



**Company announcements platform
Australian Securities Exchange**

**Korvest Ltd Annual Result
Year ended 30 June 2018**

REVIEW AND RESULTS OF OPERATIONS

The revenue from trading activities for the year under review was \$57.0m, up 27.3% on the previous year. The Group recorded a profit after tax of \$1.4m compared to a loss after tax of \$1.6m in the previous year.

The FY18 result is a significant improvement on the prior year result, due to an increase in project work and day-to-day activity levels. Gross margins recovered after sell price increases were successfully implemented to counteract the rising cost of steel, zinc and energy.

The Group is comprised of the Industrial Products Group which includes the EzyStrut, Power Step and Titan Technologies businesses and the Production Group which includes the Korvest Galvanisers business.

Industrial Products

In the Industrial Products group, the EzyStrut cable and pipe support business supplies products for major infrastructure developments and also supplies products to contractors for small industrial developments. During FY18 activity levels grew in the markets serviced by EzyStrut. The increased activity was in the day-to-day and small project market as well as in major projects. NSW achieved the most significant growth as a result of a large infrastructure project however strong growth was recorded in almost all states.

Major project work is expected to increase in FY19 as a result of work already secured however the timing of supply will be dependent on customers' construction schedules. Revenue growth was also achieved following a price rise on 1 August 2017. The price rise was in response to the increasing cost of raw materials and energy.

Power Step designs and assembles access systems for large mobile equipment. Titan Technologies supplies specialised tools in the form of torque wrenches, hydraulic pumps and related accessories. These businesses entered the year with a lower cost base and the combination of this, and increased activity in the mining sector, resulted in their best financial result under Korvest ownership.

Production

In the Production group, the Galvanising business volumes improved significantly with growth in both external and internal work. Galvanising revenue grew by 18% through a combination of volume and price increases. The price increases were necessary due to increases in zinc and energy

costs. The weighted average cost of zinc in FY18 was 13% higher than in FY17 and energy costs increased by \$145,000 in FY18.

Due to the increased EzyStrut activity the internal tonnes processed through the galvanising plant were 46% higher than the prior year. This volume assists with overhead recovery and therefore was a strong contributor to the improved Production result.

DIVIDEND

The directors announced a fully franked final dividend of 7.0 cents per share (2017: 3.0 cents per share) and 5.0 cents per share at the half year. The Dividend Reinvestment Plan (DRP) will be suspended for the final dividend. The dividend will be paid on 7 September 2018 with a record date of 24 August 2018.

OUTLOOK

Korvest's businesses service a number of major markets including infrastructure, commercial, utilities, mining, food processing, oil & gas, power stations, health and industrial. By servicing this broad range of industries Korvest has the opportunity to capitalise on the relative movement in the activity of these sectors.

The current and forecast activity levels in the infrastructure sector are positive. There are many large road and rail projects being constructed over the next few years which should provide Korvest with encouraging opportunities during that period. In addition, there are signs of improved levels of investment in the mining and resources sector which should also provide opportunities for the Company.

An update on trading conditions will be provided at the Company's Annual General Meeting.



G BILLINGS
CHAIRMAN

27 July 2018

For further information contact:

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