
ASX Release – Alesco Corporation Limited (ASX:ALS)

FY2009 PRELIMINARY UNAUDITED RESULTS UPDATE

Date: 9 July 2009

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The Board of Alesco Corporation Ltd (ASX:ALS) today provided the following market update in relation to the Company's preliminary unaudited financial results for the year ended 31 May 2009.

Trading results

Based on unaudited management accounts, Alesco's full year EBITA before significant items (**trading EBITA**) is expected to be approximately \$85 million, representing a decrease of 31% from the previous year. This result includes eleven month's trading from the Scientific & Medical division which was sold on 30 April 2009. Earnings per share before amortisation and significant items (**EPS**) is expected to be approximately 48 cents per share, a decline of 43% compared to the prior year.

Despite the decline in earnings, Alesco's businesses generated strong operating cash flows during the year with approximately \$100 million of operating cash flow¹ - more than 90% of which came from continuing businesses.

Taking significant items into account, which include a \$70 million impairment charge (see below), Alesco is expecting to report a post tax loss of approximately \$13 million.

This guidance is preliminary in nature and is subject to finalisation of the year end accounts as well as external audit signoff.

Significant items

In response to the challenging external environment there has been a substantial rationalisation of the Company's businesses during the year, resulting in approximately \$21 million (after tax) in restructuring and other costs being charged in the year ended 31 May 2009. These costs include costs associated with the closure of the Robinhood manufacturing plant in Auckland, the reduced scale of the B&D manufacturing operations in Auckland, Marathon Tyres' exit from the Hankook wholesale tyre business and redundancies associated with a reduction in the group's overall workforce.

The full year results will also include approximately \$60 million profit after tax resulting from the sale of the Scientific & Medical division, including net foreign exchange effects. In addition, a post-tax charge of \$10 million has been incurred

¹ EBITDA less capital expenditure and movements in working capital

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associated with the closure of interest rate swaps resulting from the reduced debt levels following the sale of this division.

The Company is currently reviewing the carrying value of its intangible assets (which consists mostly of goodwill) and, subject to finalisation, expects to incur an impairment charge of \$70 million in the FY2009 financial results. This charge would relate in its entirety to the Water Products & Services division with no impairment charges in relation to the other cash generating units within the group.

Other Commentary

Alesco has a strong balance sheet following the sale of the Scientific & Medical division at 30 April 2009 and the cancellation of the interim dividend. As at 31 May 2009 the group had net debt of approximately \$160 million (down from \$333.9 million at the half-year) equating to gearing (on a net debt to net debt plus book equity basis) of 23%.

Alesco has sound and cash generative businesses and the Board is confident that Alesco is well positioned in the current challenging environment. As previously announced to the market, it is the Board's intention to resume paying dividends. The quantum of the dividend will be determined at the July Board meeting when the full-year results are finalised.

"The FY2009 result is well below acceptable levels and reflects the tough external environment, Alesco CEO Mr Justin Ryan said.

"To meet the challenges of the market, Alesco has strengthened its balance sheet and continued to reduce its cost base, streamline operational and administration processes and improve working capital management and technology platforms. The full financial impact of these actions will flow through in FY2010."

Alesco is scheduled to announce its full-year financial results for the year ended 31 May 2009 on 28 July 2009. Further details on all of these matters will be provided at this time.

FOR FURTHER INFORMATION:

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Alesco manages a portfolio of leading industrial brands

Alesco has four divisions: Construction & Mining, Functional & Decorative Products, Garage Doors & Openers and Water Products & Services.

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