

BKI Investment Company

Results Presentation

For the half year ended 31 December 2023



BKI is managed by Contact Asset
Management AFSL 494045

Disclaimer



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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

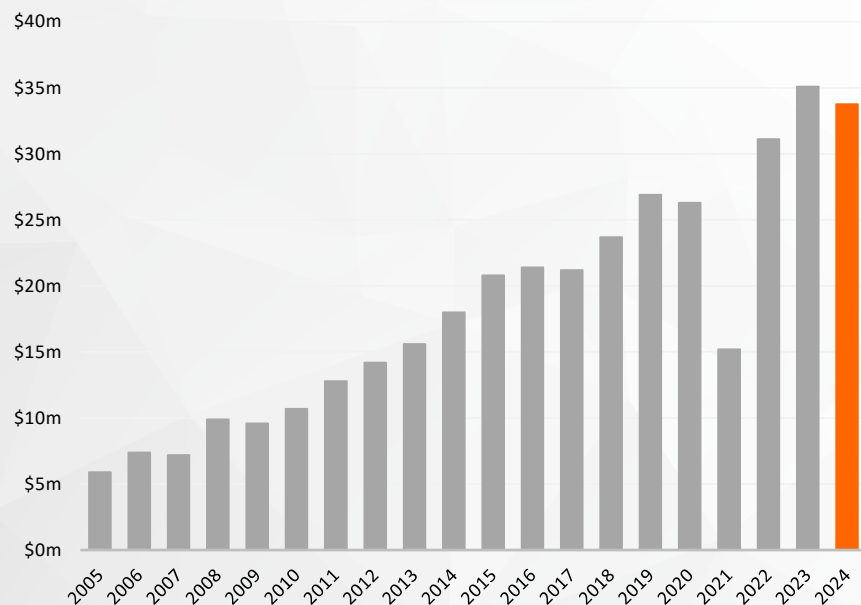
Result <u>excluding</u> special investment revenue	1H FY24 (\$m)	1H FY23 (\$m)	Movement (%)
Ordinary Revenue from Investment Portfolio	\$32.42	\$35.77	-9%
Total Revenue - Ordinary	\$34.95	\$36.30	-4%
Operating Result (before tax and special investment revenue)	\$33.76	\$35.10	-4%
Earnings per share	4.17cps	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%

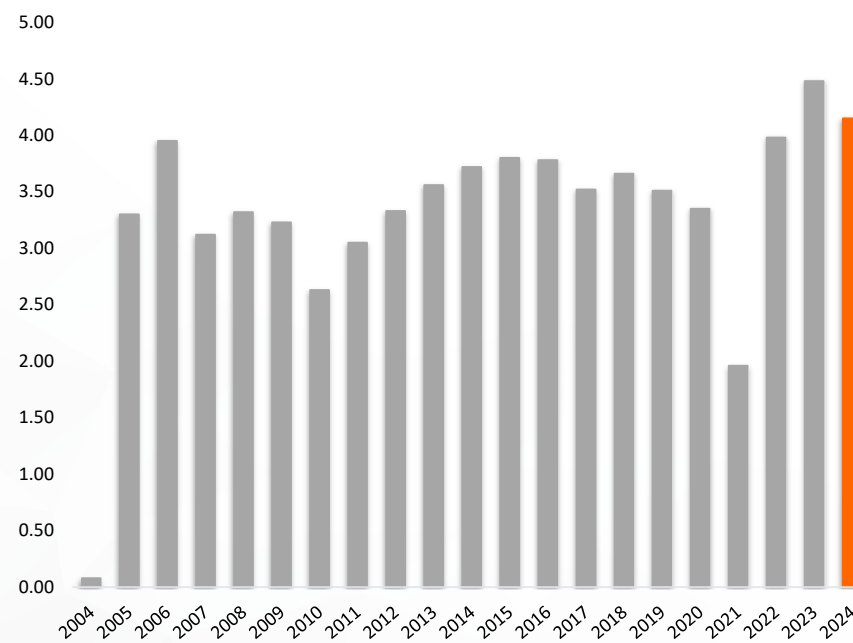
2024 Half Year Results

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)

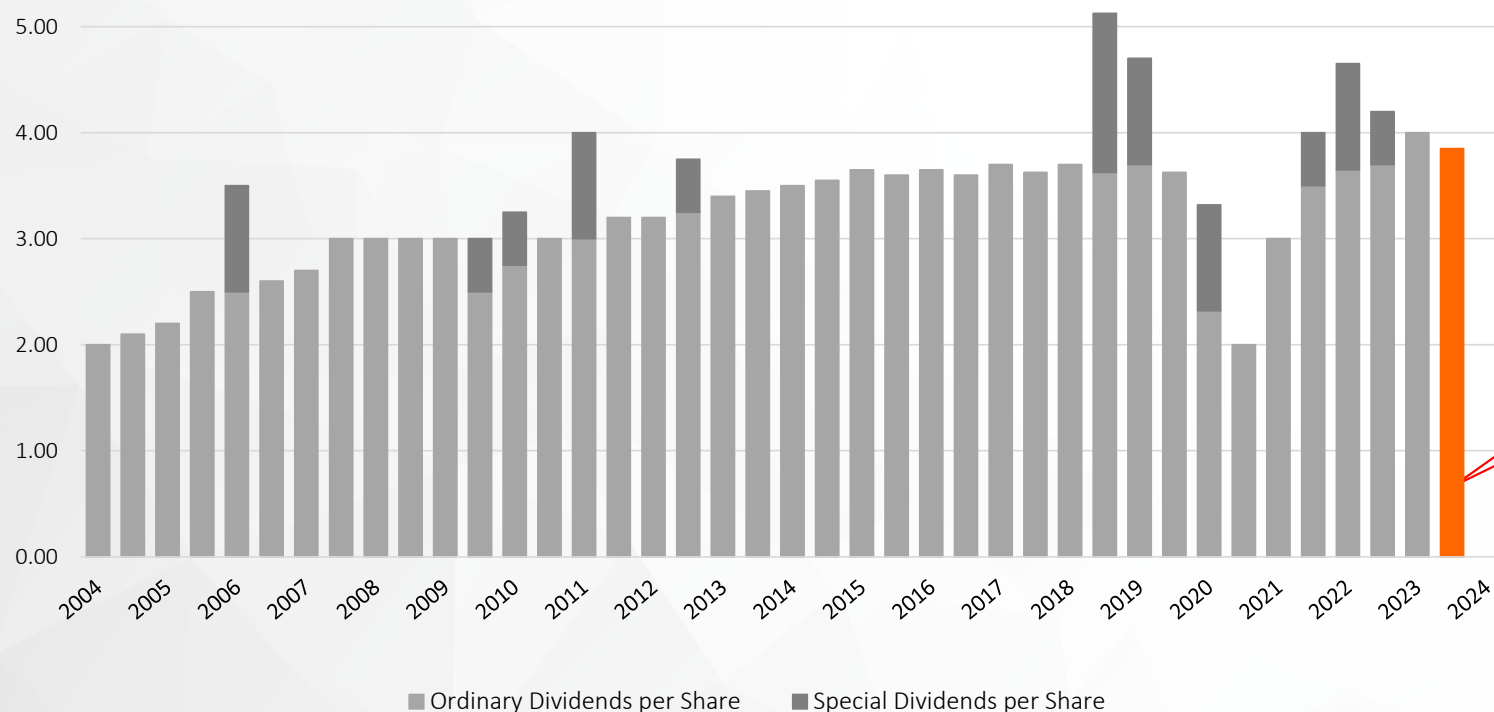


Source: BKI, Contact Asset Management

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

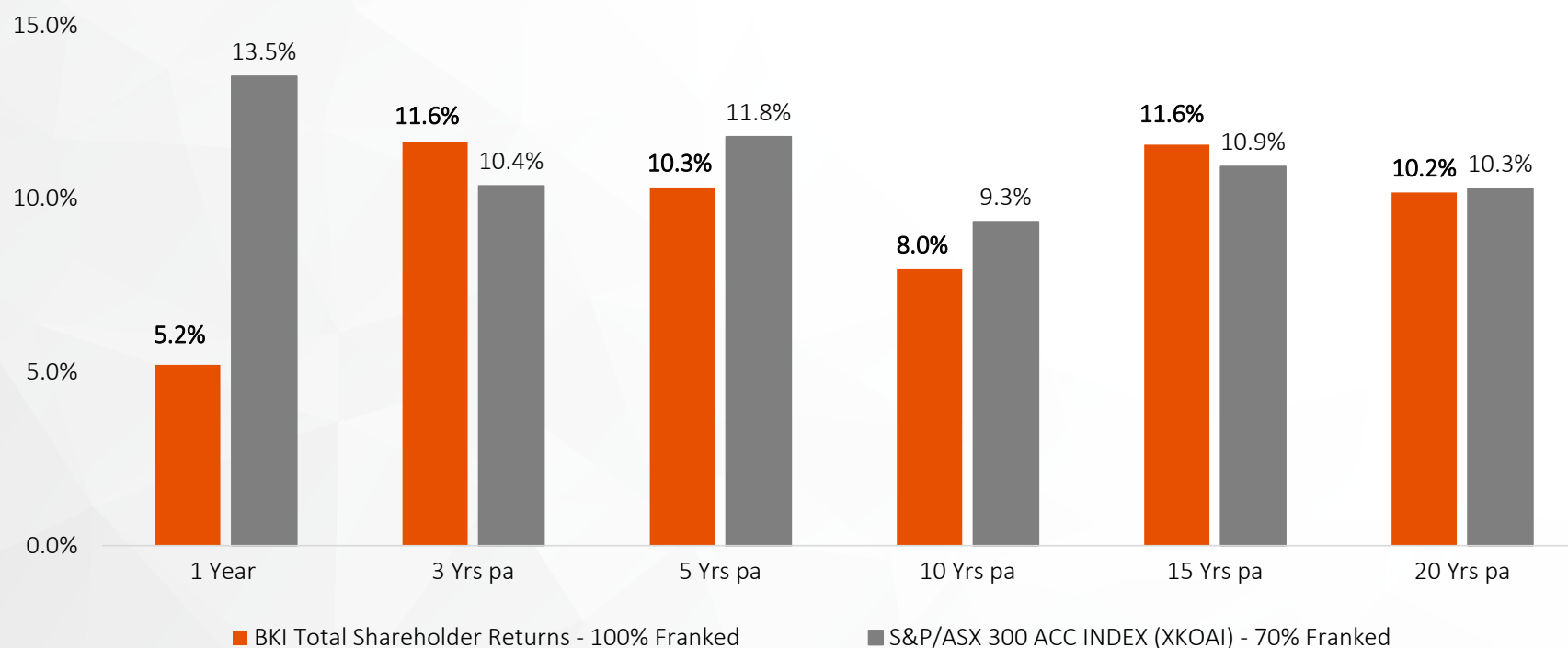
Results Presentation

For the half year ended 31 December 2023

Performance - Total Shareholder Return (TSR)

As at 31 December 2023

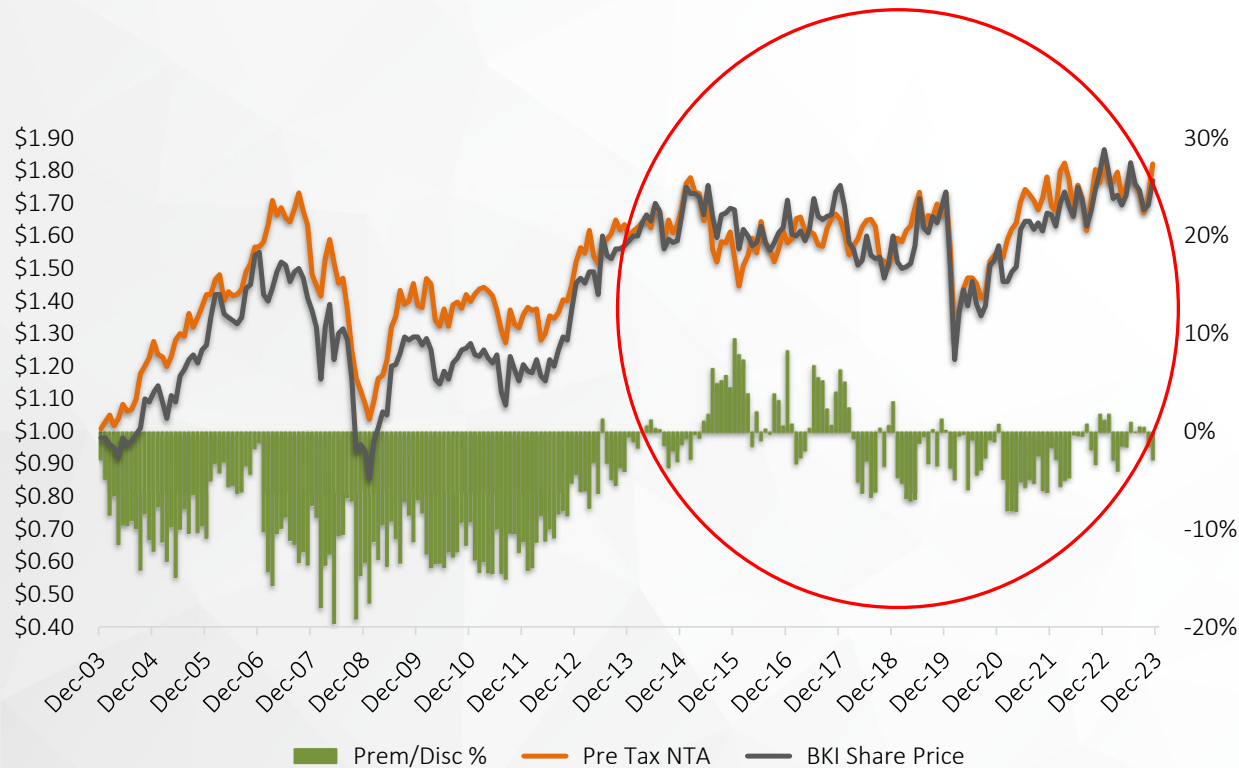
Total Shareholder Returns (TSR)



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*



Source: BKI, Contact Asset Management.

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

Celebrating 20 Years

Results Presentation

For the half year ended 31 December 2023

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.

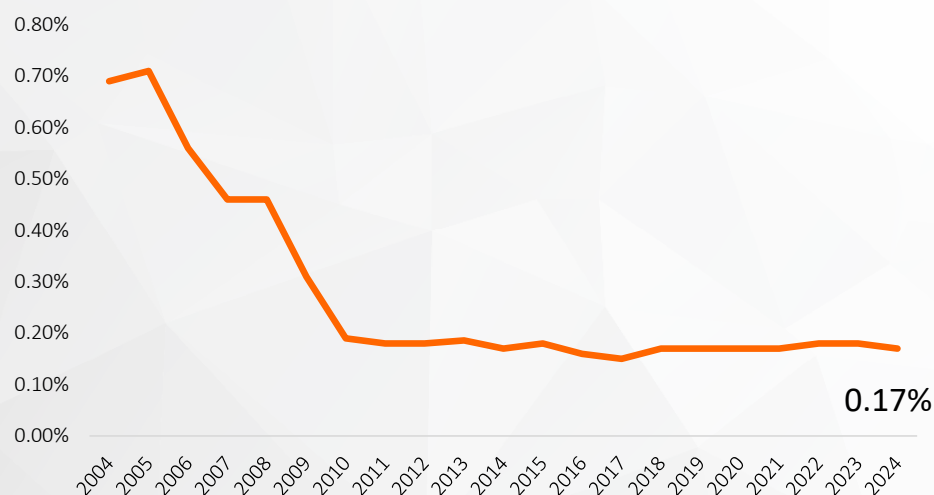
Investor Focused

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



History of BKI's Management Expense Ratio (MER)

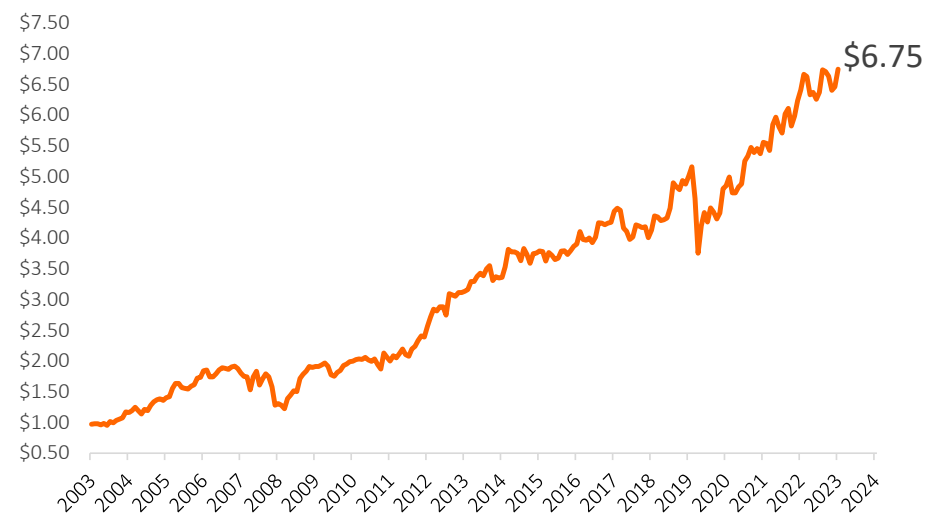
We know that small fees have positive impacts on investor returns. BKI offers a very competitive fee structure, with a Management Expense Ratio of 0.17%.



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

BKI Weekly NTA Update

BKI INVESTMENT COMPANY LIMITED
ASX: 236 739 860

27th November 2023

Weekly NTA Update
BKI Investment Company confirms its weekly Pre-Tax Net Tangible Assets per share ("Pre-Tax NTA") as at Friday 24 November 2023 below:

Pre-Tax NTA \$1.71
The Pre-Tax NTA is unaudited and indicative only.

BKI Share Price
The closing price of BKI Investment Company share price ("BKLASK") as at Friday 24 November 2023 was:

BKLASK \$1.70

Business Overview: BKI is a research driven, listed investment company, investing for the long term in profitable, high yielding, well managed companies, listed on the Australian Securities Exchange (ASX) and with the assets portfolio managed by Contact Asset Management, an investment in BKI gives shareholders access to the Contact Asset Management portfolio.

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NTA AND MONTHLY REPORT
October 2023

"Our aim is to create wealth for BKI shareholders, through an increasing fully franked dividend and capital growth"

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Growing Fully Franked Dividend: BKI has a history of increasing its fully franked dividend to BKI shareholders for the long term and focus on creating wealth for all shareholders by increasing cash flow and increasing the fully franked dividend and capital growth.

As at 30 October 2023, using the FFO/FFO First Dividend and FFO/FFO Income Statement, and a share price of \$1.68, the following financial ratios are in place:

New Tangible Assets (NTA)	
Pre-Tax NTA	\$1.71
Post-Tax NTA	\$1.68

Historical Grossed Up Dividend Yield*		Management Expense Ratio	
7.0%	0.18%		

NTA and Monthly Report
October 2023

Pre-Tax Net Tangible Assets: \$1.71
Post-Tax Net Tangible Assets: \$1.68

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Contact Asset Management
NOVEMBER 2023

A Compelling Opportunity amongst Beaten Up Small Caps
Risk-off has accelerated sentiment in recent months. Operations in global bond markets, combined with the acquisition of interest in the Middle East special markets. Many global markets are now in a "transition". Domestically, while Australian equities markets have improved from their lows, there has been sustained decline in Small Caps relative to the broader market. We believe there are several compelling long-term buying opportunities. In this note, we discuss a stock that we consider compelling, particularly given its quality attributes.

Contrasting Performance between Large Caps and Small Caps
For the better part of two years, Australian Small Caps have delivered very underwhelming returns, benchmark towards small cap and have experienced a period that several interesting opportunities appear to be emerging. The following charts highlight the extent of the underperformance.

What we find interesting is that the Small Cap Index is trading at a discount to large cap despite offering superior growth potential. According to Bloomberg Barclays' Emerging and Divers (E&D) the BKI-BKI is expected to rise by 5.6% in FY24 and then increase to 20.7% in FY25. We, BKI Group, therefore for Small Companies is expected to increase in both FY24 and then increase to 20.7% in FY25. We, BKI Group, therefore for Small Companies is expected to increase in both FY24 and then increase to 20.7% in FY25. We, BKI Group, therefore for Small Companies is expected to increase in both FY24 and then increase to 20.7% in FY25.

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Quarterly Report
September 2023

QUARTERLY REPORT
The Power of Recurring Revenue:
Welcome to the 10th edition of the BKI Quarterly Report, prepared by Contact Asset Management ("Contact"). The recent August Reporting Period provided clear evidence of our ability to move a more challenging phase of the economic cycle. Quality attributes (increasing knowledge, expertise, the quality of our assets) to achieve what we believe is a recurring revenue. In an era where customer preferences shift rapidly, and market dynamics are increasingly unpredictable, the ability to generate stable, recurring revenue is a key to long-term success and a strong return to shareholders.

Recurring Revenue: Building Business Resilience
Recurring revenue and stable cash flow, it represents a fundamental shift in the way businesses operate and thrive. By ensuring models that foster continuous value exchange, businesses can build a loyal customer base, encourage innovation, and achieve financial stability. We consider this a high quality attribute in our investments and assets for our shareholders in our assets and business models.

Higher Market Multiple: Multiple businesses with recurring revenue often command higher valuations relative to the broader market. Investors are willing to pay a premium for the stability and predictability these companies offer, leading to higher stock prices and market capitalization. This is beneficial for companies that can give us a significant and well-earned return on our investment, and we are confident that this is the BKI Portfolio in the Contact Asset Management ("Contact") is one of the world's leading contact operators. Through its expert research and high quality assets, it provides a strong return to shareholders.

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2023 Annual General Meeting
Wednesday 8th November 2023
Bridewatts Design Studio
2 Bankers Street, Sydney, NSW 2000

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2023 Annual Report
for the year ended 30 June 2023

BKI INVESTMENT COMPANY LIMITED
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2023 Annual Report
for the year ended 30 June 2023

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for the year ended 30 June 2023

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Source: BKI, Contact Asset Management

Portfolio Positioning

Results Presentation

For the half year ended 31 December 2023

Portfolio Movements

As at 31 December 2023

Main Purchases Add

Sales Exit

RioTinto

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

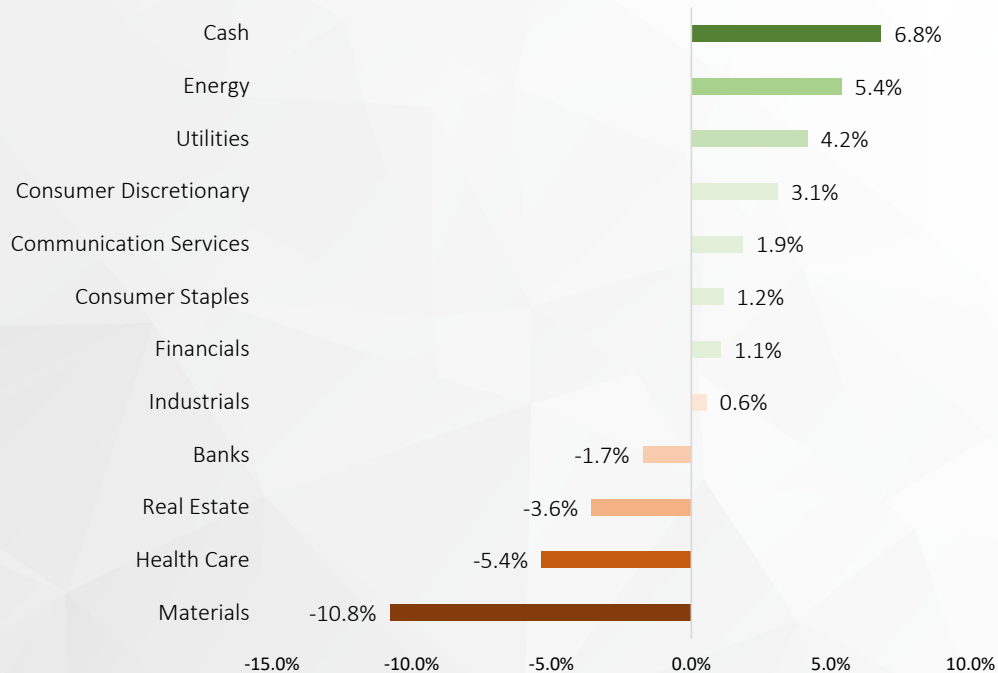
Company	Active Weight
CSL Limited	(5.4)%
Fortescue Metals	(3.2)%
Westpac Bank	(3.2)%
ANZ Banking Group	(3.1)%
Rio Tinto	(2.0)%
Aristocrat Leisure	(1.1)%
QBE Insurance Group	(1.0)%
Santos Limited	(1.0)%
WiseTech Global	(0.9)%
REA Limited	(0.9)%

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

Sector Analysis – Active Weight and Exposure

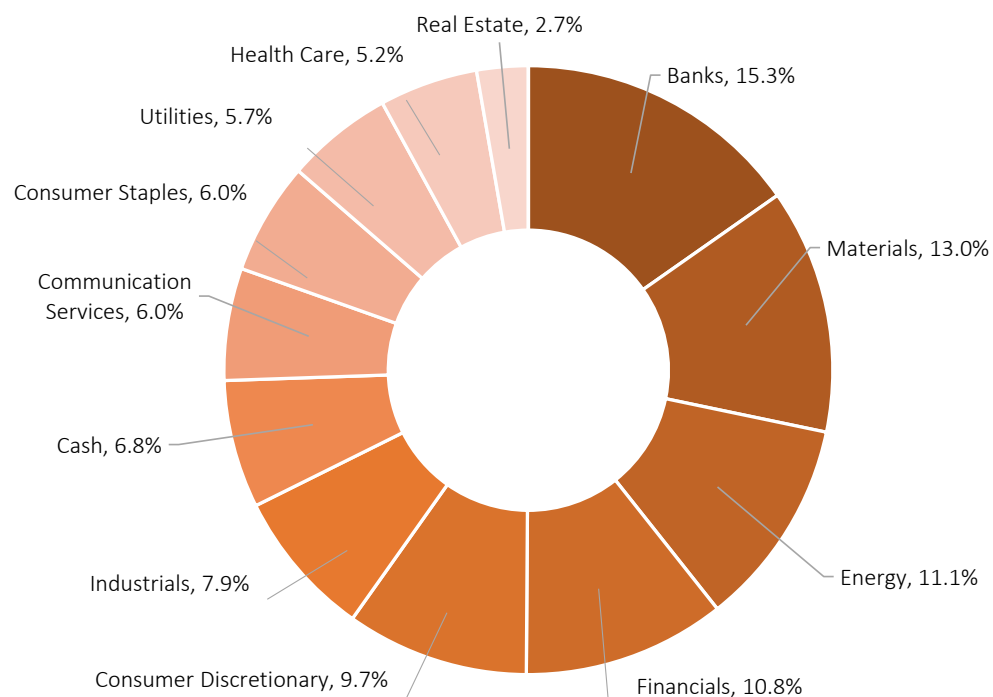
As at 31 December 2023

BKI Portfolio: Active Weight by Sector



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

BKI Portfolio: Exposure by Sector



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

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CONTACT
ASSET MANAGEMENT

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Management AFSL 494045