# Result Presentation

## Year Ended 31 December 2007 (CY07)

# Key points

- Revenue up 34% to $251m from $188m
- Normalised NPAT up 33% to $11.8m from $8.8m
  - excludes amortisation of intangibles and one-off restructuring costs
- Normalised EPS up 16% to 18.8 cents from 16.2 cents
- Final dividend of 5.0 cents per share (fully franked), up from 4.5 cents
  - Full year dividends of 9.0 cents, compared to 8.0 cents for CY06
- Opening of Malaysian facility in Q407
- Acquisitions of Elite Built and Godfrey in Australia, and HPI, Precision & Darroch Consulting in NZ
- Successful ERP integration in New Zealand

# Earnings

| Y/End 31 Dec ($m) | CY06 | CY07 | Change |
|---|---|---|---|
| **Revenue** | **187.6** | **251.5** | **34.0%** |
| **EBITDA** | **15.0** | **22.2** | **48.0%** |
| *EBITDA margin* | *8.0%* | *8.8%* | |
| Depreciation | (2.0) | (3.5) | |
| **EBITA** | **13.0** | **18.7** | **43.9%** |
| *EBITA margin* | *6.9%* | *7.4%* | |
| Amortisation | | (1.2) | |
| EBIT | 13.0 | 17.5 | |
| Net interest | (0.7) | (3.3) | |
| Profit before tax | 12.3 | 14.3 | |
| Tax | (3.5) | (3.7) | |
| Reported NPAT | 8.8 | 10.6 | |
| *Add back:* | | | |
| Restructuring costs (after tax) | | 0.3 | |
| Amortisation (after tax) | | 0.9 | |
| **Normalised NPAT** | **8.8** | **11.8** | **33.7%** |
| Shares (weighted average) | 54.4 | 62.4 | |
| **Normalised EPS (cents)** | **16.19** | **18.85** | **16.5%** |
| **Dividend per share (cents)** | **8.0** | **9.0** | **12.5%** |

- Key earnings drivers were:
  - Sales from acquisitions contribute three quarters of the increase in sales
  - Industrial Solutions sales levels maintained following excellent results in 2006.
  - 20% of Sales from Commercial aids margin improvement
  - Ratio of overheads to sales maintained
  - Effective tax rate improved through tax breaks in Australia (R&D) and Malaysia (investment allowance)

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# Cash Flow and Balance Sheet

## Cash Flow

| Y/End 31 Dec ($m) | CY06 | CY07 |
|---|---|---|
| **EBITDA** | **15.0** | **22.2** |
| Net interest | (0.7) | (3.2) |
| Tax paid | (2.9) | (5.8) |
| Working capital / other | (9.0) | (1.7) |
| **Operating Cash Flow** | **2.5** | **11.4** |
| Capital expenditure | (4.2) | (7.6) |
| Proceeds from disposals | 0.0 | 0.1 |
| Acquisitions | (12.3) | (44.0) |
| **Investing Cash Flow** | **(16.4)** | **(51.4)** |
| Equity proceeds (net) | | 20.2 |
| Borrowings | 16.7 | 24.6 |
| Dividends | (3.8) | (5.1) |
| **Financing Cash Flow** | **13.0** | **39.6** |
| **Net Cash Flow** | **(0.985)** | **(0.348)** |

## Balance Sheet

| Y/End 31 Dec ($m) | Dec'06 | Dec'07 |
|---|---|---|
| Cash | 2.9 | 2.5 |
| Receivables | 35.9 | 49.3 |
| Inventories | 14.8 | 22.0 |
| Other current assets | 1.0 | 1.6 |
| Fixed assets | 12.8 | 25.8 |
| Intangibles | 16.1 | 48.1 |
| Deferred tax assets | 2.1 | 2.2 |
| **Total Assets** | **85.6** | **151.5** |
| Borrowings | 22.9 | 51.8 |
| Payables | 35.0 | 40.5 |
| Current tax payable | 2.1 | 0.1 |
| Deferred tax liability | | 2.3 |
| Provisions | 4.2 | 5.8 |
| **Total Liabilities** | **64.3** | **100.4** |
| **Net Assets** | **21.4** | **51.0** |
| Net debt (cash) | 20.1 | 49.3 |
| Net debt/net debt + equity | 48% | 49% |
| Working capital | 15.6 | 30.8 |

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# Segmental analysis

| Y/End 31 Dec ($m) | CY06 | CY07 | Change |
|---|---|---|---|
| **Revenue** | | | |
| Australia & NZ | | | |
| Industrial | 141.0 | 165.4 | 17.3% |
| Commercial | 19.2 | 53.8 | 180.3% |
| Australia & NZ sub-total | 160.2 | 219.2 | 36.8% |
| Asia | 26.9 | 31.8 | 18.1% |
| **Total** | **187.1** | **251.0** | **34.1%** |
| **EBITA** | | | |
| Australia & NZ | 11.4 | 17.5 | 53.5% |
| Asia | 1.6 | 1.2 | -25.0% |
| **Total** | **13.0** | **18.7** | **43.8%** |
| **EBITA margin** | | | |
| Australia & NZ | 7.1% | 8.0% | |
| Asia | 5.9% | 3.8% | |
| **Total** | **6.9%** | **7.5%** | |

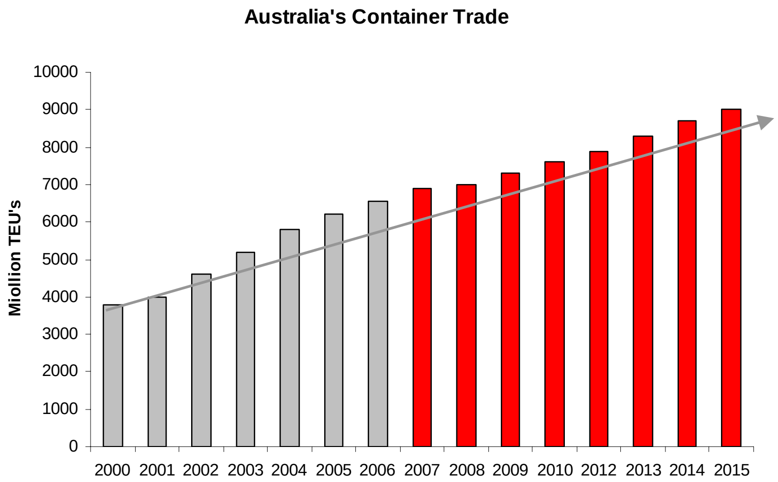
**Australia & NZ**

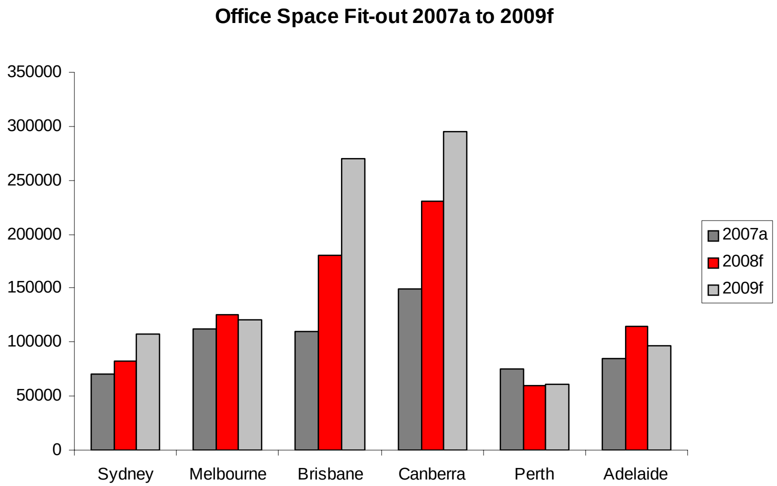
- Trading environment remained strong for both sectors
- 3PL, Records Management, FMCG/Dist., Retail & SME focus
- Organic growth in commercial was 15%
- Direct sales channel 40% , indirect sales channel 60%
- Elite strong contribution - Precision delayed product launch
- Margin expansion gained from improved portfolio mix & cost focus

**Asia**

- Strong organic sales growth achieved
- Sales mix is 60% SEA & 40% Middle East region
- Margin erosion due to lower margin project wins
- Delay in new plant start-up ($150K impact)
- Manufacturing alliance with Spacesaver confirmed
- Systems push has been initiated to enhance market offer

# Lead indicators




### Industrial

- Import growth remains strong
- Growth is in higher valued goods
- Future trend is for “super-sized” warehousing
- DC migrating towards new freeway systems
- FMCG companies outsourcing to 3PL’s
- Focus is lower cost, storage optimization and accuracy

### Commercial

- Strong demand for office space (+15%)
- Driven by low vacancy rates 5-6% nationally
- White collar workforce up
- Environmental compliance “green star” rating
- Refurbishment cycle is 7 years average
- Government sector is driving new growth
- ACT to lead demand in next 3 years

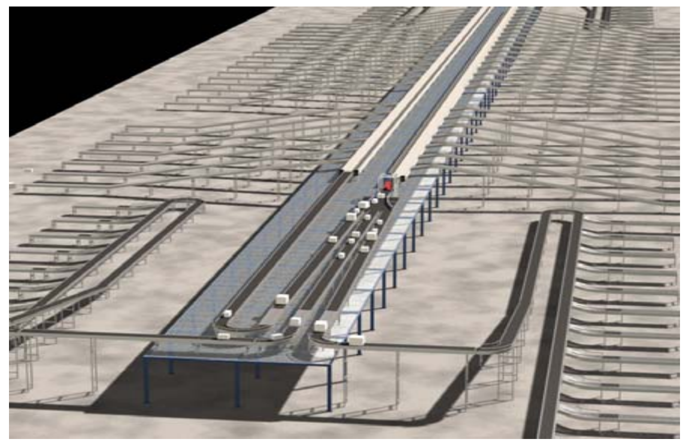
# Strategy – “Three Waves”

| | |
|---|---|
| **“Defend & Extend” core business** | • Intensified sales coverage plus franchise growth<br>• Continue to build on our strong brand equity<br>• Productivity improvements at Kings Park factory<br>• Site consolidation (4 sales offices, NZ factory & warehouse) |
| **“Build & Grow” emerging businesses** | • Leading consolidation in the commercial market<br>• Access to leading brands and market positions<br>• Promoting professional services<br>• Positioning for growth in Asia |
| **“Create new growth” platforms** | • Drive innovation<br>• Expand software technology platforms<br>• Broaden offer in the commercial furniture area<br>• Spacesaver® manufacturing alliance in Asia |

# Strategy + Innovation



**Command & Control Software Technology**



# CY08 Outlook

**Revenue**

- Industrial sales to remain strong
- Full impact of acquired businesses
- Launch of new product lines in commercial
- Asia & NZ to pick-up sales momentum in 2H'08

**Margins**

- Fixed cost reduction program on track
- Strategies in place to manage expected steel increases
- Objective is to sustain CY07 margins

**Cash flow**

- Strong capital management focus
- CAPEX spend on NZ plant consolidation, Malaysian investment, IT upgrade
- Acquisitions under constant review

**Earnings**

- Normalised NPAT of around $14m (before intangibles amortisation of A$1.5m pre-tax & NZ restructuring costs of c.A$1 m pre-tax)
- Order book remains solid