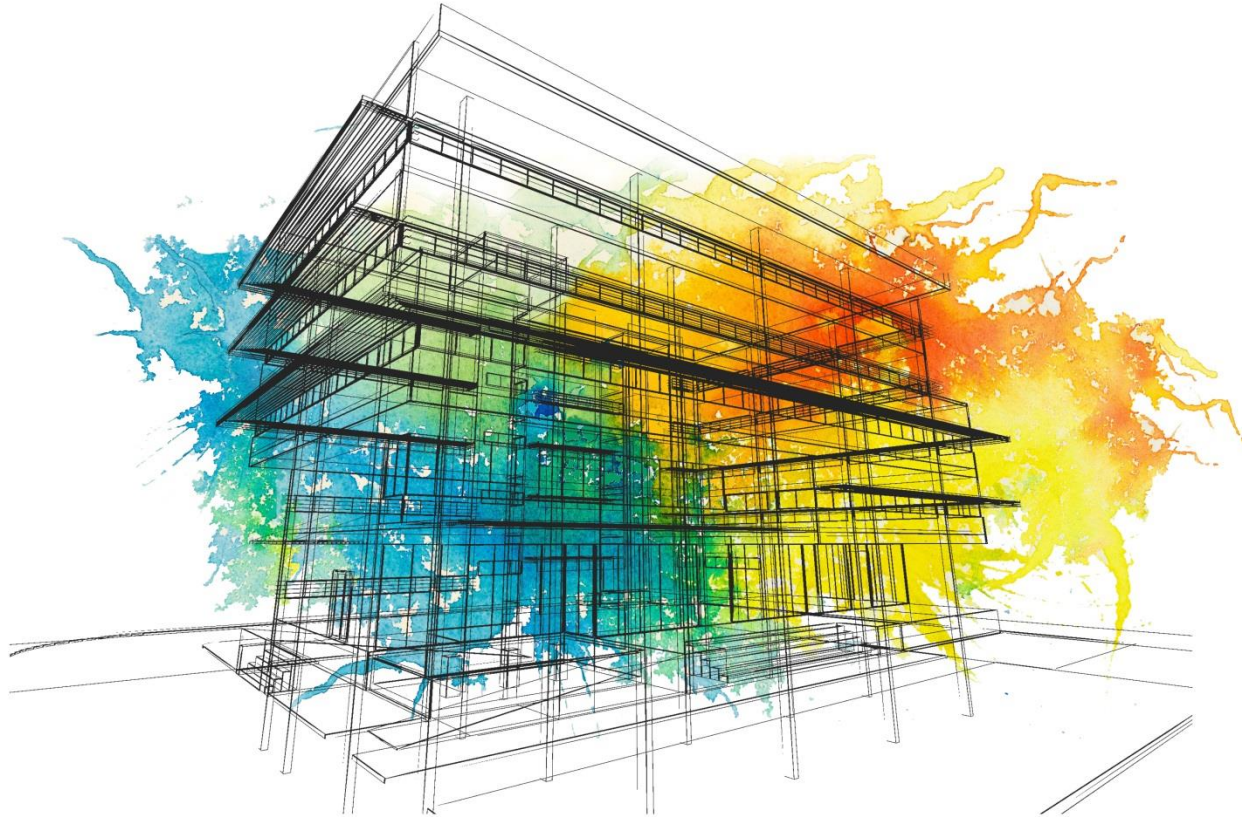


March 2018

Chris Hartwig  
Steven McGregor



## Agenda

- Overview of Korvest
- Korvest Strategy
- Outlook
- Company Overview

# Overview of Korvest



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

# FY18 Turnaround



	FY18 (1H)	FY17 (2H)	FY17 (1H)
<b>Sales</b>	\$29.6m	\$23.5m	\$21.3m
<b>EBIT</b>	\$0.8m	(\$0.8m)	(\$1.5m)
<b>Operating cashflow</b>	\$0.3m	(\$0.2m)	(\$0.2m)
<b>EPS</b>	4.9c	(5.0c)	(9.4c)
<b>Dividend per share</b>	5c	3c	10c

- FY18 1H result just above guidance range
- Increased activity
- Margin improvement

## Korvest Strategy

STABLE FOUNDATION

Operational improvement  
Experienced management team  
Working capital management  
Return to profitability

PROFITABILITY

Pricing and margin management  
Improve customer experience  
Flexible supply chain  
Product cost reduction & design

OPERATIONAL EXCELLENCE

Operational efficiency  
Factory improvement  
Working capital management  
Safety

GROWTH

Product design & range expansion  
Market share AU/NZ  
Adjacent markets  
Market consolidation

SAFETY &  
ENVIRONMENT

LEADERSHIP

RESOURCES

PROCESSES

ALIGNMENT

# Stable Foundation

- Operational improvement
  - Freight management
  - Factory efficiency
  - Energy consumption
- Management expertise
  - Accountability
  - Lower cost
- Working capital management
- Profitability
  - Focus on key business drivers
  - Effective price rises
  - Pipeline management
  - Leading market share in growing infrastructure market
  - Competitiveness of overseas supply chain
  - Make versus Buy



# Profitability

- Pricing and margin management
  - Daily focus & controls
  - Index for key cost inputs
  - Market leader with pricing
- Improve customer experience
  - Right stock in the right place
  - Delivery in full on time (DIFOT)
- Flexible supply chain
  - Make versus Buy model
- Product cost reduction & design
  - Engineered solutions
- Cost control
  - Reduce energy costs through management and investment
  - Labour management

# Operational Excellence

- Operational efficiency
  - DIFOT - Factory
  - DIFOT - Branch to customer
  - Branch network efficiency & processes
- Factory improvement
  - Efficiency and productivity
  - Process improvement
  - Agility
  - Automation
  - Capital investment
  - Energy consumption
- Working capital management
- Safety



# Growth - Core

- Product design
  - In-house engineering
  - Customer driven
  - Fire rated
- Product range expansion
  - Fire rated
  - Engineered solutions
  - Other
- Market share AU/NZ
  - Pipeline management
  - Sales force management
  - Customer relationships

# Growth – Future Options



- Adjacent markets
  - Servicing same customer base & channels to market
  - Wide range of opportunities
- Market consolidation
  - Fragmented market
  - Excess capacity, but tightening
- Core competencies
  - Metal manufacturing & distribution
  - Engineered solutions

# Outlook



- Australian infrastructure investment forecasts remain strong over the short to medium term
- Well positioned to capitalise on future demand with Korvest's suite of products and customised solutions
- Improved day-to-day activity
- Major input costs remain at high levels
- Galvanising price rise April 1

# 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



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