



23 March 2023
ASX Announcement

Regular Profit up 38% Growth in Net Asset Value, Cash, and Dividends

Diversified investment house, Washington H. Soul Pattinson and Company Limited (ASX:SOL or “WHSP”), announces performance for the half year ended 31 January 2023 (1H23). Group Regular Profit After Tax¹ was \$475.7m, a 38.4% increase on the prior corresponding period (pcp). A fully franked interim dividend of 36 cents per share was approved in line with our purpose to deliver enduring value for shareholders. Over the half year, Total Shareholder Return including dividends was 14.0% which outperformed the All Ordinaries Accumulation Index² by 4.3%.

Financial performance	1H23	1H22	Change vs pcp
Group Regular Profit ¹	\$475.7m	\$343.7m	+38.4%
Group Statutory Profit	\$453.0m	\$(673.6)m	+\$1.1b
Net Asset Value (pre-tax)	\$10.5b	\$9.0b	+16.0%
Net Cash Flows From Investments ³	\$246.5m	\$182.6m	+35.0%
Dividends declared	36cps	29cps	+24.1%

Net Asset Value (pre-tax) of the total portfolio increased 16.0% to \$10.5b in 1H23 vs pcp. This represents an outperformance of 10.2% versus the All Ordinaries Index in the 12 month period ended 31 January 2023.

The main contributor to this growth was our Strategic Portfolio investments, buoyed by commodity tailwinds, along with solid gains from Brickworks and Apex Healthcare. The portfolio is defensively positioned with a current bias toward alternative assets and cash reserves.

Net Cash Flows From Investments³ increased 35.0% to \$246.5m vs pcp. WHSP considers this when setting dividends and our Directors have approved a fully franked interim dividend of 36 cents per share, a 24.1% increase on pcp. The record date for the dividend will be 20 April 2023 with payment due on 12 May 2023.

¹ Non-statutory profit measure that represents profit from continuing operations before non-regular items. A reconciliation to statutory profit is presented on page 21 of the Half Year Financial Report

² All Ordinaries Accumulation Index – the whole market adjusted for dividends paid during the period – gained 9.7% during the period

³ Represents the cash flows generated by the Parent Entity from its investment portfolio, after corporate costs and excluding non-regular cash inflows and outflows. The Board of the Consolidated Entity pays dividends having regard to Parent Entity Net Cash Flows From Investments.



Portfolio activity

WHSP has continued to actively manage investments across all portfolios, with \$1.3b in transaction activity during 1H23. WHSP was a net seller across Large Caps and Emerging portfolios, reducing exposure to cyclicals and growth stocks in an inflationary environment.

Higher yielding instruments, such as private credit, is offering more attractive, risk-adjusted returns with WHSP investing an additional \$267.9m into the Structured Yield portfolio, increasing its value to \$483.4m or ~5% of the Group. As our fastest growing portfolio it contributed \$18.8m in net cash flows, an increase of 72.5% vs pcp.

The Private Equity portfolio continued to assess value-accretive acquisition opportunities and deployed a further \$152.8m into agricultural and real assets, taking the total size of this portfolio to \$810.2m or ~8% of the Group.

Strong liquidity in the current environment provides WHSP with the flexibility to take advantage of market dislocation. WHSP's total cash balance at the end of the half is \$597.3m⁴, 257.7% higher than pcp, with an average current yield of 4.2% per annum. The Property portfolio contributed to these cash reserves following the settlement of the Castle Hill sale in December for \$88.5m, 4.5x the original purchase price in 2014.

Comments

Chairman, Rob Millner: *"Our fully franked interim dividend demonstrates yet again continued growth for our shareholders. Our Company is equipped to navigate an unpredictable market with significantly more cash reserves to invest in the best opportunities."*

CEO & Managing Director, Todd Barlow: *"The majority of our investments have performed well, delivering a gain of 16.0% in net asset value over the 12 month period to 31 January 2023. This reflects an outperformance against the All Ords Index of 10.2%."*

The portfolio is defensively positioned, we are holding a material cash position, and our new investments target attractive, risk-adjusted returns. In a higher rate, inflationary environment, we are seeking greater exposure to real assets given the potential to offset inflation through income and growth. During the half we reduced our exposure to listed equities, particularly cyclicals and growth stocks, and invested over \$400 million into private equity and structured yield products. Around 20% of the portfolio is now weighted to alternative assets and cash, which do not re-rate as frequently as equities but are strategic for risk management and longer-term investment goals."

Result Briefing – today at 1pm AEDT

This release should be read in conjunction with the Investor Presentation and Half Year Report also lodged on the ASX platform today. WHSP management will be presenting the results today from 1.00pm (AEDT).

A live stream of the video presentation can be accessed here: <https://www.streamgate.co/whsp-half-year-results2023/>

⁴ Net cash of \$362.3; interest-bearing debt of \$235.0m



-ENDS-

This ASX announcement has been authorised for release by the Board.

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About WHSP

Washington H. Soul Pattinson is an Australian public company that first listed on the Sydney Stock Exchange (now ASX) on 21 January 1903. With origins in owning and operating Australian pharmacies, WHSP has since evolved into an investment house with a diversified and uncorrelated portfolio of assets across multiple industries. WHSP takes a long-term approach to investing with an objective to deliver superior returns by creating capital growth and regular dividends. Through owning WHSP shares, an investor gains access to the following asset classes: listed equities, private markets, structured yield, and property. More information: <https://www.whsp.com.au/>