16 May 2019

Business update

Evans Dixon Limited (ASX Code: ED1) (**ED1**) provides the following update regarding the business and financial performance of the Evans Dixon group (**Evans Dixon**) for the second half of the financial year ending 30 June 2019.

The core businesses within Evans Dixon continue to perform well. However, the overall financial performance of the business is being impacted by a number of factors, predominantly related to a reduction in transactional revenue in each of the divisions. The key items include:

- lower capital markets activity across the entire market[1] impacting transactional revenue in each of Evans Dixon's three business divisions. This includes a number of transactions that were expected to complete prior to 30 June 2019 that were either delayed or cancelled;
- lower activity and issuance levels within real asset funds, leading to a reduction in transaction-based fees; and
- an increase in expenses due to an increased investment in our risk and compliance infrastructure and one-off costs associated with the successful listing of the US Solar Fund on the London Stock Exchange (LSE).

Evans Dixon currently expects that it will deliver EBITDA for its 2019 financial year in the range of A$35m to A$38m. This estimate remains subject to market volatility, transaction completion rates and any potential timing differences at period end.

The Board has confirmed that it intends to pay a full year dividend within its targeted range of 75-85% of underlying NPATA. Evans Dixon will continue to focus on initiatives that reduce the cost of operations without impacting the risk and compliance functions which are believed to be a key strength of the group.

Evans Dixon experienced growth in the underlying drivers of its recurring revenue base with Funds under Advice (FUA) and Funds under Management (FUM) both up 13% over the four months to 30 April 2019. This was supported by net new client growth, new fund raisings and positive investment markets. The Corporate and Institutional business continued to perform well with the completion of a number of M&A and ECM transactions and market share gains in institutional equities.

A summary of the underlying performance of the three business divisions is set out below:

1. Over the four months to 30 April 2019, Australian market ECM and M&A deal numbers were down 29% and 77% respectively, relative to the prior corresponding period. This excludes IPOs under A$20m, secondary raisings under A$4m and M&A transactions under A$10m. Source; Dealogic and Factset.

Wealth Advice: Advice & Service fees continue to benefit from strong growth in FUA, which was up 13% to A$20.2 billion over the four months to April 2019. This was supported positive investment markets and by net client growth over the period.

Corporate and Institutional: Successful completion of a number of M&A transactions including advising KKR on the acquisition of Coles pubs and the sale of Device Technologies. As disclosed in the half yearly result, M&A revenues will be weighted to the first half. Capital markets revenue remained subdued, consistent with lower levels of issuance across the market. Institutional equities continued to perform well during the half to date although there was some impact from market volatility.

Funds Management: Funds Management continued its strong recent growth as FUM increased 13% to A$6.7 billion over the four months to April 2019. This was driven by positive investment returns and the successful launch of two new fund vehicles, the CVC Emerging Companies Fund and the US Solar Fund (USF).

USF raised US$200m from institutional and sophisticated in the United Kingdom to invest in Solar energy infrastructure in the Americas. The fund listed on the LSE on 16 April 2019 and, with New Energy Solar (ASX:NEW) is expected to provide a strong growth platform for investment in solar energy.

Evans Dixon CEO, Alan Dixon said: *"Despite challenging capital market conditions, we remain encouraged that our long-term revenue drivers of FUM and FUA continue to grow, positioning the business well for medium term growth. We continue to attract new clients to our Wealth Advice platform and we are particularly pleased with the successful raising of $US200m for the recent listing of the US Solar Fund on the London Stock Exchange.*

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About Evans Dixon Limited

Evans Dixon is an Australian Stock Exchange listed financial services group. Operating through the Evans & Partners, Dixon Advisory and Walsh & Company brands, Evans Dixon provide a diverse range of financial services. In Wealth Advice we service over 9,000 clients, representing over $20 billion in funds under advice. In Corporate & Institutional we are an advisor to many leading Australian institutions through the provision of research, corporate advisory, equity capital market and debt capital market services. In Funds Management, we manage $6.7 billion of assets across a diverse range of asset classes.