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24 October 2014

ASX On-Line

Manager Company Announcements
Australian Securities Exchange

Dear Sir

Strategy Implementation & Trading Update

GWA Group Limited today provides an update on first quarter trading and full year trading earnings before interest and tax ("Trading EBIT") guidance for FY15.

For the first quarter of FY15, GWA Group sales revenue has grown 7% from the corresponding quarter last year. Bathrooms & Kitchens (excluding Hot Water) sales revenue has grown 4% across all key product categories. Door & Access Systems sales revenue has grown 8% overall, with Gainsborough 10%, Gliderol 8% and API 2% higher than the first quarter last year. Brivis has seen a strong start to the year with sales revenue growth of 15% in its core heating and evaporative cooling products.

GWA Group Trading EBIT for the first quarter has improved by 4% over the same period last year. Door & Access Systems and Brivis had strong growth, whilst Bathrooms & Kitchens delivered a flat result impacted by negative production recoveries at Wetherill Park as production volumes were realigned. These under recoveries will cease once Wetherill Park closes.

GWA Managing Director, Mr Peter Crowley stated that "conditions have improved in new dwelling construction and renovation, with house prices showing strong positive gains. We expect activity to improve in the second half of FY15 as the positive movements in building approvals and commencements flow through to completions.

"As a result, we expect that Trading EBIT for FY15 should be in line with current broker consensus of approximately \$85 million. The successful divestments of Dux and Brivis will clearly impact this earnings outlook and will need to be reviewed at the appropriate time".

Mr Crowley also reaffirmed the Group's key priorities, "to manage the critical transitions currently underway efficiently and effectively. The divestment process of Dux and Brivis is well advanced and on schedule with a number of parties interested in both businesses. The phased exit of manufacturing of vitreous china and plastics in Sydney and Adelaide has now commenced as we work with our long standing offshore supply partners. The Group structure is also being aligned to ensure that the core businesses are supported to meet the improving market activity, drive efficiencies and to focus on growth by adding value to our customers."

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