



NZX/ASX release

22 October 2014

**Nuplex to sell agency & distribution and
masterbatch businesses for A\$127.5 million**

- Nuplex agrees to sell its agency & distribution business, Nuplex Specialties, and its plastic additives business, Nuplex Masterbatch, to Axieo Pty Limited a newly created company that has been formed with support from funds advised by CHAMP Private Equity.
- Under the ownership of Axieo, the Board believes Nuplex Specialties and Nuplex Masterbatch will be well placed to grow into the future.
- Nuplex to be a dedicated global resins supplier with leading market positions in its selected product segments and a growing presence in emerging markets.

Nuplex Industries (NPX) today announced it has agreed to sell its agency & distribution business, Nuplex Specialties, and its plastic additives business, Nuplex Masterbatch, to Axieo Pty Limited, a newly created company that has been formed with support from funds advised by CHAMP Private Equity (CHAMP) for A\$127.5 million.

Nuplex Chairman Peter Springford said whilst Nuplex Specialties has delivered attractive returns in the past, it and Nuplex Masterbatch are non-core to Nuplex's global strategy.

“The Board was not actively seeking to divest these businesses, however they have become increasingly non-core to the Company's strategy as the resins business has continued to grow. When the offer was received from CHAMP, we undertook a careful evaluation of the medium term outlook for both businesses, and in the context of Nuplex's strategy, we assessed the return they could deliver shareholders as part of our portfolio relative to the offer price.”

“Following this review, the Board concluded that the negotiated price was an attractive one and the offer was in the best long-term interests of shareholders and the Company. The offer delivers a premium for these two principally Australian and New Zealand focused businesses as stand-alone entities and the divestment is in line with Nuplex's strategy to focus on the global resins business.”

Nuplex CEO Emery Severin said: “This is an important milestone in our commitment to maximising shareholder returns by focusing on the markets and products which will deliver earnings growth over the short to medium term. Selling Nuplex Specialties and Nuplex Masterbatch realises the value of these non-core businesses and allows us to focus on the global resins business on which our long term strategy to grow earnings and improve returns to shareholders is centered. Through its world-wide reach, expert R&D capabilities, comprehensive technology portfolio with a long-term track record for consistently delivering high-quality products, and growing

presence in Asia, our resins business has a competitive advantage that we can continue to build on into the future.”

“As stated at our full year results announcement, we expect to deliver improved returns and earnings growth in the short to medium term as a result of the strategic initiatives undertaken over the past few years. Importantly, the expected growth outlook for the Company is not reduced by the divestment of Nuplex Specialties and Nuplex Masterbatch.”

“Over the past three years, we have invested approximately \$60 million in capacity expansion projects in the faster growing Asian economies. Looking beyond the current financial year, the additional earnings from these projects are expected to largely offset the loss of earnings from the sale of the two businesses.”

“Selling Nuplex Specialties and Nuplex Masterbatch will allow these businesses to focus on their own strategies and opportunities for growth, and optimises the long term interests of Principals, customers and staff,” said Mr Severin.

Axieo has advised that it is their intention that all employees currently working within Nuplex Specialties and Nuplex Masterbatch will be offered employment. On completion of the transaction, Mr Ivan Tottle has decided to leave Nuplex to pursue other opportunities.

“I want to thank Ivan and the team at Nuplex Specialties and Nuplex Masterbatch for their hard work over the past few years and I wish them every success in the future,” Mr Severin said.

Initially the sale proceeds will be used to pay down debt. Adjusting for the impact of the transaction, gearing as at 30 June 2014 would have been 14.5% rather than the reported 31.1%.

The increased financial flexibility arising from the divestment of these businesses creates an opportunity for the Board to assess how best to continue progressing Nuplex’s strategy to maximise value for shareholders.

Options to be considered include further pursuing growth initiatives in emerging markets, increasing R&D investment, identifying other value creating investment opportunities, and a potential return of capital to shareholders.

Nuplex expects this review to be completed in the fourth quarter of the 2015 Financial Year.

“The review of capital management options will be conducted with regard to the company’s strict investment criteria. We are committed to pursuing our ambition to be a leading, trusted, independent resins manufacturer globally and delivering the target ROFE of 16% within the two year period between the 2016 to 2018 Financial Years,” Mr Severin said.

The Board expects to maintain the dividend payout ratio range of between 55% and 65% of net profit attributable to shareholders. It will also continue to take into account



the importance of maintaining the level of dividends per share it pays with the prior year while still maintaining a strong balance sheet.

The majority of the transaction, which relates to those activities in Australia and New Zealand, is expected to be completed by the end of 2014. The completion of the sale of the masterbatch operations in Vietnam is expected to take place within in the first half of 2015. This represents less than 5% of the transaction.

Completion is subject to standard terms and conditions including absence of material adverse changes, Axieo satisfying drawdown conditions to its committed financing, consents from key third party stakeholders and Axieo obtaining key operational permits.

Nuplex was advised by Greenhill Australia and Allens Linklaters.

Management briefing

A briefing will be hosted by Chief Executive Officer, Emery Severin, at 12.00pm (NZST) today.

This briefing will be live via webcast on the [Nuplex Industries website \(www.nuplex.com/Corporate/corporate/investor-centre\)](http://www.nuplex.com/Corporate/corporate/investor-centre), where it will also be archived.

For further information, please contact:

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About Nuplex

With approximately NZ\$1.6bn in sales in over 80 countries worldwide, Nuplex is a global specialty chemical company dedicated to the production of innovative, high-quality resins. With a global manufacturing network, Nuplex has leading market positions in local and regional markets in Australia & New Zealand, Asia, Europe and America, particularly in resins used for decorative, industrial, automotive, and protective coatings and composite resins. Through solution focused R&D activities, product and industry knowhow, Nuplex understands the needs of our customers' customers which enables Nuplex to work in partnership with our customers to respond to their coatings challenges.

About Axieo

A newly-created company, Axieo Pty Ltd (www.axieo.com) a newly created company that has been formed with support from funds advised by CHAMP Private Equity. Axieo's inaugural CEO, Sam Bastounas, has 24 years' experience in the chemicals, plastics and food ingredients sectors across Australia, New Zealand and Asia. He has worked in companies including Dulux, Orica and Nuplex. Until early 2014, Mr Bastounas was Nuplex's Regional President of Australia and New Zealand, and the Chief Operating Officer of its Specialties business prior to that.

About CHAMP Private Equity

CHAMP is one of Australasia's largest independent buyout fund managers having successfully raised the CHAMP III Funds, a A\$1.5 billion fund, in 2010. CHAMP is the only Australian-based private equity advisor with an on-the-ground presence in Asia, having opened a Singapore office in 2008 to assist its portfolio companies to expand into Asia. The CHAMP III Funds are focused on investing in Australian, New Zealand and Southeast Asian businesses.