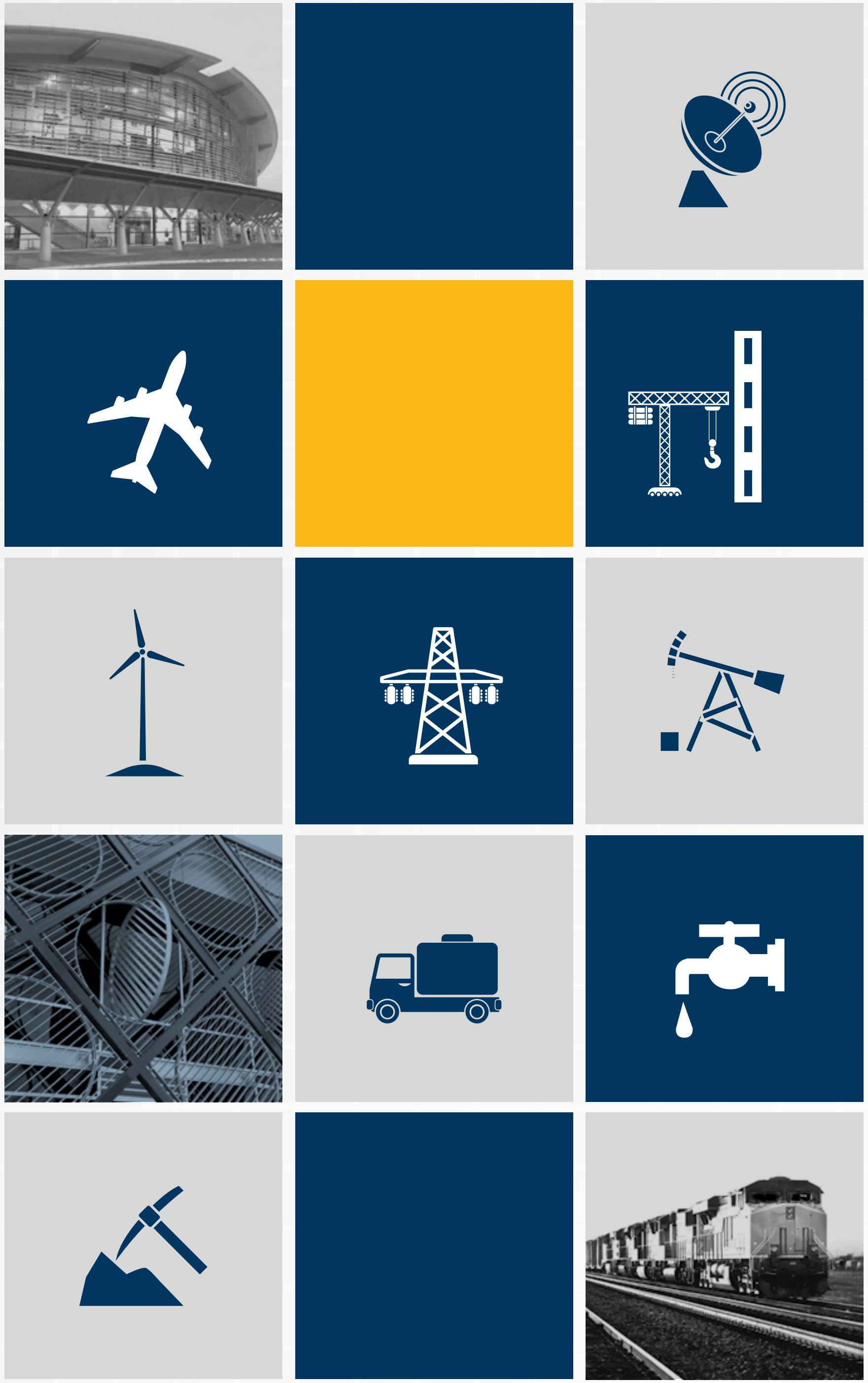
2015 RESULTS

Alexander Kachellek | Steven McGregor

KORVEST LTD

- Korvest (ASX:KOV) is headquartered in South Australia and provides cable and pipe supports, access systems for large mobile equipment, hydraulic tools and wrenches, and galvanising services.
- Listed in September 1970
- Korvest has sales offices warehouses in Adelaide, Melbourne, Sydney, Brisbane, and Perth, with distributors in Darwin, Townsville, Hobart and New Zealand.
- Manufacturing and galvanising in Adelaide
- Power Step and Titan Technologies in Brisbane
- Overseas supply chain provides make vs buy flexibility
- Korvest business sell to a wide variety of industry sectors



AGENDA

FY15 KEY POINTS

FINANCIAL RESULTS

ITEMS OF NOTE

COMPANY OVERVIEW

FY15 KEY POINTS

- Revenue down by 14.5%
- Solid operating cashflows
- Day-to-day trading remains difficult
- 12c final dividend
- Power Step & Titan Technologies goodwill impaired by $1.7m
- Indax asset sales finalised
- Actively reviewing growth opportunities
  ($0.2m associated costs included in FY2015 NPAT)
- New ERP live 1 April 2015

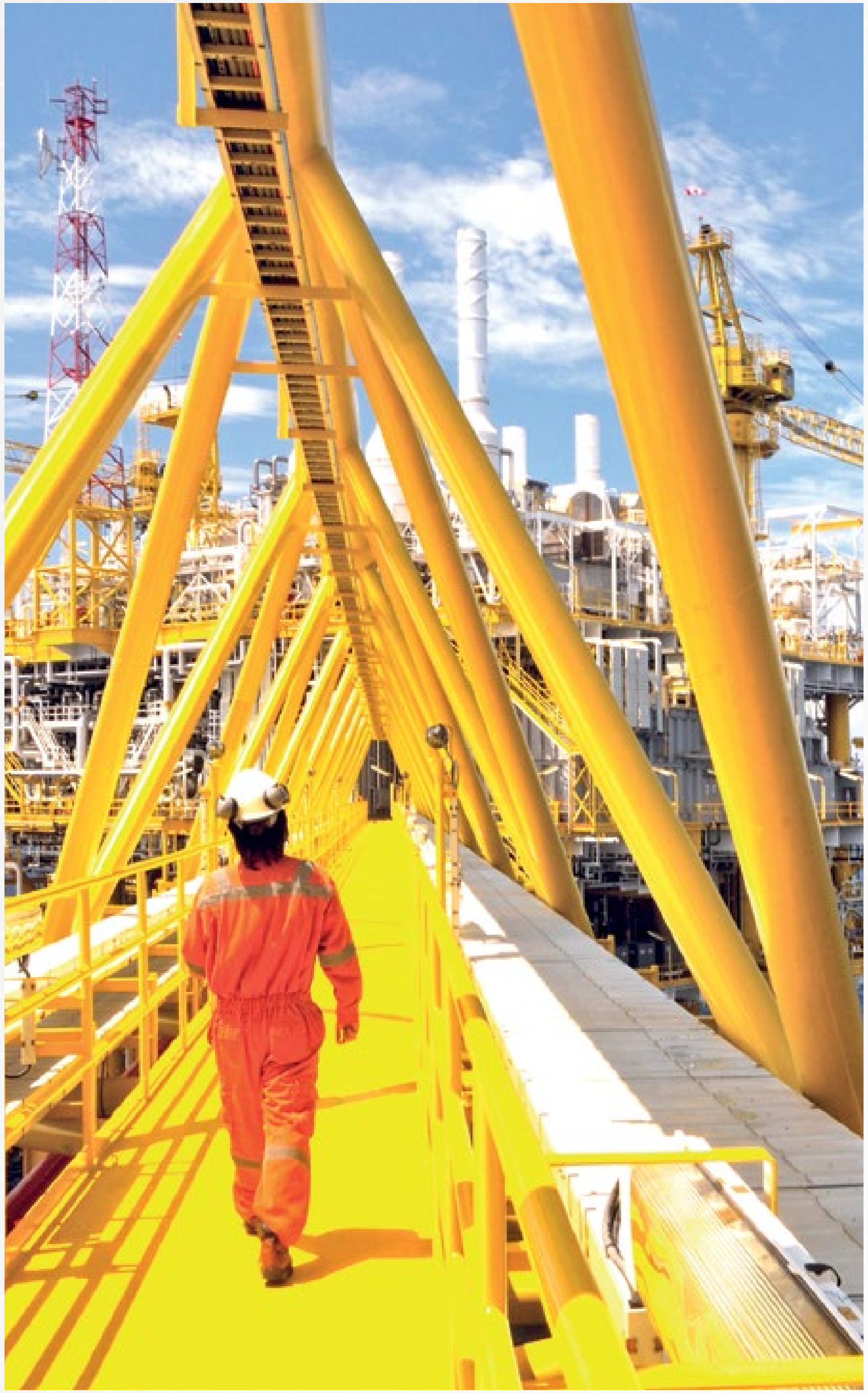
AGENDA

FY15 KEY POINTS

FINANCIAL RESULTS

ITEMS OF NOTE

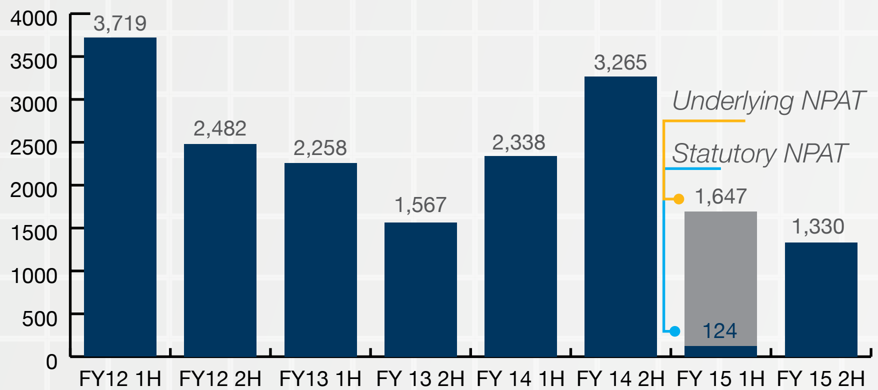
COMPANY OVERVIEW



HEADLINE NUMBERS

	JUNE 2015	2H	1H	JUNE 2014	2H	1H	% CHANGE FY15 VS FY14
SALES	$63.03m	$31.0m	$32.0m	$73.76m	$39.7m	$34.0m	(14.5%)
UNDERLYING EBIT[1]	$4.44m	$1.9m	$2.5m	$7.66m	$4.3m	$3.4m	(42.0%)
OPERATING CASHFLOW	$5.12m	($0.5m)	$5.6m	$4.23m	$0.3m	$3.9m	21.0%
UNDERLYING EPS[2]	30.3c			64.1c			(52.7%)
DIVIDEND PER SHARE (ORDINARY)	29c			57c			(49.1%)
SPECIAL DIVIDEND PER SHARE	-			100c			

PROFIT AFTER TAX



STATUTORY EBIT

1 Underlying EBIT is a Non-IFRS measure calculated as statutory EBIT ($2,720k) adjusted for the goodwill impairment ($1,721k) as set out in the Review of Operations in the 2015 Annual Report. Only the June 2015 underlying EBIT differs from the statutory EBIT.

2 Underlying EPS is a non-IFRS measure calculated as statutory EPS (13.9c) adjusted for the goodwill impairment ($1,721k) as set out in the Review of Operations in the 2015 Annual Report.

INDUSTRIAL PRODUCTS

	JUNE 2015	2H	1H	JUNE 2014	2H	1H	% CHANGE FY15 VS FY14
SALES	$58.33m	$28.8m	$29.5m	$67.20m	$37.0m	$30.2m	(13.2%)
EBIT	$5.16m	$2.6m	$2.5m	$6.61m	$4.2m	$2.4m	(21.9%)
EBIT %	8.8%	9.1%	8.6%	9.8%	11.4%	7.9%	-

TRADING UPDATE

EZYSTRUT

- Large oil & gas projects remained significant
- Day-to-day trading tough
- WA and VIC grew due to projects
- NSW and QLD markets significantly softer than recent years
- Export activities ongoing but still in start-up phase

INDAX

- All remaining inventory sold during 2H

POWER STEP & TITAN

- Plans to diversify into new markets are progressing
- Little change in market conditions
- Cost savings plan implemented

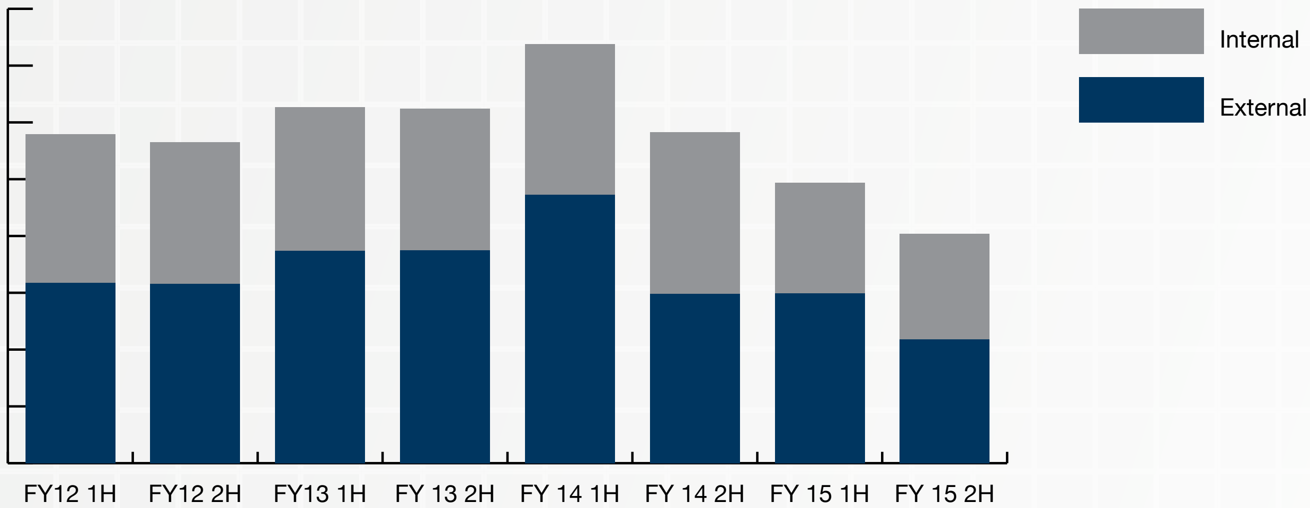
PRODUCTION SERVICES

	JUNE 2015	2H	1H	JUNE 2014	2H	1H	% CHANGE FY15 VS FY14
SALES	$4.69m	$2.1m	$2.6m	$6.56m	$2.7m	$3.9m	(28.5%)
EBIT	$0.70m	$0.2m	$0.5m	$2.09m	$0.7m	$1.4m	(66.5%)
EBIT %	14.9%	9.7%	19.2%	31.9%	23.9%	37.3%	-

TRADING UPDATE

KORVEST GALVANISERS

- External & Internal volumes decreased to historically low levels
- Reduced demand for project work in SA
- Demand from SA fabricators on interstate projects softened



BALANCE SHEET

- ERP
- Contract management

- Higher zinc prices
- More EzyStrut RM and FG
  - Reductions targeted

- Goodwill written off

A$M	JUNE 2015	JUNE 2014	JUNE 2013
ASSETS			
CASH	(0.5)	0.5	2.4
RECEIVABLES	13.6	17.7	12.5
INVENTORIES	13.6	11.3	9.5
ASSETS HELD FOR SALE	-	1.5	-
PROPERTY, PLANT AND EQUIPMENT	15.9	15.9	17.5
GOODWILL AND INTANGIBLES	-	1.8	2.1
OTHER ASSETS	0.3	-	-
TOTAL ASSETS	**42.9**	**48.8**	**44.0**
LIABILITIES			
PAYABLES	(6.4)	(8.2)	(5.2)
OTHER LIABILITIES	(3.6)	(4.0)	(3.5)
TOTAL LIABILITIES	**(10.0)**	**(12.2)**	**(8.7)**
NET ASSETS	**32.9**	**36.6**	**36.6**

DIVIDENDS

	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011
INTERIM	17c	26c	26c	18c	11c
SPECIAL	-	100c	-	5c	-
FINAL DIVIDEND	12c	31c	20c	30c	15c
TOTAL DIVIDEND	29c	157c	46c	53c	26c
FRANKING	100%	100%	100%	100%	100%

- DRP reactivated for final dividend
- Final dividend at upper end of 65-90% target payout ratio range

Key dates

Record Date: 21 August 2015

Payment Date: 4 September 2015

AGENDA

1H FY15 KEY POINTS

FINANCIAL RESULTS

ITEMS OF NOTE

COMPANY OVERVIEW

ITEMS OF NOTE

- Market conditions remain difficult
- Uncertainty surrounding timing of future projects
- Little change anticipated in 1H FY2016 trading conditions
- Actively engaged in reviewing potential acquisition opportunities
- Continue to pursue opportunities in Asia Pacific region
- Trading update at AGM

AGENDA

1H FY15 KEY POINTS

FINANCIAL RESULTS

ITEMS OF NOTE

COMPANY OVERVIEW

INDUSTRIAL PRODUCTS

- Cable and pipe supports
- Market leader in cable supports
- Manufacturing facility in Kilburn, SA
- Overseas supply chain
- Sells to EPCMs, Wholesalers, and direct to project contractors and trade
- Local manufacture allows quick response time and ability to manufacture specials – a differentiator to overseas competition
- National sales and warehouse network
- Vertical integration with Korvest Galvanisers

INDUSTRIAL PRODUCTS

- Hydraulic/Electric Safety Access Systems
- Design/Manufacture
- Safety Lighting
- Filter Crushers

- Hydraulic tools and wrenches
- Markets include: large scale construction, power stations, industrial sites, mines, wind towers, etc.

PRODUCTION SERVICES

- Longest galvanising kettle in Australia (14m)
- South Australia's only centrifuge plant (national market)
- Predominantly structural work for SA projects or fabrications
- In-house work for EzyStrut

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