GWA
Group Limited

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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

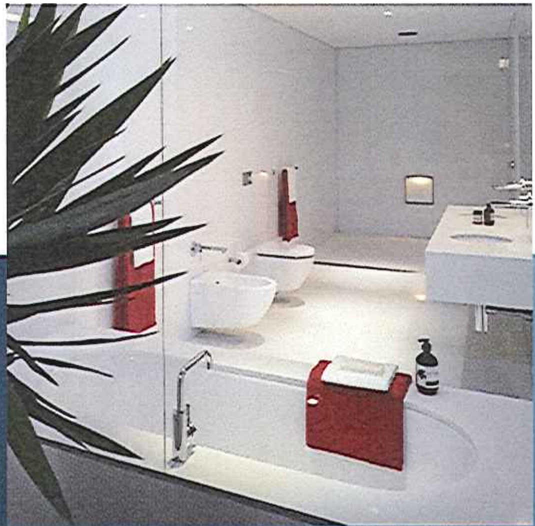
We enclose the following documentation for immediate release to the market.

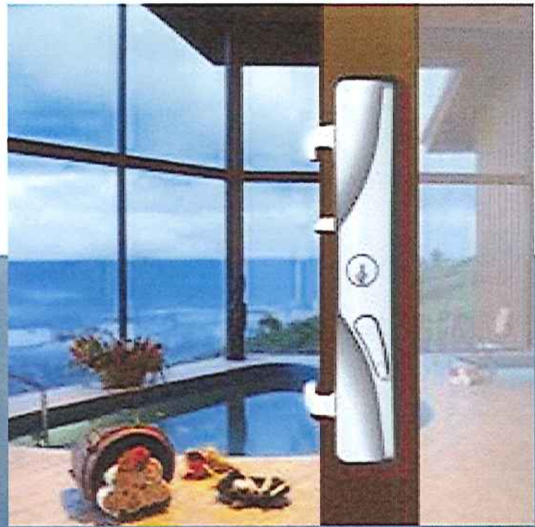
- Annual Results Presentation

Yours faithfully

R J Thornton
Executive Director

GWA Group Limited





Annual Results Presentation
14 August 2012

Presented by: Peter Crowley

Title: Managing Director

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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

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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

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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

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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

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Results –Year to 30 June 2012

$Million	**Full Year** **2012**	Full Year 2011	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%

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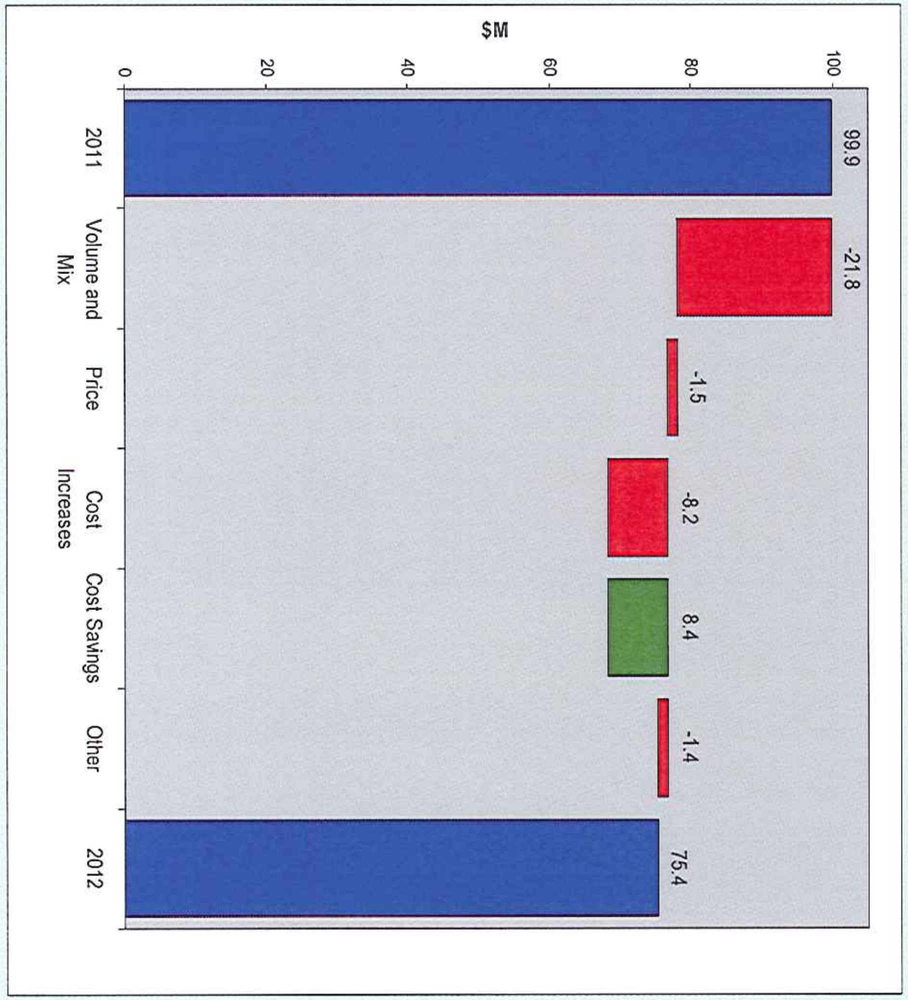
Lower Trading EBIT is Driven by Sales Decline



- 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

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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

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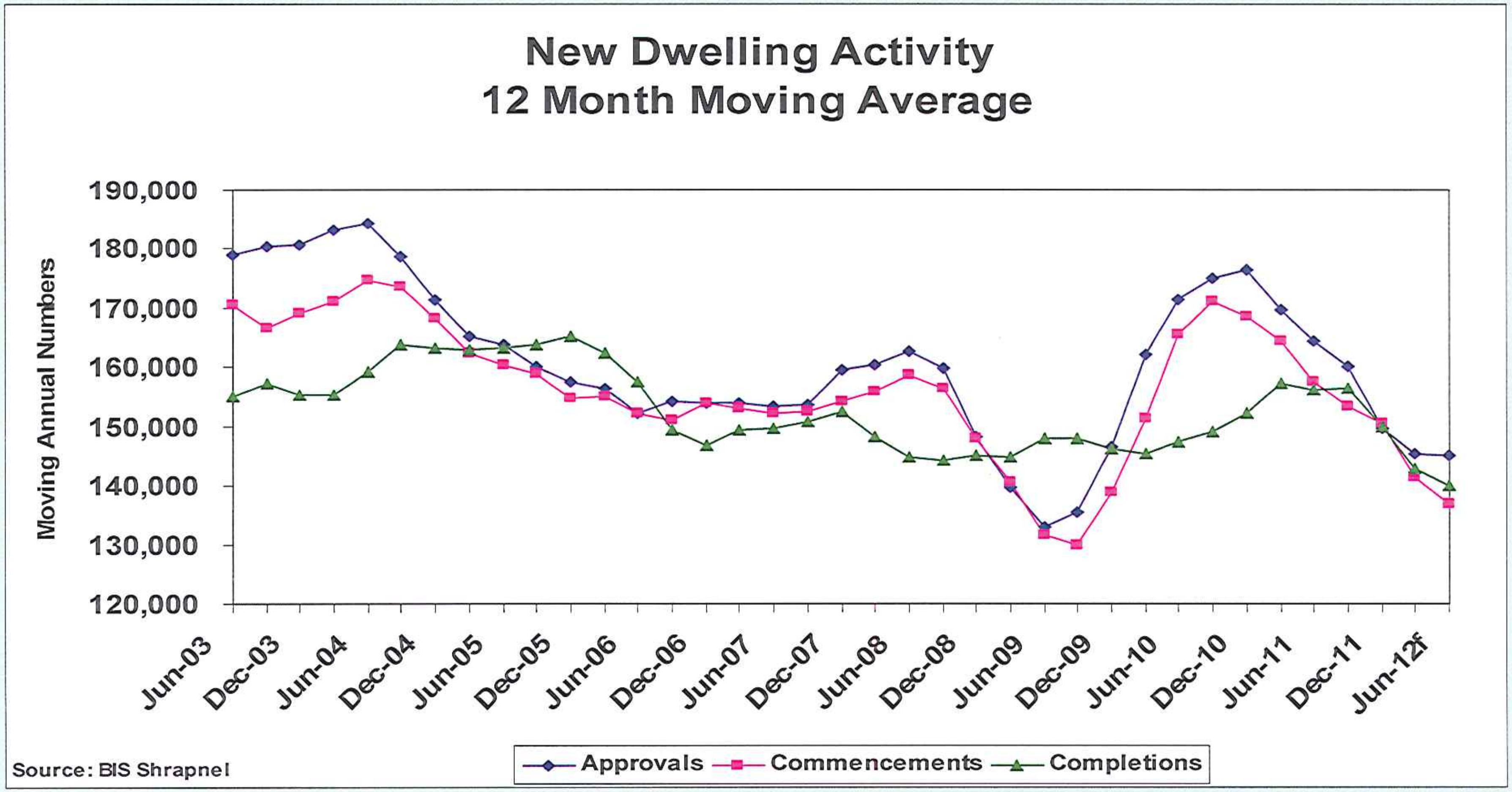
Building Activity has Declined to Unsustainable Levels



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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

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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

Gainsborough ENTER WITH STYLE™

GLIDEROL GARAGE DOORS

Austral Lock®

Hillaldam SLIDING DOOR SYSTEMS

Access and security technologies for residential and commercial applications

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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	**-9.6**	-1.5
Cash generated from Operations	**98.9**	126.1
Property / asset sales	**18.4**	0.1
Disposals	**23.7**	2.3
Capital Expenditure	**-25.8**	-24.7

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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**	

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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¢

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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 unforseen
- 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

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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

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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

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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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