DuluxGroup

2011 Half Year Results Announcement

16 May 2011

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Important Note: Impact of floods and demerger on DuluxGroup's HY11 Results

Queensland Flood Supply Disruption

The 2011 first half result has been impacted by the supply disruption at our Rocklea decorative paint factory due to the Queensland Floods in January 2011. Please refer to the Appendix in the Profit Report and the Appendix 4D Half Year Report for further information.

Prior Year Statutory Figures impacted by Demerger restructuring

The results for the prior period (2010) as outlined in the Half Year Report are impacted by the restructuring activities in preparation for the demerger from Orica. In general, the prior year figures presented in this presentation are "pro forma" to represent a full six months' performance. Please refer to the Appendix and the Appendix 4D Half Year Report for further information.

Please note also that figures in this presentation may not add due to rounding

Result Overview 1

Key achievements

- Strong operating result overall given supply disruption at Rocklea (Queensland flood) and market softness in New Zealand
- Rapid supply recovery post-Rocklea flooding
  - Quantum of lost sales well-contained, and we expect no long term adverse market share impact
- Australian market leadership position enhanced
  - Success in retail range reviews
  - Strong momentum continued in trade paint
- The $38M investment in two new factories (New Zealand paint and Melbourne protective coatings) is near to completion, in line with budget
- Progress in terms of capability transfer and range expansion in China, despite softer result

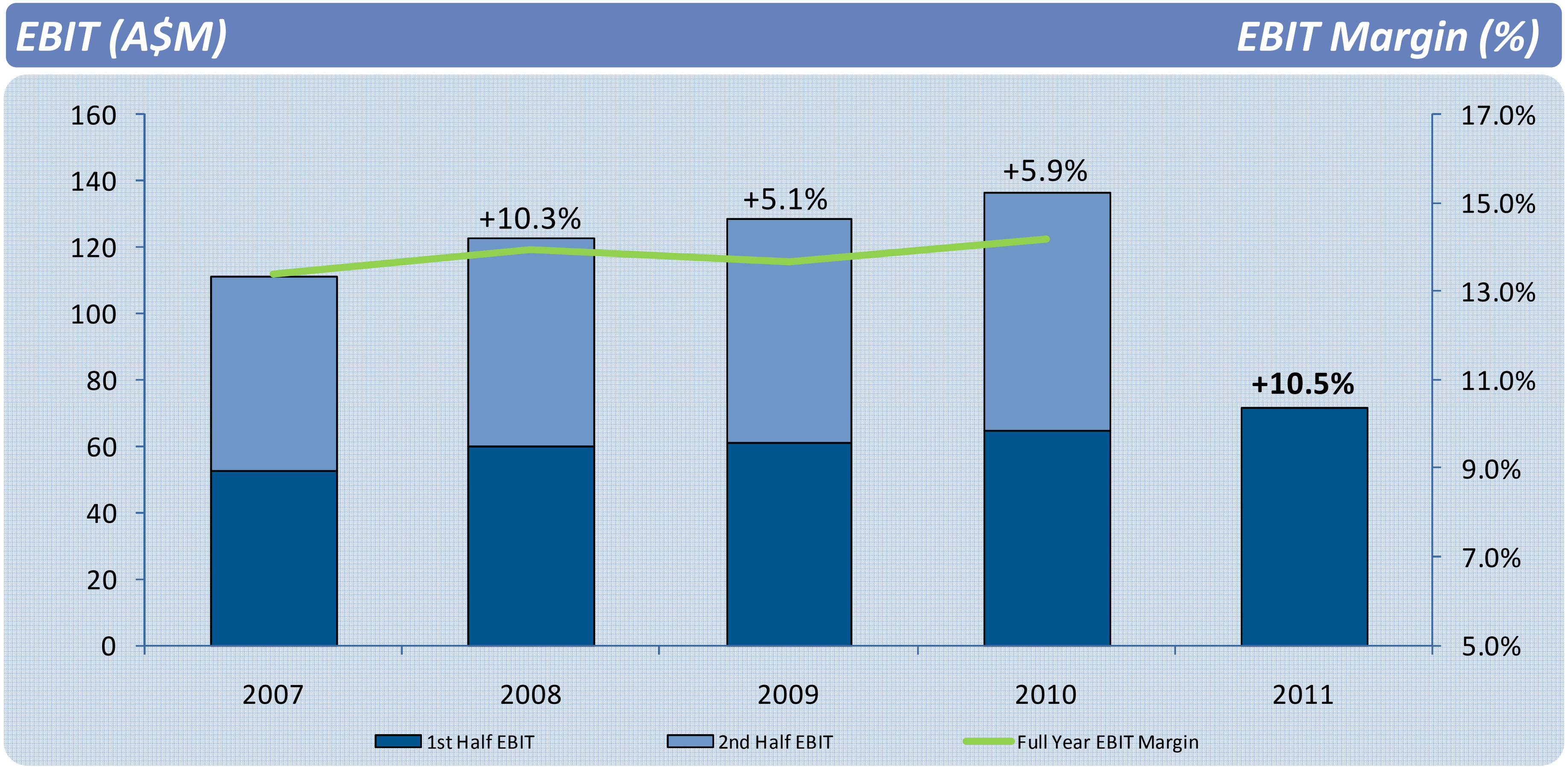
DuluxGroup financial performance

Half year ended 31 March (A$M)	*2011 Actual*	*2010 Pro forma*	*%*	↕
Sales	**491.2**	490.2	*0.2*	↑
Other Income	**26.6**	1.0	*nm*	↑
Total Business EBIT	**75.2**	70.9	*6.1*	↑
EBIT (before standalone costs)	**71.8**	65.0	*10.5*	↑
Net profit after tax	**48.7**	*	*	
NPAT pre taxation consolidation adjustment	**39.3**	*	*	
Operating cashflow	**75.2**	76.0	*(1.2)*	↓
Net debt	**190.6**	204.9	*(7.0)*	↑

- **Rocklea flood impacted the "shape" of the result:**
  - **Sales impacted (~3%) plus extra costs (e.g. repairs, tolling, asset write-off);**
  - **Other income growth relates to income booked for flood insurance recoveries;**
- **Net EBIT impact due to Rocklea flood (including some deferred costs) not material**
- **Cash flow remains strong despite some adverse flood-related impacts.**

* Not calculated for 2010. Refer to Appendix for definitions. Please note that the 2010 comparative net debt figure shown is as at September 2010.

EBIT growth – consistency continues



[1] Excludes impact of Yates restructuring costs ($9.5M).
[2] To facilitate a like-for-like comparison, EBIT and EBIT margin are based on EBIT excluding standalone costs.

Safety & Sustainability – "A Future Without Harm"

	2011	2010	
Recordable Injury Rate	**2.18**	1.49	x
Near Miss (Hazard) Reporting	**+64%**	+120%	✓
Waste Generation (% change)	**-12%**	-23%	✓
Water Consumption (% change)	**-17%**	+46%	✓
Product Distribution Incidents	**1**	2	✓

- **Recordable Injury performance disappointing; further actions taken to address.**
- **Other metrics positive. Focus remains on key improvement strategies:**
  - **Personal Safety; Process Safety; Fatality Prevention; and Sustainability**

Refer to Appendix for definitions.

Segment Performance 2

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Segment EBIT

Half year ended 31 March (A$M)	*2011 Actual*	*2010 Pro forma*	*% ↕*
Paints Australia	**51.4**	49.0	*4.9* ↑
Paints New Zealand	**7.8**	7.0	*11.4* ↑
Selleys Yates	**12.9**	11.1	*16.2* ↑
Offshore and Other	**3.1**	3.8	*(18.4)* ↓
Total Business EBIT	**75.2**	70.9	*6.1* ↑
Corporate costs	**(3.4)**	(6.0)	*43.3* ↑
EBIT excluding standalone costs	**71.8**	65.0	*10.5* ↑
Standalone costs	**(4.9)**	*	*
EBIT including standalone costs	**67.0**	*	*

Excluding adverse FX translation impact, Total Business EBIT growth was 6.8%

* Not calculated for 2010.

Paints Australia

Half year ended 31 March (A$M)	*2011 Actual*	*2010 Pro forma*	*%*	*↕*
Sales	**284.6**	287.7	*(1.1)*	↓
EBITDA	**56.2**	53.8	*4.5*	↑
EBITDA margin (%)	***19.7%***	*18.7%*	*1.0 pts*	↑
EBIT	**51.4**	49.0	*4.9*	↑
EBIT margin (%)	***18.1%***	*17.0%*	*1.0 pts*	↑

- **Strong underlying revenue and EBIT result given flood disruption at Rocklea**
  - **Continued momentum in trade-facing businesses**
  - **Retail demand solid following weak Oct / Nov. However, revenue adversely impacted by the flood-related supply disruption**
- **Excellent range review outcomes in retail channels**
- **Some cost savings plus marketing deferral due to Easter timing and floods**

Paints New Zealand

Half year ended 31 March (A$M)	*2011 Actual*	*2010 Pro forma*	*%*	↕	**Excluding Australian Flood Production (NZ$)** *%*
Sales	**48.8**	45.5	*7.3*	↑	*(3.5)*
EBITDA	**8.8**	8.2	*7.3*	↑	
EBITDA margin (%)	***18.0%***	*18.0%*	*0.0 pts*	↑	
EBIT	**7.8**	7.0	*11.4*	↑	*(8.8)*
EBIT margin (%)	***16.0%***	*15.4%*	*0.6 pts*	↑	*(0.9) pts*

- **Softer result for the local business in a weaker market. Operating costs well contained and margins still strong**
- **Headline revenue and profit includes benefits from production to support Australia post the flood disruption at Rocklea**

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Selleys Yates

Half year ended 31 March (A$M)	*2011 Actual*	*2010 Pro forma*	*%*	↕
Sales	**122.0**	113.2	*7.8*	↑
EBITDA	**14.8**	12.9	*14.7*	↑
EBITDA margin (%)	***12.1%***	*11.4%*	*0.7 pts*	↑
EBIT	**12.9**	11.1	*16.2*	↑
EBIT margin (%)	***10.6%***	*9.8%*	*0.8 pts*	↑

- **Market share gains for Selleys with range review success**
- **Yates growth following easing of water restrictions. Growth rates helped by poor spring in prior year (stock overhang)**
- **EBIT margin improvement due to Yates leveraging cost base**

Offshore and Other

Half year ended 31 March (A$M)	*2011 Actual*	*2010 Pro forma*	*%*	↕
Sales	**53.7**	58.3	(7.9)	↓
EBITDA	**5.0**	5.6	(10.7)	↓
EBITDA margin (%)	***9.3%***	*9.6%*	*(0.3) pts*	↓
EBIT	**3.1**	3.8	(18.4)	↓
EBIT margin (%)	***5.8%***	*6.5%*	*(0.7) pts*	↓

- **Challenging market conditions in core Shanghai woodcare market, but continued strategic progress**
- **PNG revenue growth but profit impacted by margin pressure and FX**
- **Modest Powder Coatings growth with small flood impact**

Other Financial Information 3

Corporate and standalone costs

Half year ended 31 March (A$M)	*2011 Actual*	*2010 Pro forma*	*% ↕*
Corporate costs	**3.4**	6.0	*43.3* ↑
Standalone costs	**4.9**	N/A	
Total Corporate costs	**8.3**		

- Corporate costs (excluding standalone costs) in line with expectations
  - Prior year figure included a number of timing-related items, many of which reversed in the second half of the year.
- Standalone costs reflect "ramp up" and some savings (relative to $13M demerger estimate)
- Full year total Corporate costs (including standalone costs) expected to be ~$18M

Capital management – key measures

Balance Sheet (A$M)	Mar-11 Actual	Sept-10 Actual		
Net debt	**190.6**	204.9	Strong cash flow, despite investment	↑
Rolling TWC to sales	**12.1%**	12.3%	TWC focus – now at target level	↑
Net Debt: EBITDA (times)	**1.2**	1.4		
Interest cover (times)	**6.1**	5.6		

Cash flow and P&L (A$M)	Mar-11 Actual	Mar-10 Pro forma		
Operating cash	**75.2**	76.0	Flood items adverse	↓
Cash conversion	**85.8%**	94.7%	Other key metrics positive	↑
Cash conversion (excl. movt in NTWC and other cash)	**103.1%**	98.2%	Excludes line items impacted by flood	↑
Net interest expense	**10.9**	*		
Average net interest rate	**9.0%**	*		

- Not calculated for 2010.

TWC = Trade working capital; NTWC = Non-trade working capital. Refer to Appendix for definitions of ratios.

Cashflow

Half year ended 31 March (A$M)	2011 Actual	2010 Pro forma	$ ↕	
EBITDA	**81.5**	74.6	*6.9*	↑
Trade working capital movement	**7.7**	4.0	*3.7*	↑
Non-trade working capital movement	**(20.9)**	(2.6)	*(18.2)*	↓
Other non cash	**6.8**	0.1	*6.7*	↑
Operating cash flows (before tax and interest)	**75.2**	76.0	*(0.9)*	↓
Standalone costs	**(4.9)**	*	*	
Income tax paid	**(12.4)**	*	*	
Interest paid	**(9.9)**	*	*	
Net operating cash flows	**48.0**	*	*	
Capital expenditure	**(19.0)**	(9.3)	*(9.7)*	↓
Acquisitions	**(4.5)**	-	*(4.5)*	↓
Net investing cash flows	**(23.5)**	(9.3)	*(14.2)*	↓
Proceeds from issue of ordinary shares	**1.3**	*	*	
Dividends paid	**(11.0)**	*	*	
Financing cash flows before debt movements	**(9.7)**	*	*	
Net debt decrease/ (increase)	**14.7**	*	*	↑

* Not calculated for 2010 . The 2010 pro forma figures exclude interest, tax and all financing items such as dividends and debt movements.

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Capital expenditure

Capital expenditure (A$M)	*Half Year* 2011 Actual	*Half Year* 2010 Pro forma	*Full Year* 2011 Outlook	*Full Year* 2010 Pro forma
Sustenance capital expenditure	5.2	5.3		17.3
Renewal / growth capital expenditure	13.8	3.9		16.3
Total capital expenditure	**19.0**	**9.3**	**~ 40**	**33.7**
Depreciation and amortisation	9.7	9.6		19.5

- **The New Zealand paint factory upgrade and the new Protective Coatings factory in Australia are on track for completion this year, in line with the total $38M budget**
- **Sustenance expenditure is expected to remain below depreciation and amortisation**
- **Full year estimate excludes Rocklea reinstatement capital expenditure (expected to be covered by insurance)**

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Tax expense – current year impacted by entry into tax consolidation and (to a lesser extent) floods

- Income tax expense $9.4M lower due to one-off benefit as a result of entry into Australian tax consolidation regime post-demerger
- Tax rate excluding this adjustment was 29.8%
- Deferred tax balances also impacted by insurance income (which is assessable when received in cash)

P&L comparison between statutory (Appendix 4D) and pro forma in 2010 (prior year)

Half year ended 31 March (A$M)	*2010 Appendix 4D*	*2010 Pro forma*
Revenue	308.4	490.2
EBIT	**36.5**	**65.0**
Net interest	2.9	*
Tax expense	10.0	*
NPAT	**23.7**	*

- The key difference relates to the progressive transfer of operations into DuluxGroup during 2010.

Cash Flow comparison between statutory (Appendix 4D) and pro forma in 2010 (prior year)

Half year ended 31 March (A$M)	*2010 Appendix 4D*	*2010 Pro forma*
EBITDA	43.0	74.6
Movt in trade working capital	(96.5)	4.0
Movt in non trade working capital	25.6	(2.6)
Net interest paid	(2.9)	*
Income taxes paid	(5.8)	*
Other	(0.3)	0.1
Net cash inflow from operating activities	**(36.9)**	**76.0**
Payments for property, plant and equipment	(6.9)	(9.3)
Purchase of businesses and controlled entities	(305.9)	*
Proceeds from joint venture distributions	0.5	*
Net cash outflow from investing activities	**(312.2)**	**(9.3)**
Net cash inflow from financing activities	**426.9**	*

- Key differences relate to the progressive transfer of operations into DuluxGroup during 2010
- Investing and financing cash flows also include the payments for and funding of the transfer of operations from Orica into DuluxGroup.

Strategic Growth Priorities 4

Our result continues to be underpinned by our well-established business fundamentals

Iconic Brands	Portfolio of strong brands with leading awareness, supported by marketing investment & effectiveness
Products & Innovation	Quality products supported by innovation and new product development
Customer Service	Industry leading supply chain performance and sales force capability & scale
Broad Distribution	Breadth of distribution across retail and trade channels
Financial Discipline	Driving fixed cost productivity and working capital effectiveness
People & Culture	Extensive industry experience and culture of consistent delivery

Our growth strategy

Build on Aust, NZ and PNG market-leading positions

- Further market share growth opportunities across all businesses
- Maintain margins through appropriate pricing discipline and cost control
- Build on track record of resilient growth
- Supported by iconic brands, innovation and customer service

+

Logical Aust, NZ Additions

- Bolt-ons to our existing core businesses
- Category expansion opportunities, leveraging existing channels (retail and trade), relationships and internal capabilities

+

Asia for medium to long term growth

- Building on our foothold position in China
- Also seeking to build upon Selleys' position in SE Asia
- Measured approach

DuluxGroup aims to continue to deliver low risk, solid growth and strong cash flows from the existing businesses *and* develop and action further options for growth, in a measured low risk manner

Outlook

- We aim to continue to outperform in modestly growing markets in Australia
  - Investment into the Australian retail hardware sector a positive
  - Some modest further sales impact in relation to floods, plus continued tolling costs and further insurance recoveries
- The New Zealand market continues to look challenging
- In China we will continue to balance investment in capability transfer and growth with operating performance
- Pressure on paint input costs is likely to increase in second half (titanium dioxide and latex resin in particular)

Subject to economic conditions and insurance recoveries, we expect 2011 DuluxGroup net profit after tax to be higher than $71.5 million (being the 2010 pro forma net profit after tax before one-off demerger costs).

Appendix – Additional Information

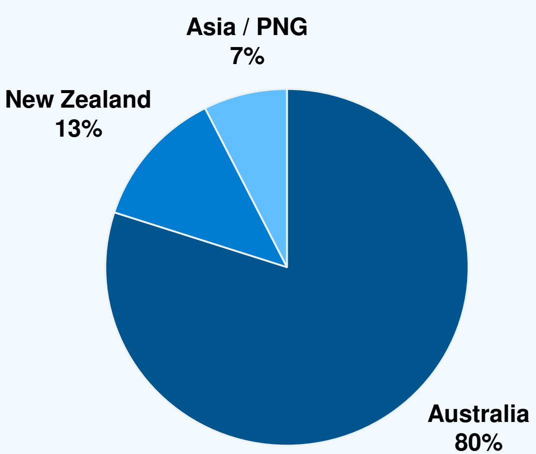
Definitions

- Operating cash flow is calculated as EBITDA (before standalone costs), add/less movements in working capital and other non cash items, and is prior to income tax, interest paid and standalone costs in 2011 to enable a like-for-like comparison.
- Recordable Injury Rate is calculated as the number of injuries and illnesses per 200,000 hours worked.
- Rolling TWC to sales is calculated as a 12 month rolling average trade working capital, as a percentage of annual sales.
- Net Debt : EBITDA is calculated by using period end net debt, as a percentage of annual EBITDA.
- Interest cover is calculated using EBIT, as a percentage of net interest expense.
- Cash conversion is calculated as EBITDA (before standalone costs) add/less movement in working capital and other non cash items, less sustenance capital spend, as a percentage of EBITDA (before standalone costs).

Resilience and earnings quality underpinned by strategic positions

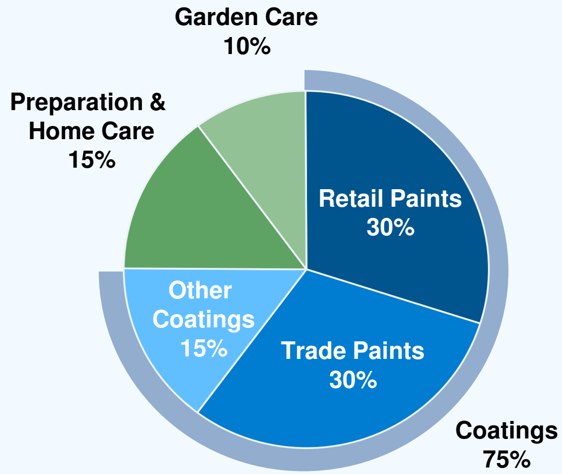
Mainly Australia / NZ

Sales by geography



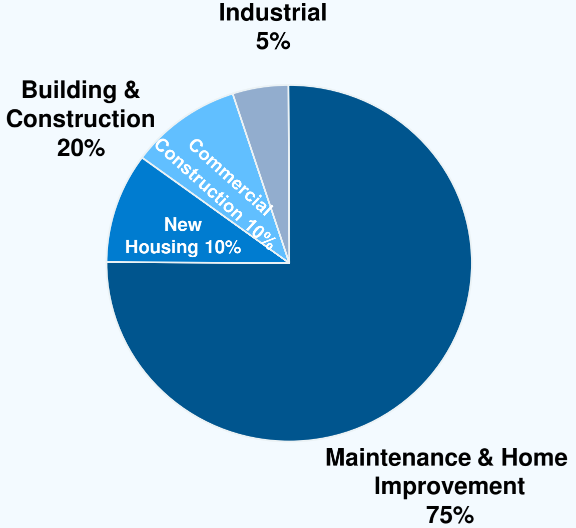
Coatings approximately 75% of sales

Sales by business sectors



Mainly maintenance and home improvement

Sales by end-market



Note: Based on 2010 revenue