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14 August 2012

ASX On-Line
Manager Company Announcements
Australian Securities Exchange

Dear Sir

Annual Results Presentation for the Year Ended 30 June 2012

We enclose the following documentation for immediate release to the market.

- Annual Results Presentation

Yours faithfully

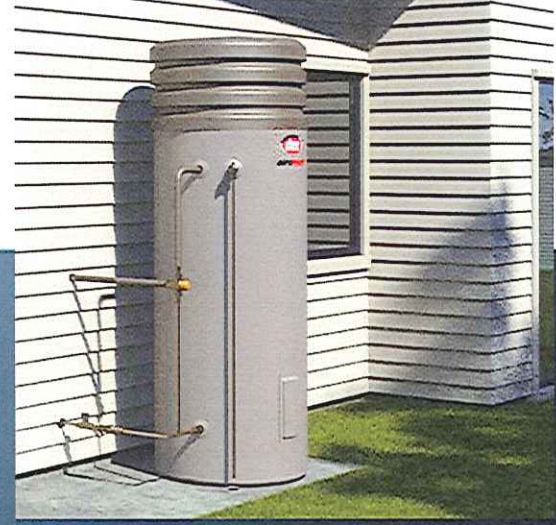
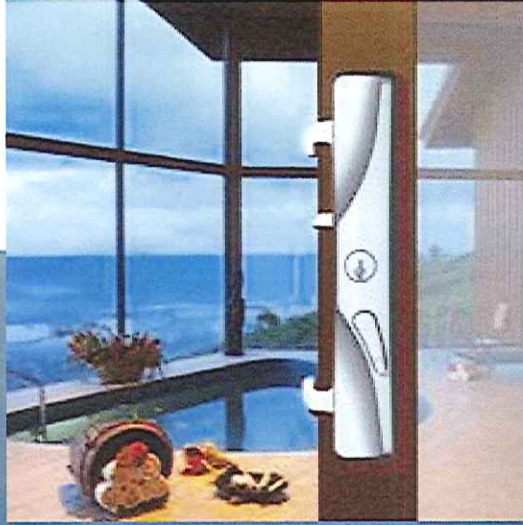


R J Thornton
Executive Director





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Annual Results Presentation

14 August 2012

Presented by:

Peter Crowley

Title:

Managing Director



Major Successes & Challenges for the Year

- √ Restructuring completed
 - Plant closures / rationalisation resulting in 8% lower workforce, funded through non core property sales
- √ Construction and commissioning of Moss Vale water heater factory upgrade completed
- √ Sale of non core businesses completed
 - Sebel Commercial Furniture and Caroma North America sold
- √ Strong cash flow from operational improvements
- X One off cost increases in second half year due to plant commissioning and transitioning businesses
- X Weak dwelling commencements and deterioration in renovation activity
- X Adverse impact of Government policy on environmental water heater sales



Result Impacted by Poor Underlying Demand

- Headline sales down 6%, underlying sales down 12% after adjusting for full year of Gliderol
- Macro drivers of reduced underlying revenue
 - Decline in residential housing 4%
 - Lower renovation spending 2%
 - Cessation of solar rebates and stimulus spending 6%
- Trading EBIT of \$75 million down 25% on last year
- Lower effective tax rate at 20% due to tax free capital gains on property disposals and prior year adjustment
- EPS from continuing operations 15 cps
- Full year dividend maintained at 18 cents but policy reviewed due to sustained poor trading conditions
- Strong cash generation resulted in \$24 million reduction in net debt



2011/12 has Positioned Businesses to Deliver Growth when Conditions Improve

- Company structure is working effectively, comprising three core Australian Building Fixtures and Fittings Divisions leveraging market opportunities
- Lower cost supply chains established from restructuring and offshore supply relationships
- Broad ranging strategic review has provided clear priorities for growth
 - GWA has 13% market share of \$5 billion defined market
 - Opportunities in product and market adjacencies as well as customer and channel development



Strategic Priorities are More Focussed to Sustain Competitive Advantage

- Our market strategy is aimed to deliver strong value propositions through
 - Product innovation
 - Brand management
 - Developing and supporting aligned channels

- Our operational strategy is to focus on market facing operations ie
 - Product fabrication and assembly
 - Supply chain management
 - Installation and service

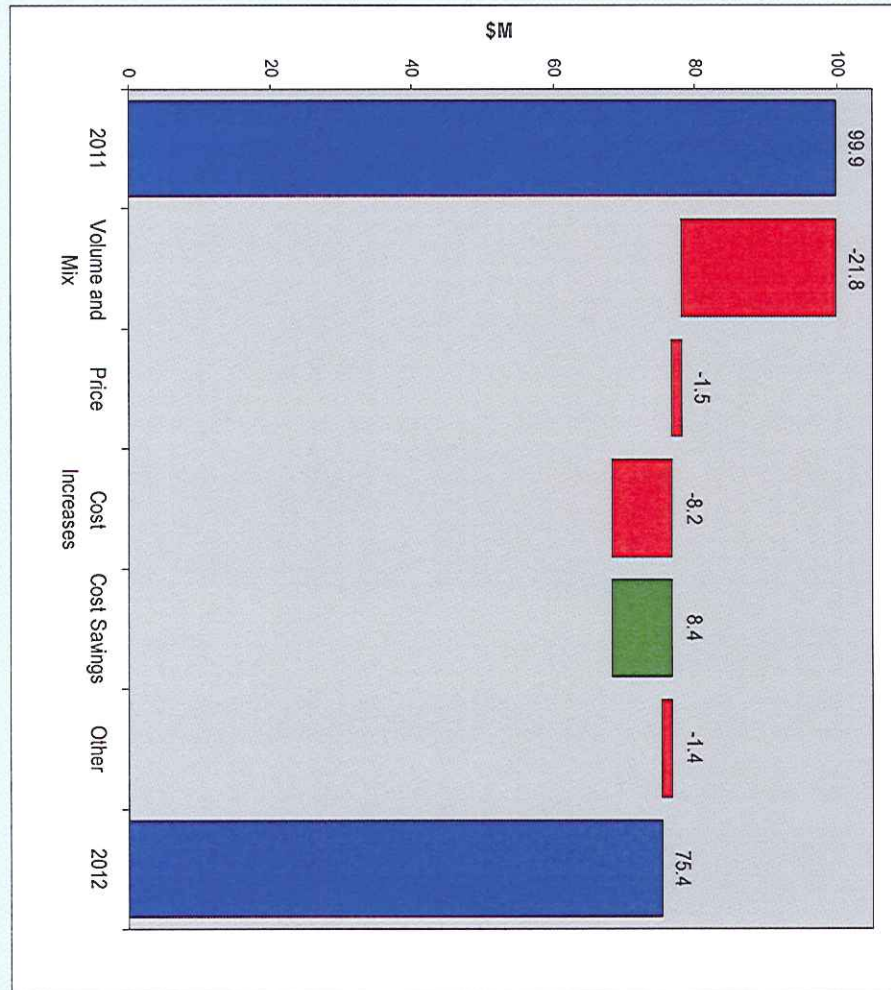


Results –Year to 30 June 2012

	Full Year	Full Year	
\$Million	<u>2012</u>	<u>2011</u>	Change
Sales Revenue	602.1	641.6	-6%
Trading EBIT	75.4	99.9	-25%
EBIT Margin	12.5%	15.5%	
Trading Profit after Tax for Continuing Businesses	45.6	59.0	-23%
Net Profit after Tax Incl Restructuring and Disc. Businesses	39.7	63.4	-37%



Lower Trading EBIT is Driven by Sales Decline



- Reduced housing activity, cessation of Government solar rebates and stimulus spending
- Minor currency / price movements
- Negative impact of lower throughput on overhead recovery, general increases
- Higher labour productivity, lower warranty costs, general reductions



Ongoing Restructuring Continues to Improve Productivity with 8% Decline in Workforce

Total Employees June 2011 2150

Divestments (196)

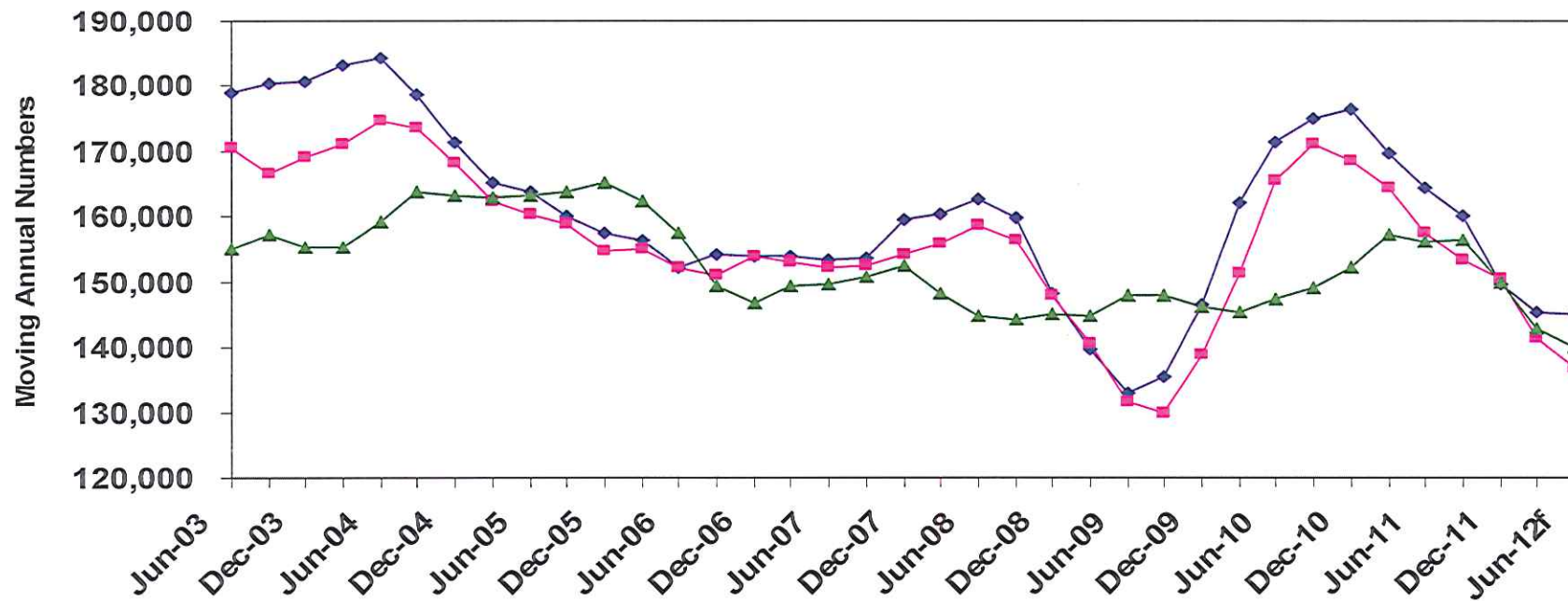
Restructuring & Operational (166)

Total Employees June 2012 1788



Building Activity has Declined to Unsustainable Levels

New Dwelling Activity 12 Month Moving Average



Source: BIS Shrapnel

Approvals Commencements Completions

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Bathrooms & Kitchens Poor Trading Conditions Impacting Demand

A'000	June 12	June 11	% Change
Sales	297.8	332.4	-10%
Trading EBIT	61.0	78.9	-23%
EBIT%	20.5%	23.7%	
ROFE	15.2%	18.5%	

- Sales reflect cessation of Government stimulus and poor trading conditions
- Increased sales in DIY channels
- Wetherill Park transition to single shift complete
- Offshore supply chains working more effectively
- Improved delivery performance, product rationalisation, customer claims and market service

Innovative wet room products and water control technologies for residential and commercial applications





Heating & Cooling Lower Demand for Environmental Water Heaters

A'000	June 12	June 11	% Change
Sales	165.8	195.1	-15%
Trading EBIT	13.3	17.2	-23%
EBIT%	8.0%	8.8%	
ROFE	14.1%	19.1%	

- Adverse sales mix due to cessation of Government rebates on environmental water heater sales
- Construction & commissioning of hot water factory upgrade at Moss Vale completed
- Strong winter season for ducted gas heater sales
- Recall of evaporative coolers has not impacted brand or sales performance



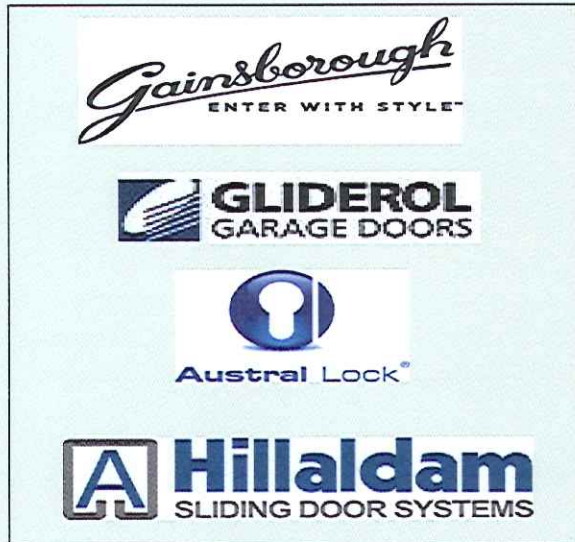
Heating & Cooling technologies for residential and commercial applications



Door & Access Systems Impact of Lower Residential Building Activity

A'000	June 12	June 11	% Change
Sales	138.6	114.0	22%
Trading EBIT	14.1	17.2	-18%
EBIT%	10.1%	15.0%	
ROFE	16.1%	19.0%	

- Sales increased due to full years inclusion of Gliderol
- Underlying sales down by 10% due to market conditions
- Closure of Blackburn and Kyneton and establishment of new supply chains completed
- Leveraging Gliderol / GHI starting to get traction



Access and security technologies for residential and commercial applications



Strong Cash Flow Reflects Improved Supply Chain and Operational Efficiency plus Sale of Non Core Assets

\$Million	2012	2011
Cash Generated from Continuing Operations	110.5	111.0
Cash Generated from Discontinued Operations	-2.0	16.6
Restructuring Cash Flows	<u>-9.6</u>	<u>-1.5</u>
Cash generated from Operations	<u>98.9</u>	<u>126.1</u>
Property / asset sales	18.4	0.1
Disposals	23.7	2.3
Capital Expenditure	-25.8	-24.7



Financial Metrics Remain Strong

	2012	2011
Net Debt (\$M)	174.5	198.1
Gearing Ratio (Net Debt / Net Debt Plus Equity)	29%	31%
Leverage Ratio (Net Debt / EBITDA)	1.87	1.53
Debt Maturity Profile		
July 2014	200.0	
July 2016	100.0	



Maintenance of Fully Franked Dividend Supported by Strong Cash Flow

\$Million	2012	2011
Trading profit after tax	45.6	59.0
Trading earnings per share	15.1¢	19.6¢
Reported earnings per share	13.1¢	21.0¢
Ordinary Dividend		
▪ Interim	9.5¢	9.5¢
▪ Final	8.5¢	8.5¢
▪ Total (fully franked)	18.0¢	18.0¢



Dividend Policy Changed to Reflect Adverse Impact of Market Conditions

- Current policy states "Absent an unexpected decline in profitability, ordinary dividends will be maintained at 18.0 cents per share until it equals 70% to 80% of earnings, at which time it will increase in line with performance."
- Poor market conditions and uncertain outlook has been unforeseen
- New Policy will eliminate the 18.0 cents floor but pay higher dividend ratio through the cycle

Target dividend will represent 80-95% of net profit after tax

- 2012/13 will be fully franked and paid at higher end of range



GWA's Strategic Agenda for Inorganic Growth is Unchanged

- We currently have \$95 million of unused loan facilities and the DRP is being reactivated to ensure we are in position to respond to opportunities
- Focus is on growth through product (eg Austral Lock) and/or market adjacencies (eg Brivis / Gliderol)
- Developing / acquiring installation and service capabilities to complement product offering is a strategic priority
- Financial and strategic criteria for growth will be maintained



2012/13 Outlook

- Residential housing approvals have improved in last quarter following decline through 2011/12
- First half year operating profit will decline against same period last year but higher building approvals should flow through to sales in late 2012
- Restructuring in 2011/12 and commissioning of Moss Vale water heater factory upgrade will improve cost base and protect margins
- Given market uncertainty we will be in better position to give guidance at the Annual General Meeting in October



Non-IFRS Financial Measures

Given the significance of the restructuring expenses and discontinued operations the Directors believe the presentation of non-IFRS financial measures is useful for the users of this document as they reflect the underlying financial performance of the business. The above non-IFRS financial measures have not been subject to review or audit by KPMG.



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