

COVENTRY GROUP LTD
AGM – CHAIRMAN’S AND CEO’S ADDRESSES
22 NOVEMBER 2017

Good morning ladies and gentlemen and welcome to the 81st Annual General Meeting of Coventry Group Ltd.

My name is Neil Cathie and I am the Chairman of your Board and this meeting. Welcome to our Thomastown site where we house the largest of our trade distribution centres.

I would now like to introduce the members of the board - Ken Perry, Andrew Nisbet and Robert Bulluss (our MD & CEO). Our company secretary is Angela Donaldson who is unable to join us today due to the very recent birth of her first child.

My Chairman’s report is contained in the 2017 Annual Report and I don’t intend to repeat that content here. It is more important that you all hear from Robert who will provide an overview of the current state of the business and of the team’s efforts to return the Company to sustainable profitable growth.

To provide some additional narrative around the Annual Report and an update on current initiatives, trading and outlook, I will now hand over to Robert Bulluss.



2017 Annual General Meeting

22 November 2017

Group structure and vision

OUR VISION

To be an innovative Industrial Supply Group achieving sustainable profitable growth operating through specialist business units.

OUR VALUES

At Coventry Group we value Respect, Fairness, Teamwork, Integrity and Professionalism.

Above all, we value Our People and Our Customers.

Trade Distribution Australia and New Zealand



FY17 performance

- FY17 results were disappointing but showed improvement in Q4.
- Underlying EBIT loss in 2H17 reduced due to improved margin and impact of cost reductions, despite lower sales.
- New management team in place with experience and strong leadership in all business units.
- Refreshed Trade Distribution Australia (TDA) strategy aimed at sales growth and sustainable profitable growth.
- Strategies in Cooper Fluid Systems (CFS) and Trade Distribution New Zealand (TDNZ) delivered positive results.
- Restructure of supply chain, category management and customer service on track to deliver positive results
- Focus on service excellence.

- Zero Lost Time Injuries in FY17.
- The Group is committed to the health, safety and well being of our personnel.

(\$m)	FY16	FY17	% change	H1 FY17	H2 FY17
Revenue from sale of goods	176.8	169.2	-4.3%	85.3	83.9
Underlying EBITDA	0.1	-5.8	n/m	-4.4	-1.4
Underlying EBIT	-3.2	-8.7	n/m	-5.7	-3.0
Significant Items and Impairments	-1.9	-25.0	n/m	-15.2	-9.8
Loss for the year	-1.8	-35.5	n/m	-22.2	-13.3
Net cash	3.5	5.1	%	n/a	n/a
Net Tangible Assets p/s (\$)	2.03	1.30	-36.0%	n/a	n/a

AA Gaskets sale

- Sale of non-core business to GUD Holdings Limited.
- Enterprise Value of AUD22.0m.
- Approximately AUD15.0m to be received by Coventry Group Ltd which will be used to:
 - Repay the Scottish Pacific securitized trade receivables facility
 - On market buy back of up to 10% of share capital
 - Fund strategic initiatives required to fast track achievement of sustainable profitable growth in the TDA business
 - Fund further organic growth initiatives in TDNZ and CFS businesses

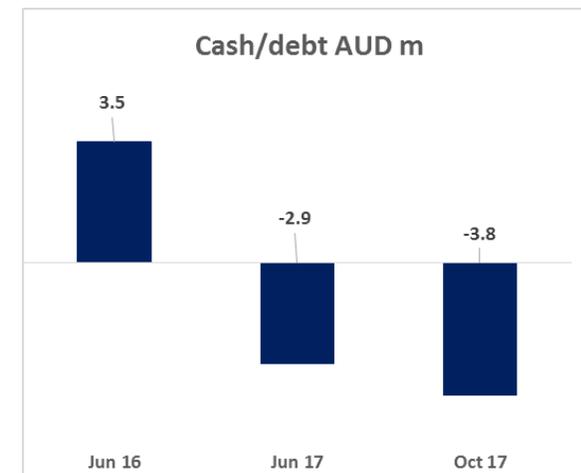
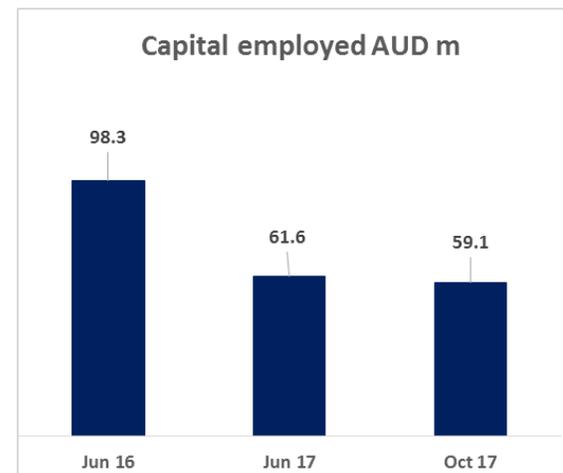
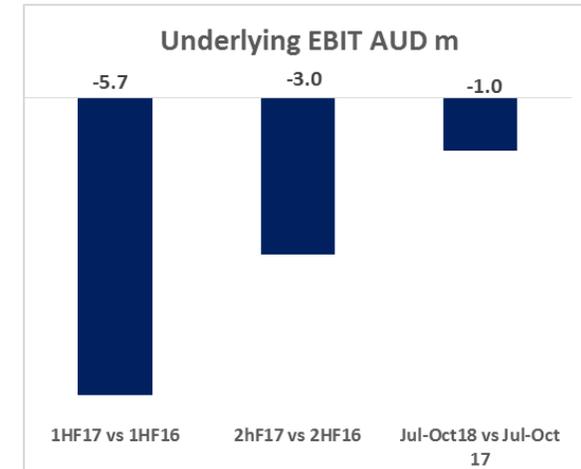
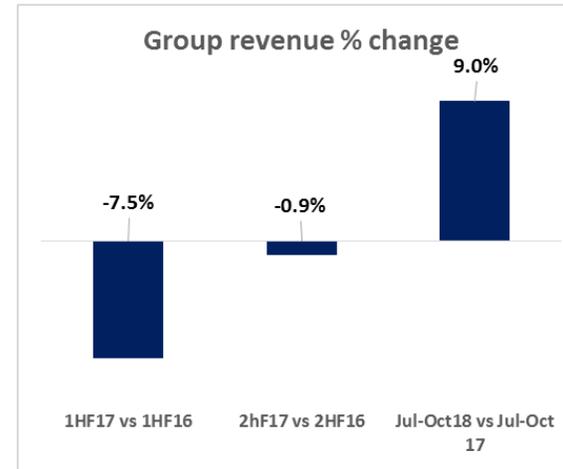


Business sale and purchase agreement signed on 20th November 2017.

Completion date of 1st December 2017.

FY18 update and outlook

- Trading over the last six months has improved in all Business Units and we expect this trend to continue.
- FY18 sales up 9.0% YTD to 31 October 2017 to PCP.
- October sales showed improvements across all business divisions.
- Net debt of AUD 3.8m at 31 October 2017. Scottish Pacific facility to be repaid using part of AA Gaskets sale proceeds.
- Whilst our main priority is profitable revenue growth, opportunities for cost reduction and productivity improvement exist.
- Our key markets in mining and resources, construction and industrial are performing well.
- Strategic and operational plans geared to return to positive earnings in FY19.



Note: AAG results are included within these graphs

Trade Distribution Australia

- TDA supplies a range of fastening systems and related products to trade customers through a network of 44 branches.
- TDA showing signs of improvement with sales up 1.8% YTD to 31 October 2017 to PCP.
- Key markets are industrial and mining and resources.
- Strong opportunities exist in the buoyant construction and infrastructure markets
- The business is focused on sustainable profitable growth by:
 - Improving stock availability/service levels
 - Returning to a trade distribution branch delivery model
 - Ensuring branches have the right resource levels
 - Directional buying and selling
 - Improving sales resource capability

Our strategy for sustainable profitable growth

Canberra branch

	FY17	1Q18
Stock availability	76.0%	96.0%
Personnel (average)	2.5	3.5
Sales \$000's	1,017	504.0
Sales per day	4,036	7,755
Sales per FTE	1,614	2,216
Contribution %	-9.4%	11.1%



Trade Distribution New Zealand

- TDNZ supplies a range of fastening systems, construction and other related products to trade customers.
- 14 branches across the network in New Zealand.
- Key markets are Construction, Joinery and Commercial, Industrial Customers and Manufacturers (OEM).
- Sales up 15.2% YTD to 31 October 2017 to PCP which is an excellent result.
- Organic strategies, new branch roll-outs and acquisition opportunities exist.



Cooper Fluid Systems

- Cooper Fluid Systems design, manufacture, install, repair and supplies hydraulic, pneumatic, fluid transfer, refueling, fire suppression and lubrication systems and components.
- Cooper Fluid Systems supply and service capability makes us a key supplier to mining and heavy industrial companies.
- 12 branches across Australia
- Sales up 23.9% YTD to 31 October 2017 to PCP.
- Our key markets in mining and resources, construction and industrial are performing well.
- Organic and acquisition growth opportunities exist.



Summary

- New management team in place focused on sales growth and sustainable profitable growth.
- Experienced and strong leadership in all business units.
- Commitment to implementing TDA strategy to return business to positive earnings.
- Our key markets in mining and resources, construction and industrial are performing well.
- Strategic and operational plans geared to return to positive earnings in FY19.
- AA Gaskets sale is positive for the group and shareholders
- No debt within the business after the Scottish Pacific facility is repaid
- Solid balance sheet
- Organic, new branch and acquisition growth opportunities exist in all business units.

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