

ASX Announcement

24 February 2025

HY25 Results Announcement

Financial Highlights

- Sales revenue up 14% to \$132.4 million
- Underlying EBITDA¹ down 4% to \$16.6 million
- Underlying EBIT¹ down 14% to \$10.7 million
- Statutory NPAT down 15% to \$5.9 million
- Underlying NPAT¹ down 11% to \$6.6 million
- Underlying EPS¹ of 18.8 cents
- An interim dividend of 7 cents per share declared, fully franked

Waterco Limited (**Waterco** or the **Company**) (**ASX: WAT**) today announces its financial results for the half-year ended 31 December 2024 (**HY25**).

Soon Sinn Goh, Chairman/Group CEO, said:

“The first quarter was challenging, with softer sales across the Group. However, we saw signs of recovery in several sectors during the second quarter. While the external environment remained difficult, our diversified revenue streams supported strong overall sales growth compared to HY24. That said, cost pressures and foreign exchange translation losses impacted net margins.

Although our first-half performance was below expectations, we anticipate a stronger second half, underpinned by seasonal demand and the execution of cost-reduction initiatives. These efforts will position Waterco for improved profitability moving forward.”

HY25 Financial Summary¹

	Metric (\$ million)	HY25	HY24	% Change
Reported	EBIT	9.8	11.7	-17%
	NPBT	7.7	10.1	-23%
	NPAT	5.9	7.0	-15%
	EPS (cents)	16.7	19.8	-16%
Underlying¹	Underlying EBITDA	16.6	17.3	-4%
	Underlying EBIT	10.7	12.4	-14%
	Underlying NPBT	8.7	10.8	-19%
	Underlying NPAT	6.6	7.4	-11%
	Underlying EPS (cents)	18.8	21.1	-11%

¹ Non-IFRS 'Underlying' metrics are statutory metrics adjusted to exclude pre-tax Foreign Exchange losses/(gains): \$0.99m (HY24: \$(0.37m), and business acquisition costs: \$Nil (HY24: \$1.06m)

First Half Overview

Segment Performance

In the ANZ region, sales increased 12% to \$109.2 million (HY24: \$97 million), driven by strong performance in the Australian pool division. EBIT remained stable at \$9.1 million, with robust sales offset by economic headwinds in New Zealand and seasonal environmental impacts affecting Davey Australia.

North America and Europe saw a 22% increase in sales to \$15.4 million (HY24: \$12.7 million), largely driven by demand in North America. However, the European business faced challenging market conditions and higher inventory availability. EBIT declined 30% to \$0.5 million (HY24: \$0.7 million) due to short-term cost pressures. Given the seasonal nature of this segment, stronger contributions are anticipated in the second half of the financial year.

The Asia segment recorded a 15% increase in sales to \$7.8 million (HY24: \$6.7 million), though EBIT declined to \$0.2 million (HY24: \$1.9 million), primarily due to foreign exchange translation losses. The Group is currently insourcing strategic plastic components at its Malaysia-based manufacturing operations, improving production output and efficiency. Additional land has been acquired in Malaysia to consolidate manufacturing facilities, positioning Waterco for long-term growth in the US and European markets.

Davey Integration Update

Davey's first-half performance was below expectations; however, a turnaround is anticipated in the second half. This reflects a smaller overall pump market during the period, with no loss of market share. While synergies continue to be realised, short-term integration costs have temporarily impacted results. Investments in IT systems, including the rollout of a unified global IT platform, will drive long-term efficiencies. In New Zealand, integration-related costs have affected short-term performance, but these investments are expected to strengthen Waterco's market position over the next 12 months.

Second Half Priorities

Waterco expects an improved second-half performance, driven by seasonal demand, operational efficiencies, and cost-saving initiatives. The company remains focused on leveraging synergies from the Davey integration to expand market reach, diversify product offerings, and maximise operational efficiencies.

Efforts to enhance supply chain reliability and component cost efficiency are progressing. The optimisation of Davey's transport and logistics supply chain has been completed, with savings now embedded in operations. The insourcing of plastic component production in Malaysia is replacing external suppliers in Asia and Australia and is expected to generate significant savings, starting in FY26 and fully realised in FY27. Additionally, the relocation of aluminum die-casting operations from Thailand to Malaysia is projected to deliver further cost benefits, primarily from FY27.

Alongside these efforts, the company continues to invest in future growth by strengthening internal capabilities, upgrading systems and processes, and expanding manufacturing operations in Malaysia to meet increasing demand in the US and Europe.

Trading Update and Outlook

Waterco anticipates a stronger second half, supported by positive Australian summer conditions, which are expected to drive demand in the ANZ Pool vertical. A seasonal uptick in sales is also projected for the US and European markets. The company continues to monitor market conditions in Asia to refine its outlook.

The Board expects the AUD to stabilise against the USD and MYR, although Waterco is actively evaluating FX hedging strategies for when market conditions evolve. Expanded manufacturing capacity will support growth across key regions, while further synergies from facility consolidation and the Davey integration are expected to drive operational efficiencies.

Waterco is also exploring new distribution channels and strategic partnerships to capitalise on its vertical integration advantages. The company remains focused on increasing market share in the Pool & Spa sector through product innovation and expanded distribution. Continued investment in R&D and technology will strengthen Waterco's competitive positioning, particularly in the commercial filtration market.

Dividend

The Board has declared an interim fully franked dividend of 7.0 cents per share (7.0 cents in HY24), payable on 2 May 2025.

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

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About Waterco Limited – 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.