

# **ACQUISITION OF BEST TRACTOR PARTS INVESTOR PRESENTATION**

27 August 2012

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## Transaction Highlights

- Ausdrill has agreed to acquire the Best Tractor Parts Group (“BTP”) for \$165 million on a cash free and debt free basis, subject to purchase price adjustments for working capital and rental fleet assets
- Completion is expected to occur on 31 October 2012, subject to conditions precedent that include Ausdrill arranging debt financing on terms acceptable to it
- Ausdrill has paid a \$16.5 million deposit with the balance payable at completion. If Ausdrill is not able to complete it will forfeit the deposit
- Ausdrill is entitled to the benefit of BTP’s net profits from 1 July 2012

## Best Tractor Parts Group Overview

- BTP is a leading Australian supplier of used and reconditioned heavy earthmoving equipment and parts to the surface mining industry
- Located in Perth WA, Mackay QLD and Singleton NSW, BTP operates a hire fleet of 77 units as well as undertaking used equipment and new and used parts sales
- The rental fleet comprises key heavy earthmoving machinery and specialist support equipment
- Key customers include BHP Billiton, Downer EDI, Leighton, Macmahon, HWE and NRW

## Acquisition Rationale

- Facilitates vertical integration (hire, sales, parts and service) across Ausdrill's existing activities and extension of the contribution realisable from Ausdrill's existing rental fleet
- Increases Ausdrill's East Coast presence
- Provides Ausdrill with maintenance facilities to be able to maintain its rental fleet in-house rather than having to outsource this service
- Ausdrill's existing African operations will provide a natural base for the potential geographic expansion of Ausdrill's offering to include parts, service and sales

## Funding Arrangements

- Ausdrill has engaged Grant Samuel to assist in pursuing a new debt financing package that is expected to provide sufficient funding to complete the acquisition

## Key Transaction Outcomes For Ausdrill

- BTP's FY2012 revenue and EBITDA were \$176 million and \$50 million respectively (unaudited, stand alone pre-transaction basis)
- Potential growth from an investment in an expansion of the rental fleet and continued growth in parts sales

# STRATEGIC RATIONALE



# KEY ACQUISITION HIGHLIGHTS

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✓	BTP is a leading supplier of reconditioned used heavy earthmoving machinery and parts to the Australian surface mining industry
✓	Integrated business model incorporates rental, parts and equipment sales activities across a variety of OEMs (Caterpillar, Komatsu, Hitachi)
✓	Proven global procurement network facilitates international sourcing of used equipment, providing additional avenues of supply outside of Australia
✓	Facilitates vertical integration across Ausdrill's existing activities
✓	Increases Ausdrill's East Coast presence
✓	Sales team is primarily trade qualified with intimate knowledge of the equipment
✓	High levels of repeat business from diversified blue chip customer base
✓	Facilitates BTP's potential geographic expansion into Africa utilising Ausdrill's existing operations

- The acquisition of BTP complements Ausdrill's Development and Surface Mining divisions' equipment hire offering:
  - Introduces new revenue stream from incremental equipment sales and used parts business to Ausdrill's existing activities in Australia and Africa
  - Combined hire fleet of 194 vehicles (two-thirds larger than Ausdrill's existing fleet)
  - In house maintenance, dismantling and reconditioning capabilities will increase the profitability of Ausdrill's existing rental fleet
  - Increases Ausdrill's geographical diversification and East Coast presence
  - Ability to leverage relationships with mutual blue chip customers





# COMPLEMENTARY RENTAL FLEET

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## ■ BTP rental fleet:

– Service trucks	23
– Dozers	14
– Graders	12
– Water carts	12
– Loaders	11
– Tyre handlers	2
– Excavators	1
– Compactors	1
– Dump trucks (rigid)	1

**TOTAL 77**

## ■ Ausdrill Mining Services rental fleet:

– Service trucks	8
– Dozers	9
– Graders	10
– Water carts	2
– Loaders	7
– Small loaders	13
– Excavators	8
– Cranes	2
– Dump trucks (rigid)	58

**TOTAL 117**

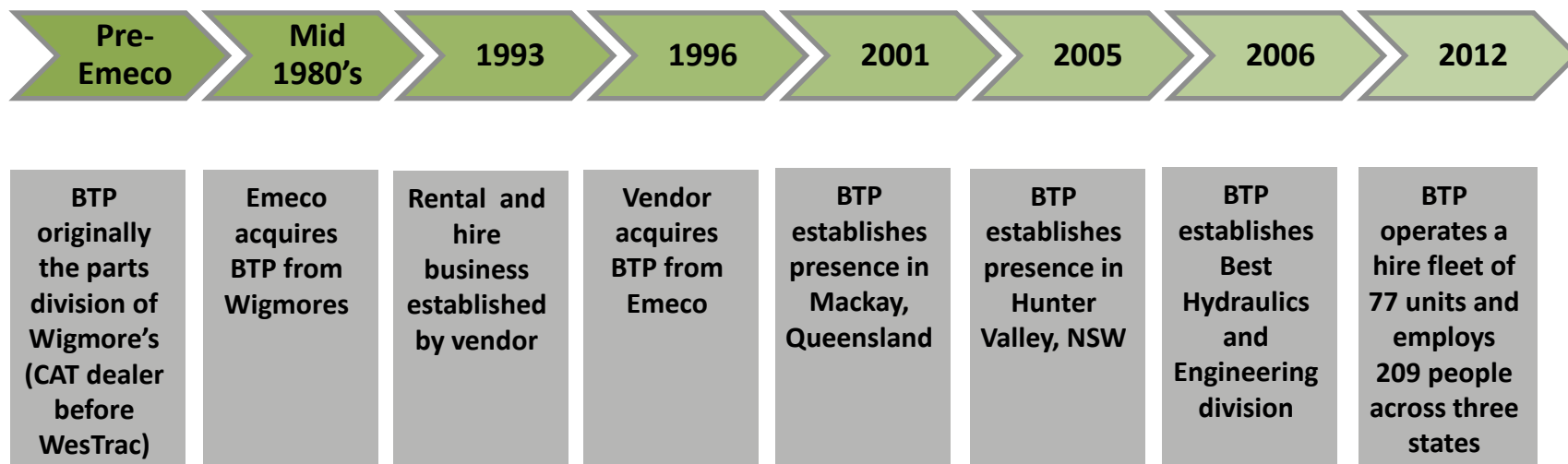
Fleet numbers as at 30 June 2012

# BEST TRACTOR PARTS SUMMARY



# BTP HISTORY

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- BTP's integrated business model incorporates three distinct but integrated service offerings:

## Equipment Rental

High quality fleet of low hour, high demand, heavy earthmoving machinery and specialised support equipment

- Caterpillar
- Komatsu
- Hitachi
- Volvo

## Equipment Parts

Leading independent provider of used and reconditioned OEM parts

- Excavators
- Trucks
- Loaders
- Dozers

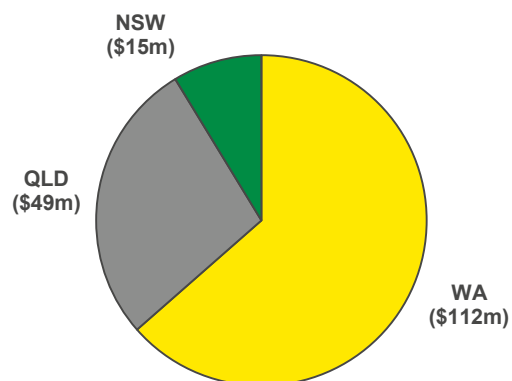
## Equipment Sales

Independent dealer of refurbished used earthmoving equipment utilising global procurement network

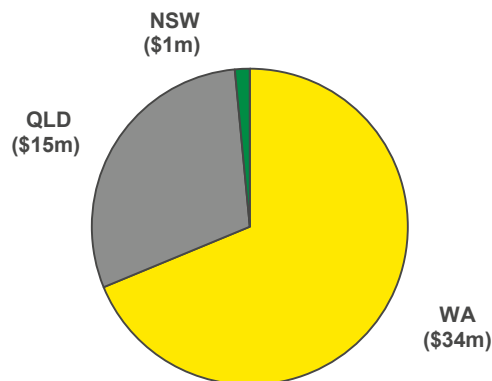
- Service Trucks
- Dump Trucks
- Graders
- Dozers

- BTP primarily operates in the WA iron ore and Queensland coal sectors:

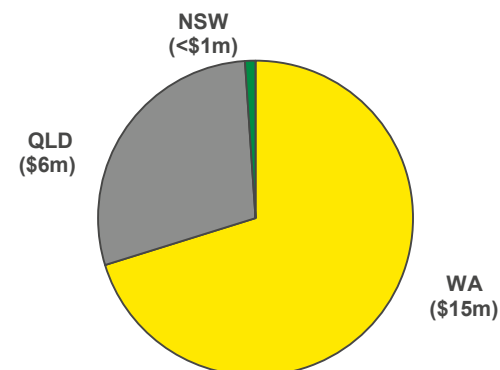
**FY12 revenue (\$176m)**



**FY12 EBITDA (\$50m)**



**FY12 capex (\$21m)**



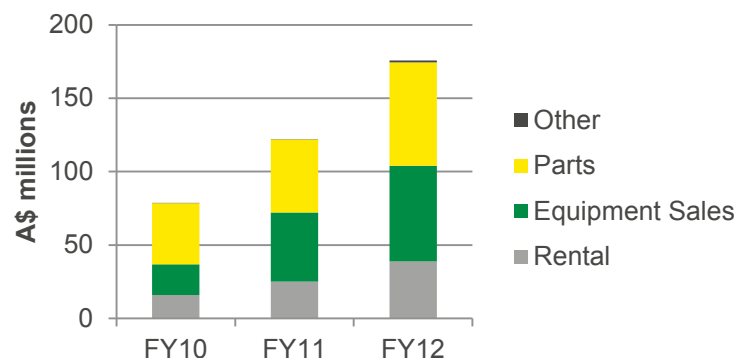
FY12 results presented above are unaudited and are subject to change until finalisation of the 30 June 2012 audit of the BTP Group

# BTP HISTORICAL FINANCIAL PERFORMANCE

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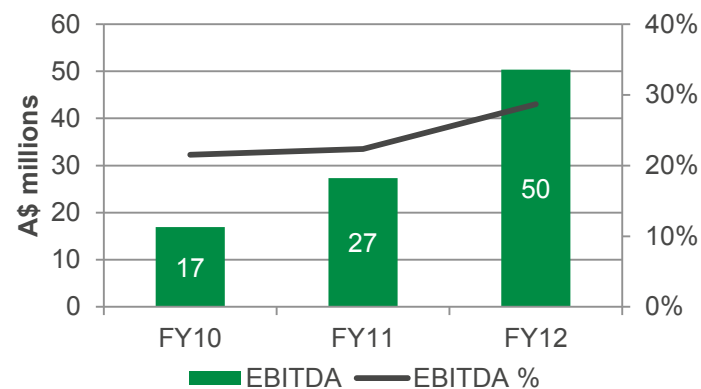
## Revenue (\$m)

BTP Group Revenue



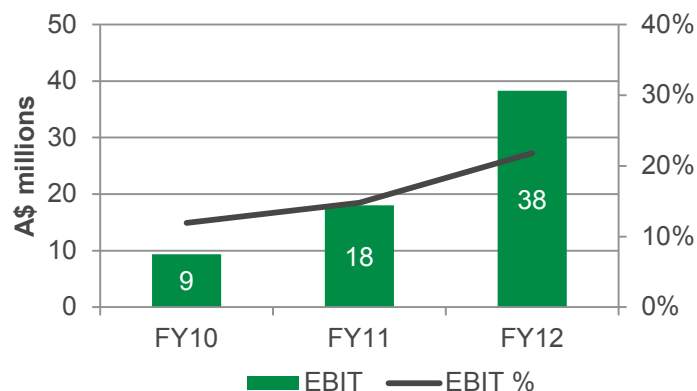
## EBITDA (\$m)

BTP Group EBITDA and EBITDA margin



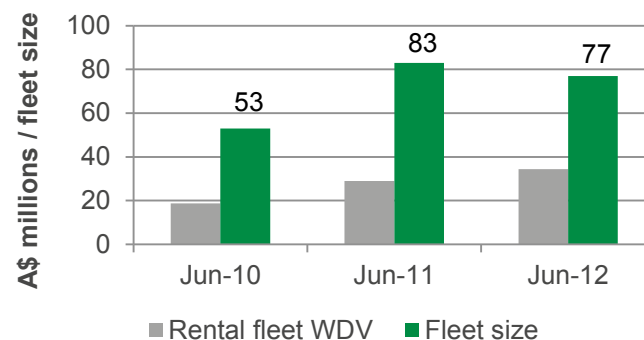
## EBIT (\$m)

BTP Group EBIT and EBIT margin



## Rental Fleet

Rental Fleet



- The FY10 and FY11 results of the BTP Group were not audited on a consolidated basis.
- FY12 results presented above are unaudited and are subject to change until finalisation of the 30 June 2012 audit of the BTP Group.

# INDICATIVE TRANSACTION BALANCE SHEET

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A\$ million	Jun-12 Unaudited
Receivables	34
Inventories	45
Rental Fleet	34
Other PPE	6
Intangibles	-
<b>Total Assets</b>	<b>119</b>
Payables	16
Provisions	1
<b>Total Liabilities</b>	<b>17</b>
<b>Indicative net assets</b>	<b>102</b>

The 30 June 2012 balances presented above are unaudited and are subject to change until finalisation of the 30 June 2012 audit.

- The balance sheet presented is an indicative transaction balance sheet only, reflecting:
  - BTP's unaudited June 2012 balance sheet;
  - a cash and debt free transaction; and
  - no purchase price adjustments.
- The actual acquisition balance sheet will reflect the date at which completion occurs (currently expected to be 31 October 2012).
- Purchase price adjustments are not reflected in the indicative balance sheet and will not be finalised until after the transaction completes, but are expected to include fair value uplifts to inventories and rental fleet.
- Intangibles will reflect the excess of the purchase price above the fair value of net assets acquired and will likely comprise an element of goodwill.
- Fair value uplifts will likely have an impact on BTP's post-acquisition earnings contribution.

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