DuluxGroup

2012 Half Year Results Announcement

14 May 2012

Imagine a better place

Result Overview 1

DuluxGroup
Imagine a better place

Key outcomes

- Revenue growth despite relatively subdued underlying markets
- Net profit after tax slightly ahead of prior year on a like-for-like basis[1], despite cost increases
- Australian market leadership position enhanced
- Flood recovery completed with a satisfactory insurance outcome
- Establishment of China joint venture, with integration well-progressed
- Lower interest rate following renegotiation of debt facility in November 2011
- 19.96% stake in Alesco Corporation Limited (Alesco) acquired and takeover bid announced

[1] Net profit after tax and non-controlling interest excluding the following one-off items: tax consolidation adjustment ($3.2M gain) and the insurance 'uplift' gain ($5.4M net of tax – figure not directly extracted from Appendix 4D) in 2012; tax consolidation adjustment ($9.4M gain) in 2011.

DuluxGroup financial performance

Half year ended 31 March (A$M)	*2012 Actual*	*2011 Actual*	*% ↕*	
Sales	**528.5**	491.2	*7.6*	↑
Other Income	**16.6**	26.6	*(37.6)*	↓
Total EBIT before insurance uplift [2]	**64.5**	67.0	*(3.7)*	↓
Total EBIT	**72.2**	67.0	*7.8*	↑
Net profit after tax and non-controlling interests	**47.9**	48.7	*(1.6)*	↓
NPAT pre one-off items [1]	**39.4**	39.3	*0.3*	↑
Operating cashflow	**51.4**	47.8	*7.7*	↑
Net debt	**223.7**	190.6	*17.4*	↑

- **Sales growth ~3% excluding estimated prior year flood impact (2-3%) and our partner's 49% share of DGL Camel International China's sales (~2%)**
- **EBIT includes 100% of the China result. EBIT before insurance uplift and excluding our partner's 49% of China was down 1.2%**
- **Like-for-like adjusted NPAT[1] slightly ahead of prior year**
- **Interim dividend of 7.5 cents per share (fully franked)**

[1] Net profit after tax and non-controlling interest excluding the following one-off items: tax consolidation adjustment ($3.2M gain) and the insurance 'uplift' gain ($5.4M net of tax – figure not directly extracted from Appendix 4D) in 2012; tax consolidation adjustment ($9.4M gain) in 2011.

[2] For 2012 represents reported 'profit from operations' of $72.2M, less an insurance uplift of $7.7M resulting from the Queensland flood. This figure is not extracted from Appendix 4D.

DuluxGroup

Imagine a better place

Safety & Sustainability – 'A Future Without Harm'

		March 2012	*September 2011*
Recordable Injury Rate	✓	**1.42**	1.96
Near Miss (Hazard) Reporting	✓	**+9%**	+45%
Waste Generation (% change)	✓	**-12%**	+14%
Water Consumption (% change)	✓	**-6%**	-4%
Product Distribution Incidents	✓	**-**	1

- **Improvement in Recordable Injury performance so far this year**
- **Waste generation and water consumption good (prior year waste adversely impacted by Rocklea flood recovery works)**
- **Focus remains on key improvement strategies:**
  - Fatality Prevention; Personal Safety; Process Safety; and Sustainability

Segment Performance 2

Segment EBIT

Half year ended 31 March (A$M)	*2012 Actual*	*2011 Actual*	*% ↕*
Paints Australia (before insurance uplift) [1]	**51.5**	51.4	*0.2* ↑
Paints New Zealand	**4.9**	7.8	*(37.2)* ↓
Selleys Yates	**12.0**	12.9	*(7.0)* ↓
Offshore and Other	**2.9**	3.1	*(6.5)* ↓
Corporate costs	**(6.8)**	(8.2)	*17.1* ↑
Total EBIT before insurance uplift	**64.5**	67.0	*(3.7)* ↓
Paints Australia insurance uplift	**7.7**	-	*nm* ↑
Total reported EBIT	**72.2**	67.0	*7.8* ↑

- **The result includes 100% of the result for the 51%-owned China business**
- **EBIT, excluding insurance uplift and our partner's 49% share of China, was down 1.2%**

[1] 2012 represents reported 'profit from operations' of $59.2M, less an insurance uplift of $7.7M (figure not directly extracted from Appendix 4D) resulting from the Queensland flood.

Paints Australia

Half year ended 31 March (A$M)	*2012 Actual*	*2011 Actual*	*%*	↕
Sales	**310.2**	284.6	*9.0*	↑
EBITDA	**64.8**	56.2	*15.4*	↑
EBIT	**59.2**	51.4	*15.2*	↑
EBIT excluding insurance uplift [2]	51.5	51.4	*0.2*	↑
EBIT margin (excl. insurance uplift) (%) [1]	*16.6%*	*~ 17%*		↓

- **Sales growth over and above prior period flood impact (estimated at 4-5%) due primarily to share gains and price discipline in subdued markets**
- **Flood-related increase in fixed costs due to Glen Waverley site ($1.5M), higher depreciation ($0.9M) and higher insurance premiums**
- **Controllable costs well managed with continued investment in marketing and R&D**
- **Input costs (particularly titanium dioxide) increased greater than inflation**
- **Margins largely maintained despite the above pressures**

[1] EBIT margin is calculated by excluding the insurance uplift in 2012 and adding back the estimated value of lost sales due to the flood in 2011.
[2] 2012 represents reported 'profit from operations' of $59.2M, less an insurance uplift of $7.7M (figure not directly extracted from Appendix 4D) resulting from the Queensland flood.

Paints New Zealand

Half year ended 31 March (A$M)	2012 Actual	2011 Actual	%	↕
Sales	**38.0**	48.8	(22.1)	↓
EBITDA	**6.3**	8.8	(28.6)	↓
EBITDA margin (%)	***16.5%***	*18.0%*	*(1.5) pts*	↓
EBIT	**4.9**	7.8	(37.2)	↓
EBIT margin (%)	***12.9%***	*16.0%*	*(3.1) pts*	↓

- **Now a smaller sales business (as the prior year included flood recovery and protective coatings production for Australia, which have now ceased)[1]**
- **Base business revenue declined, largely due to market decline plus an impact from brand re-alignment in the retail channel**
- **Gross margin percentage and fixed costs were well controlled but EBIT margin was adversely impacted by smaller scale and increased depreciation charges**
- **Early signs of market improvement and Christchurch reconstruction activities**

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

DuluxGroup
Imagine a better place

Selleys Yates

Half year ended 31 March (A$M)	*2012 Actual*	*2011 Actual*	*%*	↕
Sales	**122.1**	122.0	*0.1*	↑
EBITDA	**13.8**	14.8	*(6.8)*	↓
EBITDA margin (%)	***11.3%***	*12.1%*	*(0.8) pts*	↓
EBIT	**12.0**	12.9	*(7.0)*	↓
EBIT margin (%)	***9.8%***	*10.6%*	*(0.7) pts*	↓

- **Market share gains for Yates offset by impact of prior year Selleys retail 'pipe fill', in flat markets for both Selleys and Yates**
- **Margin pressure due to input cost increases, particularly in Selleys, and product mix changes in Yates**
- **Fixed costs below prior year while investment in R&D and marketing increased**

Offshore and Other

Half year ended 31 March (A$M)	*2012 Actual*	*2011 Actual*	*% ↕*
Sales	**68.3**	53.7	*27.2* ↑
EBITDA	**5.0**	5.0	*1.3* ↑
EBITDA margin (%)	***7.4%***	*9.2%*	*(1.9) pts* ↓
EBIT	**2.9**	3.1	*(6.5)* ↓
EBIT margin (%)	***4.2%***	*5.8%*	*(1.5) pts* ↓
Equity share of EBIT [1]	*4.4*	*3.1*	*43.2* ↑

- **Segment result now includes 100% of the 51%-owned China business from Dec 2011**
- **PNG earnings grew, largely market-driven**
- **The mature Hong Kong market has been soft while the rate of growth has slowed slightly in the emerging China market, particularly in Shanghai**
- **EBIT result for China on equity share basis is slightly ahead of prior period**
- **Powder Coatings declined, attributable to market softness and 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 4D.

DuluxGroup
Imagine a better place

Other Financial Information 3

DuluxGroup
Imagine a better place

Corporate costs

Half year ended 31 March (A$M)	*2012 Actual*	*2011 Actual*	*%*	*↕*
Corporate costs	**(6.8)**	(8.2)	*17.1*	↑

- **Result includes one-off $1.1M foreign exchange gain and China transaction costs ($0.4M)**
- **Full year corporate costs expected to be broadly in line with prior period, excluding costs associated with the Alesco bid**

Capital management – key measures

Balance Sheet (A$M)	*Mar-12 Actual*	*Sept-11 Actual*
Net debt	**223.7**	222.1
Rolling TWC to sales	**12.8%**	12.1%
Net Debt: EBITDA (times)	**1.3**	1.4
Interest cover (times)	**6.1**	5.8

Cash flow and P&L (A$M)	*Mar-12 Actual*	*Mar-11 Actual*
Operating cash	**51.4**	47.8
Cash conversion	**80%**	85%
Net interest expense	**10.6**	10.9
Average net interest rate	**7.4%**	8.6%

TWC = Trade working capital. Refer to Appendix for definitions of ratios.

Cash flow

Half year ended 31 March (A$M)	*2012 Actual*	*2011 Actual*	*$ ↕*
EBITDA	**83.3**	76.6	*6.7* ↑
Trade working capital movement	**(3.3)**	7.7	*(11.0)* ↓
Non-trade working capital movement	**(5.4)**	(21.1)	*15.7* ↑
Other non cash	**(0.7)**	6.8	*(7.5)* ↓
Operating cash flows (before tax and interest)	**73.9**	70.1	*3.8* ↑
Income tax paid	**(14.2)**	(12.4)	*(1.8)* ↓
Interest paid	**(8.2)**	(9.9)	*1.6* ↑
Net operating cash flows	**51.4**	47.8	*3.7* ↑
Capital expenditure	**(13.4)**	(19.0)	*5.6* ↑
Acquisitions/disposals	**(2.0)**	(4.5)	*2.5* ↑
Net investing cash flows	**(15.4)**	(23.5)	*8.1* ↑
Share capital movements	**(7.4)**	1.5	*(8.9)* ↓
Dividends paid	**(27.5)**	(11.0)	*(16.5)* ↓
Financing cash flows before debt movements	**(34.9)**	(9.5)	*(25.3)* ↓
Net debt decrease/ (increase)	**(1.6)**	14.3	*(15.9)* ↓

Capital expenditure

Capital expenditure (A$M)	Half Year 2012 Actual	Half Year 2011 Actual	Full Year 2012 Outlook	Full Year 2011 Actual
Minor capital expenditure	5.9	4.0		13.5
Renewal / growth capital expenditure	2.7	13.8		23.1
Subtotal	**8.6**	**17.8**		**36.6**
Rocklea flood-related capital expenditure	4.8	1.2		17.5
Glen Waverley site	-	-		7.9
Total capital expenditure	**13.4**	**19.0**	**25-30**	**62.0**
Depreciation and amortisation	11.0	9.7	23-24	20.0

Tax expense – impacted by entry into tax consolidation

- Income tax expense $8.0M higher largely due to non-recurring benefits as a result of entry into Australian tax consolidation regime post-demerger. In the first half of 2012, a benefit of $3.2M was recorded, compared to a benefit in the first half of 2011 of $9.4M
- The tax rate excluding this adjustment was 30.0%, compared to 29.8% in 2011

Strategic Growth Priorities 4

Imagine a better place

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

Build on Aust, NZ and PNG market-leading positions

- Increased focus on driving category growth – long term trend is less than GDP
- Further profitable market share growth opportunities exist across all businesses
- Innovation, marketing and customer service are key drivers
- Maintain margins through appropriate pricing discipline and cost control

+

Logical Aust, NZ additions

- Bolt-on, cost synergy-driven M&A in existing categories
- Category expansion opportunities, leveraging existing channels (retail and trade), relationships and internal capabilities – an acquisition of Alesco is consistent with this

+

Asia for medium to long term growth

- 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

DuluxGroup aims to continue to deliver solid growth and strong cash flows from the existing businesses *and* develop and action further options for growth, in a measured low risk manner

Consistency of earnings continues to be underpinned by our well-established business fundamentals

Resilient markets	▪ Primary focus on residential (bias to existing homes) complemented by specialty technical positions in commercial and industrial markets
Leadership position	▪ Leading share and premium focus - brands, innovation & customer service
Product breadth	▪ Paint, specialty coatings, sealants, adhesives and related accessories, plus garden care adjacency
Channel breadth	▪ Broad distribution across retail channels and our trade network
Financial discipline	▪ Consistent margins and strong cash generation
People & culture	▪ Extensive industry experience and culture of delivery

The Alesco acquisition is aligned with these strengths

The acquisition of Alesco grows DuluxGroup's market leading positions in Australia and New Zealand by leveraging DuluxGroup's core strengths as expert marketers of premium branded products that go to market through extensive trade and consumer channels

	Garage Doors & Openers	Construction Products & Equipment
Resilient markets	▪ Local industry with limited imports ▪ Exposure to residential consumer markets with a significant proportion relating to existing homes	▪ Exposure to new end markets including infrastructure, commercial and industrial markets ▪ Technological expertise provides competitive advantage
Leadership positions	▪ Market leader in Australia ▪ Well known consumer brands	▪ Leading market position
Product breadth	▪ Consumer driven product with aesthetics and brand trust a key purchase driver ▪ Opportunity to leverage DuluxGroup brand and colour capability	▪ Logical extension to DuluxGroup's specialty adhesives and performance coatings
Channel breadth	▪ Largest accredited dealer network (over 100 accredited dealers[1]) ▪ Opportunity to leverage DuluxGroup's trade distribution network capability to build stronger dealer relationships	▪ Opportunity to extend DuluxGroup products into new end markets ▪ Opportunity to bring Parchem technology into DuluxGroup's retail and residential markets ▪ Leverage DuluxGroup's trade distribution network and capability
Financial discipline	▪ Expected to be EPS accretive in the first full year of ownership (excluding one-off transaction related costs) ▪ Synergy potential beyond corporate costs ▪ Post-transaction debt metrics to remain comfortable	

1. Source: Alesco website

Outlook

- We aim to continue to outperform in relatively subdued markets in Australia
- There are early signs of improvement in New Zealand and we are well-positioned to capitalise on market growth
- Selleys Yates margins are expected to remain under pressure, largely due to mix, given the recent strategically important range review outcomes
- In China, integration is progressing well and we will focus on growing the merged business
- Continued focus on mitigating input and operating cost increases through pricing discipline and cost control

Subject to economic conditions and excluding costs associated with the bid for Alesco, we expect 2012 DuluxGroup Adjusted NPAT[1] to be higher than that reported in 2011 ($77.6 million)

1. Adjusted NPAT (profit after tax and non-controlling interest, before tax consolidation adjustments and insurance uplift)

Questions

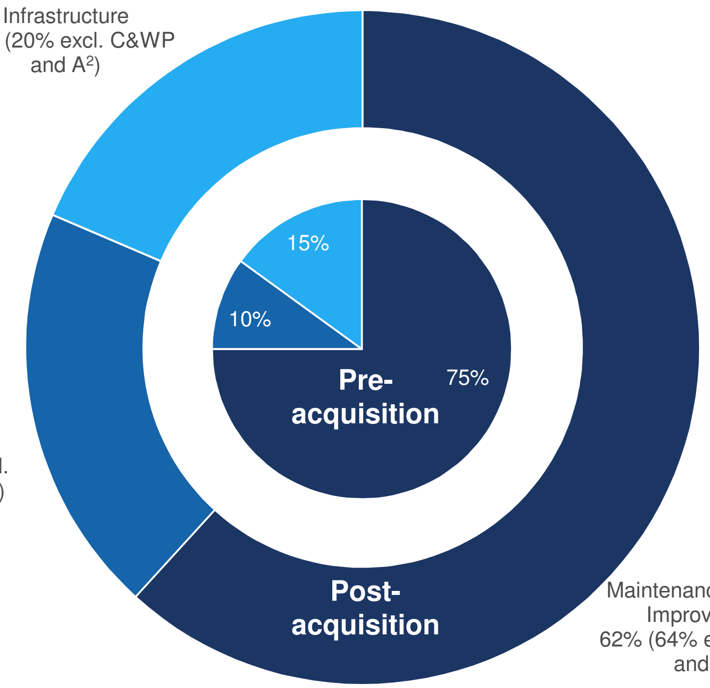
Appendices

Definitions of non-IFRS terminology

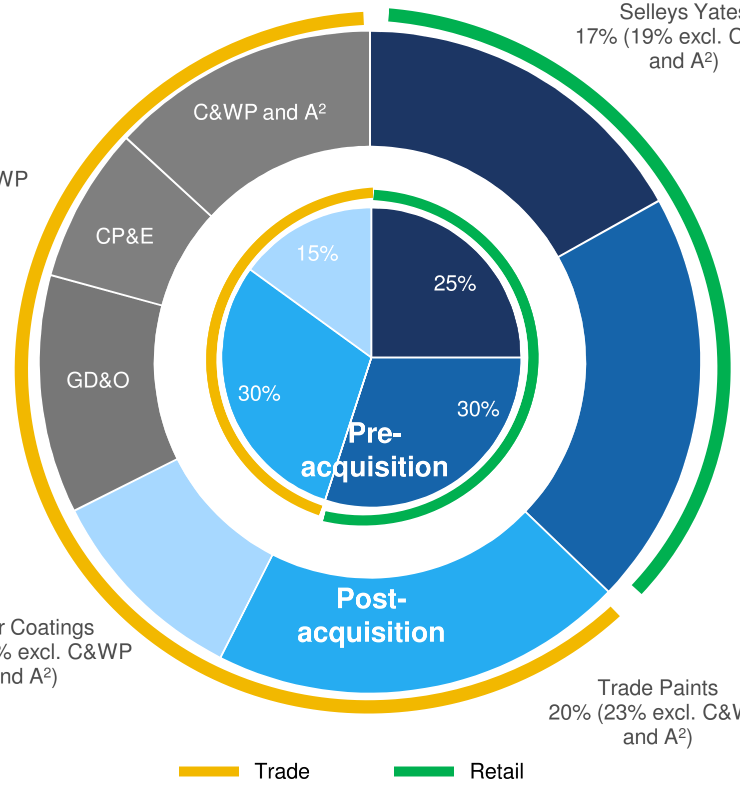
- Acquisitions/disposals represents payments for purchase of businesses and controlled entities and proceeds from sale of property, plant and equipment
- Average net interest rate is calculated as net interest expense as a percentage of average daily debt
- Capital expenditure represents payments for property, plant and equipment and payments for intangible assets
- Cash conversion is calculated as EBITDA excluding insurance uplift add/less movement in working capital and other non cash items, less sustenance capital spend, as a percentage of EBITDA excluding insurance uplift
- EBIT is the equivalent of profit from operations in the Appendix 4D
- 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 EBIT excluding insurance uplift, 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 annual EBITDA
- Net interest expense is equivalent to net finance costs in the Appendix 4D
- 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

Revenue profile – with and without Alesco

DuluxGroup pro forma sector exposure[1]



DuluxGroup pro forma FY11 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.

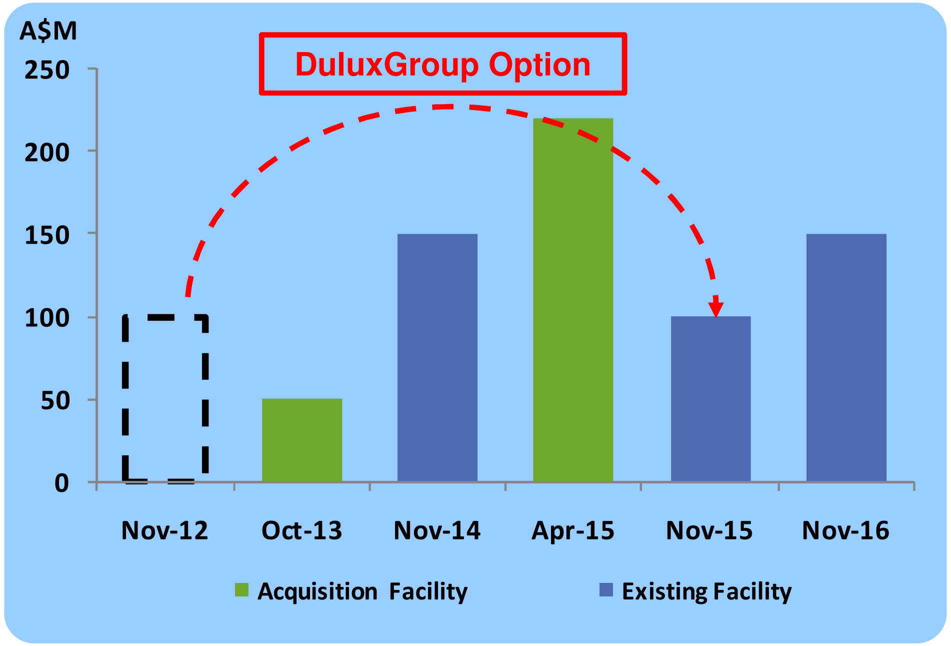
DuluxGroup
Imagine a better place

Impact of Queensland Flood

Half year ended 31 March (A$M)	*2012 Actual*
Insurance uplift calculation	
Insurance income recognised in 2012 Profit and Loss	15.0
less ... 2012 Profit and Loss impact	(7.3)
Net Profit and Loss insurance uplift	**7.7**
Flood impact in 2012 (before insurance income)	
2012 Profit and Loss impact (P&L costs)	(7.3)
less ... 2012 Capital expenditure on replaced assets	(4.8)
Total 2012 impact before insurance income	**(12.1)**

Debt maturity profile including acquisition facility

Debt Facility Maturity Profile



- Existing $400M facility was renegotiated in November 2011 as outlined in 2011 full-year results presentation
- The initial $100M tranche expires in November 2012, with a three year extension at DuluxGroup's option, which we intend to exercise
- A new $270M acquisition facility has been secured to fund DuluxGroup's bid for Alesco
- Assuming the Alesco bid is successful, 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