

METHVEN

THE UNRELENTING
PURSUIT OF AMAZING
WATER EXPERIENCES
THAT DON'T COST
THE EARTH

Annual
Shareholder
Meeting
2017



Disclaimer

This presentation contains not only a review of operations, but also some forward-looking statements about Methven Limited and the environment in which the company operates. Because these statements are forward looking, Methven Limited's actual results could differ materially.

Although management and directors may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realised.

Please read this presentation in the wider context of material previously published by Methven Limited.

ASM 2017

Key topics

- FY17 performance issues and fixes
 - Platform for growth - Fit for the future
 - Delivering long term profitable growth - Methven 130
 - Proudly designing, developing and manufacturing in New Zealand
-
- General business
 - Refreshments and site tours

Introductions

ALISON BARRASS

Chair



DAVID BANFIELD

Managing Director and
Group Chief Executive Officer



RICHARD CUTFIELD

Independent Director



STEVE TUCKER

Independent Director



DEIDRE CAMPBELL

Group Chief Financial Officer



Apologies

NORAH BARLOW

Independent Director



TONY BALFOUR

Independent Director



METHVEN

Formalities

- Notice of meeting
- Quorum
- Proxies
- Health and Safety
- Annual financial statements

Health and Safety

Our vision is to be recognised as an industry leader in setting standards for workplace Health and Safety.

162

CROSS
FUNCTIONAL
WALKS

90%

CONTINUOUS
IMPROVEMENT
PROGRAMME
ENGAGEMENT

-18%

NEAR MISS

Environment

We are systematically improving our carbon footprint.



3400L PER DAY

WATER SAVING
VIA RECYCLING

100%

COMPANY VEHICLES
WITH CO₂ EMISSIONS
<185G/KM

52%

OF TEAM VOLUNTEER
TO RESTORE
WHAU RIVER

-80%

AIR DISCHARGE
BELOW COUNCIL
MINIMUM

People & Culture

We aim to be the best employer in New Zealand.

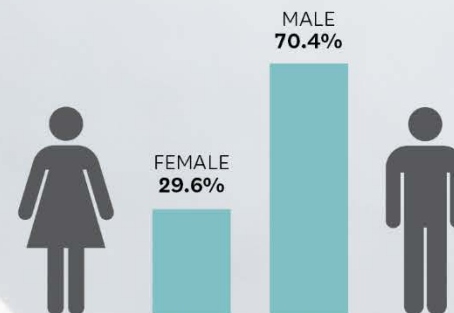
All NZ full time employees became shareholders of Methven.

100%

NZ STAFF SHAREHOLDERS

100%

GENDER PAY EQUALITY



124 
NEW ZEALAND

52 
AUSTRALIA

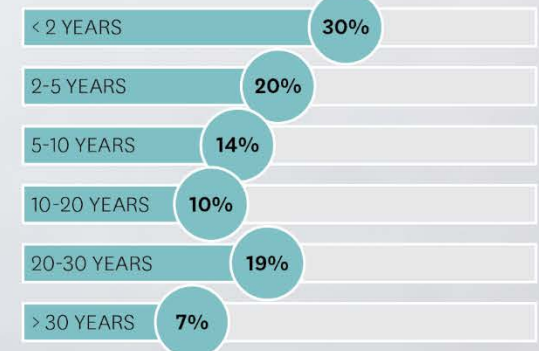
51 
UK

103 
CHINA

AVERAGE AGE



LENGTH OF SERVICE



Governance

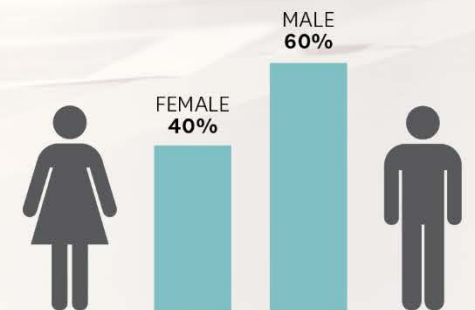
The Board plays a vital role in overseeing the strategic direction of Methven, including implementation of strategic priorities. The Board regularly reviews its governance structures to ensure they are consistent with best practice.

83%

INDEPENDENT
DIRECTORS

5.3

YEARS OF AVERAGE
TENURE



2017 in review

- Results below our expectations as business underperformed on revenue and cost
 - Market impacts in NZ and Australia (tapware sales and Masters closure)
 - Cost impacts from a supply issue and planned higher overheads in NZ market
- Encouraging signs of potential in all markets
 - Good momentum in UK delivering strong growth
 - Shower offer performing well across markets

Response

Board and Management priority is on strengthening core business to ensure we can resource growth

- Overhead reduction in NZ
- Strong programme of simplification
 - SKU count
 - Processes
- Improved systems automation and digitisation
 - Streamlined, less room for error, reduces burden of administration

Make sure we have a simple and efficient platform to run expanded business from.

Strategy for growth

- Foundation is set:
 - Strong purpose and a culture of innovation
- Continuing to build talent at Board and executive level to support the team and build capability
- Accelerating delivery of innovation across all categories including core to category and resetting offer to accelerate purchase cycles
- Testing digital as platform for access to new markets.



David Banfield

GROUP CEO

Performance

REPORTED

CONSTANT
CURRENCY

REPORTED

CONSTANT
CURRENCY

REVENUE
\$100.1M
▼ 5.4%

REVENUE
0.4%
▲

DEBT
\$27.1M
▲ 22.6%

DEBT
23.8%
▲

EBIT
\$9.2M
▼ 17.0%

EBIT
7.8%
▼

CAPEX
\$2,627K
▼ 51.3%

CAPEX
49.9%
▼

NPAT
\$5.8M
▼ 24.5%

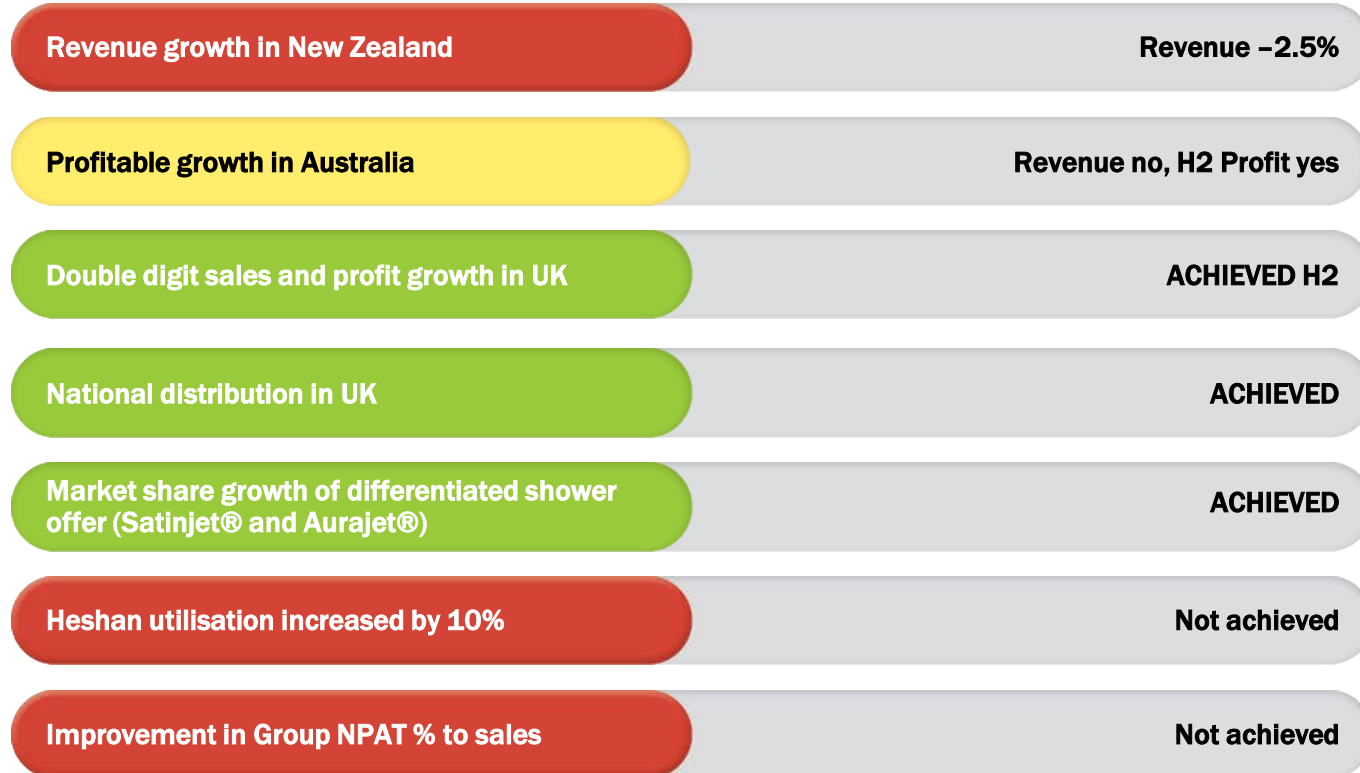
NPAT
15.1%
▼

DIVIDENDS
PER SHARE
7.0 CPS
▼ -1.5 CPS

DIVIDENDS
PER SHARE
7.0 CPS
▼ -1.5 CPS

Business Review

Our Goals in FY17



A close-up photograph of a person's hands, wearing a blue long-sleeved uniform, working on a dark, reflective metal component. The person is using a small, light-colored tool to clean or polish a circular opening in the metal. The background is blurred, showing more of the industrial setting.

Impacts in FY17

IMPACT ACTION

SUPPLY DISRUPTION HESHAN

FIXED

NZ FIXED COST GROWTH

FIXED

MASTERS CLOSURE AUSTRALIA

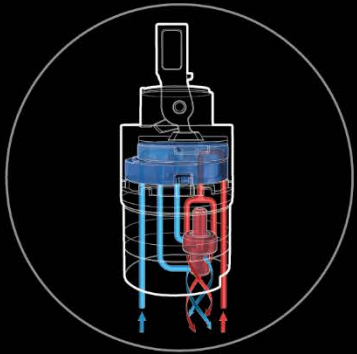
NO FURTHER IMPACT

TAPWARE UNDERPERFORMANCE
IN NZ/AUSTRALIA

TESTING NEW
ACTIVITY H1
ROLL OUT AND
NPD H2

2017 successes

Product and technology innovation



SAFEFLOW



AIO
UK Sales 123%



**BLACK AIO &
BLACK WAIPORI**

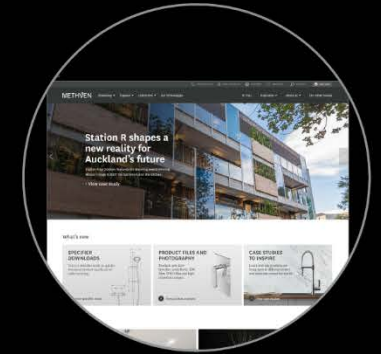
Digital innovation



**PLUMBER APP
LAUNCHED**



**\$1 HANDSET
TRIAL**



**SPECIFICATION
PORTAL**

2017 successes

New distribution



BUNNINGS
UK



CITY
PLUMBING



INTERNATIONAL
*Distributors appointed
China, Malaysia and USA*

Brand recognition and awards



UK COOL
BRAND



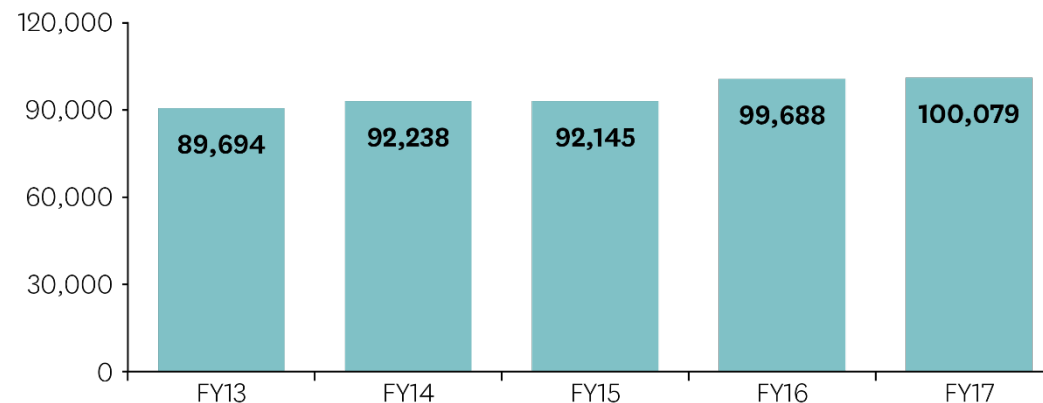
UK BKU
AWARD



RED DOT
BEST OF
THE BEST

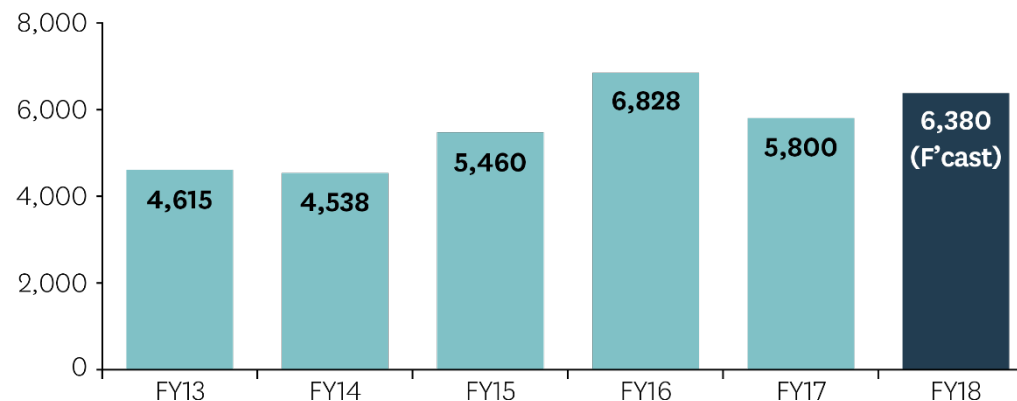
Long-term underlying trend is stable

SALES TREND (in constant currency)



Group sales
CAGR 2013-17
+2.8%

EARNINGS TREND (in constant currency)



Group NPAT
CAGR 2013-17
+5.9%

— FY17 impacts highlighted need for increased agility



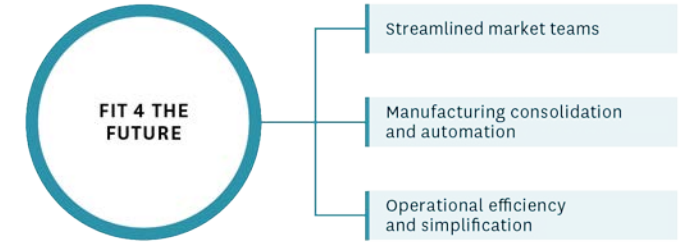
Simplification

Integration

Automation

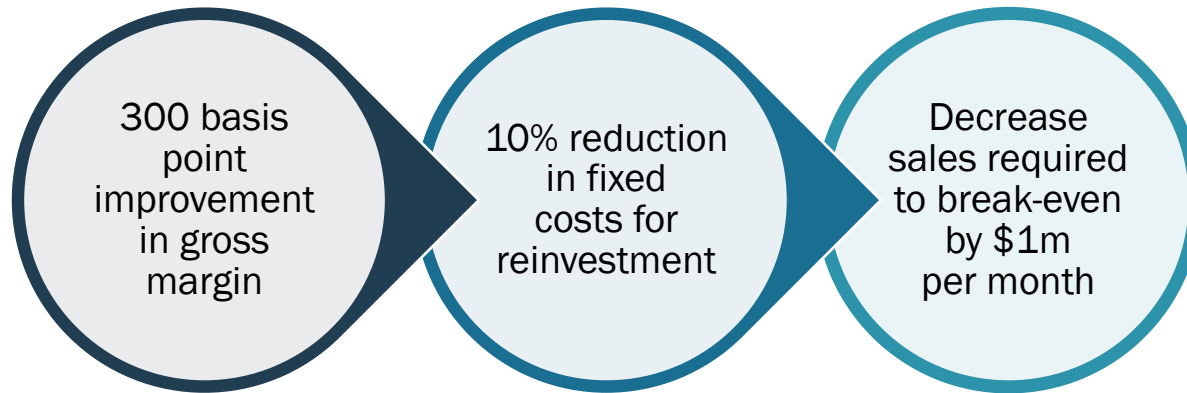
FIT 4 THE
FUTURE

Fit 4 the Future



Fit 4 the Future

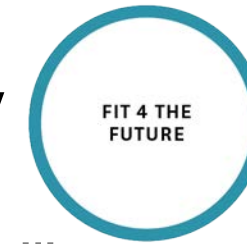
- 2 year goals:



Program:

- Major programs of work identified, ranked, validated and underway

Fit 4 the Future Program is underway

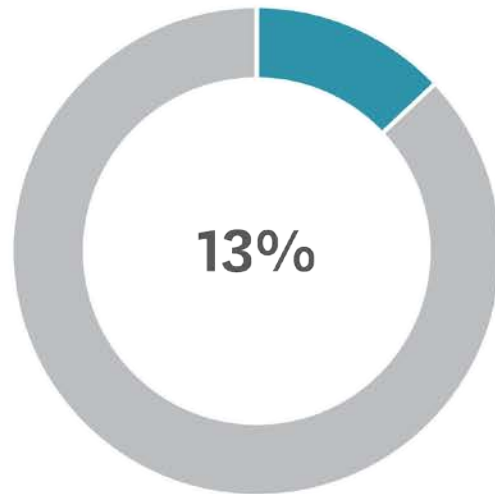


Streamlined market teams

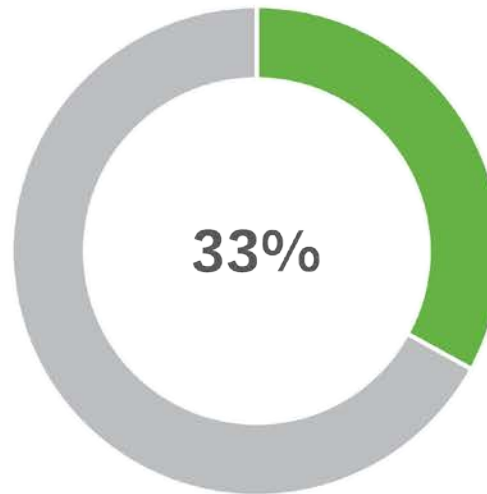
Manufacturing consolidation and automation

Operational efficiency and simplification

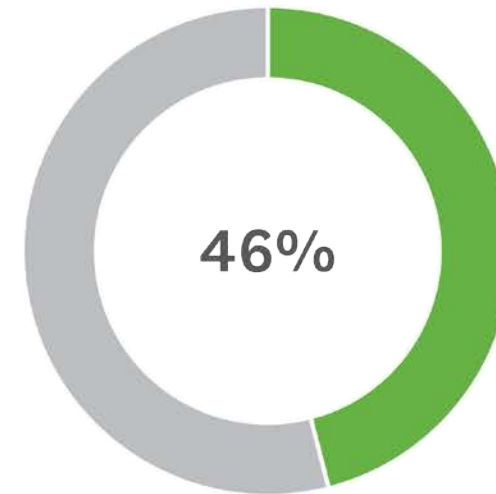
Elapsed Time
24 months



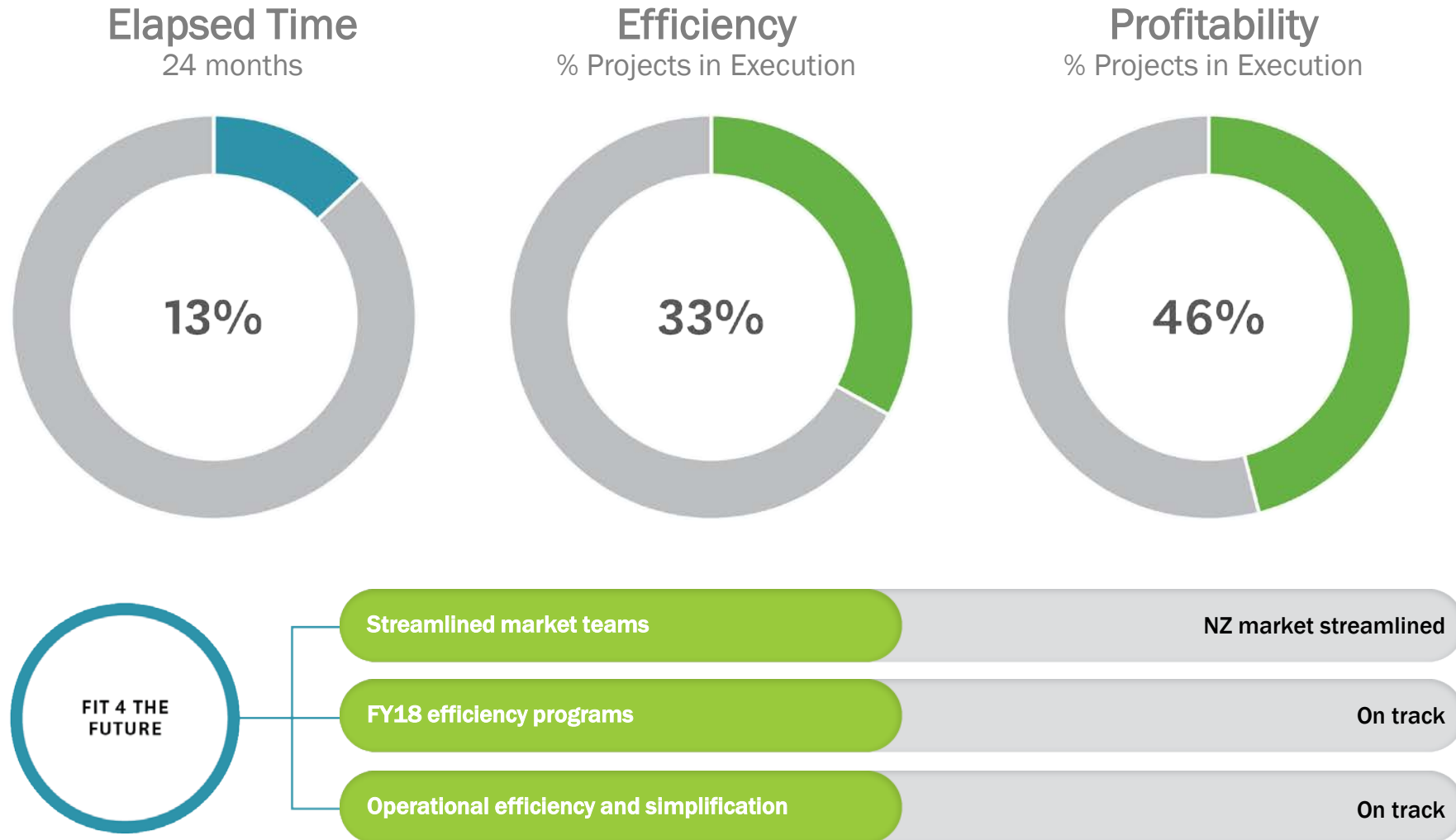
Efficiency
% Projects in Execution



Profitability
% Projects in Execution

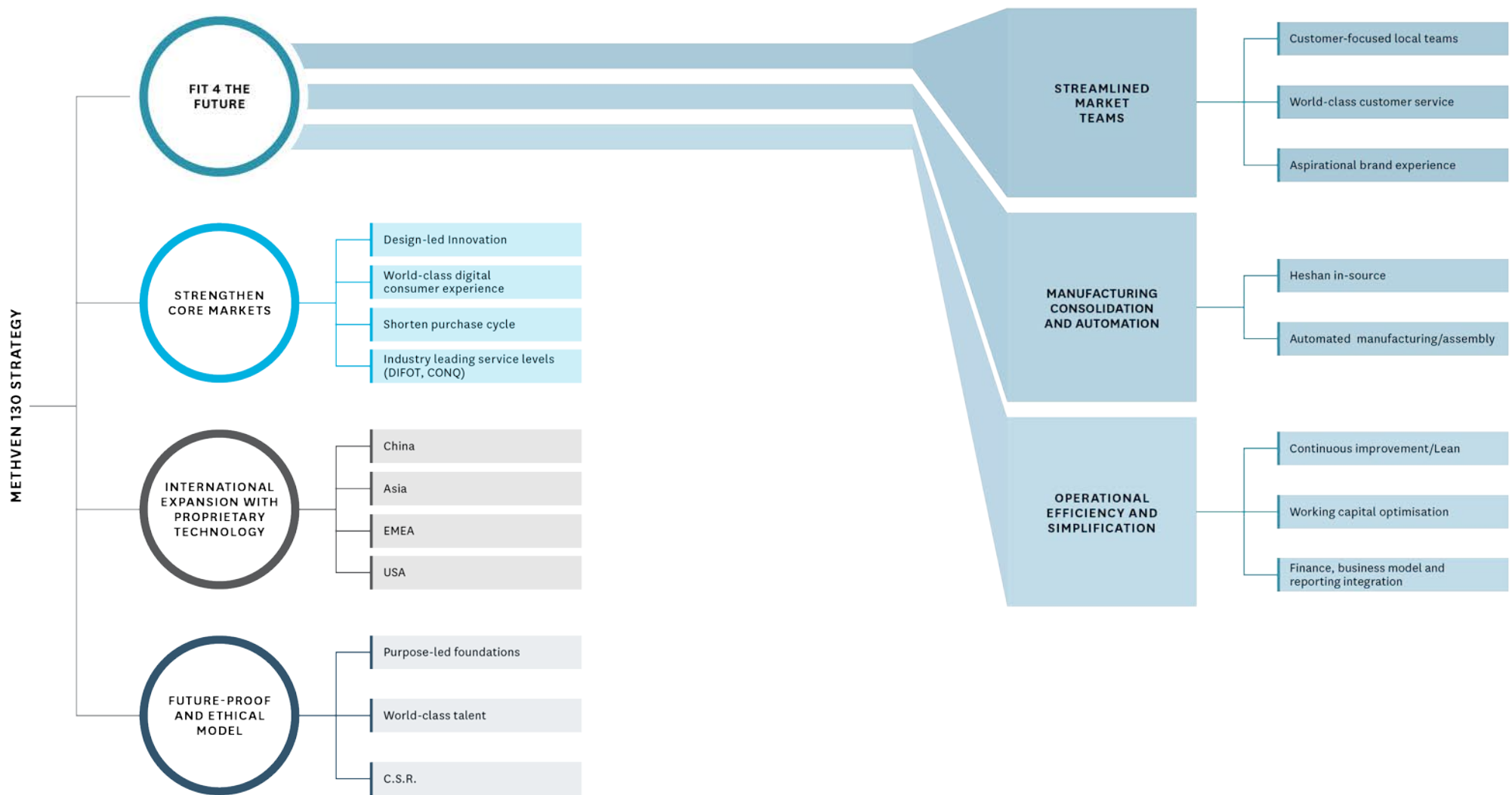


Fit 4 the Future Program is underway

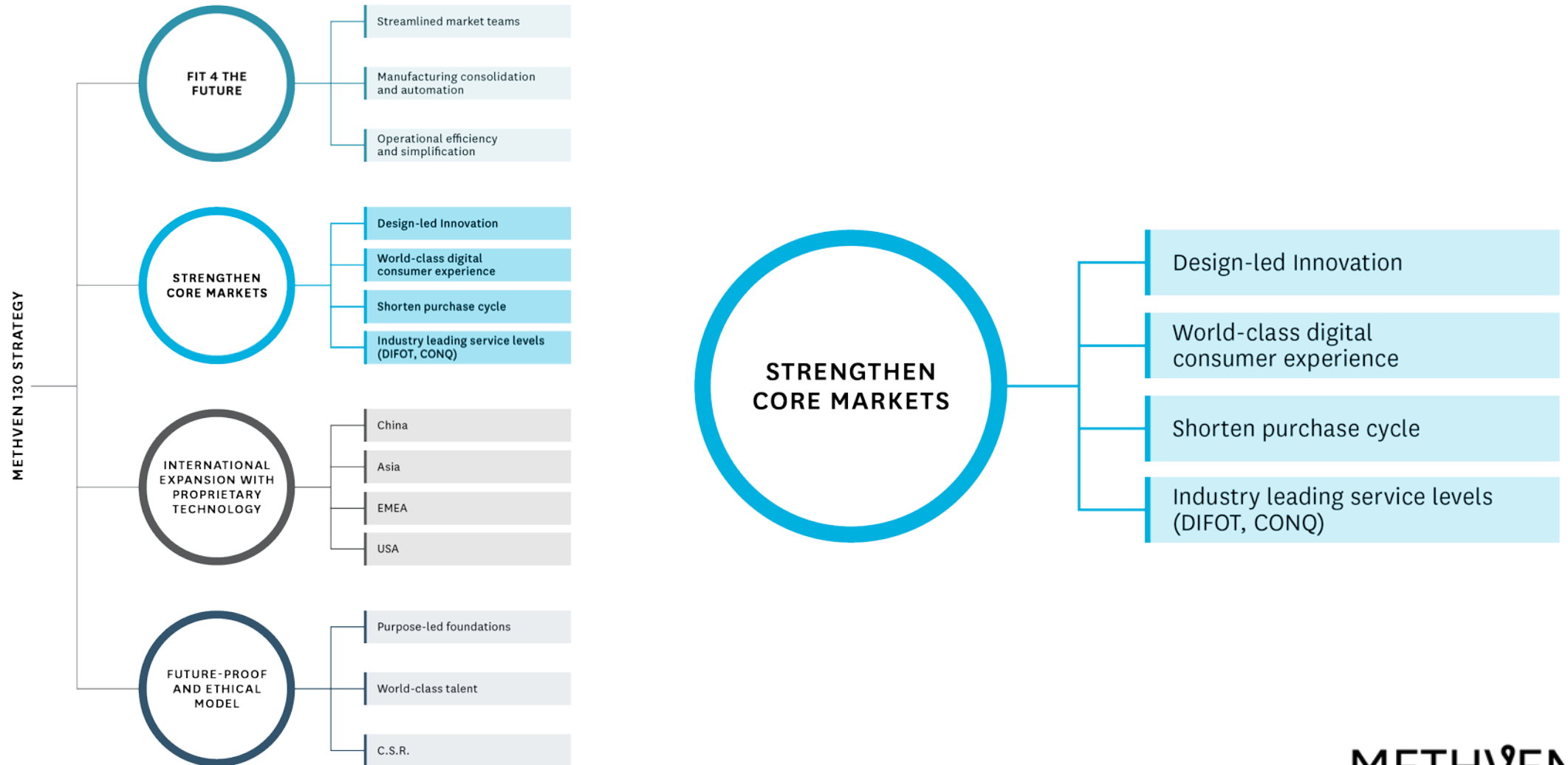


Methven 130

Fit 4 the Future



Immediate priority is strengthening core markets



Aurajet – one of the most awarded shower technologies in the world

2015



Chicago Athenaeum
GOOD DESIGN™ Award
Award Winner
Aurajet® Aio Showers
Aio Tapware Collection



New Zealand BEST Design Awards
Gold
Aurajet® Aio Showers



New Zealand Innovators Awards
Winner: Innovation in Design & Engineering
Aurajet® Aio Showers



New Zealand Innovators Awards
Winner: Export Innovator of the Year
Aurajet® Aio Showers



UK 2015 Kitchen & Bathroom
Designer Awards
Gold, Innovation in Sustainability
Aurajet® Aio Showers

2016



reddot award 2016
winner

Red Dot Award
Product Design Winner
Aurajet® Aio Showers



German Design Award
Special Mention
Aurajet® Aio Showers



New Zealand BEST Design Awards
Silver, Product, Consumer
Aurajet® Aio Shower System



House Beautiful Award 2016
Best Bathroom - Gold Winner
Aurajet® Aio Overhead Shower



Chicago Athenaeum
GOOD DESIGN™ Award
Award Winner

Aurajet® Aio Shower System
Surface Tapware Collection



Australian GOOD DESIGN Award
GOOD DESIGN® Award Winner
Aurajet® Aio Shower System



Plus X Design Award
Award Winner – High Quality,
Design & Functionality
Aurajet® Aio Handset



Plus X Design Award
Award Winner – Best Product
of the Year 2016/17
Aurajet® Aio Handset

2017



reddot design award
best of the best 2017

Red Dot Award
Best of the Best
Aurajet® Aio Shower System



New Zealand Plastics Awards
Gold in Consumer
Aurajet® Aio Shower System



New Zealand Plastics Awards
Gold in Tool Making
Aurajet® Aio Shower System



New Zealand Plastics Awards
Gold in Conventional Injection Moulding
Aurajet® Aio Shower System

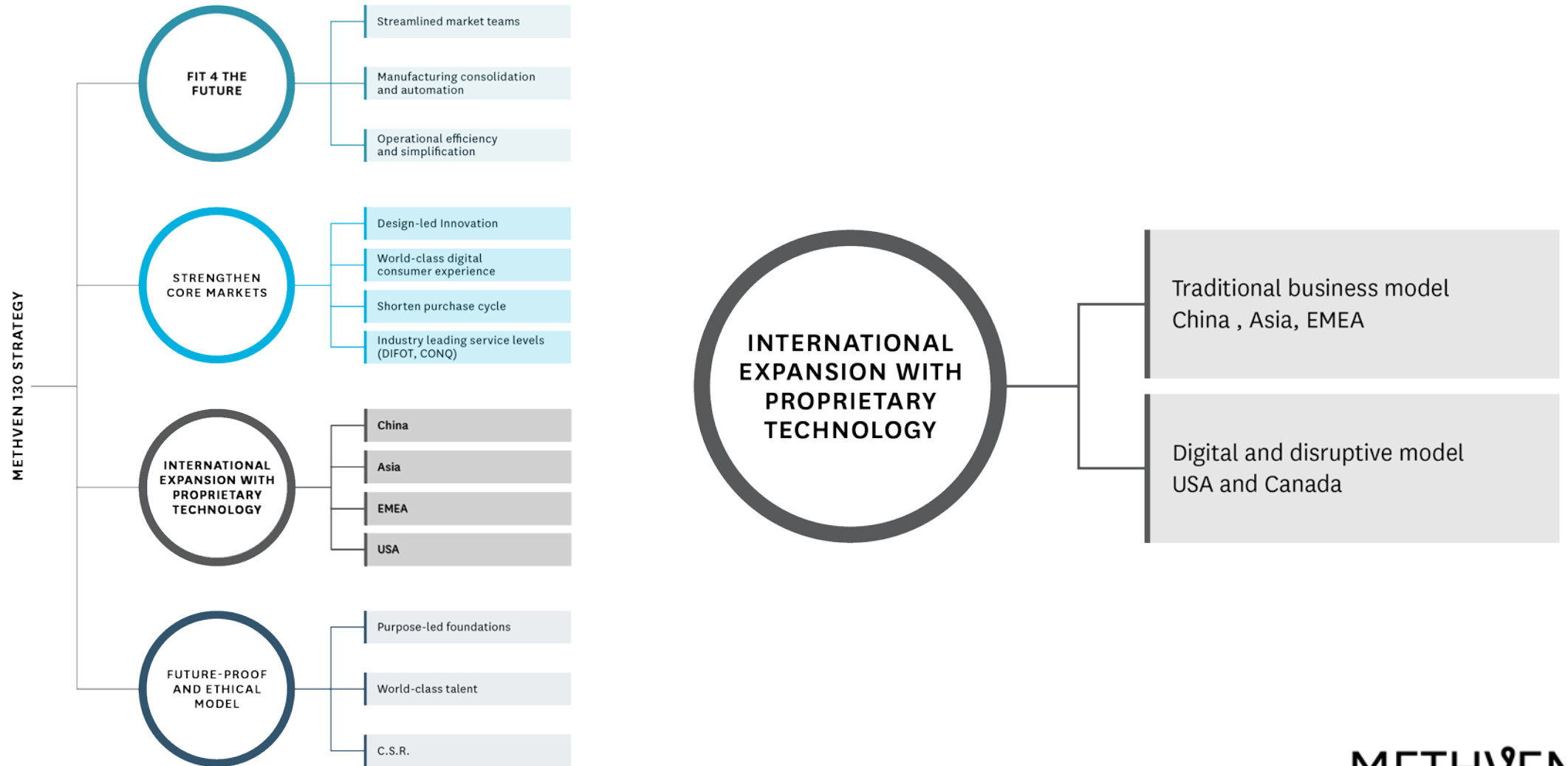


New Zealand Plastics Awards
Silver in Export
Aurajet® Aio Shower System



New Zealand Plastics Awards
Supreme Award
Aurajet® Aio Shower System

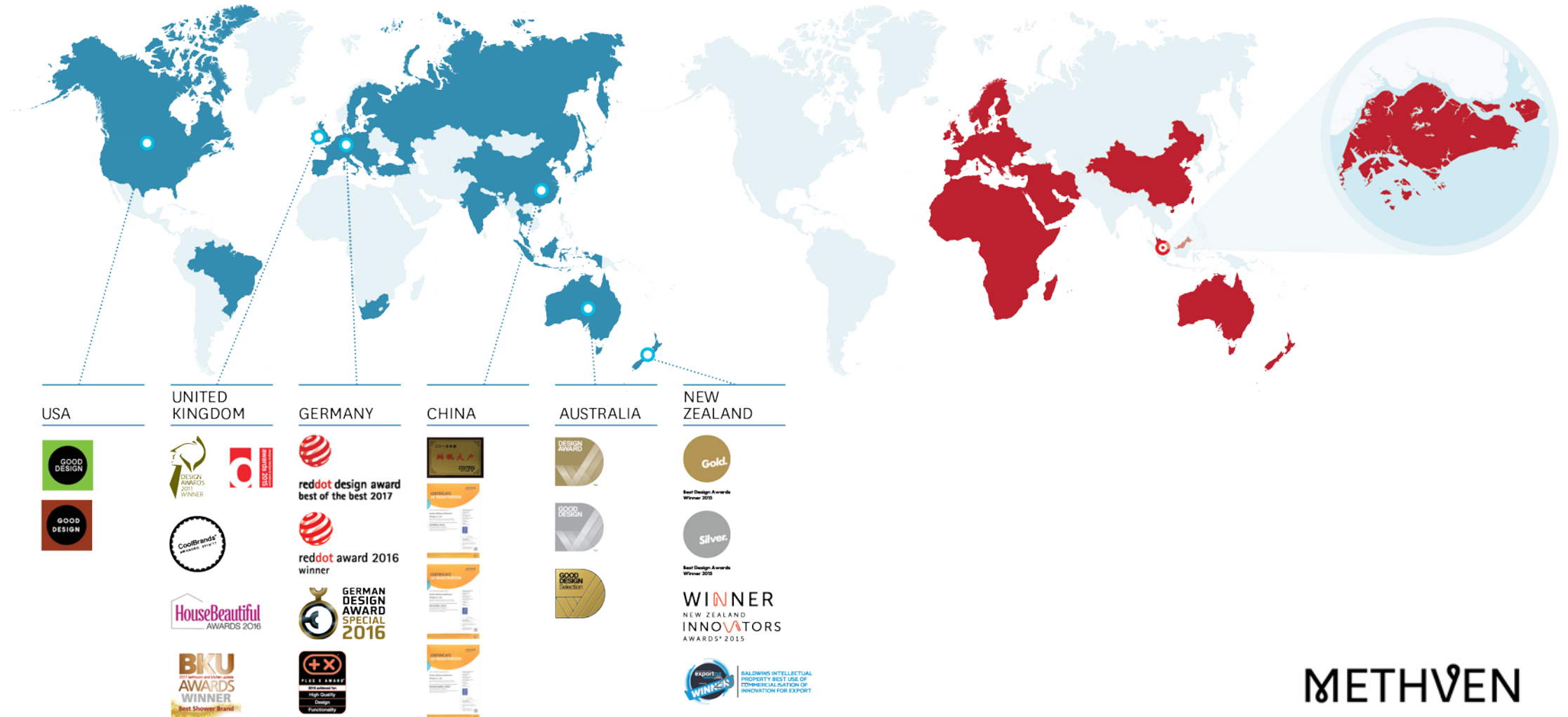
International markets and digital sales model key to future revenue aspiration



Growing our commercial footprint to leverage IP

IP & Awards Coverage

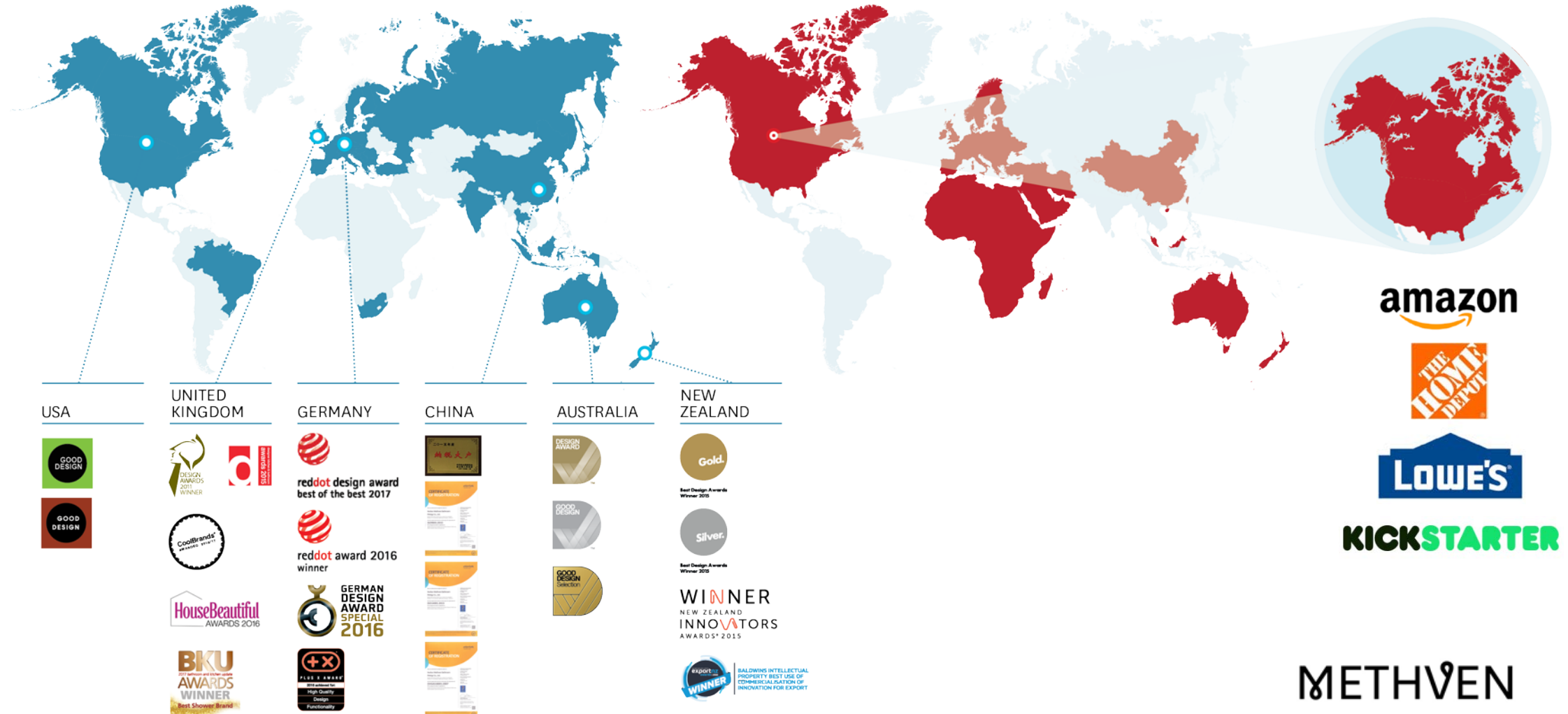
Sales Coverage



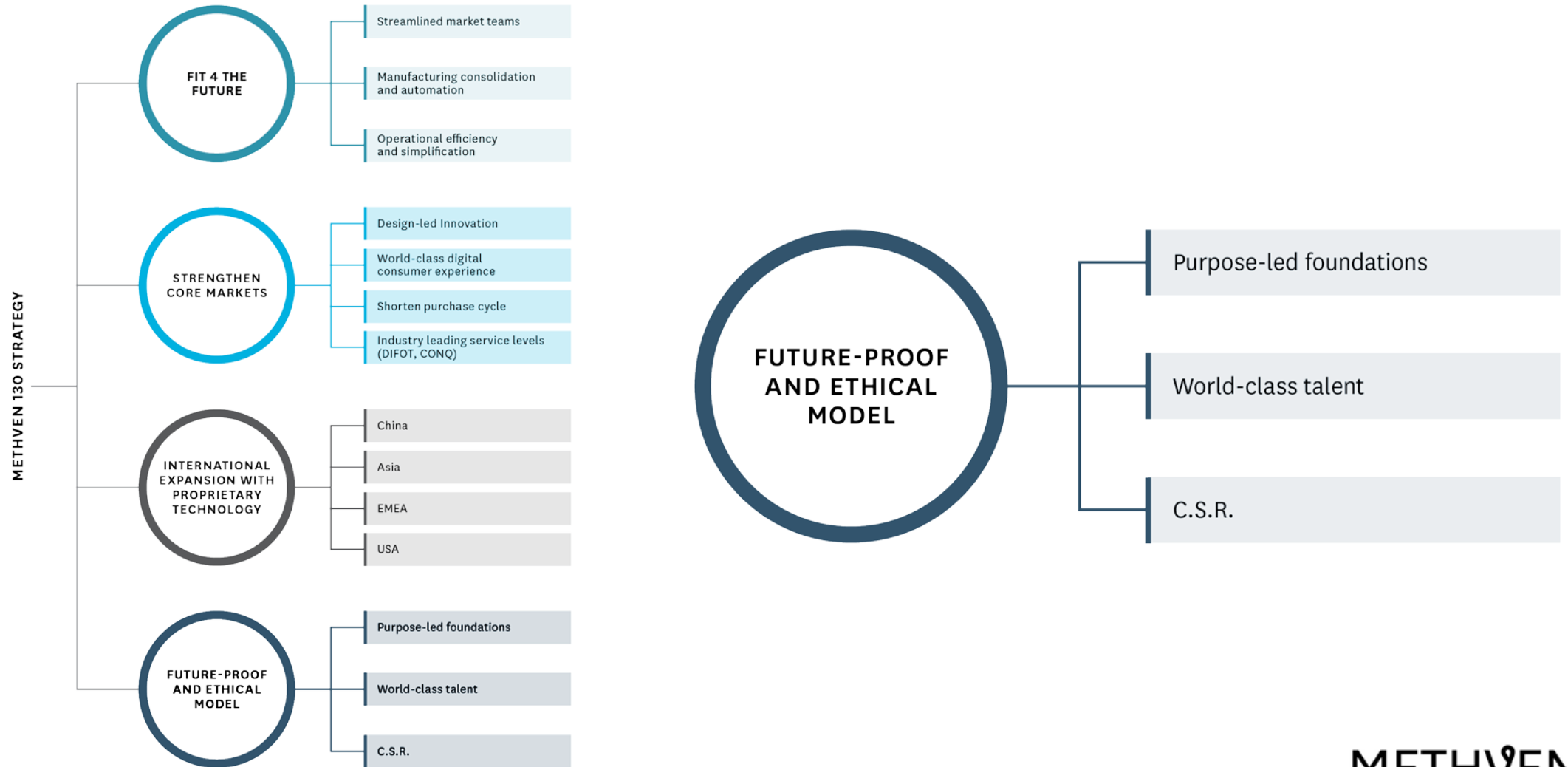
Growing our commercial footprint to leverage IP

IP & Awards Coverage

Sales Coverage



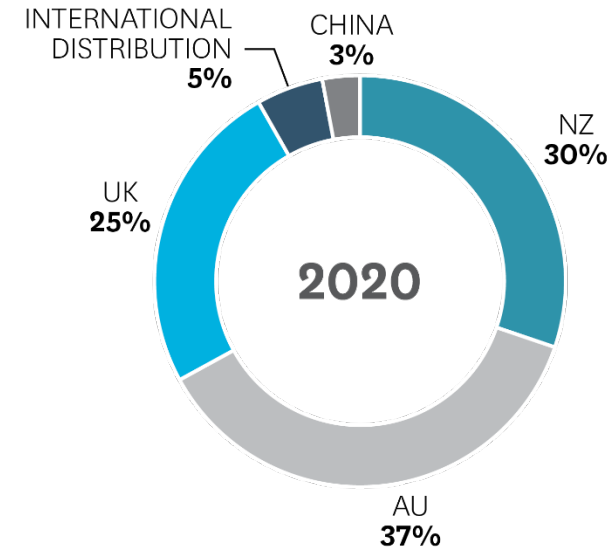
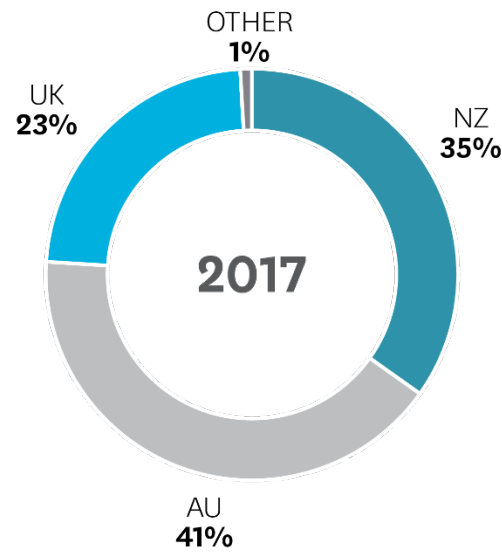
Strong purpose and talent base from which to grow



Market and product mix to drive margin expansion

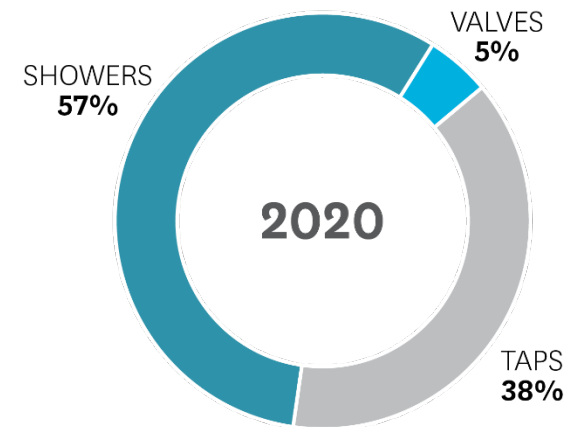
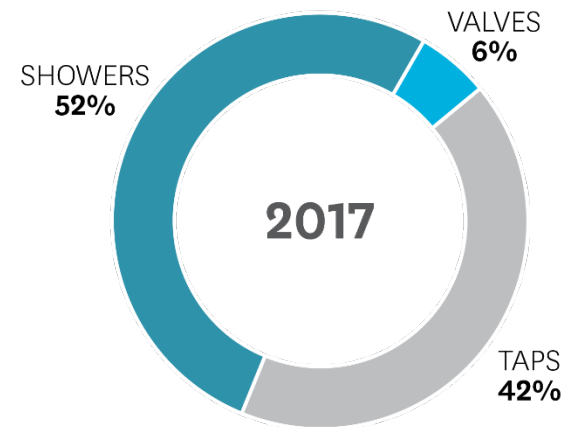
REVENUE SHARE

70% outside of New Zealand



PRODUCT SHARE

Over 57% of sales in showering



Trading update Q1 and HY forecast

- Q1 NPAT +32% (\$300k)
- NZ tapware underperforming
 - Testing new activity H1
 - Roll out and NPD H2
- FFF investment of \$579k in this half
- HY NPAT forecast slightly down year-on-year

FY18 Guidance

- NPAT growth of at least 10% in constant currency
- Update
 - Guidance maintained

Fix, transform and grow

- Factors that affected FY17 are either **fixed** or in the process of being **fixed**.
- Fit 4 the Future **transforms** our operating model and creates a strong platform for future **growth**.
- New international markets will be the catalyst for topline **growth** and delivery of Methven 130 goals.
- We are proud to be a New Zealand manufacturer creating the best showers in the world from New Zealand.

General Business

ALISON BARRASS

Resolutions

Ordinary Resolutions

1. That the directors be authorised to fix the auditors' remuneration.
2. That Steve Tucker be elected as a director of the Company.
3. That Tony Balfour be elected as a director of the Company.
4. That Alison Barrass be re-elected as a director of the Company.

Resolution 1: Remuneration of Auditors

That the directors are authorised to fix the auditors' remuneration.

Resolution 2: Director Election

That Steve Tucker be **ELECTED** as a director of the Company.



Resolution 3: Director Election

That Tony Balfour be **ELECTED** as a director of the Company.





THE
HVEN
INE



1886

Methven is founded as an iron and brass foundry by Scottish born George Methven in Dunedin, New Zealand.

1939-45

Manufacture ammunitions for the New Zealand Army.



Fastflow®

patented technology to solve low water pressure in homes.

2003

Winning 60% of Flexispray award
Best Australian shower
Methven has supplied Methven



Resolution 4: Director Election

That Alison Barrass be **RE-ELECTED** as a director of the Company.



Voting – Resolutions

Please vote by ticking one box, either “FOR”, “AGAINST” OR “ABSTAIN”.

Link Market Services will come and collect your Voting Papers.

Please raise your hand if you require a Voting Paper or a pen.

Results will be announced to NZX as soon as they are available.

<i>Tick (✓) in box to vote</i>			
Ordinary Resolution	For	Against	Abstain
1. That the directors are authorised to fix the auditors’ remuneration.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. That Steve Tucker be elected as a director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. That Tony Balfour be elected as a director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. That Alison Barrass be re-elected as a director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Other Business

Questions?

METHVEN

130

YEARS OF INNOVATION

