



Washington H. Soul Pattinson and Company Limited 2022 AGM report

ASX code	SOL
Meeting date	Friday, 9 December 2022
Type of meeting	Physical and webcast (watch only – no questions or voting)
Monitor	Peter Gregory assisted by Norman Windell
Pre AGM-meeting	Yes, with Chair Robert Millner

Meeting Statistics

Number of holdings represented by ASA	215
Number of shares represented by ASA	1,062,781
Value of shares represented by ASA	\$29.5m
Total number attending meeting	In person 110 shareholders plus 50 visitors. Online over 200
Market capitalisation	\$10.0 billion
ASA open proxies voted	On a poll. ASA voted in favour of all the resolutions

Poll outcomes

All resolutions were carried with over 94.5% “For”, except for the re-election of Robert Millner with 88% “For”.

Highlights of [Robert Millner \(chair\) and Todd Barlow \(CEO\) presentations](#) :

- Warwick Negus will retire as a director on 22 Dec. Josephine Sukkar will replace him as Chair of the remuneration committee. A new director, David Baxby, will join the board on 1 Feb 2023.
- FY22 has been a transformation year for WHSP. The Milton merger is enabling a diversification of asset classes and has provided liquidity to take advantage of new opportunities.
- [Q1 \(1 Aug to 30 Oct 2022\) results](#) are positive against a market that has largely been flat – net asset value per share up 1%; SOL share price up 8.8%; net cash flow from investments per share up 2% vs pcp; and net working capital up \$44m as liquidity is increased.
- WHSP has increased diversification, in response to macro-economic conditions, towards uncorrelated and defensive assets.
- WHSP has increased investment into agriculture, including water rights and commodities where Australia has a distinct competitive advantage.
- Portfolio updates - Ampcontrol has first battery powered vehicle to operate in an intrinsically safe environment, New Hope has approval to commence New Acland Stage 3 mine, Brickworks holds \$1.8b in manufacturing and industrial joint venture trusts with Goodman Group, and the WHSP growing Structured Yield portfolio is yielding over 10%pa.

- WHSP has a strong commitment to Environmental, Social and Governance through its directly controlled operations and is exerting influence on investee companies to strengthen ESG performance.

ASA asked about:

- Director breadth of skills and experience – the board believes it has deep real business experience in its membership. It will continue to actively adapt to the changing WHSP business, as can be seen with recent appointments.
- Key person vulnerability – WHSP has effective retention strategies, quality people, and plans in place for the future.
- Use of broad-based indexes in the remuneration plan – given the broad nature of the WHSP business the board has determined that these are the best comparators to use.

Questions raised by other shareholders

- New Hope Coal – WHSP recognise that coal has a limited future, but as part of the global transition to renewable energy NHC provides high-quality product at lower cost. NHC is a supply and demand situation and is a very strong cash generator for WHSP. NHC manages its scope 1 and 2 emissions well. For example, it effectively rehabilitates disused sites and sources council wastewater for its use.
- What is the WHSP swim school value add? This is a reliable and expanding market, comprising many smaller suppliers. WHSP can consolidate the industry delivering efficiencies, expand into under serviced geographies, and offer value adding services to customers.
- Why increase investment in Electro Optical Systems – it is a smaller business that got into difficulty. It has good contractual revenue, and it can cover its debt. But most importantly it is fundamentally a strong business that is expected to deliver good returns to WHSP.

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