

# 2004 First Half Results



27 February 2004



# RESULTS PRESENTATION

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GENERAL MANAGER GROUP FUNDING



# COMPANY SUMMARY



“We remain on track to meet our full year revenue expectations with the half year earnings reflecting strong new business contributions from our services operations. Mining and Resources has had a poor first half and this is expected to recover in the second half of 2004FY. Unfortunately, our overall result has been coloured by the stronger than expected currency translation effect on overseas earnings and a doubtful debt situation following the collapse of Gympie Gold Ltd.

Revenue for the full year is forecast to be A\$3.3 billion of which 95% is locked in.”



## 2004 First Half – Key Points

- Sales **up** 27% on previous comparative period (**pcp**) to \$1.5 billion
  - Strong growth in Power and Road
  - Full half year from CPG (FM and Consultancy)
  - Contributions from Stork (Power maintenance)
  - Organic growth in Rail, up 14% on **pcp**
  - Record revenue underpinned by secured sales (order book) exceeding \$6bn (up from \$5bn **pcp**)



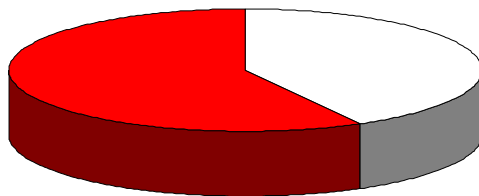
## 2004 First Half – Key Points

- Sales growth sustainable due to:
  - Enhanced market position in core businesses where growth is occurring
  - Program of diversifying revenue sources bearing fruit through multiple growth options
- Infrastructure – now one of the largest road maintainers in Australia/NZ
- Telco – secured primary positions with No.1 carriers in Australia/NZ
- Power – demand/supply dynamic
- Rail – 2004 revenue fully secured and 4GT product now proving itself, reflecting engineering competency of the Group
- Mining – significant emerging opportunities but growth will be driven through better mix of business (more services) and better utilisation of capital



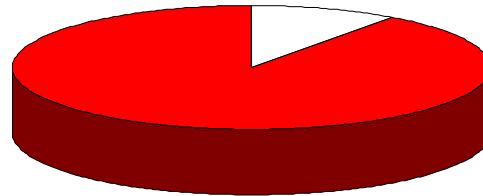
# Turnover (by business streams)

INFRASTRUCTURE  
(Road + Rail)



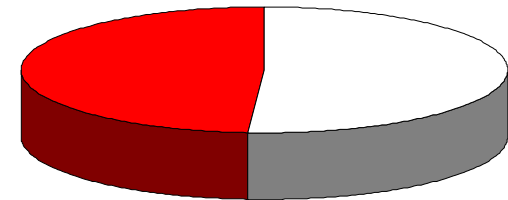
□ 2002 Actual (half year to Dec 31)  
■ 2003 Actual (half year to Dec 31)

DESIGN + FACILITIES  
MANAGEMENT

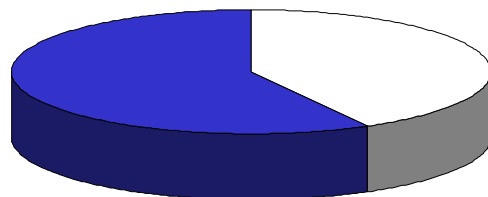


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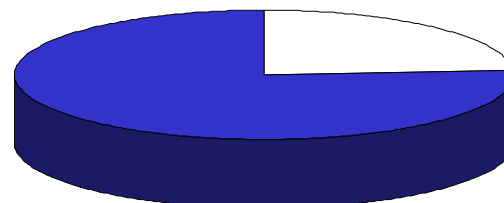
MINING &  
RESOURCES



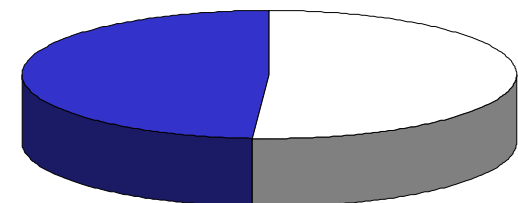
□ 2002 Actual (half year to Dec 31)  
■ 2003 Actual (half year to Dec 31)



□ 2003 Actual (full year to June 30)  
■ 2004 Forecast (full year to June 30)



□ 2003 Actual (full year to June 30)  
■ 2004 Forecast (full year to June 30)

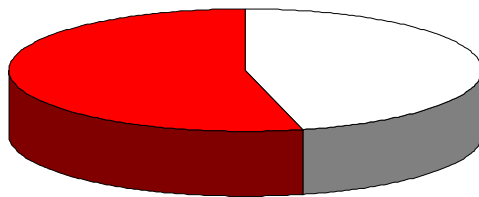


□ 2003 Actual (full year to June 30)  
■ 2004 Forecast (full year to June 30)



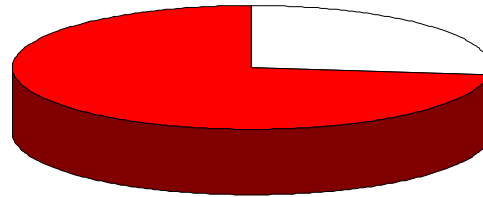
# Turnover (by business streams)

TELCO



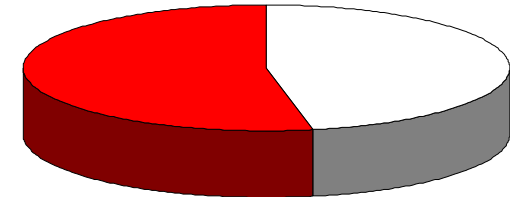
□ 2002 Actual (half year to Dec 31)  
 ■ 2003 Actual (half year to Dec 31)

POWER

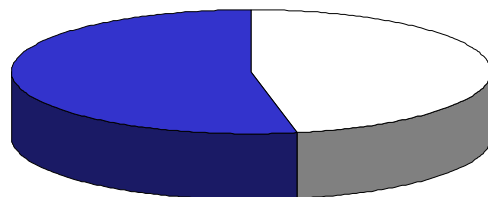


□ 2002 Actual (half year to Dec 31)  
 ■ 2003 Actual (half year to Dec 31)

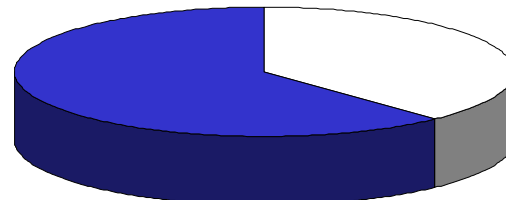
RAIL  
 (Rollingstock products, inc. maintenance)



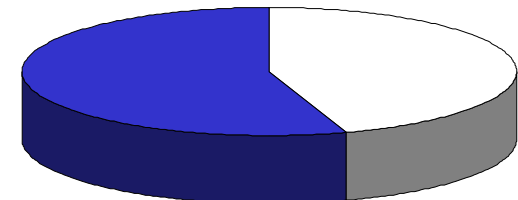
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□ 2003 Actual (full year to June 30)  
 ■ 2004 Forecast (full year to June 30)



□ 2003 Actual (full year to June 30)  
 ■ 2004 Forecast (full year to June 30)



□ 2003 Actual (full year to June 30)  
 ■ 2004 Forecast (full year to June 30)





## 2004 First Half – Key Points

- Net Profit before Goodwill Amortisation up 15.3% on pcp to \$34.1 million but held back by:
  - FX effects – S\$ depreciated against A\$ (approx.10% since 30/6)
  - Mining & Resources down – operational issues at Coppabella (principally access to reserves) and discontinuation of exploration at Gympie
  - 4GT – corporate overhead costs associated with reliability improvement program.
- Notwithstanding above, Power, Telco, Road and Rail all up on pcp.



## 2004 First Half – Key Points

- Tax down 22.5% on **pcp** to \$8.5 million
  - Finalisation of R&D tax benefit – Rail division technology
  - Benefit of lower tax rate (Singapore)
  
- NPAT up 15.7% on **pcp** to \$25.2 million
  
- EPS up 14.5% on **pcp**
  
- DPS doubled to 4 cents per share, 50% franked (**pcp** 2 cents per share, unfranked)



## 2004 First Half – Key Points

- Cash Flow From Operations at \$55.3 million was similar to **pcp** when adjusted for one-off return of working capital from 4GT in December 2002.
- Cash Balance \$156 million reflecting principally:
  - Timing of sales - Rail work completed at year-end paid in Jan.'04 (>\$25 million)
  - Acquisitions (CCC/Stork) (\$23 million)
- Order book/work on hand as at 31/12/03 continue to strengthen (approximately \$6.4 billion).
- Free float increased to 73% with Paul-Y and Cap Z sell downs (S&P IWF stands at 65% but expect increase March review)



# FINANCIAL COMMENTARY

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## 2004 First Half Overview

<b>As at 31 December</b> <b>(A\$ Millions)</b>	<b><u>2002</u></b>	<b><u>2003</u></b>	<b><u>Change</u></b>
<b>Revenue**</b>	1216.7	1548.3	27.3%
<b>EBITA</b>	53.2	55.7	4.7%
<b>Net Interest</b>	12.7	13.0	2.4%
<b>Tax</b>	11.0	8.5	-22.5%
<b>Net Profit After Tax</b>	21.8	25.2	15.7%
<b>Goodwill Amortisation</b>	7.8	8.9	14.1%
<b>Net Profit (Before Goodwill Amortisation)</b>	29.6	34.1	15.3%
<b>EPS</b>			
- <b>Weighted Average, ordinary shares (mill.)</b>	241.0	257.5	
- <b>Basic EPS (Cents)</b>	7.96	9.12	14.6%
<b>DPS - Interim (Cents)</b>	2.00	4.00	100%
<b>DPS - Franking</b>	0%	50%	

\*\* Excludes JV Sales



## 2004 First Half Overview

- Revenue grew strongly with the contribution of new businesses and organic growth, particularly in Power and Road, as anticipated.
- EBITA margin reflects S\$ and poorer than expected profitability from Mining & Resources. (Bad debt provision related)
- Rolling 12-month EBITA Return on Average Funds Employed\*\* 13.1% versus 12.7% at 30/6/03 and 10.9% at 31/12/02. With continued better control over funds employed and anticipated increase in second half EBITA, this return is expected to continue increasing.
- Rolling 12-month NPAT/Average Shareholders' Funds 9.25% versus 9.0% at 30/6/03. Expected to exceed 10% for full year.
- Pre-goodwill NPAT return (last 12 months) > 11%.

\*\* 12-month EBITA divided by Average 12-month Net Debt plus Shareholders Funds



## 2004 First Half Overview

- Share consolidation completed December to streamline register.
- Preference shares converted to ordinary shares and placed, providing a cleaner capital structure and improved stock liquidity.
- Free float increased to 73% leading to S&P IWF increasing from 53% to 65% and S&P ranking approaching top 100.



## 2004 Outlook

- Road maintenance business operating to expectations and market outlook in Australia and NZ quite positive.
- Telco outlook positive with calendar year-end award of expanded maintenance work for Telstra and TCNZ and some carriers looking to “crank up” capex programs.
- Rail now positioned to deliver upside with improving 4GT performance, very promising signs in the locomotive manufacture and maintenance markets and looming opportunities in certain passenger markets.
- Mining and Resources underperformed in first half and we are looking for a much improved performance in the second half, extraneous events aside (Coppabella/Gympie).





## 2004 Outlook

- 2004 revenue locked in.
- Profit outlook for Mining & Resources weaker than expected; however, we believe all other businesses will deliver on expectations.
- Any significant S\$ depreciation and/or NZ\$ depreciation from 31/12/03 levels may affect full year.
- No reason at this stage to shift guidance given at 2003 annual results presentation:
  - Sales will be at least +20% up on FY03
  - EBITA & NPAT still expected to be at least +15%



## 2004 – Outlook Generally

- No requirement for new share capital to fund organic and small acquisition opportunities.
- EPS and DPS will continue to increase.
- Surplus cash flow able to be reinvested into infrastructure operations - otherwise capital management initiatives will be considered.
- Examining small infrastructure opportunities.



# QUESTIONS & ANSWERS

