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ASX On-Line

Manager Company Announcements
Australian Securities Exchange

Dear Sir

Macquarie Australia Conference Presentation

Attached is a copy of the presentation given by the Managing Director of GWA Group Limited, Tim Salt, at the Macquarie Australia Conference in Sydney today.

Yours faithfully

R J Thornton
Executive Director





GWA
Group Limited

Superior solutions for water

Presentation

Macquarie Australia Conference 2019

02 May 2019



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Disclaimer

This presentation contains non-IFRS financial measures to assist users to assess the underlying financial performance of the Group.

The non-IFRS financial measures in this presentation were not the subject of a review or audit by KPMG.

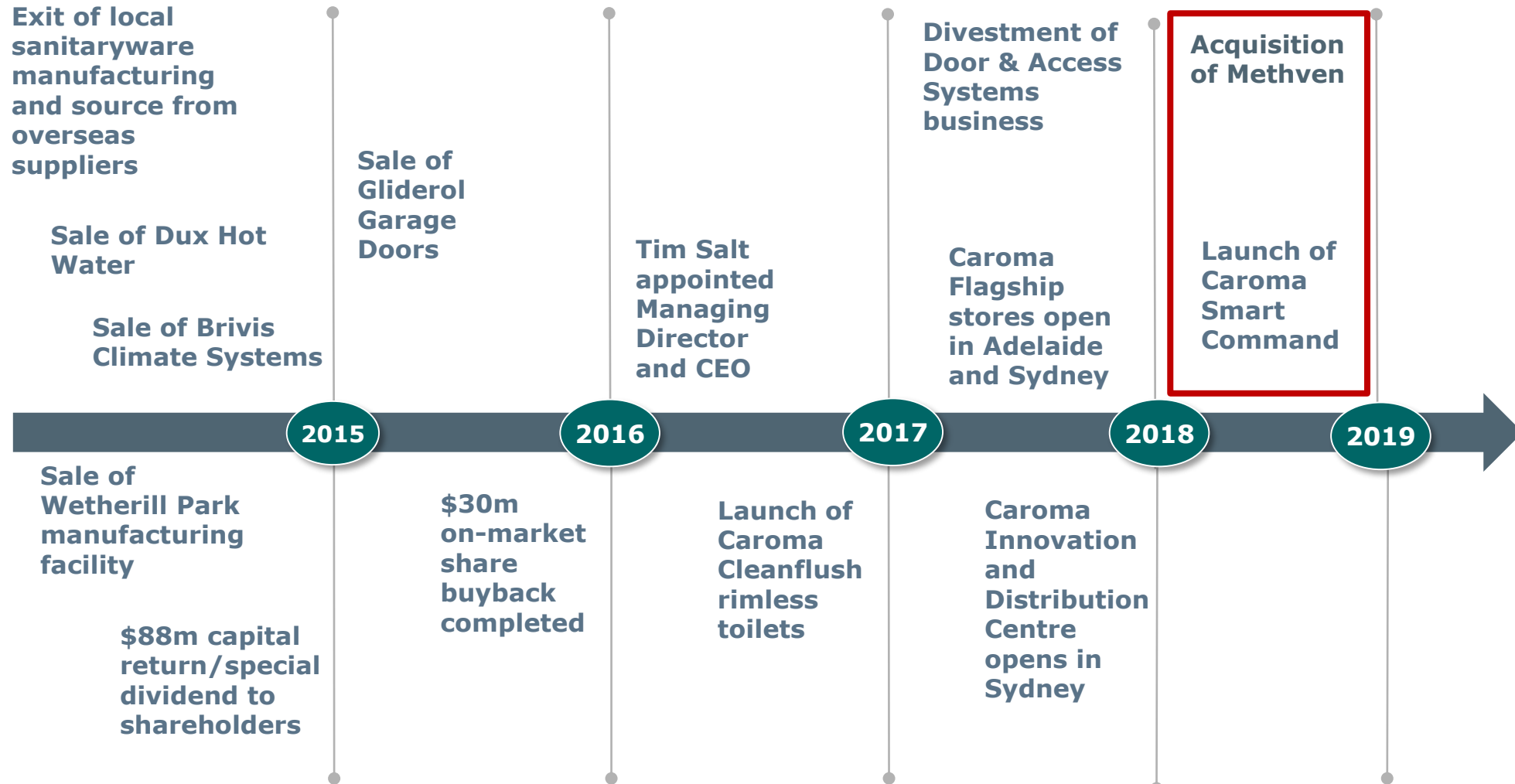
Agenda

- 01** | About GWA
- 02** | Methven acquisition
- 03** | Update on strategic initiatives
- 04** | Summary and questions

About GWA



The business is now focused on superior solutions for water



GWA today

Making life better with superior water solutions

- Leading designer and supplier of products, services and technology focused on Bathrooms & Kitchens (B&K)
- Owner and distributor of market leading brands in core ~\$1.7b B&K addressable market¹ focused on sanitaryware, taps / showers and valves
- Significant scale across key segments of B&K market in Australia and New Zealand with presence in the UK and China
- Enviably reputation within building sector for product quality and innovation, technical expertise and superior service
- Cost efficient long term supply agreements with selected, exclusive manufacturing partners
- Experienced senior management team in R&D, design, brand building / customer engagement, supply and distribution
- Listed on ASX - Market capitalisation \$880m²

Key brands



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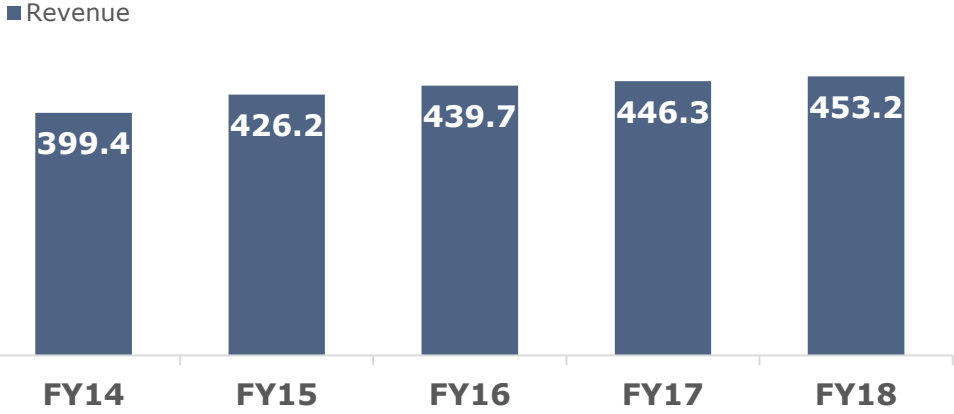
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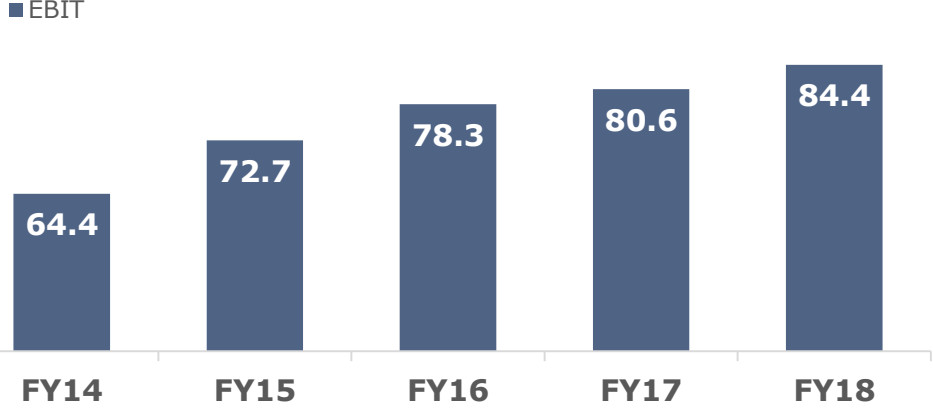
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Consistent improvement in operating results and returns

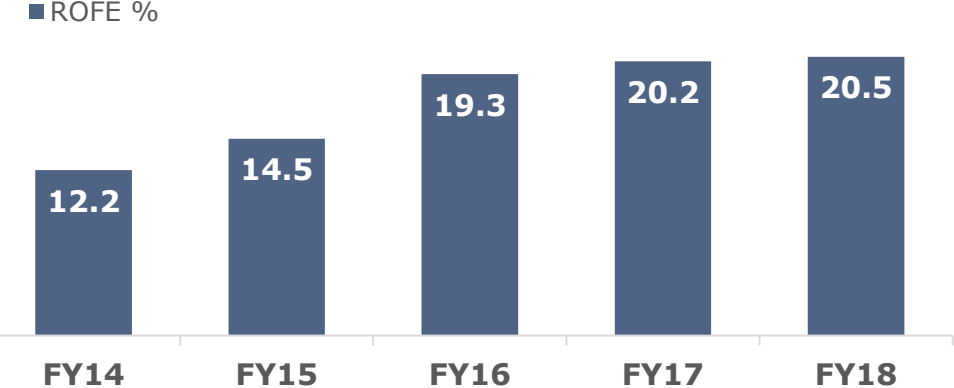
Group Revenue (A\$m)



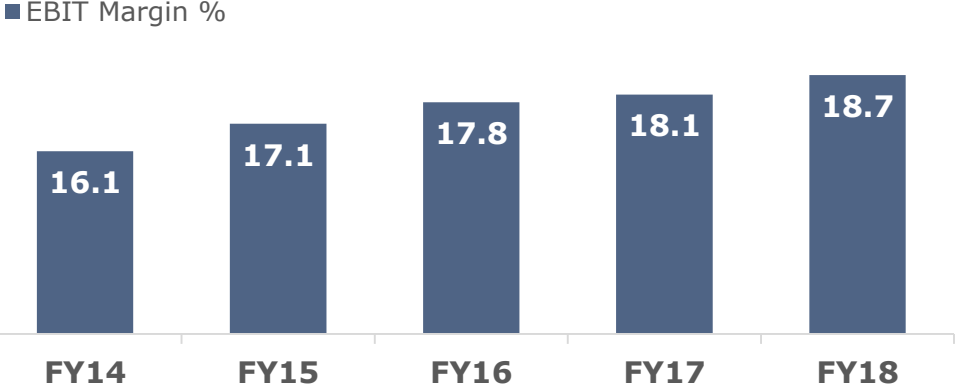
Group EBIT (A\$m)



Group Return on Funds Employed (%)

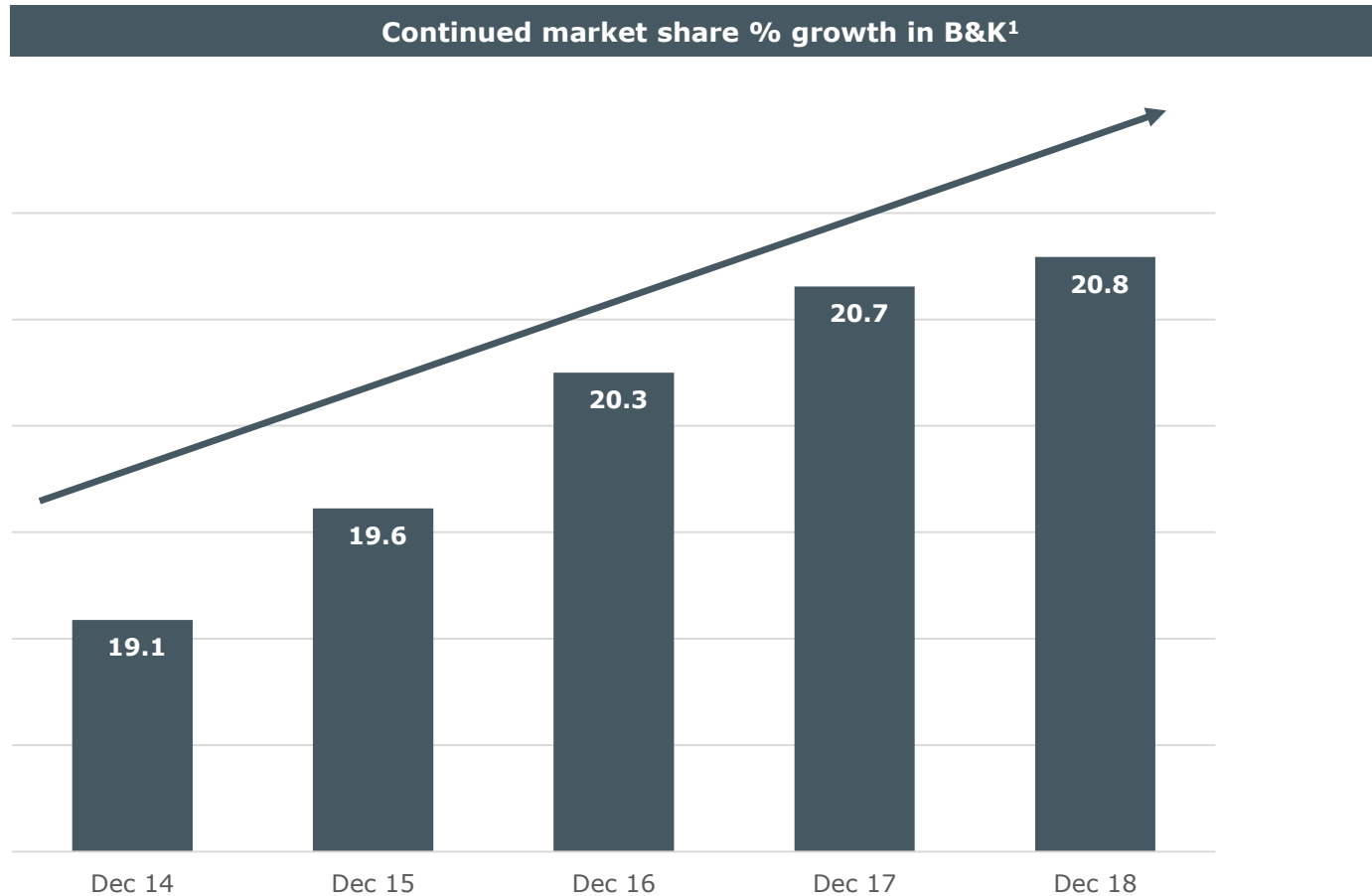


Group EBIT Margin (%)



* GWA Group (ex Methven) results include the Door & Access Systems Business which was divested on 3 July 2018 and excludes Gliderol in FY16 and FY15

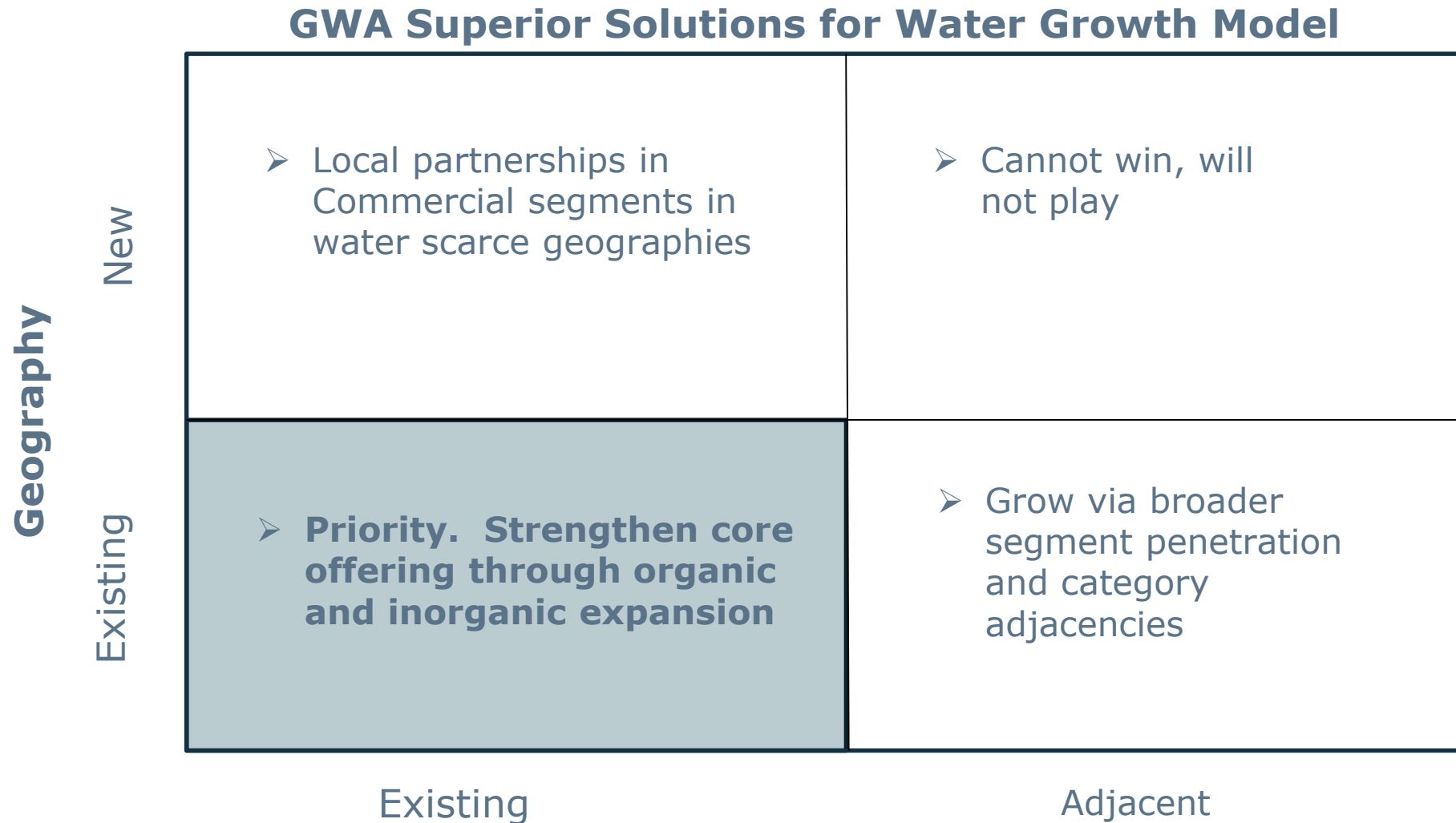
Consistent improvement in market share



GWA strategy



Our approach to growth



Methven acquisition



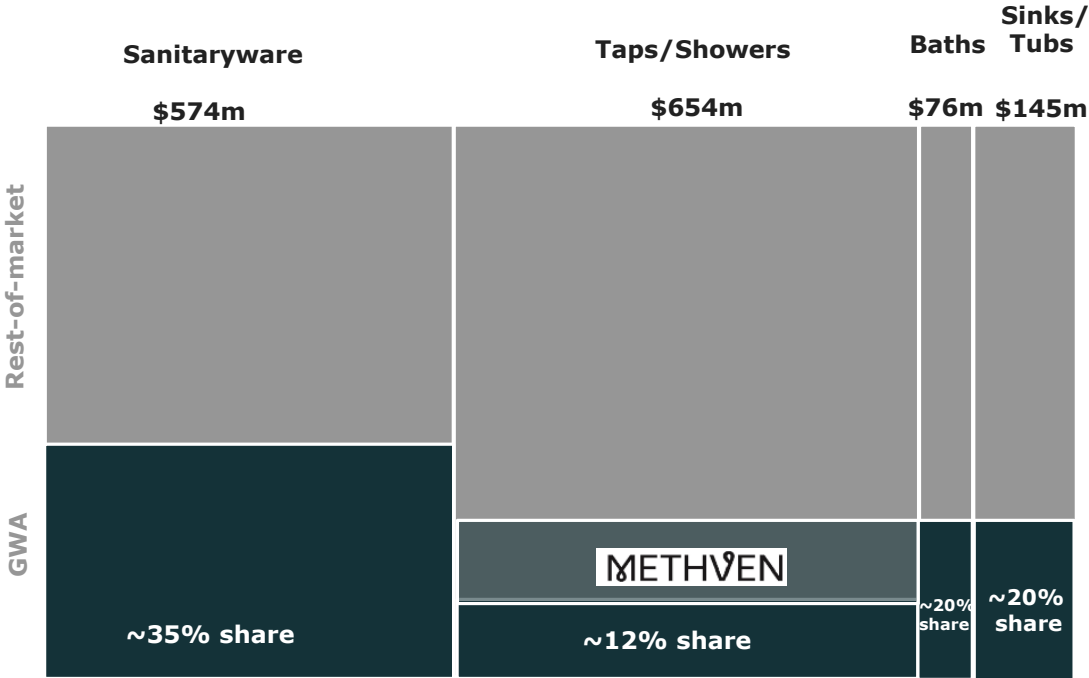
Methven acquisition strengthens water solutions strategy

About Methven

Methven is a designer and manufacturer of showers, taps and valves based in Auckland:

- Leadership position in the taps and showers category in New Zealand, with a strong presence in the Australian market
- Strong innovation capability and intellectual property position with three of the six shower technologies globally
- International footprint with operations in New Zealand (31% of FY18 revenue), Australia (42%), United Kingdom (25%) and other regions including China and South East Asia
- FY18 Revenue NZ\$105m; FY18 EBIT NZ\$11m

Market by category¹ (NSV – A\$1.4bn)



Methven acquisition provides compelling strategic rationale

Alignment with strategic objectives

- ✓ Accelerates GWA's strategy to deliver superior water solutions
- ✓ Strengthens GWA's position in bathroom and kitchen fixtures across Australia and New Zealand
- ✓ Increases GWA's market share in Taps segment in Australia from ~12% to ~20%
- ✓ Increases exposure to the attractive renovation and replacements market to ~60% globally
- ✓ Provides a platform for international growth to diversify earnings base
- ✓ Strong innovation capability with three of six shower technologies globally
- ✓ Significant synergy opportunity with at least NZ\$5m expected by FY21
- ✓ Mid-single digit EPS accretive in FY20¹ (first full year of ownership)

Update on strategic initiatives



Continued progress on strategic initiatives

CUSTOMER FOCUSED

Add value to customers through superior execution, insights, analytics and processes

- Embedding customer growth plans including opportunities in Aged Care / Health
- Customer initiatives driving enhanced ranging / showroom presence
- Continued conversion to Cleanflush drives increased sales and mix
- Targeting Commercial segment growth with team of 40+ people
- Commercial order book remains robust

CONSUMER DRIVEN

Deliver experiences to excite consumers and drive revenue and market share growth

- Increase in foot traffic in flagship stores (Adelaide, Sydney) to drive consumer engagement
- Increased investment behind leading brands (Caroma) and OMNI channel engagement
- Leveraging opportunity for GWA / MVN collaboration on NPD and product innovation

EFFICIENCY/BEST COST/PEOPLE

Simple, effective processes to delight consumers and customers with continuous improvement and great people

- Progressing \$9-12m cost out programme FY19-FY21 for margin management and re-investment in core business – on track for FY19
- Expect at least NZ\$5M synergies from Methven integration by FY21
- Innovation & Distribution Centre (Prestons, NSW) delivering expected benefits

Caroma Smart Command[®] - changing the standard in building water management

Key features of Caroma Smart Command¹

- Touchless bathroom products
- Remote BMS² connectivity to all bathrooms
- Remotely monitor and manage water usage including leaks
- Needs-based real time bathroom cleaning schedule

Key benefits of Caroma Smart Command¹



Hygienic user experience



Increased bathroom up time and better user experience



Reduced water usage and rental benefit from Green Star rating



Reduced costs via increased preventative maintenance



Cost efficient remote monitoring and management



Remote commissioning on install saves plumber time and money



Reduced cleaning costs

Caroma Smart Command® generating positive market engagement

Key area	Progress
Expanded to more sites	<ul style="list-style-type: none">▪ Smart Command now installed in 16 sites across Australia / NZ▪ 7 additional projects in the pipeline for FY19▪ Strong customer engagement with large developers in commercial / retail▪ Significant opportunity to leverage Methven geographic footprint for international expansion
Cloud Migration	<ul style="list-style-type: none">▪ First Sydney-based customer migrated to the cloud dashboard▪ Platform for fee-for-service solution▪ 2 additional customers expected to be migrated within the next month
Increasing investment	<ul style="list-style-type: none">▪ Future additional products in development▪ Data as a service and data analytics in development▪ Caroma Smart Command has secured the naming rights to the World Plumbing Conference 2019▪ Lead generation via stand alone website – smartcommand.com.au
International opportunities	<ul style="list-style-type: none">▪ Significant interest generated in SE Asia in premium commercial and retail▪ Leveraging Methven SE Asia relationships▪ Caroma Smart Command to be showcased at Expo 2020, Dubai, UAE

Summary & Questions



GWA – business repositioned and better placed to manage through the cycle

Market activity

- Slowing new build construction markets, predominantly in multi-residential segment
- Renovation & Replacement segment remains reasonably steady
- Commercial segment strong and GWA's Commercial forward order book remains solid

GWA repositioned and better placed to manage through the cycle

- **Higher exposure to more stable markets with greater earnings diversity**
 - Increased exposure to more stable R&R market ~60% of revenue
 - Greater scale and enhanced regional diversity of earnings through Methven acquisition
- **Enhanced margin resilience through cost-out programme and synergies**
 - Implementing \$9-12m cost out programme FY19-FY21 for margin management and re-investment in core business
 - NZ\$5m synergies from Methven acquisition by FY21
 - Strong balance sheet maintained
- **Business strengthened through customer and consumer strategic initiatives**
 - Continued improved engagement with merchant channel with joint business planning
 - Engaging directly with Secondary customers (builders/specifiers) to create demand
 - Stronger consumer engagement (brand investment, flagship stores) for demand pull
 - Demonstrated ability to win share
- **Implementing growth strategies targeting opportunities high value/less cyclical segments**
 - Caroma Smart Command successfully launched with positive market engagement
 - Aged / Health Care – launching specific product ranges and new customer partnerships
 - Commercial R&R – dedicated resource targeting \$324m (AU) segment opportunity



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