

EVANS DIXON



# Evans Dixon

## Annual General Meeting

*12 November 2018*

# Presenters



**DAVID EVANS**  
Executive Chairman



**ALAN DIXON**  
Managing Director &  
Chief Executive Officer

# Board of Directors



**DAVID EVANS**  
Executive Chairman

- ◇ Member of the Nomination and Remuneration Committee
- ◇ 31 years in industry and 11 years with Evans Dixon group entities
- ◇ Founded Evans & Partners in 2007
- ◇ Previously Managing Director, Chief of Staff, Head of Private Wealth and Head of Institutional Equities at Goldman Sachs JBWere
- ◇ David is a Director of Seven West Media, including Chairman of its Audit and Risk Committee, a Member of the Victorian Police Corporate Advisory Group and Chairman of Cricket Australia's Investment Committee



**ALAN DIXON**  
Chief Executive Officer

- ◇ 23 years in industry and 17 years with Evans Dixon group entities
- ◇ Joined Dixon Advisory in 2001 to build out SMSF and investment services alongside his father Daryl Dixon who established Dixon Advisory in 1986
- ◇ Previous experience in investment banking, funds management and accounting services



**SALLY HERMAN**  
Non-executive Director

- ◇ Chairman of the Nomination and Remuneration Committee
- ◇ Member of the Audit Committee and the Risk and Compliance Committee
- ◇ Former executive of Westpac Group Institutional Bank and BT Financial Group
- ◇ Director of Suncorp Group Ltd, Premier Investments Ltd and Breville Group Ltd
- ◇ Board member of Investec Property Ltd and Sydney Harbour Federation Trust



**JOSEPHINE LINDEN**  
Non-executive Director

- ◇ Member of the Nomination and Remuneration Committee, the Audit Committee and the Risk and Compliance Committee
- ◇ Founder and CEO of Linden Global Strategies, a Forbes Top 50 Wealth Manager based in New York, USA
- ◇ Previously a Partner and Managing Director at Goldman Sachs for 26 years
- ◇ Chairman of Lands' End, Director of Sears Hometown & Outlet Stores Inc and member of the Advance Global Advisory Council



**DAVID CRAWFORD AO**  
Non-executive Director

- ◇ Chairman of the Audit Committee and the Risk and Compliance Committee
- ◇ David is the Chairman of Lendlease Corporation and South32
- ◇ David was previously non-executive Director of BHP Billiton Limited and Australian National Chairman of KPMG. David retired from KPMG in June 2001 after more than 30 years' service with KPMG and its predecessor firms

# Agenda

1 Chairman's address

2 CEO's address

# 1. **Chairman's address**

David Evans – Executive Chairman

## 2. **CEO's address**

Alan Dixon – Managing Director & Chief Executive Officer

# Financial year 2018 highlights

Evans Dixon delivered a strong financial and operational result in its inaugural year as an ASX listed company

FY18 Net revenue

**\$223.2** million

FY18 Underlying EBITDA

**\$50.1** million

FY18 Underlying EPS<sup>1</sup>

**14.5** cents

Total net cash<sup>2</sup>

**\$89.1** million

FY18 DPS  
100% franked<sup>3</sup>

**11.0** cents/ share

Equity ownership  
founders and staff

**>60%**

Notes:

1. Based on 214.1 million shares outstanding at 30 June 2018, FY18 EPS using average WSO equals 18.6 cents
2. As at 30 June 2018
3. Excludes pre IPO dividend of 2 cents/share

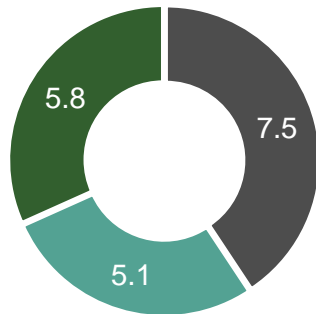
# Key profitability drivers performed well over the year

## Wealth Advice

Funds under advice

\$18.3b ▲ 3%<sup>1</sup>

Funds under advice split (A\$b)



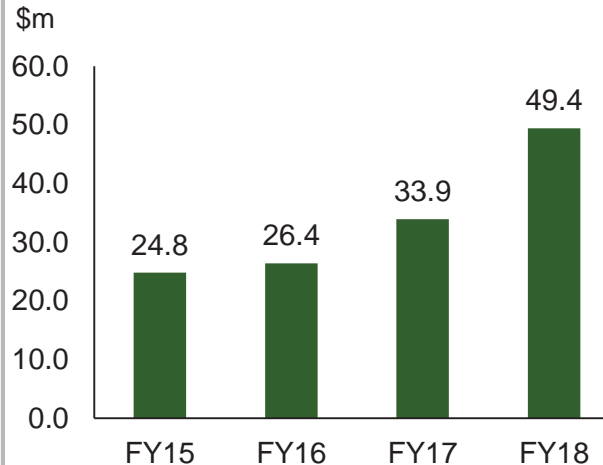
- Dixon Advisory
- EAP Transaction Advisory
- EAP Comprehensive Investment & Admin

## Corporate & Institutional<sup>2</sup>

Revenue

\$49.4m ▲ 46%

Corporate & Institutional revenue (A\$m)<sup>3</sup>

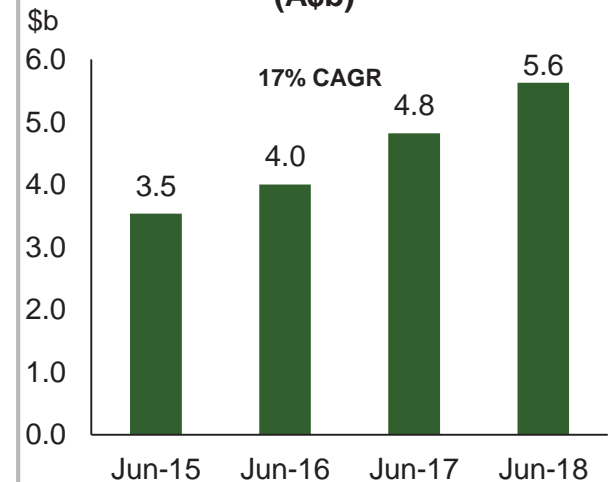


## Funds Management

Funds under management

\$5.6b ▲ 17%

Gross Funds under management (A\$b)<sup>4</sup>



Notes:

1. Growth in FUA from 31 December 2017 to 30 June 2018
2. Segment previously named Capital Markets
3. Includes full year gross revenue contribution from Evans & Partners and Walsh & Company over the period
4. Includes total funds under management of Evans & Partners and Walsh & Company over the period



# Wealth Advice

## FY18 Highlights

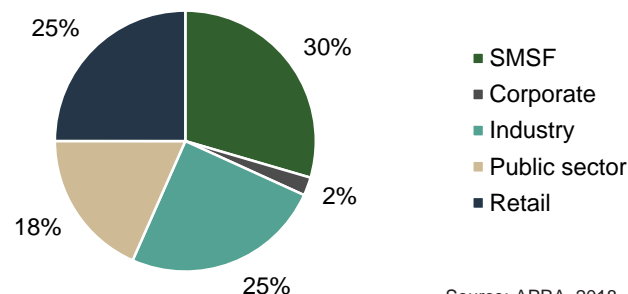
FOR THE PERIOD (A\$m)	FY18	PROSPECTUS FORECAST	VARIANCE TO PROSPECTUS	VARIANCE TO PROSPECTUS %
Net revenue	96.9	93.1	3.8	4%
<b>Underlying EBITDA</b>	<b>21.5</b>	<b>16.5</b>	<b>4.9</b>	<b>30%</b>
EBITDA margin (%)	22	18	4	25%
Closing FUA	18,323	18,442	(119)	(1%)
Average FUA	17,793	17,783	10	0%

- ◇ Continued growth in new client and fund flows drove total funds under advice to \$18.3b across more than 9,000 clients
- ◇ Wealth Advice benefits from continued high quality client relationships. Over 70% of funds under advice on annual retainer
- ◇ Highly scalable adviser-led investment advice, SMSF administration, strategic advice and reporting platform
- ◇ Continued investment in client focused advice technologies which drive greater customer engagement, adviser productivity and compliance and ability to respond to regulatory changes
- ◇ 'Fee for service' approach assisting affluent retail SMSF trustees and personalised HNW wholesale client service is key to focus of the dual wealth advice offering
- ◇ Continued changes to superannuation and growth in personal wealth will see significant increase in complexity of affairs, leading to even greater benefits for clients seeking quality advice

### Notes:

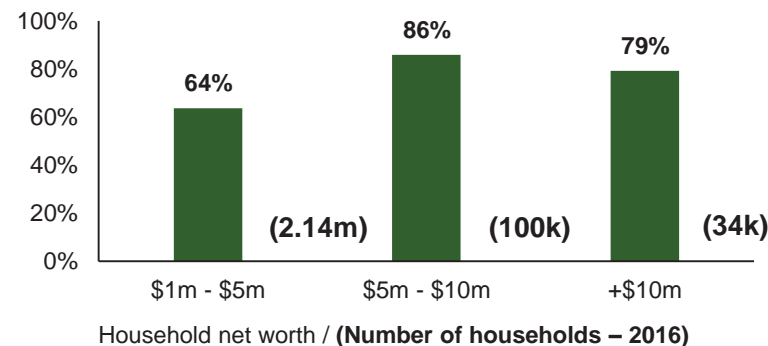
1. EBITDA margin excludes Corporate Unallocated expenses

## SMSFs expected to retain greatest share of superannuation sector at ~ 30% representing \$712b



Source: APRA, 2018

## Percentage growth in number of households by household net worth (2006–2016)



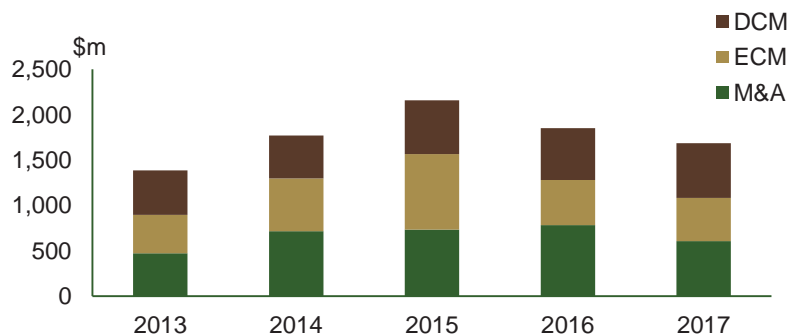
Source: ABS, 2016

# Corporate & Institutional

## FY18 Highlights

- ◇ Continued strong momentum across the equities platform is a testament to clarity of business model and depth of experience in research and sales
- ◇ Institutional business continuing to deliver further market share gains versus boutique peers
- ◇ In FY18 advised and executed on 15 equity and debt capital markets mandates each generating revenue of more than \$500,000
- ◇ Acquisition of Fort Street Advisers presents significant opportunity to grow market share in M&A, equity capital markets and extend on strong momentum in debt capital markets

## Australian M&A, equity capital market and debt capital market fees (A\$m)



Source: Dealogic, 2018

### Notes:

1. Segment previously named Capital Markets
2. EBITDA margin excludes Corporate Unallocated expenses

FOR THE PERIOD (A\$m)	FY18	PROSPECTUS FORECAST	VARIANCE TO PROSPECTUS	VARIANCE TO PROSPECTUS %
Net revenue	47.8	44.4	3.4	8%
<b>Underlying EBITDA</b>	<b>19.8</b>	<b>17.9</b>	<b>1.9</b>	<b>10%</b>
EBITDA margin (%)	41	40	1	3%
No. of named mandates <sup>1</sup>	15			
No. institutional clients	>180			

## Select FY18 equity and debt capital market deals

<p><b>June 2018</b> Unsecured subordinated Notes</p> <p> MACQUARIE</p> <p>Deal Value A\$900m</p> <p>Joint Lead Manager</p>	<p><b>June 2018</b> Unsecured convertible notes</p> <p> CVC Limited</p> <p>Deal Value A\$60m</p> <p>Arranger &amp; JLM</p>	<p><b>June 2018</b> Entitlement, Shortfall &amp; General Offer</p> <p> 3KI</p> <p>Deal Value A\$154m</p> <p>Joint Lead Manager</p>	<p><b>December 2017</b> Follow-on-offer</p> <p> New Energy Solar</p> <p>Deal Value A\$205m</p> <p>Joint Lead Manager</p>
<p><b>October 2017</b> IPO</p> <p> JOHNS LYNG GROUP</p> <p>Deal Value A\$96m</p> <p>Joint Lead Manager</p>	<p><b>July 2017</b> IPO</p> <p> convenience RETAIL REIT</p> <p>Deal Value A\$160m</p> <p>Joint Lead Manager</p>	<p><b>July 2017</b> IPO</p> <p> EVANS &amp; PARTNERS GLOBAL DISRUPTION FUND</p> <p>Deal Value A\$167m</p> <p>Lead Manager</p>	<p><b>March 2018</b> IPO</p> <p> CORDISH DIXON PRIVATE EQUITY FUND SERIES</p> <p>Deal Value A\$188m (committed)</p> <p>Lead Manager</p>

# Funds Management

## FY18 Highlights

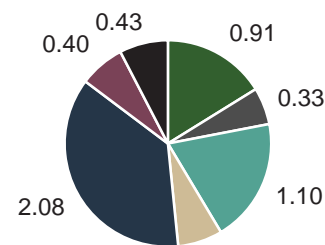
FOR THE PERIOD (A\$m)	FY18	PROSPECTUS FORECAST	VARIANCE TO PROSPECTUS	VARIANCE TO PROSPECTUS %
Net revenue	78.6	80.8	(2.3)	(3%)
<b>Underlying EBITDA</b>	<b>27.4</b>	<b>26.8</b>	<b>0.6</b>	<b>2%</b>
EBITDA margin (%)	35	33	2	5%
Closing FUM	5,644	5,628	16	0%
Average FUM	5,149	5,099	50	1%

- ◇ \$5.6b assets under management up \$820m (17%) over FY18 with 4 new investment funds brought to market
- ◇ Evans Dixon has a thematic driven investment philosophy summarised as:
  - Value orientation and total return focus
  - Research driven, conservative but high conviction
  - Asset agnostic, entrepreneurial investment with a flexible approach
- ◇ Proven capabilities across a range of asset classes and differentiated strategies such as global disruption and solar infrastructure
- ◇ Investment strategies can be accessed through a combination of ASX listed investments, managed accounts and unit trusts
- ◇ Recent investment in key personnel to lead future growth and complement existing team with deep experience and expertise
- ◇ Development of institutional and independent financial adviser distribution channels continuing

### Notes:

1. Funds under management as at 30 June 2018
2. EBITDA margin excludes Corporate Unallocated expenses

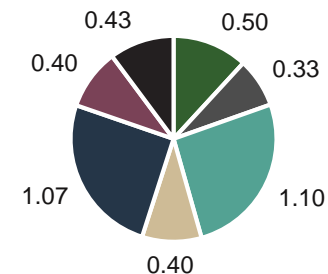
## Gross FUM (A\$b) – \$5.6b



Source: Evans Dixon

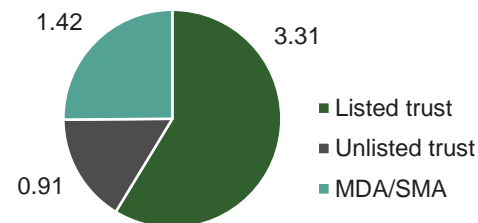
- New Energy Solar
- Australian listed equity
- Global listed equity
- Global disruption
- Property
- US private equity
- Fixed Interest

## Net FUM (A\$b) – \$4.2b



Source: Evans Dixon

## Gross FUM by structure (A\$b)



Source: Evans Dixon

# Successful IPO of innovative investment strategies

In FY18 Evans Dixon successfully listed New Energy Solar and the Evans & Partners Global Disruption Fund as means of providing investors unique exposure to renewables and disruption

FUND	30 June 2018 FUM <sup>1</sup>	STRATEGY	COMMENTS
New Energy Solar [NEW.ASX]	◇ \$915m	<ul style="list-style-type: none"> <li>◇ Provide attractive risk adjusted returns and provide exposure to renewable energy</li> <li>◇ Benefiting from shift towards renewables and increased competitiveness of solar</li> </ul>	<ul style="list-style-type: none"> <li>◇ Award-winning sustainable infrastructure business</li> <li>◇ 22 solar plants across the United States and Australia</li> <li>◇ Assets backed by long term power purchase agreements</li> <li>◇ Total portfolio expected to generate more than 1,700,000 megawatt hours of electricity annually                             <ul style="list-style-type: none"> <li>• Equivalent to displacing more than 1,174,000 tonnes of CO2 emissions, powering 233,000 US and Australian equivalent homes, or removing 304,000 US and Australian equivalent cars from the road every year</li> </ul> </li> </ul>
Evans & Partners Global Disruption Fund [EGD.ASX]	◇ \$395m <sup>2</sup>	<ul style="list-style-type: none"> <li>◇ Provide exposure to technology stocks and companies that benefit from disruptive innovation</li> <li>◇ Provide opportunity to invest in internationally domiciled disruptive companies</li> </ul>	<ul style="list-style-type: none"> <li>◇ Delivered strong investment performance since inception</li> <li>◇ Benefiting from increased growth in technology companies</li> <li>◇ Early adopters of providing vehicle to invest in disruption</li> </ul>

Notes:

1. Gross funds under management as at 30 June 2018
2. Includes funds under management through ASX listed trust and managed accounts

# Investing in our people and IT solutions

**We continue to make significant investments in our people and IT solutions to ensure we constantly deliver exceptional client service experience and compliance**

- ◇ The strength of Evans Dixon is our focus on our clients and our people, the most important investment as a company we make is the investment we make in our people
- ◇ We are focused on attracting and retaining the best people in the industry.
- ◇ Evans Dixon was ranked the Top Graduate Employer for 2018 out of 75 organisations by The Australian Association of Graduate Employers
- ◇ We continue to set gender targets, build strategies and work towards being an employer of choice
- ◇ Our investment in technology and embrace of disruption helps us deliver a differentiated and compliant service to our clients, both of which are integral to our continued success

## Selected industry awards attesting to service excellence and corporate integrity



# Post balance date acquisition of Fort Street

The recent acquisition of Fort Street represents the Company's first step in the delivery of its IPO strategy

## Summary

- ◇ On 10 September 2018 Evans Dixon announced the acquisition of Fort Street Advisers and further investment in its funds management joint venture Fort Street Real Estate Capital
- ◇ Capital Markets segment renamed Corporate & Institutional to better illustrate the expanded capabilities brought about through the transaction

## Strategic rationale

1. Establishment of Corporate Advisory and enhanced capital markets platform
2. Increased exposure to strong performing specialist real estate fund manager
3. Expanded industry and sector capabilities
4. Further earnings diversification
5. Cultural and ethical fit

## FY19 outlook

- ◇ Financial contribution following transaction completion already exceeding management expectations
- ◇ Near to medium term corporate advisory pipeline is strong despite recent market volatility
- ◇ ECM and DCM pipeline is robust however recent volatility may impact some near term potential transactions

## Recent transactions

 <p><b>Current</b></p> <p>Adviser to a Consortium comprising Adamantem Capital and Liverpool Partners in relation to a proposed Scheme of Arrangement</p>	 <p><b>November 2018</b></p> <p>Adviser to ProTen in relation to the proposed acquisition by First State Super</p>	 <p><b>October 2018</b></p> <p>Adviser to Gateway Lifestyle in relation to control proposals from Brookfield and Hometown</p>
---	--	---

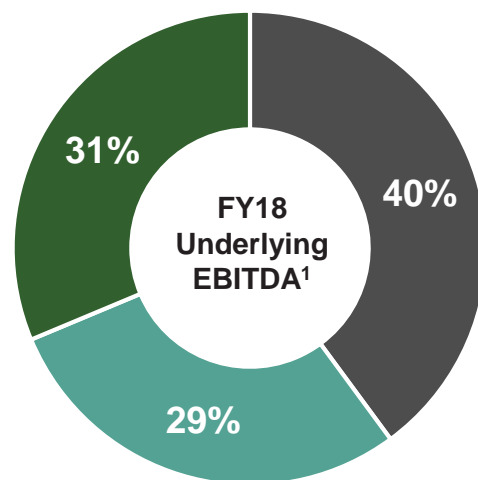
EVANS DIXON

# Acquisition provides further earnings diversification

Diversity of earnings across operating segments and type (stable vs markets) provides resilience in volatile market conditions and ability to act on short and long term opportunities

## Wealth Advice

- ◇ Over \$18.3b in FUA as at 30 June 2018
- ◇ Provides wealth management, advisory and platform services to over 9,000 affluent retail SMSF trustees and individuals, wholesale investors including high net wealth individuals, independent financial advisers and not for profit organisations
- ◇ Consists of two leading private client brands, Evans & Partners and Dixon Advisory supported by an internally developed IT infrastructure that drives efficiencies and improvements across execution, compliance and service delivery



## Funds Management

- ◇ Over \$5.6b in FUM across 18 investment strategies
- ◇ Funds Management provides specialist global active investment management, responsible entity and administration services to Australian and international listed and unlisted investment vehicles, as well as professional services provided to listed investment vehicles and third party clients in the USA
- ◇ Engaged in two joint ventures to provide access to investment opportunities alongside industry professionals in certain investment themes

## Corporate & Institutional

- ◇ Corporate & Institutional consists of Corporate Advisory, Markets and Research, which advises more than 180 institutions and numerous corporates and has coverage over 100 stocks in targeted sectors
- ◇ Corporate Advisory been involved in over 100 equity and debt capital market transactions representing over \$30 billion in capital raised and advised on over 70 M&A, capital markets advisory and restructuring mandates with an aggregate deal value of approximately \$30 billion

Notes:

1. FY18 underlying EBITDA excluding unallocated corporate expenses

EVANS DIXON

# Outlook

## Positioned for future growth

- ◇ Macro-economic factors impacting financial services including market volatility and potential changes to the regulatory environment are key focus areas for the business
- ◇ Business well placed to adhere to higher education and compliance standards
- ◇ Focus on capabilities in key sectors that the business expects to have a positive long term outlook and that are complementary to each business segment and its clients
- ◇ Volatility in markets and business conditions are likely to persist however the Board and management are focused on putting in place disciplined business processes to protect clients and staff to navigate these challenges
- ◇ Differentiated wealth offering supported by in-house developed IT infrastructure provides a scalable platform to grow and offer wealth management services of increasing complexity
- ◇ Acquisition of Fort Street Advisers expands capabilities to include a broad range of investment banking services, enhancing our service offering to our corporate and institutional clients
- ◇ Investment in institutional business continuing to deliver growth and increased market share
- ◇ Funds management platform repositioned and recent investment in key talent

## Financial outlook

- ◇ Solid start to FY19 trading
- ◇ Capital markets revenue slower compared to prior period in the face of recent market volatility however near to medium term corporate advisory pipeline is stronger than anticipated following Fort Street acquisition
- ◇ Growth in recurring revenue streams across Wealth Advice and Funds Management driven by net client inflows and growth in funds under management



# Disclaimer

This presentation has been prepared by Evans Dixon Limited ACN 609 913 457 (**ED**). This presentation is provided for information purposes only and has been prepared for use in conjunction with a verbal presentation and should be read in that context.

This presentation may include "forward looking statements". Forward looking statements can generally be identified by the use of the words "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "plan", "guidance" and other similar expressions. Indications of, and guidance on, future earning or dividends and financial position and performance are also forward looking statements. These forward looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of ED and its officers, employees, agents or associates, that may cause actual results to differ materially from those expressed or implied in those statements. Actual results, performance or achievements may vary materially from any projections and forward looking statements and the assumptions on which those statements are based. Readers are cautioned not to place undue reliance on forward looking statements and except as required by law, ED assumes no obligation to update that information. ED believes that any forecasts have been prepared with due care and attention and consider all best estimate assumptions, when taken as a whole, to be reasonable at the time of preparing this presentation. However, the forecasts presented in this presentation may vary from actual financial results. These variations may be material and, accordingly, neither ED nor its directors give any assurance that the forecast performance in the forecasts or any forward-looking statement contained in this presentation will be achieved. Past performance cannot be relied on as a guide to future performance.

This presentation is not and does not constitute an offer to sell or the solicitation, invitation, recommendation or advice to purchase any securities or ED financial products, nor advice about any ED financial products or interests in ED financial products, and neither this presentation nor anything contained in it shall form the basis of any contract or commitment. The information contained in this presentation is not investment or financial product advice and is not intended to be used as the basis for making an investment decision. Reliance should not be placed on the information or opinions contained in (or omitted from) this presentation. ED is not licensed to provide financial product advice in relation to ED financial products or interests in ED financial products. This presentation does not take into consideration the investment objectives, financial position or particular needs of any recipient. ED strongly suggests that investors consult a financial advisor prior to making an investment decision. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this presentation. To the maximum extent permitted by law, ED, its affiliates, related bodies corporate, shareholders and their respective officers, directors, employees, agents and advisors disclaim any liability (including, without limitation, any liability arising from fault or negligence) for any loss (whether direct, indirect or consequential) arising from any use of this presentation (or its content) or otherwise arising in connection with it.

This presentation includes financial information in relation to ED. Certain financial data included in this presentation may not be recognised under the Australian Accounting Standards and is classified as 'non-IFRS financial information' under ASIC Regulatory Guide 230 'Disclosing non-IFRS financial information' (**RG 230**). This non-IFRS information may provide information to users in measuring financial performance and condition. The non-IFRS financial measures do not have standardised meanings under the Australian Accounting Standards and therefore may not be comparable to similarly titled measures presented by other entities, nor should they be interpreted as an alternative to other financial measures determined in accordance with the Australian Accounting Standards. No reliance should therefore be placed on any financial information, including non-IFRS financial information and ratios, included in this presentation. Any discrepancies between totals and sums of components in tables contained in this presentation may be due to rounding.

In receiving this presentation, each recipient agrees to the foregoing terms and conditions.