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ASX On-Line

Manager Company Announcements
Australian Securities Exchange

Dear Sir

Trading Update

GWA Group Limited today provides an update on first quarter trading and full year guidance for the 2013/14 financial year.

GWA Group successfully completed a major restructure in December 2012, following the strategic re-positioning of the business. This restructuring program, coupled with market share gains in our core Bathrooms & Kitchens business, has resulted in 2013/14 first quarter trading earnings before interest and tax growing 31% on the corresponding quarter last year.

Sales revenue has grown 2% from the previous corresponding quarter - being impacted by a number of factors. API Locksmiths (purchased in October 2012) contributed 4% to the overall growth. Sales in Bathrooms & Kitchens grew 1% overall, showing strong growth in all categories except for Hot Water, which declined 16% on the back of aggressive market pricing in core gas and electric storage and the cessation of environmental rebates.

Sales in Door & Access Systems (excluding API Locksmiths) declined 12% year on year driven by supply chain disruption in the Gainsborough business, following a supplier transition in China and loss of market share in the Gliderol garage door business. The supply issues in Gainsborough have significantly improved in September and we envisage being back to normal service levels by the end of the second quarter.

Significant work has been completed in the Gliderol business around operations, service and installation and the focus is now on growing revenue.

GWA Managing Director, Mr Peter Crowley stated that "conditions are improving in new dwelling construction and renovation, with house prices also starting to show positive gains. We expect activity to improve in the second half of the year as the positive movements in building approvals flow through to completions. It has been disappointing that part of the portfolio has struggled in the first quarter, however we expect performance to improve over the balance of the year. As a result, we expect that trading earnings before interest and tax for the full year should be in line with market consensus of approximately \$80 million.

Mr Crowley also reaffirmed the company's key priorities, "our priorities are in the core building fixtures and fittings segment, focusing on target market segments where the Group has sustainable competitive advantage, while continuing to reach key decision makers and leveraging the Group to ensure we are as efficient as possible".

For further information call:

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