

2018 SUCCESSES

Product and technology innovation

● TŪROA



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.



METHVEN

Annual
Shareholder
Meeting
2018

Wednesday 31 October 2018

ASM 2018

Key topics

- FY18 performance highlights and update on focus from ASM 2017
 - Fix New Zealand
 - Transform through Fit for the Future
 - Grow international
- Focus on China
- Disrupting the global plumbing industry from New Zealand

- General business
- Refreshments and site tours

Introductions

ALISON BARRASS
Chair



DAVID BANFIELD
Executive Director



RICHARD CUTFIELD
Independent Director
Chair, Audit Compliance & Risk
Management Committee
Chair, Remuneration
Committee



SHELLEY CAVE
Independent Director



STEVE TUCKER
Independent Director
Chair, Health & Safety
Committee



TONY BALFOUR
Independent Director



JANNINE MOUNTFORD
Group Chief Financial Officer



ANDY CHEN
Regional CEO, Asia



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.

Risk



- Risk is reduced by Certainty
- Risk is never managed by the organization- that is personal
- Worker exposed risk is managed by the worker
- Organization don't control risks.
- If hazards is a thing that can hurt a worker then risk is the distance between the worker and the hazard
- Organizations can't control risk. The risk is in the eye of the beholder

-57%

TOTAL
RECORDABLE
INJURIES

Designed with
you in mind

300

H&S TRAINING
SESSIONS

100%

SOPS INCLUDE
H&S

Environment

We've saved one Olympic swimming pool's worth of water at Jomac Place, NZ.

3,000,000L

OF WATER
RECYCLED

12%

DECREASE IN
CARBON EMISSIONS

50%

INCREASE IN
ELECTRIC CAR FLEET

1200

VOLUNTEER HOURS
TO RESTORE WHAU
RIVER PLANTING
OVER 3000 TREES

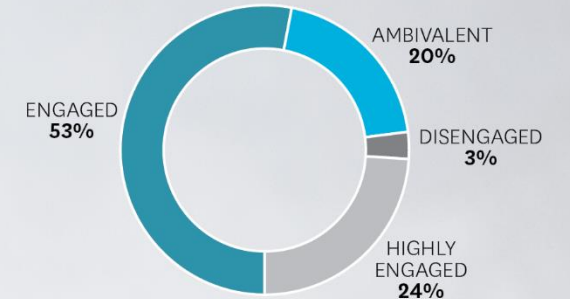
People & Culture

Good employee engagement.

Good employee engagement.

77%

ENGAGED OR
HIGHLY ENGAGED



Staff numbers.

119



NEW ZEALAND

49



AUSTRALIA

50



UK

72



CHINA

People & Culture

Manufacturing apprenticeships to ensure availability of long-term skills in NZ.



THIERRY KARANGWA | Plastics Team Manager | Tenure: 6.7 years



TEVITA PAMAKA | Machining Apprentice | Tenure: 10.9 years

Governance

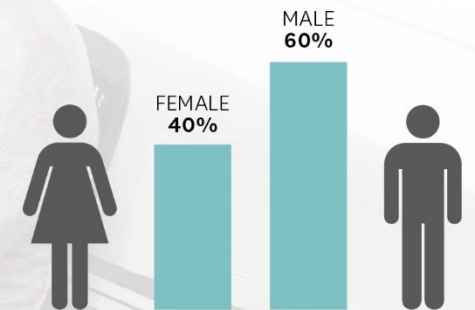
The Board plays a vital role in overseeing the strategic direction of Methven, including implementation of strategic priorities. The Board regularly reviews its governance structures to ensure they are consistent with best practice.

83%

INDEPENDENT
DIRECTORS

5.2

YEARS OF AVERAGE
TENURE



2018 in review

- Results in line with guidance
- NZ market stabilising
- Fit 4 the Future on track to deliver
- Acceleration of international performance
 - Contribution and market share growth in all markets outside NZ
- Acceleration of innovation pipeline

Our strategic beliefs

- Our moment of truth is when a consumer experiences a Methven shower.
- Consumers will increasingly choose sustainable solutions and materials that don't cost the earth, though not at the expense of their water experience.
- New Zealand is our home. We will extend our market leadership through rapid consumer-centric innovation.
- International growth will drive long term profitability. China is key.
- Digital manufacturing at Methven in New Zealand will disrupt the global plumbing industry.
- Radical simplification of our operations will make us more responsive to customer and consumer needs
- Our talented team, driven by and aligned to our cause, will deliver world-leading innovation.

Our 4 strategic pillars

- World-class consumer-centric product innovation
- Revolutionary digital manufacturing in NZ disrupting global industry
- Sustained double digit international revenue and earnings transformation
- Unrelenting focus on simplification, cost and efficiency

Accelerating growth

- Board reviewing a range of strategic options to deliver enhanced shareholder return, including
 - Partnership
 - Acquisition
 - Other



David Banfield

GROUP CEO

Performance

REVENUE

reported

\$105.1M

▲ 5.1%

constant currency

2.4%

▲

DEBT

reported

\$22.6M

▼ 16.5%

constant currency

17.0%

▼

EBIT

reported

\$10.7M

▲ 20.4%

constant currency

17.3%

▲

CAPEX

reported

\$3,072K

▲ 16.9%

constant currency

17.6%

▲

NPAT

reported

\$6.6M

▲ 21.9%

constant currency

19.1%

▲

DIVIDENDS PER SHARE

reported

8.0 CPS

▲ 1.0 CPS

constant currency

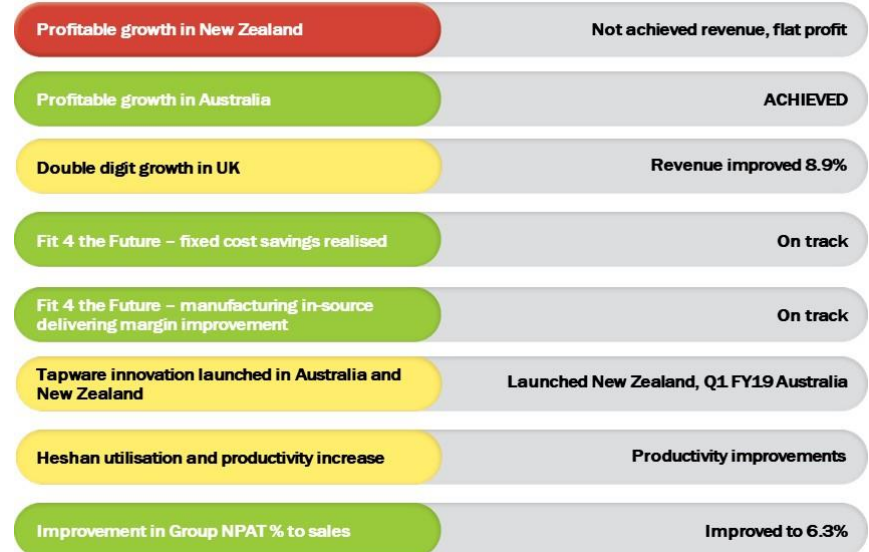
8.0 CPS

▲ 1.0 CPS

Key priorities and focus

- [FIX](#) New Zealand
- [TRANSFORM](#) and simplify core operations
- [ACCELERATE](#) international growth
- [DISRUPT](#) the global plumbing industry

Our Goals in FY18



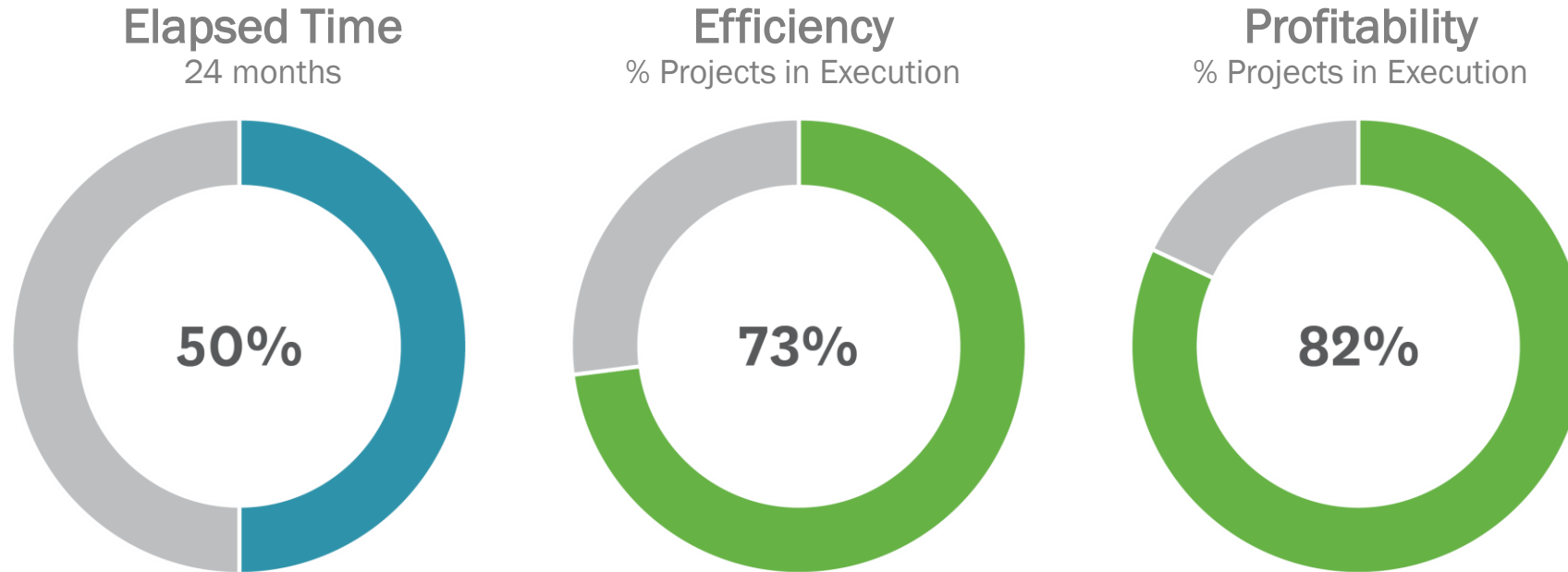
New Zealand

12 months ended June			
NZ \$000	2018	2017	Variance %
Sales revenue	32,357	34,869	-7.2%
EBIT	4,292	4,195	2.3%
EBIT % of revenue	13.3%	12.0%	1.3 pts

Our Goals in FY18

Revenue growth in New Zealand	Revenue -7.2%
Fit 4 the Future fixed cost savings realised	Fixed costs reduced by \$800k
Fit 4 the Future – manufacturing in-source delivering margin improvement	Margin Improved by 1.3 pts
Tapware revenue growth	Not achieved
SKU reduction supporting simplification	SKU count reduced by 21%

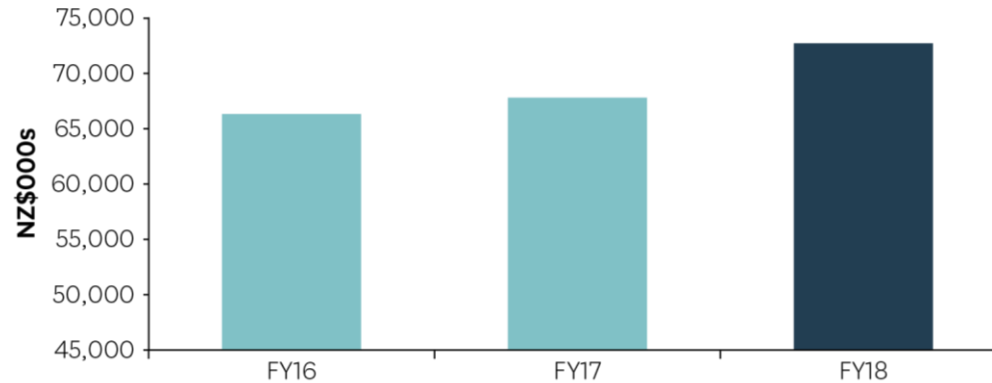
Fit 4 the Future programme progress



- \$870k in operating expenditure invested in the programme.
- Annualised benefit of \$1.6m expected in FY19 before any re-investment in new initiatives in FY19.
- On track to deliver to our expectations.

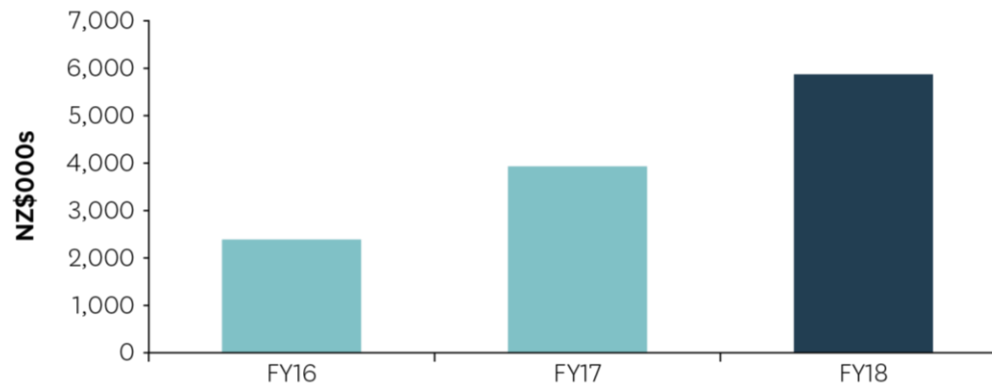
Accelerating international performance

INTERNATIONAL REVENUE



Sales CAGR 4.7%
2017-2018 growth
12%

INTERNATIONAL EBIT



EBIT CAGR 57.5%

Headlines - Australia



32.9% EBIT improvement

- Revenue improved +3.7%
- Methven-branded sales increased + 12.7%
- SKU reduction of 43% has delivered better inventory and working capital turns
- Double digit growth in tapware sales, though still not reaching planned level
- Digitisation
 - Launch of specification website
 - \$1 handset trial
 - Business-to-business website launched
- Positive outlook for FY19, with a number of new products contracted for distribution

Headlines - UK



31.0% EBIT improvement

- Revenue improved +8.9%
- Methven-branded sales increased by 37%
- Tapware market share growth achieved
- Digitisation
 - Launch of specification website
 - \$1 handset trial
 - Website visitor numbers doubled year-on-year
- Successful implementation of category captaincy

Focus on China



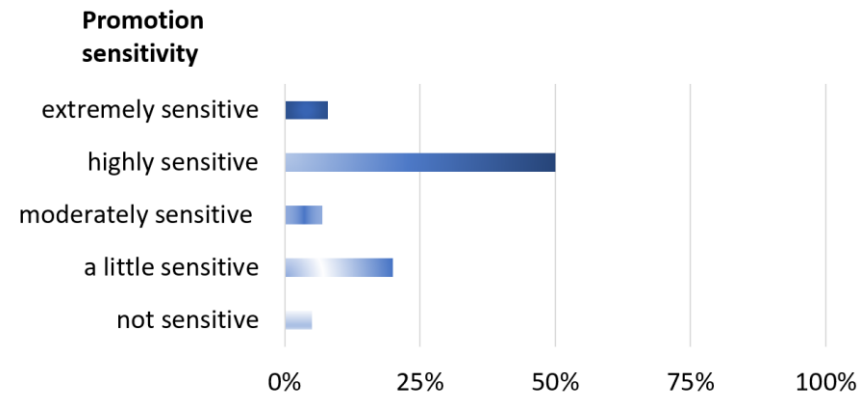
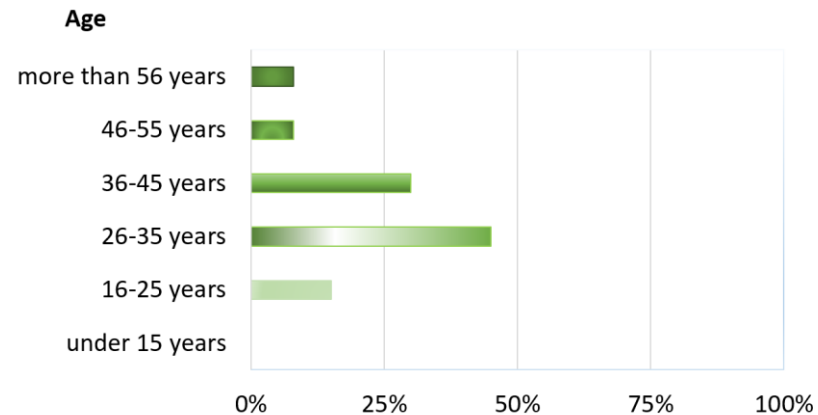
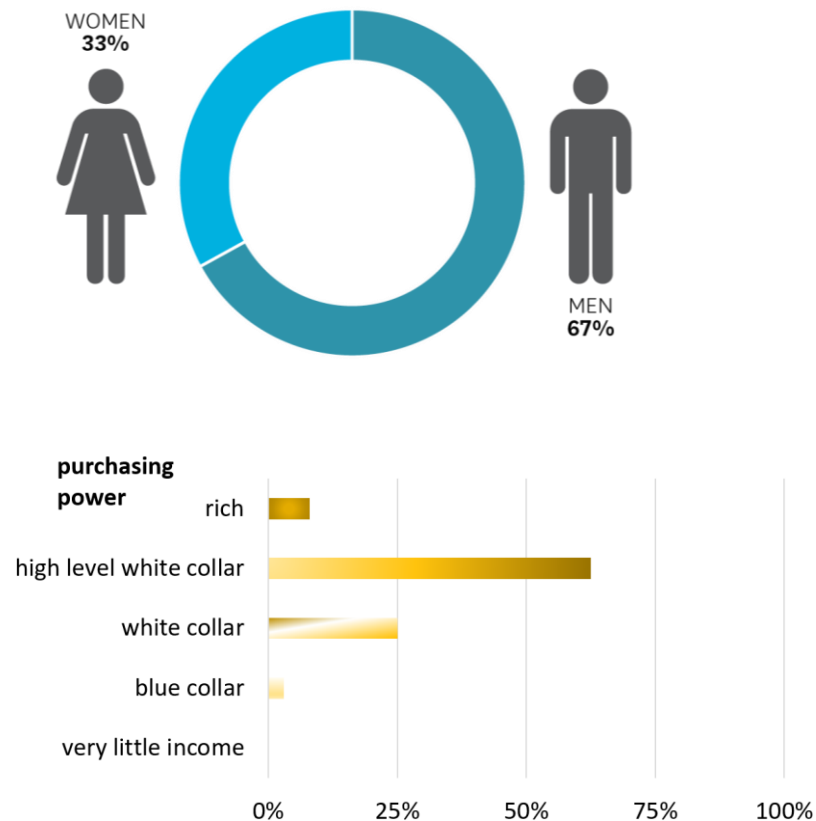
Overview

Strategy: China to become a strong 4th leg of our business

- **Tactic:**
 - at learning stage, minimal inputs for optimal outputs (without distracting existing markets). Leveraging NZ Inc.
 - at growth stage, assertive investment for faster growth (both new market and Group ready)
- **Roadmap:**
 - Year 1 - break-even
 - Year 2 - 10% EBIT
 - Year 3 - 20% EBIT
- **Target:**
 - 10 years with CAGR of 30%.

Target consumers China

- Define Methven as a 'affordable premium brand' and target at the middle-class and above customers for highly profitable and sustainable growth in the new market



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Route to market



Activation – Mass retail

- Very strong development – targeting 200 stores by 2022/3. Targeting RMB 40m revenue by 2022.
- Two routes – Flagship stores and profile retail stores. Retail distribution for brand presence to reinforce Methven brand awareness in new market, and for steadily growing daily sales to support daily operations.



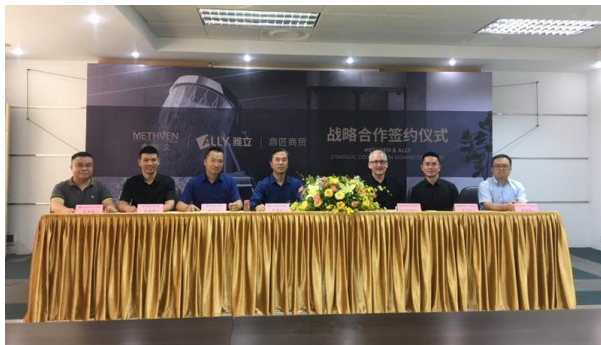
Shanghai Cimen



Weifang Store



Jinan Store



MOU with Dingjiang



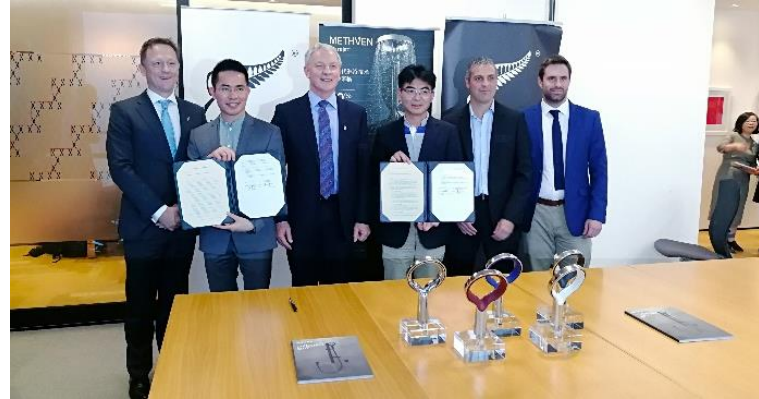
Yantai Red Star Macalline

Activation – Mass projects

- Very strong project pipeline – Targeting sales of RMB 40m in 2022/3



MOU with Ruizhishang



Shanghai Huangdu



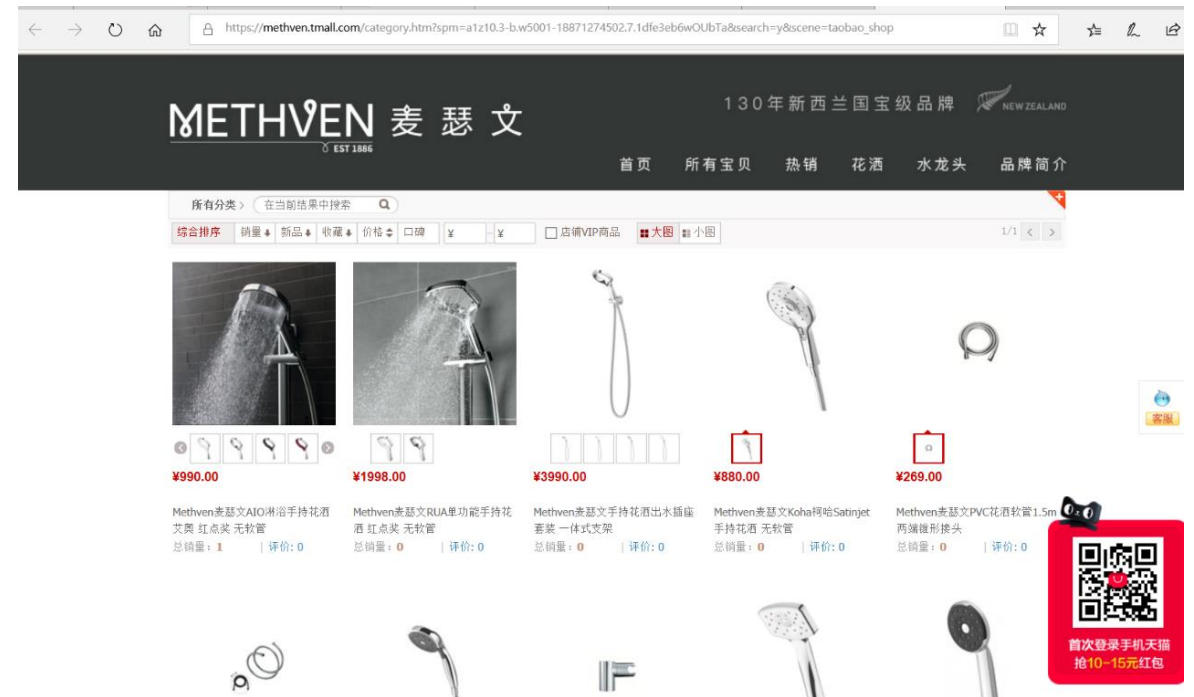
Foshan IFC



Shanghai Pangu

Activation – E-Commerce

- New Methven E-Commerce store opened on Tmall on 10 October 2018



Specialists – Mehood Group & international brands



Suzhou Mehood Hotel



Hangzhou JW Marriott Hotel

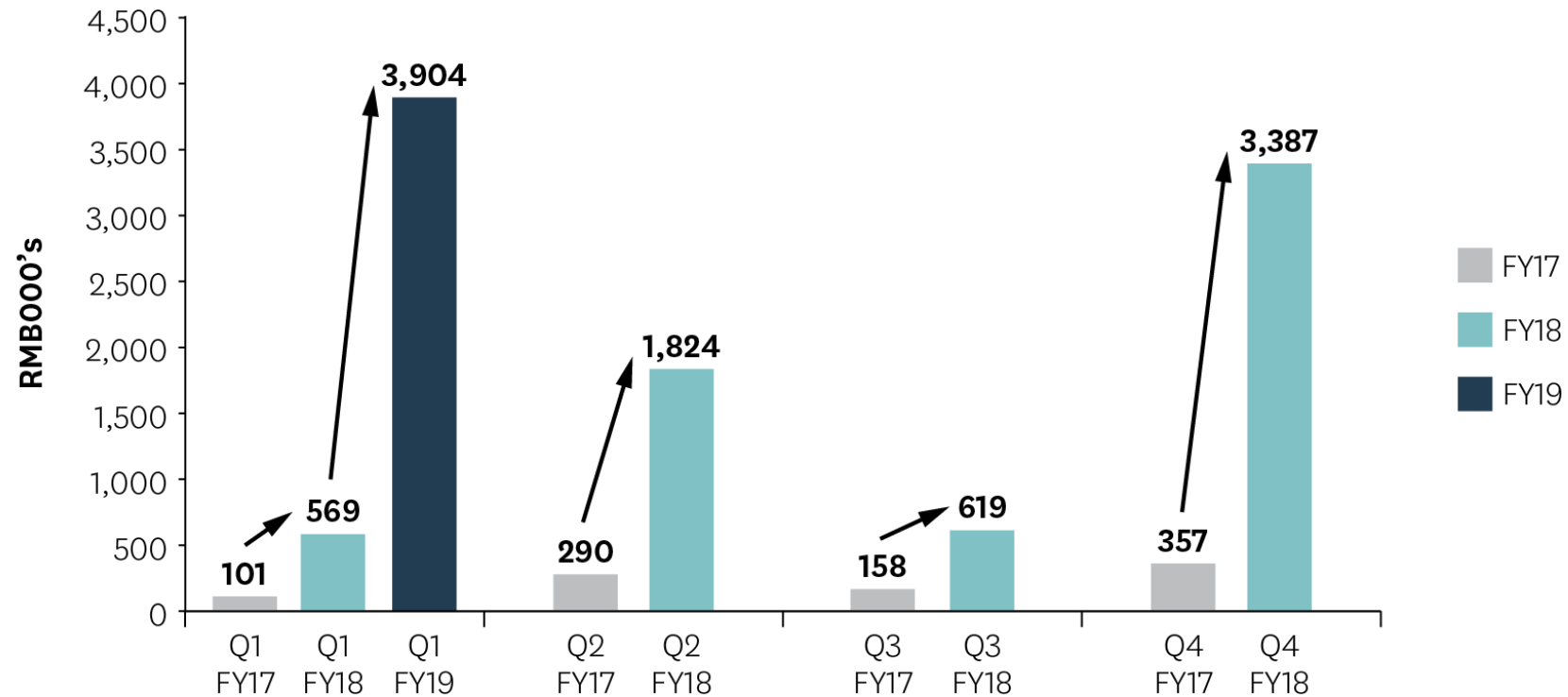


Shanghai Riz-Carlton Hotel

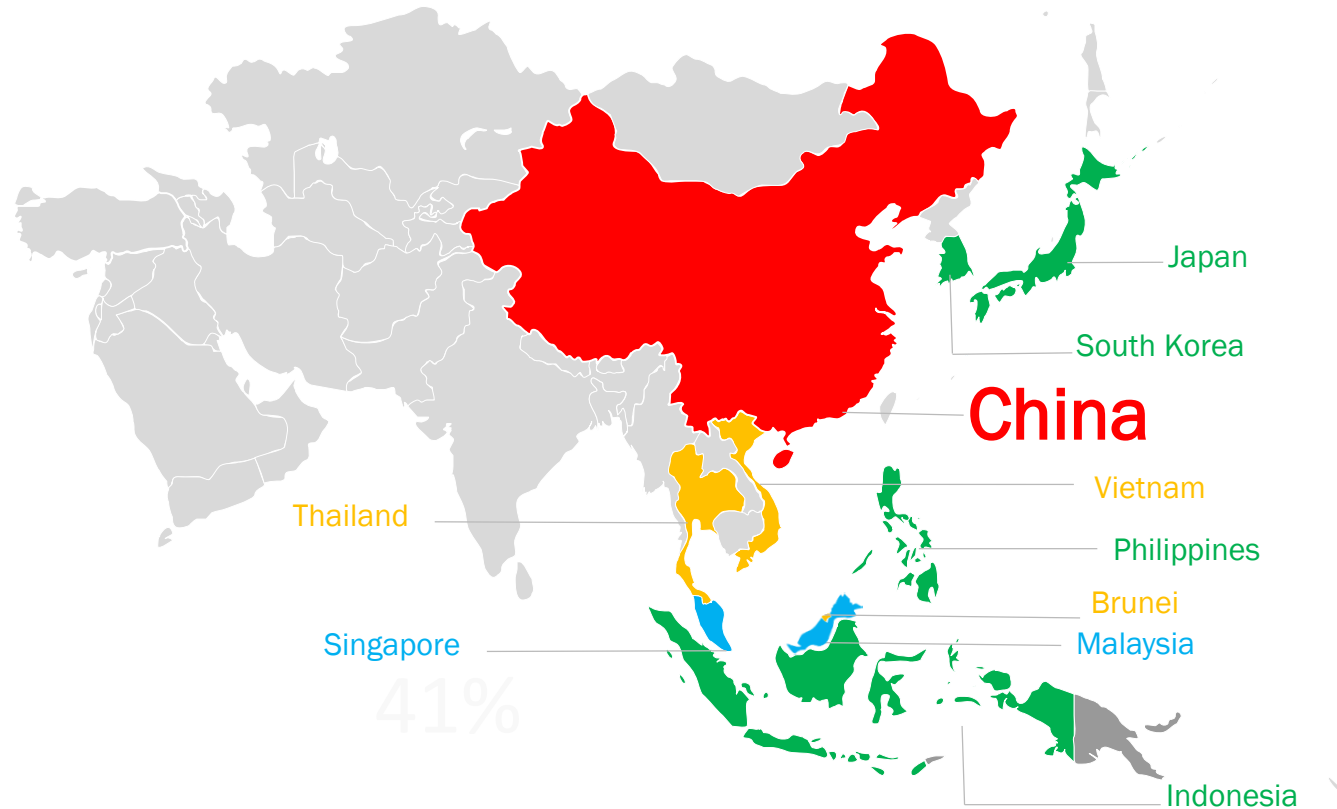


Hong Kong JW Marriott Hotel

Quarter-on-quarter, year-on-year growth



New market update - China/Asia



- Stage 1 -- Market Study
- Stage 2 -- Distributor Appointed
- Stage 3 -- Business Started (Year One)
- Stage 4 -- Ready to Grow (Year Two, **China**)

Summary

- Very encouraging performance.
- Strong partnerships with proven operators.
- Low risk/high reward business model.
- Sowing the seeds for long term growth across Asia.
- Aiming to deliver 10 years of 30% CAGR.



Our Brand

A high-speed photograph of a woman splashing water, with water droplets frozen in mid-air around her head and shoulders. The background is a soft, warm gradient of orange and yellow.

Brand benefit

Transforming the Everyday

A woman with dark, curly hair is shown from the chest up, looking up and smiling as water sprays over her head from a large, modern showerhead. The water is captured in mid-air, creating a misty effect. The background consists of dark, rectangular tiles. To the left, a portion of a white sink and a chrome faucet are visible. The overall mood is refreshing and luxurious.

METHVEN

VJet™

My Shower
My Way



Trading update Q1

- Good start to the year
- Revenue up 6%, though NPD yet to benefit New Zealand market
- Q1 NPAT growth \$560k

FY19 Guidance

We are forecasting

- Increasingly strong revenue growth driven by international performance,
- evidence of modest growth in H2 in New Zealand, created by our strong innovation pipeline
- NPAT growth of at least 10%

Fix, transform, accelerate and disrupt

- Fixing the New Zealand market remains a significant area of activity and focus. Execution is crucial for delivery of forecast.
- Good progress on Fit 4 the Future continues, transforming and simplifying our business, creating a strong platform for **growth**.
- Acceleration of performance in international markets will deliver profitable long-term growth, particularly China.
- Our new disruptive manufacturing strategy positions Methven to disrupt the global plumbing industry.
- We are proud to be a New Zealand manufacturer creating the next generation of digital manufacturers taking our technology to the world.

General Business

ALISON BARRASS

Resolutions

Ordinary Resolutions

1. That the directors be authorised to fix the auditors' remuneration.
2. That Shelley Cave be elected as a director of the Company.
3. That Steve Tucker be re-elected as a director of the Company.
4. That Richard Cutfield 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 Shelley Cave be **ELECTED** as a director of the Company.



Resolution 3: Director Election

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



Resolution 4: Director Election

That Richard Cutfield 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	Discretion
1. That the directors are authorised to fix the auditors’ remuneration.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. That Shelley Cave be elected as a director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. That Steve Tucker be re-elected as a director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. That Richard Cutfield be re-elected as a director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Other Business

Questions?



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