



6 June 2023
ASX Announcement

Investor Presentation

Diversified investment house, Washington H. Soul Pattinson and Company Limited (ASX:SOL or “WHSP”), releases a copy of the presentation – inclusive of a group portfolio update – to be delivered at the Brisbane Shareholder Briefing today, being 6 June 2023. A recording of the presentation will become available on our website.

-ENDS-

This ASX announcement has been authorised for release by the Company Secretary.

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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/>



CELEBRATING
120
YEARS



Washington H. Soul Pattinson

Brisbane Shareholder Briefing
6 June 2023

Presenters



Robert Millner
Chairman

- Welcome
- Our history



Todd Barlow
CEO & Managing Director

- Our purpose
- Performance update
- Investment approach



David Grbin
Chief Financial Officer

- Financial overview



Brendan O'Dea
Chief Investment Officer

- Portfolio update & overview

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

Group performance update



Year-to-date performance to 30 April 2023

1

GROW THE PORTFOLIO

- Net Asset Value (pre-tax) of **\$10.6b**
- Net Asset Outperformance of **+1.4%** vs the All Ords Accumulation Index¹

2

INCREASE CASH GENERATION

- Continued investment in high quality, cash-generative investments to underpin future dividends

3

MANAGE INVESTMENT RISK

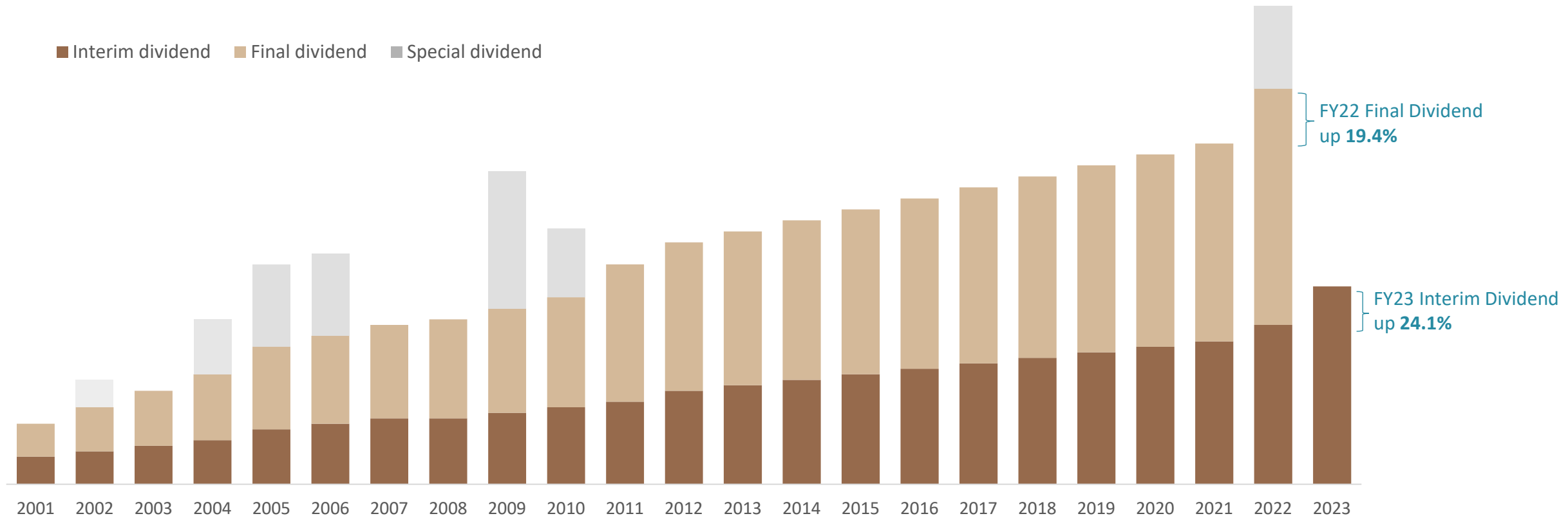
- Increased net cash by **\$254m**
- Continued trend of increasing investment in alternative assets:
 - Structured Yield **+\$469m**
 - Private Equity **+\$190m**

1. Total Portfolio returned 10.1% including dividends vs a return of 8.7% for the All Ordinaries Accumulation Index (XAO Total Return) for the 9 month period to 30 April 2023

Continued dividend growth



- WHSP has never missed a dividend payment since 1903
- Ordinary dividends have increased from 11c in FY01 to 72c in FY22 (8.5% CAGR) underpinned by high quality, cash-generating investments

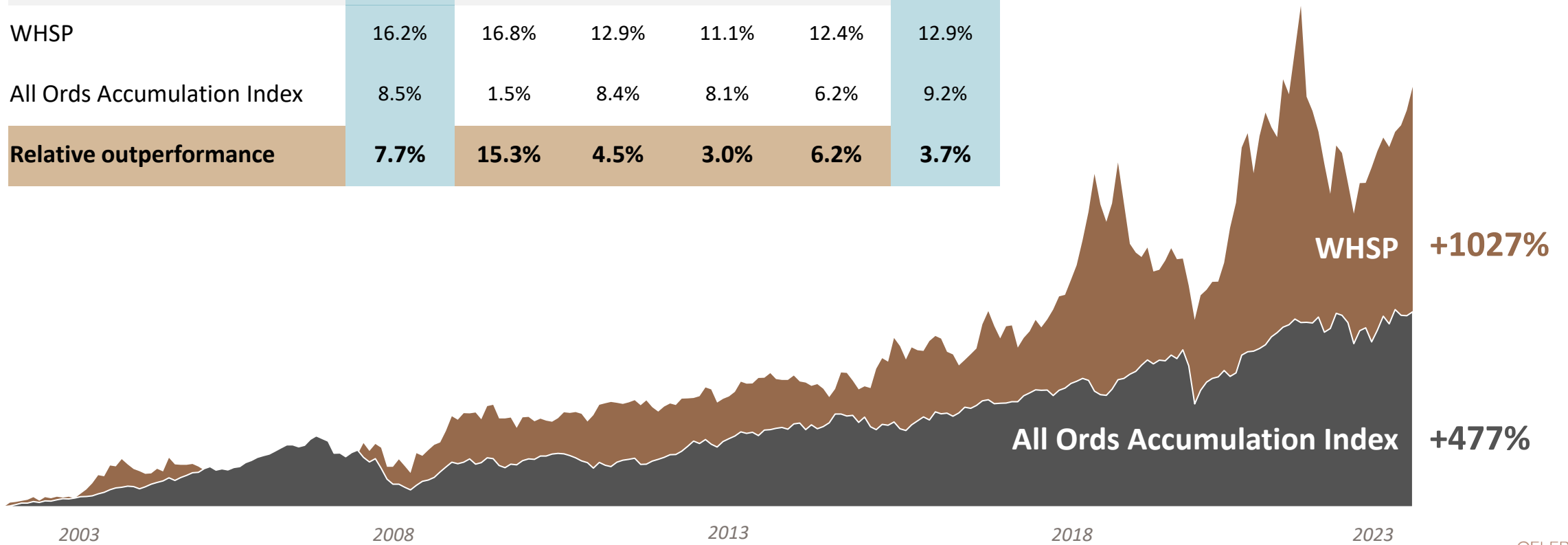


Consistent long-term performance



- Total return on an investment in WHSP over 20 years has been 1027% (vs 477% 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	16.2%	16.8%	12.9%	11.1%	12.4%	12.9%
All Ords Accumulation Index	8.5%	1.5%	8.4%	8.1%	6.2%	9.2%
Relative outperformance	7.7%	15.3%	4.5%	3.0%	6.2%	3.7%



Cumulative performance to 30 April 2023 (including reinvestment of dividends)

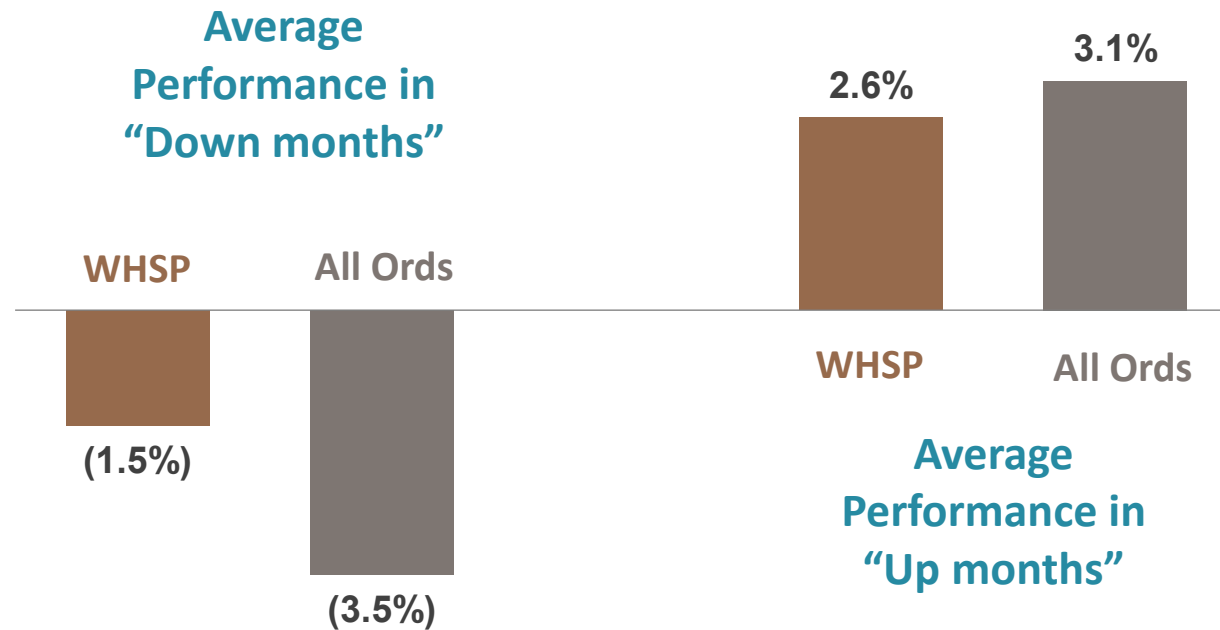
Source: Capital IQ

Protecting shareholder capital



- Volatile markets will favour profitable assets with robust cash flows

- Over the last 20 years, the All Ordinaries Accumulation Index had a negative return in one-third of the months
- WHSP's share price outperformed the market by an average of 2.0% per month in these down months.



Source: Capital IQ
Period: 20 years to 31 January 2023

1. **Down months:** All Ordinaries Accumulation Index negative return months
2. **Up months:** All Ordinaries Accumulation Index positive return months

Comparative long-term total shareholder returns



- Comparing the **30 year return** between an investment in SOL vs other asset classes

**\$10k invested
30 April 1993**

SOL shares¹ **\$415,695** 13.2% p.a

Australian shares² **\$148,534** 9.4% p.a

International shares³ **\$90,710** 7.6% p.a

Australian listed property⁴ **\$89,992** 7.6% p.a

Australian Bonds⁵ **\$51,818** 5.6% p.a

Sources: Vanguard Research, Capital IQ. Notes: 1. Returns to 30 April 2023 with dividends reinvested. 2. S&P/ASX All Ordinaries Total Return Index. 3. MSCI World ex-Australia Net Total Return Index. 4. S&P/ASX 200 A-REIT Total Return Index. 5. Bloomberg AusBond Composite Index.

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Financial overview



Financial approach



- Statutory reporting:

- Net Profit After Tax (NPAT)
- Earnings Per Share (EPS) growth
- Balance Sheet

- Key performance indicators we focus on:

- **Net Cash Flows From Investments (NCFFI)** and growth in NCFFI per share
- **Dividend** growth
- **Net Asset Value** and growth in NAV per share, pre and post tax
- **Portfolio allocation**

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

- Group Regular NPAT excludes one-off events and better reflects underlying performance of major investments
- Statutory NPAT growth in 1H23 was supported by a non-recurring impairment (as a result of the Milton merger goodwill) that impacted prior period

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.

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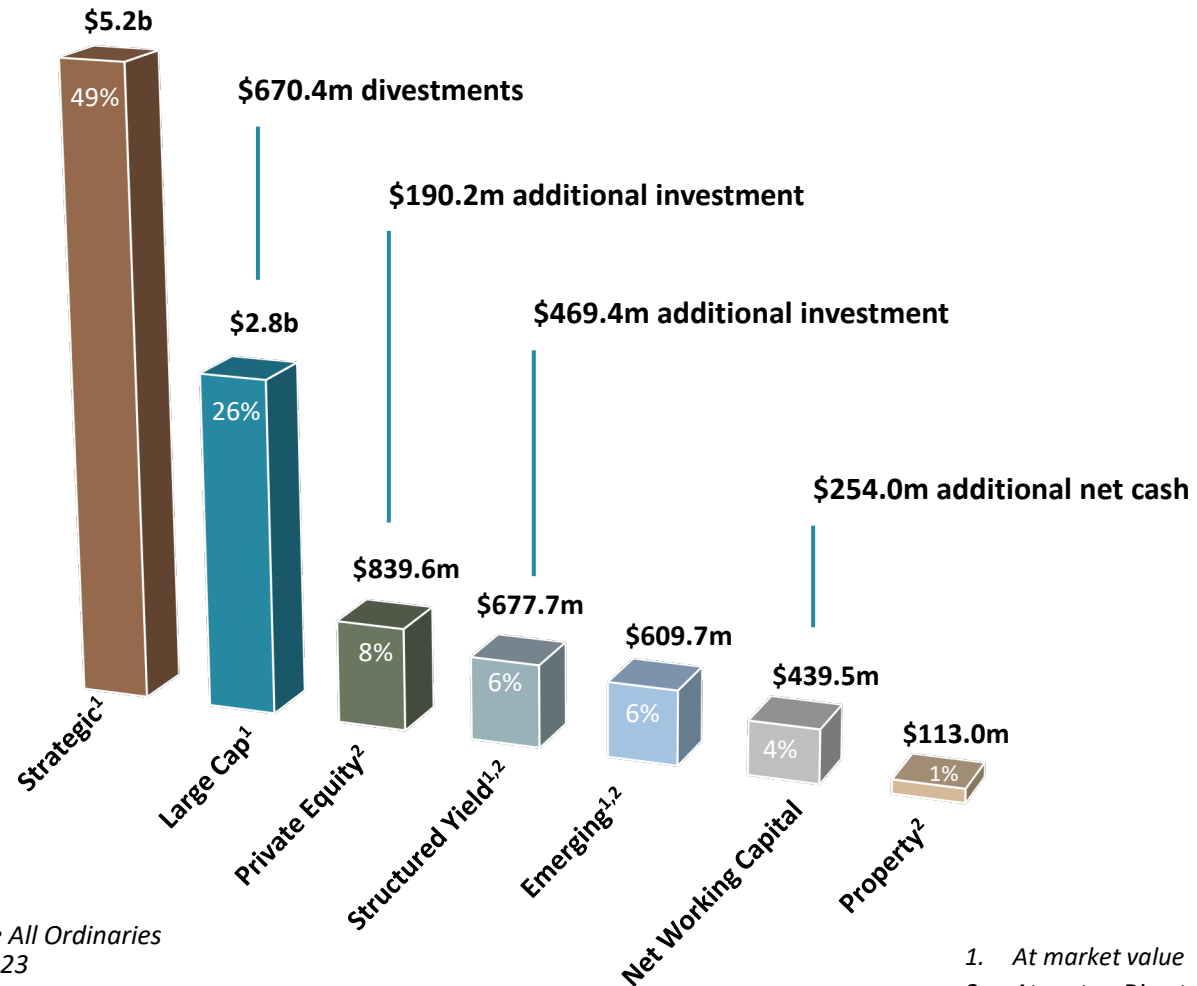
Portfolio update & overview

Portfolio composition (as at 30 April)



- Net Asset Value is \$10.6b and has **outperformed** the All Ords Accumulation Index by **1.4%¹** year-to-date
- Transaction activity in the period to 30 April:

- Continued sales across Large Caps, Emerging Companies, and Property
- Continued investment across Private Equity
- Continued investment across Structured Yield (Credit)
- New investments target attractive risk adjusted returns and cash generation
- WHSP takes active asset allocation decisions and does not invest to meet a benchmark or replicate an index
- WHSP continues to maintain liquidity



1. Total Portfolio returned 10.1% including dividends vs a return of 8.7% for the All Ordinaries Accumulation Index (XAO Total Return) for the 9 month period to 30 April 2023

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

Strategic Investments



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

Portfolio value	\$5.2b
Year-to-date return ¹	15.7%



- Performance driven by favourable returns from Brickworks and TPG Telecom
- Robust cash generation across all major investments
- Strong opportunities for growth across the entire portfolio
- Reduced concentration of strategic investments due to larger overall portfolio

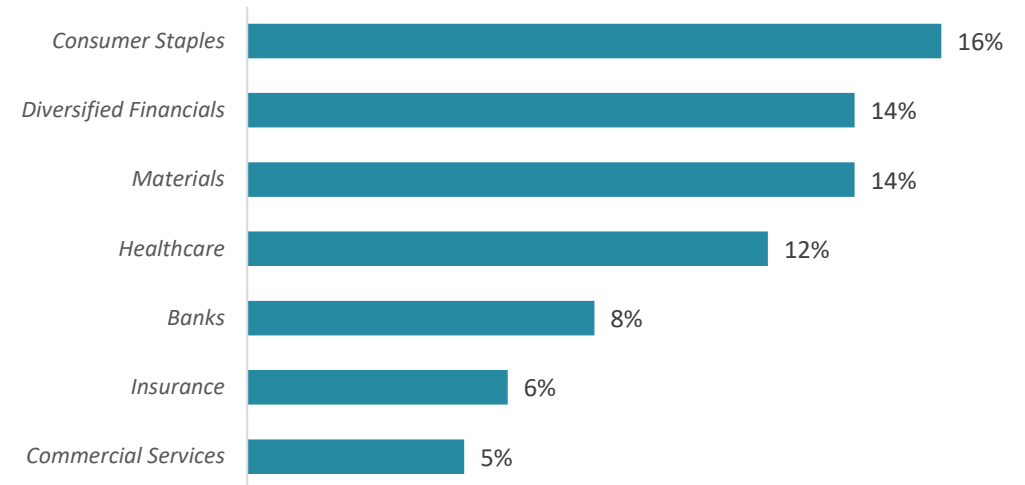
1. Portfolio returned 15.7% including dividends vs a return of 8.7% for the All Ordinaries Accumulation Index (XAO Total Return) for the 9 month period to 30 April 2023

Large Caps



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

Portfolio value	\$2.8b
Year-to-date return ¹	7.1%



- Continued to reduce the size of the portfolio and focus on defensive companies
- Continued to concentrate the portfolio through reduction in the number of investments
- \$670.4m in sales over the period to April 2023
- Underweight retail banks and materials
- Overweight diversified financials, healthcare and staples

1. Portfolio returned 7.1% including dividends vs a return of 9.4% for the ASX200 Accumulation Index (XJO Total Return) for the 9 month period to 30 April 2023

Large Caps



- Top 30 investments as at 30 April 2023

#	Stock	% of Portfolio
1	Macquarie Group Limited	8.9%
2	BHP Group Limited	8.5%
3	CSL Limited	6.9%
4	Wesfarmers Limited	6.7%
5	Woolworths Group Limited	5.3%
6	Commonwealth Bank of Australia	4.2%
7	BKI Investment Company Limited	4.0%
8	Transurban Group	4.0%
9	National Australia Bank Limited	3.7%
10	Eagers Automotive Limited	3.5%
11	ALS Limited	3.4%
12	Coles Group Limited	3.4%
13	carsales.com Ltd	3.1%
14	Johns Lyng Group Limited	3.0%
15	Rio Tinto Group	2.7%

#	Stock	% of Portfolio
16	Amcor plc	2.4%
17	Ramsay Health Care Limited	2.1%
18	AGL Energy Limited	2.0%
19	Suncorp Group Limited	1.9%
20	ASX Limited	1.6%
21	AUB Group Limited	1.5%
22	Perpetual Limited	1.5%
23	Cleanaway Waste Management Limited	1.4%
24	Sonic Healthcare Limited	1.3%
25	Goodman Group	1.2%
26	EQT Holdings Limited	1.1%
27	The Lottery Corporation Limited	1.1%
28	ResMed Inc.	1.1%
29	ARB Corporation Limited	1.1%
30	Aristocrat Leisure Limited	1.0%
Total		93.5%

Private Equity



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

Portfolio value

\$839.6m



Agriculture



- Continuing to add scale to wholly owned subsidiaries, recently including:
 - Aquatic Achievers recently acquired Kirby Swim, a WA-based swimming school operator with 5 sites
 - Ampcontrol recently acquired Androck Engineering, a NSW-based machining and manufacturing operation
- Continuing to assess new acquisition opportunities for new and existing investments

Structured Yield

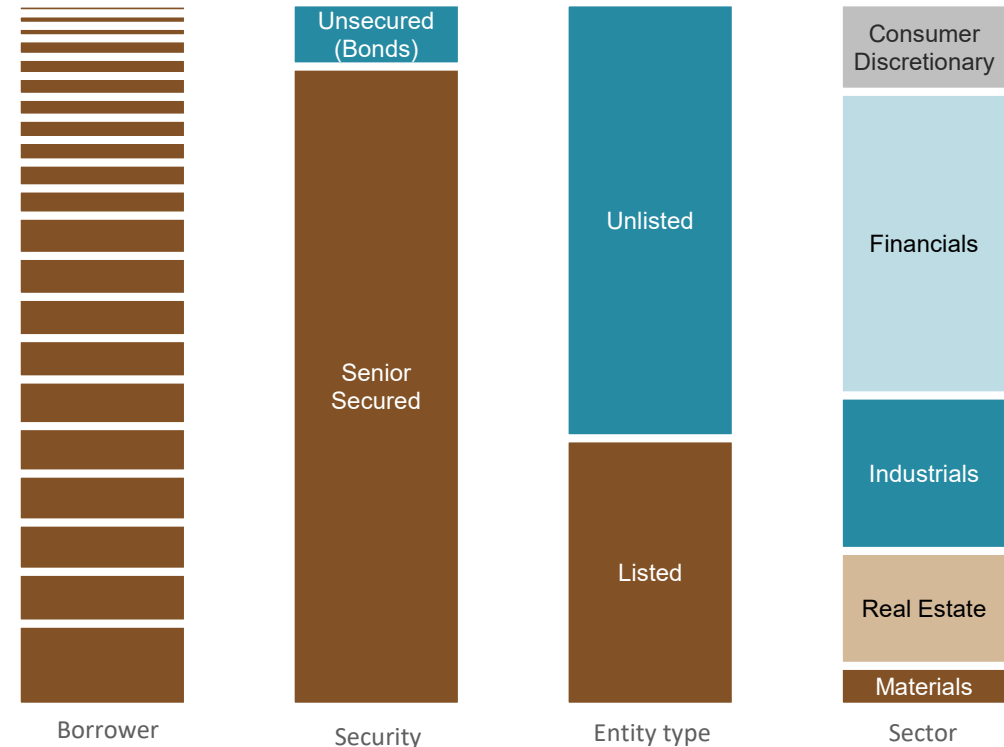


- Actively managed structured credit investments to achieve strong risk adjusted returns

Portfolio value	\$677.7m
Undrawn/committed	\$244.7m
Weighted average IRR	15.5% p.a.
Weighted average cash yield	12.1% p.a.

- Sharply increased deal flow over the period with well-developed pipeline of opportunities
- Broad portfolio diversification in terms of sector and credit profile
- International exposures within the portfolio
- Portfolio has attractive total returns, risk protection and equity upside and is expected to continue growing its size

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

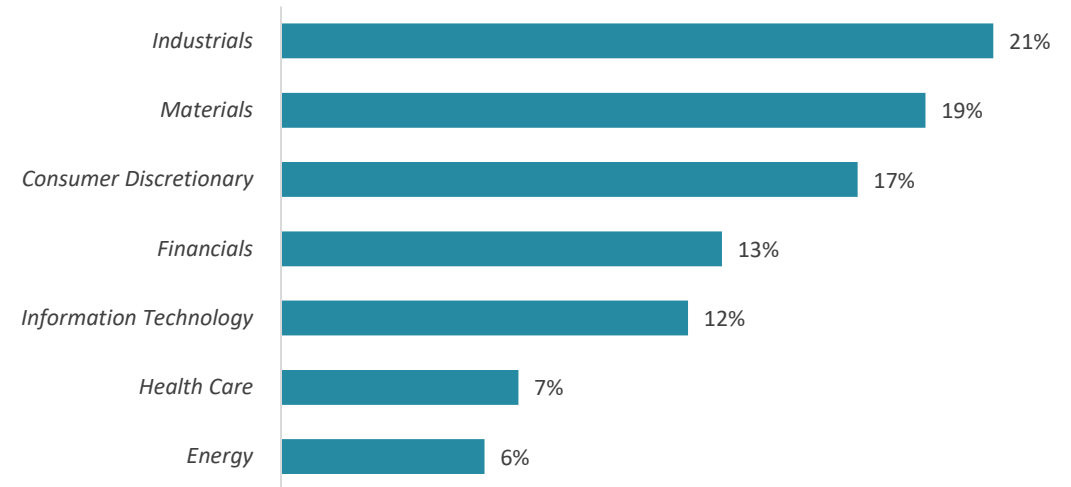


Emerging Companies



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

Portfolio value	\$609.7m
Year-to-date return ¹	8.5%



- Proactive management style
- Dynamic view to industry exposures but overall defensive posture
 - Tilted portfolio toward materials and industrials
 - Underweight in technology
 - Focus on listed opportunities

1. Portfolio return was 8.5% versus return of 0.6% for the Small Ords Accumulation Index (XSO Total Return) in the period to 30 April 2023

Property Portfolio

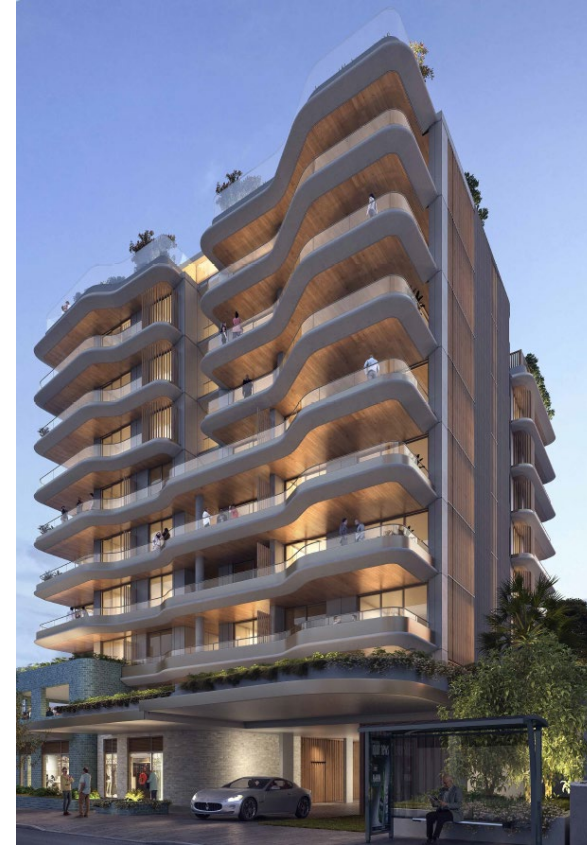


- Actively managed direct property investments & equity accounted joint ventures

Portfolio value

\$113.0m

- Concentrated in Sydney and positioned towards infrastructure development
- 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



Sage by Moran
Cronulla residential development

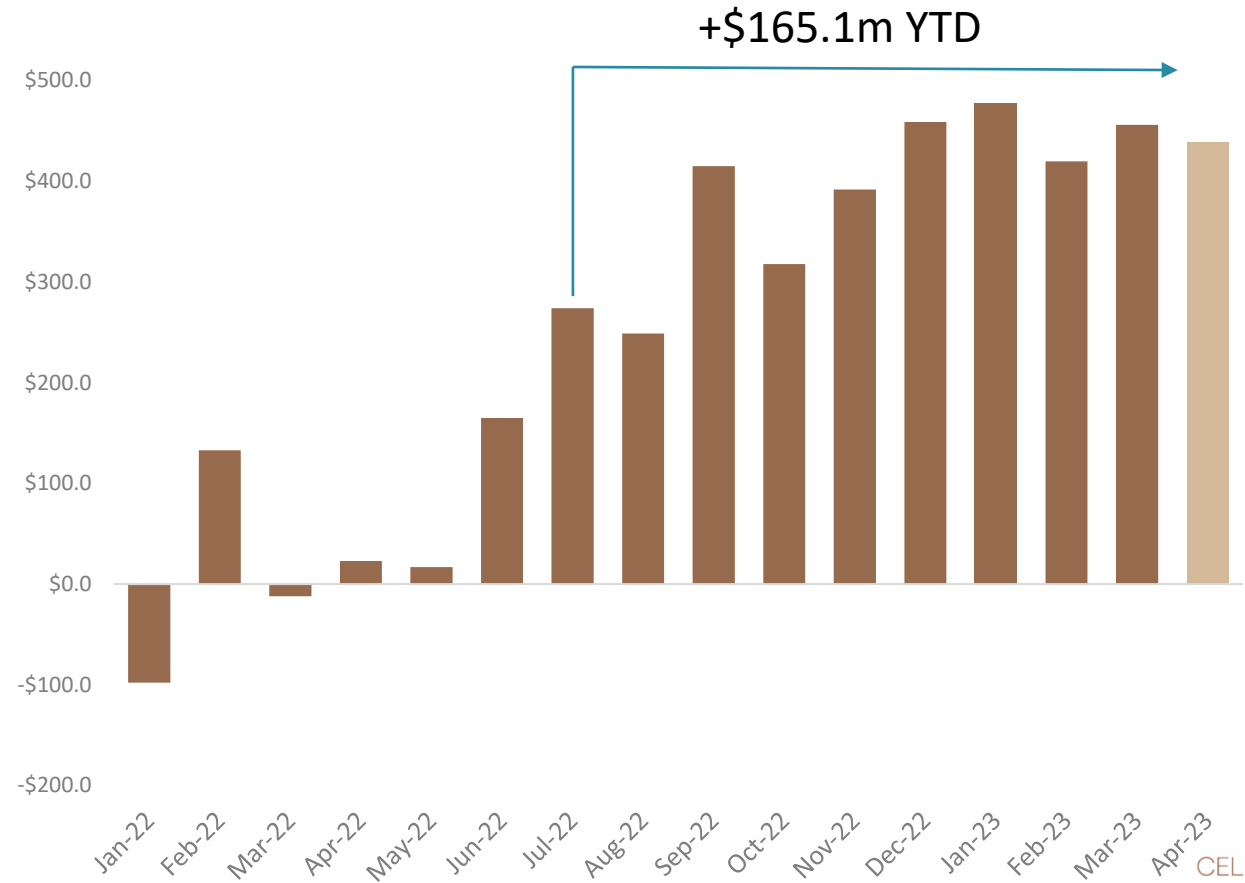
Net Working Capital



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

Portfolio value	\$439.5m
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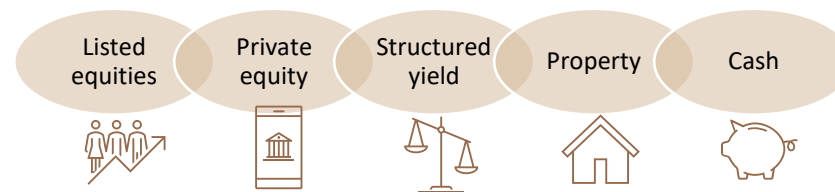
- Deliberately conservative positioning awaiting investment opportunities outside public markets
- Expect cash balances to reduce over time
- Cash at bank of \$553.0m with a current average yield of 4.3% per annum
- Interest-bearing debt of \$235.0m with a current average cost at ~0.8% per annum (Parent Entity)



Outlook



- Unconstrained mandate to invest where there is attractive growth, risk/return
- Active pipeline of investments under consideration
- Opportunities for value investors to take advantage of increasing price for risk in the current market
- Confidence in our defensive portfolio settings, which are continuing to gain traction in the current market
- Investing through market volatility assisted by our long-term view and bias toward robust, defensible business models and uncorrelated asset classes



Disclaimer

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