



# 1H24 Results

for the Half Year ended  
31 January 2024

21 March 2024

[SoulPatts.com.au](https://SoulPatts.com.au)

# Presenters



**Todd Barlow**

Chief Executive Officer &  
Managing Director



**David Grbin**

Chief Financial Officer



**Brendan O'Dea**

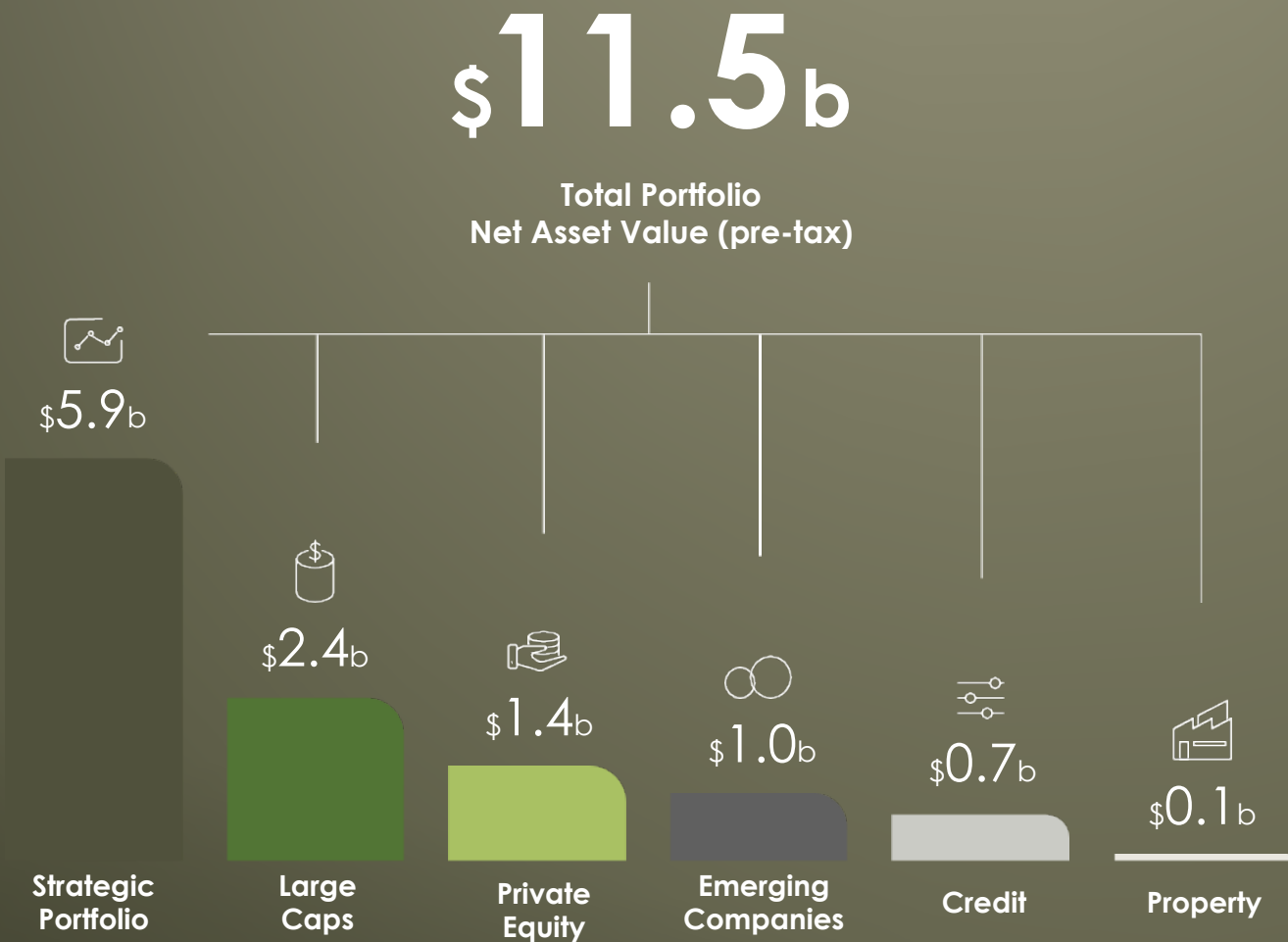
Chief Investment Officer

# A diversified investment house that is unique in Australia

Soul Patt's aims to grow shareholder wealth through a diversified range of investments that can perform through market cycles.

Our team actively manage our portfolio of 200+ investments and can adjust the portfolio mix to extract the highest quality risk-adjusted returns.

|   |   |                                  |
|---|---|----------------------------------|
| 121 years   | 12.4%   | ASX top 50                       |
| of constant dividend payments, increasing for the last 24 years | Total Shareholder Return per annum over last 20 years | Company by market capitalisation |



# Our purpose is to generate enduring success

## How we approach investing

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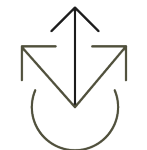
### **Long-term commitment**

we back businesses over the long term and believe in the power of compounding returns



### **Strength of conviction**

we aim to achieve investment outperformance by seeking hidden value and having the courage to pursue it



### **Unconstrained mandate**

we don't have constraints on investment opportunities, and our flexibility is a key competitive advantage

## How we measure success

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1

**Increase cash generation from our portfolio of investments**  
and underpin dividend growth

2

**Grow the portfolio**  
and outperform the market

3

**Manage investment risk**  
and protect shareholder capital

# Performance highlights

## 1. Increase cash generation

Interim dividend (fully franked) of 40 cps

 **11.1%** vs pcg  
interim dividend growth

Net Cashflow From Investments

 **6.9%** vs pcg  
to \$263.4 million

## 2. Grow the portfolio

Net Asset Value (pre-tax) per share

 **10.0%** vs pcg

**Portfolio outperformed Index<sup>1</sup> by 2.4% in 1H24 and 6.0% over LTM**

Net Asset Value (pre-tax)

 **\$1.1b** vs pcg  
to \$11.5 billion

## 3. Manage investment risk

Transaction activity

**\$2.4b**

\$1.6b invested into public equities and private investments

Cash deployed in 1H24

**\$0.7b**

available cash \$394.2 million

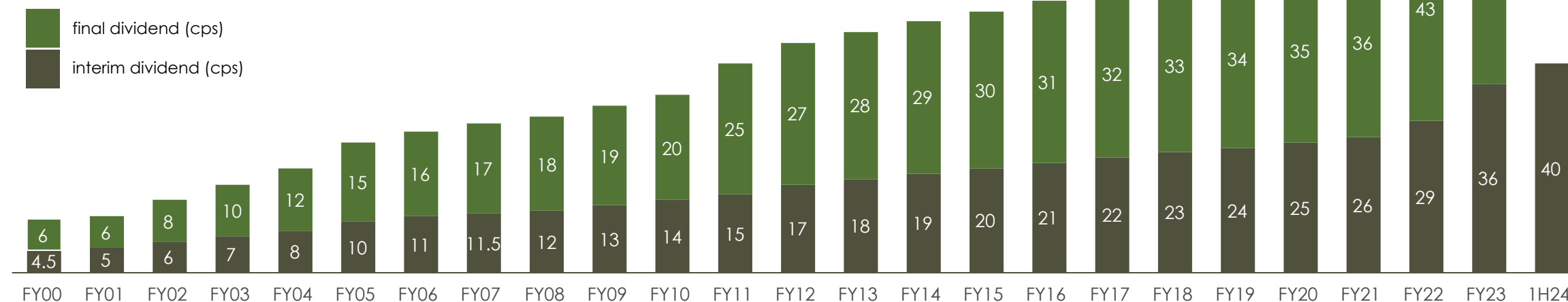
1. All Ordinaries Accumulation Index (which includes dividend reinvestment) delivered returns of 5.9% and 7.3% respectively for the 6 month and 12 month periods to 31 January 2024. Portfolio performance (Net Asset Value) includes reinvestment of dividends paid by SOL.

# Continued dividend growth

Ordinary interim and final dividend increases for 24 consecutive years at a compound annual growth rate of 9.6%

**1H24 interim dividend of 40 cents per share (fully franked), 11.1% higher than pcg**

- Record date: 18 April 2024
- Payment date: 10 May 2024

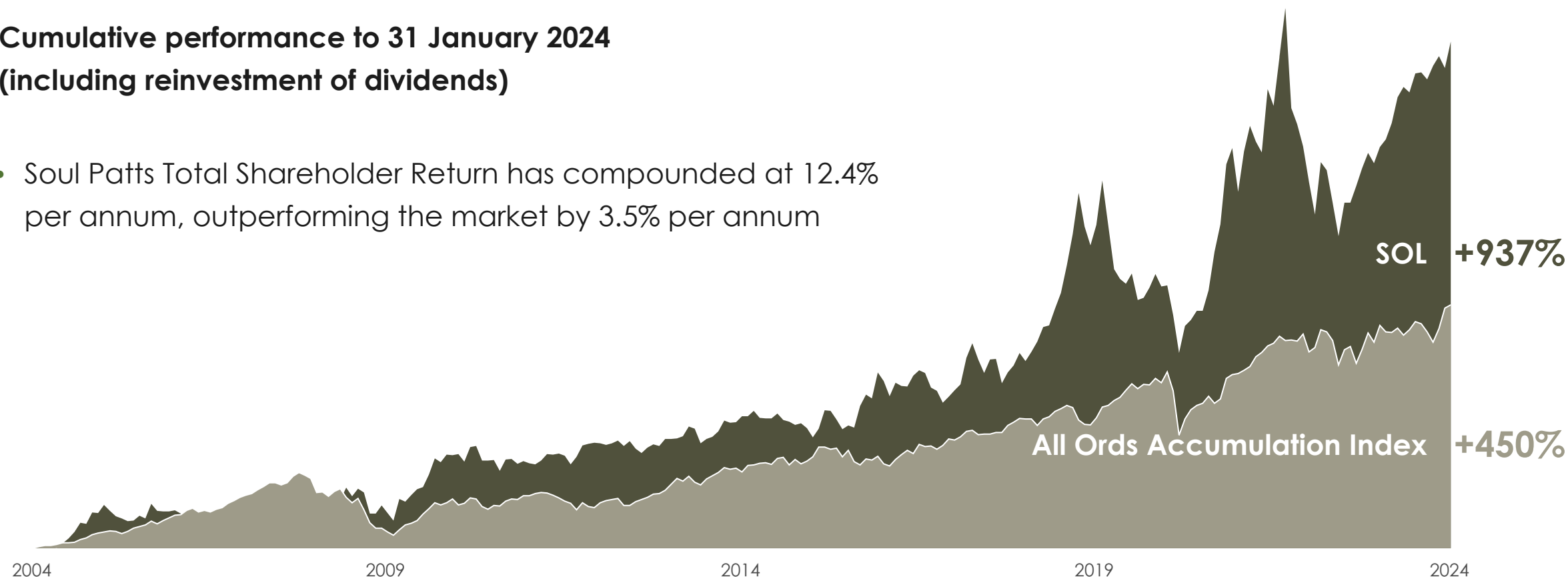


# Consistent long-term performance

Delivering capital and income growth directly to shareholders through sustainable growth in our share price and dividends

## Cumulative performance to 31 January 2024 (including reinvestment of dividends)

- Soul Patt's Total Shareholder Return has compounded at 12.4% per annum, outperforming the market by 3.5% per annum



# Net Asset Value

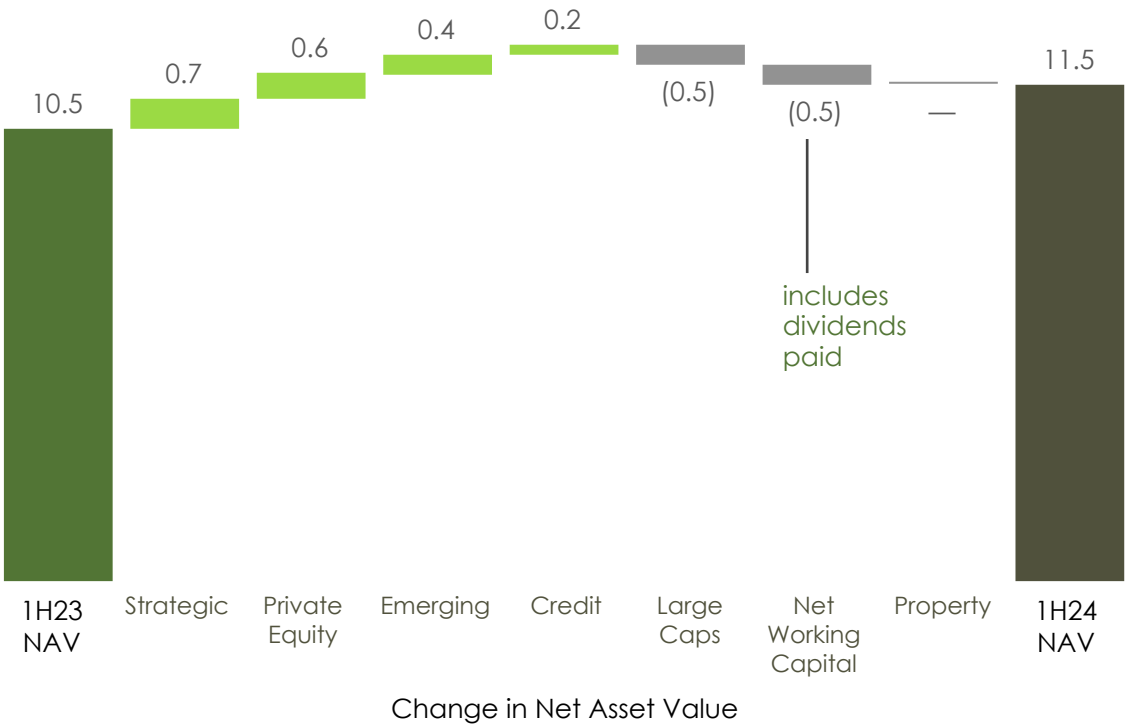
## Net Asset Value (pre-tax)

1H24 **\$11.5b**

↑10.0% vs pcp

1H23 **\$10.5b**

Over the 12 months to 31 January 2024  
Portfolio Total Return (including dividends) was 13.3%  
outperforming the Index<sup>1</sup> by 6.0%



1. All Ordinaries Accumulation Index (which includes dividend reinvestment) delivered a return of 7.3% for the 12 month periods to 31 January 2024. Portfolio Total Return (Net Asset Value) includes reinvestment of dividends paid by SOL.



# Net Cash Flows From Investments

## Net Cash Flow From Investments<sup>1</sup>

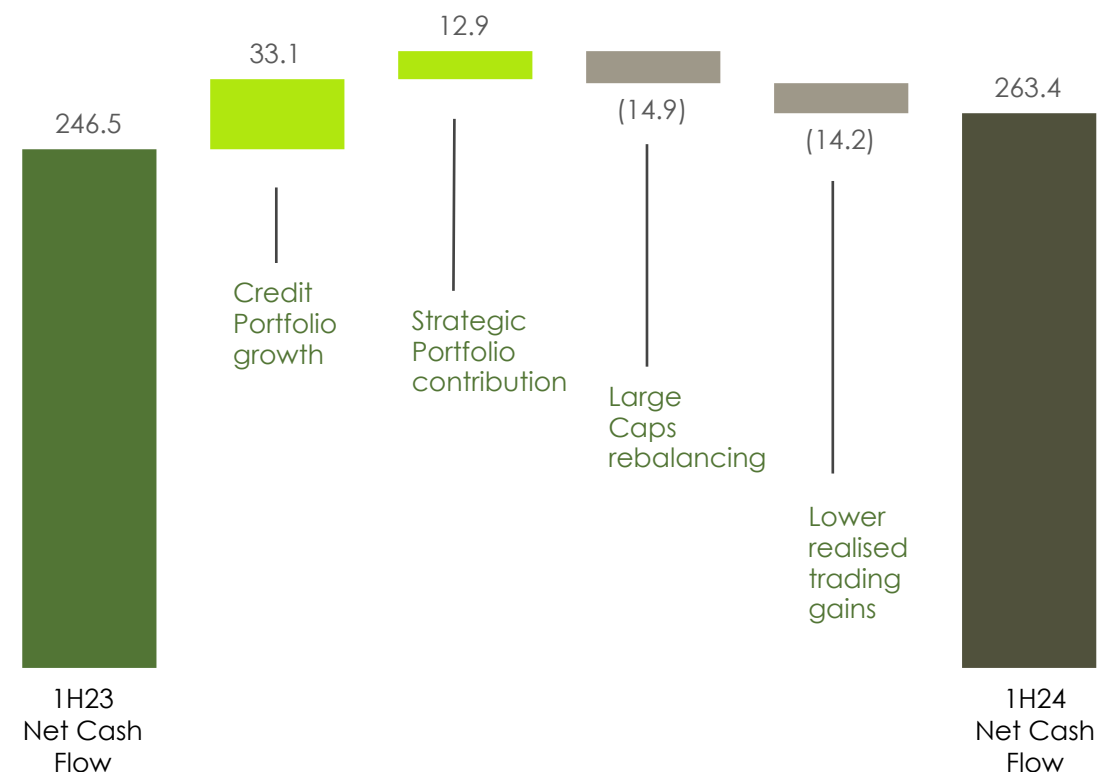
1H24 **\$263.4m**

↑6.9% vs pcg

1H23 **\$246.5m**

1. Net Cash Flow From Investments defined in Glossary (slide 20)

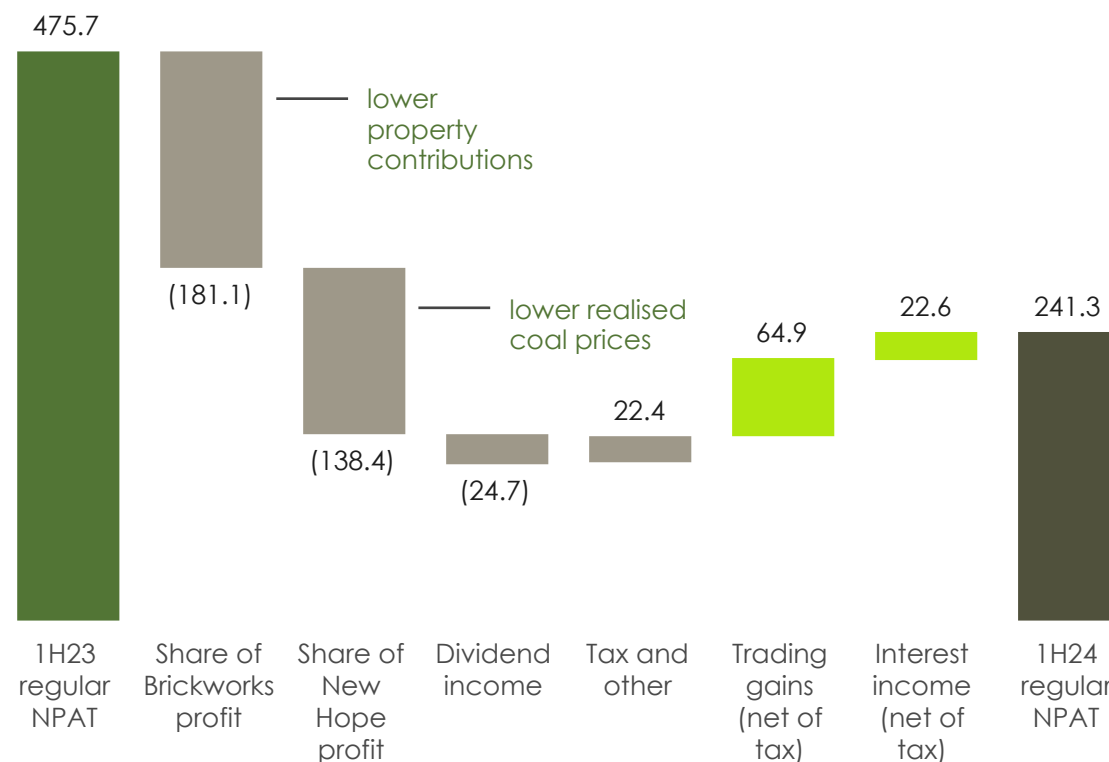
## Increase driven by Credit and Strategic Portfolios



# Group profit

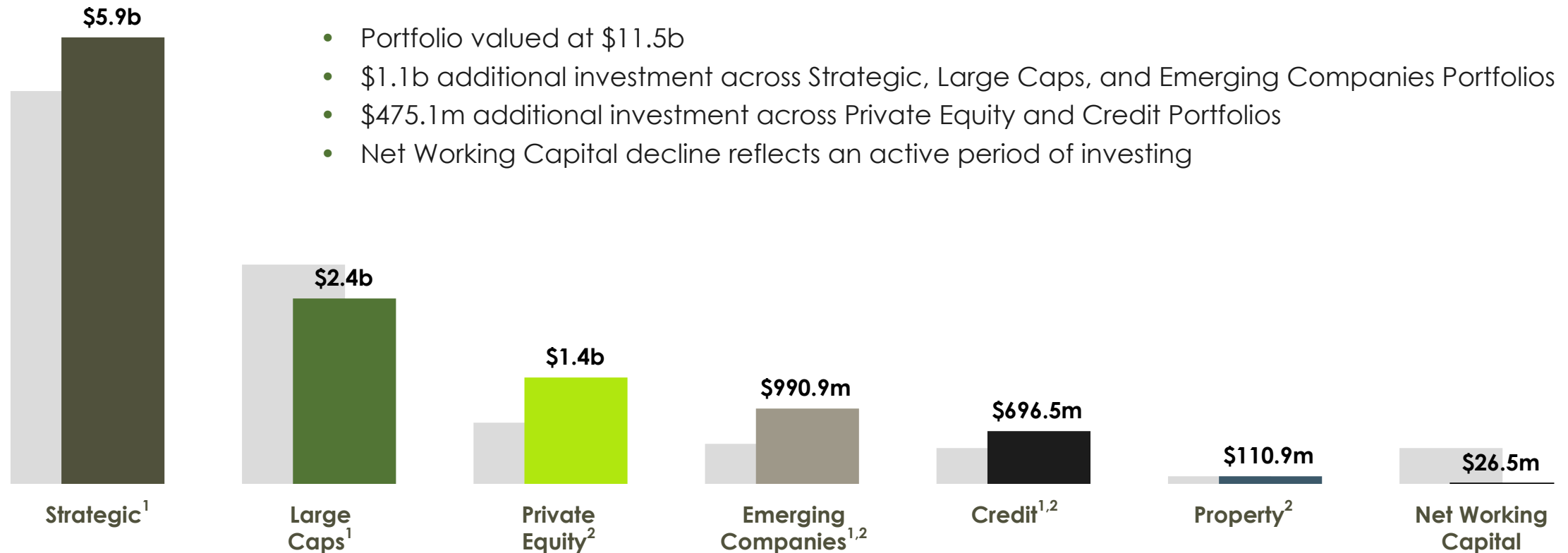
|                | 1H24            | 1H23     |
|----------------|-----------------|----------|
| Statutory NPAT | <b>\$302.5m</b> | \$453.0m |
|                | (33.2)% vs pcp  |          |
| Regular NPAT   | <b>\$241.3m</b> | \$475.7m |
|                | (49.3)% vs pcp  |          |

## Lower profit contribution from Strategic partly offset by growth in Emerging and Credit Portfolios



# Portfolio composition

Positioned to withstand volatility in markets



1. At Market Value

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

1H23 portfolio size

# Strategic Investments

Significant, long-term investments in largely uncorrelated listed companies that generate reliable cash flows

51% of total portfolio (vs 48% in 1H23)

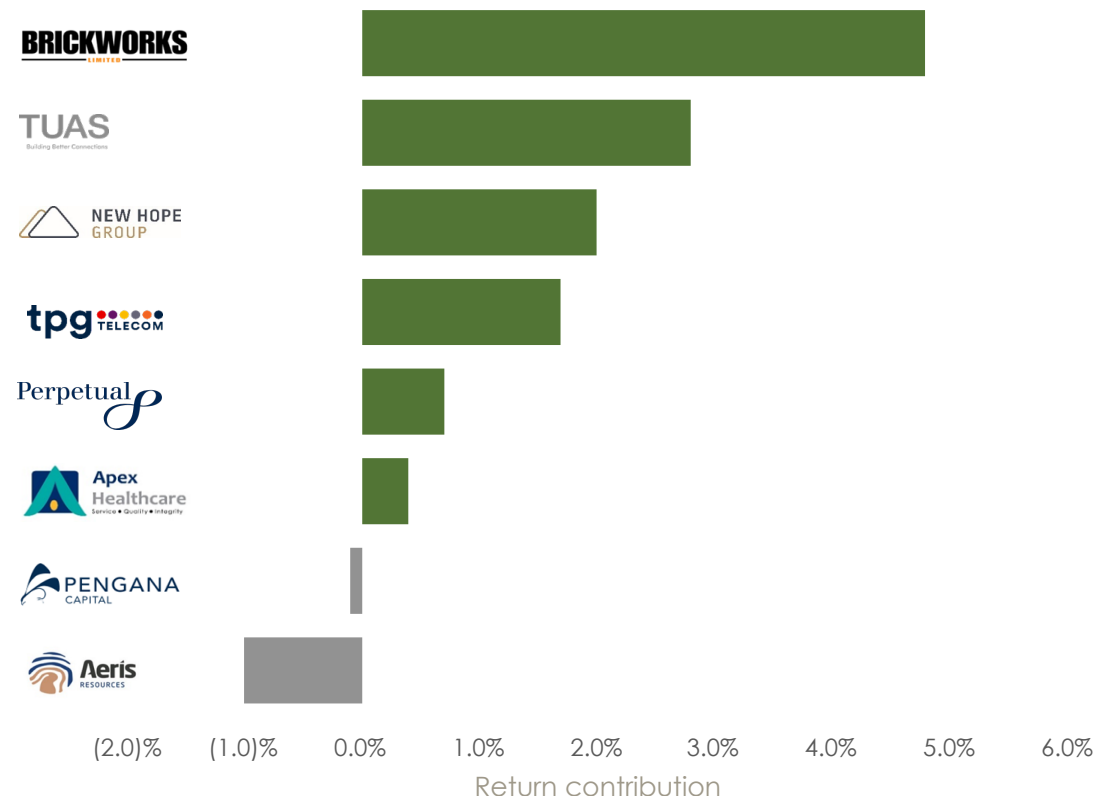
|                                | 1H24     | 1H23                |
|--------------------------------|----------|---------------------|
| Portfolio Value                | \$5.9b   | \$5.2b <sup>1</sup> |
| Net Cash Flow From Investments | \$169.6m | \$156.7m            |

- Portfolio value growth driven by increased market value of major investments
- Net Cash Flow up 8.2% vs pcip reflects strong contribution from New Hope
- Portfolio outperformed Index<sup>2</sup> by 5.4%

1. As at 31 January 2023. Portfolio value as at 31 July 2023 was \$5.2b.

2. Portfolio returned 11.3% vs All Ords Accumulation Index (XAO Total Return) returned 5.9%. Total return defined on slide 20.

Portfolio delivered total return of 11.3%



# Large Caps

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

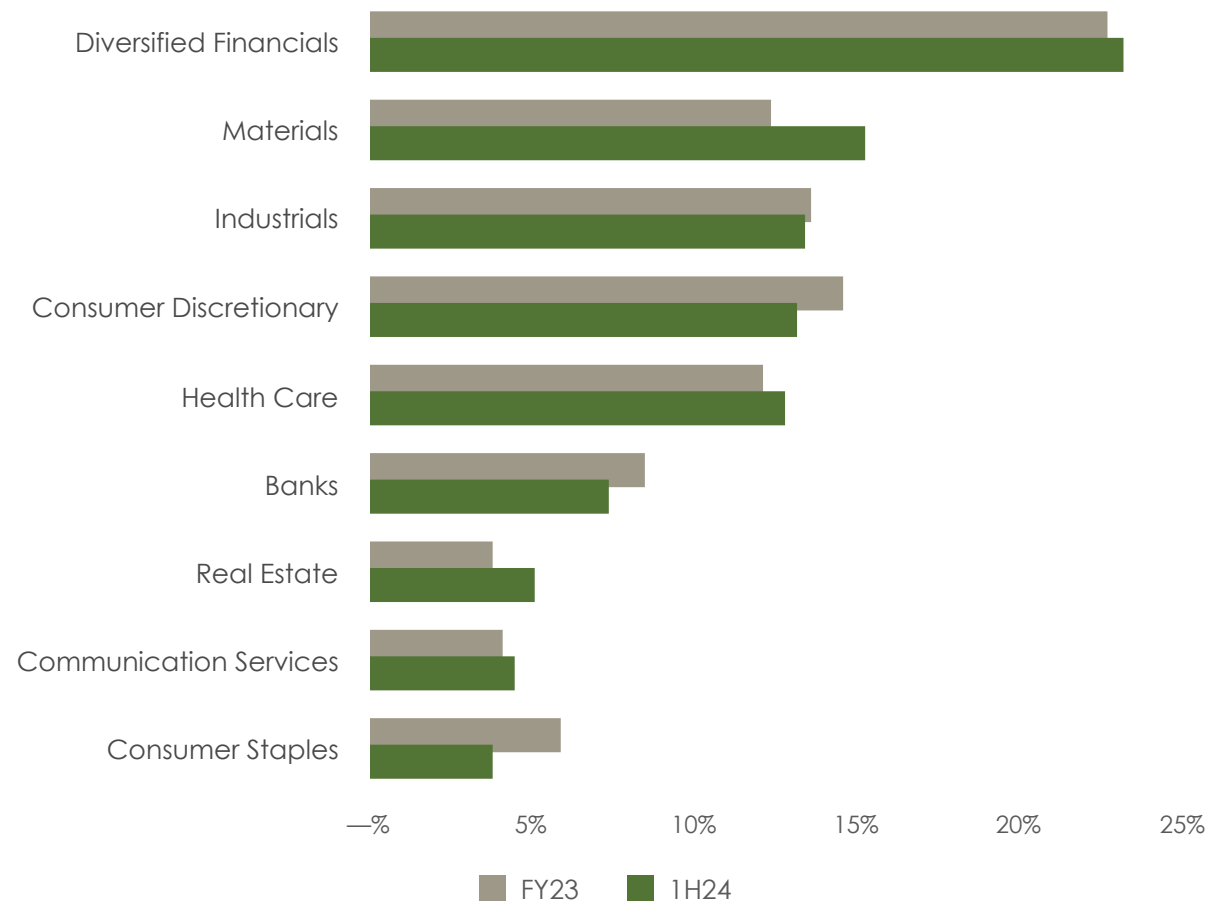
21% of total portfolio (vs 28% in 1H23)

|                                | 1H24    | 1H23                |
|--------------------------------|---------|---------------------|
| Portfolio Value                | \$2.4b  | \$2.9b <sup>1</sup> |
| Net Cash Flow From Investments | \$47.8m | \$62.7m             |

- Portfolio value has reduced, providing capital for other investment opportunities
- Net Cash Flow down 23.8% vs pcp reflects a smaller portfolio size impacting dividend income
- Total return of 7.7% which outperformed Index<sup>2</sup> by 1.9%

1. As at 31 January 2023. Portfolio value as at 31 July 2023 was \$2.3b.

2. ASX200 Accumulation Index (XJO Total Return) returned 5.8%. Total return defined on slide 20.



# Private Equity

## Long-term investments in unlisted companies with strategic M&A opportunities

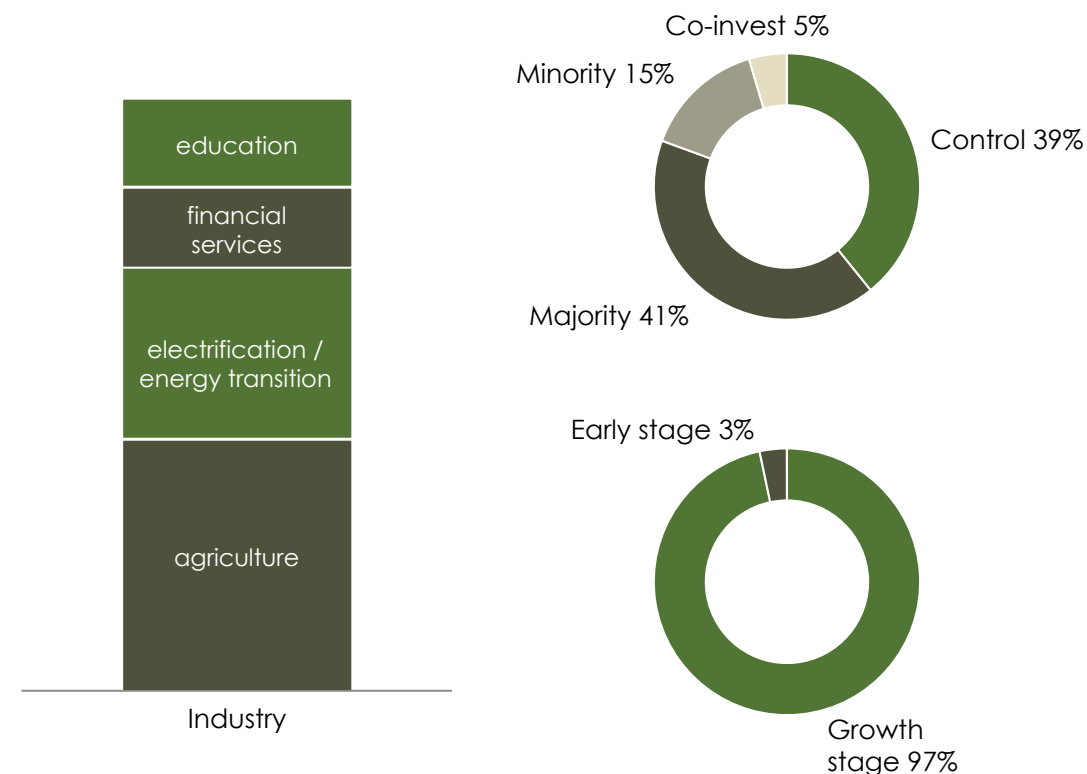
### 12% of total portfolio (vs 8% in 1H23)

|                                | 1H24    | 1H23                  |
|--------------------------------|---------|-----------------------|
| Portfolio Value                | \$1.4b  | \$810.2m <sup>1</sup> |
| Net Cash Flow From Investments | \$13.3m | \$13.7m               |

- Portfolio value grew 73.1% vs pcip supported by strategic acquisitions
- Net Cash Flow was in line with pcip reflecting continued investment to support growth
- Increased exposure to Australia's agriculture industry

1. As at 31 January 2023. Portfolio value as at 31 July 2023 was \$1,198.5m.

### Portfolio is flexible on deal structure and attracted to growth stage companies



# Private Equity (cont)

New acquisition targeting vertical integration across our farmland assets



Valued at over \$500m, Soul Patt's Agriculture comprises:

|                 |               |                 |
|-----------------|---------------|-----------------|
| 12              | 5,162         | 29,363          |
| farmland assets | hectares land | ML water rights |

| Component   | area (ha)    |
|---|--------------|
| Citrus  | 1,022        |
| Apples  | 618          |
| Pears   | 23           |
| Kiwi  | 76           |
| Table grapes  | 201          |
| Stone fruit   | 65           |
| Macadamia   | 344          |
| Pistachio   | 6            |
| Plantable   | 814          |
| Support land; horticultural development land;<br>arable land; industrial & support land | 1,995        |
| <b>Total</b>  | <b>5,162</b> |

The strategic acquisition of a large automated fruit processing and storage facility aims to deliver better control over processing efficiency and channel sales (domestic and export)



# Emerging Companies

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

## 9% of total portfolio (vs 5% in 1H23)

|                                | 1H24     | 1H23                  |
|--------------------------------|----------|-----------------------|
| Portfolio Value                | \$990.9m | \$544.8m <sup>1</sup> |
| Net Cash Flow From Investments | \$10.8m  | \$24.0m               |

- Portfolio value grew 81.9% vs pcip due to unrealised gains and increased exposure to the energy sector, including a large investment in NexGen Energy
  - \$345m in total has been invested in Uranium (since 2018), delivering +34% profit to date
- Net Cash Flow declined 55.0% vs pcip which reflects lower realised trading gains in the recent period
- Total return of 7.7% outperforming the Index<sup>2</sup> by 4.0%

1. As at 31 January 2023. Portfolio value as at 31 July 2023 was \$628.7m.

2. Total portfolio return in the period was 7.7% versus return of 3.7% for the Small Ords Accumulation Index (XSO Total Return). Total return defined on slide 20.

## Exposure to profitable, developed businesses in addition to growth-stage companies





## Actively managed to achieve strong risk-adjusted returns

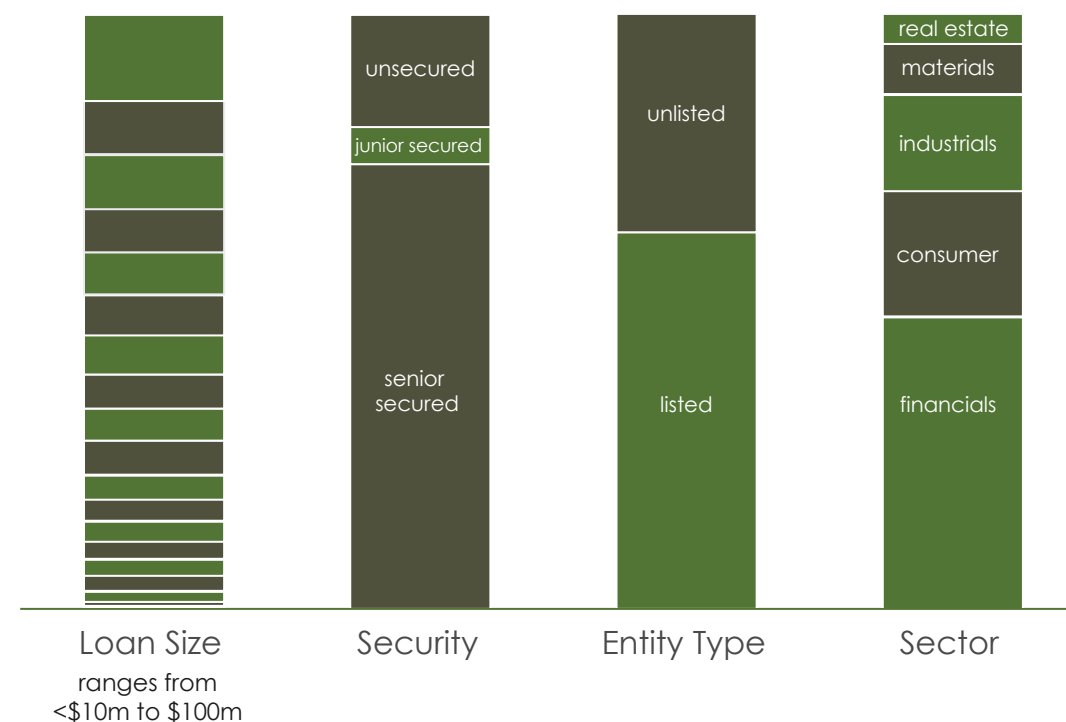
### 6% of total portfolio (vs 5% in 1H23)

|                                | 1H24     | 1H23                  |
|--------------------------------|----------|-----------------------|
| Portfolio Value                | \$696.5m | \$483.4m <sup>1</sup> |
| Net Cash Flow From Investments | \$51.9m  | \$18.8m               |
| Undrawn/Committed              | \$370.7m |                       |

- Portfolio value grew 44.1% vs pcip
- During the half, \$241.0m of additional capital was deployed into new loans (various structures and sectors) and \$195.0m of loans repaid across the portfolio
- Net Cash Flow up 176.1% vs pcip reflecting the pace of growth in portfolio size
- Continuing to replenish the portfolio, which has been operating since 2018, with a strong pipeline of opportunities

1. As at 31 January 2023. Portfolio value as at 31 July 2023 was \$652.4m.

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



# Property

Direct property investments & equity accounted joint ventures

## 1.0% of total portfolio (unchanged)

|                       | 1H24     | 1H23                  |
|-----------------------|----------|-----------------------|
| Portfolio Value       | \$110.9m | \$112.8m <sup>1</sup> |
| Number of Investments | 8        | 7                     |

- Retirement development in partnership with Provectus in Cronulla expected to complete during 2H24
- We continue to look for development opportunities in a market that has been disrupted by interest rate increases

1. As at 31 January 2023. Portfolio value as at 31 July 2023 was \$112.6m.

# Net Working Capital

Managing portfolio liquidity

## 0% of total portfolio (vs 5% in 1H23)

|                        | 1H24     | 1H23                  |
|------------------------|----------|-----------------------|
| Net Working Capital    | \$26.5m  | \$476.6m <sup>2</sup> |
| Cash and Term Deposits | \$394.2m | \$597.3m              |
| Interest-bearing debt  | \$366.0m | \$235.0m              |

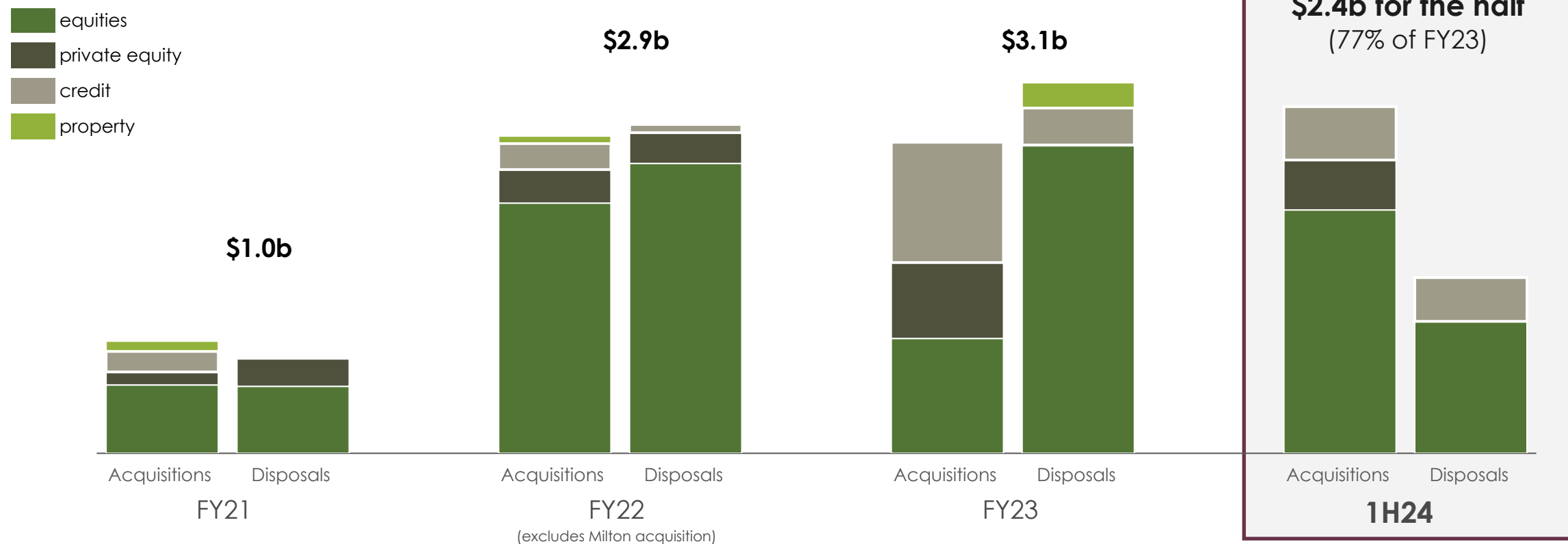
- Net cash declined by \$657.8m in 1H24 primarily due to net investing activity across the portfolios
- Unutilised financing facilities to support ongoing investment opportunities
- Cash generating a current average yield of 4.4% p.a.
- Interest-bearing debt at average cost of 2.4% p.a. (Parent Entity)

2. As at 31 January 2023. Portfolio value as at 31 July 2023 was \$744.6m.

# Increasingly active portfolio management

Investment choices are unconstrained by market cap, industry, or type of capital

## Overview of total transaction activity



Soul Patts 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

|  |  |
|--|--|
| <b>(Group) Statutory NPAT</b>          | Refers to the IFRS measure, consolidated Net Profit After Tax attributable to the members of Soul Patts.   |
| <b>(Group) Regular NPAT</b>            | A non-statutory profit measure which represents the consolidated profit after tax attributable to members of Soul Patts, before Non-Regular Net Profit After Tax.  |
| <b>Non-Regular</b>                     | 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.  |
| <b>Net Cash Flow From Investments</b>  | Represents the cash flow generated by Soul Patts 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 Soul Patts' Net Cash Flow From Investments. |
| <b>Net Asset Value (NAV) (pre-tax)</b> | The value of all Soul Patts' 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

|   |  |
|---|--|
| <b>Total Shareholder Return (TSR) or Total Return</b> | 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. |
| <b>Internal Rate of Return (IRR)</b>                  | 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.   |



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