

National Hire Group Limited

ALLIGHT

National Hire Group Limited

2009 FULL YEAR RESULTS PRESENTATION

coates



Perkins®



Highlights

Financial Performance Highlights	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	-

- Revenue from continuing operations up 27% on pcp.
- EBIT from continuing operations up 28% on pcp.
- Cash of \$5.7m and undrawn facilities of \$25m at balance date.
- Coates contribution to NPAT of \$20.2m (46% of Coates NPAT).

The financial implications of the Coates Group transaction on the Company make comparisons between the current reported results and those from the previous corresponding period ("pcp") of limited use. The pcp was a transitional year which included full ownership of the National Hire Rental Business for part of the year, profit on disposal of the business and an equity accounted interest of 47% of Coates Group while the current period reflects the equity accounted result of the Company's 46.1% investment in Coates Group for the full 12 month period.

Balance Sheet

As at 30 June (\$million)	2009	2008	Change
Cash	5.7	18.5	(69%)
Receivables	19.1	26.6	(28%)
Inventory	41.5	29.3	42%
Property, Plant & Equipment	1.4	1.6	(15%)
Intangibles	21.1	21.3	(1%)
Investment in Associate	307.4	309.9	(0.8%)
Current Tax receivable	5.0	0.0	-
Other	0.1	0.5	(80%)
Total Assets	401.3	407.7	(2%)
Trade Payables	16.4	20.8	(21%)
Current Tax liabilities	0.0	8.9	-
Deferred Tax liabilities	15.9	16.6	(4%)
Other liabilities	0.6	0.2	200%
Net Assets	368.4	361.2	2%
Net Assets per Share - \$	\$2.48	\$2.43	2%
Net Tangible Assets per share - \$	\$2.34	\$2.29	2%

- Increase in inventory reflects:
 - Higher sales volumes (increase of 27%)
 - Increased purchasing costs as a result of the significant devaluation of the Australian dollar over the period
 - Investment in new product – Nighshifter lighting tower
- Movement in current tax items reflects completion of group consolidated tax returns
- Movement in value of Coates Group investment primarily due to National Hire's share of:
 - NPAT \$20.2m
 - Negative mark to market on interest rate hedges (\$14.4m)
 - Management equity plan (\$4.7m)
 - Movement in other reserves of associate (\$0.7m)
 - Elimination of unrealised profits and other items (\$2.9m)

Cash Flow

12 months ended 30 June (\$million)	2009	2008
Net cash flow - trading activities	(12.0)	64.4
Interest & Tax	(2.7)	(14.8)
Net cash flow operations	(14.7)	49.6
Net cash flows - investing	4.9	(124.0)
Net cash flows - financing	(3.0)	88.8
Net increase/(decrease) in cash held	(12.8)	14.4
Cash at beginning of period	18.5	4.1
Cash at period end	5.7	18.5

- The cash flow statement for 2008 includes cash flows from the National Hire rental division which was disposed of as part of the Coates Group transaction.
- The change in cash flows from operating activities is primarily due to the increased investment in inventory arising from devaluation of AUD\$ and product expansion into international markets.
- Cash flow from investing activities reflects funds received as part of the Coates Group management equity plan which reduced National Hire's investment in Coates Group.
- Cash flow from financing activities reflects final dividend paid by National Hire for FY08 of \$2.9m.

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Summary Financials – Coates Group

	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

Coates Group Update

- National Hire's equity accounted share of profits from Coates Group for the year is \$20.2m.
- General decline in business activity during the period saw a decline in revenues over the last 3 quarters when compared with the revenue levels of the first quarter.
- No dividends declared during or after the end of the period. Dividends are unlikely until debt levels have been substantially reduced.
- Cost management and synergy initiatives provided some margin support in the last 3 quarters.
- Capex spend is reduced from historic levels of former Coates and National Hire businesses due to reduced activity.
- Senior debt facility reduced by \$140m during the first quarter to \$1.986bn. Complying with debt covenants at 30 June 2009.
- Interest costs on debt have reduced through partial unwind of interest rate hedges during the period.
- National Hire and Carlyle each marginally reduced their economic interest in Coates Group to facilitate management investment.

Summary

- Both the Equipment Sales and Support and Coates Group businesses performed adequately in what was a difficult period.
- Both businesses are well placed to participate in any recovery in the economy and both have implemented a number of revenue maintenance initiatives.
- The Company has decided not to pay a final dividend. The Board continues to believe that it is prudent in the current environment to retain cash within the group in order to fund organic and acquisitive growth opportunities that may arise.