

WESTOZ

INVESTMENT COMPANY LIMITED

ABN 99 113 332 942

20 November 2019

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 seventh as Chairman, and to provide you with this address today.

A more volatile market saw a small negative return on our investment portfolio for FY2019. This market did however produce many investment opportunities and seeds that were sown last financial year, are now delivering healthy returns in FY2020.

To recap the 2019 financial year results:

- Westoz Investment Company Limited recorded a net loss after tax of \$2.9 million, versus a gain of \$30.1 million in the previous year;
- The underlying portfolio return was negative 2.2% for the year. This figure is quoted before fees and taxes to allow comparison to broader equity market benchmarks;
- The portfolio's annualised return on a similar basis since inception of our investment activities in 2005 stands at 12.6%;
- We paid \$8.0 million of fully franked dividends over the year, representing 6 cents fully franked per share; and
- Net assets of the Company closed at \$151.8 million, or 114.0 cents per share after tax.

Since inception in 2005, we have now returned 96 cents per share to shareholders by way of fully franked dividends, totalling more than \$117 million. With the addition of franking credits, this number grosses up to \$168 million, or \$1.37 per share. For FY2020, the Board has again targeted a 6 cents per share fully franked dividend.

This financial year, the market and our portfolio has benefitted to date from accommodative monetary policy, and more recently, increased optimism on the outlook for the global economy. As at 31 October 2019, I am pleased to report the Westoz investment portfolio has increased by 9.9%. In comparison, the All Ordinaries Accumulation Index has risen 2.4%, while the ASX Small Resources Accumulation Index has declined 0.2%. We expect volatility to again be a feature this financial year as the market wrangles with an uncertain geo-political environment and an extraordinary interest rate backdrop.

Here in the West, it was pleasing to see the WA economy return to economic growth in the June 2019 quarter. The long-awaited next capital expenditure cycle in the resource sector is now upon us and this should help cement economic expansion in the State over the coming years.

My personal observation is that similarly to the post GFC period, confidence levels in Western Australia appear very low. This is reflected in the WA real estate market's muted reaction to lower rates as opposed to the increased activity in the eastern states. The paradox in WA is that we have many anecdotes of positive sentiment in the north of the state but this has not yet filtered into the Perth environment. Salaried professionals are still keeping their money in their pockets. There will be a trigger to change this and confidence will return very quickly, and as ever Westoz will be the investment for exposure to finding "the best in the west".

This has been a year of external forces creating investor fatigue but sense will prevail in the future as the global system has an uncanny ability to right itself. This can be via the voter or as simple as the realisation that this is the world now and it's time to get on with it. With this in mind, your Board remains committed to its original philosophy of identifying valuable investment opportunities from its base in WA. We also continue to focus our energy on the goal of paying consistent dividends over the long term to our loyal shareholders.

Finally, I would like to encourage all shareholders to make use of our enhanced channels to interact with our Company. We have a range of opportunities to get up to date information on our activities including monthly video updates, weekly email news and an informative website. You are also always welcome to contact the team 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.

Thank you.

JAY HUGHES
Chairman