

# WESTOZ

INVESTMENT COMPANY LIMITED

ABN 99 113 332 942

## CHAIRMAN'S ADDRESS

On behalf of my fellow Directors, I am pleased to welcome you to this meeting, my fifth as Chairman, and to provide you with this address today.

At last year's meeting, I put forward our view that at that point in time, we were positioned in a more favourable stage of the market in Western Australia for us to meet our objectives after experiencing several difficult years. We saw evidence of a nadir in conditions with the prospect of improvement to follow.

This view has subsequently been affirmed with a very strong investment performance from our company's portfolio of assets.

To recap the 2017 financial year results:

- Westoz Investment Company Limited recorded a significant increase in after tax profits, reporting a gain of \$16.2 million for the year. This is well above the result in the prior two years;
- The strong result was built on an underlying portfolio return of 20.1% for the year. This figure is quoted before allowance for fees and taxes to allow comparison to broader equity market benchmarks. The annualised return on a similar basis since inception of our investment activities in May 2005 remains well ahead of relevant benchmarks, standing at 11.9% per annum;
- We paid fully franked dividends of \$7.7 million in respect of the period, representing 6.0 cents per share; and
- Net tangible assets of the company at 30 June 2017 stood at 105.6 cents per share after allowance for the 6 cents in dividends paid. This figure includes 3.3 cents in net deferred tax assets.

I am pleased to report that the strong performance in the 2017 financial year has continued into the current period. In the four months to the end of October, our portfolio has shown a return of 17.4%, lifting net tangible assets after tax to 117 cents per share.

As you may be aware, we established our investment company in May 2005 with the objective of generating a satisfactory level of returns from investment in small to mid-capitalisation ASX listed securities. These investments generally have a connection to Western Australia, which is our base of operations.

Hence, the economic outlook for Western Australia is important both for our investment strategy and the perception of us as an investment for new and existing shareholders. Our view remains that the low point has passed for the WA economy with several areas beginning to show signs of improvement.

Our Fund Manager will shortly provide further information on the investment environment and our current portfolio composition.

A focus of your Board of Directors is on ensuring the results of our investment strategy are effectively passed on to shareholders. A key feature of this process is our dividend strategy, which has provided a payout in every year since our listing in 2009 despite a volatile share market. We have now returned 84 cents per share, totalling \$102 million, to shareholders by way of dividends since inception.

We remain committed to paying dividends where our results allow it and confirm our target for a 6.0 cent per share dividend in the current financial year remains intact.

After more than 30 years of involvement in financial markets, including the last twelve with our company, it is clear to me that significant shifts in investor sentiment and underlying economic conditions are part of the natural course of events.

Our challenge remains to identify investments that will achieve our desired returns through these cycles.

Your Board remains aligned with our investment managers strategy of "Finding the best in the West" and believes it will continue to deliver our desired returns.

I thank you for your time today and look forward to providing further updates.

-ENDS-

For further information please contact

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