

HELLABY HOLDINGS LIMITED

Annual General Meeting

30 October 2008

CHIEF EXECUTIVE'S ADDRESS:

(slide 1) John Williamson, Chief Executive

Thank you, Bill.

Good morning everyone. It is now almost sixteen months since my appointment as chief executive of Hellaby Holdings Limited.

(slide 2) Clear objectives

Clear Objectives

When I started at Hellaby last July, we set some clear objectives for the business, and we stated the obvious by signalling that this past financial year would be a turnaround year for Hellaby.

So what were the objectives that we set last year?

- firstly, we needed to focus on operational performance improvement
- our high debt levels needed to be swiftly addressed
- a clear portfolio strategy was required to ensure that we were targeting the right investments for us
- we needed to fix or exit BBQ Factory investment
- we wanted to improve communication with some key stakeholders, including existing and potential investors; and

- we needed to begin a board refreshment process, and we needed to strengthen our senior management focus and resources to successfully implement the turnaround

In summary, we wanted to de-risk the business, and develop a relatively simple strategic plan to reposition Hellaby by way of proactive portfolio management.

In the year to 30 June 2008, I believe that we made some very positive progress. Many of our operational achievements have been documented in the annual report, and I have assumed that you may have read it. So instead of going through business by business in this presentation, I will outline how the Hellaby Group has approached these objectives, and plans to continue its progress in the current year.

(slide 3) Operational performance

1) Operational performance

Our operational focus is simple: Performance and Growth.

Performance first. Last year, we introduced much greater hands-on oversight of our businesses. This was, and still is, a major cultural turnaround. We identified and implemented clear KPIs for all our subsidiaries, and as a result of this, identified opportunities for improvement. We also introduced rigorous review processes which has assisted significantly with maintaining focus and managing risk in the businesses.

As a result, we last year achieved substantially improved profit performance in most our our businesses, despite challenging trading conditions.

(slide 4 – Automotive)

- EBIT in our Automotive division improved by 39% year-on-year - with very strong performance from most subsidiaries in this division, in particular HCB (our automotive battery business) and TRS (our tractor tyre and wheel business)

(slide 5 – Equipment)

- EBIT in our Equipment division improved by 48% - with AB Equipment achieving a record profit year, based on strong market demand for forklifts and construction equipment.

(slide 6 – Packaging)

- EBIT in our Packaging division improved by 200% - this was the result of two small, tactical acquisitions, and a well-executed integration process

(slide 7 – Footwear)

- and although EBIT in our Footwear division declined by (9%), we believe this was a credible profit performance compared to many other retailers in a severely depressed retail environment.

(slide 8 – Debt reduction)

2) Debt reduction & balance sheet

Return on investment, or funds employed, has become the overriding measure of success at Hellaby. As such, we have created an unprecedented focus on working capital and debt reduction.

As I mentioned in the objectives, debt levels were something that had to be swiftly addressed. However, given that bank debt year-on-year is approximately the same, our stated bank debt reduction does require some explanation.

During the first half of last year, Hellaby spent \$25.4 million on acquisitions and received \$6.3 million from proceeds of divestments. Core bank debt consequently increased to \$118.5 million by December 2007.

So, during the second half year, the company introduced a working capital improvement programme into our subsidiaries, with the objective of improving debtor collections and reducing slow-moving and surplus stocks on an ongoing basis. This working capital programme contributed to the generation of \$30.8 million of free

cashflow for the year, which was a 74% increase on the previous year's free cashflow.

Consequently, we were able to reduce our core bank debt by 28%, to \$85.5 million by the end of the financial year. The working capital programme has not stopped, and we believe that it will contribute to further significant bank debt reduction during this coming financial year.

Last year, we announced a more realistic dividend policy, whereby Hellaby will distribute approximately 50% of net tax-paid operating profits, going forward. This will enable us to reinvest in the business, enhancing its value through either funding growth initiatives for our subsidiaries, acquiring new businesses or simply reducing debt.

(Slide 9 – Portfolio strategy)

3) Portfolio strategy

It would be fair to say that at the beginning of the previous financial year, there wasn't a lot of clarity around Hellaby's investment portfolio. Developing a clear portfolio strategy was a top priority – and in fact this was initiated and communicated at last year's AGM.

Hellaby has a 'buy, build and harvest' investment philosophy. We will only invest in businesses we can add significant value to, and when the time is right, we may choose to lock in that added value for shareholders by selling. As I have already stated, our overarching success criteria is return on investment, which will ultimately determine the acquisition or retention of assets.

During the year, we divested Levana Textiles and our 49% shareholding in Bombay Petfoods, following a strategic decision to exit smaller 'non-core' investments, and to signal a more active portfolio culture going forward. As you will also be aware, we sold the loss-making BBQ Factory which was also deemed a non-core asset as well as a bad investment.

On the positive side, we created a new Packaging division during the year, following the acquisition of both Chequer and PPL by Elldex Packaging in July 2007.

We consequently completed the financial year with four clear investment divisions – Automotive, Equipment, Packaging and Footwear. Each business in Hellaby's portfolio has a strong market position in its particular sector.

The Hellaby asset portfolio is reviewed on a regular basis, and over time, further acquisitions or divestments are likely to occur. We have already signalled that future investment is likely to be in targeted industrial and distribution segments.

(Slide 10 - BBQ Factory divestment)

4) BBQ Factory divestment

Since the acquisition of BBQ Factory in 2004, Hellaby has suffered ongoing value-destruction from its investment. During the last financial year, a programme was undertaken to prepare the business for sale. This included the downsizing of store numbers and inventory, and contributed to BBQ Factory trading EBIT losses of (\$7.1) million for the financial year.

We then divested the business and assets of BBQ Factory on 30 June, incurring a writedown of (\$12.6) million, to cover a transactional loss on disposal, and to compensate for some future unexpired lease liabilities that did not transfer with the business.

During the four years under Hellaby ownership, the BBQ Factory investment has resulted in over \$45 million in cumulative shareholder value destruction, excluding any related impact on Hellaby market capitalisation. I am pleased to have exited this investment, which has been a distraction for management and stakeholders.

As a result of the (\$12.6) million writedown on the sale of BBQ Factory business and assets, Hellaby achieved a group after tax profit (NPAT) of \$4.7 million after one-off transactions.

(Slide 11 – Stakeholder communications)

5) Stakeholder communications

Our objective during the past year has been to improve the way we engage with our stakeholders. This includes taking an open and straightforward approach to doing business, and clearly describing what we do to those who are interested.

We have become more proactive in our communication with analysts and institutions, and are keen to attract more institutional investors to our share register over time.

We have endeavoured to articulate our portfolio strategy, and our performance criteria, to our stakeholders, which include our subsidiaries as well as the market. I believe that this year's annual report gives a clear outline of our divisional composition, our performance objectives and of our portfolio and investment strategy going forward.

It is my sincere hope that shareholders will agree that we are communicating in a more clear and open manner with the market.

(Slide 12 – Board and management)

6) Board and management

Bill has covered the board refreshment process in his address.

From a management perspective, a number of initiatives have been put in place to align senior management focus and resource with the actions needed to implement a successful turnaround.

This included strengthening the Hellaby Group senior team to three, to better provide the appropriate level of support and guidance to subsidiaries. Variable remuneration targets for the subsidiary chief executives were set to reflect the performance improvement requirements. This year, they are split equally between stretch performance targets for EBIT and for return on funds employed, which includes the working capital improvement programme.

(Slide 13 – Looking forward)

Looking forward

This financial year heralds a new beginning for the Hellaby group, and I believe that the turnaround of Hellaby is on track.

Our portfolio mix and strategy is clear, and the performance criteria for our subsidiaries is clear. All our businesses have adopted an unprecedented focus on cashflows and return on investment.

The economic environment has worsened significantly since 30 June, and most of our subsidiaries are now experiencing the toughest trading conditions in ten to twenty years.

It is too early to predict results for the year ahead, particularly in this extraordinary economic environment, and your Board has simply advised the market that it expects a 'satisfactory' profit result for the year to 30 June 2009. I am unable to forecast year end performance to my Board at present; so equally it would be unwise for Hellaby to give firm guidance to the market.

It is unclear today whether we are currently in the 'eye of the storm'. Group profit performance for the first quarter of this financial year is behind that of last year – but in abnormally poor trading conditions. It remains to be seen to what extent any future improvement in market conditions will enhance earnings during the remaining three quarters of this financial year.

We are simply getting on with business, in the knowledge that there will always be cyclical influences in some of our markets.

Our primary focus for this financial year is balance sheet reform through ongoing working capital improvement. I believe that this can be achieved in spite of current market conditions, and we are targeting further bank debt reduction to below \$70 million during this financial year, excluding acquisitions.

Summary

As I have stated before, our overall focus is on performance and growth.

The year to 30 June 2009 is a consolidation year, in which we will lock in the strategy and performance framework.

We believe that there should be interesting acquisition opportunities for Hellaby from the 2009 calendar year onwards. Our search for opportunities to extend the company's growth will be ongoing. However, we will not make further acquisitions until we have demonstrated that we have bank debt firmly under control.

In summary, we believe that the turnaround is on track ... and Hellaby has been substantially de-risked. It has been a big first year for me and for my leadership team. We have made good progress, but we still have a long way to go.

Our priority is to continue restoring investor confidence in Hellaby, to ensure that the company performs and grows, and to consistently improve total shareholder returns.

I am enjoying the challenge.

Thank you.

(Slide 14 – logos)