

**ASX RELEASE**
**2021 Full Year Results**
**27 August 2021**
**Highlights**

- Trading performance improved during FY21 with the Group delivering underlying profitability growth for both EBITDA and EBIT. We are pleased to deliver an improved result without COVID-19 related assistance from the Australian and New Zealand Governments.
- Final fully franked dividend of 3 cents per share declared.
- Fourth consecutive year of sales and EBITDA growth.
- Group sales growth for FY21 including acquisitions of 16.5% and excluding acquisitions of 13.6% when compared with the prior year. Group sales including acquisitions at \$288.5m (\$247.6m FY20).
- Group underlying EBITDA of \$13.4m (\$6.6m FY20), a \$6.8m improvement year on year.
- Group underlying EBIT of \$10.6m (\$4.0m FY20).
- Statutory net profit for the year \$7.2m (net loss -\$0.5m FY20).
- The Group has a solid balance sheet with Net Tangible Assets of \$36.8m and Net Assets of \$109.8m as at 30 June 2021.
- Net debt of \$16.3m at 30 June 2021.
- Entered into a 3-year financing arrangement with the National Australia Bank (NAB).
- Completed the acquisition of the business and assets of H.I.S. Hose Pty. Ltd. (“H.I.S. Hose”) and the business and assets of Fluid Power Services Pty Ltd (FPS), funded through the Company’s debt facilities.

**Note: Underlying EBIT and EBITDA exclude the impact of AASB 16 - Leases**

**Sales Growth**

Percentage sales growth change for the full year of FY21 when compared with the prior year is shown below:

| Sales change              | FY21 vs FY20<br>% sales change<br>including<br>acquisitions | FY21 vs FY20<br>% sales change<br>excluding<br>acquisitions |
|---------------------------|---|---|
| Fluid Systems             | +24.1%  | +16.4%  |
| Trade Distribution        | +11.8%  | +11.8%  |
| <b>Consolidated Group</b> | <b>+16.5%</b>   | <b>+13.6%</b>   |

**Divisional Commentary**

- Fluid Systems (FS) have again seen very strong growth with full year sales including acquisitions up 24.1% and excluding acquisitions up 16.4% on the prior year. Underlying EBITDA for FS was \$13.8m compared to \$10.3m in FY20. FY21 includes the large previously reported order for \$7.9m.
- Trade Distribution (TD) sales for the year up 11.8% on the prior year. Underlying EBITDA for TD was \$11.7m compared to \$6.7m in FY20.

**Net debt position**

Net debt as at 30 June 2021 of \$16.3m (Net debt as at 30 June 2020 of \$3.3m). Net debt was impacted by:

- Acquisition related payments (\$7.6m)
- Increasing stock holdings to maintain service levels during FY21 due to global supply chain issues (\$5.5m)
- Capital expenditure (\$3.5m)

Our priority has been to maintain service levels to our customers during unprecedented uncertainty. In FY22 we will continue to take action to prudently manage inventory levels, collections and operating costs to improve our cash position.

**Balance sheet**

The Group has a solid working capital position with Current Assets exceeding Current Liabilities by \$33.6m at 30 June 2021.

**Dividends**

The Board has declared a final fully franked dividend for FY21 of 3 cents per share. The Group has franking credits available of \$11.1m at balance date.

**Outlook**

The markets in which FS and TD operate are to date performing well. Whilst pleased to report continuing positive performance, we are not providing FY22 guidance due to continuing COVID-19 uncertainty.

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

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