



# THORNEY

OPPORTUNITIES  
TOP

Date: **9 March 2022**

ASX Code: **TOP**

## TOP monthly NTA update

### Highlights:

- **February NTA at 77.2 cents before tax<sup>1</sup> and 73.8 cents after tax<sup>1</sup>**
- **Strong 1H22 results for key holdings:**
  - **Money3 Corporation Limited (ASX:MNY) lifted its interim dividend to 6c per share fully franked; forecasting FY22 loan book of \$800.0m, increased FY22 NPAT guidance to >\$50.0m**
  - **Austin Engineering Limited (ASX:ANG) lifted FY22 guidance after a strong 1H22: expects FY22 NPAT to increase to >\$18m and EBITDA to increase to ~\$30m**
  - **Southern Cross Electrical Engineering Limited (ASX:SXE) reported record revenue of \$253.0m**
- **Australian Community Media (ACM):**
  - **ACM continuing to transform its business and expand both its digital and print audiences**
- **MMA Offshore Limited (ASX:MRM) announced a \$68m contract renewal with oil company INPEX for production support services, anticipated beneficiary of stronger oil and gas prices**
- **COG Financial Services Limited (ASX:COG):**
  - **Major milestone achieved with the establishment of a \$31m acquisition finance facility to enable its growth strategy**
  - **Subsidiary Westlawn Finance Limited acquired funds manager Equity-One Mortgage Fund Limited; deal is highly EPS accretive**

Thorney Opportunities Ltd (ASX:TOP) is pleased to provide its monthly Net Tangible Asset backing per share (NTA) as at 28 February 2022.

### Net Tangible Asset backing per share (NTA):

<b>NTA current month</b>	<b>Before Tax <sup>1</sup></b>	<b>After Tax <sup>1</sup></b>
<b>28 February 2022</b>	<b>77.2 cents</b>	<b>73.8 cents</b>
<b>NTA previous month</b>	<b>Before Tax <sup>1</sup></b>	<b>After Tax <sup>1</sup></b>
<b>31 January 2022</b>	<b>70.2 cents</b>	<b>67.1 cents</b>

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

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## Monthly commentary:

The February NTA levels benefitted from a strong performance across key infrastructure and resource services sector holdings during the month, as well as an uplift in the carrying value of TOP's investment in ACM (announced with the release of the half year results on 21 February 2022).

### **Strong 1H22 results for key portfolio holdings**

TOP was pleased to see that many of its key portfolio holdings reported strong results for 1H22.

The largest listed holding Money3 Corporation Limited (ASX:MNY) continued to deliver on its strategy of fully franked dividends for its shareholders, lifting its interim dividend to 6 cents per share fully franked (from 3 cents per share fully franked in 1H21).

It reported a 34.5% increase in revenue to \$91.3m for the half and a 29.6% increase in Net Profit After Tax (NPAT) to \$25.8m, with all business units closing out 2021 at record levels.

The company also reported a 45.7% increase in its gross loan book to \$690.8m since December 2020 and is forecasting an FY22 gross loan book of \$800.0m. Furthermore, the company increased its FY22 NPAT guidance to more than \$50.0m.

Austin Engineering Limited (ASX:ANG) also lifted guidance for FY22 after a strong 1H22 result, which saw a 76% improvement in EBITDA to \$11.5m due to cost efficiencies and a 202% improvement in NPAT to \$6.7m from efficiency gains.

The company expects FY22 NPAT to increase ~5.5 times to more than \$18m (FY21: \$3.3m statutory) and EBITDA to increase ~2.4 times, to ~\$30m (FY21 \$12.7m statutory). Underpinning the profit guidance was Austin's strong order book, which at the end of the half was up 35% on the prior corresponding period.

Southern Cross Electrical Engineering Limited (ASX:SXE) reported record revenue of \$253.0m for 1H22, up 87% on the prior corresponding period, with strong activity in the resources sector contributing to the result.

Profit was also ahead of consensus forecasts with EBITDA increasing 46% to \$14.1m and NPAT lifting 48% to \$6.7m.

The company also declared a fully franked interim dividend of 1.0 cent per share. Southern Cross also reaffirmed that it is targeting FY22 revenues of ~\$500m and EBITDA in the range of \$29m-\$33m.

### **Australian Community Media (ACM)**

As disclosed in the 1H22 result, TOP increased the carrying value of its investment in Australian Community Media due to a number of factors, including: a strong underlying performance from its publishing business combined with the distribution from PRT Company Limited (formerly Prime Media Group Limited) (ASX:PRT) following completion of Seven West Media Limited's (ASX:SWM) acquisition of the regional media business and assets of PRT, and completion of a refinance of ACM's debt facilities.

TOP is continuing to work with ACM to transform its digital asset base. ACM now has more than 115,000 digital subscribers and is growing both its digital and print audiences due to the expansion of its digital product offering.

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### **MMA Offshore Limited**

MMA Offshore Limited (ASX:MRM) announced a contract renewal with oil company INPEX Operations Australia Pty Ltd for chartering its MMA Brewster vessel to provide production support services.

The new \$68m contract is for a firm period of five years, with five one-year extension options thereafter.

The MMA Brewster will soon complete an initial five-year chartering service supporting the INPEX-operated Ichthys LNG major oil and gas project which has been designed and built specifically to support the energy company's offshore facilities in Australia's North West.

### **COG Financial Services Limited**

COG Financial Services Limited (ASX:COG) achieved a major milestone during the month with the establishment of a \$31m acquisition finance facility with a major Australian bank.

The facility will enable the company to continue its acquisition-led growth strategy by allowing it to acquire additional asset finance businesses to the value of \$31m without needing to raise additional equity.

The facility is for a term of 5 years and is revolving with draw-downs amortising across the term.

Also during the month, COG announced that its subsidiary, Westlawn Finance Limited acquired 100% of the issued capital of Equity-One Mortgage Fund Limited, a funds management business based in Melbourne.

Equity-One Mortgage Fund Limited operates a contributory mortgage scheme (peer to peer) and has approximately \$350m of funds under management.

COG said transaction was highly EPS accretive and was funded using a portion of the surplus cash on Westlawn's balance sheet.

### **Chairman's Comments**

Alex Waislitz said: "The growing humanitarian and economic impact following the Russian invasion of Ukraine has been profound to see, leading to sharp downside moves by global equity markets and spikes in critical commodity prices, including oil and grain.

The TOP portfolio has been impacted despite the fact that we were pleased with many of the half-year results reported by our significant portfolio holdings. It was, however, satisfying to see the market recognition for our key infrastructure and resource services sector exposures with a solid set of first half results for ANG and SXE in particular. Meanwhile, the result from our largest listed holding MNY showed that it is delivering on its strategy to pursue growth in its loan book to \$1 billion and beyond and providing its shareholders with fully franked dividends. We also remain excited about our largest unlisted holding, ACM. The company is embarking on its next phase of transformation and growth as it continues to grow its digital offering and expand both its digital and print audiences.

As already foreshadowed to the market, our focus remains on reducing and eliminating the discount of our share price to NTA and we are undertaking a number of efforts in order to achieve this including greater communication with our shareholders and an active on-market buyback.

Despite the turmoil in Europe we remain optimistic about our ability to perform in this environment."

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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/>