



ABN 52 126 450 271

21 November 2019

Chairman's AGM Address

Good afternoon ladies and gentlemen. My name is Jay Hughes and on behalf of my fellow Directors, I am pleased to welcome you to this meeting, my seventh as Chairman, and to provide you with this address today.

A more volatile market saw a negative return on our investment portfolio for FY2019. This market did however produce many investment opportunities and seeds that were sown last financial year, are now delivering healthy returns in FY2020.

To recap the 2019 financial year results:

- Ozgrowth Limited recorded a net loss after tax of \$5.3 million, versus a gain of \$12.1 million in the previous year;
- The underlying portfolio return was negative 9.3% for the year. This figure is quoted before allowance for fees and taxes to allow comparison to broader equity market benchmarks.
- The portfolio's annualised return on a similar basis since inception of our investment activities in 2008 stands at 7.3%;
- We paid fully franked dividends of \$1.8 million in respect of the period, representing 0.5 cents fully franked per share; and
- Net assets of the Company closed at \$70.9 million, or 19.9 cents per share after tax.

Since inception in 2008, we have now returned 10.8 cents per share to shareholders by way of fully franked dividends, totalling \$39 million. With the addition of franking credits, this number grosses up to over \$56 million, or 15.4 cents per share.

This financial year, the market and our portfolio has benefitted to date from accommodative monetary policy, and more recently, increased optimism on the outlook for the global economy. As at 31 October 2019, I am pleased to report the Ozgrowth investment portfolio has increased by 12.7%. In comparison, the All Ordinaries Accumulation Index has risen 2.4%, while the ASX Small Resources Accumulation Index has declined 0.2%. We expect volatility to again be a feature this financial year as the market wrangles with an uncertain geo-political environment and an extraordinary interest rate backdrop.

Here in the West, it was pleasing to see the WA economy return to economic growth in the June 2019 quarter. The long-awaited next capital expenditure cycle in the resource sector is now upon us and this should help cement economic expansion in the State over the coming years.

Opportunities can, however, be found throughout all stages of the cycle. This is evident in those identified prior to this financial year that are now delivering positive returns for our Company. The focus on smaller companies in Ozgrowth does mean liquidity is also a vital consideration. We are always conscious to build our positions in the quiet times and to pragmatically take profits when liquidity returns in the more confident times. The last twelve months has been a building stage as shown by our lower cash levels now and we are positioned for the benefits of the increased liquidity of more confident times to come.

Your Board remains highly committed to the philosophy of identifying small capitalisation, growth focused investment opportunities from its base in WA. Furthermore, we remain dedicated to delivering a consistent stream of dividends to our shareholders. Accordingly, the Board has again targeted a 0.5 cents per share dividend for FY2020.

Finally, I would like to encourage all shareholders to make use of our enhanced channels to interact with our Company. We have a range of opportunities to get up to date information on our activities, including monthly video updates, weekly email news and an informative website. You are also always welcome to contact the team directly with any queries you may have.

I would like to thank you again for your continued support and I look forward to providing further updates throughout the year.

Thank you.

JAY HUGHES
Chairman