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MEDIA RELEASE

GWA lifts normalised net profit from continuing operations 19% and successfully implements strategy to focus on core businesses

- **Normalised net profit from continuing operations up 19% to \$45.2 million**
- **Normalised earnings before interest and tax (EBIT) from continuing operations up 13% to \$72.8 million**
 - **Bathrooms & Kitchens EBIT up 14%**
 - **Door & Access Systems EBIT down 14%**
- **Successful divestment of non-core businesses (Dux, Brivis, Gliderol) and exit from vitreous china manufacturing**
- **Financial position continues to strengthen:**
 - **Continuing operations' cashflow from operations up 62%**
 - **Net debt down 37% on prior year**
- **Successful execution of strategy to focus on core Bathrooms & Kitchens and Door & Access Systems to capitalise on improving construction activity**
- **Reported net loss of \$16.2m includes loss on sale/impairments related to divested businesses and restructuring costs primarily due to exit of manufacturing**

GWA Group Limited, (ASX:GWA) Australia's leading supplier of fixtures and fittings to households and commercial premises, today announced a 19 per cent increase in normalised net profit after tax from continuing operations to \$45.2 million for the year ended 30 June 2015.

Continuing operations exclude the businesses which GWA has divested over the last year - Dux Hot Water, Brivis Climate Systems and Gliderol Garage Doors - as it successfully implements its strategy to focus on the core Bathrooms & Kitchens and Door & Access Systems businesses.

Normalised EBIT from continuing operations increased by 13 per cent to \$72.8 million, driven by a 14 per cent increase in EBIT from Bathrooms & Kitchens, partially offset by a decline in earnings from Door & Access Systems of 14 per cent compared with the previous year.

Net profit after tax from continuing operations, including the impact of significant items associated with the exit of manufacturing in Bathrooms & Kitchens and restructuring costs, was \$10.4 million, compared with \$31.2 million in the prior year.

The loss on sale of divested businesses and impairment charge against the Gliderol business resulted in significant items after tax from discontinued operations of \$27.6 million.

On a reported basis, (including continuing and discontinued operations after significant items), GWA reported an after tax loss of \$16.2 million, compared with net profit of \$18.6 million in the prior year.

GWA returned 28.8 cents per share to shareholders, effected through a return of capital of 22.8 cents per share and a partially-franked special dividend of 6 cents per share paid on 15 June 2015.

No final dividend for FY15 will be paid due to the lack of retained earnings at 30 June 2015.

The Bathrooms & Kitchens division delivered improved revenue and earnings during the year, despite significant restructuring in the division occasioned by the divestment of the Dux Hot Water business and the exit of manufacturing at Wetherill Park and phased exit from Norwood.

The divisional revenue rose 8 per cent to \$330 million, reflecting increased volumes in most product categories, together with price increases that were necessary to mitigate the impact of the lower Australian dollar.

Normalised EBIT of \$83.3 million increased by 14 per cent on the prior year, driven predominantly by improved volume and pricing across most product categories, partially offset by increased costs.

Revenue in the Door & Access Systems division rose 4 per cent to \$96.2 million on the prior year. However, earnings were impacted by flat volume and mix in the Gainsborough business and higher foreign exchange charges for product purchases as a result of the lower Australian dollar, resulting in normalised EBIT of \$7.2 million, compared with \$8.4 million last year.

Group operating cashflow from continuing operations improved by 62 per cent on the prior year, due to higher EBITDA and also from more efficient working capital utilisation, compared with the prior year.

GWA remains in a strong financial position, with net debt of \$95 million at 30 June 2015 compared with \$149 million in the prior year.

GWA Managing Director, Mr Peter Crowley, said the successful implementation of the group's strategy to divest non-core businesses and exit manufacturing meant that GWA now had a simplified structure to concentrate its focus and resources on its core businesses in Bathrooms & Kitchens and Door & Access Systems.

"We have market-leading positions and strong brands across all segments, supported by a strong financial position, which enables us to continue our investment in systems and product innovation.

"We are also restructuring the organisation to deliver a more effective operational model through overhead and supply chain efficiencies to fund investment in selected organic growth opportunities.

"The increase in dwelling commencements during FY15 is expected to flow through to increased dwelling completions in FY16 and our strategy is to ensure our core businesses are well positioned to capitalise on improving market trends to build their competitive position further.

"The company will continue to consider available capital management initiatives with a view to maximising shareholder returns. Separately, the Board expects to resume ordinary dividends from the interim dividend for FY16, subject to prevailing market and trading conditions," concluded Mr Crowley.

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