



December 2019 Half Year Results

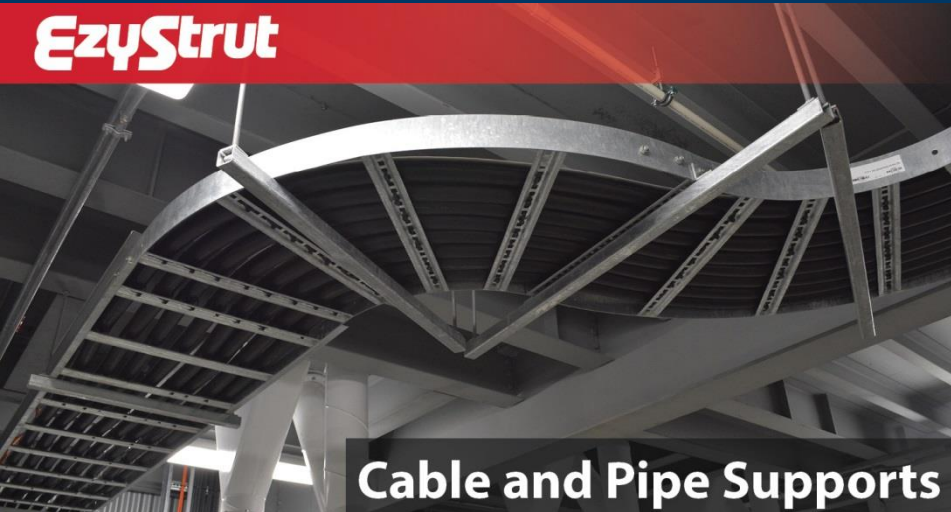
Chris Hartwig
Steven McGregor



- FY20 1H Key Points
- Financial Results
- Outlook
- Company Overview

- 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 and warehouses in Adelaide, Melbourne, Sydney, Brisbane and Perth, with distributors in Townsville and Hobart
- Manufacturing, fabrication and galvanising in Adelaide
- Power Step and Titan Technologies in Brisbane
- Overseas supply chain provides make vs buy flexibility
- Sell to a wide variety of industry sectors

EzyStrut



Cable and Pipe Supports

TITAN
TECHNOLOGIES



Torque and Tension Solutions

K
korvest galvanisers



Galvanising

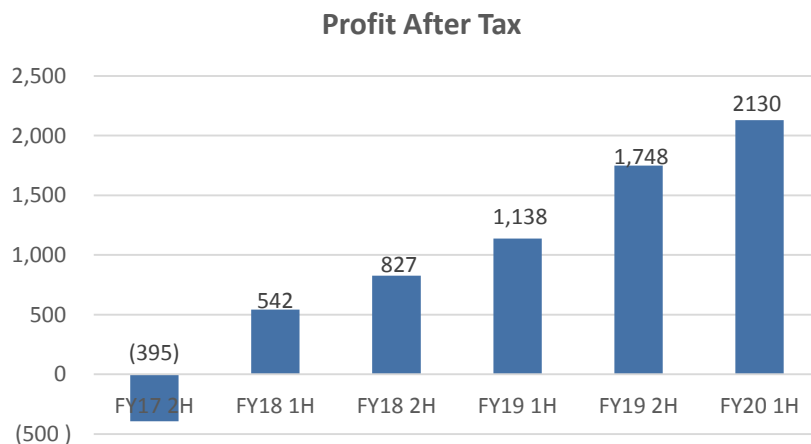
POWER
STEP



Safety Access Systems

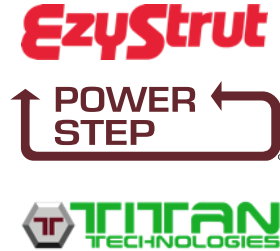
Headline Numbers

	Dec 19 (1H)	June 19 (2H)	Dec 18 (1H)	% Change vs Dec 18
Sales	\$36.1m	\$31.9m	\$29.2m	23.6%
EBIT	\$3.08m	\$2.48m	\$1.60m	92.5%
NPAT	\$2.13m	\$1.75m	\$1.14m	86.8%
Operating cash flow	\$7.98m	\$2.55m	(\$1.14m)	
EPS	19.0c	15.7c	10.2c	86.3%
Dividend per share	15c	13c	9c	66.7%



- Good project sales and general market
- \$905k expected credit loss expense
- Excellent cash flows as major project nears completion

	Dec 19 (1H)	June 19 (2H)	Dec 18 (1H)	% Change vs Dec 18
Sales	\$32.89m	\$29.56m	\$26.41m	24.5%
EBIT	\$2.97m	\$2.62m	\$1.74m	70.7%
EBIT %	9.0%	8.9%	6.6%	



EzyStrut

- Continuation of 2H FY19 trading conditions with strong project sales and growing general market sales
- Benefited from the exit of IXL from the market in April 2019
- Major NSW infrastructure project largely completed but a significant contributor to the half
- EC&M Limited bad debt provided for (\$905k) – no return from liquidation expected

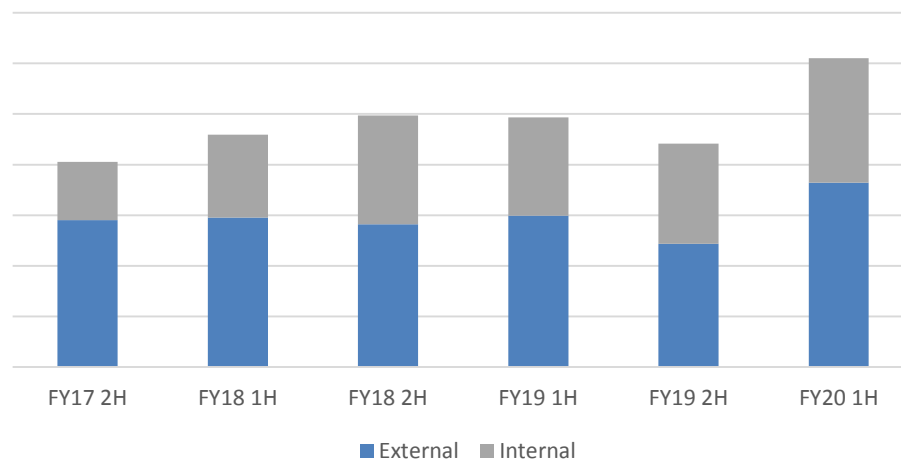
Power Step & Titan

- Much improved result
- Volumes similar to PCP
- Significant margin growth from improved sourcing
- Cost base remains low

	Dec 19 (1H)	June 19 (2H)	Dec 18 (1H)	% Change vs Dec 18
Sales	\$3.23m	\$2.36m	\$2.78m	16.2%
EBIT	\$0.39m	\$0.29m	\$0.23m	69.6%
EBIT %	12.1%	12.3%	8.3%	



Galvanising volume



- Best plant volumes since 2H FY14
- External tonnes consistently high through the half
- Net reduction in energy cost
- Gas costs increased but electricity decreased due to solar and LED lighting

- IXL arrangements working well
- Bag house operational in Galvanising
- Order placed for ladder weld cell
- Evaluating gas reduction opportunities
- Significant progress with in house development of ERP – real time factory, CRM
- Product cost reduction for engineered solutions

Balance Sheet

ASSETS	\$m	Dec 2019	June 2019	Dec 2018
Cash & Investments		8.6	3.4	2.9
Receivables		10.0	14.1	10.8
Inventories		8.7	10.5	11.5
Property, Plant & Equipment		13.3	13.0	12.7
Right-of-use asset		4.7	N/A	N/A
Other		0.4	0.3	0.5
Total Assets		45.7	41.3	38.4

Major project largely complete by Dec 19

Project stock reduced, IXL stock diminished

New item due to adoption of AASB 116 Leases

LIABILITIES

Payables	(4.3)	(6.0)	(4.5)
Lease Liabilities	(4.8)	N/A	N/A
Other Liabilities	(4.9)	(4.4)	(3.8)
Total Liabilities	(14.0)	(10.4)	(8.3)

June 19 was at the height of the project

New item due to adoption of AASB 116 Leases

\$1m increase in tax payable comparing Dec 19 to Dec 18

NET ASSETS	31.7	30.9	30.1
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	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
Interim	15c	9c	5c	10c	10c
Final Dividend		13c	7c	3c	10c
Total Dividend		22c	12c	13c	20c
Franking	100%	100%	100%	100%	100%

Key Dates

Record Date: 21 February 2020

Payment Date: 6 March 2020

Trading

- Significant large project tendering and design activity during 2H
- Not expecting significant supply of any large projects during 2H as this is expected in FY21 and beyond
- Day-to-day and small project markets expected to remain strong
- 2H likely to be lower than 1H although FY20 is expected to meet or exceed FY19 in total.
- Increased capex in FY20

Focus areas

- Automation and capacity growth
- Engineering solutions for infrastructure projects
- Implement gas reduction strategies
- Finalise real-time factory and CRM



Company Overview



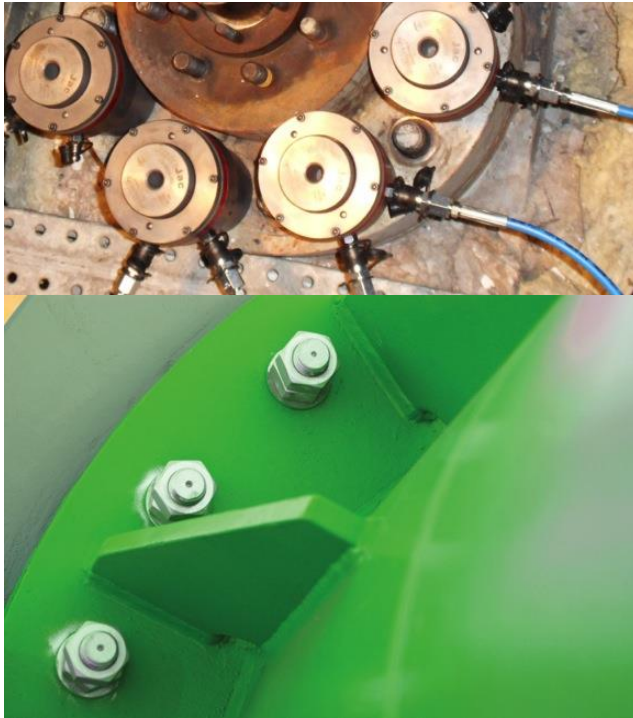
EzyStrut



- Cable and pipe supports
- Market leader in cable supports
- Manufacturing facility in Kilburn, SA
- Overseas supply chain
- Sells to EPCMs, Wholesalers, and major contractors
- 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



- Hydraulic/Electric Safety Access Systems for mobile vehicles
 - Design
 - Manufacture
- Safety Lighting
- Sun blinds
- Queensland Based
- Sales agents in:
 - QLD
 - Chile, Brazil, South Africa



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



- 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



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