

HELLABY  
HOLDINGS  
LIMITED

*30 June 2011 Results Presentation*



*Ready  
to go...*

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### Disclaimer:

This full year results presentation dated 22 August 2011 provides additional comment on the NZX / media release and other supporting documentation 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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## *Agenda*

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## *Performance highlights*

- trading EBITDA up 23% to \$34.0 million, despite weak revenue growth (+2.5% pcp)
- trading EBIT up 32% to \$26.8 million
- strong improvements in Equipment and Footwear divisions signal completion of operational turnaround
- NPAT up 49% to \$15.3 million, as restructuring and debt reduction bears fruit
- net debt down 67% to \$24.5 million, following rights issue and balance sheet reform
- \$34.9 million free cash flow generated (\$150 million free cash since mid-2007)
- 25% return on funds employed
- 87% total shareholder return (NZX50G 16.0%)
- 6 cps final dividend declared

## Performance benchmarks

### Outpace our markets

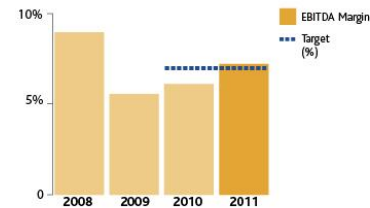
We seek to outpace the markets in which we participate. We aim to achieve profitable market share and sales growth through innovative performance, a superior customer offering and smart investment.

**Progress in 2011:**  
**Market shares maintained in difficult trading conditions**

### EBITDA margin

Measures earnings before interest, tax, depreciation and amortisation as a percentage of revenue. It reflects the extent to which cash operating expenses use up revenue. Hellaby is targeting an EBITDA margin of >7% from its portfolio, and we expect to raise this target over time.

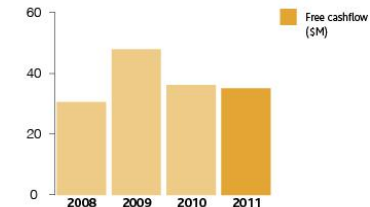
**Progress in 2011:**  
**7.2% EBITDA margin achieved**



### Free cash flow

Measures cash flow generated from operations, less net operational capital expenditure. It reflects the cash available for reinvestment or for distribution to our lenders and shareholders. We expect free cash flow to fluctuate year-on-year, but to be consistently strong.

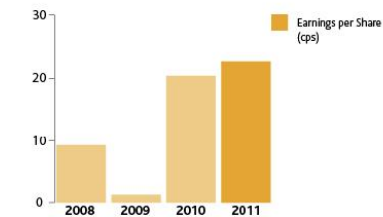
**Progress in 2011:**  
**\$34.9m free cash flow generated**



### Earnings per share (EPS)

Measures the company's NPAT (net profit after tax) per share issued. Hellaby's goal is to progressively improve year-on-year EPS in line with the company's performance.

**Progress in 2011:**  
**22.6 cents per share**

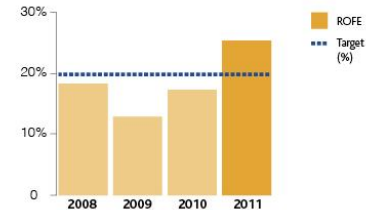


## Performance benchmarks

### Return on funds employed (ROFE)

Measures EBIT (earnings before interest & tax) as a percentage of average working capital plus fixed assets (excluding goodwill). It reflects the returns we are delivering on the funds entrusted to us by our shareholders and advanced to us by our lenders. Hellaby is targeting a rolling 12 month ROFE of >20% from its portfolio, and expects to raise this target over time.

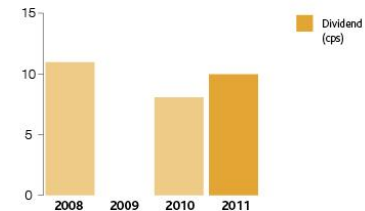
Progress in 2011:  
**25.3% ROFE achieved**



### Dividends per share

Hellaby seeks to maintain consistent dividend payments in line with the company's performance, with a current dividend policy of distributing around 50% of NPAT to shareholders.

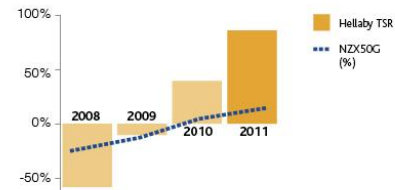
Progress in 2011:  
**10 cents per share**



### Total shareholder return (TSR)

Measures the movement in share price plus gross dividend per share, and therefore the shareholder value we generate. Hellaby's goal is to consistently generate TSR superior to the NZX50 Gross Index.

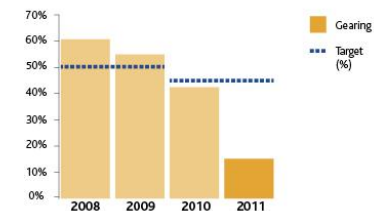
Progress in 2011:  
**86.9% TSR delivered to our shareholders**



### Gearing

Measures total net debt as a percentage of total net debt plus equity. Hellaby believes gearing of <45% over the medium term is appropriate for our investment strategy and the sectors in which we invest.

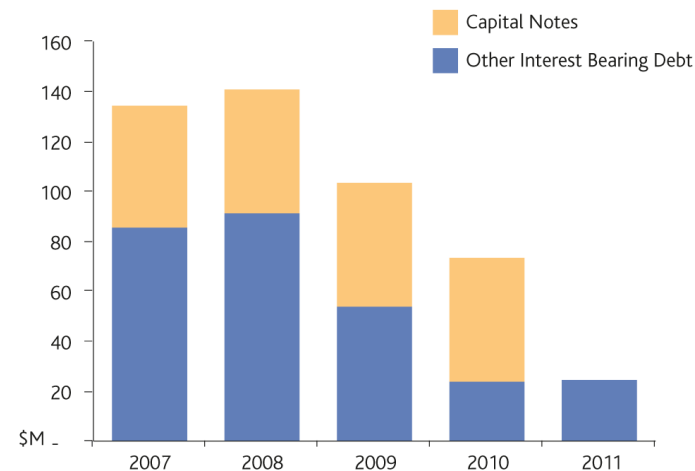
Progress in 2011:  
**15.5% gearing, providing headroom for future investment**



## Capital management

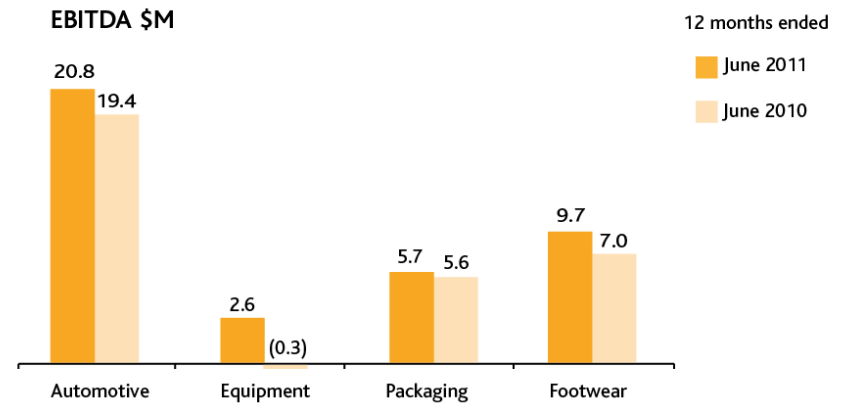
- balance sheet reform completed
- most conservative capital structure in a decade
- 67% debt reduction due to:
  - higher profits
  - further working capital optimisation, and
  - \$28.4 million rights issue
- capital notes repaid six months early
- sharp reduction in interest costs to \$4.2 million (pcp \$8.0 million)
- gearing 15.5% at 30 June 2011 (pcp 42.3% )
  - well within <45% target gearing
  - capacity to fund growth opportunities

Total Net Debt



## *Performance improvement across all divisions*

- excellent results given recession and business interruption from natural disasters
- Equipment and Footwear very pleasing:
  - Equipment \$1.0 million EBIT this year v pcp (\$1.9) million EBIT loss
    - driven by restructuring of AB Equipment
  - Footwear \$6.4 million EBIT is 95% higher than pcp \$3.3 million on +1.2% same store sales
    - Hannahs and Number One Shoes significantly improved margins, profitability and free cash flow
- all subsidiaries considerably leaner as a result of restructuring and sound leadership

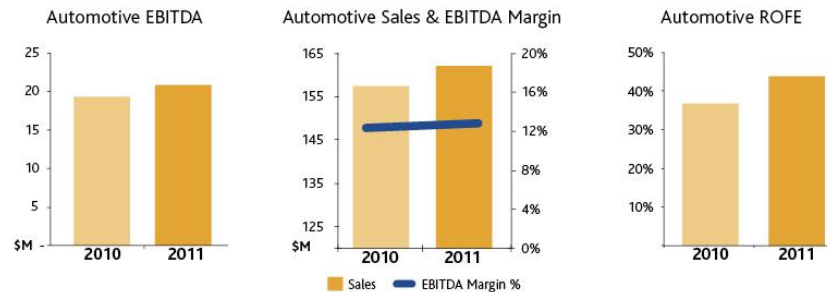


# Automotive

	2011	2010
<b>Revenues</b>	\$162.1 million	\$157.3 million
<b>EBITDA</b>	\$20.8 million	\$19.4 million
<b>EBIT</b>	\$19.6 million	\$18.2 million
<b>ROFE</b>	43.8%	36.8%
<b>Free Cash Flow</b>	\$22.7 million	\$24.9 million
<b>Staff</b>	541	550

The Automotive division significantly improved its profit performance despite the flat market conditions, relatively steady sales and market share. EBIT for the year was \$19.6 million, 7.5% ahead of the previous year. Revenues were \$162.1 million, 3.0% above last year's \$157.3 million.

**BNT**, an automotive and commercial truck parts distributor, continued to perform consistently in a flat sales environment. BNT continues to expand into the heavy commercial truck parts and braking sector, and recently opened its first specialist commercial branch in South Auckland. It also opened new automotive branches in Hawera and Greymouth during the year.



**HCB Technologies**, a distributor of automotive & industrial batteries, performed well in a tight sector. It opened new branches in Dunedin and Albany during the year. The specialist automotive suspension business, **Autolign**, also opened a new branch in Albany.

**Diesel Distributors** experienced flat New Zealand trading conditions, but achieved much stronger sales, profit and market share growth in a more buoyant Australian market.

**TRS Tyre & Wheel** improved profitability in a tight tractor tyre market. Farm spending has been depressed as farmers reduce debt, but is now starting to improve. TRS opened an Invercargill branch during the year and entered the heavy industrial tyre service sector in Auckland.



# Equipment

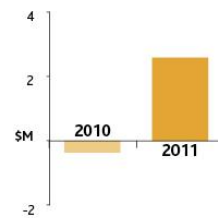
	2011	2010
Revenues	\$92.2 million	\$84.3 million
EBITDA	\$2.6 million	(\$0.3) million
EBIT	\$1.0 million	(\$1.9) million
ROFE	7.1%	(10.8)%
Free Cash Flow	\$0.4 million	\$6.2 million
Staff	277	265

The Equipment division's subsidiaries successfully executed a turnaround from a loss-making position last year to a small EBIT profit of \$1.0 million this year. Revenues were \$7.9 million ahead of last year, but remain 7.7% lower than two years ago, reflecting the severe recession which has impacted the heavy equipment sector. The equipment division's working capital ratios are now significantly better.

Materials handling and construction equipment group **AB Equipment** is benefiting from restructuring. It is a leaner business, having given more autonomy to its branches and complemented new machinery sales with its growing aftermarket parts and service operation.

AB Equipment's customer service and company culture have improved dramatically across its 16 branches. The company has recently relocated

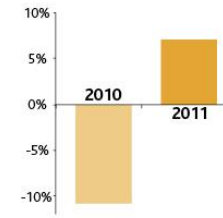
Equipment EBITDA



Equipment Sales & EBITDA Margin



Equipment ROFE



its South Auckland support office, branch and service workshops to a more modern and efficient site, providing capacity for future service and sales expansion. AB Equipment has also recently secured the New Zealand distributorship of the leading Canadian *Tigercat* forestry equipment range, which will complement the company's wider forestry equipment offering. Sales demand for this new brand has been strong.

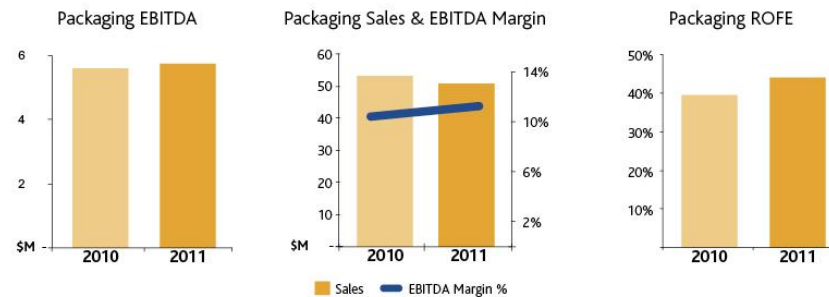
**Eurolift**, a supplier of *Linde* forklifts, achieved a satisfactory profit in flat trading conditions.

Looking ahead, Equipment division profitability should continue to improve in line with recovering demand for forklifts, construction and forestry equipment.



# Packaging

	2011	2010
Revenues	\$50.8 million	\$53.3 million
EBITDA	\$5.7 million	\$5.6 million
EBIT	\$5.1 million	\$5.1 million
ROFE	43.9%	39.4%
Free Cash Flow	\$5.3 million	\$7.4 million
Staff	155	160



**Elldex Packaging Group**, a manufacturer and distributor of flexible plastic packaging, maintained its profit and margins despite a 4.8% reduction in revenues. The company achieved a \$5.1 million EBIT for the year, equal to the previous year. This result was marred, however, by the temporary loss of a key account in Australia. The company has subsequently expanded its Australian sales team to strengthen its Australian key account development. New Zealand sales were in line with last year, with strong dairy sector and supermarket demand.



New business development remains Elldex's primary growth focus going forward, and the company is targeting significant organic growth in the coming financial year. Having developed a leading position in the New Zealand flexible plastic packaging sector, Elldex must now develop a stronger trans-Tasman presence.

Industrial safety performance remains on track, with zero lost time injuries recorded at Elldex's Christchurch and Wellington manufacturing plants for three consecutive years. The Christchurch plant has sustained minor structural damage from recent earthquakes, but has nonetheless maintained production output with minimal disruption.

# Footwear

	2011	2010
Revenues	\$166.2 million	\$164.7 million
EBITDA	\$9.7 million	\$7.0 million
EBIT	\$6.4 million	\$3.3 million
ROFE	16.9%	8.3%
Free Cash Flow	\$11.6 million	\$1.6 million
Staff	1,175	1,295



Footwear retail performance improved considerably in tight trading conditions and despite the significant business interruption resulting from natural disasters. The division achieved a \$6.4 million EBIT for the year, 94.8% ahead of the previous year. Total revenues were 0.9% above the previous year. Both the **Hannahs** and **Number One Shoes** subsidiaries delivered significantly improved margins and profitability. Same store sales improved by 1.2%, which excludes stores impacted by natural disasters.

Hannahs achieved excellent performance from its *Hannahs* and *Hush Puppies* stores in New Zealand. It opened a new *Hannahs* store at Te Rapa in Hamilton, closed two New Zealand stores and further rationalised its Australian *Pulp* retail operation with two store closures.

Number One Shoes has successfully completed its business turnaround, with improved product ranging, branding and in-store layout. Internal processes have been tightened and customer service levels enhanced.

An additional *Number One Shoes* store was opened in Tauranga and several outlet stores were added during the year. The company's distribution centre was also extended to enable future sales growth.

Both footwear subsidiaries have been significantly impacted by the Christchurch earthquakes, and three sites (two *Hannahs* stores and one *Number One Shoes* store) remained closed at balance date. Furthermore, *Number One Shoes*' Albany store was extensively damaged and rebuilt over a four week period following Auckland's May tornado. All affected retail sites are subject to insurance claims for material damage and business interruption.

Looking forward, Hellaby expects further performance improvement across all group footwear chains, regardless of how quickly consumer demand improves.

**Hannahs**

**Hush Puppies®**

pulp

1 numberoneshoes

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## *Growth*

- finally able to commence ‘Buy’ component of strategy ‘Buy, Build, Harvest’
  - actively pursuing investment opportunities in recent months
  - patient and selective investment approach
- existing operations:
  - organic growth across all subsidiaries,
  - numerous opportunities identified
  - bolt-on acquisitions which complement automotive parts and packaging subsidiaries
  - medium-term focus on wider Australasian market
- new investment:
  - likely to be across automotive, industrial and distribution sectors
  - also likely to invest in one ‘new sector’, as Hellaby streamlines portfolio into more attractive mix

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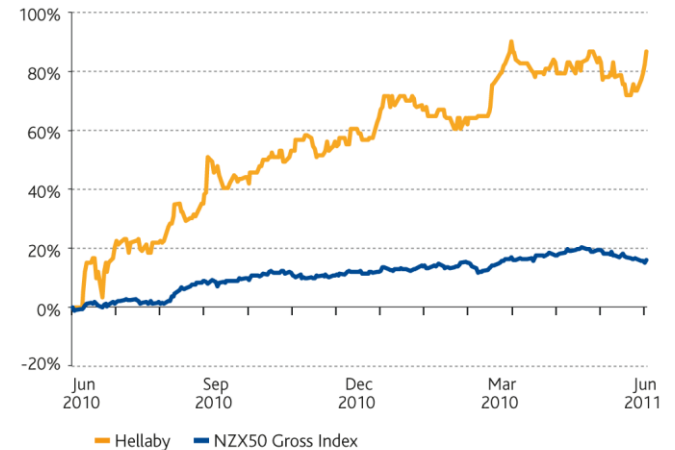
## *The 'new' Hellaby*

- vision to be a leading Australasian investor based on:
  - the value we add to our portfolio,
  - the returns we deliver to our shareholders, and
  - the calibre of our people
- after four years hard work, Hellaby in excellent financial shape
  - balance sheet reform successfully completed
  - Equipment and Footwear improvements complete the operational turnaround
- in a strong position to take advantage of opportunities
  - low gearing provides good headroom

## Outlook – very positive

- adding value to portfolio:
  - value accretive investment opportunities emerging
  - operational focus - improve profitability of Equipment and Footwear, and grow Packaging sales trans-Tasman
  - fundamental issue remains the flat economy and corresponding impact on sales
  - HOWEVER businesses so lean that higher sales demand should disproportionately drive profits
- shareholder returns:
  - total shareholder return gaining momentum with performance
- calibre of people:
  - high quality leaders and performers
- Hellaby is ready to go

Hellaby Total Shareholder Return



## *Five year statistical summary*

NZD thousands	2011	2010	2009	2008	2007
<b>EARNINGS</b>					
Revenue - continuing operations	<b>468,958</b>	457,432	480,716	519,982	451,431
Trading EBITDA (Earnings before interest, tax, depreciation and amortisation)	<b>33,998</b>	27,667	26,450	46,788	35,601
EBITDA margin (EBITDA as % of revenue)	<b>7.2%</b>	6.0%	5.5%	9.0%	7.9%
Depreciation and amortisation	<b>(7,235)</b>	(7,351)	(8,286)	(9,687)	(9,211)
Trading EBIT (Earnings before interest and tax)	<b>26,763</b>	20,316	18,164	37,101	26,390
Interest (net)	<b>(4,209)</b>	(7,986)	(10,849)	(12,444)	(9,150)
Trading surplus	<b>22,554</b>	12,330	7,315	24,657	17,240
Surplus on sale of business, shares and assets	<b>0</b>	0	59	2,800	322
Long term incentive	<b>(241)</b>	0	0	0	0
Tax on operating profits	<b>(6,965)</b>	(3,482)	(2,092)	(8,089)	(6,313)
Discontinued operations (after tax)	<b>0</b>	1,453	(4,575)	(14,689)	(21,078)
NPAT (Net profit after tax)	<b>15,348</b>	10,301	707	4,679	(9,829)

## Five year statistical summary

NZD thousands	2011	2010	2009	2008	2007
<b>SHAREHOLDER RETURNS</b>					
Equity	<b>133,778</b>	100,099	84,560	90,550	80,638
Shares on issue as at 30 June (000s)	<b>73,936</b>	50,991	50,648	50,244	50,009
EPS (Earnings per share - weighted average) (cents)	<b>22.6</b>	20.3	1.4	9.3	(19.7)
DPS (Dividend per share) (cents)	<b>10.0</b>	8.0	0.0	11.0	10.0
TSR (Total shareholder return) (gross)	<b>86.9%</b>	39.5%	(10.4%)	(58.3%)	(17.6%)
<b>ASSET BACKING</b>					
Total assets	<b>228,444</b>	229,278	247,135	304,417	304,840
Intangible assets	<b>57,244</b>	57,390	57,037	56,871	57,524
Tangible assets	<b>171,200</b>	171,888	190,098	247,546	247,316
Net assets (NA)	<b>133,778</b>	100,099	84,560	90,550	80,638
NA backing per share	<b>\$1.81</b>	\$1.96	\$1.67	\$1.80	\$1.61
Net tangible assets (NTA)	<b>76,534</b>	42,709	27,523	33,679	23,114
NTA backing per share	<b>\$1.04</b>	\$0.84	\$0.54	\$0.67	\$0.46
<b>OTHER MEASURES</b>					
Interest bearing debt (net)	<b>24,489</b>	73,254	103,432	140,406	134,243
Gearing	<b>15.5%</b>	42.3%	55.0%	60.8%	62.5%
Free cashflow	<b>34,934</b>	35,981	47,810	30,829	17,722
ROFE (Return on average funds employed)	<b>25.3%</b>	17.4%	12.8%	18.3%	14.7%

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