



DuluxGroup Limited

ABN 42 133 404 065

## ASX Announcement

15 May 2019

### **DULUXGROUP DELIVERS FIRST HALF RESULT IN LINE WITH GUIDANCE, UNDERPINNED BY GOOD SECOND QUARTER GROWTH**

DuluxGroup today delivered a first half result that was consistent with its FY18 guidance that revenue and profit growth would be biased to the second half of FY19. A challenging first quarter was offset by a stronger second quarter. Full year guidance has been maintained.

#### **Result Summary**

Net profit after tax (NPAT) was \$68.2 million for the six months ended 31 March 2019. This result was \$2.9 million, or 4.1% below prior year's adjusted NPAT<sup>1</sup>, which excluded a number of one-off items that favourably impacted the prior year.

Sales revenue was \$892.9 million. On a like for like basis, excluding the divested and exited paints businesses in China, sales revenue grew 0.2%.

Earnings before interest and tax (EBIT) was \$109.1 million, an increase of 0.5% when compared to prior year adjusted EBIT<sup>1</sup>.

Net debt to EBITDA increased slightly to 1.6x.

“Overall, sales revenue and EBIT were flat for the half excluding last year's favourable one-offs. The first quarter was particularly challenging, as predicted, offset by a stronger second quarter, in which revenue growth returned to a more normal 4% level,” said DuluxGroup managing director Patrick Houlihan.

“Our stronger second quarter trading, which has continued into April, gives us confidence about our second half and full year.”

#### **Dividend**

The Board has declared an interim dividend of 15.0 cents per share, fully franked, which represents a 7.1% increase on the prior year.

A special dividend of 28.0 cents per share, fully franked, has also been declared.

The record date for the interim and special dividends is 24 June 2019 and the payment date for both is 28 June 2019.

#### **Business performance**

“Dulux ANZ delivered a solid result, given the challenge of comparing to an abnormally higher market volume growth rate in the prior year, as we foreshadowed late last year. First quarter revenue declined 5%

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<sup>1</sup> As outlined at the FY18 result, a number of one-off items were recognised in the FY18 first half, which had a net favourable impact on EBIT (\$5.4 million) and NPAT (\$8.1 million). Management believes that FY18 *adjusted* EBIT and NPAT, which exclude these items, are a better basis of comparison.

before increasing 6% in the second quarter. Good cost control saw the world-class EBITDA margins maintained despite continued raw material cost pressures, which are now stabilising. Second quarter revenue and profit growth has continued into April, and Dulux is targeting increased revenue and profit for the full year, continuing its long-term history of consistent growth,” said Mr Houlihan.

DuluxGroup’s other ANZ business segments – Selleys & Parchem, B&D Group and Lincoln Sentry – delivered combined EBIT growth of 5.8%.

The remaining segment, ‘Other businesses’, saw mixed performance with our DGL Asia and DGL UK businesses delivering slightly improved EBIT results, while Yates and Dulux PNG were adversely impacted by subdued market conditions.

### **Outlook for the remainder of 2019**

“Our overall view of the market remains consistent with our commentary at our December 2018 AGM. Despite weaker market conditions in the December quarter, conditions generally improved in the March quarter, with good momentum flowing into April. 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 and impacts associated with the Nippon Paint Scheme of Arrangement, we expect that 2019 net profit after tax will be higher than the 2018 equivalent of \$150.7 million.”

### **Nippon Paint Scheme of Arrangement update**

A Scheme booklet, including the Independent Experts Report, is on track to be delivered to shareholders in late June. A Scheme meeting, at which Shareholders can vote on the Scheme, is scheduled to take place in late July or early August. The process for securing customary regulatory approvals is on schedule.

**Media contact:** Lisa Walters, Corporate Affairs Manager  
+61 3 9263 3652 or +61 421 585 750

**Investor contact:** Karen McRae, Investor Relations Manager  
+61 3 9263 3586 or +61 417 186 500