

17 January 2025

ASX Market Announcements Office  
Exchange Square  
20 Bridge Street  
Sydney, NSW 2000

Dear Sir/Ms,

## **BUSINESS UPDATE - ACQUISITION OF LAND IN MALAYSIA**

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Waterco Limited ACN 002 070 733 (ASX: WAT) (**Company**) advises that Waterco (Far East) Sdn Bhd (**Waterco Far East**), a subsidiary in Malaysia has entered into an agreement with UMW Development Sdn Bhd to purchase a vacant land measuring approximately 7.76 acres within the UMW High Value Manufacturing Park in Serendah, Selangor, Malaysia (**the Land**) at a purchase price of AUD7.0 million (RM20.281 million at exchange rate AUD1 = RM2.90). (**Purchase Price**) plus legal fees and disbursements.

Waterco Far East, a major manufacturing entity, is currently renting several premises in Selangor, Malaysia for its operations. Waterco Far East intends to build a new manufacturing facility to consolidate its operations. The construction of the new manufacturing facility will cost approximately AUD10.4 million (RM30.0 million).

The new manufacturing facility will deliver the following benefits:

1. Saving in rent – A potential annual saving in rent of approximately AUD403,000 (RM1.168 million);
2. Streamline Manufacturing operations – Operations will improve given that they will be across 2 premises instead of the current 5 premises;
3. Central location – The new manufacturing facility is centrally located in a Business Park about 30 minutes away from Waterco Far East's main factory;
4. Reduce Davey's manufacturing cost – Some parts of Davey manufacturing which is currently outsourced can be moved inhouse. The reduced manufacturing cost is expected, when the transfer is completed, to be AUD1.0 million savings annually. In addition, Waterco Far East will benefit from a further contribution towards overhead recoveries;
5. Better warehousing management – The increase warehouse storage space enables the implementation of QR code/barcoding of pallets and racking location, improving warehousing efficiency and stock management;
6. Operational Cost Savings – Currently, resources are needed moving components/finished goods between factories and external warehouses. The new

manufacturing facility minimises movement of components/finished goods between factories and warehouses. Consolidating multiple locations will deliver reduced labour costs, energy efficiency, streamlined logistics and lower transportation costs;

7. Improved productivity – Centralisation will improve production flow, reduce multiple movements of filters, allow use of overhead crane, and reduce handling damage;
8. Better ESG outcomes – A lower carbon footprint, grinding room for better dust control, less factory congestion and improved working conditions;
9. Increased capacity – Production is expected to increase for commercial filters which can support sales growth in Europe and North America.

Waterco Far East will fund the Purchase Price and building costs of the new manufacturing facility through its Malaysian bank facilities and internally generated funds.

The new manufacturing facility is expected to be completed by the end of FY2026.

This announcement has been authorised for release by the Board of Directors of Waterco Limited.

**For further information, please contact:**

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**About Waterco Ltd – [www.waterco.com.au](http://www.waterco.com.au)**

Established in 1981 and listed on the ASX in 1989, Waterco (ASX:WAT) manufactures and distributes a diverse range of products for the international swimming pool and water treatment markets. Waterco is also the franchisor of Swimart, Australia and New Zealand's leading network of pool and spa retail outlets and is also the distributor of Zane Pool Heating solutions via a network of Australian dealerships.

Waterco delivers high quality, innovative products at exceptional value in over 40 countries. This includes a comprehensive range of swimming pool and spa equipment and chemicals as well as domestic and industrial water treatment equipment. The company's head office is in Sydney, Australia with international offices, manufacturing plants and warehouses located in Australia, New Zealand, Malaysia, Indonesia, Singapore, China, USA and the UK.