



GWA
Group Limited

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30 October 2023

ASX Market Announcements

2023 Annual General Meeting

In accordance with ASX Listing Rule 3.13.3, GWA Group Limited (**GWA**) attaches the Chairman's and Managing Director's address to be delivered at GWA's 2023 Annual General Meeting at 10.30 am today in Brisbane.

The release of this announcement was authorised by the GWA Board.

Yours faithfully

Ernie Lagis
Company Secretary and General Counsel





GWA AGM **30 OCTOBER 2023**

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CHAIRMAN'S ADDRESS



Summary of FY23 Result

FY23 Review

- Year of two halves
- H1 strong until end CY22
- Responded quickly to a changing market dynamic
- Resulting in improved EBIT and EBIT margin in H2
- Improved cash flow from operations and free cash flow with a cash conversion ratio of 112%
- Proactive management of inventory and debtors
- Reduction in net debt
- Excellent progress on strategic priorities across 'Win the Plumber' and customer first focus

ESG Strategy

- Detailed ESG roadmap developed by internal ESG Steering Committee
- Enhanced ESG reporting and disclosures – ESG Report 2023
- Commenced alignment with best-practice frameworks with Board and Executive oversight
- Female workforce participation 41%
- Worker insights introduced for improved health and safety reporting
- Total water consumption down 12.5%
- Total solid waste generation down 45%
- Reconciliation Action Plan submitted

Remuneration

- With the exception of one role FY23 executive fixed remuneration remained unchanged
- FY23 STI plan maintained Earnings Before Interest and Tax (EBIT) as the single financial target as it is an effective basis for STI financial targets and is aligned with the Group's strategy
- No STI payments were paid to Executives for FY23
- From FY23 the Board re-introduced Earnings Per Share (EPS) growth (CAGR over three-year performance period) as a second performance measure for LTI Plan, in addition to retaining relative TSR measure
- No change in fees paid to Non-Executive Directors since 2016

Board Renewal

- Continued process of Board renewal and appointments with assistance from external advisers, Hattonneale
- **Retirements from the Board:**
 - Stephen Goddard retired 30 June 2023
 - Jane McKellar retires at AGM today
- Both Stephen and Jane made significant contributions to the Board since joining in 2016. On behalf of shareholders and the board, I thank Stephen and Jane for their contributions and wish them all the very best in the future
- **New appointments to the Board; each standing for election at today's AGM:**
 - Patria Mann, appointed January 2023
 - Bernadette Inglis, appointed November 2022
 - Stephen Roche, appointed October 2022

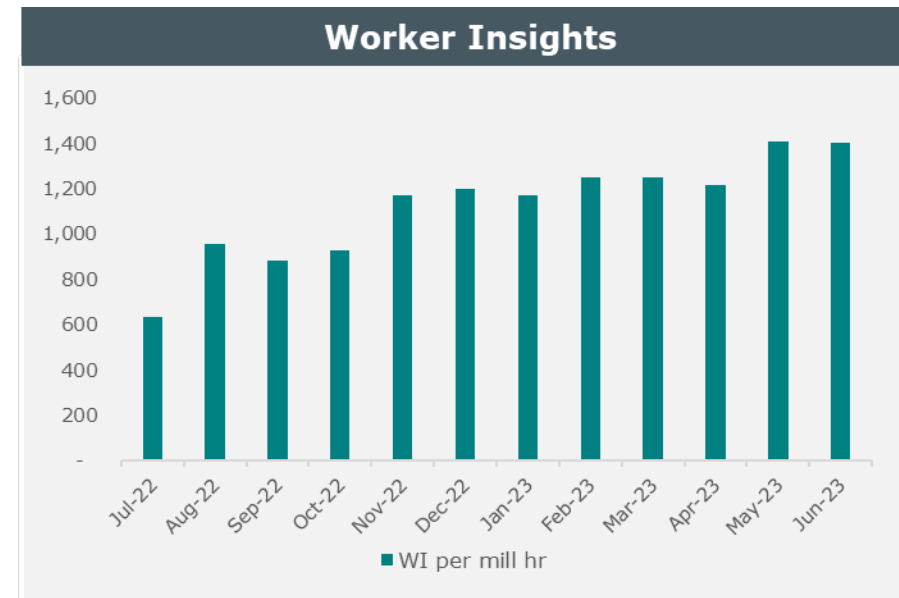
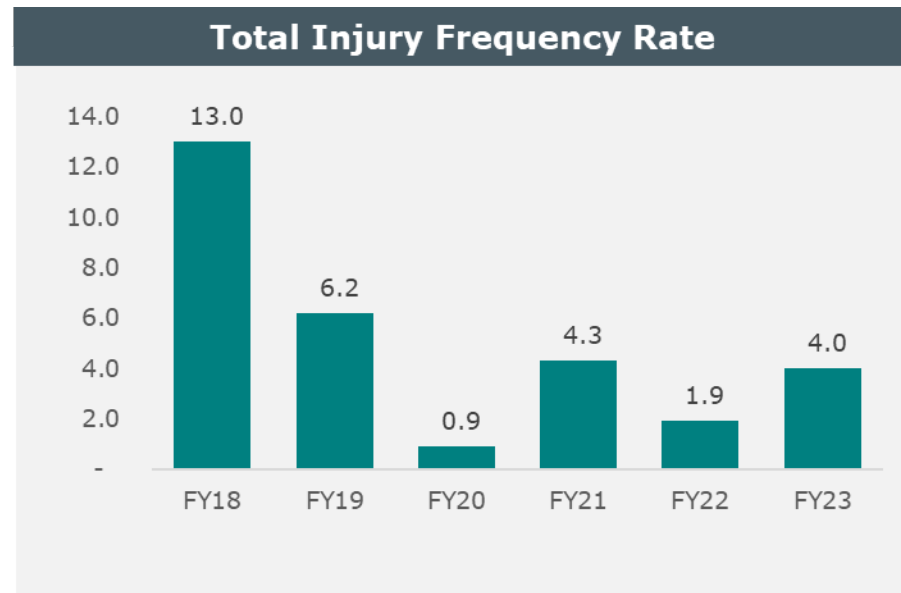
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MD & CEO ADDRESS



Continued commitment to safety

- Focus on leading indicators - (worker insights) more than doubled in FY23
- ISO45001 re-certified
- TIFR – 2 minor injuries in NZ in H1



A\$m Normalised ¹	FY23	FY22	% Change
Revenue	411.8	418.7	-1.6%
EBITDA	89.1	94.6	-5.9%
EBIT	70.4	74.8	-6.0%
EBIT Margin %	17.1%	17.9%	-0.8pp
NPAT	44.1	47.3	-6.6%
ROFE %	15.8%	17.7%	-1.9pp
EPS	16.6c	17.8c	-1.2c

Significant Items ²	FY23	FY22
Pre Tax	(1.4)	(15.2)
Post Tax	(1.0)	(12.1)

A\$m Statutory	FY23	FY22	% Change
Revenue	411.8	418.7	-1.6%
EBITDA	87.7	80.2	9.8%
EBIT	69.0	59.7	15.7%
EBIT Margin %	16.8%	14.3%	2.5pp
NPAT	43.2	35.2	22.7%
ROFE %	15.4%	14.1%	1.4pp
EPS	16.3c	13.3c	3.0c
Dividend / share	13.0c	15.0c	-2.0c

ROFE is calculated as EBIT divided by average funds employed. Funds employed is calculated as net assets minus cash plus borrowings and net AASB16 Leases balances.

Rapid response to softening market conditions limit the impact on Group results

- **Revenue** - Economic slow down and particular NZ recession led to a 1.6% decline
- **Normalised EBIT** - impacted by lower volumes and increased domestic customer freight
- **Significant items** - Costs associated with proactively right sizing the company in response to market changes
- **Statutory EBIT** - up 15.7% reflective of decrease in significant items year on year
- **Tax rate** – 29%

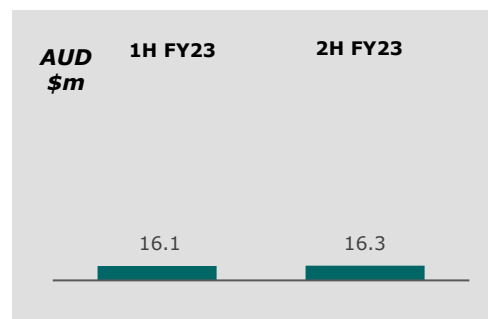
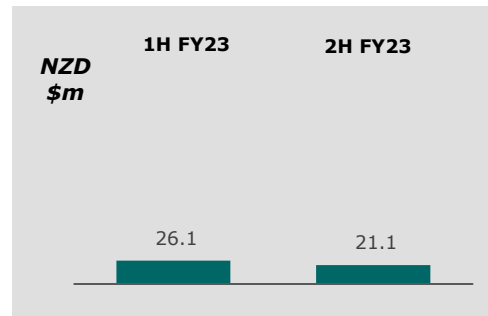
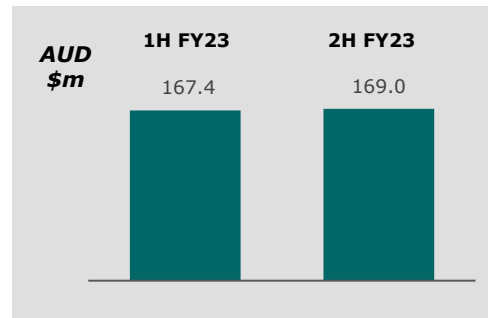
¹ FY22 & FY23 Normalised are before \$(12.1)m and \$(1.0)m in significant items (after tax) respectively

² Upgrade Enterprise Resource Planning/Customer Relationship Management (FY22) and restructure costs (FY23).

³ Group Statutory NPAT does not equal Group Normalised NPAT plus Significant Items (Post Tax) in FY23 due to rounding.

Promising improvement in Q4 across AUS & UK

FY23 Revenue



Revenue commentary

Australia

- Fast start impacted by economic conditions late Q2, R&R most impacted
- H2 improvement driven by new sales initiatives, trajectory into FY24
- New local State sales organisation implemented
- Effective 4% price increase from 1 April 2023

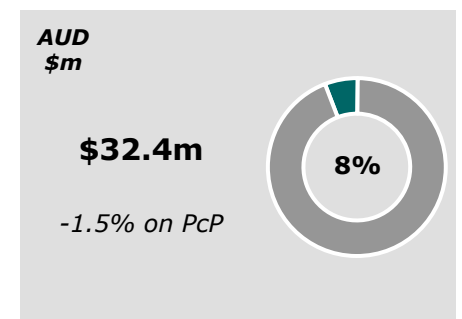
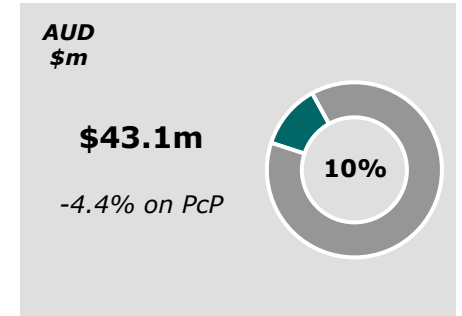
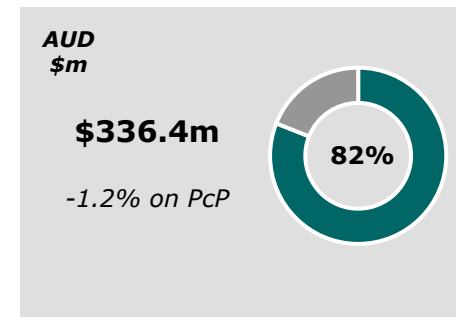
New Zealand

- Economic impact appeared earlier, pronounced from Q2 and worsened H2
- Commercial growth, pipeline of contracted work won strengthening
- Pleasing Q4 growth of +1.9% on constant currency basis
- Effective 5% price increase from 1 March 2023

International

- H2 UK revenue +2.5% on constant currency basis
- Full year revenue +3.7% on constant currency basis

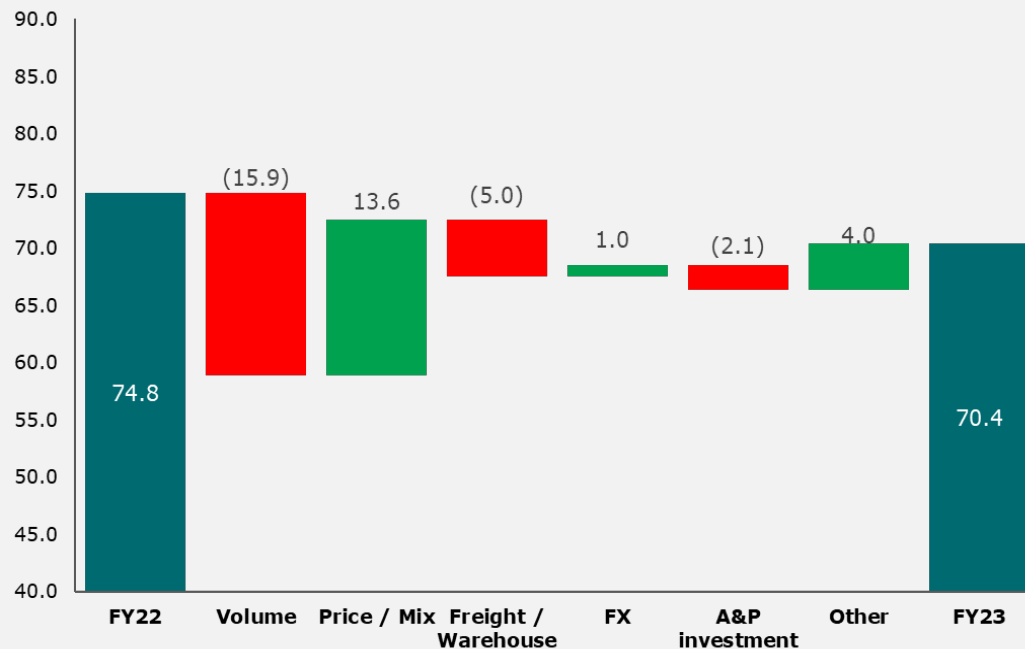
\$ Revenue & % of Group



Cost control and price offset negative volumes and domestic customer freight

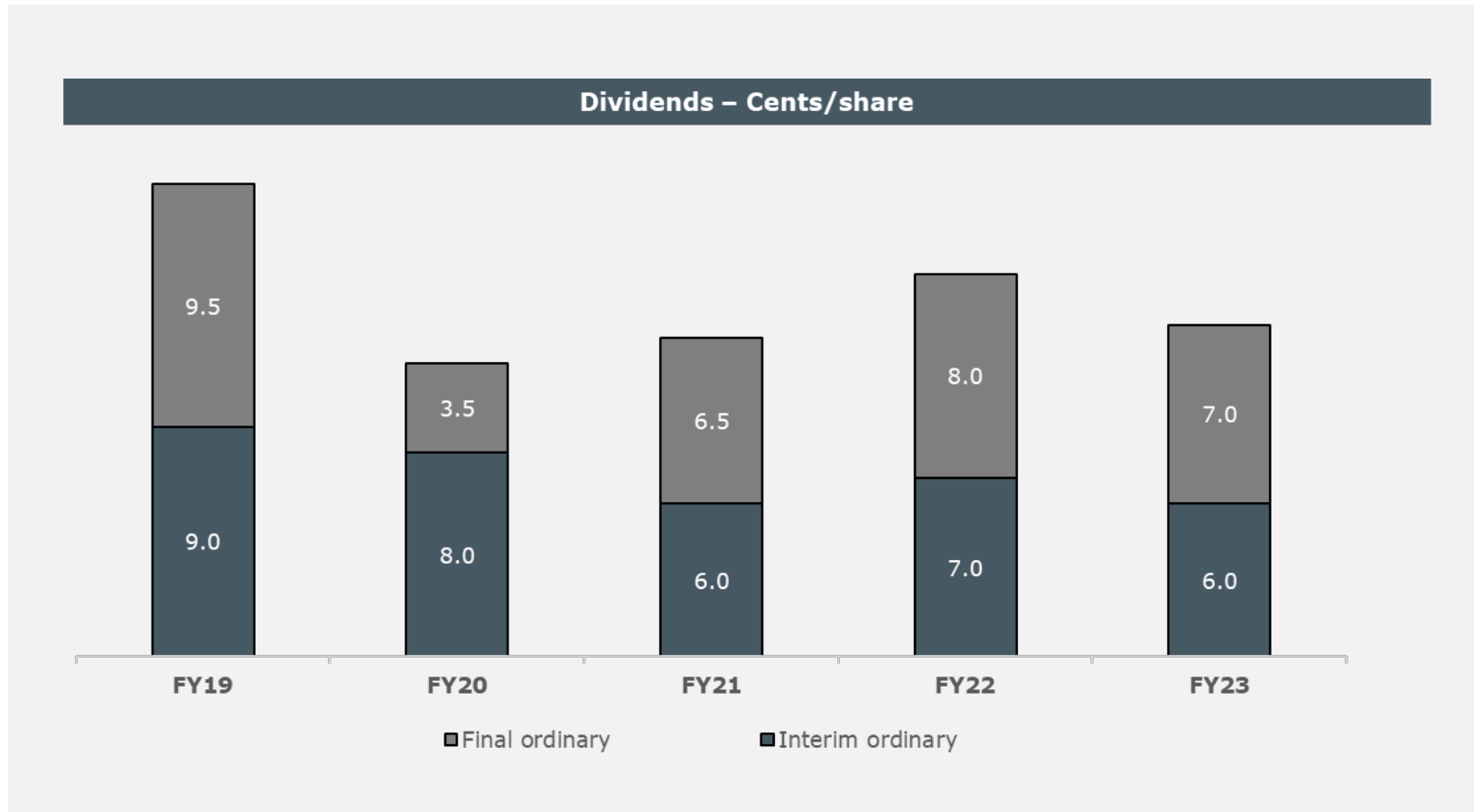
- **Volume:** largely reflects de-stocking by a customer in H1.
- **Price/Mix:** Two price increases and mix shift to sanitaryware
- **Freight / Warehouse:**
 - outbound freight cost increase partly offset by H2 inbound freight savings; and
 - use of external 3PL warehouse storage in NZ
- **FX:** Favourable balance sheet revaluations partially offset by unfavourable AUD vs. USD on purchases
- **A&P:** Continued investment supporting brand re-alignment strategy
- **Other:** cost control across discretionary spend

Normalised¹ EBIT Bridge (A\$M)












¹ FY23 Normalised is before \$(1.4)m in significant items (pre tax)

FY23 final dividend of 7.0c per share fully franked



Excellent progress made on Strategy

Key Performance Measures	Progress
Win the Plumber	
25,000 plumbers engaged	
Technical services provided (quantity)	
Innovate Through Design & Partnership	
NPD sales >10% of overall Sales within 2 years	
>20% improvement for NPD average speed to market	
Customer Experience	
Improved DIFOT	
Increase in Net Promotor Score	
Capital Management	
EPS CAGR 5% to 10% FY23 to FY25	
Cash conversion – 80 to 85%	
Leverage 1.0 to 2.0 times EBITDA	

- **Win the Plumber**

- 20,000+ plumbers signed up and categorised;
- 6,700 plumbers engaged in technical services; and
- Launched smartphone app 'PlumbersHub'

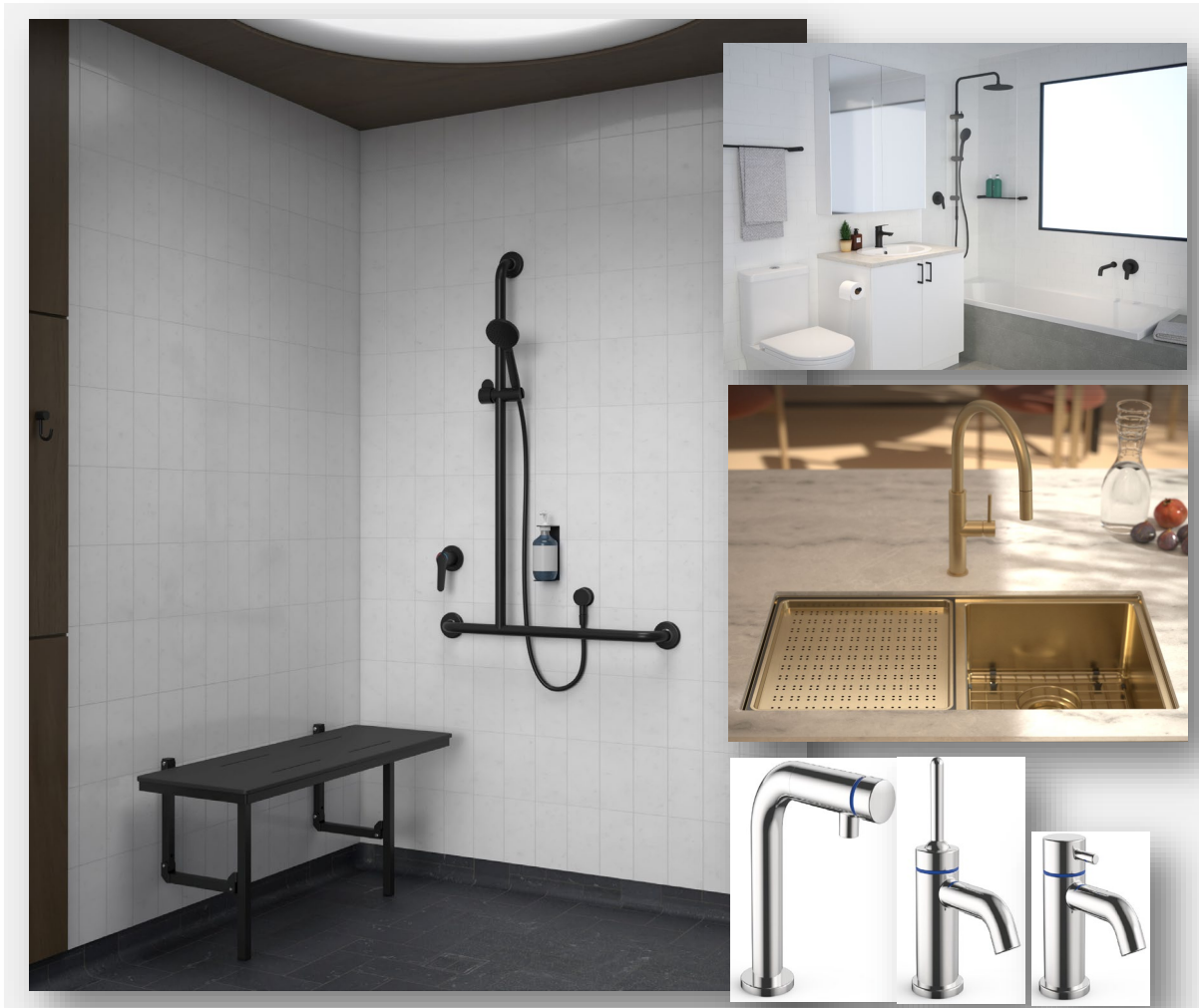
- **Innovate Through Design & Partnership**

- Vitality index tracking over 10%; and
- NPD aligned with strategy

- **Customer Experience**

- New ERP in ANZ allows for consistent and improved reporting;
- DIFOT in ANZ improved to 78%; and
- Steady improvement of transactional NPS measure

Delivering NPD launches that are helping to complete our portfolio.



- **Launch of stylish entry level tapware, showers and accessories collection** - to grow share in builders and affordable housing market.
- **Continued expansion of our popular independent living range, Livewell** - with the launch of shower seat & backrest in popular range of colours.
- **Introduction of coloured sink range** - to refresh kitchen product offer.
- **Addition of commercial tapware products** to capture growing demand in educational & public amenities sector.

FY24 OUTLOOK

No change to economic outlook since FY23 results commentary

Key focus

Trading update 1QFY24

No major change to end markets since FY23 results

Focused on operational discipline

Implement disciplined growth agenda

Strategy

Continue with clear focus

FY24 commentary

- **1Q FY24 Group Revenue down 2.0% compared to very strong pcp (1Q23 +8% vs 1Q22)**
 - **Australia:** solid performance – in line with last year
 - **NZ:** recession impacting markets – sales down 20%, however EBIT up on pcp
 - **UK:** solid start to year, sales up 6.7%
- **Group EBIT improvement on 1QFY23**
- **Operating costs** – Continued disciplined approach and targeted investment
- **Pricing** – average price increase of ~4% to be implemented from 1 February 2024 in Australia in response to weaker fx rates
- **Inventory** levels managed to market demand
- **Customer first** initiatives with a focus on our merchant partners
- **Profitable volume** growth targeting existing and new markets and customers
- **Local sales organisation** serving local businesses with local solutions

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FORMAL BUSINESS



Resolutions to be conducted via Poll

Financial
Statements

Chairman
Address

MD & CEO
Address

Formal
Business

Resolutions 1-3:

- Election of Directors:
 - Ms Bernadette Inglis
 - Ms Patria Mann; and
 - Mr Stephen Roche

Resolution 4:

- Adoption of the Remuneration Report for the year ended 30 June 2023

Resolution 5:

- Approval of the issue of Performance Rights to the Managing Director & CEO, Urs Meyerhans

DISCLAIMER

- This Presentation contains projections and other prospective statements that represent GWA's assumptions and views, including expectations and projections about GWA's business, the industry in which it operates and management's own beliefs and assumptions. Such matters require subjective judgement and analysis and may be based on assumptions which are incorrect. They may also be based on factors which are subject to significant uncertainties and contingencies which may be outside the control of GWA and are provided only as a general guide or statement and should not be relied upon as an indication or guarantee of future performance. As such, GWA's actual performance may differ from those assumptions or projections set out in this Presentation.
- This Presentation contains non-IFRS financial measures to assist users to assess the underlying financial performance of GWA. The non-IFRS financial measures in this presentation were not the subject of a review or audit by KPMG.
- Unless otherwise stated, financials (including comparatives) reflect the adoption of IFRS 16 Leases and the impact of the May 2020 IFRS Interpretation Committee decision relating to IAS 12 Income Taxes



GWA AGM PRESENTATION

30 OCTOBER 2023