2004 Annual Results

20 August 2004

Agenda

- Business overview
- Financial review
- Outlook
- Strategy update

FY04 Highlights

- Continuation of historical growth pattern
- Profit growth in all businesses
- Expansion in overseas markets
  - Substantial share growth in Vietnam
  - First China investment
  - Technology introduced to Europe
- Bolt on acquisitions to support future growth

Total shareholder return* of 52% for 12 months to June 04

* Share price growth + gross dividends paid in NZ$

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FY04 Financial Highlights

Very strong performance for the year:

• Revenue	Up 4%
• Net surplus after unusual items	Up 38%
• Dividend	Up 24%

- Conservatively funded

Net Surplus before unusual items exceeded market advice

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Resins

- EBITDA growth of 11%
  - Steady demand from most sectors
- Margin improvement in Australia
  - Improved competitive behavior
- Market share gain
  - Australia & Vietnam
- Expansion of Vietnam resin range
- Significant investment in new plant and process

	% of Group Sales Revenue	% of Group EBITDA
FY04	61%	70%
FY03	61%	71%

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Construction Products

- EBITDA growth of 8%
  – Australian cladding business recovery
- Strong construction market
- Resilient flooring showed significant improvement
  – Government & institutional maintenance
- Strong support for cladding systems
  – Market share gains
  – Leaky buildings having positive & negative impact

	% of Group Sales Revenue	% of Group EBITDA
FY04	6%	5%
FY03	6%	6%

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Environmental Services

- EBITDA growth of 88%
- Revenue fell 19%
  - End of Medihold 3 operating losses
- United Environmental NZ recovered
  - Gained RMA consent
  - Recovered lost business
- Nuplex Special Waste had good growth
  - Significant value from investment in sludge drier

	% of Group Sales Revenue	% of Group EBITDA
FY04	4%	8%
FY03	5%	5%

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Specialty Products

- EBITDA growth of 5%
- Strategic acquisitions
  - Megachem
  - CDC
- Expansion to Vietnam
- Currency was a mixed blessing
  - Manufactured products under margin pressure
  - Resale margin improvement

	% of Group Sales Revenue	% of Group EBITDA
FY04	29%	17%
FY03	28%	18%

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Operating Results

- Translation of Foreign Profits
  - Vietnam -$496k
  - Australia +$273k

- Unusual items
  - Goodwill write-down
  - Australian tax uplift
  - Site rationalisation provision

Translation effect	**($0.223 million)**
Unusual items total	**($2.249 million)**

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Cash Flow

- Cash flow from Operations down by $10m
- Additional investment in
  - Inventories ($6m)
  - Receivables ($12m)
    - To support growth in Vietnam
    - New businesses in Australia

Working Capital reduction to be a focus for management

Capital Expenditure

- Total $18.1m ($16.6m last year)
  - Sustenance $8.5m
  - Compliance $2.7m
  - Growth $6.9m

Capital expenditure fell short of forecast $24 million

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Balance Sheet

- Movement in Foreign Currency Translation Reserve of ($9m)
- Strong NZ Dollar on Net Assets of foreign businesses

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Funding

- Gearing Ratio
  - Bank Debt / Total Debt plus Equity
  - 32% (34% last year)

- Interest Cover
  - Total Interest / EBIT
  - 4.5 times (3.9 times last year)

Conservative Balance Sheet

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Outlook

- Demand
  - Still apparent strength in consumer demand
  - Housing market holding up
  - Vietnam still has plenty to offer
  - China to gain momentum
  - New businesses to have impact
- Raw Materials
  - High pricing for the whole year
  - Market showing reasonable discipline

Strategy Update

- Minor businesses
  - Manage for sustained performance & cash
  - Align businesses to core competencies
- Specialty Products
  - Consolidate acquisitions and new investments
  - Bolt on acquisitions to strengthen key businesses
  - Review business portfolio
- Resins
  - Continue international expansion
  - Grow critical mass for cost and technology