FY16 RESULTS

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Coventry Group Ltd

FY16 Overview

- **Underlying EBITDA +$0.1m (-$2.3m in FY15)**
- **Significant improvement in statutory net loss after tax to -$1.8m (-$24.6 in FY15)**
  - Restructure costs of -$1.9m (-$21.4m in FY15) pre-tax
  - One-off gain on sale of Gaskets property of $2.0m pre-tax
- **Restructuring of the business nearly complete**
  - 9 duplicate distribution centres were closed
  - Warehouse Management System (WMS) roll out complete
  - 11 new stores were opened
- **Positive cash position $3.5m as at 30 June 2016**
- **No final dividend declared**

Group – financial summary

($m)	FY15	FY16	% change
Revenue from sale of goods	190.7	176.8	-7.3%
Underlying EBITDA[1]	-2.3	0.1	NM
Underlying EBIT[1]	-6.4	-3.2	50.0%
Restructuring and related costs	-21.4	-1.9	91.3%
EBIT	-27.7	-3.1	88.8%
Statutory net profit/(loss) after tax[2]	-24.6	-1.8	92.6%
Net cash	8.7	3.5	-59.5%
Earnings per share (cents)	-65.8	-7.6	88.4%
Dividend per share (cents)	35.3	0.0	NM
Net Tangible Assets per share ($)	2.16	2.03	-6.0%

Improved fourth quarter operating results (positive EBITDA and cashflow)

Note 1 – Excludes net income relating to FX gain/loss, FY16 underlying EBIT & EBITDA excludes a $2.0m gain from sale of property
Note 2 – Statutory net profit/(loss) includes loss from discontinuing operation in FY15

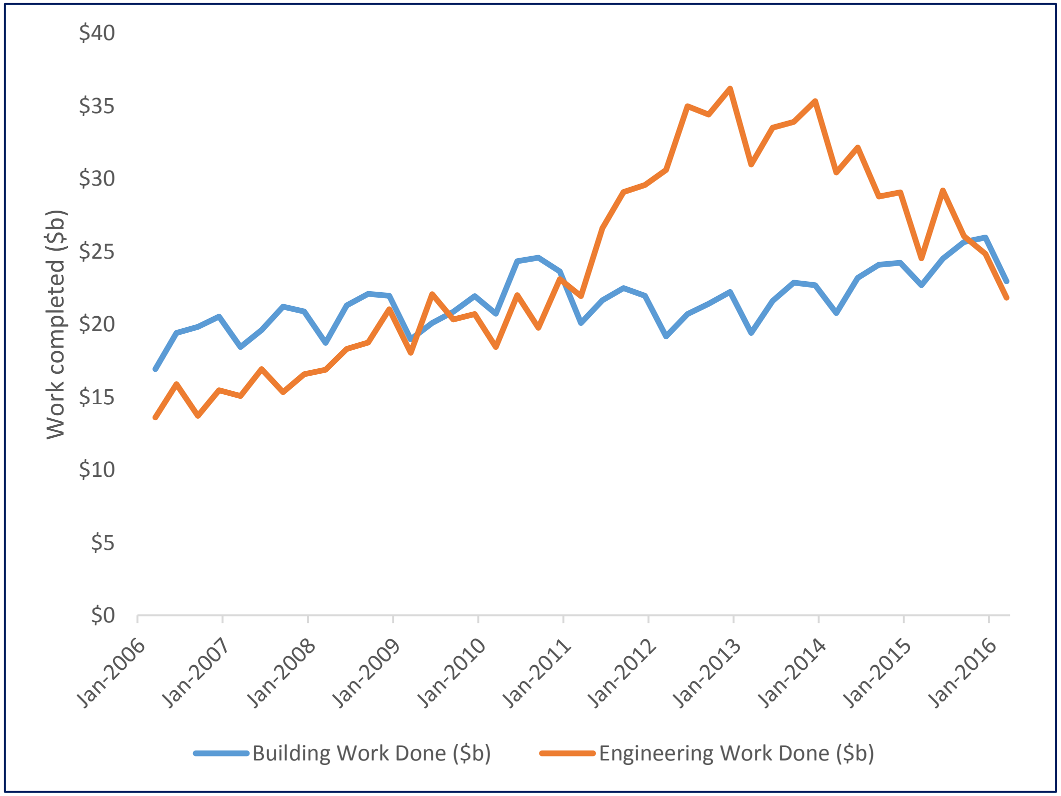
Restructure update

- Formal restructuring program to be completed by December 2016
- 9 duplicate distribution centres were closed (4 remaining locations)
- Warehouse Management System roll-out complete
- Relocated a majority of the support finance team to Melbourne
- New category management team established to drive consistency and expertise for various product categories
- Benefits from the restructuring program will be fully realised by the end of FY17

Ongoing benefits to be achieved through a Continuous Improvement Program

Softening industry environment

Australian Engineering and Building industries



Commentary

- **CYG predominantly services customers in the engineering and mining industries**
- **Mining and energy projects drove the boom in engineering work from 2011-2014**
- **Activity in these sectors has now fallen back to 2010 levels**
- **This has had a material impact on Group performance**
- **CYG's focus is now to reposition business more to the building and construction industries**

Source: Australian Bureau of Statistics

Coventry's business segments

1 Trade Distribution

Konnect

The largest specialty fastener distributor in Australia and New Zealand

Artia

Niche supplier of hardware to the kitchen & cabinet maker industry

Categories

- *Roofing and Cladding*
- *Construction*
- *Branded and Ancillary (i.e. power tools)*
- *Movement systems*
- *General Fasteners*

2 Coopers Fluid Systems

Supplier of spare parts, workshop and on-site services to the mining & related industries

3 Gaskets

Market leader in specialised gaskets for the spare parts auto aftermarket sector

Trade Distribution

($m)	FY15	FY16	% change
Revenue	116.9	109.6	-6.2%
Underlying EBIT	-7.5	-1.0	87.0%
One-off items	-10.4	-1.5	85.8%

- **Operations of Konnect and Artia were integrated in FY16**
- **Revenue declined by 6.2%**
  - Due to impact of weakening mining and engineering sectors
- **Sale growth is the primary focus**
  - 11 new stores opened during FY16
  - New category management team hired to drive consistency and operational improvements
- **Cost reductions also remain a key focus**

Fluids

($m)	FY15	FY16	% change
Revenue	60.7	53.4	-12.0%
Underlying EBIT	2.1	2.8	34.4%
One-off items	-0.9	-0.1	-89.6%

- **The business also faces challenging mining sector contraction, resulting in lower revenue**
- **Cost base has been ‘right-sized’ to offset the fall in revenue**
- **As a result, Coopers business continues to be profitable**

Gaskets [1]

($m)	FY15	FY16	% change
Revenue	13.6	17.3	27.2%
Underlying EBIT	2.1	2.9	38.1%
One-off items	-	2.0	NM

- **Underlying EBIT up 38.1% to $2.9m – a record contribution**
- **$2.0m one-off gain on sale and leaseback of property**
- **Significant customer win in second half of FY16**
  - Anticipated to more than offset the additional divisional costs of the lease

(1) Coventry owns 72.5% of AA Gaskets

Corporate

($m)	FY15[1]	FY16	% change
Property operations (net)	0.7	0.9	28.6%
Underlying expenses	-9.6	-8.1	15.6%
One-off items	-10.0	-0.3	97.0%

- **Head office provides centralised support services to the Group**
  - Reduced by $1.5m during FY16
  - Ongoing program to assess and reduce expenses
- **Property operations relates to sub-rental agreements with third parties at Redcliffe, Perth**
  - Current 15,000sqm warehouse lease expires October 2017 which has $2.2m of associated leasehold improvements
  - 2,000sqm office space was vacant during FY16 and successfully rented in July 2016, effective September 2016

1: Excludes MSS discontinued business

Cash flow

($m)	FY15	FY16	Comment
Net cash from operating activities	-17.7	-1.9	Material improvements from restructure program
Net cash from investing activities[1]	36.3	-1.7	$5.8m of capex in FY16, expected to reduce in FY17 to levels of depreciation
Net cash used in financing activities	-18.0	-2.6	Nil dividends declared in FY16
Net (decrease)/increase in cash and cash equivalents	0.6	-6.2	
Cash and cash equivalents	**8.7**	**3.5**	

1: FY15 included $39m proceeds from term deposits

Balance sheet

- **NTA reduced by 6% to $2.03 per share**

($m)	Jun-15	Jun-16
Cash & cash equivalents	8.7	3.5
Inventories	59.3	57.4
Trade and other receivables	31.7	30.8
Other	0.1	-
Total current assets	**99.8**	**91.7**
Deferred tax assets	13.4	16.1
Property, Plant & Equipment	16.8	16.0
Intangible assets	4.0	5.1
Non-current assets	**34.3**	**37.3**
Total assets	**134.1**	**129.0**
Trade and other payables	22.8	21.8
Other liabilities	9.6	8.9
Total Liabilities	**32.4**	**30.7**
Issued capital	108.1	108.1
Retained earnings & reserves	-9.0	-11.9
Non-controlling interest	2.6	2.0
Total equity	**101.7**	**98.3**
NTA per share (cents)	2.16	2.03

Outlook

- Economic conditions expected to remain variable in FY17
- Expect to see full benefits from the restructuring initiatives to flow by the end of FY17
- Trade Distribution's focus is to balance its business in the engineering/mining sectors with more exposure to the building and construction industries
- Continuous Improvement Program embedded in the business to ensure additional benefits
- Sales growth is the primary focus for Trade Distribution, including a commitment to expanding the store footprint in favourable locations to capitalise on the scalability benefits of the business model
- Introduction of Category Management team to Trade Distribution expected to contribute to driving sales and reducing inventory
- Payment of dividends remains dependent upon sustained profitability for the Group

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