



Empire Industries Ltd.



**Empire Industries Ltd.**

## **Investor Update**

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**CONFIDENTIAL**

**Guy Nelson- CEO**  
**Suite 203, 2 Lombard Street**  
**Toronto, Ontario M5C 1M1**  
**T: (416) 366-7977**  
**C: (416) 949-7227**  
**F: (416) 366-7107**

[gnelson@empind.com](mailto:gnelson@empind.com)  
[www.empireindustriesltd.com](http://www.empireindustriesltd.com)

This presentation contains forward-looking statements, within the meaning of applicable securities legislation, concerning Empire's business and affairs. These statements are identifiable by their use of verbs such as "expect", as well as by the use of future or conditional tenses. These forward looking statements are based on current expectations, and are naturally subject to uncertainty and changes in circumstances that may cause actual results to differ materially. Readers are cautioned not to place undue reliance on such forward-looking statements. Empire assumes no obligation to revise or update these forward-looking statements to reflect the occurrence of unanticipated future events, except as may be required under applicable securities laws.



## Agenda for Today's Discussion

- ❑ Re-introduce Empire's growth strategy
  - ❑ Graphic on Empire's growth strategy
- ❑ Provide a snapshot of Empire's capacity to generate earnings
- ❑ Provide an overview of the Empire's capital market activities over the past year
- ❑ Summarize the key financial facts
  - ❑ Graphic on investment Comparables
- ❑ Review the key investment considerations
- ❑ Provide Overview of Empire's Business today (hand-out)



# Strategy is unchanged since spring 2006

Empire Industries Ltd.

## **Phase 1 -**

***Strive to become the leader of the steel fabrication & erection industry in Western Canada***

### **1. Organic Growth**

- Capitalize on growth opportunities in Western Canada through:

#### **Plant Expansion:**

- Expansion of its Edmonton facility
- Invest in productivity enhancing equipment increasing skilled trades productivity
- Expand product offering beyond structural steel fabrication to include plate steel and pipe fabrication
- Strengthen our turn-key competencies by enhancing our project management systems and people, value added construction engineering and field installation competency to keep fabrication plants more productive

#### **Margin Expansion:**

- Focus on the “project management” of complex, quality and schedule sensitive industrial market that few competitors can handle
- Implement “Best Practices” for business processes, driving down costs and improving quality
- Use Empire’s multi-branch bidding/awards advantage to keep all plants more productive
- Selectively utilize offshore fabricated steel supply for western Canadian projects

### **2. Selective Consolidation**

- Empire plans to increase its revenue and earnings in Alberta and BC through a targeted acquisition strategy. The steel fabrication industry is highly fragmented in Western Canada other than the top three competitors.

## **Phase 2**

***Strive to become a leader of construction and maintenance services and fabricated industrial equipment to the industrial marketplace in Western Canada***



# Empire's Strategic Growth Profile

Empire Industries Ltd.

## STRATEGIC GROWTH STRATEGY- July 2006

## STRATEGIC GROWTH STRATEGY- July 2007

### SERVICE OFFERING

- Turn-key Project Services
  - Project management
  - Design Engineering
  - Construction Engineering
- Fabrication & assembly
- Installation
- Maintenance & Service

	<b>SPECIALIZED INDUSTRIAL EQUIPMENT</b>	<b>PLATE &amp; PIPE INDUSTRIAL STEEL</b>	<b>STRUCTURAL ICI STEEL</b>
Turn-key Project Services	Red	Black	Black
Fabrication & assembly	Yellow	Yellow	Yellow
Installation	Yellow	Yellow	Yellow
Maintenance & Service	Yellow	Red	Red

	<b>SPECIALIZED INDUSTRIAL EQUIPMENT</b>	<b>PLATE &amp; PIPE INDUSTRIAL STEEL</b>	<b>STRUCTURAL ICI STEEL</b>
Turn-key Project Services	Yellow	Black	Black
Fabrication & assembly	Yellow	Yellow	Yellow
Installation	Yellow	Yellow	Yellow
Maintenance & Service	Yellow	Yellow	Yellow

### GEOGRAPHIC MARKET

- BC-urban
- BC-industrial
- AB-urban
- AB-Industrial
- Prairies- Industrial
- North-Industrial
- Ontario
- USA
- Offshore-targeted

	<b>SPECIALIZED INDUSTRIAL EQUIPMENT</b>	<b>PLATE &amp; PIPE INDUSTRIAL STEEL</b>	<b>STRUCTURAL ICI STEEL</b>
BC-urban	Black	Black	Yellow
BC-industrial	Red	Red	Yellow
AB-urban	Black	Black	Yellow
AB-Industrial	Red	Red	Yellow
Prairies- Industrial	Red	Red	Yellow
North-Industrial	Red	Red	Red
Ontario	Yellow	Red	Yellow
USA	Red	Black	Black
Offshore-targeted	Yellow	Black	Black

	<b>SPECIALIZED INDUSTRIAL EQUIPMENT</b>	<b>PLATE &amp; PIPE INDUSTRIAL STEEL</b>	<b>STRUCTURAL ICI STEEL</b>
BC-urban	Black	Black	Yellow
BC-industrial	Yellow	Yellow	Yellow
AB-urban	Black	Black	Yellow
AB-Industrial	Red	Yellow	Yellow
Prairies- Industrial	Red	Red	Yellow
North-Industrial	Red	Red	Red
Ontario	Yellow	Red	Yellow
USA	Red	Black	Black
Offshore-targeted	Yellow	Black	Black

- Yellow: Capability in place
- Yellow with dots: Capability partially in place, gaps looking to be filled
- Red: Part of strategy, opportunities under review
- Black: Not part of strategy, no interest



# Empire's Operational Capacity has Grown

Empire Industries Ltd.



At April 30, 2007

**Capacity building (skilled trades & fab.shop)**

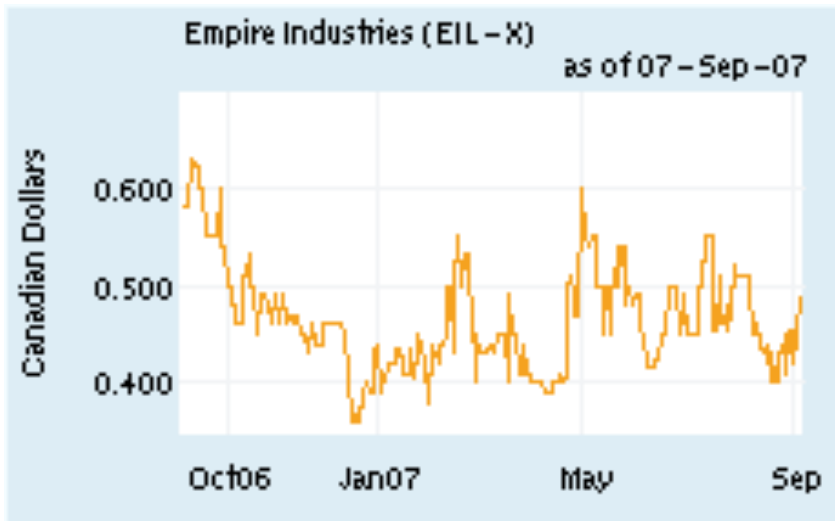
<b>FACILITIES</b>	<b>Year Founded</b>	<b>PLANT SIZE (sq.ft.)</b>	<b>Current Total Staffing</b>	<b>Total Staffing Capacity</b>
George Third & Son - Burnaby	1910	55,000	112	119
Empire Ironworks-Delta	1983	24,000	67	81
Dynamic Structures- Port Coquitlam	1926	61,000	114	121
KWH Constructors/Somerset Engineering-Burnaby	1989	10,000	80	90
Sorges Welding- Ft. McMurray	1989	4,000	54	83
Empire Iron Works - Edmonton	1979	35,000	63	116
Empire Iron Works-Winnipeg	1964	50,000	84	134
Hopkins Steel Works-Welland	1966	26,000	20	30
Ward Industrial Equipment-Welland	1966	45,000	32	36
<b>Total Capacities</b>		<b>310,000</b>	<b>626</b>	<b>810</b>



# Capital Markets Overview- EIL

Empire Industries Ltd.

- Empire Iron Works \$6M private placement closed May 15, 2006 (13.3 million shares @ \$0.45/share )
- Reverse takeover of Empire Iron Works Ltd. closed July 1, 2006 (46.3 million shares @\$0.55/share)
- Acquisition of George Third & Son closed August 31, 2006 for \$9.3 million (\$3.3 million cash, \$2.5 million note payable and 6.4 million shares @\$0.55/share)
- Acquisition of KWH Constructors Corp. for \$5.2 million (\$1.5 million cash, \$1.7 million of notes payable and 3.6 million shares issued @\$0.55 per share)



Only shares sold since PP have been to strategic partners

Listing: EIL- TSX Venture

September 7, 2007 market capitalization: \$30 million  
(\$0.49/share times 59.7 million shares)

Last 30 days trading- 0.5M shares average price \$0.44

YTD 2007 trading- 6.7M shares average price \$0.44

8/10/2006- 12/29/2006- 2.9M shares average price \$0.50

Public Float approximately 20M



# Operating Results are Gaining Momentum

Empire Industries Ltd.

## Consolidated Income Statement

Years Ending December 31

(\$000)

	2005	2006	2007Est.	2008Est.
Revenue	78174	72864	118600	135900
Gross Margin	7052	10111		
GrossMargin-%	9%	14%		
Operating Income	1357	3316	7500	9200
Operating Income-%	2%	5%	6%	7%
Net Income	260	2247		
Net Income-%	0%	3%		
EPS	\$0.01	\$0.04	\$0.07	\$0.08

\* 2008Est. and 2007Est. are provided by Westwind Partners as of August 23, 2007

<u>Acquisition</u>	<u>Date acquired</u>	<u>Publicly disclosed Scale of Operations</u>
Empire Iron Works Ltd.	2005 & after	Revenue \$70M, EBITDA margin improving
George Third & Son	3QTR2006	Revenue \$18M, EBITDA \$2.1M
Sorge's Welding Ltd.	1QTR2007	Revenue \$8M, EBITDA \$0.6M
Dynamic Structures Ltd.	2QTR2007	Revenue \$20M, EBITDA not disclosed
KWH/Somerset	2QTR2007	Revenue \$15M, EBITDA \$1.5M



# Current Balance Sheet

Empire Industries Ltd.

<b>(\$000)</b>	31-Dec-05 (Audited)	31-Dec-06 (Audited)	31-Mar-07 (Unaudited)	30-Jun-07 (Unaudited)
<b>Assets</b>				
Current assets (Note 3)	\$ 25,290	\$ 25,839	\$ 27,555	\$ 41533
Property, plant and equipment (Note 6)	5,849	8,920	8,934	22394
Other assets (Notes 4, 5)	20	535	582	747
Goodwill (Note 7)	-	6,496	6,497	9080
	<b>\$ 31,159</b>	<b>\$ 41,791</b>	<b>\$ 43,567</b>	<b>\$ 73754</b>
<b>Liabilities &amp; Shareholders' Equity</b>				
Current liabilities:				
Bank indebtedness (Note 8)	\$ 4,993	\$ 5,561	\$ 4,949	\$ 9355
Other current liabilities	19,447	13,800	14,099	26369
	24,440	19,361	19,048	35724
Long-term debt (Note 9)	1,454	1,464	2,763	12779
Notes payable (Note 10)	-	1,719	1,563	2519
Payable to related parties	223	-	-	-
Future income taxes (Note 11)	880	1,613	1,591	1144
Deferred revenue	-	-	24	-
Deferred gain on sale and leaseback (Note 12)	669	557	529	501
Payable to shareholders (Note 13)	3,911	484	470	529
	31,577	25,198	25,988	53196
Minority interest in Empire Iron Works Ltd.	475	-	-	-
Shareholders' equity (Notes 14, 15)	-893	16593	17,579	20558
Lease commitments (Note 20)	-	-	-	-
	<b>\$ 31,159</b>	<b>\$ 41,791</b>	<b>\$ 43,567</b>	<b>\$ 73754</b>



# Investment Comparables

Empire Industries Ltd.

Company	Symbol	Price/share Sep7,2007	EPS (LTM)	P/E (LTM)	Quarter end	<----- most recent quarter----->			Market Cap.
						Revenue (\$Mil)	Net Income (\$Mil)	EPS	
Flint Energy Services	FES-T	\$25.00	\$1.33	19	6/30/07	421.9	6.3	\$0.13	1,186
Canam Group Inc	CAM-T	\$13.95	\$0.88	16	12/31/06	213.0	12.1	\$0.25	682
Aecon Group	ARE-T	\$12.98	\$0.26	50	12/31/06	339.2	10.6	\$0.30	494
Enerflex Systems	EFX.UN-T	\$10.25	\$0.91	11	6/30/07	198.6	12.9	\$0.28	478
Eveready Income Fund	EIS.UN-T	\$4.89	\$0.51	10	12/31/06	109.4	2.7	\$0.03	351
Horizon North Logistics	HNL-T	\$3.20	\$0.04	81	6/30/07	20.7	0.8	\$0.01	282
Churchill Corporation	CUQ-T	\$15.23	\$0.79	19	6/30/07	187.7	5.0	\$0.28	269
Lockerbie & Hole	LH-T	\$10.40	\$0.41	25	5/30/07	74.3	4.9	\$0.24	215
ADF Group	DRX-T	\$4.85	\$0.32	15	4/30/07	11.0	1.4	\$0.05	150
HSE Integrated	HSL-T	\$1.50	\$0.19	8	3/31/07	27.9	0.9	\$0.01	56
Empire Industries	EIL-X	\$0.49	\$0.04	11	6/30/07	31.7	0.7	\$0.01	27



# Investment Considerations About Empire

Empire Industries Ltd.

- Long term market fundamentals are very positive
  - Explosive growth in the Western Canadian market in which EIL competes
  - EIL is a well established, diversified proxy for the growth in capital spending expected in Western Canadian over the next decade
  - It is the early stage of a long term cyclical upturn in EIL's marketplace
- The Officers and Directors own approximately 50% of the common shares
- Empire has executed Phase 1 of its strategy as forecasted in the spring of 2006
- Empire's growth is not confined to what has been done to date.; this is just the start
- Strategic acquisition strategy continues to be pursued
  - Broaden product/service offering to pipe and plate steel fabrication, skilled trade maintenance and construction services and industrial equipment fabrication
  - Increase critical mass of our company and attractiveness to institutional investors
- Margin enhancement and organic growth will continue
  - Ft. McMurray strategy continues to gather momentum
  - Complex fabrication projects are increasingly being targeted
  - Operational "best practices" are being implemented
- Investor communications program will commence this fall to get the market to understand Empire better and achieve:
  - Multiple expansion
  - Improved liquidity of shares



- Call me anytime you want an update or have a specific question
- I have a plan to improve the liquidity of large equity holdings
- Notwithstanding this liquidity plan, Empire is executing a long term plan and the successful investment strategy for Empire shareholders will be to attract and retain, patient, long term investors
- Watch for Upcoming Press Releases because I will be continuing to execute Empire's growth plan
- I use the web-site for disclosing information on our company so I would encourage you to check the "In the News" and "Press Releases" as well as our SEDAR filings
- Thankyou