



BKI Investment Company Limited

PRESENTATION TO SHAREHOLDERS

SEPTEMBER 2015

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Why do we...

...invest for the long term with an aim to create wealth for BKI shareholders, through an increasing fully franked dividend and capital growth?

...focus on keeping costs low – and not charge external portfolio management or performance fees?

...because we are also shareholders in the Company.

*6.2%
Grossed up
Dividend
Yield*

*0.18%
Management
Expense Ratio*

Key Differentiators

- High Value / Low Cost - Active, high conviction, closed end company. No external portfolio management or performance fees.
- Performance - Delivering sound returns plus dividend growth.
- Alignment - Directors and Management are shareholders in BKI. We focus on dividend payments - not generating management or performance fees.
- Experience - The Board and Management of BKI has over 180 years of collective industry experience (average of 27 years); Average tenure at BKI being 8.7 years.

Key Differentiators

- Diversification – Exposure to well managed, dividend paying companies.
- Listed on the ASX
 - ASX Listing Rules - Continuous Disclosure requirements, High levels of Transparency and Compliance.
 - Size & strength - Market Capitalisation of \$944m*.
 - Simplicity – An investment in BKI.ASX provides administration simplicity.
 - Liquidity – Shares trade on the ASX. 13,800 shareholders. Settlement T+3.
- Tax Effective - Dividends are fully franked; tax credits passed on to shareholders.
- Capital Management - 5 Fully Franked Special Dividends distributed since listing.



BKI Investment Company Limited

LOW COST, INCOME AND CAPITAL GROWTH

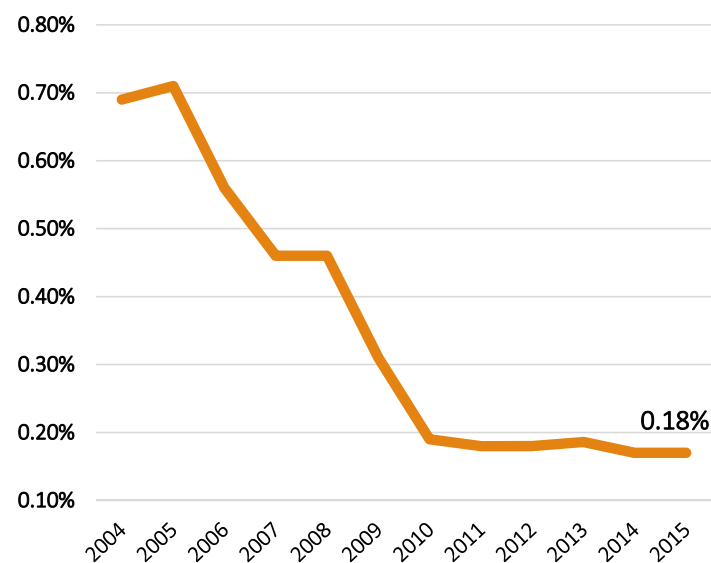
Low Cost, Growing Dividend

BKI's Board & Management are shareholders in BKI.

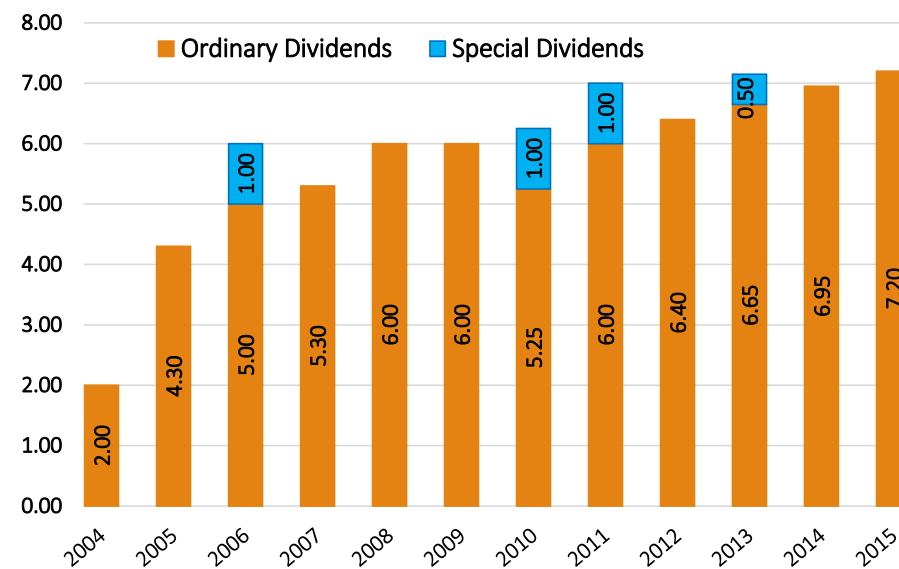
We focus on keeping costs low – we do not charge external portfolio management or performance fees.

We invest for the long term with an aim to creating wealth for all shareholders through increasing fully franked dividends and capital growth.

*The thicker
the carpet...
The thinner
the dividend!*



Low Costs - BKI Management Expense Ratio

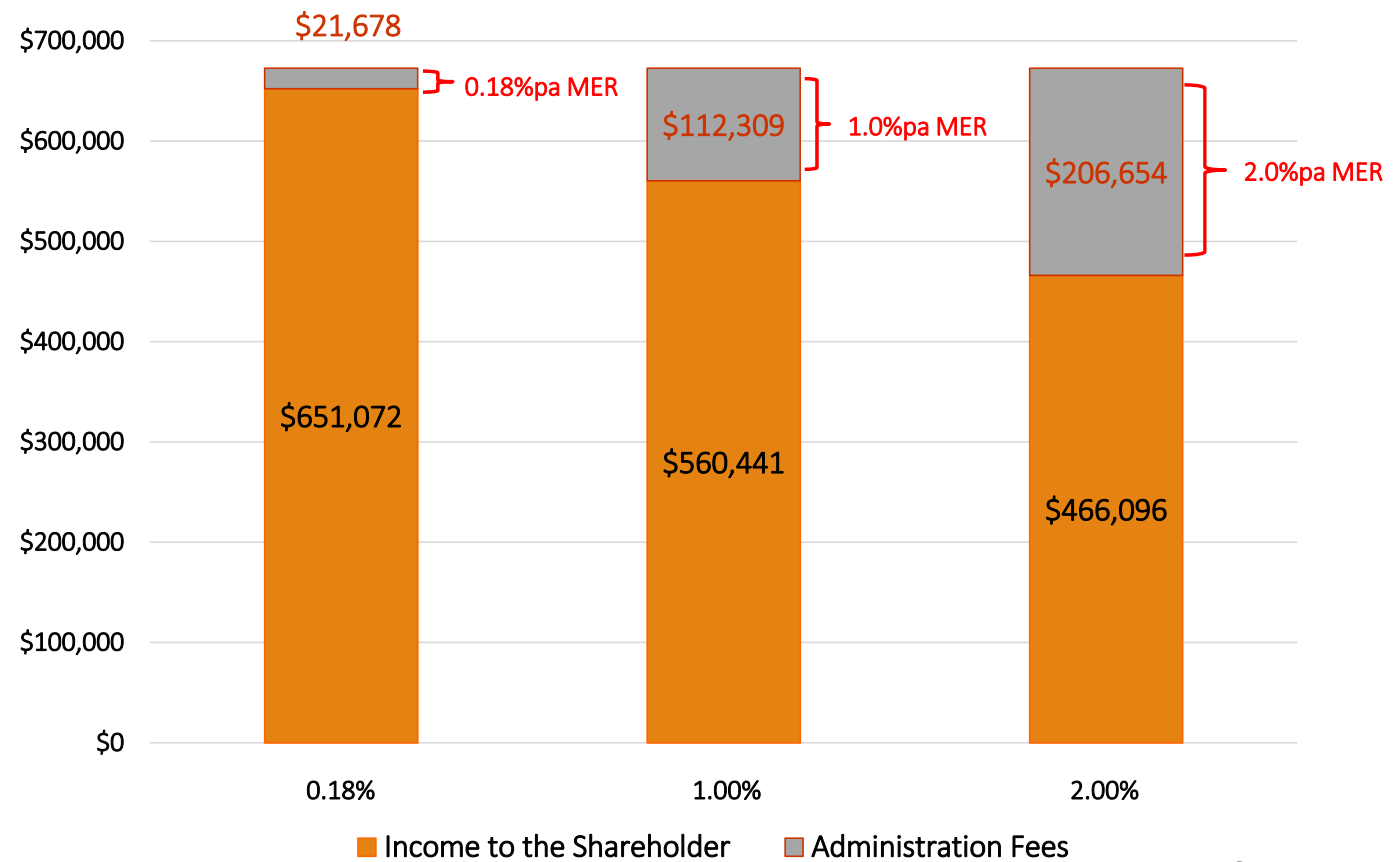


Growing Fully Franked Dividends - BKI Dividends paid to shareholders

*Over 20 years,
administration
fees of 2.0% can
dilute the total
return on an
investment by
more than 30%!*

Low Cost

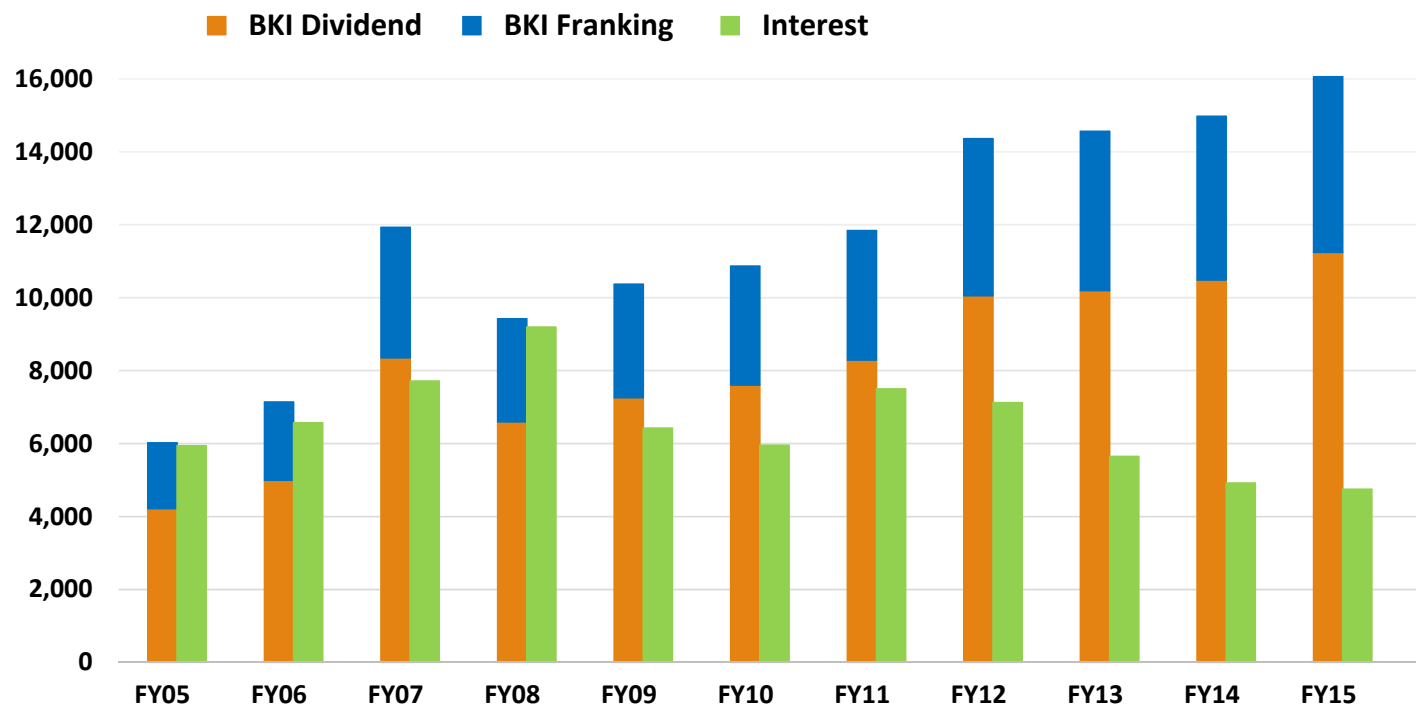
Based on \$100,000 investment in a Listed Investment Company, using a 10% return pa over a 20 year period.



Income Growth

Dividends + Franking Credits received from a \$100,000 investment in BKI at inception versus Bank Quarterly Interest. Highlights the opportunity of receiving a fully franked dividend in a falling interest rate environment.

We focus on dividend payments – not generating management or performance fees



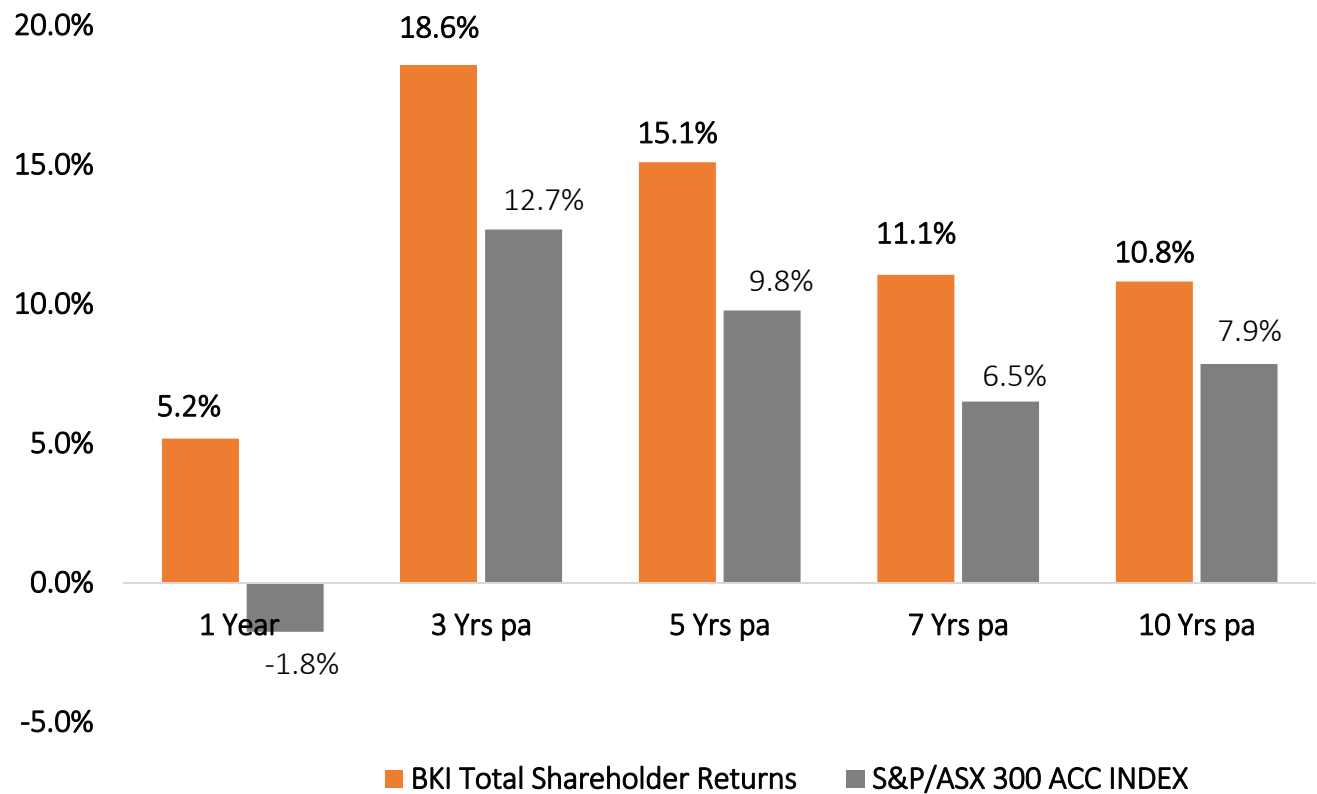
Source: BKI; Bloomberg. An investor who spent the equivalent of \$100,000 to purchase BKI shares upon listing in December 2003 would now be receiving fully franked dividends of \$11,250pa. The franking credits enhance the income by a further \$4,822 (total income of \$16,072). The same investment in a term deposit (based on the cash rate) would be earning pre tax interest of \$5,066pa with no franking credits. Figures include reinvestment of dividends and cash, Ignores capital appreciation of BKI shares. Assumes tax rate of 30%.

Total Shareholder Returns including the benefit of franking credits passed on from BKI to shareholders.

BKI has ample franking credits to ensure dividends are fully franked into the future.

Capital Growth

Total Shareholder Returns including franking credits as at 31 August 2015



The S&P/ASX300 Accumulation Index has been franked at 80%



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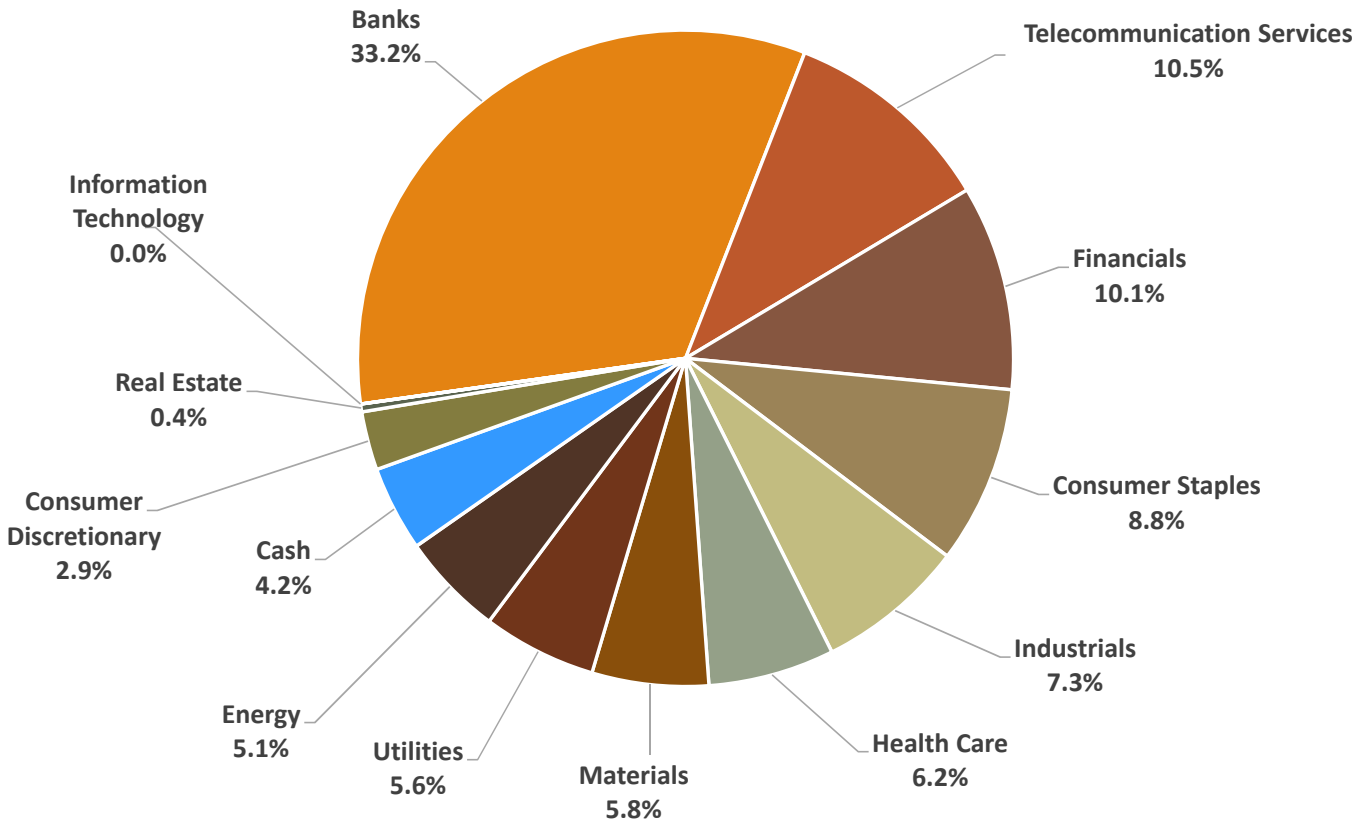
LONG TERM INVESTMENT PORTFOLIO

BKI Portfolio – Exposure by Sector

High Conviction

Benchmark Unaware

BKI's long term strategy of investing in dividend paying stocks means the portfolio is not aligned with an index.



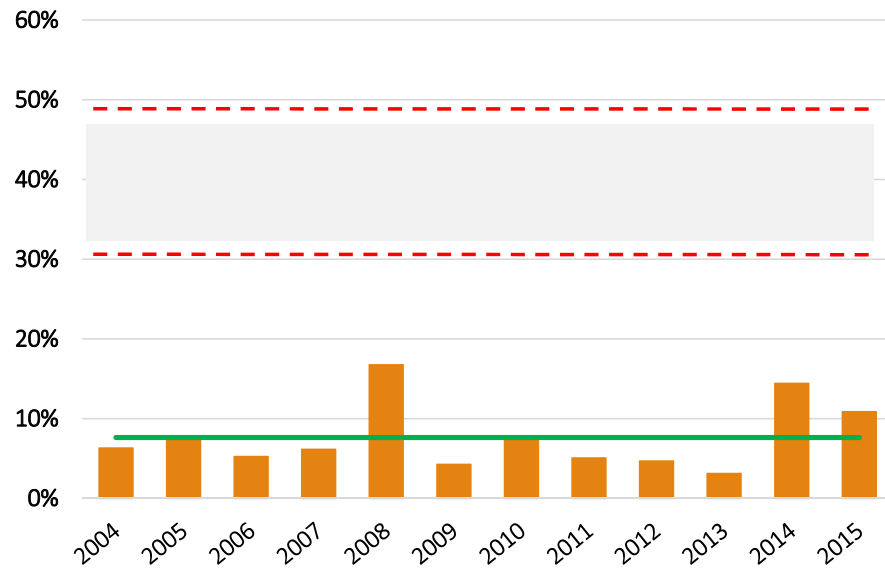
BKI Portfolio — Top 25 Shareholdings as at 31 August 2015



	<i>Stock</i>	<i>% of Total Portfolio</i>		<i>Stock</i>	<i>% of Total Portfolio</i>
1	National Australia Bank	9.3%	14	IAG Limited	1.8%
2	Commonwealth Bank	8.8%	15	Invocare Limited	1.8%
3	Westpac Bank	7.4%	16	Suncorp Group Limited	1.7%
4	Telstra Corporation	5.7%	17	Woodside Petroleum	1.6%
5	ANZ Banking Group	4.8%	18	Ramsay Health Care	1.6%
6	TPG Telecom	4.7%	19	ASX Limited	1.4%
7	BHP Billiton	4.5%	20	ARB Limited	1.4%
8	Wesfarmers Limited	4.5%	21	Sonic Healthcare	1.3%
9	APA Group	3.4%	22	AMP Limited	1.3%
10	Woolworths Limited	3.1%	23	Coca-Cola Amatil	1.2%
11	New Hope Corporation	3.0%	24	Brambles Limited	1.2%
12	AGL Energy Limited	2.4%	25	Bank of Queensland	1.2%
13	Transurban Group	2.3%		Cash & Cash Equivalents	4.2%
				Total	85.6%

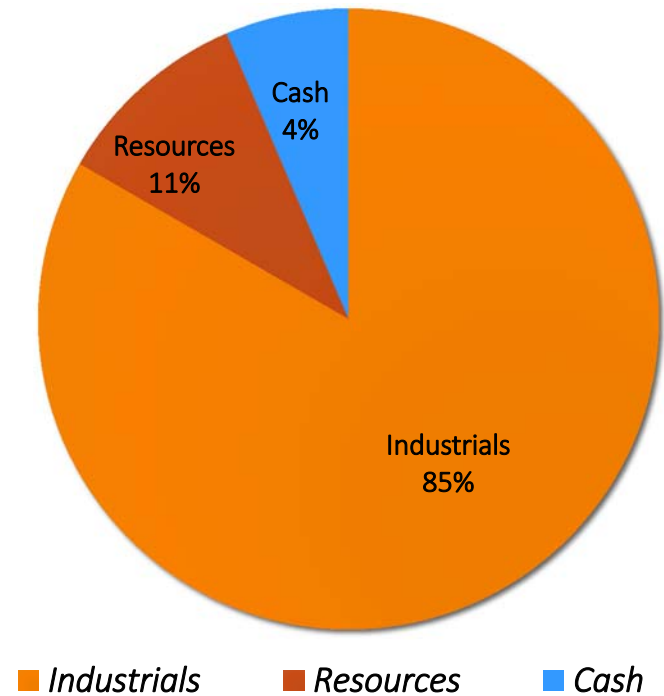
Low Portfolio Turnover – Focus on Quality

Low Portfolio Turnover



— BKI Average Portfolio Turnover = 7.4%
- - - Typical Active Equity Manager Portfolio Turnover = 30% - 50%+
 (Average Turnover = (Total Sales + Total Purchases) / Total Assets)

A focus on Quality



Looking Ahead



Long term investors constantly remain focused on future opportunities. The following sectors have an attractive long term thematic and the BKI portfolio is well positioned to capture future growth expected within these sectors.

- **Finance** - Attractive fully franked dividend yields and sound EPS growth rates expected from the Banks, Diversified Financials and the Insurance companies.
- **Healthcare** - Increasing life expectancy in Australia and other developed countries has led us to invest further into the Healthcare sector for the aging population thematic.
- **Energy** - Population growth and further urbanisation is a real driver for consumption of energy requirements.
- **Infrastructure** - Long term, stable investment opportunities. Freight Distribution and Airport, Gas, Road & Telecommunications Infrastructure.

Yield for Today Growth for Tomorrow

BKI's stock selection is bottom up, focusing on the merits of individual companies rather than solely on market and economic trends.

BKI is focused on investing in stocks using 5 main fundamentals below as part of the stock selection process:

- Income
- Debt
- Principal Activity
- Management
- Valuation

BKI has a 10% exposure to the Telecommunications sector. We own Telstra for yield, and TPG for growth.



Telstra

FY16 Estimates



TPG Telecom

FY16 Estimates *

Income		
Dividend Yield	5.2%	1.5%
Franking	100%	100%
Grossed up Yield	7.5%	2.2%
DPS Growth	5%	20%
Pay Out Ratio	87%	39%
Debt		
Net Debt	\$9,996m	Net Cash
Gearing	65%	Net Cash
Interest Cover	8.5X	Net Cash
Principle Activity		
Retail Market Share	41%	12%
1H15 Broadband Subscribers	3,000,000	786,000
1H15 Mobile Subscribers	16,400,000	342,000
1H15 Fixed Line Subscribers	6,100,000	535,000
Management		
Share Ownership	1%	38%
Valuation		
NPAT Margins	17%	17%
NPAT Growth	7%	21%
EPS growth	9%	21%
ROE	30%	25%
ROA	11%	18%
PE	16.6X	25.2X
BKI Portfolio Weighting	5.8%	4.3%



BKI Investment Company Limited

APPENDIX

Experience and Alignment



Team Member	Qualifications	Position	Investment Experience	Tenure With BKI	Equity Ownership ¹
Robert Millner	FAICD	Chairman Investment Committee	32 yrs	12 yrs	8,490,539
David Hall, AM	FCA, FAICD	Non Executive Director Chairman Audit Committee	36 yrs	12 yrs	277,970
Alex Payne	B.Comm, Dip Cm, FCPA, FCIM	Non Executive Director Investment Committee	28 yrs	12 yrs	286,194
Ian Huntley	BA	Non Executive Director Investment Committee	41 yrs	7 yrs	11,224,980
Tom Millner	B.Des (Ind), GDipAppFin, F.Fin, GAICD	CEO Investment Committee	14 yrs	12 yrs	7,624,640
Will Culbert	B.Bus, GDipAppFin, F.Fin, M.Comm	Senior Investment Analyst Investment Committee	16 yrs	2 yrs	109,046
Jaime Pinto	B.Comm, CA	Company Secretary	21 yrs	4 yrs	50,802
Total					28,064,171

¹Common to R.Millner and T.Millner as at 30 June 2015 are 7,231,771 (2014: 7,231,771) shares held in related companies and trusts in which both hold beneficial interests.

BKI Fact Sheet



ASX Code	BKI.ASX
Listing Date	December 2003
Mandate	Aust Listed Equities
Investment Sectors	Diversified
Benchmark	S&P/ASX 300 Acc Index
Market Cap	\$944m
Debt	Nil
Management Expense Ratio	0.18%
Performance Fee	Nil
Rolling 12 Month Dividend*	7.20cps
Historical Dividend Yield**	4.3%
Percentage Franked	100%
Grossed Up Yield#	6.2%
Dividend Distribution Frequency	Half Yearly
Dividend Payout Policy	90%-95%
Dividend Reinvestment Plan	Active

Research Coverage	Morningstar
	Morgan Stanley
	Bell Potter
	Evans and Partners
	BaillieuHolst
Approved Product List	Dixon Advisory
	BaillieuHolst
Model Portfolio	Dixon Advisory
	BaillieuHolst
	AIOFP
Contact	Website www.bkilimited.com.au
	E-Mail info@bkilimited.com.au
	Tom Millner 0408 754 180
	Will Culbert 0410 627 378
	Jaime Pinto 02 9210 7000

* Includes 1H2015 Interim Dividend of 3.55cps and 2H2015 Final Dividend of 3.65cps ** Based on share price as at 30 June 2015 of \$1.665. # Grossed up yield based on a tax rate of 30%.

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



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