26 August 2019

# 2019 Full Year Results Announcement

**For the full year ended 30 June 2019:**

- **Underlying EBITDA of $37.1m consistent with guidance range of $35-$38m, down 26% on pcp:**
    - **Wealth Advice $14.7m – down 32% on pcp, growth in Advice, service and brokerage revenue offset by lower capital markets revenue**
    - **Corporate & Institutional $21.4m – up 8% on pcp, benefiting from successful acquisition of Fort Street Advisers and institutional equities market share growth**
    - **Funds Management $15.9m – down 42% on pcp, due to lower transaction and performance fees and costs of internalising investment management**
- **Statutory NPAT of $16.8m was 13% lower than pcp**
- **FY19 underlying EPS of 9.8 cents, compared to 14.5 cents in pcp**
- **Declared final dividend of 3 cps. Full year dividend of 8 cps, compared to 11 cps in pcp.**
- **FUA up 10% over the year to $20.1b and FUM up 21% to $6.8b**

## Overview

Financial services company, Evans Dixon Limited (ASX:ED1), today announced its full year results for the 12 months to 30 June 2019.

Group underlying EBITDA of $37.1 million was within the $35m-$38m guidance range outlined on 16 May 2019. This result is 26% lower than that of the prior comparable period, which was strong and outperformed prospectus forecasts by 18%.

FY19 net revenue was down 5% on the prior year, impacted by a reduction in transactional activity and new Funds Management investment strategies. However, key drivers of recurring revenue continued to trend positively, with FUA and FUM up 10% and 21% respectively, over the year and net client numbers increasing by over 300.

A final dividend of 3 cps has been declared by the Board, down from 6 cps in 2H18. Combined with the 5 cps interim dividend this represents an 85% payout ratio for FY19, at the top end of the targeted range of 75-85% of underlying NPATA.

Executive Chairman, David Evans said:

“There has been pleasing progress in the key drivers of the business. We have grown our client numbers, funds under management and advice have increased, we have gained market share in institutional equities trading and the addition of Fort Street Advisers has greatly enhanced the proposition of the firm for corporate Australia.

“However, reduced transaction activity, fewer capital raisings for new Funds Management investment strategies and increased corporate costs have led to lower Group earnings. We are focused on addressing areas of underperformance.

“More broadly, as the financial services industry evolves, we recognise the importance of our business responding to the changes to ensure we remain at the forefront of financial services in Australia. Relationships and the culture of client centricity are at the heart of our business and serving our clients goes hand-in-hand with strengthening the business for the future.”

Chief Executive Officer, Peter Anderson said:

“I have been impressed by the quality of Evans Dixon’s people and their attention to the clients of the business. This solid base gives me great confidence that we can build great strength and improved profitability.

“We are in the process of completing an operational review which will determine the areas of the business where, while maintaining our client first focus, we can make improvements and achieve greater efficiencies. Principally, we have identified an opportunity to better integrate the component businesses and to achieve the economies of scale offered by bringing three financial services businesses together. Similarly, there are opportunities for the businesses to better collaborate and to develop a cohesive and scaleable platform for growth.

“We are aware that work is required to rebuild investor confidence, but the staff of Evans Dixon are determined to meet the challenge.”

**Outlook**

In the first months of FY20 the Group has been focused on conducting an operational review to deliver cost efficiencies and further improve cross business integration. This process is ongoing and the near-term focus for management is the finalisation and full implementation of the operational review.

The year has started well with good momentum across the business and our pipeline of corporate advisory transactions remains encouraging.

Based on cost reduction initiatives actioned to date and business activity levels, it is expected that the Group’s performance will improve relative to the second half of 2019. This is expected to deliver a FY20 result for the Group broadly in line with FY19. This outlook is subject to market conditions, the completion rate of transactions and any potential significant changes in regulatory conditions.

| 2019 Key Dates for Investors | Date |
|---|---|
| Securities quoted ex-dividend on the ASX | 1 October 2019 |
| Final dividend record date | 2 October 2019 |
| Final dividend payment date | 11 October 2019 |
| Annual General Meeting | 11 November 2019 |

## Divisional Performance

Looking at the performance of each of Evans Dixon's business divisions in FY19.

### *Wealth Advice*

Steady growth in advice and service fees and brokerage was offset by a significant decline in capital markets revenue resulting from fewer new product offers and capital raisings relative to a strong FY18.

Funds under Advice was up 10% over the year to $20.1 billion and client numbers grew by more than 300 to over 9,300 in total, supported by good growth in Evans & Partners' high net worth client base. Dixon Advisory total client numbers were broadly stable.

Advice and service fees grew 1% over the year limited by asset-based fee caps relative to 6% growth in average FUA. Brokerage was up 14% benefiting from client growth and increased trading activity.

### *Corporate & Institutional*

The expansion and rebranding of our Corporate & Institutional division following the acquisition of Fort Street Advisers in September 2018 was a major highlight of FY19. The acquisition continues to perform ahead of expectations and has served to broaden the range of services offered within the business as well as to strengthen existing capabilities.

Corporate Advisory revenue was supported by good execution on a strong M&A pipeline over the year, albeit weighted to 1H19 as previously flagged. This offset a significant decline in capital markets revenue largely associated with a reduction in raisings for new Funds Management investment strategies and capital raisings.

The business is focused on winning a greater share of capital markets activity and good progress has already been made in the early stages of FY20.

Institutional equities net revenue was up 12% relative to FY18 as the business continues to increase its share of client trading activity. Evans & Partners relationship focused broking model is well positioned to continue to benefit from ongoing disruption across the industry.

### *Fund Management*

Good growth in the recurring revenue base was offset by lower transactional revenue within real asset funds and the waiving of acquisition and leasing fees for URF.

Funds under management grew 21% to $6.8 billion assisted by new fund launches in 2H19 and positive investment markets. FUM based management fees were up 17% on FY18.

Performance fees of $0.7 million were down from $3.8 million in FY18.

Direct expenses were up 6% due to increased cost associated with new fund launches in 2H19 and transitioning the equities business to a direct investment platform from fund of fund structures. Investment in the business has better positioned it to grow its distribution and investor base.

*Further information regarding Evans Dixon's results is set out in the Group's financial results presentation for the year ended 30 June 2019 and is available at: https://www.evansdixon.com.au/shareholder-centre*

Evans Dixon Limited will host a results webcast for investors and analysts at 10:30am that will be available at: https://webcast.openbriefing.com/5451/

Alternatively, you may wish to dial into the briefing via the details below:

Ph: +61 2 9007 3187

**Conference ID: 10001625**

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| Toll free AUS: | 1800 558 698 |
| New Zealand | 0800 453 055 |

**ENDS**

**About Evans Dixon Limited**

Evans Dixon is an Australian Securities Exchange listed financial services group. Operating through the Evans & Partners, Dixon Advisory and Walsh & Company brands, Evans Dixon provides a diverse range of financial services. In Wealth Advice we service over 9,300 clients, representing over $20 billion in funds under advice. In Corporate & Institutional we are an advisor to many leading Australian institutions through the provision of research, corporate advisory, equity capital market and debt capital market services. In Funds Management, we manage $6.8 billion of assets across a diverse range of asset classes.

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