



**Full Year 2009  
Results Presentation**

# CY09 Highlights



## Key Points:

### Financial

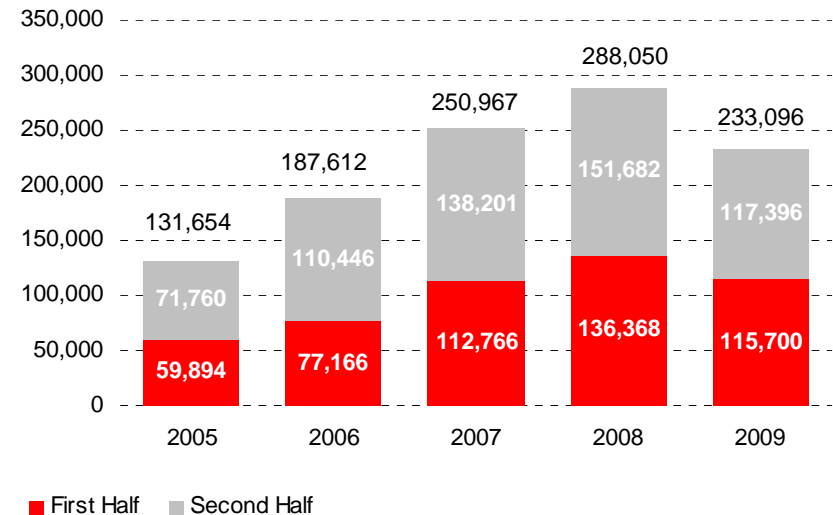
- Revenue declined 19% to \$233m from \$288m
- Good second half recovery in earnings
- Operating cash flow remained strong at \$15.4m
- Gearing levels improved from 83% to 38% (net debt/equity)

### Operational

- Efficiency initiatives:
  - adjusted production to match operating levels
  - lowered cost base
  - reduced inventory levels
- New Commercial products increase market share
- New distribution agreement in India
- Major systems project completed in the Middle East
- Commitment to relocate and enlarge the China factory

### Sales revenue

\$ 000's



### Segment EBITA Normalised

\$000's

Segment	2009	2008
Industrial	11,046	23,188
Commercial	235	1,257
Asia	906	806
<b>Total Segment EBITA</b>	<b>12,187</b>	<b>25,251</b>
Unallocated costs	(4,439)	(5,198)
<b>Total Group EBITA</b>	<b>7,748</b>	<b>20,053</b>

# Earnings

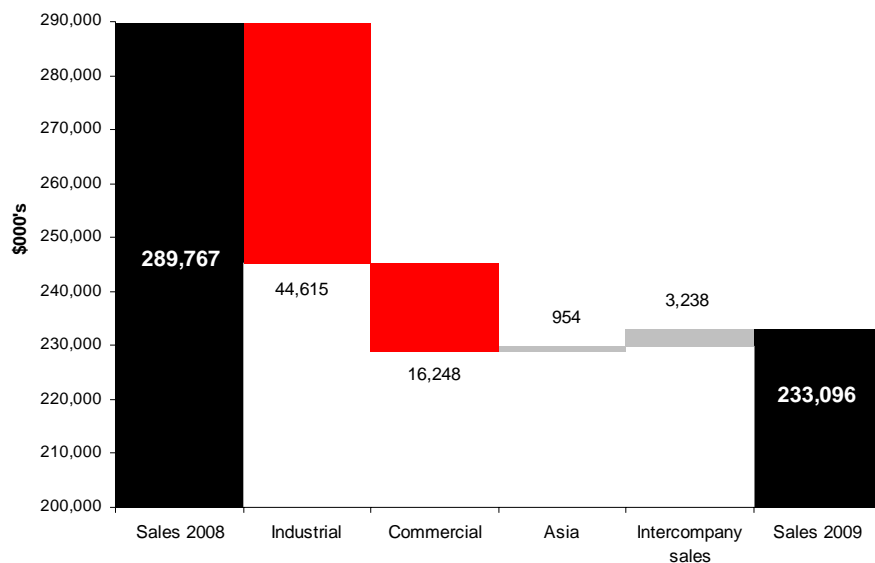


## Key earnings drivers were:

- Recovery in project sales and Industrial distributor sales in Australia
- Commercial Division operational performance improves but lower sales volumes through dealer channels impact performance
- Improved factory capacity utilisation helps margin recovery
- Redundancy costs of \$0.7m (pre tax)

\$000	Dec-09	Dec-08	Change
<b>Total revenue</b>	<b>234,444</b>	<b>289,767</b>	<b>-19%</b>
Cost of sales	196,459	237,572	
<b>Gross Profit</b>	<b>37,985</b>	<b>52,195</b>	
Expenses	30,923	34,158	
<b>EBITA (Reported)</b>	<b>7,062</b>	<b>18,037</b>	<b>-61%</b>
Net interest / financing costs	(2,287)	(4,964)	
Amortisation	(1,429)	(1,474)	
<b>Profit before taxation</b>	<b>3,346</b>	<b>11,599</b>	
<b>Taxation</b>	<b>(721)</b>	<b>(2,649)</b>	
<b>NPAT</b>	<b>2,625</b>	<b>8,950</b>	<b>-71%</b>
Add: Amortisation	1,121	1,111	
Add: One off costs	538	1,423	
<b>NPAT (Normalised)</b>	<b>4,284</b>	<b>11,484</b>	<b>-63%</b>
<b>EBITA (Normalised)</b>	<b>7,748</b>	<b>20,053</b>	<b>-61%</b>
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Gross margin	16.2%	18.0%	
Effective tax rate	21.5%	22.8%	
EBITA margin (normalised)	3.3%	6.9%	
Earnings per share - Reported (cents)	3.2	13.9	
Earnings per share - Normalised (cents)	5.2	17.8	

Sales Bridge 2008 to 2009

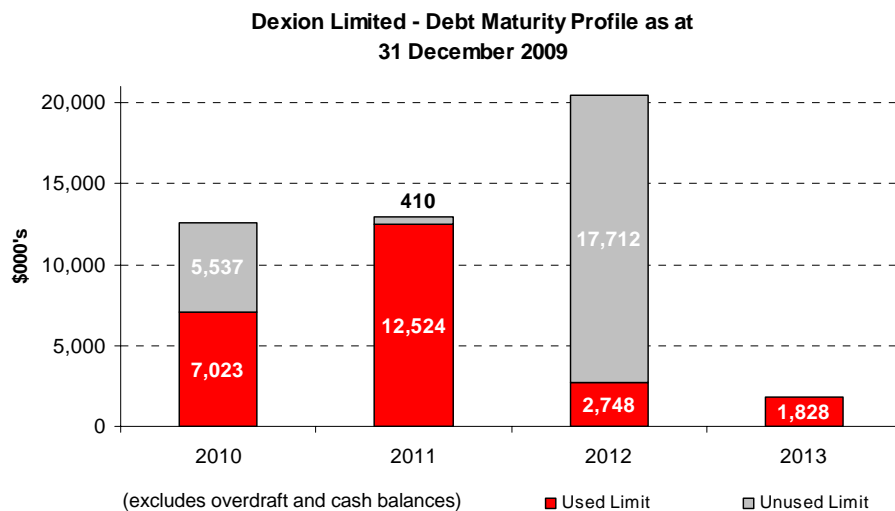


# Balance Sheet

## Key Points:

- Gearing reduced to 38% with net debt of \$25m and reduced from \$46m.
- Interest cover 3.4 times for 2009 based on normalised EBITA
- Working capital down \$6m to \$17m
- Unutilised banking facilities of \$32m
- Comfortable headroom under bank covenants

## Debt maturity profile



\$'000's	Dec-09	Dec-08
Cash	2,544	5,089
Receivables	38,811	51,461
Inventories	21,558	33,770
Other current assets	1,568	1,814
Fixed assets	22,349	26,238
Intangibles	50,152	52,654
Deferred tax assets	2,736	2,804
<b>Total Assets</b>	<b>139,718</b>	<b>173,830</b>
Borrowings	27,127	50,952
Trade & other payables	38,267	57,743
Current tax payable	771	664
Deferred tax liability	2,787	3,116
Provisions	6,199	6,275
<b>Total Liabilities</b>	<b>75,151</b>	<b>118,750</b>
<b>Net Assets</b>	<b>64,567</b>	<b>55,080</b>
Net debt	24,583	45,863
Net debt / equity	38%	83%
Working capital	16,648	22,051

# Cash Flow



Key Points:	\$000's	2009	2008
<ul style="list-style-type: none"> <li>Absent the proceeds of the equity raising (\$11.2m), net cash flow was \$10.0m</li> <li>Outlook is for higher investment in working capital as revenue improves</li> <li>Capital Expenditure likely to be \$5m with upgrade of Dexion China the main project</li> <li>Further debt reduction capacity in 2010</li> </ul>	Opening net (debt)	(45,863)	(49,276)
	<b>EBITA</b>	<b>7,062</b>	<b>18,037</b>
	Depreciation	4,398	4,172
	Working capital (increase) / decrease	6,576	3,883
	Net borrowing costs	(2,284)	(4,895)
	Income tax paid	(302)	(2,764)
	<b>Operating cashflow</b>	<b>15,450</b>	<b>18,433</b>
	Dividends paid	(2,584)	(5,809)
	Net Capital expenditure	(2,021)	(6,695)
	Purchase of business	(721)	(2,516)
	Equity issue	11,156	0
	<b>Net cashflow</b>	<b>21,280</b>	<b>3,413</b>
	<b>Closing net (debt)</b>	<b>(24,583)</b>	<b>(45,863)</b>

\$000	2009	2008	%
Sales	136,436	176,777	-23%
EBITA (normalised)	11,046	23,188	-52%
EBITA / Sales %	8.1%	13.1%	

## Comments

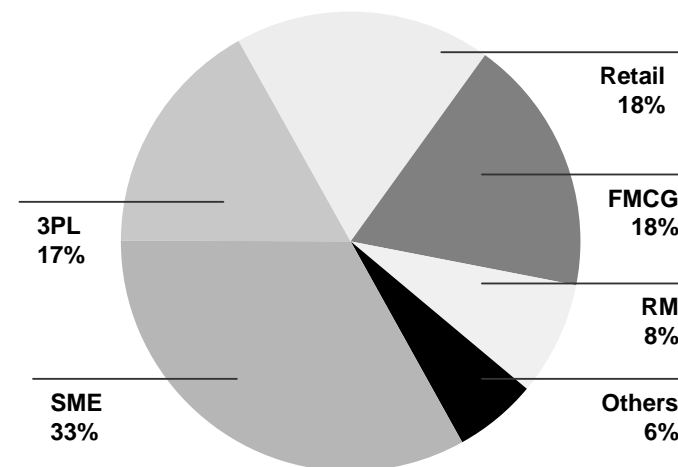
### Australia:

- Pick up in demand from 1H'09 results in 23% second half revenue improvement
- Much improved factory capacity utilisation
- DIS completes first site in major national contract in the parcel sortation and delivery industry
- Outlook for demand from retail sector promising

### New Zealand:

- Major semi automated distribution centre completed
- New IT system implemented successfully
- Development of improved distributor channel
- Market demand remains challenging

## Industrial Storage



## Key Drivers

- Retail sales
- Import growth TUE's
- Non-residential growth
- Corporate earnings

# Commercial ANZ Overview

\$000	2009	2008	%
Sales	60,082	75,706	-21%
EBITA (normalised)	235	1,257	-81%
EBITA / Sales %	0.4%	1.7%	

## Comments

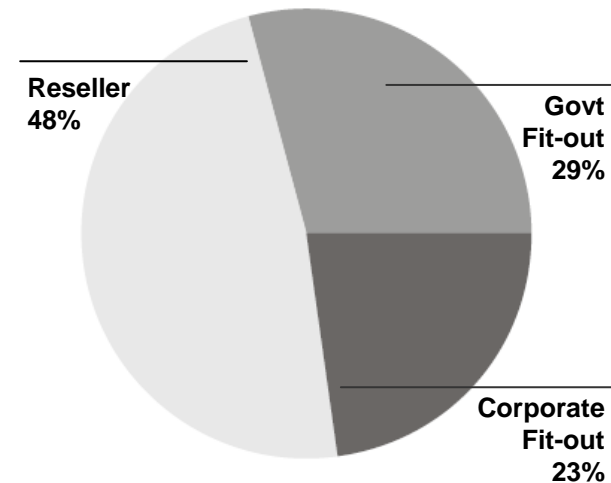
### Australia:

- Benefits of restructuring and process improvements deliver better earnings
- Acceptable profit in 2nd half despite dealer sales being weak
- Well placed to improve sales to education sector as a result of government stimulus package
- New GECA approved Dexion Commercial product lines well received by the market
- Outlook is positive; pick-up noticeable

### New Zealand:

- Having produced a profit in the first half, a fall in second half sales results in a small loss
- Order bank improves in 4<sup>th</sup> quarter with new government contracts
- Business improvement initiatives underway

## Commercial Storage



## Key Drivers

- Employment
- Office lease cycles
- Non-residential growth
- Regulatory compliance “Green Star”

# Asia Overview

\$000	2009	2008	%
Sales	39,096	38,330	2%
EBITA (normalised)	906	806	12%
EBITA / Sales %	2.3%	2.1%	

## Comments

### Malaysia:

- Order bank improves at year end with a major project from global customer
- Margins impacted by erratic steel supply

### China:

- Project to move to a new 10,000m<sup>2</sup> facility commences at a cost of \$3m
- Effective recovery of bad debt

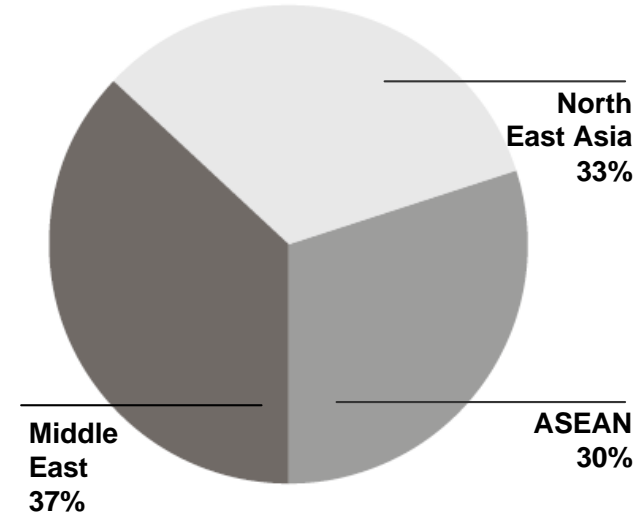
### Middle East:

- Completed Systems project in the Middle East
- Extending Distributor reach and solution offering

### India:

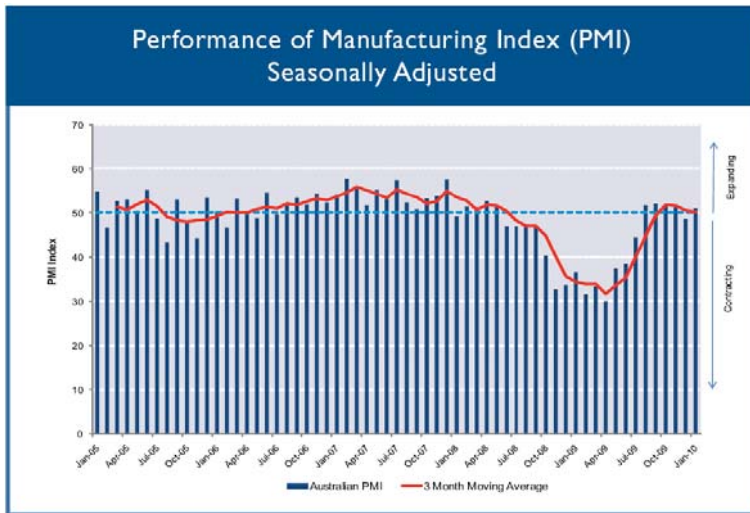
- Sales commence to Amara Raj, the new national distributor

## Asia & Middle East

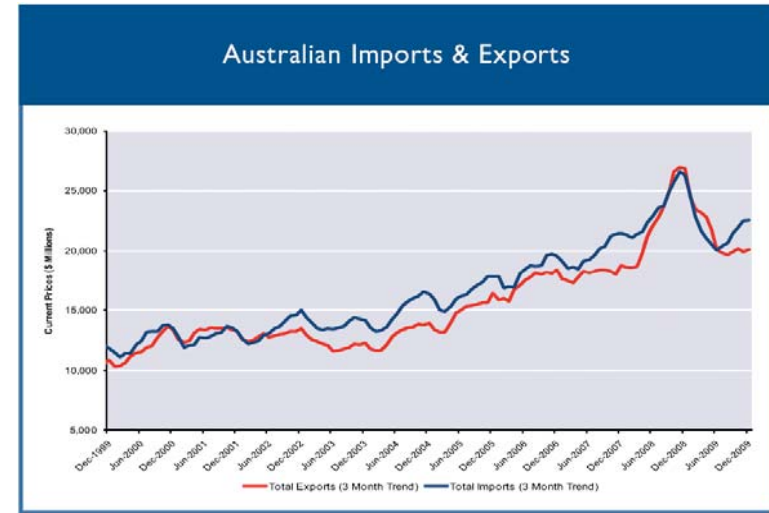


## Key Drivers

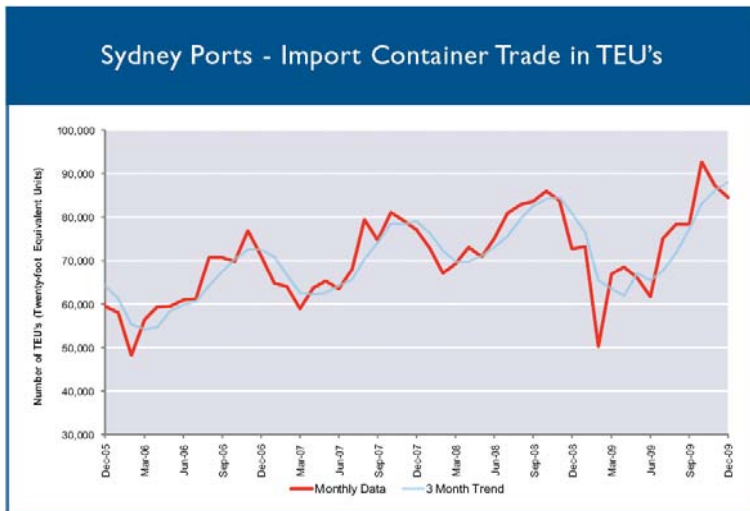
- GDP growth
- Non-residential growth
- Corporate Earnings
- Increased urbanisation



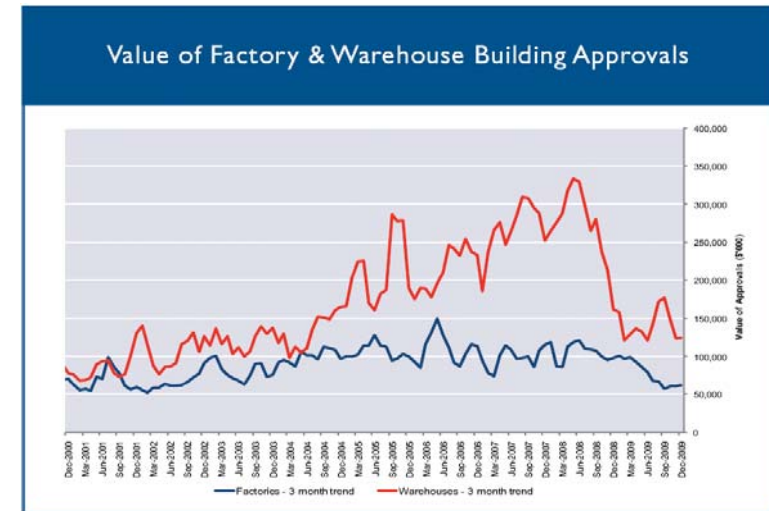
Source: Australian Industry Group - PricewaterhouseCoopers



Source: ABS / Colliers International Research



Source: Sydney Ports / Colliers International Research



Source: ABS / Colliers International Research

## Immediate Priorities

- Improve production and products sourcing across A&NZ Markets
- Maintain working capital efficiency
- Complete key capex project in China
- Manage steel price changes
- Preserve cash

## Strategic Actions

- Drive sales force effectiveness across the organisation
- Improve marketing of Commercial products
- Continue to pursue organic growth and geographic expansion opportunities through new product launches and business partnerships
- Strengthen organization in Asia and the Middle East to leverage investment

## Outlook

- Market conditions have improved in Australia but remain challenging in N.Z
- Broader geographic position in Asia for future organic growth
- Dexion is well position to benefit from improved economic conditions
- Target a return to historic profit margins during 2010
- Earnings update to be provided at the AGM in April 2010