



**Korvest** Ltd

# 2020 RESULTS

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**Cable and Pipe Supports**



**Torque and Tension Solutions**



**Galvanising**



**Safety Access Systems**

# Agenda

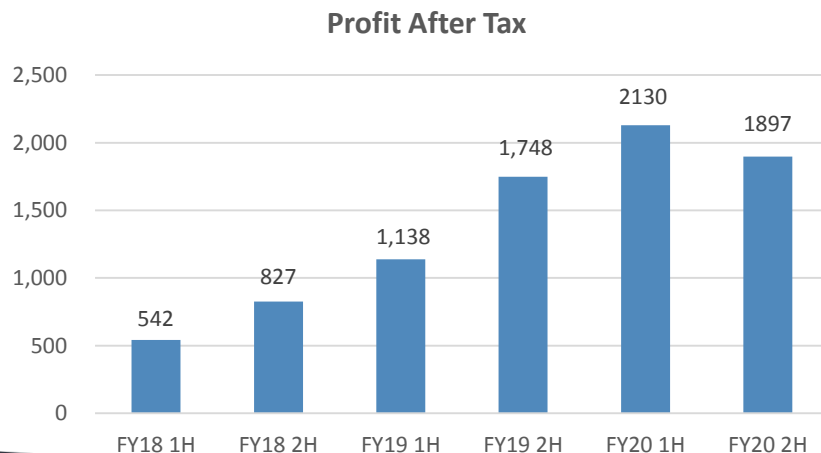
- FY20 Key Points
- Financial Results
- Outlook
- Company Overview

# 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 and 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
- Sell to a wide variety of industry sectors

# Headline Numbers

	June 20	June 19	% Change
<b>Sales</b>	\$63.09m	\$60.84m	3.7%
<b>EBIT</b>	\$5.84m	\$4.07m	43.5%
<b>NPAT</b>	\$4.03m	\$2.90m	39.0%
<b>EPS</b>	35.8c	25.9c	38.2%
<b>Dividend per share</b>	28c	22c	27.3%



- Increased project work (mainly 1H)
- Strong cash generation
- JobKeeper (\$1.06m before tax)
- \$710k (before tax) expected credit loss expense

# COVID-19

- Steering Committee established
- 3 additional Board Meetings
- JobKeeper – qualified for Korvest in May due to decline in May 20 vs May 19 revenue due to lack of major project work in May 20
- \$1.06m before tax JobKeeper income in FY20
- Minimal supply chain disruption
- No major change to customer payment patterns
- Inventory build of key items and raw materials
- Minimal disruption to markets serviced by Korvest businesses
- Major project bid activity unaffected
- Social distancing & hygiene measures
- Temperature checking at all sites
- Shift and workgroup segregations
- Working from home where possible

# Industrial Products

	June 20	June 19	% Change
Sales	\$57.09m	\$55.70m	2.5%
EBIT	\$4.50m	\$4.29m	4.9%
EBIT %	7.9%	7.7%	

## Trading Update



- Two major projects in 1H, none in 2H
- Significant bad debt (\$1.0 million EBIT impact)
- Smaller projects and day-to-day remained active
- High levels of bid activity on infrastructure projects



- Best performance under Korvest ownership
- Improved revenue and significantly improved margin through better sourcing
- Full benefits of reduced cost structure realised

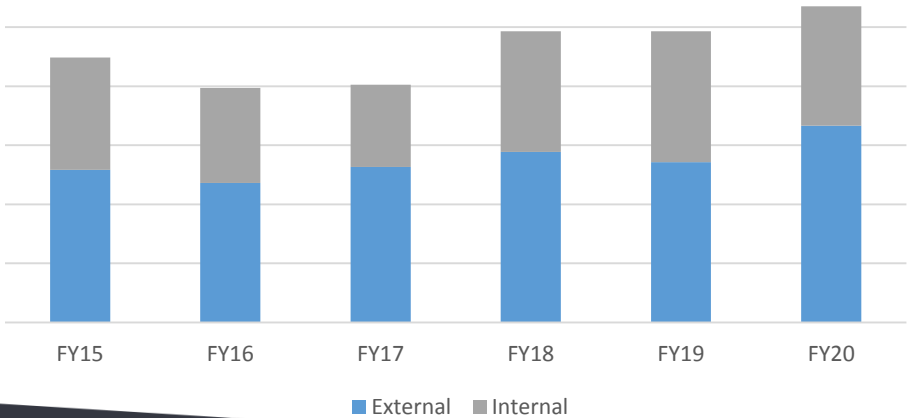
# Production Services

	June 20	June 19	% Change
Sales	\$6.00m	\$5.15m	16.5%
EBIT	\$0.69m	\$0.52m	32.7%
EBIT %	11.5%	10.1%	



***korvest galvanisers***

Galvanising volume



## Trading Update

- External volume increased with more project work
- Zinc pricing trending down
- Net energy costs reduced
- Electricity costs reduced, gas increased

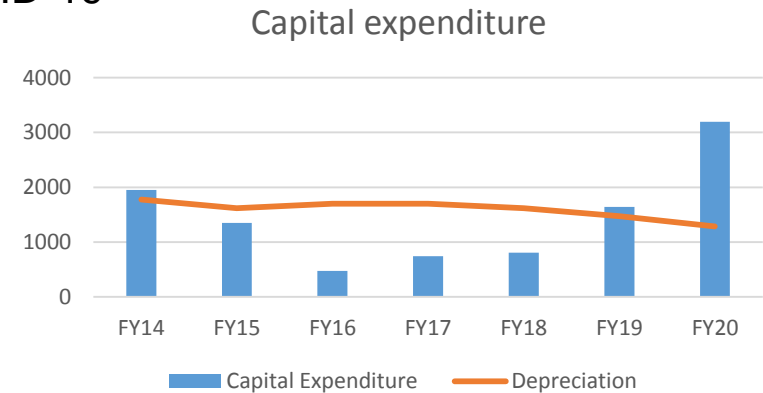


**Korvest** Ltd



# Strategic initiatives

- Record capital expenditure to modernise and automate factory
- IXL toll processing arrangement concluded
- Key IXL processing lines purchased, currently being commissioned to expand production capacity
- Bag house operating within EPA guidelines
- Brackets robot cell commissioned & working well
- Expansion of Engineering and Projects Team
- CRM implemented
- Further progress with real-time factory
- Ladder weld cell on order but delayed due to COVID-19
- Additional 270kW solar system for Kilburn
- Lower gas pricing locked in 2021 & 2022



# Balance Sheet

**ASSETS**                      \$m                      June 2020                      June 2019                      June 2018

Cash & Investments	6.7	3.4	5.4
Receivables	10.1	14.1	10.0
Inventories	10.6	10.5	9.4
Property, Plant & Equipment	15.9	13.0	12.9
Right-of-use Asset	4.7	N/A	N/A
Other	0.3	0.3	0.2
<b>Total Assets</b>	<b>48.3</b>	<b>41.3</b>	<b>37.9</b>

## LIABILITIES

Payables	(5.9)	(6.0)	(4.7)
Lease Liabilities	(4.7)	N/A	N/A
Other Liabilities	(5.1)	(4.4)	(3.5)
<b>Total Liabilities</b>	<b>(15.7)</b>	<b>(10.4)</b>	<b>(8.2)</b>

**NET ASSETS**                      **32.6**                      **30.9**                      **29.7**

Active major project late in FY19, FY20 lower 4Q revenue

Significant investment in factory during FY20

New accounting standard – relates to warehouses & forklifts

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# Dividends

	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
<b>Interim</b>	15c	9c	5c	10c	10c
<b>Final Dividend</b>	13c	13c	7c	3c	10c
<b>Total Dividend</b>	28c	22c	12c	13c	20c
<b>Franking</b>	100%	100%	100%	100%	100%

- DRP suspended for final dividend

## Key Dates

Record Date: 21 August 2020

Payment Date: 4 September 2020

# Outlook

- Major infrastructure project secured with supply throughout FY21 commencing July 2020
- Multiple major projects currently in the bid stage for delivery over the next 3-5 years
- Day-to-day and small project markets reasonable
- Working capital likely to be consumed (particularly in 1H) with major project in early stages



# Company Overview



# Industrial Products

## EzyStrut



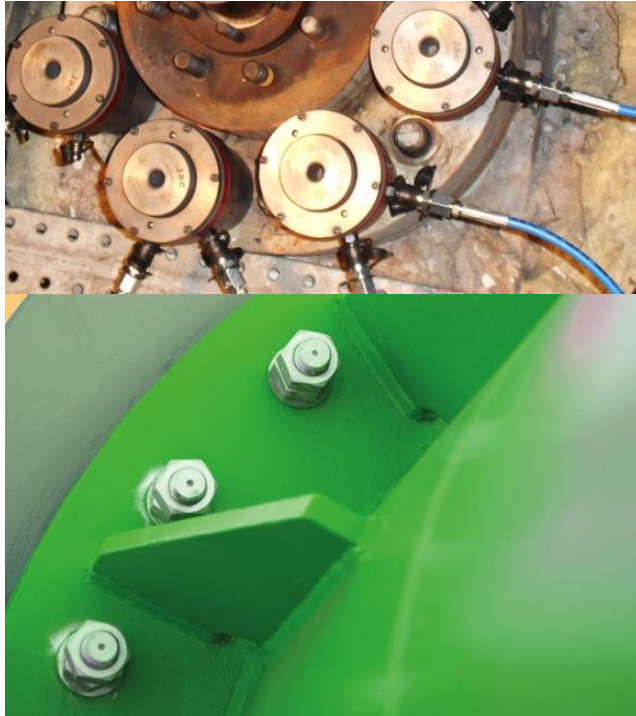
- Cable and pipe supports
- Market leader in cable supports
- Manufacturing facility in Kilburn, SA
- Overseas supply chain
- Sells to EPCMs, Wholesalers, and direct to project contractors and trade
- Local manufacture allows quick response time and ability to manufacture specials – a differentiator to overseas competition
- National sales and warehouse network
- Vertical integration with Korvest Galvanisers

# Industrial Products



- Hydraulic/Electric Safety Access Systems for mobile vehicles
  - Design
  - Manufacture
- Safety Lighting
- Filter Crushers
- Queensland Based

# 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



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