

National Hire

FY2005 Results

ASX Announcement
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National Hire Group Delivers Strong Growth and Reinstates Dividend

The major acquisitions undertaken in December 2004 of Allight Holdings Pty Ltd and The Cat Rental Stores® in Western Australia have contributed to a dramatic increase in business for the National Hire Group.

This has resulted in revenue for the year ended 30 June 2005 of \$117.5 million compared to \$34.5 million (FY2004) and net profit after tax of \$8.5 million before including a one-off \$1.6 million benefit from tax consolidation. The statement of financial position which accompanies this result and the low level of gearing at 13.1% indicate both a strong financial performance and a sound business platform for continuing robust growth.

Managing Director, Stephen Donnelley, said "This is a strong result and demonstrates the benefits of scale that we expected to deliver to our customers and shareholders. The integration of the acquisitions into the business and management of our expansion plans have proceeded relatively smoothly."

Mr Donnelley continued "The Company achieved its pre and post tax profit forecasts despite experiencing some unexpected delays in the delivery of new equipment."

Key Performance Summary

- Pre tax profit for FY2005 was \$13.1 million significantly up on the \$1.4 million in FY2004 and marginally ahead of the Company's forecast of \$12.9 million included in the November 2004 Explanatory Statement.
- Net profit after tax was \$10.1 million which included a one-off \$1.6 million tax consolidation benefit. This reflects a significant increase to the \$0.9 million recorded in the previous year.
- The inclusion from 10 December 2004 of the major acquisitions of Allight Holdings Pty Ltd and The Cat Rental Store® business in Western Australia have had a significant impact on the results. The year ending 30 June 2006 will include a full 12 month contribution from these acquisitions.
- Total Revenue for FY2005 amounted to \$117.5 million compared to \$34.5 million in FY2004.

- National Hire Group has declared a final fully franked dividend of 0.5 cents per share which will be paid on 14 October 2005.

The National Hire Board is confident about the continuing good prospects for the Group in the year ahead. Market conditions are expected to remain strong with the demand in the mining and infrastructure segments outweighing the softening of the building construction sector in NSW and Victoria.

Key Financial Result Comparatives

\$ million	2005	2004	Variation	%
Total revenue	117.5	34.5	83.0	241
EBITDA	30.9	6.3	24.6	390
EBITDA %	26.3%	18.3%		
Depreciation	(14.8)	(3.6)	(11.2)	(311)
EBITA	16.1	2.7	13.4	496
Amortisation	(2.1)	(0.5)	(1.6)	(320)
EBIT	14.0	2.2	11.8	536
Net Interest	(0.9)	(0.8)	(0.1)	(13)
Profit before tax	13.1	1.4	11.7	836
Tax expense	(4.6)	(0.5)	(4.1)	(820)
Profit after tax and significant items	8.5	0.9	7.6	844
Tax consolidation benefit	1.6		1.6	
Profit after tax	10.1	0.9	9.2	1,022
EPS - cents	2.51	0.97	1.54	159
Full year dividend-cents per share	0.5			

Commentary

Total revenue for the year amounted to \$117.5 million, compared to \$34.5 million for FY2004. Revenue of \$116.4 million, after adjusting for interest income of \$1.1 million, compares favourably to the forecast revenue of \$113.6 million in the November 2004 Explanatory Statement. Revenue was positively impacted as a result of the Company completing the Allight and Cat Rental Store (WA) acquisitions earlier than forecast, which as announced in the half year interim results, contributed \$7.1 million in revenue for this short period.

The Capital Sales division (Allight Lighting Towers, FG Wilson, Perkins and Allight Water Management) achieved a strong second half. This benefit was partially offset by the Rental Services division experiencing a slower than expected delivery of new equipment orders during the second half.

As National Hire Group had an extensive capital expenditure programme in place during the second half of FY2005, the delayed equipment delivery had the effect of reducing anticipated revenue. Equipment deliveries were affected by the increased global demand for shipping services, rubber tyres and steel in addition to generally extended delivery times.

The Company adjusted to these delivery delays by significantly slowing down its used equipment sales programme. Combined with the consequent lower depreciation charge and interest costs, National Hire Group delivered a pre-tax profit in line with that forecast in the Explanatory Statement.

EBITDA for the year ended 30 June 2005 totalled \$30.9 million, representing a margin on sales for the full year of 26.3%. The EBITDA margin in the second half was 29.1%.

The Company has experienced major integration growth in a short period. This has necessitated additional structural and foundation costs not originally forecast in the Explanatory Statement. These costs will reduce proportionately as the business grows and revenues increase.

Mr Donnelley said, "National Hire's business has been consolidated and rationalised into two business units, Rental Services and Capital Sales, which achieve different operating margins. Based on the mix of the businesses and the lower margin emanating from the Capital Sales business, the second half overall EBITDA margin of 29% represents an excellent outcome."

At the time of the acquisitions, National Hire Group forecast allocating \$75 million to capital expenditure during FY2005. Orders have been placed for the full amount with actual deliveries to 30 June 2005, due to late arrivals, amounting to \$65.5 million.

During the year the Company acquired Allight Holdings Pty Ltd, the business of The Cat Rental Stores in Western Australia, Ark Hire, Beeline Rentals and Beavis Hire for a total consideration of \$139.5 million, satisfied by the issue of 298.4 million new National Hire Group shares and cash of \$15.0 million.

Outlook

The coming year will reflect the substantial benefits of a full year's trading for the acquired businesses together with a substantial capital expenditure programme and new store openings.

The Company has the scale and resources to capitalise on the platform that has been established allowing it to continue on a robust growth plan including, additional capital expenditure programme to increase product range and depth, strategic acquisitions to continue diversifying into a wider geographic spread and customer segments and new store rollouts.

The strategic priorities for the National Hire Group in Rental Services are to provide increased levels of customer service by leveraging off the partnership with WesTrac, cross selling through existing business units and the improved ability to service national accounts.

The Company will continue to reduce the cyclical nature of the business through diversification in geographic locations and customer and industry segments.

The Capital Sales business unit is focused on becoming a leading supplier in the lighting, power generation and water management businesses both in Australia and overseas. In the coming year it is intended to further develop the export market for the Allight branded products.

The expanded National Hire Group offers opportunities to develop synergies through improved fleet management, increased buying power, IT standardisation and general economies of scale. This remains a key management focus.

The National Hire Group Board is confident about the continuing good prospects for the Company in the year ahead. Market conditions are expected to remain strong with the demand in the mining and infrastructure segments outweighing the softening of the building construction sector in NSW and Victoria.

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