



CELEBRATING
120
YEARS



Washington H. Soul Pattinson
FY23 Performance
for the Full Year ended 31 July 2023

28 September 2023

Presenters



Todd Barlow – Chief Executive Officer & Managing Director

- **Group highlights**



David Grbin – Chief Financial Officer

- **Group results**



Brendan O'Dea – Chief Investment Officer

- **Portfolio results**



Our purpose is to generate enduring success



\$10.8b portfolio value¹

12.5% p.a. TSR over 20 years¹

23 years of increasing dividends

200+ Investments

Multiple asset classes

c.59,500 Shareholders¹

Investment objectives:

1 GROW THE PORTFOLIO
Outperform the market

2 INCREASE CASH GENERATION
Underpins reliable dividend growth

3 MANAGE INVESTMENT RISK
Downside protection

Investment philosophy:

 **Long-Term Commitment**

 **Strength of Conviction**

 **Unconstrained Opportunity**

Performance highlights



- Strong overall performance while ensuring the portfolio is more resilient

✓ INCREASED CASH GENERATION

Final dividend (fully franked) of 51 cps

↑20.8%

total ordinary dividend growth vs pcp

✓ PORTFOLIO PERFORMANCE

Net Asset Value (pre-tax) per share

↑12.3%

outperformance of 1.2% vs Index¹

✓ MANAGING INVESTMENT RISK

Portfolio repositioning

\$3.1b

29% portfolio turnover in FY23

Net Cash Flows From Investments

↑22%

to \$424.3 million vs pcp

Net Asset Value (pre-tax)

↑\$0.9b

to \$10.8 billion vs pcp

Cash

↑87.3%

to \$911.0 million vs pcp

Operational highlights



- Investment in our people and processes to strengthen competitive edge
- Active year rebalancing portfolio weightings toward Private Equity, Structured Yield and cash

Attracting quality talent:

23

professionals recruited
since 1 July 2022

51

employee headcount¹ at WHSP
at 31 July 2023

Chief Operating Officer

appointment supporting
operational risk, governance,
people & culture

8,000+

indirect employees spread
across our major investments

Active year of deal flow:

\$1.4b

sold across equities

\$0.9b

invested in private markets

\$0.9b

in cash
at 31 July 2023

7 acquisitions

added to Private Equity Portfolio

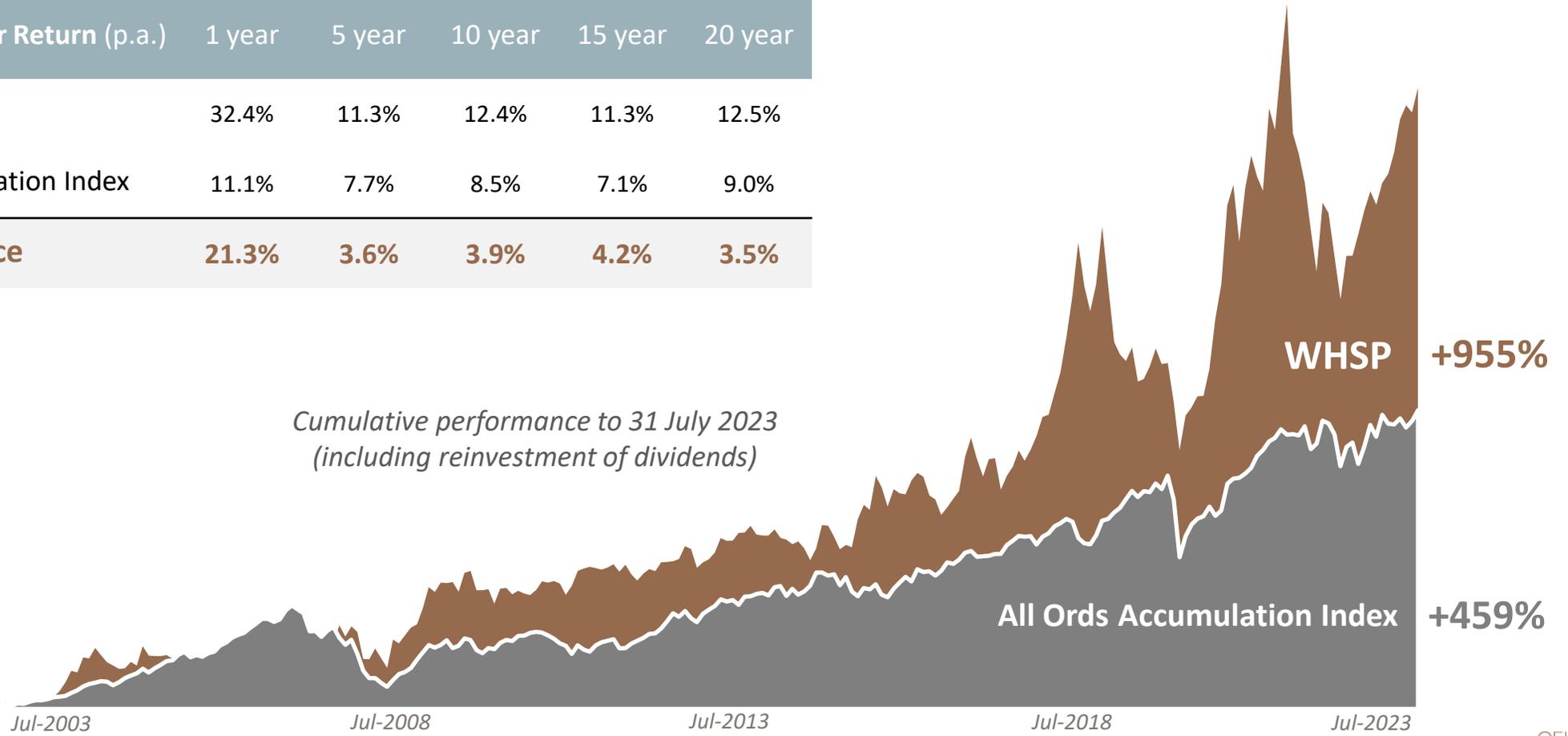
23 investments

in the Structured Yield Portfolio

Consistent long-term performance



Total Shareholder Return (p.a.)	1 year	5 year	10 year	15 year	20 year
WHSP	32.4%	11.3%	12.4%	11.3%	12.5%
All Ords Accumulation Index	11.1%	7.7%	8.5%	7.1%	9.0%
Outperformance	21.3%	3.6%	3.9%	4.2%	3.5%



source: Capital IQ



Continued dividend growth

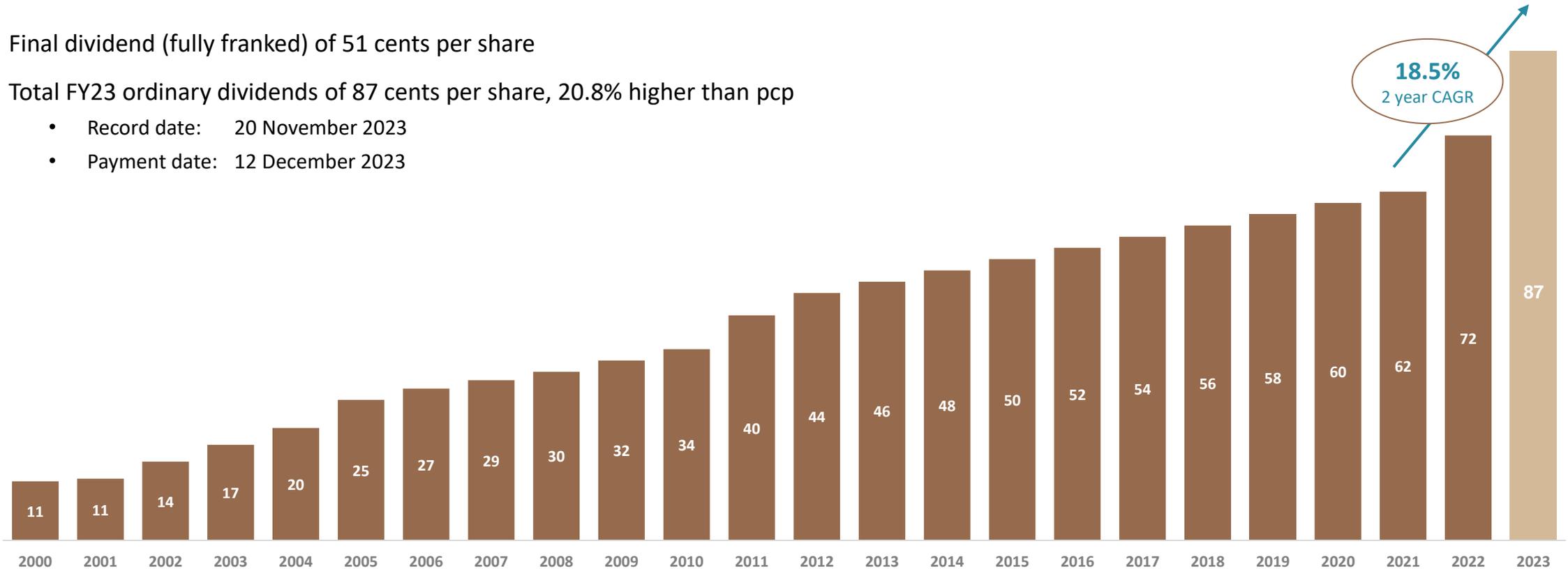


- Ordinary dividend increases for 23 consecutive years at a compound annual growth rate of 9.6%
- Growth underpinned by high quality, cash-generating investments

Final dividend (fully franked) of 51 cents per share

Total FY23 ordinary dividends of 87 cents per share, 20.8% higher than pcp

- Record date: 20 November 2023
- Payment date: 12 December 2023



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Group results

David Grbin, CFO

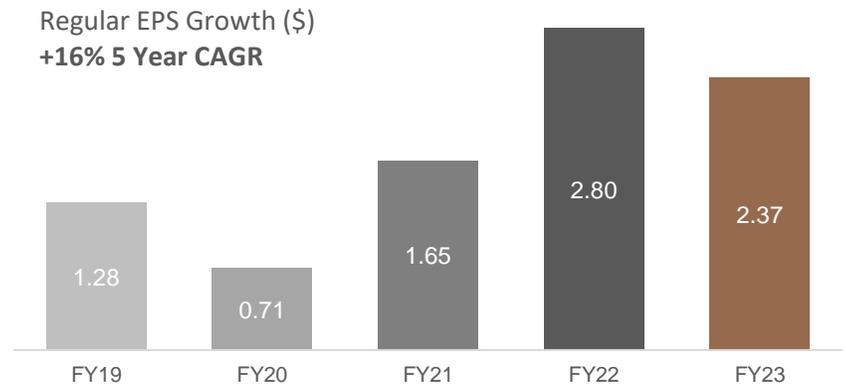


Financial results – profit



Group Profit	FY23	FY22
Statutory NPAT ¹	\$690.7m ↑ \$703.6m vs pcp	\$(12.9)m
Regular NPAT ²	\$759.3m ↓ 9.0% vs pcp	\$834.6m

- Increase in Statutory NPAT reflects non-recurring impairment that impacted prior period (as a result of the impairment of goodwill arising from the Milton merger)
- Decrease in Regular NPAT in FY23, with solid growth in recent years



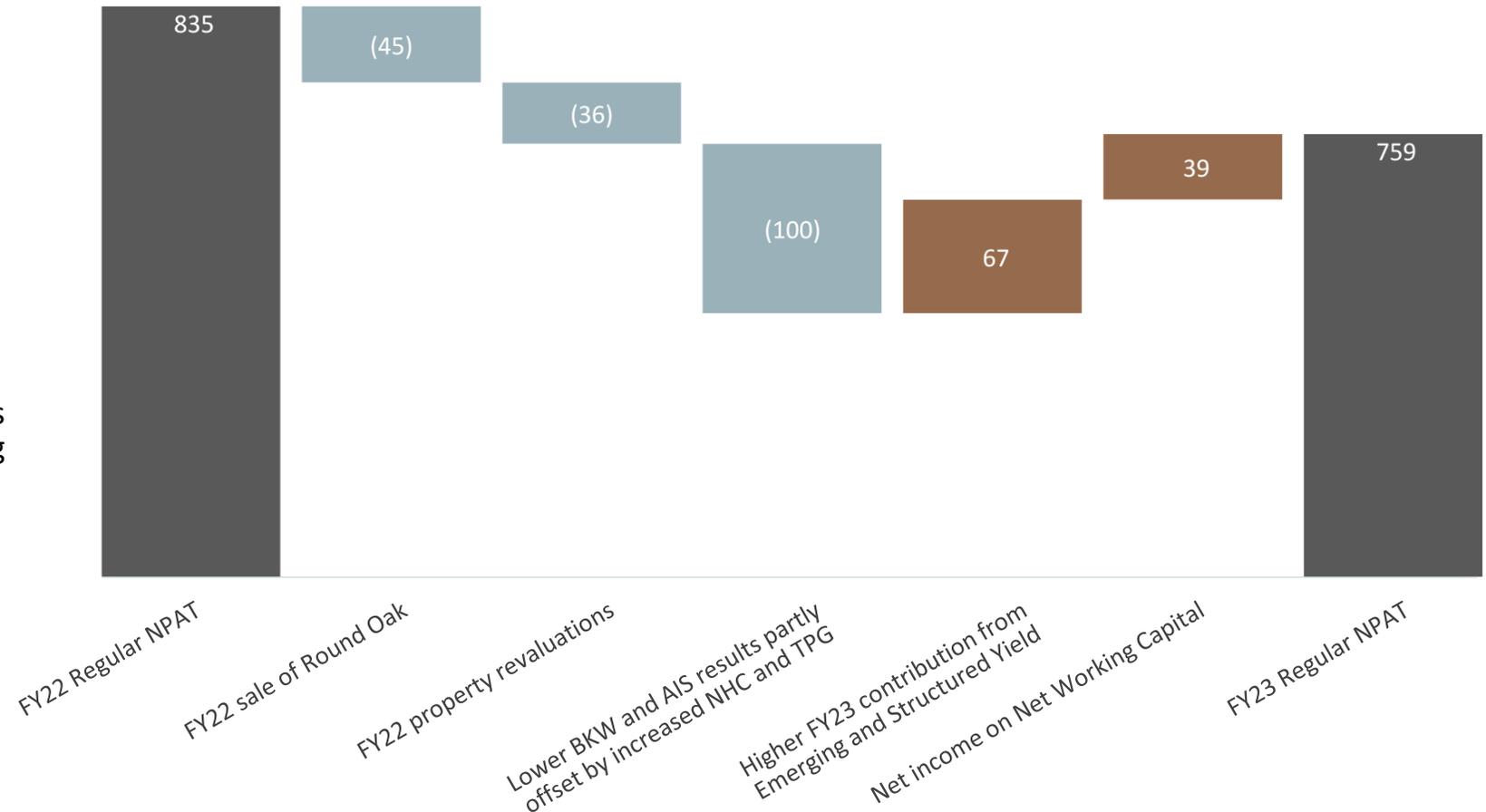
1. **Group Statutory NPAT:** Profit after tax attributable to members

2. **Group Regular NPAT:** Regular profit after tax is a non-statutory profit measure which represents the consolidated Net Profit After Tax attributable to members before Non-Regular items. A reconciliation to statutory profit is included in the Directors' Report and Operating Review within the Annual Report

Financial results – regular profit



- Lower contribution from the Strategic Portfolio was partly offset by growth in Emerging and Structured Yield portfolios
- Emerging Companies (+\$32m) and Structured Yield (+\$35m) Portfolios contributed profit growth in addition to net income in Net Working Capital (+\$39m)
- Our share of profit from Brickworks and Aeris declined, partly offset by higher contributions from New Hope and TPG (-\$100m)
- FY22 contribution from Round Oak was not repeated in FY23 (-\$45m) following sale of this investment
- FY22 investment property revaluations not repeated in FY23 (-\$36m)



Financial results – key performance indicators

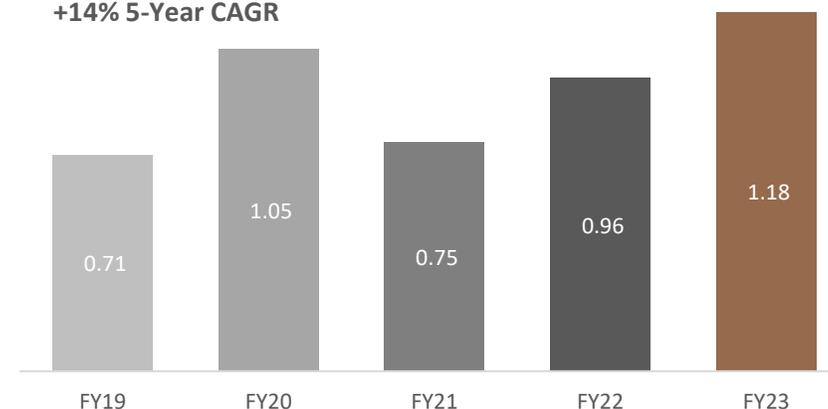


Key Performance Indicators

	FY23	FY22
Net Cash Flow From Investments ¹	\$424.3m ↑ 22.0% vs pcg	\$347.9m
Net Asset Value (pre-tax)	\$10.8b ↑ 8.8% vs pcg	\$9.9b

- Growth in cash flow despite defensive positioning in equities, with stronger dividends from Strategic Portfolio investments and growth in income from Structured Yield Portfolio
- Net Asset Value (pre-tax) grew 8.8%, delivering a Total Return of 12.3% if dividends were reinvested

Net Cash Flow From Investments per share
+14% 5-Year CAGR



1. **Net Cash Flow From Investments** represents the cash flow generated by WHSP from its investment portfolio, after deducting corporate costs, income tax, and Non-Regular cash flows. The Directors determine interim and final dividends based on WHSP's Net Cash Flow From Investments

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Portfolio results

Brendan O'Dea, CIO

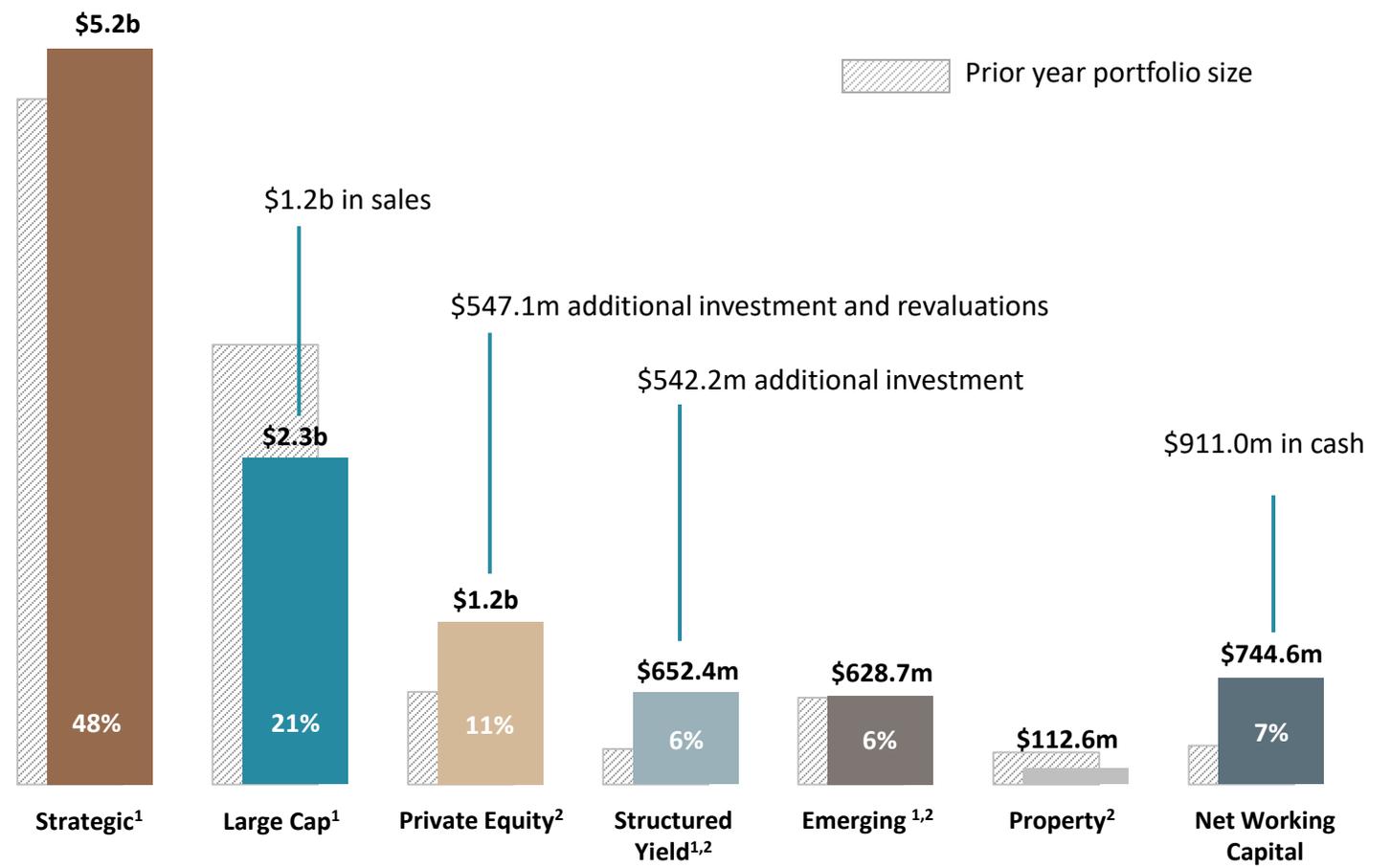


Portfolio composition



- Value of the portfolio increased **8.8%** to **\$10.8 billion** with significant repositioning

- We do not invest to replicate any index
- We are active and thoughtful investors with an unconstrained mandate
- Portfolio constantly reoriented toward the most attractive risk adjusted returns
- Ongoing growth in Private Equity and Structured Yield investments
- In what is a volatile market we have actively accumulated cash – awaiting investment opportunities



1. At Market Value
 2. At Cost, Directors' Fair Value or External Fair Value

Strategic Investments



- Significant, long-term investments in largely uncorrelated listed companies that is the core of current cash generation

48% of total portfolio (vs 49% in FY22)

	FY23	FY22
Portfolio Value	\$5.2b	\$4.8b
Net Cash Flow From Investments	\$295.9m	\$168.7m
Total Return	15.3% ¹	25.8%



- Net Cash Flow up 75.4% vs pcp
 - Reflects strong full year contributions from New Hope and TPG Telecom
- Strong overall performance across the portfolio

1. Total portfolio return in the period was 15.3% vs 11.1% for the All Ords Accumulation Index (XAO Total Return)

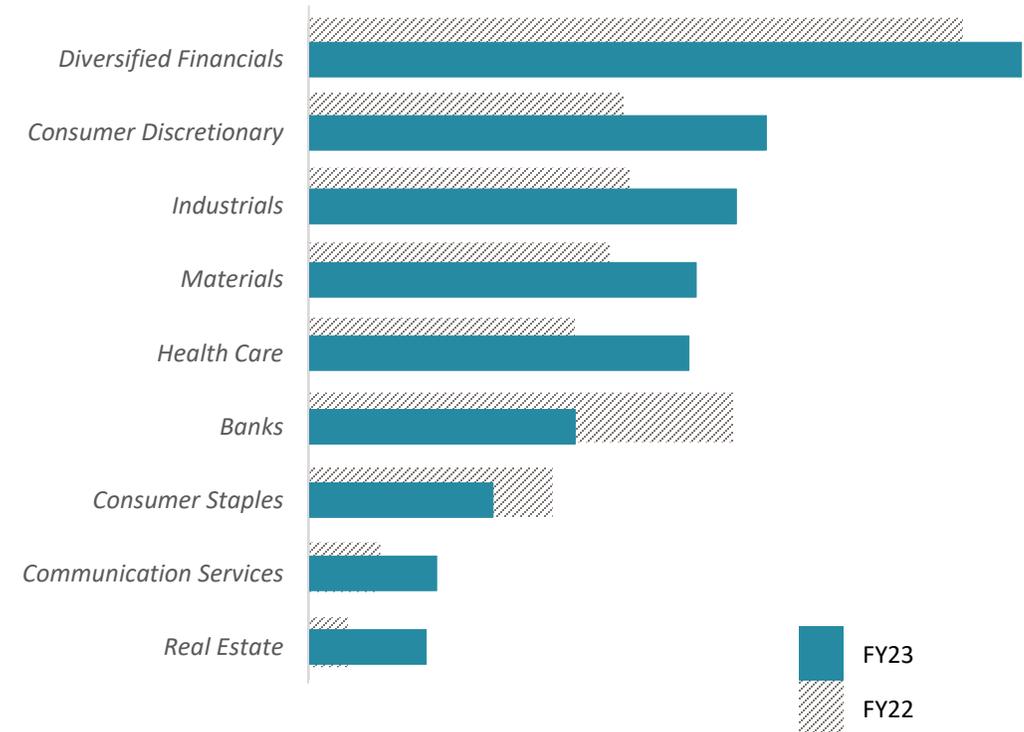
Large Caps



- Actively managed Australian listed equities generating consistent income and capital growth over the long-term

21% of total portfolio (vs 31% in FY22)

	FY23	FY22
Portfolio Value	\$2.3b	\$3.1b
Net Cash Flow From Investments	\$118.5m	\$116.9m
Total Return	8.0% ¹	-0.6%



- Net Cash Flow up 1.4% vs pcp
 - Reflects deliberate decision to hold a defensive but concentrated portfolio as interest rates rise
- Net sold \$860m of equities to accumulate cash for future opportunities
- Smaller number of high conviction investments
- Proactive management style with a focus on industry themes and company fundamentals

¹ Total portfolio return in the period was 8.0% vs return of 11.7% for the ASX200 Accumulation Index (XJO Total Return)

Private Equity



- Investments in unlisted companies with attractive growth profiles and strategic M&A opportunities

11% of total portfolio (vs 7% in FY22)

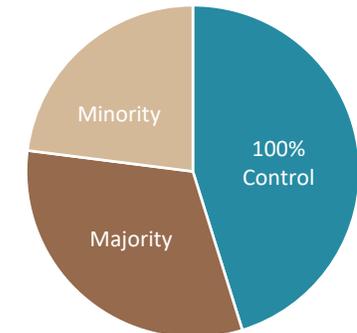
	FY23	FY22
Portfolio Value	\$1.2b	\$654.0m
Net Cash Flow From Investments	\$15.0m	\$40.1m
Undrawn/Committed	\$259.7m	\$50.6m
Internal Rate of Return	27.7%	19.1% ¹

- Portfolio value has grown 83.3% YoY with a strong pipeline
- Net Cash Flow declined 62.6% vs pcp
 - Reflects a loss of dividend income following the sale of Round Oak to Aeris Resources in July 2022
- Differentiated approach with a flexible and open mandate
- Multiple bolt-on acquisitions in 2023

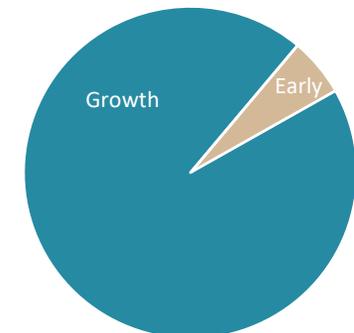
Portfolio is flexible on industry sector, deal structure, and geared towards growth



Industry sector



Shareholding



Stage

1. Note FY22 reported return was calculated on a Total Return basis

Private Equity



- \$288.7 million of acquisitions to accelerate growth across our largest investments



Agriculture & Water Holdings

- Horticulture and water assets including citrus, macadamia, table grapes, stone fruit and kiwi fruit
- 5,180 hectares of land and 25,073 megalitres of water



aquatic achievers swim schools

- Learn-to-swim programs for babies and children
- Averages 50,000 lessons per week across a current footprint of 27 sites



- Integrated electrical, electronic and control solutions across mining, renewables, and infrastructure
- >1,000 employees across 30 operations worldwide



- Provider of best-in-class asset management solutions
- Manages \$59b across advice, corporate trustee and funds management

Acquisitions during the year:



Kubank Citrus
November 2022



Manna Farms
October 2022



Bottle Tree Farms
January 2023



July 2023



Mar 2023



June 2023



May 2023

WHSP supporting strategy with \$43m of capital outlay towards:



wealth management acquisitions



Structured Yield



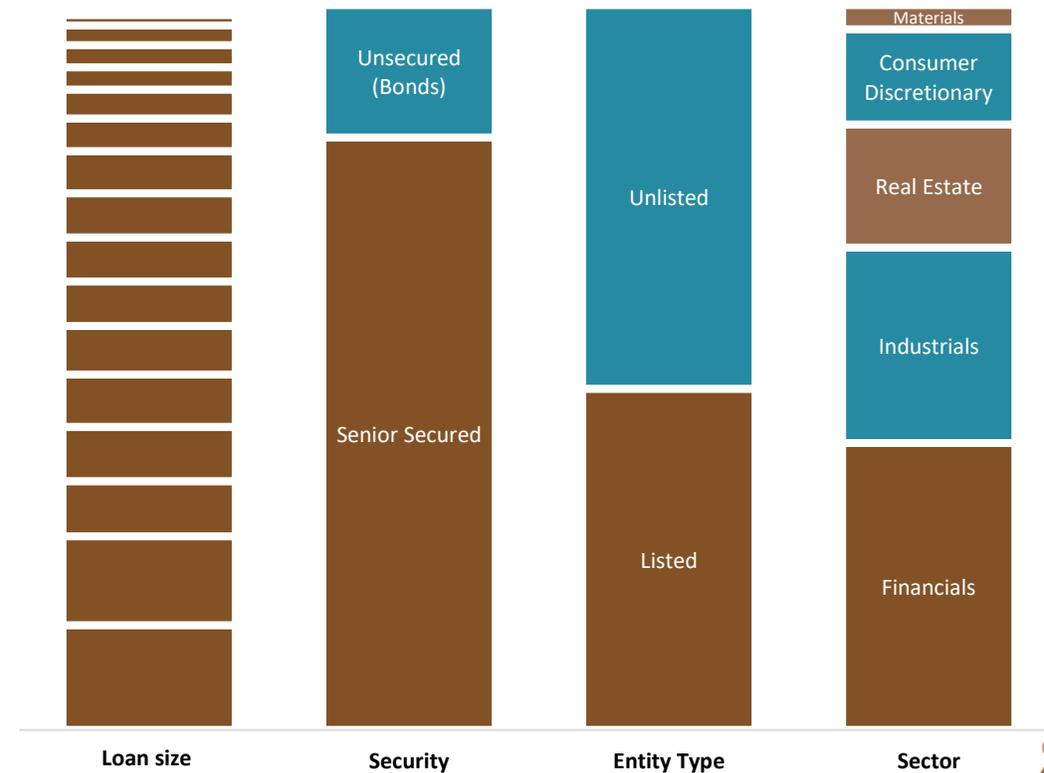
- Actively managed structured credit investments to achieve strong risk adjusted returns

6% of total portfolio (vs 2.5% in FY22)

	FY23	FY22
Portfolio Value	\$652.4m	\$250.3m
Net Cash Flow From Investments	\$41.5m	\$19.7m
Undrawn/Committed	\$271.5m	\$75.7m
Internal Rate of Return	14.7%	17.9% ¹

- Net Cash Flow up 110.7% vs pcp
 - Reflects the pace of growth in portfolio size (159% YoY)
- Fast growing portfolio with 23 investments and increased deal flow
- Diverse range of sectors and credit profiles
- Portfolio has attractive returns, risk protection and equity upside and a well-developed pipeline of opportunities

Loan book is widely spread, mostly senior secured, and diverse by industry



1. Note FY22 reported return was calculated on a Total Return basis

Emerging Companies



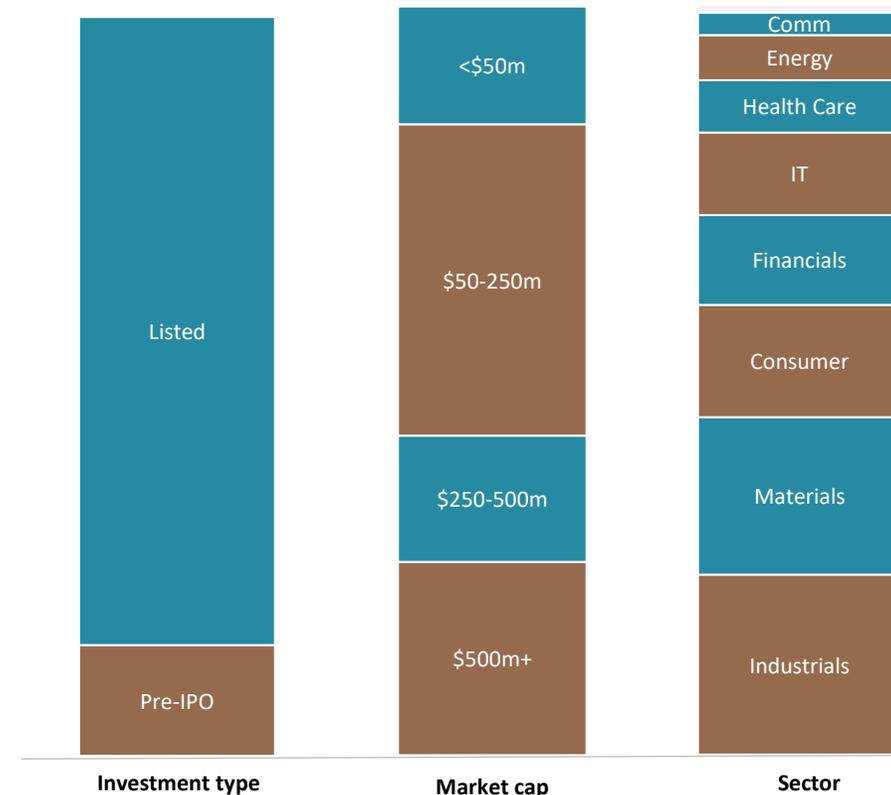
- Exposure to fast growing companies often benefiting from structural changes and global trends

6% of total portfolio (unchanged)

	FY23	FY22
Portfolio Value	\$628.7m	\$612m
Net Cash Flow From Investments	\$15.9m	\$27.6m
Total Return	12.1% ¹	-3.4%

- Net Cash Flow declined 42.4% vs pcp
 - Reflects lower realised trading gains
- Reduced exposure to early-stage companies toward more profitable businesses
- Portfolio is proactively managed with high levels of turnover and robust access to deal flow across the market

Portfolio actively repositioned towards later-stage businesses and less exposed to cyclicals



1. Total portfolio return in the period was 12.1% versus return of 0.8% for the Small Ords Accumulation Index (XSO Total Return)

Property



- Actively managed direct property investments & equity accounted joint ventures

1% of total portfolio (unchanged)

	FY23	FY22
Portfolio Value	\$112.6m	\$226.6m
Number of Investments	7	8

- Retirement development in partnership with Provectus in Cronulla (pictured) is being delivered on time and on budget with strong presales
- We continue to look for development opportunities
- Market has been disrupted by rapid interest rate increases
- Portfolio is considered in context of look-through exposure to industrial property in Brickworks



Net Working Capital



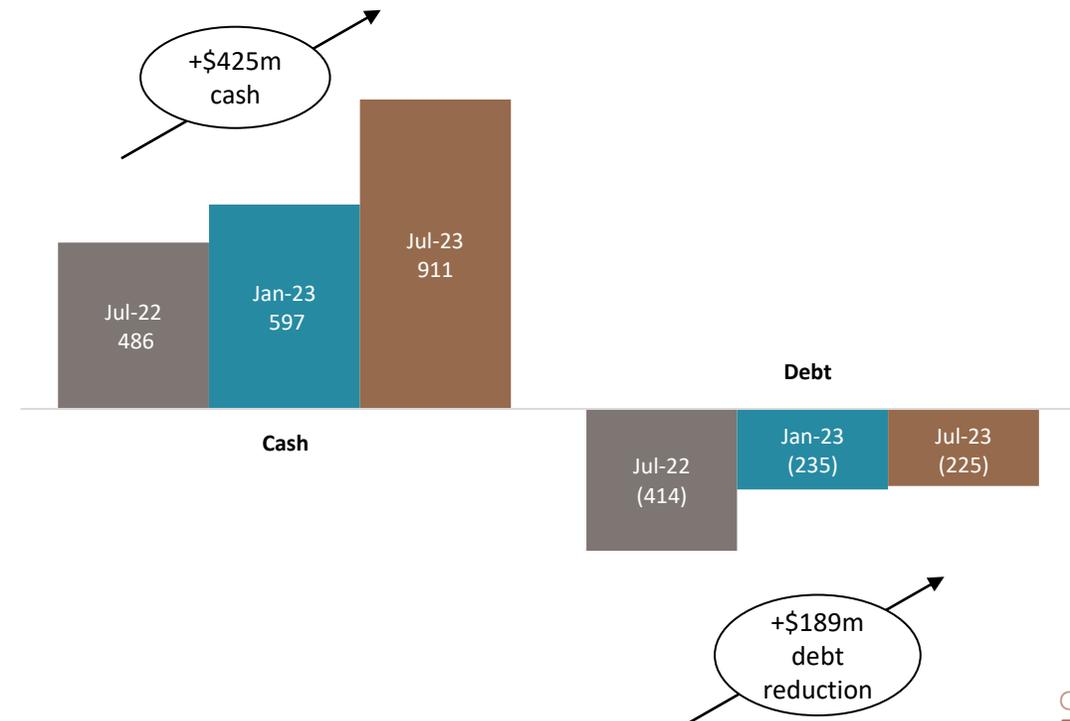
- Managing portfolio liquidity via cash, interest-bearing liabilities and other assets and liabilities

7% of total portfolio (vs 3% in FY22)

	FY23	FY22
Portfolio Value	\$744.6m	\$273.5m
Cash and Term Deposits	\$911.0m	\$486.3m
Interest-bearing debt	\$225.0m	\$414.1m

- Net cash grew by \$613.8 million in FY23 primarily through portfolio sales, partially applied to reduce short-term borrowings
- Deliberately defensive positioning and building investment capacity – awaiting investment opportunities
- Cash generating a current average yield of 5.0% per annum
- Interest-bearing debt at average cost of 0.6% per annum (Parent Entity)

We have transformed our financial flexibility to take advantage of the best investment opportunities





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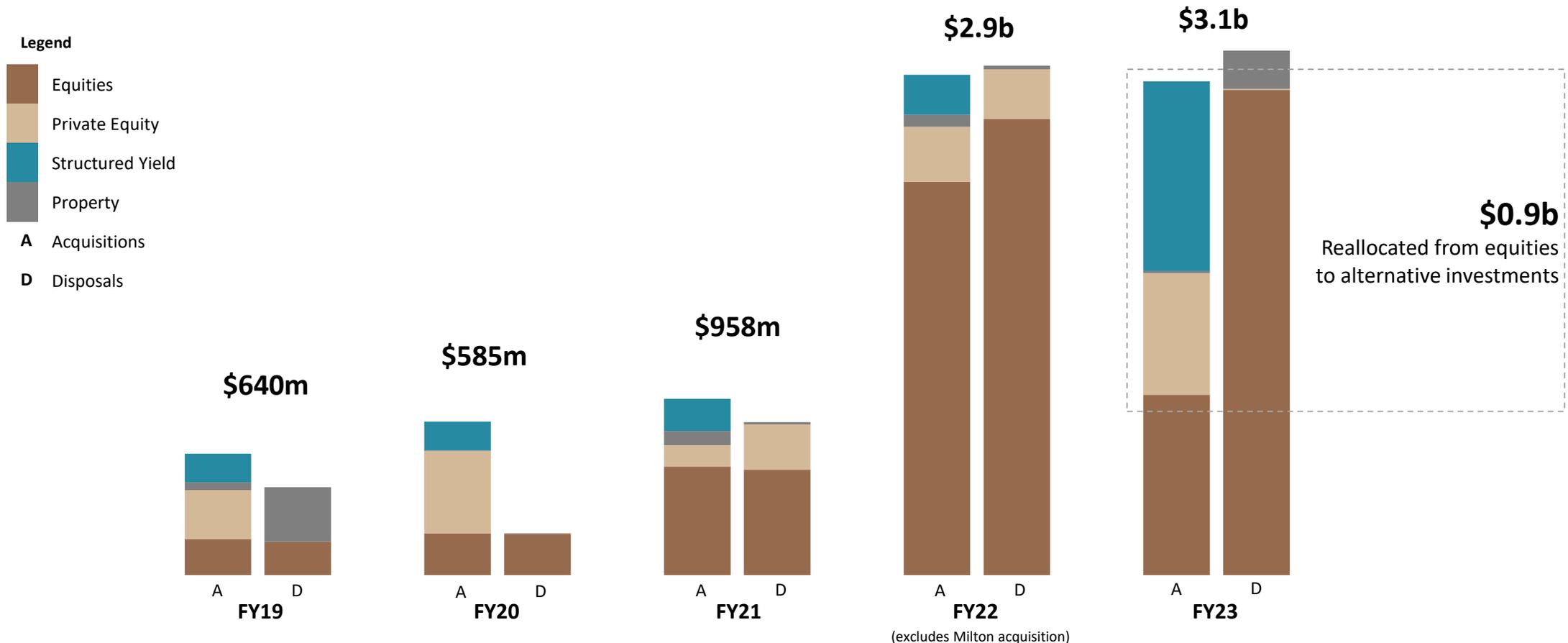
Summary

Todd Barlow, CEO

Active portfolio management



- Over \$8 billion in transactions (excluding Milton) undertaken over the last 5 years
- Increasingly active management of portfolio mix to optimise risk-adjusted returns



Delivering enduring success



- Strong performance in FY23 building on success of FY22

	FY23 vs pcp	FY22 vs pcp
Net Asset Value (pre-tax adjusted for dividends) per share	▲ 12.3%	▲ 13.8%
Net Cash Flow From Investments per share	▲ 22.0%	▲ 28.0%
Total Ordinary Dividend cents per share	▲ 20.8%	▲ 16.1%

- Strong performance leading into FY24

- In August 2023, growth of the Total Portfolio (Net Asset Value) **outperformed the Index¹ by 3.9%**
- We aim to continue delivering against our investment objectives:
 - ✓ *Grow the portfolio:* with an unconstrained mandate to invest in the most attractive opportunities, risk/return
 - ✓ *Increase cash generation:* by selectively deploying cash across our growing pipeline of investment considerations
 - ✓ *Manage investment risk:* to protect shareholder capital, leveraging our deep bench of investment expertise

1. Total portfolio return was 3.2% versus return of -0.7% for the All Ords Accumulation Index (XAO Total Return)



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Questions



Glossary



WHSP presents certain Alternative Performance Measures, which are used by management to assess the performance of the business against its principal objective of maximising capital and income returns over the long-term. They are not a substitute for Australian Accounting Standard measures and should be considered supplementary to those measures.

ALTERNATIVE PERFORMANCE MEASURES

(Group) Statutory NPAT

Refers to the IFRS measure, consolidated Net Profit After Tax attributable to the members of WHSP.

(Group) Regular NPAT

A non-statutory profit measure which represents the consolidated profit after tax attributable to members of WHSP, before Non-Regular Net Profit After Tax.

Non-Regular

Refers to items of income, expense and cash flow, which by nature are outside the ordinary course of business or are part of ordinary activities but are unusual due to their size.

Net Cash Flow From Investments

Represents the cash flow generated by WHSP from its investment portfolio, after deducting corporate costs, income tax, and Non-Regular cash flows. Includes dividends and distributions from investments, interest income, and realised gains on assets held for trading. The Directors determine interim and final dividends based on WHSP's Net Cash Flow From Investments.

Net Asset Value (NAV) (pre-tax)

The value of all WHSP's assets less all liabilities, excluding any capital gains tax payable upon the sale of its assets. Assets may be valued at Cost, Directors' Fair Value, External Fair Value, or Market Value.

PORTFOLIO RETURN METRICS

Total Shareholder Return (TSR) or Total Return

A performance measure that combines capital appreciation (e.g. market price changes or revaluation) with all income distributed by the investment over the period, excluding the benefit of any franking credits distributed. It is expressed as a percentage by referencing the value of the investment at the beginning of the period.

Internal Rate of Return (IRR)

The annual rate of growth calculated as the discount rate where the present value of all cash flows during the period equals zero, including the opening and closing NAV (including unrealised valuation gains) as the first and last cash flow.

Disclaimer

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