



ALESCO RESHAPES ITS PORTFOLIO WITH THE SALE OF THE MARATHON TYRES BUSINESS

8 April 2011

Alesco Corporation Limited (**Alesco**) today announced it has entered into an unconditional agreement to sell its Marathon Tyres business (**Marathon Tyres**) to a private company associated with the Nesbitt family based in Newcastle.

The sale price for all the shares in Marathon Tyres Pty Ltd is \$23 million (on a cash-free debt-free basis).

After transaction costs, Alesco will book an estimated profit on the sale of Marathon Tyres of approximately \$9.4 million after tax.

Commenting on the sale, Alesco CEO Peter Boyd said:

“Marathon Tyres has been part of Alesco’s portfolio since the late 1990s. Under Alesco’s ownership, the business operated as part of the Construction & Mining division and has improved both its operational and safety performance and has become recognised in its specialist markets for its broad range of off-the-road tyre products and associated services.

“From a broader perspective, the Marathon Tyres sale allows Alesco to focus on its core building products businesses servicing the Australian and New Zealand residential and non-residential construction sectors.

“In particular, the sale will free up divisional resources to grow the Parchem Construction Supplies business and to deliver benefits associated with the newly constructed Wyong national distribution centre and the ongoing rollout of specialist trade stores servicing the Australian and New Zealand concreting industry.

Parchem Construction Supplies manufactures and distributes a leading range of consumable and capital items, including concrete durability and jointing products, decorative concrete products and a range of construction equipment.

The Parchem business has grown significantly during its 10 years under Alesco ownership, with revenue rising from \$33 million in FY04 to over \$100 million in FY10.

This growth has been driven both organically and through the acquisition of three complementary businesses - Concrete Technologies in 2005, Flextool in 2006 and Concrete Plus in New Zealand in 2007. More recently, under the new 'Parchem Construction Supplies' trading banner, growth has been driven by product expansion and the rollout of the trade store network.

"We see a number of opportunities to continue the expansion of the Parchem business," Mr Boyd said.

"Parchem now has ten trade stores in metropolitan locations, and all are performing ahead of expectations. This trade network format provides the business with a strong platform to introduce new products and expand its customer base.

"With the sale of Marathon Tyres and the recent sale of the Water Products & Services division, we are now in good shape to focus on our three key divisions. We will continue to drive our Project Restore initiatives to deliver improved operating and financial performance in the medium term," Mr Boyd said.

The sale of the Marathon Tyres business will complete on 2 May 2011. At that time, Alesco will receive payment of \$18million, with the final payment of \$5 million due on 23 November 2011. This final payment is secured by an unconditional bank guarantee.

Alesco will apply the sale proceeds to the reduction of debt, with Alesco's gearing level (as measured by net debt: net debt plus equity), post completion expected to be approximately 16%.

The trading results for the Marathon Tyres business up to 30 April 2011 will be included in Alesco's full year results.

With the recent changes to Alesco's portfolio of businesses, Alesco's corporate functions are being streamlined to meet the company's ongoing business needs.

This restructure will result in a retrenchment of 13 divisional and head office staff, including Rob Guttentag, Group General Manager, Functional & Decorative Products division, who has been replaced by Richard Lewis, Alesco's Group General Manager Operations. Richard has spent the past ten months actively involved in the Functional & Decorative Products businesses and has the mandate to accelerate operational improvements in this division under Project Restore. Richard was the General Manager Operations at the Garage Doors & Openers division during 2007 – 2010 and led the operational improvement initiatives in this division.

Restructure costs are expected to be approximately \$1.7 million (pre-tax) and will be included in the FY11 full year results. The restructure will result in estimated annual savings of approximately \$3.0 million (pre-tax) in FY12, which will effectively offset corporate costs previously allocated to the Water Products & Services division and the Marathon Tyres business.

Alesco's current financial year ends on 31 May 2011 and the Company is scheduled to release its FY11 full year results on 26 July 2011.

FOR FURTHER INFORMATION:

Mr Peter Boyd
Chief Executive Officer
Tel: 61 2 9248 2022

Mr Neil Thompson
Finance Director
Tel: 61 2 9248 2022

* * * * *

Alesco manages a portfolio of leading industrial brands. Following this transaction, Alesco operates through three divisions Construction Products & Equipment, (formerly known as the Construction & Mining division housing the Parchem Construction Supplies and Marathon Tyres businesses), Functional & Decorative Products and Garage Doors & Openers servicing a large and diverse range of customers focused on housing and non-residential construction markets in Australia and New Zealand. It will have on a pro-forma basis approximately \$540 million in revenue and approximately 1,500 employees. For more information on Alesco visit www.alesco.com.au

About Parchem Construction Supplies

Parchem is a leading provider of specialist construction products and equipment.

Its Construction Products suite includes concrete repair, grouts and anchoring systems, engineering and architectural coatings, concrete curing compounds, flooring and surface treatments, jointing systems, sealants, waterproofing materials and water stops. With trusted brands such as Emer-Clad, Durafloor, Fosroc, Vandex, Corkjoint and Index, Parchem has a solution for all civil engineering, commercial and industrial projects.

In its Equipment and Tools suite, Parchem offers a complete range of concrete finishing, surface preparation, concrete vibrators, flexible shaft pumps and compaction equipment in the market. Specialising in light construction equipment, the innovative design and technical expertise make the brands in the range the leading choice for the professional contractor. With industry leading brands such as Flextool, Mikasa, Blastrac, Allen and ProFinish the quality engineered products are performance driven and backed by an experienced team of personnel committed to service.

It also houses a comprehensive range of decorative concrete products includes stamped impression concrete, stencil concrete, concrete colours and resurfacing products and internal flooring solutions. With industry leading brands such as DT, Cobblestone, Colour Thru and Mastershield, with a range of colours and products to suit internal or external decorative concrete solutions.

For further information on Parchem visit www.parchem.com.au. Also refer to the investor presentation on the Parchem Construction Supplies business lodged with the ASX on 5 April 2011.

About Marathon Tyres

Marathon Tyres markets, distributes and services industrial and heavy duty off the road earthmoving tyres (OTR) to the Mining, Civil Construction, Defence, Industrial and Transport sectors. It was established in 1970. With its head office at Sandgate in Newcastle, the business now operates in Sydney, the Hunter Valley (Mt Thorley) and Port Kembla in New South Wales, the Bowen Basin (Mackay) and Brisbane in Queensland and in Melbourne in Victoria. It also has a sales presence in Perth.

For further information on Marathon Tyres visit www.marathontyres.com.au

Alesco Corporation Limited
ABN 23 008 666 064
Level 24, 207 Kent Street
SYDNEY NSW 2000