

ASX Announcement/Press Release | 26 November 2021 TPC Consolidated Limited (ASX:TPC)

Investor Presentation Cover Note

TPC Consolidated Limited (ASX:TPC) ('TPC' or 'the Company'), the owner and operator of leading electricity and gas retailer CovaU (pronounced "cover you"), is pleased to release its latest investor presentation. It details:

- How TPC's CovaU has evolved into a leading Australian-based electricity and gas retailer
- CovaU's competitive advantages and how they have recently been further enhanced
- The success CovaU has had expanding its scale and geographic footprint
- The role TPC's CovaU is playing in Australia's move to 'Net Zero'

The presentation explains how TPC's growth strategy has both organic and potential M&A components. It outlines the Company's intention to strengthen sales verticals, further expand its geographic footprint, execute more power purchase agreements, invest further in business efficiency technologies and explore value add M&A opportunities.

It additionally highlights why TPC is today an attractive investment proposition, given:

- The steady growth in CovaU's share of Australia's retail energy market (electricity, gas and renewables)
- The competitive edge provided by business efficiency initiatives delivered in key areas like back-office functionality
- The company's reputation for successfully managing cost volatility risk metrics
- Its ability to leverage off the decarbonisation of household and SME energy consumption
- TPC's track record of delivering on its stated multi-strand growth strategy

Ends.

Authorised for release by the Board of TPC.

For further information, please contact:

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About TPC Consolidated

TPC Consolidated Limited (ASX:TPC) owns and operates leading Australian-based electricity and gas retailer CovaU (pronounced "cover you"), which offers competitively priced products to household as well as business (Small Medium enterprises and Commercial and Industrial) customers.

The client base of TPC's CovaU business, spread across most Australian states and territories, can choose from a wide range of products, from conventional gas and electricity through to solar, wind and 'greenpower' plans.

TPC is focussed on further expanding CovaU's market presence in the energy segment of the Australian utilities sector. The Company's expansion plans include additions to its current suite of renewables segment-related energy products, as consumers preference energy sources that accelerate the decarbonisation process.

To learn more, please visit: www.tpc.com.au www.covau.com.au



INVESTOR UPDATE TPC CONSOLIDATED LIMITED

NOVEMBER 2021

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Helping consumers get value for money



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INVESTOR UPDATE INTRODUCTION

Our product offering

Value for money, flexibility and environmentally friendly



A high growth retail energy utility

A sustained growth trajectory

\$1m revenue		\$50m annualized revenue exceeded	\$65m Profitable revenue
2014	2015	2016	2017
Acquired NSW electricity and gas licences. Secured first customer Offshore operations centres in Philippines and China First to offer 24/7/365` customer service	Acquired Victorian electricity and gas licences	Launched business insurance offering	iGENO Embedded Network business launched
TPC dividend: 3 cents per share declared (10,721,241 shares)	5,000 customers	10,000 customers	TPC dividend : 3 cents per share declared (11,235,613 shares)

TPC

A high growth retail energy utility

A sustained growth trajectory

\$77m	\$81m	\$85m	\$93m
Annual revenue	Annual revenue	Annual revenue	Annual revenue
2018	2019	2020	2021
Corporate sales		Expanded into	Expanded into
team established		Queensland	South Australia
12,555	14,345	16,972	23,894
Billable meters	Billable meters	Billable meters	Billable meters

TPC

TPC

Our Australian footprint is getting larger

Expanding into new geographies and market segments



Electricity \$68.0m Gas \$24.7m



23,000+

SME focus

customer base

24/7 availability

Dual fuel retailer



Wholly owned and operated



In-house directsales teams

We're getting industry recognition

Building reputation as a fast growth business



4.4 star rating on Product Review¹



1. https://www.productreview.com.au/listings/covau



mozo

2020 MOZO EXPERTS CHOICE AWARDS²

2, <u>https://mozo.com.au/energy/articles/the-winners</u> <u>-in-the-mozo-experts-choice-awards-for-</u>energy-2020-announced

TOP GOOGLE RATING

Google

Our Google average is one of the highest Google ratings of any energy retailer in Australia. **Over 300 reviewers think we're awesome** and rate us for taking care of them.

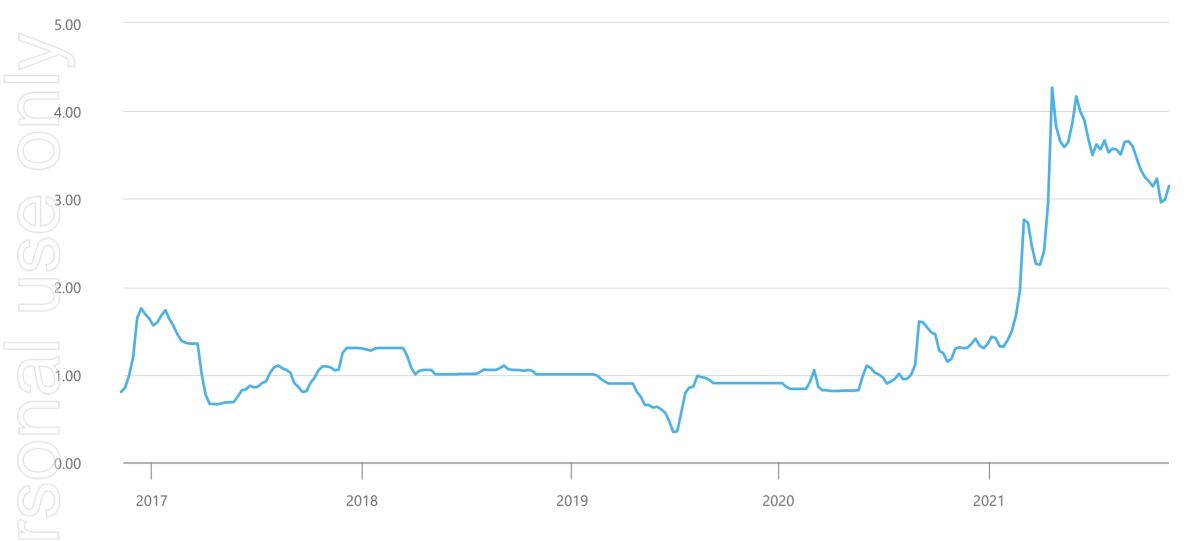
Corporate overview

Key market statistics/Key metrics

		FY 2021	FY 2020
	Share price (\$) ¹	3.50	0.95
\bigcirc	Market capitalisation (\$m) ¹	39.8	10.7
	EPS (\$)	0.41	0.30
	P/E Ratio	8.45	3.18
	Dividend Yield (%)	5.1	8.4
90	Payout Ratio (%)	43.4	26.7

1. As at end of financial year

5-year share price chart



TPC

As at November 2021

Top 20 shareholders

Shareholder ¹	Shareholding (M)	Stake In Company (%)
Mr Chiao Heng Huang ²	4.46	39.2
Barry Christopher Chan	0.70	6.2
Focus Capital Finance Limited	0.54	4.8
Megaway Group Limited	0.54	4.8
Mr Guonan Guan	0.44	3.9
Fortune Giant International Limited	0.42	3.7
Mr Jeffrey Wu Kin Ma ²	0.42	3.7
Mr Bob Cheng	0.38	3.3
Ms Wei-Chun Wu	0.35	3.1
Mr Maobin Guan	0.23	2.0
Mrs Xiaohong Xue	0.23	2.0
CX & J Pty Ltd <cxj a="" c="" fund="" superannuation=""></cxj>	0.22	2.0
Mr Steven Goodarzi ²	0.21	1.9
Mr Bing Zhou ²	0.20	1.8
Global Property Services Pty Limited <global a="" c="" pl="" property="" s="" sf=""></global>	0.14	1.2
Mr Chiao Ting Huang	0.11	1.0
Mr Gregory Ronald McCann ²	0.09	0.7
Mr Gang Gu ²	0.08	0.7
Mr Junwu Lian	0.07	0.6
Snowtop Wealth Management Pty Ltd	0.07	0.6

• Majority held by Directors and employees and related parties.

Notes:

1. Top-20 shareholders as at 18 November 2021

2. Total shareholdings include shares held by key management personnel and their related entities

CTPC

Senior leadership roles:

Managing Director Deloitte Consulting for Australia and New Zealand. 1999 to 2004

Managing Partner New South Wales 1995 to 1997

Managing Partner Queensland 1990 to 1995

Managing Partner Papua New Guinea 1987 to 1990



Greg McCann

Non-Executive Chairman

Appointed 2 April 2007

Greg has 24 years of financial and technology consulting experience with Deloitte and extensive experience with boards and senior executives at CEO level.

He is currently the principal and Executive Chairman of the Excentor Group of Companies, an independent software and consulting services supplier to the Asia Pacific region, employing over 2,500 professionals.

Greg has also chaired other ASX and NASDAQ listed companies and was on the board of the law firm, Lander & Rogers for over ten years. He was also Chairman of NBN Tasmania.

Greg holds a Bachelor of Business (Accounting) degree and is a Fellow of the Institute of Chartered Accountants in Australia and the Australian Institute of Company Directors.

CTPC



Chiao-Heng (Charles) Huang

Managing Director and Chief Executive Officer

Appointed 28 February 1996

Charles founded the Company in 1996 as an ISP whilst in his third year of studying towards a Bachelor of Mechanical Engineering degree at Sydney University.

Following the deregulation of the telecommunications industry, Charles sought the opportunity to resell voice products in Australia and in 1999 he decided to transform the Company from a technology-oriented ISP to a marketing and innovation-oriented player in the prepaid calling card sector.

He has successfully steered TPC Consolidated Limited (formerly Tel.Pacific Limited) from a start-up company to a public company which was listed on the Australian Securities Exchange in 2007.

Charles holds a Bachelor of Mechanical Engineering degree

TPC



Jeffrey Ma

Executive Director, Chief Financial Officer and Company Secretary

Appointed 22 November 2004

Jeffrey joined the Company in 2000 with more than 15 years financial services experience. He has over 11 years of financial services experience gained with Credit Lyonnais Australia Limited, a merchant bank, where he held the position of Company Secretary and Head of Finance and Administration in his last five years and was a Member of the Management Committee.

Jeffrey also worked for two years in Westfield Holdings Limited, a listed property management and development company. He has an extensive professional background, having also worked for Coopers and Lybrand (now PricewaterhouseCoopers) in Hong Kong and with a chartered accounting firm in London.

He holds a Bachelor of Arts (Accounting and Financial Management) degree from the University of Sheffield, England and is a Fellow of the Institute of Chartered Accountants in England and Wales. He is also a Fellow of the Institute of Chartered Accountants in Australia and a Fellow of the Financial Services Institute of Australia.

TPC



Steven Goodarzi

Executive Director and Chief Strategy Officer

Appointed 30 November 2015

Steven joined TPC Consolidated Ltd as its Chief Strategy Officer in 2013 and founded the Company's CovaU energy business in 2014. He has extensive management and operational experience in strategy, business development, sales and marketing across many parts of the telecommunications and IT industrial sectors, both in Australia and overseas.

He has also over time developed a deep understanding of what drives financial markets, having held strategy roles specific to the Financials sector. These positions were located in a number of major money centres across Asia, North America and Europe.

Immediately prior to his move to TPC Consolidated Ltd, Steven was based in Tokyo, as the Director of Strategy and Business with KVH, a Fidelity investment company. Steven is now using his experience, vision and leadership to help lead the continued evolution of TPC's competitive energy retailer CovaU.

INVESTOR UPDATE CORPORATE STRUCTURE

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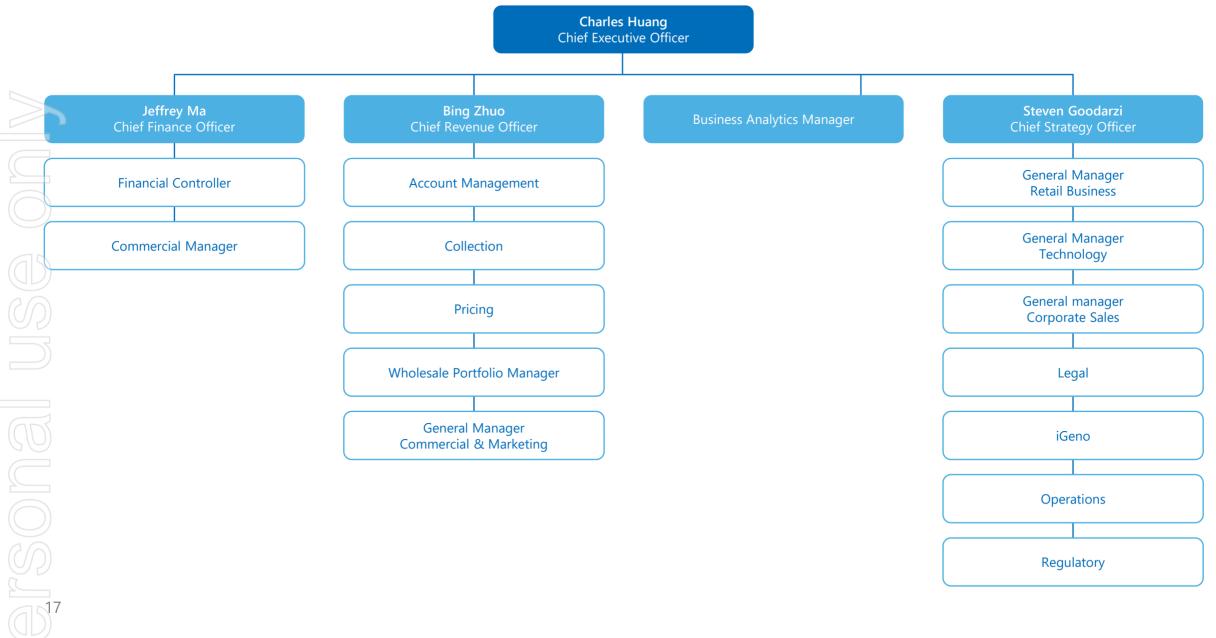
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Our corporate structure

A growing force in Australia's retail electricity market

CovaU is operating in these key markets:

New South Wales

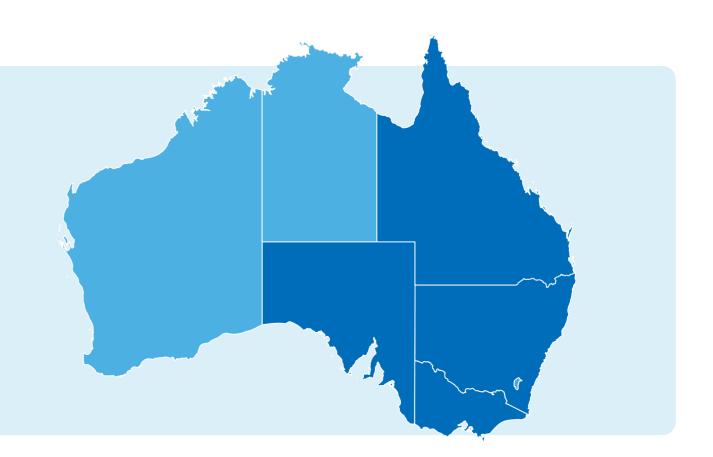
Victoria

Queensland

South Australia.

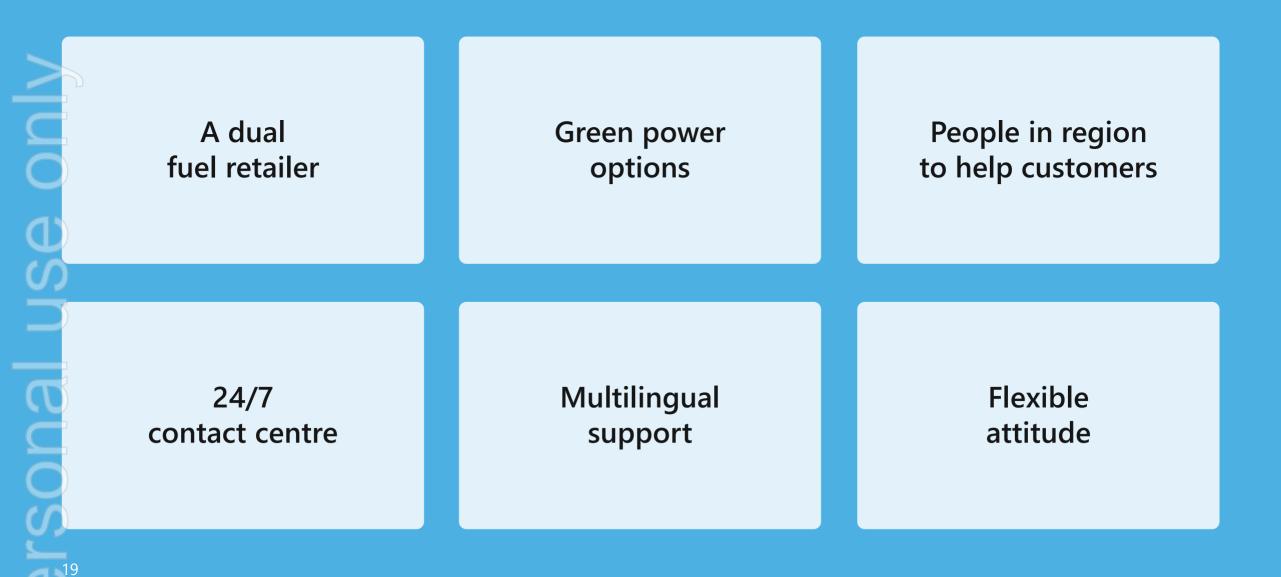
Expanding into Tasmania and ACT in 2021.

Our teams are present in each region to serve the customers.





Our competitive advantages



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Our superior back office

Customer support a key TPC strength

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Team of 100+ employees to help	Experienced team at hand	End-to-end in-house teams to manage business processes
Quality Assurance teams	24/7 capability to help resolve customer issues	Multilingual capabilities

Our superior back office

Customer support a key TPC strength





Implemented in 2006



Supporting CovaU since 2014

Operations | Switching | Billing | Collections | Quality Assurance | Network NOC | In/Our bound



100+ Members strong



Competitive cost per agent

TPC playing a role in Australia's move to 'Net Zero'



Strategic Partnerships with major wind farm and solar farm developers



Up to 100% Green power



Bespoke contract term

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Traceable carbon offset

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INVESTOR UPDATE INDUSTRY DYNAMICS

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Profitability variability

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- Hedging cost
- Sustained wholesale price spikes
- Seasonal cost variation (First half of each year experiences higher margins)

Wholesale cost volatility



Payment timelinessDebt management

Cash management



- Hedging cost
- Sustained wholesale price spikes
- Seasonal cost variation (First half of each year experiences higher margins)

Renewable certificate cost volatility

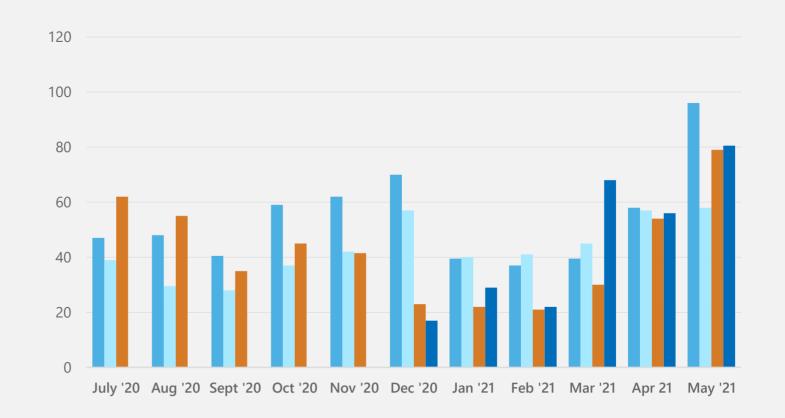
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Wholesale electricity pricing dynamics

Spot prices are marching higher

Wholesale cost volatility

- QLD Callide coal fire generator blow up
- Higher gas demand closer to winter period, coincides with Callide incident which requires additional gas-fired generator to fill the supply gap
- The prior hedge and reallocation amount has reduced the financial impact substantially.
- We have also set aside reserve funding for the prudential requirement from the Australian Energy Market Operator (AEMO).



NSW QLD VIC SA

Cash management

Cash management

- Net cash used in Investing activities mainly included a \$2m increase in bank deposit, representing credit support provided to AEMO.
- Net cash used in Financing activities mainly included dividend payment \$1.8m and repayment of borrowing \$0.8m.
- TPC used own operating cashflow to meet this challenge

	FY 2021 (\$'000)	FY 2020 (\$'000)
Receipts from customers	105,037	93,982
Net cash provided by operating activities	9,890	2,545
Net cash (used in) / provided by investing activities	(2,166)	869
Net cash used in financing activities	(2,553)	(2,604)
Net increase in cash held	5,171	810

Renewable Certificate Market Prices



TPC is leveraging off higher prices

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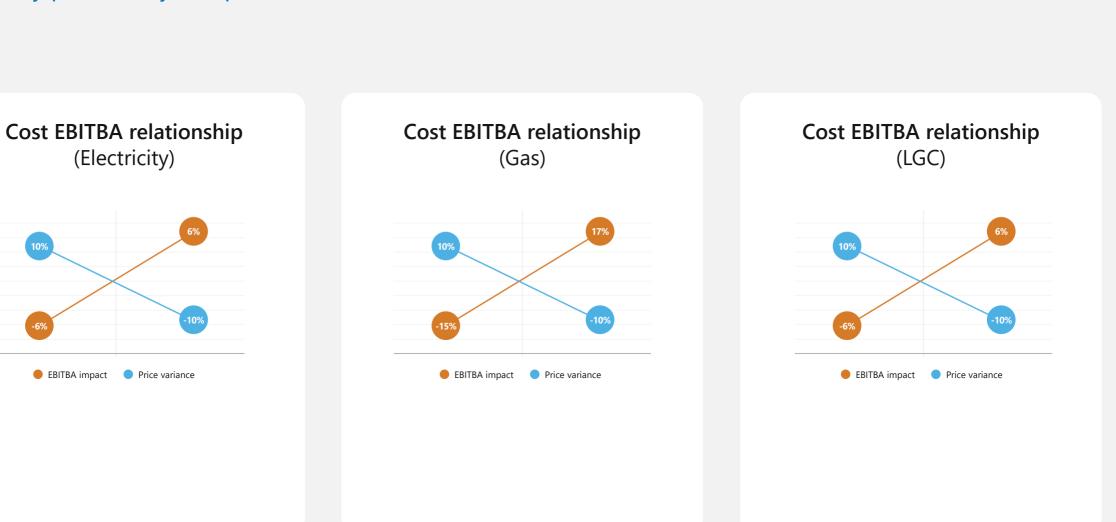
Renewable certificate cost volatility

- Delay in Renewable projects coming to fruition.
- Certificates are held and not released into the market.



Sensitivity of TPC's earnings

Three key profitability components



TPC

Bad debts trend lower despite COVID-19 pandemic

	FY 2021	FY 2020
Bad Debts Expenses	\$2,686,105	\$3,212,104
Bad Debts Ratio	2.87%	3.72%

Lower bad debts in FY21 reflects:

- Customer credit quality controls
- Higher active collection activity

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INVESTOR UPDATE FINANCIALS



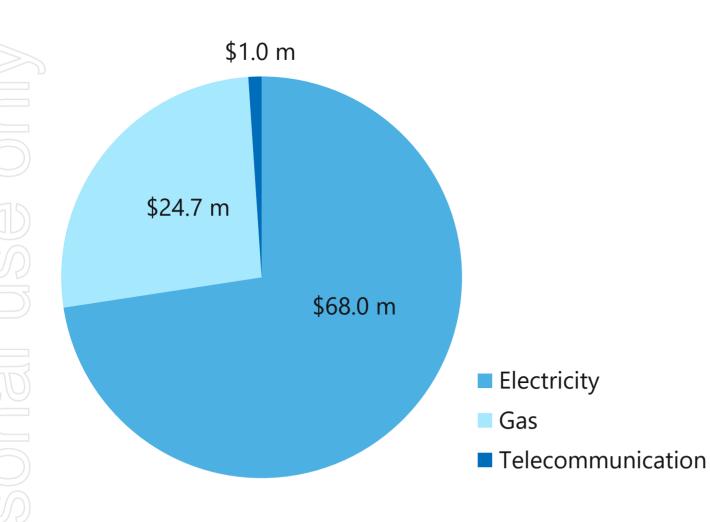
TPC's Financials

Profit and loss

	`	FY 2021 (\$m)	FY 2020 (\$m)	Change (%)
	Revenue	93.6	86.3	8.4
	Gross Profit	22.2	18.7	18.6
	EBITDA	6.3	5.0	24.9
10	Profit before tax	5.3	4.0	32.4
'n	Net Profit for the year	4.7	3.4	39.4
	\sum			
	Key Ratios			
	EBIT Margin (% sales)	5.7%	4.9%	
	EPS (cents/share)	41.4	29.9	
	DPS (cents/share)	18.0	8.0	
15	32			

TPC's Financials

FY 2021 Revenue by Segment



CTPC

- Total Revenues \$93.7m
- Electricity: 72.6% of revenues
- Gas: 26.4% of revenues
- Telecommunication: 1.0% of revenues

TPC's Financials



A robust balance sheet, with minimal gearing

		FY 2021 (\$'000)	FY 2020 (\$'000)
Cash and cash equi	valents	7,026	1,855
Trade and other rec	eivables	13,393	13,779
Bank deposits		3,197	1,222
Total Current Assets	;	28,423	18,883
Total Assets		31,790	22,289
05			
Trade and other pay	vables	8,957	7,532
Short term borrowi	ng	-	751
Total Current Liabili	ties	14,204	12,665
Total Liabilities		14,802	13,430
Debt-to-Equity Rati	0	0.87	1.52
Interest Coverage		70.43	14.61

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INVESTOR UPDATE OUTLOOK



CTPC

A focus on executing growth strategy

Expansion to have both organic and M&A components

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Why invest in TPC



Competitive advantages + decarbonisation process + growth strategy = Increased shareholder returns

TPC has a track record for reporting increased earnings thanks to:

- Steady growth in CovaU's share of Australia's retail energy market (electricity, gas and renewables)
 The competitive edge provided by business efficiency initiatives in key areas like back office functionality
 Successful management of cost volatility risk metrics
- An ability to leverage off the decarbonisation of household and SME energy consumption
- A multi-strand growth strategy (expanded product range, sales verticals and geographic footprint)

TPC's CovaU is a highly efficient retail energy provider well-positioned to grow despite the multiple challenges associated with the Australian economy's march towards 'Net Zero'



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Disclaimer

Company legal disclaimer

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