

PROJECT LILAC

INVESTMENT TEASER



September 2020 Strictly Private & Confidential



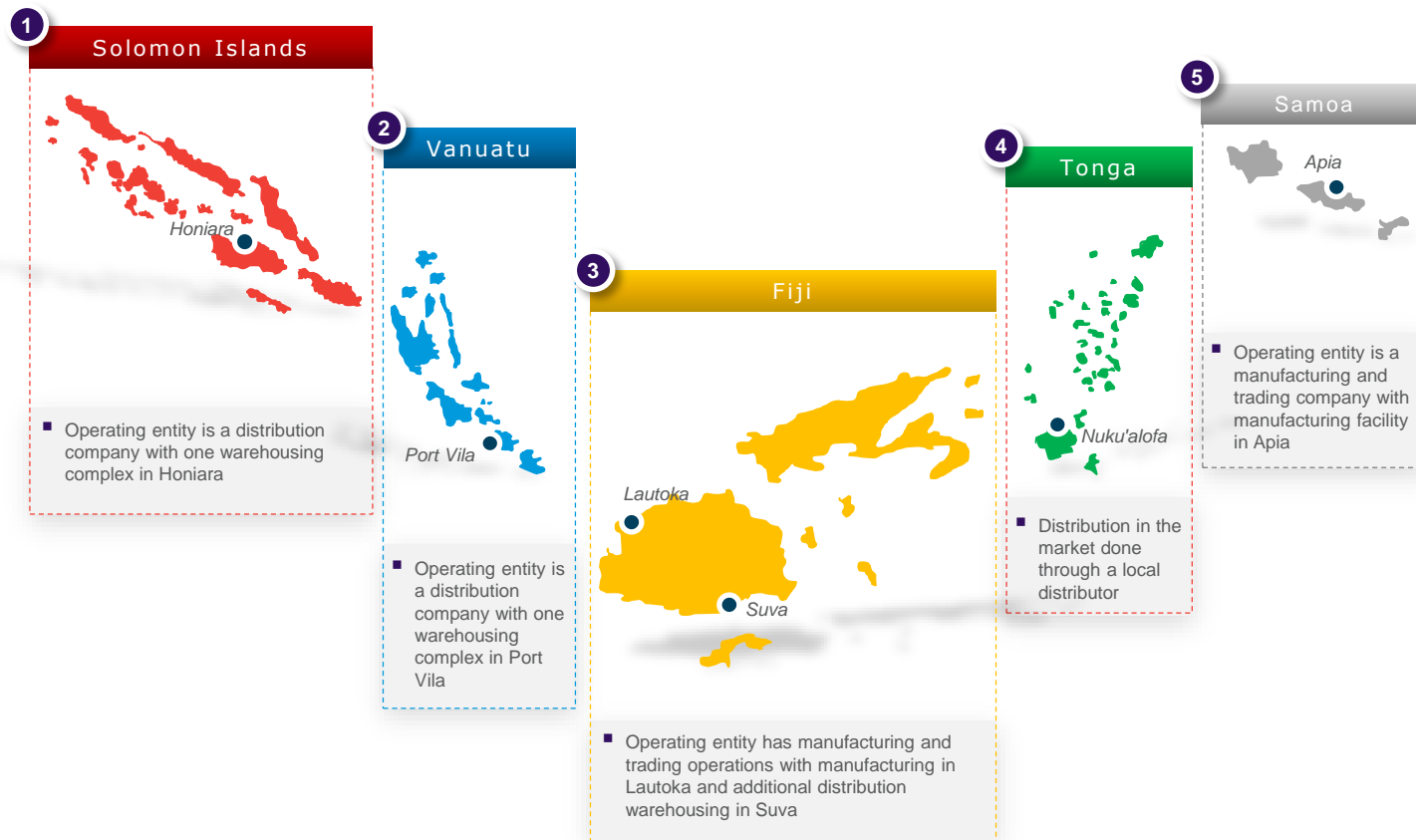
Opportunity Overview

We are pleased to present an opportunity to acquire the market leading paints and coatings businesses in the South Pacific Islands (“Lilac”)

Geographic Presence of Lilac

- Established in 1978 and part of a leading global paints and coatings company (the “Shareholder”), Lilac includes majority and controlling equity interest in the operating companies based in the South Pacific Islands (including Solomon Islands, Vanuatu, Fiji, Tonga and Samoa)
- As part of the divestment process, the Shareholder will also transfer its rights in two of its leading mother brands across the operating markets:
 - **Brand X** is the leading paints and coating brand for every home maker in South Pacific
 - **Brand Y** is a brand with premium image across South Pacific, Australia and New Zealand regions

The proposed target portfolio represents an attractive platform with leading brands, an established manufacturing base, extensive geographic presence and a wide distribution network



Key Investment Themes

The proposed transaction represents a rare opportunity to acquire an attractive business with significant market share and an exceptional operational and financial track record



Market player with strong presence and leading market share across different segments

- **A clear market leader for over 3 decades** with an estimated market share of **over 50% by volume and value** across key products and markets
- Strong recognition and loyalty for the brands across the operating markets
- Deep and wide network penetration with **presence in over 95%** of the retail network across the geographies
- Over 76 Dealer Tinting Systems across the territories – more than the combined numbers of its competitors



High quality product portfolio spanning a range of consumer markets and price-points

- Produces and distributes a **wide range of products** across various parts of the paint and coating markets including: home improvement / decorative paints, protective / industrial coatings, marine and automotive coatings
- Product portfolio present across **a full range of price points** including the ultra premium paint products, mid-range and the economy products



Strong manufacturing capabilities with in-built capacity to expand

- **Modern production facilities** with a total combined annual production **capacity of c.5,500KL** - current utilization rates of 60% and recently upgraded facilities allow a buyer to meet **forecast demand growth**
- **2 production facilities** and **3 distribution warehouses** strategically located to support access to market and customer servicing across the South Pacific Islands region



Experienced and dedicated management team

- The senior management team has **deep expertise in the paints industry** and a demonstrated track record of **strong financial, operating and manufacturing performance**
- The company has an experienced and loyal workforce engrained with excellence, continuous improvement, personal development



Attractive margins underpinned by extensive product/segment penetration and low cost manufacturing base

- Has demonstrated sustained strong financial performance with **consistently high EBITDA margins of over 20%** across its key geographies and markets
- **Well managed overheads** and strict cost control discipline
- Demonstrated track record of **positive cash flow generation** and **return on invested capital**



Strong upside potential in financial performance

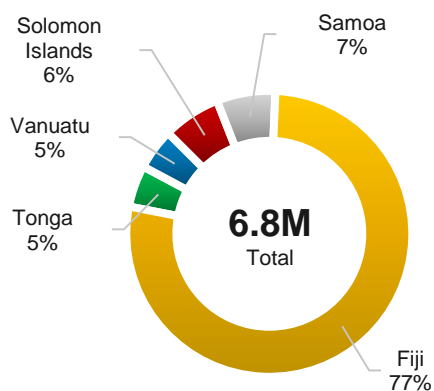
- Total sales and EBITDA are expected to grow at **CAGR of over 5.0% and 12.0%**, respectively between FY2020-FY2025 from continued market penetration and strong market fundamentals in the select geographies

Unique Leadership Position Across all Geographies

Lilac established a market leading and difficult to replicate position in every geographic market in which it operates. The two leading mother brands have powerful lineage and underpin the portfolio, appealing to those who seek reliability and performance from a trusted, homegrown brand and the aspirational sophistication of a multinational brand

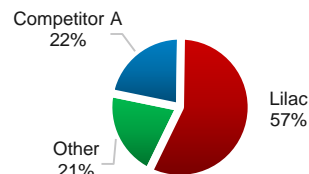
Estimated Market Size (2020)⁽¹⁾

Sales volume in liters



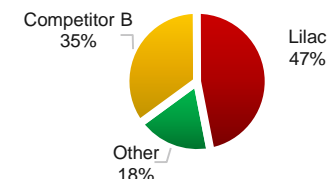
Fiji

Estimated market share (sales volume)⁽¹⁾



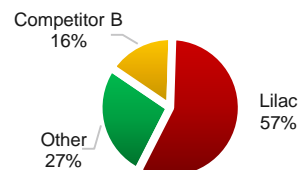
Samoa

Estimated market share (sales volume)⁽¹⁾



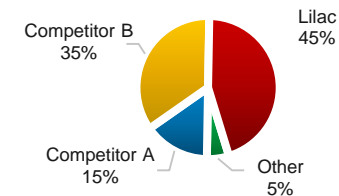
Solomon Islands

Estimated market share (sales volume)⁽¹⁾



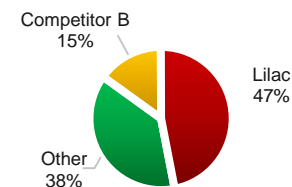
Vanuatu

Estimated market share (sales volume)⁽¹⁾



Tonga

Estimated market share (sales volume)⁽¹⁾

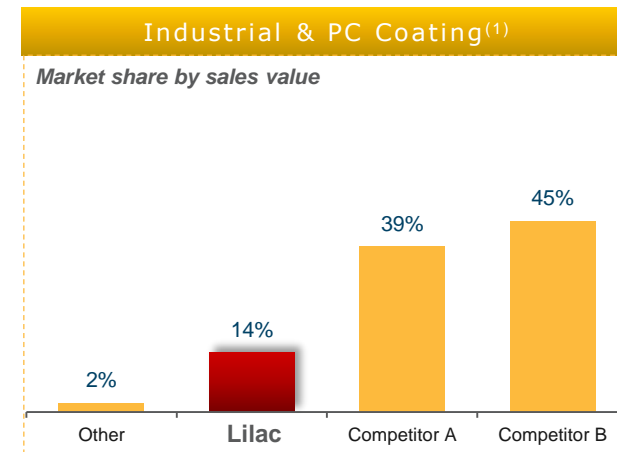
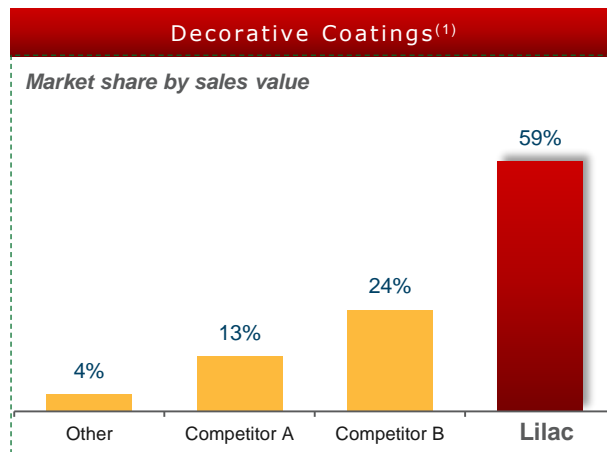
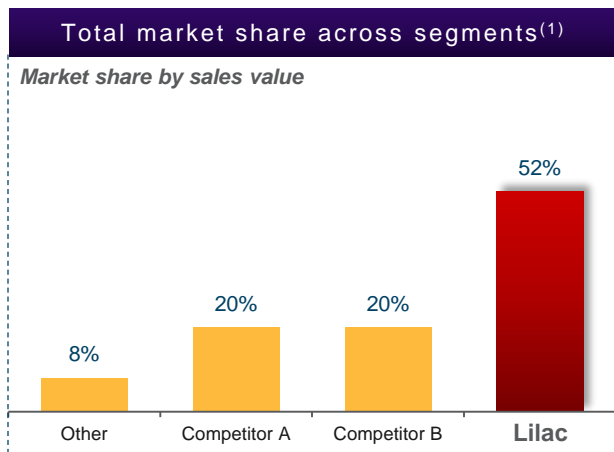


- The only player with **leadership position** across the select geographies
- Total combined annual sales volume of Lilac is **over 3x its nearest competitor**
- Strategically located manufacturing and distribution facilities with **effective inventory management** ensure the **seamless delivery of products** to customers across the region

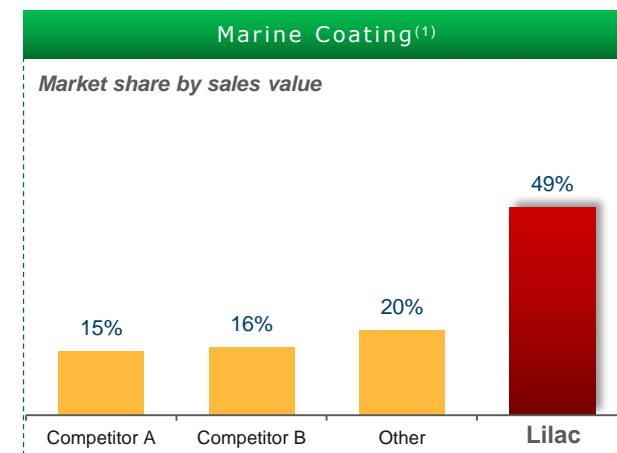
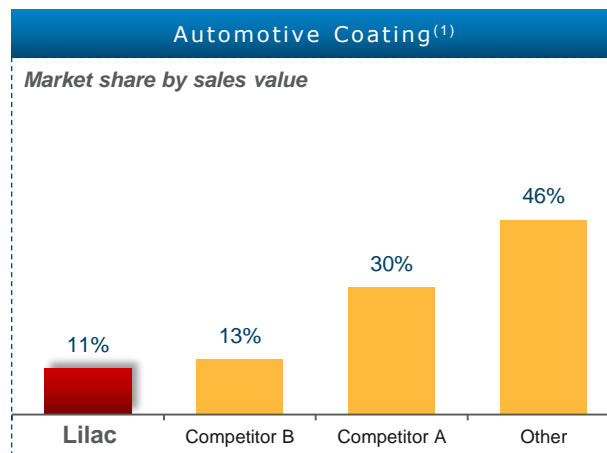
1. Based on Lilac's internal estimates
Source: Company information and industry reports

Leading Market Position Across Different Product Segments

Wide product portfolio across the two key brands allows Lilac to access a broad customer base at different price points across product categories throughout the South Pacific Islands region



- Lilac maintains a **leading position in the lucrative decorative coatings segment**, which remains the largest contributor to the company’s overall sales value and volume
- Additionally, Lilac achieved a leadership position in **wood coatings, marine segments** and strong presence in **industrial and automotive segments**



1. Based on Lilac’s internal estimates
Source: Company information and industry reports

Strong Historical Performance

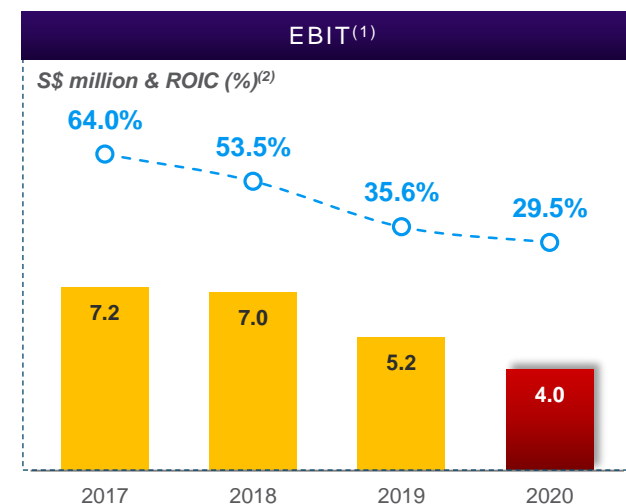
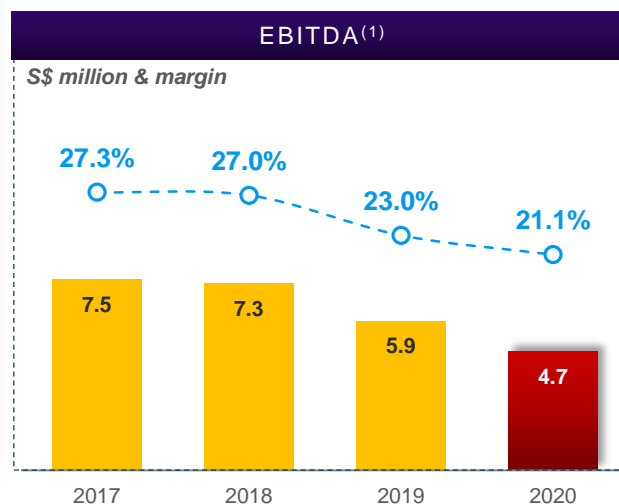
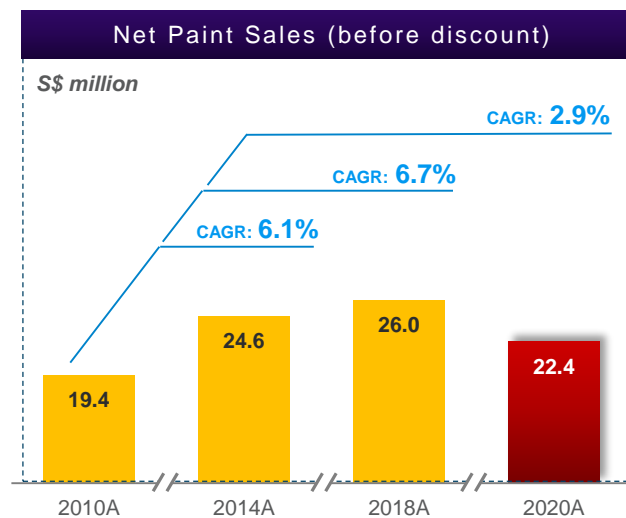
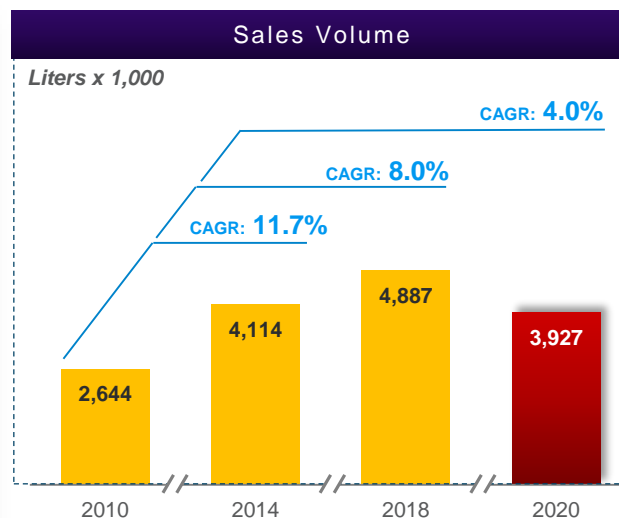
Demonstrated track record of continuous sales growth and consistently strong financial performance

- Lilac's sales have grown consistently between 2010 – 2020 driven by expanding market share and **increased investments in the construction sector across geographies**

- 8-year CAGR to 2018 – **8.0%** (sales volume) and **6.7%** (sales value)

- 10-year CAGR to 2020 is **4.0%** (sales volume) and **2.8%** (sales value)

- Significant exposure to the production and distribution of **high value / high margin** product categories and an effective cost structure enables Lilac to maintain one of the highest EBITDA and EBIT margins in the industry



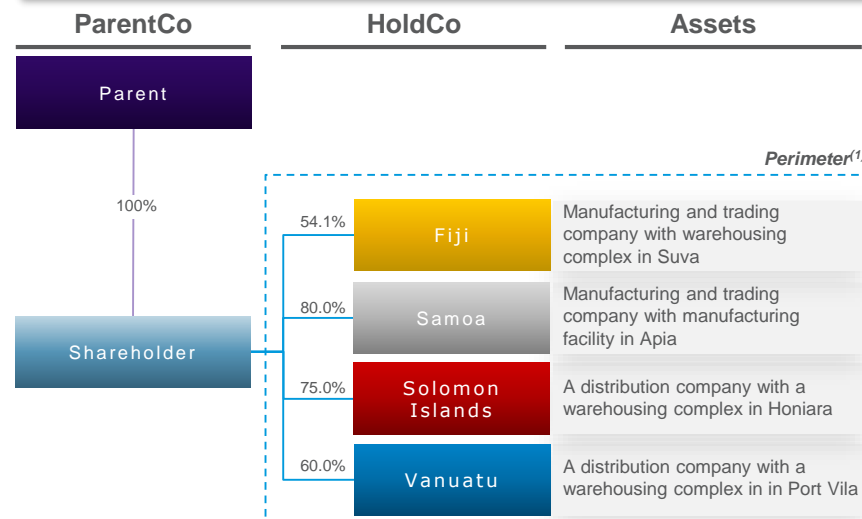
1. Figures adjusted for royalty payments to the parent company
 2. ROIC is calculated as LTM EBIT over average capital employed
 Source: Company filings and financial reports

Process Overview and Key Contacts

Process Overview

- ANZ is acting as exclusive financial advisor to the Shareholder
- The transaction perimeter covers Shareholder's equity interest in its businesses in the South Pacific Islands (including: Fiji, Samoa, Solomon Islands, Vanuatu)⁽¹⁾
- Shareholder's strong preference is to sell the entire perimeter in a single transaction, further details will be provided in a process letter
- The sale will be conducted through a two-stage competitive process
- Interested parties will be required to sign a confidentiality agreement, and subsequently will be provided with materials in order to evaluate the opportunity and submit a non-binding offer
 - Additional information including an information memorandum will be provided in Stage 1
 - Further details will be provided in a process letter to be shared ahead of Stage 1
- All communications or enquiries related to this process should be addressed to the ANZ representatives
- Under no circumstances should parties approach any shareholder, Director, officer, employee, agent, customer or supplier of Lilac or any of its affiliates

Transaction Perimeter



Key Contacts

Interested parties are invited to register their interest with the ANZ representatives below:

Martin Hanrahan
Head of Corporate Advisory

Tel: +61 2 8937 8160
Mobile: +61 418 646 208
Email: martin.hanrahan@anz.com

Kristoff Keele
Executive Director, Corporate Advisory

Tel: +61 3 8654 7323
Mobile: +61 473 006 171
Email: kristoff.keele@anz.com

Alexander Kolychev
Senior Manager, Corporate Advisory

Tel: +65 6708 1231
Mobile: +65 9777 5879
Email: alexander.kolychev@anz.com

Nancy Dong
Manager, Corporate Advisory

Tel: +61 3 8655 3131
Mobile: +61 481 902 309
Email: nancy.dong@anz.com

1. Operating company in Tonga is currently in the process of liquidation

Disclaimer

This document is confidential, and has been prepared by Australia and New Zealand Banking Group Limited (ACN 005 357 522) ("ANZ") on condition that it is for the exclusive information and use of the recipient. No part of this document may be disclosed to, used by or relied on by any other person, or used for any other purpose, without ANZ's prior written consent.

This document may not be reproduced, distributed or published by any person for any purpose. No part of this document may be quoted or referred to in any other document.

The information, opinions and conclusions in this document are subject to the assumptions and qualifications set out herein (the appropriateness of which are subject to significant uncertainties and contingencies, all of which are outside the control of ANZ).

Any forecast, estimate, projection or other prospective opinion in this document ("Projection") may be based on information and assumptions supplied to ANZ by a third party, reflects the author's judgment on the date of this document, is subject to change without notice, and is provided on the understanding that assumptions, on which Projections are based, may not be realised and that unanticipated events and circumstances may occur.

In addition to any other rights available to them, the ANZ Parties expressly advise that they:

- a. make no representation or warranty, express or implied, as to the accuracy, currency, reliability or completeness of the information in this document; and
- b. are not responsible or liable in any way whatsoever for any claim, loss, damage, cost or expense, whether direct, indirect, consequential or otherwise, arising (whether in negligence or otherwise) out of or in connection with this document, its contents or any omissions from it.

This document does not constitute, and under no circumstances is this document to be used or considered as, an offer of securities for issue or sale, an invitation to apply for the issue of securities, an invitation to offer to purchase securities, or an offer to underwrite securities or to provide finance.

ANZ Parties means ANZ, its related bodies corporate, and their directors, officers, employees, representatives, consultants and agents; and an *ANZ Party* means any of them.

ANZ is a registered business name of Australia and New Zealand Banking Group Limited. ANZ holds an Australian financial services licence.