

20 February 2020

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The Manager
ASX Market Announcements
Australian Securities Exchange
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AMCIL Limited Half Year Review to 31 December 2019

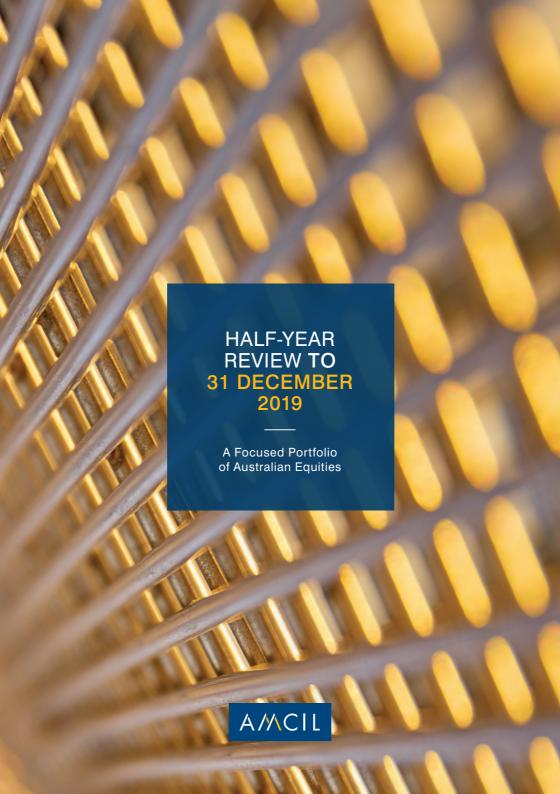
Dear Sir / Madam

Please find attached the Half Year Review to 31 December 2019 that is being sent to shareholders.

Yours faithfully

Matthew Rowe Company Secretary

Release authorised by Matthew Rowe, Company Secretary



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AMCIL manages a focused portfolio covering large and small companies in the Australian equity market. As a result, small companies by market size can have an equally important impact on portfolio returns as larger companies in the Australian market.



Half-Year in Summary

Profit for the Half-Year

\$3.8m

Up 4.4% from 2018

Share Price at 31 December 2019

\$0.97

\$0.86 in 2018

Fully Franked Interim Dividend Per Share

Nil

2 cents interim, 1.5 cents special, total 3.5 cents for 2018

Total 6 Month Shareholder Return

14.7%

Share price plus dividend

Net Asset Backing Per Share at 31 December 2019

\$1.02

\$0.88 in 2018

Management Expense Ratio

 $0.59\%_{AR}$

0.66% in 2018

Total 6 Month Portfolio Return

10.2% Including franking*

S&P/ASX 200 Accumlation Index return including franking* 3.8%

Total Portfolio

\$287.0m

\$240.3 million in 2018

^{*} Assumes an investor can take full advantage of the franking credits.

About the Company

Investment Objectives

AMCIL is a medium to long-term investor in the Australian equity market. Its investment approach is to construct a focused portfolio in which large and small companies can have an equally important impact on investment returns.

The number of holdings in the portfolio depends on market conditions and investment opportunities. The Company aims to provide shareholders with:

- attractive returns through strong capital growth in the portfolio over the medium to long term; and
- the generation of fully franked dividend income.

Approach to Investing

We seek to create a diversified portfolio of quality companies which are likely to sustainably grow their earnings and dividends over this medium to long-term timeframe.

Our assessment of quality includes criteria such as the board and management, financial position, pricing power as well as some key financial metrics such as the level of gearing in the balance sheet, margins and cash flow.

The structure of the industry and a company's competitive position in its industry are also important indicators of quality. Linked to this assessment of quality is the ability of companies to grow earnings over time, which ultimately should

How AMCIL Invests – What We Look For in Companies

Quality First

Growth
Including dividends

Value

Portfolio of small and large companies that is actively managed to deliver superior returns

produce good dividend and capital growth. Recognising value is also an important aspect of AMCIL's investment approach. Our assessment of value tries to reflect the opportunity a business has to prosper and thrive over the medium to long term.

Given the focused nature of the portfolio, AMCIL is more active in managing the holdings. Our preference is that positions will be held for the long term. However, in managing the risk in the portfolio, the Company is prepared to scale back or exit holdings completely if the investment case alters markedly, the position becomes too large in the portfolio or share prices become excessively high. In managing

the portfolio in this way, we believe AMCIL can offer investors returns in excess of the S&P/ASX 200 over the long term. Given the greater concentration of the portfolio, there may be periods when the performance of AMCIL can vary quite markedly from the Index. The objective is to deliver outperformance over the medium to long term.

From time to time, the Company also uses options written against some of its investments and a small trading portfolio to generate additional income.

The other important feature to note is AMCIL's dividend policy, of maximising the distribution of available franking credits each year. As a result, the amount of fully franked dividends are likely to fluctuate from year to year.



Review of Operations and Activities

Profit and Dividend

Profit for the half-year was \$3.8 million, marginally ahead of \$3.7 million in the previous corresponding period. An improved contribution from the options and trading portfolios offset the fall in investment income, which was down slightly from \$4.5 million to \$4.4 million.

AMCIL's normal practice is to pay a dividend once a year with the full year result to distribute the franking credits that are available at financial year end from its investment activities during the year. In line with this practice no interim dividend was declared.

For the corresponding period, last year, a one-off total dividend of 3.5 cents was paid because of the Company's participation in

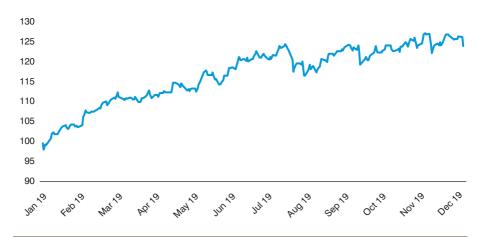
the Rio Tinto and BHP off-market share buy-backs and in consideration at the time of a potential change in policy regarding the refundability of franking credits.

The management expense ratio for AMCIL is 0.59 per cent (annualised), with no performance fees.

Portfolio Performance

The market continued to generate positive returns in the six months to 31 December 2019, following on from the strong momentum built in the first half of the calendar year (Figure 1). Most key sectors, other than the banks, which were down 6.4 per cent over the six months to 31 December 2019 delivered good growth over the period.

Figure 1: S&P/ASX 200 Total Return - 12 Months to 31 December 2019



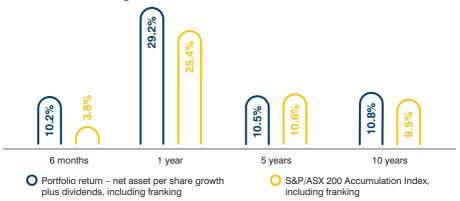
Source: FactSet

The focus of investing in quality businesses for the long term, as well as having less exposure to some parts of the market that have significantly underperformed, has strongly assisted the relative performance of the portfolio.

AMCIL's total portfolio return, including franking, over the half-year was 10.2 per cent and 29.2 per cent over the 12 months (franking credits are included in the total return figures as AMCIL's dividend policy seeks to maximise the distribution of franking credits, including those arising from taxable realised gains). In contrast, the S&P/ASX 200 Accumulation Index, including franking, was up 3.8 per cent over six months and 25.4 per cent over 12 months to 31 December 2019 (Figure 2).

The performance of the portfolio can be attributed to the healthy exposure of the portfolio to large companies such as CSL, Macquarie Group, James Hardie Industries and Wesfarmers. Smaller companies that also contributed strongly to performance were Carsales.com, Objective Corporation, Wellcom Group (which was taken over) and Xero. AMCIL's relative performance was also assisted by its small exposure to the major banks and the limited exposure to the real estate sector, which was flat over the six-month period.

Figure 2: Portfolio Performance to 31 December 2019, Including the Benefit of Franking*



^{*} Assumes an investor can take full advantage of the franking credits.

Per annum returns other than six months. AMCIL's performance figures are after costs.

Review of Operations and Activities continued

The long-term performance of the portfolio, which is more in line with the Company's investment timeframes, was 10.8 per cent per annum for the 10 years to 31 December 2019, ahead of the Index return of 9.5 per cent per annum (these returns include the full benefit of franking).

Figure 3 highlights the cumulative return of AMCIL's portfolio, including the benefit of franking credits, over a 10-year period.

Adjustments to the Portfolio

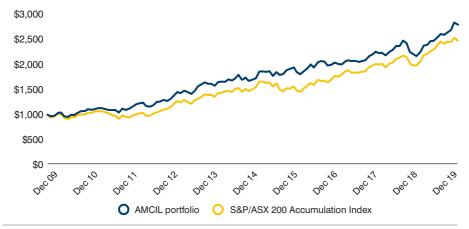
Over the past 18 months there has been a focus on reducing the number of holdings in the portfolio (down from 46 holdings to the current position of 36) with the view of strengthening existing positions in quality holdings, exiting positions where there was less conviction about the investment thesis and adding new holdings that better fitted the emphasis on quality companies with strong industry positions.

In this context, major sales for the six months included positions in Westpac and National Australia Bank (predominantly from the exercise of call options at higher than current prices) early in the half-year, AUB Group, Lifestyle Communities and a reduction in the holding of BHP Group. Wellcom Group was also exited as a result of a takeover.

The proceeds from these sales were redeployed across a range of existing holdings, including companies such as Ramsay Health Care, CSL and Macquarie Group. Funds were also utilised to add new companies to the portfolio, the largest of these purchases being in Goodman Group, Macquarie Telecom, Cleanaway Waste Management and Lendlease Group. Each of these companies has market-leading positions in their respective core business segments and in sectors that are expected to deliver solid growth into the future.

Figure 4 highlights the profile of the portfolio by various sectors of the market relative to the S&P/ASX 200.

Figure 3: Value of 10-Year Total Portfolio Performance of AMCIL, Including Dividends and Franking Credits



Note assumes an investor can take full advantage of the franking credits. This chart calculates the benefit of franking credits at the time dividends are paid for both AMCIL and the Index. In practice there is a timing difference between receipt of the dividend and the realisation of the franking benefit in the following tax year.

Figure 4: Investment by Sector as at 31 December 2019 Versus the S&P/ASX 200 Index



Review of Operations and Activities continued

Figure 5: Share Price Relative to Net Asset Backing

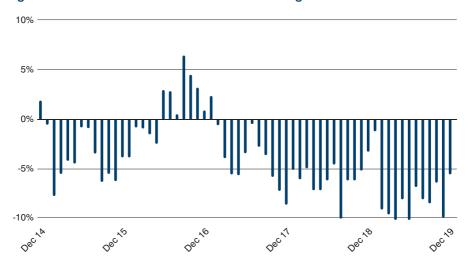
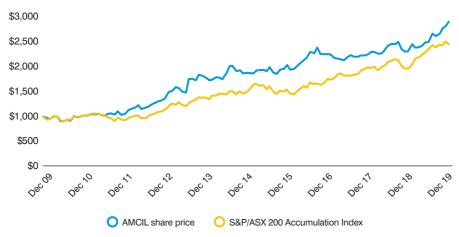


Figure 6: Performance of an Investment of \$1,000 in AMCIL Shares Including Dividends and Franking Over 10 Years to 31 December 2019

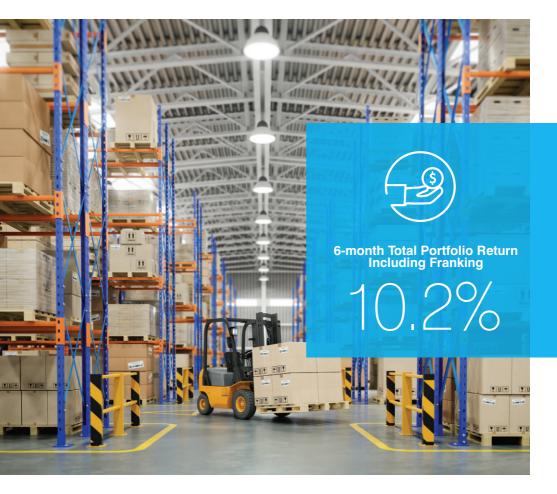


Assumes the reinvestment of dividends. This chart calculates the benefit of franking credits at the time dividends are paid for both AMCIL and the Index. In practice there is a timing difference between receipt of the dividend and the realisation of the franking benefit in the following tax year.

Share Price Performance

At 31 December 2019, the share price (at 97 cents) was trading at a discount of 6 per cent to the net asset backing per share (Figure 5). It is interesting to note the recent trend where the discount has generally narrowed over the recent sixmonth period.

Figure 6 outlines the benefit of compound returns and the value of AMCIL's investment approach given the relative total share price return (including dividends and franking) from an investment of \$1,000 in AMCIL over 10 years versus the return from the combined S&P/ASX 200 Index.



Review of Operations and Activities continued

Going Forward

With the Australian equity market trading at high levels, driven more by the expansion of valuation multiplies (Figure 7) rather than earnings growth, further significant growth in the market is likely to be more challenging. From AMCIL's perspective we are pleased with the profile of the portfolio in an environment where

economic conditions are subdued and the geopolitical risks are elevated. AMCIL will continue to focus on investing in higher quality companies, selectively adding to investments should value opportunities present themselves, rather than trying to capture returns in the more speculative parts of the market.

Figure 7: Price Earnings Ratio (PE) of the S&P/ASX 200 Index



Source: FactSet

Top 20 Investments

As at 31 December 2019

Includes investments held in both the investment and trading portfolios.

Valued at Closing Prices at 31 December 2019

		Total Value \$ Million	% of Portfolio
1	CSL	24.5	8.9
2	Macquarie Group	14.0	5.1
3	Mainfreight	13.9	5.0
4	Wesfarmers	12.3	4.4
5	Transurban Group	11.4	4.1
6	James Hardie Industries	10.3	3.7
7	National Australia Bank	9.6	3.5
8	Sydney Airport	9.6	3.5
9	Objective Corporation	9.2	3.3
10	BHP Group*	8.9	3.2
11	Ramsay Health Care	8.6	3.1
12	Carsales.com	8.4	3.0
13	EQT Holdings	8.1	2.9
14	Qube Holdings	7.9	2.9
15	Goodman Group	7.6	2.8
16	Reece	7.2	2.6
17	ARB Corporation	7.2	2.6
18	Commonwealth Bank of Australia*	7.2	2.6
19	IRESS	7.1	2.6
20	Woodside Petroleum*	7.1	2.6
Tota	al	200.0	

As percentage of total portfolio value (excludes cash)

72.3%

^{*} Indicates that options were outstanding against part of the holding.

Income Statement

For the Half-Year Ended 31 December 2019

	Half-Year 2019 \$'000	Half-Year 2018 \$'000
Dividends and distributions	4,352	4,484
Revenue from deposits and bank bills	69	41
Net gains/(losses) on trading and options portfolios	727	108
Other income	-	10
Total income	5,148	4,643
Finance costs	(48)	(38)
Administration expenses	(810)	(852)
Profit before income tax expense	4,290	3,753
Income tax expense	(468)	(91)
Profit for the half-year	3,822	3,662
	Cents	Cents
Earnings per share	1.38	1.38

Balance Sheet

As at 31 December 2019

	31 Dec 2019 \$'000	30 June 2019 \$'000
Current assets		_
Cash	10,342	13,988
Receivables	639	2,993
Total current assets	10,981	16,981
Non-current assets		
Investment portfolio	276,823	253,395
Deferred tax assets	25	137
Total non-current assets	276,848	253,532
Total assets	287,829	270,513
Current liabilities		
Payables	753	173
Options written portfolio	172	1,217
Tax payable	1,930	851
Total current liabilities	2,855	2,241
Non-current liabilities		
Deferred tax liabilities – investment portfolio	25,333	20,718
Total non-current liabilities	25,333	20,718
Total liabilities	28,188	22,959
N		0.47.55.4
Net assets	259,641	247,554
Shareholders' equity		
Share capital	189,581	186,168
Revaluation reserve	46,273	36,784
Realised capital gains reserve	16,374	19,637
Retained profits	7,413	4,965
Total shareholders' equity	259,641	247,554

Summarised Statement of Changes in Equity

For the Half-Year Ended 31 December 2019

	Half-Year 2019 \$'000	Half-Year 2018 \$'000
Total equity at the beginning of the half-year	247,554	245,358
Dividends paid	(9,611)	(11,114)
Shares issued - Dividend Reinvestment Plan	3,426	3,899
 Share Purchase Plan 	-	4,319
Costs of share issues	(13)	(37)
Total transactions with shareholders	(6,198)	(2,933)
Profit for the half-year	3,822	3,662
Revaluation of investment portfolio	20,733	(27,663)
Provision for tax on revaluation	(6,270)	8,696
Revaluation of investment portfolio (after tax)	14,463	(18,967)
Total comprehensive income for the half-year	18,285	(15,305)
Realised gains on securities sold	6,629	6,754
Tax on realised gains on securities sold	(1,655)	(1,936)
Net realised gains/(losses) on securities sold	4,974	4,818
Transfer from revaluation reserve to realised gains reserve	(4,974)	(4,818)
Total equity at the end of the half-year	259,641	227,120

A full set of AMCIL's interim accounts are available on the Company's website.

Holdings of Securities

As at 31 December 2019

Details of the Company's portfolios are given below. The list should not, however, be used to evaluate portfolio performance or to determine the net asset backing per share (which is recorded each month on the toll free telephone service at 1800 780 784).

Unless otherwise stated, the securities in this list are fully paid ordinary shares, trust units or stapled securities.

Code	Company	Principal Activities	Number Held '000	Market Value \$'000
AMC*	Amcor	Global packaging company	350	5,421
APA	APA Group	Engages in the ownership and operation of energy infrastructure assets and business	204	2,265
ARB	ARB Corporation	Manufacturer and distributor of four-wheel drive vehicle accessories in Australia and internationally	384	7,200
BHP*	BHP	Diversified international resources company	230	8,878
BRG	Breville Group	Manufacturer and wholesaler of electrical consumer products	260	4,533
BXB*	Brambles	Global provider of supply chain management and logistics solutions	550	6,442
CAR	Carsales.com	The largest online automotive classifieds business in Australia. They also have interests in leading online automotive classified businesses in Brazil, South Korea, Malaysia, Indonesia, Thailand and Mexico	507	8,421
CBA*	Commonwealth Bank	Banking and wealth management services	90	7,169
CSL	CSL	Biopharmaceutical company that researches, develops, manufactures and markets products to treat and prevent serious human medical conditions	89	24,543

Holdings of Securities continued

As at 31 December 2019

Code	Company	Principal Activities	Number Held '000	Market Value \$'000
CWY	Cleanaway	Engages in the provision of total waste management, industrial, and environment services	2,285	4,593
EQT	EQT Holdings	Provider of private client, trustee, estate administration and funds management services	262	8,052
FRE	Freightways (NZX listed)	Engages in the provision of express packages and business mail services as well information and destruction services both in Australia and New Zealand	371	3,028
GMG	Goodman Group	Engages in the development, ownership, and management of industrial property and business space in Australia and overseas	570	7,621
IRE	IRESS	Provider of share market and wealth management information systems	545	7,113
JHX	James Hardie Industries	Building materials company focused on fibre cement products, predominantly in the United States	370	10,312
LLC	Lendlease	Property and infrastructure development company that engages in designing, developing, constructing, funding, owning, co-investing or managing property and infrastructure assets	225	3,960
MAQ	Macquarie Telecom	Provides voice and telecommunication services as well as data hosting and co-location services to businesses and government customers	236	5,478
MFT	Mainfreight (NZX listed)	Provider of managed warehousing and international and domestic freight forwarding services	340	13,869

Code	Company	Principal Activities	Number Held '000	Market Value \$'000
MQG	Macquarie Group	Diversified financial services business operating in banking, financial advisory, investment and funds management services	102	14,036
NAB	National Australia Bank	Banking and wealth management services	390	9,606
NXT	NEXTDC	Owns and operates large-scale data centres across Australia	865	5,692
OCL	Objective Corporation	Provider of information technology software and services	1,531	9,168
OSH	Oil Search	Oil and gas explorer, developer and producer with assets predominantly in PNG	963	6,978
QUB	Qube Holdings	Provider of import and export logistics services with national operations	2,407	7,920
REH	Reece	Distributor and retailer of plumbing, building and hardware supplies	632	7,241
RHC	Ramsay Health Care	Engages in provision of healthcare services and the operation of hospitals and day surgery facilities in Asia Pacific, the United Kingdom and France	119	8,595
RMD	ResMed	Developer, manufacturer and distributor of medical equipment for treating, diagnosing, and managing sleep-disordered breathing and other respiratory disorders	54	1,183
RWC	Reliance Worldwide	Designs, manufactures and distributes products for the plumbing industry including fittings, pipes, valves and thermostatic products	1,330	5,373
SEK	Seek	Operator of employment classifieds websites in Australia and offshore with interests in education and training	303	6,821

Holdings of Securities continued

As at 31 December 2019

Code	Company	Principal Activities	Number Held '000	Market Value \$'000
SHL	Sonic Healthcare	Specialist diagnostics company providing radiology and pathology services in Australia and overseas	240	6,900
SPL	Starpharma	Engages in the research and development of dendrimer products for pharmaceutical, life science and other applications	1,930	2,335
SYD	Sydney Airport	Engages in the operation and ownership of the Sydney International Airport	1,104	9,557
TCL	Transurban Group	Developer and operator of electronic toll roads in Australia and overseas	765	11,406
WES	Wesfarmers	Diversified conglomerate with retailing operations in department stores, home improvement and office supplies. The group also operates businesses involved in energy, chemicals, fertilisers, industrial and safety products	297	12,275
WPL*	Woodside Petroleum	Producer of liquefied natural gas, domestic gas, condensate, crude oil and liquefied petroleum gas, primarily in Western Australia	207	7,064
XRO	Xero	Develops cloud-based accounting software for small and medium- sized businesses in New Zealand, Australia, the United Kingdom and the United States	70	5,600
Total				276,651

^{*} Indicates that options were outstanding against part of the holding.

Major Transactions in the Investment Portfolio

	Cost
Acquisitions	\$'000
Goodman Group	8,178
Wesfarmers	5,956
Macquarie Telecom	5,373
Cleanaway Waste Management	4,695
Lendlease Group	3,733

Disposals	Proceeds \$'000
Westpac#	10,335
Wellcom Group (takeover by Innocean Worldwide)#	7,605
AUB Group#	4,726
Lifestyle Communities#	4,561
BHP Group	4,436
National Australia Bank	4,097

[#] Complete disposals from the portfolio.

New Companies Added to the Portfolio

Goodman Group

Macquarie Telecom

Cleanaway Waste Management

Lendlease Group

APA Group

ResMed

Company Particulars

AMCIL Limited (AMCIL)

ABN 57 073 990 735

Directors

Bruce B Teele, Chairman

Robert M Freeman, Managing Director

Ross E Barker

Roger G Brown

Michael J Hirst

Siobhan L McKenna

Rupert Myer AO

Jonathan J Webster AM

Company Secretaries

Matthew J Rowe Andrew JB Porter

Auditor

PricewaterhouseCoopers Chartered Accountants

Country of Incorporation

Australia

Email

Registered Office and Mailing Address

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Level 21, 101 Collins Street Melbourne Victoria 3000

Contact Details

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 (03) 9650 9100

 Website
 amcil.com.au

For enquiries regarding net asset backing (as advised each month to the Australian Securities Exchange):

Telephone 1800 780 784 (toll free)

Share Registrar

Computershare Investor Services Pty Ltd Yarra Falls, 452 Johnston Street Abbotsford Victoria 3067

Shareholder

Facsimile

Enquiry Lines 1300 653 916

+613 9415 4224

(from overseas) (03) 9473 2500

Website investorcentre.com/au/contact

For all enquiries relating to shareholdings, dividends and related matters, please contact the share registrar as above.

Securities Exchange Code

AMH Ordinary shares

Shareholder Meeting

Melbourne Shareholder Meeting

Time 1.00pm
Date 1.00pm
Tuesday 17 March 2020 Venue ZINC Federation Square

Location Corner of Swanston Street and Flinders Street

Melbourne

