



Glennon Capital

Chief Investment Officer, Michael Glennon

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About Glennon Capital



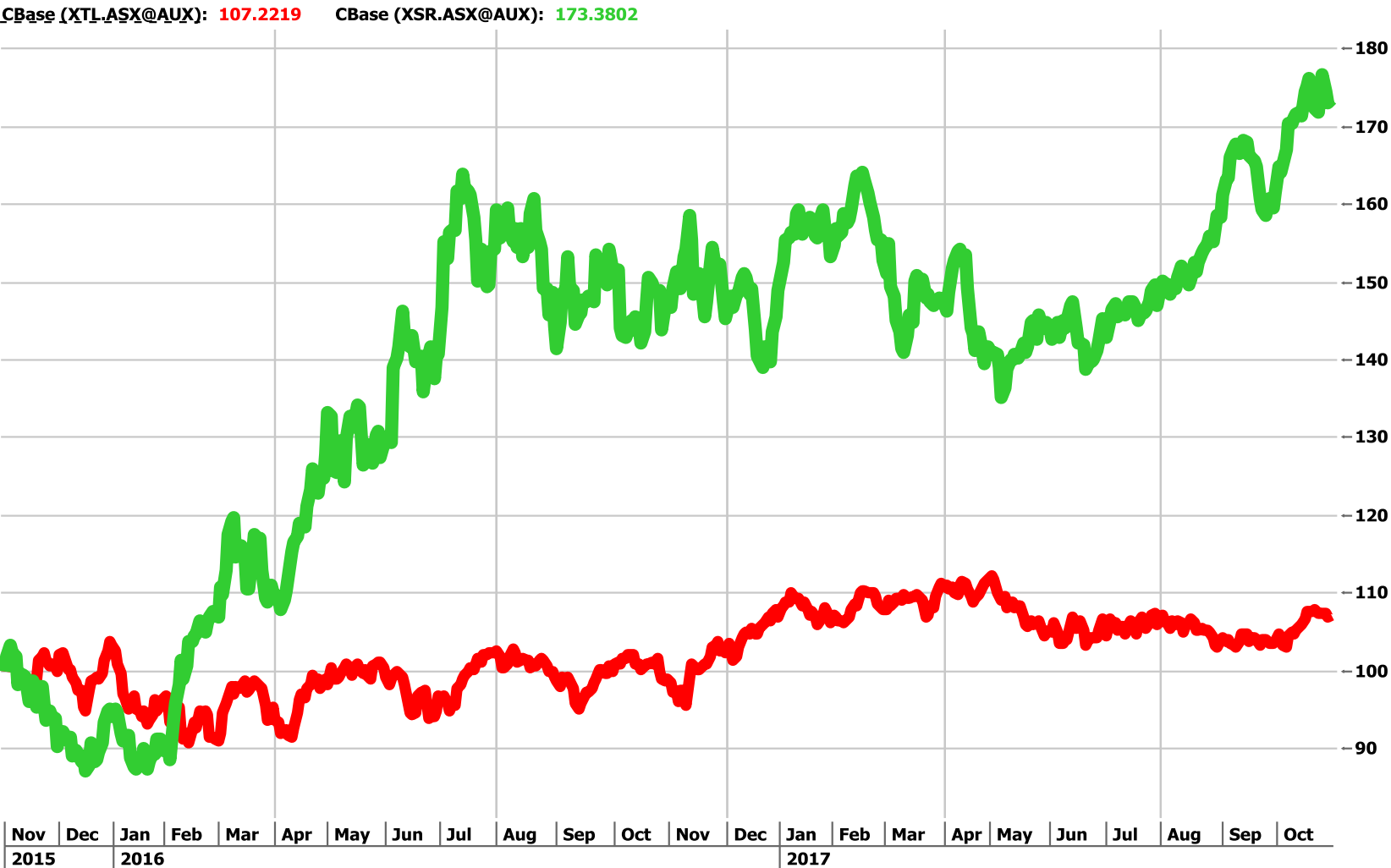
GLENNON CAPITAL

Glennon Capital is a boutique investment manager based in Sydney, Australia. We invest in, micro, small, mid-cap companies. We have been doing this since the we were established in 2008.

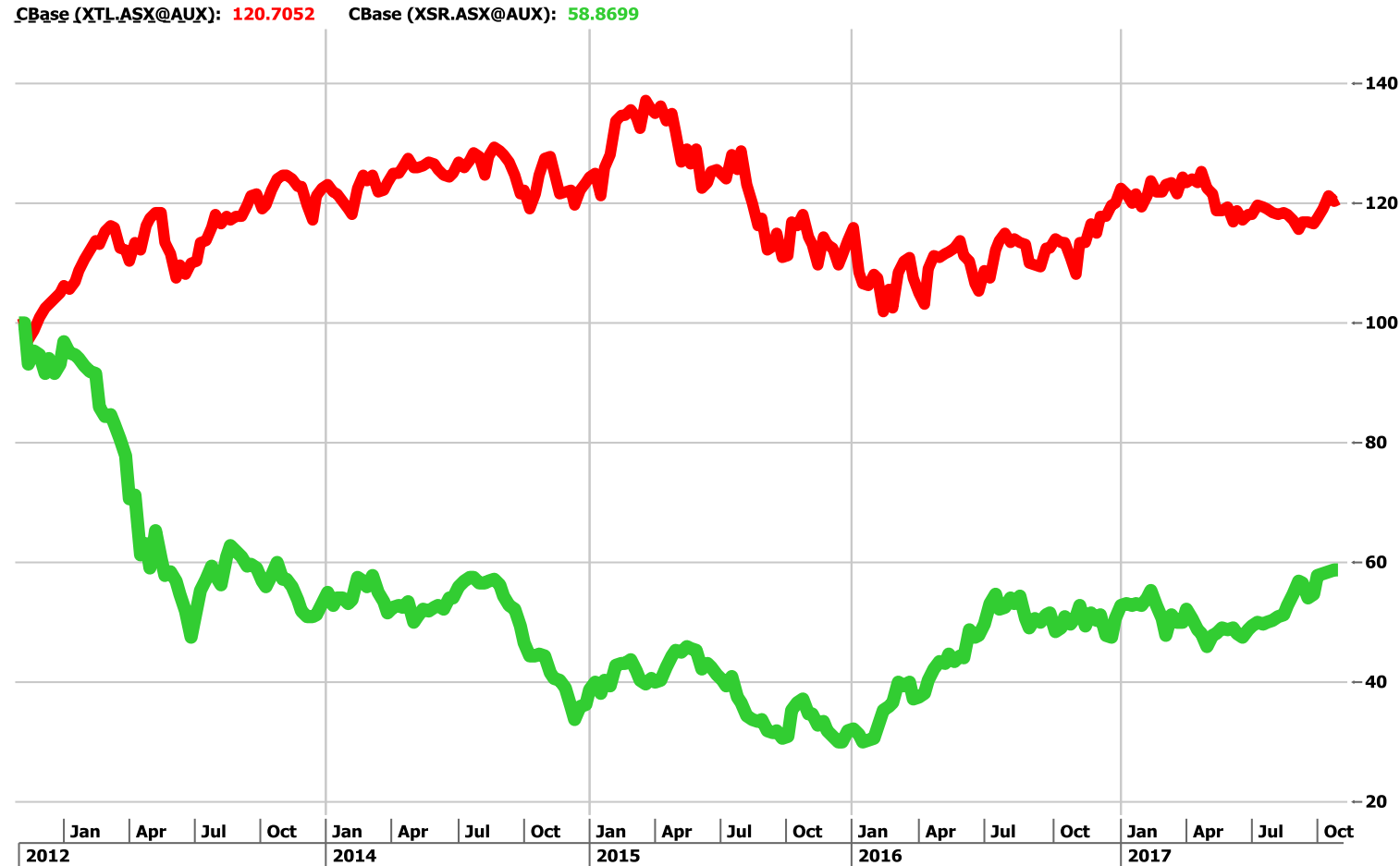
We are long term investors, with the core investments in our portfolio having been held for several years.

We invest our own personal wealth in the same funds as our clients.

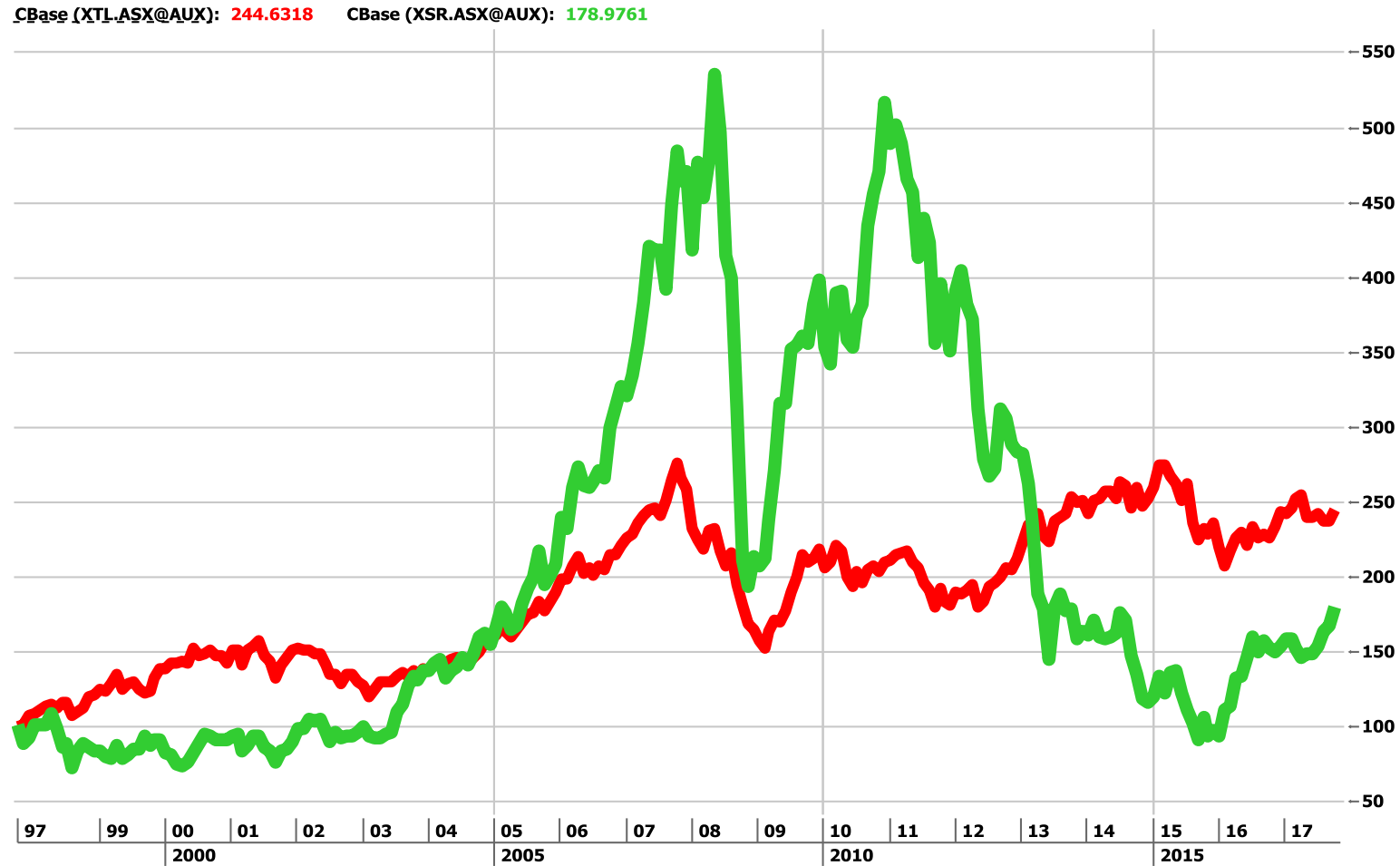
Small Cap Market Performance – Last 2 Years



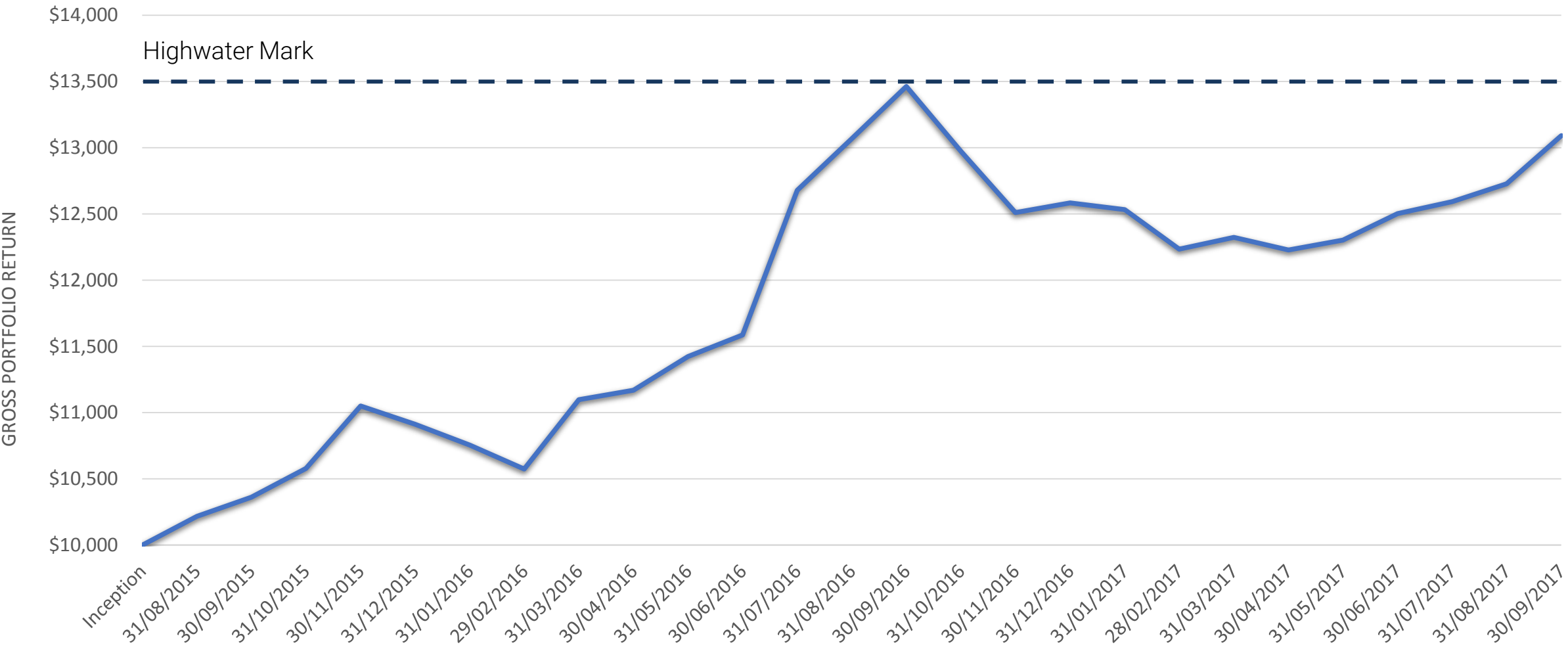
Small Cap Market Performance – Last 5 Years



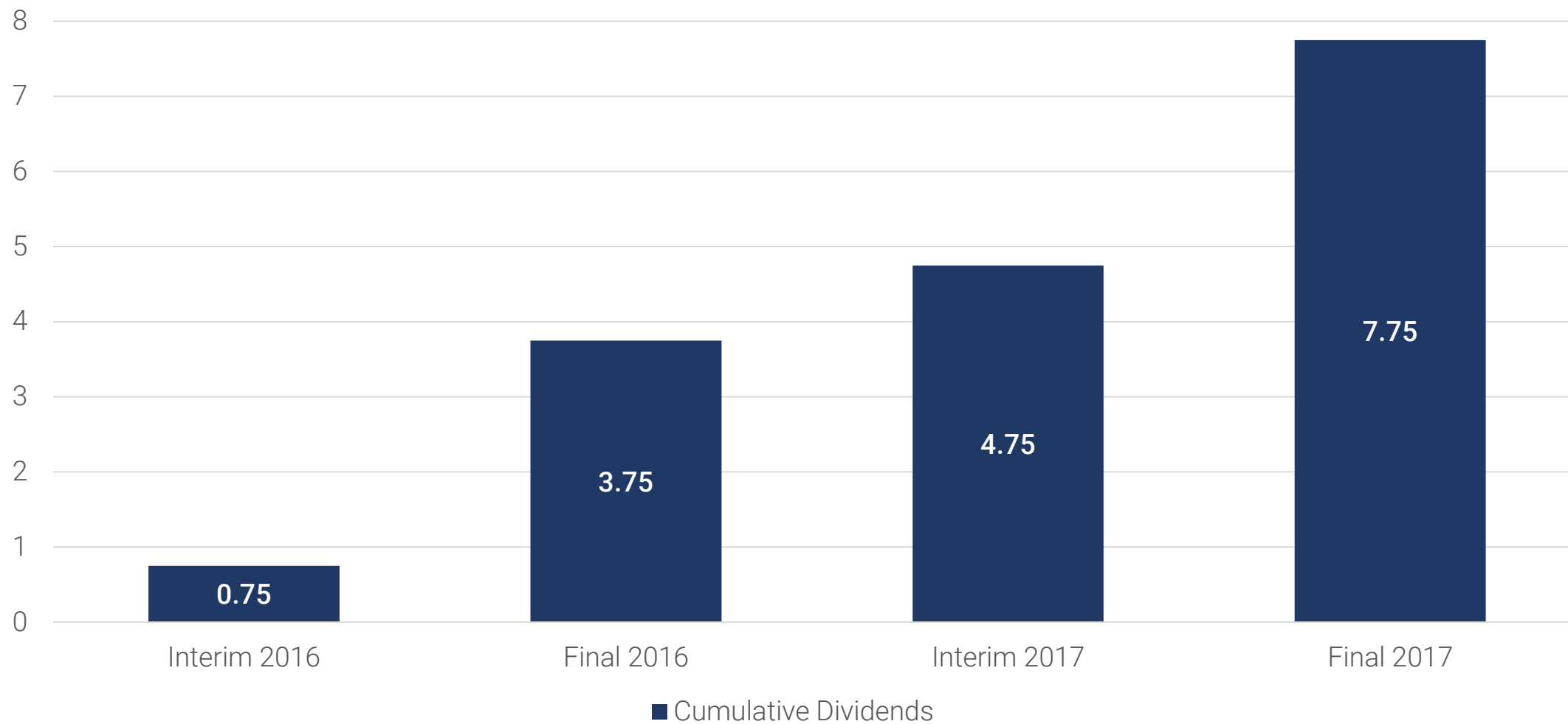
Small Cap Market Performance – Last 20 Years



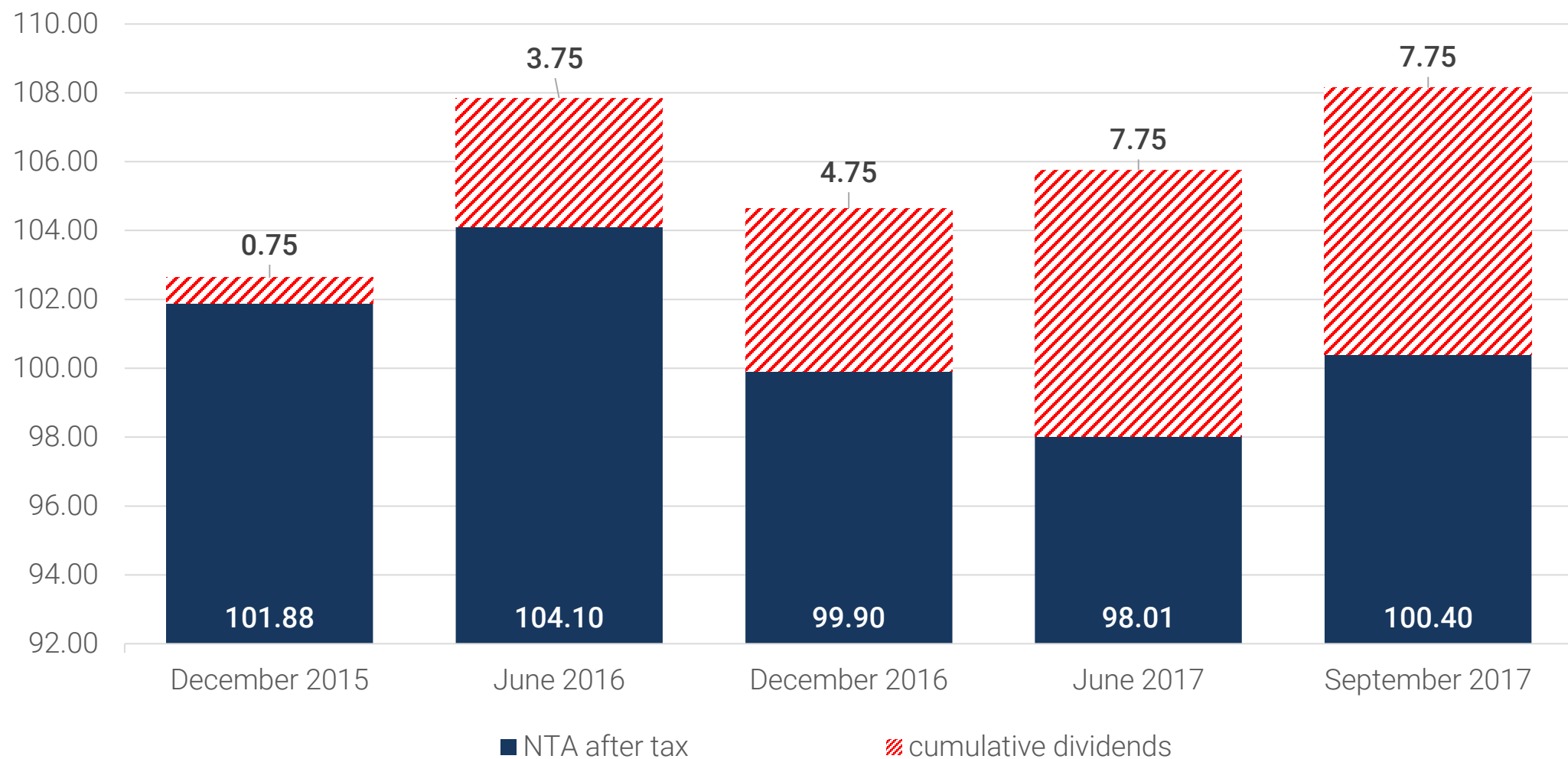
GC1 Performance



Cumulative Dividends



GC1 NTA + Dividends Paid





Where to from here?

Where to from here?



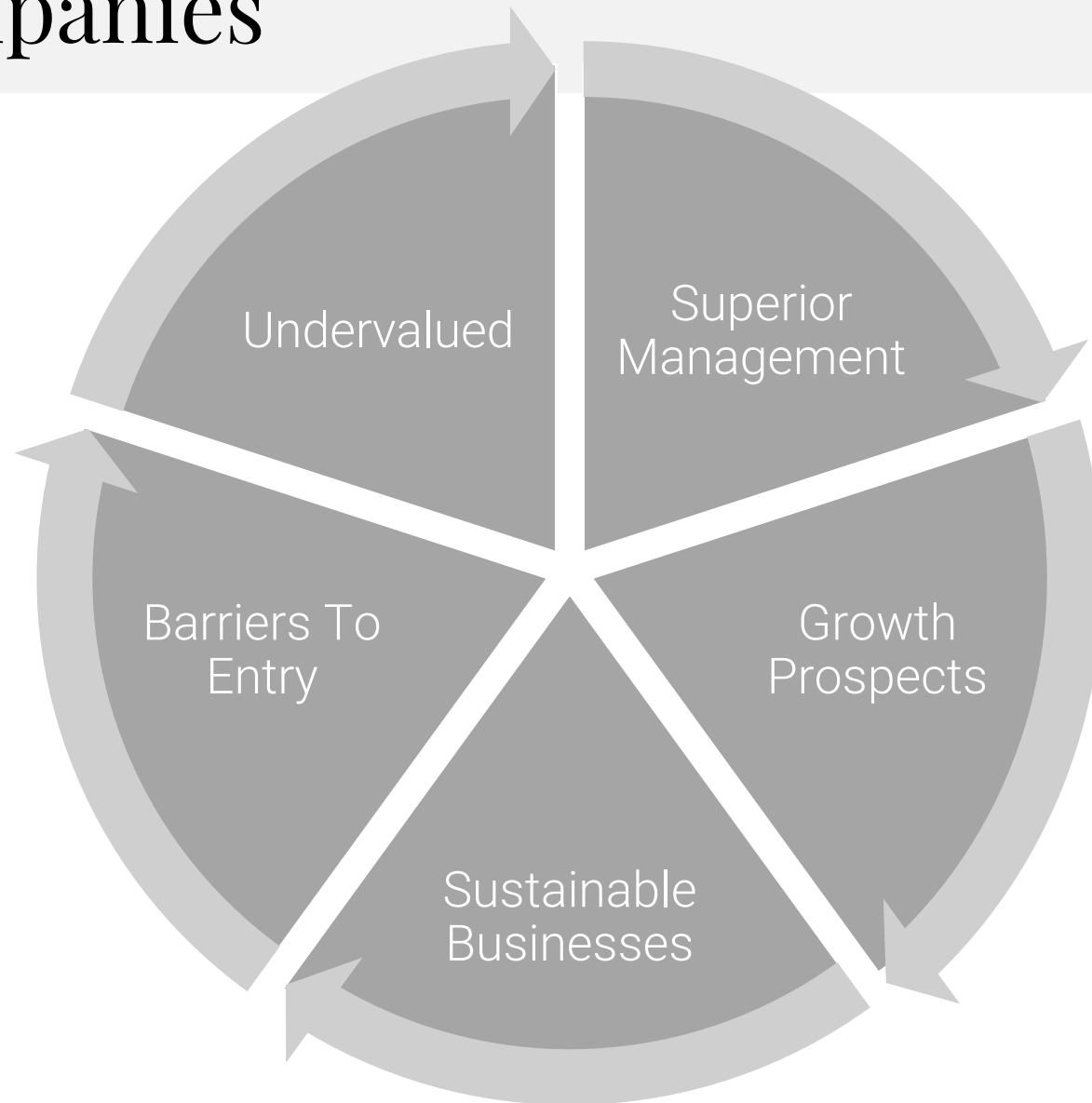
- We have returned to a stock pickers market
- No obvious mispriced sectors
 - Resources have rallied
 - Mining service have rallied
 - Retail is appearing cheap
- Momentum and trying to anticipate economic trends will not work

Valuations & Stock picking will prevail



Characteristics Of A Quality Company

Quality Companies



Our Portfolio



Portfolio Characteristics

- 34 Companies
- Top 10 positions represent 50% of the portfolio
- Cash at ~10%
- Largest position A2 Milk \$5.5bn, Smallest position Dropsuite \$13m
- Average M.Cap \$459.5m
- Median M.Cap \$157.7

GC1 Gross Portfolio Performance

Performance at 30 th September 2017	1 Month	3 Month	6 Month	1 Year	Since Inception
Glennon Small Companies Ltd	2.865	4.71%	6.22%	-2.76%	30.90%

Top Portfolio Holdings

National Veterinary Care Limited	6.73%
Macmahon Holdings Ltd	6.29%
Apollo Tourism & Leisure Limited	5.41%
Emeco Holdings Limited	5.29%
The A2 Milk Company Limited	5.28%
Money3 Corporation Limited	4.74%
Alliance Aviation Services	4.26%
Fiducian Group Limited	4.20%
Axesstoday Limited	3.94%
Experience Co Limited	3.93%
Investment Holding	3.79%
Investment Holding	3.61%
Investment Holding	3.56%
Investment Holding	3.55%
Investment Holding	2.95%
Investment Holding	2.77%
Investment Holding	2.59%
Investment Holding	2.39%
Investment Holding	2.34%
Investment Holding	2.09%
Investment Holding	1.64%
Investment Holding	1.53%
Investment Holding	1.25%
Investment Holding	1.15%
Investment Holding	1.00%
Investment Holding	1.00%



GC1 Top 5 Holdings



Valuation Metrics \$2.65

M.Cap	(\$m)	156
EV	(\$m)	176
Profit FY18	(\$m)	7.7
PE	X	20.2
EV/EBITDA	X	10.9
DCF	\$X.XX	?

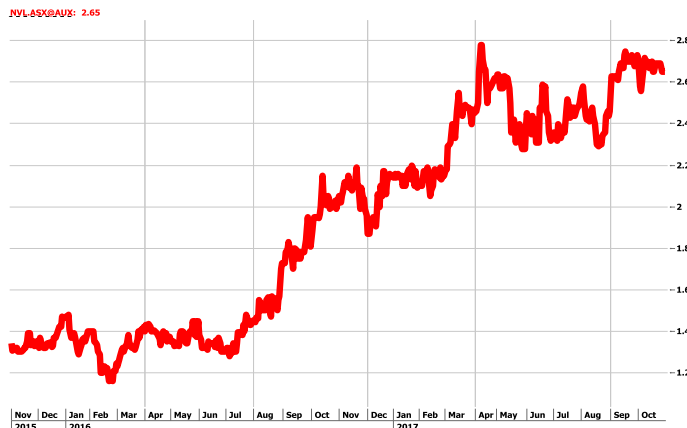
Earnings Drivers

- The wellness program
- Further geographic expansion
- Buying group rebates
- Ability to get further cost saving in NZ

Key Risks

- Key man risk
- Private equity entrants
- Funding and cost of debt
- Competition for acquisitions
- Legislative risks
- Unionisation of labour

Share Price Chart



Divisional Comments

- Wellness program growing well
- UVC growing
- Sales of Emergency should have a positive impact on revenue per vet.

Valuation Assumptions

- Assumes acquisition keep adding value through multiple arbitrage
- Can gain great than 5% market share

Macmahon Holdings Ltd



Valuation Metrics \$0.245

M.Cap	(\$m)	506
EV	(\$m)	452
Profit	(\$m)	40
PE	X	11
EV/EBITDA	X	3.6
DCF	\$X.XX	?

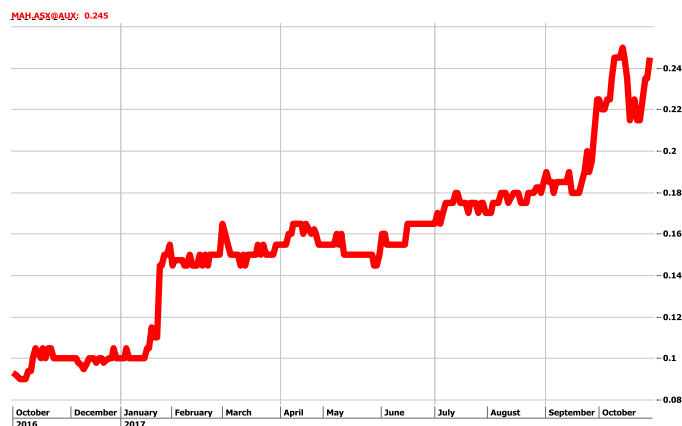
Earnings Drivers

- Telfer breaking even
- Stage 2 of Batu Hiai starting early
- Tropicana extensions
- Byerwen contribution
- Discontinuation of Nigerian operations

Key Risks

- Weakening in resources demand
- Project risk
- Time delays
- Political risks in Indonesia

Share Price Chart



Divisional Comments

- Telfer to stop making losses and break even in 2H
- Nigera has ceased

Valuation Assumptions

- There is upside risk to our valuation with the pull forward of contracts
- The Capex remains less than depreciation

Apollo Tourism & Leisure



Valuation Metrics \$1.635

M.Cap	(\$m)	296
EV	(\$m)	458
Profit	(\$m)	19
PE	X	15.6
EV/EBITDA	X	6.7
DCF	\$X.XX	?

Earnings Drivers

- Further penetration in the US
- Consolidation and acquisition in domestic market
- Turmoil and terrorist activity in Europe
- Long term optionality from Camplify

Key Risks

- Australia is relatively mature which will force the company to find new markets
- Operational risk in the US / Canada due to differing regional management styles
- Tourism downturn (80%-90% exposure)
- Fleet issues in the US

Share Price Chart



Divisional Comments

- Manufacturing facility on time
- Canadream to contribute in 1H
- Sydney RV and George day caravans acquisition not full contribution

Valuation Assumptions

- The company continues to seek acquisitions and at the same time has demonstrated ability to grow organically
- We believe that they will surprise on the upside for FY18



Valuation Metrics \$0.42

M.Cap	(\$m)	585
EV	(\$m)	998
Profit FY19	(\$m)	13.9
PE	X	42
EV/EBITDA	X	6.7
DCF	\$X.XX	?

Earnings Drivers

- recapitalisation and merger with EHL's two largest competitors, Andy's Earthmoving and Orionstone.
- Domestic only fleet of 800 units
- End of contract only mining contracts
- Infrastructure provides upside (east coast)

Key Risks

- Execution risk
- Coal is 55% of domestic earnings
- WA mining outlook improving coal, gold, iron ore
- Balance sheet pressure from utilisation

Share Price Chart



Divisional Comments

- A lot of one-off costs in last result
- Chilean operations discontinued
- Domestic fleet only
- More rational pricing
- Small players have gone out of business

Valuation Assumptions

- Margins to improve
- Leverage from the merger
- Better pricing



Valuation Metrics \$7.76

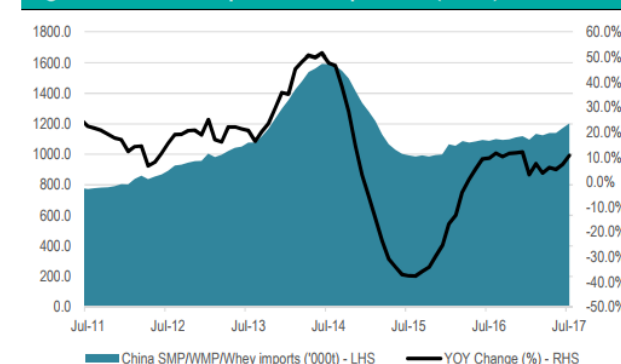
M.Cap	(\$b)	5.5
EV	(\$m)	5.4
Profit	(\$m)	146
PE	X	37.7
EV/EBITDA	X	24.8
DCF	\$X.XX	?

Earnings Drivers

- Infant food sales grew 84% last year
- Potential to access a 4,000t market in China
- Launch in UK
- Improvement in supply constraints

Key Risks

Figure 2 – Chinese imports of milk powders (R12M)

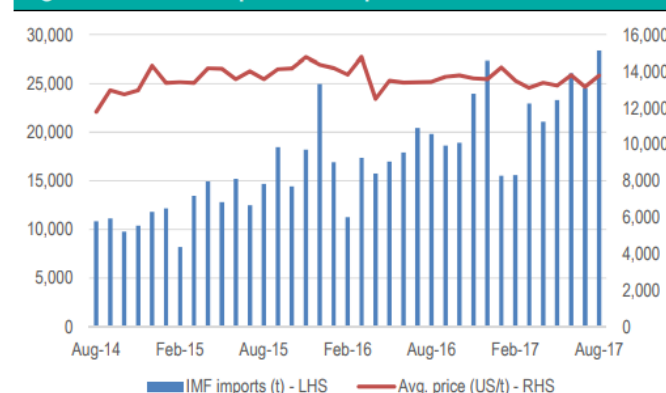


Share Price Chart

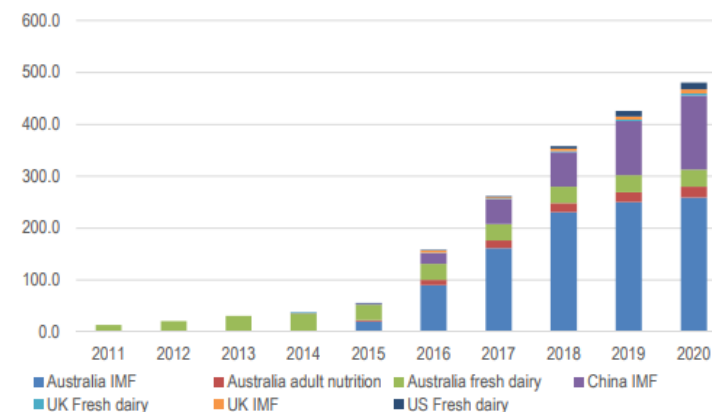


Divisional Comments

Figure 1 – Chinese imports of IMF product



Valuation Assumptions



New Investments Characteristics



	Superior Management	Growth Prospects	Sustainable Businesses	Barriers To Entry	Undervalued
Investment #1	✓	✓	✓	✓	✓
Investment #2	✓	✓	✓	✓	✓
Investment #3	✓	✓	✓	✓	✓
Investment #4	✓	✓	✓	✓	✓

Small-Cap Success Story



Small-Cap Success Story



	Superior Management	Growth Prospects	Sustainable Businesses	Barriers To Entry	Undervalued
 REA Group®	✓	✓	✓	X	✓
 Domino's®	✓	✓	✓	X	✓
 CSL™	✓	✓	✓	✓	✓
 Cochlear® <i>Hear now. And always</i>	✓	✓	✓	✓	✓



Important Investment Themes

Investment Themes



ROLL UPS

DISRUPTION

OWNER-OPERATORS

DEEP VALUE

MICROCAPS

Roll Ups



Examples



ParagonCare

Investment Themes



ROLL UPS

DISRUPTION

OWNER-OPERATORS

DEEP VALUE

MICROCAPS

Disruption



Examples



Investment Themes



ROLL UPS

DISRUPTION

OWNER-OPERATORS

DEEP VALUE

MICROCAPS

Owner-Operators



Examples



Trouchet family 53%



FIDUCIAN
Financial Services
INTEGRITY • TRUST • EXPERTISE

Indy Singh 33%

**Skydive
the Beach**

AND BEYOND

Anthony Boucaut 30%

Investment Themes



ROLL UPS

DISRUPTION

OWNER-OPERATORS

DEEP VALUE

MICROCAPS

Deep Value



Examples



Investment Themes



ROLL UPS

DISRUPTION

OWNER-OPERATORS

DEEP VALUE

MICROCAPS

Microcaps



Examples

CML Group

\$64m now

\$40 when bought

M.Cap \$28m when
bought

M.Cap \$35 now

Dropsuite