27 February 2020

ASX Limited
ASX Market Announcements Office
Exchange Centre
20 Bridge Street
Sydney NSW 2000

Dear Sir / Madam,

Evans Dixon Limited Half Year Financial Results

The following announcements to the market are provided:

1. Appendix 4D and Half Year Report
2. **1H20 Results Announcement**
3. 1H20 Results Presentation

Yours faithfully,

Paul Ryan
Chief Financial Officer & Company Secretary
(Authorising Officer)

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EVANS DIXON

FY20 Half Year (1H20) Financial Results Announcement

For the six months to 31 December 2019:

- **1H20 was a period of substantial transition for the business including senior executive changes, implementation of a firm-wide operational review and strict cost out program**
- **While down on the prior corresponding period of the six months to 31 December 2018 (pcp), the result is an improvement on the preceding six months to 30 June 2019 (2H19)**
- **Net revenue of $102.9m was down 7% on pcp as the operational review was implemented and due to softer performance in E&P and Funds Management divisions**
- **Underlying EBITDA of $20.8m was down 22% on pcp after adjusting for impact of new accounting standard for leases (AASB 16):**
    - **Wealth Advice $9.9m – up 3% on pcp after adjusting for AASB 16, benefitting from increases in brokerage, capital markets revenues and cost discipline**
    - **E&P $8.7m – down 37% on pcp after adjusting for AASB 16, primarily due to lower corporate revenue and softer institutional volumes compared to a strong pcp**
    - **Funds Management $7.9m – down 22% on pcp after adjusting for AASB 16, due to reduction in non-FUM based revenue and rationalisation of US business**
- **Underlying NPATA of $8.8m was 41% lower than pcp, reflecting higher effective tax rate due to inability to recognise deferred tax asset against US write downs**
- **Statutory NPAT of $2.1m was down from $12.4m delivered in pcp impacted by rationalisation of non-core operations, non-recurring expenses incurred as part of the operational review and an elevated effective tax rate**
- **1H20 underlying EPS of 3.9 cents, compared to 6.8 cents in pcp**
- **Declared interim dividend of 2.5 cents per share, fully franked**
- **FUA increased 4% over 1H20 to $21.0b while FUM was down 3% over the period to $6.6b as a result of strategic asset sales**

Overview

Financial services company, Evans Dixon Limited (ASX:ED1), today announced its 2020 half year results for the 6 months to 31 December 2019, with Group underlying EBITDA of $20.8 million, down 22% on the pcp after adjusting the prior period for the impact AASB 16.

1H20 net revenue was down 7% on the pcp, impacted by a reduction in corporate revenues in E&P and a reduction in non-FUM based revenues in Funds Management. These declines were partially offset by an increase in net revenue in the Wealth Advice segment.

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As part of the implementation of the firm-wide operational review the Group has achieved material cost savings in 1H20. Group staff numbers (excluding casual staff) were reduced by 20%, with minimal impact on client-facing operations. The full impact of these changes is expected to be apparent in 2H20 and beyond and the Group will maintain a continued strong focus on delivering further cost efficiencies across the organisation.

A fully franked interim dividend of 2.5 cents per share (cps) has been declared by the Board, which is down on the 3 cps declared in 2H19 and 5cps declared for the pcp.

Chief Executive Officer, Peter Anderson said:

“Our first half result reflects the strategic transitioning of the Evans Dixon business to be fit for purpose for the Australian Financial Services landscape of the future. We have installed a new and experienced management team to oversee this process. We have enhanced firmwide governance structures and increased our investment in compliance and risk management. We have exited non-core businesses and are well progressed down the path of pivoting away from related party revenues. This has impacted our earnings but is a necessary investment in the future. We have also reshaped the operating structure of the business leading to a significantly reduced but sustainable cost base.”

“Phase 2 of our business transformation, which will be implemented over the next 12 to 24 months, is focused on growth initiatives to add scale to our existing, premium standard infrastructure within our Board approved risk parameters. We expect a near term softening in performance due to our strategic exit from non-core operations, including the deliberate wind down of Dixon Projects and the re-positioning of the Funds Management business. We are committed to building a market leading business for the long term which consistently delivers appropriate shareholder returns.”

Outlook

The early months of 1H20 saw the Group focused on conducting an operational review to deliver cost efficiencies and further improve cross business integration. The outcomes of the operational review are now being implemented across the organisation and this process is ongoing.

On the back of the first half result, the Board wishes to refresh guidance for the full year FY20 result. The Board expects underlying EBITDA for the full year to be between $36-$39 million. This is compared to underlying EBITDA of $37.1 million in FY19 ($44.5 million after adjusting for the impact of AASB 16).

This outlook remains subject to market conditions, the completion of forecast corporate advisory and capital markets transactions and any potential regulatory changes.

While the 2.5 cps interim dividend represents a 66% payout ratio for 1H20, the Board remains committed to its targeted full year payout range of 75-85% of underlying NPATA.

Divisional Performance

Looking at the performance of each of Evans Dixon’s business divisions during 1H20.

Wealth Advice

Brokerage and Capital Markets revenue in the Wealth Advice segment increased by 3% compared to the prior corresponding period, while revenue from advice and other services was flat.

Funds under advice ('FUA') increased to $21.0 billion, up 4% on FUA at 30 June 2019 and up 17% on FUA at 31 December 2018. This increase was supported by robust fund inflows and positive global markets performance with no material change to total client numbers over the period.

The business continued to invest in its advice infrastructure with the aim of achieving greater customer engagement, adviser productivity, and ensuring continued compliance. This investment also positions the business to effectively implement future regulatory changes.

These results highlight the resilience of the Wealth Advice segment amidst a challenging operating environment in the wealth advice industry generally.

E&P (formerly Corporate & Institutional)

The E&P brand was established to bring the Evans Dixon Corporate Advisory and the Evans and Partners Institutional and Research businesses together under a single, unified brand.

The re-branding underpins the objective of consolidating E&P as a market-leading provider of corporate and institutional investment solutions for our client base. E&P will continue its investment in high quality research and idea generation overlaid by a market leading capability in M&A, equity capital markets and debt capital markets.

Although E&P secured a number of key transactions during 1H20, Corporate net revenues decreased 14% when compared to the strong pcp, however were up 35% on the prior period.

E&P also recorded lower institutional equities net revenues. As a result of the ongoing transition to a new international alliance, resulting in reduced flows, revenues decreased 10%. Despite this, E&P continued to increase client share of wallet against its boutique peers in a softer market.

Funds Management

Net revenues in Funds Management declined by 11% compared to the pcp, driven primarily by reductions in transactional non-FUM based revenue. However, the revenue composition improved with recurring FUM-based net revenues increasing 23% compared to the pcp.

The change in composition of net revenue reflects the strategic transition of the Funds Management segment toward a higher quality earnings base. Recurring FUM-based net revenues comprised approximately 73% of Funds Management net revenues in 1H20, compared to 53% of Funds Management net revenues in the pcp.

Funds under management ('FUM') at 31 December 2019 was $6.6 billion, down 3% compared to 30 June 2019, but up 12% on FUM at 31 December 2018. This was driven primarily by reductions in the gross asset value of the US Masters Residential Property Fund ('URF') due to strategic asset sales, repayment of debt and the write down of the fair market value of the URF's real estate portfolio.

Dividend timetable

Key dates for the 1H20 dividend are set out below:

2020 Key Dates for Investors	Date
Securities quoted ex-dividend on the ASX	1 April 2020
Interim dividend record date	2 April 2020
Interim dividend payment date	14 April 2020

Further information regarding Evans Dixon's results is set out in the Group's financial results presentation for the half year ended 31 December 2019 and is available at www.evansdixon.com.au.

Evans Dixon Limited will host a results webcast for investors and analysts at 11:00am that will be available at: https://webcast.openbriefing.com/5793/.

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

Ph: +61 2 9007 3187

Conference ID: 10004097

Toll free AUS: 1800 870 643

New Zealand 0800 453 055

For further information, please contact

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About Evans Dixon Limited

Evans Dixon is an Australian Securities Exchange listed financial services group. Operating through the Evans & Partners, Dixon Advisory, E&P and Walsh & Company brands, Evans Dixon provides a diverse range of financial services. In Wealth Advice we service over 9,300 clients, representing $21 billion in funds under advice. In E&P 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 over $6.6 billion of assets across a diverse range of asset classes.