



Washington H. Soul Pattinson and Company Limited

Results Presentation



Half Year Results
2019

Business Overview

**DIVERSIFIED
PORTFOLIO**

**LONG TERM
INVESTOR**

**CONSERVATIVE
AND VALUE
FOCUSED**

**OVER THE LAST 15
YEARS WHSP HAS**

**CONTINUALLY
INCREASED DIVIDENDS**
(growing at a compound
annual growth rate of 8.3% pa)



**DELIVERED A TSR OF
13.9% PER ANNUM**
(outperforming the All Ords
Accumulation Index by 5.4% pa)



Key Highlights Half year ended 31 January 2019

1H GROUP
STATUTORY PROFIT

\$179m

up 22.6% on 1H18

6 MONTH PORTFOLIO
VALUE¹ INCREASED

\$554m

up 10.2% to \$6.0 billion

NET REGULAR CASH²
FROM INVESTMENTS

\$92.0m

up 24.8% on 1H18

FULLY FRANKED
INTERIM DIVIDEND OF

24cps

21st consecutive increase

12 MONTH TOTAL
SHAREHOLDER RETURN

56.5%

55.8% above Index³

INVESTMENT IN WHSP
OVER 15 YEARS GREW

602%

vs 241% for the Index³

1. refer to slide 4 for portfolio valuation 2. refer to slide 29 for definition of Net Regular Cash 3. Index refers to the All Ordinaries Accumulation Index

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Portfolio Performance As at 31 January 2019

	WHSP's Holding %	Value of Holding \$m	6 month movement	
New Hope Corporation	50.0%	1,667 *	341	25.7%
TPG Telecom	25.3%	1,638 *	288	21.4%
Brickworks	43.8%	1,081 *	58	5.7%
Financial Services Portfolio	-	365 * [^]	(48)	(11.7%)
Pharmaceutical Portfolio	-	239 *	(26)	(9.9%)
Round Oak Minerals	100%	198 ^	43	28.1%
Property Portfolio		113 ^	(70)	(38.2%)
Other Listed Investments Portfolio		472 *	(43)	(8.4%)
Other Unlisted Investments Portfolio		118 ^	25	26.8%
Cash and other net assets (net of liabilities)		101	(14)	(12.5%)
Net assets value (pre-tax)		5,992	554	10.2%

- Gross portfolio value increased \$554m **up 10.2%**
- Pre-tax net asset value of \$6.0 billion **\$25.03 per share**
- **\$1.2 billion** tax payable of portfolio sold on 31 January 2019

* Market value

^ Directors' valuations

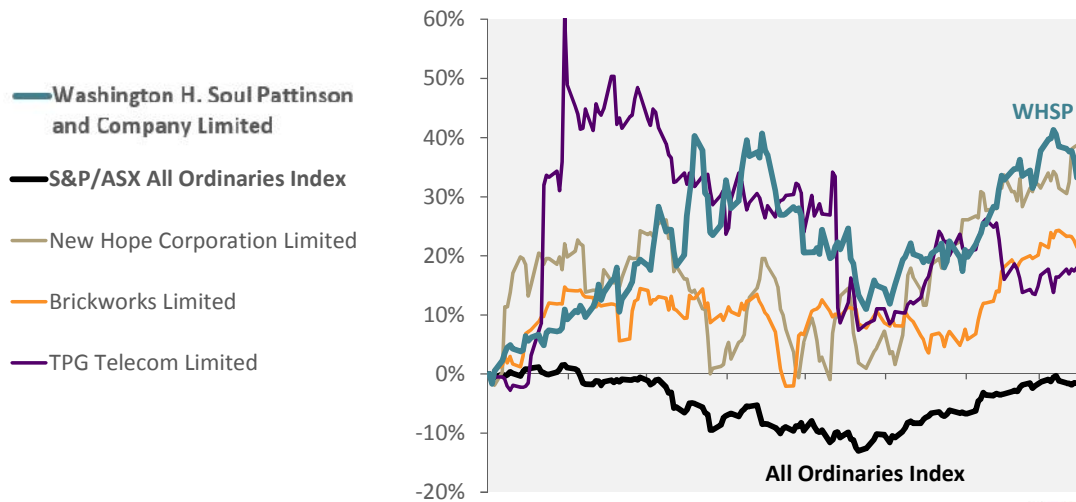
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WHSP major investments' performance

Share price performances 1 August 2018 to 15 March 2019



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WHSP Total Shareholder Returns

as at 31 January 2019

Annualised Returns	1 Year	3 Years p.a.	5 Years p.a.	10 Years p.a.	15 Years p.a.
WHSP	56.5%	19.6%	15.3%	15.5%	13.9%
All Ord. Accum. Index	0.7%	10.0%	7.1%	10.1%	8.5%
Out Performance	55.8%	9.6%	8.2%	5.4%	5.4%

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WHSP Total Shareholder Returns

15 years to 31 January 2019



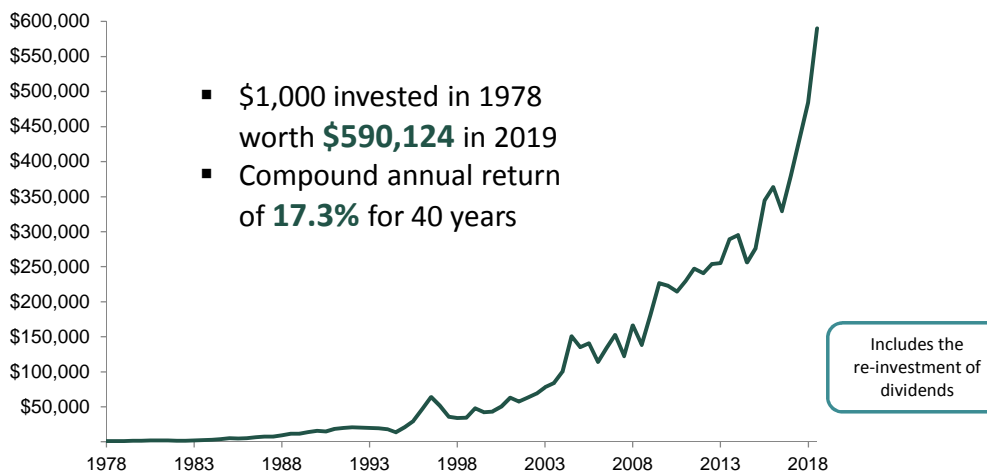
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WHSP Total Shareholder Returns

Wealth Creation over 40 years to 31 January 2019



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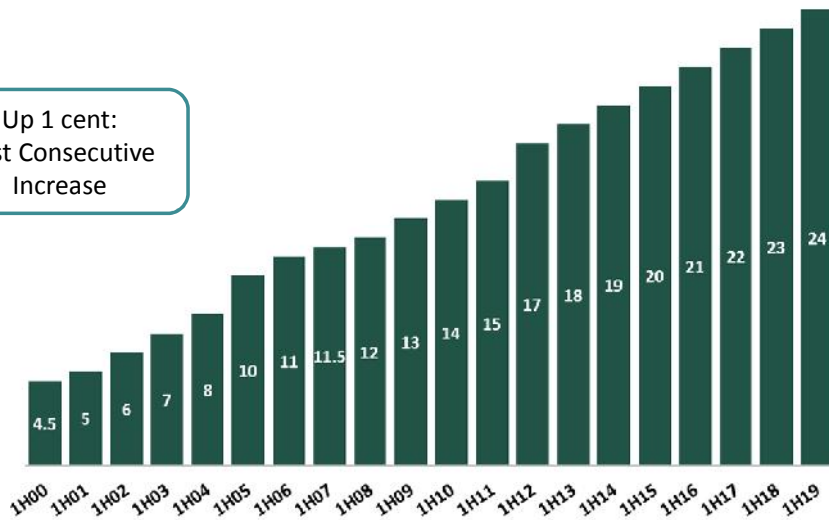
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20 Year Interim Dividend History

Interim Dividend 24 cents per share fully franked, up 4.3%

Up 1 cent:
21st Consecutive
Increase



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New Hope Corporation Limited

Half year ended 31 January 2019



Controlled entity	50.0% held
Value of shareholding	\$1.67b

Contribution to WHSP profit	\$62.4m
Contribution to WHSP Regular profit	\$82.1m

Why we continue to own NHC

- Low cost producer
- Global coal supply constraints from limited new mines
- Exports ~96% of total saleable coal. Strong and growing demand of clean Australian coal from customers in the Asian region
- Generating strong cashflows
- Delivered outstanding dividends and capital growth through coal cycles; 23% TSR since IPO in 2003

Results for the half

- Regular Profit \$159.8m, up 33% (higher coal prices and larger contribution from Bengalla mine)
- Statutory profit after Tax \$120.2m, up 4%
- Regular earnings per Share 19.2cps, up 32%
- Interim Dividend of 8cps fully franked, up 33%

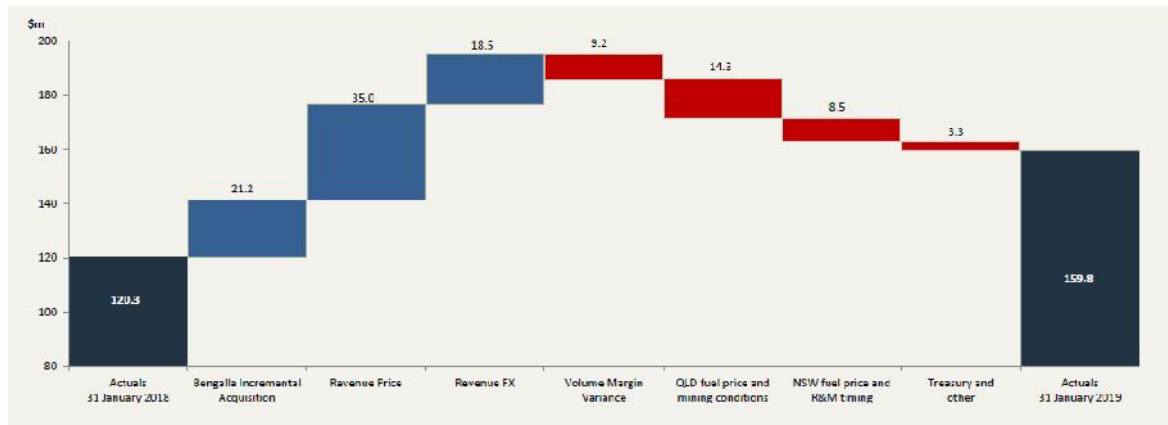
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New Hope Corporation Limited

Group NPAT comparison (before non-regular items)



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New Hope Corporation Limited

Total Shareholder Returns



- Almost \$2 billion in fully franked dividends paid to shareholders over the last 10 years
- 12 month TSR of 99% (to 31 January 2019)
- 23% per annum TSR since IPO in 2003
- \$10k invested at the IPO now worth \$277k

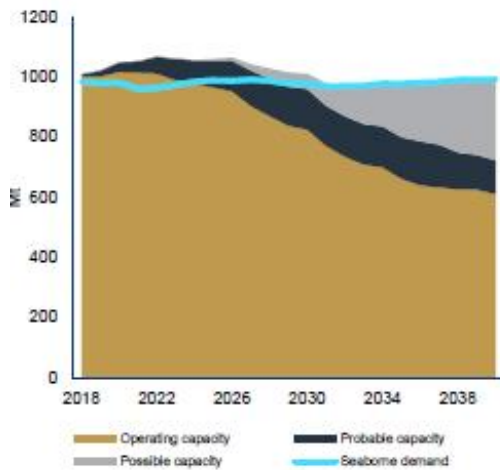
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New Hope Corporation Limited

Seaborne demand versus supply (Mt)



- Wood Mackenzie expects longer term seaborne demand for thermal coal to remain static
- Demand in SE Asia and India compensates for reduction in demand in other countries
- No meaningful global supply response
- Increased regulatory hurdles, more difficult financing and longer lead times will impact new mine development
- Australian coal in demand to feed lower emission HELE plants under construction

Source: Wood Mackenzie Coal Supply & Market Services

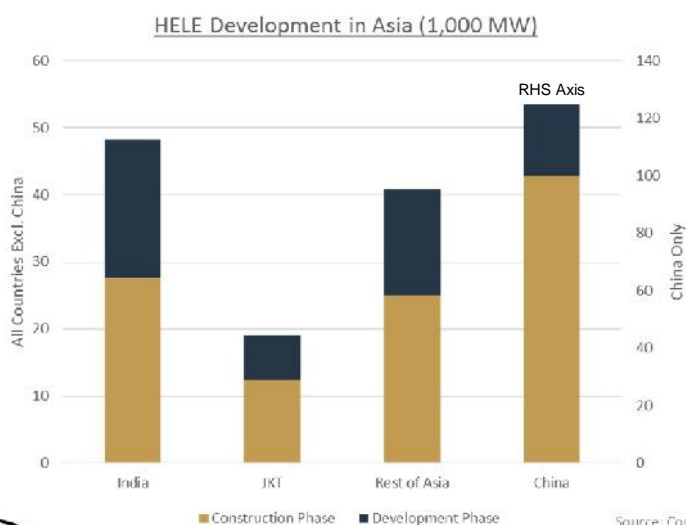
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New Hope Corporation Limited

HELE development in Asia



- Asia continues to rely on new technology coal plants for competitively priced electricity
- New plants will generate demand for 600Mtpa of coal (130Mtpa of seaborne thermal coal)
- If Australia does not meet this demand, poorer quality coal from other countries will supply Asia's demand

Source: Commodity Insights

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TPG Telecom Limited

Half year Ended 31 January 2019



Associated entity	25.3% held
Value of shareholding	\$1.64b

Contribution to WHSP profit	\$9.7m
Contribution to WHSP Regular profit	\$56.9m

Why we continue to own TPG

- Valuable and extensive infrastructure network
- Low cost, high value service provider
- Utility like subscriptions (defensive)
- Company well positioned for future opportunities and continual advances in technology
- VHA merger complementary and synergistic

Results for the half

- Underlying EBITDA \$424.4m, up 2.8%
- Underlying NPAT \$225.2m, up 3.5%
- Statutory profit after tax \$46.9m
- Interim Dividend of 2 cents per share fully franked

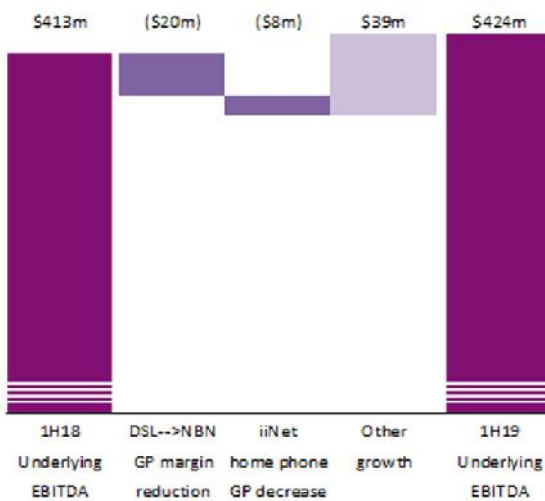
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TPG Telecom Limited

1H18 to 1H19 Underlying EBITDA bridge



- NBN headwinds (lower margin product) more than offset by growth in other earnings
- NBN customer migration impacts both broadband and voice customers
- The \$39m of other growth over the 1H18 was driven by the Corporate Division (including an uplift from the provision of fibre to VHA) and continued operational efficiencies

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TPG Telecom Limited

Growth in corporate offsetting NBN impact



EBITDA \$m	Consumer	Corporate	Other	TOTAL
1H18	255.2	158.7	(0.9)	413.0
1H19	243.0	182.5	(1.1)	424.4
Movement	(12.2)	23.8	(0.2)	11.4

EBITDA %	Consumer	Corporate	Other	TOTAL
1H18	29%	42%	-	33%
1H19	29%	48%	-	34%



TPG Telecom Limited

Outlook



- TPG merger with Vodafone:
 - ACCC decision expected May 2019
 - Significant synergy potential
 - Creation of a stronger competitor to majors
- Singapore mobile rollout ahead of expectations and inside budget. Currently providing trials with commercial launch at the end of 2019
- Full year EBITDA guidance \$800-820m (consistent with guidance at end of last FY)



iNet named Best NBN Provider by Choice in 2018



iNet named Internet Service Provider of the Year 2016



Brickworks Limited

Half year ended 31 January 2019

BRICKWORKS

LIMITED

Associated entity	43.8% held
Value of shareholding	\$1.08b

Contribution to WHSP profit	\$58.5m*
Contribution to WHSP Regular profit	\$41.9m*

Why we continue to own Brickworks

- Dividend stability
- Large and growing industrial property exposure (defensive)
- Strong market position in building products

Results for the half

- Underlying NPAT from continuing operations \$160m, up 37%
- Building Products Aust. EBIT from continuing operations \$26m, down 35%
- Property EBIT \$132m, up 167%
- Interim Dividend of 19 cents per share, up 6%

* Excludes the WHSP profit taken up by Brickworks under the equity accounting method.

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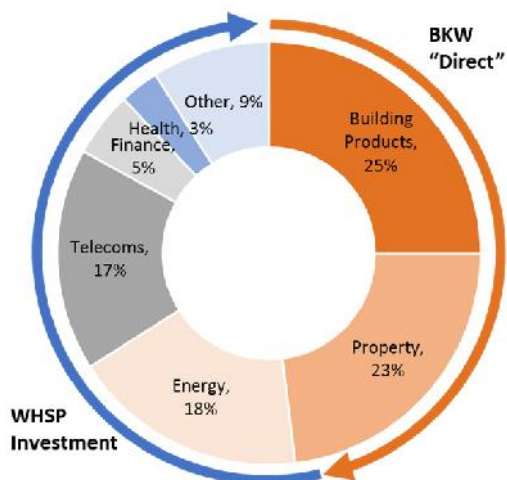


Brickworks Limited

A diversified portfolio of assets
Earnings stability and defensiveness

BRICKWORKS

LIMITED



- Brickworks has a highly diversified portfolio of assets on a look through basis
- Diversity provides earnings stability and the ability to invest for the long term, through cycles
- Many of the asset classes are defensive and balance out the cyclicity of building products
- Brickworks gearing reduced to a conservative 11% at the end of 1H19

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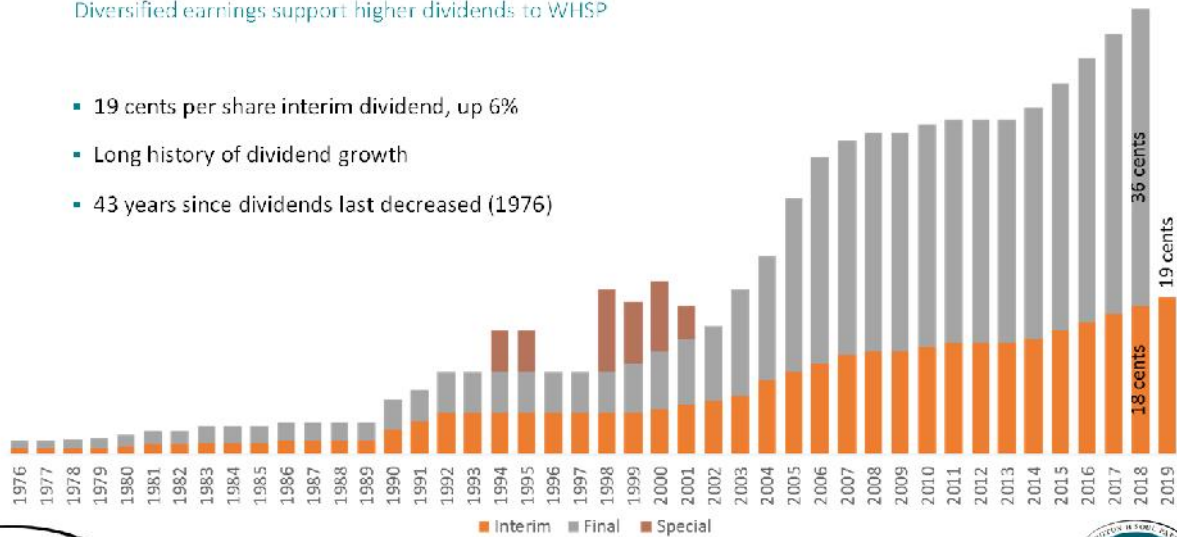
Brickworks Limited

Long term dividend growth

Diversified earnings support higher dividends to WHSP

- 19 cents per share interim dividend, up 6%
- Long history of dividend growth
- 43 years since dividends last decreased (1976)

BRICKWORKS
LIMITED



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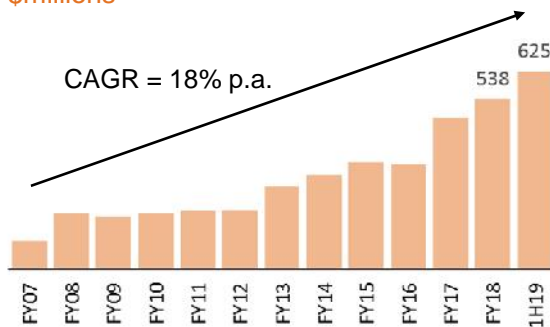
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Brickworks Limited

Growth in value of property trust assets

BKW 50% share of Property Trust Assets \$millions



- Total leased properties \$1.4 billion
 - 6 year weighted average lease expiry
 - "Blue chip" tenants
- \$308 million of land to be developed
- Rental return on leased assets 6%
- Revaluation return 16% during 1H19
- Gearing on leased assets 32%

BRICKWORKS
LIMITED

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Financial Services Portfolio



PORTFOLIO COMPANIES	OWNERSHIP
BKI Investment Company Limited	8.6%
Contact Asset Management	20.0%
Ironbark Asset Management	19.7%
Milton Corporation Limited	3.8%
Pengana Capital Group Limited	38.6%
Pengana International Equities	9.6%
Pitt Capital Partners Limited	100%
URB Investments Limited	12.5%

- Value of portfolio* \$365m, down 12% for the half
- Impacted by equity market volatility during the period
- \$9.5m contribution to WHSP Regular Profit
- Further investment in Ironbark Asset Management during the period to support its growth
- Portfolio provides Australian and international exposure

* Market values and Directors' valuations

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Pharmaceutical portfolio



PORTFOLIO COMPANIES	OWNERSHIP
Australian Pharmaceutical Industries (ASX: API)	19.3%
Apex Healthcare Berhad (Bursa Malaysia code: APEX MK)	30.3%
TPI Enterprises Limited (ASX: TPE)	19.9%

- Value of portfolio was \$239m, down 9.9% for the half
- \$8.1m contribution to WHSP Regular Profit

- API reported its full year results to 31 August 2018. Modest Underlying NPAT growth of 0.9% despite headwinds from changes to the PBS and exclusive direct distribution arrangements. Rollout of Clearskincare Clinics provides growth opportunities
- Apex reported its full year results to 31 December 2018. NPAT increased 31.8%. New production facilities will permit continued growth
- TPI Enterprises reported its full year results to 31 December 2018. Revenue increased 113% and gross profit increased by 257%. Expected increase in sales should see the company move into profitability in 2019

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Round Oak Minerals

Half Year Ended 31 January 2019



Percentage ownership	100%
Value of shareholding*	\$198m
Contribution to WHSP result	(\$22.7m)



* Directors' valuation

- Continuing to advance a number of projects around Australia with exposure to primarily copper, zinc and gold
- Nearing production on a number of assets
- Results impacted by significant expenses associated with :
 - start-up phase of the Barbara gold mine;
 - start-up phase of the Wallace gold mine;
 - progressing the development of the Mt Colin copper mine;
 - lower than expected ore production at Jaguar as focus shifted to opening up additional mining fronts for future development



WHSP

Property Portfolio

- Sale of Head Office at 160 Pitt completed (proceeds \$95 million)
- Property portfolio reduced to \$113 million at end of half (down 38.2%) due to:
 - sale of assets
 - no new acquisitions
- Sale of Prestons (completed February 2019 – included in 2H)
- Remaining assets in Castle Hill, Pennant Hills, Penrith and Kingsgrove



160 Pitt Street



Prestons Logistic Centre Development



WHSP

Unlisted Portfolio

- 15 unlisted investments with a total value of \$118m, up 26.8% for the half
- Portfolio increased as a result of \$28m in new investments in:
 - Aquatic Achievers (swimming schools)
 - Dimeo Group (commercial cleaning)
 - Duxton trusts (agribusiness)
- Ampcontrol continues to benefit from strong infrastructure, resources and energy project spend



Outlook

- We remain cautious – early warning signs of a slowing economy and asset prices remain high
- A number of key regulatory events to influence future performance:
 - Approval of TPG and VHA merger
 - Approval of New Acland Stage 3 mine extension for New Hope
- We will position ourselves for opportunities after the cycle turns. Shorter term opportunities include:
 - disruption caused by the findings of the Financial Services Royal Commission may create opportunities for independent operators
 - B2B credit opportunities
 - opportunities from a slowdown in the property market and tighter lending practices
- We are positive on the robust and defensive nature of WHSP's portfolio



Terms and Definitions

1 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 the statutory net profit after tax is included in the half year financial report. Refer to note 3 segment information.
2 Net regular cash	Net regular cash includes dividends received, net interest received, other income and realised gains and losses from assets held for trading and, deducts regular cash corporate expenses and cash tax paid. Special dividends received from controlled entities and associates are excluded.
3 Underlying EBITDA - TPG	Underlying results comprise non-IFRS financial information which excludes material non-recurring and/or non-cash items. Refer to the TPM ASX announcement 'Appendix 4D and Half Year Financial Report 31 January 2019' released to ASX on 19 March 2019, page 2 for further information and page 4 for a reconciliation between reported and underlying results.
4 Regular Profit- New Hope	Profit after tax and before non-regular items is a non-IFRS financial measure. Refer to the NHC ASX announcement 'Appendix 4D and Half Year Financial Report 31 January 2019' released to ASX on 19 March 2019, page 1 for further information and page 2 for a reconciliation between profit before and after non-regular items.
5 Underlying NPAT - Brickworks	Underlying NPAT is statutory NPAT adjusted for significant items. Refer to the Brickworks 'Appendix 4D and Half Year Financial Report 31 January 2019' released to ASX on 21 March 2019.
6 Underlying NPAT - API	Underlying NPAT is a non-IFRS financial measure. Refer to the API ASX announcement 'Appendix 4E and Annual Financial Report 31 August 2018' released to ASX on 18 October 2018, page 1 for further information and page 3 for a reconciliation between reported and underlying NPAT.

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A Diversified Investment House

