



Investor Update February 2013



Disclaimer

Outlook Statement

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

No representation is made as to the accuracy or reliability of 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 Corporation Today

After the managed exit from the sale of hard drives in 2012, Legend's business is now dominated by sales of electrical connectors, cables, tools, and test and measurement instruments for use in commercial, domestic and industrial construction. Today greater than 85% of annual revenue and 70% of EBITDA is generated by the Electrical, Power and Infrastructure segment.

To better reflect the current activities of the business, changes to segment titles have been made:

Electrical, Power and Infrastructure *formerly Electrical, Data and Communications*

With expanding sales to power utilities and infrastructure projects, the title references the markets into which our house branded electrical connectivity products, cables, tools, test and measurement instruments, data and computer room products are now sold.

Innovative Electrical Solutions *formerly Memory Modules and Semiconductors*

The segment is focused on the design, manufacture and sale of innovative industrial electrical and electronic products. Typically these products are designed in house with manufacture conducted either locally or outsourced to overseas partners to achieve cost effective solutions. Products are developed to meet specific client applications as well as for distribution through our various existing sales organisations.

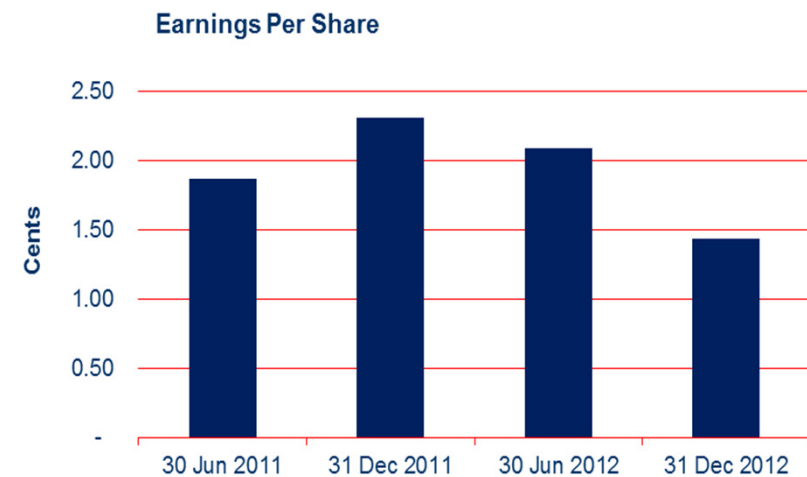
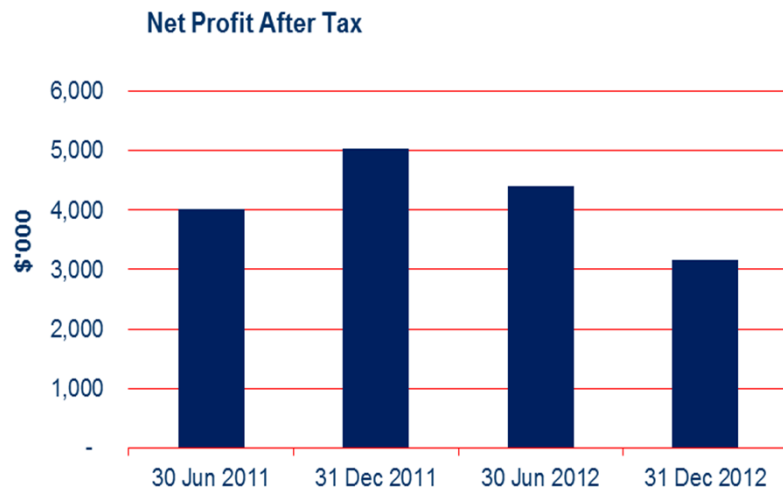
Legend Delivers at Upper End of Forecast

Forecast NPAT range 1 November 2012 \$2.7 million to \$3.2 million

- NPAT of \$3.2 million
- 1.4 cents per share

NPAT for the half down \$1.9 million, key contributors being:

- Gross profit down \$852,000 (3.5% on pcp)
- Overhead expenses up \$1.7 million, \$1.6 million through employment of additional sales resources and senior management in growth focus area of Electrical, Power and Infrastructure
- Depreciation and amortisation up \$478,000, 55% of which relates to amortisation of intangible assets recognised on the acquisition of MSS businesses.



Key Financial Results

	31 Dec 2012 \$000	31 Dec 2011 \$000	% Change
Income			
Sales revenue	51,621	52,791	(2.2%)
Gross profit	23,543	24,395	(3.5%)
Gross profit margin	45.6%	46.2%	
EBITDA	6,508	9,015	(27.8%)
EBITDA margin	12.6%	17.1%	
EBIT	5,164	8,151	(36.6%)
EBIT margin	10.0%	15.4%	
NPBT	4,542	7,580	(40.1%)
NPBT margin	8.8%	14.4%	
NPAT	3,151	5,028	(37.3%)
NPAT margin	6.1%	9.5%	
Earnings per share	1.4 cents	2.3 cents	(37.7%)
Dividends paid	1.1 cents	1.0 cents	10.0%
Dividends announced	0.6 cents	1.0 cents	(40.0%)
Cash Flow			
Operating cash flow	3,072	2,939	4.5%
Financial Position			
	31 Dec 2012 \$000	30 June 2012 \$000	% Change
Net assets	59,541	58,132	2.4%
Net assets per share	27.1 cents	26.7 cents	1.5%
Net bank debt	(17,707)	(11,017)	(60.7%)

Electrical, Power and Infrastructure

Segment Results	30 Jun 2011	31 Dec 2011	30 Jun 2012	31 Dec 2012
	\$'000	\$'000	\$'000	\$'000
REVENUE	35,295	44,527	46,134	46,173
EBIT DA	4,451	6,388	7,615	4,844
Segment Profit	3,687	5,641	6,193	3,634

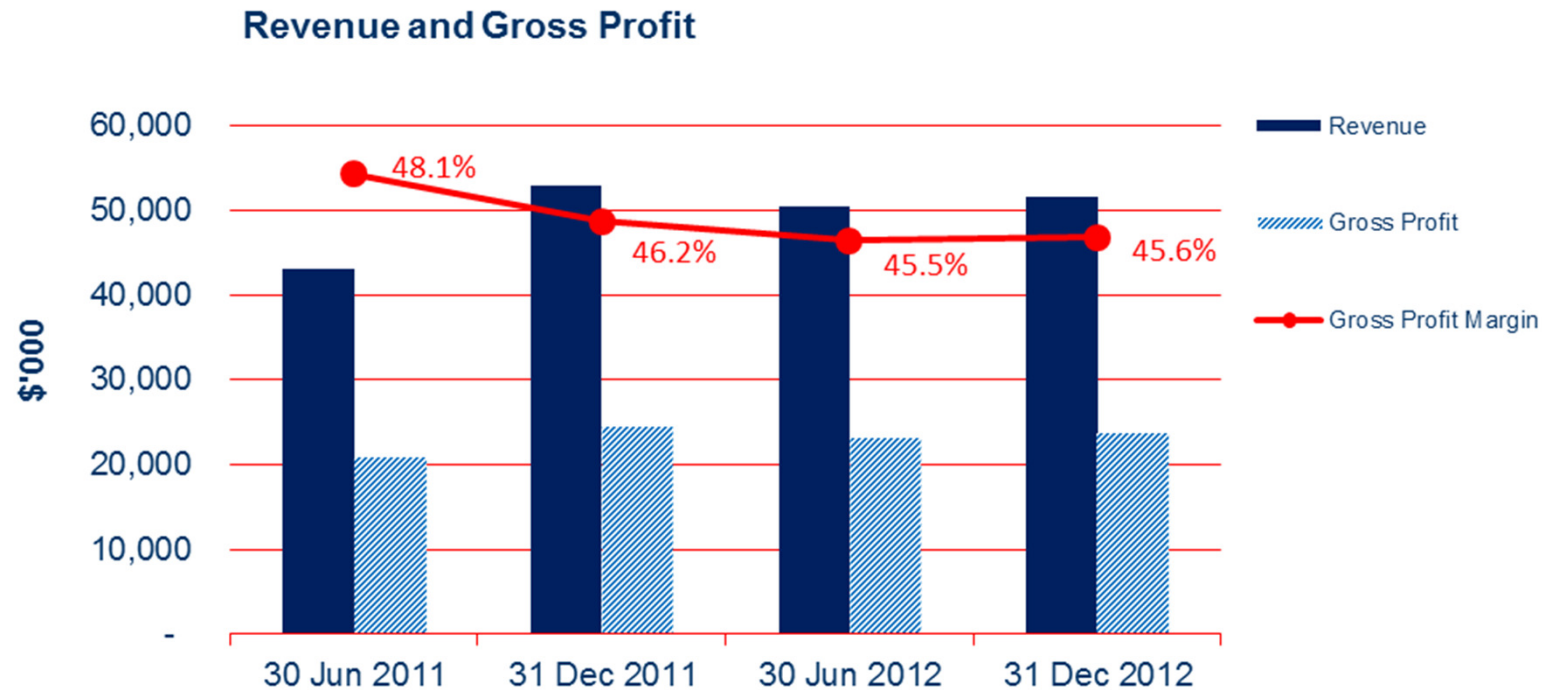
- Segment revenue was up 4% on the prior corresponding period against softening industrial, commercial and residential construction markets, and decreased demand from mining related activities and power utilities.
- Operating costs increased significantly through the investment in sales teams and senior management, with depreciation and amortisation up \$463,000, both contributing to a 36% decline in segment profit against the prior corresponding period.

Innovative Electrical Products

Segment Results	30 Jun 2011	31 Dec 2011	30 Jun 2012	31 Dec 2012
	\$'000	\$'000	\$'000	\$'000
REVENUE	7,983	8,755	4,813	5,795
EBITDA	2,274	2,655	575	1,729
Segment Profit	2,163	2,537	437	1,596

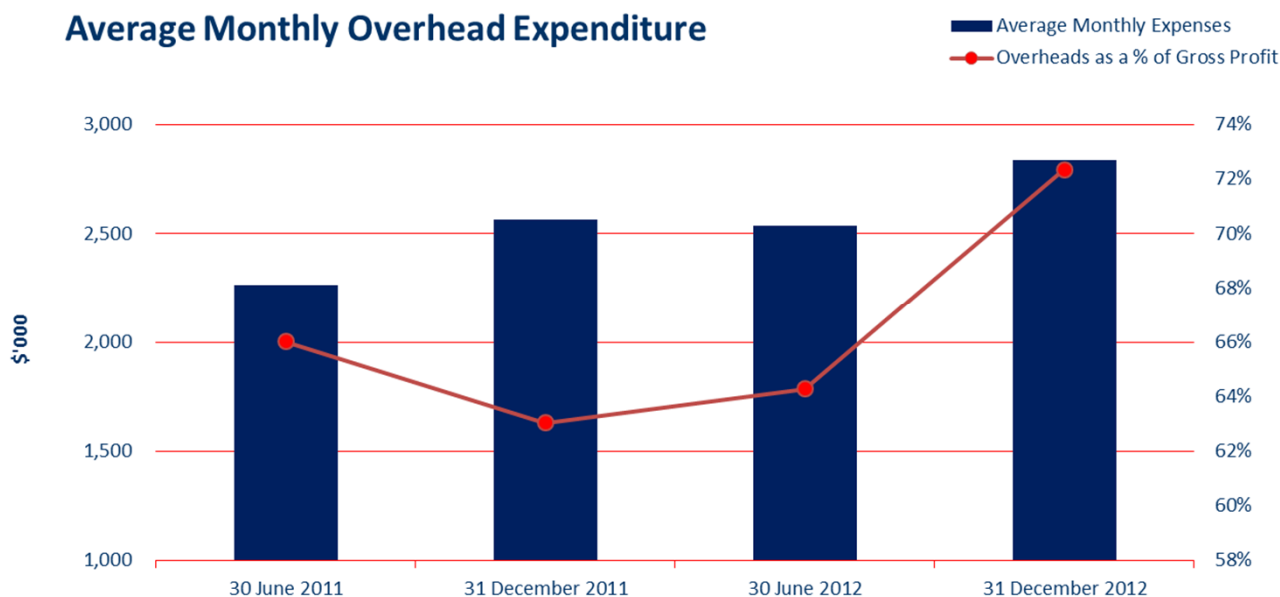
- Segment revenue was down 34% with profit down 37% on the prior corresponding period.
- As previously advised this segment had a high reliance on sales to a specific customer who had changed their product design and shifted production to China. Whilst sales continue to be made to this customer they have not be at levels achieved in prior periods.
- The design and release of new and alternative products with a focus on Electrical, Power and Infrastructure sales channels has been successfully completed and implemented.
- Recent examples of products designed and released:
 - Street light controller, Sunset switch

Trends in Operations



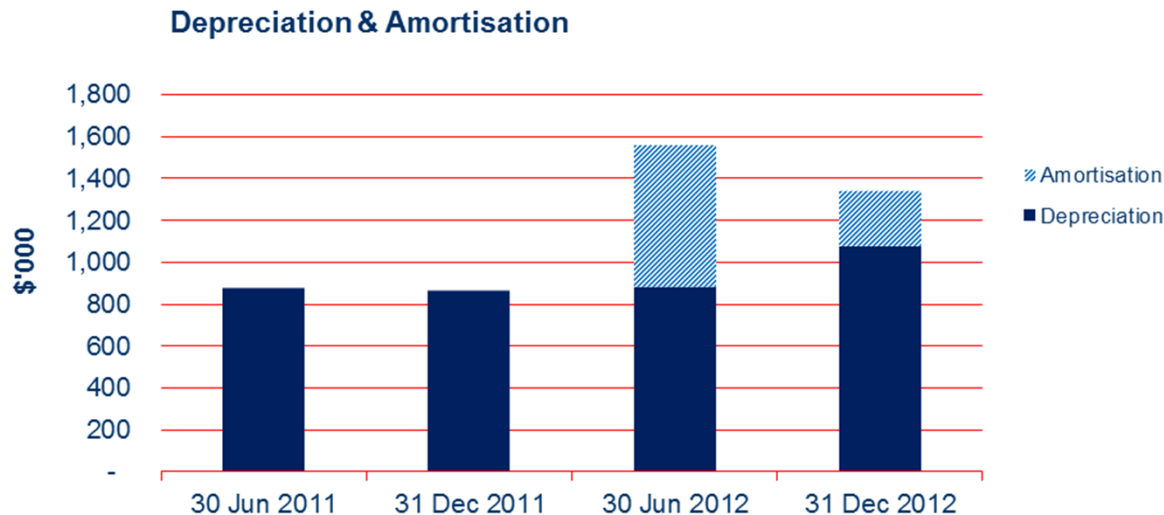
- **Revenue for the period of \$51.6 million, down 2% on pcp.**
 - Electrical, Power and Infrastructure up 4% on pcp to \$46.2 million
 - Innovative Electrical Solutions down 34% on pcp, however up 13% on the prior 6 month after release of new and alternative products.
- **Gross profit for the period of \$23.5 million down 3.5% on pcp, with margins maintained at a solid 45.6%.**

Trends in Operations



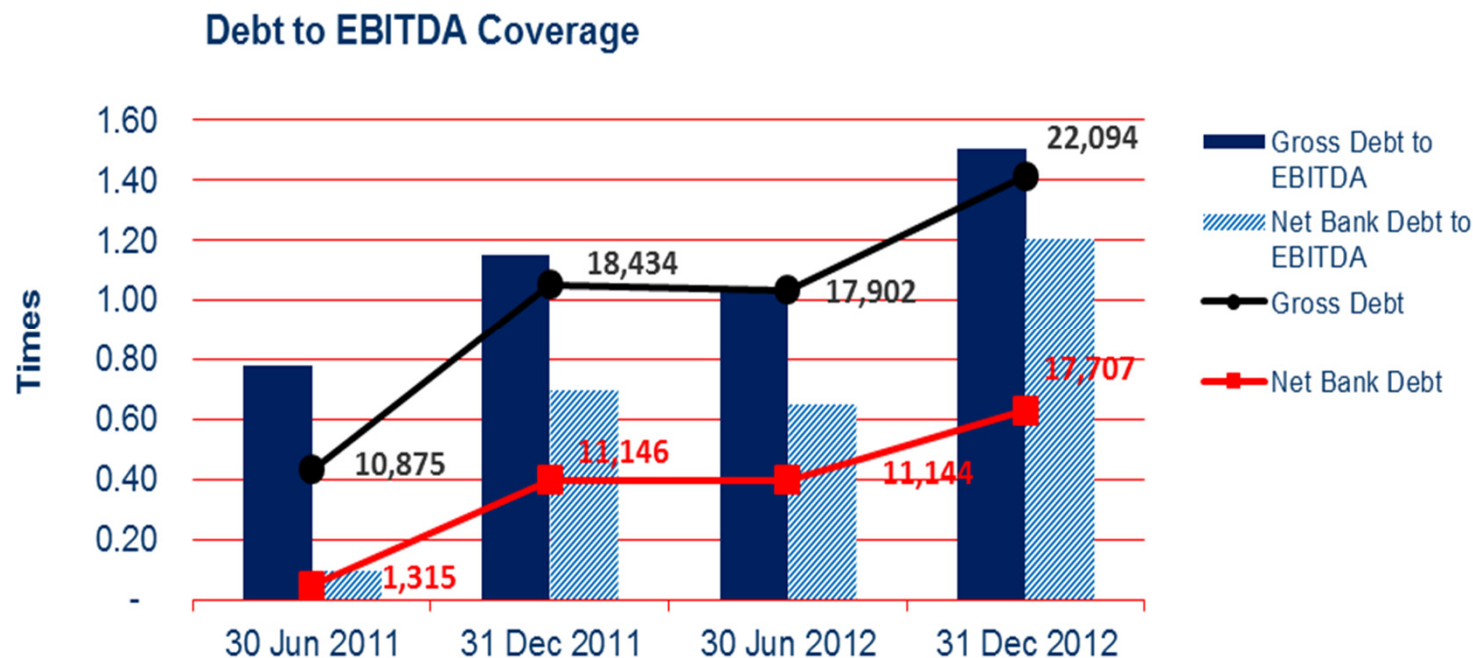
- **Overhead costs increased by 11% or \$1.7 million on pcp, a significant contributor to the lower performance this half.**
- **Employee costs accounted for the majority of the increase, up \$1.6 million through investment in additional sales resources and senior management in our growth focus area of Electrical, Power and Infrastructure.**
- **As revenue growth expectations have not been met, immediate steps have been taken to match operating expenses to the level required by current business conditions.**

Trends in Operations



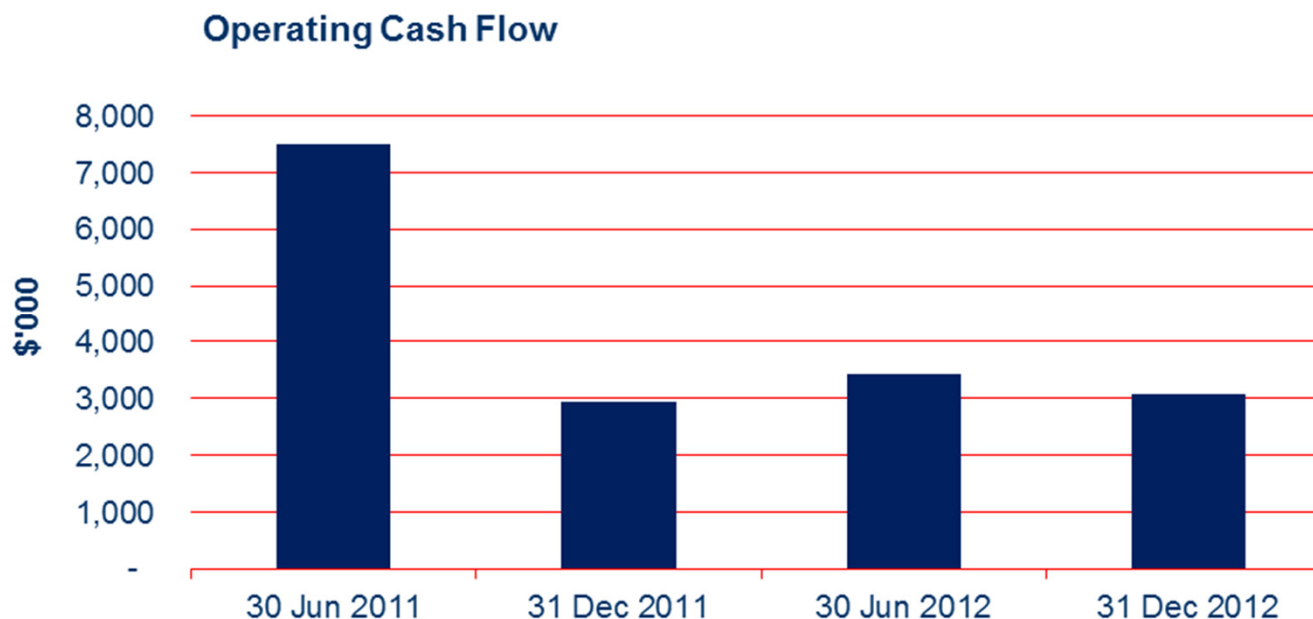
- Depreciation and amortisation totaled \$1.3 million, an increase of 55% on the prior corresponding period.
- Depreciation charge for the period was \$198,000 higher on pcp, largely attributable the upgrade of our ERP systems completed 1 July 2012 which is being depreciated over 3 years.
- The current period charge also included amortisation of \$263,000 of intangible assets acquired through the acquisitions of the MSS businesses which was not included in the prior corresponding period. The majority of these assets have a remaining useful life of 3 and a half years with a current balance of \$1.2 million to be amortised over this period.

Trends in Operations



- **\$3.3 million in bank debt drawn down 22 August 2012 to fund MSS acquisitions deferred payments. \$2.0 million drawn 22 October 2012 to fund Ecco Pacific acquisition. \$1.1 million was paid in debt reductions across the period.**
- **Net debt remains at a modest level of 1.2 times EBITDA.**

Trends in Operations



- Operating cash flow consistent at \$3.1 million (prior corresponding period \$2.9 million).
- Working capital requirements were up \$2.9 million on the pcp, the result of increased organic and acquisitive product offerings.

Acquisition Activities

- **MSS Fibre Group** - A final deferred payment of \$2.5 million was made 31 August 2012 bringing total consideration for this acquisition to \$8.2 million.
- **MSS Power Systems** - A deferred payment of \$1.1 million was made 31 August 2012 bringing total consideration paid to date for this acquisition to \$4.4 million. A final deferred payment on no more than \$1.1 million on achievement of FY13 earnings targets remains payable no later than 31 August 2013.
- Both MSS Fibre Group and MSS Power Systems acquisitions are currently performing close to the projected acquisition multiple of 4 times EBIT.
- **Extreme Safety** - A final deferred payment of \$1.1 million was made 31 August 2012 bringing total consideration for this acquisition to \$2.1 million. The current EBIT multiple on acquisition is 2 times.

Acquisition Activities

New Acquisitions

- On 31 October 2012 the Group acquired selected business assets of Ecco Pacific Limited for integration within the Electrical, Power and Infrastructure segment. An initial payment of \$1.35 million was made on settlement with a further two deferred payments of approximately \$0.6 million each due 31 October 2013 and 31 October 2014. The acquisition provides an extension to our product range with highly recognised band names including 3M tapes and adhesives and Wiha hand tools, as well as significantly increasing our presence within New Zealand electrical and power markets.
- On 31 October 2012 the Group acquired 100% of the issued capital of Spectron (NZ) Limited for a total consideration of \$1. Spectron had acted as our agent for distribution to New Zealand electrical wholesale markets for the past 2 years. The acquisition provided established sales and distribution infrastructure for the integration of the New Zealand based assets of Ecco Pacific Limited.

Outlook: A Platform for Growth

Whilst challenges remain;

- The impact on the profit of the Innovative Electrical Solutions business from the decline in revenue from the segment's major customer appear to have been felt in full, with future profits expected to be sustainable at or above current levels.
- Alternative and new sources of revenue will continue to be sought with a specific focus on the development of products that leverage the Group's existing electrical engineering capabilities and sales channels.
- Legend has invested \$17.4 million over the past two years in market sectors which are expected to achieve above average growth in the medium to long term. We are confident that in the longer term our investment in fibre optic, specialist power products and specialist safety equipment will position the company to deliver growth in shareholder value.
- Management will continue to match operating expenses to business conditions.
- We expect an improved second half performance provided there is no further deterioration in the markets for our products.
- We are focused on delivering the growth from our acquisitions in addition to widening our product lines and sales regions to best capitalise on our available resources.



Thankyou.

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