

### 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 2016

### Agenda

- Chairman's address
- Group CEO's address
- General business
- Refreshments

### Group financial performance

for the year ended 30 June 2016<sup>1</sup>

### 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	22,122	23,871	-7.3%
Excluding non-recurring items			
Net profit after tax	8,036	6,485	23.9%
NPAT % 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)
- NPAT % improved by 1.0 ppts
- Net Debt reduced by \$1.7m to \$22.1m (7.3%)

<sup>1.</sup> 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. There were several non-recurring items during the year, refer slide 8 for further detail.



### Group financial performance

### Net Debt -7.3%, turns improved

12 months ended June		
22,122	23,871	-7.3%
5,398	3,713	45.4%
18,836	24,754	-23.9%
4.3	4.0	7.5%
	22,122 5,398 18,836	22,122       23,871         5,398       3,713         18,836       24,754

- 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.



### Dividend



- Dividend increased versus half year.
- Partially imputed final dividend of 4.5 cps paid on 30 September 2016.
- Reflects growth in earnings and confidence in outlook.
- Total dividends for 12 months to 30Jun16 of 8.5 cps, at a pay-out ratio of 81%.



# Non-recurring items

		12 months e	nded June
NZ \$000	Reported in	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 acquisition costs	Expenses	-	127
Legal fees	Expenses	381	181
Marketing credits writedown	Expenses	152	-
Restructuring costs	Expenses	77	258
Total non-recurring items		356	605
Net profit after tax excluding non-re	curring items	8,036	6,485





### **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

### Market review – NZ

12 m	12 months ended June		
2016	2015	Variance %	
35,771	32,281	10.8%	
4,703	4,010	17.3%	
13.1%	12.4%	0.7 ppts	
	2016 35,771 4,703	2016     2015       35,771     32,281       4,703     4,010	

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

12 months ended June		
2016	2015	Variance %
39,607	37,036	6.9%
3,326	3,047	9.2%
8.4%	8.2%	0.2 ppts
	2016 39,607 3,326	2016       2015         39,607       37,036         3,326       3,047

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 <sup>™</sup> incremental to Satinjet <sup>®</sup>	ACHIEVED	
130 year plans implemented to underpin brand equity and relevand	September launch	
Win online	ACHIEVED	



### Market review – UK

12 months ended June		
2016	2015	Variance %
11,914	12,192	-2.3%
553	249	122.1%
4.6%	2.0%	2.6 ppts
	2016 11,914 553	2016     2015       11,914     12,192       553     249

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 relevan	September launch
Win online	ACHIEVED

# 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%
EBIT⁴ excluding non-recurring items	2,982	2,884	3.4%
EBIT % of revenue	9.5%	10.7%	-1.2 ppts

<sup>\*</sup>Sales to internal customers in 2015 has been restated

### Includes:

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



## FY2016 summary

- First material revenue growth since 2009
- 23.9% NPAT growth excluding non recurring items.
- Market share growth in Australia and NZ.
- Aurajet technology became the most awarded product in the history of Methven
- UK profitable though top line growth has been elusive, and is a key area of focus
- \$3.7m invested in our future
  - Aio shower and tapware
  - Enhanced digital presence
  - New team capability to supplement existing skills

### Employees as Shareholders

- We believe the best interests of Shareholders are served when all Methyen team members are Shareholders
- 3 schemes launched this year
  - Discounted Share Purchase Plan
  - Employee Share Plan
  - Group CEO growth incentive

### Guidance

12 months ending 30 June 2017

- Revenue growth of at least 5%
- NPAT growth for year expected to be 10-20%
- Revenue and NPAT guidance in constant currency



### Trading update

- The first three months have been challenging in Australia.
- Two primary causes
  - Price increases not offsetting A\$ deflation to US\$
  - Impact of Masters clearance activity on rest of market demand.
- Full year guidance is cautiously maintained



# METHVEN

YEARS OF INNOVATION

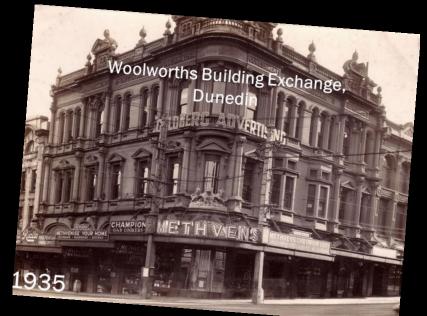
# The early years...George Methven















# Our spirit of innovation

#### 1886

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



#### 1906

Began manufacturing taps and copper laundry vessels. Became one of the first private limited liability companies in NZ.



#### 1909

Retirement of George Methven. Succeeded by John Arthur Brown, who led the company for 24 years.



#### 1939-45

Manufactured ammunitions for the New Zealand Army.



#### 1950-65

During post-war building boom Methven focused on tapware and valving product for New Zealand homes. Bought by McKechnie

Bros PLC and Peglers



#### 1996

Launch of Fastflow™ technology.



#### 2004

Launch of Satinjet® technology.

Methven lists on the NZ stock exchange.

Methven tapware launched in Australia.



#### 2007

Launch of Kiri Satinjet showers and Kiri tapware. Methven acquires The Deva Tapware Company Limited – one of UK's largest independent shower and tapware supplier.



#### 2011

Methyen celebrated 125 years.

Methven brand launched into the UK market and at ISH.

Launch of Waipori Satinjet showers and Waipori tapware.



#### 2012

Launch of Kaha Satinjet showers. Launch of Aroha tapware.



#### 2014

Methven acquires Invention Sanitary (premium manufacturing supplier in Guangdong Province, China)



#### 2015

Global launch o Aurajet – NZ (19 February).



#### 2015

Methven officially awarded as a Cool Brand in the UK (9 October).



#### 2015

Methven UK opens new head office at Stonecross, featuring a purpose built Experience Centre (October).



#### 2016

Launch of Aurajet Phase II (4 May).



#### 2016

Methven celebrates 130 years (September).







### Plastics New Zealand – Supreme Award\*

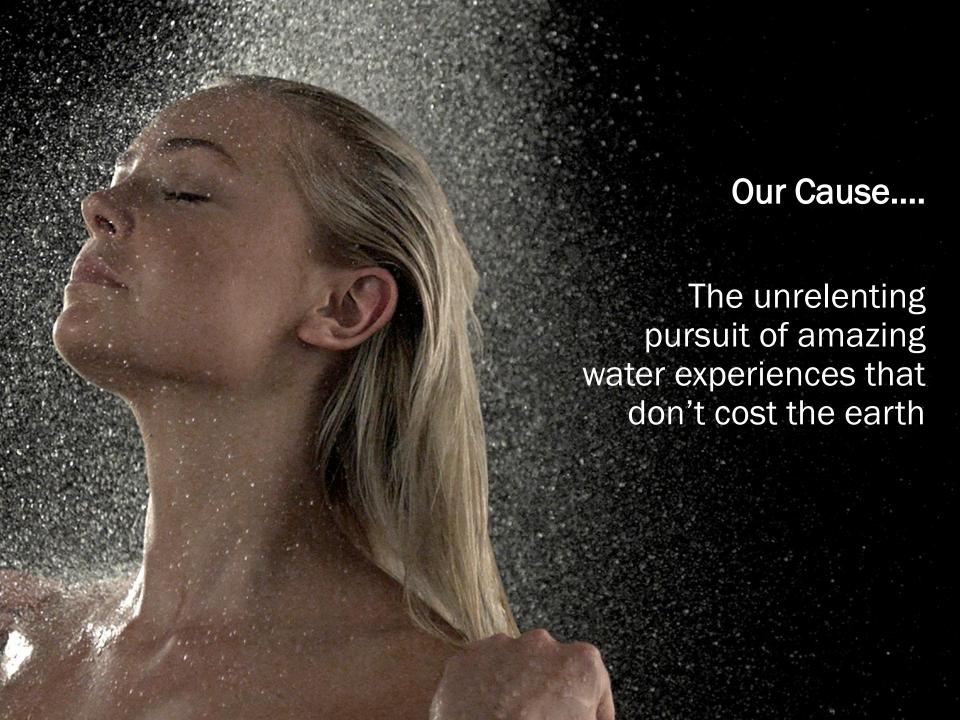


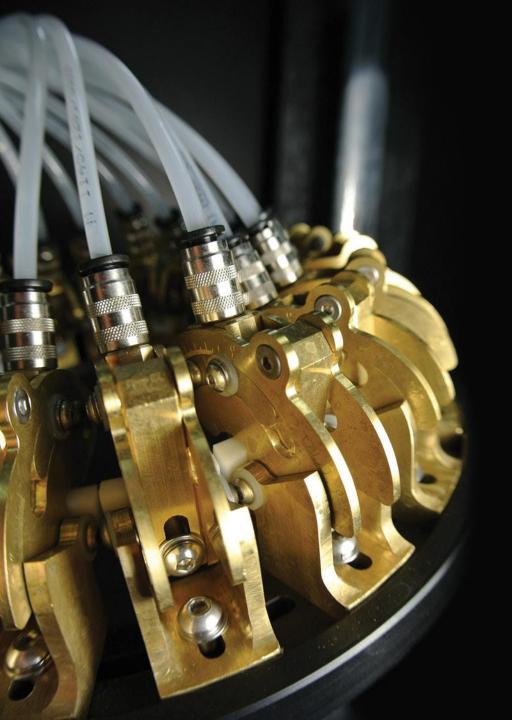
<sup>\* 23&</sup>lt;sup>rd</sup> September 2016

### Team innovation – 100% of team are shareholders\*



<sup>\*</sup> Early October 2016





### Our Vision....

To be the authoritative leader in showers, taps and valves, setting industry leading standards for our customers, shareholders and team



### Insight drives action



### **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.

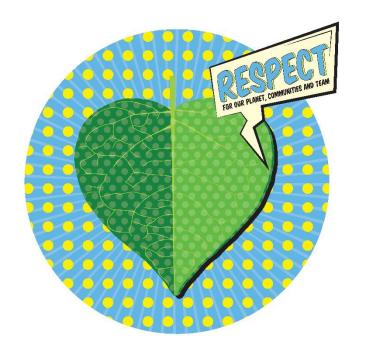
### Our Spirit of Innovation



### **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

# Respect for our planet, communities and team



# 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

## We're in this together



### 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

# Methven Experience Centre



# Officially opened by Prime Minister The Rt Hon. John Key\*









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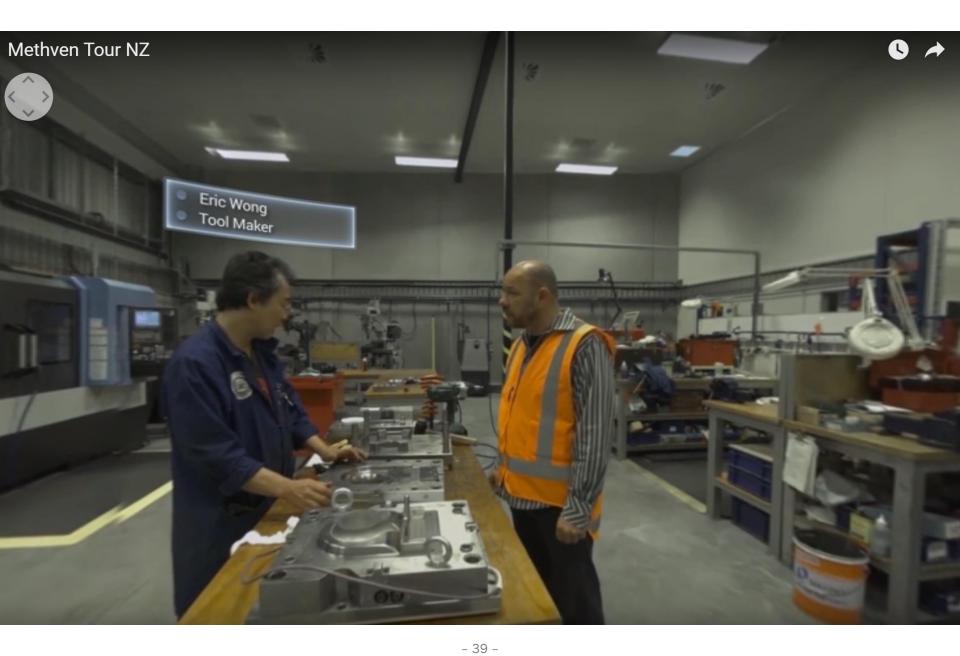
# Officially opened by Prime Minister The Rt Hon. John Key\*











#### 'The Source'

Our homes are more than just a house they are our little piece of the world.

We set out to create a Methven space which was a reflection of our values and the life lived around our product.

We wanted to invite, interact and inspire our people and our customers.

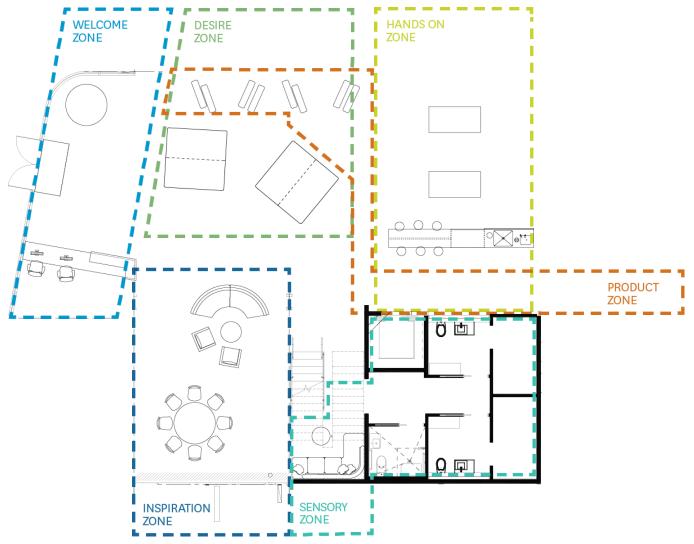
Our journey together starts here.....our home.

The Source - our Methven Experience Centre.





## Experience centre zones



### Welcome zone



### Desire zone







### Hands on zone







### Product zone







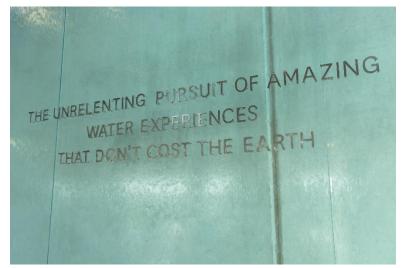
## Sensory zone







### Inspiration zone







## More visitors since November than in our entire history in the UK



### What's new

The Board











**Group Executive Leadership** 













**Market Executive Teams** 









**Executive Teams** 















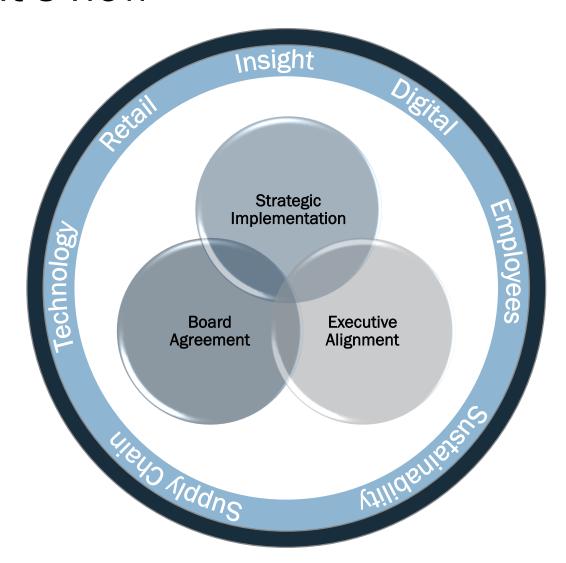
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### STRIDES Goals - June 2018

#### Methven 130 - Our Goals

Revenue		\$130 Million
NPAT		Towards 10% of revenue
Supply & Operations		\$6 – \$8M stock reduction
Technology		NPD sales of \$10M
Retail	N	ew 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

### What's new



## **STRIDES**

#### FY16 progress:

S	Supply & Operations	Inventory levels reduced, Service level maintained to our Customers.			
Т	Technology	Aio Phase 2 launched in June 2016 on time and on budget. Our next shower technology is on track and due to launch in 2017.			
R	Retail	Two new retail point of sale concepts launched and performing well.			
1	Insight	Net Promoter score research across major Influencer groups (customers, plumbers, architects, designers, and team) underway.			
D	Digital & Data	Group-wide website visits up 80% versus the previous year.			
E	Employees	New Values defined and launched. Two Employee share plans agreed – DSPP and ESP. Transparency of exec LTI targets.			
S	Sustainability	Environmental Product Declarations in preparation and many new sustainable initiatives at our new home.			



## We own 2 of 5 global shower technologies

An amazing shower experience that doesn't cost the earth



## Global recognition

2011



reddot design award winner 2011

Red Dot Award Product Design Winner Tahi Twin Lever Tapware



Chicago Athenaeum GREEN GOOD DESIGN™ Award Award Winner

Satinjet® Kiri Low Flow Shower Head



Chicago Athenaeum GOOD DESIGN™ Award Award Winner

Tahi Twin Lever Mixer Range



UK Designer Magazine Design Award Gold, Product Innovation Tahi Twin Lever Tapware 2012



Designers Institute of New Zeelens Best Design Awards 2012

New Zealand BEST Design Awards

Aroha Tapware Range

New Zealand BEST Design Awards Silver

Satinjet® Koha Shower Range

New Zealand BEST Design Awards

Satinjet® Waipori Shower Range



Australian International Design Award Good Design™ Award Winner, Tahi Twin Lever Tapware



Chicago Athenaeum GOOD DESIGN™ Award Award Winner

Satinjet® Waipori Hand Shower

Chicago Athenaeum

GOOD DESIGN™ Award

Award Winner Satinjet® Koha Hand Shower 2013



Australian International Design Award Design Award Winner Satiniet® Koha Hand Shower



Australian International Design Award Good Design Award Winner Aroha Tapware Range



Design Award

NOMINEE 2013

German Design Award Nominee 2013 Satinjet® Waipori Hand Shower

2015



Australian GOOD DESIGN Award GOOD DESIGN® Selection Aio Tapware Collection



Best Design Awards

New Zealand BEST Design Awards

Aurajet™ Aio Showers



Best Design Awards Winner 2015

New Zealand BEST Design Awards Silver

Aio Tapware Collection

WINNER

NEW ZEALAND
INNO ATORS

New Zealand Innovators Awards Winner: Innovation in Design & Engineering Winner: Export Innovator of the Year

Aurajet™ Aio Showers

AWARDS\* 2015



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



UK CoolBrands Award 2015/2016 Winner, Home - General Products 2016



**German Design Award** Special Mention

Aurajet™ Aio Showers



Chicago Athenaeum GOOD DESIGN™ Award Award Winner

Aurajet™ Aio Showers Aio Tapware Collection



**Plus X Design Award Award Winner** Aurajet™ Aio Handset



Plus X Design Award Award Winner Aio Basin Mixer



Outstanding Contribution in 2015 by the Zhishan Government Methyen Heshan



reddot award 2016

Red Dot Award Product Design Winner Aurajet™ Aio Showers



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



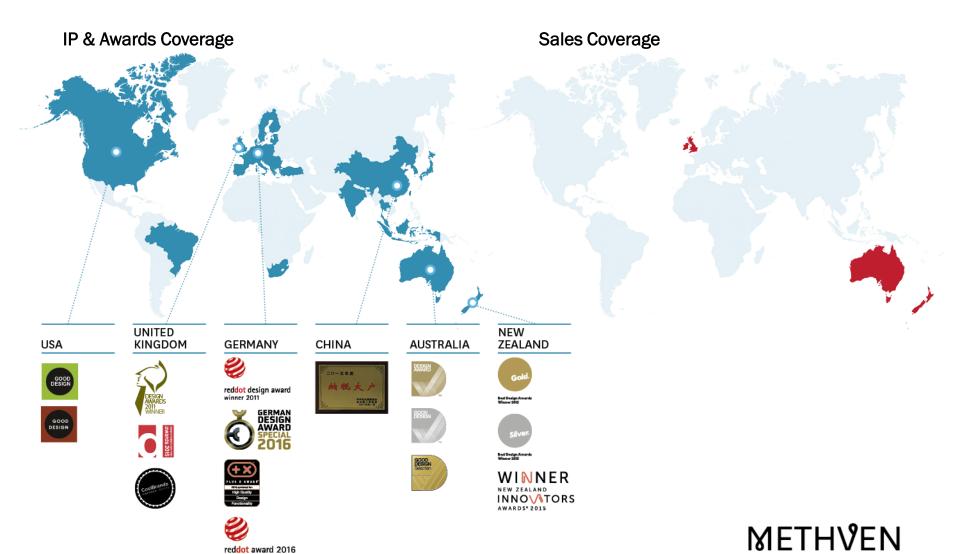
UK CoolBrands Award 2016/2017 Winner, Home - Hard Furnishings



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

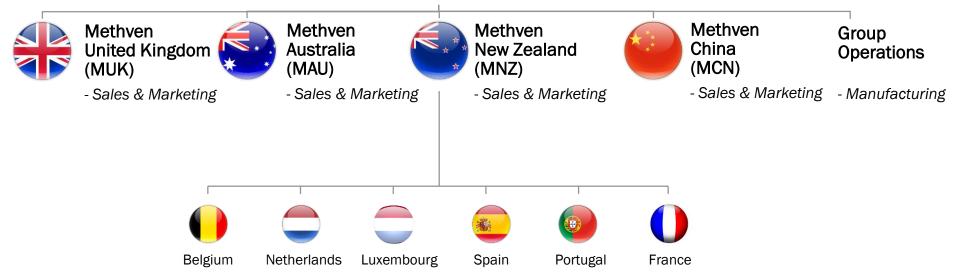


# Growing our commercial footprint to leverage IP



## Increasing our international footprint

## METHVEN



#### Our Goals in FY17

#### Group

#### **Our Goals in FY17**





## Summary

- Results reflect good progress
- Systematically improving the business
- Next stage of Innovation under development
- Strategy designed to deliver long term shareholder value



## **General Business**

PHIL LOUGH

#### Resolutions

#### **Ordinary Resolutions**

- 1. That the directors be authorised to fix the auditors' remuneration.
- 2. That Richard Cutfield be re-elected as a director of the Company.
- 3. That Phil Lough be re-elected as a director of the Company.

#### **Special Resolution**

4. That the existing constitution of the Company be revoked and the Company adopt a new constitution in the form tabled at this Annual Meeting and signed by the Chairperson for the purpose of identification.

# Resolution 1: Remuneration of Auditors

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

# Resolution 2: Director Election

That Richard Cutfield be RE-ELECTED as a director of the Company.



# Resolution 3: Director Election

That Phil Lough be **RE-ELECTED** as a director of the Company.



## Resolution 4: Methven's Constitution

That the existing constitution of the Company be revoked and the Company adopt a new constitution in the form tabled at this Annual Meeting and signed by the Chairperson for the purpose of identification

### Voting – Resolutions

Please vote by ticking one box, either "FOR", "AGAINST" "ABSTAIN" or "DISCRETION".

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.

		Tick (✔) in box to vote			
Ordinary Resolution		For	Against	Abstain	Discretion
1.	That the directors are authorised to fix the auditors' remuneration.				
2.	That Richard Cutfield be re-elected as a director of the Company.				
3.	That Phil Lough be re-elected as a director of the Company.				
Special Resolution					
4.	That the existing constitution of the Company be revoked and the Company adopt a new constitution in the form tabled at this Annual Meeting and signed by the Chairperson for the purpose of identification.				



## Other Business

## Questions?

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YEARS OF INNOVATION