



CRANE GROUP LIMITED
RESULTS PRESENTATION

6 Months to 31 December 2009

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Agenda

- **Overview**
- **Financials**
- **Business Review:**
 - **Safety**
 - **Pipelines**
 - **Trade Distribution**
 - **Tradelink**
 - **CDNZ**
 - **Industrial Products**
- **Outlook**

Greg Sedgwick

Mark Fitzgerald

Greg Sedgwick

Financial Overview

- **Profit after tax before significant items of \$18.0 million.**
 - Down 46% on prior corresponding period; in line with guidance.
 - Revenue down 20% on 1H FY09.
- **Cost reduction targets being realised.**
 - Targeted annualised cost savings of \$76 million with an incremental reduction of \$38 million in FY10.
 - Incremental expense savings of \$50 million achieved in 1H FY10 compared to 1H FY09.
- **Strong first half segment cash flow of \$50.3 million.**
 - Net debt reduced by \$28.7 million; gearing now at 22.4%.
 - The Group is well placed to take advantage of improvements in market conditions.
- **Fully franked interim dividend of 18 cents.**
 - Maintaining the Group's record of consistent dividend payments at a 75% payout ratio.

Business Overview

- **Pipelines moving through the bottom of the cycle.**
 - The major declines were in the mining, civil and water infrastructure markets.
 - Industry structure remains unchanged but lower volumes are impacting margins.
- **Tradelink turnaround continues.**
 - EBIT margin has increased to 4.2%.
 - ROFE has improved from 4.7% in FY04 to 22.5% in FY10.
- **1H FY10 loss in Crane Distribution New Zealand.**
 - Continued weak building and construction market more than offset operating expense savings.
 - 1H FY10 significant item of \$1.8 million after tax relating to network restructuring and product rationalisation.
- **Industrial Products benefiting from more stable commodity prices and improving manufacturing activity.**

Financials



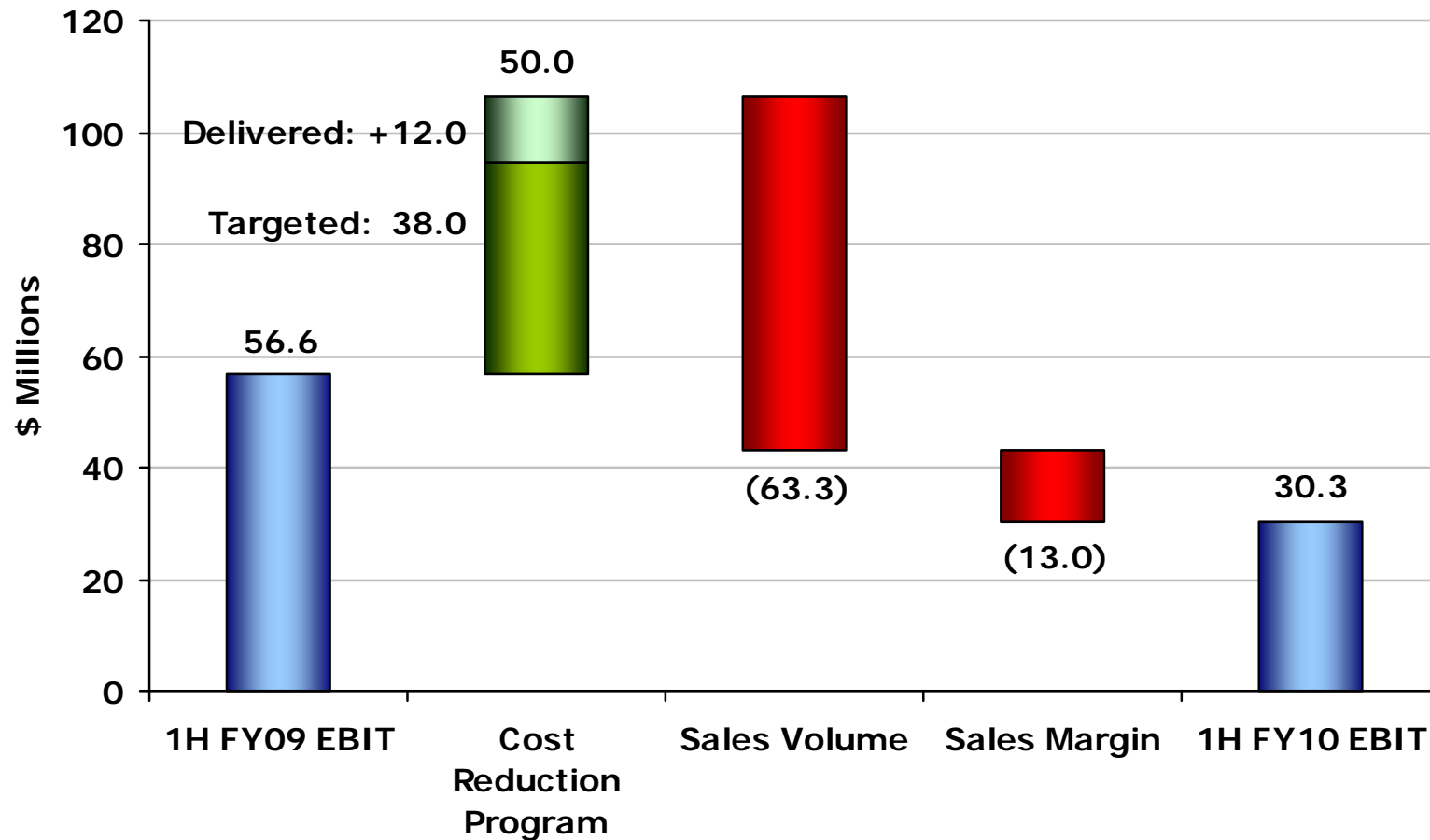
Group Profit

\$ Million – 6 months to December	2009	2008	Change
Revenue	933.4	1,165.0	- 19.9%
EBIT before significant items	30.3	56.6	- 46.6%
Share of profit of equity accounted investments	3.9	6.4	- 38.3%
Segment profit	34.2	63.0	- 45.7%
Net financing costs	(9.7)	(17.7)	- 45.5%
Tax expense	(6.5)	(12.1)	- 45.4%
Net profit after tax and minorities before significant items	18.0	33.2	- 46.0%
Significant items after tax	(2.1)	(3.1)	-
Net profit after tax	15.9	30.1	- 47.3%
Basic EPS before significant items (cents)	23.6	50.5	- 53.3%
Basic EPS (cents)	20.8	45.7	- 54.5%
Dividend per share (cents – fully franked)	18	35	- 48.6%



EBIT before Significant Items

1H FY09 to 1H FY10 EBIT Bridge



Significant Items

A\$ Million	Before Tax	Tax Benefit	After Tax
CDNZ			
- Network consolidations	1.6		
- Product rationalisation	1.0		
Total	2.6	(0.8)	1.8
Industrial Products			
- Back office restructure	0.4		
Total	0.4	(0.1)	0.3
TOTAL	3.0	(0.9)	2.1

Balance Sheet

\$ Million	Dec 2009	Jun 2009	Dec 2008
Trade debtors, trade creditors and inventory	307.0	315.9	382.9
Net current assets (excluding cash)	240.5	254.2	307.9
Net non-current assets (excl. loans)	596.4	606.5	617.4
Net debt	(187.7)	(216.4)	(338.2)
Total equity	649.2	644.3	587.1
Net debt / (net debt + equity)	22.4%	25.1%	36.6%
Interest cover (times)*	3.5	3.5	3.6

* Based on EBIT before significant items, including equity accounted profits after tax.

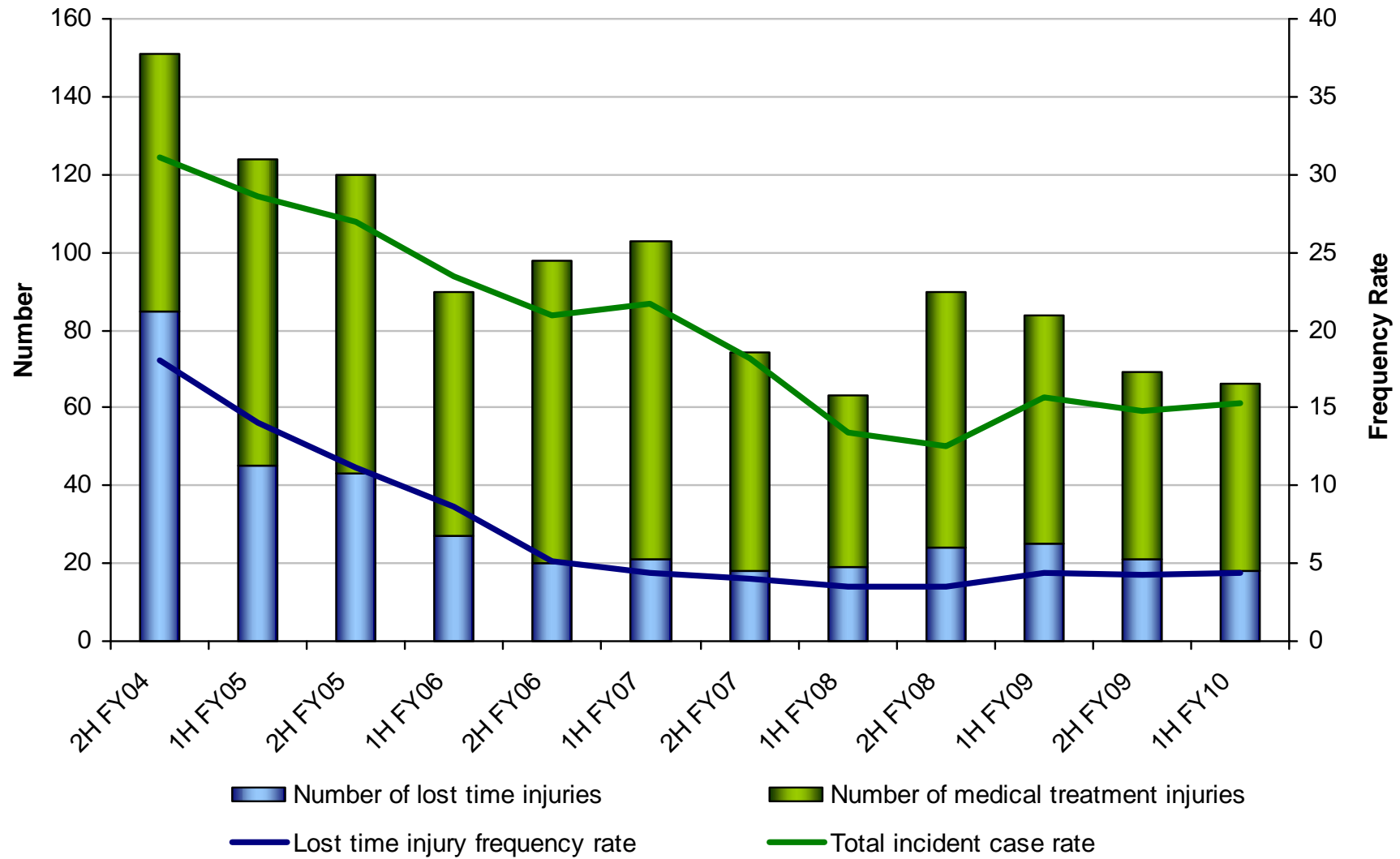
Cash Flow

\$ Million – 6 months to December	2009	2008
EBITDA	46.5	73.8
(Increase) / decrease in inventory, payables and receivables	7.7	(16.0)
(Increase) / decrease in other working capital	0.9	(13.0)
Net capital expenditure	(4.8)	(17.0)
Segment cash flow	50.3	27.8
Interest	(9.5)	(17.5)
Tax refunded / (paid)	0.9	(29.6)
Dividends paid (net of DRP)	(15.8)	(13.9)
Acquisitions less dividends received from Mitchell Water	4.4	(13.1)
Rationalisation and restructuring payments	(2.5)	(7.4)
Other cash flow	0.9	(6.0)
Net debt reduction / (increase)	28.7	(59.7)

Business Review



Safety



Pipelines

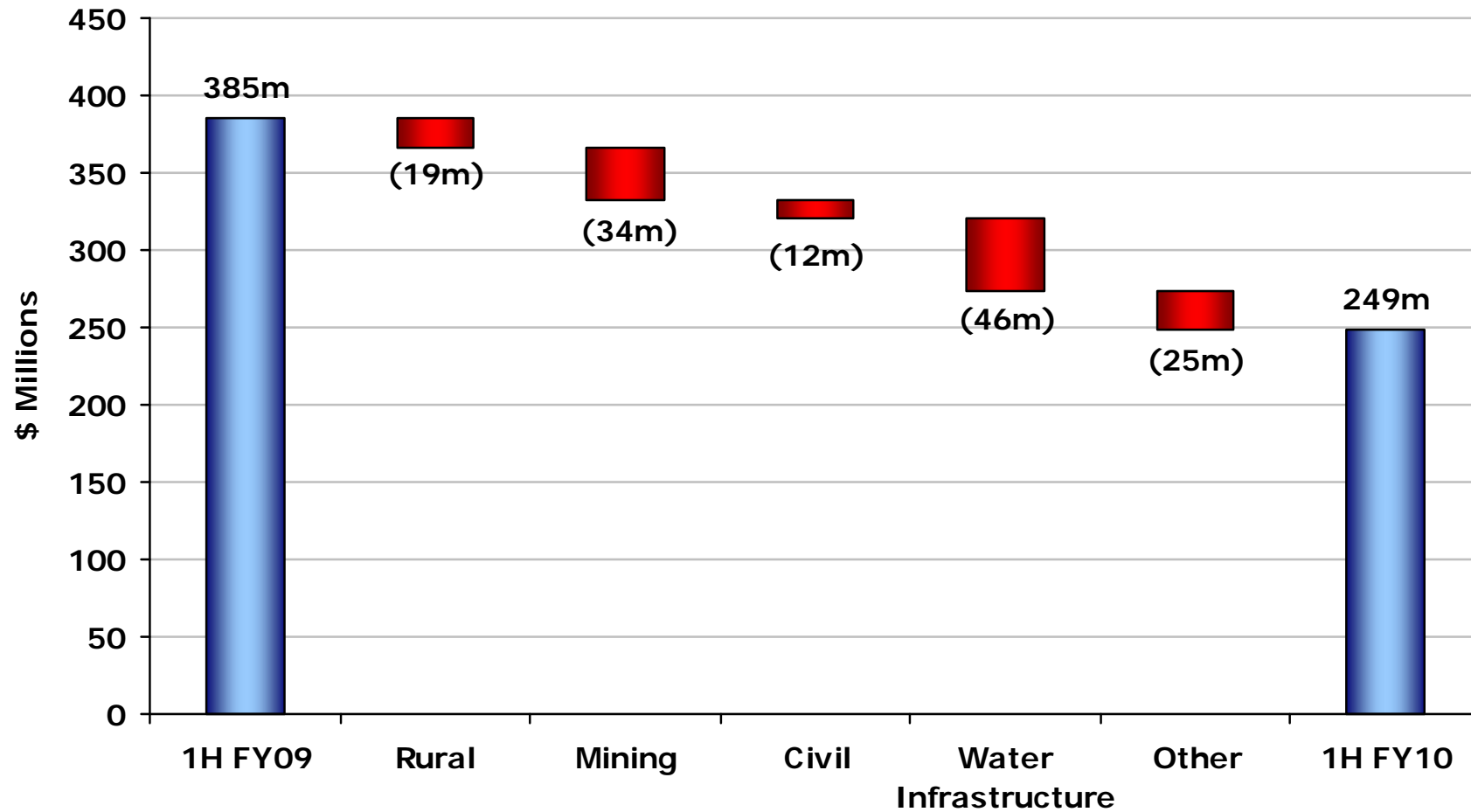
	Half Year Dec 09	Half Year Dec 08	Change
Revenue (\$m)	248.8	385.1	Down 35%
EBIT (\$m)	15.4	40.0	Down 62%
EBIT / Revenue	6.2%	10.4%	

Mitchell Equity Profit (\$m)	3.9	6.4	
Total Earnings (\$m)	19.3	46.4	Down 58%

- The revenue declines were across most sectors.
- Margin pressure resulted from lower capacity utilisation.
- Focus continues to be on managing overheads and production costs through the downturn.

Pipelines

1H FY09 to 1H FY10 Revenue Bridge



Pipelines - Rural



Coverage

- On-farm irrigation.

Customers

- Irrigation merchants.

Industry drivers

- Weather conditions insofar as they affect farmer's cash returns.
- Managed investment schemes.
- Government subsidies for on-farm irrigation.
- Dairy farm conversions in NZ due to rising milk prices.

Outlook

- Recent rains will be positive for QLD and NSW farmers.
- Corporate farming restructuring is underway and will lead to increased investment.
- Recent good dairy payouts have lifted rural demand in New Zealand.
- Started to see improvement in 2Q FY10.



Pipelines - Mining



Coverage

- Largest sectors are iron ore, coal and gold.
- Coal seam gas market emerging.
- Predominantly WA and QLD.

Customers

- Mining companies.

Industry drivers

- Mining capex.
- Commodity prices and world (particularly China) GDP growth.

Outlook

- Mining investment starting to improve after many projects were put on hold for much of 2009.
- Already in 3Q FY10 we have seen some improvement.
- Strong long-term growth in the CSG sector is positive.



Pipelines - Civil



Coverage

- From the reservoir to the property boundary.
- Includes subdivisional work, sewers, roads and highways and civil maintenance.

Customers

- Civil construction contractors.
- Local councils and water authorities.

Industry drivers

- Government spending.
- Lot development and land release.
- Property developer appetite.
- New dwelling construction.

Outlook

- Underinvestment in pipe networks and a favourable new housing outlook means the sector has a positive long-term outlook.
- Improvement expected in 4Q FY10.



Pipelines – Water Infrastructure



Coverage

- Large pipeline infrastructure from the dam to the farm / regional water storage.

Customers

- Government owned water utilities.

Industry drivers

- Water security considerations.
- Water pricing.
- Government funding.

Outlook

- Recent State and Federal Government agreement on water should clear the way for government funding of infrastructure projects.
- Improvement expected in 2Q FY11.
- Long-term outlook remains positive.



Trade Distribution

Australia

	Half Year Dec 09	Half Year Dec 08	Change
Revenue (\$m)	459.1	476.1	Down 3.6%
EBIT (\$m)	19.5	19.4	Up 0.2%
EBIT / Revenue	4.2%	4.1%	

New Zealand

	Half Year Dec 09	Half Year Dec 08	Change
Revenue (\$m)	152.1	208.3	Down 27%
EBIT (\$m)	(0.9)	2.4	Down 139%
EBIT / Revenue	(0.6%)	1.1%	

Australia

- Tradelink same store sales down 4.6% but continued growth in EBIT margin.
- NSW and VIC showed reasonable growth.
- WA has had a tough 12 months but the outlook is positive.
- QLD market was down.

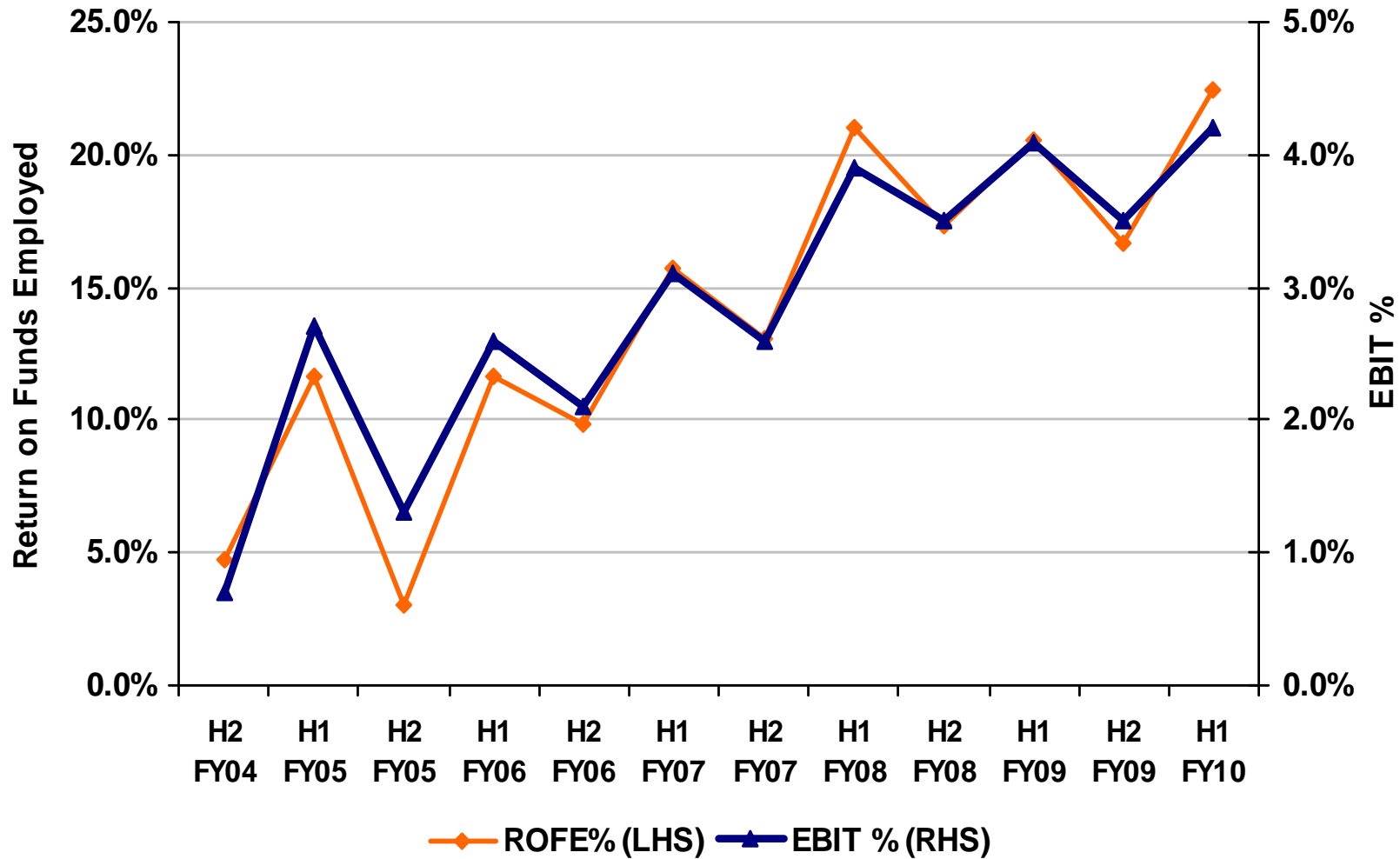
New Zealand

- Same store sales down 18%.
- Dwelling consents at multi-decade lows but signs of a turnaround are evident.
- Consolidation of the store network continued and is now 60% complete.
- Rationalisation program focuses on consistent brand presence and appropriate product range.



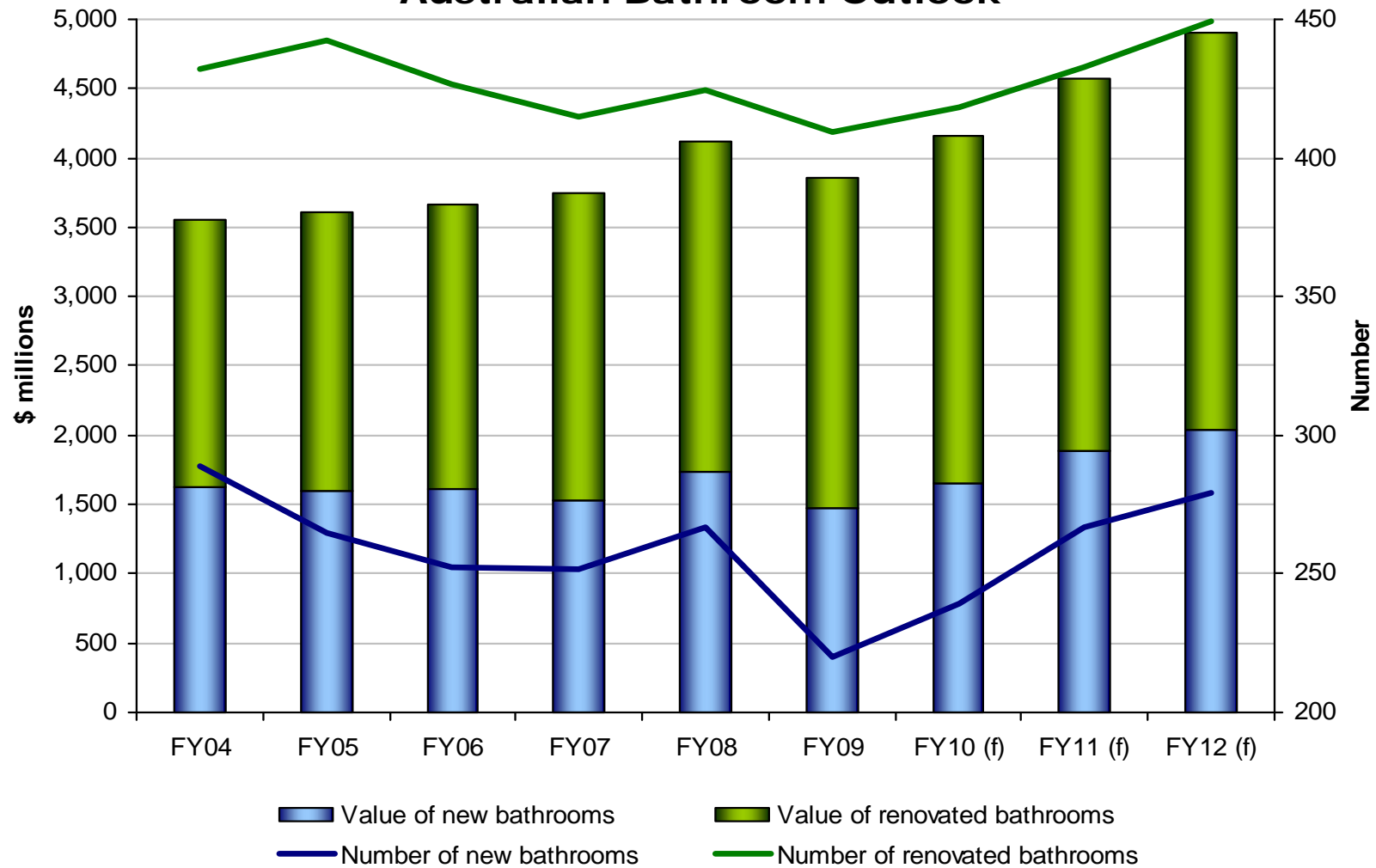
Trade Distribution

Tradelink ROFE and EBIT % by Half



Australian Housing

Australian Bathroom Outlook



Source: HIA Bathrooms & Kitchens Report 2009/10



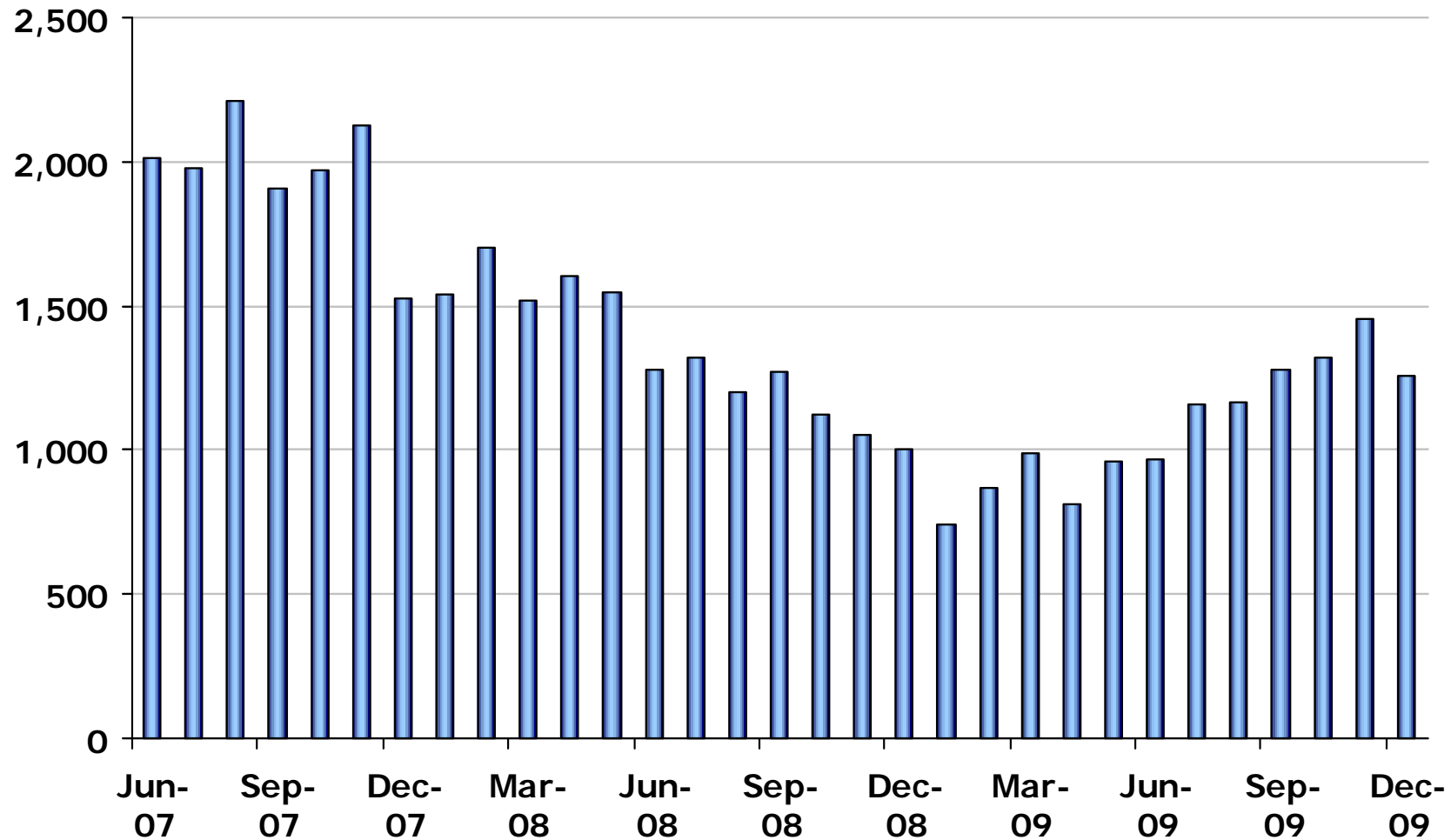
Trade Distribution

CDNZ rationalisation program

- Sales have declined by more than 30% in two years.
- Head Office was closed and the corporate functions relocated to Australia in FY09.
- The rationalisation program aims to:
 1. Align the cost base with demand; and
 2. Ensure appropriate product range and consistent brand presence across all regions.
- 14 stores have been closed to date.
- 9 more stores to close over the next 12 months.
- A\$2.6 million before tax significant item was taken in 1H FY10.
- No further significant items in relation to the rationalisation will be necessary.

New Zealand Housing

Monthly Dwelling Consents
Excluding apartments



Source: Stats NZ



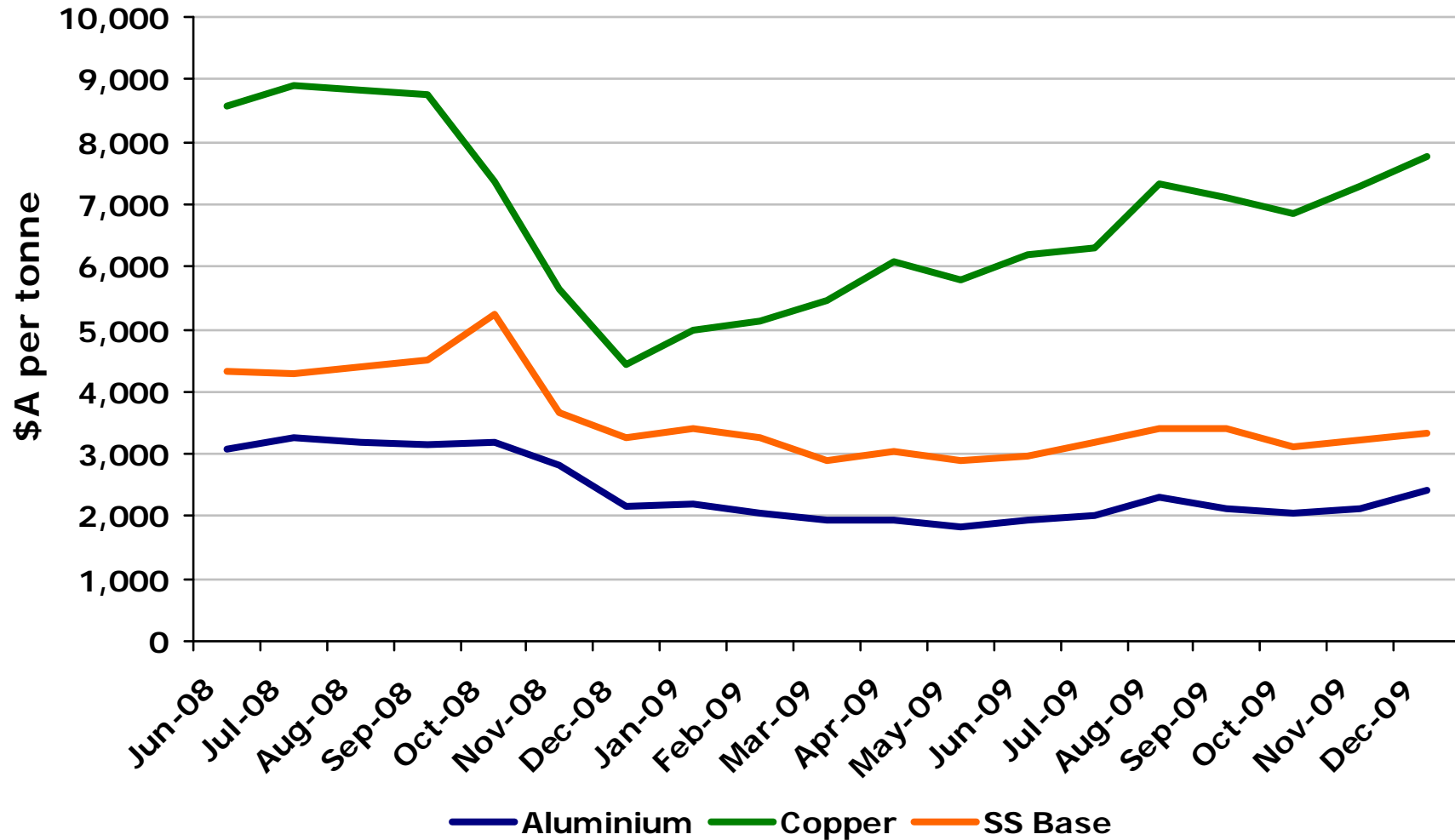
Industrial Products

	Half Year Dec 09	Half Year Dec 08	Change
Revenue (\$m)	143.9	191.4	Down 25%
EBIT (\$m)	3.6	4.9	Down 27%
EBIT / Revenue	2.5%	2.6%	

- Demand improving but remains patchy.
- More stable metal prices and improved manufacturing outlook in 1H FY10 had a positive impact.
- New Zealand branch consolidation is delivering cost savings.
- Divisional restructure progressing and will deliver long-term operational efficiencies and cost savings.
- Stoddarts acquisition performing well.

Industrial Products

Selected Metal Prices

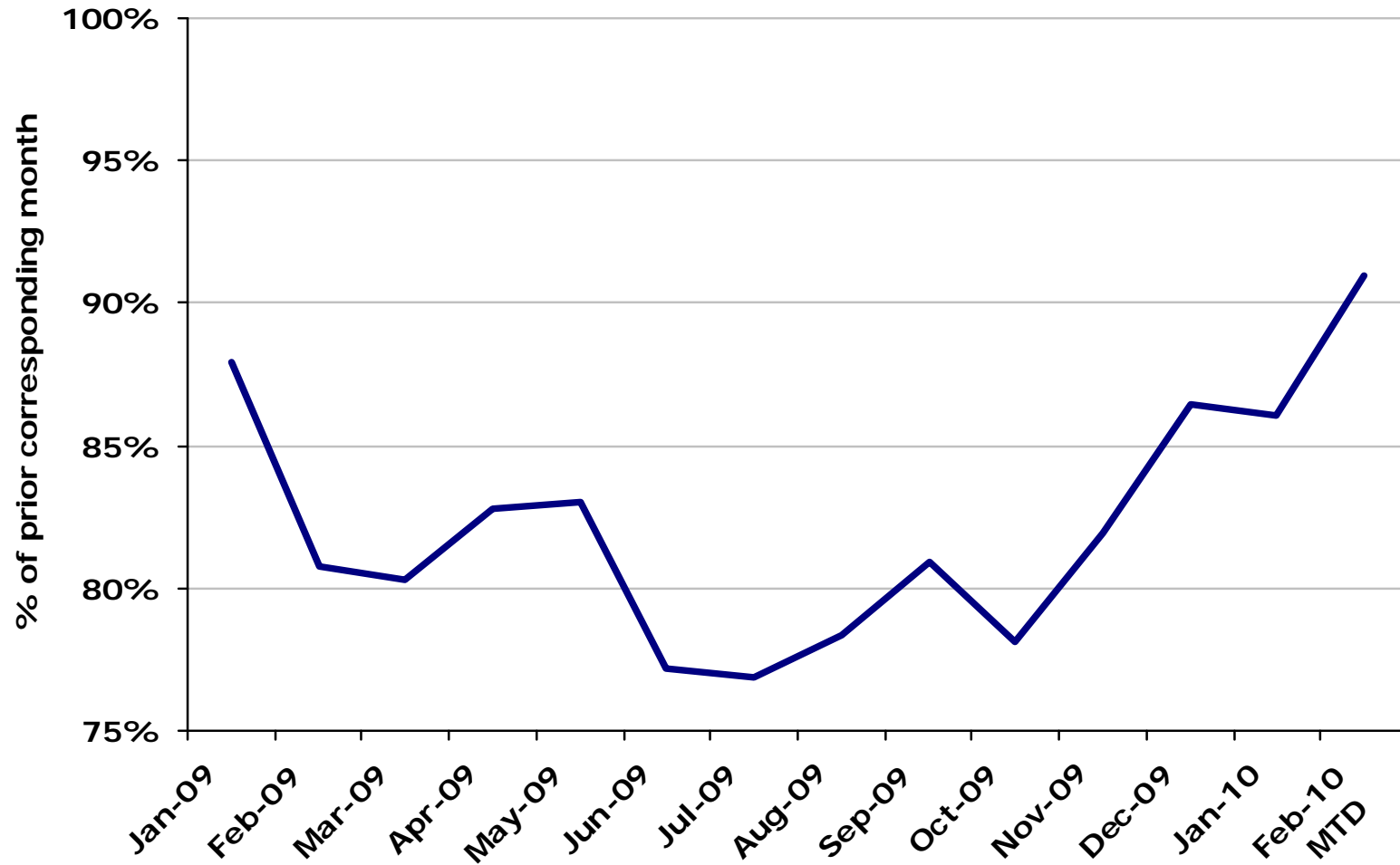


Outlook



Outlook

Group Daily Sales
% of prior corresponding month



Outlook

- Retention of the cost savings made will benefit the Group moving forward.
- Pipelines will continue to be impacted in FY10 by lack of water infrastructure projects and subdued civil markets.
- For Tradelink, Australian housing construction should be strong.
- CDNZ has turned but the recovery is likely to be gradual.
- Commodity prices and manufacturing outlook are favourable for Industrial Products.
- EBIT for 2H FY10 is expected to be better than 2H FY09.
- Full year NPAT is expected to be down 35% YOY.



Summary

- **Profit after tax before significant items of \$18.0 million.**
- **Cost reduction targets being realised.**
- **Strong first half cash flow.**
- **Fully franked interim dividend of 18 cents.**

Disclaimer

Statements contained in this presentation, particularly those regarding possible or assumed future performance, estimated company earnings, potential growth of the company, industry growth or other trend projections are or may be forward looking statements. Such statements relate to future events and expectations and therefore involve unknown risks and uncertainties. Actual results may differ materially from those expressed or implied by these forward looking statements.

Thank You

Questions?