



DuluxGroup Limited

ABN 42 133 404 065

## **ASX Announcement**

**2 November 2011**

### **DULUXGROUP EXPANDS PLATFORM FOR CHINA GROWTH**

DuluxGroup Limited today announced the merger of its DGL International business in China and Hong Kong with Camelpaint of Hong Kong to create DGL Camel International Limited.

Camelpaint was established in Hong Kong in 1932. It is a leading manufacturer and marketer of a range of coatings products in Hong Kong and mainland China, mainly focussed on the trade painter and industrial markets. DuluxGroup and Camelpaint have a successful history of working together, having been joint venture partners in DGL Camel Powder Coatings in mainland China since 2004.

DuluxGroup will hold 51% of DGL Camel International and the current General Manager of DGL International, Alan Preston, will be the General Manager of DGL Camel International. Kerwin Yan, current CEO of Camelpaint, will continue as a full-time employee and Director of DGL Camel International.

The newly formed company will manufacture, market and distribute coatings and associated products, including the Opel, Levene, Selleys, AcraTex and Camel product ranges.

DuluxGroup Managing Director and CEO Patrick Houlihan said that the merger is consistent with DuluxGroup's strategy of making low-risk acquisitions to further grow DuluxGroup's position in the high-growth Chinese market.

"The merger represents an excellent opportunity for DuluxGroup to continue our growth in China in a measured way with a partner that we have worked with for many years," he said.

"The existing businesses are of a similar size. They are complementary in product and geography and there are compelling synergies from combining the businesses. There are good opportunities to leverage the expertise and customer relationships in each company's respective markets. The merger also provides increased scale to compete.

"We anticipate a small positive earnings impact in the short term, but importantly, the merger creates a stronger platform for future growth in China."

The transaction involves a payment by DuluxGroup to Camelpaint to secure board and management control of the new company. The amount of this payment is not material to DuluxGroup as a whole.

There are a number of conditions to be met before the merger becomes binding. Once these conditions are met, completion of the transaction is expected to occur by the end of the 2011 calendar year.

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