



**HELLABY
HOLDINGS
LIMITED**

Hellaby Holdings Limited Interim Results to 31 December 2010

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Disclaimer:

This interim results presentation dated 28 February 2011 provides additional comment on the NZX / media release of the same date. As such, it should be read in conjunction with, and subject to, the explanations and views of future outlook on market conditions, earnings and activities given in that release. Please read this presentation in the wider context of material previously published by Hellaby Holdings Limited.

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Hellaby today

- NZX listed investment holding company
- diversified range of NZ / Australian industrial, distribution, retail businesses
- portfolio in four divisions - Automotive, Equipment, Packaging, Footwear
- hands-on owner of assets – no longer a passive investor
- ‘buy, build, harvest’ investment philosophy
- long-term holder of assets; variable ownership horizon
- key focus is to generate total shareholder returns superior to NZX50

Hellaby today

- small, lean corporate office of 7 staff (2,300 employees across group)
- decentralise leadership and performance accountabilities to our companies
- new corporate leadership team since mid 2007 has successfully turned around Hellaby performance
 - streamlined the investment portfolio
 - reformed the balance sheet and gearing
 - developed tight financial and operational disciplines across subsidiaries
 - restored investor confidence

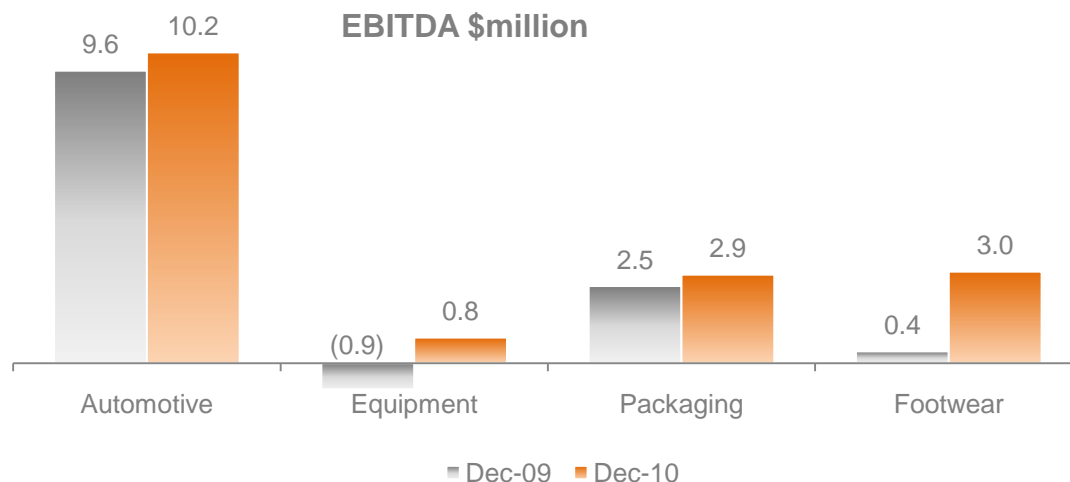
HY2011 performance highlights

- restructuring initiatives are bearing fruit
- strong profit improvement, despite flat sales (+2.0% on pcp)¹ in tough economy
- EBITDA up 51% to \$14.6 million (pcp \$9.7 million)
- NPAT up 138% to \$5.5 million (pcp \$2.3 million)
- total net debt down 53% to \$45.2 million (\$96.9 million at 31 December 2009)
- \$9.0 million free cashflow generated (pcp \$9.8 million)
- successful capital restructuring (\$28.4 million equity raising; \$50 million capital notes repaid)
- investor confidence continues to improve in line with performance

¹ pcp = previous corresponding period

Earnings ahead in all divisions

- all divisions improved earnings despite impact of recession
- Equipment and Footwear results especially pleasing given tough operating environment in those sectors
- all subsidiaries have become leaner as a result of restructuring and working capital reform
- key priority has been to further improve profitability of Equipment and Footwear divisions



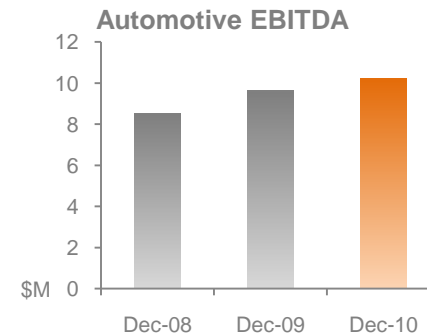
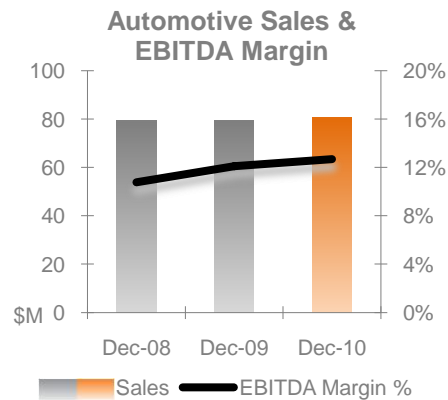
Automotive

Six wholesale distribution business units supply automotive and truck replacement parts, batteries, tyres and wheels to trade repairers and resellers through a network of over 70 branches across New Zealand. In addition, the group has a leading position in the Australian diesel parts market

- automotive parts sector relatively defensive through recession
- \$9.6 million EBIT up 6.4% on pcp, despite flat sales
- BNT continues to perform consistently well
- Diesel Distributors generated strong sales and profit growth in Australia
- TRS Tyre & Wheel experiencing low farmer spending on tyres, but is expanding in forklift tyre sector

Automotive

\$million	Dec 09 6 mths	Dec 10 6 mths	%	
Sales	79.4	80.6	1.4	↑
EBITDA	9.6	10.2	6.2	↑
EBIT	9.0	9.6	6.4	↑



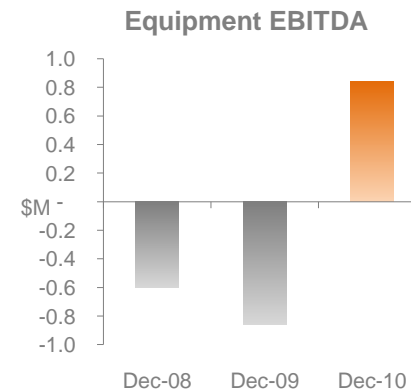
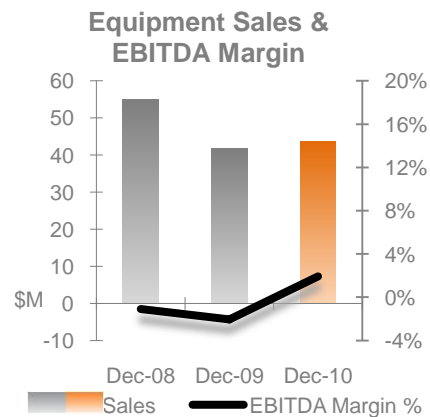
Equipment

Two subsidiaries supply, service and lease materials handling equipment (forklifts) and construction equipment (excavators, rollers, directional drilling equipment, forestry equipment)

- heavy equipment sector severely impacted by recession
 - sales remain 21% lower than two years ago
- significant restructuring at AB Equipment to achieve breakeven performance as initial milestone
- \$0.1 million EBIT profit a positive turnaround on (\$1.7 million) loss for pcg
 - key challenges will be generating profitable sales growth (new equipment + aftermarket), and improving return on funds employed (ROFE)
- Eurolift performance satisfactory in flat market

Equipment

\$million	Dec 09 6 mths	Dec 10 6 mths	%	
Sales	41.3	42.9	4.1	↑
EBITDA	(0.9)	0.8	n/a	↑
EBIT	(1.7)	0.1	n/a	↑



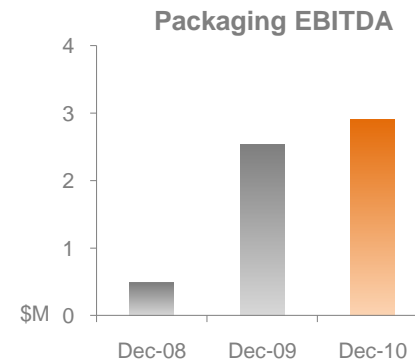
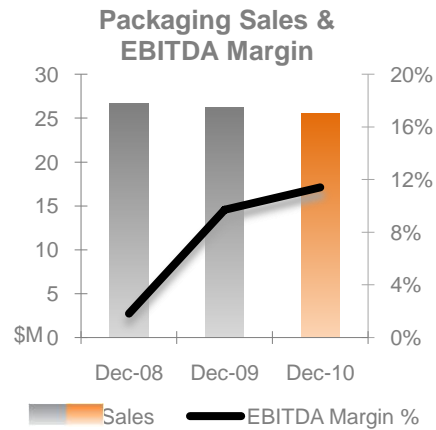
Packaging

Elldex Packaging Group sources, manufactures and distributes flexible plastic packaging to the supermarket, retail, industrial, horticultural, dairy, meat, seafood and processed food sectors across New Zealand and Australia. Elldex has two extrusion, printing and conversion plants in Christchurch and Wellington

- \$2.6 million EBIT 13.8% up on pcp, despite flat sales
- stronger margins, due to process improvement in manufacturing and procurement
- repositioning into primary sector packaging has been successful
- supermarket demand remains strong
- focus now shifts to trans-Tasman sales growth

Packaging

\$million	Dec 09 6 mths	Dec 10 6 mths	%	
Sales	26.2	25.5	(2.4)	↓
EBITDA	2.5	2.9	14.7	↑
EBIT	2.3	2.6	13.8	↑



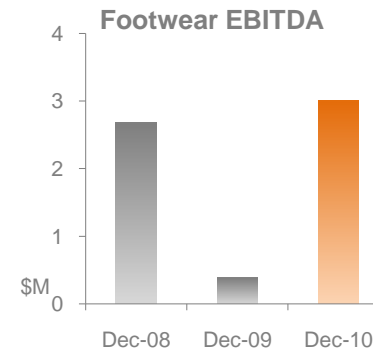
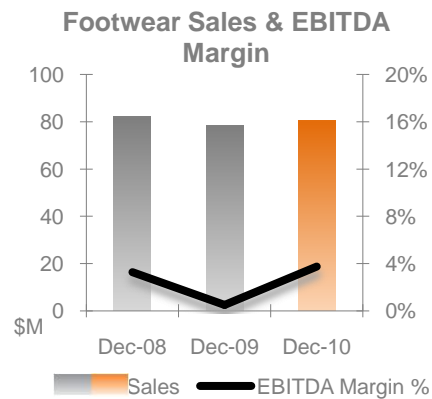
Footwear

Hellaby is New Zealand's largest footwear retail group, with three retail chains operating 115 stores across New Zealand under the *Number One Shoes*, *Hannahs* and *Hush Puppies* brands. It also has a small *Pulp* retail presence in Australia

- difficult trading conditions continue for the retail sector
- both Hannahs and Number One Shoes achieved improved profitability
- \$1.4 million EBIT profit, compared to (\$1.5 million) loss for pcp
- EBITDA margins improved, but further improvement required
- successful restructuring , rebranding and market repositioning of Number One Shoes
- consumer demand remains volatile

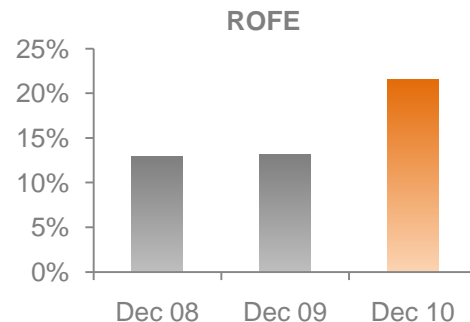
Footwear

\$million	Dec 09 6 mths	Dec 10 6 mths	%	
Sales	78.3	80.2	2.5	↑
EBITDA	0.4	3.0	676.0	↑
EBIT	(1.5)	1.4	n/a	↑



Performance objectives and achievements

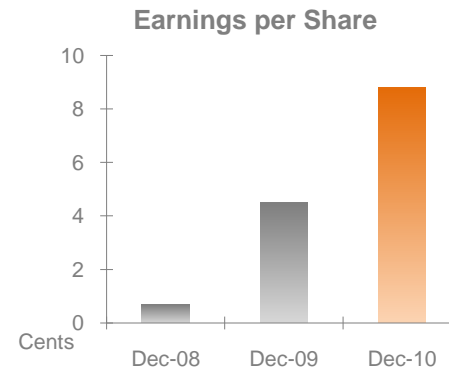
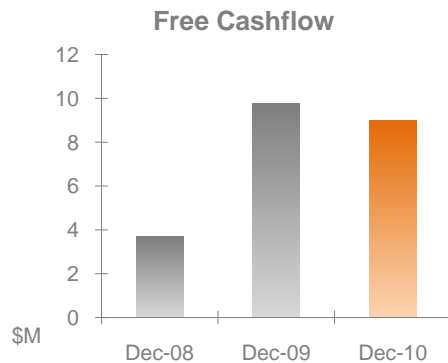
- Hellaby has developed minimum acceptable performance standards and clear internal targets
- primary goal is **value creation** to generate attractive long-term shareholder value
- achieve > 20% **ROFE** (return on funds employed)
 - group 21.6% ROFE for the period (calculated on a rolling 12 months) which exceeds ROFE target for first time in years



ROFE or return on average funds employed = trading EBIT as a percentage of average working capital plus fixed assets. Working capital includes inventory, debtors and creditors

Performance objectives and achievements

- strong **free cashflow** generation
- consistent **earnings per share (EPS)** improvement
 - 8.8 cents (fully diluted for 2010 rights issue)

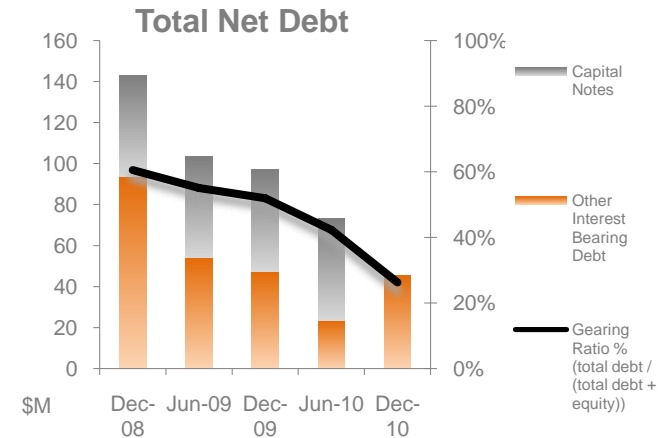


Free cashflow = cashflow from operations, less net operational capex

Performance objectives and achievements

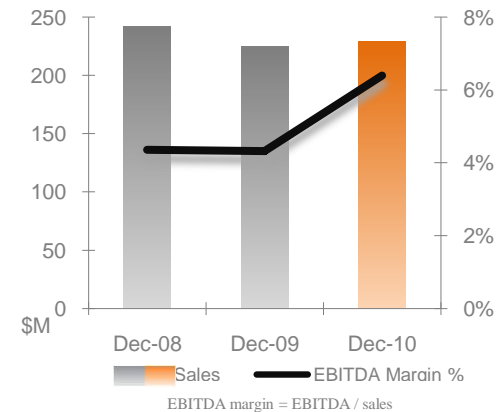
- < 45% **gearing** (total debt / total debt and equity) target
 - dramatic debt reduction over three years
 - significant working capital reform
 - \$50 million capital notes repaid early
 - 26.3% gearing at 31 December 2010

- consistent **EBITDA margin** (EBITDA / sales) improvement
 - margins still too low in Equipment and Footwear
 - group EBITDA margin 6.4% for period
 - targeting >7.0% EBITDA margin as next milestone



Total net debt = interest bearing debt including core bank debt, trade loans and capital notes

Sales & EBITDA Margin



Performance objectives and achievements

- consistently generate **total shareholder returns** superior to NZX50



- consistent **dividend payments** per company's dividend policy of around 50% NPAT
 - 4 cents per share, interim dividend, fully imputed

Strategy

- improve earnings reliability
- ‘buy, build and harvest’ investment strategy, with preference for long-term ownership
- target organic growth opportunities across subsidiaries
- pursue bolt-on acquisitions which enhance shareholder value
- future investment most likely in automotive, industrial, and distribution sectors
 - likely to target ‘unglamorous but profitable’ niches
- key goal is long-term value creation – portfolio will evolve over time

Outlook

- fundamental issue remains the flat economy and corresponding impact on sales
- group is well positioned for continued performance improvement
 - particularly cautious about trading conditions for Equipment and Footwear divisions
 - business impact of 22 February Christchurch earthquake unclear at this stage
- businesses so lean that higher sales demand should disproportionately drive profit
- priorities for 2011 calendar year:
 - further improve profitability of Equipment and Footwear subsidiaries
 - drive organic growth in Automotive and Packaging subsidiaries
 - further improve group margins
 - consistently improve investor confidence and shareholder returns
- now seeking acquisitions, but prepared to wait for right opportunities

Small Shareholder Plan (“SSP”)

- SSP aims to improve company’s share liquidity and efficiency of share register
 - large proportion of shareholders hold small parcels of shares
- SSP targets 4,450 NZ shareholders (60% by number) with 2,000 or less shares
 - eligible shareholders may ‘top up’ or sell all their shares (or do nothing)
 - company pays brokerage and registry costs
- SSP should reduce admin cost of long small shareholder tail
- closing date is 31 March 2011 (forms returned to Computershare)

Conclusion

- have addressed critical performance issues over past three years
- now in good shape to take advantage of opportunities that may come our way
- our businesses now so lean that better sales demand should swell profits
- still looking to improve earnings quality and return on investment
- economic conditions remain very flat
- we remain cautious about the trading conditions for our subsidiaries
 - profitability traditionally weighted to second half year period
- however Hellaby is highly leveraged to an economic recovery
- can now concentrate on developing platform for long-term value creation

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