

Magellan Financial Group Limited 2018 AGM Presentation

Brett Cairns | Executive Chairman



2018 Financial Results

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	30 June 2018	30 June 2017	% change
Profit after tax (\$ millions)	211.8	196.2	8%
Profit after tax before MGG net offer costs and amortisation (\$ millions)	268.9	196.2	37%
Diluted EPS (cents per share)	122.0	114.1	7%
Diluted EPS before MGG net offer costs and amortisation (cents per share)	154.9	114.1	36%
Dividends:			
Interim and Final Dividends (cents per share)	119.6	79.9	50%
Annual Performance Fee Dividend (cents per share)	14.9	5.7	161%
Total Dividends per Share (cents per share)	134.5	85.6	57%

Balance Sheet

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- Net tangible assets of \$515 million
- Cash and liquid assets of \$445.5 million¹
- No debt - undrawn debt facility sized at \$50 million

\$'000	30 June 2018	30 June 2017	30 June 2016
Cash and cash equivalents	169,095	146,243	120,362
Receivables	108,622	71,290	53,747
Financial assets	276,539	264,888	207,940
Goodwill and intangible assets	105,018	-	-
Other assets	15,669	11,560	10,330
Total assets	674,943	493,981	392,379
Payables and provisions	22,826	24,025	22,721
Income tax payable	29,702	4,863	7,032
Net deferred tax liabilities	-	15,651	7,257
Deferred lease incentives	1,982	1,831	-
Total liabilities	54,510	46,370	37,010
Net assets	620,433	447,611	355,369

¹ Calculated as cash and cash equivalents and financials assets less \$0.175 million of investments in unlisted shares
Source: Extracted from the Consolidated Statement of Financial Position included in Magellan Financial Group's audited financial statements

Ongoing Capital Requirements

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- Magellan has built up significant capital over the past 12 years (net tangible assets as at 30 June 2018: \$515 million)
- The Board has undertaken a review of the ongoing capital requirements of the Group and has concluded:
 - Magellan has a very strong balance sheet
 - Our business is capital light and requires limited capital to support its business and to grow organically
 - There are numerous organic growth opportunities and Magellan has sufficient capital to support these initiatives
 - Magellan can recycle capital from its Principal Investments to seed new funds and strategies
 - Excess capital materially above what is needed to support and grow the business is unlikely to be valued by the market
 - The Board has revised the dividend policy to increase the payout ratio

Revised Dividend Policy

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- Increased payout ratio to 90-95%
 - Interim and Final Dividends based on 90-95% of profit after tax of funds management segment (excluding performance fees)
 - Annual Performance Fee Dividend of 90-95% of net crystallised performance fees after tax
 - Subject to corporate, legal and regulatory considerations
- Increases the total cash dividend payout by approximately 20% per annum
- Final dividend of 90.0 cents per share comprising:
 - Dividend of 75.1 cents per share (fully franked)
 - Includes a top up amount of 8.4 cents per share to align the Interim Dividend to the new payout
 - Performance Fee Dividend of 14.9 cents per share (fully franked)
- Total dividends for the 2018 financial year up 57% to 134.5 cents per share (85.6 cents per share for 2017)
- Future dividends will likely be partially franked

Funds Under Management

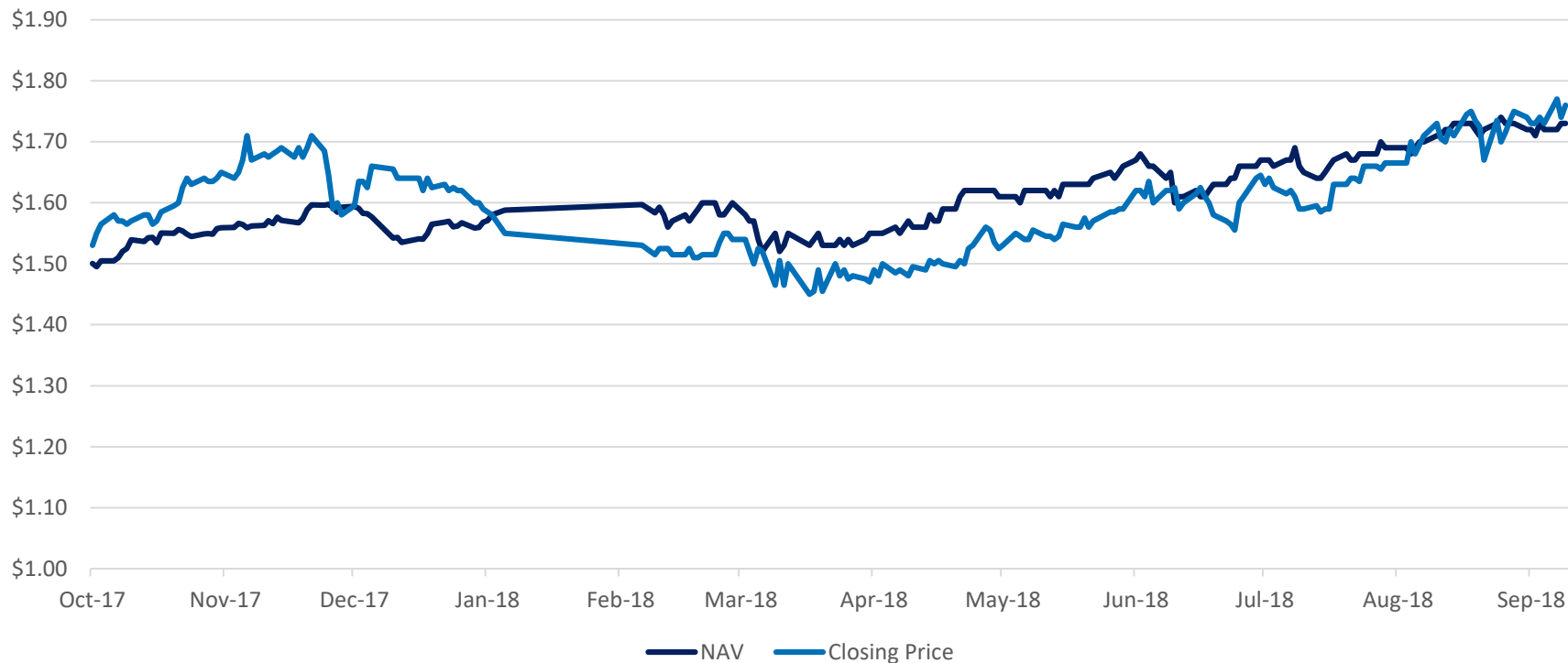
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	30 June 2018	30 June 2017
Funds under management (\$ billions)	69.5	50.6
Average funds under management (\$ billions)	59.0	45.7
Growth in funds under management driven by:		
Net Inflows (net of distributions) (\$ billions)	4.1	3.4
Investment performance (\$ billions)	8.5	6.7
Acquisition of Airlie (\$ billions)	6.3	-

Magellan Global Trust

Trading history

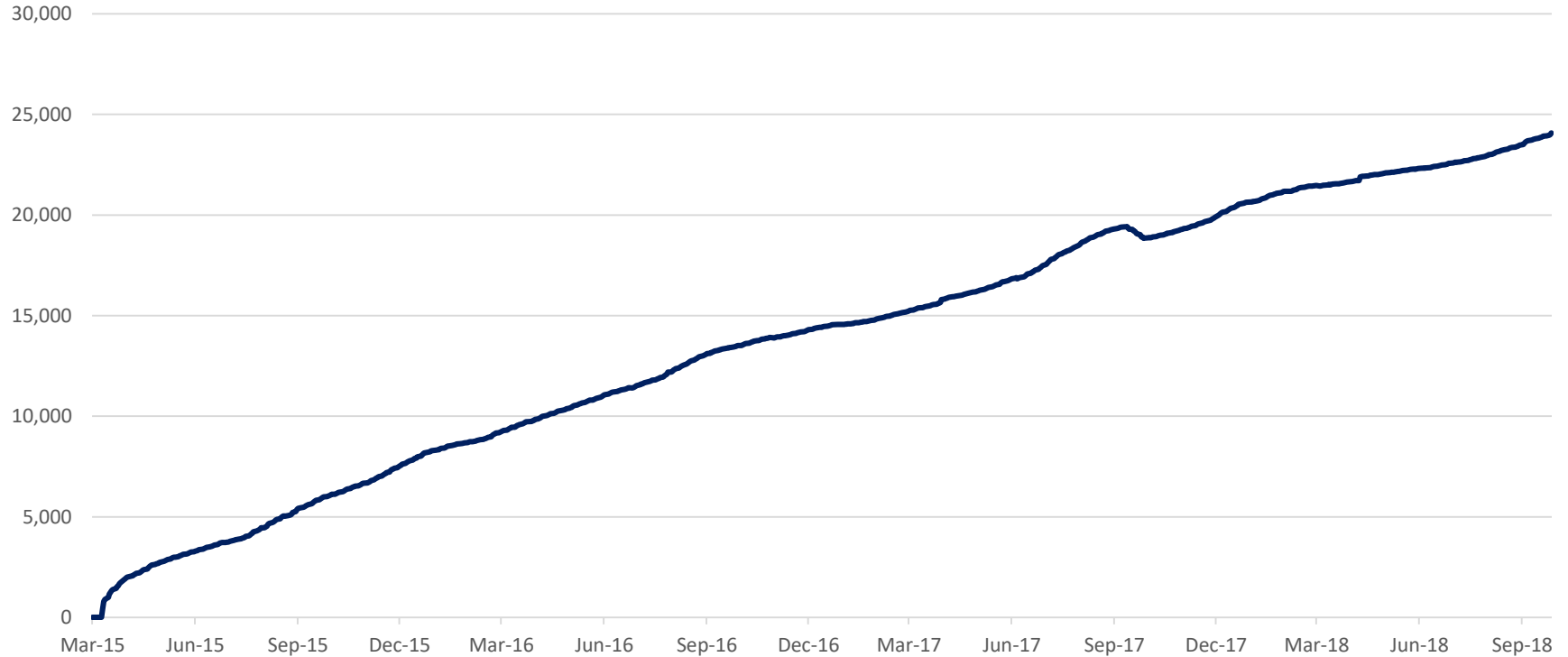
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Active ETF Unitholders

As at 28 September 2018

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Active ETFs are Magellan Global Equities Fund (ASX: MGE), Magellan Global Equities Fund (Currency Hedged) (ASX: MHG) and Magellan Infrastructure Fund (Currency Hedged) (ASX: MICH)