



Henry Morgan

# Announcement

Henry Morgan Limited

ACN 602 041 770

5 February 2018

## Business update

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Henry Morgan Limited (ASX: HML) (**Henry Morgan** or **Company**) refers to previous announcements dated 26 May 2017, 5 October 2017, 3 November 2017, 30 November 2017 and 4 January 2018 regarding the proposed acquisition by John Bridgeman Limited (**John Bridgeman**) of Henry Morgan's stake in JB Financial Group Ltd (**JB Financial**).

As announced to the market on 4 January 2018, Henry Morgan has received a revised offer (**Offer**) from John Bridgeman, the terms of which were summarised in that announcement. The Company is currently finalising an agreement with John Bridgeman documenting the terms of this Offer.

By way of update to Henry Morgan's market announcements dated 3 August 2017 and 4 January 2018, BDO Corporate Finance (QLD) Ltd (**BDO**) is currently undertaking and finalising their independent expert's report (**Report**) as to whether the Offer is fair and reasonable as regards the disinterested shareholders of the Company. Once the Report has been finalised, it will be provided to shareholders together with other information regarding the Offer, for consideration at a general meeting.

John Bridgeman has advised that, on the basis of indicative acceptances, completion of the Offer will result in it holding 100% of the shares in JB Financial.

Henry Morgan also refers to the Company's market announcement dated 15 August 2017 concerning the appointment of BDO to review the Company's valuation of its unlisted investments that are included in the net tangible asset backing of the Company's quoted securities (**NTA**). Since that announcement, the Company has undertaken a strategic review of its portfolio. It is negotiating to divest its investments in all unlisted assets. Divestment of Henry Morgan's unlisted assets will enable all investments in its portfolio to then be valued on a mark-to-market basis.

**All transactions involving Henry Morgan's unlisted investments are being undertaken at or above their NTA.**

Separately, Henry Morgan has been advised that, following a strategic review, cost savings of \$916,075 pa in John Bridgeman and \$1,380,213 pa in JB Financial are being achieved through staff restructuring. An additional estimated \$400,000 pa in administrative cost savings are also in the process of being implemented. These cost savings, which combined are estimated to total \$2.7 million pa, are being achieved primarily through synergies in executive roles, the efficient use of contractors, and streamlining of investment structures and processes.

Following this strategic review, the combined John Bridgeman/JB Financial workforce comprises approximately 286 employees and over 868 contractors. Less than 5% of staff were affected by the staff restructuring process that has been undertaken.

It is anticipated that John Bridgeman's acquisition of JB Financial would allow for up to \$4 million in cost savings per annum to be achieved over the short to medium term.

Stuart McAuliffe, Managing Director and Chief Investment Officer, said, "I believe the offer made by John Bridgeman to Henry Morgan for its shareholding in JB Financial will prove very positive for Henry Morgan shareholders. It provides significant synergies and cost savings and also allows Henry Morgan to return to focus on its core global macro strategy. "



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"The Investment Manager's global macro strategy has continued to reap rewards for Henry Morgan, adding \$2,931,000 in profits over the last six months. This puts the Company in a strong financial position. Directors will consider declaring a dividend upon or prior to its voluntary suspension from the ASX being lifted."

**Kevin Mischewski**

Company Secretary

**Henry Morgan Limited**

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