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GWA
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ASX / MEDIA RELEASE

Proactive management in difficult economic environment and real momentum on strategic deliverables

- GWA reports statutory net profit of \$43.2 million, up 22.7%; normalised net profit¹ of \$44.1 million down 6.6%
- Pays fully franked final dividend of 7.0 cents per share; FY dividend of 13.0 cents per share (fully franked)

GWA Group Limited, a leading provider of water solutions products and systems to households and commercial premises, today announced its financial results for the year ended 30 June 2023 ("FY23").

Group Financial Performance

- Group Revenue down 1.6% to \$411.8 million
- Statutory Net Profit After Tax \$43.2 million, up 22.7%
- Normalised Net Profit After Tax \$44.1 million, down 6.6%
- Disciplined execution and cost management drives 2H improvement – EBIT up 6.5% on 1HFY23
- Strong cashflow generation – operating cashflow up 101% to \$99.6 million
- Financial position remains strong, net debt down 15%
- Fully franked final dividend of 7.0 cents per share, payable on 5 September 2023; FY dividend 13.0 cents (FY22: 15.0 cents)

(Detailed commentary on the Group financial results for FY23 is included in the Managing Director's Review of Operations)

Commentary

Commenting on the result, Managing Director and CEO Urs Meyerhans, said:

GWA delivered a solid result for FY23 within a rapidly evolving operating environment that comprised two distinct halves.

The first half of the year was impacted by the decline in activity in the residential renovation and replacement segment, unexpected higher domestic freight rates somewhat offset by lower ocean freight rates and destocking by one merchant.

¹ Normalised net profit after tax excludes Significant Items after tax for FY23 (\$1.1m); FY22 (\$12.1m)

GWA initiated a rapid and agile response to these conditions.

Revenue in the second half increased in Australia and the UK (on a constant currency basis) but was unfortunately offset by lower sales in New Zealand where the economy is in recession.

Our focus on operational discipline and cost management resulted in an improved second half performance compared to the first half with normalised EBIT up 6.5 per cent and Normalised EBIT margin up 120 basis points to 17.7 per cent.

The GWA team, throughout FY24, demonstrated an agile approach to changing market conditions, while continuing to deliver excellent progress on our key strategic deliverables.

Strong cash flow generation and balance sheet provide continued shareholder returns

GWA continued to proactively manage inventory levels and working capital resulting in operating cashflow more than doubling from the prior year to \$99.6 million.

Net debt as at 30 June 2023 was \$117.0 million, 15 per cent lower than 30 June 2022 reflecting the reduction in working capital and improved operating cashflow.

The Board declared a final dividend of 7.0 cents per share, fully franked, payable on 5 September 2023, bringing the full-year dividend to 13.0 cents per share, fully franked.

FY24 Outlook and Priorities

Heading into FY24 GWA expects:

- **Commercial** – increasing demand for new build in health and aged care and Commercial Repair & Renovation.
- **Residential detached** – solid level of completions to continue into 1H FY24.
- **Repair & Renovation in Residential** – subdued demand expected through FY24.
- **Increasing activity** in multi residential, social and affordable housing and build to rent.

Within that operating environment GWA will continue its disciplined execution with a strong focus on aligning its cost base to revenue, matching inventory levels to market demand with continued targeted investment in entry level products and customer experience centres across Australia and New Zealand.

GWA will continue to deliver against the overall strategy and focus on our two key identified priorities of customer first initiatives with merchant partners and targeting profitable volume growth in new and existing markets and customers, including increasing share of wallet across the plumber network.

The release of this announcement was authorised by the Board.

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Appendix – Group Financial Results

Reported – includes significant items

<i>A\$ million</i> <i>(Reported- Includes Significant Items)</i>	FY23	FY22	% change
Revenue	411.9	418.7	(1.6%)
EBIT	69.0	59.7	+15.7%
<i>EBIT Margin (%)</i>	<i>16.8%</i>	<i>14.3%</i>	<i>+2.5ppts</i>
NPAT	43.2	35.2	+22.7%

Normalised – excludes significant items

<i>A\$ million</i> <i>(Normalised - Excludes Significant Items)</i>	FY23	FY22	% change
Revenue	411.9	418.7	(1.6%)
EBIT	70.4	74.8	(5.9%)
<i>EBIT Margin (%)</i>	<i>17.1%</i>	17.9%	<i>(0.8ppts)</i>
NPAT	44.1	47.3	(6.6%)