

**ASX RELEASE****2024 Full Year Results****21 August 2024****Highlights**

- Trading performance improved during FY24 with the Group delivering Sales and underlying EBITDA<sup>1</sup> year on year growth.
- Final fully franked dividend of 3.75 cents per share declared (3.5 cents per share FY23).
- Seventh consecutive year of Sales and EBITDA<sup>1</sup> growth.
- Acquisition of Australia and New Zealand based Steelmasters Group, funded with a combination of equity and debt.
- Group Sales for FY24 up +3.4% to \$370.8m (\$358.5m FY23).
- Group underlying EBITDA<sup>1</sup> up +22.4% to \$20.8m (\$17.0m FY23).
- Group underlying EBIT<sup>2</sup> up 26.9% to \$19.8m (\$15.6m FY23).
- Statutory net profit for the year of \$0.7m (\$2.5m FY23). NPAT impacted by \$9.1m of costs relating to the ERP project and \$0.8m of costs relating to acquisitions.
- The Group has a solid balance sheet with Net Tangible Assets of \$34.7m and Net Assets of \$143.1m at 30 June 2024.
- Net debt of \$47.3m at 30 June 2024.

Coventry Group's Managing Director and CEO, Robert Bulluss said, *"The Group delivered solid FY24 sales and EBITDA<sup>1</sup> growth. Initiatives to grow EBITDA<sup>1</sup> % to Sales to 10% in the medium term have delivered positive results. These buy-side and sell-side initiatives have continued during the financial year and will remain a focus throughout FY25."*

*Pleasingly, our recent acquisition, Steelmasters, has performed to expectations. Our organic growth continues with two new stores (Yatala and Karratha) opened in FY24, with plans to continue organic growth through new stores (2-3), store makeovers (4-5) and store relocations (4-5) in FY25".*

Demand remains positive in the mining and resources sector and Western Australia and Queensland. There is some short-term softening in the other Australian states. Economic conditions remain challenging in the short term in New Zealand.

Overall, our strategy based on specialisation and service excellence is continuing to be resilient.

**Note 1: All references to EBITDA are to Pre AASB16 before Significant Items**

**Note 2: All references to EBIT are before Significant Items**

## Sales and EBITDA<sup>1</sup> Growth

Percentage sales and EBITDA<sup>1</sup> growth change for FY24 when compared with the prior year is shown below:

	FY24 vs FY23 % Sales change	FY24 vs FY23 % EBITDA <sup>1</sup> change
Fluid Systems	+7.5%	+23.5%
Trade Distribution	+1.0%	-1.3%
<b>Consolidated Group</b>	<b>+3.4%</b>	<b>+22.4%</b>

## Divisional Commentary

- Fluid Systems (FS) sales for the year of \$159.2m up +7.5% on the prior year. FS EBITDA<sup>1</sup> up +23.5% to \$19.0m compared to \$15.4m in FY23.
- Trade Distribution (TD) sales for the year of \$212.1m up 1.0% on the prior year. TD EBITDA<sup>1</sup> down - 1.3% to \$16.8m compared to \$17.0m in FY23.

## ERP upgrade project

The ERP upgrade has progressed well with 11 Fluid Systems branches and Finance now operating successfully on Microsoft D365. The next stages are the go-live for the remaining 4 Fluid systems branches, Konnect and Artia New Zealand and Konnect and Artia Australian branches. We are on target to complete the project by the end of calendar year 2024.

We expect significant improvements in customer service and productivity post implementation of the system.

## Steelmasters acquisition completed 30 April 2024

Founded in 1973, Steelmasters Group is a leading Australasian supplier and manufacturer of industrial and speciality fasteners through its network of 12 branches (four in New Zealand and eight in Australia) with its head office in Auckland, New Zealand. The Steelmasters Group operates under several brands, 'Steelmasters' and 'Galvmasters' in New Zealand and 'Boltmasters' and 'Profast' in Australia. The Steelmasters acquisition price of NZ\$45.5m represents a multiple of 6.1x FY23 EBITDA<sup>1</sup>. The total consideration was funded via a combination of proceeds from an Institutional Placement, Share Purchase Plan and a new NAB Revolving Cash Advance Facility.

Steelmasters is operating separately within the TD segment to minimise integration risk and will continue to be run by Steelmasters Group's existing management team.

## New NAB revolving cash advance facility

Coventry Group established a new NAB Revolving Cash Advance Facility of A\$25.0 million to accommodate acquisitions. Key terms of the new facility are:

- Maturity date 31/07/2027
- Minimum \$5.0m repayable annually
- Drawn Margin: BBSY + 2.2%
- Any undrawn limit or repaid balance, can be redrawn for future Permitted Acquisitions.

### **Net debt position**

Net debt at 30 June 2024 of \$47.4m (Net debt at 30 June 2023 of \$33.5m). Net debt was impacted by:

- The Steelmasters acquisition (\$13.4m)
- ERP project costs (\$8.9m)
- Capital expenditure (\$4.5m)

Cash conversion of 112.1%<sup>3</sup>. In FY25 we will continue to take action to prudently manage inventory levels, collections and operating costs.

**Note 3: Cash conversion = Gross operating cash flow less cash lease payments, addback significant items, divided by EBITDA<sup>1</sup>**

### **Balance sheet**

The Group has a solid working capital position with Current Assets exceeding Current Liabilities by \$36.4m at 30 June 2024.

The Group has a solid balance sheet with Net Tangible Assets of \$34.8m and Net Assets of \$143.1m at 30 June 2024.

### **Dividends**

The Board has declared a final fully franked dividend for FY24 of 3.75 cents per share. The Group has franking credits available of \$7.1m at balance date.

### **Outlook**

The Group operates in multi-billion-dollar fragmented markets and has very modest market shares. There are clear plans in place to continue to increase market share via new branch openings, branch refurbishments, business development, product range expansion and an enhanced focus on sales and marketing.

The Board and management are committed to leveraging the scale benefits of the platform established over recent years in all parts of our business. In particular, our goal is to achieve best in-class margins over time and to that end we have identified and are implementing a range of improvement opportunities.

Group sales growth of 8.1% in July 2024 including acquisitions.

We will continue to provide quarterly trading updates to the market.

Authorised for release by the Board of Directors of Coventry Group Limited.

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