



GWA
Group Limited

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3 May 2017

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 Presentation Macquarie Australia Conference

3 May 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.

Agenda

About GWA

Summary of Group Strategy

Progress on Group Strategy

Summary and Outlook

A focused business with strong market position

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Summary

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\$800 million market capitalisation

Our core brands

inspire
Caroma

dorf

CLARK

Gainsborough
ENTER WITH STYLE™

API
Locksmiths

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

Operating model meets local needs with global scale

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Our Value Creating Operating Model

**Consumer
insights**

Research drives consumer and market insights



**Product
Design**

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



**Manu-
facturing**

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



Distribution

Extensive coverage of merchant channel

National Distribution Centre network

Significant scale and expert salesforce

~1,100 deliveries per day



**Solution
Expertise**

Ability to add value to customers through:

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



**Customer
Service**

Market-leading product support

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



Strong and growing continuing operations

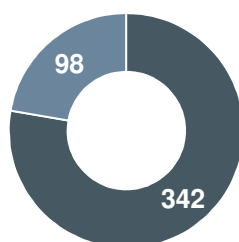
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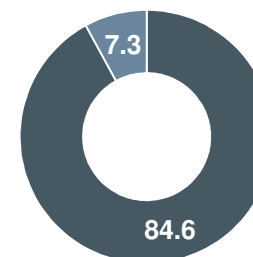
Summary

FY16 Revenue by Division (A\$m)



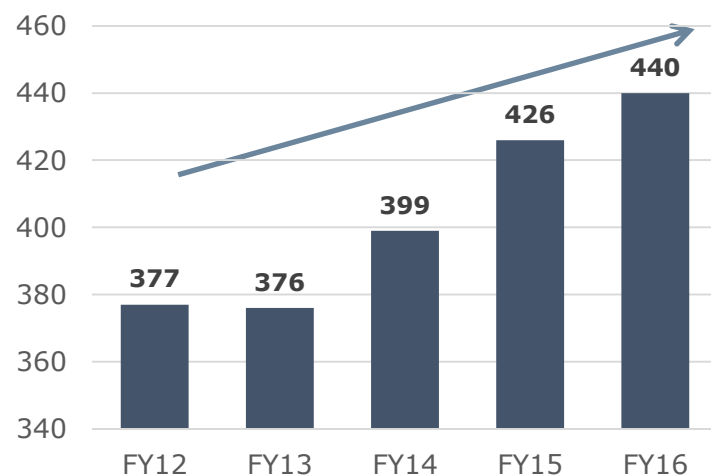
■ Bathrooms & Kitchens ■ Door & Access

FY16 EBIT by Division (A\$m)*

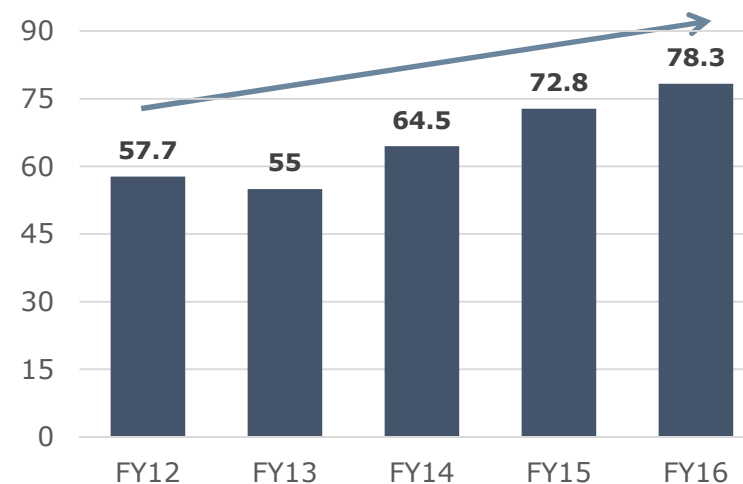


■ Bathrooms & Kitchens ■ Door & Access

Group Revenue (A\$m)



Group EBIT (A\$m)



* Note: Excludes Corporate. Continuing Operations excluding Bravis 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
Net Debt	149.4	94.8	90.8	88.4	92.0
Leverage Ratio <i>Net Debt / EBITDA</i>	1.7	1.1	1.2	1.1	1.1
Interest Cover <i>EBITDA / Net Interest</i>	8.5	12.8	14.8	14.3	15.8
Gearing <i>Net Debt / (Net Debt + Equity)</i>	26%	24%	22%	22%	23%

Strong credit metrics

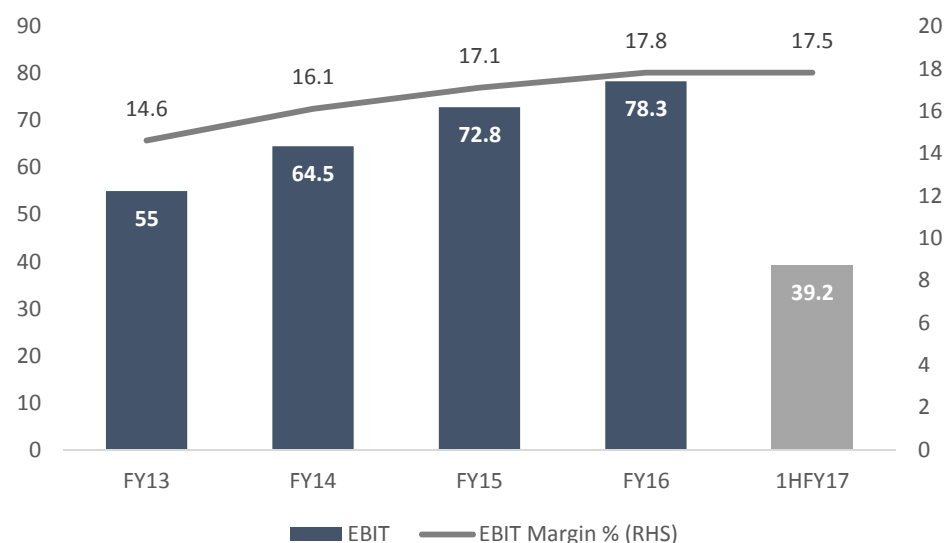
- Credit metrics continue to be consistent with investment grade
- Syndicated banking facility extended in October 2016 – single 3-year revolving facility maturing October 2019
- GWA remains in strong financial position – provides enhanced financial flexibility

Source: GWA.

Margin resilience through the cycle

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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

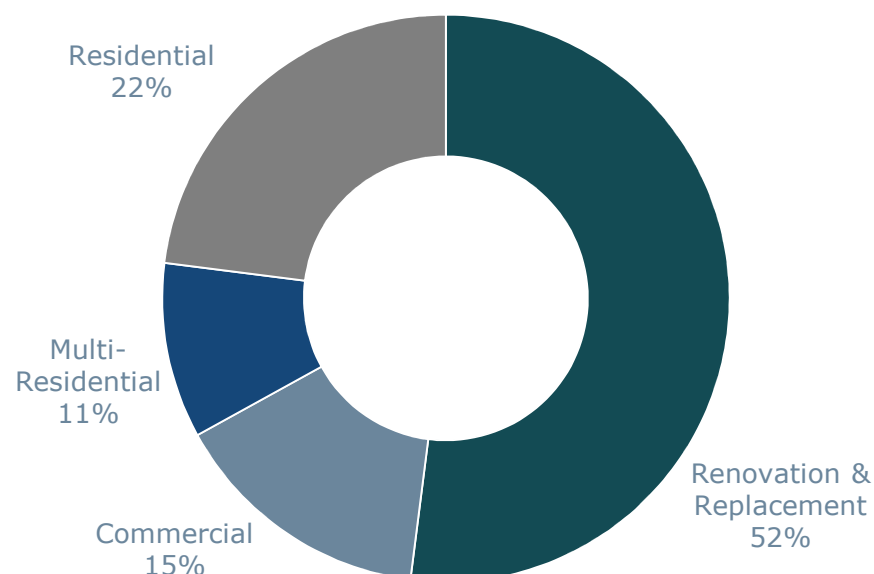
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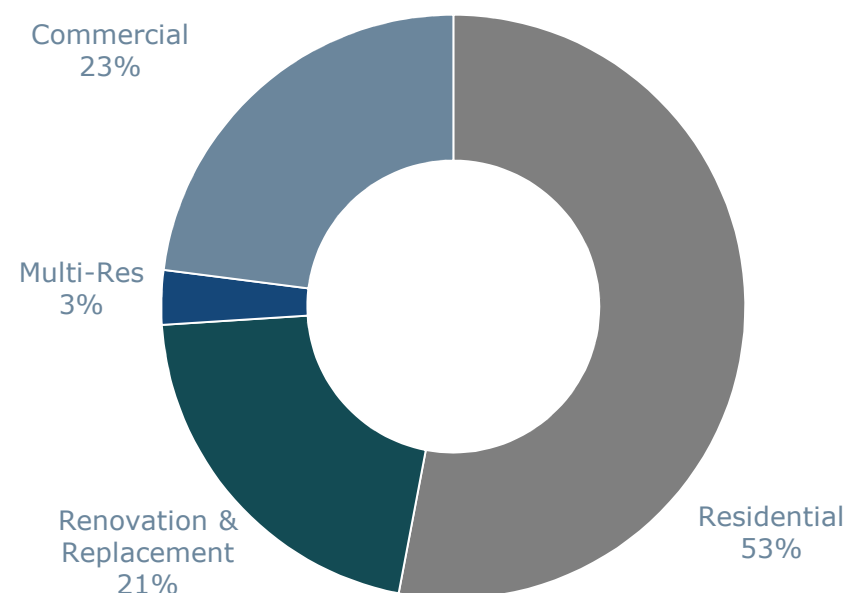
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B&K revenue by end market (%)



D&A revenue by end market (%)



Source: GWA estimates

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Strategy – transformation from push to pull

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From Push

To Pull



Past: Manufacturing Driven

Current: Customer focused

Future: Customer and consumer centric

Group strategy on a page

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

Strategic approach by market segment

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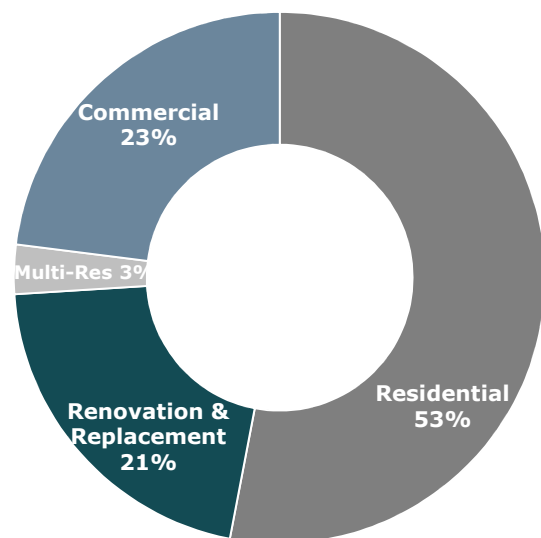
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D&A approach by market segment

Opportunity to grow in Commercial /Multi-Res

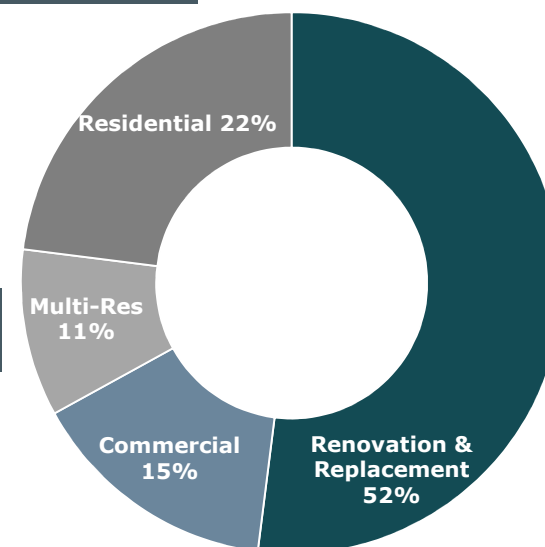


Continue to grow in Commercial Locksmithing Services

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

B&K approach by market segment

Grow effectively in Residential



Compete selectively in Multi-Residential

Refocus on R&R – largest and less cyclical segment

Grow in commercial leveraging strong GWA offer

Source: GWA estimates

1HFY17 revenue growth ahead of weighted end market growth

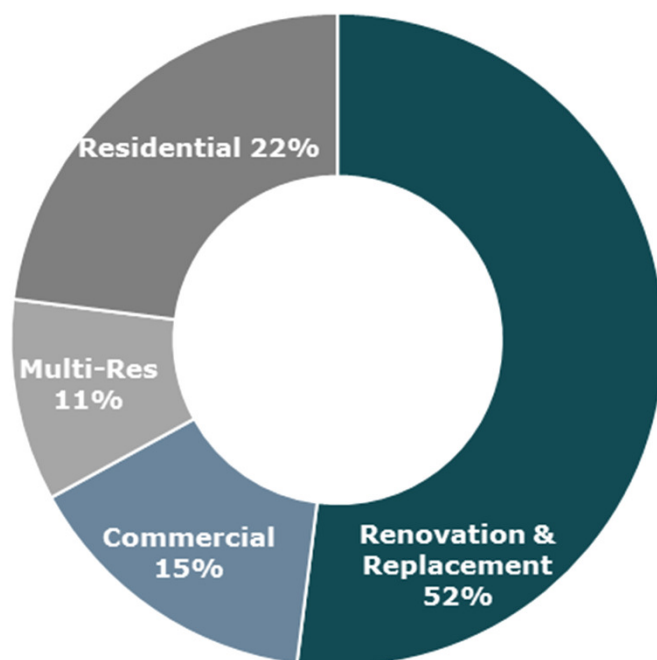
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GWA end market exposure¹



Market activity FY17²

Renovation & Replacement	Overall market remains relatively flat Increased by 1% (MAT)
Residential detached house completions	Strong pipeline remains from lag between approvals and completions Decreased by 5% (MAT)
Multi-Residential completions	Activity increased Increased by 20% (MAT)
Commercial	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

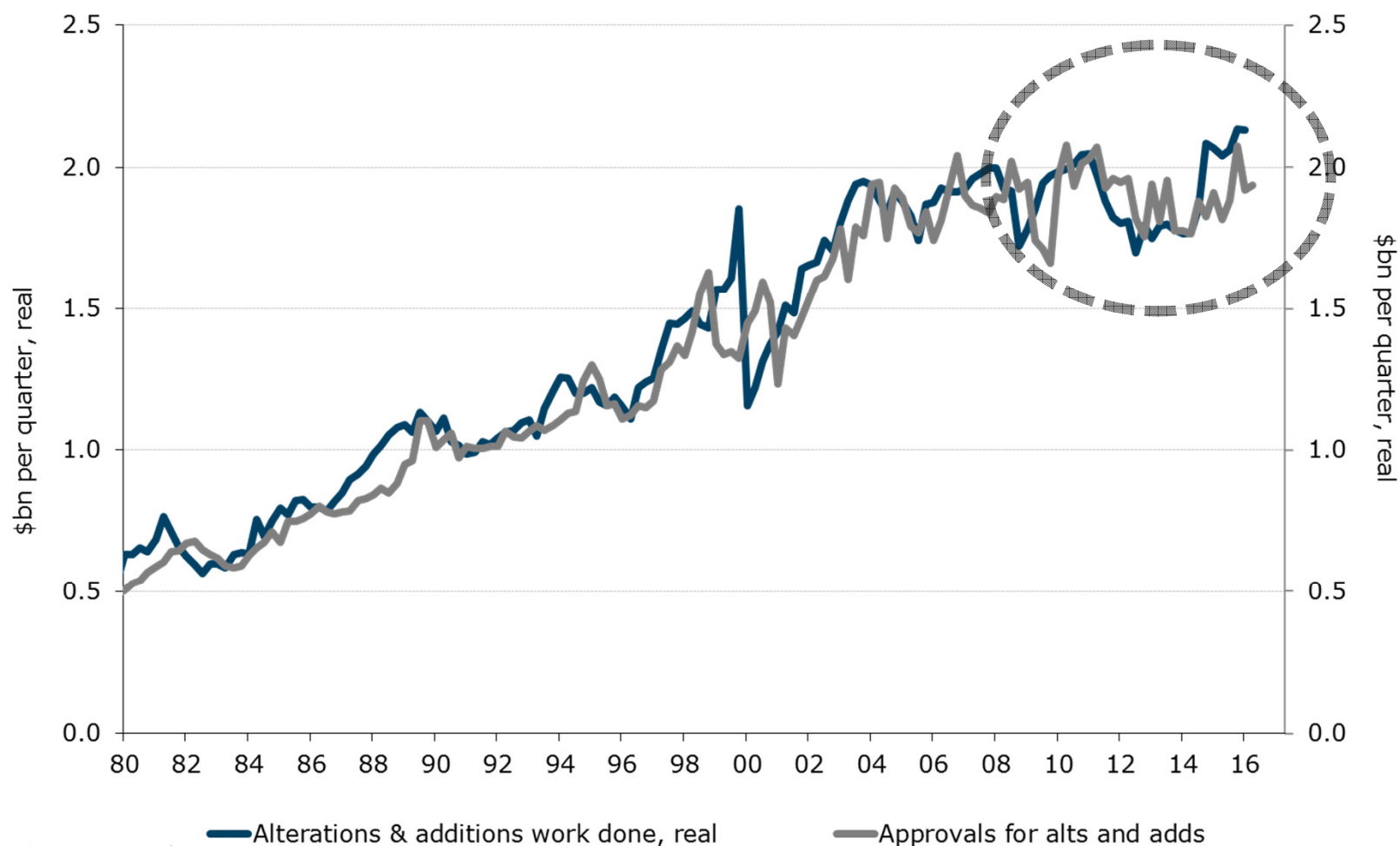
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Renovation Activity (A\$bn)



Sources: ABS, ANZ Research

...expected to remain stable as housing turnover below peak



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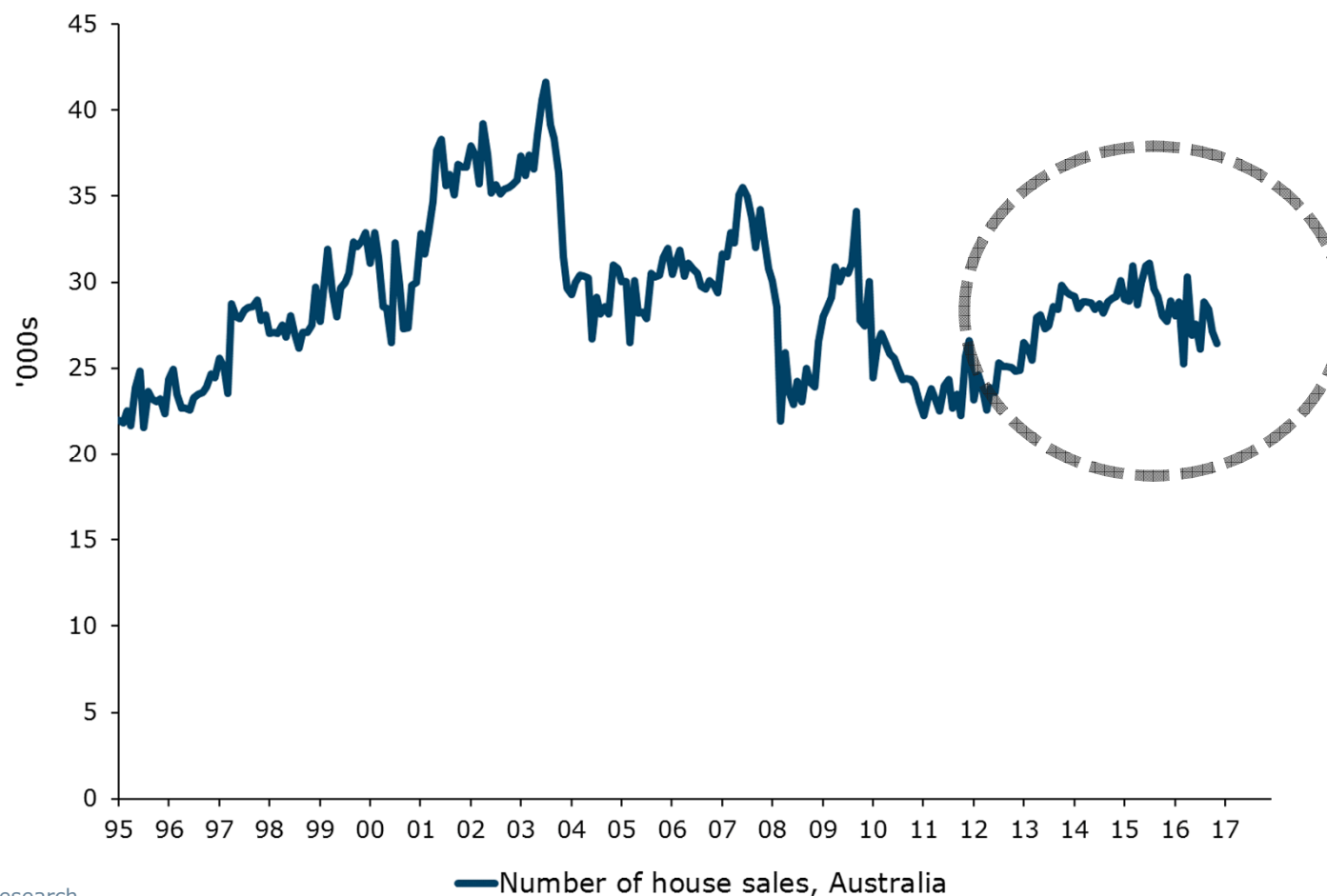
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Housing sales ('000s)



Sources: ABS, ANZ Research

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Deliver consistent consumer experience to grow R&R

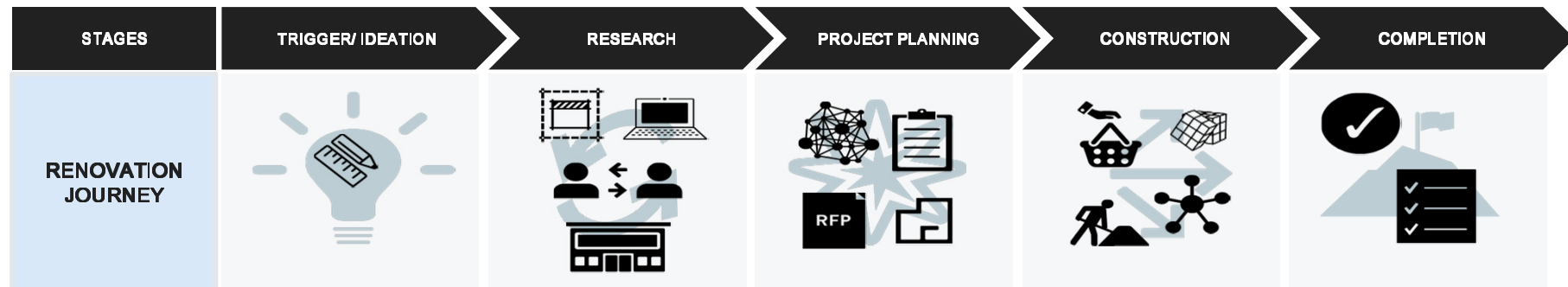
Digital touch points

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Physical touch points

Build on core assets and brands to drive revenue

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Territories shaping our innovation and NPD pipeline

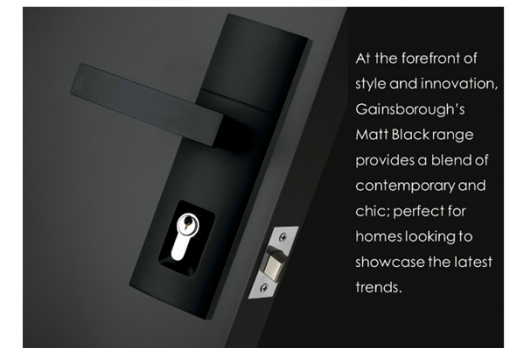
Ease of installation



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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Summary - solid progress on group strategy

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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 2nd half Group EBIT to be at or slightly ahead of 1st half EBIT FY17

GWA Presentation Macquarie Australia Conference

3 May 2017

