

ASX RELEASE

CYG – FY19 Trading Update

22 January 2019

Coventry Group Ltd (ASX: CYG) announced today the Group's performance continues to improve and sales for the first six months of FY19 have grown year on year. We remain focussed on our strategy of improving our value proposition of quality products, stock availability, expertise and agility. Combined with the value we place in our people and customers this is delivering improved results in FY19.

Highlights

- Group sales increase excluding acquisitions for the first half of FY19 when compared with the prior corresponding period (PCP) of +5.1% (Q1: +4.7%, Q2: +5.6%).
- All business units have incremental sales projects for delivery in H2 FY19 and a strong pipeline of prospects.
- The Torque acquisition was completed 31 October 2018. Trading for the first two months is in line with expectations.
- The Group has a strong working capital position with Current Assets exceeding Current Liabilities by \$50.3m as at 31 December 2018.
- NTA per share of \$1.02 as at 31 December 2018.
- We are actively seeking further acquisition opportunities aligned with our key acquisition criteria.
- The Group expects to generate a positive EBIT for FY19, subject only to unforeseen circumstances arising.

Sales growth

Percentage sales growth change in the second quarter and half year for FY19 when compared with the prior corresponding period (PCP) is shown below:

Sales change	2QF19 vs 2QF18 % revenue change	Half year F19 vs Half year F18 % revenue change
Cooper Fluid Systems	11.3%	13.2%
Trade Distribution	2.2%	0.3%
Consolidated Group excluding discontinuing operations and acquisitions	5.6%	5.1%

Note 1: The discontinuing operations of AA Gaskets have not been included.

Note 2: Sales from the Torque acquisition have not been included.

Divisional Commentary

- Cooper Fluid Systems sales have again seen solid growth with first half sales up 13.2% on PCP. Sales growth is continuing to be driven by our strong value proposition and increase in service, maintenance, upgrade and new equipment activity in the mining and resources sector.
- Trade Distribution New Zealand continued to perform strongly with 1st half sales up 14.4% on PCP. Preparation for opening a new branch in Rotorua is advanced.
- Trade Distribution Australia sales are in line with PCP excluding one-off project sales to Chevron in WA in H1 FY18 (\$1.282m) and the impact of unprofitable store closures (\$474k). With sales momentum in TDA slowly building, we are pleased with project sales wins for Q3 in the order of \$1.6m including Hyatt Hotel Hobart, Melbourne Metro Tunnel, ANI Ship Building Facility South Australia, Sydney North Tunnel, WA equipment shutdown and Roads and Bridges upgrade on the NSW South Coast. After years of failing to be an attractive option for larger works, we are now in a much stronger position to compete. TDA will continue to implement improvements to make it a viable option for large projects and customers. This involves building expertise and using the branch network to provide agile service through high stock availability and our new delivery fleet. Plans for the opening of two new branches before the end of FY19 are underway.

Trade Distribution Australia General Manager

We are pleased to announce the appointment of Peter Shaw to the role of General Manager – Trade Distribution Australia (TDA) and a member of the Executive Leadership Team (ELT). Peter joined the business 6 months ago as Northern Regional Manager in the Trade Distribution Australia business and has made solid progress improving the region. Previously Peter has held general management roles in industrial supply businesses including Worksense Workwear and Safety, Wesfarmers Industrial and Safety, Total Fasteners, Packaging House and Protector Safety. His experience and qualifications make Peter the ideal candidate to lead TDA through the next stage of its recovery to sustainable profitable growth.

Cash position

Cash position of \$8.5m (\$5.0m – 30 June 2018) with no debt.

Torque acquisition

The Torque acquisition was completed on 31 October 2018. Transitional activities are being completed to plan and we are pleased with the engagement of the Torque management and team. Trading results are in line with expectations.

Other matters

Market conditions remain positive in our key markets of construction, industrial and mining and resources. The current downturn in the residential housing sector has limited impact on the Group as we focus on the commercial construction market.

Overall, we remain positive about the outlook for the Group.

For further information contact:

Robert Bulluss

Chief Executive Officer and Managing Director (03) 9205 8219