



# Scheme Implementation Agreement to acquire Q Technology Group

Presented by:

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## Agenda

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2. Overview of Q Technology Group Limited (QTG)
3. Benefits for QTG Shareholders
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## Overview of Offer

GWA has entered into a Scheme Implementation Agreement (SIA) with QTG. Key considerations are:

- GWA will acquire all outstanding shares in QTG
- QTG shareholders will receive 3.8 cents per share
- Offer price represents a 100% premium to QTG's last closing price and a 78% premium to the 3 month VWAP
- 14% discount to QTG's net asset value at December 2011
- GWA has debt financing in place to fully fund the acquisition
- The offer is subject to various conditions (refer to the ASX Release)



## Overview of QTG

- Melbourne based listed company
- Market capitalisation circa A\$4 million with 196 million shares issued
- Group net sales circa A\$50 million per annum
- Approximately 200 employees
- Comprises two operating entities, Q Video Systems and API Locksmiths



## Overview of QTG

### ▪ **Q Video Systems**

- Importer and wholesale distributor of security surveillance monitoring equipment and alarms
  - Revenue circa \$25 million
  - 40 employees
  - National footprint with 5 branches

### ▪ **API Locksmiths**

- Supplier of safes, locks, alarms and locksmithing services. Core business of locksmithing services has a national network which is contracted to major commercial enterprises
  - Revenue circa \$25 million
  - 160 employees and 300 locksmithing subcontractors
  - National footprint with 18 branches
  - 24/7 national call centre
  - Operating since 1897



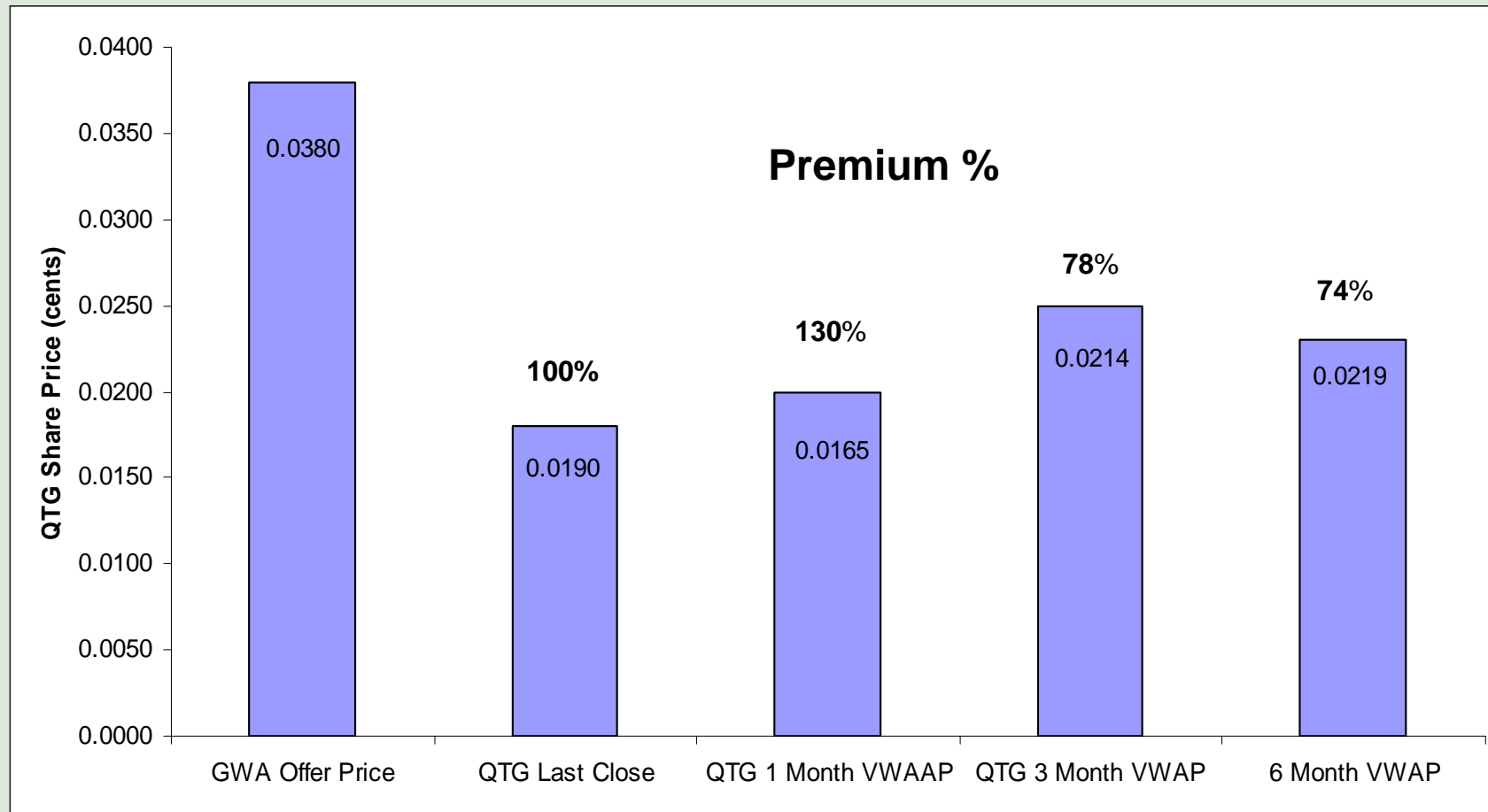
## **Benefits for QTG Shareholders**

- Receive a significant premium for QTG shares – 100% to last closing price and 78% to the 3 month VWAP
- 100% cash consideration
- QTG's capital structure is not optimal, with high levels of debt that has resulted in past covenant breaches and has restricted the growth of the business
- GWA's offer has support of QTG Board and major shareholder



# Benefits for QTG Shareholders

## Offer premium relative to recent QTG Trading Prices







## Overview of GWA Group Limited

- Brisbane based public company, listed 1993
- Significant Australian & New Zealand footprint
- Market capitalisation circa A\$600 million with 302 million shares issued
- Group net sales circa A\$600 million per annum
- Approximately 13,000 shareholders
- Approximately 1,800 employees



## Overview of GWA Group Limited

**One of Australia's leading designers, manufacturers, importers and distributors of household and commercial building fixtures and fittings**

Major business units are:

- **GWA Bathrooms & Kitchens** – tapware, sanitaryware, kitchen & laundry
- **GWA Door & Access Systems** – door locks, levers and accessories
- **GWA Heating & Cooling** – ducted heating & cooling systems & hot water



## Strategic Rationale for Acquisition

### Acquisition of QTG is consistent with GWA's Growth Strategy

- QTG and GWA Door & Access Systems can be leveraged to create value through:
  - Complementary technologies in door and access systems
  - Leveraging channel capabilities
  - Leveraging supply chain
  - Service capabilities to support product offering
- QTG and GWA Door & Access Systems creates a business of scale
  - Annual sales in the order of A\$200 million pa



## **Strategic Rational for Acquisition**

### **QTG adds value to GWA by:**

- Service capability of a national call centre 24/7
- A foundation for non-residential sales growth
- Knowledge and experience in high end locks
- Knowledge of current and emerging electronic technologies

### **GWA adds value to QTG by:**

- Ensuring the business is adequately funded
- Leveraging GWA's relationships in the builder market for API
- Systems and back office support capabilities
- Broader based strategy for growth in electronic access systems and commercial locksmithing

# Where does QTG fit into GWA Structure?



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

**Heating & cooling technologies for residential and commercial applications**

**Access and security technologies for residential and commercial applications**





## Summary

- GWA has entered into a Scheme Implementation Agreement to acquire QTG
- QTG is a strategic and important acquisition for GWA
- GWA's offer provides certainty of value at an attractive premium for QTG shareholders
- QTG's Board unanimously recommend that shareholders vote in favour of the Scheme in the absence of a superior proposal and subject to the independent expert concluding that the Scheme is in the best interests of QTG shareholders



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