



ASX/Media release

WHSP reports increased cash generation 19th year of increased dividend

Key highlights:

FY19 Key highlights		
Group Regular profit after tax*	\$307.3 million	- 7.2%
Group Profit after tax	\$247.9 million	- 7.1%
WHSP's net asset value (pre-tax)	\$5.5 billion	+ 0.6%
Net regular cash from operations	\$169.6 million	+ 18.1%
Total Dividends (fully franked)	58 cents per share	+ 3.6%

Thursday, 19 September 2019: Diversified investment house, Washington H. Soul Pattinson and Company Limited (WHSP, ASX: SOL) today announced the Group's results for the full year ended 31 July 2019, reporting a net profit after tax (NPAT) of \$247.9 million for the year, down 7.1% on the previous corresponding period.

WHSP considers regular profit after tax to be the better indicator of the underlying profit of the Group. Regular profit after tax* of \$307.3 million was 7.2% down on the previous corresponding period.

The regular profit result was driven by positive contributions from:

- Brickworks, up by 22.9% to \$54.7 million due to another strong result from property activities;
- income from investments (loans and equity portfolios), up by 63.3% due to stronger dividend and interest income;
- the Property Portfolio, up by 157.1% to \$11.0 million following the completion and sale of projects; and
- the Financial Services Portfolio, up 28.2% to \$23.5 million primarily due to increased dividend income.

* 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.

These gains were offset by:

- a lower contribution from TPG Telecom, down 12.8% due to continuing margin impact from the NBN rollout; and
- an increased regular after tax loss from Round Oak Minerals of \$54.1 million (2018: \$9.7 million) which arose principally from:
 - start-up expenses for new projects and increased corporate overheads, exacerbated by delays caused by extreme weather that led to flooding; and
 - a reduction in production volumes and increased operating costs at WA copper and zinc underground mine, Jaguar, to realign the mining sequence. This realignment is expected to benefit future production.

Final dividend

The Directors declare dividends based on the WHSP's regular cash inflows less regular operating costs. The net regular cash from operations for the year was up 18.1% from the previous corresponding period.

For the full year ended 31 July 2019, the Directors have declared a fully franked final dividend of 34 cents per share, an increase of 3.0% over last year's final dividend of 33 cents per share. This brings the total dividend for the year to 58 cents per share, up 3.6%.

The record date for the final dividend will be 18 November 2019 with payment due on 9 December 2019.

WHSP Chairman, Robert Millner said: "WHSP aims to pay a stable and growing dividend through its diversified portfolio of assets. The Company has lifted both its interim and final dividend every year since 2000. Only two companies in the ASX All Ordinaries Index have been able to achieve this. The final dividend in 2000 was 6 cents and has grown to 34 cents, a compound annual growth rate of 12.3%.

"The driver of our ability to pay dividends is the regular cash generated from our portfolio. In FY19, regular cash from our operations increased 18% on the previous year. This means that WHSP is well positioned to continue the growth in its dividends.

"Our major investments continue to be impacted by regulatory issues. After 12 years New Hope continues to await approval for its New Acland extension, TPG is before the Federal Court seeking approval for its merger with Vodafone and Brickworks continues to be impacted by the higher gas and energy prices in Australia.

"Despite these factors, the diversification of the portfolio continues to generate strong performance. Brickworks' land and property division produced strong earnings growth, New Hope's acquisition of an increased shareholding in the Bengalla mine increased profits and TPG's growth in its corporate segment offset a lot of the earnings lost as a result of the rollout of the NBN.

"WHSP continues to deliver long-term results for shareholders with a Total Shareholder Return for the last 15 years of 11.6% per annum while the All Ordinaries Accumulation Index increased only 9.0%," he added.

Outlook

WHSP Managing Director, Todd Barlow, said: “Our flexibility has enabled us to position our portfolio to generate higher cash to support our growing dividend. This has been achieved through increased exposure to direct lending and profits from the property portfolio. The portfolio achieved strong growth in cash of 18% despite the sustained low dividends from TPG. If the TPG merger with Vodafone is allowed to proceed, we would expect the merged entity to pay higher dividends to shareholders.

“Our portfolio is well positioned to deliver continued growth while being largely uncorrelated with the rest of the equity market.

“We remain cautious about high asset prices and peak economic conditions, however, continue to be actively interested in sectors which we believe will have long-term attractive investment fundamentals. Some of these sectors include continued investment in financial services supported by growing superannuation funds under management; retirement living opportunities supported by an ageing population; and agricultural investment supported by favourable supply and demand characteristics as global population and food consumption increases.

“WHSP has financial capacity to make new investments and is always looking for opportunities where our long term, patient and disciplined investment approach can deliver outperformance for shareholders.”

Briefing details:

WHSP will present its results with a Q&A session afterwards today at the Austral Bricks Design Studio, 2 Barrack Street Sydney – 12.15pm for 12.30pm start. Please note Brickworks will be presenting first.

The briefing will be live streamed at:

<https://www.streamgate.co/brickworks/>

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, mining, equities, pharmaceuticals, property and financial services.

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.

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

www.whsp.com.au

For further information

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