

8 December 2023

ASX Announcement

Board Update & Annual General Meeting

Diversified investment house, Washington H. Soul Pattinson and Company Limited ("**Soul Patts**") (ASX:SOL), will host its Annual General Meeting (AGM) today, Friday 8 December 2023. Shareholders are invited to attend in-person or view a live-stream – please find details at the end of this page. A copy of the Chairman's Address, CEO & Managing Director's Address that will be presented as part of today's AGM is appended, with the AGM Presentation lodged separately.

Board retirement – Thomas Millner

During 2023 the Board implemented an annual policy for reviewing Director independence exceeding a tenure of more than 10 years. As a result, Soul Patts announces that long-standing Non-Executive Director, Thomas Millner, will retire from the Board, effective 31 December 2023. Tom was appointed on 1 January 2011, and served on the Nomination Committee, Risk Committee, People, Culture and Remuneration Committee.

Tom has performed an important role on the Board, not only providing inter-generational leadership but supporting the Company's long-term vision and values. The Directors recognise Tom's outstanding contribution to Soul Patts over his 13 year tenure. His energy and his understanding of the Company has made a lasting impression on all who have been involved with him, both at Board and management level. As the fifth generation of the founding Pattinson family to work for Soul Patts, the Company thanks Tom for his contribution and wishes him well.

Tom Millner commented: *"It is an emotional day announcing my retirement following a long-term commitment to this Company that began 23 years ago at Republic Securities, which later became Pitt Capital Partners. I've really enjoyed contributing to the investment culture at Soul Patts, and to witness its recent transformation into a \$12-billion-dollar diversified investment house.*

I will remain a significant shareholder and supporter of Soul Patts, with the firm belief that the business is in the best position for continued growth. Having worked with the senior management team for the past two decades, the Soul Patts way of investing that's proved enduringly successful is now deeply embedded across the Company."

Following Tom's retirement, the Board comprises five independent Directors, the Managing Director, and Chairman, Robert Millner. Board renewal continues to be a focus area. Lead Independent Director, Michael Hawker, has also indicated to the Board his intention to retire at the 2024 AGM following the tenure review policy.

AGM event details

- In-person at The Establishment Ballroom, The Establishment, 252 George Street, Sydney. Registration opens at 11am with formalities commencing 12 noon.



- Online via the link below to live-stream the event, once registering your details:
<https://www.streamgate.co/whsp-agm-2023/>

Chairman's Address

Good afternoon, ladies and gentlemen and welcome to Washington H. Soul Pattinson's 121st Annual General Meeting. I am Robert Millner, Chairman of the Board. I am advised that a quorum is present, therefore I formally declare the Meeting open. It is a pleasure to see many of you in-person today, and welcome to those of you viewing via the webcast.

Slide: Board of Directors

I would like to introduce my fellow Directors today. To my left, is:

- Michael Hawker – Lead Independent Director
- Josephine Sukkar
- Tom Millner
- Joe Pollard
- David Baxby, and
- Tiffany Fuller.

We are also joined on stage by our CEO and Managing Director, Todd Barlow, our Chief Financial Officer, David Grbin, and Company Secretary, Pamela Longstaff.

Our Chief Investment Officer, Brendan O'Dea, and Chief Operating Officer, Jaki Virtue, are also in the audience along with the rest of our senior team and staff.

Ryan Fisk from Ernst & Young, our Company's Auditor, is also present and available to answer questions shareholders might have concerning the conduct of the audit, preparation and content of the auditors' report, the Company's accounting policies and the auditor's independence.

To allow those who have attended to vote at any time during the meeting, I now formally open the poll on all items of business set out in the Notice of Meeting lodged with the ASX on the 3rd of November. Voting will be conducted by a poll on all items. If you are eligible to vote you would have received a yellow voting card at registration. If you believe you are entitled to vote and have not received the correct voting card, please see the Computershare registry staff at the registration table at the entrance to this room.

Computershare is the returning officer for this meeting. To cast your vote, simply complete and sign the back of the card. You may submit your voting paper at any time into the ballot box alongside the registration table, or by handing your voting card to a Computershare representative at the end of the meeting. The final results will be released to the ASX and posted on the Soul Patts website later today.

Following the presentation, which has been lodged this morning with the ASX, we will then consider the formal items of business.

Today's AGM is an opportunity for shareholders or their representatives to ask questions. Shareholders in the room, and those shareholders viewing online, will have the chance to ask questions. This includes those questions that were sent ahead of the meeting, unless they have



already been addressed. Questions sent online will be moderated to avoid repetition, and if questions are lengthy we may summarise them.

Slide: Board update

As announced to the market this morning, Tom Millner has provided the Board with notice of his intention to retire which will take effect at the end of this calendar year. On behalf of my fellow Directors, I would like to sincerely thank you, Tom, for your significant contribution to the Board since your appointment in 2011.

Tom has performed an important role on the Board, providing inter-generational leadership as the fifth generation of the Pattinson family to work with and for Soul Patts.

Tom has also supported the Company's long-term vision and values. His investing knowledge and his energy has made a lasting impression on all those who have been involved with him, both at a board level and with management.

Tom served on the Nomination Committee, Risk Committee, and People, Culture & Remuneration Committee. I know our shareholders will join me and my fellow Directors in thanking Tom for his outstanding contribution to the Company over his 13 years.

On the topic of changes to our Board, in February this year, we were fortunate to have David Baxby join. He is standing for election today. David is a very experienced senior executive, investment expert, and public company director. He has held executive positions with Wesfarmers and Virgin Group. At Virgin Group David was Co-CEO of the Group's \$6 billion dollar family office. We are highly confident of the contribution David will continue to make since he joined the Board in February this year.

Tiffany Fuller and Josephine Sukkar are both up for re-election today. Soul Patts is very fortunate to have independent Directors of their calibre, and the valuable contribution they continue to make to this Company.

Tiffany joined our Board in December 2017, as an experienced public company director with a background in chartered accounting, private equity, and investment banking. Josephine joined our Board in 2020 as an experienced entrepreneur and business executive, Josephine founded the Buildcorp construction business over 30 years ago.

As a whole, the Board reflects an appropriate and complementary set of skills and experience to effectively govern Soul Patts. All Directors have confirmed they have the time available to fulfill their role and the Board supports the director elections at today's meeting.

Finally, I would like to thank all our staff at Soul Patts for their effort in delivering the result for FY23. The dedication of Todd and his senior management team means Soul Patts can continue to grow shareholder capital and make consistent dividend payments. I would like to thank the management and staff of our investee companies – without their success, Soul Patts would not be the Company we are today. And to you, our shareholders, thank you for your continued support of this Company.

CEO & Managing Director's Address

Good afternoon, thank you for being with us at today's Annual General Meeting.

Today we unveil a refreshed look for the Company which you all know as Soul Patts.



We have not changed our registered company name – this remains as Washington H. Soul Pattinson and Company Limited – but we have embraced a shortened and more familiar version,

Slide: video

[vide plays]. Our brand is extremely important to us and we are very excited about this refreshed look. I encourage you to visit our new website – SoulPatts.com.au – which we believe really improves the user experience, gives a more accurate overview of our current business, and contains relevant information for shareholders.

Slide: Performance highlights

The Financial Year 2023 was another strong year of performance for Soul Patts.

We measure our performance against the three key investment objectives:

1. We increased cash generation, with Net Cash Flows From Investments increasing to \$424 million, 22% higher than prior year. It should also be mentioned that Net Cash Flows from Investments increased 28% in the previous year and that increased cashflow is supporting higher dividends for shareholders.
2. The portfolio grew by \$900 million to \$10.8 billion. It again outperformed the market, with Net Asset Value per share – adding back dividends paid – delivering a total return of 12.3%. This outperformed the All Ordinaries Accumulation index by 1.2%. That is another strong result on top of a 13.8% growth in Net Asset Values per share in the previous year.
3. And importantly, we achieved all this while managing investment risk. During the year we actively rebalanced the portfolio towards more defensive asset classes and increased our cash available for new investments which we think is a prudent decision in the current environment. Cash at year end was \$911 million, an increase of 87% throughout the year.

During the period our team conducted \$3.1 billion in combined acquisitions and disposals. We believe that the portfolio is better positioned to withstand any volatility in markets – I will come back to this point shortly.

Slide: Dividends

Our performance provided your Board the confidence to materially increase the FY23 dividend.

A final dividend of 51 cents per share fully franked brought total dividends to 87 cents which is 20.8% higher than prior year.

We pay dividends to our shareholders out of the cash we receive from our investments, measured by Net Cash Flows From Investments. In F23 we paid 75% of the cash we received from the portfolio back to shareholders in fully franked dividends.

As I mentioned on the previous slide we have experienced strong growth in cashflows since the acquisition of Milton and this has resulted in a step up in dividends over the last two years, growing at an average of 18.5% per year.

We are proud of our track record of delivering dividends to shareholders every year since 1903 and increasing them every year since 2000 at a compounded annual growth rate of 9.6%. We



are the only Company in the All Ordinaries Index with this track record of increasing ordinary dividends over the last 23 years.

Slide: Long-term outperformance

Our goal is to provide better than market returns over the medium to long term.

This graph reflects Total Shareholder Returns for shareholders over multi-year periods as benchmarked against ASX All Ordinaries Accumulation Index, which includes reinvestment of dividends.

Over 20 years, the total return for Soul Patts shareholders has been 12.5% per annum, or 3.5% higher than the Index.

The compounding effect of that outperformance means a Soul Patts shareholder has seen their original investment increase by nearly nine and a half times, which is more than double the return from the index.

The continued market outperformance across multiple time periods is particularly pleasing in the context of a diversified portfolio that has consistently protected shareholder capital through periods of market volatility while employing very little leverage and risk.

Slide: Scaling operations

We currently have a headcount of over 50 in our direct operations. This includes a large and growing team of professionals across investments, finance and operations – 23 of whom were recruited during the period.

This included an executive appointment with Jaki Virtue joining as Chief Operating Officer. Jaki is leading operational risk, governance culture, and fostering people and culture initiatives that support our overall strategy. This growth in capability is also necessary to support the significant increase in investment activity, which, over the last 5 years has amounted to \$8 billion, excluding the Milton acquisition.

During FY23 alone the team transacted \$3.1 billion in total, rebalancing portfolio weightings toward private equity, credit, and cash. \$1.4 billion dollars of equities were sold, helping us to accumulate a cash balance over \$900 million to invest in the best opportunities in FY24 and beyond.

During the year we deployed over \$900m into private equity and private credit. This involved 7 new bolt-on acquisitions across our top four private equity investments and 23 new investments in the private credit portfolio.

Slide: First quarter update

Turning to FY24 and the first quarter ending 31 October.

The portfolio was well positioned at the start of the year for market volatility. During the first three months of our financial year, the All Ordinaries Accumulation Index fell by 7.3%.

Meanwhile, our portfolio reduced by only 0.4% in that period which again shows the resilience of the portfolio and its ability to protect capital and perform better in difficult periods.

Resilience across our major strategic assets has contributed to this performance. Our cash balance now sits at \$694.0m (at 31 October), having continued our strategy of deploying cash into private investments.



During the first quarter we made another acquisition in the Private Equity Portfolio adding one of the most advanced fruit packing and processing plants globally to our agriculture portfolio. We have continued to add to the Credit Portfolio and we also made a significant investment in the Emerging Companies Portfolio into NexGen Energy which is developing the largest low cost producing uranium mine globally.

We believe it is prudent and opportunistic to have cash on hand in the current environment and are expecting another reasonably high level of activity in FY24. As always, our approach to portfolio construction will be disciplined, targeting high quality businesses that bring diversity and strong cash generation.

We continue to see good quality deal flow and currently have nearly \$470m in committed but undrawn investments across the portfolio.

An example of this is the recently announced proposal to acquire Perpetual. We are obviously limited to what we can say about this proposal, outside of what was already disclosed in our announcement on Wednesday afternoon.

Soul Patts has been a shareholder in Perpetual for many years, and we recently saw an opportunity to increase our position during a period of particular weakness in the share price.

We had a view that the sum of the parts was worth more than the market capitalisation at the time. Not only did we accumulate a significant interest of up to 9.99%, we turned our mind to whether there was a value enhancing opportunity that we could provide to the company.

We subsequently approached the company with a proposal which involved Soul Patts acquiring 100% of the business for an implied equity value of \$3.06 billion or \$27 per share. It proposed that there would be a simultaneous demerger of Perpetual Asset Management back to existing Perpetual shareholders leaving Perpetual Corporate Trustee and Perpetual Wealth Management to be owned by Soul Patts.

Soul Patts has proposed that it acquires these businesses for a combined \$1.885 billion through the issuance of \$1.06 billion in SOL scrip and taking on debt and other corporate costs.

Soul Patts believes the proposal provides a unique opportunity for Perpetual shareholders to unlock value in a tax efficient structure while retaining exposure to each of Perpetual's three businesses.

The acquisition would provide further diversification to Soul Patts' portfolio and increase our exposure to financial services, and it demonstrates our ability to unlock value through a creative, flexible and long-term approach.

Conclusion

That concludes my presentation for today. I'd like to thank the Chairman and the Board for their support and guidance throughout the year. I want to thank our employees for their hard work and dedication to the achievements of FY23.

And I want to thank you, our shareholders, for continuing to put your faith in us to manage your wealth. It is truly an honour to give service to this Company and its shareholders.

Thank you, I will now hand back to Rob for the formal business.



–ENDS–

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

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About Soul Patts

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, Soul Patts has since evolved into an investment house with a diversified and uncorrelated portfolio of assets across multiple industries. Soul Patts takes a long-term approach to investing with an objective to deliver superior returns by creating capital growth and regular dividends. Through owning SOL shares, an investor gains access to the following asset classes: listed equities, private markets, credit, and property. More information: SoulPatts.com.au