



4 May 2010

Trading Update

Hastie Group Limited today announced that it expected Operating Earnings Before Interest and Tax (EBIT), to be around \$75 million for the financial year to 30 June 2010, due to project delays (where sales have moved into the next financial year), slowdown in retail capital expenditure and some impact from the continuing stronger Australian dollar.

The Group's Managing Director and Chief Executive Officer, David Harris, said the expected EBIT for the year to June 30 2010 would therefore be below the guidance provided to the market earlier this year.

Mr Harris said Hastie Group, which provides a full range of mechanical, electrical, hydraulics, and refrigeration engineering services to the commercial building and infrastructure sectors, expected the deferral of capital expenditure to be temporary, with expenditure expected to flow through to earnings in FY11 and beyond.

He also announced today that the Group had made a strategic acquisition, purchasing the assets of Spectrum Fire & Security, one of the leading services businesses in the sector in Australia, with annual revenues of more than \$100 million and over 600 employees.

The assets were purchased for \$7 million and came after Spectrum had been placed in voluntary administration. Spectrum will provide Hastie with a national foot print in fire services and is in line with the Group's strategy to expand into essential services, such as fire protection [SEE SEPARATE ANNOUNCEMENT].

"As we explained in our results presentation in February, we continue to see short term softness in a number of areas. The large supermarket chains have delayed the start of work for some major projects across Australia, while other scheduled project programmes have also been delayed, particularly in the Middle East," Mr Harris said. "A strengthening Australian dollar since the first half results has also impacted the translation of our Middle East and UK earnings.

"Working capital continues to trend above our expected target range (1.5% to 2.5% of annualised sales). We expect this position to revert to the target range in the medium term.

"Along with the rest of the sector, we are confident we will see a return to growth at the EBIT level (earnings before interest and tax) in the 2011 financial year of at least 10%, with further growth opportunities in FY12 and beyond.

"There has been a substantial increase in confidence in the sector and we are now seeing tender activity in Australia and the Middle East at the highest level it has been for some time.

"In Australia, projects that were mothballed or delayed because of the global financial crisis are now moving again, demand is growing in the commercial sector and the spending on infrastructure by State and Federal governments is underpinning this revival.

“In the Middle East, we continue to win work with preferred builders and developers, particularly in those markets like Abu Dhabi and Qatar where the oil and gas sector remains strong. It appears that confidence has increased in these markets in recent months and we are seeing increased investment in infrastructure and commercial buildings.”

Mr Harris said the Group’s UK division had identified organic growth opportunities in Scotland, the Midlands and the South East and was well placed to capitalise on these opportunities.

Hastie Group Limited is the leading international designer, installer and maintainer of technical services to the building and infrastructure sectors - mechanical, electrical, hydraulics and refrigeration group with well established operations in Australasia, UK and Ireland, and The Middle East. It has over 7,000 employees based at over 110 locations. The group operates under brands which are well recognised in their markets, and customers include many of the largest construction companies, shopping centre groups, industrial corporations and facility managers. Hastie Group Limited is a member of the S&P/ASX200 Index.

Issued by Hastie Group Limited

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