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ASX RELEASE

GWA delivers solid full year result – establishes strong platform for future growth

- Earnings Before Interest and Tax¹ up 4.7% to \$84.4m
- Net Profit After Tax¹ up 4.3% to \$56.0m
- Full year dividend up 9.1% to 18.0 cents per share fully franked
- Divestment of Door & Access Systems business in early FY19 for \$107m
- Strong financial metrics to leverage market-leading position to grow Bathrooms & Kitchens business through the cycle

A\$m Normalised ¹	FY17	FY18	% Change
Revenue	446.3	453.2	1.5%
EBITDA	86.2	89.5	3.9%
EBIT	80.6	84.4	4.7%
NPAT	53.7	56.0	4.3%
EBIT Margin %	18.1%	18.6%	0.5pp
ROFE %	20.2%	20.5%	0.3pp
EPS (cents)	20.3	21.2	0.9c
Dividend (cents per share)	16.5	18.0	9.1%

GWA Group Limited, a leading supplier of fixtures and fittings to Australian and New Zealand households and commercial premises, today announced a 4.3 per cent increase in net profit after tax¹ to \$56.0 million for the year ended 30 June 2018.

Group Revenue increased by 1.5 per cent with sales in the Bathrooms & Kitchens' division increasing by 2.5 per cent which was ahead of the market growth of approximately 2 per cent from continued profitable share gains in core segments and new product development.

Group EBITDA¹ increased by 3.8 per cent to \$89.5 million while Group EBIT¹ improved by 4.7 per cent to \$84.4 million.

GWA's earnings per share¹ of 21.2 cents improved by 4.3 per cent on the prior year.

¹ Normalised Before Significant Items – Significant Items of \$1.9m before tax relate to costs associated with the sale of Door & Access Systems

Significant items (pre-tax) of \$1.9 million relate to costs associated with the sale of the Door & Access Systems business incurred in FY18.

On a reported basis, including significant items, net profit after tax was \$54.3 million.

The Board resolved to pay a final dividend of 9.5 cents per share, fully-franked, bringing the full-year dividend to 18.0 cents per share, fully-franked compared with 16.5 cents for the prior year – an increase of 9.1 per cent.

The record date for entitlement to receive the final dividend will be 28 August 2018 with the dividend being paid on 6 September 2018.

Strong platform to pursue growth options

GWA Managing Director, Tim Salt, said the Group delivered another solid result while the sale of the Door & Access Systems' business had created a significant opportunity for GWA to grow its Bathrooms & Kitchens business through the cycle.

"The business has continued to make good progress on our strategy over the past year.

"We continue to work more collaboratively with our major customers which delivered above-market revenue growth. This enabled B&K to grow market share for the third consecutive year.

"At the same time, we're investing in our market-leading brands such as Caroma, Dorf and Clark to engage more effectively with consumers.

"We're also continuing our commitment to investing locally in R&D to deliver new products and solutions focused primarily on the Renovations and Replacements and Commercial segments."

In a first for the market, GWA is rolling out Caroma Smart Command® - an intelligent bathroom system which includes a set of Bluetooth-enabled, touchless bathroom products that integrate into commercial building management systems to enable the monitoring and management of water.

Initial response from customers has been very positive and GWA expects to commence a full launch of Caroma Smart Command® in the first quarter of FY19.

Mr Salt said the sale of the Door & Access Systems' business means GWA now has a clear focus to compete in the \$1.4 billion Bathrooms & Kitchens market which offers significant growth opportunities.

"We also have a very strong balance sheet which provides us the financial flexibility to harness this growth potential," he said.

"We are focused on building on GWA's strong technical capability and expertise in delivering superior solutions for water.

"Our immediate priority is to continue to strengthen our core business through organic growth and potential inorganic expansion.

"As part of this strategy, we continue to work on a range of opportunities in existing and adjacent categories to deliver growth across the business." Mr Salt said.

FY19 Outlook

For FY19, GWA expects the overall market to remain resilient. The Renovations and Replacements segment, the largest segment accounting for 53% or just over half of GWA's revenue is forecast to remain robust.

While residential construction activity is expected to slow, the pipeline of building work yet to be completed remains at reasonably high levels which continues to support continued demand for GWA's brands into FY19.

GWA's commercial forward order book remains solid with several major commercial projects secured, primarily across the eastern states.

GWA expects to provide a trading update at the company's Annual General Meeting on 26 October 2018.

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