

ASX RELEASE
2024 Half Year Results
23rd February 2024
Highlights

- Trading performance improved during H1 FY24 with the Group delivering Sales and underlying EBITDA¹ year on year growth.
- Group sales for H1 FY24 up +5.4% to \$185.3m (\$175.8m H1 FY23).
- Group underlying EBITDA¹ up +18.1% to \$9.8m (\$8.3m H1 FY23).
- Group underlying EBIT¹ up +19.0% to \$7.8m (\$6.5m H1 FY23).
- Statutory net loss for the half of -\$0.4m (\$1.5m H1 FY23). NPAT impacted by \$5.4m of costs relating to the ERP project.
- The Group has a solid balance sheet with Net Tangible Assets of \$35.8m and Net Assets of \$112.0m as at 31 December 2023.
- Net debt of \$37.1m as at 31 December 2023.

Robert Bulluss, Group CEO and Managing Director of Coventry Group said, “The Group delivered solid half year FY24 sales and underlying EBITDA¹ growth. Initiatives to grow EBITDA¹ % to Sales to 10% in the medium term delivered positive improvement. These buy-side and sell-side initiatives were implemented early in the financial year. The run-rate from these initiatives continued to improve in the second quarter with Q2 EBITDA¹ up +28.9% on the pcp.

Demand remains robust in our primary end markets in Australia (mining and resources, infrastructure, commercial construction and industrial). The New Zealand economy has weakened due to the recessionary environment and this is having a short term negative impact on New Zealand operations, but, as a small and dynamic economy, we expect it will bounce back strongly.

Overall, our strategy based on specialisation and service excellence is continuing to be resilient.”

Sales and underlying EBITDA¹ Growth

Percentage sales and underlying EBITDA¹ growth change for H1 FY24 when compared with the prior corresponding period is shown below:

Sales and underlying EBITDA ¹ change	H1 FY24 vs H1 FY23 % sales change	H1 FY24 vs H1 FY23 % underlying EBITDA ¹ change
Fluid Systems (FS)	+10.0%	+24.1%
Trade Distribution (TD)	+2.2%	-0.6%
Consolidated Group	+5.4%	+18.1%

1. Underlying EBIT and EBITDA exclude the impact of AASB 16 Leases and significant items.

Konnect and Artia Australia delivered a strong result with sales up +9.3% on pcp and EBITDA¹ up +89.2%. This was offset by weaker results in Konnect and Artia New Zealand and Nubco due to short term market

conditions. Both businesses hold market leading positions and are expected to recover strongly once current headwinds ease.

ERP upgrade project

The ERP upgrade continues to progress broadly to plan, schedule and budget.

Net Debt Position

Net debt as at 31 December 2023 of \$37.1m (30 June 2023 of \$34.8m). Net Debt was impacted by the ERP upgrade project (\$5.4m) and capital expenditure (\$2.1m).

The Group's focus is on reducing inventory levels and improving cash conversion.

Balance Sheet

The Group has a solid working capital position with Current Assets exceeding Current Liabilities by \$22.7m as at 31 December 2023.

The Group has a solid balance sheet with Net Tangible Assets of \$35.8m and Net Assets of \$112.0m as at 31 December 2023.

Dividends

The Board has determined that no interim dividend be declared.

Outlook

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, business development, 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 identified and are implementing a range of improvement opportunities.

Positive January 2024 trading performance with sales and underlying EBITDA ahead of pcg.

We 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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