
Nuplex Industries Limited
Acquisition of the Coatings Resins Group of
Akzo Nobel N.V.



19 October 2004

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Section 1

Transaction Overview and Strategic Rationale



Transaction Overview

- Nuplex has agreed to buy the Coatings Resins (CR) business of Akzo Nobel N.V.
- The consideration offered is approximately €110m (NZ\$202m), plus assumption of an estimated €7m (NZ\$13m) of pension plans and other employee benefit liabilities
- The transaction is conditional on regulatory approval in the relevant jurisdictions, the Works Council of Akzo Nobel Coatings Resins' Netherlands operations, transfer of shares in the joint venture companies and Nuplex shareholder approval
 - Settlement is anticipated to occur in December 2004 – January 2005
- The acquisition will transform Nuplex into a global manufacturing and marketing group with sales well in excess of NZ\$1 billion
- The transaction is expected to be over 10% EPS accretive (before goodwill amortisation) in the first full year of reporting
- Funding through a combination of debt and equity
- Following the announcement of the transaction on 15 October, Nuplex has appointed UBS to manage a placement to raise approximately NZ\$37m

CR Acquisition Process

Extensive due diligence process:

- Akzo Nobel Coatings Resins identified as an attractive target around 12 months ago
- Sale process commenced over 6 months ago
- Nuplex has had the opportunity to conduct extensive due diligence
 - Accounting: PwC, E&Y, KPMG
 - Tax: E&Y
 - Legal: Phillips Fox, DLA
 - Environmental: URS
 - Employee liabilities: MCA Actuaries
- Through the acquisition agreement, Nuplex has the benefit of vendor warranties and indemnities covering issues such as tax and environmental issues
- Senior employees are committed
- Nuplex was one of a number of parties remaining in the process but was selected by Akzo Nobel due to management preference for Nuplex as an ongoing resin supplier
- 30% of CR's sales are to Akzo Nobel. A new 3 year agreement is in place
- A number of other large customers have confirmed their comfort with Nuplex ownership

Strategic Rationale

The acquisition brings the following strategic benefits:

- Transformation from an Australasian/Asian regional business into a global group with sales well in excess of NZ\$1 billion
- Ownership of recognised leading technology in the development, manufacture and marketing of high performance resins, as well as access to a strong Research and Development function
- Bringing to the group a strong management team that has global marketing experience and an understanding of world class process technology
- Providing Nuplex with critical mass that is expected to yield benefits in areas such as marketing, purchasing, operations, HR, systems and procedures
- Diversifies revenue base and strengthens Nuplex's position in Asia through additional facilities in Malaysia, Indonesia, Thailand and China
- Opportunity to introduce Nuplex technology to Northern Hemisphere markets - acquisition provides a channel to the market
- Attractive financial and acquisition terms

Section 2

Nuplex Background



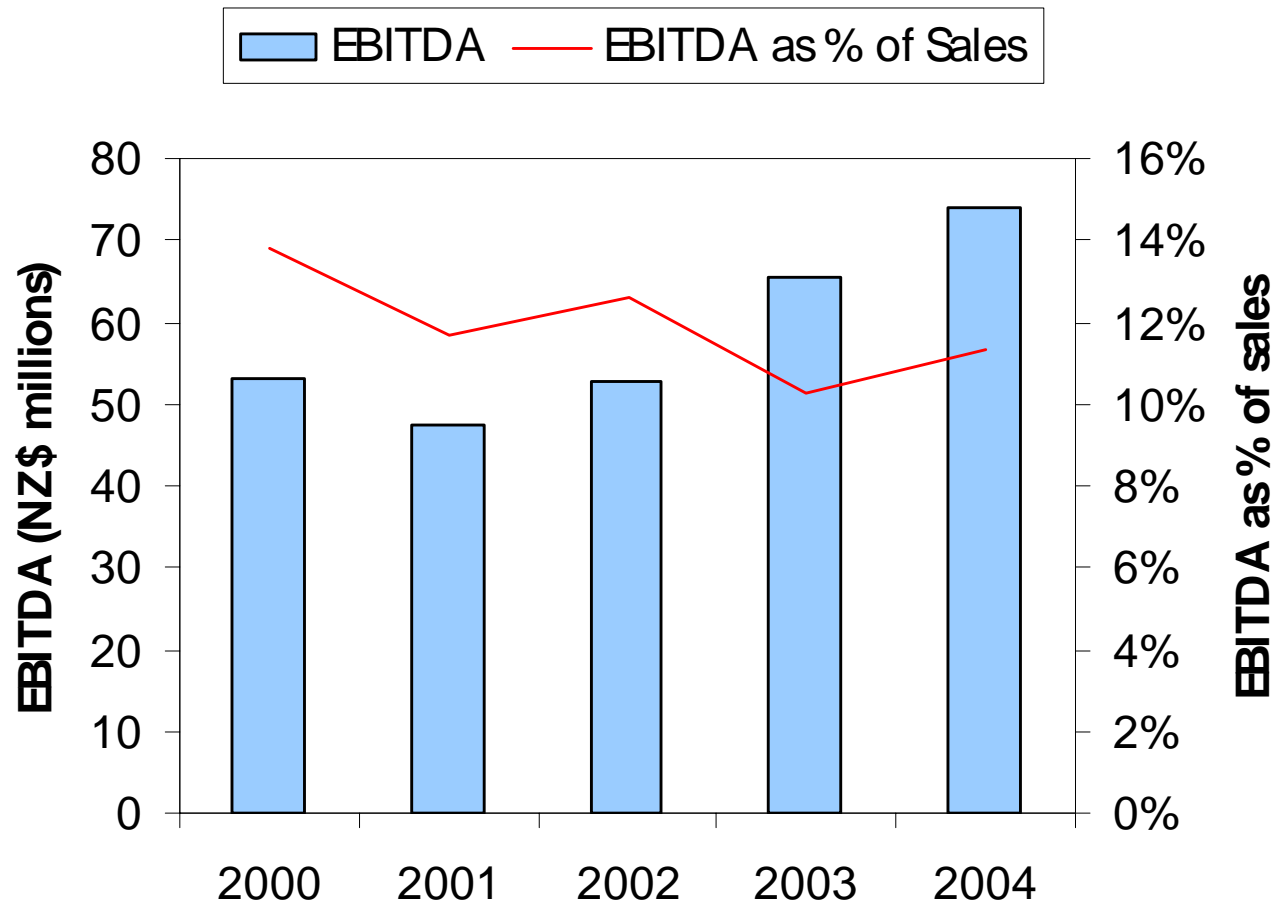
Nuplex Background

- The Nuplex business comprises four segments: Resins, Speciality Products, Construction Products and Environmental Services
- Resins (61% of revenues) supplies key manufacturing inputs to the paint, printing ink, adhesive, textile, construction, paper and composite industries
- Specialty Products (29% of revenues) manufacture and distribute functional technical raw materials used as inputs in customers' formulations and processes
 - These include high compliance markets such as food, nutrition and healthcare and technical industries such as plastics, agriculture, rubber, construction and the general chemical industry (often in conjunction with resins)
- Construction Products is a key provider of specialty construction materials, functional flooring systems to industry and commerce, and lightweight cladding systems to residential and commercial construction
- Environmental Services satisfy community needs for the safe collection, recycling, treatment, and disposal of waste streams from industry and the medical and quarantine sector

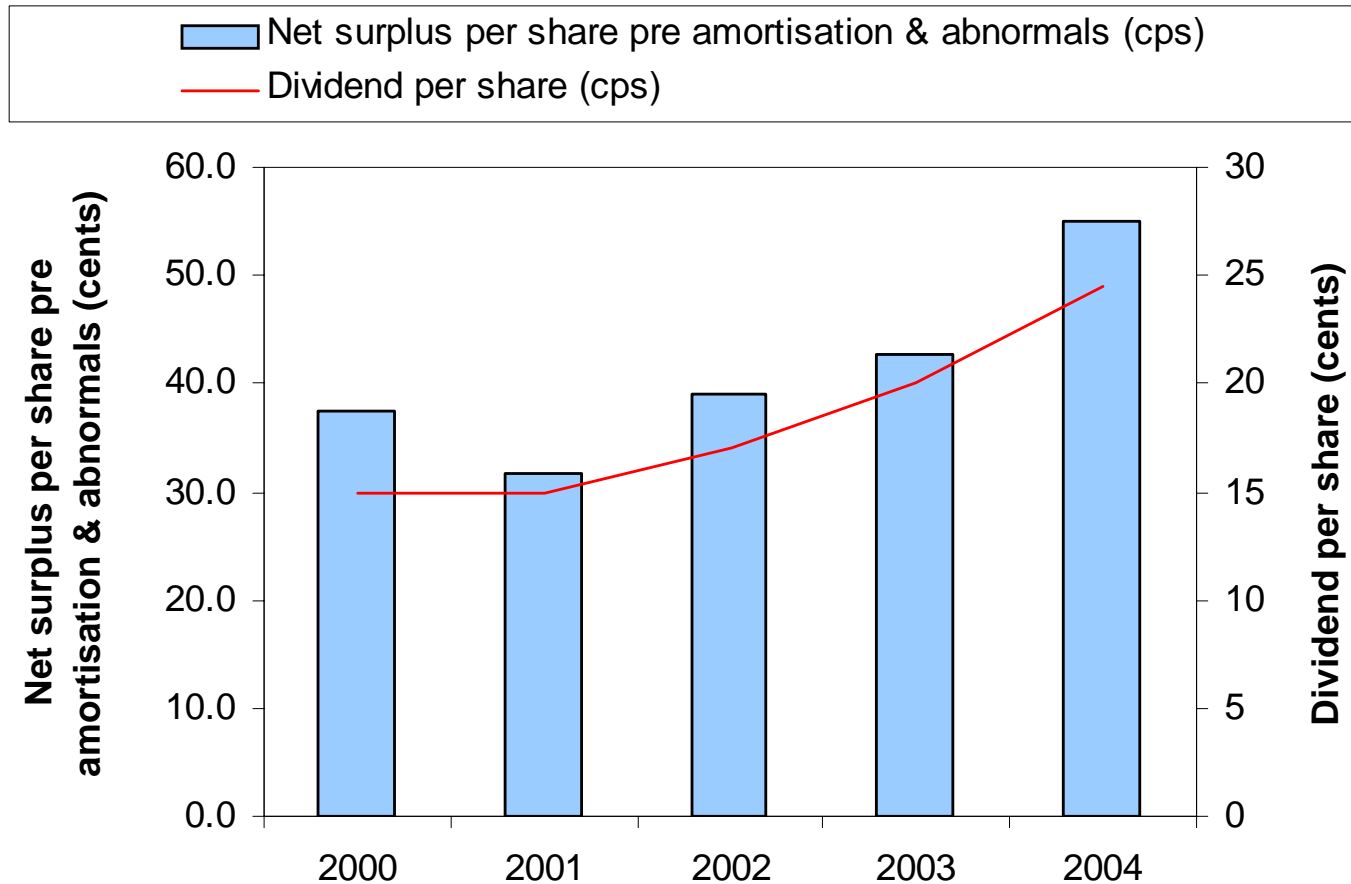
Nuplex Background

- Nuplex has manufacturing plants in New Zealand, Australia, Vietnam and China
- Products are sold throughout Australasia and exported to Asia, the Pacific Islands, the Middle East and Europe
- Nuplex has successfully grown through organic and market share growth using high service levels, excellent product support and a broad product range as differentiating strategies. In addition it has undertaken a number of acquisitions with its focus being on quality of earnings, strong market positions and a strategy of regional and business diversity

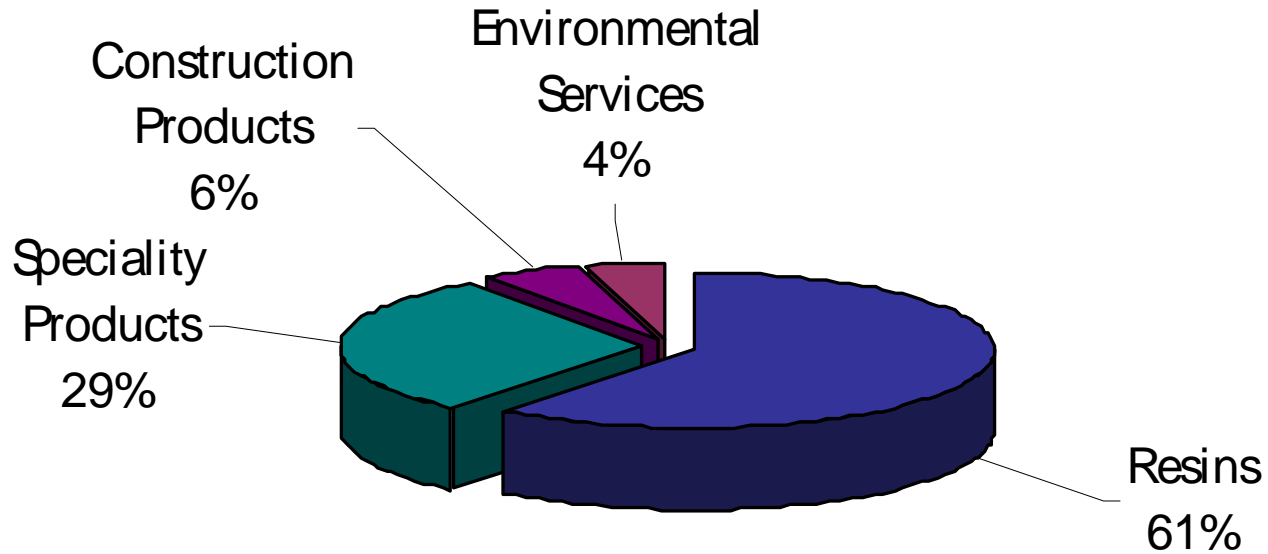
Historic EBITDA



Historic Profit and Dividend Performance

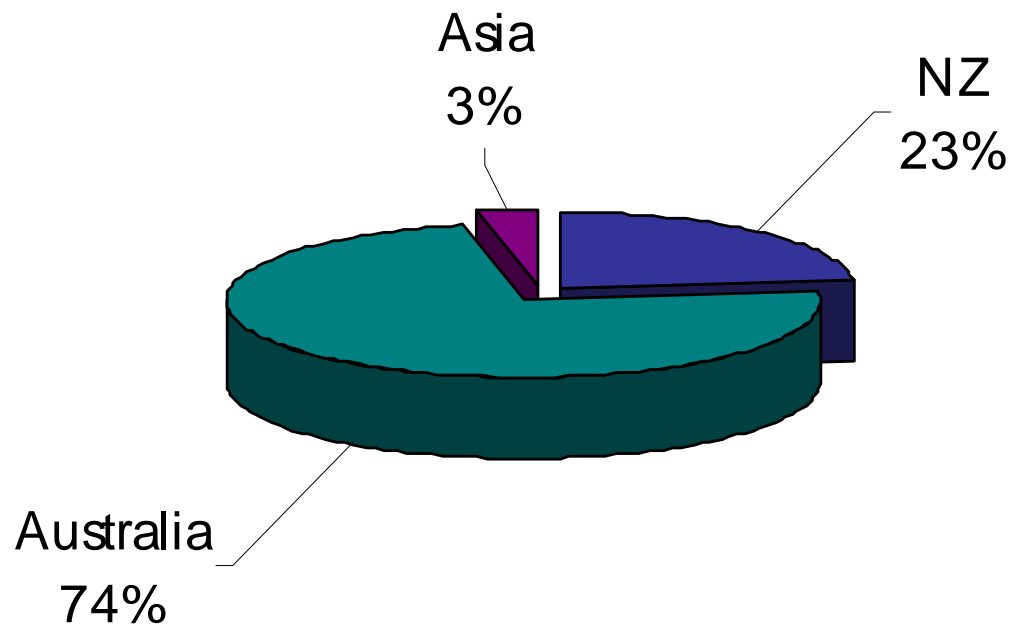


2004 Revenue Breakdown by Segment



2004 Geographical Revenue Breakdown

Actual Sales within regions are in the order of:
Australia 70%, New Zealand 20%, Asia & Other 10%



Section 3

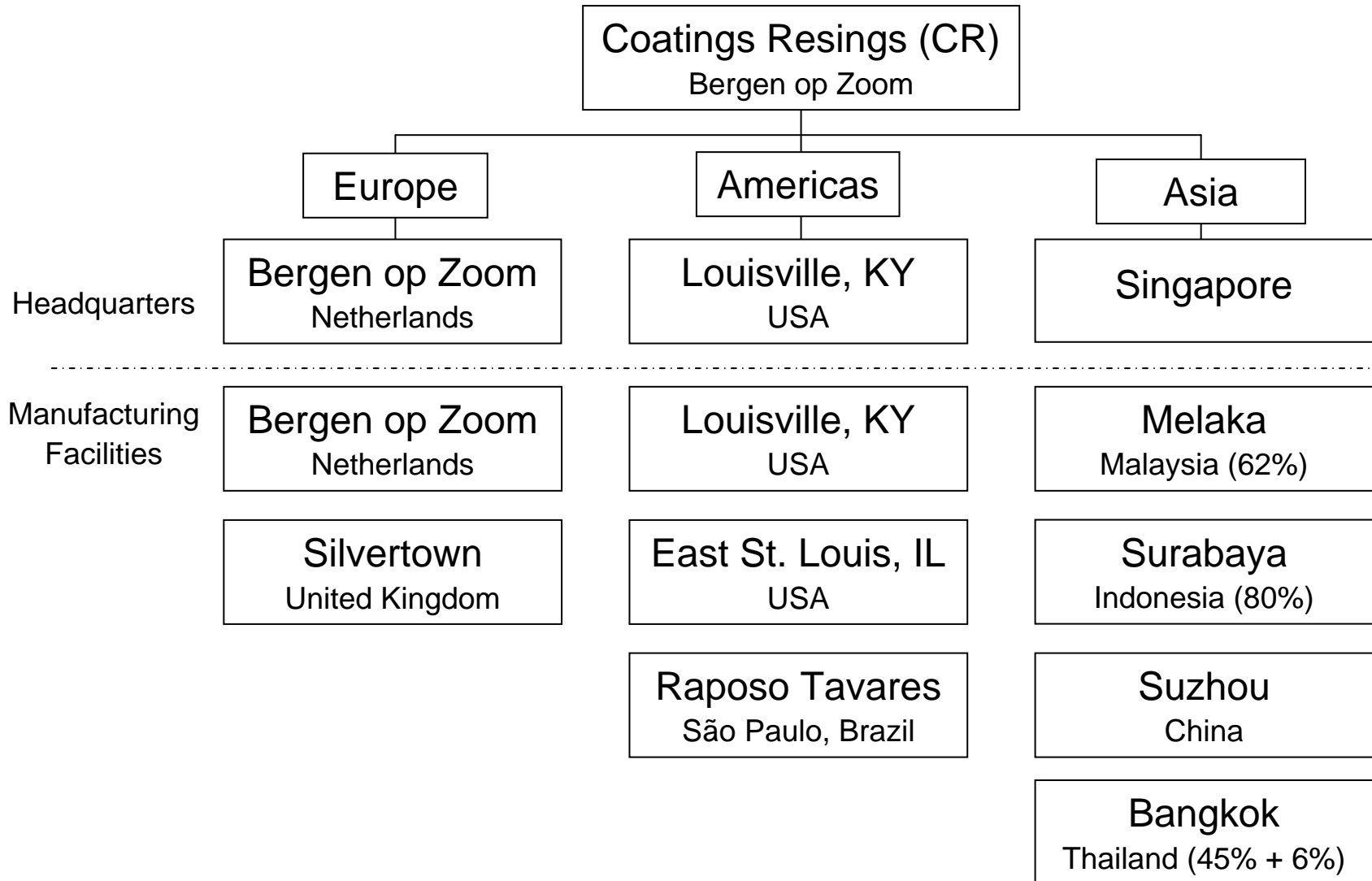
Akzo Nobel Coatings Resins Overview



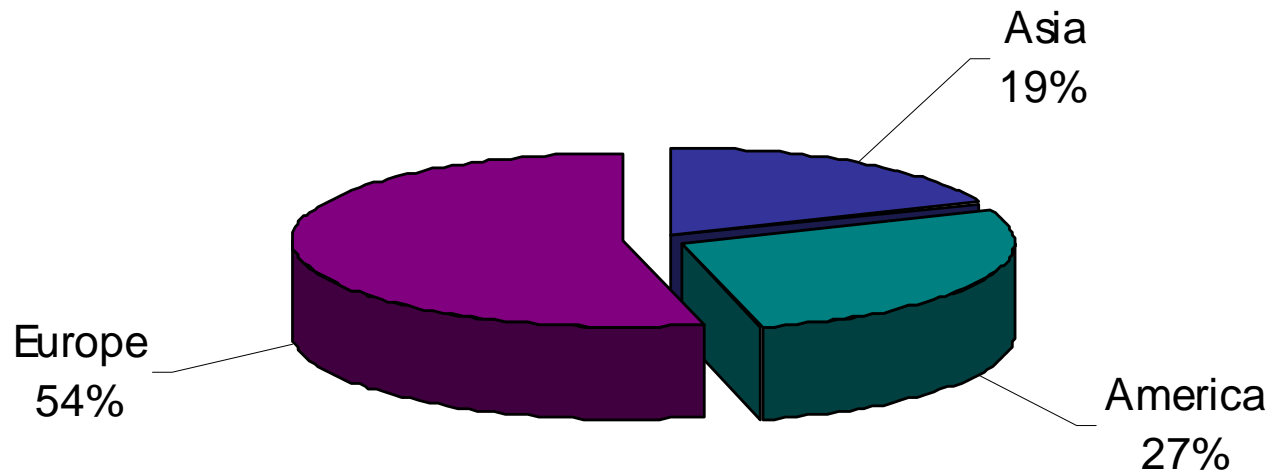
Akzo Nobel Coatings Resins Overview

- Global manufacturer and recognised technology leader in the development, manufacture and marketing of high performance resins for coatings, based on a broad range of resin types and technologies
- Well established provider to the largest coatings manufacturers in the world and has a presence in Europe, the Americas and Asia
- Extensive product range including acrylics, alkyds, polyesters, aminos and rheology modifiers
- Manufactures resins based on a variety of technologies including solventborne, high-solids, waterborne and powder
- CR employs 774 people of which 355 are located in the Netherlands
- CR sales amounted to €256m in calendar year 2003, and EBITDA was €18.1m before deducting corporate charges of €0.6m

CR Operating Structure



Breakdown of Sales by Region



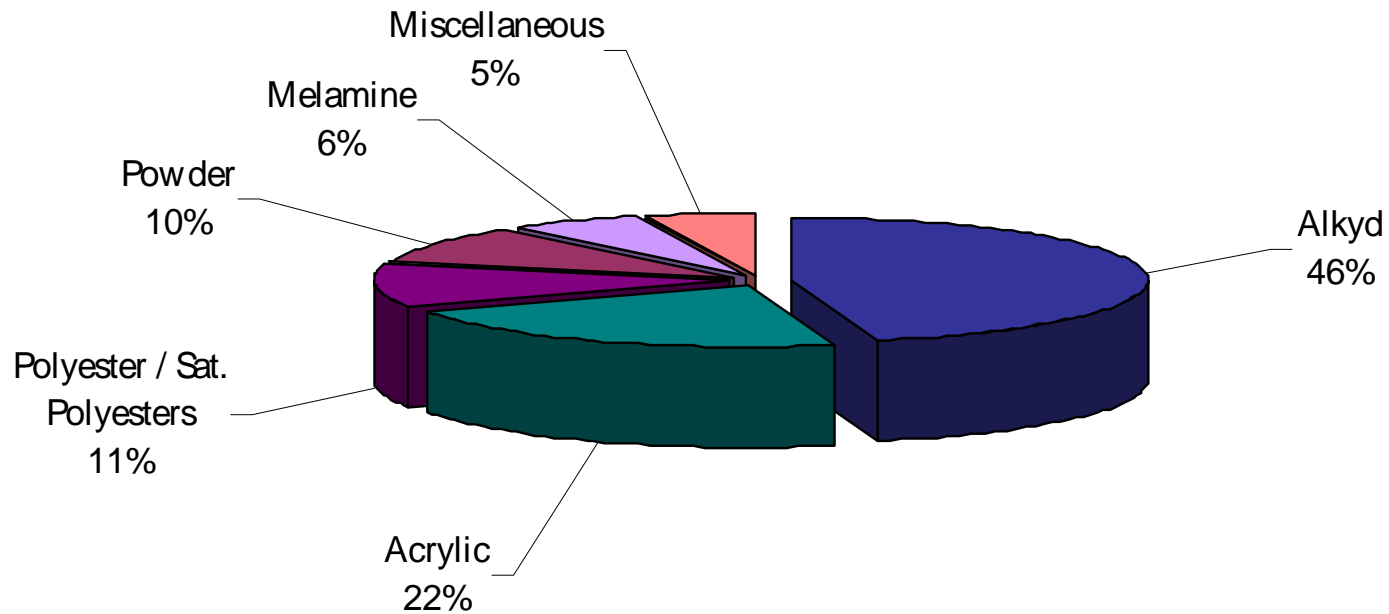
Source: CR 2003 actuals

Coatings Resins Product Overview

Particular expertise in resins for specialty end-applications

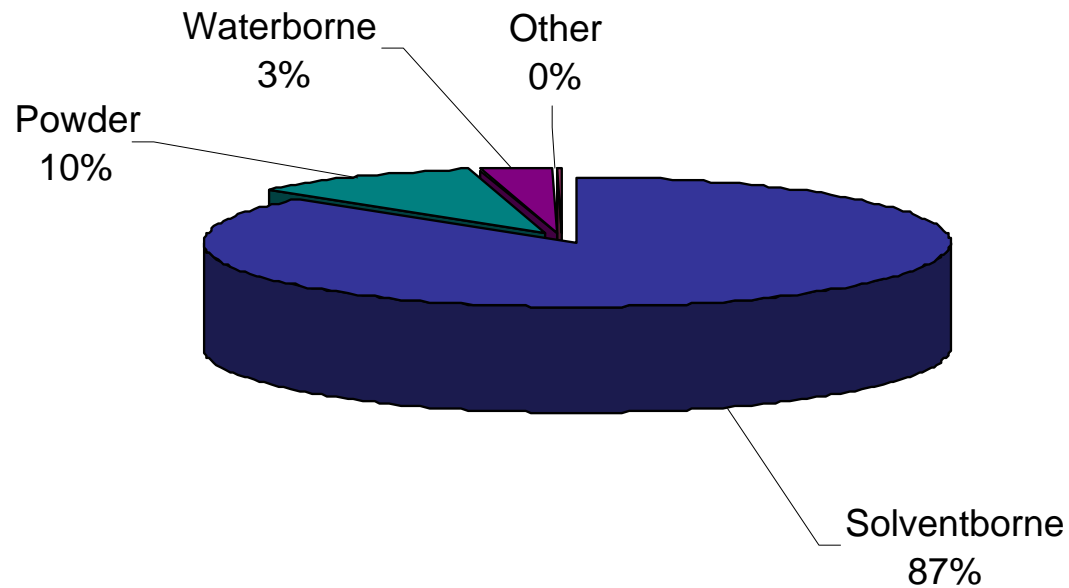
- Specialty application segments supplied include:
 - Automotive OEM
 - Vehicle refinish
 - Plastics
 - Specialty metal
- Non-specialty segments include:
 - General metal
 - Marine and protective
 - Powder
 - Wood
 - Deco

Volume Breakdown by Resin Type



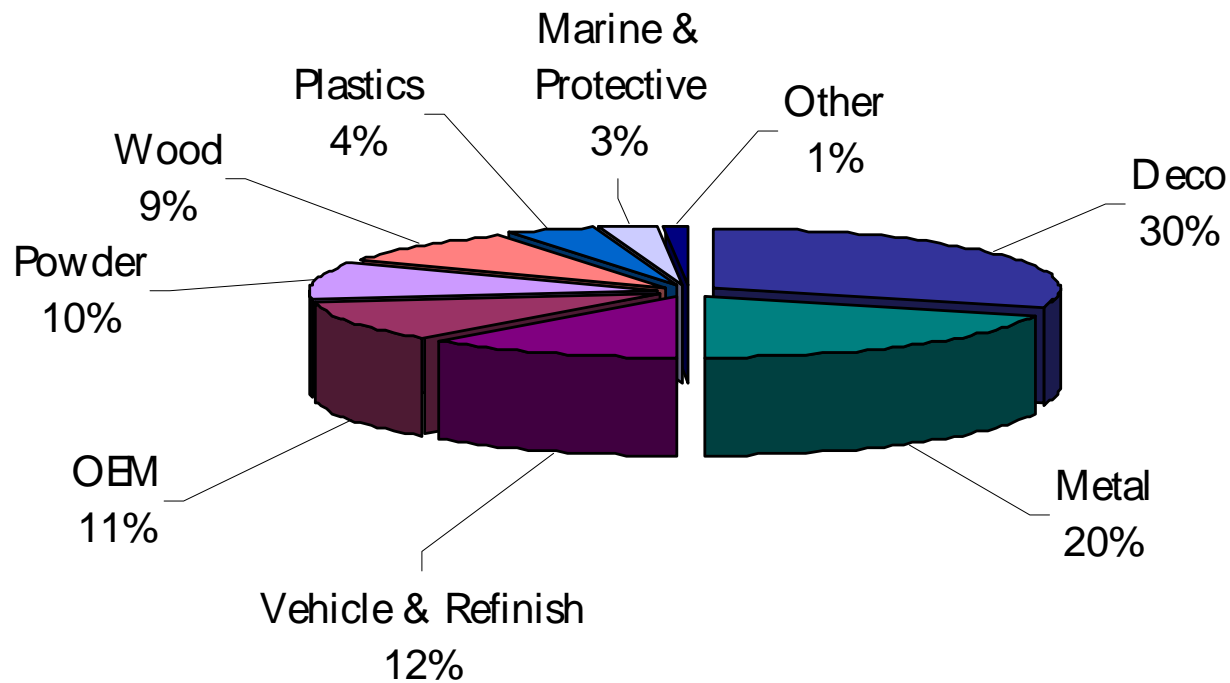
Source: CR 2003 actuals

Volume Breakdown by Technology



Source: CR 2003 actuals

Volume Breakdown by Application



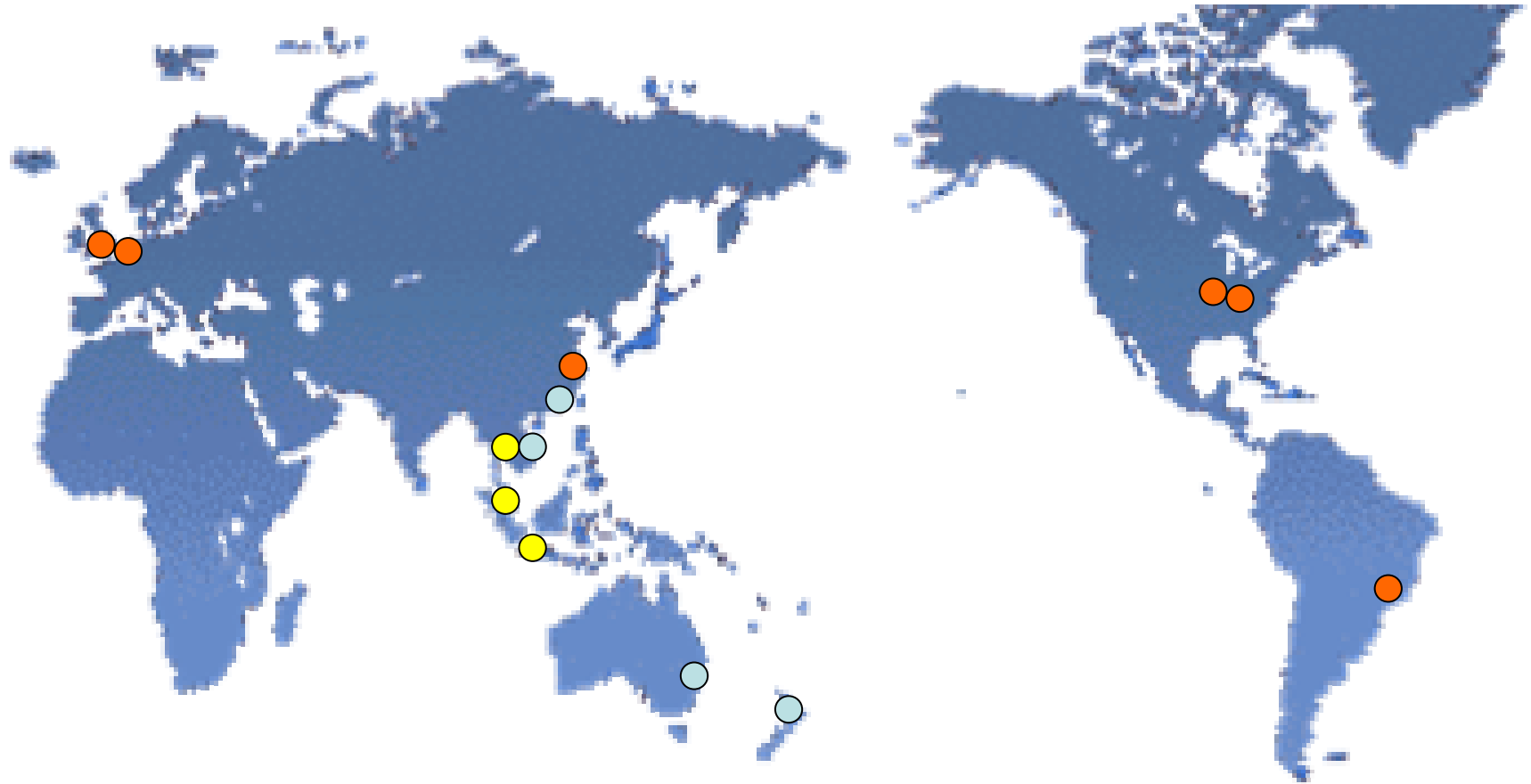
Source: CR 2003 actuals

Section 4

Impact of the Acquisition and Earnings Outlook

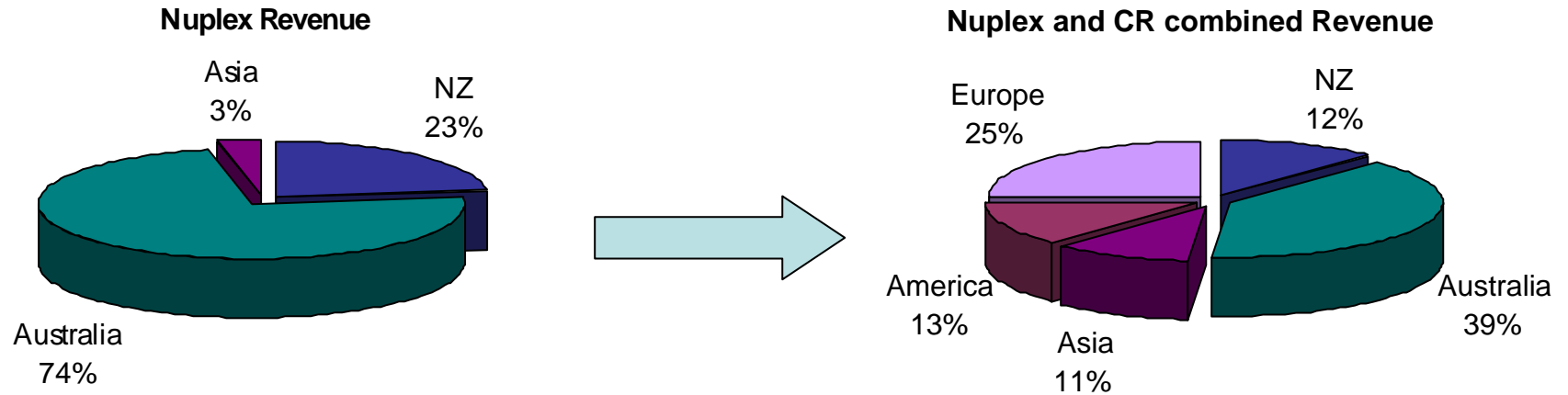


Geographic Locations – Global Transformation



Nuplex  CR Manufacturing facilities  CR Joint ventures 

Geographic Diversification of Revenue



Source: Nuplex 2004 Annual Report
 CR 2003 actuals and 2004 forecast (interpolated for 30 June year end)

Earnings Outlook and Acquisition Impact

- Nuplex is comfortable with market consensus numbers that EPS for the year ending 30 June 2005 will be in the range of 53–56 cents per share (before goodwill amortisation), prior to the CR acquisition
 - EBITDA of NZ\$73–75m (a strong NZ\$ has adversely affected the translation of A\$ and US\$ earnings) for the year ending 30 June 2005
- Increases in raw material cost resulting from the oil price and capacity shortages in petrochemicals have, in the large part, been passed through to customers and are not having a materially negative impact on current earnings
- Completion of the acquisition and its associated funding are forecast to have at least a 10% positive impact to EPS (before goodwill amortisation) in the first full year
- EBITDA to interest ratio is expected to be approximately 5x in the year ending 30 June 2005
- Subject to no unforeseen events, the CR acquisition is not expected to impact the dividend policy of Nuplex

Section 5

Funding



Funding

- The acquisition price for the Coatings Resins business of Akzo Nobel is €110m (NZ\$202m) plus €7m (NZ\$13m) of pension plans and other employee benefit liabilities (based on the post tax present value cost to Nuplex)
 - Price includes **€37m of working capital**
- Nuplex has fully committed funding to complete the acquisition
- A short term debt facility of €125m (NZ\$230m) has been put in place by Westpac and CBA. This loan is to be refinanced with long term debt and equity
- Based on the indicative bookbuild range, the institutional placement will raise gross proceeds of NZ\$35.4m to NZ\$37.7m (NZ\$53.1m to NZ\$56.6m if the additional shares are placed)
- On completion of the institutional placement and the acquisition of CR, Nuplex will consider making an offer available to existing shareholders to raise the balance of the NZ\$65m equity funding
 - This could be in the form of a rights issue, Share Purchase Plan, or use of a DRP

Funding

Placement details

- UBS is today conducting an offer of 7.7 million ordinary shares (10% of issued capital plus capital notes) via an accelerated bookbuild
- Pricing range is NZ\$4.60 to NZ\$4.90 per share
- Settlement is expected to be Tuesday, 26 October 2004
- UBS has the ability to request that Nuplex make a further 3.85 million shares available to be placed (5% of issued capital plus capital notes)
- Any additional shares to be placed will be subject to shareholders approving the adoption of a new constitution for Nuplex at the AGM on Friday, 29 October 2004 as outlined in the Notice of Meeting dated 11 October 2004, with settlement for any additional shares placed expected on Monday, 1 November 2004

Section 6

Summary



Summary

- Strategic acquisition
 - Core business, transformation from an Australasian/Asian regional business into a global group
 - Ownership of leading resin technology
 - Potential for operational improvements and margin expansion
- Financially attractive
 - EPS accretive by at least 10% in the first full year of reporting following settlement
- Nuplex has a strong track record
 - 10 year EBITDA growth of 20% p.a.
 - Established track record of successfully integrating chemical acquisitions (Australian Chemical Holdings, Asia Pacific Specialty Chemicals, numerous bolt-on acquisitions)
 - History of sustained dividend growth