
ASX Release – Alesco Corporation Limited (ASX:ALS)

UPDATE ON FY 2010 PRELIMINARY UNAUDITED HALF YEAR RESULTS AND FULL YEAR OUTLOOK

Date: 9 December 2009

Release: 9 December 2009

Following a scheduled board meeting, the Board of Alesco Corporation Ltd (ASX:ALS) has provided the following update.

Based on preliminary unaudited management accounts, Alesco's 2010 half year earnings before interest, tax, amortisation and significant items (**EBITA**) is expected to be approximately \$30 million, down approximately 29% from the prior corresponding period. This comparison excludes the contribution 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 16.5 cents.

Based on this FY10 first half performance, ongoing operational initiatives and forecast market conditions into the second half, the Board expects EPS for the full-year to be in the range of 34 to 36 cents.

Revenue from the continuing businesses for the first half of FY10 was down approximately 15% compared to the prior corresponding period. Margins were adversely impacted by lower volumes, pricing pressures and the volatility of the Australian dollar against the US dollar and Euro, particularly in the first quarter. The continuing benefits from cost reduction initiatives have reduced expenses by approximately 13% compared to the prior corresponding period.

Notably, trading results from the continuing businesses in the first half of FY10 were ahead of the second half FY09, with revenue up by approximately 7% and EBITA up by approximately 15%.

Higher effective interest rates following refinancing of the group's borrowings in July 2009 and associated costs have resulted in financing costs of approximately \$7.7million for the first-half.

The group continues to generate strong cash flows with net debt reduced from \$159.7 million to \$138 million. Gearing (on a net debt to net debt plus book equity basis) at 30 November 2009 is expected to be approximately 20%.

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

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Commenting on the group's first half performance, Alesco CEO Mr Justin Ryan said:

"As foreshadowed at our annual general meeting in September, the first half of FY10 has seen difficult trading conditions. The full impact of the global financial crisis has been felt by the Alesco group during the 2009 calendar year across all divisions. Sales were well down on the prior corresponding period, as the Australian and New Zealand housing and construction markets continued to soften.

"However, trading in the second quarter of FY10 was significantly better than the first quarter with sales up by approximately 10%, quarter on quarter. In addition, EBITA more than doubled in the second quarter, reflecting the seasonality of the business, an improved contribution from the Water Products & Services division and the benefits from the appreciating Australian dollar.

"Alesco's overall performance in FY10 will, in a large part, be driven by the timing and pace of the recovery in the new housing and renovations markets in calendar 2010 and the impact of government stimulus into the broader construction markets.

"There are encouraging signs of a market recovery with housing and loan approvals increasing and we expect to see this flow through to Alesco's revenue in the second half. However, activity levels in the broader construction and infrastructure markets remain subdued, with a significant decline in new private sector projects.

"Government stimulus spending will provide some buffer against this decline in activity. However, the benefits of this spending are not expected to flow through until later in calendar 2010.

"While the New Zealand housing market has been in significant decline over the past 18 months, we have begun to see a reversal of trend with a slight improvement in approval levels over the past few months.

Further details on Alesco's performance will be provided on Thursday 28 January, 2010 when it announces its half-year financial results for the period ended 30 November 2009.

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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