

27 February 2019

Sandon Capital Investments declares fully franked interim dividend of 3.5 cents per share

Highlights

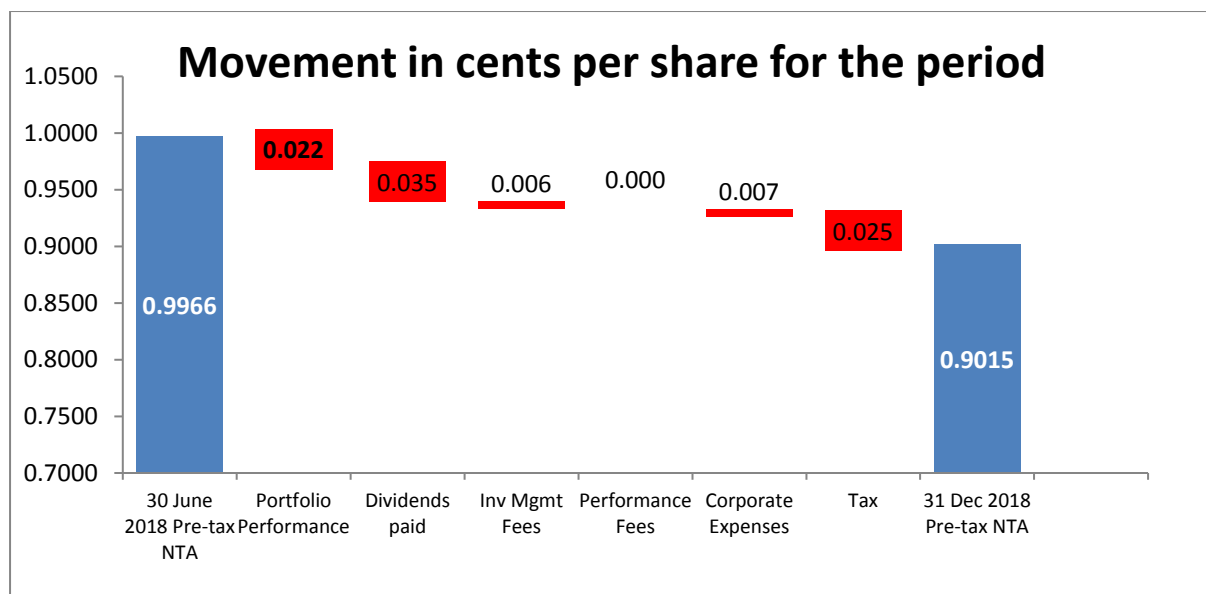
- The Board has declared a fully franked interim dividend of 3.5 cents per share
- SNC Shares offer an attractive fully franked dividend yield of 8.3 (11.4% incl. franking)¹%

The Board of Sandon Capital Investments Limited (ASX:SNC) (“SNC” or the “Company”) has declared a fully franked interim dividend of 3.5 cents per share.

The investment portfolio reported a loss of 2.2%¹ on a gross basis for the 6 months ended 31 December 2018. The S&P/ASX200 and Small Ordinaries Accumulation Indices were down 6.8% and 12.7% respectively for the same period.

Net tangible assets (NTA) Performance over the period (including dividends and imputation credits) was -4.7%. NTA Performance excluding tax payable was -2.2%.

The chart below shows the factors contributing to the half year NTA return (in cents per share).



The Company has continued to build its Profits Appropriation Reserve to the equivalent of 6.2 cents per share as at 31 December 2018. The franking account stands at approximately 0.9 cents per share at 31 December 2018. The company is due to pay tax in March 2019. After payment of this tax

¹ Based on closing price of \$0.845 on 26 February 2018, using the 27.5% corporate tax rate.

and the interim dividend, the franking account is expected to be the equivalent of 2.1 cents of franking per share.

The Board anticipates being able to declare a similar final dividend for the year ending 30 June 2019, subject to prudent business practices and the availability of profits and franking.

SNC has declared 26.5 cents per share of fully franked dividends since listing in December 2013.

Key Dates for Interim Dividend

Dividend Dates	
Announcement date	26 February 2019
Ex-date	16 May 2019
Record date	17 May 2019
Date payable	28 May 2019

There will be no dividend reinvestment plan (“DRP”) in respect of the interim dividend.

Investment Manager Commentary

Investment returns in the first half of FY2019 were disappointing, although better than those from the broader market.

Results for portfolio companies for the period ended 31 Dec 2018 are largely within both ours and market expectations. City Chic Collective Ltd (CCX) (formerly Specialty Fashion Group Ltd) reported a very solid result, despite broad woes in retailing. CCX shares rallied 38% on the results announcement and have increased nearly 49% since 31 December 2018.

Throughout the half year Spicers Ltd (SRS) made a series of positive announcements regarding its financial performance and the sale of its Asian business. Soon after the end of the half year, the company announced a proposed scheme of arrangement which would see Japanese company Kokusai Pulp & Paper Co. Ltd take over ownership of SRS.

Fleetwood Corporation Ltd (FWD) was a drag on performance during the half. The company’s recent earnings release and outlook again highlighted the divergence between upbeat management commentary and disappointing financial results. We remain convinced that change is required at Board and management level if the company is to realise its undoubted potential.

Consolidated Operations Group Ltd (COG) is due to report on 27 Feb, so we will make comment on its results in the next NTA announcement.

The reported carrying value of Foundation Life, a life insurance company run-off, doubled as a restructure to unlock value came closer to fruition.

The short window of volatility in late 2018 gave us a few opportunities to buy. We remain patient, accumulating shares of several companies we believe offer good prospects. Any further market gyrations may yield further opportunities.

In terms of outlook, the recent volatility that befell markets seems to have been easily forgotten, though we observe that US interest rate increases, seen by many as precipitating the correction, appear to have been paused. As mentioned in prior years, we believe investors are well served to remember the inverse relationship between asset prices and interest rates.

Contact

If you have any questions regarding the Company or its investments, please call Gabriel Radzynski on 02 8014 1188. If you have questions regarding your shareholding, please contact Link, whose details appear below.

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