



# Coventry Group Ltd

ABN 37 008 670 102

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## 2016 HALF YEAR RESULTS

**Coventry Group Ltd (ASX:CYG) today announced its financial results for the  
6 months ended 31 December 2015**

### Highlights

- Restructure continuing
- Group EBITDA now positive
- Net loss after tax of \$0.8m (1H15 \$3.3m loss)
- Lower cost of doing business with further reduction planned
- \$5.2m net cash position as at 31 December 2015
- No interim dividend declared

### Group financial results

During the six months ended 31 December 2015, a Group-wide strategic restructure to remove costs and increase efficiency continued.

Group EBITDA was \$0.3m, a \$2.7m improvement on the prior comparative period (1H15: \$2.4m loss). The Group recorded a net loss after tax improvement of 76% to \$0.8m (1H15: \$3.3m loss).

### Restructure update

Following the strategy review announced in February 2015, Coventry continues to implement its Group-wide restructure.

Significant operational efficiencies have been achieved through amalgamation of Konnect and Artia operations, the merging of some Konnect and Cooper Fluids branches, distribution centre rationalisation and consolidation of process and back office functions. The rollout of the improved warehouse management system and reduction in inventory remain on track.

CEO and Managing Director, Peter Caughey, commented: "We have made significant progress to date on the cost side and are beginning to see the benefit. Our attention has now fully turned to sales growth with a focus on new branches, new products and new channels. We remain confident that the restructure will result in a significant turnaround in the performance of the company."

### Balance Sheet

The Group's net cash position remains strong at \$5.2m (\$8.7m at 30 June 2015). The restructure has effectively reset the value of underlying assets for the Group. Group net tangible assets at 31 December 2015 was \$2.09 per share.

**Subsequent Events**

It is with great sadness that the Board announces the unexpected passing of Gaskets General Manager, Kerry Lee. Kerry made a significant contribution to Coventry during his 25 years with the Group. CEO and Managing Director, Peter Caughey, commented: "Kerry's leadership will be sorely missed. Our thoughts are with Kerry's family at this time."

In the interim, Peter Caughey is overseeing Coventry's interest in Gaskets.

AA Gaskets (72.5% owned by Coventry) has agreed to sell land and buildings in Campbellfield, Victoria, for \$3.9m. The sale date is set for 30 March 2016.

**Dividends**

As previously stated, the Board is now placing greater emphasis on actual Company performance when considering dividends. As a consequence of the loss recorded for the six months ending 31 December 2015, the Board has determined that no interim dividend be declared.

**Outlook**

The markets in which the Group's businesses largely operate remain somewhat subdued. The Board is confident the structural and operational changes being made allow these businesses to better compete and be better prepared when markets improve.

The restructure program is expected to be completed by the end of 2016. This will deliver a more efficient distribution model that improves the Group's service, sales, and cost-of-doing-business.

CEO and Managing Director, Peter Caughey, commented: "We are confident that the Group will return to operating profitability during financial year 2016, assuming no material change in general economic conditions."

*For further information, please contact:*

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