



**iPLEX**  
Pipelines



 **KEY PLASTICS**



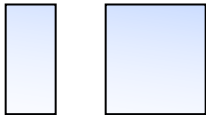
kingston bridge  
engineering pty ltd  


# FLETCHER ANALYSTS TOUR

## PIPELINES DIVISION OVERVIEW

28<sup>TH</sup> SEPTEMBER 2011

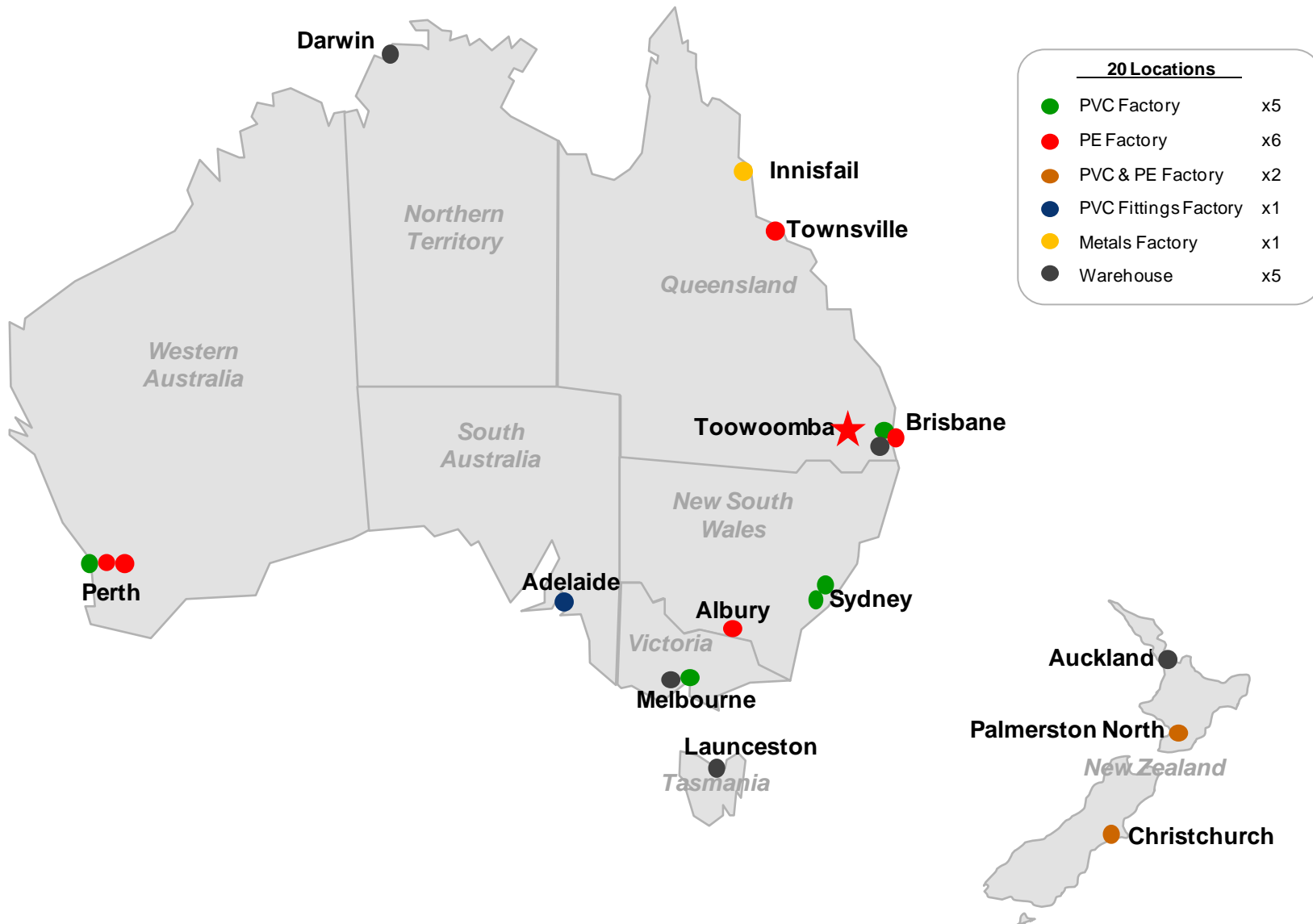
# 1. BUSINESS: PLASTIC PIPE & FITTINGS SYSTEMS



Plastic pipe and fittings systems for distribution of Water,  
Gas & Conduits for Telecommunications & Electrical



## 2. LOCATIONS





### PVC pipe and fittings

- Higher pressure ratings – diameters up to 600mm
- Joined using rubber-ring sealed fittings
- Lower cost raw material than PE



### PE Pipe and Fittings

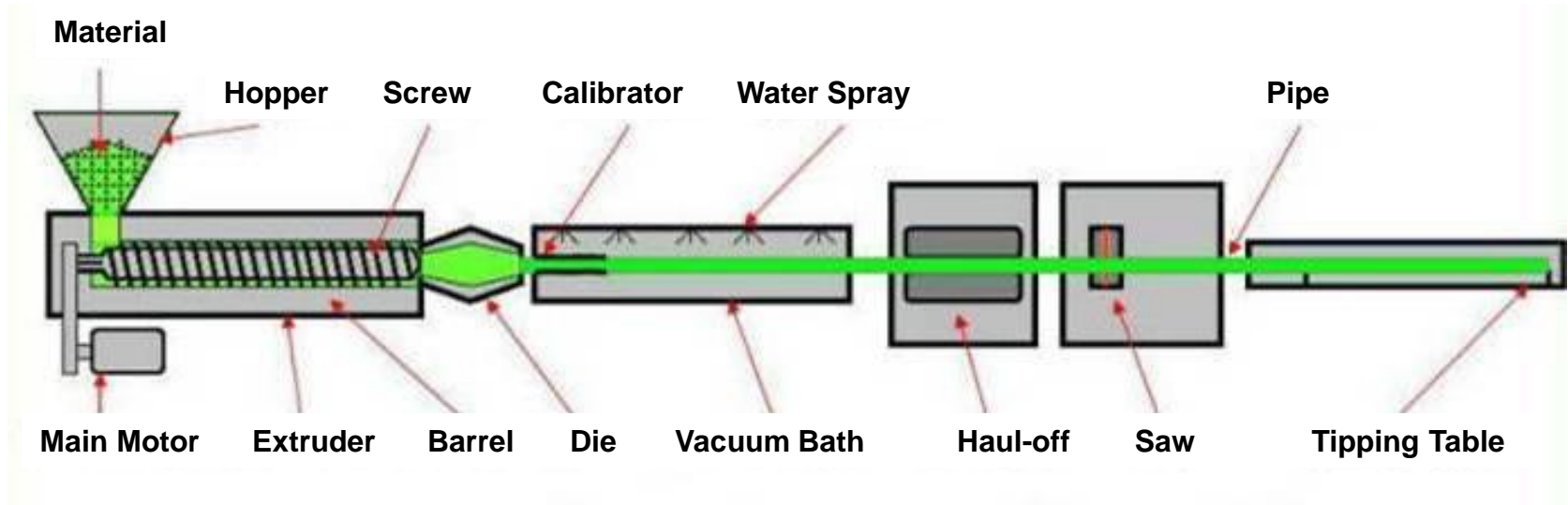
- Lower pressure ratings - diameters up to 2,000mm
- Joined by a butt-weld process or electro-fusion fittings
- More robust - better in areas with unstable/moving ground

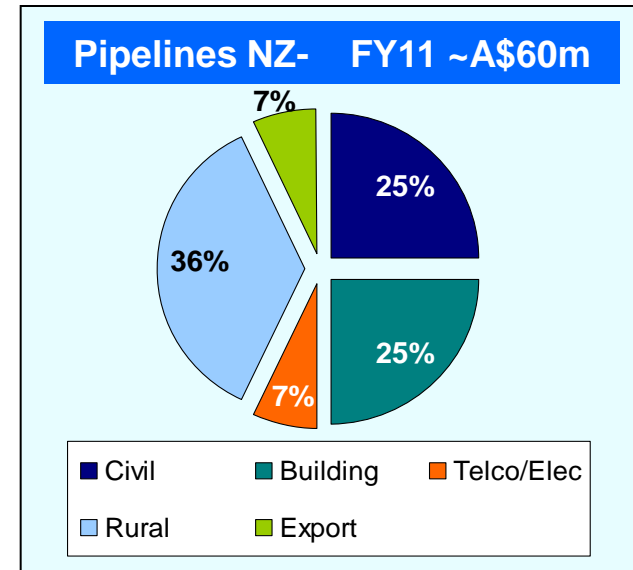
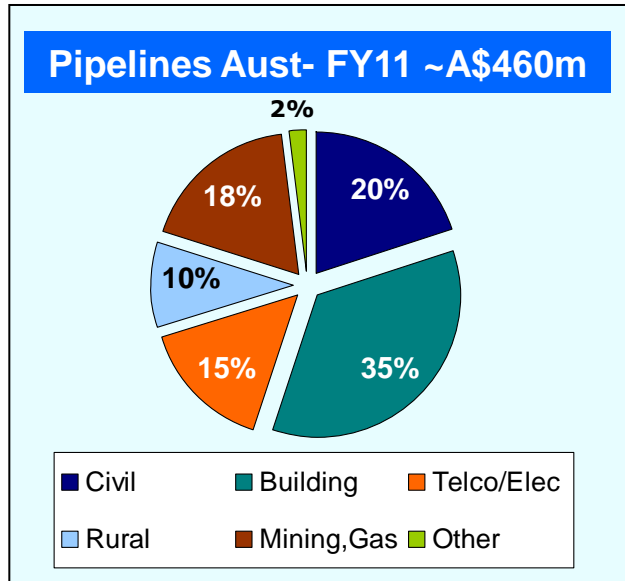


### Other products

- Ductile Iron Pipe and Fittings (manufactured and purchased)
- Glass Reinforced Pipe
- BlackMAX (Polybutylene)
- Plastic Hot and Cold Water Systems (K1, K2 and Pro-fit)

# 4. PLASTIC PIPE EXTRUSION PROCESS





- While the overall market conditions remain tough the mining sector is performing strongly
- Building and Electrical conditions are the most challenging at present
- Number 1 in PVC and close Number 2 in PE

- Rural and Civil sectors are strong but plumbing remains tough
- Number 2 in PVC and in Number 3 in PE

Source: Iplex management accounts reports

## Financials

<u>\$AUD</u>	<u>FY10</u>	<u>FY11</u>
Sales	501m	524m
EBIT	31m	35m
EBIT/Sales	6.2%	6.7%



## Australia

- Volume outlook driven by Mining and CSG activity offsetting flat/softer performance in residential based markets
- Margin contraction being experienced in commodity based products in residential based segments

## New Zealand

- Market growth expectations in Plumbing & Civil resulting from Christchurch earthquake rebuild (greater H2 impact)
- Improved activity in rural markets (Dairy Payouts and Canterbury projects)



## Coal Seam Gas (CSG)

- Represents substantial new demand for PE Pipe
- Iplex have secured \$180m of contracts with the first two developers



## Rural Water Infrastructure

- The \$10bn *National Water Initiative* funding has focussed on water buy-backs
- The significant breaking of the drought has not helped
- Starting to see smaller scale Irrigation Trust spending arise



## National Broadband Network (NBN)

- Overall NBN investment large, but pipe conduit sales potential is only modest
- Quantum of sales will also depend on the portion of ducting infrastructure re-used
- Designs starting now, any sales not expected until 2012 calendar year



## New Zealand

- South Island growth potential, led by Christchurch re-build activity from H2 FY12
- Rural Water Infrastructure project potential also evolving in the Canterbury region to commence from FY13





## Goal:

To be the #1 supplier of plastic pipe and fittings in all our major markets via lowest delivered cost, technology focussed business  
- differentiating from competitors via service, product offer and capability

## Key Strategies

### Lowest Delivered Cost

- Leverage evolving technology
- Manufacturing footprint in proximity to market
- Efficient supply chain

### Differentiate

- Best in market service offer
- Leading product offer
- Deep capability (footprint location / capacity & engineering expertise)