



KORVEST LTD

ABN 20 007 698 106

## PRESS RELEASE

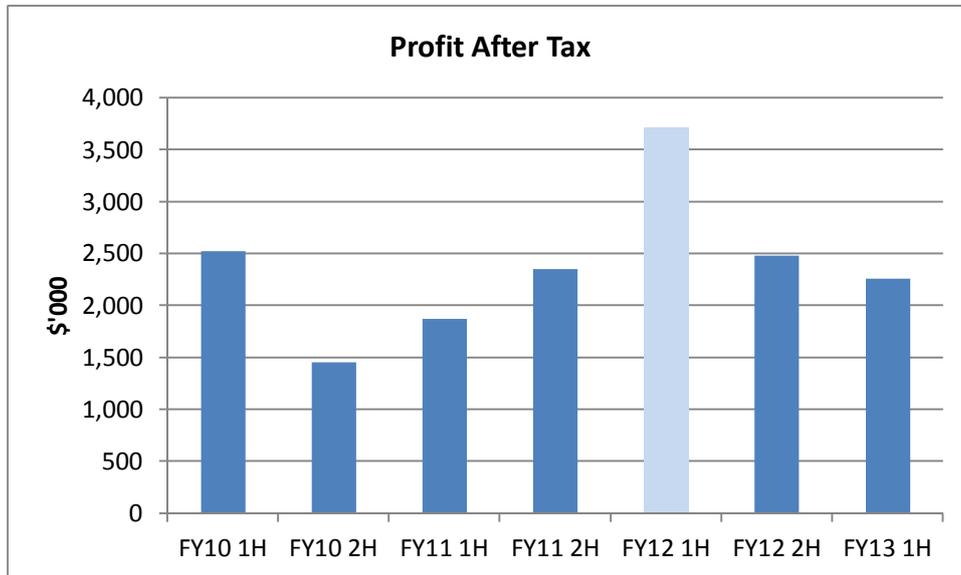
### Korvest First Half FY2013 results

The Chairman, Mr Peter Stancliffe, today announced the following operating results for the 6 months ended 31<sup>st</sup> December 2012 for Korvest Ltd.

	6 MONTHS TO 31/12/12 \$'000	6 MONTHS TO 31/12/11 \$'000	% CHANGE
Revenues	32,685	38,494	- 15.1%
Operating Profit After Tax	2,258	3,718	- 39.3%
Earnings per share (cents)	25.9	43.0	- 39.8%
Dividends per share (cents)	26.0	18.0	+44.4%
Special Dividend (cents)	-	5.0	

Mr Stancliffe said that revenue from trading operations for the half-year decreased by 15.1% to \$32.685m whilst profit after tax for the period decreased by 39.3% to \$2.258m. As foreshadowed in earlier guidance, the first half result is more in line with the second half result from FY12 which did not contain the significant benefits of a number of large projects that were completed during the first half of FY12. The following table and graph shows the comparison:

\$'000	FY13 1H	FY12 2H	
Revenue	32,685	33,828	Down 3.4%
Profit After Tax	2,258	2,482	Down 9.0%



Within the Industrial Products segment, the EzyStrut business was the main beneficiary of the large projects in FY12 1H. There were no extraordinary major projects undertaken during this reporting period. The results were therefore underpinned by smaller projects and day-to-day business and in these segments of the market EzyStrut performed well. Despite the overall reduced level of activity this year, the results from the Western Australian and New South Wales markets exceeded those of the prior year. The overall performance of the EzyStrut business in the current reporting period was approximately 5% down on the FY12 2H result and reflects the level of activity in the general market along with the reduced availability of larger projects.

Sales of the EzyStrut Pipe Support product range increased this reporting period to show the benefit of an investment in this area through improved sales representation, equipment to respond better to customer demands and improved inventory quality.

EzyStrut continues to utilise the expertise of the Korvest in-house engineering staff to engage with customers to maximise the opportunities from projects. The pipeline of known projects is largely as it was six months ago. EzyStrut's supply chain, national distribution network and Australian manufacturing facility ensure that it is well placed to secure projects as they become available.

Included in the Industrial Products segment is the Indax handrail and walkway system business. Indax's performance during the reporting period remained similar to the second half of FY12. The half year started strongly however demand weakened noticeably in the pre-Christmas period. During the reporting period the fabrication capacity at the Kilburn site was expanded and this has allowed all fabrication to be consolidated into this facility in January 2013. The Korvest group will benefit from the increased volumes through the Kilburn galvanising facility and customer lead times should improve by bringing this part of the supply chain in-house. Indax successfully built its presence in the WA market during the half and strong growth from this region was recorded.

Within the Production segment the Galvanising business experienced a continuation of the solid trading conditions experienced over the previous two

half years. During the first half, overall plant volumes were up when compared to the same period last year albeit that the volumes through the spin plant were reduced. Reduced activity in the Industrial Products businesses resulted in lower internal tonnes during the reporting period. There are a number of projects that are expected to flow through during the second half and accordingly the performance for the Galvanising business is expected to continue into the second half.

## **DIVIDEND**

The Directors announced a fully franked interim dividend of 26.0 cents per share.

The dividend will be paid on 13<sup>th</sup> March 2013. The record date is 27<sup>th</sup> February 2013.

## **OUTLOOK**

As a result of stable day-to-day trading, the second half performance is expected to be an improvement on the first half albeit broadly consistent with the last two half years. Whilst the national outlook for construction remains subdued compared to recent years, there are still some sizable projects being undertaken around Australia requiring Korvest products and accordingly this provides some potential in the event that Korvest secures contracts from these projects. The Board has targeted management with seeking new growth opportunities including by way of acquisition.

## **P W STANCLIFFE CHAIRMAN**

24 January 2013

For further information contact:

ALEXANDER KACHELLEK (Managing Director)

Mobile 0423 847 627