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FINANCIAL RESULTS FOR THE 12 MONTHS ENDED 30 JUNE 2015

Nuplex delivers significant improvement in profit and dividends

Key points:

- NPAT[1] up 35.1% to $70.8 million
- Underlying NPAT[2] from continuing operations up 39.0% to $63.4 million
- Operating EBITDA[3] from continuing operations up 15.3% to $127.3 million reflecting:
    - A strong contribution from EMEA
    - Growth in Asia
    - Gains in the Americas
    - Turnaround in ANZ
- Final dividend increased to 17 cents per share, up from 11 cents per share
    - Full-year dividend of 27 cents per share, up from 21 cents per share
- Return on Funds Employed[4] increased to 12.9% from 11.5%
- Asia growth capacity in place
    - Asia expected to deliver greater than 10% EBITDA growth in FY16
- Acure® launched. First commercial sales expected by the end of calendar 2015

NZ$ millions	**FY2015**	**FY2014**	**Change** Actual FX	**Constant[5] FX**
Sales revenue from continuing operations	1,374.7	1,355.3	1.4%	1.8%
Operating EBITDA from continuing operations	127.3	110.4	15.3%	14.7%
Underlying NPAT from continuing operations	63.4	45.6	39.0%	35.5%
NPAT	70.8	52.4	35.1%	32.0%
Earnings per share (cents)	35.9	26.4	36.0%	
Dividend per share (cents) – final	17	11	54.5%	
– full year	27	21	28.6%	
Return on Funds Employed from continuing operations	12.9%	11.5%		

Nuplex Industries (NZX/ASX: NPX) today reported its financial results for the 12 month period ended 30 June 2015.

[1] Net profit available to equity holders of the parent company after tax
[2] Profit attributable to equity holders of the company from continuing operations before significant items
[3] Earnings from continuing operations before interest, tax, depreciation, amortization, significant items, associates and minority interests
[4] Return on Funds employed: (Earnings before interest, tax and significant items) divided by average opening and closing funds employed over the same twelve month period. Average funds employed exclude capital works under construction.
[5] Constant currency results are calculated by translating reported period results into New Zealand dollars at the average foreign exchange rates applicable in the prior corresponding period
® Acure is the registered trademark of Nuplex's new fast cure technology

NPAT was $70.8 million, up 35.1% from $52.4 million when compared with the prior financial year. It includes a net benefit of $3.5 million in significant items which included the $13.0 million after tax profit from the sale of Nuplex Specialties and Masterbatch and $7.7 million in after tax expenses related to rationalisation of the property portfolio in ANZ.

Underlying NPAT from continuing operations**,** which excludes significant items was $63.4 million. This compares with underlying NPAT from continuing operations of $45.6 million for the prior financial year.

Earnings per share (EPS) was up 36.0% to 35.9 cents, from 26.4 cents in the 2014 Financial Year. EPS from continuing operations grew over the year by 36.4% from 21.7 cents to 29.6 cents.

Operating EBITDA from continuing operations grew by 15.3% to $127.3 million when compared with $110.4 million in the prior financial year. Had the New Zealand dollar remained unchanged over the same period, operating EBITDA from continuing operations would have been $126.6 million, up 14.7% on the prior year.

Return on Funds Employed (ROFE) from continuing operations as at 30 June 2015 was 12.9%, up from 11.5% a year ago.

The full year dividend was increased to 27 cents per share, up from 21 cents per share in the prior financial year. The final dividend of 17 cents, will be paid on 12 October 2015, to all shareholders on the register on 28 September 2015.

Results commentary

Nuplex's CEO, Dr Emery Severin said, "A year ago, I said that the 2015 Financial Year would be critical for delivering on Nuplex's strategy to strengthen and grow. As it has turned out, it's been a successful year on all fronts.

"A significant improvement in earnings was driven by a strong contribution from Europe, growth in Asia, gains in the Americas, and a turnaround in ANZ. This in turn, underpinned the substantially higher dividend.

"Nuplex's overall volumes grew by 5.1% and EBITDA from continuing operations was up 15.3%. In Europe, Asia and Americas, EBITDA was driven by volume growth, sales mix improvements, the realisation of benefits from the global procurement program and lower raw material costs for part of the period. In ANZ, the turnaround in EBITDA was driven by the efficiency and cost benefits flowing from the restructuring.

Commenting on the highlights of each region, Dr Severin said;

"In EMEA (Europe, Middle East and Africa), constant currency EBITDA was up 14.6% for the year. EMEA volume growth was 8.7%. Excluding Nuplex Russia's first full year contribution, regional volume growth was 4.1% for the year as the pick-up in markets seen in the second half of the prior financial year was sustained throughout the 2015 Financial Year, particularly in relation to Automotive OEM markets.

"We continued to make gains in the Flooring market on the back of the strengthened position in this segment as a result of developing the products and technologies acquired when we bought the assets in Germany, three years ago. The completion of the NuLEAP program at the Bitterfeld site in Germany also realised €2 million in benefits.

"A strong second half in Asia underpinned constant currency EBITDA growth of 14.5%. Regional volumes grew by 6.4%. Growth in China was largely due to strong Automotive OEM markets. In Vietnam, volume growth was driven by strong construction activity and in Malaysia, volumes were up due to growth in exports. Indonesia benefited from our market development activities focused on Performance Coatings which can now be locally supplied following the commissioning of the new reactor in April 2015.

"Nuplex Americas delivered constant currency EBITDA growth of 13.0%. Volumes grew by 0.9%. Disciplined margin management and cost control supported EBITDA in the second half despite unseasonably poor weather conditions, and the loss of volume due to some customers utilising their existing production capacity, which resulted in volumes being down in the second half when compared to the same period last year.

"In ANZ, the improvement in margins seen at the end of the first half of the 2015 Financial Year was consolidated in the second half. The combination of this margin improvement, with further realisation of restructure benefits, drove the 28.6% increase in constant currency EBITDA for the year. It is pleasing to see ANZ turning around. This follows the tough decisions and hard work undertaken over the past three years as we reduced the region's manufacturing capacity by 30% and removed overhead costs. The full year benefits of the restructure are expected to be realised in the 2016 Financial Year.

"It was an important period for ANZ, as in addition to delivering positive EBITDA growth, Nuplex ANZ became a dedicated resins business following the sale of the agency & distribution business, Nuplex Specialties and the plastic additives business Nuplex Masterbatch.

"The sale of these two businesses for A$127.5 million in November 2014, maximised value for shareholders. It also allows Nuplex to concentrate on the global resins business, which is where our core competencies lie and our growth strategy is focused," said Dr Severin.

Capital Management Review

The proceeds from the sale of Nuplex Specialties and Masterbatch were used to pay down debt. This reduced gearing from 31.1% as at 30 June 2014 to 18.7% as at 31 December 2015.

The Board took the opportunity of increased financial flexibility to conduct a Capital Management Review. The review focused on striking the right balance between continuing to fund Nuplex's growth strategy to improve returns to shareholders and maintaining a strong balance sheet.

In February, the Board concluded that the company was in a position to undertake an on-market buy-back of up to 5% of Nuplex's issued capital, whilst maintaining a strong balance sheet and the flexibility to pursue organic growth. The buy-back commenced in March 2015 and to date, Nuplex has bought back approximately 3.5% of issued capital at an average price of $3.73.

The review concluded in May 2015 with the Board announcing its intention to increase the ordinary 2015 Financial Year dividend to 27 cents, up from 21 cents in the prior financial year.

Additionally, the Board updated Nuplex's Dividend Policy, stating that it will seek to grow dividends from the 2015 Financial Year dividend in line with earnings. Additionally, the payout ratio will now be a minimum of 60% of net profit attributable to shareholders. This minimum replaces the previous payout range of 55 to 65%.

Strategy Update

Dr Severin continued, "The progress made in relation to executing our strategy over the past few years became evident in the 2015 Financial Year as Nuplex's Return on Funds Employed increased to 12.9% from 11.5%. Pleasingly, over the past 12 months, we continued to make significant progress building a strong foundation for future growth, particularly through expanding production capacity in Asia, and the development of new products and technologies."

Continuing to work towards Zero Harm
Nuplex's Total Reportable Injury Rate improved to 3.8 per million hours worked, down from 4.4 in the prior financial year. Having embedded safe processes and an understanding of safety risks over the past five years, we are developing a preventative mindset, with the rollout of an extended set of safety leading indicators and near miss training across the Group.

ANZ making progress towards delivering sustainable returns
ANZ is now in a better position to deliver sustainable cash flows and improved returns following the completion of the restructure. However, challenges still remain and work continues to improve the performance of the region. This includes a two year supply chain transformation program, which will drive efficiencies in areas such as warehousing and material requirements planning.

Emerging market growth platform in place
During the year, Nuplex completed the four-year program of work to increase capacity in Asia by 75%. This follows the commissioning of the new greenfield US$35 million site in Changshu, China and the new US$5.1 million reactor in Surabaya, Indonesia.

Over the next three to five years, it is expected that the new capacity will be filled. Volume growth is expected to be driven by market growth and penetration of new market segments. As the capacity fills, Nuplex expects sales in Asia to increase to US$400 million by the end of the 2018 Financial Year from US$245 million today, and deliver greater than 10% EBITDA growth per annum between the 2016 and 2018 Financial Years.

Nuplex Russia has completed the upgrade to safety standards and production capabilities. Nuplex is now in a position to supply existing and new multi-national customers, a number of whom are expecting to commission their own local production capacity in the coming year.

Launched Acure®, Nuplex's breakthrough technology
Nuplex's innovative Acure® technology was launched in April 2015 and has been positively received by customers. Application development continues and first commercial sales are expected to occur by the end of 2015. Nuplex has set an aspirational target for Acure® to have a 5 to 10% share of an estimated US$1 to 2 billion market by the end of the 2020 Financial Year.

Outlook

Across the global resins business, Nuplex expects market conditions in EMEA to be similar to those experienced during the second half of the 2015 Financial Year. In Asia, markets are expected to continue to grow across the region. Modest growth is expected in the Americas whilst in ANZ, overall, markets are expected to remain flat.

Over the three months to 31 July 2015, the New Zealand dollar depreciated an average of 11% against the currencies in which Nuplex's results are earned when compared to the average rates over the 2015 Financial Year. If this trend continues into the 2016 Financial

Year, it will have a positive impact on translated earnings. Nuplex does not hedge in relation to the translation of earnings generated outside of New Zealand.

Dr Severin concluded; “In the 2016 Financial Year, we will continue to invest and work towards achieving our safety goal of Zero Harm. Also, disciplined margin management will remain a priority. In EMEA and the Americas the focus will be on growing through new products. In Asia, we will start filling the new capacity in China and Indonesia. In ANZ, with the restructure complete, the focus now turns to implementing their supply-chain transformation program.

“We are on track to deliver our target Return of Funds employed of greater than 16% by the end of the 2018 Financial Year. Our growth platform in Asia, the technologies and products coming through our R&D pipeline and our ongoing focus on driving operational efficiency and disciplined margin management sees Nuplex well placed to deliver improved returns and grow earnings in the coming years.”

ENDS

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Non-GAAP Financial Measures: The non-GAAP financial measures used in this document include:

- **Operating EBITDA** – Earnings before interest, tax, depreciation, amortisation, significant items, associates and minority interest.
- **Significant items** – Items that by a combination of their size, timing or irregular nature warrant separate disclosure to allow readers to better asspess the recurring income generating capacity of the business.
- **Net profit** - Profit attributable to equity holders of the parent company as reported in the Statement of Comprehensive Income.
- **ROFE** – (Earnings before interest, tax and significant items) for the preceding 12 months divided by average opening and closing funds employed over the same twelve month period. Average funds employed excludes capital works under construction.
- **Funds employed** – Total equity plus current and non-current borrowings, as reported in the Consolidated Statements of Financial Position.
- **Gearing** – Net debt divided by net debt plus equity.
- **Constant currency** – Information is presented in constant currency because group results are derived in many different currencies and Nuplex believes it is helpful to the reader to understand the results excluding the impact of changes in exchange rates. Constant currency results are calculated by translating reported period results into New Zealand dollars at the average foreign exchange rates applicable in the prior corresponding period.