



Media/NZX/ASX release

18 February 2016

INTERIM RESULTS FOR 2016 FINANCIAL YEAR

**Growth in underlying NPAT¹ and operating EBITDA²
Tightened FY2016 EBITDA guidance range
Increased interim dividend to 12 cents per share**

NZ\$(m)	1H16 Result	1H15 Result	Growth vs 1H15	
			Actual FX	Constant FX ³
Sales revenue from continuing operations	700.5	685.8	2.1%	(6.4)%
Operating EBITDA from continuing operations	65.7	54.5	20.6%	6.6%
NPAT ⁴	24.9	37.3	(33.2)%	(43.4)%
Underlying NPAT from continuing operations	29.3	25.2	16.3%	1.1%
EPS ⁵ (cents)	13.1	18.8	(30.3)%	(40.8)%
Underlying EPS ⁶ (cents) from continuing operations	15.4	12.7	21.3%	5.7%
Dividend per share (cents)	12.0	10.0	20.0%	-
Return on Funds Employed ⁷ (%)	14.3%	11.8%	-	-

Nuplex Industries (NZX/ASX: NPX) today announced interim financial results for the six month period ended 31 December 2015.

NPAT was \$24.9 million. This includes \$2.5 million in significant expenses and \$1.9 million loss on discontinued operations. This compares with NPAT in the prior period of \$37.3 million, which included the benefit of significant items and discontinued operations totaling \$12.1 million.

NPAT from continuing operations, before significant items was up 16.3% to \$29.3 million from \$25.2 million in the prior comparable half.

EPS was 13.1 cents. This compares to 18.8 cents in the prior corresponding half. EPS from continuing operations, excluding significant items was 15.4 cents, up 21.3% on the prior corresponding half of 12.7 cents.

¹ Profit attributable to equity holders of the parent company from continuing operations, before significant items

² Earnings from continuing operations before interest, tax, depreciation, amortization, significant items, associates and minority interests

³ 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 half

⁴ Profit attributable to equity holders of the parent company (after significant items)

⁵ Earnings per share

⁶ Earnings per share from continuing operations and excluding significant items

⁷ Return on Funds Employed: Rolling 12-month earnings before interest, tax and significant items divided by average opening and closing funds employed over the same 12-month period. Average funds employed exclude capital works under construction.

Operating EBITDA from continuing operations was up 20.6% to \$65.7 million from \$54.5 million in the prior corresponding half.

Removing the benefit of the movements in the New Zealand dollar, operating EBITDA from continuing operations was \$58.1 million, up 6.6% on the prior corresponding half. The constant currency EBITDA to sales margin increased to 9.1% from 7.9% in the prior half.

Annualised Return on Funds Employed (ROFE) from continuing operations as at 31 December 2015 was 14.3%, up from 12.9% as at 30 June 2015, and 11.8% as at 31 December 2014.

An interim dividend of 12 cents per share will be paid on 4 April 2016, to all shareholders on the register on 17 March 2016.

Results commentary

Nuplex CEO Emery Severin said it was pleasing to see operating EBITDA grow in the first half and that the company is well placed to meet its guidance for the 2016 Financial Year.

“Looking through the exchange rate benefit from the conversion of earnings to New Zealand dollars, the underlying performance of the business strengthened as the half progressed.

“Our geographic diversification has enabled EBITDA growth to be achieved as the increase in ANZ, Asia and the Americas earnings offset a weaker EMEA result.

“Underlying earnings growth was primarily driven by the ANZ turnaround, volume growth in Asia, and, ongoing disciplined margin and cost management across all regions.

“The significantly higher **ANZ** earnings are particularly pleasing. They reflect the full benefits arising from restructuring and streamlining of the business over the past three years.

“In **Asia**, earnings were driven by volume growth, primarily in Vietnam due to strong building and construction activity. Malaysia and Indonesia were steady. In China, after a soft start to the year, activity recovered in the second quarter, resulting in stable volumes over the period.

“While demand was steady in Europe, **EMEA**’s performance was impacted by increased competition in the powder resin markets and reduced exports to the Automotive OEM markets in the Middle East and China. China volumes did improve towards the end of 2015.

“We proactively managed lower material costs as a result of lower oil prices and the benefits were a win for both Nuplex and its customers.

“In **Asia**, geographically, we have the most extensive production network. With our increased capacity in China, Indonesia, Malaysia and Vietnam, we are on track to see this region deliver 10% EBITDA growth for this and the next two years.

“We are establishing our reputation as an innovative resins company through the commercialisation of our breakthrough Acure™ technology. In early 2016, we made our first sale to a customer who is in the process of developing a number of products the utilises our Acure™ technology.

“Consistent with the Board’s stated intention to grow dividends in-line with earnings, a higher interim dividend of 12 cents per share was declared, up from 10 cents last year,” Mr Severin said.

2016 Financial Year Outlook & Guidance

Nuplex expects 2016 Financial Year operating EBITDA to be between \$145 million and \$157 million. Previous guidance was between \$140 million and \$155 million.

Despite the fact that the global macro-economic outlook is uncertain, barring any unforeseen circumstances, for the remainder of the 2016 financial year Nuplex expects:

- EMEA will see a stronger second half, reflecting seasonality and higher levels of exports
- Asia to deliver on its 10% EBITDA growth
- Americas to deliver ongoing steady performance
- ANZ to continue to benefit from the turnaround underpinned by strong housing and construction activity

“The macro-economic outlook is uncertain, however, year to date, our business has been performing well,” said Mr Severin.

“This outlook represents continued delivery of profitable growth being generated by the initiatives put in place in recent years, particularly in Asia and ANZ. It also reflects an improvement in EMEA.

Mr Severin concluded, “Longer term, Nuplex is well positioned to continue to realise the value created by initiatives put in place in recent years. We expect the rate at which these benefits are realised to increase into the 2017 and 2018 Financial Years. This gives us confidence in our ability to deliver on our ROFE target of greater than 16% by the end of the 2018 Financial Year,” Mr Severin said.

Update on Allnex/Advent proposal to acquire Nuplex

As announced on 15 February 2016, Allnex’s proposal is for a total consideration of \$5.55 per share. This includes the payment of the 2016 Financial Year interim dividend. Today, the Board declared an interim dividend of 12 cents per share. Following the payment of this dividend to all shareholders on the register as at 17 March 2016, the proposal price per share, if it proceeds, would therefore be \$5.43.

Nuplex, as a listed entity, does not expect any material issues to arise from the due diligence process and expects to be able to update shareholders in 6 to 8 weeks once it is completed.

For further information, please contact:

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