



MACQUARIE  
ACN 002 574 923

# Macquarie Private Wealth



## Hastie Group

### Business Description

Hastie Group Limited (HST) is a leading Australasian provider of a full range of essential building, engineering and refrigeration services for the commercial, industrial and infrastructure sectors. There are four main divisions that provide a range of services under: Mechanical & Hydraulics, Refrigeration, Electrical and Maintenance & Service. Operations are spread over Australia, New Zealand, the UK and the United Arab Emirates.

### Strategy Analysis

HST's long term strategy focuses on a number of different business areas. Capabilities within Australia are hoped to be strengthened through organic growth and selected acquisitions. There will be a focus on multi-service offerings, as the company aims to cross sell electrical and air conditioning products in order to establish a strong market position. There will be continued expansion in operations to focus on strong sectors such as hospitals, schools, infrastructure and rail, which benefit from government stimulus spending. The UK/Ireland and Dubai economies are weak and work is limited but pockets of strength are evident. This will be coupled with a need to focus on sustaining long-term relationships with key blue chip customers in commercial, industrial and infrastructure sectors, to grow recurring revenue, particularly in the maintenance sector. The company will also continue to improve on safety performance and retain, train and attract key talent. This is seen as pivotal for operations in order to add resources and strengthen management in order to manage potential growth. Hastie Group reported NPAT of \$31.77m for the half-year ended 31 December 2008. Revenue from ordinary activities were \$923.07m, up 82% from the same period last year. Diluted EPS was 19.1 cents compared to 12 cents last year. Net operating cash flow was \$3.89m compared to \$20.68m last year. The interim dividend declared was 7 cents inline with the pcp.

08 September 2010

### Recommendation

Recommendation: Outperform  
Relative to: Small Ind (ex Fins)

### Investment Fundamentals

ASX code: HST  
Stock price: \$1.52  
Market cap: \$363m

Y/E	30/06/2010	2011e	2012e	2013e	2014e
Reported e	\$m	50.3	55.9	59.9	62.6
Adjusted e	\$m	50.3	55.9	59.9	62.6
EPS adjusted	¢	20.5	22.6	24.0	24.8
EPS growth	%	23.9	10.0	6.2	3.4
PE	x	7.4	6.7	6.3	6.1
PE relative	x	0.5	0.6	0.6	0.6
DPS	¢	10.0	10.0	10.0	10.0
Yield	%	6.6	6.6	6.6	6.6
Franking	%	100.0	100.0	100.0	100.0

### Share Price



Source: ASX and Company accounts

### Segment Performance

Results by Industry	Revenue (%)	Return on Sales (%)	Return on Assets (%)	Annual Shareholders' Return	
				1 year	3 year
Mechanical & Hydraulics	39.0	8.9	5.2	-27.0%	-22.0%
Rotary	24.4	5.1	3.6	1.0%	0.0%
Electrical	16.8	17.6	6.7		
Refrigeration	12.3	9.6	3.9		
Services	7.5	14.1	7.2		
<b>Total</b>	<b>100.0</b>	<b>55.3</b>	<b>26.6</b>		
<b>Results by Geography</b>				Dividend Reinvestment Plan	Yes
Australia	63.9	0.0	0.0	Shareholder Discounts	No
Other Overseas	18.2	0.0	0.0		
UK	17.9	0.0	0.0		
<b>Total</b>	<b>100.0</b>				

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**If you have any queries regarding this Research information or with any aspect of your legalsuper account please call legalsuper on 1800 060 312 (freecall) or email [mail@legalsuper.com.au](mailto:mail@legalsuper.com.au)**

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