



NZX/ASX release

5 June 2012

MARKET UPDATE

Trading conditions in the second half of the 2012 financial year as expected

Nuplex Industries (Nuplex) today announced that its 2012 financial year earnings before interest, tax, depreciation and amortization (EBITDA) is expected to be around the bottom end of previously stated guidance for flat to 5% year on year growth. Given this, the result is estimated to be around 2011 financial year EBITDA of \$131 million. Trading conditions in the second half of the 2012 financial year have been broadly in line with management's expectations as announced in February 2012.

Emery Severin, CEO, said: "In light of the ongoing uncertainty in global markets, it is understandable that there are concerns as to how this is impacting Nuplex's operating performance and so we felt it appropriate to provide this update. Pleasingly, our geographic and product segment diversity has helped reduce the impact of the volatility and weakness of global markets on our earnings.

"In ANZ, and as expected, all our businesses have faced challenging market conditions as demand from the manufacturing sector has remained weak and activity in the construction sector has continued at a cyclical low. While we previously expected our own manufactured volumes to be down 9% year on year, they are more likely to be down around 12%.

"In Asia, we continue to expect volumes to be flat year on year, with a slight improvement in second half volumes due to regional sales initiatives. Some of our capacity constraints are being relieved following the successful April commissioning of the new plant at our site in Vietnam.

"In Europe, trading conditions in the second half have been similar to the first half, as demand from customers based in northern Europe has continued to hold whilst demand from southern European customers and exports has remained weaker than last year. Consistent with our February guidance, we expect volumes, excluding Vivero, to be down 5% year on year. Integration of the Vivero acquisition still remains on track and we expect it to contribute at least €5 million EBITDA during the second half.

"In the US we continue to forecast volumes to be flat year on year. Positively, over the past few months we have seen demand strengthen on the back of improved manufacturing activity.

"During the period, in addition to challenging market conditions, exchange rates and raw material prices have fluctuated significantly. However with our focus on managing those elements we can control, we have seen an improvement in unit margins, we have delivered this year's NuLEAP targeted benefits and costs have been tightly controlled" Mr Severin said.

The company will report its financial results for the 2012 financial year on 17 August 2012.

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