



ASX:KOV

# Investor Presentation

2013 Year Results Road Show

**EzyStrut**



**INDAX**



***korvest galvanisers***



## FY13 Highlights

## Company Overview

## Financial Results

## Future

- Alexander Kachellek – Managing Director
- Steven McGregor – Finance Director

- Strong Cashflows
- Hills Holdings sold 48% stake in Feb 2013
- Acquisition of Power Step and Titan Technologies in Feb 2013
- Board renewal – Graeme Billings appointed May 2013, one more to come
- Difficult trading year, lack of major projects
- Day-to-day trading deteriorated in 4<sup>th</sup> Quarter
- Indax performed poorly, restructured

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# 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



## Industrial Products




## Production Services



***korvest galvanisers***

<b>Headcount</b>	188	43
<b>Revenue Contribution<sup>1</sup></b>	89.9%	10.1%
<b>EBIT Contribution<sup>1</sup></b>	69.2%	30.8%

(1) Based on FY2013 reported revenue and EBIT

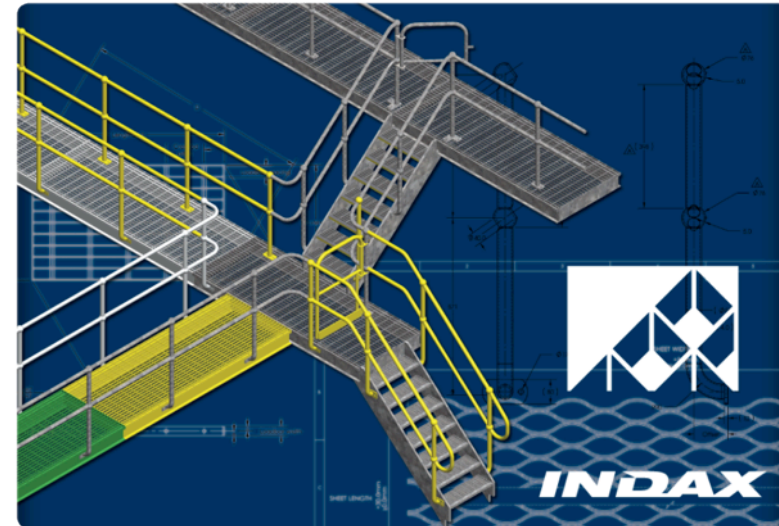
## EzyStrut

- 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





- 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



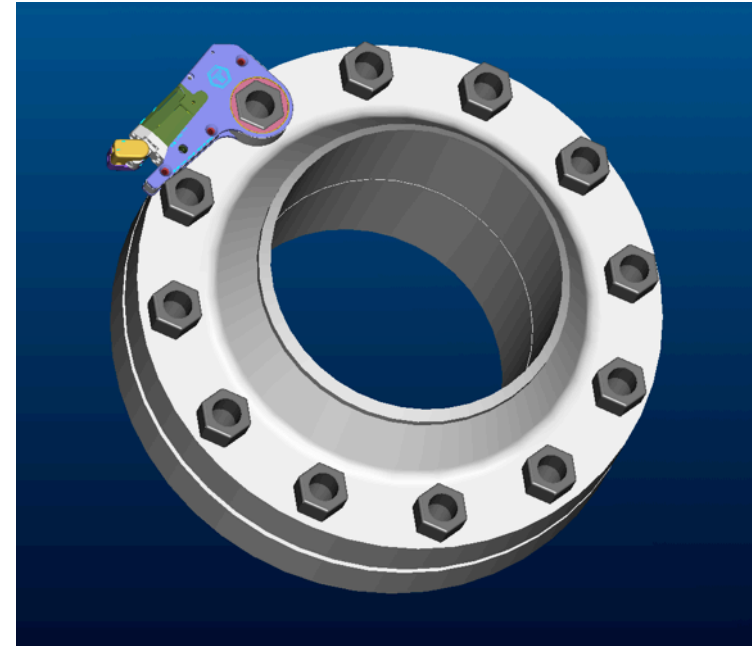
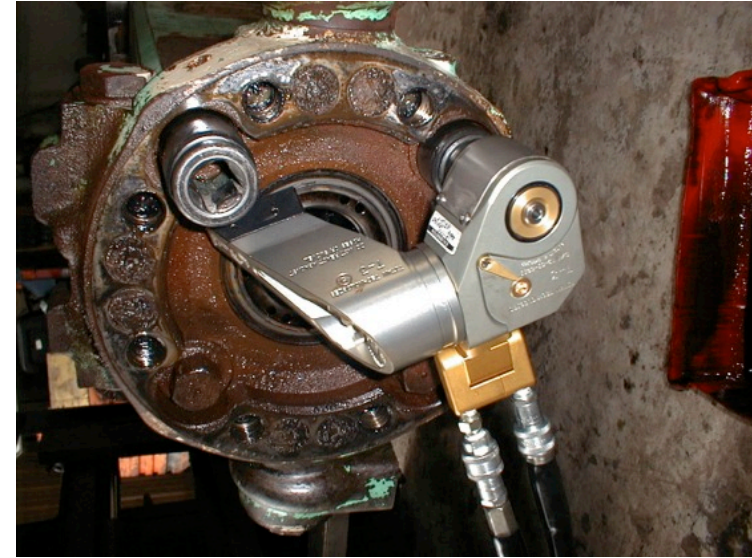


- Hydraulic/Electric Access Systems for mobile mine vehicles
  - Design
  - Manufacture
  - Installation
- Safety Lighting
- Filter Crushers
- Queensland Based
- Sales Representatives/agents in:  
QLD, WA, NSW  
Chile, Brazil, South Africa
- Apx. 60% export in recent years





- 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



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# Headline Numbers

	<b>June 2013</b>	<b>June 2012</b>	<b>% Change</b>
Sales	\$61.72m	\$72.32m	(14.7%)
EBIT	\$5.34m	\$8.59m	(37.8%)
Operating cashflow	\$7.52m	\$8.68m	(13.4%)
Earnings per share	44.0c	71.6c	(38.5%)
Dividend per share	46.0c	53.0c	(13.2%)

- Results reflect lack of project work and 2H deterioration of day-to-day market
- Strong cashflows
- Dividend policy held for final dividend

	June 2013	June 2012	% Change
Sales	\$55.5m	\$66.54m	(16.6%)
EBIT	\$3.81m	\$7.68m	(50.4%)
EBIT %	6.9%	11.5%	



## Trading Update – EzyStrut

- Major projects diminished
- Result underpinned by smaller projects and day-to-day
- Inconsistent results nationally
- WA & SA performance improved
- Day-to-day deteriorated in 2H after reasonable 1H
- Continued investment in equipment to improve lead time and DIFOT



INDAX

## Trading Update – Indax

- Poor result
- Significant restructure in June 2013, new structure and management
- Restructure costs \$400k
- Bad debts \$256k

	June 2013	June 2012	% Change
Sales	\$55.5m	\$66.54m	(16.6%)
EBIT	\$3.81m	\$7.68m	(50.4%)
EBIT %	6.9%	11.5%	



▪ **Trading Update – Power Step**

- Quiet 4<sup>th</sup> quarter trading
- PS assembly sales slowed
- Spare part sales lower
- Growing Order Book



▪ **Trading Update – Titan Technologies**

- 4<sup>th</sup> quarter trading generally soft

	June 2013	June 2012	% Change
Sales	\$6.21m	\$5.78m	7.4%
EBIT	\$1.69m	\$1.32m	28.0%
EBIT %	27.3%	22.9%	



- **Trading Update – Korvest Galvanisers**
  - Main plant volumes increased
  - Internal tonnes reduces
  - Spin plant volumes reduced
  - Success of SA fabricators
  - Local project work remained solid

# Balance Sheet

	June Y/E A\$m	June 2013	June 2012	June 2011
<b>ASSETS</b>				
Cash		2.4	5.2	1.6
Receivables		12.5	14.8	16.0
Inventories		9.5	8.6	9.2
Property, Plant & Equipment		17.5	17.4	17.2
Goodwill and intangibles		2.1	-	-
<b>Total Assets</b>		<b>44.0</b>	<b>46.0</b>	<b>44.0</b>
<b>LIABILITIES</b>				
Payables		(5.2)	(5.1)	(7.5)
Other Liabilities		(3.5)	(4.6)	(3.3)
<b>Total Liabilities</b>		<b>(8.7)</b>	<b>(9.7)</b>	<b>(10.8)</b>
<b>NET ASSETS</b>		<b>35.3</b>	<b>36.3</b>	<b>33.2</b>

	<b>FY 2013</b>	<b>FY 2012</b>	<b>FY 2011</b>	<b>FY 2010</b>	<b>FY 2009</b>
<b>Interim</b>	26c	18c	11c	17c	17c
<b>Special Interim</b>		5c			
<b>Final Dividend</b>	20c	30c	15c	15c	17c
<b>Total Dividend</b>	46c	53c	26c	32c	34c
<b>Franking</b>	100%	100%	100%	100%	100%

- **Upcoming Dates**
  - **Record Date:** 23<sup>rd</sup> August 2013
  - **Payment Date:** 6<sup>th</sup> September 2013

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**Future**

- Pursue project opportunities as they arise
- LNG in WA, NT, QLD
- Tunnels in QLD, NSW, NZ
- Mines QLD, WA
- New Products
- Acquisitions with synergies
- Separation from Hills – IT and ERP
- Dividend payout target range 65%-90%



**EzyStrut**

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



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