

NUPLEX INDUSTRIES LIMITED

RESULTS PRESENTATION FOR THE SIX MONTHS ENDED 31 DECEMBER 2011

24 FEBRUARY 2012

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All currencies are in NZD unless stated otherwise.

Cover: Nuplex Vietnam: New water borne facility

RESULTS AND SEGMENT REVIEW


RESULTS AT A GLANCE

SAFETY

Lost Time Injury Frequency Rate

up 

Total Reportable Injury Rate

down 

SALES REVENUE

\$746.4m

down 2% 

EBITDA¹

\$57.3m

down 12% 


NET PROFIT AFTER TAX²

\$24.1m

down 22.5% 

EARNINGS PER SHARE

12.3 cents

down 23.6% 

DIVIDEND PER SHARE

10 cents

unchanged 

RETURN ON FUNDS EMPLOYED³

12.1%

down from 15.8% 

WORKING CAPITAL TO SALES RATIO

15.8%

down from 16.3% 

1. Earnings before interest, tax, depreciation and amortisation

2. Net profit after tax attributable to equity holders of the parent company

3. As defined by (earnings before interest, tax and unusual items) divided by average funds

All figures are in NZD unless otherwise stated

RESULTS SUMMARY

Sales revenue down 2% (up 1.1% on constant currency)

- Increased selling prices to recover higher raw material costs
- Volumes down 5.5%
 - Mainly due to 12% decline in ANZ volumes

EBITDA¹ down 12% (down 8.7% on constant currency)

- Costs controlled
 - Manufacturing costs on a constant currency basis down 3% as NuLEAP benefits flow through
 - Working capital to sales 15.8%
- Resins EBITDA down 10.5%
 - EBITDA growth in Americas and Europe, offset by weakness in Australia and New Zealand
 - Unit margins up 3%
 - Recovered previous period raw material cost increases
 - Unit margins up in all regions
- Specialties EBITDA down 18%
 - Sales up 1.5% (includes 3 months of Acquos masterbatch operations)
 - Australian agency and distribution sales down 10% due to weaker manufacturing sector

NPAT² down 22.5% (down 18.9% on constant currency)

- Includes \$2.6m in acquisition costs (Viverso and Acquos's masterbatch operations)
- Impacted by Fibrelogic losses




1. Earnings before interest, tax, depreciation and amortisation
2. Net profit after tax attributable to equity holders of the parent company

All figures are in NZD unless otherwise stated





SAFETY – WORKING TOWARDS ‘ZERO HARM’

- More comprehensive Personal Protective Equipment Policy rolled out across all sites
- Lost Time Injury Frequency rate hours increased to 3.5 per million hours
 - Due to increase in sprain and strain injuries in Australasia
- Total Reportable Injury Rate declined to 8.7 per million hours
- No reportable injuries in Asia or the Americas
- DuPont® Safety Management Systems for Leadership training completed in all regions
- Wangaratta emission - investigation complete, actions taken, operations resumed

	1H12	FY11	
Lost Time Injury Rate (per million hours)	3.5	1.9	
Total Reportable Injury Rate (per million hours)	8.7	12.8	

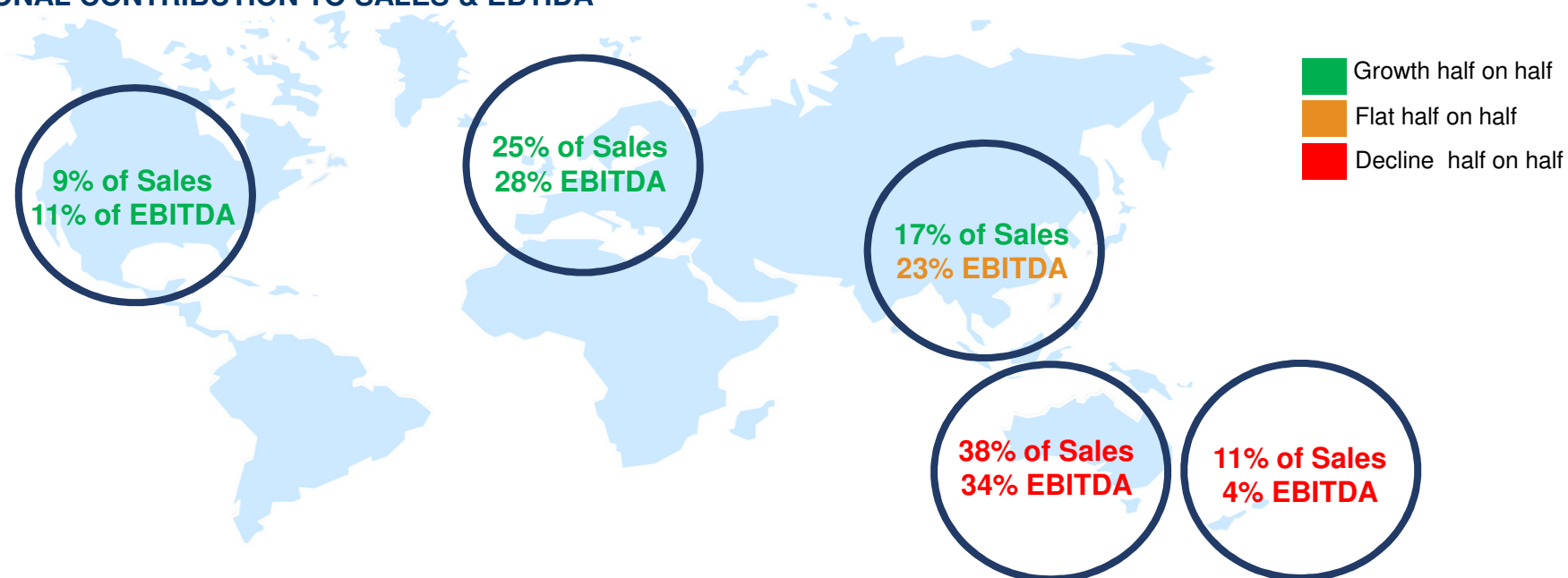
NuLEAP – ON TRACK

- On track to deliver
 - \$10m of incremental benefits in FY2012
 - \$30m of benefits in FY2013
- Benefits flowing through reduced costs despite lower volumes
 - Manufacturing costs on a constant currency basis down 3% during same period as volumes down 5.5%
- Initiatives implemented
 - China purchasing desk up and running
 - Re-tendered freight contracts in Australia
 - Targeted sales strategies in Asia
 - Production rationalisation and site consolidation in the US

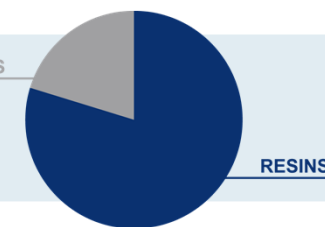
REGION	OPERATING COSTS (local currency)
ANZ	
Asia	
EMEA	
Americas	

SEGMENT RESULTS & REGIONAL CONTRIBUTION





REGIONAL CONTRIBUTION TO SALES & EBITDA



SEGMENT RESULTS		1H12 \$m	1H11 \$m	% CHANGE	
				ACTUAL FX	CONSTANT FX
Resins	Sales	595.5	612.8	(2.8)%	1.0%
	EBITDA	46.9	52.5	(10.5)%	(6.4)%
Specialties	Sales	150.9	148.7	1.5%	1.4%
	EBITDA	10.4	12.7	(18.0)%	(18.1)%



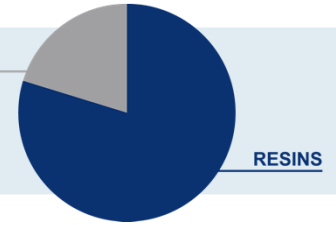
RESINS – SEGMENT OVERVIEW

REGION		1H12 \$m	1H11 \$m	CHANGE (%)		COMMENTARY
				ACTUAL FX	CONSTANT FX	
 AUSTRALASIA	Sales	215.8	238.9	(9.7)%	(9.9)%	<ul style="list-style-type: none"> • Volumes down 12% • Weak Australian manufacturing, construction sectors • Currency strength <ul style="list-style-type: none"> – Increasing competition in Australia – Reducing NZ exports to Asia and Pacific
	EBITDA	11.2	16.7	(32.4)%	(32.6)%	
 ASIA	Sales	127.1	126.3	0.7%	7.1%	<ul style="list-style-type: none"> • Volumes flat • Slower growth rates across the region • Reduced inter-regional exports in S.E.Asia • Additional \$1m R&D charge
	EBITDA	12.9	14.8	(12.9)%	(7.5)%	
 EUROPE	Sales	183.9	181.8	1.2%	6.3%	<ul style="list-style-type: none"> • Volumes down 5% • Demand in core Northern European markets steady • Powder volumes down 13% due to weaker demand from southern European based customers • Exports to Middle East and Asia down
	EBITDA	16.2	14.6	11.3%	16.8%	
 AMERICAS	Sales	68.6	65.8	4.2%	13.6%	<ul style="list-style-type: none"> • Volumes down 4% • Strengthening demand particularly in automotive and industrial markets
	EBITDA	6.5	6.3	2.4%	11.3%	

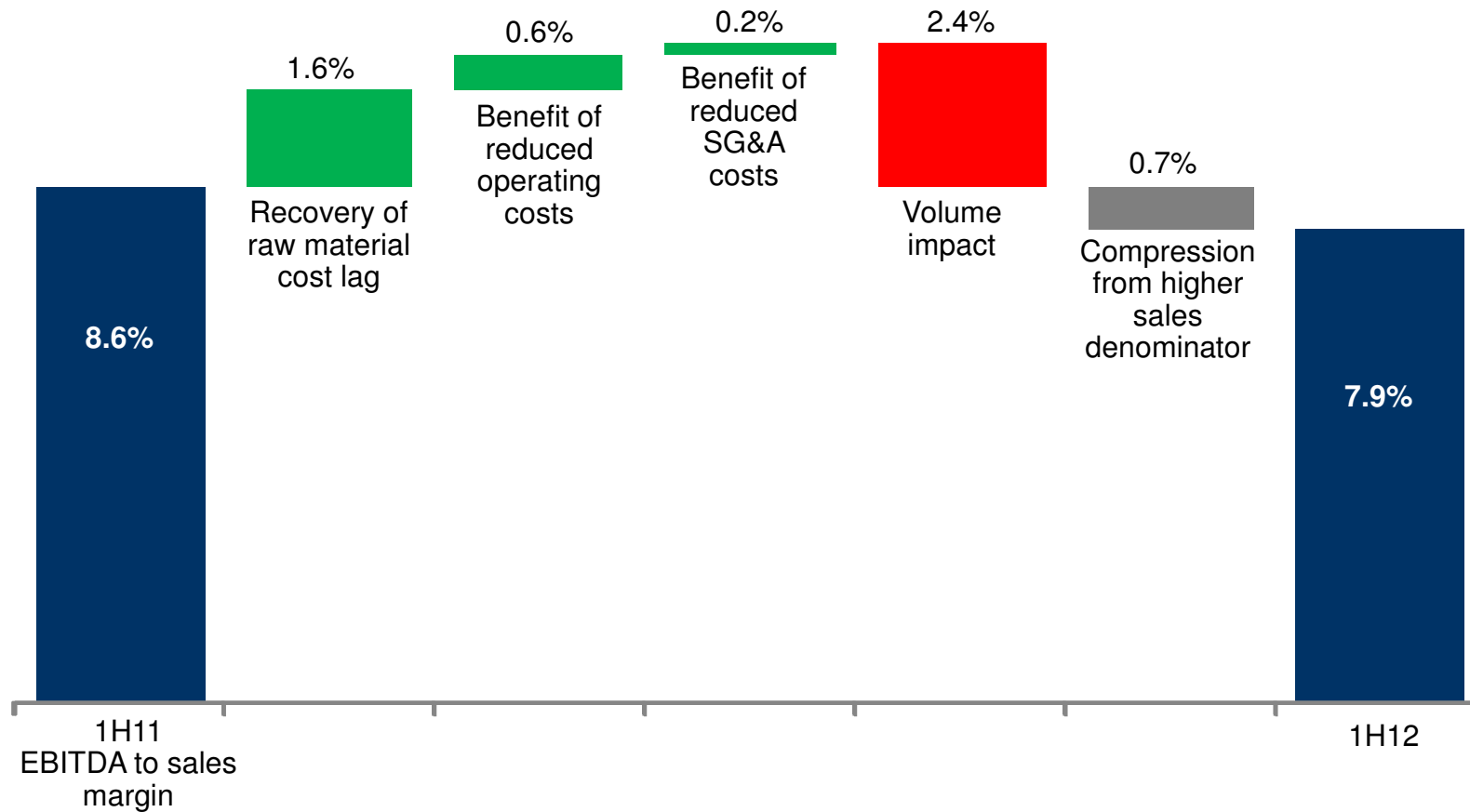
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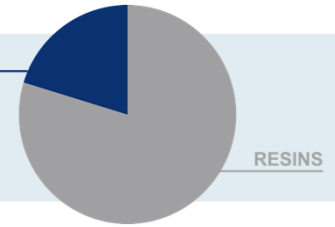
RESINS – EBITDA TO SALES MARGIN

SPECIALTIES



REDUCED COSTS OFFSET LOWER VOLUMES





SPECIALTIES - SEGMENT OVERVIEW

AGENCY AND DISTRIBUTION

- Sales
 - New Zealand up 5%
 - Australia down 10%
- Weaker Australian manufacturing reduced demand for
 - Plastics
 - Coatings
 - Surfactants
- Growth in
 - Food and Nutrition
 - Healthcare
 - Pharmaceuticals

MASTERBATCH

- Sales slower than expected due to weaker ANZ trading conditions
- Acquired Acquos's masterbatch operations
 - Contract price A\$23.5m
 - Builds leading position in the plastic and colour additives market
- Integration began 1 October 2011
 - Earnings in first half FY2012 not material due to restructure costs incurred
- In FY2013, benefit from acquisition expected to be A\$5m EBITDA

NuLEAP

"IMPROVING THE WAY WE WORK"

IDEA

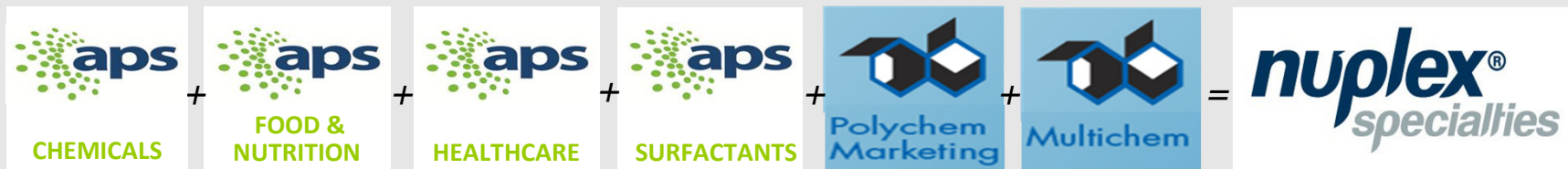
Simplify structure, remove silos, leverage strengths, reduce duplication of processes where possible

HOW

Integrate 6 brands into 1, create one team with common practices leveraging off a united brand

BENEFITS

- Streamlined structure is easier for principals and customers
- Increased reach and market presence



FINANCIAL RESULTS

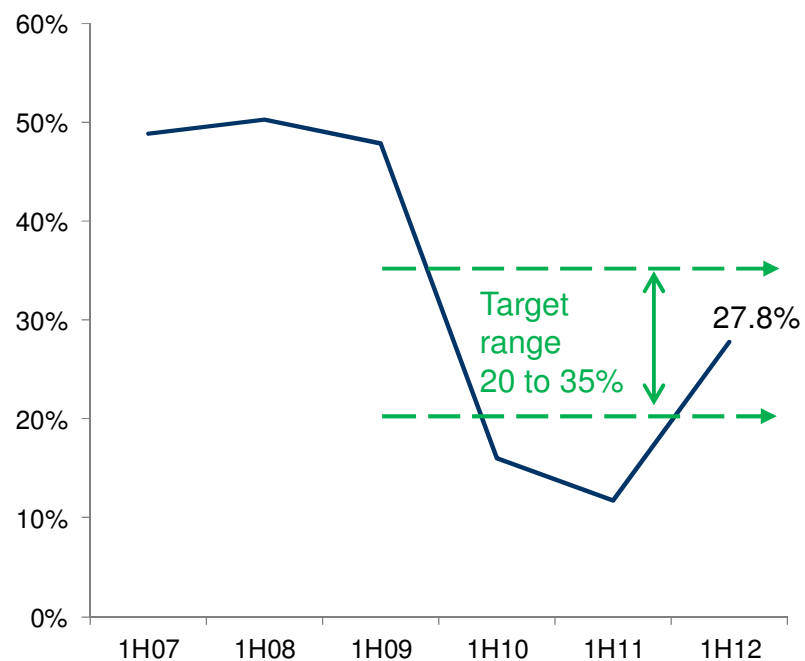
FINANCIAL RESULTS SUMMARY

\$m	1H12	1H11	CHANGE %
EBITDA	57.3	65.1	(12.0)
Depreciation & amortisation	(12.2)	(11.1)	(9.9)
EBIT	45.1	54.0	(16.5)
Interest	(6.5)	(9.5)	31.6
Tax on operating profits	(9.2)	(11.1)	17.1
Unusual items after tax	(3.0)	(1.8)	
Share of associates	(1.3)	0.8	
Minority interests	(1.0)	(1.3)	
NPAT attributable to equity holders of parent company	24.1	31.1	(22.5)
Earnings per share (cents)	12.3	16.1	(23.6)

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BALANCE SHEET AND GEARING

NET DEBT TO NET DEBT PLUS EQUITY RATIO



\$m	1H12	1H11
TOTAL EQUITY	563	545
Non-current assets	568	432
Current assets	625	539
Total assets	1,193	971
Non-current liabilities	170	170
Current liabilities	460	256
Total liabilities	630	426
TOTAL NET ASSETS	563	545

CASH FLOWS AND DIVIDEND

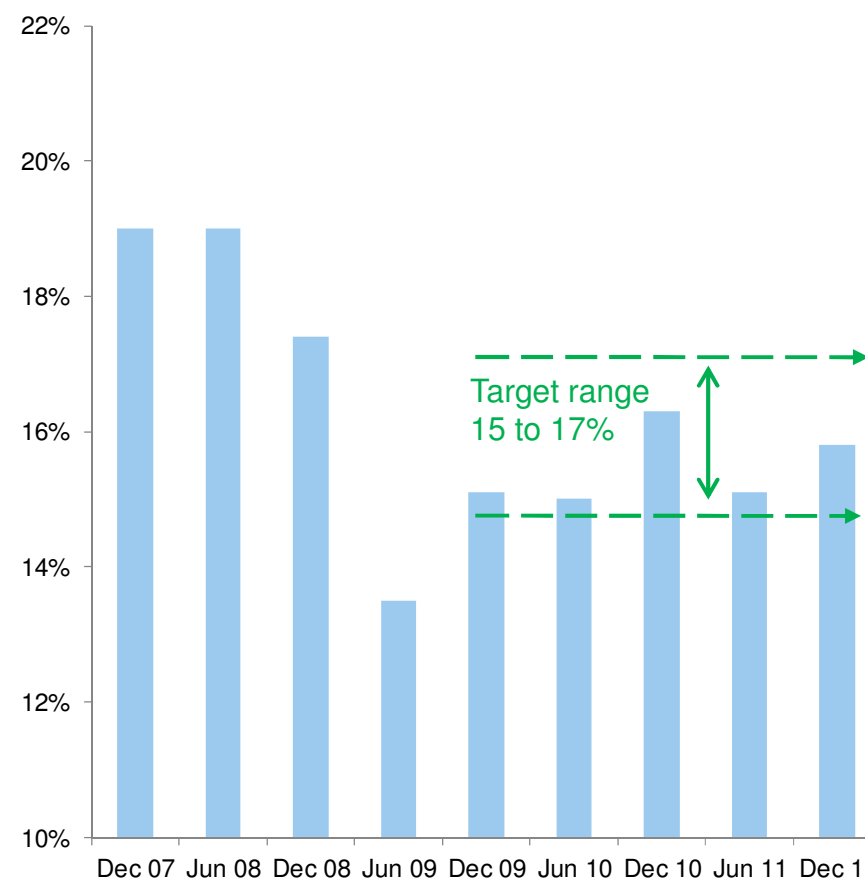
CASH FLOWS

- 15.8% working capital to sales ratio
 - Inline with target range of 15 to 17%
- \$2.9m in reduced financing costs under new facilities (renegotiated August 2011)
- Invested
 - Acquisition capex \$131.5m
 - Stay in business capex \$7.5m (~80% of depreciation)
 - Organic growth capex \$5.5m

DIVIDEND

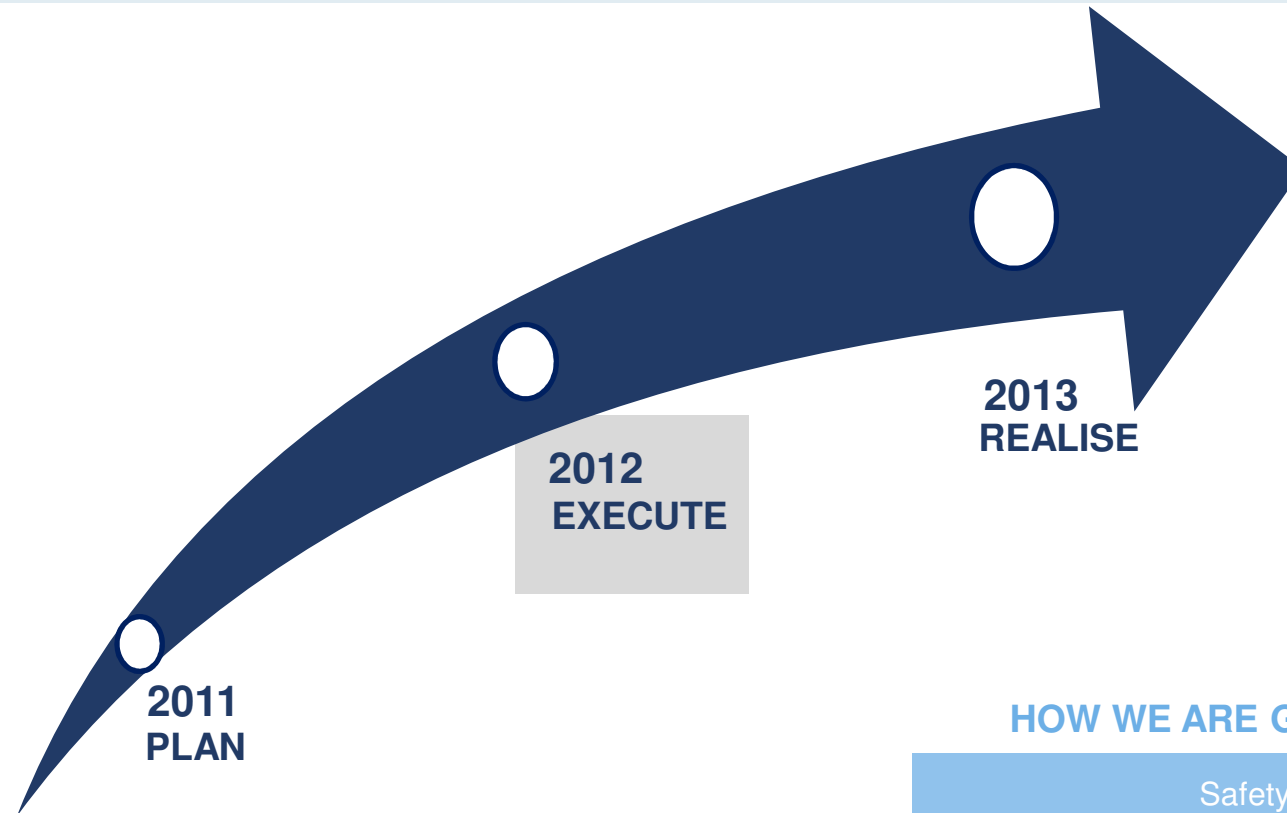
- 10 cent interim dividend
 - 81% dividend payout ratio
 - In line with previous interim dividend
- FY2012 dividend to be of a similar level to FY2011
 - Reflecting confidence in medium term and lower organic growth capital expenditure in FY2012

WORKING CAPITAL AS A PERCENTAGE OF 12 MONTH ROLLING SALES



STRATEGY AND INVESTMENT

2012 – SECOND YEAR OF OUR JOURNEY



HOW WE ARE GOING TO GET THERE

Safety: Zero Harm
One Global Team
NuLEAP

Organic growth in emerging markets
Selected product leadership through R&D
Consolidation of market leading positions
Consideration of strategic Mergers & Acquisitions

2012 PRIORITIES – EXECUTION PRIORITIES

CREATE A WINNING ENVIRONMENT	SAFETY	<ul style="list-style-type: none"> • Embed safety observation process • Deploy new global SH&E standards • Continue to roll out safety training to front line supervisors and management
	PEOPLE	<ul style="list-style-type: none"> • Continued development of cross regional functional teams and product groups • Roll out leader development training in all regions
SECURE OUR OPERATIONS	NULEAP	<ul style="list-style-type: none"> • ANZ - Implement longer term initiatives • EMEA, ASIA and Americas – continue execution of initiatives implemented in 2011
PURSUE PROFITABLE GROWTH	ORGANIC GROWTH	<ul style="list-style-type: none"> • Vietnam – capacity commissioned • China – planning approval secured • Russia – joint venture formed
	INTEGRATE ACQUISITIONS	<ul style="list-style-type: none"> • Vivero – rebrand as Nuplex, plan and begin to implement synergies • Merge Culamix and Acquos – restructure operations, leverage full product suite
	INNOVATIVE R&D	<ul style="list-style-type: none"> • Progress Asian based R&D center of excellence • Continued focus on water borne and performance coatings • Leverage Vivero technologies

EXECUTE – ORGANIC GROWTH PROJECTS



WHERE	Ho Chi Minh, Vietnam	Changshu, China	Russia
WHAT	Capacity expansion	Greenfield site	Joint Venture
TIMING	<ul style="list-style-type: none"> To be commissioned March 2012 Capacity expected to be filled in 4 years 	<ul style="list-style-type: none"> Commissioning expected in middle of 2013 Capacity expected to be filled in 4 years 	<ul style="list-style-type: none"> JV expected to be formed in 2H FY2012 Over next 2 years, consider building greenfield site
KEY DETAILS	<ul style="list-style-type: none"> Estimated cost US\$7.5m Doubles the site's water borne capacity FY2013 EBITDA contribution expected to be between US\$0.5 and US\$1m 	<ul style="list-style-type: none"> Estimated cost US\$35m Doubles Nuplex's Chinese capacity Introduces water borne capabilities into China 	<ul style="list-style-type: none"> Initial investment €2.5m JV initially a marketing and sales JV Intention is to build a site in Belgorod, Russia in 2014
SUPPORTING MARKET DATA	<ul style="list-style-type: none"> Coating consumption expected to grow between 8-10% in 2013¹ 	<ul style="list-style-type: none"> Coatings market expected to growth at 8.5% CAGR 2009-18² Performance Coatings market forecast to grow by ~60% 2009 and 2014³ 	<ul style="list-style-type: none"> Growth rate for coatings consumption expected to be 10 - 12% pa between 2010 to 2015⁴

1. Company data 2. China Paint Association 2009 3. Akzo Nobel China Presentation March 2011 4. IAL Consultants

EXECUTE – INTEGRATION OF VIVERSO

- Integration underway ⇒ 100 day plan complete, integration program progressing according to plan
 - Focus on employee and customer retention, product and distribution transition, and rebranding to Nuplex
- Expected contribution
 - EPS accretive in FY2012
 - At least €12m EBITDA in FY2013 (assuming continuation of current trading conditions)

VIVERSO - PLATFORM FOR MEDIUM TERM GROWTH

GEOGRAPHY

Direct access to Germany

- World's second largest exporter
 - 1/3 of national output are exports
 - Main exports: motor vehicles, machinery, chemical products
- 2011 GDP Annual Growth was 3% in Germany vs 1.5% for Euro Area¹

Increased proximity to Eastern Europe

- Forecast coating consumption growth pa (2010-2015)² : Poland 6%, Czech Republic 5%, Belerus 5% and Turkey 7%

PRODUCTS and R&D

Cross-sell existing products

- To Viverso customers
- To Nuplex customers

Leverage new Viverso products and technologies outside of Europe

- Able to offer locally manufactured product in ANZ, Asia, and Americas

Reinvigorate R&D focus on Viverso portfolio

Develop new customer propositions given the new portfolio depth

CAPACITY and DISTRIBUTION

Consolidates position as leading provider in Europe

- Leader in solvent borne resins, still the predominant coating technology in industrial applications
- Top 4 resins producer by volume

50% Increase in EMEA capacity

- Capacity for future growth
- State-of-the-art facility

Online distribution channel

- Potential to extend across ANZ, Asia and Americas

OUTLOOK

FY2012 OUTLOOK

REGIONAL OUTLOOK

- **ANZ:** Continues to remain challenging. Expect:
 - Resins volumes to be down 9% yoy
 - Specialties sales up 5% including 9 months of Acquos. Australian Agency and Distribution sales expected down yoy
 - Review of market structure and implications for Australasian operations underway
- **Asia:** More moderate growth expected across the region
 - Volumes expected to be flat yoy
- **Europe:** Demand from northern Europe expected to hold.
 - Volumes, excluding Viverso, expected to be down 5% yoy
- **Americas:** slow and steady recovery expected to continue
 - Expect flat volumes yoy

FY2012 EARNINGS GUIDANCE

- EBITDA excluding Viverso and Acquos, is forecast to be approximately 5 - 10% lower than previous financial year
- EBITDA including the recent acquisitions is expected to be between flat to 5% year on year growth

FY2013 EARNINGS GUIDANCE

- EPS contribution from Viverso, the integrated Masterbatch operations and the new capacity in Vietnam is expected to be between 3 cents and 5 cents



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FOR FURTHER DETAILS

nuplex

RESINS SALES AND EBITDA IN NZD

NZD	1H12		1H11	% CHANGE	
	ACTUAL FX	CONSTANT FX	ACTUAL FX	ACTUAL FX	CONSTANT FX
SALES					
Australasia	215,830	215,332	238,901	(9.7)	(9.9)
Asia	127,168	135,346	126,330	0.7	7.1
Europe	183,957	193,296	181,791	1.2	6.3
Americas	68,558	74,791	65,813	4.2	13.6
TOTAL SALES	595,513	618,765	612,835	(2.8)	1.0
EBITDA					
Australasia	11,278	11,242	16,674	(32.4)	(32.6)
Asia	12,920	13,729	14,841	(12.9)	(7.5)
Europe	16,263	17,058	14,608	11.3	16.8
Americas	6,488	7,051	6,335	2.4	11.3
TOTAL EBITDA	46,949	49,080	52,458	(10.5)	(6.4)

RESINS SALES AND EBITDA BY LOCAL CURRENCY

	1H12	1H11	% CHANGE
SALES			
Australasia (A\$ m)	168,273	186,781	(9.9)
Asia (\$US m)	102,212	93,066	9.8
Europe (€ m)	107,089	101,208	5.8
US (\$US m)	55,105	48,484	13.7
EBITDA			
Australasia (A\$ m)	8,791	13,038	(32.6)
Asia (\$US m)	10,385	10,933	(5.0)
Europe (€ m)	9,468	8,133	16.4
US (\$US m)	5,214	4,667	11.7

FOREIGN EXCHANGE

NEW ZEALAND DOLLAR VS AUD, EURO AND USD



AVERAGE EXCHANGE RATE	1H12	1H11	% CHANGE
NZD: AUD	0.7797	0.7818	(0.3)
NZD: EUR	0.5821	0.5567	4.6
NZD: USD	0.8038	0.7367	9.1