PRESENTATION TO INVESTORS & ANALYSTS

Full year results and outlook

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25 August 2016
For year 1 July 2015 to 30 June 2016

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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.

Positive momentum at Methven

Highlights

for the year ended 30 June 2016[1]

- Net Profit After Tax (NPAT) increased 30.6% to $7.7m and 23.9% to $8.0m excluding non-recurring items[2].
- Total Group sales growth of 8.1%.
- 10.8% sales growth and market share growth in NZ.
- 6.9% sales growth and market share growth in Australia.
- UK earnings increased by 122%, with June registering highest sales in 4 years.
- Earnings from Methven Heshan in line with expectations.
- Over $3.7 million expenditure invested in future focused activity including new product and brand development, building digital, manufacturing and environmental capability
- Aurajet® most awarded product in Methven's history.

1. Following our change of balance date last year all references are to our new full year unaudited results being the twelve months ended 30 June 2016 with comparatives for the twelve months ended 30 June 2015.
2. There were several non-recurring items during the year. In order to compare underlying performance on a like for like basis, the results excluding these non-recurring items are presented. Refer slide 16 for further detail.

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Highlights (cont'd)

for the year ended 30 June 2016[1]

- Slow moving and obsolete inventory reduced by $1.4 million before provisions.
- Strong net operating cashflow of $12.1m.
- Net Debt reduced by 7.3%, driven by underlying inventory reduction of $2.9m.
- Partially imputed final dividend of 4.5 cps to be paid on 30 September 2016.
- Full year guidance to 30 June 2017:
  - Revenue growth of at least 5%.
  - NPAT growth for year expected to be 10 - 20% (forecast to be flat year-on-year at half year).
  - Revenue and NPAT guidance in constant currency.

1. Following our change of balance date last year all references are to our new full year unaudited results being the twelve months ended 30 June 2016 with comparatives for the twelve months ended 30 June 2015.

Group financial performance

for the year ended 30 June 2016[1]

Sales and profits up, and Debt down

	12 months ended June		
NZ $000	2016	2015	Variance %
Sales revenue	105,822	97,868	8.1%
Net profit after tax	7,680	5,880	30.6%
NPAT % of sales	7.3%	6.0%	1.3 ppts
Net debt[3]	22,122	23,871	-7.3%
Excluding non-recurring items			
Net profit after tax[2]	8,036	6,485	23.9%
NPAT[2] % of sales	7.6%	6.6%	1.0 ppts

- Sales up 8.1% to $105.8m and up 6.0% in constant currency
- NPAT increased 30.6% year-on-year to $7.7m (23.9% excluding non-recurring items[3])
- NPAT[3] % improved by 1.0 ppts
- Net Debt[2] reduced by $1.7m to $22.1m (7.3%)

2. There were several non-recurring items during the year. In order to compare underlying performance on a like for like basis, the results excluding these non-recurring items are presented. Refer slide 16 for further detail.
3. Refer to reconciliation of Net Debt on slide 31.

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Group financial performance

Net Debt -7.3%, turns improved

NZ $000	12 months ended June 2016	2015	Variance %
Net debt	22,122	23,871	-7.3%
Capital expenditure	5,398	3,713	45.4%
Working capital	18,836	24,754	-23.9%
Working capital turn	4.3	4.0	7.5%

- Net Debt down 7.3%.
- Capex increase includes investment in NZ/UK premises & manufacturing equipment.
- Lower WC at end of June despite sales growth. Average turns across the year improved.
- Comfortably within banking covenants.
- Bank facility renewed further 3 years.

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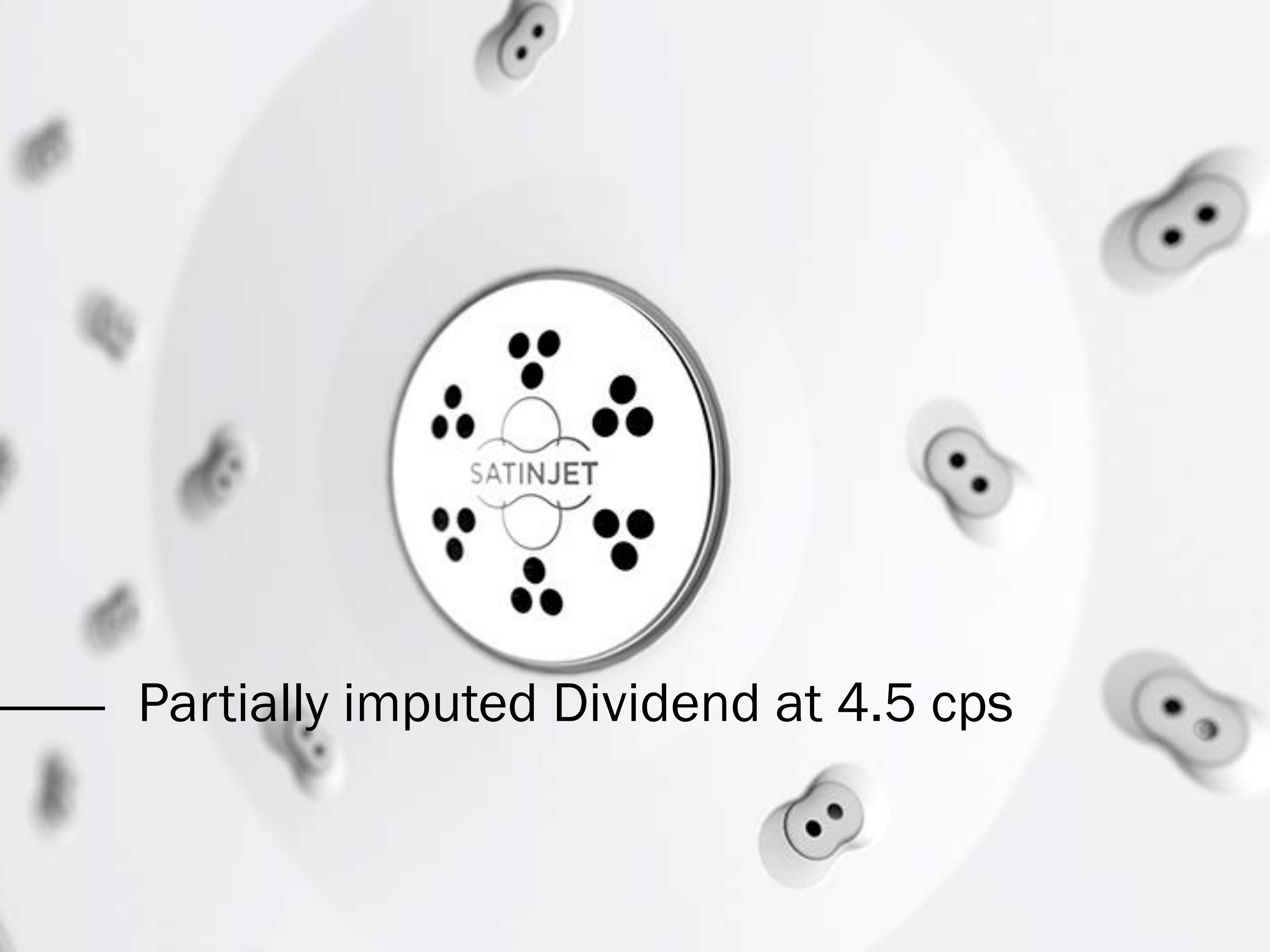
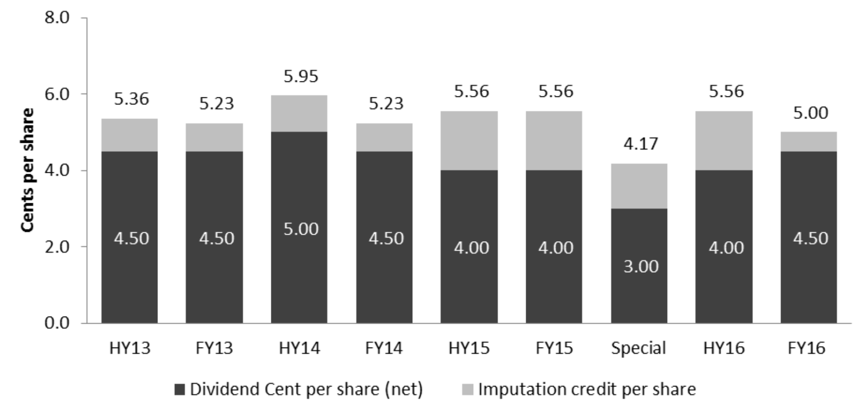


Partially imputed Dividend at 4.5 cps

Dividend

- Dividend increased versus half year.
- Partially imputed final dividend of 4.5 cps to be paid on 30 September 2016.
- Reflects growth in earnings and confidence in outlook.
- Total dividends for 12 months to 30Jun16 of 9.5 cps, at a payout ratio of 81%.



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Business Review

Our Goals in FY16:	How did we perform:
Revenue growth in NZ	ACHIEVED
Strong sales and profit growth in UK	Earnings Yes/Revenue No
Profitable growth in Australia	Revenue Yes, Earnings partial
Successful launch of Aio™ incremental to Satinjet®	ACHIEVED
Deliver at least US$2 million annualised earnings from Heshan	ACHIEVED
Successful relocation of our Manufacturing and Head office in NZ	ACHIEVED
130 year plans implemented to underpin brand equity and relevance	On track

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Markets

Market review – NZ

NZ $000	12 months ended June 2016	2015	Variance %
Sales revenue	35,771	32,281	10.8%
EBIT[2] excluding non-recurring items	4,703	4,010	17.3%
EBIT % of revenue	13.1%	12.4%	0.7 ppts

Our Goals in FY16:	How did we perform:
Increase our Revenue	ACHIEVED
Grow sale and share of Tapware	ACHIEVED
Successful launch of Aio™ incremental to Satinjet®	ACHIEVED
130 year plans implemented to underpin brand equity and relevance	On track
Win online	ACHIEVED

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Market review – AU

AU $000	2016	2015	Variance %
	12 months ended June		
Sales revenue	39,607	37,036	6.9%
$EBIT^2$ excluding non-recurring items	3,326	3,047	9.2%
EBIT % of revenue	8.4%	8.2%	0.2 ppts

Our Goals in FY16:	How did we perform:
Profitable revenue growth	Revenue yes, Earnings partial
Grow sales and share of Tapware	Below expectations
Successful launch of Aio™ incremental to Satinjet®	ACHIEVED
130 year plans implemented to underpin brand equity and relevance	September launch
Win online	ACHIEVED

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Market review – UK

GB £000	12 months ended June 2016	2015	Variance %
Sales revenue	11,914	12,192	-2.3%
EBIT[2] excluding non-recurring items	553	249	122.1%
EBIT % of revenue	4.6%	2.0%	2.6 ppts

Our Goals in FY16:	How did we perform:
Strong sales and profit growth	Revenue No/Earnings Yes
Launch with one new major UK customer	ACHIEVED
Successful launch of Aio™ incremental to Satinjet®	New Distribution but not reflected in revenue yet
130 year plans implemented to underpin brand equity and relevance	September launch
Win online	ACHIEVED

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Group Operations segment

	12 months ended June		
NZ $000	2016	2015*	Variance %
Sales revenue - external customers	632	519	21.8%
Sales revenue - internal customers	30,634	26,411	16.0%
EBIT[2] excluding non-recurring items	2,982	2,884	3.4%
EBIT % of revenue	9.5%	10.7%	-1.2 ppts

*Sales to internal customers in 2015 has been restated

- Includes:
  - Both NZ and China manufacturing operations
  - Includes Aio manufacturing margin
  - R&D and other Group support functions
  - External export sales out of NZ
- Heshan utilisation 30% of potential capacity

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Non-recurring items

NZD $000	Reported in	12 months ended June 2016	2015
Reported net profit after tax		**7,680**	5,880
Inventory provision adjustment	Cost of sales	1,734	-
Relocation costs	Cost of sales	741	39
Contingent Consideration release	Other Income	(2,729)	-
Merger and acquisiton costs	Expenses	-	127
Legal Fees	Expenses	381	181
Marketing credits writedown	Expenses	152	-
Restructuring Costs	Expenses	77	258
Total non-recurring items		356	605
Adjusted net profit after tax		**8,036**	6,485

There were a number of non-recurring items during the period:

- Record $1.4m clearance of slow and obsolete inventory gave clear learning about NRV
- A one-off provision of $1.7m was recorded to reflect the realisable value of older inventory across Australia, China and New Zealand.
- Combined relocation costs of $0.7m for UK office and our NZ Head Office moves
- Merger and acquisition costs relate to the agreement to acquire the business assets of Invention Sanitary.
- Legal fees relate to costs incurred to successfully defend a claim by a former service provider.
- Marketing credits asset held on the Australian balance sheet, have been written down reflecting actual usage.
- Invention Sanitary Earnout cancelled, releasing $2.7m.

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STRIDES Goals – June 2018

Methven 130 – Our Goals

Revenue	$130 Million
NPAT	Towards 10% of revenue
Supply & Operations	$6 – $8M stock reduction
Technology	NPD sales of $10M
Retail	New markets and customers delivering $6 – $8M of sales
Insight	Improved NPS across key influencers
Digital & Data	# 1-2-3 in search
Employees	Employees as shareholders
Sustainability	Significant reduction in carbon footprint

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STRIDES

We are delighted with the progress made during the first year of our three year plan:

S upply & Operations	Inventory levels reduced, Service level maintained to our Customers.
T echnology	Aio Phase 2 launched in June 2016 on time and on budget. Our next shower technology (currently Methven own 2 of 5 global shower technologies) is on track, with us finalising the technical elements that will allow us to deliver another innovative shower technology.
R etail	Two new retail point of sale concepts launched and performing well.
I nsight	Net Promoter score research across major Influencer groups (customers, plumbers, architects, designers, and team) underway.
D igital & Data	Group-wide website visits up 80% versus the previous year.
E mployees	New Values defined and launched, good progress on Employees as shareholders.
S ustainability	Environmental Product Declarations in preparation and many new sustainable initiatives at our new home.

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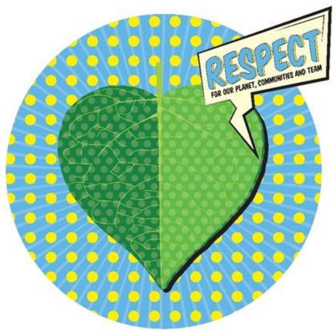
Our Values

We have a fundamental belief that clearly defined values and associated behaviours are key to us delivering world class performance at Methven, and were delighted to formally launch these during the year.

Insight Drives Action

Our customers are the focus of our energy.
We learn by asking, listening, watching and reflecting. We love feedback that helps us improve our products and our services.
We test insights by action and look to validate our understanding.
When we commit to do something, we do it.



Respect for our Planet, Communities and Team

We lead by example and are proud to make a positive, long term difference to the world.
We believe in doing business the right way and that this will benefit our planet and local communities.
We choose solutions and materials that decrease our impact on the world.
Diversity makes us a stronger team and workplace

Our Spirit of Innovation

Our belief in our talent to be able to change the world, fuels our Innovation.
We're born curious and free thinkers. We push boundaries, we question rules and we are determined to set new standards.
We create by doing and learn from our mistakes

We're in this Together

There are strong family values at the heart of our business.
We value long term relationships. We look out for one another.
We understand our strengths and we will invest to help the team to realise their potential.
We will always celebrate success

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Business goals 2017

Our Goals in FY17

Group

Our Goals in FY17

- Revenue growth in New Zealand
- Profitable growth in Australia
- Double digit sales and profit growth in UK
- National distribution in UK
- Market share growth of differentiated shower offer (Satinjet and Aio)
- Heshan utilisation increased by 10%
- improvement in Group NPAT % to sales

2017 full year earnings outlook

Guidance

12 months ending 30 June 2017

- Revenue growth of at least 5%
- NPAT growth for year expected to be 10-20% (forecast to be flat year on year at Half Year)
- Revenue and NPAT guidance in constant currency

Questions?

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2016 results and outlook

Non-GAAP Financial information

Reconciliation of Net Debt to the consolidated balance sheet

	As at 30 June	
NZ $000	2016	2015
Bank facility loans	23,503	25,828
Finance leases	859	-
Less cash and cash equivalents	(2,240)	(1,957)
Net debt	22,122	23,871

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Reconciliation to 15 month audited financial performance

Reconciliation of audited 15 month financial performance to 12 month unaudited summary results

NZ $000	Audited 15 months June 2016	Unaudited 3 months June 2015	Unaudited 12 months June 2016
Sales revenue	129,987	24,165	105,822
Net profit after tax	8,594	914	7,680
NPAT % of sales	6.6%	3.8%	7.3%

Financial results for the 3 months to June 2015 were released as a part of the 2015 Annual Shareholders Meeting presentation

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