LUCAS

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2 December 2003

ASX Company Announcement
20 Bridge Street
SYDNEY NSW 2000

Dear Sir

RE : Broker Presentation

The PDF of the Broker Presentation lodged yesterday with ASX cut off certain information. Please find attached a revised PDF including all the information.

Yours faithfully,
A J LUCAS ADMIN PTY LIMITED

Nicholas Swan
Company Secretary

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AJ LUCAS GROUP LIMITED

Corporate Overview

December 2003

Contents

Overview

- **Engineering services group specialising in tailoring solutions for oil and gas, electricity, water and telecommunications infrastructure**
- **Founded in 1957. Listed on the ASX in 1999**
- **Capitalised at $100m**
- **From 2000 to 2003 revenue has increased from $41.6m to a record $151m, representing annual compound growth of 30%. Over the same period EBIT has grown from $6.1m to $10.4m**
- **$68m order book of secured works for 2004 with feasibility studies for new projects to underpin future earnings**
- **Operates in the following divisions:**
  - Pipelines
  - Horizontal Directional Drilling (HDD)
  - Coal Seam Gas specialising in surface to in seam drilling
  - Specialist civil engineering
- **Australian market leader in Pipelines, HDD and Coal Bed Methane (CBM) Services**
- **Significant sector prospects for next five years**
- **Successful OH&S, environmental and industrial relations record**

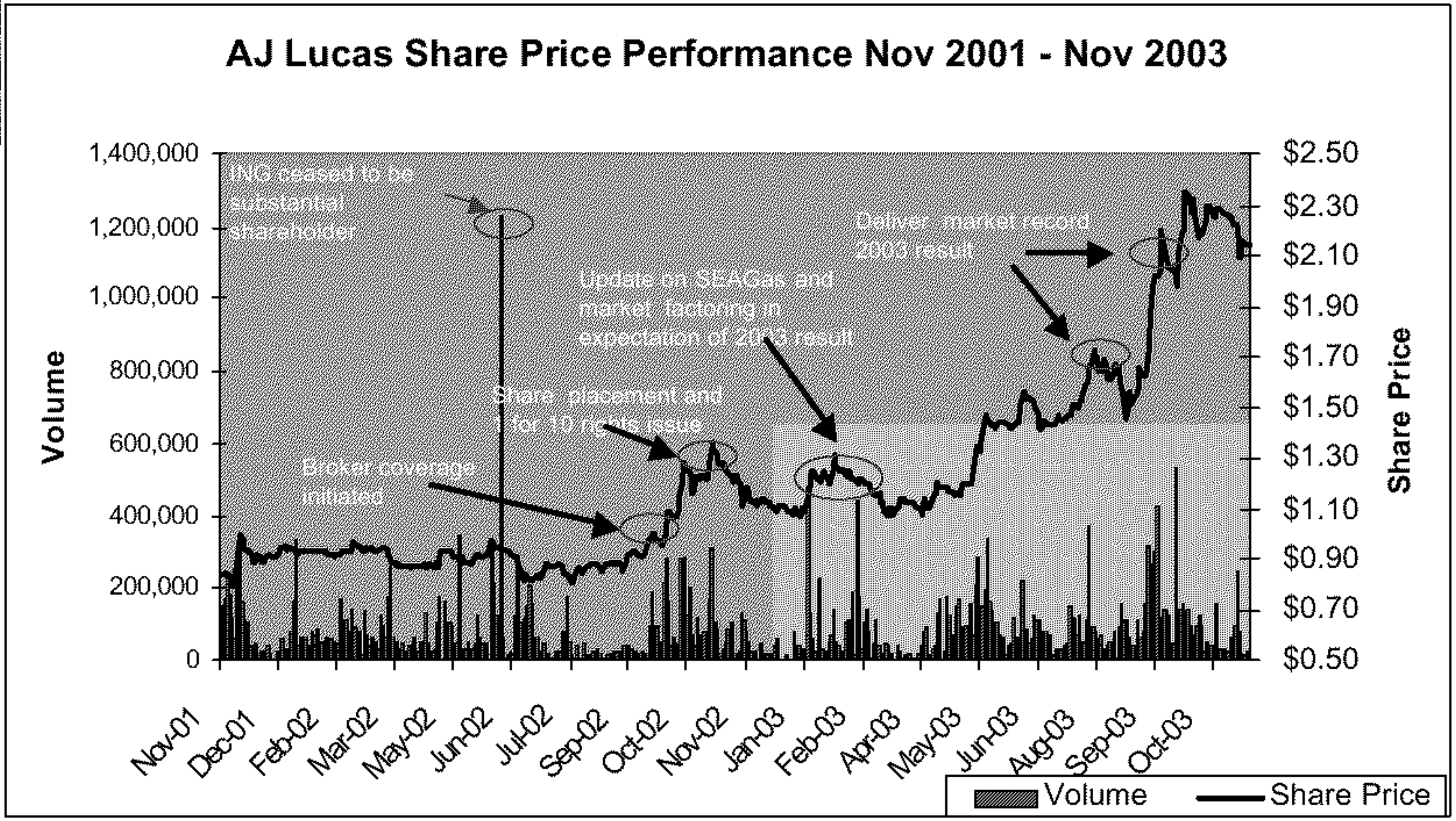
Overview - Strategy

- Overview
- Key Financials
- Divisional Performance
- Financial Position
- The Board
- Key Management
- Share Capital

- **Strategy:**
  - Leveraging from the success in core businesses generating more consistent cash flow, and quality and maintainability of earnings
  - Enhanced reputation to secure larger and long term projects
  - Increase market penetration in South East Asia and Pacific Region
  - Expanding core services such as facility management to generate additional income streams – primarily long term/annuity in profile
  - Maintain market leadership and broaden ranges of application by skills and technology including Coal Seam Gas value add offering in Australia
- **Significantly elevated stature with the (soon to be completed) $350m major pipeline project for SEA Gas – a 686 km pipeline**
- **Acquisition of Stuarts broadens specialist civil capability and delivers a facility management service offering - expanding the core business**
- **Create organisation to withstand business cycles and operational/financial risk in each activity. Full infrastructure service to key clients, acting as delivery partner**

Overview - Share Price Performance

- Record 2003 financial result, strong sector outlook and improved profile has been reflected in the share price



Overview - A Brief History

Overview
Key Financials
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PHASE I

1995 ---------- 1999

Build
- Restructure of business
- Create quality team
- Define core strategy
- Strengthen capital base (listing 1999)

PHASE II

2000 ---------- 2002

Consolidation
- Capital investment
- New systems
- Enhance management team
- Strategic alliances
- Divesting non-core business
- Establish market leadership in core business

PHASE III

2003 ---------- 2005

Growth
- Consistent cash flow from core businesses
- Increase market penetration into SE Asia
- Building annuity income streams
- Leverage technology into complementary sectors

Overview - Key Relationships and Major Customers

- Overview
- Key Financials
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❑ **Relationships are critical to success in the engineering/infrastructure sector. AJ Lucas have partnered with like minded strong companies that include:**

- Agility (AGL) – JV for pipelines and related construction activity
- Spie Capag of France – 50/50 JV for Engineering, design, procurement and construction of pipeline
- Skanska of Sweden
- Clough

❑ **AJ Lucas mainly act for principals:**

End Users		Engineering/ Construction Firms
Utilities	**Energy Infrastructure**	
• AGL • Sydney Water • Origin Energy • China Light & Power • Telstra • Optus • Brisbane Water	• BHP Billiton • Anglo Coal • Santos • BP • Boral • Duke Energy • North Power • International Power • MIM/ Xstrata • TXU • APT	• Leighton • Transfield • McConnell Dowell • Walter Vivendi Group

Key Financials

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- **Strong revenue and earnings profile since listing in 1999**
- **Portfolio of secured contract works. Large pool of potential opportunities for long term contract revenue at attractive margins**
- **$68m order book of secured works for 2004 with feasibility studies for new projects to underpin future earnings**
- **Developing core business into facilities management and specialist civil engineering projects to provide a "whole of project" service**
- **Strong cash flows – generated $24m in cash flow from operations**
- **Paid consistent dividends with improved financial results. 2003 dividend 8 cents per share**
- **Recognises revenue and profits on its contracts on a percentage of completion basis**

Consolidated Statement of Financial Performance Year Ended 30 June	2000 $m	2001 $m	2002 $m	2003 $m
Revenue	41.6	88.8	67.0	151.0
EBIT *	6.1	8.4	4.0	10.4
NPAT *	4.0	4.5	2.8	7.7
Reported NPAT	4.0	4.5	(0.7)	7.7
EPS (cents)	12.4	12.2	7.7	18.9
DPS (cents)	6.5	7.5	7.5	8.0

* Excluding one off and abnormal items

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Divisional Performance – Pipelines

- **Specialist in construction and installation of pipelines providing 'End to End' solution capability:**
  - Engineering
  - Procurement
  - Environmental management
  - Construction
  - Testing and commissioning
  - Operation and maintenance

Pipeline Division Statement of Financial Performance Year Ended 30 June	2001 $m	2002 $m	2003
Revenue	18.2	32.6	124.2
PBT	(0.6)	3.4	12.8

- **Australian market leader**
  - Last five years 45% by value & 54% by number
- **Superior sector knowledge**
- **Alliance based:**
  - Clients (AGL, Sydney Water)
  - Partners (Clough Engineering, Spie Capag SA)
- **Secured works to deliver revenues of $48m for 2004**
- **Submitted a large number of tenders for high value long term works including:**
  - Blacktip project value of $500m that if appointed is expected to start 2004/5
  - Kangaroo Paw project value of $1,500m – preliminary feasibility study awarded to AJL
  - Duplication of EPIC pipeline in WA - $90m pa project value over 10 years
  - Pipeline network for Coal Bed Methane developments in Qld
  - Expectation of Australian projects to tender on with a cumulative project value in excess of $4.5 bn over 5-7 years

Case Study – SEA Gas

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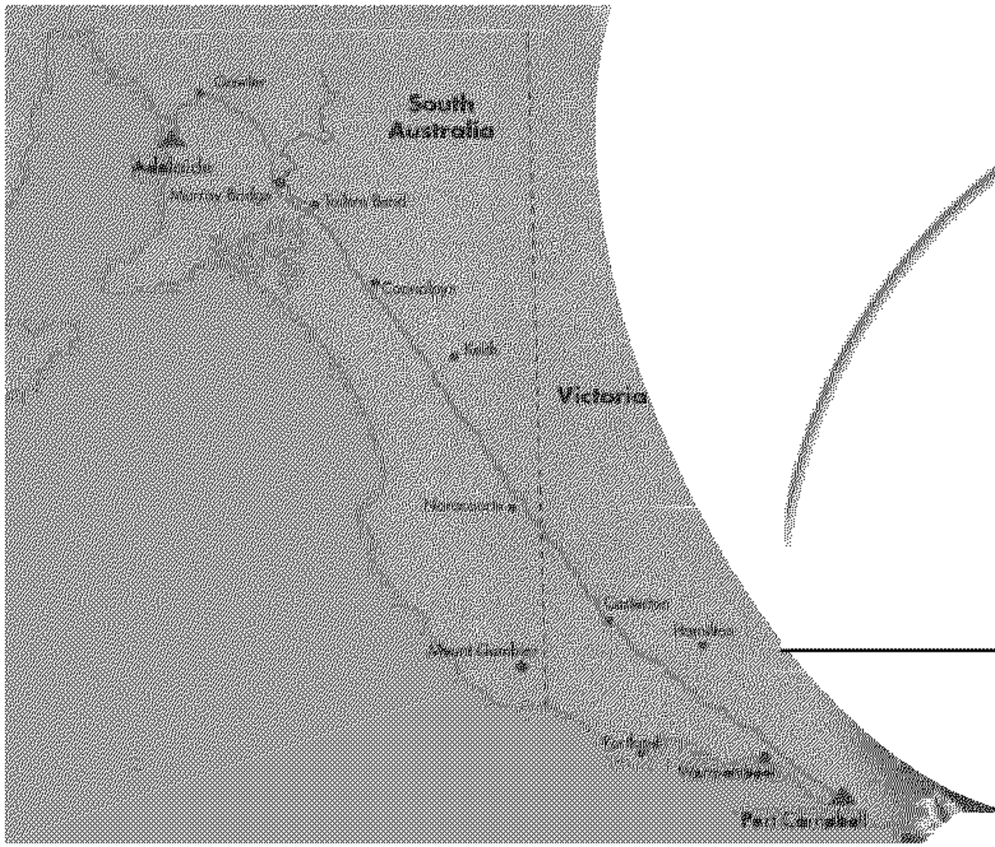
❑ SEA Gas Pipeline

- Australia's biggest turnkey pipeline project - $340m
- On time and on budget
- Landmark model for pipeline development
- Role extended to cover ancillary control stations, training, procedures development and documentation



Divisional Performance – HDD/Specialist Civil

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- **HDD provides trenchless installation of pipes, conduits or cables under obstacles using a surface drilling rig**
- **Proven as fastest, safest and most environmentally benign way to install infrastructure underground**
- **Considered world leader in HDD**
  - unique technology
  - capability - superior knowledge and people
  - specialist equipment

HDD/Civil Division Statement of Financial Performance Year Ended 30 June	2001 $m	2002 $m	2003
Revenue	55.9	26.5	21.3
PBT	9.4	1.0	2.1

- **Acquisition of Stuart expected to be foundation of specialist civil engineering capability and facility management operations**
- **HDD is pursuing a number of new projects that will add substantial scale to this division that include:**
  - Telecommunications network in the Hawaiian islands - if awarded (due in Feb 2004) is expected to provide $US 20 million ($28 million) in annual contract income for up to a 5 year term
  - Bangkok Ring Main project - invited to tender under select group of 7 contractors for a multi million dollar project expected to start in June 2004. HDD component in the range of $20 million
  - Hong Kong Gas Pipeline - $80m of projects being engineered by AJ Lucas in a favourable position to secure HDD components

Success Creates New Opportunity

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Chatswood Sewer – 1860 metres

- World's longest directional drill for gravity sewer (1.5% grade)
- Excellent answer to environmental problem

Illawarra Sewer for Sydney Water

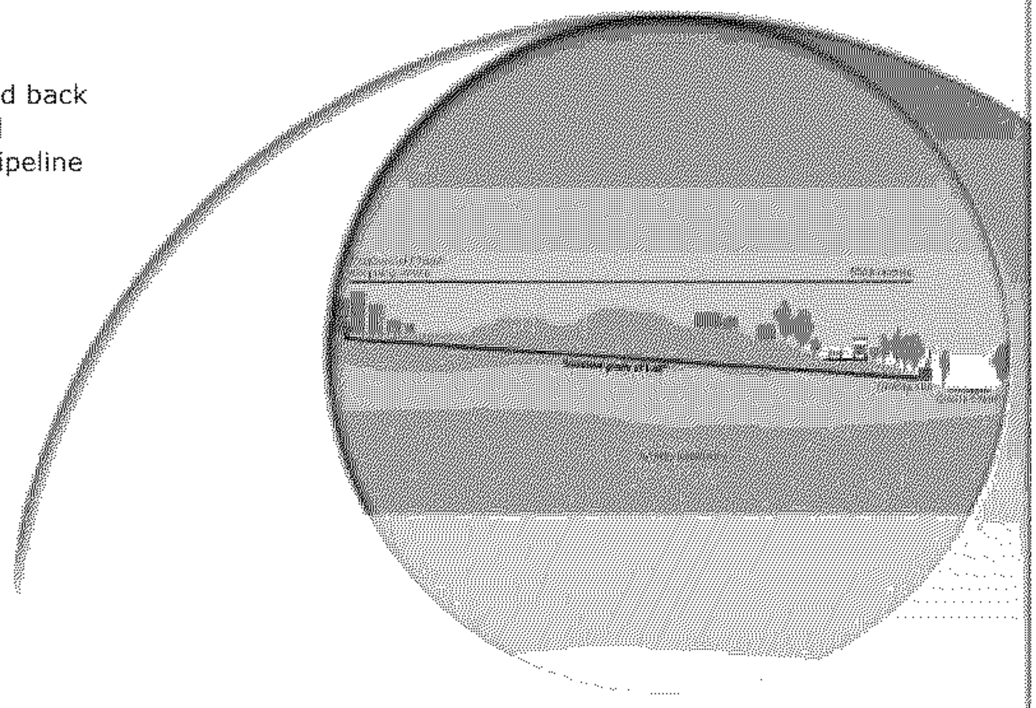
- World's longest HDD installation of HDPE pipe
- On time and on budget

CLP Project Hong Kong

- Electricity, water, waste water and fibre optic lines to open new residential development
- 1,350 metres through 250m granite rock

Tamar River

- 2065metres – longest pulled back pipe ever achieved in world
- Saved miles of additional pipeline



A J Lucas technology is proven

- **Increases envelope of projects for application in water and gas sectors in particular**
- **More mature technology and greater awareness of HDD for new projects**
- **Elevation of AJ Lucas capability in market place for pipelines, HDD and Coal Seam Gas**
- **Broader and deeper management capability within AJ Lucas**

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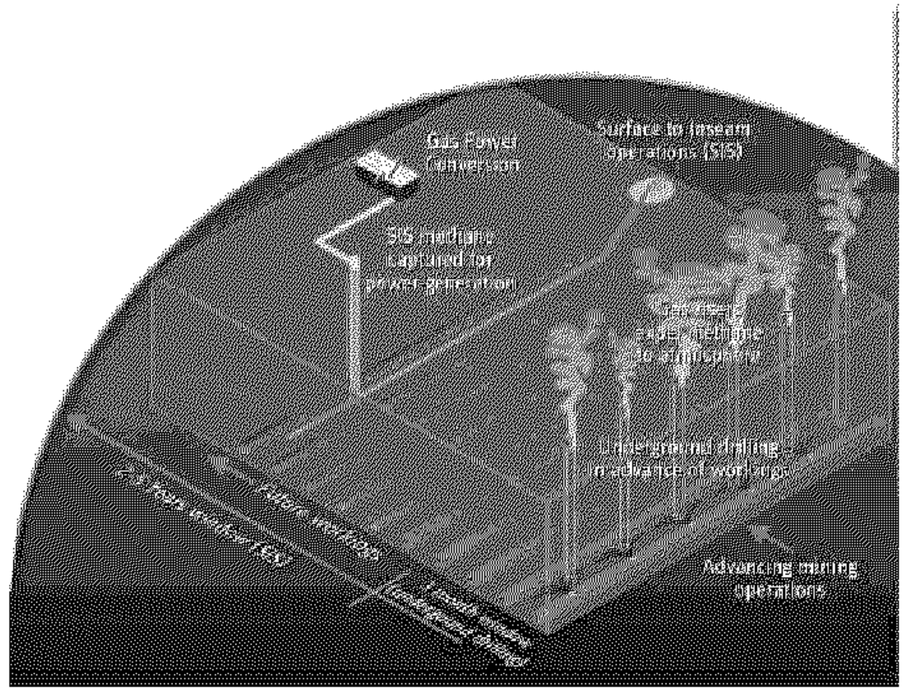
Divisional Performance – Coal Seam Gas

- **Specialises in coal seam drilling and gas management services**
- **Technology and expertise is established with longer term contracts now operating eg Oaky Creek Mine in Queensland**
- **Environmental regulatory requirements (Kyoto Agreement) will force coal producers to change current practices to maximise green house credits**
- **Secured contracts for $14m in revenue for 2004- majority for surface to in seam drilling**
- **Coal seam gas market set to rapidly expand. Require AJ Lucas SIS technologies**

Coal Seam Gas Division Statement of Financial Performance Year Ended 30 June	2001 $m	2002 $m	2003
Revenue	2.0	3.9	9.2
PBT	(0.7)	(0.6)	(0.5)



Financial Position – Financing and Bonding

- **Net asset backing 67 cents per share**
- **Has $31.62m of cash of which $28.7m is held by the company's joint ventures**
- **A large part of the company's operations and future tenders is dependent on its ability to obtain surety bonds (held off balance sheet)**
- **The company had $18m in bonding at 30 June 2003 for specific projects**

AJ Lucas Group Limited
Consolidated Statement of Financial Position
As At 30 June 2003

Cash assets	31.62
Receivables	26.79
Inventories	4.40
Intangible assets	-
Property, plant and equipment	17.10
Other assets	5.70
Total assets	**85.61**
Payables	41.57
Interest bearing liabilities	5.55
Other	7.80
Total liabilities	**54.92**
Net assets	**30.69**
Represented by:	
Contributed equity	18.18
Reserves	1.06
Retained profits	11.45
Total equity	**30.69**

The Board

Mr Allan Campbell B. Com LLB age 48

Chairman and CEO

- Acquired a controlling interest in the Company in 1995.
- Previous career in investment banking and commerce, including property, construction and building materials.

Mr Ian Stuart-Robertson AAIQS age 54

Executive Director

- Qualified quantity surveyor with over 30 years' experience in civil and building construction with considerable expertise in project cost reporting systems and general construction planning.
- Non-executive director of quantity surveyors of John Hollis & Partners and a director of Stuart Pty Ltd.

Mr Martin Green FCA age 58

Non-Executive Director

- Specialist in business recovery and insolvency with over 30 years private practice experience.
- Fellow of the Institute of Chartered Accountants and appointed a non-executive director in 1999.
- Principal of Green Krejci, a former honorary director/treasurer of the National Trust of Australia (NSW) and has serviced at various times in many public roles and capacities.

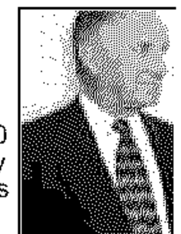
Mr Andrew Lukas BE age 56

Executive Director

- Joined the company in 1975 as a project manager.
- Appointed general manager in 1977 and a director in 1985.
- A graduate in Civil Engineering from UNSW with postgraduate studies at the Pipeline School of the University of Texas.
- Previously with Williams Brothers Company in the US and MacDonald Wagner & Priddle and Transfield in Australia.
- He pioneered the development of directional drilling in Australia and is an authority on this technology and pipeline installation.
- Past president of the Australia Pipeline Industry Association (APIA), representing pipeline owners, operators and contractors.

Mr Garry O'Meally BSc BE age 67

Non-Executive Director



- Experience in the oil and gas industries for over 40 years, mainly with Australian Gas Light Company where he served as General Manager of AGL Gas Companies and later of AGL Petroleum.
- Previous General Manager, Queensland and Northern Territory, for Santos Limited.
- Non-executive director since 1999, past President of the Australian Gas Association, as Councillor and Queensland Chairman of the Australian Petroleum Production and Exploration Association and as Executive Manger of APIA.

Key Management

Mr Kevin Lester BE (Civil)
General Manager Pipelines

- Joined the group in 1984.
- Deputy project manager for SEA Gas project and manages Clough / Lucas JV and Agility alliance.
- Has been responsible for over 50 major projects as project manager, operations manager and general manager.

Mr John Brennan
Pipeline Construction Manager

- Joined the group in 1997.
- Has over 30 years experience in the pipeline industry from projects completed around the world.
- Regarded as the most experienced pipeline construction manager in Australia.
- Construction manager on SEA Gas pipeline since 2002, managing a team of over 350 people.

Mr Tim Herlihy B. Com (UNSW) ICAA, MAICD
CFO

- Appointed CFO in 2001.
- Previous experience with KPMG in Australia and UK, Investment Bank County Natwest / SSB and CFO of other ASX and US listed companies.

Mr Nick Swan BA (Hons) MBA ASIA FCA
Company Secretary

- Associated with the group since listing in 1999.
- Has extensive expertise in accounting, corporate finance, business management and ASX compliance.

Mr Stephen Loneragan BSc
General Manager HDD

- Joined the group in 1993 after working in the offshore marine construction industry.
- Major driver in the development of the Lucas HDD technology and capability.
- Awarded young pipeliner of the year by APIA in 2002
- Member of the Society of Petroleum Engineers.

Mr Duncan MacDonald BSc (Hons)
Manager Drilling Services

- Joined the group in 2001, after acting as a consultant for 4 years.
- Has over 10 years experience in directional drilling services, and surveying.
- Responsible for developing and applying the groups proprietary HDD steering and surveying techniques.
- Has designed and supervised the steering on all recent record breaking drills.

Mr Brett Tredinnick A Dip Metals Technology
General Manager Coal Services

- Joined the group in 2000 with formation of Lucas coal.
- Previous experience with Rio Tin to Coal and BHP Steel.
- Driving force in the establishment and execution of the coal drilling operations.

Share Capital

- **45.85m ordinary shares on issue**
- **Placement to institutional clients and rights issue in December 2002 raised $9m to fund working capital and growth opportunities**
- **Acquisition of Stuart funded by issue of shares:**
  - 350,000 shares upfront and
  - 250,000 shares on an earn out basis

	million
Shares on Issue at 30 June 2002	**36.40**
Placement	4.35
at $1.10 per share completed 3 Dec 2002	
Rights Issue (1 for 10)	4.09
at $1.05 per share completed 20 Jan 2003	
Other	0.65
Purchase of Stuart Pty Ltd	0.35 [1]
Total Shares on Issue	**45.85**

1 - a further 0.25 million shares payable Sept 2004 based on profit result

- **AJ Lucas Holdings Pty Ltd is the largest shareholder - owns 38% of shares on issue**
- **The top 20 shareholders represent 61% of issued capital**
- **2,384 shareholders**
- **Average daily turnover 50,000 – 100,000**

Top Shareholders	million	%
AJ Lucas Holdings Pty ltd	17.49	38%
Amalgamated Dairies Limited	2.09	5%
Commodity Traders (NZ) Limited	1.77	4%
National Nominees Limited	1.6	3%
Westpac Custodian Nominees Limited	1.16	3%
New Zealand Guardian Trust Company Limited	1.26	3%
Other top shareholdersq	2.81	6%
Top 20 Shareholders	**28.19**	61%
Other Shareholders	17.66	
Shares on issue	**45.85**	

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