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21 August 2013

ASX On-Line
Manager Company Announcements
Australian Securities Exchange

Dear Sir

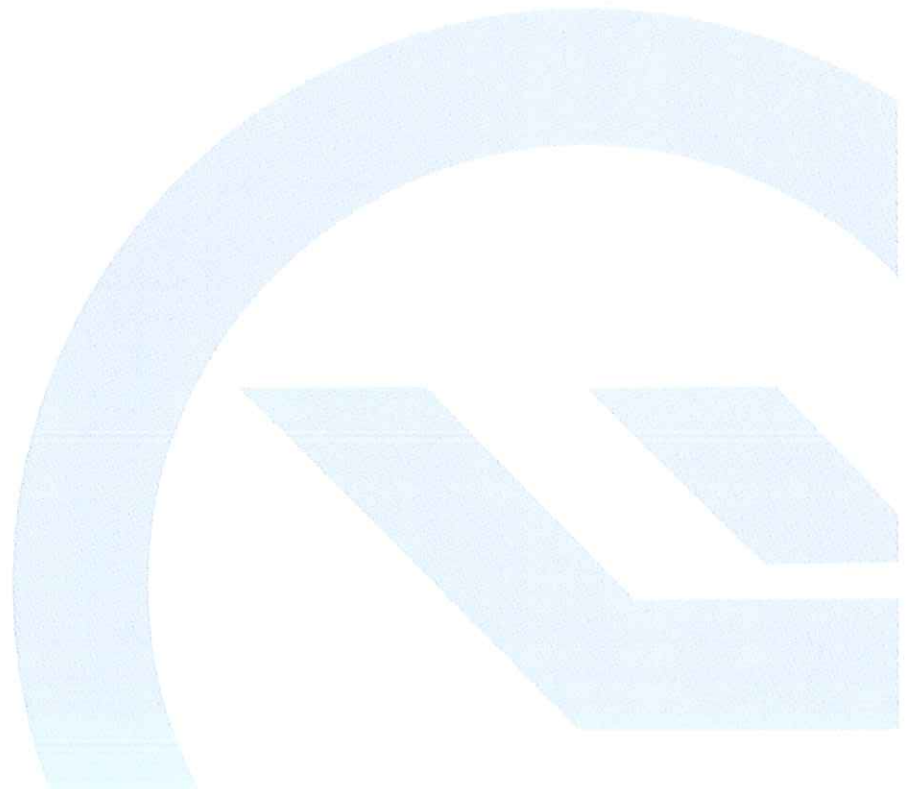
Annual Results Presentation for the Year Ended 30 June 2013

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

- Annual Results Presentation

Yours faithfully

R J Thornton
Executive Director





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Annual Results Presentation

21 August 2013

Presented by:
Title:

Peter Crowley
Managing Director



Major Successes & Challenges for the Year

- √ Strategic re-positioning of the business completed
 - Strategy built around Focus, Reach & Leverage
 - 14% reduction in employees
- √ Sanitaryware improving market share
- √ Brivis gaining market share
- √ Strong cash flow from operational improvements
- √ Net Debt at \$162 million, gearing 28%
- √ Refinanced in May with a new \$275 million facility
- X Underperforming Gliderol business undergoing a complete transformation
- X Hot water category market share loss

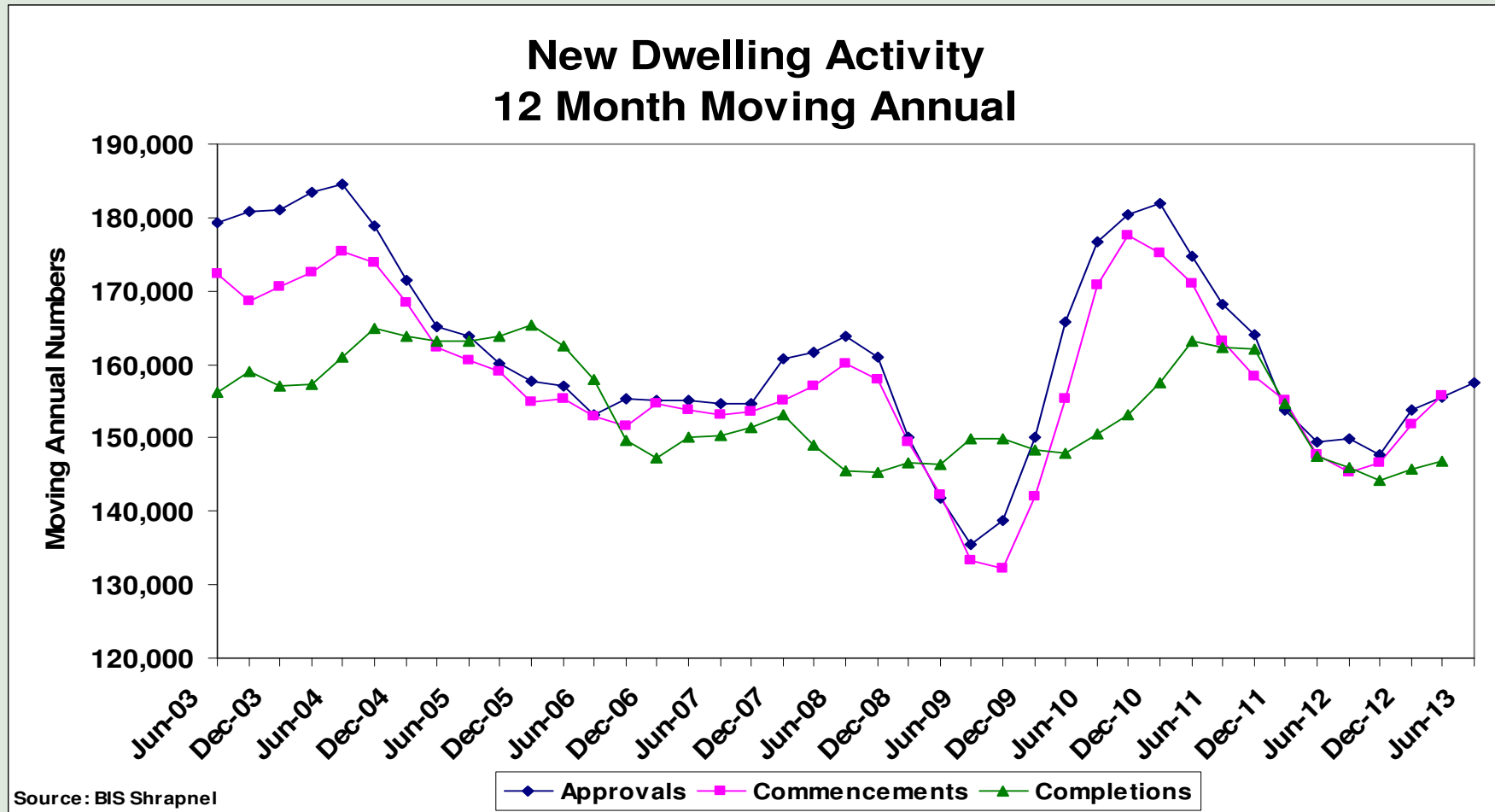


Difficult Trading Conditions Mitigated by the Strategic Re-positioning

- Underlying sales on a like for like basis down 9% (6% down including API)
- Trading EBIT of \$66 million down 13% on last year
- Net Margin % relatively flat to last year with Selling, General & Administration costs down 10%
- EPS from continuing operations 12.7 cps
- Full year fully franked dividend of 12 cents is 95% of Trading Profit after Tax
- Strong cash flow generation covered API acquisition, restructuring and reduced net debt by \$12 million



Building Activity Showing Signs of Life



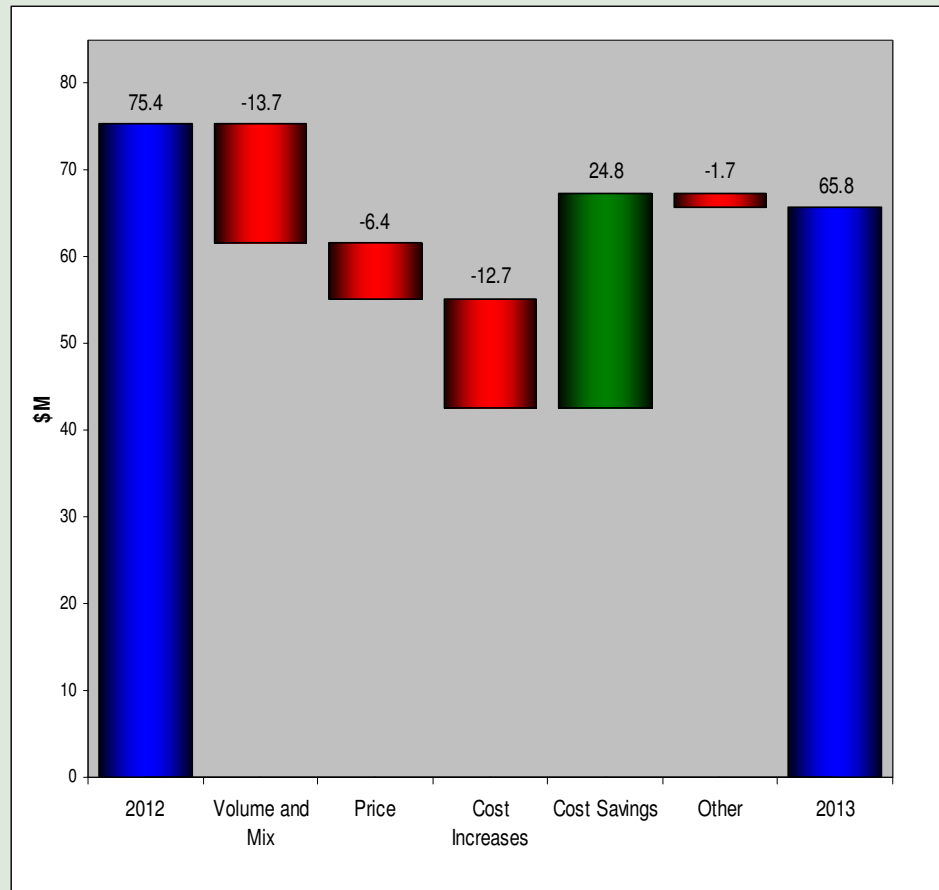


Results – Year to 30 June 2013

\$Million	Full Year <u>2013</u>	Full Year <u>2012</u>	Change
Sales Revenue	565.4	602.1	-6%
Trading EBIT	65.8	75.4	-13%
EBIT Margin	11.6%	12.5%	
Trading Profit after Tax for Continuing Businesses	38.6	45.6	-15%
Net Profit after Tax Incl Restructuring and Disc. Businesses	32.4	39.7	-18%



Lower Trading EBIT is Driven by Sales Decline Mitigated by Cost Savings



- Difficult trading conditions impacting volumes across all businesses
- Loss of market share in Garage Doors and Hot Water
- Pricing pressure in the Hot Water category
- Cost increases more than offset by significant savings from the restructure, the Hot Water investment and business improvement initiatives



Strategic Re-positioning Improves Productivity with 14% Decline in Workforce

Total Employees June 2012 1,788

Restructuring & Operational (256)

Total Employees June 2013 1,532

(Excl API with 148 Employees)



Bathrooms & Kitchens Tough Trading Conditions

\$M	June 13	June 12	% Change
Sales	367.5	404.7	-9%
Trading EBIT	64.5	67.8	-5%
EBIT%	17.6%	16.7%	
ROFE	14.4%	14.7%	

- First quarter carry over of the BER and Government rebates
- Aggressive market pricing impacted Hot Water sales
- Traditional Bathrooms & Kitchens revenue down 5%
- Last quarter shows some market share gains
- Net margin % relatively flat
- Selling, General & Administration costs down 15%
- Initial product rationalisation completed





Heating & Cooling Weak Victorian Market and Aggressive Market Pricing

\$M	June 13	June 12	% Change
Sales	58.8	62.5	-6%
Trading EBIT	5.2	6.5	-19%
EBIT%	8.9%	10.4%	
ROFE	10.9%	13.8%	

- Share regained in core categories
- Strong investment in new product development through the year
- Strong winter season for ducted gas heater sales
- Recall of evaporative coolers has not impacted brand or sales performance





Door & Access Systems Lower Residential Building Activity and Gliderol Issues

\$M	June 13	June 12	% Change
Sales	140.9	138.6	2%
Trading EBIT	10.9	14.1	-23%
EBIT%	7.7%	10.1%	
ROFE	10.6%	15.9%	

- Sales increased due to inclusion of API
- Underlying sales down by 11% due to market conditions and Gliderol issues
- Gainsborough EBIT flat to last year with improved margins from cost initiatives
- Gliderol turnaround underway





Strong Cash Flow Reflects Management's Operational Focus

\$Million	2013	2012
Cash Generated from Trading Operations	97.2	111.0
Cash Generated from Discontinued Operations	0.0	-2.0
Restructuring Cash Flows	<u>-13.6</u>	<u>-10.1</u>
Cash Generated from Operations	<u>83.6</u>	<u>98.9</u>
Property / asset sales	2.3	18.4
Disposal of businesses	0.0	23.7
Capital expenditure	-14.7	-25.8



Financial Metrics Remain Strong

	2013	2012
Net Debt (\$M)	162.3	174.5
Gearing Ratio (Net Debt / Net Debt Plus Equity)	28%	29%
Leverage Ratio (Net Debt / EBITDA)	1.92	1.87
Debt Maturity Profile		
July 2016	200.0	
July 2018	75.0	



Fully Franked Dividend at 95% of Trading Profit After Tax

\$Million	2013	2012
Trading profit after tax	38.6	45.6
Trading earnings per share	12.7¢	15.1¢
Reported earnings per share	10.6¢	13.2¢
Ordinary Dividend		
▪ Interim	6.0¢	9.5¢
▪ Final	6.0¢	8.5¢
▪ Total (fully franked)	12.0¢	18.0¢



2012/13 has Positioned Businesses to Deliver Growth as Conditions Improve

- The Business units have commenced the implementation of key strategic initiatives across target market segments
- Work is underway to deliver a more efficient and customer responsive supply chain
- The Gliderol turnaround is underway
- Bathrooms & Kitchens have completed the first stage of their product rationalisation initiative – to reduce inventory & streamline supply
- IT transformation has begun with investment in people and technology solutions supporting the specific strategic initiatives



Strategic Re-positioning Will Deliver a Sustainable Competitive Advantage

- The strategic work we completed in late 2012 with the help of LEK Consulting realigned our thinking and led to the restructuring of the key business units
- In turn the overarching strategy was fine tuned and this is entirely consistent for the Group and across each Division. This strategy is built around FOCUS, REACH and LEVERAGE



Strategic Re-positioning Will Deliver a Sustainable Competitive Advantage

- Our FOCUS is to grow in our core Australian building fixtures and fittings markets
- In particular we will FOCUS on growth in targeted market segments where GWA can sustain long term competitive advantage
- This growth can be organic in which case our FOCUS is on better servicing our existing markets and improving our overall business efficiencies
- GWA will also pursue inorganic growth opportunities in which case our FOCUS is on acquiring businesses or distribution rights for products and services which complement GWA's existing offer to our target market segments



Strategic Re-positioning Will Deliver a Sustainable Competitive Advantage

- GWA will REACH the key decision makers across our target market segments. In doing so we will seek to influence their purchasing decisions:
 - Through a clear understanding of their needs
 - Through a value proposition which meets the needs of each target market segment
 - And through the appropriate value proposition to those aligned channel partners servicing each target market segment



Strategic Re-positioning Will Deliver a Sustainable Competitive Advantage

- GWA will maximize competitive advantage through LEVERAGE to ensure the Group operates the most efficient structures to support our target market segments and aligned channel partners. GWA will LEVERAGE the Group wide investment in:
 - Brands, Innovation, Systems & Processes, Supply Chain, Transport & Logistics, Business Relationships, Market Knowledge and Sales & Marketing
- GWA's overarching strategy of FOCUS, REACH and LEVERAGE will drive competitive advantage and deliver growth



GWA's Focus is to Grow the Core Business and Improve Efficiency

- Priority is growing the core businesses and improving efficiency
- Inorganic options that fit within the strategic roadmap will always be considered
- Financial criteria for growth will be maintained



2013/14 Outlook

- Dwelling approvals are improving with signs of a slow but positive recovery through the year with completions expected to improve in the second half of the year
- Currency devaluation will impact cost of sales but price increases from September onwards have already been notified
- Cost savings associated with the Group restructure continue to track as expected
- A first quarter review and full year guidance will be given at the Annual General Meeting in October



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.



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