



Hastie Group Limited

ASX 2010 Hong Kong Conference

David Harris

Group Managing Director & CEO

21 October 2010





- **Business Overview**
- **Financial Performance**
- **Business Outlook**
- **Strategy**

“Leading international designer, installer and maintainer of technical services to the building and infrastructure sectors”

Integrated multi service delivery model drives competitive advantage



Technical services to the building and infrastructure sectors

Services

- Mechanical (HVAC)
- Electrical
- Commercial Plumbing
- Fire
- Communications
- Data
- Refrigeration
- Maintenance



Sectors

- Healthcare
- Education
- Commercial Offices
- Infrastructure
- Retail
- Defence
- Government
- Transport
- Sports & Leisure
- Oil & Gas
- Communications



Clients

- Construction Companies
- Shopping Centres
- Industrial Corporations
- Governments
- Facility Managers
- Property Developers

“Hastie provides a cradle to grave approach to technical services... design, engineering, drafting, project management, procurement, assembly, installation, commissioning and maintenance services”

Growing business reach



Rotary

Mechanical, Electrical & Commercial Plumbing (MEP) systems and Maintenance Services

15% OF FY10 REVENUE



UNITED KINGDOM & IRELAND

Hastie

Mechanical, Electrical, Commercial Plumbing (MEP), Fire & Refrigeration systems and Maintenance Services

74% OF FY10 REVENUE



AUSTRALASIA

Hastie & Rotary

Mechanical, Electrical & Commercial Plumbing (MEP) systems

11% OF FY10 REVENUE



MIDDLE EAST

Employees

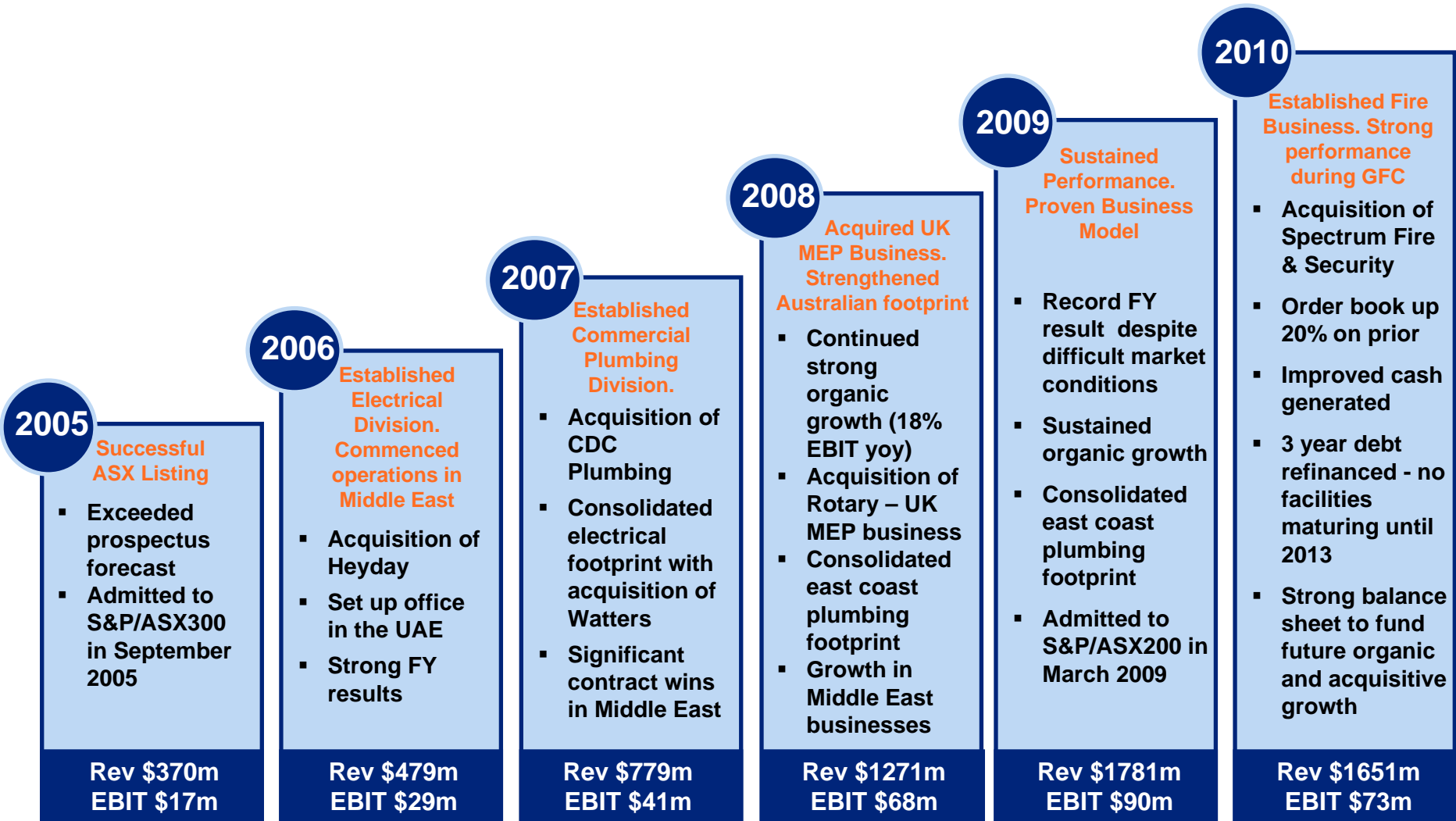
~7,000

Revenue FY 2010

A\$1.7 bn

“Hastie’s core service offering is essential to building and maintaining any population centre”

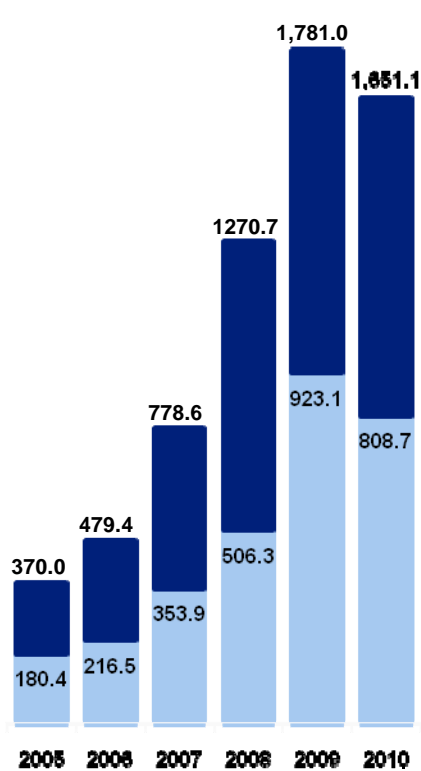
Strong financial and operating performance since IPO



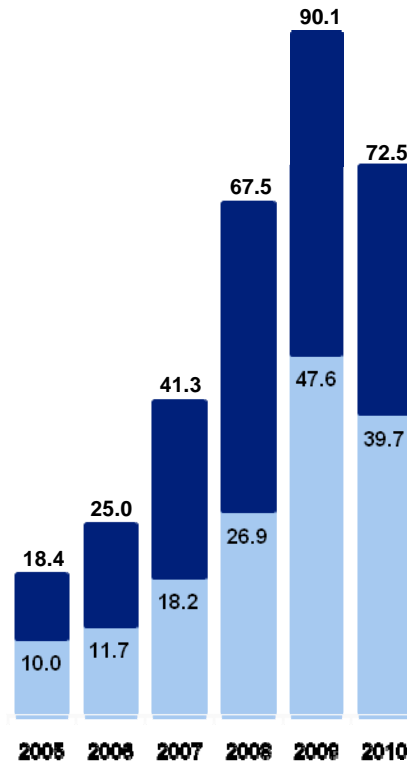
Strong financial performance



Revenue (\$m)



EBIT (\$m)



1H ■ 2H ■

5 Year CAGR

Revenue	35%
EBIT	32%
NPAT	36%
EPS	21%

Note: FY10 Underlying EBIT \$77.8million. Underlying EBIT adjusted for one-off acquisition costs of \$2.2million expensed in FY10 and abnormal \$4.7million hospital project provision in the Caribbean and gain on acquisition of Spectrum Fire \$1.6 million.

Actions taken during the GFC – Positioned to resume growth

Successfully navigated through the GFC and well positioned for a return to growth

- Strengthened management team
- Maintained staff training and apprentice programs
- Retained risk managed approach to project tendering
- Lowered our cost base
 - design & drafting hub in Delhi
 - offshore direct sourcing
 - refrigeration sub-assembly facility established in Suzhou (China)
- Continued to improve safety performance – Industry leading performance
- Increased market share across our 3 geographic hubs
- Debt capacity to capitalise on growth opportunities
 - Order book up ~20% on prior year with higher proportion of multi-year projects
- Over 90% of FY11 budgeted revenue coverage in hand* – with growing recurring revenue base

well

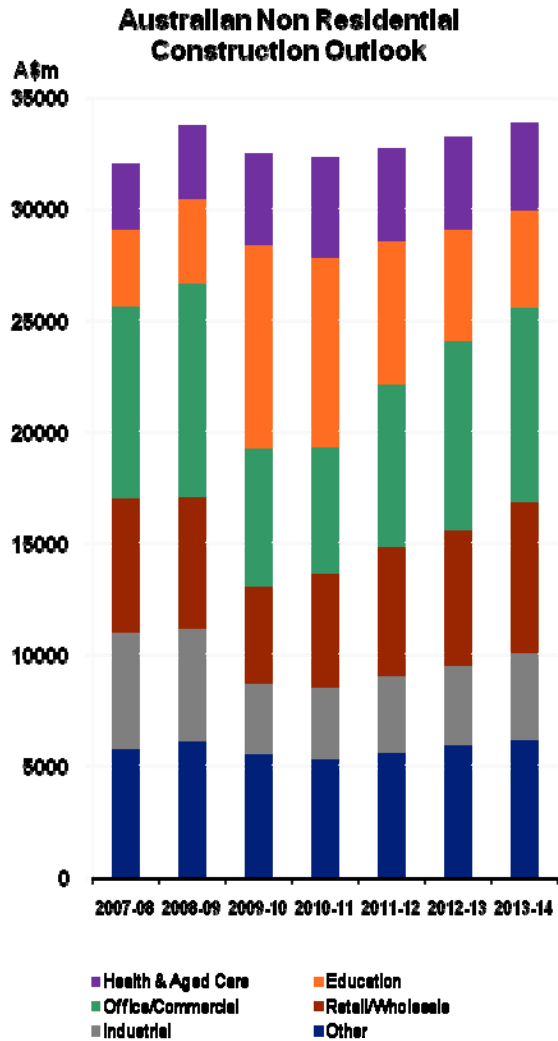


Images of the Royal North Shore Hospital

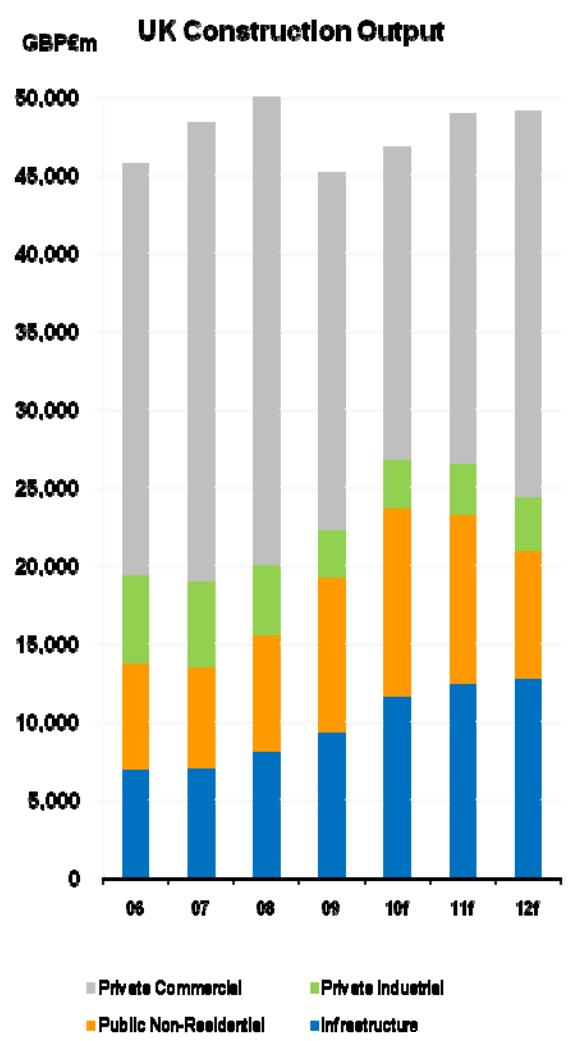
“Hastie’s long-term outlook remains positive based on a record level of work in hand, a strong competitive position and continuing economic recovery in its major markets”

*Based on orders in hand, project extensions/variations, small project sales and recurring service revenues

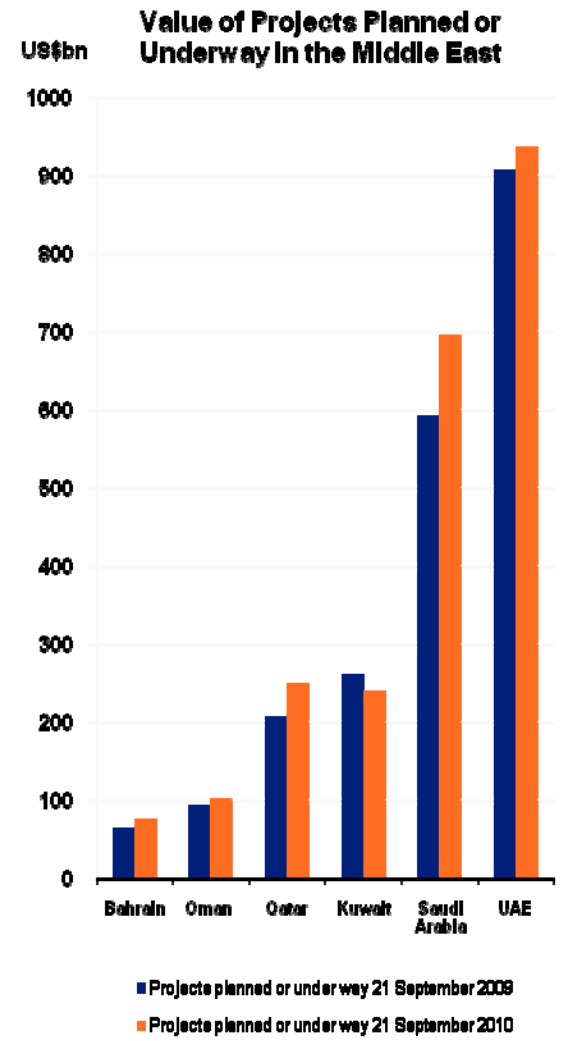
Market sentiment turning



Source: Construction forecasting council June 2010



Source: Experian, Autumn 2010; 2005 prices

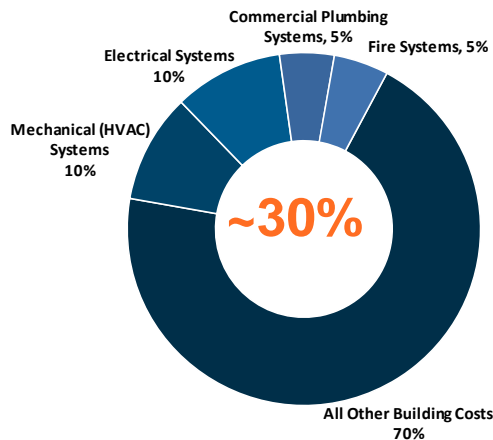


Source: MEED Projects, September 2010

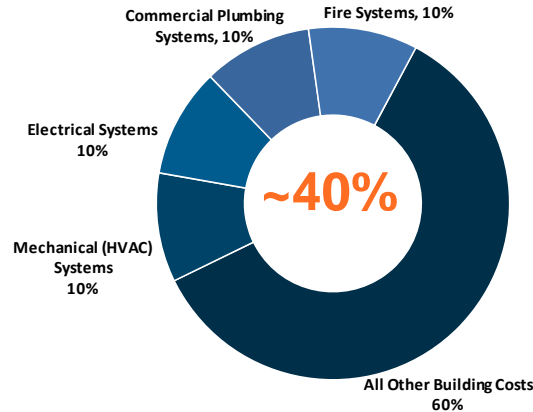
Hastie typical scope

“Hastie’s typical project scope can be up to 90% of the total construction costs in the case of a data centre”

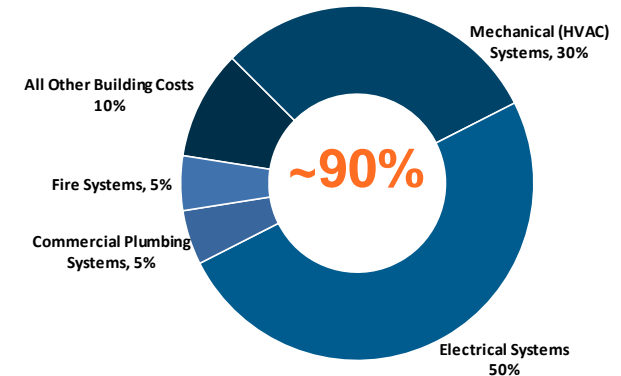
Commercial Office Building



Hospital



Data Centre



“With the move towards energy ratings and green star buildings, installation and maintenance services need to be delivered by sophisticated services providers”

Hastie can also supply significant scope for infrastructure projects



	Capability	Example Project Experience
Rail Corridors/ Signalling	<ul style="list-style-type: none"> ▪ Signalling, High voltage AC-DC power reticulation, SCADA, Station passenger information systems, ticketing systems and hearing loop system 	<ul style="list-style-type: none"> ▪ 310 Sydney Metro Station Upgrades ▪ Waverton & Warwick Farm sub-station traction upgrade ▪ QR station maintenance
Water Treatment/ Wastewater/ Desalination	<ul style="list-style-type: none"> ▪ High & medium voltage installation ▪ Sewerage treatment plants ▪ Black water recycling systems ▪ Reverse osmosis installation ▪ Remote fluoride dosing plants 	<ul style="list-style-type: none"> ▪ Sydney Desalination Plant ▪ Bendigo Mining water treatment plant ▪ Goulburn Valley water treatment
Roadways/Tunnels	<ul style="list-style-type: none"> ▪ Traffic vehicle management systems ▪ Environmental monitoring tunnel systems ▪ HV tunnel reticulation systems ▪ RTA speed camera installation 	<ul style="list-style-type: none"> ▪ M5 East ▪ M7 pre cast facility
Mining Sector	<ul style="list-style-type: none"> ▪ Mine cooling / ventilation systems ▪ Process cooling ▪ Liquefaction of coal seam gas 	<ul style="list-style-type: none"> ▪ Newmont Granites mine ▪ Peak Gold
Electricity Power Transmission/ Distribution	<ul style="list-style-type: none"> ▪ 11Kv sub-station installations ▪ 11Kv – 660 volt sub-station installations ▪ 11Kv pad mount installations 	<ul style="list-style-type: none"> ▪ Sydney Desalination sub-station ▪ Amberley Air Force Base HV upgrade ▪ Holsworthy Base – Single Leap & Special Operations Working Accommodation
Oil & Gas	<ul style="list-style-type: none"> ▪ HVAC and pressurisation systems 	<ul style="list-style-type: none"> ▪ North Rankin 2 ▪ Gorgon

Contract awards - Australasia

“Leading supplier of technical building solution and refrigeration systems to a diverse customer base”

- Royal North Shore Hospital
- Gold Coast Hospital
- Albert Street, Brisbane
- Commonwealth New Building Project
- Wintergarden Shopping Centre
- 163 Castlereagh Street
- Stocklands Merrylands
- Victorian Desalination Plant
- HVAC maintenance for multiple Stocklands premises
- HVAC and refrigeration maintenance for Woolworths stores across NZ
- National HVAC maintenance to Warehouse Group stores across NZ
- Fire maintenance to a number of Toga hospitality sites in VIC, NSW and ACT







Images of the Gold Coast University Hospital

\$119 million contract to provide mechanical, hydraulic and medical gas services for the new \$1.76 billion Gold Coast University Hospital in Queensland.

Contract awards - United Kingdom

“Specialising in air conditioning, electrical and commercial plumbing systems across the UK with an emerging maintenance service business”

-  The Co-operative Group's Headquarters (Manchester)
-  Bombardier Aircraft Wing Manufacturing and Assembly Facility (Belfast)
-  High Storrs School (Sheffield)
-  Anstey Technical College (Birmingham)
-  Media City Office Tower (Manchester)
-  Billingham Leisure Centre (Newcastle)



Co-operative Group's Headquarters, Manchester

This £25 million (A\$40 million) project is to design and install mechanical, electrical and public health services for a 15 storey building with 30,000 square metres of office space

Contract awards - Middle East & other international

“Specialising in air conditioning, electrical and commercial plumbing systems across the Middle East and other international markets”

-  Al Ain University (Abu Dhabi)
-  Traders Hotel (Qatar)
-  Zayed University (Abu Dhabi)
-  Umm Qarn & Duhail Reservoir (Qatar)
-  Arzanah Medical Complex (Abu Dhabi)
-  Wakra & Wukair Pump Stations (Qatar)
-  Almarai Bakery (KSA)



Architect impression of Zayed University

Contract to provide mechanical, electrical, plumbing and fire systems services for a new campus for Zayed University in Abu Dhabi. The A\$204 million contract has been awarded to the Al Habtoor Specon/Hastie International JV in which Hastie is a 50/50 partner.

Long term strategy continues to deliver



Service Offering	<p>Leading international provider of technical services to the building and infrastructure sectors</p> <ul style="list-style-type: none">▪ Offer full range of mechanical, electrical, commercial plumbing, fire, refrigeration systems and maintenance services▪ Focus on cross-selling multi-service MEFP offering▪ Continue to grow recurring revenue base
Regions	<p>Across Hastie's core geographic hubs</p> <ul style="list-style-type: none">▪ Consolidate and extend service offering within core geographic hubs of Australasia, UK and the Middle East
Customers	<p>For customers</p> <ul style="list-style-type: none">▪ Sustain and build long-term relationships with key blue-chip and government customers in infrastructure, social infrastructure, commercial and industrial sectors
People	<p>Applying the best resources</p> <ul style="list-style-type: none">▪ Retain and attract quality talent▪ Continue development and training programs – apprentices and graduates▪ Continue focus on further improving safety performance
Risk Management	<p>Risk managed approach to project selection and delivery</p> <ul style="list-style-type: none">▪ Well developed systems and procedures underpinned by delegations of authority▪ Sensible commercial contracting terms▪ Experienced commercial and project staff▪ System of regular in-depth project and peer reviews at all levels in organisation

FY11 Group outlook

- 🌀 Business well positioned for a return to growth in FY11
- 🌀 Order book up ~20% on prior year – higher proportion of multi-year projects
- 🌀 Risk-managed approach to growth continues
- ✓ Proven business model continues to deliver
- ✓ Multi-service offering provides sector and geographic diversity and strong cross sell
- ✓ Over 90% of FY11 budgeted revenue coverage in hand* – with growing recurring revenue base
- ✓ Prudent capital management – strong balance sheet and secure debt position provides financial flexibility to capture growth opportunities
- 🌀 Confident on a return to growth in earnings in FY11 of at least 10% - skewed towards second half
- 🌀 Further growth opportunities in FY12 with momentum building for the longer term



“Leading international designer, installer and maintainer of technical services to the building and infrastructure sectors -”

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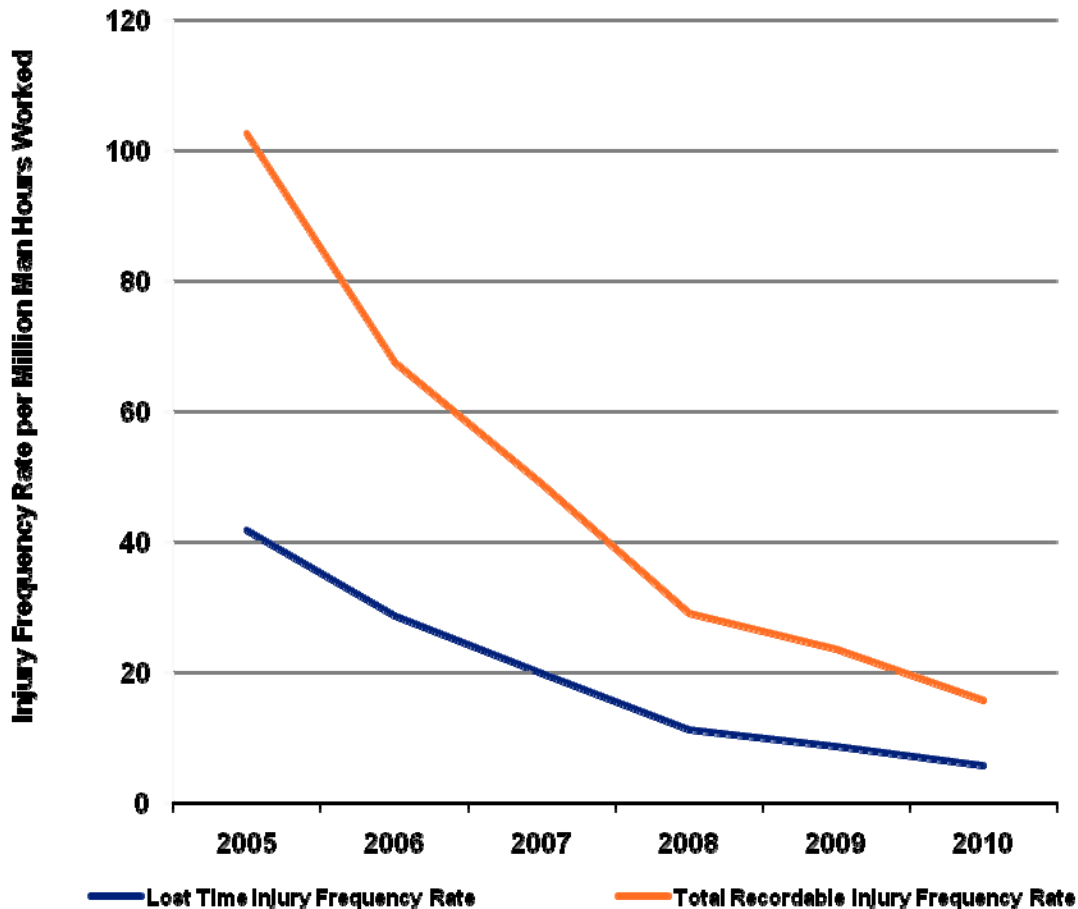
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“Leading international designer, installer and maintainer of technical services to the building and infrastructure sectors”

Safety performance

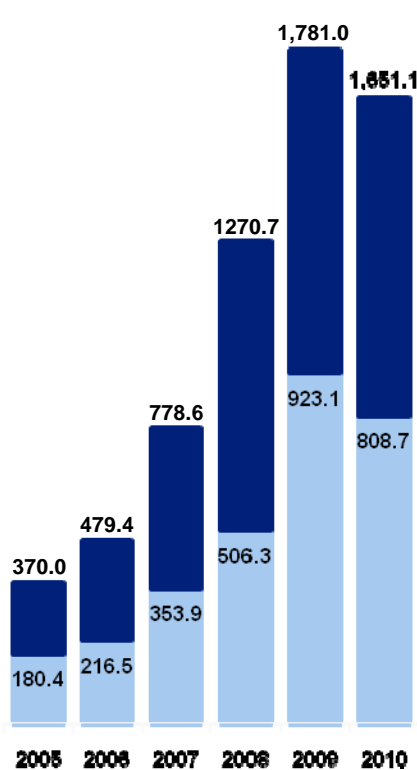


-  FY10 another year of excellent performance
-  5th year of sustained improvement in safety performance
-  33% p.a. reduction in total recordable injuries and lost time frequency rates since IPO
-  Industry leader proactively driving industry wide safety initiatives

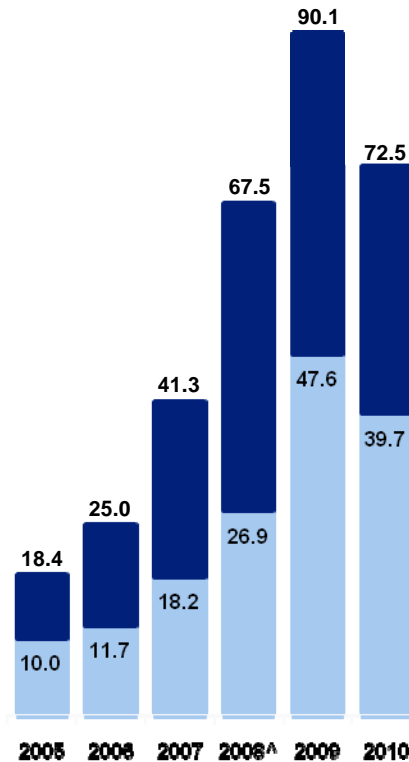
6 year financial performance



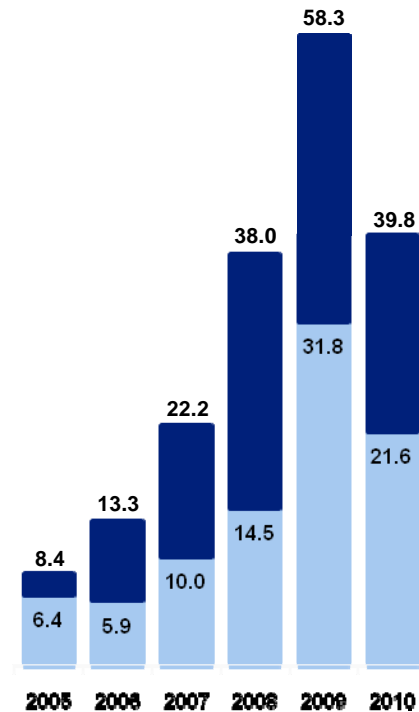
Revenue (\$m)



EBIT (\$m)



NPAT (\$m)

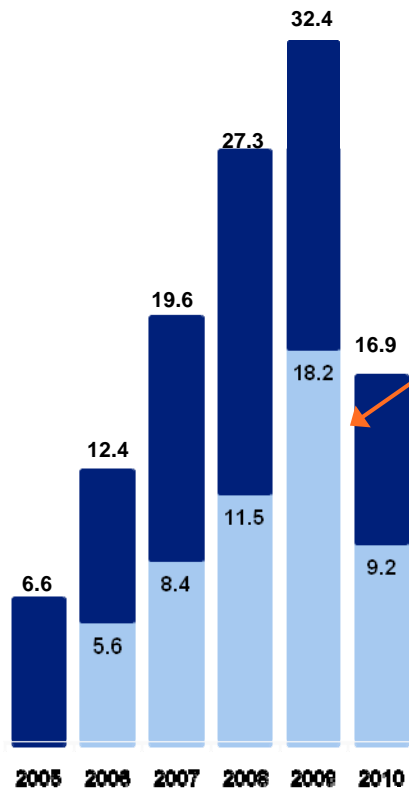


■ 1H ■ 2H

Note: FY10 Underlying EBIT \$77.8million. Underlying EBIT adjusted for one-off acquisition costs of \$2.2million expensed in FY10 and abnormal \$4.7million hospital project provision in the Caribbean and gain on acquisition of Spectrum Fire \$1.6 million.

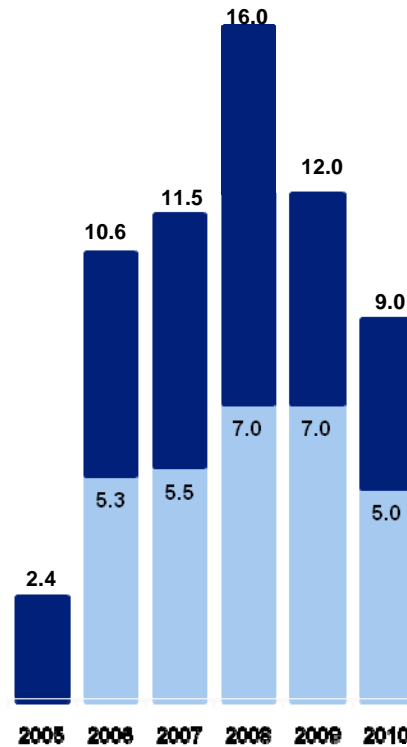
Earnings and dividends

EPS* (cps)



Balance sheet strengthening (\$77 million raised) – additional 67 million shares issued in June 09

DPS (cps)



■ 1H ■ 2H

*EPS restated to reflect the effect of the share entitlement offers during 2008 and 2009.

Operating cash flow



A\$m	Jun-09	Jun-10	Change
EBITDA	103.1	86.0	(17.1)
Working Capital Movement	(57.3)	(23.7)	33.6
Share Based Payment & Other Sundry Movements	0.8	(2.6)	(3.4)
Cash Generated from Operations	46.6	59.7	13.1
Income Tax Paid	(11.6)	(8.1)	3.5
Operating Cash Flow After Tax	35.0	51.6	16.6
Capital Expenditure	(16.3)	(10.7)	5.6
Acquisitions	(29.0)	(23.7)	5.3
Net Share Issue	74.0	(0.1)	(74.1)
Net Finance Costs and Proceeds from Borrowings	(77.8)	(19.9)	57.9
Advance to related parties	(0.1)	(1.3)	(1.2)
Net Movement in Cash	(14.2)	(4.1)	10.1
Opening Net Cash	100.9	87.6	(13.3)
FX Difference & Other Sundry Movements	0.9	(2.7)	(3.6)
Closing Net Cash	87.6	80.8	(6.8)

Balance sheet



A\$m	Jun-09	Jun-10
Cash	90.0	84.0
Receivables	367.3	406.5
Inventory	28.8	34.5
Other	11.7	9.7
Current Assets	497.8	534.7
Property Plant & Equipment	56.7	55.0
Goodwill	413.8	424.0
Others	37.6	40.2
Non-Current Assets	508.1	519.2
Total Assets	1,005.9	1,053.9
Payables	310.2	323.0
Interest-Bearing Liabilities	7.8	9.5
Provisions	46.4	53.4
Other	18.2	12.9
Current Liabilities	382.6	398.8
Interest Bearing Liabilities	253.0	263.0
Other	3.8	4.9
Non-Current Liabilities	256.8	267.9
Total Liabilities	639.4	666.7
Total Net Assets	366.5	387.2
Capital & Reserves	289.0	292.9
Retained Earnings	76.4	92.7
Minorities	1.1	1.6
Total Shareholders Funds	366.5	387.2

Debt profile



- Successfully refinanced \$154 million of debt facilities maturing in April 2011 until July 2013
- Support from all the major banks in Australia with refinance oversubscribed
- Extended bonding lines by ~\$90 million to support continued organic growth

		Actual	Covenant
Debt Covenants	Interest cover	4.0x	>3.0x
	Net leverage (net debt/annualised EBITD)	2.2x	<3.0x
	Gross debt/(gross debt + book equity)	41%	<60%
	Adjusted leverage ratio (net debt + 50% of bank guarantees)/ annualised EBITD	3.3x	<4.0x
Debt Facilities	<ul style="list-style-type: none"> No debt facilities maturing until April 2013 \$401m committed term debt facilities; undrawn term debt facilities \$149m 		
	<ul style="list-style-type: none"> Net cash balance \$81m Undrawn term debt facilities \$149m Net debt \$188m Net debt/(net debt + book equity) 33% 		
Debt / Financing Capacity			

Underlying divisional performance



A\$m		2009	2010	Change
Mechanical & Hydraulics	Revenue	855.9	775.9	(9.3%)
	EBIT	44.8	38.9	(13.2%)
	Margin	5.2%	5.0%	
Electrical	Revenue	298.6	334.3	12.0%
	EBIT	20.0	17.5	(12.5%)
	Margin	6.7%	5.2%	
Services	Revenue	190.6	217.8	14.3%
	EBIT	9.7	9.4	(3.1%)
	Margin	5.1%	4.3%	
Rotary¹	Revenue	435.9	323.1	(25.9%)
	EBIT	18.2	12.0	(34.1%)
	Margin	4.2%	3.7%	
Total	Revenue	1,781.0	1,651.1	(7.3%)
	EBIT²	92.7	77.8	(16.1%)
	Margin	5.2%	4.7%	

1. Rotary impacted by further weakening of the GBP against the A\$: For the UK operations FY10 revenue £143 million vs. FY09 £148 million.

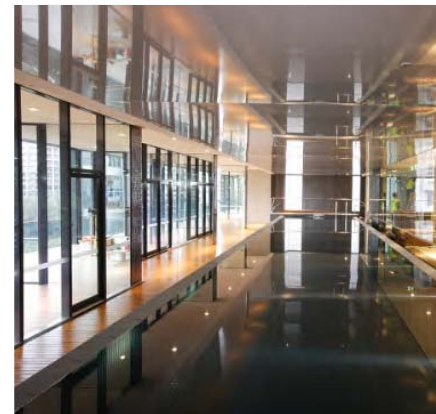
2. FY10 underlying EBIT adjusted for one-off acquisition costs of \$2.2 million expensed in FY10, abnormal \$4.7million hospital project provision in the Caribbean and gain on acquisition of Spectrum Fire \$1.6 million. FY09 Underlying EBIT adjusted for abnormal \$2.6million project provisions in Ireland.

MEP (mechanical, electrical, commercial plumbing) – Australasia

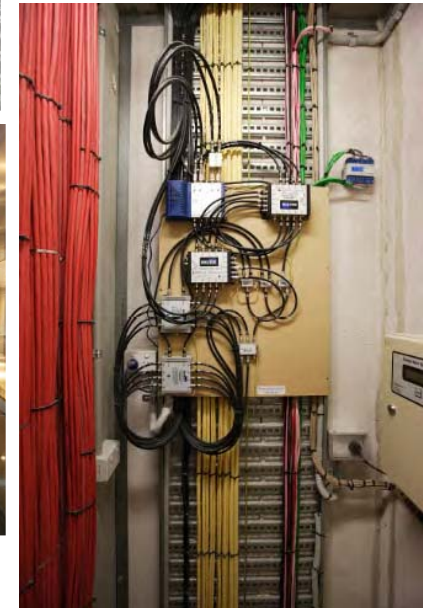


“Leading supplier of technical building solutions and refrigeration systems to a diverse customer base”

- Strong operating performance in difficult market conditions
- Margins in line with expectations – adversely impacted by GFC and low margin BER program
- Order book strong - 20% up on prior year
- Healthy ongoing tender pipeline
- Integrated MEP model strong source of competitive advantage
- Successfully progressing large projects awarded throughout FY10
- Cost effective refrigeration sub-assembly facility established in Suzhou (China)
- Offshore direct sourcing delivering early wins



Images of the Hyde, Sydney



Maintenance Services - Australasia

“Full suite of technical maintenance services, for more than 8,000 customers across Australia and New Zealand”

- Strong revenue growth demonstrating strength of business and market share gains
- Margins adversely impacted by: lower pull through of typically higher margin discretionary services work and \$18m of Spectrum* revenue at breakeven
- Awarded significant number of national/multi state preventative maintenance contracts – grown market share
- Spectrum business stabilised - continued to build service and installation order book
- Strong cross sell with fire beginning to deliver competitive market advantage

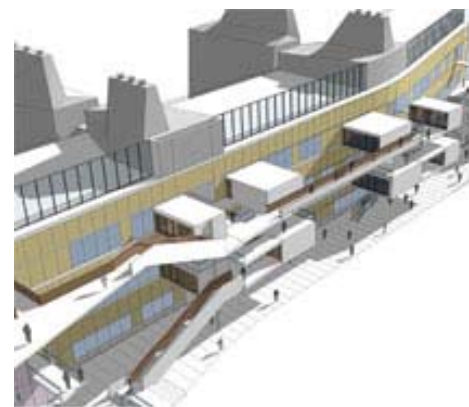


1 Shelly Street, Sydney

* Hastie acquired Spectrum Fire & Security in May 2010. Spectrum is a national fire services business with annual revenues in excess of \$100 million. The assets of the business were purchased for \$7 million, after the company was placed in voluntary administration. The acquisition was in line with Hastie's stated strategy to enter the fire services market and grow its recurring service revenues.

“Specialising in air conditioning, electrical and commercial plumbing systems across the UK with an emerging maintenance service business”

- Excellent performance in the UK given substantial fall in construction output
- UK revenue broadly maintained in sterling terms vs. declining market
- Strengthened leadership team across branch network
- Identified growth opportunities in Scotland, Newcastle, Midlands and London
- Overall order book firm with pipeline of prospects growing
- Signs of recovery emerging with an increased number of tenders being worked on
- Ireland remains tough (loss in FY10 of €0.7m) but early signs of increasing tender activity



Laboratory of Molecular Biology, Cambridge



“Specialising in air conditioning, electrical and commercial plumbing systems across the Middle East and other international markets”

- 🌀 Opportunities in key markets - Abu Dhabi, Qatar, Saudi Arabia
- 🌀 Focus on key builders & clients in preferred market sectors aligned with government priorities
- 🌀 Key projects progressing well although payments continue to be drawn out
- 🌀 Strong order book with chosen clients with pipeline of prospects growing
- 🌀 Low cost design and drawing office established in Delhi
- 🌀 Dubai remains subdued – low priority
- 🌀 \$4.7m provision made for hospital project in the Caribbean*



Architect impression of Zayed University

* Builder went into receivership on 7 July 2010.