



GWA  
Group Limited

ABN 15 055 964 380  
t 61 7 3109 6000  
f 61 7 3852 2201  
www.gwagroup.com.au

7 Eagleview Place  
Eagle Farm QLD 4009

GPO Box 1411  
Brisbane QLD 4001

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## MEDIA RELEASE

### **GWA delivers solid full-year result strengthening the platform for future growth**

- **Continued top line growth ahead of market delivers share growth and margin expansion for solid net profit and earnings growth**
- **Net Profit After Tax up 3% to \$53.7 million**
- **Earnings Before Interest and Tax (EBIT) up 3% to \$80.6 million**
- **Fully-franked final dividend of 9 cents per share; full year dividend of 16.5 cents per share**
- **Earnings per share up 7% to 20.3 cents per share**
- **Strong financial position – net debt down 10%, credit metrics continue to improve supporting growth plans**
- **Continued progress on strategy to deliver stronger platform to manage through the market cycle**

GWA Group Limited, a leading supplier of fixtures and fittings to Australian and New Zealand households and commercial premises, today announced a 3 per cent increase in net profit after tax to \$53.7 million for the year ended 30 June 2017.

Group EBIT increased by 3 per cent to \$80.6 million due to continued top line growth and focus on profitable share growth and margin.

Group EBIT margin increased by 3 percentage points to 18.1 per cent from 17.8 per cent previously.

GWA's revenue continues to grow ahead of the market delivering share growth, with net sales increasing by 2 per cent to \$446.3 million, reflecting an improvement in Bathrooms & Kitchens' sales of 3 per cent; partially offset by a 2 per cent decline in sales from Door & Access Systems compared to the prior year.

While revenue growth was strong across the eastern states, sales were impacted by the continued weak residential construction market in Western Australia.

The Board resolved to pay a final dividend of 9 cents per share fully-franked, bringing the full-year dividend to 16.5 cents per share fully-franked, an increase of 10 per cent on the prior year.<sup>1</sup>

The record date for entitlement to receive the final dividend will be 25 August 2017 with the dividend being paid on 5 September 2017.

GWA remains in a strong financial position with financial flexibility to support strategic growth initiatives and manage through the market cycle.

Net debt at 30 June 2017 was \$79.8 million compared to \$88.4 million in the prior year.

GWA Managing Director, Tim Salt, said the business continued to make good progress on its strategy which was reflected in the improved result on the prior year.

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<sup>1</sup> Excluding the FY16 fully-franked special dividend of 1 cent per share paid in September 2016.

"GWA continues to grow revenue ahead of the market, from our strong focus on customer engagement and building profitable market share in our core segments.

"Over the course of the year we have strengthened our position in Commercial projects and the Residential new housing segment. We have also made progress in the large Renovation and Replacement segment. We won share in all three segments.

"Meanwhile, we continue to implement our 'back to basics' strategy to simplify the business, address the cost base and improve our supply chain.

"That is resulting in improved margins as we build a stronger platform to compete more effectively through the market cycle."

Mr Salt said the company's strategic priorities remained focused on leveraging GWA's brands to drive revenue and market share growth and continuing to find ways to add value to major customers.

"Our new product development pipeline continues to strengthen with new products launching this year. We will open two new concept centres in Adelaide and Sydney, to showcase our portfolio of market leading brands.

"We are continuing to build engagement with key customers and have commenced joint business planning with major merchants to agree mutual targets and growth agendas.

"While we still have a lot of work to do, I remain confident we are continuing to create a strong foundation to achieve our strategic goals and maximise value creation for shareholders over the medium term," he said.

Mr Salt said the Renovation and Replacement segment, the market's largest segment accounting for just over half of GWA's group revenue, was expected to remain relatively stable in FY18.

GWA's forward order book remains solid with several major Commercial projects secured, primarily across the eastern states.

"While lead market indicators point to an expected slow-down in residential construction, GWA's products are typically sold at the completion stage of the building cycle. Therefore the lag between approvals flowing through to completions and the significant pipeline of work yet to be completed should support continued activity and demand for our brands into FY18.

"We expect to provide an update on market conditions at the company's AGM on 27 October 2017," he said.

**For further information call:**

Martin Cole  
Capital Markets Communications  
0403 332 977

Patrick Gibson  
GWA Group Limited  
02 9814 7377