



**Company announcements platform
Australian Securities Exchange**

**Korvest Ltd Annual Result
Year ended 30 June 2021**

REVIEW AND RESULTS OF OPERATIONS

The revenue from trading activities for the year ended 30 June 2021 (FY21) was \$69.786m, up 10.6% on the previous year. This improvement was due to a significant increase in activity in the second half of the year after the first half revenue was 9.7% down on the prior year. The Group recorded a profit after tax of \$6.054m compared to \$4.027m in the previous year.

COVID-19

During FY21 COVID-19 became very much part of normal business operations. Lockdown conditions were experienced at different times in most jurisdictions with the Victorian operation suffering the greatest impact due to the extended restrictions endured in that state. Fortunately, as the construction industry was able to operate during lockdowns, demand from Korvest's customer base remained and branches were able to trade, albeit with restrictions on the number of staff on site.

The South Australian operations, including the factory and galvanising plant, were forced to close for a period of two days during November. Thankfully, the closure was short lived and when production was able to re-start the lost production time was quickly recovered.

On the supply side, global freight issues caused concern with substantial increases in the cost of international sea freight and a lack of available shipping slots. To mitigate these risks, along with the risk of future supply chain disruption, stockholdings of imported items were increased.

As a result of trading conditions in May 2020, compared to May 2019, the Group qualified for the Government JobKeeper subsidy for the period from May to September 2020 with \$1.864m of income from this subsidy included in the FY21 result following on from the \$1.059m that was included in the FY20 result.

Industrial Products

In the Industrial Products segment, the EzyStrut cable and pipe support business supplies products for major infrastructure developments and also supplies products to electrical wholesalers and contractors for small industrial developments.

EzyStrut traded strongly throughout the year with activity levels high in the major projects, the smaller projects and national wholesaler market segments. One major infrastructure project was supplied through the entire year and in the fourth quarter two further large projects were commenced. In the smaller project and wholesaler segment, activity levels increased as the year progressed, with May and June providing the highest turnover months of the year. Significant raw material price rises were experienced during the second half and further increases have been advised into the first half of FY22. As a result, EzyStrut advised customers of price rises effective from 1 April 2021 and another will be effective from 1 August 2021.

The Power Step and Titan Technologies businesses experienced marginally reduced revenue in FY21 however were able to maintain the margin improvement achieved in FY20 and as a result only a modest reduction in profit was experienced.

Production

In the Production segment, the Galvanising business volumes grew with increases from both external and internal customers. External customer volumes were higher in both the main plant and the spin plant due to an increase in work from SA based fabricators. The Gawler rail electrification project was supplied over the course of the year, however, there was a pause in activity for a number of months due to a change of steel fabricator on the project. Internal volumes grew in line with the improvement in the EzyStrut business as most of the EzyStrut growth was in galvanised products. Zinc pricing increased during FY21 to end the year 25% higher than it started and this was passed onto customers through price rises.

DIVIDEND

The directors announced a fully franked final dividend of 20.0 cents per share (2020: 13.0 cents per share) following an interim dividend of 15.0 cents per share at the half year (2020: 15.0 cents per share). The Dividend Reinvestment Plan (DRP) will remain suspended for the final dividend. The dividend will be paid on 3 September 2021 with a record date of 20 August 2021.

OUTLOOK

Korvest's businesses service a number of major markets including infrastructure, commercial, utilities, mining, food processing, oil & gas, power stations, health and industrial segments.

Demand from the infrastructure sector has been increasing over recent years and this continued throughout FY21. Road and rail tunnels, primarily on the East Coast, is where the bulk of the infrastructure activity is occurring. One major project was supplied through FY21 and will continue into FY22. Late in the year, supply commenced on two further major infrastructure projects which will continue during FY22. As a result of the unprecedented levels of large project work, coupled with a buoyant general market, Korvest enters FY22 with record levels of work on hand.

To ensure that Korvest is able to supply the significant market opportunities over the forthcoming years, investment will continue to be focussed on improvements to factory capacity and capability. This will build on a range of productivity initiatives that have been undertaken over recent years.

Notwithstanding the positive outlook in Korvest's key markets, uncertainty remains with regard to COVID-19 and its impact on our operations, including working capital requirements.

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



G BILLINGS
CHAIRMAN

22 July 2021

For further information contact:

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This ASX announcement was approved and authorised for release by the Board.