Barloworld Coatings

Welcome

Barloworld Plascon

Barloworld Coatings Australia

Barloworld Automotive Coatings

Barloworld Plascon Africa

Barloworld Coatings Colourants

icc

Barloworld Coatings Complementary Products

HAMILTON'S

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Investor Presentation

21 September 2006

Leadership Team

André Lamprecht (54), BCom, LLB, PED-IMD, chief executive officer. 25	**Garth Smart** (49), BA, LLB, MBA, chief operating officer and managing director, Barloworld Coatings, Australia. 19
André Naudé (53), BCom, MBA, executive manager, general projects. 12	**Kendal Shand** (50), Teachers Training Diploma, LLB, executive, HR services. 11
Baron Schreuder (38), BSc, managing director, Barloworld Plascon South Africa. 4	**Marius Minnie** (41), BCompt (Hons), CA(SA), director, strategy and business development. 15
Doug Swanson (54), BA, MBA, managing director, Barloworld Automotive Coatings. 31	**Neil Davies** (51), BCom, CA(SA), regional finance director, Barloworld Coatings Africa. 26
Doug Thomas (48), BAcc, CA(SA), divisional financial director. 25	**Rodney Tweed** (36), BAdmin, business development manager. 15
Ebrahim Mohamed (52), BA, BCom, managing director, Barloworld Plascon Africa and managing director complementary businesses. 24	**Trudi Neill** (43), BCom, managing director, International Chemical Corporation. 17

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Executive
Team members not present today

Garth Smart

Doug Thomas

Trudi Neill

Rod Tweed

André Naudé

Presentation Focus

- **Presentation Focus on African operations**
- **Australia**
  - Depressed usage of coatings in Australia against GDP growth and in contrast to other developed economies – related to industry structure
  - Rationale - Market leadership
  - ACCC decision
  - Exploring alternatives

ACCC Ruling

Ivor Ries
E L & C Baillieu Stockbroking Ltd

"Furthermore there are no barriers to imports of paint and the big three retailers, Bunnings, Mitre 10 and Home Hardware, today account for 60% or more of retail sales. Market power rests with the retailers, not the manufacturers, something that the ACCC seems to have missed.

Although I stand to be corrected, this may go down as the **dumbest decision** the ACCC ever handed down."

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Progress

- Profit for the business as a whole more than doubled (2002-2005)
- Profit for the African businesses increased more than three fold (2002-2005)
- Value more than doubled
- Superior returns
- Target: Finding suitable growth opportunities

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Top Companies Report

COATINGS WORLD
The Resource for the Global Coatings Industry

Putting the Web To Work For You

Features

- Home
- Current Issue
  - Table of Contents
  - Business Corner
  - Editor's Page
  - Features
  - Industry News
  - Meetings/Events
  - International Reports
  - New Products
  - Ad Index
  - Classifieds
  - Archive
- Breaking News

2006 Top Companies

Our ranking is based on annual sales of paint, coatings, adhesives, sealants and related products. For companies based outside the U.S., sales are translated into U.S. dollars using the average currency exchange rate for the company's fiscal year/reporting period. Click on a company name to jump down to the company information.

1.	Akzo Nobel (The Netherlands)	$6.974 billion
2.	Henkel (Germany)	$6.236 billion
3.	ICI Group (UK)	$5.817 billion
4.	Sherwin-Williams (USA)	$5.728 billion*
5.	PPG Industries (USA)	$5.566 billion
6.	DuPont (USA)	$3.78 billion*
7.	BASF Coatings (Germany)	$2.714 billion
8.	Valspar (USA)	$2.713 billion
9.	RPM (USA)	$2.556 billion
10.	SigmaKalon (The Netherlands)	$2.215 billion
11.	3M (USA)	$2 billion*
12.	Nippon Paint (Japan)	$1.9 billion*
25.	Dai Nippon Toryo (Japan)	$600 million
26.	Tikkurila (Finland)	$569.76 million
27.	Brillux (Germany)	$530 million*
28.	Forbo (Switzerland)	$505.54 million
29.	Orica (Australia)	$434.79 million
30.	Barloworld (South Africa)	$404 million
31.	Arch (USA)	$358 million
32.	Kelly-Moore (USA)	$345 million
33.	Wattyl (Australia)	$335.63 million
34.	KCC (South Korea)	$312 million
35.	Chugoku Marine Paint (Japan)	$310 million*
36.	Helios (Slovenia)	$285.9 million

Progress

- Acquired two businesses during the current year
  - Prostart Investments – Automotive refinish distributor
  - Midas Earthcote – Decorative Paint Manufacturer / Enterprise development project
- Benefit will not be reflected in current year results
  - Trading results only included for lesser part of the year
  - Once off negative consolidation impact of intergroup transactions
- Four acquisitions over the last three years added in excess of R400m in value to our business
- All acquisitions exceeding expectations

The Global Coatings Market

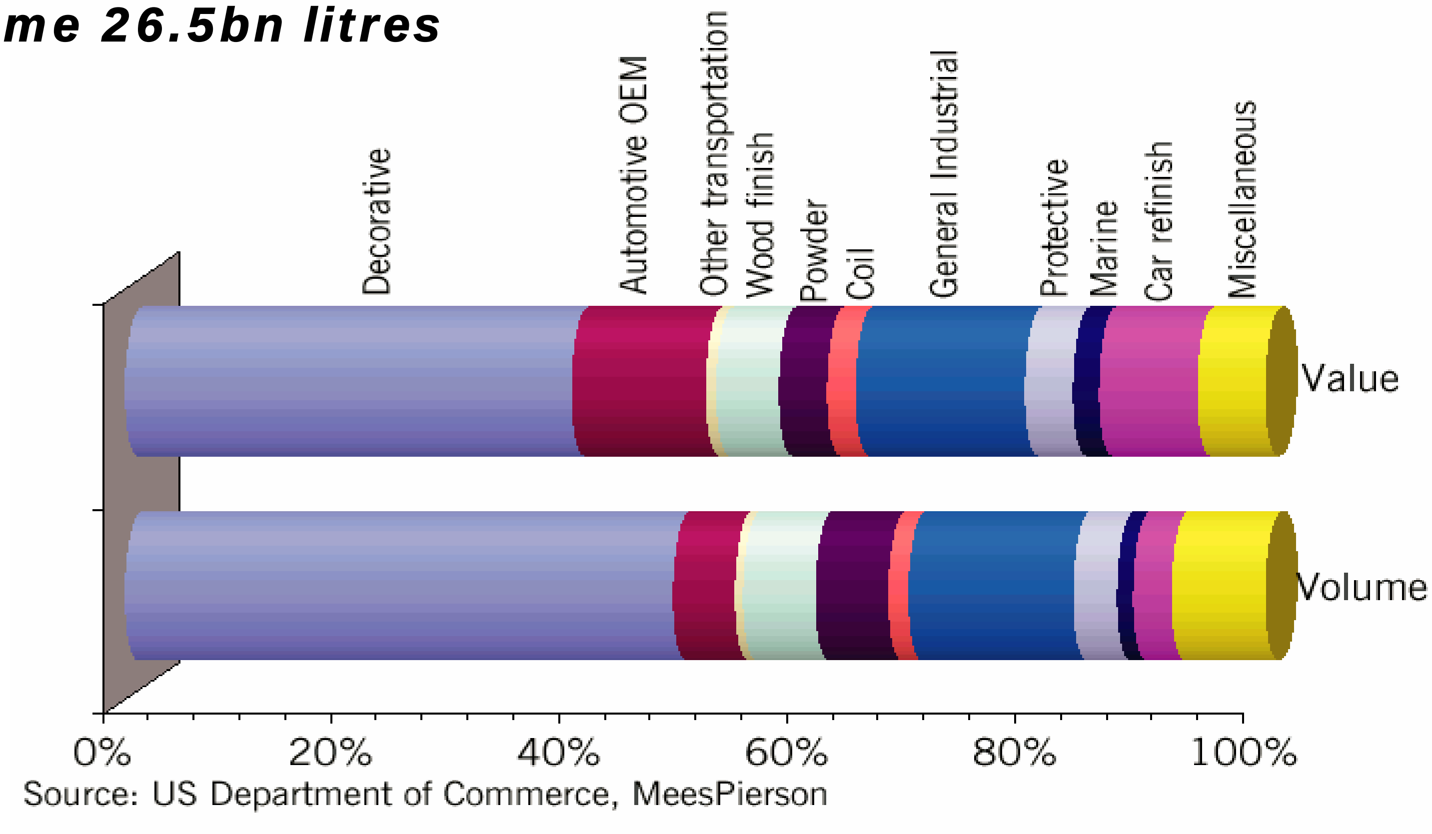
Source: DuPont

The Global Coatings Market

2005

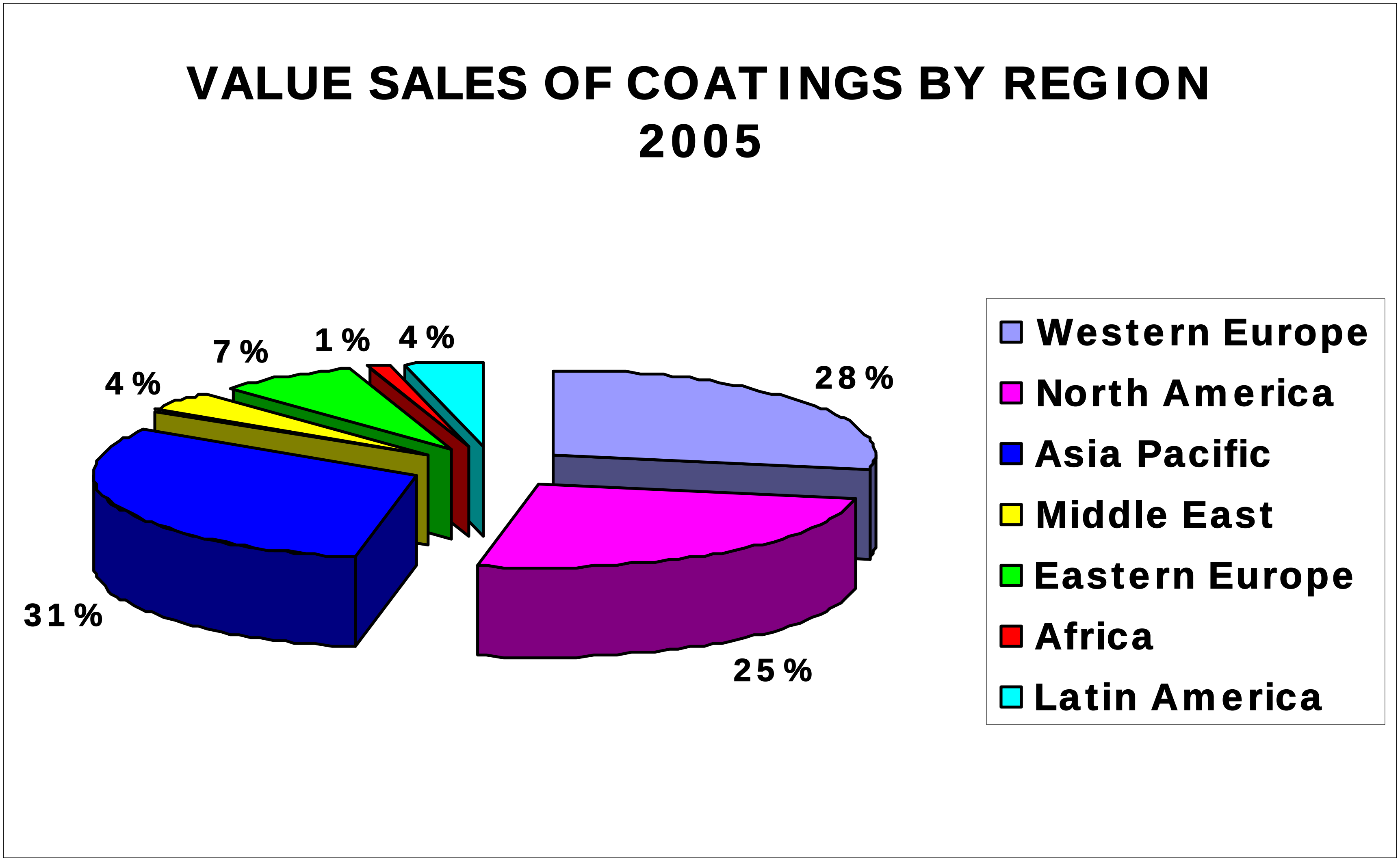
Value US$85.7bn

Volume 26.5bn litres



Source: DuPont

The Global Coatings Market



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The Global Coatings Market

% Value growth by region

	2001-2005	2005-2010
Asia Pacific	26.3	39.8
Western Europe	-3.5	13.3
Eastern Europe	42.8	68.1
North America	5.6	18.8
Latin America	3.7	17.0
Middle East	19.4	14.9
Africa	10.8	27.2

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The Global Coatings Market

Top 10 Global Companies	Share
Akzo Nobel	9.3%
PPG	8.6%
Sherman-Williams	7.9%
DuPont	7.6%
ICI	5.7%
BASF	3.6%
Valspar	3.6%
Sigma Kalon	3.0%
Nippon	2.7%
Kansai	2.6%

Top 10 U.S. Companies	Share
Sherwin-Williams	28.8%
PPG	19.7%
Valspar	10.3%
ICI	8.8%
DuPont	8.2%
RPM	5.9%
Azko Nobel	5.4%
Benjamin Moore	4.9%
Masco	4.7%
BASF	3.5%

Barloworld Coatings in top 30 based on Turnover

GLOBAL COATINGS MARKET
Trends

- Global consolidation in both manufacture and retailer
- Focus on emerging markets, including China
- Technology development
- Stricter environment regulations
- Earth brands
- Texture Coatings
- Concept stores
    - In store opportunity

GLOBAL COATINGS MARKET
Distribution Shift Trends

- Growth of housebrands
- Need for additional brands for different channels
- Need to continue to build own brands
- Need to be connected with distribution to the trade

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GLOBAL COATINGS MARKET
Distribution Shift Trends

- Professional contractors account for 60% of coatings purchases compared to 43% in 1983
- Home centers have been growing

Year	DIY	Pro
1983	57%	43%
1993	48%	52%
2003	40%	60%
2004E	38%	62%

The South African Coatings Market

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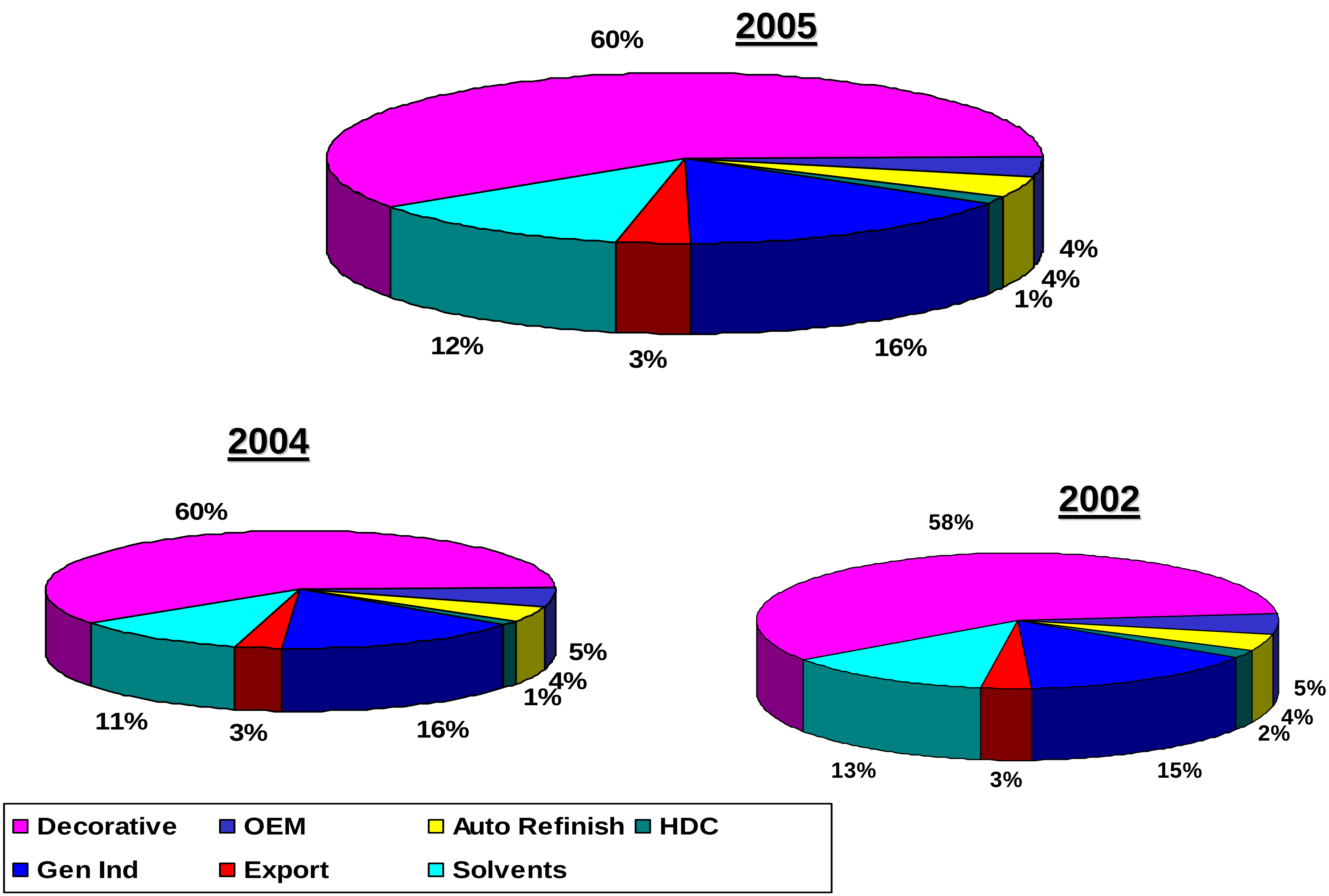
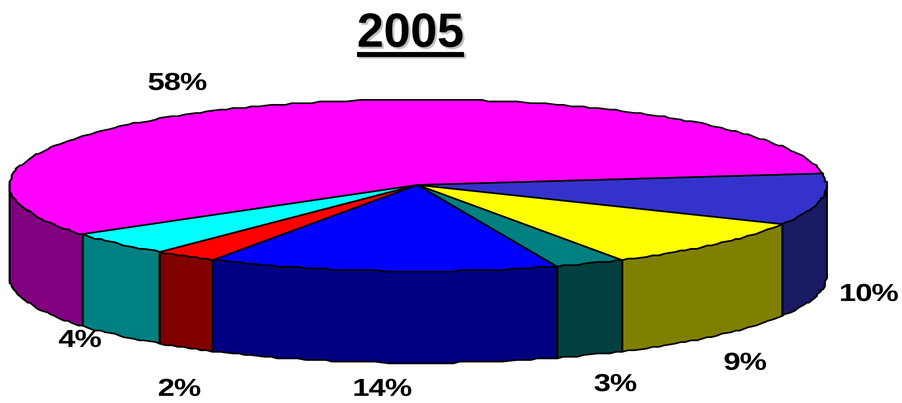
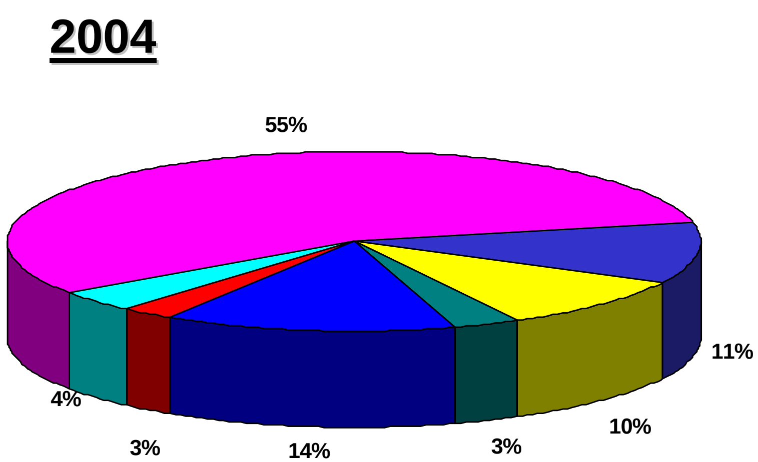
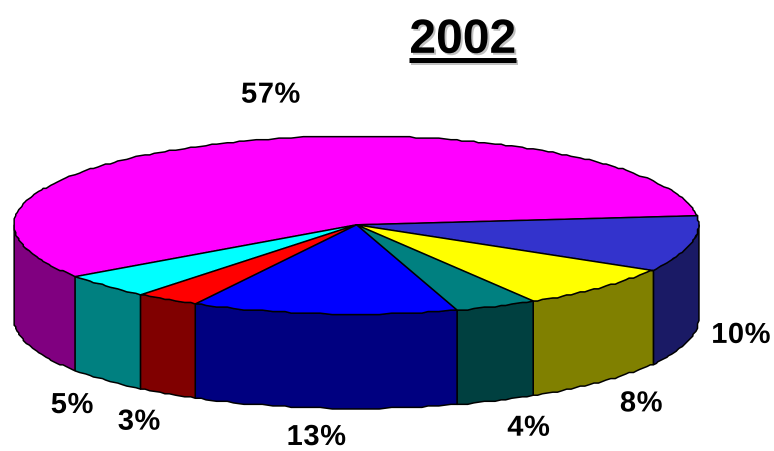
Market Segmentation: Volume



Market Segmentation: Value







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Source: DuPont

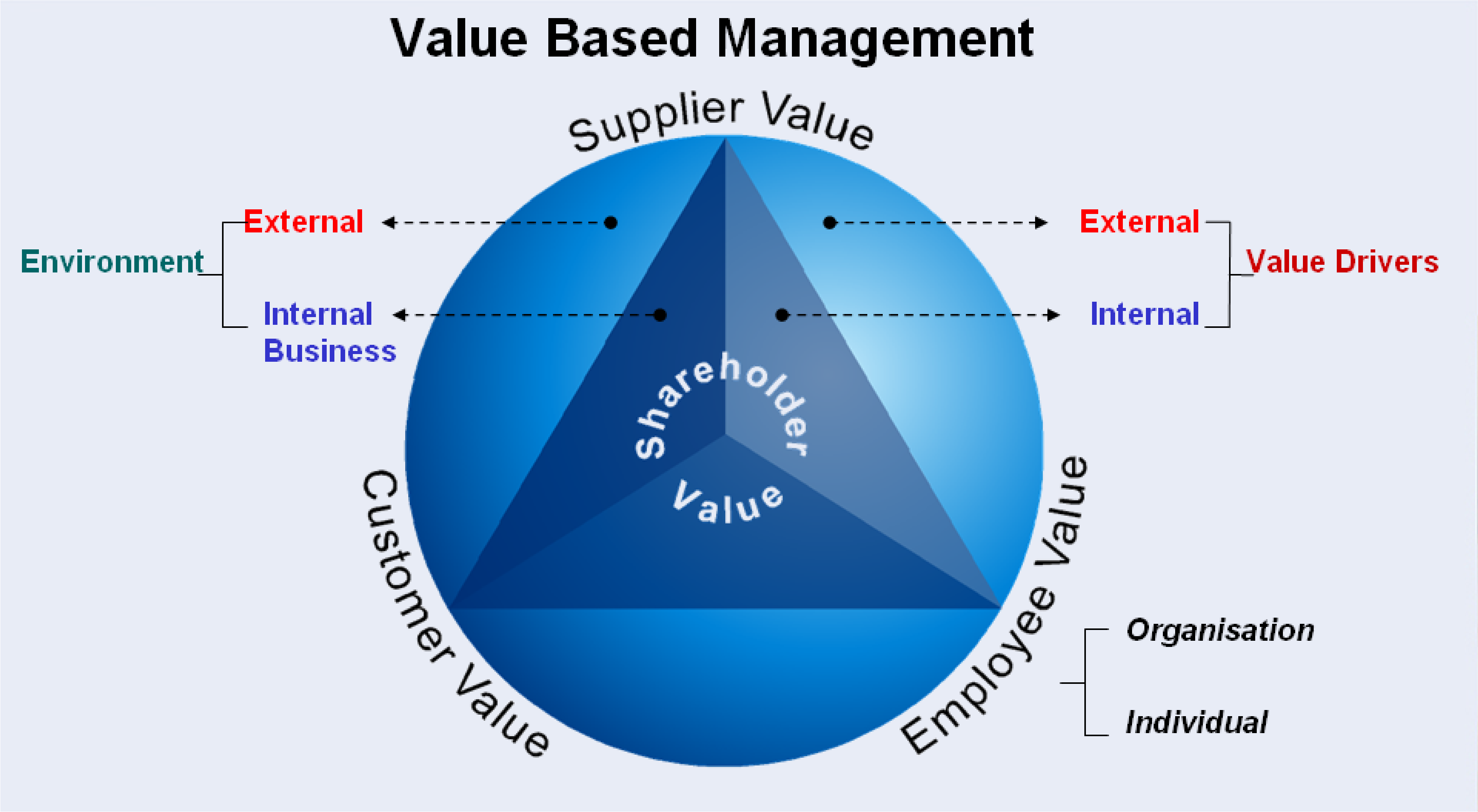
The Future

World Class (also in scale)

Commercially sensible and socially responsible Coatings Multinational

present in selected geographies with superior growth

VBM Remains Our Mantra



We are committed to creating sustainable value for <u>all</u> stakeholders

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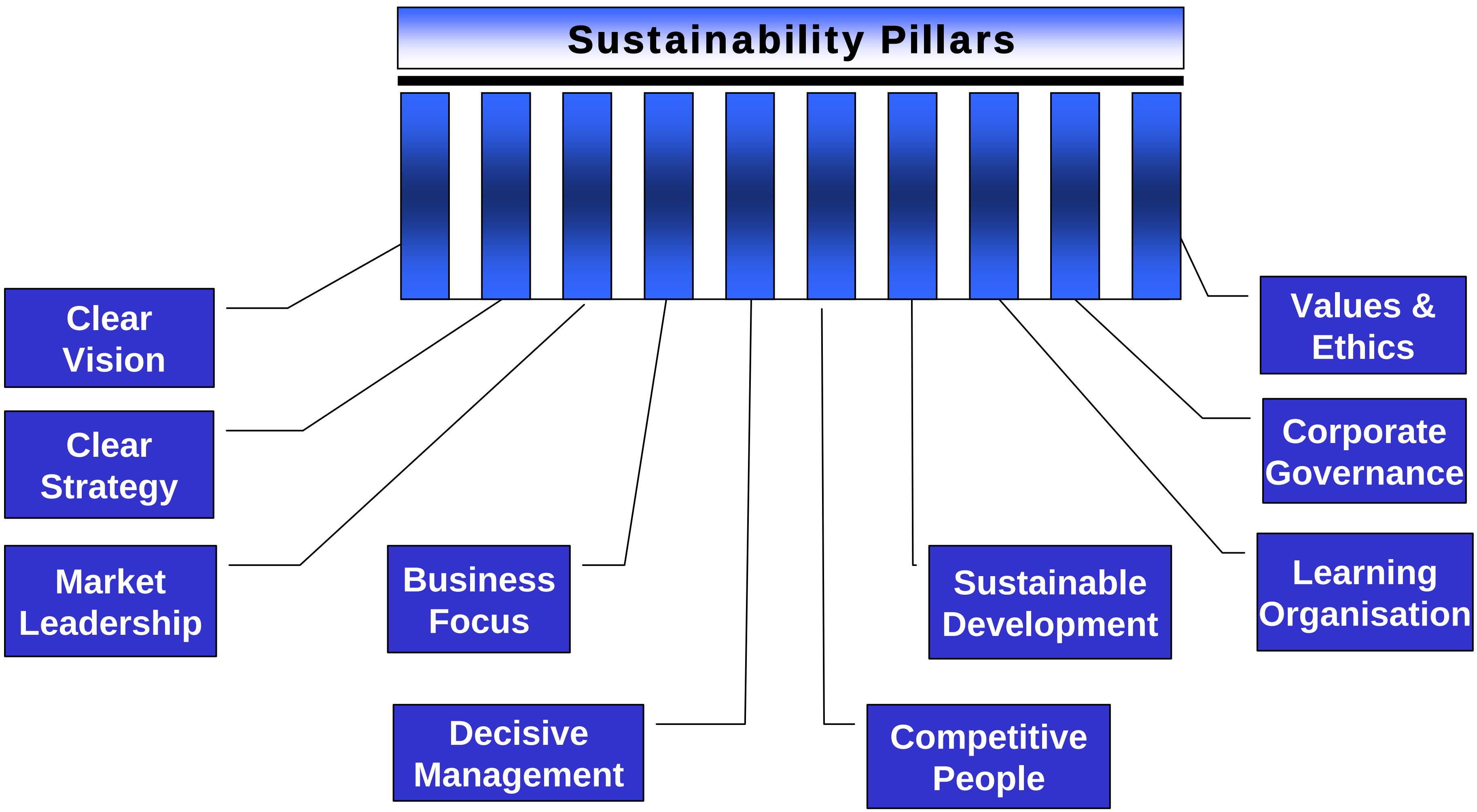
Our 10 Pillars of Sustainability



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MARKET LEADERSHIP

- **Disruptive technologies**
- **Approach to Adjacencies**
  - “Core” in context of a System Solution
  - Defensive strategies
  - Complementary products
- **Leadership in our core businesses**
- **Regional as a minimum**
- **Pricing and margin, not just market share**

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Market Leadership

	Decorative	Industrial	Automotive	Colourants	Complementary
South Africa					
Africa					
China					

Market Leader Number 1 or 2

Not Market Leader

Start up business

No Presence

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The Future

World Class, commercially sensible and socially responsible Coatings Multinational

- In scale, from second tier leader to first league
- Brand building
  - Premium and appropriate brands
  - Channel alignment
- Lower overall Business System Cost
- Role of tinting systems
- Product Range, Composition, Characteristics, Functionality and Process Re-engineering, international standards (ISO 9000/14000/18000)
  - Role of Stellenbosch
- Focus on innovation
- New Business model via our experience in China

The Future

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World Class, commercially sensible and socially responsible Coatings Multinational

- Growth Phase
  - 2007 Year of Consolidation
  - Continue to pursue acquisitions
- Coherence of approach
- VBM mantra

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Progress and Value Creation

Source: DuPont

Market Segments

	Architectural	Industrial	Furniture	Automotive OEM	Automotive Refinish	Colourants	Complementary
Plascon SA							
Plascon Africa							
Australia							
Automotive							
Colourants							
Hamilton							
Midas							
China							
Prostart					Distribution		

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Progress

	2002	2005	% Change
Segment Turnover	2501	2507	0.2%
Segment Result	131	256	95.4%
Segment Assets	796	776	-2.5%

Segment Result As % of BAW	6.5%	7.5%	

Progress

	2006	2011
Segment Turnover		
Segment Result	282	?
Segment Assets		

* At a 10% improvement

Progress
Africa Sourced Operations

	2002	2005	% Change
Segment Turnover	1266	1558	23%
Segment Result	95	285	200%
Segment Assets	210	522	149%

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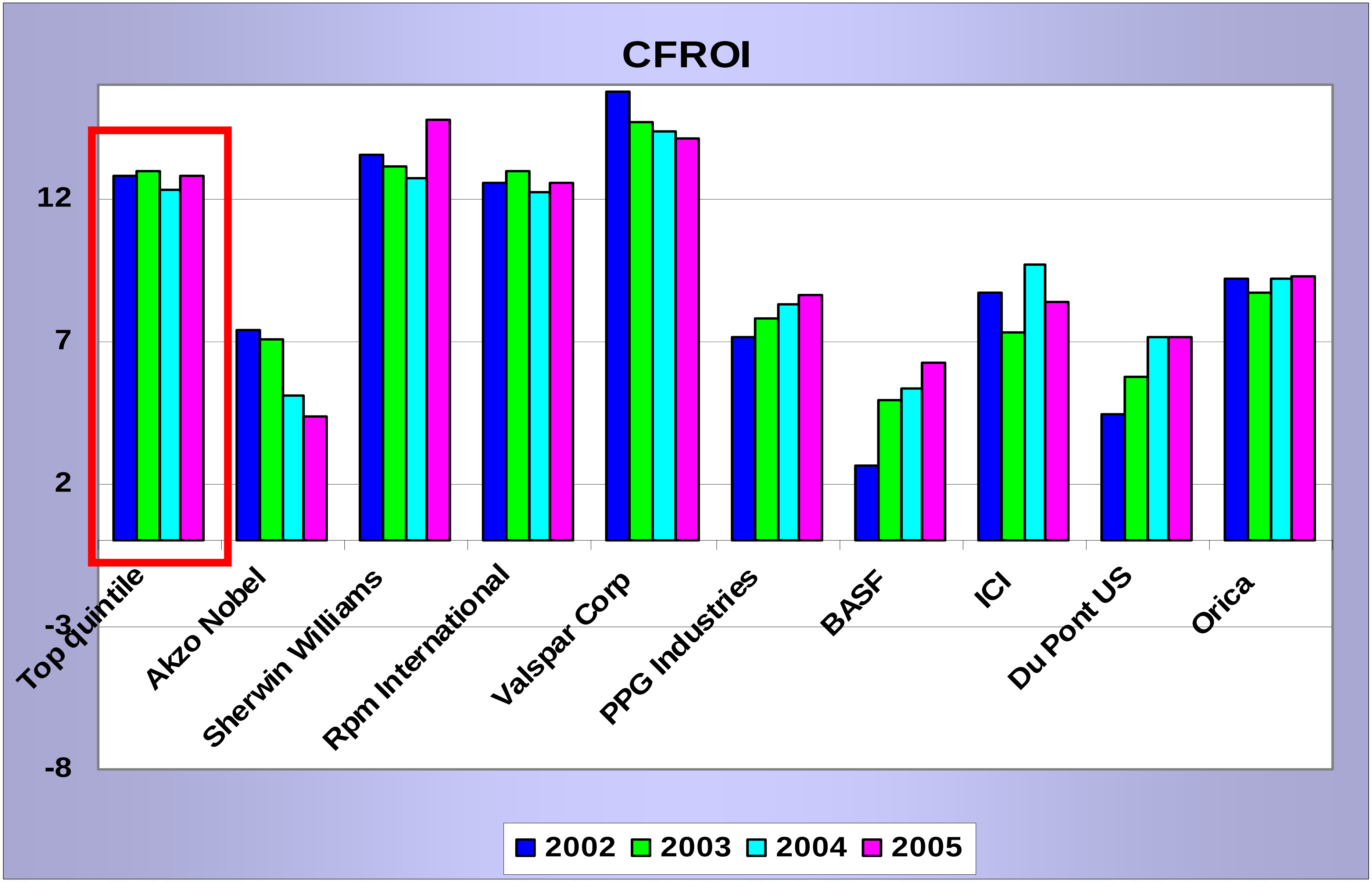
Progress
Africa Sourced Operations

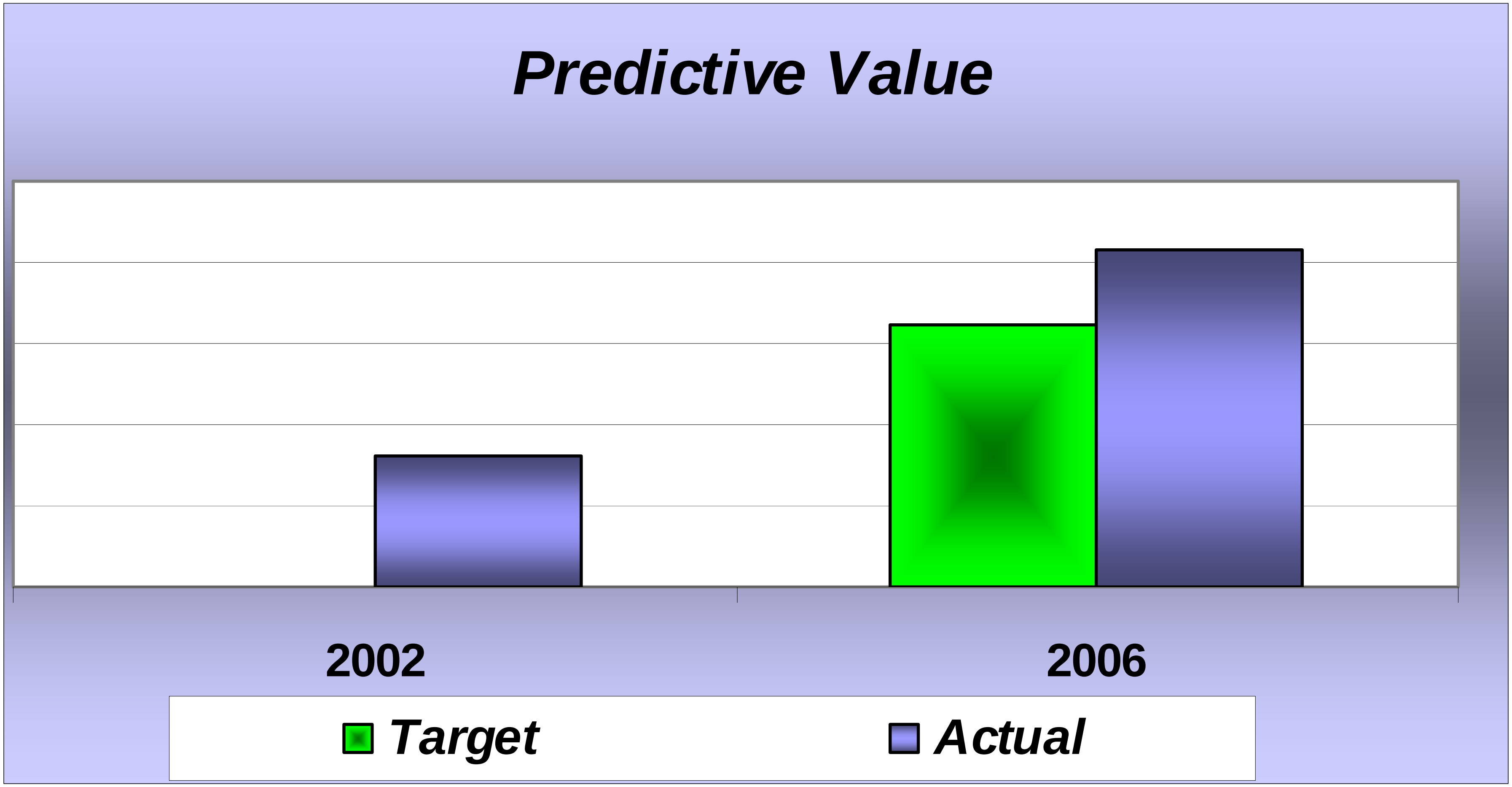
	2006	2011
Segment Turnover		
Segment Result	314	573
Segment Assets	726	

* At a 10% improvement

Peer Comparison



Value creation
Predictive Value 2006
2X4x4 target 2006



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GLOBAL COATINGS MARKET
The South African Context

- Retail channel consolidation / Margin fade
- Shift in DIY trends
- Raise the “game” in application
- Marriage of “high end” Paint Décor Stores
- Shift from commoditization to system solution, defining the core
- Evolution of required new business model
    - Role of Black Economic Empowerment
    - Enterprise Development and the co-op concept

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Barloworld Plascon

Barloworld Plascon South Africa

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- **Anchor**
- **Growth**
  - **Construction activity**
  - **2010**
  - **retail customers (Big Boxes)**
  - **Industrial focus**
- **Innovation and environmental**
- **Reengineering**
  - **Processes**
  - **Sourcing of Raw Materials**
  - **Cost focus (Input cost +- R800m)**
  - **Logistics and distribution**
- **Investment in facilities and capacity**

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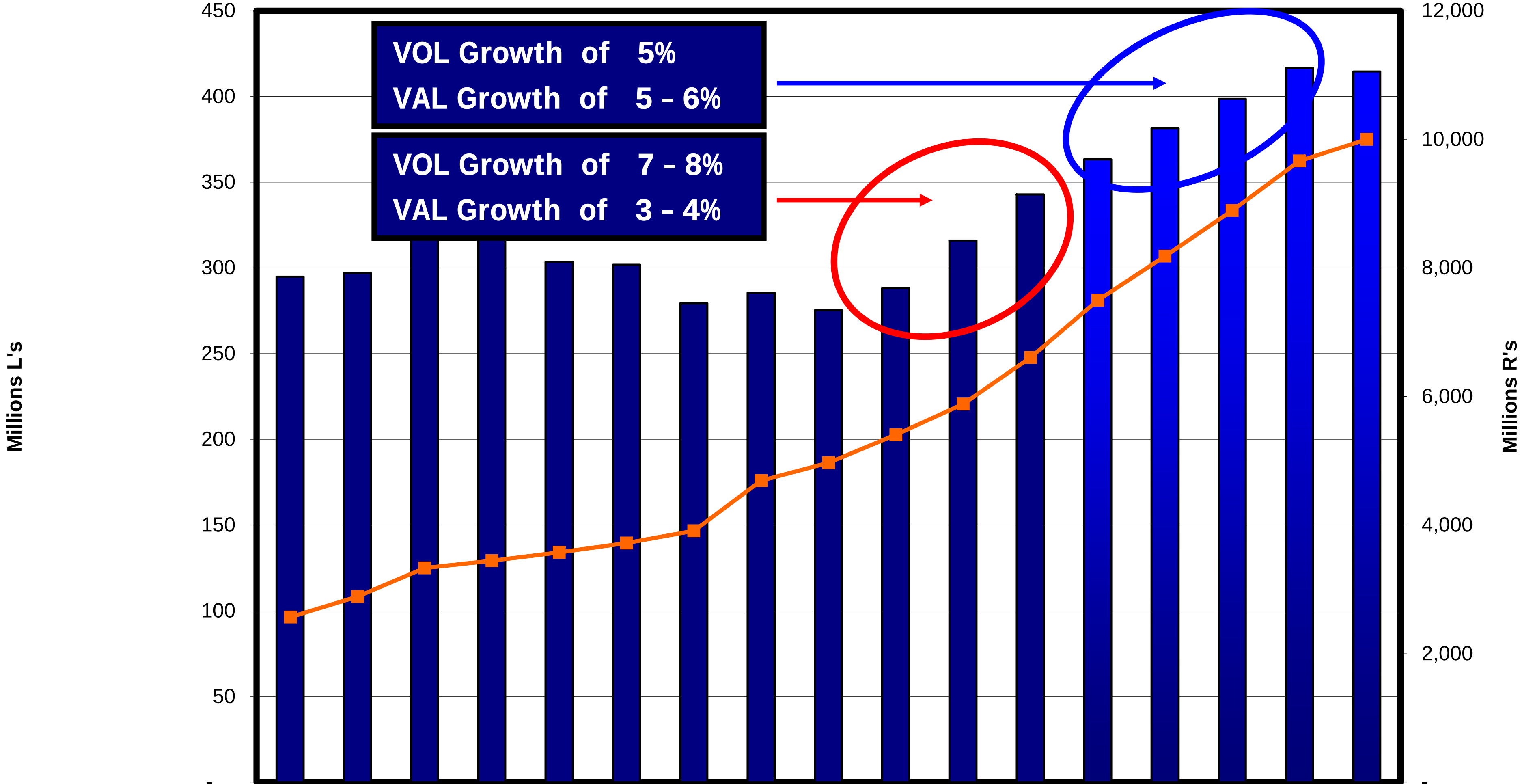
Coatings

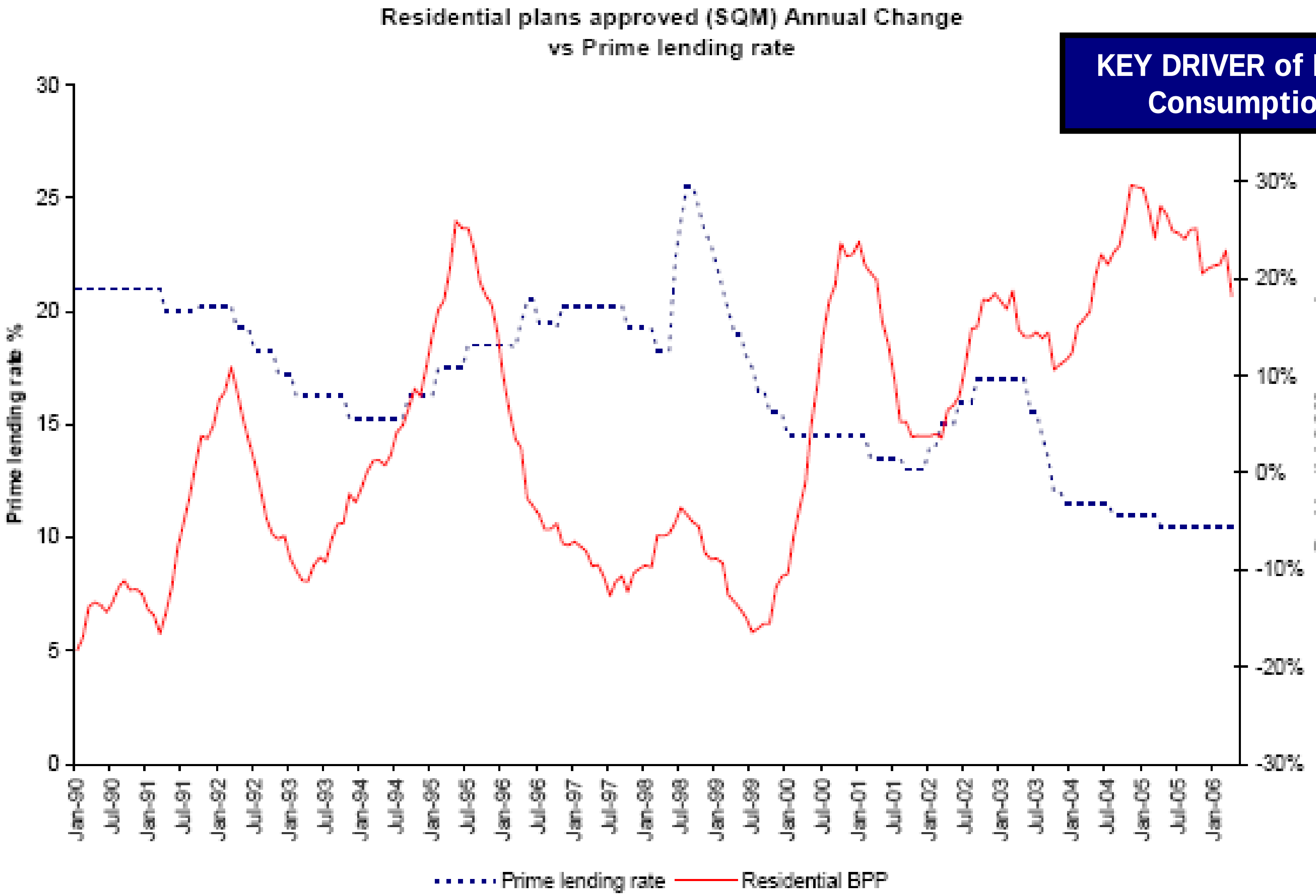
TOTAL SOUTH AFRICAN PAINT MARKET



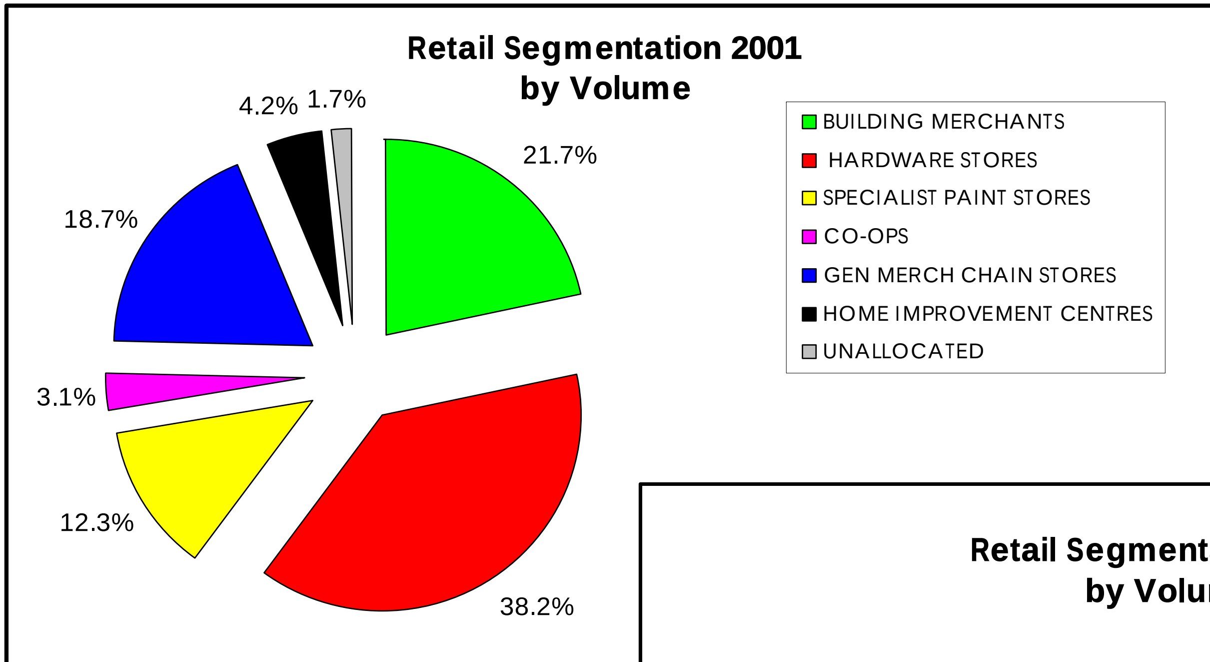
	1995A	1996A	1997A	1998A	1999A	2000A	2001A	2002A	2003A	2004A	2005A	2006 Forecast	2007P	2008P	2009P	2010P	2011P
Total Market Volume	295	297	326	319	303	302	279	285	275	288	316	343	363	382	399	417	415
Total Market Value	2,568	2,890	3,332	3,446	3,576	3,722	3,911	4,692	4,969	5,407	5,883	6,606	7,493	8,182	8,892	9,664	10,000

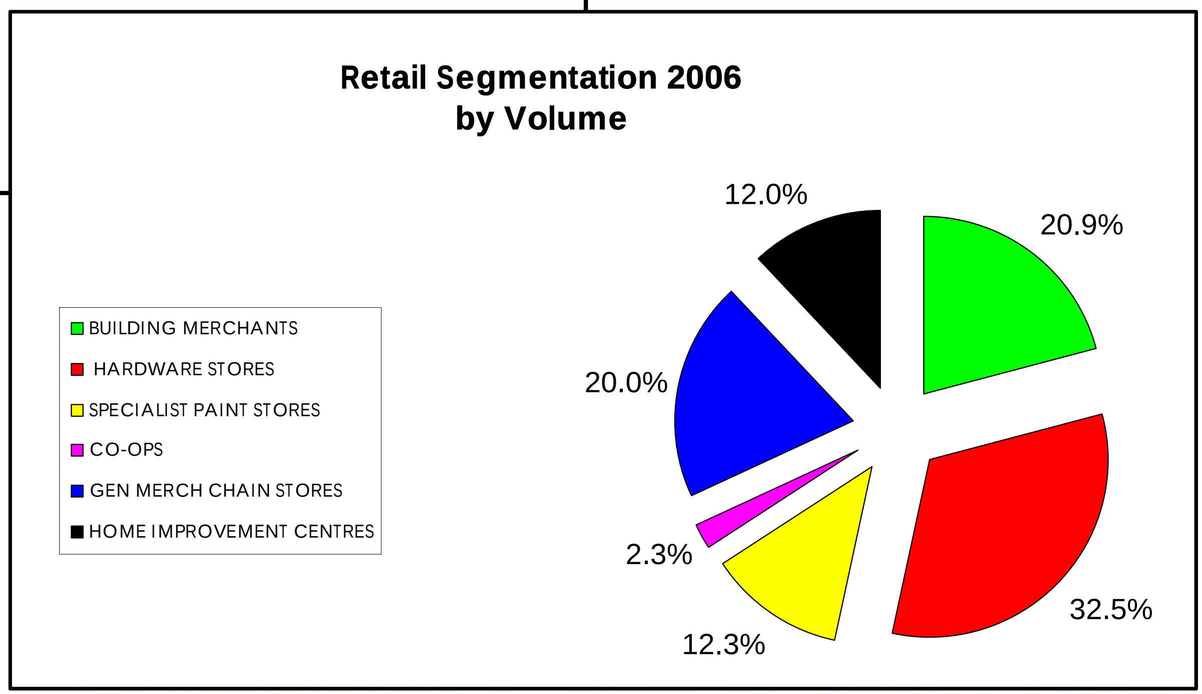
HIGH LEVEL ISSUES
Market Drivers

KEY DRIVER of Paint Consumption



Retail Segmentation





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New Stores

	Opened 2006	Planned 2007
Massmart		
Game	9	9
Builders Warehouse	3	1
De La Rey	1	1
Builders Express		1
Other		
Mica	9	20
Iliad	4	20
Jacks	3	
Barneys	1	
Pick 'n Pay		5
Chamberlains		1
Spar Build It	27	40
Herbert Evans	1 58	98

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Brand Positioning

Premium

Superior

Mid

Economy

Plascon Professional Range

Plascon's product range caters for all consumer needs and price points

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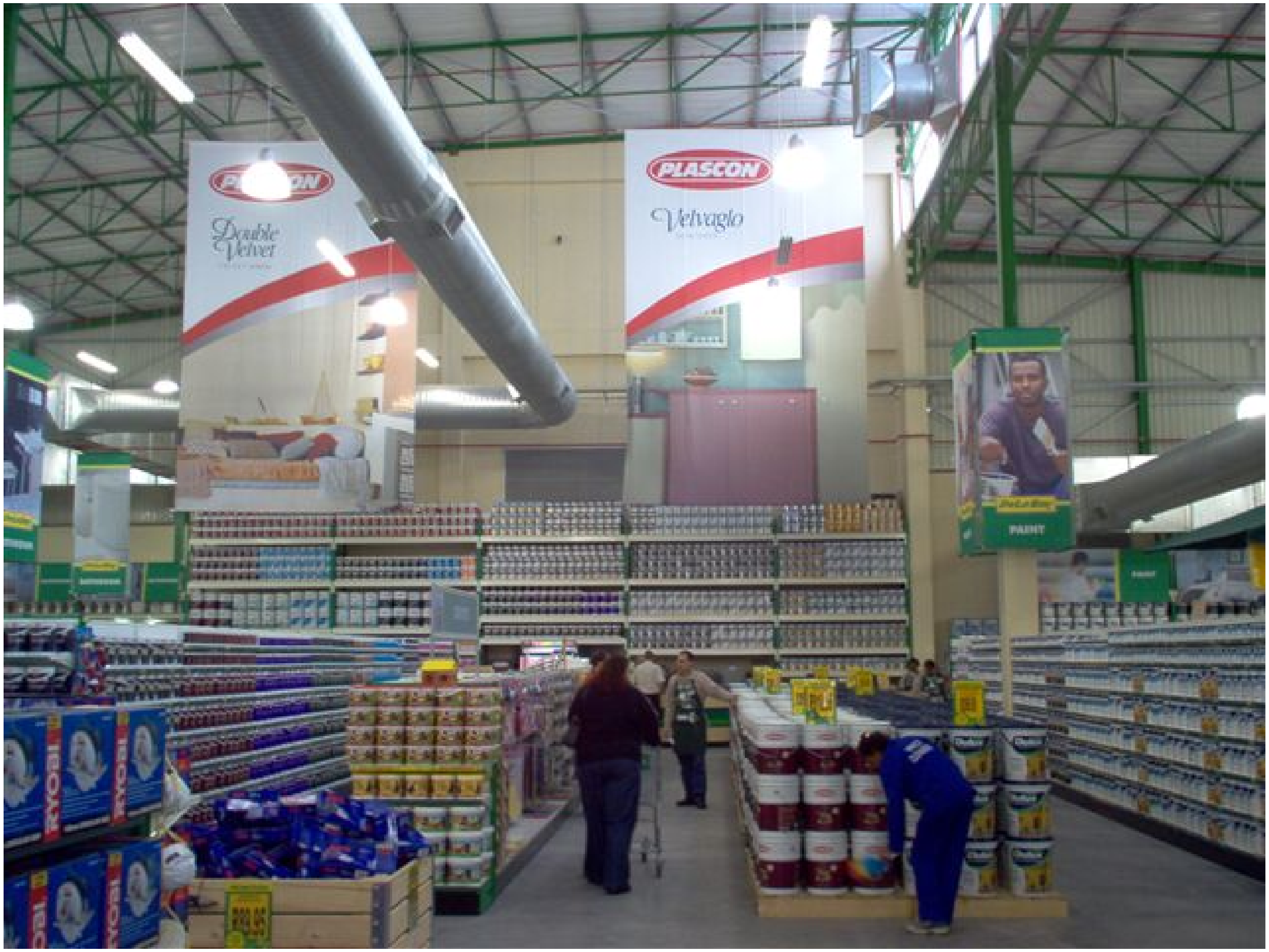
Visual Management



Cape Town
Upgrade of warehouse staff Ablutions

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Durban

Upgrade of ablutions for the factory staff

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Luipaardsvlei
Upgrade of piping system to improve quality and waste management

Automotive Coatings

- Benefit of buoyant vehicle sales and market growth
  - Investment by OEM's
- Will maintain OEM market leadership
- Favourable consequence for refinish business
- Learnerships
- Investing in infrastructure to capitalise on growth opportunities
  - PE warehouse
  - Manufacturing facilities in Durban
    - Toyota expansion

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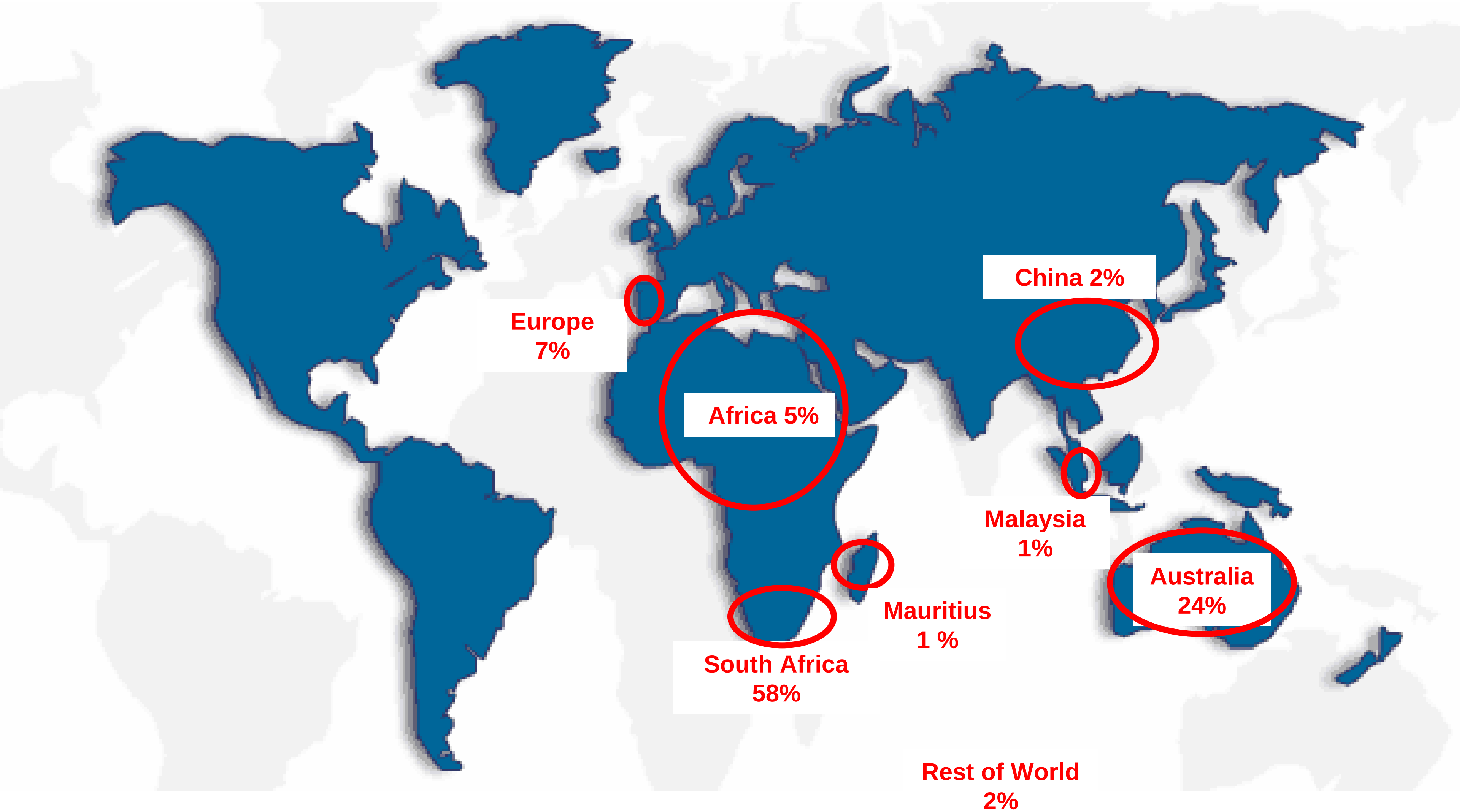
Port Elizabeth
New Warehouse

Port Elizabeth
Raw Material Store

Port Elizabeth
Premix Plant

COLOURANT
World Wide Sales



Almost 40% Non-Rand sales.

Colourants

- Stricter environmental regulations creating environmentally friendly colourant opportunities in Europe and other developed countries

- Glycol free and low VOC range of products to be introduced to a newly acquired customer in Greece – benefit to be included in the new calendar year

Midas & Enterprise Development

- Systems, solutions approach opposed to simply product approach
- Growth / shift towards contractors
- Access to middle and economy end brands to service new channel
- Government Infrastructure spend
- BBBEE and learnerships
- Enquiries regarding franchising opportunities outside of South Africa
- Launch of Freshground in Builders Warehouse

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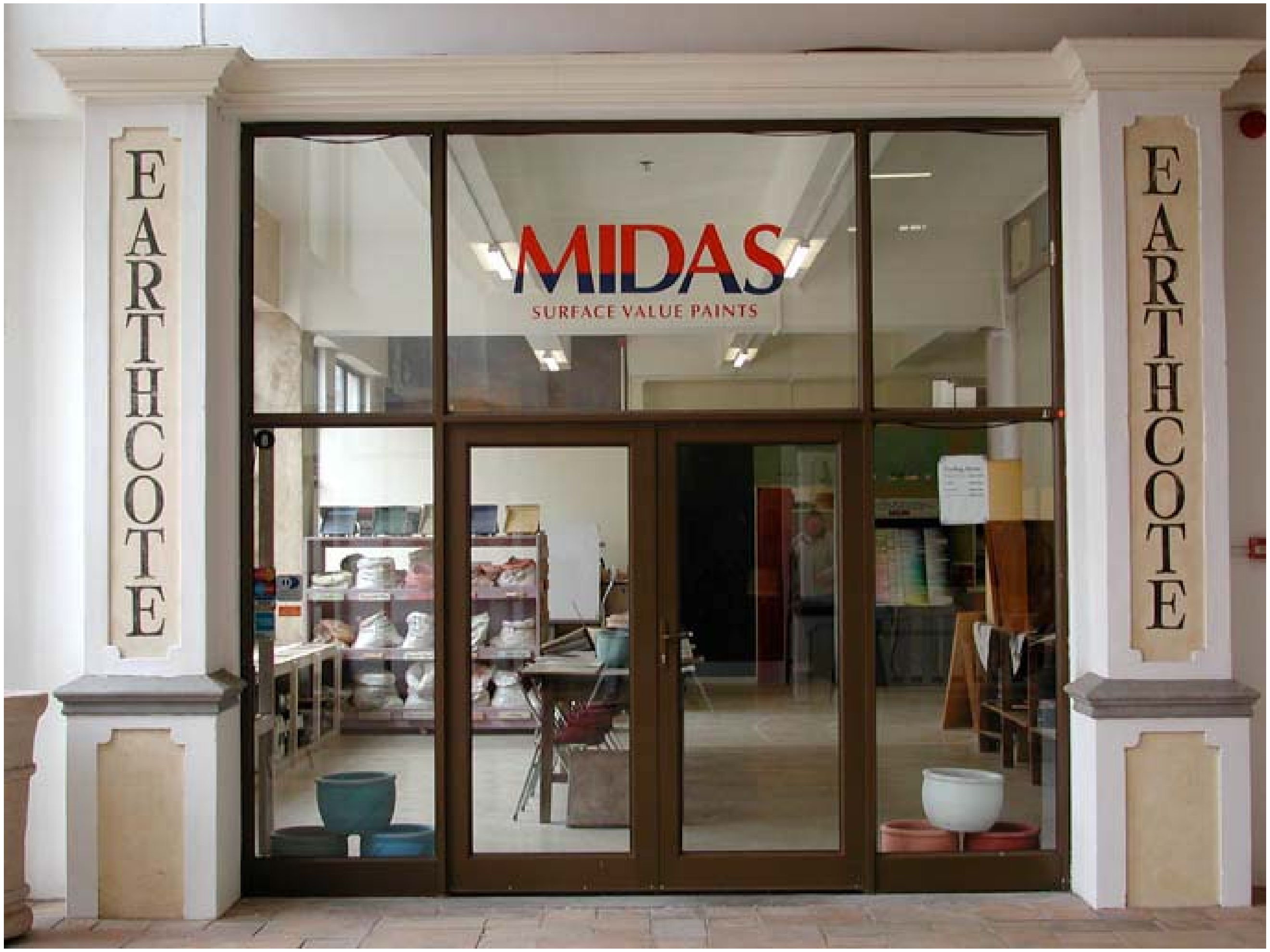

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Hamilton

- Complementary products - link to systems approach
- Access to Distribution channel creating Synergistic opportunities for some of our other products in particular through the independent hardware chains
- Premium brand
- Market leader
- Expanded offering to existing customers

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China

- Through a lower business system cost model and disruptive technologies, develop partnerships with the users and manufacturers of Architectural Coatings in selected provinces in China

- Specifically implement & Expand Pre Paints Partnership with Rohm & Haas - Project Elephant

- Research project undertaken to define prospective acquisition targets in China - Project Rhino

Project Rhino

Project Rhino

Warehouse

Manufacturing

Administration

Staff Restaurant

Dormitory

Project Focus

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Project Focus

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Question Time

Concept Store Visit

Cocktails