

Company Details

DELNORTH PTY LTD

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ABN - 26 051 954 977

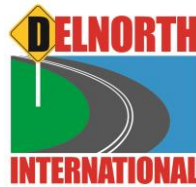
Directors: Boyd Mudryk & David Campbell

Bank: Commonwealth

BSB: 062-818

Account: 00015945





Summary

Delnorth is a privately owned company that has been established since 1992 making safe and virtually unbreakable posts, signs, lane dividers and other products for roading and construction industries.

The two directors of the company are actively involved in the business and have established operations based in Thornton, Newcastle. The organization includes a General Manager, Factory Managers, National Sales Manager and Regional Sales Managers. Delnorth is quality accredited and has a Workplace Health and Safety system fully conforming to Australian Standards. The products have been tested and approved to Australian standards and are in the process of gaining various overseas approvals. Products are primarily sold in Australia and there are exports to New Zealand, Asia, Europe and America.

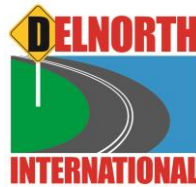
Delnorth has patented and registered products. All the products are made of the highest quality materials available and are produced to ensure long life, exceptional durability and safety for people and vehicles. By making products that last a long time and provide safe outcomes from accidents, the cost of ownership of the product as an asset is reduced. Delnorth products are the lowest cost, long term, solutions for end-users.

Delnorth's objective is to sustainably sell high quality, safe and unique products into a range of industries that benefit from the innovative solutions that the Delnorth team creates. The company aims to continue to be profitable each year and to grow in a controlled way into core markets and new markets in Australia and overseas. Delnorth is able to respond quickly to developing and supplying products and solving technical problems.

Marketing is primarily direct to customers via a dedicated sales team in Queensland, New South Wales, Victoria and South Australia and using strategic agents and distributors in other locations. Delnorth's website is the main portal for the company and other promotional and technical presentations add and amplify its content.

22 years ago Delnorth employed three people with sales of \$300k per annum. Today Delnorth employs 29 people and has a turnover of \$8 million per annum, in Australian dollars. Each year has seen steady growth and the company have carefully balanced income with capital investment and product development. The manufacturing processes use modern equipment ranging from a large powder coating line to roll-formers, automated injection moulding machines, a CNC router and fabrication equipment. The buildings, equipment and resources are worth millions of dollars.

Delnorth is growing its market share in Australia and overseas. Delnorth currently has approximately 40% of the Australian guide-post market and is planning to grow



to approximately 65% over the next five years. Over the last three years Delnorth has invested heavily in its own national sales and distribution team with offices in Townsville, Gold Coast, Adelaide, Melbourne and Thornton. Exports are via distribution networks that have been developed over years of hard work and involvement with exhibitions and conferences overseas.

There has been a careful approach to maintaining the positive profitability and cash-flow of the business without detracting from production capability or growth. Manufacturing is currently at around 35% of capacity with short lead times and stock available for high turnover items.

The Business

Delnorth Pty Ltd supplies the safest and longest lasting products available to the roading and associated industries. The products include Steel-Flex, Sign-Flex, Poly-Flex, Lane-Flex and Guard-Flex. These products are designed and made to give exceptional quality, performance and durability.

Products are manufactured in Australia from the highest quality materials using purpose-built processing, moulding and fabrication equipment and leading edge technology such as ArmorGalv® for galvanizing. Delnorth is Quality Accredited, conforms to Australian WHS requirements and operates in an environmentally sustainable way.

Delnorth's commitment includes Research & Development for producing innovative products that contribute to safer roads and environments. Every day we set the highest standards in safety and provide the most cost effective solutions to Road Authorities, Councils, Construction Contractors, Utility Service Providers and industries such as mining and forestry.

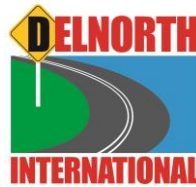
Delnorth manufactures in Australia with distributors and sales worldwide. Delnorth is a high quality, profitable, business that is growing and consistently developing long term opportunities for employees, customers and stakeholders.

Description of business activity

Delnorth Pty Ltd manufactures and supplies a wide range of innovative, safe, and highly durable products for the roading and associated industries.

Our products are Australian made and include unique patented products such as Steel-Flex®, Sign-Flex®, Poly-Flex®, Glare-Flex® and Guard-Flex®.

With Sign-Flex® we can manufacture virtually the full range of signs to meet Australian Standards and State Road Authority specifications in a flexible polycarbonate substrate that is light weight, durable, and safe. From the start, our



products have been designed and manufactured to provide a safer user environment, exceptional quality, outstanding performance and uncompromising durability.

Delnorth has worked with material suppliers to utilise the highest quality raw materials available from Australia and overseas. Delnorth uses purpose built processing, moulding, and fabrication equipment including leading edge technology such as ArmorGalv® galvanising, automated injection moulding and Jotun Powder Coating systems to provide the best finished products in the market. Delnorth is Quality Accredited, conforms to Australian WHS requirements and operates in an environmentally responsible way.

Delnorth's commitment to produce innovative products that set the highest industry standards including road user safety features includes a culture of Research and Development to provide the best and most cost effective solutions.

Competitive advantage

Steel-Flex® is our flagship, patented post product. It is without doubt the most cost effective and durable post product in the market, globally. It is the only non-plastic flexible post available and is approved for use by all Australian and New Zealand Road Authorities.

- A 10 Year Product Performance Guarantee applies to Steel-Flex® and Sign-Flex® products.
- A 3 Year Performance Guarantee is given for Lane-Flex® Reboundable Lane Dividers.

Delnorth has a culture of innovation, improvement and responding quickly to opportunities and client orders.

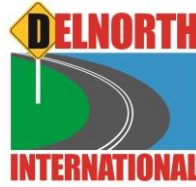
This is a privately owned company in which people know each other. This brings a family focus to relationships with employees and encourages people to make an extra effort and help each other.



George Pagacs is the General Manager. He joined Delnorth in 2012. He is an honours university graduate from the University of NSW in Chemical Engineering with additional post-graduate qualifications in Finance and an MBA from Macquarie University.

He has worked in the USA, Europe and Asia, having started in Engineering and operating major chemicals and plastics plants before moving into business operations and general management with companies such as Dow Chemical, BHP, Lincoln Electric, Boral and Saacke.

He brings to the company a history of product technology, innovation and business growth.



Major clients

Major Clients are Councils, State Road Authorities, Civil contractors, Distributors and Agents. Our Top 20 customers are;

Roads & Maritime Services
Roadside Services & Solutions
Port Stephens Council
Moree Plains Council
Wagga Wagga CC
Western Downs Regional Council
Moreton Bay Regional Council
Cassowary Coast Regional Council
Port Macquarie - Hastings Council
Langford Metal Industries
Ipswich CC
Somerset Regional Council
Banana Shire Council
Department of Planning Transport Environment and Infrastructure (DPTEI)
VIC Roads Ballarat (Western Regional Office)
Lockyer Valley Regional Council
Walgett SC
East Gippsland Shire Council
Longreach RC
Southern Downs Regional Council

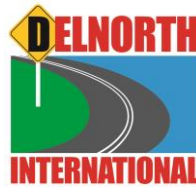
Technology

Delnorth has up-to-date equipment, such as Thermal Diffusion Galvanising, roll formers, welders, powder coating, injection moulding and cutting with the flexibility to obtain and use new technology rapidly. The sign-making part of the business is relatively small but specialised. As it grows it shall require investment in upgrading capacity and digital printing. We are only running one shift at present so there is significant room to grow.

In the powder coating and fabrication part of our operation we shall move to Lean Manufacturing in the long run and we can upgrade or replace equipment when required.

Industry

Our business operates primarily within the industry that supplies products for roading and signage. The roading industry is large and encompasses construction and



maintenance with a major focus on safety for both employees and road users. Additional industries that we operate in include Forestry, Mining, Port Authorities, Utility Providers, Shopping Centres, Warehousing, Transport and Traffic Control Companies.

Within the road construction and maintenance industry, the major players are civil construction companies such as Leighton's, ABI Group, EDI Downer, Fulton Hogan and McConnell Dowell. Additionally, our market base includes every Council and State Road Authority in Australia, and all transport providers including Air, Sea, Rail and Bus. We currently supply Steel-Flex® to Rio Tinto in WA.

The most exciting aspect of our business is that our business opportunities are increasing as infrastructure is upgraded and our road network grows with bigger, better and safer roads. Political pressure promotes investment in better roads and safer road user environments.

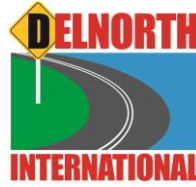
Key success factors

The factors that set Delnorth ahead of its competition include the features and benefits of the products along with employee readiness to support and supply the customer with the highest standards of product and service, along with internationally recognised accreditation of quality management and auditing systems. More general factors include;

- Product Approvals.
- Price – not cheap but very competitive and excellent value for money.
- Availability – short supply times.
- Ease of Installation - light weight and safe handling.
- Direct sales representation.
- Product Performance Guarantees.
- Evidence of Product Success – multiple case studies.

Product Range

- Flexible Guideposts and Marker Posts
 - Steel-Flex® Flexible Steel.
 - Plas-Flex® Flexible Plastic.
 - Multi-Flex® Flexible Plastic.
 - Surface Mount Steel-Flex®.
 - Surface Mount Multi-Flex®
- Semi-Rigid Guideposts and Marker Posts



- Straight Edge 1.3mm Light Duty G450 HT Steel Straight Edge.
- Straight Edge 1.6mm Medium Duty G450 High Tensile Steel.
- Straight Edge 2mm Heavy Duty G450 High Tensile Steel.
- Rolled Edge 1.6mm G450 High Tensile Steel.

- Flexible Signage
 - Delnorth Sign-Flex® Polycarbonate substrate for:
 - Regulatory, Advisory, Temporary Work-Zone, Parking, Guide, Multi-Message, Warning, Hazard, Street Name, Safety, Recreational, Transport, Mining, Commercial.

- Flexible Sign Posts and Bases
 - Poly-Flex® Socket Mount.
 - Poly-Flex® Surface Mount.
 - Steel-Flex® Surface Mount.

- Flexible Lane Dividers
 - Lane-Flex® Bolt Down.
 - Lane-Flex® Glue Down.
 - Lane-Flex® Removable Socket Type.
 - Lane-Flex® Driveable Spike Type.

- Flexible Anti-Glare Screens
 - Glare-Flex® screens for Concrete Barriers.

- Flexible Guardrail Delineators
 - Guard-Flex® delineators for W-Beam and Jersey Barriers.

- Equipment and Accessories
 - Compressors.
 - Electric Jackhammers.
 - Pneumatic Drivers.
 - Manual Drivers.
 - Driver and Removal Tools.

Product Strategy

Delnorth Pty Ltd is AS/NZS ISO 9001-2008 approved company.

The features and benefits of Delnorth's key products, Steel-Flex® and Sign-Flex® are included below. For the past 22 years Delnorth has researched and recognised what the market wants and has developed a range of products



with a focus on unique, innovative and durable features such as Steel-Flex®, Poly-Flex® and Sign-Flex®.

Selling

Our Australian sales team consists of:

Jim Baylis – National Sales Manager

- Based at our Ormeau Gold Coast office, in addition to national sales, Jim is also responsible for sales to our Western Australian, Tasmanian and New Zealand Distributors.

Scott Hilton – Regional Sales Manager Victoria

- Based at our Berwick Office, Scott is responsible for all Victorian sales and service.

Scott Cunningham – Regional Sales Manager South Australia.

- Based at our Adelaide Office, Scott is responsible for all South Australian sales and service. In addition, Scott is also responsible for the management and service support for our Resellers in the Northern Territory.

Kylie Simpson – Regional Sales Manager New South Wales (South)

- Based at our Thornton complex, Kylie is responsible for sales and service to an area south and west of Newcastle.

Grant Carter – Regional Sales Manager – New South Wales (North)

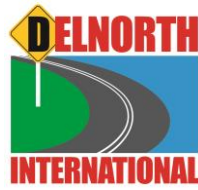
- Also based at our Thornton complex, Grant is responsible for sales and service to an area north and west of Newcastle.

Simon Crawford – Regional Sales Manager – Queensland (South)

- Based with the National Sales Manager at our Ormeau Gold Coast office, Simon is responsible for sales and service to a region south of Gladstone to the NSW border but including the Tweed area.

David Langsford – Regional Sales Manager – Queensland (North)

- Based at our Townsville office, David is responsible for sales and service to a region north of Rockhampton to the borders.



Sales Promotion

Sales promotion is carried out through membership of organisations such as the IPWEA, MWOA and WOAQ and Magazine advertising such as ROADS and Civil Works.

These associations hold a number of meetings and conferences each year. Delnorth attend and exhibit at 4-6 of these on the basis of value for investment.

Sales promotion is also reinforced through our website, brochures and a wall chart.

People Strategy

In addition to our manufacturing, logistics and sales team, and resellers or distributors, Delnorth also maintains strong partnerships with suppliers such as Avery Dennison for the supply and testing of reflective sheeting.

Process Strategy

We review our marketing process strategy on a regular basis through weekly management meetings and bi-annual sales conferences. The review involves discussion and decisions on both short term marketing strategies such as promotional offers, brochure upgrades, website maintenance and longer term strategies such as exhibition attendance.