



2019 Half Year Results  
Presentation

# Disclaimer

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**Note:** All financial amounts contained in this presentation are expressed in Australian dollars unless otherwise stated. Any discrepancies between totals and the sum of components in tables contained in this presentation are due to rounding.

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**HY19 Focus**

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**Peter Wilson, CEO & MD**

**Gavin Street, CFO**



# Financial Summary

# HY19 Summary

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## Sales Revenue

104%  to \$2,718 million

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## Normalised NPAT\*\*

20%  to \$127 million

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## Normalised EBITDA\*

45%  to \$260 million

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## NPAT

8%  to \$98 million

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\* Normalised EBITDA excludes business acquisition costs and finance income

\*\* Normalised NPAT excludes business acquisition costs

Sales Revenue **A\$2,718m**

HY18 - \$1,332m  
HY19 - \$2,718m

 **104%**

- Record sales result
- Strong like for like sales
- Acquisitions in USA & NZ



Normalised EBITDA **A\$260.1m**

HY18 - \$179.0m  
HY19 - \$260.1m\*

 **45%**

- Solid performance in underlying business
- MORSCO delivering to expectations
- Continuing to invest in people & technology



**NPAT** **A\$98m**

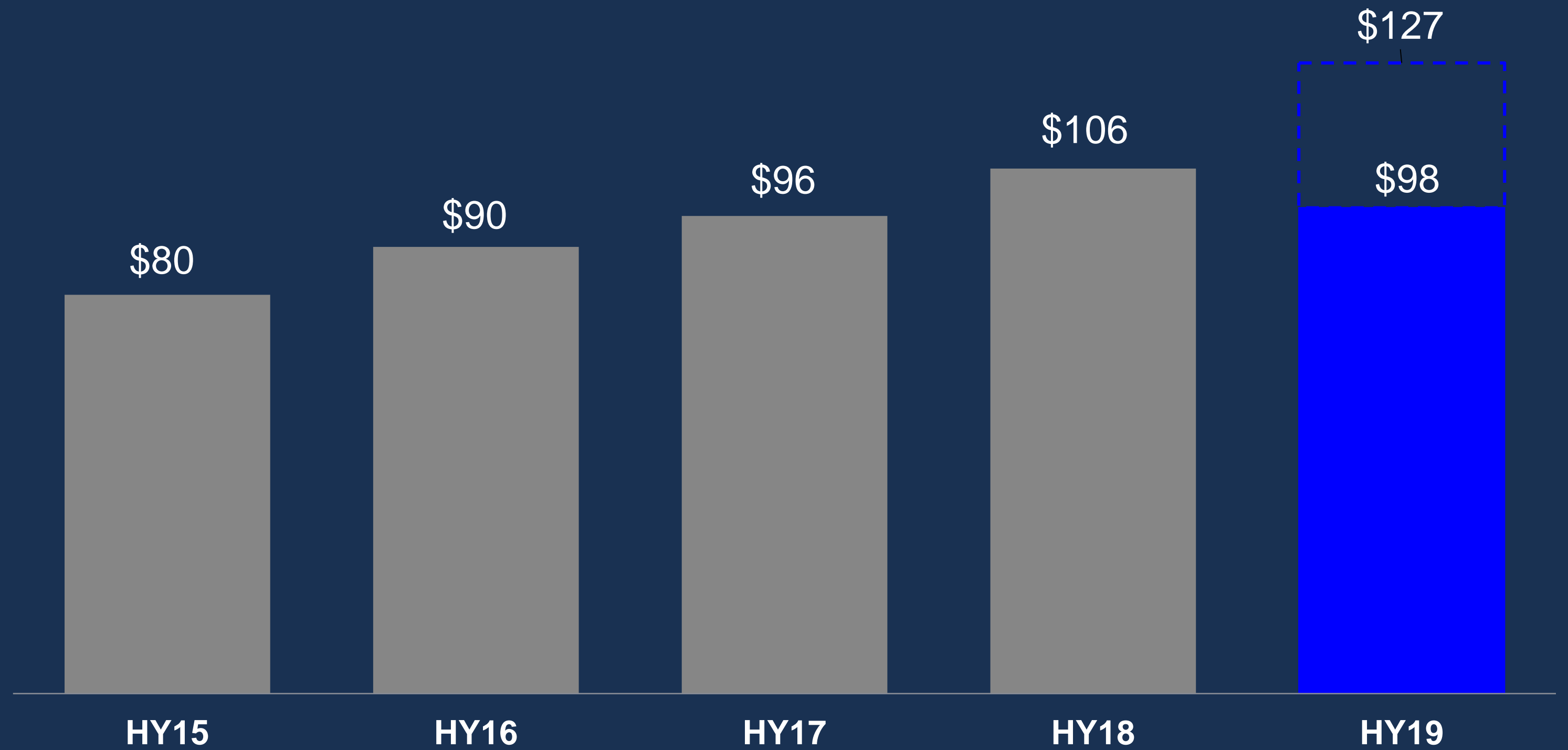
HY18 - \$105.7m

**HY19 - \$97.8m**



**8%**

- Impact of one off acquisition costs
- NPAT excluding acquisition costs was up 20%

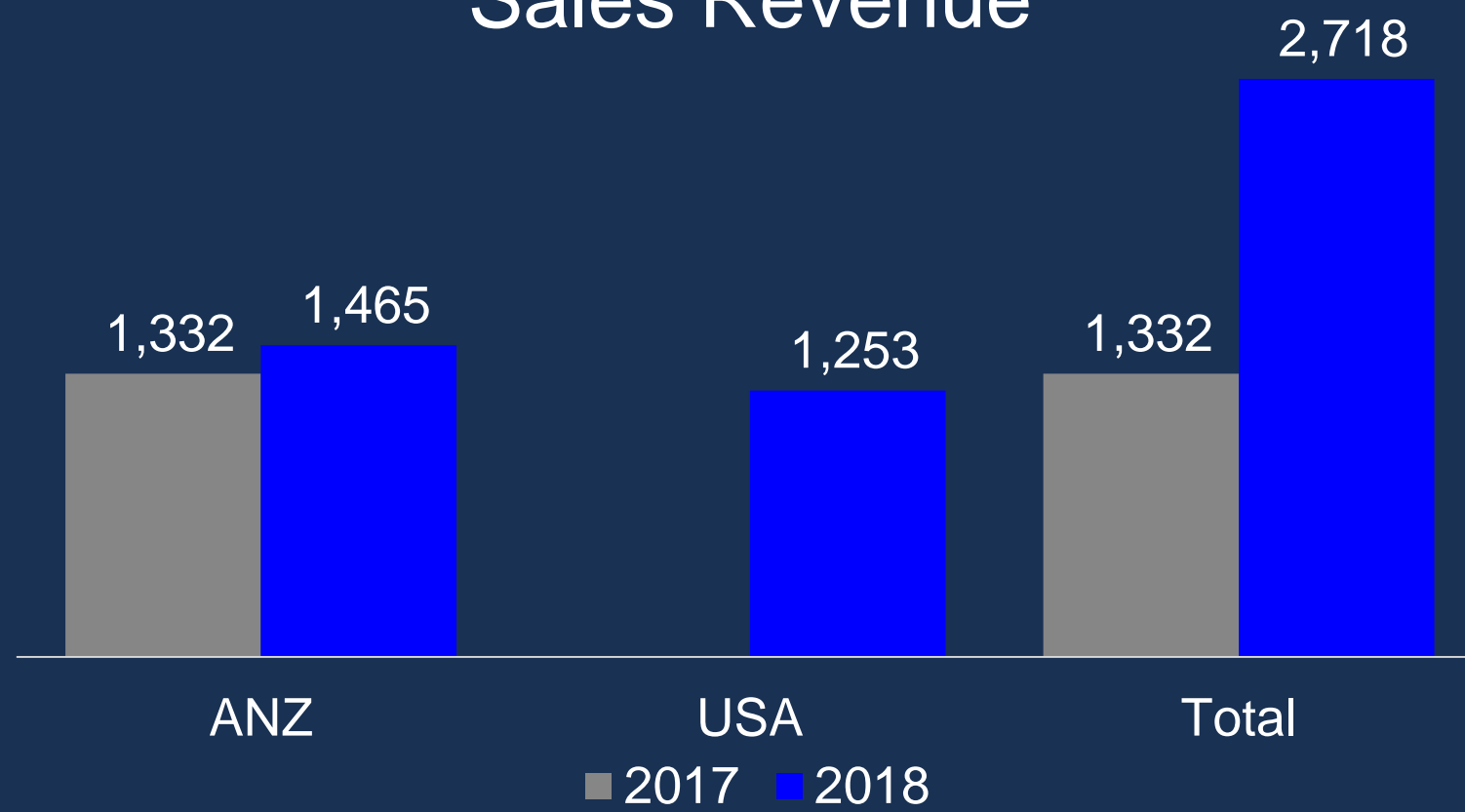


--- Normalised NPAT

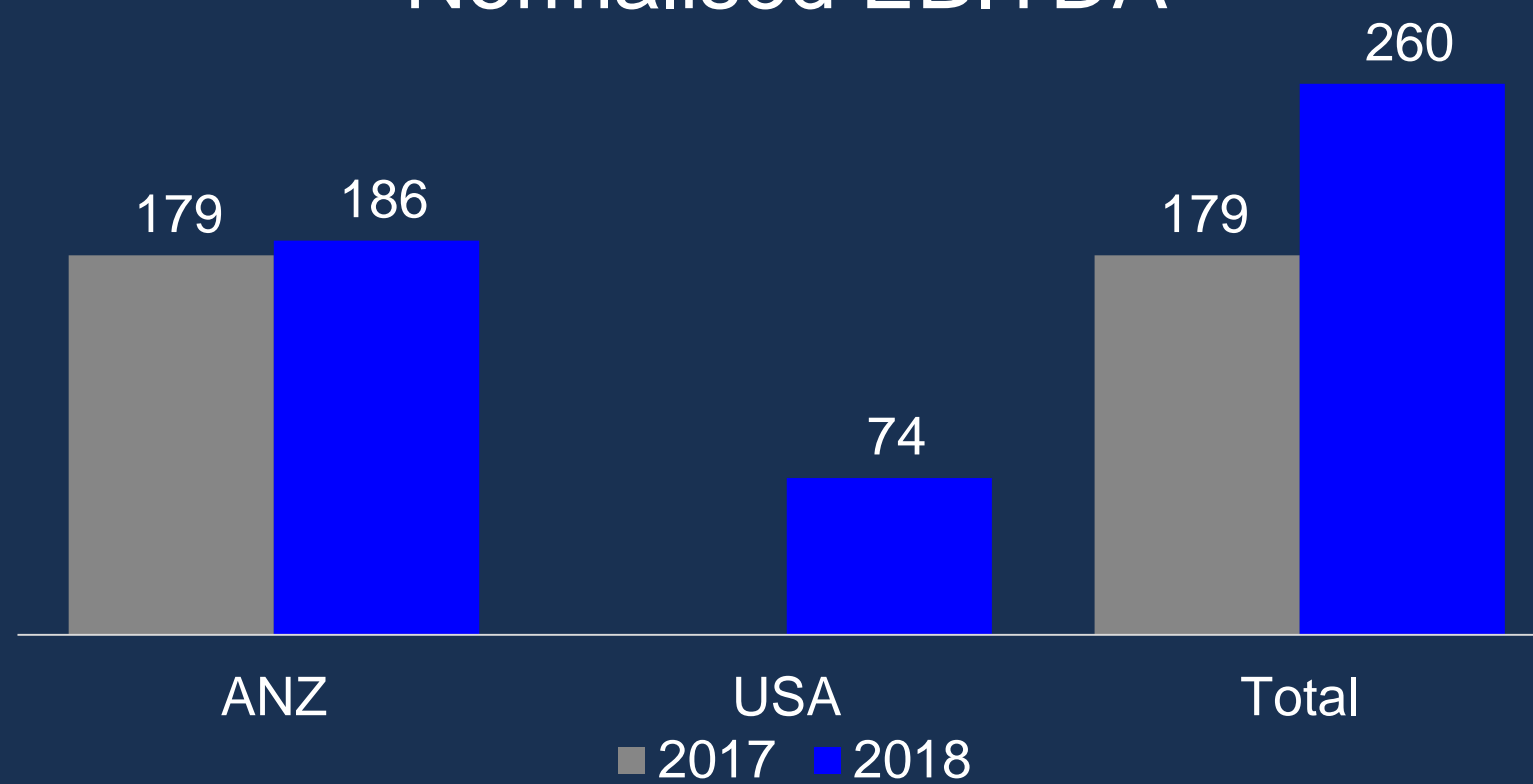


# Segment Performance

Sales Revenue



Normalised EBITDA

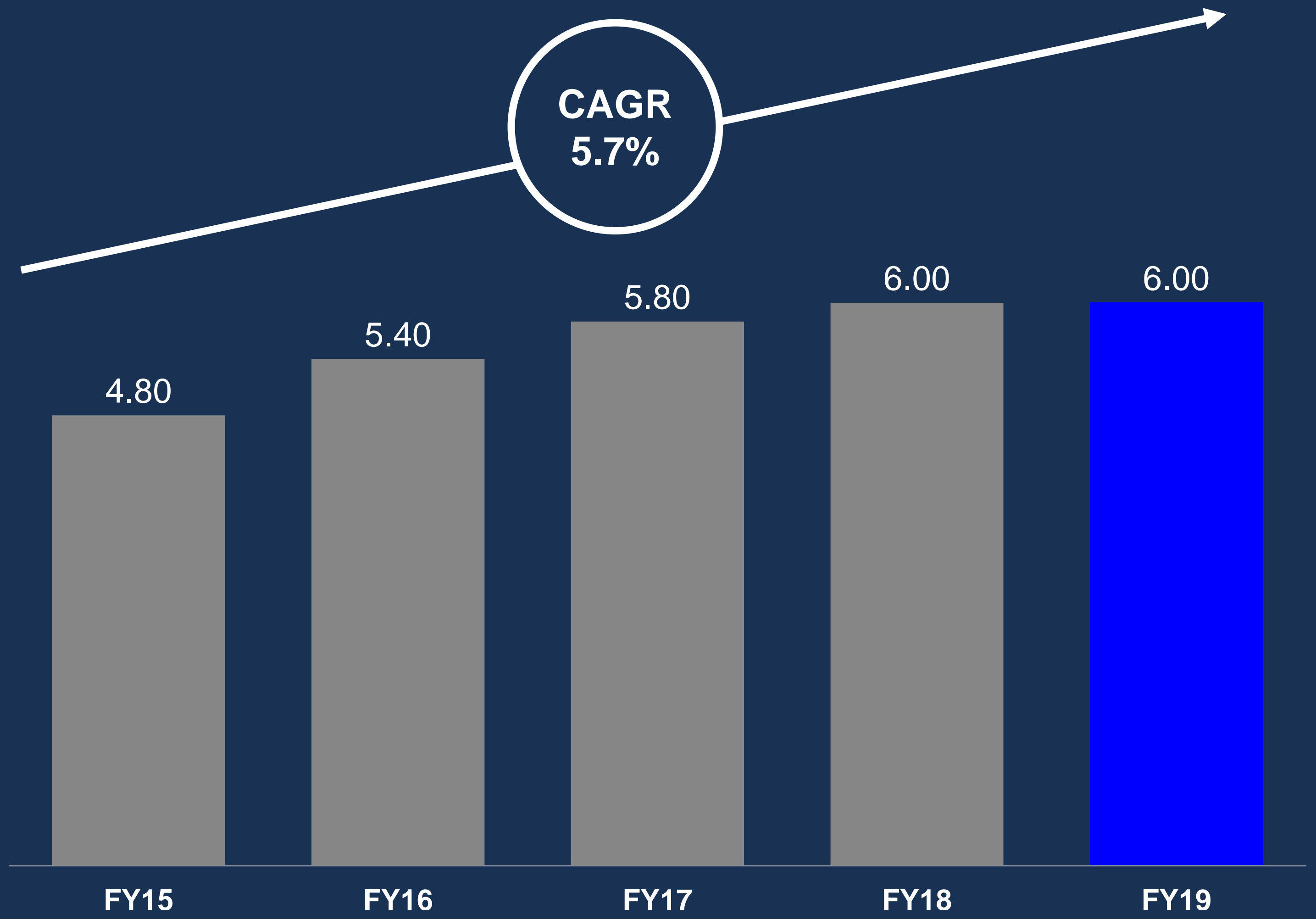


- Top end of guidance
- ANZ sales revenue up 10%
- Continuing to invest in people & technology
- MORSCO in line with expectations
- Mix of business impact on EBITDA margins

# Dividends 6 cps

HY18 – 6 cps  
HY19 – 6 cps

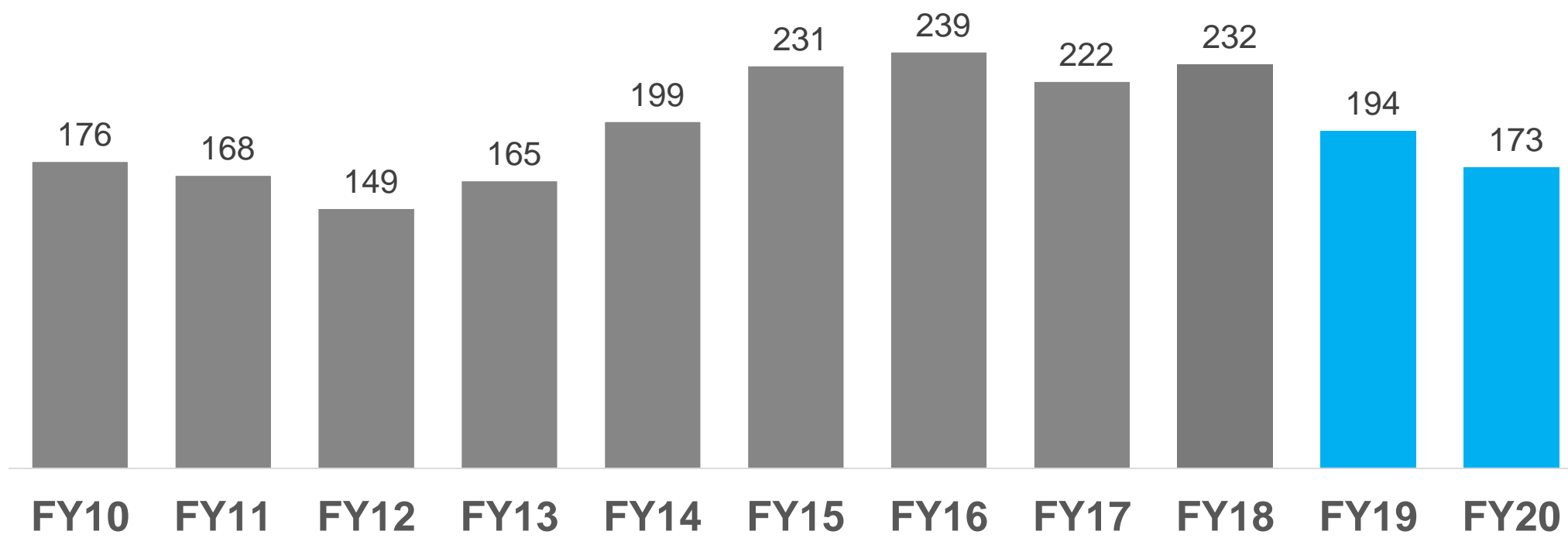
- Interim dividend declared maintained at 6 cents per share
- Total cash dividend paid up 12.6%



# Underlying Australian economic indicators remain supportive

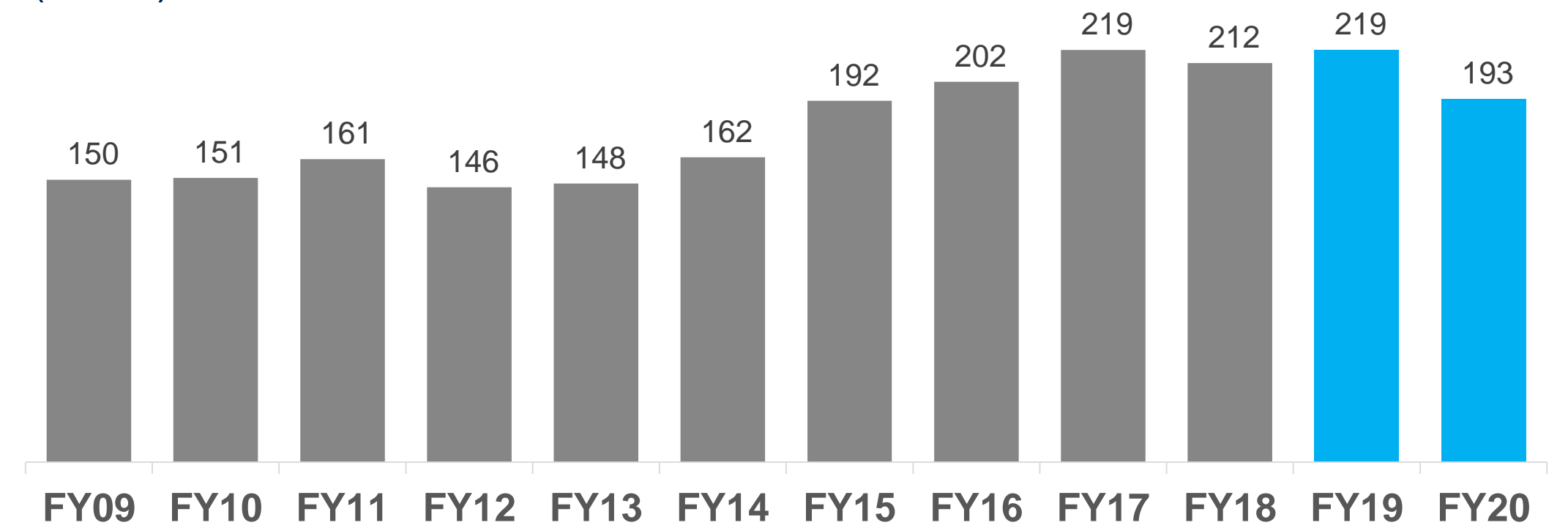
## Dwelling Approvals

(000's)



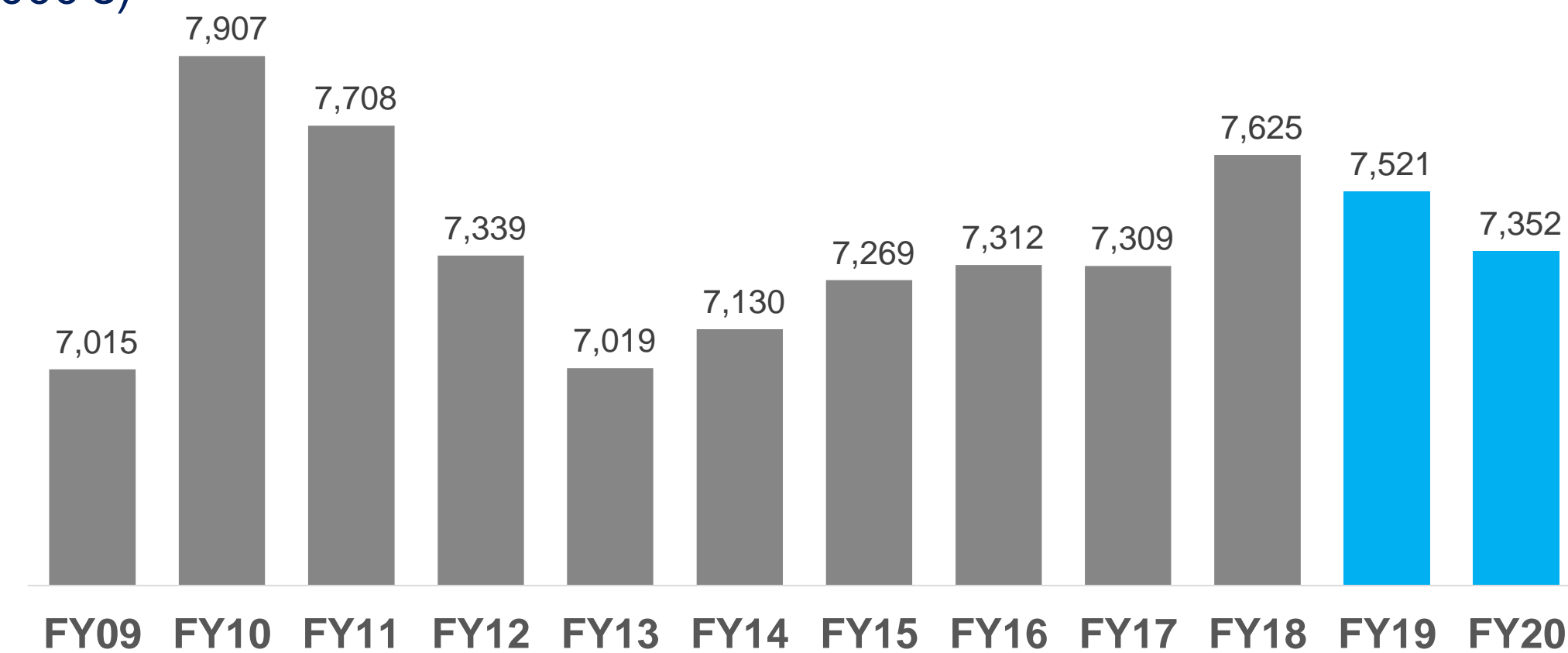
## Dwelling Completions

(000's)



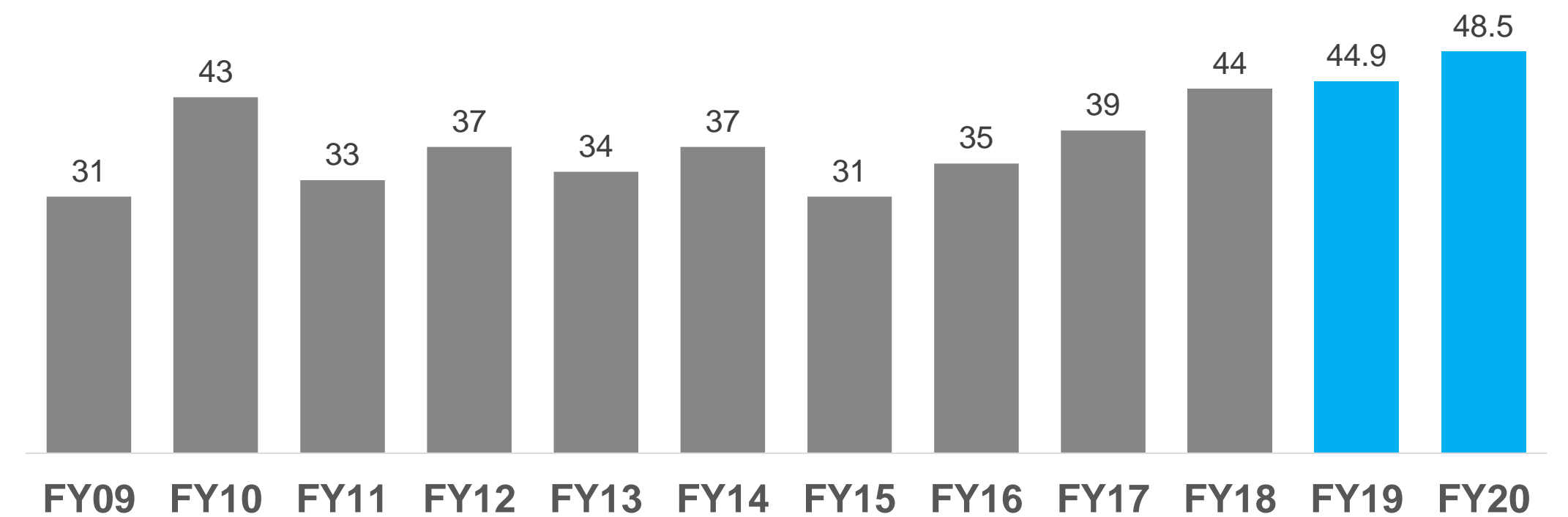
## Alterations and Additions

(000's)



## Non-residential Commencements

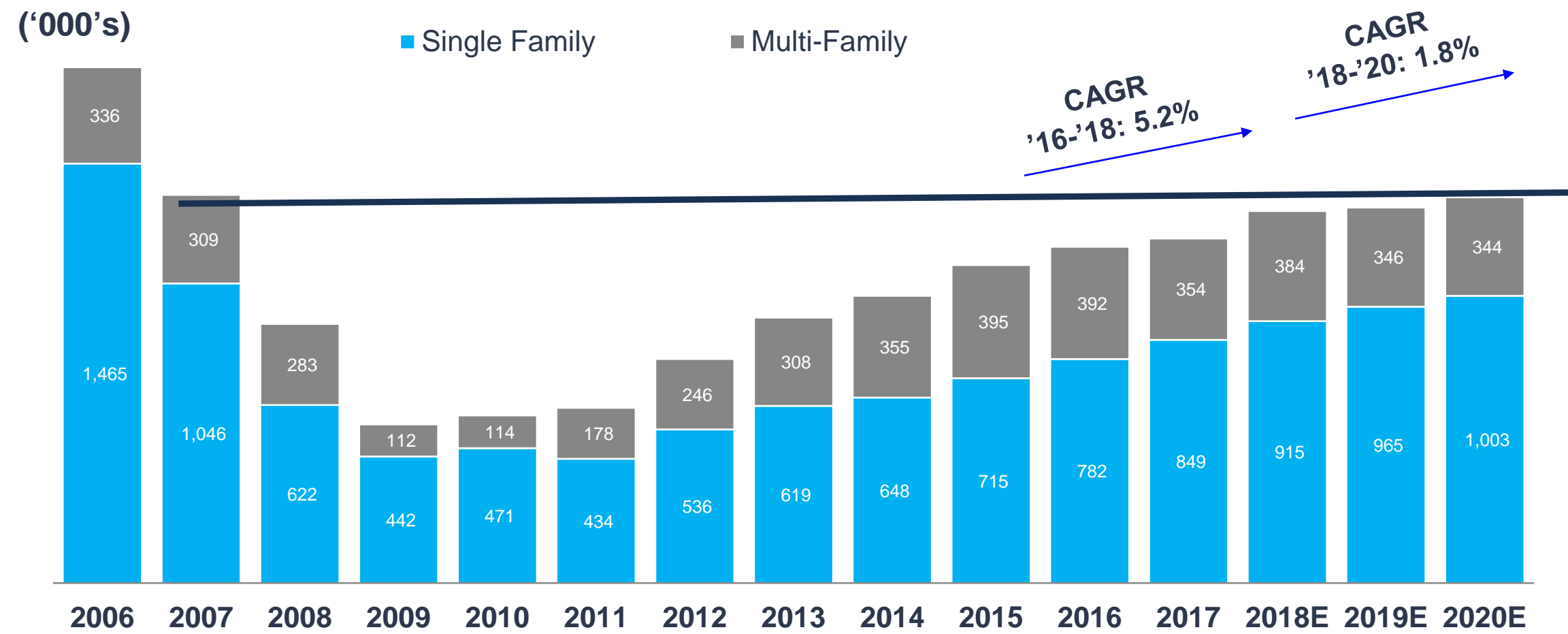
(000's)



Source: BIS Oxford Economics

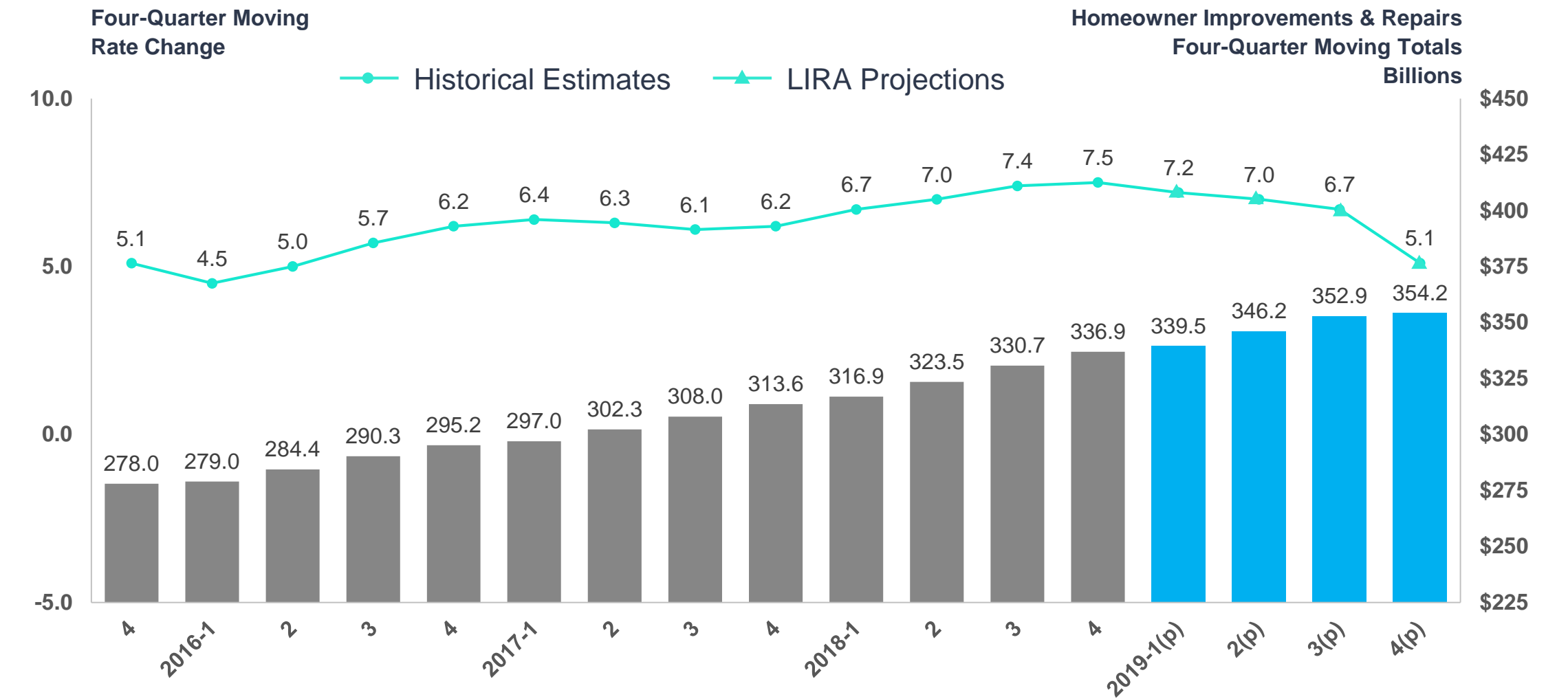
# Positive momentum sustained in US market

## Single and multi-family housing starts 2006 – 2020E



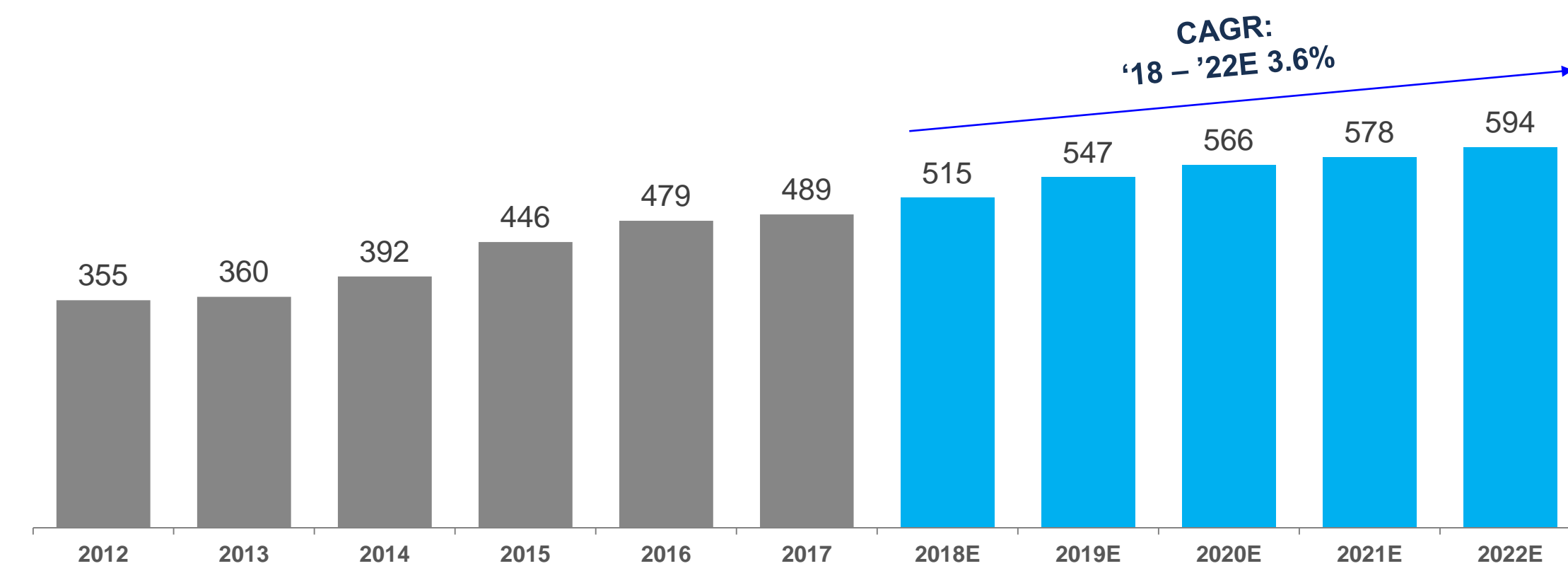
Source: National Association of Realtors Mortgage Bankers Association, Fannie Mae, National Association of Home Builders as of May 2018, John Burns Consulting as of April 2018

## Leading indicator of remodeling activity – Q4 2018



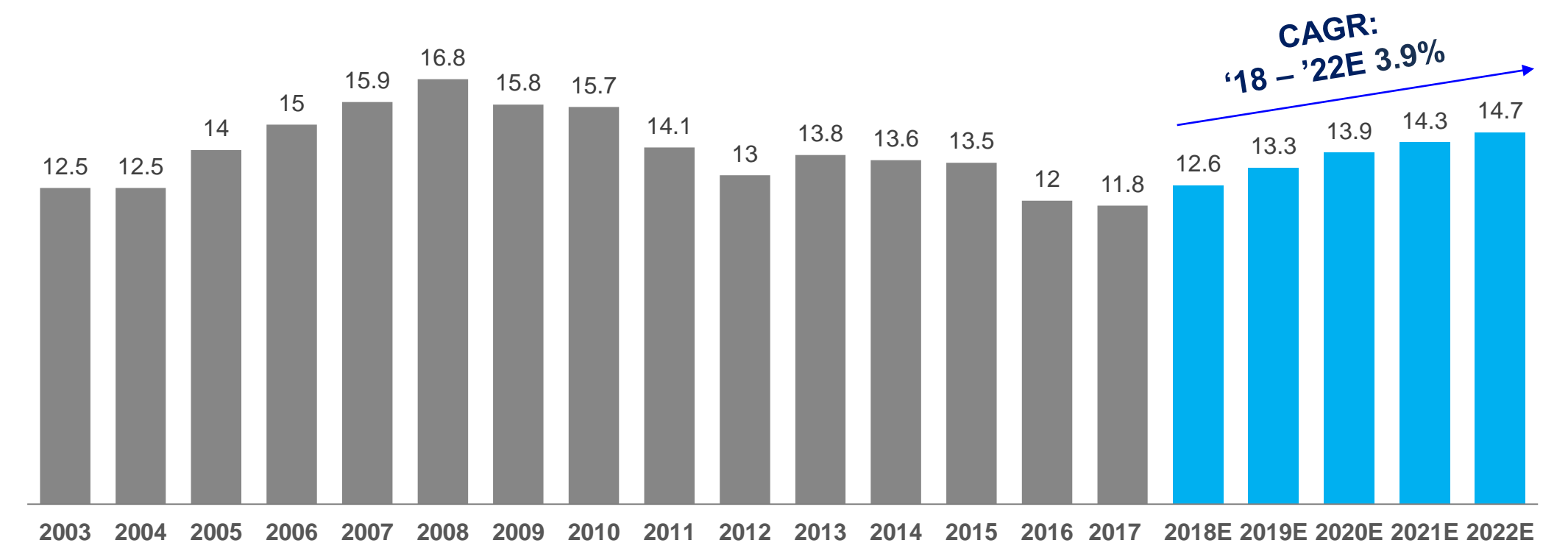
Source: Joint Center for Housing Studies

## Non-residential building construction expenditures (\$bn)



Source: FMI as of Q1 2018  
Note: Includes both private and public expenditures

## Water Supply construction expenditures (\$bn)



Source: FMI as of Q2 2017



# Half Year Highlights

# Three focus areas in first half

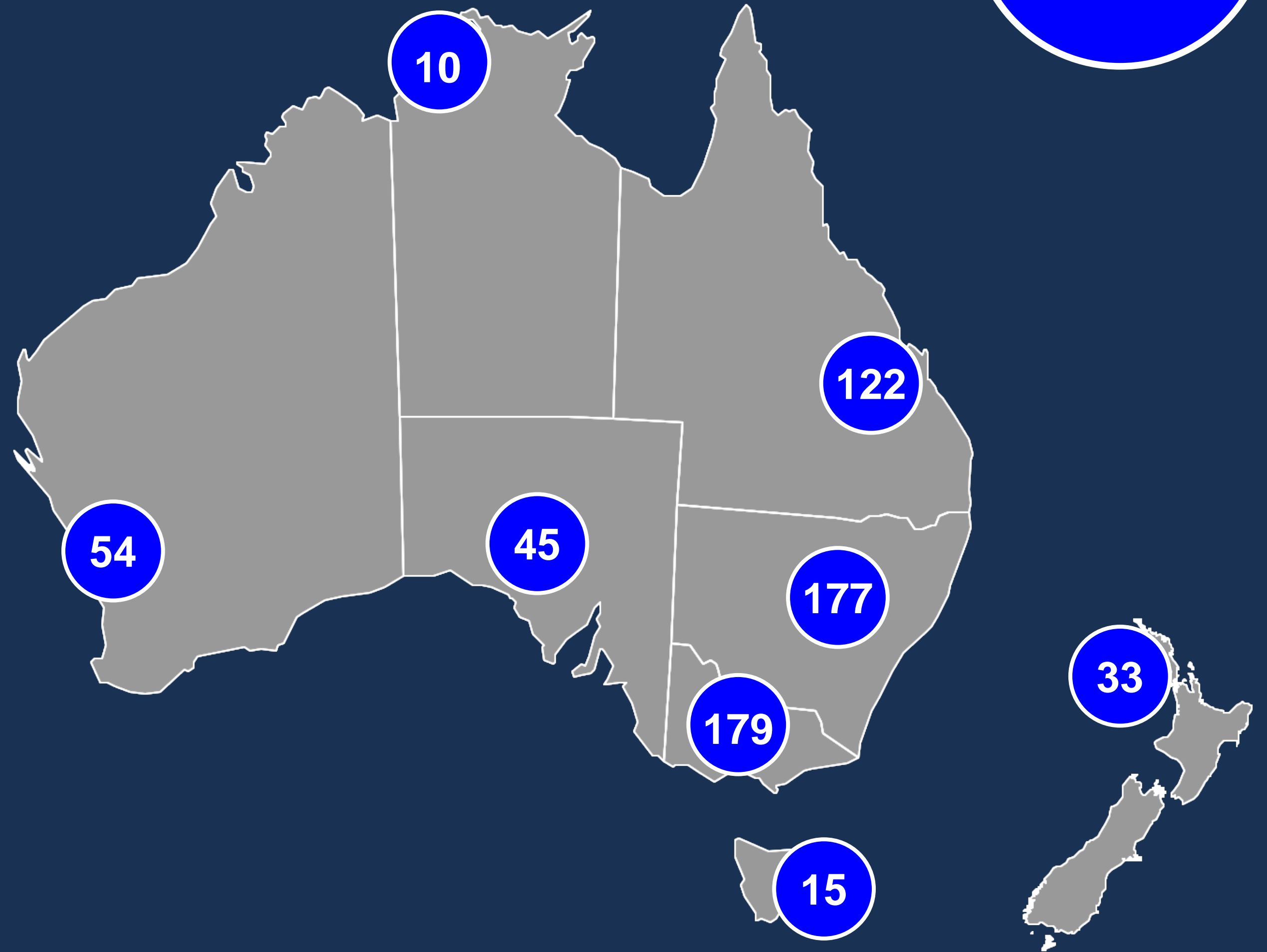


# Works for you.



**635**  
**OUTLETS**

**+20**

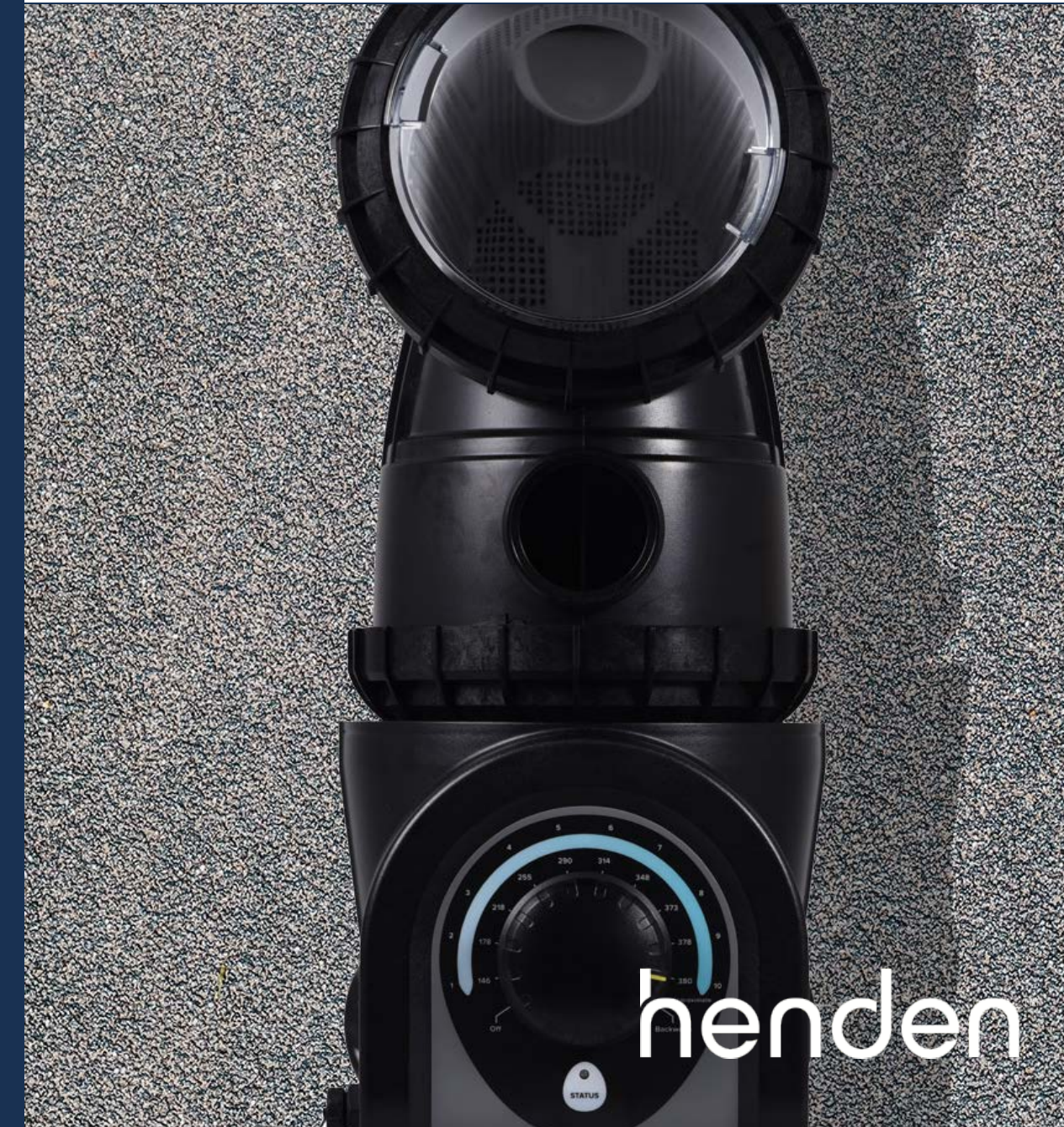
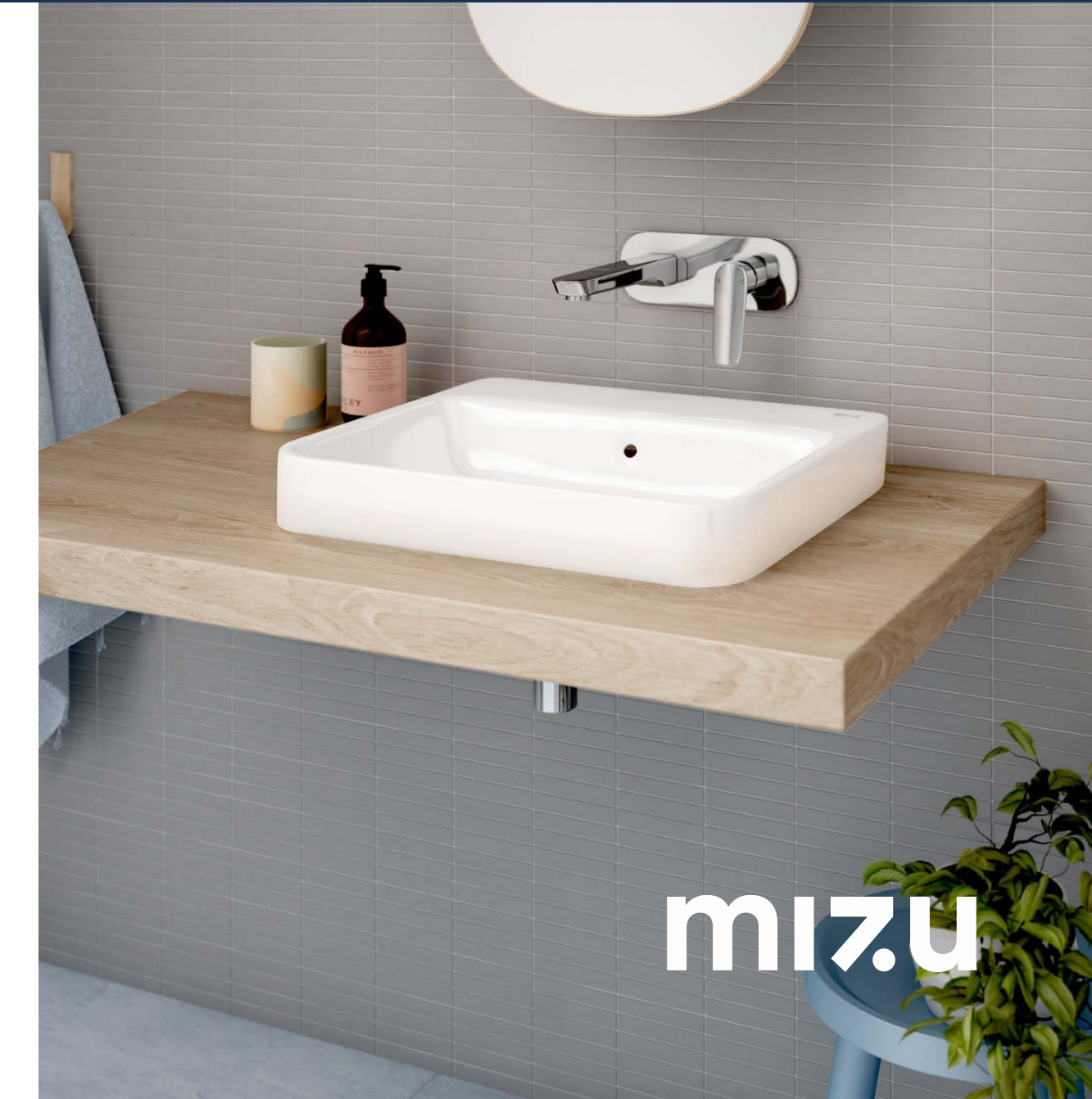




# NZ presence continues to grow



# Delivering market leading products

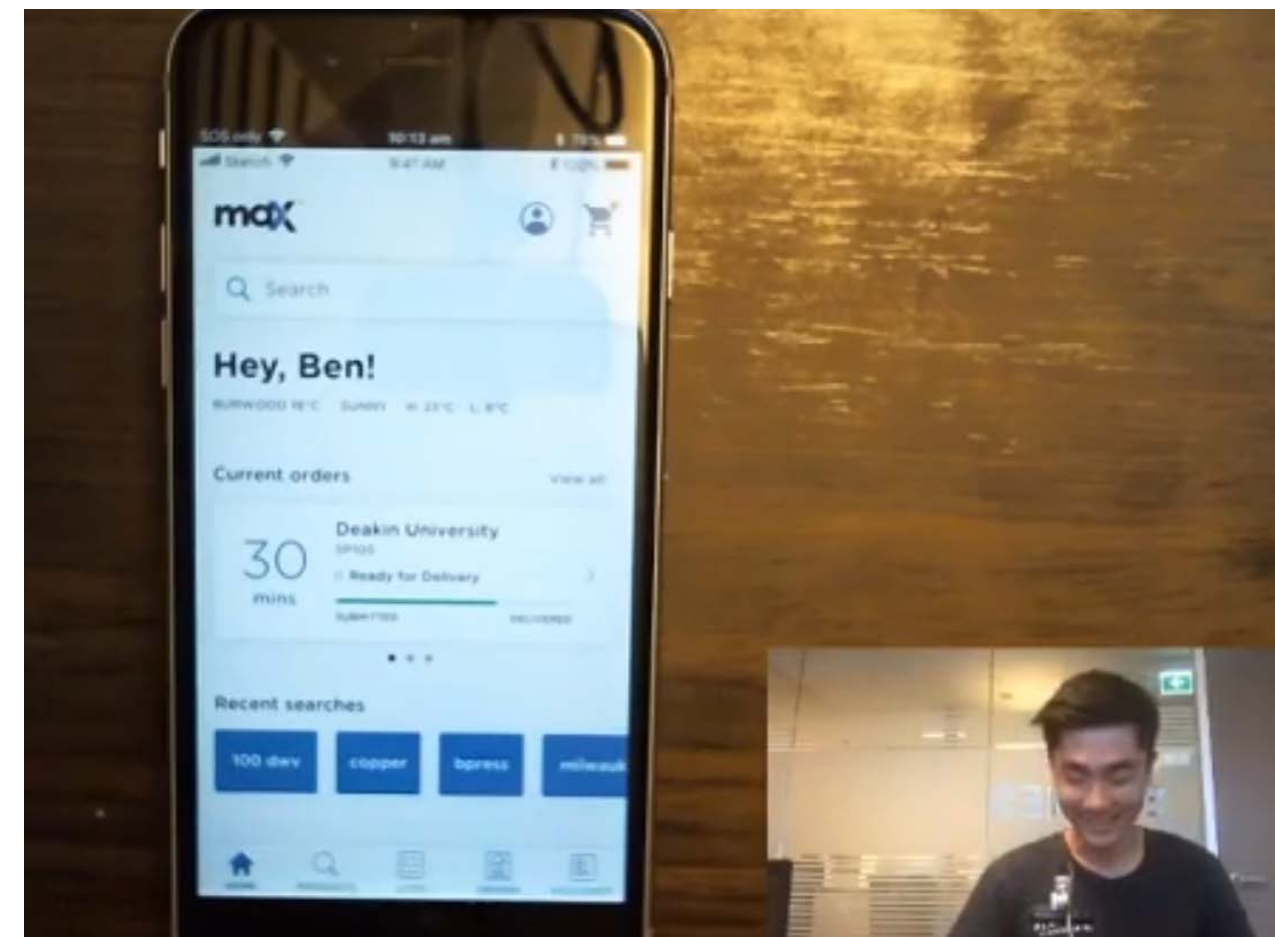
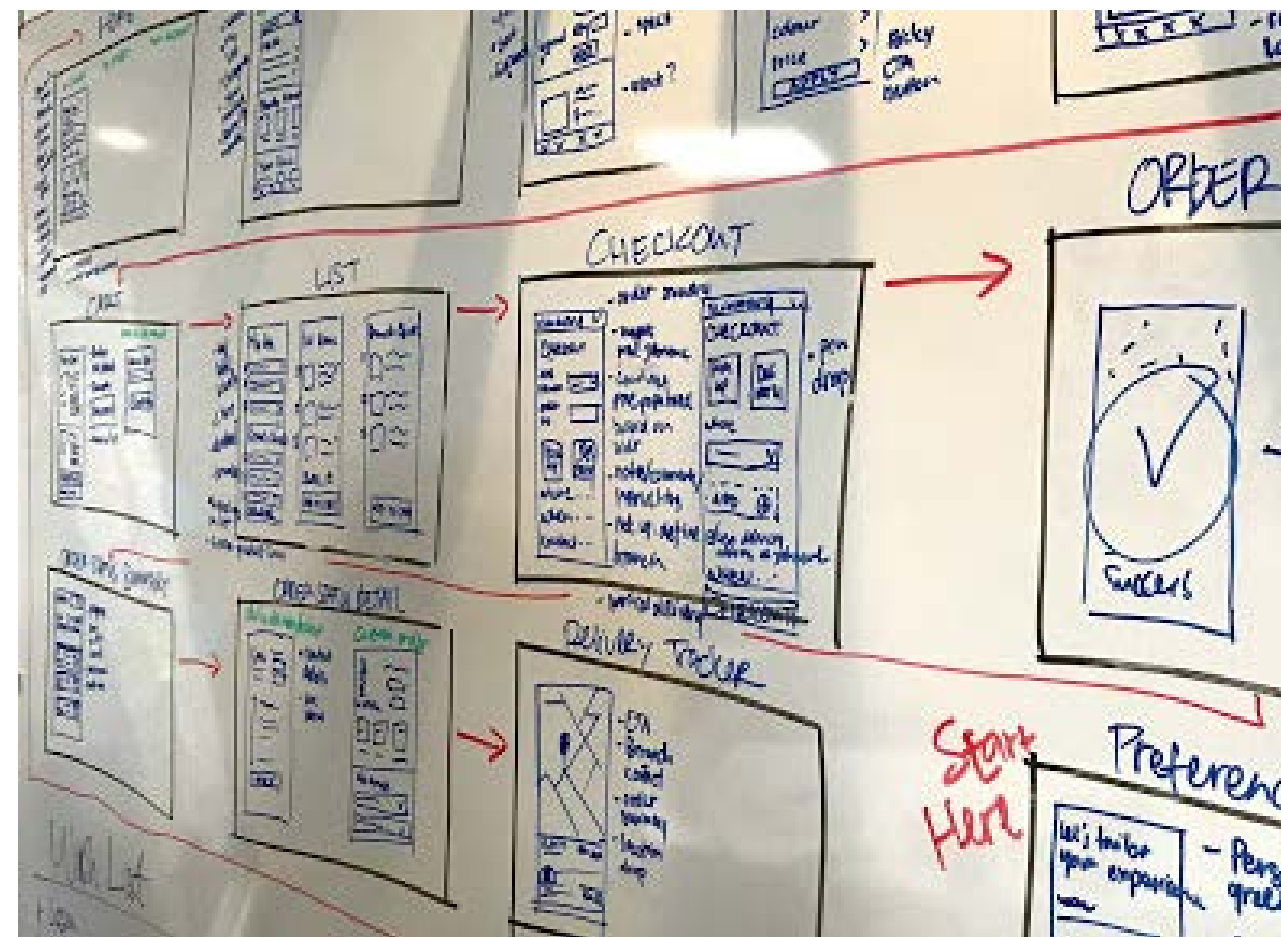


# Three focus areas in first half



# Technology strategy at the heart of our business

# Digital enhancements driven by customer insights



Human Centred Design

Customer Insight

New online Products and Services

# Innovation strategy embedded



# Three focus areas in first half



# Listening & learning about MORSCO



# Working together to build our Vision & Strategy



**Purpose**



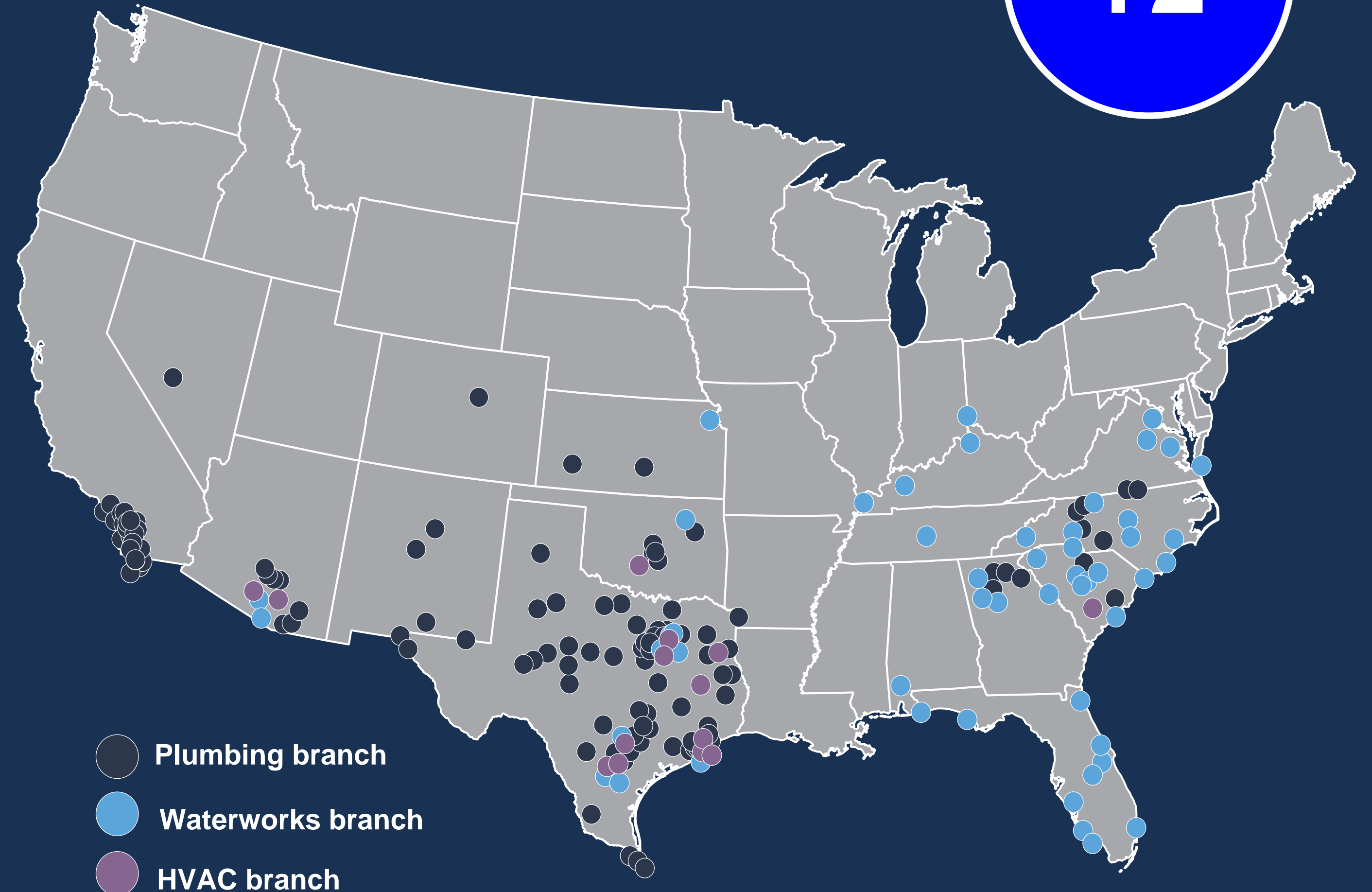
**Values**



**Vision**

+2

173  
OUTLETS



# Contents and agenda





**HY19  
Financial  
Performance**

# Results summary

<i>December half year (A\$m)</i>	<i>HY19</i>	<i>HY18</i>	<i>Var. (%)</i>
Net sales	2,718	1,332	104
Normalised EBITDA	260	179	45
EBIT	192	154	25
NPAT	98	106	(8)
DPS (cents)	6	6	0
<i>Key metrics</i>			<i>Var. (bps)</i>
<i>Normalised EBITDA margin</i>	9.6%	13.4%	(380)
<i>EBIT margin</i>	7.1%	11.5%	(440)

- Normalised EBITDA at top end of guidance
- NPAT down 8% due to recognition of acquisition costs
- MORSCO results in line with expectations
- Acquisition completed in New Zealand
- EBITDA Margin impact due to mix of business

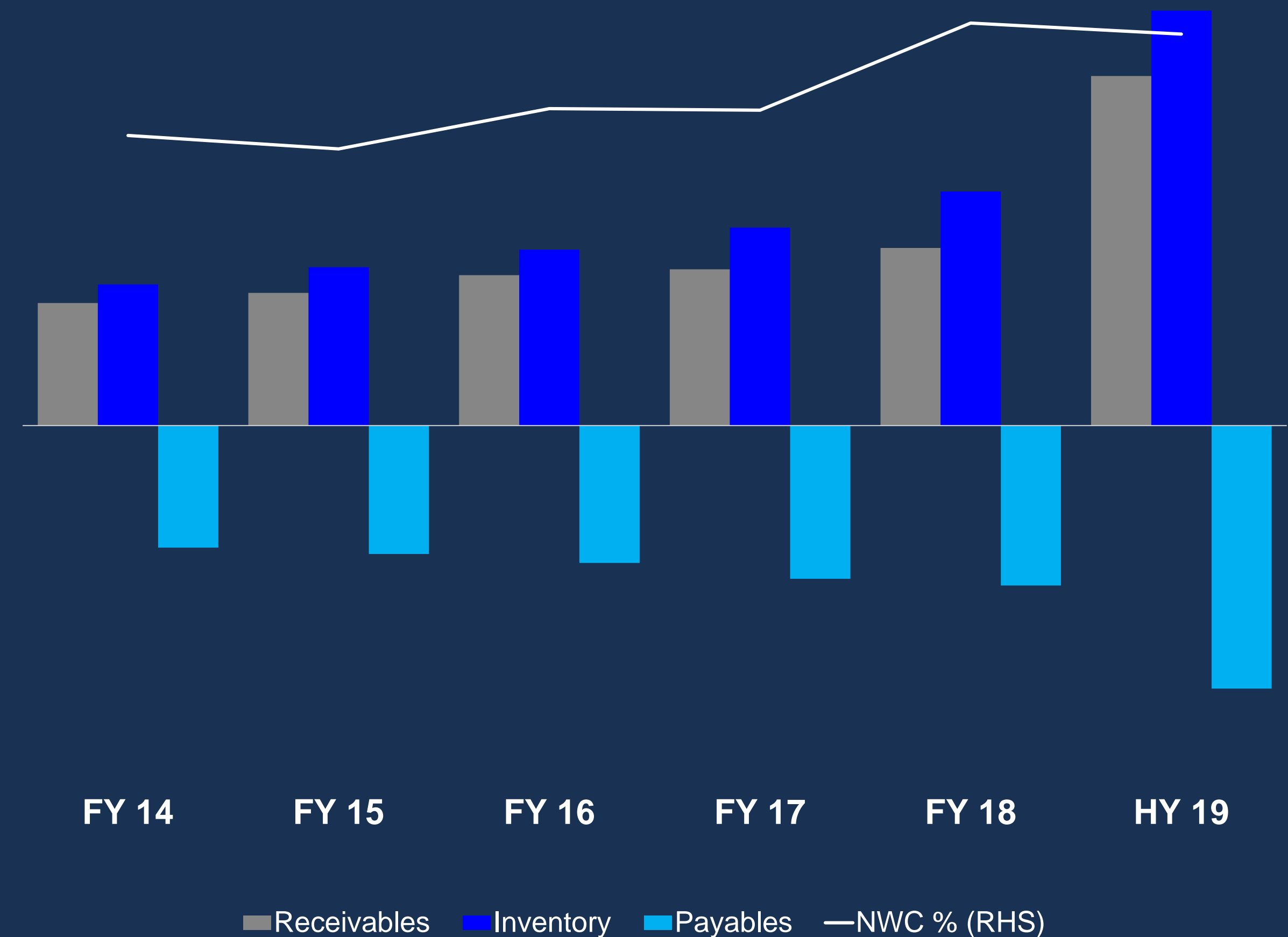
\* Normalised EBITDA excludes business acquisition costs and finance income

# Cash Flow

<i>December half year (A\$m)</i>	<i>HY19A</i>	<i>HY18A</i>
Normalised EBITDA*	260	179
Net movements in working capital	(111)	(26)
Non-cash items in EBITDA	1	0
Income Tax Paid	(59)	(59)
Finance Costs	(41)	(3)
Cash flow from operations	49	91
Capital expenditure	(52)	(38)
Proceeds from sale of assets	8	2
Business Acquisitions	(1,996)	(35)
Net Investing cash flow	(1,991)	19

\* Normalised EBITDA excludes business acquisition costs and finance income

## Net Working Capital (FY14A–HY19A)



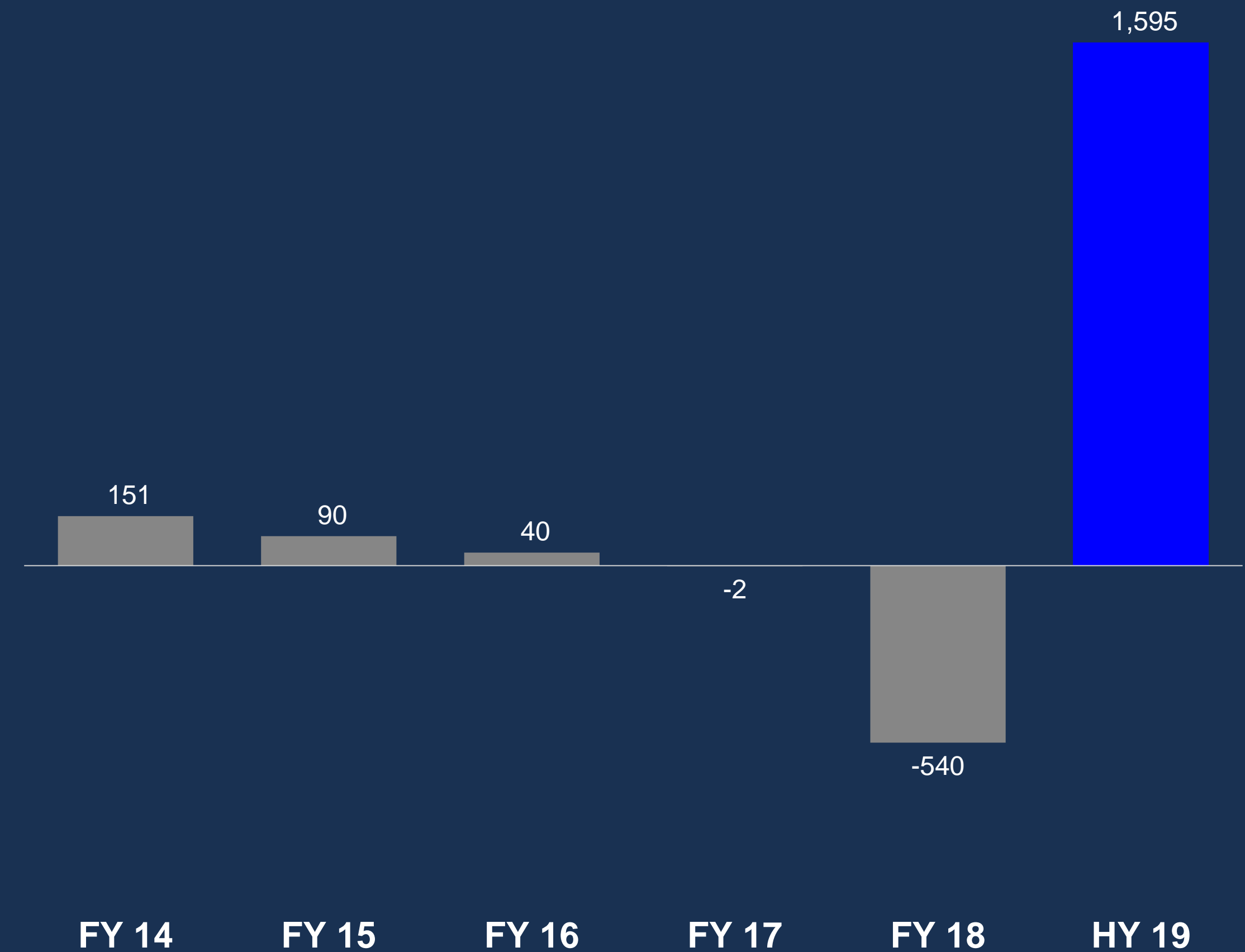
# Balance Sheet

December half year end (A\$m)	As at 31 Dec 2018	As at 31 Jun 2018
Cash and cash equivalents	99	540
Total debt	1,694	0
Net debt	1,595	0
Financial asset (FX derivative)	45	0
Net debt including FX derivative impact	1,550	(540)
Leverage Ratio (Net Debt / EBITDA*)	2.9	n/a

- USD1.14b raised via US TLB Funding
- Debt hedged for FX and Interest rate exposure

\* 12 month period ended 31 December 2018 excluding business acquisition costs and finance income

# Net debt



# HY19 Summary

**Enhancing  
customer  
experience**

**Digitisation  
continues**

**Innovation**

**Stronger  
presence  
in NZ**

**MORSCO  
on track**



# Q&As



**Thank you**