



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

# Introduction to Korvest

- 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***

<b>Headcount</b>	187	43
<b>Revenue Contribution<sup>1</sup></b>	88.7%	11.3%
<b>EBIT Contribution<sup>1</sup></b>	62.5%	37.5%

(1) Based on FY2014 reported revenue and EBIT

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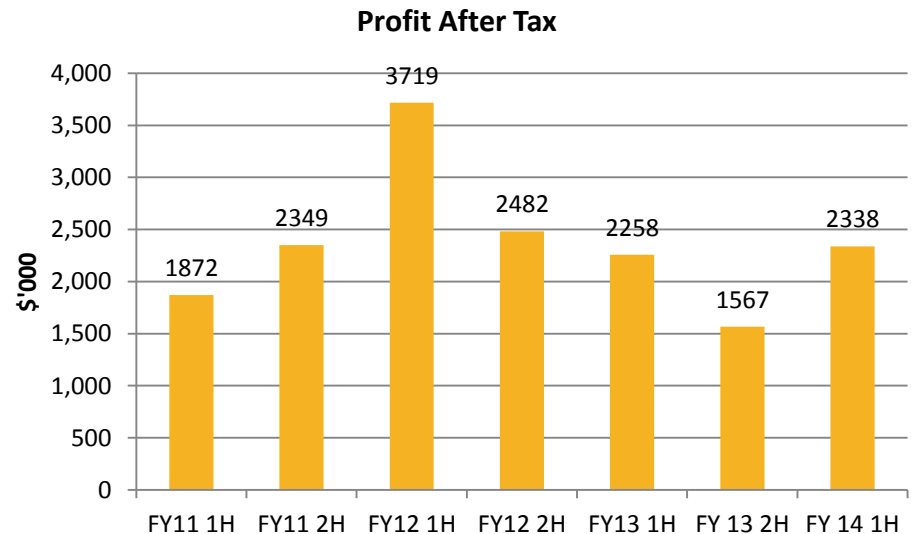
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# Headline Numbers

	Dec 2013 (1H)	June 2013 (2H)	Dec 2012 (1H)	% Change Vs. Dec 2012
Sales	\$37.07m	\$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



INDAX

- **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
<b>ASSETS</b>				
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	-
<b>Total Assets</b>		<b>47.1</b>	<b>44.0</b>	<b>44.7</b>
<b>LIABILITIES</b>				
Payables		(7.3)	(5.2)	(4.9)
Other Liabilities		(3.7)	(3.5)	(3.7)
<b>Total Liabilities</b>		<b>(11.0)</b>	<b>(8.7)</b>	<b>(8.6)</b>
<b>NET ASSETS</b>		<b>36.1</b>	<b>35.3</b>	<b>36.1</b>

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

## Upcoming Dates

- **Record Date:** 26<sup>th</sup> February 2014
- **Payment Date:** 12<sup>th</sup> 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

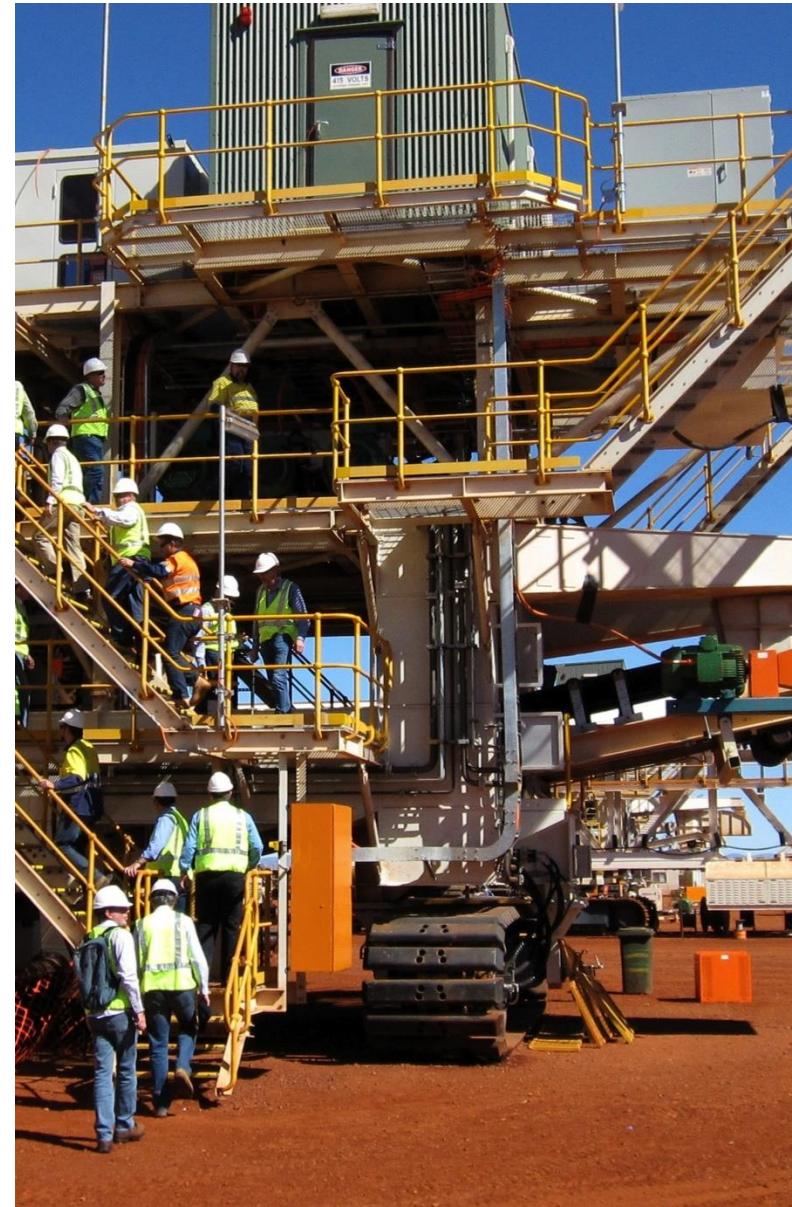






**INDAX**

- 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







## ***korvest galvanisers***

- 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





**EzyStrut**

Australia's leading range of cable & pipe supports.  
[www.ezystrut.com.au](http://www.ezystrut.com.au)



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