DuluxGroup

2013 Half Year Results Announcement

13 May 2013

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Result Overview 1

Highlights – Strong result in generally soft markets

- NPAT before non-recurring items[1] up ~9%
- Strong revenue and EBIT result for Heritage DuluxGroup businesses with both up ~7%
- Market share outperformance by core Paints ANZ businesses
- Alesco businesses solid in weak markets
- Overall cash generation good, with post-Alesco debt:EBITDA at 2.3x
- Continued strong safety and sustainability performance
- Alesco integration and growth projects progressing well

Numbers in this presentation are subject to rounding

[1] NPAT before non-recurring items – for 2013 represents net profit after tax, excluding Alesco transaction and integration costs and non-recurring Purchase Price Allocation (PPA) adjustments. For 2012, represents net profit after tax, excluding a tax consolidation benefit and an insurance uplift. Directors believe that the result excluding these items provides a better basis for comparison from period to period.

Refer to Appendix for definitions

DuluxGroup financial performance

Half year ended 31 March (A$M)	2013 Actual	2012 Actual	%	↕
Sales	**690.8**	528.5	*30.7*	↑
EBIT	**60.2**	72.2	*(16.6)*	↓
Net profit after tax (NPAT)	**32.9**	47.9	*(31.3)*	↓
Operating cashflow	**23.1**	51.4	*(55.1)*	↓
EBIT before non-recurring items [1]	**72.4**	64.5	*12.2*	↑
NPAT before non-recurring items [1]	**42.9**	39.4	*8.9*	↑
Operating cashflow before non-recurring items [1]	**35.2**	33.7	*4.5*	↑
Net debt	**456.7**	223.7	*104.2*	↑
Interim dividend per share (cents)	**8.0**	7.5	*6.7*	↑

- **Sales and EBIT impacted by the addition of Alesco (4 months in 2013) and non-recurring items (refer next page)**
- **NPAT growth before non-recurring items of 8.9%, driven by strong performance of heritage DuluxGroup businesses**
- **Increased operating cash flow (before non-recurring items)**

[1] For 2013, EBIT before non-recurring items represents reported ‘profit from operations’ of $60.2M, plus Alesco transaction and integration costs of $10.5M and non-recurring Purchase Price Allocation (PPA) adjustments of $1.7M. For 2012, this represents profit from operations of $72.2M less an insurance uplift of $7.7M resulting from the Queensland flood. These figures are not extracted from Appendix 4D. NPAT before non-recurring items represents net profit after tax adjusted for the same items. Operating cashflow before non-recurring items represents ‘net cash inflow from operating activities’ adjusted for these items.

DuluxGroup financial performance

Half year ended 31 March (A$M)	*2013 Actual*	*2012 Actual*	*% ↕*	
Sales Revenue				
Heritage DuluxGroup	**563.2**	528.5	*6.6*	↑
Alesco (4 mths in 2013)	**127.6**	-		
Total	**690.8**	528.5	*30.7*	↑
EBIT				
Heritage DuluxGroup	**69.1**	64.5	*7.1*	↑
Alesco (4 mths in 2013)	**3.3**	-		
Non-recurring items	**(12.2)**	7.7		
Total	**60.2**	72.2	*(16.6)*	↓
NPAT				
NPAT before non-recurring items	**42.9**	39.4	*8.9*	↑
Non-recurring items	**(10.0)**	8.6		
Total	**32.9**	47.9	*(31.3)*	↓

- **Heritage DuluxGroup businesses outperformed in most segments despite generally soft markets, driven by profitable share gains**
- **Non-recurring items in 2013 relate to Alesco transaction**

DuluxGroup financial performance

Half year ended 31 March (A$M)	*2013 Actual*	*2012 Actual*	*% ↕*
Proforma results - Alesco			
Sales	**214.6**	219.3	*(2.1)* ↓
EBIT	**11.6**	12.8	*(9.4)* ↓
Consolidated proforma results			
Proforma sales revenue	**777.8**	747.8	*4.0* ↑
Proforma EBIT (before non-recurring costs)	**80.7**	77.3	*4.4* ↑

- **On a proforma (six month) basis, revenue for the Alesco businesses declined slightly in soft markets**
- **Costs and margins generally well-contained in the three main businesses; non-core Robinhood declined $0.6M**

Safety & Sustainability – 'A Future Without Harm'

		March 2013	September 2012
Recordable Injury Rate - Total Group	✓	1.54	1.85
Recordable Injury Rate - Heritage DuluxGroup [1]	✓	0.92	1.21
Waste Generation (% change) [1]	✓	-7%	-27%
Water Consumption (% change) [1]	✓	-8%	-8%

- **Focus remains on key improvement strategies:**
  - Fatality Prevention; Process Safety; Personal Safety; and Sustainability
- **Significant improvement in recordable injury performance of our existing businesses. We have commenced measuring in our new businesses**
- **Continuing to deliver improvement in waste generation and water consumption**

[1] These measures exclude statistics for the acquired Alesco businesses and the Camel business.

Segment Performance 2

Segment EBIT

Half year ended 31 March (A$M)	2013 Actual	2012 Actual	% ↕	
Paints Australia (before insurance uplift) [1]	**56.1**	51.5	*8.9*	↑
Paints New Zealand	**7.1**	4.9	*44.9*	↑
Selleys Yates	**12.1**	12.0	*0.8*	↑
Garage Doors & Openers (proforma)	**7.8**	8.6	*(9.3)*	↓
Parchem (proforma)	**2.8**	2.8	*-*	↑
Lincoln Sentry (proforma)	**3.0**	2.6	*15.4*	↑
Other businesses (proforma for Robinhood)	**2.1**	3.0	*(30.0)*	↓
Corporate - DuluxGroup (before Alesco costs)	**(8.7)**	(6.8)	*(27.9)*	↓
Corporate - Alesco	**(1.5)**	(1.3)	*(15.4)*	↓
Total EBIT	**80.7**	77.3	*4.4*	↑

[1] 2012 represents reported 'profit from operations' of $59.2M, less an insurance uplift of $7.7M (figure not directly extracted from Appendix 4D) resulting from the Queensland flood.

Paints Australia

Half year ended 31 March (A$M)	*2013 Actual*	*2012 Actual*	*%*	↕
Sales	**324.5**	310.2	*4.6*	↑
EBITDA excluding insurance uplift [1]	61.8	57.0	*8.4*	↑
EBIT	**56.1**	59.2	*(5.2)*	↓
EBIT excluding insurance uplift [1]	56.1	51.5	*8.9*	↑
EBIT margin (excl. insurance uplift) (%) [1]	*17.3%*	*16.6%*	*0.7 pts*	↑

- **Revenue growth of 4.6% driven by significant share gains in a declining market**
- **Margin benefits driven by internal efficiency programs and some raw material price relief**
- **Increased investment in marketing and sales capability**

[1] 2012 EBIT excluding insurance uplift represents reported 'profit from operations' of $59.2M, less an insurance uplift of $7.7M (figure not directly extracted from Appendix 4D) resulting from the Queensland flood. EBITDA and EBIT margin have been adjusted for the same item.

Paints New Zealand

Half year ended 31 March (A$M)	*2013 Actual*	*2012 Actual*	*%*	↕
Sales	**45.4**	38.0	*19.5*	↑
EBITDA	**8.4**	6.3	*33.3*	↑
EBIT	**7.1**	4.9	*44.9*	↑
EBIT margin (%)	***15.6%***	*12.9%*	*2.7 pts*	↑

- **Strong revenue growth with improved market conditions. Improvement driven by increased building activity, previously deferred maintenance and reconstruction activities in Christchurch**
- **Share gains achieved in both Retail and Trade channels**
- **Fixed costs increased to support the material increase in revenue**

Selleys Yates

Half year ended 31 March (A$M)	*2013 Actual*	*2012 Actual*	*%*	↕
Sales	**126.6**	122.1	*3.7*	↑
EBITDA	**13.7**	13.8	*(0.7)*	↓
EBIT	**12.1**	12.0	*0.8*	↑
EBIT margin (%)	***9.6%***	*9.8%*	*(0.2) pts*	↓

- **Revenue growth with share gains in both Selleys and Yates offsetting the impact of declining markets**
- **Margins in Yates declined due to the full impact of unfavourable product mix changes to the range. Margins improved in Selleys due to favourable product mix and procurement initiatives**
- **Further progress is being made on margin improvement initiatives**

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Garage Doors and Openers

Half year ended 31 March (A$M)	2013	2012	%	↕
Proforma Results				
Sales	**76.4**	76.5	*(0.1)*	↓
EBITDA	**11.0**	11.7	*(6.0)*	↓
EBIT	**7.8**	8.6	*(9.3)*	↓
EBIT margin (%)	***10.2%***	*11.2%*	*(1.0) pts*	↓
Statutory Results				
Sales	**46.3**	-	*nm*	-
EBITDA	**5.0**	-	*nm*	-
EBIT	**2.7**	-	*nm*	-

- **Proforma revenue broadly in-line with prior year as Australian market retraction and tough pricing conditions in New Zealand offset share gains and New Zealand market growth**
- **EBIT decline largely due to investment in sales and marketing capability**

Parchem

Half year ended 31 March (A$M)	*2013*	*2012*	*%*	↕
Proforma Results				
Sales	**58.7**	57.5	*2.1*	↑
EBITDA	**4.4**	4.1	*7.3*	↑
EBIT	**2.8**	2.8	-	↑
EBIT margin (%)	***4.8%***	*4.9%*	*(0.1) pts*	↓
Statutory Results				
Sales	**34.9**	-	*nm*	-
EBITDA	**1.3**	-	*nm*	-
EBIT	**0.2**	-	*nm*	-

- **Subdued revenue growth with a flat Australian market as growth in mining states was offset by low levels of infrastructure projects. New Zealand revenue growth driven by rebounding market including Christchurch rebuilding activity**
- **Higher store costs following refurbishment of six stores were offset by favourable product mix, cost and procurement initiatives**

Lincoln Sentry

Half year ended 31 March (A$M)	2013	2012	%	↕
Proforma Results				
Sales	**70.9**	76.9	*(7.8)*	↓
EBITDA	**4.1**	3.5	*17.1*	↑
EBIT	**3.0**	2.6	*15.4*	↑
EBIT margin (%)	***4.2%***	*3.4%*	*0.9 pts*	↑
Statutory Results				
Sales	**41.4**	-	*nm*	-
EBITDA	**0.7**	-	*nm*	-
EBIT	**(0.1)**	-	*nm*	-

- **Proforma revenue declined as key renovation and housing construction markets contracted**
- **Proforma EBIT growth due to the benefit of fixed cost savings resulting from programs introduced in 2012**

Other businesses

Half year ended 31 March (A$M)	2013	2012	%	↕
Proforma Results				
Sales	**84.2**	76.7	*9.8*	↑
EBITDA	**4.6**	5.4	*(14.8)*	↓
EBIT	**2.1**	3.0	*(30.0)*	↓
EBIT margin (%)	***2.5%***	*3.9%*	*(1.4) pts*	↓
Equity share of EBIT [1]	***3.9***	*4.6*	*(15.2)*	↓
Statutory Results				
Sales	**80.5**	68.3	*17.9*	↑
EBITDA	**4.5**	5.0	*(10.0)*	↓
EBIT	**2.1**	2.9	*(27.6)*	↓

- **Proforma revenue growth driven by China result for the prior period only including four months of DGL Camel consolidated business; revenue grew 3% on an equity share basis**
- **Revenue gains in Powder Coatings businesses offset by fall in PNG (market-driven)**
- **Proforma EBIT declined: Growth in Powder Coatings more than offset by falls in PNG (revenue driven) and Robinhood ($0.6M decline)**

[1] Represents the Group's share of EBIT in the Other businesses segment, after accounting for the 49% non-controlling interest in DGL Camel International. This figure is not directly extracted from the Appendix 4D.

Other Financial Information 3

Corporate costs

Half year ended 31 March (A$M)	*2013 Proforma*	*2012 Proforma*	*%*	*↕*
Corporate costs - DuluxGroup	**8.7**	6.8	*(27.9)*	↓
Proforma corporate costs - Alesco	**1.5**	1.3	*(15.4)*	↓
Total Proforma Corporate	**10.2**	8.1	*(25.9)*	↓

- **DuluxGroup corporate costs were slightly higher than the prior year, and in line with previous guidance that full year Corporate costs will be ~$18M for the full year**
- **Alesco proforma corporate costs were impacted by one-off gains in 2012 and synergies derived in 2013**

Capital management – key measures

Balance Sheet (A$M)	Mar-13 Actual	Sept-12 Actual	
Net debt	**456.7**	230.3	Impacted by Alesco acquisition
Rolling TWC to sales - Heritage DuluxGroup	**12.9%**	13.3%	TWC improvements; Blended rate higher due to Alesco
Proforma Rolling TWC to sales	**15.2%**	15.6%	
Net Debt: EBITDA (times) [1]	**2.3**	1.5	Below expectations post-Alesco
EBIT Interest cover (times) [1]	**5.4**	6.1	

Cash Flow and P&L (A$M)	Mar-13 Actual	Mar-12 Actual	
Operating cash before non-recurring items	**35.2**	33.7	
Cash conversion before non-recurring items	**61%**	67%	Within expectations – prior year included abnormally positive TWC
Net interest expense	**13.3**	10.6	
Average net interest rate	**6.3%**	7.5%	

Key metrics remain sound

[1] EBITDA and EBIT have been adjusted for non-recurring items in both periods.

Cash flow

Half year ended 31 March (A$M)	*2013 Actual*	*2012 Actual*	*$*	*↕*
Cash flow before non-recurring items	**35.2**	33.7	*1.5*	↑
Non-recurring Alesco costs	**(12.1)**	-	*(12.1)*	↓
Non-recurring flood impacts	**-**	17.7	*(17.7)*	↓
Net operating cash flows	**23.1**	51.4	*(28.3)*	↓
Capital expenditure	**(9.8)**	(13.4)	*3.5*	↑
Acquisitions/disposals	**(145.5)**	(2.0)	*(143.5)*	↓
Net investing cash flows	**(155.3)**	(15.4)	*(140.0)*	↓
Share capital movements	**10.7**	(7.4)	*18.1*	↑
Dividends paid	**(29.2)**	(27.5)	*(1.7)*	↓
Financing cash flows before debt movements	**(18.5)**	(34.9)	*16.4*	↑

- **Non-recurring items impacted operating cash flow 2012 and 2013 (in opposite directions)**
- **Excluding the Alesco acquisition, all movements in line with expectations**

Capital expenditure

Capital expenditure (A$M)	Half Year 2013 Actual	Half Year 2012 Actual	Full Year 2013 Outlook	Full Year 2012 Actual
Minor capital expenditure	9.7	5.9		18.2
Renewal / growth capital expenditure	0.2	2.7		3.8
Subtotal	**9.8**	**8.6**		**22.0**
Rocklea flood-related capital expenditure	-	4.8		5.5
Total capital expenditure	**9.8**	**13.4**	**23-27**	**27.4**
Depreciation and amortisation	15.6	11.0	32-34	23.3

- **The 2013 outlook now includes a modest increase given the addition of Alesco**
- **Planned spend remains below depreciation and amortisation**

Strategic Growth Priorities 4

Our strategy is to build on and leverage the core and establish longer term growth options

Paint, Specialty Coatings & Adhesives (ANZ, PNG)

- Continue to build on premium, branded, market-leading positions via retail (DIY) and trade (DIFM) channels focused largely on residential homes (bias to existing homes)
- Extend speciality products into construction, engineering and infrastructure markets
- *Includes Paints, Woodcare, Protective / Texture / Powder Coatings, Selleys, Parchem*

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Capability-led Adjacencies (ANZ)

- Focused on premium, branded consumer products for residential home improvement
- Value-add through leveraging existing “go-to-market” capabilities (e.g. retail hardware channel management, trade distribution model – stores, tradesmen, specification)
- *Includes Yates, B&D Garage Doors & Openers and Lincoln Sentry*

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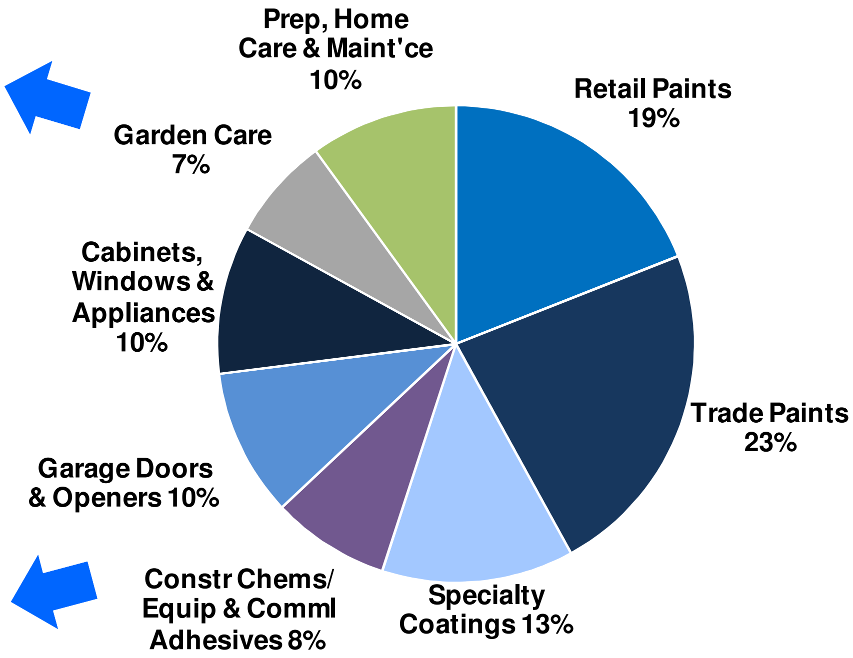
Niche Coatings and Adhesives (Asia)

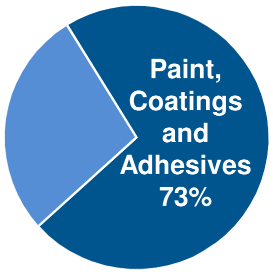
- Building on our foothold position in China
- Also seeking to build upon our existing positions in SE Asia
- Measured approach for the medium to longer term

Primary focus on Paint, Specialty Coatings & Adhesives complemented by adjacent “natural ownership” positions

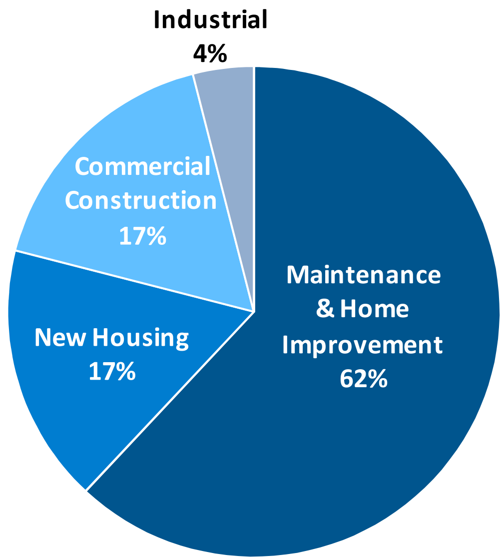
Products, channels and end-markets. Over 60% of business related to the existing home

Product and Channels





End Markets



Note: Based on 2012 proforma revenue

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Alesco update

- Garage Doors & Openers
  - The business is performing well with a strong and stable position in relatively weak markets
  - Key focus is fine-tuning distribution and stepping up marketing
  - Personnel changes to support strategy: New GM and new Marketing Director role (both DuluxGroup internal appointments)
- Parchem
  - Core Construction Products business is performing well in weak markets
  - Decorative Concrete is solid – opportunity to step up marketing; store roll-out on hold for now
  - Equipment business challenging given high A$ and local manufacture
  - DuluxGroup-wide construction chemical opportunities being evaluated and progressed

Alesco update

- Lincoln Sentry
  - Good business, suffering from lack of support and investment
  - Key initial focus on “basics”: sales effectiveness and supplier relationship management. IT and other modest investment to support
  - GM changeover in progress
- Robinhood
  - Solid, stand alone business with good range and distribution, and with manufacturing already offshore. Has incurred increased supply chain and support costs post-divestiture of Parbury in April 2012 – these are being addressed
  - Non-core to DuluxGroup

Outlook

- We aim to continue to outperform in soft paint markets in Australia
- Further growth is expected in New Zealand markets and we are well-positioned
- Selleys Yates focused on further share growth in modest markets and margin improvement initiatives, particularly in Yates
- Market conditions are expected to remain soft for the Alesco businesses – some initial traction on revenue improvement initiatives expected
- Market conditions in China remain soft, but product localisation initiatives are progressing

Subject to economic conditions and excluding non-recurring items associated with the acquisition of Alesco, we expect 2013 net profit after tax to be broadly in line with analyst consensus of ~$89M.

Questions

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Appendices

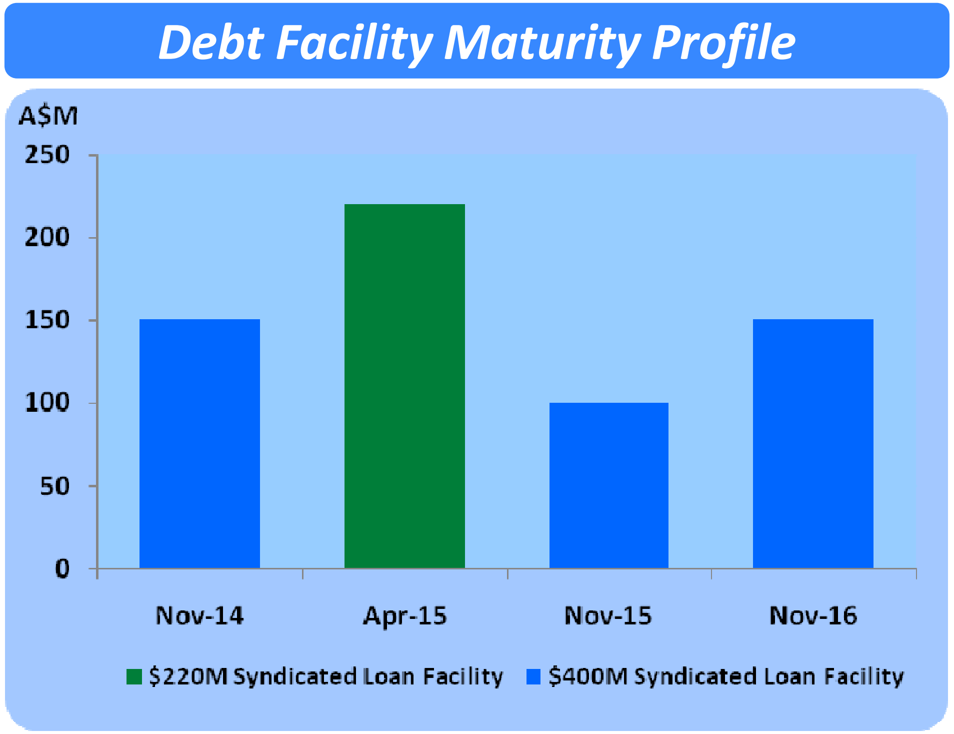
Definitions of non-IFRS terminology

- Acquisitions/disposals represents payments for purchase of businesses and controlled entities, investments in listed equity securities and proceeds from sale of property, plant and equipment
- Average net interest rate is calculated as net interest expense as a percentage of average daily debt
- Capital expenditure represents payments for property, plant and equipment and payments for intangible assets
- Cash conversion is calculated as EBITDA less non-recurring items, add/less movement in working capital and other non cash items, less minor capital spend, as a percentage of EBITDA less non-recurring items
- EBIT is the equivalent of profit from operations in the Appendix 4D
- EBIT Margin is calculated as EBIT as a percentage of sales revenue
- EBITDA is calculated as EBIT plus depreciation and amortisation
- Equity share of EBIT is calculated as EBIT less non-controlling interest in EBIT
- Interest cover is calculated using like for like EBIT, divided by net interest expense
- Minor capital expenditure is capital expenditure on projects under A$5M
- Net debt is calculated as interest bearing liabilities, less cash and cash equivalents
- Net debt : EBITDA is calculated by using period end net debt divided by proforma EBITDA before non-recurring items
- Net interest expense is equivalent to net finance costs in the Appendix 4D
- Net profit after tax represents Profit for the half year attributable to ordinary shareholders of DuluxGroup Limited per the Appendix 4D
- Non-recurring items are outlined on the following page
- Non trade working capital is equivalent to the sum of non trade debtors (represents the 'other receivables' portion of 'trade and other receivables', and 'other assets' per Appendix 4D); non trade creditors (represents the 'other payables' portion of 'trade and other payables', per Appendix 4D) and total provisions (excluding tax provisions), per Appendix 4D
- nm = not meaningful
- Operating cash flow is calculated as EBITDA, add/less movements in working capital and other non cash items, less income tax and interest paid
- Other non cash refers to non cash items within the other line items in the cash flow statement
- Recordable Injury Rate is calculated as the number of injuries and illnesses per 200,000 hours worked
- Renewal/growth capital expenditure is capital expenditure on projects over A$5M
- Rolling TWC to sales is calculated as a 12 month rolling average trade working capital, as a percentage of annual sales
- Share capital movements represents proceeds from issue of ordinary shares, payments for shares bought back as treasury shares for LTEIP and ESIP plans and proceeds from employee share plan repayments
- Trade Working Capital (TWC) is the sum of trade receivables plus inventory, less trade payables

Explanation of non-recurring items

Half year ended 31 March (A$M)	*Pre Tax*	*Post Tax*
2013		
Non-recurring Alesco PPA adjustments	**(1.7)**	(1.2)
Alesco transaction costs	**(5.7)**	(5.5)
Alesco integration costs	**(4.8)**	(3.3)
Total	**(12.2)**	(10.0)
2012		
Insurance uplift	**7.7**	5.4
Tax consolidation adjustment	**-**	3.2
Total	**7.7**	8.6

Debt facility maturity profile



- On 10th May 2013, Tranche B ($50M) of the $270M syndicated loan facility was cancelled at DuluxGroup's request (facility was undrawn).
- This tranche was originally due to expire on 30th October 2013.