

ASX Announcement

8 October 2010

ACQUISITION OF SYKES GROUP

National Hire Group Limited (ASX: **NHR**) today announced that its subsidiary, Allight Holdings Pty Ltd, has entered into an agreement to acquire all of the issued shares in Pump Rentals Pty Ltd which, through its wholly owned subsidiary Sykes Group Pty Ltd, is one of the world's largest manufacturers and distributors of auto prime pumps for the mining, construction and civil engineering sectors. The acquisition will expand the product offering and export market penetration of National Hire's equipment sales and support business, Allight.

The proposed purchase price for Sykes Group is \$50 million (enterprise value). The transaction is subject to an additional earn-out amount of up to \$5 million if the combined equipment sales and support business achieves certain earnings before interest and tax (EBIT) hurdles before 31 December 2012. The acquisition will be funded from available cash reserves and a combination of new and existing debt facilities. Completion of the acquisition is subject to a number of conditions.

The acquisition is consistent with National Hire's strategy to pursue value accretive acquisition opportunities to expand the equipment sales and support business and would be earnings accretive on a pro forma basis for National Hire.

Growth and Opportunities

The acquisition will enable National Hire's equipment sales and support business to offer a broader range of auto prime pump solutions to local and export markets. Andrew Aitken, Managing Director of National Hire said, "This is a company transforming acquisition for National Hire's equipment sales and support business. Sykes pumps employ advanced technology and are regarded as a premium brand in the global pump industry. Sykes Group provides scale, volume and distribution opportunities for National Hire that will help underpin future growth."

Sykes Group has established distribution networks and customers across a number of export markets including the United Arab Emirates, Africa, Indonesia, the United States and New Zealand. Andrew Aitken further said, "The acquisition enables us to expand our pump distribution into a number of new overseas markets. Over the longer term, we believe this will also create significant export opportunities for Allight's lighting towers and other product lines".

Sykes Group's manufacturing facilities in New South Wales and Dubai will enable the National Hire group to better service global markets with more efficient use of production facilities. Following the acquisition, the group is expected to have greater capacity to meet customer demand for sales and support of pumps, lighting towers and other distributed products. The additional manufacturing facilities, and Allight's access to premium engine components, is expected to enable National Hire to generate improved performance from the Sykes Group pump business.

Sykes Group has a highly experienced management team, sales force and engineering workforce, which will complement Allight's existing staff and support the combined group's activities.

About Sykes Group

Sykes Group has been a major participant in Australia's pump market for over 40 years. Since 2003 it has extended its reach into major mining and construction markets around the world and today is one of the world's largest manufacturers and distributors of auto prime pumps.

Key features of the Sykes Group business are:

- established global pump design, manufacturing and distribution business
- specialises in the delivery of standard and custom built pumping equipment for large scale mining and industrial applications
- manufacturing facilities in Newcastle (NSW, Australia) and Dubai (United Arab Emirates)
- established distribution networks across Australia, United Arab Emirates, Africa, Indonesia, the United States and New Zealand
- Sykes employs approximately 100 people across the business and is led by a highly experienced and long standing management team
- expected turnover of \$50 - \$60 million for FY2011 (stand-alone basis).

Acquisition Conditions and Completion

The acquisition is subject to a number of conditions precedent including finalisation of National Hire's financing arrangements for the acquisition. The acquisition consideration and any earnout payment will be paid in cash, funded from existing cash reserves and debt. As part of the transaction, the group's existing debt facilities will be utilised in conjunction with additional unsecured funding on arm's length terms from Seven Group Holdings Limited (SGH) or its subsidiaries. Existing debt facilities of \$25m to fund acquisitions are currently undrawn. This facility, together with the short term facility to be provided by SGH, is expected to be refinanced prior to the expiry of both facilities in November 2011.

Completion of the acquisition is expected to occur before the end of the calendar year, subject to satisfaction or waiver of all of the conditions in the acquisition agreement.

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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, Godwin wetends and Rotair compressors.

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.