



ASX/Media release

WHSP reports record regular profit

Key highlights:

Performance for the Year	2018 \$m	Change
Group Regular profit after tax*	\$331.1	+ 17.4%
Group Profit after tax	\$266.8	- 20.0%
WHSP's net asset value (pre-tax) (tax payable if disposed of on 31 July 2018 \$1,082 million)	\$5,438.6	+ 21.8%

Cash and Dividends	2018	Change
Net regular cash from operations	60 cps	0.1%
Total Dividends (fully franked)	56 cps	+ 3.7%

Thursday, 20 September 2018: 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 2018, reporting a regular profit after tax* of \$331.1 million, an increase of 17.4% on 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 in the regular profit was attributable to a number of investments materially increasing contributions, notably:

- New Hope Corporation Limited, up 74.7%
- Apex Healthcare, up 33.6%
- Financial Services Portfolio, up 19.3%
- Brickworks Limited, up 8.0%

Net profit after tax (NPAT) was \$266.8 million for the full year, down 20.0% on the previous corresponding period. NPAT was impacted by non-regular losses of \$64.3 million (2017: \$51.6 million profit) which predominantly related to New Hope's impairment of an undeveloped exploration project in Queensland.

WHSP Chairman, Robert Millner said: "This year, we have recorded the Group's highest ever regular profit. Strong trading conditions across the portfolio contributed to a \$972 million increase in the pre-tax value of the portfolio, a 21.8% increase for the year.

"New Hope is enjoying record thermal coal prices in Australian dollars terms in addition to increasing its production volumes in recent years. TPG Telecom Limited continues to grow regular profit despite the

* 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.

NBN reducing industry margins, and Brickworks is continuing to experience robust demand for its building products and growing rental income from its property portfolio.

“WHSP is a disciplined and patient long-term investor. Its diversified portfolio has again delivered outstanding results for shareholders with a Total Shareholder Return for the year of 27.5% (outperforming the All Ordinaries Accumulation Index by 12.6%).

“Over the past 15 years, an investment in WHSP has increased by more than five times while the index has increased by less than three times.

“The Company lifted its dividend for the 18th straight year and is one of only two companies in the ASX All Ordinaries Index to achieve that feat,” Mr Millner said.

Total Shareholder Returns	WHSP	All Ords. Accum. Index	Out Performance
1 Year	27.5%	14.9%	12.6%
3 Years	20.5% p.a.	8.4% p.a.	12.1% p.a.
15 Years	13.0% p.a.	9.4% p.a.	3.6% p.a.

Final dividend

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

For the full year ended 31 July 2018, Directors have declared a fully franked final dividend of 33 cents per share, an increase of 3.1% over last year’s final dividend of 32 cents per share. This represents the 18th straight year that total dividends have increased, and brings total dividends for the year to 56 cents fully franked.

WHSP’s ordinary dividend compound annual growth rate over 15 years is 8.3% per annum.

The record date for the dividend will be 19 November 2018 with payment due on 10 December 2018.

Events since 31 July 2018

Following the year ended 31 July 2018, a number of material developments have occurred:

- On 7 August, New Hope announced it had agreed to purchase an additional interest in Bengalla for \$860 million.
- On 21 August, WHSP completed the sale of 160 Pitt St for \$95 million. The \$68 million after tax gain on sale will be recorded in the FY19 year.
- On 30 August, TPG announced a merger of equals with Vodafone Hutchison Australia.

Outlook

WHSP Managing Director, Todd Barlow, said: “Not only did we see strong performances from companies across the portfolio over the last 12 months, we also saw a number of transactions that have improved the outlook for the company, such as the announced merger of TPG and Vodafone Australia, and the acquisition of a further interest in the Bengalla mine by New Hope.

“In the first month of the new financial year (August), the portfolio grew by 19.8% (\$1.08 billion), so we are already seeing the benefits of the strategic initiatives undertaken by some of our largest investments.

“We consider our portfolio to be relatively defensive given the large investments in consumer staples (such as telecommunications) and commodities with lower demand volatility (such as thermal coal). We are therefore really pleased to see such a strong performance in a growth market.

“The sale of the head office at 160 Pitt Street was a difficult decision given the company’s occupation of the building for over 140 years. However, the sale is demonstrative of the pragmatism of the Board and the willingness to sell an asset at the right price. The \$68 million after tax gain on the sale will be reflected in FY19.

“WHSP has significant financial capacity to make new investments and continues to look at 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 today at the Brickworks Design Studio, 2 Barrack Street Sydney – 12.15pm for 12.30pm start.

The briefing will be live streamed at: <https://www.streamgate.co/brickworks-full-yearly-results-2018/>

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)

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