

Solid Interim Result, Dividend Up

- Underlying NPAT of \$9.8m, up 36.1% on 1H14
- NPAT of \$137.3 million, materially higher due to portfolio mark-to-market at merger
- Interim FY15 dividend of 24.0 cps, up 4.3% on 1H14
- Aggregate FUM of \$50.9 billion, up 167% on 1H14
- Strong performance from leading boutiques – RARE, Seizert IML and Aether
- \$40m new capital raised by Treasury in December 2014 and January 2015
- Work towards new investment opportunities progressing well

Treasury Group Limited (ASX:TRG, “Treasury” or “the Company”) is pleased to report the Company’s half year results for the six month period ending 31 December 2014. The results reflect Treasury’s stand-alone result for the period from 1 July 2014 to 24 November 2014 plus Treasury’s share of post-merger economics for the period from 25 November 2014 to 31 December 2014. The relatively short period as a merged group and the timing of recognition of some income and expense items has impacted the half year result and Treasury cautions against simplistic extrapolation.

On 25 November, 2014, Treasury Group completed a merger with Northern Lights Capital Group (NLCP), a US based multi-boutique asset management business. As part of the transaction, a new Australian trust (Aurora Trust) was established to own interests in the combined portfolio of boutiques. Together Treasury, NLCP and Aurora Trust are referred to as the Group.

Financial and Operational Results

Consolidated profit after tax (NPAT) for the six month period to 31 December 2014, totalled \$137.3m, an increase of 1,933% on the prior year (1HY14: \$6.8m). On an underlying basis, the Company’s profits were \$9.8m, an increase of 36.1% on 1HY14.

The key drivers for the increase in profit were continued strong earnings and growth from RARE and IML together with contribution from Seizert and Aether in the period post completion of the merger. On the other hand, investment performance at WHV was behind benchmark during the December quarter, impacted by a significant fall in the price of oil given resource sector exposures within its portfolio. Since completion of the merger, no dividend has been paid by WHV.

Total funds under management (FUM) at 31 December 2014 were \$50.9 billion, an increase of \$31.8bn or 167% on 1HY14 (\$19.1 Billion). The acquisition of Northern Lights contributed \$23.1bn of the aggregate FUM as at 31 December 2014. RARE and IML continued to experience strong funds inflows with combined inflow of \$0.8bn during 6 months to 31 December 2014.

Average net margin across Aurora Trust's portfolio of boutiques was 48 bps in 1H15. For the Treasury boutiques (pre-merger), the average net margin for the 1H15 was 53 bps, compared to 58 bps in 1H14.

Dividend

The board has declared a fully franked interim dividend of 24.0 cents per share, which is 4.3% higher than for 1H14. The Record Date for the Interim Dividend is 4 March 2015 and the Payment Date is 25 March 2015. The 1H15 dividend represents a payout of 67% of Underlying NPAT which is towards the bottom end of Treasury's dividend policy range of 60-80%.

Completion of Placement and Share Purchase Plan

On the 17th December 2014, Treasury Group successfully completed a \$30m institutional placement. In addition, a Share Purchase Plan was offered to existing shareholders which raised an additional \$10m of new equity capital. Funds raised from the placement and Share Purchase Plan will be used by the Company to subscribe for additional units in Aurora Trust, increasing Treasury's interest from 61.2% to an expected 64.0%.

Summary of the Profit and Loss for the half year ending 31 December 2014:

A\$000's	1H15	1H14	% Change
Total Revenue	\$1,155	\$1,030	12%
Equity Share of Associates	\$9,510	\$9,701	(2%)
Share of earnings from Aurora	\$1,940	-	-
Expenses	(\$3,428)	(\$3,661)	6%
Underlying Net Profit After Tax	\$9,837	\$7,209	36%
Basic Earnings Per Share (cents)	41.4	29.3	41%
Dividend Per Share (cents)	24.0	23.0	4%

Treasury Group's Chairman, Mr Mike Fitzpatrick commented:

"This represents another strong result for the company which was achieved during a period of significant change following the merger with Northern Lights and subsequent equity raising. The merged group provides exposure to a more diversified portfolio of investments which is well placed to deliver strong growth and shareholder returns into the future."

Treasury Group's CEO, Mr Andrew McGill commented:

"We are pleased to report another strong result for Treasury and the Group which was achieved during a period of significant change for our business. Completion of the merger with Northern Lights diversified our earnings base and provides strengthened distribution and investment capabilities which we expect will underpin earnings growth going forward.

We are delighted with the continued growth and momentum at RARE and IML together with immediate earnings contribution from Seizert and Aether.

The successful recent capital raising leaves the Group ideally placed to take advantage of a strong deal pipeline and in this regard we expect to be in a position to provide further market updates in coming months."

- ENDS-

For further details please contact:

Joseph Ferrangina
Chief Financial Officer, Treasury Group
+61 2 8243 0400

For Media Enquiries please contact:

Rebecca Lawson
Media & Capital Partners
0433 216 269

About Treasury Group

Treasury Group and Northern Lights Capital Group is a multi-boutique asset management firm dedicated to providing value to shareholders, clients and partners. We apply our strategic resources, including capital, institutional distribution capabilities and operational expertise to help our partners excel. After the merger, Treasury Group and Northern Lights Capital Group collectively has approximately A\$51 billion under management across a global platform of 21 boutique asset managers, as of December 31, 2014.

Treasury Group Ltd



TREASURY GROUP LIMITED

HALF YEAR RESULTS PRESENTATION

31 DECEMBER 2014

Agenda



1. Overview
2. Treasury Group 1H15 Results
3. Aurora Trust 1H15 Results
4. Outlook
5. Appendix - Group Structure

1. Overview



Momentum from key boutiques driving improved outcomes

Financial

- » Underlying NPAT of \$9.8m – up 36.1% on 1H14
- » Statutory NPAT of \$137.3m includes significant abnormals (mark to market revaluation of TRG portfolio at merger completion)
- » Interim dividend increased to 24.0cps
- » Successful \$40m capital raising by TRG and Aurora

Operational

- » Strong momentum at RARE and IML – earnings contribution from Seizert and Aether
- » Retail net inflow (aggregate) for RARE and IML (including QV Equities) of \$460m for 1H15
- » Aggregate FUM of \$50.9bn at 31 Dec 14 – up \$1.3bn or 2.7% for half year
- » Completion of merger with Northern Lights
- » Short term focus on post-merger integration matters
- » Strong pipeline of new investment opportunities

1. Overview



Operational summary

- » Merger with Northern Lights completed
- » Portfolio of 21 boutiques across the group with improved diversification by strategy, clients and geography
- » Strengthened internal investment and distribution capabilities at TRG/NLCP
- » Celeste to be owned directly by TRG following issues with share transfer process. TRG ownership interest of Aurora Trust unaffected
- » Since merger completion, no dividend paid by WHV. Discussions with WHV continuing
- » Strong FUM growth at several boutiques during December quarter
 - RARE: up 8.7%
 - IML: up 5.7%
 - Seizert: up 2.0%
 - Blackcrane: >\$100m of inflow

1. Overview



Capital raising uses of funds

- » Specifically identified investment opportunities - \$12.2m
 - Drawdown by ROC on the loan facility - \$1.5m in Dec 14
 - Follow-on investment of \$1.8m in Nereus completed in Feb 15
 - New investment opportunities – on track (first announcement expected April)
- » Acquisition of minority interests in Northern Lights
 - Process commenced
- » Capital available for future opportunities and to provide balance sheet flexibility

2. TRG Results



Treasury Group pro forma vs actual vs prior year results

P&L Highlights (A\$m)	TRG Standalone 1H15	TRG Underlying 1H15	TRG Underlying 1H14	Variance %
Revenue	0.7	1.2	1.0	nm
Employee expenses	1.9	1.9	1.8	-
Other expenses	1.6	1.6	1.4	nm
Equity Share of Associates	11.6	9.6	9.7	nm
Share of earnings from Aurora	-	1.9	-	nm
Gain/(Loss) on sale of investments	<u>0.3</u>	<u>0.3</u>	-	-
Net Profit Before Tax	9.1	9.5	7.5	26.7%
Income tax expense/(benefit)	<u>(0.1)</u>	<u>(0.3)</u>	<u>0.3</u>	200%
Net Profit After Tax	9.2	9.8	7.2	36.1%
Earnings Per Share (cents)	38.5	41.4	29.3	41.3%
Dividend Per Share (cents)	24.0	24.0	23.0	4.3%

- » TRG Statutory NPAT for 1H15 \$137.3m
- » Actual 1H15 figures include 21 weeks pre-merger results plus 5 weeks post-merger (exposure through Aurora Trust)
- » Short period post merger - caution against simplistic extrapolation
- » Merger structure tax efficient for TRG
- » Majority of staff and other expenses now incurred at Aurora level
- » Gain due to sale of investments in Aubrey and Octis funds

2. TRG Results



Very significant non-recurring items in 1 HY15

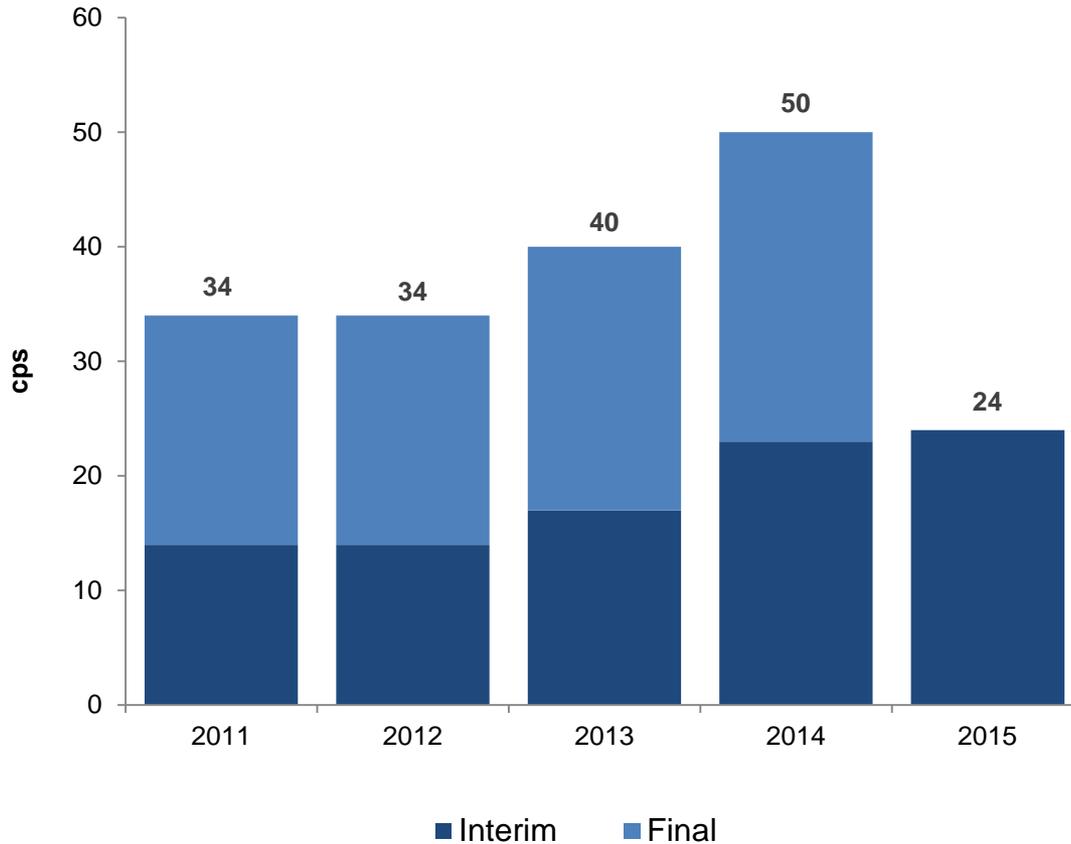
Treasury Group P&L (A\$m)	1H15	1H14
Profit After Tax	137.3	6.8
Gain on sale net of transaction costs and income tax expense	(127.5)	
Legal, consulting and restructuring costs		0.2
Impairment of goodwill		0.2
Underlying Profit	9.8	7.2

- » Gain on sale is mark to market adjustment of all assets and liabilities at the time of transfer to Aurora trust
- » Total transactions costs incurred by TRG were \$5.3m

2. TRG Results



Dividend increased



- » Interim dividend 24 cps, fully franked
- » Payout ratio of 67% against underlying NPAT

3. Aurora Trust Results



Balance sheet

Balance Sheet – Aurora Trust (A\$m)		31 Dec 2014
Current Assets		47.0
Non-Current Assets		
Investments in Associates	313.4	
Goodwill and other Intangibles	239.7	
Other NCA	<u>10.6</u>	563.7
Total Assets		610.7
Current Liabilities		23.0
Non-Current Liabilities		
Debt, Vendor Finance, Promissory Notes	98.2	
Contingent Liabilities	<u>50.9</u>	149.1
Total Liabilities		172.1
Net Assets		438.6

- » TRG owned 61.2% of Aurora trust as at 31 December (expected to be 64.0% on the basis that other Aurora Trust unitholders participate to the level that has been indicated)
- » Carrying values marked to market as at merger completion – will be subject to impairment testing in future
- » Other Intangibles subject to amortisation going forward
- » Contingent liabilities are earn out arrangement related to NL portfolio
- » Pro forma to reflect proceeds from institutional placement

3. Aurora Trust Results



Details of Non-Current Liabilities

Name	Amount	Maturity	Notes
Redeemable Preference Units	USD 15m	May '16	Unit holder debt
Redeemable Preference Units	USD 42m	Nov '16	Unit holder debt, contingent on value of certain NL boutiques achieving profit targets by 2021. Conditional refinance obligation in Nov '16. Relevant boutiques include EAM, Blackcrane, Nereus, Raven and NLAA
Promissory Notes	USD 17.5m	50% Nov '18 50% Nov '19	Vendor finance related to Seizert acquisition
External Debt Facility	USD 47m	Nov '19	Held within Midco

» AUD 26m of cash surplus cash available, providing balance sheet flexibility

3. Aurora Trust Results



Illustrative aggregation of portfolio P&L as if all boutiques were 100% owned

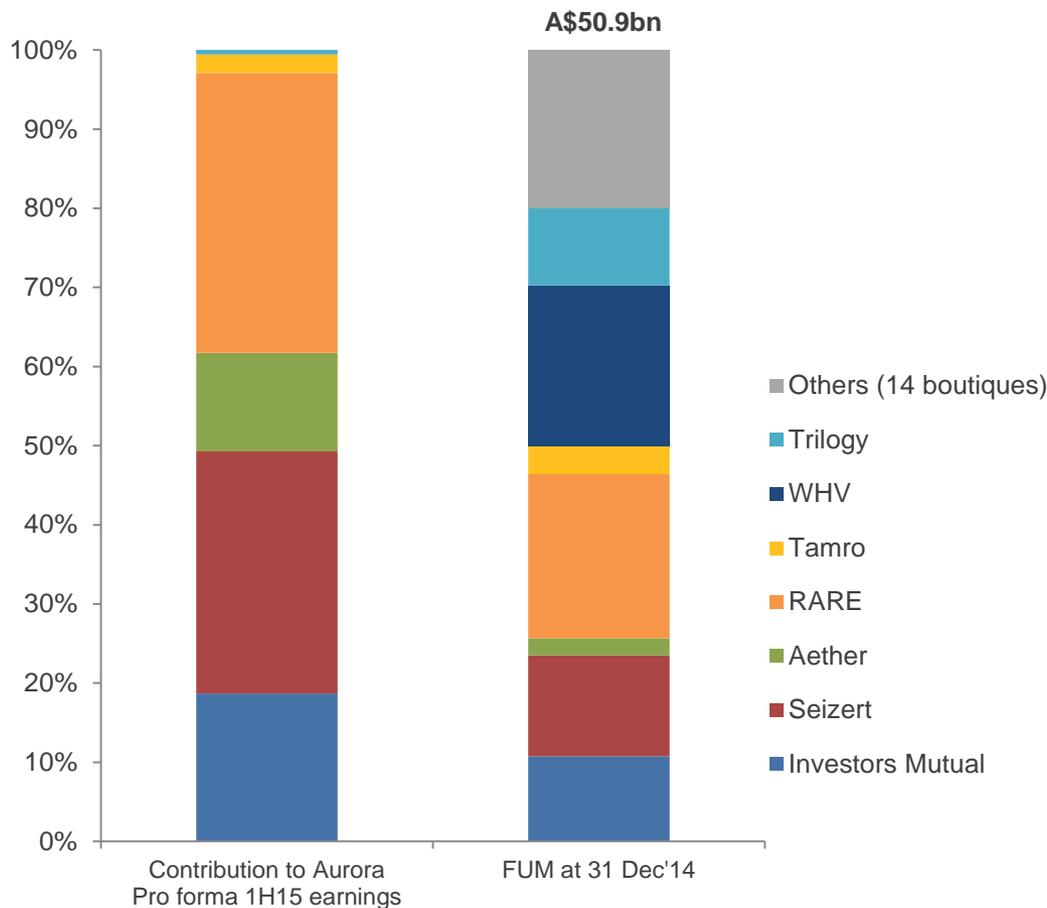
Aggregate P&L for Boutiques (A\$m)	Pro-forma 1H15
Year end FUM (\$bn)	50.9
Average Net Margin (%)	48 bpts
Management Fees	83.1
Other income	<u>2.6</u>
Gross Profit	85.7
Employee expenses	24.0
Other expenses	<u>19.2</u>
NPBT	42.5
Income Tax	<u>5.1</u>
NPAT	37.4
Aurora Share of After Tax Profit	20.7

- » Total FUM of A\$50.9bn at 31 December 2014
- » Aggregated results include all the boutiques of TRG and Northern Lights
- » Excludes Aurora management and operating costs and interest expense
- » Average net margin excludes Trilogy and WHV

3. Aurora Trust Results



Contribution by boutique – pro forma for 6 months



- » RARE, Seizert, Investors Mutual and Aether contribute the majority of earnings
- » No dividend received from WHV in 1H15, however A\$1.0m of fee income received
- » Well diversified portfolio of strategies spread across US equities, international equities, emerging market equities, private equity and hedge funds
- » Broad client diversification
- » Approximately 45% of FUM denominated in USD

4. Outlook



TRG/NLCP Group is well positioned

- » Merger with Northern Lights completed
 - Establishes platform for future growth
 - Significantly improved access to international clients and deal flow
 - First new investment opportunities on track
 - Strengthened distribution and investment capabilities
 - Seizert performance to date ahead of expectations

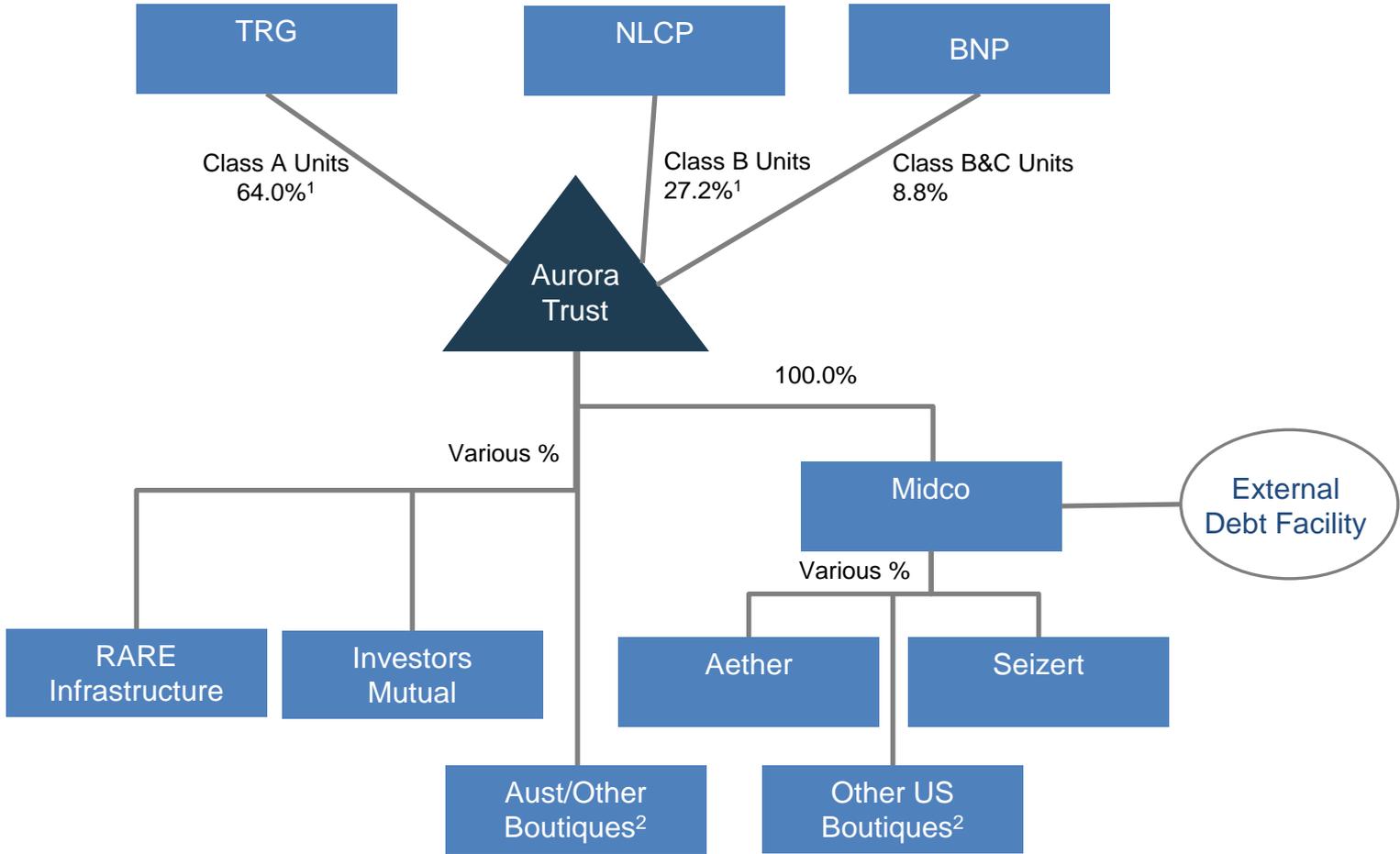
- » Continued momentum at RARE and IML
 - Aggregate Retail net inflows averaged \$77m per month for 1H15

- » Successful recent capital raising leaves TRG/NLCP Group well positioned

5. Appendix



Simplified Group Structure



1 Ownership percentage based on current expectation following completion of Aurora capital raising process

2 Excludes Celeste and Del Rey which are held directly by TRG and NLCP respectively

Disclaimer



The information in this presentation is general background information about Treasury Group Limited and is current only at the date of this presentation. In particular, this presentation:

- » is not an offer or recommendation to purchase or subscribe for securities in Treasury Group Limited, nor is it an invitation to any person to acquire securities in Treasury Group;
- » is not personal advice and does not take into account the potential and current individual investment objectives or the financial situation of investors; and
- » contains information in summary form and does not purport to be complete.

Certain statements in this presentation may constitute “forward-looking” statements. Forward-looking statements are neither promises nor guarantees and involve known and unknown risks, uncertainties and other factors which may cause actual results to vary materially from any projection, future results or performance expressed or implied by such forward-looking statements.