

# Half Year Results Presentation

## 31 December 2005

*February 2006*



**SEGA**  
**VERTICON**

**FIRE UP**  
**VERTICON**

**DANIEL SMITH**  
**VERTICON**

**VERTICON**

# Verticon Business Model

- » Consolidate tower crane and hoist industry by acquisition
- » Increase fleet market share in targeted geographical markets
- » Expand and grow alliances with major national construction companies
- » Transition group competencies across other services and into new sectors.
  - ❖ e.g. extend into mobile crane sector to take advantage of infrastructure development opportunities



# Verticon Overview

- » Largest tower crane operator in Australia and New Zealand
- » Operating divisions in QLD, NSW, VIC and NZ
- » Diversifying reliance from tower cranes
- » Tower Cranes            108                            Hoists                            42
- » Crawler Cranes        19    Mobile Cranes            12
  
- » Competitors
  - ❖ LCR Group: approx 50 tower cranes
  - ❖ Boom: approx 32 tower cranes (Vic only)
  - ❖ No national competitor of comparable size



# Achievements

- » Dec 2004 Listed on the ASX and acquired **QLD (Seca)** and **VIC (Econ)** businesses
- » Apr 2005 Acquired crane assets of **Eltrax** (\$5.6M staged payment)
- » May 2005 Acquired **GFB Engineering** (\$0.2M)
- » Sep 2005 Acquired **Fire Up Cranes and Rigging** to secure NSW coverage (\$4.8M)
- » Oct 2005 Secured Chinese hoist distributorship
- » Dec 2005 Acquired **Daniel Smith Industries** in New Zealand (NZ\$41.0M)



# Half Year Results - Summary

	6 months to 31/12/05
REVENUE	\$23.3m
<b>EBITDA</b>	<b>\$4.5m</b>
EBITDA % Revenue	19.5%
<b>NPAT</b>	<b>\$1.4m</b>
NPAT % Revenue	5.9%
<b>EPS Basic</b>	<b>2.2c</b>
<b>EPS Adjusted</b> (excluding amortisation of goodwill)	<b>2.4c</b>
<b>EPS Normalised</b> (excluding amortisation and abnormal)	<b>3.2c</b>
<b>Interim Dividend</b>	<b>0.0c</b>
<b>NTA (per share)</b>	<b>58.0c</b>



# Half Year Results - Balance Sheet

	As at 31/12/05
Cash	\$0.7m
Receivables	\$11.0m
Plant & equipment	\$86.7m
Intangibles	\$14.7m
Other	\$1.3m
<b>Total assets</b>	<b>\$114.4m</b>



# Half Year Results - Balance Sheet

	As at 31/12/05
Payables	\$3.4m
Deferred vendor payments	\$7.1m
Borrowings	\$50.2m
Provisions	\$1.0m
Other	\$1.5m
<b>Total liabilities</b>	<b>\$63.2m</b>
<b>Net assets</b>	<b>\$51.2m</b>
<b>Net debt / equity</b>	<b>96.7%</b>



# Half Year Results - Cashflow

	6 months to 31/12/05
EBITDA	\$4.5m
Net capital expenditure	(\$5.4m)
Movement in operating net assets	(\$1.2m)
<b>Operating cash flow</b>	<b>(\$2.1m)</b>
Net borrowing costs	(\$0.5m)
Income tax paid	(\$1.0m)
<b>Net operating cash flow</b>	<b>(\$3.6m)</b>



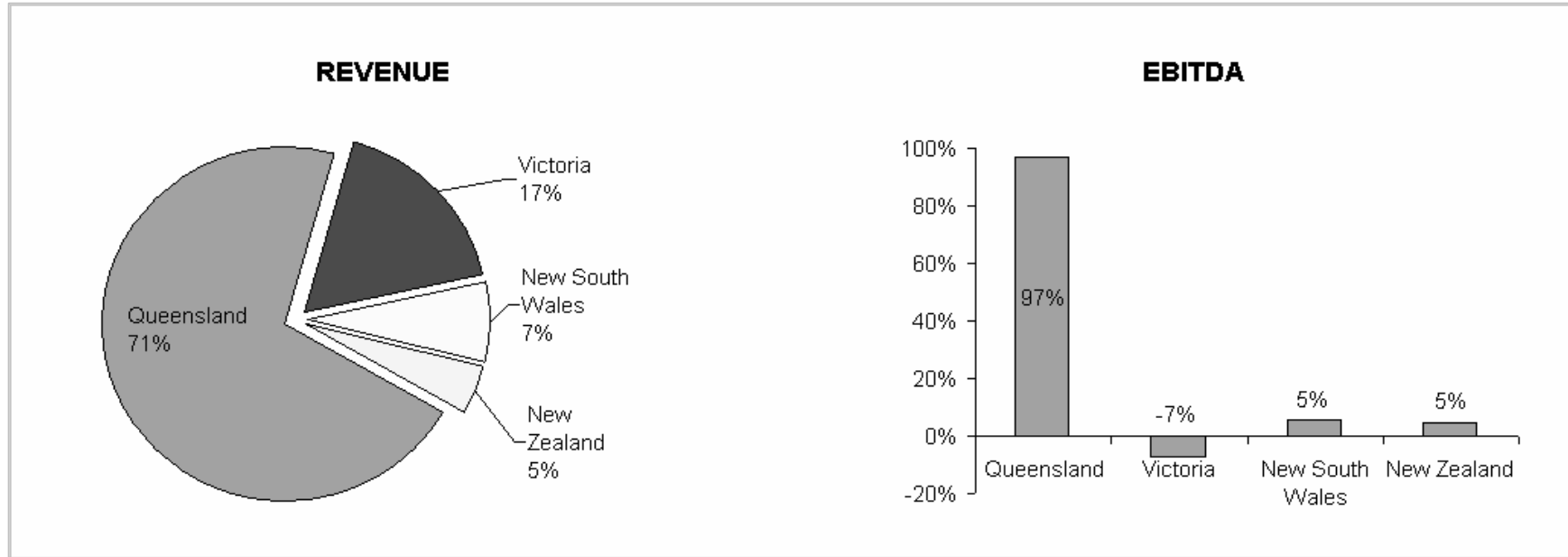


# Half Year Results - Summary

<b>Business Issue</b>	<b>Financial Impact</b>	<b>Company Action</b>
Slowdown in construction activity	Under budget earnings	» Diversification of business geographically and sectoral through NZ acquisition
Slowdown of activity in Queensland	Under budget utilisation	» Redeploying assets in NSW as market share (from a low base) improves and expanding to NT
Underperforming Victorian division	Poor EBITDA performance	» Change operational structure » Refining business practices » Customer relationship focus
Abnormal items	» Increase in doubtful debts and leave entitlements » Revenue reconciliation	» Included financial impact fully in half year results



# Segmentation (Regional)



	QLD	NSW	VIC	NZ
REVENUE	\$16.5m	\$1.7m	\$4.0m	\$1.1m
EBITDA	\$5.3m	\$0.3m	(\$0.4m)	\$0.7m

\* Includes 4 months of NSW and 1 month of NZ

# Half Year Results - Queensland

- » Activity in Queensland slowed
- » Maintaining market share
- » Margins on labour in Queensland under pressure
- » Pricing pressure from competitors
- » Equipment sales did not occur in first half
- » Utilisation
  - ❖ Tower Crane (62%) / Hoist (64%)
- » Action taken by Verticon
  - ❖ Focus on equipment sales in second half
  - ❖ Expand geographic coverage
  - ❖ Smaller capacity cranes to replace mobiles



# Half Year Results - Victoria

- » “Legacy” contracts still in place but will expire calendar year 2006
- » Operations improving but still work to be done
- » New work slow to win with significant lead time
- » Doubtful debts
- » Utilisation
  - ❖ Tower Crane (56%)
- » Action taken by Verticon
  - ❖ Change in operational structure
  - ❖ Refining business practices
  - ❖ Focus on customer relationship (hire and scheduling)
  - ❖ Receivables focus



# Half Year Results - New South Wales

- » Acquired September 2005
- » Meeting expectations
- » Began with 2 cranes in Sydney, now up to 9 cranes
- » Increasing market share with new customers
- » Strong outlook as a small player in a large market
- » Utilisation
  - ❖ Tower Crane (100%)
  - ❖ Hoist (80%)
- » Growth to assist in utilisation of National fleet

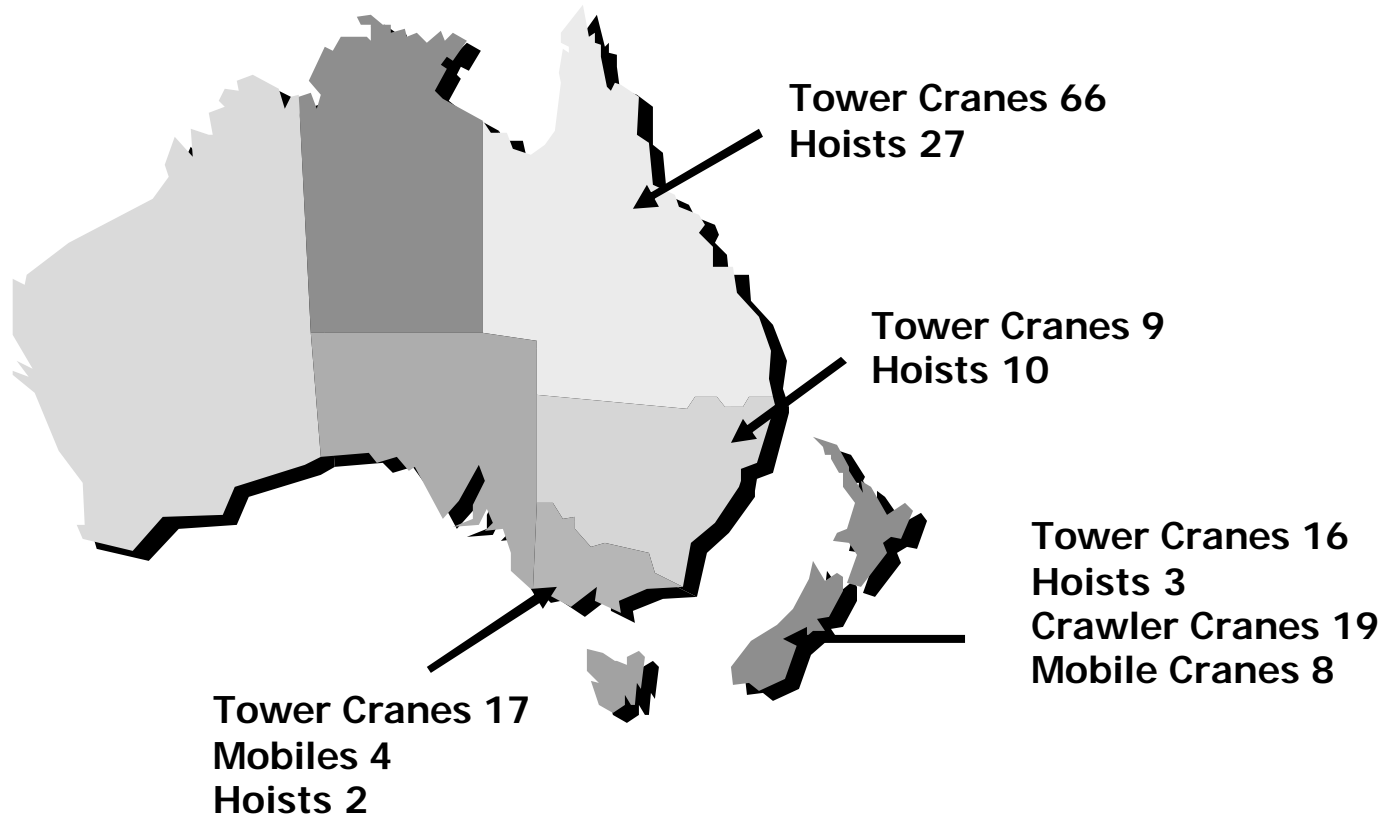


# New Zealand - Daniel Smith Industries

- » Acquired December 2005 - NZ\$41.0M
- » Vendor (Daniel Smith) contracted as employee for 5 years
- » Operates throughout NZ and Pacific Islands
- » 80% paid upon completion and 20% earn out on EBITDA target
- » Utilisation 95% (8 mobiles, 19 crawlers and 16 tower cranes )
- » Leader in New Zealand crane rental
- » Over 50% of revenues from non construction activity
- » Leader in wind turbine erections (400 tonne crawler crane)
- » Diversifies Verticon reliance on tower cranes and gives ability to leverage off wind energy expertise into Australia
- » Integration going to plan - appointment of financial controller and recruitment of deputy to Daniel Smith

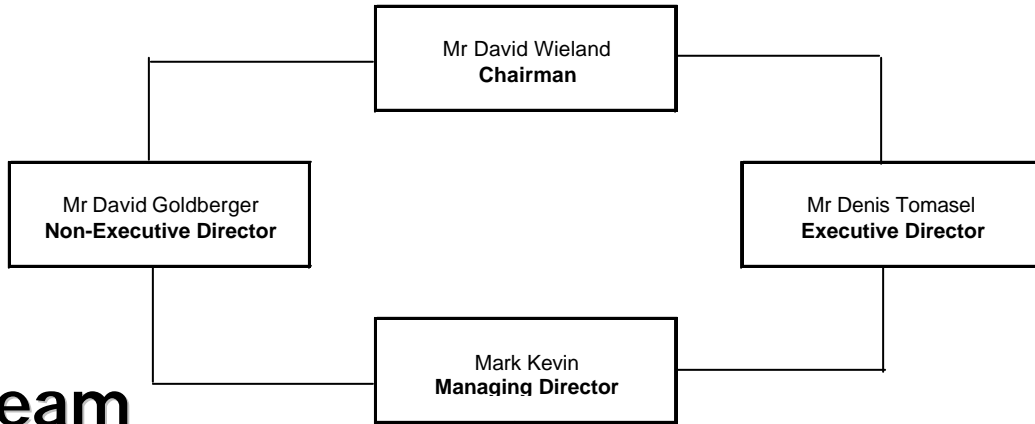


# Fleet Segmentation

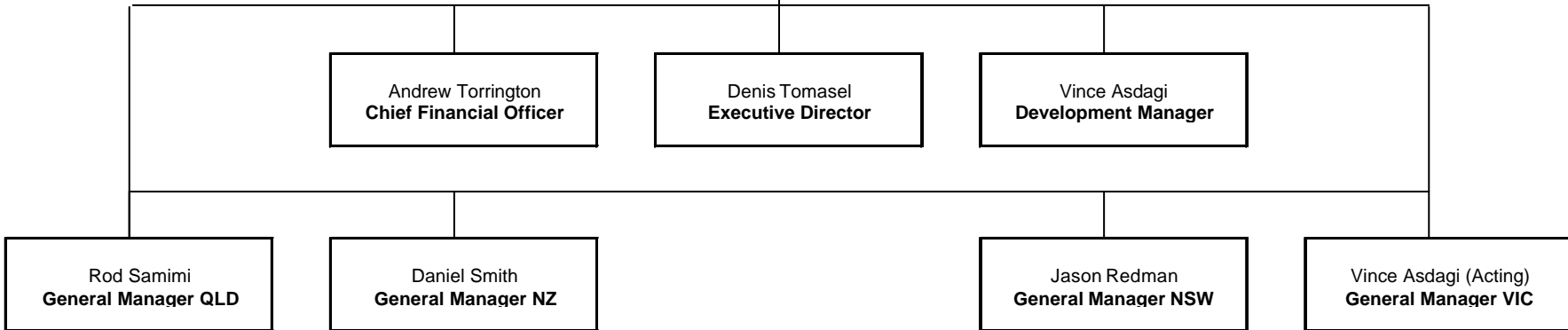


# Board and Executive Team

## Board



## Executive Team





# Outlook

## Revised basic EPS to a range 4.0 to 4.5 cents per share for FY2006

Focus	<ul style="list-style-type: none"><li>» Completion of integration of NZ and NSW acquisitions</li><li>» Rectify operating issues in Victorian business</li><li>» Maintain QLD market share</li></ul>
Opportunities	<ul style="list-style-type: none"><li>» Gain market share in NSW</li><li>» Continue to diversify sector exposure</li><li>» Organic earnings growth from alliances with National construction companies</li></ul>
Challenges	<ul style="list-style-type: none"><li>» Outlook for construction sector</li><li>» Competition from local operations</li><li>» Improvement in Victoria</li></ul>

