



crevet limited annual report 1999 crevet limited annual report 1999 crevet limited annual

Crevet Limited is an Australian owned manufacturer and supplier of pipes, valves and fittings used in the building, construction and infrastructure industries.

The major operating entities of the Group are *Crevet Pipelines*, the company's sales and distribution division, *Northern Iron and Brass Foundry (NIBF)*, the company's metal manufacturing operation and *Thor Plastics*, its plastics manufacturing arm.

CORPORATE

The corporate head office based in Brisbane is responsible for strategic planning, policies and procedures and management.

SALES AND DISTRIBUTION

Crevet Pipelines is Crevet's national sales and distribution network and is also responsible for marketing and customer service.

Crevet Pipelines operates from 12 locations including all mainland capital cities and six strategically located regional outlets in Townsville, Rockhampton, Alstonville, Bathurst, Charmhaven and Wodonga. These locations have been selected to ensure the greatest possible level of service and convenience to Crevet customers.

Crevet recently entered into an exclusive distribution agreement with *Sinclair Foundry Products* to distribute a comprehensive range of 'grey water' Ensign pipes and fittings and other metal products through its Crevet Pipelines distribution centres. In addition, Crevet maintains a distribution arrangement with New Zealand pipe specialist, *Mico Pipelines*, where Crevet products are distributed through the *Mico Pipelines* national distribution chain.

MANUFACTURING

Crevet's manufacturing operations can be grouped into plastics and metal manufacturing. The manufacturing divisions are also responsible for product quality, research and development and technological innovation.



Plastics

Crevet's plastics manufacturing is undertaken by *Thor Plastics* at Wacol in Brisbane. It specialises in the manufacture of unplasticised polyvinyl chloride pipe (uPVC), which is used in urban and rural water reticulation systems, irrigation pipelines, and telecommunication and electrical conduits. The company also manufactures modified poly vinyl chloride pipe (mPVC). This high strength pressure pipe consisting of advanced plastic alloys combined with conventional PVC resins is used predominately in the irrigation sector.

Metal

Crevet's metal manufacturing is undertaken by the company's *NIBF* operations at Innisfail in North Queensland. This operation manufactures cast and ductile iron fittings and valves used in water reticulation, as well as a range of metal castings for various agricultural, industrial and mining applications.

In July 1999, Crevet's second and smaller metal manufacturing operation in Sale, Victoria ceased operations. This plant was responsible for producing the company's sewer and other 'grey water' products. These products have now been replaced by the more cost efficient Ensign range, which is imported from Europe.

- In October 1998 Crevet entered an exclusive distribution arrangement with *Mico Pipelines* in New Zealand to hold and distribute stock for Crevet throughout their nation-wide sales and distribution centres. This arrangement was made to increase the reach of Crevet's products in New Zealand while eliminating the costs of maintaining an off-shore subsidiary.
- Two new directors were appointed to the Board in the second half of the year. Mr Ian Fraser has more than 25 years experience in executive management positions in the engineering, transport and manufacturing industries. Mr Glenn Molloy has more than 20 years experience in the plastics industry from the development and growth of *Plaspak*, a manufacturer of rigid plastic packaging and components.
- Crevet signed an exclusive five-year agreement with *Sinclair Foundry Products*, a subsidiary of the world's largest cast-iron pipe manufacturer, *Saint Gobain* of France, to distribute 'grey water' Ensign products in Australia and New Zealand. The agreement enables Crevet to replace existing, mature products with superior and more cost-efficient products, and will enable further penetration of this \$100 million market sector.
- Crevet ceased production of its own metal sewer product and closed the Sale operation. The agreement with *Sinclair Foundry Products* provides Crevet with the opportunity to replace the Company's mature product range of thick walled sewer pipes with a superior product, improving Crevet's position in the market in the long term.
- Significantly lower selling prices across both metal and PVC products, caused by intense competition, reduced profit margins by more than \$3 million.
- Crevet's plastics division, *Thor Plastics*, won the 1999 *Workplace Health and Safety Innovation Award*, in the category of a medium sized business, for the development of a unique product to reduce employees' exposure to dust particles during the manufacture of PVC pipe. This product, together with changes to the manufacturing environment, not only reduced employee exposure to airborne particles but also improved the efficiency of the manufacturing process.

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		1999	1998	1997	1996	1995
Sales Revenue	\$000	99,539	105,471	99,749	109,126	101,635
Operating Result Before Abnormal Items and Tax	\$000	1,099	1,818	1,204	[982]	7,584
Operating Result After Abnormal Items and Tax	\$000	[2,097]	[3,759]	157	[1,722]	5,194
Net Assets	\$000	27,707	29,804	34,093	33,950	24,073
Earnings per Share	Cents	[5.8]	[10.4]	0.4	[4.9]	19.4
Dividends per Share	Cents	0.0	1.5	0.0	4.0	10.0
Net Assets per Share	Cents	76.6	82.4	94.3	93.9	88.8
Net Tangible Assets per Share	Cents	74.1	79.4	91.2	90.5	83.5
Gearing Ratio	%	56	72	55	59	114

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