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Group Limited

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4 November 2024

## 2024 Annual General Meeting and FY25 Outlook

### 2024 AGM Presentation

In accordance with ASX Listing Rule 3.13.3, GWA Group Limited (**GWA**) attaches the Chairman's and Managing Director's addresses to be delivered at GWA's 2024 Annual General Meeting at 10.30 am (AEST) today in Brisbane.

### 1Q FY25 Trading and FY25 Outlook

Q1FY25 performance confirms previous assessment that markets remain uncertain. Solid July trading was impacted by softened trading in August and September across all markets.

1QFY25 Group **Revenue** increased by 4.2% compared to the prior corresponding period (PcP).

Revenue by market compared to PcP:

- Australia +5.5%
- NZ -13.7%
- UK+11.8%

1QFY25 Group **Volume** increased by 2.7% compared to PcP.

Volume by market compared to PcP:

- Australia +1.4%
- NZ -8.8%
- UK+13.5%

The outlook for FY25 is unchanged from the assessment provided in August 2024, when GWA released its FY24 results.

At a Group level:

- **Australia:** the outlook for most segments continues to be mixed. GWA expects solid demand in health and aged care projects and commercial refurbishment, and in the short term a decline in detached housing and commercial new build. The residential repair and renovation segment is expected to remain subdued and while

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strong demand in the multi residential segment is expected, timing continues to remain uncertain.

- **New Zealand:** the New Zealand economy is expected to remain challenging, and GWA has realigned its business in response as previously announced in June 2024.
- **United Kingdom:** a modest recovery is expected in FY25 across both new build and repair & renovation.

### **Strategic Priorities**

In this market context, GWA will continue to concentrate on delivering its strategic priorities:

- Key focus areas being GWA's **customer first** and **profitable volume growth** initiatives.
- Priority given to GWA's "**Win the Plumber**" strategy, including increasing share of wallet of maintenance plumbers.
- Continued operational and cost discipline.

The release of this announcement was authorised by the Board.

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# AGM Presentation

4 November 2024



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# Agenda

- 01 Financial Statements
- 02 Chairman's Address
- 03 MD & CEO's Address
- 04 Formal Business





# 1. Financial Statements



# 2. Chairman's Address



## FY24 Summary

# Volume Growth through Disciplined Execution

- **Performance**
  - Group volume growth of 2.1% with Australia and UK up 3.8% and 4.3% respectively offset by decline in New Zealand
  - Normalised EBIT and EBIT Margin improvement on the prior year
  - Increase in full year dividend of 15%, fully franked
  - Disciplined execution of market focused initiatives
- **Balance Sheet**
  - Proactive management of inventory and debtors contributed to strong cash conversion ratio of 110%
  - Reduction in net debt with leverage ratio at 1.2x
- **Continuation of execution of Strategy**
  - Pleasing progress with 'Customer First' and 'Profitable Volume Growth' initiatives

# ESG Highlights

- **Continued commitment to driving sustainable outcomes across GWA**
  - Female workforce participation rate 41% (in line with GWA target)
  - 12% reduction in Scope 1 emissions from prior year
  - 1,707 worker insights – enhancing visibility actions to improve workplace safety
  - 89% of all GWA products in Australia/NZ feature packaging made from reusable, recyclable or compostable material
  - Continued to support the Smith Family in 2024 and the Property Industry Foundation's social housing projects
  - “Reflect” Reconciliation Action Plan endorsed by Reconciliation Australia
  - Recently donated products to Habitat for Humanity in NZ



# Remuneration Framework

- **Board review of remuneration framework to ensure continued alignment with shareholder value creation**
- Key changes (announced in February 2024) include:
  - Increase in max. FY24 STI payable as % of fixed remuneration to MD & CEO from 50% to 100%; other executives from 40% to 50%
  - STI payments remain subject to achieving Board approved targets; 75% allocated to financial and 25% to non-financial targets
    - 30% of STI payment related to achievement of financial target is deferred for one year and paid in cash
  - Maximum LTI as % of fixed remuneration for MD & CEO and other executives remains unchanged for FY25 plan
  - However, proposed change\* to weighting of the two existing performance measures; EPS growth and relative TSR from 50% EPS / 50% TSR; to 70% EPS / 30% TSR
  - Board believes this change better reflects management's ability to deliver growth

\*subject to shareholder approval of MD & CEO FY25 LTI grant

# Board Renewal

- **Board renewal process conducted over past 2 years**
  - Appointment of three non-Executive Directors in FY23
  - Brett Draffen to be appointed as Independent non-Executive Director at conclusion of today's AGM
  - Renewal process largely completed – I will retire at conclusion of today's AGM
  - Current Director, Bernadette Inglis to become new Chair of GWA Group

# 3. MD & CEO's Address



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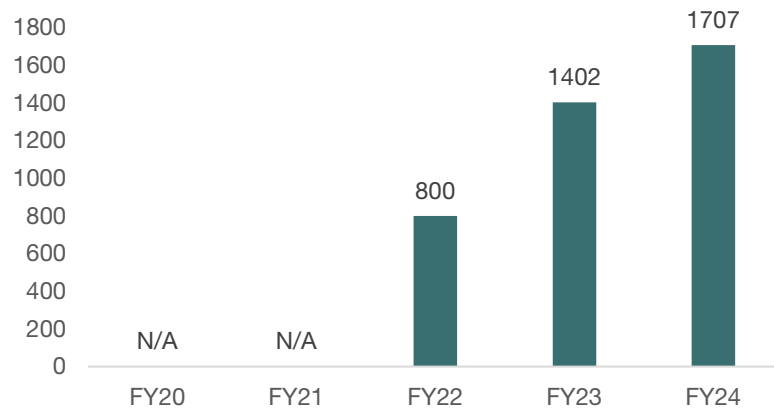
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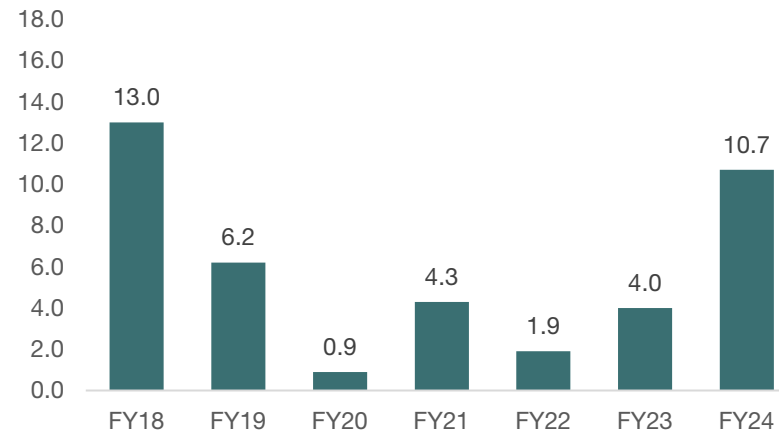
# Commitment to safety

- Worker insights (lead indicator) continue to increase
- Recorded minor injuries with impacted workers returning relatively quickly to full duties
- Continued focus on building capability of our leaders and building cultural awareness to improve outcomes
- Improved safety culture that celebrates open and transparent reporting
- Continued focus on early intervention as part of our injury management strategy to prevent longer term, more serious outcomes

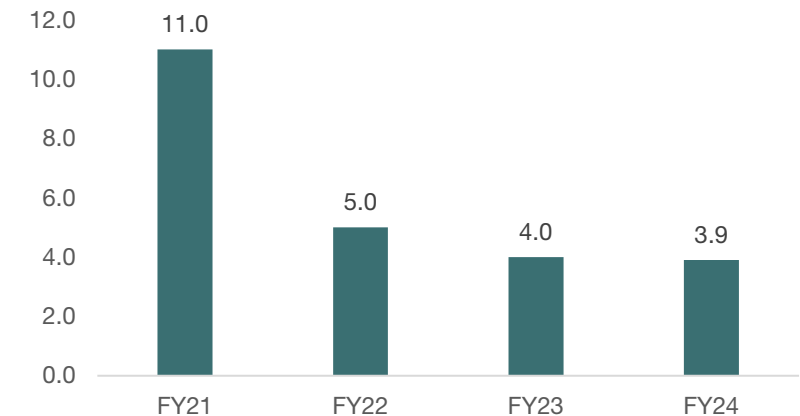
### Worker Insight Frequency Rate



### Total Injury Frequency Rate



### Severity Rate (average days lost)



A\$m Normalised <sup>1</sup>	FY24	FY23	% Change
Revenue	413.5	411.8	0.4%
EBITDA	92.6	89.1	4.0%
EBIT	74.2	70.4	5.4%
EBIT Margin %	17.9%	17.1%	0.8pp
NPAT	45.6	44.1	3.4%
ROFE %	17.7%	15.8%	1.9pp
EPS	17.2c	16.6c	0.6c

Significant Items	FY24	FY23	
Pre-Tax	(9.7)	(1.4)	
Post Tax	(7.0)	(1.0)	

A\$m Statutory <sup>2</sup>	FY24	FY23	% Change
Revenue	413.5	411.8	0.4%
EBITDA	83.9	87.7	-4.3%
EBIT	64.4	69.0	-6.8%
EBIT Margin %	15.6%	16.8%	-1.2pp
NPAT	38.6	43.2	-10.4%
ROFE %	15.4%	15.4%	0.0pp
EPS	14.6c	16.3c	-1.7c
Dividend / share	15.0c	13.0c	2.0c

## Continued growth in a challenging market

### Revenue

- Australia revenue up 1.8% vs PcP
- UK revenue up 8.6% vs PcP
- New Zealand, in recession during the FY down 16.5% vs PcP

### Normalised Results

- Normalised EBIT up 5.4% vs FY23, driven by focused cost management

### Significant items

- Costs associated with investment in digital initiatives and addressing the New Zealand operations

### Statutory Results

- Statutory EBIT down 6.8% reflects the impact of significant items
- Effective tax rate of 31.9%

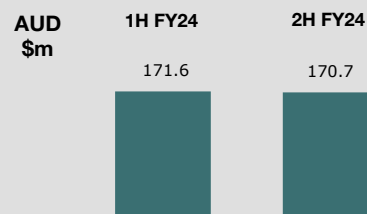
<sup>1</sup> FY23 & FY24 Normalised are before significant items.

<sup>2</sup> Group Statutory EBIT does not equal Group Normalised EBIT plus Significant Items in FY24 due to rounding.



# Revenue up on FY23

## FY24 Revenue

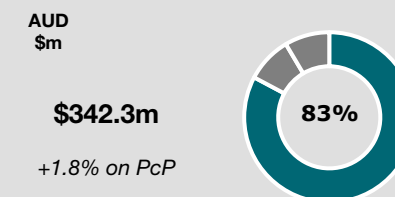


## Revenue commentary FY24 v FY23

### Australia

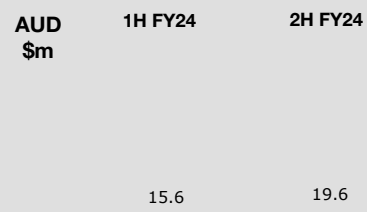
- Disciplined execution of strategy with focus on customer initiatives in challenging market conditions
- Sales & volume growth achieved for the full year through the identification of local market opportunities, driven by State led sales organisations implemented at beginning of FY24.

## \$ Revenue & % of Group



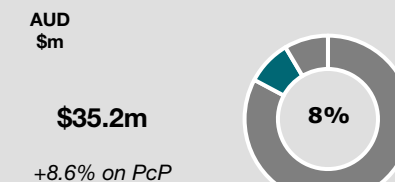
### New Zealand

- Solid commercial pipeline supported commercial wins & order bank, led by Care
- Impacted by continued deterioration in housing and construction markets, particularly in R&R
- Simplification and right-sizing of NZ operations to current market conditions



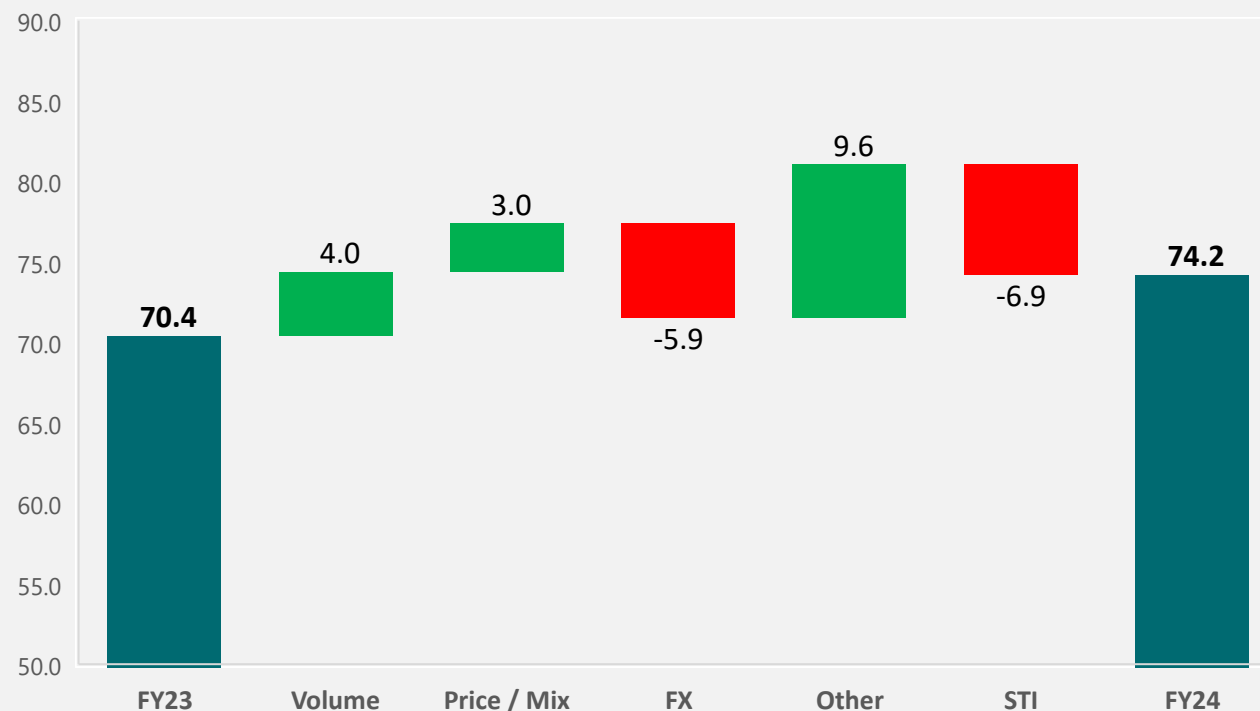
### United Kingdom

- Strong H2 helped UK achieve Full Year revenue and volume growth despite market contraction.
- New customer wins benefitted H2 result, will drive growth into FY25.



# Underlying EBIT up 5%

Normalised<sup>1</sup> EBIT Bridge (A\$M)

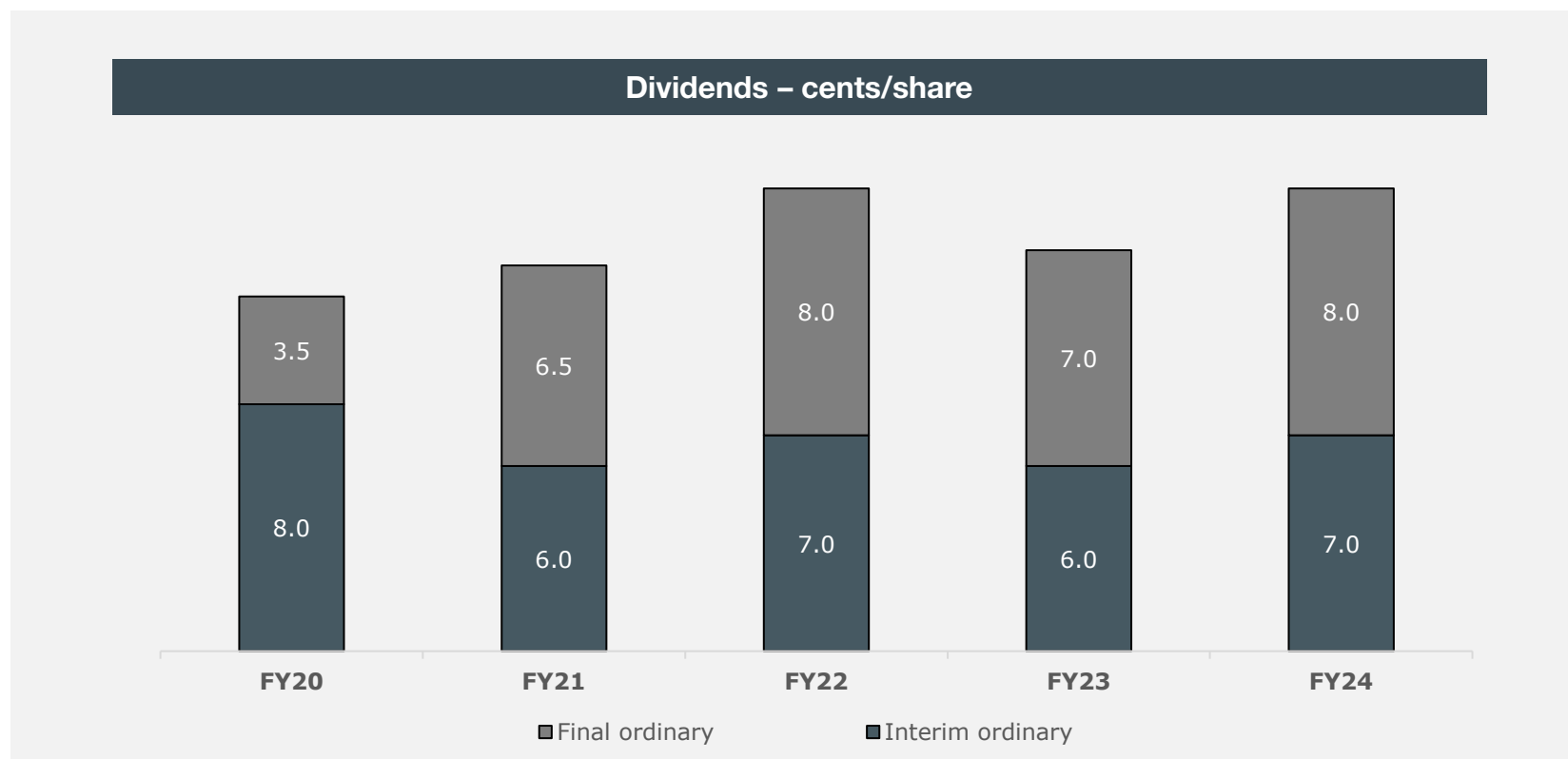


<sup>1</sup> FY23 & FY24 Normalised are before significant items.











## Underlying EBIT Improvement of 5% on prior year

- **Volume:** group increase of 2.1% due to AU and UK, partially offset by NZ.
- **Price/Mix:** price increase (~4% in AU from Feb 2024) offset by unfavourable product mix.
- **FX:** unfavourable (USD:AUD FY23: ~72c v FY24: ~68c)
- **Other:** disciplined cost control and lower ocean freight.
- **STI (Short term incentive):** FY24 performance exceeded internal targets despite challenging market conditions.

# FY24 final dividend of 8.0c per share fully franked



# Excellent progress made on Strategy

Key Performance Measures	Progress
<b>Win the Plumber</b>	
25,000 plumbers engaged	
Technical services provided (quantity)	
<b>Innovate Through Design &amp; Partnership</b>	
NPD sales >10% of overall Sales within 2 years	
>20% improvement for NPD average speed to market	
<b>Customer Experience</b>	
Improved DIFOT	
Increased in Net Promotor Score	
<b>Capital Management</b>	
EPS CAGR 5% to 10% FY23 to FY25	
EPS CAGR 5% to 10% FY24 to FY26	
Cash conversion – 80 to 85%	
Leverage 1.0 to 2.0 times EBITDA	

## Win the Plumber

- AU Plumber Bundle sales growth +8% on PcP
- WTP delivered milestones through the first Plumber Roadshow, plus
  - 25,000 plumbers engaged
  - 2,500 plumber trained
  - Over 18,000 plumbers technical interactions

## Innovate Through Design & Partnership

- Vitality index (NPD sales % total sales) tracking over 10%; and
- Speed to market improvement for NPD

## Customer Experience

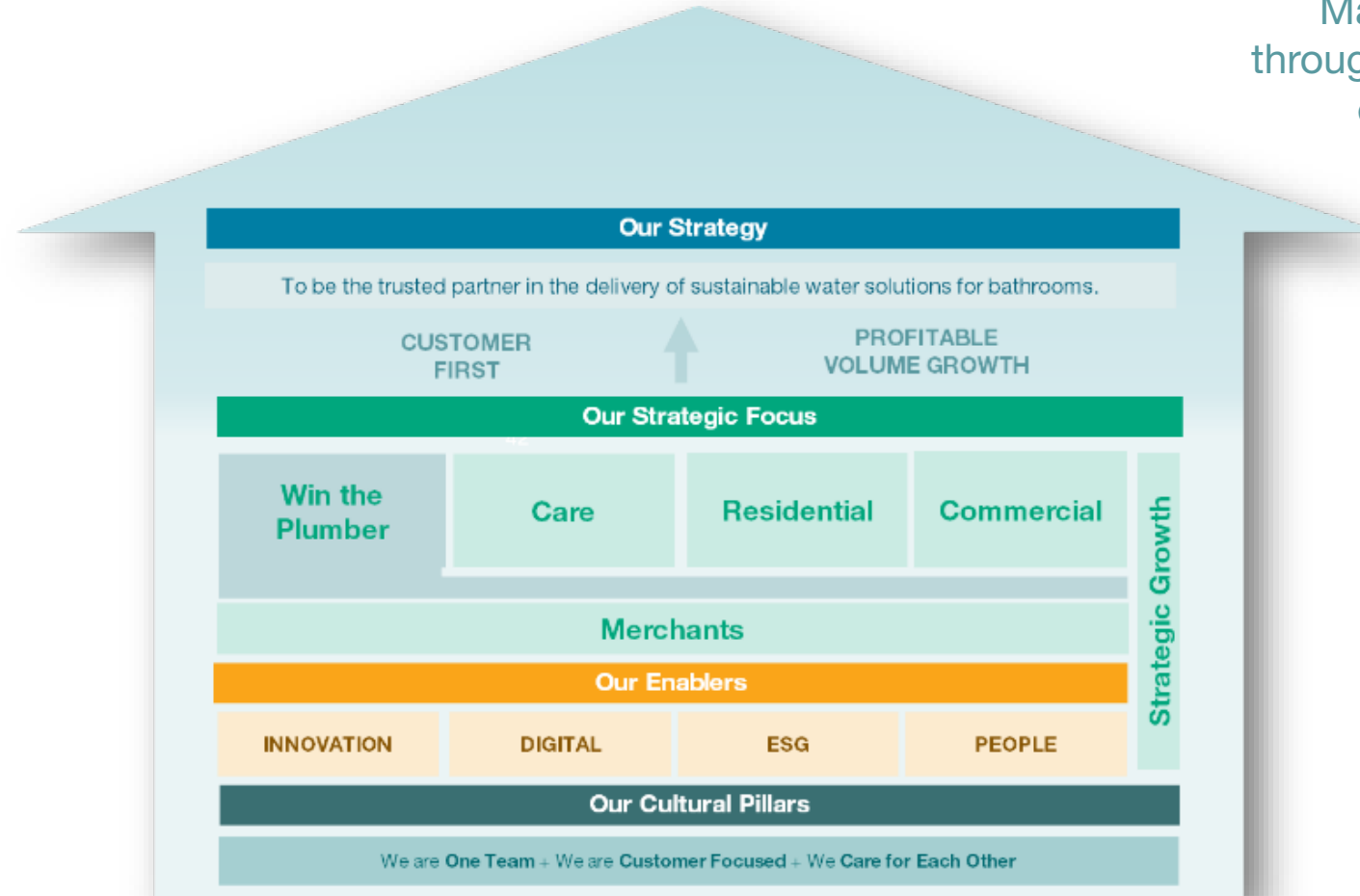
- DIFOT in ANZ improved to 91%, up from 78% in PcP
- Customer First initiatives have driven improvement in transactional NPS.

# Refreshed Strategy: Win The Plumber remains a focus

Making life better through innovation in everyday water experiences

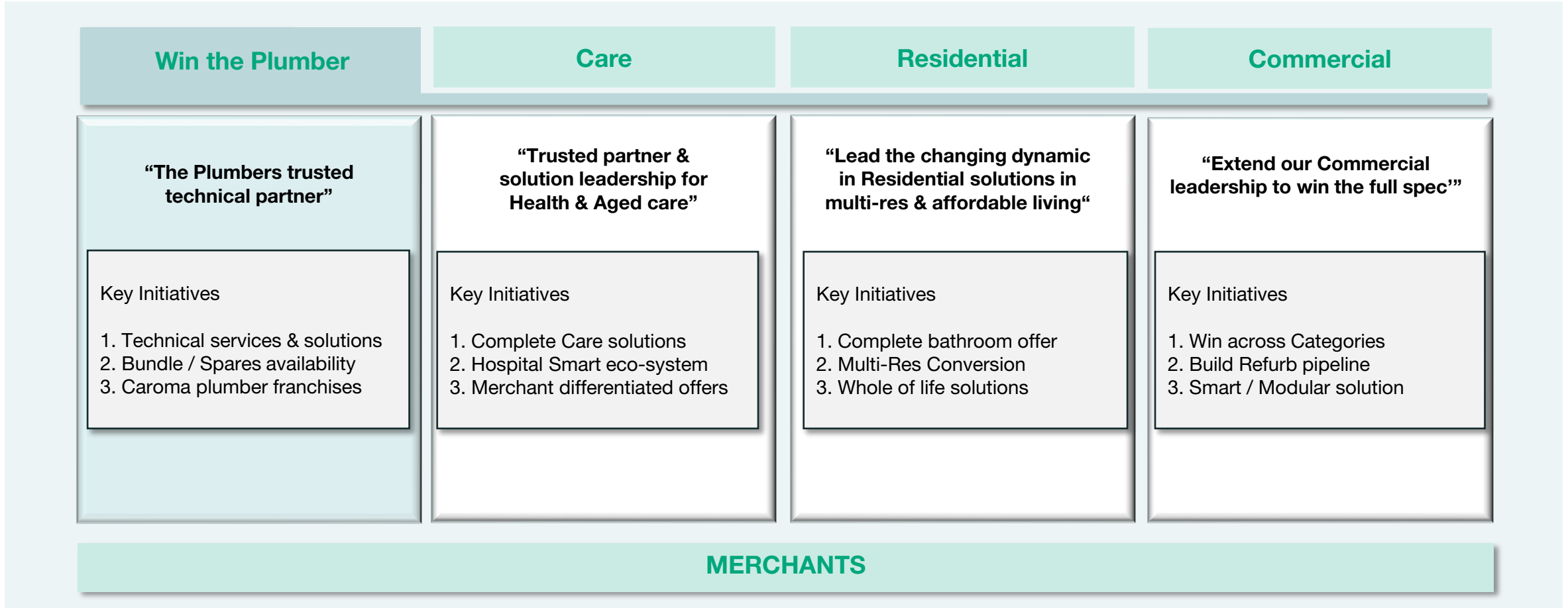
## Our 2027 Strategy

- Affirming continued commitment to **Win the Plumber**
- Embedding focus on **Customer First & Profitable Volume Growth**
- Confirming our position as the trusted technical partner.





# Growth Pillars



# FY25 Outlook and Priorities

Financial Statements

Chairman's Address

MD & CEO's Address

Formal Business

## Key focus

### Trading Update 1QFY25 (vs PcP)

Positive start in July, impacted by softened trading since August

### FY25 Outlook

No change to outlook from FY24 Results – markets remain uncertain

### GWA Strategic Priorities

## Commentary

#### Group Revenue +4.2%

Australia +5.5%

NZ -13.7%

UK +11.8%

#### Group Volume +2.7%

Australia +1.4%

NZ -8.8%

UK+13.5%

- **Australia:** market segments mixed: commercial aged/health care solid; res. detached to decline; res. R&R remains subdued; multi res to increase but timing uncertain
- **NZ:** remains challenging
- **UK:** expect modest recovery in new build/R&R

- Remain focused on customer first and profitable volume growth initiatives
- Continued focus on *Win the Plumber* strategy including increased share of wallet of maintenance plumbers
- Continued operational and cost discipline

# 4. Formal Business

# Resolutions conducted via poll

- **Resolution 1: Election of Director, Richard Thornton**
- **Resolution 2: Adoption of the Remuneration Report for the year ended 30 June 2024**
- **Resolution 3: Approval of the issue of Performance Rights to the Managing Director & CEO, Urs Meyerhans**

# Disclaimer

- This Presentation contains projections and other prospective statements that represent GWA's assumptions and views, including expectations and projections about GWA's business, the industry in which it operates and management's own beliefs and assumptions. Such matters require subjective judgement and analysis and may be based on assumptions which are incorrect. They may also be based on factors which are subject to significant uncertainties and contingencies which may be outside the control of GWA and are provided only as a general guide or statement and should not be relied upon as an indication or guarantee of future performance. As such, GWA's actual performance may differ from those assumptions or projections set out in this Presentation.
- This Presentation contains non-IFRS financial measures to assist users to assess the underlying financial performance of GWA. The non-IFRS financial measures in this presentation were not the subject of a review or audit by KPMG.
- Unless otherwise stated, financials (including comparatives) reflect the adoption of IFRS 16 Leases and the impact of the May 2020 IFRS Interpretation Committee decision relating to IAS 12 Income Taxes



# Thank you

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