

SANDON CAPITAL

SNC Shareholder Presentation

14 September 2023



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Opportunity – sustainable yield at a discount to NTA

ATTRACTIVE DIVIDEND YIELD

8.3%¹

DISCOUNT TO NTA

17.2%²

SOLID PROFITS RESERVES & FRANKING³

27.6 cps
7.6 cps

1. Based on SNC closing share price on 12 Sep 2023 (\$0.66)

2. Based on pre-tax NTA as at 31 August 2023

3. As at 31 Aug 2023

Highlights

- SNC shares trade at an attractive yield of 8.3% (11.1% grossed up for franking)¹
- The SNC portfolio can be bought at a 17.2% discount to NTA²
- Many of SNC's investments trade at meaningful discounts to our estimate of their intrinsic value
- Investors buying SNC today are buying a "discount at a discount"
- Current profits reserves and franking balance allow SNC to sustain the current dividend for more than 4 years, all else held equal³

2.75cps fully franked final dividend

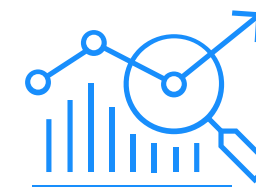
- Ex Date: 20 Oct 2023
- DRP Election Date: 24 October 2023
- Payment Date: 8 November 2023

Portfolio companies

- The bulk of the portfolio remains exposed to resilient, performing sectors of the economy
- The majority of our investments have very strong balance sheets, leaving them well placed to deal with any economic headwinds and rising interest rates, as well as undertaking capital management initiatives

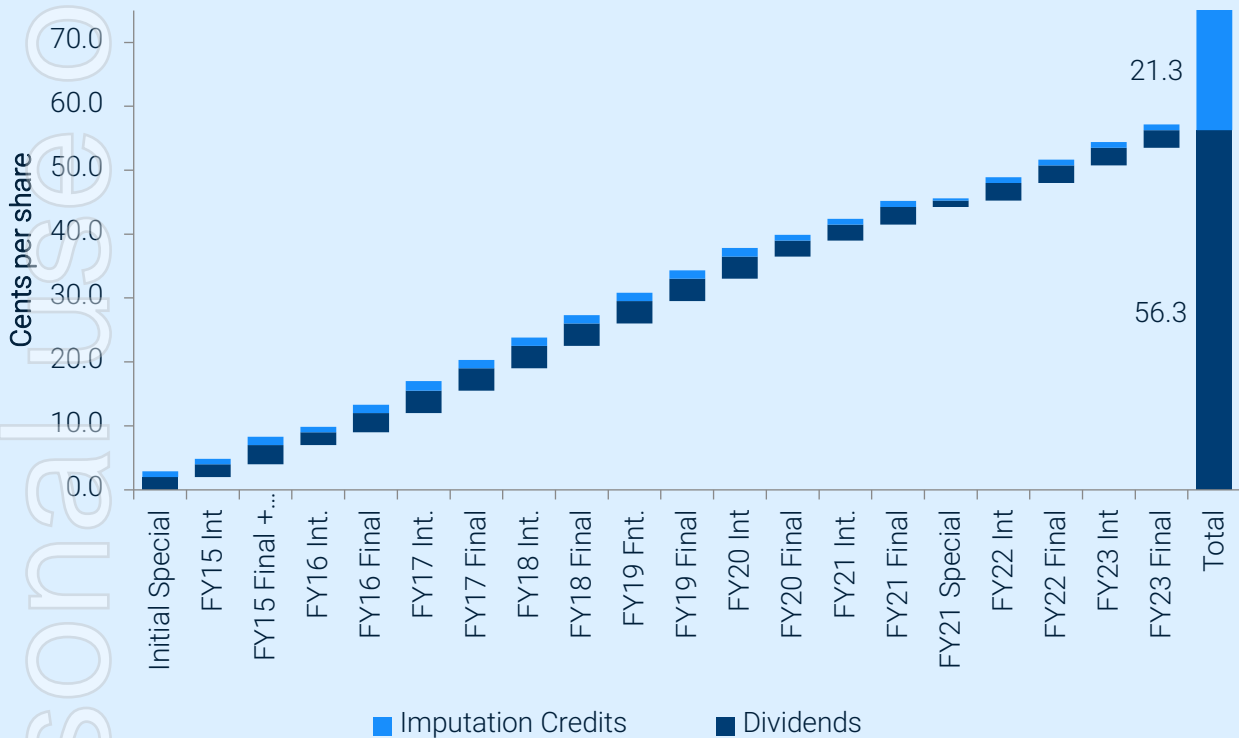
Turnaround opportunities

- FY23 Results indicate companies are delivering improved financial and operational performance

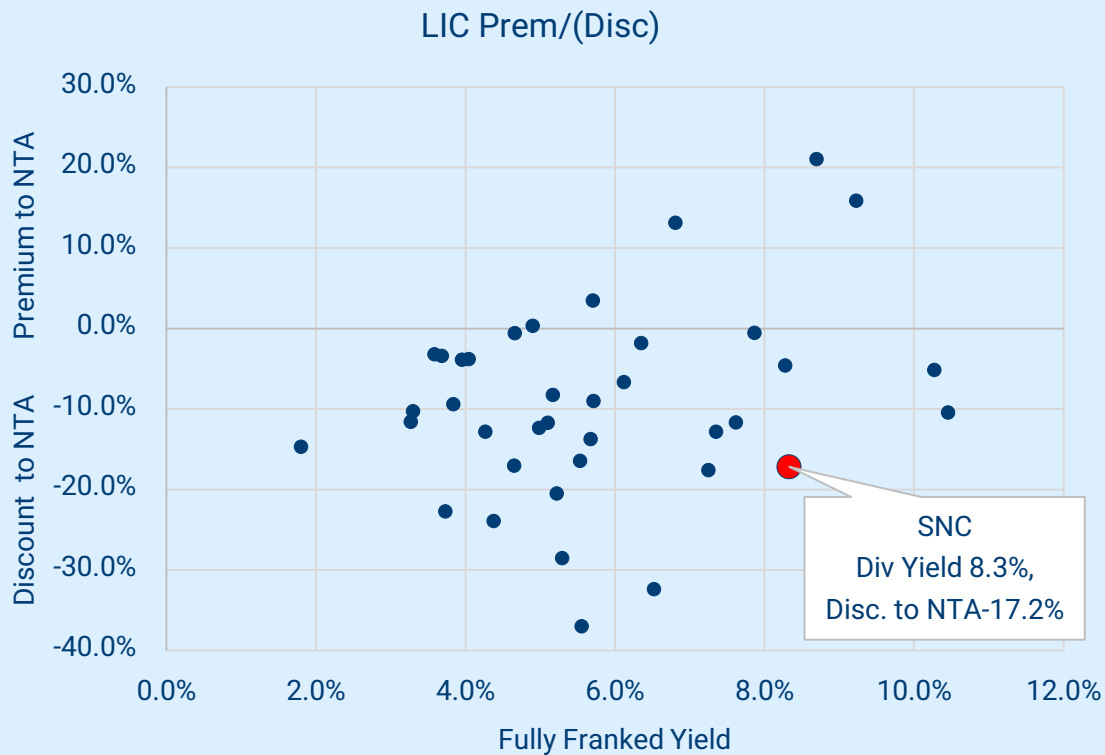


Investment Highlights

- More than 56cps of dividends and more than 20cps of imputation credits have been declared since inception



- Attractive yield and discount



Source: Bloomberg, Sandon Capital analysis

Portfolio Composition

- Selected holdings represent ~53% of the portfolio
- These companies provide exposure to:
 - SME financial services (COG)
 - Infrastructure, resources, agriculture (COG, FWD, CYG)
 - Unique technologies (SPSY)
 - Explosion in data consumption (GDC)
 - Strategic and operational turnarounds (A2B, FWD, CYG, MWY)
 - Capital management opportunities (A2B, SPSY, FWD, MWY, COG, GDC)
- All operate in growing markets

Selected holdings

Fleetwood Corporation Ltd (FWD)	12%
A2B Australia Limited (A2B)	11%
COG Financial Services Ltd (COG)	11%
Spectra Systems Inc. (SPSY)	9%
Coventry Group Ltd (CYG)	5%
Global Data Centres Group (GDC)	3%
Midway Ltd (MWY)	2%
Total Weighting	53%

Note: weightings as at 31 August 2023

COG Financial Services Ltd (COG)

- COG operates across two business segments:
 - Financial Broking and Aggregation (FB&A)
 - Funds Management (FM)
- FB&A owns finance brokerages as well as an aggregator, which connects brokers with third party financial services providers.
- As FB&A grows so too does its “network effect” – the distribution footprint is almost impossible to replicate
- COG estimates it has a ~21% market share of SME brokered financing
- FM is growing a credit funds management platform. This provides access to additional non-bank funding sources to satisfy client requirements. COG earns both management fees on funds under management and brokerage on the products.
- COG is growing organically and by way of acquisitions
- The most recent acquisition, Paywise, offers salary packaging

Financial Summary

Share price	\$1.40
Market Capitalisation	\$266.0m
Net debt / (cash) ¹	(\$33.6m)
Dividend Yield	6.0%

	FY17	FY23	Increase
Revenues	\$81m	\$363m	~4.5x
NPAT	\$3.6m	\$23.7m	~6.6x
Share count ²	130.1	187.9	~1.5x

Sources: COG Financial Reports, ASX Announcements, Bloomberg, Sandon Capital analysis.

Share price and market capitalisation as at 12 Sep 2023

1. Proportionate share of unrestricted cash less drawn amount of corporate acquisition finance facility

2. 2017 share count is adjusted for the 1-for10 shares consolidated that occurred in May 2021

A2B Australia Ltd (A2B)

- A2B operates taxi networks and provides taxi payment services
- Taxis were one of the most impacted sectors by COVID-19
- A new board was constituted in early 2022, including a new executive chairman
- The “*Better before bigger*” strategy was announced in July 2022, focusing on rebuilding taxi numbers, property sales and eliminating sub-scale fintech initiatives
- *Better before bigger* recognised the importance of taxi owners and drivers as stakeholders of A2B
- Property Sales:
 - December 2022 – Bourke Road sold for \$19m
 - March 2023 – O’Riordan Street sold for \$78m
 - July 2023 – Oakleigh, VIC property put up for sale
- A2B announced plan to pay 5 cps ordinary dividend plus 55 cps special dividend (subject to completion of O’Riordan St sale)
- These dividends will contribute meaningfully to SNC’s franking balance

Financial Summary

Share price	\$1.54
Market capitalisation	\$187.3m
Net debt / (cash)	(\$13.9m)
Asset sale proceeds	(\$68.6m)
Enterprise value	\$104.8m
FY24 EBITDA Guidance	~\$22m
FY24 EV/EBITDA multiple	~4.5x

Sources: A2B Financial Reports, ASX Announcements, Bloomberg, Sandon Capital analysis. Share price and market capitalisation as at 12 Sep 2023

Fleetwood Ltd (FWD)

- FWD has three business units:
 - Building Solutions – Australia's largest modular builder
 - Community Solutions – owns and manages accommodation facilities
 - RV Solutions – supplies parts, accessories and services to the recreational vehicle market
- FWD's history of poor performance and unforced errors precipitated a change of Board and management
 - Building Solutions' problems are behind it
 - We expect FY24 will deliver strong profit and dividend growth
- Community Solutions' Searipple facility will benefit from significant future projects planned in the oil and gas, fertiliser, and green energy sectors in Karratha
- Education, affordable housing, retirement lifestyle and defence sectors all provide opportunity for FWD

Financial Summary

Share price	\$2.00
Market capitalisation	\$188.6m
Net debt / (cash)	(\$46.6m)
Enterprise value	\$142.0m
Perth property value	~\$20m
EV adjusted for property	\$122.0m
FY25E P/E Multiple (ex-cash, property)	~6x
FY25E Dividend Yield	~11.5%

Sources: FWD Financial Reports, ASX Announcements, Bloomberg, Sandon Capital analysis. Share price and market capitalisation as at 12 Sep 2023

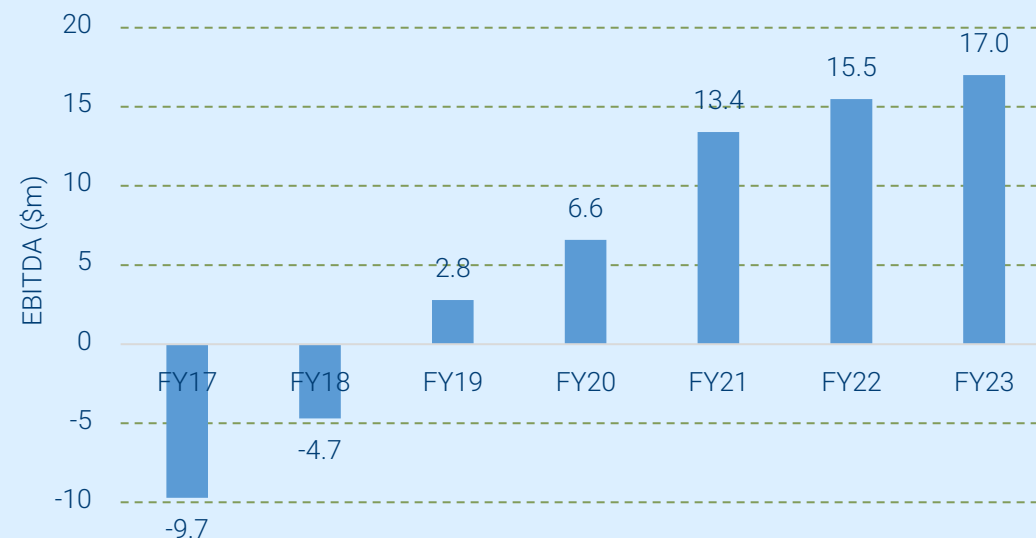
Coventry Group Ltd (CYG)

- CYG operates through two divisions:
 - Trade Distribution (TD)
 - Fluid Systems (FS)
- TD distributes fasteners and other industrial products through Konnect, Artia and Nubco brands
- FS specialises supply and installation of hydraulic, lubrication, fire suppression and other adjacent systems and products
- CYG's divisions are exposed to the mining & resources, infrastructure, building & construction and manufacturing sectors of the industrial economy
- CYG has materially improved its business. Earnings have grown consistently and the company is now translating those earnings into cash
- The industrial distribution industry remains fragmented, providing consolidation opportunities

Sources: CYG Financial Reports, ASX Announcements, Bloomberg, Sandon Capital analysis. Share price and market capitalisation as at 12 Sep 2023

Financial Summary

Share price	\$1.28
Market capitalisation	\$118.2m
Net debt / (cash)	\$33.5m
Enterprise value	\$144.4m



Midway Ltd (MWY)

- MWY is one of Australia's largest processors and exporters of wood fibre. It has facilities in Geelong (Vic), Myamyn (Vic), Brisbane (Qld), Bell Bay (Tas) and Melville Island (NT). The company owns 19ha of land at the Geelong Port
- MWY has undergone significant change in recent years – exited loss-making businesses, sold non-core assets, and embarked upon a grain strategy
- Legacy currency hedging and a cyclical downturn in Chinese fibre markets have weighed on financial performance
- The grain strategy, which could monetise part of the Geelong land and defray a take-or-pay contract, remains unresolved
- MWY is establishing an asset management business, specialising in the management of forestry assets, including carbon credits
- The cornerstone of the asset management business is an agreement with one of the world's largest insurers, Munich Re, to manage its forest and carbon credits in Victoria
- Fundamentals for MWY remain in place, though not in plain sight
- Significant opportunities remain for capital management

Financial Summary

Share price	\$0.62
Market capitalisation	\$54.2m
Net debt / (cash)	(\$1.0m)
Net proceeds due from plantation sale	(\$33.6m)
Enterprise value	\$19.6m

Sources: MWY Financial Reports, ASX Announcements, Bloomberg, Sandon Capital analysis. Share price and market capitalisation is as at 12 Sep 2023

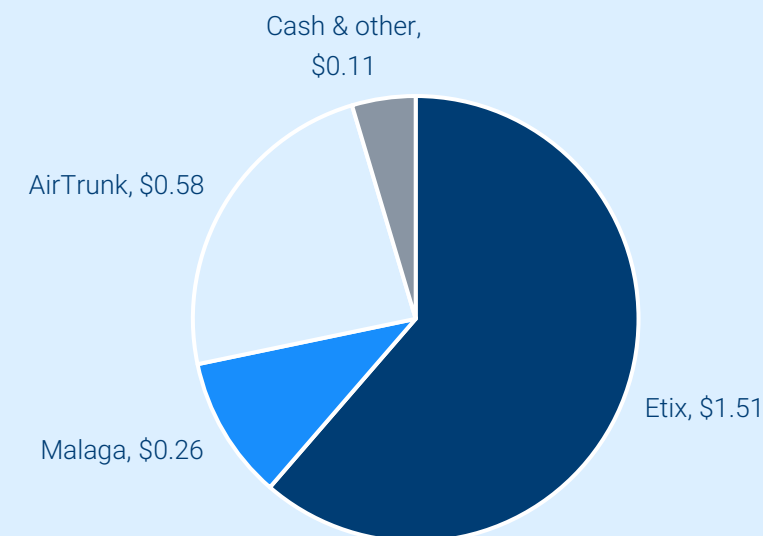
Global Data Centres Group (GDC)

- GDC is now in value realisation mode (i.e. an orderly sale)
- GDC provides exposure to data centres through a variety of investments:
 - majority ownership stake in Etix Everywhere (Etix), which owns stakes in 10 “edge” data centres in regional France Belgium, Columbia and Thailand
 - a data centre in Perth, WA
 - ~1% stake in AirTrunk, which develops, owns and operates hyperscale data centres in the Asia Pacific region
- GDC continues to trade at a substantial discount to fair value NAV
- Publicly listed data centres are currently trading at significant premiums to the values implied in GDC’s fair value NAV
- When all assets are sold, we expect realisations to exceed fair value NAV

Sources: GDC Financial Reports, ASX Announcements, Bloomberg, Sandon Capital analysis. Share price and market capitalisation as at 12 Sep 2023

Financial Summary

Share price	\$1.75
Market capitalisation	\$135.2m
Fair value NAV	\$2.47



SANDON CAPITAL

About us

We seek change to create or enhance value



Pre-eminent and unique track record of shareholder activism



We have unrivalled experience in >40 public and private campaigns



Our track record and investor base allows us to be careful and patient

Long, established track record of outperformance, with an investor base that supports us to play a long game with investments.

Extensive contacts



We build coalitions of like-minded investors



Stakeholders include institutional investors, directors, proxy advisers, investment bankers, journalists and ultimate owners



Built and nurtured over many years



When public, our analysis is widely circulated and read

We invest in undervalued companies

As value investors, we look for undervalued assets, where:

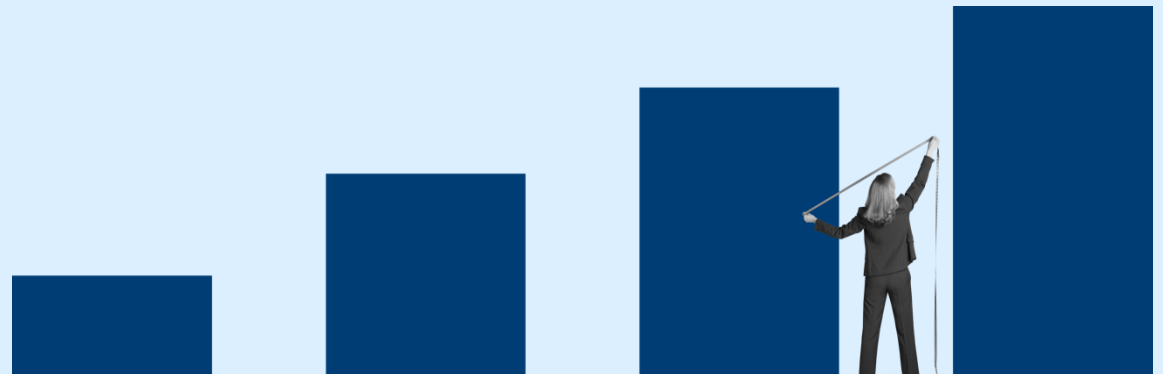


Prices are below their intrinsic value



We can encourage positive changes

Human nature creates attractive investment opportunities that require shareholders to liberate or create value.



We actively engage with companies to promote positive changes



Identify companies that are mispriced and where there are opportunities to promote positive changes, and shape the future.



Transform a company so its value is better appreciated by the market.



Takes time for our approach to bear fruit. Capital we manage is similarly aligned. Allows us to be patient and persistent.

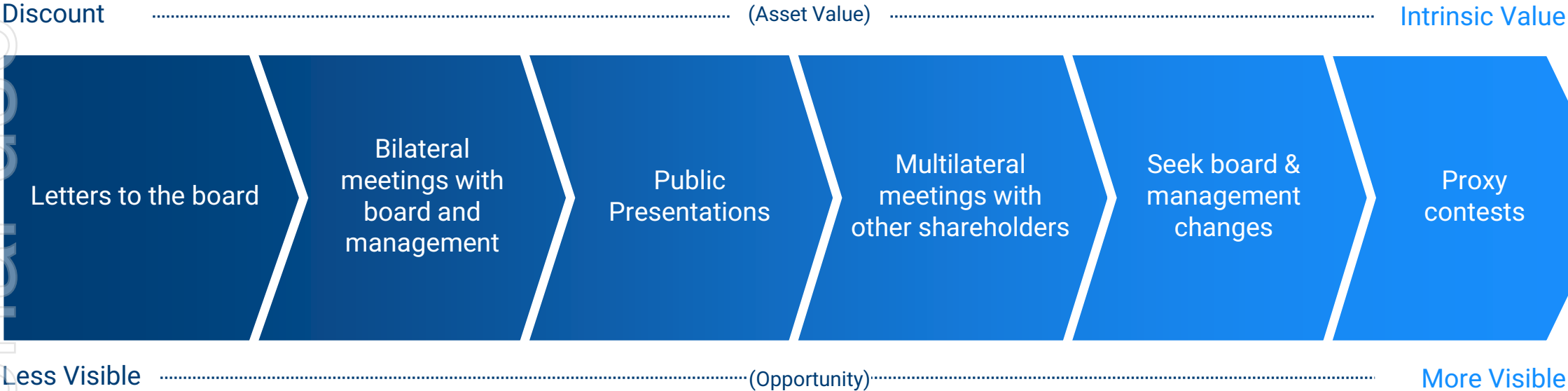


Use rigorous analysis to build shareholder consensus.

We unlock value by taking a proactive approach

We focus on engaging to maximise the certainty of our value creation strategies

We adapt to each unique situation, employing both a range of visible and less visible techniques



Led by a team with decades of success

Gabriel Radzynski

Founder, CIO & Portfolio Manager

+25 YRS EXPERIENCE



As the founder of Sandon Capital, Gabriel has been involved in the financial services sector for more than 25 years. Gabriel is Chairman of Sandon Capital Investments Limited (ASX:SNC). He is a non-executive director of Future Generation Investment Company Limited (ASX:FGX). From time to time he takes on Board positions as part of Sandon Capital's engagements. Gabriel has a BA(Hons) and MCom both from the University of New South Wales.

Campbell Morgan

Portfolio Manager

+20 YRS EXPERIENCE



Campbell joined Sandon Capital in 2014 and has more than 20 years of experience in both Australian and international financial markets. Prior to joining Sandon Capital, Campbell managed a Global Materials portfolio for Millennium, a New York based hedge fund with US\$50bn under management. Preceding this, he was a Senior Analyst for a Global Industrials portfolio at Citadel Investment Group, a US\$50b Chicago based hedge fund. Campbell started his career in Australia, working in the Institutional Bank at ANZ and after that as an Equity Research Analyst for Merrill Lynch before moving overseas in 2007 to work in Alternative Funds Management.

Derek Skeen

Chief Operating Officer

+25 YRS EXPERIENCE



Derek is the Chief Operating Officer of Sandon Capital and has over 25 years experience in the asset management industry. Derek commenced his career at Macquarie Bank in 1995 and over the proceeding 25 years held increasingly senior roles in the Macquarie Asset Management division as the business grew organically and through acquisition. Derek has deep operational, risk management and product experience where he has led significant business strategy and transformation programs. Derek has worked in and across a variety of regions for Macquarie Asset Management including in his role as Chief Operating Officer – APAC and, most recently, as Global Head of Investment Operations. Derek has a Master of Business Administration from the University of New South Wales, Australian Graduate School of Management business school.

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CONTACT

Gabriel Radzynski

CIO & Portfolio Manager

T +612 8014 1188

M +61 408 936 357

E gabriel@sandoncapital.com.au

