

INVESTMENT UPDATE AND NTA REPORT

APRIL 2023



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

NTA Current Month	Before Tax ¹	After Tax ¹
30-Apr-23	76.6 cents	73.4 cents
NTA Previous Month	Before Tax ¹	After Tax ¹
31-Mar-23	76.0 cents	73.0 cents

¹ Figures are unaudited and approximate.

KEY ASX INFORMATION (AS AT 30 APRIL 2023)

ASX Code	TOP
Structure	Listed Investment Company
Inception date	January 2014
Market Capitalisation	\$103.0 million
Share Price	54.0 cents
Shares on Issue	190,793,849
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 30 April 2023	3 Months	6 Months	1 Year	Since Inception
TOP investment portfolio	2.37%	6.64%	5.61%	9.76%
S&P Small Ordinaries Accum. Index	-1.74%	5.77%	-9.43%	8.54%
Performance versus Index	4.11%	0.87%	15.04%	1.22%

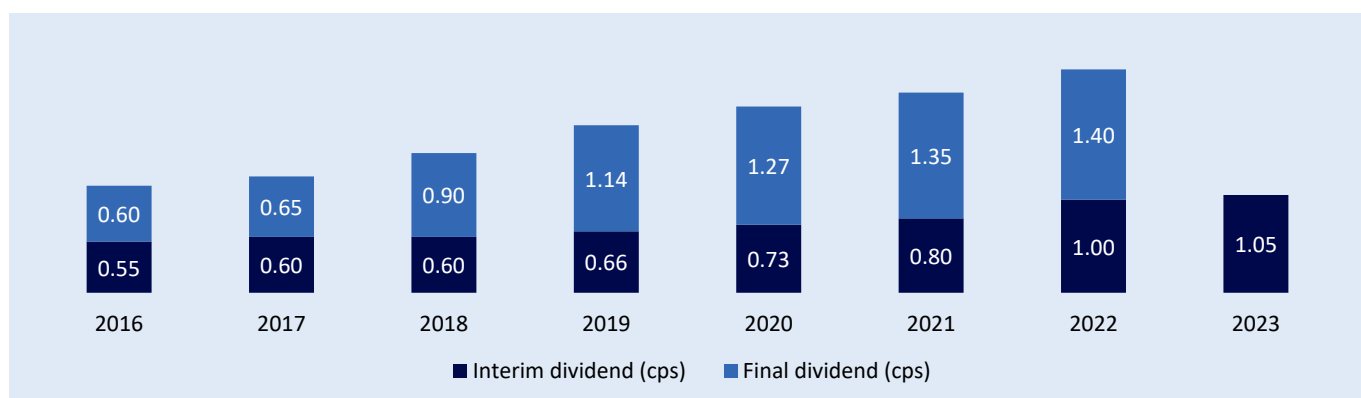
* Investment performance is calculated on a pre-tax NTA plus dividends basis.

TOP SECURITIES

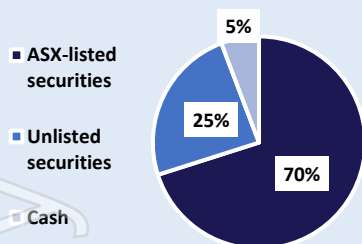
Rank	Company	% of Portfolio
1	20 Cashews Pty Ltd (ACM)*	25.7
2	MMA Offshore	20.0
3	Austin Engineering	12.6
4	Solvar Ltd (formerly Money3 Corporation)	10.2
5	Southern Cross Electrical Engineering	6.4
6	Service Stream	4.4
7	Consolidated Operations Group	4.3
8	Retail Food Group	3.8
9	Decmil Group	2.8
10	AMA Group	2.5

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

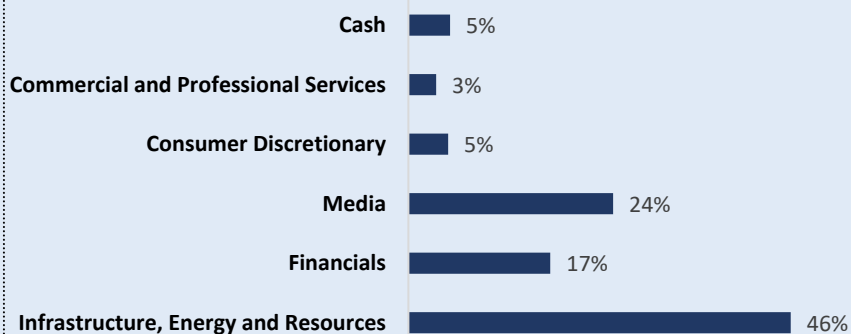
TOP FULLY FRANKED DIVIDEND HISTORY



ALLOCATION OF INVESTMENTS



PORTFOLIO SECTORS



RESIGNATION OF DIRECTOR

- Thorney Opportunities Ltd advises that Mr. Ashok Jacob has resigned as a director of the Company with effect from 17 April 2023. Mr. Jacob was a founding director of TOP, and the Board thanks him for his near decade-long valued contribution and service to the Company and wishes him well for the future.

AUSTIN ENGINEERING LIMITED

- Austin Engineering Limited (ASX.ANG) announced a FY23 profit downgrade, with normalised NPAT now expected to be in the range of \$17 to \$19 million including Mainetec.
- This figure is down from the previously reported guidance of \$24 million, excluding Mainetec (expected to contribute around \$2 million).
- The downgrade is the result of the Perth truck tray operation not operating to expectations due to a delay in an order from a major customer. The rest of ANG's business divisions continue to operate well.
- The downgrade follows a positive announcement regarding the upgrade of the Batam facility - which has doubled its manufacturing capacity to address increased demand - and ANG's first shipment of fully built and assembled truck trays delivered directly into Western Australia's Pilbara region.
- **Thorney view: A profit downgrade is always disappointing. Positively, the contract is signed and the revenue is not lost, rather deferred to 1H24. Despite this speed hump, ANG is well positioned to deliver strong earnings performance in FY24 due to its leverage to the buoyant resources markets, expanded capacity, operational efficiencies and a strong order book. Further, the modern-day ANG has expanded its product offering to now include the production of the innovative Maintec branded buckets.**

SOLVAR LIMITED

- Solvar Limited (ASX.SVR) announced a capital management framework targeting higher shareholder returns. As part of the framework, it will increase the maximum dividend payout ratio to 90% (up from 70%) of NPAT, commencing with the FY23 final dividend.
- The increased maximum payout ratio is a reflection of the Company continuing to execute its growth strategy and deliver higher profits which has seen improved metrics, including significant unrestricted cash of \$101.3 million (31 Mar 2023) and a substantial and growing balance of franking credits of \$76.3 million (31 Mar 2023).
- SVR said it was in the enviable position of having a strong balance sheet with low leverage and with current funding capacity, it can grow its loan book by approximately 50.0% to \$1.3 billion without the need for any additional capital while at the same time rewarding shareholders with an increased dividend payout ratio.
- SVR confirmed its on-market share buy-back program for a total of \$15.0 million concluded at the end of April.
- **Thorney view: We maintain our optimism for SVR as it continues to grow its loan book, deliver increased fully franked dividends and executes a sensible capital management strategy.**

DECMIL GROUP LIMITED

- Decmil Group Limited (ASX.DCG) provided a trading update for Q3 FY23, with the Company returning to profitability in the March quarter with net profit of \$0.6 million.
- The Company delivered a further \$129 million in revenue for Q3 FY23, increasing year-to-date revenue to \$385 million.
- DCG expects strong revenue growth to continue for FY23 with the Company well placed to deliver up to an estimated revenue of \$470-500 million, which is 30% greater than revenue delivered during FY22. A small portion of FY23 secured revenue has been shifted into FY24.
- It added that it has a robust project pipeline forming, including \$205 million of work in late/final-stage contract negotiations.
- DCG confirmed that all legacy disputes were resolved.
- **Thorney view: Following a frustrating period of operating underperformance, we are cautiously optimistic that the refreshed DCG Board and Management team has righted the ship. With the current industry tailwinds, we believe DCG is positioned to deliver a recovery in earnings.**

AMA GROUP LIMITED

- AMA Group Limited (ASX.AMA) updated its FY23 guidance with the Group now expecting post normalised EBITDA of \$60 - \$68 million (previously \$70 - \$90 million), reflecting ongoing margin compression adverse to expectations.
- The Group said strong repair volume demand was being adversely impacted by industry-wide labour constraint-related throughput challenges with higher employee costs per hour and operational disruption due to elevated lateral hiring activity across the industry. In addition, AMA said that its supply strategy was progressing slower than anticipated.
- AMA added that many industry contracts still do not contain appropriate dynamic adjustment mechanisms that insulate parties from external pressures such as inflation or increasing repair severity.
- The Group will confirm or update FY24 guidance upon the earlier of the finalisation of the outcome of Capital S.M.A.R.T repricing or at the FY23 results.
- AMA said confidence remains in the Group's ability to achieve long-term success, with extensive future-focused activities undertaken over recent months, including strategies to combat labour shortages and pricing activities which provide a pathway to longer term improved pricing outcomes.
- AMA had \$20.5 million cash at 31 March 2023 and confirmed that its covenant testing requirements for 31 December 2022 were satisfied and it expects to satisfy its covenant testing requirements for 31 March 2023.
- **Thorney view: AMA continues to test the patience of all shareholders. It is now focused on the resolution of the key outstanding commercial matter, being the renegotiation of the Capital S.M.A.R.T contract with Suncorp for the period beyond 30 June 2023.**

SERVICE STREAM LIMITED

- Service Stream Limited (ASX.SSM) announced it secured a significant program allocation of up to \$240 million in revenue, and a term extension under its existing N2P Evolution Agreement with NBN Co. The N2P Evolution Agreement supports NBN's Fibre Connect program as it seeks to deploy additional fibre infrastructure across Australia, and encompasses the provision of specialist planning, design and construction services to support eligible premises with progressive access to Fibre to the Premise (FTTP) technology.
- These additional works are forecast to be delivered over a 24-month period and have been secured across adjacent regions to SSM's existing program footprint throughout Queensland, New South Wales and Victoria. The term of Service Stream's existing N2P Evolution Agreement has also been extended by a further 2 years to December 2025.
- **Thorney view: We are optimistic that SSM will complete the troubled Utility project, fully provisioned, in the current calendar year. The NBN term extension and operational diversification from the Lend Lease Services acquisition, now fully integrated, provides a sound platform for the business to move forward.**

CHAIRMAN'S COMMENTS

Alex Waislitz said: *"The RBA's decision to raise rates in May indicates that it remains on a tightening bias and the outlook for local equities continues to be volatile. Despite this, we believe TOP is well placed given our large exposure to resource and infrastructure holdings, with a buoyant earnings outlook for these names as they continue to enjoy strong market conditions and robust order books. Longer-term, TOP's focus on smaller caps means we are very well placed to benefit from an economic turnaround as these stocks tend to outperform larger cap names during periods of economic recovery. Our on-market buyback program for TOP shares, which commenced 9 March will continue a for a period of 12 months to 8 March 2024, is one of the initiatives designed to address our share discount to NTA."*

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

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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/>

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