

## ASX Announcement 16 February 2010

### First Half Performance Half Year Ended 31 December 2009

National Hire Group Limited (ASX code: NHR) today reported a net profit after tax of \$2.8m for the six months ended 31 December 2009, down from \$15.3m for the previous corresponding period ("pcp") but within the range indicated at the AGM. This was mainly due to the reduction in the share of profit from equity accounted investments (i.e. share of profits from Coates Hire) which was down to \$1.9m from \$12.3m in the pcp. The Coates Hire result was affected by:

- revenues being off approximately 19% compared to the pcp; and
- losses incurred through the divestment of the Allied business.

Weaker revenues in the Allight Equipment Sales and Support business led to a reduced profit contribution from this division as well.

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

"Although the profit performance of the Coates Hire and Allight businesses was significantly down against the prior corresponding period, both businesses generated strong cash flows during this difficult trading period. Sound capital management has put them in a good position to maximise opportunities in line with the general improvement in business conditions."

The Company has decided not to pay an interim dividend given the lack of dividends out of Coates Hire and a desire to retain cash to pursue organic and acquisitive growth opportunities.

#### Key Results

- Equipment Sales and Support revenue - \$41.5m down 27% on pcp.
- NPAT - \$2.8m including \$1.9m share of profit from equity accounted investments (Coates Hire).
- Net cash of \$9.9m with undrawn facilities at balance date of \$25m available for organic and acquisitive growth opportunities.
- Net assets per share of \$2.52.

#### Key Financial Result Comparatives

Six months ended 31 December (\$million)	2009	2008	Change
<b>Revenue from continuing operations</b>	<b>42.4</b>	<b>58.5</b>	<b>(27%)</b>
<b>EBITDA</b>	<b>1.7</b>	<b>5.1</b>	<b>(63%)</b>
Depreciation & amortisation	(0.3)	(0.3)	-
<b>EBIT</b>	<b>1.4</b>	<b>4.8</b>	<b>(67%)</b>
Finance costs	(0.1)	(0.2)	-
Share of net profits of associates accounted for using the equity method	1.9	12.3	(85%)
<b>Profit before tax</b>	<b>3.2</b>	<b>16.9</b>	<b>(80%)</b>
Tax expense	(0.4)	(1.6)	(69%)
<b>Net profit after tax from continuing operations</b>	<b>2.8</b>	<b>15.3</b>	<b>(82%)</b>
Profit from discontinued operations	-	-	-
<b>Reported net profit after tax</b>	<b>2.8</b>	<b>15.3</b>	<b>(82%)</b>
EPS cents	1.87	10.3	(82%)
Interim DPS cents	-	-	-

## **Divisional Commentary for the Period**

### ***Allight - Equipment Sales and Support***

Revenues over the past 6 months decreased 27% against the pcp to \$42.4m primarily due to:

- the deterioration in general trading conditions; and
- industry-wide restrictions on investment in new capital equipment.

Prudent capital management saw inventory levels reduced to \$35m from \$41.5m at 30 June 2009. This positively affected both cash flows and the cash position of National Hire during the period.

### ***Coates Hire***

The weakness in general business activity also impacted National Hire's equity accounted share of profits from Coates Hire.

Operating cash flows and asset sales funded a further \$100m reduction in Coates Hire senior debt during the six month period. Together with cash at bank of \$277m, net senior debt was effectively \$1.508bn at 31 December 2009. Coates Hire continues to be in compliance with its banking covenants.

<b>Six months ended 31 December (\$million)</b>	<b>2009</b>
<b>Revenue</b>	<b>477.7</b>
<b>Net profit after tax from continuing operations</b>	<b>4.2</b>
<b>Total Assets</b>	<b>2,825</b>
<b>Total Liabilities</b>	<b>2,067</b>

### **Going forward**

Allight has a number of initiatives underway to take advantage of the improving business conditions. These are expected to deliver improved financial performance in the second half of the current financial year. The Allight business is continuing to expand its global distribution platform and recently made its first shipment of selected Allight products to Barloworld Equipment, the Caterpillar and Perkins distributor for Southern Africa.

Coates Hire believes that the improvement in general business conditions, and minimal impact from the finalization of the Allied divestment process, should lead to materially improved profitability for the second half of the current financial year when compared against the first half.

### **Contact**

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### **About National Hire**

National Hire Group Limited owns an equipment sales and support business which operates under the name Allight and a 46.1% interest in Coates Group Holdings Pty Ltd which owns the Coates Hire business.

Allight manufactures, assembles, sells and supports mobile lighting, power generation and dewatering equipment and distributes Perkins engines, FG Wilson power generation sets and Godwin wetends.

Coates Hire is the largest rental business in Australia and is one of the largest rental businesses globally. Coates Hire has been hiring equipment to the mining construction and event management sectors for more than a century, and today has a network of over 200 branches across Australia.