

## MONTHLY REPORT

# Sandon Capital Investments Limited (ASX:SNC)

OCTOBER 2024

NTA Before Tax  
(ex-dividend)

\$0.9385

NTA After Tax  
(ex-dividend)

\$0.8997

## INVESTMENT PERFORMANCE

Gross Performance to 31 October 2024 <sup>1</sup>	1 month	1 year	Since inception (p.a.)
SNC	5.2%	37.6%	9.7%
All Ords Accumulation Index	-1.3%	25.4%	9.0%
<b>Outperformance<sup>2</sup></b>	<b>6.5%</b>	<b>12.3%</b>	<b>0.7%</b>

1. The SNC gross returns are after investment management fees and brokerage expenses but before performance fees and corporate expenses. Index returns are before all fees and expenses and before any taxes. Dividends paid during the period are included when calculating SIN's gross investment performance.

2. Figures may not tally due to rounding.

## SANDON CAPITAL INVESTMENTS LIMITED

ASX Code	SNC
Gross assets*	\$166.4m
Market capitalisation	\$112.5m
Share price	\$0.780
Fully franked dividends	\$0.055
Dividend yield (annualised)	7.1%
Profits reserve (per share)	38.1cps
Franking (per share)	7.6cps
Loan-to-assets (incl. SNCHA)	14%

\*Includes the face value of 4.8% unsecured notes (ASX: SNCHA)

## PORTFOLIO COMMENTARY

The Portfolio was up 5.2% for the month, on a gross basis, after investment management fees and brokerage but before performance fees and corporate expenses, compared to a decline of 1.3% for the All Ordinaries Accumulation Index.

The largest positive contributors were Nuix Ltd (NXL) (+1.5%), Fleetwood Ltd (FWD) (+1.4%), Spectra Systems plc (SPSY LN) (+0.7%), Coventry Group Ltd (CYG) (+0.7%), BCI Minerals (BCI) (+0.6%) and IDT Australia Ltd (+0.4%). These were partially offset by Karoon Energy Ltd (KAR) (-0.5%).

FWD announced that it had secured additional occupancy for two years at its Searipple accommodation village in Karratha with the Saipem Clough Joint Venture (SCJV). SCJV is the prime contractor for the construction of the Perdaman Industries fertiliser plant on the Burrup Peninsula. The take-or-pay contract is expected to generate a minimum of \$13.5 million in revenue for FWD, with the SCJV having options to take additional rooms. As a result of this contract, occupancy at Searipple is locked in at 72% for FY25 and we expect occupancy to trend at these high levels into FY26 and beyond. This helps to underpin strong earnings and cashflow at FWD for at least the next two years.

At its Annual General Meeting (AGM) in late October, CYG provided a trading update that was weaker than expected with September quarter revenue flat with the prior corresponding period and EBITDA up 0.7%, impacted by difficult economic conditions in New Zealand and on the east coast of Australia. In a strategy update, the company highlighted that the primary driver of longer-term growth will be an aggressive rollout of greenfield sites, believing it can more than double the footprint of its Konnect & Artia Australia (KAA) business in the next five years.

Should this target be achieved, earnings and cash flow later this decade at CYG will be significantly higher than today.

The construction of BCI's Mardi salt project continued to move ahead with a total of \$788 million invested as of 30 September 2024 and construction 50% complete. In early October, the company completed financial close on its \$981 million syndicated debt facility, with the first drawdown from the facility expected in the March quarter of 2025. BCI remains on track for the first shipment of salt in the December quarter of 2026 and should become a significant supplier of high-quality industrial salt to global markets for many decades to come.

Unaudited revenue of \$5.2 million at IDT reached a two year high in the September quarter, increasing by 70% over the prior corresponding period. The strongest growth was seen in the Advanced Therapies division, supported by the recently announced Sanofi Australia contracts and growing demand for Antibody Drug Conjugates (ADC) and messenger RNA (mRNA) technologies. Importantly, the company is generating a significant amount of repeat work from returning customers, thereby establishing more predictable revenue streams. The outlook remains robust with \$6.8 million of contracts secured in the September quarter and 37 proposals submitted with a value of \$24.7 million, with ~60% of these to existing customers.

In its September quarter production report, KAR downgraded its full year production guidance to the bottom end of the previous range. As the relatively fixed cost base is spread over fewer barrels of production, unit costs were raised to the upper end of the previous range. On a more positive note, the company announced another US\$25m buyback, a significant increase to the contingent resource at Who Dat East and the discovery of hydrocarbons at the Who Dat South exploration well. If Who Dat East and Who Dat South prove to be economical, they could unlock attractive, low capex growth options for KAR.

Global Data Centres (GDC) confirmed that it will be suspended from the close of trading on ASX on 20 November 2024 as a result of disposing of its main undertaking (Etix Everywhere). The trust also confirmed that the available proceeds from the sale of Etix and Malaga are forecast to be \$2 per unit and expected to be distributed to unitholders by the end of November 2024. Between these proceeds, and the proceeds from the Wellard Ltd capital return, we expect

significant cash to be returned over the next month. There are a number of opportunities into which we expect to redeploy this cash and we look forward to reporting on these in the future.

## DIVIDENDS

SNC has declared 61.75 cents per share (cps) of fully franked dividends since listing in December 2013. The profits reserve is 38.1cps and there are 7.6cps of franking credits. These franking credits support the payment of up to 22.8cps of fully franked dividends.

SNC's FY24 final dividend of 2.75cps was paid on 7 November 2024. The Board anticipates paying an interim FY25 dividend of 2.75cps, provided the Company has sufficient profit reserves, franking credits and it is within prudent business practice.

A full list of SNC dividends since the IPO in December 2013 can be found [here](#).

## TOP 5 POSITIONS

Spectra Systems	12%
Fleetwood	11%
Carbon Conscious	8%
Nuix	7%
COG Financial Services	7%

## INSTRUMENT EXPOSURE

Listed Australian Equities	70%
Listed International Equities	13%
Unlisted Investments	17%
Cash or Cash Equivalents	0%

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## COMPANY OVERVIEW

Sandon Capital Investments Limited is a specialist 'Activist' listed investment company, managed by Sandon Capital. Sandon Capital devises and implements activist shareholder strategies that seek to unlock value inherent in securities held in our investment portfolios.

SNC provides investors with exposure to a portfolio of Australian companies that are typically not available to traditional investors. Through active engagement with the target company, Sandon Capital seeks to release the embedded value for shareholders. Target companies are likely to be in the small- to mid-cap market segment.

Sandon Capital has successfully employed its Activist investment strategy since September 2009. The wholesale Sandon Capital Activist Fund's investment performance since inception is 10.2% p.a. (after all fees and expenses).

### Investment Objectives

- To provide absolute positive investment performance over the medium to long term, ensuring capital preservation, while providing capital growth.
- To provide an investment strategy that few investors have the capacity to implement themselves.
- To provide shareholders with a growing stream of fully franked dividends.

# SANDON CAPITAL

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