



**GWA**  
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28 April 2017

**ASX On-Line**  
Manager Company Announcements  
Australian Securities Exchange

Dear Sir

**Goldman Sachs Small & Mid-Cap Conference Presentation**

Attached is a copy of the presentation given by the Managing Director of GWA Group Limited, Tim Salt, at the Goldman Sachs Small & Mid-Cap Conference in Sydney today.

Yours faithfully

A handwritten signature in black ink, appearing to read 'R J Thornton'.

**R J Thornton**  
**Executive Director**

# GWA Presentation Goldman Sachs Conference

28 April 2017



# 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.

**About GWA**

**Summary of Group Strategy**

**Progress on Group Strategy**

**Summary and Outlook**

# A focused business with strong market position

About GWA	Group strategy	Strategic progress	Summary
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## GWA is a leading designer and supplier of branded building fixtures to households and commercial buildings

### Our business

- Leading designer and supplier of branded building fixtures focused on Bathrooms & Kitchens and Door & Access Systems
- Owner and distributor of market leading brands in core categories in over \$2 billion addressable market
- New management team with strong background in consumer markets
- Listed on ASX; ~A\$750 million market capitalisation

### Our Core Brands



### Our strengths

- Significant scale across key segments of building sector
- Enviably reputation within building sector for product quality, 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

# Strongly re-positioned for growth

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## From

Diverse Building Products business spread across numerous segments (Dux, Brivis, Gliderol exited)

Diverse business leveraged to building cycle

Focus on local product manufacturing

Net Debt \$176 million (June 2012)  
Capital investment required for manufacturing operations

## GWA today

Clear focus on two segments with strong market positions and market leading brands in \$2bn category

Strong ability to manage through the cycle

- Over 50% exposure to ~\$900m Renovations and Replacement segment – (less cyclical segment)
- Business efficiency program in place – targeting ~\$13-15m in cost savings by FY19 to provide investment and margin resilience

Focus on customer and consumer markets  
Collaborative partnerships with exclusive suppliers

Net Debt \$92m (December 2016)  
Credit metrics in line with investment grade  
Low capital requirements enhances cash conversion

# Operating model meets local needs with global scale

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## Our Value Creating Operating Model

Consumer insights

Product Design

Manu-  
facturing

Distribution

Solution  
Expertise

Customer  
Service

Research drives consumer and market insights

Local design team deliver contemporary Australian styles

Local R&D ensures products excel and exceed Australian standards

~500 patents and 1,000 registered designs support IP protection

Collaborative, exclusive relationships with specialist expertise in R&D, quality assurance, innovation, design, vitreous china, plastics, production, taps & locksmithing

17 GWA people in China to maintain standards

Extensive coverage of merchant channel

National Distribution Centre network

Significant scale and expert salesforce

~1,100 deliveries per day

Ability to add value to customers through:

- Service solutions
- Product and category knowledge
- Quality products easy to install

Market-leading product support

Commitment to after sales service (66 FTEs in team fielding 2,200 calls per day)



# Strong and growing continuing operations

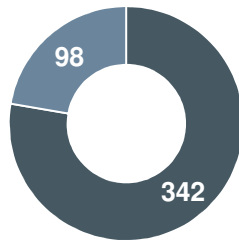
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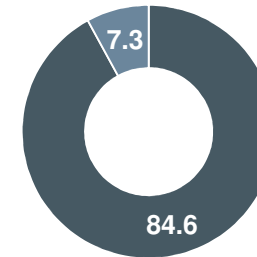
Summary

## FY16 Revenue by Division (A\$m)



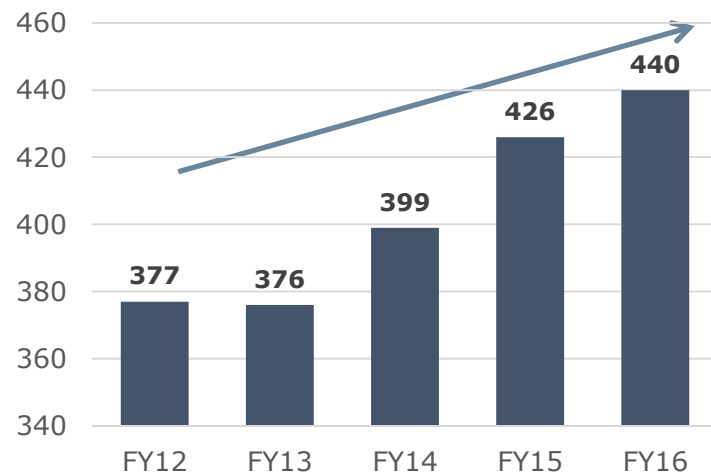
■ Bathrooms & Kitchens ■ Door & Access

## FY16 EBIT by Division (A\$m)\*

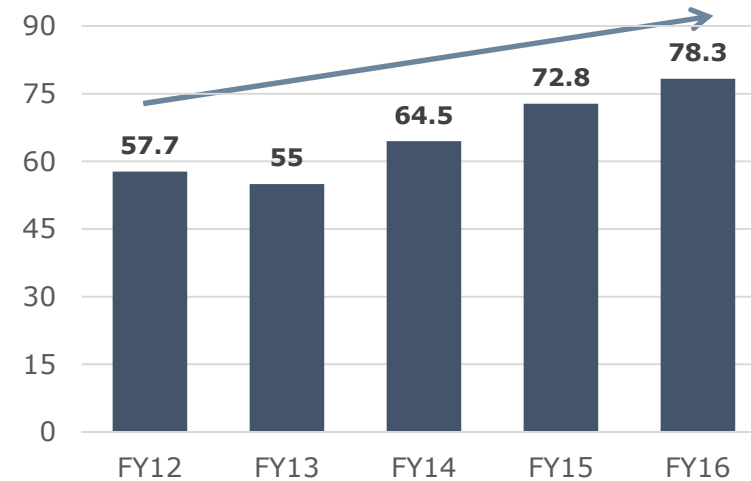


■ Bathrooms & Kitchens ■ Door & Access

## Group Revenue (A\$m)



## Group EBIT (A\$m)



\* Note: Excludes Corporate. Continuing Operations excluding Brivis Climate Systems, Dux Hot Water and Gliderol Garage Doors divested in FY15/FY16.



# Strong financial position to fund growth

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Metric	30 June 2014	30 June 2015	31 Dec 2015	30 June 2016	31 Dec 2016
<b>Net Debt</b>	149.4	94.8	90.8	88.4	92.0
<b>Leverage Ratio</b> <i>Net Debt / EBITDA</i>	1.7	1.1	1.2	1.1	1.1
<b>Interest Cover</b> <i>EBITDA / Net Interest</i>	8.5	12.8	14.8	14.3	15.8
<b>Gearing</b> <i>Net Debt / (Net Debt + Equity)</i>	26%	24%	22%	22%	23%

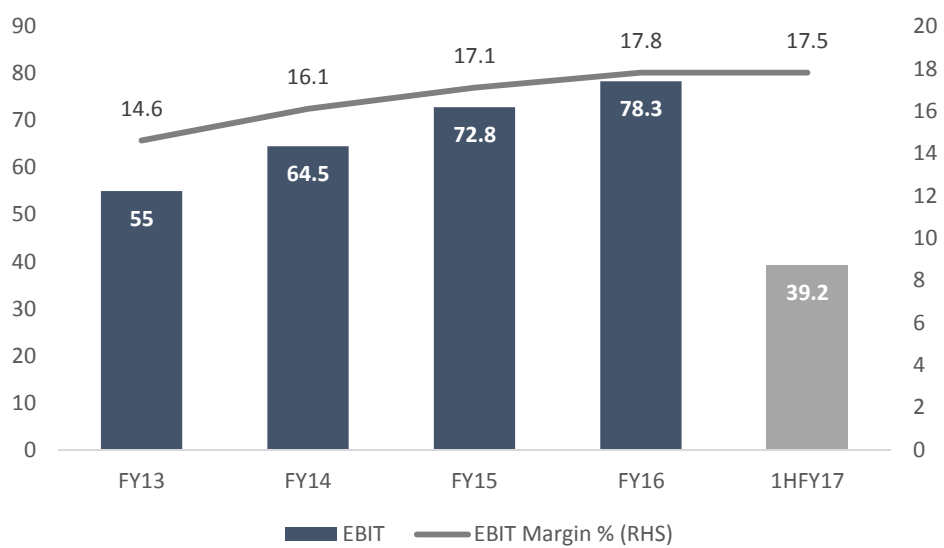
## Strong credit metrics

- Credit metrics continue to be consistent with investment grade
- Syndicated banking facility extended in October 2016 – single 3-year revolving facility maturing October 2019
- GWA remains in strong financial position – provides enhanced financial flexibility

Source: GWA.

# Margin resilience through the cycle

## EBIT (A\$m) and margin (%)



- GWA focused on maintaining margin resilience through the cycle:
- ~50% exposure to Renovations and Replacement market - less cyclical than new build market
- Market share initiatives to grow presence in key end markets
- Reduced cost base through SG&A and Supply Chain initiatives
- Lower fixed vs variable cost base from exit of manufacturing
- Low capex requirements and strong balance sheet enables continued strong cashflow generation

Source: GWA. Continuing Operations excluding Brivis Climate Systems, Dux Hot Water and Gliderol Garage Doors divested in FY15/FY16.

# Strong presence in R&R, low exposure to multi-res

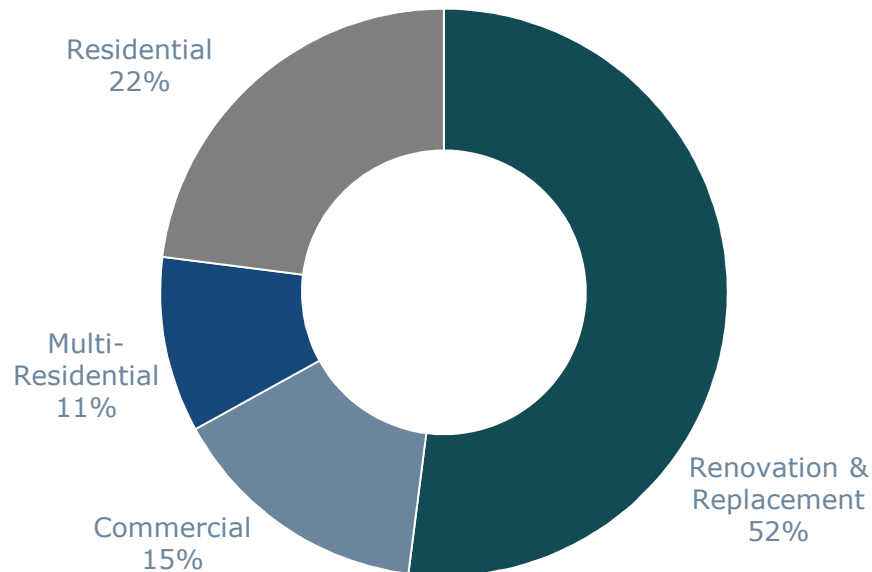
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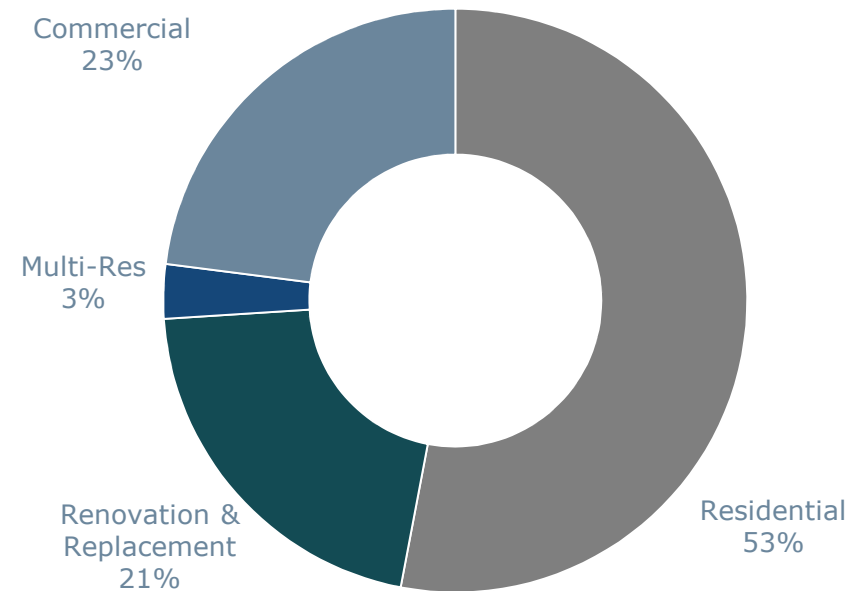
Strategic  
progress

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## B&K revenue by end market (%)



## D&A revenue by end market (%)



Source: GWA estimates

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**Summary of Group Strategy**

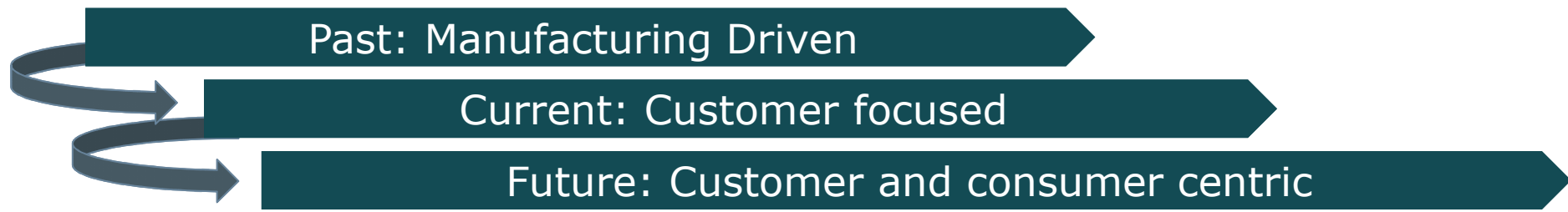
**Progress on Group Strategy**

**Summary and Outlook**

# Strategy – transformation from push to pull

From Push

To Pull



**Our Mission:**  
**To build GWA as the most trusted and respected company  
in the building sector**

**Our Purpose: MAKING LIFE BETTER .....**

with simple, superior water solutions

**Bathrooms & Kitchens**

with a superior range of access and security systems

**Door & Access Systems**

**GWA Operational Measures**

Market share, NSV, EBIT, ROFE, DIFOT, NPS, Safety, Engagement

**Corporate  
Priorities**

Leverage and  
build on core  
assets & brands  
to drive revenue  
and market share  
growth

Add value to  
customers  
through  
improved  
insights,  
analytics and  
processes

Build "fit for  
future" culture,  
engagement and  
capability

Build an  
advantaged  
Supply Chain to  
deliver superior  
NPD, Quality and  
Service at best  
cost

Drive cost out in  
SG&A and Supply  
Chain to improve  
profitability and  
allow selective  
reinvestment

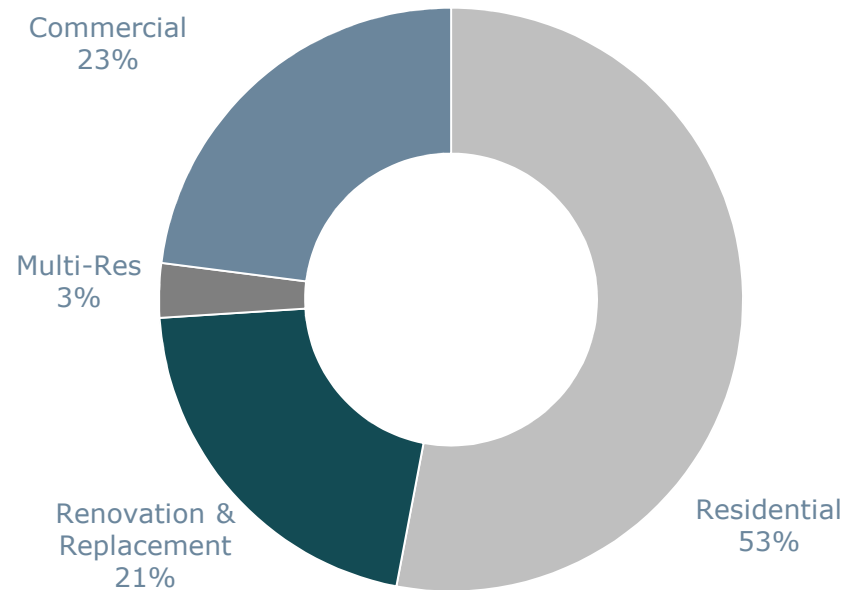
**Maximise Shareholder Value Creation**

Key Financial Measures – NPAT Growth, TSR, ROFE

### D&A approach by market segment

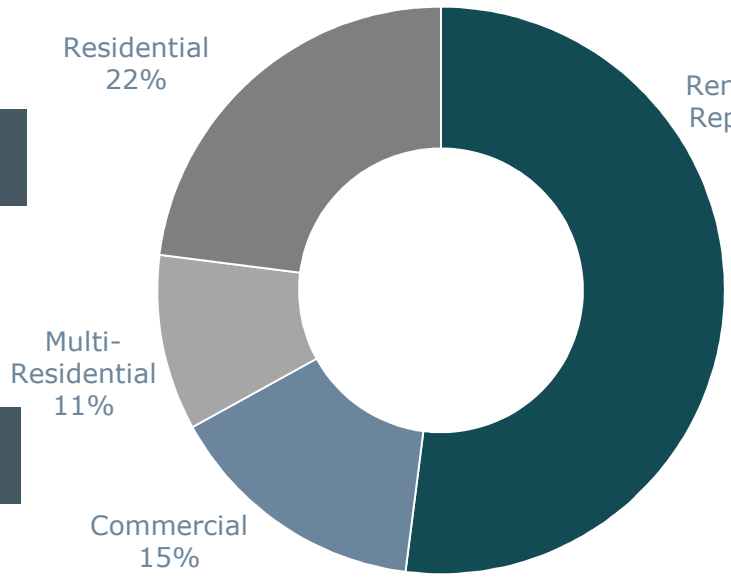
Opportunity to grow in Commercial /Multi-Res Segment

Continue to grow in Commercial Locksmithing Services



Leverage Gainsborough brand to grow in R&R and residential new build segments

### B&K approach by market segment



Grow effectively in Residential segment

Compete selectively in Multi-Residential segment

Refocus on R&R segment – largest and less cyclical segment

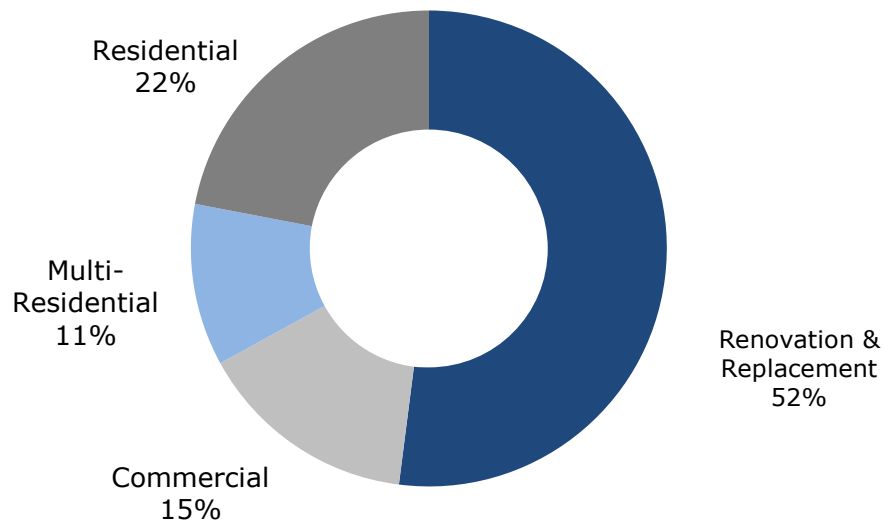
Grow in commercial leveraging strong GWA offer

Source: GWA estimates



# 1HFY17 revenue growth ahead of weighted end market growth

## GWA end market exposure<sup>1</sup>



## Market activity FY17<sup>2</sup>

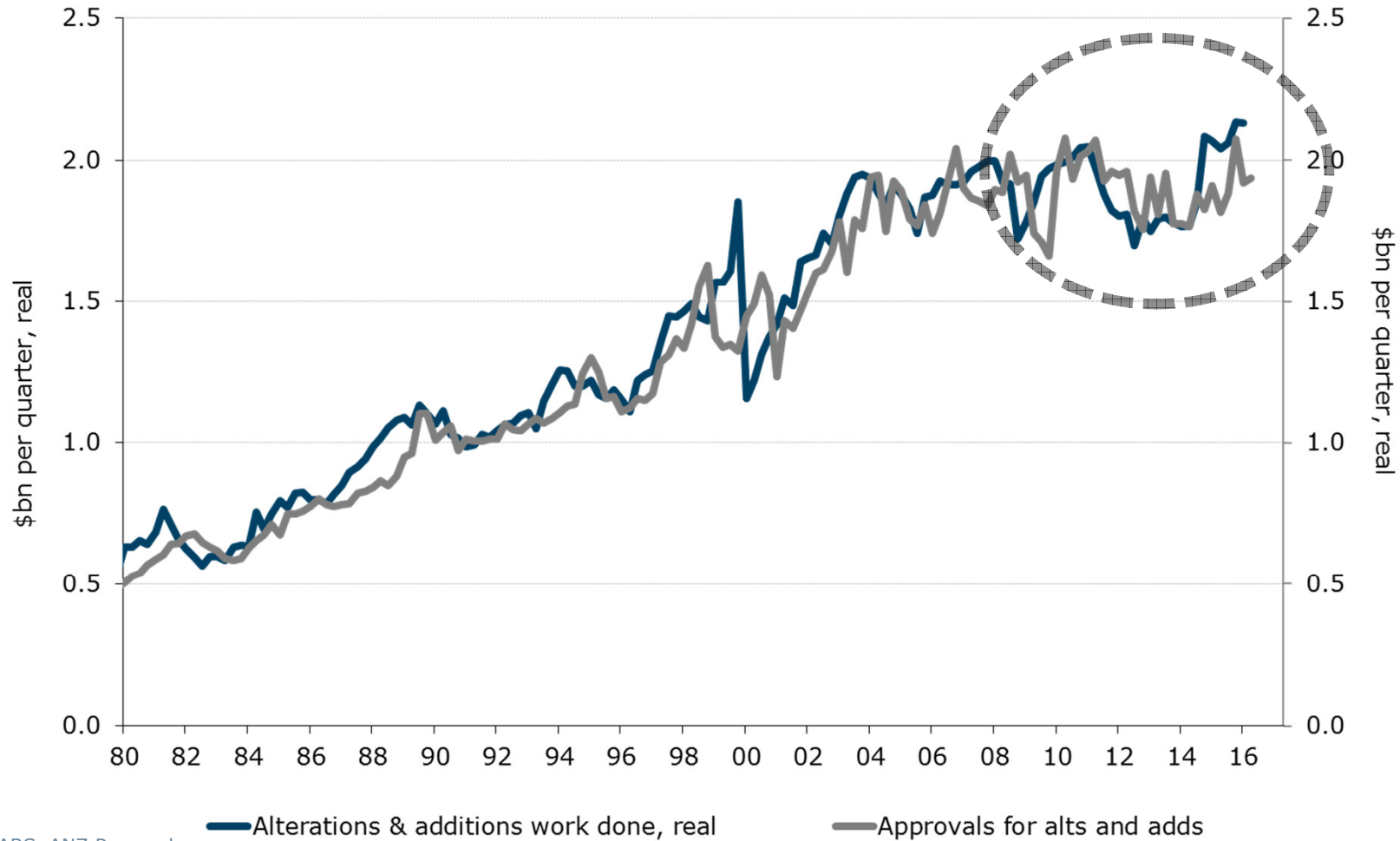
<b>Renovation &amp; Replacement</b>	Overall market remains relatively flat Increased by 1% (MAT)
<b>Residential detached house completions</b>	Strong pipeline remains from lag between approvals and completions Decreased by 5% (MAT)
<b>Multi-Residential completions</b>	Activity increased Increased by 20% (MAT)
<b>Commercial</b>	Increase in aged care, offset by reduced activity in health care Declined by 2% (MAT)

Weighted average of end markets up 1.3%

1. Source: GWA estimates, Australia market B&K only  
 2. Source: BIS Shrapnel - (Dec 2017 MAT)

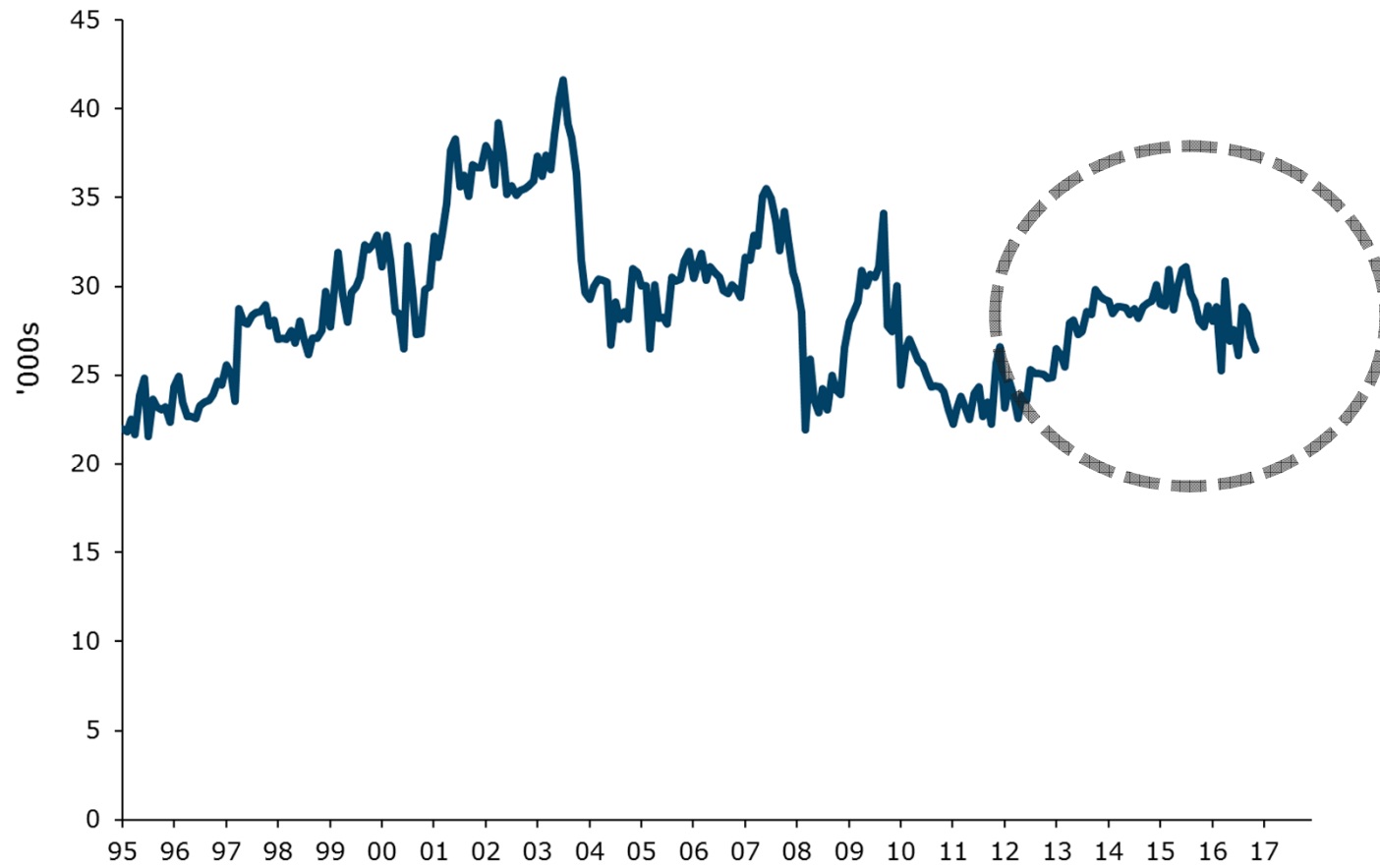
# R&R segment remains stable

## Renovation Activity (A\$bn)



Sources: ABS, ANZ Research

### Housing sales ('000s)



Sources: ABS, ANZ Research

— Number of house sales, Australia

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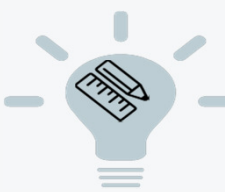
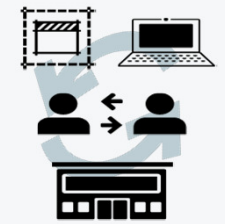
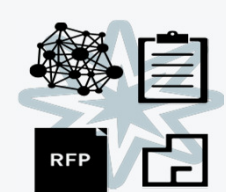
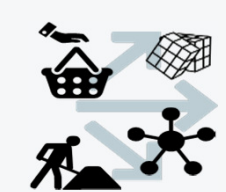

**Summary and Outlook**

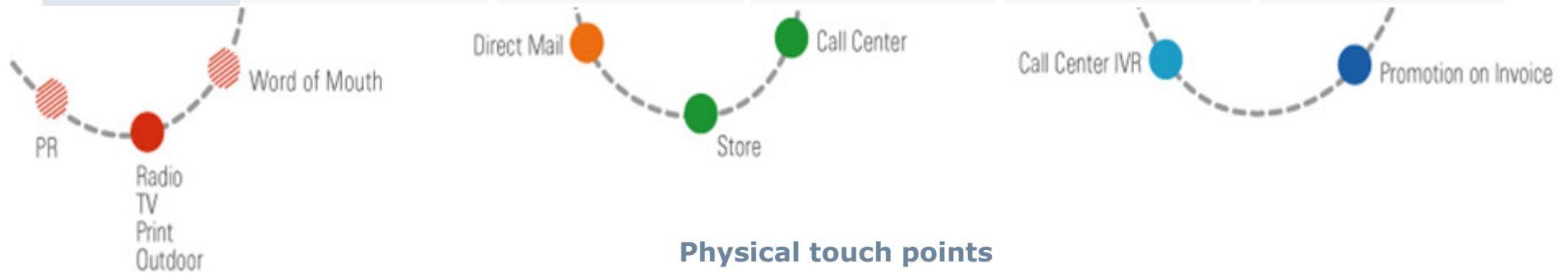
# Deliver consistent consumer experience to grow R&R

## Digital touch points

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STAGES	TRIGGER/ IDEATION	RESEARCH	PROJECT PLANNING	CONSTRUCTION	COMPLETION
RENOVATION JOURNEY					



## Physical touch points

# Build on core assets and brands to drive revenue

## Territories shaping our innovation and NPD pipeline

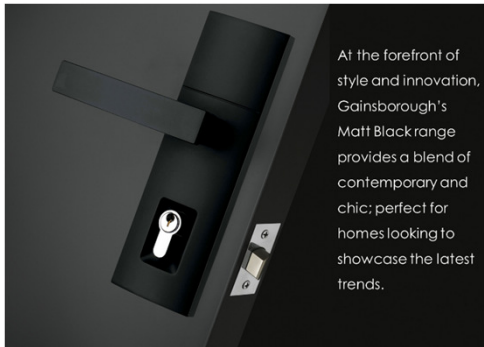
### Ease of installation



### Taps as fashion



### Style leadership



### Aged care



### Ongoing efficiency



### Customer segment opportunities



# NPD and innovation leveraging strong brands

## Innovative technology in sanitaryware

- Caroma Cleanflush – innovative technology, combining rimless bowl with Caroma flush and flow technology
- Creates superior flushing performance and better hygienic experience
- Launched to Australian market in 2016; 400,000 downloads of Cleanflush video from Caroma site
- Awarded 2016 Good Design Award - Best in Category, Product Design - Hardware and Building
- Product successfully ranged in major customer showrooms
- New versions launching in Q4FY17 for commercial segment

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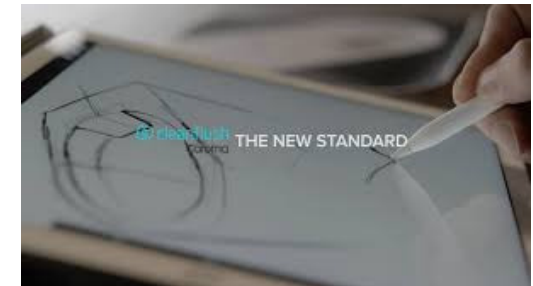
**Innovative Caroma Flow Splitter**



**Flush channel & superior washdown performance**



**Caroma Flow Balancer (Pat. Pend) Controls and directs flush**



# Caroma Cleanflush video

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## **GWA significantly re-positioned for growth**

- Clear focus on two core divisions with strong ability to compete in ~\$2 billion addressable market
- Solid financial position supports growth agenda with strong cashflow generation

## **Focus on margin resilience to manage through the cycle**

- Over 50% exposure to ~\$900m Renovations and Replacement segment – (less cyclical segment)
- Remain on track for \$13-15m in cost savings by FY19

## **Significant progress on strategic priorities**

- Continued momentum in 'back to basics' execution
- NPD pipeline focused on R&R segment, consumer experience and digital engagement
- Joint business planning and product innovation with major customers
- Supply chain initiatives focused on lower costs, improved service/delivery and supply assurance

## **FY17 outlook unchanged from half year results**

- Based on current market conditions, expect 2<sup>nd</sup> half Group EBIT to be at or slightly ahead of 1<sup>st</sup> half EBIT FY17

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28 April 2017

