



ASX/Media release

Regular Profit up 281% Milton integrated and demonstrating benefits Interim Dividend up 11.5%

Thursday, 24 March 2022: Diversified investment house, Washington H. Soul Pattinson and Company Limited (WHSP, ASX: SOL) today announced results for the half year ended 31 January 2022, reporting a Group Regular profit after tax* of \$343.7 million, a 281% increase on the prior corresponding period in FY21 of \$90.2 million.

WHSP provides exposure to a diverse range of asset classes and an investment approach which is focused on investing in resilient businesses with good long-term prospects and excellent management. WHSP's active investment style aims to deliver better than market returns over the long term. As at 31 January 2022, WHSP's 20-year Total Shareholder Return (share price growth plus dividends) was 13.0% per annum, 4.8% higher than the market.

Financial highlights

	1H FY22	1H FY21
Group Regular profit after tax*	\$343.7 million	\$90.2 million
Group Profit (Loss) after tax	(\$643.1) million	\$68.9 million
WHSP's net asset value (pre-tax)	\$9.0 billion	\$5.2 billion
Net cashflows from investments	\$182.6 million	\$85.3 million
Total Dividends declared (fully franked per share)	29 cents	26 cents

Group Regular profit excludes one-off items and better reflects underlying performance of the portfolio. First half Regular Profit exceeded the Regular Profit for all of FY21, which was 93% higher than FY20.

Major contributors to the improved result were New Hope, Brickworks and Round Oak Metals as well as higher dividends from the Large Cap equities portfolio which increased by \$2.7 billion as a result of the Milton acquisition which completed on 5 October 2021.

*Group 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 Half Year Financial Report – Note 2, Segment Information.

Operational highlights

- Net Cashflow From Investments on a like for like basis (excluding the acquisition of Milton) was up 81% (compared with first half FY21).
- Pre-tax Net Asset Value per share up 3.4% for the period (outperformance of 8.6% against market).
- After tax Net Asset Value per share up 17.7% over first half (outperformance of 22.9% against market).
- Milton successfully integrated and providing greater diversification and liquidity to pursue new investments across a range of asset classes.

Milton fully integrated and demonstrating strategic benefits

During the half, WHSP completed its merger with Milton Corporation. Goodwill of \$954 million was created as a result of an increase in the WHSP share price between the date the transaction was announced to the market and the date control passed to WHSP (5th October 2021). The statutory profit for the half was impacted by a one-off, non-cash impairment of all of the goodwill associated with the transaction.

The strategic value of the merger is compelling and, following the merger, WHSP has:

1. increased its Net Cashflow from Investments per share by 42% in first half;
2. increased the after-tax Net Asset Value per share by 17.7% over the first half (an outperformance of 22.9% against market performance);
3. become a more liquid stock with 55,161 shareholders (up 87% in the half) with greater index participation;
4. a more diversified portfolio;
5. greater liquidity to pursue new investments and further diversify the portfolio and enhance returns; and
6. expanded its investment team through the addition of the Milton expertise.

Increased cashflow from investments supports higher interim dividend

Net Cashflow from Investments for the half was \$182.6 million for the first half, up 114% on the previous corresponding period.

Directors consider Cashflow from Investments when declaring dividends and have declared a fully franked interim dividend of 29 cents per share, an increase of 11.5% over last year's interim dividend.

The record date for the dividend will be 21 April 2022 with payment due on 13 May 2022.

WHSP Chairman, Robert Millner said: “It is very pleasing to see strong growth in cashflow from our investments where the first half cash generation was higher than the full year in FY21. On a like for like basis (excluding the contribution from Milton), the cashflow generation was up 81% underpinned by the Group’s investments in the resources sector which benefitted from improved commodity prices.”

“The outlook for cash generation looks strong and has enabled the Board to increase the interim dividend consistent with its policy objective of steadily growing dividends.”

“WHSP is the only company in the All Ordinaries Index to have increased its dividend every year for more than 20 years.”

Diversification provides long-term shareholder returns

WHSP Managing Director, Todd Barlow, said: “WHSP’s strategy of creating an actively managed portfolio of diverse businesses continues to perform well.”

“We are particularly pleased with the strong performances from New Hope, Brickworks and Round Oak Metals which all saw significant increases in profitability.”

“Our focus is on investing in, and supporting, businesses with strong prospects over the long term and backing good people to manage those investments. Resilient businesses which are low-cost and generate solid cashflows should continue to perform in all parts of the cycle.”

“We continue to have the flexibility to invest across a range of asset classes and industries and this advantage has been enhanced by the Milton merger.”

“Over the last 20 years, WHSP’s annualised TSR has grown by 13.0% per annum which is 4.8% higher than the market. Over that period, shareholders in WHSP have enjoyed returns of more than double an investment in the All Ords index”

Outlook

WHSP Managing Director, Todd Barlow, said: “Operational performance across the portfolio continues to be robust. Despite disruptions caused by Covid-19, floods and political unrest we are seeing strong profit and dividend growth.”

“We remain active in the portfolio transacting over \$5 billion in asset sales and acquisitions during the first half of FY22. Ahead of recent volatility, WHSP was a net seller and increased our liquidity levels by around \$350 million.”

“Valuations across a range of asset classes are becoming more reasonable and we continue to see strong opportunities to deploy capital across private equity and structured credit.”

Briefing details

WHSP will present its results together with Brickworks Limited via webcast commencing today at 12.30pm. The webcast can be accessed at:

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

About Washington H. Soul Pattinson and Company Limited

WHSP is Australia's second oldest listed company.

WHSP provides a unique investment product in the Australian market. Through an investment in WHSP, an investor gains exposure to a diversified range of asset classes and investments as well as a management team that has delivered better than market returns over the long term.

WHSP's investment approach focuses on investing in resilient businesses with good long-term prospects and excellent management. This approach has protected shareholder capital in difficult markets and enabled a steady and growing dividend for over two decades.

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

www.whsp.com.au

For further information

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