



ASX/Media release

WHSP's portfolio outperforms market by 20.2% Total Ordinary Dividend up 16.1% plus a Special Dividend

Key highlights

	FY22	% change
Group Regular Profit After Tax*	\$834.6m	154.4%
Group (Loss) After Tax	(\$12.9m)	(104.7%)
WHSP's Net Asset Value (pre-tax)	\$9.96b	71.6%
Net Cashflows From Investments	\$347.9m	93.0%
Total Ordinary Dividend (fully franked)	72 cps	16.1%
Special Dividend (fully franked)	15 cps	

- Net Cash Flows From Investments on a per share basis up 28% (compared with FY21)
- Pre-tax Net Asset Value per share up 13.8% for the period (outperformance of 20.2% against market)
- After-tax Net Asset Value per share up 28.5% (outperformance of 34.9% against market)
- Milton successfully integrated and providing greater diversification and liquidity to pursue new investments across a range of asset classes
- Final Ordinary Dividend of 43 cps, bringing total dividends for FY22 to 72 cps (a 16.1% increase on FY21) plus a 15 cps Special Dividend. All fully franked.
- 20-year Total Shareholder Return (TSR) of 12.2% per annum (3.4% per annum higher than market)

**Group Regular Profit After Tax is a non-statutory profit measure and represents profit from continuing operations before non-regular items. The reduction in statutory profit after tax was largely due to a one-off, non-cash goodwill impairment charge arising from the acquisition of Milton during the year. A reconciliation to statutory profit is included on page 22 of the FY22 Appendix 4E and Preliminary Final Report. Group Regular Profit After Tax excludes one-off items and other accounting items, therefore better reflects underlying performance of the portfolio.*

Wednesday, 21 September 2022: Diversified investment house, Washington H. Soul Pattinson and Company Limited (WHSP, ASX: SOL) today announced results for the year ended 31 July 2022, reporting a Group Regular Profit After Tax* of \$834.6 million, a 154.4% increase on the prior corresponding period in FY21.

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.

Strong outperformance in a volatile market

The Company's portfolio performed significantly better than the market over the twelve months to 31 July 2022. In a period where the market (measured by the All Ordinaries Index) fell 6.4%, WHSP's portfolio on a per share basis increased. Net Asset Value per share before tax outperformed the market by 20.2% and on a post-tax basis the outperformance was 34.9%.

All parts of the portfolio demonstrated strong performance against relevant benchmarks or expected hurdles.

In volatile markets and a rapidly changing macroeconomic environment, the portfolio was actively managed to adjust for the significant shift in interest rates, inflation expectations and equity market conditions throughout the year. In FY22, total transaction value of the purchase and sale of assets in the portfolio exceeded \$7 billion.

This repositioning of the portfolio also enabled the company to deleverage, moving to a net cash position at year end, resulting in increased liquidity for new opportunities.

Increased cashflow from investments supports higher dividends

Net Cash Flows From Investments for the year was \$347.9 million, up 93.0% on the previous corresponding period. On a per share basis, Net Cashflow From Investments increased 28.0% to 96 cents per share. The key driver of this increase was higher dividend income from the portfolio. In particular, New Hope has passed on the benefit of higher coal prices to its shareholders and following the merger with Milton, WHSP's Large Caps portfolio has generated higher dividend income.

Directors consider cashflow from investments when declaring dividends and have resolved to pay a fully franked final Ordinary Dividend of 43 cents per share bringing total dividends for FY22 to 72 cents per share fully franked (a 16.1% increase on the prior corresponding period).

In addition to the improved Ordinary Dividend, WHSP's Board of Directors has resolved to pay a 15 cent per share fully franked Special Dividend.

WHSP Chairman, Robert Millner, said: "WHSP has an excellent track record of growing dividends year after year. Over the last 20 years, the dividend has increased every year and grown at a compound average growth rate of 8.5%."

"There is no other company in the All Ordinaries Index with this track record of growing dividends."

“The Board is also pleased to be able to pay a Special Dividend as a result of the very strong cash generation by New Hope in the current environment.”

The record date for the final Ordinary and Special dividends will be Monday 21 November 2022 with payment due on Monday 12 December 2022.

Diversification provides long-term shareholder returns

WHSP remains focused on delivering long-term growth and has a strong track record of outperformance, with its Total Shareholder Returns (TSR) exceeding the All Ordinaries Accumulation Index over 5, 10, 15 and 20 year periods.

WHSP Managing Director, Todd Barlow, said: “WHSP’s strategy of creating an actively managed portfolio of diverse businesses continues to perform well. The Milton merger increased our diversification and flexibility to invest across a range of asset classes and industries.”

“Over the last 20 years, WHSP’s annualised TSR has grown by 3.4% more than the market. Over that period, shareholders in WHSP have enjoyed total returns of nearly nine times their original investment which is more than double an investment in the All Ordinaries Accumulation Index.”

“The strong growth in the Net Asset Value per share and cashflow generation per share in FY22 was not reflected in the Company’s share price, which retreated more than the market. Some of this was caused by a higher starting share price influenced by market trading around the completion of the Milton merger.”

“The share price as at 31 July 2022 represented a 6.9% discount to the pre-tax Net Asset Value.”

Outlook

Todd Barlow said: “The market remains volatile and we expect to see valuations across a range of asset classes become more reasonable. We continue to see strong opportunities to deploy capital, particularly across private equity and structured credit, as public equity markets become less accessible.”

“We believe the portfolio is well-positioned for rising interest rates, inflation and any potential downturn in the business cycle. Our portfolio focuses on investing in, and supporting, businesses with good prospects over the long term. We focus on well managed, low-cost, cash generating businesses which we expect to be resilient through the cycle.”

“We have ample cash and liquidity to take advantage of new opportunities as we further diversify the portfolio and adjust for changing market conditions.”

Briefing details

WHSP will present its results via webcast commencing today at 1.00pm. The webcast can be accessed at:

<https://www.streamgate.co/whsp2022/>

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

Investor enquiries:

Todd Barlow, Managing Director – 02 9210 7070

Media enquiries:

Citadel-MAGNUS

James Strong, 0448 881 174

Peter Brookes, 0407 911 389