

For personal use only

BKI Investment Company

Results Presentation

For the half year ended 31 December 2023



BKI is managed by Contact Asset Management AFSL 494045

Disclaimer



This material has been prepared by Contact Asset Management on behalf of BKI Investment Company Limited.

The information within this document is not intended to provide advice to investors or take into account an individual's financial circumstances or investment objectives. This is general investment advice only and does not constitute advice to any person. The opinions within this document are not intended to represent recommendations to investors, they are the view of Contact Asset Management and BKI Investment Company Limited as of this date and are accordingly subject to change.

Information related to any company or security is for information purposes only and should not be interpreted as a solicitation or offer to buy or sell any security. The information on which this presentation is based has been obtained from sources we believe to be reliable, but we do not guarantee its accuracy or completeness.

Investors should consult their financial adviser in relation to any material within this document.

Contents

1. Half Year Results Summary
2. Performance
3. Celebrating 20 Years
4. Portfolio Positioning
5. Equity Market Overview

Half Year Results Summary

Results Presentation

For the half year ended 31 December 2023

2024 Half Year Results

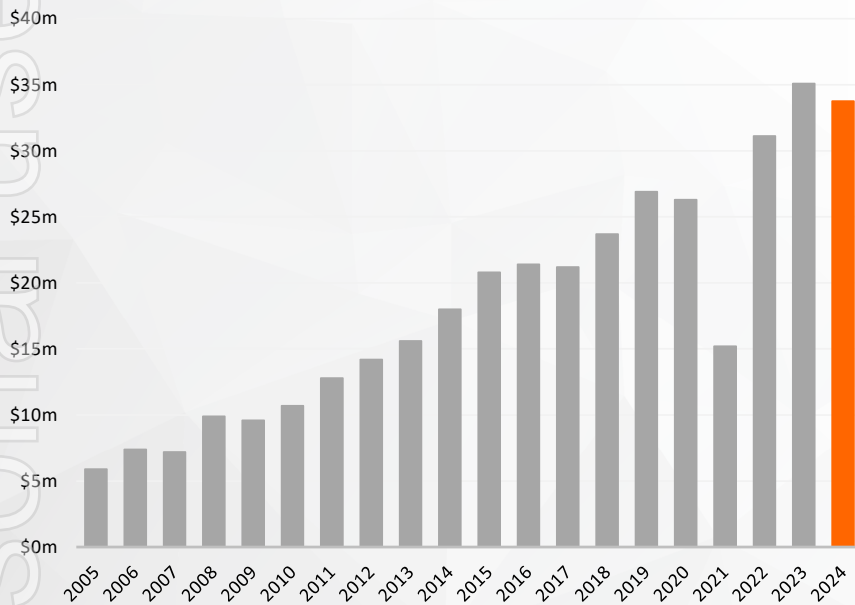
For the half year ended 31 December 2023

Result <u>excluding</u> special investment revenue	1H FY24 (\$m)	1H FY23 (\$m)	Movement (%)
Ordinary Revenue from Investment Portfolio	\$32.42	\$35.77	-9%
Total Revenue - Ordinary	\$34.95	\$36.30	-4%
Operating Result (before tax and special investment revenue)	\$33.76	\$35.10	-4%
Earnings per share	4.17cps	4.48cps	-7%
Interim Ordinary Dividend per share	3.85cps	3.70cps	4%
Result <u>including</u> special investment revenue	1H FY24 (\$m)	1H FY23 (\$m)	Movement (%)
Net Profit After Tax	\$34.43	\$36.79	-6%
Earnings per share	4.31cps	4.94cps	-13%
Interim Special Dividend per share	0.00cps	0.50cps	-100%

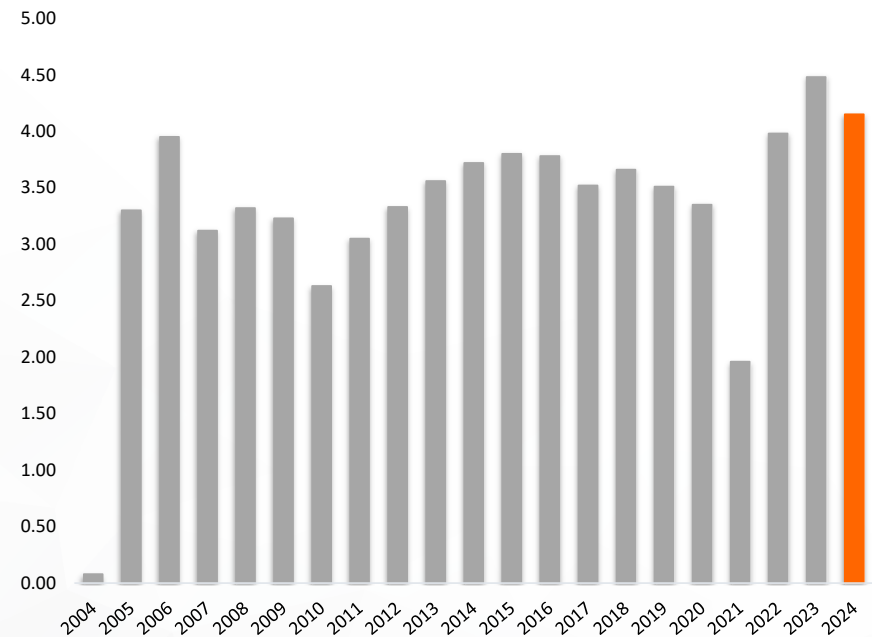
2024 Half Year Results

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

First Half Net Operating Result (before special dividends)



First Half Earnings Per Share (before special dividends)

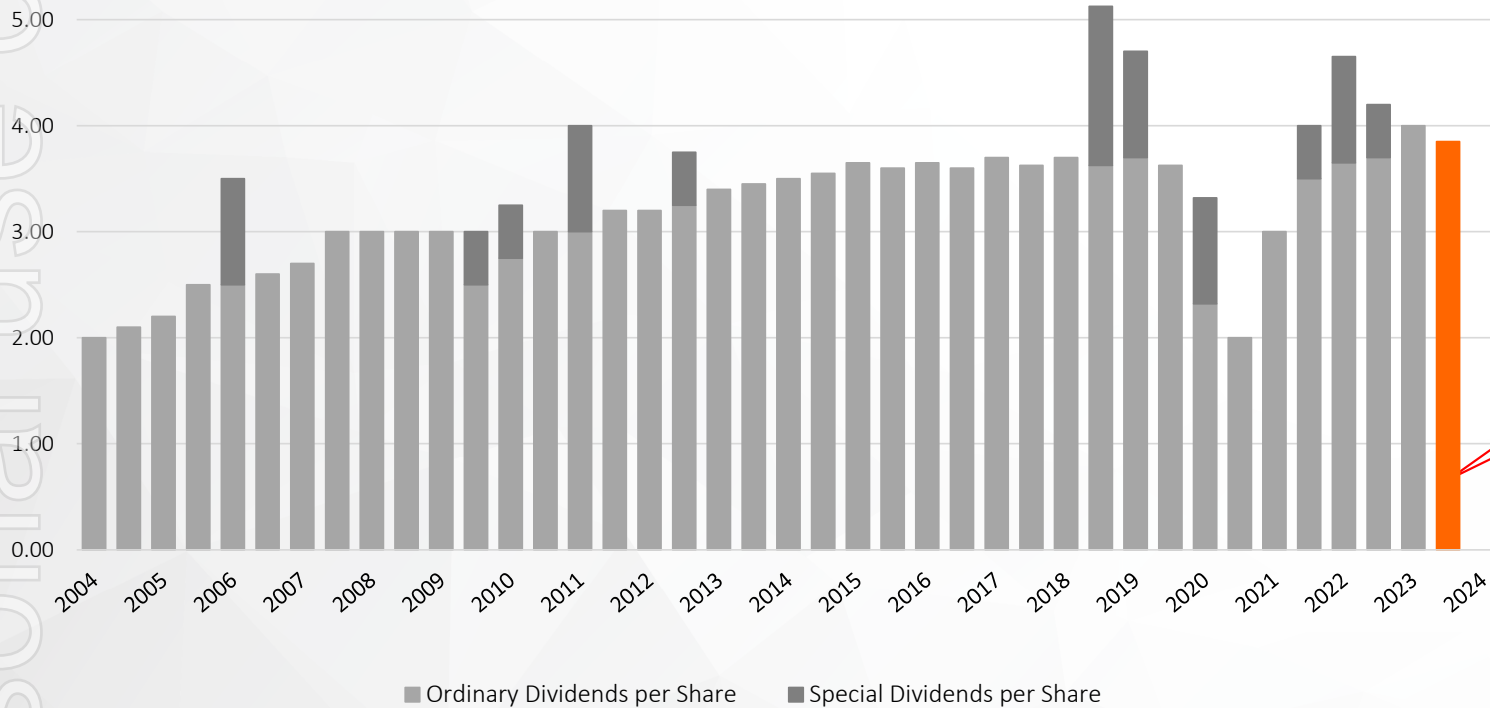


Source: BKI, Contact Asset Management

20 Years of Strong Dividends

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

BKI Dividend History – 20 Years



1H 2024 Ordinary Dividend of
3.85cps
up 4% on last year.

Source: BKI, Contact Asset Management

Corporate Actions



Acquisition of Unlisted Investment Company

- Completed the acquisition of an unlisted investment company with net assets of approximately \$16 million.
- BKI has now completed several transactions of this nature, benefiting existing BKI shareholders by increasing the size of BKI's portfolio in a cost-effective manner.
- The BKI Board welcomes the new shareholders onto the register and looks forward to engaging in similar transactions in the future.

Performance

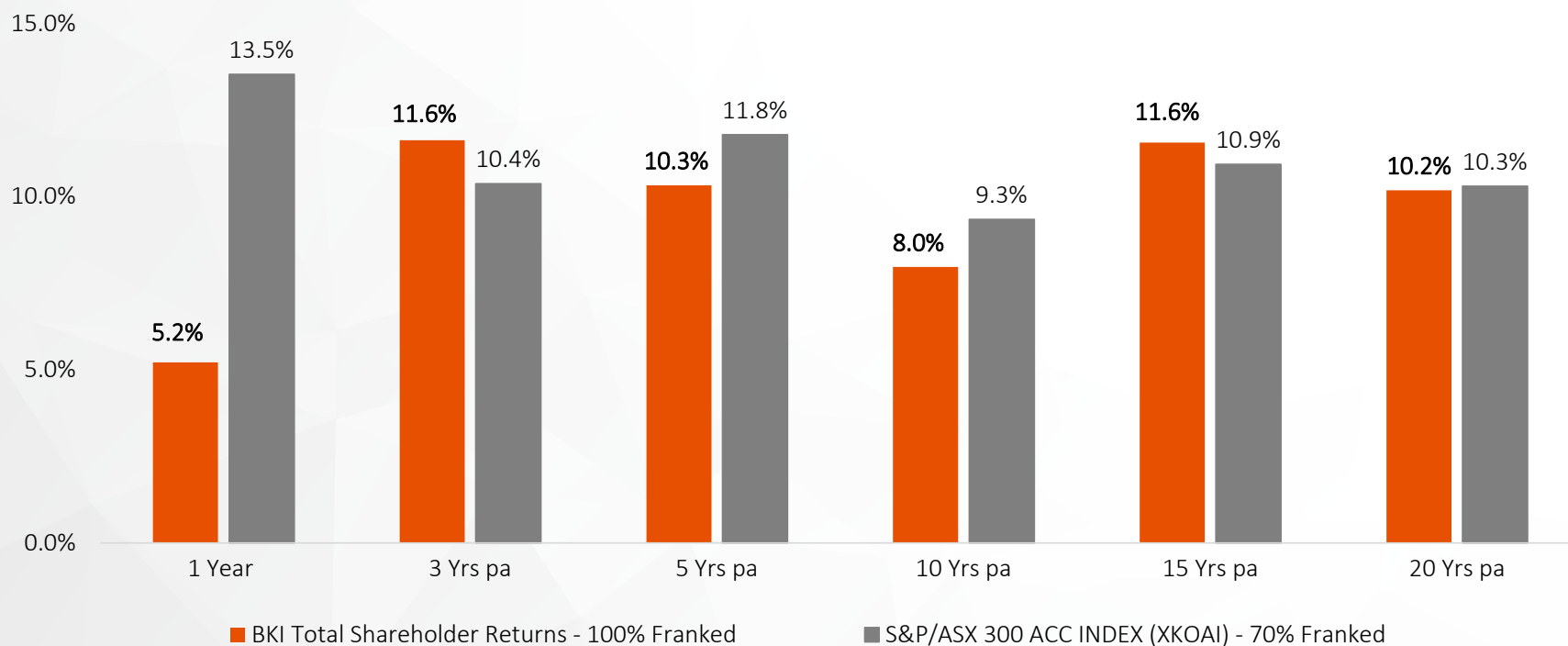
Results Presentation

For the half year ended 31 December 2023

Performance - Total Shareholder Return (TSR)

As at 31 December 2023

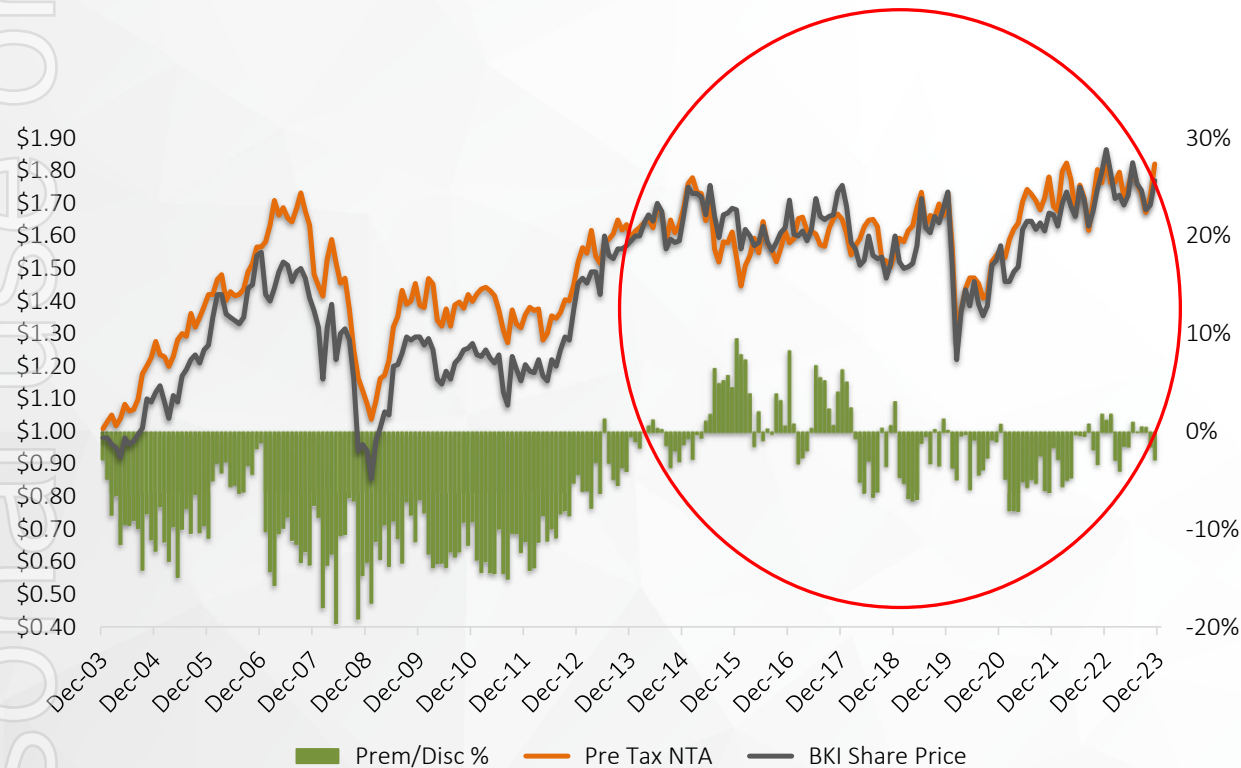
Total Shareholder Returns (TSR)



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

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.



Celebrating 20 Years

Results Presentation

For the half year ended 31 December 2023



BKI is managed by Contact Asset
Management AFSL 494045

For personal use only

Celebrating 20 Years

As at 31 December 2023



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

- The number of BKI shareholders has grown 119% from 7,832 in 2003 to 17,170.
- 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 also paid 11 fully franked special dividends since listing.
- 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 10.2% p.a.

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

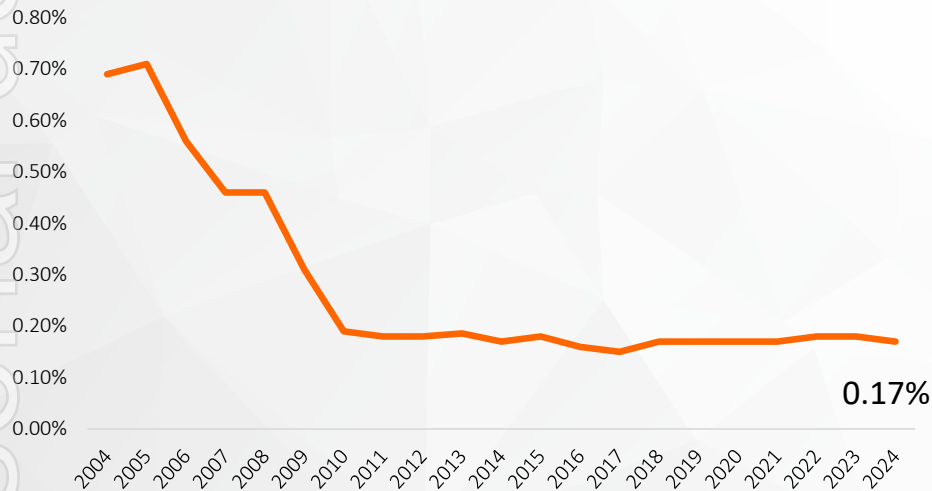
Investor Focused

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



History of BKI's Management Expense Ratio (MER)

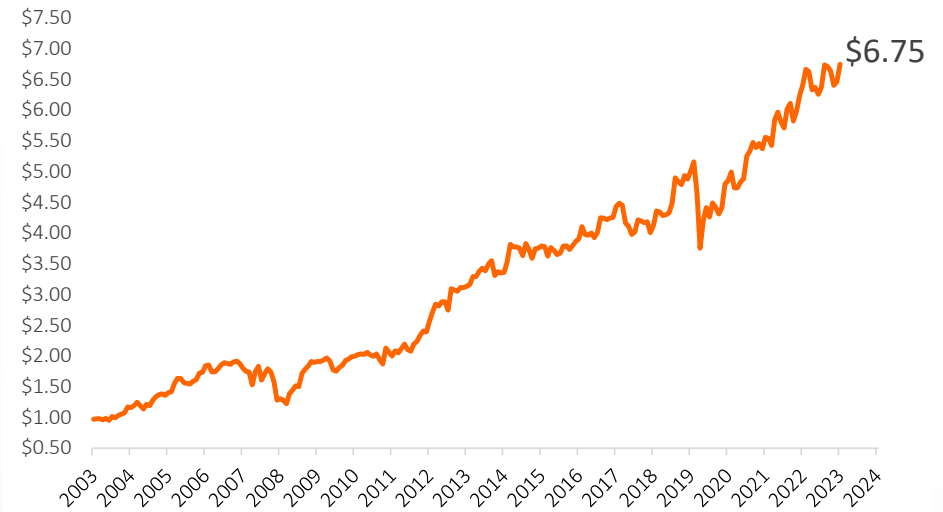
We know that small fees have positive impacts on investor returns. BKI offers a very competitive fee structure, with a Management Expense Ratio of 0.17%.



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 \$6.75 per share as at 31 December 2023.



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
27th November 2023
Pre-Tax NTA \$1.71

NTA AND MONTHLY REPORT
October 2023
Company Overview table:

Market Cap	\$1.4B
Enterprise Value	\$1.4B
Revenue	\$1.4B
EBITDA	\$1.4B
Operating Profit	\$1.4B
Net Profit	\$1.4B
Free Cash Flow	\$1.4B

Contact Asset Management
October 2023
A Compelling Opportunity amongst Beaten Up Small Caps
Contrasting Performance between Large Caps and Small Caps

Quarterly Report
September 2023
The Power of Recurring Revenue

2023 Annual General Meeting
Wednesday 6th November 2023

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 half year ended 31 December 2023

For personal use only

Portfolio Movements

As at 31 December 2023

Main Purchases Add

Sales Exit



Quality Portfolio

BKI's Top 10 Investments

1 	2  MACQUARIE	3  CommonwealthBank	4  nab	5  apa
6  Wesfarmers	7  NHG NEW HOPE GROUP	8  Woodside Energy	9  Transurban	10  Woolworths <i>The fresh food people</i>

Portfolio Positioning – Top 25

As at 31 December 2023

Stock	% of Total Portfolio
1 BHP Group	9.9%
2 Macquarie Group	8.2%
3 Commonwealth Bank	7.7%
4 National Australia Bank	7.5%
5 APA Group	5.7%
6 Wesfarmers Limited	4.8%
7 New Hope Group	4.6%
8 Woodside Energy	3.5%
9 Transurban Group	3.3%
10 Woolworths Limited	3.1%
11 Telstra Group Limited	3.0%
12 Sonic Healthcare	2.8%
13 ARB Corporation	2.4%

Stock	% of Total Portfolio
14 Harvey Norman Holdings	2.3%
15 Ramsay HealthCare	2.1%
16 TPG Telecom Limited	2.0%
17 Goodman Group	1.6%
18 Amcor	1.6%
19 Suncorp Group	1.5%
20 Lindsay Australia	1.4%
21 Aurizon Holdings	1.3%
22 Coles Group	1.3%
23 Yancoal	1.2%
24 W H. Soul Pattinson	0.9%
25 Ampol Limited	0.9%
Cash & Cash Equivalents	6.8%
Total	91.4%

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

Overweight / Underweight Positions

As at 31 December 2023

Overweight Positions

Company	Active Weight
Macquarie Group	5.5%
APA Group	5.2%
New Hope Group	4.4%
National Australia Bank	3.8%
ARB Corporation	2.3%
Wesfarmers Limited	2.3%
Sonic Healthcare	2.2%
Harvey Norman	2.1%
TPG Telecom	1.7%
Ramsay Healthcare	1.6%

Underweight Positions

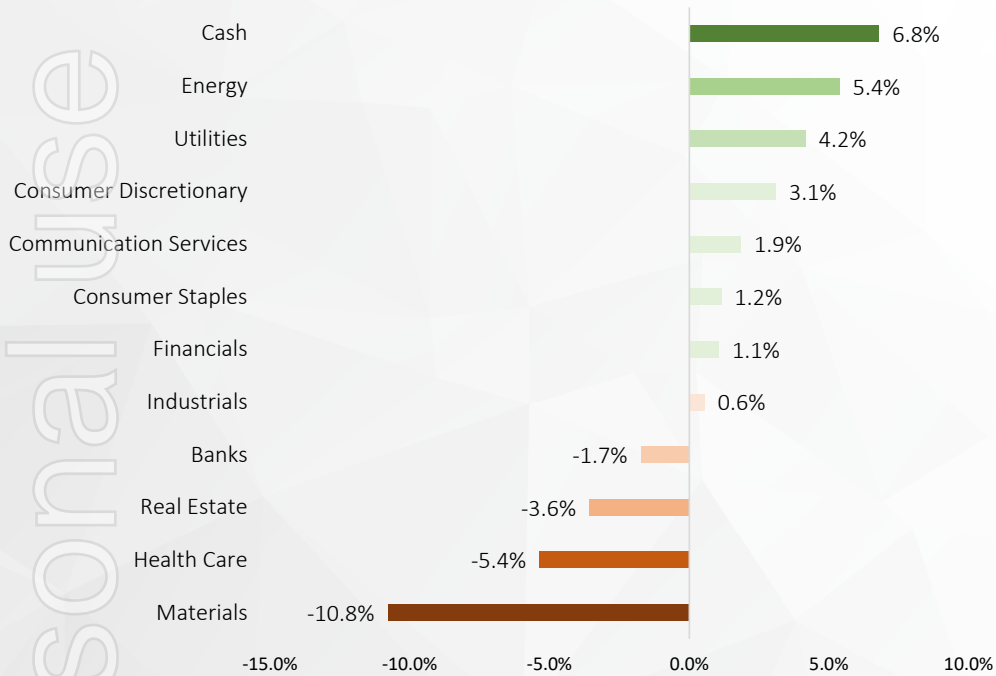
Company	Active Weight
CSL Limited	(5.4)%
Fortescue Metals	(3.2)%
Westpac Bank	(3.2)%
ANZ Banking Group	(3.1)%
Rio Tinto	(2.0)%
Aristocrat Leisure	(1.1)%
QBE Insurance Group	(1.0)%
Santos Limited	(1.0)%
WiseTech Global	(0.9)%
REA Limited	(0.9)%

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

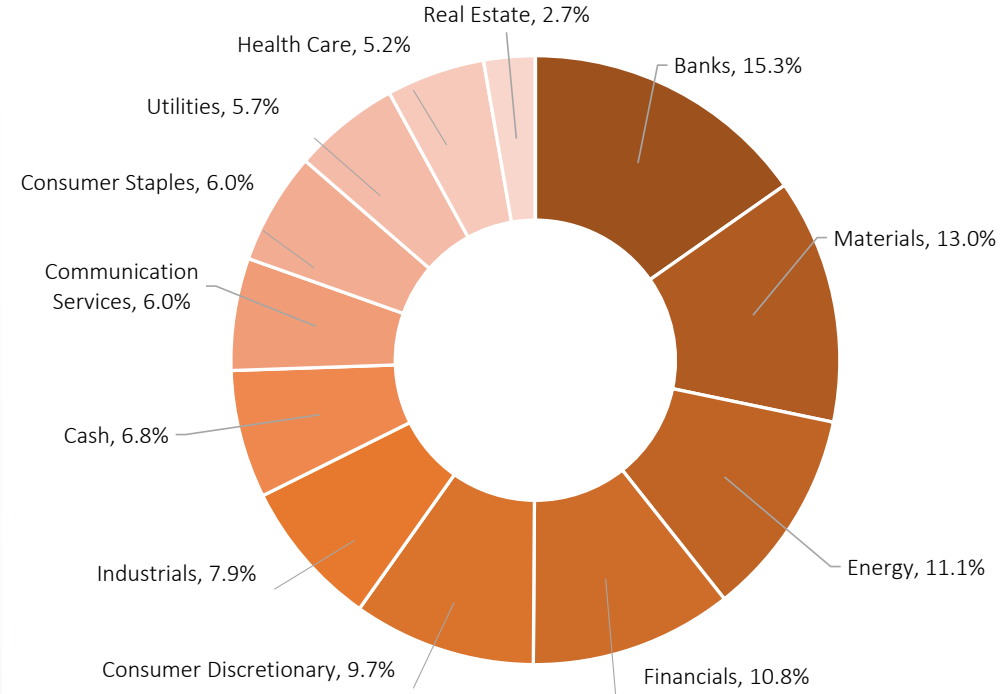
Sector Analysis – Active Weight and Exposure

As at 31 December 2023

BKI Portfolio: Active Weight by Sector



BKI Portfolio: Exposure by Sector



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

Equity Market Overview

As at 31 October 2023

Equity Market Overview

As at 31 December 2023

The Australian economy was more resilient in 2023 than many might have expected. The much-feared mortgage cliff has, to date, failed to eventuate and, while consumer confidence dropped, actual retail sales numbers were reasonable. The main themes we have been focusing on are playing out as contributing factors to the resilient Australian economy.

Positive themes surrounding Resources and Energy, Migration, Education and Tourism and Superannuation contributions all remain in place. In addition, the Australian labour market is well positioned with the unemployment rate still very low, which is important for economic stability. We believe the housing market is also well placed with a significant shortfall in dwellings, and high demand following increased levels of immigration as well as the possibility of rate cuts at some point in the 2024 calendar year.

Equity Market Overview

As at 31 December 2023



Despite this, the market has continued to pare back earnings forecasts for FY24, with margins continuing to be squeezed and the ability of many companies to push through price increases becoming more challenging. However, recent commodity price improvements should also be a positive tailwind for Resource and Energy stocks.

BKI continues to hold a portfolio of high-quality dividend paying stocks and has no debt. BKI has cash available and is well positioned to take advantage of any opportunity which may present itself over the year ahead.

BKI will continue to look to invest in businesses at a reasonable price with a view of holding them for long-term capital growth and increasing dividend income.



BKI Investment Company

info@bkilimited.com.au

+61 2 7251 6242

Suite 302, Level 3, 1 Castlereagh Street, Sydney NSW



BKI is managed by Contact Asset Management AFSL 494045