

Wattyl Limited

Half Year ended 31 December 2010

Tony Dragicevich Managing Director

16 February 2010

the
wattyl
group



Agenda

- 1 Results Overview
- 2 Financial Performance
- 3 Business Overview
- 4 Outlook

Results Overview

Tony Dragicevich Managing Director



Financial Highlights

- Sales revenue flat at \$198.2 million
- EBIT¹ increased to \$7.0 million (last year \$1.3 million)
- NPAT of \$2.4 million
- EPS at 2.9cps – a 9.6cps turnaround
- No interim dividend declared
- Cash flow solid at \$9.7 million – a \$21.8 million improvement
- Strengthened balance sheet
 - Gearing² reduced to 20.7%
 - Net debt reduced to \$32.5 million

All Dollars are in AUD unless otherwise stated.

December 2009 compared to December 2008:

¹ Before non-recurring items

² Net debt / net debt + equity

Operational Highlights

- Reinvigorated key brands and increased investment in marketing activity across all sectors
 - new Wattyl Woodcare range launched
 - new packaging livery and TV advertising campaigns for Solagard®, Interior Design® and Solver®
 - Interior Design® released in New Zealand market
- Significant cost savings achieved
- Introduction of plastic pails in trade range
- New banking facilities finalised in October 2009

Financial Performance

Emmanuel Zammit Chief Financial Officer



Group Results

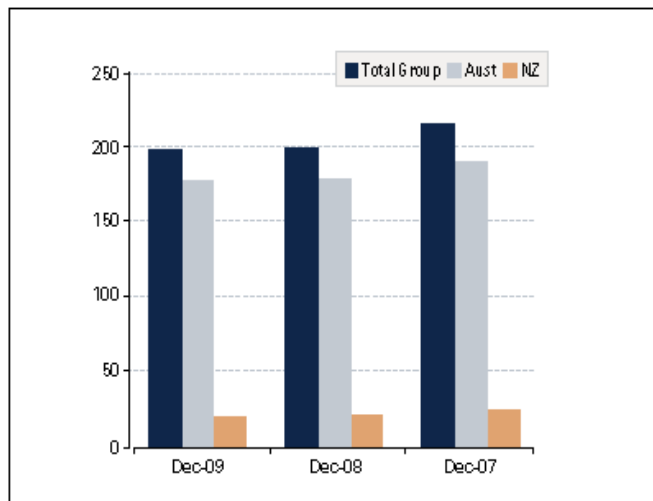
A\$M	Movement ²	Half Year Ended 31 Dec 2009	Half Year Ended 31 Dec 2008	Half Year Ended 31 Dec 2007
Revenue	■	198.2	199.7	215.3
EBITDA	↑	12.4	0.7	17.6
EBIT before non-recurring items	↑	7.0	1.3	12.8
EBIT before non-recurring items/Revenue	↑	3.5%	0.6%	6.0%
EBIT	↑	7.0	(4.5)	12.8
NPAT	↑	2.4	(5.6)	6.8
NTA per Share	↑	\$1.23	\$1.14	\$1.28
Earnings per Share (cents) ¹	↑	2.9	(6.7)	8.0
Return on Assets	↑	1.0%	(2.1%)	2.4%
Return on Equity	↑	2.0%	(4.8%)	5.2%

¹ Based on weighted average for the half year

² December 2009 compared to December 2008

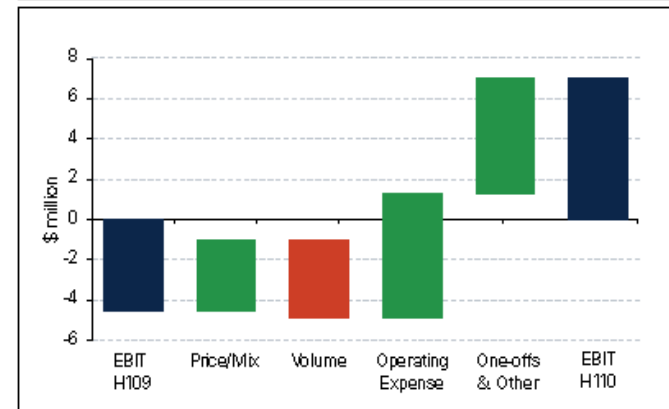
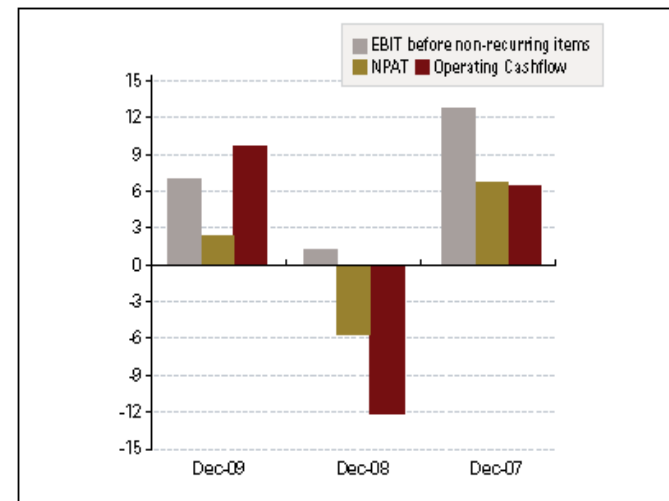
Performance Summary

Revenue \$m



- ♦ Revenue slightly lower in both Australia and New Zealand
- ♦ Increased EBIT and a return to positive operating free cashflow
- ♦ Volume decline largely offset by margin improvement
- ♦ Clear benefit from sustained cost control

EBIT, NPAT, Operating Cashflow \$m

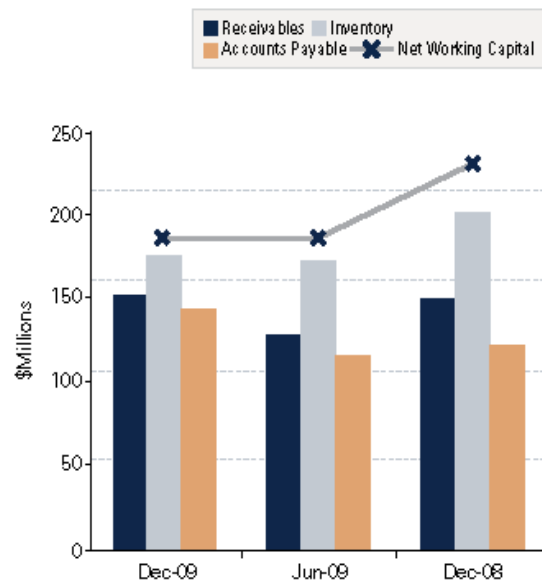


Key Liquidity Ratios

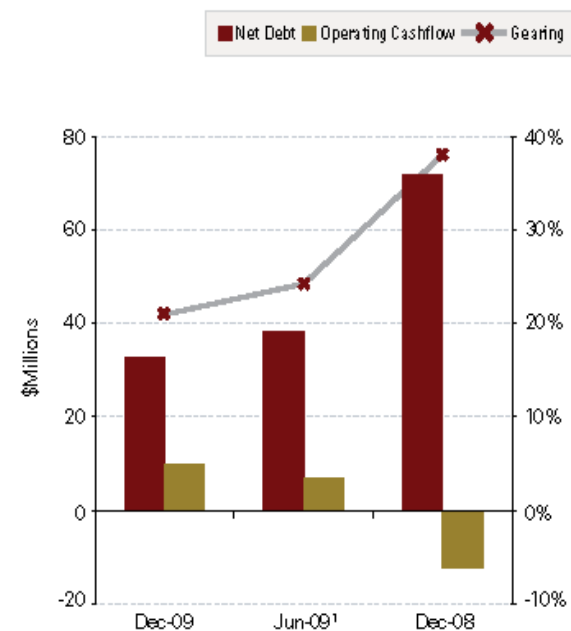
A\$M	Movement ¹	Half Year Ended 31 Dec 2009	Full Year Ended 30 Jun 2009	Half Year Ended 31 Dec 2008
Operating free cashflow	↑	9.7	6.9	(12.1)
Net Debt	↓	32.5	38.1	71.6
Gearing % Net Debt / (Net Debt + Equity)	↓	20.7%	23.9%	38.0%
Current Ratio Current Assets / Current Liabilities	↓	1.9	2.0	1.0
Operating Working Capital	■	68.7	68.8	85.3
Debtors DSO (days)	↑	44.0	43.0	46.0
Inventory MFC (months)	■	4.3	4.3	4.8
Capital Expenditure		3.5	10.8	9.2

¹ December 2009 compared to June 2009

Capital Management



- Operating working capital flat at \$69 million
- Inventory levels stable at 4.3 months forward cover (4.8 months forward cover as at 31 December 2008)



- Debt reduced from \$38.1 million to \$32.5 million
- Operating free cashflow improved \$21.8 million (versus pcg)
- Gearing ratio reduced to 20.7% (38.0% as at 31 December 2008)

¹ Full Year to 30 June 2009

Business Overview

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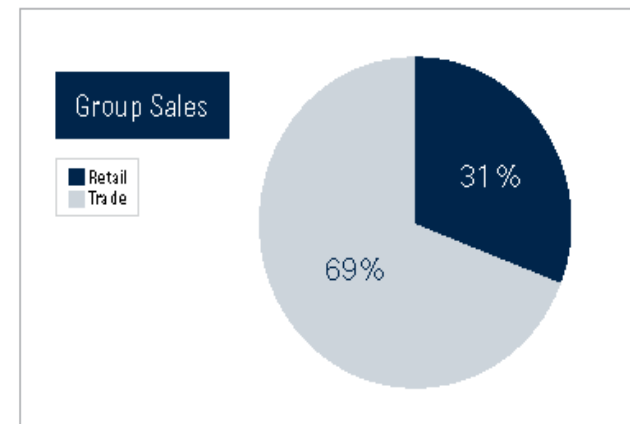
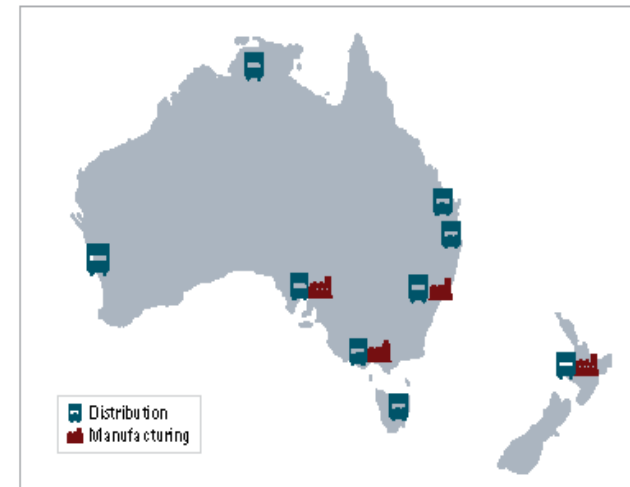


A Greater Focus On People And Safety

- Our people and their safety is a priority and focus for Wattyl
- Room to improve Wattyl's safety performance
- Wattyl continues to evolve a Company wide safety program
- Safety leadership and training seminars underway
- Performance review and people development programs established across the business

Our Business

- A strong footprint across Australia and New Zealand
- 140 own-store network spanning Australia and New Zealand
- A strong manufacturing base provides flexibility and scale in local markets
 - Presence in Sydney, Melbourne, Adelaide and Auckland
- Extensive warehouse and distribution network servicing all major markets
- Represented in all major Australian retailers



Trade Channel

- Trade continues to be our largest market
- Strengthening our presence in the trade market is a primary focus
- Leveraging our 140 own-store network is an opportunity
- Direct to trade market channel is a growth priority
- Industrial product development presents scope for growth
- Dedicated sales focus on the industrial channel



Investing in Our Brands

Retail

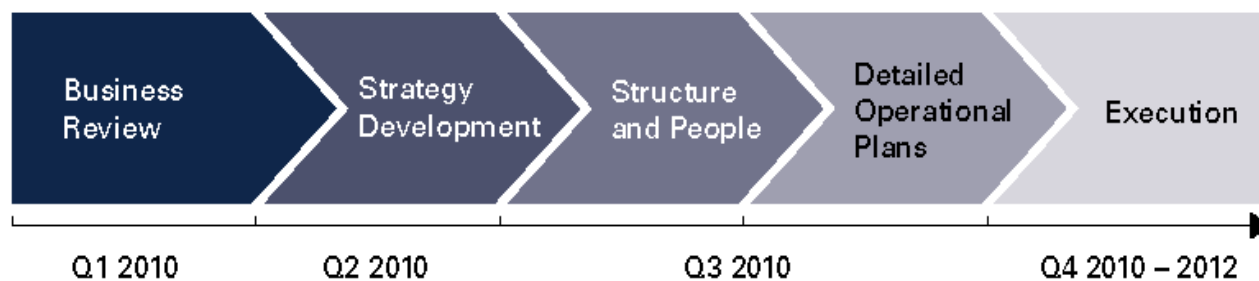
- Continuing to invest in our retail presence
 - TV commercials
 - Print media
 - Point of Sale
- Remaining focused on strengthening our suite of iconic brands
- Continuing to pursue opportunities with all key retailers



Business Assessment and Transformation Process

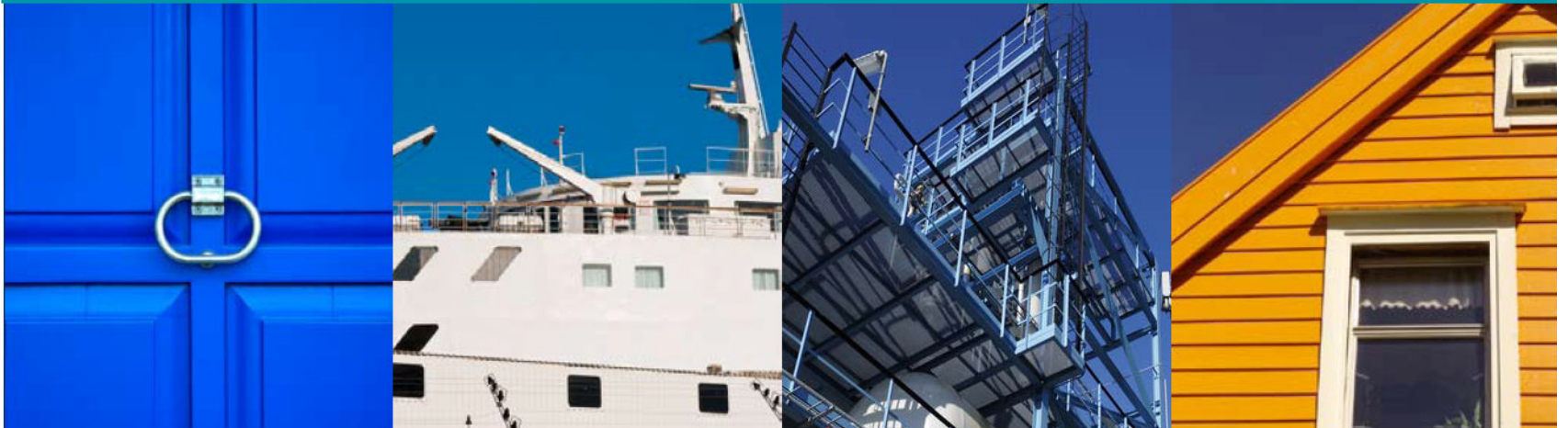
Current Capabilities

- Financially stable
- Reduced cost base
- Strong brands
- Stabilised customer relationships
- Quality products
- Technical service
- Wide range
- Large distribution base



Outlook

Tony Dragicevich Managing Director

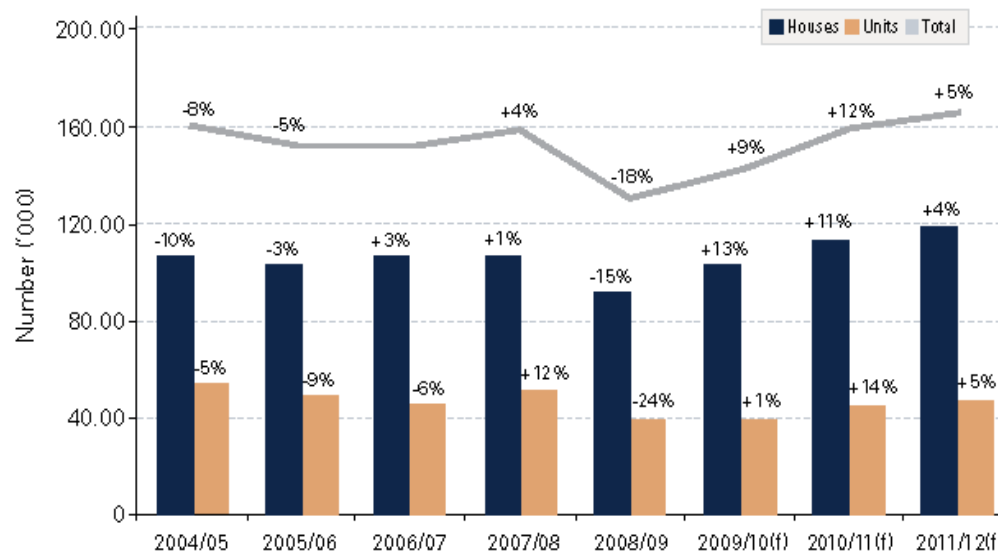


Australia

New Housing Forecast

By Type, AUS Dwelling Starts

Source: HIA Economics Group

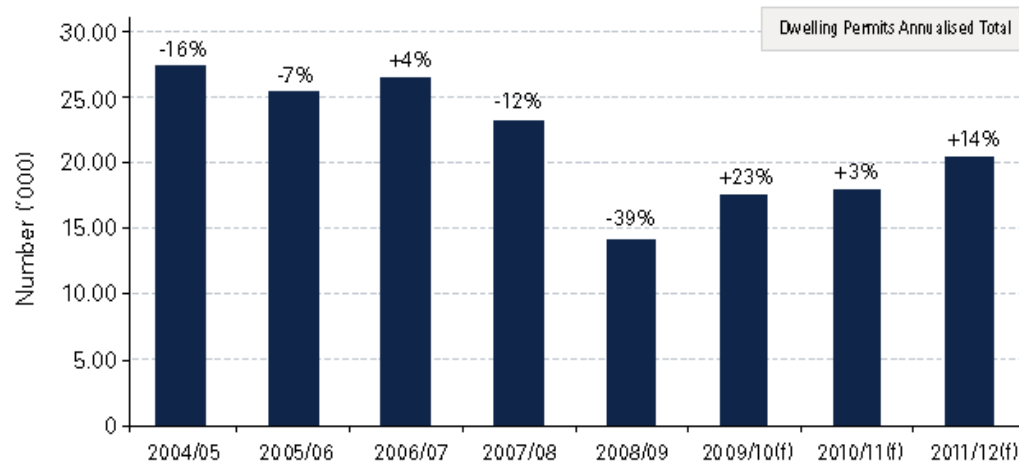


- Volumes in the A&D paint sector declined 5.6% in the 6 months to 31 December 2009 (versus pcg)
- Dwelling starts forecast for improvement during FY 2010-12
- Improvement emerging in the building sector. The impact of increasing interest rates and lower first home owner grants remains unclear
- Expecting improvement albeit modest

New Zealand

Dwelling Permits

Source: BERL Forecasts (Business and Economic Research Limited)



- Residential dwelling permits at their lowest level in 40 years
- Improvement forecast. However, the market is lifting off a subdued base
- Recovery forecast over next 3 years will still fall 20% short of FY06 levels

Outlook

- Housing industry bodies forecasting improvement in 2010
- Uncertainty exists around interest rate and government stimulus levels
- Continuing focus on controlling costs
- Greater focus on strengthening of Wattyl's brands and revenue growth
- Broker reports estimate FY2010 EBIT between \$12 million and \$13 million. In view of the above, we expect full year EBIT broadly in line with consensus

Questions

