

National Hire

Investor Presentation

October 2004

CONFIDENTIAL



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**This presentation should be read in conjunction
with the Information Memorandum**

Presenters



RAY ROMANO
CHAIRMAN



STEPHEN DONNELLEY
MANAGING DIRECTOR



Agenda

- Introduction
- The Acquisitions
- The Combined Group
- Pro-Forma Financials
- Offer Details



Introduction



National Hire Today

- Conducts a significant equipment hire business on the eastern seaboard of Australia, with a distribution network in New South Wales, Victoria and Queensland
- FY04 revenue of \$35 million and EBITDA of \$7 million
- Estimated to be the 7th largest equipment hire business with approximately 1.3% market share
- Operates through 18 locations and various brands including:



The Transactions

- National Hire proposes to acquire:
 - The Cat Rental Store[®] business operated by WesTrac in Western Australia (“CRS WA”) for \$46.9 million, currently 100% owned by WesTrac
 - Allight Holdings Pty Ltd (“Allight”) for \$65.0 million, currently 67.3% owned by WesTrac, with the remainder being owned by Neven Botica (Allight CEO) and John De Ray (Allight CFO)
- Financed through the issue of 298.4 million National Hire shares to the vendors at \$0.375 per Share
- Raising \$40 million through an institutional placement to fund additional capex across the combined businesses
- The acquisitions and capital raising are subject to approval by the independent shareholders of National Hire and a number of conditions precedent



Transformation of National Hire

- It is estimated that following the acquisitions, National Hire will become one of the largest equipment hire companies in Australia and is well positioned to capitalise on further consolidation and growth opportunities

	Before	After
Market Capitalisation (\$m)	\$67.0	\$189.1 – \$203.1
FY05E Revenue (\$m)	\$48.9	\$168.8
FY05E EBITA (\$m)	\$4.8	\$26.2
FY05E Profit before Tax (\$m)	\$3.2	\$20.9
Number of Locations	18	40
Number of Employees	~250	~470
WesTrac Ownership	59.7%	57.8% - 58.9%
Geographic Presence	NSW, VIC, QLD	NSW , VIC, QLD, NT, SA, WA, Indonesia

Refer to the Information Memorandum for details



Sources and Uses of Funds

- The proposed acquisitions will be scrip funded
- The proposed capital raising will fund the roll-out of additional capital expenditure across the Combined Group
- National Hire will remain only moderately geared (13% Forecasted FY05 net debt to net debt plus equity), providing the group with substantial financial flexibility

\$ millions

Sources of Funds		Uses of Funds	
Acquisition Shares issued	\$111.9	Contracted Acquisitions	\$111.9
Capital Raising	40.0	Standalone Capex	39.3
Existing cash and debt facilities	15.4	Additional Capex	31.8
Cash Flows from Operating Activities	21.5	Transaction Costs	5.8
Total Sources	\$188.8	Total Uses	\$188.8

Refer to the Information Memorandum for details





The Acquisitions



CRS WA – Overview

- CRS WA is an equipment hire business, currently part of WesTrac, one of the leading Caterpillar dealers worldwide
- Commenced business in 2001 as a standalone single operation
- Currently operates 8 Cat Rental Stores in Western Australia
- Primarily focused on the hire of small and mid-sized Cat[®] equipment
- Equipment approximately 70% Cat and 30% Allied
- Over 800 customers, predominantly in the mining and civil sectors



CRS WA – Business Highlights

Customer Service

- Strong Cat product support and technical expertise

Cat Brand

- Global recognition, high customer and brand loyalty, name awareness and reputation for quality
- Provides CRS WA with:
 - strong market position in WA; and
 - access to worldwide market for the disposal of used equipment

Fleet

- Comprehensive young fleet leads to increased fleet efficiency, customer satisfaction and lower maintenance / repair costs

Mining Industry Focus

- Customer base provides leverage to the global mining industry

Growth Opportunities

- New locations; and
- Further expansion of Allied equipment



Allight – Overview

- Specialises in the hire, sale, design, assembly and distribution of:
 - mobile lighting equipment;
 - power generation equipment; and
 - de-watering pumps
- Over 200 employees, 14 stores in Australia and 2 in Indonesia
- Sole Australian distributor for Perkins engines through 69 independent distributors
- Sole Australian distributor of FG Wilson power generating sets
- Provides a full range of product support, including spare parts, servicing and project management





Allight – Business Highlights

- Strong brand awareness within target industry sectors
- Age of fleet (~2.4 yrs)
- National distribution network
- Vertical integration as OEM and distributor = significant cost advantages
- Product differentiation through commitment to in-house innovation, research and development
- Relationship with Caterpillar through its wholly owned subsidiaries Perkins and FG Wilson
- Excellent product support to hire customers, providing 24-hour (seven days a week) support Australia-wide



Acquisition Metrics

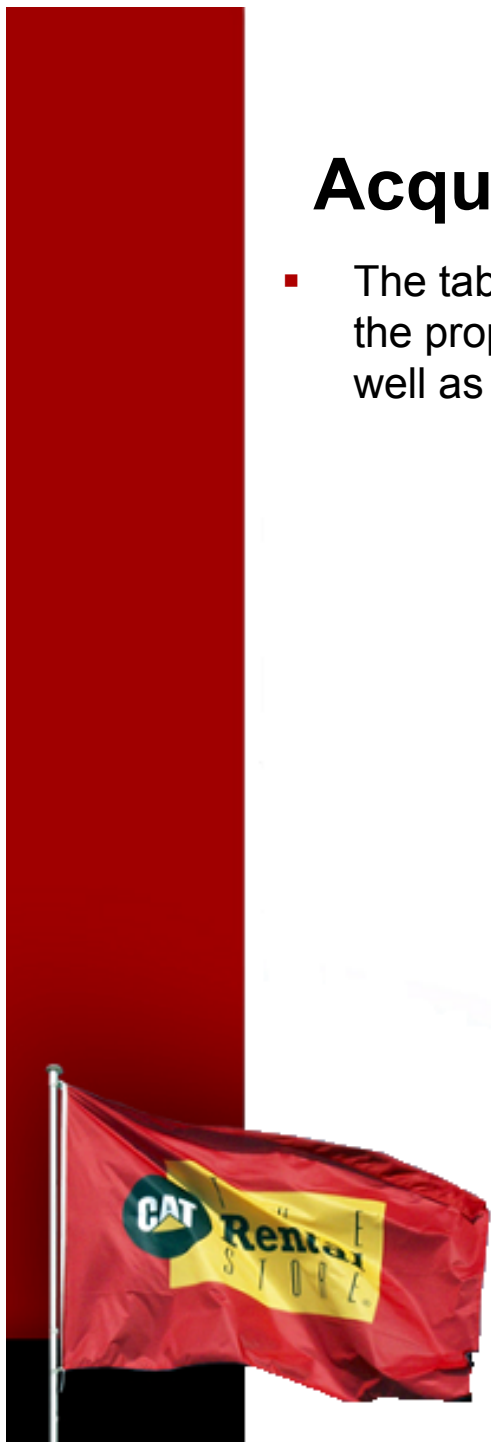
- The table below provides a summary of the acquisition metrics resulting from the proposed consideration to be paid for each of CRS WA and Allight as well as acquisition metrics for the combined businesses

(\$ millions, except for multiples)

	CRS WA	Allight	Total
Acquisition Values			
Equity Purchase Price	\$46.9	\$65.0	\$111.9
Net Debt as at 30 June 2004	-	17.5	17.5
Enterprise Value⁽¹⁾	\$46.9	\$82.5	\$129.4
Operating Financials			
Forecast FY05 EBITDA	\$15.6	\$18.8	\$34.4
Forecast FY05 EBITA	7.6	11.6	19.2
Net Assets Acquired	41.9	34.5	76.4
Goodwill	5.0	30.5	35.5
Acquisition Multiples			
EV / Forecast FY05 EBITDA	3.0x	4.4x	3.8x
EV / Forecast FY05 EBITA	6.2x	7.1x	6.7x

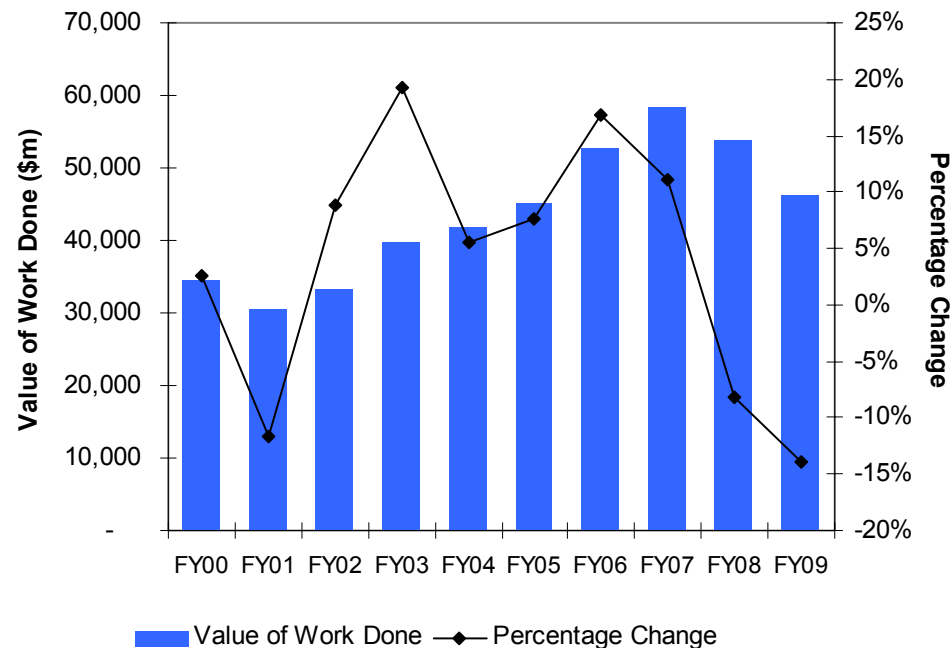
(1) Pre transaction costs

Refer to the Information Memorandum for details



Market Outlook

- BIS Shrapnel is forecasting the total construction sector to increase over the next 3 years, continuing the trend of strong growth in the past 3 years
 - Value of work done in the non-residential construction sector expected to increase by a further 20% over the next 3 years
 - Total mining and heavy industry engineering construction in Australia is expected to experience another strong phase of activity from FY06, which is forecast to establish new record levels, peaking in FY07



National Hire

The Combined Group



Westrac



THE
Rental
STORE



Acquisition Rationale

- Expanded store network and range of equipment
- Realise the benefits of scale, scope and synergies as CRS WA and Allight are in industries that are complementary to National Hire's existing operations
- Significantly increased market position in Australia
- Increased geographic reach provides:
 - Access to broader customer base;
 - Greater customer convenience; and
 - Enhanced customer service capability
- An expanded hire fleet will enhance the Company's ability to deliver the "one-stop shop" solution
- Strengthen the balance sheet and resources of National Hire to enable it to actively participate in the ongoing rationalisation of the Australian equipment hire market



Acquisition Rationale (cont'd)

Economies of Scale and Revenue Synergies

- Revenue synergies have not been factored into the Directors' Forecasts
- National Hire expects to benefit from:
 - Cross sell opportunities
 - Strong and recognisable branding
 - Increased distribution capability
 - Penetration of national accounts
 - Co-location with WesTrac Caterpillar dealership
 - Vertical integration as an OEM
 - Recognition as a viable national supplier



Acquisition Rationale (cont'd)

Cost Savings

- Modest cost savings have been included in the Directors' Forecasts (\$1.5m)
- Additional anticipated cost savings have not been factored into the forecasts given the lack of certainty as to timing and quantification. These may include:
 - Improving fleet management
 - Fixed cost reduction by stock level maximisation
 - Increasing buying power
 - IT standardisation
 - Capturing some of the wholesale margin in Allight assembled products



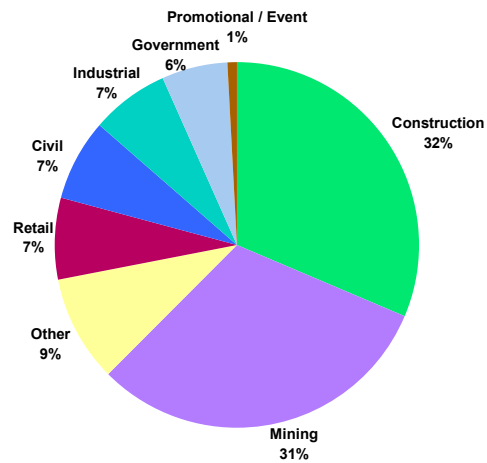
A National Presence and...

- National Hire is expected to become one of the largest equipment hire companies in Australia, with a national footprint and international opportunities

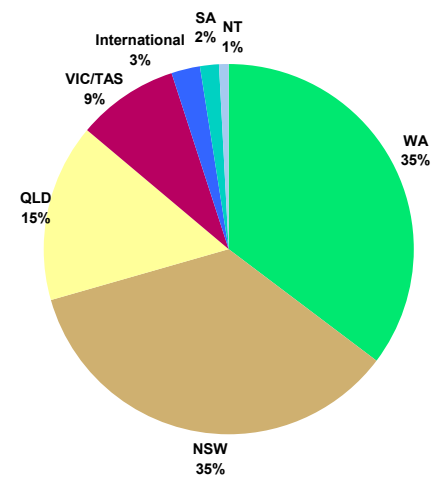


...A Diversified Business

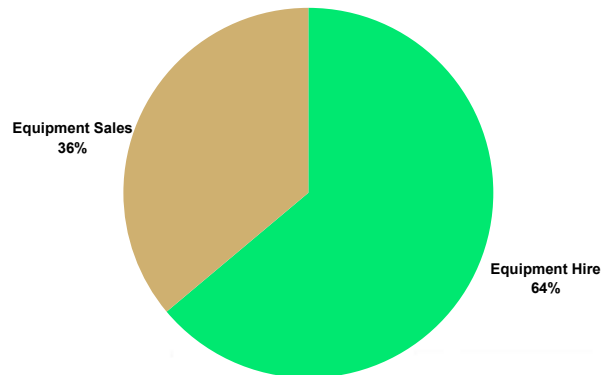
PRO FORMA 2004 REVENUE BY MARKET SEGMENT



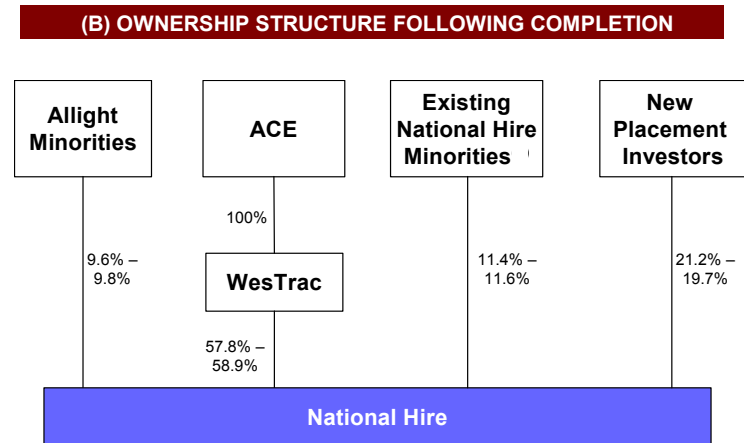
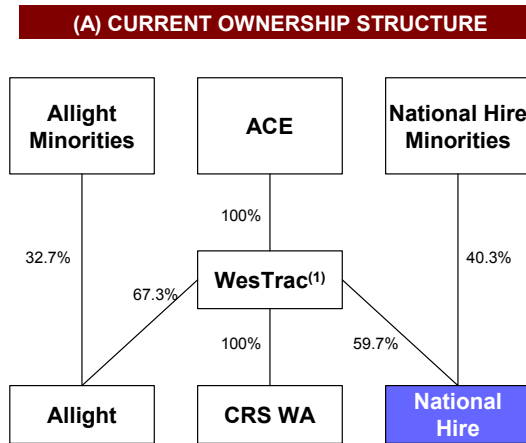
PRO FORMA 2004 REVENUE BY STATE



PRO FORMA 2004 REVENUE BY OPERATIONS



Ownership Structure



(1) The diagrams show a simplified ownership structure for the ACE interests in Allight and WesTrac, both of which are held through its wholly owned subsidiary, WesTrac Holdings Pty Ltd

NATIONAL HIRE SHAREHOLDERS

Shareholder	Standalone		Combined Group			
	Shares	%	Offer Price of \$0.32		Offer Price of \$0.35	
			Shares	%	Shares	%
ACE / WesTrac	100,000,000	59.7%	341,751,344	57.8%	341,751,344	58.9%
Stirhill Pty Ltd ⁽¹⁾	19,930,813	11.9%	19,930,813	3.4%	19,930,813	3.4%
Allight Minorities	0	0.0%	56,686,042	9.6%	56,686,042	9.8%
Other National Hire Minorities	47,559,984	28.4%	47,559,984	8.0%	47,559,984	8.2%
New Shareholders	0	0.0%	125,000,000	21.2%	114,285,714	19.7%
Total	167,490,797	100.0%	590,928,183	100.0%	580,213,897	100.0%

(1) Stirhill Pty Ltd is a company associated with Stephen Donnelley

Refer to the Information Memorandum for details



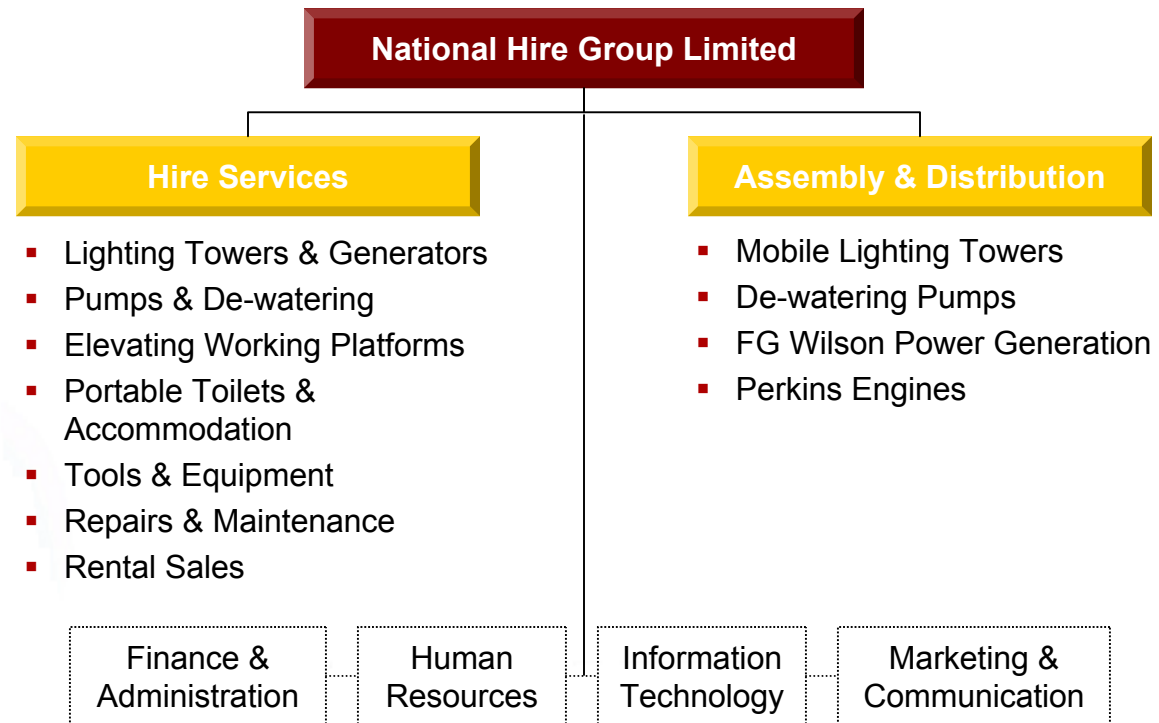
Vendor Shareholders

- ACE remains committed to growing National Hire, with the support of an expanded shareholder base
- Vendors propose to enter into a voluntary escrow agreement with National Hire under which they will be restricted from dealing in Shares issued to them as consideration for the acquisitions
 - WesTrac escrow period – 12 months after completion
 - Allight Minorities escrow period – two weeks after FY05 results or at the discretion of the National Hire directors
- Additionally, WesTrac propose to enter into a Shortfall Indemnity Agreement with each of the Allight Minorities
 - Allows the Allight Minorities to effectively dispose of their Shares to WesTrac at approximately \$0.60 per Share at any time after 12 months post completion of the transaction and approximately \$0.65 per Share at any time in the third year



Corporate Structure

- The Combined Group's main operations will be structured into 2 distinct but complementary operating businesses:
 - Hire Services; and
 - Assembly and Distribution
- The diagram below sets out the proposed corporate structure of the Company following the Contracted Acquisitions



Current Board of Directors



Raymond Romano

- Director of WesTrac Holdings Pty Ltd, WesTrac Pty Ltd and Allight Pty Ltd
- Managing Director of WesTrac in NSW
- Worked for Caterpillar Inc. and Caterpillar dealers for in excess of 25 years prior to joining WesTrac in November 2000



Stephen Donnelley

- Managing Director of National Hire since 1988
- Founder of National Hire and has been involved since 1981
- Member of the Hire and Rental Association of Australia (previously a Vice President of the Association and a President of its NSW region)



Gavin Armstrong

- Chief Financial Officer of the business operated by WesTrac Pty Ltd in NSW
- Was the Group Treasurer of Seven Network Limited prior to joining WesTrac
- Member of the South African and Australian Institute of Chartered Accountants



Clive Isenberg

- Associate of the Institute of Chartered Accountants of Australia, a fellow of CPA Australia and a graduate of Accounting
- Was a Director of Bank of Scotland subsidiaries in Australia including Capital Finance Ltd, BOS International Ltd and the holding company of Bank of Western Australia



John Star

- A chartered accountant with over 20 years experience in public practice
- Established a reputation in the field of insolvency
- Was previously a partner of Pannel Kerr Forster
- Founder of Star Dean-Willcocks
- Member of the Australian Institute of Chartered Accountants, Institute of Credit Management and Institute of Company Directors



Proposed Board and Management Changes

- Upon completion of the capital raising and the proposed acquisitions, it is intended that Peter Gammell and Andrew Aitken will be appointed to the Board as Non-Executive Directors
- Peter Gammell is the Managing Director of ACE and has been a Director of ACE since 1989. Peter is a Non-Executive Director of Seven Network Limited, HRL Limited and Bayard Capital Partners Pty Ltd. He has previously been a Director of RM Williams Holdings Limited and B Digital Limited
- Andrew Aitken is employed by ACE, where his focus since joining the company in 2003 has been on the development of ACE's equipment rental businesses. Mr Aitken was involved in WesTrac's original decision to invest in National Hire
- Gavin Armstrong will step down from the Board and will be appointed Chief Financial Officer of National Hire
- Ray Harman will continue to be Company Secretary and will assume responsibility for Corporate Services



Current Senior Management

- Senior management will be formed from the existing senior management of each of the standalone businesses
- Senior management will include:

Personnel	Current Position	Business Origin	Year Joined
Stephen Donnelley	Managing Director	National Hire	1981
Ray Harman	Chief Financial Officer and Company Secretary	National Hire	2001
Shane Horvath	IT Manager	National Hire	1996
Greg Parfitt	NSW Operations Manager	National Hire	1989
Adrian Manning	Growth and Development Manager	National Hire	1994
Neville Johnson	General Manager	CRS WA	1985
Neven Botica	Managing Director	Allight	1995
John De Ray	Financial Director	Allight	1995
Alen Fak	National Power Manager	Allight	2004
Terry Fulton	Generator Manager	Allight	1994
Phil Funga	Corporate Services Manager	Allight	2003
Vic Gerginis	Commercial Manager of Manufacturing	Allight	2004
Shaun McCullough	National Sales and Marketing Manager	Allight	1999



Pro-Forma Financials



Pro-Forma: Profit & Loss

(\$ millions, except per Share data)

	Standalone FY05 Forecasts			Combined Group Adjustments	Combined Group FY05 Forecasts	
	National Hire	CRS WA	Allight		Statutory	Pro-Forma
Revenue	48.9	29.0	83.8	7.1	113.6	168.8
EBITDA	12.9	15.6	18.8	3.8	34.1	51.1
Depreciation	(8.1)	(8.0)	(7.2)	(1.6)	(17.7)	(24.9)
EBITA	4.8	7.6	11.6	2.2	16.4	26.2
Amortisation	(0.3)	-	(0.1)	(1.9)	(1.3)	(2.3)
EBIT	4.5	7.6	11.5	0.3	15.1	23.9
Net Interest	(1.3)	(0.4)	(1.9)	0.6	(2.2)	(3.0)
Profit before Tax	3.2	7.2	9.6	0.9	12.9	20.9
Tax					(4.3)	(7.0)
Net Profit after Tax					8.6	13.9
Adjusted Net Profit after Tax					9.9	16.1

Assuming a 32¢ Offer Price

Weighted average number of shares (m)	377.5	527.9
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Adjusted EPS (¢)	2.6	3.1
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Assuming a 35¢ Offer Price

Weighted average number of shares (m)	372.2	522.6
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Adjusted EPS (¢)	2.6	3.1
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Refer to the Information Memorandum for details



Pro-Forma: Semi-Annual P&L

(\$ millions)	1H FY05	2H FY05	FY05
Revenue	76.9	91.9	168.8
EBITDA	21.8	29.3	51.1
Depreciation	(10.7)	(14.2)	(24.9)
EBITA	11.1	15.1	26.2
Amortisation	(1.1)	(1.2)	(2.3)
EBIT	10.0	13.9	23.9
Net Interest	(1.5)	(1.5)	(3.0)
Profit before Tax	8.5	12.4	20.9
Tax	(2.9)	(4.1)	(7.0)
Net Profit after Tax	5.6	8.3	13.9
Adjusted Net Profit after Tax	6.7	9.4	16.1

Refer to the Information Memorandum for details

- The forecast 2H FY05 increase over 1H FY05 is due to delivery and revenue phasing of additional and standalone capex
- 2H FY05 also includes the seasonally weak post Christmas and Easter trading period



Pro-Forma: Balance Sheet

(\$ millions, as at 30 June 2004)

	National Hire	CRS WA	Allight	Pro-Forma & Consolidation Adjustments	Combined Group Pro-Forma
Cash Assets	22.8	-	3.2	2.4	28.4
Receivables	6.6	-	15.2	-	21.8
Inventory	-	-	15.0	-	15.0
Other Assets	0.7	-	1.6	-	2.3
Total Current Assets	30.1	-	35.0	2.4	67.5
Property, Plant and Equipment	30.6	41.9	39.9	31.8	144.2
Intangible Assets	6.2	5.0	0.5	33.9	45.6
Deferred Tax and Other Assets	1.1	-	0.4	-	1.5
Total Non Current Assets	37.9	46.9	40.8	65.7	191.3
TOTAL ASSETS	68.0	46.9	75.8	68.1	258.8
Payables	7.8	-	16.6	-	24.4
Interest Bearing Liabilities	3.2	-	2.4	-	5.6
Provisions and Tax Liabilities	0.2	-	1.6	-	1.8
Total Current Liabilities	11.2	-	20.6	-	31.8
Interest Bearing Liabilities	9.3	-	18.3	-	27.6
Provisions and Deferred Tax Liabilities	2.1	-	2.4	-	4.5
Total Non Current Liabilities	11.4	-	20.7	-	32.1
TOTAL LIABILITIES	22.6	-	41.3	-	63.9
NET ASSETS	45.4	46.9	34.5	68.1	194.9
Contributed Equity	43.5	46.9	21.8	80.8	193.0
Reserves	-	-	(0.7)	0.7	-
Retained Earnings	1.9	-	13.4	(13.4)	1.9
TOTAL EQUITY	45.4	46.9	34.5	68.1	194.9

Refer to the Information Memorandum for details



Offer Details



Key Offer Details – Pricing

Offer Price Range	\$0.32 – \$0.35
Shares on Offer (m)	125.0 – 114.3

(\$ millions)	FY05 Statutory Forecast	FY05 Pro-Forma Forecast
Forecast EBITA	\$16.4	\$26.2
Forecast Adjusted Net Profit after Tax	9.9	16.1
Forecast Enterprise Value to EBITA	11.8 – 12.7x	7.4 – 7.9x
Forecast adjusted earnings per share	2.6 – 2.6¢	3.1 – 3.1¢
Forecast adjusted PE multiple	12.3 – 13.2x	10.5 – 11.4x
Forecast annualised fully franked dividend yield	4.4 – 4.1%	4.4 – 4.1%

Refer to the Information Memorandum for details



Key Offer Details – Shares Issued

- The Capital Raising and Contracted Acquisitions will consist of the issue of up to 423,437,387 new Shares by National Hire as follows:

Existing Shares on Issue (m)	167.5	
Acquisition Shares issued at \$0.375 per Share (m)	298.4	
	32¢	35¢
Offer Shares issued at the Offer Price range (m)	125.0	114.3
Shares on issue following the proposed acquisitions and capital raising (m)	590.9	580.2
Market Capitalisation (\$m)	\$189.1	\$203.1
Pro-Forma Net Debt (\$m)	\$4.8	\$4.8
Enterprise Value (\$m)	\$193.9	\$207.9

Refer to the Information Memorandum for details



Indicative Timetable

Management Presentations	21 – 27 October
Site Visit (Sydney)	AM, Wednesday 27 October
Bookbuild close	12 noon, Thursday 28 October
Firm allocations to Institutional Investors	PM, Thursday 28 October
Announcement of the Transaction	Monday 1 November
Shareholder Notices dispatched	Monday 8 November
Shareholder Meeting	Thursday 9 December
Completion of the Contracted Acquisitions	Friday 10 December
Institutional Settlement	Friday 10 December
Allotment of Shares	Friday 10 December
ASX quotation of new Shares	Monday 13 December

These dates are indicative only and are subject to change.



National Hire

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