



CELEBRATING
120
YEARS



Washington H. Soul Pattinson
1H23 Performance
for the Half Year ended 31 January 2023

Thursday 23 March 2023

Presenters



Robert Millner
Chairman



David Grbin
Chief Financial Officer



Todd Barlow
CEO & Managing Director



Brendan O'Dea
Chief Investment Officer

Agenda

- Purpose
- Performance highlights
- Group results
- Portfolio results
- Q&A





Our purpose:

BUILDING ENDURING VALUE FOR ALL OF OUR SHAREHOLDERS

A unique investment in the Australian market, WHSP offers shareholders exposure to a range of investments that perform throughout the cycle and have delivered above market returns for decades

Our objectives:

1

GROW THE PORTFOLIO

Outperform the market

2

INCREASE CASH GENERATION

Underpins reliable dividend growth

3

MANAGE INVESTMENT RISK

Downside protection

Our approach:

**DISCIPLINED
INVESTORS**

**UNCONSTRAINED
MANDATE**

**TRULY
DIVERSIFIED**

**LONG-TERM
FOCUS**

**ACTIVE &
OPPORTUNISTIC**

**TRUSTED
PARTNERS**

Performance highlights



Performance during 1H23

Interim dividend of 36cps

▲ **24.1%**

fully franked

Net Asset Value (pre-tax) per share

▲ **5.3%**

7.4% after adding back dividends

Total Shareholder Return

▲ **14.0%**

outperformance of 4.3% vs Index¹

Performance against previous corresponding period (pcp)

✓ INCREASED CASH GENERATION

Net Cashflows From Investments

▲ **35.0%** vs pcp

to \$246.5 million

✓ PORTFOLIO PERFORMANCE

Net Asset Value (pre-tax)

▲ **16.0%** vs pcp

10.2% higher than Index² over LTM

✓ MANAGING INVESTMENT RISK

Cash on hand

▲ **257.7%** vs pcp

to \$597.3 million

1. All Ordinaries Accumulation Index (XAO Total Return) which includes dividends returned 9.7% for the 6 month period to 31 January 2023

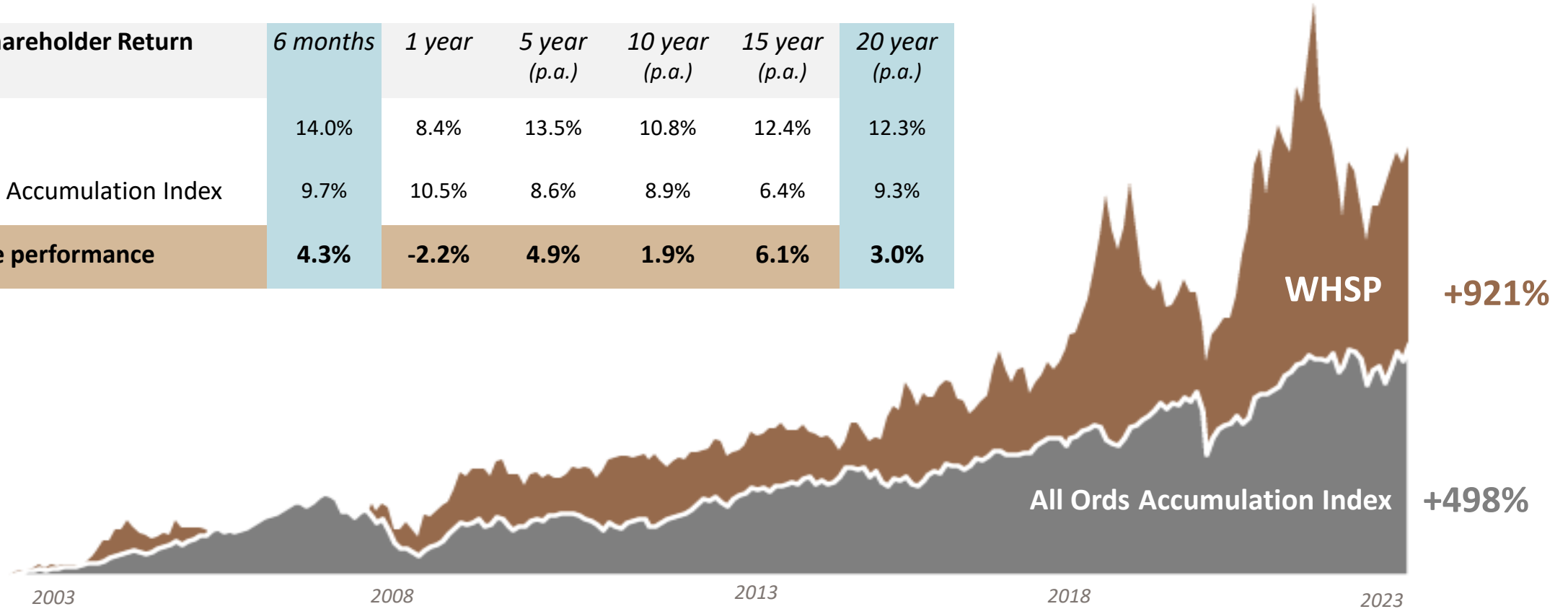
2. All Ordinaries Index (XAO) returned 5.8% for the 12 month period to 31 January 2023

Consistent long-term performance



- Total return on an investment in WHSP over 20 years has been 921% (vs 498% for the Index)

| Total Shareholder Return | 6 months | 1 year | 5 year (p.a.) | 10 year (p.a.) | 15 year (p.a.) | 20 year (p.a.) |
|-----------------------------|-------------|--------------|------------------|-------------------|-------------------|-------------------|
| WHSP | 14.0% | 8.4% | 13.5% | 10.8% | 12.4% | 12.3% |
| All Ords Accumulation Index | 9.7% | 10.5% | 8.6% | 8.9% | 6.4% | 9.3% |
| Relative performance | 4.3% | -2.2% | 4.9% | 1.9% | 6.1% | 3.0% |



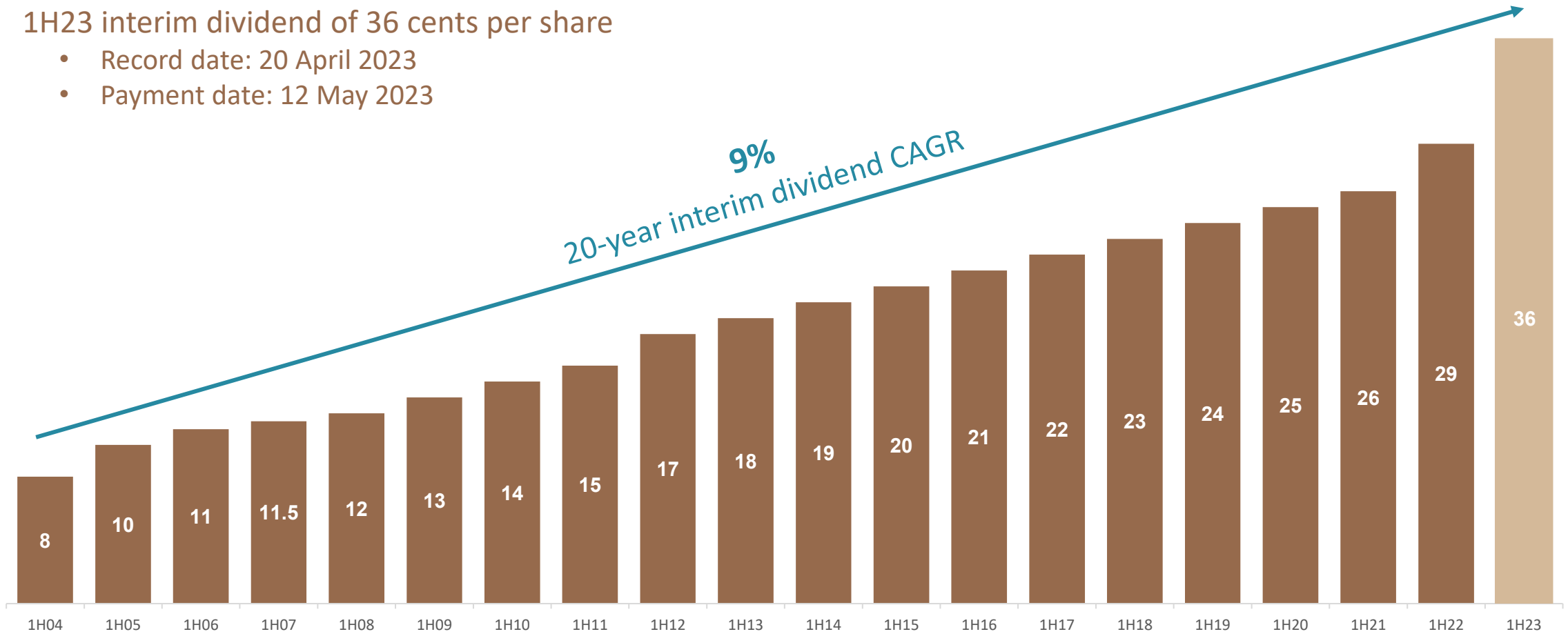
Cumulative performance to 31 Jan 2023 (including reinvestment of dividends)

source: Capital IQ

Continued dividend growth



- Dividend increased for 23 consecutive years, underpinned by high quality, cash-generating investments
- 1H23 interim dividend of 36 cents per share
 - Record date: 20 April 2023
 - Payment date: 12 May 2023



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Group results



Financial results – 1H23



| Group Profit | 1H23 | 1H22 |
|-----------------------------|---|------------|
| Regular NPAT ¹ | \$475.7m ▲ 38.4% vs pcp | \$343.7m |
| Statutory NPAT ² | \$453.0m ▲ \$1.1b vs pcp | \$(673.6)m |

- Growth in profit driven by performance of investments in Strategic, Large Caps, and Structured Yield Portfolios

- Statutory profit growth driven by portfolio performance and a non-recurring impairment that impacted prior period (as a result of the Milton merger goodwill)

1. **Group Regular NPAT:** Regular profit after tax is a non-statutory profit measure and represents profit from WHSP's continuing operations before non-regular items. A reconciliation to statutory profit is included in the 1H23 Half Year Report – Alternative Performance Measures.
2. **Group Statutory NPAT:** Profit after tax attributable to members.

Financial results – 1H23



Key Performance Indicators

1H23

1H22

Net Cash Flows From Investments¹

\$246.5m

▲ **35.0%** vs pcp

\$182.6m

Net Asset Value (pre-tax)

\$10.5b

▲ **16.0%** vs pcp

\$9.0b

- Growth in cash flows driven by higher dividends and trading profits from strategic investments, and the full contribution of Milton's portfolio this half
- Net Asset Value (pre-tax) grew 5.3% during 1H23, delivering a return of 7.4% when adding back dividends

1. **Net Cash Flows From Investments** 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.

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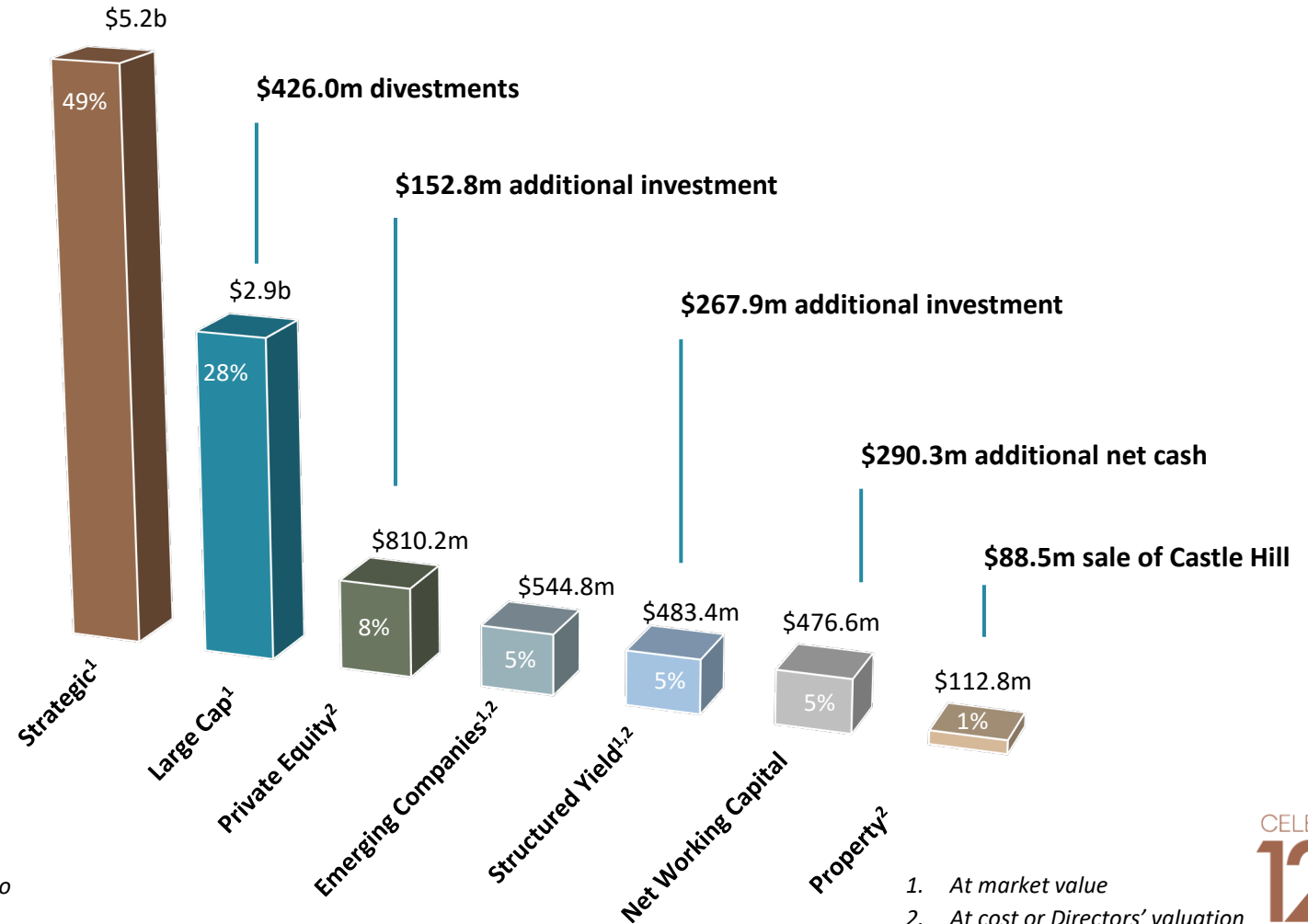
Portfolio results



Portfolio composition



- Value of the portfolio increased **5.3%¹** to **\$10.5 billion** during 1H23, with pre-tax NAV per share \$29.05
- WHSP takes active asset allocation decisions and does not invest to meet a benchmark or replicate an index
- 1H23 saw \$1.3b in transaction activity
- New investments target attractive risk adjusted returns
- Elevated risks in public markets due to rising interest rates and slowing global growth
- Sales across Large Caps, Emerging, and Property portfolios
- Ongoing investment in alternative asset classes including Private Equity, and Structured Yield
- WHSP holds a material cash position at present



1. Portfolio increase in value during 1H23 **without** adding back dividends paid to shareholders.

1. At market value
2. At cost or Directors' valuation

Strategic Investments



- Significant, long-term investments in uncorrelated listed companies with Board representation

Represents 49% of WHSP portfolio

| | 1H23 |
|---------------------------------|----------|
| Portfolio Value | \$5.2b |
| Net Cash Flows From Investments | \$156.7m |
| Total return ¹ | 11.6% |



- Net Cash Flows of \$156.7m up 78.9% vs pcp
- Outperformed the Index¹ by a relative 1.9%
- Growth in cash flows largely driven by increased dividends from New Hope, supported by commodity tailwinds

1. Total portfolio return in the period was 11.6% vs 9.7% for the All Ords Accumulation Index (XAO Total Return)

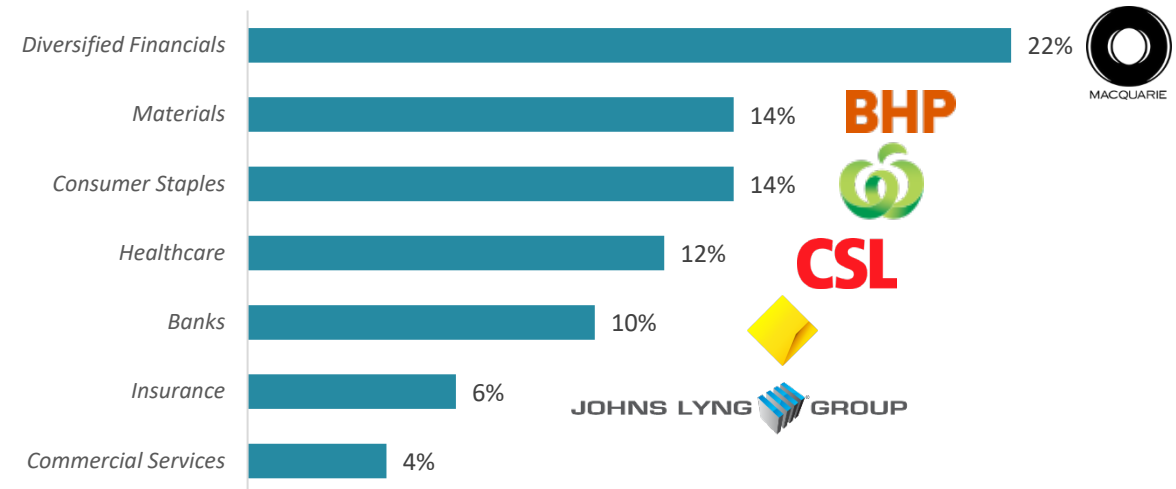
Large Caps



- Actively managed Australian equities delivering capital growth, dividends and portfolio liquidity

Represents 28% of WHSP portfolio (vs 31% at 31 July)

| | 1H23 |
|---------------------------------|---------|
| Portfolio Value | \$2.9b |
| Net Cash Flows From Investments | \$62.7m |
| Total return ¹ | 5.6% |



- Net Cash Flows of \$62.7m up 69.9% vs pcg driven by dividend income, noting the full contribution of the Milton portfolio post-merger
- Underperformed the Index¹ by a relative 4.7% due to conservative portfolio stance
- Proactively reduced the size of the portfolio during the period with \$426.0m in sales and continued focus on defensive stocks
 - Underweight retail banks and materials
 - Overweight diversified financials, healthcare and consumer staples

1. Total portfolio return in the period was 5.6% vs return of 10.3% for the ASX200 Accumulation Index (XJO Total Return)

Large Caps



- Top 30 investments

| # | Stock | % of Portfolio |
|----|---------------------------------|----------------|
| 1 | Macquarie Group Limited | 12.6% |
| 2 | BHP Group Limited | 9.0% |
| 3 | CSL Limited | 6.6% |
| 4 | Wesfarmers Limited | 6.1% |
| 5 | Commonwealth Bank of Australia | 5.4% |
| 6 | Woolworths Group Limited | 4.7% |
| 7 | National Australia Bank Limited | 4.6% |
| 8 | BKI Investment Company Limited | 4.2% |
| 9 | Transurban Group | 3.5% |
| 10 | Rio Tinto Group | 2.9% |
| 11 | ALS Limited | 2.7% |
| 12 | Eagers Automotive Limited | 2.7% |
| 13 | carsales.com Ltd | 2.6% |
| 14 | Johns Lyng Group Limited | 2.4% |
| 15 | Amcor plc | 2.4% |

| # | Stock | % of Portfolio |
|--------------|------------------------------------|----------------|
| 16 | Coles Group Limited | 2.3% |
| 17 | Suncorp Group Limited | 2.2% |
| 18 | Ramsay Health Care Limited | 2.1% |
| 19 | ASX Limited | 1.6% |
| 20 | Perpetual Limited | 1.4% |
| 21 | Cleanaway Waste Management Limited | 1.4% |
| 22 | AUB Group Limited | 1.3% |
| 23 | Goodman Group | 1.2% |
| 24 | Sonic Healthcare Limited | 1.1% |
| 25 | Technology One Limited | 1.1% |
| 26 | ARB Corporation Limited | 1.0% |
| 27 | EQT Holdings Limited | 1.0% |
| 28 | The Lottery Corporation Limited | 1.0% |
| 29 | ResMed Inc. | 1.0% |
| 30 | Treasury Wine Estates Limited | 0.8% |
| Total | | 92.7% |

Private Equity



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

8% of WHSP portfolio (vs 7% at 31 July)

| | 1H23 |
|---------------------------------|----------|
| Portfolio Value | \$810.2m |
| Net Cash Flows From Investments | \$13.7m |



- Net Cash Flows of \$13.7m declined 63.4% vs pcp mainly due to the Round Oak sale to Aeris Resources during 2H22 (now in Strategic Portfolio)
- Agriculture portfolio expanded with \$118.0m invested during the period across citrus farms Manna, Kubank, and Bottle Tree
 - Acquired QLD-based Bottle Tree Farms (citrus and table grape production) with a domestic and export focus, and greenfield opportunities
 - Sold NSW-based Hayloch and Katika (cotton cropping) during the period
- Wholly-owned subsidiaries, Ampcontrol and Aquatic Achievers, continue to assess value-accretive acquisition opportunities

Emerging Companies

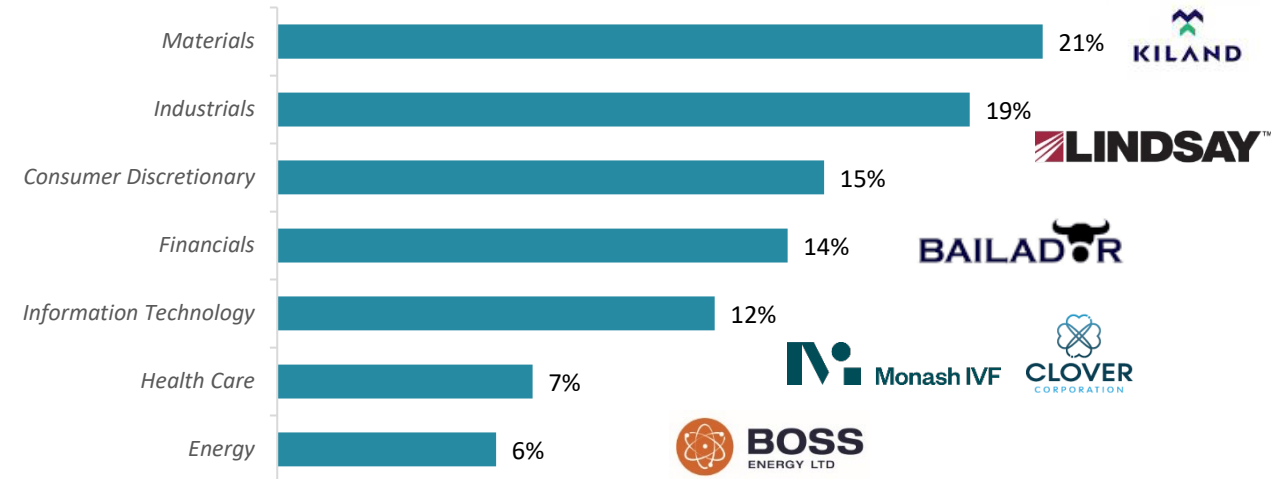


- Exposure to fast growing companies often benefiting from structural changes and global trends

Represents 5% of WHSP portfolio (vs 6% at 31 July)

| | 1H23 |
|---------------------------------|----------|
| Portfolio Value | \$544.8m |
| Net Cash Flows From Investments | \$24.0m |
| Total return ¹ | 7.1% |

- Net Cash Flows of \$24.0m up 14.8% vs pcg
- Outperformed the Index¹ by a relative 4.8%
- Dynamic view to industry exposures but overall defensive posture
 - Tilted portfolio toward Materials and Industrials
 - Now underweight Technology
- WHSP's proactive management style is demonstrated in the portfolio's total return since inception (2018) with a gain 4x the Index return²



1. Total portfolio return in the period was 7.1% versus return of 2.3% for the Small Ords Accumulation Index (XSO Total Return)

2. Total portfolio return since inception is 74.8% versus return of 18.8% for the Small Ords Accumulation Index (XSO Total Return)

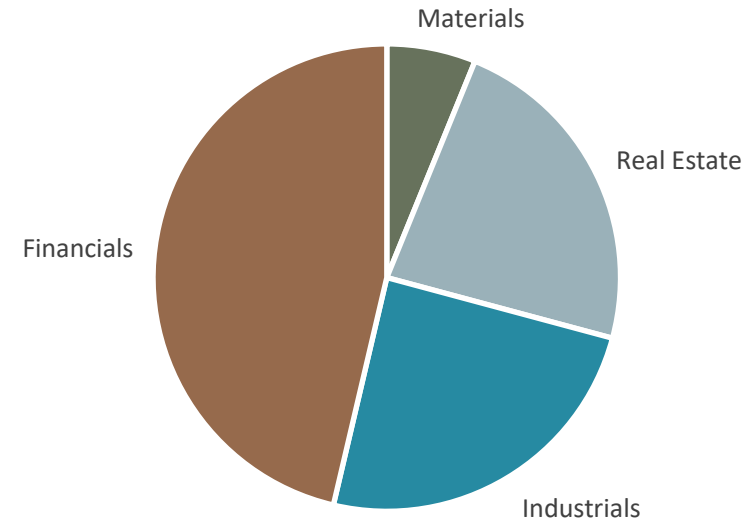
Structured Yield



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

Represents 5% of WHSP portfolio (vs 2% at 31 July)

| | 1H23 |
|---------------------------------|-----------|
| Portfolio Value | \$483.4m |
| Net Cash Flows From Investments | \$18.8m |
| Undrawn/Committed | \$198.7m |
| Weighted average cash yield | 12.0% p.a |



- Net Cash Flows of \$18.8m up 72.5% vs pcp
- Increased deal flow in financials and industrials segments over the period
- Portfolio has attractive returns, risk protection and equity upside and we expect to continue growing its size with a well-developed pipeline of opportunities

Property Portfolio



- Actively managed direct property investments & equity accounted joint ventures

Represents 1% of WHSP portfolio (vs 3% at 31 July)

| | 1H23 |
|-----------------------|----------|
| Portfolio Value | \$112.8m |
| Number of investments | 7 |

- Largely concentrated in Sydney, property investments are positioned towards infrastructure development
- WHSP completed the sale of the Castle Hill industrial property (pictured) for \$88.5m or 4.5x the value originally paid in 2014
- Industrial property supply is tight and with the market pricing in further interest rate increases, we see opportunity in the repositioning of larger infill industrial sites
- Portfolio viewed in context of Brickworks look through investments



Net Working Capital

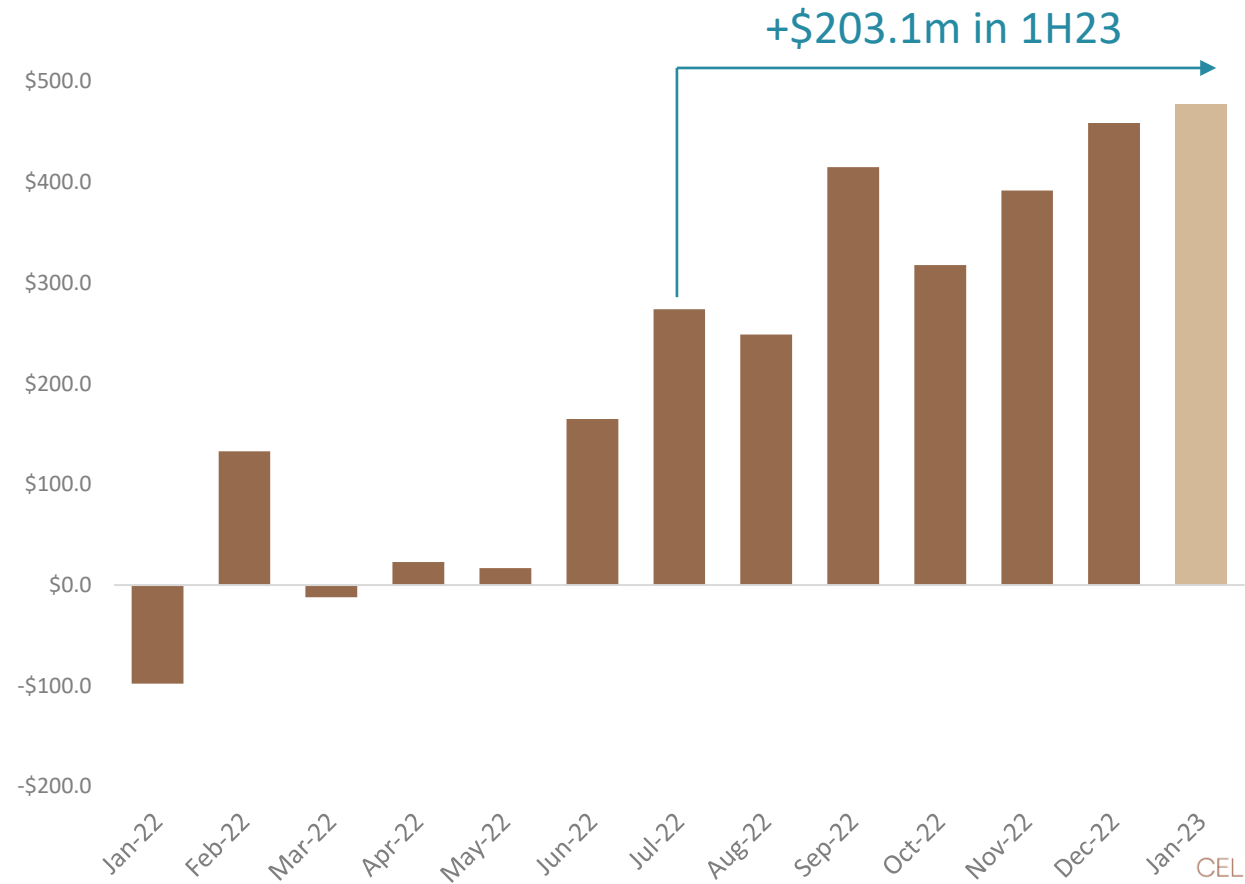


- Managing portfolio liquidity via cash, interest-bearing liabilities and other assets and liabilities

Represents 5% of WHSP portfolio (vs 2% at 31 July)

| | 1H23 |
|--------------------------------|-----------|
| Portfolio Value | \$476.6m |
| Net Cashflows From Investments | (\$29.4m) |

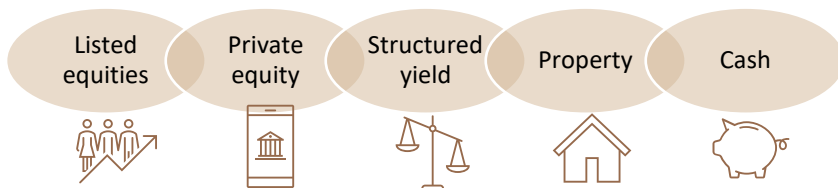
- Net working capital increased to \$476.6m through portfolio sales and cash generation
- Deliberately conservative positioning awaiting investment opportunities outside public markets
- Cash at bank of \$597.3m with a current average yield of 4.2% per annum
- Interest-bearing debt of \$235.0m with a current average cost at ~0.8% per annum (Parent Entity)



1H23 summary

- **Performance**

| | vs pcip |
|-----------------------------|---------|
| ▪ Net Asset Value (pre-tax) | ▲ 16.0% |
| ▪ Net Cash Flows | ▲ 35.0% |
| ▪ Increased dividend | ▲ 24.1% |
- Total Shareholder Return outperformed the All Ords Accumulation Index by 4.3%
- Increased cash on hand and other liquidity
- Flexible mandate to invest where there is attractive growth, risk/return



Outlook



- February 2023, the total portfolio outperformed the Index¹ by 2.0% as our defensive portfolio settings gain traction in the current market
- Strong cash reserves and active pipeline of investment under consideration
- Seeking to deploy capital into robust, defensible business models and uncorrelated assets
- Long-term view assists investing through market volatility
- Entering a stock pickers market with an opportunity for value investors to take advantage of increasing price for risk

1. Group performance benchmark: All Ordinaries Accumulation Index (XAO Total Return) returned negative 2.5% in February

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Questions



Glossary



The Consolidated Entity presents certain Alternative Performance Measures, including Regular and Non-Regular Profit After Tax, Net Cash Flows From Investments and Net Asset Value. These 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

Regular and Non-Regular Profit After Tax

Financial performance is measured by Regular Profit After Tax attributable to members. This is a non-statutory profit measure and represents profit before Non-Regular items. The measurement basis in general excludes the effects of Non-Regular items of income and expense which by nature are outside the ordinary course of business or are part of ordinary activities but are unusual due to their size. The classification of income and expenses as Regular and Non-Regular of the Parent Entity is consistent within the Consolidated Entity. Regular Profit After Tax attributable to members is reconciled to the Australian Accounting Standards financial measure, Profit After Tax, on page 21 of our Half Year Financial Report.

Parent Entity Net Cash Flows From Investments

Net Cash Flows From Investments 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.

Net Asset Value

WHSP is a long term investor. Net Asset Value (pre-tax) is the value of all of WHSP's assets less all of its liabilities before any tax payable upon the sale of its assets. Assets are valued at cost, market value or Directors' valuation as shown in the NAV statement. The NAV post-tax assumes WHSP disposed of its assets and incurred an income tax liability based on the adopted market values or Directors' valuations.

PORTFOLIO RETURN METRICS

Total Return

Total return combines capital appreciation (e.g. market price changes or revaluations) with all income generated by the portfolio over the period. It is expressed as a percentage by referencing the cost base of the portfolio over the same period.

Weighted Average Cash Yield

Weighted average cash yield reflects expected annual income of the portfolio based upon the size, rate and maturity of each instrument held in the portfolio at period end.

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