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16 February 2021

ASX On-Line
Manager Company Announcements
Australian Securities Exchange

Dear Sir

Financial Results Presentation for the Half Year Ended 31 December 2020

We enclose the following document for immediate release to the market:

- Half Year Results Presentation

On 16 February 2021 at 10:00am (AEDT), GWA will be hosting a webcast of its FY21 half year results briefing. The webcast is accessible via the GWA website at www.gwagroup.com.au.

This document was authorised for release by the GWA Board.

Yours faithfully

R J Thornton
Executive Director

GWA Group Limited

Superior Solutions for Water

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Results Presentation

Half Year ended 31 December 2020

16 February 2021



CAROMA

METHVEN

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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 the 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*.



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01 | Overview



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Ongoing discipline in first half result – strong leverage to market recovery

First half result demonstrates ongoing discipline in challenging period (incl COVID-19 impact)

- Maintained leading market share position in Australia and grew share in New Zealand and the United Kingdom
- Strategic supply chain savings of $2m delivered to target as part of multi year $12m cost out programme
- Continued operational discipline – ANZ EBIT margin was consistent with prior period
- Strong cash generation and financial position enables GWA to declare 6c interim dividend fully franked (up from 3.5c final FY20 dividend)

Methven integration on track with further cost savings identified

- Methven's world leading shower IP being incorporated into Caroma new shower launches
- Cost synergies on target – $1.5m delivered in 1H FY21 – remain on target for $3m FY21 and $6m over FY20 / FY21
- Distribution site consolidation in New Zealand to deliver additional annualised $3m in cost savings from FY22

Continued successful delivery of superior water solutions strategy creates stronger platform for growth

- Strengthened relationships with merchant partners with new products launched in sanitaryware and coloured tapware
- Caroma Smart Command® installed at 77 sites – increased focus on touchless / hygiene solutions in commercial bathrooms
- Driven growth and margin accretion in Methven in the United Kingdom
- Consolidate and simplify Asian network – new management team in place

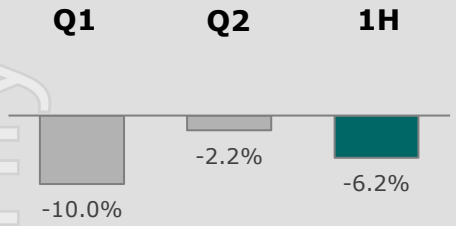
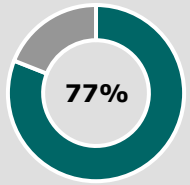
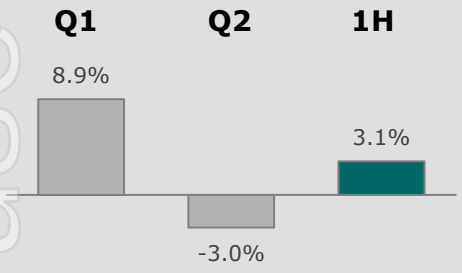
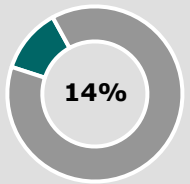
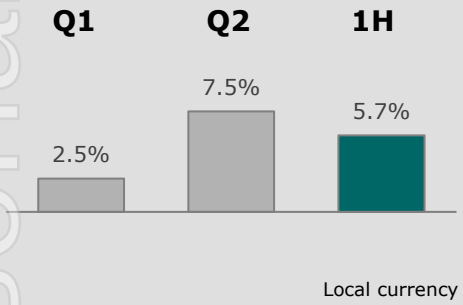
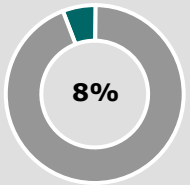
GWA well positioned to leverage expected improvement in market conditions

- Signs of market improvement in Q2 FY21 with leading indicators pointing to increased detached residential completions Q4 FY21 / FY22
- Strong Commercial Order Bank (up ~16% year on year) with exposure to key growth segments (education, aged care / health care).
- 2H FY21 commercial segment expected to remain subdued but GWA well positioned for segment recovery
- Solid balance sheet with continued cash generation provides ongoing financial capacity and flexibility
- Significant operational leverage to improvement in building cycle

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Group revenue improved in Q2 by +1.6% vs. Q1

Revenue vs pcp	Commentary	% of Group revenue
	**Australia** – Q2 growth showing signs of recovery in builders and merchants' sales but impacted by slow down in project segment particularly in NSW and Victoria – No further destocking but as expected, no restocking given ongoing uncertainty due to COVID-19	
	**New Zealand** – 1H growth up year on year +3.1% in local NZ$ currency (+1.6% in A$) – Benefiting from integrated sales team and strong stock availability	
	**United Kingdom** – 1H United Kingdom sales up +5.7% in local GBP£ currency (+3.9% in A$) – Despite difficult trading environment due to COVID-19 winning market share – EBIT margins strengthened	

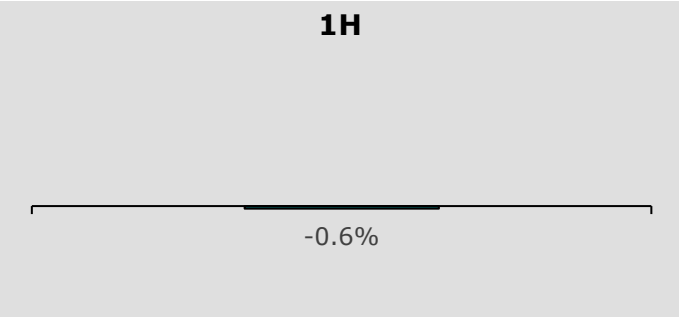
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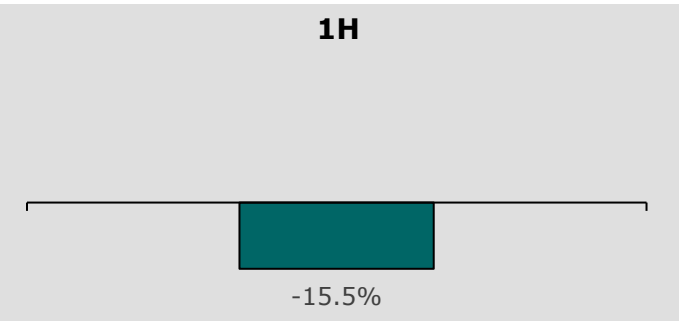
Commercial / retail split impacting 1H momentum in top five customers

GWA sales to top 5[1] customers (Australia) - revenue vs pcp

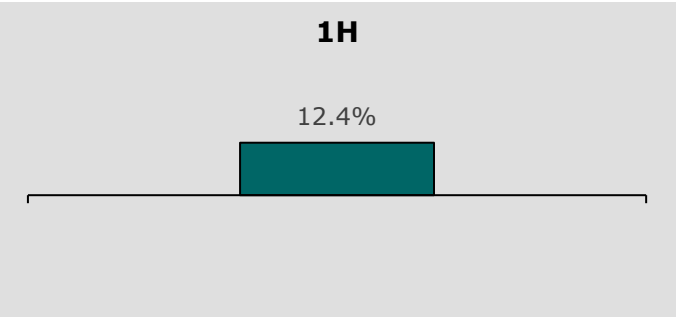
Customer A



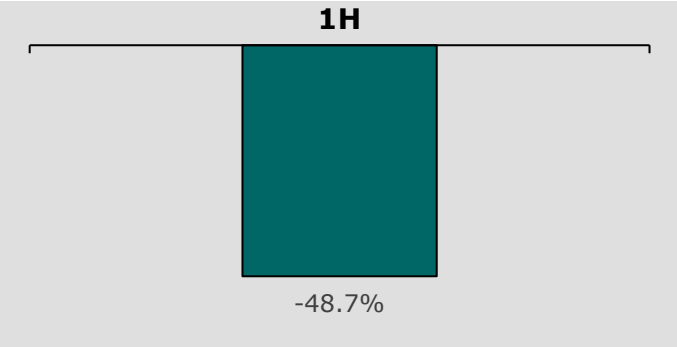
Customer B



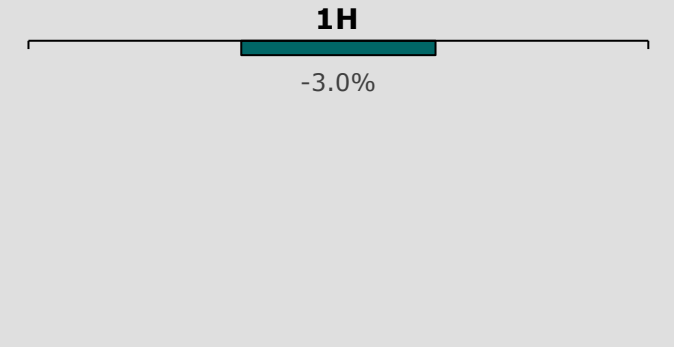
Customer C



Customer D



Customer E



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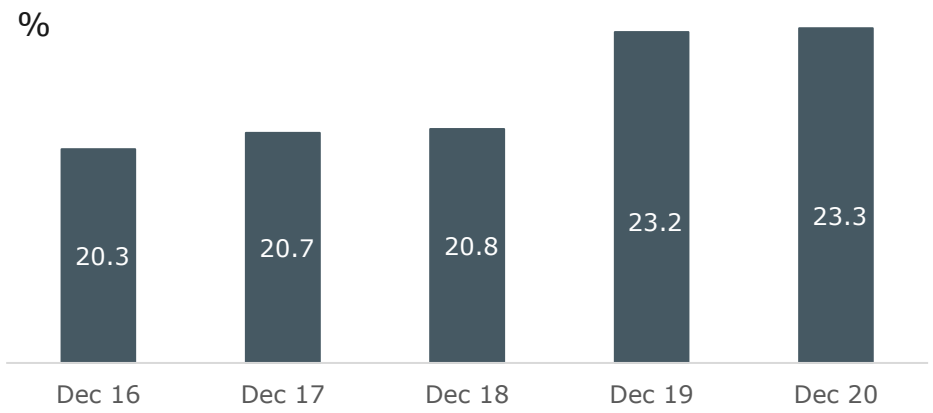
[1] Customers are shown in random order and notation A – E does not denote the size of the customer

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GWA maintains share in challenging market

Market Data[1]	
Market Segment	**Dec-20 MAT vs Dec-19 MAT**
Residential detached housing	-9%
Multi-Residential	-20%
Commercial (new build)	-17%
Renovation & Replacement (commercial and residential)	-2%
Total addressable market	**-6%**

Market share maintained[2]



- Despite challenging market conditions GWA Australia has held market share
- Demonstrates GWA's commitment to maintain profitable share irrespective of market conditions
- Deterioration in trading conditions in 1H FY21 across the commercial sector, however GWA continues to be well placed in this sector with a focus on aged / health care, education and a growing commercial order bank
- Residential renovation and replacement market less volatile than the new housing segment

[1] Source: BIS Oxford Economics and GWA estimates Australia market (value). 12 months MAT.
[2] December 19 and 20 include the acquisition of Methven.

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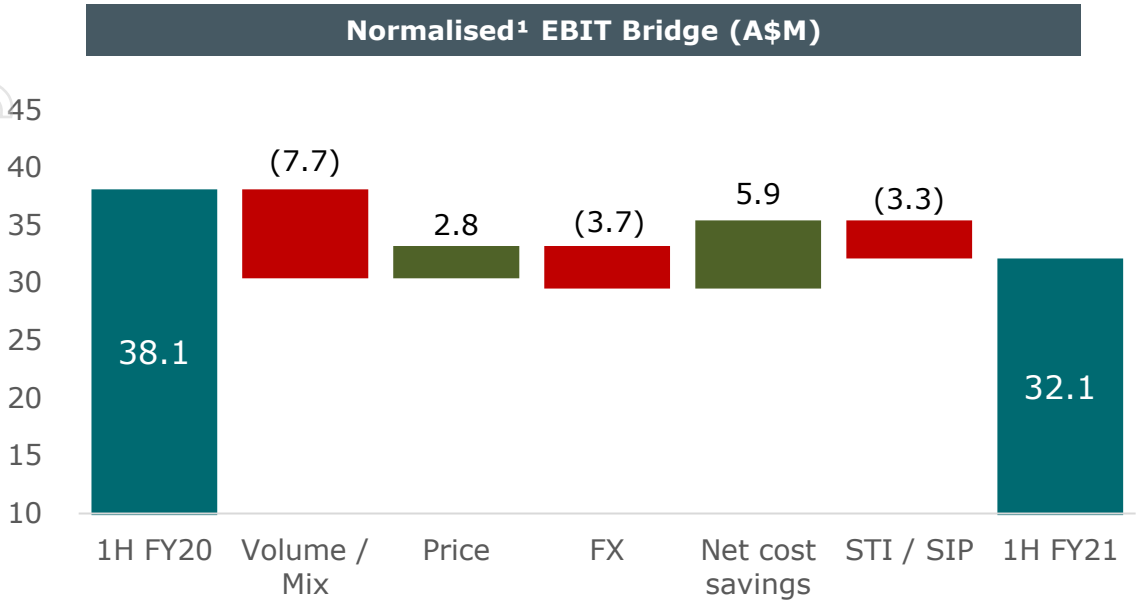
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02 | Financial results



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Continued operational discipline helps mitigate revenue decline



- **Volume/Mix**: impacted by market decline, COVID-19, sales mix across geographies and customers coupled with commercial segment slowdown in Australia
- **Price**: Price increase implemented from August 2020 to partially mitigate FX headwinds
- **FX**: Weaker average AUD vs. USD: 1H FY21 69c vs. 1H FY20 71c on product purchases
- **Net cost changes**: continued strong operational discipline has significantly mitigated adverse volume / mix and fx
- **STI / SIP²:** 1H FY21 performance impacted by challenging market conditions but in line with expectations. Staff incentives accrued in 1H FY21 but not in pcp.

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¹ Normalised is before $(2.2)m in significant items (pre tax) relating to integration costs associated with the acquisition of Methven (1H FY20: $(0.6)m)
² Short Term Incentive Plan (STI) / Sales Incentive Plan (SIP)

Normalised[1] results

A$m Normalised[1]	1H FY20	1H FY21	% Change
Revenue	206.3	197.2	-4.4%
EBITDA	48.1	42.2	-12.2%
EBIT	38.1	32.1	-15.8%
NPAT	24.0	20.0	-16.7%
EBIT Margin %	18.5%	16.3%	-2.2pp
ROFE %	18.8%	15.1%	-3.7pp
EPS	9.1c	7.6c	-1.5c

- Revenue down 4.4% primarily due to weaker construction conditions in Australia not fully offset by growth in International
- EBIT margin impacted by market decline, COVID-19, sales mix across geographies, customer mix, and weaker commercial sales
  - EBIT margin in Australia / New Zealand in line with prior period
  - Group EBIT margin impacted by inclusion of STI / SIP[2] in FY21 not accrued in FY20

[1] Normalised is before $(1.5)m in significant items (after tax) relating to integration costs associated with the acquisition of Methven (1H FY20: $(0.4)m)
[2] Short Term Incentive Plan (STI) / Sales Incentive Plan (SIP)

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Reported results

A$m Reported	1H FY20	1H FY21	% Change
Revenue	206.3	197.2	-4.4%
EBITDA	47.4	40.0	-15.6%
EBIT	37.5	29.9	-20.3%
NPAT	23.6	18.5	-21.6%
EBIT Margin %	18.2%	15.2%	-3.0pp
ROFE %	17.3%	14.4%	-2.9pp
EPS	8.9c	7.0c	-1.9c

- EBIT includes $2.2m (pre tax) integration costs related to Methven which will yield savings FY22 onwards
- NPAT change in line with EBIT change due to slightly lower effective tax rate and lower average borrowings / interest rates
- Strong cash generation enables interim dividend of 6.0 cents per share fully-franked (payout ratio 86% of reported NPAT)
- Dividend reinvestment plan continued at 1.5% discount[1]

[1] 1.5% discount to the volume weighted average market price (VWAP)

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Strong cash conversion maintained

Cash flow from Continuing Operations A$M	1H FY20	1H FY21
EBITDA	**48.1**	**42.2**
Net movement in Working Capital	(4.1)	7.0
Other	(1.8)	0.5
Cash Flow from Operations	**42.2**	**49.7**
Capital Expenditure and other investing activities	(8.2)	(5.5)
Restructuring / Other costs	(0.7)	(0.9)
Net Interest Paid	(4.4)	(3.6)
Tax Paid	(10.4)	(7.1)
Lease Payments	(5.6)	(4.5)
Free Cash Flow	**12.9**	**28.1**

- Continued focus on strong cash management
- Cash conversion[1] from operations very strong at 118% despite weaker Australian market
- Strong focus on working capital and debtor management with DSO further improved
- Capital expenditure reflects investment on NPD, Caroma Smart Command® and R&D 'test rigs' focused on revenue enhancing opportunities
- Other investing includes $2.8m seed investment in third party overseas venture
- Cash restructuring / other costs relate primarily to Methven integration costs and consolidation of warehouses in New Zealand (additional $3m annualised benefit from FY22)

[1] Cash Flow from Operations divided by normalised EBITDA

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Solid and improving financial position despite COVID-19

Metrics[1]	30 June 2017	30 June 2018	30 June 2019	30 June 2020	31 Dec 2020
Net Debt	79.8	97.7	141.9	144.8	125.0
Leverage Ratio *Net Debt / EBITDA*	0.9	1.1	1.6	1.9	1.7
Interest Cover *EBITDA / Net Interest*	17.1	19.6	23.5	13.6	13.9
Gearing *Net Debt / (Net Debt + Equity)*	19.9%	22.7%	27.5%	28.4%	25.2%
Net Debt					
Borrowings	112.0	125.0	177.8	175.4	166.0
Bank Guarantees	4.1	1.8	3.8	1.8	1.3
Cash	(36.4)	(27.9)	(39.6)	(32.4)	(42.3)
Held for sale cash	-	(1.2)			-
	79.8	**97.7**	**141.9**	**144.8**	**125.0**

- GWA remains in a solid financial position to operate through the current challenging environment
- Net debt of $125m down on prior year due to continued focus on cash management
  - FY19 net debt increase includes the Methven acquisition
- Credit metrics remain strong with the leverage ratio improved to 1.7 times
- Substantial headroom maintained within $267m banking facility
  - $227m multi-currency revolving facility does not expire until November 2023
  - $40m bi-lateral facility matures October 2021

[1] Metrics calculated as required for reporting to GWA's syndicated banking group and have not been adjusted for the impact of IFRS 16 Leases.

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03 | Strategic progress



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GWA evolving strategy for growth

PURPOSE: We make life better through products, services and technologies that create superior solutions for people to enjoy and sustain water, our planet's most precious resource.

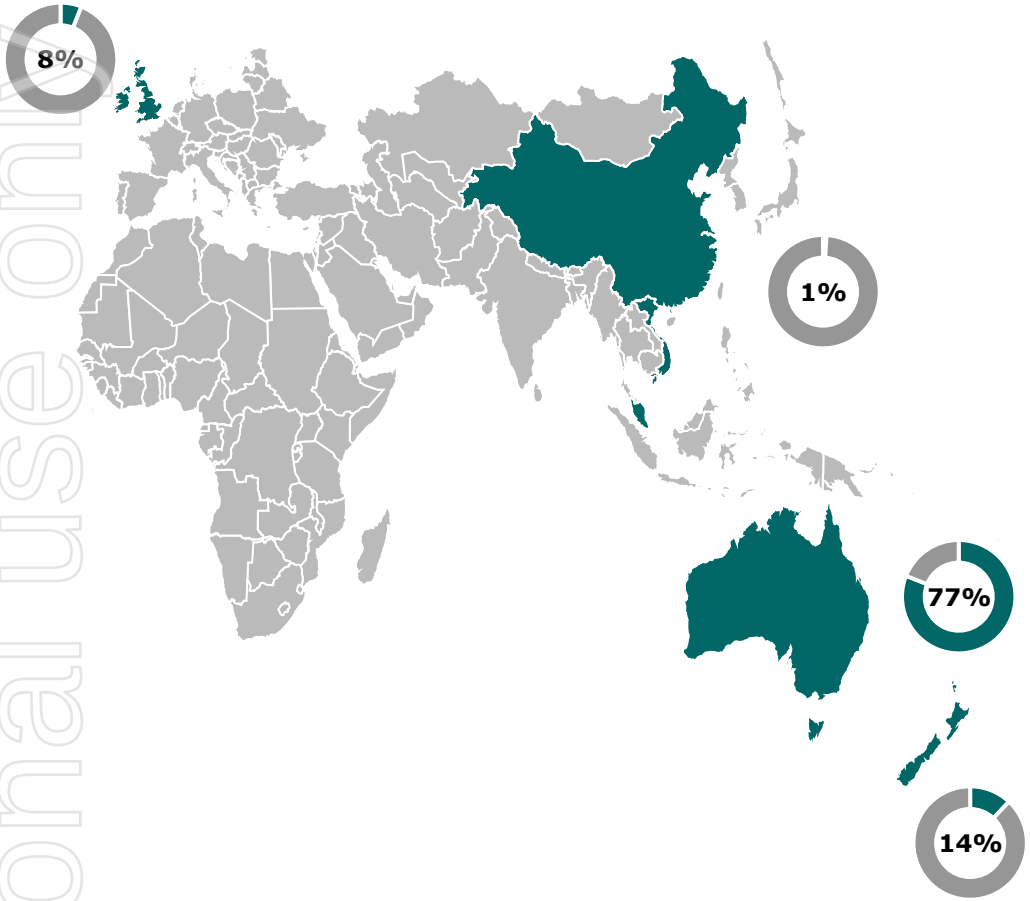
GOAL: We use our fixtures, insights and expertise to save a Sydney Harbour of water (500GL) every year.

Strategic Growth Drivers	**Build R&R market share in ANZ**	**Extend ANZ leadership position in Commercial segment**	**Leadership of water smart, connected bathrooms and buildings**	**Grow select overseas markets leveraging ANZ Commercial expertise**
Enabling Capabilities	INNOVATE and PARTNER: solutions, services and ways of doing business. EXCEED CUSTOMER SERVICE EXPECTATIONS: good to do business with – people, processes, systems. DRIVE BEST COST: Continuous improvement to support profitability and fund selective reinvestment. ATTRACT and DEVELOP GREAT PEOPLE: Continue to build capability, culture and engagement.			
Key Deliverables	**GWA Operational Measures :** Safety, Market share, NSV, EBIT, DIFOT, NPS, Engagement			
	External Measures of Success : NPAT growth, ROFE, TSR, Water sustainability			
Cultural Pillars	WE ALL LEAD. WE ARE CUSTOMER FOCUSED AND CONSUMER DRIVEN. WE CARE FOR EACH OTHER.			

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Continued progress on Methven integration opening up overseas growth opportunities



- Integration cost synergies ahead of target with A$1.5m in 1H FY21; expect total of A$3m for full year FY21
- The final stage of Methven integration includes:
  - Consolidation of the New Zealand distribution network from two warehouses to one enabling efficiencies and single invoicing to improve customers' experience
  - Sale of the Methven China plant is expected to complete in Q3 FY21
    - One-off costs of ~$4m will be incurred in FY21 of which $2.1m were incurred in 1H FY21. Annualised benefits of ~$3m are expected to flow FY22 onwards
- The Tap and Showerware centre of excellence in New Zealand is building a strong pipeline of NPD[1]
  - Methven shower IP is now utilised in Caroma new shower products launched in 1H FY21
- Methven has provided enhanced geographic diversification, which continues to be a strategic growth opportunity for the Group
  - International markets are leveraging Caroma product to go to market with a whole of bathroom solution
  - Leveraging IP and technical capability in third party overseas venture

■ = % of GWA Revenue based on annual share of revenue

[1] New product development

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Market driven innovation and new product development







- Creation of the Sydney and Auckland centres of excellence
  - Technical, design and sourcing capability, test rigs
- Rolling 3-year innovation and NPD pipeline prioritised against market opportunities
  - More than 1,500 new SKUs launched in the last 3 years
  - ~3,000 SKUs removed from portfolio
- Significant investment in smart solutions
  - Touchless, hygiene, water management and sustainability
- Reinvigoration of core portfolio and traditional products
  - New materials, sustainability enhancements and hygiene
- Locally designed and engineered in Australia and New Zealand

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Strong market support for Caroma Smart Command®



Progress

- Strong customer engagement in multiple commercial segments not only surrounding the system's water saving technology but also its enhanced hygiene and touchless applications
- Caroma Smart Command® (CSC) installed in 77 sites across Australia and New Zealand. Roll-out into other sites (retail, airports) during 2H FY20 / 1H FY21 was delayed by COVID-19 however there remains a solid bank of additional projects in the pipeline for FY21
- 33 sites migrated to the cloud solution with further migrations planned for FY21, creating a platform for service solution
- Strong NPD[1] pipeline into FY21 with a number of product, technology and cloud interface enhancements in development
- Leveraging Methven geographic footprint for international expansion
  - First Asian CSC pilot install completed – water scarcity is a major global issue

[1] New product development

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04 | FY21 Outlook



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Expect some market improvement in Q4 FY21 / FY22

Key area	FY21 commentary[1]
Market Activity – expect residential completions to increase but commercial and multi-residential segments to remain subdued in 2H FY21	– Recent lead indicators in Australia (consumer sentiment, approvals, new housing loans, housing turnover) and Federal (HomeBuilder) and State Government incentives point to increased detached residential completions and Renovation and Replacement activity in Q4 FY21 / FY22 – GWA's Commercial order bank remains strong and ~16% up year on year. However, Commercial and multi-residential completions are expected to remain subdued in 2H FY21 – Growth expected in New Zealand, the United Kingdom (despite COVID-19 challenges) and Asia
FY21 focus remains on driving revenue opportunities above market growth	– Focus remains on generating profitable share growth through customer and consumer initiatives: – Hunt new Commercial segment growth opportunities in aged care, education and commercial renovation and replacement – Embed new products (sanitaryware, coloured tapware) with key merchants – Enhance consumer engagement leveraging digital strategy and channels – Leverage touchless / hygiene benefit of Caroma Smart Command® with further installations and cloud applications
Maintain operational and cost discipline	– GWA has strong operational leverage to market upturn underpinned by ongoing operational discipline: – Achieve $4m of cost out in FY21 – brings total to $12m by end FY21 – Deliver $3m in Methven synergies in FY21 – brings total to $6m across FY20 / FY21 – Continue to 'control the controllables' (SG&A, Working capital, Capex)

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[1] Refer to page 23 for FY21 assumptions

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Results Presentation

Half Year ended 31 December 2020

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05 | Appendix



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FY21 Key Assumptions[1]

Area	Assumption
Australian market backdrop	For 2H FY21 GWA expects its addressable market to grow between (4)% and +2%
Customer stock on hand	Not expecting any significant customer de/restocking in FY21
Price increase	Effectively ~5% implemented from August 2020 across Australia / New Zealand
D&A (depreciation and amortisation)	Expected to be ~$8-9m excluding the impact of IFRS 16. Including the impact of IFRS 16 D&A is expected to be ~$20-21m.
Interest costs	Expected to be ~$5-6m excluding lease interest. Including the impact of IFRS 16 interest costs are expected to be ~$8-9m.
FX	~$5m full year FY21 on-costs driven by a weaker ~2c AUD:USD
Tax rate	~29–30% on a continuing normalised business
Working capital	To remain broadly similar to FY20
Capex	~$12–14m due to: investment in Technology (new ERP / CRM[2]), Caroma Smart Command®, NPD and cost out initiatives
$9-12m cost out FY19 - FY21	~$4m savings in FY21 - brings total to $12m by end FY21
Methven Integration savings FY20 / FY21	~$3m savings in FY21 - brings total to $6m by end FY21
FY20 short-term cost reductions	~$9.5m is assumed non-repeatable and crucial to delivering GWA's strategic agenda
Significant items	Expected ~$(6)m in FY21 (1H FY21 $2.1m) related to Methven integration costs and ERP / CRM[2] implementation

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[1] Refer Disclaimer on slide 2
[2] Enterprise resource planning (ERP) / Customer resource management (CRM) systems

Reconciliation – Reported NPAT to normalised[1] NPAT

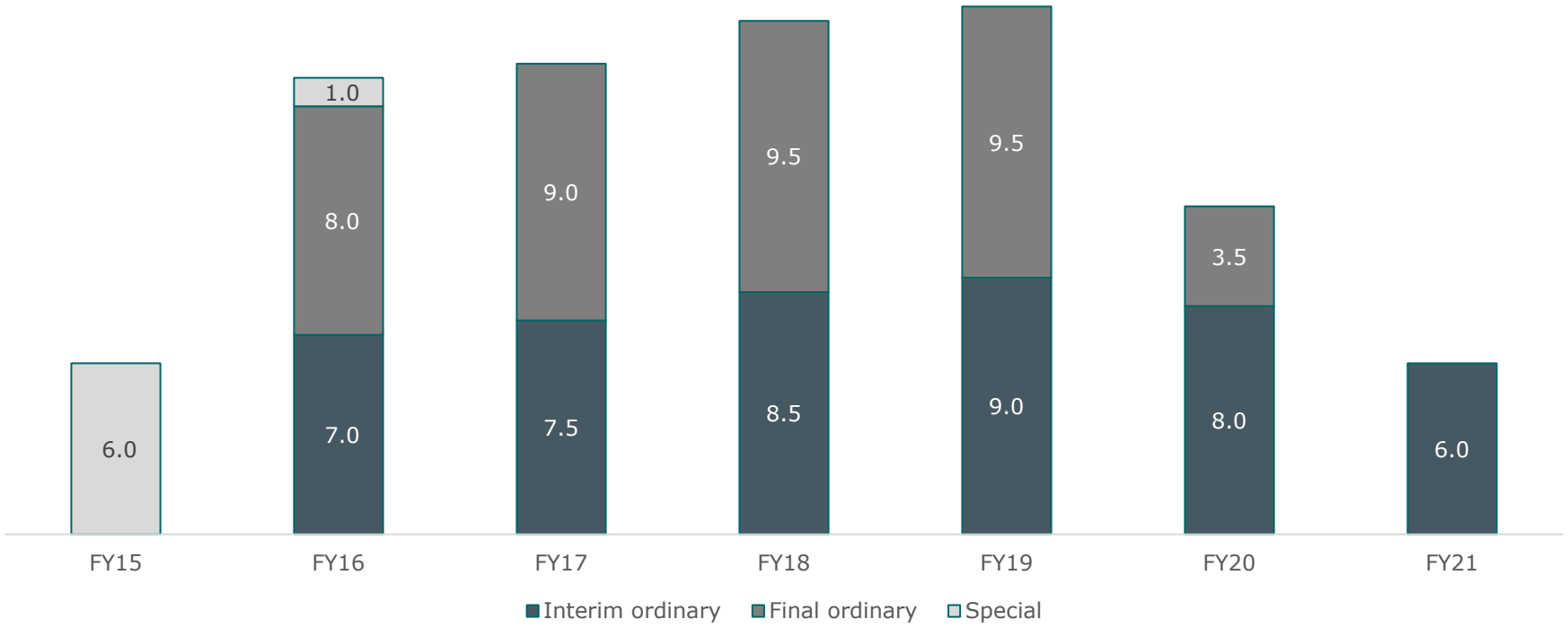
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Revenue	206.3	197.2
EBITDA	48.1	42.2
EBIT	38.1	32.1
NPAT	24.0	20.0
EPS	9.1c	7.6c
Significant items		
Pre Tax	(0.6)	(2.2)
Post Tax	(0.4)	(1.5)
Reported		
Revenue	206.3	197.2
EBITDA	47.4	40.0
EBIT	37.5	29.9
NPAT	23.6	18.5
EPS	8.9c	7.0c

[1] Normalised is before Significant items. Significant items relate to integration costs associated with the acquisition of Methven

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1H FY21 dividend increased on FY20 final

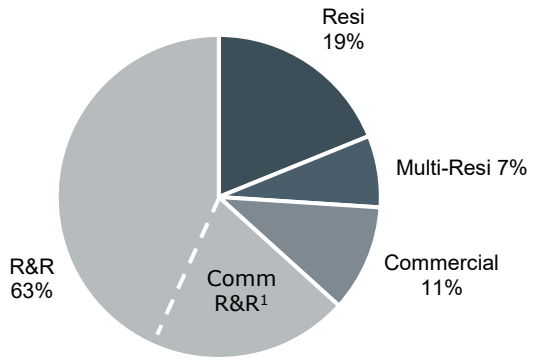


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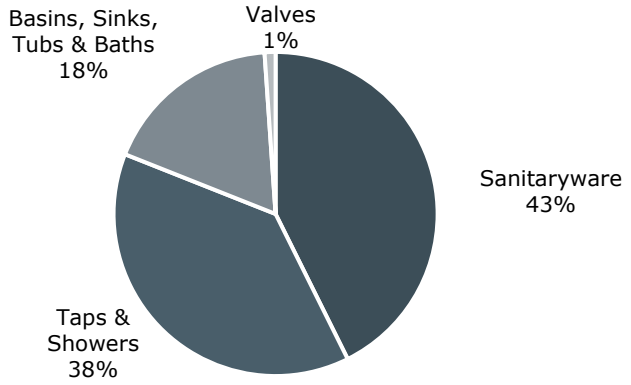
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Increased presence in R&R segment and improved geographic diversification provide resilience through the cycle

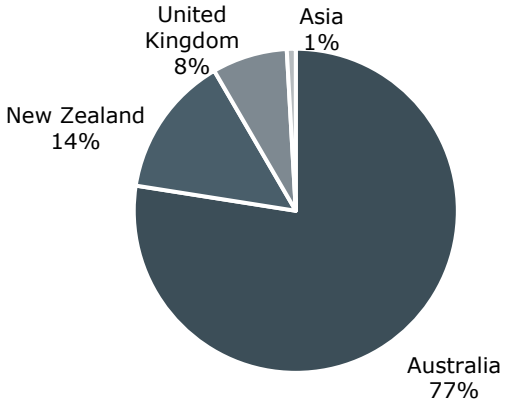
Segment



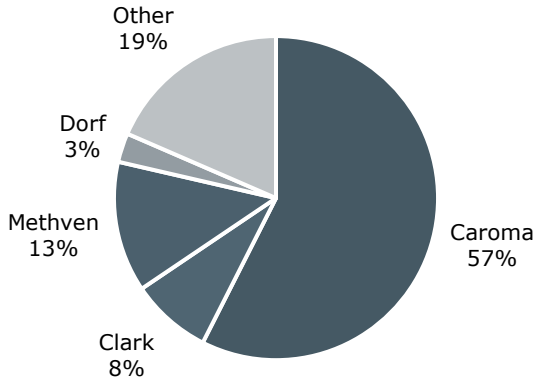
Category



Geography



Brand

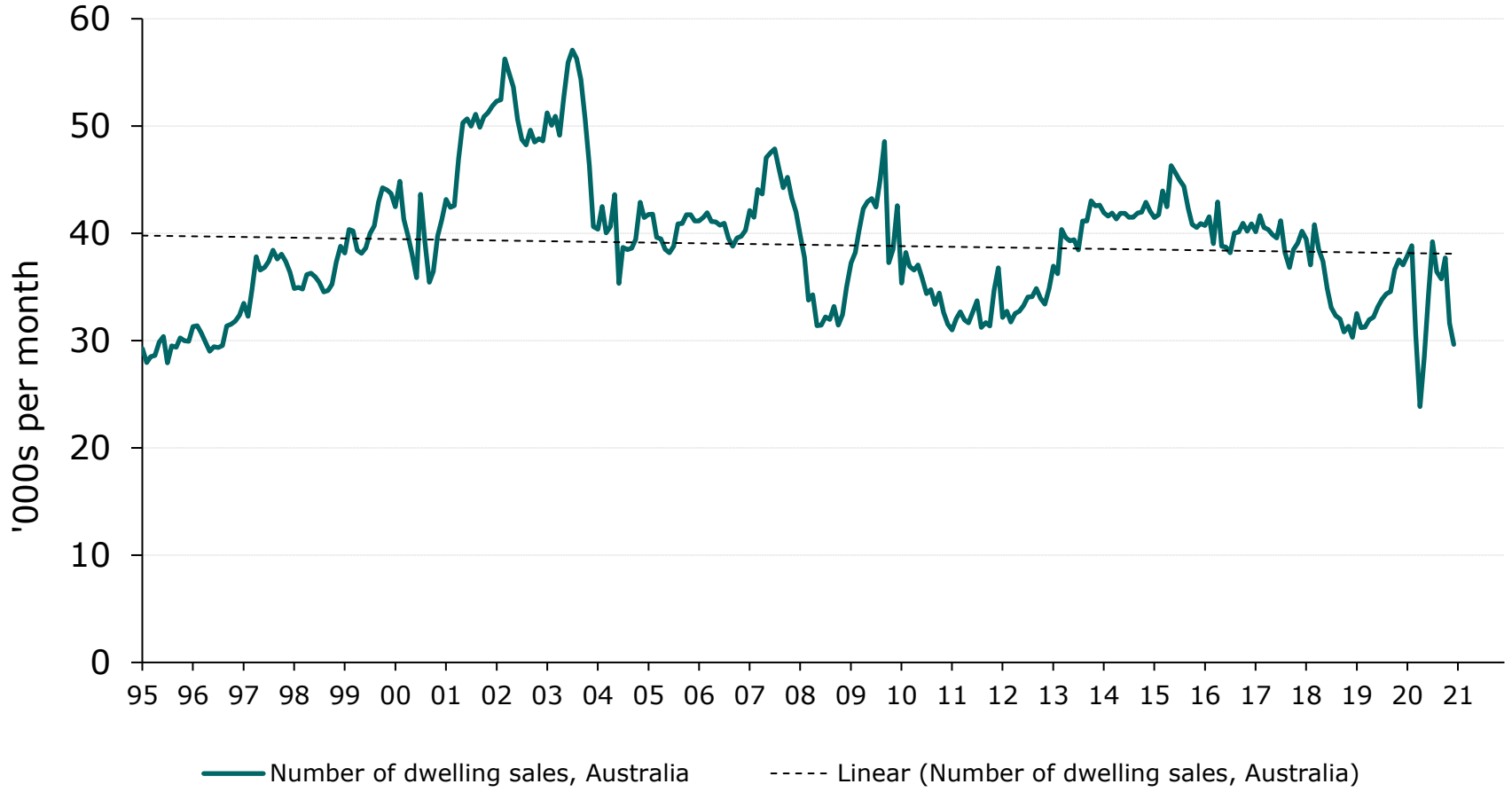


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[1] Commercial R&R in Australia only

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Existing housing turnover remains volatile after decline in FY20

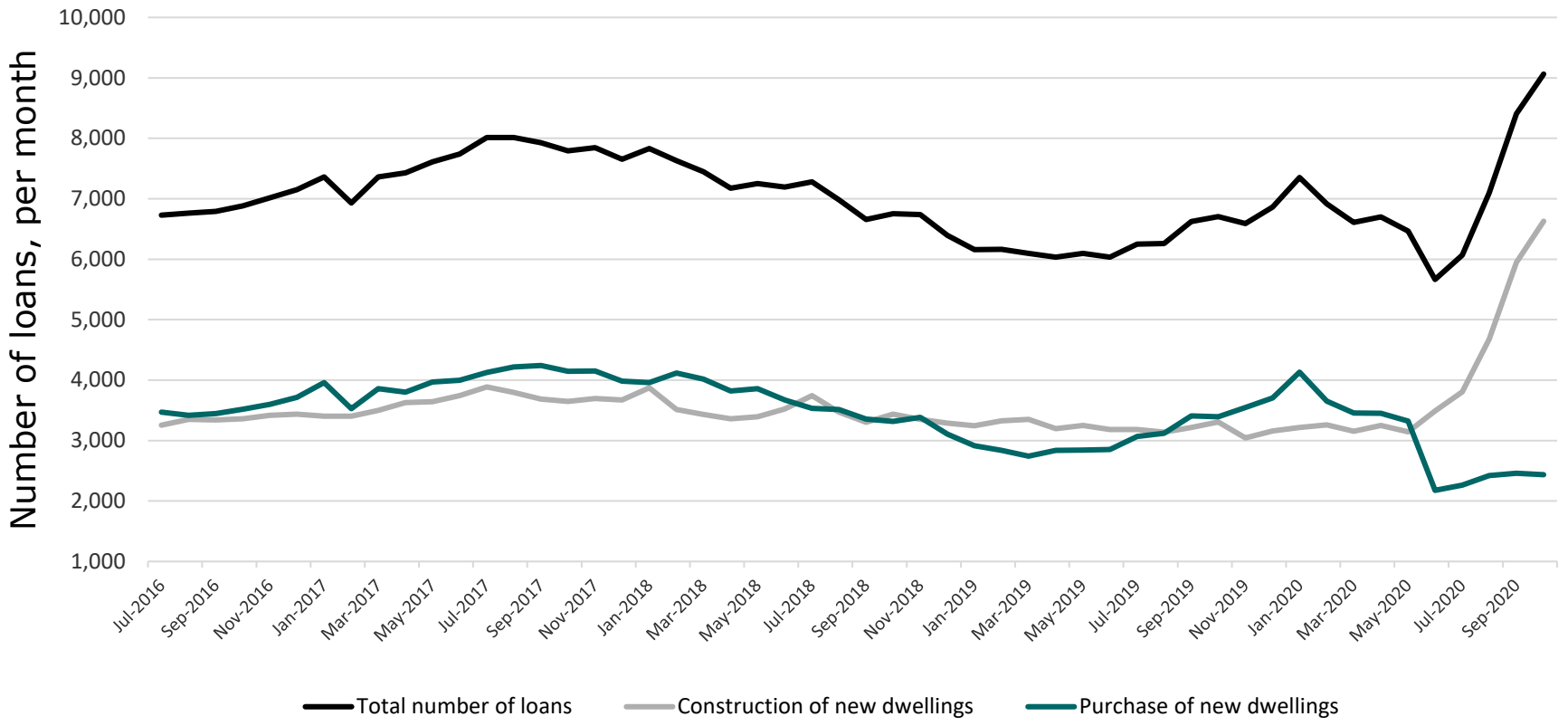


Source: ANZ Bank, data to Dec 2020

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Number of loans for construction and purchase of new dwellings increasing



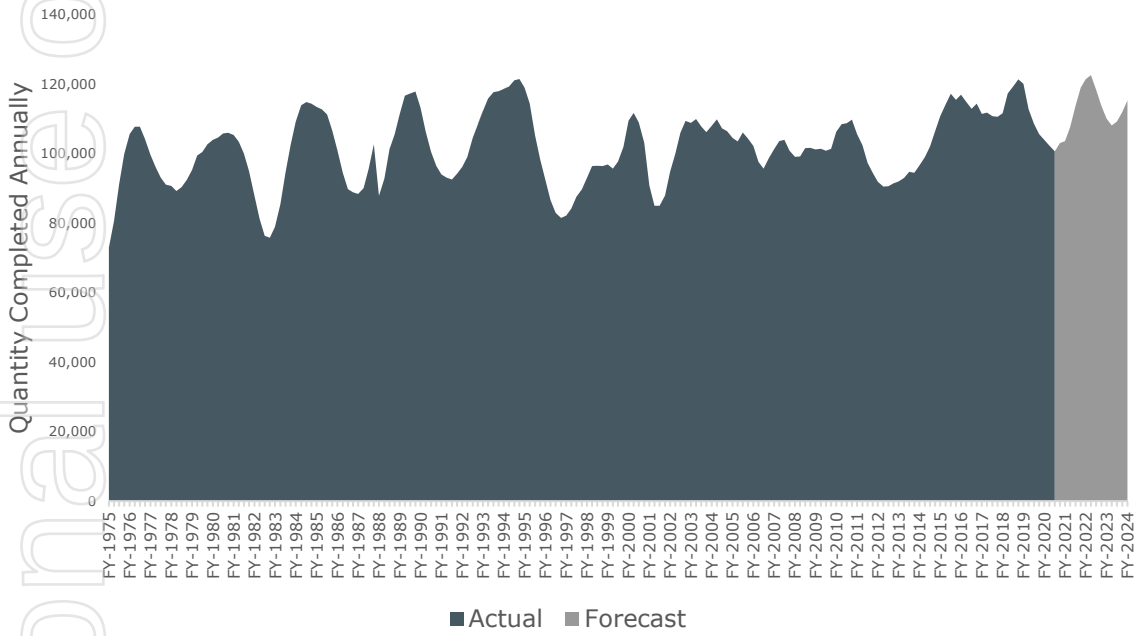
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Source: ABS

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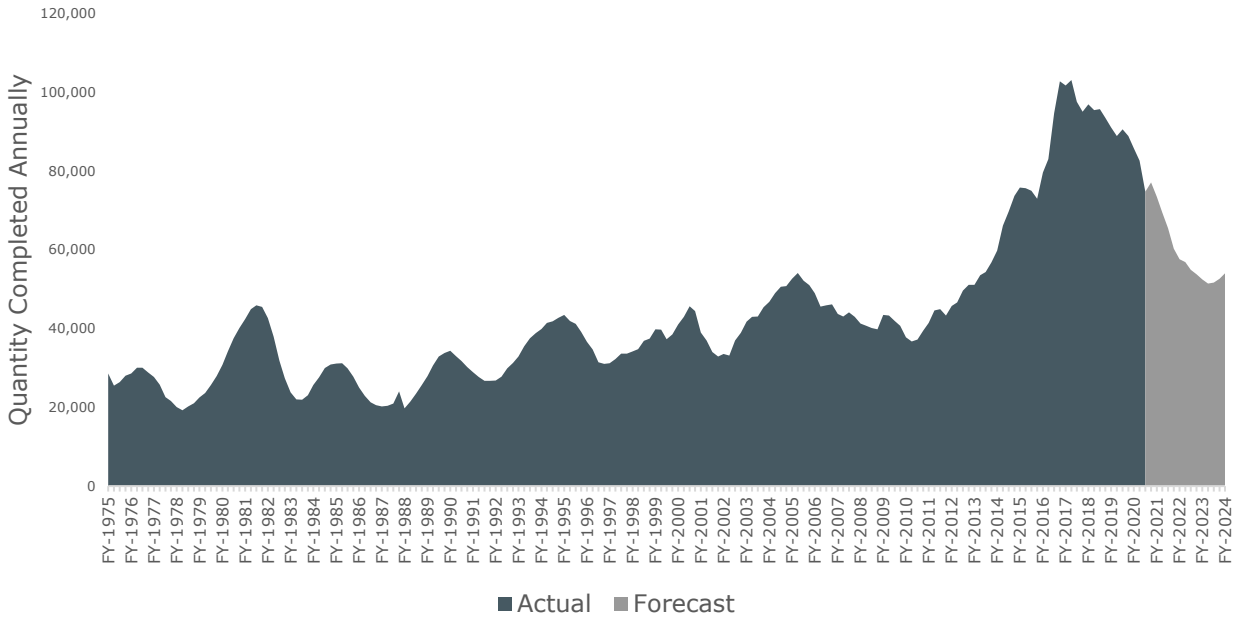
Australian Market Context – residential completions expected to strengthen in Q4 FY20, multi-residential to contract further

Residential[1]



[1] 19% of GWA's Australian revenue

Multi - Residential[2]



[2] 7% of GWA's Australian revenue

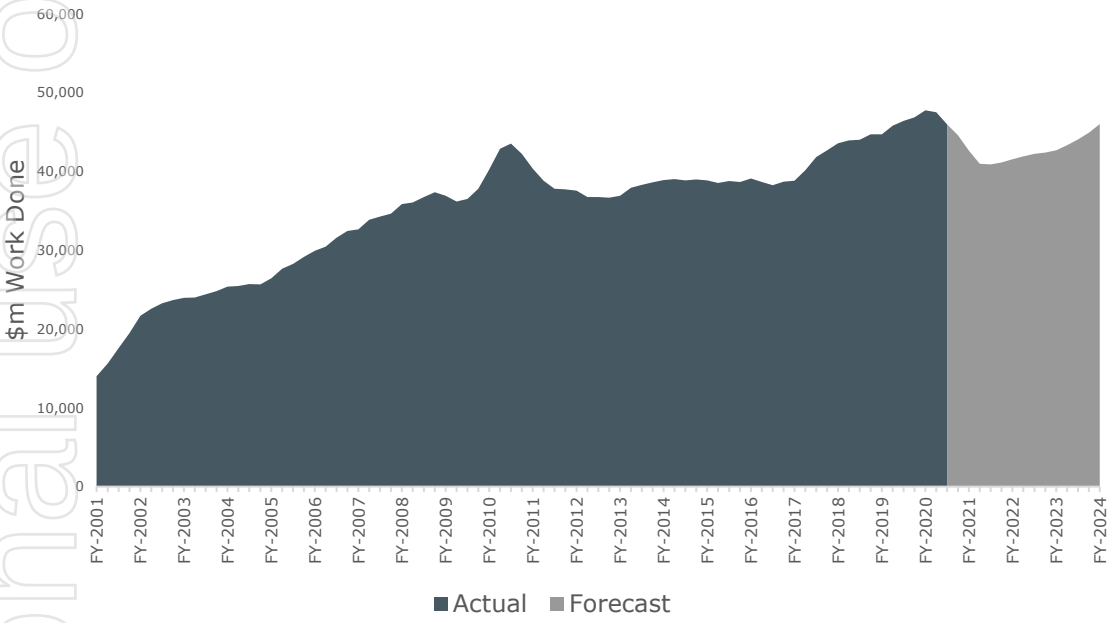
Source: BIS Oxford Economics

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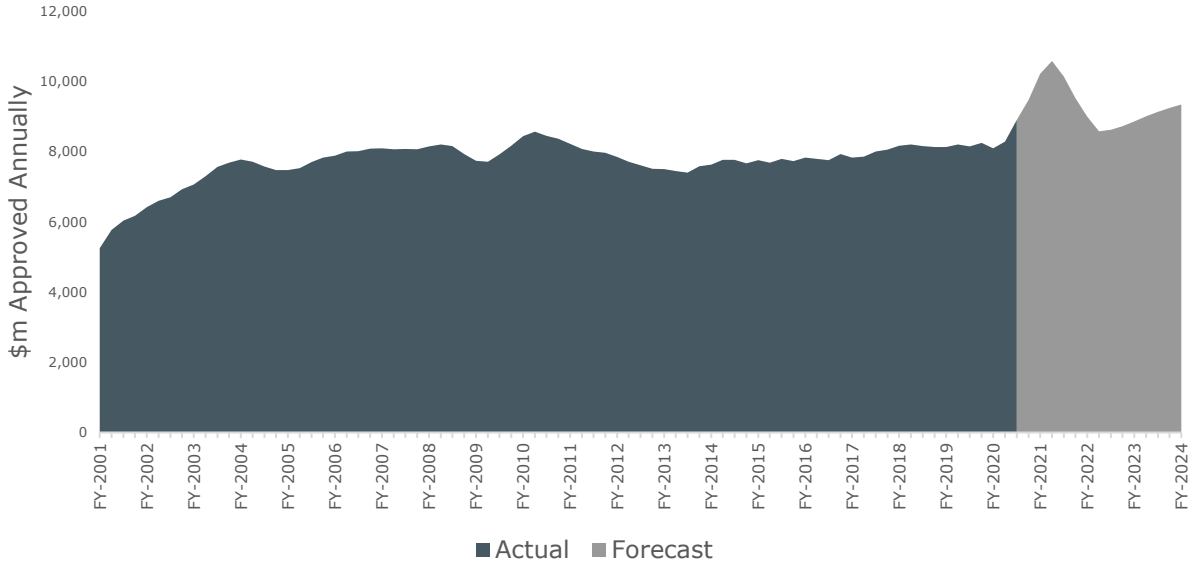
Australian Market Context – Commercial work done expected to improve FY22 onwards, A&A to continue at high levels

Commercial[1]



[1] 13% of GWA's Australian revenue

Alterations & Additions[2]



[2] 61% of GWA's Australian revenue

Source: BIS Oxford Economics

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Residential completions expected to rise by 5,000 or 5% in FY21 (Completions' lag vs. approvals ~12 months)

Historical trends showing ~12 month lag when anchored on market turnaround



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Source: BIS Oxford Economics

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Multi-residential completions expected to fall by (12,000) or (14)% in FY21 (Completions' lag vs. approvals ~12-24 months)

Historical trends showing ~12-24 months lag when anchored on market turnaround



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Source: BIS Oxford Economics