

28 October 2016

Waterco Limited (ASX Code: WAT)

Chairman's Address at the 2016 Annual General Meeting on 28 October 2016

Chairman's Address

The Annual Report for the financial year ended 30 June 2016 has been made available to shareholders and other interested parties, as usual. Included in the report was the CEO's Review of Operations for the year, wherein I provided a summary of our operations and touched briefly on the outlook for the year ahead. I shall, therefore, avoid repeating what I have written there and, in this address, I shall focus on providing more information on the factors that will influence our outlook for the financial year ending 30 June 2017.

We have completed the first quarter of trading in the new financial year. This quarter also represents the pre-season in Australia and New Zealand and the end of the season in the northern hemisphere. This quarter's results show a moderation of our expectation for sales growth. However, there were improved margins and lower operating expenses. We have taken these into consideration in our projections. We note that these are early indicators and we will update our projections, as necessary, as we progress through the year.

In Asia, trading patterns remained largely similar to the Previous Corresponding Periods's (PCP).

In North America and Europe, namely Canada, the USA and Europe, poor economic conditions continued and Sales in the quarter were below those of the PCP. The effect of this on the bottom line was, however, mitigated by lower overheads, as a result of the restructure we have carried out. Hence, we expect the losses of this Division to be lower than the previous year's.

Taking these early indicators into consideration, we have projected a Net Profit After Tax (NPAT) of \$3.0 million for the full financial year. This is 5% better than our NPAT last year. As before, we will work hard, through the year, towards improving on this forecast. We have reasons to feel positive that the improved results of North America and Europe will weigh less on the results of the other entities.

For the longer term, we expect that growth, as well as profitability, will be achieved through innovation and through gaining greater recognition in the water-treatment sector. In the past few years, we have seen steady growth in our participation in this sector.

I would like to thank Waterco's shareholders for their continuing support, and my fellow directors, the management and the employees for the efforts they have put in during the year.

Yours faithfully
WATERCO LIMITED



SOON SINN GOH
CHAIRMAN/CEO

About Waterco Ltd – www.waterco.com

Established in 1981 and listed on the ASX in 1989, Waterco (ASX: WAT) manufactures and distributes a diverse range of products for the international swimming pool and water treatment markets. Waterco is also the franchisor of Swimart, Australia and New Zealand's largest network of pool and spa retail outlets, and is also the distributor of Zane Pool Heating solutions via a network of Australian dealerships.

Waterco delivers high quality, innovative products at exceptional value in over 40 countries. This includes a comprehensive range of swimming pool & spa equipment and chemicals as well as domestic and industrial water treatment equipment.

The company's head office is in Sydney, Australia with international offices, manufacturing plants and warehouses located in Australia, New Zealand, Malaysia, Indonesia, Singapore, China, USA, Canada, France and the UK.