



GWA
Group Limited

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12 April 2018

ASX On-Line

Manager Company Announcements
Australian Securities Exchange

Dear Sir

Investor Market Briefing Strategy Presentation

Attached is a copy of the Investor Market Briefing Strategy Presentation hosted by Tim Salt, Managing Director of GWA Group Limited to be held in Sydney at 10:00am (AEST) today.

The presentation will be webcast and accessible via the GWA website at www.gwagroup.com.au.

Yours faithfully

R J Thornton
Executive Director





GWA
Group Limited

Investor Market Briefing Caroma on Collins

12th April, 2018

Disclaimer

This presentation contains non-IFRS 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.

Safety briefing





GWA
Group Limited

Investor Market Briefing Caroma on Collins

12th April, 2018

Agenda

GWA transformation - strong progress made	Tim Salt
A business with significant growth opportunities	Tim Salt
Customer focus delivering growth	Craig Norwell
Consumer driven growth	Semée Dickerson
Leveraging our advantaged supply chain	Anthony Mortimer
Our financial strength	Patrick Gibson
GWA well positioned for growth	Tim Salt

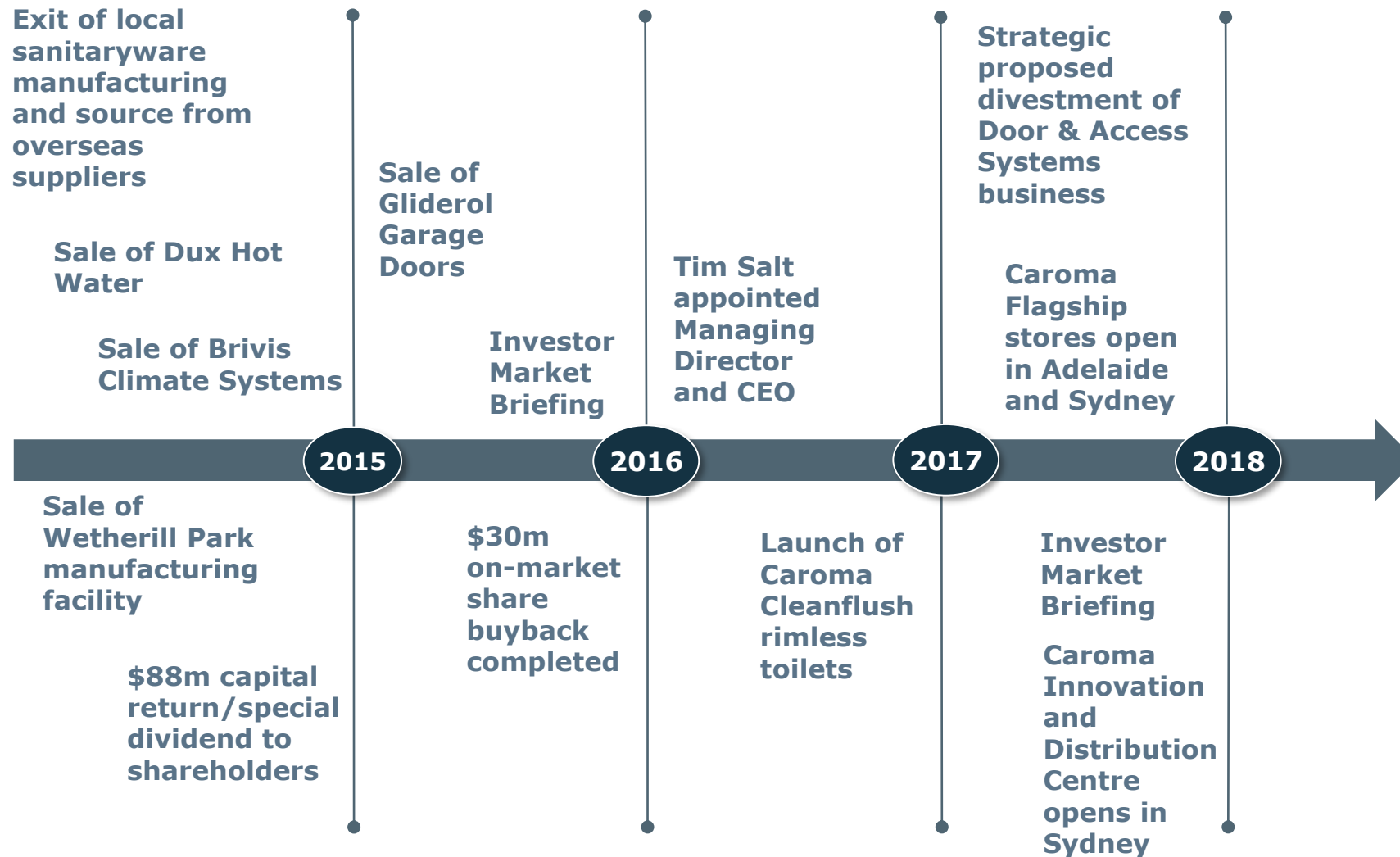
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GWA – making life better through superior solutions for water

- 1. Demonstrating ability to drive growth and improve shareholder returns**
- 2. A more focused business with strong brands and leading market positions**
- 3. Pursuing significant growth opportunities focused on superior solutions for water**
- 4. Increased use of advanced technology to deliver innovative solutions for customers and consumers**
- 5. Financial strength to fund investment in organic and inorganic opportunities**
- 6. Making Life Better for all our stakeholders**

Significant restructuring enables focus on water solutions' business



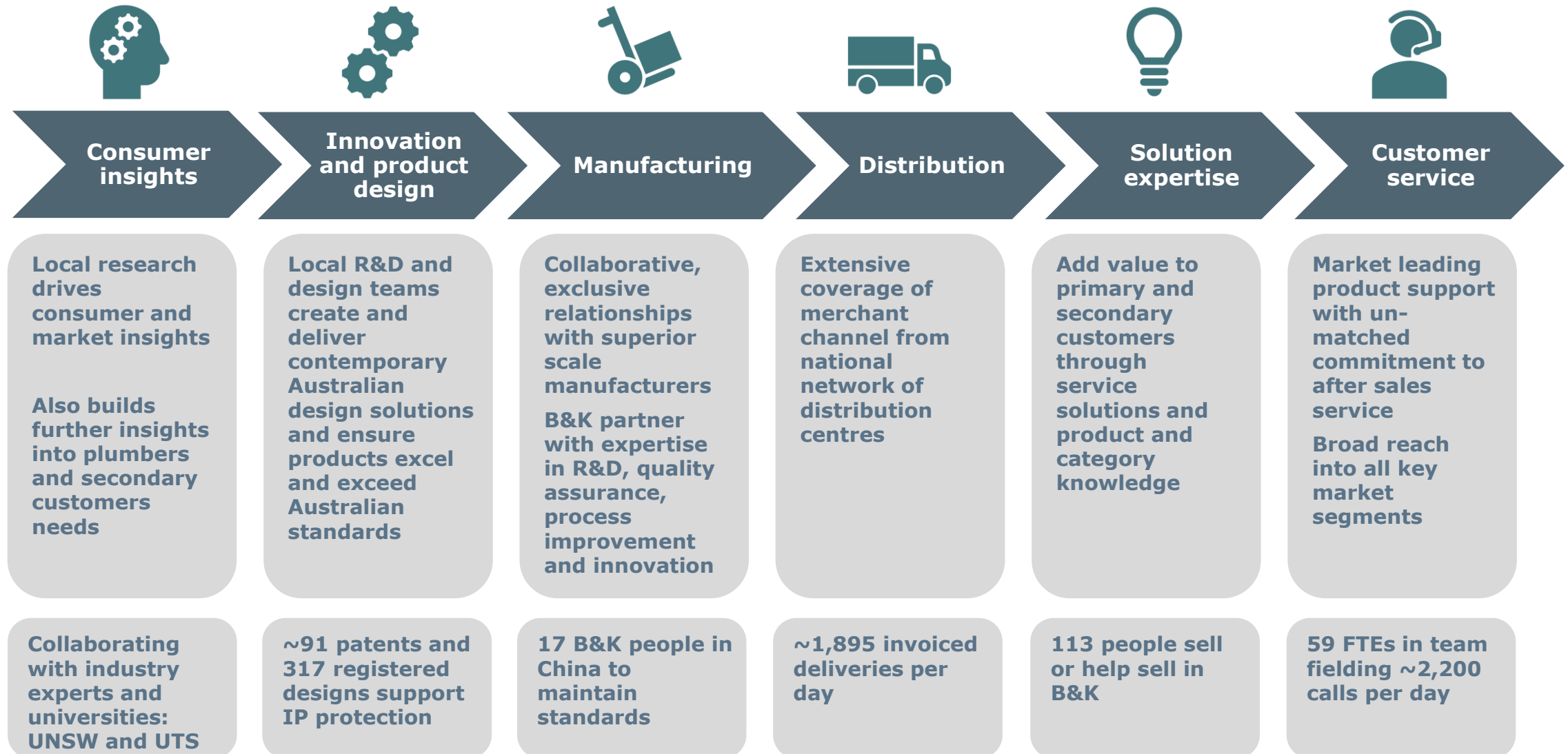
Which has repositioned the business for growth

	GWA 2014	GWA 2018 (today)
Operational Focus	Diverse Building Products business spread across numerous segments	Clear focus on B&K segment - \$1.4bn category
Manufacturing	Focus on local product manufacturing	Collaborative relationships with exclusive supply partners with global scale
Cost base	High fixed cost base to support manufacturing	Reduced cost base and lower fixed cost base
Customers	Transactional relationship with major customers	Improved customer engagement and more collaborative business planning
Market share	History of declining market share in Bathrooms & Kitchens (B&K)	Winning share in key segments in B&K
Financial strength	High debt, low growth	Low debt with financial flexibility to pursue accretive growth opportunities






Strengthened leadership team

	Tim Salt CEO	Extensive global experience in managing market leading branded portfolios - strong focus on product and brand innovation in B2B and B2C environments
	Patrick Gibson Group CFO	Extensive multi-country experience managing Finance and IT functions in: global B2B and FMCG companies; and listed companies in Australia
	Craig Norwell GM Sales – B&K	Experience across blue chip consumer goods companies, running large field sales forces and managing business development and key customers
	Semée Dickerson GM Marketing – B&K	Senior marketing professional with experience in the financial services, retail, arts and medical device industries
	Anthony Mortimer GM Supply Chain – B&K	Globally experienced executive who has worked across various blue chip organisations with market leading brands - wide ranging background in Supply Chain and Sales
	Cara Reil GM People & Performance	International experience leading Human Resource functions in global B2B and B2C organisations and listed companies in Australia
	Malcolm Dagg Commercial Manager – B&K	Extensive experience managing Finance, IT, Manufacturing and Logistics with Australian / New Zealand listed companies in the Building Materials, FMCG and Logistics sectors
	Gary Woodhead GM - Door & Access Systems	Experienced general manager with over twenty years of industrial manufacturing / trade experience in global public and private equity organisations across the Asia /Pacific region
	Richard Thornton Company Secretary	Chartered accountant with extensive management experience in finance, corporate compliance, governance and risk

Unique operating model meets local needs with global scale

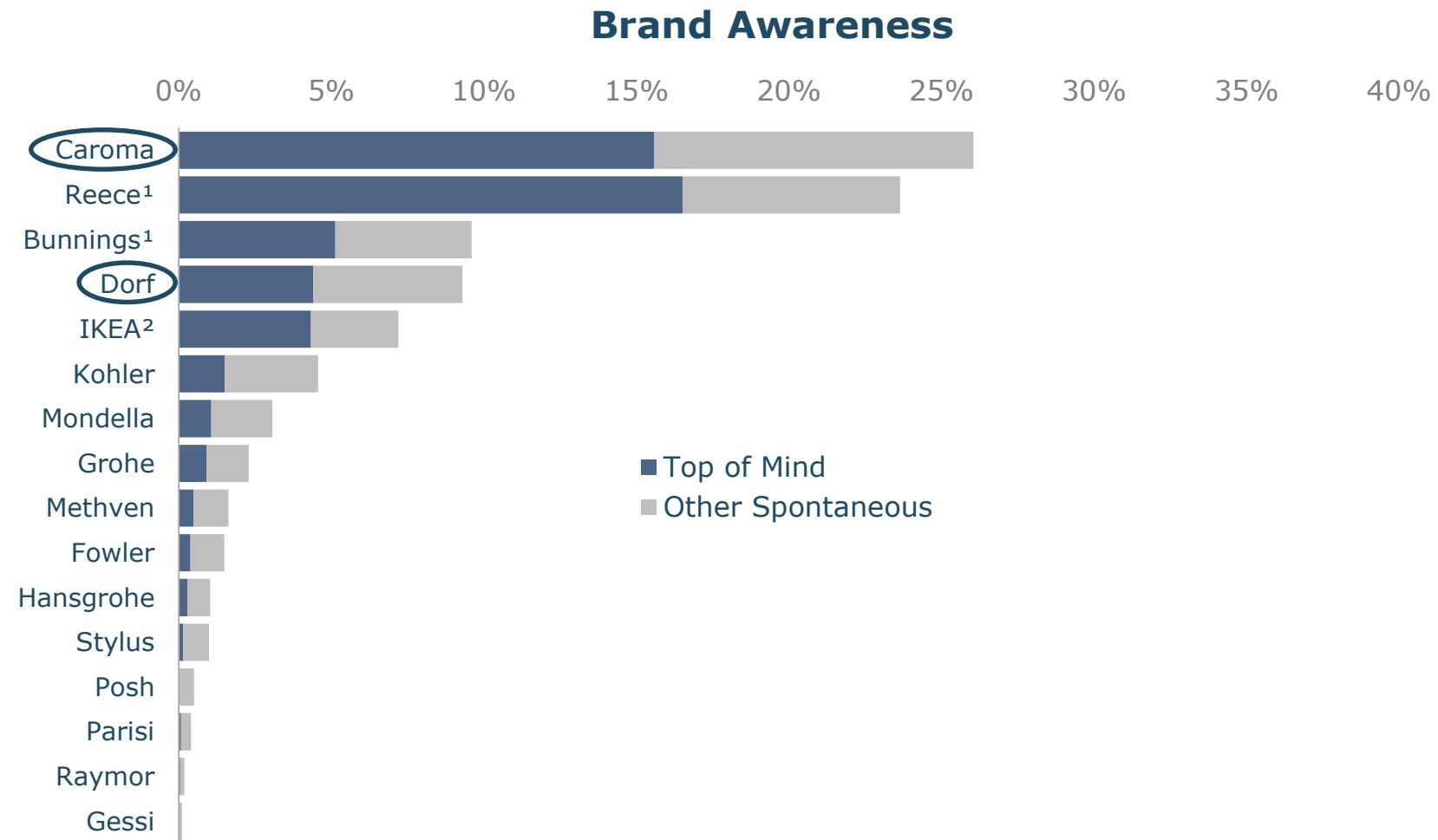


Significant progress on strategic goals¹

Area of focus	Status	Specific initiatives
Leverage and build on core assets and brands to drive revenue and market share growth		Growing share consistently across core segments
Add value to customers through improved insights, analytics and processes		Joint business plans with major merchants driving agreed targets / initiatives
Build “fit for future” culture, engagement and capability		Building employee engagement and internal capability focused on sales and marketing
Build an advantaged Supply Chain to deliver superior NPD, Quality and Service at best cost		Enhanced supply continuity from dual sourcing and direct to port shipping
Drive cost out in SG&A and Supply Chain to improve profitability and allow selective reinvestment		Ahead of target to reduce costs by \$13-15M by FY19

¹ As outlined at April 2016 Investor Briefing day

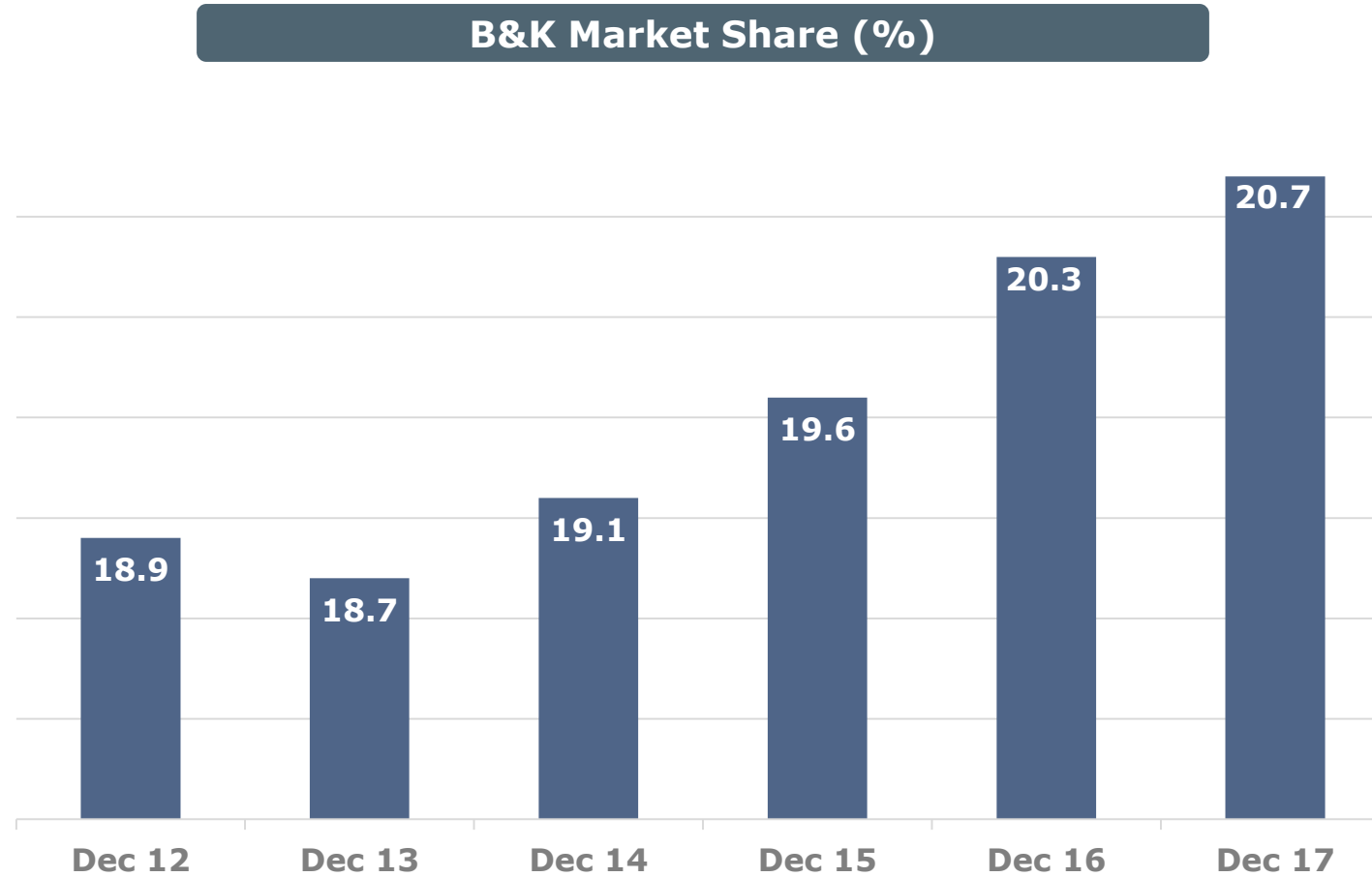
Continue to leverage and build on the strength of core brands Caroma and Dorf



¹ Reece and Bunnings are retailers not Bathroom & Kitchen brands.

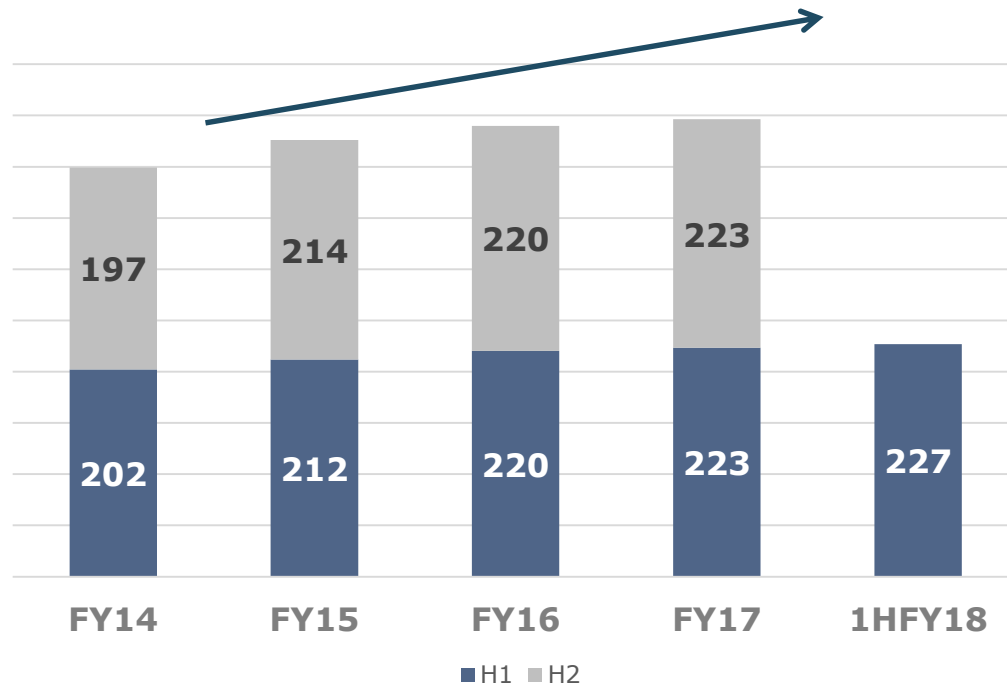
² IKEA is both a retailer and a Bathroom & Kitchen brand.

Consistent market share growth

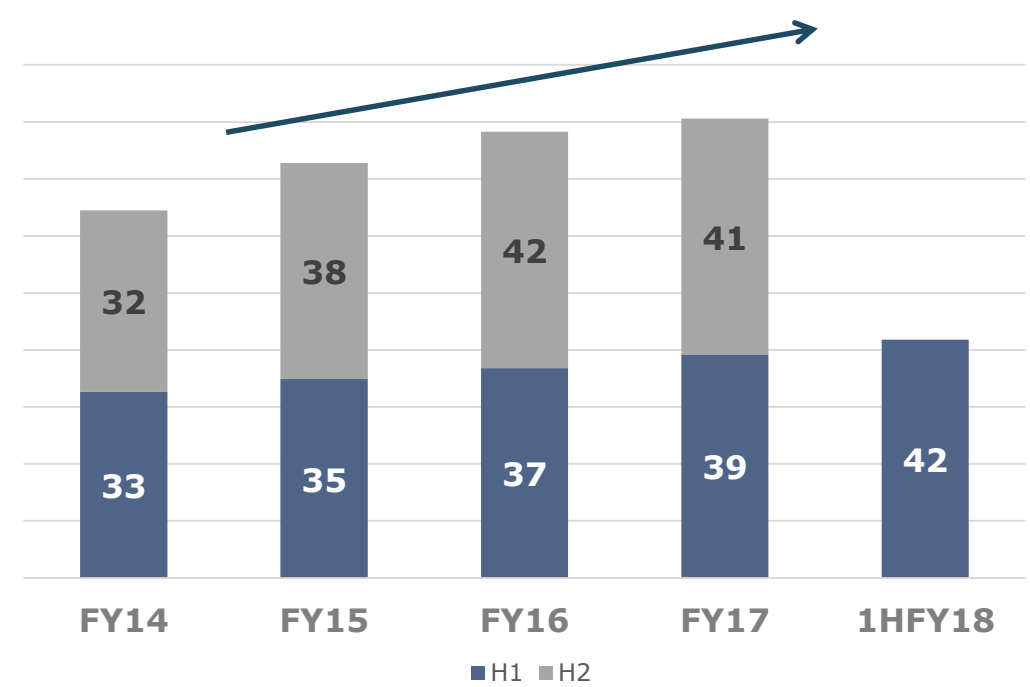


Improved operating results

Group Revenue (A\$m)

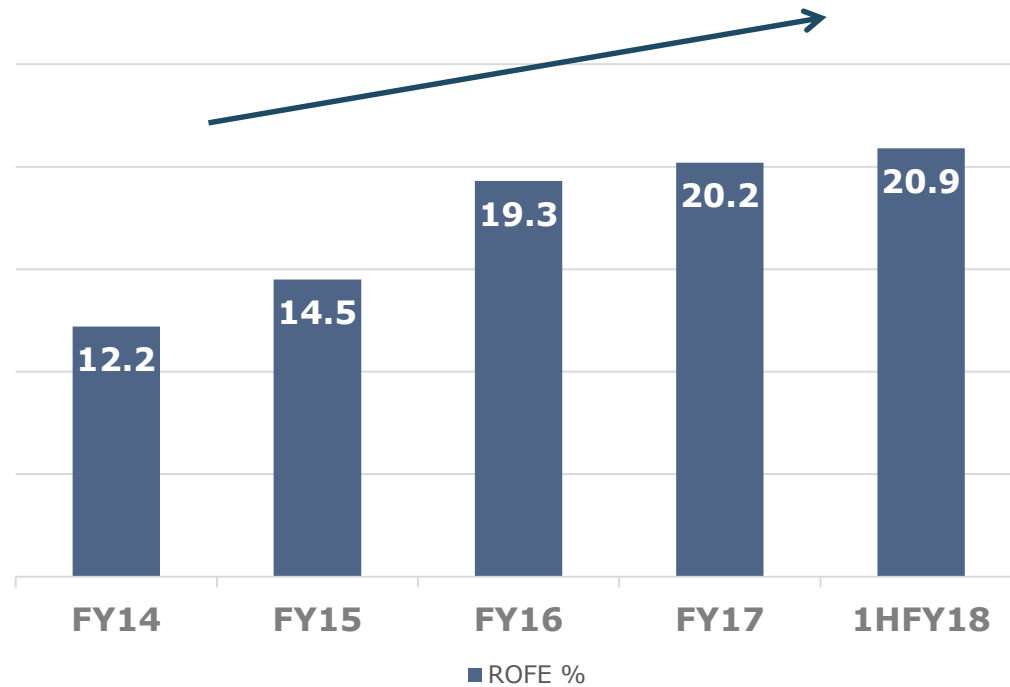


Group EBIT (A\$m)

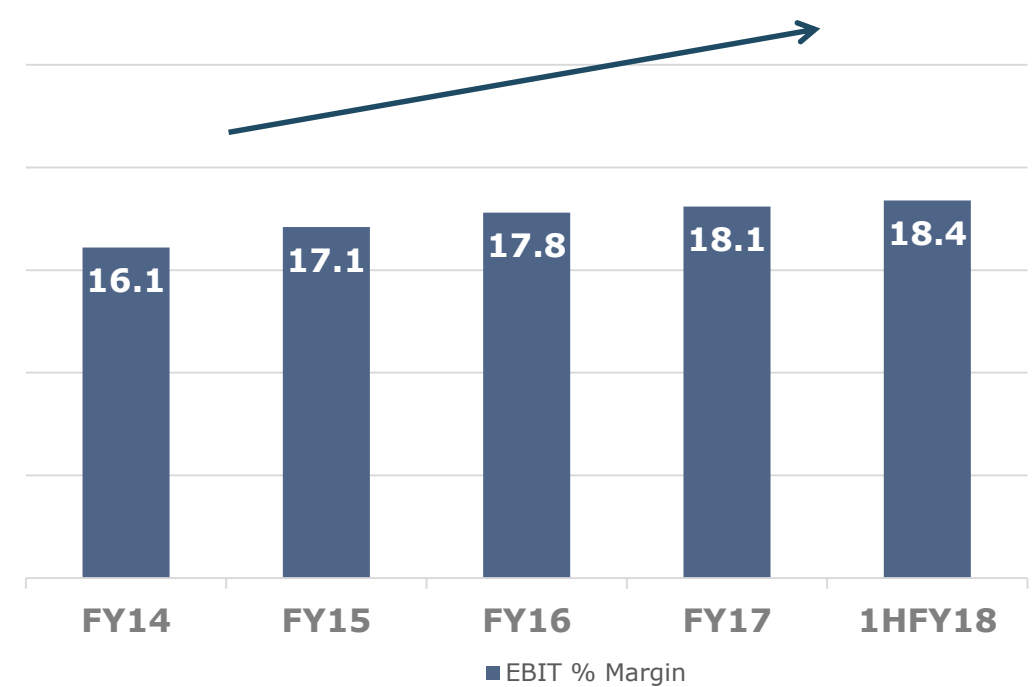


Strengthening returns

Group Return on Funds Employed (%)

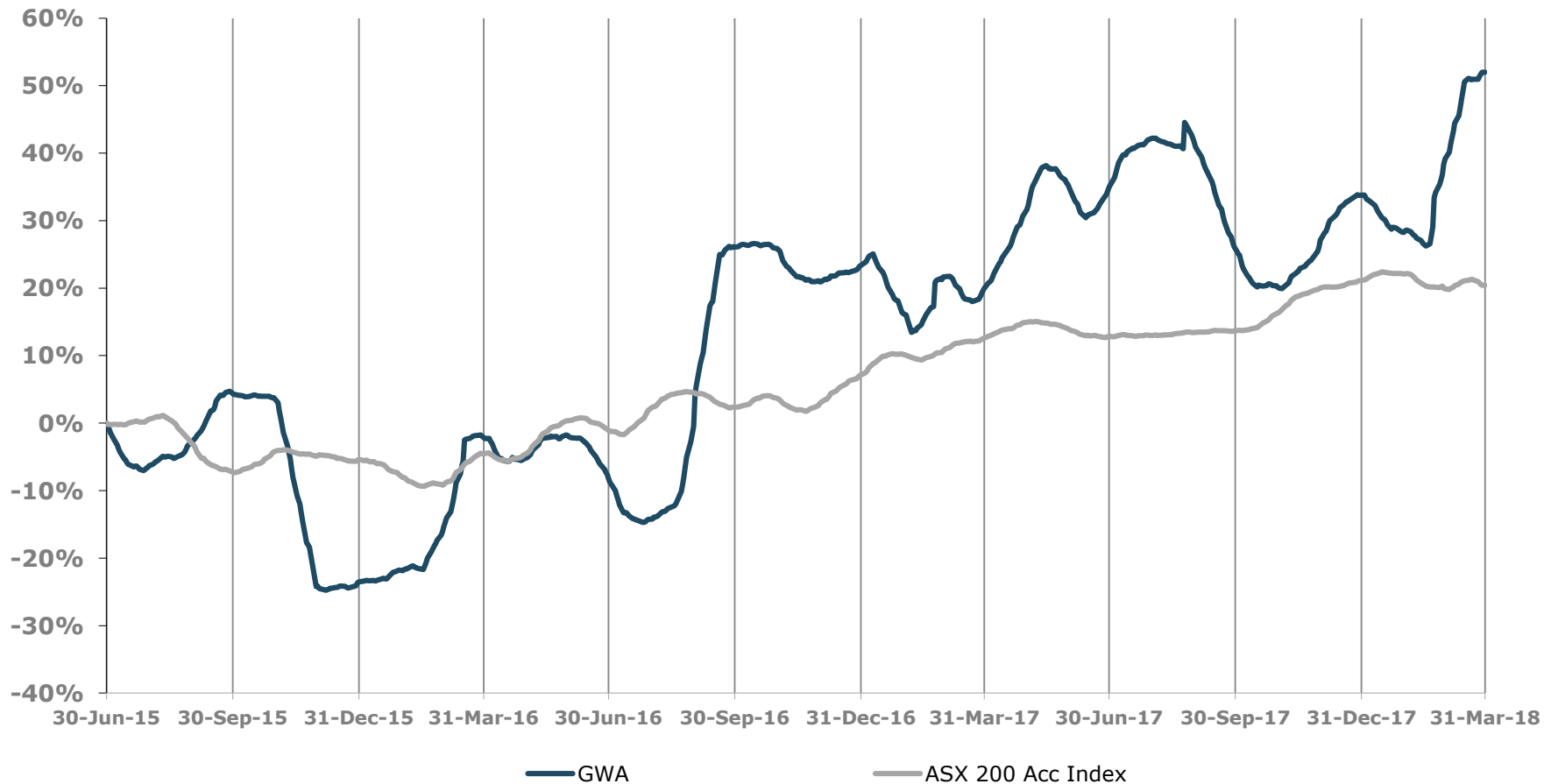


Group EBIT Margin (%)



Leading to improved shareholder returns

Total Shareholder Return (TSR) GWA vs ASX 200 Acc Index



Agenda

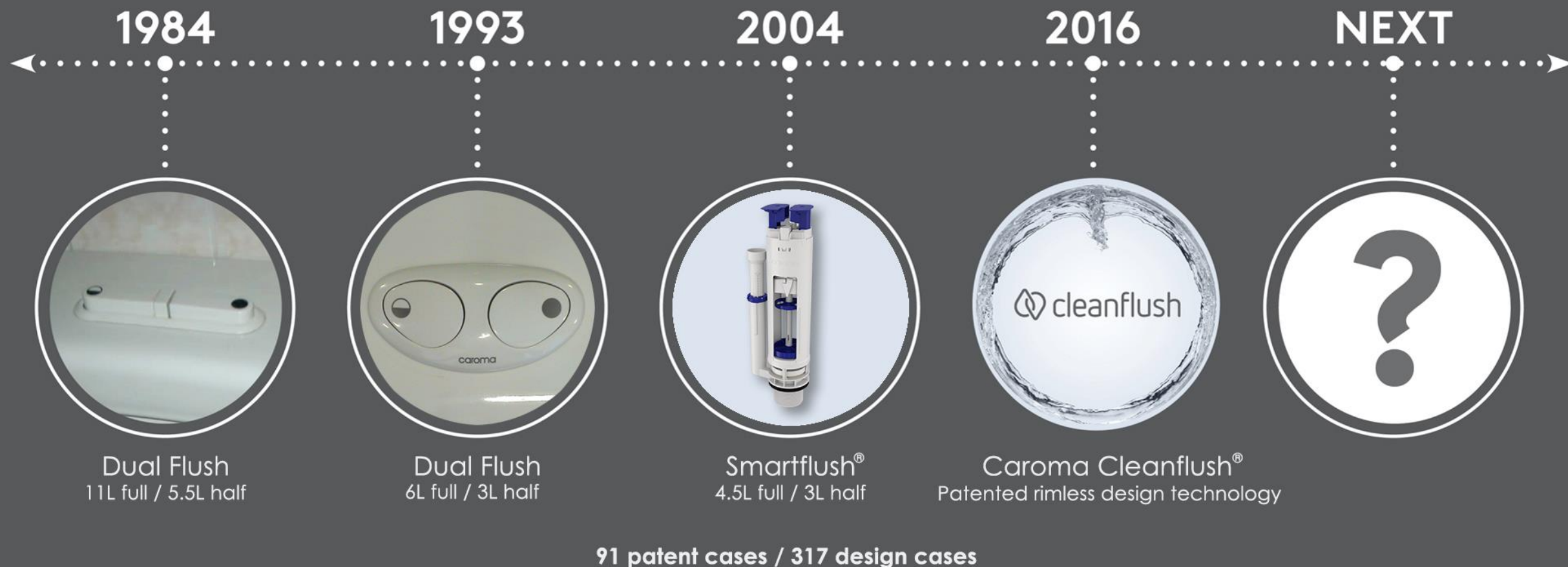
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GWA, a business with purpose

We make life better through the design and delivery of products, services and technologies that create superior solutions for people to enjoy and sustain water, our planet's most precious resource.



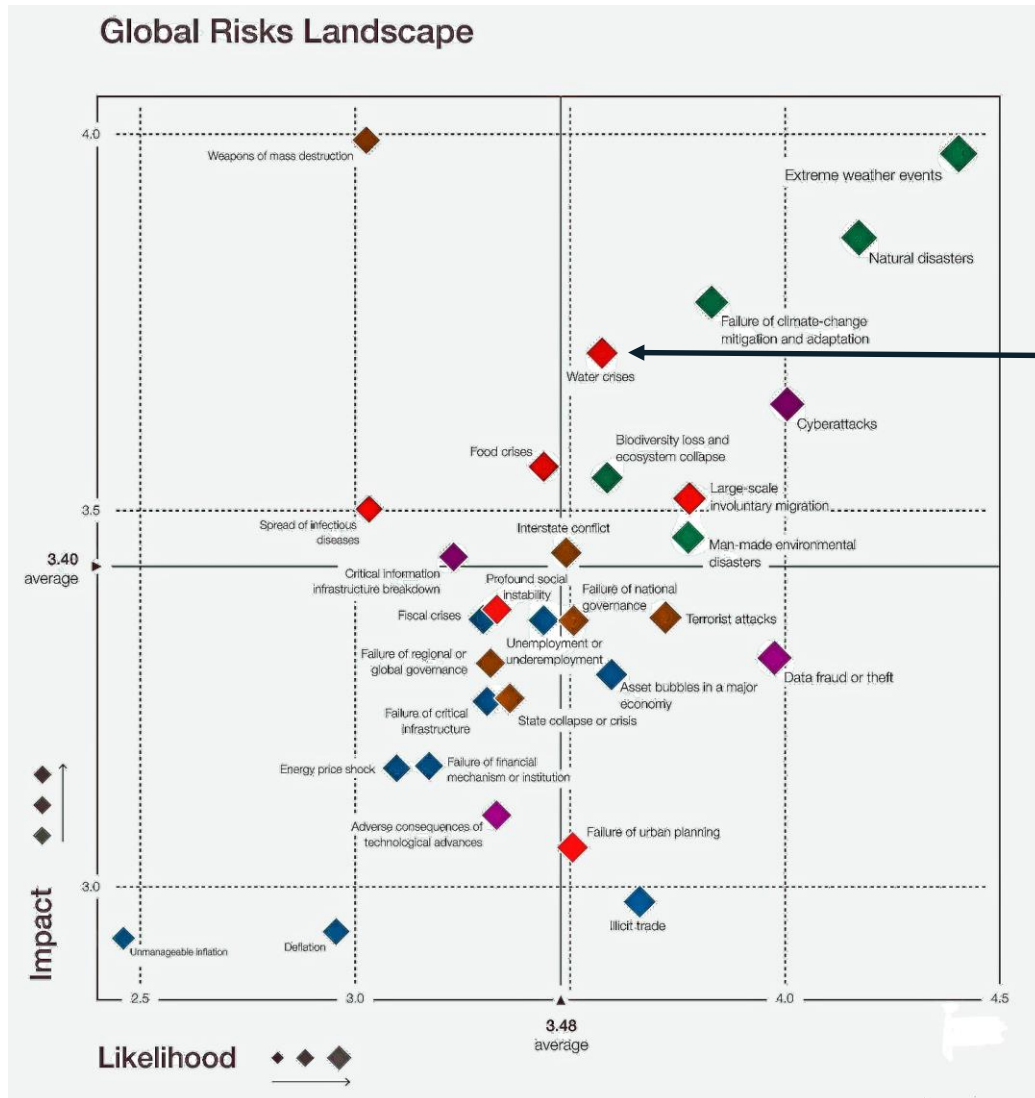
Purpose that builds on GWA's history of delivering innovative solutions for water



**Growth agenda focused on our understanding
and passion for water**



2018 World Economic Forum report highlights water as one of the most significant global risks



Water crises identified as the most impactful societal risk in 2018 by WEF

Water crises already playing out globally

This Is What The Global Water Crisis Looks Like

More than 800 million people live without access to a safe water supply.

CAPE TOWN DROUGHT: CITY BEYOND 'POINT OF NO RETURN' AND WILL RUN OUT OF WATER IN APRIL, WARNS MAYOR

THE TIMES

Rome to lose water for eight hours a day as drought hits Italy

The New York Times

CLIMATE

Changing Climate, Changing Cities

Mexico City, Parched and Sinking, Faces a Water Crisis

[Leer en español](#)

Worsening drought, clean water scarcity affect millions in Indonesia

World War III will be fought over water

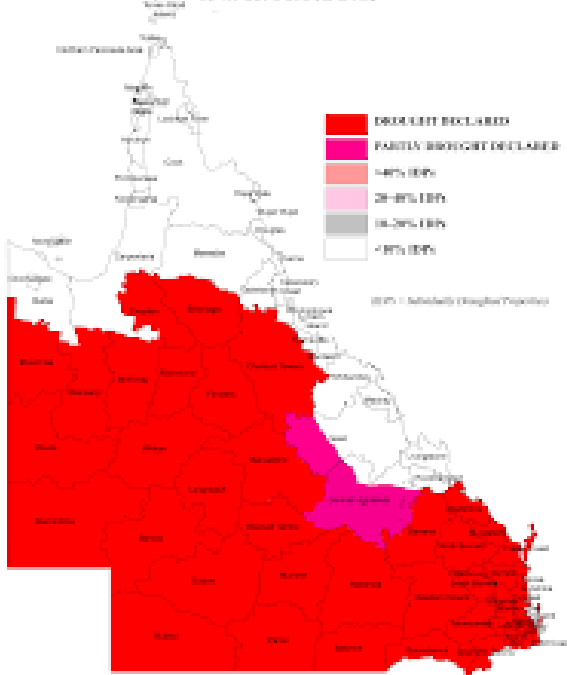
Increasingly impacting Australia, the planet's driest continent

Melbourne water supply could be under threat within a decade, water authority says

**Water crisis in Townsville:
Job losses and business
closures**

WATER FOR TOWNSVILLE ACTION GROUP, Townsville Bulletin
January 30, 2018 2:50pm

QUEENSLAND DROUGHT SITUATION
as at 1st March 2015



'Unprecedented' water shortages in south west Victoria expected to affect Australian red meat supply

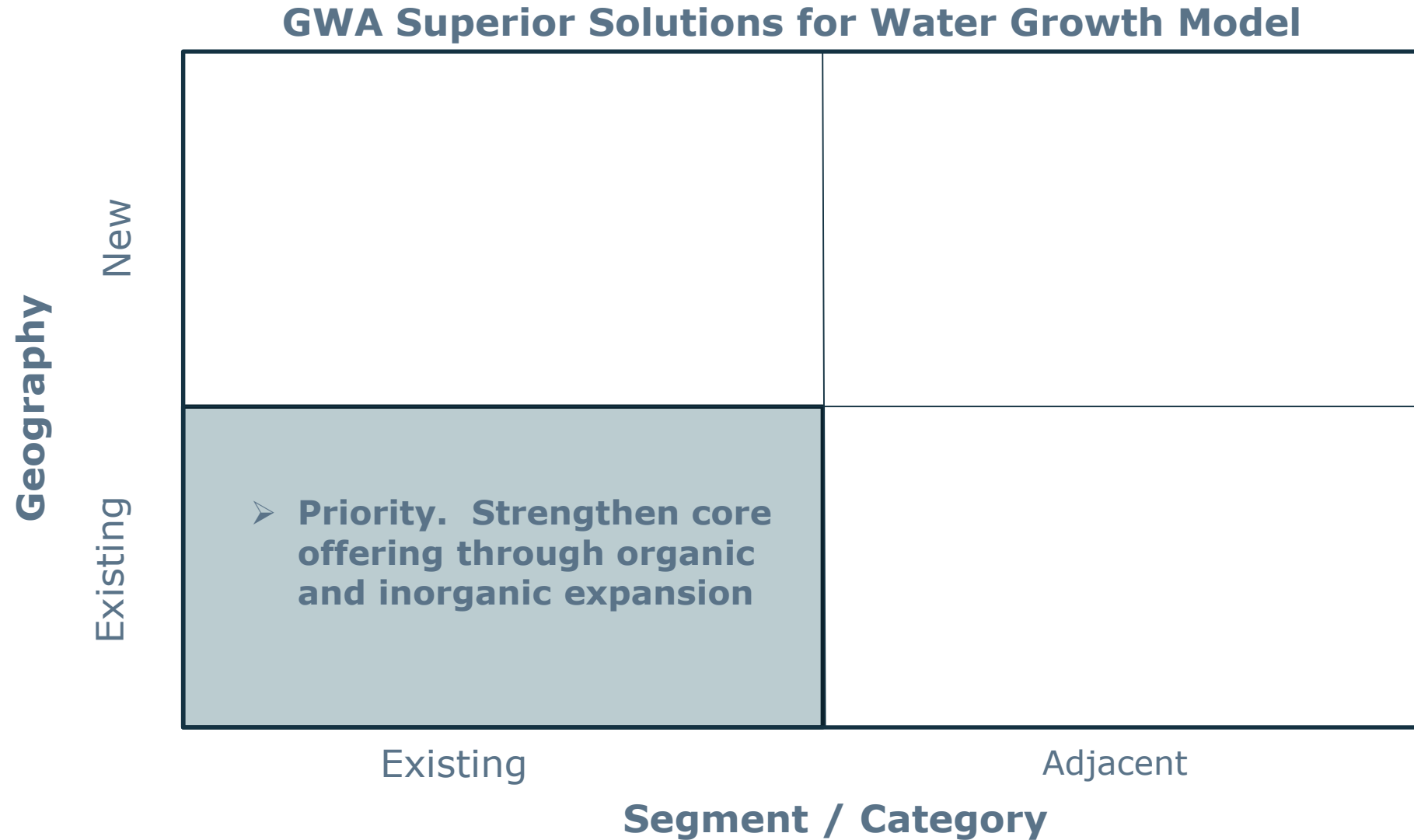
**Restrictions to rise as
dam levels plummet**



How are we thinking about growth?

- ❖ **Focus on superior solutions for water**
- ❖ **Play to our strengths**
- ❖ **Target where we can win**

Priority is to leverage strengths in existing geographies, segments and categories



GWA operates in a large local market with significant growth opportunities

A\$1.4 billion addressable market

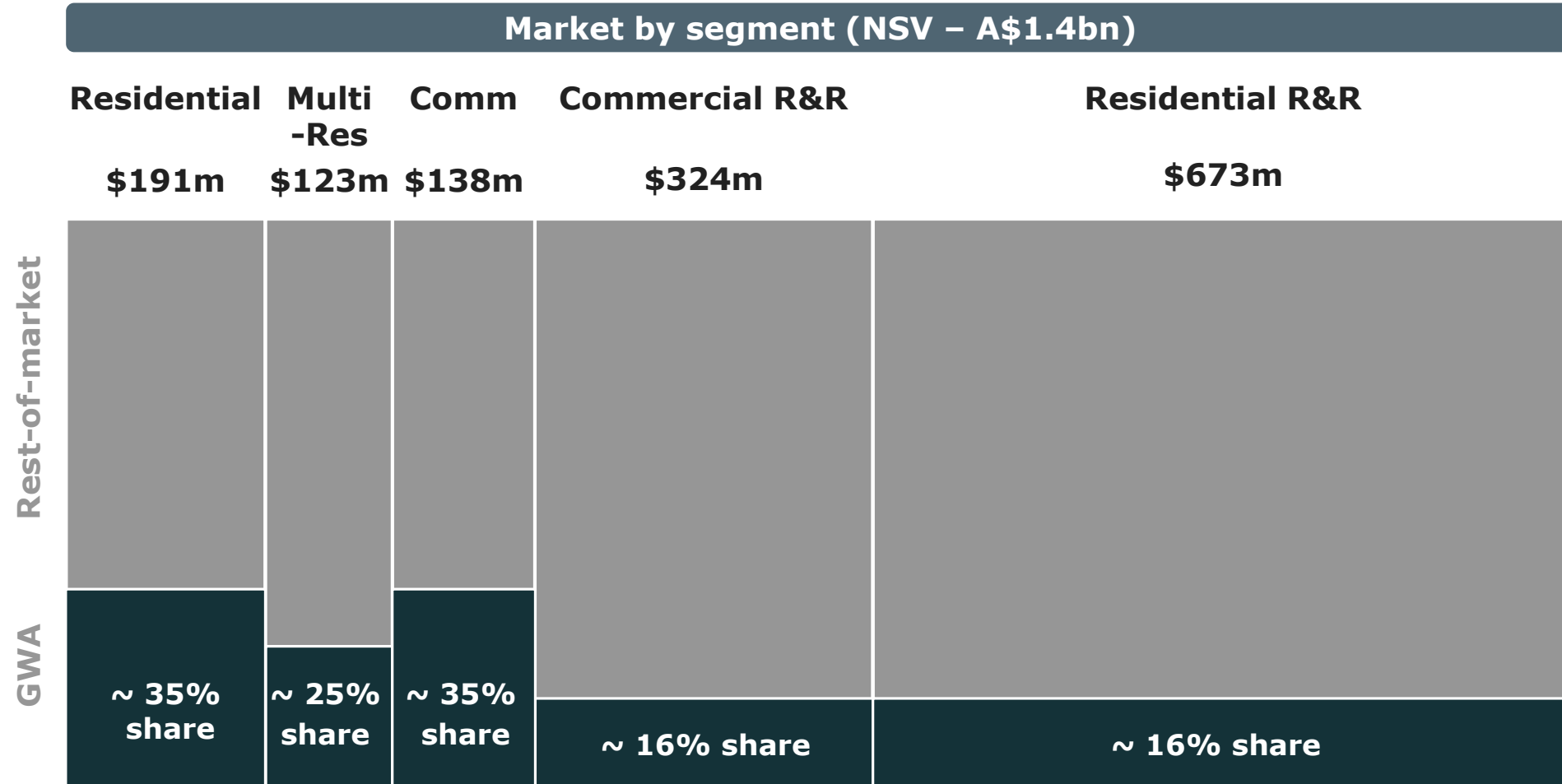
Residential	Multi-Res	Comm	Commercial R&R	Residential R&R
\$191m	\$123m	\$138m	\$324m	\$673m
13%	9%	10%	22%	46%

Macro factors point to stronger for longer

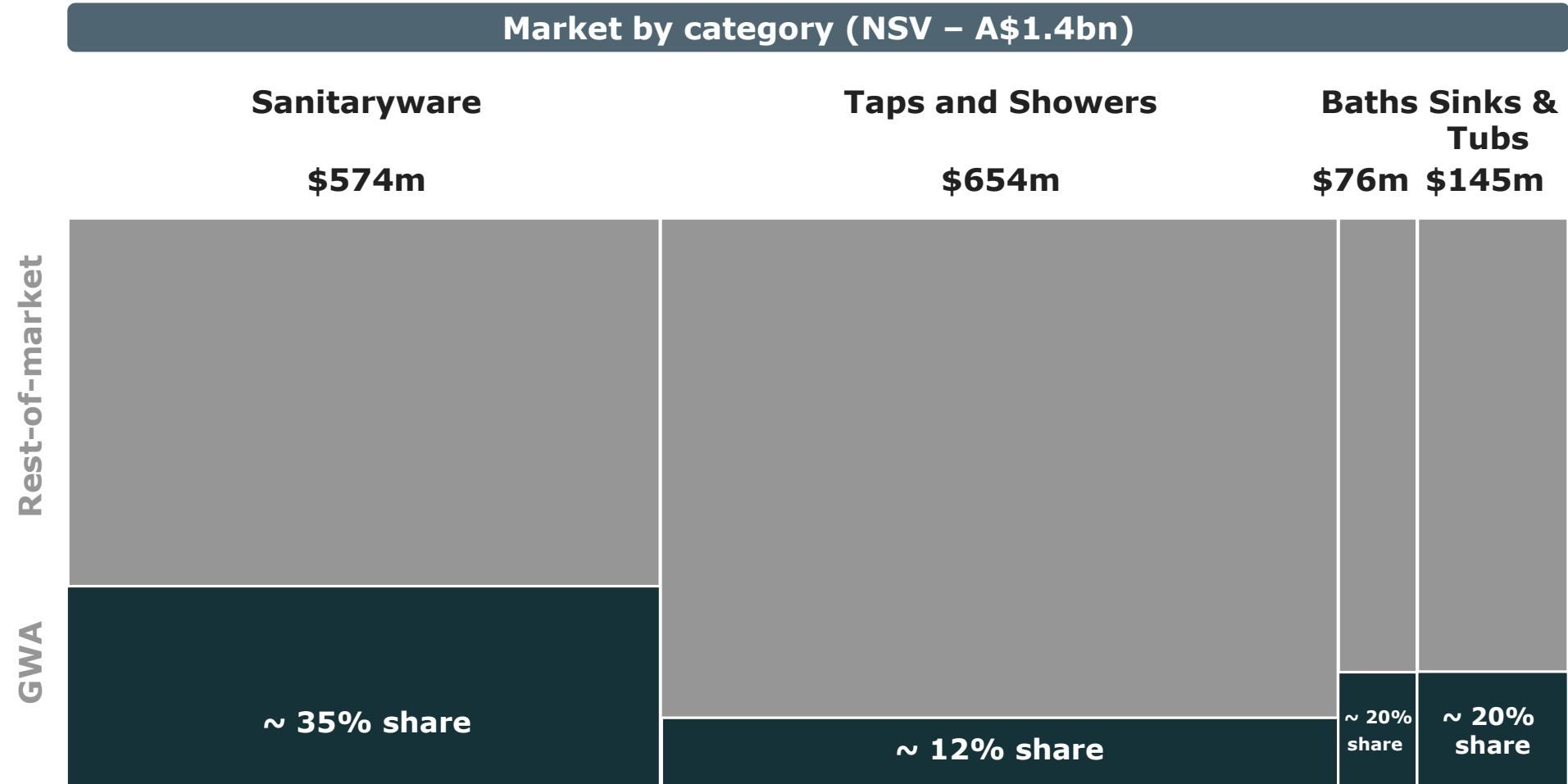
Driver ¹	Status
Population growth	+300,000-400,000 per annum
GDP	+2.6% year to December 2017
House Prices	Capital city prices up +5% year to Dec. 17
Interest Rates	Cash rate stable at 1.5% since August 2016
Age of housing stock	Stock of 30-35 year old houses expected to increase into the early 2020's
Consumer Sentiment	Continues to be strong
Lending for Renovation	Up +5.6% year to December 17
Major Renovations Approvals	Up +2.9% year to December 17

¹ Refer to appendix for charts and further details

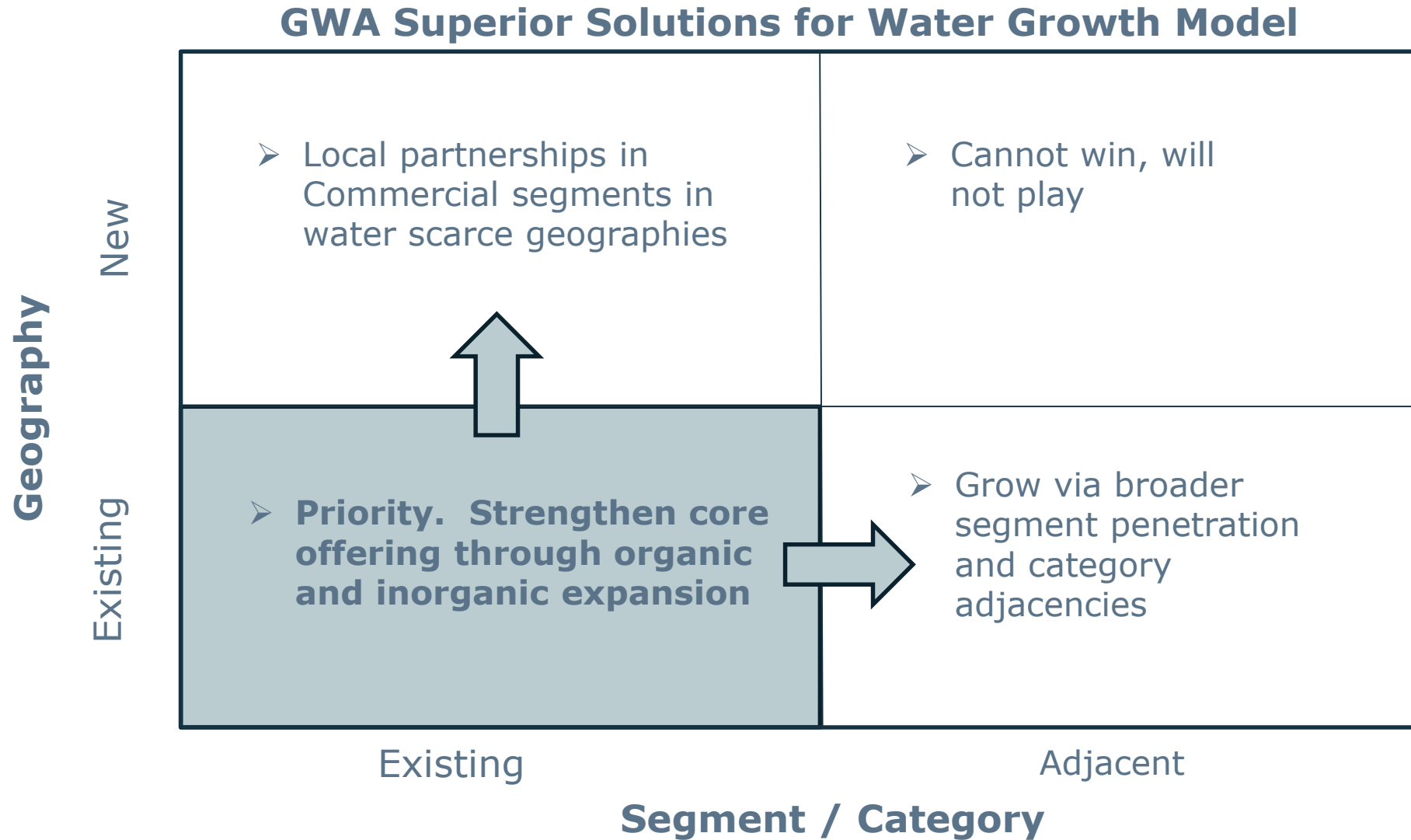
Significant segment growth opportunities



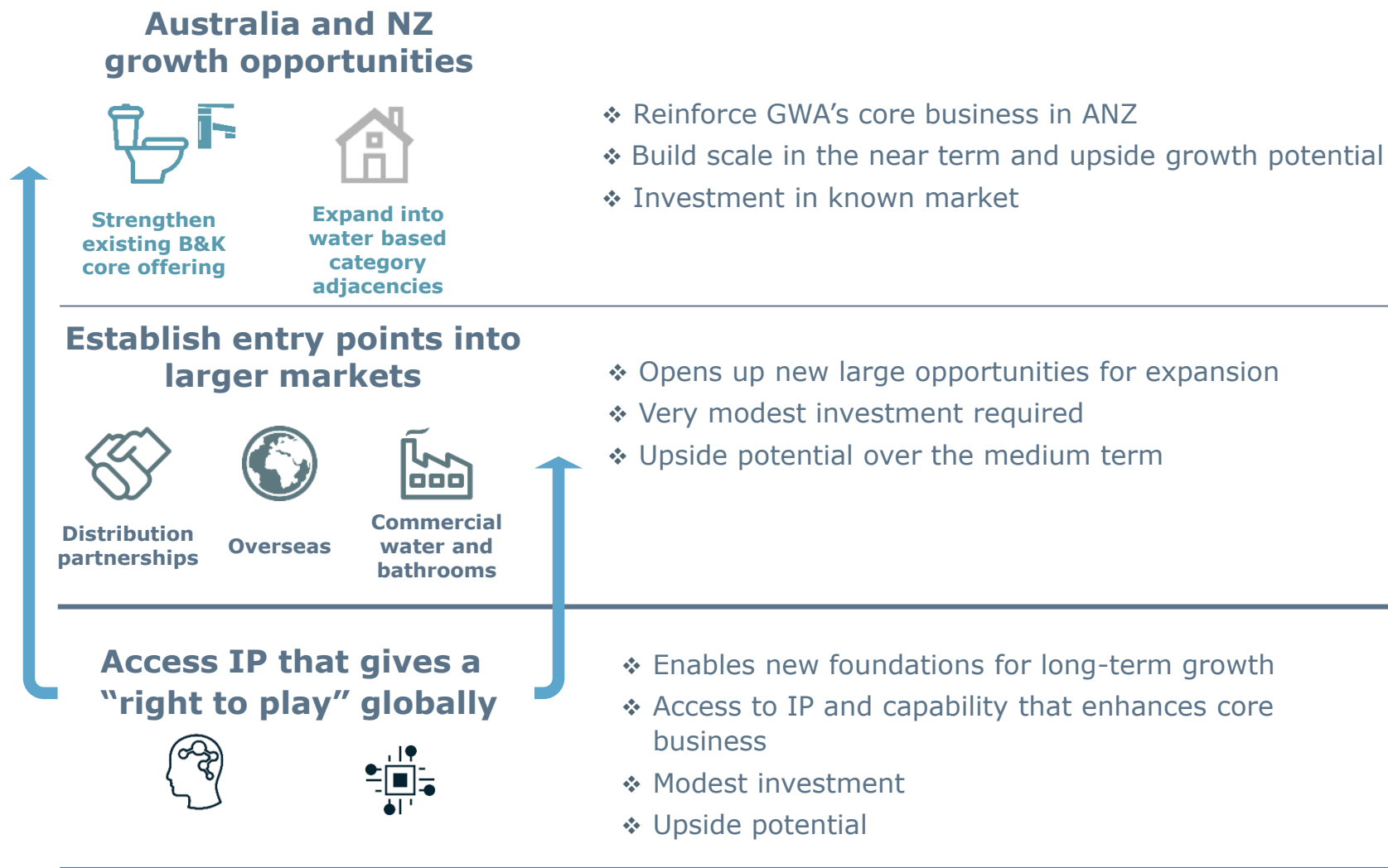
Significant category growth opportunities



And capability to extend into large water solutions adjacencies



Opportunities that play to our strengths in superior water solutions



Strategy positions GWA for growth

We make life better with superior solutions for water				
Corporate Priorities	Build GWA as the most trusted and respected water solutions company Maximise shareholder value creation – NPAT growth , ROFE, TSR			
	CUSTOMER FOCUSED Add value to customers through superior insights, analytics and processes		CONSUMER DRIVEN Deliver experiences to excite consumers and drive revenue and market share growth	
	BUSINESS EFFICIENCY : Simple, effective processes and plans delight consumers and customers BEST COST : Continuous improvement to support profitability and fund selective reinvestment GREAT PEOPLE : Continue to build “fit for future” culture, engagement and capability			
	GWA Operational Measures Market share, NSV, EBIT, ROFE, DIFOT, NPS, Safety, Engagement			
	Growth Drivers	SEGMENTS Build on Commercial leadership and grow in R&R	CATEGORIES Leverage sanitary to win all of bathrooms and kitchens	BRANDS Deliver the best water experiences

From push to pull



Primary Customer

Merchant



Secondary Customer

Renovator/Small builder



Commercial
Builder/Developer



Residential Builder



Independent
Plumber



Commercial
Plumber

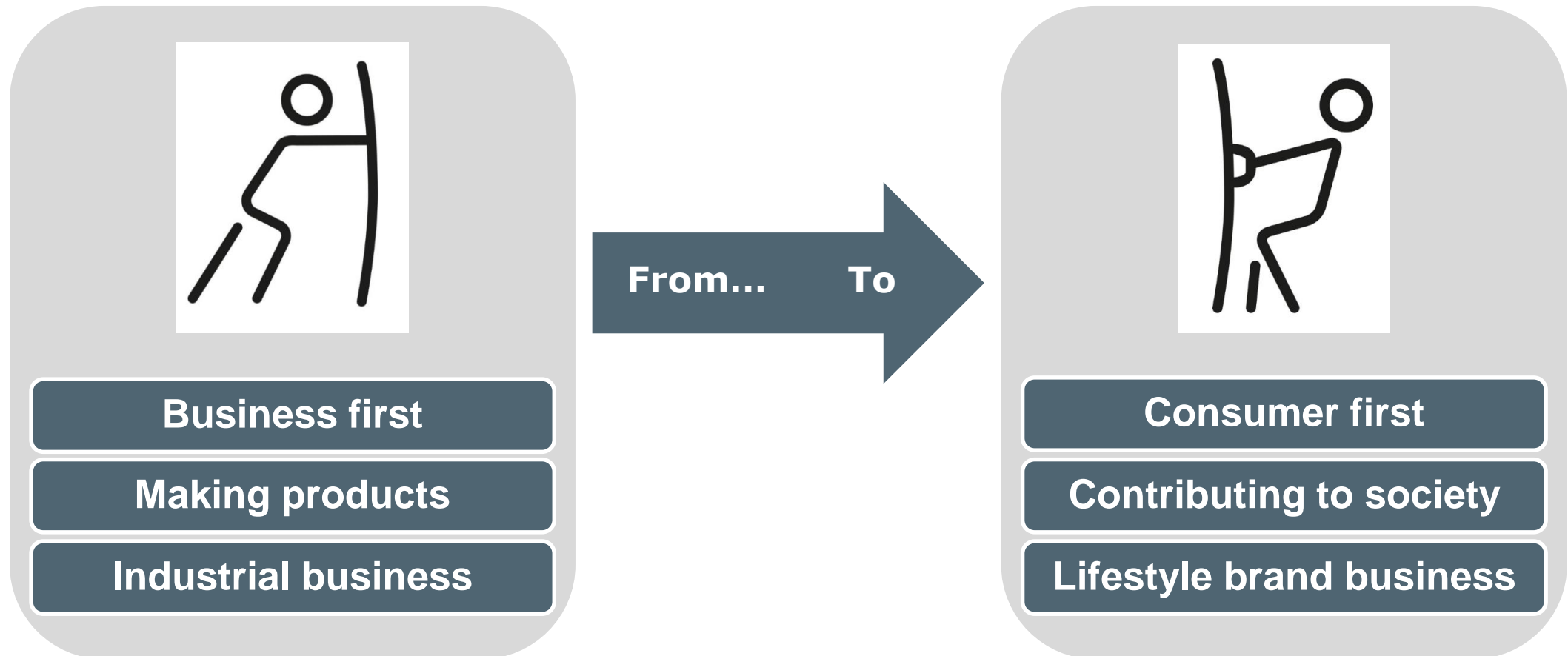


End User

Consumer



Transformation continues shift from push to pull



We are well positioned for growth through strategic focus on superior solutions for water

- ❖ **GWA is the leader in a large and robust local market**
- ❖ **Strong growth opportunities across segments and categories**
- ❖ **Own significant technical expertise in sanitaryware and water sustainability solutions**
- ❖ **Capability can be leveraged in local and overseas markets to step change growth**
- ❖ **Ambition to take leadership position in “superior solutions for water”**






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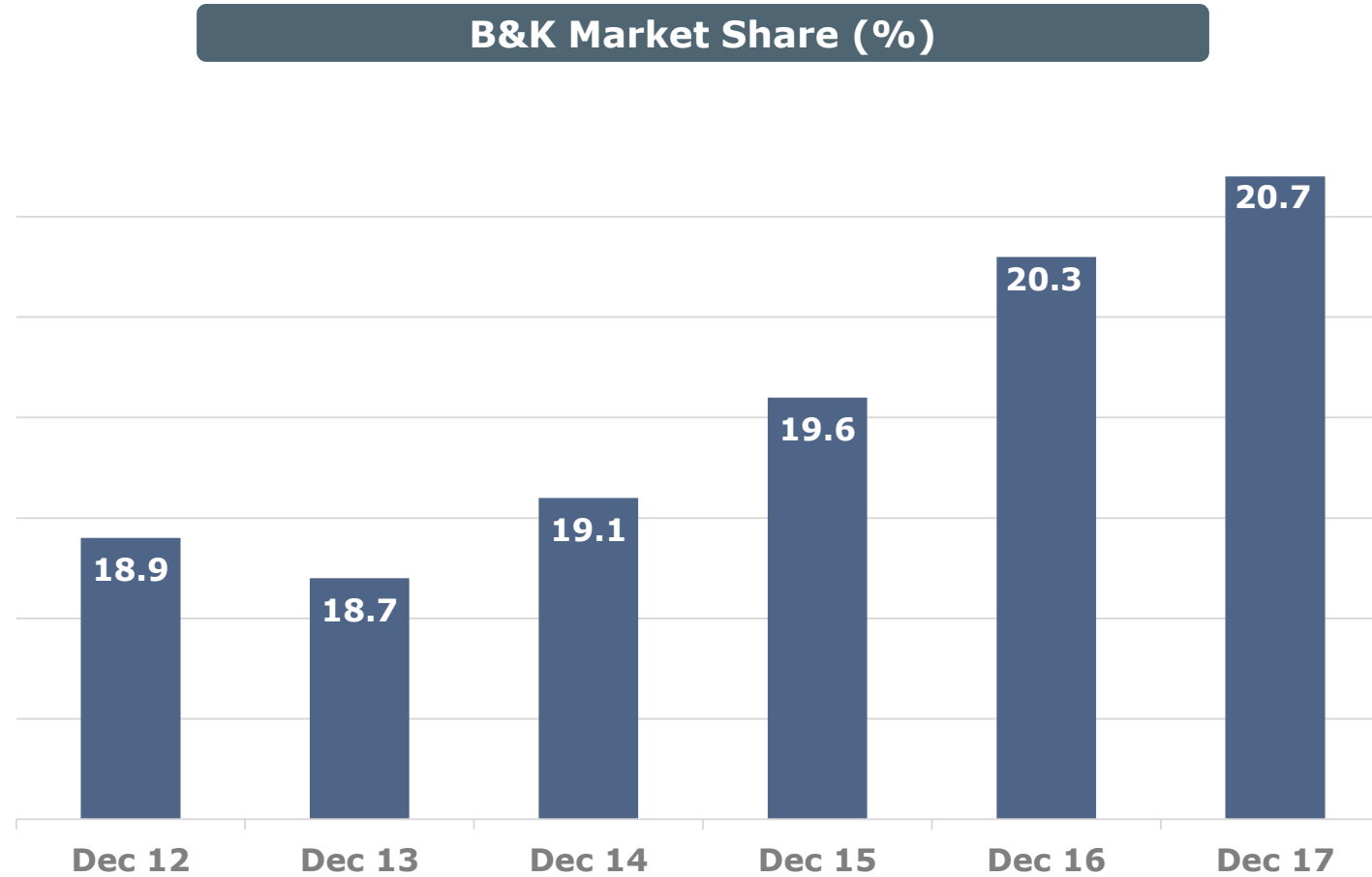
Customer focused strategy to drive growth



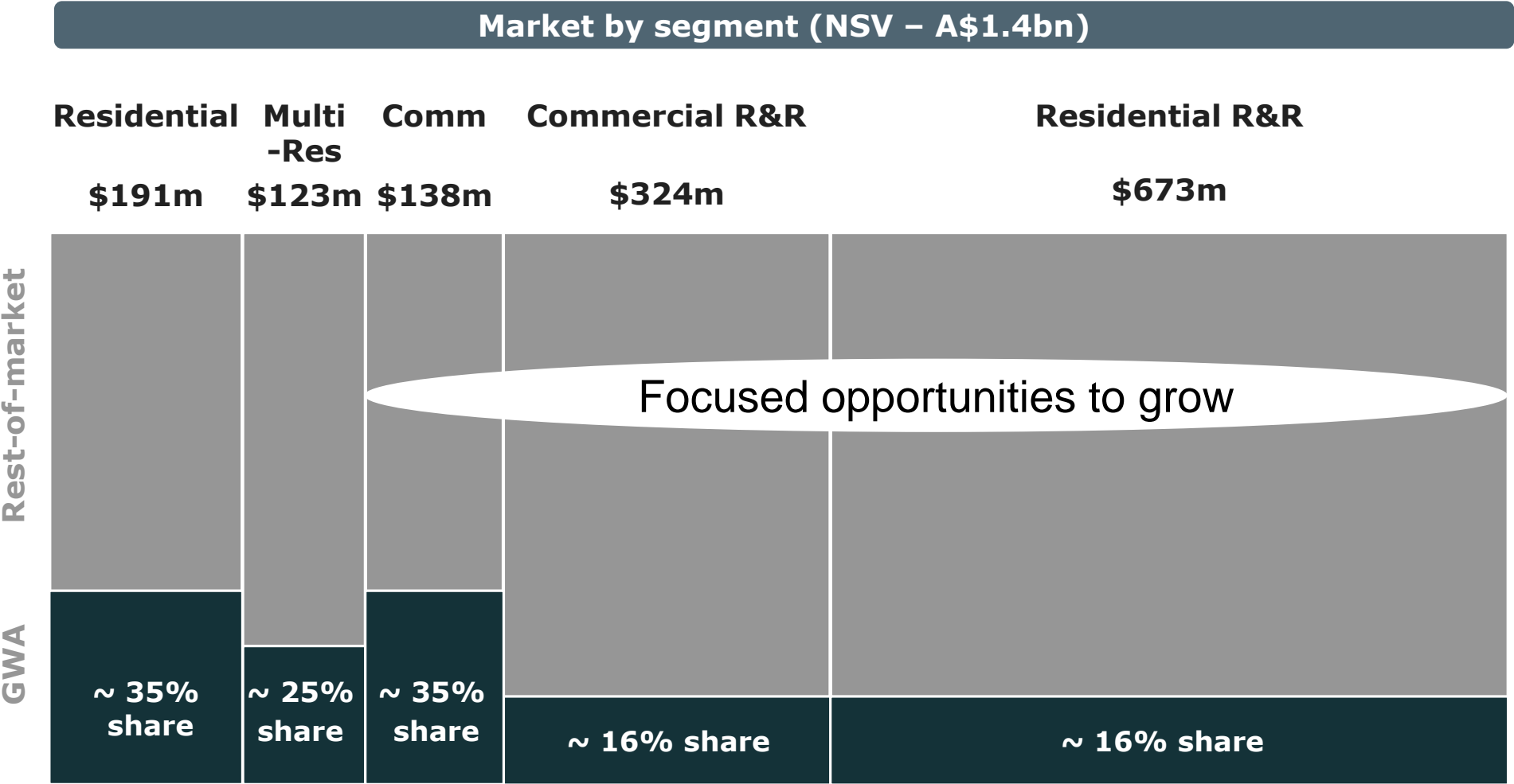
Significant progress in customer engagement

Area of focus	Progress	Specific initiatives
Increased understanding of key customers creating tailored plans and programs		Customer planning embedded business plans and review In store availability commitment
Clear value proposition for primary and secondary customers		Builders segmentation and value proposition Commercial value propositions Customer contact matrix / frequency
Use of technology to drive business growth and customer experience		Improved Salesforce.com utilisation Refinement of Specify / Revit / Plumbers App' E enabled bathrooms
Gain share via NPD and differentiated customer initiatives		Differentiated NPD, e.g. Cleanflush Tailored programs by customer Installation innovation
Build sales capability		Call efficiency and effectiveness Analytical skills development Competency assessment and development

Drives sustained share growth



Opportunities to grow in a A\$1.4bn market



Source: GWA estimates – Australia market only, excludes NZ and Spares

Critical to understand and engage with primary and secondary customers



Primary Customer

Merchant



Secondary Customer

Renovator/Small builder



Commercial Builder/Developer



Residential Builder



Independent Plumber



Commercial Plumber

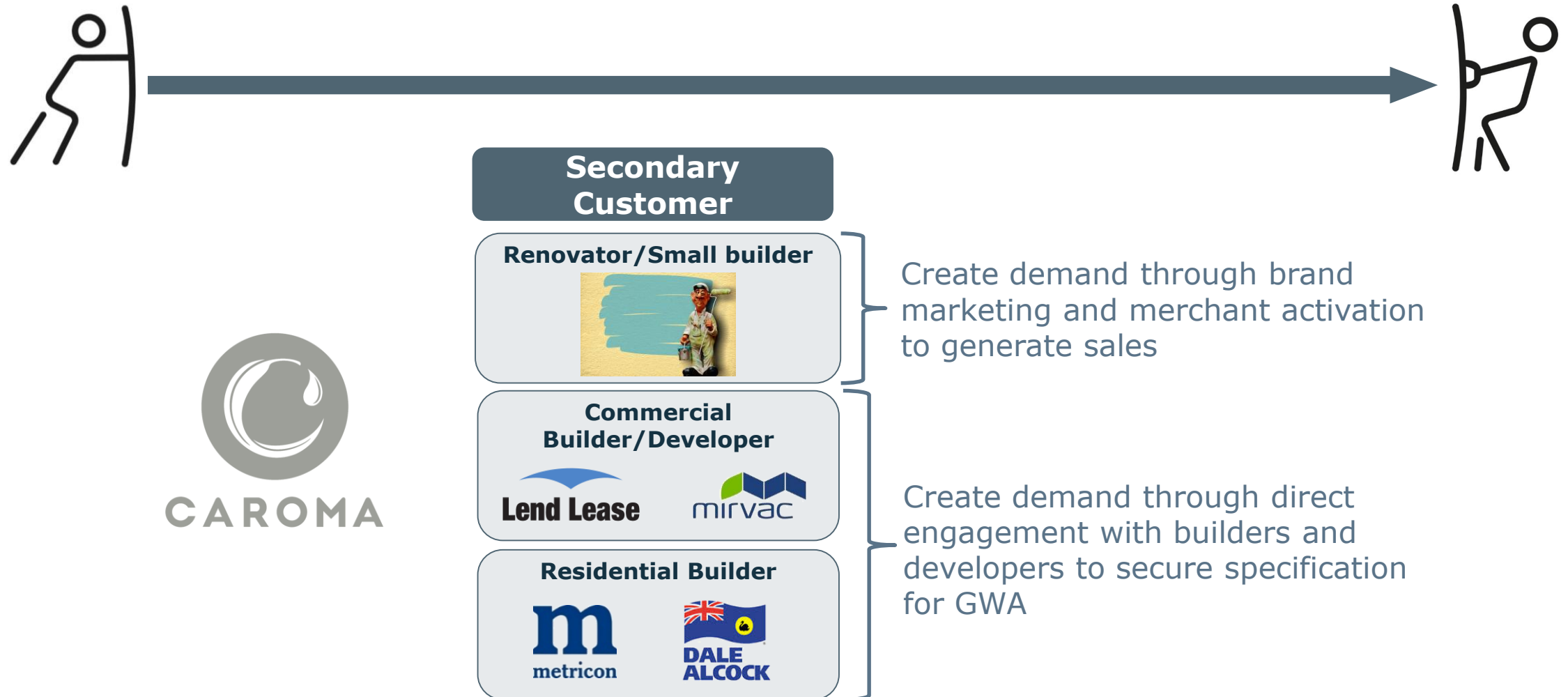


End User

Consumer



GWA has scale to create demand for our brands across both large and small secondary customers

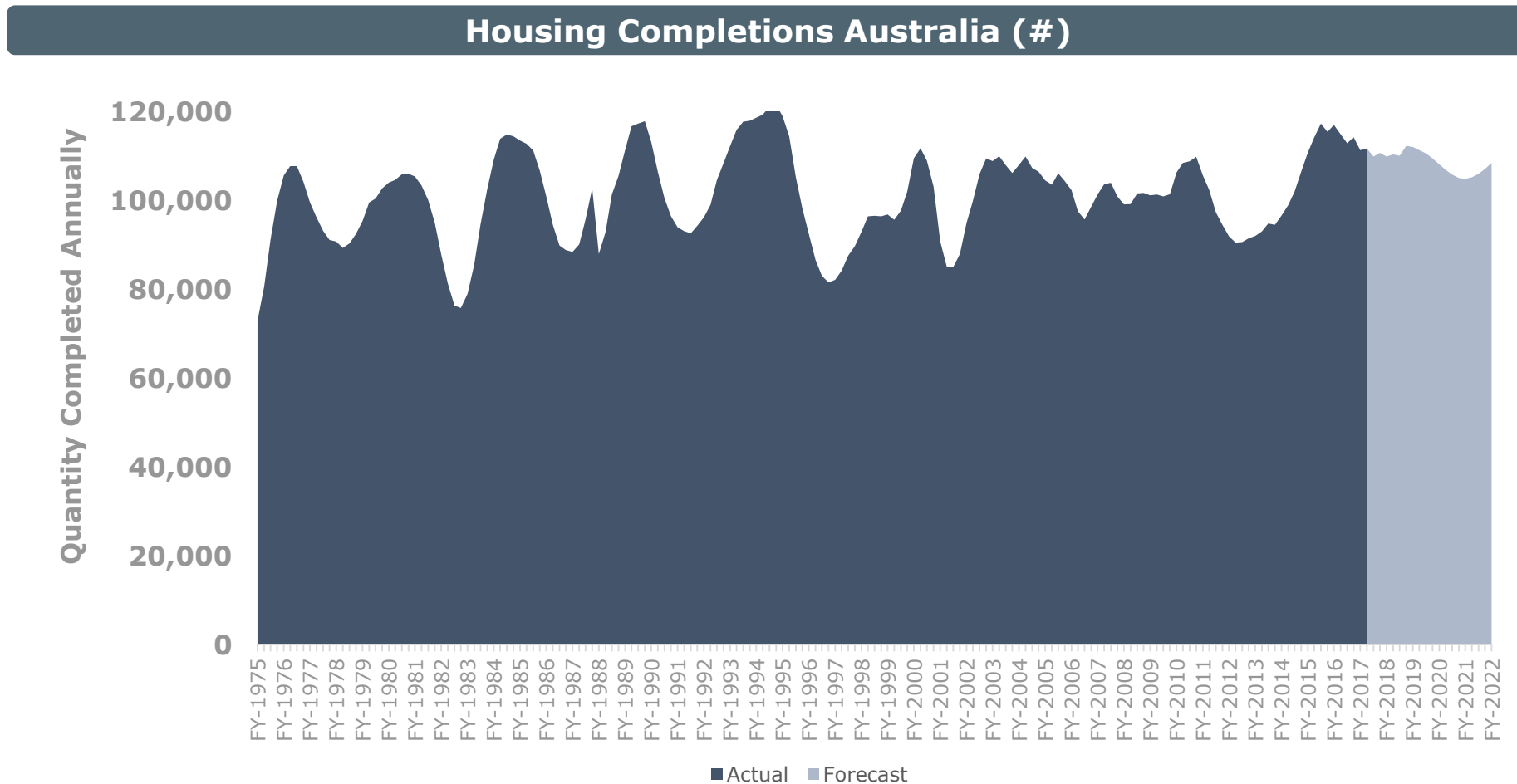


Residential and Multi-Residential housing

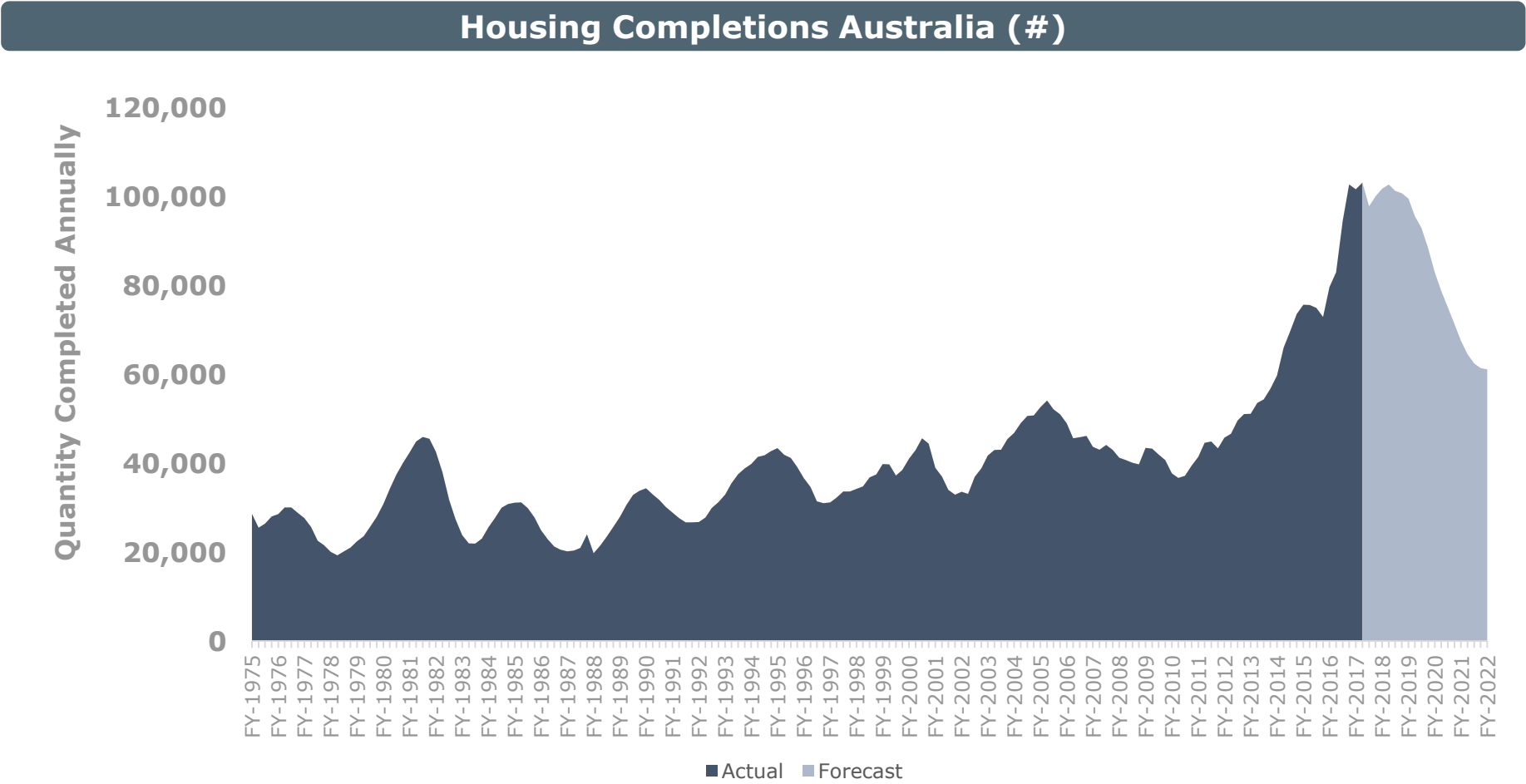
Market by segment (NSV – A\$1.4bn)

Residential \$191m 13%	Multi -Res \$123m 9%	Comm \$138m 10%	Commercial R&R \$324m 22%	Residential R&R \$673m 46%
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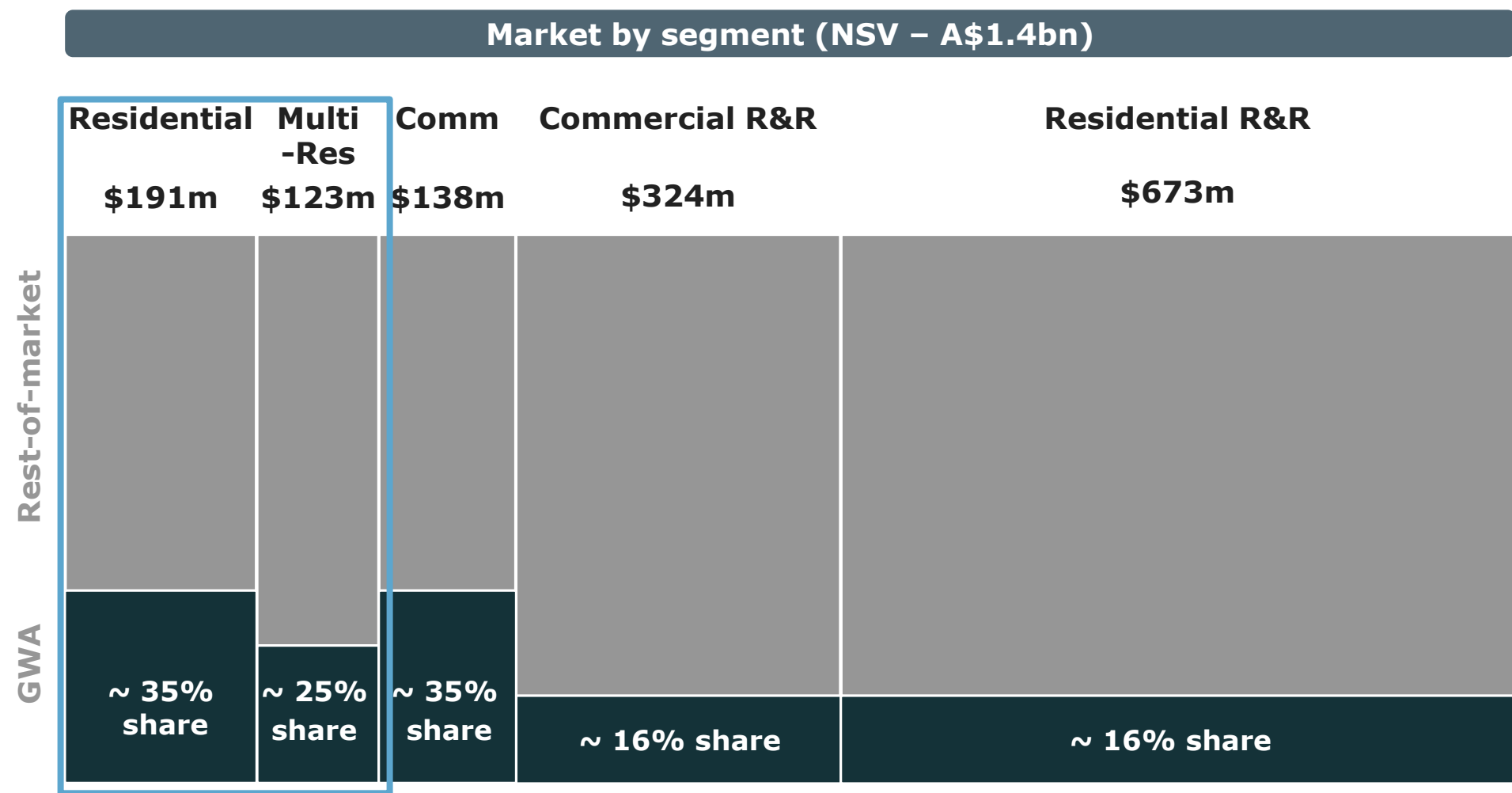
Detached residential new build remains resilient



Multi-residential declining from peak but presents opportunities for selective growth



Ability to create demand evident in strength across the residential home segment



Source: GWA estimates – Australia market only, excludes NZ and Spares

Maintain strong position in Detached residential and compete selectively in Multi-residential

Growth Strategy

- ❖ Established deep knowledge of Builders, their strategies and needs
- ❖ Leverage trusted brands and quality to enhance the home-buyer experience
- ❖ Differentiate through broad brand portfolio and innovation capability
- ❖ Re-organised sales team into dedicated segment resource



Market leading penetration of Australia's top 25 builders

Top 25 home Builders account for 1 in 3 new homes built

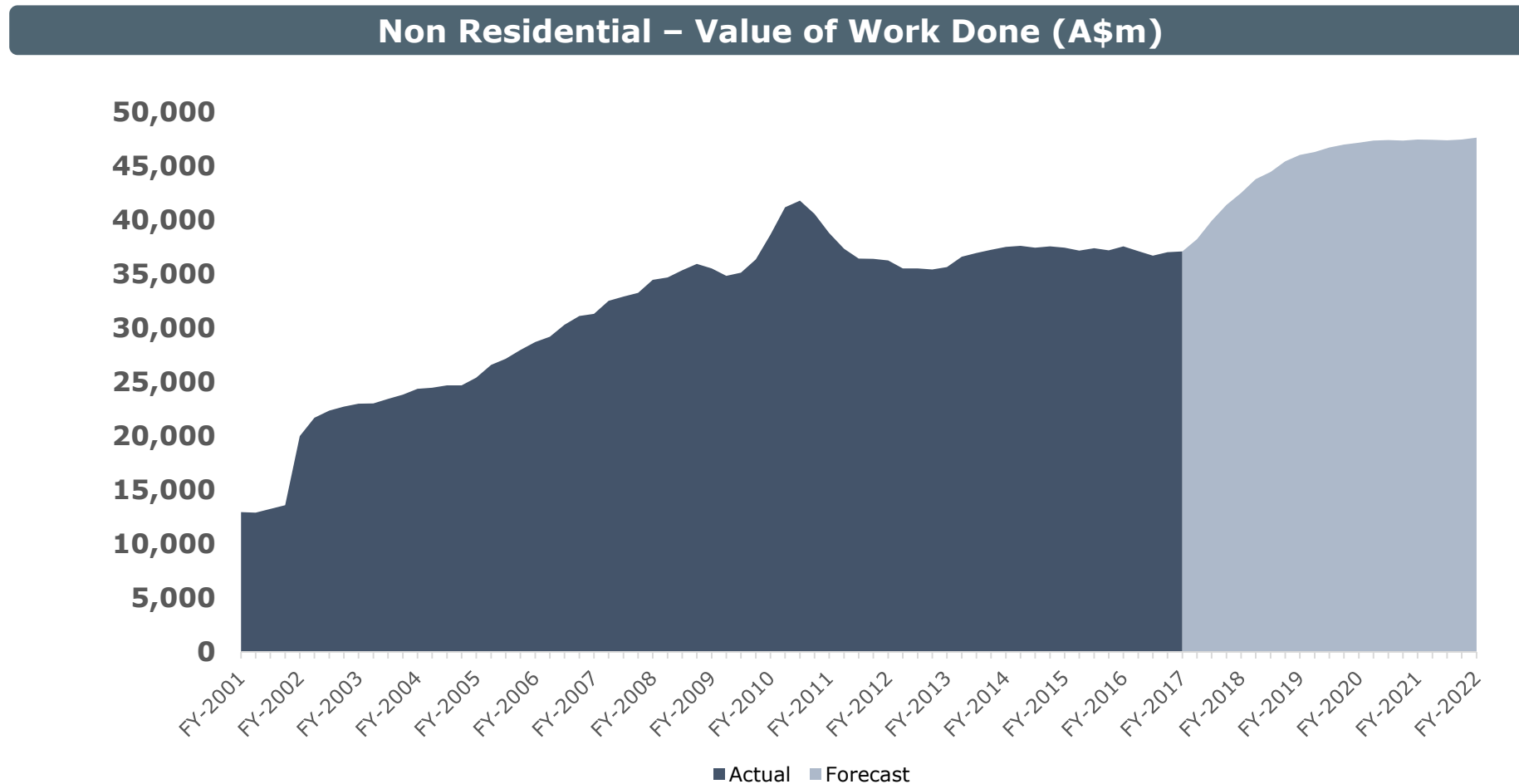
21 of these top 25 builders use GWA brands



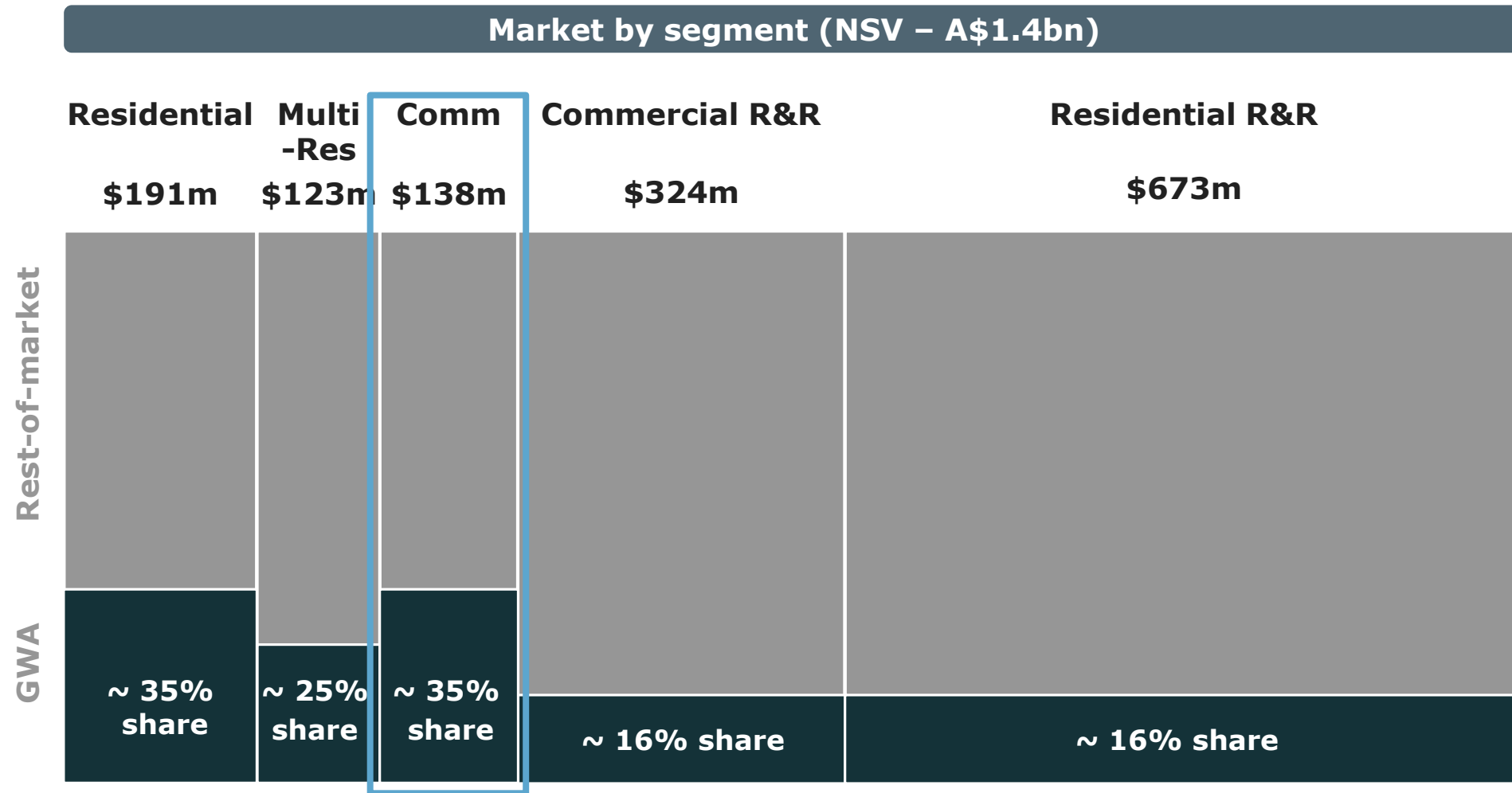
Top 100 builders account for 70% of homes built

75% of these builders use GWA brands

Commercial new build sustaining long term growth trajectory



Ability to create demand in Commercial new build drives strong share position



Leverage expertise in Commercial new build to drive further growth

Growth Strategy

- ❖ Best lead identification and key decision maker engagement
- ❖ Complete product portfolio and solutions partner
- ❖ Superior, sustainable lifetime solutions for customers
- ❖ Comprehensive Merchant partnering for fulfilment and execution



Axis Plumbing
we revolve around you

Market leading penetration of Australia's biggest Projects & Customers

Strong pipeline of high value projects over next 3-4 years

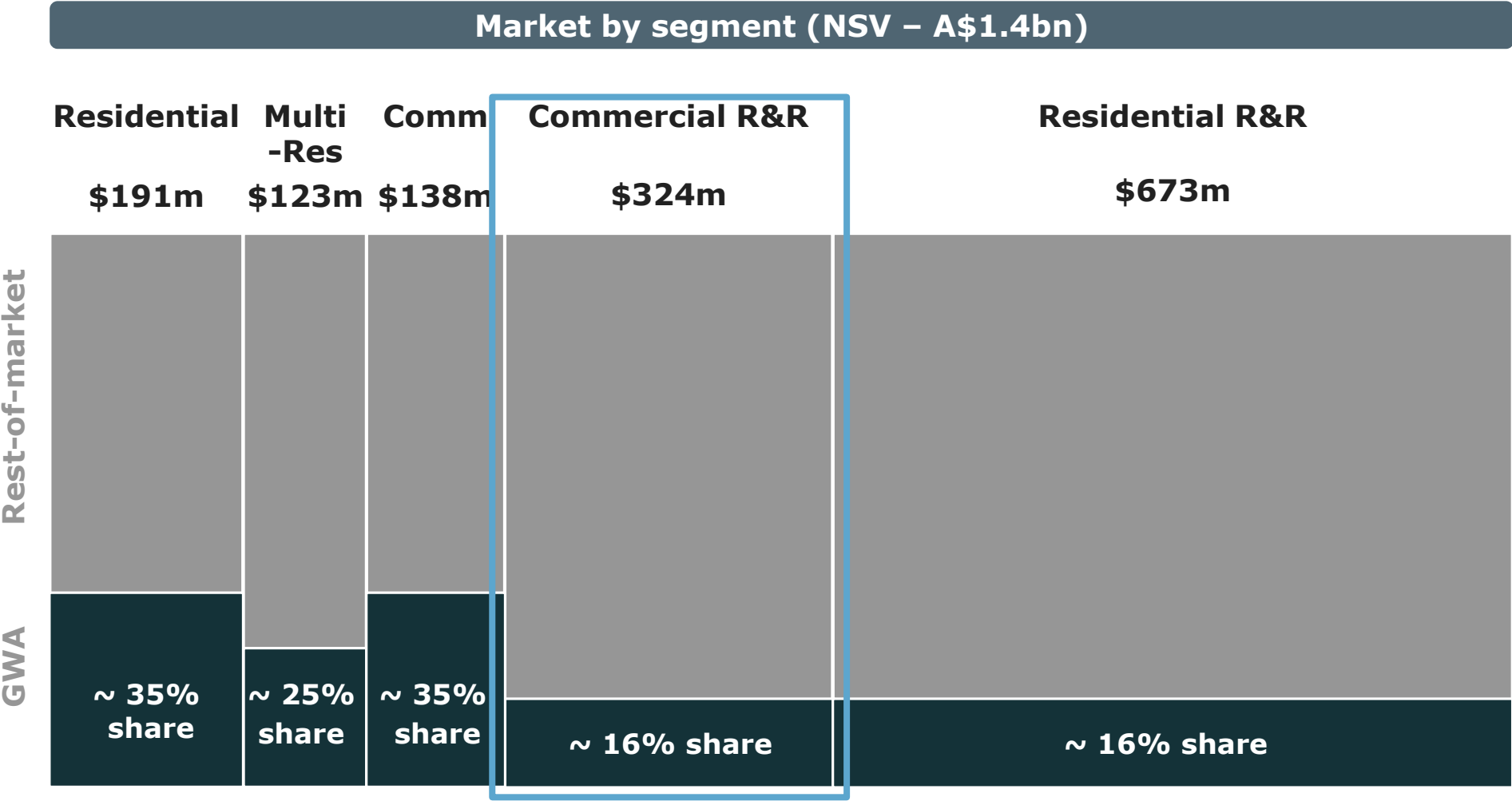
Forecast to quote 3,600 Commercial projects this year

Strong order bank underpinning future sales

300+ key customers with minimum of monthly sales meeting



R&R is the largest segment opportunity across both Commercial and Residential



Deeper market understanding has identified untapped opportunity in Commercial R&R

Growth Strategy

- ❖ Focused resource now targeting sizeable opportunity
- ❖ Leverage strong Commercial new build footprint and expertise into Commercial R&R
- ❖ Utilise Merchant partnerships to provide coverage and availability
- ❖ Innovate to reduce cost, improve efficiency and sustainability

New build drives future R&R, large less visible market

GWA supplies 1 in 2 toilets in Commercial new build.
Future R&R opportunity

Only 15% of jobs require a DA. 85% below the radar



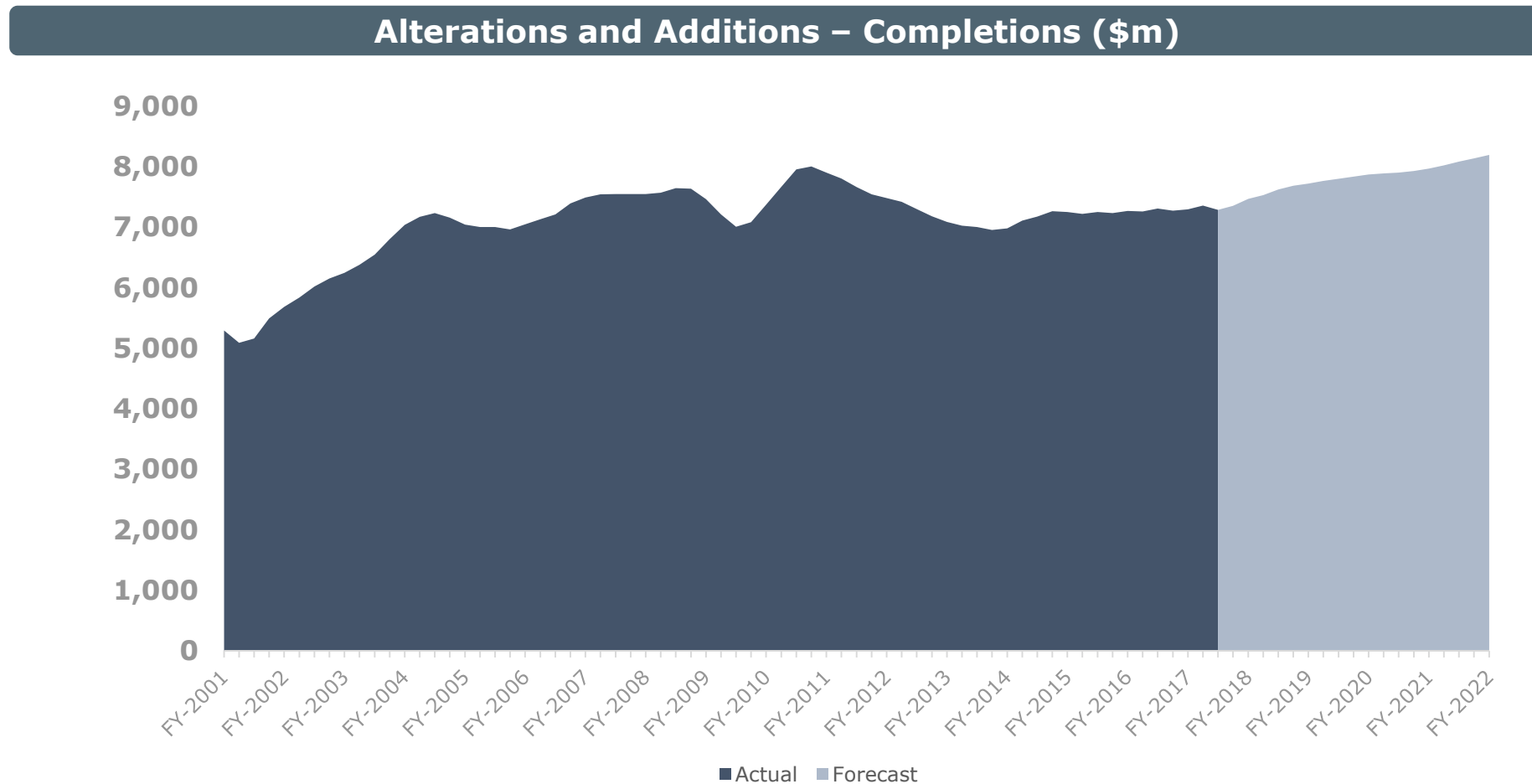
New sales model to hunt opportunities with new customers, different needs

Leverage GWA IP in customer collaborations to create R&R solutions

Deeper market understanding has identified untapped opportunity in Commercial R&R

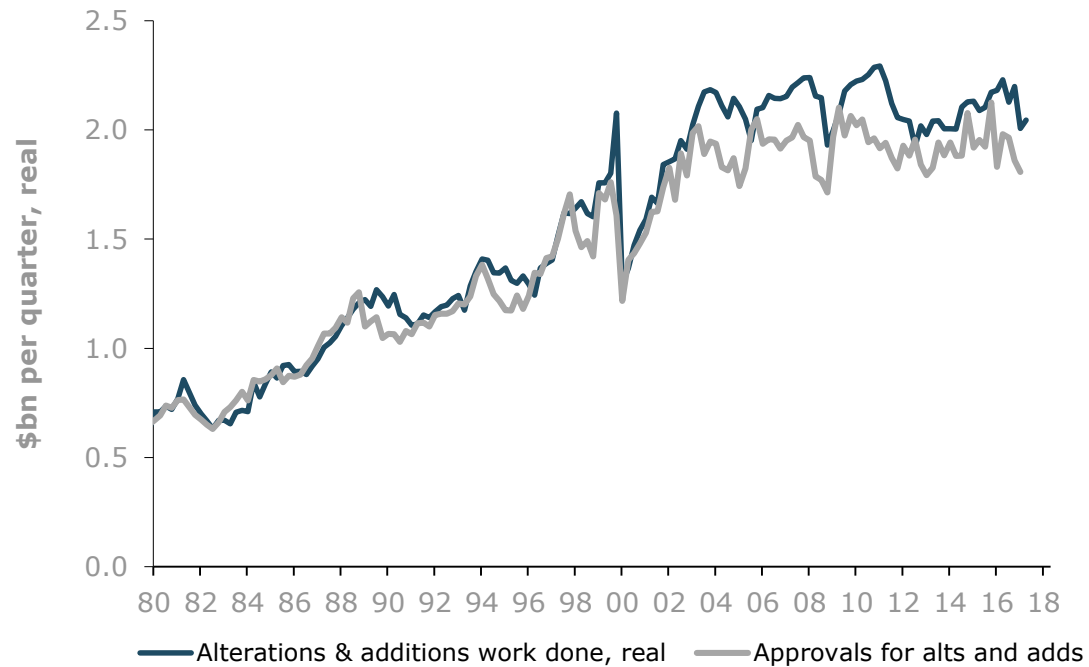


Residential R&R segment stability provides resilience through the cycle

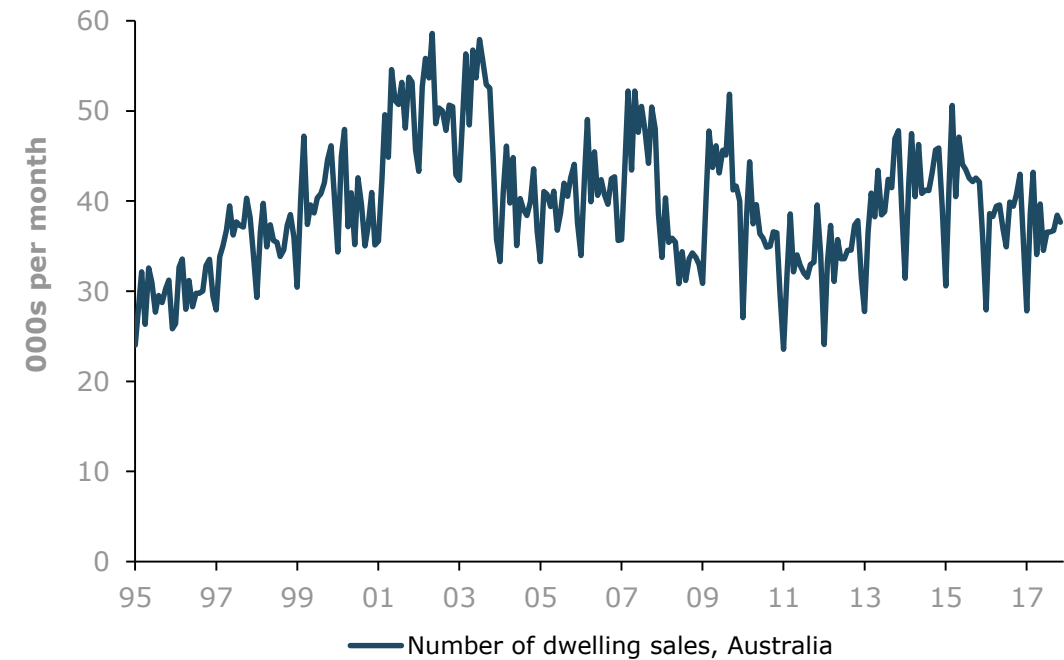


Residential R&R segment is large and remains stable

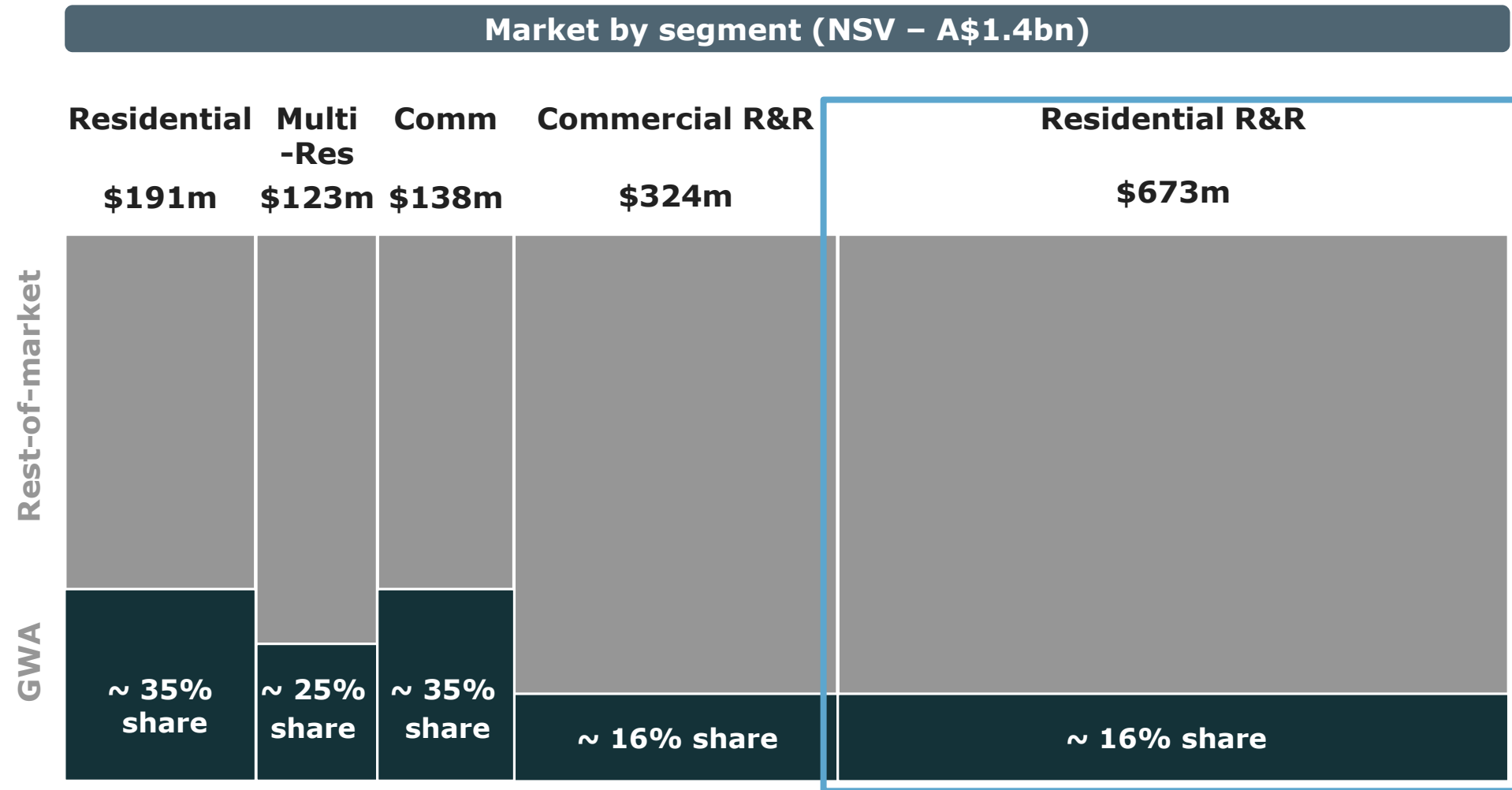
Renovation Activity (A\$bn)



Housing sales ('000s)



Significant growth opportunity in Residential R&R



Residential R&R – customer strategies for growth

Growth Strategy

- ❖ Extend merchant partnerships to drive ranging, availability and coverage
- ❖ Create inspirational experiences in customers' showrooms
- ❖ Utilise Caroma Flagships to inspire architects, designers and consumer renovators
- ❖ Increased investment in digital tools to enhance ease of specifying and installing Caroma

Market leading visibility and availability

Caroma displayed in excess of 1,300 showrooms

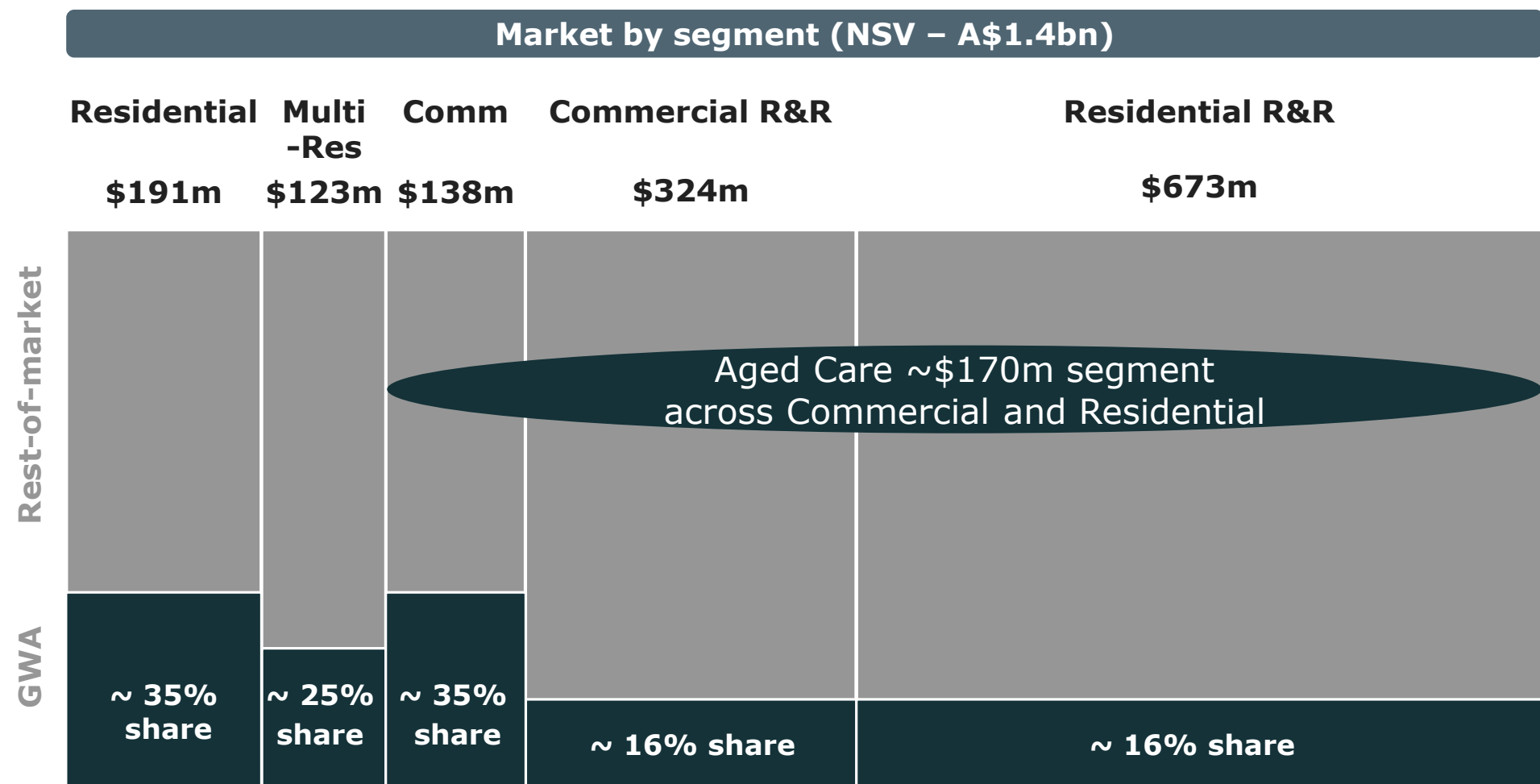
Foot traffic in Adelaide store +80% in first six months



10,000 specs via Caroma Specify last year

5,000 downloads of Caroma plumbers' app last year

Aged Care is a large and growing sector relatively untapped by GWA



Source: GWA estimates – Australia market only, excludes NZ and Spares

Driving our focus on Aged Care opportunity

Growth Strategy

- ❖ Built deep understanding of products, customers and consumers' needs
- ❖ Developed 'Care' range tailored to unique needs of users and decision makers
- ❖ Scale, coverage and technology to access large fragmented market
- ❖ Aged care initiatives with key merchant partners to penetrate all 3 aged care segments



Market leading visibility and availability

'Care' range increased to 150 SKUs. Expanding to 200+ in the next year

250 key projects identified across ANZ



Caroma Care SKUs available in 1,100 outlets across ANZ

Partnerships with top 10 Aged Care providers and 25 key Commercial customers

Engagement with merchant partners remains key

Growth Strategy

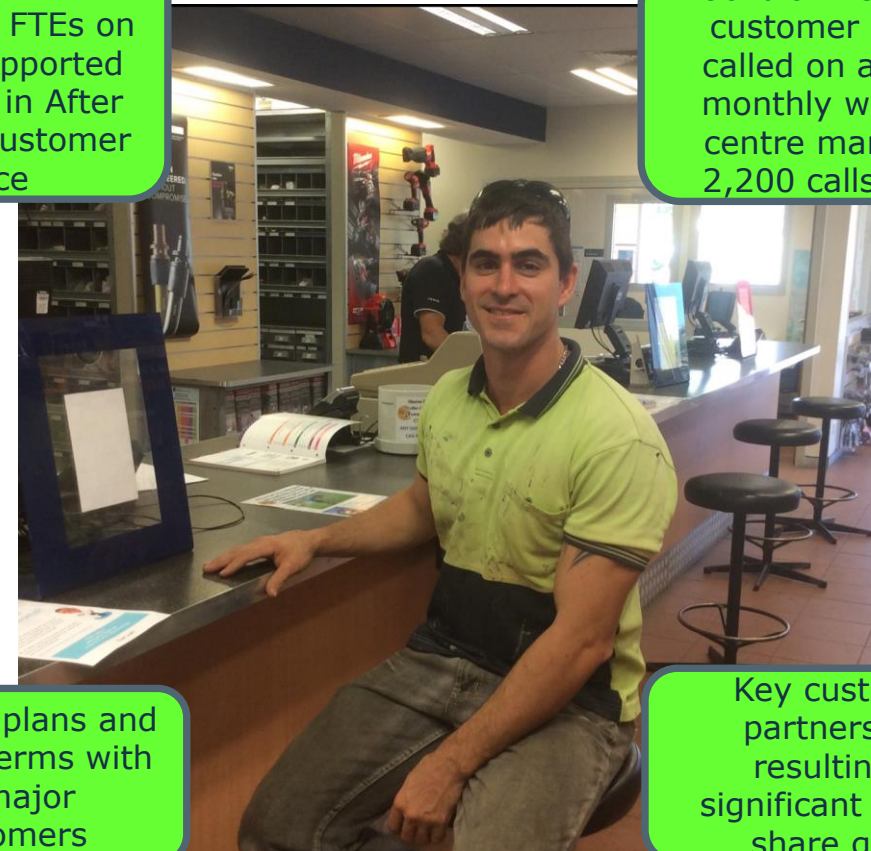
- ❖ Established clarity of each Merchant's differing business needs, strategies, priorities and processes
- ❖ Joint plans create growth and profitability that's win-win
- ❖ Leverage significant GWA demand creation with secondary customers
- ❖ Drive foot traffic in Merchants through R&R marketing initiatives



Market leading visibility, demand creation, availability and coverage

Specialist sales teams. 113 FTEs on the road supported by 57 FTEs in After Sales and Customer Service

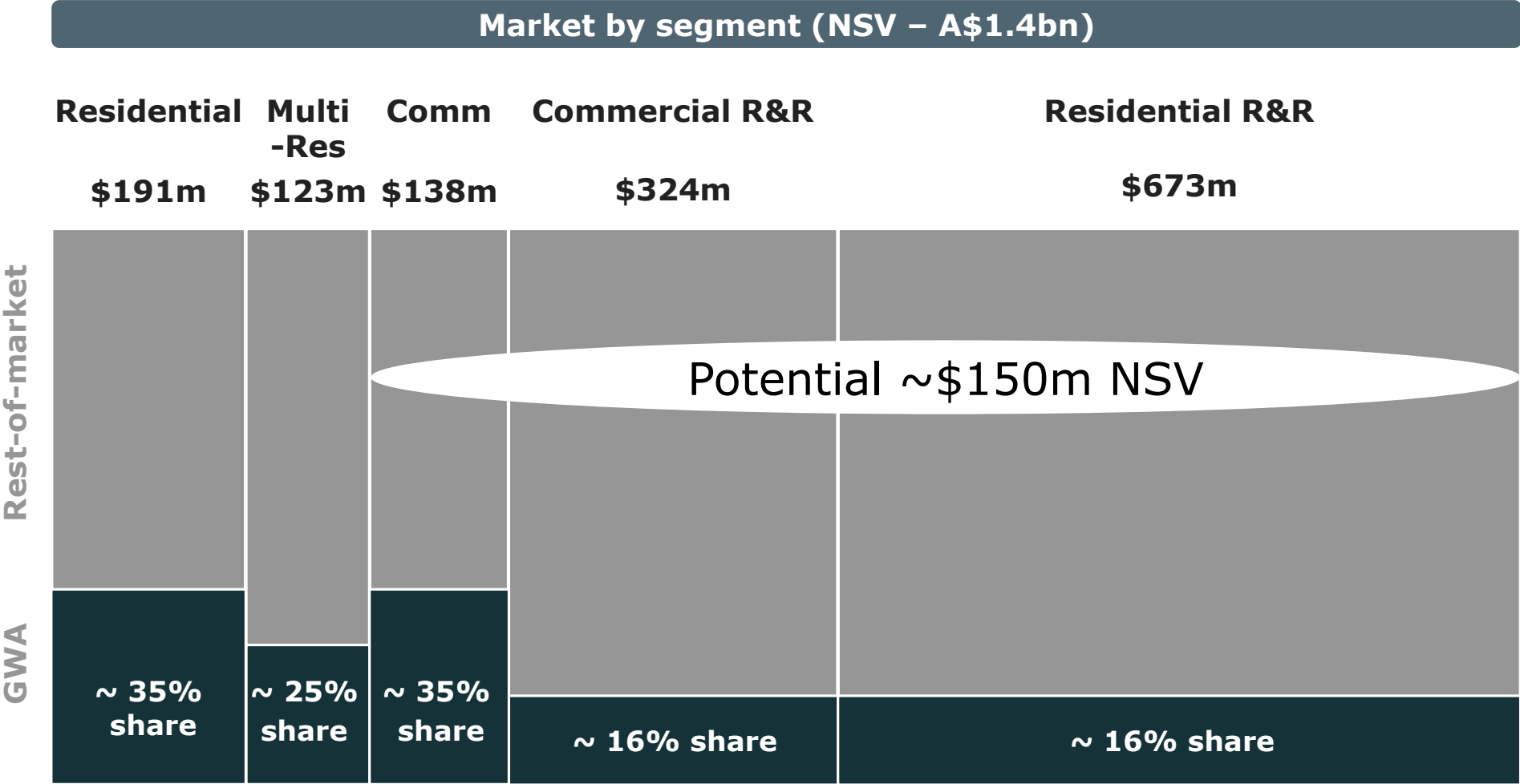
80% of Merchant customer stores called on at least monthly with call centre managing 2,200 calls a day



Business plans and trading terms with all major customers


Key customer partnerships resulting in significant mutual share gains

Plans targeting significant NSV growth opportunities



Source: GWA estimates – Australia market only, excludes NZ and Spares

Break



 **piperita**
CAROMA

“Fact of life, as we get older we will come across challenges. That’s why It’s important to have a bathroom that not only looks nice, but has functionality to assist you as you age.”

Dr Andrew Rochford
Caroma advocate

Watch our latest Aged Care campaign
on the Caroma Facebook page.



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Consumer driven strategy to drive growth

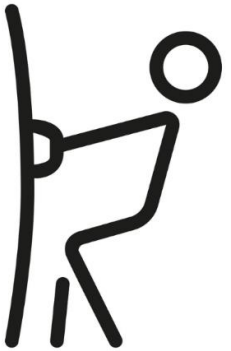
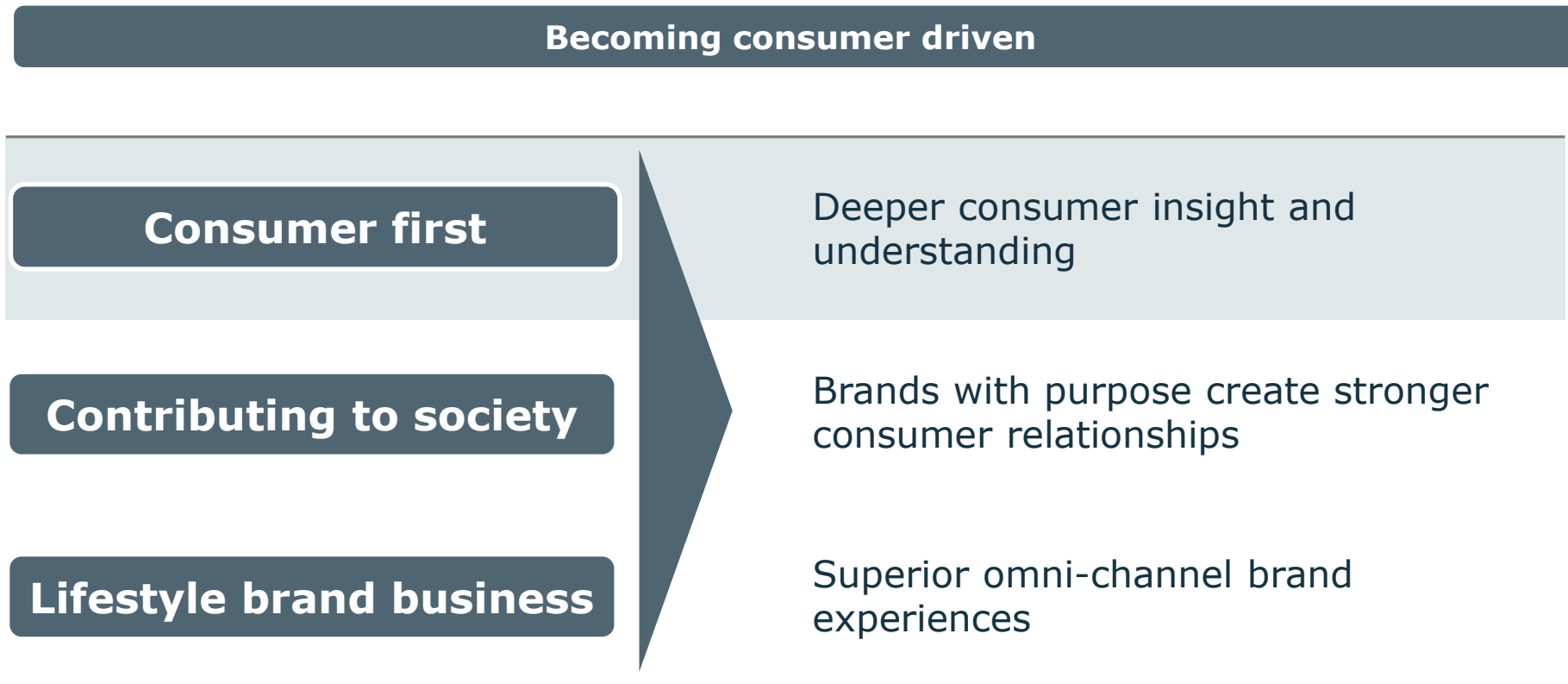


Why consumer driven?

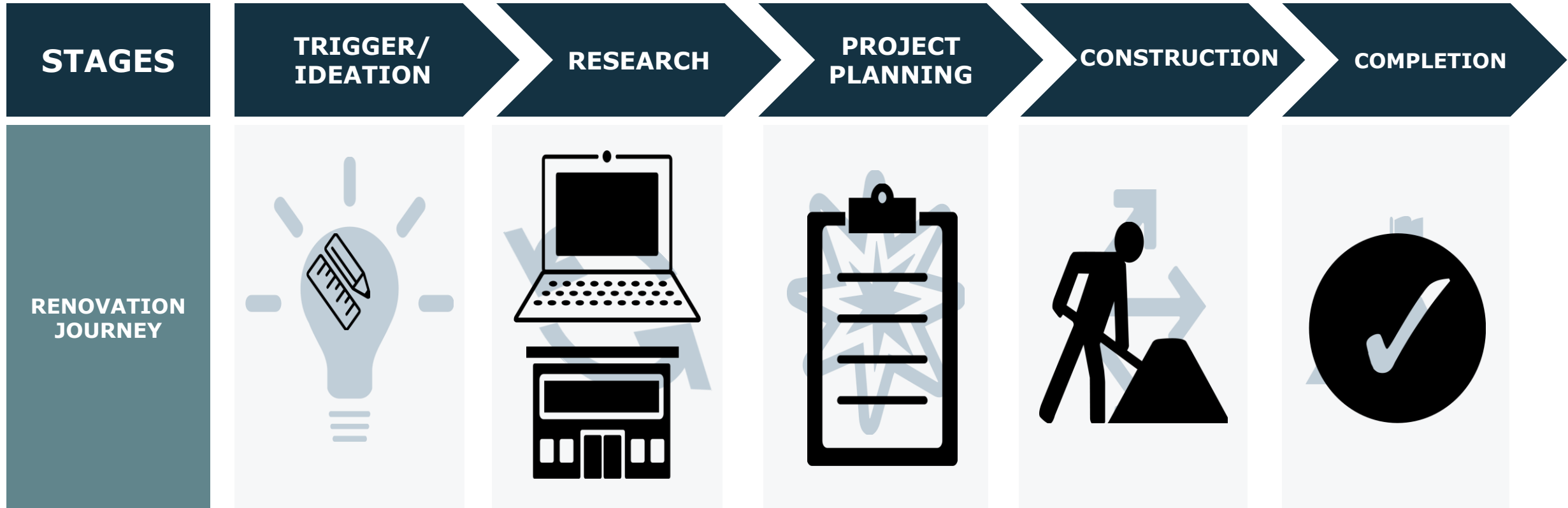
The age of the empowered consumer



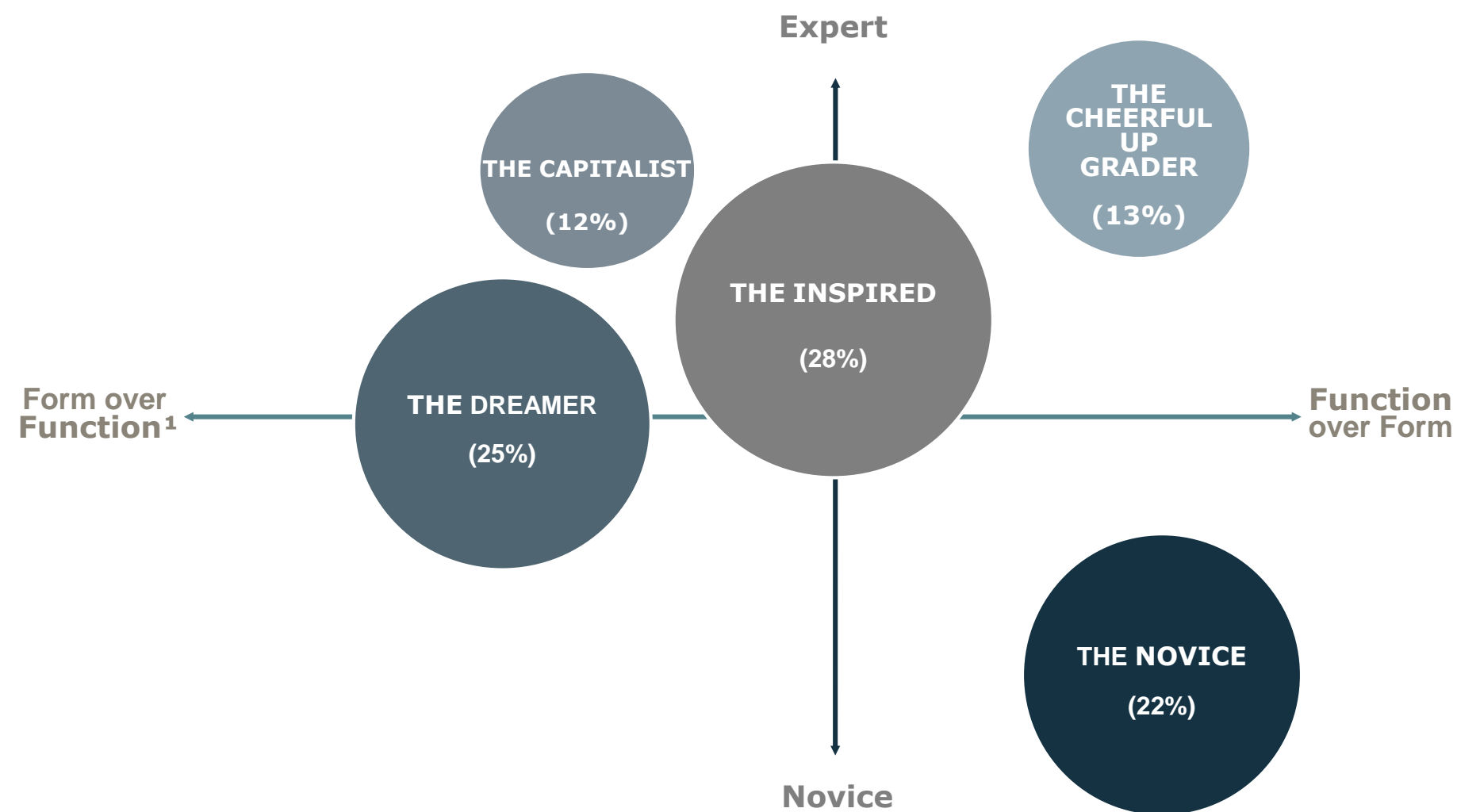
Ongoing commitment to build consumer insight



Worked with the empowered consumer to build a deeper understanding of R&R journey

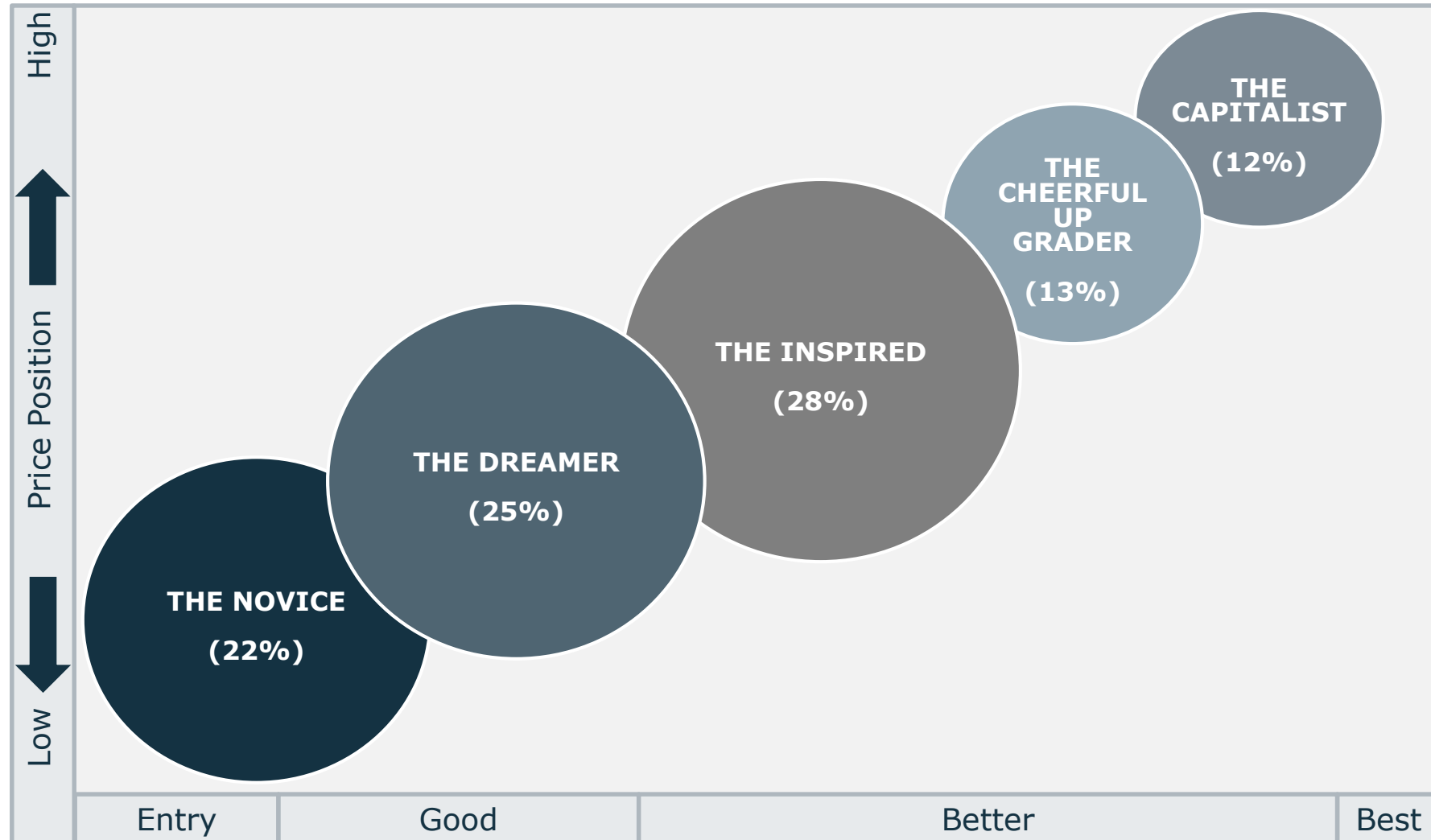


Identified five distinct consumer groups and insights into their approach to renovating

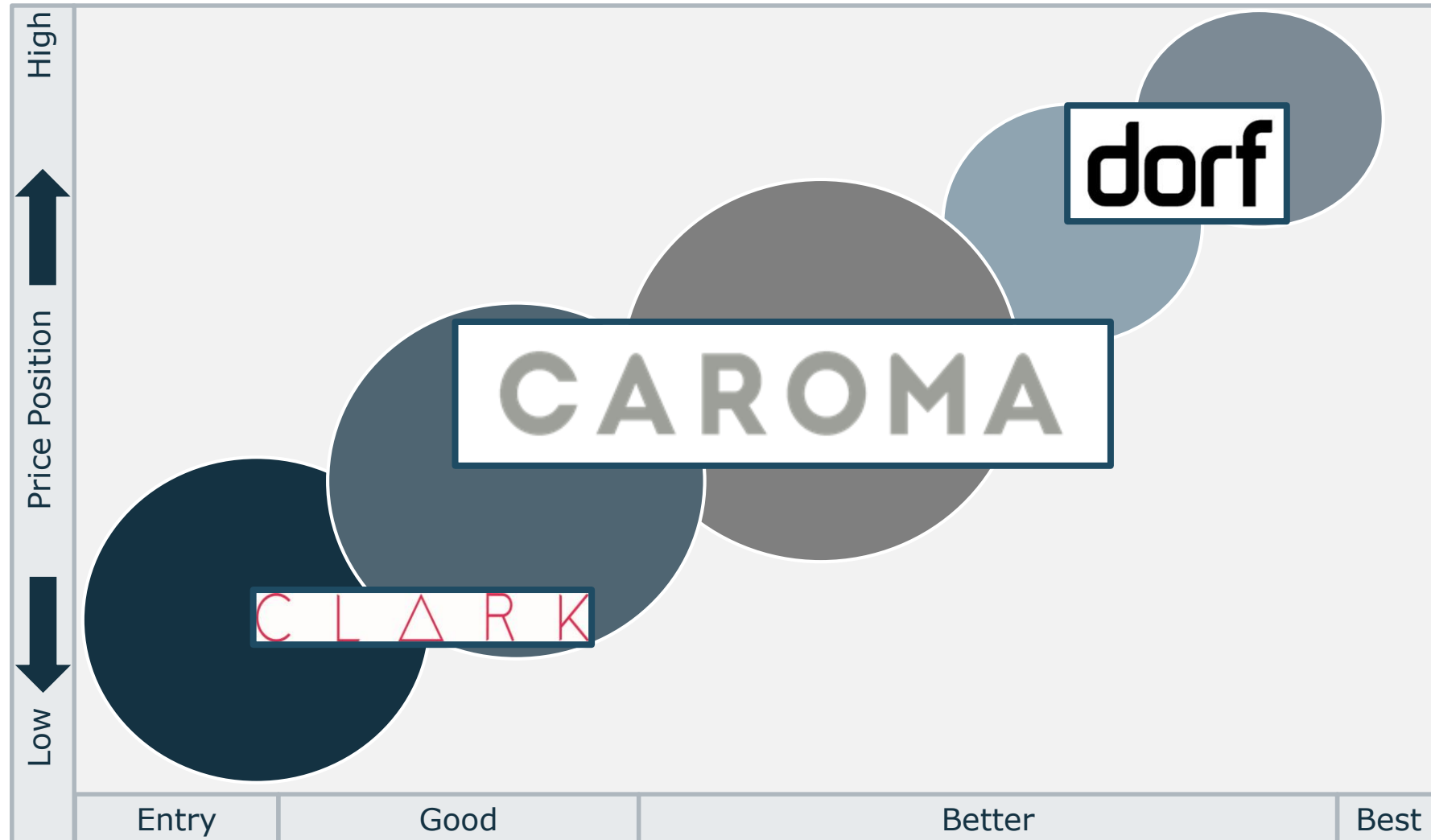


¹ Function – Consumer attitude toward bathrooms is such that bathrooms must be primarily functional, durable, liveable, comfortable and aesthetically pleasing
Form – Consumer attitude toward bathrooms is such that bathroom renovations are an opportunity to express personal style. Bathrooms should be a personal oasis, follow latest trends, and be impressive to family and friends

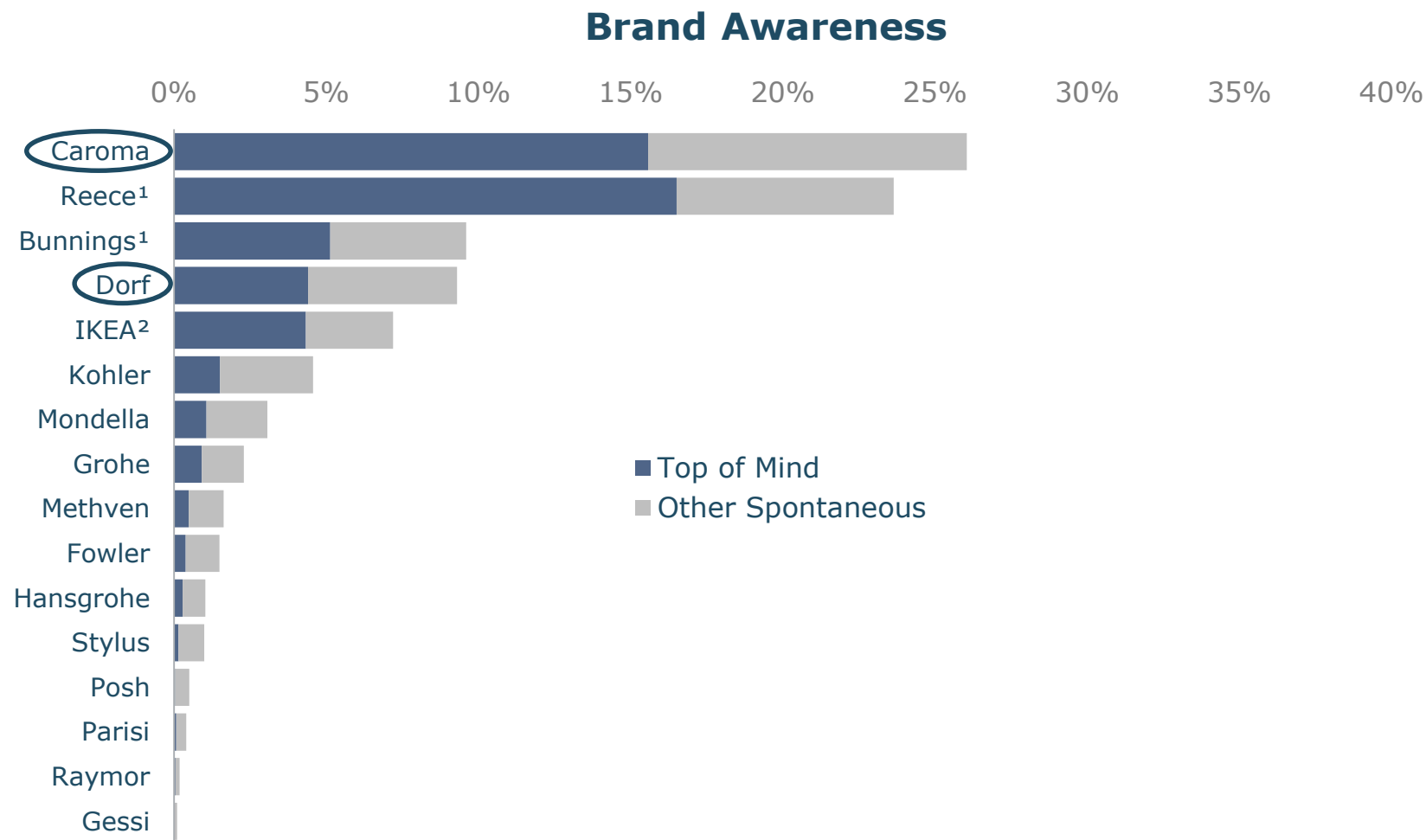
Each group occupies a different place on the price ladder



Brand portfolio aligned to consumer groups



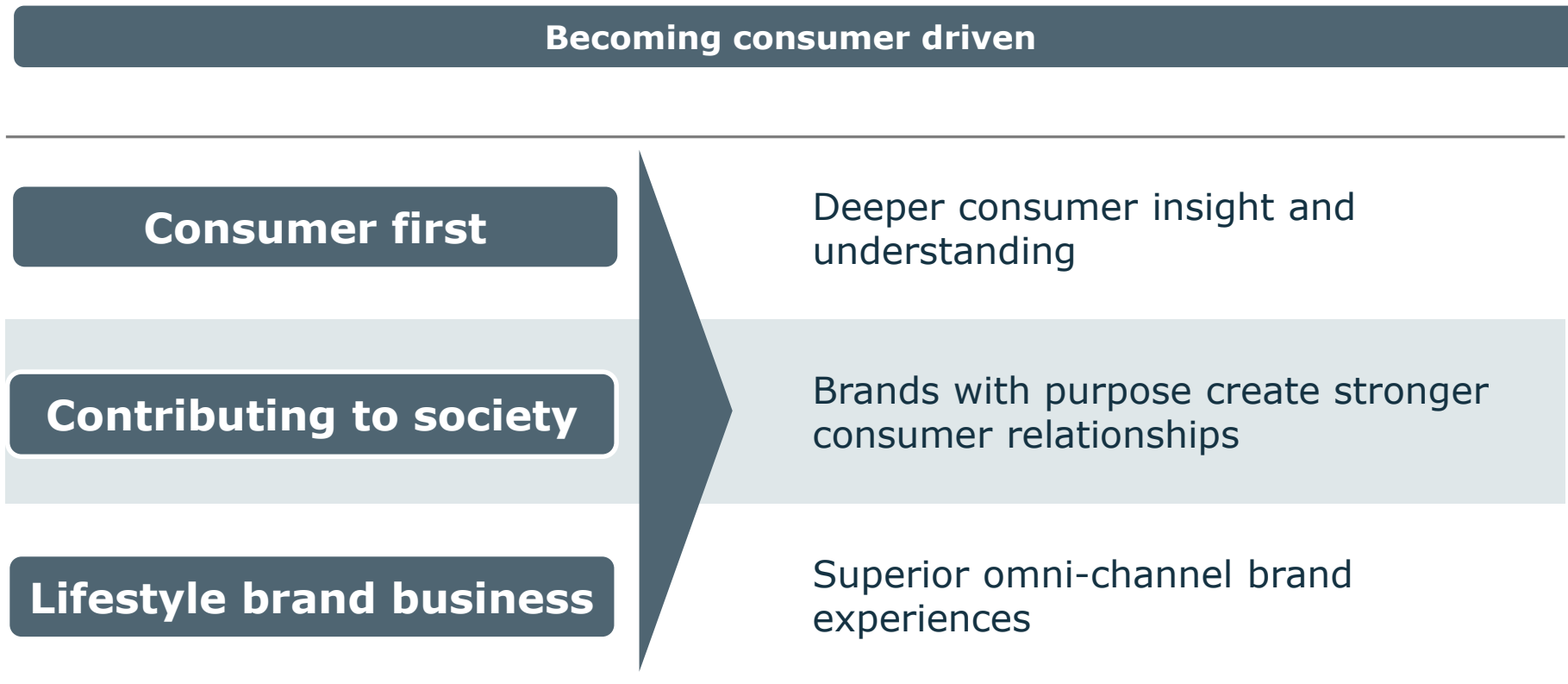
Strength of Caroma and supporting brands creates growth platform



¹ Reece and Bunnings are retailers not Bathroom & Kitchen brands.

² IKEA is both a retailer and a Bathroom & Kitchen brand.

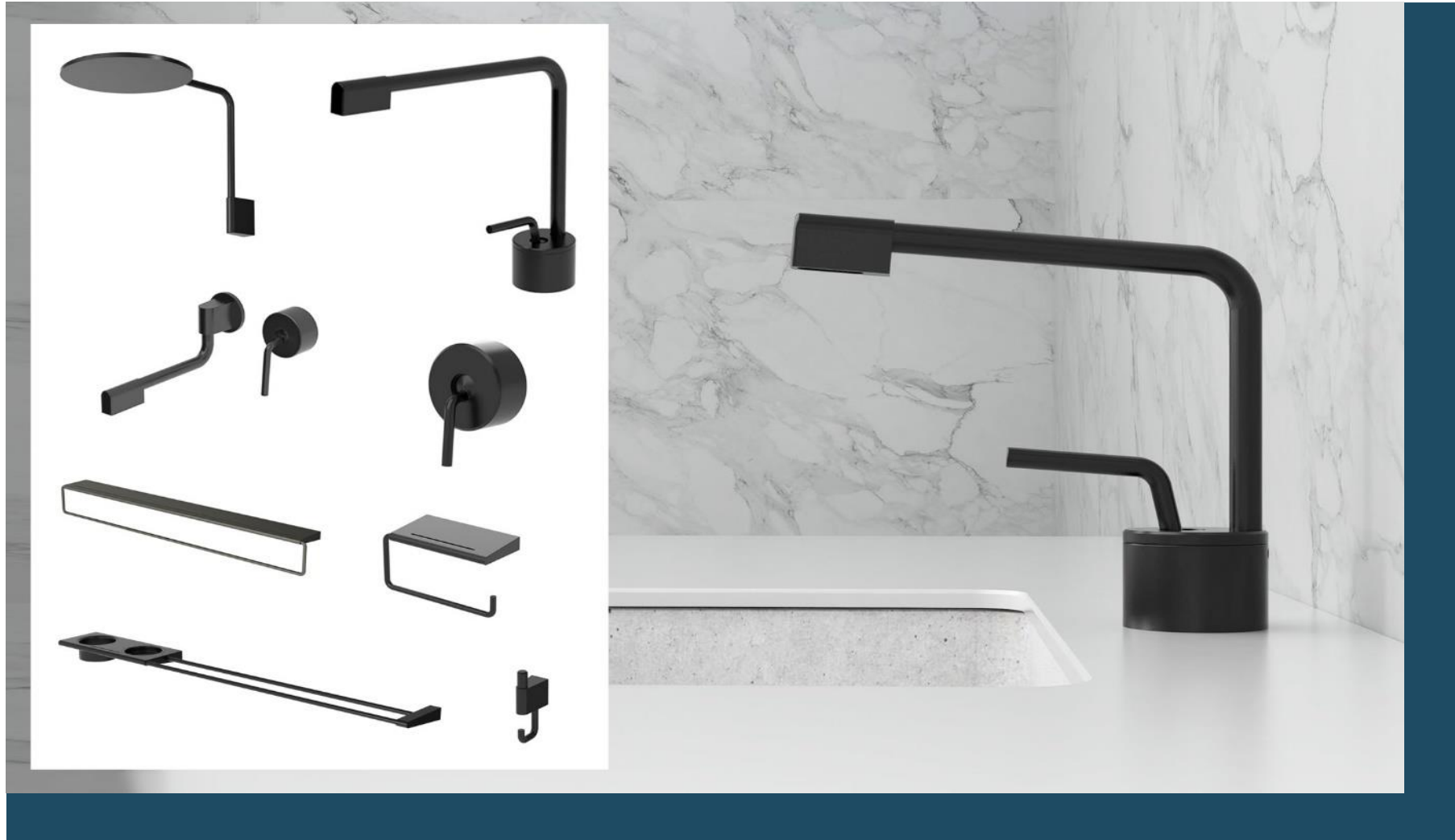
The importance of building brands with purpose



Reposition Dorf to delight “the capitalists”



Unique styles for premium, style conscious consumers

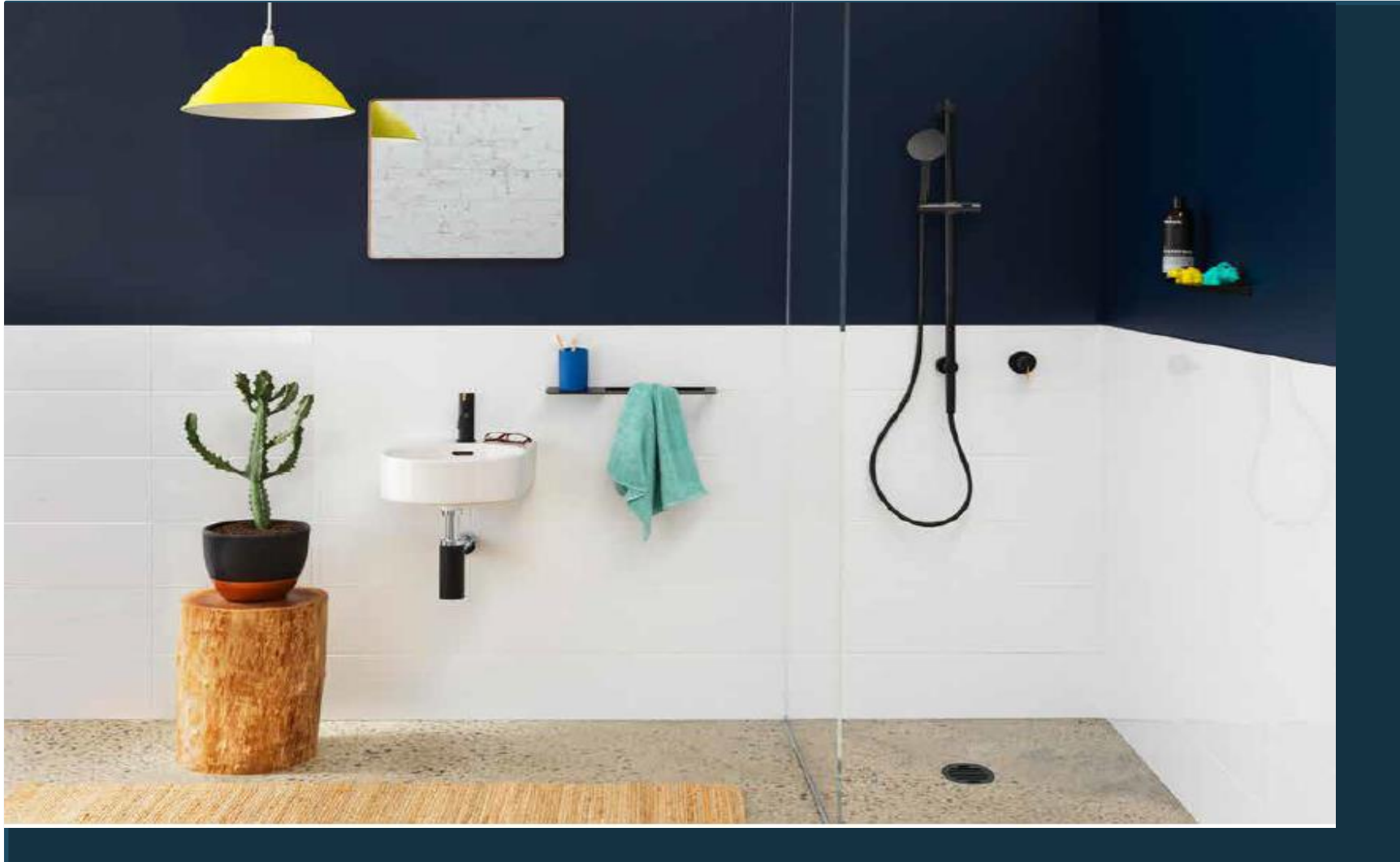


Re-invent Clark to offer a full bathroom solution

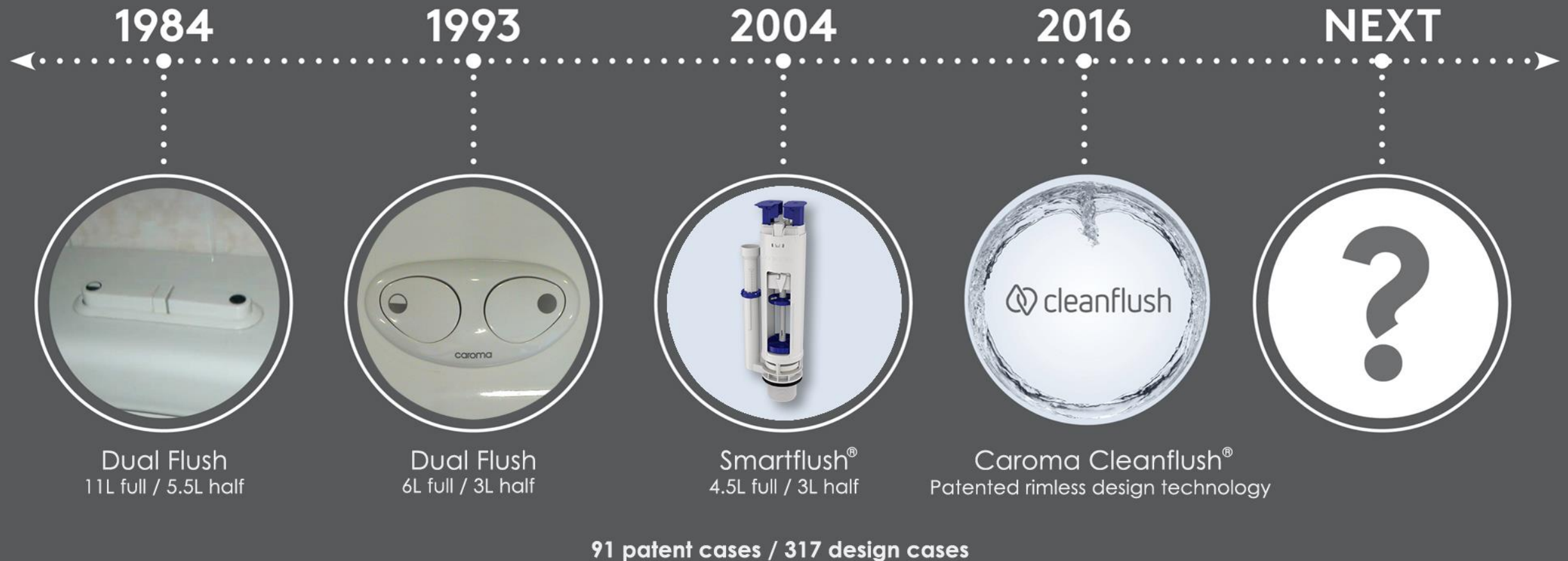
CLARK

WE ARE THE
CHAMPIONS FOR
NOVICES AND
LOVERS OF LIFE.

Stylish, affordable designs targeted at the “Novice” and “Dreamer” consumer groups



Building on Caroma's heritage and expertise to transform the future



A culturally iconic and meaningful brand purpose

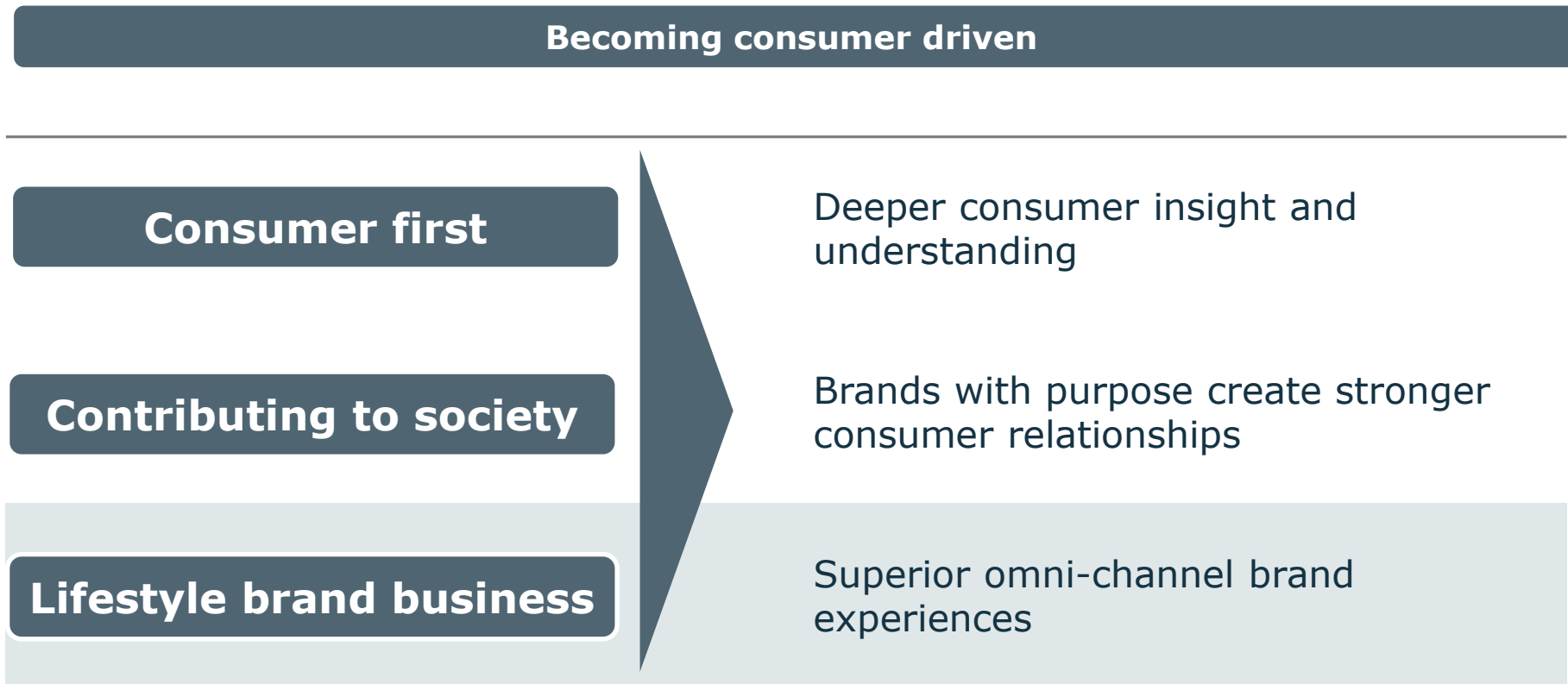


A visual identity that marks a new era for Caroma



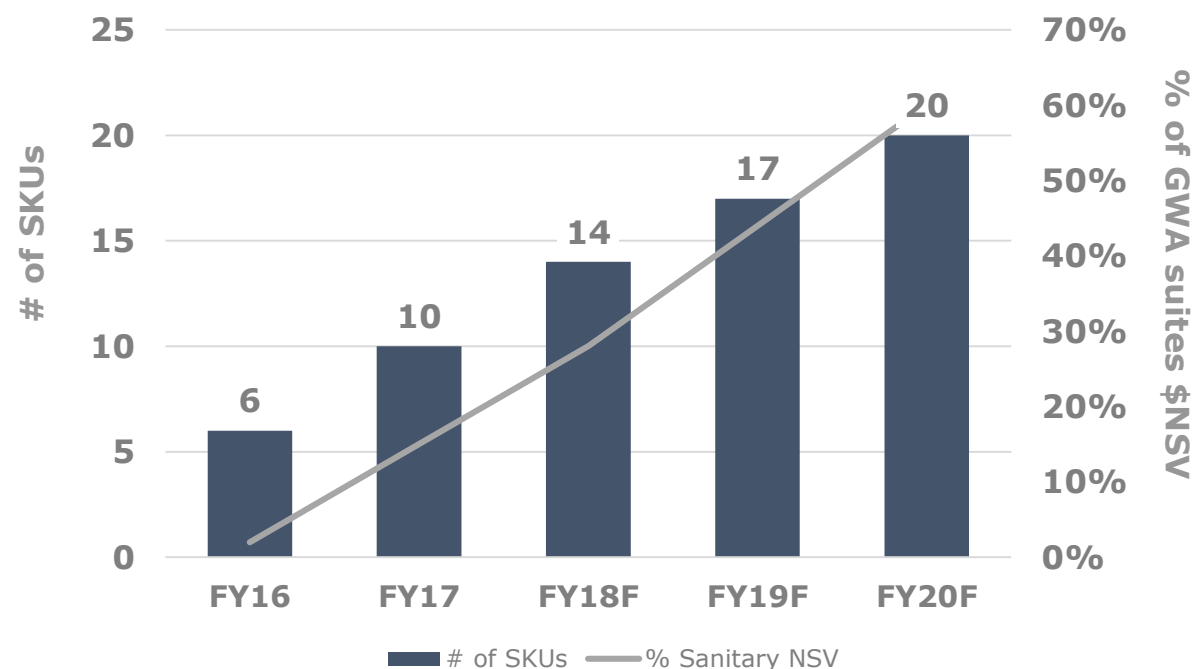
CAROMA

Each and every consumer touch point must build a consistent and rewarding brand experience



Continuing to extend and leverage Cleanflush® innovation to strong effect

Caroma Cleanflush Sales
% of GWA suites (\$NSV)



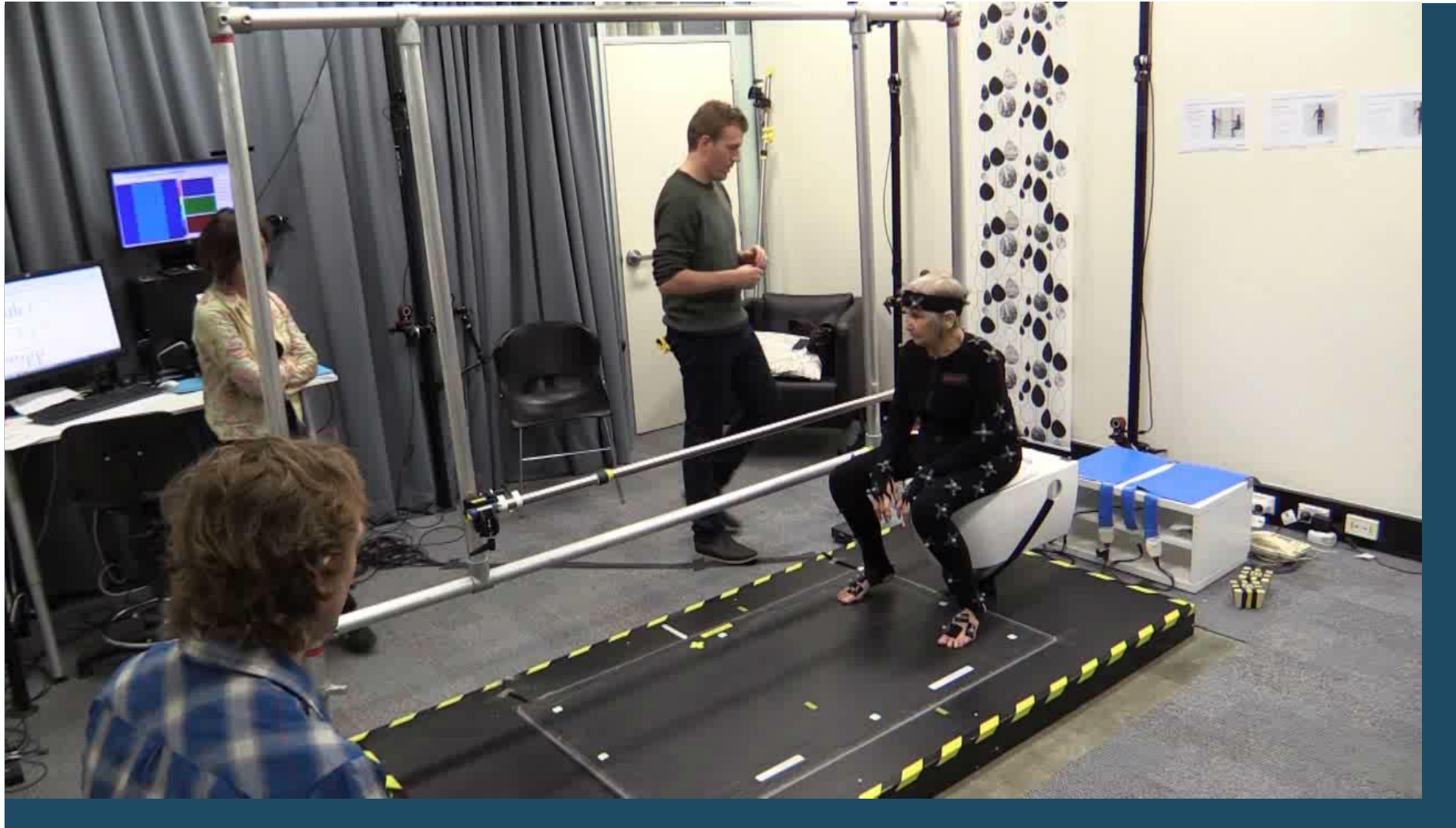
20 new Cleanflush variants
across sub categories by 2020



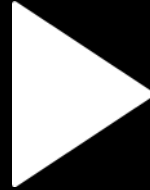
Creating inspirational premium solutions for “upgraders” and “capitalists”



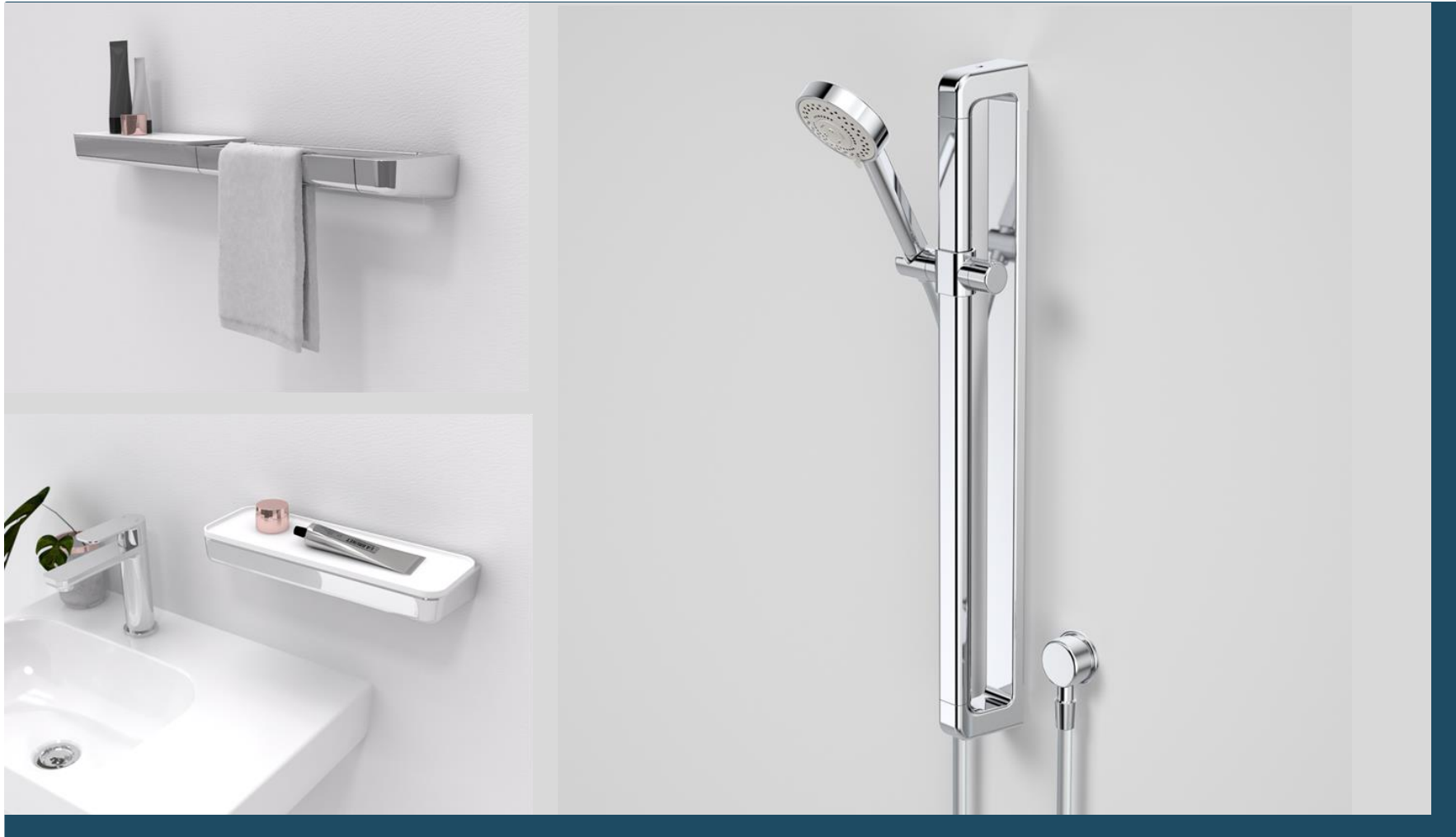
Leading the thinking and development of solutions for the distinct needs of ageing consumers



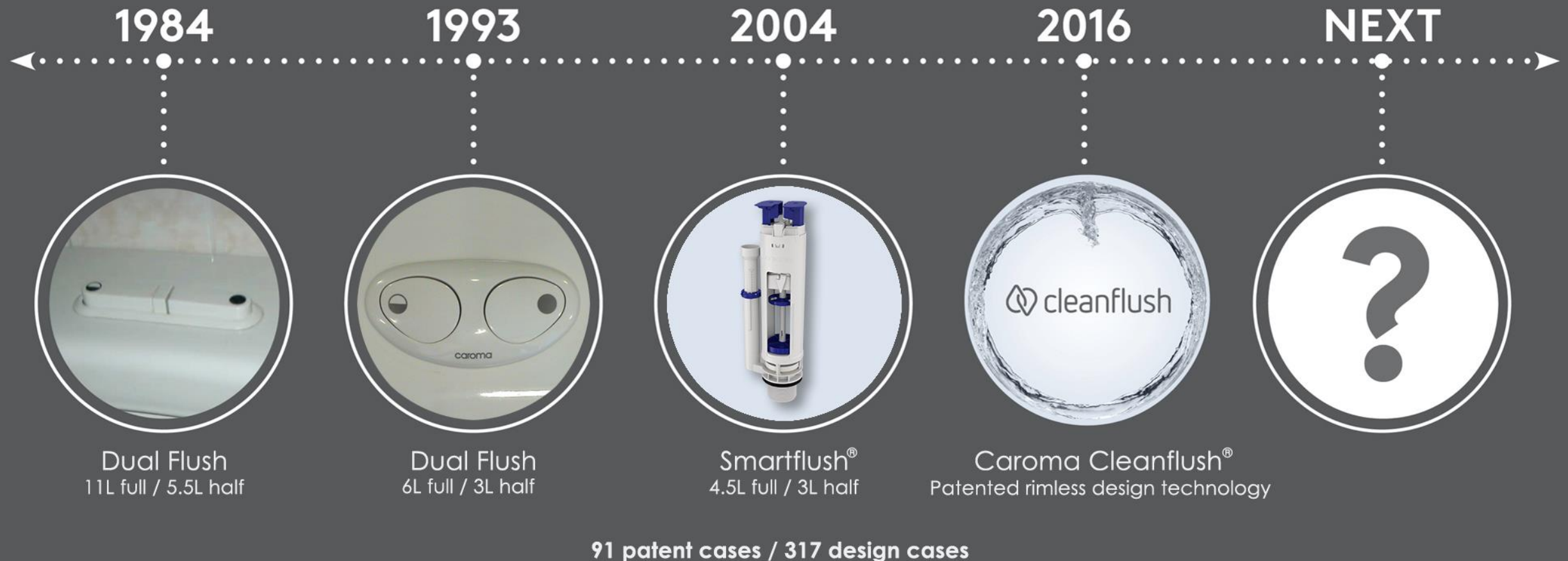
Leading the thinking and development of solutions for the distinct needs of ageing consumers



Empathetic design solutions that are flexible and create scale opportunities



Building on Caroma's heritage and expertise to transform the future



World class innovation that changes the industry's practice and expectation of water management



Caroma Smart Command® – changing standards in building water management

Key features of SmartCommand¹

- ❖ Touchless bathroom products
- ❖ Remote BMS² connectivity to all bathrooms
- ❖ Remotely monitor and manage water usage including leaks
- ❖ Needs based real time bathroom cleaning schedule

Key benefits of SmartCommand¹

Hygienic user experience

Increased bathroom up time and better user experience

Reduced water usage and rental benefit from Green Star rating

Reduced costs via increased preventative maintenance

Cost efficient remote monitoring and management

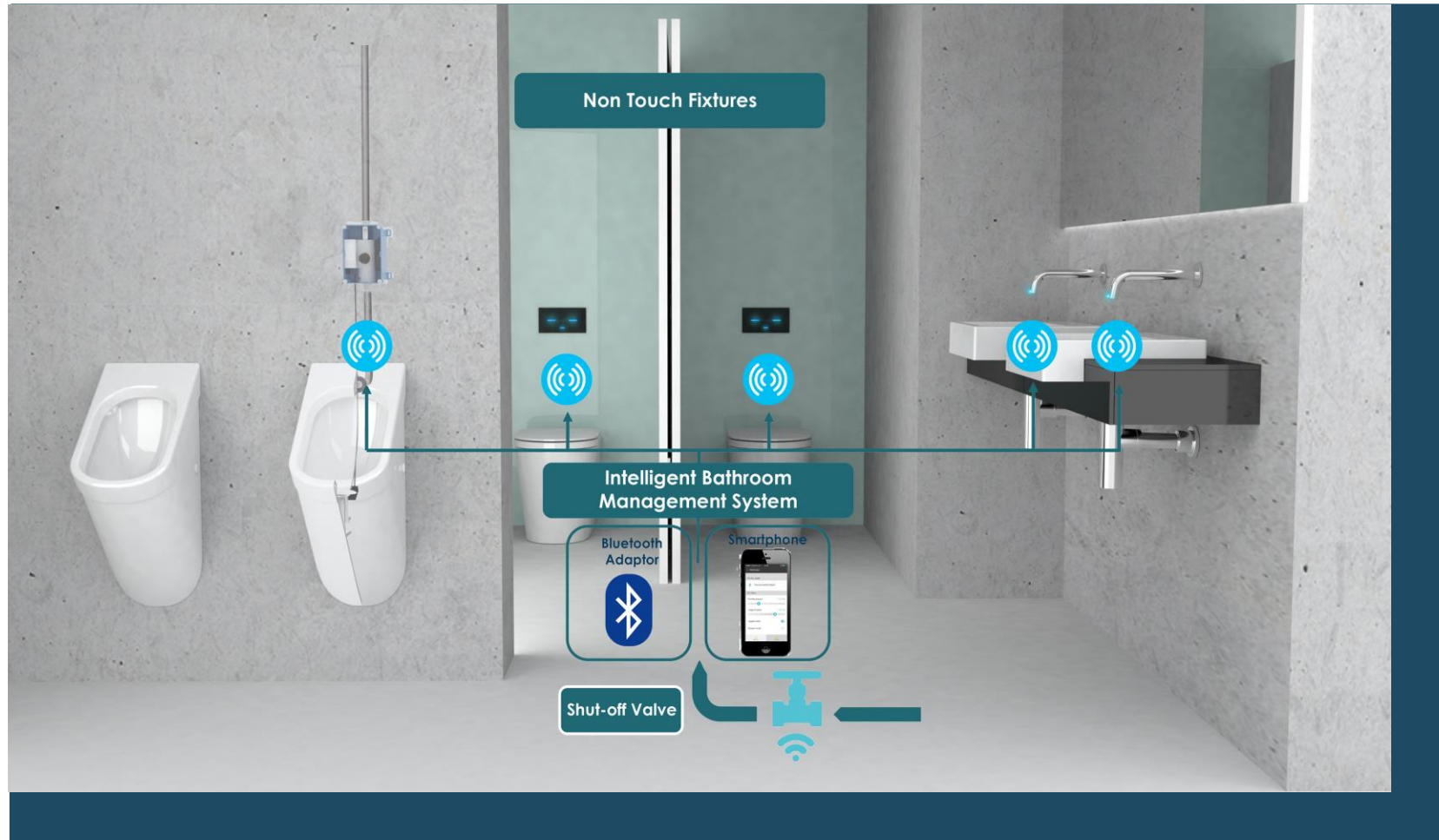
Remote commissioning on install saves plumber time and money

Reduced cleaning costs

¹ Patent pending

² Bathroom Management System

A robust system that is connected and flexible



A robust system that is connected and flexible



Evaluated and endorsed by key commercial customers

- ✓ **Technology platform testing completed**
- ✓ **Key customer engagement undertaken**
- ✓ **12 months testing completed in-situ – commercial office and shopping centre**
- ✓ **Patent applications in progress**
- ✓ **Full commercial installation at one site**
- ✓ **Further commercial roll out underway**

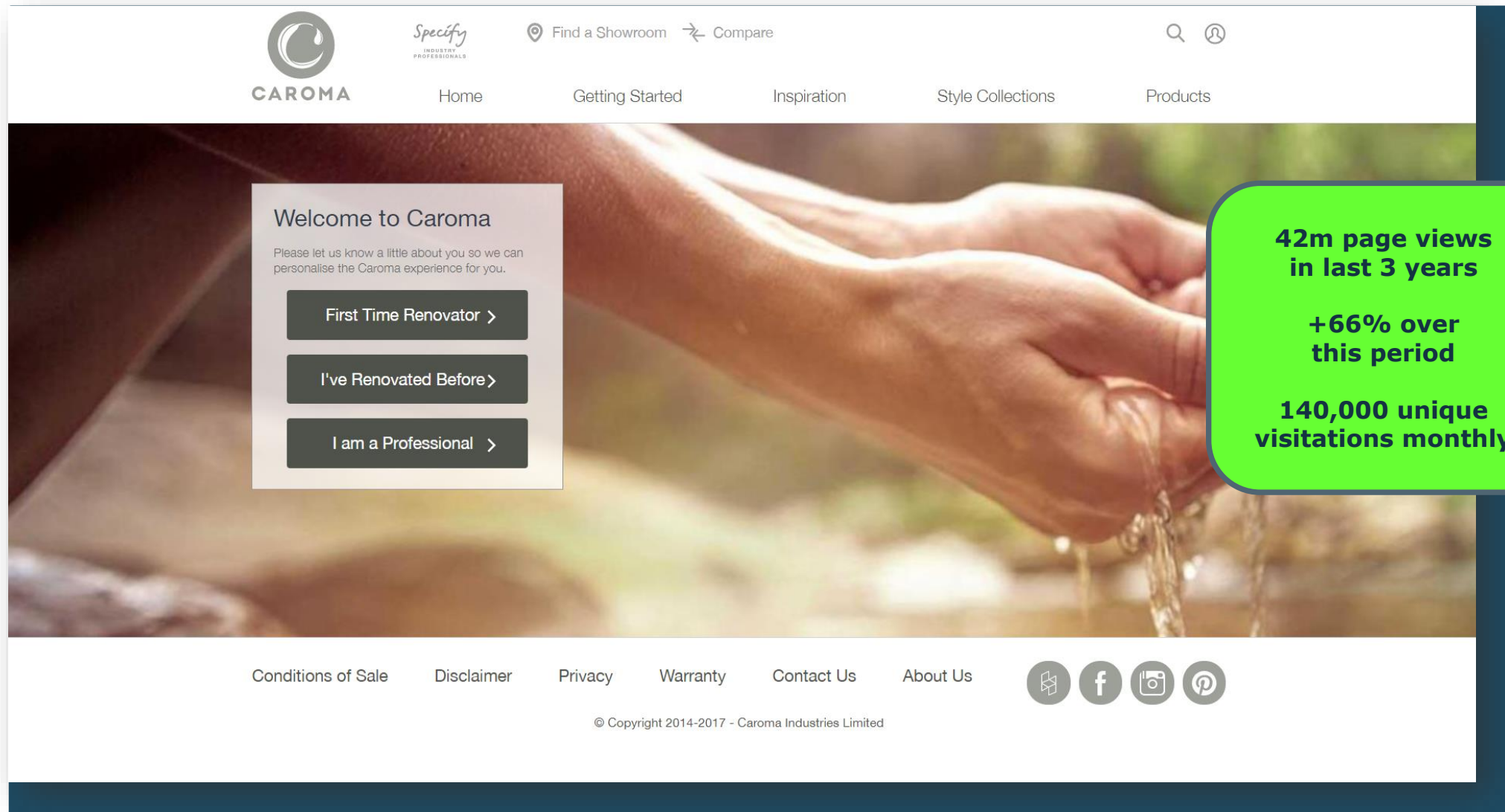
Seamless omni-channel brand experiences that delight and deliver value



Increased investment in targeted consumer campaigns with content that creates 'talkability'



The new Caroma website understands and facilitates the renovation journey



Leverage and grow best in-category social engagement



+76% in Facebook followers (last 3 years)

Engagement >3%
(Industry average¹ 0.17%)

+1,000% in Instagram followers (last 2 years)

Engagement >3%
(Industry average¹ 1.66%)

Importance of engaging and immersive physical brand experiences



Our new flagship store – Caroma on Collins, Sydney



Agenda

GWA transformation - strong progress made	Tim Salt
A business with significant growth opportunities	Tim Salt
Customer focus delivering growth	Craig Norwell
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Supply chain strategy to delight consumers and customers at best cost



Progress made in supply chain

Area of focus	Progress	Specific initiatives
World leading quality		Best in market reputation for product quality and performance
Service excellence		Integrated business planning to drive inventory management improvements
NPD pipeline delivery		Products matched with consumer insights delivering sales growth
Improve IP protection		Exited non-conforming suppliers and maintained IP
Reduce costs by \$8-10M ¹ from FY16 to FY19 for growth investment and margin resilience		Stock consolidation and direct shipping to state warehouses
Reduce supply chain risk		Dual sourcing capability and risk audits and action plans implemented

¹ \$8-10M Supply Chain and \$5M SG&A; Total \$13-15M

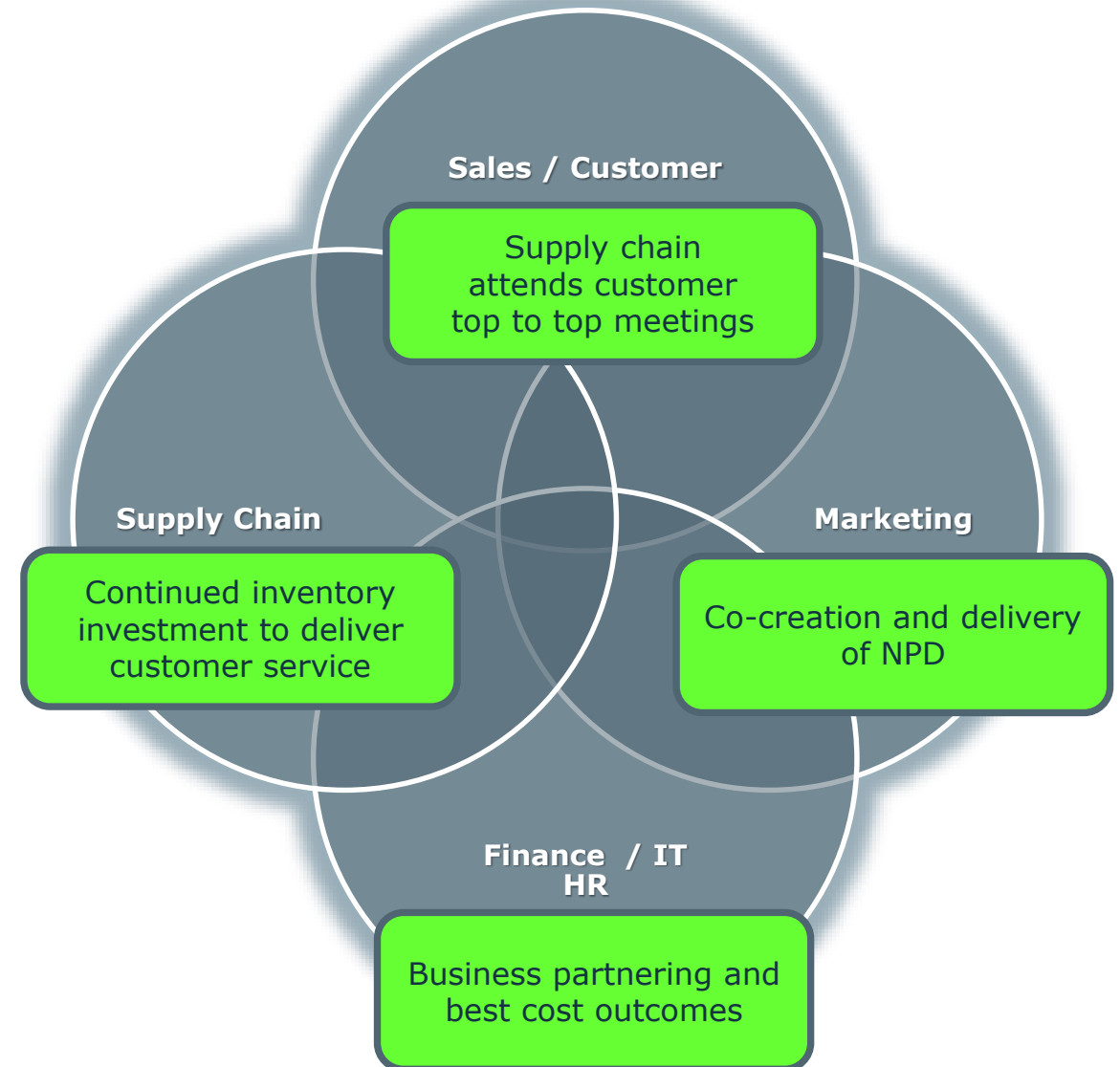
Supply chain creating competitive advantage



Creating a supply chain synchronised with the front end of our business

Growth enabler – JUBP¹

- ❖ Customer focused - the right supply chain exceeding service and quality expectations
- ❖ Joint value creation – supply chain contributing to win / win with customers
- ❖ Consumer insight - creating and manufacturing products and solutions that consistently deliver and delight
- ❖ Continuous improvement approach - culture, attitude, capability and processes



Australian innovation - products designed for local market conditions and consumers

Growth enabler – innovation and product design

- ❖ Consumer expertise - continued investment in local design teams
- ❖ Support brand growth - new world class R&D facility
- ❖ Portfolio management - NPD mirrored with efficient SKU rationalisation
- ❖ Superior solutions - global strategic suppliers partnering with our local experts



Creating sustainable supply solutions in partnership with our strategic suppliers

Growth enabler – supply solutions

- ❖ Exclusive supply partnerships – long term commitment to quality, service, best cost and innovation
- ❖ Enhancing supply partner capability – 17 GWA staff in Asia building supply partner expertise
- ❖ Three year volume signals - enabling supply partners to focus on long term service, yield and waste elimination opportunities

+10 point
improvement in
Forecast accuracy

Future focused
competitive tender
process for product
development

Annual Shanghai
Strategic review
with nominated
partners

Supply partners
in Switzerland,
Germany and Italy

Supply partners
in China,
Thailand, Malaysia,
and Vietnam



Designing a global distribution network that delights customers and supports growth

Growth enabler – network alignment

- ❖ Business efficiency - optimising service at best cost across our end to end network
- ❖ Increased use of technology solutions - integrating systems and processes with suppliers and customers
- ❖ Service policy - continuously evolving to meet changing customer expectations

30,000m²
streamlined
purpose built
warehousing facility

5* Green
Rating



Warehouse Management
System driving
service and efficiency

1,895 invoiced
deliveries per day

Continuous commitment to drive further cost efficiencies

Growth enabler – best cost

- ❖ Driving continued business efficiency - focused on Waste, Yield and COGS
- ❖ Distribution network alignment - cost to serve project initiated February 2018 for cost out and customer satisfaction
- ❖ Evolving sourcing structures – establish the next geographic supply source with current partners
- ❖ \$8-10m Supply Chain cost savings FY19-FY21

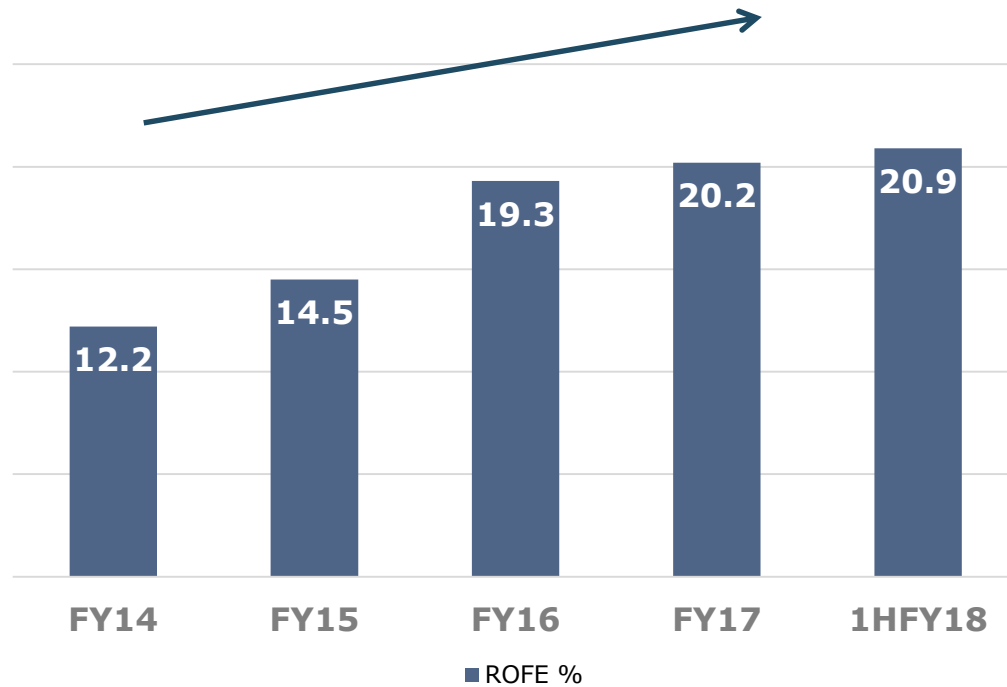


Agenda

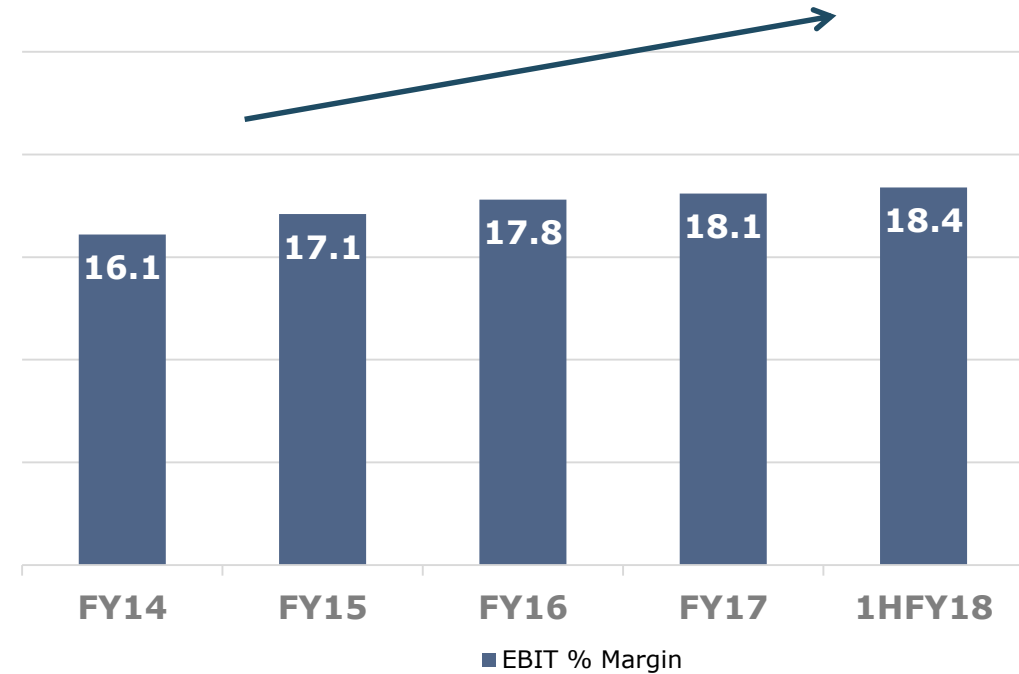
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Consistently strengthening returns

Group Return on Funds Employed (%)

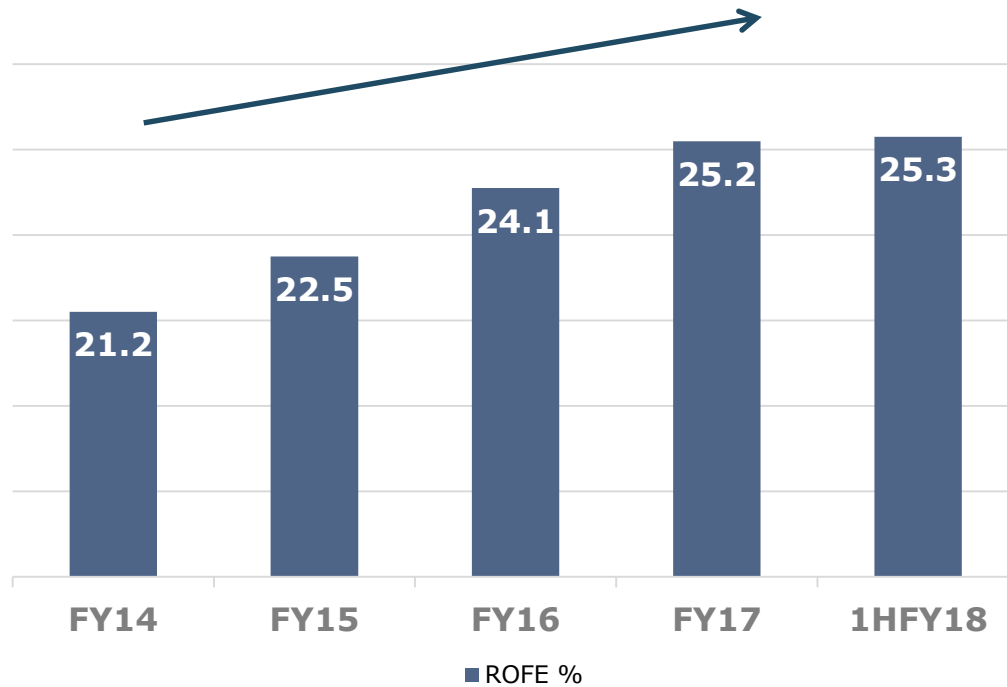


Group EBIT Margin (%)

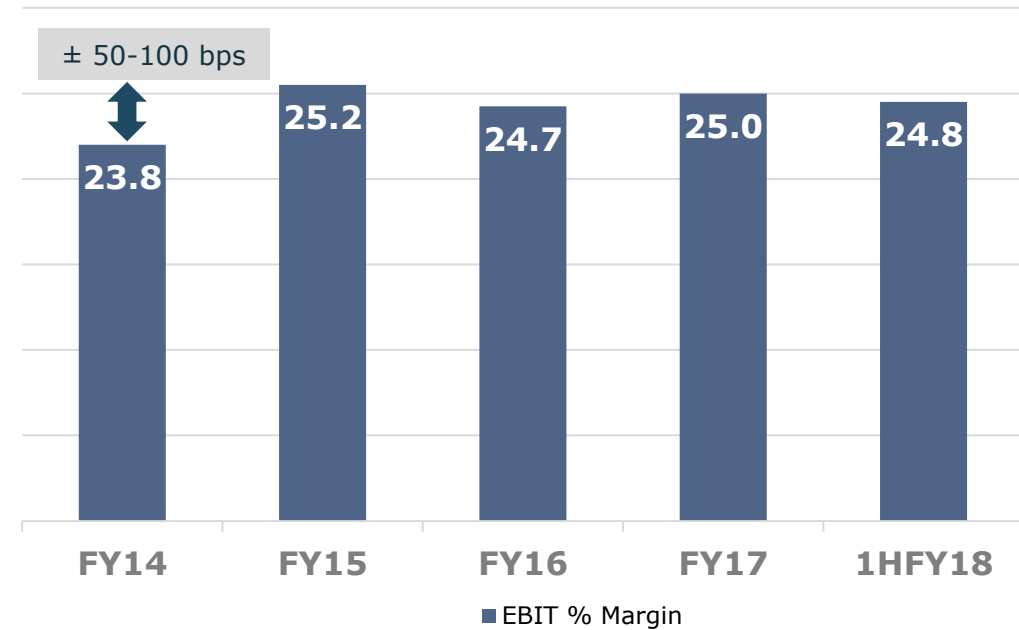


B&K strong returns with margin resilience

B&K Return on Funds Employed (%)



B&K EBIT Margin (%)

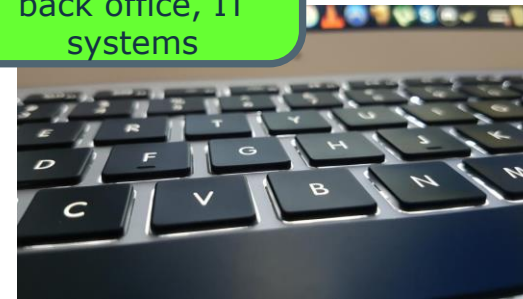


Implement next phase of cost savings

Growth enabler – cost savings

- ❖ Total cost savings of \$9-\$12M FY19-FY21 (3 year target)
- ❖ Operational efficiency – continue to reduce cost base through back office and execution efficiency improvements
- ❖ Supply Chain – targeting supply chain efficiencies with strategic partners: COGS; sourcing; NPD etc.
- ❖ Cost savings:
 - Re-invested to fund growth initiatives
 - Provide margin resilience through the cycle
 - Offset inflation

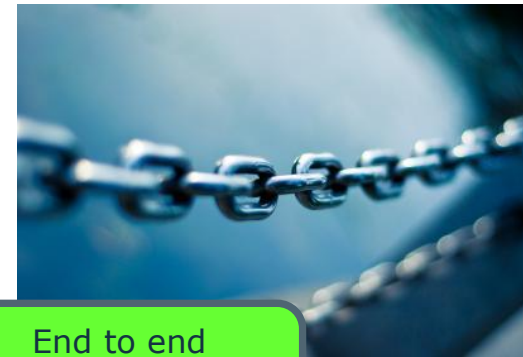
Automation and efficiency improvements in back office, IT systems



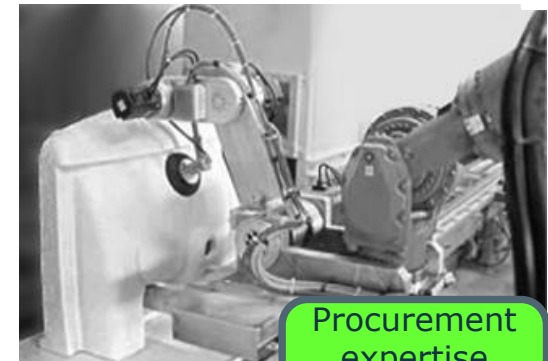
Stock consolidation and direct shipping state warehouses



End to end approach to supply chain cost out



Procurement expertise recruited to lift capability

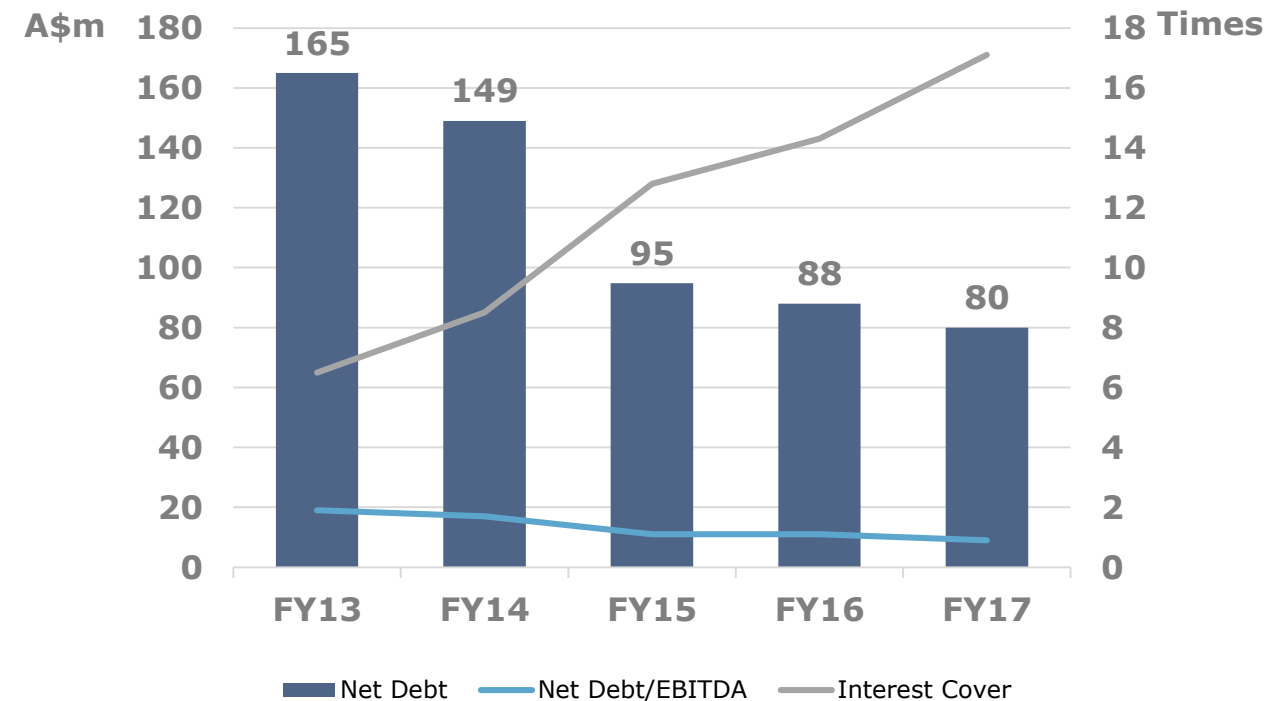


Strong financial position to fund growth

Growth enabler – strong credit metrics

- ❖ Credit metrics continue to be consistent with investment grade
- ❖ Syndicated banking facility extended in October 2017 – single 3-year revolving facility maturing October 2020
- ❖ GWA remains in strong financial position
 - provides enhanced financial flexibility for investment in both organic and inorganic growth opportunities and potential capital management

Continued low debt

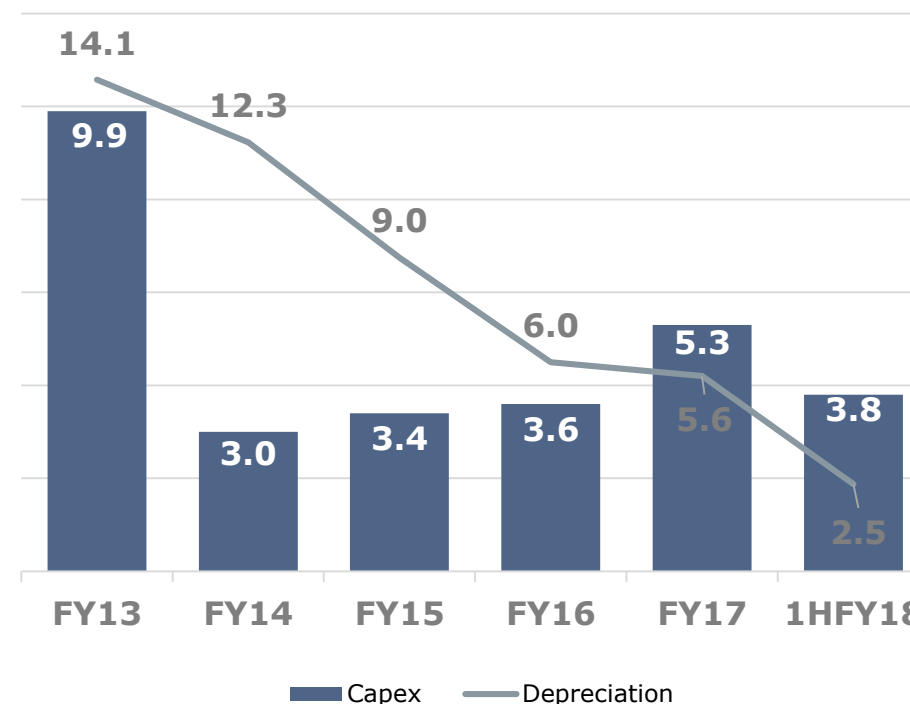


Disciplined capital expenditure focused on growth initiatives

Growth enabler – disciplined capital expenditure

- ❖ Continued disciplined approach to Capital Expenditure
- ❖ Exit of manufacturing reduced capital requirements and increased more flexible cost structure
- ❖ Now enables higher capex focused on growth initiatives in key areas:
 - Consumer engagement (flagship stores)
 - NPD and R&D
 - Customer service (distribution and warehouse management)
- ❖ Higher capex in FY18 reflects focus on growth initiatives, timing, and under-investment in prior years

Capital expenditure profile (A\$m)

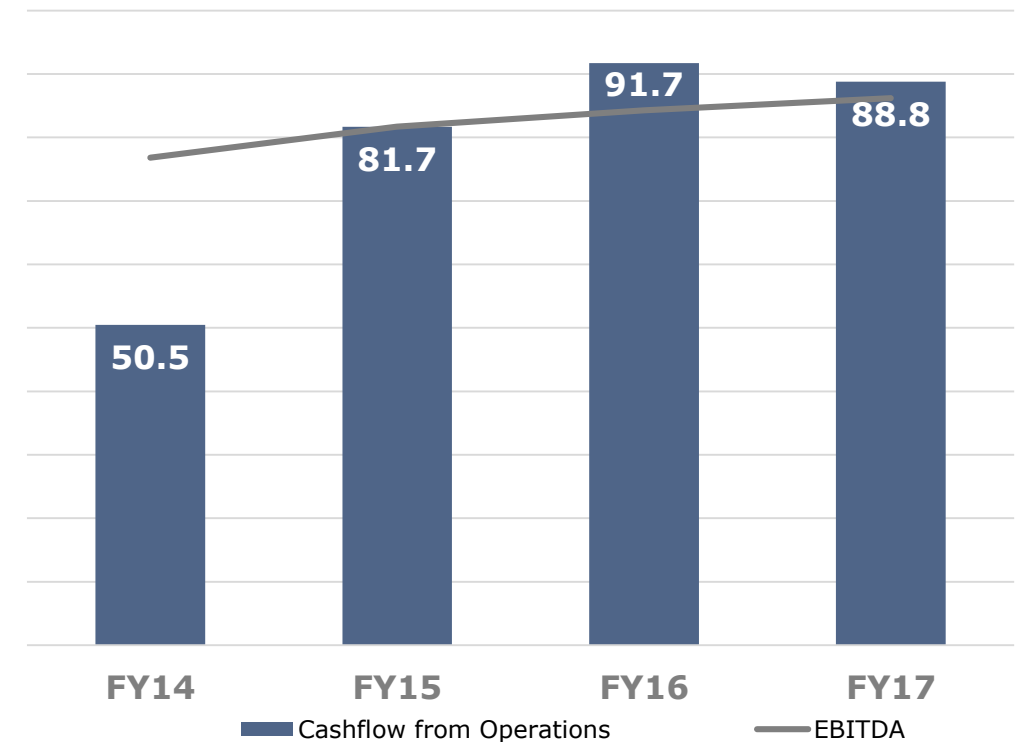


Strong cash generation through the cycle

Growth enabler – strong operating cash flow

- ❖ GWA continues to generate strong operating cash through the cycle
- ❖ Operating cash conversion at high levels
- ❖ Continued focus on working capital management to drive operating cash

Cashflow from operations (A\$m)

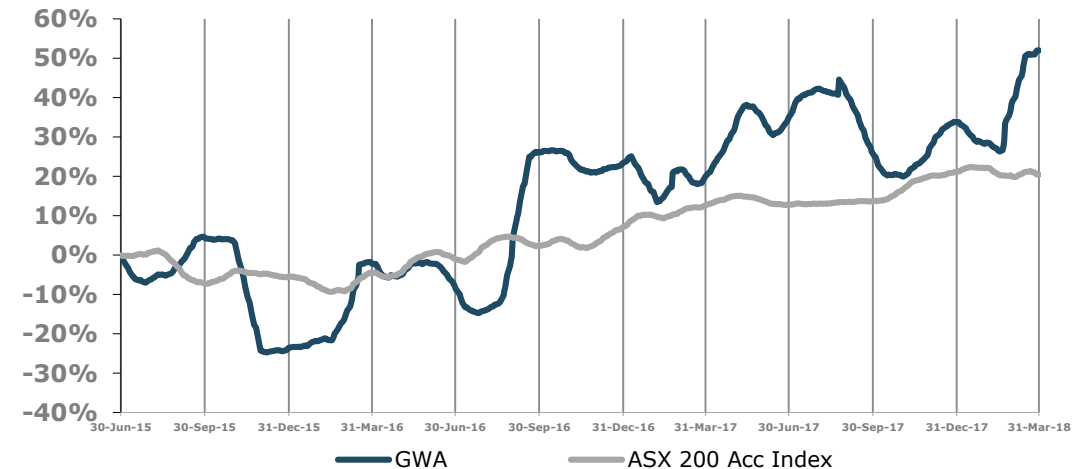


Strong focus on shareholder returns

Strong sustainable shareholder returns

- ❖ Board focus on providing strong returns to shareholders
- ❖ Dividend policy: 65-85% of NPAT, subject to prevailing market conditions
- ❖ Dividend Policy balances shareholder value creation with continuing strong financial position

Dividends and returns to shareholders



Agenda

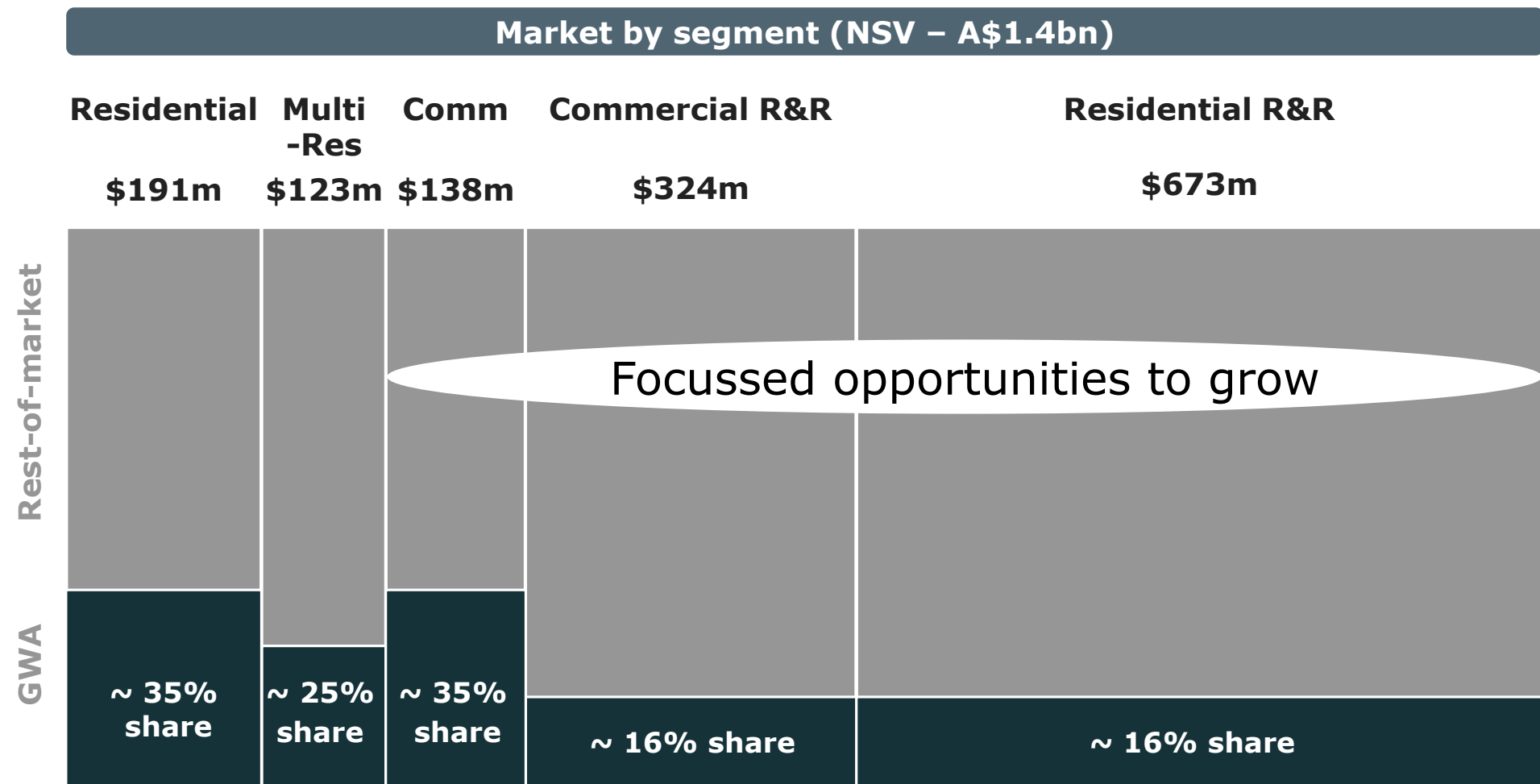
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Strategy creates focus and positions

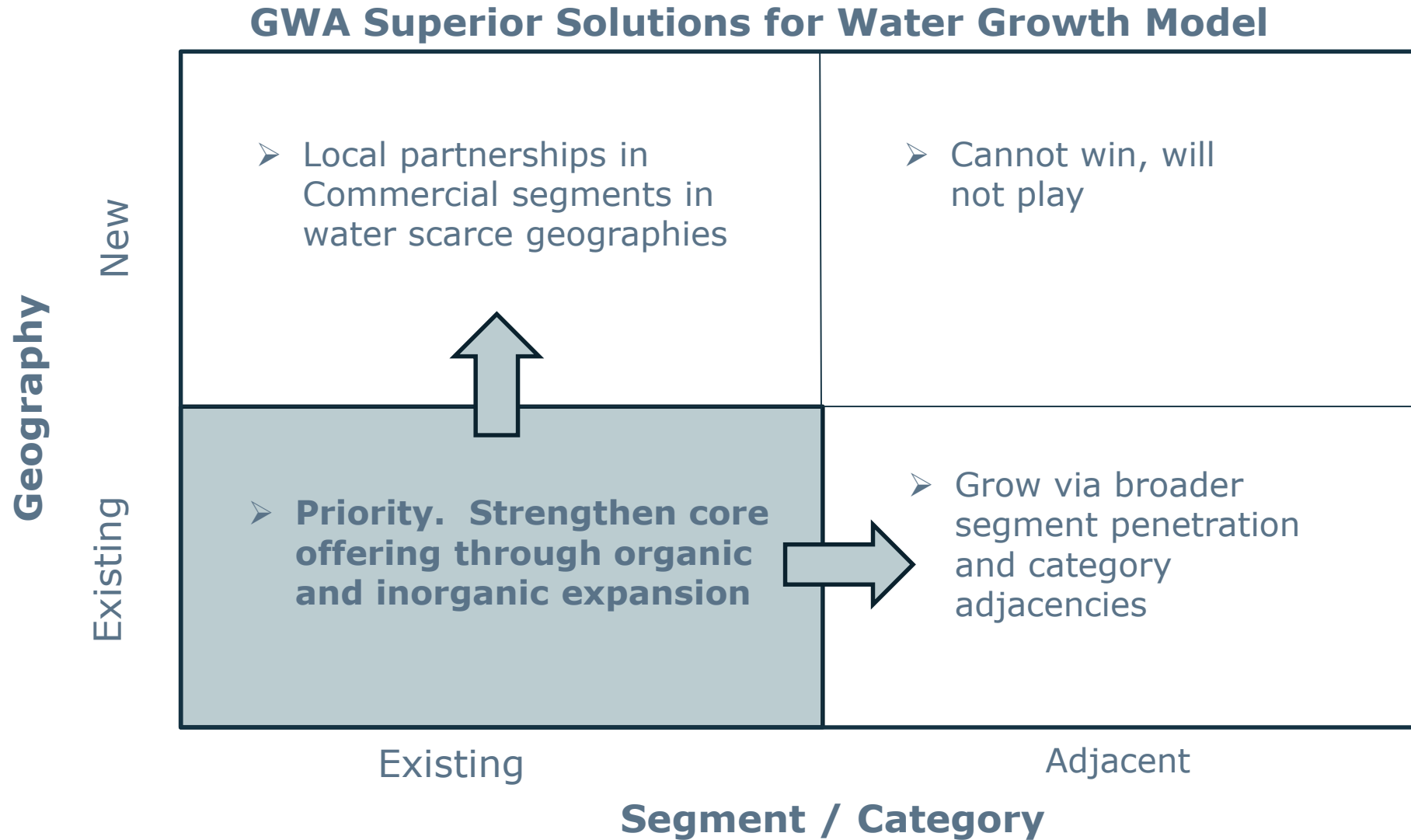
GWA for growth



GWA has significant growth opportunities across core segments in a A\$1.4bn market



And opportunities to extend into large water solutions adjacencies



GWA Making life better through superior solutions for water

- ❖ **Demonstrating ability to drive growth and improve shareholder returns**
- ❖ **A more focused business with strong brands and leading market positions**
- ❖ **Pursuing significant growth opportunities focused on superior solutions for water**
- ❖ **Increased use of technology to create solutions for customers and consumers**
- ❖ **Financial strength to fund investment in organic and inorganic opportunities**

GWA, Making Life Better for all stakeholders

***We make life better through the design and delivery
of products, services and technologies that
create superior solutions for people
to enjoy and sustain water,
our planet's most precious resource.***





GWA
Group Limited

Investor Market Briefing Caroma on Collins

12th April, 2018

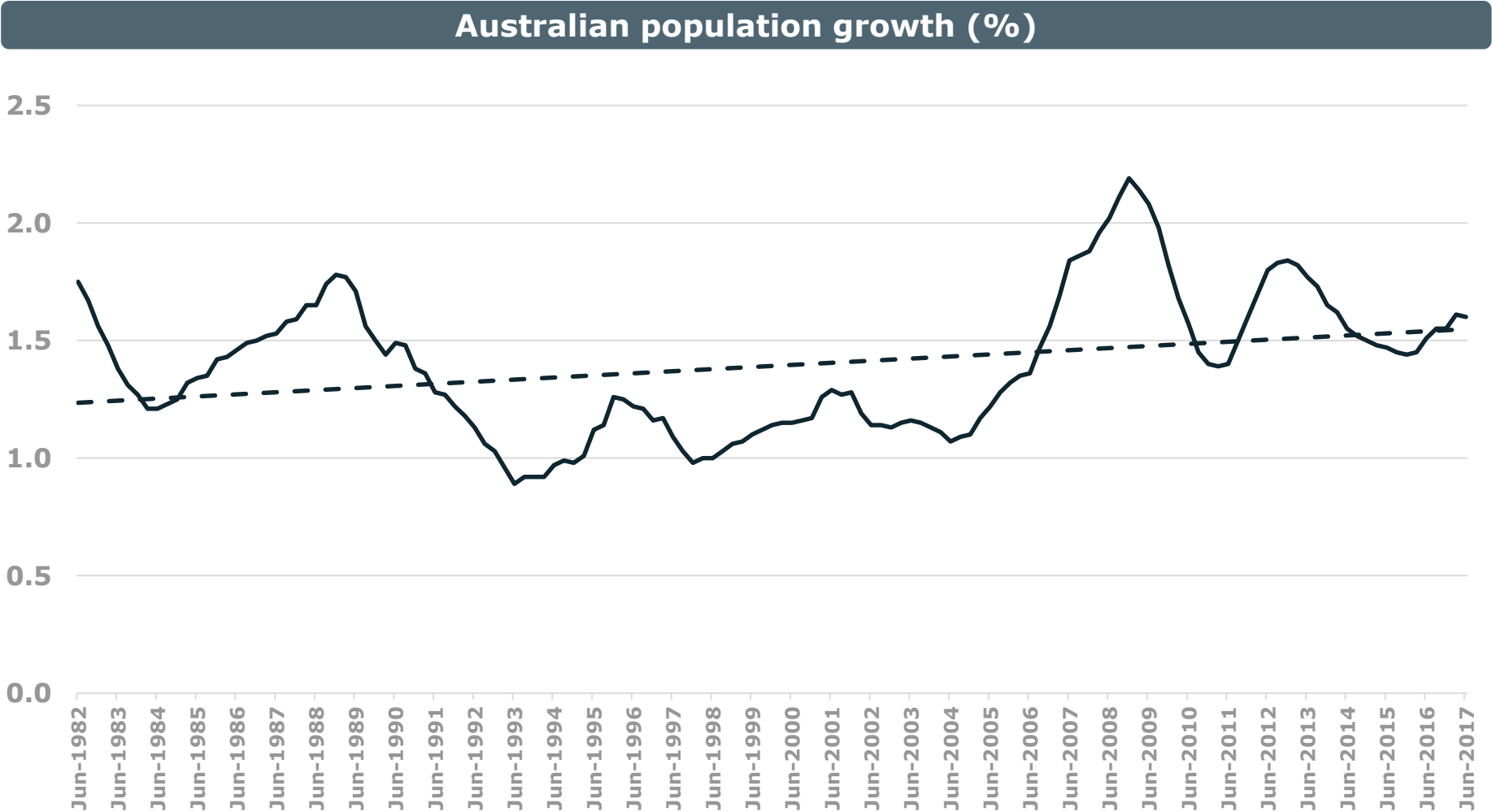
Proforma 5 year summary

A\$m	FY13	FY14	FY15	FY16	FY17	Half Year Dec 16	Half Year Dec 17
Revenue							
Bathrooms & Kitchens	286.3	306.6	330.0	342.0	350.4	174.3	178.9
Door & Access Systems	89.8	92.8	96.2	97.7	95.9	49.1	48.2
Total Cont'd Ops	376.1	399.4	426.2	439.7	446.3	223.4	227.1
<i>Discontinued Ops **</i>	<i>189.2</i>	<i>178.6</i>	<i>121.6</i>	<i>4.8</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
Group Total	565.3	578.0	547.8	444.5	446.3	223.4	227.1
Normalised EBIT							
Bathrooms & Kitchens	60.4	73.0	83.3	84.6	87.6	43.4	44.4
Door & Access Systems	11.8	8.4	7.2	7.3	6.3	2.5	4.1
Corporate *	(17.2)	(16.9)	(17.7)	(13.6)	(13.3)	(6.7)	(6.7)
Total Cont'd Ops	55.0	64.5	72.8	78.3	80.6	39.2	41.8
<i>Discontinued Ops **</i>	<i>11.8</i>	<i>7.8</i>	<i>1.5</i>	<i>(0.6)</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
Group Total	66.8	72.3	74.3	77.7	80.6	39.2	41.8

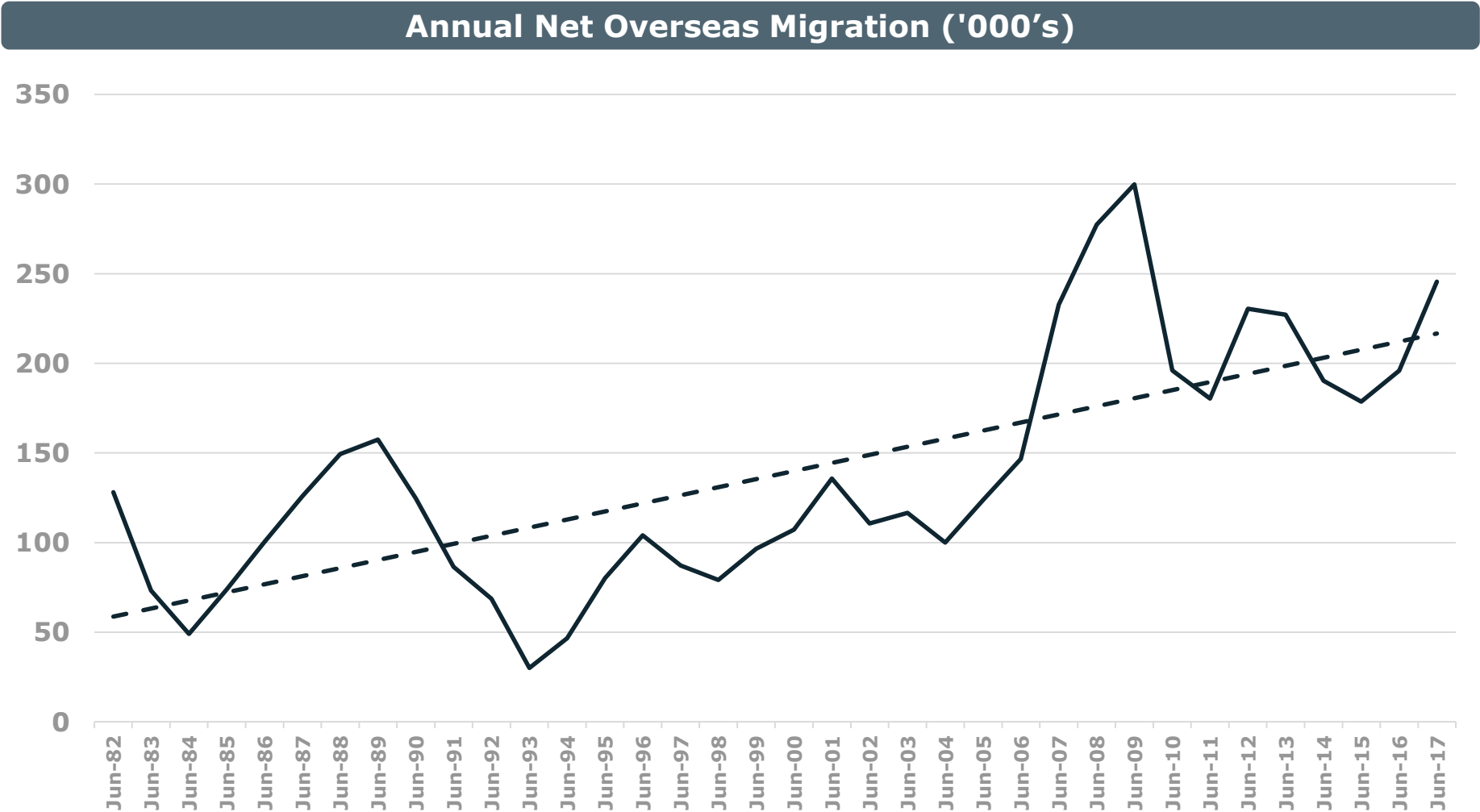
* Corporate Costs include some costs previously allocated to Discontinued Operations

** FY15 / FY16 Discontinued Operations represents only part year contribution of divested businesses

Australian population growth



Annual net overseas migration

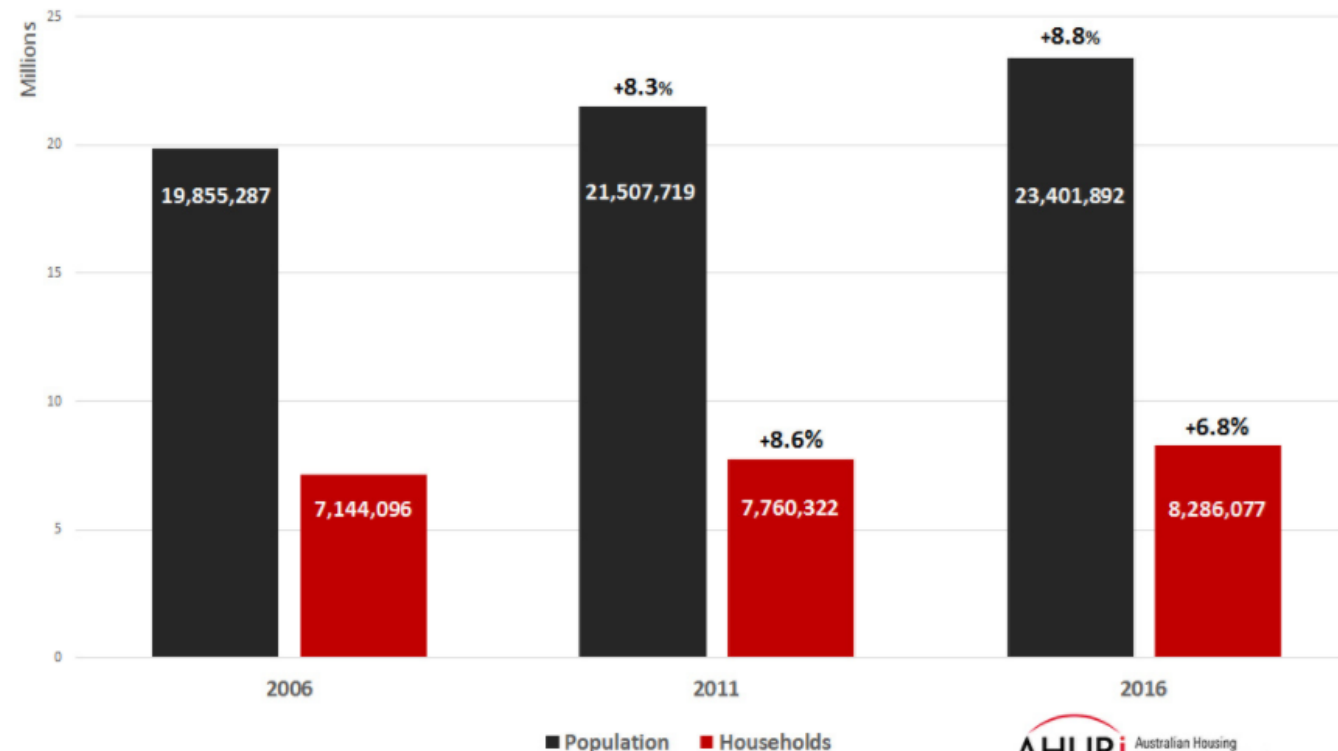


Population growing faster than dwelling stock - increases demand for housing

Between 2006 and 2011, the rate of growth in Australia's population (8.3%) was slightly lower than the rate that new households formed (8.6%). This indicates that although the population was increasing the new households kept forming at a faster rate, meaning that there were sufficient dwellings available and affordable for them to move in to and 'form' households in.

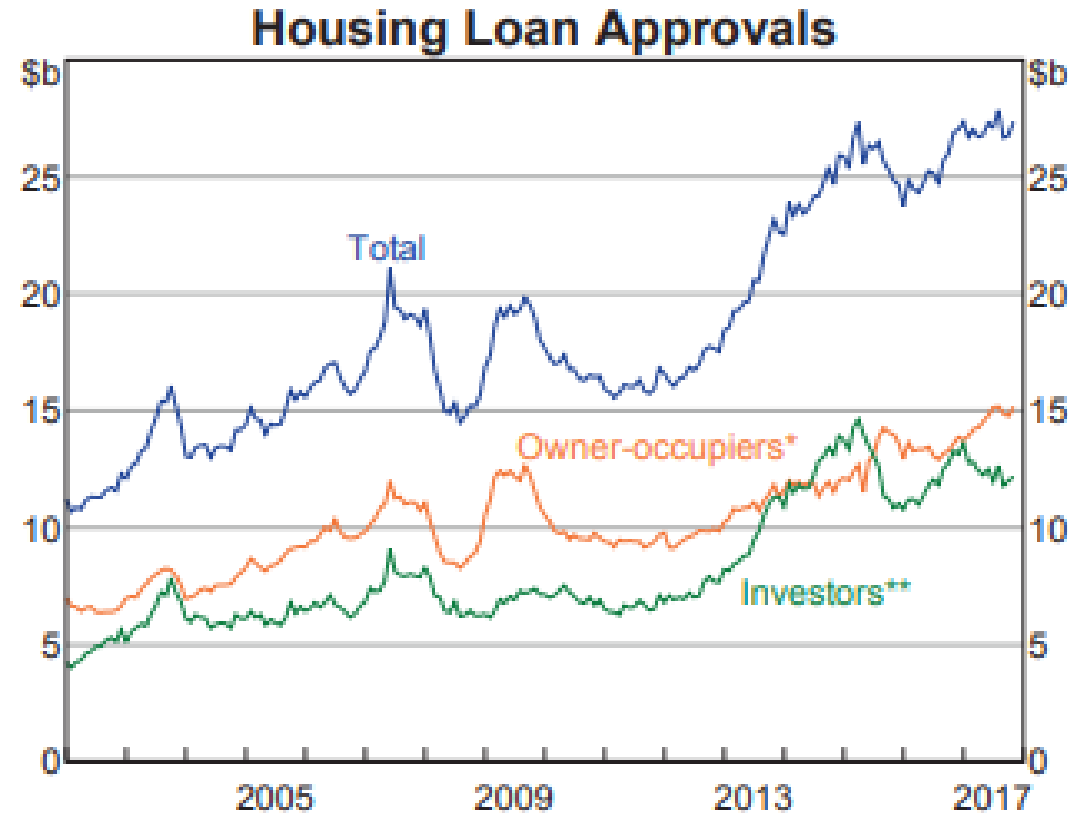
Between 2011 and 2016, however, this trend reverses. The rates of population increase was slightly greater (8.8%) but the rate of new household formation was much lower at 6.8 per cent. This data may indicate that a considerable number of people are not forming new households due to a shortage of sufficient and affordable dwellings.

Census 2016: Household growth not keeping pace with population growth



Source: ABS 2016 Census, Australia, Time Series Profile. Table 1 and Table 15

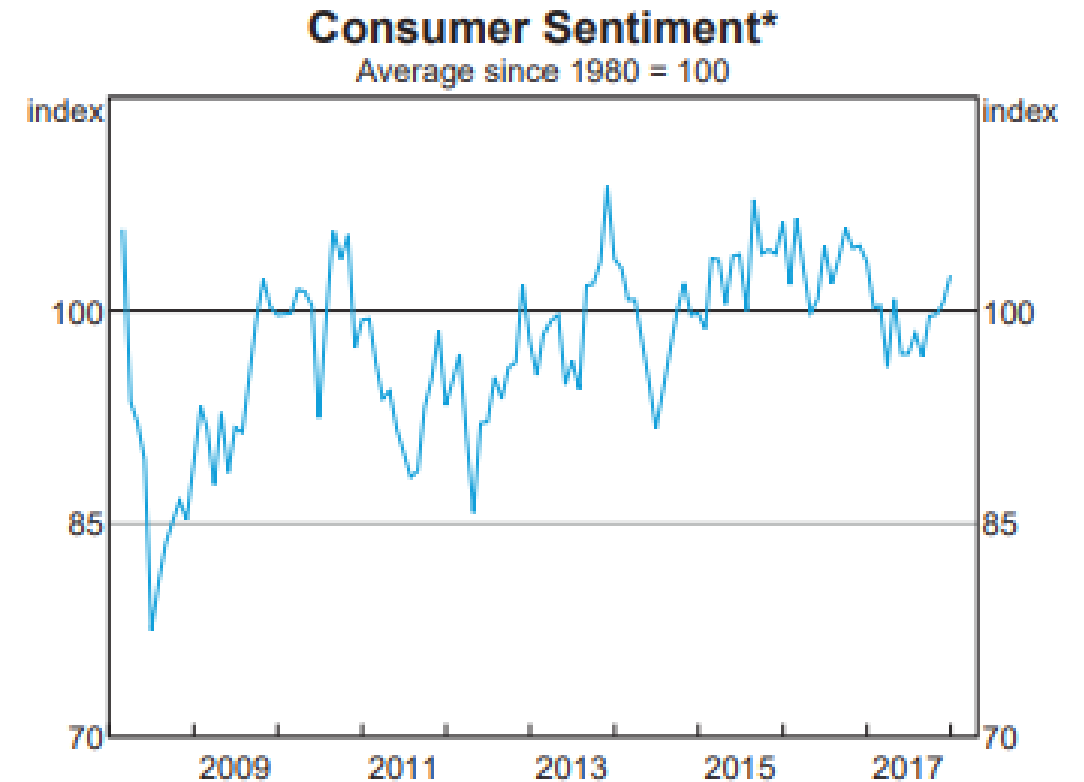
Strong consumer sentiment



* Excludes refinancing

** Includes refinancing

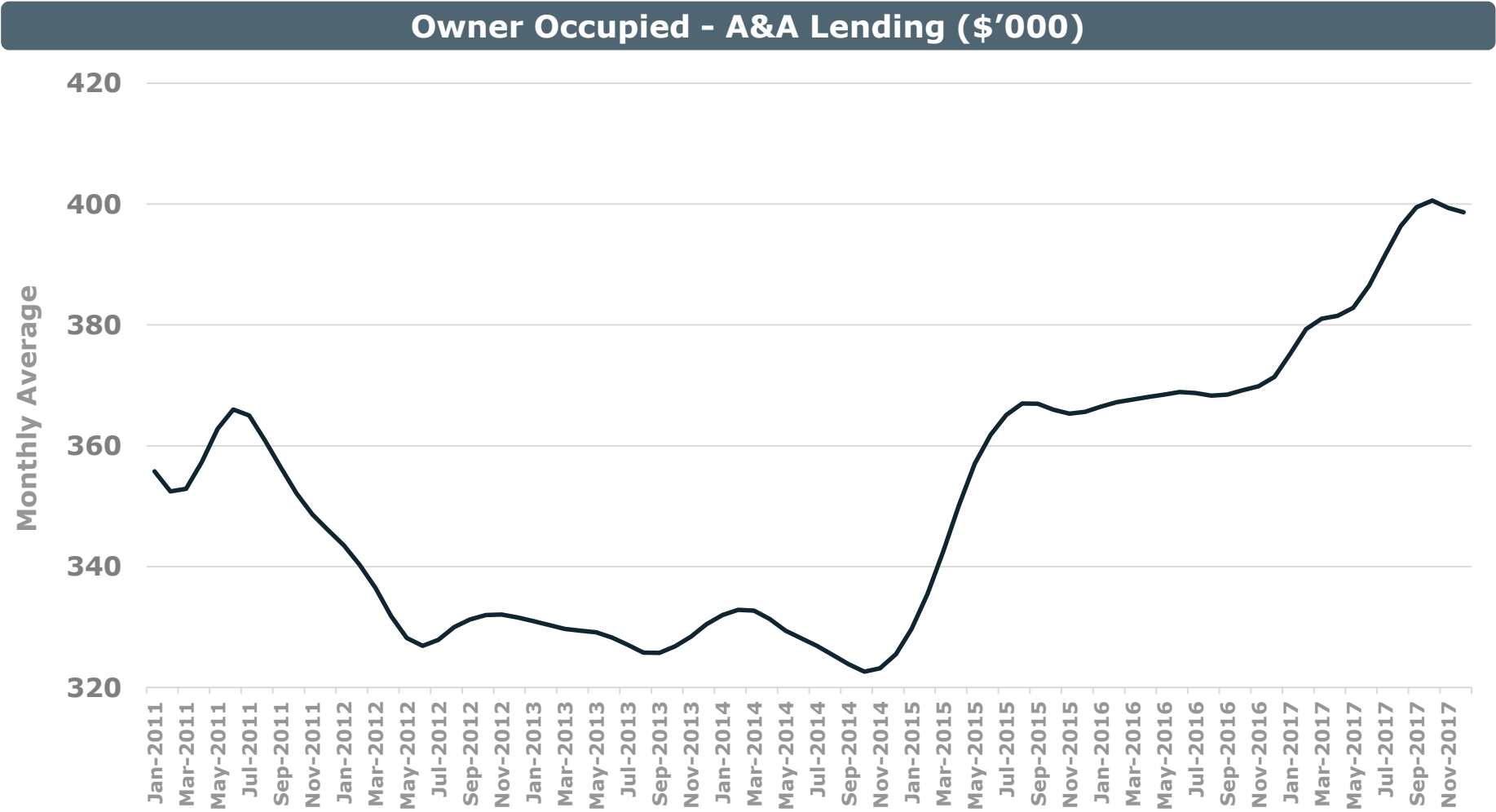
Sources: ABS; RBA



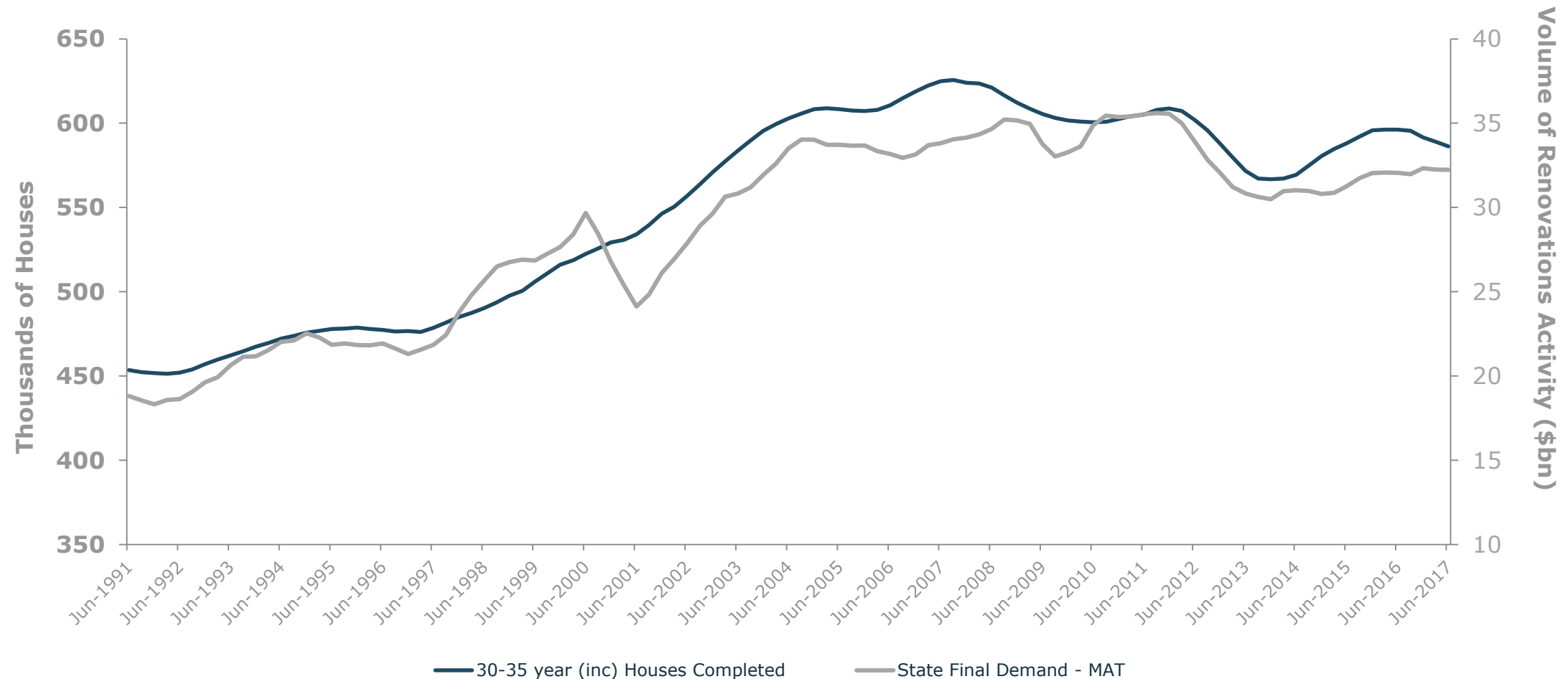
* Average of the ANZ-Roy Morgan and Westpac-Melbourne Institute consumer sentiment measure of respondents' perceptions of their personal finances relative to the previous year; ANZ-Roy Morgan index rescaled to have the same average as the Westpac-Melbourne Institute index since 1996

Sources: ANZ-Roy Morgan; RBA; Westpac and Melbourne Institute

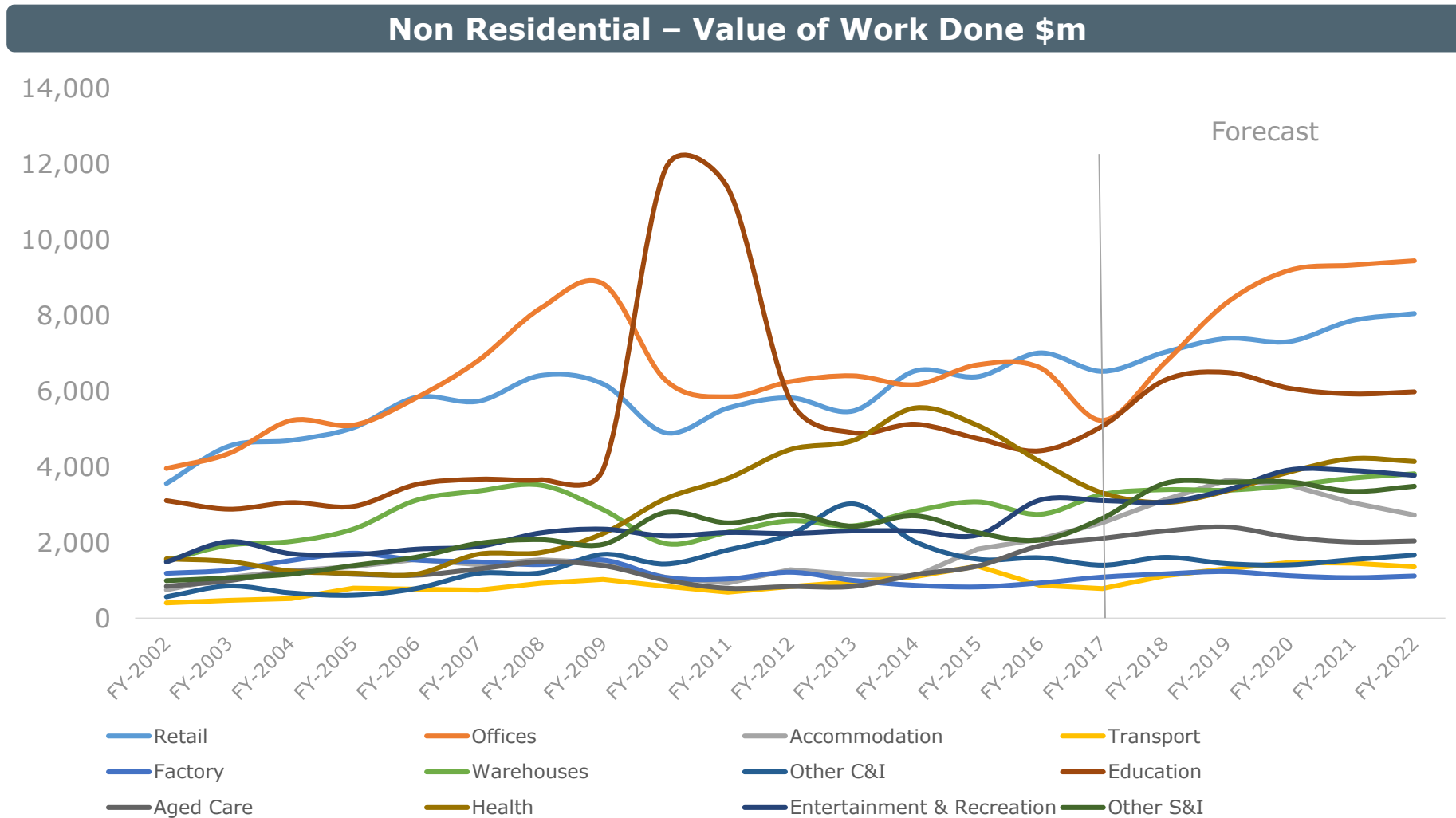
Renovation Lending



30-35 year old detached house stock closely correlated with renovations activity and expected to grow into the early 2020s



Non Residential by sector





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