



DuluxGroup Limited  
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31 May 2018

The Manager, Listings  
Australian Securities Exchange  
ASX Market Announcements  
Exchange Centre  
20 Bridge Street  
Sydney NSW 2000

Dear Sir,

**DULUX MERRIFIELD – INVESTOR SITE VISIT**

We attach copies of slides being presented today to members of the investment community at our new Dulux Merrifield paint factory in Melbourne.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'S Black', written in a cursive style.

Simon Black  
Company Secretary





# Dulux Merrifield – Investor Site Visit

*Investing for the Future*

Thursday 31<sup>st</sup> May, 2018



# Agenda

-  Site overview
-  The business case for a new paint factory
-  The design and operating philosophy
-  Overview of the paint making process and application to Merrifield

# Dulux Merrifield Overview



-  \$165m capital expenditure
-  17Ha land and 8Ha developed
-  Factory size under roof 22,000m<sup>2</sup>
-  Approximately 70 employees
-  2 x 5 shift per week operation
-  Steady state production of 50ML pa
-  In excess 100ML pa capacity
-  Largest paint factory in ANZ

# The business case for the Merrifield paint factory

## Risk reduction

- Reduced fire risk due to separation of production of water-based paint from solvent-based paint
- Reduced dependence on Rocklea given 2011 flood impact

## Product attributes

- Supports and enhances premium product quality and consistency
- Future potential to produce more advanced paints

## Customer service

- Further enhances industry leading supply chain responsiveness

## Financial

- Good financial return

# Dulux Merrifield Paint Factory current status



## Status update

- Commissioning completed
- Beneficial production achieved 1 February 2018
- Good progress on ramping up to full production (currently at 80% of steady state production)
- Project cost below budget, with remainder for optimisation over the next 12 months

## Financial Impacts

- Capital expenditure timing:
  - FY18 \$35M & FY19 \$3M
- Minor changes to FY18 outcomes due to production ramp up timing:
  - Additional ~\$1M start-up costs in H2 (recognised in Corporate)
  - Depreciation – H1 slightly lower than guidance but H2 consistent with pro-rated \$7Mpa
  - Payout of \$0.8M of Rocklea redundancy provision in H1, with remainder (~\$8M) deferred from H1 into H2

# Design and operating philosophy

## Philosophy

Precision manufacturing

Agile manufacturing

Digital Supply Chain

Growth enablement

Safety and Sustainability

## Design application

- High precision controls
- Fully automated paint making
- Smaller & scalable batch sizes
- Shorter manufacturing cycle times
- Team culture
- All process data is digital and connected
- Land size, building & equipment designed for expansion
- Minimal manual handling
- Raw material usage efficiency and waste minimisation
- Energy efficient - solar power and rain harvesting

# Overview of paint making process and application to Merrifield

## Receiving & Storage

Receiving raw materials and preparing for use



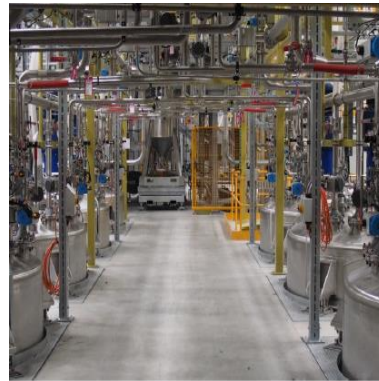
## Dispersion

Grinding pigment in water & additives to create a millbase



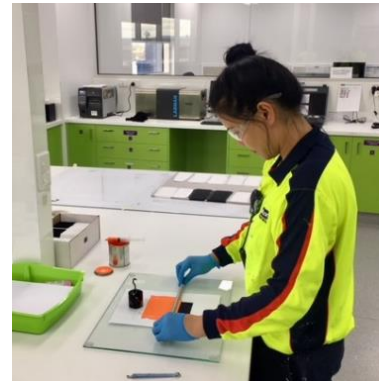
## Mixing

Mixing millbase, polymer and additives



## Quality Control

Ensuring all products are in specification



## Filling & Palletising

Accurately fill and palletise



## Dispatch

Preparing product for shipment to distribution system

