



**Sietel**LIMITED

ACN 004 217 734 Incorporated in Victoria

Sietel Limited

Annual General Meeting of Shareholders

Held at the Company registered office commencing 12:00 pm Friday 20 January 2023

### **Chairman's Address**

Shareholders, Ladies and Gentlemen

The Board of Directors and staff welcome you all to this year's Annual General Meeting.

On the 5<sup>th</sup> of November 2022 Mr. Delwyn Rees, our longest serving director, passed away. Delwyn was first appointed to the board in June 1967 and had served as Chairman from 1970 to 2015. The directors would like to acknowledge Delwyn's contribution to the company. During his tenure on the board the capitalisation of the company grew from \$350,000 in 1974 to \$56m in 2022.

Sadly, another of our long serving executives passed away on the 25<sup>th</sup> December 2022 after a short illness. Mr. Geoffrey Nanscawen was appointed as a director of AAA in 2010, which became a subsidiary of Sietel in 2014. Between 1994 and 2010, Geoff was a director and senior marketing executive of AquaMax Pty Ltd.

Their experience as directors provided the company and the board with a wealth of commercial and industry experience and knowledge.

Following the passing of Delwyn, the board appointed Mr. Thomas Rees as an executive director of Sietel in accordance with the company's constitution at a board meeting held on the 23<sup>rd</sup> of November 2022. Thomas is a member of the Institute of Chartered Accountants and is currently the Managing Director of Cook's Body Works Pty Ltd since his appointment in August 2016.

I refer you to the Annual Report and more specifically the Directors' Report and Financial Accounts.

Rather than repeat the information already contained in the Annual Report I now limit my current comments to a few matters which I consider are of interest to shareholders.

The Group Operating Profit after tax of \$3,338,352 shows a \$1,976,326 increase over the previous year (2021 \$1,362,026).

Sietel's contribution to Group Operating Profit after tax increased by \$1,572,333 due in part to the profit on the disposal of shares amounting to \$1,114,024. The cashflow following the sale of shares was used to assist with the settlement of a property purchased in September 2021 which settled on February 8<sup>th</sup> 2022. The balance of this settlement was part funded by a finance facility amounting to \$4,500,000 negotiated with a recognised financial institution.

Cook's Body Work's profit after tax also increased the Group's Operating Profit after tax by \$166,251 whilst Alliance Appliances Australia's losses after tax reduced the Group Operating Profit after tax by \$102,964.

The share portfolio of ASX listed company shares has been expanded via participation in dividend re-investment plans and modest purchases generally in existing top 200 listed companies.

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The Group's investment in all ASX shares if sold at 30 Sep 2022 would have resulted in a gain of \$6,316,370 (2021 \$11,147,748 gain) when compared with the original aggregate cost of this investment. The decrease of \$4,831,378 when compared to 30 Sep 2021 is largely the result of the market adjusting to interest rate increases and to a lesser extent share sales mentioned above.

Cook's Body Works had a return to pre-COVID19 turnover levels and has gained momentum with positive customer enquiries and firm orders. However, shortages of materials, components and skilled labour combined with increasing costs and limits on price increases is restricting the ability to achieve the level of profitability commensurate with turnover increases.

Australian regulations and conditions continued to limit expansion by AAA in the gas and electric water heater business. A review of overheads including staff levels in light of achievable turnover has been implemented however increased freight and imported product prices more than offset the cost savings.

The Directors valuation of all real-estate held be the Group at 30 September 2022 and associated estimate of the unrealized gain over book value is detailed in note 9 to the Financial Accounts.

The Group continued to expand and increase its holdings in unlisted investments with the objective of providing some exposure to relatively new businesses which it is believed can provide potential for above average returns as offered by larger and more established businesses. The Board appreciates the higher risk of failure associated with investment in this sector so has adopted a policy of limited quantum and a wide spread of businesses and industries.

A table of the top fifteen listed investments held by the Group as at 30 September 2022 is included as note 33 to the Financial Accounts

The group's cash position has increased in 2022 to a balance of \$2,669,442 (2021 \$1,382,969).

The company's cash and access to finance provide for investment opportunities if market conditions move against vendors in areas of interest to the group or if opportunities provide management with room for expansion in the group's operating businesses.

We have not paid an ordinary dividend this year. The Board continues to espouse their policy of using retained earnings for investment in assets and or businesses considered advantageous to maintenance of long-term growth in shareholder value as reflected in share price and asset backing of the company's issued shares.

The policy of re investment of profits has been a major feature of the company for many years. This policy remains subject to review, where, for example, a distribution would not restrict the ability of the Group from taking advantage of opportunities for further strategic investments and expansion.

I would like to thank management and staff for their efforts over the past twelve months and look forward to steady growth over the coming years.

Mr Geoffrey L Rees  
Chairman of Directors – Sietel Limited

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