DULUXGROUP

2015 Full Year Results

11 November 2015

Imagine a better place

DuluxGroup

Agenda Outline

- Results Overview
- Segment Performance
- Other Financial Information
- Strategic Growth Priorities
- Outlook
- Appendices

DuluxGroup
Imagine a better place

Results Overview

DuluxGroup
Imagine a better place

Overview

- NPAT before non-recurring items [1] up 11.5% to $124.7M
- Solid revenue growth of 4.7% in largely positive markets
- EBIT up 4.7% before non-recurring items[1]
  - Strong performance from Paints & Coatings ANZ, Selleys and Yates
  - Turnaround of B&D Garage Doors and Openers in second half
  - Weaker performance from Parchem Construction Products in difficult markets - restructured in second half
- Excellent cash generation – net debt to EBITDA down to 1.2 times
- Total annual dividend up 9.8% to 22.5 cents, fully franked
- Supply chain projects progressing well

Numbers in this presentation are subject to rounding. Refer Appendix for definitions.

1 Non-recurring items are outlined on page 18. Directors believe that the result excluding these items provides a better basis for comparison from period to period.

DuluxGroup
Imagine a better place

Full Year Financial Performance

A$ million	2015	2014	%
Sales	**1,687.8**	1,611.5	*4.7*
EBIT excluding non-recurring items	**192.4**	183.8	*4.7*
NPAT excluding non-recurring items	**124.7**	111.9	*11.5*
Operating cashflow excluding non-recurring items	**156.5**	143.5	*9.1*
EBIT	**175.3**	175.1	*0.1*
NPAT	**112.8**	104.5	*7.9*
Net debt to EBITDA	**1.2**	1.5	*20.0*
Total dividend (cps)	**22.5**	20.5	*9.8*

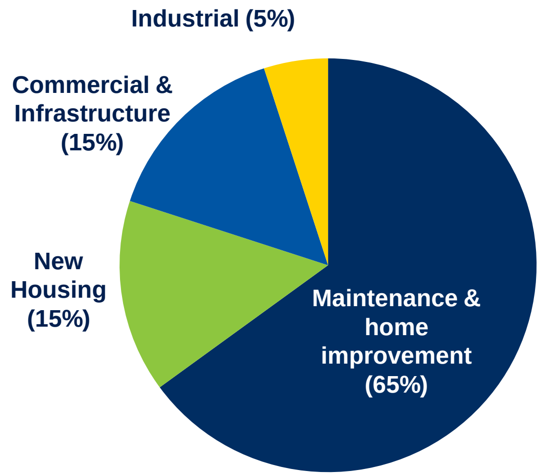
- All financial metrics are positive
- Non-recurring items in FY15 relate to the new NSW distribution centre and new paint factory, as announced in March 2015

Refer to Appendix for definitions.

DuluxGroup
Imagine a better place

Markets Generally Positive

End Market Exposure



Market Overview FY15

- Maintenance & home improvement market resilient
  - GDP growth stable ~2.5%
  - Interest rates low
  - House prices high; housing churn high (esp. Sydney, Melbourne);
  - Consumer confidence mixed
  - Alterations & additions statistics less relevant – most of our business relates to smaller projects
- New housing strong
- Engineering construction weak
  - Energy and resources projects tailing off
  - Civil projects (eg. roads) are largely still in the future

Over 9 million dwellings in Australia and approximately 70% are older than 20 years [1.]

1. 2011 Census and other ABS data

DuluxGroup
Imagine a better place

Safety & Sustainability

(versus prior period)		Sept 2015	Sept 2014
Recordable Injury Rate	✗	**1.84**	1.53
Near Miss (Hazard) Reporting[1]	✓	**+12%**	+17%
Waste Generation (% change) [1]	✓	**-6%**	-14%
Water Consumption (% change) [1]	✓	**-6%**	-12%

- Increase in injuries after a record low in 2014
- Year on year increase in proactive near miss / hazard reporting
- Further efficiency improvements in waste generation and water consumption
- Continued product stewardship improvements to prevent harm to consumers and the environment.
- Focus remains on disaster prevention, fatality prevention, personal safety and sustainability

1. The results for September 2014 exclude statistics for the former Alesco businesses. From 2015, all businesses are measured and compared.

DuluxGroup
Imagine a better place

Segment Performance

DuluxGroup
Imagine a better place

Segment EBIT (excluding non-recurring items)

A$ million	2015	2014	%
Paints & Coatings ANZ	**146.8**	138.9	*5.7*
Consumer & Construction Products	**29.2**	29.8	*(2.0)*
Garage Doors & Openers	**17.1**	18.2	*(6.0)*
Cabinet & Architectural Hardware	**9.0**	8.9	*1.1*
Other businesses	**15.9**	12.2	*30.3*
Business EBIT	**217.9**	**208.1**	***4.7***
Corporate	**(25.6)**	(24.3)	*(5.3)*
Total EBIT, excl. non-recurring items	**192.4**	**183.8**	***4.7***

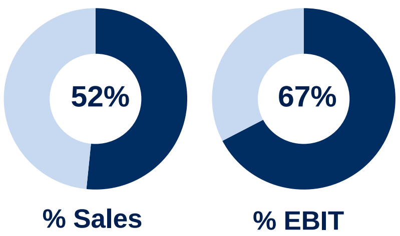
- Business and Total EBIT before non-recurring items grew 4.7%
- Continued strong performance from Paints & Coatings
- Parchem softness impacted C&CP – restructured in second half. Selleys strong
- Second half improvement in GDO business after weak first half
- Margin compression in Lincoln Sentry offset strong revenue growth
- Growth in 'Other businesses' due to Yates, China

DuluxGroup
Imagine a better place

Paints & Coatings - ANZ

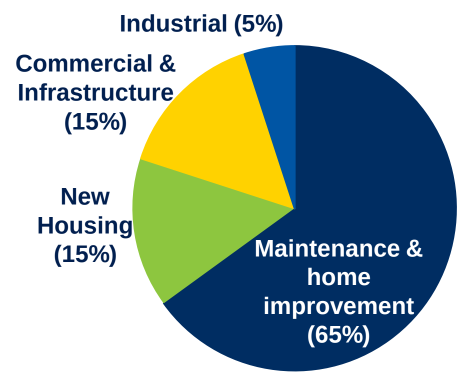
A$ million	2015	2014	%
Sales	**870.8**	821.6	*6.0%*
EBITDA *excluding non-recurring items*	**165.1**	156.5	*5.5%*
EBIT *excluding non-recurring items*	**146.8**	138.9	*5.7%*
EBIT margin *excluding non-recurring items*	**16.9%**	16.9%	-
Non-recurring items	**(13.8)**	-	

% of Group Sales and Business EBIT



- Sales growth ahead of market growth of ~5%
- EBIT margins consistent with prior year and guidance
- Grew market share in core decorative renovation and repaint market and generally held share elsewhere
- Flat prices and input costs
- Modest EBIT decline in New Zealand due to impact of Mitre 10 exit. Transitional impact also for FY16

End Markets (% sales)



Refer to Appendix for definitions.

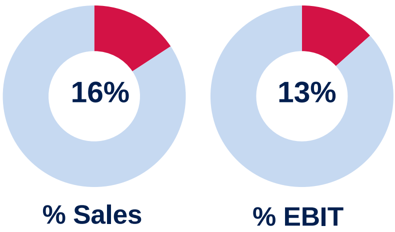
EBITDA, EBIT and EBIT margin excluding non-recurring items are adjusted for the one-off restructuring provisions relating to the supply chain projects. Figures are directly extracted from the Financial Statements.

DuluxGroup
Imagine a better place

Consumer & Construction Products - ANZ

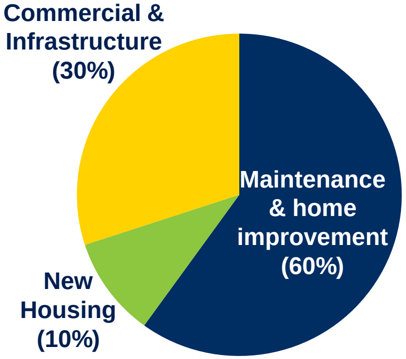
A$ million	2015	2014	%
Sales	**266.2**	265.9	*0.1*
EBITDA *excluding non-recurring items*	**32.6**	33.8	*(3.6)*
EBIT *excluding non-recurring items*	**29.2**	29.8	*(2.0)*
EBIT margin *excluding non-recurring items*	**11.0%**	11.2%	*(0.2)pts*
Non-recurring items	**(3.2)**	-	

% of Group Sales and Business EBIT



- Sales and EBIT growth for Selleys
- Parchem results impacted by a decline in resources infrastructure spend, a weak equipment result and margin compression in increasingly competitive markets
- Restructuring program in the second half will improve Parchem exit rate by ~$2m (on a constant revenue basis)
- Parchem revenue outlook remains challenging given ongoing weakness in energy and resources infrastructure markets

End Markets (% sales)



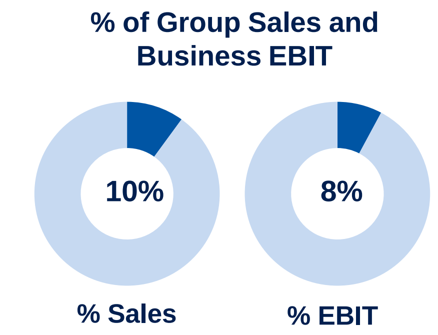
Refer to Appendix for definitions.

EBITDA, EBIT and EBIT margin excluding non-recurring items are adjusted for the one-off restructuring provisions relating to the supply chain projects. Figures are directly extracted from the Financial Statements.

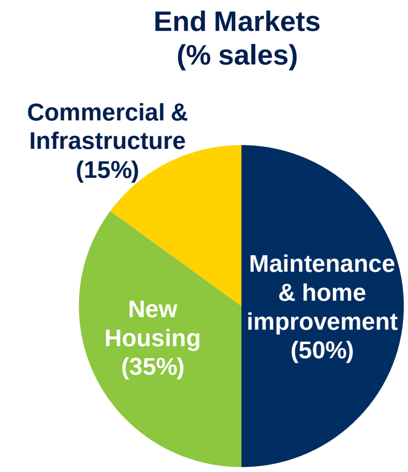
DuluxGroup
Imagine a better place

Garage Doors and Openers

A$ million	2015	2014	%
Sales	**169.5**	169.8	*(0.2)*
EBITDA	**23.4**	24.5	*(4.5)*
EBIT	**17.1**	18.2	*(6.0)*
EBIT margin	**10.1%**	10.7%	*(0.6)pts*



- Second half turnaround in sales as transitional issues associated with the new product launch and dealer strategy are being progressively addressed
- EBIT decline reflects sales softness in first half. Second half EBIT improvement supported by improved doors margins and despite FX impact in openers business

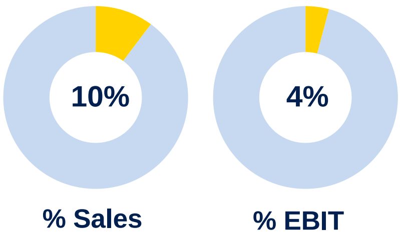


DuluxGroup
Imagine a better place

Cabinet and Architectural Hardware

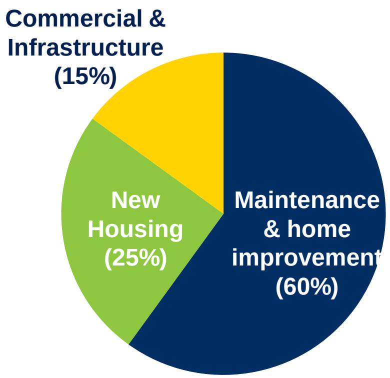
A$ million	2015	2014	%
Sales	**172.8**	159.6	*8.3*
EBITDA	**11.4**	11.4	*0.0*
EBIT	**9.0**	8.9	*1.1*
EBIT margin	**5.2%**	5.6%	*(0.4)pts*

% of Group Sales and Business EBIT



- Sales growth led by cabinet hardware business (Blum)
- EBIT margin compression due to FX-driven input cost increases in increasingly competitive markets
- Margin improvement initiatives are underway, with systems improvement a key driver

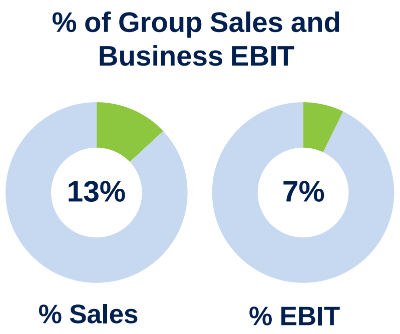
End Markets (% sales)



DuluxGroup
Imagine a better place

Other businesses

A$ million	2015	2014	%
Sales	**221.6**	207.7	*6.7*
EBITDA *excluding non-recurring items in FY14*	**19.1**	15.5	*23.2*
EBIT *excluding non-recurring items in FY14*	**15.9**	12.2	*30.3*
EBIT margin *excluding non-recurring items*	**7.2%**	5.9%	*1.3pts*
Non-recurring items	**-**	(9.2)	



- Yates - market share gains and EBIT growth
- DGL Camel China flat revenue and margin improvement
- Papua New Guinea business down in local currency, positive result in Australian dollars due to FX translation benefit
- South East Asia higher sales and EBIT due to strong growth in Vietnam

Refer to Appendix for definitions.

EBITDA, EBIT and EBIT margin excluding non-recurring items are adjusted in FY14 for the non cash impairment charge recognised against the intangible assets relating to our 51% -owned DGL Camel business in China and Hong Kong.

DuluxGroup
Imagine a better place

Other Financial Information

DuluxGroup
Imagine a better place

Capital Management – Key Measures

Balance Sheet (A$ million)	2015	2014	
Net debt	**349.9**	345.7	✓
Net debt inclusive of USPP hedge value	**276.9**	332.2	✓
Rolling Trade Working Capital (TWC) to sales	**15.2%**	15.1%	✗
Net Debt: EBITDA (times)	**1.2**	1.5	✓
EBIT Interest Cover	**9.0**	7.0	✓

Cash Flow and P&L (A$ million)	2015	2014	
Operating cash flow excluding non-recurring items	**156.5**	143.5	✓
Cash conversion excluding non-recurring items	**83%**	83%	✓
Net interest expense	**21.3**	26.2	✓
Average net interest rate	**5.2%**	5.8%	✓

All metrics strong. Rolling TWC impacted by stock build of new Wash & Wear

Refer to Appendix for definitions

DuluxGroup
Imagine a better place

Capital Expenditure

A$ million	2014	2015	Outlook [1] 2016 [2]	Outlook [1] 2017	Outlook [1] 2018
Minor capital expenditure	30.6	**24.7**			
New paint factory capital expenditure	-	**4.7**			
Total capital expenditure	30.6	**29.4**	*85*	*95*	*40*
Depreciation and amortisation	35.2	**34.9**	*36*		

Revised future timing profile for new paint factory, but overall quantum unchanged

Refer to Appendix for definitions

1. Outlook figures are net of asset sales
2. FY16 estimate is within +/- $10 million

DuluxGroup
Imagine a better place

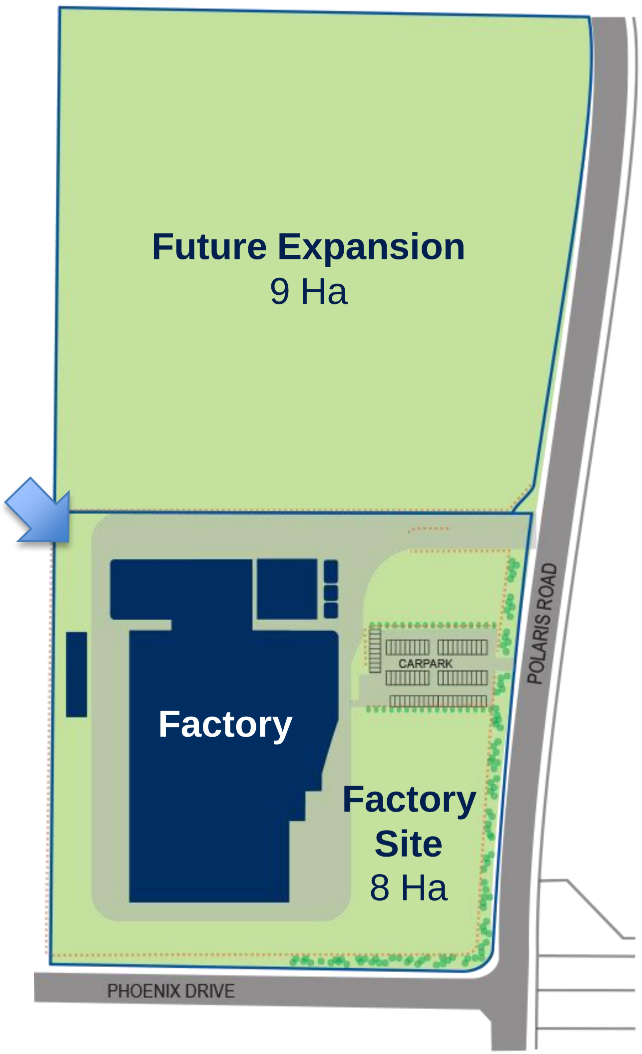
Non-recurring Items

A$ million	EBIT	NPAT	Op. Cash
2015			
Rocklea restructuring provision	**(8.7)**	**(6.1)**	-
Distribution centres closure provision	**(8.3)**	**(5.8)**	-
TOTAL	**(17.0)**	**(11.9)**	**-**

A$ million	EBIT	NPAT	Op. Cash
2014			
Alesco integration costs	(5.3)	(3.7)	(5.9)
Reversal of excess NZ OCN tax provision	5.9	5.5	(8.4)
China impairment – equity share	(9.2)	(9.2)	-
Sale of Opel Woodcare	-	-	(9.0)
TOTAL	**(8.7)**	**(7.3)**	**(23.3)**

DuluxGroup
Imagine a better place

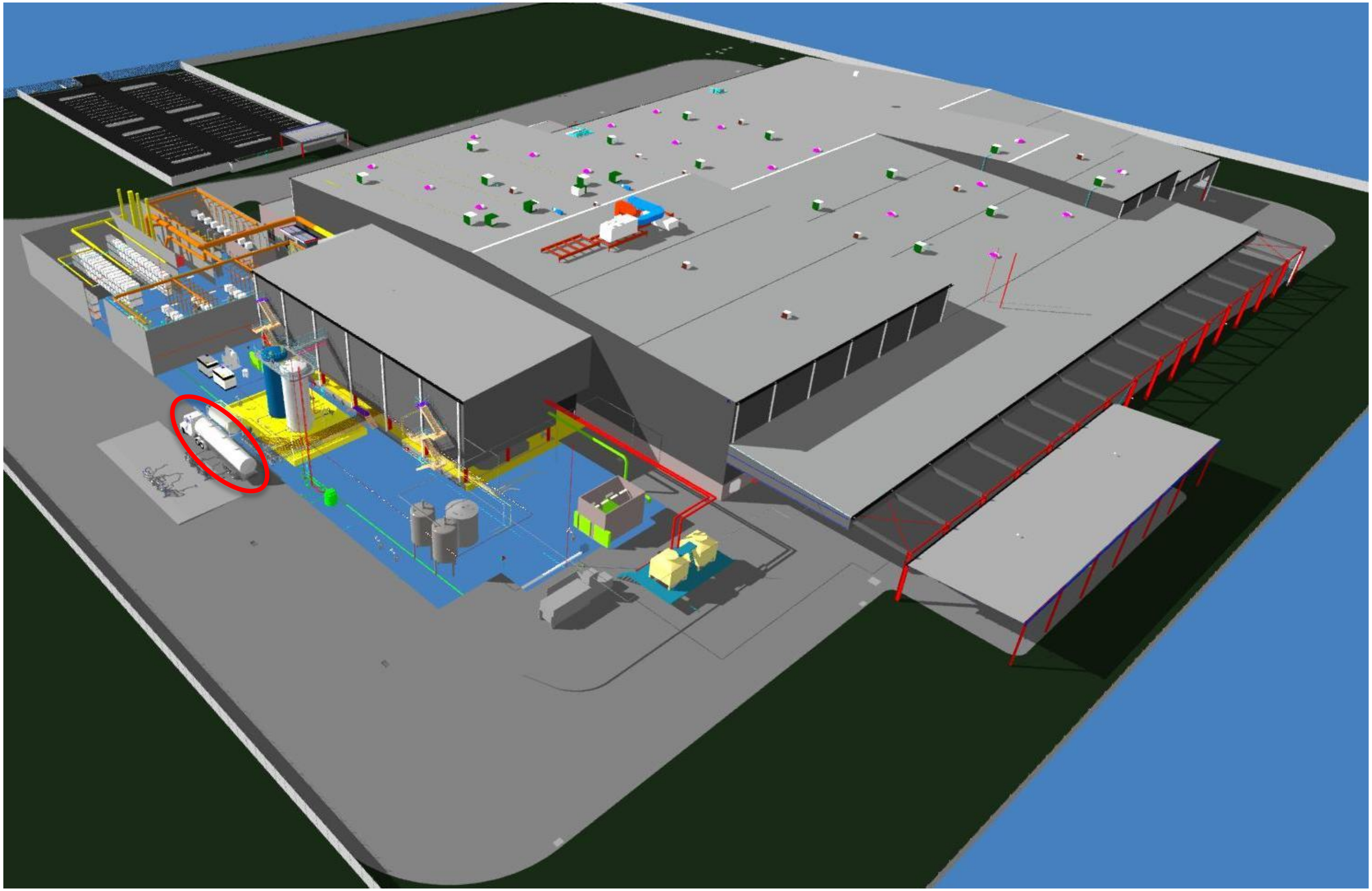
New Paint Factory



- Key features
  - 17ha site 30km north of Melbourne
  - Scope for expansion
- Benefits of new factory
  - Emerging paint technologies
  - Lower costs
  - At least NPV neutral
  - Reduced fire and flood risk vs Rocklea location
- Work done in FY15
  - Planning approvals received
  - Detailed engineering design & tendering for civil, building, bulk tanks and dispersers
- On time and budget
  - Site works commence (December 2015)
  - Equipment installation (late 2016)
  - Commissioning (mid 2017)
  - Production (late 2017)

DuluxGroup
Imagine a better place

New Paint Factory – view from NW corner



DuluxGroup
Imagine a better place

New Distribution Centre

- Key features
  - Strong financial payback and positive NPV
  - Facility will be built, owned and operated by Linfox (to DuluxGroup specification)
- Work done in FY15
  - Development approval received
  - Earth works completed
  - Building design completed and contract awarded

- On time and budget
  - Building construction started (August 2015)
  - Commence transition (mid 2016)
  - Go live (3rd quarter calendar 2016)

DuluxGroup
Imagine a better place

Strategic Growth Priorities

DuluxGroup
Imagine a better place

Our strategy is to grow the base and establish longer term growth options

Paint, Specialty Coatings & Adhesives (ANZ, PNG)

- Continue to build on premium, branded, market-leading positions via retail (DIY) and trade (DIFM) channels focused primarily on residential homes (bias to larger, higher value and more profitable existing home segment)
- Extend into the wider construction chemicals and specialty coatings markets

Paint & Coatings ANZ | Consumer & Construction Products ANZ | Papua New Guinea

+

Capability-led Home Improvement (ANZ)

- Focused on premium, branded consumer products for residential home improvement
- Transferring our core marketing, sales and supply chain capabilities to other home improvement categories in Australia and New Zealand

Garage Doors & Openers | Cabinet & Architectural Hardware | Yates Garden Care

+

Offshore

- Grow our positions in China and SE Asia
- Consider growth opportunities in other markets as they arise

China | South East Asia

Underpinned by brands, innovation and customer service

KEY
- ■ Operating segment
- □ Part of 'Other businesses' segment

DuluxGroup
Imagine a better place

DuluxGroup's near term strategic initiatives

Extend market leadership	■ Continue to invest in our business fundamentals of marketing and innovation, sales and distribution effectiveness and customer service to earn greater profitable market share ■ Cost and pricing discipline to maintain margins
Alesco upside delivery	■ Embed GDO improvement strategy, re-launch B&D brand, potential home access growth ■ Parchem restructure plus revenue growth initiatives ■ Reduce cost to serve in Lincoln Sentry to convert revenue growth to profit ■ Systems and capability investment across all businesses
Lock down medium term growth	■ Granular growth at SBU level supported by strategic M&A where appropriate ■ Execution of broader construction chemicals growth ■ Continue to develop China and Asia for the longer term ■ Explore other capability led home improvement and offshore growth opportunities
Pursue business improvement opportunities	■ Successful delivery of new distribution centre and new paint factory and benefit realisation ■ Other manufacturing and supply chain growth, capability and risk management projects
Maximise organisational leverage	■ Maximise organisation leverage by sharing group capabilities across the organisation whilst maintaining our strategic business unit (SBU) focus ■ 'Fit for purpose' approach to processes, systems and costs

DuluxGroup
Imagine a better place

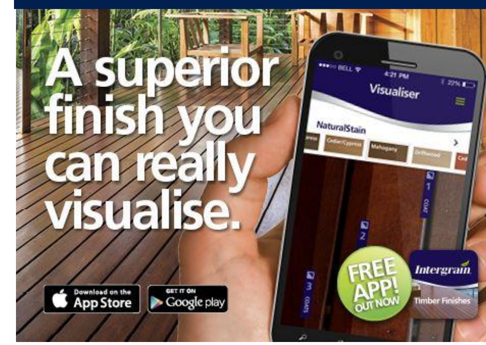
Brands, Innovation & Customer Focus

New Dulux Wash&Wear

Trusted Brand Awards

Studio D Concept Store

Intergrain Mobile App



B&D Smart Phone App

Yates "Live Chat"

Zero Rapid 1hr Weedkiller

Selleys Ezi Press

New Avista brand

Selleys High Performance Sealant

Garage Doors and Openers

- The Australian garage doors and openers industry is well structured
  - Top 3 players comprise ~75% market share
  - Doors segment is generally not exposed to import competition
- GDO is the market leader with solid profit margins
  - Leading brand in the market
  - Openers and doors businesses are both profitable
- The task at hand has been to improve the “front end” of the business
  - Re-launch the brand
  - Refresh the product range and launch new products
  - Step up sales and marketing capability
  - Re-introduce pricing disciplines
  - Tighten up the distribution network
- Good progress has been made, but there is still more to do
- The transitional issues associated with new product launch in late 2014 and the implementation of the dealer distribution strategy are being progressively addressed

Parchem growth and efficiency initiatives

Growth

- Revenue initiatives progressing:
  - Avista decorative concrete range launched
  - High performance sealants range launched
  - Broader distribution for “Emer” brand waterproofing range

Efficiency

- The business implemented cost reduction and productivity initiatives in 2H 2015 to right size the cost base:
  - Conversion from a state-based organisation to a “centre of excellence” model
  - Establishment of a national customer service centre
  - Changes to Parchem store size, format and location (continuing)
  - Introduction of supply chain efficiencies
- The FY15 exit rate benefit is ~$2M (constant revenue basis)
- Further profitability improvement initiatives are planned for FY16. Implementation of these initiatives are expected to adversely impact the first half and full year results by ~$0.5M, with a further $1M exit rate benefit for FY17

Outlook

- Lead market indicators for our key markets remain largely positive
  - Existing home segment (~65% of DuluxGroup revenue) is expected to continue providing resilient and profitable growth
  - New Housing (~15% of DuluxGroup revenue, late cycle) is expected to remain strong throughout FY16
  - Commercial and Infrastructure (~15% of DuluxGroup revenue) is expected to be subdued with particular weakness in energy and resources sectors
- Growth rates in China are expected to be relatively weak
- PNG market outlook is soft
- Input costs are expected to remain relatively flat
- Modest transitional impact of the exit from Mitre 10 NZ
- Expect to maintain ~70% dividend payout ratio on NPAT before recurring items

Subject to economic conditions and excluding non-recurring items, we expect that 2016 net profit after tax will be higher than the 2015 equivalent of $124.7M

DuluxGroup
Imagine a better place

QUESTIONS

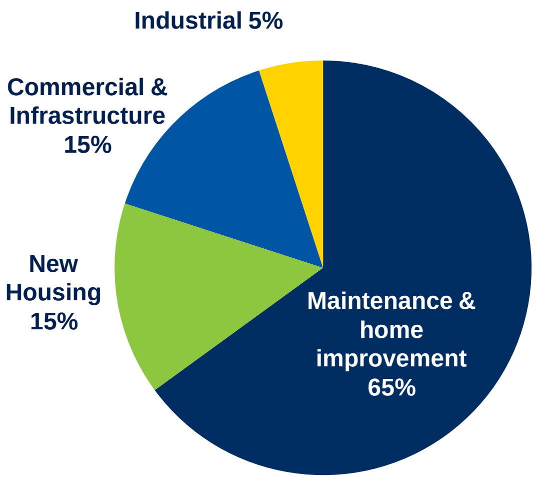
DuluxGroup
Imagine a better place

APPENDICES

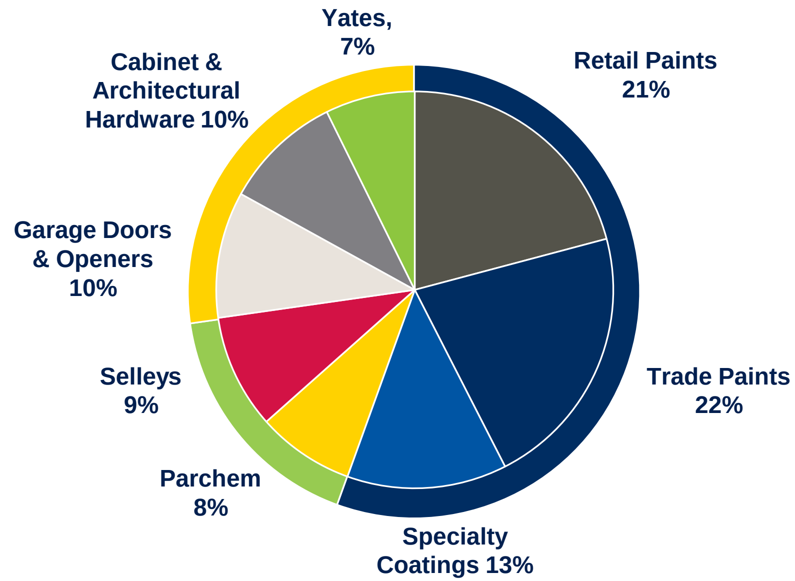
DuluxGroup
Imagine a better place

End-markets, Products, Channels. 65% of business is related to the existing home segment

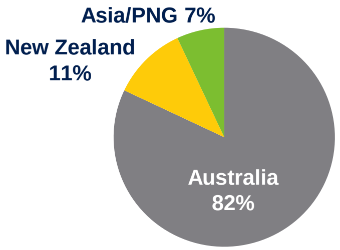
End Markets



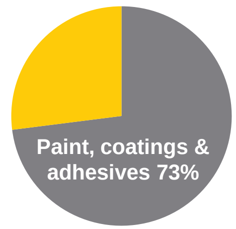
Products and Channels



Geography



% Paint, coatings & adhesives

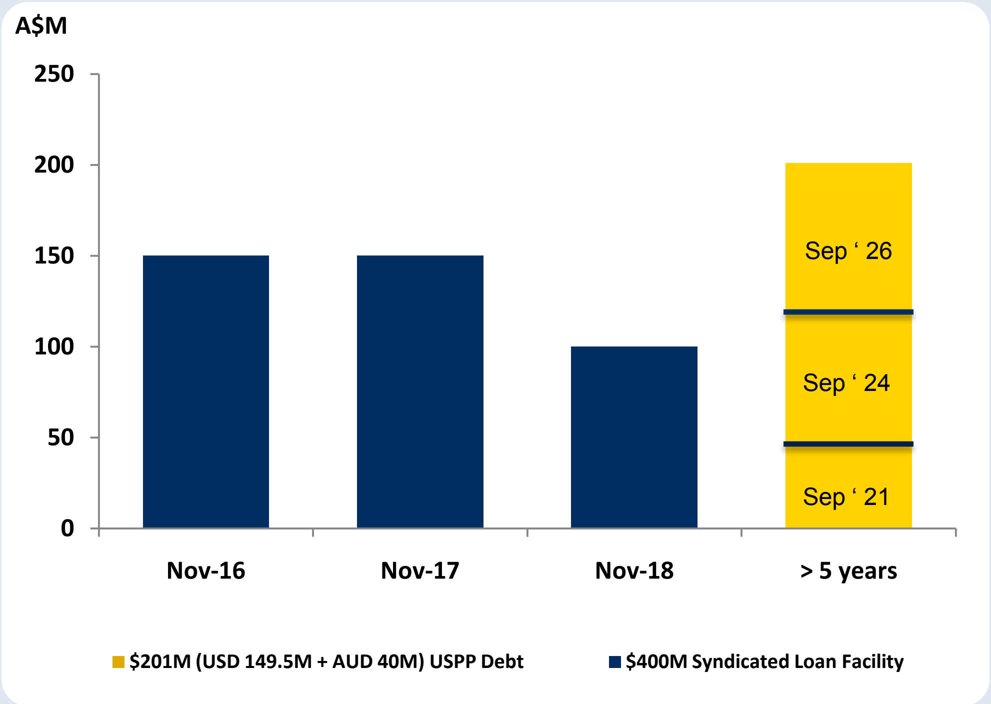


Retail / Trade

Note: Indicative DuluxGroup revenue splits

DuluxGroup
Imagine a better place

Debt Facility Maturity Profile



- DuluxGroup's earliest debt facility maturity is November 2016 when AUD150M under the AUD400M syndicated loan facility matures
- At 30 Sept 2015, the weighted average debt facility tenure was just under 4.5 years.

DuluxGroup
Imagine a better place

Definitions of non-IFRS terminology

- Average net interest rate is calculated as net interest expense as a percentage of average daily debt, adjusted for discounting of provisions
- Capital expenditure represents payments for property, plant and equipment and payments for intangible assets
- Cash conversion is calculated as EBITDA less non-recurring items, add/less movement in working capital and other non cash items, less minor capital spend, as a percentage of EBITDA less non-recurring items
- EBIT Margin is calculated as EBIT as a percentage of sales revenue
- EBITDA is calculated as EBIT plus depreciation and amortisation
- EBIT Interest cover is calculated using EBIT excluding non-recurring items, divided by net interest expense
- Minor capital expenditure is capital expenditure on projects under A$5M
- Net debt is calculated as interest bearing liabilities, less cash and cash equivalents
- Net debt : EBITDA is calculated by using year end net debt (adjusted to include the asset balance relating to the cross currency interest rate swap established to hedge the USD currency and interest rate exposures relating to the USPP) divided by pro forma EBITDA before non-recurring items
- Net interest expense is equivalent to 'Net finance costs'
- Net profit after tax or NPAT represents 'Profit for the year attributable to ordinary shareholders of DuluxGroup Limited'
- NPAT excluding non-recurring items – represents NPAT, excluding the non-recurring items. Directors believe that the result excluding these items provides a better basis for comparison from year to year.
- Non-recurring items are outlined within the presentation
- Operating cash flow is the equivalent of 'Net cash inflow from operating activities'.
- Operating cash flow excluding non-recurring items – the equivalent of 'Net cash inflow from operating activities', less the cash component of the non-recurring items
- 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
- Trade Working Capital (TWC) is the sum of trade receivables plus inventory, less trade payables

DuluxGroup
Imagine a better place