



GLENNON
SMALL COMPANIES LTD

ANNUAL GENERAL MEETING 2017

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Past performance is not a reliable indicator of future performance.

GC1 Directors



Michael Glennon

Chairman GC1

Founder Glennon Capital

Chief Investment Officer GC1

Portfolio Manager

- Souls Funds Management (now Celeste)
- Paradise Investment Management
- Adam Smith Asset Management

John Larsen

Director GC1

Head of Equities – Mercantile Mutual (now ING)

Head of Investment bank, Bain & Co, then Deutsche Bank

Head of Desk, County Natwest

Garry Crole

Director GC1

Founder of DKN financial services (now part of IOOF)

Founder of InterPrac, Current MD

Director Diversa (DVA.AX)

Senior Manager, Colonial

A low-angle, upward-looking perspective of several modern skyscrapers with glass facades, reaching towards a cloudy sky. The image is overlaid with a semi-transparent dark blue filter. The text 'FORMAL BUSINESS' is centered in the middle of the image in a white, bold, sans-serif font.

FORMAL BUSINESS

Proxy Results



Resolution 1 – Remuneration Report

To consider and, if thought fit, to pass the following resolution as a **non-binding resolution**:

“That the remuneration report, as contained in the directors report of the Company for the financial year ended 30 June 2017, be adopted.”

For	Against	Exclusions	Abstain
4,455,818	63,898	35,000	70,142

Proxy Results



Resolution 2 – Re-Election of Director - Garry Crole

To consider and, if thought fit, to pass the following resolution as a **ordinary resolution**:

“That Garry Crole, who retires in accordance with the clause 20.3 of the Company’s constitution and being eligible, offers himself for re-election, be re-elected a director.”

For	Against	Exclusions	Abstain
4,579,467	30,000	0	15,391

Proxy Results



Resolution 3 – Appointment of Auditor

To consider and, if thought fit, to pass the following resolution as a **ordinary resolution**:

“That Pitcher Partners (Sydney):

- a) Having been nominated by a member of the Company, in accordance with section 328B (1) of the Corporations Act 2001 (Cth); and
- b) Having given its consent to act as auditor, in accordance with section 328B (1) of the Corporations Act 2001 (Cth),

be appointed as the auditor of the company.”

For	Against	Exclusions	Abstain
4,594,858	0	0	30,000

A low-angle, upward-looking perspective of several modern skyscrapers with glass facades, reaching towards a blue sky with scattered white clouds. The buildings are rendered in a monochromatic blue tone, creating a sense of height and architectural grandeur.

CHAIRMAN'S ADDRESS & INVESTOR UPDATE

Michael Glennon

Key Personnel



Investment Team



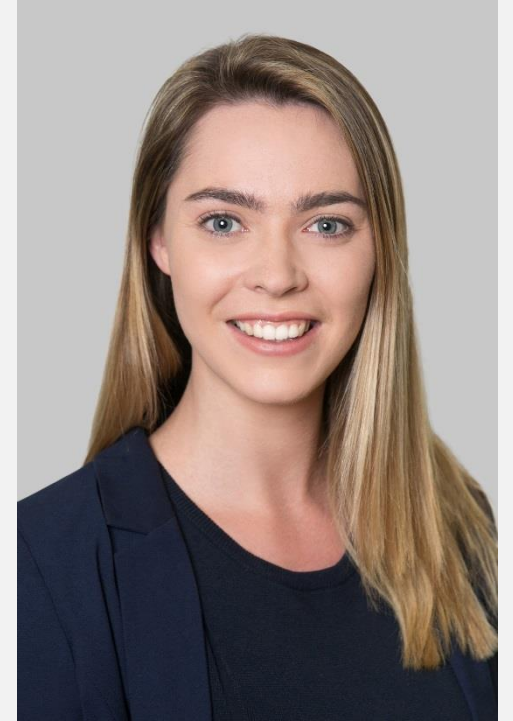
Michael Glennon
Chief Investment Officer



Tim Powditch
Portfolio Manager



Tarren Summers
Chief Operating Officer

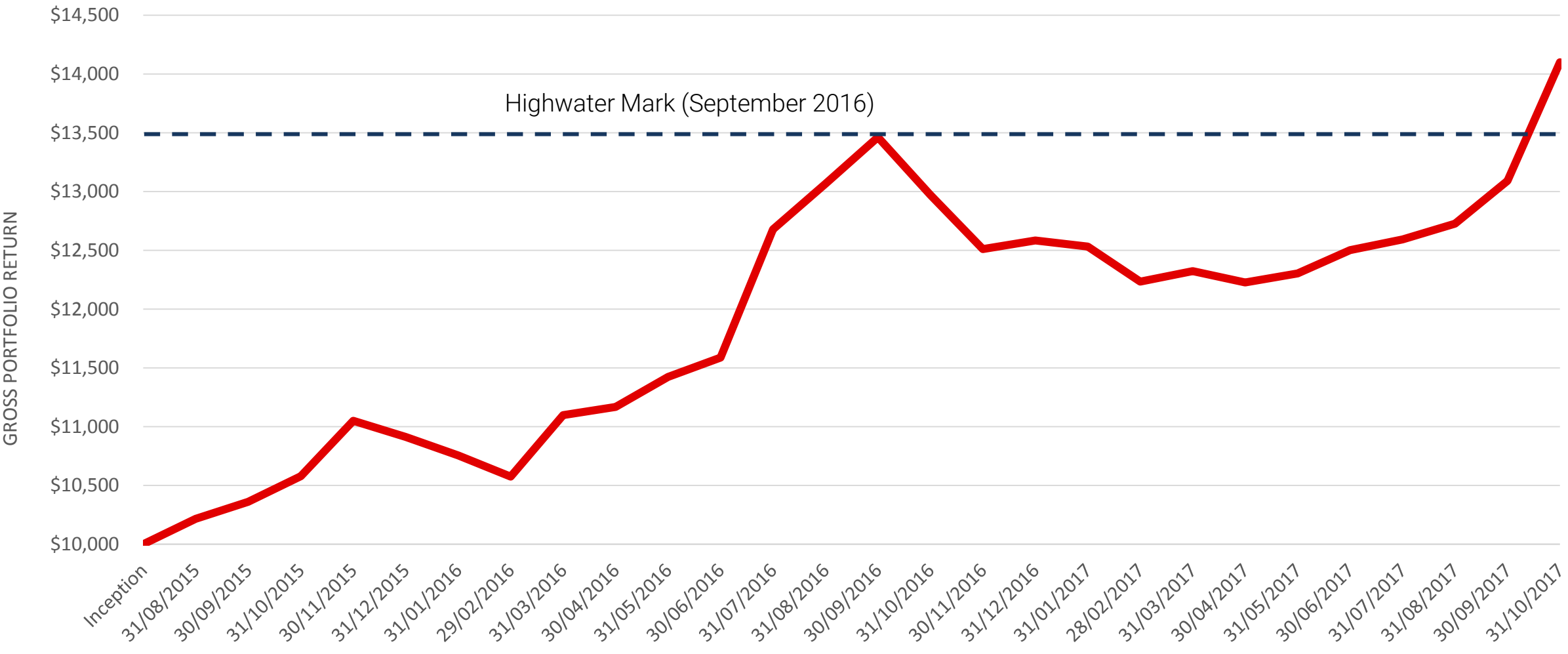


Anastasia Drumore
Marketing & Communications

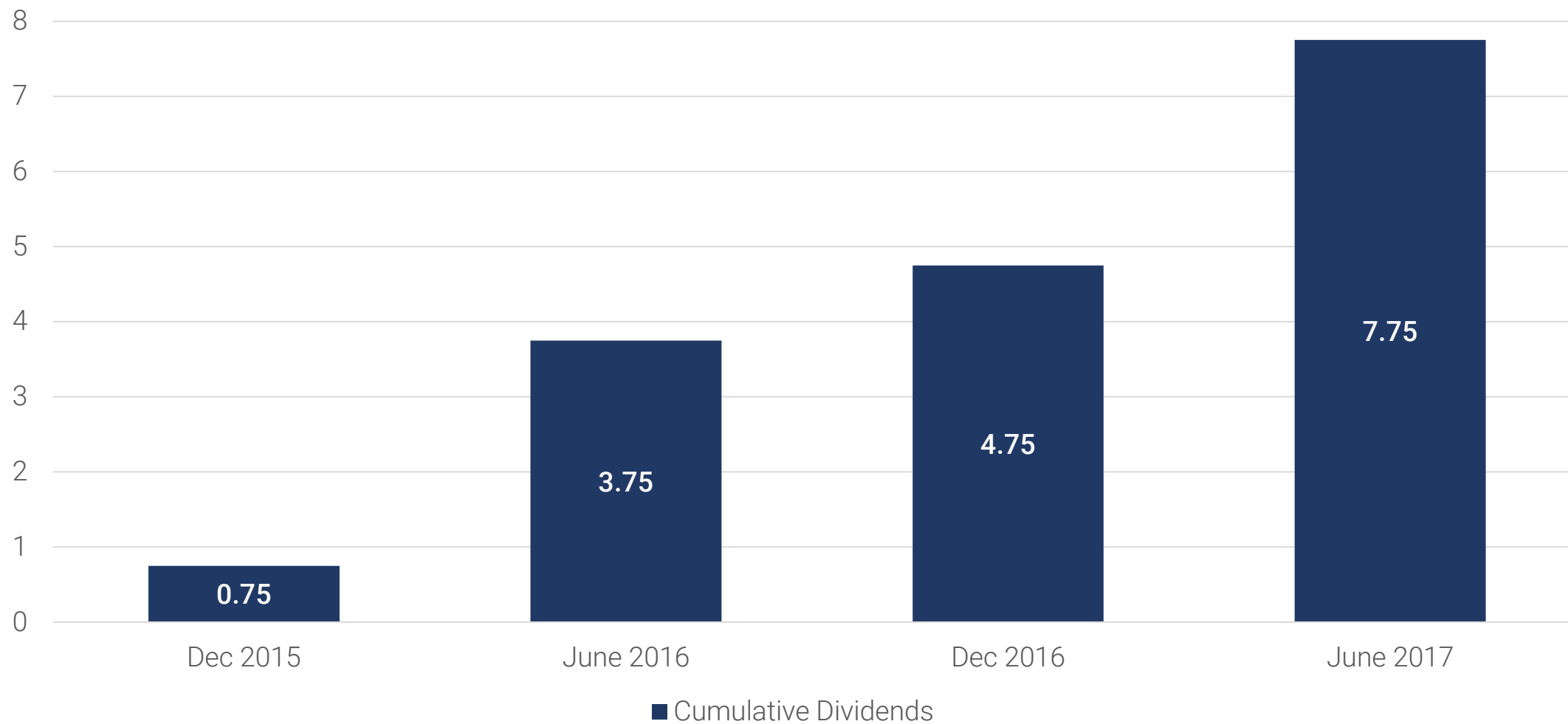


GC1 Highlights

GC1 Performance

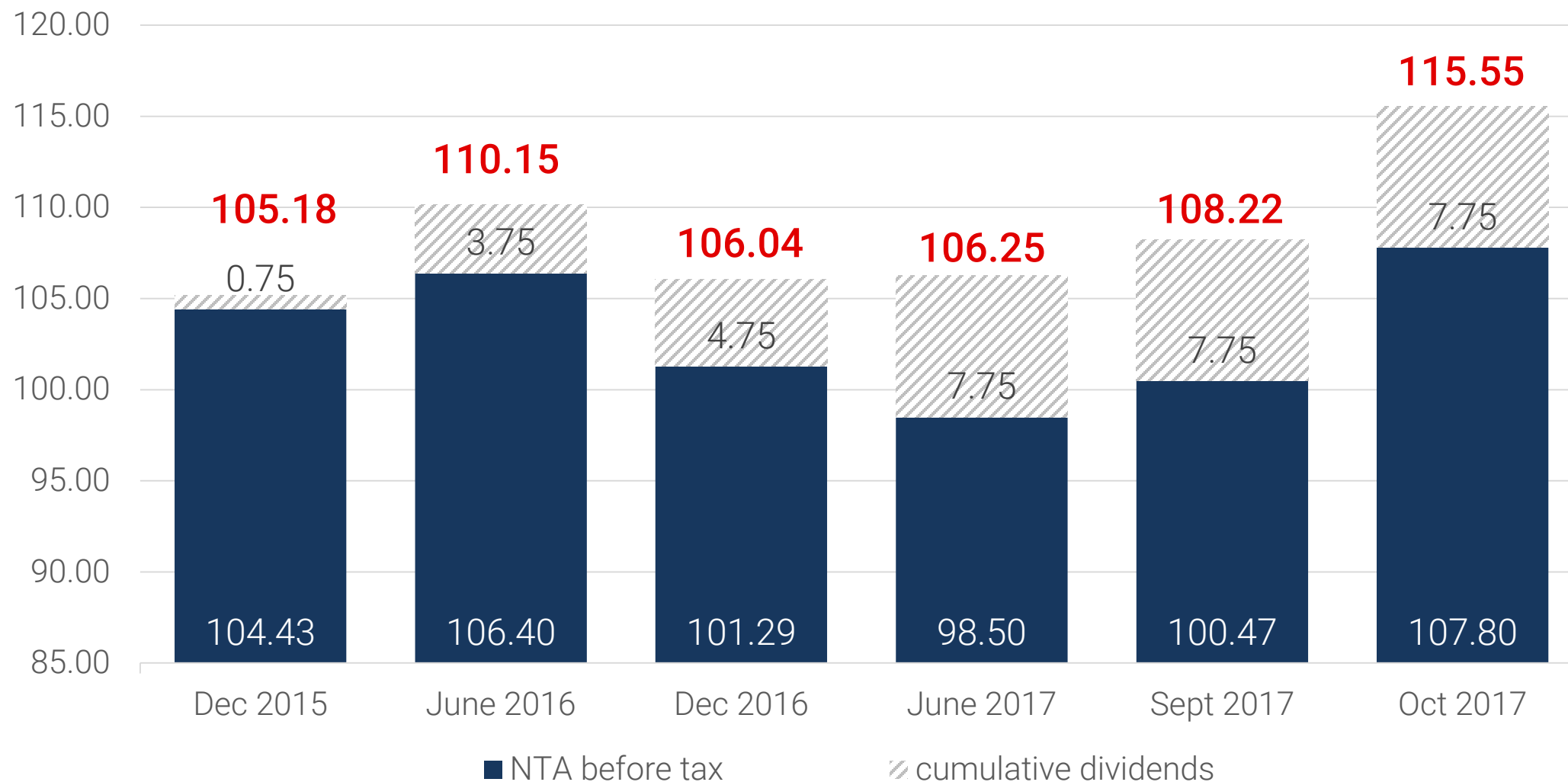


Cumulative Dividends

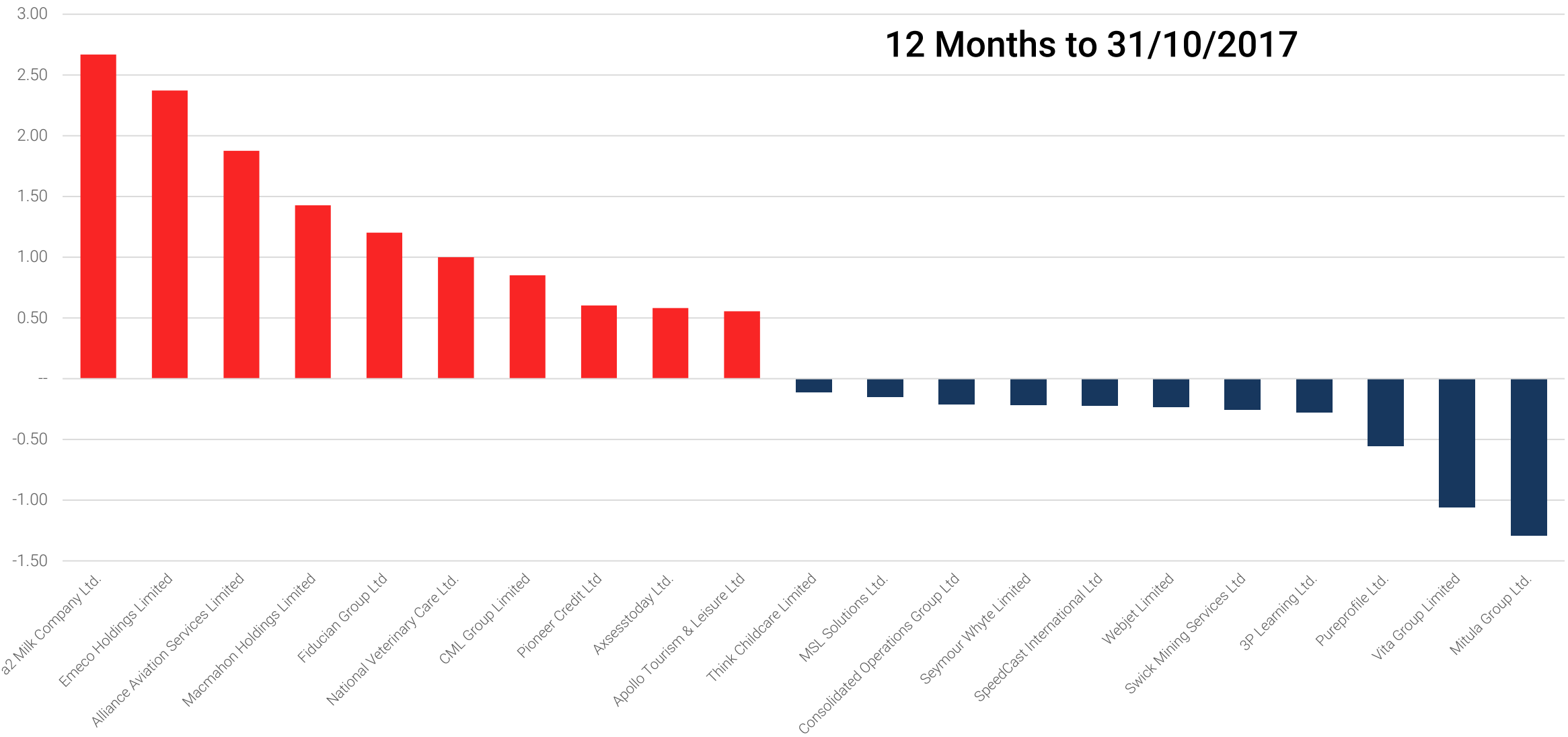


GC1 NTA + Dividends Paid

(excluding franking)



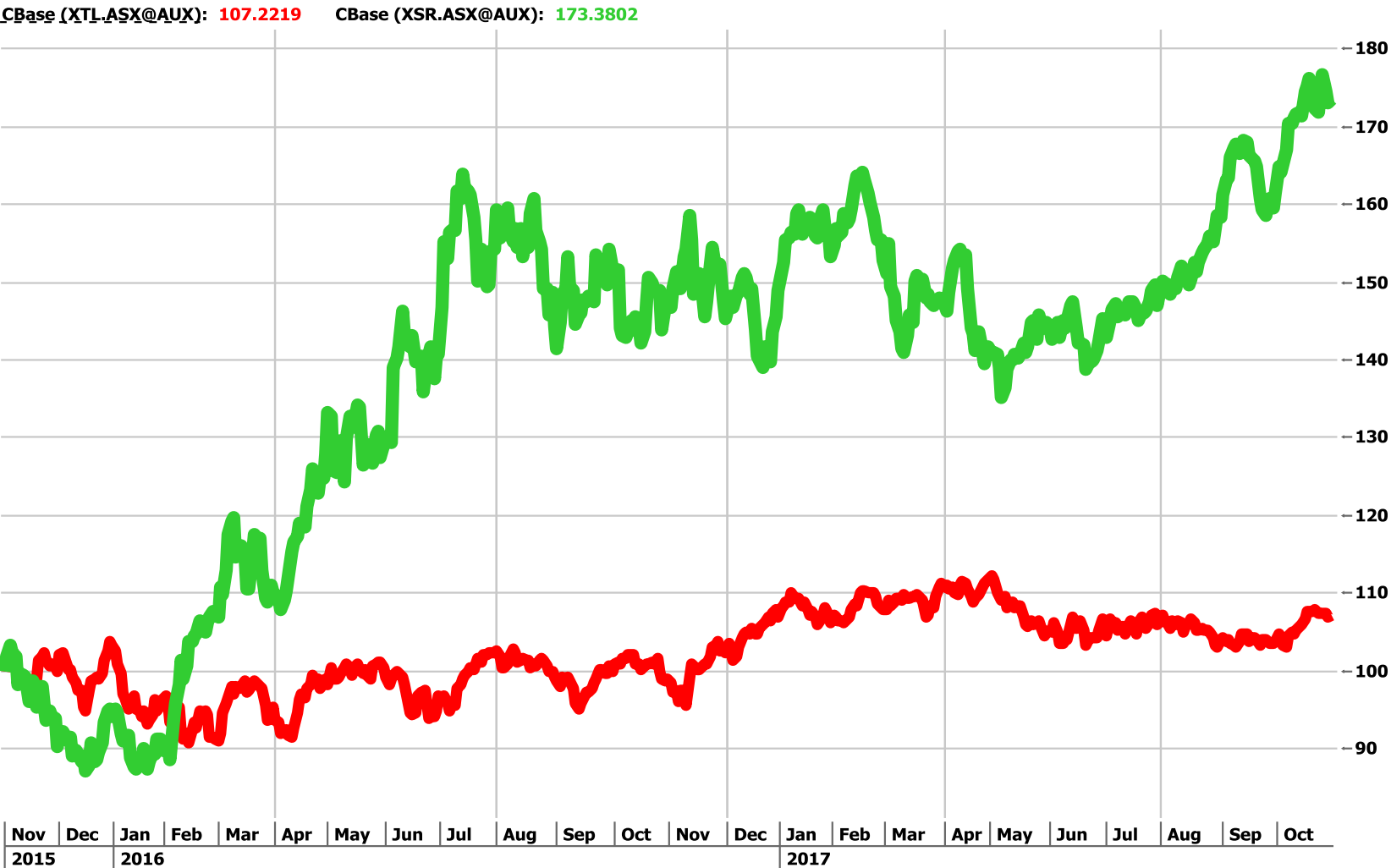
GC1 Top Contributors & Detractors



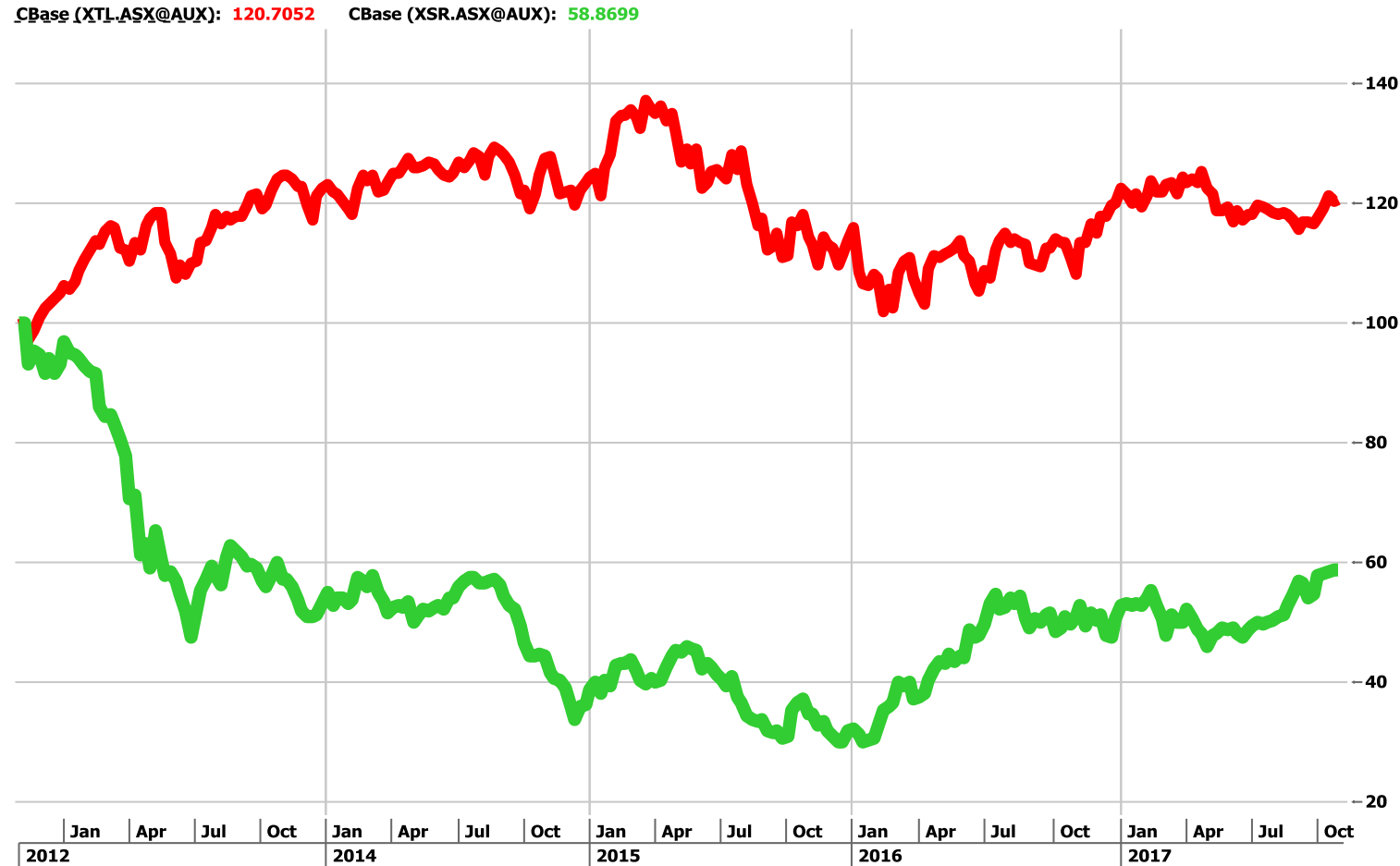


Market Expectations

Small Cap Market Performance – Last 2 Years



Small Cap Market Performance – Last 5 Years



Small Cap Market Performance – Last 20 Years



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

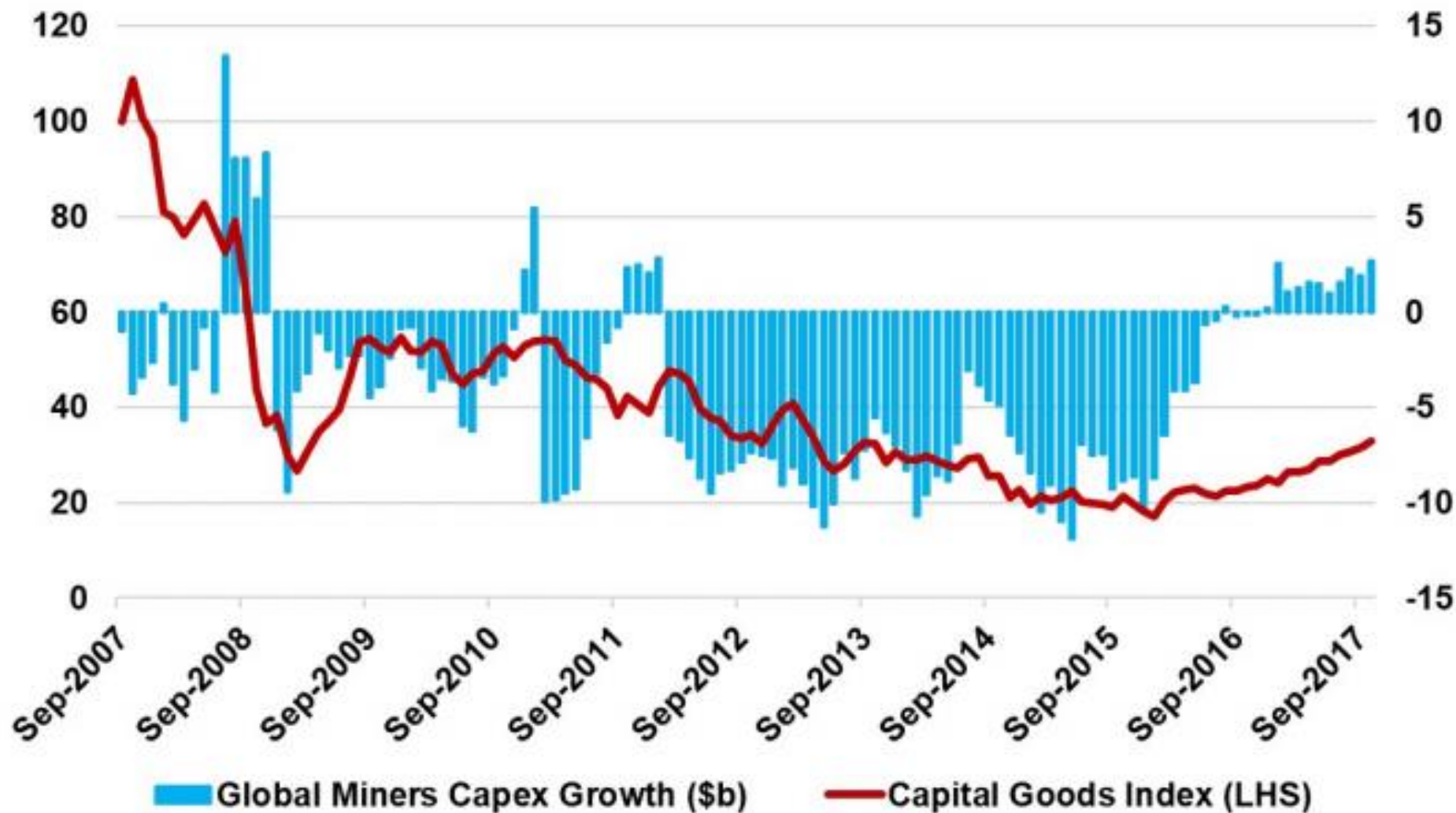
Market Value to Growth



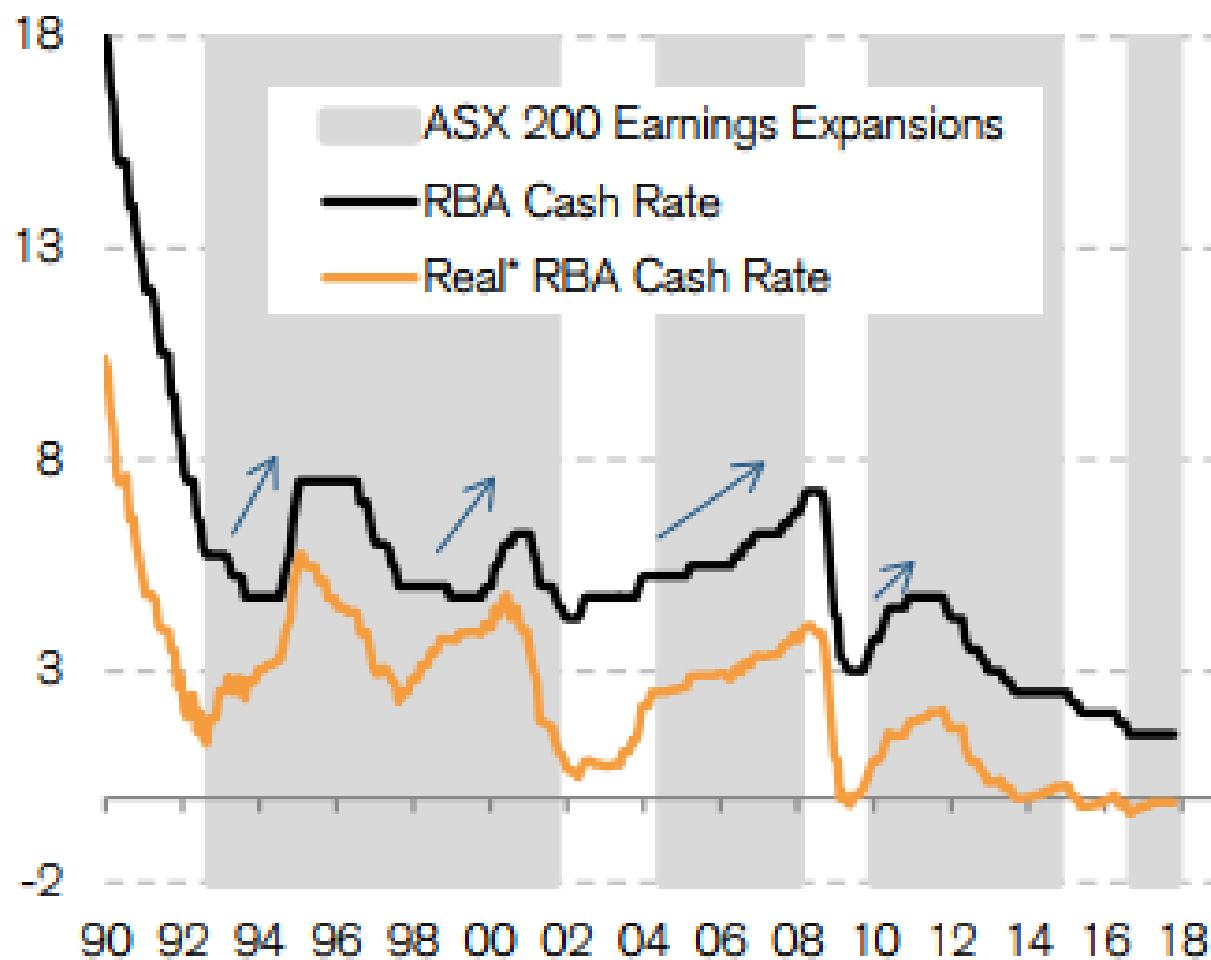
Market Value to Growth



Mining Service Have Rallied



Cash Rate



Source: Company data, Datastream, Credit Suisse estimates

St



GC1 Portfolio

Our Portfolio



As of 31st October 2017

Portfolio Characteristics

- 34 Companies
- Top 10 positions represent 55% of the portfolio
- Cash at 2.8%
- Largest market cap A2 Milk \$4.998B, Smallest market cap Dropsuite \$33.143M
- Average M.Cap \$459.5M
- Median M.Cap \$157.7M

GC1 Gross Portfolio Performance

Performance at 31 st October 2017	1 Month	3 Month	6 Month	1 Year	Since Inception
Glennon Small Companies Ltd	7.70%	11.97%	15.31%	8.69%	40.98%

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%



Valuation Metrics @ \$2.65

M.Cap	(\$m)	158.55
EV	(\$m)	176
Profit FY18	(\$m)	7.7
PE	X	20.2
EV/EBITDA	X	10.9
DCF	\$X.XX	?

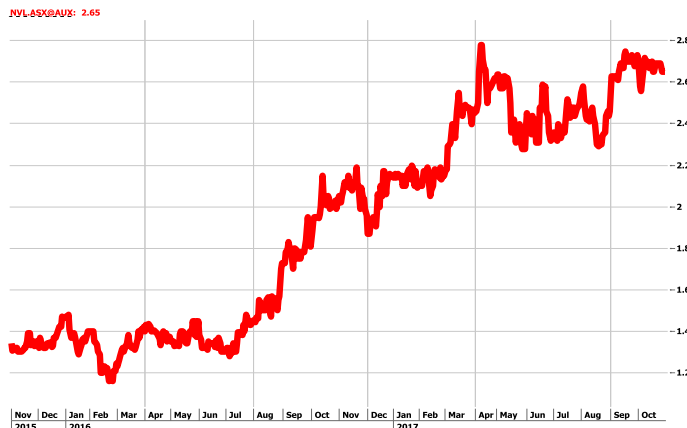
Earnings Drivers

- 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 @ \$0.23

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

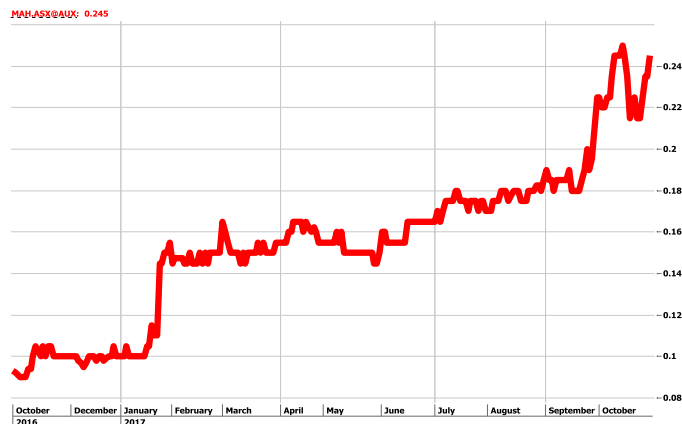
Earnings Drivers

- 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



Valuation Metrics @ \$1.645

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 @ \$0.24

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 \$6.84

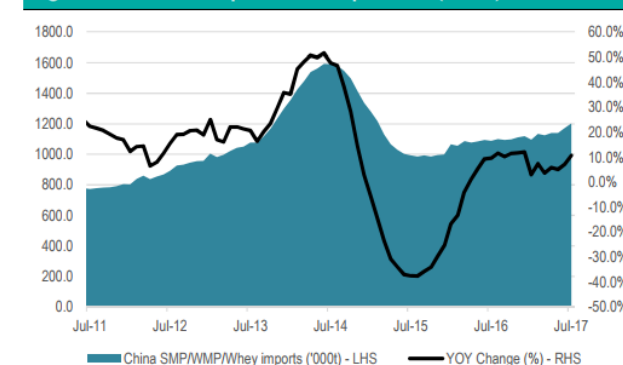
M.Cap	(\$b)	5.5
EV	(\$m)	5.4
Profit	(\$m)	146
PE	X	37.7
EV/EBITDA	X	24.8
DCF	\$X.XX	?

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)

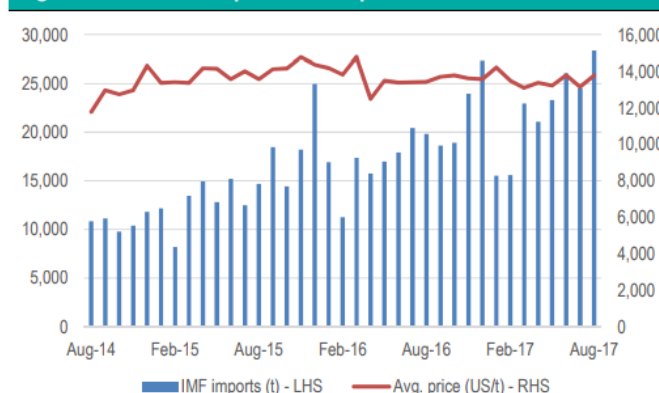


Share Price Chart

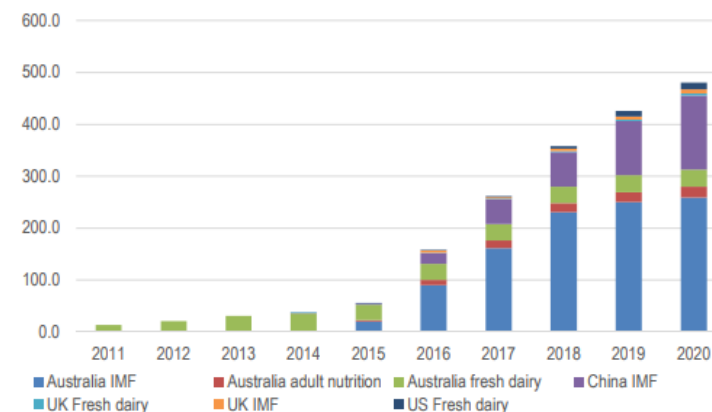


Divisional Comments

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	✓	✓	✓	✓	✓

Summary – Why Invest With GC1?



- Expanded & Experienced Team
- Concentrated Portfolio
- Better market for stock picking
- Staff Alignment

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