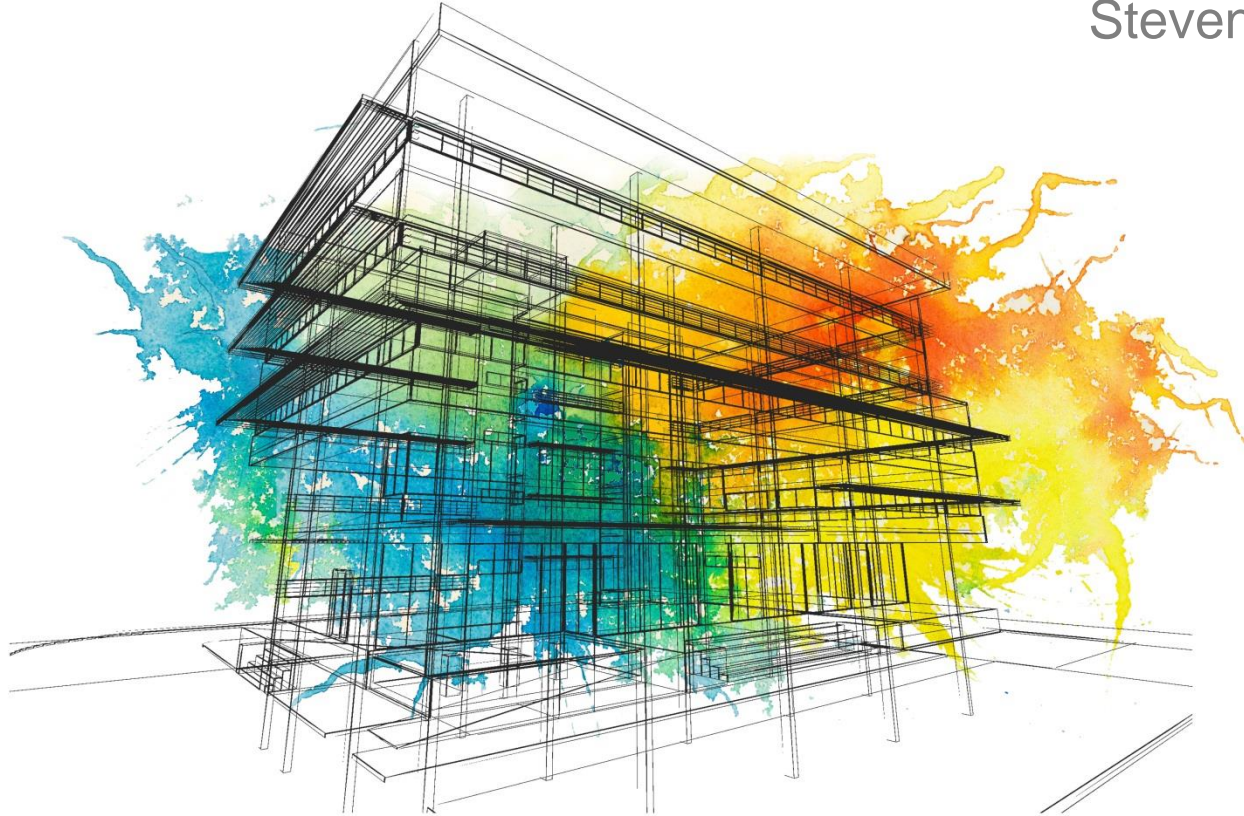




# FY2017 Results

Alexander Kachellek  
Steven McGregor



## Agenda

- FY17 Key Points
- Financial Results
- Outlook
- Company Overview

# Introduction to Korvest

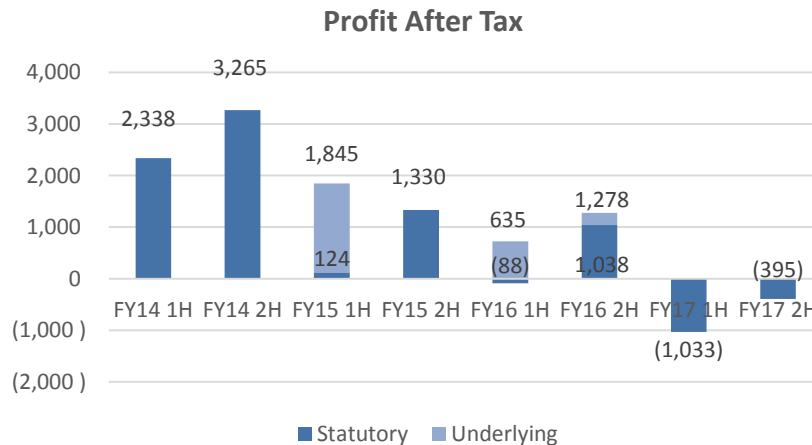


- Korvest (ASX:KOV) is headquartered in South Australia and provides cable and pipe supports, access systems for large mobile equipment, hydraulic tools and wrenches, and galvanising services
- Listed in September 1970
- Korvest has sales offices warehouses in Adelaide, Melbourne, Sydney, Brisbane and Perth, with distributors in Darwin, Townsville, Hobart and New Zealand
- Manufacturing, fabrication and galvanising in Adelaide
- Power Step and Titan Technologies in Brisbane
- Overseas supply chain provides make vs buy flexibility
- Korvest business sell to a wide variety of industry sectors

# Headline Numbers



	June 2017	June 2016	% Change
<b>Sales</b>	\$44.73m	\$54.98m	(18.6%)
<b>EBIT</b>	(\$2.29m)	\$1.30m	(276%)
<b>Operating cashflow</b>	(\$0.38m)	\$7.43m	(105%)
<b>EPS</b>	(14.4c)	8.9c	(262%)
<b>Dividend per share</b>	13c	20c	(35%)



- No major project sales during period
- International strategy refocussed
- Higher input costs

1 Underlying Profit after Tax is a non-IFRS measure. Details of how it is calculated including a reconciliation to statutory numbers are set out on page 15

# Industrial Products



	June 2017	June 2016	% Change
Sales	\$40.27m	\$50.70m	(20.6%)
EBIT	(\$1.63m)	\$2.99m	(154.5%)
EBIT %	(4.0%)	5.9%	

**EzyStrut**

## Trading Update

- Lack of major projects
  - Day-to-day work improved
  - Inconsistent activity state by state
  - NSW most active market
  - Margins reduced
    - Static sell prices
    - Increasing input costs (eg steel, energy)
- 
- Improved result
  - Cost base reduced in June (WA site closed, some admin moved to Head Office)



# Production Services

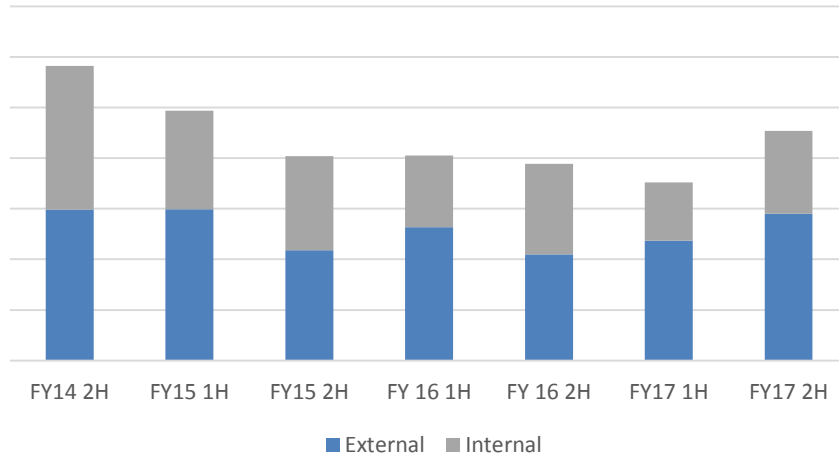


	June 2017	June 2016	% Change
<b>Sales</b>	\$4.46m	\$4.28m	4.2%
<b>Statutory EBIT</b>	(\$0.30m)	(\$0.05m)	
<b>EBIT %</b>	(6.7%)	(1.2%)	



***korvest galvanisers***

Galvanising volume



## Trading Update

- More external, less internal tonnes
- 2H improvement
- Margin pressure
  - Increasing zinc cost (35%)
  - Surplus market capacity
  - Energy costs \$120k 2H increase

# Balance Sheet



<b>ASSETS</b>	<b>\$m</b>	<b>June 2017</b>	<b>June 2016</b>	<b>June 2015</b>
Cash & Investments		2.0	5.1	(0.5)
Receivables		9.5	8.2	13.6
Inventories		10.7	11.5	13.6
Property, Plant & Equipment		13.8	14.6	15.9
Other		0.1	1.0	0.3
<b>Total Assets</b>		<b>36.1</b>	<b>40.4</b>	<b>42.9</b>
<hr/>				
<b>LIABILITIES</b>				
Payables		(4.0)	(4.2)	(4.2)
Other Liabilities		(2.9)	(3.7)	(3.7)
<b>Total Liabilities</b>		<b>(6.9)</b>	<b>(7.9)</b>	<b>(7.9)</b>
<hr/>				
<b>NET ASSETS</b>		<b>29.2</b>	<b>32.5</b>	<b>32.5</b>

Receivables – 4Q sales \$1.8m higher in FY2017 than FY2016

Inventories – Focus on reducing inventory

# Dividends



	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013
<b>Interim</b>	10c	10c	17c	26c	26c
<b>Special Interim</b>	-	-	-	100c	-
<b>Final Dividend</b>	3c	10c	12c	31c	20c
<b>Total Dividend</b>	13c	20c	29c	157c	46c
<b>Franking</b>	100%	100%	100%	100%	100%

- DRP suspended for final dividend

## Key Dates

Record Date: 25 August 2017

Payment Date: 8 September 2017



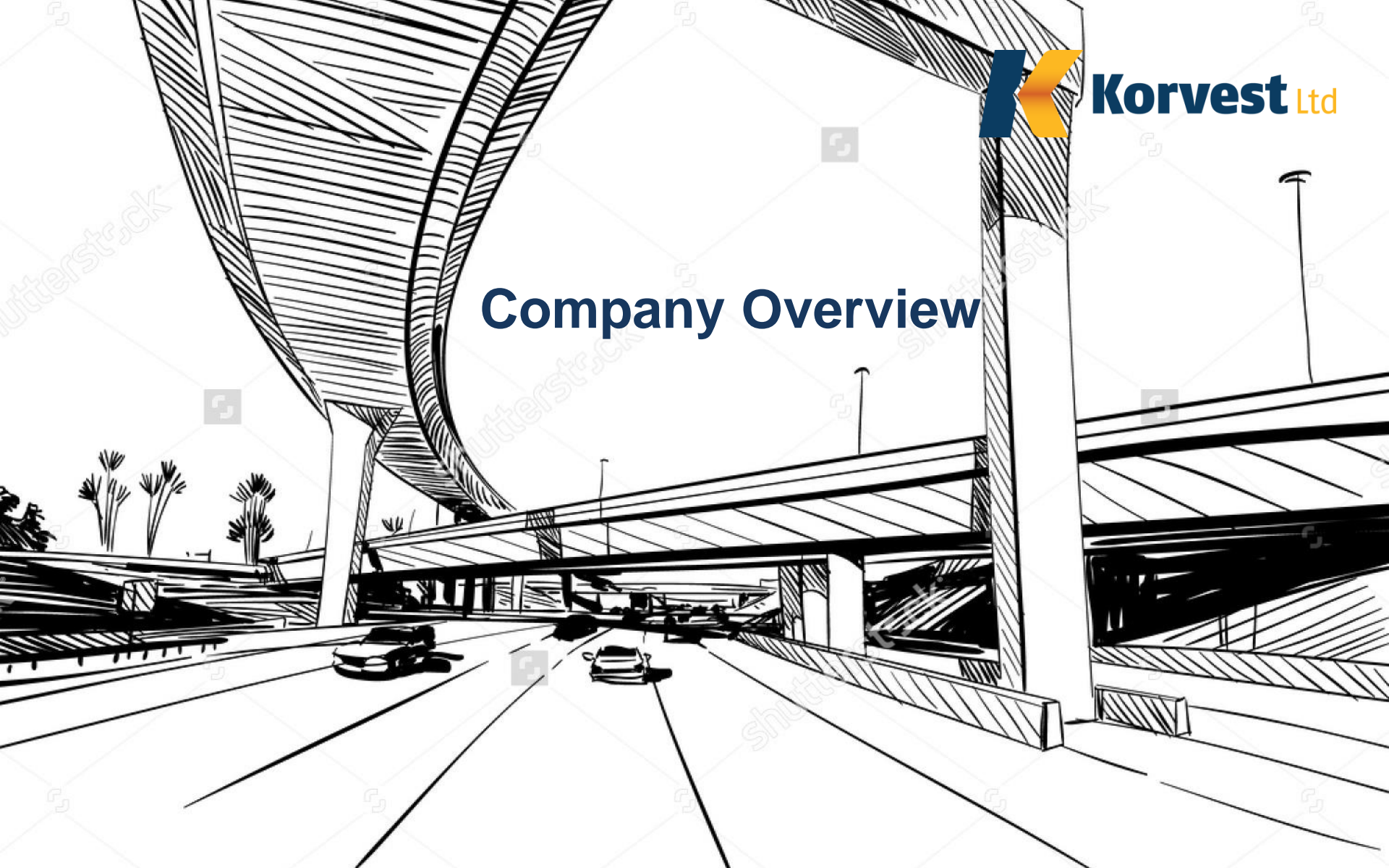
# Outlook

- Domestic market is primary focus
- Market outlook encouraging
- Product cost improvement
  - supply chain
  - new machinery investment
- Price rises
- Inventory reduction
- Update on trading at AGM



**Korvest** Ltd

# Company Overview



# Industrial Products



- Cable and pipe supports
- Market leader in cable supports
- Manufacturing facility in Kilburn, SA
- Overseas supply chain
- Sells to EPCMs, Wholesalers, and direct to project contractors and trade
- Local manufacture allows quick response time and ability to manufacture specials – a differentiator to overseas competition
- National sales and warehouse network
- Vertical integration with Korvest Galvanisers

# Industrial Products



- Hydraulic/Electric Safety Access Systems for mobile vehicles
  - Design
  - Manufacture
- Safety Lighting
- Filter Crushers
- Queensland Based
- Sales Representatives/agents in:
  - QLD, WA, NSW
  - Chile, Brazil, South Africa

# Industrial Products



- Hydraulic tools and wrenches
  - Sale
  - Hire
  - Repair
- Markets
  - Large scale construction
  - Power stations
  - Industrial sites
  - Mines
  - Wind towers

# Production Services



- Longest galvanising kettle in Australia (14m)
- South Australia's only centrifuge plant (national market)
- Predominantly structural work for SA projects or fabrications
- In-house work for EzyStrut

# Calculations

Underlying Profit After Tax is a non-IFRS measure. The chart showing Profit after Tax on Page 4 shows underlying and statutory Profit after Tax. The calculations of the underlying numbers included in this presentation are set out below.

## Underlying Profit After Tax

\$'000	FY15 1H	FY16 1H	FY16 2H
<b>Statutory EBIT</b>	124	(88)	1,038
<b>Adjustments</b>			
Restructuring		248	240
Acquisition related costs		475	
Goodwill impairment	1,721		
<b>Underlying EBIT</b>	<b>1,845</b>	<b>635</b>	<b>1,278</b>



**EzyStrut**

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