LEVEL 27 | GOVERNOR PHILLIP TOWER
ONE FARRER PLACE | SYDNEY NSW 2000
T +61 2 8288 5555 F +61 2 8288 5550

RECORD FINANCIAL RESULT

UNDERLYING EBITDA $57.5M UP 38% ON FY17

Sydney, 20 February 2019 – Moelis Australia Limited ("Moelis Australia") (ASX:MOE) announces its full year financial result for the year ended 31 December 2018. Key underlying metrics include:

- **EBITDA of $57.5 million – 38% higher than FY17**
- **NPAT of $39.3 million – 35% higher than FY17**
- **Revenue of $136.3 million – 27% higher than FY17**
- **Earnings per share of $0.257 – 12% higher than FY17**
- **Declares fully franked dividend of 8.0 cents per share – 14% higher than FY17**
- **EBITDA margin grew to 42% compared with 39% in FY17**
- **Assets Under Management ("AUM") of $3.7 billion – Up $800 million in FY18**
- **Net Assets of $240.8 million, including $86.7 million in cash**

Summary of Group Performance

Whilst 2018 was a challenging year in financial markets, owing to market volatility and a growing influence globally of political and regulatory uncertainty, it proved to be another year of overall strong performance and growth for Moelis Australia.

We are pleased to have been able to deliver significant growth in the majority of our financial metrics while at the same time strengthening our overall business platform and maintaining our unique culture. Underlying EBITDA growth of 38% was driven by record revenue of $136.3 million and growth of our EBITDA margin from 39% to 42%. Importantly we were able to grow our profitability while, at the same time, investing heavily in people and systems to support long-term growth and sustainability.

At this time last year we highlighted our concerns regarding the outlook for markets and the overall economy. Consequently we operated with caution when allocating capital and thus maintained a strong balance sheet, highlighted by approximately $87 million in cash at year's end. Our strong cash balance positions the business well moving into 2019. We cannot control market volatility, regulatory or political uncertainty, nor the strength of the economy. However, we can manage the way we operate in a changing financial environment.

Our Corporate Advisory and Equities business generated revenue of $51.5 million having advised on approximately $6.6 billion worth of transactions and 48 client mandates. A key productivity metric in Corporate Advisory is revenue per executive. In 2018 this was $1.2 million, within our stated guidance range of $1.1 – $1.3 million but below FY17's achievement of $1.5 million.

Our Asset Management business grew assets under management by approximately $800 million supported by our philosophy of co-investment. Strong client inflows were achieved with an almost doubling of the number of clients investing in our various funds and the listing of Redcape, our first ASX listed fund.

Redcape

Market volatility in the last quarter impacted the execution of the IPO of Redcape. Despite the challenging capital markets at the time, we were pleased that the IPO was successfully delivered.

Since listing, Redcape's share price performance has been disappointing. However, as long-term investors we remain confident of Redcape's prospects and consider it to be a well-managed and desirable real estate backed business.

The distribution yield on Redcape securities combined with its strong real estate backing should continue to position it as an attractive investment. Redcape remains on track to meet the distributable earnings per security guidance provided in the Product Disclosure Statement at the time of listing on 30 November 2018. Responding to a softer consumer market towards the end of the first half Redcape management has taken a proactive approach to carefully manage operating performance whilst continuing to deploy growth capital.

Moelis Australia and its executives have over $60 million invested in Redcape which reflects both our confidence in it as a business and strong alignment of interest with our co-investors.

Aged care

Moelis Australia has significant investments in the aged care sector both directly and via the funds it manages. In September 2018 the Government announced a Royal Commission into aged care. The associated regulatory uncertainty, in addition to the overall difficult operating environment, have adversely impacted the performance of some of our investments, and in particular our strategic investment in Japara. Notwithstanding these difficulties we remain of the opinion that aged care represents a significant investment opportunity over the coming years – particularly given Australia's aging population.

We believe that the real estate backed nature of aged care will underpin value for investors or provide funding alternatives for operators.

Given the environment we will proceed with caution. However, we remain firmly committed to the benefits of counter cyclical investment strategies and believe that over time patience will be rewarded. Our investments in the aged care sector positions us well to benefit from improved market fundamentals in this vital service to Australian society.

Credit

In 2018 we materially increased our focus on the origination of credit and the associated creation of credit funds for our clients. As we stated numerous times last year we believe that investment in credit has the potential to deliver superior risk adjusted returns relative to many other classes of investment.

We are pleased with the progress of our activities in the credit markets. In 2018 we originated approximately $300 million in loan assets across a variety of wholesale and consumer loan markets. Loans originated have been funded with a combination of our own balance sheet and managed funds.

The rate of our credit origination has been moderated by our overall cautious view of the economy, and in particular the Australian residential sector. However, despite our high underwriting standards and overall caution, we continue to see significant opportunity in credit origination across many parts of the economy. We believe that 2019 will continue to present opportunities to deploy a combination of balance sheet capital and the expansion of credit related investment funds for clients seeking stable income producing investments with lower risk and volatility characteristics than equity related investments.

FY18 Performance by Division

Asset Management

Asset Management continues to represent a significant growth opportunity for Moelis Australia. Consequently, we invested heavily in our platform in FY18. It was pleasing that alongside our investment in people and systems we were able to materially increase revenue, EBITDA margin and AUM.

Investment in Asset Management was through the recruitment of executives in marketing and distribution, specialist investment management, client service and technology. Notably we obtained a business licence in China and opened an office in Shanghai, headed by a Managing Director with 30 plus years China experience to assist in servicing China based clients and the origination of capital for future funds.

In FY18 the contribution to Group revenue from Asset Management activities grew to 62% which represented 80% of Group underlying EBITDA before corporate overheads, up from 48% in FY17.

Total revenue derived from Asset Management was $84.8 million (+95% on FY17). Approximately 70% of FY18 Asset Management revenue is recurring in nature, the balance being a combination of transaction and performance fees and mark-to-market of strategic and co-investments and income on those investments.

Net growth in AUM was approximately $800 million (up 28% on FY17) across a range of asset classes including core real estate, operating real estate and credit. Our focus on credit based products, although still in its early stages, has produced pleasing results (credit AUM was up approximately 50% to over $600 million) and represents an important component of our future strategy and growth.

Our investor base has further diversified and also grown in number. We experienced strong inflows from sophisticated investors, both Australian and foreign, and we also secured two additional institutional mandates in credit and core real estate. Investor clients by number grew materially from approximately 1,300 at the end of FY17 to more than 2,500 at end FY18

(+92%). This reflects broader brand and product confidence and a larger distribution team marketing our various funds.

Corporate Advisory & Equities

Underlying revenue from the Corporate Advisory and Equities business was $51.5 million (versus $63.8 million in FY17).

The fall in Corporate Advisory revenue relative to FY17 was due to a combination of factors including global equity market volatility in the first and more significantly the last quarter of FY18 where the S&P ASX300 index fell approximately 9%. Lower revenue per executive in FY18 than FY17 should be viewed not just in the context of market conditions but also the fact that productivity in FY17 was above our stated productivity guidance range. We believe that the FY18 productivity achieved in a volatile market demonstrates the quality of our Corporate Advisory business and its capacity to deliver relatively consistent revenue irrespective of changing market conditions.

Late in FY18 we strengthened our Corporate Advisory team with the hiring of two experienced Managing Directors and associated teams. This represents the first investment in senior advisory executives for a number of years and reflects our desire to grow our overall footprint in Corporate Advisory and the market opportunities we see ahead. These executives joined in January 2019 and augment our long held practice of developing executive talent from within our business.

Equities commission revenue was broadly in-line achieving $9.2 million in FY18 compared with $9.6 million in FY17. The Equities business continues to provide a research and sales trading platform to service our institutional clients and distribute equity capital markets transactions.

Balance Sheet

At the end of FY18 Moelis Australia carried strategic & co-investment positions of $284.1 million and net tangible assets of $217.8 million. This included cash of $86.7 million and represents a net tangible asset increase of approximately 15% on the previous corresponding period.

The prudence that was displayed in how our capital was deployed in 2018 will continue in 2019. The consequence of holding large cash balances (as we did over 2018) is generally dilutive to what near-term earnings may otherwise have been. However, we have always managed the business for the long-term and believe that holding cash provides us with the greatest flexibility to take advantage of opportunities when they arise.

Outlook

2019 marks the 10th anniversary of operation for Moelis Australia. Over our first decade we experienced the ups and downs of managing and building a business. We are focused on long term performance and ensuring that we have the culture, people and platform to continue our growth through business and asset value cycles.

Our focus on long term performance can be demonstrated by our track record. Between 2014 and 2018 we grew underlying EBITDA 14x, greatly assisted over this period by the growth in our Asset Management activities where AUM grew 9x.

The economic outlook in 2019 is uncertain. Global markets are likely to continue to experience volatility. The Australian economy is suffering from a deterioration in consumer confidence alongside slowing key economies such as China, the US and Europe. Political uncertainty in the US and Britain, and global trade tensions, coupled with the NSW State and Australian Federal elections, will further complicate market sentiment in the short term.

Despite the challenging underlying economy we believe that interest rates should be maintained at relatively low levels – which should provide a level of support for asset values and the economy overall.

During weak economic times our Corporate Advisory business has historically performed well. Lower equity capital market revenue, normally associated with volatile equity markets, is typically offset by stronger revenues in areas such as restructuring and mergers & acquisitions advisory. Whilst still very early in the year, the Corporate Advisory pipeline is strong and we see many of our clients actively seeking transaction opportunities.

Growth in AUM will be determined by a combination of net client flows and our success in launching new funds and attracting further institutional mandates. Early signs for inflows into our various funds are encouraging. However, our propensity to increase AUM is also tempered by our preparedness to acquire or originate assets. Whether it be for client funds or through the utilisation of our balance sheet capital, we will not seek AUM growth for the sake of it. Our intention is to act with continued prudence in allocating capital.

We believe that our consumer credit origination growth can accelerate and we see this as an opportunity to invest in attractive risk adjusted assets which are focused on yield and not likely to be as significantly impacted by a weaker or uncertain economy as many other forms of investment.

Whilst it is difficult to forecast when opportunities may eventuate, we remain confident that patience can deliver our shareholders attractive returns over the longer term. Experience tells us that patience during weakening markets is repaid many times over as attractive opportunities arise. It is generally the case that when very attractive opportunities are scarce, capital is plentiful. When capital is scarce, very attractive opportunities are more plentiful.

As investment opportunities emerge we will benefit from our investment expertise, availability of cash on balance sheet, liquidity within our managed funds and our marketing and distribution platform.

Moelis Australia operates with a culture of partnership and stakeholder alignment. This culture is put into action in many ways. Most importantly executives own approximately 39% of Moelis Australia with the majority subject to voluntary long-term escrow arrangements. Co-investment into managed funds at a corporate level and in addition by executives is significant. Further, we have a strong focus on alignment of executive compensation with the investment outcomes of our clients and shareholders.

Moelis Australia Chief Executive Andrew Pridham said “I would like to thank our staff for again delivering an outstanding result in what was a challenging environment. Our business continues to grow and is well placed to continue to deliver our clients and shareholders excellent outcomes into the future.”

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