

EVANS DIXON

27 August 2020

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

Dear Sir / Madam,

Evans Dixon Limited FY20 Full Year Financial Results

The following announcements to the market are provided:

1. Appendix 4E and Annual Report
2. Appendix 4G
3. FY20 Results Announcement
4. **FY20 Results Presentation**

Yours faithfully,



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

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Evans Dixon Limited
ACN 609 913 457

FY20 Results Briefing

Full-year ended 30 June 2020

27 August 2020

Important information

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Important terms including terms used in presenting Non-IFRS financial information are defined in the Glossary at the end of this presentation.

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

Agenda

1 **FY20 update**

Peter Anderson

2 **Financial results**

Paul Ryan

3 **FY21 outlook**

Peter Anderson

Section 1

FY20 update

Peter Anderson

Response to COVID-19

Supporting our staff, business and clients during this period

Staff

- ◇ Approximately 95% of staff have worked or continue to work remotely in accordance with respective State protocols
- ◇ Flexible working arrangements encouraged, communication and collaboration enhanced
- ◇ Co-ordinated transition plan to manage risks as staff permitted to return to work
- ◇ No need for staff redundancies or wage furloughs (noting 20% headcount reduction in H1)
 - successful resizing of the business in 2019 has enabled workforce stability, as well as the ability to make strategic hires

Business

- ◇ Solid performance from Wealth Advice and Institutional, Funds Management impacted by deferral of transactions and M&A and ECM volumes significantly affected by market volatility and ongoing uncertainty
- ◇ Business Continuity Plan implemented progressively throughout March with no material issues
- ◇ Sophisticated IT infrastructure facilitates extended period of working remotely
- ◇ Did not receive JobKeeper wage support in FY20 – received US Paycheck Protection Program forgivable loan which has been treated as non-recurring income

Clients

- ◇ Client service levels maintained as staff work remotely
- ◇ Significantly increased frequency of communications to support our Wealth Advice clients
- ◇ Produced record volume of research and trade idea generation for institutional and private client base
- ◇ Active investment approach has capitalised on investment opportunities arising from COVID-19 volatility

FY20 summary

Softer but relatively resilient performance during a period of transition and challenging economic backdrop

Business performance

- ◇ Underlying financial performance robust but impacted by COVID-19 and strategic business model adjustments
 - underlying EBITDA of \$37.2m down 16% on a like-for-like basis (adjusted for AASB 16 Leases)
 - Wealth Advice recurring revenue up 4% vs pcp, FUM-based fees up 14% in Funds Management
 - consistent with repositioning the business, Funds Management non-FUM based net revenue down 58% on pcp
 - transactional corporate advice and capital market activity subdued in light of COVID-19 uncertainty and volatility
 - domestic institutional equities franchise gained market share against boutique and international competitors
 - lower variable remuneration and 1H20 reductions in fixed cost base partially offset revenue softness in challenging 2H operating environment

Operational review

- ◇ Significant organisational change implemented to position the business for the post-Hayne Financial Services environment
- ◇ Management restructure – new CEO, CFO and CRO
- ◇ Operational review completed: business model transformation ongoing, growth initiatives commenced
- ◇ Improved governance and investment committee structure

Dividend and balance sheet

- ◇ Net cash balance of \$37.6 million plus \$10 million in committed, undrawn debt facilities
- ◇ Recorded non-cash impairment of \$38.7 million due to industry disruption, structural changes in Funds Management and the risk of prolonged COVID-19 impacts
- ◇ No dividend declared to preserve liquidity during period of heightened uncertainty
 - Board remains committed to targeted full year payout range of 75-85% of NPATA when COVID-19 impacts subside

Change program well progressed but more to do

Operational review completed, structural change projects ongoing across FY21, implementation of medium term growth initiatives commenced

Operational review

- ◇ Operational review conducted by Group and Divisions; implementation ongoing
 - addressing legacy issues in Dixon Advisory and Walsh & Company businesses
 - improved financial discipline
 - leverage existing, market leading infrastructure for growth
- ◇ Focus on return on capital
 - clearly defined divisional growth strategies, divisions actively implementing initiatives
 - improved business integration: premises rationalisation and team co-location
 - investing in our people: graduate recruitment program, career development, talent management and succession planning - clear direction driving improved staff morale
 - comprehensive cost reduction program including 20% reduction in workforce in 1H20
 - Funds Management model revised: exited non-core operations and pivot from related party services and seeding real asset funds internally

Growth initiatives

- ◇ Focus turning to medium and long-term growth initiatives
 - **Wealth Advice:** strong platform to capitalise on market opportunity in the post-Hayne/FASEA financial advice landscape including scalable retail advice
 - **E&P:** strategic recruitment to broaden and deepen our M&A and ECM/DCM capability in targeted sectors
 - **Funds Management:** expanding distribution of strong performing high conviction equities portfolios
- ◇ Impacts of COVID-19, insurance market, addressing legacy issues and business model adjustments will more than offset the growth initiatives in the near term

Key medium-term drivers

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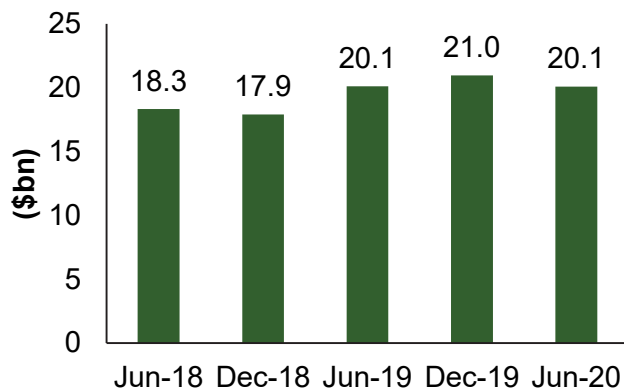
Fundamental drivers of recurring revenue relatively resilient during COVID-19, corporate transactional revenues softer

Wealth Advice

Funds under advice (\$bn)

\$20.1bn

0%
on pcg

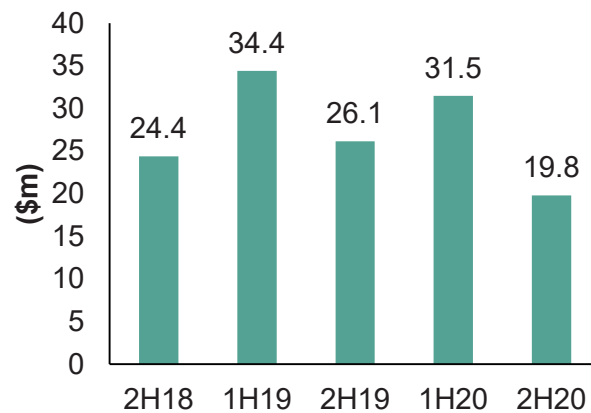


E&P

Revenue (\$m)

\$51.3m

15%
on pcg

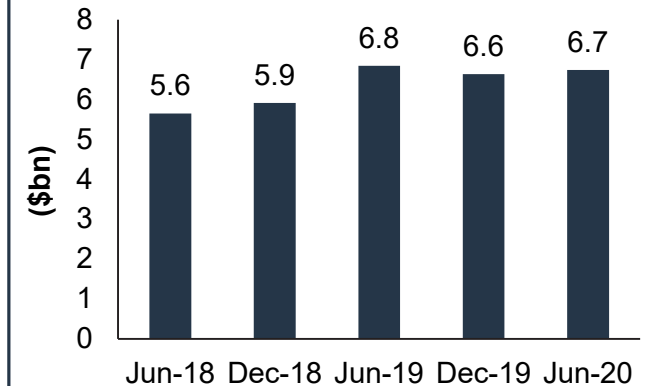


Funds Management

Gross funds under management (\$bn)

\$6.7bn

1%
on pcg



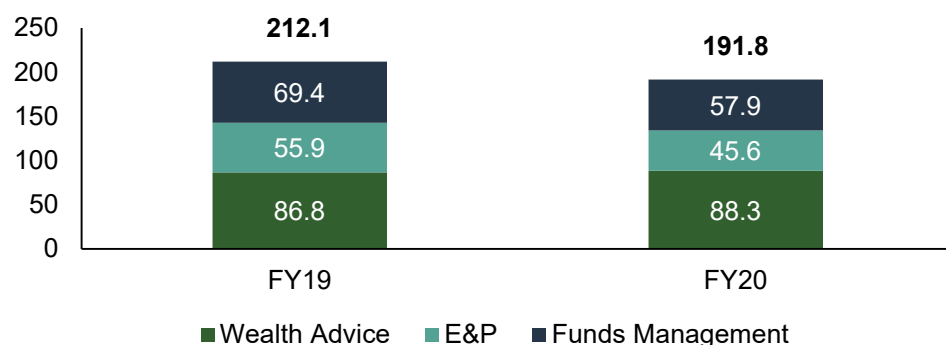
Note:
Past performance is not a reliable indicator of future financial performance.

FY20 result

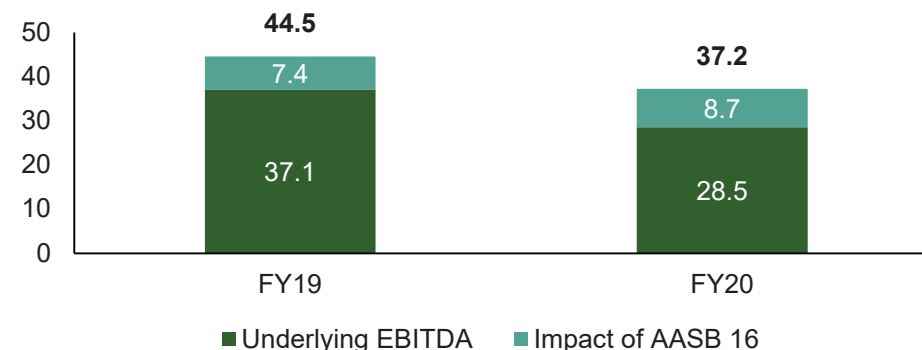
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Financial result impacted by COVID-19 and business model adjustments

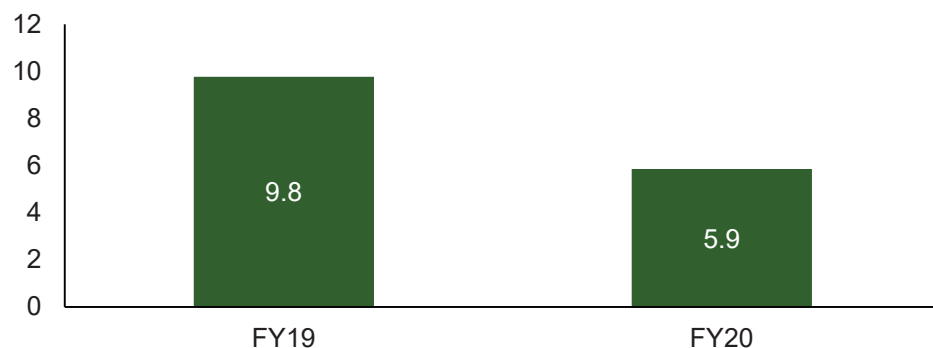
Net revenue (\$m)¹



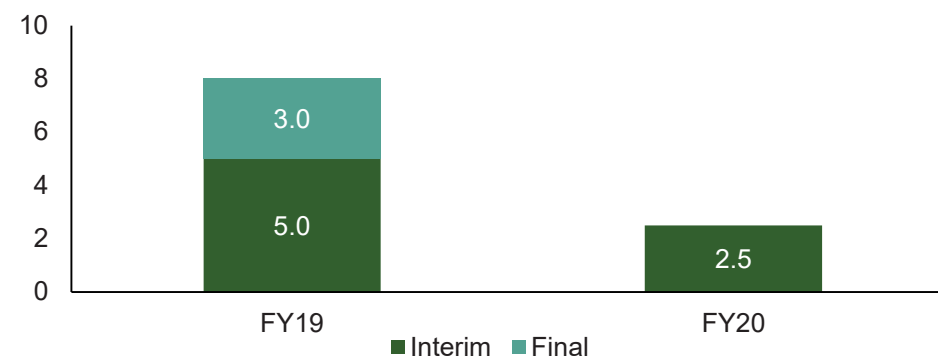
Underlying EBITDA (\$m)²



Underlying earnings per share (cents)³



Dividends per share (cents)



Notes:

1. FY20 excludes interest income of \$0.2 million and \$1.3 million in non-recurring US PPP income, FY19 excludes \$0.9 million interest income.
2. From 1 July 2019, the Group adopted *AASB 16, Leases* using the modified retrospective approach. This involved retrospective application of the standard without restatement of statutory comparatives. To assist with comparison to prior periods, where relevant, EBITDA and underlying EBITDA has been presented with and without the change in Standard.
3. Calculated using weighted average shares outstanding of 225.0 million for the year to 30 June 2020 and FY20 underlying NPATA of \$13.3 million.
4. Non-IFRS measures such as underlying NPATA and underlying EBITDA used in this presentation are defined in the glossary. The adjustments to NPAT and EBITDA for FY20 and FY19 are outlined on slide 28.
5. Past performance is not a reliable indicator of future financial performance.

Divisional growth strategies

Optimising our infrastructure to leverage future growth

Wealth Advice

Strong, scalable advice platform, systems and risk framework

- ◇ Differentiated service offering of highly educated, quality advisers supported by specialised research and investment staff
- ◇ Strong compliance and governance systems position business well for industry change
- ◇ Market opportunity for scalable, well-managed business is significant

E&P

Growth from targeted investment in research, corporate and institutional businesses

- ◇ Co-ordinated strategy focused on key target sectors to leverage industry and client relationships
- ◇ Core value proposition is continued investment in quality research and idea generation overlaid by high quality M&A/ECM/DCM capability

Funds Management

Expand and diversify distribution along with enhanced governance and improved liquidity

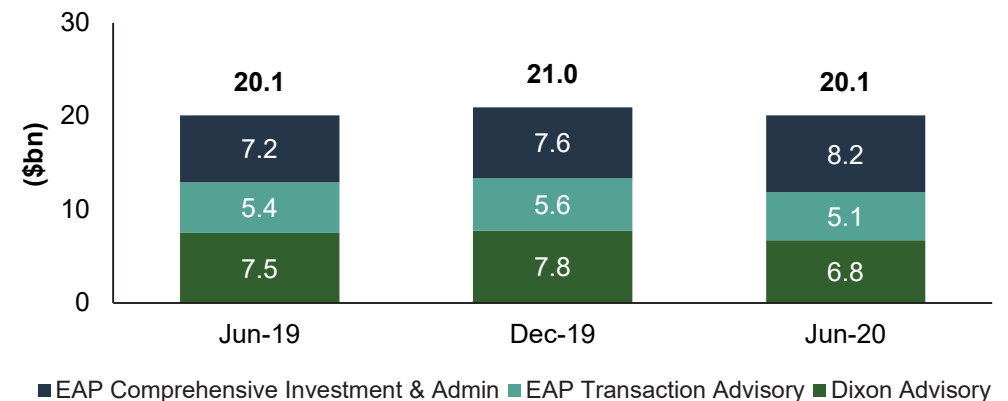
- ◇ Expand distribution of strong performing high conviction equities portfolios and alternative investment strategies
- ◇ Increased alignment with investors through co-investment and improved governance
- ◇ Exit related party and non-core activities
- ◇ Asset sales and structural changes to improve liquidity and close gaps to NTA

Positioning the business for the Australian financial services landscape of the future

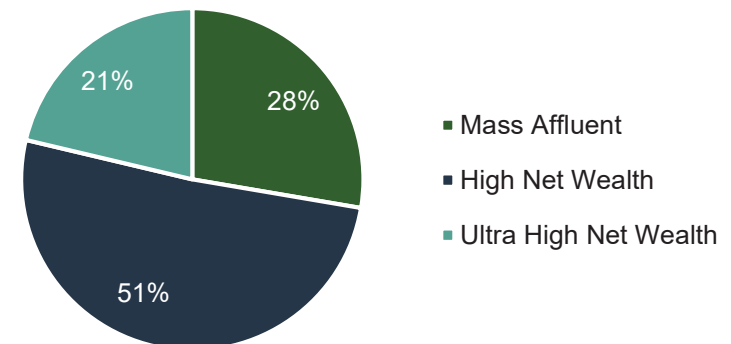
Building a single integrated Wealth business – leveraging strong, scalable advice platform, systems and risk framework to drive growth

- ◇ Wealth Advice delivered solid, resilient earnings in an uncertain environment and largely maintained FUA and total client numbers
- ◇ Improvements being implemented to further strengthen offering:
 - merger of teams, sharing of infrastructure and advice framework
 - continued investment in advice systems, compliance and risk management
 - firmwide investment committee to leverage expertise and experience of group and manage liquidity and concentration risks
 - efficiency improvements
 - establishment of Evans & Partners Retail Wealth Management to leverage scalability of advice business
- ◇ Well positioned to service advice market in the post-Hayne/FASEA financial advice landscape
 - Strong, scalable platform to cater to increasingly underserved retail advice market

Funds under advice by service type¹



Funds under advice by client type²



Notes:

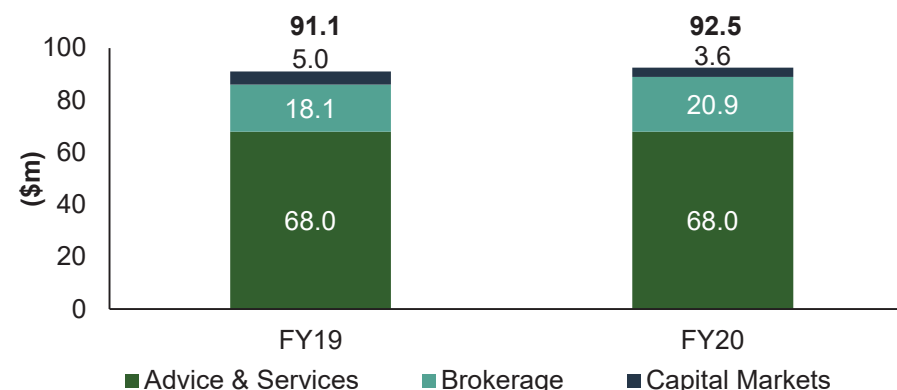
1. Past performance is not a reliable indicator of future financial performance.
2. As at 30 June 2020. Mass Affluent clients are defined as having less than \$2.5m in assets under advice, High Net Wealth is defined as having between \$2.5m and \$50m under advice and Ultra High Net Wealth as having more than \$50m in assets under advice.

Modest like-for-like underlying EBITDA growth despite a challenging operating environment

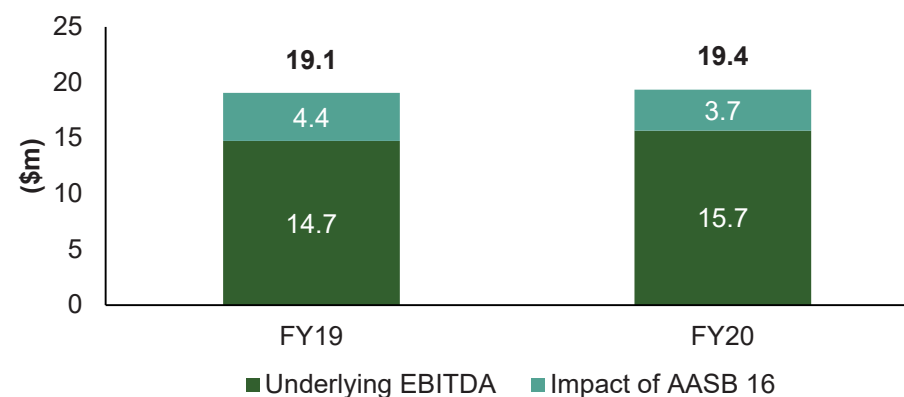
For the period (\$m)	FY19	1H20	2H20	FY20	Var to FY19	Var to FY19
Total revenue	91.1	46.7	45.8	92.5	1.4	2%
Net revenue	86.8	44.6	43.7	88.3	1.5	2%
Direct expenses	(53.1)	(29.1)	(28.8)	(57.9)	(4.8)	9%
Allocated overheads	(19.0)	(5.6)	(5.4)	(11.0)	8.0	(42%)
Underlying EBITDA	14.7	9.9	9.5	19.4	4.7	32%
Underlying EBITDA (with impact of AASB 16)	19.1	9.9	9.5	19.4	0.3	2%
Underlying EBITDA margin incl. AASB 16 (%)	22	22	22	22	0	0%
Closing FUA	20,095	20,957	20,075	20,075	(20)	(0%)
Average FUA	18,937	20,475	19,655	20,065	1,128	6%

- ◇ Net revenue and like-for-like underlying EBITDA up 2%
- ◇ Revenue mix continues to transition towards more recurring revenue sources (Advice & Services and Brokerage)
- ◇ 2H20 underlying EBITDA marginally softer as higher brokerage helped to offset lower capital markets revenue
- ◇ Direct expenses higher due to increased variable remuneration, legal fees and reclassification of overheads to direct expenses
- ◇ Allocated overheads lower due to introduction of *AASB 16 Leases* and lower allocation of shared services due to lower headcount

Revenue



Underlying EBITDA















Note:
Past performance is not a reliable indicator of future financial performance.

Targeted sector-driven approach to win increased deal flow in E&P – FY20 impacted by COVID-19

- ◇ Corporate & Institutional consolidated under a single unified brand
- ◇ Strategic recruitment to broaden and deepen our M&A and ECM/DCM capability in targeted sectors
- ◇ Continued investment in quality, market leading research capability as core part of value proposition
 - 115 stocks under research coverage, initiated on 18 companies over FY20
 - expanding small cap coverage
- ◇ Strong domestic institutional franchise delivered continued market share growth in FY20
- ◇ Supported by quality research and corporate access capability
- ◇ In the process of establishing Hong Kong presence



Note:
Segment rebranded from Corporate & Institutional to E&P in December 2019. Corporate & Institutional formed following the acquisition of Fort Street Advisers in September 2018.

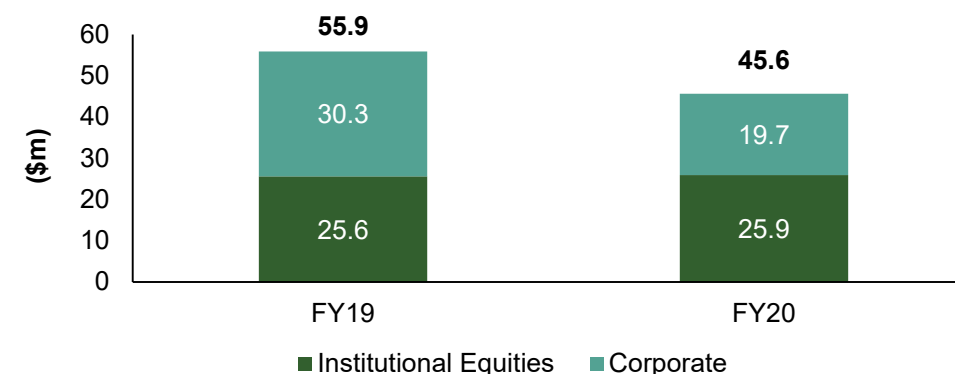
 <p>June 2020 \$50 million</p> <p>Adviser to equity placement and security purchase plan</p>	 <p>June 2020 \$641 million</p> <p>Capital Notes 2 Joint Lead Manager</p>	 <p>May 2020</p> <p>Adviser to Waypoint REIT in relation to its internalisation of its management vehicle from Viva Energy</p>
 <p>December 2019 NZ\$80 million</p> <p>Adviser to Adairs on the acquisition of Mocka</p>	 <p>December 2019 \$20 million</p> <p>Initial Public Offering Joint Lead Manager</p>	 <p>November 2019 \$90 million</p> <p>Initial Public Offering Joint Lead Manager</p>
 <p>November 2019 \$25 million</p> <p>Adviser to IVE Group in relation to its purchase of Salmat's Marketing Solutions business</p>	 <p>November 2019 \$1,250 million</p> <p>PERLS XII Co-Manager</p>	 <p>October 2019 \$36 million</p> <p>Institutional placement</p>
 <p>September 2019 \$160 million</p> <p>Adviser to Allity on issue of preference shares</p>	 <p>September 2019 \$300 million</p> <p>Simple Corporate Bonds Joint Lead Manager</p>	 <p>August 2019 Price undisclosed</p> <p>Adviser to QIC in relation to acquisition of a ~75% interest in Nexus Hospitals</p>

Lower E&P contribution due to COVID-19 impact on corporate transaction activity in 2H20

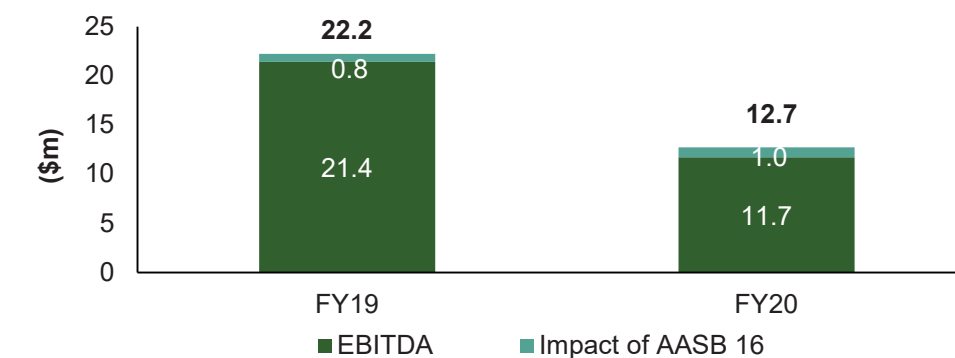
For the period (\$m)	FY19	1H20	2H20	FY20	Var to FY19	Var to FY19
Total revenue	60.5	31.5	19.8	51.3	(9.2)	(15%)
Net revenue	55.9	27.1	18.5	45.6	(10.3)	(18%)
Direct expenses	(25.0)	(12.7)	(8.6)	(21.3)	3.7	(15%)
Allocated overheads	(9.5)	(5.7)	(5.9)	(11.6)	(2.1)	23%
EBITDA	21.4	8.7	4.0	12.7	(8.7)	(41%)
EBITDA (with impact of AASB 16)	22.2	8.7	4.0	12.7	(9.5)	(43%)
EBITDA margin incl. AASB 16 (%)	40	32	22	28	(12)	(30%)

- ◇ Net revenue and like-for-like EBITDA down 15% and 43% respectively
- ◇ COVID-19 impact on markets and corporate advisory transaction activity has led to a short-term reduction in Corporate revenue contribution
- ◇ Record institutional trading activity in 4Q20 offset a softer 1H20

Net revenue



EBITDA



Note:
Past performance is not a reliable indicator of future financial performance.

Funds Management

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Funds Management undergoing change of business model and focused on prosecuting high conviction equity strategies

1. Addressing legacy issues

- ◇ Methodically implementing URF strategic plan to restore value for unit holders
- ◇ Minimising related party services including exiting Dixon Projects
- ◇ Asset sales and structural changes to improve liquidity and close gaps to NTA on other real asset funds
- ◇ Governance enhancements implemented during period – two new independent Responsible Entity directors including Chairman

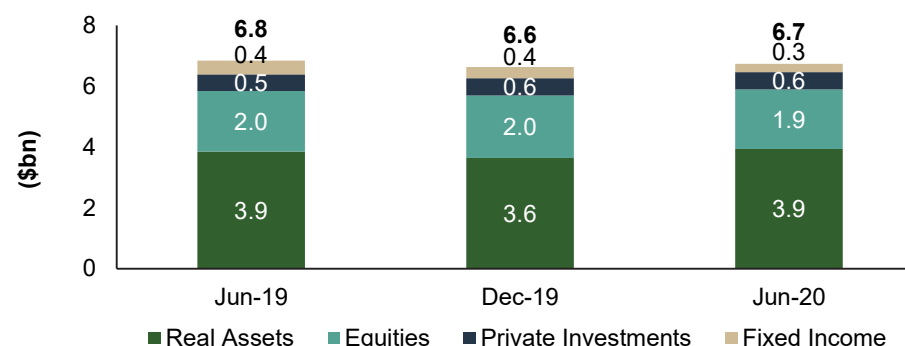
2. Changing the business model

- ◇ Post-Hayne business model includes pivot from seeding real asset funds internally and related party services

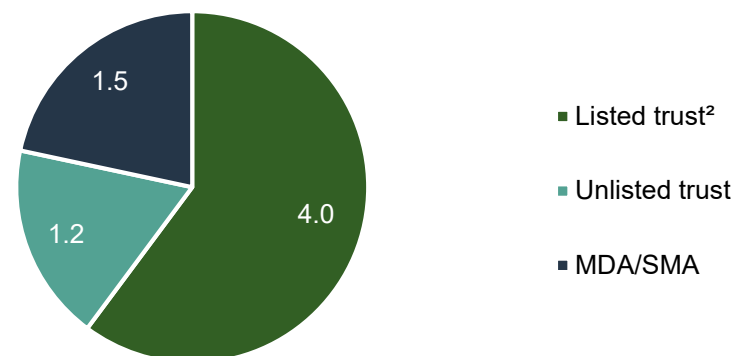
3. Growth initiatives

- ◇ Leveraging existing infrastructure to grow strongly performing high conviction equities funds
 - engaging dedicated distribution resources to market funds externally
 - in 1H20 the Evans & Partners International Portfolio was ranked #1 for 2019 by Morningstar (blended category)
 - The Evans & Partners Global Disruption Fund performed strongly returning 21.2% over 12 months (+10.7% outperformance)
- ◇ US Solar Fund plc (LSE:USF) has now largely committed all capital raised since IPO and building on offshore institutional support to prosecute strong pipeline of opportunities

Funds under management¹



Funds under management by structure (\$bn)



Note:

1. FUM at 30 June 2020 for real asset portfolios based on values last reported as at 24 August 2020. Figures are unaudited estimates with the exception of New Energy Solar (NEW.ASX). Past performance is not a reliable indicator of future financial performance.
2. Listed trusts include listed stapled securities.

Funds Management

Reduction in like-for-like underlying EBITDA resulting from strategic rationalisation of US business

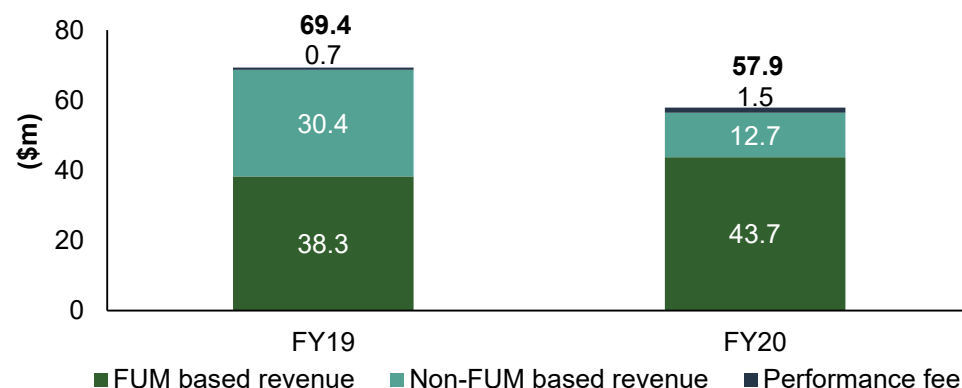
For the period (\$m)	FY19	1H20	2H20	FY20	Var to FY19	Var to FY19
Total revenue ¹	87.0	37.0	29.2	66.2	(20.8)	(24%)
Net revenue	69.4	31.2	26.7	57.9	(11.5)	(17%)
Direct expenses	(40.9)	(20.7)	(15.8)	(36.5)	4.4	(11%)
Allocated overheads	(12.6)	(2.6)	(2.4)	(5.0)	7.6	(60%)
Underlying EBITDA	15.9	7.9	8.5	16.4	0.5	3%
Underlying EBITDA (with impact of AASB 16)	18.2	7.9	8.5	16.4	(1.8)	(10%)
Underlying EBITDA margin incl. AASB 16 (%)	26	25	32	28	2	8%
Closing FUM	6,838	6,635	6,737	6,737	(101)	(1%)
Average FUM	6,109	6,864	6,821	6,843	734	12%
FUM based fee margin (bps)	63	33	31	64	1	2%

- ◇ 17% reduction in net revenue compared to pcp driven by strategic rationalisation of US operations and planned reduction in non-FUM based revenue
- ◇ 14% increase in FUM based revenue driven by growth in US Solar Fund, contributing to the increased FUM based fee margin
- ◇ FY20 non-FUM revenue includes +\$2.5 million share of equity relating to the Group's JV investment in the CVC Emerging Companies Fund
- ◇ Operational changes implemented across the business during FY20 have reduced allocated overheads, plus impact of AASB 16 change

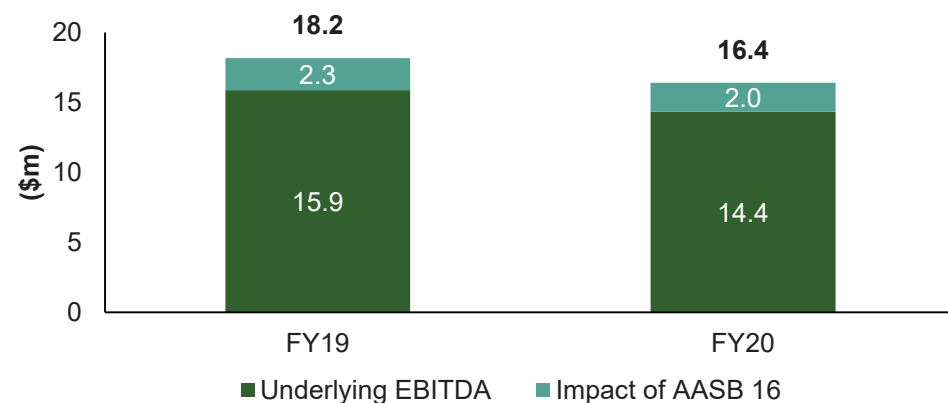
Note:

1. Excludes \$1.3 million of non-recurring income.
2. Past performance is not a reliable indicator of future financial performance.

Net revenue



Underlying EBITDA



Section 2

Financial results

Paul Ryan

Consolidated financial result

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Relatively resilient underlying result in challenging COVID-19 environment which gave rise to non-cash impairments of goodwill

For the period \$m	Note	FY19	1H20	2H20	FY20	Var to FY19	Var to FY19
Total revenue ¹		238.6	115.1	94.9	210.0	(28.6)	(12%)
Net revenue	1	212.1	102.9	88.9	191.8	(20.3)	(10%)
Staff expenses	2	(125.5)	(62.8)	(55.1)	(117.9)	7.6	(6%)
Operating expenses	2	(49.5)	(19.3)	(17.4)	(36.7)	12.8	(26%)
Underlying EBITDA	3	37.1	20.8	16.4	37.2	0.1	0%
Underlying EBITDA (with impact of AASB 16)	4	44.5	20.8	16.4	37.2	(7.3)	(16%)
Non-recurring items	3	(2.0)	(1.7)	(1.1)	(2.8)	(0.8)	40%
EBITDA		35.1	19.1	15.3	34.4	(0.7)	(2%)
EBITDA (with impact of AASB 16)		42.5	19.1	15.3	34.4	(8.1)	(19%)
D&A ²	5	(6.6)	(10.7)	(7.8)	(18.5)	(11.9)	180%
Amortisation of acquired intangibles		(3.8)	(2.1)	(1.9)	(4.0)	(0.2)	5%
Impairment of goodwill	6	-	-	(38.7)	(38.7)	(38.7)	n.m
Net interest income/(expense)	7	0.7	(0.9)	(0.9)	(1.8)	(2.5)	(357%)
Income tax expense	8	(8.6)	(3.3)	1.4	(1.9)	6.7	(78%)
Statutory NPAT		16.8	2.1	(32.6)	(30.5)	(47.3)	(282%)
Underlying NPATA		21.8	8.8	4.5	13.3	(8.5)	(39%)
Underlying EPS (cps)		9.8	3.9	2.0	5.9	(3.9)	(40%)
Effective tax rate (%)	9	34%	61%	4%	(7%)	n.m	n.m
Underlying EBITDA margin (%) ³		21	20	18	19	(2)	(10%)
Underlying NPATA margin (%)		10	9	5	7	(3)	(30%)

Notes:

1. FY20 excludes interest income of \$0.2 million (\$0.9 million in FY19) and \$1.3 million in non-recurring US PPP income.
2. D&A includes impairment of property, plant and equipment. Refer to the underlying reconciliation on slide 28 for details.
3. FY19 underlying EBITDA margin calculated underlying EBITDA adjusted for impact of AASB 16 Leases.

18

- 1 Net revenue down 10% due to softer performance in E&P (COVID-19) and Funds Management (change of business model)
- 2 Reduced staff and operating expenses driven by implementation of operational review, 22% reduction in headcount and lower variable remuneration awards
- 3 Underlying EBITDA is before extraordinary and non-recurring items (see slide 28 for details)
- 4 Illustrative FY19 underlying EBITDA had AASB 16 Leases been introduced from 1 July 2019
- 5 FY20 D&A increased due to amortisation of ROUA (AASB 16) (\$8.4m) and one-off impairment of property, plant and equipment following US premises changes in 1H20 (\$3.5m)
- 6 Non-cash impairments of goodwill, other intangibles and JV investments that arose from prior M&A activity
- 7 Includes interest amounts on lease liabilities (AASB 16) (\$1.4m) and term debt facility
- 8 2H20 income tax expense includes A\$2.1m one-off refundable tax credit for US net operating losses carried forward (US CARES Act)
- 9 1H20 effective tax rate elevated due to impairment of USA property, plant and equipment and resultant DTA write-off

Summary of FY20 impairments

Non-cash impairments of \$38.7 million recorded against Cash Generating Units in FY20

For the Period \$m	Wealth Advice	E&P	Funds Mgmt	Total
Goodwill	8.7	17.8	1.4	27.9
Customer relationships	-	-	1.7	1.7
Brand	-	-	2.3	2.3
Restraint covenant	-	-	1.6	1.6
Joint controlled entity – FSC	-	-	5.2	5.2
Total	8.7	17.8	12.2	38.7

Assumptions

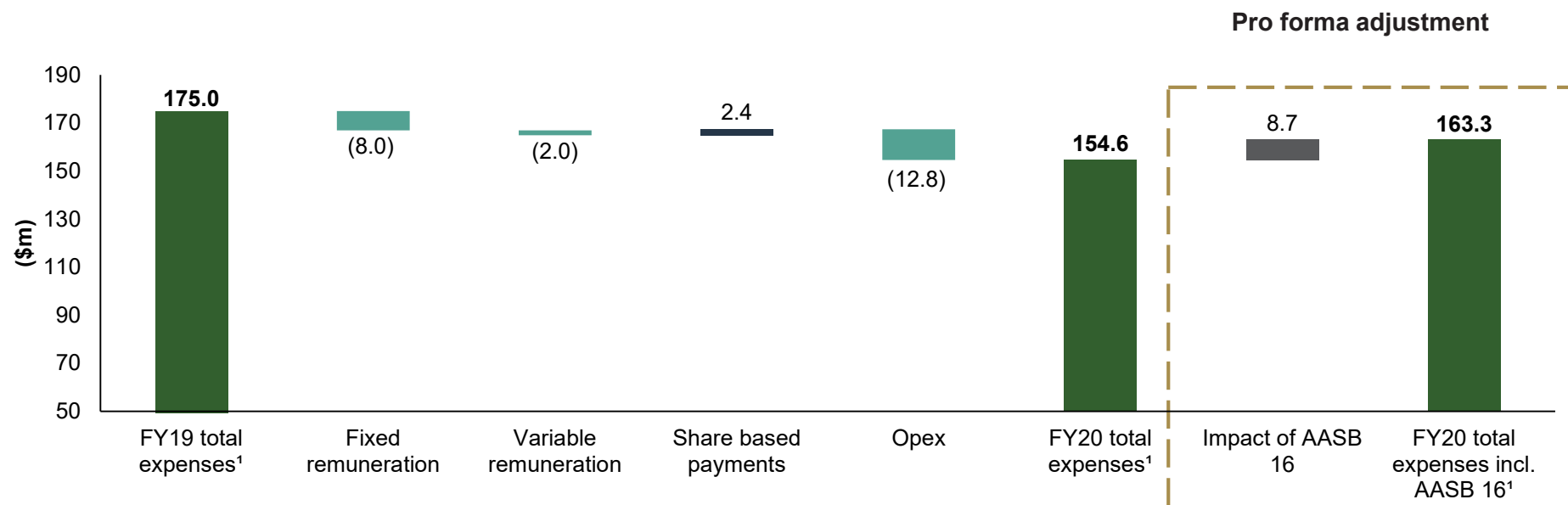
- ◇ Discounted cash flow analysis used to determine value in use of each CGU
- ◇ Cash flow forecast based on internal FY21 and FY22 budgets, with probability weighted scenarios applied specifically to E&P to reflect the risk of protracted COVID-19 impacts
- ◇ Terminal value is used to extrapolate cash flows beyond the forecast period with a 2% growth rate
- ◇ Discount rate of 9.5% applied to Wealth Advice and Funds Management, 11.75% applied to E&P

Commentary

- ◇ Non-cash impairments to goodwill, intangibles and jointly controlled entity balances which arose from past M&A activity
- ◇ **Wealth Advice:** Impairment to goodwill balance due to impact of legacy issues, industry disruption (including insurance costs) and the impact of COVID-19
- ◇ **E&P:** Impairment to goodwill balance due to the impact of COVID-19 and uncertainty over its duration
- ◇ **Funds Management:** Impairment reflects structural changes including pivot from seeding real asset funds internally and related party services

Operating expenses

Necessary action taken to address the cost base; material cost savings delivered through operational review



- ◇ Fixed remuneration lower across divisions, significant savings arising from gradual exit from US non-core operations
 - headcount down from 601 to 466 in the 12 months to June 2020², minimal impact on client-facing operations – annualised fixed remuneration saving of approximately \$13.0 million
 - lower variable remuneration primarily due to softer revenue in E&P offset by stronger Wealth Advice revenue
- ◇ Increased share-based payments reflects cumulative equity grants made to staff (non-cash)
- ◇ Opex lower due to significantly reduced marketing, advertising and travel, plus reclassification of rent expenses as amortisation and interest (AASB 16 Leases)
- ◇ Compliance, legal and professional development spend up \$3.0 million for the financial year compared to pcip
- ◇ Continued strong focus on delivering cost efficiencies across the organisation

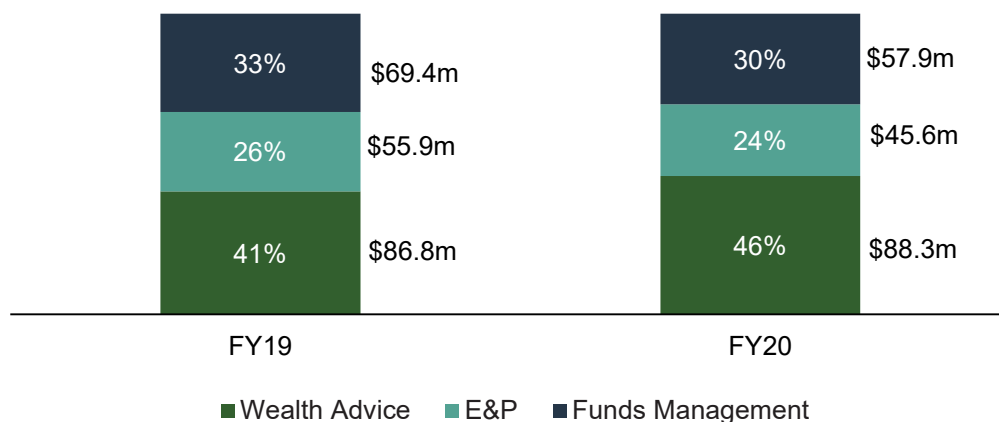
Notes:

1. Total expenses excludes cost of sales.
2. Excludes casual staff.

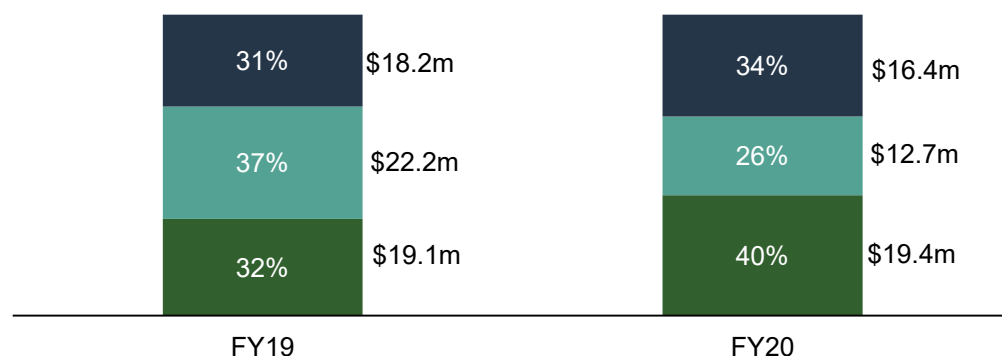
Divisional contribution

Revenue and earnings split reflects COVID-19 impact on E&P and beginning to reflect the structural changes being implemented in Funds Management

Net Revenue



Underlying EBITDA



Change in divisional contribution

- ◇ Wealth Advice recurring revenues stable on pcp with FUA and total client numbers largely maintained
 - Revenue excluding Capital Markets revenue represented 96% of divisional total in FY20, up from 94% in FY19 as fees from capital markets participation reduced
- ◇ E&P Corporate revenue impacted by COVID-19, strong institutional trading in 4Q20 offset a softer 1H20 due to cessation of international alliance
- ◇ Deliberate transition in Funds Management away from non-FUM based and related party revenues, strategic rationalisation of US operations
 - FUM based fees represented 76% of FY20 divisional net revenue, up from 55% in FY19
 - FY20 non-FUM revenue includes +\$2.5 million fair value adjustment relating to the Group's JV investment in the CVC Emerging Companies Fund

Cash flow statement

Reduction in investment activities consistent with operational review, borrowings repaid over FY20

For the period (\$m)	Note	FY19	FY20
<i>Cash flows from operating activities</i>			
NPAT		16.8	(30.5)
Add: Depreciation & amortisation	1	10.4	14.4
Add: AASB 16 amortisation and interest		-	9.7
Add: Non-cash impairments		-	38.7
Less: Share of equity accounted profits		(2.0)	(4.6)
Add: Share based payments expense		0.6	3.0
Add: Other non-cash		(0.8)	1.1
Less: Increase in working capital		(2.2)	(1.0)
Net cash from operating activities	2	22.8	30.8
<i>Cash flows from investing activities</i>			
Purchase of financial assets	3	(21.1)	(2.5)
Proceeds from sale of financial assets	4	-	3.6
Payments for investment in joint ventures	5	(7.3)	(3.1)
Purchase of subsidiary		(20.4)	-
Net purchase of PP&E and intangibles		(4.7)	(4.4)
Dividends received	6	2.6	1.8
Other CFI		1.9	1.3
Net cash from investing activities		(49.0)	(3.3)
<i>Cash flows from financing activities</i>			
Net proceeds from borrowings	7	15.0	(15.0)
Purchase of treasury shares		(8.2)	-
Dividends paid		(24.3)	(12.2)
Payment of lease liabilities	8	-	(9.7)
Other CFF		(0.3)	1.6
Net cash from financing activities		(17.8)	(35.3)
Net movement in cash and cash equivalents		(44.0)	(7.8)
FX movements		0.2	0.1
Opening cash and cash equivalents		89.1	45.3
Closing cash and cash equivalents		45.3	37.6

1 D&A higher in FY20 due to amortisation of ROUA (AASB 16 Leases) and impairment of US PP&E following premises change

2 FY20 includes A\$2.3m forgivable loan received by US subsidiary pursuant to Paycheck Protection Program (PPP), A\$1.3m recognised as income in FY20

3 Partial reinvestment of management fees in support of existing real asset funds, but consistent with operational review no new real asset funds launched (USF cornerstone in FY19)

4 Partial sale of USF investment (US\$2.4m)

5 Continued meaningful investment in strategic joint ventures during FY20 (\$3.1m)

6 Dividends received primarily from equity accounted investments

7 \$15m working capital facility repaid in FY20

8 Payment of lease liabilities primarily comprises of office lease expenses (AASB 16 Leases)

Balance sheet

Solid balance sheet with no debt and healthy cash balance supported by strategic investments, but net assets decline due to non-cash impairment of intangibles

For the period (\$m)	Note	Jun 19	Jun 20	Var to Jun 19	Var to Jun 19
Cash and cash equivalents		45.3	37.6	(7.7)	(17%)
Intangibles	1	157.8	120.3	(37.5)	(24%)
Trade and other receivables		21.1	18.6	(2.5)	(12%)
Financial assets	2	23.1	21.0	(2.1)	(9%)
Equity accounted investments	1	22.0	22.9	0.9	4%
Right of use assets	3	-	31.3	31.3	n.m
Other assets		27.6	18.6	(9.0)	(33%)
Total assets		296.9	270.3	(26.6)	(9%)
Borrowings	4	(15.0)	-	15.0	(100%)
Trade and other payables		(14.1)	(12.9)	1.2	(9%)
Lease liabilities	3	-	(37.1)	(37.1)	n.m
Provisions		(31.2)	(32.7)	(1.5)	5%
Other liabilities		(18.8)	(9.7)	9.1	(48%)
Total liabilities		(79.1)	(92.4)	(13.2)	17%
Net assets		217.8	177.9	(39.9)	(18%)
Net tangible assets		60.0	57.6	(2.4)	(4%)

1 Non-cash impairments to goodwill, intangibles and investment in FSC of \$38.7m

2 Reflects both mark to market of financial assets carrying value and initial realisation of USF investment

3 Recognition of ROUA and lease liability following introduction of AASB 16 Leases from 1 July 2019

4 Borrowings used to seed strategic investments repaid over FY20

Income tax expense

Effective tax rate impacted by non-deductible non-cash impairments, US CARES Act credit

For the period (\$m)	Note	Australia	USA	Total
Pre tax operating profit before impairments		15.1	(1.5)	13.6
Impairments	1	(38.7)	(3.5)	(42.2)
Operating profit / (loss) before tax		(23.6)	(5.0)	(28.6)
Prima facie tax credit / (expense) at 30%		7.1	1.5	8.6
Add: Differences in tax rates across jurisdictions		-	0.1	0.1
Less: Non-deductible items	2	(7.9)	(0.0)	(7.9)
Less: Recurring permanent differences	3	(2.9)	-	(2.9)
Less: Write off-of DTA		-	(2.1)	(2.1)
Add: US CARES Act credit		-	2.1	2.1
Add: Adjustments in relation to prior periods		0.2	-	0.2
Income tax expense		(3.5)	1.6	(1.9)
Effective tax rate		(15%)	32%	(7%)
Statutory NPAT		(27.1)	(3.4)	(30.5)

1

Australia: impairments to goodwill, intangibles and investment in FSC
USA: impairment of property, plant and equipment and office fit out in 1H20

2

Significant non-deductible items for the period primarily due to impairments, also includes amortisation of executive restraint covenants and JV income

3

Recurring permanent differences include share-based payment expenses

Section 3

FY21 outlook

Peter Anderson

FY21 outlook

Notwithstanding the resilience of our Wealth business, near-term performance will be impacted by COVID-19 uncertainty within E&P, necessary permanent structural changes in Funds Management and increased insurance costs. The medium-term growth prospects of the business remain strong and will be an increasing focus of management as the business model transformation nears conclusion. It is impractical to provide specific earnings guidance for FY21 noting the level of economic uncertainty resulting from the COVID-19 pandemic.

COVID-19

- ◇ Business has been relatively robust in the COVID-19 environment with the exception of significant reduction in E&P corporate transactional revenue since the onset of the pandemic
- ◇ Within Corporate Advisory, the deal pipeline remains promising, however given the COVID-19 environment, timing is inherently uncertain and execution risk is high
- ◇ To date, Evans Dixon has not received Australian Government stimulus measures (i.e. JobKeeper)
- ◇ Duration of the COVID-19 pandemic and its implications is uncertain

Divisional outlook

- ◇ **Wealth Advice** – expect to remain resilient across COVID-19 period, strong medium term prospects
- ◇ **E&P** – strong medium term growth prospects but near term earnings likely to continue to be undermined by COVID-19 uncertainty and reduced transaction levels
- ◇ **Funds Management** – contribution expected to reduce as business undergoes necessary permanent structural change
 - no longer seeding new real asset funds into client base
 - Dixon Projects business substantially wound down and no longer materially contributing
 - URF portfolio being reduced to optimise unitholder returns
 - medium term growth to come from investment in external distribution capability for core direct equities funds

Group overheads

- ◇ Significant increase in Group insurance costs for FY21 (up by \$3.7m / 141%) in line with industry trend as a result of underwriters withdrawing capacity from Australia in both D&O and professional indemnity markets
- ◇ Enhancements in compliance and regulatory capability will require increased investment

Appendix

Underlying reconciliation

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Reconciliation of EBITDA and statutory NPAT as stated in the annual financial report to underlying EBITDA and underlying NPATA

For the period

\$m	FY19	1H20	2H20	FY20
EBITDA	35.1	19.1	15.3	34.4
Employee termination payments	-	1.7	0.2	1.9
Loss on derecognition of subsidiary	-	-	0.3	0.3
Non-recurring income (US PPP stimulus)	-	-	(1.3)	(1.3)
Fair value adjustments on non-core investments	-	-	0.7	0.7
Acquisition related expenses	1.2	-	-	-
Other non-recurring items	0.8	0.0	1.2	1.2
Underlying EBITDA¹	37.1	20.8	16.4	37.2
Statutory NPAT	16.8	2.1	(32.6)	(30.5)
After tax amount of above adjustments	1.5	1.3	0.3	1.6
Impairment of goodwill and other	-	3.5	37.5	41.0
Amortisation of acquired intangibles	3.2	1.9	1.4	3.3
US CARES Act tax credit	-	-	(2.1)	(2.1)
Other tax adjustments	0.3	-	-	-
Underlying NPATA²	21.8	8.8	4.5	13.3

Notes:

- The FY20 underlying EBITDA adjustments include \$1.9 million in employee termination payments (\$1.4 million after tax), loss on sale of Dixon Realty of \$0.3 million (\$0.3 million after tax), non-recurring income of \$1.3 million received in the form of US Paycheck Protection Program forgivable loan (\$1.3 million after tax), net fair value adjustments of non-core investments of \$0.7 million (\$0.4 million after tax) and \$1.2 million in other non-recurring items (\$0.8 million after tax). FY19 adjustments include \$1.2 million in expenses relating to the acquisition of Fort Street Advisers (\$0.9 million after tax) and \$0.8 million relating to the revaluation of jointly controlled entities arising from changes in New York state legislation and employee termination payments (\$0.6 million after tax).
- FY20 underlying NPATA after tax adjustments include impairment of goodwill, other intangibles and the Group's investment in FSC totalling \$37.5 million, \$3.5 million impairment of PP&E arising from changes in US premises, \$3.3 million relating to amortisation of intangible assets that arose from the merger with Evans & Partners, acquisition of Fort Street Advisers and the Company's IPO (FY19: \$3.2 million) and a US CARES Act non-recurring tax credit totalling \$2.1 million.

Changes in the workforce

Overall headcount reductions but continued targeted investment in compliance, legal and professional development

Closing headcount	Jun 19	Jun 20	Change	Change %
Wealth Advice	272	225	(47)	(17%)
E&P	58	64	6	10%
Funds Management (Australia)	54	44	(10)	(19%)
Funds Management (USA)	78	32	(46)	(59%)
Group Teams	139	101	(38)	(27%)
Total	601	466	(135)	(22%)

Note:
Excludes casual staff.

Funds Management

EVANS
DIXON

Solid performance across thematically diverse equities fund platform and fixed income

Thematically driven investment philosophy leverages expertise from across the Group

Since inception total returns (to 30 June 2020)	FUM (\$m)	Inception date	Unit price		NTA ¹	
			Return (p.a.)	vs index	Return (p.a.)	vs index
High conviction/thematic equities investing						
Evans and Partners Global Disruption Fund (ASX: EGD)	266	25 Jul 17	21.2%	10.7%	23.9%	13.3%
Evans and Partners Global Flagship Fund (ASX: EGF)	147	6 Jul 18	7.5%	(0.5%)	9.8%	1.9%
Evans and Partners Asia Fund (ASX: EAF)	122	14 May 18	2.4%	1.0%	4.4%	3.0%
Evans and Partners International Fund ²	58	18 Feb 14	13.9%	2.9%	-	-
Evans and Partners International Focus Portfolio ²	677	20 May 11	16.2%	3.9%	-	-
Evans and Partners Australian Flagship Fund (ASX: EFF)	23	21 Jun 18	(2.0%)	(3.3%)	2.9%	1.6%
Evans and Partners Global Healthcare Portfolio ²	9	8 Nov 18	6.8%	(6.0%)	-	-
Evans and Partners Australian Equities Growth Portfolio ²	169	16 Mar 11	10.4%	1.5%	-	-
Evans and Partners Australian Equities Income Portfolio ²	18	16 Mar 11	8.7%	(0.2%)	-	-
Australian Governance and Ethical Index Fund (ASX: AGM)	28	9 Jul 18	(1.1%)	(2.2%)	2.0%	0.9%
Fixed Income						
Evans and Partners Diversified Income Portfolio ²	69	14 Jun 11	4.6%	1.7%	-	-
Evans and Partners Defensive Plus Portfolio ²	3	19 Oct 15	2.7%	0.6%	-	-

Notes:

1. NTA provided for listed registered managed investment schemes only.
2. Unlisted funds or managed account portfolio.
3. Illustrative performance of a \$10,000 investment after fees since inception with dividends reinvested.
4. Past performance is not a reliable indicator of future financial performance.

Funds Management

EVANS
DIXON

Real Asset and Private Investment funds delivering good underlying asset performance and yield

Fund strategies developed in response to client demand for access to differentiated asset exposures

Since inception total returns (to 30 June 2020)	FUM (\$m)	Inception date	Returns (p.a.)	
			Unit price ¹	NTA ¹
Real Assets				
New Energy Solar Fund (ASX: NEW)	1,232	31 Mar 16	(3.3%)	3.1%
US Solar Fund plc (LSE: USF) ²	269	16 Apr 19	(4.6%)	(2.1%)
US Masters Residential Property Fund (ASX: URF)	1,179	28 Jun 11	(12.3%)	0.6%
Fort Street Real Estate Capital Fund I ³	254	3 Jul 13	-	9.3%
Fort Street Real Estate Capital Fund II ³	179	20 Jun 14	-	4.3%
Fort Street Real Estate Capital Fund III ³	233	7 Dec 16	-	1.9%
Fort Street Real Estate Capital Fund IV ³	118	1 Jun 18	-	(1.6%)
Private Investments				
Cordish Dixon Fund I (ASX: CD1)	59	13 Aug 12	4.9%	11.3%
Cordish Dixon Fund II (ASX: CD2)	121	5 Apr 13	0.6%	11.5%
Cordish Dixon Fund III (ASX: CD3)	134	26 Jul 16	(12.3%)	5.0%
Cordish Dixon Fund IV ³	146	30 Apr 18	-	4.0%
CVC Emerging Companies Fund ³	43	1 May 19	-	39.3%
Venture Capital Opportunities Fund (Square Peg) ³	10	17 Jul 18	-	8.9%






Notes:

1. Unit price and NTA provided for listed registered managed investment schemes only.
2. Represents Australian dollar equivalent net assets.
3. Unlisted funds.
4. Illustrative performance of a \$10,000 investment after fees since inception with dividends reinvested.
5. Past performance is not a reliable indicator of future financial performance.

Business segments

We are a financial services firm with a focus on Wealth Management, Corporate and Institutional advice and broking and Funds Management

EVANS DIXON

Business Segment	Wealth Advice	E&P	Funds Management
Offering	Market leading HNW and affluent wealth management services	Highly regarded corporate advisory, capital markets, equities and research platform	Specialist investment and alternative asset management
Brands	 		 
Services	<ul style="list-style-type: none"> Investment advice Securities trading Managed accounts Portfolio administration Financial strategy SMSF administration and compliance Estate planning 	<ul style="list-style-type: none"> M&A, ECM & DCM and general corporate advisory IPO and pre-IPO advisory Securities trading Equities sales & research 	<ul style="list-style-type: none"> Direct equities investment management Asset management RE and fund administration services Direct equities investment management Debt securities investment management
Revenue type	Advisory & service fees, portfolio administration fees and brokerage	Brokerage, capital raising and corporate advisory fees	Transaction, management and performance fees
Clients/ Other	~4,600 primarily HNW/ wholesale investors FUA: \$20.1 billion ~4,600 primarily affluent SMSF investors	Corporates and institutional investors	Wholesale and retail investors 17 investment strategies FUM: \$6.7 billion

Glossary

AASB 16 - Australian Accounting Standard AASB 16 *Leases*

Amortisation of acquired intangibles – includes amortisation of intangible assets arising from the acquisitions of Evans & Partners, Fort Street Advisers and amortisation of executive restraint covenants

CEO – chief executive officer

CGU – cash generating unit

CRO – chief risk officer

CFO – chief financial officer

D&A – depreciation and amortisation

DCM – debt capital markets

DTA – deferred tax asset

DTL – deferred tax liability

EAP – Evans & Partners Pty Limited

EBITDA – is defined as earnings before interest, tax, depreciation and amortisation

ECM – equity capital markets

EPS – earnings per share

FASEA – Financial Adviser Standards and Ethics Authority

Forgivable Loan – in respect of the PPP, the loan will be fully forgiven if used for payroll costs and other operating expenses, with at least 60% used for payroll purposes

FSC – Fort Street Capital Pty Limited

FUA – funds under advice

FUM – funds under management

FUM based fee margin – is defined as FUM-based net revenue divided by average FUM

HNW – high net wealth

IFA – independent financial adviser

Impact of AASB 16 – adjustment to reflect the impact of AASB 16 *Leases* for the relevant period

IPO – initial public offering

JV – joint venture

M&A – mergers and acquisitions

MDA – managed discretionary account

NAV – net asset value

Net revenue – is defined as total revenue less the cost of goods sold incurred in the provision of such services

NPAT – net profit after tax

NTA – net tangible assets

Opex – operating expenses

PCP – prior comparable period

PP&E – property, plant and equipment

PPP – US Paycheck Protection Program

RE – Responsible Entity, being Walsh & Company Investments Limited

ROE – return on equity

ROUA – right of use asset

SMA – separately managed account

SMSF – Self Managed Superannuation Fund

UHNW – ultra high net wealth

Underlying EBITDA – is defined as earnings before interest, tax, depreciation, amortisation and extraordinary items

Underlying EBITDA margin – is defined as underlying EBITDA divided by net revenue

Underlying EPS – is defined as underlying NPATA divided by weighted average shares outstanding

Underlying NPATA – is defined as net profit after tax before amortisation of acquired intangibles and extraordinary items

Underlying NPATA margin – is defined as underlying NPATA divided by net revenue

URF – US Masters Residential Property Fund (ASX: URF)

USF – US Solar Fund plc (LSE: USF)

Var – variance