2017 Half Year Results

17 May 2017

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Agenda Outline

- Results Overview
- Segment Performance
- Other Financial Information
- Strategic Growth Priorities
- Outlook
- Appendices

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Results Overview

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Overview

H1 17 Delivery of Quality Result

- Continued delivery of resilient growth – profit[1] and dividend growth every half year since demerger in 2010
- Strong profit growth across all Australian and New Zealand businesses

Business Performance

- Consistent revenue and earnings growth in Dulux ANZ
- Double digit earnings growth in Selleys & Parchem ANZ, B&D Group and Lincoln Sentry
- Other businesses segment earnings decline due to UK investment and weaker result from China

Growth

- Excellent portfolio of businesses providing multiple streams of growth domestically and increasingly offshore
- New paint factory on time and budget – commissioning to start in July 2017
- Strong financial position (cash flow and balance sheet) to deliver growth
- Experienced executive management team

1. Excluding non-recurring items

Half Year Results Summary

A$ million	H1 17	H1 16	%
Sales	**881.2**	851.1	3.5
EBITDA	**121.3**	115.1	5.4
EBIT	**106.0**	98.3	7.8
NPAT	**72.7**	63.7	14.2
NPAT excluding tax provision write-back	**69.6**	63.7	9.3
Operating cash flow	**49.7**	28.2	76.2
Net debt to EBITDA	**1.5**	1.4	(7.1)
Total dividend (cps)	**13.0**	11.5	13.0

Core home improvement market is sound

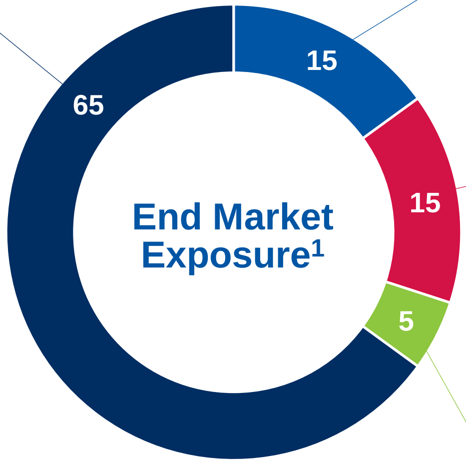
Market outlook consistent with November 2016

Maintenance & Home Improvement

This market is more akin to "consumer staples" than "consumer discretionary"

Demand fundamentals of the market remain generally positive:

- GDP growth stable
- Interest rates low
- House prices high
- Consumer confidence mixed
- Housing churn declining



New Housing

New housing approvals have peaked in Australia but there is a solid pipeline of work given lag between approvals and commencements, biased to multi-residential

Commercial & Infrastructure

Commercial markets are relatively strong

Infrastructure markets are still weak. Engineering construction continues to decline in FY17 before stabilising in FY18

Industrial

10m dwellings in Australia and approximately **70%** are older than 20 years[1]

Decorative paint market volumes are primarily correlated with GDP and to a lesser extent new housing commencements

1. 2011 Census and other ABS data

Safety & Sustainability

Rolling 12 months versus prior period	Mar 2017	Sept 2016	Mar 2016
Recordable Injury Rate	1.68	1.63	1.70
Near Miss (Hazard) Reporting	+12%	+8%	-3%
Waste Generation (% change)	+7%	+9%	-5%
Water Consumption (% change)	-2%	-5%	-1%

- Continued focus on disaster and fatality prevention
- Increased focus on sustainability improvement, including chemicals of concern and ethical sourcing risks
- Steady injury performance, with good reduction in serious injuries, with good near miss / hazard reporting performance
- Further improvement in water efficiency
- Waste performance impacted by H2 16 site clean up at (Parchem Wyong). YTD rate is down 4%

Segment Performance

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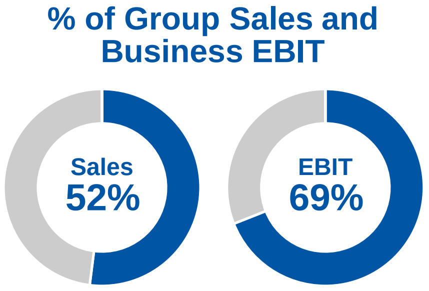
Segment EBIT

A$ million	H1 17	H1 16	%
Dulux ANZ	**88.5**	82.6	7.1
Selleys & Parchem ANZ	**13.7**	12.3	11.4
B&D Group	**6.2**	5.5	12.7
Lincoln Sentry	**6.1**	5.0	22.0
Other businesses	**5.9**	7.3	(19.2)
Business EBIT	**120.4**	112.7	6.8
Corporate	**(14.5)**	(14.4)	(0.7)
Total EBIT	**106.0**	98.3	7.8

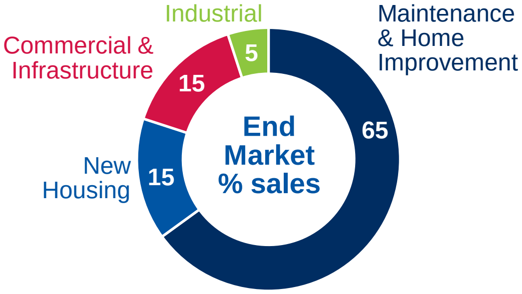
- Dulux ANZ strong growth driven by retail market share gains and premium mix
- Selleys growth sales led and Parchem growth due to cost / margin improvement
- B&D growth due to sales growth and margin improvement
- Lincoln Sentry continued strong growth due to sales
- Other businesses decline due to China (input costs) and investment in UK
- Corporate flat with savings reinvested in growth projects

Dulux ANZ - Paints & Coatings

A$ million	H1 17	H1 16	%
Sales	473.7	452.5	4.7
EBITDA	95.8	91.1	5.2
EBIT	88.5	82.6	7.1
EBIT margin	18.7%	18.3%	0.4 pts



- Australian business delivered strong growth
  - sales growth of ~4.5% reflects modest 0.5% market growth, good share growth and positive price benefits (premium Dulux branded mix driven)
  - EBIT growth driven mainly by sales growth and shift to premium products with some benefit from lower depreciation
- New Zealand (10% of segment earnings) strong revenue growth of ~10% and earnings growth driven by positive markets and share gains

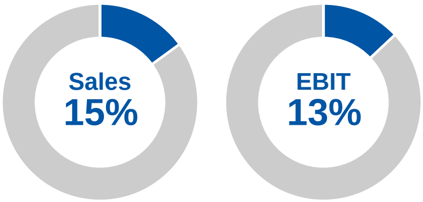


Note: Group Sales and Business EBIT are calculated on an MAT basis and End Markets are based on FY16

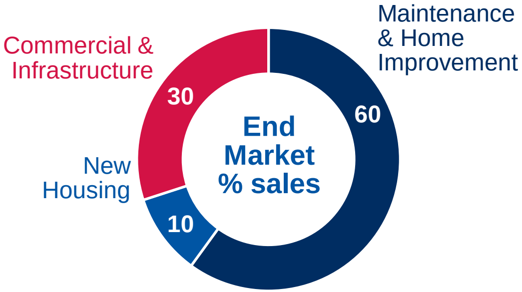
Selleys & Parchem ANZ

A$ million	H1 17	H1 16	%
Sales	125.8	125.7	0.1
EBITDA	15.1	13.9	8.6
EBIT	13.7	12.3	11.4
EBIT margin	10.9%	9.8%	1.1 pts

% of Group Sales and Business EBIT



- Selleys EBIT growth reflects sales growth of 4.4% driven largely by strong performance with key retail partners
- Parchem
  - sales declined modestly, despite significant decline in engineering construction markets and strategic decision to exit low margin products
  - share gains in core Fosroc construction chemicals business
  - EBIT growth driven by benefits of cost reduction and margin improvement programs



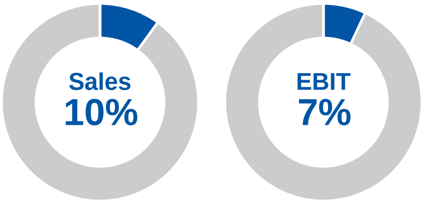
Note: Group Sales and Business EBIT are calculated on an MAT basis and End Markets are based on FY16

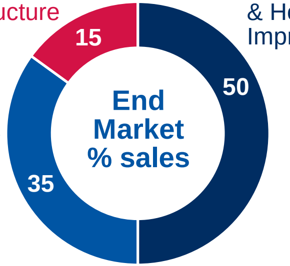
B&D Group

A$ million	H1 17	H1 16	%
Sales	86.4	84.3	2.5
EBITDA	9.5	8.8	8.0
EBIT	6.2	5.5	12.7
EBIT margin	7.2%	6.5%	0.7 pts

- Modest market growth overall and positive price outcomes
- EBIT increase due to sales growth and margin improvement (mix) while increasing marketing spend by $0.7M

% of Group Sales and Business EBIT



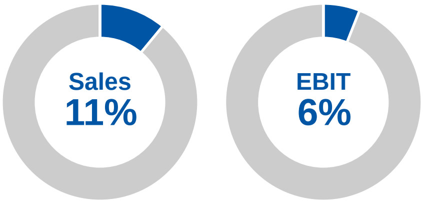


Note: Group Sales and Business EBIT are calculated on an MAT basis and End Markets are based on FY16

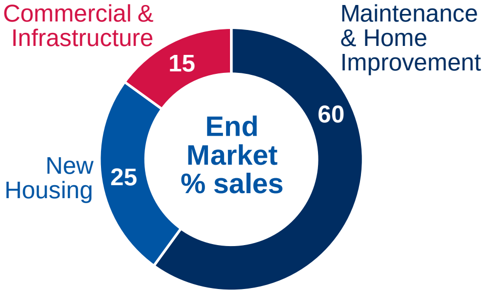
Lincoln Sentry

A$ million	H1 17	H1 16	%
Sales	93.6	88.9	5.3
EBITDA	7.2	6.2	16.1
EBIT	6.1	5.0	22.0
EBIT margin	6.5%	5.6%	0.9 pts

% of Group Sales and Business EBIT



- Sales growth led by cabinet hardware
- EBIT growth due to fixed cost leverage and margin improvement initiatives
- Excellent recent track record of growth. Now at 20%+ RONA

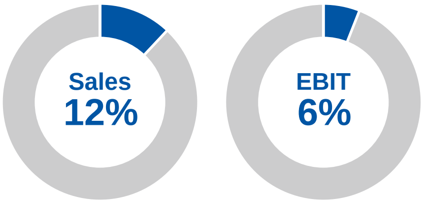


Note: Group Sales and Business EBIT are calculated on an MAT basis and End Markets are based on FY16

Other businesses

A$ million	H1 17	H1 16	%
Sales	108.4	105.9	2.4
EBITDA	7.3	8.7	(16.1)
EBIT	5.9	7.3	(19.2)
EBIT margin	5.4%	6.9%	(1.5) pts

% of Group Sales and Business EBIT



- Profit growth:
  - Yates – EBIT growth in flat markets
  - DGL South East Asia – EBIT growth due to strong performance in Vietnam
- Profit decline :
  - Dulux PNG – slight decline in weak markets: good cost control and adverse fx translation impact
  - DGL Camel China/HK – EBIT decline due to input costs and additional investment in growth initiatives in China
  - DGL UK – EBIT loss due to planned investment in business

Note: Group Sales and Business EBIT are calculated on an MAT basis

Other Financial Information

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Other Profit & Loss Items

- There were no non-recurring P&L items in H1 17. Result included $3.1M for write back of a tax provision which positively impacted tax ($2.5M) and interest ($0.6M)
- Corporate costs essentially flat with cost savings reinvested into growth projects and resources
- Depreciation and amortisation decreased $1.4M due to final flow through of FY16 asset life review
- Effective tax rate was 27.0%. Excluding tax provision write-back, the tax rate was 29.8% versus 28.2% in prior corresponding period (pcp)

Capital Management – Key Measures

Balance Sheet (A$ million)	Mar 17	Sept 16	Mar 16
Net debt	399.0	362.5	385.6
Net debt inclusive of USPP hedge value	353.3	300.6	326.2
Net Debt: EBITDA (times)	1.5	1.3	1.4
Interest Cover	15.0	14.1	13.9
Rolling Trade Working Capital (TWC) to sales	15.8%	16.0%	15.7%
Period end TWC to sales	16.7%	15.3%	17.1%

Cash Flow and P&L (A$ million)	H1 17	H1 16
Operating cash flow	49.7	28.2
Cash conversion	64%	52%
Net finance costs	8.7	10.6
Average net interest rate	4.4%	4.9%

- Generally strong balance sheet metrics
- TWC measures broadly unchanged
- Strongest first half cash conversion for 4 years
- Increase in debt and gearing due to investment in new paint factory

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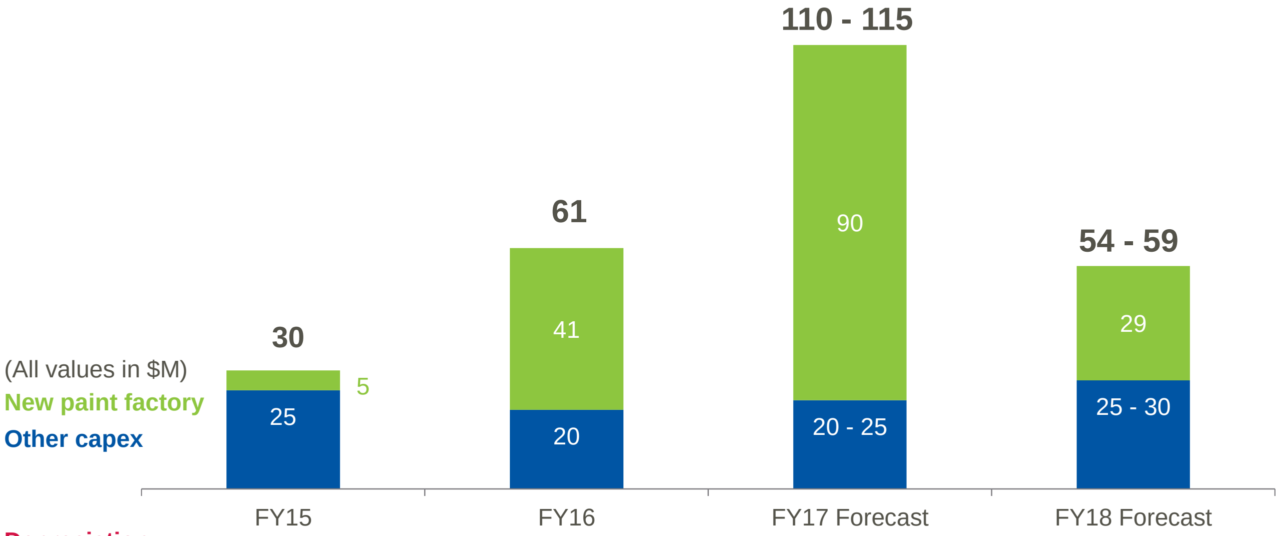
Capital Expenditure



Depreciation and Amortisation 34.9 32.3 ~32

New paint factory capital expenditure remains unchanged at **$165M**

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Note: Outlook excludes asset sales which are expected to occur following the commissioning of the new paint factory eg Glen Waverley site. FY17 estimate is +/- $10M

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New Paint Factory

Status update

- Building works complete
- Installation of major plant and equipment progressing to plan
- On track to achieve $165M budget

On time

- Commissioning starts July 2017
- Production scaling up in December Quarter 2017

Financial Impact

- FY18 & FY19 EBIT neutral with operational savings offsetting depreciation and commissioning costs

Strategic Growth Priorities

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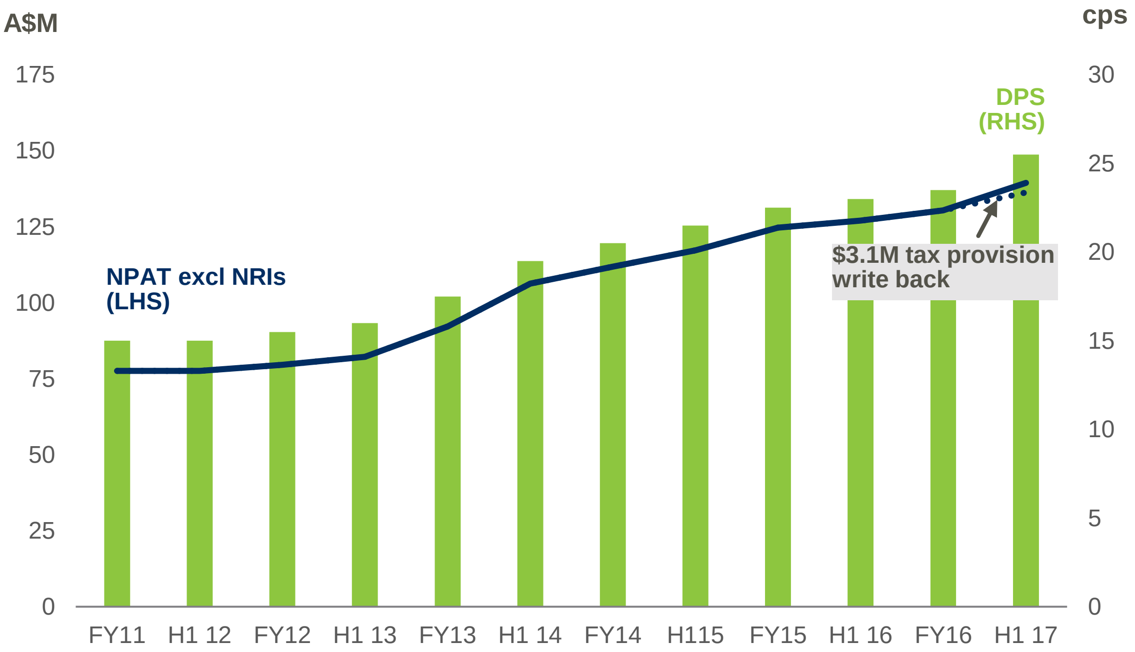
Consistent NPAT and Dividend Growth

Rolling 12 month NPAT (before non-recurring items) and Dividend



NPAT growth in every half year on pcp since demerger

Our Strategy and Focus

Paint, Coatings, Sealants, Adhesives

Dulux, Selleys & Parchem ANZ

- Defend & grow in resilient markets, biased to existing homes
- Good runway of growth through further share gains (retail and trade), premium product innovation, product range breadth, margin management
- Global marketing, technology and "capability" hub

67% Group sales; 82% Business EBIT; ~35% RONA[1]

Transfer: technology, marketing, sales, retail

DGL International (Europe, Asia)

- Succeed in UK and potentially extend into Europe
- Step up Selleys distribution partnerships in key Asian markets
- Seek out profitable path for paint in China

6% Group sales

Other Home Improvement

Yates, Lincoln Sentry, B&D Group

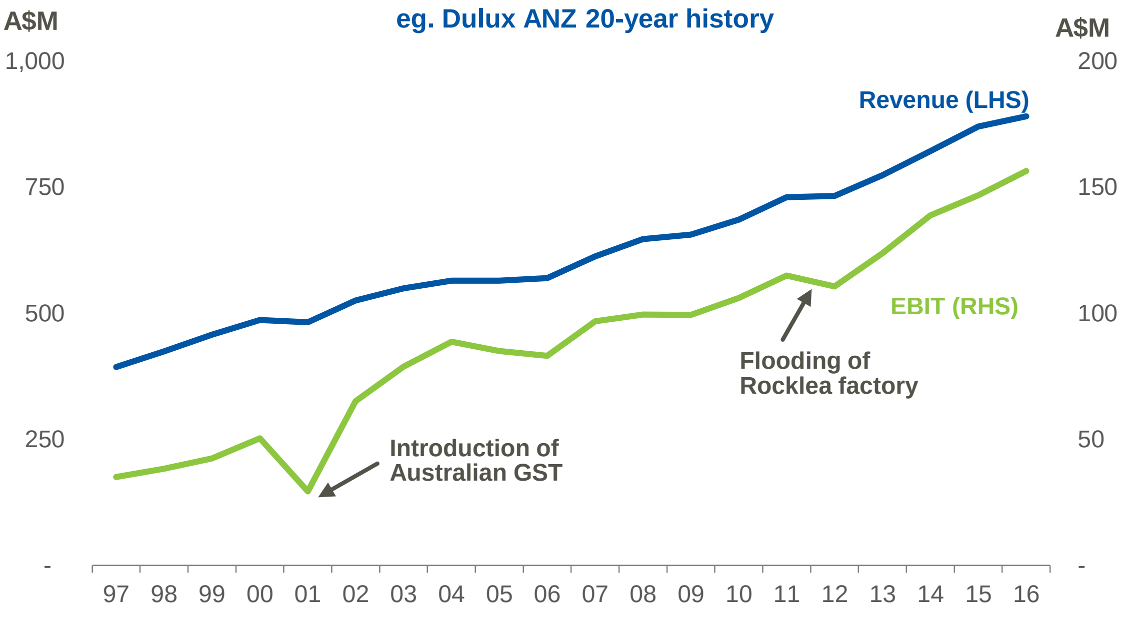
- Realise potential – from "good" to "great"
- All are profitable, premium, market leaders, primarily biased to existing homes
- Significant opportunity for share gains, margin improvement and product/market extension

27% Group sales; 18% Business EBIT; 17% RONA

1. Net assets adjusted to include new factory capital expenditure

Dulux and Selleys & Parchem - Track record & focus

A Long History of Consistent Growth



Building on momentum

Dulux Growth Focus

- Continue to grow profitable market share in decorative paint and other coatings via the best retail partners, the strongest trade network and the best service
- Continue to set the benchmark for retail and trade marketing of our brands
- Relentless product innovation
- Expand successfully into profitable niche categories (eg. Metalshield, Precision)

Selleys & Parchem Growth Focus

- Consumer-led innovation in existing and relevant new categories (eg. Storm, White for Life)
- Re-shape the core Fosroc business in Parchem to capitalise on commercial and civil infrastructure project growth from FY18. Leverage the Dulux ERP system

DGL International - UK Progress

Bunnings UK

Homebase UK & Ireland

Selleys: Tight, consumer-focused range
- Launched “Gaps Gone” and “Cracks Gone” ranges
- Selleys technology combined with local market insights
- Early in store success

Paint: Building on the Craig & Rose heritage from 1829
- Products reformulated and range positioning improved
- Execution of distribution strategies still a WIP

Strong team
- Senior, experienced retail and trade capability from Australia
- Strong support from Australian technology, marketing and capability hubs
- Local sales and marketing execution

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Other Home Improvement – plenty of potential

Yates

- Premium, market leader in garden care; 20%+ RONA
- Expanding its mandate - “Live the Joy of the Garden”
- Growth opportunities via market share, bolt-ons (eg. Munns) and range extension

Lincoln Sentry

- Premium, market leading specialist distributor to cabinet makers and window/door fabricators
- Excellent track record of 5%+ revenue growth and EBIT margin expansion through fixed cost leverage. Low capital base and 20%+ RONA
- Good opportunities for share growth and range extension

B&D Group

- A good, profitable, market-leading business with strong brand heritage; 12% RONA
- Re-shaping and brand reinvigoration in progress after years of neglect under multiple owners
- Trade-off in near term between reinvestment and profit growth, but medium term potential is very good

We have deep industry experience and broader capability

Patrick Houlihan

Managing Director and Chief Executive Officer

28 years at DuluxGroup: Dulux/Selleys/Yates technology, sales, marketing, general management

10 years as CEO

Patrick Jones

Chief Operating Officer
Dulux Paints and Coatings

22 years at DuluxGroup: Dulux finance, sales, general management

6 years in current role

Martin Ward

Executive General Manager
Selleys & Parchem

27 years with DuluxGroup*: Selleys/Dulux sales, marketing, general management

3 years in current role

Richard Stuckes

Chief Operating Officer
DGL International

25 year multi-national career: AkzoNobel & ICI (incl Dulux UK, EMEA & China), Philips also 6 years CEO and NED

< 1 year in current role

Brad Hordern

Executive General Manager
Supply Chain

28 years in multi-national supply chain roles

10 years in current role

Stuart Boxer

Executive Director and Chief Financial Officer

27 year career in strategy and finance

8 years as DuluxGroup CFO

Jennifer Tucker

Executive General Manager
Yates

12 years at DuluxGroup: Yates/Selleys marketing, sales, general management

3 years in current role

Murray Allen

Executive General Manager
B&D Group

23 years at DuluxGroup*: Dulux sales, marketing, general management

< 1 year in current role

Ivor Timmins

General Manager
Lincoln Sentry

20+ years in specialty trade distribution businesses: sales, general management

4 years in current role

Siobhan McHale

Executive General Manager
Human Resources

25 years in management consulting and Human Resource roles. Working across Europe, Asia and Australia

1 year in current role

Ian Rowden

Group Strategic Marketing Director

37 years in global marketing and commercial leadership roles (eg. The Coca-Cola Company, Virgin Group, private equity, NED)

3 years in current role*

* Mr Rowden performs his role on a part time consultancy basis; Mr Ward's and Mr Allen's tenures cover two separate periods with DuluxGroup


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Outlook

FY17 Outlook

Markets

- Lead market indicators for our key markets remain largely positive
- Existing Home segment (~65% of revenue) is expected to provide resilient and profitable growth
- New Housing (~15% of revenue, late cycle) is expected to remain strong throughout FY17
- Commercial & Infrastructure (~15% of revenue). Non-residential construction market solid. Engineering construction market bottoming
- PNG economy remains weak

Business Segments

- Dulux ANZ – Full year EBIT margins to be around FY16 levels taking into account increasing raw material costs and commissioning costs associated with the new paint factory
- Selleys & Parchem ANZ – Selleys fundamentals remain strong; Parchem engineering markets appear to be bottoming after multi year decline. Business reshaping progressing well.
- B&D Group – balance marketing investment and other improvements strategies with profit growth
- Lincoln Sentry – well positioned for continued growth in H2
- Other businesses – continue to target FY17 EBIT to be in line with FY16. Downside risk given potential further input costs pressures in China

Overall

- Corporate costs $28-29M; Targeting 80%+ cash conversion*; H2 17 Effective tax rate ~30%; Depreciation ~$32M
- Expect to maintain ~70% dividend payout ratio on NPAT before non-recurring items

Subject to economic conditions and excluding non-recurring items, we expect that 2017 net profit after tax will be higher than the 2016 equivalent of

$130.4M

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* Excluding non-recurring items. Refer Appendix for disclaimer.

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Questions

Appendices

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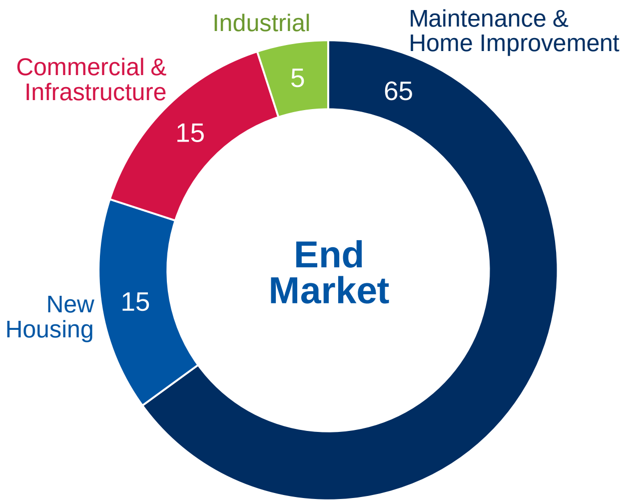
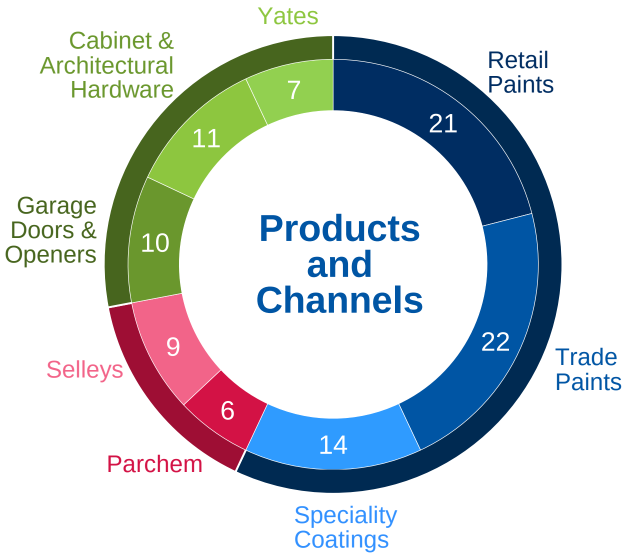
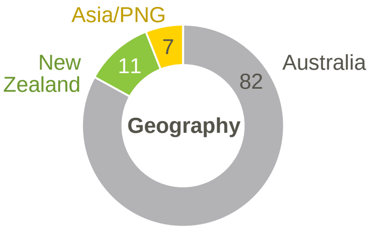
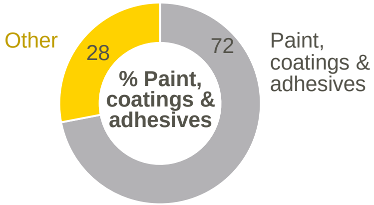
End-markets, Products, Channels

65% of business is related to the resilient existing home segment









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Note: Indicative DuluxGroup revenue splits based on FY16 revenue

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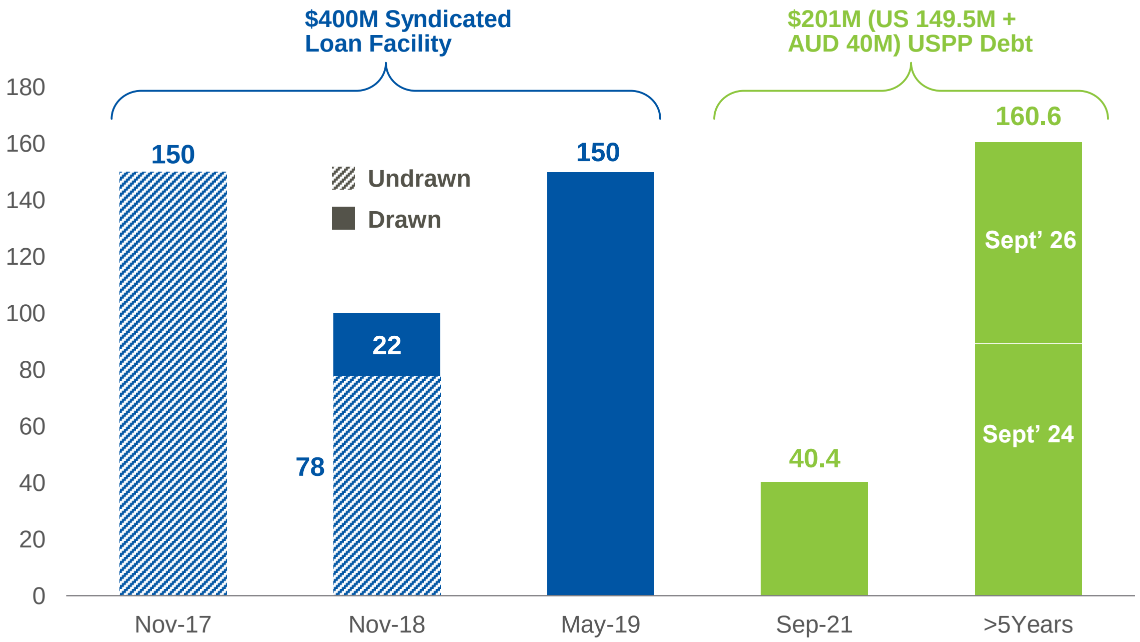
Committed Debt Facility Maturity Profile



- The weighted average debt facility tenure is just over 3.5 years
- Undrawn headroom of AUD $228M

Definitions of non-IFRS terminology

- Average net interest rate is calculated as net finance cost as a percentage of average daily debt, adjusted for discounting of provisions
- Capital expenditure represents payments for property, plant and equipment and payments for intangible assets
- Cash conversion is calculated as EBITDA less non-recurring items, less movement in working capital and other non cash items, less minor capital spend, as a percentage of EBITDA less non-recurring items
- Disclaimer: Statements contained in this presentation, particularly those regarding possible or assumed future performance, estimated company earnings, potential growth of the company, industry growth or other trend projections are or may be forward looking statements. Such statements relate to future events and expectations and therefore involve unknown risks and uncertainties. Actual results may differ materially from those expressed or implied by these forward looking statements
- EBIT Margin is calculated as EBIT as a percentage of sales revenue
- EBITDA is calculated as EBIT plus depreciation and amortisation
- EBITDA Interest cover is calculated using EBITDA excluding non-recurring items, divided by net finance costs adjusted for non cash items and capitalised interest (Refer Appendix 4D)
- Minor capital expenditure is capital expenditure on projects under A$5M
- Net debt is calculated as interest bearing liabilities, less cash and cash equivalents
- Net debt inclusive of USPP hedge value is calculated by taking closing net debt adjusted to include the asset balance relating to the cross currency and interest rate exposures relating to the US Private Placement (USPP) debt
- Net debt : EBITDA is calculated by using year end net debt inclusive of USPP hedge divided by pro forma EBITDA before non-recurring items
- Net interest expense is equivalent to 'Net finance costs'
- Net profit after tax or NPAT represents 'Profit for the year attributable to ordinary shareholders of DuluxGroup Limited'
- NPAT excluding non-recurring items – represents NPAT, excluding the non-recurring items. Directors believe that the result excluding these items provides a better basis for comparison from year to year.
- Non-recurring items are outlined within the presentation
- Operating cash flow is the equivalent of 'Net cash inflow from operating activities'
- Operating cash flow excluding non-recurring items – the equivalent of 'Net cash inflow from operating activities', less the cash component of the non-recurring items
- Recordable Injury Rate is calculated as the number of injuries and illnesses per 200,000 hours worked
- Rolling TWC to sales is calculated as a 12 month rolling average trade working capital, as a percentage of 12 month rolling sales
- Trade Working Capital (TWC) is the sum of trade receivables plus inventory, less trade payables