



# Nuplex Industries Limited

February 2007

*John Hirst, Managing Director*



# Agenda

- Results overview
- H1 2007 highlights
- Business results
- Outlook



## Results Overview

	H1 06	H1 07	Change
Revenue (\$m)	603	<b>723</b>	+20%
EBITDA (\$m)	47	<b>49</b>	+4%
Net profit after tax tax (\$m)	40	<b>9</b>	-73%
Operating profit (\$m)	16.8	<b>16.8</b>	
Wtd. average number of shares	77,094	<b>78,746</b>	+2%
Normalised earnings per share (c)	21.7	<b>211.3</b>	-2%
interim cash dividend (c)	14.0	<b>15.5</b>	+10%
Payout rate (%)	65%	<b>73%</b>	
Number of employees	1,935	<b>1,844</b>	-5%



## H1 2007 highlights

- Result in line with expectations & guidance
- 10% lift in dividend
- PML Group - in line with acquisition targets
- 37% increased contribution from outside ANZ
- Specialty Products restructure on target
- Major capacity build in Europe on schedule
- Weathered 10% rise in raw material costs
- Huntsman acquisition concluded
- Remain on target for \$103 -110 guidance
- Still see significant uplift starting in 2008 year

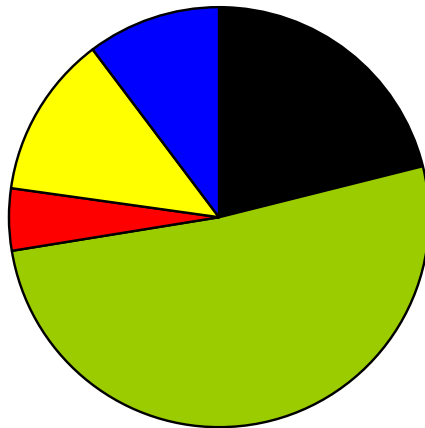


## Behind the result

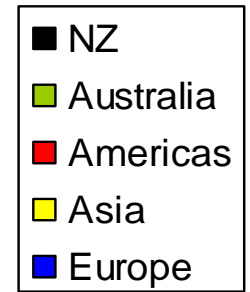
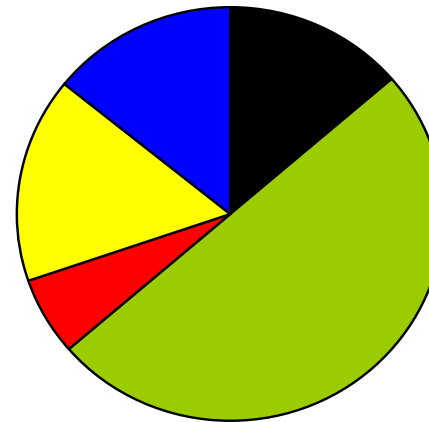
- Translation impact
  - +\$3 million EBITDA on overseas operations
  - -\$2 million on forex hedging mark to market
- Ongoing losses
  - \$5.2 million
- Unusual Items
  - Cash impact ~ + \$1 million
- Tax
  - Tax benefit of \$6.8 million to start from 2009 year

# Geographical EBITDA

2006

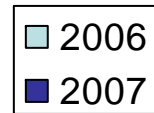
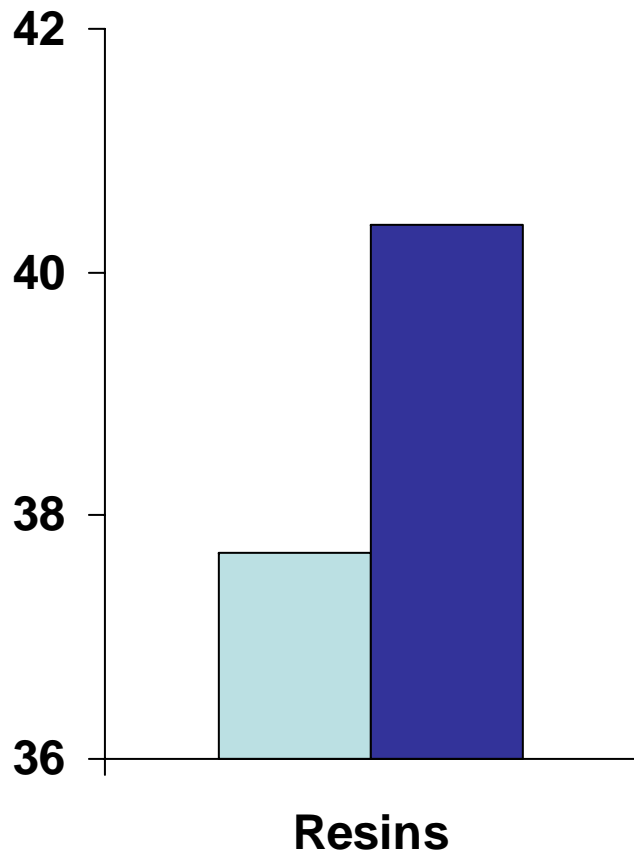


2007

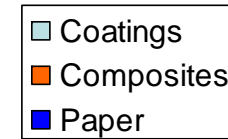
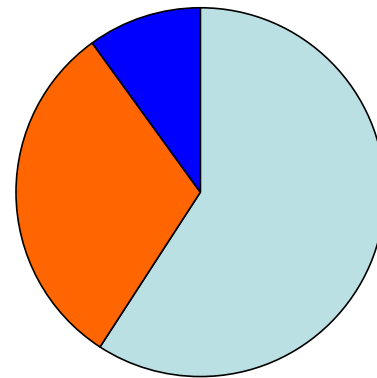




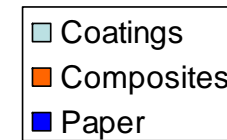
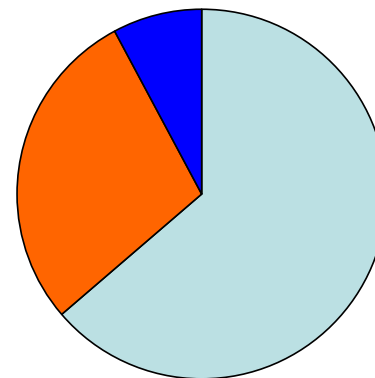
# Resins – segment EBITDA



2006



2007



- Resins now 82% of total
  - Entirely from outside ANZ
  - Expected to grow in future years
  
- Costs
  - Raw materials
    - **Up 10% over same period 2006**
      - Crude pricing
      - Petrochemical demand
      - Supplier concentration
    - **Shortages**
      - Force majeure
      - Some outages
  - Operating
    - **Operating efficiencies achieved**
    - **MAT costs controlled**



# Coating resin market

- Geographic segment demand & margin
  - **ANZ**
    - Volume flat
    - Margin slightly negative
    - Foreign exchange translation effect dramatic
  - **Europe**
    - Volume flat
    - Margin moderately positive
    - Strong move to water with decorative segment
    - Capacity closure
    - Signs of disciplined pricing



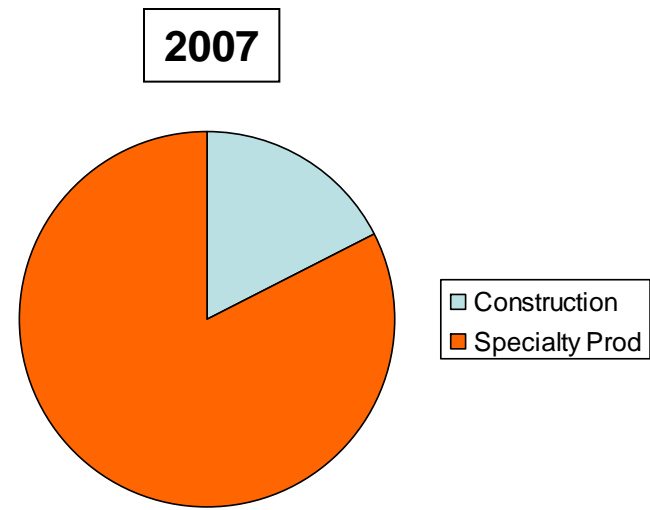
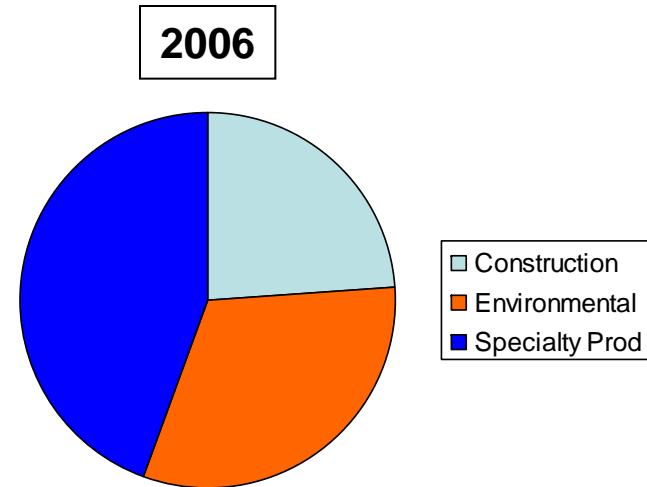
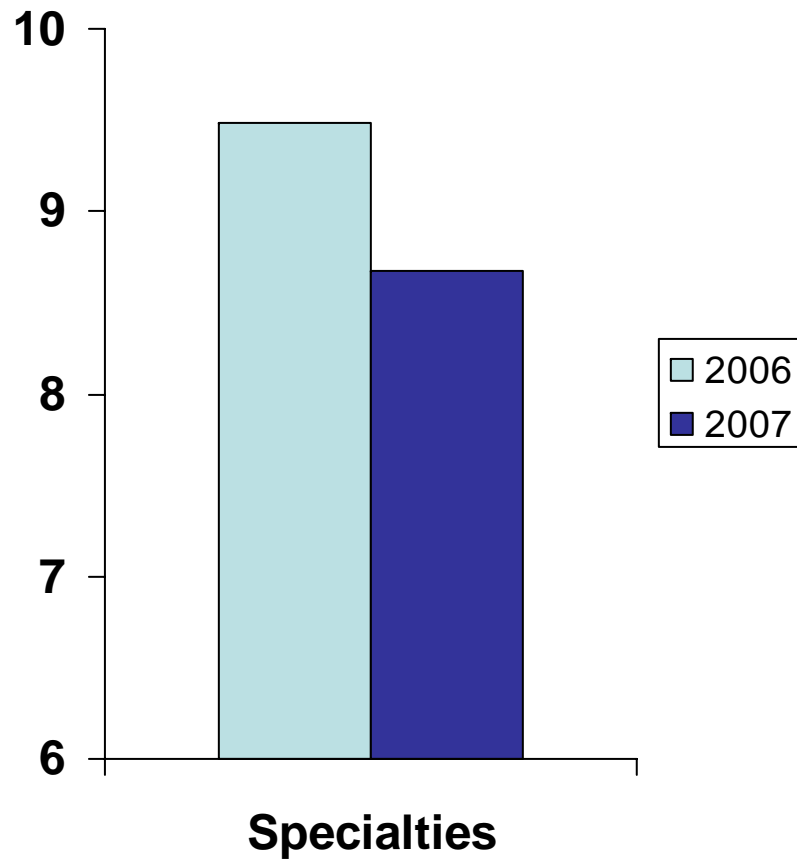
# Coating resin market

- Geographic segment demand & margin
  - **Americas**
    - US volume slightly up
    - US margin up moderately
    - Brazil – little prospect for improvement
  - **Asia**
    - Volume up significantly
      - 10+% in SE Asia
      - Much more in China
    - Margins moderately down

- Market segment
  - **Composites**
    - Volume up marginally
    - Margin moderately negative
  
    - Asian focus
      - Built resource
      - Growing volume
    - Huntsman Composites Australia acquisition completed
  
  - **Paper**
    - Volume down moderately
    - Margin moderately negative
  
    - Market pressured from imports
      - Capacity idled
    - Growth in supply side negative to margins

- Raw material pricing to retreat from February
  - **Some margin recovery by end of half**
  - **Future supply position strong**
    - Refinery capacity build positive
  - **Expect a general easing – but relatively small**
  - **Capacities and demand in better balance**
  - **Some petrochemicals still trending up**
    - Specific supply – demand balance situations
  - **Crude pricing settled at a moderate level**
  - **Soya bean oil under pressure from bio fuel demand**
- Business transfer for Silvertown completed
- Netherlands restructuring progress to continue
- Demand to continue at current levels
  - **Positive signs coming out of Europe**

# *nuplex* Specialties – segment EBITDA



## APS Manufacturing

- **Programme to quit most manufacturing well advanced**
  - Sale completed of
    - Ajax Finechem business
    - Tyre bonding agent product line
    - Sulphur black dye product line
    - Metal Preparation product line
    - Metalex brand
  - Segments remaining
    - Surfactants
    - Quaker Joint Venture
    - Colour Dispersion Company
    - Culamix
- **Segment performed to expectations**

## APS Manufacturing

- Outlook for H2
  - **Seven Hills business units closed by June 30**
    - Subsequent site disposal will reduce funds employed
  - **Focus on efficiencies of remaining businesses**
    - Solid future returns expected

## Distribution

- APS Life Sciences
  - Added new important Principal
  - Demand was steady
  - Progress made with new product introductions
- H2 Outlook
  - Steady market conditions
  - Growth from new Principal and successful projects

## Distribution

- APS Chemicals

- Demand was steady across ANZ
- Refined product portfolio
- Improved profitability

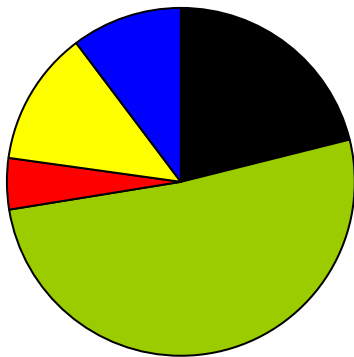
- H2 Outlook

- Stable market
- Further progress with portfolio refinement
- Synergy benefits from Polychem/Multichem

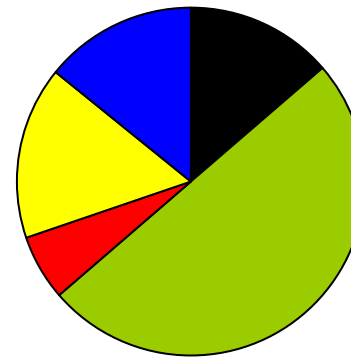
## Distribution

- Polychem & Multichem
  - Some softness in carpet & plastic segment
  - Gained share in key plastics market segment
  - Feltex bad debt spoiled an otherwise good result
  - Stronger US\$ cross rate had some margin impact
  - New key Principal added to portfolio
- H2 Outlook
  - Unchanged market conditions
  - First impact from new business

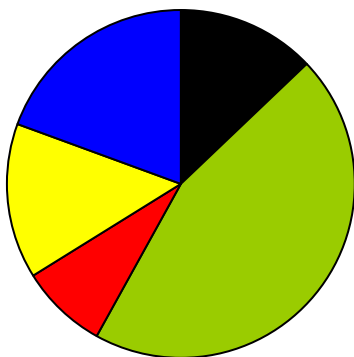
2006



2007

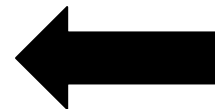


Looking forward



### Markets

- NZ in steady state
- Australia post Huntsman
- Americas post Brazil
- Asia still growing
- Europe post restructuring





**THANK YOU**