DuluxGroup

2012 Full Year Results Announcement

14 November 2012

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Result Overview 1

Key outcomes

- Revenue growth despite 4% decline in core Paints Australia market with others subdued
- Further profitable share gains in Paints Australia
- Solid EBIT result considering market decline, rising input costs and post flood costs
- Disappointing Selleys Yates result accounting for the majority of the EBIT decline
- Like for like net profit after tax[1] ahead of prior year
- Strong cash result with operating cash conversion returning to historical levels
- Strong safety and sustainability performance, with all key measures improving
- Stake in Alesco Corporation Limited (Alesco) acquired and takeover progressing well

[1] Like for like net profit after tax represents net profit after tax and non-controlling interests excluding the following items: tax consolidation adjustment ($6.3M gain), the insurance 'uplift' gain ($5.4M net of tax), transaction costs associated with the bid for Alesco ($3.3M net of tax), fully franked dividend received from Alesco ($2.8M) and the estimated incremental interest expense associated with funding the stake in Alesco ($1.3M net of tax). Insurance and Alesco figures not directly extracted from Appendix 4E in 2012; tax consolidation adjustment ($12.5M gain) and insurance 'uplift' gain ($3.1M net of tax) in 2011.

DuluxGroup financial performance

Full year ended 30 September (A$M)	2012 Actual	2011 Actual	% ↕
Sales	**1,067.8**	996.4	*7.2* ↑
Other income	**20.2**	67.2	*(70.0)* ↓
Total EBIT	**132.2**	139.2	*(5.0)* ↓
Net profit after tax and non-controlling interests	**89.5**	93.2	*(4.0)* ↓
Operating cashflow	**116.5**	85.4	*36.3* ↑
Net debt	**230.3**	222.1	*3.7* ↑
Like for like EBITDA [1]	**151.0**	154.7	*(2.4)* ↓
Like for like EBIT [1]	**128.4**	134.7	*(4.7)* ↓
Like for like net profit after tax	**79.6**	77.6	*2.6* ↑

- **Sales growth of ~2% excluding prior year flood impact (~2%) and DGL Camel impact (~3%) – Excellent outcome given core Australian paint market was down 4%**
- **Like for like EBIT down 4.7% - predominantly due to Selleys Yates (sales and margin), with other businesses broadly holding, despite weak markets, input cost pressure, depreciation increase and post-flood fixed costs**
- **Like for like net profit after tax up 2.6% on the prior year**
- **Strong operating cash flow**
- **Final dividend of 8.0 cents per share (fully franked)**

[1] For 2012, like for like EBIT represents reported 'profit from operations' of $132.2M, less an insurance uplift of $7.7M resulting from the Queensland flood, Alesco dividend received of $2.8M, Alesco transaction costs of $3.6M and the 49% non-controlling interests' share in DGL Camel ($3.1M). Like for like EBITDA represents like for like EBIT plus depreciation and amortisation expense. These figures are not extracted from Appendix 4E.

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Safety & Sustainability – 'A Future Without Harm'

		September 2012	September 2011
Recordable Injury Rate[1]	✓	**1.21/ 1.85**	1.96
Near Miss (Hazard) Reporting	✓	**+16%**	+45%
Waste Generation (% change)	✓	**-27%**	+14%
Water Consumption (% change)	✓	**-8%**	-4%

- **Focus remains on key improvement strategies:**
  - Fatality Prevention; Personal Safety; Process Safety; and Sustainability
- **Significant improvements in near miss hazard reporting and in the recordable injury performance of our existing businesses; and**
- **Waste generation and water consumption good (prior year waste adversely impacted by Rocklea flood recovery works)**

[1] 2012 Recordable injury rate was 1.21 excluding the new Camel business and 1.85 for the total Group including Camel.

Segment Performance 2

Segment EBIT

Full year ended 30 September (A$M)	*2012 Actual*	*2011 Actual*	*% ↕*
Paints Australia (before insurance uplift) [1]	**101.0**	102.4	*(1.4)* ↓
Paints New Zealand	**8.1**	9.7	*(16.5)* ↓
Selleys Yates	**24.9**	30.5	*(18.4)* ↓
Offshore and Other (incl. 100% DGL Camel)	**6.7**	7.7	*(13.0)* ↓
Corporate costs (incl. Alesco)	**(16.2)**	(15.6)	*(3.8)* ↓
Paints Australia - insurance uplift	**7.7**	4.5	*71.1* ↑
Total reported EBIT	**132.2**	139.2	*(5.0)* ↓
Like for like EBIT	**128.4**	134.7	*(4.7)* ↓

[1] 2012 represents reported 'profit from operations' of $108.8M, less an insurance uplift of $7.7M (figure not directly extracted from Appendix 4E) resulting from the Queensland flood.

Paints Australia

Full year ended 30 September (A$M)	*2012 Actual*	*2011 Actual*	*%*	↕
Sales	**613.9**	580.6	*5.7*	↑
EBITDA excluding insurance uplift [1]	112.9	112.1	*0.7*	↑
EBITDA margin (%)	*18.4%*	*~18.7%*	*~(0.3) pts*	↓
EBIT	**108.8**	106.9	*1.8*	↑
EBIT excluding insurance uplift [1]	101.0	102.4	*(1.4)*	↓
EBIT margin (excl. insurance uplift) (%) [2]	*16.5%*	*~17%*	*~(0.5) pts*	↓

- **Sales growth of approximately 3% (excluding prior year flood impact) due primarily to share gains in a significantly declining market (down ~4%)**
- **Significant input cost increases (particularly titanium dioxide), effectively mitigated through procurement initiatives and pricing discipline**
- **Post-flood increase in fixed costs due to Glen Waverley site ($1.5M), higher depreciation ($1.8M) and higher insurance premiums (>$1M)**
- **Other costs well managed and continued investment in key business fundamentals**

[1] 2012 represents reported 'profit from operations' of $108.8M, less an insurance uplift of $7.7M (figure not directly extracted from Appendix 4E) resulting from the Queensland flood.
[2] EBIT margin is calculated by excluding the insurance uplifts in 2011 and 2012 and adding back the estimated value of lost sales due to the flood in 2011.

Paints New Zealand

Full year ended 30 September (A$M)	*2012 Actual*	*2011 Actual*	*% ↕*
Sales	**72.3**	82.5	*(12.4)* ↓
EBITDA	**10.6**	12.0	*(11.7)* ↓
EBITDA margin (%)	***14.7%***	*14.5%*	*0.1 pts* ↑
EBIT	**8.1**	9.7	*(16.5)* ↓
EBIT margin (%)	***11.2%***	*11.8%*	*(0.6) pts* ↓

- **Solid result with external sales increasing 2.3% (the prior year sales included ~$12M of intercompany flood recovery and protective coatings production for Australia, which have now ceased)[1]**
- **Growth predominantly driven by a rebound in the trade market (led by Christchurch construction activity)**
- **Gross margins and fixed costs were well controlled**

[1] As indicated at the 2011 full year results announcement, the baseline continuing sales for this business for 2011 were approximately A$70M.

Selleys Yates

Full year ended 30 September (A$M)	*2012 Actual*	*2011 Actual*	*%*	*↕*
Sales	**244.6**	248.9	*(1.7)*	↓
EBITDA	**28.5**	34.2	*(16.7)*	↓
EBITDA margin (%)	***11.7%***	*13.7%*	*(2.1) pts*	↓
EBIT	**24.9**	30.5	*(18.4)*	↓
EBIT margin (%)	***10.2%***	*12.3%*	*(2.1) pts*	↓

- **Disappointing result with deteriorating market conditions in the second half of the year, some ranging losses and margin contraction due to input cost increases (particularly in Selleys) and product mix changes in Yates**
- **Fixed costs were tightly managed and below prior year**
- **Margin improvement initiatives, focused on productivity and procurement, are well progressed**

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Offshore and Other

Full year ended 30 September (A$M)	2012 Actual	2011 Actual	%	↕
Sales	**154.6**	113.8	*35.9*	↑
EBITDA	**11.4**	11.5	*(0.9)*	↓
EBITDA margin (%)	***7.4%***	*10.1%*	*(2.7) pts*	↓
EBIT	**6.7**	7.7	*(13.0)*	↓
EBIT margin (%)	***4.3%***	*6.8%*	*(2.4) pts*	↓
Equity share of EBIT [1]	*9.8*	*7.7*	*27.3*	↑

- **Segment result includes 100% of the 51% owned China business from Dec 2011**
- **EBIT result for China on equity share basis was ahead of the prior year despite softening markets**
- **PNG earnings grew, due to improved sales mix and benefits from a strong local currency**
- **Powder Coatings earnings declined, attributable to continued market softness and significant input cost increases**

[1] Represents the Group's share of EBIT, after accounting for the 49% non-controlling interest in DGL Camel International. This figure is not directly extracted from Appendix 4E.

Other Financial Information 3

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Explanation of earnings adjustments

Full year ended 30 September (A$M)	*2012 Actual*	*2011 Actual*	*% ↕*
Total reported EBIT	**132.2**	139.2	*(5.0)* ↓
Insurance uplift	(7.7)	(4.5)	
Alesco transaction costs	3.6	-	
Non-controlling interests	3.1	-	
Alesco dividend	(2.8)	-	
Equity share of EBIT before insurance uplift & Alesco	**128.4**	134.7	*(4.7)* ↓
Statutory NPAT	**86.3**	93.2	*(7.4)* ↓
Non-controlling interests	3.2	-	
Net profit after tax and non-controlling interests	**89.5**	93.2	*(4.0)* ↓
Insurance uplift	(5.4)	(3.1)	
Alesco transaction costs	3.3	-	
Alesco dividend	(2.8)	-	
Alesco interest	1.3	-	
Tax consolidation adjustment	(6.3)	(12.5)	
Like for like NPAT	**79.6**	77.6	*2.6* ↑

Corporate costs

Full year ended 30 September (A$M)	*2012 Actual*	*2011 Actual*	*% ↕*
Corporate costs	**(15.4)**	(15.6)	*1.1* ↑
Alesco dividend	**2.8**	-	*nm* -
Alesco costs	**(3.6)**	-	*nm* -
Total Corporate	**(16.2)**	(15.6)	*(3.8)* ↓

- **Ongoing corporate costs were in line with the prior year**
- **Result includes impacts due to the bid for Alesco. A dividend was received in relation to the 19.96% shareholding; whilst transaction costs of $3.6M were incurred**
- **We expect costs to be closer to $18M in 2013, excluding Alesco costs**

Capital management – key measures

Balance Sheet (A$M)	*Sep-12 Actual*	*Sept-11 Actual*	
Net debt	**230.3**	222.1	Impacted by Alesco acquisition ~$38M
Rolling TWC to sales	**13.3%**	12.1%	Impacted by flood related inventory and China JV
Net Debt: EBITDA (times)	**1.5**	1.4	
EBIT Interest cover (times)	**6.0**	5.8	

Cash Flow and P&L (A$M)	*Sep-12 Actual*	*Sept-11 Actual*	
Operating cash	**116.5**	85.4	Return to strong cash flow post Qld flood
Cash conversion	**92%**	77%	
Net interest expense	**21.4**	23.1	Lower funding costs (debt refinanced Nov 2011 and lower prevailing rates)
Average net interest rate	**7.4%**	9.2%	

Key metrics are sound

Refer to Appendix for definitions.

Cash flow

Full year ended 30 September (A$M)	*2012 Actual*	*2011 Actual*	*$ ↕*
EBITDA	**155.5**	159.2	*(3.7)* ↓
Trade working capital movement	**6.6**	(18.9)	*25.5* ↑
Non trade working capital movement	**0.6**	(11.2)	*11.8* ↑
Other non cash	**(1.5)**	7.6	*(9.1)* ↓
Income tax paid	**(27.5)**	(25.6)	*(1.9)* ↓
Interest paid	**(17.2)**	(25.6)	*8.4* ↑
Net operating cash flows	**116.5**	85.4	*31.0* ↑
Capital expenditure	**(27.4)**	(62.0)	*34.6* ↑
Acquisitions/disposals	**(39.7)**	(4.3)	*(35.3)* ↓
Dividends received	**3.1**	0.5	*2.6* ↑
Net investing cash flows	**(64.0)**	(65.9)	*1.8* ↑
Share capital movements	**(2.6)**	1.9	*(4.5)* ↓
Dividends paid	**(54.4)**	(38.6)	*(15.8)* ↓
Financing cash flows before debt movements	**(57.0)**	(36.7)	*(20.3)* ↓
Net debt decrease/(increase)	**(8.1)**	(17.1)	*9.0* ↑

Refer to Appendix for definitions.

Capital expenditure

Capital expenditure (A$M)	*2012 Actual*	*2011 Actual*	*2013 Outlook*
Minor capital expenditure	18.2	13.5	
Renewal / growth capital expenditure	3.8	23.1	
Subtotal	**22.0**	**36.6**	
Rocklea flood-related capital expenditure	5.5	17.5	
Glen Waverley site	-	7.9	
Total capital expenditure	**27.4**	**62.0**	**20-25**
Depreciation and amortisation	23.3	20.0	24-25

2013 activity is focused on minor projects

Spend is planned to be below depreciation and amortisation

Tax expense – impacted by entry into tax consolidation

- Tax consolidation benefit of $6.3M in 2012 ($12.5M in 2011) – non-recurring
- Effective tax rate excluding tax consolidation benefit was 27.8% (compared to 30.5% in 2011)
- Going forward, the effective tax rate should be in the order of 29%

Strategic Growth Priorities 4

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Our strategy is to build on and leverage the core and establish longer term growth options

Paint, Specialty Coatings & Adhesives (ANZ, PNG)

- Continue to build on premium, branded, market-leading positions via retail (DIY) and trade (DIFM) channels focused largely on residential homes (bias to existing homes)
- Extend speciality products into construction, engineering and infrastructure markets
- *Includes Paints, Woodcare, Protective / Texture / Powder Coatings, Selleys, Parchem*

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Capability-led Adjacencies (ANZ)

- Focused on premium, branded consumer products for residential home improvement
- Value-add through leveraging existing "go-to-market" capabilities (e.g. retail hardware channel management, trade distribution model – stores, tradesmen, specification)
- *Includes Yates, B&D Garage Doors & Openers and potentially Lincoln Sentry*

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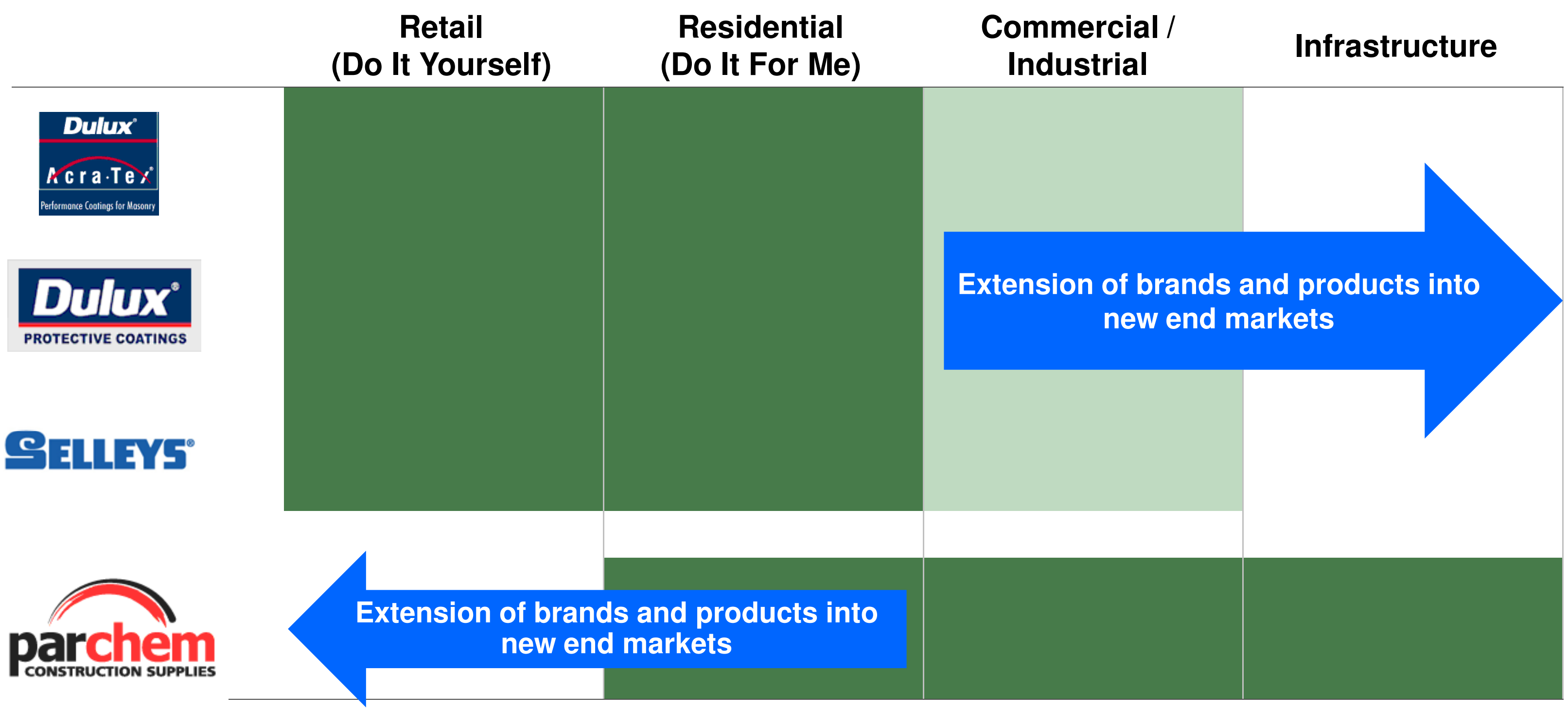
Niche Coatings and Adhesives (Asia)

- Building on our foothold position in China – Camel merger a key step
- Also seeking to build upon our existing positions in SE Asia
- Measured approach for the medium to longer term

Primary focus on Paint, Specialty Coatings & Adhesives complemented by adjacent "natural ownership" positions

Specialty coatings and adhesives: end-market extension opportunities



Dark green	Most of existing DuluxGroup* revenue (~85%)
Light green	Smaller component of DuluxGroup* revenue (~15%)

* Assumes completion of the Alesco acquisition

Alesco update

- DuluxGroup relevant interest and Institutional Acceptance Facility (IAF) acceptances at 79.2%
- Draft tax ruling requested by 14 November
- Objective is to have acceptances approaching 90% (including IAF acceptance instructions and index funds) as soon as possible. The Alesco Board may then determine an additional fully franked dividend of up to $0.27 per Alesco share
- DuluxGroup aims for accepting shareholders to receive payment pre-Christmas. This requires remaining shareholders to accept as soon as possible
- Integration planning has commenced
- Impact on 2013 result is dependent on acceptances, timing of completion and phasing of Alesco earnings – update by DuluxGroup 2013 half year result
- Current expectation is that excluding transaction and acquisition integration costs, the acquisition will be earnings per share accretive in the first full year of ownership

Outlook

- We aim to continue to outperform in relatively subdued paint markets in Australia
- Further modest growth is expected in New Zealand markets and we are well-positioned to benefit from this
- We will seek to improve Selleys Yates margins following the strategically important range review outcomes
- Market conditions are expected to remain soft in the near term in China, with longer term remaining positive
- Continued internal focus on cost control and efficiency initiatives

Subject to economic conditions and excluding any transaction costs associated with the bid for Alesco, we expect 2013 DuluxGroup net profit after tax for existing business to be higher than like for like net profit after tax for 2012 ($79.6M)

Questions

Appendices

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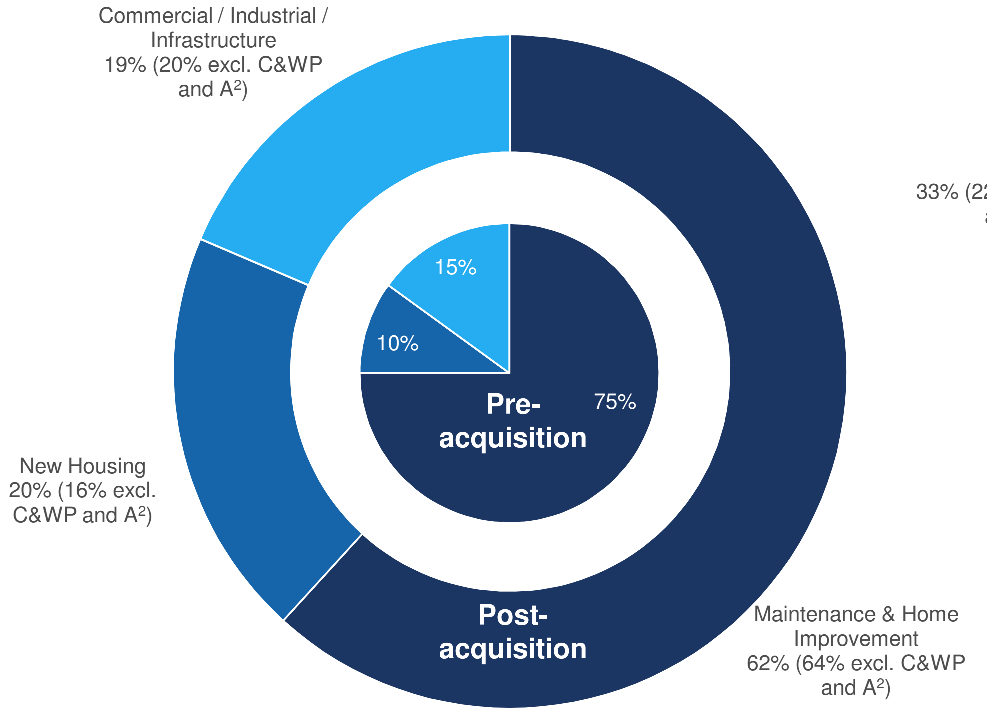
Definitions of non-IFRS terminology

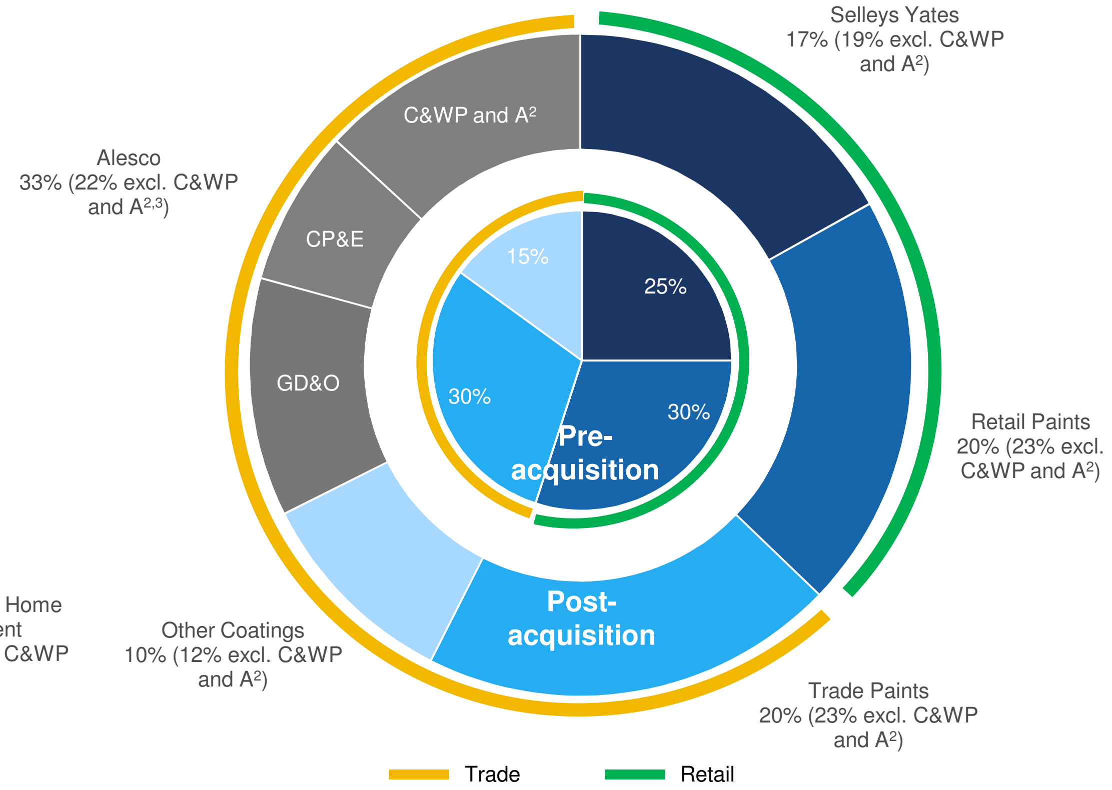
- Acquisitions/disposals represents payments for purchase of businesses and controlled entities, investments in listed equity securities and proceeds from sale of property, plant and equipment
- Average net interest rate is calculated as net interest expense as a percentage of average daily debt
- Capital expenditure represents payments for property, plant and equipment and payments for intangible assets
- Cash conversion is calculated as EBITDA less insurance uplift, Alesco costs and Alesco dividend, add/less movement in working capital and other non cash items, less minor capital spend, as a percentage of EBITDA less insurance uplift, Alesco costs and Alesco dividend
- EBIT is the equivalent of profit from operations in the Appendix 4E
- EBITDA is calculated as EBIT plus depreciation and amortisation
- Equity share of EBIT is calculated as EBIT less non-controlling interest in EBIT
- Interest cover is calculated using like for like EBIT, divided by net interest expense
- Minor capital expenditure is capital expenditure on projects under A$5M
- Net debt is calculated as interest bearing liabilities, less cash and cash equivalents
- Net debt : EBITDA is calculated by using period end net debt divided by reported EBITDA
- Net interest expense is equivalent to net finance costs in the Appendix 4E
- Non trade working capital is equivalent to the sum of non trade debtors (represents the ‘other receivables’ portion of ‘trade and other receivables’, and ‘other assets’ per Appendix 4E); non trade creditors (represents the ‘other payables’ portion of ‘trade and other payables’, per Appendix 4E) and total provisions (excluding tax provisions), per Appendix 4E
- nm = not meaningful
- Operating cash flow is calculated as EBITDA, add/less movements in working capital and other non cash items, less income tax and interest paid
- Other non cash refers to non cash items within the other line items in the cash flow statement
- Recordable Injury Rate is calculated as the number of injuries and illnesses per 200,000 hours worked
- Renewal/growth capital expenditure is capital expenditure on projects over A$5M
- Rolling TWC to sales is calculated as a 12 month rolling average trade working capital, as a percentage of annual sales
- Share capital movements represents proceeds from issue of ordinary shares, payments for shares bought back as treasury shares for LTEIP and ESIP plans and proceeds from employee share plan repayments
- Trade Working Capital (TWC) is the sum of trade receivables plus inventory, less trade payables

Revenue profile – with and without Alesco

Typical DuluxGroup pro forma sector exposure[1]



Typical DuluxGroup pro forma revenue[1]



Note: the above is unaudited

1. Based on FY11 revenue from Alesco FY11 Annual Report and DuluxGroup FY11 Annual Report. Post-acquisition revenue excludes DuluxGroup estimates of Parbury and Dekorform revenue.
2. Cabinet & Window Products and Appliances.
3. Note: Appliances division has some retail exposure.

Source: DuluxGroup company reports, Alesco company reports.

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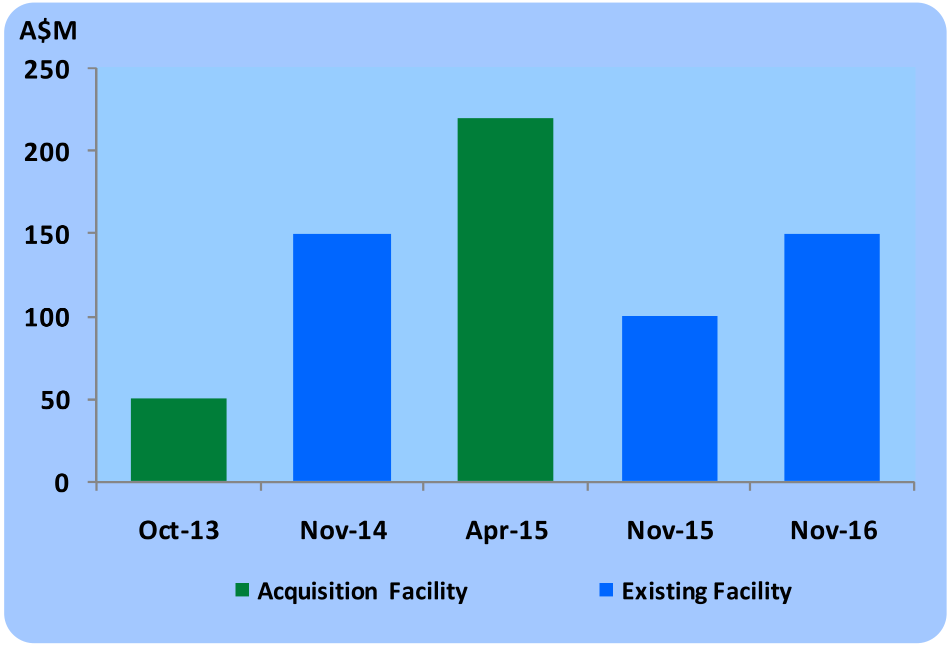
Impact of Queensland Flood

Year ended 30 September (A$M)	*H1 2012*	*H2 2012*	*FY 2012*
Insurance uplift calculation			
Insurance income recognised in 2012 Profit and Loss	15.0	-	15.0
less ... 2012 Profit and Loss impact (P&L costs)	(7.3)	-	(7.3)
Net Profit and Loss insurance uplift	**7.7**	**-**	**7.7**
Flood impact in 2012 (before insurance income)			
2012 Profit and Loss impact (P&L costs)	(7.3)	-	(7.3)
less ... 2012 Capital expenditure on replaced assets	(4.8)	(0.8)	(5.5)
Total 2012 impact before insurance income	**(12.1)**	**(0.8)**	**(12.8)**

Debt maturity profile including acquisition facility

Debt Facility Maturity Profile



- Tranche A ($100M) of the existing facility was extended at DuluxGroup's option on 5 October 2012 and now expires in November 2015. This extension is reflected in the graph
- Upon completion of the Alesco bid, pro-forma leverage (net debt : EBITDA) is expected to be approximately 2.4x. Our intention is to reduce this to below 2.0x over time