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Trading Update and Investor Presentation 2019

*Delivering innovative industrial
solutions to the mining, construction
and manufacturing sectors*

Key Market Metrics

SHARE PRICE

19 JUNE 2019

\$0.78

**SHARES ON
ISSUE**

89.7M

**MARKET
CAPITALISATION**

\$70.0M

NET DEBT

31 MAY 2019

\$7.3M

**PRO-FORMA FY19
REVENUE (f)**

\$ 230.4

**ENTERPRISE
VALUE**

\$77.3M

**EV / FY19 PRO-
FORMA REVENUE**

0.34x

Substantial Shareholders



Viburnum
FUNDS

30.8%



7.7%

SANDON CAPITAL

7.1%



6.4%



Coventry Group Ltd

ASX: CYG

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NEIL CATHIE
Independent Non-Executive Chairman

27 year career at Australia's largest and most successful plumbing and bathroom distributor, Reece Ltd, in finance and governance roles.

Director at and advisor to a number of private companies including Bowens Timber & Hardware and Middendorp Electric.



ROBERT BULLUSS
CEO & Managing Director

Appointed CEO in May 2017 after holding the role of CFO and Company Secretary since October 2016.

15 years within the Australian division of Bunzl plc.



ANDREW NISBET
Independent Non-Executive Director

Appointed in September 2017.

Extensive career in senior management roles at Reece Ltd.



JAMES TODD
Independent Non-Executive Director

Appointed in September 2018.

Former Managing Director of Wolseley Private Equity, an independent private equity firm which he co-founded in 1999. Non-executive director of ASX listed companies IVE Group Ltd and HRL Holdings Ltd.

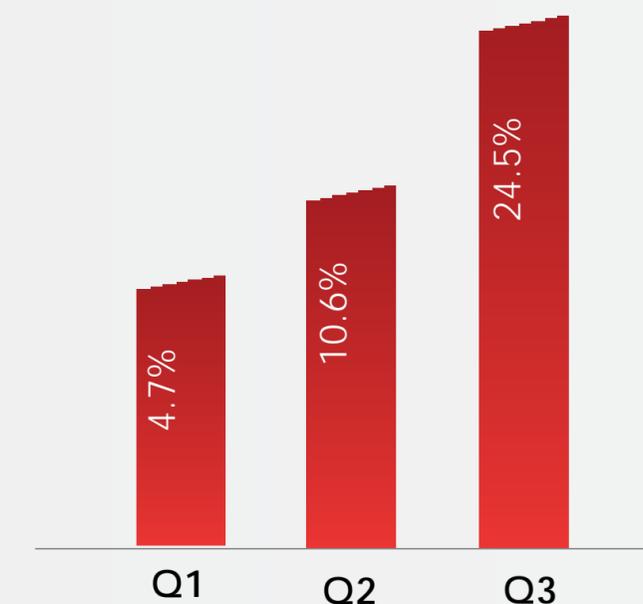


ROD JACKSON
CFO

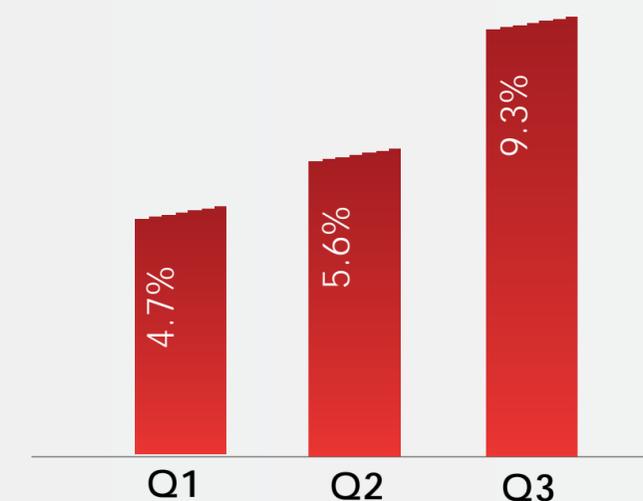
Appointed CFO in September 2017.

Spent four years at the Finance Director at Bunzl Outsourcing Services Ltd. Prior to joining Coventry Group. Before this he was the CFO at Linfox.

Coventry Group's trading performance has improved significantly over recent time periods.



Quarterly sales growth (including acquisitions)



Quarterly sales growth (excluding acquisitions)

Strong YTD sales growth +17.7% including acquisitions

- Excluding acquisitions YTD sales growth +6.5% which represents solid organic growth – momentum is building.
- Including acquisitions the Group delivered record sales for May of \$22.9m. Excluding acquisitions the Group delivered sales of \$17.7m in May which is the best monthly sales result in over 4 years.

Group profitability improving

May unaudited Group EBITDA \$1.0m

Significant margin expansion opportunity in TDA as growth reduces fixed costs as a % of sales.

Balance sheet in a strong position with only \$7.3m of net debt at 31 May 2019

The business is highly cash generative with limited capex and we expect to be in a net cash position by the end of calendar 2019.

Well placed to renegotiate banking relationships post 30 June 2019 in order to increase funding flexibility and reduce cost.

Future acquisitions can be funded by operating cash flows and debt.

Nubco and Torque integrations progressing to plan

Sales and profit margins in-line with expectations

Drive profitable sales growth

- Significant focus on improving service levels in TDA - green shoots emerging with May sales growth of 5.7% on the pcp excluding closed branches.
- Key business development hires in NSW, QLD, VIC and WA. Return of a number of experienced ex-Coventry Group personnel.
- The Group has a small market share (<10%) in the industrial trade supply market with lots of opportunities for growth.

Optimize existing branch network and DC footprint

- Repositioning two mainland Konnect branches to more general industrial supply branches with the help of the Nubco team. If they prove to be successful then we will consider a larger rollout of the concept through the branch network.
- Continued optimization of DC footprint – anticipate a further \$1.5m savings over the next two years.

Procurement savings and price harmonization

- \$1.0m of procurement savings identified and being captured as a result of Nubco acquisition and overseas buying initiatives. Expect full run-rate benefit from 1Q FY20.

Sensible strategic acquisitions

- Team in place who has a very successful history of growing businesses through sensible and strategic acquisitions.
- Pipeline of interesting opportunities.
- Funding will be through debt and operating cash flows.

The outlook is positive. The Group will return to profitability in FY19, barring unforeseen circumstances in June 19.

- The business has substantial operating leverage as sales grow. There is limited additional operating costs required to support sales growth – the majority of incremental gross margin should drop to the EBITDA line.
- There are significant growth opportunities across all aspects of the business – market share gains, new branches, product range extension, and acquisitions.
- The outlook for our end industry exposures (commercial construction / infrastructure and mining) is positive. The Group has negligible exposure to the residential construction markets.
- A significant improvement in profitability is forecast for FY20 with the inclusion of recent acquisitions for a full 12 months, continued sales growth, procurement savings & continued optimization of the distribution footprint.
- FY20 EBITDA forecast \$10m+ assuming continuation of current trends and no adverse broader market developments.
- Medium-term target to achieve 7.5% group EBITDA margins on track.
- Significant tax losses available to offset against future profits.

Coventry Group trades at a significant discount to comparable trade distribution companies

	Coventry Group	Reece	Supply Networks	Bapcor	Fastenal
Market capitalisation	A\$70.0m	A\$5.5bn	A\$142m	A\$1.56bn	US\$17.9bn
Enterprise Value	A\$77.3m	A\$7.1bn	A\$148m	A\$1.91bn	US\$18.5bn
FY19 Revenue (f)	A\$230.4m(*)	A\$5.4bn	A\$122m	\$1.32bn	US\$5.4bn
EV / LTM Revenue	0.34x	1.3x	1.2x	1.4x	3.4x

* Coventry Group Ltd management estimate

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