

## ASX RELEASE

23 February 2018

# 2018 Half Year Results

## Coventry Group Ltd

### Highlights

- Trading performance of the Group improved in the first half of FY18.
- Sales +9.8% (excl. the discontinuing operations of AA Gaskets) to \$83.7m (\$76.2m pcj)
- Underlying EBIT loss of -\$1.7m (-\$6.1m pcj)
- Net profit after tax including profit on sale of the AA Gaskets business of \$8.7m.
- Net loss after tax excl. profit on sale of the AA Gaskets business of -\$4.3m (-\$22.2m pcj)
- No interim dividend declared

### Revenue

Percentage revenue change in the first half of FY18 (July to December) when compared with the prior corresponding period (PCP) is shown below:

Revenue change	1H FY18 vs 1H FY17 % revenue change
Cooper Fluid Systems	+21.0%
Trade Distribution	+4.1%
<b>Consolidated Group excluding non-continuing operations</b>	<b>+9.8%</b>

*Note 1: The discontinuing operations of AA Gaskets have not been included.*

### Divisional Commentary

#### Cooper Fluid Systems

- Cooper Fluid Systems made an increased contribution to the Group during the first half. Revenue has seen substantial growth with sales up 21.0% on PCP. Sales growth is being driven by an increase in service and maintenance activity in the resources sector and improving business conditions.

#### Trade Distribution

- Trade Distribution New Zealand continued to perform well in its key markets, with revenue up 10.2% on PCP and an increased contribution to the Group.

Trade Distribution Australia continued to show slow improvement with sales up 1.9% for the half year on PCP. The Board and management are not happy with the pace of change and the level of sales growth in this business unit and initiatives continue to be refined to accelerate the pace

of improvement and return it to sustainable profitable growth. Key areas of focus are improving stock availability/service levels, returning to a trade distribution branch delivery model, ensuring branches have the right resource levels, building supplier partnerships, directional buying and selling, improving sales resource capability and further streamlining DC operations.

### **Corporate**

- Excluding an insurance recovery relating to a Cyber attack previously reported, corporate net costs reduced in the order of \$1m on the prior corresponding period.

### **AA Gaskets divestment**

The AA Gaskets sale completed on 1 December 2017. The transaction has been finalised and net proceeds from sale of the business assets received.

### **Share buy back**

The minimum holding share buy-back for holders of unmarketable parcels of shares in the Company completed on 23 January 2018. A total of 336,075 shares were acquired and cancelled for a total amount paid of \$373,315. The number of shareholders reduced by 1,290 to 1,784 at that time.

### **Balance sheet**

Following the sale of the AA Gaskets business which completed on 1 December 2017, the Scottish Pacific securitised trade receivables facility was repaid but remains available for use in the future if required.

The Group had cash funds available of \$6.3m as at 31 December 2017.

Group net tangible assets per share is \$1.39 (\$1.30 as at 30 June 2017).

### **Dividends**

The Board has determined that no interim dividend be declared.

### **Outlook**

Our key markets in mining and resources, construction and industrial are continuing to perform well.

Overall, we are positive about the outlook for the Group.

*For further information contact:*

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