



K Korvest Ltd

2020 RESULTS

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Cable and Pipe Supports



Torque and Tension Solutions



Galvanising



Safety Access Systems

Agenda

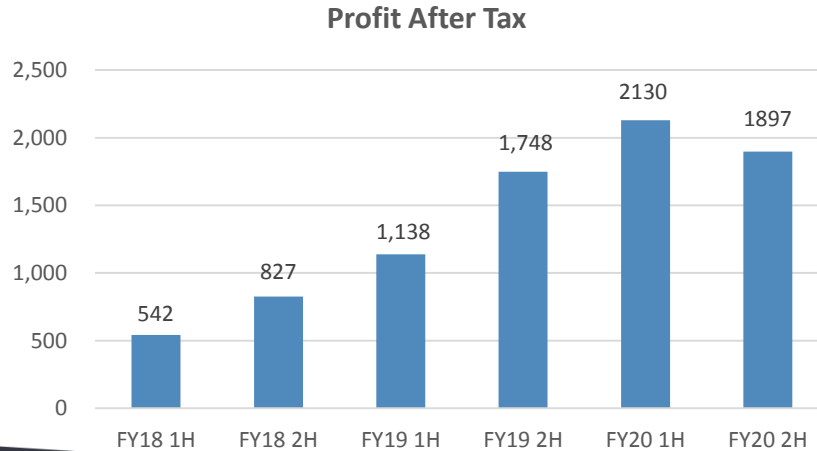
- FY20 Key Points
- Financial Results
- Outlook
- Company Overview

Introduction to Korvest

- 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

	June 20	June 19	% Change
Sales	\$63.09m	\$60.84m	3.7%
EBIT	\$5.84m	\$4.07m	43.5%
NPAT	\$4.03m	\$2.90m	39.0%
EPS	35.8c	25.9c	38.2%
Dividend per share	28c	22c	27.3%



- Increased project work (mainly 1H)
- Strong cash generation
- JobKeeper (\$1.06m before tax)
- \$710k (before tax) expected credit loss expense

COVID-19

- Steering Committee established
- 3 additional Board Meetings
- JobKeeper – qualified for Korvest in May due to decline in May 20 vs May 19 revenue due to lack of major project work in May 20
- \$1.06m before tax JobKeeper income in FY20
- Minimal supply chain disruption
- No major change to customer payment patterns
- Inventory build of key items and raw materials
- Minimal disruption to markets serviced by Korvest businesses
- Major project bid activity unaffected
- Social distancing & hygiene measures
- Temperature checking at all sites
- Shift and workgroup segregations
- Working from home where possible

Industrial Products

	June 20	June 19	% Change
Sales	\$57.09m	\$55.70m	2.5%
EBIT	\$4.50m	\$4.29m	4.9%
EBIT %	7.9%	7.7%	

Trading Update

EzyStrut

- Two major projects in 1H, none in 2H
- Significant bad debt (\$1.0 million EBIT impact)
- Smaller projects and day-to-day remained active
- High levels of bid activity on infrastructure projects



- Best performance under Korvest ownership
- Improved revenue and significantly improved margin through better sourcing
- Full benefits of reduced cost structure realised

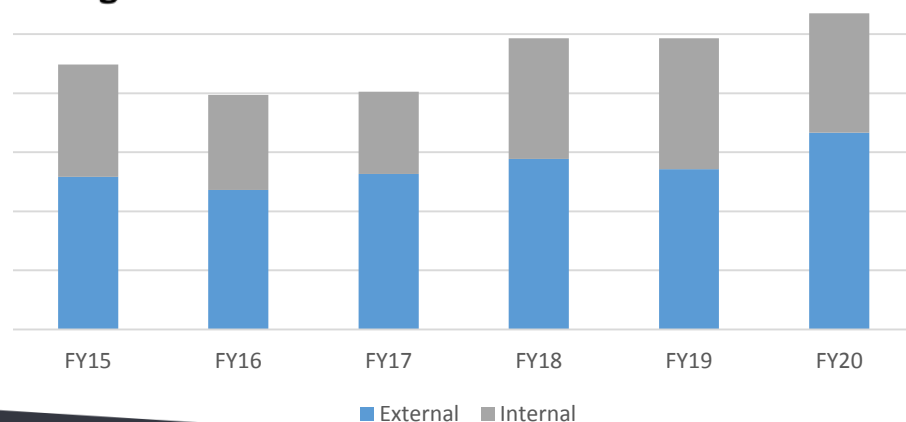
Production Services

	June 20	June 19	% Change
Sales	\$6.00m	\$5.15m	16.5%
EBIT	\$0.69m	\$0.52m	32.7%
EBIT %	11.5%	10.1%	



Galvanising volume

korvest galvanisers

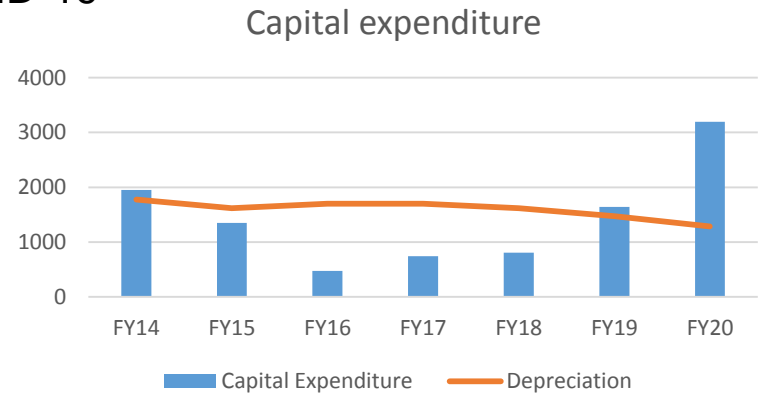


Trading Update

- External volume increased with more project work
- Zinc pricing trending down
- Net energy costs reduced
- Electricity costs reduced, gas increased

Strategic initiatives

- Record capital expenditure to modernise and automate factory
- IXL toll processing arrangement concluded
- Key IXL processing lines purchased, currently being commissioned to expand production capacity
- Bag house operating within EPA guidelines
- Brackets robot cell commissioned & working well
- Expansion of Engineering and Projects Team
- CRM implemented
- Further progress with real-time factory
- Ladder weld cell on order but delayed due to COVID-19
- Additional 270kW solar system for Kilburn
- Lower gas pricing locked in 2021 & 2022



Balance Sheet

ASSETS \$m June 2020 June 2019 June 2018

Cash & Investments	6.7	3.4	5.4
Receivables	10.1	14.1	10.0
Inventories	10.6	10.5	9.4
Property, Plant & Equipment	15.9	13.0	12.9
Right-of-use Asset	4.7	N/A	N/A
Other	0.3	0.3	0.2
Total Assets	48.3	41.3	37.9

Active major project late in FY19, FY20 lower 4Q revenue

Significant investment in factory during FY20

New accounting standard – relates to warehouses & forklifts

LIABILITIES

Payables	(5.9)	(6.0)	(4.7)
Lease Liabilities	(4.7)	N/A	N/A
Other Liabilities	(5.1)	(4.4)	(3.5)
Total Liabilities	(15.7)	(10.4)	(8.2)

New accounting standard – relates to warehouses & forklifts

NET ASSETS **32.6** **30.9** **29.7**

Dividends

	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
Interim	15c	9c	5c	10c	10c
Final Dividend	13c	13c	7c	3c	10c
Total Dividend	28c	22c	12c	13c	20c
Franking	100%	100%	100%	100%	100%

- DRP suspended for final dividend

Key Dates

Record Date: 21 August 2020

Payment Date: 4 September 2020

Outlook

- Major infrastructure project secured with supply throughout FY21 commencing July 2020
- Multiple major projects currently in the bid stage for delivery over the next 3-5 years
- Day-to-day and small project markets reasonable
- Working capital likely to be consumed (particularly in 1H) with major project in early stages



Company Overview

Industrial Products



EzyStrut

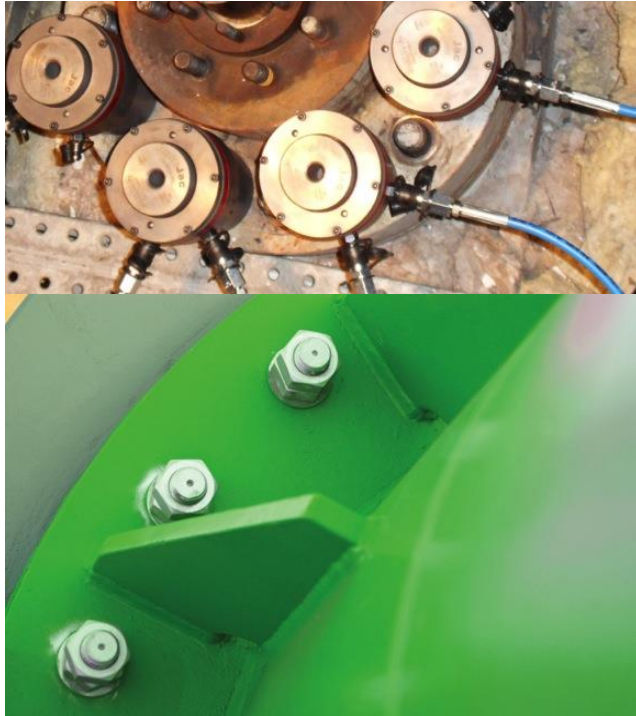
- Cable and pipe supports
- Market leader in cable supports
- Manufacturing facility in Kilburn, SA
- Overseas supply chain
- Sells to EPCMs, Wholesalers, and direct to project contractors and trade
- Local manufacture allows quick response time and ability to manufacture specials – a differentiator 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

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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