

ASX RELEASE

First quarter 2018 – Trading Update

13 October 2017

Coventry Group Ltd (ASX: CYG) is pleased to announce that trading performance of the Group has continued to improve in the past three months. Group revenue for the quarter has grown year on year as initiatives to improve stock availability and customer service start to deliver results. As a result, EBITDA is close to breakeven and has improved significantly year on year.

Revenue

Percentage revenue change in the first quarter of FY 2018 (July to September) when compared with the prior corresponding period (PCP) is shown below:

% Revenue Change	1QF18 vs 1QF17
Trade Distribution	+4.7%
Cooper Fluid Systems	+25.5%
AA Gaskets	-9.1%
Consolidated Group	+9.2%

Divisional Commentary

- Trade Distribution Australia has continued to show encouraging improvement in the first quarter with sales up 1.8% on PCP. Initiatives to improve business performance as outlined in the FY review are being implemented according to plan. The results of our program to improve stock availability and service levels in the branches is evident in the improved sales performance.
- Trade Distribution New Zealand continued to perform well in its key markets, with revenue up by 13.0% on PCP.
- Cooper Fluid Systems revenue continued to show improvement with sales up 25.5% on PCP – driven by the increase in service and repair work in the resources sector and improving business conditions.
- AA Gaskets (owned 72.5% by the Group) sales are lower than PCP. 1Q17 was an exceptional quarter due to significant buy ups by two major customers during the quarter.

Net debt

With improved operating results and success with our inventory clearance program, our cash and debt positions have now stabilised. Net debt at 30 September 2017 was \$716k down \$2.1m compared to June 17.

Other matters

Market conditions have been improving, in particular in the resources sector including some increase in activity in Western Australia.

Increases in inventory in the branches have been required to improve stock availability and service. This is being partially offset by our inventory clearance program (which has cleared \$1.2m of non-moving stock) and other programs to reduce excess stock.

The re-leasing of surplus capacity at the property in Redcliffe, Perth for existing tenants has been completed, albeit at lower rental rates and for shorter terms. Work is continuing to sub-let the remainder of the facility. The decrease in rental income in 2018 is \$954k. Longer term tenants continue to be sought and enquiries are increasing as market conditions in WA start to improve.

AGM

Further details on current initiatives and the outlook for the Group will be released in conjunction with the 2017 AGM, which is scheduled for 22nd November 2017.

For further information contact:

Robert Bulluss
Chief Executive Officer
(03) 9205 8219