

# AGM Presentation

November 2017



EUROZ

*Euroz is a growing and diversified financial services company*

Group FUM

**\$1.33b<sup>1</sup>**



Market  
capitalisation

**\$188.4m<sup>1</sup>**



**\$193m**



**fully franked dividends  
in 17 years**

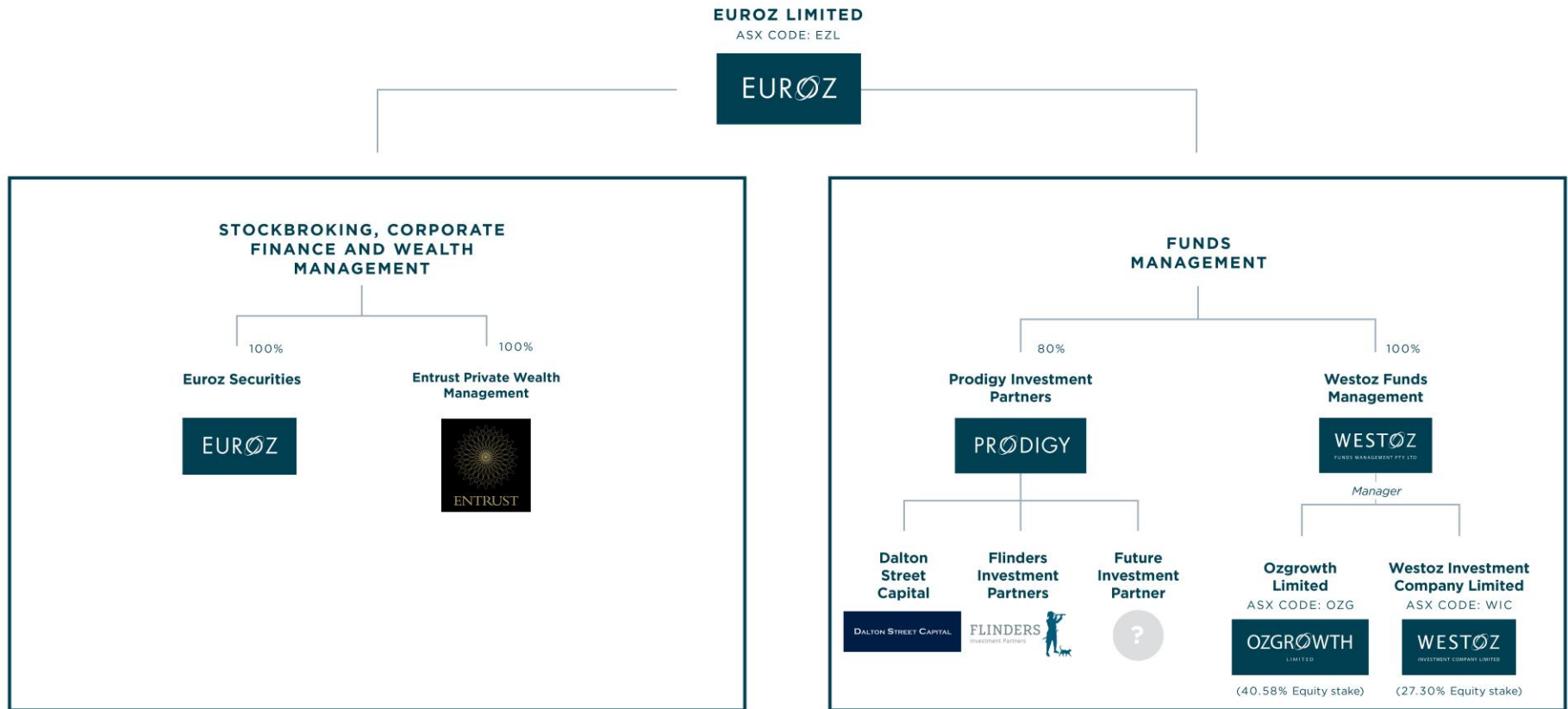
Cash & investments  
increasing

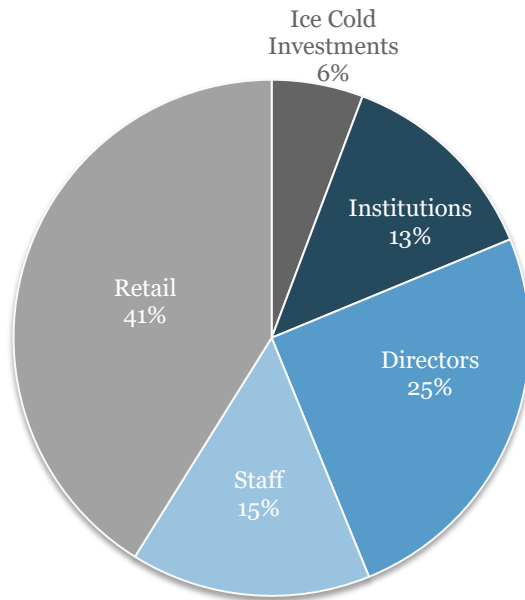
**\$118.6m<sup>1</sup>**



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

Note 1: As at 31 October 2017





- Staff ownership of 40%
- Increasing institutional ownership
- Improving liquidity
- Performance Rights Plan = ongoing capital management

As at 30 September 2017

**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 improving but volatile

**Strong balance sheet provides platform for future growth**

\* As at 29<sup>th</sup> September 2017

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

Euroz Securities  
equity raisings  
**\$865m**



**WIC investment  
performance**

**20.1%**



**19.4%**

OZG investment  
performance



Group FUM up  
\$1.2 billion



**24.7%**

Net profit after tax

**\$17.9m**

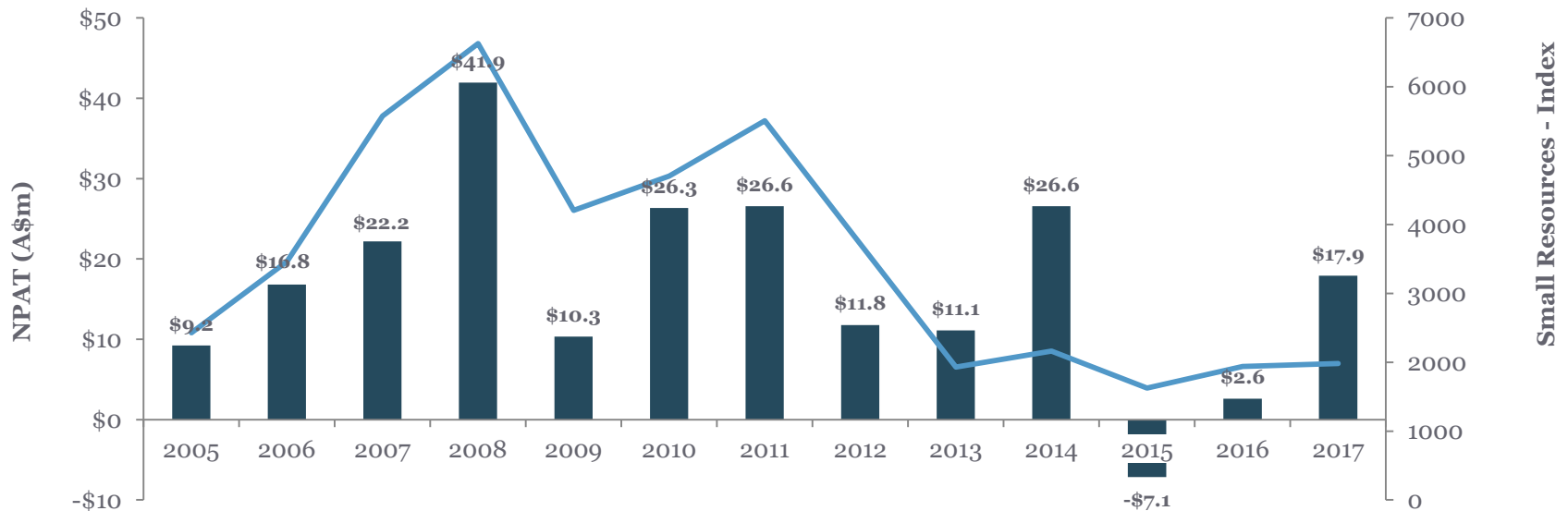


Euroz ranked number 1 by



for WA based equity capital raising in FY 2017

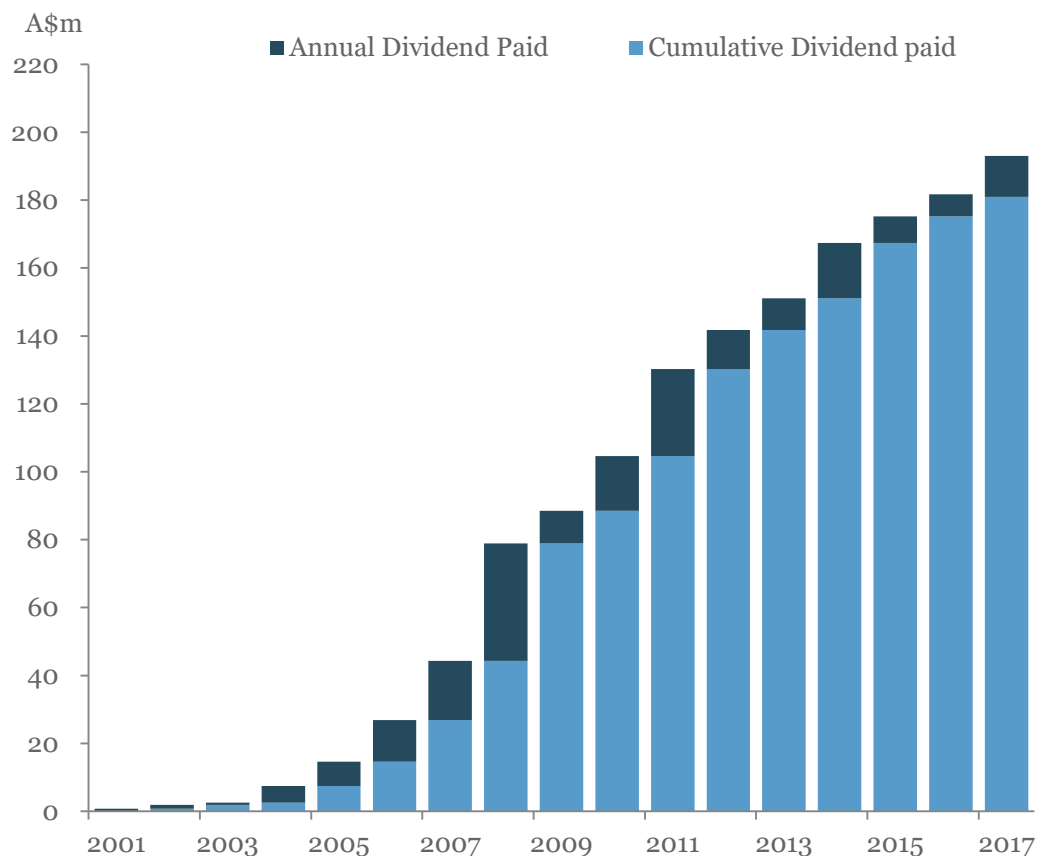
- Strong past correlation to resource markets (Small Resources Index)
- Strategy is to generate diverse revenue streams whilst maintaining traditional upside leverage to resources



**Maintain traditional strengths while building new revenue streams**

\* Audited

*Euroz has paid \$193 million fully franked dividends over 17 years*



## Past:

- Paid \$193m dividends over 34 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 - 17 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 Number 1 according to WA Business News for WA based equity raisings in FY 2017

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

## Major transactions during FY 17

**EUROZ**  
Supporting our clients  
on major transactions  
during FY17

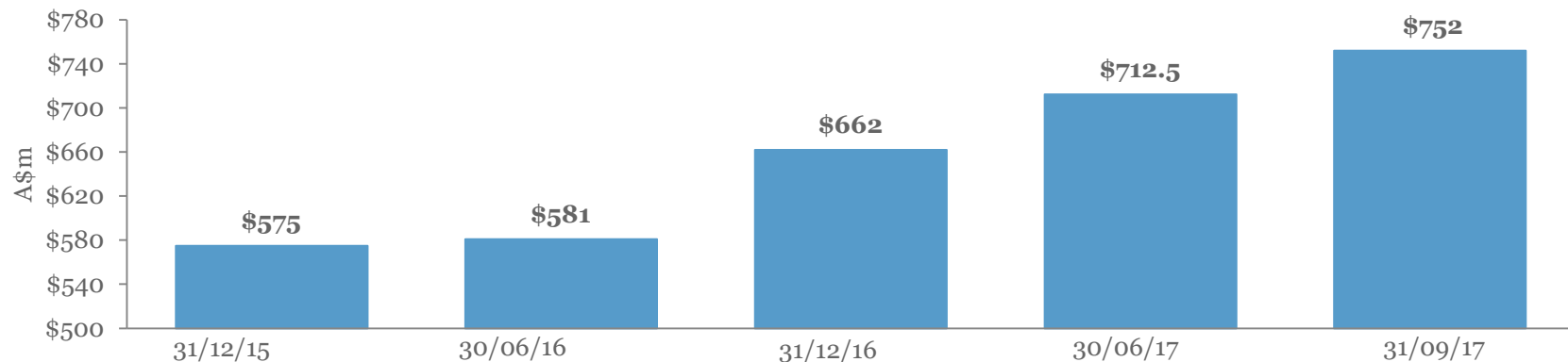
Ranked #1 in  
WA based equity  
capital raisings<sup>1</sup>  
1. Source: WA Business News IQ FY17

 <b>Renaissance</b> minerals (Cambodia) limited Off-market takeover offer <b>\$50 million</b> Financial Advisor Euroz Securities Ltd Oct 16	 <b>ASG</b> Cash takeover by Nomura Research Institute <b>\$349 million</b> Corporate Broker Euroz Securities Ltd Dec 16	 <b>SUNDANCE</b> energy Placement <b>\$80 million</b> Joint Lead Manager Euroz Securities Ltd Jul 16	 <b>AUSTRALIS</b> OIL & GAS IPO & Placement <b>\$130 million</b> Lead Manager Euroz Securities Ltd Jul 16, Apr 17	 <b>igo</b> Placement <b>\$250 million</b> Co Lead Manager Euroz Securities Ltd Aug 16	 <b>kibaran</b> resources Placement <b>\$10.9 million</b> Joint Lead Manager Euroz Securities Ltd Aug 16
 <b>imdex</b> Placement <b>\$40 million</b> Lead Manager Euroz Securities Ltd Sep 16	 <b>TROY RESOURCES LIMITED</b> Placement & ANREO <b>\$40.7 million</b> Joint Lead Manager Euroz Securities Ltd Sep 16	 <b>NRW</b> Holdings Placement <b>\$20 million</b> Joint Lead Manager Euroz Securities Ltd Sep 16	 <b>VEEM</b> IPO <b>\$25 million</b> Lead Manager & Underwriter Euroz Securities Ltd Oct 16	 <b>energia</b> minerals limited Entitlement Issue <b>\$6.1 million</b> Lead Manager & Underwriter Euroz Securities Ltd Oct 16	 <b>COOPER</b> ENERGY Placement & ANREOs <b>\$213.8 million</b> Joint Lead Manager & Joint Underwriter Euroz Securities Ltd Nov 16, Apr 17
 <b>finders</b> resources ltd Placement <b>\$12 million</b> Lead Manager Euroz Securities Ltd Nov 16	 <b>BOSS</b> RESOURCES LIMITED Placement <b>\$6.8 million</b> Joint Lead Manager Euroz Securities Ltd Jan 17	 <b>Ardea</b> Resources Limited IPO <b>\$5.1 million</b> Lead Manager Euroz Securities Ltd Feb 17	 <b>Empired</b> Placement <b>\$16 million</b> Lead Manager Euroz Securities Ltd Mar 17	 <b>ORECORP</b> LIMITED Placement <b>\$20.6 million</b> Lead Manager Euroz Securities Ltd Apr 17	 <b>spookfish</b> geological imagery redefined Placement <b>\$9.3 million</b> Lead Manager Euroz Securities Ltd Apr 17
 <b>ZENTH ENERGY</b> IPO <b>\$25 million</b> Lead Manager & Underwriter Euroz Securities Ltd Apr 17	 <b>SMS</b> SWICK MINING SERVICES Placement <b>\$4.9 million</b> Lead Manager Euroz Securities Ltd May 17				

## *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 \$752m

**Entrust FUM**

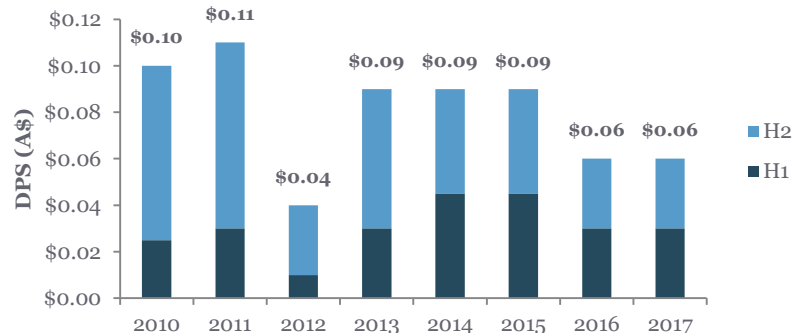


**Long term strategy: Grow FUM through organic growth and attracting external wealth advisors to join our wealth platform**

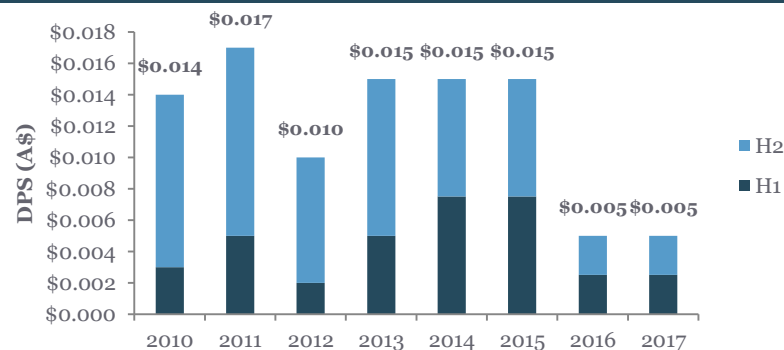
## Westoz Funds Management – Western Australian connected investment opportunities

- 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<sup>1</sup> 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 20.1% for FY 2017
- OZG Gross Investment performance of 19.4% for FY 2017

### 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**

Note 1: As at 30 June 2017

## *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.

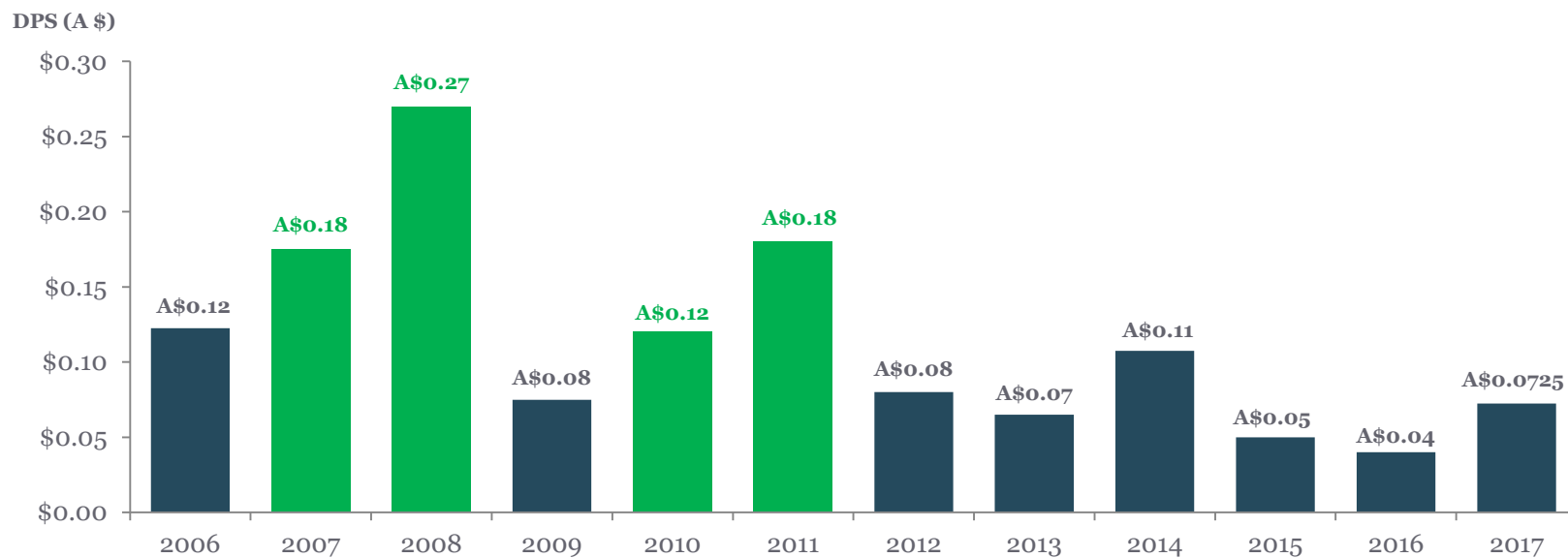
- DSC is a quantitatively driven absolute return manager, using strategic and tactical investment strategies, seeking to deliver superior absolute returns uncorrelated to major asset classes
- DSC’s strategy is aimed at giving investors access to strong absolute returns through different market cycles
- The strategy has a 12-year track record of producing positive investment returns over various market cycles
- DSC is headed by Alan Sheen and Nick Selvaratnam. Before joining Prodigy, Alan and Nick worked together at Credit Suisse where Alan was Head of Proprietary Trading and Nick was Head of Equities
- DSC has achieved “superior” fund rating from SQM Research

**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><u>Strategy</u>: 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: \$61 - \$70m enterprise value for eight brands across three major business divisions

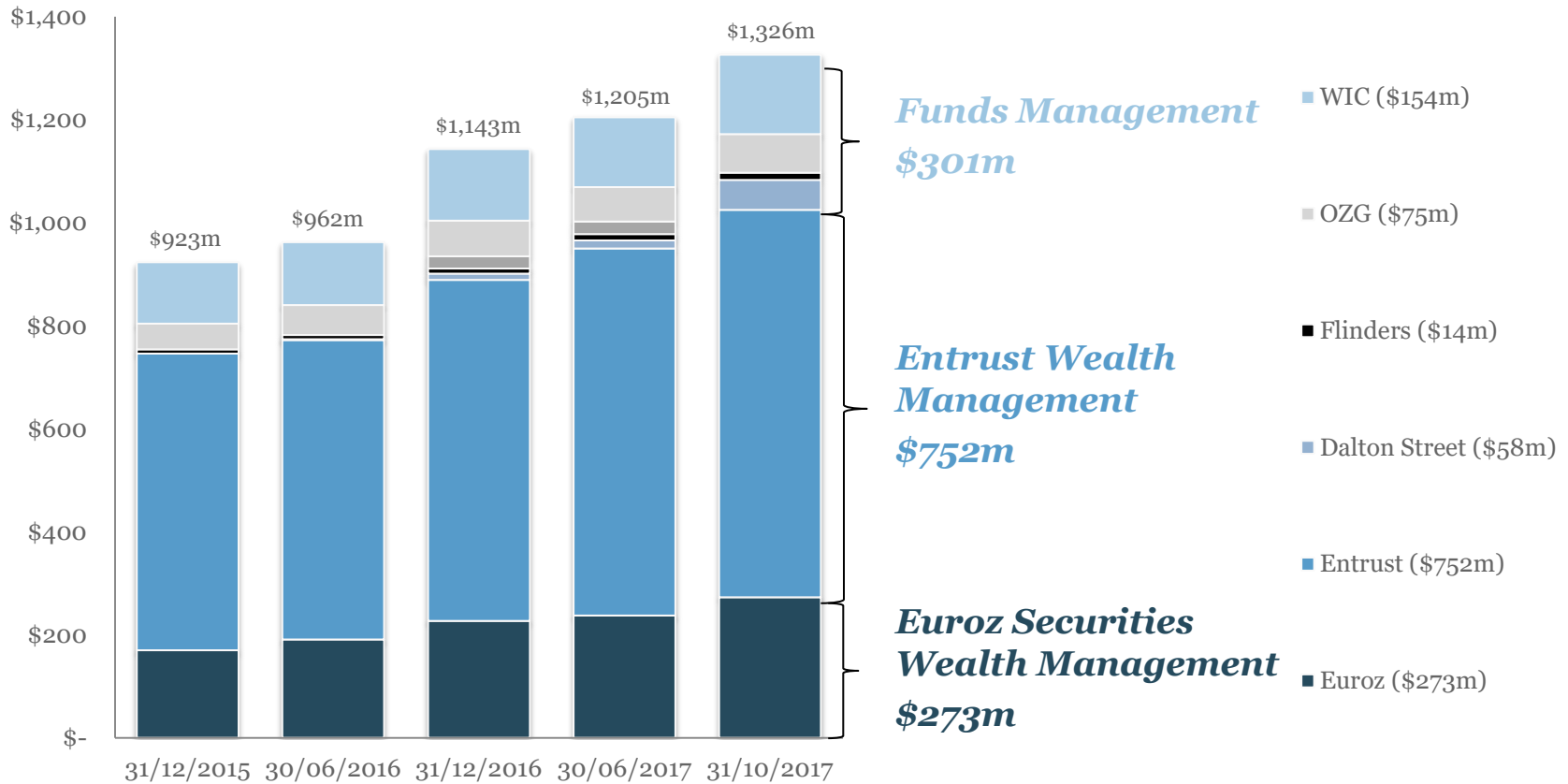
	Cost	Market	Look through value <sup>1</sup>
Westoz	\$39.0m	\$37.7m	\$41.4m
Ozgrowth	\$27.7m	\$25.5m	\$30.4m
Flinders Investment Partners	\$6.1m	\$7.7m	\$7.7m
Dalton Street Capital	\$2.0m	\$2.3m	\$2.3m
Other Investments	\$7.1m	\$8.1m	\$8.1m
Cash	\$37.3m	\$37.3m	\$37.3m
<b>Total</b>	<b>\$119.2m</b>	<b>\$118.6m</b>	<b>\$127.2m</b>
<i>NTA</i>		<i>\$0.74</i>	<i>\$0.80</i>
Market Capitalisation as at 31 October 2017 (\$1.17/share)		\$188.4m	\$188.4m
<b>Enterprise Value as at 31 October 2017</b>		<b>\$69.8m</b>	<b>\$61.2m</b>

Note 1: WIC and OZG valued at NTA



# Funds Under Management

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



**Group FUM of \$1.33 billion**

Note: Precision Funds Management is no longer a Corporate Authorised Representative of Westoz / FUM now removed

## *Euroz Group Summary*

- Modest first 4 months of the 2018 financial year
- Wealth Management FUM (ESL and Entrust) now over \$1.02 billion
- Unaudited NPAT \$8.2 million (28.7% Cash/71.3% Non-cash)

### **Euroz Securities**

- Positive markets but overall broking revenues volatile
- Moderate ECM activity pipeline improving
- FUM \$273m



### **Entrust Private Wealth Management**

- Platform for future wealth management acquisitions and organic growth
- FUM \$752m

### **Westoz Funds Management**

- Excellent 4 month investment performance
  - WIC 17.4% <sup>1</sup>FUM \$154m
  - OZG 14.9% <sup>1</sup>FUM \$75m

As at 31 October 2017

Note 1: Investment return before fees and taxes

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 relationship with consultants and platforms

FLINDERS  
Investment Partners



## Flinders Investment Partners

- Improved 4 month investment performance of 16.7% (5.8% outperformance)
- Minimal FUM growth has been disappointing

DALTON STREET CAPITAL

## Dalton Street Capital

- Positive consultant & investor engagement
- 4 month investment performance of 19%
- Strong FUM growth to \$58m (\$25 million in October)

As at 31 October 2017

*Euroz is a growing and diversified financial services company*

Solid full year  
result / 7.25  
cents fully  
franked dividend

WA &  
commodity  
prices volatile  
but improving



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



A robust &  
growing balance



Diversification  
strategy  
underway

Established track  
record provides  
solid platform  
for growth

Source 1: WA Business News iQ FY 2017

## **Disclaimer & Disclosure**

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

# Thank you

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EUROZ