



GWA
Group Limited

Investor Presentation

Morgans Conference

13 October 2017

inspire
Caroma

CLARK

dorf

Gainsborough
ENTER WITH STYLE

API
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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

About GWA



Strongly re-positioned for growth

From		GWA today
Diverse Building Products business spread across numerous segments (Dux, Brivis, Gliderol exited)	➤	Clear focus on two segments with strong market positions and market leading brands in \$2bn category
Diverse business leveraged to building cycle	➤	Strong ability to manage through the cycle ▪ Over 50% exposure to ~\$900m Renovations and Replacement segment – (less cyclical segment) ▪ Business efficiency program in place – ahead of target to remove ~\$13-15m in cost savings by FY19 to provide investment and margin resilience
Focus on local product manufacturing	➤	Focus on customer and consumer markets Collaborative partnerships with exclusive suppliers
Net Debt \$176 million (June 2012) Capital investment required for manufacturing operations	➤	Net Debt \$80m (30 June 2017) Credit metrics in line with investment grade Low capital requirements enhances cash conversion

Focused business with strong market position

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\$700 million market capitalisation

Our Core Brands

inspire
Caroma

dorf

CLARK

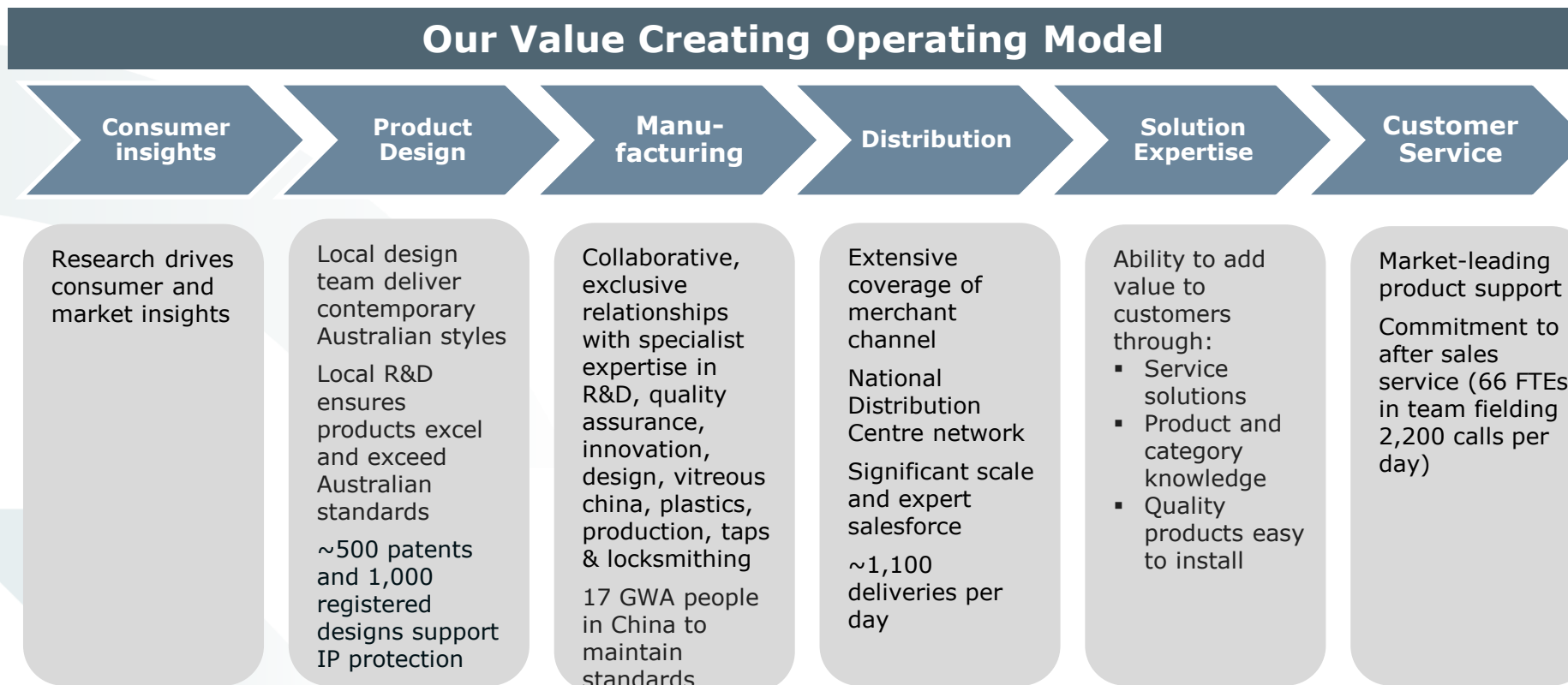
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Our strengths

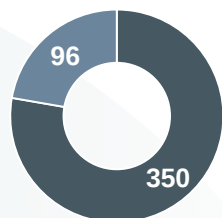
- Significant scale across key segments of building sector
- Envious reputation within building sector for product quality, technical expertise and superior service
- Cost efficient long term supply agreements with selected, exclusive manufacturing partners
- Experienced senior management team in R&D, design, brand building/customer engagement, supply and distribution

Operating model meets local needs with global scale



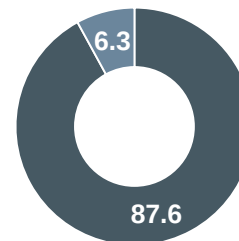
Strong and growing Continuing Operations

FY17 Revenue by Division (A\$m)



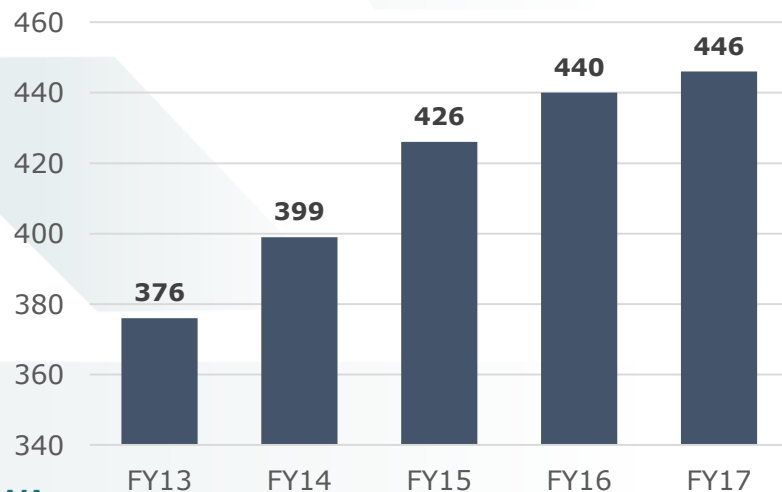
■ Bathrooms & Kitchens ■ Door & Access

FY17 EBIT by Division (A\$m)*

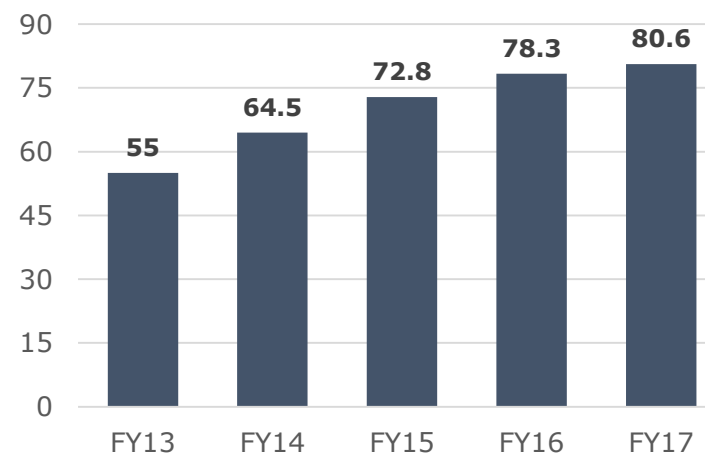


■ Bathrooms & Kitchens ■ Door & Access

Group Revenue (A\$m)



Group EBIT (A\$m)



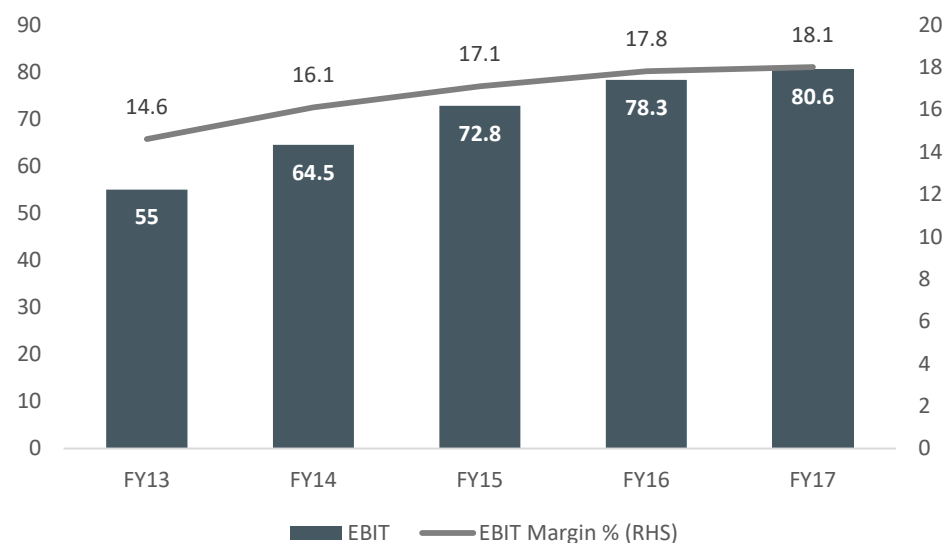
Strong financial position supports growth through the cycle

Metric	30 June 2015	30 June 2016	30 June 2017
Net Debt	94.8	88.4	79.8
Leverage Ratio <i>Net Debt / EBITDA</i>	1.1	1.1	0.9
Interest Cover <i>EBITDA / Net Interest</i>	12.8	14.3	17.1
Gearing <i>Net Debt / (Net Debt + Equity)</i>	24%	22%	20%

- GWA remains in strong financial position - credit metrics continue to be consistent with investment grade
- Net debt \$80m – reflects strong cash generation
- Substantial headroom within \$225m syndicated banking facility maturing October 2019
 - \$113m in undrawn facilities
- Provides enhanced financial flexibility to invest in strategic growth initiatives through the cycle

Margin resilience through the cycle

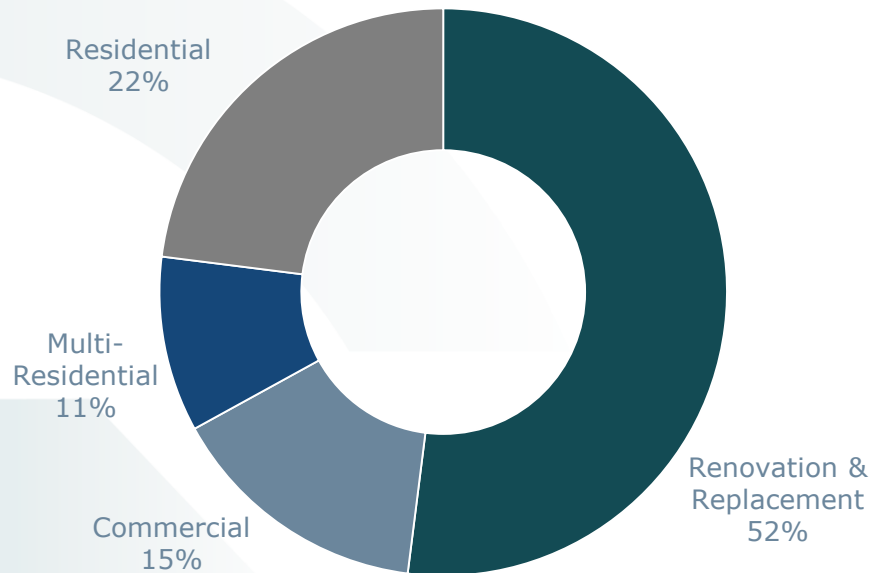
EBIT (A\$m) and margin (%)



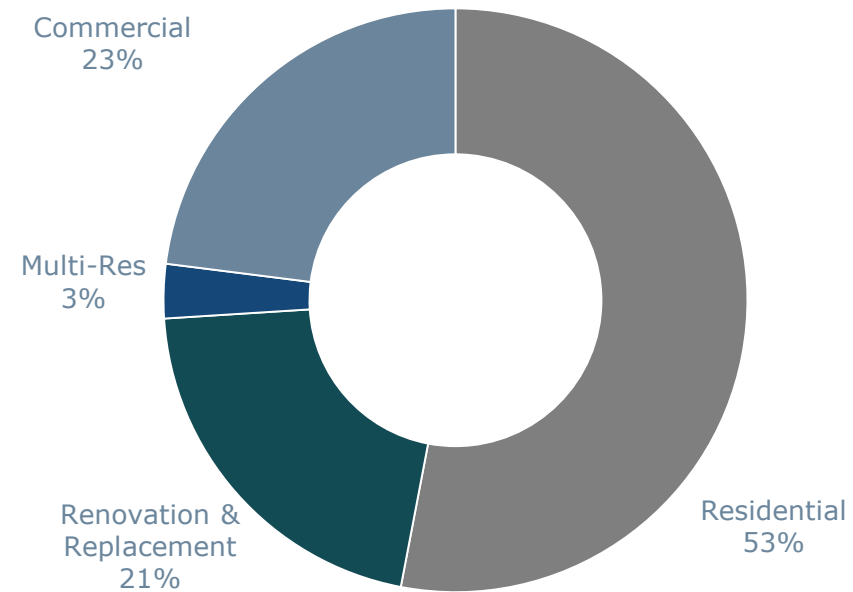
- GWA focused on maintaining margin resilience through the cycle:
- ~50% exposure to Renovations and Replacement market - less cyclical than new build market
- Market share initiatives to grow presence in key end markets
- Reduced cost base through SG&A and Supply Chain initiatives
- Lower fixed vs variable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

Strong presence in R&R; low exposure to Multi-res

B&K revenue by end market (%)



D&A revenue by end market (%)



Summary of Group Strategy



Strategy – transformation from push to pull

From Push

To Pull



reece

Tradelink

Plumbtec

BUNNINGS
warehouse



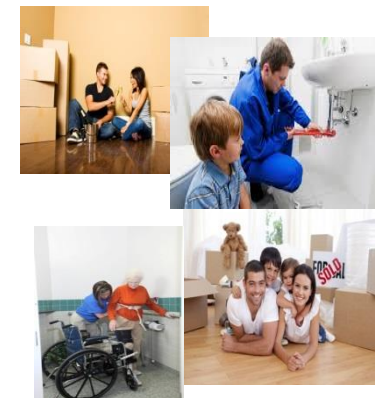
m
metricon

Lend Lease



DALE
ALCOCK

mirvac

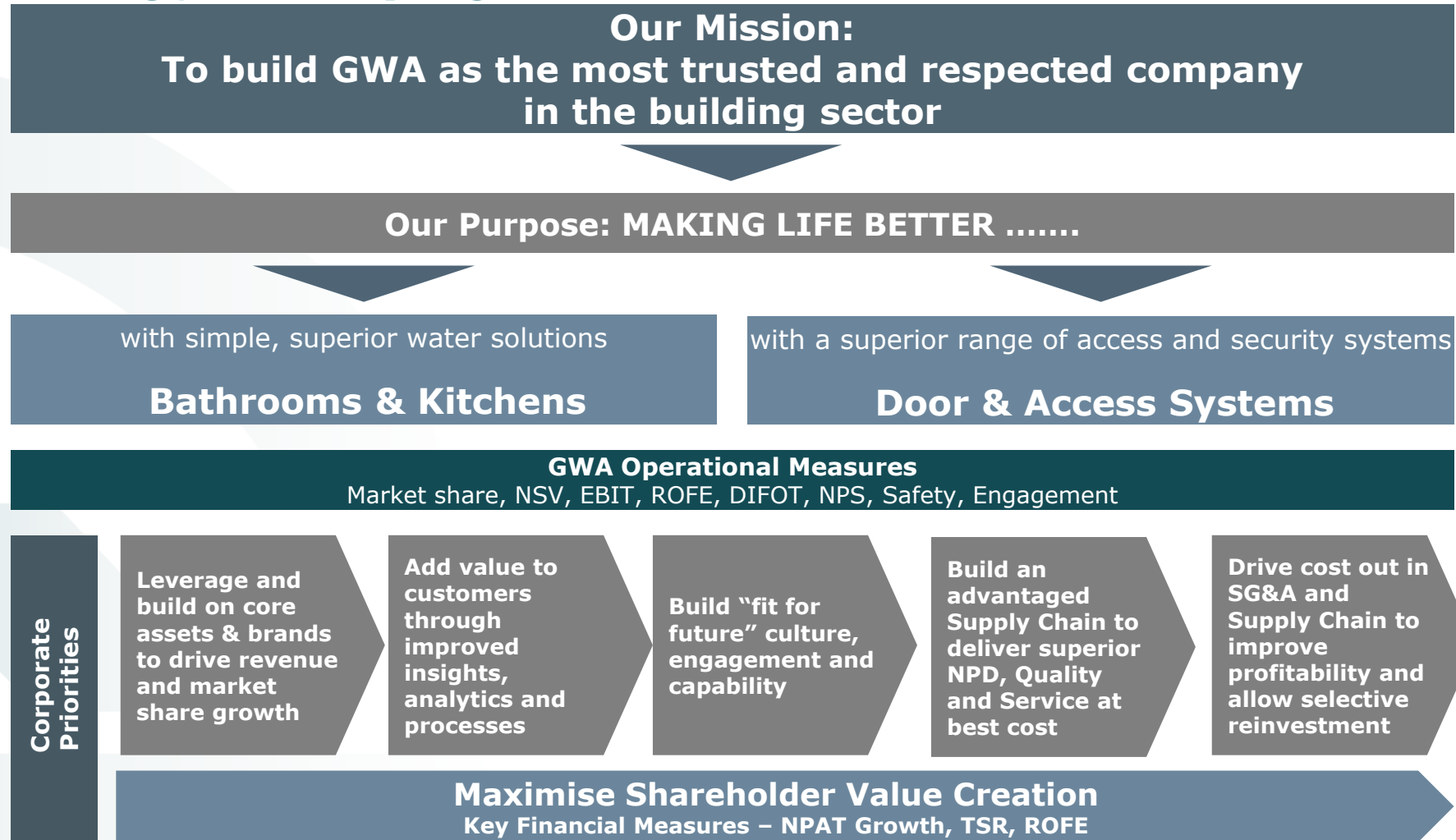


Past: Manufacturing Driven

Current: Customer focused

Future: Customer and consumer centric

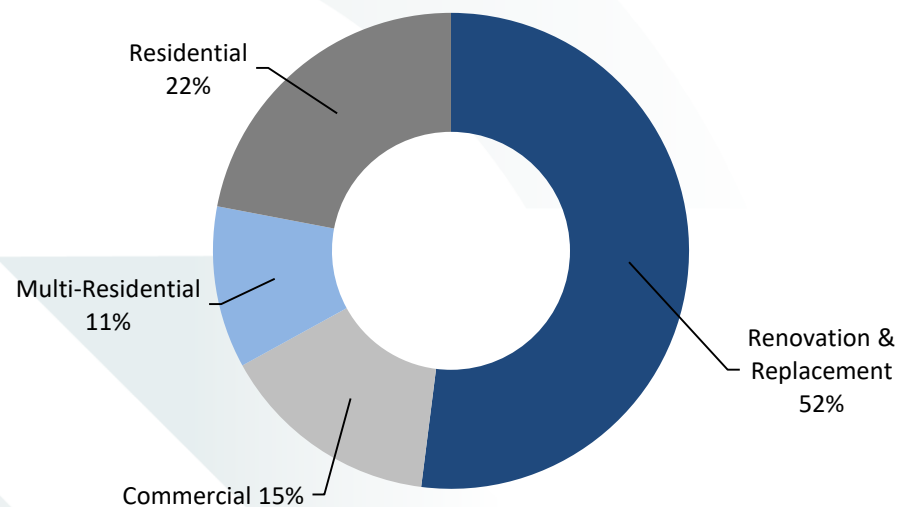
Our strategy on a page



GWA continuing to grow revenue ahead of the market

Focus on building profitable market share in core segments drives top line growth ahead of the market

GWA end market exposure¹

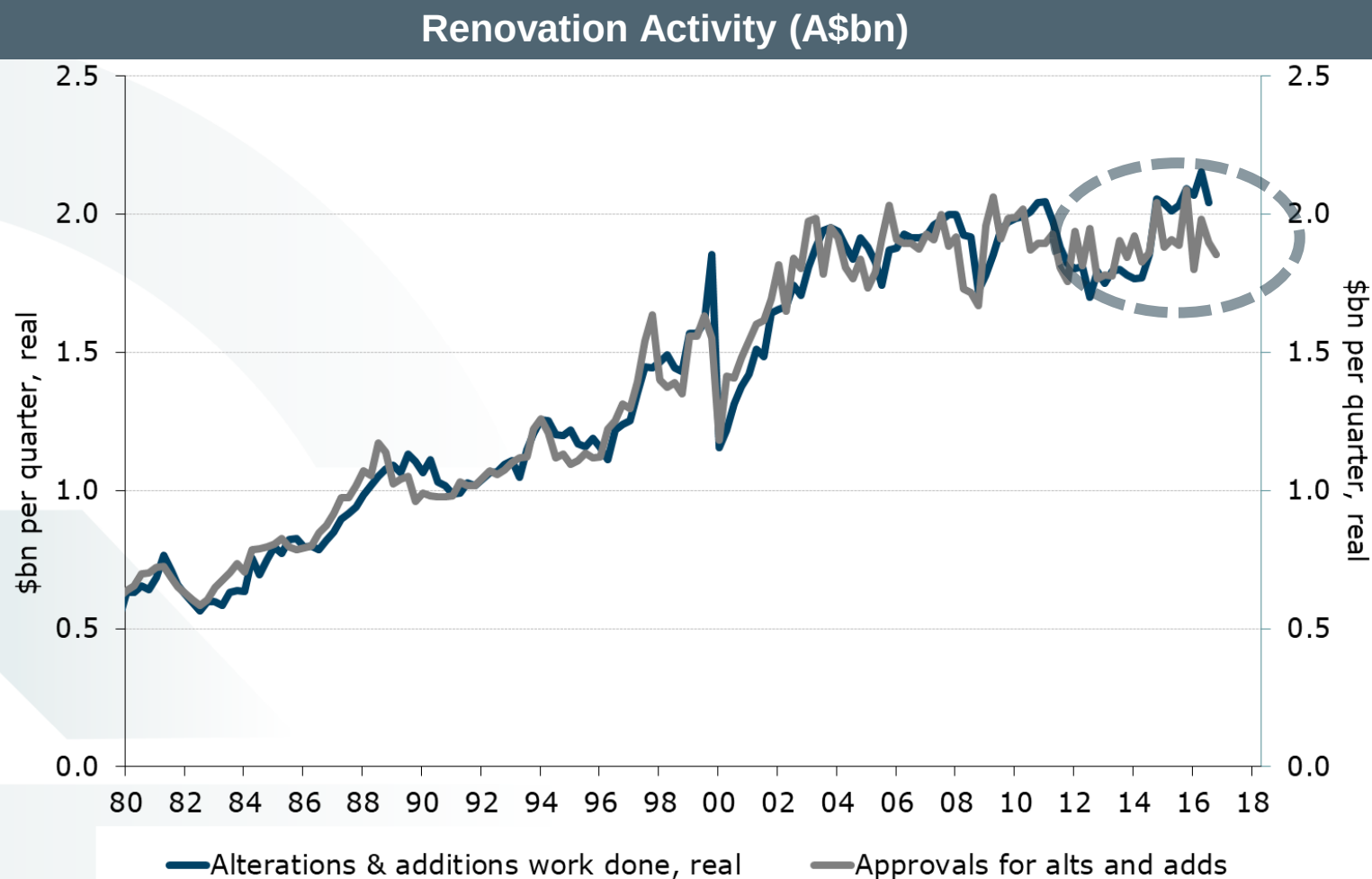


Market activity FY17²

Renovation & Replacement	Overall market remains relatively flat Change (0.2)% (MAT)
Residential detached house completions	Strong pipeline remains from lag between approvals and completions Decreased by 5.9% in FY17 (MAT)
Multi-Residential completions	Activity increased Increased by 29.3% in FY17 (MAT)
Commercial	Increase in aged care, offset by reduced activity in health care Decreased by 2.8% (MAT)

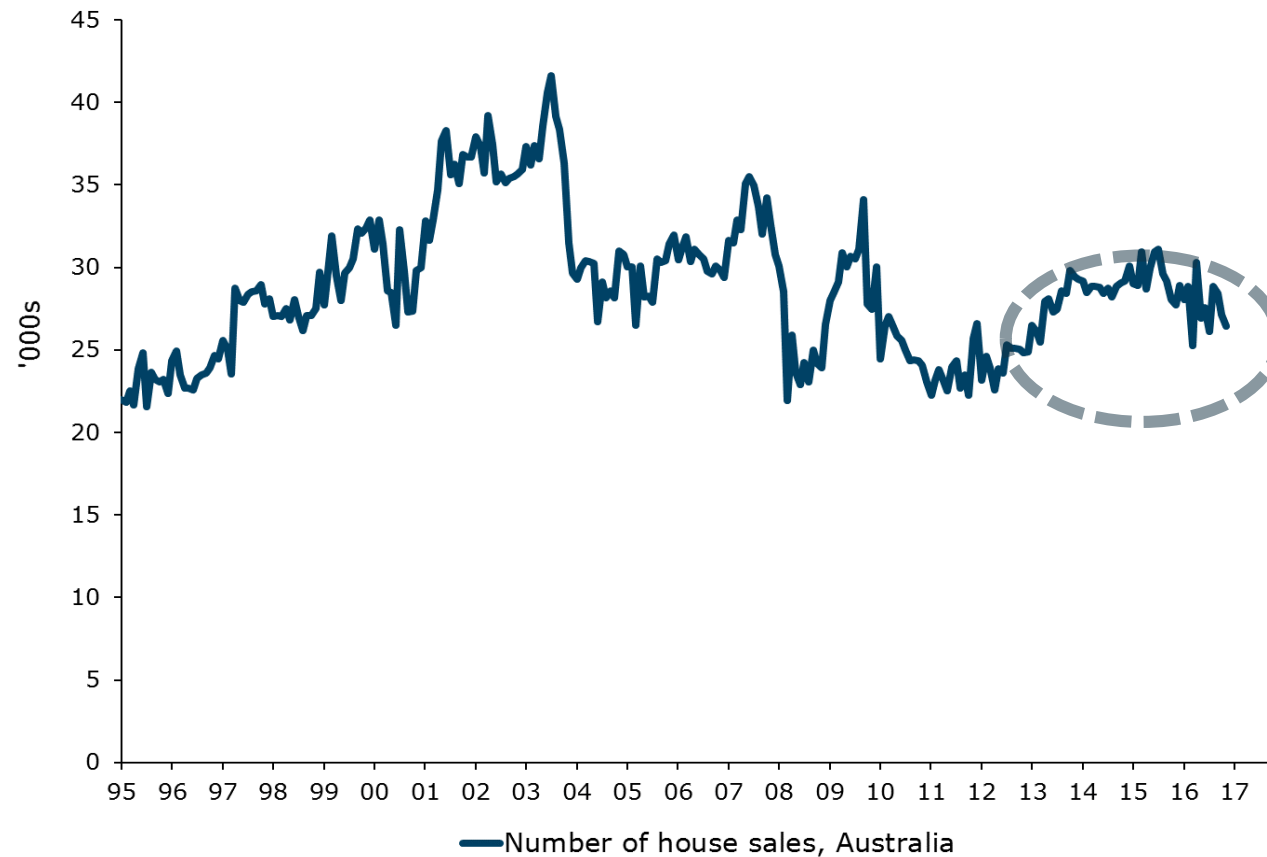
Weighted average of end markets up 1.3%

Renovation & Replacement segment remains stable

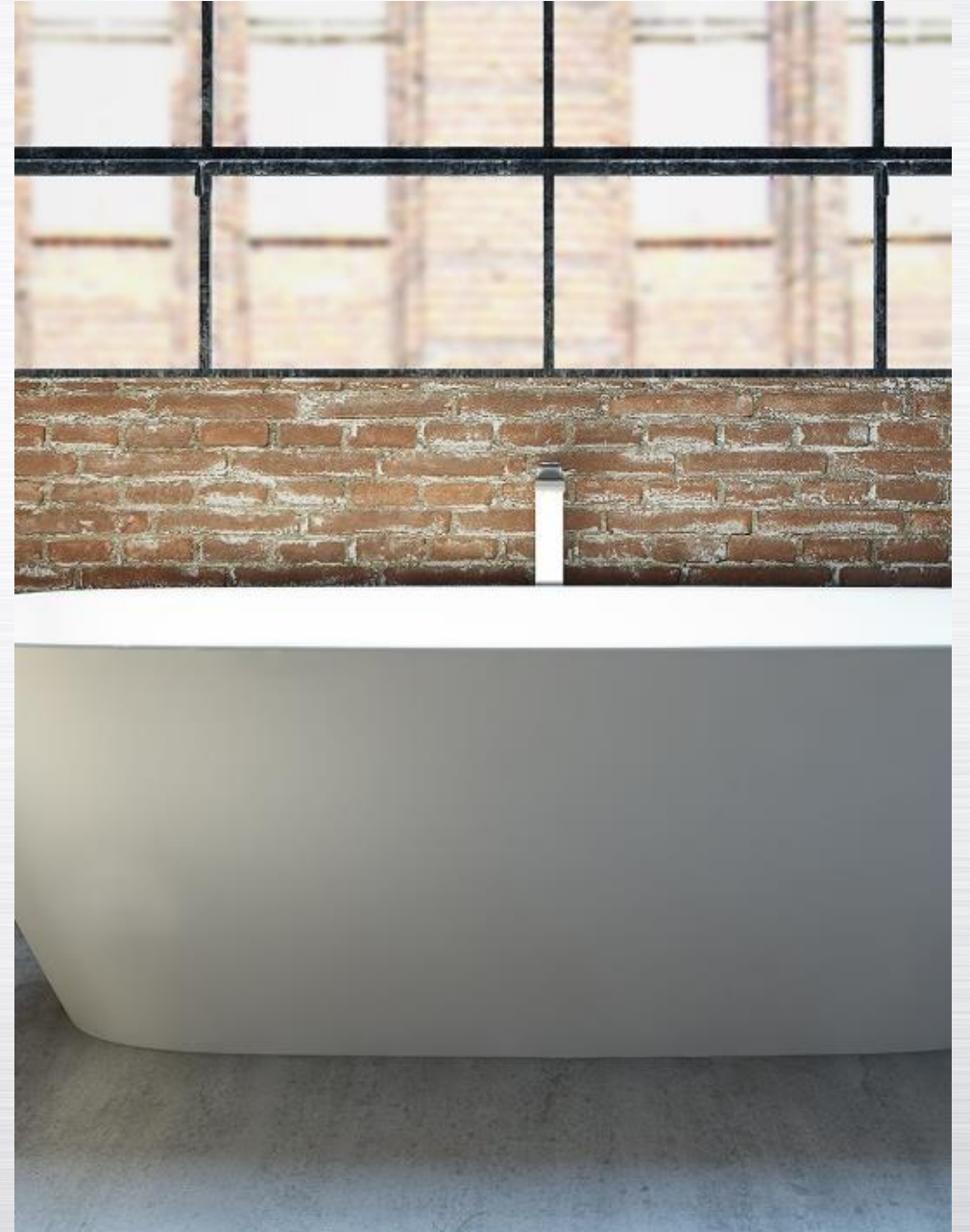


..and expected to remain so as housing turnover below peak

Housing sales ('000s)



Progress on Group Strategy



Continued progress on strategy

Strategic priority

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

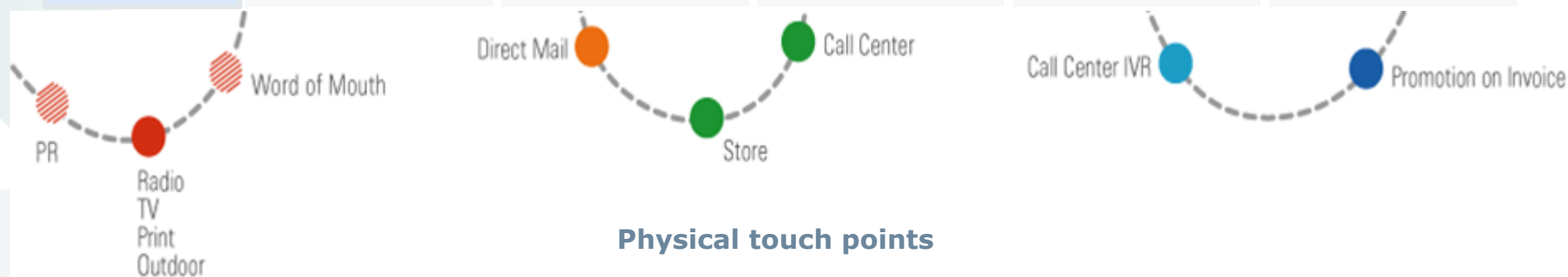
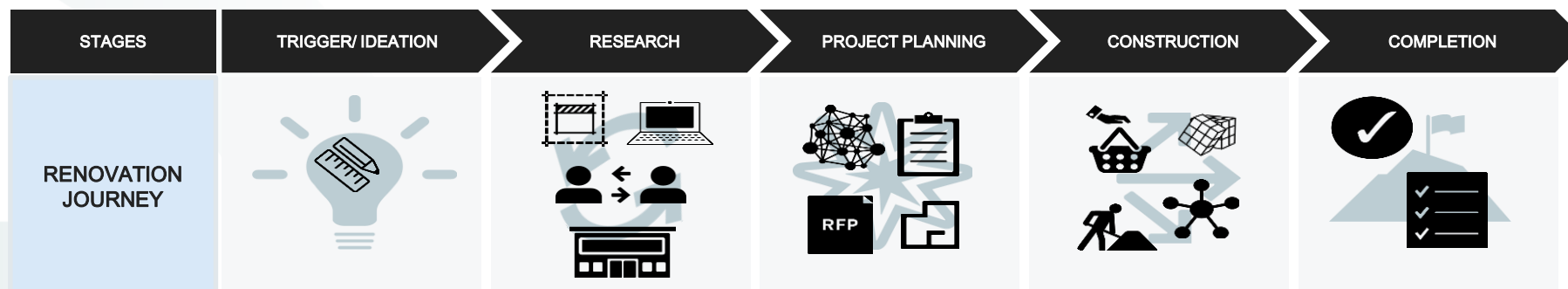
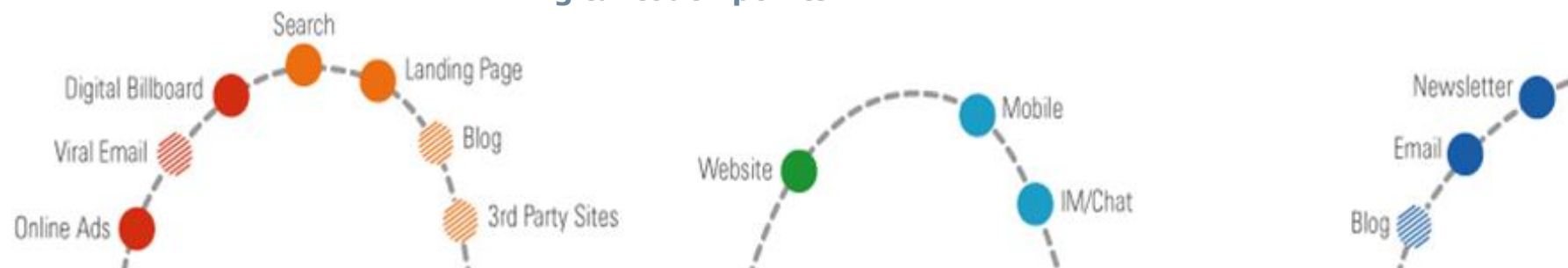
Drive cost out in SG&A and Supply Chain to improve profitability and allow selective reinvestment

Progress against priorities

- Growing share consistently in core segments
- Strong new product and breakthrough innovation pipeline in FY18
- Consumer engagement – concept centres opening (Adelaide and Sydney); digital presence enhanced
- Clear portfolio direction on core brands: Caroma, Clark and Dorf
- Joint business plans with major merchants driving agreed targets / initiatives
- Specific customer plans for R&R re product ranging, improved showroom presence
- Initiatives in place to unlock untapped growth areas – Aged Care, Commercial R&R
- Employee alignment on values and behaviours to drive strategy
- Employee engagement strategy – Get, Grow, Keep
- Sales and Marketing capability build implemented
- Dual-sourcing progressing for continuity of supply
- First Asian consolidation hub complete – direct shipping to port
- Integrated Business Planning focused on inventory management to drive working capital improvement
- Ahead of target to reduce costs by \$13-15m by FY19
- Corporate costs down a further 2%

Deliver consistent consumer experience to grow R&R

Digital touch points



Physical touch points

Consumer concept centres to drive consumer engagement



- New Consumer Concept Centres in Adelaide and Sydney
- Seamless consumer experience across physical and digital touch points
- Optimise brand experience in partner showrooms
- Adelaide centre to open 18 October 2017
- Sydney (Alexandria) expected to open early 2018



Value-add solutions drives improved customer engagement



- Implemented Joint Business Plans with major merchants driving agreed targets and initiatives
- Specific customer plans for Renovation and Replacement including product ranging, improved presence in showrooms and trade counters of major merchants
- Initiatives in place to unlock untapped growth areas in key segments:
 - Aged Care
 - Commercial R&R market
- Sales team re-structured focused on core market segments
- Continued focus on building deeper understanding of customers' business to drive growth

New national distribution centre - Prestons



- New national distribution centre for Bathrooms & Kitchens at Prestons, NSW
- Consolidate B&K's warehouse operations into 31,000 sqm purpose-built facility
- State of the art warehousing and R&D facilities on-site
- Supported by new warehouse management system
- Operational in 2018



Summary



Summary

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)
- Low exposure to Multi-Residential segment

Significant progress on strategic priorities

- 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



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