



ASX Announcement/Press Release | 24 November 2023
TPC Consolidated Limited (ASX:TPC)

Address by Chairman Greg McCann

TPC Consolidated Limited 2023 Annual General Meeting – 24 November 2023

Please see attached the address to be delivered by the Chairman to shareholders at this morning's Annual General Meeting.

Ends.

Authorised for release by the Board of TPC.

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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

TPC Consolidated Limited (ASX:TPC)

Chairman's Address for AGM | 24th November 2023

Dear Shareholders,

On behalf of the Board of TPC Consolidated Limited, it is my pleasure to outline your Company's achievements over the course of its financial year ended 30 June 2023.

I am proud to say the Company recorded an extraordinary year, an excellent outcome made possible by the hard work of the whole team at CovaU. Their diligence, and the outstanding result that flowed from it, was commendable in the context of lingering macroeconomic and geopolitical challenges TPC faced over the past year, which were very much outside of the Company's control.

This said, I can report that some positive developments gradually materialised in TPC's operating environment over the course of its FY23. Chief amongst these was a slow but steady easing in COVID-19 pandemic restrictions, a clear step towards a normalisation of trading conditions in the retail electricity market. We also saw some positive shifts in Australian energy policy settings. The incoming Federal government's commitment to help insulate retail electricity users from both the rapid uplift in inflation levels and spiking wholesale power prices in Australia was without doubt a welcome initiative. It took some of the heat out of ongoing cost of living pressures impacting both our household and small business sectors, providing relief to those needing it most.

Your Company's operational performance over FY23 was also less impacted by the ongoing Russia-Ukraine war, which started up in early calendar 2022. I am happy to say that TPC's CovaU business did much more than just survive in the face of this ongoing significant geopolitical event.

On top of these improvements in the macro environment, CovaU's team implemented a range of business initiatives over your Company's FY23 that benefited both its revenue and cost lines. This successful execution of our business strategy resulted in the delivery of above-expectations growth in earnings over the year. Revenue of the consolidated entity totalled \$137 million in FY23, up 11.7% on the previous year. Gross profit and gain on sale of derivatives increased to \$47.3 million, up 70.1% on a previous corresponding period basis. TPC's FY23 EBITDA was \$24.7 million, up by 172.5% on last year's level, while the Company's FY23 NPAT of \$16.8 million was up by 223.2% on its year-earlier figure.

Due to the gradually improving operating environment over our FY23, the ability of the TPC management team to deliver increased profits over this period, and our robust balance sheet, your Board of Directors initiated a share buyback program in April 2023. This took advantage of both our excess cash position and relatively low TPC share price. At the same time, the TPC Board recently declared a fully franked FY23 final dividend of 30 cents per share. This dividend payout was premised on your Company's balance sheet robustness and the Board's positive view on TPC's medium- to long-term earnings outlook.

Turning to the outlook for our 2024 financial year (FY24), your Board expects current pricing challenges in Australia's power sector to persist for some time yet. On a positive note, we currently anticipate more stability in global and domestic gas prices over the coming 12 months, resulting in a further gradual normalisation in power prices. That said, these gas prices are likely to remain elevated in an historical context as long as the Russia-Ukraine war continues. We are also monitoring the current worsening in tensions across the Middle East – it has the potential to cause a material uplift in benchmark prices across a raft of energy commodities. Were current pricing challenges in Australia's power sector to persist over the coming year, these will, in turn, continue to preclude a return to more pricing conditions for all players in retail energy markets both here in Australia and overseas, TPC included.

While we are hoping for further improvement in the operating environment for our core CovaU business over time, TPC is well-prepared should this optimistic scenario not come about and more volatile operating conditions take hold. Either way, your Company's leadership team and staff remain committed to delivering a better and stronger TPC business over time by executing on our stated growth strategy.

While your Board holds out hope that the coming year will see a further improvement in the less-than-optimal trading conditions still being experienced in wholesale electricity pricing, the Company's business strategy will target both cautiousness and growth. It will see TPC take a proactive approach to the current challenges confronting it. In a quest to manage the ability for the Company to deliver continued satisfactory financial performance, TPC's leadership team is continuing to explore opportunities and ways to strengthen the Company and further enhance its long-term strategy.

Assuming no further major deterioration in overall energy market conditions over our FY24, the Board expects the TPC Consolidated Group to maintain its profitability and cash flow over this period. CovaU's energy business will be the only contributor to Group revenues and profits over the coming year, following the closure of the mobile business. We anticipate that CovaU's performance will be underpinned by diligent management and stringent cost control, alongside the implementation of initiatives targeting further growth in the energy business. This is the best way to have your Company primed for growth when operating conditions eventually return to more normal settings.

It would be remiss of me not to acknowledge the retirement of Jeffrey Ma as the company's Chief Financial Officer on 30 September 2023. Jeff has served the company in the role since our IPO in 2007 and on behalf of the Company I thank Jeff for his outstanding contribution to the strong financial management of the Company's affairs. And I also thank Jeff for agreeing to stay on as a Non-Executive Director and Company Secretary so that his corporate knowledge is retained for the betterment of the Company. At the same time I wish to welcome Mr Tony Marlin to the Company who will take over from Jeff as Chief Financial Officer.

Ladies and gentlemen, I now want to take this opportunity to thank all our major stakeholders for their continued support over the past 12 months. To our loyal customer base, we thank you for using CovaU as your retail energy provider. We will continue to seek out ways of offering you value for money in these times when consumers are being squeezed by ongoing cost of living pressures. To my fellow directors, as well as our management and staff, I thank you for the commitment you have shown to growing TPC's business over the past year. And last but not least, I want to thank our shareholders for their patience and continued support. I sincerely hope that we will be able to report improved financial results for the Company in the coming years as a reward for your investment in our business.