



DuluxGroup Limited

ABN 42 133 404 065

ASX Announcement

Monday 23 July 2012

DULUXGROUP INCREASES OFFER FOR ALESCO AND DECLARES OFFER PRICE BEST AND FINAL

DuluxGroup Limited (**DuluxGroup**) today announced that it is increasing its offer for Alesco Corporation Limited (**Alesco**) by:

- increasing the cash offer to \$2.05 per share; and
- allowing Alesco shareholders to receive up to \$0.18 per share in franking credits attached to dividends declared by Alesco¹.

This revised proposal will provide Alesco shareholders with total value of up to \$2.23 per share (**Revised Offer**). A number of Alesco's shareholders have indicated that they would highly value fully franked dividends, which is why DuluxGroup has chosen to structure its Revised Offer in this way. The exact value achieved will depend on each shareholder's individual tax circumstances.

For the \$0.18 of franking credits to be distributed to Alesco shareholders, the Alesco board will need to declare and pay \$0.42 per share of fully franked dividends (**Dividends**).

In this instance, DuluxGroup would adjust the cash component of \$2.05 to consist of \$1.63 cash plus \$0.42 in Dividends. The additional \$0.18 in franking credits attached to the Dividends¹ would be made available to Alesco shareholders by DuluxGroup waiving its right under the offer terms to deduct the value of these franking credits from the offer price.

DuluxGroup declares that the Revised Offer is its **best and final** offer, subject to no competing proposal emerging. This means that, subject to no competing proposal emerging, **DuluxGroup will not further increase the offer price.**

In an effort to reach agreement, DuluxGroup approached Alesco last week and has since had a number of discussions including the presentation of the Revised Offer to Alesco's chairman. Alesco has indicated that it is not willing to support the Revised Offer and was not willing to indicate the level at which it would recommend the offer. DuluxGroup has therefore decided to

¹ Eligibility to utilise franking credits will depend on individual shareholders' specific circumstances. Shareholders are advised to consult with their tax adviser.

take its best and final offer directly to Alesco shareholders so that they may have the opportunity to act in their own financial interests.

DuluxGroup believes the Revised Offer provides compelling value to Alesco shareholders:

- The Revised Offer will provide Alesco shareholders with **total value of up to \$2.23 per share** including up to \$0.18 per share in franking credits attached to dividends declared by Alesco;
- The \$2.05 cash component represents a **46% premium** to the closing price of Alesco shares before the offer was announced;
- A number of Alesco's institutional shareholders have indicated their support for the original offer by selling shares to DuluxGroup prior to the announcement of DuluxGroup's offer or by accepting into the Institutional Acceptance Facility (IAF). **DuluxGroup currently has voting power plus acceptance instructions under the IAF of approximately 30%;**
- Since the offer was announced, Alesco's benchmark index, the S&P/ASX Small Ordinaries Index, has fallen 14.8%. Assuming DuluxGroup had not made its offer and Alesco shares had tracked this index, **the indicative trading price of Alesco shares would be \$1.19²;**
- **No competing offers** have been put to Alesco shareholders since DuluxGroup's offer was announced;
- The offer provides an attractive exit from a company whose **share price has significantly underperformed** relative to the market index (negative 87% total shareholder return for the 5 years to the date prior to the announcement of the offer)³; and
- Alesco's share price is likely to fall if DuluxGroup's offer lapses.

DuluxGroup managing director Patrick Houlihan said, "In seeking to bring this transaction to a conclusion, we have aimed to take a pragmatic approach with Alesco to make our revised offer available to their shareholders. Alesco has chosen not to work with us, and continues to reference a flawed independent expert's valuation that doesn't value the company in the way the Alesco board plans to run it. We firmly believe that our best and final offer represents an exceptional outcome for Alesco's shareholders. It is now time for Alesco's shareholders to make their own decision to either accept our final offer or face the prospect of our offer lapsing."

A formal variation of offer notice will be lodged with the ASX later today.

Offer conditions and offer extension

DuluxGroup intends to assess waiving further conditions to its offer following its review of Alesco's full year results which are scheduled to be released on 24 July 2012.

² 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 index. This price is indicative only based on the above assumptions. Share prices 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 \$1.19.

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.

DuluxGroup will extend the offer period to 28 August 2012 in order to ensure that shareholders who have accepted the offer will remain on the register as at the dividend record date of 17 August 2012 and will receive any final and special dividends and franking credits (up to 18 cents). DuluxGroup will not declare its offer unconditional before 17 August 2012.

If shareholders have any questions in relation to the offer, they can contact the DuluxGroup Offer Information Line on 1300 652 672 (within Australia) or +61 3 9415 4109 (international) between 9.00am and 5.00pm (Melbourne time) on business days.

Media enquiries:

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