

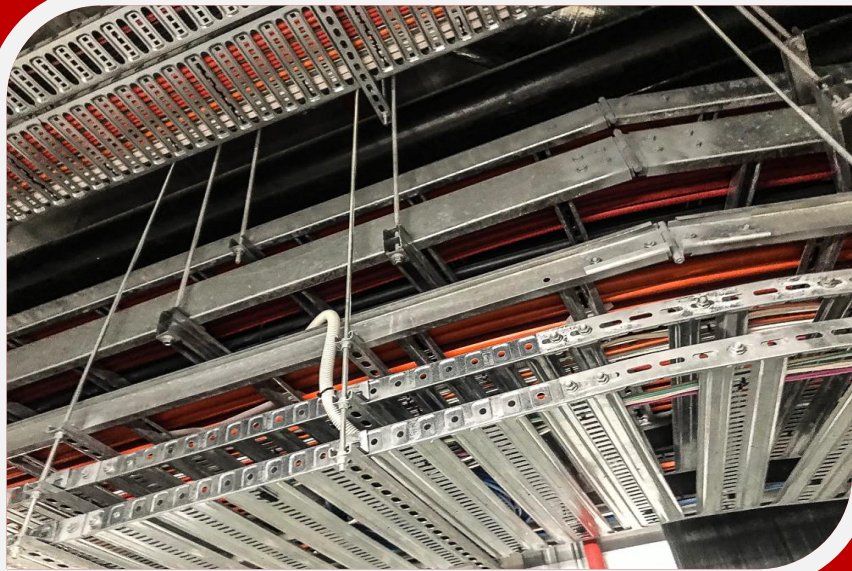


2022 Results

Chris Hartwig and
Steven McGregor

EzyStrut

Cable & Pipe Supports



korvest galvanisers



Agenda

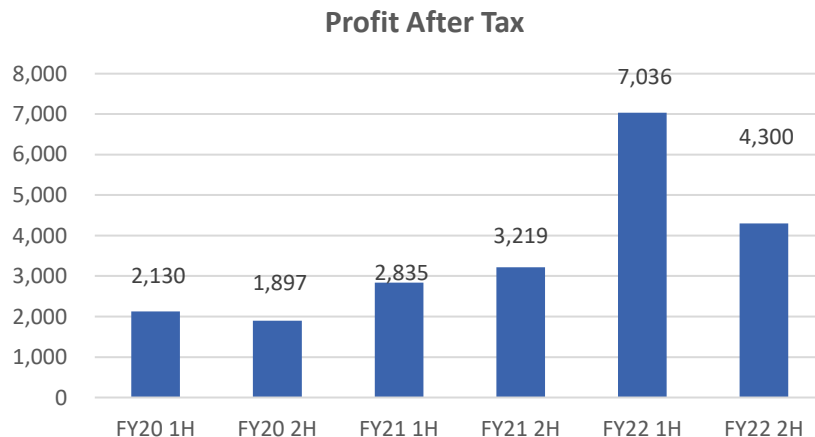
- FY22 Key Points
- Financial Results
- Outlook
- Company Overview

Introduction to Korvest

- Korvest (ASX:KOV) is headquartered in South Australia and provides cable and pipe supports 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
- Overseas supply chain provides make vs buy flexibility
- Sell to a wide variety of industry sectors

Headline Numbers

	June 22	June 21	% Change
Sales	\$99.22m	\$69.79m	42.2%
EBIT	\$16.00m	\$8.88m	80.2%
NPAT	\$11.34m	\$6.05m	87.4%
Operating cash flow	\$3.99m	\$6.51m	
EPS	99.0c	53.5c	85.0%
Dividend per share	60c	35c	



- Record year with exceptional 1H
- Significant large project work
- Sale of PSA/TT
- Working capital demands impacted operating cash flows

COVID-19

- Major impacts have been supply side, not demand side
- Minimal disruption to key markets serviced by Korvest businesses
- Increased shipping costs and lead times for imported items
- Impact on commodity input prices and availability
 - Carbon steel prices rose significantly, supply has improved throughout the year
 - Stainless steel pricing remains high, supply very tight
 - Zinc increased for much of the year before reducing late in the year
- COVID related workforce disruption high in January 2022 and gradually reduced. New COVID surge in July in SA
- Labour availability very tight across the business

Industrial Products

	June 22	June 21	% Change
Sales	\$91.13m	\$63.25m	44.1%
EBIT	\$14.80m	\$6.80m	117.6%
EBIT %	16.2%	10.8%	

Trading Update

EzyStrut

- 4 major projects supplied
- Day-to-day activity remained strong
- All states showed growth compared to FY21
- Price increases in August and December to preserve margin due to rising input costs
- 2 additional projects secured with supply to commence in FY23
- Infrastructure pipeline remains strong

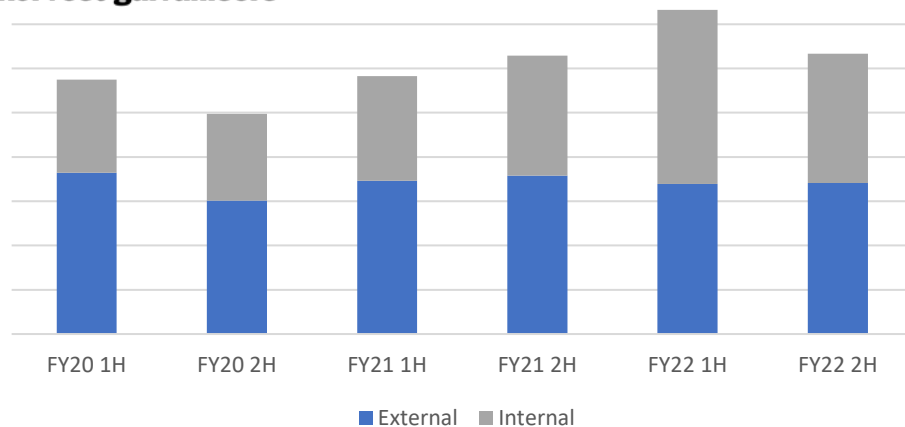
Production Services

	June 22	June 21	% Change
Sales	\$7.86m	\$6.53m	20.4%
EBIT	\$1.29m	\$0.86m	50.0%
EBIT %	16.4%	13.2%	



Galvanising volume

korvest galvanisers



Trading Update

- Record plant volumes
- Internal volume strong in line with EzyStrut growth
- External volume down slightly but revenue up
- Zinc pricing peaked in April, 66% higher than FY21 average

Key initiatives

Automation

- Improved production output from the Robotic Ladder Weld Cell, but commissioning issues remain with turn-key supplier
- In-house managed Robotic General Weld Cell installed and commissioned successfully during the period
- Additional automation projects ongoing

Operational & cost optimisation

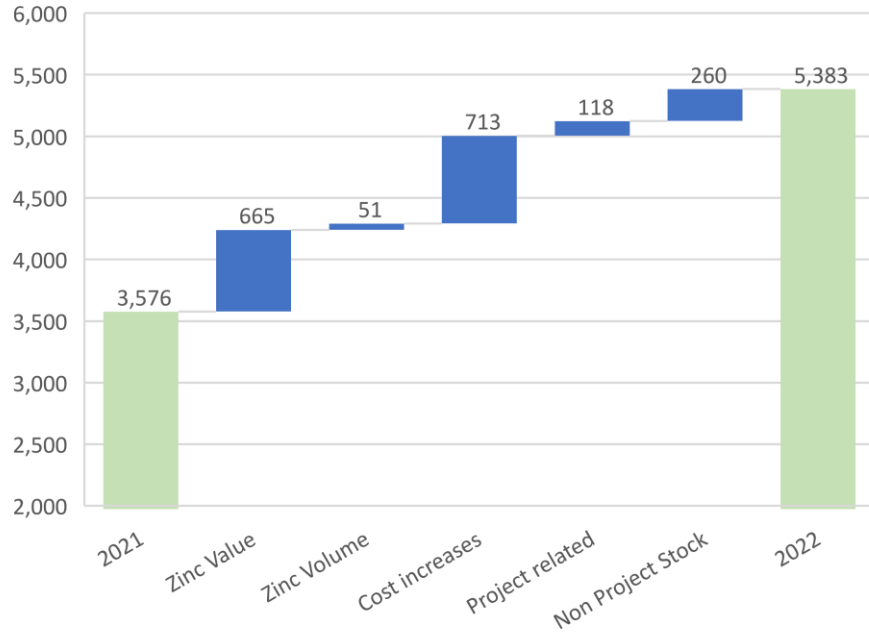
- Fibre laser and additional guillotine installed & operational
- Tube laser ordered

Workforce

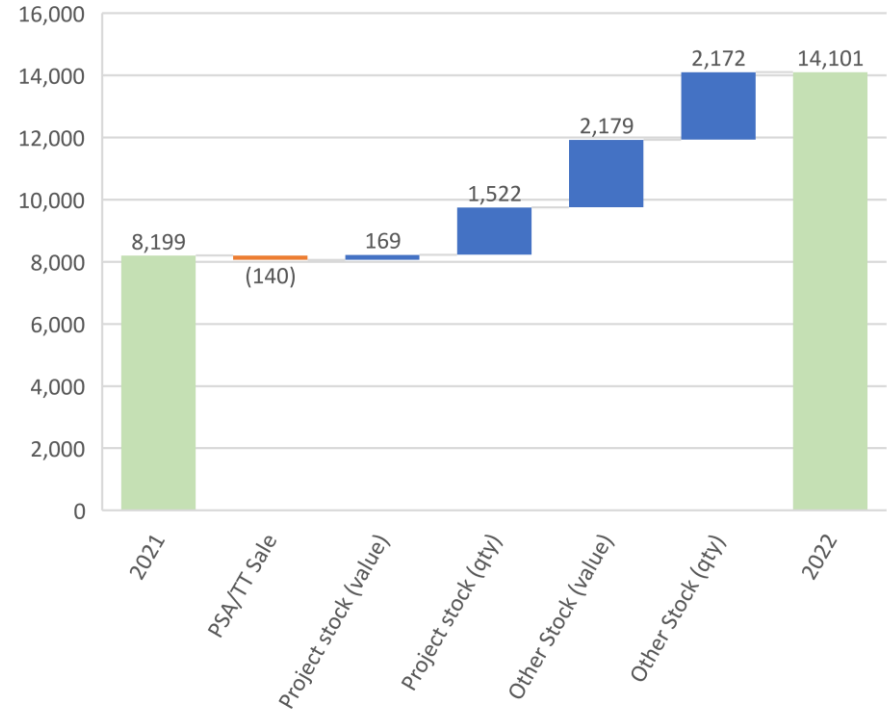
- 3 Year EBA signed for Kilburn

Inventory

Raw Materials



Finished Goods



- Steel and zinc costs increased
- Increased project stock
- More stock held due to global supply risks

Balance Sheet

ASSETS	\$m	June 2022	June 2021	June 2020	
Cash & Investments		3.8	7.0	6.7	
Receivables		16.9	14.2	10.1	In line with revenue growth
Inventories		20.5	12.4	10.6	
Property, Plant & Equipment		19.2	16.6	15.9	Land & Buildings revalued up by \$1.9m
Right-of-use Asset		5.2	6.1	4.7	
Other		0.3	0.2	0.3	
Total Assets		65.9	56.5	48.3	
LIABILITIES					
Payables		(9.2)	(8.5)	(5.9)	Increase due to increased activity in FY22
Lease Liabilities		(5.5)	(6.2)	(4.7)	
Other Liabilities		(7.4)	(5.9)	(5.1)	
Total Liabilities		(22.1)	(20.6)	(15.7)	
NET ASSETS		43.8	35.9	32.6	

Dividends

	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018
Interim	25c	15c	15c	9c	5c
Final Dividend	35c	20c	13c	13c	7c
Total Dividend	60c	35c	28c	22c	12c
Franking	100%	100%	100%	100%	100%

DRP suspended for final dividend

Key Dates

Record Date: 19 August 2022

Payment Date: 2 September 2022

Outlook

- Major infrastructure projects will continue to be supplied throughout FY23
 - 2 current projects continue into FY23
 - 2 new projects secured for supply commencing in FY23
- Day-to-day and small project markets expected to remain strong
- Current orders on hand still very strong
- Working capital requirements will remain high with ongoing project activity
- Significant workforce impact of COVID-19 early in FY23
- New gas contract commences 1 Jan 23. Est \$400k annual increase.



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
- 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

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

EzyStrut

Australia's leading range of cable & pipe supports.
www.ezystrut.com.au



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Quick turnaround galvanising of the largest,
smallest, and most complex construction members.
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