

## ASX Announcement



18 July 2016

The Manager  
Company Announcements  
ASX Limited  
Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

### Chairman's and Executive's Addresses to Annual General Meeting

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Attached is a copy of the Chairman's and Executive Director's Addresses to be presented at the 2016 Annual General Meeting of Oceania Capital Partners Limited being held today.

Yours faithfully,

A handwritten signature in blue ink, appearing to be "L. Baldwin", with a stylized flourish extending to the right.

Lionel Baldwin  
Company Secretary

## Annual General Meeting 2016

18 July 2016

### Chairman's address

I will make some brief comments on the performance and activities of the Company over the past year and will then hand over to Brian Scheiner to provide more details on each of the underlying businesses and future strategy.

In summary, the investments which we currently hold are:

- 24.9% ownership of the Baycorp Group
- 95% ownership of EON Broadcasting
- 50% ownership of Cohort
- 97% ownership of Crimsafe

Our quest to deliver consistent and growing profitability in each of the businesses is gathering momentum, with OCP's final net profit after tax for the year being just shy of \$5 million compared to around \$3 million in financial year 2015. Our net profit after tax is essentially the addition of all trading profits of our underlying businesses and then overlaying the activities of the holding company across those results. OCP's net asset value per share as reported at 31 March 2016 is \$2.46 - up from the \$2.35 reported at 31 March 2016.

We finished the year with cash available for investment and have been actively in the market looking to deploy that capital into a suitable business or businesses. In the meantime, given Australia's historically low interest rates, our treasury management strategy has seen portion of these funds invested in the equities market pending re-deployment into a core investment.

The first quarter has seen some strong trading from our underlying businesses which is pleasing given the uncertain economic and political conditions that we have experienced in that same time period. Brian Scheiner will take you through each of the underlying businesses in a few minutes but it is worth noting in overview the following points:

1. EON Broadcasting has continued the excellent trading that it showed through to year end and is showing a very healthy increase in revenue compared to the first quarter last year. Part of this relates to the strong operational performance of the EON FM radio stations and part relates to stronger economic conditions in the Sunshine Coast market, which seems to be taking consistent steps forward and is successfully enhancing business activity among the business community of the Sunshine Coast.
2. The improved collection performance of Baycorp running up to year end has continued and it looks as though the 2016 calendar year could well be a record year for purchasing of debt ledgers, which bodes well for increased profitability. It remains a very competitive sector but the Encore relationship is assisting the business to close the gap between Baycorp and its major competitors.

3. Also in the quarter since year end, Crimsafe has shown meaningful revenue growth as compared to first quarter last year with the fledgling US business starting to show some additional traction.
4. Finally, and pleasingly, the offshore business of Cohort has continued its growth and is now profitable, which underpins the overall business strength for the future.

So, with a positive start to the year from our underlying businesses, and capital available for investment in turbulent times, the year ahead for OCP looks promising.

I will now hand over to Brian Scheiner to provide more detail on the performance of, and outlook for, OCP's underlying investments.

## **Annual General Meeting 2016**

**18 July 2016**

### **Executive's address**

Thank you, Robert. I will now provide a brief overview of our underlying investments.

#### **Baycorp**

The transaction we entered into in October 2015 with Encore Capital Inc ("Encore") out of the US in relation to Baycorp is a very meaningful transaction for us. Shareholders will know that Baycorp has found the competitive dynamic in its market very challenging for a number of years. Like many high volume, small-dollar transaction businesses, Baycorp's business requires superior processes and know-how in order to achieve efficiency and thereby industry leading competitiveness. Our transaction with Encore is designed to provide Baycorp access to what we believe to be world leading debt collection practices, technology and know-how. Encore is one of the world's leading collection companies and has operations in over a dozen countries around the world. Encore's strategy has been to take investments in operating businesses in non-US regions and to use its experience and knowhow to build those businesses into the number 1 or 2 market share companies in their regions. This is Encore's plan and aspiration for Baycorp and it is one we share and support.

The transaction involved:

- An initial sell down of just over 50% of Baycorp by OCP and its partner in Baycorp (at a value consistent with OCP's carrying value of our Baycorp investment)
- Establishment of co-operation and knowledge sharing arrangements; and
- Agreement on exit mechanisms over time for OCP and its partner.

Our hope is that the value of our remaining investment in Baycorp will be enhanced through this relationship. We are now over 9 months into the new relationship and it is shaping up well. Encore's inclusion of Baycorp in its international network is proceeding well, including by facilitating knowledge transfer not just between Encore and Baycorp but also between Baycorp and other operating subsidiaries of Encore in other countries. Baycorp is approaching its business development and sourcing activities with a renewed vigour and, despite the unexpected loss of a major client soon after the transaction, the business is seeing some pleasing forward momentum. The management team of Baycorp is being strengthened and the ability to attract good executives has been enhanced by the Encore ownership and relationship.

Ownership change can be challenging for any business but the Baycorp team has responded well to the new relationship with Encore. We thank everyone within the Baycorp business for the significant effort involved in completing a due diligence and transaction of the nature that the business has been through as well as continuing to fulfil the responsibilities of their day to day jobs with good humour and extraordinary industry.

## **EON Broadcasting**

2016 has been a strong year for EON Broadcasting. This small business is most definitely punching above its weight and carries an enviable reputation in its Sunshine Coast market place, which is happily showing through in the financial results.

Some of the notable points include:

- Clear market leadership in on-air and local events delivery
- Monthly sales continually exceeding the prior year
- Scarcity of advertising inventory driving earlier commitments from clients
- Renewed contracts for all on-air staff
- Continued innovative and engaging on-air content, including extensive coverage of local Sunshine Coast affairs, humour, competitions and continually updated and refined music play lists
- Re-launch of streaming (see below)
- Excellent social media engagement with Sea FM producing social media engagement figures that capital city radio stations would be proud of
- Launch of station-specific apps for both stations so that listeners can join the broadcast no matter where they are whether or not they are near a traditional radio
- A record number of nominations for the annual radio industry awards (the ACRA's) and outstanding success for a number of our staff

As one of the country's fastest growing regions, the Sunshine Coast is an excellent place to be operating a business such as EON's. There is considerable business activity and construction of new commercial and residential property pushes forward as new businesses are attracted into the area.

A 12% increase in revenue and a 15% increase in EBITDA year-on-year demonstrates that the focused business growth activity is translating into financial results.

This has been achieved by a small and dedicated team well led by John Williams and we thank the EON staff for their outstanding results and achievements.

We remain interested in expanding our investment activity in regional radio and its associated opportunities. The pending changes to media ownership laws announced by the Liberal National Party federal government might operate as a catalyst for movement of various media assets and we would be very open to participating in any opportunities that arise.

## **Cohort**

This year was our first full year of ownership of Cohort. Cohort is a leading digital lead generation business operating in Australia, the United Kingdom and America. Cohort had a strong year growing revenue by 56% and EBITDA by 138%.

The digital lead generating industry is a fast changing environment with new challenges arising as the landscape constantly changes. Cohort's ability to adapt and its culture of

innovation are crucial elements in its success and will determine our success into the future. The business has grown very strongly in the Australian market where it has significant market share and we would expect growth to moderate in Australia over the coming years. This will be balanced by the global business where we have made significant investment and are increasingly confident that the profitability and growth trajectory in both the UK and America, which is in its infancy, will generate strong returns going forward.

Cohort has during the year continued to invest in and develop its own-house sites which are delivering high quality high margin leads for our customers. We expect this revenue stream to continue to grow into the future.

Cohort is ably led by our co-shareholders Marcelo Ulvert and Malcolm Treanor and we would like to thank them as well as the whole Cohort team for their efforts during the past year which have delivered such strong results.

### **Crimsafe**

We have now owned Crimsafe for a year and we are pleased to confirm that it is the quality business that we believed it to be in due diligence. It has been thoughtfully structured in terms of the parts of the value chain in which it participates. Overall, it is primarily a brand and IP business which has, through its extensive licensee network, outsourced elements associated with manufacturing, distribution, end customer selling and product installation and delivery. It concentrates on R&D, maintaining its performance superiority over competitor products and brand and market awareness.

In January this year we appointed Jim Sturgess as the CEO of Crimsafe. This completes the transition from the founders of the business into a new, more corporate operating structure. Jim has a broad background, strong operating experience and he understands the importance of marketing and brand protection for Crimsafe. He is based at the company's headquarters near the Gold Coast and is approaching the task of corporatising this very successful business with significant enthusiasm.

Last year we confirmed that we would be supporting Crimsafe's fledgling operation in the US as we see that as having significant potential for the future growth of the business. We are also considering expansion in other jurisdictions. All this will require further investment to position the organisation for sustainable growth. We would like to thank the Crimsafe team for their efforts during the year under review.

Thank you

I will now hand you back to Robert for the formal parts of the meeting.