NZX/ASX release 14 August 2015

MANAGEMENT DISCUSSION & ANALYSIS FOR FINANCIAL RESULTS FOR THE 12 MONTHS ENDED 30 JUNE 2015

Non-GAAP financial measures

Nuplex results are prepared in accordance with NZ GAAP and comply with NZ IFRS. This Management Discussion & Analysis includes non-GAAP financial measures which are not defined in NZ IFRS. The non-GAAP financial measures used in this document include, operating EBITDA, operating profit, significant items, ROFE, EBIT, gearing, funds employed, operating and fixed costs, capital expenditure and net debt. More information is included in the notes to this document.

Nuplex believes that these non-GAAP financial measures provide useful information to readers to assist in the understanding of the financial performance, financial position and returns of Nuplex. However, they should be read in conjunction with the NZ IFRS information and not considered a substitute for NZ IFRS measures. Non-GAAP financial measures as reported by Nuplex may not be comparable to similarly titled amounts reported by other companies.

FINANCIAL OVERVIEW

PROFIT & LOSS

Net profit[1] (NPAT) for the 2015 Financial Year, was $70.8 million, up 35.1% from $52.4 million when compared with the 2014 Financial Year.

NPAT for the 2015 Financial Year included a net benefit of $3.5 million in **significant items.** The larger significant items included;

- $13.0 million profit after tax on sale of Nuplex Specialties and Masterbatch businesses
- $3.4 million after tax remediation provision expense in relation to the discontinuation of operations at the Nuplex Specialties site in Cheltenham, Victoria
- $3.6 million after tax impairment expense incurred in the second half as a result of the agreement to sell the property at Seven Hills, Sydney, Australia for cash proceeds of A$9.2 million. These cash proceeds are expected to be realised in the first half of the 2016 Financial Year.

Underlying NPAT from continuing operations[2]**, 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.

[1] Profit attributable to equity holders of the parent as reported in the financial statements
[2] Profit for the period from continuing operations as reported in the financial statements

Earnings per share (EPS) was 35.9 cents, up 36.0% from 26.4 cents in the prior year, as a result of higher NPAT. EPS from continuing operations grew over the year by 36.4% from 21.7 cents to 29.6 cents per share.
Sales revenue from continuing operations of $1,374.7 million was up 1.4% when compared with the prior financial year. Had the New Zealand dollar remained unchanged over the 12 months, sales revenue would have been up 1.8%.

Reported sales growth from continuing operations was lower than might have been expected as a result of lower raw material costs passing through to customers.

Operating EBITDA from continuing operations[3] was $127.3 million, up 15.3% when compared with $110.4 million in the prior financial year. Had foreign exchange rates remained unchanged from last year, operating EBITDA for the 2015 Financial Year would have been $126.6 million, up 14.7% on the prior financial year.

Table 1 on the following page is extracted from the financial statements and shows the reconciliation of profit available to equity holders of the parent company to operating EBITDA.

Growth in operating EBITDA from continuing operations reflected:

- 5.1% volume growth. Regional volumes were up 8.7% in EMEA, 6.4% in Asia, and 0.9% in the Americas. Overall volume growth was tempered by a 1.0% volume decline in ANZ.
- An increase in the operating EBITDA to sales margin to 9.3%, from 8.1% in the prior financial year reflecting;
    - Group unit margins[4] were up 0.6% (up 1.9% in constant currency) due to
        - Improved unit margins in EMEA, Asia and the Americas as a result from product mix and procurement initiatives, as well as lower raw material costs for part of the period.
        - Lower unit margins in ANZ for the year, despite unit margins improving in the second half when compared to the two prior halves. The improvement only partially offset the impact of the lower unit margins experienced during the first half of the 2015 Financial Year.
    - Group unit costs were down 1.0% as a result of increased volumes, the ANZ restructuring activities and other cost initiatives.

Unallocated costs were $9.0 million, up from $7.1 million in the prior period and are those corporate costs associated with operating a multinational group, not directly allocated to a group entity. In FY15 this also includes approximately $2 million in fixed costs previously allocated to Nuplex Specialties and Masterbatch.

The income **tax rate** applicable to operating profit for the period was 23.4%, up from 22.2% in the prior financial year as a result of an increased proportion of earnings in ANZ and the Americas.

A **final dividend** of 17 cents per share was declared by the Board, up from 11 cents in the prior corresponding half. This brings the 2015 Financial Year dividend to 27 cents per share, which is up from 21 cents per share in the prior financial year.

The final dividend will be paid on 12 October 2015 to all shareholders on the register on 28 September 2015 and it will carry no imputation credits for New Zealand shareholders or

[3] Defined as Earnings from Continuing Operations before interest, tax, depreciation, amortization, significant items, associates and minority interests.
[4] Unit margins defined as sales revenue minus raw material costs divided by tonnage

franking credits for Australian shareholders. The Dividend Reinvestment Plan will not be active.

The total dividend of 27 cents per share represents a 73% payout ratio of net profit available to shareholders.

The increase in the 2015 Financial Year final dividend is consistent with the outcomes of our capital management strategy, announced in May 2015. The board noted that under the capital management strategy:

- Nuplex's dividend payout ratio will be a minimum of 60% of net profit attributable to shareholders (previously the range was 55 – 65%).
- The Board expects dividends to grow in line with future earnings, from the 2015 Financial Year dividend.

Table 1: Reconciliation of profit available to equity holders of the parent company to Operating EBITDA

(NZ$ millions)	FY15	FY14
Net profit attributable to equity holders of the parent	**70.8**	**52.4**
Profit from discontinued operations	12.5	9.4
Net profit attributable to equity holders of the parent from continuing operations	**58.3**	**43.0**
Impairment provision on Seven Hills, Sydney	5.1	-
Other significant expense items before tax	0.9	1.4
Site remediation provision[5]	1.0	1.1
Gain on sale of Quaker Chemical (Australasia) P/L	-	(7.5)
Provision related to RPC Pipe Systems Pty Ltd	-	8.8
Tax (benefit) on non operating items	(1.9)	(1.2)
Operating profit after tax from continuing operations	**63.4**	**45.6**
Tax on operating profits	19.3	13.0
Minority interests (non-controlling)	2.8	2.3
Share of associates	(1.9)	(2.1)
Net financing costs	10.9	17.6
EBIT from continuing operations	**94.5**	**76.4**
Depreciation and amortisation	32.8	34.0
Operating EBITDA	**127.3**	**110.4**

CASH FLOW

Operating cash flow from continuing operations of $117.7 million was up $66.6 million on the prior year.

[5] Site remediation costs related to Cheltenham, Victoria are not included in the above table as they form part of discontinued operations

The **working capital to sales ratio** from continuing operations was 15.2% as at 30 June 2015, in line with 15.3% a year ago.

Following the sale of Nuplex Specialties and Masterbatch, as previously stated, management expects Nuplex's average working capital to sales ratio from continuing operations to be between 14 and 16%.

Stay-in-business (SIB) capital expenditure for the year was $12.6 million, equivalent to 50% of depreciation.

This includes €1.0 million in costs relating to year one of the three year program of work being undertaken at Nuplex's site in The Netherlands in order to comply with the Government's mandated changes to the fire protection systems for the chemicals industry. In total, compliance is expected to cost €12.6 million. Completing the changes is expected to cost €5.5 million in the 2016 Financial Year and €6.1 million in the 2017 Financial Year.

SIB capital expenditure in the 2016 Financial Year is expected to be approximately 75% of depreciation. This does not include the cost of compliance in The Netherlands.

Capital expenditure for growth was $43.5 million for the 2015 Financial Year. Major items included the costs associated with the completion of the new site at Changshu in China ($23.7 million), the completion of the upgrading of the Wacol site in Queensland, Australia ($11.4 million). In the 2016 Financial Year, capital expenditure for growth is forecast to be approximately $15 million.

BALANCE SHEET

As at 30 June 2015, **net debt** was $139.9 million. Nuplex's average funding cost over the year was 5.0%, down from 5.2% in the prior corresponding year due to the repayment of debt in higher interest rate jurisdictions following the sale of Specialities and Masterbatch. The average drawn debt for the period was $267.9 million compared with $297 million in the prior year.

Gearing[6] was 19.5% as at 30 June 2015, up from 18.7% as at 31 December 2014 due to the on market share buy-back. Compared with a year ago, gearing has declined from 31.1% due to debt repayments following the sale of the Specialties and Masterbatch businesses.

Total net assets on the balance sheet have increased by $62 million. This was primarily due to the weakening of the New Zealand dollar against the US dollar and the Chinese RMB which resulted in a $30 million increase in net assets.

Nuplex is undertaking a program to dispose of surplus property in ANZ that will be conducted over the next two to three years. In the 2015 Financial Year, following the sale of Wangaratta in Victoria, the program realised $0.5 million in cash. The site became surplus following its closure as part of the ANZ restructure.

During the year, Seven Hills in Sydney was sold for A$9.2 million. Realising a loss on sale of NZ$3.7 million after tax in the 2015 Financial Year, the cash proceeds of $9.1 million are expected to be realised in the 2016 Financial Year.

Nuplex expects the disposal of properties to realise approximately $20 million in cash proceeds over the next two years.

[6] Gearing represents the ratio of net debt to net debt plus equity

In line with increased profits, Nuplex's **Return On Funds Employed** (ROFE)[7] from continuing operations for the 12 months ended 30 June 2015 was 12.9% compared to 11.5% for the prior year and 11.8% as at 31 December 2014. This reflects:

- EMEA's ROFE improved during the first half to be in excess of the target rate of greater than 16% compared with 14.4% as at 30 June 2014
- ANZ's ROFE from continuing operations increased to 1.9% from 0.0% as at 30 June 2014
- Asia's 2016 Financial Year ROFE is expected to remain above Nuplex's group wide target of 16%. However, the inclusion of the recently commissioned US$35 million site in Changshu, China will result in the region's 2016 Financial Year ROFE being lower than it was in the 2015 Financial Year. However, Asia is still on track to deliver a ROFE of greater than 18% by the end of the 2018 Financial Year.

Nuplex remains on track to deliver its target ROFE of greater than 16% by the end of the 2018 Financial Year.

SALE OF NUPLEX SPECIALTIES AND MASTERBATCH

On 28 November 2014, Nuplex completed the sale of its agency and distribution business, Nuplex Specialties, and the plastic additives business Nuplex Masterbatch. Primarily ANZ focused businesses, they were sold for A$127.5 million to Axieo Pty Limited. These businesses had historically formed the reporting segment referred to as Specialties.

Net cash proceeds from the transaction were $133 million (A$122.7 milion). Net profit after tax was $13.0 million which includes provisions of $5.7 million in relation to redundancy and restructure costs as well as a write down of assets that will no longer be utlised post the sale.

As a result of the sale, operations at Nuplex's Cheltenham site in Melbourne, Victoria have been discontinued. Cheltenham had been used for the Specialties business. A $3.4 million after tax provision has been taken in relation to remediating this site to enable it to be sold.

CAPITAL MANAGEMENT REVIEW

Following the sale of Nuplex Specialties and Masterbatch, the sale proceeds were used to pay down debt.

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 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.

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[7] Defined as (earnings before interest, tax and significant items) divided by (average funds employed)

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%.

OPERATIONAL OVERVIEW

SAFETY

Table 2: FY15 safety metrics

	Lost Time Injuries		Total Reportable Injuries	
	Rate per million hours worked		Rate per million hours worked	
	FY15	FY14	FY15	FY14
Employees	1.1	0.7	3.8	4.4
Contractors	0.0	2.5	2.4	2.5

During the period Nuplex saw an increase in the Lost Time Injury Rate for employees, to 1.1 per million hours worked. There were four lost time injuries, compared to three in the prior year.

The Total Reportable Injury Frequency Rate (TRIFR) for employees for the 12 month period, improved to 3.8 per million hours worked. Declining from 4.4 in the prior financial year, this continued Nuplex's journey towards sustaining a world class safety performance.

ABOUT NUPLEX'S CONTINUING OPERATIONS

Nuplex's continuing operations refer to the global resins operations. Historically, in the accounts these have been referred to as the Resins segment.

Following the sale of Nuplex Specialties and Nuplex Masterbatch businesses (the two businesses historically reported together as the Specialties segment) on 28 November 2014, Nuplex will now report its continuing operations (the global resins operations) by geography.

Nuplex specialises in the development and manufacture of resins used in the formulation of surface coatings such as household paint, car paint, coatings used on white goods, wooden furniture, flooring, textiles, and adhesives. 87% of 2015 Financial Year sales from continuing operations were generated by the global coating resins business.

Resins bind together the ingredients of the coating, enabling it to adhere to the surface to which it has been applied. Importantly, resins strongly influence the performance and appearance of a coating by providing the required finish, colour-fastness, durability, and protection from sun-light, abrasion and corrosion.

In ANZ, Nuplex manufactures and distributes composite resins used in the formulation of fiberglass used in marine & leisure craft, building materials and general manufacturing. The leader in ANZ, it also has operations in Vietnam and Indonesia, targeting niche segments of these composites markets. In ANZ, Nuplex also has a Pulp and Paper resins business and in New Zealand it has a Construction Products business. In the 2015 Financial Year, these non-coating resins businesses accounted for 13% of sales from Nuplex's continuing operations.

In Appendix 1, the financial result including the 5 month contribution from the discontinued operations is set out.

REGIONAL OVERVIEW

Regional seasonality: EMEA and the Americas typically have a stronger second half when compared with the first half, due to the impact of summer vacation and the beginning of winter (when customers typically have plant shut-downs ahead of the end of the calendar year) occurring in the first half.

Table 3: FY15 volumes by region

(% change)	Volume		
	1H15 vs 1H14	2H15 vs 2H14	FY15 vs FY14
EMEA - Including Russia - Excluding Russia	12.1% 6.4%	5.8% 2.1%	8.7% 4.1%
Asia	5.2%	7.6%	6.4%
Americas	5.6%	(4.6)%	0.9%
ANZ	(1.5)%	0.3%	(1.0)%
TOTAL	6.2%	4.1%	5.1%

Table 4: FY15 sales and Operating EBITDA for continuing operations by region

(NZ$ m)	**Sales Revenue From continuing businesses**					**Operating EBITDA from continuing businesses**				
	FY15		FY14 Actual FX	Year on Year Change (%)		FY15		FY14 Actual FX	Year on Year Change (%)	
	Actual FX	Constant FX[8]		Actual FX	Constant FX	Actual FX	Constant FX		Actual FX	Constant FX
EMEA	584.9	611.7	594.9	(1.7)	2.8	60.6	63.4	55.3	9.6	14.6
Asia	316.0	298.2	293.3	7.7	1.7	38.3	36.3	31.7	20.8	14.5
Americas	171.4	160.4	162.0	5.8	(1.0)	25.0	23.4	20.7	20.8	13.0
ANZ	302.4	310.0	305.1	(0.9)	1.6	12.4	12.6	9.8	26.5	28.6
Unallocated costs[9]						(9.0)	(9.1)	(7.1)		
Total	1,374.7	1,380.3	1,355.3	1.4	1.8	127.3	126.6	110.4	15.3	14.7

Over the year the NZ$ was stronger against the euro and the A$, while it was weaker against the US$ and Asian currencies, reflecting the differences between actual and constant foreign exchange outcomes.

Europe Middle East Africa (EMEA)

Sales were down 1.7% (up 2.8% in constant currency) compared with the prior financial year.

[8] Constant currency results are calculated by translating reported period results into New Zealand dollars at the average foreign exchange rate applicable to the prior corresponding period

[9] Unallocated costs refer to corporate costs associated with operating a multinational group, not directly allocated to a group entity. In FY15 this also includes approximately $2 million in fixed costs previously allocated to Nuplex Specialties and Masterbatch.

Volumes were up 8.7% for the period. Excluding the first full year contribution from Nuplex Russia, regional volumes were up 4.1% for the year as the strong volume growth experienced in the second half of the prior year continued in the 2015 Financial Year. Volume growth, excluding Russia, reflected strong demand from Automotive OEM and growth in powder resins following the introduction of new innovative products. Nuplex also continued to grow its market share in the Flooring resins segment.

Operating EBITDA was up 9.6% to $60.6 million (up 14.6% in constant currency). Growth was driven by higher volumes, positive sales mix improvements, the realisation of benefits from the global procurement program, as well as the realisation of €2 million in NuLEAP benefits from the completion of the program at Nuplex's site in Bitterfeld, Germany and lower raw material costs for part of the period.

The 2015 Financial Year, was Nuplex Russia's first full 12 month period under Nuplex ownership. During the year, work to upgrade safety standards and production capabilities was completed on budget. Nuplex's total investment in Russia to date has been €7.5 million. Nuplex Russia is well placed to supply existing and new multi-national customers producing in Russia and is expected to contribute to earnings growth in the 2016 Financial Year.

Asia

Sales were up 7.7% for the period (up 1.7% in constant currency).

Regional volumes were up 6.4%.

In China, where Nuplex predominantly supplies the manufacturing sector, market conditions were stable throughout the year. Volume growth was driven by increased sales volumes in Performance Coating resins such as the Automotive OEM and the Marine & Protective segments.

In Vietnam, an increase in construction and infrastructure activity in the second half supported strong growth in Decorative resins. The additional capacity commissioned in 2012 continues to fill in line with management expectations.

In Indonesia, volumes in the Decorative segment were up year-on-year and Performance Coating resin volumes grew as a result of market development activities which were undertaken ahead of the commissioning of the new reactor in April 2015.

Volumes in Malaysia were flat for the year. Lower volumes in the first half as a result of flat domestic market conditions were offset by strong growth in inter-regional exports in the second half.

Regional operating EBITDA was $38.3 million, up 20.8% (up 14.5% in constant currency) when compared with the prior financial year. Margins were up year-on-year as a result of volume growth, the execution of a focused sales approach, particularly reflecting the positive sales mix towards Performance Coatings, the introduction on new water-based products, disciplined margin management, lower raw material costs for part of the period and tight cost control.

Capacity expansion update

During the period, the NZ$60 million investment program to increase capacity within the Asian region by 75%, when compared with the end of 2011 was completed.

In China, Nuplex commissioned its third site in May 2015. The new US$35 million site at Changshu relieves the capacity constraints Nuplex China had been managing since 2010. The new site doubles Nuplex's production capacity in China and introduces water-borne production technology capabilities, which can supply Industrial and Performance Coating resins and open up new market opportunities in market segments such as adhesives and textiles. It also enables Nuplex China to locally produce a range of products historically imported. Initial deliveries to customers have commenced and products are progressing through customer approval processes.

In Indonesia, the new reactor at the site in Surabaya was commissioned in April 2015. This US$5.1 million investment doubled the capacity of the site and provides additional production technology, supporting our growth in Performance Coating resins, such as the Automotive OEM, Vehicle Refinish and High-End Metal market segments. Product approvals with customers are underway and initial volumes have been in line with management's expectations.

Medium term growth outlook for Nuplex Asia

With available capacity now in place across the Nuplex Asia production network, management is targeting US$400 million in sales by the end of the 2018 Financial Year. This is expected to lead to EBITDA growth of at least 10% per annum between the 2016 and 2018 Financial Year.

Americas

Sales were up 5.8% (down 1.0% in constant currency) when compared with the prior financial year.

Volumes were up by 0.9%. First half volume growth, particularly in Performance Coating resins was largely offset by second half volumes which were down when compared with the second half in the prior year as a result of unseasonably poor weather conditions and some customers' utilising their existing production capacity.

Overall, Operating EBITDA grew by 20.8% (13.0% in constant currency) reflecting disciplined margin, lower raw material costs for part of the period, and cost management, particularly in the second half.

Australia and New Zealand (ANZ)

In ANZ, sales were down 0.9% (up 1.6% in constant currency).

Volumes were down 1.0% compared with the prior financial year.

Coating resins (44% of sales from ANZ FY15 continuing operations) volumes were down as some volume was lost as a result of the focus on pricing and portfolio management in order to improve margins.

Composites (44% of sales from ANZ FY15 continuing operations) volumes were up as growth in Australia during the second half was driven by improved conditions in the infrastructure (pipes), pool and leisure markets. Nuplex Composites Australia's leading market position was further strengthened following the exit of the only other domestic composites resins manufacturer in December 2014.

ANZ operating EBITDA was up 26.5% (28.6% in constant currency) to $12.4 million when compared to the prior corresponding period. Operating EBITDA excluding restructure costs of $0.4 million was $12.8 million, up 30.6% when compared with $9.8 million in the prior corresponding period.

The improvement in margins that became evident at the end of the first half was consolidated over the remainder of the 2015 Financial Year. This was the result of the continuation of initiatives to address pricing. Against a backdrop of stable market conditions, this allowed the realisation of restructuring benefits to drive the improvement in EBITDA.

Lower raw material costs were largely offset by a fall in the Australian and New Zealand dollar exchange rate compared to the US dollar in which most new materials are purchased.

Pulp & Paper and Construction Products delivered a steady performance.

ANZ restructure

Streamlining of manufacturing network:
In March 2015, Nuplex completed the program of work to reduce the region's capacity by 30%. Having commenced in September 2012, the program was completed during the second half of the 2015 Financial Year, following the de-commissioning of the site at Canning Vale in Western Australia.

In the 2015 Financial Year, the network restructure delivered $1.5 million of incremental benefits. Annualised cost savings from the restructure were approximately $6 million in the 2015 Financial Year and are expected to be $6.5 million in the 2016 Financial Year.

As forecast, the cost of restructuring the network continues to be $9.6 million. Costs incurred in the 2015 Financial Year were $0.4 million, as Canning Vale, Western Australia was closed later than expected due to the opportunity to meet unexpected market demand from the infrastructure sector. To complete the restructure, Nuplex expects costs of $0.4 million to be incurred in the 2016 Financial Year.

The activities to increase the productivity and flexibility of the ANZ production network are largely complete with only a few, relatively small projects to be completed at the site in Wacol, Queensland. Nuplex continues to expect the total investment required to increase the region's productivity will be approximately A$22 million, of which A$10.2 million was invested in the 2015 Financial Year. The final A$1.2 million is expected to be invested in the 2016 Financial Year.

Business unit re-organisation
In the prior financial year, Nuplex ANZ undertook a re-organisation of its business units in order to reduce overhead costs and create a flatter management structure.

As expected, this initiative delivered incremental cost savings of $3.8 million in the 2015 Financial Year. This brings the annualised cost benefits to $4.5 million, in line with management's forecast.

R&D UPDATE

On average, Nuplex spends between 2 and 3% of sales each year on its R&D activities and in the 2015 Financial Year the spend was 1.9%. These activities include evolving and developing new technologies and products that deliver benefits to our customers and their customers, as well as providing technical service and pursuing innovative technologies.

Approximately 25% of the annual R&D budget is spent on developing new and innovative products and technologies in areas where Nuplex has market leading positions. These technologies focus on market segments such as Automotive OEM and High-End Metal. From these activities, Nuplex is targeting $25 million in sales by the end of the 2018 Financial Year.

Acure®

In April 2015, Nuplex launched its innovative new technology, Acure® at the European Coatings Show in Germany. Customers have reacted positively to Acure® as the benefits for them include improved working conditions and environmental benefits, enhanced efficiency, less wastage in coating application and greater flexibility when operating at low temperatures. While application development continues, it is currently being trialed in a number of market segments including agriculture and construction equipment and protective coating markets.

First commercial sales of Acure® are expected to occur by the end of 2015. Longer term, Nuplex is targeting 5 to 10% of a US$1 to 2 billion market by the end of the 2020 Financial Year.

2016 FINANCIAL YEAR MARKET 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 for 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.

In regards to the outlook for operating EBITDA in the 2016 Financial Year, management will provide an update at the Annual Meeting to be held on Wednesday 4 November, 2015.

ENDS

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The non-GAAP financial measures used in this presentation include:

1. **Operating EBITDA** – Earnings before interest, tax, depreciation, significant items, associates and minority interest. This is a measure of the performance of the business that is under the control of operational management.
2. **EBIT** – Earnings before interest, tax, significant items, associates and minority interest. This is a measure of financial performance excluding tax, financing and significant items. It removes the impact of differential tax rates across the regions in which Nuplex operates, financing costs as these are controlled centrally and significant items. Share of associates and minority interest are removed as for EBITDA.
3. **Operating profit** – Net profit available to equity holders of the parent excluding the impact of significant items.
4. **Significant items** – Items that by a combination of their size, timing or irregular nature warrant separate disclosure to allow readers to better assess the recurring income generating capacity of the business.

5. **Net Profit** - Profit attributable to equity holders of the parent company as reported in the Statement of Comprehensive Income.
6. **ROFE** – (Earnings before interest, tax and significant items) for the preceding twelve months divided by average opening and closing funds employed over the same twelve month period. Average funds employed exclude capital works under construction.
7. **Funds employed** – Total equity plus current and non-current borrowings, as per the Consolidated Statements of Financial Position.
8. **Gearing** – Net debt divided by net debt plus equity. Gearing is calculated on this basis as all cash is available to reduce debt at any time. Nuplex does not have debt facilities in all countries in which it operates but can and does repatriate cash to reduce debt and pay dividends on a regular basis.
9. **Net debt** – Borrowings minus cash and cash equivalents.
10. **Operating costs** – This is the cost of manufacturing and distribution. It is the cost of sales per the Statement of Comprehensive Income less raw material costs, plus distribution costs.
11. **Fixed costs** – Marketing expenses plus administration expenses per the Statement of Comprehensive Income.
12. **Capital expenditure –** Payments for property, plant and equipment and intangibles per the Statement of Cash Flows.

Appendix 1- Financial result including discontinued operations

Consolidated income (NZ$m)	FY15[1]	FY14
Sales Revenue	1,499.1	1,639.9
EBITDA	133.3	125.7
Depreciation and amortisation	**(33.3)**	**(36.4)**
EBIT	100.0	89.3
Net financing costs	**(10.7)**	**(17.5)**
Share of profits/(losses) of associates	1.9	2.1
Non-controlling interest	(2.8)	(2.3)
Tax on operating profits	(20.9)	(16.6)
Operating profit after tax	67.5	55.0
Significant Items		
Significant items before tax	**(0.7)**	(3.8)
Income tax credit on non-operating items	4.0	1.2
Net profit attributable to equity holders of the parent from continuing operations	70.8	52.4
Net profit attributable to non-controlling interests	2.8	**2.3**
Profit for the period	73.6	54.7

Segment analysis (NZ$m)	FY15[1]		FY14	
	Sales	EBITDA	Sales	EBITDA
Resins	1,374.7	136.3	1,355.3	117.5
Specialties	124.4	6.0	284.6	15.3
Unallocated costs		(9.0)		(7.1)
Total (including discontinued operations)	**1,499.1**	**133.3**	**1,639.9**	**125.7**

1 Includes 5 months of Specialties segment (consisting of Nuplex Specialties and Masterbatch)