



# Annual Results Presentation

Year ended 31 May 2002

10 July 2002





# Overview

- β Landmark year for the new Alesco**
- β First full year all businesses conform to our strategic requirements**
- β Strategy has delivered record eps result**
- β Strong foundation for continued earnings growth**



# Strategy

## Strategy is two fold:

- Investing in franchises that deliver recognised brands with high market shares in niche markets
- Driving operational improvements through a disciplined methodology, with a focus on profitability rather than revenue growth

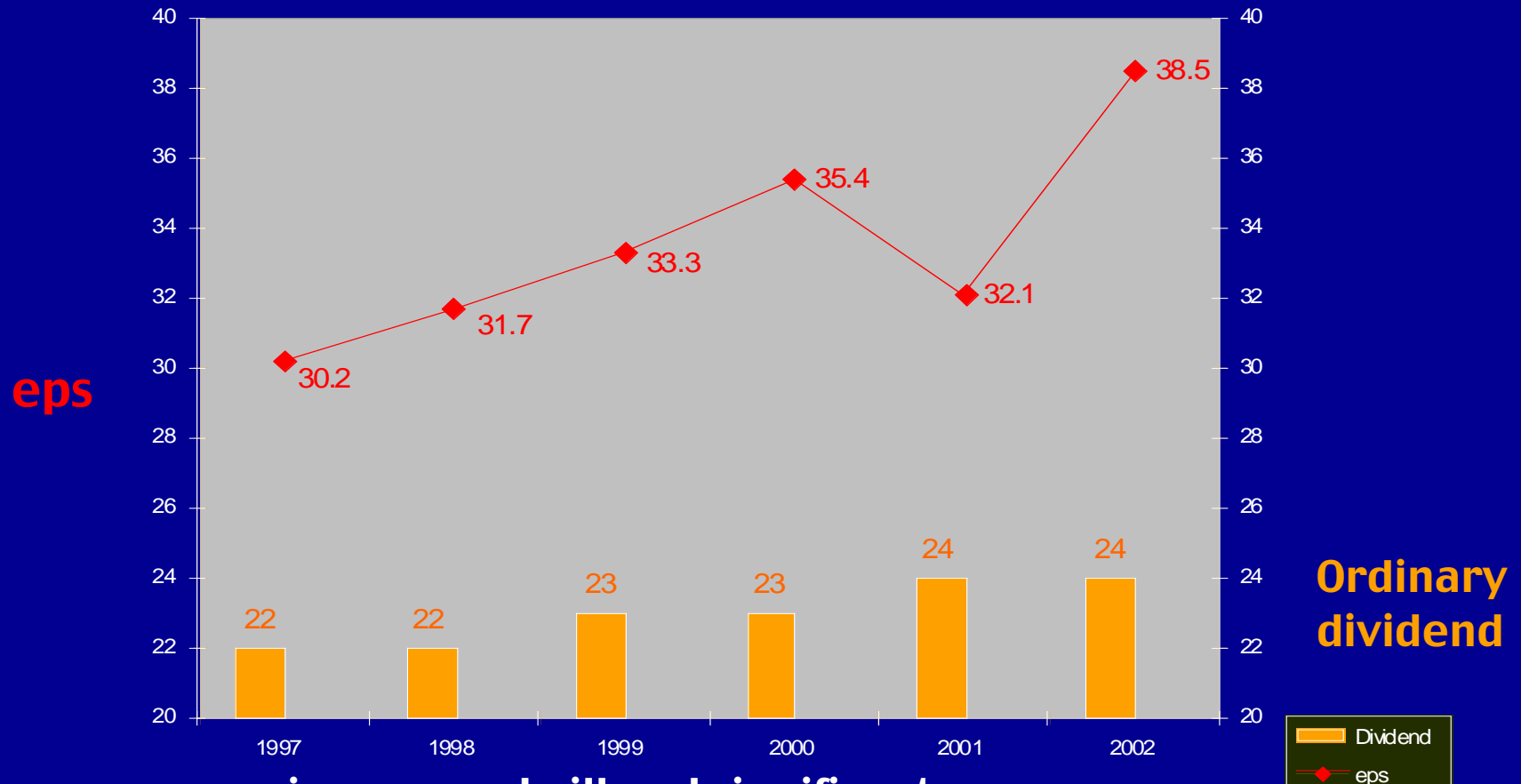
## Designed to deliver:

High returns on investment  
Strong cashflow  
Steady growth

# Financial Highlights

- β Record eps result
- β Strongly improved profitability ratios
- β Sales in continuing businesses up
- β Strong operating cashflow
- β Debt down even after funding \$18m of investments
- β Active capital management through 10% buyback

# EPS and Dividend



**eps is pre goodwill and significant**

**2002 Dividend payout ratio (pre-goodwill & significant items ) of 61.9%**

**Franking credit balance approximately \$20m at 31 May 2002**

**Fully franked dividend yield (at \$3.90) of 6.2%**

# Key Ratios

	2002	2001
<b>EBITA / Sales</b>	<b>6.0%</b>	<b>5.2%</b>
<b>Return on funds employed</b>	<b>14.1%</b>	<b>13.5%</b>
<b>Return on equity **</b>	<b>12.3%</b>	<b>10.9%</b>
<b>Interest cover **</b>	<b>4.6 x</b>	<b>3.1 x</b>

**\*\* Pre significant items and goodwill amortisation**

# Sales Comparison

	May 02	May 01	% change
Building Products	146.3	145.2	1%
Earthmoving Tyres	151.0	137.1	10%
Specialist Automotive	103.1	106.4	-3%
Continuing businesses	400.4	388.7	3%
Disposals/ Rationalisation	-	139.8	
<b>TOTAL</b>	<b>400.4</b>	<b>528.5</b>	<b>-24%</b>

# Cashflow and Gearing

	<b>2002</b>	<b>2001</b>
<b>Operating cashflow</b>	<b>27.5</b>	<b>13.6</b>
<b>One-off items*</b>	<b>(18.0)</b>	<b>62.0</b>
<b>Net borrowings (\$m)</b>	<b>67.9</b>	<b>68.9</b>
<b>Gearing (%)</b>	<b>66.0</b>	<b>61.0</b>

**\* 2002 : share buyback (\$9m), minority buyouts (\$9m)**  
**2001 : proceeds from sale of Industrial Division & CarParts**

# Group-wide productivity initiatives

- β **Supply-chain management**
  - \_ High customer service
  - \_ Reduce working capital
- β **Project Pareto – ‘80–20’ analysis**
- β **Information technology – tier 1 SAP enabler**

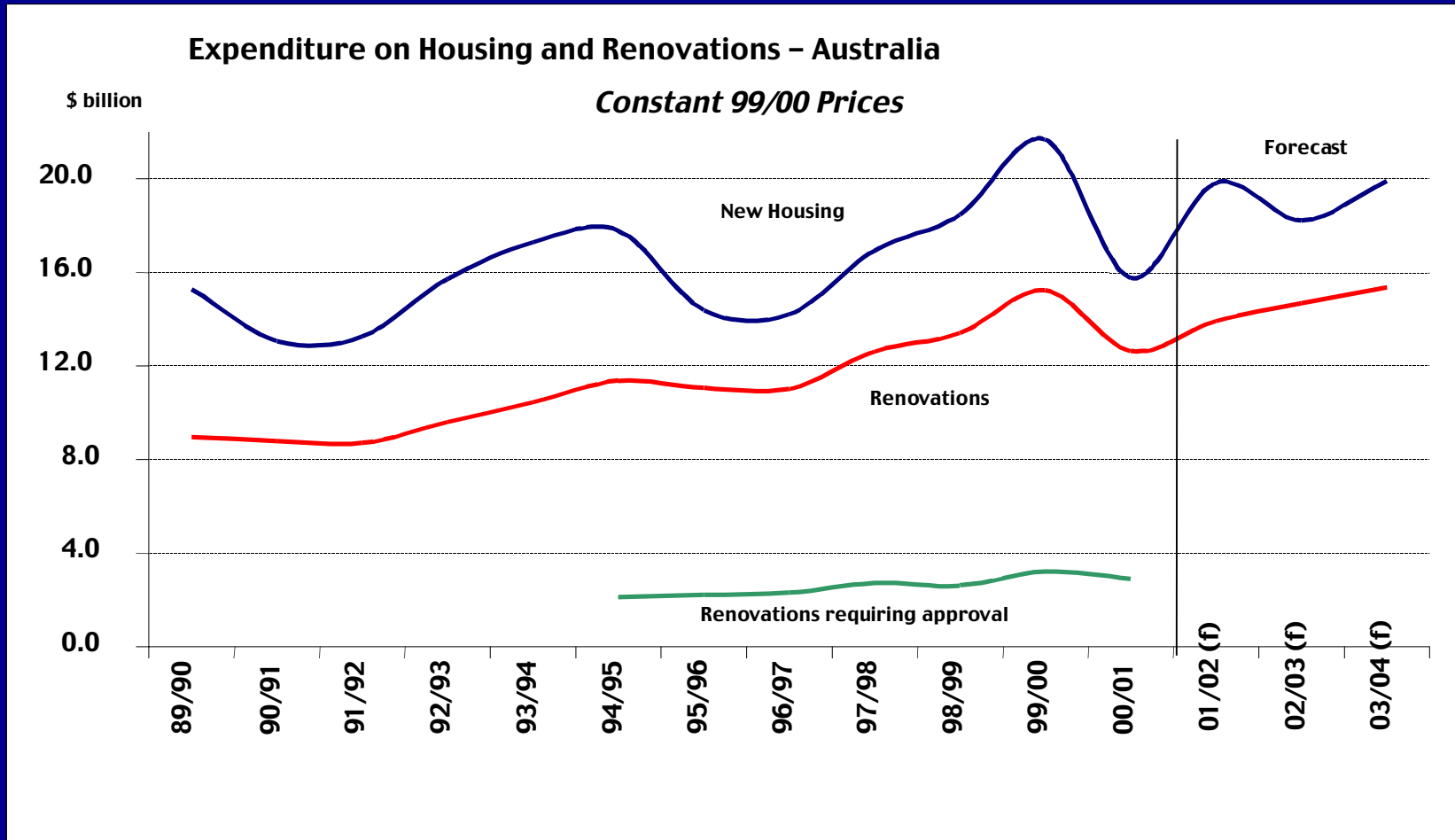
# Branded Building Products

## Performance

	<b>2002</b>	<b>2001</b>
<b>Sales \$m</b>	<b>146</b>	<b>145</b>

- β Overall solid performance, 2001 figures skewed by pre-GST spike in June 2000
- β Disposal of loss making Merchant Products business in June 2001
- β Completion of integration and re-branding of Parbury FHS
- β Supply-chain initiative implemented
- β Successful launch of new Wilsonart colour range in October 2001
- β Commenced restructuring of Parbury Technologies in March 2002

# Renovation vs New Housing



# Branded Building Products Outlook

- β Sales growth opportunities
- β 20/20 software launch July 2002
- β Selective extension of product range
- β Alesco productivity initiatives, particularly in hardware

# Earthmoving Tyres Performance

	<b>2002</b>	<b>2001</b>
Sales \$m	151	137

- β Market share gains in large truck tyres
- β New Michelin distribution arrangements negotiated
- β Profitability increased
- β Average inventory down \$2.5m
- β Return on funds employed increased

# Earthmoving Tyres Outlook

- β **New Michelin arrangement will reduce turnover by \$30m – minimal impact on profits, reduced working capital**
- β **Focus on value added services**
- β **Alesco productivity initiatives particularly supply chain and Pareto**

# Specialist Automotive

	<b>2002</b>	<b>2001</b>
Sales \$m	103	106

- β Air conditioning and apparel sales affected by unusual weather conditions
- β New helmet range exceeded expectation
- β Profits declined slightly

# Specialist Automotive Outlook

- ⌘ Winter off to a good start
- ⌘ New products should grow further
- ⌘ Alesco productivity initiatives to deliver more, particularly in Ingram and Conco
- ⌘ Profit and returns expected to increase

# Competitive environment

## ⌘ **Branded Building Products**

Market share improvements expected as competition rationalises and new products are launched

## ⌘ **Earth Moving Tyres**

Strong Michelin R & D combined with outstanding local service should see market share continue to improve

## ⌘ **Specialist Automotive**

Ingram and Motorcycle brands share to be

maintained through wide range and high

service offering

# Growth

- β **Sales and market share growth expected**
- β **Organic profit growth will also derive from improved productivity using Alesco methodology**
- β **Growth from complementary acquisitions currently being sought**

# Outlook – Key Ratios

	2003	2002	2001
EBITA / Sales	↑	6.0%	5.2%
Return on funds employed	↑	14.1%	13.5%
Return on equity **	↑	12.3%	10.9%
Interest cover **	↑	4.6 x	3.1 x

**\*\* Pre significant items and goodwill amortisation**



# Outlook

- β **Positive outlook for 2003**
- β **Earnings per share growth expected**
- β **Strong cash generation to continue**
- β **Dividend split between interim and final to be more even**
- β **Hope to conclude a meaningful acquisition during this financial**

#alesco

