

16 November 2004

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

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Please find attached the following:

- Chairman's Address and Presentation to Shareholders
- Managing Director's Address and Presentation to Shareholders

Yours sincerely



Stephen Donnelley  
Managing Director  
0418 266 844

## **CHAIRMAN'S ADDRESS 2004**

### **Annual General Meeting 16 November 2004**

Good Morning Ladies and Gentlemen, I welcome you to the 2004 Annual General Meeting of members of National Hire Group Limited.

I declare the Meeting open and I am advised that a quorum is present.

My name is Ray Romano and it is my pleasure to welcome you to the Annual General Meeting of National Hire Group Limited for 2004.

I was appointed as Chairman of National Hire in March 2004.

Before I begin would you please check to ensure that your mobile phones have been switched to "silent mode" or "off". Thank you.

We now come to the first item of formal business on the agenda which is to receive and consider the Financial Statements of the Company and the Reports of the Directors and Auditors for the year ended 30 June 2004.

Before opening discussion on this item of business, I would like to provide you with a brief summary of the Company's position at this date.

Following the approval by shareholders in February 2004 of the placement of 100 million new shares to WesTrac, your Board saw a change in composition.

I would like to take a moment to introduce the other members of the Board to you.

Mr Clive Isenberg, Mr Gavin Armstrong, Mr John Star and Mr Stephen Donnelley.

Mr Ray Harman is National Hire's Company Secretary.

A representative of our auditors, Weston Woodley and Robertson is also in attendance.

The year ended 30 June 2004 has been one of significant growth and successful development for National Hire. To put the growth in perspective, National Hire's market capitalisation increased by over nine times from approximately \$7.9 million at 30 June 2003 to \$73.7 million at 30 June 2004.

This has been as a result of the considerable expansion in the company's issued capital over the 12 months to 30 June 2004, growing from 28.1 million issued shares at the start of the financial year to 167.5 million issued shares at 30 June 2004, and the increase on National Hire's share

price during the period. It is pleasing to see that the market has endorsed and recognised the benefits of the strategic initiatives undertaken by National Hire during the past financial year.

The 2004 Annual Report to shareholders reiterates National Hire's vision to be a leading participant in the Australian rental industry. Undoubtedly, the 2004 financial year has seen National Hire implement a number of very important strategic initiatives which have considerably advanced the company's capabilities in fulfilling that vision.

In October 2003, National Hire raised \$6.3 million via an underwritten 6-for-5 renounceable rights issue to shareholders at 16 cents per new share. The issue was strongly supported by shareholders.

In March 2004, National Hire completed the placement of 100 million Ordinary shares at 25 cents each to WesTrac Equipment Pty Ltd, the Caterpillar dealer for Western Australia, New South Wales and the ACT. WesTrac is a leading Caterpillar dealer and is a privately held company of Australian Capital Equity Pty Ltd, of which Mr Kerry Stokes is Chairman. WesTrac commenced operations in 1990 and operates from 16 locations in WA and now 19 locations in NSW and the ACT since 9 April of this year.

The placement raised \$25 million for National Hire and resulted in WesTrac becoming the company's largest shareholder with an approximate 60% ownership of the company's enlarged capital base. I am pleased to report that the relationship with WesTrac is progressing very satisfactorily and delivering a range of benefits to National Hire.

The investment by WesTrac was not only an investment in capital but also an investment in the culture of the business, the relationship of National Hire with its customers and the ability of the National Hire team to deliver the objectives of such a growing business.

Importantly, as a result of the placement and WesTrac's relationship with Caterpillar Inc., National Hire was granted the right to trade under "The Cat Rental Store" brand in New South Wales and the ACT. Caterpillar Inc., is one of the world's leading manufacturers of construction and mining equipment. The Cat brand is one with global recognition, high customer and brand loyalty, name awareness, perceived quality and is associated with high customer satisfaction and product differentiation.

I am pleased to state that National Hire has completed the re branding of its existing NSW sites to "National Hire The Cat Rental Store". The next phase in NSW/ACT includes the opening of new Cat Rental Store locations and extending the product range offering.

In April 2004, National Hire expanded its branch network in South East Queensland from one to four locations with the acquisition of the business of Ready Hire Australia Pty Limited.

In addition to the strategic initiatives I have spoken about, I am also pleased to note that the demand for National Hire's services grew during the year ended 30 June 2004. National Hire reported a 13.5% growth in revenue over the previous year to \$34.5 million. EBITDA before significant items for the period was \$6.9 million, which compares favourably to the previous corresponding period of \$5.7 million, and represents an increase of \$1.2 million or 20.4%. Pre tax profit, before significant items of \$0.6 million relating to costs associated with The Cat Rental Store re branding and the Ready Hire business acquisition, increased to \$2.1 million for 2004 from \$0.5 million in 2003.

No dividend was declared for the year ended 30 June 2004. As more fully set out in the Explanatory Statement dated 2 November 2004, it is the current intention of the Directors to pay a fully franked dividend for the six months ending 30 June 2005, based upon a payout ratio of approximately 50% of net profit after tax for that period.

At year end, National Hire's balance sheet was much stronger with shareholder funds of \$45.4 million, compared to \$14.2 million as at 30 June 2003. Cash stood at \$22.8 million as at 30 June 2004.

Subsequent to the end of the 2004 financial year, National Hire announced on 1 November 2004 that, subject to shareholder approval and other preconditions being satisfied, it has agreed to acquire Westrac's Cat Rental Store Business in Western Australia and Allight Holdings Pty Ltd for a total equity consideration of \$111.9 million. Concurrently, National Hire completed a conditional institutional placement, managed by Citigroup, to raise \$40 million. In addition to introducing a range of institutional investors to our share register, the proceeds will be primarily utilised to fund

additional plant and equipment to be employed across the enlarged group. The placement and acquisitions are each conditional on the other.

I remind shareholders that a separate General Meeting has been called to be held on Thursday 9 December 2004 to consider a range of resolutions relating to the transactions announced on 1 November 2004. These are set out in a Notice of General Meeting and a detailed Explanatory Statement sent to shareholders and dated 2 November 2004. If approved by shareholders at the General Meeting on 9 December 2004, these two acquisitions and the institutional placement will further grow the scale of National Hire and expand its geographical presence.

Trading conditions for the first quarter of the current financial year have been solid. We reiterate the confidence of the Board in the pre tax profit forecasts for National Hire in financial year 2005 set out in the Explanatory Statement sent to shareholders.

Most importantly from shareholders' perspective the market has reacted positively to these developments at National Hire with the share price increasing to 46 cents at the close of business on Friday 12 November 2004.

The Annual Report includes National Hire's Corporate Governance Statement.

An extensive review of the company's corporate governance framework was completed and approved by the Board in August 2004 in light of the best practice recommendations released by the Australian Stock Exchange Corporate Governance Council in March 2003.

It is also important that we as a Board evaluate our own performance and we do this on an annual basis.

Following completion of the share placement to WesTrac, Mr Clive Isenberg, Mr Gavin Armstrong and myself were appointed to the Board on 2 March 2004 and Mr John Landerer, Mr Philip Higginson and Mr Ray Kelsey resigned from the Board. As a consequence, the five person Board consists of two directors who are considered by the board to be independent.

Whilst acknowledging the ASX corporate governance council recommendation that a majority of the board be independent and that the Chairman should be an independent director, the Board believes that the Board structure is an advantage because of the particular experience and skills that the Chairman, the other non executive directors and managing director bring to the governance and performance of the company. Each Board member is bound by all of the company's charters, policies and code of conduct. These are set out in the 2004 Annual Report.

The formal part of today's meeting is to consider the re-election of myself, Mr Clive Isenberg and Mr Gavin Armstrong to the Board of National Hire as we were appointed directors subsequently to last year's AGM.

I am a Director of WesTrac Pty Ltd and before joining WesTrac in November 2000, I worked for Caterpillar dealers and Caterpillar Inc.. in excess of 25 years, including focused experience in the rental and used equipment markets.

Mr Clive Isenberg is an associate of the Institute of Chartered Accountants in Australia and a Fellow of CPA Australia. Until the end of August 2004 Mr Isenberg was the Managing Director of Scottish Pacific Business Finance Pty Ltd, a position held for the past 18 years, and for the past four years general manager of St. George Bank Business Customer Division. Mr Isenberg has extensive experience in financial services and for many years was a Director of Bank of Scotland subsidiaries in Australia.

Mr Gavin Armstrong is currently the Chief Financial Officer of WesTrac in NSW. Prior to commencing with WesTrac, Mr Armstrong was employed as Group Treasurer of Seven Network Limited. It is intended that upon completion of the recently announced acquisitions, Mr Armstrong will resign from the Board and be appointed Chief Financial Officer of the enlarged group.

2004 was a year of significant development for National Hire. The relationship with, and shareholding by, WesTrac has provided National Hire with a much stronger capital base and platform to compete and grow in the equipment rental and hire markets. It has directly facilitated the relationship with Caterpillar Inc and enabled National Hire to expand its offering to customers.

On behalf of the Board I would like to extend our sincere thanks to all of the National Hire team, led by Stephen Donnelley, for their continued dedication and hard work.

We look forward to the future.

Thank You

I now ask Stephen Donnelley to address the Meeting.

## **MANAGING DIRECTOR'S ADDRESS**

### **ANNUAL GENERAL MEETING 16 NOVEMBER 2004**

Good morning Ladies and Gentlemen and welcome.

In the 2004 financial year, National Hire implemented a number of important strategic initiatives which have enabled the company to increase the scale of its operations and provide a strong platform for future growth. The most important initiative has been the majority shareholding and partnership formed with WesTrac and, with it, access to Caterpillar equipment and relationships. This has been a company transforming event, which has also brought the benefit of the experience and input from WesTrac.

Last year we referred to our strategic review and commented that it was the company's intention to grow our scale and equipment levels by sourcing additional capital. As the Chairman outlined, National Hire significantly grew its capital base over the financial year.

Through its relationship with Caterpillar Inc, WesTrac facilitated approval for National Hire to trade under "The Cat Rental Store" brand in NSW and the ACT. As a consequence, in April 2004 we commenced a re-branding programme whereby all our existing NSW branches (currently based in Sydney and the Illawarra region) were converted to a new brand "National Hire The Cat Rental Store". The re-branding was completed in July 2004.

As part of the re-branding, National Hire acquired a range of Caterpillar equipment complementary to our existing range, including skid steer loaders, mini excavators and rollers.

We intend expanding our distribution network in NSW and the ACT by opening new National Hire The Cat Rental Stores. These new sites will be either stand alone facilities or whenever possible co-located with WesTrac Caterpillar dealership facilities.

In Victoria and Queensland, we operate seven branches - including the three acquired with the acquisition of the Ready Hire Australia business in late April 2004. These branches trade under the National Hire brand.

Our hire strategy is based around providing a "One Stop Hire Solution" to customers who are increasingly demanding such service from their suppliers. We believe the longer term trend to outsourcing and equipment management through hire rather than direct ownership is continuing. National Hire intends to be well placed for this trend by building a business model that allows for a comprehensive hire equipment range and one stop supply point. This means increased investment in new plant and equipment and constantly improving ways of doing business with customers and anticipating their needs to ensure appropriate returns from and utilisation of that equipment. It is a capital intensive industry and scale is essential in order to deliver appropriate shareholder returns.

The external environment of continued strength in the building, construction and engineering sectors enabled National Hire to report revenue of \$34.5 million in the 2004 financial year - a record revenue figure, being a \$4.1 million increase over the previous year.

During the financial year, National Hire added approximately \$8.4 million of new equipment plus a further \$2.9 million as a result of the Ready Hire Australia business acquisition. After depreciation and disposals, plant and equipment on balance sheet as at 30 June 2004 stood at \$30.2 million, up from \$22.6 million at the 30 June 2003.

As at 30 June 2004 cash reserves totalled \$22.8 million.

As our Chairman noted in his address, National Hire's strategic initiatives to drive future growth have continued since 30 June 2004 with the announcement on 1 November 2004 that National Hire has agreed to acquire, subject to shareholder approval and other pre-conditions being satisfied, The Cat Rental Business in Western Australia and all the shares in Allight Holdings Pty Ltd for a total equity consideration of \$111.9 million. The relationship with WesTrac has enabled National Hire to be in a position to present these acquisitions to shareholders for approval at the general meeting on 9 December 2004. In conjunction with these acquisitions, National Hire has made an conditional issue to institutional investors of approximately 114.3 million new shares to raise \$40 million, primarily for investment into new plant and equipment. This capital raising is also subject to shareholder approval and both the acquisitions and the placement are conditional on the other.

The Explanatory Statement provides shareholders with relevant information relating to these important matters. If approved by shareholders, it will allow National Hire to better serve customers by expanding the Company's store network and range of equipment. It will also enable National Hire to expand its geographic reach and better position it to meet the needs of Australia wide customers and contractors. The acquisitions are also expected to provide a number of revenue and cost benefits to National Hire and I refer shareholders to the Explanatory Statement.

We have prepared a clear integration map and, should shareholder approval be received on 9 December 2004, are ready to implement that plan to integrate the businesses.

National Hire will continue to grow its distribution network Australia wide. We will focus on co-locating and servicing existing WesTrac's customer base where appropriate. We will also focus on filling out our network based on National Hire's

One Stop Shop philosophy. This will be achieved by adding new equipment to our fleet and taking our specialty hire units (such as Portaloo) into other locations.

Our relationship with WesTrac is delivering a number of benefits to National Hire – including management expertise, strategic input, relationships and capital. On a personal level, I would like to express my deep thanks to WesTrac and their team. There has been a high level of co-operation and a common desire to profitably grow the business of National Hire. Whilst there is a lot of hard work ahead, National Hire is now well positioned with a much stronger platform from which to grow and compete.

Finally I would like to add my personal gratitude to all members of the National Hire family – including our dedicated staff who have worked tirelessly through the year, our customers and suppliers and you, our shareholders and other supporters.

Thank you for your support.

# **National Hire Group Limited**

## **2004 Annual General Meeting**

16 November 2004



# Mr Ray Romano Chairman

2004 AGM Address  
16 November 2004



# AGM Agenda

- Chairman's address and presentation
- Managing Director's address and presentation
- Formal business
- Light refreshments



# 2004 Highlights

## A Year of Growth

- Oct 2003 – raised \$6.3m by 6-for-5 renounceable rights issue at 16 cents.
- Feb 2004 – raised \$25m by placement of 100 million new shares at 25 cents to WesTrac.
- WesTrac majority shareholder with approximately 60% ownership
- April 2004 - granted licence by Caterpillar Inc and WesTrac to trade under “The Cat Rental Store” brand in NSW and ACT
- Completed re-branding of all 11 NSW stores to “National Hire The Cat Rental Store”
- April 2004 – expanded branch network in SE Queensland with acquisition of the Ready Hire Australia business



# 2004 Results

	2004	2003	Change
Revenue	34.5	30.4	+13.5%
EBITDA	6.9	5.8	+19%
Depreciation & Amortis'n	(4.1)	(3.7)	
EBIT	2.9	2.0	+45%
Net Interest	(0.8)	(1.5)	
Profit Before Tax & Sig Items	2.1	0.5	+320%
Significant Items	(0.6)	(0.4)	
Tax	(0.6)	0.0	
NPAT	0.9	0.1	



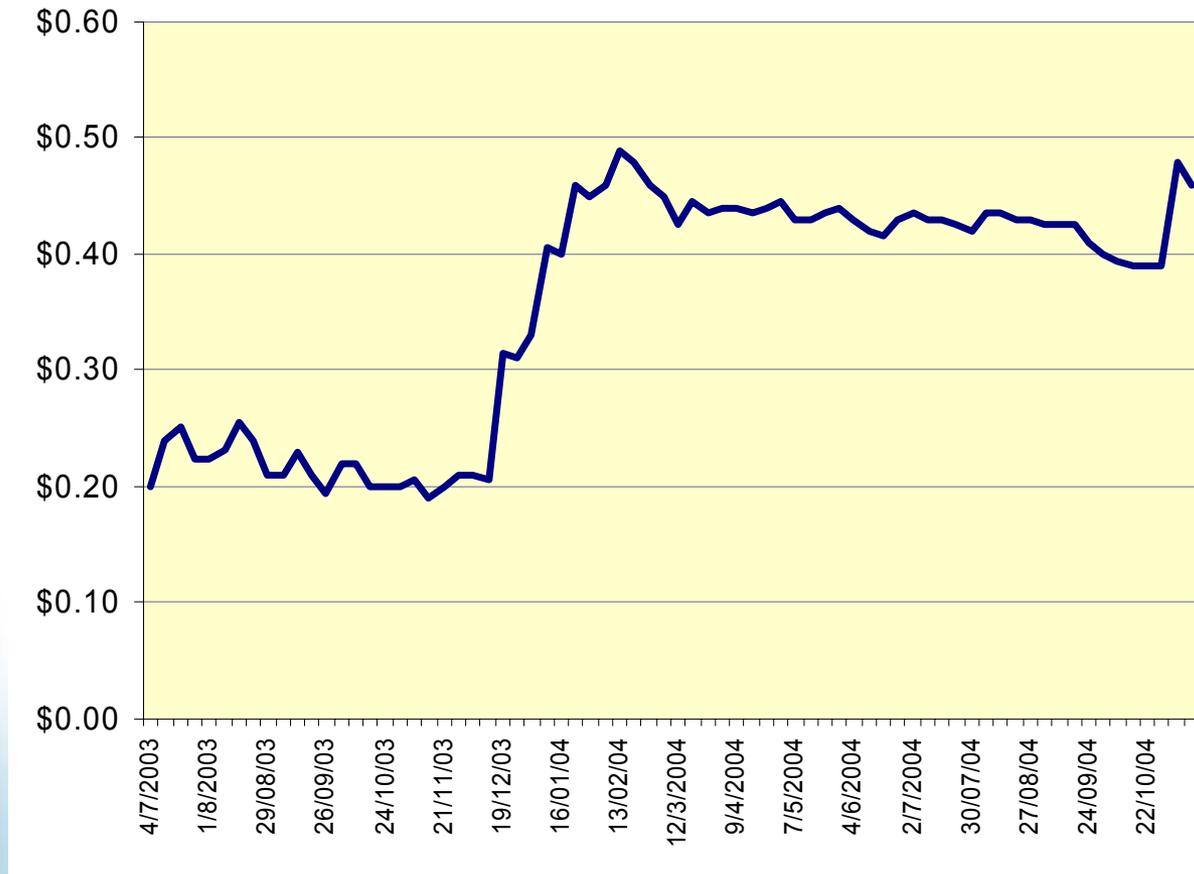
# Financial Position

As at 30 June (\$million)	2004	2003
Cash	22.8	0.5
Other current assets	7.3	6.5
Property, plant & equipment	30.6	23.6
Intangibles	6.2	6.5
Other non current assets	1.1	0.7
<b>TOTAL ASSETS</b>	<b>68.0</b>	<b>37.8</b>
Current liabilities	11.2	10.1
Non current liabilities	11.4	13.5
<b>NET ASSETS</b>	<b>45.4</b>	<b>14.2</b>



# NHR Share Price Performance

30 June 2003 to 12 November 2004



Source: IRESS



# Board

- Board composition changed March 2004
- New Directors appointed:
  - Mr Ray Romano (Chairman)
  - Mr Clive Isenberg
  - Mr Gavin Armstrong
- Corporate governance framework approved August 2004



# **Mr Stephen Donnelley**

## **Managing Director**

2004 AGM Address  
16 November 2004



# National Hire The Cat Rental Store





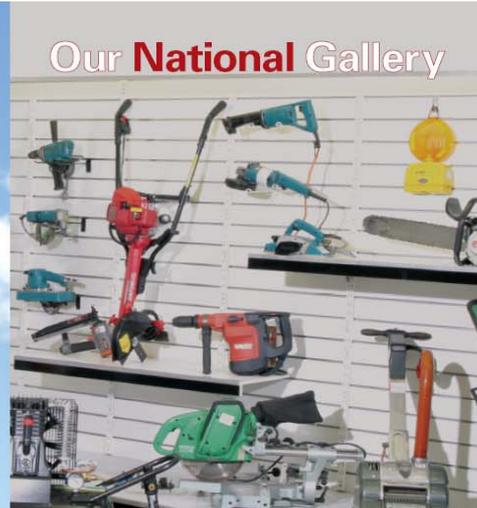




## Our National Flag



## Our National Gallery



## Our National Pride



## Our National Parks



National Hire has a new look. We still offer our extensive range of quality tools and equipment for hire, but now we're also the official Caterpillar rental store in New South Wales and the ACT. This means we can provide you with even more equipment such as Cat mini excavators, skid steer loaders and rollers.

And as for National Hire's friendly staff, well we're still here too, ready to provide you with the same great customer service that we pride ourselves on. Remember, with National Hire The Cat Rental Store, you can hire tools, equipment and now much more.

**NSW & ACT**  
**136 336**

[www.nationalhire.com.au](http://www.nationalhire.com.au)

National Hire



# Questions from the Floor



# Formal Business

## Resolutions 1 to 3

### Re-election of Directors

1. Mr Ray Romano
2. Mr Clive Isenberg
3. Mr Gavin Armstrong



# 2004 Annual General Meeting

16 November 2004

