



GWA
Group Limited

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19 August 2024

The Manager
Company Announcements Office
Australian Securities Exchange

Dear Sir or Madam

GWA Group Limited (GWA Group) – FY2024 Full Year Results Presentation

Please find attached for immediate release to the market the FY2024 Full Year Results Presentation for GWA Group.

On 19 August 2024 at 10.00 am (AEST), GWA Group will be hosting a webcast of its FY24 results briefing. The webcast is accessible via the corporate website at www.gwagroup.com.au.

This announcement is authorised by the Board.

Yours faithfully

Ernie Lagis

Ernie Lagis
Company Secretary and General Counsel



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GWA Results Presentation

Year ended 30 June 2024

19th August 2024



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Our Presenters Today



Urs Meyerhans
Managing Director and CEO



Calin Scott
Group Chief Financial Officer



Craig Norwell
Group Executive - Sales

Agenda

- 01 Overview
 - 02 Group Financial Results
 - 03 Business Performance
 - 04 New Products
 - 05 Strategic Update
 - 06 Summary & FY25 Outlook
 - 07 Q&A
- Appendix



1. Overview



FY24 Headlines

Volume Growth through Disciplined Execution

- **Performance**

- Group volume growth of 2.1% with Australia and UK up 3.8% and 4.3% respectively offset by decline in New Zealand
- Normalised EBIT and EBIT Margin improvement on the prior year
- Increase in full year dividend of 15%, fully franked
- Disciplined execution of market focused initiatives

- **Balance Sheet**

- Proactive management of inventory and debtors contributed to strong cash conversion ratio of 110%
- Reduction in net debt with leverage ratio at 1.2x

- **Continuation of execution of Strategy**

- Pleasing progress with 'Customer First' and 'Profitable Volume Growth' initiatives

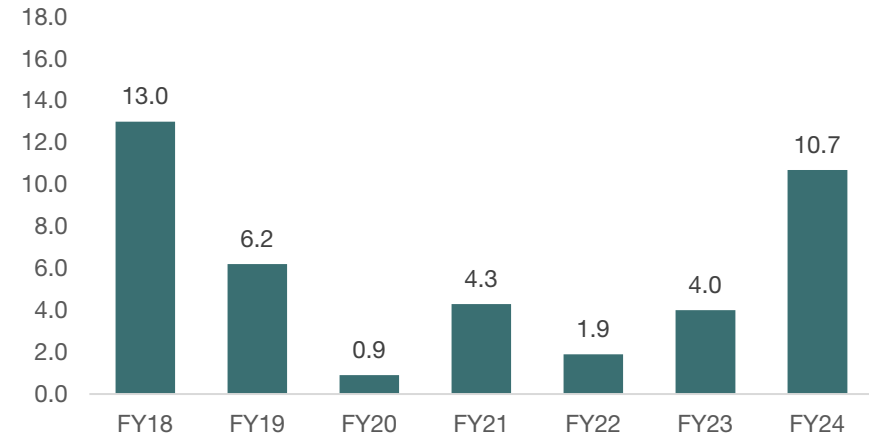
Commitment to safety

- Worker insights (lead indicator) continue to increase
- Recorded minor injuries with impacted workers returning relatively quickly to full duties
- Continued focus on building capability of our leaders and building cultural awareness to improve outcomes
- Improved safety culture that celebrates open and transparent reporting
- Continued focus on early intervention as part of our injury management strategy to prevent longer term, more serious outcomes

Worker Insight Frequency Rate (12 month rolling)



Total Injury Frequency Rate



2. Group Financial Results

A\$m Normalised ¹	FY24	FY23	% Change
Revenue	413.5	411.8	0.4%
EBITDA	92.6	89.1	4.0%
EBIT	74.2	70.4	5.4%
EBIT Margin %	17.9%	17.1%	0.8pp
NPAT	45.6	44.1	3.4%
ROFE %	17.7%	15.8%	1.9pp
EPS	17.2c	16.6c	0.6c

Significant Items	FY24	FY23	
Pre-Tax	(9.7)	(1.4)	
Post Tax	(7.0)	(1.0)	

A\$m Statutory ²	FY24	FY23	% Change
Revenue	413.5	411.8	0.4%
EBITDA	83.9	87.7	-4.3%
EBIT	64.4	69.0	-6.8%
EBIT Margin %	15.6%	16.8%	-1.2pp
NPAT	38.6	43.2	-10.4%
ROFE %	15.4%	15.4%	0.0pp
EPS	14.6c	16.3c	-1.7c
Dividend / share	15.0c	13.0c	2.0c

Continued growth in a challenging market

Revenue

- Australia revenue up 1.8% vs PcP
- UK revenue up 8.6% vs PcP
- New Zealand, in recession during the FY down 16.5% vs PcP

Normalised Results

- Normalised EBIT up 5.4% vs FY23, driven by focused cost management

Significant items

- Costs associated with investment in digital initiatives and addressing the New Zealand operations

Statutory Results

- Statutory EBIT down 6.8% reflects the impact of significant items
- Effective tax rate of 31.9%

¹ FY23 & FY24 Normalised are before significant items.

² Group Statutory EBIT does not equal Group Normalised EBIT plus Significant Items in FY24 due to rounding.

A\$m Normalised ¹	1H FY24	2H FY24	% Change	FY24
Revenue	206.0	207.5	0.8%	413.5
EBITDA	46.9	45.7	-2.5%	92.6
EBIT	37.3	36.9	-1.1%	74.2
NPAT	23.4	22.2	-5.4%	45.6
EBIT Margin %	18.1%	17.8%	-0.3pp	17.9%
EPS	8.8c	8.4c	-0.4c	17.2c

Significant Items	1H FY24	2H FY24	FY24
Pre-Tax	(0.3)	(9.4)	(9.7)
Post Tax	(0.2)	(6.8)	(7.0)

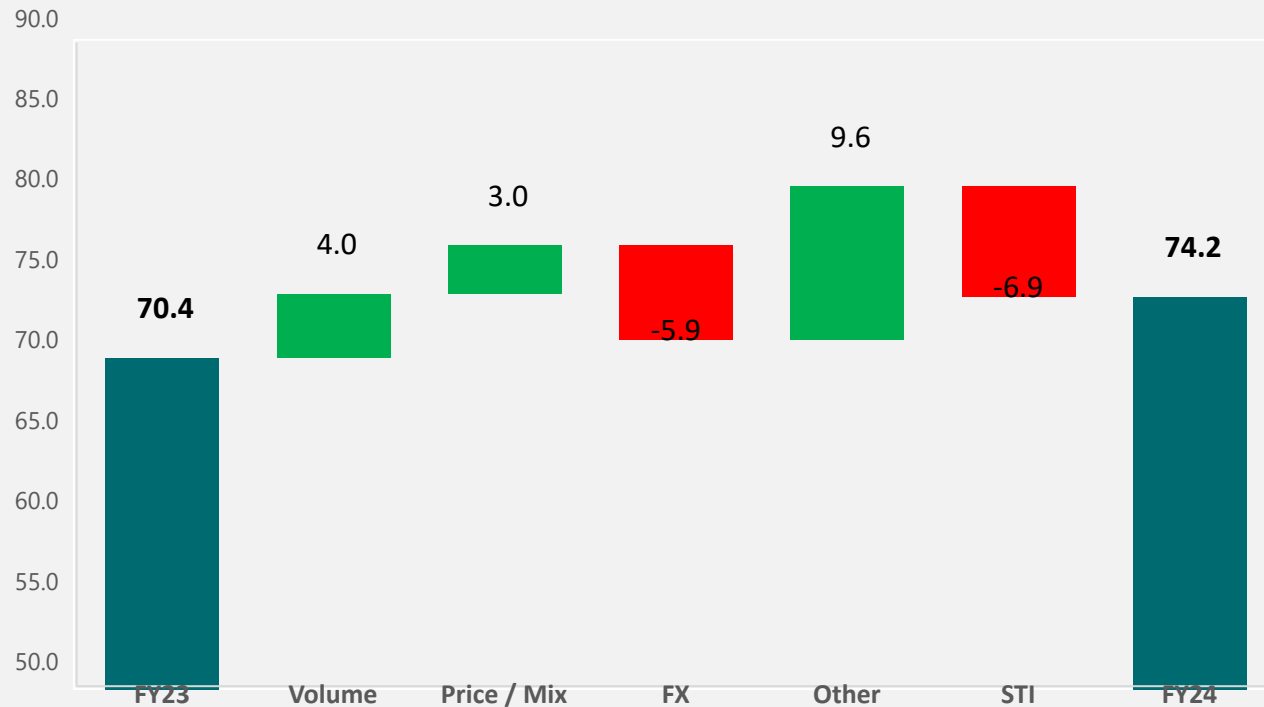
A\$m Statutory ²	1H FY24	2H FY24	% Change	FY24
Revenue	206.0	207.5	0.8%	413.5
EBITDA	46.6	37.3	-19.6%	83.9
EBIT	37.0	27.4	-25.2%	64.4
NPAT	23.2	15.4	-33.7%	38.6
EBIT Margin %	18.0%	13.2%	-4.8pp	15.6%
EPS	8.7c	5.8c	-2.9c	14.6c

Sound performance despite softening market conditions in H2

- **H2 Revenue largely flat in Australia with an increase in the UK partially offset by decline in New Zealand**
- **Overall EBIT Margin maintained due to:**
 - Price increase in Australia (Feb 24 ~ 4%), primarily to offset FX weakness.
 - Ocean freight contracts in place to offset rate volatility.
 - Disciplined cost control.

¹ FY24 Normalised is before \$(7.0)m in significant items (after tax)

² Group Statutory EBIT does not equal Group Normalised EBIT plus Significant Items in FY24 due to rounding.

Normalised¹ EBIT Bridge (A\$M)

¹ FY23 & FY24 Normalised are before significant items.

Underlying EBIT Improvement of 5% on prior year

- **Volume:** group increase of 2.1% due to AU and UK, partially offset by NZ.
- **Price/Mix:** price increase (~4% in AU from Feb 2024) offset by unfavourable product mix.
- **FX:** unfavourable (USD:AUD FY23: ~72c v FY24: ~68c)
- **Other:** disciplined cost control and lower ocean freight.
- **STI (Short term incentive):** FY24 performance exceeded internal targets despite challenging market conditions.

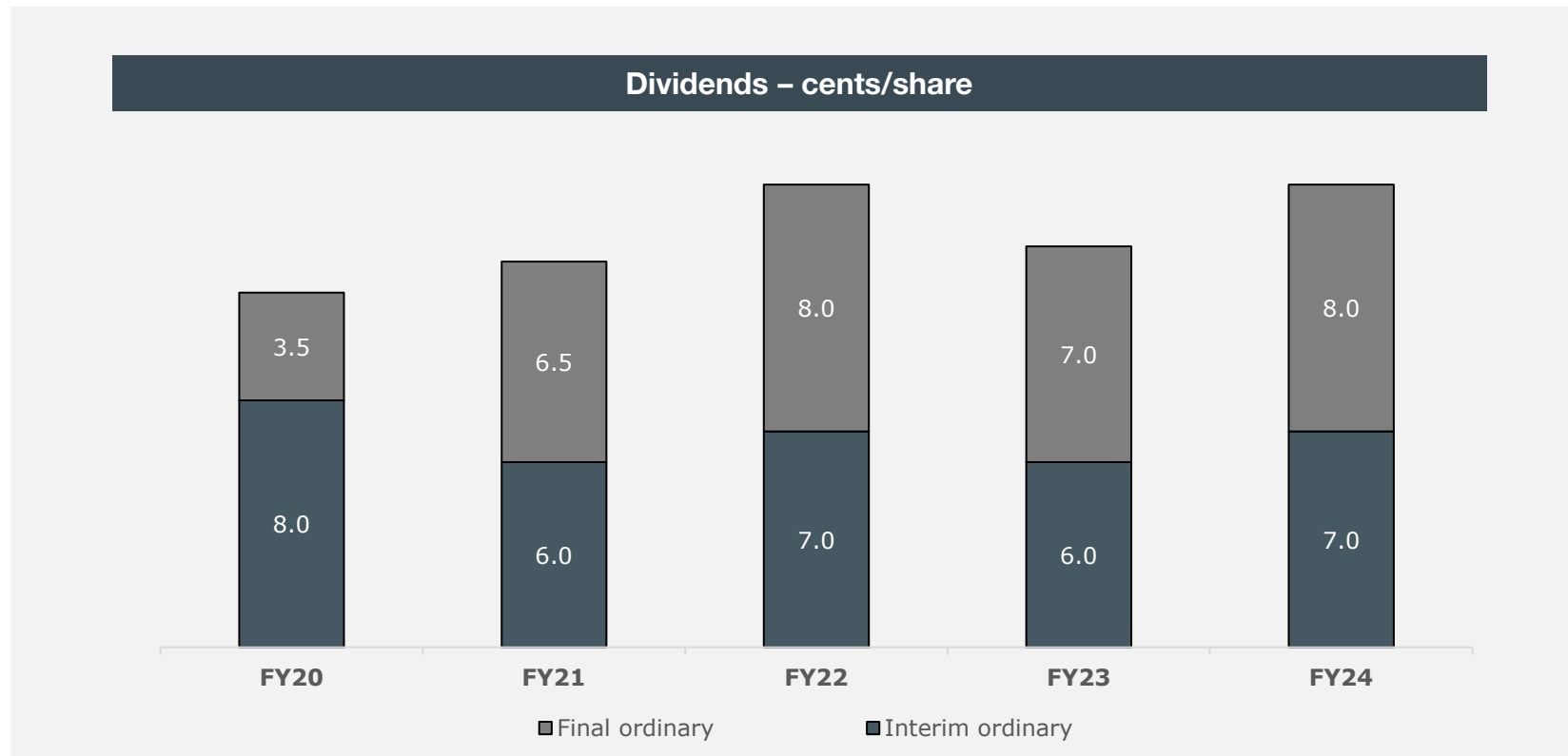
Cash flow from Continuing Operations A\$M	FY24	FY23
EBITDA	92.6	89.1
Net movement in Working Capital	8.0	10.4
Other	1.1	0.1
Cash Flow from Operations	101.7	99.6
Capital Expenditure and other investing activities	(3.0)	(2.2)
Significant Items / Other costs	(2.4)	(3.1)
Net Interest Paid	(7.7)	(8.1)
Tax Paid	(18.8)	(15.5)
Lease Payments	(12.0)	(11.3)
Group Free Cash Flow	57.8	59.5

Strong cash flow from operations and free cash flow:

- Cash Conversion* consistent with prior year at 110% coupled with improved EBITDA
- Significant Items includes UK ERP and investment in digital initiatives.
- Financial position allows for a final dividend of 8.0c per share fully franked

*Cash Flow from Operations divided by normalised EBITDA

FY24 final dividend of 8.0c per share fully franked



Metrics ¹	30 June 2020	30 June 2021	30 June 2022	30 June 2023	30 June 2024
Net Debt (A\$M)	144.8	104.8	138.2	117.0	97.0
Leverage Ratio (times)					
<i>Net Debt / EBITDA¹</i>	1.9	1.4	1.7	1.5	1.2
Interest Cover (times)					
<i>EBITDA² / Net Interest</i>	13.6	15.5	18.3	13.3	14.5
Gearing					
<i>Net Debt / (Net Debt + Equity)</i>	28.4%	21.5%	26.2%	23.0%	19.9%
Net Debt (A\$M)					
Borrowings	175.4	146.1	168.3	159.1	137.7
Bank Guarantees	1.8	1.3	1.4	1.4	1.3
Cash	(32.4)	(42.6)	(31.4)	(43.4)	(42.0)
	144.8	104.8	138.2	117.0	97.0

¹ Metrics calculated as required for reporting to GWA's syndicated banking group and have not been adjusted for the impact of IFRS 16 Leases.

² Normalised EBITDA

Strengthening Financial Position

- Net debt at lowest level in 5 years;
- Credit metrics at the lower end of target range;
- Banking facilities of \$220m with headroom of \$123m;
 - \$180m multi-currency revolving facility expires October 2026; and
 - \$40m bi-lateral facility matures October 2024 and is expected to be extended prior to this.

3. Business Performance



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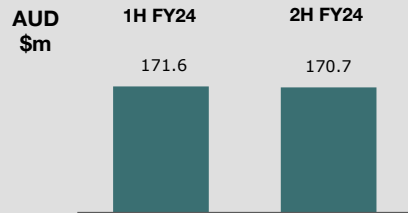
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Revenue up on FY23

FY24 Revenue

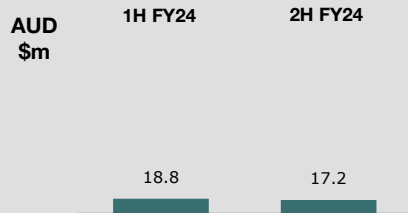
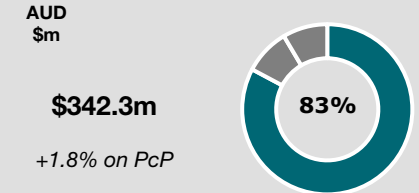


Revenue commentary FY24 v FY23

Australia

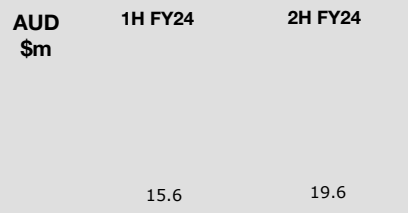
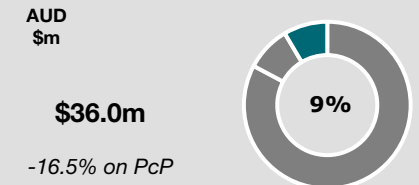
- Disciplined execution of strategy with focus on customer initiatives in challenging market conditions
- Sales & volume growth achieved for the full year through the identification of local market opportunities, driven by State led sales organisations implemented at beginning of FY24.

\$ Revenue & % of Group



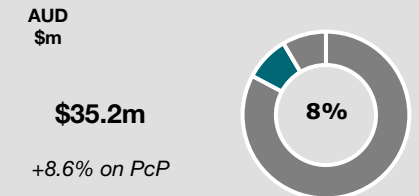
New Zealand

- Solid commercial pipeline supported commercial wins & order bank, led by Care
- Impacted by continued deterioration in housing and construction markets, particularly in R&R
- Simplification and right-sizing of NZ operations to current market conditions



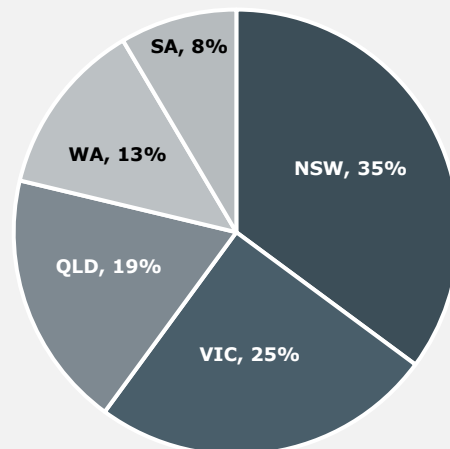
United Kingdom

- Strong H2 helped UK achieve Full Year revenue and volume growth despite market contraction.
- New customer wins benefitted H2 result, will drive growth into FY25.



Revenue by State (AU)

A\$m Revenue	FY24	FY23	Δ LY	% Change
NSW	119.0	116.4	2.6	2.2%
VIC	87.9	87.8	0.1	0.1%
QLD	63.3	64.2	(0.9)	-1.5%
WA	43.3	41.3	2.0	4.8%
SA	28.8	26.6	2.2	8.1%
Total	342.3	336.4	5.9	1.8%



Strong performance across Australia

NSW

- Despite R&R softness, strong H2 in the Builder and Projects segments fueled revenue growth YoY.
- Local sales initiatives, including Plumber Bundle, achieved volume growth for first time in 7 years.

VIC

- Commercial breakthrough in FY24, with several key project wins in the Health-care segment, offset by Merchant segment decline.

QLD

- Sales down on FY23 driven by market softness. Impact reduced by targeted local key activities, led by commercial wins.

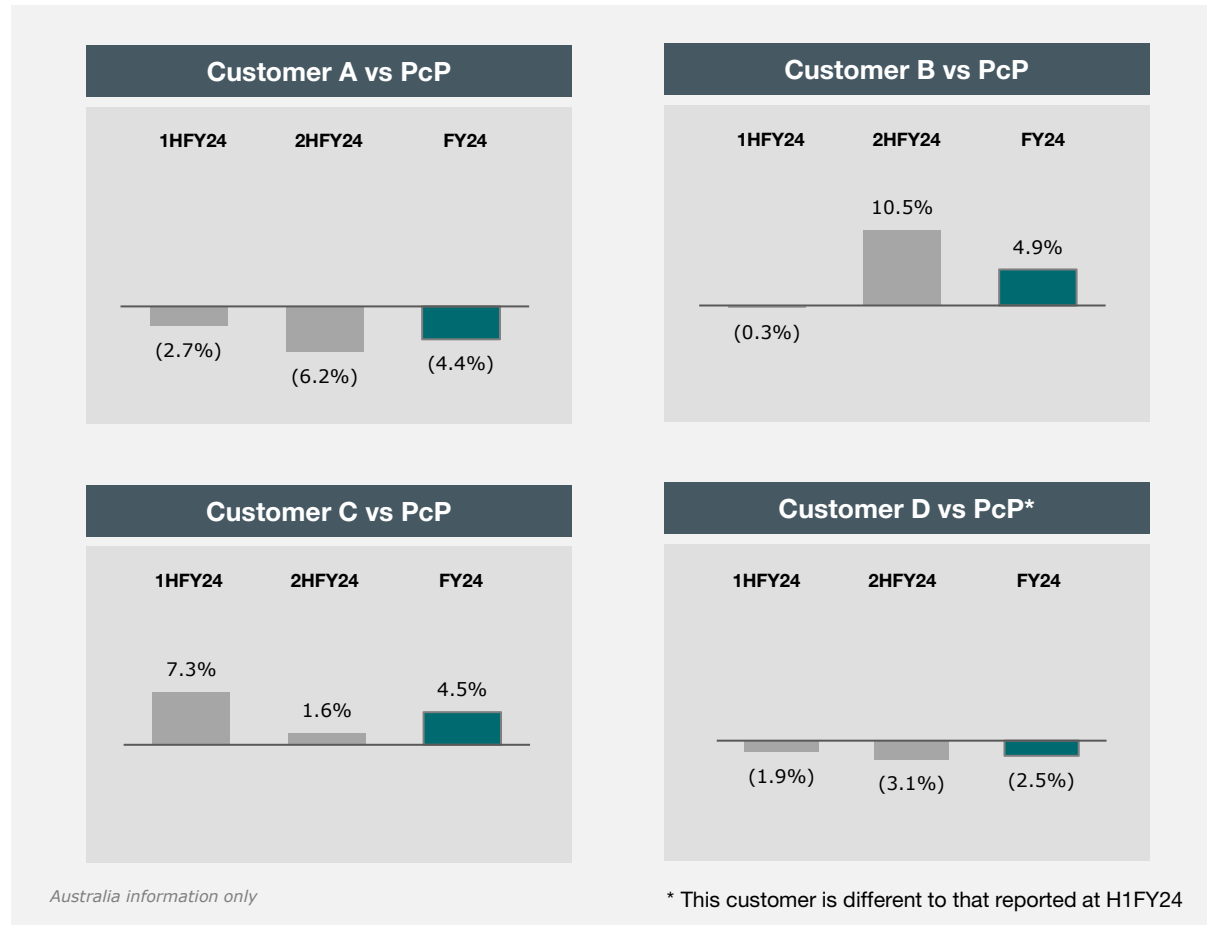
WA

- Increased completions in residential builder segment, combined with new specification wins led to significant growth. Plumber Bundle execution supporting growth beyond Residential homes.

SA

- Highest growth state, with all segments up on FY23, as well as volume growth across all product categories.
- Growth enhanced by local initiatives, led by strong Plumber bundle growth.

Revenue by Merchant (AU)



Mixed Merchant Results across FY24

2 merchant partners in growth of just under 5%

- 'Win the Plumber' momentum continued into H2: plumber bundle sales up YoY.
- Execution of sale initiatives through improved customer relationships, with the focus on local market opportunities.
- Strong commercial performance.
- Residential R&R remains subdued with noticeable market slowdown in H2.

4. New Products











Focused NPD launches targeting residential, commercial and entry level market segments



- Release of **Contura II Hero Collection**, showcasing latest design, technologies and materials
- Introduction of **modular prefabricated frame collection** for flexibility and ease of installation
- Launch of stylish **entry level sanitaryware and bath** to complete bathroom collection and grow share in builders and affordable housing market
- Continued introduction of **Lead-Free tapware** to 18 product ranges ahead of market transition
- Upcoming launch of **CleanFlush Urinal technology and smart connected tapware** to future-proof our commercial product offer

5. Strategy Update

Excellent progress made on Strategy

Key Performance Measures	Progress
Win the Plumber	
25,000 plumbers engaged	
Technical services provided (quantity)	
Innovate Through Design & Partnership	
NPD sales >10% of overall Sales within 2 years	
>20% improvement for NPD average speed to market	
Customer Experience	
Improved DIFOT	
Increased in Net Promotor Score	
Capital Management	
EPS CAGR 5% to 10% FY23 to FY25	
EPS CAGR 5% to 10% FY24 to FY26	
Cash conversion – 80 to 85%	
Leverage 1.0 to 2.0 times EBITDA	

Win the Plumber

- AU Plumber Bundle sales growth +8% on PcP
- WTP delivered milestones through the first Plumber Roadshow, plus
 - 25,000 plumbers engaged
 - 2,500 plumber trained
 - Over 18,000 plumbers technical interactions

Innovate Through Design & Partnership

- Vitality index (NPD sales % total sales) tracking over 10%; and
- Speed to market improvement for NPD

Customer Experience

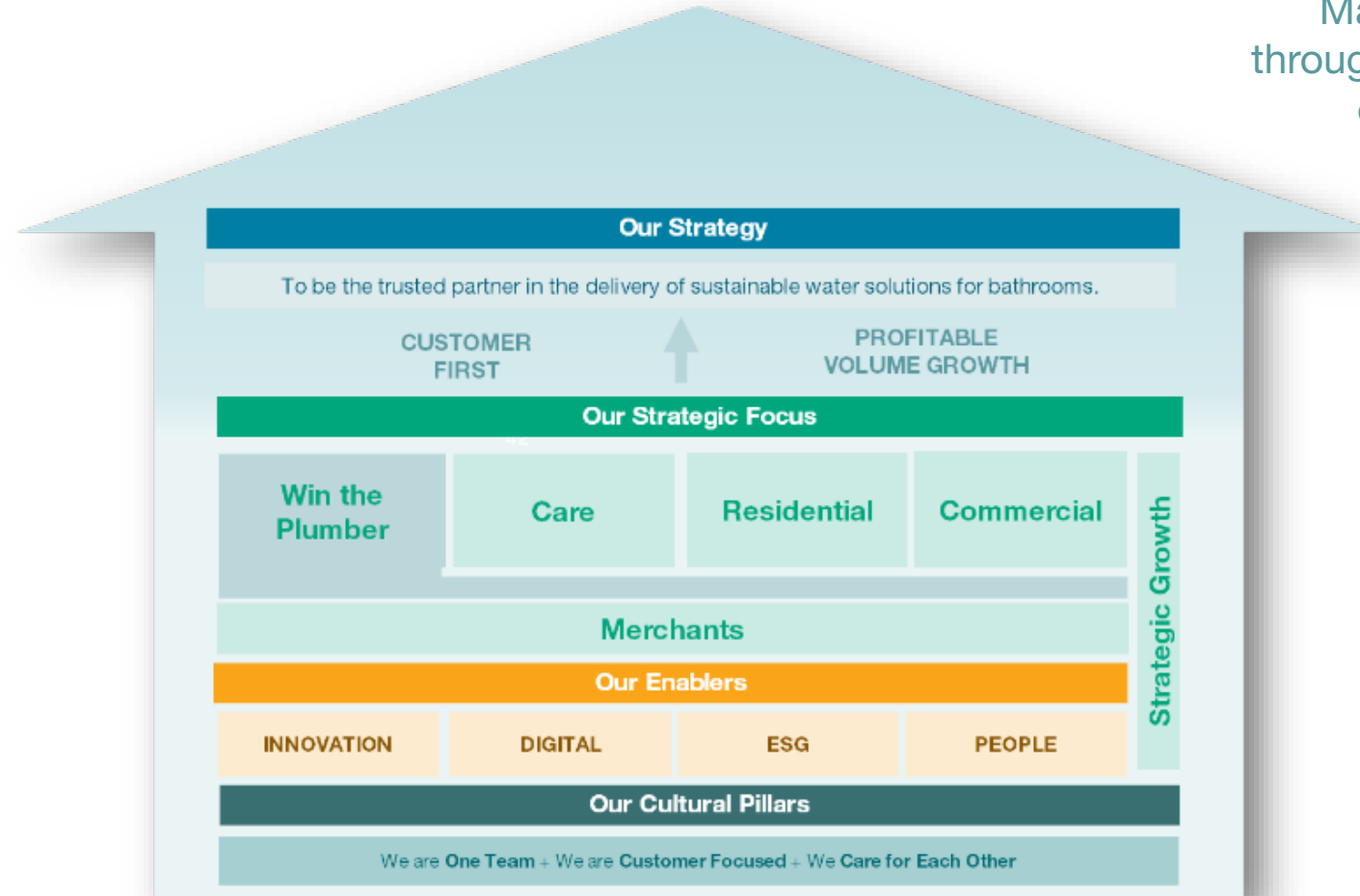
- DIFOT in ANZ improved to 91%, up from 78% in PcP
- Customer First initiatives have driven improvement in transactional NPS.

Refreshed Strategy: Win The Plumber remains a focus

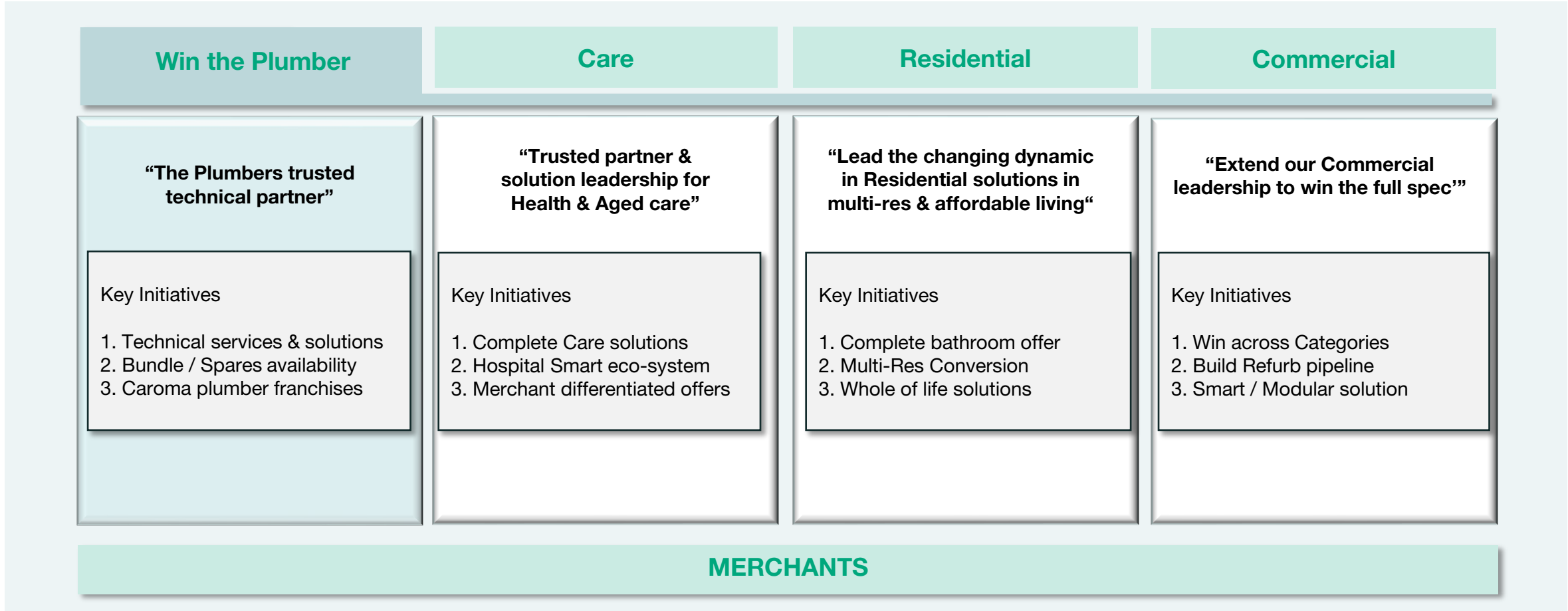
Making life better
through innovation in
everyday water
experiences

Our 2027 Strategy

- Affirming continued commitment to **Win the Plumber**
- Embedding focus on **Customer First & Profitable Volume Growth**
- Confirming our position as the trusted technical partner.



Growth Pillars



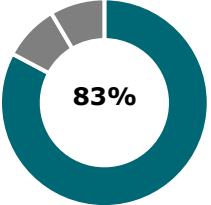
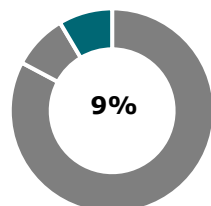
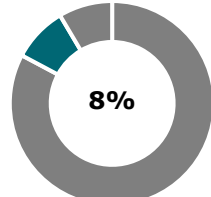
6. Summary & FY25 Outlook

Summary

We achieved volume growth in FY24 and responded swiftly to deteriorating market conditions

- **FY24 – strong results in challenging market conditions**
 - Delivery of sales & volume growth, as well as underlying EBIT and margin, primarily due to AU and UK results.
 - Proactive management of a challenging market in NZ through a reset & simplification of operations.
- **Balance Sheet is solid with net debt at 5-year lows**
- **Our focus on Customer First & Profitable Volume Growth initiatives remain with strategic deliverables progressing as planned**
- **Win The Plumber underpins our refreshed strategy through to 2027**

Group Outlook FY25

Region	Commentary	% of Group Sales
Australia	<ul style="list-style-type: none"> Mixed outlook for most market segments Solid demand in health and aged care projects 	 <p>83%</p>
New Zealand	<ul style="list-style-type: none"> The New Zealand economy is expected to remain challenging into FY25 Simplified & streamlined business to focus on plumbing industry and health sector 	 <p>9%</p>
UK	<ul style="list-style-type: none"> Modest market recovery in FY25 across both new build and repair and renovation segments Business to benefit from new customers wins during FY24 	 <p>8%</p>

Australia FY25 Outlook

Market segment	GWA Focus	Link to Strategy
Commercial , new office build expected to decline, offset by positive outlook in health care and office re-furbishment	<ul style="list-style-type: none"> Healthcare and aged care projects Commercial office refurbishment Increase product specification with existing builders/developers 	<p>Care</p> <p>Commercial</p> <p>Win the Plumber</p>
Residential detached , contraction following decline in approvals to 10 year low.	<ul style="list-style-type: none"> Increase market penetration with volume home builders Increase product specification with existing volume home builders 	<p>Residential</p> <p>Win the Plumber</p>
Multi Residential , expected to increase driven by acute housing shortage – timing is uncertain	<ul style="list-style-type: none"> Social and affordable housing and build to rent projects Multi storey property developers 	<p>Residential</p> <p>Win the Plumber</p>
Repair and Renovation , residential expected to remain subdued.	<ul style="list-style-type: none"> Increase share of wallet with maintenance plumbers Plumber bundle and aftermarket spare offering 	<p>Win the Plumber</p>

7. Q&A



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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 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

8. Appendix



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FY25 Key Assumptions¹

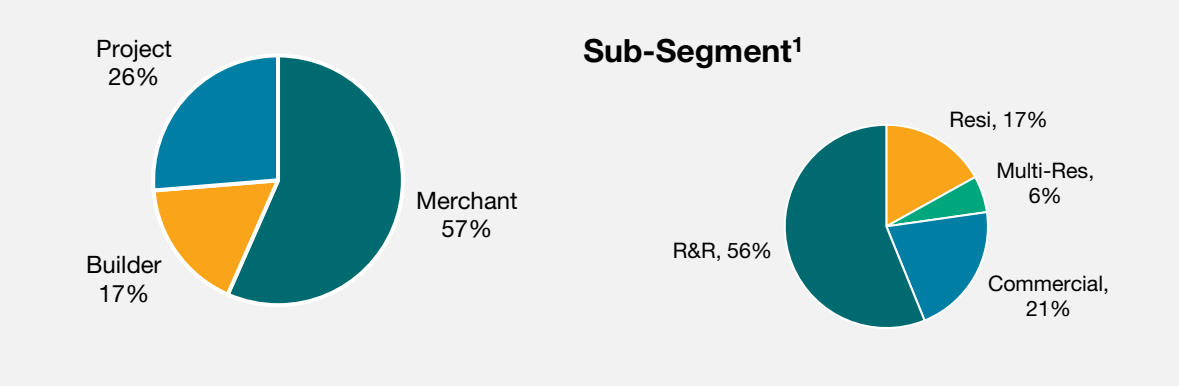
Area	Assumption
Australian market backdrop	BIS total building activity data ² is indicating a market decline of -2% in FY25 (constant prices)
Price increase	~4% implemented in Australia from 1 February 2024
D&A (depreciation and amortisation)	~\$5.0 - 7.0m excluding the impact of IFRS 16. Including the impact of IFRS 16 ~\$15.5-17.5m
Interest costs	~\$7.0 - 8.0m excluding lease interest. Including lease interest ~\$9-10m.
FX	Currently 62% hedged at US\$0.67 Negative impact ~\$1.0m - \$2.0m when compared to FY24
Effective Tax rate	~29.0 - ~30.0%
Working capital	Neutral with June 2024
Capex	~\$4.0 - \$6.0m
Ocean freight cost increase	Negative impact ~\$2.0 - \$4.0m when compared to FY24
Significant items	~\$5.0m to \$6.0m for UK ERP implementation & investment in digital initiatives.

¹ Refer Disclaimer on slide 29

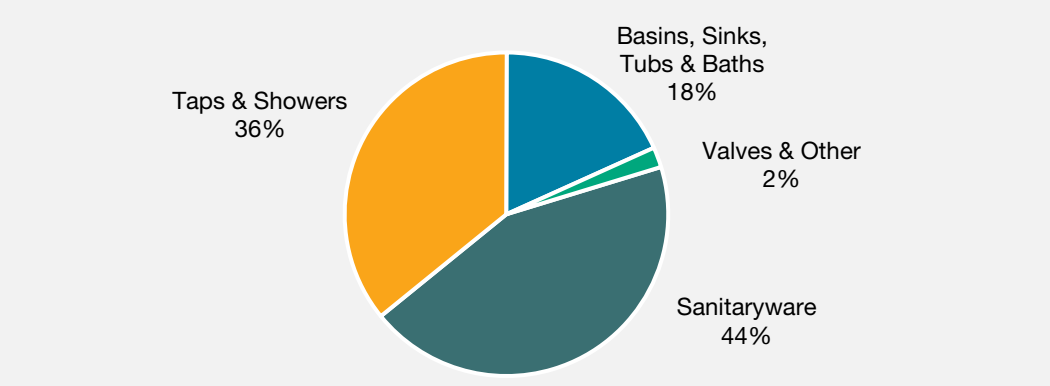
² BIS Oxford data, Australia market, June 2024 release

Caroma remains our leading brand

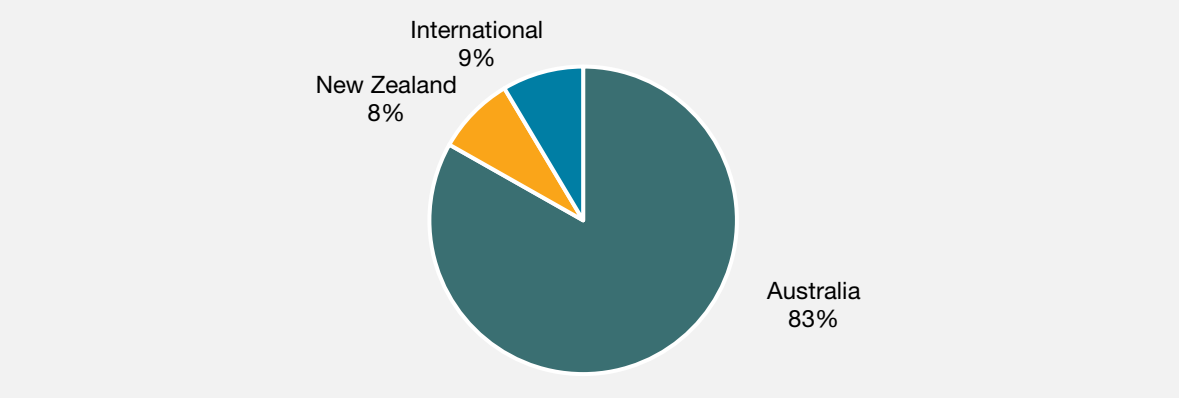
Segment



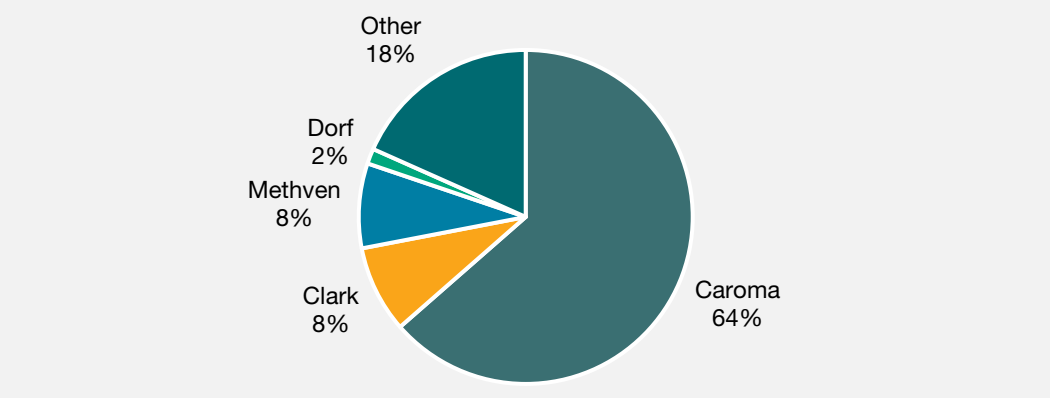
Category



Geography



Brand

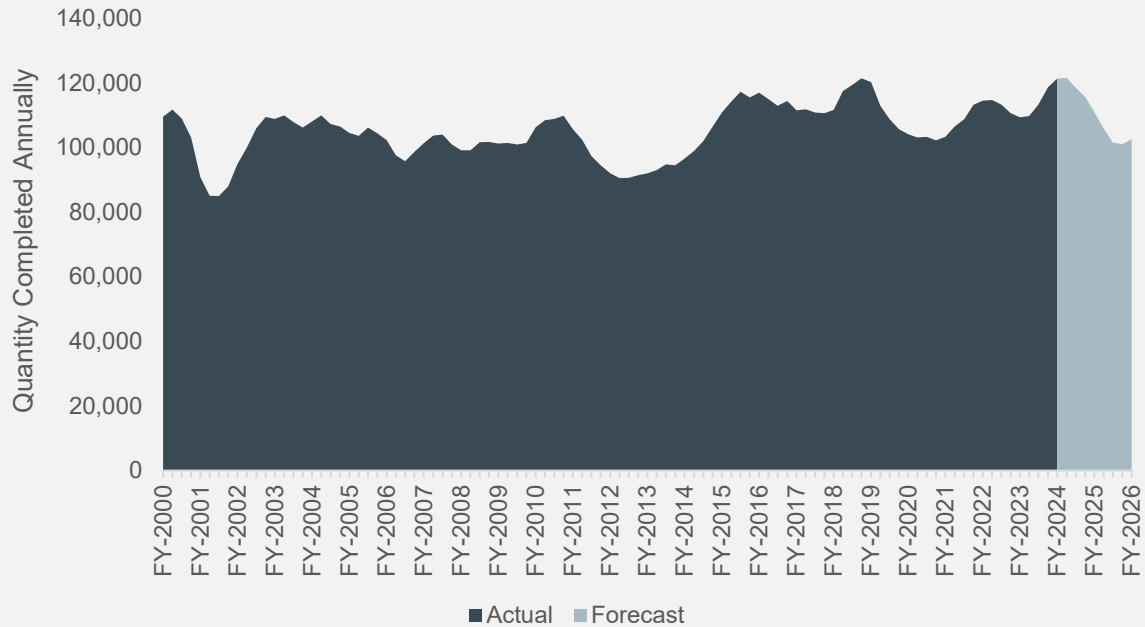


¹ Percentage of Australian sales revenue only and represent GWA's best estimate. Segment, Category, Geography and Brand are percentage of group sales revenue

Australian Market Context

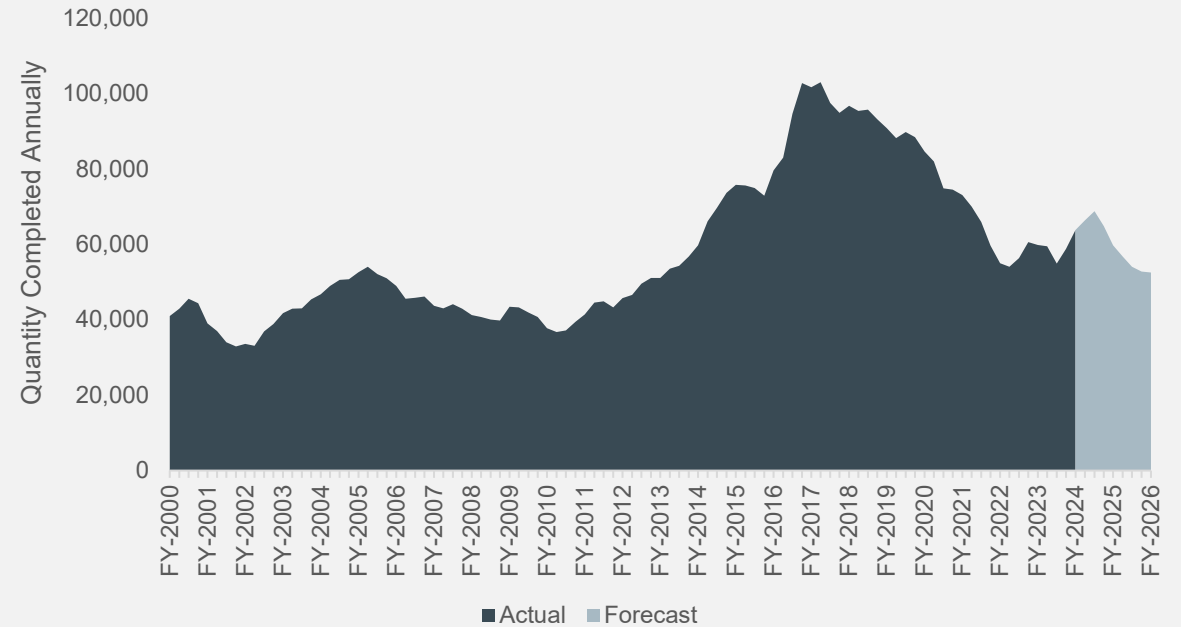
Residential completions expected to decline with multi-residential to pick up

Residential¹



¹ Approximately 17% of GWA's Australian revenue

Multi - Residential²

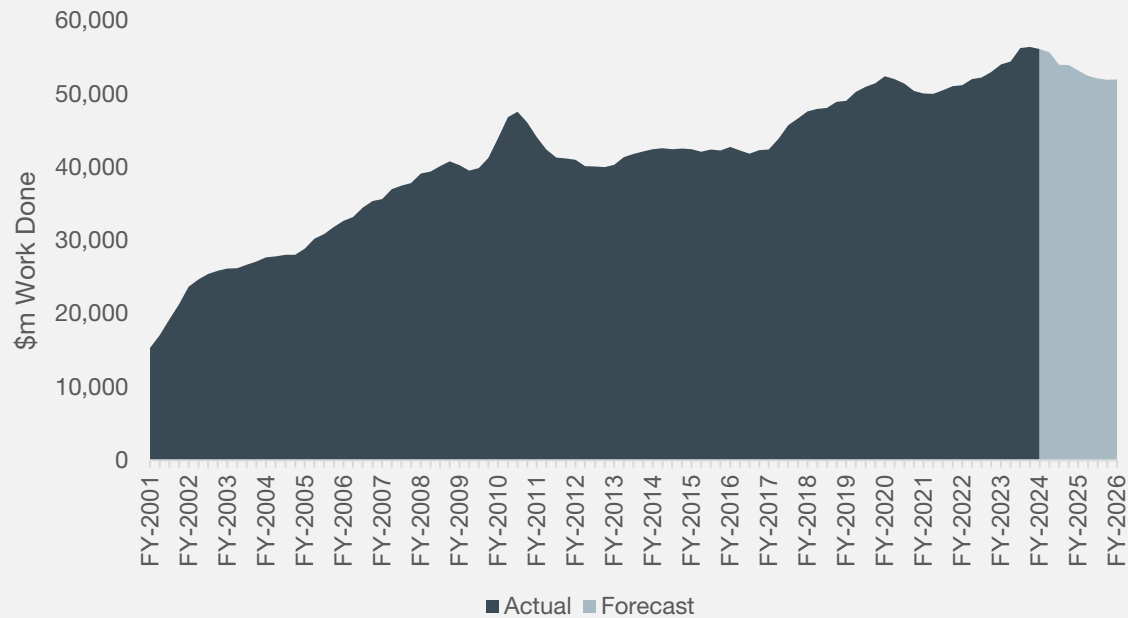


² Approximately 6% of GWA's Australian revenue

Australian Market Context

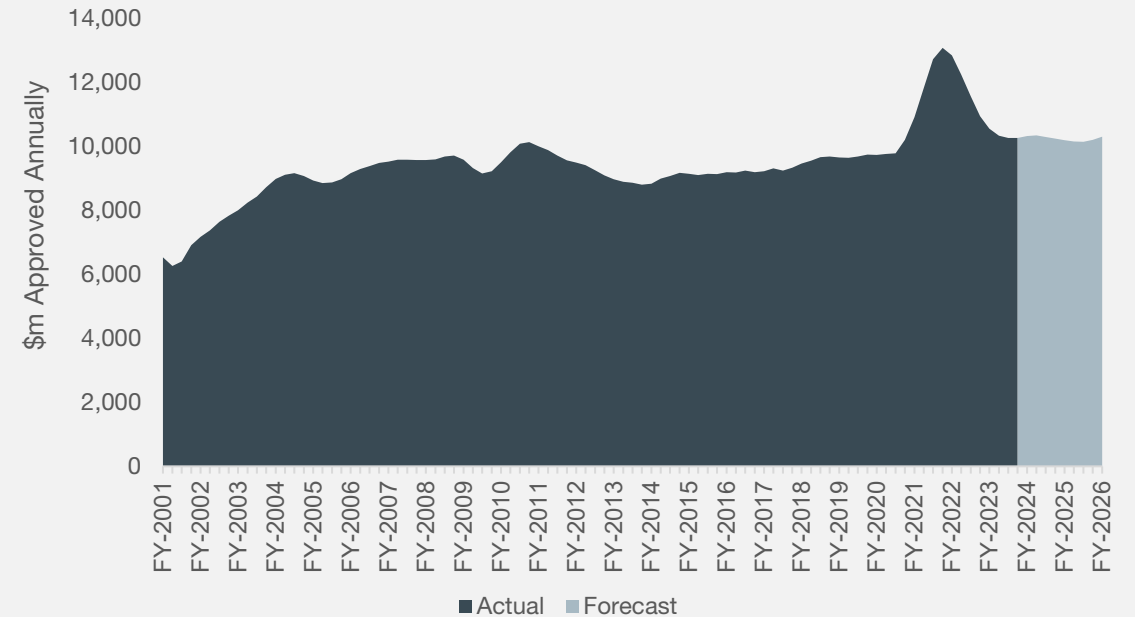
Commercial work done expected to decline, R&R declining from historically elevated levels

Commercial¹



¹ Approximately 21% of GWA's Australian revenue

Repair and Renovation²



² Approximately 56% of GWA's Australian revenue

Thank you

GWA Results Presentation

Year ended 30 June 2024

19th August 2024