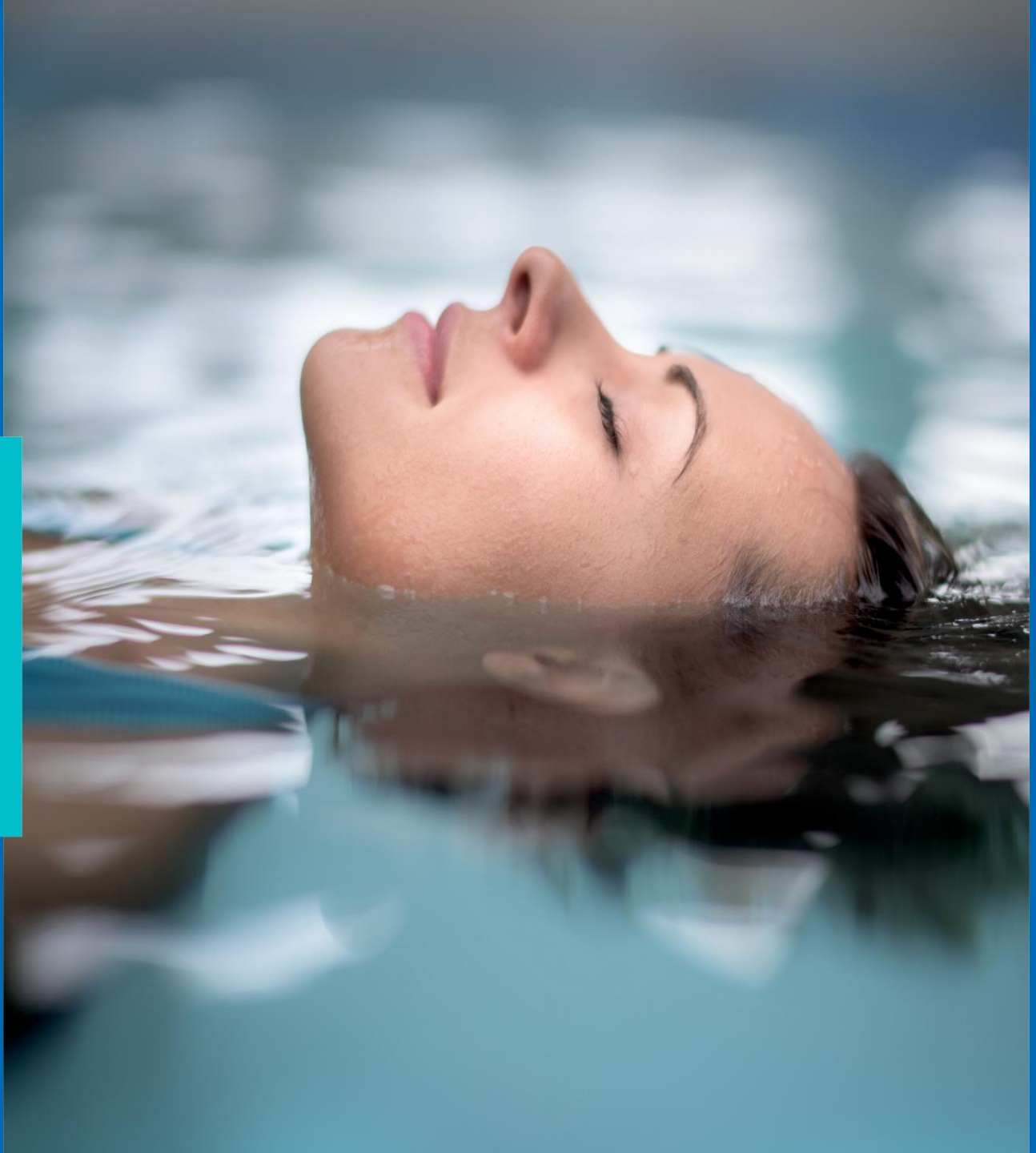




FY2024 Results Presentation

ASX:WAT
www.waterco.com.au

28 August 2024



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FY24 Results Highlights



01

Financial Highlights

Transformational year following material acquisition.

Sales
Revenue



Up 85%
to \$239.1m

Underlying¹
EBITDA



Up 59%
to \$34.5m

Underlying
EBIT



Up 60%
to \$23.2m

Underlying
NPAT



Up 35%
to \$14.6m

Underlying
EPS



Up 35%
to 41.5 cents

Share
Price



27% CAGR over
5 year

Final
Dividend



Up 60%
to 8cps

Total
Dividend



Up 50%
to 15cps

1. Refer to the Appendix for further information on Non-IFRS financial measures.

Full Year Results ending 30 June 2024

Results Summary¹

Financial Period Ended (\$ million)	FY24	FY23	% Change
Operating revenue	244.8	134.0	83%
Sales revenue	239.1	129.1	85%
Underlying EBITDA	34.5	21.6	59%
Underlying EBIT	23.2	14.5	60%
Underlying EBIT / Sales Revenue	9.7%	11.2%	-14%
Underlying NPBT	19.4	13.9	40%
Underlying NPAT	14.6	10.8	35%
Underlying EPS (cents)	41.5	30.7	35%
Dividends per share (cents)	15	10	50%

Divisional Underlying EBIT (\$ million)	FY24	FY23	% Change
Australia and New Zealand	15.9	5.1	213%
North America and Europe	3.2	3.0	9%
Asia	4.0	6.5	-38%
Consolidated Underlying EBIT	23.2	14.5	60%

Key Highlights

- Strategic acquisition of Davey Water Products with successful integration post acquisition.
- Improved earnings profile driven by expected revenue and cost synergies from combined Group.
- Sales Revenue growth of 85% to \$239.1 million, including ten (10) months of Davey contribution.
- Underlying EBIT increased by 60% to \$23.2 million.
- Underlying NPAT rose 35% to \$14.6 million, compared to pcp.
- Underlying EPS of 41.5 cents, up 35% on pcp (5-year CAGR of 47%).
- Total declared dividend increased 50% to 15 cents per share fully franked supported by a positive outlook and successful integration of Davey.

1. Refer to the Appendix for further information on Non-IFRS financial measures.

Operational Highlights



Accretive Davey Acquisition

Compelling purchase price accretive to earnings with improved revenue profile and further margin improvements expected.



Sustained growth

Long term organic revenue growth now complemented by significant inorganic revenue increase.



Share Price appreciation

Sustained share price appreciation with aligned board and management. 5-year CAGR of 27%.



Combined Group Synergies

Improved market reach, product diversification and shared expertise post Davey acquisition.



Industry awards

Group products continuously recognised for sustainability excellence.



Increasing dividends

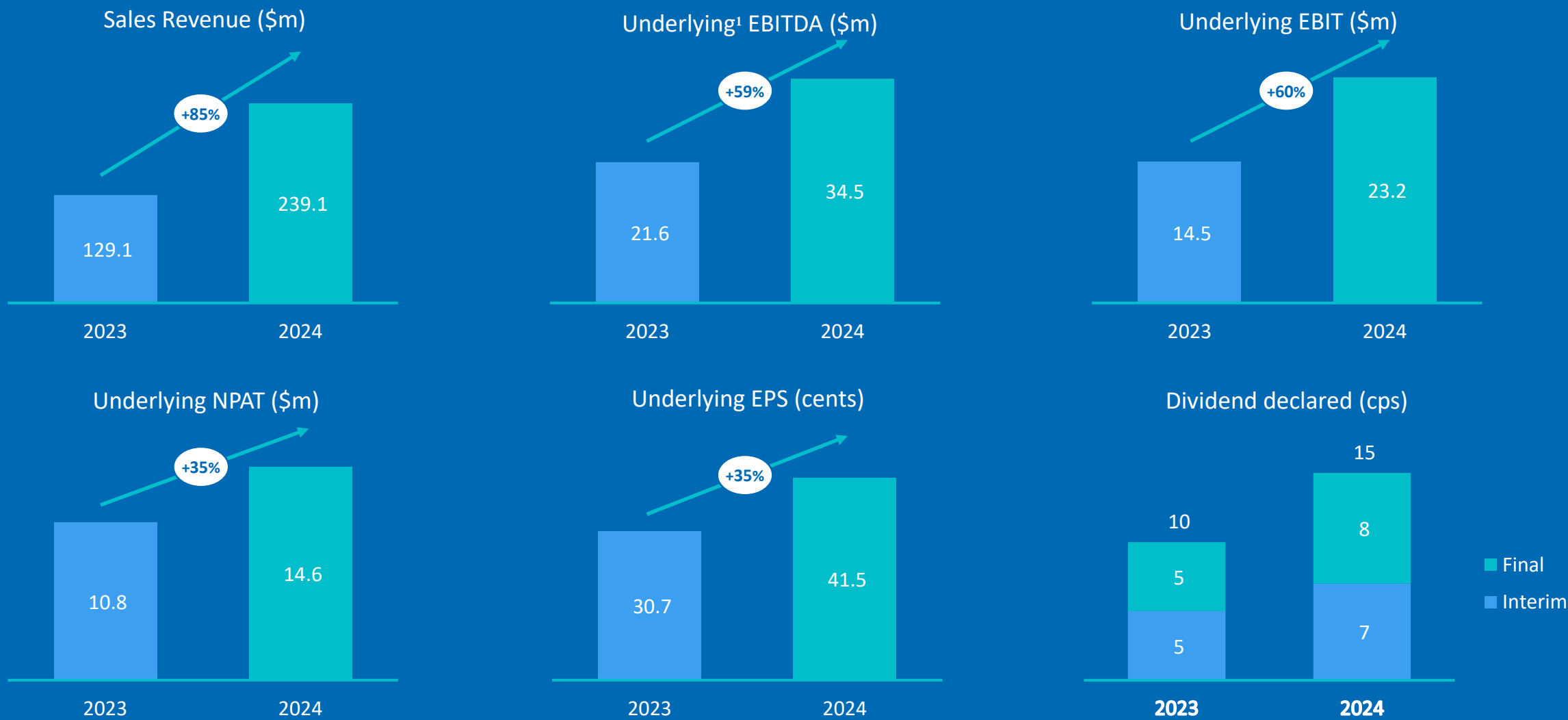
Improved DPS of 15c per share (8c per share final dividend), with positive outlook post Davey.

FY24 Results Overview



02

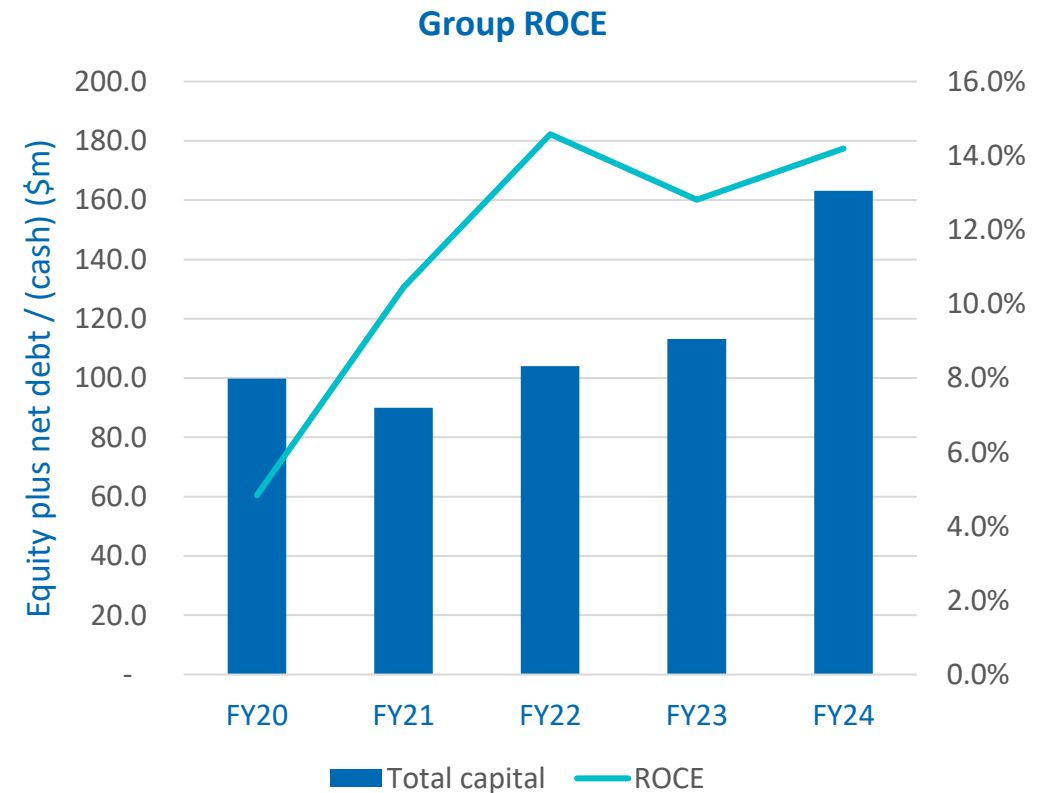
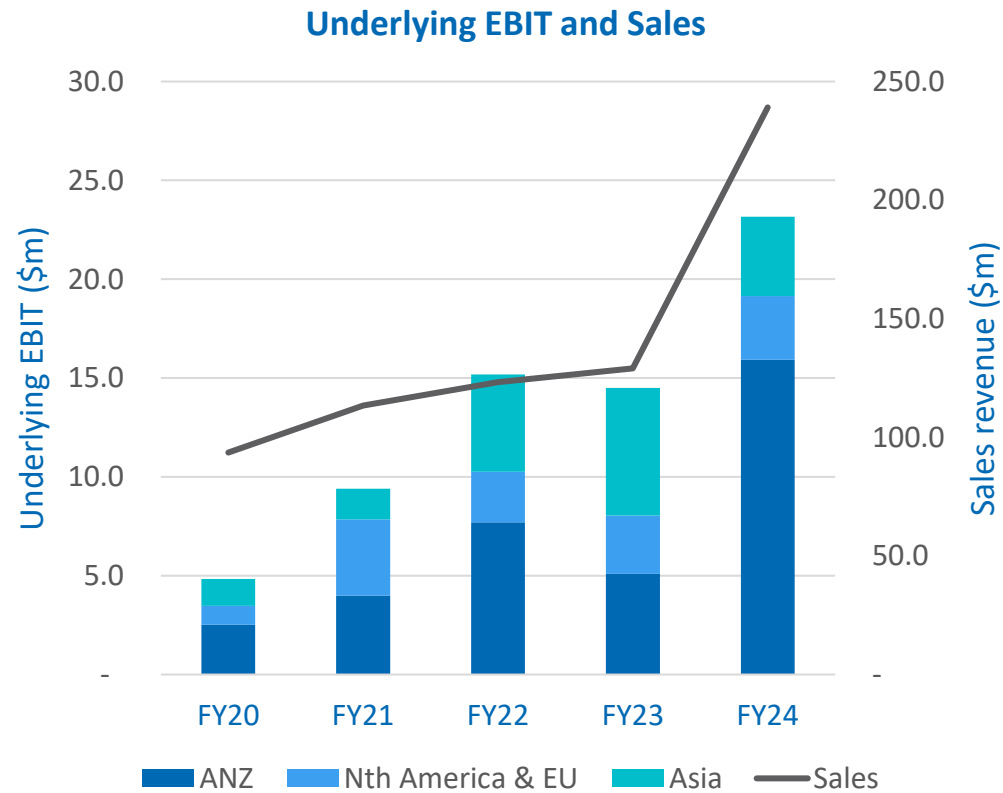
FY24 Results Overview



1. Refer to the Appendix for further information on Non-IFRS financial measures.

Group Performance

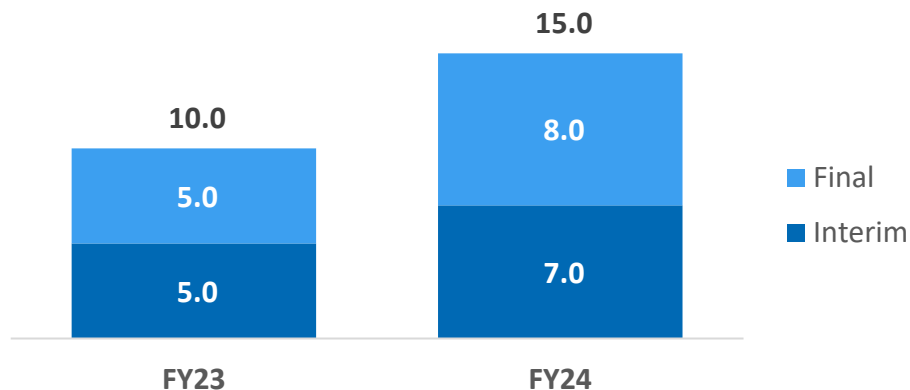
Solid growth in Group sales, EBIT and ROCE¹



1. Refer to the Appendix for further information on Non-IFRS financial measures.

Capital Management

Dividend declared (cps)



Gearing (\$ million)	FY24	FY23
Total bank debt	50.1	4.3
Less cash and cash equivalents	(16.8)	(12.3)
Net Debt / (Net Cash)	33.3	(8.0)
Total equity	129.8	121.2
Total capital	163.2	113.2

Highlights

- Total declared dividend up 50% on pcp to 15 cents per share fully franked, supported by a positive outlook and successful Davey integration.
- Increase in working capital driven by the Davey acquisition.
- Davey acquisition fully funded through Westpac bank facilities.
- Improved cash flow used for debt repayment.
- Disciplined execution of the on-market share buy-back.
- Post acquisition, anticipated increase in operational cash flow will be directed towards further debt reduction in 2025.

FY24 Financial Summary

03



Statement of Profit or Loss

Profit or Loss	FY24 \$000	FY23 \$000
Revenues	244,845	133,999
Changes in inventories	(17,955)	1,244
Raw materials and consumables used	(106,577)	(65,761)
Employee benefits expense	(49,815)	(26,438)
Depreciation, impairment and amortisation	(11,331)	(7,144)
Finance costs	(3,930)	(707)
Advertising expense	(5,105)	(2,421)
Discounts allowed	(443)	(954)
Outward freight expense	(7,830)	(2,312)
Rent expense	(1,427)	(1,138)
Research and development	(2,178)	(2,005)
Insurance – general	(2,018)	(1,366)
Contracted staff expense	(213)	(243)
Warranty expense	(1,059)	(536)
Commission expense	(413)	(469)
Other expenses	(16,249)	(9,896)
Profit before income tax expense	18,302	13,853
Income tax benefit/(expense)	(4,451)	(3,048)
Profit for the year	13,851	10,805
<i>EPS (cents)</i>	39.5	30.7
<i>DPS (cents)</i>	15	10

Highlights

- Total Revenue increased 83% to \$244.8m, with Sales Revenue up 85% on pcp to \$239.1m, driven by ten (10) months of Davey’s contribution.
- Increased finance costs due to the debt funded acquisition of Davey.
- NPBT up 32% to \$18.3m.
- NPAT of \$13.9m, an increase of 28% on pcp.
- EPS climbed 29% to 39.5 cents.
- DPS growth to 15 cents, an increase of 50% on pcp.

Statement of Financial Position

Balance Sheet	FY24 \$000	FY23 \$000
Cash and cash equivalents	16,802	12,337
Trade and other receivables	37,584	17,106
Inventories	94,797	50,145
Other current assets	3,134	2,643
Total Current Assets	152,317	82,231
Property, plant & equipment	69,261	65,874
Right of use assets	30,326	17,001
Intangible assets	1,269	1,170
Deferred tax assets	4,597	1,675
Total Non-Current Assets	105,453	85,720
Total Assets	257,770	167,951
Trade and other payables	28,309	12,353
Borrowings	9,033	2,995
Lease liabilities	7,798	3,770
Other current liabilities	12,088	6,541
Total Current Liabilities	57,228	25,659
Borrowings	41,114	1,294
Lease liabilities	22,743	13,272
Other non-current liabilities	6,839	6,492
Total Non-Current Liabilities	70,696	21,058
Total Liabilities	127,924	46,717
Net Assets	129,846	121,234
Total Equity	129,846	121,234

Highlights

- Cash position of \$16.8m.
- Net working capital increased by \$49.2m, primarily due to higher inventory, debtors and creditors post Davey acquisition.
- Total bank debt rose to \$50.1m to fund the acquisition of Davey, with Net Debt¹ of \$33.3m.
- Debt reduction of approximately \$18.2 million, aiming for further reduction in 2025.
- NTA increased 7% to \$3.66 per share.

1. Net debt excludes lease liabilities.

Statement of Cash Flows

Cash Flows	FY24 \$000	FY23 \$000
Cash Flows from Operating Activities		
Receipts from customers	253,363	140,445
Payments to suppliers and employees	(222,558)	(124,712)
Interest received	135	60
Other Income	1,268	924
Finance costs	(3,930)	(707)
Income tax paid	(3,780)	(4,823)
Net cash provided by operating activities	24,498	11,187
Cash Flows from Investing Activities		
Dividend received	1	1
Payment for property, plant & equipment	(2,337)	(2,915)
Payment for business	(54,376)	(520)
Proceeds from sale of business	154	-
Proceeds from sale of property, plant & equipment	350	46
Net cash (used in)/provided by investing activities	(56,208)	(3,388)
Cash Flows from Financing Activities		
Proceeds from borrowings	63,788	1,102
Repayment of borrowings	(21,903)	(3,398)
Share buyback	(81)	(1,204)
Dividends paid	(4,220)	(3,524)
Dividends paid-outside interests	-	(99)
Net cash (used in) financing activities	37,584	(7,123)
Net (decrease) / increase in cash held	5,874	676
Cash at beginning of the year	12,337	11,946
Exchange rate adjustments	(1,409)	(285)
Cash and cash equivalents the end of the year	16,802	12,337

Highlights

- Operating Cash Flow increased 119% on FY23 to \$24.5m.
- Acquired Davey Water Products in September 2023.
- Davey acquisition was fully debt funded.
- Post acquisition, bank debt reduced by \$18.2 million, aiming for further reduction in 2025.
- Interest expense expected to reduce in FY25.
- Total declared dividend grew by 50% on pcp.

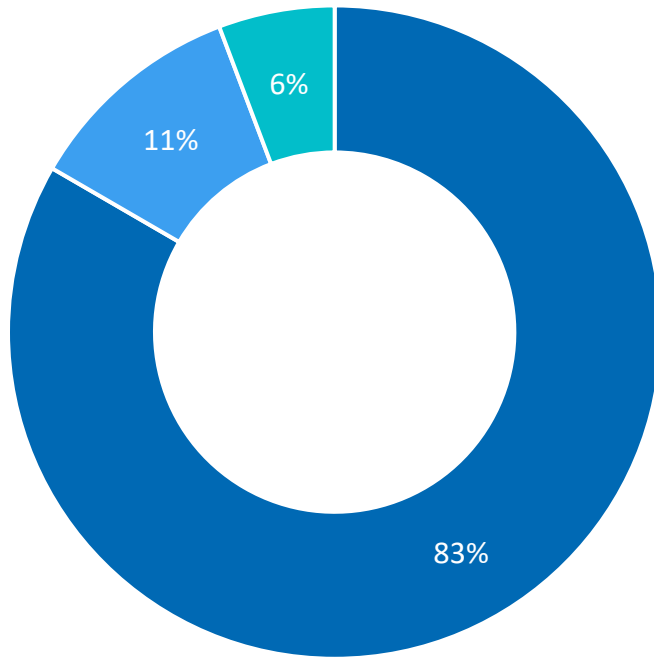
Company overview



04

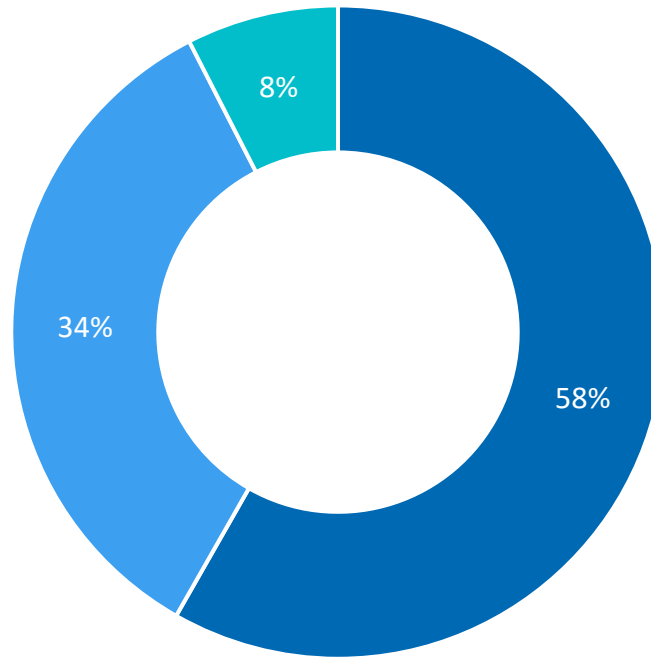
Waterco At A Glance

Sales by Region (Segment)



- Australia and New Zealand
- North America and Europe
- Asia

Sales by Product Category



- Pool & Spa
- Transfer (Pumps)
- Treatment (Filtration)

Revenue Growth

- Currently, the majority of revenue is generated in the Australian and New Zealand (ANZ) market supported by a diverse product mix.
- The Groups ANZ segment is focused on becoming the leading vertically integrated operator in the fragmented pool market. The Davey acquisition is expected to boost market share through the product expansion and new distribution channels.
- International growth strategy targets market expansion in the North America and Europe segment, as well as expanding the presence in Asia, where the Group has a manufacturing base.
- Sales Revenue growth of 85% to \$239m, including ten (10) months of Davey contribution.

Our Business

Waterco designs and manufactures innovative filtration and sanitisation solutions for swimming pools, spas, aquaculture, and water treatment and transfer markets.

POOL & SPA

- Wide range of products, including chemicals for swimming pools and spas.
- Owner of the Swimart franchise, which features pool stores and mobiles in ANZ.



TRANSFER (PUMPS)

- Pumping solutions to transfer water with ease and dependability.
- Owner of Davey Water, a trusted brand and leader in the pump industry.



TREATMENT (FILTRATION)

- Waterco offers filtration and sanitisation solutions for all types of applications.
- Waterco's Micron fibreglass filters are considered some of the largest in the commercial market today.



Our Brand Strength

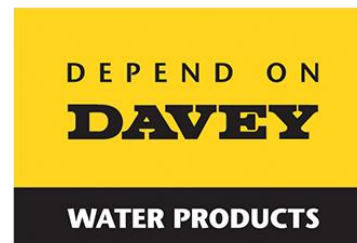
Waterco

- Waterco's innovative filtration and sanitisation solutions, driven by engineering strength and robust manufacturing, have solidified our leadership in the water treatment industry, especially for commercial applications demanding unwavering reliability and performance.
- ASX Listed with a strong domestic and global presence.



Davey

- Davey is the leading manufacturer of residential and commercial pumps in Australia.
- Trusted brand, born in Australia 90 years ago.
- Dependable products and strong relationships with Australian dealers (multi-generational).



Swimart

- Established in 1983, Swimart is focused on making pool care easy, with 66 retail stores and 6 mobile franchises across Australia and New Zealand.
- With over 40 years of industry expertise, Swimart is a trusted brand in the Australian and New Zealand pool and spa industry.



Davey Acquisition



05

Davey Acquisition – Strategic Rationale

In September 2023, Waterco completed the purchase of Davey from GUD Holdings Ltd for \$60.3 million which represented an EV/EBITDA of 5.9.

The combination of Davey and Waterco builds a diversified group with a focus on complimentary product strengths – Waterco is a leader in pool systems, filtration and water treatment systems. Davey is the leading manufacturer of residential and commercial pumps in Australia.

Key management have been identified and retained.

Market Expansion

- Allows Waterco to expand its presence in new markets and regions where Davey has a strong foothold, such as particular geographic areas of Australia, Europe and the Middle East.
- This enables the combined entity to tap into a larger customer base and open up new markets with its combined product portfolio.

Product Diversification

- Davey is a well-respected, iconic brand in ANZ markets, which will help boost Waterco's global brand reputation.
- Waterco will gain access to a broader range of products and technologies including pumps for water transfer, conservation, filtration, and treatment needs, as well as a reputable range of water treatment products.

Increased R&D

- The combined expertise of both companies in research and development will accelerate innovation and foster the development of premium differentiated products.
- Davey has a large team in Australia involved in engineering and product development with a strong focus on water scarcity, energy efficiency, and smart connected products.

New Technologies and IP

- Davey's unique patents, proprietary technologies, and intellectual property could be leveraged by Waterco to strengthen its product offerings and gain a competitive edge.
- Davey's smart connected products and energy-saving Silensor pumps, will provide areas for collaboration.

Davey Acquisition - Business Integration Success

Scale Advantage

Combining Waterco and Davey creates an entity with significantly larger revenues and sales channels. This scale unlocks benefits like:

- **Streamlined Operations:** Shared suppliers and manufacturing processes lead to cost efficiencies.
- **Optimised Distribution:** Combining existing global distribution networks and extensive distribution across Australia will improve reach and logistics.
- **Complementary Products:** Davey's pumps and water treatment solutions complement Waterco's filtration systems, offering a comprehensive water management solution for diverse applications.

Synergistic Strength

While some market overlap exists, Waterco and Davey offer distinct strengths:

- **Market Reach:** Synergistically, Waterco's established presence in metropolitan pool and spa markets complements Davey's comprehensive coverage of regional Australia.
- **Product Diversification:** Davey's pumps and water treatment solutions seamlessly integrates with Waterco's industrial fiberglass filters, suitable for seawater usage, including desalination processes.
- **Shared Expertise:** Engineers from both companies will collaborate, leading to accelerated product development and innovation.

Financial Gains

Integration (10 months Davey contribution) is already positively impacting financial metrics:

- **Revenue and earnings:** Sales Revenue growth of 85% with Underlying EBIT increase of 60%.
- **Balance Sheet:** Net Working Capital increase of \$49.2m, with total bank debt at \$50.1m and Net Debt of \$33.3m.

Looking Ahead:

- **Profitability:** The Group aims to build on FY24 results, with anticipated cost synergies expected to further enhance margins and strengthen the earnings profile.

Davey – Future Synergies

Significant Cost Synergies

- Shared Warehousing: Consolidating storage facilities will free up resources and reduce overall warehousing costs.
- Freight Optimisation: realizing significant freight savings due to economies of scale and route optimisation.
- Specialisation Leverage: Waterco's expertise in injection moulding can be applied across Davey's products, resulting in significant product cost savings.
- Shared Services: Pooled resources for customer service, warranty processing, and technical support will streamline operations and reduce overall service costs.

Cross-Selling and Upselling

- Combined Product Portfolio: By combining product lines, the merged company can offer customers a one-stop shop for all their water management needs. Davey's water transfer and treatment solutions can be effortlessly bundled with Waterco's filtration systems, leading to increased average order value.
- Retail Network Leverage: Waterco's Swimart franchise network can be leveraged to effectively cross-sell Davey's pool and spa equipment to existing pool owners. Similarly, Davey's Master Dealers can be leveraged to promote Waterco's pool equipment and chemicals to their customer base.

Market Expansion and Reach

- Complementary Geographic Footprint: The merger creates a broader global footprint and access to new markets, expanding the customer base for both sets of products.
- Combined Sales & Distribution Network: The merger allows for the consolidation and optimisation of sales and distribution networks, leading to improvements in overall efficiency in reaching customers across different regions.
- Stronger Brand Portfolio: The combined entity will benefit from the brand recognition of both Davey and Waterco, creating a more powerful brand in the water management industry. This can lead to increased customer trust and brand loyalty.

Further M&A Activity and Growth

- Once the integration of Davey is complete and all systems are functioning smoothly, Waterco may actively seek out new opportunities for inorganic growth.
- This growth can occur through acquisitions of complementary businesses in Australia and overseas.
- These acquisitions will be strategically chosen to broaden Waterco's product portfolio, expand its customer base, and strengthen its market position both domestically and internationally.

Growth Strategy and Outlook



06

Our Competitive Advantages

Largest Australian-owned manufacturer of water transfer and water treatment products – combination of the best filters and the best pumps, with the best technology.

Manufacturing Expertise

- Leading R&D / product development capability with speed to market.
- Expertise accelerates innovation and fosters the development of premium differentiated products.
- Manufacturing plants in Australia and Asia.

Market Leadership

- The combined entity will leverage Waterco's and Davey's established presence to create a broader international footprint and stronger market leadership.
- Waterco's established presence in the Australian metropolitan pool and spa markets complements Davey's comprehensive coverage of regional Australia.

Product Mix

- By merging Waterco's and Davey's product range, the combined company can offer a one-stop shop for comprehensive water management, creating a significant competitive advantage.
- Cross-Selling & Up-Selling Opportunities: The partnership allows for leveraging each other's customer base.

Vertical Integration

- Waterco vertically integrates its operations by controlling both the manufacturing and distribution of its products.
- As well as the franchisor of the Swimart retail network for distribution in Australia and New Zealand.

Proprietary Technology

- With the combined might of Waterco's pool equipment innovations and Davey's proprietary water treatment technologies, the merger creates a powerhouse of intellectual property in the water management industry.

Growth Strategy – by Vertical and Region

POOL & SPA

- Swimart to increase franchise footprint with further independent conversions and potential acquisitions.
- Davey Pools to increase penetration of independent sales channels in highly fragmented market.
- Increase connected technology products.

TRANSFER (PUMPS)

- Leverage trusted brands and innovate next generation energy efficient products.
- Develop new partnerships across Group's distribution channels to capture market share.
- Address water efficiency demand in rural ANZ and Asia with premium products.

TREATMENT (FILTRATION)

- Differentiate Waterco's superior commercial filters to capture greater market share across various sectors.
- Drive repeat business from 'stickiness' of engineered/bespoke product suite.
- Meet rising demand for premium water safety products.

ANZ

- Refine and implement a Go-To-Market Sales & Service Model using advanced systems and expanded networks to increase market share in key territories.
- Enhance data intelligence in industrial, commercial, and consumer connected services to increase transaction values.

NTH AMERICA & EMEA

- Dominate commercial filtration by leveraging Waterco's position as one of the few market participants, in areas like aquatic centres.
- Expand market share in home pressure systems, firefighting equipment, and pool products through new channels.

ASIA

- Capitalise on positive demographic trends and surging demand for pool products and clean water solutions in the home.
- Establish regional branches close to manufacturing hubs, enabling efficient delivery of innovative solutions.

Outlook For Next 12 Months

Growth Pillars

Increasing market share in Pool & Spa sector

Geographic expansion

Enhance customer connection services

Optimise combined distribution networks

Outlook

Further synergies from Davey acquisition

Improving margins and financial metrics

Continued investment in products and technology

Consideration of further M&A opportunities

Appendix



08

Key Metrics and Definitions

Reconciliation to FY24 reported earnings

	Metric (\$ million)	FY24	FY23	% Change
Reported	EBIT	22.1	14.5	52%
	NPBT	18.3	13.9	32%
	NPAT	13.9	10.8	28%
	EPS (cents)	39.5	30.7	29%
Adjusted	Depreciation, impairment and amortisation	(11.3)	(7.1)	
	EBITDA (\$ million)	33.4	21.6	54%
Add/(deduct) non-recurring items	Acquisition costs	1.1	-	
	Tax benefit	(0.3)	-	
Underlying	Underlying EBITDA	34.5	21.6	59%
	Underlying EBIT	23.2	14.5	60%
	Underlying NPBT	19.4	13.9	40%
	Underlying NPAT	14.6	10.8	35%
	Underlying EPS (cents)	41.5	30.7	35%

Group definitions

Acquisition costs	Business acquisition costs expensed of Davey Water Products in September 2023.
EBITDA	Reported EBIT adding back depreciation, impairment and amortisation expense.
Net debt	Total borrowings (calculated on a pre-AASB16 Leases basis) less cash and cash equivalents.
Net working capital	Inventory plus debtors less creditors.
Return on capital employed	Underlying EBIT as a percentage of shareholders equity plus net debt.

Underlying items reflects statutory profit as adjusted to reflect the Directors' assessment of the result for the ongoing business activities of the Group, in accordance with AICD principles of recording underlying earnings. Underlying profit measures have not been audited..

Our Products

Waterco is an R&D lead manufacturer and distributor of water transfer and treatment products. We develop innovative solutions by listening to our customers. Our range provides a comprehensive solution to water management with leading sanitisation innovations for the swimming pool, spa, aquaculture, and water purification sectors. Our award-winning filters and pumps are built with the best technology, ensuring long-lasting performance and reliability.

Pool and spa



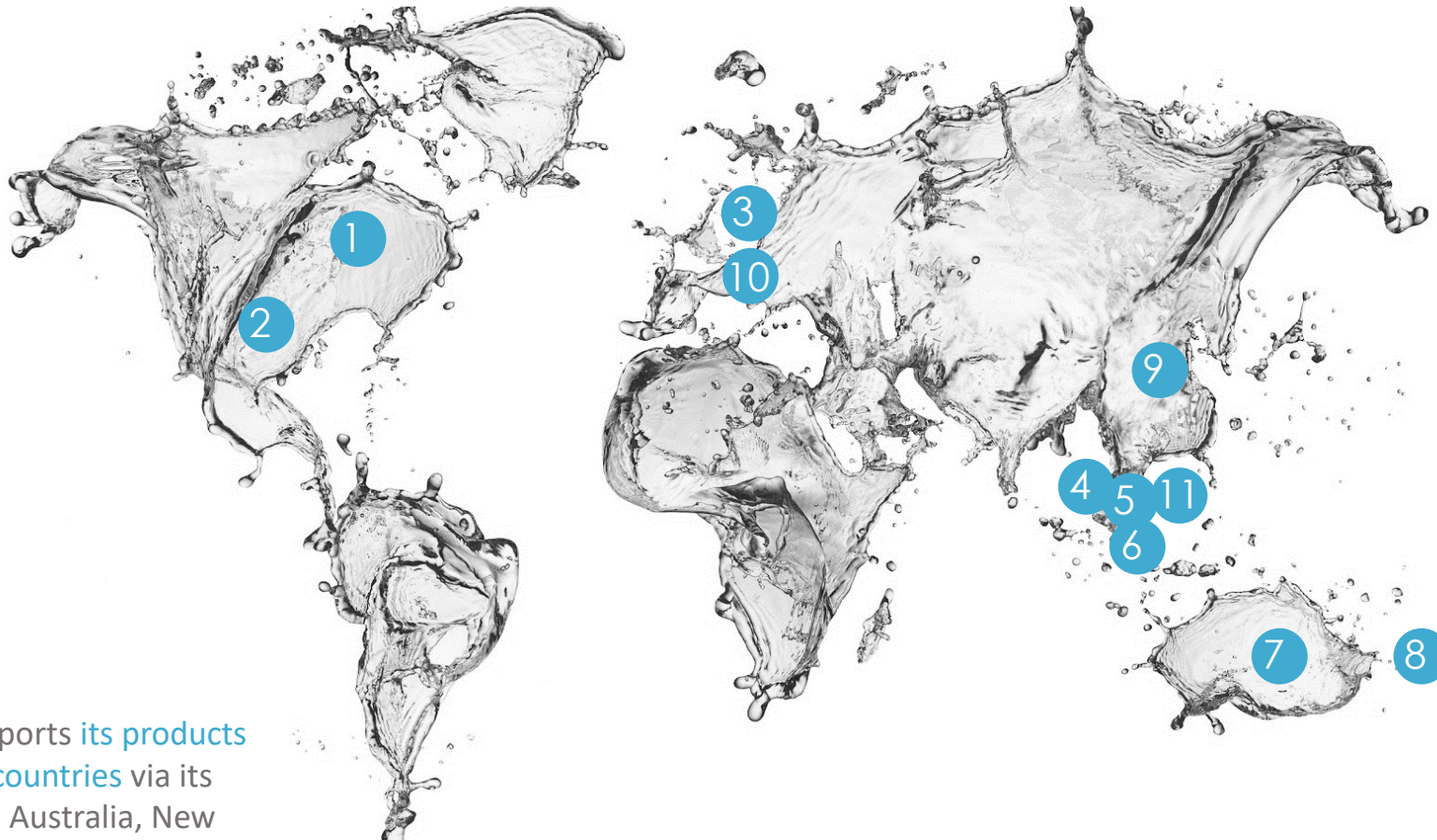
Pumps



Filters



Global Presence



Waterco exports its products to over 40 countries via its branches in Australia, New Zealand, China, Malaysia, Singapore, Indonesia, Vietnam, United Kingdom, France, Canada and America

1. CANADA

Longueuil, Sales and Distribution.

2. USA

Augusta, Warehousing, Sales and Distribution

3. UK

Kent, Warehousing, Sales and Distribution

4. MALAYSIA

Kuala Lumpur Research and Development, Manufacturing, Warehousing, Sales and Distribution.

5. SINGAPORE

Sales and Distribution.

6. INDONESIA

Jakarta Warehousing, Sales and Distribution.

7. AUSTRALIA

Sydney (Head Office), Brisbane, Melbourne, Adelaide, Perth Research and Development, Warehousing, Sales and Distribution.

8. NEW ZEALAND

Auckland Warehousing, Sales and Distribution

9. CHINA

Guangzhou Chemical Packing, Warehousing, Sales and Distribution, Research and Development

10. France

Lyon, Warehousing, Sales and Distribution

11. Vietnam

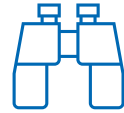
Sales and Distribution.

Our Objectives



Products

Continue to invest in the development of **water-related products made from composite materials** that are durable, reliable, and resistant to harsh and corrosive environments.



Markets

Identify and enter **new markets** in the global water industry that are underserved by our current offerings.



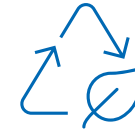
Partnerships

Form **strategic partnerships** with reputable organisations and individuals to co-create new water treatment technologies and products.



Safety

Pioneer **innovative water sanitisation technologies** that are more effective at killing harmful bacteria and viruses, improving the quality of water and making it safer for people to drink, swim in, and use.



Sustainability

Become a leader in the **sustainability sector** by developing a diverse range of water-saving and energy-efficient water-related products.



Technology

Develop a **connected product ecosystem** with Integrated Apps for proactive monitoring and predictive maintenance.

Long-Term Growth

Waterco is strategically positioned to generate significant and sustained long-term growth.

Tailwinds and Trends

- Energy efficiency regulations
- Health and wellness awareness
- Environmentally sustainable products
- Technology innovations and IoT adoption
- Favourable demographic and investment trends
- Water safety
- Water scarcity

Industry Drivers

- Connected products, product monitoring and maintenance / predictive capabilities
- Recycling water (domestic and industrial)
- Water conservation systems
- Annuity like demand
- Consistent sector growth
- Growing demand for premium products

Sustainability and ESG

Sustainability and ESG

Waterco continues to grow its Sustainability efforts and commitment to ESG.

In its manufacture and distribution of water solution products, ESG principles are inherently practiced. Key initiatives include:

- Investment in renewable energy technologies to transition from coal-generated electricity to solar power.
- Successful completion of the 2023 APCO sustainable packaging reporting program by Davey.
- Recognition for sustainability excellence, including Davey's 6-star energy rated pump, awarded in the Pool and Spa industry.
- Offering an extensive range of Climate Care Certified pool equipment, empowering pool owners to achieve optimal environmental sustainability (see opposite).

Climate Care Certified Opportunity

The Climate Care Certification Program is an initiative of the Swimming Pool & Spa Association of Australia Ltd (SPASA Australia).

Waterco has established itself as the go-to resource for pool and spa owners seeking sustainable solutions. This reputation enabled the company to effectively promote and sell Certified Pool Pads, Products, and Systems.

Waterco's association with Climate Care Certified provided the company a significant edge over its competitors. This certification positions Waterco as a responsible and socially conscious organisation that prioritises environmental well-being.



THE NEW BENCHMARK IN
ENVIRONMENTAL SUSTAINABILITY
FOR SWIMMING POOLS & SPAS



Summary



Leading Company

Largest Australian-owned (ASX listed) manufacturer of water transfer and water treatment products with an extensive ANZ network and a growing global presence.



Competitive Advantages

Manufacturing powerhouse with strong brands, product diversification, vertically integrated operations and a focus on technology and innovation.



Attractive Industry

The Group is well positioned in an industry experiencing strong tailwinds, consistent growth, favourable demographic trends, and positive industry drivers.



Pathway To Scale

Clear organic growth opportunities combined with demonstrable success in acquisition ability and future potential for inorganic expansion.



Strong Financials

The accretive acquisition of Davey enhances profitable business model with improving earnings, supporting the Group's track record of revenue, share price and dividend growth.



ESG Alignment

In the manufacture and distribution of water solution products, ESG principles are inherently integrated, together with product awards for sustainability excellence.



WATERCO

water, the liquid of life

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