



December 2017 Half Year Results

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Agenda

- 1H FY18 Key Points
- Financial Results
- Outlook
- Company Overview

Introduction to Korvest

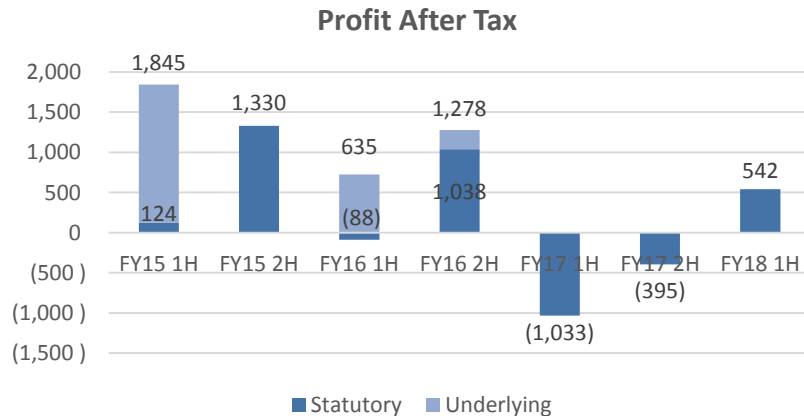


- Korvest (ASX:KOV) is headquartered in South Australia and provides cable and pipe supports, access systems for large mobile equipment, hydraulic tools and wrenches, and galvanising services
- Listed in September 1970
- Korvest has sales offices warehouses in Adelaide, Melbourne, Sydney, Brisbane and 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
- Sell to a wide variety of industry sectors

Headline Numbers



	Dec 17 (1H)	June 17 (2H)	Dec 16 (1H)	% Change vs Dec 16
Sales	\$29.6m	\$23.5m	\$21.3m	39.0%
EBIT	\$0.8m	(\$0.8m)	(\$1.5m)	
Operating cashflow	\$0.3m	(\$0.2m)	(\$0.2m)	
EPS	4.9c	(5.0c)	(9.4c)	
Dividend per share	5c	3c	10c	



- Result just above guidance range
- Increased activity
- Margin improvement

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



	Dec 2017 (1H)	June 2017 (2H)	Dec 2016 (1H)	% Change Vs. Dec 2016
Sales	\$26.88m	\$21.01m	\$19.26m	39.6%
EBIT	\$0.95m	(\$0.64m)	(\$1.0m)	
EBIT %	3.5%	(3.0%)	(5.2%)	

EzyStrut

Trading Update

- Supply to NSW infrastructure project
- Day-to-day demand improved
- Margin improved due to price increase effective 1 August
- NSW remains the most active market
- Strong improvement in SA, Vic and Qld



- Less revenue, improved EBIT
- Benefits of reduced cost base (WA site closed, some admin moved to Head Office)

Production Services

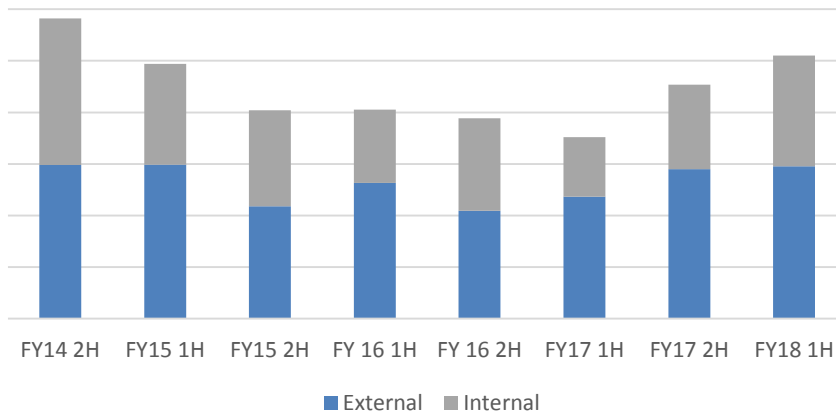


	Dec 2017 (1H)	June 2017 (2H)	Dec 2016 (1H)	% Change Vs. Dec 2016
Sales	\$2.70m	\$2.44m	\$2.02m	33.7%
EBIT	\$0.17m	(\$0.19m)	(\$0.28m)	
EBIT %	6.3%	(7.8%)	(13.9%)	



korvest galvanisers

Galvanising volume



Trading Update

- Continued volume growth
- Price rise 1 August
- Zinc price increased 12% in 1H
- Successful kettle replacement over Christmas Shutdown

Balance Sheet



ASSETS	\$m	Dec 2017	June 2017	Dec 2016
Cash & Investments		1.4	2.0	3.5
Receivables		11.9	9.5	7.7
Inventories		10.1	10.7	11.6
Property, Plant & Equipment		13.4	13.8	14.0
Other		0.1	0.1	0.1
Total Assets		36.9	36.1	36.9
LIABILITIES				
Payables		(4.4)	(4.0)	(3.6)
Other Liabilities		(3.1)	(2.9)	(2.9)
Total Liabilities		(7.5)	(6.9)	(6.5)
NET ASSETS		29.4	29.2	30.4

Receivables – increase due to sales growth and some customer stretch

Inventories – high zinc holdings (price and shutdown related), EzyStrut reduction project successful

P,P&E – Kettle changeover - \$228k 1H cost

Dividends

	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Interim	5c	10c	10c	17c	26c
Special Interim		-	-	-	100c
Final Dividend		3c	10c	12c	31c
Total Dividend		13c	20c	29c	157c
Franking	100%	100%	100%	100%	100%

- DRP suspended for interim dividend

Key Dates

Record Date: 23 February 2018

Payment Date: 9 March 2018

Outlook

- Supply of NSW infrastructure project continues into 2H
- Infrastructure investment forecasts remain strong over the short to medium term
- Well positioned to capitalise on growth in infrastructure markets
- Day-to-day and small project markets expected to remain at similar levels
- Robust competitive environment for EzyStrut
- Supply chain improvements and new machinery benefits realised in 2H
- Continued inventory reduction
- Cost reduction measures
 - Energy and factory efficiency

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
Statutory EBIT	124	(88)	1,038
Adjustments			
Restructuring		248	240
Acquisition related costs		475	
Goodwill impairment	1,721		
Underlying EBIT	1,845	635	1,278



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