

# Acquisition of Consumer Lawn and Garden Business from Yates Limited



# TRANSACTION SUMMARY

- Orica to acquire Consumer Lawn and Garden Business from Yates for A\$45 million
- The acquisition is conditional on Yates obtaining shareholder approval for the sale
- Completion is expected by the end of October 2003

# Yates Business



## HISTORY

- ✍ Market leader in the garden care sector in Australia and New Zealand
- ✍ Yates brand has been in existence for over 100 years in Australia and New Zealand
- ✍ Other icon brands include:
  - Hortico
  - Gro-Plus
  - Dynamic Lifter
  - Ratsak
  - Watkins
  - Thrive
  - Zero
  - Aquasol
  - Plassay



## PRODUCTS

- ✍ Broadly divided into following categories
  - Seeds
  - Plant foods (fertilisers)
  - Plant protection (herbicides, fungicides, pesticides)
  - Growing media (potting mix)
  - Merchandise (pots)

## BUSINESS OUTLINE

- ✍ Sales in excess of A\$100M
- ✍ Employs ~ 270 people
- ✍ 5 manufacturing plants
  - Mt Druitt in Western Sydney (seeds, plant foods and merchandise)
  - Wye (near Gosford) in New South Wales
  - 3 smaller plants at Pakenham in Victoria and Auckland and Maramarua in New Zealand

# YATES IS AN ATTRACTIVE “BOLT ON” FOR ORICA CONSUMER PRODUCTS

- ✍ Yates is the largest supplier to the Australian and New Zealand garden care sectors with number one market positions
- ✍ Garden care sectors provides attractive underlying growth rates (2 times GDP)
- ✍ Provides Orica Consumer Products with category expansion
- ✍ Significant overlap between Orica Consumer Products and Yates customer base
- ✍ Synergy opportunities in supply chain, overhead and administration

# WHY THE ACQUISITION MAKES SENSE FOR ORICA

- ✍ Acquisition satisfies our strategic principles
  - ? Market leadership
  - ? growing only value adding business who have “earned the right to grow”
  - ? related growth - building on our best businesses
- ✍ Orica Consumer Products
  - ? exceeds Orica performance measures
  - ? track record of year on year earnings growth

# WHY THE ACQUISITION MAKES SENSE FOR ORICA

- ✍ EPS accretive in Year 1
- ✍ Transaction meets IRR and RONA targets
- ✍ Low risk value creation