



GWA
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17 February 2015

ASX On-Line
Manager Company Announcements
Australian Securities Exchange

Dear Sirs

Financial Results Presentation for the Half Year Ended 31 December 2014

We enclose the following document for immediate release to the market:

- Half Year Results Presentation

Yours faithfully

R J Thornton
Executive Director





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Half Year Presentation

17 February 2015

Presented by:
Title:

Peter Crowley
Managing Director



Major Successes & Challenges for the Half Year

- ✓ Bathrooms & Kitchens Net Sales +6% compared to prior period last year
- ✓ Door & Access Net Sales +4% compared to prior period last year
- ✓ Successful divestment of non core businesses
- ✓ Restructure of Bathrooms & Kitchens manufacturing facilities
- ✓ Strong Cash Flow driven by working capital improvements
- X Slower than expected re-stocking of Gainsborough product
- X Gliderol performance improving but still loss making



Improving Conditions in the First Half offset by lower Wetherill Park production recoveries, slower re-stocking in Gainsborough and Gliderol performance

- Net Sales 5% better than prior year
- Trading EBIT 5% better than prior year
- Bathrooms & Kitchens Net Sales 6% better than prior year
- Door & Access Net Sales 4% better than prior year
- Working capital improved versus last year
- Operating Cash Flow of \$40.6 million, \$21 million better than the same period last year
- Net Debt of \$99.4 million is \$45.7 million better than the June 2014 year end position



Results – Half Year to 31 December 2014

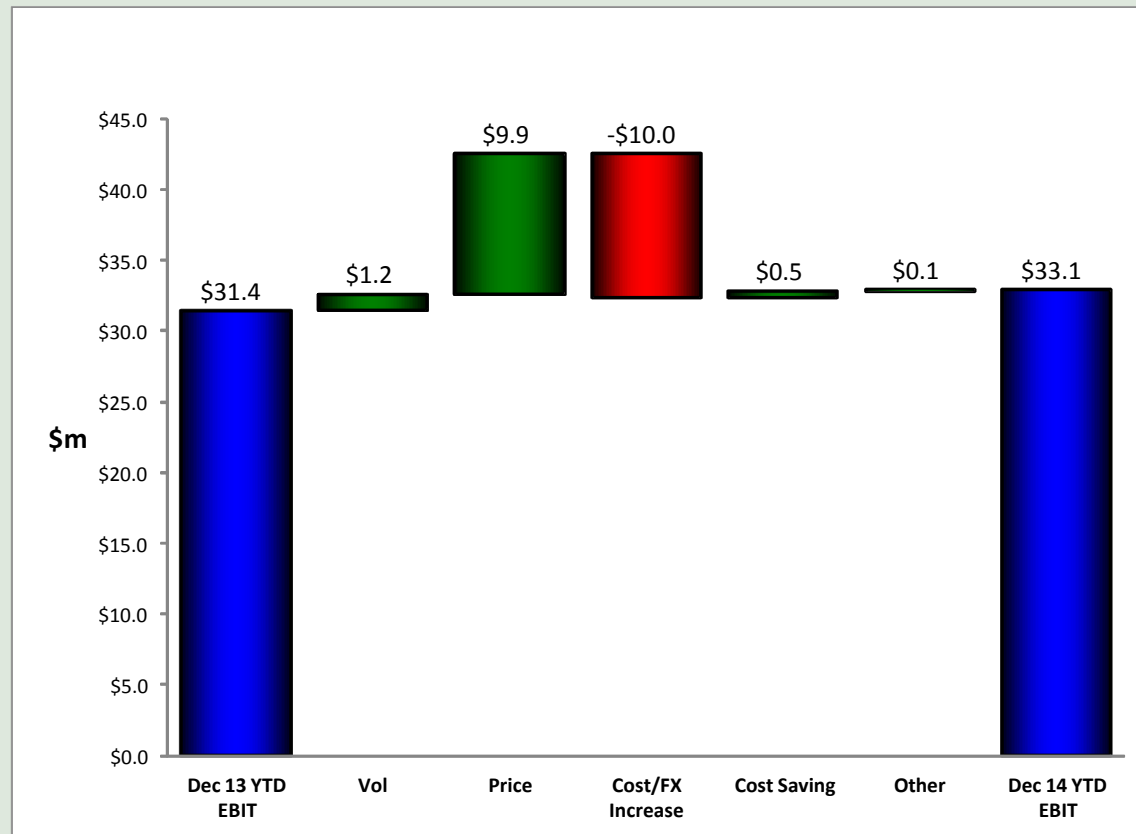
\$000's	Half Year	Half Year	%
Continuing Businesses	Dec 14	Dec 13	Change
Sales Revenue	235,999	224,223	5.3%
Trading EBIT	33,058	31,370	5.4%
EBIT Margin	14.0%	14.0%	
Trading Profit after Tax	19,192	17,556	9.3%



Results – Half Year to 31 December 2014

\$000's	Half Year	Half Year	%
Continuing Businesses	Dec 14	Dec 13	Change
Trading Profit after Tax	19,192	17,556	9.3%
Discontinued Operations			
Trading Profit after Tax	4,797	2,777	
Restructuring expenses and significant items after Tax	(36,757)	(1,596)	
Impairment after Tax	0	(17,000)	
Net Profit after Tax	(12,768)	1,737	

Major Variations in Trading EBIT - Continuing Operations



- Price offsetting cost increases and FX impact
- Cost increases includes impact of lower production recoveries at Wetherill Park, FX and general cost increases



Bathrooms & Kitchens Net Sales Growth in line with market

A'000	Half Year Dec 14	Half Year Dec 13	% Change
Sales	162,990	154,399	5.6%
Trading EBIT	40,254	37,534	7.2%
EBIT margin	24.7%	24.3%	
ROFE	20.7%	19.2%	

- Price increases offsetting impact of FX
- Mix shift in total dwellings with greater number of apartments driving lower \$ margin products
- Lower production recoveries at Wetherill Park negatively impacting earnings
- Improving working capital aiding strong ROI %





Slower Gainsborough re-stocking and Gliderol performance

A\$000	Half Year Dec 14	Half Year Dec 13	% Change
Sales	73,277	70,171	4.4%
Trading EBIT	565	1,957	(71.1)%
EBIT margin	0.8%	2.8%	
ROFE	0.7%	2.4%	

- Slower than expected re-stocking of Gainsborough products
- Revenue growth in Gliderol 8% but business still losing money
- API performance very strong
- New leader and team in place in Door & Access





Cash Flow Driven by Improved Working Capital

\$000's	Half Year Dec 14	Half Year Dec 13
Operating Cash Flow from Continuing Operations	40,656	19,521
Discontinued Operations	8,624	6,373
Restructuring Cash Flows	(8,904)	(2,009)
Cash Flow Associated with One Time Significant Items	(4,381)	(215)
Total Operating Cash Flow (before interest and tax)	<u>35,995</u>	<u>23,670</u>
Property / Asset sales	43,013	5,234
Capital Expenditure (net)	(3,256)	(1,389)



Financial Metrics Remain Strong

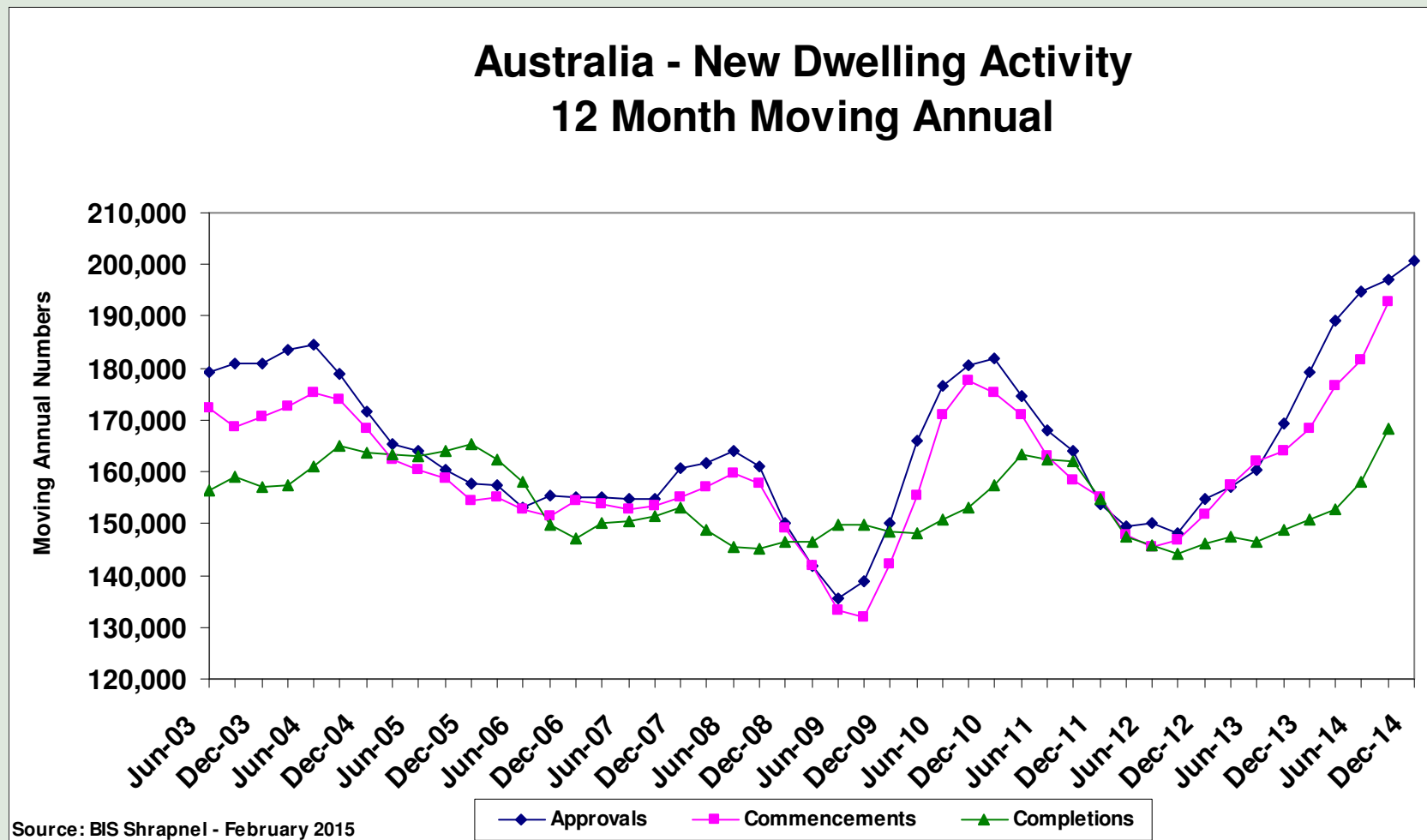
	Half Year Dec 14	Half Year Dec 13
Net Debt (\$M)	99.4	162.5
Gearing Ratio (Net Debt / Net Debt Plus Equity)	20.6%	28.9%
Leverage Ratio (Net Debt / EBITDA)	1.19	1.99
Debt Maturity Profile October 2017	225.0	



No Interim Dividend as Insufficient Retained Earnings as a Result of the Restructuring

\$000's	Half Year Dec 14	Half Year Dec 13
Half Year trading profit after Tax	23,989	20,333
Trading Earnings per share	7.7 cents	6.6 cents
Impairment & Restructuring	(36,757)	(18,596)
Net profit after Tax	(12,768)	1,737
Retained Earnings	(10,190)	2,271
Interim Dividend	Nil	Nil

Completions Improving and Will Continue Through 2015 and 2016





Priorities for the Second Half

- Continue to focus on the Bathrooms & Kitchens target market segments and strategic initiatives
- Continue to rebuild market share and restore profitability in Door & Access focusing on key market segments
- Continue to align the organisation ensuring maximum leverage and efficiency
- Subject to approval by the Australian Tax Office distribute the divestment proceeds to shareholders as quickly and efficiently as possible
- Complete the sale of Wetherill Park site
- Reduce working capital
- Improve shareholder returns



2014/15 Full Year Outlook

- Second half performance is expected to be strong driven by increasing completions and renovation activity, price increases and improvements in Door & Access Systems performance
- 2014/15 Continued Operations Trading EBIT (before restructuring and significant items) is expected to be around \$70 million
- This Trading EBIT Outlook is restated and excludes the discontinued operations and includes ongoing corporate charges previously allocated to those businesses
- Full year restated Continued Operations Trading EBIT for the year ended June 30 2014 is \$61.5 million



Non-IFRS Financial Measures

Given the significance of the restructuring expenses and significant items the Directors believe the presentation of non-IFRS financial measures is useful for the users of this document as they reflect the underlying financial performance of the business. The above non-IFRS financial measures have not been subject to review or audit by KPMG.



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