



GWA International Limited

ABN 15 055 964 380

17 February 2009

ASX On-Line
Manager Company Announcements
Australian Securities Exchange

Dear Sir

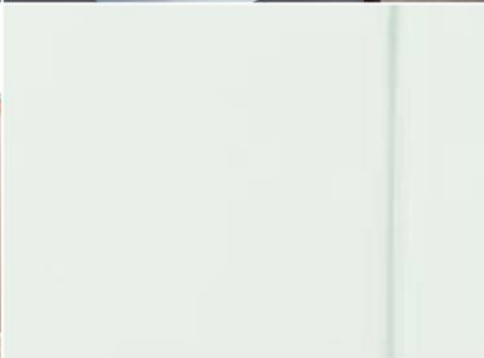
Results Presentation for the Half Year Ended 31 December 2008

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

- Half Year Results Presentation

Yours faithfully

R.J Thornton
Company Secretary



GWA International Limited



GWA International Limited

Half Year Presentation 17 February 2009

Presented by:

Peter Crowley

Title:

Managing Director



Major Successes and Challenges for the Half Year

- √ All core bank lines extended through to 2011
- √ Austral acquisition complete
- √ Sales growth from market initiatives
- X Market decline accelerating
- X Sale of non-core businesses unsuccessful



Operating Result Highlights - Half Year to 31 December 2008

- Underlying sales down 7% partially offset by market and product development initiatives equal to 4% of revenue
- Trading profit down 12% due to loss of higher margin sales and higher costs due in part to market development activities
- Cost benefits from restructuring are getting to bottom line, reflected by higher margins before selling and administration costs
- Price increases marginal in first half. A major focus for second half
- Lower A\$ and reduced demand increased inventory levels. Working capital reductions expected in second half.

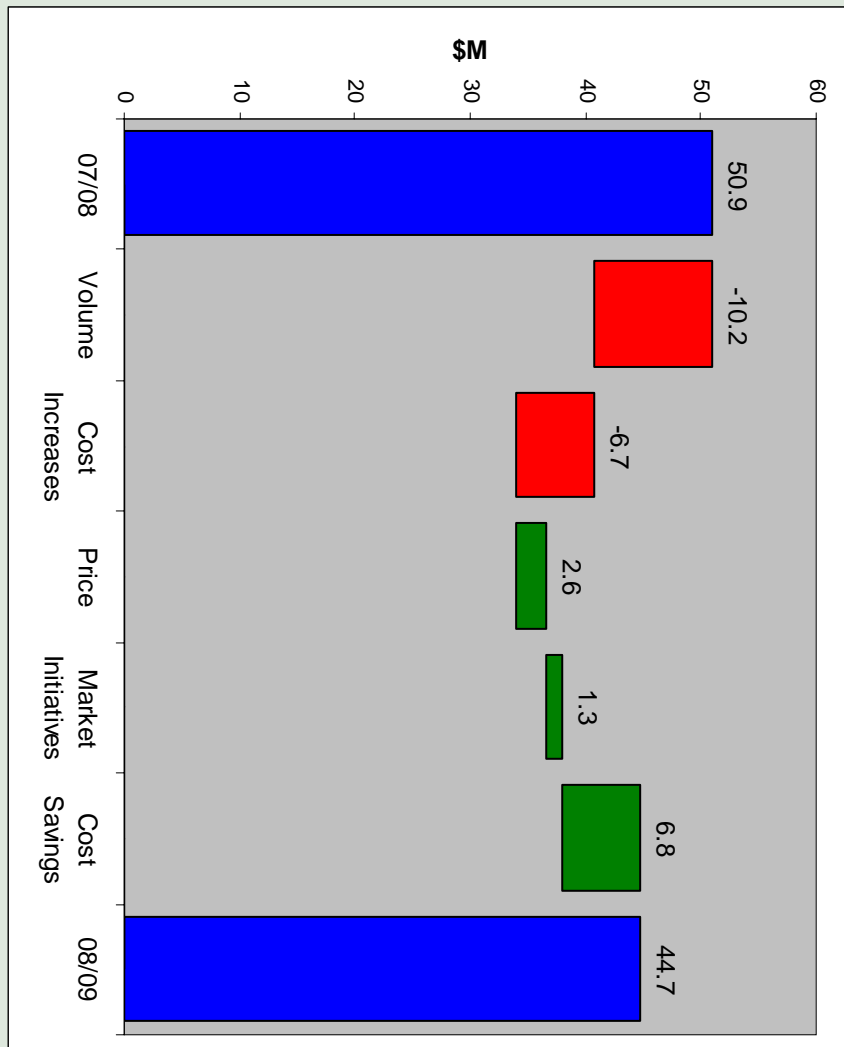


Results – Half Year to 31 December 2008

	Half Year	Half Year	
\$000's	<u>31.12.08</u>	<u>31.12.07</u>	Change
Sales Revenue	332,940	341,940	-2.6%
Net Margin	36.7%	35.6%	
Trading EBIT	44,690	50,902	-12.2%
Trading Profit after Tax	26,591	30,665	-13.3%
Restructuring after Tax		(4,406)	
Net Profit after Tax	26,591	26,259	+1.3%



Major Variations in Trading EBIT



- Declines in NSW, Qld and New Zealand markets
- Cost increases are net of foreign exchange impacts, supplier price increases and inflation
- Price increases represent less than 1% revenue. More price increases planned
- Market and product development opportunities increased sales through new channels
- Cost improvements reflect benefits of prior year restructuring



Results – Half Year to 31 December 2008

Segment Performance – Building Fixtures & Fittings

	\$000's	31.12.08	31.12.07	Change
Sales Revenue		286,519	294,760	-2.8%
Segment Result		50,949	43,506	
Restructuring costs			12,180	
Trading EBIT		50,949	55,686	-8.5%



Segment Performance – Building Fixtures & Fittings

Caroma Dorf

Adverse trading conditions due to lower retrofit expenditure and market declines in most markets, particularly NSW and Queensland and New Zealand

Lower EBIT margin despite benefits of restructuring due to adverse mix

Wetherill Park productivity issues resolved. Factory outputs at Wetherill Park and Norwood slowed due to lower demand



Segment Performance – Building Fixtures & Fittings

Gainsborough

Good trading performance due to improved architectural and DIY sales

DUX

Strong sales of environmental products with growth in EcoSmart channel, but at lower profit margins



Results – Half Year to 31 December 2008

Segment Performance – Furniture

	\$000's	31.12.08	31.12.07	Change
Sales Revenue		28,831	29,150	-1.1%
Trading EBIT		1,413	1,536	-8.0%

Strong export project sales offsets lower domestic demand

Lower margin on major project revenue results in lower overall trading result



Results – Half Year to 31 December 2008

Segment Performance – Mowers

	\$000's	31.12.08	31.12.07	Change
Sales Revenue		17,614	18,977	-7.2%
Segment Result		-369	6,022	
Net Restructuring Gain			5,415	
Trading EBIT		-369	607	

Low discretionary spending on mowers resulted in 25% reduction in underlying demand

Fighting brand sales to major retailers at lower margins partially offset lower demand



Lower A\$ and Reduced Demand has Increased Inventory Levels and Reduced Cash Flow

	\$000's	2008	2007
Cashflow from trading activities		52,526	58,476
Restructure cash flows		(1,542)	(4,748)
Working Capital movements		(8,901)	4,947
Operating cash flow before interest and tax		<u>42,083</u>	<u>58,675</u>
Capital Expenditure (net)		<u>(8,497)</u>	<u>(9,242)</u>



Capital Management Initiatives will be Ongoing and Incremental to Strengthen Balance Sheet

- DRP take up for final dividend in line with market expectation at 26%
- Plans to underwrite portion of DRP for interim dividend subject to investor demand will raise \$10-\$15 million
- The Share Purchase Plan will also be re-introduced
- Funding opportunities through motor vehicle leasing and Wisa asset backed borrowings will raise \$15-\$20 million
- Continuing to work with banks to finalise BNP Paribas withdrawal



Re-negotiated Bank Loan Facilities Provide a Base for an Orderly Exit of BNP Paribas

- Net debt is \$193 million
- Bank facilities of \$200 million in place through to 2011
- Additional facilities of \$27.5 million are in place to January 2010
- Discussions are progressing to provide top up of \$30-\$50 million
- Asset based funding will provide \$15-\$20 million additional funding



Interim Dividend for the 2008/09 Year

	\$000's	2008	2007
Trading profit after tax for the half year ended 31.12.08		26,591	30,665
Trading earnings per share		9.5 cents	11.0 cents
Interim Dividend			
• Ordinary		9.5 cents	10.0 cents
• Special		nil	1.5 cents
• Total (fully franked)		<u>9.5 cents</u>	<u>11.5 cents</u>



A Wide Range of Business Improvement Initiatives are Being Undertaken

- Movex systems go-live in July will provide a key enabler for business efficiency improvement in 2009/10
- Discretionary spending is down and cost down initiatives are accelerating
- Best line of defence is to improve market positions which is evident in the first half. Lower A\$ has improved competitiveness for the Group as a whole



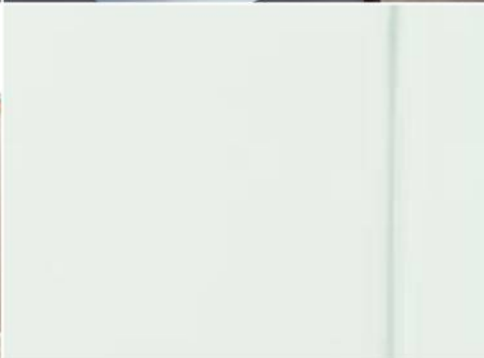
Growth Opportunities Are Constantly Under Review

- Austral acquisition allowed GWA to refine a robust acquisition process
- We have clear financial and strategic criteria for growth which underpins our work
- Opportunities to acquire assets are inevitable
- Banks are supportive for the right opportunity and GWA share price makes script based transactions possible



2008/09 Full Year Outlook

- Sales decline is expected to accelerate in second half
- Key issue for full year profit will be effectiveness of price increases to recover costs
- New market and product development sales will assist but expected to be less in second half
- Market volatility makes a sensible profit forecast impossible
- Dividend payout ratio will be maintained at maximum level



GWA International Limited