December 2018 Half Year Results

Chris Hartwig
Steven McGregor

Agenda

- FY19 Key Points
- Financial Results
- Outlook
- Company Overview

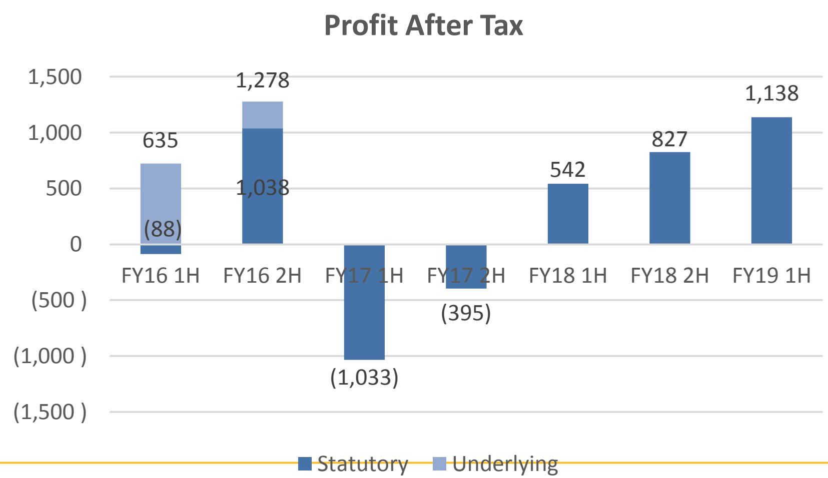
Introduction to Korvest

Korvest Ltd

- 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 and 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 18 (1H)	June 18 (2H)	Dec 17 (1H)	% Change vs Dec 17
Sales	$29.2m	$27.4m	$29.6m	(1.4%)
EBIT	$1.6m	$1.1m	$0.8m	100.0%
Operating cashflow	($1.1m)	$4.8m	$0.3m	
EPS	10.2c	7.4c	4.9c	108.1%
Dividend per share	9c	7c	5c	



- Improved profitability driven by margin improvement
- Cashflow impacted by early stage of project delivery
- Positive outlook

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 2018 (1H)	June 2018 (2H)	Dec 2017 (1H)	% Change Vs. Dec 2017
Sales	$26.41m	$24.80m	$26.88m	(1.7%)
EBIT	$1.74m	$1.18m	$0.95m	83.2%
EBIT %	6.6%	4.8%	3.5%	

Trading Update

EzyStrut

- Day-to-day activity continues to be strong
- Margin improvement underpinned improved profitability
- Infrastructure pipeline strong
- NSW major project delivery commenced in September

POWER STEP

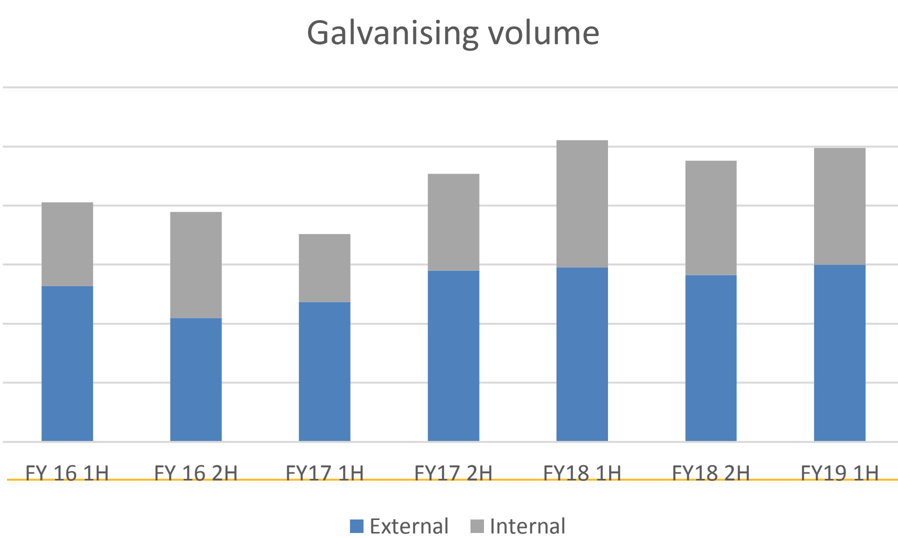
TITAN TECHNOLOGIES

- Sales force rationalisation in December
- Change of management due to planned retirement
- Stock losses following detailed review of inventory

Production Services

	Dec 2018 (1H)	June 2018 (2H)	Dec 2017 (1H)	% Change Vs. Dec 2017
Sales	$2.78m	$2.58m	$2.70m	3.0%
EBIT	$0.23m	$0.06m	$0.17m	35.3%
EBIT %	8.3%	2.3%	6.3%	

korvest galvanisers



Trading Update

- External volume consistent with recent periods
- Improved sell price
- Zinc pricing trending down
- Benefit of zinc pricing in future periods

Balance Sheet

Korvest Ltd

ASSETS $m	Dec 2018	June 2018	Dec 2017
Cash & Investments	2.9	5.4	1.4
Receivables	10.8	10.0	11.9
Inventories	11.5	9.4	10.1
Property, Plant & Equipment	12.7	12.9	13.4
Other	0.5	0.2	0.1
Total Assets	**38.4**	**37.9**	**36.9**
LIABILITIES			
Payables	(4.5)	(4.7)	(4.4)
Other Liabilities	(3.8)	(3.5)	(3.1)
Total Liabilities	**(8.3)**	**(8.2)**	**(7.5)**

Receivables – increased due to early stage of major project
Inventories – $0.9m on hand for Major Project, $0.2m more zinc than June

Dividends

	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Interim	9c	5c	10c	10c	17c
Special Interim		-	-	-	-
Final Dividend		7c	3c	10c	12c
Total Dividend		12c	13c	20c	29c
Franking	100%	100%	100%	100%	100%

- DRP suspended for final dividend

Key Dates

Record Date: 22 February 2019

Payment Date: 8 March 2019

Outlook

Korvest Ltd

- Supply of major NSW project continues into 2H
- Major project work expected to increase in 2H based on on-hand orders
- Infrastructure investment forecasts remain strong over the short to medium term
- Day-to-day and small project markets expected to remain buoyant
- Working capital improvements expected as the major project progresses

Company Overview

Industrial Products

EzyStrut

- 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

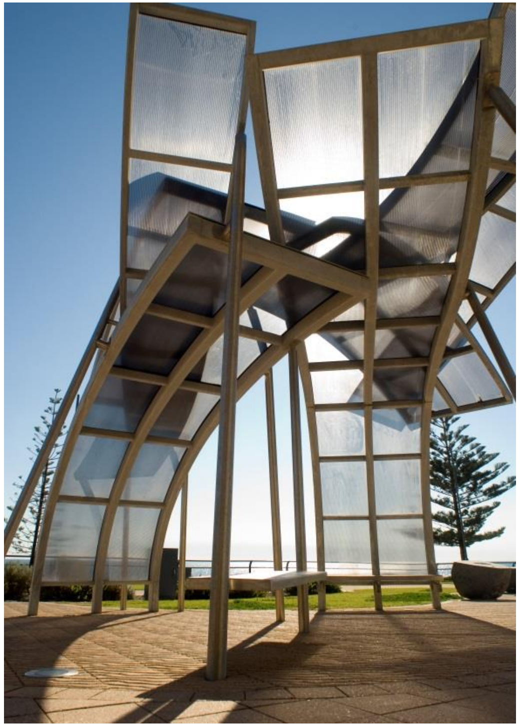
- Hydraulic/Electric Safety Access Systems for mobile vehicles
  - Design
  - Manufacture
- Safety Lighting
- Filter Crushers
- Queensland Based
- Sales Representatives/agents in:
  - QLD, WA, NSW
  - Chile, Brazil, South Africa

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	FY16 1H	FY16 2H
Statutory EBIT	(88)	1,038
Adjustments		
Restructuring	248	240
Acquisition related costs	475	
Underlying EBIT	635	1,278

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