



28 September 2023
ASX Announcement

Continued market beating returns Significant increase in cash flow and dividends

Diversified investment house, Washington H. Soul Pattinson and Company Limited (ASX:SOL or “WHSP”), announces performance for the full year ended 31 July 2023 (FY23). FY23 was marked by significant transaction activity and a rebalancing of the Group Portfolio toward private market investments. WHSP delivered a strong performance with growth in Net Asset Value and Net Cash Flow From Investments.

A fully franked final dividend of 51 cents per share was declared, taking total ordinary dividends to 87 cents per share for FY23 and continuing a 23-year track record of increasing dividends.

Financial Results	FY23	FY22	Change
Group Statutory Profit	\$690.7m	\$(12.9)m	+\$703.6m
Group Regular Profit ¹	\$759.3m	\$834.6m	(9.0)%

Key Performance Indicators

Net Asset Value (pre-tax)	\$10.8b	\$9.9b	8.8%
Net Cash Flow From Investments ²	\$424.3m	\$347.9m	22.0%
Total Ordinary Dividend cents per share	87cps	72cps	20.8%

Group Statutory Profit attributable to WHSP shareholders was \$690.7m, an increase of \$703.6m on the prior corresponding period (pcp) which was largely due to a one-off, non-recurring impairment relating to the Milton merger that impacted the pcp. Regular Profit After Tax¹ was \$759.3m, a 9.0% decrease on the pcp, refer to slide 10 of our Investor Presentation also lodged today for detail.

As an investment house, WHSP considers the key drivers of our success to be growth in the capital value of the portfolio, Net Asset Value, and a growing yield as measured by Net Cash Flow From Investments².

Net Asset Value (pre-tax) increased 8.8% to \$10.8b in FY23 vs pcp. When adding back dividends paid, the total portfolio returned 12.3% which outperformed the All Ordinaries Index by 1.2%³ in the 12 month period ended 31 July 2023.

¹ 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

² 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

³ All Ordinaries Accumulation Index (XAO Total Return) returned 11.1% for the 12 month period to 31 July 2023



Net Cash Flow From Investments increased 22.0% to \$424.3m vs pcp. The main contributor was the Strategic Investment Portfolio, along with increased income from the Structured Yield Portfolio which has continued to grow strongly.

The investment team transacted \$3.1b in value over the period. WHSP was a seller of \$1.4b in equities, mostly Large Caps, with majority of proceeds allocated to the Private Equity and Structured Yield Portfolio investments to generate attractive risk-adjusted returns.

To accelerate growth across our largest private investments, a total of seven acquisitions were executed during the year. Following \$547.1m in additional investment and revaluations during FY23, the Private Equity Portfolio is now valued at \$1.2b.

Higher yielding instruments (e.g. private credit) continue to offer attractive returns in a higher inflationary environment. During the period WHSP invested an additional \$542.2m into the Structured Yield Portfolio, increasing its value to \$652.4m and contributing \$41.5m in net cash flow, 110.7% higher vs pcp.

WHSP enters FY24 with more than \$500m in commitments across private market investments along with a solid pipeline of opportunities. WHSP's total cash balance is \$911.0m⁴, 87.3% higher than pcp, with an average current yield of 5.0% per annum.

WHSP considers Net Cash Flow From Investments when setting dividends and the Board of Directors have approved a fully franked final dividend of 51 cents per share, an 18.6% increase on pcp. The record date for the dividend will be 20 November 2023 with payment due on 12 December 2023.

Commenting on the result and outlook, Managing Director and CEO, Todd Barlow, said: *“Our total investment portfolio performed strongly in FY23, returning 12.3% when adding back dividends. It was a highly active year with close to \$1 billion allocated to Private Equity and Structured Yield Portfolio investments, which are uncorrelated with equity markets, and deliberate concentration of our Large Caps Portfolio around high conviction positions. In a higher rate, inflationary environment we are holding significantly more cash, but can be nimble when opportunities arise.*

We've grown our direct headcount significantly this year – welcoming Jaki Virtue to the team as WHSP's Chief Operating Officer – supporting our plans for growing the portfolio, managing investment risk, and generating cash. The 18.6% increase in our fully franked final dividend demonstrates yet again continued growth for our shareholders and our confidence in continuing this track record.

Pleasingly, we have started the new financial year in a strong position with the Net Asset Value of the total portfolio outperforming the All Ordinaries Accumulation Index by of 3.9% in the month of August.”⁵

Results Webcast – 28 September 2023 at 1.30pm AEST

This release should be read in conjunction with the Investor Presentation and Full Year Annual Report also lodged on the ASX platform today. WHSP management will be presenting the results today, 28 September 2023, from 1.30pm (AEST) via a live stream audio webcast, which can be accessed here: <https://www.streamgate.co/whsp-full-year-fy23-results/>

⁴ Cash and term deposits. WHSP has interest-bearing debt of \$225m with an average cost of 0.6% per annum

⁵ Total portfolio return was 3.2% versus return of -0.7% for the All-Ords Accumulation Index (XAO Total Return)



-ENDS-

This ASX announcement has been authorised for release by the Board.

Contacts

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About WHSP

Washington H. Soul Pattinson and Company 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/>