

## **RECORD FIRST HALF RESULT STATUTORY PROFIT UP 83% ON 1H17 STRONG INVESTMENT IN GROWTH**

Sydney, 22 August 2018

Moelis Australia's first half 2018 ("1H18") key financial metrics are significantly up on the first half 2017 ("1H17") previous corresponding period ("pcp").

- Statutory profit<sup>1</sup> up 83% pcp (\$15.0 million up from \$8.2 million)
- Underlying revenue up 54% pcp (\$56.2 million up from \$36.4 million)
- Underlying EBITDA<sup>2</sup> up 82% pcp (\$22.2 million up from \$12.2 million)
- Underlying NPAT<sup>2</sup> up 85% pcp (\$15.2 million up from \$8.2 million)
- Underlying EPS<sup>2</sup> up 36% pcp (9.9 cents up from 7.3 cents)

The result can be attributed to strong performance across the Group.

Corporate Advisory & Equities revenue was in line with the strong 1H17 result. Based on the current Corporate Advisory transaction pipeline we expect to generate revenue for the full year within our stated long term Corporate Advisory productivity guidance of \$1.1 - \$1.3million per executive. Transactional highlights in the first half included advising Saputo on its \$1.3 billion acquisition of Murray Goulburn and the \$233 million IPO of Pivotal Systems.

The Asset Management division continues to achieve strong growth. Asset Management revenue in 1H18 was 144% higher than 1H17, driven by a material increase in recurring income.

The Redcape Hotel Group now has assets of approximately \$1 billion and has performed strongly. Since acquisition approximately a half of the Redcape portfolio has been independently re-valued as a requirement of its banking facility. The revaluation process has seen a \$73 million (12%) uplift. Since acquisition, Redcape has acquired an additional 7 hotel assets for \$231 million and sold 2 hotels at above book value for a total of \$23 million<sup>3</sup>. The IPO of Redcape remains on track for November 2018.

Client investment inflows into Moelis Australia managed funds was approximately \$300 million in 1H18, double that achieved in 1H17. Since 30 June 2018 additional inflows of approximately \$150 million have been achieved taking AUM to approximately \$3.3 billion across more than 2,000 clients.

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<sup>1</sup> Statutory profit is total comprehensive income as disclosed in the Company's half year financial statements.

<sup>2</sup> Underlying EBITDA, NPAT and EPS and other measures of underlying performance are not prepared in accordance with International Financial Reporting Standards and are not audited. Underlying measures excludes certain items which are disregarded by management when assessing the Group's performance.

<sup>3</sup> Redcape Hotel Group is currently contracted to sell an additional asset for \$21m.

In addition to existing client inflows, Moelis Australia secured commitments of \$140 million<sup>4</sup> from a global institution for deployment into real estate lending, forming part of a broader potentially larger management programme over the next 4 years –Moelis Australia will co-invest.

Moelis Australia's increasing focus on credit related Asset Management opportunities continues to build momentum. Obtaining an Australian Credit Licence in May 2018 has facilitated the early stage development of specialised lending platforms capable of originating smaller ticket, larger volume loan pools, via specialised intermediaries, for inclusion into managed fund portfolios. Our credit funds have been well received by our investor base and we see opportunities to continue to grow assets under management in this area.

We continue to invest in strengthening our Asset Management and corporate platform. Over the past year, we have hired over 20 executives focused on sales, marketing, investment management and administration, upgraded technology platforms and opened an office in Shanghai ("OpEx Investment").

This OpEx Investment is important for future growth and highlights our willingness to dilute short term results for the benefit of longer term performance. Regardless of this OpEx Investment, we were able to increase Moelis Australia's Underlying EBITDA margin from 33% in 1H17 to 39% in 1H18.

It is a core strategy to build our asset backing, largely in the form of strategic & co-investment stakes in managed funds or the seeding of investment opportunities prior to offering as managed funds. The asset backing of the Group continues to grow and as at 30 June 2018, Moelis Australia had over \$200 million of net tangible assets. This comprised over \$150 million in strategic & co-investment positions and approximately \$70 million in cash.

The level of cash reserves held during 1H18 also had a dilutive impact on earnings. However, it positions us well to deploy capital into higher returning assets, such as credit products held pending sell-down into managed funds. Reflecting the significant opportunities ahead we are likely to draw additional borrowings of up to \$30 million under our unsecured notes programme prior to year-end.

Jeffrey Browne, Chairman of Moelis Australia said "We are very pleased with the overall performance of the business. The company continues to evolve and grow in capability and reach. The fact that we have been able to significantly grow earnings, while at the same time investing in people, brand and systems, demonstrates a strong focus from management and our confidence in the opportunities ahead."

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<sup>4</sup> Not included in \$3.3 billion AUM as loan funds yet to be drawn.