

# Result Focus

The Citadel Group Limited (CGL.ASX)



Monday, 20 August 2018

## Solid FY18 result, cash flow weaker, FY19 pipeline looks robust

Recommendation: Positive

Last price **\$7.29**

Valuation **\$7.40**

### TSR

Upside to valuation 1.5%

Dividend yield 2.6%

Expected total SH return 4.1%

### CGL.ASX share price history v XJO.ASX

Source: EAP Research, IRESS



### Trading Data

Last Price	\$7.29
Valuation	\$7.40
12 month range	\$5.30 - \$7.30
Market Cap	\$358m
Free Float	\$125m (35%)
12 month return (historical)	37.6%

### Earnings revisions

	FY19	% chg	FY20	% chg
REVENUE (\$m)	129	(4.5%)	139	(4.7%)
EBITDA (\$m)	41	3.5%	44	2.5%
Adj. EPS (c)	38.7	3.5%	42.0	3.5%
DPS (c)	19.0	0.0%	21.0	5.0%
Val	\$7.40	5.7%		

### Key Observations

CGL reported a mixed FY18 result with revenue growth below EAP and consensus while EBITDA/NPAT were ahead. Revenue/EBITDA/NPAT grew +10%/+13%/+39% yoy to \$109m/\$34m/\$16m which was -8%/+3%/+13% vs EAP and -7%/+3%/+16% vs consensus. Key takeaways:

**2H sales momentum slower, GM trends +ive:** 2H sales growth slowed to +8% while GM expanded to 52% (1H 50%, FY17 47%) as CGL benefitted from: (1) sales mix shift towards higher margin software; (2) high quality, efficient execution of existing contracts; and (3) lower fixed expenses on extended contracts.

**Cash flow conversion weaker:** FY18 cash flow conversion declined to c.80% (>100% FY17, with 1H18 55%, 2H18 95%) due to: (1) lower receipts from customers and increased payments to suppliers and employees; (2) milestone billing delays in a large program; (3) number of larger contracts have backend payment milestones; (4) accrued income increased to \$19.5m (\$6.8m FY17). CGL does not believe there is any non-collection risk on receivables.

**Outlook:** CGL remains confident on the outlook for FY19, highlighting that it has no material contracts due for renewal. This includes all core contracts locked in for Defence and National security, until at least Jul-19. CGL estimates it has a total pipeline >\$800m with c.60% from SaaS opportunities.

### Earnings and Valuation Changes

We increase our FY19/20 EPS +4%/+3% on increased exposure to higher margin SaaS revenues. Our valuation (average DCF and CoE increases to \$7.40 (was \$7.00).

### Investment View

Overall CGL delivered a solid result. While CGL's cash flow performance is something to monitor, management is confident that these trends will reverse and cash flow will improve. CGL's growth outlook remains robust, driven by its strong growth pipeline and increasing mix of higher margin SaaS revenues.

The key business attributes that underpin the positive outlook include: i) Industry investment towards digital transformation (national security, defence, e-health and tertiary education), ii) Recurring revenue base & high renewal rates, iii) Strategic & trusted advisor relationships, and iv) Scalable IP & sustainable margins.

### Earnings Forecasts

Yr to June	16A	17A	18A	19E	20E	21E
EBITDA (\$m)	20	30	34	41	44	47
Rep NPAT (\$m)	9	9	14	19	21	23
Adj NPAT (\$m)	8	11	16	19	21	23
Adj. EPS (c)	17.0	23.6	32.2	38.7	42.0	46.2
Adj. EPS Gth (%)	(13.6)	38.9	36.0	20.1	8.8	9.8
PER (x)	42.8	30.8	22.7	18.9	17.3	15.8
PEG Ratio (x)	NM	0.8	0.6	0.9	2.0	1.6
DPS (c)	9.6	12.8	13.8	19.0	21.0	23.0
Yield (%)	1.3	1.8	1.9	2.6	2.9	3.2
Franking (%)	-	-	-	-	-	-
ROE (%)	13.5	16.3	19.4	20.2	19.0	18.3
EV/EBITDA (x)	16.6	11.3	10.4	8.2	7.2	6.3
Net Debt/EBITDA (x)	(1.7)	(0.7)	(0.2)	(0.5)	(0.9)	(1.3)
Int. Cover (x)	-	-	-	-	-	-
Valuation (blended)						\$7.40

Source: EAP Research

## EARNINGS AND VALUATION CHANGES

**Table 1. Earnings and valuation changes**

Source: E&P estimates

**CGL: EARNINGS REVISIONS**

Metric Yr to June	Sales (\$m)			EBITDA (\$m)			NPAT (pre NRIs, \$m)			EPS (c)		
	Old	New	% Chg	Old	New	% Chg	Old	New	% Chg	Old	New	% Chg
2018E	118	109	(8%)	33.0	33.8	2%	14.0	15.8	13%	29.2	32.2	10%
2019E	135	129	(5%)	39.9	41.3	3%	18.0	19.0	5%	37.3	38.7	4%
2020E	145	139	(5%)	43.2	44.3	3%	19.6	20.6	5%	40.6	42.0	3%
<b>Blended Valuation</b>				<b>\$7.00</b>	<b>\$7.40</b>	<b>6%</b>						

## FINANCIAL SUMMARY

The Citadel Group Limited						CGL.ASX						
As at:		20/08/2018				Recommendation:		Positive		Share Price:		\$7.29
Year end	June	2018A	2019E	2020E	2021E	Year end	June	2018A	2019E	2020E	2021E	
<b>INCOME STATEMENT</b>						<b>VALUATION METRICS</b>						
Sales revenue	\$m	109	129	139	146	PER	x	22.7	18.9	17.3	15.8	
EBITDA	\$m	34	41	44	47	Dividend Yield	%	1.9	2.6	2.9	3.2	
Depreciation	\$m	(7)	(8)	(9)	(10)	EV/EBITDA	x	10.4	8.2	7.2	6.3	
<b>EBIT (ex associates)</b>	<b>\$m</b>	<b>27</b>	<b>33</b>	<b>35</b>	<b>38</b>	EV/EBIT	x	13.2	10.2	9.0	7.9	
Equity accounted profits	\$m	0	0	0	0	P/FCF	x	21.5	15.2	12.0	11.0	
<b>EBIT (incl associates)</b>	<b>\$m</b>	<b>27</b>	<b>33</b>	<b>35</b>	<b>38</b>	P/BV	x	4.1	3.5	3.1	2.7	
Net interest	\$m	(1)	(1)	(1)	0	<b>BLENDED VALUATION</b>						
Pre-tax profit	\$m	25	32	34	38	Discounted Cash Flow	\$/sh	7.66	50.0%			
Tax expense	\$m	(6)	(8)	(9)	(10)	Capitalisation of Earnings	\$/sh	7.16	50.0%			
Net profit	\$m	19	23	25	28	<b>Blended Valuation</b>	<b>\$/sh</b>	<b>7.40</b>	<b>100.0%</b>			
Oth./Outside equity interests	\$m	-	-	-	-	<b>EARNINGS</b>						
<b>NPAT attributable to s'hers</b>	<b>\$m</b>	<b>16</b>	<b>19</b>	<b>21</b>	<b>23</b>	Closing shares on issue	m	49	49	49	49	
Net abnormal items	\$m	(1)	0	0	0	EFPOWA	m	49	49	49	49	
<b>Reported NPAT</b>	<b>\$m</b>	<b>14</b>	<b>19</b>	<b>21</b>	<b>23</b>	<b>Adj. EPS</b>	<b>¢</b>	<b>32.2</b>	<b>38.7</b>	<b>42.0</b>	<b>46.2</b>	
<b>BALANCE SHEET</b>						DPS	¢	13.8	19.0	21.0	23.0	
<b>Assets</b>						Franking	%	-	-	-	-	
Cash	\$m	25	39	58	80	<b>FINANCIAL RATIOS</b>						
Working Capital	\$m	17	23	25	26	Sales Growth	%	9.5	19.0	7.4	5.4	
PP&E	\$m	8	12	16	21	EBITDA Growth	%	13.0	22.3	7.1	6.6	
Intangibles	\$m	74	65	56	47	EBIT Growth	%	9.8	23.9	7.0	7.0	
Investments	\$m	-	-	-	-	Adj. EPS Growth	%	36.0	20.1	8.8	9.8	
Other	\$m	21	21	21	21	Tax Rate	%	23.3	26.0	27.0	27.5	
<b>Total Assets</b>	<b>\$m</b>	<b>145</b>	<b>160</b>	<b>177</b>	<b>195</b>	EBITDA Margin	%	31.1	32.0	31.9	32.3	
<b>Liabilities</b>						EBIT Margin	%	24.5	25.5	25.4	25.8	
Debt	\$m	18	18	18	18	ROA	%	19.3	21.6	20.9	20.3	
Working Capital	\$m	21	22	24	25	ROE	%	19.4	20.2	19.0	18.3	
Other	\$m	19	19	19	19	ROCE	%	39.5	41.2	45.4	51.8	
<b>Total Liabilities</b>	<b>\$m</b>	<b>58</b>	<b>59</b>	<b>61</b>	<b>62</b>	Net Debt (cash)	\$m	(7)	(21)	(41)	(62)	
<b>Net Assets</b>	<b>\$m</b>	<b>87</b>	<b>101</b>	<b>116</b>	<b>132</b>	Net Debt/Equity	%	(8.2)	(20.9)	(35.1)	(46.7)	
Ordinary Equity	\$m	83	93	103	114	Net Debt/Debt + Equity	%	(8.9)	(26.4)	(54.0)	(87.7)	
Minority Interests	\$m	4	8	13	18	Net Debt/EBITDA	x	(0.2)	(0.5)	(0.9)	(1.3)	
<b>Total Shareholders' Funds</b>	<b>\$m</b>	<b>87</b>	<b>101</b>	<b>116</b>	<b>132</b>	Working Capital/Sales	%	(3.5)	0.5	0.5	0.5	
<b>Capital Employed</b>	<b>\$m</b>	<b>80</b>	<b>80</b>	<b>75</b>	<b>70</b>	D&A/PP&E	%	91.3	70.6	55.7	45.7	
<b>CASH FLOW</b>						EBIT Interest Cover	x	-	-	-	-	
EBITDA	\$m	34	41	44	47	<b>DIVISIONAL SUMMARY</b>						
Change in Working Capital	\$m	6	(4)	0	0	<b>Revenue</b>						
Other	\$m	(13)	0	0	0	Education	\$m	0	0	0	0	
<b>Gross Operating Cash Flow</b>	<b>\$m</b>	<b>27</b>	<b>37</b>	<b>44</b>	<b>47</b>	Technology	\$m	109	125	135	142	
Net interest paid	\$m	(1)	(1)	(1)	0	CHARM	\$m	0	4	4	4	
Tax paid	\$m	(6)	(8)	(9)	(10)							
<b>Net Operating Cash Flow</b>	<b>\$m</b>	<b>20</b>	<b>27</b>	<b>34</b>	<b>37</b>							
Maintenance capex	\$m	(4)	(4)	(4)	(5)							
<b>Free Cash Flow</b>	<b>\$m</b>	<b>17</b>	<b>23</b>	<b>30</b>	<b>32</b>							
Dividends paid	\$m	(11)	(9)	(10)	(11)							
Net acquisitions/Growth capex	\$m	(20)	0	0	0							
Equity raisings/Buybacks	\$m	1	0	0	0							
Net borrowings	\$m	8	(14)	(19)	(21)							
Other	\$m	0	0	0	0							
<b>Net change in cash</b>	<b>\$m</b>	<b>(5)</b>	<b>0</b>	<b>0</b>	<b>0</b>							
GOCF/EBITDA	%	80.3	89.4	99.9	99.9							
Total Capex/Sales	%	22.1	3.1	3.1	3.2							
Total Capex/Depreciation	x	3.3	0.5	0.5	0.5							

Source: Company data, E&P estimates

## RESEARCH RECOMMENDATION DEFINITIONS

Positive	Stock is expected to outperform the S&P/ASX 200 over the coming 24 months
Neutral	Stock expected to perform in line with the S&P/ASX 200 over the coming 24 months
Negative	Stock is expected to underperform the S&P/ASX 200 over the coming 24 months
Speculative Buy	Stock has limited history from which to derive a fundamental investment view or its prospects are highly dependent on event risk, <i>eg.</i> Successful exploration, scientific breakthrough, high commodity prices, regulatory change, etc.
Suspended	Stock is temporarily suspended due to compliance with applicable regulatory and/or Evans & Partners policies in circumstances where Evans & Partners is acting in an advisory capacity.
Not Rated	Stock is not included in our investment research universe.

## Research Criteria Definitions

Recommendations are primarily determined with reference to how a stock ranks relative to the S&P/ASX 200 on the following criteria:

Valuation	Composite of Rolling 12 month prospective multiples and discounted cash flow (DCF), or DCF for resource stocks.
Earnings Outlook	Forecast 2 year EPS growth.
Earnings Momentum	Percentage change in the current consensus EPS estimate for the stock (rolling 1 year forward basis) over the consensus EPS estimate for the stock 3 months ago.
Shareholder Returns	Composite of forecast ROE (rolling 1 year forward basis) and the percentage change in ROE over 2 years.
Debt Servicing Capacity	Rolling 12 month EBIT Interest Cover ratio.
Cyclical Risk	Qualitative assessment of the 2 year outlook for a stock/industry's profit cycle.
Industry Quality	Qualitative assessment of an industry's growth/returns potential and company specific management capability.
Financial Transparency	If we don't understand it, we won't recommend it.

For stocks where Evans & Partners does not generate its own forecasts, Bloomberg consensus data is used. Analysts can introduce other factors when determining their recommendation, with any material factors stated in the written research where appropriate.

## Australian Equity Research Team

### Lorraine Robinson – Head of Research

P: +61 3 9631 9838  
E: [lrobinson@eandp.com.au](mailto:lrobinson@eandp.com.au)



### Steve Wheen - Senior Analyst

Healthcare  
P: +61 2 8070 6654  
E: [swheen@eandp.com.au](mailto:swheen@eandp.com.au)



### Andrew Hines – Senior Analyst

Bulks, Metals, Energy  
P: +61 3 9631 9849  
E: [ahines@eandp.com.au](mailto:ahines@eandp.com.au)



### Phillip Kimber – Senior Analyst

Retail  
P: +61 3 9631 9873  
E: [pkimber@eandp.com.au](mailto:pkimber@eandp.com.au)



### Keith Chau – Senior Analyst

Building Materials, Steel, Chem, Packaging  
P: +61 2 8070 6616  
E: [kchau@eandp.com.au](mailto:kchau@eandp.com.au)



### Davin Thillainathan - Associate

Healthcare  
P: +61 2 8070 6645  
E: [dthillainathan@eandp.com.au](mailto:dthillainathan@eandp.com.au)



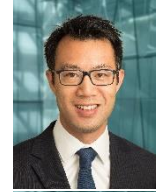
### James Holston - Associate

Telco, Media, Technology  
P: +61 3 9235 9716  
E: [jholston@eandp.com.au](mailto:jholston@eandp.com.au)



### Raymond Tong – Senior Analyst

Telco, Media, Technology  
P: +61 3 9235 9715  
E: [rtong@eandp.com.au](mailto:rtong@eandp.com.au)



### Simon Fitzgerald - Senior Analyst

Diversified Financials  
P: +61 2 8070 6634  
E: [sfitzgerald@eandp.com.au](mailto:sfitzgerald@eandp.com.au)



### Julian Mulcahy – Senior Analyst

Small Caps  
P: +61 3 9235 9713  
E: [jmulcahy@eandp.com.au](mailto:jmulcahy@eandp.com.au)



### Robin Young - Senior Analyst

Banks, REITs, Infrastructure  
P: +61 3 9235 9730  
E: [RYoung@evansandpartners.com.au](mailto:RYoung@evansandpartners.com.au)



### Rushil Paiva - Associate

Building Materials, Steel, Chem, Packaging  
P: +61 2 8070 6641  
E: [rpaiva@eandp.com.au](mailto:rpaiva@eandp.com.au)



### Michael Clark - Associate

Bulks, Metals, Energy  
P: +61 3 9631 9848  
E: [mclark@eandp.com.au](mailto:mclark@eandp.com.au)



### Johnny Huynh – Associate

Small Caps  
P: +61 3 9235 9737  
E: [jhuynh@evansandpartners.com.au](mailto:jhuynh@evansandpartners.com.au)





## GENERAL RESEARCH DISCLAIMER, WARNING & DISCLOSURES

This document is provided by Evans and Partners Pty Ltd (Evans and Partners) ABN 85 125 338 785, holder of AFSL 318075.

Please refer to the document entitled 'Research Conflicts of Interest Disclosure' available for download from the Important Disclosures section of our website (eandp.com.au) and Evans and Partners' Financial Services Guide (FSG) which is also available on our website.

The information is **general advice only** and does not take into consideration an investor's objectives, financial situation or needs. Before acting on the advice, investors should consider the appropriateness of the advice, having regard to the investor's objectives, financial situation and needs. If the advice relates to a financial product that is the subject of a [Product Disclosure Statement](#) (e.g. unlisted managed funds) investors should obtain the PDS and consider it before making any [decision](#) about whether to [acquire](#) the product.

The material contained in this document is for information purposes only and does not constitute an offer, solicitation or recommendation with respect to the purchase or sale of securities. It should not be regarded by recipients as a substitute for the exercise of their own judgment. Investors should be aware that past performance is **not an infallible indicator** of future performance and future returns are not guaranteed.

Any opinions and/or recommendations expressed in this material are subject to change without notice and Evans and Partners is not under any obligation to update or keep current the information contained herein. References made to third parties are based on information believed to be reliable but are not guaranteed as being accurate.

This document is provided to the recipient only and is not to be distributed to third parties without the prior consent of Evans and Partners.

## EVANS AND PARTNERS DISCLOSURE OF INTERESTS

Evans and Partners and its respective officers and associates may have an interest in the securities or derivatives of any entities referred to in this material. Evans and Partners does, and seeks to do, business with companies that are the subject of its research reports.

## EVANS AND PARTNERS CORPORATE RELATIONSHIP DISCLOSURE

Security	Nature of Relationship
APOF	The Responsible Entity (RE) and Fund Manager of Fort Street Real Estate Capital Fund I (APOF), the Trustee of APOF's primary underlying investment, the Australian Property Opportunities Trust (APOF Trust) and Evans and Partners Pty Ltd are wholly owned subsidiaries of Evans Dixon Ltd and related bodies corporate. The Investment Manager (IM) of APOF is partially owned by a related body corporate of Evans and Partners. Each of the RE, Fund Manager, Trustee and IM will receive fees for services provided to APOF and/or APOF Trust. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of the RE, Fund Manager, Trustee and/or IM of APOF and/or APOF Trust. Each individual receives remuneration from Evans Dixon and/or its related entities.
APOF II	The Responsible Entity (RE) and Fund Manager of Fort Street Real Estate Capital Fund II (APOF II), the Trustee of APOF II's primary underlying investment, the Australian Property Opportunities Trust II (APOF Trust II) and Evans and Partners Pty Ltd are wholly owned subsidiaries of Evans Dixon Ltd and related bodies corporate. The Investment Manager (IM) of APOF II is partially owned by a related body corporate of Evans and Partners. Each of the RE, Fund Manager, Trustee and IM will receive fees for services provided to APOF II and/or APOF Trust II. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of the RE, Fund Manager, Trustee and/or IM of APOF II and/or APOF Trust II. Each individual receives remuneration from Evans Dixon and/or its related entities.
APOF III	The Responsible Entity (RE) and Fund Manager of Fort Street Real Estate Capital Fund III (APOF III), the Trustee of APOF III's primary underlying investment, the Australian Property Opportunities Trust III (APOF Trust III) and Evans and Partners Pty Ltd are wholly owned subsidiaries of Evans Dixon Ltd and related bodies corporate. The Investment Manager (IM) of APOF III is partially owned by a related body corporate of Evans and Partners. Each of the RE, Fund Manager, Trustee and IM will receive fees for services provided to APOF III and/or APOF Trust III. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of the RE, Fund Manager, Trustee and/or IM of APOF III and/or APOF Trust III. Each individual receives remuneration from Evans Dixon and/or its related entities.
AGM	The Responsible Entity (RE) and Investment Manager (IM) of Australian Governance & Ethical Index Fund (AGM) and Evans and Partners Pty Ltd are wholly owned subsidiaries of Evans Dixon Ltd and related bodies corporate. The RE and IM will receive fees for acting as RE and IM of AGM. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of the RE and/or IM of AGM. Each individual receives remuneration from Evans Dixon and/or its related entities.
AXL	Evans and Partners has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.
AYK	Evans and Partners Pty Ltd and the Investment Manager (IM) of Australian Masters Yield Fund No 4 Limited (AYK) are wholly owned subsidiaries of Evans Dixon Ltd (Evans Dixon) and related bodies corporate. The IM will receive fees for acting as IM of AYK. A director of Evans and Partners is a director of AYK. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of the IM and they each receive remuneration from Evans Dixon and/or its related entities.
AYZ	Evans and Partners Pty Ltd and the Investment Manager (IM) of Australian Masters Yield Fund No 5 Limited (AYZ) are wholly owned subsidiaries of Evans Dixon Ltd (Evans Dixon) and related bodies corporate. The IM will receive fees for acting as IM of AYZ. A director of Evans and Partners is a director of AYZ. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of the IM and they each receive remuneration from Evans Dixon and/or its related entities.
BKI	Evans Dixon Corporate Advisory, a division of Walsh and Company Asset Management Pty Limited, a related entity of Evans & Partners Pty Limited and a member of the Evans Dixon Group, has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.
BRG	A director of Evans Dixon Limited, the ultimate holding company of Evans and Partners Pty Ltd, is a director of Breville Group Limited.

CD1	<p>The Responsible Entity (RE) of CD1, other entities that provide services to Cordish Dixon Private Equity Fund I (CD1) and Evans and Partners Pty Ltd are wholly owned subsidiaries of Evans Dixon Ltd and related bodies corporate. Each of the RE and other related entities will receive fees for services provided to CD1. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of the RE of CD1 and/or other related entities that provide services to CD1. A director of Evans and Partners Pty Ltd is a director of the Investment Manager of the Limited Partnership, the investment vehicle through which CD1 invests. Each individual receives remuneration from Evans Dixon and/or its related entities.</p>
CD2	<p>The Responsible Entity (RE) of CD2, other entities that provide services to Cordish Dixon Private Equity Fund II (CD2) and Evans and Partners Pty Ltd are wholly owned subsidiaries of Evans Dixon Ltd and related bodies corporate. Each of the RE and other related entities will receive fees for services provided to CD2. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of the RE of CD2 and/or other related entities that provide services to CD2. A director of Evans and Partners Pty Ltd is a director of the Investment Manager who provides investment management services to the General Partner for the Limited Partnership, the investment vehicle through which CD2 invests. Each individual receives remuneration from Evans Dixon and/or its related entities.</p>
CD3	<p>The Responsible Entity (RE) of CD3, other entities that provide services to Cordish Dixon Private Equity Fund III (CD3) and Evans and Partners Pty Ltd are wholly owned subsidiaries of Evans Dixon Ltd and related bodies corporate. Each of the RE and other related entities will receive fees for services provided to CD3. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of the RE of CD3 and/or other related entities that provide services to CD3. A director of Evans and Partners Pty Ltd is a director of the Investment Manager who provides investment management services to the General Partner for the Limited Partnership, the investment vehicle through which CD3 invests. Each individual receives remuneration from Evans Dixon and/or its related entities.</p>
CDIV	<p>The Responsible Entity (RE) of CDIV, other entities that provide services to Cordish Dixon Private Equity Fund IV (CDIV) and Evans and Partners Pty Ltd are wholly owned subsidiaries of Evans Dixon Ltd and related bodies corporate. Each of the RE and other related entities will receive fees for services provided to CDIV. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of the RE of CDIV and/or other related entities that provide services to CDIV. A director of Evans and Partners Pty Ltd is a director of the Investment Manager who provides investment management services to the General Partner for the Limited Partnership, the investment vehicle through which CDIV invests. Each individual receives remuneration from Evans Dixon and/or its related entities.</p>
CVC	<p>Evans and Partners has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.</p>
CVF	<p>The Issuer has appointed Evans and Partners as Broker to an on-market buy-back. Accordingly, Evans and Partners is unable to give sellers advice in respect to a sale of this security.</p>
DUI	<p>The Issuer has appointed Evans and Partners as Broker to an on-market buy-back. Accordingly, Evans and Partners is unable to give Sellers advice in respect to a sale of this security.</p>
EAF	<p>The Responsible Entity (RE) and Investment Manager (IM) of Evans and Partners Asia Fund (EAF), other entities that provide services to EAF and Evans and Partners Pty Ltd are wholly owned subsidiaries of Evans Dixon Ltd and related bodies corporate. Each of the RE, IM and other entities will receive fees for services provided to EAF. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of the RE and/or IM of EAF. The Portfolio Manager and Assistant Portfolio Manager of EAF are employees of Evans Dixon and/or its related bodies corporate. Each individual receives remuneration from Evans Dixon and/or its related entities.</p>
EFF	<p>The Responsible Entity (RE) and Investment Manager (IM) of Evans and Partners Australian Flagship Fund (EFF), other entities that provide services to EAF and Evans and Partners Pty Ltd are wholly owned subsidiaries of Evans Dixon Ltd and related bodies corporate. Each of the RE, IM and other entities will receive fees for services provided to EFF. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of the RE and/or IM of EFF. Directors or employees of Evans Dixon and/or its related bodies corporate are members of the EFF Investment Committee and/or Portfolio Consultants to the EFF Investment Committee. Each individual receives remuneration from Evans Dixon and/or its related entities.</p>
EGD	<p>The Responsible Entity (RE) and Investment Manager (IM) of Evans and Partners Global Disruption Fund (EGD) and Evans and Partners Pty Ltd are wholly owned subsidiaries of Evans Dixon Ltd and related bodies corporate. The RE and IM will receive fees for acting as RE and IM of EGD. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of the RE and/or IM of EGD. A Director of Evans and Partners is a member of the EGD Investment Committee and an employee of Evans and Partners is a Portfolio Consultant to the EGD Investment Committee. Each individual receives remuneration from Evans Dixon and/or its related entities.</p>
EGF	<p>The Responsible Entity (RE) and the Investment Manager (IM) of Evans &amp; Partners Global Flagship Fund (EGF) and Evans and Partners Pty Ltd are wholly owned subsidiaries of Evans Dixon Ltd and related bodies corporate. The RE and IM will receive fees for acting as RE and IM of EGF. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of the RE and/or IM of EGF. Each individual receives remuneration from Evans Dixon and/or its related entities.</p>
FSREC IV	<p>The Responsible Entity (RE) and Fund Administrator of Fort Street Real Estate Capital Fund IV (FSREC IV), the Trustee of FSREC IV's primary underlying investment, Fort Street Real Estate Capital Trust IV (the Trust) and Evans and Partners Pty Ltd are wholly owned subsidiaries of Evans Dixon Ltd and related bodies corporate. The Investment Manager (IM) of FSREC IV is partially owned by a related body corporate of Evans and Partners. Each of the RE, Fund Administrator, Trustee and IM will receive fees for services provided to FSREC IV and/or the Trust. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of the RE, Fund Administrator and/or Trustee of FSREC IV and/or the Trust. Each individual receives remuneration from Evans Dixon and/or its related entities.</p>
JLG	<p>Evans and Partners has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.</p>
LE.US	<p>A director of Evans Dixon Limited, the ultimate holding company of Evans and Partners Pty Ltd, is a director of Lands' End Inc.</p>
LLC	<p>A director of Evans Dixon Limited, the ultimate holding company of Evans and Partners Pty Ltd, is a director of Lendlease Group.</p>
LSF	<p>Evans and Partners has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.</p>
MGP	<p>Evans and Partners has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.</p>

MQG	Evans and Partners has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.
NEW	<p>The Responsible Entity (RE) and the Investment Manager (IM) of New Energy Solar (NES) and Evans and Partners Pty Ltd are wholly owned subsidiaries of Evans Dixon Ltd and related bodies corporate. The RE and IM will receive fees for acting as RE and IM of NES. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of the RE and/or IM of NES. Each individual receives remuneration from Evans Dixon and/or its related entities.</p> <p>Evans and Partners has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.</p>
OSP	Evans and Partners has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.
PMV	A director of Evans Dixon Limited, the ultimate holding company of Evans and Partners Pty Ltd, is a director of Premier Investments Limited.
SOHS.US	A director of Evans Dixon Limited, the ultimate holding company of Evans and Partners Pty Ltd, is a director of Sears Hometown & Outlet Stores Inc.
SUN	A director of Evans Dixon Limited, the ultimate holding company of Evans and Partners Pty Ltd, is a director of Suncorp Group Limited.
SWM	A director of Evans and Partners Pty Ltd is a director of Seven West Media Limited.
S32	A director of Evans Dixon Limited, the ultimate holding company of Evans and Partners Pty Ltd, is a director of South32 Ltd.
URF	<p>The Responsible Entity (RE) and Investment Manager (IM) of US Masters Residential Property Fund (URF), other entities that provide services to URF and Evans and Partners Pty Ltd are wholly owned subsidiaries of Evans Dixon Ltd and related bodies corporate. Each of the RE, IM and other related entities will receive fees for services provided to URF. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of the RE, IM of URF and/or other related entities that provide services to URF. A director of Evans and Partners Pty Ltd is a director of URF's primary underlying investment, US Masters Residential Property (USA) Fund (US REIT). Each individual receives remuneration from Evans Dixon and/or its related entities.</p>
VEA	Evans and Partners has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.
WBC	Evans and Partners has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.

## RESEARCH ANALYST CERTIFICATION

I, Raymond Tong, hereby certify that all views expressed in this publication reflect my personal views about the subject theme and/or relevant company securities, and no attempt has been made by any other person to influence the views or themes contained within; and I am not in receipt of inside information and this publication does not contain any inside information. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

I, James Holston, hereby certify that all views expressed in this publication reflect my personal views about the subject theme and/or relevant company securities, and no attempt has been made by any other person to influence the views or themes contained within; and I am not in receipt of inside information and this publication does not contain any inside information. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

## RESEARCH ANALYST DISCLOSURE OF INTEREST

I, Raymond Tong, and/or entities in which I have a pecuniary interest, have an exposure to the following securities and/or managed products: BHP, JHX, NAB, S32, WBC, EGD, ED1.

I, James Holston, and/or entities in which I have a pecuniary interest, have an exposure to the following securities and/or managed products: AXP.

## DISCLAIMER

Except for any liability which cannot be excluded, Evans & Partners, its directors, employees & agents accept no liability or responsibility whatsoever for any loss or damage of any kind, direct or indirect, arising out of the use of all or any part of this material. All information is correct at the time of publication; additional information may be available upon request.