



16 August 2021

## ASX/MEDIA RELEASE

### **GWA reports net profit of \$42.3 million before significant items**

- Reported NPAT (including significant items) \$35.1 million (FY20: \$43.9m)
- NPAT (before significant items) down 5.8% to \$42.3 million
- Operating cashflow up 16% to \$103.1 million
- Final dividend 6.5 cents per share, full-year dividend 12.5 cents per share, fully-franked; up 9%

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 2021 ("FY21").

#### **Financial Result**

Group revenue increased by 1.8 per cent to \$405.7 million, reflecting improved residential construction activity in Australia in the second half and strong sales growth in the New Zealand and UK businesses, partially offset by the continued decline in the Commercial segment in Australia.

Group EBIT before significant items declined by 4.7 per cent to \$68.5 million compared to \$71.8 million for the prior year.

Notwithstanding the full year decline in EBIT, revenue, EBIT and EBIT margin increased in the second half of FY21 over the first half of FY21 which provides positive momentum into FY22.

Group EBIT lifted by 13.4 per cent in 2H FY21 compared to 1H FY21. Group EBIT margin in 2H FY21 increased by 120 basis points to 17.5 per cent compared to the first half, demonstrating GWA's positive leverage to improved market conditions.

Group Net Profit After Tax before significant items for FY21 was \$42.3 million compared to \$44.9 million for the prior year. Significant items in FY21 included costs associated with the consolidation of New Zealand warehouses, sale of the China plant, Methven integration costs, and Enterprise Resource Planning (ERP)/Customer Relationship Management (CRM) systems' project costs.

Reported Net Profit After Tax for the year was \$35.1 million which includes significant items of \$7.3 million after tax.

The Board declared a final dividend of 6.5 cents per share, fully-franked, bringing the full-year dividend to 12.5 cents per share, fully-franked compared to 11.5 cents per share for the prior year. The record date for entitlement to receive the final dividend will be 8 September 2021 with the payment date of 6 October 2021.

## **Commentary on result**

Managing Director and CEO, Urs Meyerhans said while FY21 was a challenging year, GWA's continued operational discipline and improved residential construction activity in the fourth quarter enabled the company to deliver an improved performance in the second half.

"This provides a strong platform for GWA to leverage an expected continued improvement in residential detached construction markets in FY22.

"We continue to enhance the diversity of our revenue and earnings base with strong growth in our New Zealand and international businesses.

"The delivery of integration synergies and enhanced geographical revenue and earnings diversification reinforces the success of the Methven acquisition.

"Meanwhile, we continue to launch new ranges of taps, showers, accessories and sanitaryware leveraging our centres of excellence in Auckland and Sydney.

"This includes Caroma GermGard<sup>®</sup> antibacterial glazing to sanitaryware products to capitalise on consumers' heightened concerns over safety and hygiene following the COVID-19 pandemic.

"Our touchless intelligent bathroom system, Caroma Smart Command<sup>®</sup>, continues to resonate with customers in the Commercial segment and has now been successfully installed in 127 sites across Australia/New Zealand; up from 49 installations in the prior year.

"We are evolving our five-year strategy with a continued aim to be the trusted and integrated solutions partner in the delivery of sustainable water solutions for bathrooms, kitchens and laundries to drive future shareholder value," Mr Meyerhans said.

## **FY22 Market Outlook**

GWA expects continued momentum in residential detached activity during FY22 from improved consumer sentiment, increased dwelling approvals, new housing loans, higher housing turnover and Government stimulus (HomeBuilder).

Renovation and Replacement activity, both residential and commercial, is expected to be stable or slightly positive for the year.

While GWA's Commercial order bank remains strong and 14 per cent above the prior year, completions are expected to remain subdued in FY22. Growth in education and health is expected to be offset by declines in offices and retail. As confidence and activity increases in the Commercial segment, GWA remains well placed to capitalise on this improvement.

The Multi-Residential segment is expected to decline further as a result of lower net migration from international border closures and travel restrictions.

The ongoing effects of COVID-19 lockdowns, particularly in Sydney/NSW and Melbourne/Victoria, continue to create uncertainty regarding potential impacts on construction markets.

The Company's focus in FY22 remains on generating profitable share growth through customer and consumer initiatives.

GWA maintains strong operational leverage to the market upturn underpinned by ongoing operational discipline.

This announcement has been authorised for release to the ASX by the GWA Board of Directors.

**For further information call:**

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