

# Stock Focus

## ELECTRO OPTIC SYSTEMS HOLDING (EOS.ASX)

E&P

Thursday, 2 July 2020

### Chinese checkers

Recommendation: Positive (was Neutral)

**Last price** **\$5.32**  
**Valuation** **\$7.14**

TSR	
Upside to valuation	34.2%
Dividend yield	0.0%
Expected total SH return	34.2%

#### EOS.ASX share price history v XJO.ASX

Source: EAP Research, IRESS



#### Trading Data

Last Price	\$5.32
Valuation	\$7.14
12 month range	\$2.98 - \$10.53
Market Cap	\$602m
Free Float	\$481m (80%)
12 month return (historical)	20.9%

#### Earnings revisions

	FY20	% chg	FY21	% chg
REVENUE (\$m)	230	0.0%	323	0.0%
EBITDA (\$m)	31	0.0%	50	0.0%
Adj. EPS (c)	17.5	0.0%	22.4	0.0%
DPS (c)	0.0	-	0.0	-
<b>Val</b>	<b>\$7.14</b>	<b>30.1%</b>		

#### Contract win

EOS has won a contract worth an estimated \$100m to supply the Australian Army with 250 Remote Weapon Systems (RWS). The build starts in the current half and will complete in 1H'21, filling the void created by delay to phase 2 of the UAE contract.

The contract forms part of the Federal Government's strategy to strengthen the country's capability, in response to the growing threat from China. The Defence budget totals \$575bn over the next 10 years, of which \$270bn has been allocated to hardware and capability (detailed in this report). This represents a 38% increase on the previous 10yr plan to 2026.

The supply of RWS is just the start for EOS, with even larger contracts in the offing for tank turrets (EOS is one of two bidding for \$1bn+, decision 2022) and space activities – the \$2bn earmarked for space situation awareness (i.e. satellite and space debris tracking) that was taken out last year has now been re-instated.

There is also scope for involvement in the supply of directed energy weapons (laser beams) for the close-range defence of naval vessels and armoured vehicles. Such weapons are already part of the company's anti-drone systems, but they have capabilities against much larger targets. Range is not an issue with lasers.

#### Earnings and Valuation

Our forecasts are unchanged, as this contract had been anticipated, but we have increased our blended valuation by 30% to \$7.14 (FY22 now incorporated).

#### Our Thinking

EOS remains an exciting long-term story. Years of heavy investment in developing cutting edge IP is paying off, with the company in a unique position to win sizeable contracts in Australia and overseas. The opportunities span weapon systems (ballistic and laser), space tracking and satellite communications. With the coronavirus disruption now priced in, we upgrade to Positive.

#### Earnings Forecasts

Yr to December	17A	18A	19A	20E	21E	22E
EBITDA (\$m)	(9)	7	25	31	50	89
Rep NPAT (\$m)	(9)	15	18	23	32	59
Adj NPAT (\$m)	(9)	10	18	24	33	60
Adj. EPS (c)	(14.3)	11.4	19.7	17.5	22.4	40.6
Adj. EPS Gth (%)	519.5	(179.9)	72.0	(11.2)	28.3	80.9
<b>PER (x)</b>	<b>NM</b>	<b>46.5</b>	<b>27.0</b>	<b>30.4</b>	<b>23.7</b>	<b>13.1</b>
PEG Ratio (x)	NM	NM	0.4	NM	0.8	0.2
DPS (c)	0.0	0.0	0.0	0.0	0.0	0.0
<b>Yield (%)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Franking (%)	0.0	0.0	0.0	0.0	0.0	0.0
<b>ROE (%)</b>	<b>(37.8)</b>	<b>10.4</b>	<b>8.0</b>	<b>6.2</b>	<b>7.9</b>	<b>12.5</b>
<b>EV/EBITDA (x)</b>	<b>NM</b>	<b>74.5</b>	<b>20.3</b>	<b>14.0</b>	<b>7.9</b>	<b>4.6</b>
Net Debt/EBITDA (x)	1.2	(6.7)	(3.4)	(5.7)	(4.1)	(2.2)
Int. Cover (x)	(253.2)	183.1	56.1	69.0	115.9	214.5
<b>Valuation (blended)</b>						<b>\$7.14</b>

Source: EAP Research

### AUSTRALIA ENTERS ARMS RACE

The Federal Government has unveiled plans to spend \$270bn on hardware and capability over the next 10 years. The program includes more potent and longer-range combat systems (missiles) and more secure supply chains.

The \$270bn is nearly half of the total spend of \$575bn over the decade, which starts at \$42.2bn in 2020-21 and grows to \$73.7bn in 2029-30. The previous 10 year projected spend on capability was \$195bn for the period to 2025-26.

#### Chart 1. Defence funding

Source: Australian Government

Categories	2020-21	2025-26	2029-30	2020-21	2025-26	2029-30
	\$m	\$m	\$m	%	%	%
Acquisition	14,439	22,881	29,170	34%	39%	40%
Sustainment	12,619	18,196	23,762	30%	31%	32%
Workforce	13,504	15,640	19,229	32%	27%	26%
Operating	1,501	1,456	1,522	4%	3%	2%
Operations	87	3	3	0%	0%	0%
<b>Total Funding</b>	<b>42,151</b>	<b>58,175</b>	<b>73,687</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

In addition to increasing spending by 38%, the rhetoric has been amped up and is clearly aimed at the growing threat from China. The Government has specifically mentioned deepening the alliance with the US and strengthening regional engagement across the Indo-Pacific.

The Government has cited “grey-zone activities” that challenge sovereignty and habits of cooperation, including long established security partnerships with many countries in the region.

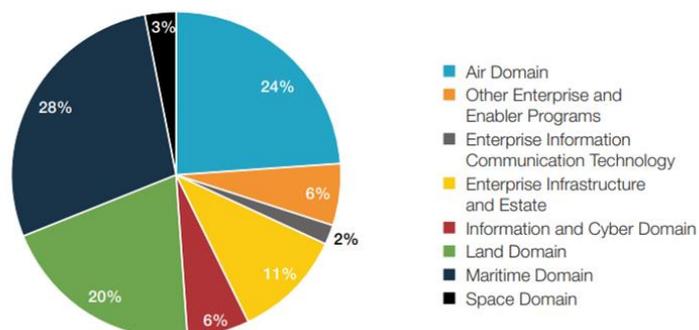
‘Grey zone’ is a term used to describe activities designed to coerce countries in ways that seek to avoid military conflict. Examples include using para-military forces, militarisation of disputed features, exploiting influence, interference operations and the coercive use of trade and economic levers. They are facilitated by technological developments including cyber warfare.

Whereas previous Defence planning assumed a 10yr strategic warning time for a major conventional attack against Australia, this is no longer viewed as appropriate. Technological advances, including longer-range missiles, ballistic missiles and offensive cyber and space capabilities, have reduced strategic warning times.

With Australian interests now being directly or indirectly targeted, and growing regional military capabilities, defence planning has been accelerated. This includes the supply of specialised munitions and logistic requirements.

#### Chart 2. Capability spending 2020-2030

Source: Australian Government



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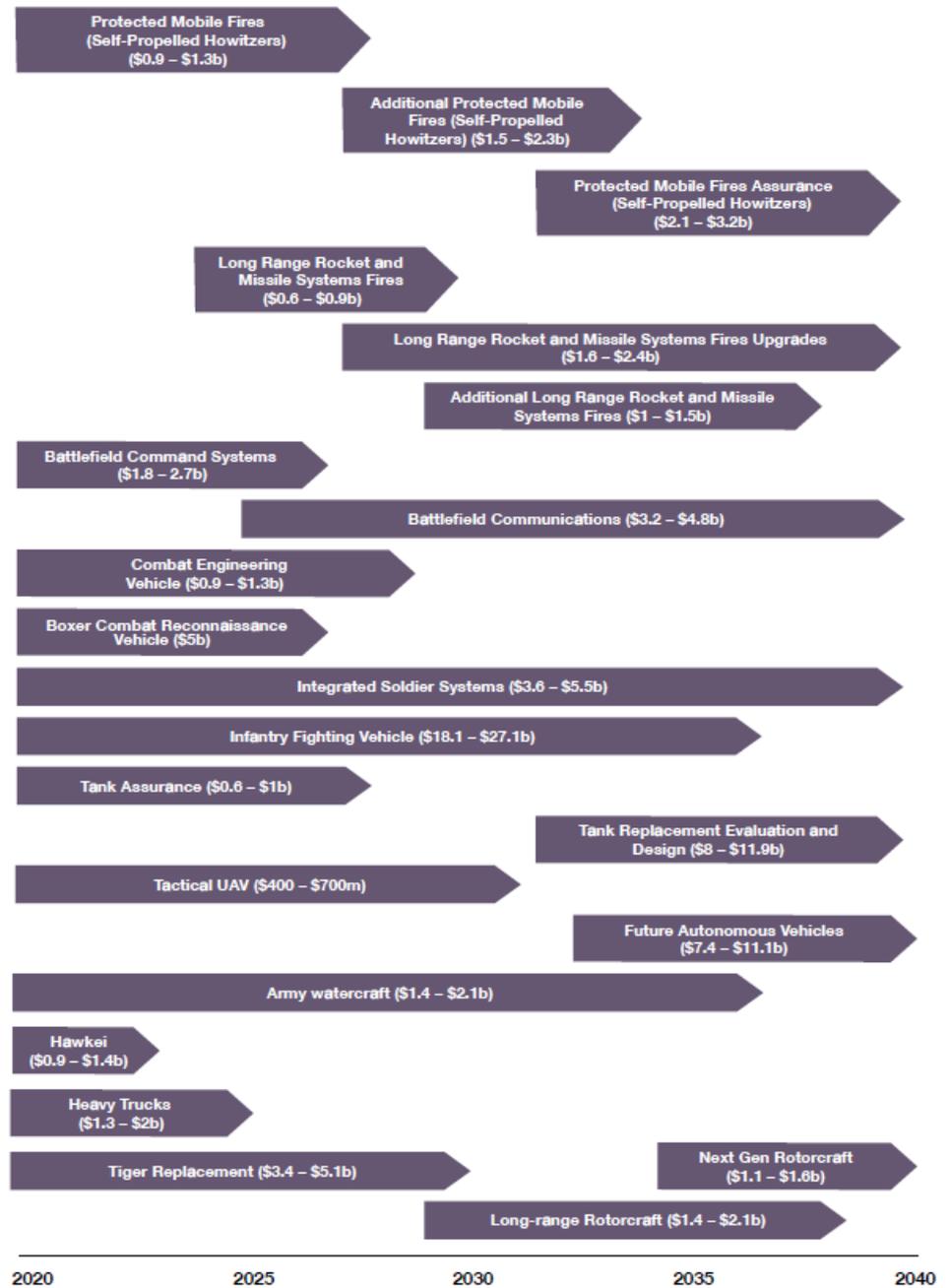
## ELECTRO OPTIC SYSTEMS HOLDING (EOS.ASX)

### Land capabilities

Spending on land domain investments will total \$55bn to 2030. This includes combat vehicles (infantry fighting and tanks) and directed energy weapons (lasers).

**Chart 3. Key land domain investments**

Source: Australian Government



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## ELECTRO OPTIC SYSTEMS HOLDING (EOS.ASX)

### Space capabilities

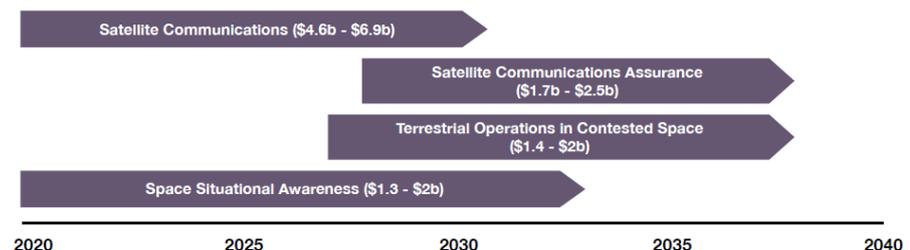
Australia is increasingly reliant on satellite-based capability and services. At the same time, low-Earth space orbits are becoming congested. The Government is looking to transform the way the Defence Force operates in space, including in relation to satellite communications, space domain awareness, precision navigation and timing, and intelligence, surveillance and reconnaissance.

The Government will invest around \$7bn in space capabilities over the next decade. This includes plans for a network of satellites to provide an independent and sovereign communications network and an enhanced space control program. The Government will continue investment in space situational awareness, including sensors and tracking systems.

EOS currently performs more than 15,000 space tracks per week. Its space sensors can identify and monitor the orbits of space debris and other small space objects, down to 10cm in diameter.

### Chart 4. Key space domain investments

Source: Australian Government



The Government will also invest in upgrades and support to existing and future satellite communications systems, through a mix of allied and commercial arrangements. The plans include communications satellites and ground control stations that will be under Australian control.

Australia's geographical position provides unique ability to contribute significantly to collective space domain awareness. Space surveillance data for the Southern Hemisphere is needed to provide good orbital solutions; and it has access to a range of longitudes in the Eastern Hemisphere that have strategic value (i.e. China). Space domain awareness enables better tracking and identification of space objects and threats, such as space debris, as well as predicting and avoiding potential collisions.

The Defence Force currently hosts a United States C-Band Radar and Space Surveillance Telescope in Western Australia. To ensure Australia can take full advantage of the large volumes of information that will be developed, the Government is also investing in growing the intelligence and supporting workforce.

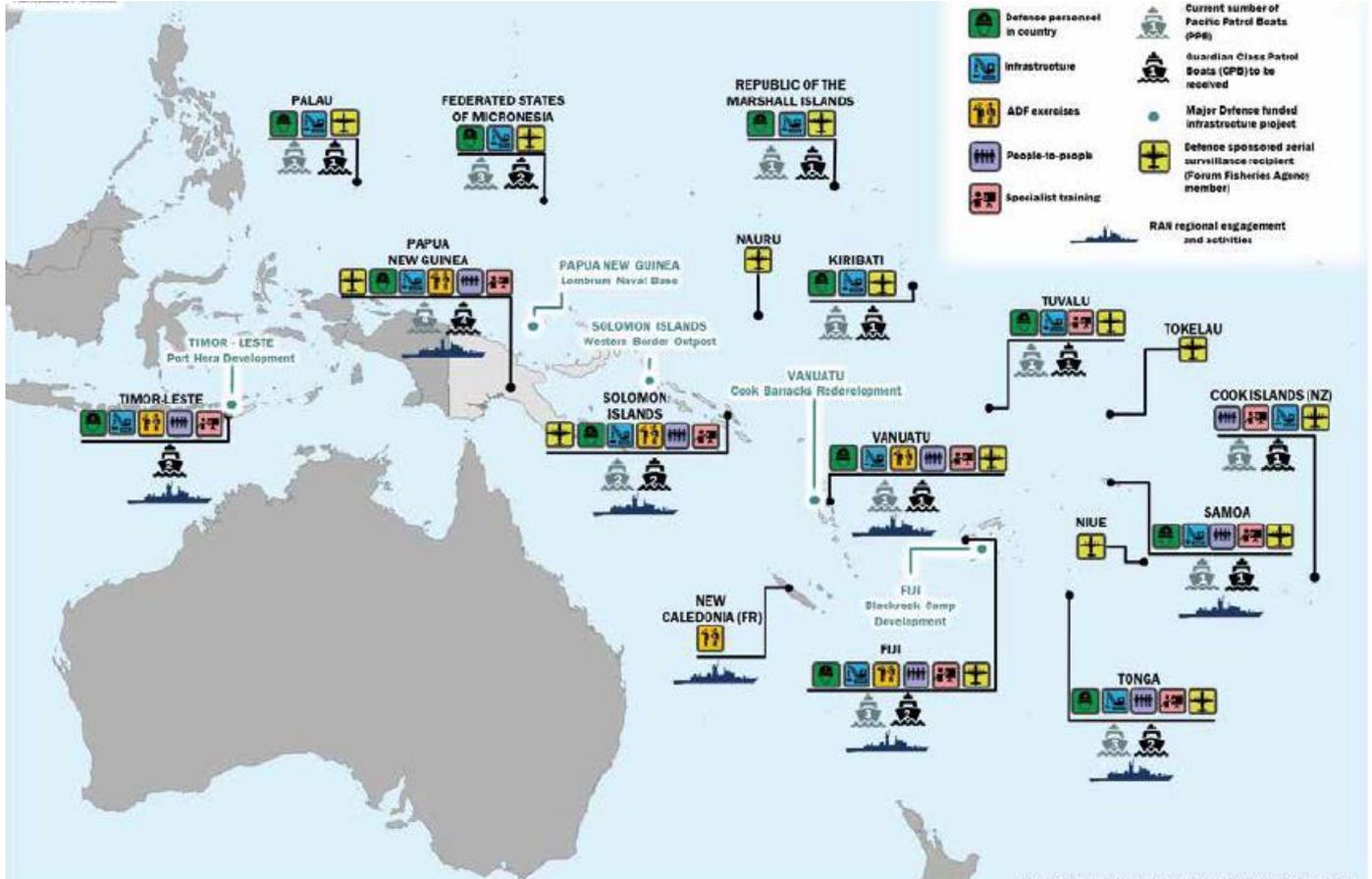
The Government is also planning to develop capabilities that directly contribute to war fighting outcomes in the space domain using terrestrial and/or space-based systems. This includes capabilities to counter emerging space threats to Australia's free use of the space domain and that assure continued access to space-based intelligence, surveillance and reconnaissance.

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## ELECTRO OPTIC SYSTEMS HOLDING (EOS.ASX)

Chart 5. Australian Defence Engagement – South West Pacific

Source: Australian Government



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## ELECTRO OPTIC SYSTEMS HOLDING (EOS.ASX)

### ELECTRO OPTIC SYSTEMS HOLDING (EOS.ASX), Positive, VALUATION \$7.14

#### EAP CORE DRIVERS

- Defence contracts – the weapons business has an order backlog of more than \$600m and it has tender submissions for more than \$2.5bn with existing customers. A large potential market is starting to develop in anti-drone defence systems, with EOS at the forefront.
- Space contracts – EOS performs more than 15,000 space tracks per week and will soon commence live testing of high-power lasers to manoeuvre space debris in orbit. The main revenue opportunity for EOS is military, with management estimating the potential market to be worth \$2bn over the next 10 years.
- Quantum Communications – this involves control of entangled photons. While the world is focused on developing ultra-secure communication networks, EOS is exploring options to commercialise its technology for long-range, ultra-wideband optical communications (i.e. 20THz).

#### INVESTMENT THESIS

- Electro Optic Systems (EOS) makes advanced weapon systems for the military and develops tracking systems for orbiting satellites and space debris. At the core of the company's IP is laser technology and the ability to tackle problems from a science-based perspective. Demand for the weapons business is growing strongly (contract wins and new tenders), and the market is finally opening for the space business, after decades of development.

**EOS.ASX share price history v XJO.ASX**

Source: EAP Research, IRESS



# Stock Focus

## ELECTRO OPTIC SYSTEMS HOLDING (EOS.ASX)

### FINANCIAL SUMMARY

ELECTRO OPTIC SYSTEMS HOLDING						EOS.ASX							
As at:	1/07/2020					Recommendation:	Positive					Share Price:	\$5.32
Year end	December	2019A	2020E	2021E	2022E	Year end	December	2019A	2020E	2021E	2022E		
<b>INCOME STATEMENT</b>						<b>VALUATION METRICS</b>							
Sales revenue	\$m	165	230	323	490	PER	x	27.0	30.4	23.7	13.1		
EBITDA	\$m	25	31	50	89	Dividend Yield	%	0.0	0.0	0.0	0.0		
Depreciation	\$m	(4)	(4)	(6)	(6)	EV/EBITDA	x	20.3	14.0	7.9	4.6		
<b>EBIT (ex associates)</b>	<b>\$m</b>	<b>22</b>	<b>26</b>	<b>45</b>	<b>82</b>	EV/EBIT	x	23.9	16.2	8.9	4.9		
Equity accounted profits	\$m	0	0	0	0	P/FCF	x	NM	NM	26.7	NM		
<b>EBIT (incl associates)</b>	<b>\$m</b>	<b>22</b>	<b>26</b>	<b>45</b>	<b>82</b>	P/BV	x	2.6	2.0	1.9	1.6		
Net interest	\$m	0	2	3	4	<b>BLENDED VALUATION</b>							
Pre-tax profit	\$m	22	28	48	86	Discounted Cash Flow	\$/sh	5.17	33.3%				
Tax expense	\$m	(4)	(4)	(14)	(26)	Capitalisation of Earnings	\$/sh	7.13	33.3%				
Net profit	\$m	18	24	33	60	PER	\$/sh	9.12	33.3%				
Oth./Outside equity interests	\$m	0	0	0	0	<b>Blended Valuation</b>	<b>\$/sh</b>	<b>7.14</b>	<b>100.0%</b>				
<b>NPAT attributable to s'hers</b>	<b>\$m</b>	<b>18</b>	<b>24</b>	<b>33</b>	<b>60</b>	<b>EARNINGS</b>							
Net abnormal items	\$m	0	(1)	(1)	(1)	Closing shares on issue	m	113	149	149	149		
<b>Reported NPAT</b>	<b>\$m</b>	<b>18</b>	<b>23</b>	<b>32</b>	<b>59</b>	EFPOWA	m	113	149	149	149		
<b>BALANCE SHEET</b>						<b>Adj. EPS</b>	<b>c</b>	<b>19.7</b>	<b>17.5</b>	<b>22.4</b>	<b>40.6</b>		
<b>Assets</b>						DPS	c	0.0	0.0	0.0	0.0		
Cash	\$m	87	174	205	197	Franking	%	0.0	0.0	0.0	0.0		
Working Capital	\$m	125	190	189	287	<b>FINANCIAL RATIOS</b>							
PP&E	\$m	8	14	17	20	Sales Growth	%	91.6	39.1	40.6	51.5		
Intangibles	\$m	17	16	14	13	EBITDA Growth	%	242.0	20.7	63.8	77.0		
Investments	\$m	-	-	-	-	EBIT Growth	%	218.1	22.9	68.0	85.1		
Other	\$m	69	96	122	131	Adj. EPS Growth	%	72.0	(11.2)	28.3	80.9		
<b>Total Assets</b>	<b>\$m</b>	<b>306</b>	<b>490</b>	<b>547</b>	<b>648</b>	Tax Rate	%	17.6	14.5	30.0	30.0		
<b>Liabilities</b>						EBITDA Margin	%	15.3	13.3	15.5	18.1		
Debt	\$m	0	0	0	0	EBIT Margin	%	13.0	11.5	13.8	16.8		
Working Capital	\$m	18	32	44	67	ROA	%	7.0	5.4	8.1	12.7		
Other	\$m	60	70	82	100	ROE	%	8.0	6.2	7.9	12.5		
<b>Total Liabilities</b>	<b>\$m</b>	<b>79</b>	<b>101</b>	<b>126</b>	<b>167</b>	ROCE	%	15.3	12.3	20.6	29.1		
<b>Net Assets</b>	<b>\$m</b>	<b>228</b>	<b>389</b>	<b>421</b>	<b>480</b>	Net Debt (cash)	\$m	(87)	(174)	(205)	(197)		
Ordinary Equity	\$m	228	389	422	481	Net Debt/Equity	%	(38.2)	(44.7)	(48.7)	(41.1)		
Minority Interests	\$m	(1)	(1)	(1)	(1)	Net Debt/Debt + Equity	%	(61.7)	(80.8)	(94.8)	(69.7)		
<b>Total Shareholders' Funds</b>	<b>\$m</b>	<b>228</b>	<b>389</b>	<b>421</b>	<b>480</b>	Net Debt/EBITDA	x	(3.4)	(5.7)	(4.1)	(2.2)		
<b>Capital Employed</b>	<b>\$m</b>	<b>141</b>	<b>215</b>	<b>216</b>	<b>283</b>	Working Capital/Sales	%	64.6	68.9	44.7	44.9		
<b>CASH FLOW</b>						D&A/PP&E	%	46.9	29.2	33.2	32.0		
EBITDA	\$m	25	31	50	89	EBIT Interest Cover	x	56.1	69.0	115.9	214.5		
Change in Working Capital	\$m	(57)	(64)	(6)	(75)	<b>DIVISIONAL SUMMARY</b>							
Other	\$m	(2)	(2)	(2)	(2)	<b>Revenue</b>							
<b>Gross Operating Cash Flow</b>	<b>\$m</b>	<b>(34)</b>	<b>(36)</b>	<b>42</b>	<b>11</b>	Space Systems	\$m	5	10	15	25		
Net interest paid	\$m	0	2	3	4	Defence Systems	\$m	158	198	283	437		
Tax paid	\$m	(2)	(4)	(13)	(24)	Communications	\$m	2	23	25	28		
<b>Net Operating Cash Flow</b>	<b>\$m</b>	<b>(36)</b>	<b>(37)</b>	<b>32</b>	<b>(9)</b>	<b>EBITDA</b>							
Maintenance capex	\$m	(1)	(2)	(3)	(3)	Space Systems	\$m	0	2	4	8		
<b>Free Cash Flow</b>	<b>\$m</b>	<b>(37)</b>	<b>(39)</b>	<b>30</b>	<b>(12)</b>	Defence Systems	\$m	26	26	43	77		
Dividends paid	\$m	0	0	0	0	Communications	\$m	0	3	4	4		
Net acquisitions/Growth capex	\$m	(5)	(17)	(4)	(4)	Corporate	\$m	0	(1)	(1)	(1)		
Equity raisings/Buybacks	\$m	81	139	0	0								
Net borrowings	\$m	0	0	0	0								
Other	\$m	(3)	4	5	9								
<b>Net change in cash</b>	<b>\$m</b>	<b>37</b>	<b>87</b>	<b>31</b>	<b>(8)</b>								
GOCF/EBITDA	%	(133.7)	(116.7)	83.0	12.3								
Total Capex/Sales	%	3.5	8.3	1.9	1.4								
Total Capex/Depreciation	x	1.5	4.6	1.1	1.1								

Source: Company data, E&P estimates

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## Stock Focus

### ELECTRO OPTIC SYSTEMS HOLDING (EOS.ASX)

#### RESEARCH RECOMMENDATION DEFINITIONS

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Positive	Stock is expected to outperform the S&P/ASX 200 over the coming 24 months.
Neutral	Stock expected to perform in line with the S&P/ASX 200 over the coming 24 months.
Negative	Stock is expected to underperform the S&P/ASX 200 over the coming 24 months.
Speculative Buy	Stock has limited history from which to derive a fundamental investment view or its prospects are highly dependent on event risk, e.g. Successful exploration, scientific breakthrough, high commodity prices, regulatory change, etc. Consequently, the stock is considered a high-risk investment which may be prone to high volatility in share price movements, have a greater risk of capital loss and/or the stock may have low liquidity.
Suspended	Stock is temporarily suspended due to compliance with applicable regulatory and/or E&P policies in circumstances where E&P is acting in an advisory capacity.
Not Rated	Stock is not included in our investment research universe.

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#### Research Criteria Definitions

Recommendations are primarily determined with reference to how a stock ranks relative to the S&P/ASX 200 on the following criteria:

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Valuation	Composite of Rolling 12-month prospective multiples and discounted cash flow (DCF), or DCF for resource stocks.
Earnings Outlook	Forecast 2-year EPS growth.
Earnings Momentum	Percentage change in the current consensus EPS estimate for the stock (rolling 1-year forward basis) over the consensus EPS estimate for the stock 3 months ago.
Shareholder Returns	Composite of forecast ROE (rolling 1-year forward basis) and the percentage change in ROE over 2 years.
Debt Servicing Capacity	Rolling 12-month EBIT Interest Cover ratio.
Cyclical Risk	Qualitative assessment of the 2-year outlook for a stock/industry's profit cycle.
Industry Quality	Qualitative assessment of an industry's growth/returns potential and company specific management capability.
Financial Transparency	If we don't understand it, we won't recommend it.

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For stocks where Evans & Partners does not generate its own forecasts, Bloomberg consensus data is used. Analysts can introduce other factors when determining their recommendation, with any material factors stated in the written research where appropriate.

# Stock Focus

## ELECTRO OPTIC SYSTEMS HOLDING (EOS.ASX)

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# Stock Focus

## ELECTRO OPTIC SYSTEMS HOLDING (EOS.ASX)

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### E&P CORPORATE RELATIONSHIP DISCLOSURE

Security	Nature of Relationship
AGM	The Responsible Entity (RE) and Investment Manager (IM) of Australian Governance & Ethical Index Fund (AGM) and Evans and Partners Pty Ltd are wholly owned subsidiaries of Evans Dixon Ltd and related bodies corporate. The RE and IM will receive fees for acting as RE and IM of AGM. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of the RE and/or IM of AGM. Each individual receives remuneration from Evans Dixon and/or its related entities. AGM has appointed Evans and Partners Pty Ltd as Broker to an on-market buy-back. Evans and Partners Pty Ltd receives fees for acting in this capacity.
ARF	E&P Corporate Advisory Pty Limited, a related entity of Evans and Partners Pty Ltd, has arranged, managed or co-managed an offering of securities and/or provided advisory services for the company or its affiliates in the past 12 months, for which it received a fee.
AUI	The Issuer has appointed Evans and Partners Pty Ltd as Broker to an on-market buy-back. Accordingly, Evans and Partners Pty Ltd may be restricted from giving sellers advice in respect to a sale of this security.
AYUHC	E&P Corporate Advisory Pty Limited, a related entity of Evans and Partners Pty Ltd, has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.
AYUHD	E&P Corporate Advisory Pty Limited, a related entity of Evans and Partners Pty Ltd, has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.
BRG	A director of Evans Dixon Limited, the ultimate holding company of Evans and Partners Pty Ltd, is a director of Breville Group Limited.
CBA	E&P Corporate Advisory Pty Ltd, a related party of Evans and Partners Pty Ltd, has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.
CBR	E&P Corporate Advisory Pty Limited, a related entity of Evans and Partners Pty Limited, has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.
CD1	The Responsible Entity (RE) of CD1, other entities that provide services to Cordish Dixon Private Equity Fund I (CD1) and Evans and Partners Pty Ltd are wholly owned subsidiaries of Evans Dixon Ltd and related bodies corporate. Each of the RE and other related entities will receive fees for services provided to CD1. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of the RE of CD1 and/or other related entities that provide services to CD1. Each individual receives remuneration from Evans Dixon and/or its related entities.
CD2	The Responsible Entity (RE) of CD2, other entities that provide services to Cordish Dixon Private Equity Fund II (CD2) and Evans and Partners Pty Ltd are wholly owned subsidiaries of Evans Dixon Ltd and related bodies corporate. Each of the RE and other related entities will receive fees for services provided to CD2. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of the RE of CD2 and/or other related entities that provide services to CD2. Each individual receives remuneration from Evans Dixon and/or its related entities.
CD3	The Responsible Entity (RE) of CD3, other entities that provide services to Cordish Dixon Private Equity Fund III (CD3) and Evans and Partners Pty Ltd are wholly owned subsidiaries of Evans Dixon Ltd and related bodies corporate. Each of the RE and other related entities will receive fees for services provided to CD3. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of the RE of CD3 and/or other related entities that provide services to CD3. Each individual receives remuneration from Evans Dixon and/or its related entities.
CVF	The Issuer has appointed Evans and Partners Pty Ltd as Broker to an on-market buy-back. Accordingly, Evans and Partners Pty Ltd may be restricted from giving sellers advice in respect to a sale of this security.

# Stock Focus

## ELECTRO OPTIC SYSTEMS HOLDING (EOS.ASX)

DOW	E&P Corporate Advisory Pty Limited, a related entity of Evans & Partners Pty Ltd and a member of the Evans Dixon Group, has provided advisory services to the company in the past 12 months, for which it received a fee.
DUI	The Issuer has appointed Evans and Partners Pty Ltd as Broker to an on-market buy-back. Accordingly, Evans and Partners Pty Ltd may be restricted from giving sellers advice in respect to a sale of this security.
EAF	The Responsible Entity (RE) and Investment Manager (IM) of Evans and Partners Asia Fund (EAF), other entities that provide services to EAF and Evans and Partners Pty Ltd ) are wholly owned subsidiaries of Evans Dixon Ltd and related bodies corporate. Each of the RE, IM and other entities will receive fees for services provided to EAF. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of the RE and/or IM of EAF. The Portfolio Manager and Assistant Portfolio Manager of EAF are employees of Evans Dixon and/or its related bodies corporate. Each individual receives remuneration from Evans Dixon and/or its related entities. EAF has appointed Evans and Partners Pty Ltd as Broker to an on-market buy-back. Evans and Partners Pty Ltd receives fees for acting in this capacity.
EFF	The Responsible Entity (RE) and Investment Manager (IM) of Evans and Partners Australian Flagship Fund (EFF), other entities that provide services to EFF and Evans and Partners Pty Ltd are wholly owned subsidiaries of Evans Dixon Ltd and related bodies corporate. Each of the RE, IM and other entities will receive fees for services provided to EFF. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of the RE and/or IM of EFF. Directors or employees of Evans Dixon and/or its related bodies corporate are members of the EFF Investment Committee and/or Portfolio Consultants to the EFF Investment Committee. Each individual receives remuneration from Evans Dixon and/or its related entities. EFF has appointed Evans and Partners Pty Ltd as Broker to an on-market buy-back. Evans and Partners Pty Ltd receives fees for acting in this capacity.
EGD	The Responsible Entity (RE) and Investment Manager (IM) of Evans and Partners Global Disruption Fund (EGD) and Evans and Partners Pty Ltd are wholly owned subsidiaries of Evans Dixon Ltd and related bodies corporate. The RE and IM will receive fees for acting as RE and IM of EGD. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of the RE and/or IM of EGD. A Director of Evans and Partners is a member of the EGD Investment Committee and an employee of Evans and Partners is a Portfolio Consultant to the EGD Investment Committee. Each individual receives remuneration from Evans Dixon and/or its related entities. EGD has appointed Evans and Partners Pty Ltd as Broker to an on-market buy-back. Evans and Partners Pty Ltd receives fees for acting in this capacity.
EGF	The Responsible Entity (RE) and the Investment Manager (IM) of Evans & Partners Global Flagship Fund (EGF) and Evans and Partners Pty Ltd are wholly owned subsidiaries of Evans Dixon Ltd and related bodies corporate. The RE and IM will receive fees for acting as RE and IM of EGF. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of the RE and/or IM of EGF. Each individual receives remuneration from Evans Dixon and/or its related entities. EGF has appointed Evans and Partners Pty Ltd as Broker to an on-market buy-back. Evans and Partners Pty Ltd receives fees for acting in this capacity.
FLC	E&P Corporate Advisory Pty Limited, a related party of Evans and Partners Pty Ltd, has been appointed Joint lead manager to an offering of securities of the company or its affiliates, for which it will receive a fee.
HPI	E&P Corporate Advisory Pty Limited, a related party of Evans and Partners Pty Ltd, has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.
IAP	A director of Evans Dixon Limited, the ultimate holding company of Evans and Partners Pty Ltd, is a director of Investec Australia Property Fund
KKC	E&P Corporate Advisory Pty Limited, a related party of Evans and Partners Pty Ltd, has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.
LE.US	A director of Evans Dixon Limited, the ultimate holding company of Evans and Partners Pty Ltd, is a director of Lands' End Inc.
MQG	E&P Corporate Advisory Pty Limited, a related party of Evans and Partners Pty Ltd, has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.
MXT	E&P Corporate Advisory Pty Limited, a related party of Evans and Partners Pty Ltd, has arranged, managed or co-managed an offering of the security in the past 12 months, for which it received a fee.
NBI	E&P Corporate Advisory Pty Limited, a related party of Evans and Partners Pty Ltd, has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.
NEW	The Responsible Entity (RE) and the Investment Manager (IM) of New Energy Solar (NES), Evans and Partners Pty Ltd and E&P Corporate Advisory Pty Limited are wholly owned subsidiaries of Evans Dixon Ltd and related bodies corporate. The RE and IM will receive fees for acting as RE and IM of NES. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of New Energy Solar Ltd, the RE and/or IM of NES. Each individual receives remuneration from Evans Dixon and/or its related entities.
PGG	E&P Corporate Advisory Pty Limited, a related party of Evans and Partners Pty Ltd, has arranged, managed or co-managed an offering of securities and/or provided advisory services for the company or its affiliates in the past 12 months, for which it received a fee.
PMV	A director of Evans Dixon Limited, the ultimate holding company of Evans and Partners Pty Ltd, is a director of Premier Investments Limited.
QRI	E&P Corporate Advisory Pty Limited, a related party of Evans and Partners Pty Ltd, has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.

# Stock Focus

## ELECTRO OPTIC SYSTEMS HOLDING (EOS.ASX)

SOHS.US	A director of Evans Dixon Limited, the ultimate holding company of Evans and Partners Pty Ltd, is a director of Sears Hometown & Outlet Stores Inc.
SUN	A director of Evans Dixon Limited, the ultimate holding company of Evans and Partners Pty Ltd, is a director of Suncorp Group Limited.
SWM	A director of Evans and Partners Pty Ltd is a director of Seven West Media Limited.
TGH	E&P Corporate Advisory Pty Limited, a related party of Evans and Partners Pty Ltd, has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.
TLX	A director of Evans Dixon Limited, the ultimate holding company of Evans and Partners Pty Ltd, is a director of Telix Pharmaceuticals Limited.
TTT	E&P Corporate Advisory Pty Limited, a related party of Evans and Partners Pty Ltd, has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.
URF	The Responsible Entity (RE) and Investment Manager (IM) of US Masters Residential Property Fund (URF), other entities that provide services to URF and Evans and Partners Pty Ltd are wholly owned subsidiaries of Evans Dixon Ltd and related bodies corporate. Each of the RE, IM and other related entities will receive fees for services provided to URF. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of the RE, IM of URF and/or other related entities that provide services to URF. Each individual receives remuneration from Evans Dixon and/or its related entities. URF has appointed Evans and Partners Pty Ltd as Broker to an on-market buy-back. Evans and Partners Pty Ltd receives fees for acting in this capacity.
VCOF	The Responsible Entity (RE) of Venture Capital Opportunities Fund (VCOF) provide services to VCOF and Evans and Partners Pty Ltd which is a wholly owned subsidiary of Evans Dixon Ltd and related bodies corporate. The RE will receive fees for services provided to VCOF. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of the RE of VCOF. Each individual receives remuneration from Evans Dixon and/or its related entities.

### RESEARCH ANALYST CERTIFICATION

I, Julian Mulcahy, hereby certify that all views expressed in this publication reflect my personal views about the subject theme and/or relevant company securities, and no attempt has been made by any other person to influence the views or themes contained within; and I am not in receipt of inside information and this publication does not contain any inside information. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

I, Julian Mulcahy received the following benefits from the company over the previous six (6) months: n/a

I, Julian Mulcahy, and/or entities in which I have a pecuniary interest, have an exposure to the following securities and/or managed products: n/a.

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