



NZX/ASX release

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Earnings and Strategy Update

Nuplex Industries, the international resins and specialties group today provided an update on earnings guidance and strategy. For the 12 months ending 30 June, 2011 Nuplex expects earnings before interest, tax, depreciation and amortization (EBITDA) of between NZ\$125 to NZ\$129 million. This guidance includes provisions for one off restructuring costs of NZ\$4 million. Net profit after tax is expected to be between NZ\$62 million to NZ\$65 million.

Earnings Update

In February 2011, the Company said it would provide a trading update later in the year given the uncertainty surrounding global markets and trading conditions, with particular emphasis on raw material costs and the outlook for the Australian and New Zealand economies.

A review of the Resins segment for the year to April 2011 indicates that whilst raw material costs have continued to increase, in general these have been recovered by increased selling prices but a normal lag in price recovery continues. Volumes in the Coating Resins Business are up in the US and Europe and steady in other regions. Demand conditions for the Australian based Composites Business has been much weaker than anticipated due to wet weather, continued consumer spending restraint, increased import competition from a stronger Australian dollar and fewer infrastructure projects in FY2011. As a consequence, the EBITDA of this business is expected to be NZ\$8 million below last year and it will undergo an immediate restructure as part of NuLEAP.

Earnings are up on last year in the Specialties segment reflecting its diversified market base in New Zealand and Australia and reinvigorated sales force following the management reorganisation in FY2010.

NuLEAP, the step change programme that is central to strengthening and positioning Nuplex's operations, is progressing. With the 'Quick Win' initiatives now implemented and on target, the focus has shifted to the detailed planning process for the larger and more complex initiatives. As part of the NuLEAP programme, restructuring of some areas, including Composites, will be required to achieve some efficiency gains. As announced separately the Nuplex executive team will also be reorganised. Together, these changes will result in a charge of NZ\$4 million in the FY2011 period and have a full year benefit of around NZ\$3.6 million p.a. The majority of the benefits from these changes are expected to flow during the FY2012 financial year.

Before taking into account this NZ\$4 million restructuring charge, Nuplex now expects to report underlying EBITDA in the range of NZ\$129 million to NZ\$133 million, NZ\$2million to NZ\$6 million lower than most recent guidance.

“Whilst it is disappointing to adjust underlying EBITDA down, a full year result within this range would be a solid result and follow last year’s record earnings year as our second highest earnings year. Given this period’s volatility in raw material costs, this should be a sound outcome” said Nuplex’s CEO Emery Severin.

“We are extremely focused on recovering rising raw material costs which for some key inputs have increased by approximately 25% over this financial year. Across the group, higher selling prices have been implemented. This is a normal part of doing business in this industry and there is always a lag between cost movements and selling prices.”

Strategy Update

Nuplex’s strategy for delivering sustainable growth is centered on delivering our customers consistent, cost effective and innovative products that meet their needs. During recent months our business plans have been aligned to execute the three key elements of our strategy:

1. Secure the base and lay the foundations for future growth through:
 - Continuing to improve the Safety, Health and Environmental performance;
 - Develop and engage One Global Team;
 - Lifting the performance and operating margins of its existing operations through NuLEAP; and
 - Investing in capacity in high growth emerging markets.
2. Invest in Research and Development to build leadership positions in four key global product areas:
 - Performance coatings –through the development of innovative technology, continue to build on existing niche positions in the high performance coatings market that support the automotive, high end metal and protective coatings industries globally;
 - Water borne coatings – by building on existing technology bases in Australia and Europe, continue to develop water borne coating and non coating capabilities in high growth emerging markets;
 - Composites – leverage existing unique leadership positions in products such as gel coats and other high value specialty products into SE Asia; and
 - Powder coatings – develop a broader portfolio of products to consolidate Nuplex’s position within the powder coatings market and develop platforms for growth.
3. Pursue value accretive acquisitions in markets where we have existing competitive positions, particularly in the areas of distribution and non coatings in Australasia and coatings and complementary applications in Europe, Asia and the US.

Mr Severin said “This first year of our three year journey has been about investing to take Nuplex to the next level of performance and growth. We have confirmed our strategy and put the organizational foundations in place which has been done by strengthening our human and physical capacity and the implementation of NuLEAP.

“Our expansion projects have commenced in Vietnam and China. Not only will these projects increase our capacity to serve our existing customers in these high growth markets, but they will also provide us with new production capabilities to introduce our water borne coatings and non coatings products technologies into these markets.”

Ends.

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Nuplex Industries Limited is a leading global manufacturer of polymer resins with operations in ten countries on four continents which sells its products in over 80 countries. Polymer resins are essential ingredients in a wide range of products used every day, from basic necessities, through consumer durables to luxury goods. Nuplex also distributes raw materials to the chemical, plastics, general industrial, food and pharmaceutical sectors in Australia and New Zealand.