



MOELIS AUSTRALIA

1H19 Result Presentation



Explanation of Underlying Measures in this Presentation

Moelis Australia utilises non-IFRS “Underlying” financial information in its assessment and presentation of Company performance. In particular the Company references Underlying Revenue, Underlying Earnings Before Interest, Tax, Depreciation and Amortisation (“EBITDA”), Underlying Earnings Per Share (“EPS”) and Underlying Net Profit After Tax (“NPAT”).

Moelis Australia places great importance and value on our Statutory financial measures. Moelis Australia Directors believe that, when read in conjunction with the Statutory measures, the Underlying measures are useful to the reader as:

- The Underlying measures, which have been consistently presented in all financial disclosures since listing on the ASX in April 2017, reveal the underlying run rate business economics of the Company;
- The Underlying measures are used by management to allocate resources and make financial, strategic and operating decisions. Further, all budgeting and forecasting is based on Underlying measures. This provides insight into management decision making; and
- The Underlying adjustments have been consistently applied in all reporting periods, regardless of their impact on the Underlying result.

The Underlying financial information is not prepared in accordance with Australian Accounting Standards (“AASB”) and International Financial Reporting Standards (“IFRS”) and is not audited. Detailed reconciliations between the Underlying and IFRS measures are provided on pages 29 & 30 of this presentation and in the related 30 June 2019 Consolidated Half Year Financial Report (“Half Year Report”).

Notes on Underlying Approach

The calculation of the Underlying measures aligns with the approach required by AASB 8 Segment Information and detailed in the disclosures in Note 2 Segment Information of the Half Year Report.

In order to arrive at the Underlying measures, the Company makes a number of adjustments to the IFRS measures which give rise to differences in classification and differences in measurement. A detailed reconciliation and explanation of these adjustments is included on pages 29 & 30 of this presentation.

Differences in classification arise because the Company chooses to present some IFRS measures in a different way in the Underlying results.

Differences in measurement principally arise where the Company prefers to use non-IFRS measures to better:

- Align with when management has greater certainty of the timing of cash flows;
- Regulate the variability in the value of key strategic assets, specifically the investment in Japara Healthcare Limited;
- Normalise for the impacts of one-off transaction costs; and
- Recognise staff share based bonus expense in the year granted as opposed to over the vesting period.

1H19 Statutory Result

Statutory Results per Financial Statements	unit	1H18	1H19	Growth
Net income	[\$m]	57.3	61.4	7.2%
Net profit after tax	[\$m]	10.7	7.5	(30.2)%
Total comprehensive income	[\$m]	14.4	9.8	(32.3)%
Earnings Per Share	[cents / share]	7.4	4.9	(33.6)%
Cash and cash equivalents on balance sheet	[\$m]	71.7	105.7	47.4%
Net tangible assets per share	[\$ / share]	1.36	1.43	5.1%

Statutory Measures should be read in conjunction with the 30 June 2019 Half Year Report and the Underlying Measures included on the following page

1H19 Underlying Result

Underlying Results ¹	unit	1H18	1H19	Growth
Underlying Revenue	[\$m]	56.2	68.0	21.0%
Underlying EBITDA ²	[\$m]	23.3	26.7	14.6%
Underlying NPAT	[\$m]	15.2	17.0	11.8%
Underlying Earnings per share	[cents / share]	9.9	11.1	12.1%
Assets Under Management	[\$b]	3.2	3.9	21.9%
Cash and cash equivalents on balance sheet	[\$m]	71.7	105.7	47.4%
Net Tangible Assets per share	[\$ / share]	1.36	1.43	5.1%

Strong Underlying EBITDA growth alongside significant investment in people and growth in cash holdings.

Underlying Measures should be read in conjunction with Statutory Results

GROUP OUTLOOK



Group Outlook

We expect Underlying EBITDA for FY19 of not less than \$60m from Underlying revenue of approximately \$155m

Key assumptions for this forecast include productivity from our Corporate Advisory executives at the bottom end of our \$1.1m – \$1.3m revenue per executive guidance range and no material deployment of our significant cash holdings into strategic opportunities



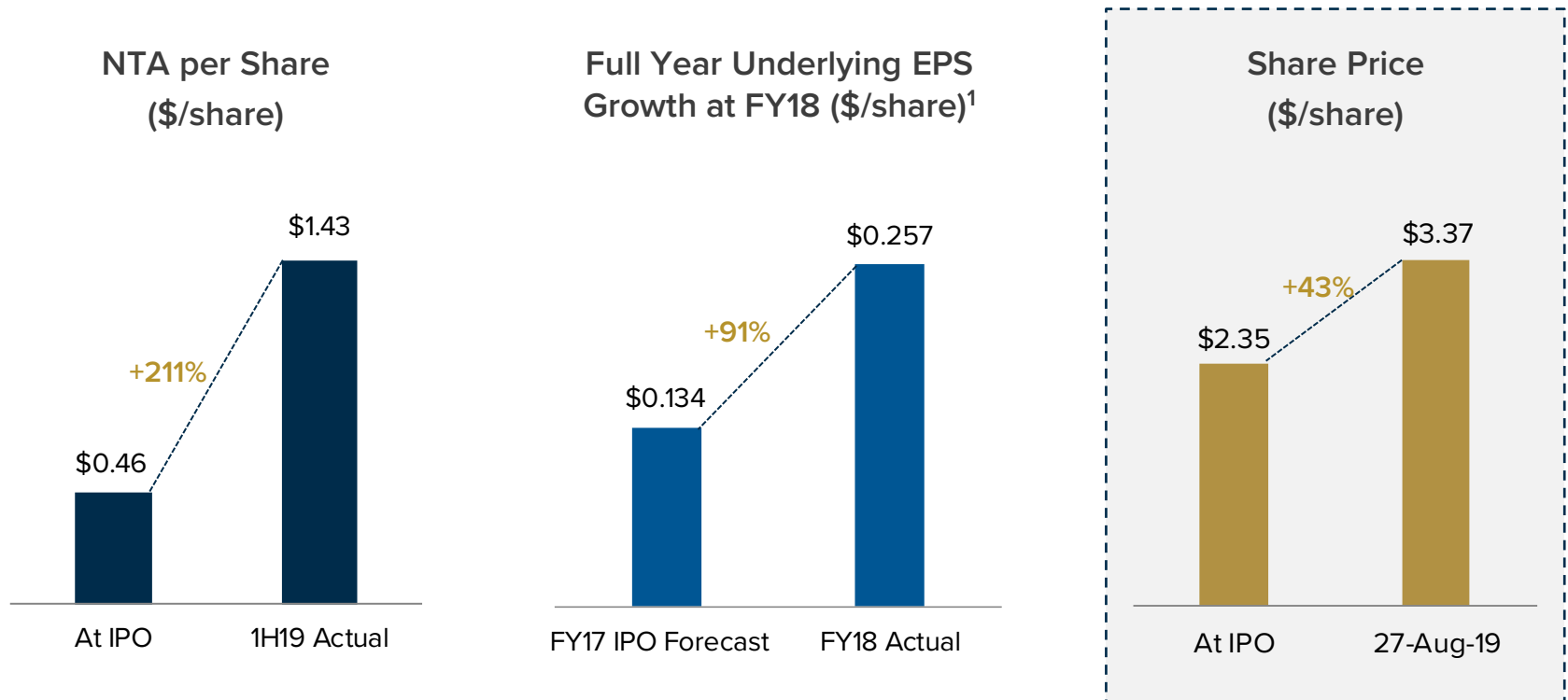
Our Corporate Advisory & ECM transaction pipeline is strong

Having a large cash balance gives us capacity to invest strategically when opportunities arise. We are constantly evaluating ways to deploy this capital

Improved Key Financial Metrics since IPO

Significant Growth in NTA per Share & Underlying EPS since IPO in April 2017

Cash has grown from \$52m at IPO to \$106m at 1H19 which provides scope to drive EPS growth



ASSET MANAGEMENT



Asset Management Update

The Asset Management division produced over 70% of Group Underlying Revenue in 1H19

The overall performance of our asset management business has been pleasing



Redcape's portfolio is trading strongly and we believe it is well positioned for a strong performance in its FY20

Strategic investment in Japara Healthcare and managed funds in the childcare sector have, overall, been disappointing. Both the aged care and childcare sectors have experienced difficult market dynamics over the past 12+ months. However, we are working hard to maximise outcomes for our investments in these sectors and have dedicated considerable resources to extract value for all stakeholders

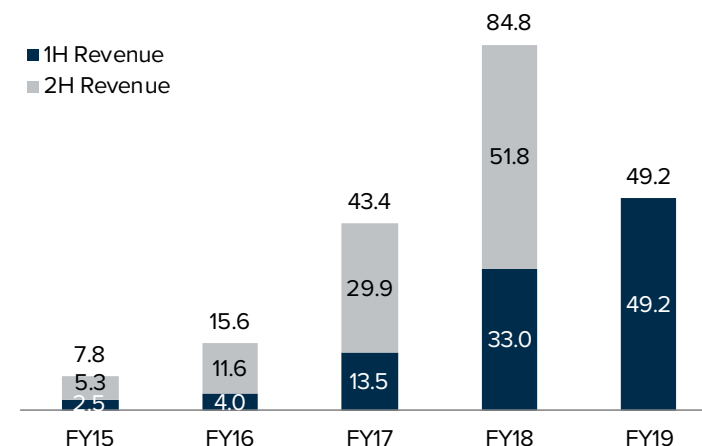
SIV inflows continue to be pleasing as is our progress in raising non-SIV investment capital from foreign HNW clients

Asset Management Performance

Key Underlying Financials (\$m)

Underlying Financials	1H18	1H19	Growth
Base Management Fees	21.9	24.1	10.0%
Principal Investment Income	4.5	8.6	89.3%
Total Recurring Revenue	26.4	32.7	23.2%
Transaction Fee Revenue	2.5	2.2	(10.9)%
Performance Fee Revenue	0.4	9.0	n/a
Mark-to-Market of Investments	3.6	5.3	48.4%
Total Underlying Revenue	33.0	49.2	49.1%
Underlying EBITDA	20.3	30.6	51.2%
Underlying EBITDA Margin	61.4%	62.3%	1.4%

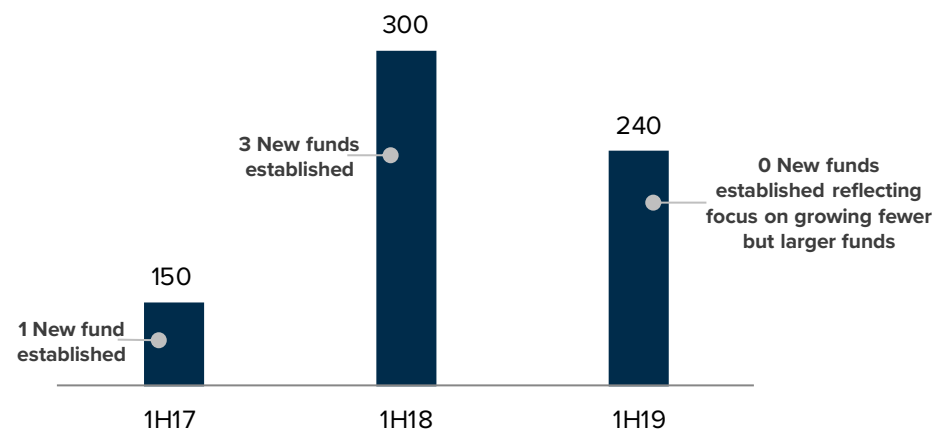
Historical Underlying Revenue (\$m)



Key Takeaways

- Recurring revenue reflects growth in AUM and principal investment income
- Base management fees reduced by once off fee waiver of \$1.5m in relation to Redcape
- Performance and transaction fees reflect the imbedded value to MOE of some of our key managed funds. As these funds grow, so does the potential for larger more regular performance and transaction fees
- 1H19 capital raising into existing open funds was pleasing. Our capability to raise new capital continues to grow. We are making good progress in broadening our network of IFAs and inclusion of funds on wrap platforms
- Significant investment in people and systems over the past 18 months has positioned the platform for scaled growth

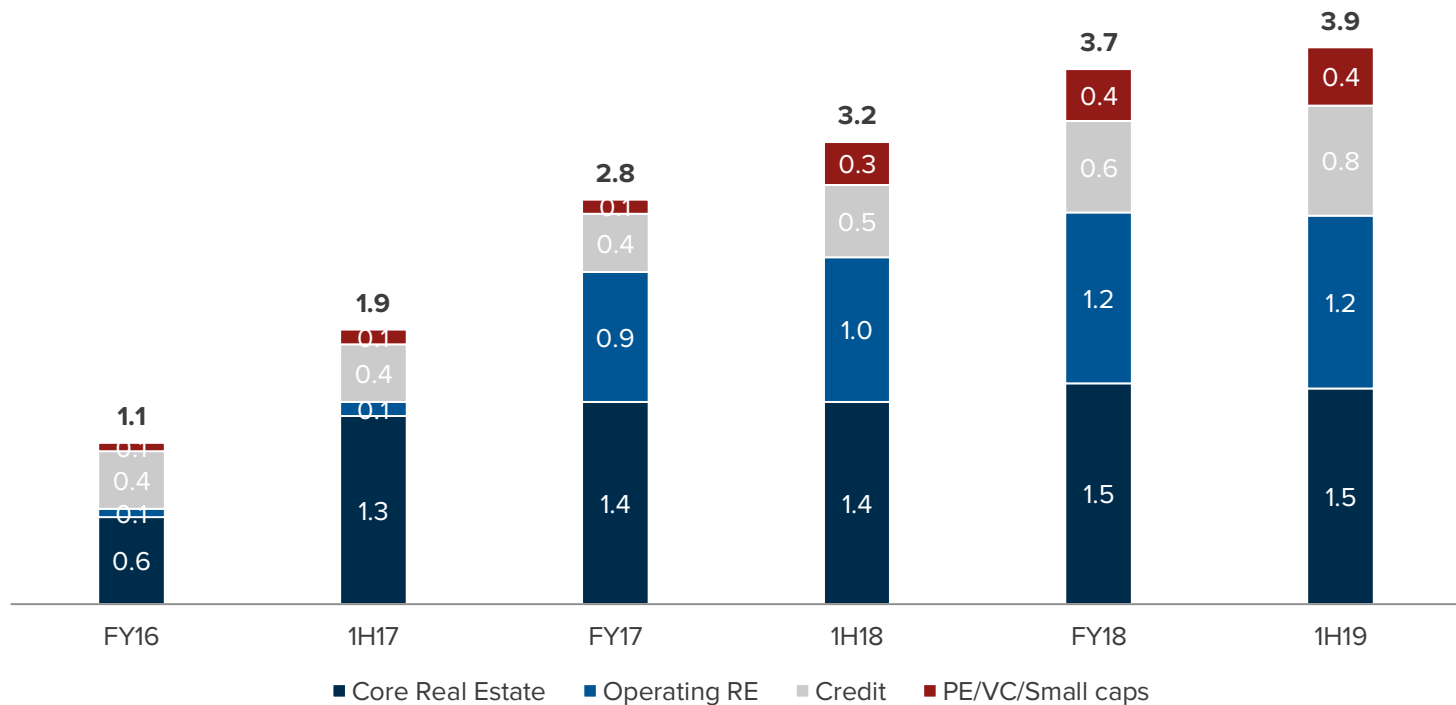
Historical capital raised (\$m)



Net AUM Growth and Composition (\$b)

Our on-going strategy of growing real estate and credit AUM remains a key focus

Net AUM growth reflect inflows, redemptions and fund realisations



AUM Focus

Focus on **larger and scalable** funds across credit and real estate

Our clients are seeking yield

Redcape
c.\$1.1b AUM
+18% pcp AUM Growth

ASX Listed
Institutional & Retail Investors

Core Real Estate
c.\$1.5b AUM
+7% pcp AUM Growth

Shopping Centres and
Commercial Assets

Wholesale Funds
Institutional & HNW Investors

**Secured Loan
Fund**
c.\$200m AUM
+340% pcp AUM Growth

1st Mortgages
with c.65% LVR
HNW Investors

**Fixed Income
Fund**
c.\$70m AUM
+\$60m Growth YTD¹

Diversified Credit
HNW Investors

**Construction
Financing**
c.\$80m AUM
+129% Growth YTD

Senior secured first lien
Institutional
Investor

Asset Management – Credit

A significant opportunity in credit is being driven by investor demand for yield based products and a contraction in bank lending activities

Our credit products **focus on risk-adjusted returns** across:

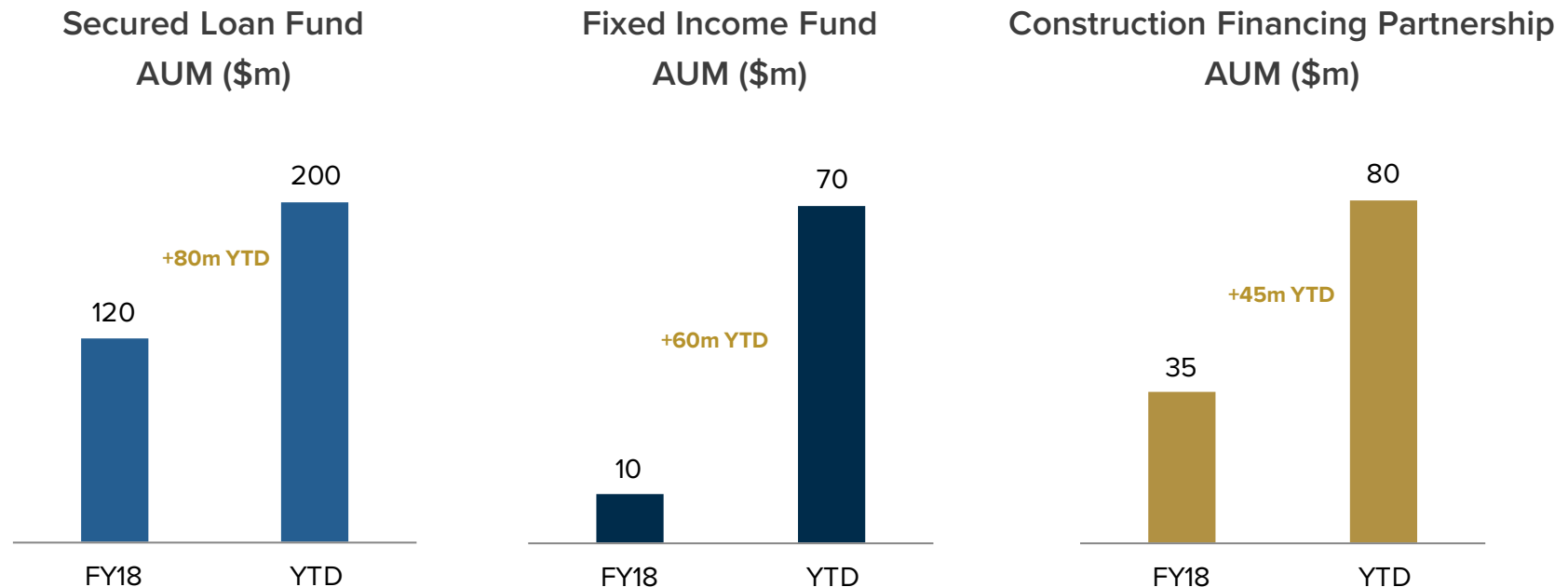
1. Senior secured first lien real estate construction financing (“Construction Financing Partnership”). This Partnership is with a major Global Financial Institution
2. First mortgage property lending (c.65% LVR)
3. Bespoke consumer credit – both indirect (law firms) and direct (law firm clients)
 - upon securing our Australian Credit License in May 2018 we have grown to be the largest nationwide provider of disbursement funding for personal injury claims
 - developed in house client and loan management platform (IT System)
 - this loan is book currently going through ramp up and is very promising
4. Corporate lending (secured by tangible assets)

Asset Management – Credit

We now have 15 full time staff focused on growth in credit platform development and credit funds management

Our two leading pooled credit funds are attracting strong inflows

Our Construction Financing Partnership has committed \$150m¹ to date with majority to be drawn by 31 December 2019



Chinese and Foreign HNW Investors

We manage c.\$1.7b in High Net Worth AUM for foreign investors

In 2018 Australia was the largest beneficiary of net migration from Chinese High Net Worth (“HNW”) immigrants globally¹

Building long-term relationships with Chinese & foreign clients is a key focus

We have a dedicated Chinese team with extensive language and cultural proficiency located in Sydney, Melbourne and China

We are leaders in Significant Investor Visa (“SIV”) Asset Management

Capital flows from HNW Chinese clients into the SIV program have remained strong. SIV inflows continue to exceed redemptions (i.e. clients who have achieved their residency objective)

Our 1H19 result includes strong capital inflows into funds from Chinese HNW clients investing outside the SIV program

**CORPORATE ADVISORY
AND EQUITIES**



Corporate Advisory & Equities Update

Underlying revenue for 1H19 in Corporate Advisory was down \$3.5m on the 1H18 result (equates to only 1–2 transactions)

Corporate Advisory revenue either invoiced or considered by management to be close to certain since 30 June 2019, is in the order of \$14m (versus \$15.2m for the entirety of 1H19)

Equities Commissions were \$0.9m lower in 1H19 than 1H18 but this was almost fully offset by reduced costs

Corporate Advisory pipeline is strong for 2H19 and indicates that full year revenue should be above that of FY18 (subject to conducive market conditions)

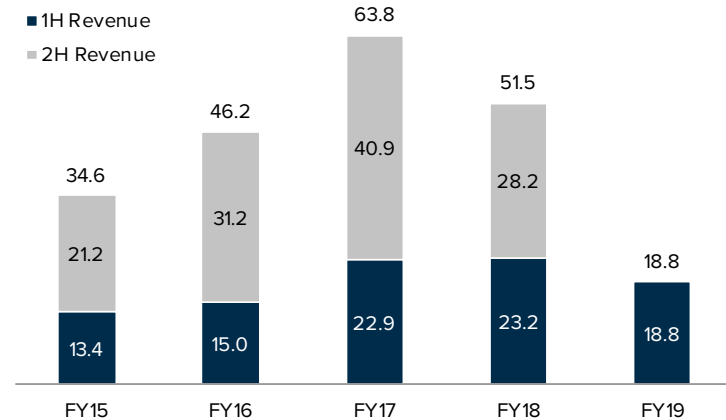
Investment in new senior Corporate Advisory and Equity Capital Market (“ECM”) executives has strengthened our client offering

Corporate Advisory & Equities Performance

Key Underlying Financials (\$m)

Corporate Advisory & Equities	1H18	1H19	Growth
Corporate Advisory Fees	18.7	15.2	(18.6)%
Equities Commissions	4.5	3.6	(21.4)%
Total Underlying Revenue	23.2	18.8	(19.1)%
Underlying EBITDA	6.2	0.5	(92.2)%
Underlying EBITDA Margin	26.6%	2.6%	(90.4)%

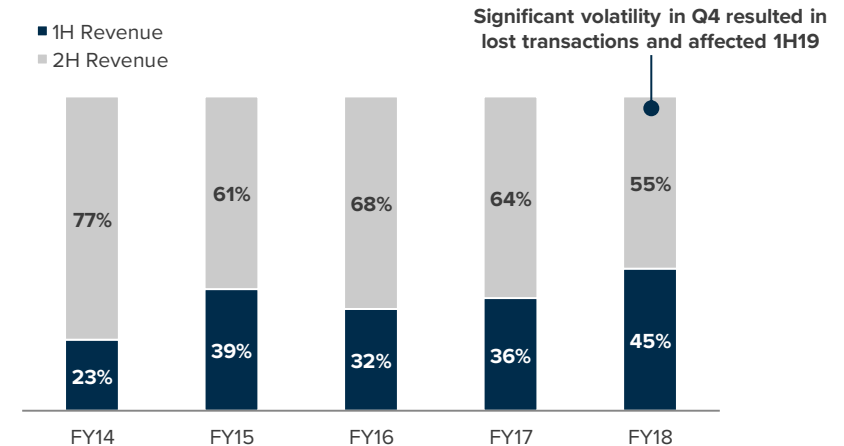
Historical Underlying Revenue (\$m)



Key Takeaways

- In our 10 years of operation Corporate Advisory has consistently delivered productivity that averages between \$1.1m and \$1.3m per annum (2018 was \$1.2m per executive)
- Revenue historically weighted c.66% to second half with c.40% in the fourth quarter
- New MD hires performing well but typically take 18+ months to reach full productivity. These hires reflect an important long-term investment in growing our capability in Corporate Advisory and ECM
- Equities commissions were \$0.9m lower in 1H19 than 1H18 which was almost fully offset by a lower cost base reflecting strategic changes we made to the business early in 1H19

Revenue Seasonality



**GROUP STRATEGY AND
1H19 REVIEW**



Moelis Australia Overview

Today we have over 190 Staff focused on
Asset Management. Corporate Advisory and Equities.



Manage over
\$3.9 Billion of AUM



Advised on over
\$100 Billion of Transactions¹



Raised over **\$7 Billion**
in ECM Transactions¹

Celebrating 10 years of operation

Our Strategy

Hire, train and retain **great people**

Earn and maintain **client trust**

Be patient and **invest for the long-term**

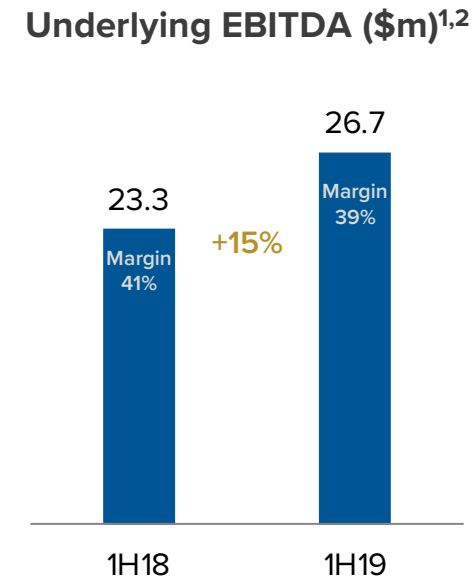
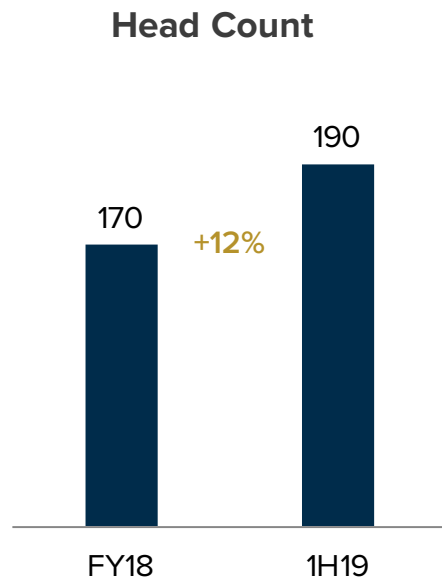
Grow revenue but **focus on underlying EBITDA and EPS**

Grow asset management platform – focus on real estate and credit

Maintain a **strong balance sheet**

Balancing Investment in Growth with Ongoing Profitability

In 1H19 we continued to make significant investment in people and systems across the business. We managed to do this for the longer term growth of the business whilst achieving attractive underlying operating margins

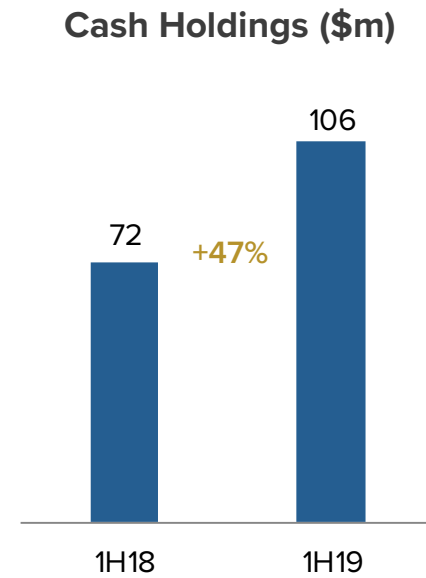
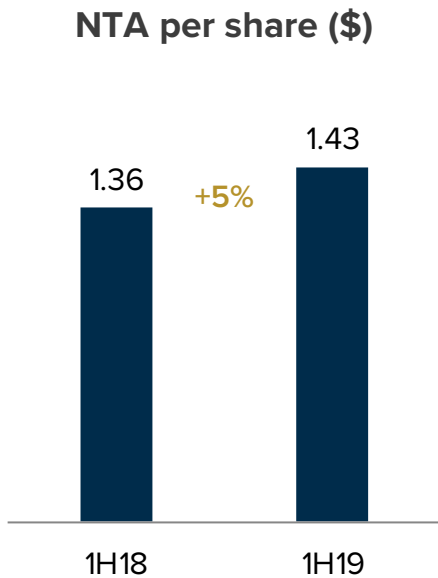


Strong and Growing Backing of Assets / Cash

We have maintained a disciplined approach to capital management

Growing net tangible assets (“NTA”) and cash holdings

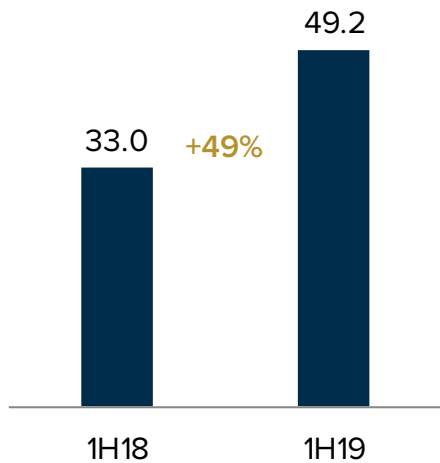
We remain disciplined in assessing new investment opportunities as our focus is on risk adjusted returns



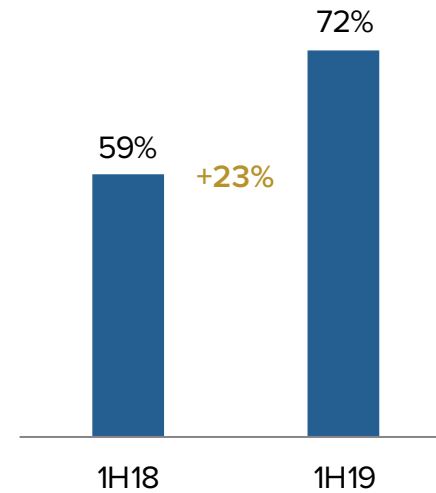
Asset Management Continues to Grow

Our Asset Management platform is growing strongly

**Asset Management
Underlying Revenue (\$m)¹**



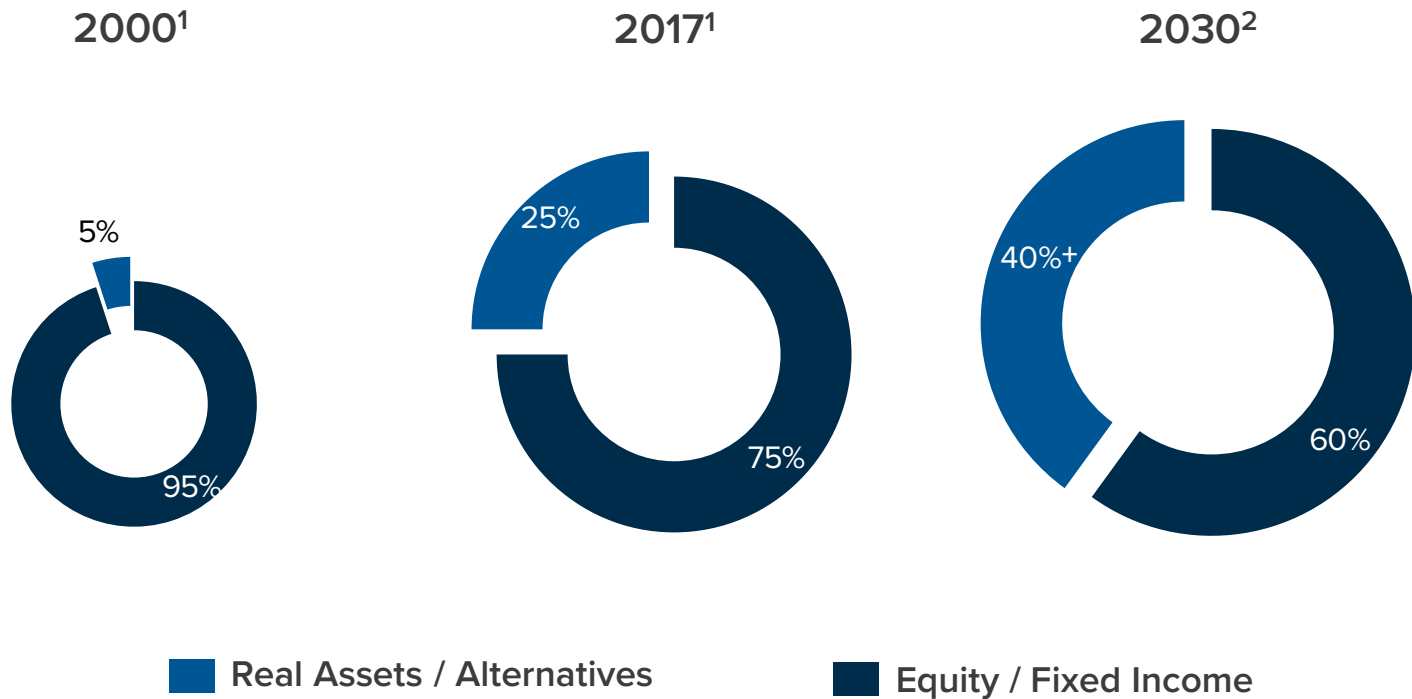
**Asset Management
Contribution to Group Revenue (\$m)¹**



We Operate in a Growing Addressable Market

We are well positioned in a growth sector

Global alternative asset allocation has strong tail-winds



1H19 FINANCIALS



Balance Sheet at 30 June 2019

Summary consolidated balance sheet (\$m)		
	31 Dec 2018	30 June 2019
Cash and cash equivalents	86.7	105.7
Loans receivable	86.0	96.2
Listed Investments	76.1	76.3
Unlisted Investments	35.2	40.2
Goodwill and Other Intangibles	23.0	22.4
Other Assets	42.7	53.9
Total Assets¹	349.7	394.7
Unsecured Notes – Group ²	57.2	57.2
Fund Preferred Units ²	0.0	30.8
Unsecured Notes – SPV ²	0.0	18.5
Other Liabilities	51.7	46.7
Total Liabilities¹	108.9	153.2
Net Assets	240.8	241.5
(-) Goodwill and Intangibles	23.0	22.4
Net Tangible Assets	217.8	219.1

Summary of Investments (\$m)		
	31 Dec 2018	30 June 2019
Cash	86.7	105.7
Credit	86.4	96.2
Redcape ³	58.5	59.4
Co-Investment	34.2	36.8
Japara ⁴	16.8	16.9
Other	1.5	3.3
Total	284.1	318.4

See investment detail in Summary of Investments below

Corporate bonds are fully guaranteed by Moelis Australia

“Fund Preferred Units” are consolidated assets and liabilities of a fund due to the preferential terms attaching to the 3rd party investor class of units. These fund preferred units are treated as debt in accordance with IFRS however Moelis Australia’s economic exposure is limited to the Group’s co-investment stake which amounted to \$3.1m as at 30 June 2019.

“Unsecured Notes – SPV” are unsecured, unsubordinated obligations of an SPV that invests in a diversified portfolio of loans. The notes have sole recourse to the assets of the issuing entity and are not guaranteed by the Group.

Relates to employee entitlements, bonus provision, lease liabilities, trade payables and tax.

Underlying Profit & Loss

Half Year end 30 June (\$m) ¹	1H18	1H19	Growth
Underlying Revenue			
Asset Management	33.0	49.2	49.1%
Corporate Advisory & Equities	23.2	18.8	(19.1)%
Total Underlying Revenue	56.2	68.0	20.9%
Expenses			
Compensation	27.6	34.3	24.2%
Marketing and Business Development	1.5	2.1	38.0%
Communications, IT & Market Data	1.5	2.0	36.4%
Occupancy	1.4	0.4	(70.1)%
Other Costs	2.0	2.5	20.6%
Total Expenses	34.1	41.3	21.1%
Underlying EBITDA²			
CA&E	6.2	0.5	(92.2)%
Asset Management	20.3	30.6	51.2%
Corporate Overhead	(4.3)	(4.4)	2.5%
Underlying EBITDA	22.2	26.7	20.6%
Underlying EBITDA with impact of AASB 16²	23.3	26.7	14.6%
Depreciation and Amortisation	0.2	1.5	524.0%
Net Interest expense	0.3	0.9	215.8%
Underlying PBT	21.6	24.3	12.4%
Tax	6.5	7.3	12.5%
Underlying NPAT	15.2	17.0	12.4%
Underlying EBITDA Margin with impact of AASB 16	41.5%	39.2%	(5.9)%
Compensation Ratio	49.1%	50.5%	2.8%

Underlying Results Reconciliation

	Notes				
First Half 2019 (\$m)	Page 30	Revenue ¹	EBITDA	NPAT	CI ²
1H19 Statutory Result		61.4	18.3	7.5	9.8
<i>Differences in measurement</i>					
Business acquisition adjustments	(a)	-	2.1	2.7	2.7
Share rights issued to staff	(b)	-	(1.7)	(1.7)	(1.7)
Unrealised gains/losses on investments	(c)	-	-	-	(0.1)
Adjustments relating to associates	(d)	2.4	2.4	2.4	0.1
Deferred performance fees	(e)	6.4	6.4	6.4	6.4
Profit on sale of a joint venture	(f)	2.2	2.2	2.2	2.2
Credit investments	(g)	(0.1)	(0.2)	(0.2)	(0.2)
<i>Differences in classification</i>					
Interest income	(h)	(3.8)	(3.8)	-	-
Unrealised gains/losses on investments	(i)	1.0	1.0	1.0	-
Credit investments	(j)	(1.5)	-	-	-
<i>Tax on adjustments</i>					
		0.0	-	(3.2)	(2.2)
Total adjustments		6.6	8.4	9.6	7.3
1H19 Underlying results		68.0	26.7	17.0	17.0
First Half 2018 (\$m)	Notes				
	Page 30	Revenue ¹	EBITDA	NPAT	CI ²
1H18 Statutory Result		57.3	21.9	11.3	15.0
<i>Differences in measurement</i>					
Business acquisition adjustments	(a)	-	2.1	3.3	3.3
Share rights issued to staff	(b)	-	(0.8)	(0.8)	(0.8)
Unrealised gains/losses on investments	(c)	-	-	-	3.3
Adjustments relating to associates	(d)	1.4	1.4	1.4	(6.1)
Credit investments	(g)	0.4	0.5	0.5	0.5
<i>Differences in classification</i>					
Interest income	(h)	(3.4)	(3.4)	-	-
Unrealised gains/losses on investments	(i)	1.2	1.2	1.2	-
Non-controlling interests		(0.6)	(0.6)	(0.6)	(0.6)
<i>Tax on adjustments</i>					
		-	-	(1.1)	0.5
Total adjustments		(1.1)	0.3	3.8	0.1
1H18 Underlying results		56.2	22.2	15.2	15.2

Notes to Underlying Results Reconciliation

Differences in Measurement

- a) The acquisition of Armada Funds Management in 2017 for cash and shares gives rise to non-cash IFRS expenditure relating to the amortisation of intangible assets of \$0.6m (2018: \$1.2m) and share based payment expense to the vendors who are now employees of the Company of \$2.1m (2018: \$2.1m).
- b) The Underlying measure expenses the full value of the share rights issued to staff as part of the annual bonus plan in the year of grant as opposed to over the vesting period (up to 5 years) per IFRS.
- c) Adjustment to remove unrealised gains/losses on the Group's strategic investment in Japara Healthcare Ltd. 2018 further comprises an unrealised gain of \$1.0m arising as a result of the initial adoption of AASB 9. The gain under AASB 9 was recognised directly in equity as at 1 January 2018 and as such not through the 2018 Statement of Profit or Loss and Comprehensive Income.
- d) The Underlying treatment records dividends and distributions received from associates in Revenue as opposed to the IFRS treatment of recording the Group's share of accounting profit or loss of the associate. Furthermore Underlying revenue recognises gains / losses in management's assessment of the Underlying value of the associate.
- e) Performance fees relating to Redcape Hotel Group disclosed in the 2018 statutory results but deferred to 2019 to closely align with transaction settlement and when the Group is certain of the timing of cash flows.
- f) The profit on sale of the Group's interest in Acure Asset Management disclosed in the 2018 statutory results but deferred to 2019 to closely align with transaction settlement and cash flows.
- g) The Underlying treatment excludes the movement in AASB 9 Expected Credit Loss provisions relating to loan assets. Specific provisions for loan impairments are included in both Underlying and IFRS measures as detailed in note (j) below.

Differences in Classification

- h) The Group consolidates the assets and liabilities of certain fund related credit initiatives. The interest expense of \$2.9m (2018: \$2.9m) relating to the liabilities is reclassified to Underlying revenue to offset against the interest income of the related loan assets to reflect the total net return to the Group. Further, interest income on cash and bank balances of \$0.9m (2018: \$0.6m) is reclassified to Underlying net interest expense.
- i) Unrealised gains / losses other than those identified in (c) above are reclassified from Other Comprehensive Income to Underlying Revenue.
- j) The provision for impairment of a loan asset is reclassified from statutory expense to Underlying Revenue.

Disclaimer

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This presentation does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. Any such securities have not been, and will not be, registered under the U.S. Securities Act of 1933 (Securities Act), or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States or to, or for the account or benefit of, persons in the United States, unless they have been registered under the Securities Act (which Moelis Australia has no obligation to do or to procure) or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the Securities Act.

Unless otherwise specified all information is for the half-year ended 30 June 2019. Reporting is in Australian Dollars.

This presentation provides further detail in relation to key elements of Moelis Australia's financial performance and financial position.

Any additional financial information in this presentation which is not included in the Moelis Australia Limited Consolidated Half Year Financial Report was not subject to independent audit or review by Deloitte Touche Tohmatsu.

Certain financial information in this presentation is prepared on a different basis to the Moelis Australia Limited Consolidated Half Year Financial Report, which is prepared in accordance with Australian Accounting Standards. Where financial information presented within this presentation does not comply with Australian Accounting Standards, a reconciliation to the statutory information is provided. See below for further details.