

# NATIONAL HIRE GROUP LIMITED

## ASX ANNOUNCEMENT AND PRESS RELEASE

### HALF YEAR PROFIT RESULTS

#### FOR PERIOD ENDING 31 DECEMBER 1999

- Sales up 28% to \$14.6 million
- Net Operating Profit up 32% to \$869,000
- Earnings Per Share up 13% to 3.67 cents
- Interim Dividend is 1.5 cents
- Strong underlying growth to continue for the rest of this financial year. Further growth from the continued development of and expansion in the Victorian market.

<b>HALF YEAR ENDED RESULTS:</b>	<b>31/12/99</b>	<b>31/12/98</b>	<b>31/12/97</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Total Revenue</b>	14,953	11,452	7,895
<b>EBIT</b>	1,898	1,415	981
<b>Operating Profit After Tax Before Amortisation of Goodwill</b>	976	749	447
<b>Operating Profit After Tax</b>	869	659	381
<b>Earnings Per Share</b>	3.67¢	3.24¢	2.06¢
<b>Dividends</b>	1.5¢	1.5¢	1.0¢

## **CURRENT PERFORMANCE**

The Directors are extremely pleased with the results for the six months ending 31 December 1999 as they validate the growth strategies employed and the additional capital provided by shareholders.

Notwithstanding these strong results, the business environment remains competitive, with unrealistic discounting that will eventually effect some businesses.

## **OUTLOOK**

All sectors of the business continue to perform at a satisfactory level and the outlook for the next six months is positive. In the past, seasonal factors have affected the sales and profits of National Hire, with the second half of the financial year being stronger than the first half. Due to a broader customer and geographical base, this seasonality has been substantially reduced and we forecast that the two halves will be similar.

An example of the geographical growth is the recent establishment of the Hornsby satellite branch to take advantage of expected increased demand from the Westfield Shoppingtown development, a \$250 million development. The satellite branch will be eventually relocated to a permanent retail branch format.

National Hire has secured the general equipment hire contract with SOCOG and we expect that this will give National Hire additional demand leading up to the Olympic Games and during the Olympic Games when we expect our traditional customer base to be subdued. Portaloo, a National Hire division has secured the contract for supply of portable toilets to the Olympic

Co-Ordination Authority for the Penrith Rowing Centre.

Opportunities for further growth have been clearly identified and will provide substantial growth by the application of both financial and human resources. The proposed Convertible Note Issue, which is subject to shareholder approval, is seeking to raise up to \$10 million. When combined with additional and further debt facilities, these funds will provide the financial resources for the continued growth of the business.

The costs associated with the proposed Convertible Note Issue are required by Australian Accounting Standard AASB 1036 to be written off in the period that they are incurred. It is estimated that the costs will be \$500,000 and therefore these will be treated as an abnormal item in the final accounts. This will obviously affect Profit After Tax attributable to members and Earnings Per Share.

## **DIVIDEND**

The interim dividend for Ordinary Shares of 1.5 cents per share fully franked will be paid on 10 April 2000.

The Preference Share dividend of 2.8 cents per share fully franked will be paid on 19 March 2000.