

BKI Investment Company

Results Presentation

For the year ended 30 June 2024



BKI is managed by Contact Asset
Management AFSL 494045

Disclaimer



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7. Equity Market Overview

Shareholder Results Briefing Timetable

Morning tea will be provided prior to the meetings.

We look forward to your attendance; to register for the briefings please RSVP via email to info@bkilimited.com.au

Sydney	Date	Tuesday 23 July 2024
	Venue	Brickworks Design Studio 2 Barrack St, Sydney NSW 2000
	Time	11.00am -12.00pm
<hr/>		
Melbourne	Date	Wednesday 24 July 2024
	Venue	Brickworks Design Studio Shop T1/367 Collins St, Melbourne VIC 3000
	Time	11.00am -12.00pm
<hr/>		
Canberra	Date	Thursday 25 July 2024
	Venue	Cliftons Level 2, 10 Moore St, Canberra, ACT 2601
	Time	11.00am -12.00pm
<hr/>		
Brisbane	Date	Monday 29 July 2024
	Venue	Brickworks Design Studio 27 James St, Fortitude Valley QLD 4006
	Time	11.00am -12.00pm
<hr/>		
Adelaide	Date	Tuesday 30 July 2024
	Venue	Brickworks Design Studio 70 Hindmarsh Square, Adelaide SA 5000
	Time	11.00am -12.00pm

Full Year Results Summary

Results Presentation

For the year ended 30 June 2024

2024 Full Year Results

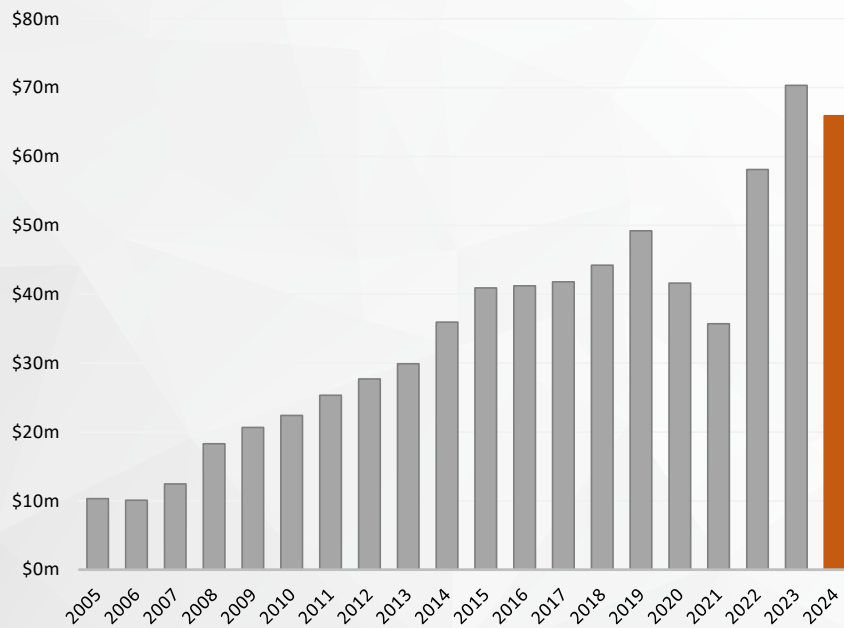
For the full year ended 30 June 2024

Result <u>excluding</u> special investment revenue	FY2024 (\$m)	FY2023 (\$m)	Movement (%)
Ordinary revenue from Investment Portfolio	\$64.0	\$71.1	-10%
Total Revenue - Ordinary	\$68.0	\$72.8	-7%
Operating Result (before tax and special investment revenue)	\$65.9	\$70.3	-6%
Earnings per share	7.83	8.68	-10%
Ordinary Dividend per share	7.85	7.70	2%
Result including special investment revenue	FY24 (\$m)	FY23 (\$m)	Movement (%)
Net profit after tax	\$64.4	\$70.1	-8%
Earnings per share	8.03	9.35	-14%
Special Dividend per share	-	0.50	-100%

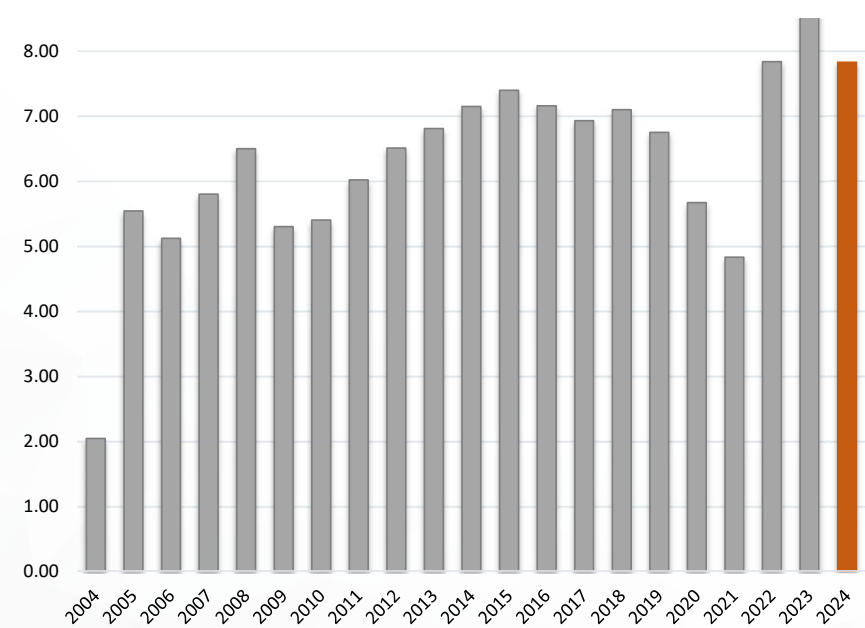
2024 Half Year Results

Following the record result announced in FY2023, BKI has delivered a solid EPS and Net Operating Result during FY2024.

Full Year Net Operating Result (before special dividends)



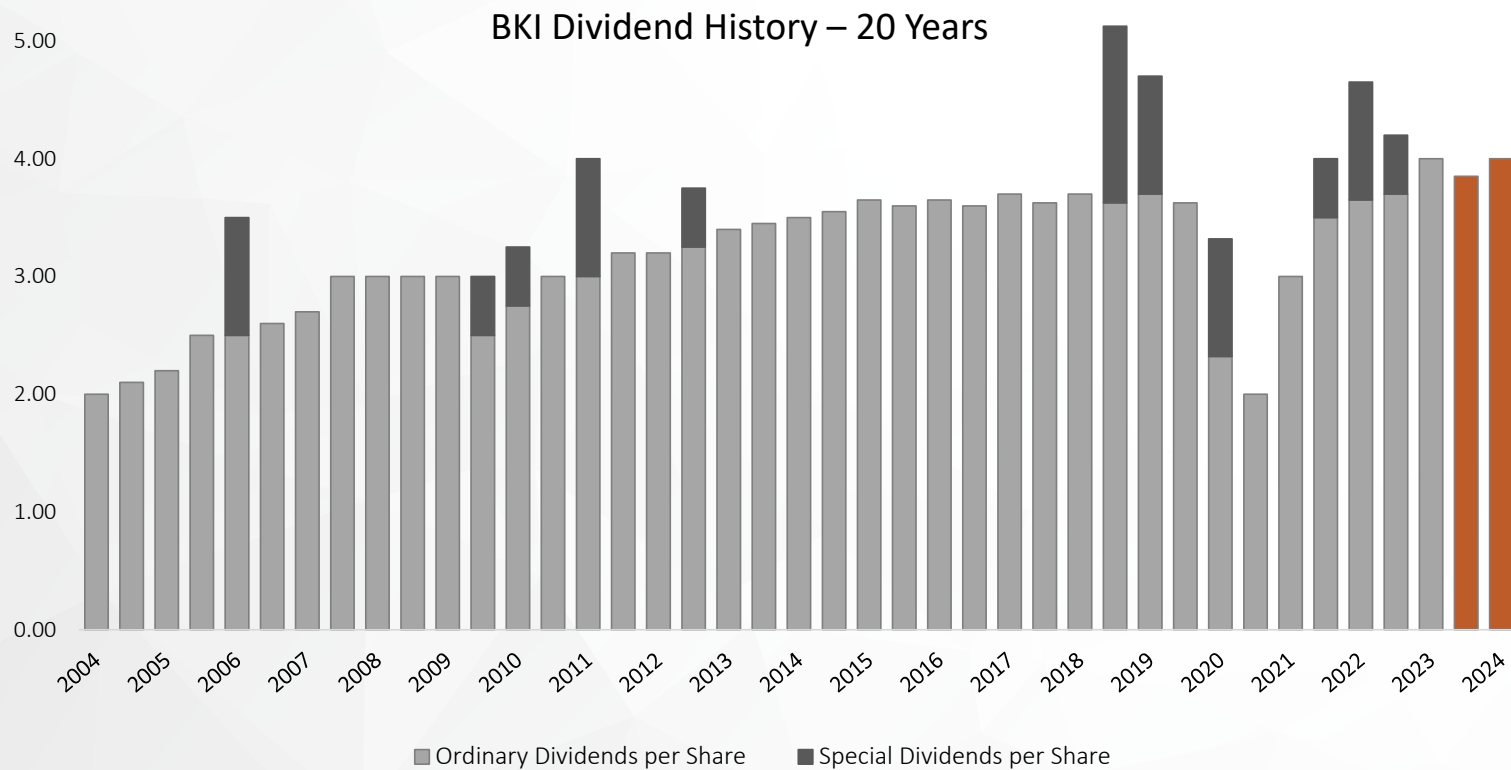
Full Year Earnings Per Share (before special dividends)



Source: BKI, Contact Asset Management

20 Years of Strong Dividends

BKI has a strong history of paying fully franked dividends and offering an attractive yield.



FY2024 Full Year Dividends of **7.85cps** up 2% on FY2023

Source: BKI, Contact Asset Management

Performance

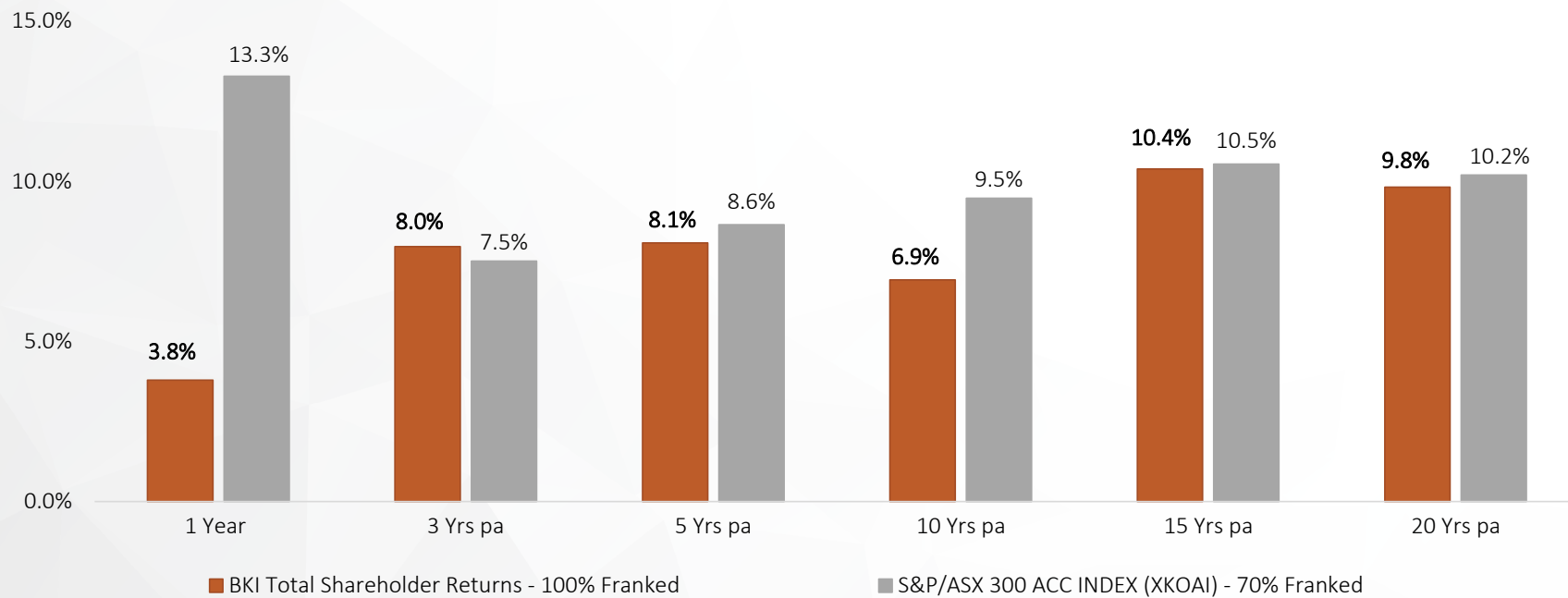
Results Presentation

For the year ended 30 June 2024

Performance - Total Shareholder Return (TSR)

As at 30 June 2024

Total Shareholder Returns (TSR)

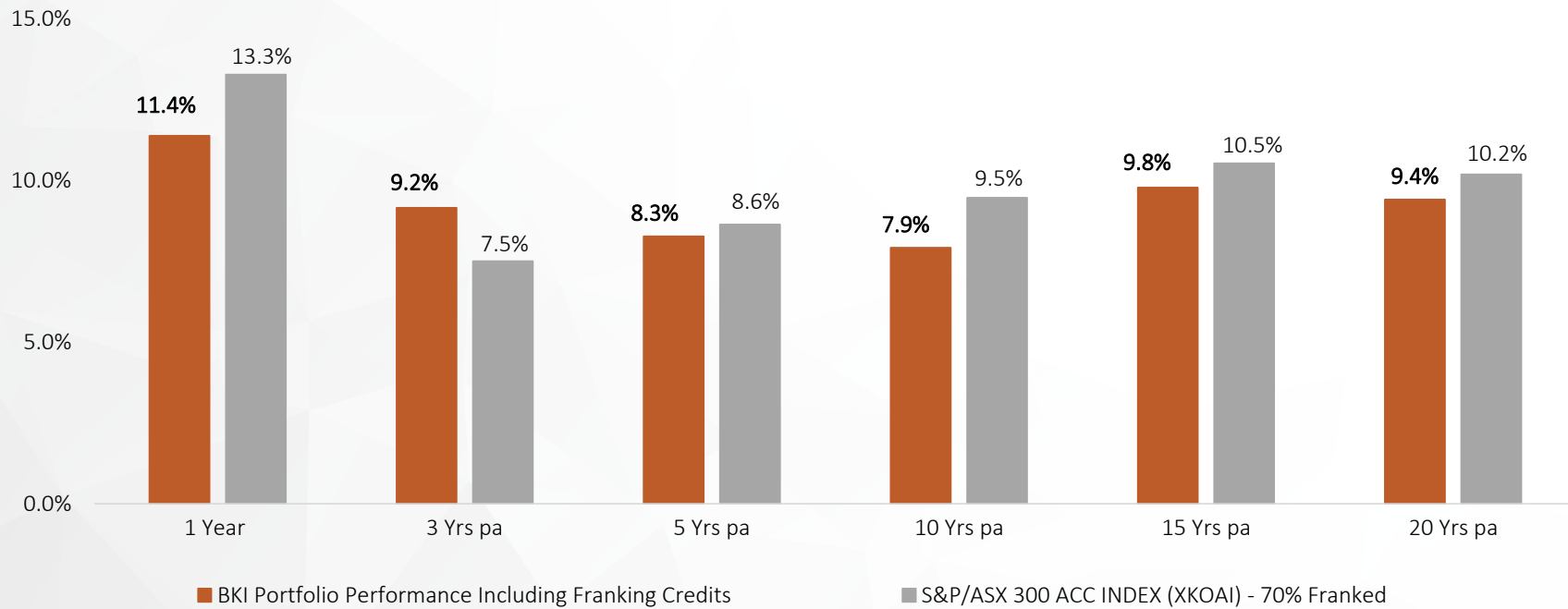


Source: IRESS, Factset, BKI, Contact Asset Management. S&P/ASX 300 Accumulation Index Franked at 70%.

Performance – Portfolio Return

As at 30 June 2024

BKI Portfolio Return



Source: IRESS, Factset, BKI, Contact Asset Management. S&P/ASX 300 Accumulation Index Franked at 70%.

Celebrating 20 Years

Results Presentation

For the year ended 30 June 2024

Celebrating 20 Years

As at 31 December 2023



BKI Celebrated 20 year in December 2023

During BKI's 20 years, the Company realised some notable achievements.

- The number of BKI shareholders has grown 119% from 7,832 in 2003 to 17,170 in 2023.
- Total Assets have grown from \$171.2 million to \$1.4 billion. In addition to growing the core investment portfolio, we have been successful in executing various corporate actions and capital raisings.
- Total Dividends and franking credits paid to shareholders over the past 20 years totals \$1,028 million.
- BKI has paid 11 fully franked special dividends.
- BKI's grossed up dividend yield has averaged 6.8% since dividends began being paid in August 2004.
- BKI's 20-year Total Shareholder Return, including dividends and franking credits was 10.1% p.a.

Investor Focused

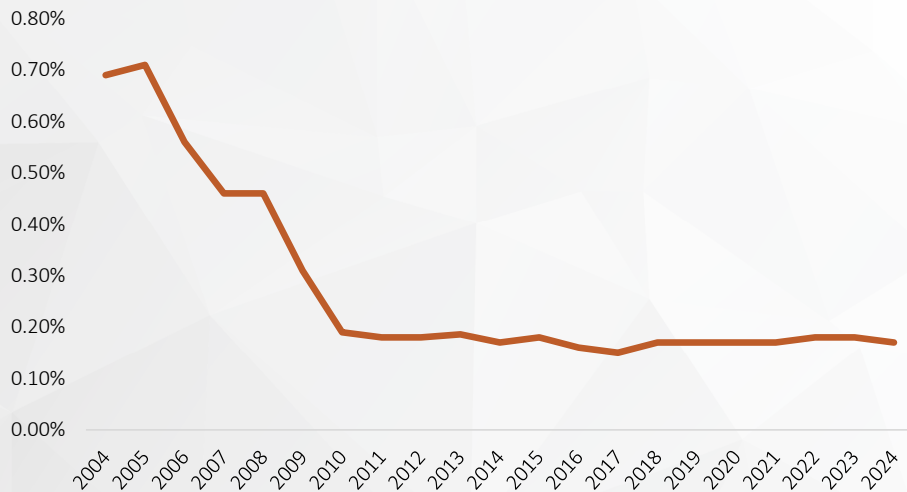
As at 30 June 2024

BKI has an investor focused approach. Higher fees don't automatically translate into better returns.



History of BKI's Management Expense Ratio (MER)

We know that small fees have positive impacts on investor returns. BKI offers a very competitive fee structure, with a Management Expense Ratio of 0.169%.



Source: BKI, Contact Asset Management

Cumulative Share Price Returns

Assuming all dividends were reinvested and using the benefit of franking credits, the cumulative share price of BKI shares was \$6.61 per share as at 30 June 2024.



Investor Focused

BKI continues to be very active, constantly increasing communication levels with Shareholders



Weekly NTA Update

NTA and Monthly Report

Contact Insights

Quarterly Report

Investor Presentations

Annual Report

Weekly NTA Update
BKI Investment Company Limited
ASX: BKI

Business Overview
BKI is a research driven, listed investment company, investing for the long term in profitable, high yielding, well managed companies. Listed investment companies, investing for the long term in profitable, high yielding, well managed companies. Listed investment companies, investing for the long term in profitable, high yielding, well managed companies.

Weekly NTA Update
BKI Investment Company confirms its weekly Pre-Tax Net Tangible Asset per share ("Pre-Tax NTA") as at Friday 5 July 2024 below.

Pre-Tax NTA \$1.85
The Pre-Tax NTA is unaudited and indicative only.

BKI Share Price
The closing price of BKI Investment Company share price ("BKI ASX") as at Friday 5 July 2024 was:

BKI ASX \$1.69

NTA and Monthly Report
June 2024

Business Overview
BKI is a research driven, listed investment company, investing for the long term in profitable, high yielding, well managed companies. Listed investment companies, investing for the long term in profitable, high yielding, well managed companies.

Company Overview

ASX Code	BKI ASX
Market Capitalisation	\$1,800m
Revenue (2023)	\$1,200m
Profit (2023)	\$1,000m
Dividend (2023)	\$0.50

Historical Growth
6.7%

Management Expense Ratio
0.17%

2024 Year to Date Return
9.8%

Total Portfolio Holding Cash
\$1,479m

No Performance Fees

Contact Asset Management
Investors

A Compelling Opportunity amongst Beaten Up Small Caps
After 18 months of volatility in the market, small caps are finally showing signs of recovery. This is a compelling opportunity for investors to invest in small caps that are undervalued and have strong growth potential.

Contrasting Performance between Large Caps and Small Caps
The performance of large caps and small caps has diverged significantly over the past 18 months. Small caps have shown a strong recovery, while large caps have continued to underperform.

What we find interesting is that the Small Cap Index is trading at a discount to large cap despite offering superior growth potential. According to Morgan Stanley, Emerging and Small Cap (EMSC) is expected to double in 5 to 10 years and reach 20% of GDP. We believe that this is a compelling opportunity for investors to invest in small caps that are undervalued and have strong growth potential.

BKI INVESTMENT COMPANY
ASX: BKI ASX
September 2023

QUARTERLY REPORT
The Power of recurring revenue

Recurring revenue is a key driver of growth and stability for businesses. It provides a predictable and steady stream of income, which allows businesses to plan for the future and invest in growth. Recurring revenue is a key driver of growth and stability for businesses. It provides a predictable and steady stream of income, which allows businesses to plan for the future and invest in growth.

Recurring Revenue: Building Business Resilience
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2023 Annual General Meeting
Wednesday 6th November 2023
Brideworth Design Studio
2 Bank Street, Sydney, NSW 2000

BKI Investment Company
Results Presentation
For the year ended 30 June 2024

2023 Annual Report
for the year ended 30 June 2023

Sign up for News and Information from BKI and Contact Asset Management
[Click Here to Subscribe to BKI](#)

Source: BKI, Contact Asset Management

Portfolio Positioning

Results Presentation

For the year ended 30 June 2024

Portfolio Movements

As at 30 June 2024

Main Purchases

Add

Portfolio Movements

As at 30 June 2024

Sales
Reduce














Sales
Exit

Quality Portfolio

BKI's Top 10 Investments and 1 Year Total Shareholder Returns*

<p>1</p> <p>BKI Portfolio Weight 8.7%</p>  <p>Total Shareholder Return 27.4%</p>	<p>2</p> <p>BKI Portfolio Weight 8.3%</p>  <p>Total Shareholder Return 0.8%</p>	<p>3</p> <p>BKI Portfolio Weight 7.3%</p>  <p>Total Shareholder Return 36.3%</p>	<p>4</p> <p>BKI Portfolio Weight 6.9%</p>  <p>Total Shareholder Return 17.3%</p>	<p>5</p> <p>BKI Portfolio Weight 5.4%</p>  <p>Total Shareholder Return 30.8%</p>
<p>6</p> <p>BKI Portfolio Weight 5.2%</p>  <p>Total Shareholder Return -12.5%</p>	<p>7</p> <p>BKI Portfolio Weight 4.3%</p>  <p>Total Shareholder Return 9.8%</p>	<p>8</p> <p>BKI Portfolio Weight 3.5%</p>  <p>Total Shareholder Return -12.6%</p>	<p>9</p> <p>BKI Portfolio Weight 2.9%</p>  <p>Total Shareholder Return -9.0%</p>	<p>10</p> <p>BKI Portfolio Weight 2.8%</p>  <p>Total Shareholder Return -13.1%</p>

Source: BKI, Contact Asset Management, IRESS. *Total Shareholder Returns Include Dividends.

Overweight / Underweight Positions

As at 30 June 2024

Overweight Positions

Company	Active Weight	1 Year TSR*
APA Group	4.9%	(12.5)%
New Hope Group	4.1%	9.8%
Macquarie Group	3.8%	17.3%
National Australia Bank	3.0%	36.3%
Wesfarmers Limited	2.6%	30.8%
ARB Corporation	2.4%	29.1%
Harvey Norman	2.1%	23.2%
Sonic Healthcare	1.8%	(26.3)%
Amcor PLC	1.5%	5.2%
TPG Telecom	1.5%	(2.8)%

Underweight Positions

Company	Active Weight	1 Year TSR*
CSL Limited	(5.5)%	7.5%
Westpac Bank	(3.6)%	30.1%
ANZ Banking Group	(3.3)%	23.6%
Fortescue Metals	(2.6)%	5.7%
Rio Tinto	(1.8)%	9.0%
WiseTech Global	(1.3)%	23.0%
Aristocrat Leisure	(1.2)%	26.6%
REA Limited	(1.0)%	32.7%
QBE Insurance Group	(1.0)%	13.9%
Santos Limited	(1.0)%	7.0%

Source: IRESS, Factset, BKI, Contact Asset Management. *Total Shareholder Returns Include Dividends.

Portfolio Positioning – Top 25

As at 30 June 2024

Stock	% of Total Portfolio
1 Commonwealth Bank	8.7%
2 BHP Group	8.3%
3 National Australia Bank	7.3%
4 Macquarie Group	6.9%
5 Wesfarmers Limited	5.4%
6 APA Group	5.2%
7 New Hope Corporation	4.3%
8 Woodside Energy	3.5%
9 Transurban Group	2.9%
10 Woolworths Limited	2.8%
11 Telstra Group	2.7%
12 ARB Corporation	2.5%
13 Harvey Norman	2.3%

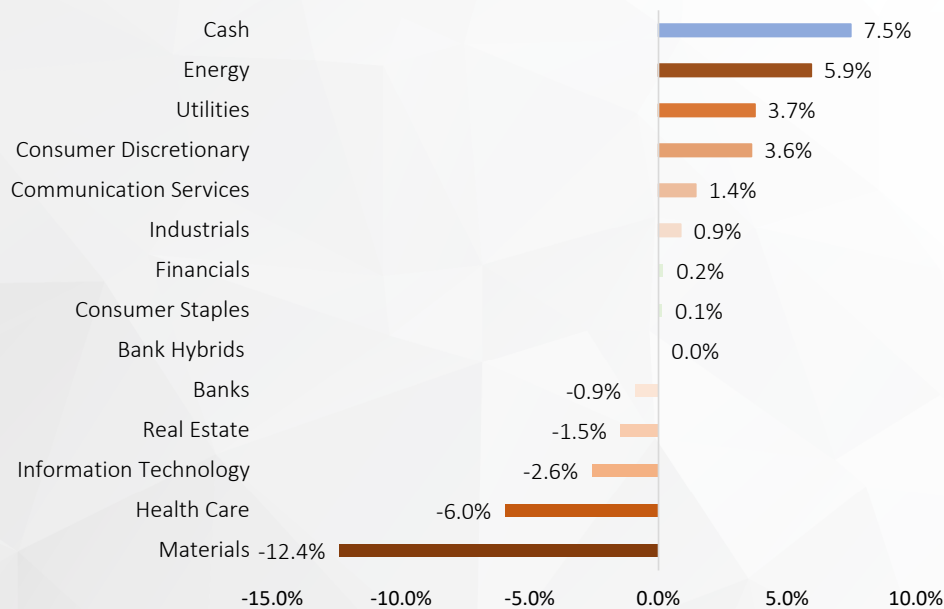
Stock	% of Total Portfolio
14 Sonic Healthcare	2.2%
15 Goodman Group	2.2%
16 Yancoal Australia	1.9%
17 Ramsay Healthcare	1.8%
18 Amcor PLC	1.8%
19 Suncorp Group	1.8%
20 TPG Telecom	1.8%
21 Aurizon Holdings	1.5%
22 Stockland	1.4%
23 Coles Group	1.3%
24 Mirvac Group	1.2%
25 Ampol Limited	1.0%
Cash & Cash Equivalents	7.5%
Total	90.2%

Source: IRESS, Factset, BKI, Contact Asset Management.

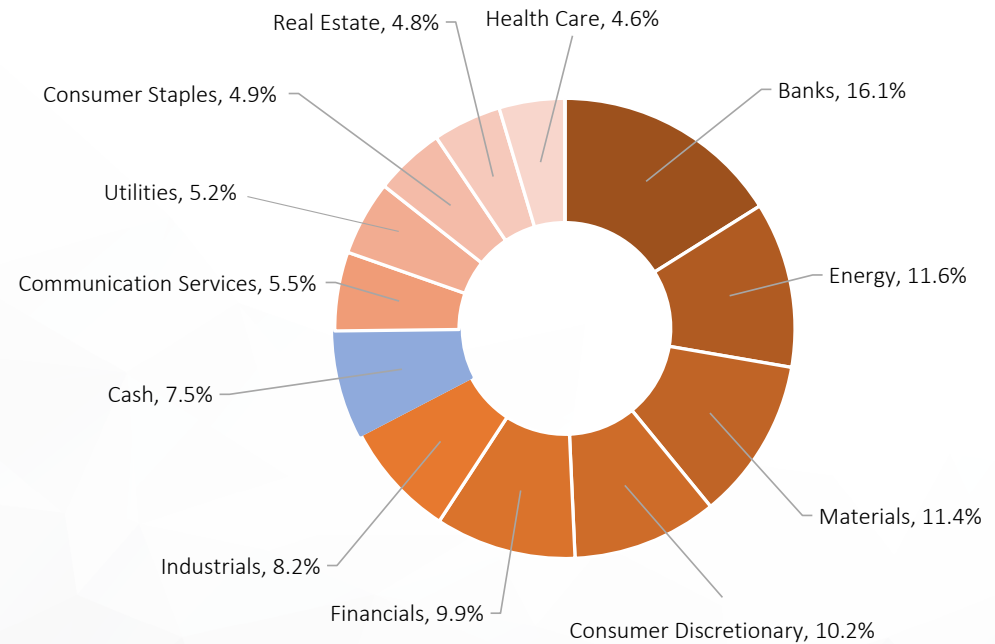
Portfolio Positioning – Active Weight / Exposure

As at 30 June 2024

BKI Portfolio: Active Weight by Sector



BKI Portfolio: Exposure by Sector



Source: IRESS, Factset, BKI, Contact Asset Management.

Discount to NTA

Results Presentation

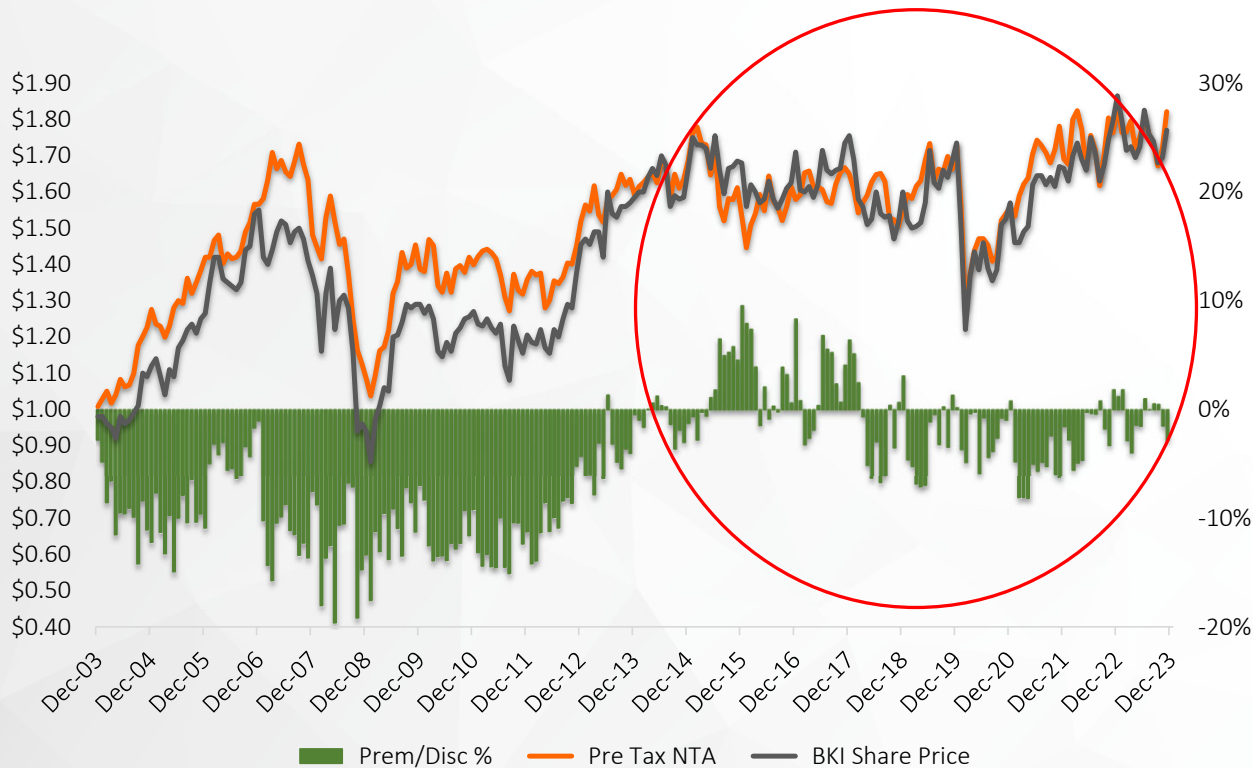
For the year ended 30 June 2024



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20 Years - Investor Focused

Pre-Tax NTA Premium/Discount – 20 Year History
As at 31 December 2023



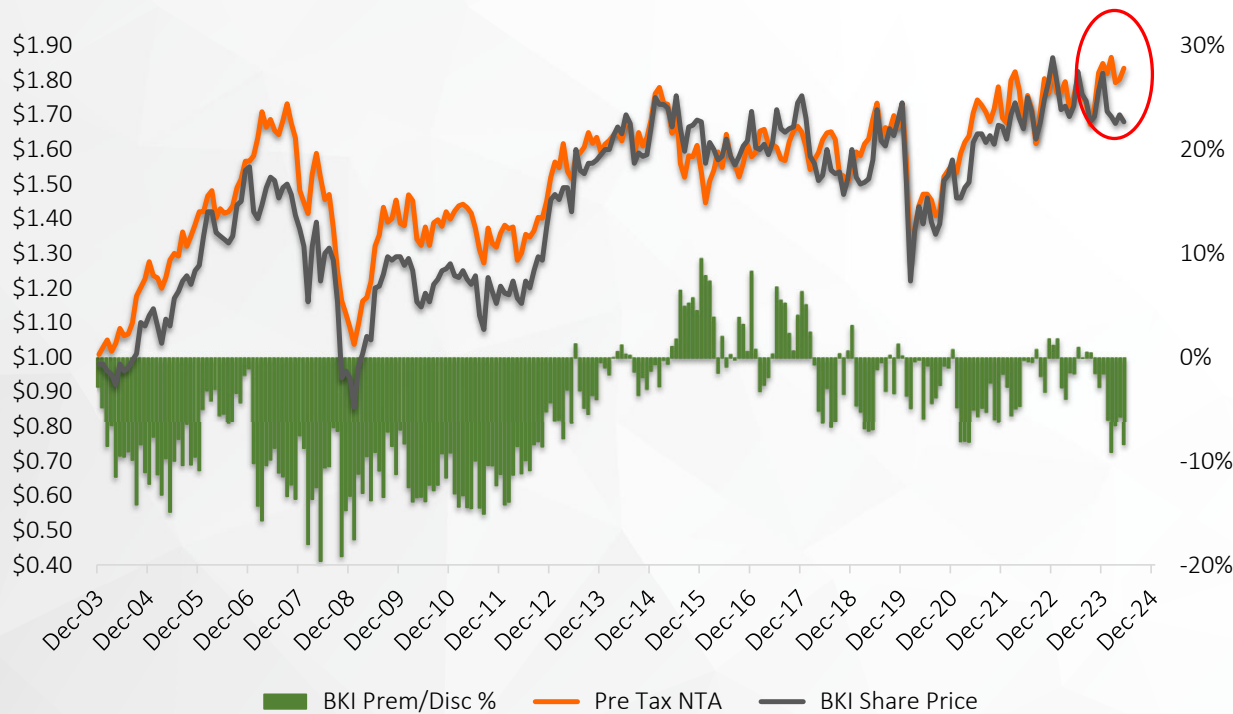
Over the last 10 years, BKI has reduced the Pre-Tax NTA Discount through:

- Increased Size
- Increased Scale
- Increased Liquidity
- Increased Transparency
- Increased Marketing
- Increased Profits
- Increased Dividends

Source: BKI, Contact Asset Management.

Investor Focused

Pre-Tax NTA Premium/Discount – 20 Year History
As at 30 June 2024



BKI's Pre-Tax Net Tangible Assets as at 30 June 2024 was \$1.83.

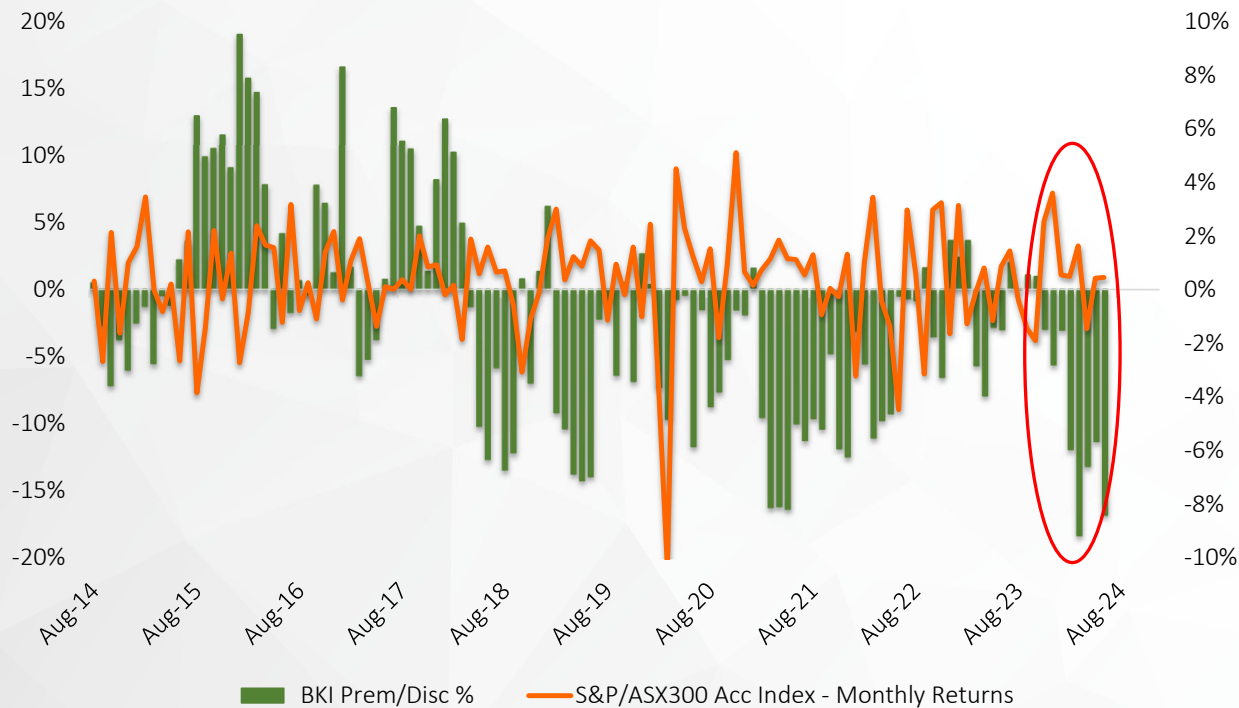
BKI's share price of \$1.68 represented an 8.4% discount to the pre-tax NTA.

The recent discount spread is the widest discount the shares have traded on since 2012.

Source: BKI, Contact Asset Management.

Investor Focused

Pre-Tax NTA Premium/Discount – 20 Year History
As at 30 June 2024



The BKI discount to pre-tax NTA can be cyclical.

Contributors to BKI's recent discount include:

- Trading Ex-Dividend
- High Cash Rate
- High Bond Rate
- Strong Equity Markets

Source: BKI, Contact Asset Management.

Equity Market Overview

Results Presentation

For the year ended 30 June 2024



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Equity Market Overview

As at 30 June 2024







Given the current economic backdrop we are very curious as to the outcome of the last six months which will be shown in the various half and full year company results during the upcoming July/August 2024 reporting season. We will have a particular interest in the following topics:

- **The Consumer Discretionary Sector** – Many consumers have been impacted by a higher cost of living. Can this sector continue to show resilient top line sales relative to previous conservative assumptions?
- **The Materials Sector** – Major miners are again recycling large profits. Will increased volumes and a low Australian dollar be enough to offset the impact of lower commodity prices, higher costs and a challenging labour market?
- **Interest Costs** – These will remain a headwind for many companies with excessive debt. Will companies with a stretched balance sheet reduce dividends to pay down debt?
- **Artificial Intelligence** – AI has become an increasing talking point. Will tech continue to dominate?

Equity Market Overview

As at 30 June 2024




The Consumer Discretionary Sector – Many consumers have been impacted by a higher cost of living. Can this sector continue to show resilient top line sales relative to previous conservative assumptions?

 	<p>Average Revenue Per User for Telcos are too cheap. Mobile price increases for the Telcos should be ongoing.</p>
 	<p>Australia's housing market is very strong. Growth in home improvement products for both Trade and DIY segments is compelling.</p>
 	<p>Founder led businesses expanding offshore. Global expansion is providing attractive earnings opportunities.</p>

Equity Market Overview

As at 30 June 2024







The Materials Sector – Major miners are again recycling large profits. Will increased volumes and a low Australian dollar be enough to offset the impact of lower commodity prices, higher costs and a challenging labour market?

 	<p>The energy transition will lead to a significant increase in the demand for steel and critical minerals including Iron Ore, Met Coal, Copper, Lithium and Nickel.</p>
 	<p>The energy transition has seen a continuing investment in upstream oil and natural gas. Additional volume will play an important role in the energy mix and gas transport infrastructure will be critical getting product to markets.</p>
 	<p>Energy transition in many developing markets has been slower than anticipated. Global demand for affordable base load power requires high quality Australian coal.</p>

Equity Market Overview

As at 30 June 2024




Interest Costs – These will remain a headwind for many companies with excessive debt. Will companies with a stretched balance sheet reduce dividends to pay down debt?

  YANCOAL 兗煤澳大利亞有限公司	Companies with no debt and net cash positions will continue to benefit from receiving attractive interest payments.
 Commonwealth Bank   MACQUARIE	Higher interest rates will continue to positively impact bank profitability. Banks should be able to maintain higher net interest margins (NIMs) as rates stay higher for longer.
 SoulPatts	Having cash and access to liquidity provides a clear competitive advantage over peers who may have excessive debt or a stretched balance sheet.

Equity Market Overview

As at 30 June 2024

Artificial Intelligence – AI has become an increasing talking point. Will tech continue to dominate?

	AI has catapulted into the mainstream and no longer functions in the background. Training and delivering AI requires enormous amounts of computing power and data storage.
	Over two million daily trips and responding to ~1,000 incidents a week, Transurban can monitor everything from broken down cars, to debris on the road using AI. Constantly learning from previous incidents and recommending how crews respond.
	As the most digitally advanced of the big 4 banks, CBA regularly uses AI to deliver features and experiences that are highly personalised, easy-to-use and add value for customers during every interaction.



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