
ASX Release – Alesco Corporation Limited (“ALS”)

TRADING UPDATE

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Speaking ahead of today's Annual General Meeting, Alesco Chairman Mr Sean Wareing said volatile and uncertain market conditions had made it difficult to predict with any accuracy the company's full-year FY2009 earnings outcome.

“Market conditions remain extremely challenging and the softening of demand that we saw in the latter period of FY2008 has continued in the first quarter of FY2009,” said Mr Wareing.

“Based on an anticipated continuation of the softness experienced in the first quarter, we expect that the trading EBITA for the first-half ending 30 November is likely to be down from the prior corresponding period in the range of 15% to 20%. This is likely to result in earnings per share before amortisation and significant items being down from the prior corresponding period by 30%-35%, reflecting higher interest costs driven by the tougher credit markets, an anticipated increase in our effective tax rate and the dilutionary full period impact of 2007's capital raising.

“We are, however, expecting an improved result in the second half of FY2009 as a result of aggressive cost reductions and the specific operational initiatives being undertaken across the businesses. However, without a significant improvement in the trading environment, Alesco will be unable to match FY2008's trading EBITA result for the full year.

“While the FY2009 outlook is subdued, the Board remains confident about the future of Alesco. Alesco continues to generate strong cashflows and remains in a strong financial position. In accordance with the introduction of an annually progressive dividend policy, it is the Board's intention to at least maintain the annual rate of dividend,” Mr Wareing said.

Speaking on some of the key areas impacting on the full-year FY2009 trading results, Chairman Mr Wareing said:

“Higher input costs and fuel prices are continuing to be incurred across the Group, with freight costs approximately \$6 million higher on an annual basis than a year ago. Recovering these higher costs is becoming increasingly difficult in an environment where demand is already soft.

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"In addition, our New Zealand businesses are feeling the full impact of an economic recession.

"However, our management team is continuing to focus its attention on improving operational performance and driving efficiencies across all divisions to ensure our business can maximise the benefits which will flow when market conditions improve," said Mr Wareing.

Also speaking at the company's AGM, Alesco CEO Justin Ryan said:

"Significant progress is being made at an operational level to minimise the impact of the difficult economic conditions and to enhance the underlying performance of all of our businesses in Australia and New Zealand.

"We have a robust business model and strategy to deliver strong shareholder returns over the longer term. The diversity in our portfolio, the flexibility of our five distinct trade distribution businesses and the significant rationalisation and consolidation being undertaken throughout our business will stand us in good stead when the economy recovers," he said.

"Of particular concern is the current poor state of trading in New Zealand. In this context Lincoln Sentry is closing its New Zealand operations and B&D is currently in consultation with employees to further restructure the manufacturing operations of its New Zealand door business. In Australia, Marathon Tyres is closing its wholesale Hankook tyre business in an orderly fashion over the next few months.

"We have also implemented an aggressive program of cost reductions across our five divisions," said Mr Ryan.

"These initiatives include further consolidation and rationalisation of the businesses within our divisions and flattening our overhead structures. We continue to pursue major cost-out programs focusing on both discretionary spend as well as the fixed cost base, and driving improvement in working capital management and cashflow generation. We are also continuing to invest in upgrading our systems and processes to eliminate duplication and run our businesses more efficiently. Further details on these initiatives, including the benefits and costs will be provided at the first-half results announcement in January 2009.

"On a more positive note, the prospect of further interest rate falls in Australia and New Zealand, and an accompanying improvement in consumer and business sentiment, will be beneficial to Alesco's performance over the medium term."

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Alesco manages a portfolio of leading industrial brands operating in the building and renovations, scientific and medical, construction and mining and water management markets.

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