



GWA
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28 April 2017

ASX On-Line
Manager Company Announcements
Australian Securities Exchange

Dear Sir

Goldman Sachs Small & Mid-Cap Conference Presentation

Attached is a copy of the presentation given by the Managing Director of GWA Group Limited, Tim Salt, at the Goldman Sachs Small & Mid-Cap Conference in Sydney today.

Yours faithfully

R J Thornton
Executive Director

GWA Presentation Goldman Sachs Conference

28 April 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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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\$750 million market capitalisation

Our Core Brands







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

Strongly re-positioned for growth

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From

Diverse Building Products business spread across numerous segments (Dux, Bravis, Gliderol exited)

Diverse business leveraged to building cycle

Focus on local product manufacturing

Net Debt \$176 million (June 2012)
Capital investment required for manufacturing operations

GWA today

Clear focus on two segments with strong market positions and market leading brands in \$2bn category

Strong ability to manage through the cycle

- Over 50% exposure to ~\$900m Renovations and Replacement segment – (less cyclical segment)
- Business efficiency program in place – targeting ~\$13-15m in cost savings by FY19 to provide investment and margin resilience

Focus on customer and consumer markets
Collaborative partnerships with exclusive suppliers

Net Debt \$92m (December 2016)
Credit metrics in line with investment grade
Low capital requirements enhances cash conversion

Operating model meets local needs with global scale

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Our Value Creating Operating Model

Consumer
insights

Product
Design

Manu-
facturing

Distribution

Solution
Expertise

Customer
Service

Research drives
consumer and
market insights

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

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

Extensive
coverage of
merchant
channel
National
Distribution
Centre network
Significant scale
and expert
salesforce
~1,100
deliveries per
day

Ability to add
value to
customers
through:

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

Market-leading
product support
Commitment to
after sales
service (66 FTEs
in team fielding
2,200 calls per
day)



Strong and growing continuing operations

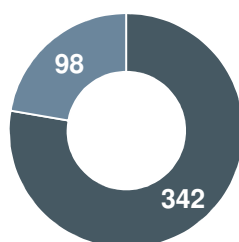
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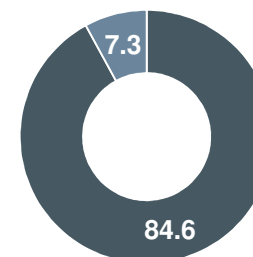
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FY16 Revenue by Division (A\$m)



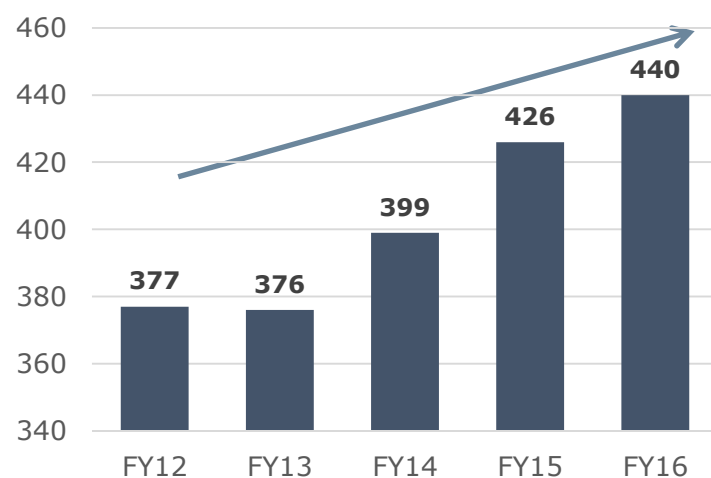
■ Bathrooms & Kitchens ■ Door & Access

FY16 EBIT by Division (A\$m)*

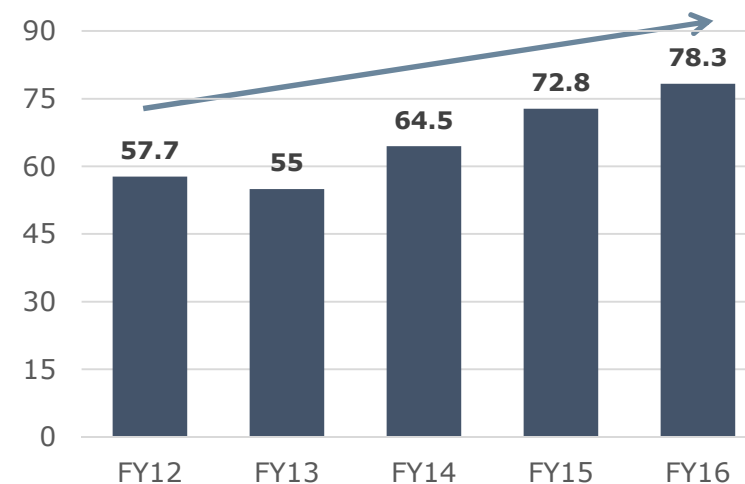


■ Bathrooms & Kitchens ■ Door & Access

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

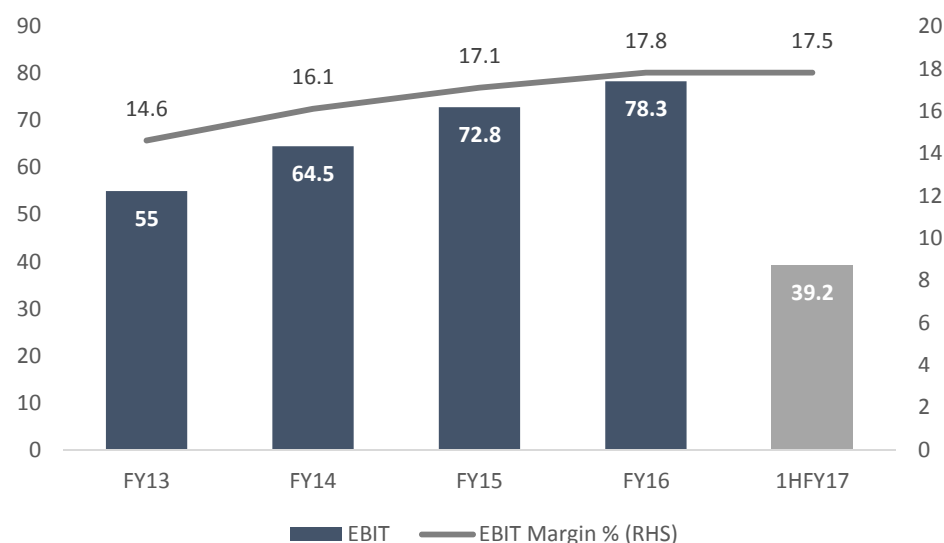
- Credit metrics continue to be consistent with investment grade
- Syndicated banking facility extended in October 2016 – single 3-year revolving facility maturing October 2019
- GWA remains in strong financial position – provides enhanced financial flexibility

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

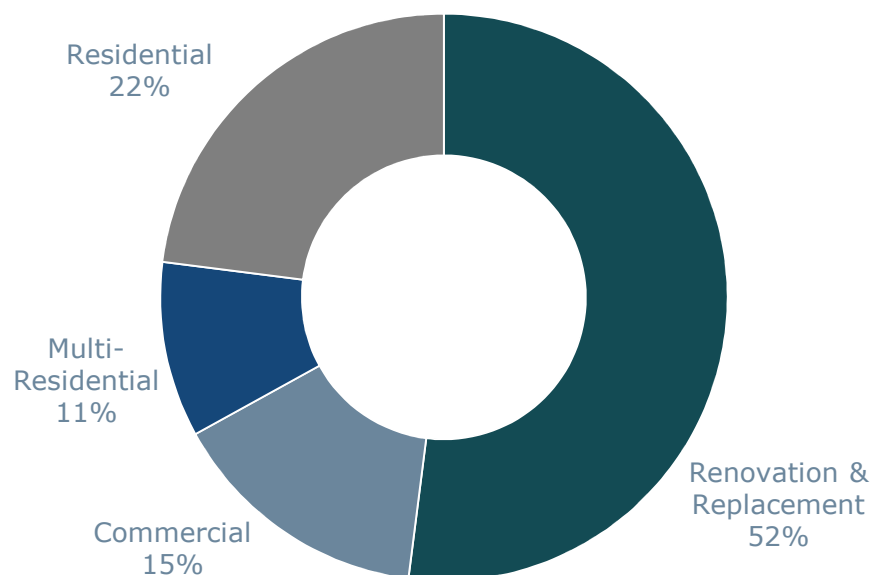
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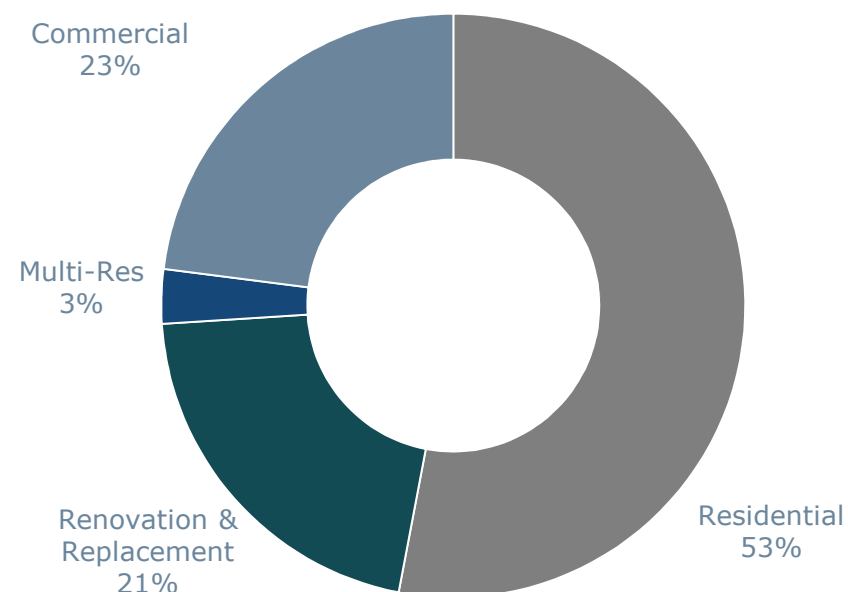
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B&K revenue by end market (%)



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

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

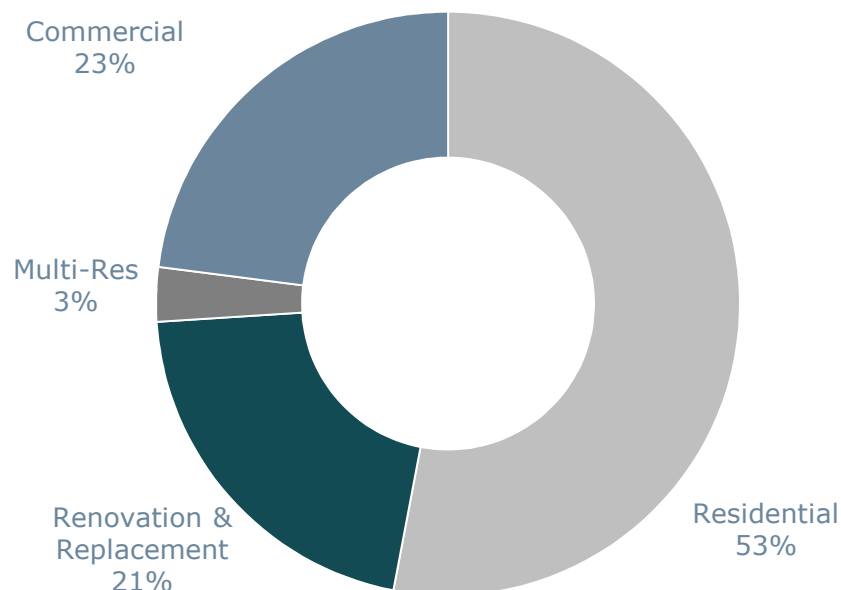
Key Financial Measures – NPAT Growth, TSR, ROFE



D&A approach by market segment

Opportunity to grow in
Commercial /Multi-Res
Segment

Continue to grow in
Commercial Locksmithing
Services

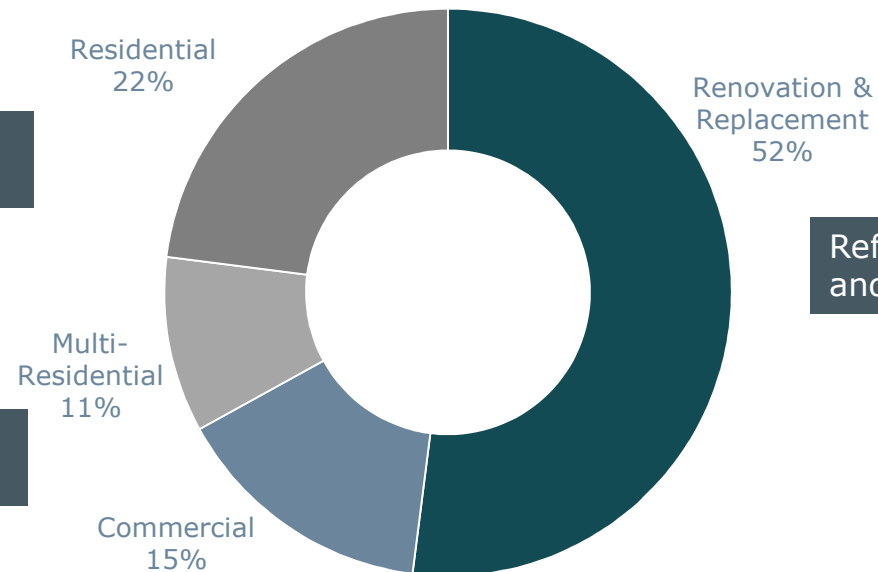


Leverage Gainsborough brand to
grow in R&R and residential new
build segments

B&K approach by market segment

Grow effectively in Residential segment

Compete selectively in Multi-Residential segment



Refocus on R&R segment – largest and less cyclical segment

Grow in commercial leveraging strong GWA offer

1HFY17 revenue growth ahead of weighted end market growth

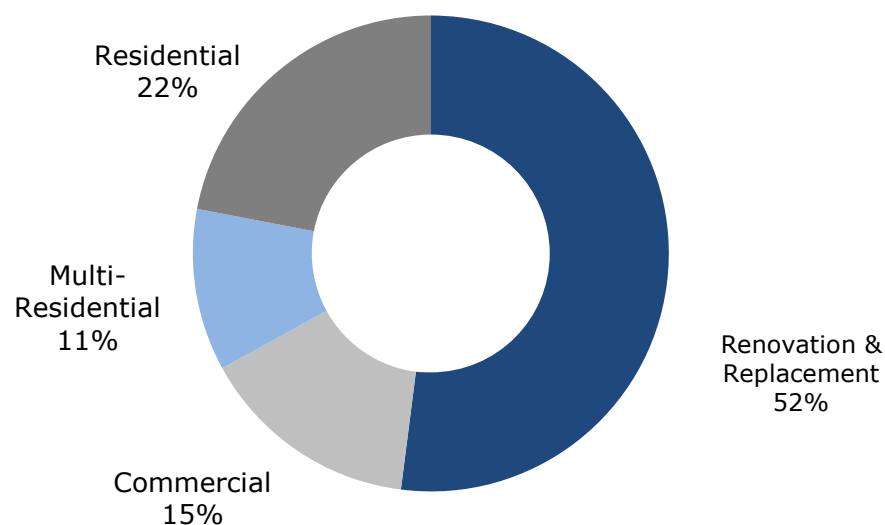
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GWA end market exposure¹



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

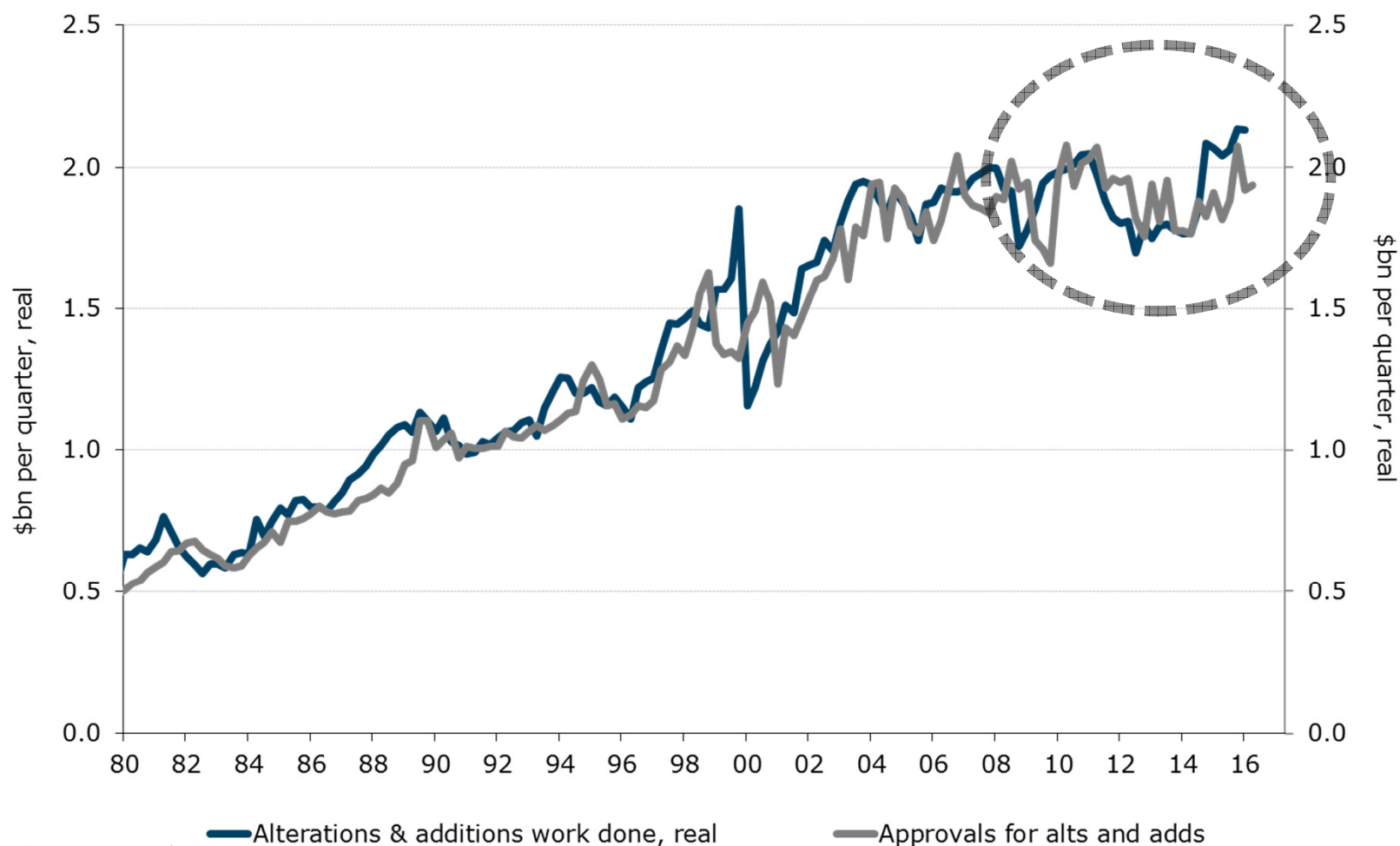
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Renovation Activity (A\$bn)



Sources: ABS, ANZ Research

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



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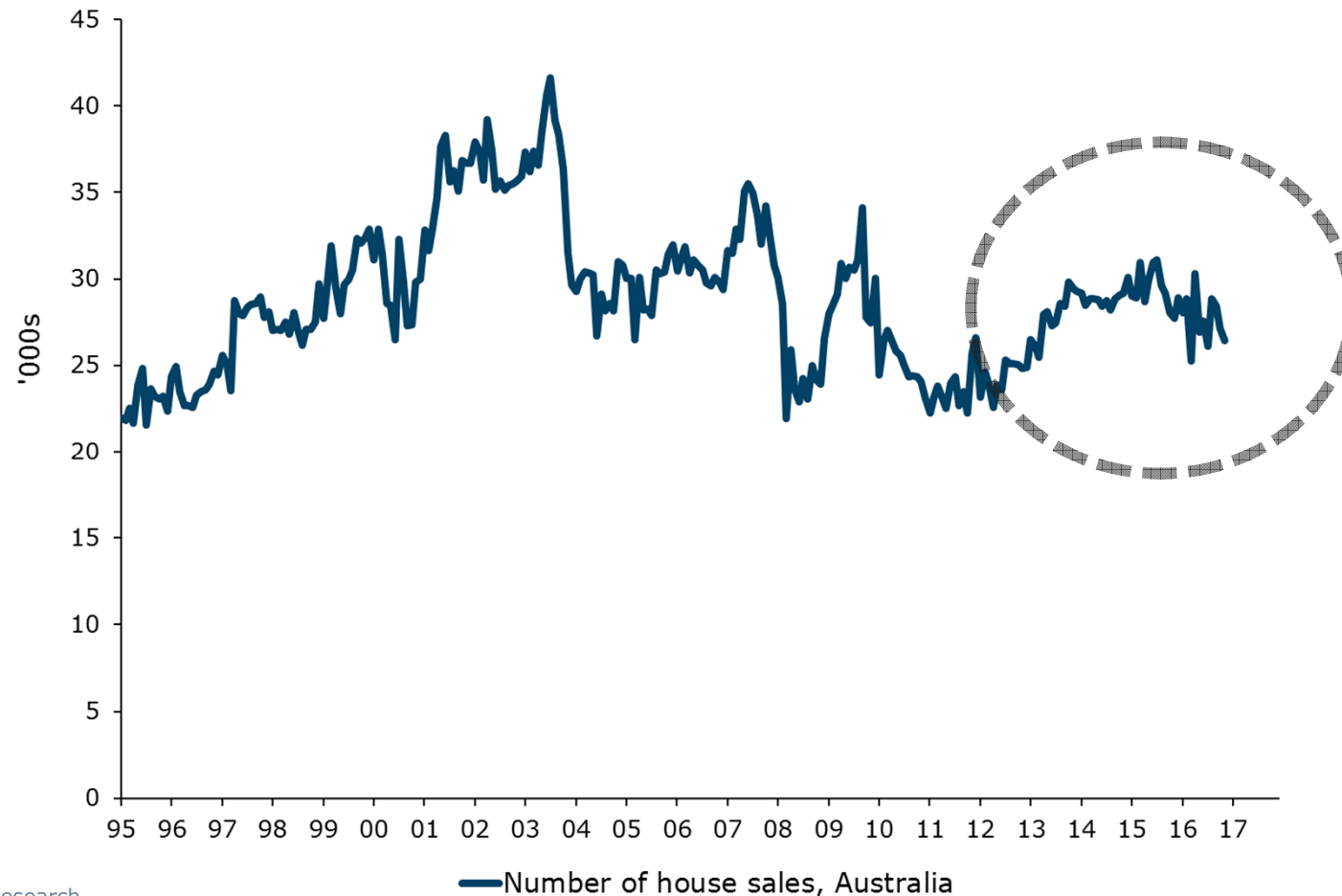
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Housing sales ('000s)



Sources: ABS, ANZ Research

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Deliver consistent consumer experience to grow R&R

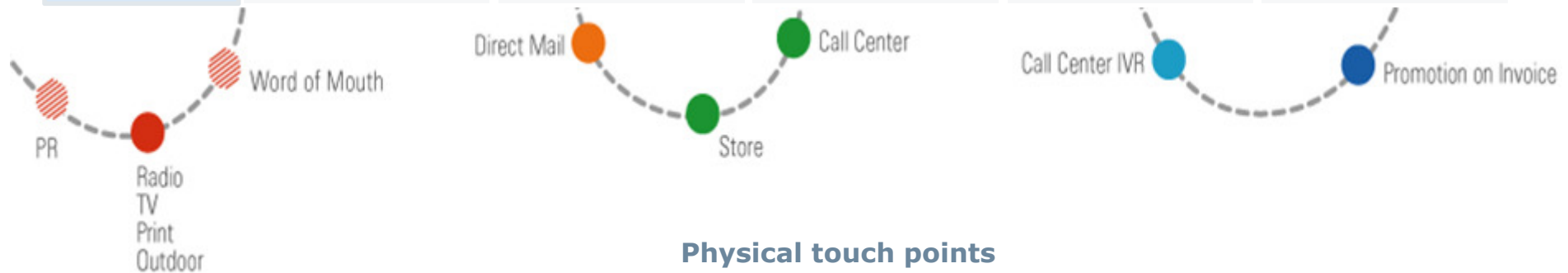
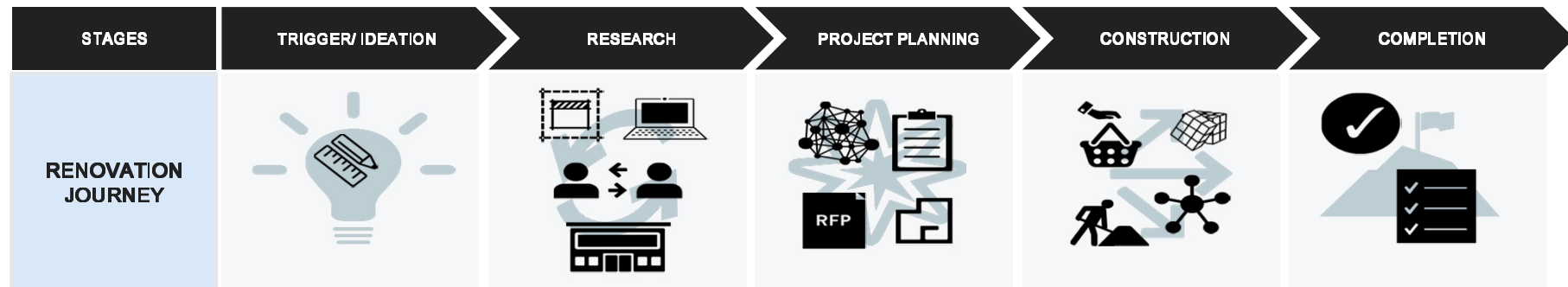
Digital touch points

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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

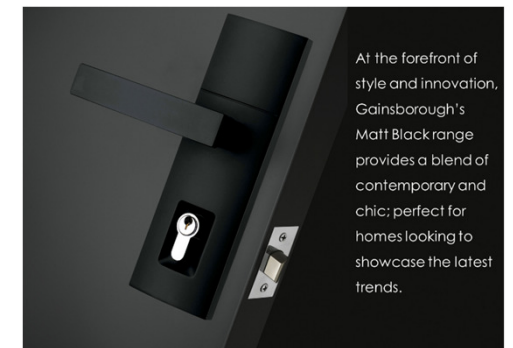
Ease of installation



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 Goldman Sachs Conference

28 April 2017

