



**WASHINGTON H SOUL PATTINSON  
AND COMPANY LIMITED**

ABN: 49 000 002 728

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**ASX Announcement - 7 December 2018**

**Annual General Meeting - 7 December 2018**

Attached is the Chairman's address and the Managing Director's presentation which will be delivered at the 2018 Annual General Meeting of the Company later today.

I.D. Bloodworth  
Company Secretary



Washington H. Soul Pattinson and Company Limited

## Welcome to the 116<sup>th</sup> Annual General Meeting



Good afternoon Ladies and Gentlemen, my name is Robert Millner, I am the Chairman of Washington H. Soul Pattinson and I would like to welcome you to the 116<sup>th</sup> Annual General Meeting of the Company.

I am advised that a quorum is present and therefore declare the Meeting open.

Before we proceed I would like to introduce to you my fellow Directors:-

Mr. Todd Barlow is our Managing Director.

Mrs. Tiffany Fuller – non-executive director,

Mr. Michael Hawker – non-executive and lead independent director,

Mr. Tom Millner – non-executive director,

Mr. Warwick Negus – non-executive director, and

Mr. Robert Westphal – non-executive director.

Mr. David Grbin is the Chief Financial Officer (CFO) and

Mr. Ian Bloodworth is the Company Secretary.

Mr. John Gavljak from the Company's Auditors, is also present.



Washington H. Soul Pattinson and Company Limited

## Chairman's Address



### Chairman's Address

I would like to thank the representatives from our investee companies who were responsible for the stands in the foyer.

I hope everyone has found the displays informative and has had an opportunity to speak with the representatives.

I propose that the Notice of Meeting dated 2nd November 2018, which was sent to all registered shareholders of the Company be taken as read.

Following my address, Todd will deliver his presentation, after which shareholders will have the opportunity to ask questions.

We will then conduct the formal business of the meeting.

## Business Overview



## Business Overview

WHSP has a diversified portfolio of major investments as well as listed equities, private equities and direct property.

WHSP is a conservative and value driven investor focused on delivering returns over the long term.

Through this approach, we have achieved the following over the last 15 years:

- Continually increased regular dividends which have grown at a cumulative annual growth rate of 8.3% per year; and
- Delivered a Total Shareholder Return of 13% per annum which is an outperformance against the All Ords Accumulation Index of 3.6% per annum.

## Key Highlights Year Ended 31 July 2018

HIGHEST EVER  
REGULAR PROFIT

**\$331m**

up 17.4%

PORTFOLIO VALUE  
INCREASED BY

**\$972m**

up 21.8% to \$5.4 billion

FULLY FRANKED  
DIVIDENDS OF

**56cps**

18<sup>th</sup> consecutive increase

MARKET CAP GROWTH  
AND DIVIDENDS ADDED

**\$1.1b**

to shareholder wealth

12 MONTH TOTAL  
SHAREHOLDER RETURN

**27.5%**

12.6% above Index\*

\* Index refers to the All Ordinaries Accumulation Index

## Key Highlights Year Ended 31 July 2018

The performance for the year ended 31 July 2018 was very pleasing.

The Group recorded its highest ever Regular Profit of \$331 million, an increase of 17% over 2017.

The value of the Company's portfolio of investments grew by \$972 million to \$5.4 billion, an increase of 22%.

We increased regular dividends for the 18th consecutive year.

The combination of the increase in the Company's market value and the dividends paid, added \$1.1 billion to shareholders wealth during the year.

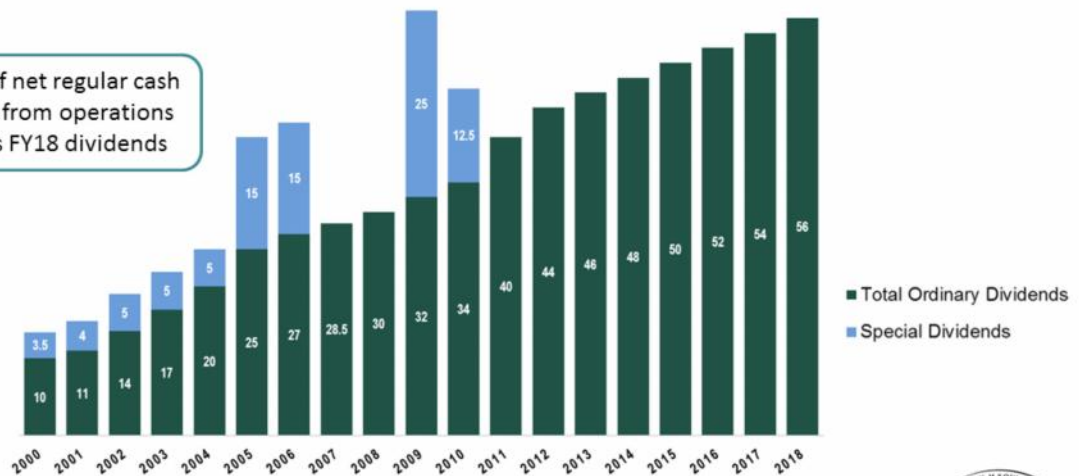
Our total shareholder return for the year was 27.5%, out performing the All Ordinaries Accumulation Index by over 12%.

## Dividend History

Final Dividend: 33 cents per share fully franked, up 3.1%

Total Dividends for the year: 56 cents fully franked, up 3.7%

93.4% of net regular cash inflows from operations paid as FY18 dividends



## Dividend History

The final dividend this year is 33 cents per share fully franked an increase of 3.1% on last year.

This brings total dividends for the year to 56 cents fully franked an increase of 3.7%.

The record date for the final dividend was 19 November with payment due on Monday of next week.

This continues WHSP's exceptional history of paying dividends to shareholders.

The Company has not missed paying a dividend since listing in 1903 and WHSP is one of only two companies in the All Ords Index to have increased its regular dividend every year for the last 18 years.

Dividends are declared based on the Company's regular cash inflows less regular operating costs.

This year we will pay out, 93% of the net regular cash inflows from operations.

WHSP's diversified portfolio continues to deliver reliable cash returns which enable it to provide increasing fully franked dividends to its shareholders.



## Sale of 160 Pitt Street and Closure of Pharmacy



- Head office building sold after 145 years
- Last remaining pharmacy closed in May 2018
- Pharmaceutical operations sold to API in 2000
- Thank you to staff and customers

### Sale of 160 Pitt Street and closure of pharmacy

During the year, WHSP entered into an agreement to sell its head office building at 160 Pitt Street.

As a consequence the Company's last remaining pharmacy, which had operated out of the building for 145 years, ceased trading in May 2018.

In 2000, WHSP sold its pharmaceutical operations to API.  
The chemist at 160 Pitt Street was the only store retained by WHSP.

This is the end of a chapter in the Company's history, however, ultimately every assets is for sale at the right price and the offer for the building was compelling.

It was sad to see the pharmacy close its doors but we are immensely proud of what it achieved.

We thank the many staff who provided diligent service throughout the years and our many loyal customers.



Washington H. Soul Pattinson and Company Limited

## Managing Director's Presentation

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2018 Annual General Meeting



### WHSP Total Shareholder Returns

as at 30 November 2018

Annualised Returns	1 Year	3 Years p.a.	5 Years p.a.	10 Years p.a.	15 Years p.a.
<b>WHSP</b>	<b>59.8%</b>	<b>23.1%</b>	<b>15.7%</b>	<b>15.4%</b>	<b>14.2%</b>
All Ord. Accum. Index	7.5%	10.7%	7.8%	10.1%	9.1%
Out Performance	52.4%	12.3%	7.9%	5.3%	5.1%

Includes the re-investment of dividends

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## WHSP Total Shareholder Returns

15 years to 30 November 2018



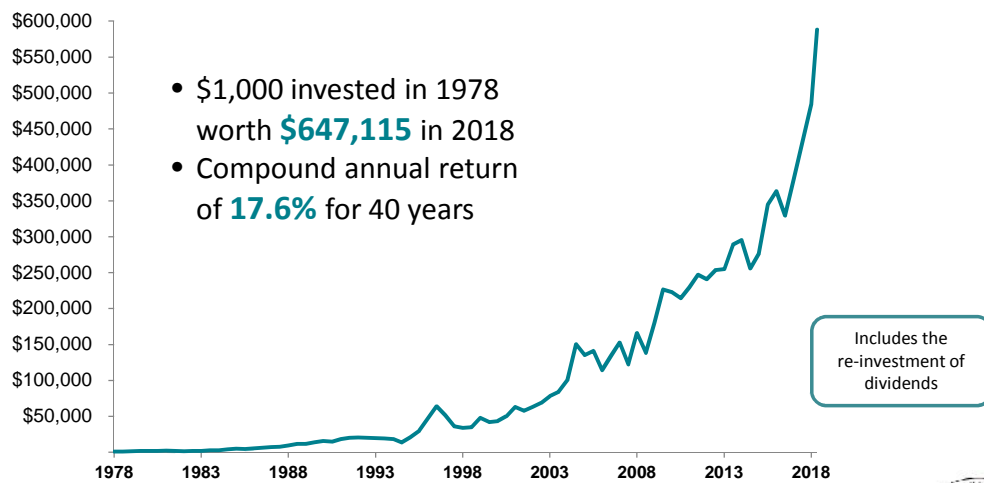
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## WHSP Total Shareholder Returns

Wealth Creation over 40 years



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## Portfolio Value As at 30 November 2018

	WHSP's Holding %	Value of Holding \$m
TPG Telecom	25.3%	1,685 *
New Hope Corporation	50.0%	1,393 *
Brickworks	43.9%	1,072 *
Financial Services Portfolio	-	359 *^
Pharmaceutical Portfolio	-	253 *
Round Oak Minerals	100.0%	149 ^
Other Listed Investments		472 *
Other Unlisted Investments		107 ^
Property Portfolio (net of borrowings)		110 ^
Cash and other net assets		225
<b>Net assets value (pre-tax)</b>		<b>5,825</b>

Tax payable if disposed of on 30 November 2018 = **\$1.2 billion**

\* Market value

^ Directors' valuation



## WHSP Group companies in the ASX200



Included December 2018



Included September 2017



Included March 2016



Included December 2015

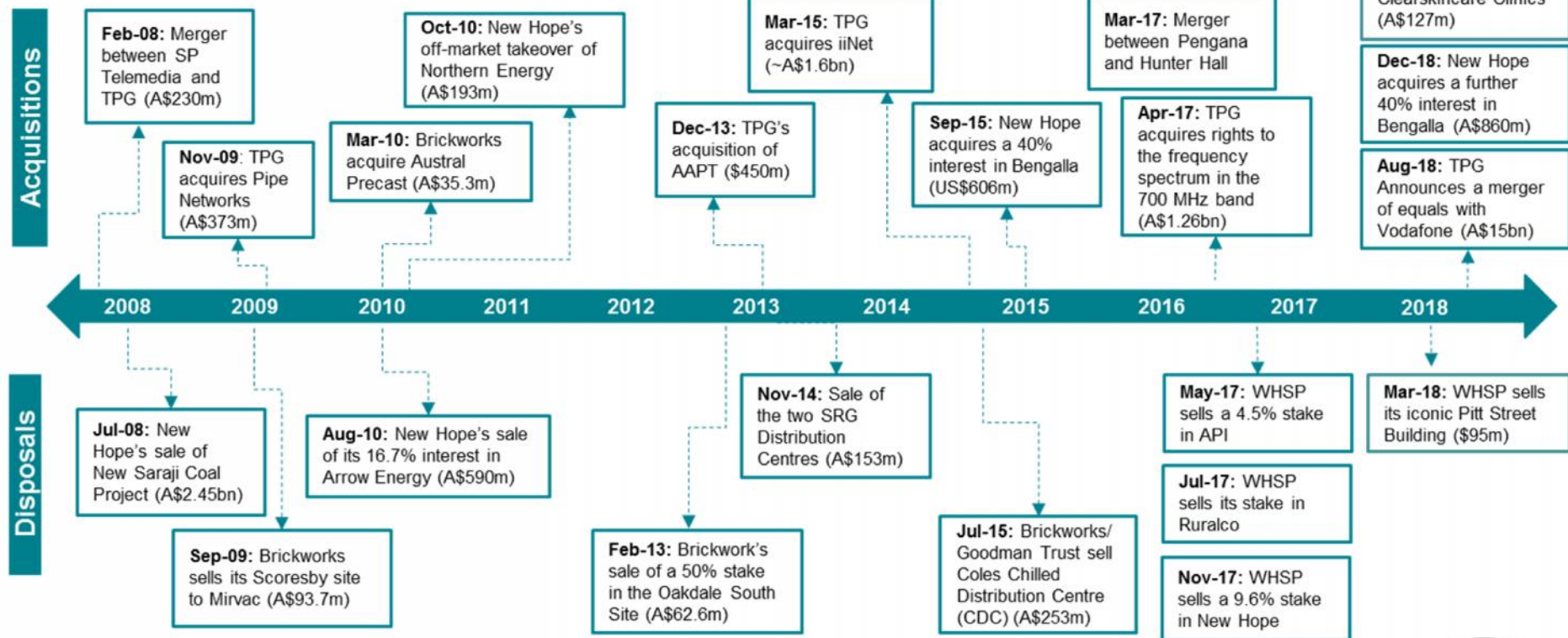


Included December 2014



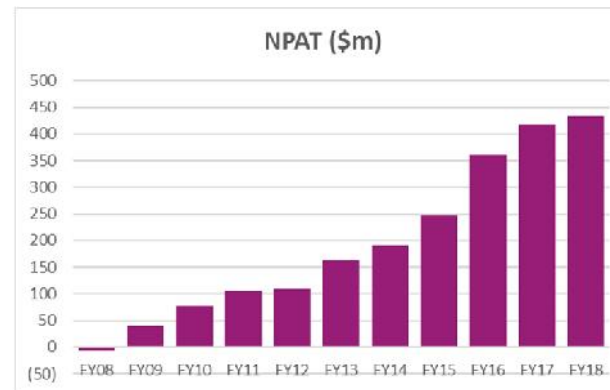
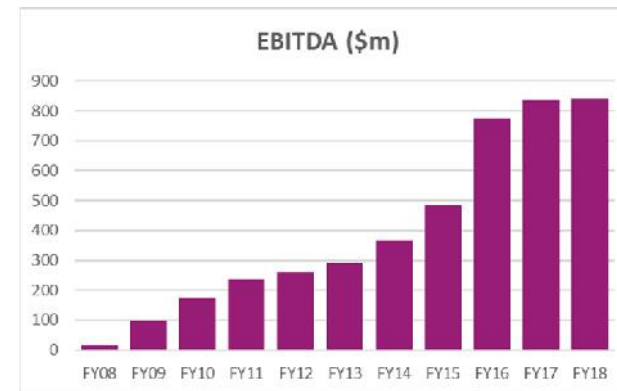
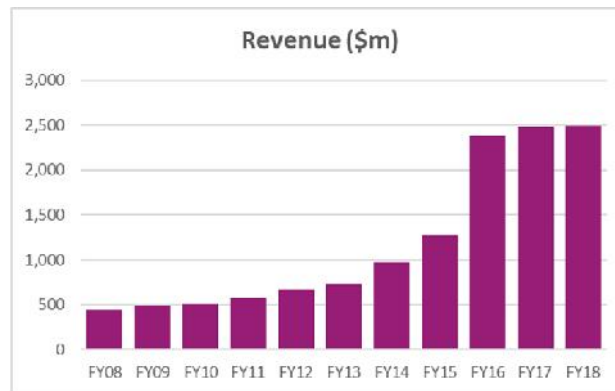
# Active Mergers & Acquisitions to add value

Major transactions across WHSP and Group Companies



# TPG Telecom Limited

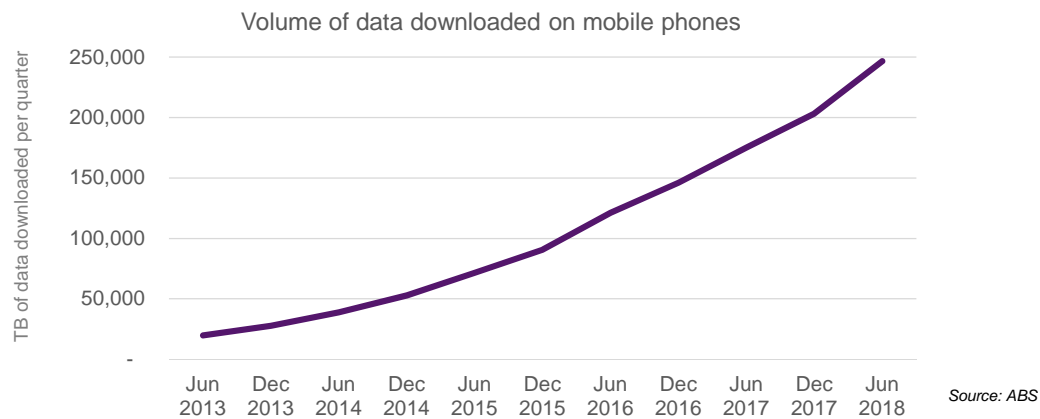
10 Year Performance across key financial metrics



The charts are based on 'underlying' data as disclosed in TPG's reports to the market.

## TPG Telecom Limited

Strong growth in data downloads from mobile devices



## TPG Telecom Limited

Merger with Vodafone Australia



- TPG announced “merger of equals” with Vodafone Australia on 30 August
- WHSP will have 12.6% shareholding post merger
- Highly complementary businesses
- Significant synergy potential
- Pre-merger special dividend to TPG shareholders
- Pre-merger in-specie dividend of Singapore mobile business to TPG shareholders
- ACCC, FIRB and TPG shareholder approvals required
- Stated dividend policy should enhance dividends to WHSP in future years



## TPG Telecom Limited

### 2018 Awards



Contact Centre of the Year  
>100seats



No.1 for Speed and Customer Satisfaction



**MOST SATISFIED CUSTOMERS**  
SMALL BUSINESS BROADBAND 2014-2018



Home Broadband Provider of the Year



NBN Customer satisfaction



ADSL / Cable Customer Satisfaction



Home Bundle Customer Satisfaction



Best Mobile Prepaid Provider Large Plans



Best-Value Mobile Plan High Usage



## Brickworks Limited

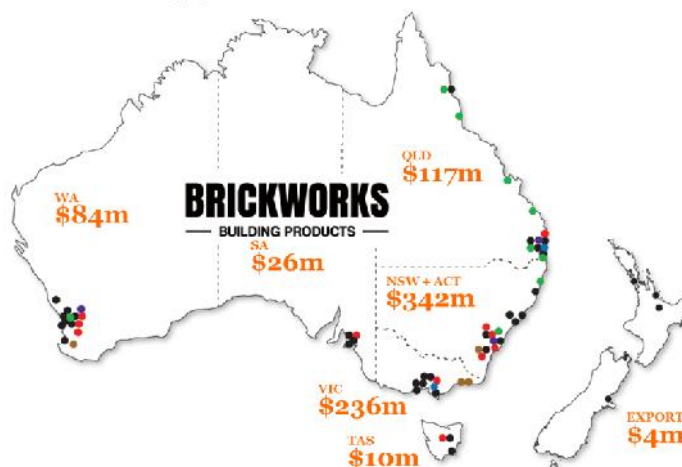
### National footprint

# BRICKWORKS

LIMITED

- KEY
- DISPLAY CENTRES
  - BRICK PLANTS
  - ROOFING PLANTS
  - MASONRY PLANTS
  - TIMBER MILLS
  - PRECAST PLANTS

AUSTRALIA AND NEW ZEALAND  
*Display Centre and Plant Locations*





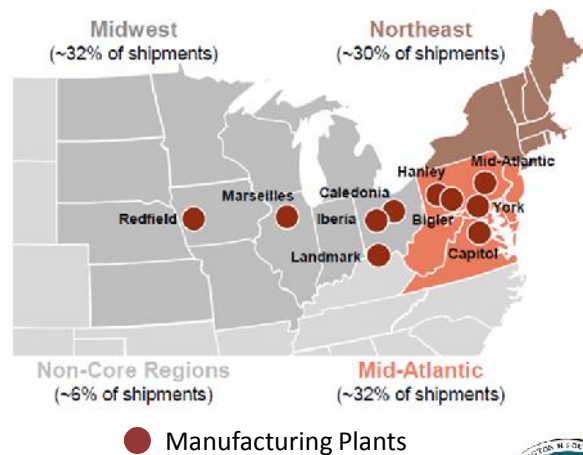
## Brickworks Limited

### US acquisition

- Glen-Gery founded in 1890
- 4th largest brick manufacturer in the US
- 10 manufacturing plants (9 brick + 1 manufactured stone)
- Leading market position in key north east states
- 655 employees
- For 12 months to August 2018:
  - Circa 230m US bricks sold
  - Revenue AU\$162m (US\$118m)
  - Normalised EBITDA AU\$18m (US\$13m)

**BRICKWORKS**  
LIMITED

**Glen-Gery**



## Brickworks Limited

### More than a building products company

**BRICKWORKS**  
LIMITED



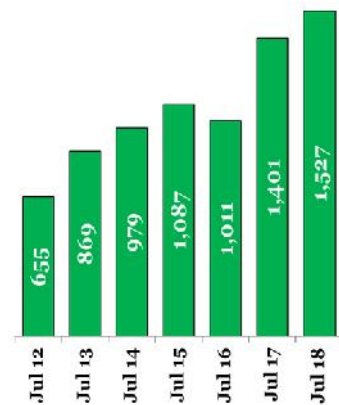


## Brickworks Limited

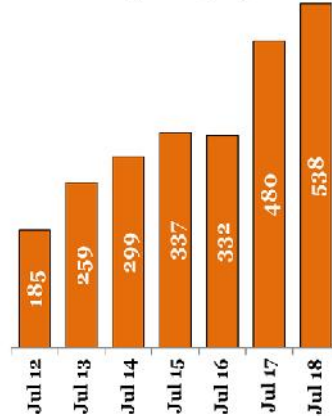
Growing industrial property trust assets

**BRICKWORKS**  
LIMITED

Total Trust Assets (\$m)



Brickworks 50% Equity Value (\$m)



## New Hope Corporation Limited

FY18 Highlights

 **NEW HOPE**  
GROUP

<b>Profit after income tax</b> (before non regular items) <b>\$253M</b> ▲96% from 2017	<b>Cash generated from ops</b> (before interest and tax) <b>\$434M</b> ▲39% from 2017	<b>Total tonnes sold</b> <b>8.9M</b> ▲5% from 2017
<b>EBITDA</b> (before non regular items) <b>\$453M</b> ▲60% from 2017	<b>Final dividend</b> <b>8.0 cents</b> ▲33% from 2017	<b>Land rehabilitated</b> <b>50ha</b> at New Acland Mine



## New Hope Corporation Limited

### Completion of further interest in Bengalla



- New Hope completed the acquisition of an additional 30% of Bengalla in December 2018.
- Announced further acquisition of up to 10% from Mitsui to complete in 2019.
- New Hope will own up to 80% of the Bengalla coal mine which produces around 9.5mtpa of thermal coal.



## New Hope Corporation Limited

### New Acland Stage 3 update



- In November 2018, New Hope received a positive recommendation from the Queensland Land Court.
- New Hope continues to work with the Queensland government to progress steps for final project approval.
- Seeking to ensure continuity of operations and employment for 300 employees and 500 contractors.



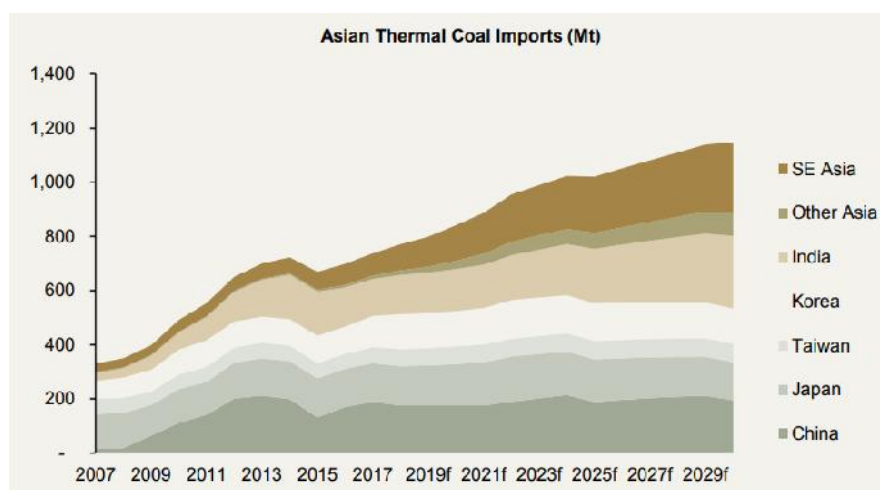
## New Hope Corporation Limited

Ten year total dividend return of \$1.91 billion



## New Hope Corporation Limited

Asian thermal coal import growth

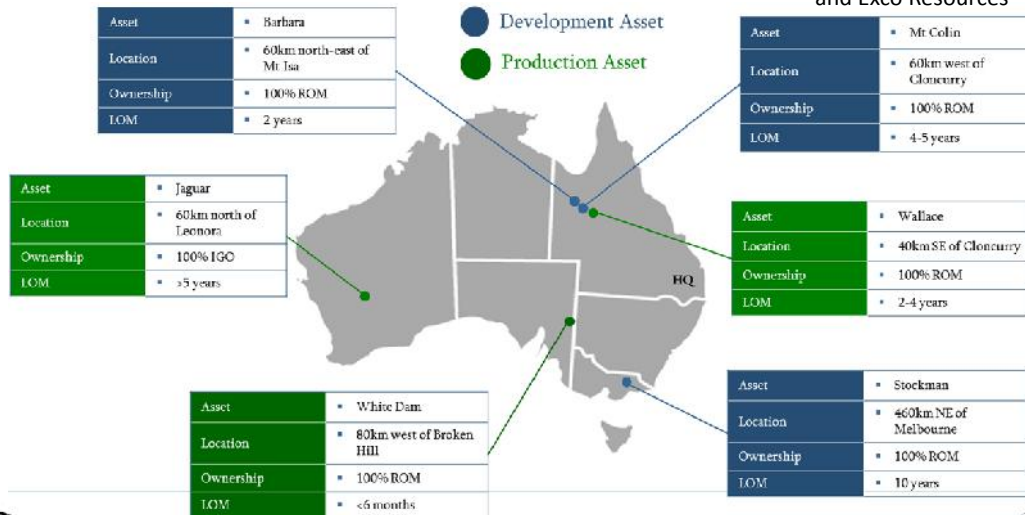


## Round Oak Minerals

Copper, zinc and gold projects across Australia



formerly CopperChem  
and Exco Resources



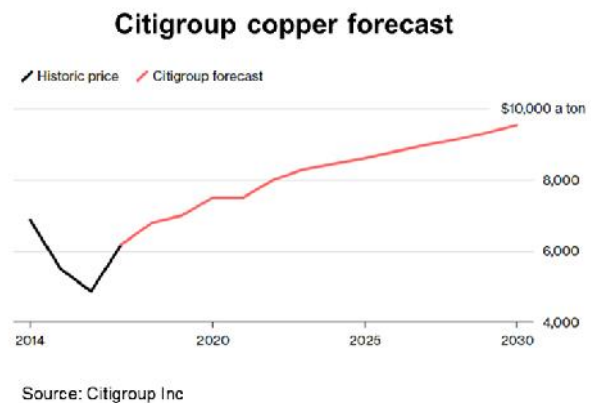
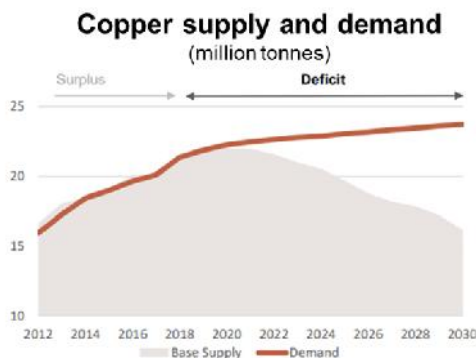
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## Round Oak Minerals

Forecast copper supply shortages



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## WHSP as a technology investor

A long history of investing in technology businesses....  
with a focus on proven businesses delivering cashflows



## What we provide to our shareholders

### DISCIPLINE

- Long term approach to investing
- Conservative and cost conscious

### DELIVERY

- A history of outperformance over the long term
- Lower volatility and risk

### DIVIDENDS

- A history of stable and growing dividends
- Diversified portfolio provides greater security

### DEFENSIVE

- Portfolio of investments that aim to perform throughout the economic cycle





Washington H. Soul Pattinson and Company Limited

## Questions





## Questions

### New Hope's Rehabilitation



#### *New Oakleigh*



### Questions:

We have received 3 questions from Dr Howard Connor and Mrs Mary Connor which relate to the Stockman project in Victoria, which is owned by Round Oak Minerals.

#### Question 1.

What is the financial risk of constructing a larger tailings dam on top of a smaller one built across the Tambo River?

#### Answer:

The site selection for the tailings dam was considered under the Environmental Effects Statement Act process. The existing tailings storage facility was identified as one of the two lower risk options that has the benefit of historical information and data which reduces uncertainty.

The Ministerial Assessment under the Act also agreed that the reuse of the existing tailings storage facility was the preferred option and is consistent with the principals of risk management.

The detailed design for the first embankment raise was recently completed and designed to meet Australian National Committee on Large Dams guidelines. It has been reviewed by a Principal Geotechnical Engineer on an Independent Technical Review Panel.

The design for the embankment raise will make improvements on the existing facility and incorporates multiple controls to ensure the integrity of the dam structure.



#### Question 2.

Will WHSP be taking responsibility after Round Oak finishes operations at the Benambra mine?

Answer:

All mining companies are required to be responsible for the rehabilitation of mines following cessation of mining activities.

The regulatory obligations and financial undertakings to ensure appropriate remediation are significant. But our approach has been to exceed the regulatory requirements.

If you look at New Hope as an example of the culture that exists with respect to rehabilitation of mines, they are best in class at rehabilitating the land and ensuring environmental remediation.

On the screen are some photos of the rehabilitation that has taken place at New Hope's New Oakleigh mine which ceased operation in 2012. Today you wouldn't even know a mine was ever there.

#### Question 3

What assurances can WHSP give shareholders about the Benambra mine's viability?

Answer:

It is obviously in our interests to ensure that we only undertake investment decisions which are profitable and take into account the various risks.

## Terms and Definitions

1	Regular profit - WHSP	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 consolidated financial statements – Note 3, Segment information, within the 2018 Annual Report.
2	Underlying data charts - TPG	Underlying data charts as disclosed to the market by TPG. Refer to ASX:TPM announcement '2018 AGM presentation' released to the ASX on 5 December 2018, for further information.
3	Profit and EBITDA before non-regular items - New Hope	Profit and EBITDA before non-regular items are non-IFRS financial measures disclosed to the market by New Hope. Refer to ASX:NHC announcement 'Chairman's Address to Shareholders' released to the ASX on 20 November 2018 for further information.

# Washington H. Soul Pattinson and Company Limited

## A Diversified Investment House

