



Takeover Offer for Alesco

Retail Broker Briefings

September 2012

Imagine a better place



Status of the offer

Offer summary

- Offer of \$2.05¹ cash per share
- Best and final offer, in the absence of a competing proposal

Current status

- DuluxGroup will declare its offer unconditional on or after 1 October 2012 once we have 50.1% voting power plus IAF acceptances² (if no Alesco board recommendation)
- Shareholders will be paid within 5 business days of the offer being declared unconditional – shareholders could be paid as early as 8 October 2012³
- Broker handling fees introduced
- Alesco has established the Alesco Shareholder Acceptance Facility (ALSAF) – recommended by Alesco for shareholders who wish to accept the offer and potentially receive additional franking credits (subject to DuluxGroup reaching 90% and a number of other conditions)

Offer close

- Offer due to close at 7.00pm (Melbourne time) on 8 October 2012 (unless extended)

1. Alesco shareholders who accept the offer would receive for each Alesco share:

- \$1.90 in cash from DuluxGroup; and
 - \$0.15 fully franked dividends paid on 7 September 2012 provided the shareholder was an Alesco shareholder on the dividend record date of 17 August 2012.
- The offer has been declared best and final subject to no competing proposal emerging.

2. Including DuluxGroup's voting power in Alesco and acceptance instructions under DuluxGroup's Institutional Acceptance Facility. Until the offer is declared unconditional, DuluxGroup reserves the right to waive or rely on breaches of conditions.

3. If the offer becomes unconditional and shareholders have already accepted the offer or accept on or before 1 October 2012.

Why you should accept now

- ✓ **46% cash premium** to pre-offer trading price
- ✓ All of Alesco's largest shareholders have already supported the offer – our current voting power plus IAF acceptances total approximately **45.5%**
- ✓ **We will declare our offer unconditional** on or after 1 October 2012 **once we have 50.1%** and if the Alesco board has not recommended the offer¹
- ✓ We will pay accepting shareholders quickly (within 5 days of the offer being declared unconditional) – **you may be paid as early as 8 October 2012²**
- ✓ If our offer lapses, **Alesco's share price is likely to fall significantly** – the indicative Alesco share price without the offer is approximately \$1.10³ (or \$1.25 including the \$0.15 per share of dividends paid by Alesco)
- ✓ Accepting the offer **removes significant risks** that could affect the value of your Alesco shares over time – don't forget how poor Alesco's share price performance was before the offer

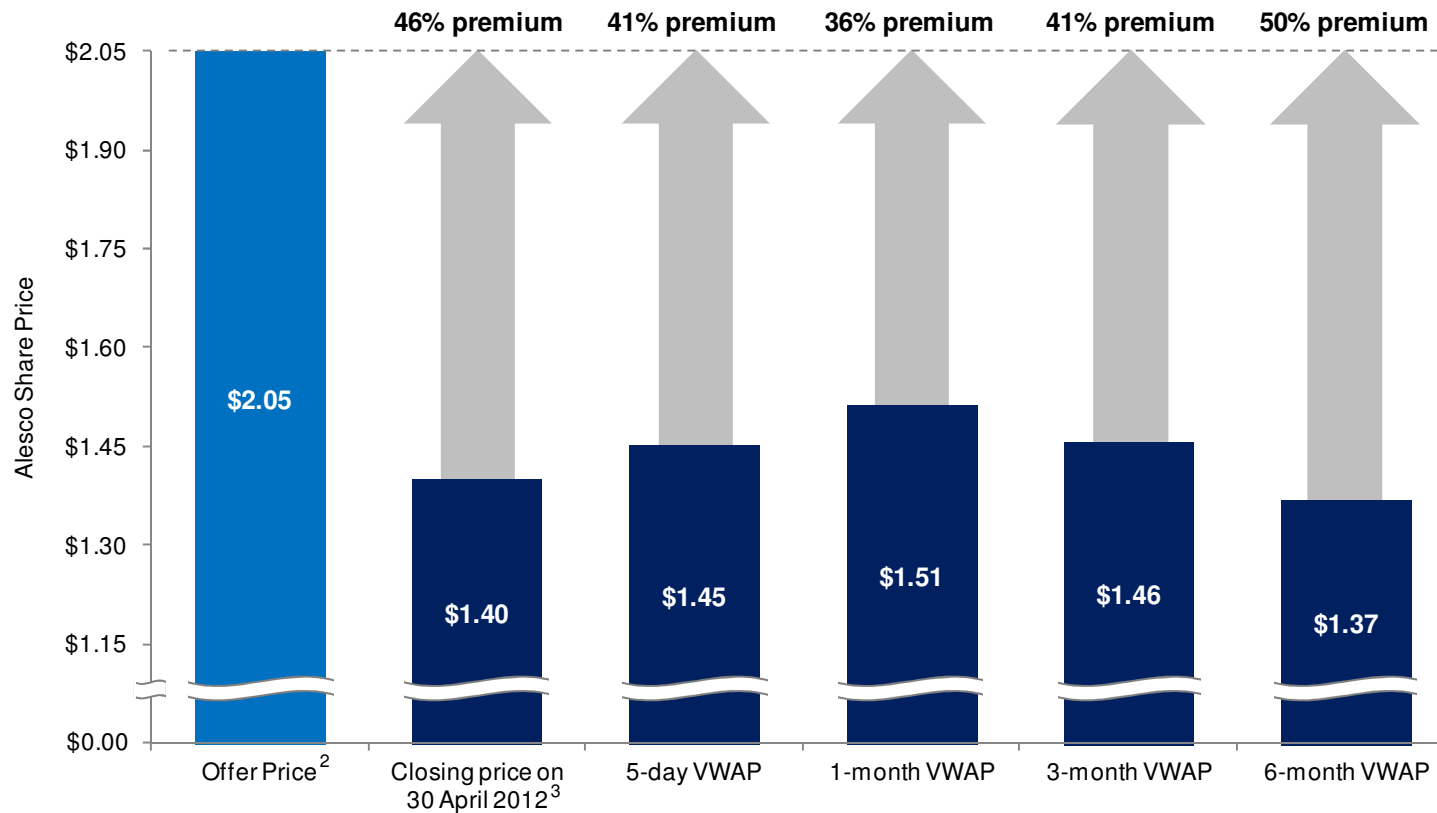
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2. If our offer becomes unconditional and shareholders have already accepted the offer or accept on or before 1 October 2012.

3. As at 11 September 2012. Includes a downwards adjustment for the \$0.15 per share of dividends declared by Alesco on 24 July 2012. Assumes that the Alesco share price increased in response to the announcement of the offer on 1 May 2012 and, absent the offer, would have moved in line with the movements in the S&P/ASX Small Ordinaries Index. This price is indicative only based on the above assumptions. Share prices will depend on a number of factors and assumptions including market conditions and matters particular to each company. The actual trading price should the offer lapse may be more or less than \$1.10.

Highly attractive offer premium

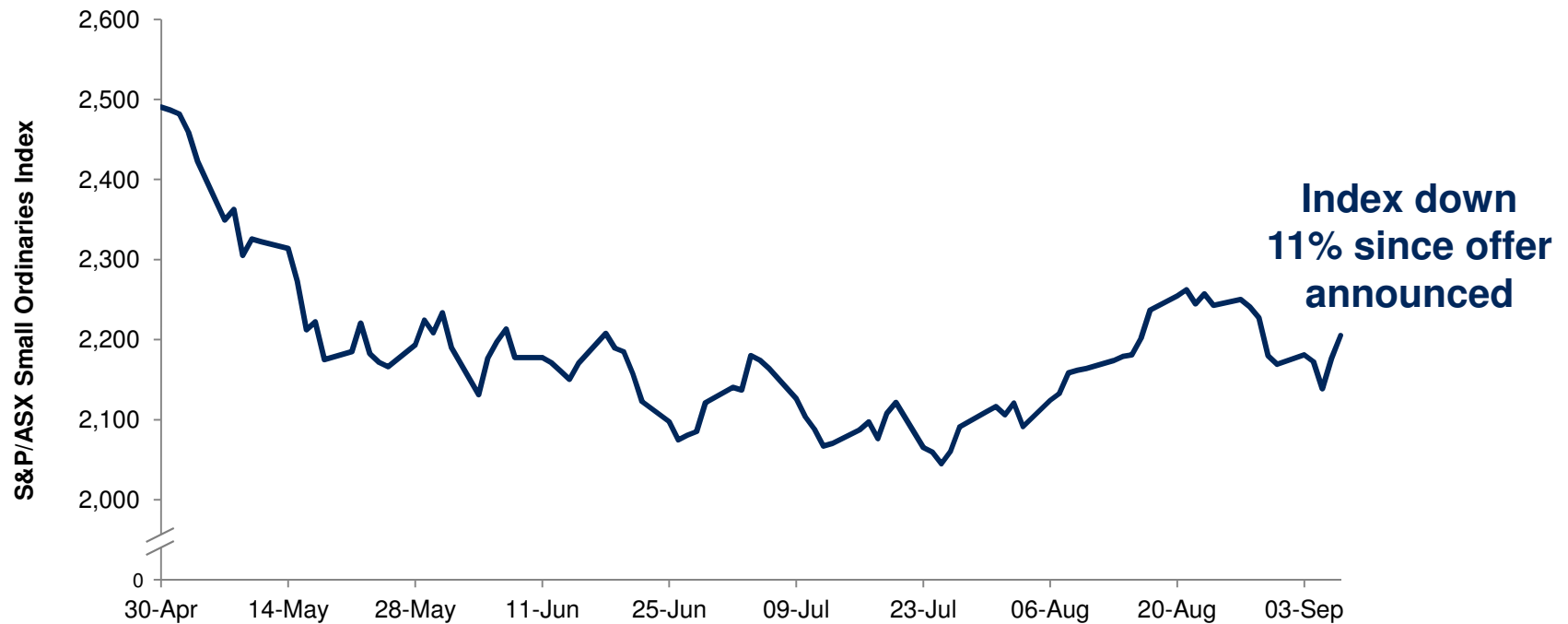
Offer premium relative to Alesco trading prices prior to DuluxGroup's offer¹



1. As at 30 April 2012, being the last trading day prior to the announcement of the offer. Volume weighted average price (VWAP) includes on-market trades, on-market crossings and off-market crossings, and excludes DuluxGroup's acquisition of its 19.96% stake in Alesco which it acquired for \$2.00 per share on the last day of trading prior to the announcement of the offer.
 2. \$2.05 includes the \$0.15 per share of dividends paid by Alesco on 7 September 2012.
 3. Being the last trading day prior to the announcement of the offer.

Alesco's share price is likely to fall significantly if DuluxGroup's offer lapses, particularly given market performance

- Indicative Alesco share price without DuluxGroup's offer is approximately **\$1.10¹** (or \$1.25 including the \$0.15 per share of dividends paid by Alesco)



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Risks of continued investment in Alesco

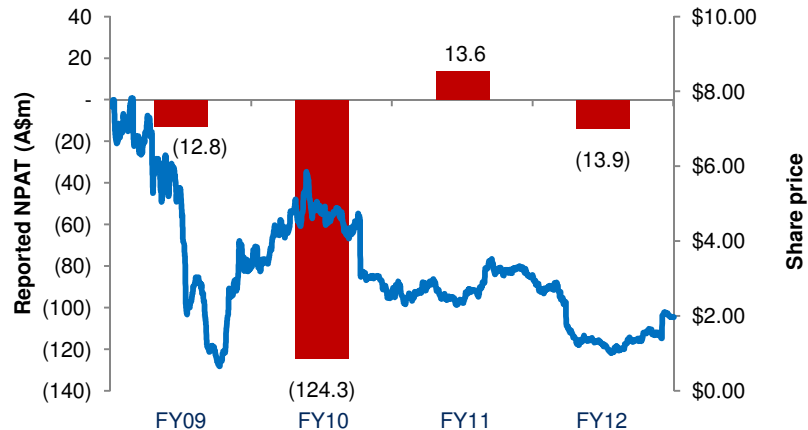
1 Negative earnings momentum

Alesco FY12 results	Reported	Continuing ¹
Revenue	↓ 27%	↓ 4%
EBIT (before significant items)	↓ 24%	↓ 20%
NPAT (before significant items)	↓ 9%	
Loss after tax	↓ 202%	

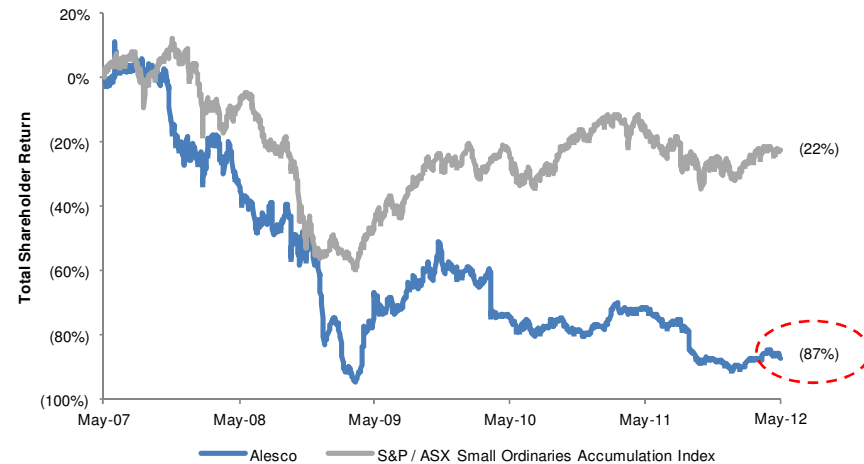
3 \$268m of negative significant items over the past 4 years

FY09 – FY12	A\$m (post tax)
Loss on sale of Parbury and Dekorform ²	(8.0)
Goodwill impairment charge to DSA	(12.7)
Water Products & Services impairments	(210.4)
Restructuring	(10.0)
Other	(26.9)
Total negative significant items (post tax)	(268.0)

2 \$137m of reported losses over the last 4 years



4 TSR of negative 87% over the 5 years to 30 April³



1. Revenue and EBIT from continuing businesses only
2. Including associated expenses

3. Source: Bloomberg as at 30 April 2012. Total shareholder return is the capital appreciation of the company's share price on ASX, adjusted for capital management (such as share splits or consolidations), assuming reinvestment of dividends at the declared dividend rate per share. The period analysed is from 1 May 2007 up to and including 30 April 2012.

Other key risks

- ? **Alesco's near-term earnings are uncertain, with no clear guidance provided to date**
 - No 1H13 or FY13 guidance was provided as part of the FY12 results release
 - The only broad guidance provided was for “EBIT growth over the next three to four years”
 - How has Alesco been tracking in the current challenging market conditions?

- ? **Alesco's board is relying on an Independent Expert's valuation and opinion which was developed on a theoretical “break-up” scenario, which is not available to Alesco shareholders**

- ? **Potential for NZ tax litigation exposure of c.NZ\$14.9m (c.A\$0.12 per share)**
 - This exposure may continue to increase

- ? **The potential for future special dividends on a standalone basis is highly uncertain**

- ? **The housing market continues to be challenging, with the outlook uncertain**

- ? **Alesco's Project Restore initiatives have underdelivered**
 - E.g. full benefits from Wyong not expected to be delivered until FY13 (vs. original expectation of FY12)

How to accept DuluxGroup's offer



Standard acceptance of DuluxGroup's Offer

Use the **WHITE** acceptance form which has been provided by DuluxGroup

- ✓ You will be paid once the offer is declared unconditional after DuluxGroup has **50.1%** or more in Voting Power and IAF Acceptances (DuluxGroup currently has approximately 45.5%), unless Alesco has recommended the offer
- ✓ You may be paid as early as **8 October 2012**
- ✓ The cash you will receive is the same as under Alesco's ALSAF



Tendering into Alesco's ALSAF

DO NOT use the blue, orange, yellow or green ALSAF forms provided by Alesco

- ✗ The ALSAF is **highly conditional** and **uncertain**
- ? You will only be paid if DuluxGroup reaches **at least 90% and a number of other conditions are met**. This is **highly unlikely** in the absence of an Alesco board recommendation.

Doing nothing

- ✗ The offer is less likely to proceed in which case Alesco's share price is likely to **fall significantly to your detriment**

For further information or for a new acceptance form please contact DuluxGroup's Offer Information Line on 1300 652 672 (within Australia) or +61 3 9415 4109 (international)

Broker handling fees

- DuluxGroup will pay a handling fee to brokers in respect of valid acceptances received from retail Alesco shareholders on or after 11 September 2012¹
- Handling fee only payable in respect of a formal acceptance of the offer – not payable in respect of any acceptance instruction under the ALSAF
- Handling fee of 0.75% of the consideration payable by DuluxGroup under the offer as a result of an acceptance (net of adjustment for Alesco dividends, i.e. \$1.90), subject to:
 - Minimum handling fee in respect of any acceptance of A\$50; and
 - Maximum handling fee in respect of any acceptance of A\$750
- Fourth Supplementary Bidder's Statement sets out the full details in respect of broker handling fees

1. A retail Alesco Shareholder is one who is not a Broker or an associate of a Broker and is not an Eligible Institutional Investor (defined as an institutional investor who has been invited to participate in the institutional acceptance facility in respect of the Offer) as determined in the sole discretion of DuluxGroup Bidco and who is, as at the date of Acceptance, recorded on the register of Alesco Shareholders as holding fewer than 250,000 Alesco Shares as at the date of acceptance, unless otherwise agreed with DuluxGroup. The terms in this slide are only a summary of the full terms set out in the Fourth Supplementary Bidders Statement. The full terms will govern the payment of any broker handling fees.

Important notice

The material in this presentation is a summary of the proposed takeover offer (Offer) for Alesco by DuluxGroup Limited (DuluxGroup).

The presentation includes an overview of the mechanics, key terms and perceived benefits to DuluxGroup of the Offer. The information is current as at the date of release. Further details about the Offer are set out in DuluxGroup's announcement of the Offer released to ASX's companies announcement platform on 1 May 2012 and contained in the Replacement Bidder's Statement dated 21 May 2012, the Second Supplementary Bidder's Statement dated 25 June 2012, the Third Supplementary Bidder's Statement dated 17 August 2012 and the Fourth Supplementary Bidder's Statement dated 11 September 2012, prepared on behalf of DuluxGroup.

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