



**Annual General Meeting  
30 October 2014**

**LEGEND**  
CORPORATION

## CEO's Address Mr Brad Dowe



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# Disclaimer

## Outlook Statement

This presentation contains forward looking statements which may be subject to significant uncertainty outside of Legend Corporation Limited's (Legend) control.

No representation is made as to the accuracy or reliability of the forecasts or the assumptions on which they are based.

Actual future events may vary from these forecasts. Users of this information are cautioned against placing undue reliance on any forward looking statements.

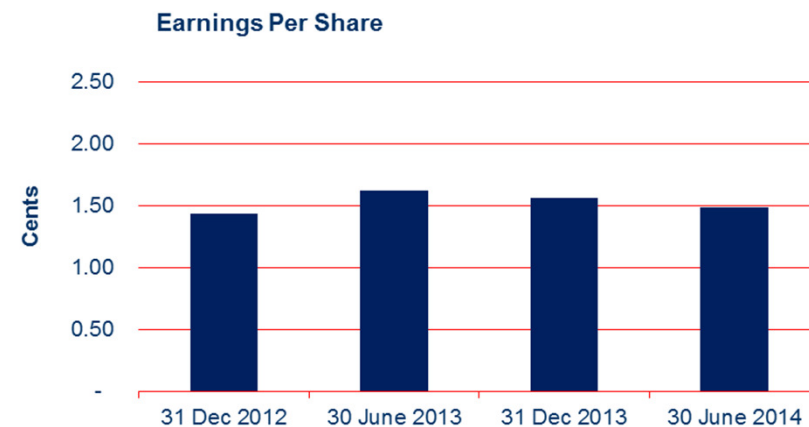
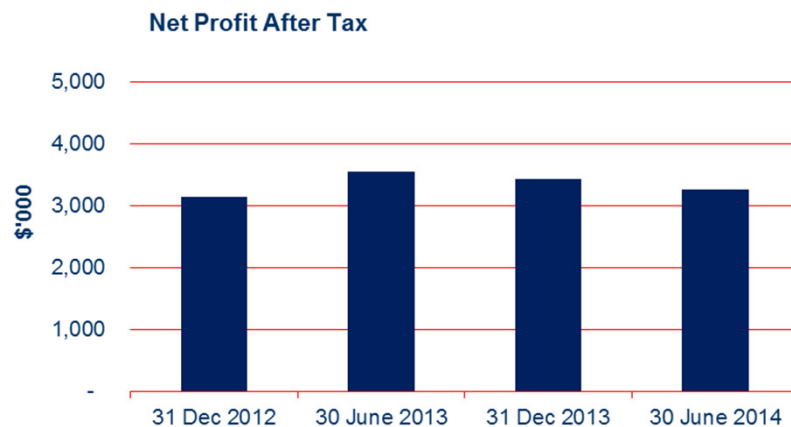


## Legend FY14: Two Very Different Halves.

Net Profit after Tax (NPAT) was unchanged from the prior year at \$6.7 million or 3.1 cents per share.

In the first half of the financial year the strategies we had implemented to address the downturn in mining related engineering construction, including cost reduction, new product releases and marketing initiatives resulted in increased revenues (+2% pcp) and increased NPAT (+9% pcp).

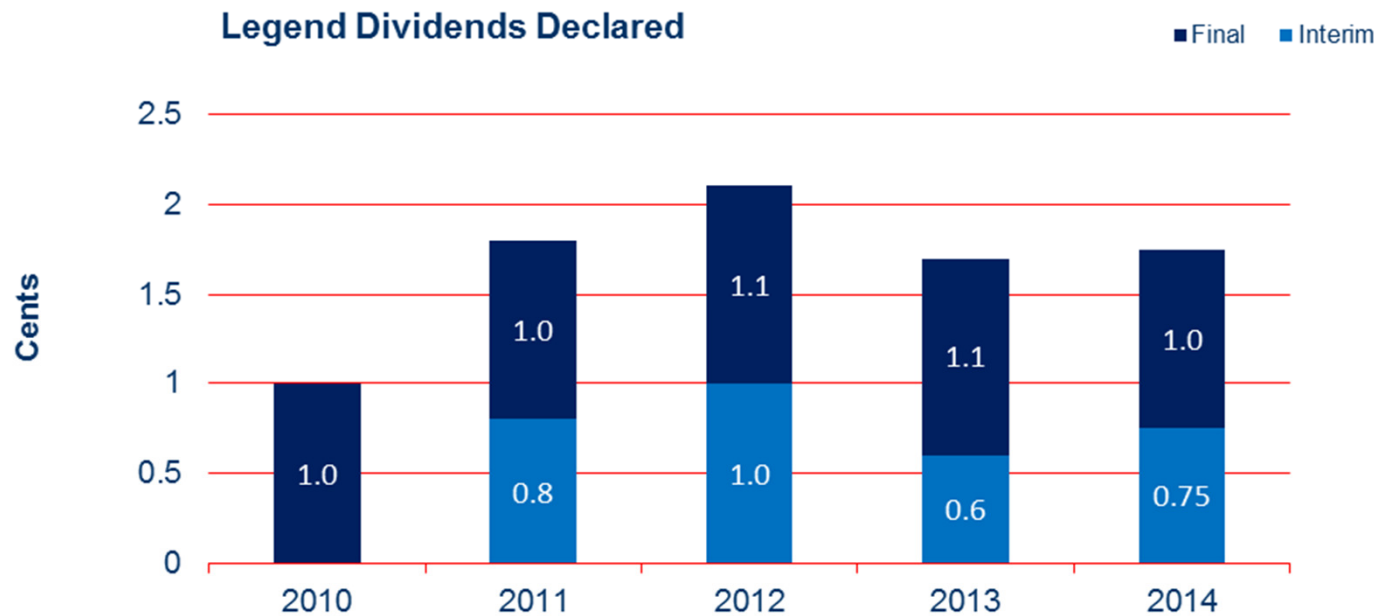
However the second half of the financial year saw us give back these gains as the continued decline in mining related engineering construction was augmented by the failure of several major contractors resulting in a slowdown in sales as activity was deferred (revenues -8% pcp). This had an adverse impact on NPAT (-8% pcp).



## Legend Dividends : 9% Growth

Dividends paid during the financial year were 1.85 cents per share, up 9% on the pcp of 1.7 cents per share.

A final fully franked dividend of 1.0 cents was declared for 2014 with a Record Date of 26 September 2014 and Payment Date of 24 October 2014.



## Financial Highlights F14

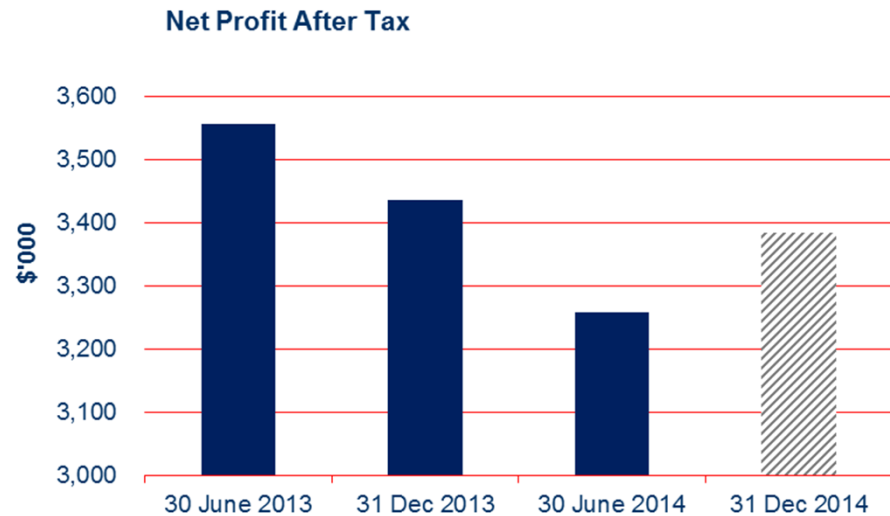
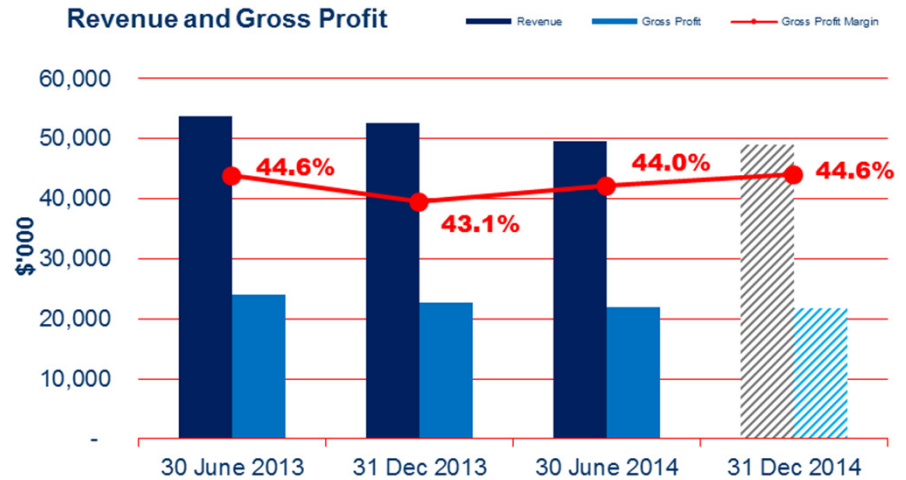
- All business divisions operated profitably.
- Gross profit margins improved 1% to 44% in the second half of the year.
- No significant bad debts were incurred and there was no significant impact from foreign exchange movements.
- Operating costs were reduced by \$2.3 million (-7% pcp).
- Operating cash flow increased to \$9.8 million (+47% pcp).
- Net bank debt reduced to \$13.1 million or 1 times EBITDA (-18% pcp).
- Net assets of 29.1 cps (+4% pcp).

# FY15 Outlook – 1<sup>st</sup> Half: Difficult Conditions

Revenue for the first half of FY15 is likely to be lower than the PCP.

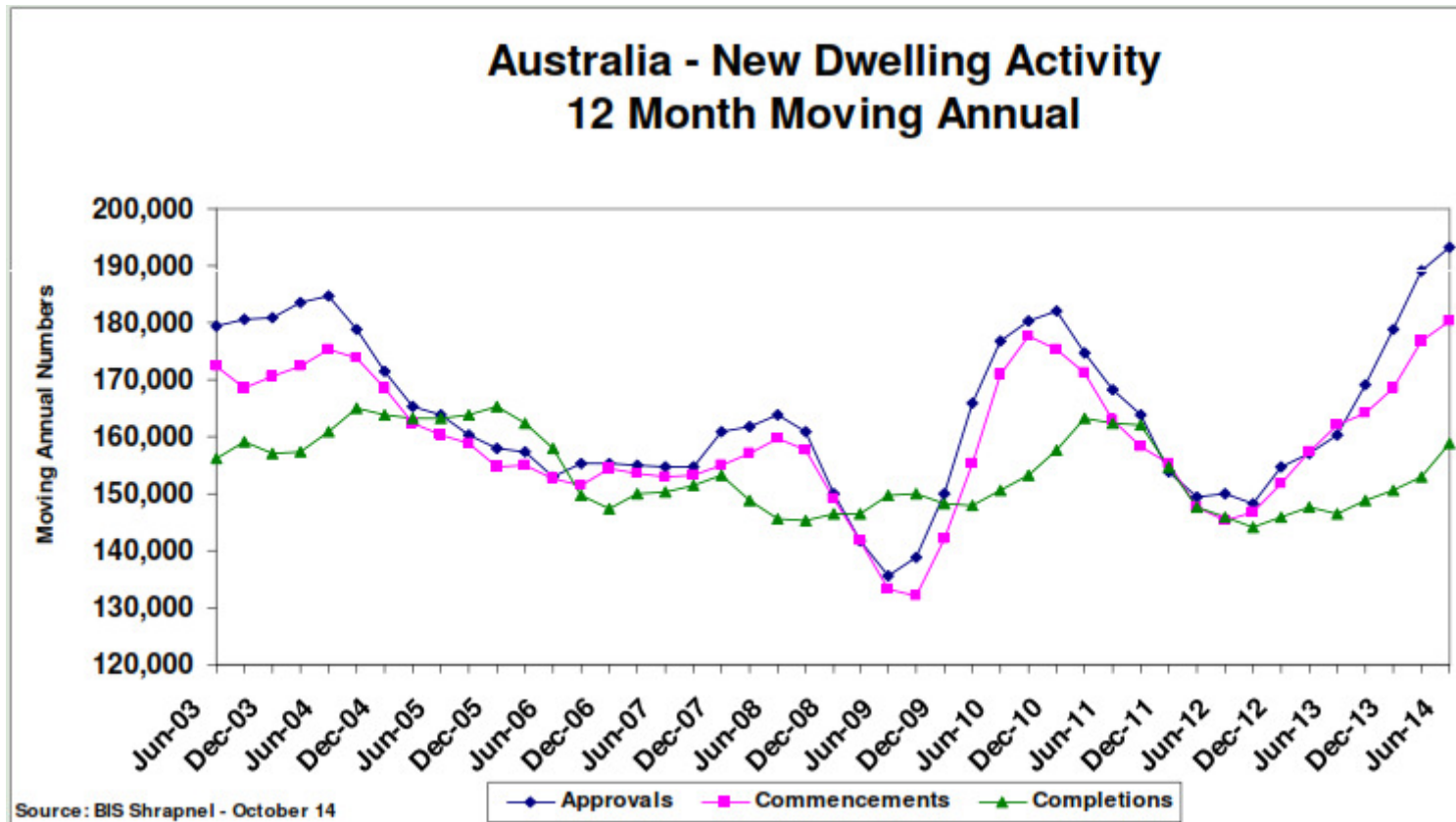
Margins of 44.6% improved slightly (PCP 43.2%).

Net Profit After Tax for the 6 months to 31 December 2014 is forecast to be similar to the prior corresponding period (PCP \$3.4 million).



## FY15 Outlook – Market Trends: Dwellings

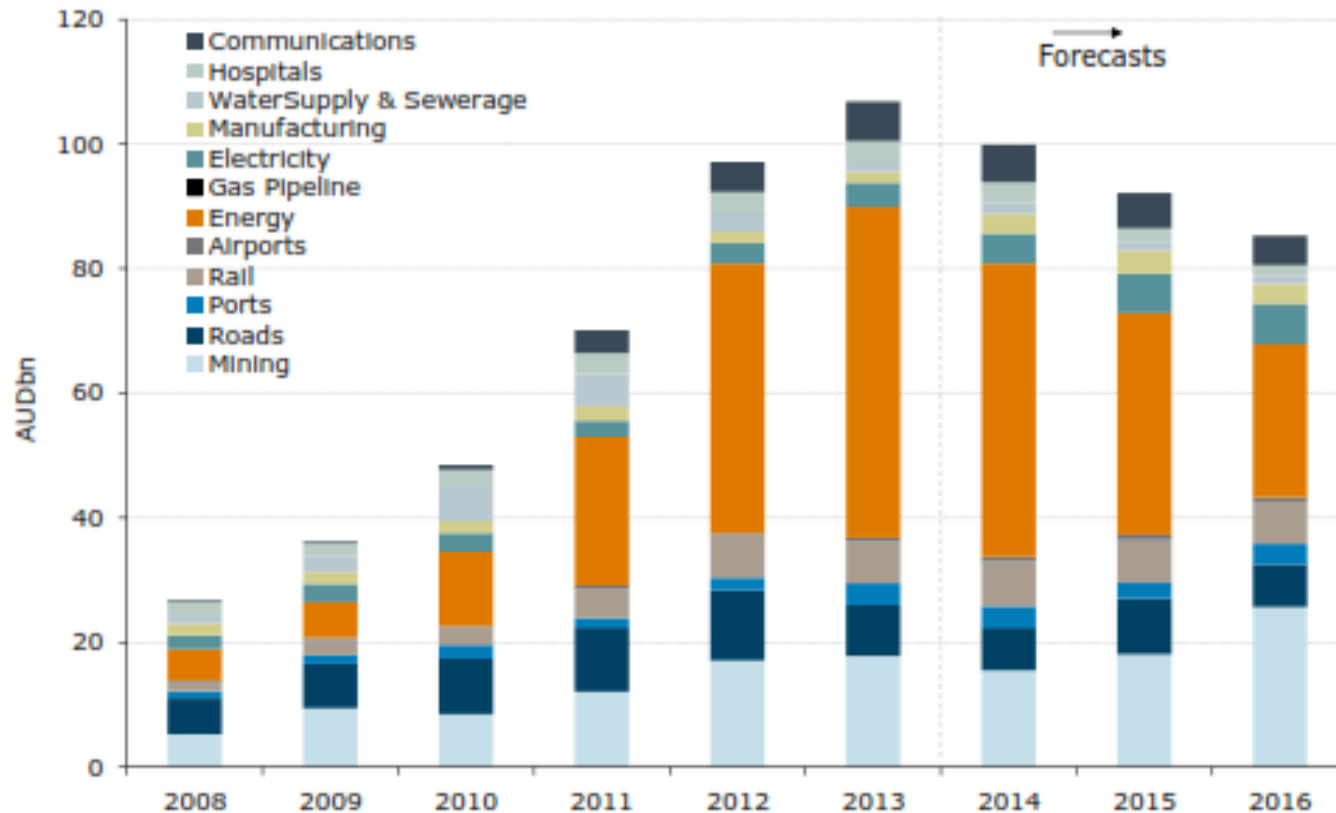
National dwelling approvals have shown strong growth however the trend toward high density dwelling has seen later completion than prior year trends extending the market opportunity for this segment, traditionally a very strong driver for the business.





## FY15 Outlook – Market Conditions: Major Projects

Major projects have been a strong driver of our growth and the completion of major energy projects in WA & QLD has weighed heavily on our business. However the overall projects market remains very strong.



Source: Access Economics, BREE, state government budget papers, company reports, ANZ



## FY15 Strategy for Growth

We continue to invest in the design and development of products targeting growth areas of the Australian economy with the aim of delivering continued positive results for our shareholders.

We have focused our product development on energy efficient and energy saving products for lighting, switching and power management. These will be sold through both our electrical and power divisions.

In addition; we are expanding our range of specialized power linesmen tools, jointing products (complimentary to our core range of lugs) and application specific heavy duty electrical connectors specific to the needs of power utilities.

We have been successful in past years in aligning our product and channel capabilities with growth markets and we are working to better engage growth opportunities in emerging commercial and infrastructure projects as they present.

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## FY15 Outlook for the Full Year

Our markets remain challenging with mixed results reflecting the continued ebb of the engineering construction not yet offset by dwelling, commercial and infrastructure growth.

We continue our focus on business development expanding our product range and channels to market in order to meet customer needs in the years ahead.

Each of our businesses has a growth plan that targets improved revenue and profitability.

Our strong balance sheet and low net debt allow us to continue to pursue organic and acquisitive growth opportunities.

A further update will be provided with the Group's half year result in February 2015.

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I would like to thank our business partners, team members, board and our shareholders for their continued support.



Brad Dowe, CEO  
Email: [bdowe@legend.com.au](mailto:bdowe@legend.com.au)  
[www.legendcorporate.com](http://www.legendcorporate.com)