



GWA
Group Limited

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30 October 2020

ASX On-Line

Manager Company Announcements
Australian Securities Exchange

Dear Sir

Annual General Meeting Presentation to Shareholders

In accordance with Listing Rule 3.13, we enclose the Chairman's and Managing Director's Address to Shareholders at the GWA Group Limited virtual Annual General Meeting (AGM) to be held at 10:00am (AEST) today.

An audio recording of the AGM presentation will be made available on the GWA website at www.gwagroup.com.au following the conclusion of the meeting.

This announcement has been authorised for release to the ASX by the GWA Board of Directors.

Yours faithfully

A handwritten signature in black ink, appearing to read 'R J Thornton', enclosed in a thin black rectangular border.

R J Thornton
Executive Director





Superior Solutions for Water

Annual General Meeting

30 October 2020



METHVEN

CLARK

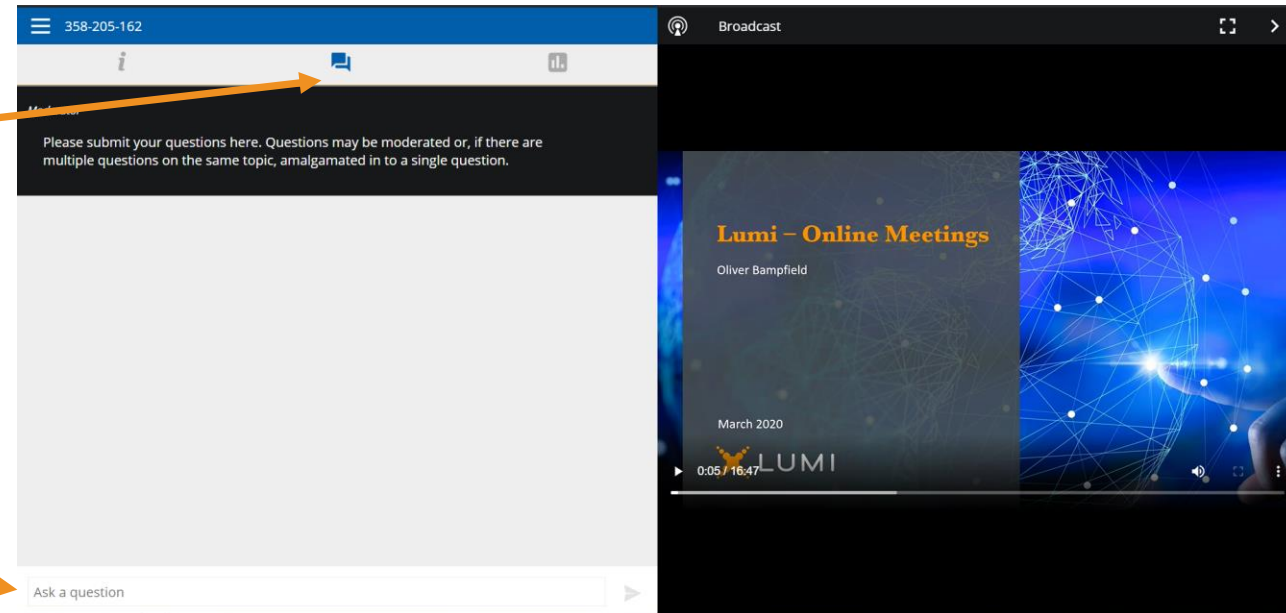
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Online attendees – question process

- When the Question function is available, the Q&A icon will appear at the top of the app.

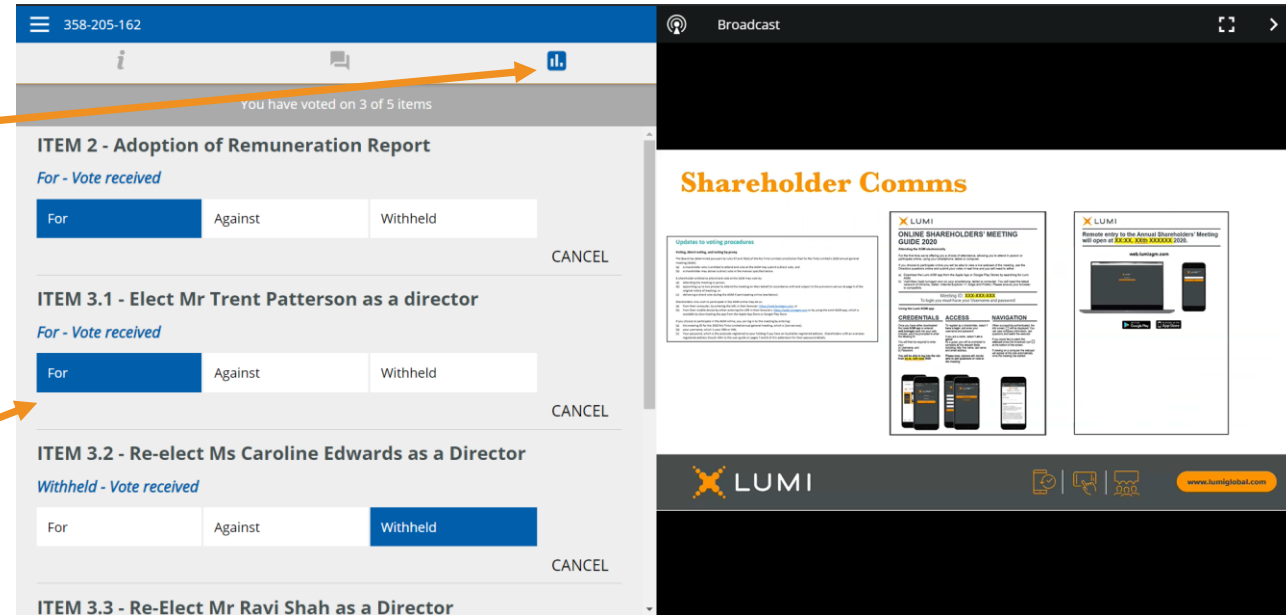


- To send in a question, simply click in the 'Ask a question' box, type your question and then press the send arrow
- Your question will be sent immediately for review



Online attendees – voting process

- When the poll is open, the vote will be accessible by selecting the voting icon at the top of the screen



- To vote simply select the direction in which you would like to cast your vote, the selected option will change colour
- There is no submit or send button, your selection is automatically recorded

Resolution 1 Re-election of Ms Jane McKellar as Director

FOR	202,207,978	99.32%
OPEN	900,342	0.44%
AGAINST	493,113	0.24%
ABSTAIN	593,457	

Resolution 2 Re-election of Mr Richard Thornton as Director

FOR	202,559,393	99.48%
OPEN	906,502	0.45%
AGAINST	133,025	0.07%
ABSTAIN	595,970	

**Resolution 3
Adoption of Remuneration Report**

FOR	200,226,576	99.04%
OPEN	902,433	0.45%
AGAINST	1,013,778	0.51%
ABSTAIN	663,275	

**Resolution 4
Approval of Grant of Performance Rights to Managing Director under
the Long Term Incentive Plan**

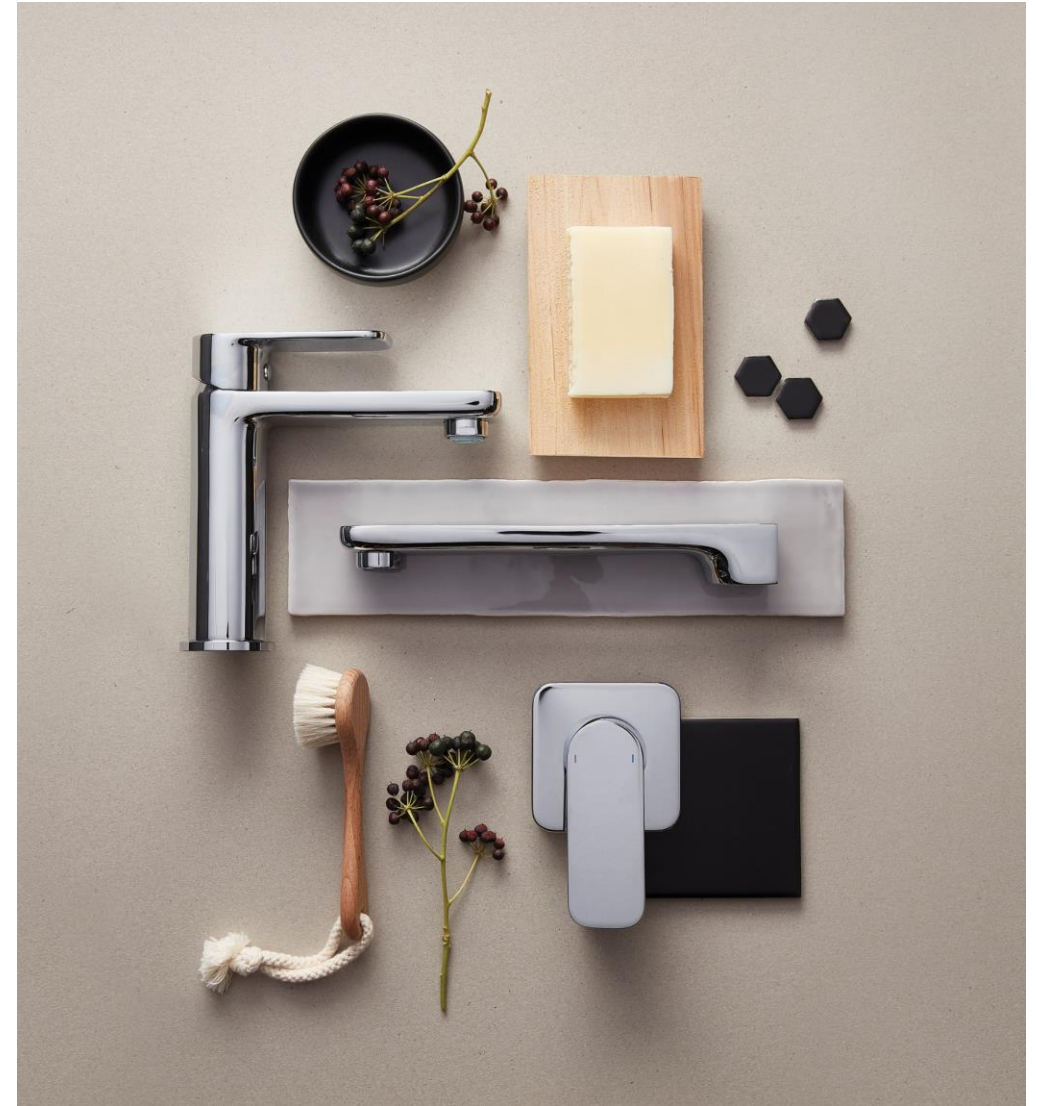
FOR	200,118,498	98.75%
OPEN	876,847	0.44%
AGAINST	1,645,349	0.81%
ABSTAIN	1,281,885	

**Resolution 5
Approval of Grant of Performance Rights to Executive Director under
the Long Term Incentive Plan**

FOR	200,121,482	98.75%
OPEN	878,597	0.44%
AGAINST	1,638,340	0.81%
ABSTAIN	1,284,160	

Agenda

- 01** | Chairman's Address
- 02** | CEO Presentation
- 03** | Formal Business
- 04** | Close



01 | Chairman's Address



FY20 Result - disciplined performance in challenging markets

Operational discipline mitigates significant amount of revenue decline from weaker market and COVID-19

- Merchant destocking in 1H FY20 and COVID-19 restrictions in 2H FY20 significantly impacted revenue
- However, maintained market share in Australia despite challenging market conditions
- Ongoing operational discipline mitigates significant component of revenue decline – Group EBIT margin 18.0% v 18.5% in FY19¹
- Continued strong cash generation and financial position – Board has determined 3.5 cent per share final dividend fully-franked

“Controlling the controllables”

- Significant improvement in Health and Safety (lead and lag metrics)
- Methven integration on track - sales teams fully integrated - synergies ahead of schedule: \$3m delivered in FY20
- \$9-12m cost out programme on track: \$5.0m delivered in FY20
- Additional short-term cost reductions of \$10.5m delivered in response to weak markets
- Consolidated distribution network to four key distribution centres in NSW, QLD, VIC and WA to drive operational efficiencies in FY21

Continue to execute superior water solutions growth strategy

- Continuing to invest in growth initiatives (Caroma Smart Command®, NPD) funded by cost savings
- Strengthened relationships with merchant partners drive core range extension (MVN and GWA product)
- Caroma Smart Command® installed at 49 sites – focus on sustainability and touchless / hygiene solutions in commercial bathrooms
- Commercial forward order bank remains strong and in growth - focused on core segment opportunities including Aged Care

Strong financial position to manage through current markets and position for growth

- Solid balance sheet maintained – liquidity enhanced in 2H FY20 and no significant near-term refinancing commitments

Ongoing commitment to sustainability at GWA

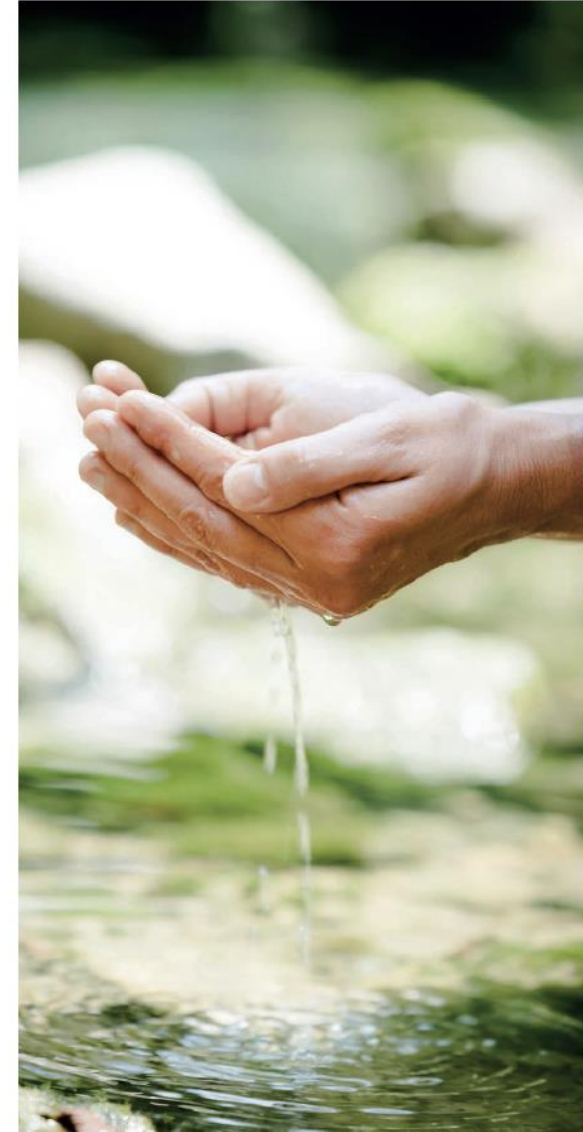
Sustainability remains fundamental to GWA's business. We have a long-standing history in making life better and contributing to more sustainable communities through our operations and through providing superior products and solutions for people to enjoy and sustain water, our planet's most precious resource.

Our approach to sustainability continues to be based around two central objectives:

- Operating in a sustainable manner across our business by managing our resources as efficiently as possible and by acting in a socially responsible manner;
- Providing leading-edge products and systems that contribute to sustainability by making life better through superior water-saving solutions for the built environment.

Key Sustainability FY20 highlights:

- 85% improvement in Total Injury Frequency Rate (TIFR) on prior year
- Staff engagement score of 61% - above the median score of Australian companies
- Zero Medical Treatment Injuries for FY20 across all sites
- Continued improvement in diversity – female representation at GWA 42%, up from 39% in prior year



Remuneration

Board Review of executive remuneration to ensure it remains aligned with remuneration strategy and market practice. Minor changes in FY21:

- The Board has considered the setting of performance targets for the FY21 LTIP in the context of the ongoing impacts of the COVID-19 pandemic. There are significant challenges with predicting the impact on the construction market and the level of activity, and therefore accurately forecasting ROFE for the next three year period. As a result, the Board has decided that ROFE is not a suitable measure for the FY21 LTIP. After considering various alternatives and incorporating independent expert advice, the Board decided to retain the relative TSR measure with the existing comparator group as a single performance measure. This decision is specific to the FY21 LTIP and is in response to the current uncertain economic environment and does not necessarily represent ongoing performance measures for future LTIP grants.
- For the FY22 LTIP, the Board will take into account the prevailing conditions at that time but its current preference is to revert to ROFE, or an alternative measure such as Return on Capital Employed (ROCE), as the second measure for the Company's LTIP. Shareholders will be kept informed on this issue.

02 | CEO's Presentation



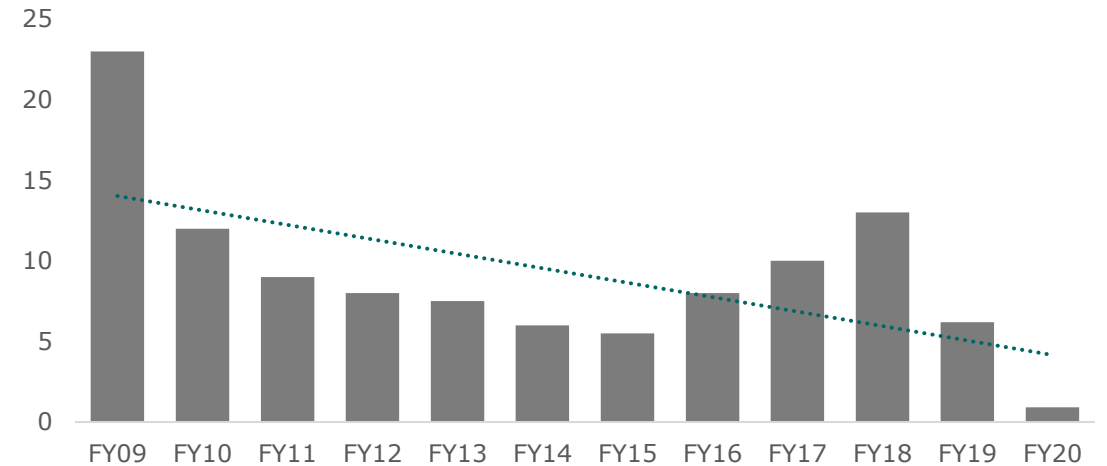
Workplace Health and Safety

“We care for each other” is one of our cultural pillars – our objective remains to ensure everyone is safe... every day

Substantial progress made in FY20:

- GWA measures a range of balanced safety performance indicators. We continuously identify, implement and monitor our activities to ensure we eliminate unsafe acts and practices.
- During FY20 GWA's safety performance measure TIFR¹ improved from 6.2 in FY19 to 0.9.

Total Injury Frequency Rate



COVID-19 response: strongly positioned to manage through pandemic

Primary focus remains on health and safety of all people at GWA (staff and visitors)

- Enhanced safety protection (sanitiser, masks, temperature checks and increased cleaning) at all GWA sites
- All office-based staff supported to work remotely
- Implemented shift management / social distancing protocols (incl. staggered break times) at all manufacturing sites
- 112 staff furloughed across NZ and UK due to the impact of restrictions and shutdowns

Additional short-term cost reductions to partially mitigate the impact of COVID-19

- \$10.5 million of short-term cost reductions achieved

Maintained continuity of supply in 2H FY20 (no COVID-19 disruption)

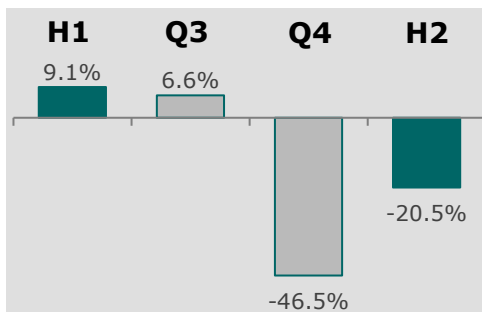
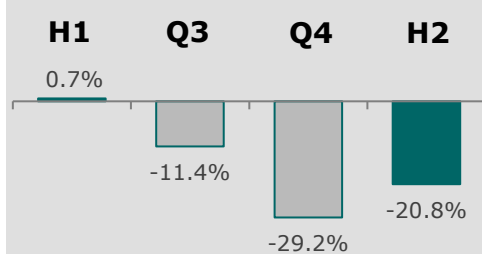
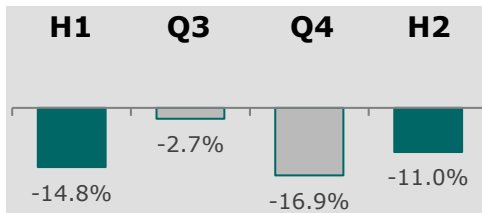
- Manufacturing supply partners prioritised GWA due to longer term exclusive arrangements
- Inventory management continues to ensure supply continuity

Strong financial position maintained

- \$33m additional bank facilities obtained (not drawn)
- \$283m in total bank facilities provides significant liquidity and flexibility to take advantage of opportunities that may arise
- \$243m revolving facility does not mature until October 2022
- GWA remains highly cash generative – cash conversion ratio in FY20 96%

COVID-19 restrictions impacted Q4 revenue

Revenue vs pcip



Impact of restrictions

Australia

- 1H impacted by significant merchant destocking and weaker market conditions
- Q3 revenue was broadly in line with pcip
- Q4 sales impacted by COVID-19 with sales growth in consumer focused channel offset by declines in trade channels. No further destocking but anticipated restocking in Q4 did not materialise

New Zealand

- Momentum from 1H sales growth stalled by COVID-19 Level 4 restrictions especially in Q4
- March sales reduced (impacted Q3) as trade reduced purchases in the lead up to lock down

International

- United Kingdom sales up 9% in Q3 prior to COVID-19 restrictions which impacted Q4 revenue
- Despite impact of lockdown in Q3 Asia sales were up 6% for FY20 vs FY19

Operational discipline to manage weak markets

Normalised¹ from continuing operations² (pro forma) includes Methven in full year FY19

A\$m Normalised ¹	Pro Forma		% Change
	FY19 Includes Methven for full year	FY20 Includes Methven for full year	
Revenue	453.8	398.7	-12.1%
EBITDA	102.2	92.2	-9.8%
EBIT	83.9	71.8	-14.3%
NPAT	53.8	44.9	-16.5%
EBIT Margin %	18.5%	18.0%	-0.5pp
ROFE %	21.8%	16.4%	-5.3pp
EPS	20.4c	17.0c	-3.4c
Full year dividend (fully franked)	18.5c	11.5c	-7.0c

- Revenue reflects the decline in residential new build and renovation construction activity in Australia coupled with merchant destocking and the COVID-19 impact
- Net profit after tax down (16.5)% on prior year primarily due to increased interest costs on debt related to the Methven acquisition
- Effective tax rate 28.8%
- ROFE decline reflects a combination of lower earnings and increased goodwill related to the acquisition of Methven but exceeds GWA's cost of capital
- Ongoing robust financial position:
 - Board has determined final dividend of 3.5 cents per share. FY dividend 11.5 cents fully-franked
 - DRP implemented at \$2.61 (1.5% discount³ for final FY20 dividend)

Strong cash conversion maintained

Cash flow from Continuing Operations A\$M	Pro Forma	
	FY19 Includes Methven for full year	FY20 Includes Methven for full year
EBITDA	102.2	92.2
Net movement in Working Capital	7.0	(0.6)
Other	(1.5)	(3.0)
Cash Flow from Operations	107.7	88.6
Capital Expenditure	(8.1)	(12.3)
Restructuring / Other costs	(12.8)	(1.8)
Net Interest Paid	(6.5)	(8.0)
Tax Paid	(27.1)	(17.8)
Lease Payments	(11.0)	(8.4)
Free Cash Flow	42.3	40.3
Discontinued Operations	98.9	(0.0)
Group Free Cash Flow	141.1	40.3

- Continued focus on strong cash management
- Cash conversion from operations remains strong at 96% despite weaker markets / COVID-19
- Strong focus on debtor management with DSO in line with prior year
- Capital expenditure at the low end of the range at \$12.3m, focused on initiatives to drive cost efficiencies and revenue enhancing opportunities:
 - Caroma Smart Command®
 - Warehouse and office consolidation
 - IT investment
- FY20 cash restructuring / other costs relate primarily to Methven integration costs

Strong financial position maintained despite COVID-19

Metrics ¹	30 June 2016	30 June 2017	30 June 2018	30 June 2019	30 June 2020
Net Debt	88.4	79.8	97.7	141.9	144.8
Leverage Ratio <i>Net Debt / EBITDA</i>	1.1	0.9	1.1	1.6	1.9
Interest Cover <i>EBITDA / Net Interest</i>	14.3	17.1	19.6	23.5	13.6
Gearing <i>Net Debt / (Net Debt + Equity)</i>	22.3%	19.9%	22.7%	27.5%	28.4%
Net Debt					
Borrowings	120.0	112.0	125.0	177.8	175.4
Bank Guarantees	4.1	4.1	1.8	3.8	1.8
Cash	(35.7)	(36.4)	(27.9)	(39.6)	(32.4)
Held for sale cash	-	-	(1.2)	-	-
	88.4	79.8	97.7	141.9	144.8

- GWA remains in a strong financial position to operate through current challenging environment
- Net debt of \$144.8m broadly in line with prior year due to continued focus on cash management
 - FY19 net debt increase includes Methven acquisition
- Credit metrics remain strong with Leverage ratio at 1.9 times
- Substantial headroom maintained within \$283m banking facility
 - \$33m facility increase in April 2020
 - \$243m multi-currency revolving facility does not expire until October 2022
 - \$40m revolving bi-lateral renewed and matures October 2021

GWA evolving strategy for growth

PURPOSE: We make life better through products, services and technologies that create superior solutions for people to enjoy and sustain water, our planet's most precious resource.

GOAL: We use our fixtures, insights and expertise to save a Sydney Harbour of water (500GL) every year.

Strategic Growth Drivers

Build R&R market share in ANZ

Extend ANZ leadership position in Commercial segment

Leadership of water smart, connected bathrooms and buildings

Grow select overseas markets leveraging ANZ Commercial expertise

Enabling Capabilities

INNOVATE and PARTNER: solutions, services and ways of doing business.
 EXCEED CUSTOMER SERVICE EXPECTATIONS: good to do business with – people, processes, systems.
 DRIVE BEST COST: Continuous improvement to support profitability and fund selective reinvestment.
 ATTRACT and DEVELOP GREAT PEOPLE: Continue to build capability, culture and engagement.

Key Deliverables

GWA Operational Measures : Safety, Market share, NSV, EBIT, DIFOT, NPS, Engagement

External Measures of Success : NPAT growth, ROFE, TSR, Water sustainability

Cultural Pillars

WE ALL LEAD. WE ARE CUSTOMER FOCUSED AND CONSUMER DRIVEN. WE CARE FOR EACH OTHER.

Continued focus on superior solutions for water

FY21

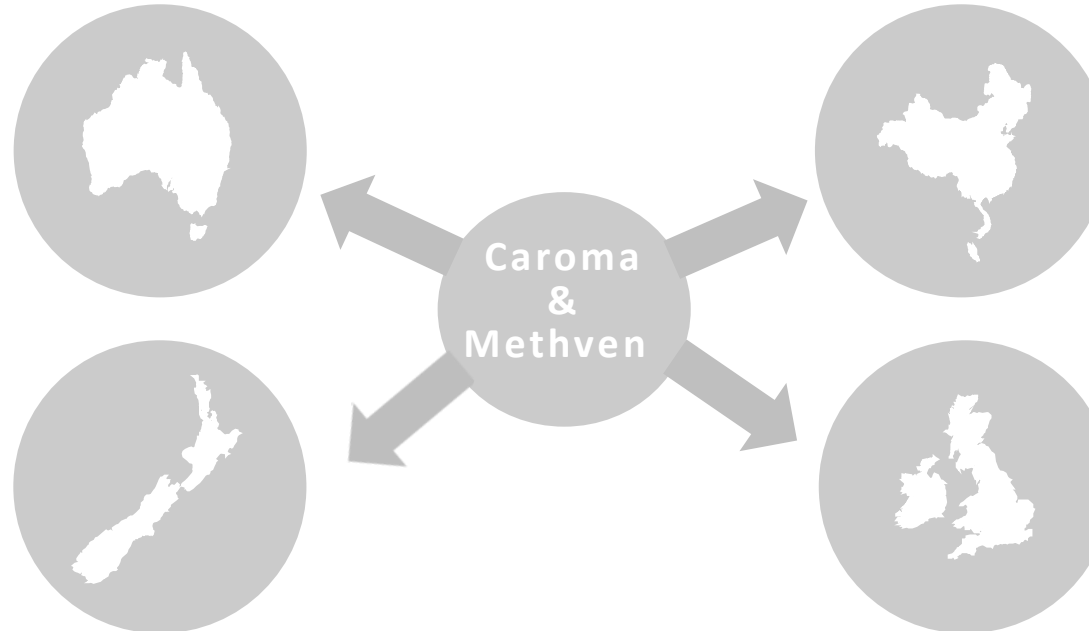
A strong resilient business

Australia

- Extend Australian share leadership by shifting investment to “winning” brands
- Drive digital engagement
- Extend commercial leadership

New Zealand

- Extend market leadership leveraging the integrated business
- Extend tap and showerware Centre of Excellence for the group



Asia

- Strengthen GWA foothold in key growth region
- Develop superior local customer understanding and innovation
- Simplify our footprint, segment focus and supply network

United Kingdom

- Leverage local agility to drive profitable share growth
- Drive Methven share of business
- Lay the ground work for Caroma entry including Caroma Smart Command®

Building Renovation and Replacement market share in ANZ



Consumer engagement

- Increased upfront engagement with Caroma website traffic increasing by 23% in 2H FY20
- Combined monthly social media reach of ~800k hits

New product launches

- Caroma Elvire premium range
- Methven Tūroa coloured tapware
- Nefa II and Fast Flow II valves
- New shower and tapware ranges in both the UK and Asia

Omni channel experience

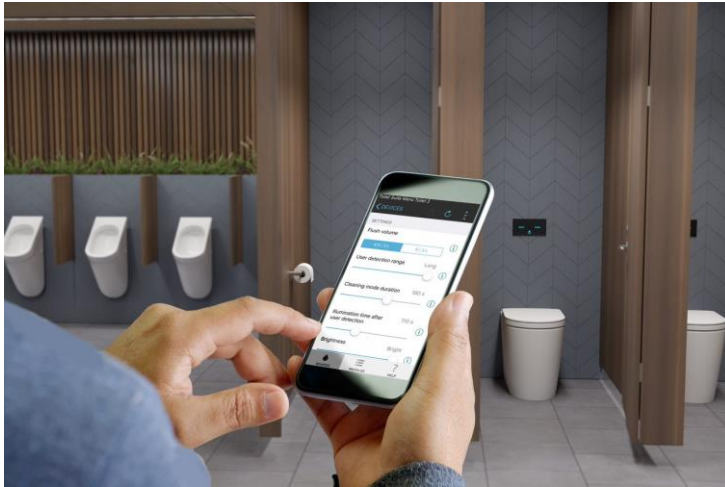
- Media across outdoor, online and TVC¹
- Continued momentum in Flagship Stores despite COVID-19 closures with shift to live streaming of events

Extend ANZ leadership position in Commercial segment



- Commercial forward order book remains strong at 16% ahead of the corresponding period last year, through:
 - Strong traction in Aged Care
 - Share growth in the declining Multi-res segment
 - Extending Office footprint
 - Leverage strength in sanitaryware to attach tapware in key projects
 - Acceleration of Caroma Smart Command® installations and order book
- Methven integration has strengthened GWA's offer with broader tapware portfolio, leading to increased basket ordering
- Continuing to develop and drive new opportunities in Commercial replacements
- Launch product innovation to improve speed and efficiency for installers / plumbers

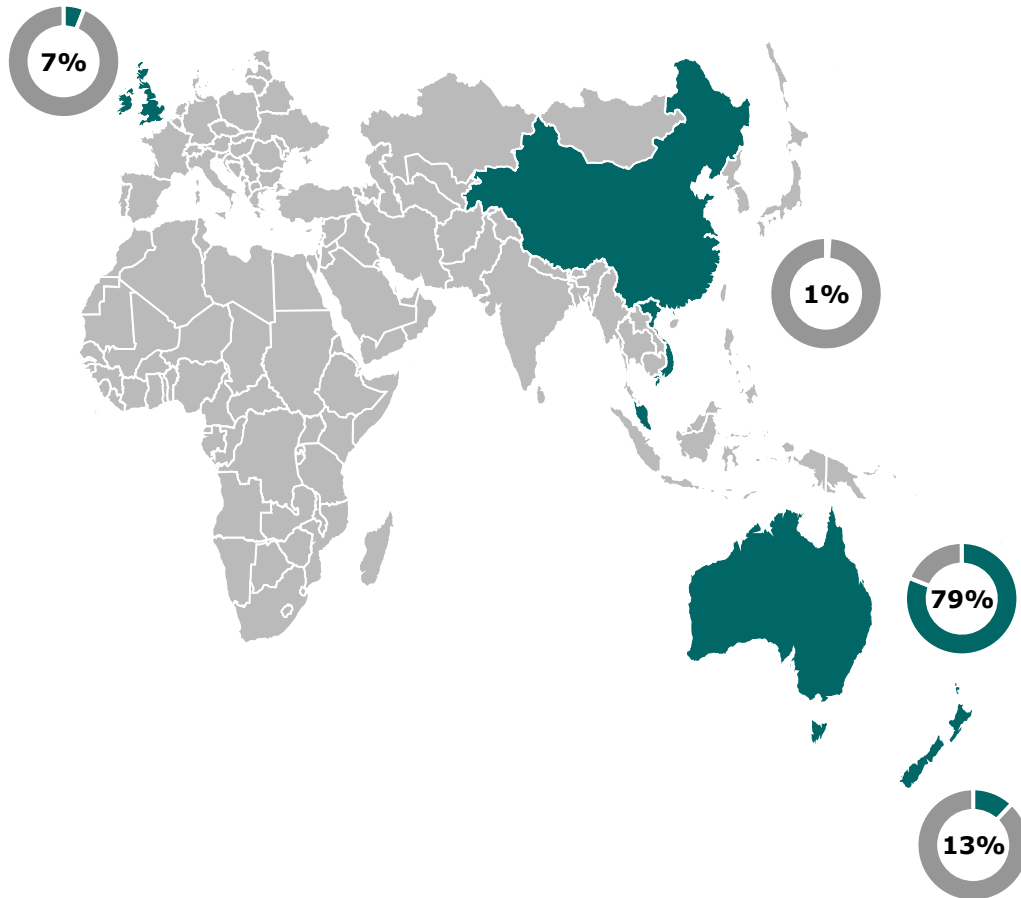
Traction with Caroma Smart Command®



Progress

- Strong customer engagement in multiple commercial segments not only surrounding the system's water saving technology but also its enhanced hygiene and touchless applications
- Caroma Smart Command® (CSC) installed in 49 sites across Australia and New Zealand. Roll-out into other sites during the second half of FY20 was delayed by COVID-19 however there remains a solid bank of additional projects in the pipeline for FY21
- 23 sites migrated to the cloud solution with further migrations planned for FY21, creating a platform for service solution
- Intelligent Shower and Eco Valve launched in Q4 FY20 with a number of installs already underway
- Strong NPD¹ pipeline into FY21 with a number of product, technology and cloud interface enhancements in development
- Leveraging Methven geographic footprint for international expansion
- First Asian CSC install underway – water scarcity is a major global issue
- Naming rights sponsor of the Australian pavilion at Dubai World Expo (October 2021) will open up global exposure

Continued progress on Methven integration opening up overseas growth opportunities



- Integrated sales structure now implemented and providing improved ranging of Methven products in the Australian merchant channel
- Consolidation of distribution network to four key distribution centres in NSW, QLD, VIC and WA, enabling us to:
 - Integrate Methven products into GWA systems
 - Enhance customer service through single invoice and single order delivery
- Tap and showerware Centre of Excellence in New Zealand is building a strong pipeline of NPD¹
 - Methven shower IP to be used in Caroma new shower launches taking place in FY21
- Methven has provided enhanced geographic diversification, which continues to be a strategic growth opportunity for the Group
 - International markets are leveraging Caroma product to go to market with a whole bathroom solution
- Cost synergies ahead of target with A\$3m in FY20; expect at least A\$6m by FY21 (revised from original NZ\$5m on acquisition)

FY21 outlook

Key area	FY21 commentary
FY21 YTD to 28 October 2020	<ul style="list-style-type: none"> - FY21 Group sales (5)% vs Prior Year with Australian sales (8)% partially offset by growth in New Zealand +9% and the United Kingdom +3% - There is continued momentum in retail focused merchant channels and growth in detached residential offset by recent declines in multi residential and continued delays in Commercial completions (Australia) - GWA's commercial order bank remains strong, up 16% in June 2020 vs Prior Year and a further 7% to 28 October 2020
FY21 Outlook	<ul style="list-style-type: none"> - As advised previously, trading is expected to remain challenging due to weak construction market conditions exacerbated by the general economic uncertainty across all regions - GWA's addressable market in FY21 will continue to be impacted by: <ul style="list-style-type: none"> - The drawdown timing of our strong and growing commercial order bank - The extent to which the benefits of stimulus measures seen in detached residential new build in WA, SA & QLD extend to NSW and VIC - The speed of recovery in consumer sentiment driving increased residential renovation activity - GWA remains well positioned to take advantage of future market recovery
FY21 focus - drive revenue opportunities to continue above market growth	<ul style="list-style-type: none"> - FY21 focus on customer and consumer initiatives to generate profitable share growth <ul style="list-style-type: none"> - Agreed business plans with customers targeting specific product / segment categories - Leverage Q2 FY21 launches of new bathroom ranges in Caroma and Methven showerware - Drive further growth of Caroma Smart Command® in Australia, New Zealand and Asia
Maintain cost discipline to control the controllables	<ul style="list-style-type: none"> - On track to deliver: <ul style="list-style-type: none"> - \$4m bringing total of 3 year cost out programme to \$12m target to assist margin management - \$3m bringing total Methven integration savings to \$6m - Continued focus on discretionary spend - Next update at 1H FY21 results on 16 February 2021

Financial Statements

Financial statements for the year ended 30 June 2020

Resolution 1 – Re-election of Jane McKellar

That Ms Jane McKellar, who retires as a director of the Company in accordance with clause 10.3 of the Company's Constitution, be re-elected as a director of the Company.

Resolution 2 – Re-election of Richard Thornton

That Mr Richard Thornton, who retires as a director of the Company in accordance with clause 10.3 of the Company's Constitution, be re-elected as a director of the Company.

Resolution 3 – Remuneration Report

That the Remuneration Report for the year ended 30 June 2020 be adopted.

Resolution 4 – Approval of grant of performance rights

That for the purposes of ASX Listing Rule 10.14, and for all other purposes, approval is hereby given for the grant of up to 455,000 Performance Rights (incorporating the right to acquire shares in the Company) to the Managing Director, Mr Tim Salt, on the terms set out in the accompanying Explanatory Memorandum and under the GWA Group Limited Long Term Incentive Plan (LTIP) which is constituted and administered in accordance with the Rules of the LTIP.

Resolution 5 – Approval of grant of performance rights

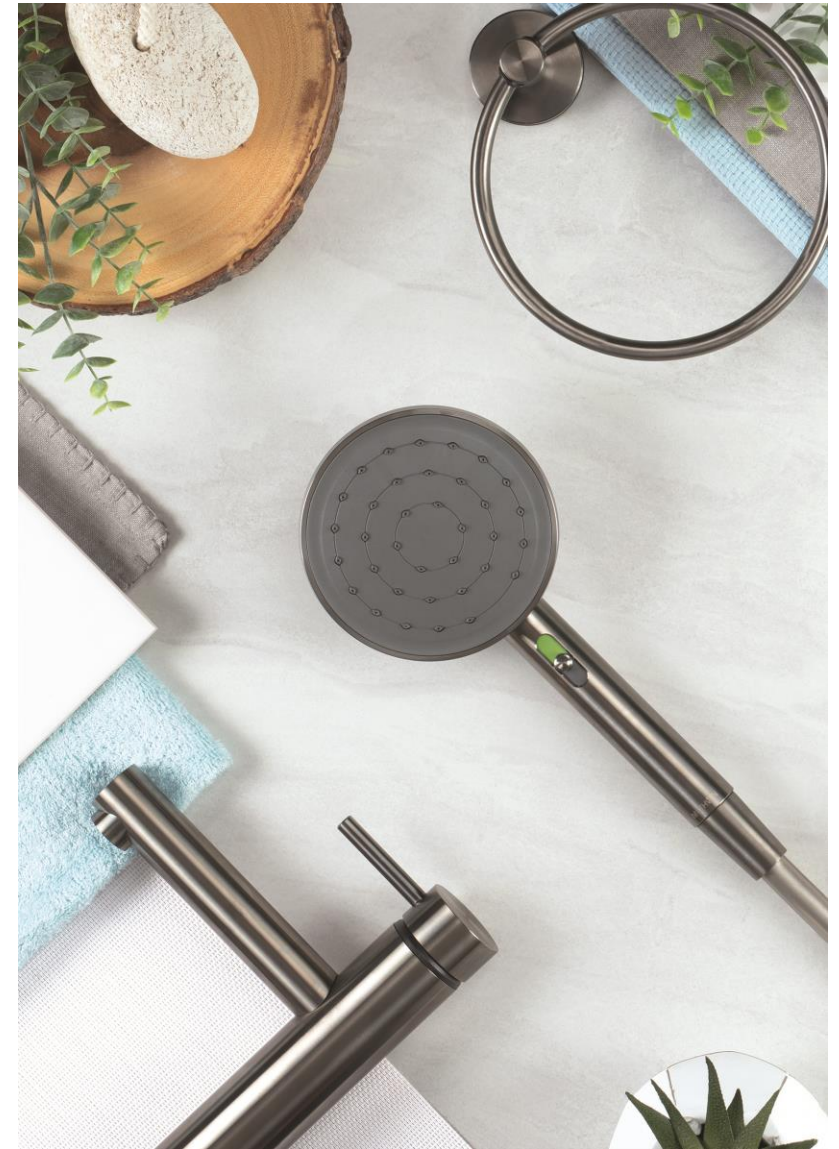
That for the purposes of ASX Listing Rule 10.14, and for all other purposes, approval is hereby given for the grant of up to 55,000 Performance Rights (incorporating the right to acquire shares in the Company) to the Executive Director, Mr Richard Thornton, on the terms set out in the accompanying Explanatory Memorandum and under the GWA Group Limited Long Term Incentive Plan (LTIP) which is constituted and administered in accordance with the Rules of the LTIP.

Disclaimer

This Presentation contains projections and other prospective statements that represent GWA's assumptions and views, including expectations and projections about GWA's business, the industry in which it operates and management's own beliefs and assumptions. Such matters require subjective judgement and analysis and may be based on assumptions which are incorrect. They may also be based on factors which are subject to significant uncertainties and contingencies which may be outside the control of GWA and are provided only as a general guide or statement, and should not be relied upon as an indication or guarantee of future performance. As such, GWA's actual performance may differ from those assumptions or projections set out in this Presentation.

This presentation contains non-IFRS financial measures to assist users to assess the underlying financial performance of the GWA. The non-IFRS financial measures in this presentation were not the subject of a review or audit by KPMG.

Unless otherwise stated, financials (including comparatives) reflect the adoption of IFRS 16 *Leases* and the impact of the May 2020 IFRS Interpretation Committee decision relating to IAS 12 *Income Taxes*.





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Annual General Meeting

30 October 2020



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