



ASX/Media release

WHSP reports highest ever Full Year Regular Profit of \$282m, lifts Final Dividend to 54 cps

Performance highlights:

	FY to 31 Jul 2017 \$000	FY to 31 Jul 2016 \$000	% Change
Regular profit after tax*	282,019	177,222	59.1
Net profit after tax (NPAT)	333,611	149,421	123.3
Interim Dividend (paid in May each year)	22c	21c	4.8
Final Dividend (payable 11 December 2017)	32c	31c	3.2
TOTAL Dividends	54c	52c	3.8

Thursday, 21 September 2017: Diversified investment house, Washington H. Soul Pattinson and Company Limited (WHSP, ASX: SOL) today announced the Group's results for full year ended 31 July 2017, reporting net profit after tax (NPAT) of \$333.6 million, an increase of 123.3% on the \$149.4 million recorded for the previous corresponding period.

Regular profit after tax* was a record \$282.0 million for the full year, increasing 59.1% from \$177.2 million for the previous corresponding period. WHSP considers regular profit after tax to be the better indicator of the underlying profit of the Group.

The net increase was attributable to higher regular contributions across the portfolio, notably:

- New Hope Corporation Limited (up 2,412%) as it capitalised on a recovery in coal prices and its new Bengalla joint venture;
- TPG Telecom Limited (up 14.3%) with growth in consumer and corporate segments;
- Brickworks Limited (up 6.1%) following continued east coast building activity and demand for its land portfolio; and
- Australian Pharmaceutical Industries Limited (up 16.8%) through continued organic growth of the Priceline pharmacies.

The Group's net profit on non-regular items was \$51.6 million (2016: \$27.8 million loss), including a gain on the recognition of Pengana Capital Group as an associate, gains on the disposal and part disposal of associates, and gains on the sale of long-term equity investments.

WHSP Managing Director Todd Barlow said: "This year, we recorded the Group's highest ever regular profit.

* Regular profit after tax is a non-statutory profit measure and represents profit from continuing operations before non-regular items. A reconciliation to statutory profit is included in the preliminary final report – Note 3, Segment Information.

“In addition, the high non-regular profit demonstrates our nimble investment capabilities with investments in Pengana Capital and Hunter Hall International in the past year.

“Importantly, our diversified portfolio continues to deliver reliable cash returns which enables us to provide increasing fully franked dividends to shareholders. WHSP is one of only two companies in the ASX All Ordinaries Index to have increased its dividend every year for the last 17 years,” he added.

Final dividend

The Directors declare interim and final dividends based on the WHSP’s regular cash inflows less regular operating costs.

For the full year ended 31 July 2017, Directors have declared a fully franked final dividend of 32 cents per share, an increase of 3.2% over last year’s final dividend of 31 cents per share. This brings the total dividends for the year to 54 cents fully franked, up from 52 cents last year.

The record date for the dividend will be 20 November 2017 with payment due on 11 December 2017.

Increased focus on financial services

During the year, WHSP actively increased its exposure to the financial services sector through the acquisition of shareholdings in Hunter Hall International and Pengana Capital. These two companies merged their operations and WHSP became the largest shareholder in the merged entity, with 39.2% of Pengana Capital Group (ASX: PCG).

The financial services portfolio also includes shareholdings in a number of listed investment companies (LICs) which provide WHSP with exposure to a range of equity strategies which are well managed and cost effective. During the year, WHSP acquired 12.4% of URB Investments (ASX: URB), a LIC focused on long-term value creation through exposure to urban renewal and regeneration, and 10.0% of Hunter Hall Global Value (ASX: HHV), which provides WHSP with exposure to a managed portfolio of global equities.

These new investments in LICs supplement WHSP’s existing exposure to Australian equities through its 4.5% holding in Milton Corporation (ASX: MLT) and 9.5% holding in BKI Investment Company (ASX: BKI).

Outlook

WHSP Chairman, Robert Millner, said: “Unfortunately, many Australian companies are forced to contend with a difficult regulatory environment which is making our businesses globally uncompetitive. WHSP’s portfolio has a number of businesses which are being impacted by regulatory uncertainty and poor policy.

“TPG continues to grow its business despite the pressures caused by the introduction of the NBN. The government is spending \$60 billion to build a network that is higher cost for consumers and providing inferior performance.

“The energy crisis in Australia has increased the cost of doing business. For example, in FY18 Brickworks has indicated its energy costs will increase by \$20 million and TPG has indicated it will pay an extra \$7 million.

“New Hope is benefiting from its well-timed purchase of a stake in the Bengalla mine in NSW, however, it has had a long period of uncertainty around the future of the New Acland mine. New Hope continues to work with the Queensland government to secure approvals to continue mining at New Acland, however, the process for this approval has been ongoing for 10 years.

The New Acland mine employs 275 full time employees and 507 contractors and supports many additional businesses and suppliers associated with the mine.

“Despite these challenges, we are delighted with the strong earnings growth exhibited across the portfolio.

“The coal price recovered strongly and we expect coal prices to remain strong. Building approvals may come off slightly, but will remain much higher than in previous years, which will continue to benefit Brickworks. Additionally, TPG’s entry into the mobile market in Australian and Singapore is a very exciting opportunity to significantly grow its business,” Mr Millner concluded.

WHSP is a long-term investor with a focus on providing its shareholders with capital growth and increasing fully franked dividends. WHSP has consistently outperformed the ASX All Ordinaries Accumulation Index over the long-term.

Briefing details:

WHSP will present its results with a Q&A session afterwards today at the Austral Bricks Design Studio, 50 Carrington Street, Sydney (opposite Wynyard Station) – 12.15pm for 12.30pm start. Please note Brickworks will be presenting first.

The briefing will be live streamed at: <http://www.streamgate.co/brickworks-full-year-results-2017>

About Washington H. Soul Pattinson and Company Limited

WHSP is Australia’s second oldest listed company. Beginning as a chemist shop in Pitt Street, Sydney in 1872, the company listed on the Australian Securities Exchange 30 years later. Since listing, WHSP has paid a dividend every year, including throughout the depression of the 1930s. Today, WHSP is a diversified investor with many investments including: telecommunications, building products, coal, equities, pharmaceuticals, property, copper, gold and financial services.

WASHINGTON H. SOUL PATTINSON AND COMPANY LIMITED (ASX CODE: SOL)

www.whsp.com.au

For further information

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