

PRESS RELEASE

Korvest First Half FY2024 results

The Chairman, Mr Andrew Stobart, today announced the following operating results for the 6 months ended 31st December 2023 for Korvest Ltd.

Mr Stobart said that revenue from trading operations decreased by 2.3% to \$51.7 million with lower major project revenue in the Industrial Products segment compared to the prior comparative period (PCP). Despite the small reduction in revenue, improvement in margins contributed to an improvement in profitability. The first half included a non-recurring pre-tax gain of \$0.32 million arising from the accounting treatment of entering a property sublease.

Industrial Products

The EzyStrut business performed well despite a reduction in revenue compared to the PCP. The reduced revenue was as a result of a significant decrease in major project activity in the half as projects reached or neared completion. EzyStrut started the half with three major projects being supplied. Two of these are now largely completed and the lower level of major project activity in the period can be attributed to reduced volume from these jobs.

The reduction in major project revenue was largely offset by improved trading in the day-to-day and small project markets which remained buoyant throughout the period.

In July the NSW EzyStrut branch relocated to a new facility in the Bankstown Airport precinct. The facility is substantially larger than the previous Prestons site with the extra space enabling the site to operate more efficiently which is improving customer service. The new lease arrangements result in a significant increase in both the right-of-use asset and lease liability in the statement of financial position.

The input cost environment remains volatile. There was some relief during the period in relation to import shipping costs and steel however staffing costs and energy remain challenging. Leasing costs have also been impacted by the high CPI as most leases have annual CPI rental adjustments.

Production

The Galvanising business had similar volumes compared to the PCP with strong external volumes making up for the lower internal volumes. External tonnes were the highest achieved in the past decade. The cost of zinc was lower than the PCP however increased gas pricing effective from 1 January 2023 resulted in substantially higher costs for gas. The zinc market remains volatile. Labour cost saving through more efficient use of labour also contributed to the improved profitability in the period.

DIVIDEND

The Directors determined to pay a fully franked interim dividend of 25.0 cents per share with a record date of 16 February 2024 and a payment date of 5 March 2024.

The Dividend Reinvestment Plan (DRP) will not operate for the interim dividend.

OUTLOOK

The current expectation is that major projects, small project and day-to-day markets will continue at similar activity levels in the second half.

A STOBART CHAIRMAN

22 January 2024

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For further or more detailed information refer to the Appendix 4D lodged with the ASX.