

## PRESS RELEASE

### Korvest First Half FY2014 results

The Chairman, Mr Peter Stancliffe, today announced the following operating results for the 6 months ended 31<sup>st</sup> December 2013 for Korvest Ltd.

	6 MONTHS TO 31/12/13 \$'000	6 MONTHS TO 31/12/12 \$'000	% CHANGE
Revenues	34,073	32,685	+ 4.2%
Operating Profit After Tax	2,338	2,258	+ 3.5%
Earnings per share (cents)	26.8	25.9	+ 3.5%
Dividends per share (cents)	26.0	26.0	-%

Mr Stancliffe said that revenue from trading operations for the half-year increased by 4.2% to \$34.073m whilst profit after tax for the period increased by 3.5% to \$2.338m. This result is at the upper end of the guidance range provided at the 2013 Annual General Meeting. Day-to-day trading in most businesses remained subdued however a number of small to medium sized projects were supplied during the half which resulted in the improvement on the second half of FY13.

Within the Industrial Products segment the EzyStrut business achieved an improvement with most Branches exceeding the prior year's results. This was despite continual pressure on margins and increased opposition. EzyStrut has laid the foundation for the medium term by successfully tendering on projects that are expected to continue at least for the next year. This success has been aided by the Korvest in-house Engineering department which has provided innovative solutions to Customer needs.

The Indax handrail and walkway system business is included in the Industrial Products segment. Indax's management and operating structure was substantially altered in June 2013. The first half was a transitional period as the business bedded down the new structure and processes. The overall management of Indax now falls under the Galvansing management team whilst the fabrication workshop is managed by the EzyStrut manufacturing team. The new structure has resulted in improved processes and procedures within the business.

The Power Step and Titan Technologies businesses were acquired in February 2013. Power Step supplies access systems for large mining equipment. Capital expenditure in the mining industry slowed appreciably and this adversely impacted on the Power Step results. Titan Technologies sells,

hires and services high torque tools and hydraulic pumps. Relatively small investments have been made in people and equipment to improve the position of this business for the future.

Within the Production segment the Galvanising business improved upon the recent good results. The main plant volumes increased compared to the prior year with both internal and external tonnes improving. Infrastructure projects in South Australia and the ongoing success of South Australian fabricators winning work nationally and having it galvanised by Korvest have driven the pleasing result.

## **DIVIDEND**

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

The dividend will be paid on 12<sup>th</sup> March 2014. The record date is 26<sup>th</sup> February 2014.

## **OUTLOOK**

In general terms the overall level of activity experienced in the first half is expected to continue at similar or slightly improved levels into the second half. Day to day trading conditions in most businesses remain challenging however offsetting this there is a slightly higher level of project activity than has been evident over more recent times. Some of the Korvest business units have secured project work with delivery schedules throughout the second half. These are expected to replace the medium sized projects undertaken during the first half that are now complete. In light of this it is expected that the second half result will continue the trend of the first half.

## **P W STANCLIFFE CHAIRMAN**

23 January 2014

For further information contact:

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