

## **Methven Maintains Record of Profitable Growth in Tough Climate**

### **Results for the Year Ended 31 March 2009**

- Group NPAT up 3.1% from \$9.8m to \$10.1m in line with H/Y guidance
- Group Operating Revenue up 19.7% from \$114.8m to \$137.3m
- EBITDA up 4.4% from \$18.9m to \$19.8m
- Net Debt down 17.7% from \$32.6m to \$26.8m
- Fully imputed final dividend of 5.5 cps to be paid on 30 June 2009, down 8.3 percent from 6.0 cps, to bring total dividend for the year to 11.75 cps
- Encouraging UK result with first full year revenues \$57.5m and EBITDA \$7.9m (GBP3.0m) in line with pre-acquisition expectations, despite the depth of the recession. Promising UK exports to the Middle East of \$1.7m
- Methven NZ sales down 10.7% to \$38.1m and EBITDA down 9.5% to \$11.0m but remain domestic leader with 50% plus market share and strength in renovation sector
- Methven Australia sales up 19.8% to \$41.6m on strong growth in Satinjet shower and tapware sales but EBITDA down 26.0% as continued to build sales and distribution structure
- USA EBITDA loss down 28.4% to \$0.9m and migrated to servicing out of NZ with third party warehouse and agency representation.

Methven Group has delivered a highly creditable 2008-09 result in line with half year guidance to maintain bottom line profit growth despite the incredibly challenging market conditions, particularly in the second half.

Chairman, Phil Lough said the Group result for the year ended 31 March 2009 demonstrated the effectiveness of Methven's strategy to diversify its revenue sources across different markets and products and the company's inherent strengths to deliver unique showering experiences.

"Methven Group has successfully reduced its debt to \$26.8 million from \$32.6 million and the potential for further debt reductions from trading cash flows leaves us well positioned to weather continued economic uncertainties," Mr Lough said.

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After a challenging second half, the year ended with NPAT up 3.1% from \$9.8 million to \$10.1 million (including one off UK tax credits of \$636,000).

Group Operating Revenue increased by 19.7% over the prior year from \$114.8 million to \$137.3 million, with EBITDA up 4.4% from \$18.9 million to \$19.8 million.

“This reflected the full year contribution of Deva Tap Company in the UK, which produced an outstanding result given that this was the market worst affected by recession, combined with the expected contraction in New Zealand,” Mr Lough said. “In addition, the extent of the second half downturn in the Australian market meant that we did not generate the contribution targeted to cover the additional expenditure in the sales and marketing area.”

The Group benefited from Deva’s global sourcing model to reduce the cost of products, a reduction in brass and copper prices, a company-wide regime of tight operating cost management and reduced capital expenditure.

The Group ended the financial year with solid earnings, better cash flows and reduced debt, down 17.7% to \$26.8 million.

Directors are comfortable with the strength of the balance sheet, including the prudent level of borrowings, banking covenant compliance and favourable debt financing arrangements which are in place to August 2010.

However, given the continued uncertainty of the economic outlook, directors have decided to be prudent and reduce the final, fully imputed dividend to 5.5 cps to be paid on 30 June 2009, down 8.3 percent or 0.5 cps on prior year. Shareholders will receive a gross dividend of 7.86 cps, an imputation credit of 2.36 cps, with the net cash in hand dividend being 5.5 cps (for NZ resident shareholders).

Trading conditions in all Methven’s key markets remained extremely challenging, Mr Lough said, and directors did not expect the company to replicate the relatively strong prior year first half performance this year.

“However, we have real confidence in the company’s business models, its ability to weather the current economic climate and to resume profitable growth in the future,” he said.

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Group Managing Director, Rick Fala said Methven's plan includes continued focus on costs, particularly by utilising the Deva managed global procurement process, and reducing capital expenditure and working capital.

"The renovation and replacement market is also proving relatively resilient and global opportunities for Satinjet retrofits for hotels provide an immediate marketing priority along with extending our international distribution in nontraditional markets," he said. "Methven also believes a key factor in its competitive appeal is being able to offer extended ranges of products from premium end through to Deva-sourced tapware and showerware that suit the value end of the market."

Strategic investments in the world first HomeSpa shower infusions technology, which turn a home shower into a personal home spa experience, will be maintained with a view to positioning Methven in the beauty and wellbeing category in the longer term, Mr Fala said.

"We will keep the market and shareholders informed of our progress through the year."

For further company information go to: [www.methven.com](http://www.methven.com)

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## **Market Overview for FY 2008-09**

### **United Kingdom**

- Operating Revenue of \$57.5 million compared to \$37.3 million for seven months trading in prior year
- EBITDA of \$7.9 million (GBP3.0 million) still in line with pre-acquisition expectations
- Middle East sales \$1.7m
- Deva is a highly successful operator with a low cost model and high service standards.

### **New Zealand**

- Operating Revenue down 10.7% from \$42.7 million to \$38.1 million
- EBITDA down 9.5% from \$12.1 million to \$11.0 million (includes market development costs of the Maia beauty shower and all Group overheads )
- Market share increased and well positioned in DIY and renovation market with full ranges
- Combined building permits down 22.4% year on year; new build down 33.9%; renovation down 9.2%

### **Australia**

- Operating Revenue up 19.8% from \$34.7 million to \$41.6 million:
  - Satinjet sales up 17% on last year
  - Tapware sales up 53% on last year
  - NEFA maintained market share but at reduced margin in intensely competitive market
- Investment in sales and marketing infrastructure continued
- EBITDA down 26.0% from \$2.9 million to \$2.1 million

### **USA**

- EBITDA loss down 28.4% from \$1.2 million to \$0.9 million and continuing to reduce
  - Rationalised in-market representation to service customers from NZ and through agents
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