

VERTICON GROUP LIMITED

RESULTS – DECEMBER 2004

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VERTICON

VERTICON GROUP LIMITED - RECAP

IPO

- » Listed 17 December 2004
- » Raised \$50m

Reason for IPO

- » Acquisitions of tower crane companies

Acquisitions – Seca Pty Ltd

- Tower crane and hoist business based in QLD
- Been in business for >20 years
- History of profitability
- 63 cranes 28 hoists
- Hires cranes and hoists to larger construction companies
- Operates, maintains, erects/dismantles

- Econ Construction Equipment Aust P/L

- Based in Melbourne but also in Perth and Sydney
- Been in business for >15 years
- 12 cranes 2 hoists
- Hires cranes to larger construction companies

VGP Objective

- » Create a national service offering to the Construction Industry

VERTICON

FINANCIAL PERFORMANCE

	FY2004 Pro forma Prospectus	FY2005 ⁽¹⁾ Forecast Prospectus	FY2005 Forecast Statutory	FY2005 Actual ⁽²⁾ Statutory H1
Revenue	\$35.1m	\$44.5m	\$24.3m	\$1.4m
EBITDA	\$12.9m	\$16.3m	\$8.5m	\$0.2m
NPAT	n/a	\$9.5m	\$4.9m	\$0.1m

Note:

- (1) Proforma forecast assumes Seca and Econ owned since 1 July 2004
- (2) Actual results include trading from Seca from 13 December and Econ from 14 December plus one time corporate office set-up costs

PROFORMA BALANCE SHEET

Assets	Prospectus	Actual
Cash Assets	\$1.1m	\$0.5m*
Intangible Assets	\$5.4m	\$5.9m
Property Plant & Equipment	\$41.3m	\$41.9m
Other	\$0.1m	\$0.6m*
Total Assets	\$47.9m	\$48.9m
Liabilities		
Payables	\$0.4m	\$0.7m
Provisions	\$0.2m	\$0.2m
Total Liabilities	\$0.6m	\$0.9m
Net Assets	\$47.3m	\$48.0m

* \$0.3m Adjustment to come back as cash to Verticon

PROSPECTUS FORECAST

- » On track to meet earnings forecast
 - Continuing to win new business
 - Variability of start dates is an issue
 - No significant margin pressure
 - Operational management refocussed on business
 - Improving utilisation rate

THE BUSINESS – OUR EXPERIENCE TO DATE

- » Learning curve for businesses in the change from private to public ownership
 - Reporting
 - Forecasting
 - Accounting

- » Start dates for construction jobs move
 - Positives and negatives

- » Utilisation rate can be "lumpy"
 - Dec 61%
 - Now 75%

- » Motivation of principals of Seca and Econ is excellent

CONSTRUCTION INDUSTRY

MEDIA/INDUSTRY COMMENTARY

» **Negatives**

- Higher building costs may make some projects uneconomical
- Walter Construction voluntary administration

» **Positives**

- Office vacancy rates falling which will lead to more office construction (Consistent with BIS Shrapnel in prospectus)
- Residential flat in Melbourne & Sydney but oversupply forecast to be filled by 31/12/05
- Strong activity continues in QLD
- Uses of tower cranes “broadening”
 - Campus style developments
 - Business Parks
 - Out of CBD

ACQUISITION STRATEGY

TOWER CRANE SERVICES

Complete the geographic coverage on East Coast

» **VIC**

- Increase crane numbers to approx 20 by acquisition and then organically grow

» **QLD**

- Grow with market

» **NSW**

- Acquisitions to enter the market and /or set up own operation

MOBILE CRANES & OTHER CONSTRUCTION SERVICES

- » Enter this sector by acquisition

ACQUISITION STRATEGY

- » Discussions proceeding with number of parties and confirm purchase prices are around asset value.
- » May offer cash and equity
- » Many vendors see Verticon as the “second round” to Boom Logistics

QUESTIONS