

National Hire Group Limited financial results for the full year ended 30 June 2009

ASX Announcement 27 August 2009

Full Year Performance

National Hire Group Limited (ASX code: NHR) today reported a net profit after tax of \$25.1m for the 12 months ended 30 June 2009, down from \$42.5m for the previous corresponding period ("pcp"). The result was primarily driven by the \$20.2m share of profit from equity accounted investments (i.e. share of profits from Coates Group Holdings Pty Ltd). The balance was delivered by the Equipment Sales and Support business, which increased its net profit after tax contribution to \$4.9m in the current period from \$3.5m in the pcp.

The Coates Group transaction took effect from 9 January 2008. The financial implications of that transaction on the Company make comparisons between the current reported results and those from the pcp of limited use as:

- A profit from discontinued operations of \$37.8m (which comprised a consolidated after tax profit of \$25.9m on the transfer of the National Hire Rental Business to Coates Group and a net profit contribution from the National Hire Rental Business of \$11.9m for the period from 1 July 2007 to its transfer on 9 January 2008) was included in the pcp;
- The pcp included slightly less than 6 months contribution from the Company's investment in Coates Group versus a full 12 month contribution in the current period; and
- The Coates Group result for the pcp included a number of non-recurring costs relating to transaction implementation.

Results Highlights

- Equipment Sales and Support Revenue \$104.4m
- NPAT \$25.1m
- Coates contribution to NPAT of \$20.2m
- EPS 16.88 cents
- Net cash of \$5.7m at 30 June 2009 with undrawn facilities of \$25m available for organic and acquisitive growth opportunities

Managing Director of National Hire, Mr Andrew Aitken, said:

"Although the operating environment during the period was difficult, especially the second 6 months of the year, there are a number of positives that can be taken from the results. The Equipment Sales and Support business grew revenues and launched new products successfully. Coates Group has successfully completed the integration of the National Hire rental business and is now focused on improving profitability and growth."

The Company has decided not to pay a final dividend. Given the limitation on dividends out of Coates Group and the current economic environment, the Board continues to believe that it is prudent to retain cash within the business in order to fund organic and acquisitive growth opportunities that may arise.

Key Financial Result Comparatives

12 months ended 30 June (\$million)	2009	2008	Change
Revenue from continuing operations	106.7	84.1	27%
EBITDA	7.5	6.1	24%
Depreciation & amortisation	(0.6)	(0.7)	(13%)
EBIT	6.9	5.4	28%
Finance costs	(0.4)	-	-
Share of net profits of associates accounted for using the equity method	20.2	1.2	1,583%
Profit before tax	26.7	6.6	304%
Tax expense	(1.6)	(1.9)	14%
Net profit after tax from continuing operations	25.1	4.7	434%
Profit from discontinued operations	-	37.8	-
Reported net profit after tax	25.1	42.5	(41%)
EPS from continuing operations (cents)	16.88	3.50	382%
DPS relating to year's earnings fully franked (cents)	0.0	6.0	-

Divisional Commentary for the Period

Equipment Sales and Support

The principal activities of this business relate to the manufacture, assembly and sales of mobile lighting, power generation and dewatering equipment and distribution of Perkins engines, FG Wilson power generation sets and Godwin wetends.

Increased revenue in the Equipment Sales and Support business has come as a result of:

- the release of the Nightshifter lighting tower product internationally;
- sales of the MineSeries product in the domestic mining industry; and
- growth in the power generation business.

Management is focused on the continued growth of the business through expanded product offerings and export market penetration through new dealers while maintaining margins.

Coates Business Update

	Twelve months to 30 June 2009	Period from 9 January to 30 June 2008
Revenue	978.1	543.0
Tax expense	(13.9)	(1.4)
Net profit after tax	43.7	2.5
Total Assets	2,922	3,012
Total Liabilities	2,176	2,279

The general decline in business activity in the broader economy has resulted in Coates Group experiencing a decline in revenue over the last 9 months of the financial year when compared to the first quarter.

Profit margins have reduced from their peak in the first quarter of this financial year. However, cost management and synergy initiatives delivered from integration plans provided some margin support across the full financial year.

Capital expenditure in the Coates Group is currently running at lower than the historic levels of the former Coates and National Hire rental businesses. The cash flow savings will provide funding for the expected increased activity when projects initiated through Government stimulus packages commence.

Debt was reduced by \$140m during the September quarter to \$1.986bn. The repayments were funded by operating cash flows and assets sales. As at the balance date, Coates Group was in compliance with its debt covenants. Ongoing interest costs have reduced as a result of the partial unwind of interest rate hedges during the period.

The Company and Carlyle each marginally reduced their economic interest in Coates Group to 46.1% during the period to facilitate investment by senior management in Coates Group. The Company received \$4.7m cash as a result.

No dividends were declared or paid by Coates Group during or in relation to the financial year and it is unlikely that any will be paid until debt levels have been substantially reduced.

The mark to market of interest rate swaps and caps in place at 30 June 2009 had a negative before tax impact of \$44.7m (\$31.3m after tax) compared to the amount recognised at 31 December 2008 of \$74m before tax (\$52m after tax). This represents a reversal of \$29.3m before tax (\$20.7m after tax) from the position at 31 December 2008. This has resulted in an increase in the value of equity accounted investment in Coates Group of \$9.6m since 31 December 2008.

Coates Group management is continuing to focus on revenue enhancement initiatives, including capturing a share of Government stimulus initiatives and the increased opportunity in the Oil & Gas sector.

Annual General Meeting

The Annual General Meeting will be held in Perth on Friday 20 November 2009.

Contact

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