

## REPORT TO SHAREHOLDERS ON HALF YEAR RESULTS TO 31 DECEMBER 2020

The Company's Appendix 4D and financial report for the half-year ended 31 December 2020 were lodged with the Australian Securities Exchange (ASX) on 16 February 2021 and are available to be downloaded from the Company's website or the ASX website.

### KEY POINTS

- Profit for the half year was \$8,910,000, a 61.0% decrease on the result for the previous corresponding half-year of \$22,827,000. Dividends and distributions received and receivable of \$8,695,000 decreased by \$14,848,000 or 63.1% as most investee companies, with the exception of some mining companies, continued to conserve funds and pay reduced dividends or no dividend due to the impact of COVID-19.
- Net tangible asset backing per ordinary share, before provision for tax on unrealised capital gains, was \$31.98 as at 31 December 2020, up 12.2% from 30 June 2020. The net tangible asset backing per share, after provision for tax on unrealised capital gains, was \$27.18 at 31 December 2020, up 10.3% from 30 June 2020.
- An interim dividend of 26 cents per ordinary share will be paid on 22 March 2021.

### CONSOLIDATED OPERATING PROFIT

The consolidated net profit for the half year to 31 December 2020 attributable to the members of Carlton Investments Limited was:

|                                     | 31 December 2020<br>\$000 | 31 December 2019<br>\$000 |
|-------------------------------------|---------------------------|---------------------------|
| Profit before income tax            | 8,404                     | 23,261                    |
| Income tax credit/(expense) thereon | 506                       | (434)                     |
| Net profit for the half year        | 8,910                     | 22,827                    |

### REVIEW OF OPERATIONS FOR THE HALF-YEAR

Net profit for the half year to 31 December 2020 was \$8,910,000, representing a decrease of \$13,917,000 or 61% on the previous corresponding half year period.

Dividends and distributions received and receivable of \$8,695,000 decreased by \$14,848,000 or 63.1%, with the prior corresponding half year period to 31 December 2019 not being impacted by the COVID-19 pandemic. In the half year to 31 December 2020 most investee companies, with the exception of some mining companies, continued to conserve funds and pay reduced dividends or no dividend. The largest reductions in dividends received came from the Group's investment in Event Hospitality & Entertainment, who did not pay a dividend in the half year (prior corresponding half year dividend received - \$9,544,000) and also from investee companies in the banking sector whose dividends decreased by \$3,686,000. Included in dividends received were special dividends of \$257,000 compared to \$407,000 in the previous corresponding half year.

## REVIEW OF OPERATIONS FOR THE HALF-YEAR (continued)

Interest income of \$33,000 decreased by \$187,000 compared to the previous corresponding half year. This lower interest income resulted from the impact of lower interest rates and also a greater proportion of funds being held in "at call" deposits rather than term deposits. Average funds held on term deposit decreased by \$21.9 million and the weighted average effective interest rate on term deposits decreased by 0.93%.

An income tax credit of \$506,000 has resulted from the reversal of a provision for deferred income tax amounting to \$697,000, a previously anticipated liability which is no longer expected to eventuate. The income tax expense before this reversal was \$191,000

## NET TANGIBLE ASSET BACKING

The net tangible asset backing for each issued ordinary share at 31 December 2020 prior to payment of the interim dividends and before provision for tax on unrealised capital gains was \$31.98 (30 June 2020: \$28.50). The net tangible asset backing per share after provision for tax on unrealised capital gains was \$27.18 at 31 December 2020 (30 June 2020: \$24.65). The relevant figures as at 31 January 2021 were \$32.35 before provision for capital gains tax and \$27.46 after providing for capital gains tax.

## INTERIM DIVIDENDS

The Directors have today declared an interim dividend of 26 cents per Ordinary Share, fully franked, payable on 22 March 2021. 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 1 March 2021.

## INVESTMENTS

The twenty largest investments, at quoted market values, as at 31 December 2020 were:

|  | \$000's |                         | \$000's        |
|--|---------|-------------------------|----------------|
| Event Hospitality & Entertainment  | 292,166 | Rio Tinto               | 17,844         |
| National Australia Bank  | 49,744  | Perpetual               | 14,772         |
| Commonwealth Bank  | 47,064  | Amcor                   | 13,087         |
| BHP Group  | 37,514  | Telstra                 | 12,914         |
| Westpac Banking Group  | 34,558  | Bank of Queensland      | 11,081         |
| Wesfarmers   | 30,714  | Coles Group             | 11,055         |
| James Hardie Industries  | 23,901  | Bendigo & Adelaide Bank | 10,412         |
| ANZ Banking Group  | 22,798  | Santos                  | 9,997          |
| Fortescue Metals Group   | 21,977  | Gowing Bros.            | 9,590          |
| AGL Energy   | 19,452  | APA Group               | 9,264          |
|  |         |                         | <u>699,904</u> |
| Total market value of shares and units in listed entities as at 31 December 2020 |         |                         | <u>829,583</u> |

The market value of the Group's investment portfolio increased by 13.4% during the six months ended 31 December 2020, after adjusting for acquisitions. This compares to an increase of 11.7% 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 14.4% compared to an increase in the S&P/ASX 200 Accumulation Index over the same period of 13.2%. The six months to 31 December 2020 saw some recovery in market values in most industry sectors with the largest market value increases coming from the Group's investment in Event Hospitality & Entertainment, banking sector shares, mining shares and construction materials shares. These increases were partly offset by market value falls for some stocks in the energy and utilities sectors.

**OUTLOOK**

The high level of uncertainty regarding the degree to which the economic impact of COVID-19 will persist into the 2021 year remains and it is anticipated that dividend income for the second half of the 2021 financial year will be down on the previous 2020 second half year period. Although it is hoped that we see an increase in banking sector dividends received in the current half year period, as previously advised, Event Hospitality & Entertainment (EVT) will not be paying an interim dividend in March 2021 (in March 2020 dividends totalling \$6,465,000 were received from EVT).

**A G RYDGE**  
**CHAIRMAN**

16 February 2021