

# INVESTMENT UPDATE AND NTA REPORT

## AUGUST 2022



### PORTFOLIO SNAPSHOT: NET TANGIBLE ASSET BACKING PER SHARE (NTA)

NTA Current Month	Before Tax <sup>1</sup>	After Tax <sup>1</sup>
31-Aug-22	74.3 cents	71.4 cents

NTA Previous Month	Before Tax <sup>1</sup>	After Tax <sup>1</sup>
30-Jul-22	69.6 cents	68.0 cents

<sup>1</sup> Figures are unaudited and approximate.

### KEY ASX INFORMATION (AS AT 31 AUGUST 2022)

ASX Code	TOP
Structure	Listed Investment Company
Inception date	January 2014
Market Capitalisation	\$105 million
Share Price	54.0 cents
Shares on Issue	193,919,264
Dividends	Half yearly
Management Fee	0.75% half yearly
Performance Fee	20% of net NTA increase over pcg
Manager	Thorney Investment Group

### INVESTMENT PERFORMANCE\*

As at 31 Aug 2022	3 Months	6 Months	1 Year	Since Inception
TOP investment portfolio	5.56%	-1.68%	3.47%	9.70%
S&P Small Ordinaries Accum. Index	-2.59%	-6.08%	-14.66%	9.20%
Performance versus Index	8.15%	4.41%	18.13%	0.50%

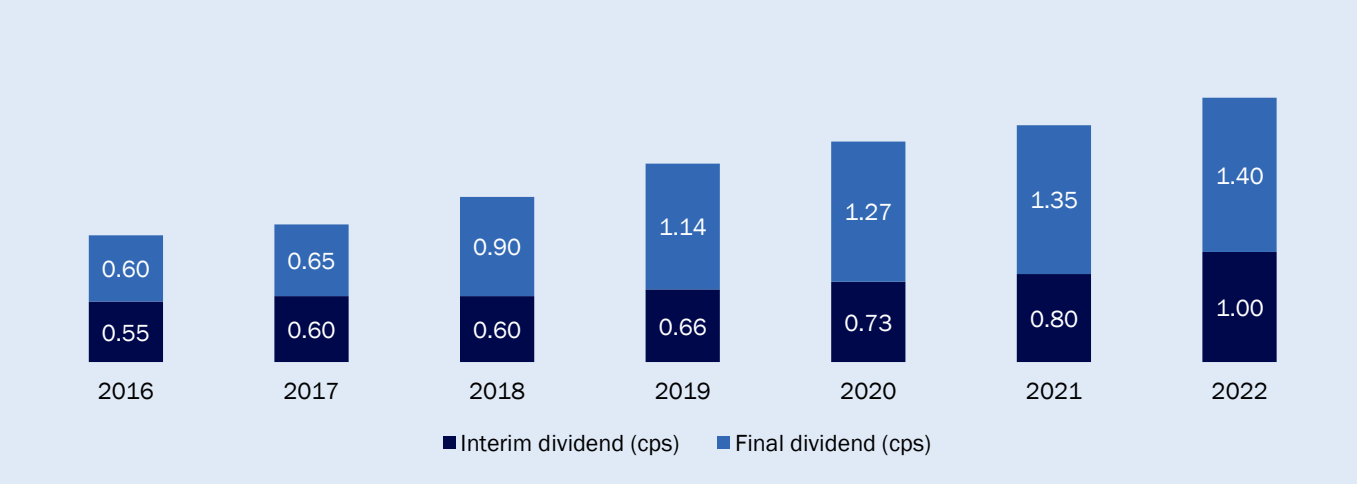
\* Investment performance is calculated on a pre-tax NTA plus dividends basis.

### TOP SECURITIES

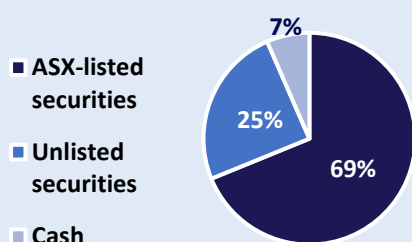
Rank	Company	% of Portfolio
1	20 Cashews Pty Ltd (ACM)*	25.7
2	MMA Offshore	14.0
3	Money3 Corporation	12.6
4	Austin Engineering	12.0
5	Southern Cross Electrical Engineering	7.5
6	Consolidated Operations Group	5.5
7	Retail Food Group	3.8
8	Service Stream	3.6
9	Decmil Group	3.4
10	Cooper Energy	2.8

\* TOP's investment in ACM is via its holding of 20 Cashews Pty Ltd which has an underlying investment in ACM.

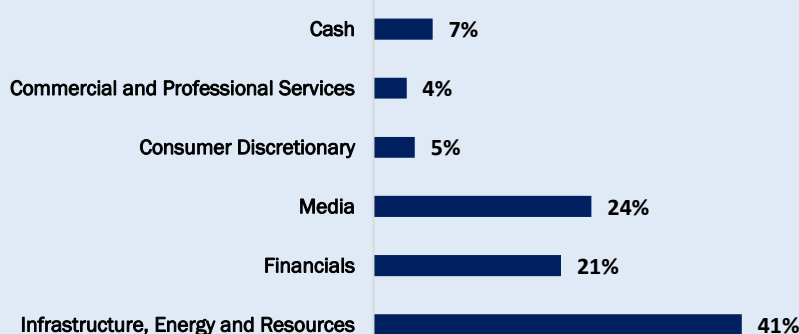
### TOP FULLY FRANKED DIVIDEND HISTORY



## ALLOCATION OF INVESTMENTS



## PORTFOLIO SECTORS



## ” PORTFOLIO COMMENTARY

TOP's NTA finished higher in August driven by generally good results from many of its portfolio companies, including an upwards revaluation of TOP's investment in 20 Cashews (ACM) following an investment by Seven West Media Limited into ACM's new digital property group, View Media Group. TOP maintained its focus on rewarding shareholders with an increase of over 11% in the total dividends paid or declared for FY2022.

## AUSTRALIAN COMMUNITY MEDIA

- Australian Community Media announced plans to launch a new digital property group, View Media Group (VMG), following an investment of cash and media services by Seven West Media Limited.
- VMG initially consists of a 72% stake in portal Real Estate View, shareholdings in advertising group, The Today Business, data business Propic, utilities comparison connection firm Beevo and property platform start-up, Apartment Developments.
- Shareholders can read more about VMG in this article in *The Australian* [here](#).
- TOP owns 25% of ACM and we expect these and other developments in the pipeline to potentially add value to TOP's holding in ACM over time.

## AUSTIN ENGINEERING LIMITED

- Austin Engineering Limited (ANG.ASX) announced the acquisition of mining equipment company, Mainetec Pty Ltd for an initial amount of \$19.6 million, plus an additional three earn-out payments if Mainetec achieves agreed performance hurdles in the three years following completion.
- The acquisition will increase ANG's potential customer base across all its markets, increase its market share in Australia and complements its recently launched JEC bucket range.
- It is expected to be >20% EPS accretive to FY2023 on a full year basis with expected significant operating and cost synergies.
- The acquisition represents an implied EV / EBITDA transaction multiple of approximately 2.3x on Austin's forecast FY2023 Mainetec budget EBITDA including synergies.
- ANG also reported FY2022 NPAT of \$20.6 million, exceeding guidance by more than \$18 million and a 525% increase on the previous corresponding period (pcp) and continues its track record of paying dividends.
- The Company said the result was driven by the successful and ongoing implementation of the Austin 2.0 global strategy that has significantly improved margins and delivered substantial improvements to its competitiveness, operational efficiency and product performance.
- ANG expects FY2023 NPAT to be up 17% to circa \$24 million excluding the positive impact that will come from the acquisition of Mainetec.

## SOUTHERN CROSS ELECTRICAL ENGINEERING LIMITED

- Southern Cross Electrical Engineering Limited (SXE.ASX) reported record revenue and EBITDA for FY2022 of \$553.3 million (FY21: \$370.2 million) and \$35.3 million (FY21: \$29.6 million), respectively, as well as a 20% uplift in total dividends for the year.
- The Company also reported a record year-end order book \$565 million (FY21: \$430 million) up 31.4% on the pcp.
- SXE said the result was driven by driven by a significant increase in activity in the resources sector and outperformance from the Trivantage businesses which were acquired in December 2020.
- The Company added that recurring revenues from services, maintenance and framework agreements now account for around 30% of activity.
- SXE is also exploring acquisition targets offering geographic diversification and new capabilities and is targeting FY23 EBITDA in the range of \$36 million-\$38 million.
- SXE also announced in August that it had been awarded contracts totalling more than \$30 million.
- The Company also announced it has agreed a full and final settlement of its dispute with Decmil Group Limited (ASX: DCG) regarding the subcontract between them for works at Rio Tinto's Amrun mine project in Queensland.

MONEY3 CORPORATION LIMITED

- Money3 Corporation Limited (MNY.ASX) announced record results for FY2022 with a 29.5% increase in revenue to \$187.9 million and a 22.4% increase in EBITDA to \$99.0 million.
- NPAT increased by 31.6% to \$51.6 million, as MNY continued to be a strong dividend payer.
- MNY also reported 22.1% loan book growth to \$733.4 million, providing a strong foundation for FY2023 revenue growth.
- The Group said it commences FY2023 with more than \$300 million of available funding, meaning it is well placed to continue to grow organically as well as being able to fund potential strategic acquisitions.

MMA OFFSHORE LIMITED

- MMA Offshore Limited (MRM.ASX) reported FY2022 revenue of \$283.8 million, up 19.5% on the pcp and EBITDA of \$32.3 million, in line with expectations after adjusting for the impact of various one-off items and government subsidies which were included in the prior year result and not repeated in FY2022.
- FY2022 NPAT was \$33.8 million which included a \$35.3 million reversal of prior years' impairment charges relating to the vessel fleet. The share price trades at a significant discount to the book value.
- MRM said it continued to be significantly affected by COVID-19 in FY2022 which directly impacted operations. Total additional direct costs associated with COVID-19 during FY2022 were estimated at \$5.0-\$6.0 million, with indirect costs and lost opportunities further compounding the commercial effect of the pandemic. The situation improved during the last quarter with COVID-19 related restrictions easing in a number of its regions and activity levels increasing.
- MRM added that market momentum in its key markets of oil and gas and renewables is positive with a recovery in oil and gas investment, together with exponential growth in new offshore wind developments projected. It expects the first half of FY2023 will be stronger than the second half of FY2022.

CHAIRMAN'S COMMENTS

Alex Waislitz said: “We were pleased to see record results and positive outlooks from some of our key holdings in the engineering, mining and infrastructure services space this earnings season and continue to be positive about the macroeconomic drivers for these stocks. For our investment in 20 Cashews, we are also excited about the launch of View Media Group, and the investment by our key media partner, Seven West Media. Despite some sustained macroeconomic headwinds, we continue to believe our value-based investment approach will deliver a strong performance over time. At the same time, we continue to pursue our on-market share buyback to manage shareholder capital most effectively.



COMPANY NEWS

The Company released its Appendix 4E and 2022 Annual Report on 25 August 2022, including a fully final dividend of 1.4 cents per share (to be paid on 30 September 2022).

INVESTMENT PHILOSOPHY

TOP undertakes thorough due diligence to identify fundamentally mispriced or undervalued companies and combine that with constructive advocacy with boards and management to implement change when required.

INVESTMENT OBJECTIVES

- Producing absolute returns for shareholders over the medium- to long-term
- Delivering a strong fully franked dividend stream to shareholders

KEY CONTACTS

**Corporate**  
Craig Smith - Company Secretary  
E: craig.smith@thorney.com.au  
T: + 61 3 9921 7116

**Investors**  
Gabriella Hold – Automic Group  
E: gabriella.hold@automicgroup.com.au  
T: + 61 411 364 382

ABOUT THORNEY OPPORTUNITIES LTD

Thorney Opportunities Ltd (TOP) is an ASX-listed investment company that invests in listed and unlisted equities and financial assets, in a variety of sectors, including media, automotive, energy, engineering and mining services and financial services.

Our primary focus is on the careful selection of investments which enables us to be a constructive catalyst towards unlocking the value in the companies identified. TOP is managed by the privately owned Thorney Investment Group pursuant to a long-term investment management agreement.

You can invest in TOP by purchasing shares on the Australian Securities Exchange (ASX).

For more information visit: <https://thorney.com.au/thorney-opportunities/>

This monthly report has been prepared by Thorney Management Services Pty Ltd (TMS) ABN 88 164 880 148, AFSL 444369. TMS is the investment manager of Thorney Opportunities Ltd (TOP or Company) ACN 080 167 264. It is general information only and is not intended to provide you with financial advice or take into account your objectives, financial situation or needs. You should consider, with a financial adviser, whether the information is suitable for your circumstances. This information does not constitute an offer, invitation, solicitation or recommendation with respect to the purchase or sale of the Company's securities. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. References to securities in this publication are for illustrative purposes only and are not recommendations and the securities may or may not be currently held by the Company. Past performance is not indicative of future performance. This information is believed to be accurate at the time of compilation and is provided in good faith. No company in the Thorney Investment Group (Thorney Investment Group Australia Limited ABN 37 117 488 892 and its subsidiaries including TMS) nor the Company guarantees the performance of the Company or the return of an investor's capital.