



ABN 20 007 698 106

## PRESS RELEASE

### Korvest First Half FY2019 results

The Chairman, Mr Graeme Billings, today announced the following operating results for the 6 months ended 31<sup>st</sup> December 2018 for Korvest Ltd.

|                             | 6 MONTHS<br>TO<br>31/12/18<br>\$'000 | 6 MONTHS<br>TO<br>31/12/17<br>\$'000 | %<br>CHANGE |
|-----------------------------|--------------------------------------|--------------------------------------|-------------|
| Revenues                    | 29,190                               | 29,580                               | (1.3%)      |
| Operating Profit After Tax  | 1,138                                | 542                                  | 110%        |
| Dividends per share (cents) | 9.0                                  | 5.0                                  |             |

Mr Billings said that revenue from trading operations for the half-year decreased by 1.3% to \$29.2 million. Despite the small reduction in revenue, improved margins contributed to the significant improvement in profitability.

#### Industrial Products

Revenue in the EzyStrut business was flat compared to the prior comparative period (PCP) however the mix of revenue shifted with a swing to more day-to-day work and a reduction in large project revenue. This reduced level of large project work was due to the timing of supply schedules. The major NSW infrastructure project that was supplied during the first half did not commence supply until late September meaning that all of the large project revenue was concentrated in the second quarter only. Margin improved in the half as a result of a July 2018 price rise in response to the continued increasing cost of raw materials.

The Power Step and Titan Technologies businesses experienced more subdued trading conditions than during the PCP. The first half results were adversely impacted by stock writedowns following a detailed review of on hand inventory.

#### Production

The Galvanising business had a 2.5% decrease in total plant volumes as a result of reduced internal demand for galvanising from the EzyStrut business. External customer volume and revenue increased compared to the PCP albeit that demand was inconsistent throughout the period. The cost of zinc trended down throughout the half but remains at high levels compared to long term price history. The impact to the business of commodity cost changes lags and therefore will have a greater influence in future periods.

#### DIVIDEND

The Directors announced a fully franked interim dividend of 9.0 cents per share.

The Dividend Reinvestment Plan (DRP) will not operate for the interim dividend. The dividend will be paid on 8 March 2019 and the record date is 22 February 2019.

## **OUTLOOK**

The expectation is that activity levels for the second half of FY 2019 will improve compared to those of the first half. This is due to the supply of the major infrastructure project being expected to span the whole of the second half rather than just one quarter as was the case in the first half. Day-to-day markets were strong during the first half and there are no indications that this situation will change during the second half.

## **G BILLINGS CHAIRMAN**

25 January 2019

For further information contact:  
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