

# Allco Equity Partners Limited

**Annual General Meeting**

**5 November 2008**

Allco Equity Partners



- **Well positioned and robust investment portfolio**
  - Current portfolio includes 31% effective shareholding in the ASX listed IBA Health Group (“IBA Health”) and investments in Signature Security Group (“Signature”) and Baycorp Collections (“Baycorp”)
  - All positioned in defensive sectors
  
- **FY08 net profit after tax of \$19.9 million**
  - No major divestments
  
- **Remaining available cash to invest**
  - \$94.5 million as at 30 September 2008
  - No recourse debt on AEP balance sheet
  
- **Current market conditions provide opportunities for AEP**

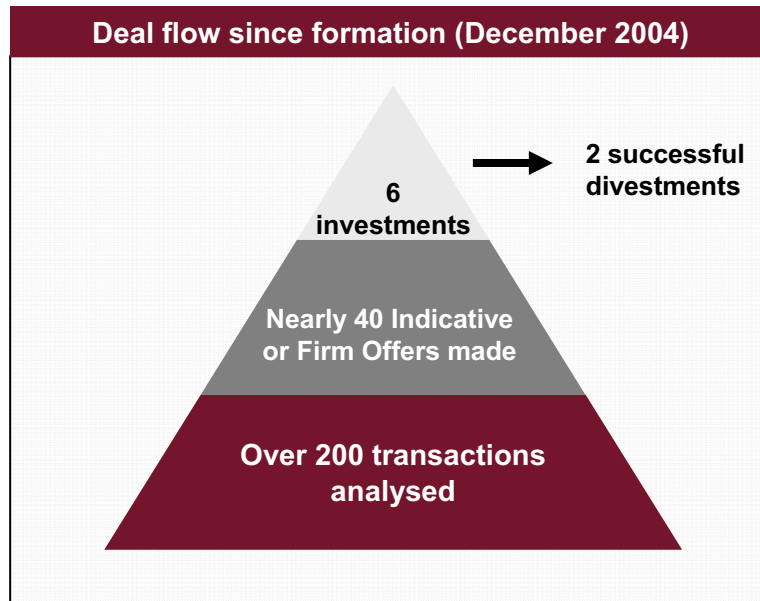
- **Shareholder distributions FY08**
  - Dividends           \$40.9m<sup>1</sup>
  - Share buyback   \$13.6m<sup>2</sup>
  
- **Current on-market share buyback**
  - Up to 5% of issued shares
  - Currently 65% through this buyback with up to a further 1.7 million shares to be bought back
  
- **Remaining available cash as at 30 September 2008 - \$94.5m**

1. Based on 2007 final year dividend of \$0.37/share and 2008 interim dividend of \$0.05/share

2. Cost of shares bought back during FY08

# Investment history

- In under four years AEP has invested over \$600m in operating businesses and returned or reinvested \$240m



# Net assets per share

	Carrying amount at 30 September 2008 <sup>1</sup>		Basis for carrying amount	Listed securities marked to market at 30 September 2008 <sup>2</sup>	
	\$m	\$ / share <sup>3</sup>		\$m	\$ / share <sup>3</sup>
<b>IBA Health</b>					
Shares & convertible notes	249.2	2.60	Equity accounted	190.3	1.98
Loan	60.2	0.63	Historic cost	60.2	0.63
<b>Signature net assets</b>	<b>58.7</b>	<b>0.61</b>	Consolidated	<b>58.7</b>	<b>0.61</b>
<b>Baycorp</b>	<b>44.4</b>	<b>0.46</b>	Equity accounted	<b>44.4</b>	<b>0.46</b>
<b>Cash and cash equivalents</b>	<b>94.5</b>	<b>0.98</b>	Actual	<b>94.5</b>	<b>0.98</b>
<b>Realisable securities</b>	<b>31.6</b>	<b>0.33</b>	Marked to market	<b>31.6</b>	<b>0.33</b>
<b>Other net assets (liabilities)</b>	<b>2.8</b>	<b>0.03</b>	Actual	<b>2.8</b>	<b>0.03</b>
<b>Dividend paid on 30 October 2008</b>	<b>(5.8)</b>	<b>(0.06)</b>		<b>(5.8)</b>	<b>(0.06)</b>
<b>Total net assets</b>	<b>535.6</b>	<b>5.58</b>		<b>476.7</b>	<b>4.96</b>
<b>AEP share price <sup>4</sup></b>		<b>1.80</b>			<b>1.80</b>
<b>Share price discount to NAV</b>		<b>68% or \$3.78</b>			<b>64% or \$3.16</b>

1. Excludes any current financial year contribution from equity accounted investments
2. Based on closing price of listed securities, including IBA Health, as at the close of trading on 30 September 2008
3. Based on 95,983,325 ordinary shares on issue at 30 September 2008
4. AEP closing share price as at 4 November 2008

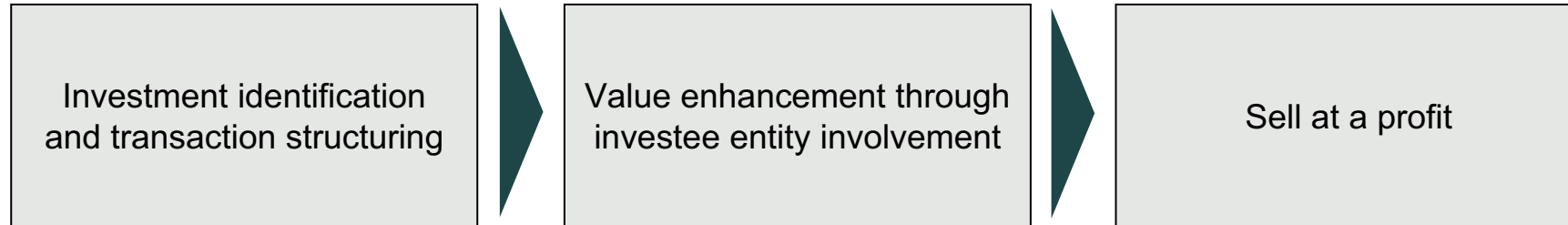
# Initiatives addressing AEP's share price

## Initiatives executed to date

- Board restructure
- On-market share buy-back
- Enhanced disclosure of investments
- Increased disclosure of IBA and outlook
- Increased investor communication

## Additional initiatives

- Company name change
- Steps to stabilise shareholder base
- Actively pursuing investments
- Investment exits at appropriate time



### Business characteristics

- Invest in operating businesses
- Inherent strength in the revenue stream
- Perform services which are less discretionary in nature

### Transaction characteristics

- Circumstances which make the investment unusually rewarding
- Opportunistic

### AEP role in investee entities

- Provide ownership and capital stability
- Set longer term strategic plans and goals compared to publicly listed environment
- Operational experience
- Provide robust corporate government environment

## Key facts

**ACQUIRED** – October 2007

% **OWNED** – 30.6% effective ownership

### AEP INVESTMENT:

Ordinary shares – \$200.0 million

Convertible notes – \$37.3 million

Subordinated debt – \$57.8 million

**HEAD OFFICE** – Sydney

**EMPLOYEES** – Approx. 3,800

## Investment outlook

- Globally healthcare spending continues to expand
- Growth in healthcare spending is being driven by:
  - ageing population
  - increased demand for access to healthcare services
  - requirement for more efficient healthcare services
  - increased demand for higher quality healthcare
- International environment favourable for IBA Health's IT solutions which address the above market demands

- IBA Health is a leading developer of software applications for healthcare, and the largest specialty information company listed on the ASX
- IBA Health designs, develops and delivers fully integrated healthcare IT solutions which support workflows across hospitals, GPs, specialists, aged and community care providers, the primary care sector as well as claims and payment processes
- Leading market position in UK, Australia, New Zealand, Netherlands, and in some parts of Asia. Key position in England's National Health Service's National Programme for IT, one of the world's largest civilian IT projects
- IBA Health's systems are installed in 13,000 health provider organisations in over 35 countries



## Key facts

**ACQUIRED** – January 2006

**% OWNED** – 96%

**AEP EQUITY INVESTMENT** – \$55.3 million

**CO-INVESTORS** – Management (4%)

**PURCHASE PRICE** – \$138.0 million

**HEAD OFFICE** – Sydney

**EMPLOYEES** – Over 400

## Investment outlook

- The lowest customer attrition levels in recent history
  - The strongest organic sales growth since 2001
  - Increasing channel sales growth, particularly in Australia
  - Strong growth in medical alarm monitoring in New Zealand
  - Strong pipeline of accretive acquisition opportunities
- A leading electronic security services company in both Australia and New Zealand
  - The security industry is generally not cyclical. Growth driven by changes in technology and increased awareness of security needs in the community
  - Services include the installation, security monitoring, maintenance, sale and leasing of electronic security equipment to residential and commercial customers
  - Signature provides alarm monitoring services 24/7 to approximately 100,000 premises. One of the few security companies in the industry with a network of Australian Grade A1 (or New Zealand equivalent) monitoring stations

## Key facts

**ACQUIRED** – June 2006

**% OWNED** – 50%

**CO-INVESTORS** – Funds managed by Propel Investments

**PURCHASE PRICE** - \$112.0 million

**AEP EQUITY INVESTMENT** - \$37.6 million

**HEAD OFFICE** - Sydney

**EMPLOYEES:** Approx. 400

## Investment outlook

- Slowing macroeconomic climate means need for debt recovery remains high
- Baycorp's disciplined approach to PDL purchasing has opened up further opportunities in FY09
- Baycorp remains conservatively leveraged and positioned for growth - shareholders have committed extra capital to be used for increased PDL investment over the next 24 months

- Baycorp is a leading debt management specialist to the corporate consumer market in Australia and across all business sectors in New Zealand
- Products and services include purchasing of debt ledgers, commission and fee for service based contingency collection services and full legal recovery services
- Well positioned to benefit from current economic conditions
- Benefiting from increased consumer debt volumes and trends to outsource collection

- **AEP has significant capital to invest**
  - \$94.5m cash balance as of 30 September 2008
  
- **Market conditions now moved to favour buyers**
  - Vendor expectations changing
  
- **Attractive investment opportunities in the small to medium capitalisation publicly listed environment**
  - Actively pursuing opportunities where businesses require additional capital for expansion or business transforming purposes

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