

By ASX Online: 3 pages



ASX Announcement: **14 November 2023**

ASX Code: **TOP**

## **2023 Annual General Meeting Chairman's Address**

Ladies and Gentlemen,

On behalf of the Board, I'd like to welcome you to the Annual General Meeting for Thorney Opportunities.

Before getting into the body of my Chairman's Address, discussing TOP's performance over the FY23 financial year and providing my thoughts on the market outlook, I would like firstly to comment on the proposed change to Thorney Opportunities' management fee structure announced to the ASX yesterday.

After an internal review and careful consideration along with feedback from our shareholders, the Board has reached agreement with the Investment Manager to implement a high watermark for TOP, effective from 1 July 2023. Although the Investment Management Agreement does not require it to do so given it was approved by shareholders at the inception of TOP, the Investment Manager has taken heed of this item of concern by shareholders and prospective new shareholders to address this issue. The introduction of a high watermark better aligns the interests of the Investment Manager with those of TOP's shareholders. It also represents a further initiative aimed at reducing the prevailing share price to NTA discount and bringing it more into line with market practice.

One of the unique characteristics that sets TOP apart from other listed investment companies is the amount of public and private activism we undertake with the Boards and management of our investee companies. This activism is regularly constructive and helps unlock value for all shareholders.

This work is often, but not always, behind the scenes, and has taken place since TOP's inception and will continue. Our efforts over time with various companies including Service Stream, Austin Engineering, MMA Offshore and Australian Community Media, to name a few, have unlocked benefits for all shareholders. Some have already started to play out and many have further to go. The success of the transformation of the unlisted ACM which I will speak more about later, has encouraged TOP to look for other opportunities in the unlisted space. This will provide TOP shareholders with further differentiation from other LICs and we expect will be a strong source of value creation going forward.

Indeed, right now I see TOP as ideally placed to take advantage of its position as one of the few remaining active investors in the small and mid-cap space. A number of fund managers have left the sector in recent years and investment dollars have been in outflow. This means TOP is seeing even more deal flow and investment opportunities in our key area of expertise. When the cycle does turn back to favour the small-cap sector, TOP and its shareholders will inevitably do well.

Turning to TOP's performance over FY23, I am pleased that TOP performed strongly despite extreme volatility and uncertainty in global markets brought on by interest rate hikes by central banks, ongoing concerns about the macroeconomic outlook and challenging geopolitical times.

The TOP portfolio finished the year ended 30 June 2023 up 8.81%, outperforming the S&P Small Ordinaries Index. TOP's net tangible assets after tax and fees as at 30 June 2023 stood at 70.0 cps.

Directors declared a fully franked final dividend of 1.45 cps which, on top of the interim dividend of 1.05 cps, brings TOP's total dividend payout for the year to 2.50 cps fully franked, up from the prior year.

The higher dividend payout is in line with TOP's previously stated aim of delivering increased dividends to shareholders whenever possible over time and represents a fully franked dividend yield of around 5%.

TOP's performance amid challenging and unpredictable market conditions was, in part, due to our current weighting towards infrastructure and mining services companies.

Among the infrastructure and resource services companies in the portfolio, many enjoyed strong returns over FY23, including MMA Offshore Limited (ASX: MRM) which rose 105% over the financial year FY23. This was as a result of significant contract wins and the conclusion of the sale of its Batam shipyard facility in Indonesia which completed its non-core asset divestment program. Last month, MRM was awarded a contract by the Australian Department of Defence to provide familiarisation services to the Royal Australian Navy on robotic, remote and autonomous maritime systems. This aligns with the Company's strategy of extending its marine and subsea capability into the Government & Defence sector.

We remain confident in MRM's continued earnings growth potential due to increased fleet utilisation, rising vessel rates and growing service revenue as well as its growth in NTA. I will be speaking with the MRM CEO, David Ross, immediately following the conclusion of the TOP AGM.

Another key holding, Austin Engineering Limited (ASX: ANG), also performed well operationally during FY23, in spite of a small mid-year contract timing hiccup, justifying TOP's long-term support of the company. We believe ANG is well positioned to deliver strong earnings performance in FY24 due to its positive leverage to its expanded capacity and product offering, operational efficiencies and a strong order book.

Southern Cross Electrical Engineering Limited (SXE) also enjoys a strong order book and pipeline and coupled with the Company's recent success in winning a number of new contracts and continued diversification of revenue provides the basis for our continued optimism for the company. SXE's CEO, Graeme Dunn, will be joining me post-AGM for a chat about the outlook for the Company.

TOP's largest holding, the unlisted 20 Cashews in which TOP has a 25% interest, owns 100% of Australian Community Media, Australia's largest regional newspaper company, and 30% interest in View Media Group (VMG), a real estate digital media and real estate agent services business.

In September, View Media launched its new consumer real estate portal, [view.com.au](https://view.com.au), which advances its plans to create a digital real estate superstore that will operate in the \$300 billion real estate transactions market rather than solely focus on the \$1 billion digital property advertising market.

The new portal gives buyers an improved way to find properties and gives vendors and agents a better way to connect with those buyers via a "Freemium" listing model. It will allow vendors to list their properties for free, with upgraded paid options available for those agents who wish to further promote their listings and brands.

The new portal will also allow potential buyers to look at all properties in an area, not just those listed for sale.

At the same time, Australian Community Media's transformation into a more digitally-focused business continues. Digital subscription numbers, across both regional and agricultural titles, have continued to grow.

We are enthusiastic about View Media Group's ambitions to disrupt the real estate transaction market and to gain a meaningful market share. We are similarly positive on ACM's continued business transformation which included the rationalisation of its publication portfolio, further streamlining its cost structure and divesting non-core assets.

Antony Catalano, Executive Chairman of 20 Cashews, will be joining me shortly for an update on the progress of VMG and ACM.

Whilst I am very optimistic about TOP's long-term growth prospects, like all shareholders, I remain disappointed that TOP's share price has continued to trade below its NTA.

Directors, the investment team and I remain focused on continually reducing and preferably eliminating this unjustified discount gap. The company's ongoing share buyback program is part of this strategy as is the introduction of a high watermark announced in my opening remarks.

## Outlook

Volatility across equity markets is expected to continue in the year ahead given that both the Federal Reserve and the RBA have indicated the risk remains that inflation and interest rates will stay higher for longer. Continuing global shocks have added to the uncertainty.

Notwithstanding this environment, I continue to believe that TOP's value-based investment approach will deliver strong performance for shareholders, along with higher dividends, over time.

My sincere thanks go to my fellow TOP Directors, to the outstanding Thorney investment management team and to all TOP shareholders for your continued support.

I also hope you can stay for our Investment Forum which will follow the conclusion of our AGM today.

Thank you.

**Alex Waislitz**  
Chairman

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## About Thorney Opportunities Ltd

Thorney Opportunities Ltd (TOP) is an ASX-listed investment company (LIC) which concentrates on producing absolute returns for shareholders over the medium to long term. Its primary focus is on the careful selection of investments which enables TOP to be a constructive catalyst towards unlocking the value in the companies that it identifies. TOP invests in listed and unlisted equities and financial assets, in a variety of sectors, including media, automotive, energy and pharmaceutical.

TOP is managed by the privately owned Thorney Investment Group (TIG) pursuant to a long-term investment management agreement. TIG has grown its own portfolio substantially over the past two decades and it is this same strategy that TOP employs as it carefully selects its investments. Through the investment management agreement, TOP has access to the same investment team and deal flow as TIG and has already co-invested with TIG in a number of the investments that TOP has undertaken so far. You can invest in TOP by purchasing shares on the Australian Securities Exchange (ASX).

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