

Coventry Group H1 FY25

Investor Presentation

DRIVING GROWTH

**in fragmented markets with
significant organic opportunities**

H1 FY25 financial performance snapshot

Financial performance – H1 results impacted by the distraction of the D365 ERP system implementation

Sales

\$185.2m

\$185.3m H1 FY24

EBITDA ¹

\$9.9m

\$9.8m H1 FY24

EBIT ²

\$7.8m

\$7.8m H1 FY24

Statutory net loss

-\$0.7m

-\$0.4m H1 FY24

Note 1: EBITDA is before significant items and excludes the impact of AASB 16 – Leases and significant items. EBITDA before significant items is a non-IFRS measure and reflects how management measures performance of the Group

Note 2: EBIT is before significant items

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H1 FY25 Update



H1 FY25 financial performance

EBITDA ¹

\$9.9m

+0.8% on H1 FY24

Revenue

\$185.2m

0.0% on H1 FY24

- Group EBITDA ¹ growth of 0.8%
- Group EBITDA ¹ % to sales of 5.3%
- Group sales in line with PCP, impacted by the distraction of D365 implementation activities. In total, the project saw over 800 users onboarded, requiring in excess of 10,000 upfront training hours, across 73 locations in Australia and New Zealand
- RBNZ now cutting rates which is expected to lead to improving conditions in NZ into calendar year 2025
- RBA expected to cut rates in 2025
- Our businesses have refined their operations during the downturn and enhanced gross margins so will have significant operating leverage as volumes return

Note 1: EBITDA is before significant items and excludes the impact of AASB 16 – Leases and significant items

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Profit and loss

Summary profit and loss

\$m	H1 FY25	H1 FY24	% change
Revenue	185.2	185.3	0.0%
EBITDA ¹	9.9	9.8	+0.8%
Depreciation and amortisation	(2.1)	(2.0)	
EBIT ²	7.8	7.8	0.0%
Significant items	(5.7)	(5.4)	
Net financing expense	(1.9)	(1.7)	
Impact of AASB16	(1.0)	(0.7)	
PBT (Loss)	(1.0)	(0.4)	
Income tax expense	0.3	0.0	
NPAT (Loss)	(0.7)	(0.4)	
EBITDA %	5.3%	5.3%	

- EBITDA ¹ of \$9.9m up +\$0.1m (+0.8%) on prior year
- EBIT ² of \$7.8m
- Profit before tax (PBT) and Net profit after tax (NPAT) down slightly on the previous year principally due to Significant Items
- Significant Items made up of ERP system upgrade (\$5.2m) and other non-recurring costs (\$0.5m)

Note 1: EBITDA is before significant items and excludes the impact of AASB 16 – Leases and significant items. EBITDA before significant items is a non-IFRS measure and reflects how management measures performance of the Group

Note 2: EBIT is before significant items

Balance sheet

Solid balance sheet position

\$m	31 December 2024	30 June 2024
Total current assets	149.2	157.0
Total non-current assets	196.6	192.4
Total assets	345.8	349.4
Total current liabilities	117.7	120.6
Total non-current liabilities	87.3	85.7
Total liabilities	205.0	206.3
Net Assets	140.8	143.1
Net Tangible Assets	32.0	34.8
Current assets less current liabilities	31.5	36.4

- At 31 December 2024, the Group had Net Tangible Assets of \$32.0m, Current Assets exceeding Current Liabilities by \$31.5m and Net Assets of \$140.8m
- Net debt as at 31 December 2024 of \$52.9m (30 June 2024 of \$47.3m). With the ERP upgrade completed, debt reduction is now a key focus area
- NAB debt facilities of \$80.0m undrawn by \$27.1m at 31 December 2024

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Cash flow

Cash conversion of 96.4% H1 FY25

\$m	H 1 FY25	H1 FY24
Gross operating cash flow	12.6	11.1
Less Cash lease payments	(8.8)	(7.3)
Add back Significant Items	5.7	5.4
Adjusted gross operating cash flow	9.5	9.2
EBITDA ¹	9.9	9.8
Cash conversion % ²	96.4%	94.1%

- Positive cash conversion in H1 FY25
- Cash conversion of 96.4%

Note 1: EBITDA is before significant items and excludes the impact of AASB 16 – Leases and significant items

Note 2: Cash conversion = Gross operating cash flow less cash lease payments, addback significant items, divided by EBITDA¹

H1 FY25 Segment performance

Fluid Systems

Sales

\$73.3m

-5.4% on H1 FY24

EBITDA¹

\$7.2m

-23.0% on H1 FY24

- Fluid Systems EBITDA¹ % to sales of 9.8%
- Fluid Systems were the most impacted by the D365 ERP implementation as they were the first business to go-live
- With a strong pipeline of opportunities, management is expecting to return to top line growth in the second half

Trade Distribution

Sales

\$111.9m

+3.9% on H1 FY24

EBITDA¹

\$10.1m

+19.0% on H1 FY24

- Trade Distribution EBITDA¹ % to sales of 9.1%
- 5 new branch openings planned for the second half
- Includes Steelmasters 6 months contribution

Note 1: EBITDA is before significant items and excludes the impact of AASB 16 – Leases and significant items

ERP upgrade project

ERP upgrade successfully completed

- The ERP upgrade has been completed broadly to plan, schedule and budget. We do not expect any further material costs in relation to the project in 2025
- Fluid Systems (FS), Konnect Australia (KA), Konnect New Zealand (KNZ) and Finance are all operating successfully on the system
- Our teams can focus their full attention on profitable sales growth in calendar year 2025
- The Microsoft D365 ERP system utilises the latest technology and will deliver significant customer service and productivity improvements
- Whilst customer service and productivity benefits are already evident, we expect to realise the full benefits during calendar year 2025



Net debt

Medium term Net Debt target below 1.5 times EBITDA

Achieved by:

- Generating profitable sales growth
- Sensible cost control
- D365 benefits including inventory optimisation, improves customer service and productivity gains
- Completion of the ERP project spend
- Utilisation of Australian tax losses - \$59.0m available



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Coventry Group's strategy



Our strategy

Our purpose

To provide specialised industrial products, services and solutions to our customers

Our values

Safety first
Do the right thing
(Fairness, Integrity and Respect)
Work as a team
Be the best at everything we do

Our vision

Zero harm
Profitable sales growth
Leading Trade Distribution and Fluid Systems Groups across Australia and New Zealand
10.0% EBITDA (Pre AASB16)
Strong cash conversion

Strategic priorities

Accelerate profitable organic growth to achieve 10%+ EBITDA
Improving earnings per share
The right people for growth
Strengthen the balance sheet
Digitalising core systems including taking advantage of the D365 ERP system

Customer promise

Exceptional specialist services and solutions to help our customers be successful

People

How we run our business. What we want to achieve. The standards and behaviours that guide how we work together to achieve it. How we do things.

Customers

What we promise our customers. What they experience. What it looks and feels like for them. How and what we communicate.

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Our growth
opportunity



We operate in large fragmented markets

A small share of large markets means there's significant opportunity for organic growth

Mining and resources

Continued strong demand for products and services from mining and energy sectors

Further Chinese economy stimulus occurring

Infrastructure

Significant government spend over the next ten years

New projects being announced ahead of the Australian Federal election

We continue to build our capability and value proposition to support the infrastructure market

Building and construction

Commercial construction markets are expected to rebound as interest rates are delivered during 2025

Coventry has limited exposure to residential construction in Australia

New Zealand operations have a larger exposure to residential exposure resulting in short term impact

Industrial and manufacturing

Markets are driven by activity in the Mining and Resources, Infrastructure, Building and Construction and other markets serviced by Coventry

Other markets

Our secondary markets are all performing well:

- Agriculture and aquaculture
- Renewable energy
- Oil and gas
- Defence
- Recycling

Our value proposition

Quality products, stock availability, expertise, agility, geographic coverage.

Significant opportunities for growth

Industry Forecasts – Trade Distribution Market

Fastening systems market is forecast to grow at a CAGR of 7.4%¹

Based on A\$3.3b market size in Australia, we have only a 2.5% share of the fastening systems market ²

These forecasts plus continued focus on our strategic initiatives will help achieve our business unit and group EBITDA targets

1: Straits Research
2: Straits Research

Organic growth opportunities

- Increasing share of wallet and acquiring new customers
- Accelerating new store growth
- Improving capability to deliver store makeovers, store relocations, and new stores
- Develop marketing and digital capability
- Fixing underperforming branches
- Improving margin management
- Improving supply chain and stock availability
- Sensible cost control

Significant opportunities for growth

Industry Forecasts – Fluid Power Equipment Market

Fluid Power Equipment market is forecast to grow at a CAGR of 6.5%¹

Based on A\$3.5b market size in Australia, we have only a 2.0% share of the fluid power equipment market ²

These forecasts plus continued focus on our strategic initiatives will help achieve our business unit and group EBITDA targets

1: Research and Markets
2: Ibisworld

Organic growth opportunities

- Expanding sales in existing markets
- Diversifying into markets outside of mining and resources – defence, recycling, manufacturing, transport and agriculture
- Expanding or relocating facilities to accommodate growth opportunities
- Increasing engineering capability to deliver customised solutions for customers
- Developing capabilities for move from manual processes to automated and electric systems and Industry 4.0
- Exploring options for branches in new geographical regions

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Our growth strategy



Operational excellence to facilitate growth

Expand network

Greenfield Konnect
Australia and New
Zealand Trade stores

Fluid Systems branches
in new geographical
regions

Improving the network

Trade store
makeovers and
relocations
to improve in store
customer experience
and deliver growth
opportunities

Improve value proposition

Improving our
value proposition
to retain customers,
increase share of wallet,
acquire new customers,
and improve margins

Marketing and
promotion programs

Alignment with
key suppliers

Service and product extensions

Expanding
product ranges

Enhance stud
bolt capability

Increasing engineered
customised solutions
capability in Fluid
Systems

Establishing industry
4.0, automation, and
electrification capabilities
in Fluid Systems

Digitalisation

ERP upgrade
delivers significant
customer service and
productivity
improvements

E-commerce

Digitalisation and
continuous improvement
programs to improve
customer service and
increase productivity

Improving people management systems to build skills and expertise for future business growth

Our value proposition

We deliver on our customer promise to deliver exceptional specialist services and solutions to help our customers be successful through:



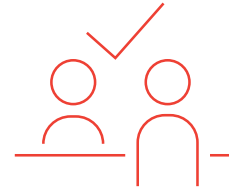
Quality products
and recognised
leading brands.



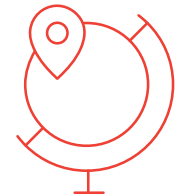
Stock availability
The stock the
customer needs
when and where
they need it.



**Qualified, well-
trained teams**
providing expert
advice and
solutions for
our customers.



Responding to
customer needs
with agility and
flexible service.



Our wide
**geographical
coverage** and
scale.

We are implementing systems that will enhance customer service and productivity.

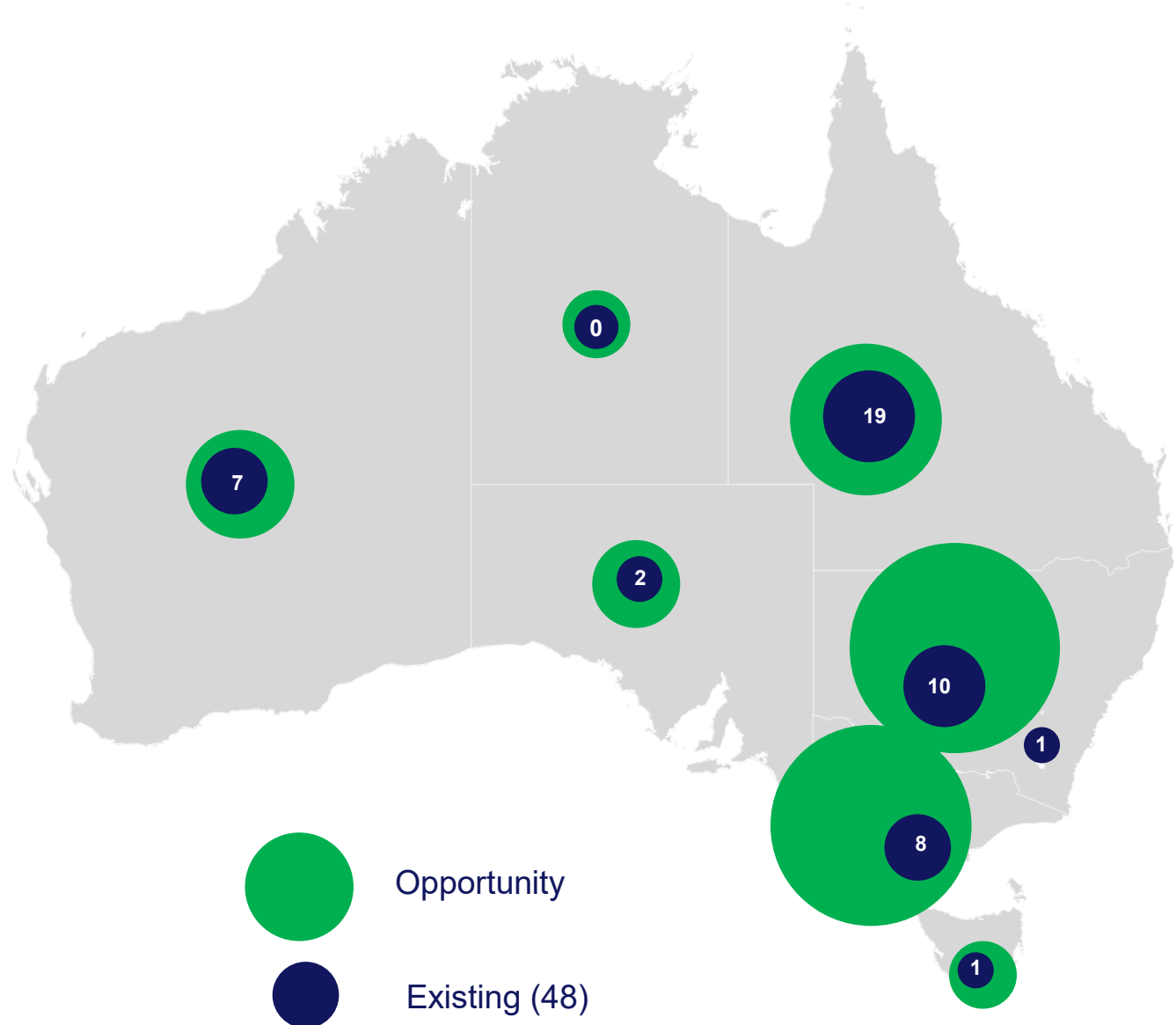
Expanding our specialist fastening systems network

Konnect is currently under-represented in Australia. Based on the market share in NZ, there is considerable opportunity for growth in Australia

We plan to grow our footprint to **100 stores** nationally over the next five years with a focus on NSW and Victoria

The primary growth driver going forward will revolve around an aggressive rollout of Greenfield sites. Greenfield has several advantages over acquisitions, including lower capex (no goodwill), singular operating model, consistent culture, and systems

We are on target to deliver our FY25 organic store growth program and have begun securing sites for FY26



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Summary and outlook



Summary

Seven consecutive years of sales and profit growth

A clear strategy with the principal focus on organic growth

D365 project go-live stage and major spend now behind us

Operating in resilient markets and industries in which we have small market shares

Outlook

Sales growth of +6.0% on pcp after 6 weeks of 2025

Daily sales run-rate improving to highest levels in over 6 months

Early signs of recovery in NZ with some larger contract wins

Gross margins strong and operating costs being tightly managed so that the Group should have strong operating leverage from incremental top line growth

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APPENDIX

About the Coventry Group



About Coventry

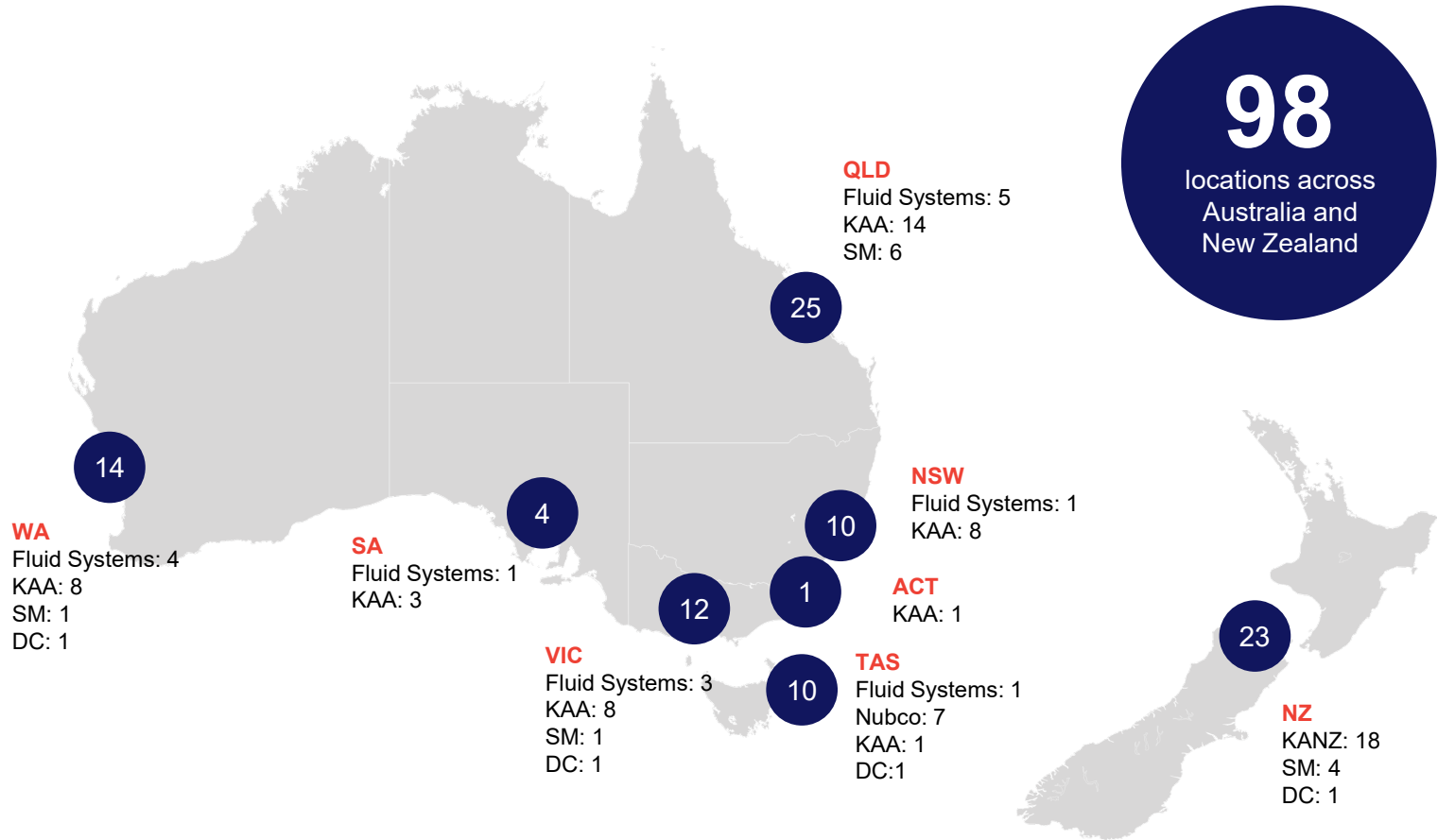
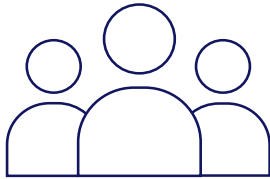
1929

Coventry Group founded



~1,050

people employed
at Coventry Group



15



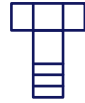
Fluid Systems
branches (AUS)

43



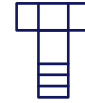
Konnect and Artia
branches (AUS)

18



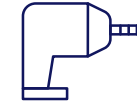
Konnect and Artia
branches (NZ)

12



Steelmasters
branches (AUS & NZ)

7



Nubco
branches (AUS)

4



Distribution Centres
(AUS & NZ)

Specialisation differentiates us from our competitors

Fluid Systems

Fluid Systems is an innovative service provider to the Mining and Resources, Renewable Energy, Agriculture and Aquaculture, Defence, Food & Beverage Manufacturing, and allied industries

Fluid Systems specialises in hydraulics, lubrication, fire suppression, refuelling, and fluid transfer systems/products through a network of 15 branches

Trade Distribution

Trade Distribution comprises:

- Konnect Australia
- Konnect New Zealand
- Nubco
- Steelmasters
- Supply's a range of fastening systems, cabinet hardware systems, industrial and construction products through a network of 58 branches in Australia and 22 branches in New Zealand supported by 4 Distribution Centres

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