

BBY LIMITED

A BIG YEAR FOR FINANCIAL GROUP

An outstanding 2008 and an ongoing expansion strategy have placed Australian financial services group BBY in a perfect position for an even better 2009.

ALREADY ESTABLISHED with offices in Sydney, Melbourne and London and representation in Dubai and the United States, executive chairman Glenn Rosewall believes the company is well placed to improve on its best ever result in 2008.

"It's been a year of great achievements for our clients and also for us," he told *RESOURCESTOCKS*.

"Whereas some brokers may not have watched their budgets in the past year, we've kept a close eye on ours and this has been rewarded with positive results. We've actually set a pretty high benchmark for ourselves for 2009 and have put in some strategies so we can continue to do what we do best – grow businesses – our own business as well as our clients."

And grow BBY has.

Formerly known as Burdett Buckenridge Young Limited, BBY had a modest start in 1987.

With offices or representation around the globe, the company now has a staff of about 70 and provides global access through its dedicated corporate services.

"We see the Middle East as a new opportunity for us and we're actually in the process of finalising a licence application for the Dubai International Finance Centre," Rosewall said.

"We've been in the London market for some time where we cover the

United Kingdom and Europe as well as North America through our equity partner in the United States, Jefferies Inc.

"We cover Asia from Australia."

Another major reason for BBY's success in the marketplace has been its focus on the mid-sized market on the Australian Securities Exchange.

The BBY group provides sales and trading, research and analysis, asset management and corporate finance services for a wide range of clients in the ASX100, but has concentrated the majority of its focus on the mid-size end of the market.

"We don't work on the mid-size area exclusively, but our ratio would probably be about 80 percent mid-size and 20 percent top 100," Rosewall pointed out.

"Take the Fortescue Metals Group as an example. We took them on five years ago when they had a market capitalisation of around \$700 million and they're now a top 100 company with a market cap of about \$27 billion – their growth doesn't mean we stop covering them.

"We're just as interested in them now as we were when they were an emerging company.

"We also cover a number of the major banks as well."

In terms of the current state of the market, Rosewall is quietly confident that the downturn will have its

problems for some companies, but could also create opportunities for others.

"In terms of where the market is going, we have an equity strategist who does valuation work and in his opinion the market will settle around 5600 points," he said.

"This is based on an earnings recovery in fiscal year 2009, while fiscal 2008 earnings are going to be pretty low.

"We would say that at the moment the market is oversold and with this in mind there are probably a lot of stocks out there that you'd be recommending a buy on.

"However, I would add that with slowing world growth and all the issues from the credit crunch, it's very much a stock pickers' market so you really need to understand exactly what you're buying."

Rosewall suggested that with the market down around 5100 points, some stocks were undervalued and he expected some sort of rally – with a note of caution.

"You really need to know who is running the business, what their assets are and what their business plan is," he explained.

"With an emerging growth market that we represent, our research allows us the opportunity to see which ones are well managed and cheap.

"I think that while the number of small-end stocks on the ASX can have a detrimental effect on that end of the market, it doesn't necessarily affect the mid-size stocks.

"Quite frankly there are so many stocks that no one broking firm or fund manager can hope to be across all of them, so we focus on those we believe have strong fundamentals."

On the subject of mergers and

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GLENN ROSEWALL
EXECUTIVE CHAIRMAN
BBY LIMITED



acquisitions, Rosewall predicted activity was likely to be outside the top 100 companies.

"Since the market started rallying in early 2003 there's been a lot of M&As, particularly in the top 100 stocks and they've been pretty well picked over," he said.

"That's a natural function of the way the market works and I think a lot of the future activity will be outside the top 100."

Rosewall said BBY would continue to build on the successes of the institutional stock broking, corporate and high net worth areas, looking at non-traditional resource companies in sectors it believed would do quite well in the future.

"Some of the emerging phosphate producers such as Minemakers and Legend International Holdings are examples," he said.

"We have tended to favour the bulk commodities over the base metals, but we think that the gold companies are undervalued.

"They've been out of favour for some time and we're interested in some gold companies at this time.

"But because the world's macro conditions are not good right now, it means conditions in Australia are going to be quite challenging over the next 12 to 18 months."

Some key transactions handled by BBY in the resources sector this year include an \$11.55 million placement for Minemakers, a \$31.97 million placement for Strike Resources and a \$100 million global raising for Queensland coal-to-liquids company Linc Energy. BBY is also handling Linc Energy's merger with SAPEX and recently completed the highly successful listing for Coalworks at \$25 million.

Rosewall indicated that capital raising in the next 12 months would depend upon a number of factors including the individual stock, whether it is well managed and whether it has a good business plan.

"I think you can still raise capital in the current environment, but there will be a number of companies without a clear value proposition and those that are overvalued, who are going to struggle with capitalisation issues," he said.

But BBY's 2008 success has been recognised by more people than just its satisfied clients. It has also been underlined by a string of accolades which recognise the company's efforts against bigger global competition.

The company was rated number one in Australia for fully



underwritten IPOs to the end of June,¹ number 10 for all equity issues,¹ in a market where the major banks traditionally hold all top 10 positions and number one for transactions in the resource materials sector after raising \$1.45 billion for corporate clients.²

BBY was also named as a finalist for the best company in the Asia-Pacific region at the International Business Awards. The company was also awarded best new financial product at the same awards for the company's value and momentum model, which has been achieving absolute returns of 24%.

BBY's asset management arm also managed the number one performing hedge fund for Australia and New Zealand up to June 2008.³

Another important arm of BBY's annual activities comprises its business conferences aimed at institutional, corporate and high net worth clients.

In February this year the inaugural Australian resources conference was held in Dubai with 15 Australian companies participating. BBY also held a mining conference in Sydney in May, has an agriculture and clean energy conference scheduled for September, healthcare and life sciences conferences in October and a TMT conference in November.

¹ *Bloomberg League Tables 2008*

² *Thompson League Tables 2008*

³ *Eurekahedge Asia Pacific Hedgefund Database, 2008*

BBY offers global access through its dedicated corporate services

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