



ASX:KOV

Investor Presentation

2014 Half Year Results Road Show



korvest galvanisers

Half Year Results Highlights

Financial Results

Future

Company Overview

Steven McGregor – Finance Director

- Korvest (ASX:KOV) is headquartered in South Australia and provides cable and pipe supports, walkway systems, 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, 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

- 1H FY14 results at top end of AGM guidance (Oct 13)
- Some improvement in medium sized project activity
- Day-to-day trading remains patchy
- Strong Galvanising performance



Industrial Products




Production Services



korvest galvanisers

Headcount	187	43
Revenue Contribution¹	88.7%	11.3%
EBIT Contribution¹	62.5%	37.5%

(1) Based on FY2014 reported revenue and EBIT

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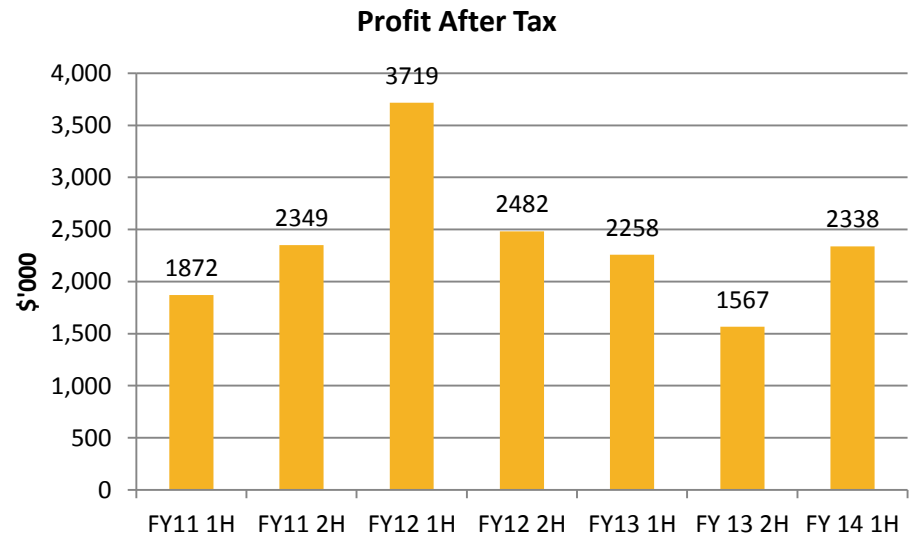
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Headline Numbers

	Dec 2013 (1H)	June 2013 (2H)	Dec 2012 (1H)	% Change Vs. Dec 2012
Sales	\$34.07m	\$29.03m	\$32.69m	4.2%
EBIT	\$3.35m	\$2.17m	\$3.16m	6.0%
Operating cashflow	\$3.99m	\$3.19m	\$4.34m	(8.1%)
Earnings per share	26.8c	18.1c	25.9c	3.5%
Dividend per share	26.0c	20.0c	26.0c	-%

- Improved result with increased project work
- Cashflows remain solid
- Dividend payout remains unchanged



	Dec 2013 (1H)	June 2012 (2H)	Dec 2012 (1H)	% Change Vs. Dec 2012
Sales	\$30.21m	\$25.9m	\$29.58m	2.1%
EBIT	\$2.40m	\$1.30m	\$2.52m	(4.8%)
EBIT %	7.9%	5.0%	8.5%	



- **Trading Update – EzyStrut**
 - More medium sized project activity
 - Day-to-day trading patchy
 - Qld, SA and Vic performance improved compared to pcp
 - WA market difficult with poor trading conditions outside of large oil and gas projects



- **Trading Update – Indax**
 - Transitional period as new structure bedded down
 - Overall management responsibility now under Korvest Galvanisers
 - Fabrication now managed by EzyStrut manufacturing team
 - Result impacted by some legacy issues from the prior structure
 - Need improved revenue to test the new processes fully

	Dec 2013 (1H)	June 2012 (2H)	Dec 2012 (1H)	% Change Vs. Dec 2012
Sales	\$30.21m	\$25.9m	\$29.58m	2.1%
EBIT	\$2.4m	\$1.3m	\$2.52m	(4.8%)
EBIT %	7.9%	5.0%	8.5%	



Trading Update



- Global slowdown in demand for mining equipment
- Overall result below expectations
- Dedicated Titan product manager appointed
- Small investment in expanded hire fleet

	Dec 2013 (1H)	June 2013 (2H)	Dec 2012 (1H)	% Change Vs. Dec 2012
Sales	\$3.86m	\$3.11m	\$3.10m	24.5%
EBIT	\$1.44m	\$0.90m	\$0.79m	82.3%
EBIT %	37.3%	28.9%	25.5%	



- **Trading Update – Korvest Galvanisers**
 - Excellent result
 - Main plant internal and external volumes increased
 - SA infrastructure projects
 - Success of SA fabricators

	June Y/E A\$m	Dec 2013	June 2013	Dec 2012
ASSETS				
Cash		3.9	2.4	6.3
Receivables		12.5	12.5	12.5
Inventories		10.9	9.5	8.7
Property, Plant & Equipment		17.4	17.5	17.2
Goodwill and intangibles		2.1	2.1	-
Total Assets		47.1	44.0	44.7
LIABILITIES				
Payables		(7.3)	(5.2)	(4.9)
Other Liabilities		(3.7)	(3.5)	(3.7)
Total Liabilities		(11.0)	(8.7)	(8.6)
NET ASSETS		36.1	35.3	36.1

	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
Interim	26c	26c	18c	11c	17c
Special Interim			5c		
Final Dividend		20c	30c	15c	15c
Total Dividend		46c	53c	26c	32c
Franking	100%	100%	100%	100%	100%

Upcoming Dates

- **Record Date:** 26th February 2014
- **Payment Date:** 12th March 2014

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- 2H expected to improve on 1H performance
- Project work secured for second half to replace completed 1H projects
- Continue to search for acquisitions with synergies within Australia and Internationally
- Explore Asia-Pacific project opportunities

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EzyStrut

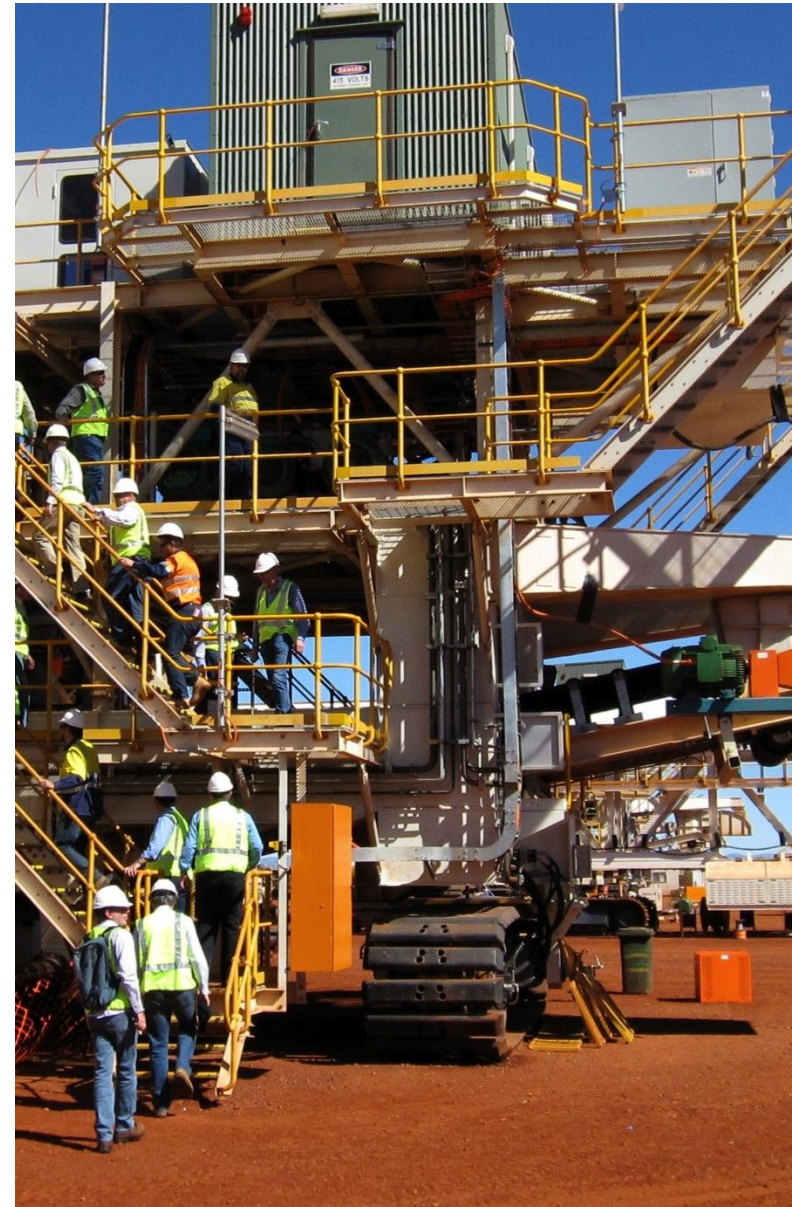
- Cable and pipe supports
- Market leader in cable supports
- Manufacturing facility in Kilburn, SA
- Overseas supply chain
- Sells to EPCMs, Wholesalers, and direct to project contractors and trade
- Local manufacture allows quick response time and ability to manufacture specials – a differentiator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





INDAX

- Fabrication of walkway systems
- Grating and handrail
- Majority of work is made to order based on customer drawings
- Sell to EPCMs and other fabricators
- Sale of component parts
- Fabrication facility at Kilburn, South Australia
- Vertical integration with Korvest Galvanisers





- Hydraulic/Electric Access Systems for mobile mine vehicles
 - Design
 - Manufacture
 - Installation
- Safety Lighting
- Filter Crushers
- Queensland Based
- Sales Representatives/agents in:
QLD, WA, NSW
Chile, Brazil, South Africa
- Apx. 60% export in recent years





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





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- 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 and Indax





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