

METHVEN GROUP

2009-10 Interim Results and Outlook

PRESENTATION TO ANALYSTS

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30 November 2009

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Interim Results Outperform Guidance

Financial Highlights for H/Y to 30 September 2009

- Net Debt down 47.4% from \$35.0m to \$18.3m, better than 30% forecast reduction
- Underlying NPAT down 3.2% from \$4.3m to \$4.2m (reported NPAT down 15.4% from \$5.0m to \$4.2m)
- EBITDA down 11.5% from \$9.6m to \$8.5m
- Operating Revenue down 5.1% from \$71.8m to \$68.1m
- Fully imputed interim dividend of 5.5 cps to be paid on 31 December 2009, same as June 2009 final dividend and in line with guidance

Debt down significantly from reducing working capital and generating creditable profitability

Net Debt

Guidance: Debt forecast to fall by 30.0% in 1H

Actual: Debt reduced by 47.4% from \$35.0m to \$18.3m
(37% improvement before \$3.5m NZD/GBP benefit)

Group NPAT

Guidance: Forecast drop of 20-25% in 1H profitability

Actual: Underlying Group interim NPAT down 3.2% from \$4.3m to \$4.2m (after excl. last year's one off UK tax credit of \$636,000) vs. 1H 09

Reported Group NPAT down 15.4% from \$5.0m to \$4.2m vs. 1H 09

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Financial Summary for H/Y to 30 September 2009

	2009	2008	Change
TRADING RESULTS	\$000	\$000	%
Group operating revenue	68,064	71,753	-5.1
EBITDA ¹	8,487	9,587	-11.5
Net profit after tax	4,198	4,961	-15.4

¹ Earning before interest tax, depreciation and amortisation

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Financial Summary for H/Y to 30 September 2009

CASH FLOW AND WORKING CAPITAL	2009 \$000	2008 \$000
Net cash/(debt)	(18,342)	(35,002)
Capital expenditure	993	1,410
Working capital	26,443	36,550
Working capital Turn ¹	4.6x	4.1x

¹ Based on average working capital throughout the period

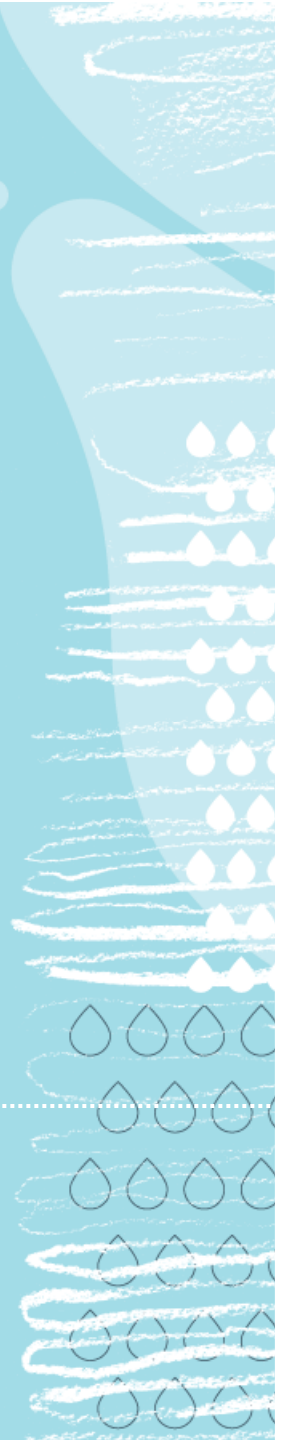
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Dividends and Cash Flow

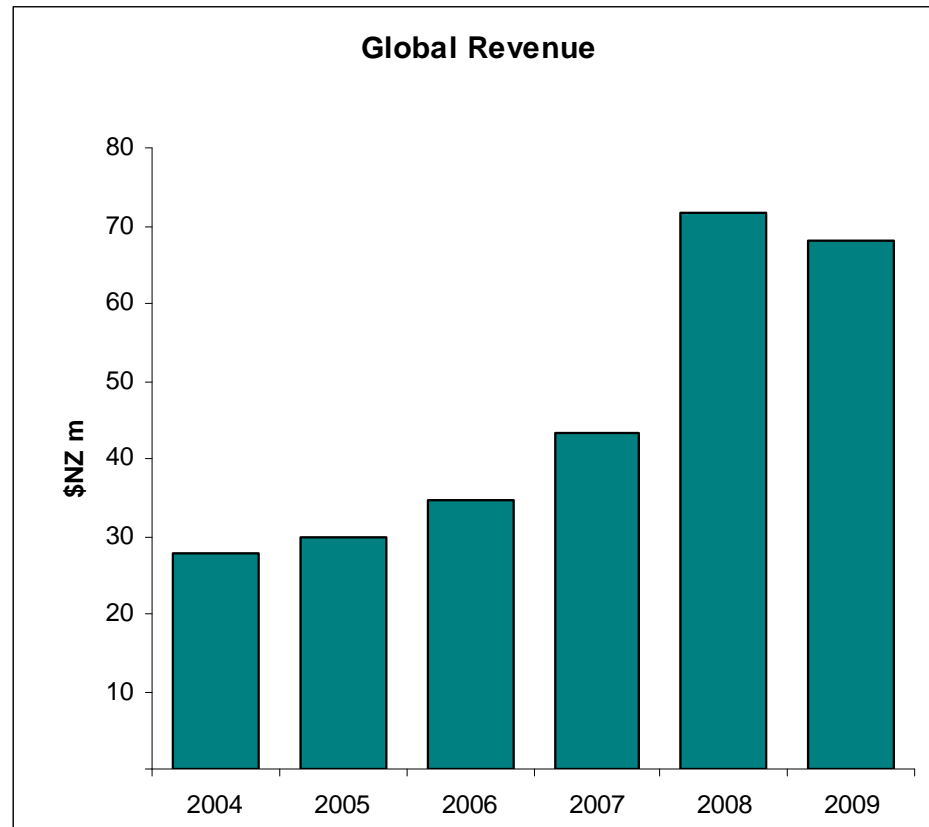
- Methven continues to maintain good cash flows despite adverse trading conditions
- Directors recommended a fully imputed interim dividend of 5.5 cps
 - in line with guidance
 - to be paid on 31 December 2009
 - amount is the same as the June 2009 final dividend
- A supplementary dividend of 0.9707 cps will be paid to non-resident shareholders on the same day.

MARKET REVIEW

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Interim Global Revenue \$68.1m down 5.1% from \$71.8m



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New Zealand - resilient and defensive strategies proving successful

NZ\$000	Unaudited	
	30-Sep-09	30-Sep-08
Operating Revenue-Total	22,354	24,184
EBITDA excluding non-operating fx and inter-segmental charges	5,701	5,833

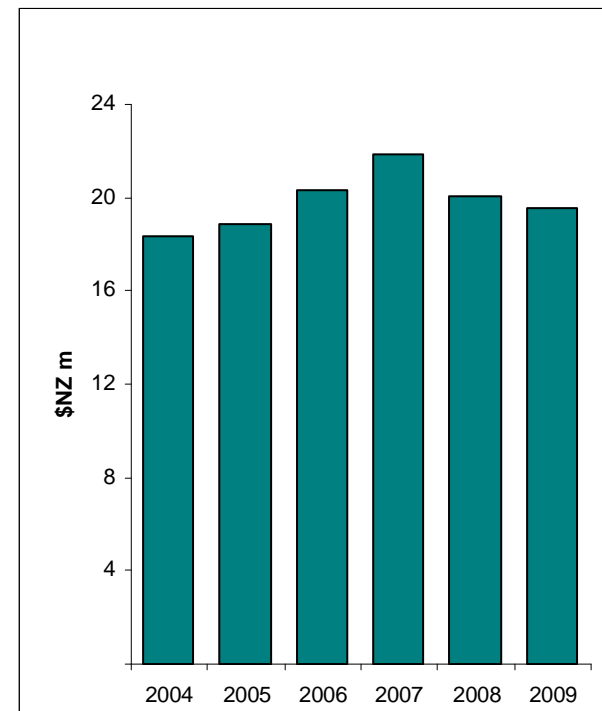
- Total Operating Revenue down 7.6% from \$24.2m to \$22.4m
- Domestic Revenue down 2.6% from \$20.1m to \$19.6m despite 17% decline in combined new build and renovation permits
 - New build down 26%
 - Renovations down 7%
- EBITDA down 2.3% from \$5.8m to \$5.7m on 1H09 and up 17.9% on 2H09

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Domestic leadership consolidated on market share growth

- Strength in renovation sector
- New product releases and increased promotional activity attracts consumers
- Strong support from merchants based on our ability to provide superior service and timely delivery

H/Y NZ Sales



Australia – solid revenue and earnings growth

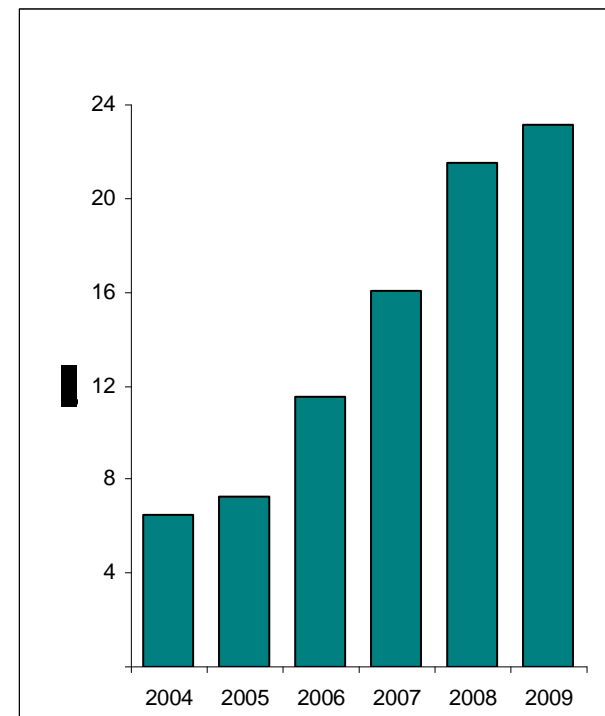
AU\$000	Unaudited	
	30-Sep-09	30-Sep-08
Operating Revenue	18,562	17,499
EBITDA excluding non-operating fx and inter-segmental charges	1,212	829

- Operating Revenue up 6.1% from A\$17.5 million to A\$18.6 million
- EBITDA up 46.2% from A\$0.8 million to A\$1.2 million
- EBITDA in NZD up from NZD\$1.49 million to NZD\$1.51 million to due currency translation.

Australia – good growth with integrated sales team and now have critical mass to drive profitability

- Top line sales growth as a result of synergies from integrating Methven and NEFA sales teams
- Tapware sales up 49% on corresponding period
- NEFA valve sales up 16%

H/Y Australia Sales



UK – as anticipated margin under severe pressure in depressed and intensely competitive market

GB£000	Unaudited	
	30-Sep-09	30-Sep-08
Operating Revenue-Total	10,083	11,327
EBITDA excluding non-operating fx and inter-segmental charges	881	1,254

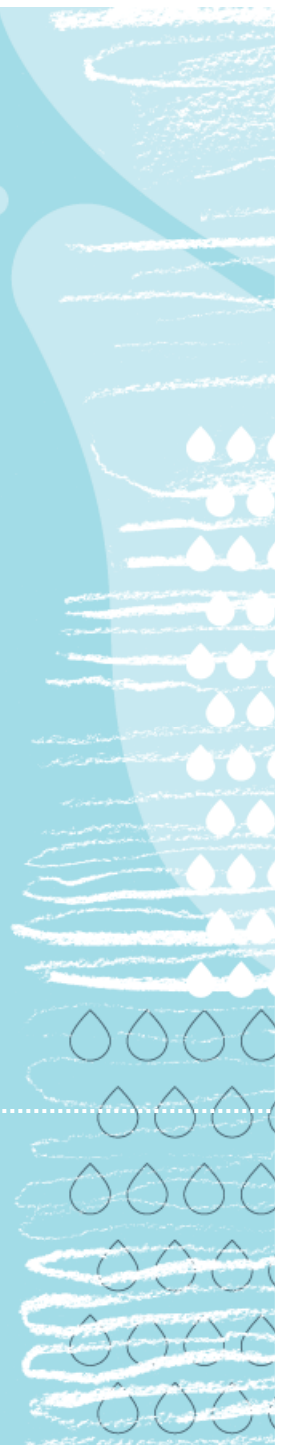
- Operating Revenue down 11.0% from £11.3m to £10.1 m
- EBITDA down 29.7% from £1.3m to £0.9m
- EBITDA in NZ\$ down from \$2.3m to \$2.2m due to weakening of GBP, however positive impact on Sterling debt of \$3.5 million
- Overheads reduced by 17% with operational, marketing and employment cost savings
- Slower than expected progress introducing Methven proprietary products with plans in place to address this
- Strategy developed to mitigate impact of likely loss of a key DIY customer

USA – loss reduced significantly

- Operating loss cut 80.2% from NZ\$475,000 to NZ\$94,000
- Sales now managed from New Zealand

STRATEGIC FOCUS

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The stronger than forecast 1H performance gives us confidence that our strategies are working

Our ambition

- Methven aspires to be a leading global brand, recognised and loved worldwide for delivering superior, life-enhancing shower experiences, creating a sensory revolution in the shower.

Our opportunity

- There is no better time to be marketing energy and water efficiency products

Our strategy based on diversification of markets, products, channels

- Hotel fitouts is a global opportunity
- Extend reach with complementary export distributor model
- HomeSpa transforms showering, new wellness channel created
- Wide portfolio of products and brands from premium to value market segments

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Good progress to fit Satinjet showerware in Hotels and Leisure outlets

- Appealing offer to hoteliers looking to lift margins with water and energy cost savings, without compromise to the guest experience
- Resource now deployed in UK and Asia to focus on the hotel segment opportunities

Extending global reach and brand presence in new markets

- We have a full complement of bathroomware products from premium through to the value market segments now available under Methven brands to make a compelling offer to take to Plumbing and DIY Distributors in new markets
- A small, dedicated export team is being established to develop this exciting opportunity
- The initiative complements activities in our core markets and enables us to create emerging markets for our brands

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Methven HomeSpa positively received and creates consumables business aligned to our core offering

- Continuing to extend our reach in to the beauty and wellbeing segments with innovative products that take the showering experience to a new level
- Creating a complementary consumables business
- HomeSpa range being trialled in New Zealand through Smith and Caughey department store, Life Pharmacies, selected plumbing retailers and on line through Methven's website
- Market response from retailers and consumers very encouraging for the revolutionary new shower infusions and complementary body products which turn a shower into a HomeSpa experience
- HomeSpa won Gold at the NZ Best Awards 2009 to reinforce Methven's position as a design-led company and world class innovator

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Enhancing the portfolio and extending the choice

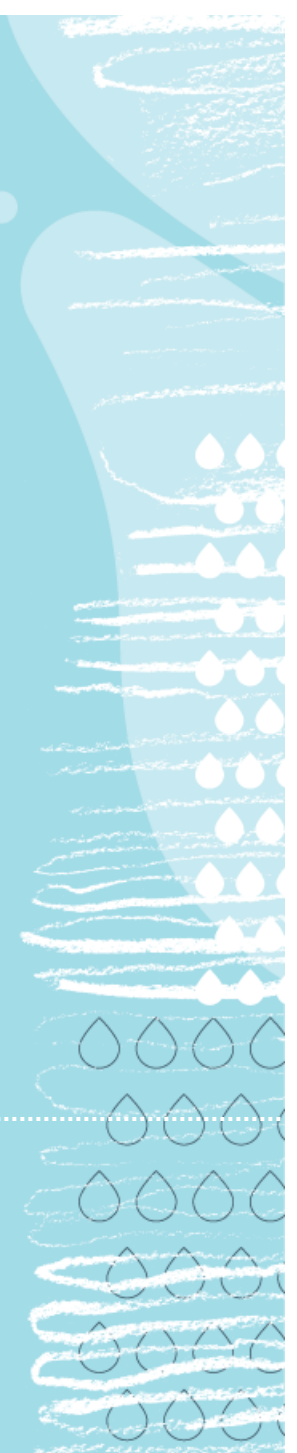
- Aim to stay ahead by quickly bringing to market innovations and enhancements to platform technologies
- Extending and refreshing Methven tapware ranges
- Providing full range of products from premium through to value ranges of bathroomware to meet the market needs and preferences

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OUTLOOK

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No Change in FY Guidance

- FY NPAT guidance provided in July 2009 remains unchanged at 15-20% down
- FY Net Debt expected to improve further on 20% guidance level and finish down 30-35% on prior year
- Tactical plans in place to implement strategy to increase geographic markets, channels and product ranges

Second Half Market Outlook

- **New Zealand expected to continue to perform well vs. 2H 2009**
 - resilient renovation market, strong merchant support and introduction of new products
- **Australian profits targeted to grow strongly**
 - based on topline sales increases and relative strength of the Australian economy
- **UK forecast to be down markedly on 2H 2009**
 - continued pressure on margins in a severely depressed market
 - forecasting potential loss of key DIY customer

Mitigation and UK market development strategy is to:

- Step up our sales activity of premium, proprietary Methven products
- Increase share of UK showerware category leveraging off tapware channels
- Target sales in hotel sector
- Extend Europe and Middle East distributor base
- Rationalise costs further

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Strongly positioned to compete

- Solid cashflow generation allows for continued reduction in Debt levels
- Experienced Board and Management Team to enable us to ride out the current economic downturn
- No cut back on strategic innovation despite firm cost controls to continue to have available improved and full ranges fit for different markets and segments
- Well positioned to accelerate growth as recovery emerges