DuluxGroup

2014 Full Year Results Announcement

12 November 2014

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Result Overview 1

Key outcomes

- NPAT before non-recurring items[1] up 21.4% to $111.9M
- Pro forma revenue growth of 3.6% to $1.61B
- Pro forma EBIT growth (excluding non-recurring items) of 12.0% to $183.8M, with growth achieved in all operating segments
- Operating cash flow up 7.2%, with cash conversion at 84% (both before non-recurring items)
- Net debt to EBITDA at 1.53 times, compared to 1.98 times at September 2013
- Final dividend of 10.5 cents, fully franked, taking the total dividend to 20.5 cents, up 17.1%

Numbers in this presentation are subject to rounding

[1] NPAT before non-recurring items – represents net profit after tax, excluding the non-recurring items outlined on page 15. Directors believe that the result excluding these items provides a better basis for comparison from year to year.

Refer to Appendix for definitions

DuluxGroup financial performance

Full year ended 30 September (A$M)	*2014 Actual*	*2013 Actual*	*% ↕*	
Sales	**1,611.5**	1,484.6	*8.5*	↑
EBIT	**175.1**	124.9	*40.2*	↑
Net profit after tax (NPAT)	**104.5**	75.0	*39.4*	↑
Operating cashflow	**120.2**	118.2	*1.7*	↑
EBIT before non-recurring items [1]	**183.8**	153.9	*19.4*	↑
NPAT before non-recurring items [1]	**111.9**	92.2	*21.4*	↑
Operating cashflow before non-recurring items [1]	**143.5**	133.8	*7.2*	↑
Net debt	**345.7**	388.7	*11.1*	↓
Net debt to EBITDA	**1.53**	1.98	*22.7*	↓
Total dividend per share (cents)	**20.5**	17.5	*17.1*	↑

- **Sales, EBIT and NPAT include Alesco for ten months in 2013, and both years are impacted by non-recurring items**
- **NPAT growth before non-recurring items of 21.4%**
- **Net Debt: EBITDA improving from 1.98 times at September 2013**
- **Total dividends up 17.1% to 20.5 cents per share, fully franked**

[1] EBIT before non-recurring items represents reported 'profit from operations' less non-recurring items (refer page 15 for details of non-recurring items). These figures are not extracted from the Appendix 4E. NPAT before non-recurring items represents profit for the year attributable to ordinary shareholders of DuluxGroup Limited, adjusted for the same items. Operating cash flow before non-recurring items represents 'net cash inflow from operating activities' adjusted for the cash component of these items.

Result: Sales and EBIT

Full year ended 30 September (A$M)	*2014 Actual*	*2013 Actual*	*% ↕*
Sales revenue			
Sales revenue as reported	**1,611.5**	1,484.6	*8.5* ↑
add pro forma adjustment for Alesco businesses	-	87.1	*nm*
less Robinhood sales	-	(16.7)	*nm*
Pro forma sales revenue	**1,611.5**	1,555.0	*3.6* ↑
EBIT			
EBIT as reported	**175.1**	124.9	*40.2* ↑
add pro forma adjustment for Alesco businesses	-	8.4	*nm*
add Robinhood EBIT loss	-	1.7	*nm*
Pro forma EBIT, including non-recurring items	**175.1**	135.0	*29.7* ↑
less non-recurring items (costs)	**8.7**	29.0	*nm*
Pro forma EBIT, excluding non-recurring items	**183.8**	164.1	*12.0* ↑

- **Statutory results in 2013 included ten months of Alesco.**
- **In order to provide a better comparison, pro forma results for 2013 are presented excluding non-recurring items**

Safety & Sustainability

Rolling 12 months		*September 2014*	*September 2013*
Recordable Injury Rate - Total Group	✓	1.53	1.81
Near Miss (Hazard) Reporting [1]	✓	+ 17%	+ 15%
Waste Generation (% change) [1]	✓	- 14%	- 15%
Water Consumption (% change) [1]	✓	- 12%	no change

- **Continued progress on balanced strategy of fatality prevention, process safety, personal injury reduction and sustainability**
- **Significant progress made this year in raising key fatality risk standards**
- **Good progress in product stewardship program**
- **Continued improvement in lead indicators**

[1] These measures exclude statistics for the acquired Alesco businesses, and for September 2013 vs. prior year, the Camel business.

Segment Performance 2

Segment EBIT (before non-recurring items)

Full year ended 30 September (A$M)	*2014 Actual*	*2013 Actual*	*% ↕*
Paints & Coatings ANZ	**138.9**	123.9	*12.1* ↑
Consumer & Construction Products ANZ [1]	**29.8**	28.9	*3.1* ↑
Garage Doors & Openers [1]	**18.2**	17.4	*4.6* ↑
Cabinet & Architectural Hardware [1]	**8.9**	7.1	*25.4* ↑
Other businesses [2]	**12.2**	9.1	*34.1* ↑
Pro forma Business EBIT [1 2]	**208.1**	186.6	*11.5* ↑
Corporate [3]	**(24.3)**	(22.5)	*(8.0)* ↓
Total pro forma EBIT, excl. non-recurring items	**183.8**	164.1	*12.0* ↑

[1] 2013 represents reported 'profit from operations' for each segment, less one-off PPA adjustments applicable to that segment, add two months of earnings (October and November 2012) to enable a like-for-like comparison. Figures are not directly extracted from the Appendix 4E.
[2] Results exclude Robinhood in 2013 and impairment expense in both 2013 and 2014.
[3] Both 2014 and 2013 represent reported 'loss from operations' relating to the Unallocated segment, which is total Corporate, less non-recurring items relating to Corporate. In 2014, these are Alesco integration costs incurred and the reversal of an excess NZ OCN tax provision. In 2013, these are Alesco integration/transaction costs incurred , one-off PPA adjustments relating to Corporate and the gain on sale of O'Connor, adding two months of costs (October and November 2012) to enable a like-for-like comparison. Figures are not directly extracted from the Appendix 4E.

Paints and Coatings ANZ

Full year ended 30 September (A$M)	2014 Actual	2013 Actual	%	↕
Sales	**821.6**	774.2	*6.1*	↑
EBITDA	**156.5**	140.6	*11.3*	↑
EBIT	**138.9**	123.9	*12.1*	↑
EBIT margin	***16.9%***	*16.0%*	*0.9 pts*	↑

- **Market volume grew around 4% in both Australia and New Zealand.**
- **In the Australian decorative paint market, existing homes (75% of market volume) grew ~2.5%, new housing (20%) ~10% and commercial (5%) ~3.5%**
- **Share generally held in Australia in target end markets, with a small decline overall (disproportionate new housing market growth a key driver)**
- **In New Zealand, overall share was flat**
- **Margin improvement due to profitable end market focus, some input cost benefit (first half), procurement benefits, and continued cost control, but with ongoing investment**

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Consumer and Construction Products ANZ

Full year ended 30 September (A$M)	*2014*	*2013*	*%*	↕
Pro forma results (12 months in 2013) [1]				
Sales	**265.9**	267.0	*(0.4)*	↓
EBITDA	**33.8**	33.1	*2.1*	↑
EBIT	**29.8**	28.9	*3.1*	↑
EBIT margin (%)	***11.2%***	*10.8%*	*0.4 pts*	↑
Statutory results (10 months in 2013)				
Sales	**265.9**	243.2	*9.3*	↑
EBITDA	**33.8**	29.9	*13.0*	↑
EBIT	**29.8**	26.2	*13.7*	↑

- **Selleys grew sales in both Australia and New Zealand and also grew EBIT**
- **Parchem's pro forma revenue was adversely impacted by declines in engineering construction markets. EBIT declined slightly, with procurement and fixed cost savings largely offsetting revenue declines**

[1] Excludes non-recurring items in 2013

Garage Doors and Openers

Full year ended 30 September (A$M)	*2014*	*2013*	*%*	↕
Pro forma results (12 months in 2013) [1]				
Sales	**169.8**	160.5	*5.8*	↑
EBITDA	**24.5**	24.0	*2.1*	↑
EBIT	**18.2**	17.4	*4.6*	↑
EBIT margin (%)	***10.7%***	*10.8%*	*(0.1) pts*	↓
Statutory results (10 months in 2013)				
Sales	**169.8**	130.4	*30.2*	↑
EBITDA	**24.5**	17.8	*37.6*	↑
EBIT	**18.2**	12.3	*48.0*	↑

- **Pro forma revenue grew due to market growth, strategically aligned customer share gains and price management to mitigate input cost pressures**
- **Pro forma EBIT growth despite the prior year including insurance gain of $0.7M. Excluding this, pro forma EBIT grew 8.9%**

[1] Excludes non-recurring items in 2013

Cabinet and Architectural Hardware

Full year ended 30 September (A$M)	2014	2013	% ↕	
Pro forma results (12 months in 2013) [1]				
Sales	**159.6**	147.1	*8.5*	↑
EBITDA	**11.4**	9.2	*23.9*	↑
EBIT	**8.9**	7.1	*25.4*	↑
EBIT margin (%)	***5.6%***	*4.8%*	*0.8 pts*	↑
Statutory results (10 months in 2013)				
Sales	**159.6**	117.6	*35.7*	↑
EBITDA	**11.4**	5.9	*93.2*	↑
EBIT	**8.9**	4.1	*117.1*	↑

- **Pro forma revenue growth driven by market growth and share gains, particularly in cabinet hardware**
- **Pro forma EBIT growth and margin improvement achieved despite unfavourable foreign exchange impacts on cost of goods**

[1] Excludes non-recurring items in 2013

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Other businesses

Full year ended 30 September (A$M)	2014	2013	%	↕
Excluding Robinhood and China impairment				
Sales	**207.7**	219.2	*(5.2)*	↓
EBITDA	**15.4**	12.9	*19.4*	↑
EBIT	**12.2**	9.1	*34.1*	↑
EBIT margin (%)	***5.9%***	*4.2%*	*1.7 pts*	↑
Excluded items				
Robinhood EBIT	**-**	(1.7)	*nm*	-
Robinhood loss on sale	**-**	(1.1)	*nm*	-
China impairment - 100%	**(9.2)**	(18.5)	*nm*	-
China impairment - equity share	**(9.2)**	(10.2)	*nm*	-

- **Yates EBIT grew due to a focus on premium product mix initiatives delivering improved margins, and despite an increased investment in marketing**
- **DGL Camel China EBIT improved driven by margin improvement and following the disposal of the Opel Woodcare business in the first half of the year**
- **EBIT for the Papua New Guinea business was unfavourably impacted by a lower kina, and a soft market, particularly in the first half. Second half earnings improved compared to 2013**

Other Financial Information 3

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Corporate costs

Full year ended 30 September (A$M)	*2014 Actual*	*2013 Pro forma*	*% ↕*
Corporate costs	**(24.3)**	(22.5)	*(8.0)* ↓

- **Increase due to the fringe benefits tax relating to debt forgiveness for relevant corporate employees on the close-out of the inaugural 2010 Long Term Equity Incentive Scheme ($1.5M) and share matching costs of the Employee Share Investment Plan ($0.9M), partially offset by further Alesco corporate cost synergies**
- **Changes in accounting standards have impacted the accounting treatment of the Group's defined benefit superannuation scheme (reflected in both years)**

Explanation of non-recurring items

Full year ended 30 September (A$M)	*EBIT*	*NPAT*	*Op. Cash*
2014			
Alesco integration costs	**(5.3)**	**(3.7)**	**(5.9)**
Reversal of excess NZ OCN tax provision	**5.9**	**5.5**	**(8.4)**
China impairment - equity share	**(9.2)**	**(9.2)**	**-**
Sale of Opel Woodcare [1]	**-**	**-**	**(9.0)**
Total	**(8.7)**	**(7.4)**	**(23.3)**
2013			
Non-recurring Alesco PPA adjustments	(1.7)	(1.2)	-
Alesco transaction/ integration costs	(15.9)	(12.6)	(15.7)
Robinhood loss on sale	(1.1)	(1.3)	-
Gain on sale of O'Connor site	8.1	8.1	-
China impairment - equity share	(10.2)	(10.2)	-
China impairment - non-controlling interest share [2]	(8.3)	-	-
Total	(29.0)	(17.2)	(15.7)

[1] Proceeds from the sale of Opel Woodcare are contained within investing cash flows and more than offset the costs associated with the sale.
[2] The non-controlling interests' EBIT share of the China impairment charge in 2013 is $8.3M. This is eliminated via non-controlling interests at the NPAT level.

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Capital management – key measures

Balance Sheet (A$M)	*Sept-14 Actual*	*Sept-13 Actual*
Net debt	**345.7**	388.7
Proforma Rolling TWC to sales	**15.1%**	15.0%
Net Debt: EBITDA (times) [1]	**1.53**	1.98
EBIT Interest cover (times) [1]	**7.0**	5.5

Cash Flow and P&L (A$M)	*Sept-14 Actual*	*Sept-13 Actual*
Operating cash flow excl. non-recurring items	**143.5**	133.8
Cash conversion excl. non-recurring items	**84%**	85%
Net interest expense	**26.2**	28.1
Average net interest rate	**5.8%**	6.0%

Key metrics strong

[1] EBITDA and EBIT have been adjusted for non-recurring items in both years and are calculated on a pro forma basis. The calculation of Net Debt: EBITDA (times) is calculated by taking closing net debt (2014 net debt is adjusted to include the asset balance relating to the cross currency interest rate swap established to hedge the USD currency and interest rate exposures relating to the USPP) as a percentage of adjusted pro forma EBITDA.

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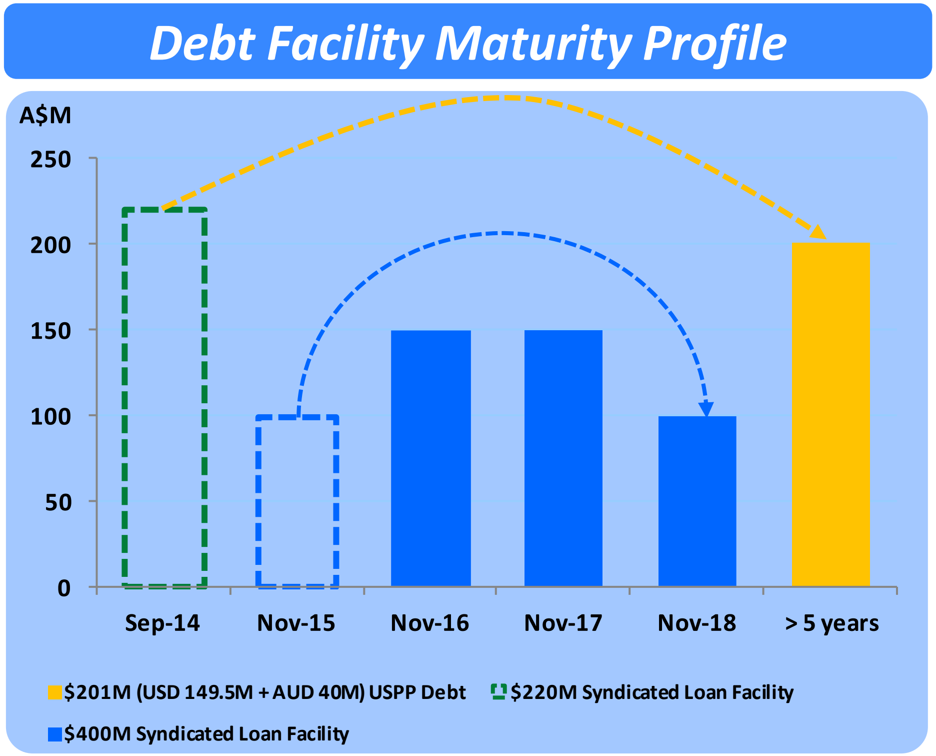
Debt facility maturity profile



- In September 2014, DuluxGroup received the proceeds from the USPP bond transaction (USD149.5M and AUD40M), and subsequently cancelled its AUD220M syndicated loan facility.
- The USPP Bond comprises four tranches which mature in Sept 2021 (USD37.5M), Sept 2024 (USD37.5M and AUD40M) and Sept 2026 (USD74.5M).
- DuluxGroup has fully hedged the foreign exchange exposure relating to the USPP Bond (both the USD principal and USD coupon payments) using a series of cross currency interest rate swap derivative transactions.
- In October 2014, DuluxGroup extended the AUD100M tranche under its AUD400M syndicated loan facility from Nov 2015 to Nov 2018.

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Cash flow

Full year ended 30 September (A$M)	*2014 Actual*	*2013 Actual*	*$*	*↕*
Cash flow before non-recurring items	**143.5**	133.8	*9.7*	↑
Non-recurring items	**(23.3)**	(15.7)	*(7.7)*	↓
Net operating cash flows	**120.2**	118.2	*2.0*	↑
Capital expenditure	**(30.6)**	(28.9)	*(1.6)*	↓
Acquisitions	**(0.2)**	(145.4)	*145.1*	↑
Disposals	**11.2**	12.5	*(1.2)*	↓
Dividends received	**0.3**	0.3	-	↔
Net investing cash flows	**(19.3)**	(161.6)	*142.3*	↑
Share capital movements	**6.8**	1.0	*5.8*	↑
Dividends paid	**(48.9)**	(38.2)	*(10.7)*	↓
Financing cash flows before debt movements	**(42.1)**	(37.2)	*(4.9)*	↓

- **Non-recurring items impacted operating cash flow in both years**
- **Capital expenditure for 2014 includes a full year of Alesco business capital spend**
- **Disposals in 2014 largely reflects the sale of the Opel business in China**

Capital expenditure

Capital expenditure (A$M)	*Full Year 2014 Actual*	*Full Year 2013 Actual*	*Full Year 2015 Outlook*
Minor capital expenditure	30.6	28.8	29-32
Renewal / growth capital expenditure	-	0.1	
Total capital expenditure	**30.6**	**28.9**	
Depreciation and amortisation	35.2	32.3	35-37

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Alesco Progress – Two years on

- Acquisition enterprise value (EV) of ~$260M (equity plus debt) and total cost of ~$290M (including transaction and integration costs, NZ OCN tax settlement and Robinhood sale)
- $9M cost synergies achieved – largely corporate costs, shared services and procurement
- Price and performance represents attractive metrics
  - FY14 EBITDA multiple of less than 6x on the EV and slightly over 6x on total cost
  - EBIT return on EV ~14%
- Integration is largely complete: finance shared services, IT, supply chain, safety
- Some systems integration remains – will be completed progressively over next ~2 years within existing operating cost and capex budgets

Strategic Growth Priorities 4

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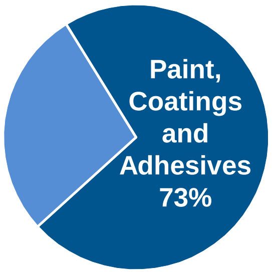
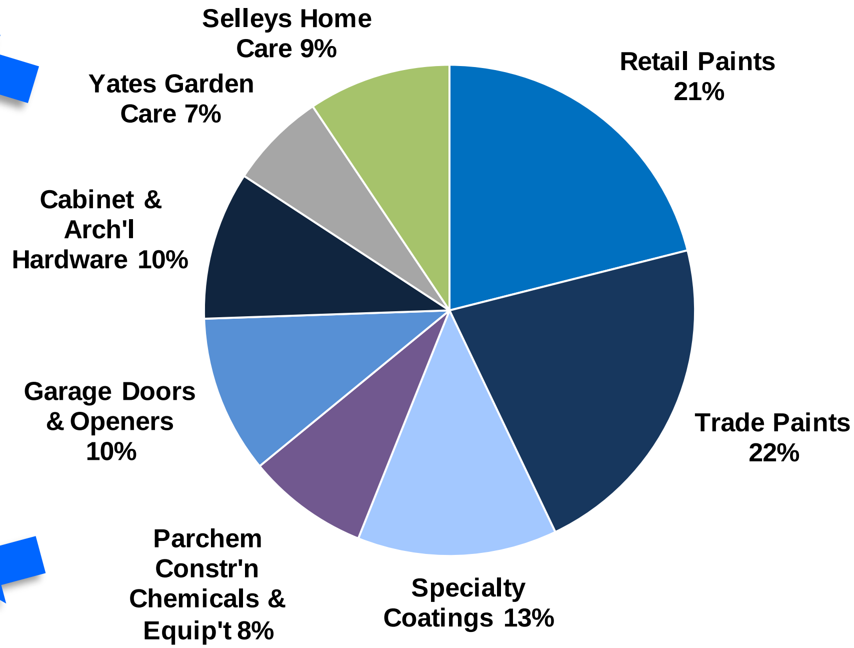
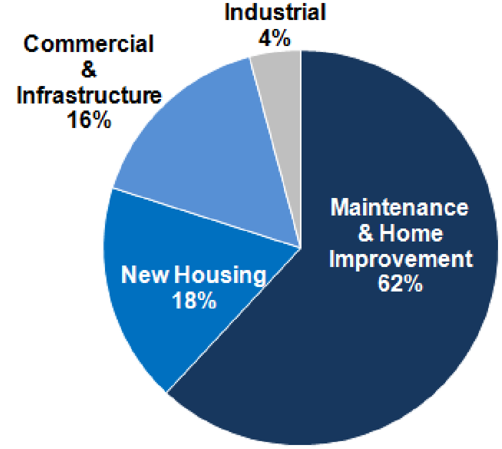
Products, channels and end-markets. Over 60% of business related to the existing home segment



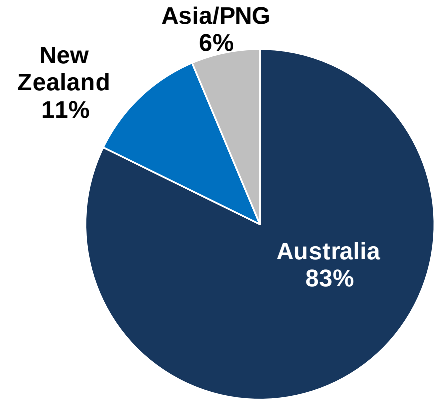
Product and Channels



End Markets



Geography



Note: Based on 2014 revenue

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 primarily on residential homes (bias to larger, higher value and more profitable existing home segment)
- Extend into the wider construction chemicals and specialty coatings markets

Paints & Coatings ANZ | Consumer & Construction Products | Papua New Guinea

+

Capability-led Home Improvement (ANZ)

- Focused on premium, branded consumer products for residential home improvement
- Value-add through leveraging existing "go-to-market" capabilities (e.g. premium brand consumer marketing, retail hardware expertise, trade distribution model – stores, tradesmen, specification)

Garage Doors & Openers | Cabinet & Architectural Hardware | Yates Garden Care

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Offshore Coatings and Adhesives

- Grow our positions in China and SE Asia
- Consider growth opportunities in other markets as they arise

China | South East Asia

Operating segment

Part of 'Other Businesses' segment

Underpinned by brands, innovation and customer service

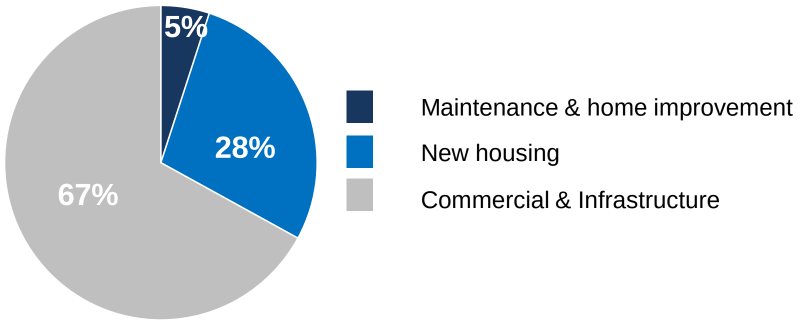
DuluxGroup’s Near Term Strategic Initiatives

Extend market leadership	■ Continuing to invest in our business fundamentals of marketing and innovation, sales and distribution effectiveness and customer service to earn greater profitable market share ■ Cost and pricing discipline to maintain margins
Alesco upside delivery	■ Step up marketing, sales and systems investment
Lock down medium term growth	■ Continue execution of construction chemicals growth ■ Granular growth at SBU level supported by strategic M&A where appropriate ■ Continue to develop China and Asia for the longer term ■ Explore other capability led home improvement and offshore growth opportunities
Pursue business improvement opportunities	■ Margin improvement projects ■ Manufacturing and supply chain growth, capability and risk management projects
Maximise organisational leverage	■ Sharing group capabilities (e.g. consumer engagement, retail hardware channel management, trade distribution optimisation, supply chain scale and excellence) whilst maintaining business autonomy ■ Continued “fit for purpose” approach to processes, systems and costs

Alesco progress – Parchem Construction Products

- Restructured into national end-market focused commercial teams
  - Structural & remediation construction chemicals
  - Trade construction chemicals
  - Decorative concrete
  - Tools & equipment
- Alignment with Selleys in core sealants and adhesives
- Several new technology product launches
- Extension of DuluxGroup sales, specification and project tools and processes into the Parchem business
- Significantly improved safety performance

End Markets



Waterproofing

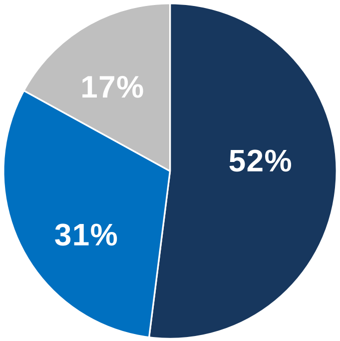
Fire and acoustic rated sealants

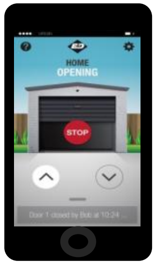
Infrastructure coatings

Alesco progress – B&D Garage Doors & Openers

- Investment in the B&D brand through television advertising in 2014 continues to build its leadership position with home owners
- Building a stronger footprint of highly branded accredited dealers with inspirational product selection showrooms during 2014
- Driving innovation through consumer led new product development during the year

End Markets





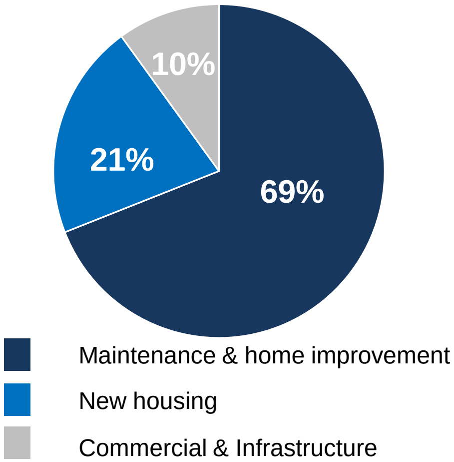
INSUL-SHIELD™

Luxe™ DESIGN

Alesco progress - Cabinet & Architectural Hardware

- Arrested multi-year sales decline
  - Strong growth in Blum products
  - New cabinet hardware products to market
  - Innovative marketing programs
- Shaping the business for growth
  - Re-structured business
  - Strengthened sales & service capabilities

End Markets



Display at the AWISA trade show

Updated catalogues

'Finista' own brand products

Outlook

- The markets in which DuluxGroup operates in Australia and New Zealand remain generally positive, with primary exposure (62% of DuluxGroup revenue) to the resilient and more profitable existing homes segment
- New housing (18% of DuluxGroup revenue, late cycle) particularly strong, albeit lower margin segment where share is likely to remain limited, due to pricing discipline and 'top end' focus
- Engineering and infrastructure markets are expected to be weaker in Australia
- China growth expectations have tempered – our markets expected to be relatively soft
- PNG is likely to continue to experience softness
- Input cost increases generally in line with inflation

Subject to economic conditions and excluding non-recurring items, we expect that 2015 net profit after tax will be higher than the 2014 equivalent of $111.9M

Questions

Appendices

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, adjusted for discounting of provisions
- Capital expenditure represents payments for property, plant and equipment and payments for intangible assets
- Cash conversion is calculated as EBITDA less non-recurring items, add/less movement in working capital and other non cash items, less minor capital spend, as a percentage of EBITDA less non-recurring items
- EBIT is the equivalent of profit from operations in the Appendix 4E
- EBIT Margin is calculated as EBIT as a percentage of sales revenue
- EBITDA is calculated as EBIT plus depreciation and amortisation
- 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 year end net debt (adjusted to include the asset balance relating to the cross currency interest rate swap established to hedge the USD currency and interest rate exposures relating to the USPP) divided by pro forma EBITDA before non-recurring items
- Net interest expense is equivalent to net finance costs in the Appendix 4E
- Net profit after tax represents Profit for the year attributable to ordinary shareholders of DuluxGroup Limited per the Appendix 4E
- Non-recurring items are outlined within the presentation
- 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