



NZX/ASX release

10 June 2014

2014 Financial Year Earnings Guidance Update

Nuplex Industries today announced a revision to its 2014 Financial Year earnings guidance, primarily due to Australia & New Zealand's (ANZ) weaker than expected performance in May and forecast for June.

Nuplex now expects earnings before interest, tax, depreciation and amortisation (EBITDA) for the 12 months ending 30 June 2014 to be between \$121 million and \$125 million. The updated guidance range continues to include net costs of \$2.4 million associated with implementing the ANZ re-organisation announced in February 2014. Nuplex had previously expected EBITDA to be at the lower end of its earnings guidance range of \$130 to \$145 million.

Net profit after tax (NPAT) attributable to equity holders of the parent company for the 2014 Financial Year, is expected to be of a similar level to what it was in the prior financial year, subject to any end of year accounting adjustments.

When compared to the previous guidance range, this revised guidance reflects;

- A weaker performance from **ANZ** in May and for the balance of the year as a result of further weakness in Australia. ANZ EBITDA will now be down approximately \$4 million when compared to previous expectations.
 - This revised forecast is being made following the May result which was impacted by margin pressure in coatings resins and the agency & distribution business, as well as adverse product mix in Masterbatch. Whilst volumes have been in line with expectations, management expects the margin pressures to continue.
 - When compared with the prior financial year, Nuplex expects ANZ Resins segment EBITDA to be down between 35 and 40% and the Australian and New Zealand focused Specialties segment EBITDA to be down between 45 and 50% primarily reflecting margin pressure in both segments.
- An adjustment relating to **foreign exchange rate movements**. An estimated negative foreign exchange impact of approximately \$2 million as a result of the strengthening of the New Zealand dollar over the past 5 months.
 - Previous guidance had been based on year to date average foreign exchange rates as of 31 December 2013 and this updated guidance reflects year to date average foreign exchange rates to 31 May 2014.
- **Accounting adjustments** of \$2.1 million as a consequence of the ANZ restructure.

In **Europe**, trading conditions have been better than management's expectations and improved over the past four months. Europe, the Middle East and Africa (EMEA) EBITDA is expected to be up between 15 and 20% year on year in local currency.

Asia has performed in line with management's expectation for steady growth and EBITDA is expected to be up between 10 and 15% year on year in local currency.

In the **Americas**, the business had been on track to deliver modest growth in EBITDA. However, following a recent loss of tolling volumes, EBITDA is now expected to be flat year on year in local currency.

Nuplex is confident it can maintain the dividend for the 2014 Financial Year in line with the prior year, given the underlying business performance and cash flow outlook for the next 6 to 12 months.

Nuplex's CEO Mr Severin said, 'It is disappointing to see the impact of ANZ's unexpected weaker performance, including the accounting adjustments, more than offset the improvement in EMEA and the steady growth in Asia. This is particularly so given May and June are historically strong trading months in Australia.

'As noted back in February, the outlook for ANZ was challenging. Since then, whilst volumes have been in line with internal forecasts, competitive pressures have impacted margins across the larger businesses. The re-organisation of the ANZ business units announced in February will be completed by June and the streamlining of the manufacturing network is on track. These programs will realise incremental benefits of approximately \$11 million in the next financial year.

'The improvement across EMEA has been broad and reflected a general increase in activity. In May, the \$9 million acquisition in Russia was completed. Our multinational customers were pleased to see us take this step alongside them, as they continue to build a presence in the Russian market.

'Asia continues to grow, and the capacity expansion projects are on budget and on track for commissioning later this year,' Mr Severin concluded.

Nuplex will release its results for the 2014 Financial Year on Thursday 14 August 2014.

Ends

A follow up management call will be held today at 12.00pm (NZST). There will be no formal presentation.

The briefing will be webcast via Nuplex's Investor Centre located on www.nuplex.com

For those wishing to participate in the call, please use the below teleconference details;

New Zealand dial-in:	0800 451 488
Australia dial-in:	1 800 102 050
International dial-in:	+61 2 8214 9600
Conference ID:	1864509

For more information, please contact:

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