

The Advertiser

SE Business
HD **Korvest manufactures the vision for its future**

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FIFTEEN months ago, South Aus-tralian publicly listed industrial manufacturing **company** Korvest Limited began stretching its newfound wings.

In the next two years, the **company** – which has turnover of \$70 **million** and employs 302 staff – expects to soar to new heights, doubling turnover through organic growth and acquisitions and expanding into the Asia-Pacific market.

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And it's not just a leap of faith and aspiration – it comes after a long, hard look at the business, managing director Alexander Kachellek says.

"We completed a strategic review of the business just after Easter, which set some clear directives." The review followed the exit of major shareholder Hills Limited on February 19 last year, ending a 28-year partnership. Korvest's share price is now back around the \$7 mark – levels it last saw with Hills on board.

The core business of Korvest is manufacturing cable and pipe support systems, hand-rails and fabricated products and producing galvanised steel (steel coated with zinc to prevent corrosion) for the construction, resources and other industries mainly in SA, NSW, Queensland and WA through the Korvest Galvanisers, EzyStrut and Indax businesses.

Last year, Korvest acquired associated industrial products businesses Power Step and Titan Technologies. Mr Kachellek, who has always talked up Hills' exit as an opportunity for Korvest to test its own potential, is now ready to deliver the group's revamped focus.

Korvest's Indax business, which supplies made-to-order hand-rail, walkway and other industrial walkway infrastructure, is now on the market.

The **sale** is expected to free up capacity at the Kilburn facility to service a number of major orders in its EzyStrut business from ongoing **oil** and gas projects across Australia.

Mr Kachellek said: "Both our EzyStrut and galvanising businesses are growing thanks to some good projects nationally. We're possibly market leaders in the Indax space but it's a bit stagnant because it's project dependent. We have had about four interested parties." While most of the Indax employ-ees are being absorbed into the other businesses, there will be two or three redundancies.

CONTINUED PAGE 76 Korvest's vision for the future FROM PAGE 75 "We have taken on about 60 people since late last year when the **oil** and gas orders started coming in, slowly ramping up," Mr Kachellek said. Korvest expects second-half trading conditions will be at levels about 20 per cent greater than those of the first half.

Korvest's first-half profit after tax was \$2.3 **million** at the end of December. "The exact profit boost is dependent upon when the customers will take their orders, if within this half then great," Mr Kachellek said.

Korvest's diverse client base has put it in an envious position amid the struggling Australian manufacturing industry.

"We don't sell into one industry, we sell to many and that's been our strength," he said. "Of course anything can happen round the corner and we can get scarred as we did from the collapse of major engineering and construction companies some years ago (Bianco Steel and Hastie).

Re-investing about \$2 million to \$3 million per year in upgrading or replacing plant and equipment has helped compete with the Chinese, American and European competitors. But it has been topped up by lower lead times and a productive workforce, Mr Kachellek said, adding: "Adelaide is a good place for manufacturing, positioned ideally for dealing with east and west and a more stable workforce.

"If we are to grow the business we need to find replacement projects in the future to keep almost everyone on." Korvest's strategy had been to be competitive and more global in efforts to bring in work. He said: "Some Australian projects are managed globally with project managers sitting in offices in the US or Europe. Now we want to tap into the Asia-Pacific contacts where we are already supplying products."

KORVEST ANNUAL TURNOVER: \$70m MARKET CAPITALISATION: Around \$63m EMPLOYEES: 302 (200 in SA) SUBSIDIARIES: EzyStrut, Indax, PowerStep, Titan Technologies

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