



# 2006/07 Annual Result

Review of Business Performance

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August 24, 2007

*Positioned for Future Growth*

# Agenda



Results Overview

2007 Highlights

Business Results

Strategy Update

Outlook

# Results Overview

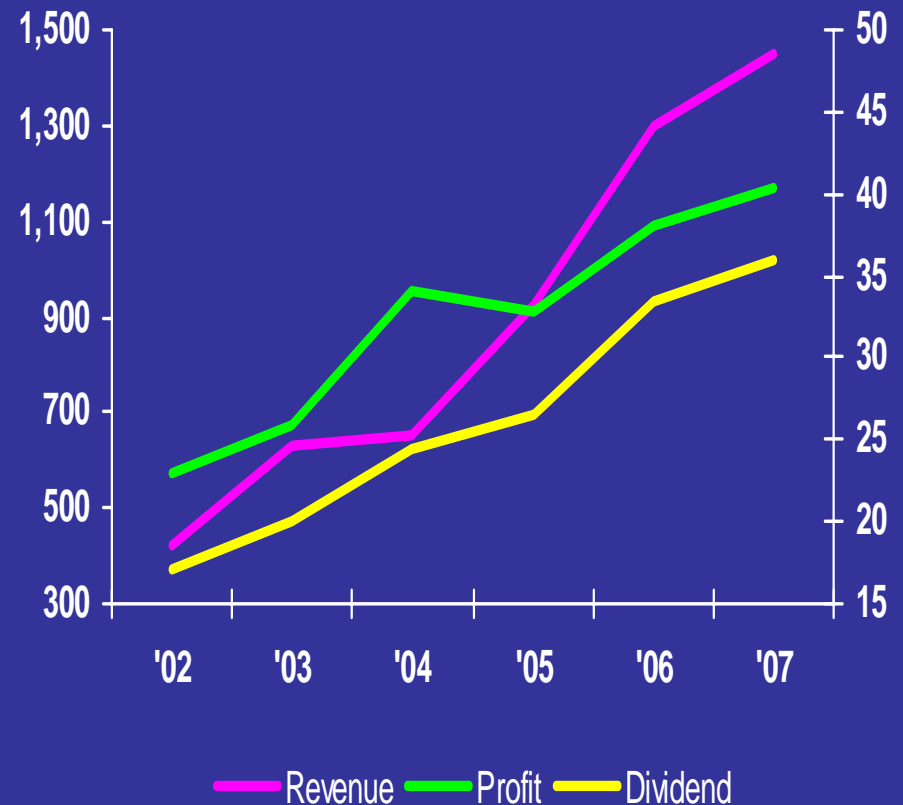


	2006/07	2005/06	Change
Revenue (\$m)	1,452	1,301	12%
EBITDA (\$m)	104.1	103.4	1%
Net profit after tax tax (\$m)	26.2	62.0	(58%)
Operating profit (\$m)	40.3	38.0	6%
Wtd. average number of shares	79,159	77,565	2%
Normalised earnings per share (c)	50.9	49.0	4%
Full year cash dividend (c)	36.0	33.5	7%
Payout rate (%)	71%	69%	3%
Number of employees	1,775	1,865	(5%)

# Highlights



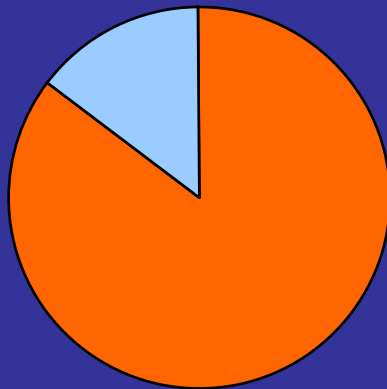
- Achieved earnings guidance
- eps growth
- Continued business improvement
- 7.5% dividend increase
- Huntsman Composites acquired
- Specialty Products restructured
- Brazil manufacturing closed
- Well advanced with new capacity build
- Continued R & D investment
- Positioned for further growth
- Raw material costs – ongoing problem



# 2007 Highlights

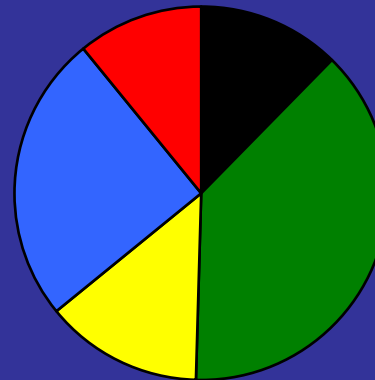


EBITDA



■ Resins ■ Specialties

Revenue



■ NZ ■ Australia ■ Asia ■ Europe ■ Americas

# Significant impacts on EBITDA *nuplex*

- Bad debts

– Australasia	\$800k
– Europe	\$2,000k

- Currency

– Fundamentally neutral	
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- Brazil

– Closure delayed 4 months cost	\$1,400k
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- Seven Hills

– Closure delayed cost	\$1,600k
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- Interest rate increase impacted pre tax profits by \$3,400k

# Business Results

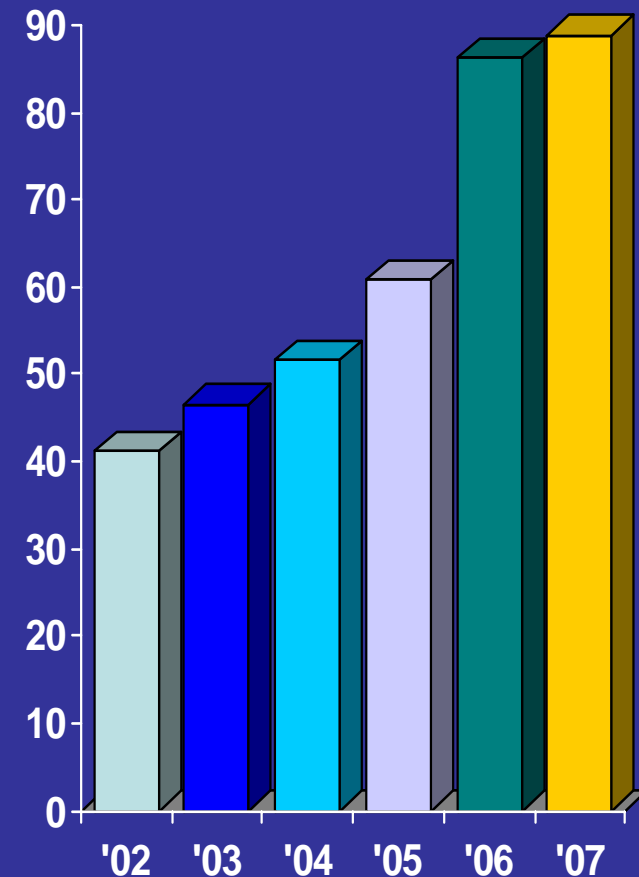


## Resins

- Gains in China, Australia, USA, Europe
- New Zealand and Brazil down
- Losses in UK, Brazil, Foshan were \$7.85 million
- Brazil closed
- Avondale site in NZ – closure announced
  - Expect sale 2007/08 year
- Acquired Huntsman – rebranded Nupol
- Built resource base in Asia for composites
- Break through in production efficiency
- New capacities in Europe on schedule

**EBITDA up 3% to \$88.9 Million**

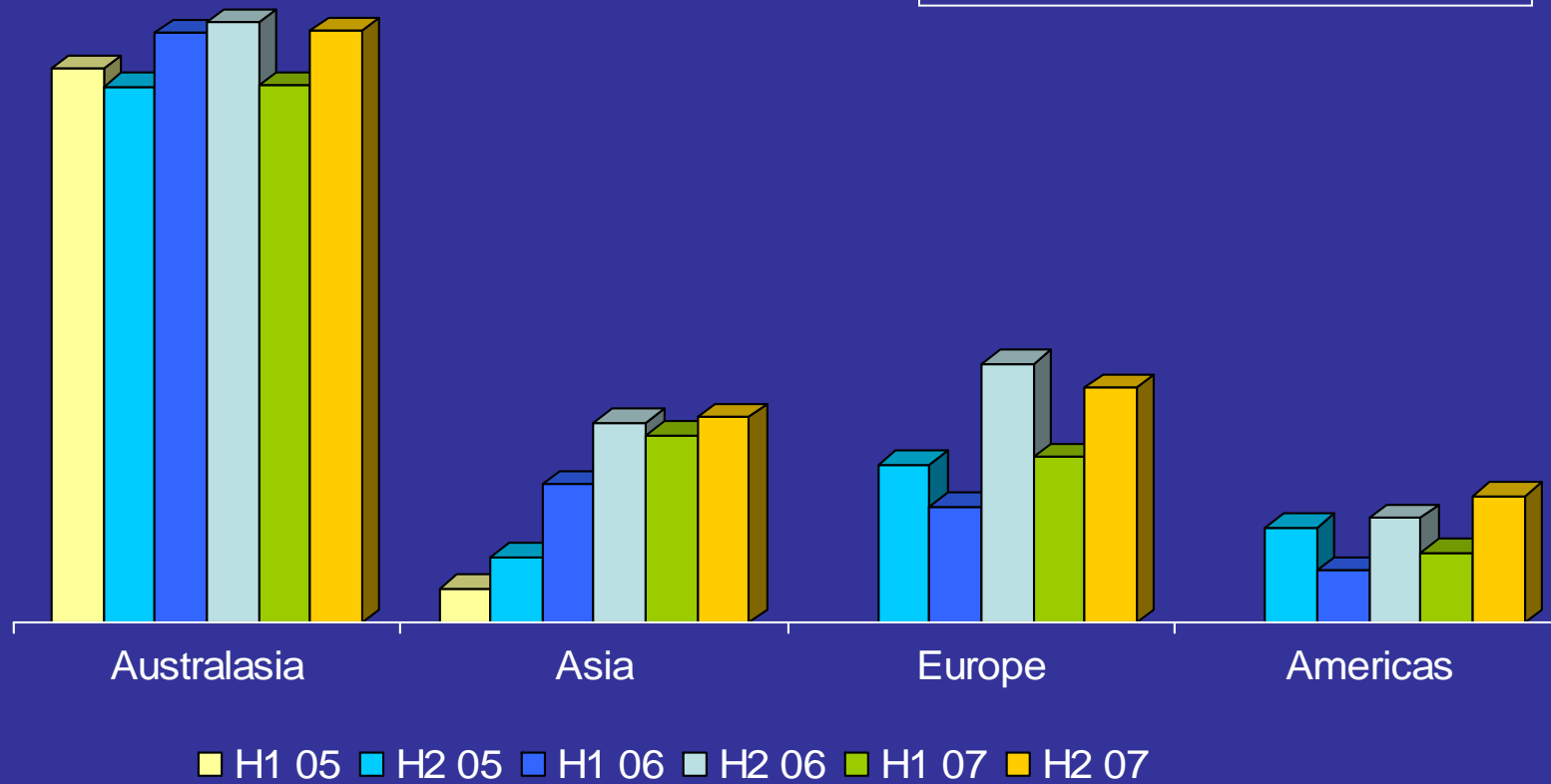
EBITDA (\$m)



# Business Results



Resins - relative EBITDA



# Business Results



Key impacts on resins EBITDA over 2006

<u>Region</u>	<u>Volume</u>	<u>Margin</u>	<u>Costs</u>
Australasia	+	-	-
Europe	=	+	+
Americas	=	+	+
Asia	+	+	-

# Business Results

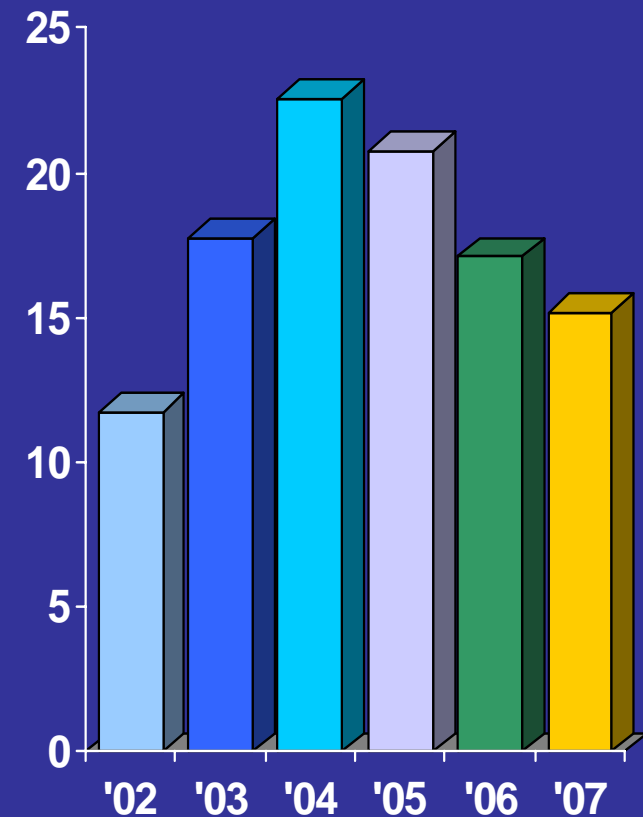


## Specialties

- Restructured Specialty Products
- Production ceasing Seven Hills August 31, 2007
- Remediation completion scheduled for March '08
  - Sale process expected in 2007/08 year
- Specialty Products portfolio in shape
- PML Group near expectations
- Lightweight cladding lost favour in NZ

EBITDA down 11% to \$15.2 Million

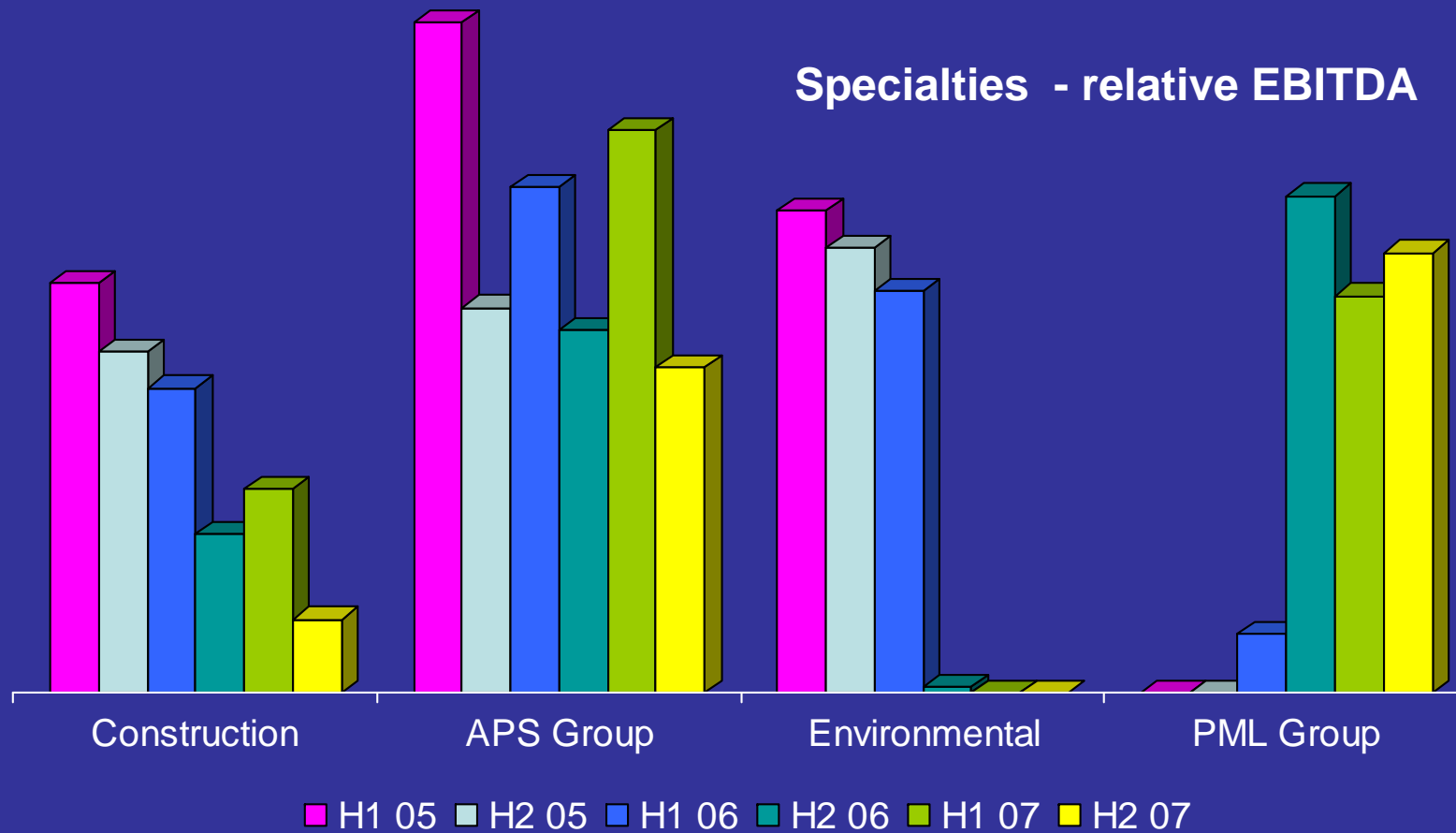
EBITDA (\$m)



# Business Results



## Specialties - relative EBITDA

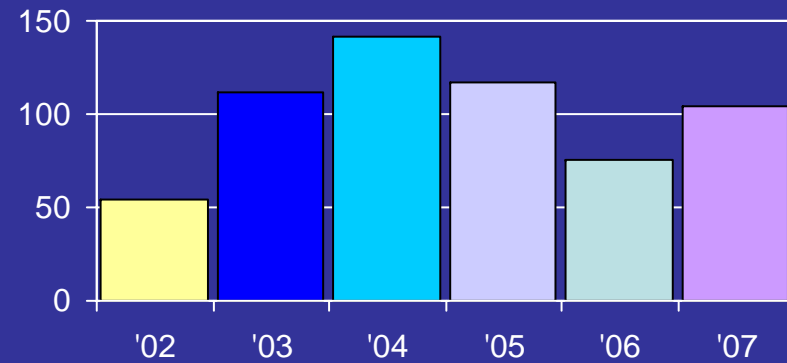


# Capital Expenditure

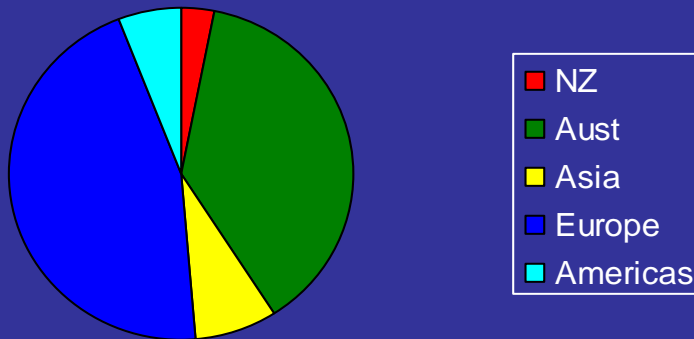


- **2007 expenditure was \$19.8 million**
  - 2007/08 growth expenditure high
    - completion of major European projects
    - new capacity at Wacol
  - Sustenance & compliance
    - expenditure to remain around 50% depreciation
  - Targetting up to \$40m spend

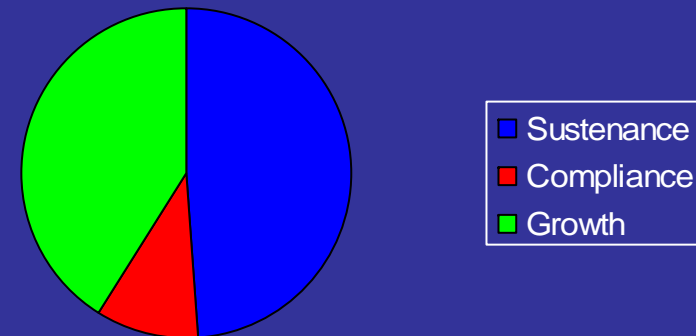
Spending - % of Depreciation



2007 spend by region



2007 spend by purpose



# Unusual Items



	\$000 +ve	\$000 -ve
Netherlands pension revaluation		1.3
Netherlands restructuring	1.9	
Netherlands deferred tax rate	2.1	
UK restructuring		6.1
Brazil impairment		4.2
Sale of APS businesses	2.1	
Foshan impairment		3.3
Avondale site closure		1.7
Other		1.0
Sub totals	6.1	17.6
<b>Total</b>		<b>11.5</b>

# Outlook



- **Raw Materials**

- Improved prospects of stability
- Expect to fully recover in pricing

- **Demand**

- Australasia flat
- Europe West 3% East 6%
- Americas flat
- Asia SE Asia low to moderate  
China 10+%

- **New Capacity**

- UK powder
- Europe water and solvent based
- Australian composites
- Asia

# Outlook



- Cash Flow

- Focus on working capital reduction
- Sales of Seven Hills and Avondale

- Currency

- Ex NZ\$ profits 85 – 90% of group
- Approximate split
  - A\$ 50%
  - US\$ 25%
  - Euro 25%

- Overall

- A much improved year ahead

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THANK YOU

*Positioned for Future Growth*