

FY21 Annual General Meeting

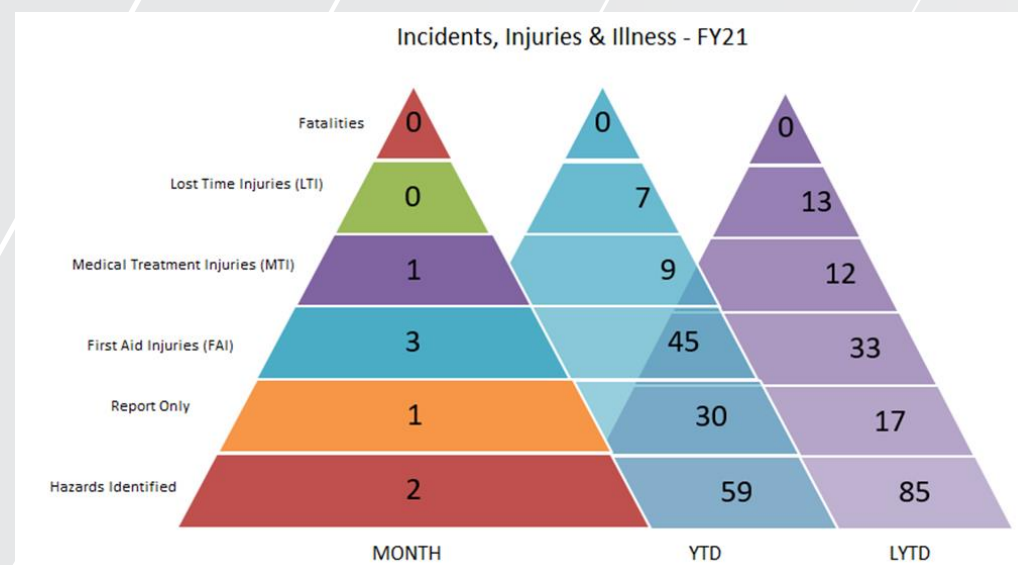
22 October 2021

At the Coventry Group we create a sustainable future by empowering our people to deliver great customer experiences

Improved health, safety and well-being outcomes in FY21

We value the health, safety and wellbeing of our people first and foremost.

Our aspiration is zero incidents



The health, safety and wellbeing of our people is our number one priority

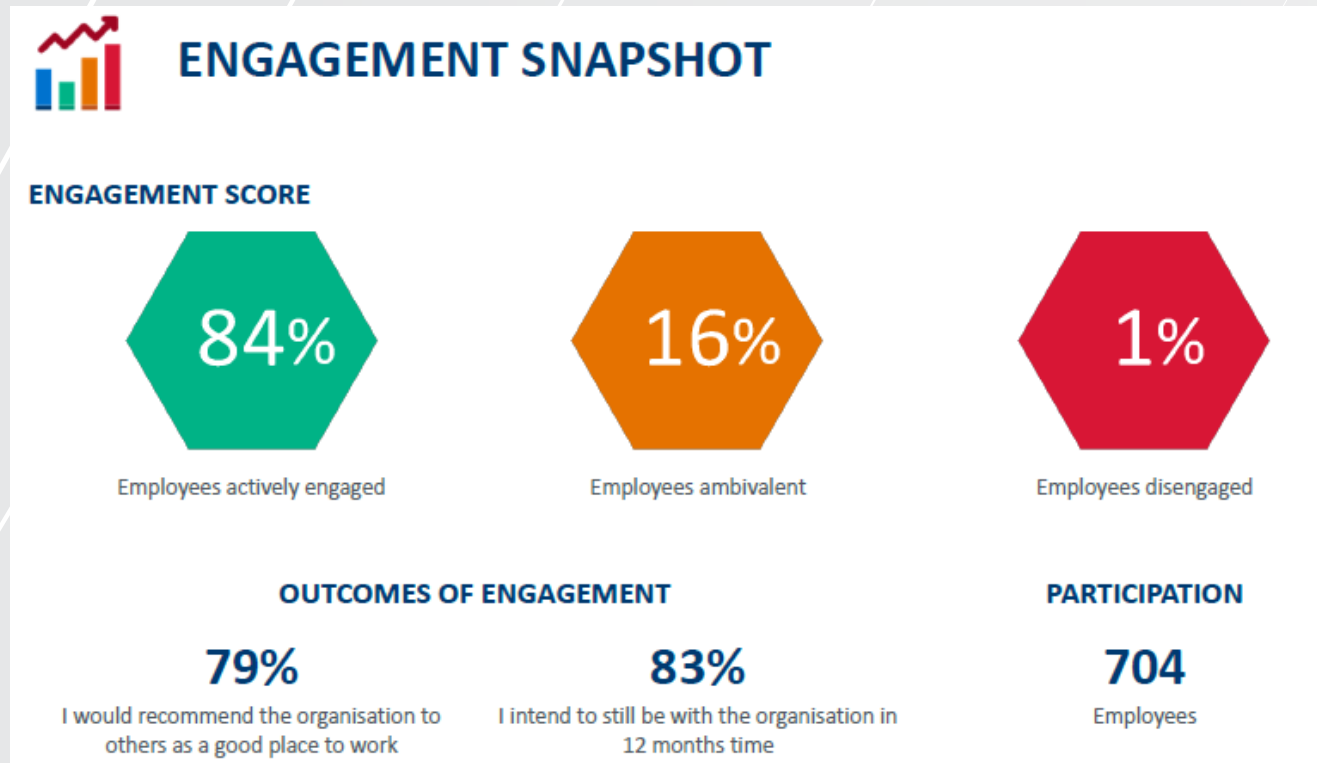
- 7 Lost Time Injuries (LTI's) for a total of 56 lost days for FY21 (13 LTI's for 108 lost days in FY20)
- Detailed root cause analysis (RCA) investigations completed and shared across the business for all LTI's and serious near misses to ensure we minimise risks and improve our safety systems
- Dedicated Safety Managers recruited for each business unit
- Safety audits completed as part of our acquisition due diligence process
- Improved steel and manual handling systems implemented in the Nubco network

Continuous improvement plans for our health, safety and wellbeing systems in FY22

- We will continue to prioritise the health, safety and wellbeing of our people during the COVID-19 pandemic
- Introducing new business wide safety app (Done Safe) to streamline safety audits and actions
- Improving return to work and rehabilitation procedures

We refreshed our vision and values during the year

- During the year we refreshed our vision and values of Fairness, Integrity, Respect, Safety and Teamwork (FIRST)
- We live our values and strive to do the right thing in all our dealings with our people, customers and suppliers
- Despite a competitive recruitment market, our reputation for having a values-based culture is attracting quality people into the organisation
- Our engagement results continued to improve during the year



Source: Chandler Macleod survey August 2021



Our Vision

To be Australia and New Zealand's leading industrial supply and services group where we do the right thing by our people, customers and partners to create a sustainable future.



Our Values

OUR PEOPLE

We trust and empower our people.

OUR CUSTOMERS

We are dedicated to our customer's needs.

OUR SUPPLIERS

We work in partnership with our suppliers.

FAIRNESS

We treat everyone equally, without favouritism, or discrimination.

INTEGRITY

We operate with competence, good judgement and work to the best of our abilities. We always do what is right.

RESPECT

We treat each other, our suppliers, our customers and our environment with respect.

SAFETY

We place the health, safety and wellbeing of our people first.

TEAMWORK

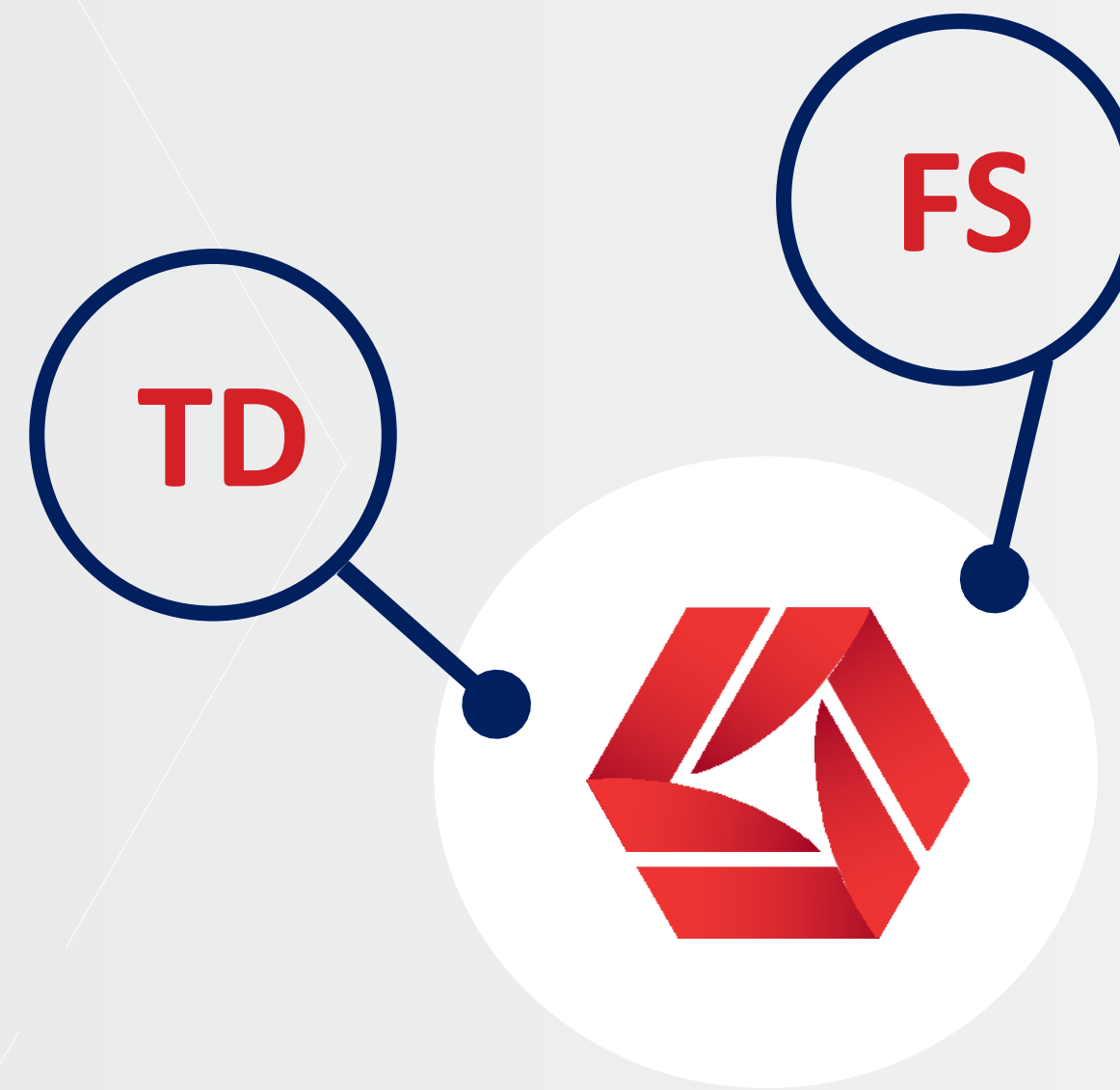
We act with strength and resilience together, finding new ways to grow our Company and each other.



We supply a range of fastening systems, industrial products and hydraulics, lubrication, fire suppression and refuelling systems, cabinet hardware systems and other products.

Trade Distribution (TD)

Comprises Konnect and Artia Australia (KAA), Konnect and Artia New Zealand (KANZ), and Nubco. Supplies a range of fastening systems, cabinet hardware systems, industrial and construction products through a network of 49 branches in Australia and 16 branches in New Zealand. Customers are in the industrial, manufacturing, construction, infrastructure, agriculture and mining sectors.



Fluid Systems (FS)

Comprises Cooper Fluid Systems, Torque Industries, H.I.S Hose and Fluid Power Services. Designs, manufactures and sells hydraulics, lubrication, fire suppression and refuelling systems and products through 17 branches in Australia. Customers are in the mining, manufacturing, defence, recycling and agriculture sectors.

Market capitalisation of \$164.6m (30th June 2020 - \$54.8m)

Key Market Metrics

SHARE PRICE

21 October 2021

\$1.80

SHARES ON ISSUE

91.4M

MARKET CAPITALISATION

\$164.6M

NET DEBT

30 June 2021

\$-16.3M

DIVIDEND

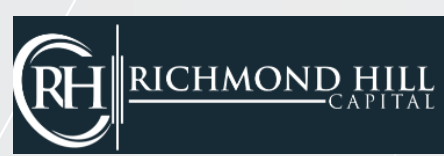
Fully franked

3 cents

We acknowledge the support of our substantial Shareholders



28.5%



15.4%

SANDON CAPITAL

10.8%



5.7%

Dumac

5.0%

Trading performance improved despite the COVID-19 backdrop

FY21 Trading performance

Trading performance improved during FY21 with the Group delivering underlying profitability growth for both EBITDA and EBIT.

Fourth consecutive year of sales and EBITDA growth.

Group sales growth for FY21 of +16.5% when compared with the prior year. Group sales at \$288.5m (\$247.6m FY20).

Group underlying EBITDA of \$13.4m (\$6.6m FY20), a \$6.8m improvement on the prior year.

Statutory net profit for the year \$7.2m (Loss of -\$0.5m FY20).

Net assets

The Group has a solid balance sheet with Net Assets of \$109.8m as at 30 June 2021. Inventory levels have been increased to minimise the impact of global supply chain issues and stock shortages.

Acquisitions

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.

Financing arrangements

Entered a new financing arrangement including a \$45m Borrowing Base facility with the National Australia Bank (NAB).

COVID-19

Managed lockdowns and restrictions throughout our operations and markets across the period.

Note 1: Underlying EBIT and EBITDA exclude the impact of AASB 16 – Leases

Note 2: Statutory net profit includes the impact of cloud based accounting \$507k

Continuing our journey of sustainable profitable growth

People

Reduced LTI's
Excellent engagement rates



EBITDA year on year growth

Group +6.8m
TD +\$5.0m
FS +3.5m

Notable events

Managed COVID-19 backdrop
KAA small profit after 10+ years of losses
NAB banking /debt facility in place
Redcliffe WA property close to fully tenanted

Sales growth

Group +16.5%
TD +11.8%
FS +24.1%

Digital

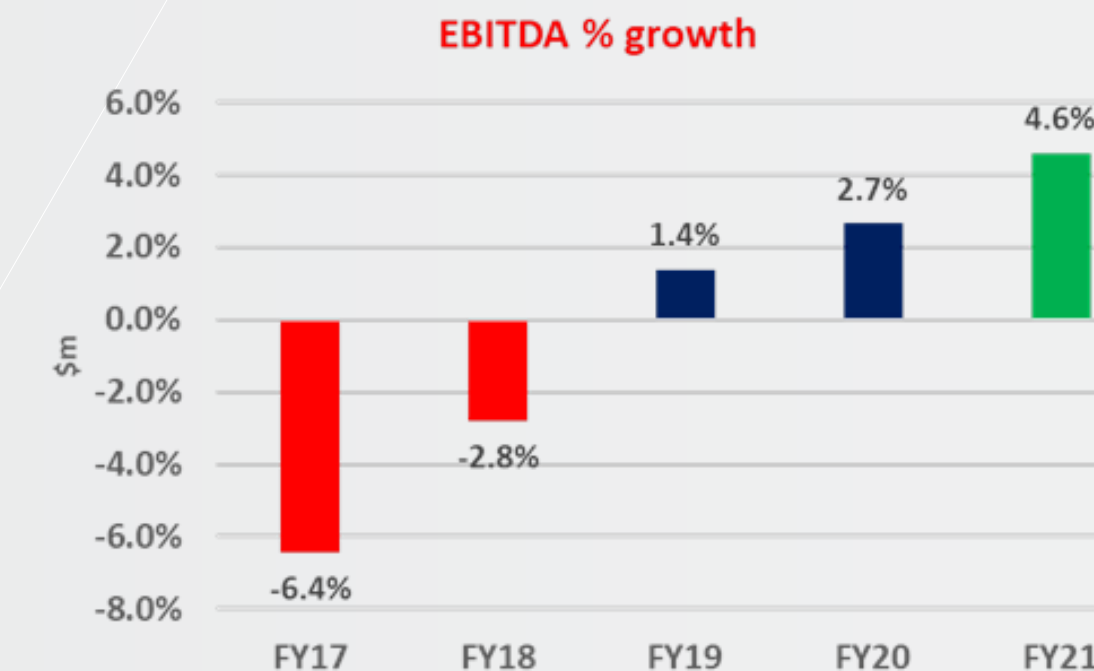
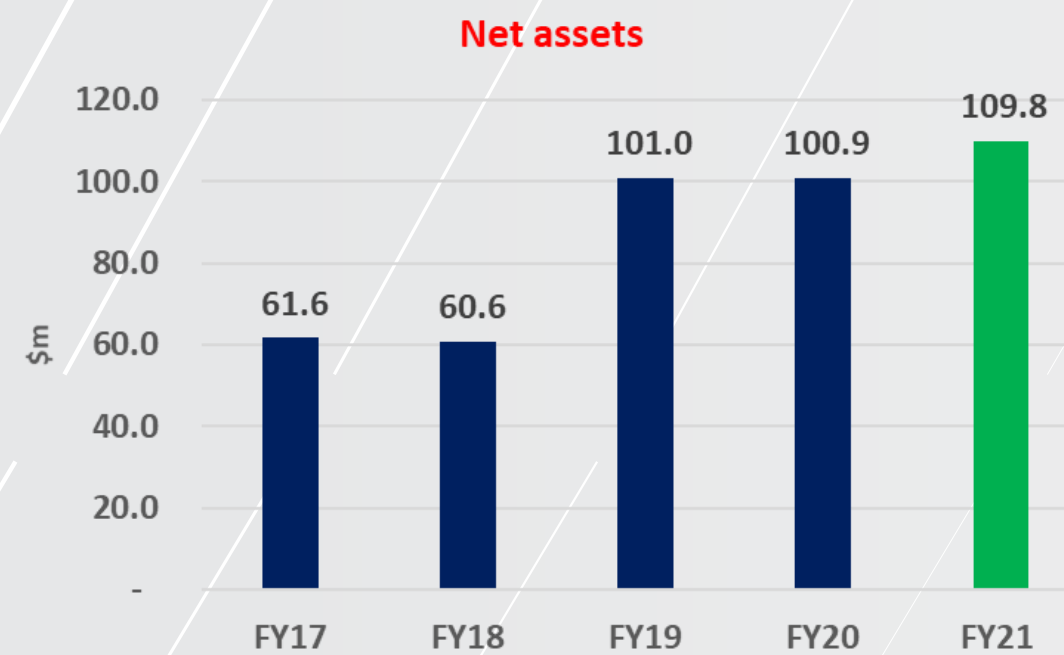
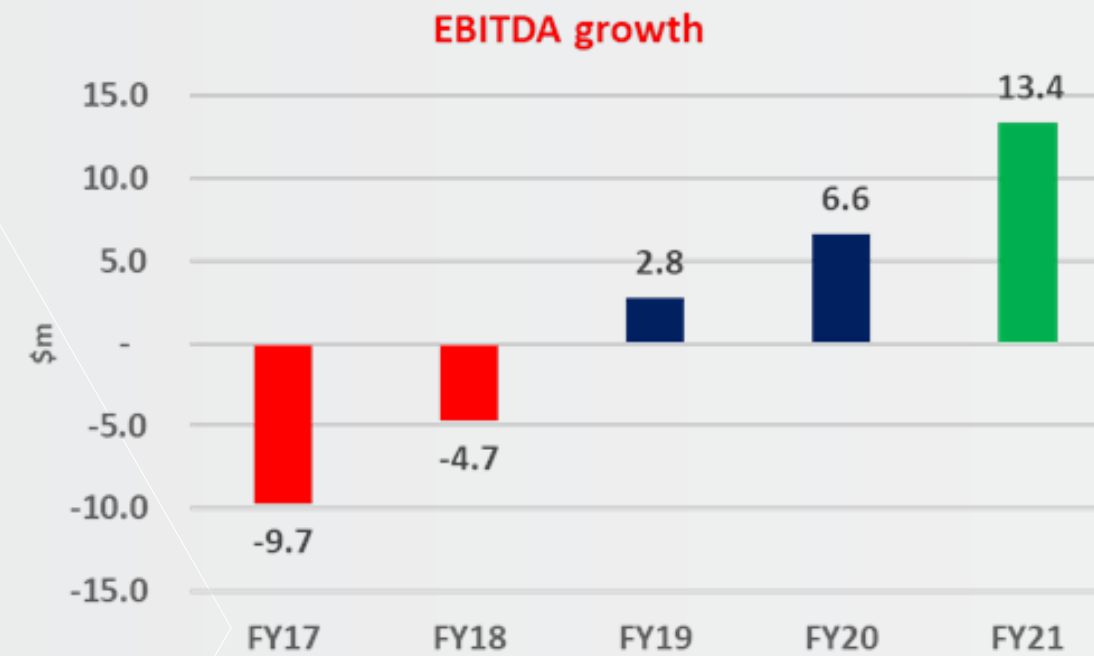
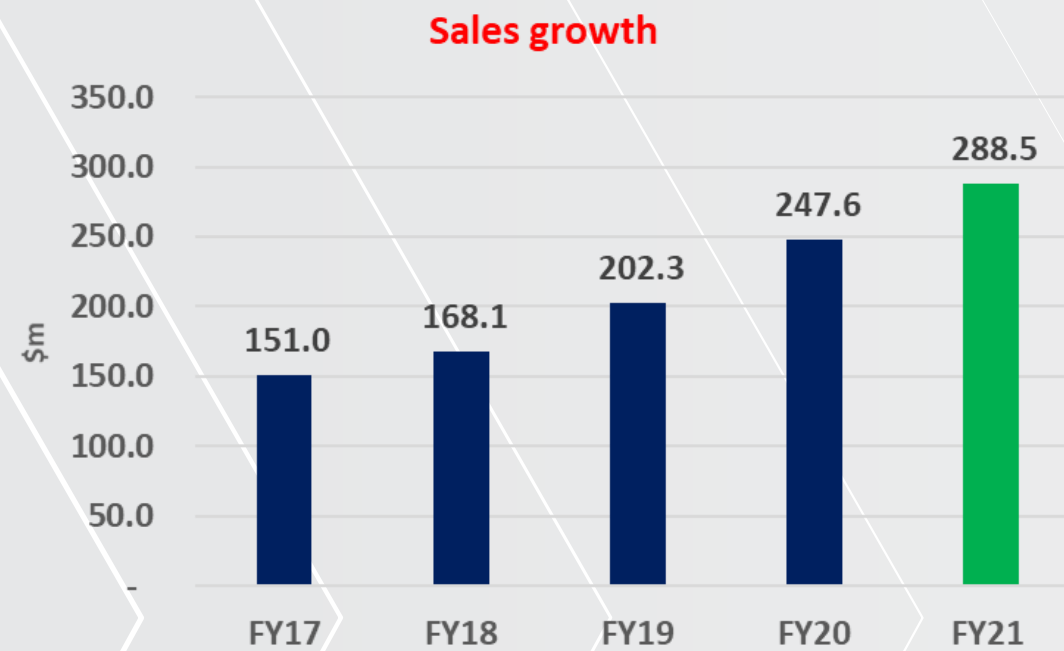
E-commerce on- line ordering sites going live



Acquisition growth

Nubco and Torque performing to expectations
Acquired H.I.S. Hose and FPS

KAA return to profit after 10+ years of losses



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

Significant achievements over the last four years

- Four consecutive years of sales and profit growth
- KAA returned to profit after 10 plus years of losses
- Transformed the culture in the Group based on our core values
- Completed four acquisitions – Torque Industries, Nubco, H.I.S. Hose and Fluid Power Systems
- Divested the AA Gaskets business
- Navigating the COVID-19 pandemic and cyber-attack in 2018
- Secured banking arrangements with the NAB
- Resumption of dividend payments

Pleasing sales growth on prior year of +14.3% despite COVID-19 related disruptions

Health and safety

One LTI in Q1 2021 for a total of 6 lost days.

Q1 FY22 Trading performance

Group sales growth for Q1 FY22 of +14.3% on the prior year. Group sales at \$78.2m (\$68.3m FY21). FS sales for Q1 FY22 up +23.4% on the prior year. TD sales for full year FY22 up +8.5% on the prior year. Konnect and Artia Australia up +22.0% on the prior year.

Sales impacted by the enforced New Zealand Government Alert 4 lockdown and State Government restrictions in Australia which we estimate negatively impacted sales in the order of \$2.5m - \$3.5m.

Net assets

The Group has a solid balance sheet with Net Assets of \$111.0m as at 30 September 2021. Inventory levels have been increased by \$5.0m YTD FY22 to minimise the impact of global supply chain issues and stock shortages.

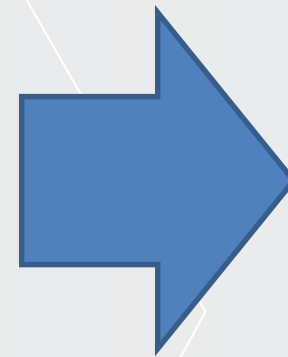
COVID-19

All business units are operating with COVID-safe plans. We are managing the impact of Government lockdowns in Australia and New Zealand along with supply chain and stock shortage issues.

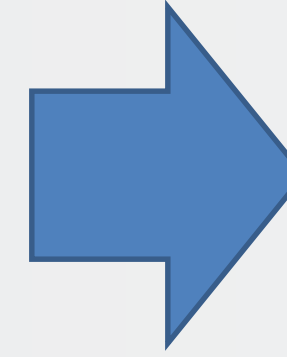
We remain cautiously optimistic

Current challenges

- Managing COVID risk – vaccinations
- Government lockdowns
- Construction shutdowns
- Supply chain issues
- Stock shortages
- Labour shortages
- Wage pressures
- Commodity price fluctuations
- Price inflation



Current challenges will continue into the medium term



Yet we remain cautiously optimistic

- Our markets are performing well
- Government stimulus will continue
- Significant organic growth opportunities exist - new stores, store makeovers, new products, marketing and promotion, on-line ordering
- Acquisition opportunities exist

COVID-19 PANDEMIC

Fluid Systems markets have to date continued to perform well

Markets

- Mining and resources
 - Iron Ore – performing very well and expected to stay solid
 - Coal – performing very well despite China sanctions
- Defence – major opportunity for FS
- Transport – growing sector
- Agriculture – growing sector
- Recycling – growing sector
- Infrastructure – growing sector

COVID-19

- No Government JobKeeper support received
- COVID-19 impacts managed well
- Supply chain disruption overseas and locally is being managed
- Suppliers are reporting difficulties obtaining raw materials – we are expanding our forward order program to increase stock holdings
- The majority of suppliers are increasing prices – we are passing on where possible

Key wins/recent developments

- Active discussions in progress aimed at delivering further re-fuelling systems sales in FY22
- Expanded Redcliffe WA operations to second location
- Completion of the H.I.S. Hose acquisition 1 Dec 2020
- Completion of the FPS acquisition 1 May 2021
- New branch opened in Port Hedland

Opportunities

- Delivery of additional services and geographic branch expansion
- Expand hydraulic cylinder market share – investment already made into required equipment
- Expand hydraulics, fluid dispensing and refuelling systems capabilities and customers
- Increase exposure to other sectors such as agriculture, oil & gas, defence, transport, recycling and manufacturing
- Acquisitions

Trade Distribution continues to be a big opportunity for growth

Markets

- Industrial – performing well
- Commercial construction – performing well with some localised softness due to lockdowns
- Infrastructure – market is expanding and will continue to do so with significant Federal and State Government spend commitments
- Oil and gas – sector is recovering
- Cabinet making – performing well
- Roofing and cladding – performing well
- Agriculture and aquaculture – performing well and expected to grow

COVID-19

- No Government JobKeeper support received in Australia.
- Some Government assistance received in New Zealand during Q1 FY22 Alert 4 business shutdown.
- Supply chain disruption overseas and locally is being managed – we are increasing stock holdings where we can.
- The majority of suppliers are increasing prices – we are passing on where possible

Key wins/recent developments

- KAA return to profit and strong sales growth Q1 FY22
- Opened a new branch in Invercargill, New Zealand in FY21
- Opened a new branch in Rockhampton, Australia in FY22
- Mount Gambier branch, Mount Manganui and Auckland CBD branches expanded in FY21. Gold Coast, Cairns and Burnie store makeovers completed in FY21.
- Sales growth following installation of Off-Coil Bender in Nubco

Opportunities

- Store expansion and makeovers in Australia and New Zealand
- Product range expansion
- Increasing size and capability of business development and sales representative field team
- Steel reinforcing and concrete formwork market growth
- Infrastructure market and large national customers
- Digital customer engagement – e-commerce
- Acquisitions

The Group is cautiously optimistic for the FY22 financial year

- The markets in which FS and TD operate are to date performing well.
- There are significant growth opportunities across all segments of the business – market share gains, new branches, product range extension and acquisitions.
- Medium-term target to achieve 7.5% group EBITDA margins.
- Whilst pleased to report improving performance for FY21 and a positive start to FY22, we are not providing FY22 guidance due to continuing COVID-19 uncertainty.



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