



Investor presentation

Half year results to 31 December 2017

Group structure and vision

Trade Distribution Australia and New Zealand



OUR VISION

To be an innovative Industrial Supply Group achieving sustainable profitable growth operating through specialist business units.

OUR VALUES

At Coventry Group we value Respect, Fairness, Teamwork, Integrity and Professionalism.
Above all, we value Our People and Our Customers.

FY18 half year overview

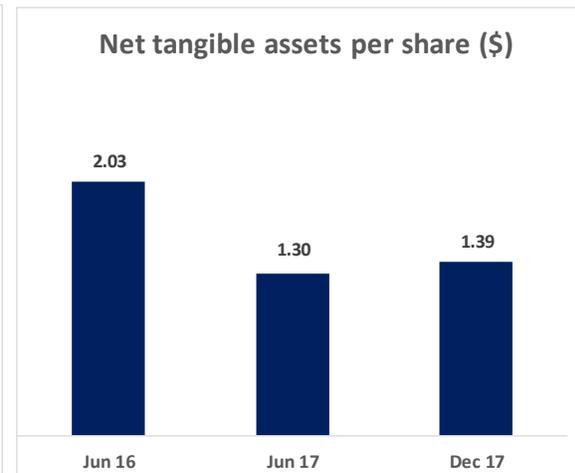
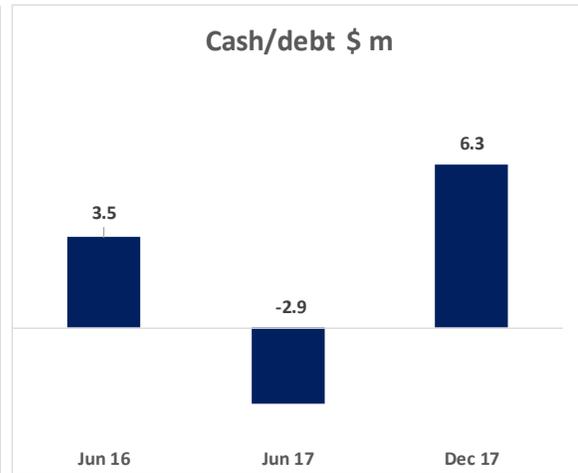
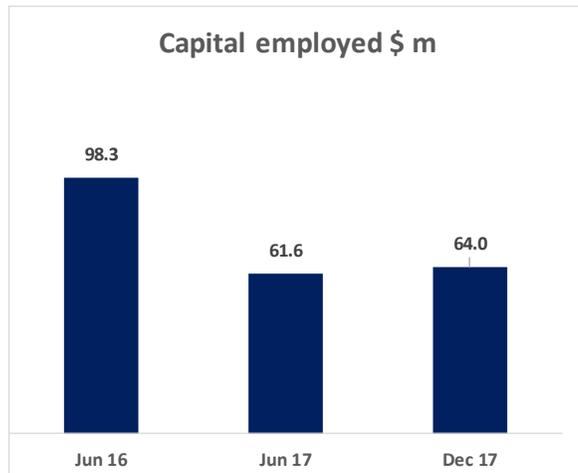
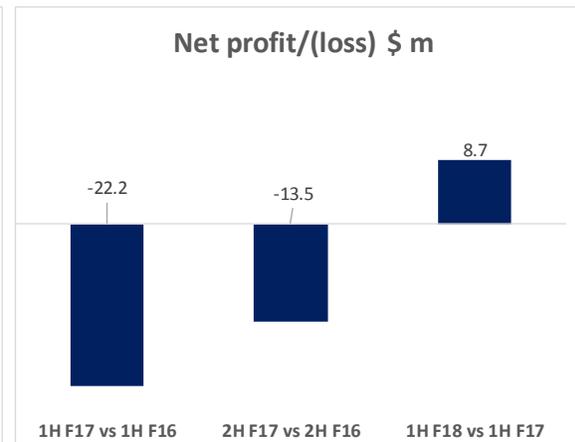
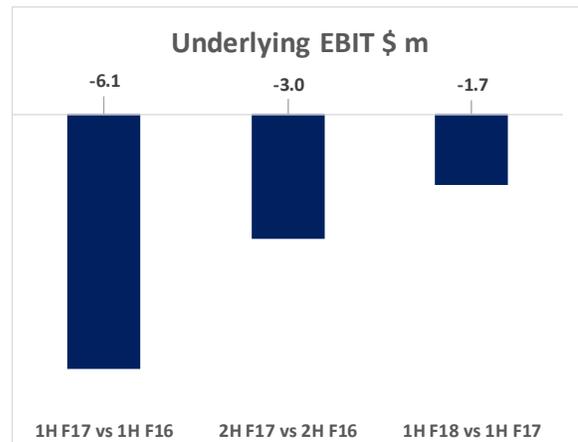
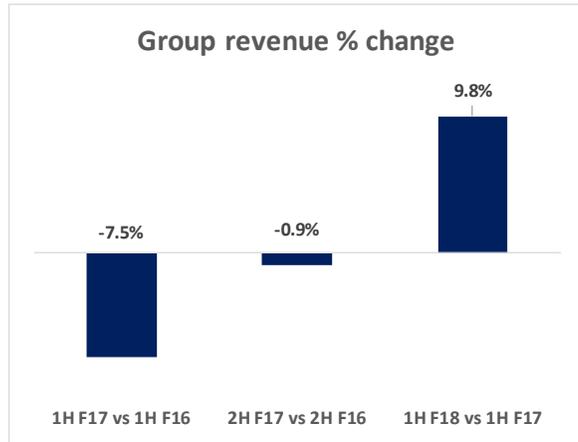
- Trading performance of the Group has improved in the first half of FY18.
- Sales +9.8% (excluding the non-continuing operations of AA Gaskets) to \$83.7m (\$76.2m pcp).
- Underlying EBIT loss of -\$1.7m (-\$6.1m pcp). Improvement of \$4.4m.
- Net profit after tax including profit on sale of the AA Gaskets business of \$8.7m.
- Net loss after tax excluding profit on sale of the AA Gaskets business of -\$4.3m (-\$22.2m pcp).
- No interim dividend declared.
- Appointment of Rod Jackson as Chief Financial Officer and Tracey Gibbins as General Manager, People, Safety, Well Being and Quality.

- 2 minor Lost Time Injuries in FY18.
- The Group is committed to the health, safety and well being of our personnel.

(\$m)	1H FY17	1H FY18
Revenue from sale of goods	76.2	83.7
Underlying EBITDA	-4.4	-1.0
Underlying EBIT	-6.1	-1.7
NPAT	-22.2	8.7
Net cash	5.2	6.3
Net Tangible Assets p/s (\$)	1.69	1.39

Restated for the discontinuing operations of AA Gaskets

Financial KPI's



- All key financial key performance indicators are positive.
- Revenue growth of +9.8%.
- Underlying EBIT improvement compared to 1H17 of \$4.4m.
- Net cash of \$6.3m.
- Net tangible assets per share increase to \$1.39.

Trade Distribution

(\$m)	1H FY17	1H FY18	% change
Revenue	50.6	52.7	4.1%
EBIT (underlying)	-3.4	-1.9	43.8%

- Trade Distribution (TD) supplies a range of fastening systems and related products to trade customers across Australia and New Zealand. Key markets are industrial, construction and mining and resources.
- TD is improving with sales up 4.1% YTD to PCP. New Zealand is performing strongly and Australia is showing signs of slow improvement.
- TDA has had 6 consecutive months (August 17 – January 18) of sales growth compared to the prior year.
- Underlying contribution improvement of \$1.5m YTD to PCP.



Trade Distribution Australia

(\$m)	1H FY17	1H FY18	% change
Revenue	37.1	37.8	1.9%
EBIT (underlying)	-4.5	-3.4	24.4%

- Trade Distribution Australia (TDA) supplies a range of fastening systems and related products to trade customers through a network of 48 branches. Key markets are industrial and mining and resources.
- TDA continues to show signs of improvement with sales up 1.9% YTD to PCP. TDA has had 5 consecutive months of sales growth compared to the prior year.
- Underlying contribution improvement of \$1.1m YTD to PCP.
- The Board and management are not happy with the pace of change and the level of sales growth in this business unit and initiatives continue to be refined to accelerate the pace of improvement and return it to sustainable profitable growth.
- Key areas of focus are improving stock availability/service levels, returning to a trade distribution branch delivery model, ensuring branches have the right resource levels, building supplier partnerships, directional buying and selling, improving sales resource capability and further streamlining DC operations.
- Our markets are generally performing well and there are early signs of recovery in the Western Australia market.



Trade Distribution New Zealand

(\$m)	1H FY17	1H FY18	% change
Revenue	13.5	14.9	10.2%
EBIT (underlying)	1.1	1.5	36.4%

- Trade Distribution New Zealand (TDNZ) supplies a range of fastening systems, construction and other related products to trade customers through 14 branches across the network in New Zealand.
- Key markets are Construction, Joinery and Commercial, Industrial Customers and Manufacturers (OEM).
- Excellent sales performance up 10.2% YTD to PCP.
- Underlying contribution of \$1.5m up 36.4% YTD on PCP.
- Organic sales growth, new branch roll-outs and acquisition opportunities exist.



Cooper Fluid Systems

(\$m)	1H FY17	1H FY18	% change
Revenue	25.6	31.0	21.0%
EBIT (underlying)	1.1	2.3	104.5%

- Cooper Fluid Systems (CFS) design, manufacture, install, repair and supplies hydraulic, pneumatic, fluid transfer, refueling, fire suppression and lubrication systems and components through 12 branches across Australia
- Overall a very strong result from CFS.
- Sales up 21.0% YTD to PCP.
- Underlying contribution of \$2.3m, up 104.5% YTD to PCP.
- Our key markets in mining and resources, construction and industrial are performing well.
- Organic and acquisition growth opportunities exist.



AA Gaskets

(\$m)	1H FY17	1H FY18	% change
Revenue	8.2	7.3	-11.3%
EBIT (underlying)	1.7	1.6	-3.7%

Note: FY17 includes 6 months trading compared to FY17 5 months

- Sale of non-core business to GUD Holdings Limited. Enterprise Value of \$22.0m.
- Funds received by Coventry Group Ltd used to:
 - Repay the Scottish Pacific securitized trade receivables facility (completed)
 - Share buy back of unmarketable share holdings (completed)
 - On market buy back of up to 10% of share capital
 - Fund strategic initiatives required to fast track achievement of sustainable profitable growth in the TDA business
 - Fund further organic growth initiatives in TDNZ and CFS businesses



Corporate

(\$m)	1H FY17	1H FY18	% change
Revenue	0.0	0.0	0.0%
EBIT (underlying)	5.2	3.7	-28.9%

- Significant reduction in operating costs across a range of expense categories.
- Includes \$500k income from insurance claim for 2017 cyber attack.
- Income from the Redcliffe property reduced by \$127k per month from the start of November. We are continuing to pursue long term tenants.

Balance sheet

(\$m)	Jun-16	Jun-17	Dec-17
Cash & cash equivalents	3.5	5.1	6.3
Inventories	57.4	49.3	44.8
Trade and other receivables	30.8	29.3	31.7
Total current assets	91.7	83.7	82.8
Property, Plant & Equipment	16.0	4.7	4.2
Intangible assets	5.1	5.9	5.9
Deferred tax assets	16.1	6.7	5.8
Other non-current assets	-	0.1	-
Non-current assets	37.2	17.4	15.9
Total assets	128.9	101.1	98.7
Trade and other payables	21.8	23.8	27.2
Debtor finance facility	-	8.0	-
Other current liabilities	5.7	4.4	4.1
Non-current liabilities	27.5	36.2	31.3
Non current liabilities	3.2	3.3	3.4
Non current liabilities	3.2	3.3	3.4
Total Liabilities	30.7	39.5	34.7
Net Assets	98.2	61.6	64.0
Issued capital	108.1	108.1	108.1
Retained earnings & reserves	- 11.9	- 48.7	- 44.1
Non-controlling interest	2.0	2.2	-
Total equity	98.2	61.6	64.0
NTA per share (cents)	2.03	1.30	1.39

- Net Assets of \$64.0m (Jun 17: \$61.6m)
- NTA per share of \$1.39 (Jun 17: \$1.30)
- Inventory levels have increased in the branch network to improve stock availability. Inventory levels will continue to reduce in the DC's as excess and slow moving stock is sold.
- No further asset impairments expected.

Summary

- Management team continues to be strengthened and place focus on sales growth and sustainable profitable growth.
- The Group is experiencing solid sales growth which continued in January 2018.
- We are continuing to fine tune the TDA strategy to fast track progress to return the business to positive earnings.
- Our key markets in mining and resources, construction and industrial are performing well.
- AA Gaskets sale is positive for the group and shareholders
- No debt within the business and finance facilities available
- Solid balance sheet
- Organic, new branch and acquisition growth opportunities exist in all business units.

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