughes and on behalf of my fellow Directors, I am pleased to welcome you to this meeting, my sixth as Chairman, and to provide you with this address today.

Supported by a healthy resources market we generated significant returns on our investment portfolio in FY2018 through application of our consistent investment approach.

To recap the 2018 financial year results:

- Ozgrowth Limited recorded a significant increase in after tax profits, reporting a gain of \$12.1 million for the year;
- The strong result was built on an underlying portfolio return of 30.7% for the year. This figure is quoted before allowance for fees and taxes to allow comparison to broader equity market benchmarks. The annualised return on a similar basis since inception of our investment activities in May 2005 stands at 9.0% per annum;
- Post-tax net tangible assets of the company grew to 21.9 cents per share; and,
- We paid fully franked dividends of \$1.8 million in respect of the period, representing 0.5 cents fully franked per share.

Since inception in 2008, we have now returned 10.3 cents per share to shareholders by way of fully franked dividends, totalling \$38 million. With the addition of franking credits, this number grosses up to over \$54 million, or 14.7 cents per share. We remain committed to paying dividends and are again targeting a 0.5 cent per share dividend in the current financial year.

To date, FY2019 is proving a tougher environment for equity markets than preceding years. Tightening monetary conditions, global political concerns and slowing economic growth have collided with optimistically priced financial assets, and as at 31 October 2018, the Australian equity market has declined approximately 4.7% this financial year. Smaller capitalisation stocks have been sold off more aggressively with the ASX Smaller Capitalisation Index declining 8.6% over the same period.

The West Australian economy has shown signs of several false starts from the bottom however significant capital expenditure on resource projects and state infrastructure has now driven full time employment in WA to its highest level in almost three years. In addition, consumer and business confidence levels in WA continue to improve and we remain well positioned to benefit from an inevitable upturn.

Your Board remains highly committed to the investment manager's philosophy of identifying small capitalisation, growth focused investment opportunities from its base in WA, and we firmly believe this strategy will continue to deliver our desired returns over the medium to long term.

Finally, I would like to encourage all stakeholders to make use of our enhanced channels to interact with our company. We now have a range of opportunities to get up to date information on our activities, including an enhanced website, weekly email news and regular video updates. You are also always welcome to contact us directly with any queries you may have.

I would like to thank you again for your continued support and I look forward to providing further updates throughout the year.

I now welcome our investment manager, Mr Dermot Woods, to provide a short presentation on the current portfolio composition.

Thank you for your attention.

JAY HUGHES
Chairman