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ASX On-Line
Manager Company Announcements
Australian Securities Exchange

Dear Sir

Trading Update

GWA Group Limited, Australia's leading supplier of fixtures and fittings to households and commercial premises, today provides a trading update based on market conditions for the March 2012 quarter.

Trading conditions have been more difficult than expected in our market guidance provided in February 2012. This is due to adverse weather conditions on the East Coast during March, more evidence of a slow down in demand as a flow on from the 14% decline in dwelling commencements for the December 2011 quarter and lower sales of Dux environmental water heaters, following the Government announcement on 28 February to immediately cease rebates on these products.

The guidance provided in February was consistent with 2011/12 sales declining by 9% on a like for like basis and full year trading EBIT reducing by 16%. Based on the March quarter results, sales are more likely to be down by approximately 11% on a like for like basis and full year trading EBIT is expected to decline by between 20% to 25%.

Trading results in the second half will include some one-off costs associated with the ramp up of the new Dux hot water tank facility at Moss Vale and the phase down of the Gainsborough door hardware factory at Blackburn prior to closing in May 2012. Restructuring is expected to have a positive impact of \$7 million to \$8 million in the second half due to gains on property sales, which will offset the restructuring costs in the December 2011 half year.

Commenting on the market conditions Managing Director, Mr Peter Crowley said "we are particularly disappointed in the performance of the New South Wales market. There were a number of issues with flooding and poor weather restricting access to homes to complete construction projects but there is no doubt underlying demand is weaker than expected.

"Restructuring activities are progressing to plan, we have conditional sale agreements for surplus properties and we have a number of product and market development initiatives in various stages of implementation. The business is being positioned to perform when the market improves but this appears to be some time off", he added.

The GWA Board has considered this outlook and has confirmed that the dividend for 2011/12 will be maintained at 18 cents absent unforeseen circumstances. A fully franked interim dividend of 9.5 cents was paid on 4 April.

For further information call:

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