



Korvest Ltd

December 2016 Half-Year Results

Alexander Kachellek Steven McGregor

Agenda

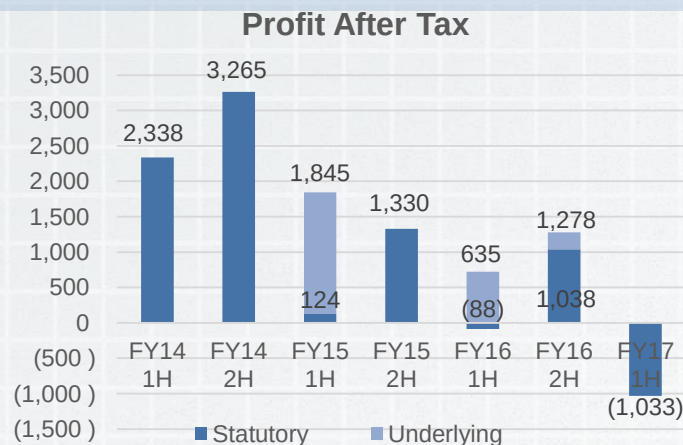
- 1H FY17 Key Points
- Financial Results
- Outlook
- Company Overview

Introduction to Korvest

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

Headline Numbers

	Dec 16 (1H)	June 16 (2H)	Dec 15 (1H)	% Change vs Dec 15
Sales	\$21.29m	\$27.65m	\$27.33m	(22.1%)
EBIT	(\$1.49m)	\$1.45m	(\$0.15m)	
Operating cashflow	(\$0.2m)	\$6.0m	\$1.43m	
EPS	(9.4c)	9.7c	(0.8c)	
Dividend per share	10c	10c	10c	



- Results in Guidance range
- No major projects in 1H
- International strategy refocussed
- Improved Power Step performance

1 Underlying EBIT and underlying EPS are non-IFRS measures. Details of how these measures are calculated including reconciliations to statutory numbers are set out on page 15

Industrial Products

	Dec 2016 (1H)	June 2016 (2H)	Dec 2015 (1H)	% Change Vs. Dec 2015
Sales	\$19.26m	\$25.83m	\$24.90m	(22.6%)
EBIT	(\$0.99m)	\$2.09m	\$0.90m	(210.0%)
EBIT %	(5.1%)	8.1%	3.6%	

EzyStrut

Trading Update

- Lack of major projects in 1H
- Reduced activity in most states
- NSW improved and has best infrastructure opportunities
- Margin pressure due to excess capacity in market



Trading Update



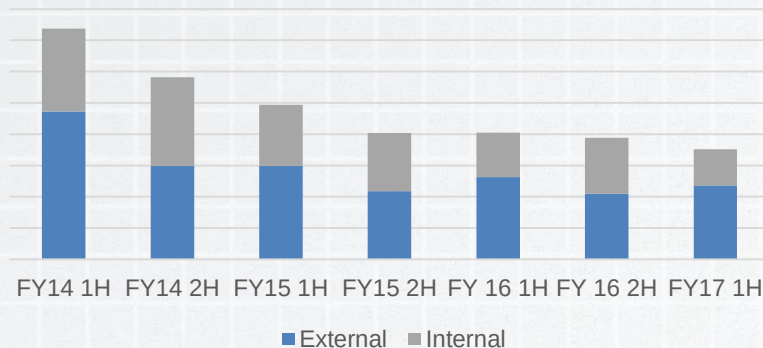
- Best combined results for a half under KOV ownership

Production Services

	Dec 2016 (1H)	June 2016 (2H)	Dec 2015 (1H)	% Change Vs. Dec 2015
Sales	\$2.02m	\$1.85m	\$2.43m	(17.2%)
EBIT	(\$0.28m)	(\$0.61m)	\$0.13m	(315.4%)
EBIT %	(13.9%)	(33.0%)	5.3%	



Galvanising volume



Trading Update

- More external, less internal tonnes
- Overall tonnes low
- Margin pressure
 - Increasing zinc cost
 - Surplus market capacity

Balance Sheet



ASSETS	\$m	Dec 2016	June 2016	Dec 2015
Cash & Investments		3.5	5.1	(0.2)
Receivables		7.7	8.2	10.8
Inventories		11.6	11.5	13.2
Property, Plant & Equipment		14.0	14.6	15.4
Other		0.1	1.0	0.7
Total Assets		36.9	40.4	39.9

LIABILITIES

Payables		(3.6)	(4.2)	(4.6)
Other Liabilities		(2.9)	(3.7)	(3.2)
Total Liabilities		(6.5)	(7.9)	(7.8)

NET ASSETS	30.4	32.5	32.1
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Dividends

	FY 2016	FY 2016	FY 2015	FY 2014	FY 2013
Interim	10c	10c	17c	26c	26c
Special Interim		-	-	100c	-
Final Dividend		10c	12c	31c	20c
Total Dividend		20c	29c	157c	46c
Franking	100%	100%	100%	100%	100%

- DRP activated for interim dividend

Key Dates

Record Date: 24 February 2017

Payment Date: 10 March 2017

Outlook

- Little change in day-to-day trading expected
- Improvement in major projects
- Domestic infrastructure projects reaching supply stage in 2H FY2017
- Lower cost base post international business refocus
- Return to profitability expected in 2H

Company Overview

Industrial Products



- 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

Industrial Products



- Hydraulic/Electric Safety Access Systems for mobile vehicles
 - Design
 - Manufacture
- Safety Lighting
- Filter Crushers
- Queensland Based
- Sales Representatives/agents in:
 - QLD, WA, NSW
 - Chile, Brazil, South Africa

Industrial Products



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



Production Services



- 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

Calculations

Underlying EBIT is a non-IFRS measure. The chart showing Profit after Tax on Page 4 shows underlying and statutory Profit after Tax. The calculations of the underlying numbers included in this presentation are set out below.

Underlying Profit After Tax

\$'000	FY14 2H	FY16 1H	FY16 2H
Statutory EBIT	124	(88)	1,038
Adjustments			
Restructuring		248	240
Acquisition related costs		475	
Goodwill impairment	1,721		
Underlying EBIT	1,845	635	1,278



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