FY24 Full Year Result

Delivering specialised Industrial products, services and customised solutions

Coventry Group Ltd

FY24 financial performance snapshot

Financial performance

Solid revenue and profit growth

Revenue
$370.8m
+3.4% on FY23

EBITDA [1]
$20.8m
+22.4% on FY23

EBIT [2]
$19.8m
+26.9% on FY23

Statutory net profit
$0.7m
$2.5m FY23

Cash conversion [3]
112.1%
112.5% FY23

Net Assets
$143.1m
$113.0m FY23

Net Debt
$47.3m
$33.5m as at 30 June 2023

Net Debt impacted by
- ERP upgrade project ($9.1m)
- Steelmasters acquisition ($13.4m)
- Capital expenditure ($4.4m)

Note 1: EBITDA is before significant items and excludes the impact of AASB 16 – Leases and significant items. EBITDA before significant items is a non-IFRS measure and reflects how management measures performance of the Group
Note 2: EBIT is before significant items
Note 3: Cash conversion = Gross operating cash flow less cash lease payments, addback significant items, divided by EBITDA[1]

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About Coventry

About Coventry

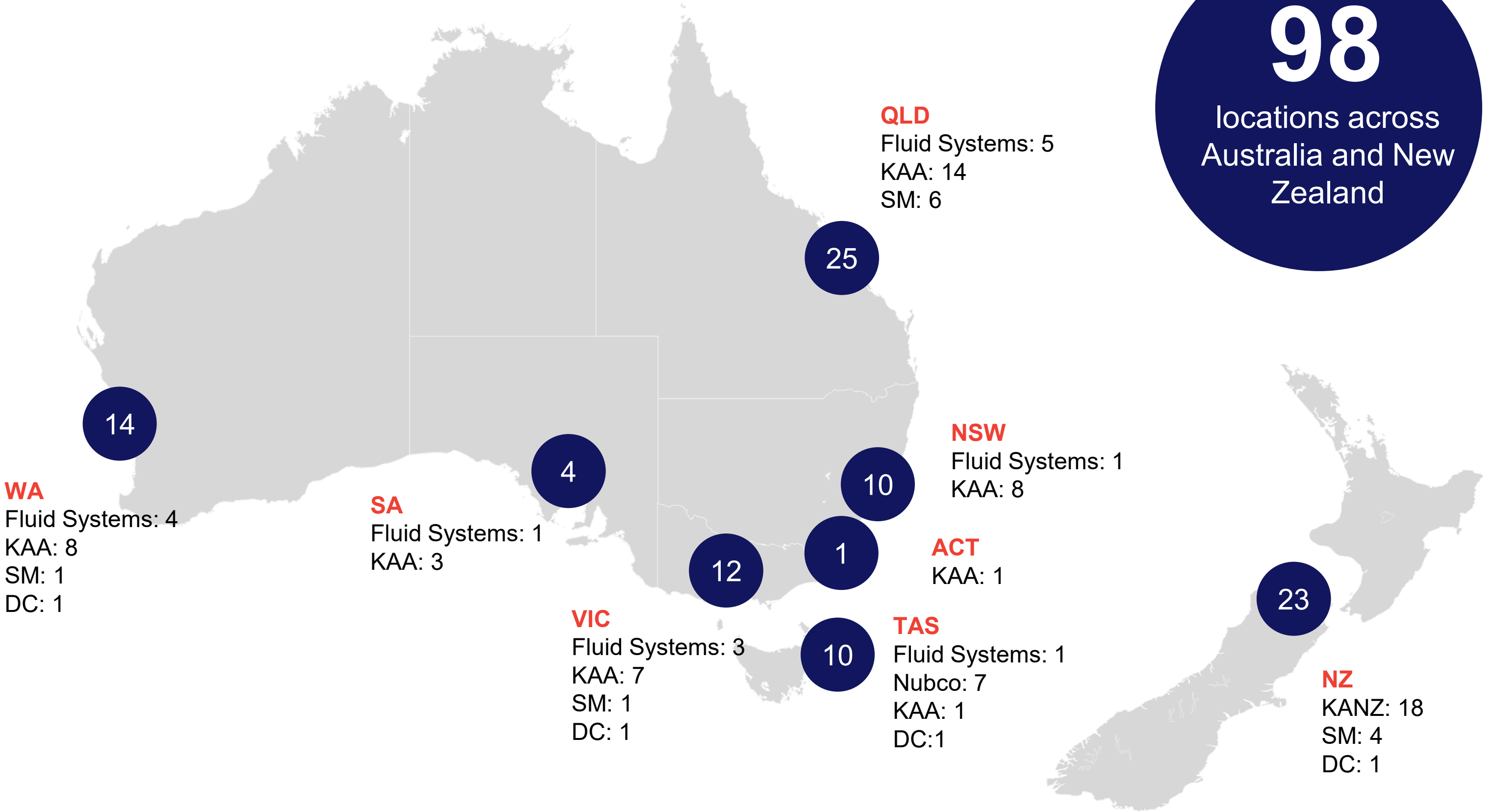
1929

Coventry Group founded

~1,050

people employed
at Coventry Group

98
locations across Australia and New Zealand



15

Fluid Systems branches (AUS)

42

Konnect and Artia branches (AUS)

18

Konnect and Artia branches (NZ)

12

Steelmasters branches (AUS & NZ)

7

Nubco branches (AUS)

4

Distribution Centres (AUS & NZ)

Business overview Fluid Systems

Fluid Systems is an innovative service provider to the Mining and Resources, Renewable Energy, Agriculture and Aquaculture, Defence and Food & Beverage Manufacturing and allied industries

Fluid Systems specialises in hydraulics, lubrication, fire suppression, refuelling and fluid transfer systems/products

Key strategic initiatives

Fluid Systems

- Focus on expanding sales in existing markets
- Diversification into markets outside of mining and resources
- Expand or relocate facilities to accommodate growth opportunities as required
- Increase engineering capability
- Develop capabilities for move from manual processes to automated and electric systems
- Explore options for branches in new geographical regions
- Explore acquisition opportunities in a fragmented market
- Successful roll out of the ERP upgrade project

Our markets are performing strongly

We have single digit market share

The growth opportunity is significant

Business overview Trade Distribution

Trade Distribution comprises Konnect and Artia Australia (KAA), Konnect and Artia New Zealand (KANZ), Nubco and Steelmasters (SM), supplying a range of fastening systems, cabinet hardware systems, industrial and construction products through a network of 57 branches in Australia and 22 branches in New Zealand supported by 4 Distribution Centres

Key markets are Industrial, Manufacturing, Infrastructure, Building and Construction, Roofing and Cladding, Mining and Mining Services, Resources/Oil and Gas and Agriculture and Aquaculture

Key strategic initiatives

Konnect and Artia Australia

- Accelerate organic growth
  - Grow sales in our key markets focussed on our fastening systems specialisation
  - Expand our branch network by 2 to 3 stores per annum
  - Relocations and trade store upgrades – program in place for FY25
- Trading margin initiatives
- Accelerate improvement in underperforming stores
- Successfully roll out new ERP across network

Konnect and Artia New Zealand

- Accelerate organic growth
  - Expand branch network by 1 store per annum
  - Win in our key markets through specialization and a clear differentiated service proposition
  - Trade store upgrades
- Improve performance in low margin branches
- Successfully roll out new ERP across network

Business overview Trade Distribution

Trade Distribution comprises Konnect and Artia Australia (KAA), Konnect and Artia New Zealand (KANZ), Nubco and Steelmasters (SM), supplying a range of fastening systems, cabinet hardware systems, industrial and construction products through a network of 57 branches in Australia and 22 branches in New Zealand supported by 4 Distribution Centres

Key markets are Industrial, Manufacturing, Infrastructure, Building and Construction, Roofing and Cladding, Mining and Mining Services, Resources/Oil and Gas and Agriculture and Aquaculture

Key strategic initiatives

Nubco

- Accelerate organic sales growth
  - Product range expansion
  - Trade store upgrades and relocations
  - Expand steel handling capabilities
- Improve performance in low margin branches

Steelmasters

- Accelerate organic sales growth
  - Product range expansion
  - Trade store upgrades
  - Provide manufacturing and galvanising services to KAA and KANZ
  - Offer unique product ranges to KAA and KANZ
- Deliver buying benefits

Specialisation is how we win

Our operating business units provide specialised industrial products, services and customised solutions to a wide range of customers from blue chips to tradespeople

We operate across a wide range of growing markets where we have small market share

Specialisation differentiates us from our competitors

02

Markets + industries

The market and environment

- Our markets generally perform better than the overall economy
- Initiatives to grow EBITDA[1] to sales to 10% are delivering
- Labour and skills shortages remain challenging
- Macroeconomic volatility continuing

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.

Note 1: EBITDA is before significant items and excludes the impact of AASB 16 – Leases and significant items

The growth opportunity

We have single digit market share in both our business segments

We operate in fragmented markets ripe for consolidation

We operate in growth markets that generally perform better than GDP

Opportunities exist to improve trading and gross margins

Our Fluid Systems and Trade Distribution business segments have significant organic and acquisition growth opportunities

Coventry has the opportunity to increase EBITDA[1] to 10%+ over the medium term

FY25 cash flow to be positively impacted by the end of the ERP project, full year impact of Steelmasters, organic profit growth and utilization of tax losses in Australia

Note 1: EBITDA is before significant items and excludes the impact of AASB 16 – Leases and significant items

Coventry operates in large fragmented markets

Coventry has a small market share in large markets with significant opportunity for organic and acquisition growth

Mining and resources

Continued strong demand for products and services from mining and energy sectors

Infrastructure

$100b committed government spend over the next ten years

We continue to build our capability and value proposition to support the infrastructure market

Building and construction

Commercial construction markets have continued to perform well despite cost inflation and labour shortages

Coventry has limited exposure to residential construction in Australia – housing shortage and immigration to drive future demand

Industrial and manufacturing

Markets are driven by activity in the Mining and Resources, Infrastructure, Building and Construction and other markets serviced by Coventry

Other markets

Our secondary markets are all performing well:

- Agriculture and aquaculture
- Renewable energy
- Oil and gas
- Defence
- Recycling

Our value proposition

Quality products, stock availability, expertise, agility, geographic coverage

03

Our strategy

Our Strategy

Our Purpose	Our Values	Our Vision	Strategic priorities	Customer promise
To provide specialised industrial products, services and solutions to our customers	Safety first Do the right thing (Fairness, Integrity and Respect) Work as a team Be the best at everything we do	Zero harm Profitable sales growth Leading Trade Distribution and Fluid Systems Groups across Australia and New Zealand 10.0% EBITDA (Pre AASB16) Strong cash conversion	The right people for growth Improving earnings per share Accelerate profitable organic growth to achieve 10%+ EBITDA Optimising financial health Digitalizing core systems including delivering the ERP project	Exceptional specialist services and solutions to help our customers be successful

People → **Customers**

How we run our business. What we want to achieve. The standards and behaviours that guide how we work together to achieve it. How we do things.

What we promise our customers. What they experience. What it looks and feels like for them. How and what we communicate.

Our organic growth opportunities

Expand network	Improving the network	Improve value proposition	Service and product extensions	Digitalisation
Greenfield Konnect Australia and New Zealand and Stellmasters Trade stores Fluid Systems branches in new geographical regions	Trade store makeovers and relocations to improve in store customer experience and deliver growth opportunities	Improving our value proposition to retain customers, increase share of wallet, acquire new customers and improve margins Expansion into Tier 2 markets Marketing and promotion programs Alignment with key suppliers	Expanding product ranges Enhance stud bolt capability Increasing engineering capability in Fluid Systems Establishing automation and electrification capabilities in Fluid Systems	ERP upgrade E-commerce Digitalisation and continuous improvement programs to improve customer service and increase productivity

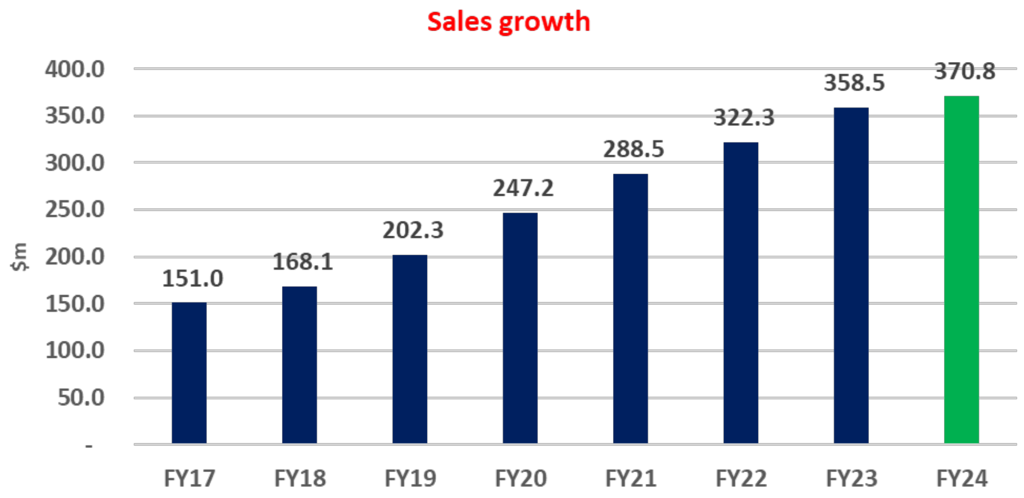
Improving people management systems to build skills and expertise for future business growth

04

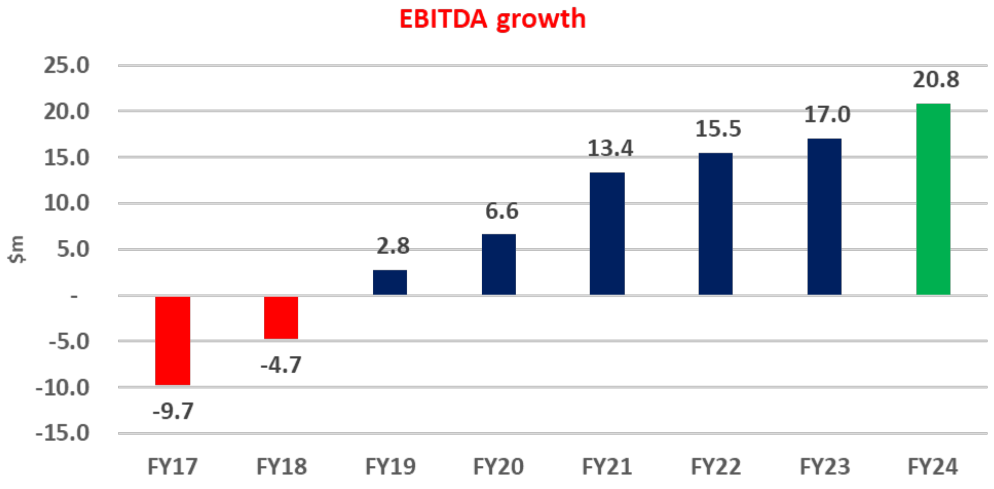
FY24 performance

Historical performance – a growth story

Revenue



EBITDA[1]

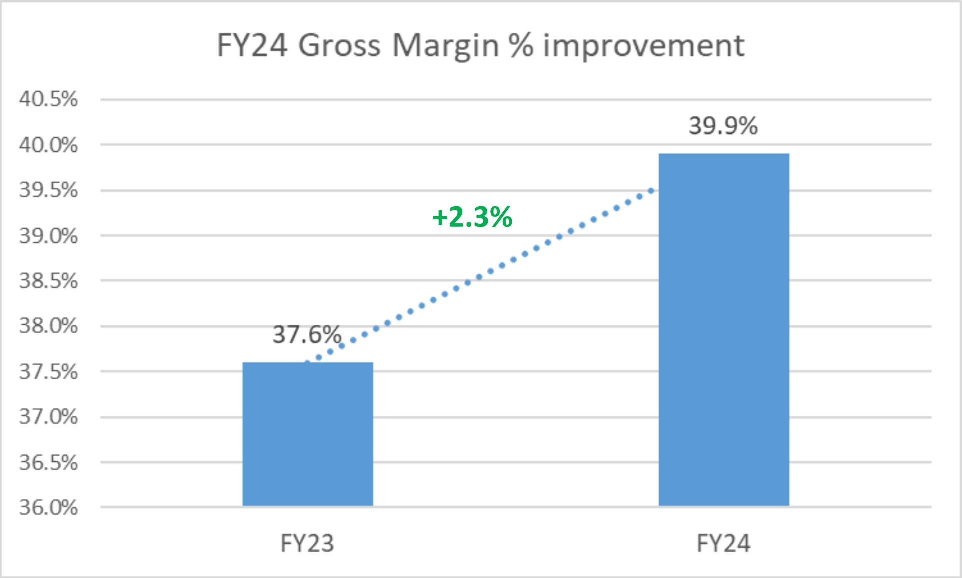


Group Revenue
up 3.4% to A$370.8m
(A$358.3m FY23)

Group EBITDA[1]
up 22.4% to A$20.8m
(A$17.0m FY23)

Note 1: EBITDA is earnings before interest, tax, depreciation, amortisation before significant items and has been adjusted to exclude the impact of AASB 16 Leases.

Initiatives to grow EBITDA[1] to sales to 10% are delivering



Our gross margin buy-side and sell-side initiatives delivered a 2.3% year on year improvement and will remain a focus throughout FY25

Note 1: EBITDA is earnings before interest, tax, depreciation, amortisation before significant items and has been adjusted to exclude the impact of AASB 16 Leases.

Profit and loss

Summary profit and loss

$m	FY24	FY23	% change
Revenue	370.8	358.5	+3.4%
EBITDA [1]	**20.8**	**17.0**	**+22.4%**
Depreciation and amortisation	(3.8)	(3.6)	
Impact of AASB16	2.8	2.2	
EBIT [2]	**19.8**	**15.6**	**+26.9%**
Significant items	(10.7)	(6.4)	
Net financing expense	(8.0)	(5.5)	
PBT	**1.1**	**3.7**	
Income tax expense	(0.4)	(1.2)	
NPAT	**0.7**	**2.5**	
EBITDA %	5.6%	4.7%	

- EBITDA [1] up +$3.8m (+22.4%) on prior year
- EBIT [2] up +$4.2m (+26.9%) on prior year
- Profit before tax (PBT) and Net profit after tax (NPAT) down on the previous year principally due to Significant Items
- Significant Items made up of ERP system upgrade ($9.1m), acquisition related costs ($0.8m) and other non-recurring costs ($0.8m)

Note 1: EBITDA is before significant items and excludes the impact of AASB 16 – Leases and significant items. EBITDA before significant items is a non-IFRS measure and reflects how management measures performance of the Group
Note 2: EBIT is before significant items

Balance sheet

Solid balance sheet position

$m	30 June 2024	30 June 2023
Total current assets	157.0	137.2
Total non-current assets	192.4	145.6
Total assets	**349.4**	**282.8**
Total current liabilities	120.6	111.8
Total non-current liabilities	85.7	58.0
Total liabilities	**206.3**	**169.8**
Net Assets	**143.1**	**113.0**
Net Tangible Assets	**34.7**	**36.8**
Current assets less current liabilities	**36.4**	**25.4**

- The Group has a solid balance sheet with Net Tangible Assets of $34.7m and Net Assets of $143.1m at 30 June 2024
- The Group has a solid working capital position with Current Assets exceeding Current Liabilities by $36.4m at 30 June 2024
- Net debt as at 30 June 2024 of $47.4m (30 June 2023 of $33.5m)
- Net Debt was impacted by the ERP upgrade project ($9.1m), acquisition related costs $0.8m, FY23 dividend payment ($0.8m) and capital expenditure ($4.4m)
- NAB debt facilities of $80.0m undrawn by $32.6m at 30 June 2024

Cash flow

Cash conversion of 112.1% FY24

$m	FY24	FY23
Gross operating cash flow	27.8	25.8
Less Cash lease payments	(15.2)	(13.1)
Add back Significant Items	10.7	6.4
Adjusted gross operating cash flow	**23.3**	**19.1**
EBITDA [1]	**20.8**	**17.0**
Cash conversion % [2]	**112.1%**	**112.5%**

- Positive cash conversion in FY24
- Cash conversion of 112.1%

Note 1: EBITDA is before significant items and excludes the impact of AASB 16 – Leases and significant items
Note 2: Cash conversion = Gross operating cash flow less cash lease payments, addback significant items, divided by EBITDA[1]

FY24 Segment performance

Fluid Systems

Revenue	EBITDA [1]
$159.2m	$19.0m
+7.5% on FY23	+23.5% on FY23

Trade Distribution

Revenue	EBITDA [1]
$212.1m	$16.7m
+1.0% on FY23	-2.0% on FY23

- Fluid Systems EBITDA [1] % to sales of 11.9%
- Trade Distribution EBITDA [1] % to sales of 7.9%
- Trade Distribution impacted by difficult economic conditions, particularly in New Zealand and Tasmania combined with wage inflation

Note 1: EBITDA is before significant items and excludes the impact of AASB 16 – Leases and significant items

05

Strategic update and outlook

Strategic update

Key strategic initiatives

Target 10%+ EBITDA [1]

Improving overall business profitability through:

- Organic sales growth
- Margin improvements
  - Buy side initiatives
  - Sell side initiatives
- Fixing underperforming branches
- Sensible cost control

Targeting

- 14.0%+ EBITDA [1] for each business unit
- 4.0% Corporate costs to Group sales

Delivering results

- Q4 EBITDA [1] improvement of +50.4%

Note 1: EBITDA is before significant items and excludes the impact of AASB 16 – Leases and significant items

Strategic update

Key strategic initiatives

KAA profitability improvements

Accelerating delivery of our strategy by:

- Fixing underperforming branches
- Improving capability to deliver store makeovers, store relocations and new stores
- Improving margin management
- Improving supply chain and stock availability
- Closer alignment with suppliers
- Implementing operating cost reduction programs

ERP upgrade project

ERP upgrade progressing well

- The ERP upgrade continues to progress broadly to plan, schedule and budget
- Experienced project team and implementation support partners working closely together
- Build and configuration and testing phases completed
- 11 FS branches and Finance now live on the system
- On target to complete project December 2024
- Estimated FY25 cost of $3.5m

Strategic update

Key strategic initiatives

Optimising financial health

Cash conversion project delivered positive results

- Inventory optimization project continuing
- Implementing demand planning systems as part of ERP upgrade
- Cash conversion program delivering results – 112.1% FY24 (112.5% in FY23)
- FY25 cash flow to be positively impacted by the end of the ERP project, full year impact of Steelmasters, organic profit growth and utilization of tax losses in Australia

Develop marketing and digital capability

Implementing e-commerce solutions

- Developing our marketing and promotion capability to increase brand recognition and awareness
- Ensuring all business units deliver an enhanced omnichannel customer experience
- Improving our digital offering – Nubco on-line store to be launched early FY25.

Strategic Priorities FY25

- The right people for growth
- Target 10% EBITDA [1] initiatives
- Accelerate profitable organic growth in Trade Distribution
- Continue focus on rightsizing inventories and cash conversion
- Deliver ERP upgrade project to schedule and extract benefits
- Deliver benefits from the Steelmasters acquisition
- Reinforce with customers our focus on specialist industrial products, services and customised solutions

06

Acquisitions

Steelmasters Overview

Steelmasters is a leading supplier of industrial & specialty fasteners in Australia and New Zealand across 4 key brands.

Overview

Steelmasters Overview	▪ Founded in 1973, Steelmasters is an Australasian business providing a full range of quality fasteners and industrial supply products sold through an Australasian network of 12 branches (eight in Australia and four in New Zealand).
Steelmasters Product Portfolio	▪ Trades under four different brands (Boltmasters and Profast in Australia, and Steel Masters and Galvmasters in New Zealand) across four key market segments (including manufacturing and engineering, infrastructure and utilities, mining and civil construction). ▪ Core product portfolio includes: ▪ Nuts, bolts and washers; ▪ Socket screws and threaded rod; ▪ Screws and stainless hardware; and ▪ Rivets and tooling.
Strategic rationale	▪ Aligns with company M&A strategy ▪ Immediate geographic expansion ▪ Steelmasters' manufacturing and galvanizing capability ▪ Creates opportunities for further value creation ▪ Attractive financial impact ▪ *Further information on strategic rationale provided on page 18*

Key Statistics

NZ$40.3m
FY24 revenue

NZ$7.36m
FY24 EBITDA

5.7%
FY21 – FY24 revenue CAGR

18.3%
FY24 EBITDA margin

12
Branches across Australia and NZ

~117
FTE employees as at Apr 2024

07

Summary

Summary

Solid FY24 performance

Group sales growth of 8.1% in July 2024 including acquisitions

Operating in resilient markets and industries

Specialisation will help us win

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

Appendix

Coventry Group Ltd

AASB16 Reconciliation

$'000	FY24	FY23	Variance ($)	Variance (%)
Profit before financial income and tax [1]	9,037	9,215	(178)	
Significant items	10,584	6,394	4,190	
Add: Depreciation ROU Asset – Property and Vehicle [2]	14,530	12,739	1,791	
less: Lease payments - Property and vehicle (AASB 16 only) [3]	(19,304)	(17,020)	(2,284)	
Add: Finance sublease rent received [4]	414	406	8	
Add: Impairment/Onerous lease provision unwind [5]	1,713	1,662	51	
Add: Foreign exchange translation variance/other adjustments	40	(19)	59	
EBIT [6]	**17,009**	**13,377**	**3,632**	**27.2%**
Depreciation & amortization [7]	3,795	3,628	171	
EBITDA [6]	**20,808**	**17,005**	**3,803**	**22.4%**

1. Agrees to Condensed Consolidated Statement of Profit or Loss.
2. Agrees to 'Depreciation of right-of-use Assets per Segment report.
3. Proxy for actual lease payments (expense) under pre-AASB 16 lease accounting, excludes short term and low value leases. Excludes onerous lease.
4. Rent received for finance sublease previously accounted for as rent revenue that is now treated as interest income under AASB 16 accounting.
5. Unwinding of onerous lease provision, which pre-AASB 16 was accounted for as a credit to lease expense. Under AASB 16 it is instead treated as a reduction in depreciation.
6. EBITDA and EBIT exclude the impact of AASB 16 – Leases and significant items.
7. Depreciation and amortisation per Segment report.