

REPORT TO SHAREHOLDERS ON HALF YEAR RESULTS TO 31 DECEMBER 2019

The Company's Appendix 4D and financial report for the half-year ended 31 December 2019 were lodged with the Australian Securities Exchange (ASX) on 18 February 2020 and are available to be downloaded from the Company's website or the ASX website.

HIGHLIGHTS

- Profit for the half year was \$22,827,000, a 0.9% decrease on the \$23,036,000 result for the previous corresponding half-year.
- An interim dividend of 55 cents per ordinary share has been maintained at the same level as the prior half year and will be paid on 23 March 2020.

GROUP'S OPERATIONS AND RESULTS

The consolidated net profit for the half year to 31 December 2019 attributable to the members of Carlton Investments Limited was:

	31 December 2019	31 December 2018
	\$000	\$000
Profit before income tax	23,261	23,433
Income tax expense thereon	(434)	(397)
	<hr/>	<hr/>
Net profit for the half year	<u>22,827</u>	<u>23,036</u>

REVIEW OF OPERATIONS

Net profit for the half year to 31 December 2019 was \$22,827,000, representing a decrease of \$209,000 or 0.9% on the previous corresponding half year period. Dividends and distributions received and receivable of \$23,543,000 decreased by \$124,000 or 0.5%. Included in dividends received were special dividends of \$407,000 compared to \$223,000 in the previous corresponding half year.

Interest income of \$220,000 decreased by \$17,000 compared to the previous corresponding half year. Average funds held on term deposit increased by \$6.3 million and the weighted average effective interest rate on term deposits decreased by 0.80%.

NET TANGIBLE ASSET BACKING

The net tangible asset backing for each issued ordinary share at 31 December 2019 prior to payment of the interim dividends and before provision for tax on unrealised capital gains was \$37.77 (30 June 2019: \$36.68). The net tangible asset backing per share after provision for tax on unrealised capital gains was \$31.38 at 31 December 2019 (30 June 2019: \$30.66). The relevant figures as at 31 January 2020 were \$37.74 before provision for capital gains tax and \$31.40 after providing for capital gains tax.



INTERIM DIVIDENDS

The Directors have today declared an interim dividend of 55 cents per Ordinary Share, fully franked, payable on 23 March 2020. An interim dividend of 7.0 cents per Preference Share, fully franked, will be paid on the same date. The Record Date for the interim dividends is 2 March 2020.

INVESTMENTS

Additions to the portfolio totalling \$3,814,000 were made during the half year to 31 December 2019. Major additions to the portfolio were in Iluka Resources, Link Administration, Pental Group, Tabcorp Holdings and Santos.

During the half year Dulux was acquired by Nippon Paint and the Group received \$5,076,000 in consideration for the disposal of its Dulux shares.

The twenty largest investments, at quoted market values, as at 31 December 2019 were:

	\$000's		\$000's
Event Hospitality & Entertainment	418,699	Telstra	15,341
National Australia Bank	54,108	Rio Tinto	13,936
Commonwealth Bank	45,797	Amcor	13,283
Westpac Banking Corporation	43,228	Orica	11,908
AGL Energy	33,418	Bendigo & Adelaide Bank	10,926
BHP Group	32,990	Gowing Bros	10,813
Wesfarmers	25,230	APA Group	10,656
ANZ Banking Group	24,736	Bank of Queensland	10,380
Perpetual	17,434	Origin Energy	9,629
James Hardie Industries	17,429	Santos	9,344
			<u>829,285</u>
Total market value of shares and units in listed entities as at 31 December 2019			<u>971,124</u>

The market value of the Group's investment portfolio increased by 2.9% during the six months ended 31 December 2019, after adjusting for acquisitions and capital returns. This compares to an increase of 1.0% in the S&P/ASX 200 Index over the same period. On a total portfolio return basis (measured by the movement in NTA per share assuming dividends are reinvested), the return for the six months was 5.1% compared to an increase in the S&P/ASX 200 Accumulation Index over the same period of 3.1%. During the half year there were falls in the market value of most banking sector stocks which was more than offset by a recovery in the market value of Event Hospitality & Entertainment shares and other market increases across the portfolio.

A G RYDGE
CHAIRMAN

18 February 2020