

# WEBINAR

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**SALTER BROTHERS**  
EMERGING COMPANIES LIMITED  
(ASX CODE: SB2)



EMERGING COMPANIES LIMITED

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# CONTENTS

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**1.** Executive Summary

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**2.** Small Cap Vs Large Cap Valuations

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**3.** Outlook for Interest Rates

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**4.** SB2 Performance

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**5.** SB2 Relative Performance

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**6.** SB2 Portfolio Positioning

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**7.** Q&A

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**8.** Contacts

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# 1. EXECUTIVE SUMMARY



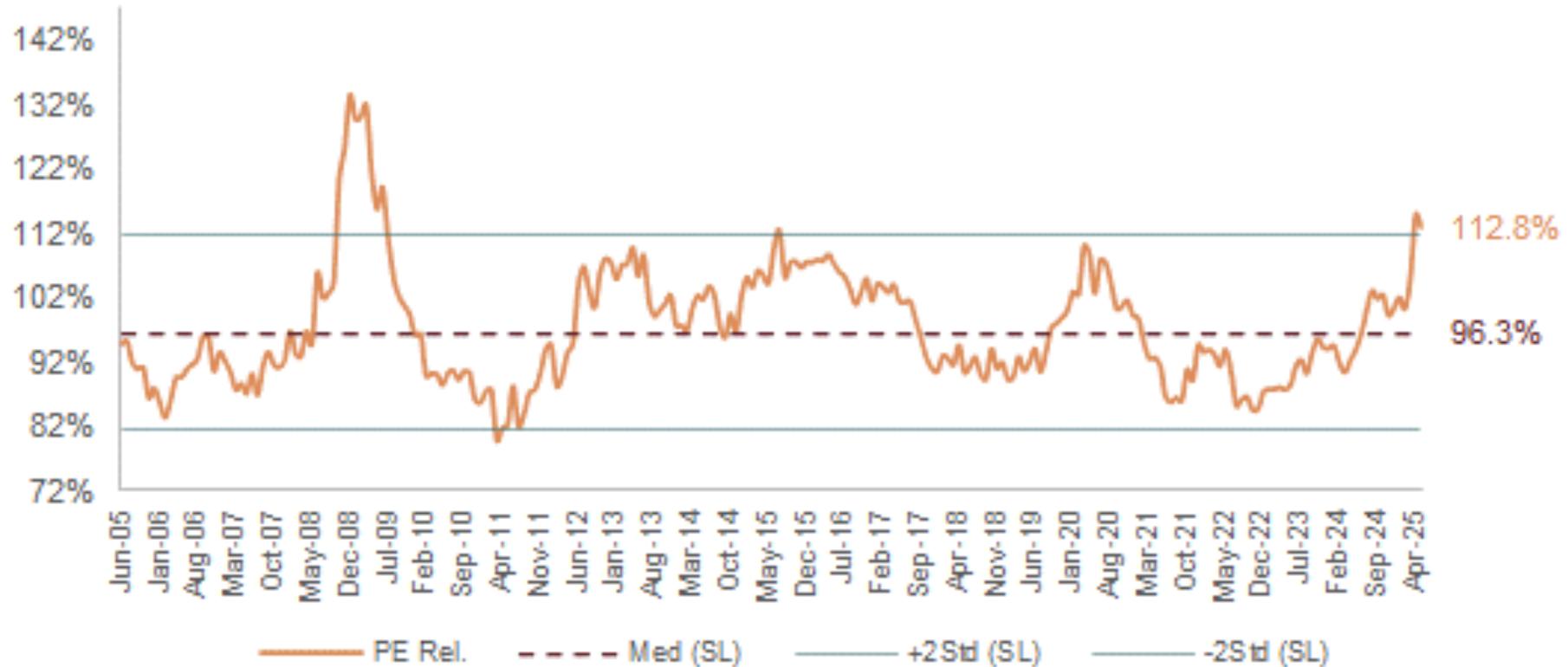
- Salter Brothers is a global alternative investments manager with over A\$4B of group assets under management.
- Salter Brothers Emerging Companies Limited (**ASX-SB2**) is a professionally managed listed investment company (**LIC**), dedicated to investing in small cap Australian companies with a market capitalisation of under A\$500M.
- SB2 has a strong three-year track record of outperforming the small cap market, with the fund achieving 16.3% gain in for the 12 months to 30th April 2025 and outperforming the market by ~15.52% for that period.\*
- As at 30th April 2025, the current share price of SB2 trades at a ~32.46% discount to the underlying post tax NTA value.^

\* Performance numbers calculated as at 30th April 2025. Investment portfolio performance is calculated net of management fees but before taxes, other fees, and expenses. Performance has not been grossed up for franking credits received by shareholders.

^ SB2 discount to NTA calculated as at 30th April 2025. For more information, refer to the Investment Report and NTA Update dated 13 April 2025 as published on the SB2 website ([salterbrothers.com.au/funds-management/emerging-companies/asx-announcements](https://salterbrothers.com.au/funds-management/emerging-companies/asx-announcements)).

## 2. SMALL CAP VS LARGE CAP VALUATIONS

S&P ASX100 relative to Small Ords PE 12MF



Source: Barren Joey\* Data & Quant, Bloomberg, FactSet

# 3. OUTLOOK FOR INTEREST RATES

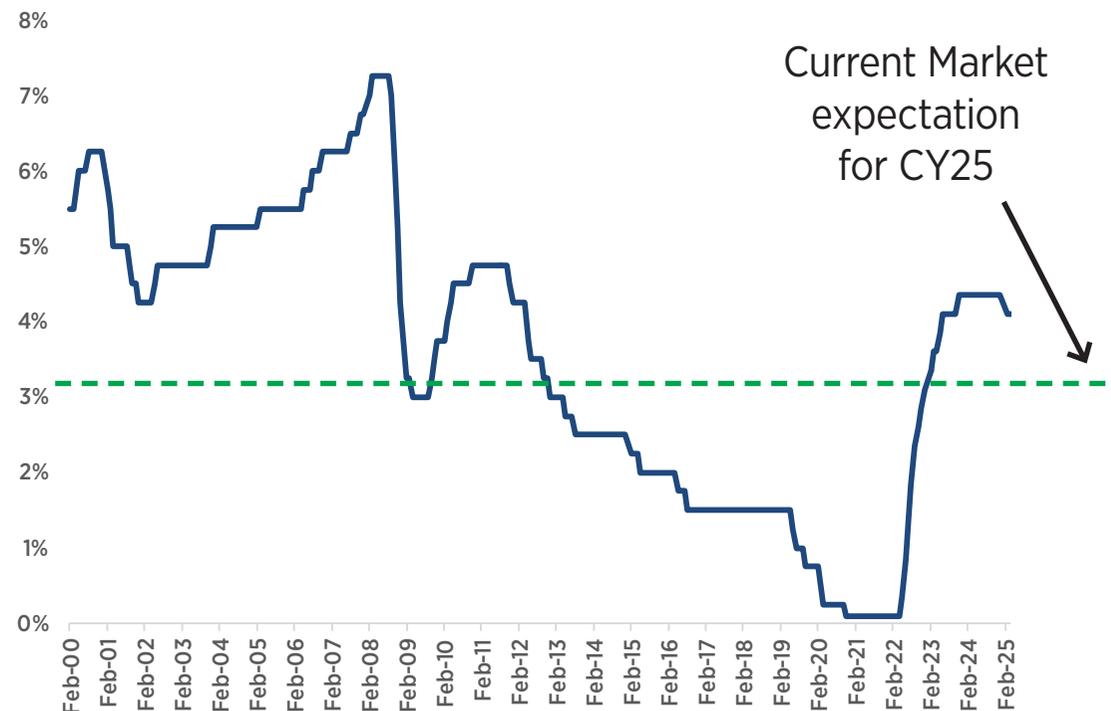
## Outlook

- The market now expects a rate cut during the May meeting with a 56% chance of a 50-basis point cut to 3.6%.
- Also, the market has started to price in the potential for four rate cuts by the end of CY25, a potentially significant reduction back to 3.1%.

## Drivers behind the negative correlation of interest rates and Small Cap Equities.

- A reduction in interest rates, prompts a broader market recalibration of company earnings discounts.
- Further, the reduction in interest rate, will reduce the direct cost of capital to a business.
- Reduced interest rates reduce market concerns of re-financing.
- Moreover, the reduction can increase business and consumer sentiment.

Australian Cash Rate



## 4. SB2 PERFORMANCE

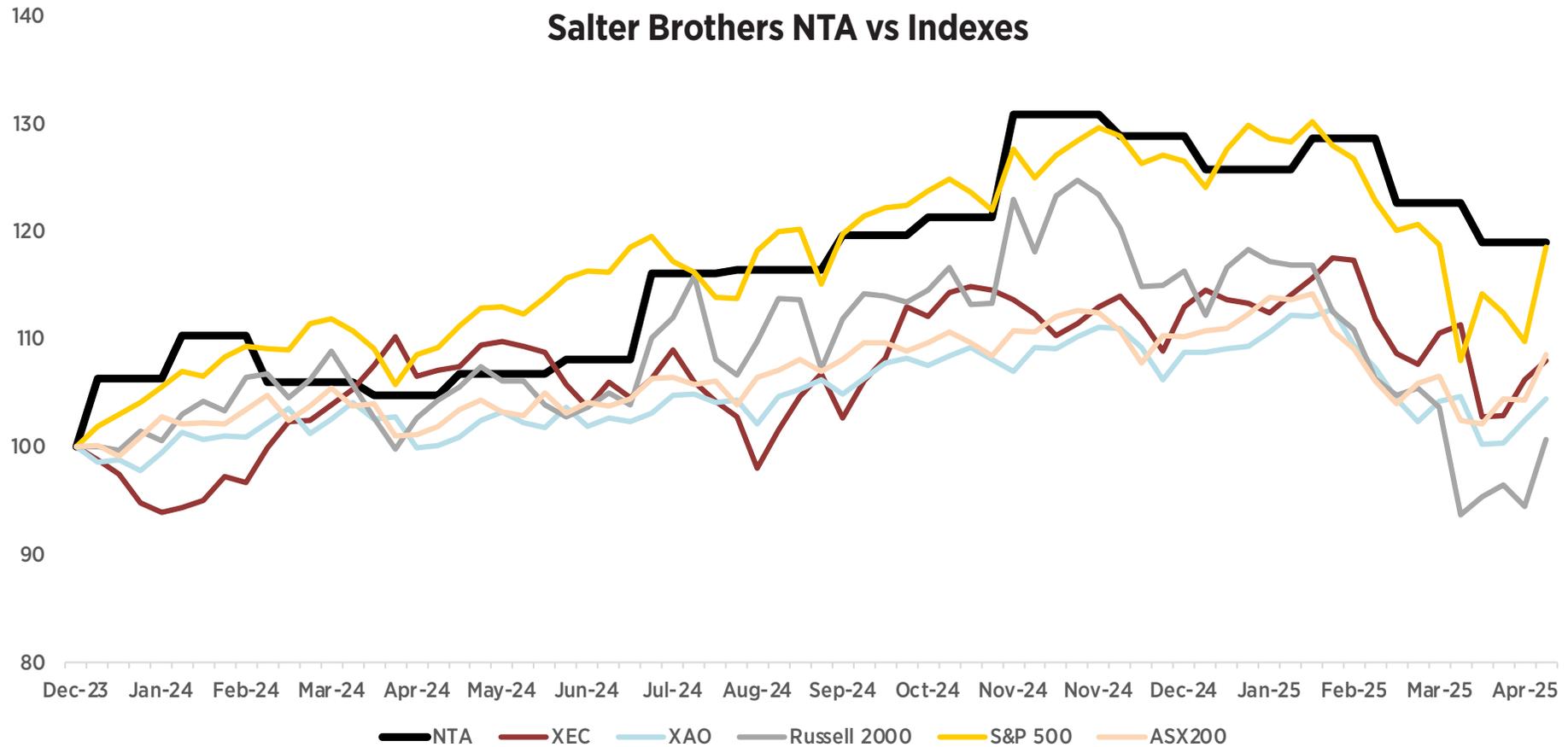
Performance Summary <sup>#</sup>	SB2	ASX Emerging Companies Index*	Difference
1 Month	-2.82%	-2.13%	-0.69%
3 Months	-3.49%	-4.55%	1.06%
12 Months	16.29%	0.77%	15.52%
Inception p.a.*	3.44%	1.32%	2.12%
Inception*	14.18%	2.69%	11.49%

# Performance numbers calculated as at 30th April 2025. Investment portfolio performance is calculated net of management fees but before taxes, other fees, and expenses. Performance has not been grossed up for franking credits received by shareholders.

\* Inception is 27 May 2021.

- The **Salter Brothers Emerging Companies Portfolio** continues to deliver strong performance, achieving a **12-month return of 16.29%** as of **30 April**. This result outperforms the **ASX Emerging Companies Index (ASX:XEC)** by 15.52%, which posted a return of **0.77%** over the same period.
- The 3 months to May have presented challenging markets with a significant level of volatility experienced across global markets, largely driven from policy speculation and a shift in sentiment. The Portfolio has outperformed the market by 1.06% during this period.

# 5. SB2 RELATIVE PERFORMANCE



# NTA Performance numbers calculated as at 30th April 2025.

NTA performance reflects the pre-tax NTA disclosed in ASX:SB2 monthly NTA updates.

Figures are indicative only, based on current assumptions, and may be subject to change.

The Disclosers do not guarantee the accuracy or correctness of the figures or performance metrics and recipients of this information should ensure that they read the latest Investment Report and NTA Updates as published on the SB2 website ([salterbrothers.com.au/funds-management/emerging-companies/asx-announcements](http://salterbrothers.com.au/funds-management/emerging-companies/asx-announcements)) from time to time.

# 6. SB2 PORTFOLIO POSITIONING

## Key Holdings

	Market Cap	Sector	Company Description
1. Alfabs Australia Ltd (ASX: <b>AAL</b> )	\$100m	Construction & Engineering	Provides a design-to-delivery solution for its clients across heavy steel fabrication, construction and maintenance services, mining equipment, protective coatings, transport and clinics.
2. Betr Entertainment Ltd (ASX: <b>BBT</b> )	\$200m	Casinos & Gaming	Bluebet under new Chairman Matt Tripp plan to aggressively pursue inorganic growth by leveraging their integration technology and consolidating the sub-scale wagering platforms.
3. Ai-Media Technologies LTD (ASX: <b>AIM</b> )	\$150m	Business Software	Provider of live and recorded captioning, transcription, subtitles, translation, and speech analytics using a proprietary, cloud-based technology platform.
4. Alcidion Group Ltd (ASX: <b>ALC</b> )	\$100m	Health Care Technology	Alcidion is imminently due to provide an update on their North Cumbria EPR, particularly disclosing what the contract terms are. The company remains on the verge of breakeven and is actively pursuing further sales.
5. Acrow Formworks LTD (ASX: <b>ACF</b> )	\$350m	Construction & Engineering	Acrow is well positioned to outperform, support by their current modest valuation and favourable Industry tailwinds as it's largest market prepares for the 2030 Olympics.

## Key Features of the SB2 Portfolio

- › Taking a two year view, the weighted average valuation upside of the listed holdings in the portfolio based on SB2 forecasts is greater than 70%.
- › The SB2 equity portfolio quantitatively reflects the investment philosophy of the Investment Team – that is focused on capital preservation and long-term capital.
- › Growth and income from its investments and generating attractive risk adjusted returns over the long term.
- › As such, the weighted average investment profile of our portfolio (as at 30/04/2025) features:
  - › Weighted average FY25-26F Revenue growth of c.19%
  - › Weighted average FY25-26F EBITDA margin of c.15%
  - › Weighted average FY25-26F NPAT margin of c.3%
  - › Weighted average FY25-26F P/E multiple of c.8.6x

## Metrics of the Listed Portfolio\*\*

	FY24A	FY25F	FY26F
<b>Key Ratios</b>			
EV / Revenue (x)	2.2x	1.9x	1.6x
EV / EBITDA (x)	7.7x	6.4x	6.0x
EV / EBIT (x)	12.9x	9.1x	9.2x
P / E (x)	10.0x	9.8x	7.4x
<b>Portfolio Financials</b>			
Revenue Growth (%)	17%	18%	19%
EBITDA Margin (%)	10%	13%	17%
EBIT Margin (%)	-4%	4%	10%
NPAT Margin (%)	-8%	-1%	6%

\*\*\*\*All metrics reflect weighted averages of the combined portfolio based on SB2 forecasts, as at 30/04/2025, adjusted for abnormalities.

# Q&A



# CONTACT US

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