



GWA International Limited
ABN 15 055 964 380

15 September 2010

ASX On-Line
Manager Company Announcements
Australian Securities Exchange

Dear Sir

Presentation to RBS Morgans 2010 Queensland Institutional Conference

Attached is a copy of the Presentation given by the Managing Director, Mr Peter Crowley, to the RBS Morgans 2010 Queensland Institutional Conference in Brisbane today.

Yours faithfully



R.J Thornton
Executive Director



GWA International Limited





Presentation to RBS Morgans 2010 Queensland Institutional Conference

Presented by:

Peter Crowley
Managing Director
15 September 2010



GWA International Limited

Overview of Financials



GWA's Growth Strategy

Focussed on driving:

- Organic Growth – investing in R & D, people, systems and supply chain to enhance our customer value proposition and business efficiency
- Inorganic Growth – pursuing acquisitions which add scale to the Group in product and market adjacencies and which meet our financial and strategic criteria



Major Successes and Challenges for the Year

- √ Delivering on non-core business rationalisation
 - Sale of Rover Mowers and Wisa sanitaryware
- √ Delivering on acquisition strategy
 - Acquired Brivis Climate Systems (and APAC)
- √ Business improvement initiatives accelerated in second half of year
- √ Sales benefit from continuing market development activities
- √ Increased sales to Gov't BER programme
- X Volatility and reduction in sales of environmental water heating products



Major Operational Results

- Results are presented for continuing operations
- Sales up by 7% (4% on like for like basis excluding Brivis)
- Trading EBIT of \$94.5 million up 9.5%
- Increased operating cash flow of \$116 million reflects strong working capital management
- Labour reductions picked up in second half to improve productivity
- Step change in safety performance
- Environmental rehabilitation largely complete on all known sites
- Core debt facilities extended to 2012-13



Results –Year to 30 June 2010

- From Continuing Operations Including Brivis

	Full Year	Full Year	
\$Million	<u>2010</u>	<u>2009</u>	Change
Sales Revenue	656.8	613.0	+7.1%
Trading EBIT	94.5	86.4 ⁽¹⁾	+9.5%
EBIT Margin	14.4%	14.1%	
Trading Profit after Tax for Continuing Businesses	55.4	50.6	+9.6%
Net Profit after Tax Incl Discontinued Businesses	48.5	48.3	

(1) Excludes restructuring charges



Results –Year to 30 June 2010

Segment Performance – Building Fittings

\$Million	2010	2009	Change
Sales Revenue	420.0	403.7	+4.1%
Segment Result	88.8	78.4	
Restructuring costs		3.4	
Trading EBIT	88.8	81.8	+8.6%
EBIT Margin	21.1%	20.3%	



Results –Year to 30 June 2010

Segment Performance – Heating and Cooling

\$Million	2010	2009	Change
Sales Revenue	161.5⁽¹⁾	153.3	+5.4%
Trading EBIT	14.6	15.1	-3.7%
EBIT Margin	9.0%	9.9%	

Growth in Heating and Cooling is a 2-3 year strategy driven by efficiency gains plus new product and market development

(1) Includes 3 months Brivis sales of \$19.5 million



Results – Year to 30 June 2010

Segment Performance – Furniture

\$Million	2010	2009	Change
Sales Revenue	74.8	56.1	+33%
Trading EBIT	5.7	2.0	+182%
EBIT Margin	7.6%	3.6%	

Strong demand from Government Building Education Revolution (BER) programme

High sales expected to continue until second half 2010/11



Financial Metrics Remain Strong

	2010	2009
Net Debt (\$M)	176.0	155.0
Gearing (Net Debt / Debt Plus Equity)	29%	27%
Leverage (Net Debt / EBITDA)	1.5	1.5
Debt Maturity Profile		
Mid 2011	47.5	
Mid 2012	170.0	
Early 2013	50.0	



Ordinary Dividend Maintained

\$Million	2010	2009
Trading profit after tax	55.4	50.6
Trading earnings per share (excluding restructuring)	18.5¢	17.9¢
Reported earnings per share	16.1¢	16.9¢
Ordinary Dividend		
▪ Interim	9.5¢	9.5¢
▪ Final	8.5¢	8.5¢
▪ Total (fully franked)	<u>18.0¢</u>	<u>18.0¢</u>



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Opportunity



GWA's Organic Growth Strategies

- Invest in product innovation to build new markets
- Pursue new market and channel opportunities eg. Aged care, DIY, commercial segment, sustainability, access control systems
- Drive down supply costs and improve supply chain efficiency
- Leverage systems and scale eg. IT, procurement, finance shared services
- Drive performance management and people development



GWA's Strategic Agenda for Inorganic Growth Has Been Established

- Capacity to fund acquisitions up to \$100 million through debt and \$300-\$400 million through debt plus equity
- We have clear financial and strategic criteria for growth which underpins our work
- Four transactions in past 18 months have honed execution skills
- Focus is on growth through product (eg. Austral Lock) and market adjacencies (eg. Brivis Climate Systems)



Our Strategy Has Led to Redefining our Businesses

- GWA has historically defined its businesses by the brands it markets
- This constrains the way we look at the markets where we can grow
- Our core businesses are now defined as
 - Bathrooms and Kitchens
 - Heating and Cooling
 - Door and Access Systems
- This strategy more than doubles the market size in which we will compete and grow the business in the future



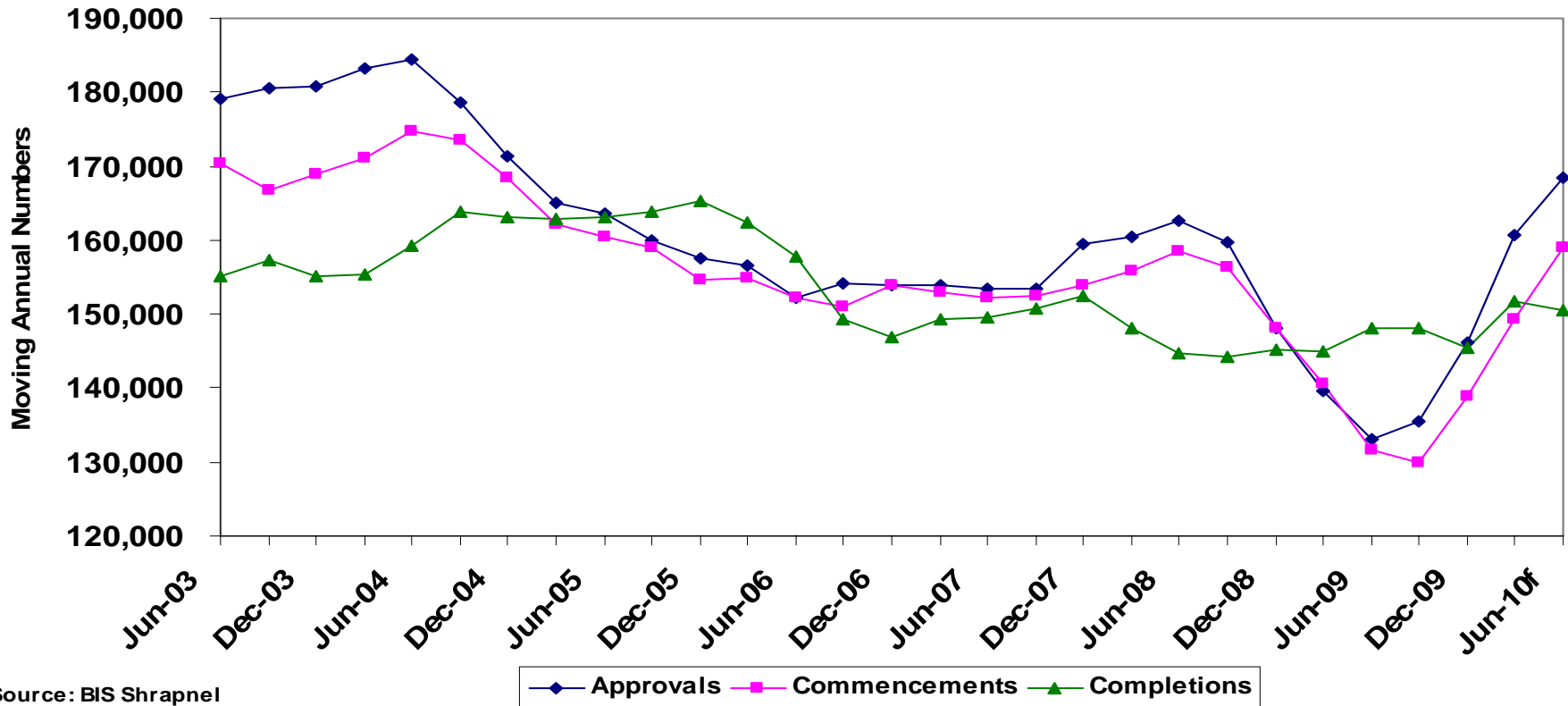
Outlook





Completions have Lagged the Underlying Improvement in Building Approvals

New Dwelling Activity

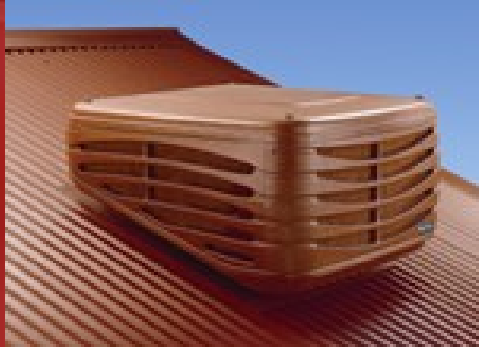


Source: BIS Shrapnel



2010/11 Outlook

- Full year benefit from Brivis acquisition will positively impact results
- Underlying demand expected to increase 5–6%
- With market uncertainty, improvement in operating results are difficult to forecast until we confirm underlying demand
- Will be in better position to give guidance at the Annual General Meeting
- Dividend payout will be maintained at current levels absent unforeseen circumstances



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