



Korvest Ltd

December 2015 Half-Year Results

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Agenda

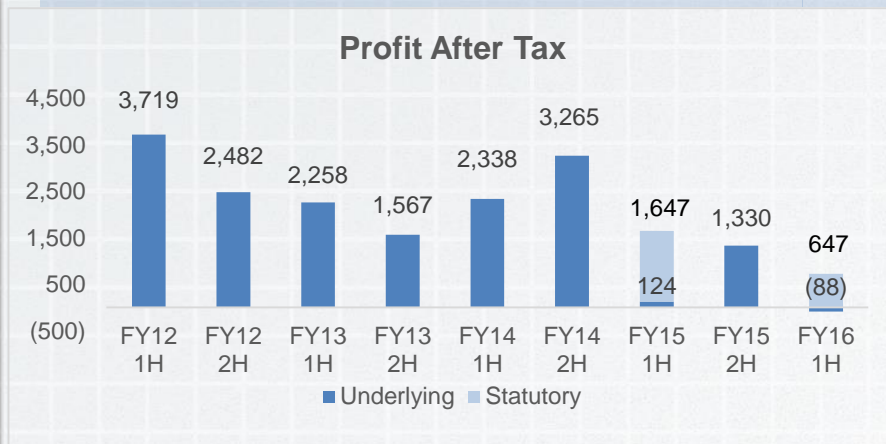
- 1H FY16 Key Points
- Financial Results
- Outlook
- Company Overview

Introduction to Korvest

- 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 fabrication 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

Headline Numbers

	Dec 15 (1H)	June 15 (2H)	Dec 14 (1H)	% Change vs Dec 14
Sales	\$27.33m	\$30.96m	\$32.06m	(14.8%)
Underlying EBIT¹	\$0.89m	\$1.90m	\$2.34m	(62.0%)
Operating cashflow	\$1.43m	(\$0.54m)	\$5.65m	(74.7%)
Underlying EPS¹	6c	12.7c	15.7c	(61.8%)
Dividend per share	10c	12c	17c	



- Results in line with AGM Guidance
- Difficult trading conditions
- Major LNG project continued
- Restructure costs (\$354k EBIT impact)
- Acquisition related costs (\$679k EBIT impact)

¹ Underlying EBIT and underlying EPS are non-IFRS measures. Details of how these measures are calculated including reconciliations to statutory numbers are set out on page 15

Industrial Products

	Dec 2015 (1H)	June 2015 (2H)	Dec 2014 (1H)	% Change Vs. Dec 2014
Sales	\$24.90m	\$28.83m	\$29.51m	(15.6%)
EBIT	\$0.90m	\$2.63m	\$2.52m	(64.3%)
EBIT %	3.6%	9.1%	8.6%	

EzyStrut

Trading Update

- Major LNG Project continued during 1H
- Markets remained subdued
- More commercial, less heavy industrial activity
- Markets in all states have contracted



Trading Update

- Little change in activity level
- New product offerings continue to be developed



\$209k EBIT impact of restructuring costs for segment

Production Services

	Dec 2015 (1H)	June 2015 (2H)	Dec 2014 (1H)	% Change Vs. Dec 2014
Sales	\$2.43m	\$2.13m	\$2.56m	(4.6%)
EBIT	\$0.01m	\$0.21m	\$0.49m	(98.0%)
EBIT %	0.4%	9.9%	19.2%	



Trading Update

- Volumes remain at historically low levels albeit consistent with previous half
- More external, less internal tonnes
- \$100k of restructuring costs

Balance Sheet



ASSETS	\$m	Dec 2015	June 2015	Dec 2014
Cash		(0.2)	(0.5)	2.5
Receivables		10.8	13.6	11.0
Inventories		13.2	13.6	11.8
Property, Plant & Equipment		15.4	15.9	16.1
Other		0.7	0.3	0.2
Total Assets		39.9	42.9	41.6
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LIABILITIES				
Payables		(4.6)	(6.4)	(4.9)
Other Liabilities		(3.2)	(3.6)	(3.3)
Total Liabilities		(7.8)	(10.0)	(8.2)
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NET ASSETS		32.1	32.9	33.4

- Inventory remained higher than historical levels due to increased raw materials and WIP for the LNG project

Dividends

	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
Interim	10c	17c	26c	26c	18c
Special Interim		-	100c	-	5c
Final Dividend		12c	31c	20c	30c
Total Dividend		29c	157c	46c	53c
Franking	100%	100%	100%	100%	100%

- DRP remains activated for interim dividend

Key Dates

Record Date: 26 February 2016

Payment Date: 11 March 2016

Outlook

- Little change expected in domestic underlying trading conditions
- LNG project continues in 2H at similar levels to recent periods
- Recovery tied to construction/investment cycle
- Business enters 2H with lower headcount/cost structure
- M&A activity paused until business conditions improve
- Sales focus
 - Business restructured to win more orders
 - Utilising new ERP features

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 for mobile vehicles
 - Design
 - Manufacture
- Safety Lighting
- Filter Crushers
- Queensland Based
- Sales Representatives/agents in:
 - QLD, WA, NSW
 - Chile, Brazil, South Africa

Industrial Products



- Hydraulic tools and wrenches
 - Sale
 - Hire
 - Repair
- Markets
 - Large scale construction
 - Power stations
 - Industrial sites
 - Mines
 - Wind towers



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

Calculations

Underlying EBIT and EPS are non-IFRS measures. The calculation of the underlying numbers included in this presentation is set out below. Only the Dec 14 and Dec 15 periods include an adjustment. For other periods shown on page 4 the statutory and underlying numbers are the same.

Underlying EBIT

\$'000	Dec 15 1H	Dec 14 1H
Statutory EBIT	(147)	821
Adjustments		
Restructuring	354	-
Acquisition related costs	679	-
Goodwill impairment incl consequential writeback of Exec Share Plan Exp	-	1,523
Underlying EBIT	886	2,344

Underlying EPS

\$'000	Dec 15 1H	Dec 14 1H
Statutory Profit / (Loss) after tax	(88)	124
After tax adjustments		
Restructuring	248	-
Acquisition related costs	475	-
Goodwill impairment incl consequential writeback of Exec Share Plan Exp	-	1,523
Underlying Profit after tax	635	1,647
Shares (weighted average)	10,551k	10,471k
Underlying EPS (cents)	6c	15.7c



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