



National Hire Group Limited
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9 September 2003

ASX Online
Australian Stock Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

Release by eLodge

Investor Presentation September 2003

The Company wishes to release to the market the following Investor Presentation that will be made today.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Stephen Donnelley". The signature is fluid and cursive, written over a light grey background.

STEPHEN DONNELLEY
MANAGING DIRECTOR
0418 266 844



**Investor Presentation
for the Year Ended 30 June 2003**

**STEPHEN DONNELLEY
September 2003**

INTRODUCTION

National Hire at a Glance

- National Hire operates in the \$2.36bn Australian hire industry (source: IBIS L7743)
- Product bias towards light tools and equipment
- Operates from 17 sites, mainly in Sydney, but also in Melbourne and Brisbane
- 76% of customers are from the wholesale sector
- Main competitors are market leaders Coates Hire and Kennards
- Listed on the ASX in 1997, market capitalisation currently around \$6m – (\$6.3m Rights Issue underway)
- Favourable industry conditions with strong customer demand continuing in the construction industry



INTRODUCTION

Repositioned for Growth

- Strong recovery in profitability in the year to June 2003
 - Internal restructure and review of strategy during last 12 months
 - Management resources no longer taken up with HIH issues
 - Refinancing of debt
- Substantial recapitalisation of the company through rights issue
- Reduction in gearing
- Appointment of Ray Kelsey to Board bringing substantial hire industry experience

AGENDA

- HIRE INDUSTRY IN AUSTRALIA
- NATIONAL HIRE
- RESULTS FOR YEAR ENDED 30 JUNE 2003
- STRATEGY
- CAPITAL RAISING
- SUMMARY

HIRE INDUSTRY IN AUSTRALIA

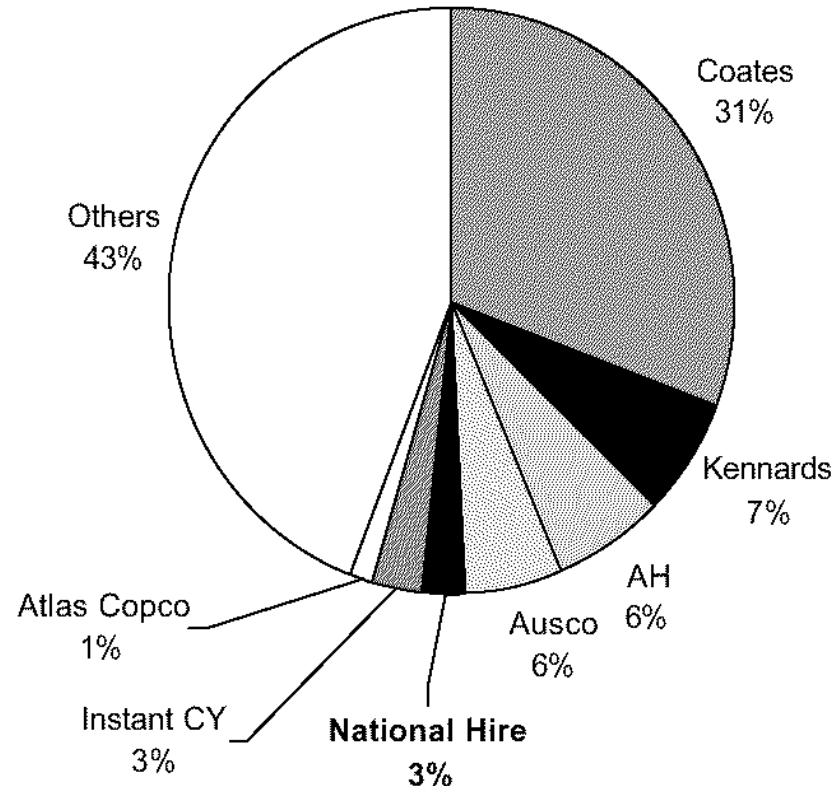
- Size estimated at \$2.36bn in 2002 (source: IBIS L7743)
- Growth rate of 3.5%pa and in the “growth” stage of its life cycle (source: IBIS L7743)
- Industry is highly segmented in terms of product category including general tools and equipment, access equipment, plant hire, portable buildings and toilets, compressors etc
- Construction, industrial and civil engineering account for 65% of the hire market and are in cyclical upswing (source: IBIS L7743)
- Key profit drivers are cyclical and seasonal but are increasingly driven by scale, access to resources and management skills as the industry consolidates

MARKET PARTICIPANTS

- Market has been consolidating but remains highly fragmented with the top 10 players accounting for 60% of the market
- In 1989 top 33 accounted for 60% market share

National Hire estimates

Key Industry Participants



NATIONAL HIRE

- National Hire's businesses commenced trading in 1960
- National Hire and Coates offer full product supply in the hire market
- National Hire sales (2003) by key market segments are:
 - Construction 42%
 - Industrial 22%
 - Retail 24%
 - Other 12%



RESULTS FOR YEAR ENDED JUNE 2003

Summary of Profit Result

\$'000	2003	2002	Variance	% change
Revenue	30,395	28,989	1,406	4.9
EBITDA & before significant items	5,791	5,221	570	10.9
EBIT & before significant items	2,071	1,314	757	57.6
Pre tax profit	111	(1,434)	1,545	N/A
EPS (cents)	0.31	(3.18)	3.49	N/A



RESULTS FOR YEAR ENDED JUNE 2003

Key Points

- Result represents a significant turnaround from the previous year's loss of \$1.4m
- Increased revenue (+4.9%) reflects:
 - Stronger customer demand
 - Increased sales initiatives to core customer segments
- Significant increase in sub hire expenses in order to satisfy demand
- Reduction in interest bearing debt by \$1.65m to \$15.8m representing gearing (debt/equity) of 111% - (post rights issue 72%).



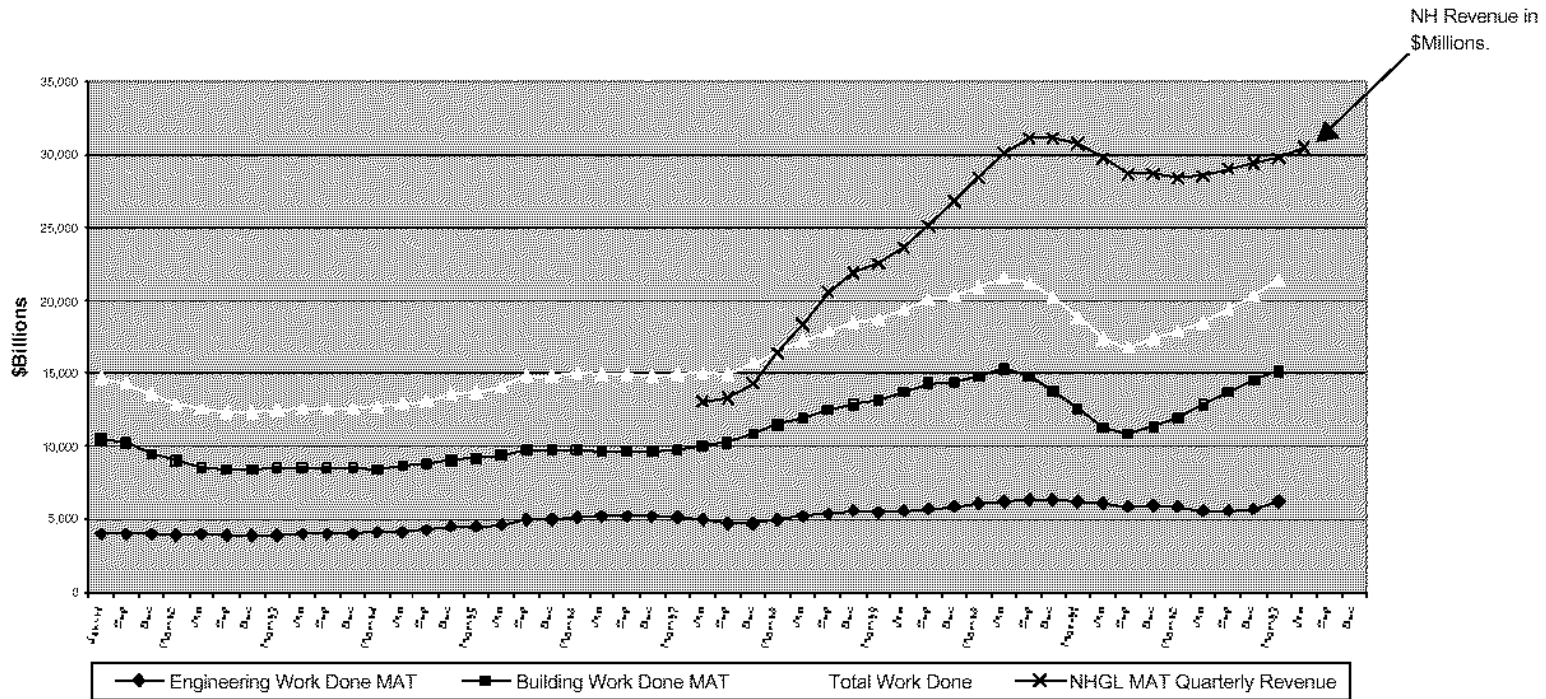
RESULTS FOR YEAR ENDED JUNE 2003

Key Points

- Strong recovery in operating cash flow in 2H03
- Revenues in 2H03 increased 6% on the previous corresponding period.
- Capital expenditure increased in 2H03 partially to make up for prior years of low spending

NATIONAL HIRE VS INDUSTRY ACTIVITY LEVELS

- Engineering and building activity remains robust (source: BIS Shrapnel)
- National Hire trend in revenue growth tracking industry



Source Code: ABS 8752.1, 8762.0,



STRATEGY

- Market strategy focused on building scale and volume as key profit drivers
- Increase capital investment and build stock levels. Lack of investment over the past 2 years impacted on the business through
 - loss of revenue
 - increased costs through sub hire and stock transfers
- Reduce sub hire costs
- Demand cycle is expected to continue through to 2006 (source: BIS Shrapnel)
- Develop the retail hire distribution business as a hedge against the inevitable downturn in construction

CAPITAL RAISING

- Renounceable 6 for 5 pro rata underwritten rights issue
 - 39.8m fully paid shares at \$0.16
 - Raising \$6.3m
 - Trading of rights ceases 19 September 2003
- Funds intended to be used for:
 - \$3.8m expansion of equipment hire fleet
 - \$2.0m repayment of loans
 - \$0.5m issue costs
- NTA per share will reduce from \$0.27 to \$0.20 following the rights issue

SUMMARY

- Year of recovery impacted by refinancing, redundancy and sub hire costs
- Internal restructure and strategy review completed during the last 12 months
- Focused and experienced management and Board – strengthened with appointment of Mr Ray Kelsey
- Debt refinancing completed
- Current capital raising to expand equipment hire fleet and reduce debt