

**ASX RELEASE**
**2023 Full Year Results**
**25 August 2023**
**Highlights**

- Trading performance improved during FY23 with the Group delivering EBITDA<sup>1</sup> year on year growth.
- Final fully franked dividend of 3.5 cents per share declared (3.5 cents per share FY22).
- Sixth consecutive year of sales and EBITDA<sup>1</sup> growth.
- Group sales for FY23 up 11.2% to \$358.5m (\$322.3m FY22).
- Group EBITDA<sup>1</sup> up 9.7% to \$17.0m (\$15.5m FY22).
- Group EBIT before Significant Items up 10.0% to \$15.6m (\$14.2m FY22).
- Statutory net profit for the year of \$2.5m (\$4.8m FY22).
- The Group has a solid balance sheet with Net Tangible Assets of \$36.8m and Net Assets of \$113.0m at 30 June 2023.
- Re-signed \$55.0m NAB facility to July 2026.
- Net debt of \$33.5m at 30 June 2023.

**Note 1: All references to EBITDA are to Pre AASB16 EBITDA before Significant Items**

**Sales and EBITDA<sup>1</sup> Growth**

Percentage sales and EBITDA<sup>1</sup> growth change for FY23 when compared with the prior year is shown below:

	FY23 vs FY22 % Sales change	FY23 vs FY22 % EBITDA <sup>1</sup> change
Fluid Systems	+14.1%	+19.0%
Trade Distribution	+8.8%	+5.4%
<b>Consolidated Group</b>	<b>+11.2%</b>	<b>+9.7%</b>

**Divisional Commentary**

- Fluid Systems (FS) sales for the year of \$148.1m up 14.1% on the prior year. FS EBITDA<sup>1</sup> up 19.0% to \$15.4m compared to \$12.9m in FY22.
- Trade Distribution (TD) sales for the year of \$210.1m up 8.8% on the prior year. TD EBITDA<sup>1</sup> up 5.4% to \$17.0m compared to \$16.1m in FY22.

**ERP upgrade project**

The ERP upgrade continues to progress to plan and is on schedule and in line with budget.

## Net debt position

Net debt at 30 June 2023 of \$33.5m (Net debt at 30 June 2021 of \$33.1m). Net debt was impacted by:

- ERP project costs (\$5.5m)
- FY22 Dividend (\$3.0m)
- Capital expenditure (\$3.7m)

Cash conversion of 112.5%<sup>2</sup>. In FY24 we will continue to take action to prudently manage inventory levels, collections and operating costs.

**Note 2: Cash conversion = Gross operating cash flow less cash lease payments, addback significant items, divided by EBITDA<sup>1</sup>**

## Balance sheet

The Group has a solid working capital position with Current Assets exceeding Current Liabilities by \$25.4m at 30 June 2023.

The Group has a solid balance sheet with Net Tangible Assets of \$36.8m and Net Assets of \$113.0m at 30 June 2023.

## Dividends

The Board has declared a final fully franked dividend for FY23 of 3.5 cents per share. The Group has franking credits available of \$8.5m at balance date.

## Outlook

Demand remains robust from our primary end markets (mining and resources, infrastructure, commercial construction and industrial). The Group has very modest exposure to segments of the economy that are slowing, namely household discretionary expenditure and residential construction.

The Group operates in multi-billion-dollar fragmented markets and has very modest market shares. There are clear plans in place to continue to increase market share via new branch openings, branch refurbishments, product range expansion and an enhanced focus on sales and marketing.

The Board and management are committed to leveraging the scale benefits of the platform established over recent years in all parts of our business. In particular, our goal is to achieve best in-class trade distribution margins over time and to that end we have already identified a range of improvement opportunities which the business is implementing.

Given continuing market uncertainty we will not be providing FY24 guidance but will continue to provide quarterly trading updates to the market.

Authorised for release by the Board of Directors of Coventry Group Limited.

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