



## Westpac announces 2019 Half Year result and unchanged dividend of 94 cents

### Financial highlights First Half 2019 (1H19) compared to First Half 2018 (1H18)<sup>1</sup>

- Statutory net profit \$3,173 million, down 24%
- Cash earnings \$3,296 million, down 22%
- Interim fully franked dividend of 94 cents per share, unchanged. The dividend reinvestment plan (DRP) will operate with a 1.5% discount applied to the market price
- Cash earnings per share 96 cents, down 23%
- Return on equity (ROE) 10.4%, down 3.5 percentage points
- Common equity Tier 1 (CET1) capital ratio of 10.64%, above APRA's unquestionably strong benchmark
- Cash earnings, excluding major remediation and restructuring items<sup>2</sup> of \$753 million (after tax), down 5%
- Bank levy \$193 million (pre-tax), equivalent to 4 cents per share

Westpac announced a reported profit of \$3,173 million for 1H19. Cash earnings, the Group's preferred measure of earnings, was \$3,296 million, down 22%. The Group's performance in 1H19 was impacted by major remediation and restructuring items: including provisions for estimated customer refunds, payments and associated costs of \$617 million (after tax); and costs associated with the reset of Westpac's wealth strategy announced on 19 March 2019 (\$136 million after tax). Excluding these items cash earnings was down 5%.

Westpac Group CEO, Mr Brian Hartzler said: "This is a disappointing result reflecting weaker business conditions and the bank dealing decisively with outstanding issues, including remediation and resetting our wealth strategy."

Despite the challenging period, the balance sheet remains strong across all dimensions of asset quality, capital and liquidity. We have also been disciplined in cost management which saw \$146 million of expenses removed in 1H19 putting us on track to meet our cost reduction target of \$400 million over the 2019 full year. We reduced full time equivalent staff by 788 this half, and expenses excluding major remediation and restructuring items<sup>2</sup> were down 3% on 2H18.

While cash earnings were lower, our CET1 capital ratio of 10.64% has enabled the Group to maintain its interim dividend at 94 cents per share.

Noting the tough operating environment Mr Hartzler said: "The past six months has been a turning point for the bank. We are proactively addressing legacy issues while improving our products and services to ensure they deliver the right customer outcomes. We're exiting personal financial advice to focus on the parts of our wealth business where we have a competitive advantage, and we are delivering significant cost savings by simplifying our business."

He added "Overall the clarity of our strategy, the size and strength of our growing customer franchise, the quality of our people, and our strong balance sheet puts us in good stead to continue to navigate the challenges of this low growth environment."

A video interview with Mr Hartzler on today's results can be found [here](#).

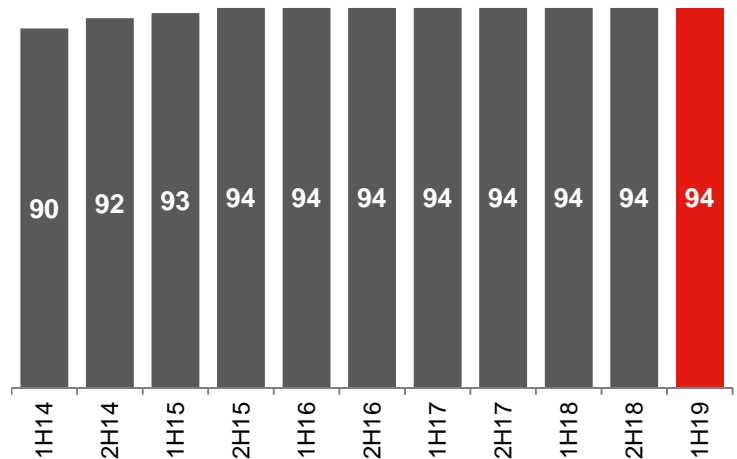
## Results details

Full details of our result including the webcast of the briefing by our Chief Executive Officer, Brian Hartzler, and Chief Financial Officer, Peter King, can be found on our [Investor Centre](#) and can be viewed live from 10am AEST today or on-demand afterwards.

## Dividend

- 94 cents per ordinary share, interim fully franked dividend
- Represents a payout ratio of 98% and a dividend yield of 7.6%<sup>3</sup>
- To be paid on 24 June 2019 to shareholders on the register at the record date of 17 May 2019
- The dividend reinvestment plan (DRP) will apply with a 1.5% discount to the market price
- If you wish to update your DRP election you must do so before 5.00pm (AEST) on 20 May 2019

Dividends (cents per share)



Further details around the DRP terms and conditions and updating your election can be found at our [Investor Centre](#).

## Need more information

If you have any questions regarding your dividend or management of your shareholding, please contact Link either by email: [Westpac@linkmarketservices.com.au](mailto:Westpac@linkmarketservices.com.au) or by telephone on +61 1800 804 255.

Yours sincerely,

**Westpac Investor Relations**

1. Reported throughout this communication on a cash earnings basis unless otherwise stated. For an explanation of cash earnings and reconciliation to reported results, refer to Section 1.3 and Section 5, Note 8 of Westpac's 2019 Interim Results announcement.
2. References to major restructuring and remediation items in this communication include provisions for estimated customer refunds, payments and associated costs (\$617 million after tax), and costs associated with the restructuring of the Wealth business (\$136 million after tax).
3. Based on the closing share price as at 29 March 2019 of \$25.92.

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