



June 2019 Results

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

- 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 Townsville and Hobart
- 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

EzyStrut



Cable and Pipe Supports

TITAN
TECHNOLOGIES



Torque and Tension Solutions

K
korvest galvanisers



Galvanising

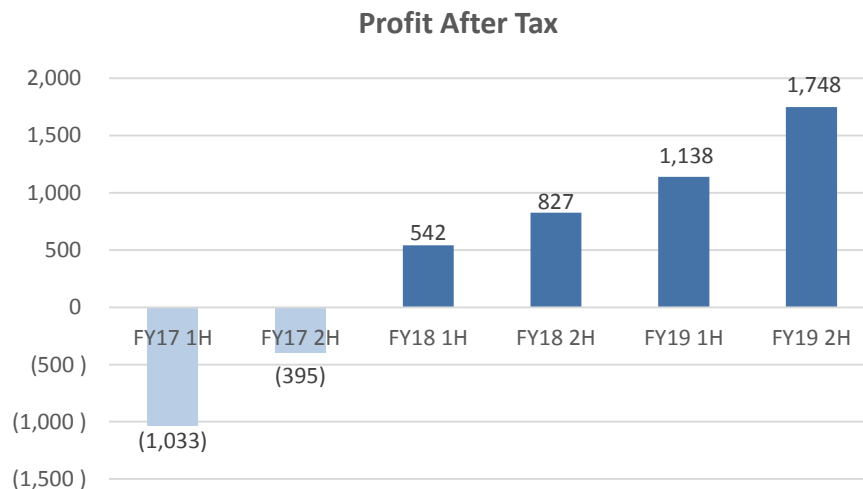
POWER
STEP



Safety Access Systems

Headline Numbers

| | June 19 | June 18 | % Change |
|----------------------------|----------|----------|----------|
| Sales | \$60.84m | \$56.96m | 6.8% |
| EBIT | \$4.07m | \$1.86m | 118.8% |
| NPAT | \$2.90m | \$1.40m | 107.1% |
| Operating cash flow | \$1.41m | \$5.11m | (72.4%) |
| EPS | 25.9c | 12.3c | 110.6% |
| Dividend per share | 22c | 12c | 83% |



- Improved sales from project and general market
- Improved margin, expenses contained
- Cash flow improved in 2H as project progressed (\$2.5m in 2H)

| | June 19 | June 18 | % Change |
|---------------|----------|----------|----------|
| Sales | \$55.70m | \$51.68m | 7.8% |
| EBIT | \$4.29m | \$2.13m | 101.4% |
| EBIT % | 7.7% | 4.1% | |

EzyStrut**POWER
STEP** **TITAN**
TECHNOLOGIES

EzyStrut

- Improved volume, some project but mainly general market with wholesale partners
- Improved margins
 - Price rises
 - Sourcing on major projects
- Cost control
 - Transport management
 - Improving factory efficiency
 - Focus on internal processes
 - Scrap recovery, consumables and labour hire
- Industry consolidation – exit of IXL from cable support market

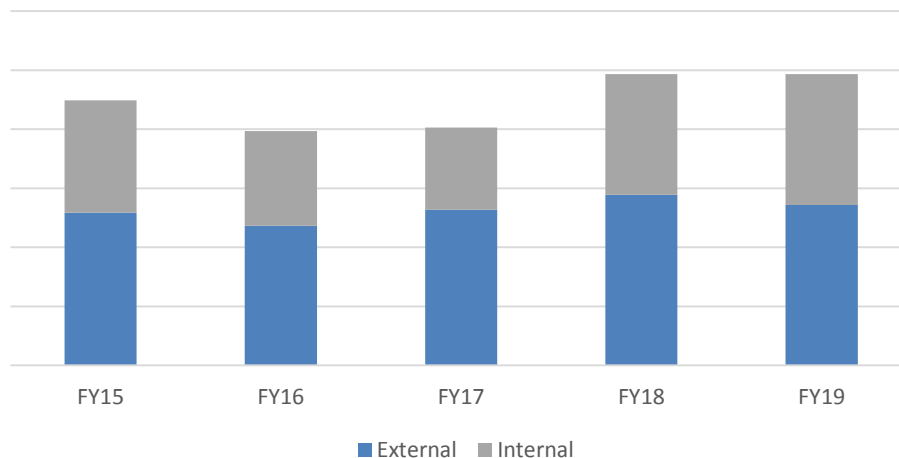
Power Step & Titan

- Reduced volumes in FY19
- Lower ongoing cost base

| | June 19 | June 18 | % Change |
|---------------|---------|---------|----------|
| Sales | \$5.15m | \$5.28m | (2.5%) |
| EBIT | \$0.52m | \$0.23m | 126.1% |
| EBIT % | 10.1% | 4.3% | |

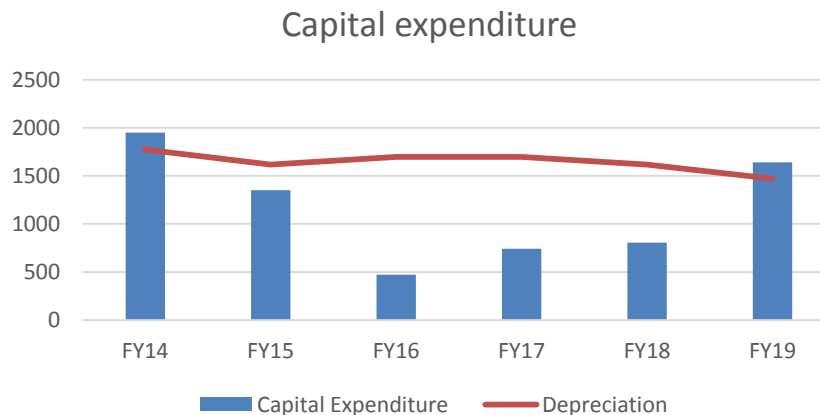


Galvanising volume



- Static volumes offset by price rise
- Improved labour efficiency
- Zinc and energy costs remain high
- Gas pricing increased 16% from 1 Jan

- Purchase portion of IXL inventory following their exit from market
- Manufacturing arrangement with IXL to boost capacity
- Option to purchase equipment from IXL
- Moved EzyStrut Victoria to a new, larger site (\$93k capex)
- Re-contracted electricity from 1 Jan 2020 (peak rate down 23%)
- Increased investment in the business
 - Energy reduction projects – solar & LED lighting (\$270k)
 - Factory capacity, capability improvements (\$342k)
 - Factory stay-in-business (\$340k)
 - Environmental projects (\$94k)



Balance Sheet

| ASSETS | \$m | June 2019 | June 2018 | June 2017 |
|-----------------------------|------------|------------------|------------------|------------------|
| Cash & Investments | | 3.4 | 5.4 | 2.0 |
| Receivables | | 14.1 | 10.0 | 9.3 |
| Inventories | | 10.5 | 9.4 | 10.7 |
| Property, Plant & Equipment | | 13.0 | 12.9 | 13.8 |
| Other | | 0.3 | 0.2 | 0.3 |
| Total Assets | | 41.3 | 37.9 | 36.1 |

Increased activity including active major project late in FY19

IXL stock, stock replenishment from FY18 shortfalls

LIABILITIES

| | | | |
|--------------------------|---------------|--------------|--------------|
| Payables | (6.0) | (4.7) | (4.0) |
| Other Liabilities | (4.4) | (3.5) | (2.9) |
| Total Liabilities | (10.4) | (8.2) | (6.9) |

\$0.9m tax liability in FY19

| | | | |
|-------------------|-------------|-------------|-------------|
| NET ASSETS | 30.9 | 29.7 | 29.2 |
|-------------------|-------------|-------------|-------------|

| | FY 2019 | FY 2018 | FY 2017 | FY 2016 | FY 2015 |
|-----------------------|---------|---------|---------|---------|---------|
| Interim | 9c | 5c | 10c | 10c | 17c |
| Final Dividend | 13c | 7c | 3c | 10c | 12c |
| Total Dividend | 22c | 12c | 13c | 20c | 29c |
| Franking | 100% | 100% | 100% | 100% | 100% |

- DRP suspended for final dividend

Key Dates

Record Date: 23 August 2019

Payment Date: 6 September 2019

Trading

- Supply of major NSW project continues into 1H of FY20
- Day-to-day and small project markets expected to remain strong
- Infrastructure investment forecasts remain strong over the short to medium term
- Increased capex in FY20

Focus areas

- Working capital improvement
- Automation and capacity growth
- Gas consumption reduction
- R&D to reduce product costs
- Warehouse and storage productivity



Company Overview



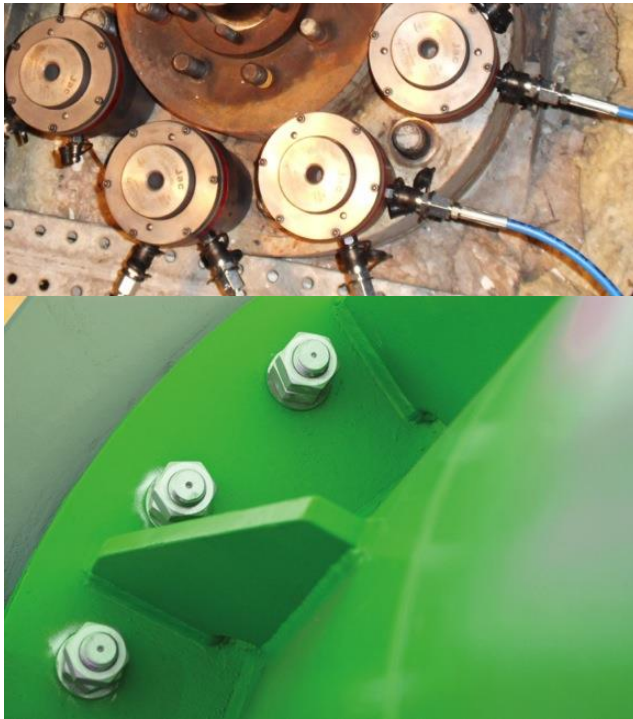
EzyStrut



- Cable and pipe supports
- Market leader in cable supports
- Manufacturing facility in Kilburn, SA
- Overseas supply chain
- Sells to EPCMs, Wholesalers, and major contractors
- 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



- Hydraulic/Electric Safety Access Systems for mobile vehicles
 - Design
 - Manufacture
- Safety Lighting
- Sun blinds
- Queensland Based
- Sales agents in:
 - QLD
 - Chile, Brazil, South Africa



- Hydraulic tools and wrenches
 - Sale
 - Hire
 - Repair
- Markets
 - Large scale construction
 - Power stations
 - Industrial sites
 - Mines
 - Wind towers



- 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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