



CHAIRMAN'S ADDRESS

95th Annual General Meeting of Shareholders

Thursday, 26 July 2018

I am pleased to report to shareholders on Whitefield's 95th year of operation.

In 2018 Whitefield generated an Operating Profit after Tax of \$15,304,054 an increase of 9% over the prior year, representing earnings per ordinary share of 17.8 cents. This outcome was driven by increases in dividends from approximately 80% of stocks within the portfolio.

While the industrial stock market softened slightly in value across the 12 months returning (0.39%) Whitefield's portfolio outperformed its benchmark producing a total return of (0.23%). Over the last 5 years Whitefield's portfolio also outperformed its benchmark producing a return of 9.07% compared to 8.81% for the ASX200 Industrials Accumulation Index.

With the company's income having grown strongly over recent years we were pleased to increase our ordinary dividend from 8.5 cents to 8.75 cents at the half year and to 9.0 cents per share at the full year. This represents the company's 28th consecutive year of maintaining or increasing its dividend. Underlying income growth, the average long-term level of realised gains and the company's convertible resettable preference share reset date in November are likely to support the company in considering further dividend increases in 2019 (subject to there being no materially adverse or abnormal changes in investment markets).

The company's convertible resettable preference shares (WHFPB) will reach their reset date on 30 November 2018. Whitefield will be notifying all WHFPB holders of the alternatives available to them and any required actions over upcoming months. Materials are expected to be issued by mid-September.

I have now worked alongside Whitefield since the late 1960s, and have been a director since 1990. These years cover a period of significant change economically, administratively and in terms of investment analysis.

Whitefield's records were initially prepared by clerks using hand written ledgers, manual addition, contract notes and share certificates. Investment analysis relied on manual rules of thumb. Interest rates and inflation were higher, with Australia's cash rate reaching 18% during the 1980's. The Australian economy was growing rapidly and companies were consolidating to achieve scale and efficiency.

In contrast, accounting, investment transactions and money flows are today electronically based. Investment teams can harness large volumes of data from a multitude of sources and systematically convert that into meaningful analysis. Rates and inflation are near historic lows. Trade is now very much global.

While clearly much has changed over this time, I have been pleased to see that Whitefield has not only kept pace with this change, but has steadily developed and enhanced its professionalism as an investment company, continuing to deliver quality and consistency of return for shareholders. I have certainly been pleased to participate and contribute to this process and am confident in the company's ongoing ability to do this over future years.

After 28 years as a director, however, it is now appropriate that I pass on the Chairmanship of Whitefield at a suitable point during the current year. Whitefield will advise shareholders of our new appointment once we have completed our assessment and selection process over upcoming months.

In conclusion, I would like to thank shareholders for supporting the company over my time as Chairman, and as a shareholder myself I will now look forward to hearing of the company's progress and success in future.

David Iliffe, Chairman