

Chairman's Address to 2020 Annual General Meeting

26 May 2020 – Mr. Jeffrey Browne, Chairman, Moelis Australia Limited

Good morning ladies and gentlemen. My name is Jeffrey Browne and I am the Chairman of your company.

I'd like to begin by acknowledging the land on which I stand today is land that was traditionally under the custodianship of the Whadjuk people of the Noongar nation. I would also like to acknowledge the land on which our Executives Directors meet which was traditionally under the custodianship of the Gadigal people of the Eora nation. I pay my respects to elders past and present and bid warm welcome to any first Australians that are present today or have dialed into the webcast.

On behalf of my fellow Directors, I welcome you all to the 2020 Annual General Meeting of Moelis Australia.

As we present before you today, the impact of the COVID-19 pandemic has presented many challenges to all of us, and in particular those, like us, who run significant businesses. However, I am very pleased with the manner in which our Board and executive team have navigated the challenges presented to us.

We are in a strong financial position and our solid operating performance thus far in 2020, notwithstanding the extremely difficult environment, demonstrates the strength of our Company.

As reported in our COVID-19 market updates on 3 April and 13 May 2020, we remain well positioned for growth.

Our many strengths include exceptional executive talent, strong corporate governance and of course a healthy balance sheet comprising net assets of \$192 million including \$134 million of cash in addition to over \$155 million in investments.^{1,2,3} Further, many of the funds we manage hold significant cash balances. We believe that strong liquidity will prove a very valuable advantage as investment opportunities arise following the devastating impacts of COVID-19 on so many sectors of the economy.

Following an outstanding result in financial year 2019 our focus in 2020 has been ensuring we deal with the impacts of COVID-19 appropriately and emerge from this challenging period in a position of strength.

Some of the key actions we have taken include:

- Successfully refinancing \$32.2 million of borrowings that were due for repayment in September 2020.

¹ At 30 April with all listed investments (including Redcape Hotel Group) held at their close price on the ASX at 12 May 2020

² Includes \$12.9 million of cash received for MOE Bond IV which will be applied to the repayment of MOE Bond I

³ The balance sheet has been adjusted to reflect the total economic exposure to Moelis Australia (predominately removing the consolidation of a Moelis Australia managed credit fund)

Demand for this new financing was oversubscribed by investors. This bond issue extends until September 2024 and provides us with considerable flexibility and demonstrates confidence in our Company.

- We have reviewed our operating costs and where appropriate reduced them. This includes a reduction in executive remuneration during the uncertainty of the pandemic period. I would like to take this opportunity to thank our executives for willingly accepting compensation reductions for the overall benefit of all shareholders. This reflects our culture of alignment and corporate responsibility.
- We have undertaken a detailed review of our managed funds to ensure they are positioned appropriately given the material change in economic circumstances; and
- We have reviewed our strategy and medium-term growth plans to ensure they remain consistent with the environment we are now in.

I am pleased to be able to report that our financial position is strong. Notwithstanding the significant level of uncertainty in global markets we are well placed to meet any further challenges as the world emerges from this crisis.

I announced an important phase of the Company's succession planning in February 2020. The transition of Andrew Pridham from CEO to Executive Vice-Chairman and the appointment of Julian Biggins and Chris Wyke as Joint CEOs has been seamless and a great success. The announcement was met with a sense of natural progression amongst staff and Andrew, Chris and Julian are performing exceedingly well in their new roles.

Financial year 2019 ("FY19") was our 10th year of operation and we achieved strong Underlying financial⁴ and operational results alongside significant investment in people.

At a Group level, we achieved Underlying Revenue of \$158.3 million which represents a 16% increase on financial year 2018 ("FY18"). This translated into Underlying EBITDA of \$63.5 million and an attractive Underlying EBITDA margin of 40%. Underlying net profit after tax increased to \$40.2 million – up 2% on FY18. We also paid a dividend to shareholders of 10 cents per share – up 25% on 2018.

Our Asset Management business made very good progress in FY19. Overall Asset Management, contributed Underlying Revenue of \$96.7 million, resulting in Underlying EBITDA of \$52.5 million. This represented 77% of FY19 Group Underlying EBITDA before corporate overhead.

We grew assets under management to \$4.9 billion, up 32% on FY18, reflecting our growing institutional relationships and the benefits of our international and domestic high-net-worth distribution channels. We continue to invest heavily in our China capabilities and growing our presence in the Chinese market remains an ongoing priority. We continue to benefit greatly from our investment in China and expect significant growth

⁴ Please refer to Moelis Australia Limited's 2019 Annual Report for a description of the Underlying financial measures

in this area over the medium term. In addition, we have materially increased our focus on developing relationships with global institutional partners.

Our Corporate Advisory & Equities division achieved a strong result with Underlying revenue of \$61.7 million in 2019. Productivity per Corporate Advisory executive was \$1.2 million of revenue per head, in the middle of our stated target range of \$1.1 million – \$1.3 million. The Equities business result was broadly in-line with FY18 and was instrumental in facilitating important equity capital market transactions.

In November 2019, we bought back eight million shares from long-standing partner Moelis & Company. This transaction in conjunction with their associated sell-down benefited all shareholders, principally by increasing the free-float of Moelis Australia shares, earnings-per-share accretion of 5% on a full year basis and by Moelis Australia ceasing to be considered a foreign corporation under Australian law.

We are also proud to note the continued growth of the Moelis Australia Foundation. The Foundation has now received pledges of over \$7.1 million since inception and is distributing these funds to a variety of causes, selected in consultation with our staff.

In conclusion I am delighted that Moelis Australia continues to perform strongly and is in a strong financial and operational position. I am confident that our Company is well positioned for ongoing growth, regardless of the uncertainties inherent in the current environment.

On behalf of the Board, I would like to thank all our staff for their continued resilience during these challenging times and to shareholders for your ongoing support of the Company.

ENDS

Authorised for release by the Board of Directors, Moelis Australia Limited.

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