



ASX/Media release

Continuing to deliver long term total shareholder returns

Key highlights:

First half FY21 ending 31 January 2021		
Group Regular profit after tax*	\$90.2 million	- 27.7% on pcp*
Group Profit after tax	\$68.9 million	+ 35.2% on pcp
WHSP's net asset value (pre-tax)	\$5.2 billion	+ 1.3% through 1H
Net cashflows from investments	\$85.3 million	- 8.0% on pcp
Interim Dividend (fully franked per share)	26 cents	+ 4.0% on pcp

*previous corresponding period (pcp) is 1H ending 31 January 2020

- Group profit after tax up 35% to \$68.9 million (1H FY20: \$51.0 million)
- Diversified portfolio showing resilience against market volatility
- Interim Dividend up 4% to 26 cents per share (1H FY20: 25cps)
 - Grown at a compound annual growth rate of 8% for 20 years
- The only company in the All Ordinaries to have increased its dividends every year for the past 20 years
- Total shareholder return of 1,189% over 20 years
 - Total Shareholder Returns have outperformed the market by 5.6% per annum for 20 years
- Number of shareholders increased 13% on previous corresponding period

Thursday, 25 March 2021: Diversified investment house, Washington H. Soul Pattinson and Company Limited (WHSP, ASX: SOL) today announced the Group's results for the half year ended 31 January 2021 (1H FY21), reporting a Regular net profit after tax* of \$90.2 million for the period. Group profit after tax was \$68.9 million, up 35% on the FY20 first half result.

* 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– Alternative Performance Measures.

For personal use only

The decrease in Regular Profit was primarily attributable to the following:

- TPG did not make a contribution to Regular Profit due to the derecognition of TPG as an Equity Accounted Associate of WHSP following the merger with Vodafone (compared to 1H FY20 Regular Profit contribution of \$40 million); and
- New Hope's contribution to Regular Profit decreasing \$43 million (99% reduction on pcp) due to lower average coal prices and lower volumes as a result of planned maintenance at Bengalla and end of mine life at Stage 2 of New Acland;

This was partially offset by Round Oak's contribution to Regular Profit increasing \$50 million on pcp as a result of increased production levels at all operations and strengthening commodity prices together with lower ore treatment charges.

WHSP Chairman, Robert Millner said: "WHSP has delivered annual total shareholder return (TSR) that is 5.6% per annum higher than the All Ordinaries Accumulation Index over the past 20 years. Over this period, an investment in WHSP has grown by a factor of almost 12 times, which is triple the value of an investment in the Index."

"Our diversified portfolio of assets continues to perform well during the Covid-19 pandemic. WHSP has traditionally outperformed the market when the market returns are negative. Our focus on quality businesses with solid cashflows enables us to preserve capital in more difficult markets and continue paying dividends."

"As a result of the merger of TPG and Vodafone, WHSP derecognised TPG as an Associate and no longer equity accounts its profit. Without this change in accounting, WHSP's Regular Profit would have increased when compared with the first half of FY20 which was pre-Covid."

"Our focus is on paying dividends to shareholders and growing their capital wealth over the long term. These factors are together measured by total shareholder return. We are extremely proud of our long track record of dividend growth and TSR above the market returns."

COVID-19

WHSP's business and its investment portfolio were resilient through the Covid-19 pandemic. Any short-term challenges have abated, with commodity prices and markets recovering higher than before the pandemic and all businesses in the portfolio now fully operational.

Capital management

During the period, WHSP raised \$225 million in unsecured convertible notes. The notes have a 5-year term (with a put option in 3 years) and carry a fixed annual coupon of 0.625%. The investors may convert the notes into ordinary equity at \$34.99.

The convertible notes were part of WHSP's ongoing capital management program to secure low-cost debt and provide flexibility to access liquidity for new opportunities. Along with existing pools of liquidity, WHSP is in a strong position to finance new investment opportunities.

Interim dividend

The Directors resolve to pay dividends based on WHSP's Net Investment Income and for the half ended 31 January 2021, WHSP will pay out 73% of Net Investment Income as dividends to shareholders.

Directors have declared a fully franked interim dividend of 26 cents per share, an increase of 4.0% over last year's interim dividend. The record date for the dividend will be 22 April 2021 with payment due on 14 May 2021.

WHSP is the only company in the All Ordinaries Index to have lifted its dividends every year for 20 years.

Outlook

WHSP Managing Director, Todd Barlow, said: "The operating environment for most of our investments continues to improve from the disruptions of Covid-19. In particular, we are seeing a strong recovery in certain commodities such as thermal coal and copper (up 42% and 73% respectively in the last 12 months in USD terms)."

"Our investment in Round Oak Minerals (wholly owned) is performing very well in this environment. The development of Round Oak's projects has been well timed with current increased production across all three operating mines at a time where commodity prices are strong and ore treatment charges have reduced."

"While we are disappointed with the lack of approvals for the extension of New Acland in Queensland, New Hope's Bengalla asset in NSW is performing strongly and at current spot thermal coal prices generates strong cashflows."

"The integration of TPG and Vodafone appears to be proceeding well and, despite some reduction in earnings from lack of international travel impacting roaming and travel cards, we expect sustained growth in earnings over time."

"For Brickworks, we are seeing very strong detached housing building approvals in Australia. The US market is still subdued from the impacts of Covid-19 but supportive government policy and low interest rates should be positive for the market. The demand for industrial property to service the growth in online shopping and logistics is also a key driver for increased earnings from Brickworks' property division."

"WHSP maintained good cash generation across the portfolio throughout the period impacted by Covid-19. Cash generation from the portfolio continues to be strong and supports our ambitions to maintain increasing dividends over time."

"We continue to have liquidity available for new investments and have a strong pipeline of opportunities which we believe will deliver superior risk adjusted returns."

ENDS

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. Beginning as a pharmacy 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, and grown into a diversified investor across a range of industries, 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.

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

www.whsp.com.au

For further information

Investor enquiries:

Robert Millner, Chairman – 02 9210 7070

Todd Barlow, Managing Director – 02 9210 7070

Media enquiries:

Citadel-MAGNUS

James Strong, 0448 881 174

Peter Brookes, 0407 911 389