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14 February 2012

ASX On-Line
Manager Company Announcements
Australian Securities Exchange

Dear Sirs

Financial Results Presentation for the Half Year Ended 31 December 2011

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

- Half Year Results Presentation

Yours faithfully



R J Thornton
Executive Director





Half Year Presentation

14 February 2012

Presented by:

Peter Crowley

Title:

Managing Director



Major Successes & Challenges for the Half Year

- √ Restructuring ahead of schedule with 7% less employees at December 2011
- √ Margin improvement for Heating & Cooling due to cost reductions
- √ Strong cash flow despite market decline
- √ Sale of Sebel and North America completed during the half year
- X Reduction in sales of environmental water heating products
- X Soft trading conditions in all segments
- X Product rework required for Evaporative Coolers



Result Highlights – H/Y to 31 December 2011

- Underlying sales down 11%. Overall revenue down 1% due to inclusion of Gliderol
- Trading EBIT down 9%
- Impact of lower building activity partially offset by cost improvements and Gliderol contribution
- Lower inventory levels despite market decline
- Reduced net debt from \$198 million to \$187 million
- Losses from restructuring and discontinued operations in line with guidance



Results- H/Y to 31 December 2011

	Half Year	Half Year	
\$000's	31.12.11	31.12.10	Change

Continuing Businesses

Sales Revenue	314,995	318,891	-1.2%
Trading EBIT	44,886	49,477	-9.3%
EBIT Margin	14.2%	15.5%	
Trading Profit after Tax	27,393	29,304	-6.5%

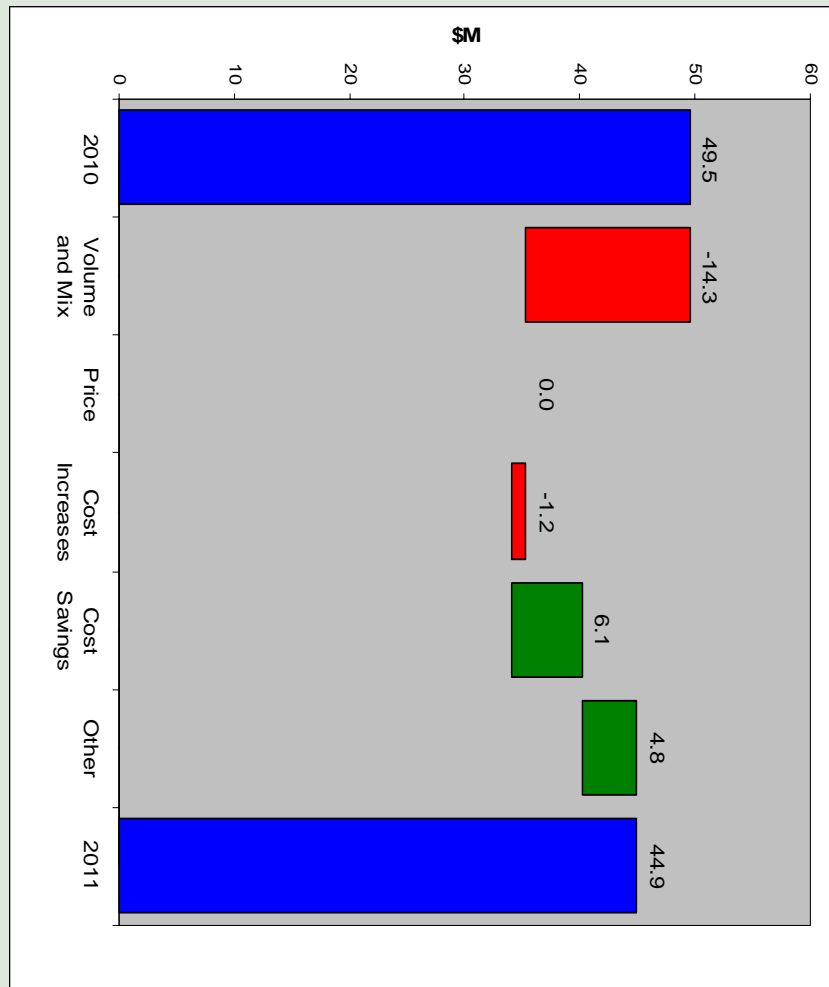


Results- H/Y to 31 December 2011

	Half Year 31.12.11	Half Year 31.12.10
\$000's		
Trading Profit after tax	27,393	29,304
Discontinued Operations Profit/(Loss) after tax	-6,679	3,854
Restructuring Expenses after tax	-7,457	Nil
Net Profit	13,257	33,158



Major Variations in Trading EBIT for Continuing Businesses



- Sales volumes adversely impacted by absence of Government stimulus, low building activity and poor sales of environmental water heaters
- Minimal price movements in period
- Cost increases largely offset by favourable Australian currency on imports
- Good progress in general cost reduction with lower warranty costs, improved operations and back office costs
- Other includes Gliderol and lower management incentive costs



Segment Results- H/Y to 31 December 2011

	Half Year	Half Year	% Change
\$000's	31.12.11	31.12.10	
Bathrooms & Kitchens	35,940	41,215	-12.8%
Heating & Cooling	7,192	7,120	1.0%
Door & Access Systems	8,403	8,753	-4.0%
Corporate costs	<u>(6,649)</u>	<u>(7,611)</u>	<u>12.6%</u>
Continuing Operations before restructuring, interest and tax	44,886	49,477	-9.3%



Sales Impacted by Reduced Government Programs and Market Decline

A'000	Dec 11	Dec 10	% Change
Sales	154,533	173,032	-11%
Trading EBIT	35,940	41,215	-13%
EBIT margin	23.3%	23.8%	-2%
ROFE	16.6%	18.9%	

- Sales boosted last year by BER, public housing and rebate programmes
- Wetherill Park transition to single shift complete
- Offshore supply chains working effectively
- Operational metrics, delivery performance and new product development all improved



Innovative wet room products and water control technologies for residential and commercial applications



Lower Demand Offset by Cost Improvements

A\$000	Dec 11	Dec 10	% Change
Sales	86,553	100,530	-14%
Trading EBIT	7,192	7,120	+1%
EBIT margin	8.3%	7.1%	+17%
ROFE	18.0%	16.9%	

- Sales adversely impacted by environmental product sales and slow summer season for evaporative coolers
- Solid performance in cost improvements
- Moss Vale upgrade being commissioned in second half
- Recall for Evaporative coolers manufactured 2000-2003





Gliderol Contribution Offsets Market Decline

A\$000	Dec 11	Dec 10	% Change
Sales	74,029	45,482	+63%
Trading EBIT	8,403	8,753	-4%
EBIT margin	11.4%	19.2%	-41%
ROFE	18.7%	40.0%	

- Door furniture sales and profit impacted by loss of market share as well as overall market decline
- Gliderol integration going well but impacted by decline in SA market
- Restructuring of Blackburn and Kyneton facilities progressing to plan
- Positive response to launch of Electronic Access System in December





Strong Cash Flow Despite Market Decline

\$000's	2011	2010
Operating cashflow from trading activities	58,874	58,927
Discontinued operations	(836)	8,566
Restructure cash flows	(6,860)	(3,375)
Working capital movements	(783)	978
Total operating cash flow (before interest and tax)	<u>50,395</u>	<u>65,096</u>
Capital Expenditure (net)	(12,652)	(6,768)



Financial Structure is Stable With Facilities Available to Fund Growth

- Total facilities \$300 million with maturity in 2014 - 2016
- Net debt reduced to \$187 million
- Investment grade metrics allow for \$100 million acquisition using existing facilities

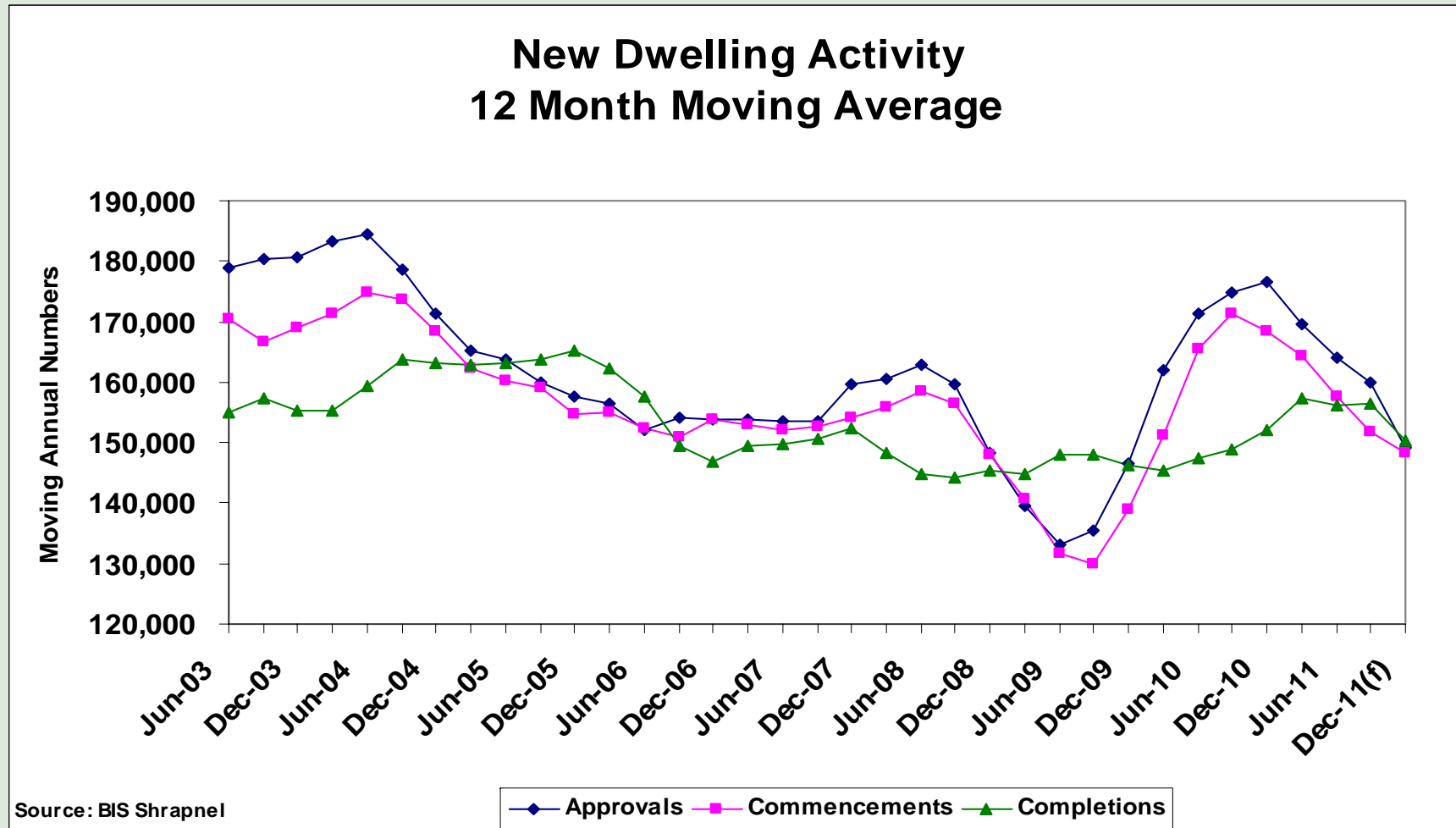


Full Year Ordinary Dividend is Expected to be Maintained at 18 cents per Share Fully Franked

\$000's	2011	2010
Half Year trading profit after tax for continuing operations	27,393	29,304
Trading Earnings per share	9.1 cents	9.7 cents
Interim Dividend	9.5 cents	9.5 cents



Housing Activity Shows No Sign of Improvement





Growth Options are Being Assessed in Uncertain Market

- With completion of Sebel and North America sales we can now focus on core businesses
- Recent investigations into potential acquisitions have not uncovered opportunities which meet our financial and strategic criteria
- Market volatility gives opportunity to review growth strategies in next 6 months



Product Rework on Evaporative Coolers Has been Ramped up

- There is a fault in evaporative coolers manufactured between 2000 – 2003
- We have been advertising for the past 12 months to encourage households to contact Brivis
- We are working with fire authorities to escalate communications to households following approximately 22 incidents in the past 12 months
- Our purchase agreement with Carrier is that we share product liability and product recall costs which have been fully provided in our accounts
- Approximately 19,000 units require inspection



Priorities for Next Half Year

- Finalise closure of Blackburn
- Progress non-core property sales
- Improve performance of Door & Access Systems
- Targeted market development to offset slow market
- Commission Moss Vale upgrade
- Finalise strategic review to prioritise growth



Our Focus for 2011/12 is to Build a Stronger Business so we can Capture the Upside when Building Activity Improves

- Reduce cost base through restructuring
- Strengthen the balance sheet through sale of non-core assets
- New product offers eg electronic access systems, 5 star gas, Mark Newson bathroom range
- Achieve synergies from recent acquisitions
- Add value to key market channels through efficient supply chain, installed product offers, use of technology, demonstrating brand value



2011/12 Full Year Outlook

- Second half sales expected to be 3% - 6% below first half in line with seasonal trend and low building approvals
- Trading EBIT expected to be down 10% - 15% on the first half due to lower volume and sales mix
- Restructuring will be completed in the last quarter
- Norwood property sale will offset restructuring costs if completed as expected by June 2012



Non-IFRS Financial Measures

Given the significance of the restructuring expenses and discontinued operations the Directors believe the presentation of non-IFRS financial measures is useful for the users of this document as they reflect the underlying financial performance of the business. The above non-IFRS financial measures have not been subject to review or audit by KPMG.

