



Century Australia delivers outperformance under new Investment Manager

Highlights

- **After-tax profit of \$3.6 million**
- **Total comprehensive income up 542.6%**
- **Portfolio outperformance under new Investment Manager**

Century Australia Investments Limited (ASX: CYA) today announced a profit after tax of \$3.6 million (FY2016: \$5.6 million) for the 12-month period ended 30 June 2017. Total comprehensive income for the period increased by 542.6% to \$8.8 million, reflecting the sound portfolio performance over the period.

The investment portfolio increased 14.8% in FY2017, outperforming the S&P/ASX 300 Accumulation Index by 1.0%. The NTA before tax of the Company increased from 86.1 to 94.1 cents per share, after the payment of 4.3 cents in dividends during the year.

Chairman Robert Turner said the Board was pleased with the initial results of Century Australia's restructure in April 2017.

"Century Australia raised \$50.1 million and repurchased \$37.3 million shares under a buy-back in June 2017 following Century Australia shareholders' decision to restructure the company and appoint Wilson Asset Management as investment manager," Mr Turner said.

"The investment portfolio outperformed the Index by 1.8% in the period from Wilson Asset Management's appointment on 19 April to 30 June 2017, delivering an increase of 0.7% against the Index's 1.1% fall.

"In a demonstration of goodwill and commitment to Century Australia shareholders, Wilson Asset Management has opted to forgo its performance fee for the period to 30 June 2017. On behalf of my fellow shareholders and the Board of directors, I would like to thank Wilson Asset Management for its generosity," Mr Turner said.

"The Board looks forward to continuing to work with Wilson Asset Management to create value for Century Australia shareholders," he said.

Dividends

During the year, the Board declared and paid total dividends of 4.3 cents per share. As part of the restructure of the Company, a 1.1 cent special fully franked dividend was paid to shareholders before the completion of the capital raising and buy-back in June 2017. Shareholders who participated in the buy-back during the year also received an unfranked dividend component of 2.91 cents per share (as part of the total buy-back consideration).

The Board determined that as a result of the restructure, which occurred late in the 2017 financial year and with the interim and special fully franked dividends declared and paid, no final dividend was declared for the year ended 30 June 2017.

The Company's intention is to pay an interim dividend in FY2018. This guidance is not a formal declaration of dividends for FY2018 and the size and payment of any interim dividend will be subject to the Company having sufficient profit reserves and franking credits, general equity market conditions and it being within prudent business practices.

The fact that Century Australia is currently not liable to pay tax means that the level of franked dividends paid is reliant on the level of franking credits received by way of fully franked dividend income. Once the total carry forward losses are utilised, Century Australia will return to paying tax on any realised gains. Tax payments will generate additional franking credits from which franked dividends can be paid.

Tax losses

As at 30 June 2017, the Company had on and off balance sheet tax losses of 7.16 cents per share. This equates to \$24.6 million of available carried forward tax losses (\$6.75 million tax effected), which are available to be offset against future taxation liabilities of the Company.

Investment portfolio performance under Wilson Asset Management

Following the capital raising and change of manager in mid-April, Wilson Asset Management adjusted Century Australia's portfolio weights to align with its proven research, market and investment-driven processes and for capital preservation purposes. The investment team also added new investments, positioning the portfolio to take advantage of a range of investment opportunities, such as the:

- Increase in US and Australian infrastructure investment;
- Strengthening US dollar and US interest rates; and
- Hardening of the Australian insurance cycle.



Equity market outlook

Wilson Asset Management believes the greatest challenge in FY2018 is the evolution of central banks' policies. Since the global financial crisis, the 50 largest central banks around the world have cut interest rates 700 times and injected \$9 trillion of liquidity into global markets. This liquidity has driven equity valuations to high levels and stimulated economic activity. With global economic conditions improving, the debate is now centred on how quickly central banks should increase interest rates and withdraw liquidity.

In the short term, Wilson Asset Management expects economic growth and corporate earnings will ease the tension between central banks and equity markets globally and allow the Australian share market to continue to rise. Further, the Reserve Bank of Australia's monetary policy remains supportive of investment, with the cash rate at a record low. Wilson Asset Management believes companies that will outperform in FY2018 are those exposed to infrastructure investment, increasing insurance premiums and the global economic recovery.

About Century Australia

On 18 April 2017, shareholders of Century Australia Investments Limited (ASX: CYA) approved the appointment of MAM Pty Limited, a member of the Wilson Asset Management Group (Wilson Asset Management), as the new Investment Manager. Century provides investors with access to a portfolio predominately comprised of undervalued growth companies in the S&P/ASX 300 Index utilising Wilson Asset Management's investment management expertise.

About Wilson Asset Management

Established in 1997, Wilson Asset Management is the investment manager for six of Australia's leading listed investment companies: WAM Capital (ASX: WAM), WAM Leaders (ASX: WLE), WAM Microcap (ASX: WMI), WAM Research (ASX: WAX), WAM Active (ASX: WAA) and Century Australia (ASX: CYA); and is responsible for over \$2 billion in shareholder capital on behalf of more than 55,000 retail investors. Wilson Asset Management also created Australia's first listed investment companies to provide investors with access to leading fund managers while supporting our future generation: Future Generation Investment Company (ASX: FGX) and Future Generation Global Investment Company (ASX: FGG).

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