



GWA
Group Limited

ABN 15 055 964 380
t 61 7 3109 6000
f 61 7 3852 2201
www.gwagroup.com.au

Level 2, HQ (South Tower)
520 Wickham Street
Fortitude Valley QLD 4006

PO Box 1411
Brisbane QLD 4001

15 February 2011

ASX On-Line
Manager Company Announcements
Australian Securities Exchange

Dear Sirs

Financial Results Presentation for the Half Year Ended 31 December 2010

We enclose the following document for immediate release to the market:

- Half Year Results Presentation

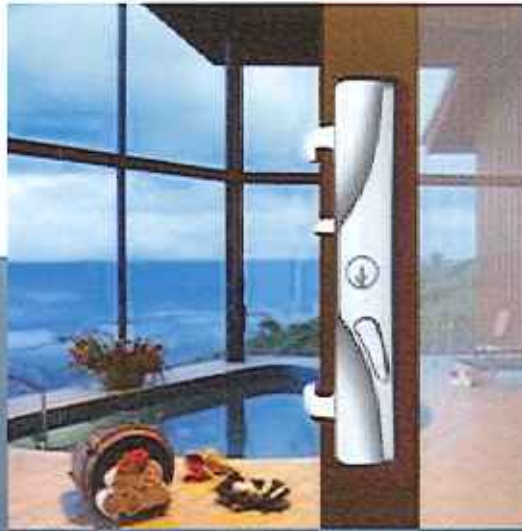
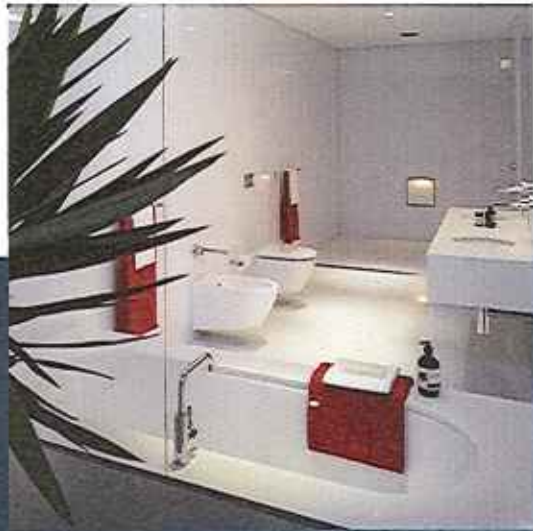
Yours faithfully

A handwritten signature in black ink, appearing to read 'R. J. Thornton', written over a faint blue circular watermark.

R. J. Thornton
Executive Director



GWA
Group Limited



Half Year Presentation

15 February 2011

Presented by:

Peter Crowley

Title:

Managing Director



Major Successes and Challenges for the Half Year

- √ Increased revenue and margins reflecting improvement in residential housing market
- √ Brivis integration progressing well
- √ Strong sales through Building Education Revolution (BER)
- √ Gliderol acquisition completed
- X Reduction in sales of environmental water heating products
- X Adverse weather negatively impacted sales in December with further impact in January/February



Operating Result Highlights – H/Y to 31 December 2010

- Underlying sales up 4%. Overall revenue up 13% inclusive of Brivis
- Trading EBIT up 17%
- Increased labour productivity
- Higher EBIT margins reflecting leverage from increased volumes
- Safety improvement being maintained
- Improved working capital management underpinning strong cash flow

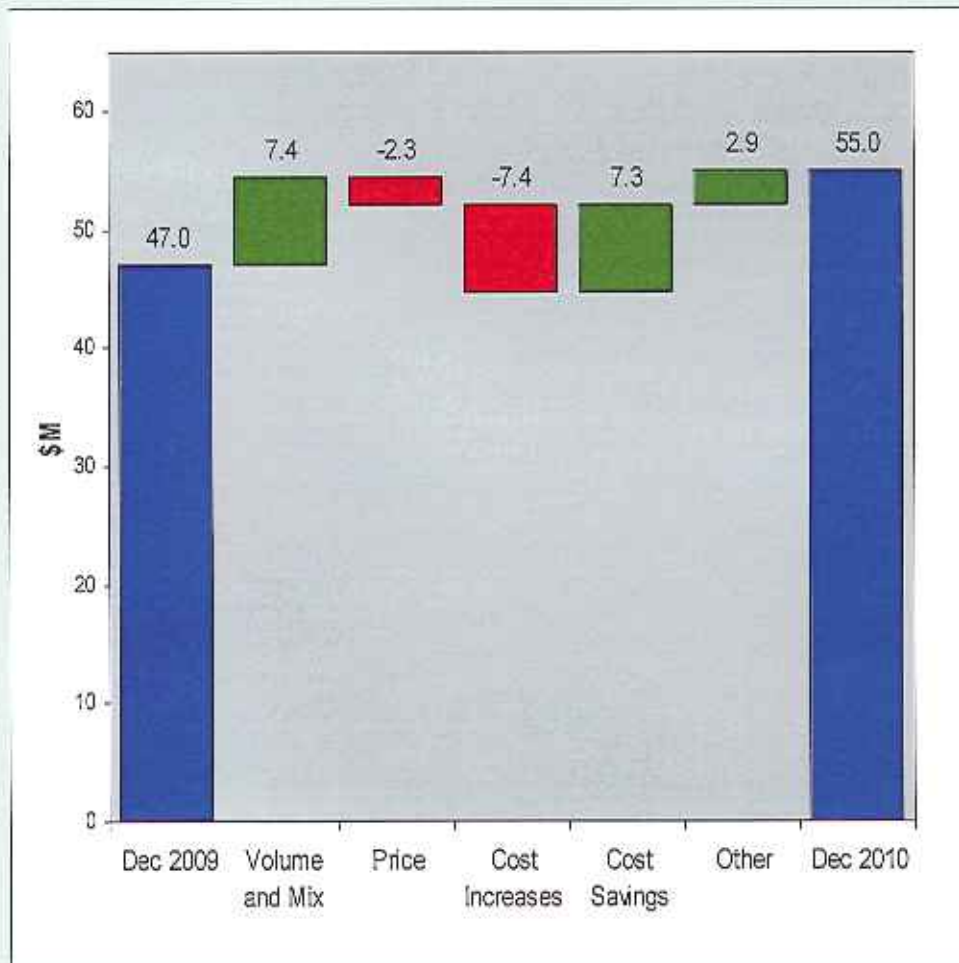


Results- H/Y to 31 December 2010

	Half Year	Half Year	
\$000's	31.12.10	31.12.09	Change
Continuing Businesses			
Sales Revenue	368,330	326,725	13%
Trading EBIT	55,020	47,053	17%
EBIT Margin	14.9%	14.4%	
Trading Profit after Tax	33,158	27,691	20%
Discontinued Operation (AT)	(Nil)	(2,147)	



Major Variations in Trading EBIT for Continuing Businesses



- Improved housing activity increasing sales volumes
- Some price repositioning required due to stronger Australian currency
- Cost increases largely due to higher commodity and shipping costs and systems amortisation charge
- Cost savings reflect improved labour efficiency and procurement initiatives
- Other improvements includes Bravis contribution less Gliderol acquisition costs



Results – H/Y to 31 December 2010

Segment Performance – Building Fittings

	\$000's	31.12.10	31.12.09	Change
Sales Revenue		223,156	214,607	4%
Trading EBIT		49,748	45,115	10%
EBIT Margin		22.3%	21.0%	

**Includes Bathrooms and
Kitchens and Door and Access
Systems products**



Segment Performance – Building Fittings

Bathrooms and Kitchens

- Improved demand across all products particularly in NSW and WA
- Higher EBIT margin due to volume benefits
- Operational and business process improvements are driving cost reductions

Door and Access Systems

- Improved sales to residential builders and commercial projects – particularly in NSW, VIC and WA
- Gliderol integration plans well advanced



Results – H/Y to 31 December 2010

Segment Performance – Heating and Cooling

	\$000's	31.12.10	31.12.09	Change
Sales Revenue		100,386	83,359	20%
Trading EBIT		7,120	8,515	-16%
EBIT Margin		7.1%	10.2%	
Funds Employed		82,400	39,800	
ROFE (Annualised)		17%	30%	



Segment Performance – Heating and Cooling

DUX

- Decline in environmental product sales following reduced Government rebates in 2009
- Market change to less profitable products negatively impacting margins
- Moss Vale upgrade and new product development to underpin future profitability

Brivis

- Business performed to plan in first half
- Strong sales performance in winter months
- Evaporative cooling sales adversely impacted by cool summer in Victoria
- Integration progressing well with cost reductions to flow through from 2nd half



Results – H/Y to 31 December 2010

Segment Performance – Furniture

	\$000's	31.12.10	31.12.09	Change
Sales Revenue		44,684	29,329	52%
Trading EBIT		5,877	807	628%

- Sales and profitability benefited from Building Education Revolution (BER) sales
- Fundamentals in education market are still strong but second half performance will reduce as BER winds down



Strong Cash Flow Reflects Improved Working Capital Management

	\$000's	2010	2009
Cashflow from trading activities		65,370	57,544
Restructure cash flows		(3,375)	(2,675)
Working capital movements		3,101	(21,362)
Operating cash flow before interest and tax		<u>65,096</u>	<u>33,507</u>
Capital Expenditure (net)		<u>(6,768)</u>	<u>(7,169)</u>



Financial Structure is Stable With Facilities Available to Fund Growth

- Total facilities \$267.5 million with maturity in 2013
- Net debt reduced to \$156 million pre Gliderol completion
- Investment grade metrics allow for \$100 million acquisition using existing facilities



Improved EPS and Interim Dividend Maintained in Line with Policy

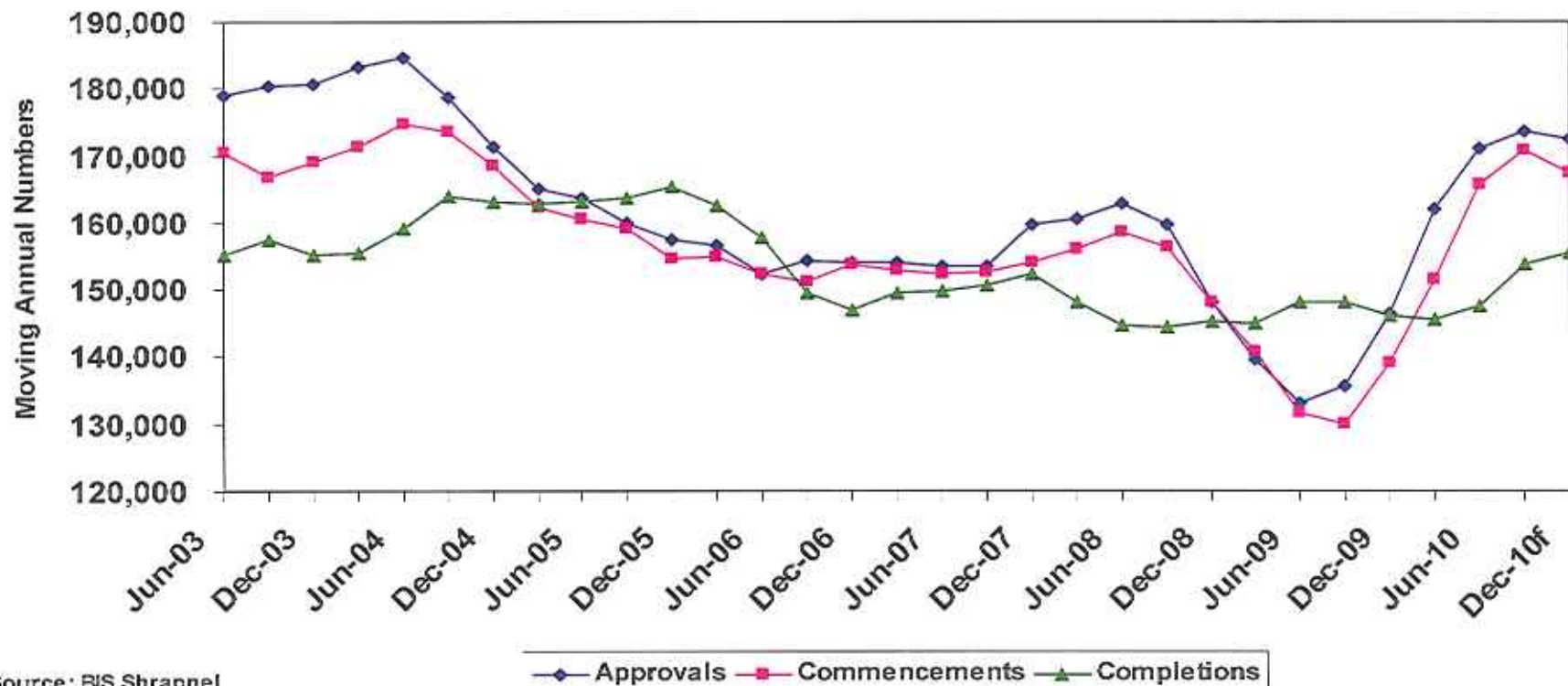
	\$000's	2010	2009
Profit after tax for continuing operations for the half year		33,158	27,691
Earnings per share:			
Total		11.0 cents	8.5 cents
Continuing Operations		11.0 cents	9.3 cents
Interim Dividend		9.5 cents	9.5 cents

Full year ordinary dividend is expected to be maintained at
18 cents per share fully franked



Overhang of Housing Commencements & Flood Reconstructions will Underpin Demand

New Dwelling Activity 12 Month Moving Average



Source: BIS Shrapnel



A Wide Range of Business Improvement Initiatives Continue To Be Pursued

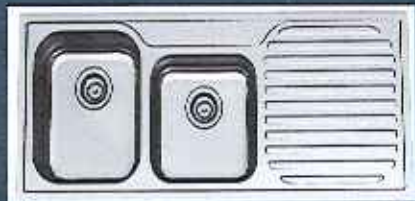
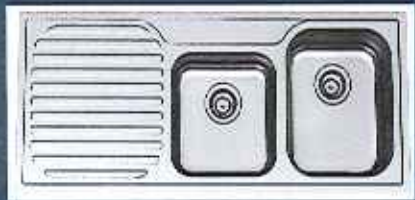
- Wetherill Park performance is undergoing fundamental improvement
- Labour productivity measure continues to improve
 - Ave Revenue / employee H/Y Dec 09 - \$ 374,000
 - Ave Revenue / employee H/Y Dec 10 - \$ 381,000
- Improved supply chain management has reduced working capital to sales from 24% to 21%
- Business process improvements on back of systems investment continues to deliver benefits
- Sales growth opportunities are being pursued at same time as efficiency improvements



GWA
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GWA Bathrooms & Kitchens

Kitchens & Laundry



Sanitaryware



Baths & Spas



Tapware





GWA
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GWA Door & Access Systems

Electronic Access Systems



Timber Door Furniture & Hardware

- GHI
- Hillaldam
- Austral



Aluminium Door Furniture



Garage Doors



Aluminium Door & Systems Hardware

- Austral
- Hillaldam
- GHI





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GWA Heating & Cooling

Dux

Electric

Storage hot water



Environmental

Solar hot water Heat pump hot water



Gas

Storage hot water Continuous flow



Brivis

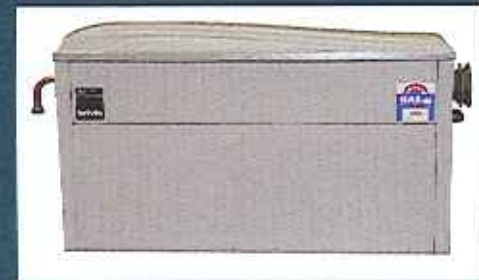
Evaporative coolers



Heat Pump Air Con



Gas furnaces



Electronic Control Systems





Growth Opportunities Are Constantly Under Review

- Product and market extensions such as Gliderol continue to be focus for growth
- Clear financial and strategic discipline for growth
- Opportunities in our core business segments will become available over time
- The sale process for non core businesses is ongoing
- Banks are supportive for the right opportunity and GWA share price makes script based transactions possible



2010/11 Full Year Outlook

- Sales in the second half expected to be slightly higher than the first half allowing for inclusion of Gliderol from February
- Underlying demand should be 3-4% higher for full year. This is lower than original expectations reflecting slow down in third quarter sales due to adverse weather along eastern seaboard
- Business improvement initiatives are expected to increase margins
- Trading EBIT for 2010/11 is expected to be in the range of \$105-\$111 million including Gliderol
- GWA will benefit from major natural disaster reconstruction projects in 2011/12

