



**GWA International Limited**

ABN 15 055 964 380

19 August 2008

**ASX On-Line**  
Manager Company Announcements  
Australian Securities Exchange

Dear Sirs

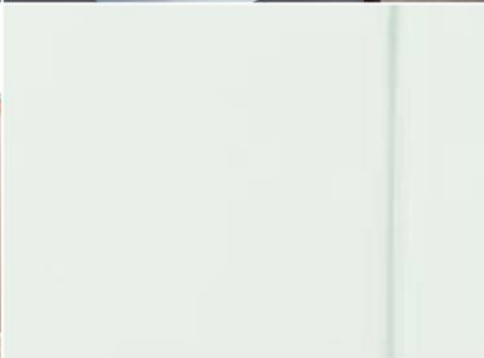
**GWA International Limited**  
**Annual Results Presentation for the Year Ended 30 June 2008**

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

- Annual Results Presentation

Yours faithfully

**R J Thornton**  
Company Secretary



GWA International Limited



GWA International Limited

## Results Presentation 19 August 2008

Presented by:

Peter Crowley

Title:

Managing Director



## Result Highlights – Year to 30 June 2008

- Trading performance maintained despite lower sales in second half
- After tax result impacted by higher funding cost and a one off lower tax expense last year
- Restructuring largely complete and Wetherill Park yield now at target levels
- Progress in sale of non core assets with signing of MOU for management buyout of Wisa
- Strong cash flow reflects improved supply chain management. Net Debt levels reduced by \$32 million
- Ordinary fully franked final dividend of 8 cents declared
- Special dividend payment ceased and DRP reintroduced to support growth opportunities



## Trading Results – Revenue Growth in Lower Margin Businesses

	2007/08	2006/07	
	<u>\$000's</u>	<u>\$000's</u>	Change
Sales Revenue	648,902	636,124	+2.0%
Trading EBIT	99,394	98,754	+0.7%
Trading Margin	15.3%	15.5%	
Trading Profit after Tax	60,159	61,413	-2.0%
Restructuring after Tax	14,269	5,095	
Net Profit after Tax	45,890	56,318	



## Restructure Benefits/Charges in the Year

	\$,000
Sale of Rover Eagle Farm site	6,531
Rover restructuring	(1,104)
Sebel restructuring	(614)
Wisa write down	(9,419)
Clark Revesby site	
-Closure Costs	(3,619)
-Environmental obligations	(5,100)
-Other	<u>(3,491)</u>
Total (Before Tax)	(16,816)



## Strong Cash Flow Reflects Improved Supply Chain Management

	2007/08 \$000's	2006/07 \$000's
Cash flow from operating activities	102,992	24,841
Net Tax Paid	14,279	21,100
Plant and Property sales	14,492	1,719
Capital Expenditure	22,235	20,878
Inventory levels	100,806	128,211
Net debt	193,557	225,614
Gearing – Net debt/ net debt plus equity	33%	36%



## Cessation of Special Dividend but Ordinary Dividend Payout Maintained at 85% of Trading Profit

	2007/08	2006/07
Trading earnings per share	21.5 cps	22.0 cps
Final Dividend (Fully Franked)	8 cps	10.5 cps
Total Dividend Ordinary	18 cps	18 cps
Special	1.5 cps	4 cps
<b>Total Dividends (Fully Franked)</b>	<b>19.5 cps</b>	<b>22.0 cps</b>



## Results – 2007/08

### Segment Performance – Building Fixtures & Fittings

	2007/08	2006/07	Change
	\$000's	\$000's	
Sales Revenue	558,657	546,938	+2.1%
Segment Result	87,923	107,363	
Restructuring	-21,629	-3,158	
Trading EBIT	109,552	110,521	-0.9%



## Segment Performance – Building Fixtures & Fittings

### Caroma Dorf

Lower trading EBIT was impacted by:

- Lower sales in Australia and New Zealand
- Underperformance by the Clark and Wisa businesses
- Continuing business transition costs

Wetherill Park sanitaryware factory achieved targeted yield in the last quarter

### Gainsborough

Continuing good trading EBIT performance

### DUX

Sales recovery from new environmental products

Trading EBIT reflects sales improvement



## Results – 2007/08

### Segment Performance – Furniture

	2007/08	2006/07	Change
	\$000's	\$000's	
Sales Revenue	56,864	56,794	+0.1%
Trading EBIT	3,369	3,619	

Flat sales reflect impact of higher Australian Currency on export competitiveness

Profit result reflects some benefits from restructuring offset by lower export profitability



## Results – 2007/08

### Segment Performance – Mowers

	2007/08	2006/07	Change
	\$000's	\$000's	
Sales Revenue	33,381	32,392	+3.1%
Trading EBIT	370	(443)	

Slower than planned ramp up of sourcing from China restricted benefits from restructuring

Lag in profit improvement due to sale of high cost Australian made inventory as China supply came on line

Improvement expected in 2008/09



## **GWA is Positioned to Grow Earnings From Existing Businesses**

Restructuring initiatives have improved competitiveness

Environmental legislation and initiatives are creating new business opportunities

Product innovation will continue to drive new market opportunities

Movex ERP system will streamline business processes from mid 2009

GWA has financial capability to invest in our core businesses



## **Strategies and Options for Inorganic Growth Are Being Pursued**

Asset values have reduced, particularly in small to mid cap companies

Strong balance sheet provides scope for growth whilst maintaining investment grade metrics

Supportive banks and stable shareholders provide access to funding

Global supply capabilities are now a strength

Focus is on building fixtures and fittings and building related services

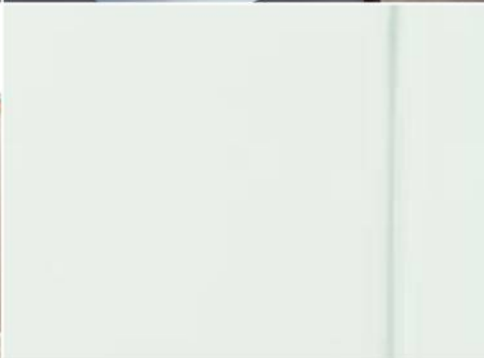


## 2008/09 Outlook

Competitive position strengthened with restructure benefits to flow through next year

Cost escalation and ability to recover these through price rises in flat market is key issue

Trading conditions difficult to assess and outlook statement to be made at AGM with benefit of 4 months trading



GWA International Limited