

ASX Announcement



4 August 2017

The Manager
Company Announcements
ASX Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Chairman's and Executive's Addresses to Annual General Meeting

Attached is a copy of the Chairman's and Executive Director's Addresses to be presented at the 2017 Annual General Meeting of Oceania Capital Partners Limited being held today.

Yours faithfully,

A handwritten signature in blue ink, appearing to be "Lionel Baldwin", with a horizontal line extending to the right.

Lionel Baldwin
Company Secretary

Annual General Meeting 2017

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Chairman's address

I will make some brief comments on the performance and activities of the Company over the past year and will then hand over to Brian Scheiner to provide more details on each of the underlying businesses and future strategy.

In summary, the investments which we now hold are:

24.9% ownership of the Baycorp Group

95% ownership of EON Broadcasting

85.5% ownership of Radio 2CH

97% ownership of Crimsafe

Our quest to deliver consistent and growing profitability in each of the businesses continues to gather momentum, with OCP's final net profit after tax for the year being just shy of \$8 million compared to around \$5 million in financial year 2016. Our net profit after tax is essentially the addition of all trading profits of our underlying businesses and then overlaying the activities of the holding company across those results. Our reported net asset value per share, after accounting for minority interests, as at 31 March 2017 was \$2.66, which compares to the net asset value as at 31 March 2016 of \$2.44.

Our objective for the year was to add at least one more business to our portfolio, in addition to the newly acquired Radio 2CH. We have been active in the market but a number of the opportunities which we pursued ultimately did not proceed. The balance of our efforts for the year has been in strategically growing each of the underlying businesses, with significant success for both EON Broadcasting and Crimsafe.

I will now hand over to Brian Scheiner to provide more detail on the performance of, and outlook for, OCP's underlying investments.

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Executive's address

Thank you, Robert. I will now provide a brief overview of our underlying investments.

Baycorp

We continue to own 24.9% of Baycorp together with our co-shareholders, Encore Capital Inc and SAS Trustee Corporation. Baycorp increased its purchasing of defaulted debt ledgers throughout the year and as a result OCP supported Baycorp with additional capital of \$1.8 million. It has taken longer than originally anticipated for the business to transition into the Encore environment and for the Encore data analytics expertise and enhanced collection intellectual property and know-how to become embedded into the business. Encore appointed one of their US senior executives as the new CEO of the business in January 2017 and a number of other senior executive placements have been made.

We take this opportunity to thank Grant Jorey, the previous CEO, and his team for the work they have done with Baycorp for a number of years under our ownership.

Our initial timeframe for consideration of exit of the balance of our shares in Baycorp was from 2 to 4 years after the initial transaction. The second anniversary of that sale is approaching in October 2017 and, as such, we are starting the process of determining our exit strategy and timing. Shareholders will note that we have held the carrying value of our remaining Baycorp investment at the same level as the original 2015 exit value and we continue to consider that this is appropriate having regard to the relevant circumstances.

EON Broadcasting

EON Broadcasting owns and operates 92.7 MixFM and 91.9 SeaFM, both on the Sunshine Coast, Queensland. The 2017 year has continued the growth of this business from a very successful 2016. Revenue grew 12% year on year, resulting in EBIT growth of 25%, demonstrating the benefit of operational leverage in this business. The 2017 year saw great stability in the on-air and off-air staff, which is a testament to the strong management and excellent culture of the business.

There are some exciting business developments ahead in 2018 for EON Broadcasting including the business moving to new premises in a new building and the installation of new digital-ready studios. There is also another survey for the Sunshine Coast licence area underway at the moment.

The first quarter of this 2018 year has started us off strongly, in circumstances where the radio industry generally has reported soft conditions. Some of this can be tied to the strong management of the business and some can be explained by the positive business conditions on the Sunshine Coast more generally. The Sunshine Coast currently has an excellent business environment and is benefitting strongly from one of the highest population growth rates in the country and a pro-business stance from local regulators and authorities.

Radio 2CH

In January 2017 we announced the completion of the acquisition of Radio 2CH, a heritage AM broadcast radio station in Sydney. Like our other radio stations, 2CH was acquired from a reluctant vendor following a sale process driven by ACMA, this time following the merger of Fairfax Radio and Macquarie Media. We acquired the 2CH business and its associated digital spectrum for \$5.56 million.

We have partnered with John Williams, the CEO of EON Broadcasting, and The Wheatley Organisation, in making this acquisition. OCP's interest in 2CH is held via its 85.5% holding in EON 2CH.

While our strategy for Radio 2CH will be rolled out over the 2018 financial year, the theme of our plans revolves around continuing the focus on the over 50's demographic. We believe there is a position in the Sydney media market for a music and entertainment product focused on the over 50's demographic. This demographic group speaks for a considerable amount of discretionary and non discretionary expenditure and advertisers are interested in specific and direct access to this market segment.

EON Broadcasting and EON 2CH are both managed by the same senior management team led by John Williams. The challenges for the management team in 2018 will lie in managing the projects mentioned above while simultaneously maintaining our clearly dominant position in the Sunshine Coast market, improving the financial performance of 2CH and transforming it to a vibrant, standalone business.

Cohort

The sale of Cohort was announced in September 2016. It is a complex deal that involves a significant component of consideration in deferred, conditional payment arrangements. Cohort is an excellent business in a growth phase but the commercial combination that was proposed by ASX listed Pureprofile Limited was attractive and fully supported by the founders of Cohort, our partners in the business. We have done well out of the investment with the potential to further benefit from the combination of Pureprofile and Cohort through our continued shareholding in Pureprofile. The final deferred consideration is currently being finalised and we expect to make an announcement in the next two weeks to update shareholders in this regard. We have not recognised any value in our 31 March 2017 accounts for that deferred consideration.

Crimsafe

Our second year of ownership of the Crimsafe business has been a very positive one, showing revenue growth of close to 11% year on year. The earnings contribution of the business grew at a substantially higher rate compared to the prior year but some of that growth is explicable by reference to 2016 circumstances. Importantly, margins have been increased and the operational leverage of this business is starting to be demonstrated as well.

The first year of ownership was about transitioning the business from the long term private ownership of the founders of the business and moving it into a more corporate environment.

As part of our strategy to strengthen the senior management of the business we appointed Jim Sturgess as the new CEO of the business. Jim is showing a great aptitude for the business and has worked closely with the

senior management team in putting together a strategic plan which promises a great future for the business both in Australia and in the US. We are also exploring other geographic markets.

The business continues to invest heavily in the American market and we have seen strong revenue growth out of that market. The facilities have been relocated from Lakeland Florida to Los Angeles and despite challenges following the relocation, we are hopeful for continued good growth from this market.

Crimsafe remains the superior product in its category and the business continues to invest in both product development and innovation to ensure that this position in the market place is unassailable. The Crimsafe brand is also unmatched in its market and the business is committed to continuing to invest in the brand to maintain this position.

Thank you

I will now hand you back to Robert for the formal parts of the meeting.