

HELLABY HOLDINGS LIMITED





Annual Meeting 2010

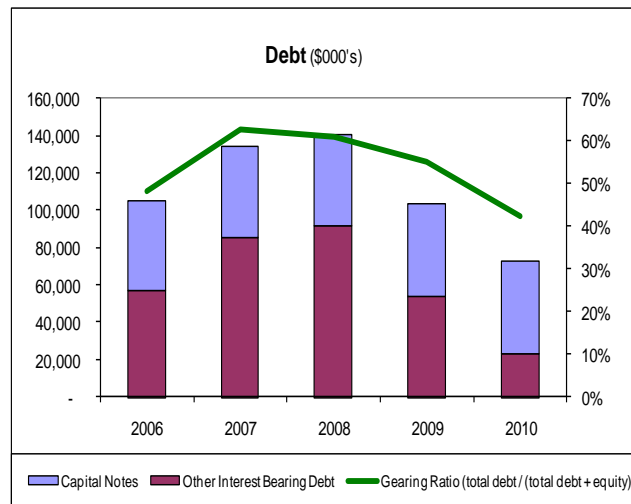
**John Williamson
Chief Executive**

Achievements this year

- Completed three year turnaround of Hellaby
- Significant effort to transform culture and performance
- Rigorous focus on cashflow generation and working capital
- Tight financial disciplines, simple clear strategies and excellent management teams
- Total shareholder return increased 39.5% for year to 30 June 2010
- Total shareholder return further increased 40% over past four months
- Conservative capital structure, financial flexibility, positioned for future growth

Balance sheet reform

- Total net debt high point (December 2007) \$165.6 million; debt gearing 65%
- Last year net debt reduced to \$73.3 million; debt gearing 42.3%
- Debt reduction has exceeded market expectations
- Now targeting debt gearing of < 45% going forward

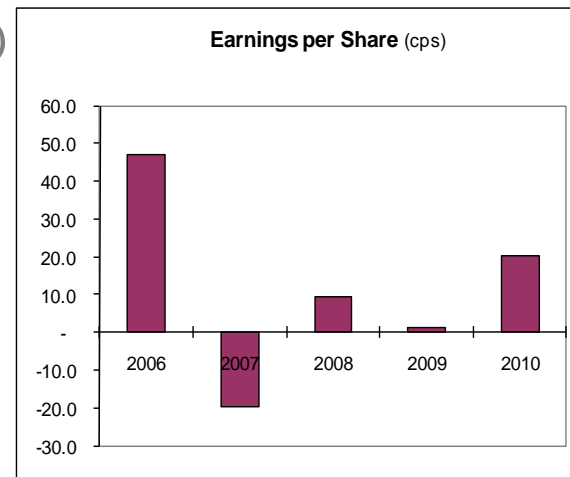


Capital management

- Balance sheet reform has created opportunities
- August 2010 refinanced with Westpac to July 2012
- September 2010 successfully raised \$28.4 million through rights offer
- October 2010, signalled early cash redemption of \$50 million capital notes to reduce interest costs
- Balance sheet and capital structure reform has exceeded market expectations
- Dividends resumed April 2010; dividend policy confirmed at 50% of NPAT

Group financial performance

- Last year, group revenue down 4.8% - tough trading conditions
- Significant EBIT and EBITDA improvement
- NPAT of \$10.3 million (\$0.7 million previous year)
- Earnings per share 20.3 cents (1.4 cents previous year)
- ROFE 17.4% (12.8% previous year)
- Free cashflow \$36.0 million
 - an outstanding achievement



Operational achievements

- Diesel Distributors reaping benefits from working capital plus restructuring initiatives in previous year
- Elldex Packaging improved EBIT 153%, through better internal processes and margins
 - Focus shifts to trans-tasman sales growth
 - Benefits flowing from successful acquisitions and integration from 2007
- Number 1 Shoes significant performance turnaround under new leadership
 - Major repositioning underway



First quarter FY11

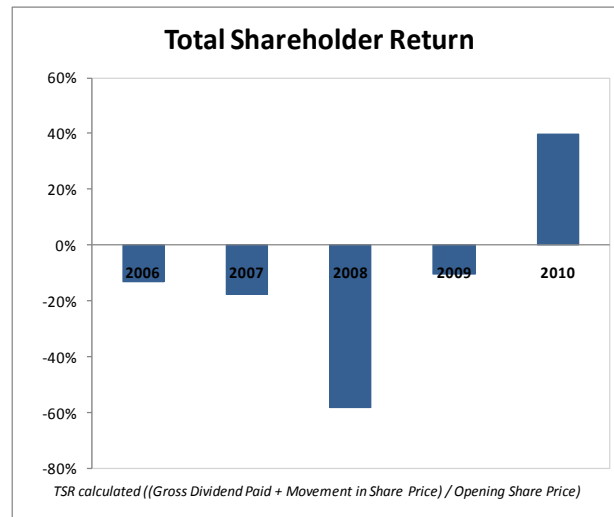
- First quarter group financial performance ahead of same period last year
- Still no ‘green shoots’, although sales up 2.4% for first quarter
- First quarter EBITDA \$3.1 million ahead of last year
- First quarter NPAT \$2.7 million ahead of last year
- Equipment and Footwear performing better than last year
- Debt gearing dropped to 30% at 31 October (61% two years ago)

People

- Created leadership culture of ownership, accountability and continuous improvement
- Excellent management teams across all subsidiaries
- Small, lean corporate office
- Decentralise leadership and performance accountabilities to subsidiaries
- Subsidiaries have full responsibility for achieving profit and ROFE targets

Stakeholder relations

- Rebuilding investor confidence takes time – however excellent progress
- Targeting total shareholder returns superior to NZX50 average
- Last year's 39.5% total shareholder return outperformed NZX50



Conclusion

- Slow economic recovery – few ‘green shoots’
- Subsidiaries lean and well positioned
- Investor confidence in Hellaby returning with improved performance
- Hellaby now in good shape to take advantage of opportunities
- Proud of our achievements – We now have momentum

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