

## MILTON VALUE PROPOSITION

### *Milton pays fully franked dividends half yearly*

- Ø Milton has paid a dividend every year since listing in 1958
- Ø Milton has maintained its 2017 fully franked interim dividend at 8.7cents per share

### *Milton provides exposure to a diverse portfolio of Australian listed companies*

- Ø Investment portfolio at 31 December 2016 was valued at \$2.7 billion

### *Milton is an efficient, low cost and professional investment manager*

- Ø Total annualised operating costs represented 0.12% per annum of average total assets in the half year ended 31 December 2016
- Ø Milton is internally managed and no fees are paid to an external manager

## MILTON IS A TRADITIONAL LISTED INVESTMENT COMPANY

Its key objective is to pay increasing fully franked dividends per share out of the dividends that it receives from its long term holdings of assets including Australian equities, interest bearing securities and real property.

Milton is not a speculative investor and does not sell its assets to increase profit for distribution to shareholders. Capital profits are reinvested by the company for the benefit of shareholders.

Milton seeks to invest in well managed companies and trusts that are listed on the Australian Securities Exchange, have a profitable history and the expectation of dividend growth.

## DIRECTORS

R.D. Millner (Chairman)	K.J. Eley
J.F. Church	F.G. Gooch (MD)
G.L. Crampton	I.A. Pollard

## SHARE REGISTRY MATTERS:

Shareholders with access to the internet can manage their holding details and vote online by visiting [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

Alternatively you can call Link Market Services on (02) 8280 7111 or Toll Free on 1800 641 024

## PORTFOLIO

Even though the market was reasonably fully valued throughout the six months, opportunities did arise that enabled a total of \$38 million to be invested in 28 companies. Companies new to the portfolio were Charter Hall Group, Charter Hall Long Wale REIT, Henderson Group PLC and Growthpoint Properties.

The next twelve months will be an interesting time for global markets as the U.S. transitions to a new president and the UK negotiates its Brexit.

Mr Gooch said, "If history is anything to go by the markets are likely to over react, both on the upside and the downside, to news as the year progresses. Our internal investment team will continue to seek out further opportunities to deploy some of its \$80 million of available cash and to trim holdings that no longer meet Milton's investment criteria.

In the meantime, Milton is reasonably fully invested with available cash representing around 3% of total assets and the portfolio is positioned to deliver a reliable and growing dividend stream over the long term."

## THE 20 LARGEST INVESTMENTS:

At 31 December 2016	Market Value \$million	Share of Total Assets %
Westpac Banking Corporation	340.7	11.7
Commonwealth Bank	256.3	8.8
National Australia Bank	145.9	5.0
W H Soul Pattinson	138.8	4.8
Wesfarmers Limited	119.5	4.1
ANZ Banking Group	102.5	3.5
BHP Billiton	91.1	3.1
Bank of Queensland	86.7	3.0
Telstra Corporation	76.4	2.6
Bendigo and Adelaide Bank	72.6	2.5
Woolworths Limited	70.0	2.4
Perpetual Limited	64.5	2.2
AGL Energy	59.6	2.0
CSL Limited	59.5	2.0
Macquarie Group	56.9	2.0
AP Eagers	53.8	1.8
Suncorp Group	44.8	1.5
Brickworks Limited	44.0	1.5
Blackmores Limited	37.9	1.3
ALS Limited	36.7	1.3
Total value of Top 20	1,958.2	67.1
<b>Total assets</b>	<b>2,912.9</b>	

## MILTON CORPORATION LIMITED

ABN 18 000 041 421

### HALF YEAR REVIEW – 31 DECEMBER 2016

#### Ø Fully franked interim ordinary dividend:

*Interim ordinary dividend has been maintained at 8.7 cents per share*

#### Ø Dividend Reinvestment Plan in operation for the interim dividend

*Last day for receipt of an election notice for participation in the plan is 17 February 2017.*

#### Ø Earnings per share:

*Down 11.6% to 9.32 cents (excluding special investment revenue)*

*Down 12.2% to 9.34 cents (including special investment revenue)*

#### Ø Profit after tax:

*Down 10.7% to \$60.6 million (excluding special investment revenue)*

*Down 11.4% to \$60.8 million (including special investment revenue)*

#### Ø Net tangible asset backing per share (NTA):

*Down 0.7% to \$4.47 (before provision for tax on unrealised capital gains)*

*Down 0.3% to \$3.97 (after provision for tax on unrealised capital gains)*

(Comparative figures refer to results for the half year ended 31 December 2015)

## CONTACT DETAILS

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Web address: [www.milton.com.au](http://www.milton.com.au)*

*This document is not a prospectus and does not seek to invite applications for shares in the Company.*

## RESULTS FOR THE HALF YEAR TO 31 DECEMBER 2016

	\$million	Movement on pcp
Ordinary investment revenue	61.7	-6.1%
Interest	1.4	+2.0%
Net trading gains	0.3	-92.0%
Other revenue	0.2	-9.3%
Net profits of joint ventures	0.7	-36.5%
Administration costs <sup>(1)</sup>	(1.8)	+2.5%
Operating profit before tax	62.5	-11.4%
Tax expense	(1.9)	-28.0%
<b>Underlying operating profit after tax</b>	<b>60.6</b>	<b>-10.7%</b>
Special dividends after tax	0.2	-78.7%
Net profit after tax	60.8	-11.4%

<sup>(1)</sup> Administration costs represented 0.12% of average total assets.

## BALANCE SHEET

At 31 December	2016 \$million	2015 \$million
Cash & liquids	131	141
Investments	2,743	2,741
Other assets	39	38
<b>Total Assets</b>	<b>2,913</b>	2,920
Liabilities	(1)	(2)
Net assets before provision for tax on unrealised capital gains	2,912	2,918
Provision for tax on unrealised capital gains	(330)	(333)
<b>Net assets</b>	<b>2,582</b>	2,585
<b>Net Tangible Assets (NTA)</b>		
Before provision for tax on unrealised capital gains	\$4.47	\$4.50
After provision for tax on unrealised capital gains	\$3.97	\$3.98

## FULLY FRANKED DIVIDEND HISTORY

	2017	2016	2015	2014	2013
Interim (cps)	<sup>(1)</sup> 8.7	<sup>(1)</sup> 8.7	8.5	8.2	7.8
Final (cps)	-	9.9	9.9	9.4	8.6
Total (cps)	-	18.6	18.4	17.6	16.4
Special (cps)	-	-	0.4	0.4	0.5

<sup>(1)</sup>Dividend "ex date" is 15 February 2017 and the payment date is 2 March 2017.

The directors have declared a fully franked interim dividend of 8.7 cents per share, which is in line with the previous interim dividend. This dividend will be paid on 2 March 2017.

One of the benefits of the LIC structure is that the fully franked dividend can be at least maintained even though earnings have declined.

"The reliability of the fully franked ordinary dividend is a key attraction for many of our 24,270 shareholders and they are very much aware that Milton has paid a dividend every year since 1958 and the full year dividend has increased each year over the last five years," Mr Gooch said.

### Dividend Reinvestment Plan

The Dividend Reinvestment Plan (DRP) will operate for the interim dividend. Shareholders may elect to have all or part of their dividend payment reinvested in new ordinary shares. The pricing of the new DRP shares will be based on the volume weighted average selling price of Milton shares over the five business day period commencing on 17 February 2017 being the first trading day after the Record Date. The last day for the receipt of an election notice for participation in the plan is 17 February 2017.

## COMMENTARY

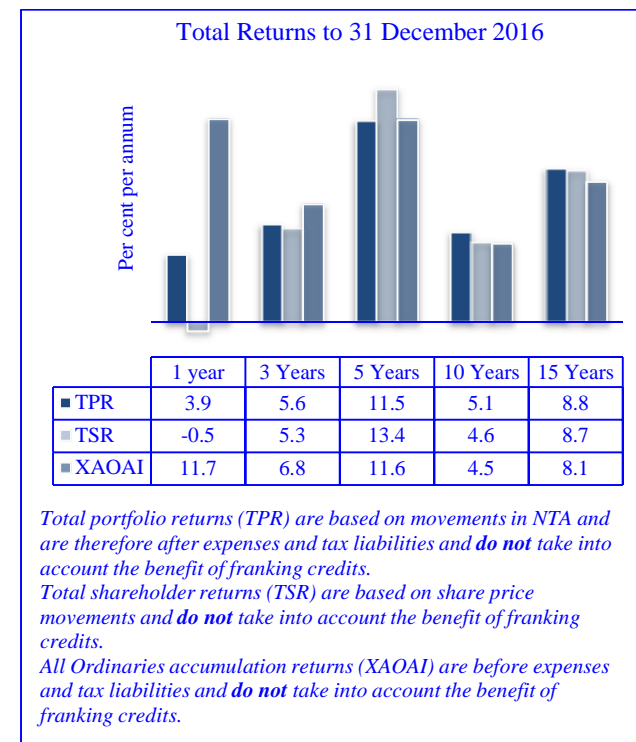
Milton Corporation Limited has reported its net profit after tax for the six months to 31 December 2016 of \$60.8 million out of which a fully franked interim dividend of 8.7 cents per share will be paid.

Excluding special dividends, underlying operating profit was \$60.6 million, which is 10.7% below that of the previous corresponding half. The lower profit was mainly attributable to a reduction in ordinary dividend income and trading profits earned in this half.

The portfolio of investments in Australian listed companies and trusts delivered dividend and trust distributions totalling \$61.7 million, including \$55 million of franked dividends.

Milton's managing director, Mr Frank Gooch said, "Increased dividend receipts from 50% of the number of companies held in the investment portfolio were not sufficient to offset lower dividends from a small number of companies, particularly those exposed to the resources and energy sectors, and so investment income fell by 6% this half."

Total assets at 31 December 2016 included an investment portfolio valued at \$2.7 billion, cash of \$131 million and other assets amounting to \$39 million.



## OUTLOOK

Looking forward, the second half underlying operating profit is currently expected to be an improvement on the previous corresponding half. However, the 2017 full year result is likely to be lower than last year.

Milton has sufficient franking credits, retained earnings and liquidity to enable the fully franked, full year ordinary dividend to be maintained at 18.6 cents per share. Directors will take this and other factors into account when considering the final dividend.