

# AGM PRESENTATION

*November 2019*



# COMPANY SNAPSHOT

*Euroz is a growing and diversified financial services company*

## GROUP FUM

\$1.70b<sup>1</sup>

## MARKET CAPITALISATION

\$169m<sup>1</sup>

\$222m 

FULLY FRANKED DIVIDENDS  
IN 19 YEARS

## CASH & INVESTMENTS

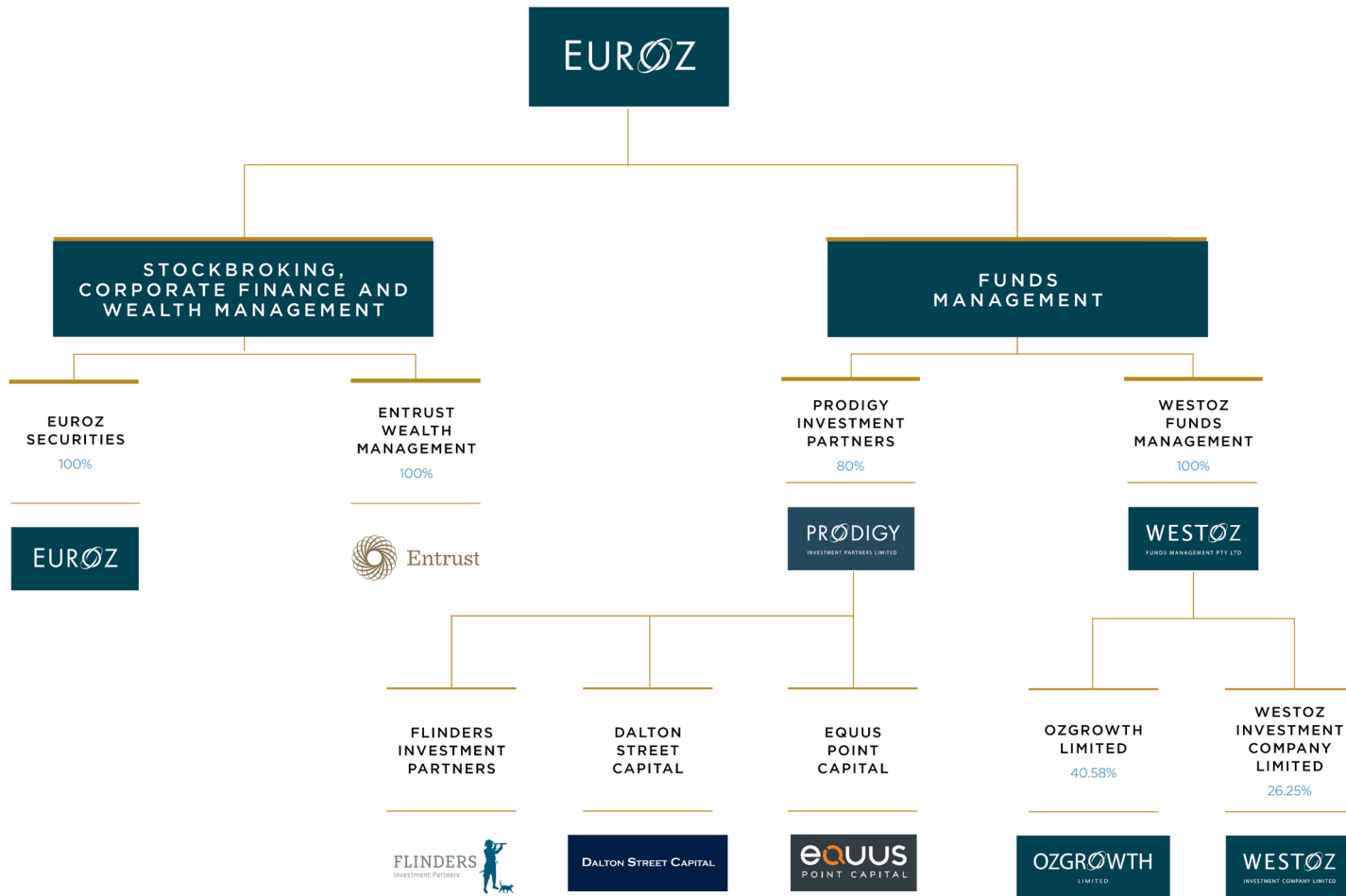
\$113.3m<sup>1</sup>

39%

STAFF OWNERSHIP

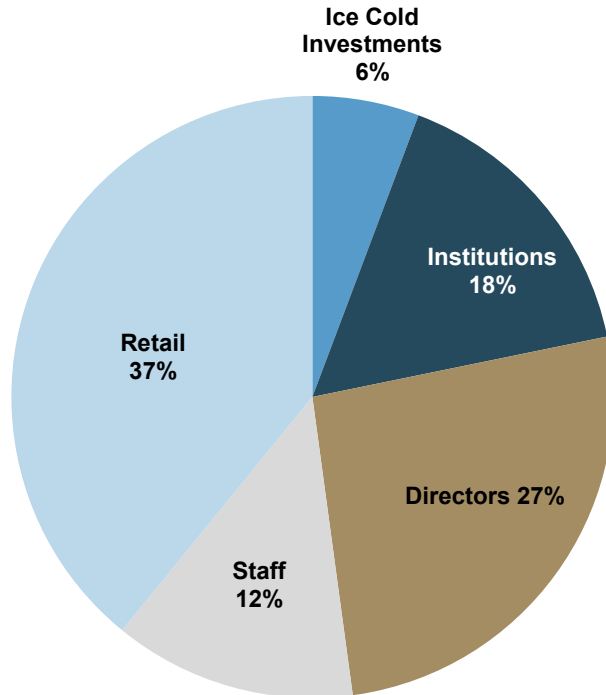
**A strong platform for future growth**

# GROUP STRUCTURE



# EUROZ LIMITED OWNERSHIP

*Increasingly diversified share register*



- Staff ownership of 39%
- Improving liquidity
- Performance Rights Plan = ongoing capital management

**Significant staff ownership = strong alignment with shareholders**

# HISTORICAL SHARE PRICE / NTA

## *Strong balance sheet underpins value*



# AUDITED FULL YEAR RESULT FOR FY19

## BREAK EVEN HEADLINE RESULT

~\$-0.1m<sup>1</sup>

## UNDERLYING CASH PROFIT

\$9.5m<sup>1</sup>

## FULL YEAR DIVIDEND

6.75cps

## GROUP FUM UP 8%

\$1.58b 

## EUROZ SECURITIES EQUITY RAISINGS

\$469m

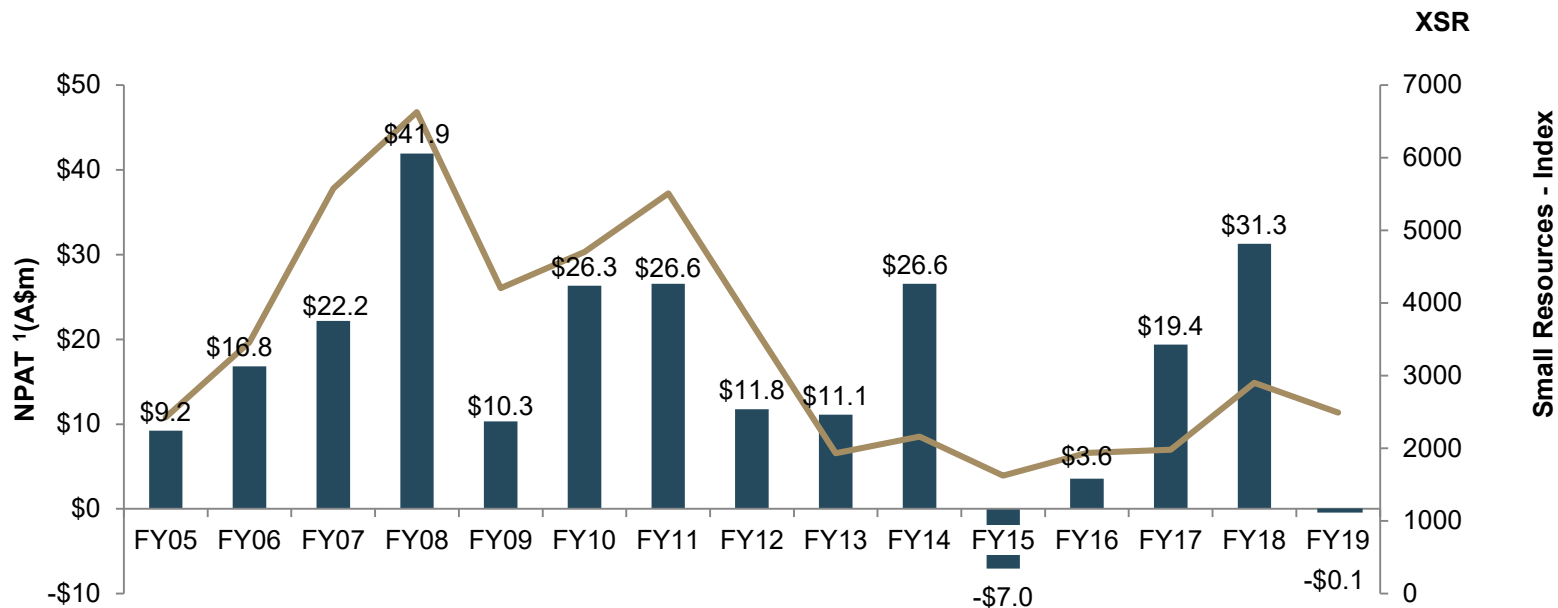
## CASH & INVESTMENTS

\$111m

Note 1: Attributable to members

# HISTORICAL PROFITABILITY

## High correlation to resource markets



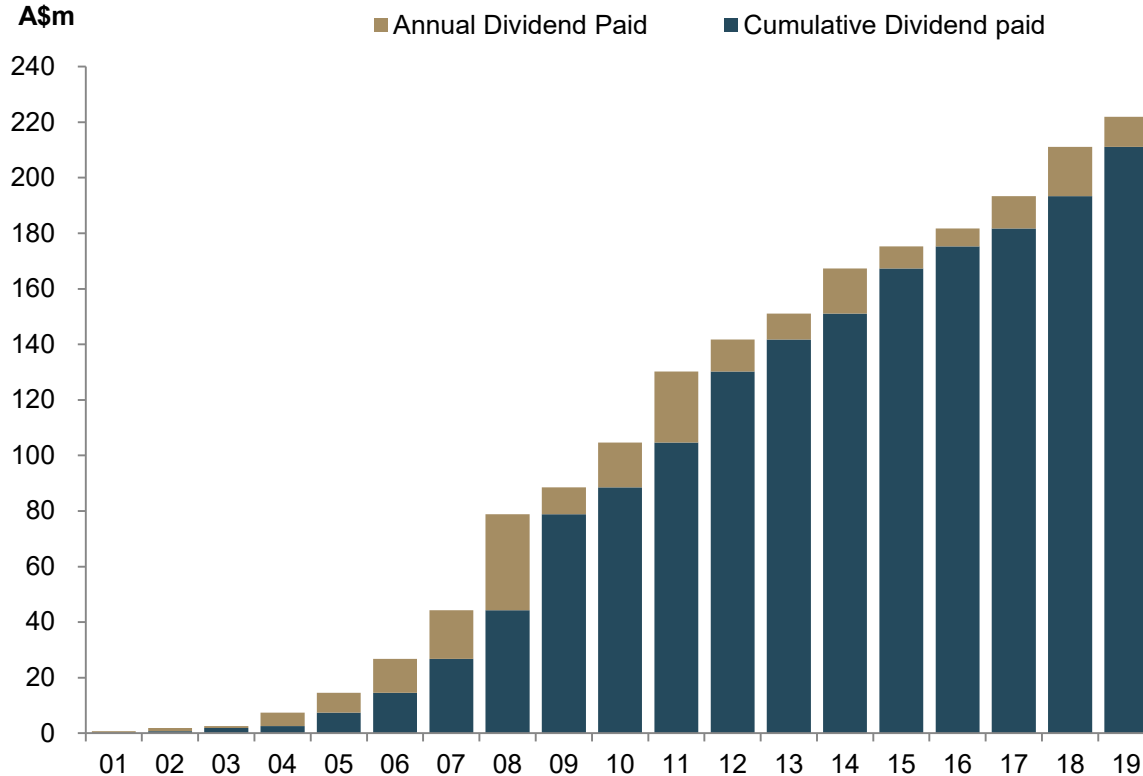
- Strong past correlation to resource markets (Small Resources Index)
- Small Resources Index up 47.5% financial year 2018 and down 14.3% in the 12 months to 30 June 2019
- Strategy is to generate diverse revenue streams whilst maintaining traditional upside leverage to resource markets

**Maintain traditional strengths and build recurring revenues**

Note 1: Attributable to members

# DIVIDEND HISTORY

*Euroz has paid \$222 million in fully franked dividends over 19 years*



## PAST:

- Paid \$222m dividends over 38 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**



# STOCKBROKING & CORPORATE FINANCE

*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 five 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**

# STOCKBROKING & CORPORATE FINANCE

## Major corporate finance transactions

 <p>PLACEMENT &amp; ANREO</p> <p><b>\$60 MILLION</b></p> <p>LEAD MANAGER &amp; UNDERWRITER</p> <p>Euroz Securities Ltd</p> <p>JUL 18</p>	 <p>PLACEMENT</p> <p><b>\$25 MILLION</b></p> <p>JOINT LEAD MANAGER</p> <p>Euroz Securities Ltd</p> <p>AUG 18</p>	 <p>PLACEMENT &amp; ANREO</p> <p><b>\$35.1 MILLION</b></p> <p>JOINT LEAD MANAGER</p> <p>Euroz Securities Ltd</p> <p>SEP 18</p>	 <p>PLACEMENT</p> <p><b>\$74.4 MILLION</b></p> <p>LEAD MANAGER &amp; UNDERWRITER</p> <p>Euroz Securities Ltd</p> <p>OCT 18</p>	 <p>PLACEMENT</p> <p><b>\$27 MILLION</b></p> <p>LEAD MANAGER</p> <p>Euroz Securities Ltd</p> <p>OCT 18</p>	 <p>PRIVATE PLACEMENT</p> <p><b>\$6.3 MILLION</b></p> <p>LEAD MANAGER</p> <p>Euroz Securities Ltd</p> <p>OCT 18</p>
 <p>PLACEMENT</p> <p><b>\$43.2 MILLION</b></p> <p>JOINT LEAD MANAGER &amp; UNDERWRITER</p> <p>Euroz Securities Ltd</p> <p>DEC 18</p>	 <p>ACQUISITION BY EAGLEVIEW TECHNOLOGIES INC.</p> <p><b>\$136.8 MILLION</b></p> <p>FINANCIAL ADVISER</p> <p>Euroz Securities Ltd</p> <p>DEC 18</p>	 <p>PLACEMENT</p> <p><b>\$50 MILLION</b></p> <p>JOINT LEAD MANAGER</p> <p>Euroz Securities Ltd</p> <p>FEB 19</p>	 <p>PLACEMENT</p> <p><b>\$31.5 MILLION</b></p> <p>LEAD MANAGER</p> <p>Euroz Securities Ltd</p> <p>FEB 19</p>	 <p>PLACEMENT &amp; ANREO</p> <p><b>\$30.9 MILLION</b></p> <p>CO-MANAGER</p> <p>Euroz Securities Ltd</p> <p>APR 19</p>	 <p>PLACEMENT</p> <p><b>\$4 MILLION</b></p> <p>LEAD MANAGER</p> <p>Euroz Securities Ltd</p> <p>APR 19</p>
 <p>PLACEMENT</p> <p><b>\$25 MILLION</b></p> <p>LEAD MANAGER</p> <p>Euroz Securities Ltd</p> <p>MAY 19</p>	 <p>PLACEMENT</p> <p><b>\$15 MILLION</b></p> <p>JOINT LEAD MANAGER</p> <p>Euroz Securities Ltd</p> <p>MAY 19</p>	 <p>PLACEMENT</p> <p><b>\$18 MILLION</b></p> <p>JOINT LEAD MANAGER</p> <p>Euroz Securities Ltd</p> <p>MAY 19</p>	 <p>PLACEMENT</p> <p><b>\$16.2 MILLION</b></p> <p>JOINT LEAD MANAGER</p> <p>Euroz Securities Ltd</p> <p>JUN 19</p>		

# WEALTH MANAGEMENT

## *Entrust 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 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 \$881m as at 30 June 2019



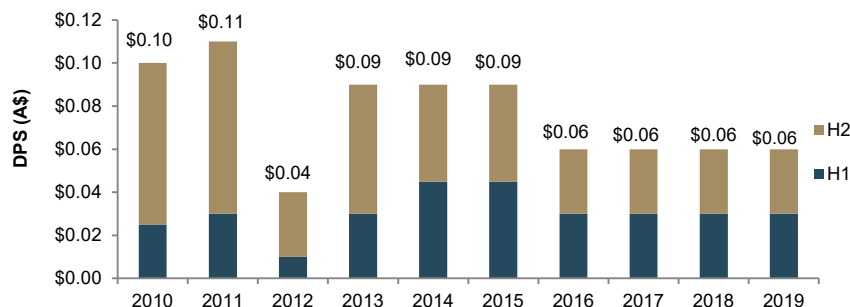
**LONG TERM STRATEGY: Grow FUM through organic growth and attracting external wealth advisers to join our wealth platform**

# FUNDS MANAGEMENT

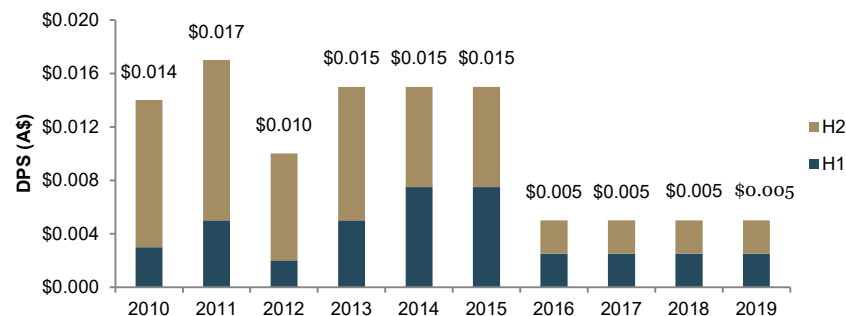
## Westoz Funds Management – “Finding the Best in the West”

- Westoz Funds Management (**WFM**) was established in 2005 and is a 100% owned subsidiary of Euroz Limited
- 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 \$157m in fully franked dividends to shareholders since inception
- Euroz owns 26.25% of WIC and 40.58% of OZG
- WIC Gross Investment full year performance of -2.2% to 30 June 2019
- OZG Gross Investment full year performance of -9.3% to 30 June 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**

# FUNDS MANAGEMENT

## *Prodigy Investment Partners – boutique funds management joint venture*

- Prodigy Investment Partners (**Prodigy**) is an 80% owned joint venture between Euroz Limited and Steve Tucker
- Flinders Investment Partners (**Flinders**) was launched in July 2015, Dalton Street Capital (**DSC**) in May 2016, and Equus Point Capital (**EPC**) in November 2018



- 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 an "Approved" rating from Zenith
- Top quartile performance since inception
- Gross investment performance of 4.6% FY19 and since inception of 14.5%.

- 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 -2.5% for FY19 and 12.4% CYTD.

- Systematic market neutral focussed strategy
- Equus will target a return of 5% -10% 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
- Seeded 1 December 2018.
- Gross investment performance of 5.6% FY19.

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

# EUROZ BALANCE SHEET AS AT 31 OCTOBER 2019

## *Robust balance sheet*

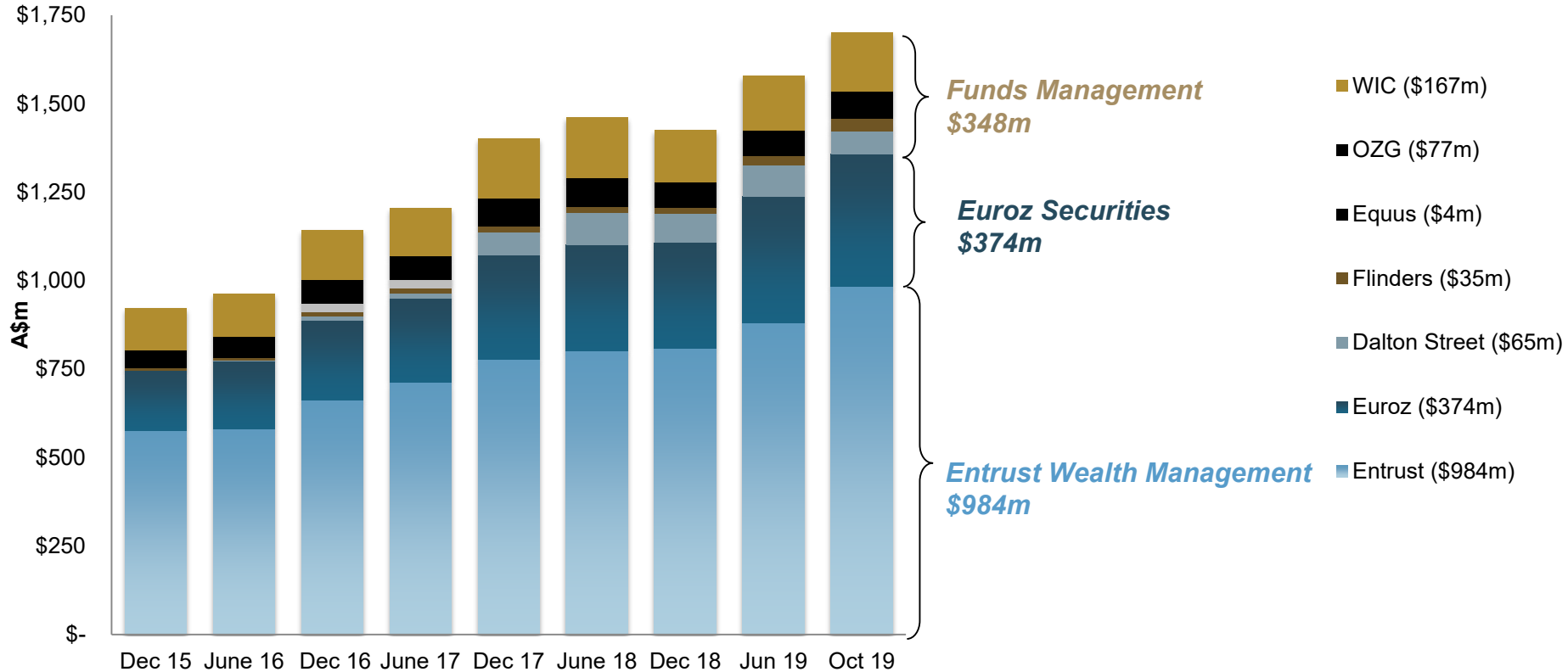
- Strong balance sheet/zero debt
- Market Valuation: \$43m – \$56m enterprise value

	Cost	Market	Look through value <sup>1</sup>
Westoz	\$39.0m	\$37.7m	\$43.0m
Ozgrowth	\$27.8m	\$24.0m	\$31.3m
Flinders / Dalton / Equus Investments	\$11.3m	\$12.2m	\$12.2m
Other Investments	\$7.5m	\$7.1m	\$7.1m
Cash	\$32.3m	\$32.3m	\$32.3m
<b>Total</b>	<b>\$117.9m</b>	<b>\$113.3m</b>	<b>\$125.9m</b>
NTA		\$0.73	\$0.81
Market Capitalisation (\$1.04/share)		\$169m	\$169m
<b>Enterprise Value (approx.)</b>		<b>\$56m</b>	<b>\$43m</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 \$1.7 billion**

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

# TRADING UPDATE AS AT 31 OCTOBER 2019

## *Euroz Group Summary*

- Solid start to the first four months of FY2020 with headline profitability attributable to members of \$6.8 million
- Underlying unaudited “cash” profit of \$3.75m after tax and \$3.05m “non-cash” after tax gain on mark to market of investments
- Good performance from Euroz Securities
- Strong group FUM growth to \$1.7 billion



EUROZ

### **Euroz Securities**

- Good 4 month start to financial year
- \$312m in announced ECM raisings
- Modest increase in FUM to \$374m



Entrust

### **Entrust Wealth Management**

- Platform for future wealth management acquisitions and organic growth
- Excellent organic FUM growth of 12% in 4 months to \$984m



WESTOZ  
FUNDS MANAGEMENT PTY LTD

### **Westoz Funds Management**

- Good start to the financial year
- WIC 9.9% ↑ to 31 October 2019      FUM \$167m
- OZG 12.7% ↑ to 31 October 2019      FUM \$77m
- Relative outperformance



# TRADING UPDATE (CONT'D)



## Prodigy Investment Partners

- Sales team making good progress into retail platform market
- Continue to build to good relationships with consultants and platforms

FLINDERS  
Investment Partners



## Flinders Investment Partners

- Excellent continued investment performance (gross investment performance of 8.6% for last 4 months)
- Outperformed the benchmark over all periods and ranked top quarter since inception (50 months)
- FUM increased 29% to \$35m

DALTON STREET CAPITAL

## Dalton Street Capital

- Weaker Asian equity markets affecting recent performance
- FUM now at \$65m

eQUUS  
POINT CAPITAL

## Equus Street Capital


- Founded by Rob Stewart (Challenger, Colonial/First State) and Toby Masters (Pittwater Capital, Credit Suisse)
- Market neutral strategy
- Modest performance over the 10 month period since launch. FUM at \$3.9m

# SUMMARY

*Euroz is a growing and diversified financial services company*

Solid full year result  
and dividend

Established track record provides  
solid platform for growth



A robust balance sheet

Diversification strategy continues

# DISCLAIMER & DISCLOSURE

Euroz Limited (**EZL**) and its related entities and each of their respective directors, officers and agents (together the **Disclosers**) have prepared the information contained in these materials in good faith. However, no warranty (express or implied) is made as to the accuracy, completeness or reliability of any statements, estimates or opinions or other information contained in these materials (any of which may change without notice) and to the maximum extent permitted by law, the Disclosers disclaim all liability and responsibility (including, without limitation, any liability arising from fault or negligence on the part of any or all of the Disclosers) for any direct or indirect loss or damage which may be suffered by any recipient through relying on anything contained in or omitted from these materials. This information has been prepared and provided by Euroz Limited. To the extent that it includes any financial product advice, the advice is of a general nature only and does not take into account any individual's objectives, financial situation or particular needs. Before making an investment decision an individual should assess whether it meets their own needs and consult a financial advisor. Past performance is not an indication of future performance.

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

A scenic sunset over a body of water. In the foreground, the water is dark blue with golden reflections from the setting sun. A long wooden pier extends from the shore to a small, blue, rectangular building on stilts in the water. The sky is filled with dramatic, orange and yellow clouds. On the left, a modern multi-story building with a palm tree is visible on the shore.

# THANK YOU

Euroz Limited  
Level 18 Alluvion  
58 Mounts Bay Rd  
Perth Western Australia 6000

[euroz.com](http://euroz.com)

EUROZ