



DuluxGroup Limited

ABN 42 133 404 065

ASX Announcement

17 May 2018

DULUXGROUP DELIVERS STRONG FIRST HALF PROFIT GROWTH

Group performance

DuluxGroup today reported net profit after tax (NPAT) of \$79.2 million for the six months ended 31 March 2018, an increase of 9.0% over the 2017 first half.

Sales revenue increased by 4.2% to \$918.1 million.

Earnings before interest and tax (EBIT) increased by 7.5% to \$114.0 million.

Net debt to EBITDA was 1.4x, consistent with September 2017.

Dividend

The Board has declared an interim dividend of 14.0 cents per share, fully franked, which represents a 7.7% increase on the prior year, and a 69% payout ratio on NPAT.

Business performance

“A strong first half result was driven by revenue and profit growth across all of our Australian and New Zealand business segments,” said managing director Patrick Houlihan.

The result was led by strong revenue and profit growth in the Dulux ANZ business, which contributes approximately 70% of Group business EBIT. Dulux ANZ sales revenue increased 5.7%, driven by solid market growth. Profits grew 5.2%, reflecting sales growth and effective management of raw material cost increases.

The Group result also included solid earnings growth in Selleys & Parchem ANZ, B&D Group and Lincoln Sentry, which collectively grew profit by 6.5%.

The ‘Other businesses’ segment was flat overall, with good contributions from Yates and PNG, along with profit on the sale of the China coatings business, offset by planned investment in the UK and Indonesia.

Corporate was favourable due to the gain on sale of the surplus Glen Waverley site, although this was partly offset by one-off costs, including start-up costs associated with the new Dulux Merrifield factory.

Strategic focus

“We have a high quality portfolio of businesses, with a consistent record of profit growth, market leading positions and multiple avenues for ongoing growth, domestically and offshore,” said Mr Houlihan.

“Our new Dulux Merrifield paint factory has been completed within budget, is now fully commissioned, and is building up to full production. We are looking forward to the official opening of the factory at the end of May.

“Offshore, we continue to take important steps as part of our measured approach. We have re-focused our China and Hong Kong business to Selleys, following the sale of the coatings portfolio during the half. Elsewhere in Asia, we expect that our new Avian Selleys JV in Indonesia will start trading in the next six months. In the UK we continue to develop both our Craig & Rose paints and Selleys strategies with a view to extending into other markets over time.”

Summary and outlook for remainder of 2018

“Overall this has been a good first half result. DuluxGroup has grown profits in all of its ANZ business segments, and invested for long term growth,” said Mr Houlihan.

“Our overall view of the market remains consistent with our commentary at our December 2017 AGM. Lead indicators for our key markets remain largely positive. Our core existing home renovation markets, which account for approximately two thirds of DuluxGroup revenue, are expected to continue providing resilient, profitable growth.”

“Subject to economic conditions, and excluding non-recurring items, we expect that 2018 net profit after tax will be higher than the 2017 equivalent of \$142.9 million.”

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