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**15 August 2022**

## **ASX / MEDIA RELEASE**

GWA Group Limited (ASX:GWA), a leading provider of water solutions products and systems to households and commercial premises, today announced its financial results for the year ended 30 June 2022 (**FY22**).

### **PERFORMANCE HIGHLIGHTS**

- Total sales of \$418.7m, up **3.2%** on the prior year
- Normalised EBIT of \$74.8m, up **9.3%** on the prior year
- Reported EBIT of \$59.7m, up **1.2%** on the prior year
- Normalised NPAT of \$47.3m, up **11.7%** on the prior year
- Reported NPAT of 35.2m, up **0.4%** on the prior year
- EBIT Margin of **17.9%** (FY21 16.9%)
- Final dividend of 8.0 cents per share, fully franked, bringing the full-year dividend to 15.0 cents per share, fully franked which was up **20%** on the prior year.

Group revenue increased by 3 per cent to \$418.7 million, reflecting strong commercial refurbishment activity in Australia and continued sales momentum in the UK business, partially offset by the decline in sales in New Zealand and Asia as a result of COVID-related disruptions, including staff shortages.

### **Commentary on Results**

GWA's Managing Director & CEO, Urs Meyerhans said:

"Having been formally appointed CEO on 1 July 2021, I am proud of what the company has achieved in the last 12 months considering ongoing COVID disruptions and restrictions, particularly in New Zealand and Asia and the challenging economic environment in relation to input cost inflation and continued supply chain disruptions. Over this period, we have:

- Improved our safety performance

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- Delivered underlying EBIT growth for the full year with strong growth from H1 to H2
  - Rebuilt our management team with 5 high calibre appointments to the Executive Leadership Team
  - Exited our loss-making China sales function (\$4.9m in one-off closure costs)
  - Achieved considerable progress in our strategic initiatives, providing a stronger platform for medium term growth and shareholder returns, including the following:
    - Implemented measures to connect, deepen and leverage our plumbing industry relationships which has extended our reach with Australian and New Zealand plumbers from 4,500 to 10,000
    - Completed a brand and product category review from which we have identified approximately 20% of SKUs to be deleted over the next 1-2 years
    - Undertaken a major exercise to confirm the value proposition of our brand portfolio which will lead to further investment in our key brands
    - Invested in digital tools to deliver a superior customer experience, including enhancements to our online platforms to offer virtual and augmented reality experiences which enable customers to experience our product offerings from the comfort of their home
    - Executed the first phase of our new ERP/CRM system implementation in Australia and New Zealand (\$10.3m in one-off implementation costs)".

### **Outlook FY23**

Mr Meyerhans said:

"In the Commercial segment there is ongoing demand for Care products and signs of recovery in the new build category, while there is continued momentum in the residential detached category.

Approvals in the residential and commercial renovation and replacement segments remain at historically elevated levels.

We maintain strong operational leverage to the market, underpinned by ongoing operational discipline including managing higher input cost through proactive pricing and managing inventory levels to meet customer demand.

In light of the above GWA remains well positioned to capitalise on positive sentiment across key construction segments.

Our cash flows for the current financial year were impacted primarily by significant items and a temporary increase in working capital. We expect cash flows in FY23 to return to normalised levels".

This announcement is authorised by the Board.

For further information call:

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