



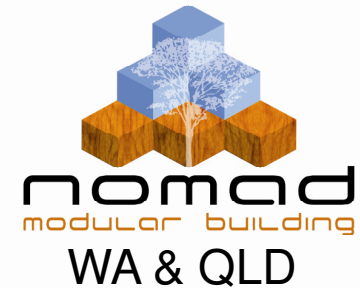
## Presentation to Euroz Conference Wednesday 11 March 2009



**McGRATH  
HOMES**



Queensland



# Presentation Summary

- Financial summary: 6 months to 31 December 2008
  - ❑ Strong revenue growth of 61.8% to \$234.5m
  - ❑ Strong cash flow from operations of \$20.9m
  - ❑ Net debt to equity 23.2%
  - ❑ Underlying net profit of \$8.2m (before goodwill impairment of \$6.9m)
  - ❑ 2 cents per share fully franked dividend (represents a ~6.7% f.f. yield at closing share price at 9 March)
- Principal recent underperformance confined to the installation works of the Nomad Modular Building business in WA
  - ❑ Rapley Wilkinson Civil and Infrastructure Division now managing installation work
- Decisive actions taken to restore profit margins within the Nomad Modular Building business in WA
- McGrath and Halley Homes transportable housing operations continued to perform well in WA and QLD
- Rapley Wilkinson construction business performed at a satisfactory level but was impacted by the deferral of a number of projects
- Encouraging levels of business activity, tendering and new business enquiries
- \$30m of new contracts signed with Woodside in March 2009

# Profit Summary

	Half-year ended		
	December 2008 (excl goodwill impairment)	December 2007	Increase (Decrease)
	\$ m	\$ m	
Revenue	<b>234.5</b>	145.5	61.2%
EBITDA	<b>18.0</b>	19.1	(5.8%)
EBIT	<b>13.0</b>	16.2	(19.8%)
Net profit after tax	<b>8.2</b>	10.4	(21.1%)
EBITDA as % of revenue	<b>7.7%</b>	13.1%	(5.4%)
EBIT as % of revenue	<b>5.5%</b>	11.1%	(5.6%)
Net profit after tax as % of revenue	<b>3.5%</b>	7.1%	(3.6%)
Interest cover	<b>7.1 times</b>	13.3 times	(46.6%)
Earnings per share	<b>6.0 cents</b>	8.9 cents	(32.6%)
Dividend per share – fully franked	<b>2.0 cents</b>	4.0 cents	(50.0%)

- Solid revenue growth from existing business and from acquisition of Rapley Wilkinson
- Margin erosion in Nomad Modular Building division in WA

# Balance Sheet Summary

	31 December 2008	30 June 2008	Increase (Decrease)
	\$ m	\$ m	
Cash	21.0	22.2	(0.8)
Intangibles	82.0	89.6	(7.6)
Property, plant and equipment	58.4	40.5	17.9
Borrowings	47.1	38.3	8.8
Total Current Assets	92.4	103.4	(11.0)
Total Non-Current Assets	142.0	132.0	10.0
Total Assets	234.4	235.4	(1.0)
Total Current Liabilities	87.8	87.8	-
Total Non-Current Liabilities	33.8	28.5	5.3
Total Liabilities	121.6	116.3	5.3
NET ASSETS / EQUITY	112.8	119.1	(6.3)
Working capital	4.6	15.6	(11.0)
Net debt	26.1	16.1	10.0
Net debt / equity	23.2%	13.5%	9.7%
Current ratio	1.1 times	1.2 times	(0.1)

- Net equity impacted by goodwill impairment of \$6.9m against goodwill arising from the acquisition of Rapley Wilkinson
- Low net debt to equity
  - ❑ Current facilities expire in April 2010 (excluding \$6m cash advance facility)
  - ❑ Cash advance facility expires in June 2009, currently in discussions with Westpac to extend to April 2010

# Cash Flow Summary

	Half Year 31 December 2008 \$ m	Half Year 31 December 2007 \$ m	Increase (Decrease)
<b>Cash flow from operations</b>	<b>20.9</b>	(4.5)	25.4
<b>Investing activities</b>			
Payments for property, plant and equipment	(22.5)	(10.5)	(12.0)
Acquisition of businesses	(2.1)	(4.4)	2.3
Other	0.3	(0.1)	0.4
<b>Total investing activities</b>	<b>(24.3)</b>	(15.0)	(9.3)
<b>Financing activities</b>			
Proceeds from borrowings	15.0	11.5	3.5
Repayment of borrowings	(6.2)	(3.3)	(2.9)
Dividends paid	(6.6)	(3.5)	(3.1)
<b>Total financing activities</b>	<b>2.2</b>	4.7	(2.5)
<b>Net cash inflow</b>	<b>(1.2)</b>	(14.8)	13.6
<b>Opening cash</b>	<b>22.2</b>	13.9	8.3
<b>Closing cash</b>	<b>21.0</b>	(0.9)	21.9

- Strong cash flow from operations of \$20.9m
- Capital expenditure of \$22.5m included one-off payments for the acquisition of land for expansion of McGrath production facilities (~\$6.5m), further investment in the hire fleet (continuing to experience high utilisation rates) (~\$12.0m) and modular units for the Karratha village (~\$2.5m)

# Nomad Modular Building (WA)

- Half year results impacted by poor estimating and project management of installation works on a number of West Australian projects
- Management have isolated the problems and taken appropriate actions
- Strong pipeline of work in hand for 2H09 plus encouraging levels of tendering opportunities

1. Whole of business review completed
  - ↳ All processes and procedures being streamlined
  - ↳ Nomad Modular only manufactures
- +
2. All installation the responsibility of Rapley Wilkinson Civil + Infrastructure
- +
3. Experienced Production Manager appointed
- +
4. Experienced Contracts Manager appointed



**Restoration  
of profit  
margins**

# Management Restructure

## Alan Thomas

- Executive Director → Acting Managing Director

## Wayne McGrath

- Executive Director
- CEO McGrath Homes and Halley Homes
- Group Operations Manager for modular building operations

## Darren Staunton

- GM Rapley Wilkinson Property → Acting CEO Rapley Wilkinson

## Errol Davies

- Construction Manager McGrath Homes → GM McGrath Homes

# Operating Divisions

## Nomad Group: Diversified Remote and Regional Construction and Project Management



<b>Products and Services</b>	<ul style="list-style-type: none"> <li>• Transportable homes</li> </ul>	<ul style="list-style-type: none"> <li>• Modular accommodation</li> </ul>	<ul style="list-style-type: none"> <li>• Transportable homes</li> <li>• Offices and schools</li> <li>• Farm buildings</li> <li>• Motel units</li> <li>• Cabins</li> </ul>	<ul style="list-style-type: none"> <li>• Commercial insitu construction</li> <li>• Housing</li> <li>• Property development management</li> <li>• Refurbishment</li> <li>• Civil + infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>• Modular accommodation</li> <li>• Kitchens and dining rooms</li> <li>• Laundries</li> <li>• First aid rooms</li> <li>• Offices and classrooms</li> </ul>
<b>Major Market Sectors</b>	<ul style="list-style-type: none"> <li>• Private</li> <li>• Rural</li> <li>• State and local government</li> <li>• Minerals and energy</li> </ul>	<ul style="list-style-type: none"> <li>• Tourist parks</li> <li>• Lifestyle and retirement villages</li> </ul>	<ul style="list-style-type: none"> <li>• Private</li> <li>• Rural</li> <li>• State and local government</li> <li>• Education</li> <li>• Minerals and energy</li> <li>• Resorts and hospitality</li> </ul>	<ul style="list-style-type: none"> <li>• Property development</li> <li>• Resorts and hospitality</li> <li>• Private</li> <li>• State and local government</li> <li>• Minerals and energy</li> <li>• Education</li> </ul>	<ul style="list-style-type: none"> <li>• Minerals and energy</li> <li>• Construction</li> <li>• State and local government</li> </ul>
<b>Key Features</b>	<ul style="list-style-type: none"> <li>• High quality</li> <li>• Competitive pricing</li> <li>• Faster delivery</li> <li>• Proven concrete floor technology</li> <li>• 40 years in WA</li> </ul>	<ul style="list-style-type: none"> <li>• High spec low maintenance</li> <li>• Innovative designs</li> <li>• Turnkey solutions</li> </ul>	<ul style="list-style-type: none"> <li>• Award-winning</li> <li>• Modern designs</li> <li>• Quality construction</li> <li>• 10 years in Queensland</li> </ul>	<ul style="list-style-type: none"> <li>• Award-winning</li> <li>• 30 years in WA</li> </ul>	<ul style="list-style-type: none"> <li>• Large scale</li> <li>• Fully integrated solutions</li> <li>• Temporary or permanent</li> <li>• Sales and hire</li> <li>• 14 years in WA and 4 years in QLD</li> </ul>

# Group Capability

Acquisition of Rapley Wilkinson designed to broaden the capability of the Nomad Group.

Nomad Group now provides all or parts of a fully integrated service with exceptional expertise and significant experience in:

- Land acquisition
- Native title negotiations and clearances
- Planning approvals
- Subdivision
- Marketing
- Design and develop resorts and workforce villages
- Home design and construction (insitu and transportable)
- Commercial insitu construction (apartments – civic buildings – offices – resorts – schools)
- Commercial transportable building (workforce and hospitality accommodation – offices – classrooms)
- Interior design, furnishing and fitout of units
- Project management of the above

# Group Clients

Nomad has a history of long-term relationships with major corporate and government clients



# Work in Hand

## Financial Year 2008-2009

Value to Completion		# Contracts
\$ 82.8 m	Bulk Housing	18
\$ 17.4 m	Private Housing	132
\$ 1.0 m	Refurbishments	1
\$ 11.0 m	Resorts and Hospitality	6
\$ 80.7 m	Villages (permanent and temporary)	19
<b>\$ 192.9 m</b>		<b>176</b>

\* Includes \$30m of new housing contracts for Woodside announced 5 March 2009

# Integrated Building Solutions – Case Study

- 3 housing contracts – Karratha - \$30 million
  - 1) 2 group housing lots – Nickol West
  - 2) 29 villas (2 bed x 2 bath) on the group housing lots
  - 3) 16 houses (3 bed x 2 bath) on various lots



- 16 Houses



Build, deliver, install, landscaping and fencing

- Timeframe – February to July 2009

# Integrated Building Solutions - Benefits

The benefits for clients such as Woodside of Nomad's Integrated Service are:

- Cost effectiveness
- Speed of delivery

# Outlook and Opportunities

	Expected commencement			* Lodged or in preparation	
	Next 12 months	Next 1-2 years	Next 1-5 years		
	<b>Tenders* (\$ m)</b>	<b>In Discussion (\$ m)</b>	<b>Deferred (\$ m)</b>	<b>TOTAL (\$ m)</b>	<b>Number of Projects</b>
Housing	123	189	46	358	51
Refurbishments	6	36	0	42	3
Resorts and Hospitality	100	55	91	246	16
Educational	37	22	0	59	4
Other Commercial	10	124	5	139	29
Villages (permanent and temporary)	472	398	542	1,412	44
<b>TOTALS</b>	<b>\$ 748</b>	<b>\$ 824</b>	<b>\$ 684</b>	<b>\$ 2,256</b>	<b>147</b>

- Demand from the oil and gas sector is replacing the reduced demand from the mining sector
- Significant interest in the Nomad Group's integrated building solutions
- Many of the deferred projects could re-emerge in the next 18 months depending on economic conditions

# Other Opportunities – Long-Term

- Royalties for Regions (WA State Government commitment)
  - ❑ 3,000 houses in WA over 3 years
  - ❑ \$23m South Hedland facelift plus design tender for land to provide:
    - Up to 600 townhouses and apartments plus commercial and retail
- Federal \$42b stimulus package contains strong focus on regional infrastructure spending
- Federal Indigenous housing program in WA and NT
- Accommodation for various LNG projects Karratha, Onslow, Darwin, Gladstone

# Summary

- Strong cash flow
- Low gearing
- Decisive actions taken to correct problems in Nomad Modular Building in WA
- Revised FY09 earnings guidance of NPAT of \$21m (excluding the impairment of goodwill of \$6.9m)
- Solid second half order book and outlook
- Focus on margin improvement throughout 2H FY09 and FY10
- Integrated service offering leverages the Nomad Group's range of specialist skills
- Promising future activity levels across all divisions
- Significant long term prospects



nomad

building solutions limited

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