

**Methven delivers satisfactory first half
as earnings show modest 3.4% increase**

New Zealand's leading shower and tapware designer Methven today reports a 3.4% increase in net profit after tax (NPAT) over the same period last year. Excluding significant items² NPAT was up 4.8% for the first six months ending 30 September 2014.

Group CEO David Banfield says that these results represent a satisfactory outcome particularly given the high comparative figures from the previous year, "the previous year's figures ultimately proved to have been boosted through overstocking by key customers" reported Mr Banfield.

The Group expects overall revenue and earnings growth to be modest in FY15 as the business invests to ensure that the business is fit for the future. Mr Banfield says "We have made solid progress on implementing our three point plan to; think and act like the market leader; understand our consumer better than anyone else; and have a three year plan that provides clarity over our strategic priorities, all of which will help to underpin long term sustainable growth for Methven and its shareholders". Mr Banfield detailed the good progress made on the key initiatives that he had highlighted to shareholders at the Annual Shareholder meeting in July.

Reported Group sales in this first half are down 1.4% on the same period last year. However on a constant currency basis underlying sales were flat and given the high sell-in that resulted in customer overstocks in the first half of the last financial year, Mr Banfield believes this is a reasonable result.

The net debt³ of \$19.9m reported in this first six months is an increase of 38.2% on 30 September 2013 and 37.9% on full year 31 March 2014. This increase is a result of the settling of the Group's acquisition of its premium Chinese manufacturing business on 30 June 2014 and associated inventory. Mr Banfield says the purchase of Methven Heshan will significantly enhance Methven's cost competitiveness and he notes that earnings from the China acquisition are on track to exceed US\$2.0m annualised NPAT.

The increase also reflects a bigger capital investment in new product developments that will be key to enhancing Methven's market leading position.

¹ EBITDA is earnings before interest, tax, depreciation, amortisation, impairment and non-operating foreign exchange gain/(loss).

² Significant items are merger and acquisition costs relating to the acquisition of Invention Sanitary. Refer to reconciliation in Appendix A.

³ Refer to reconciliation of Net Debt in Appendix A



Looking forward, Mr Banfield highlighted the upcoming launch of Methven's new breakthrough showering system and tapware range in March of 2015 that features many industry firsts including new spray technology in the showerware and associated global Intellectual Property rights. "The customer response in preview events to both shower ware and tapware ranges has been very positive and we can't wait to let our consumers experience these first hand".

Mr Banfield says the first half year results suggest Methven will finish the year at the higher end of previously stated NPAT guidance of up 15% to 25% on the prior year.

The Directors have declared a fully imputed interim dividend of 4.0 cents per share payable on 31 December 2014.

About Methven:

A pioneer in bathroom and kitchen plumbing for over 125 years, Methven is New Zealand's oldest and largest designer of shower and tapware to builders, plumbers and home renovators. Today, Methven is a world-class international business with our proprietary technology, shower systems and tapware ranges earning a reputation for innovation, high quality, and water and energy efficiency. Methven has won prestigious design awards worldwide for the innovative functionality and water and energy saving aspects of our products including the prestigious Red Dot and Good Design Awards.

For more company information visit <http://www.methven.com/nz>

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APPENDIX A
Financial Summary for the six months ended 30 September 2014

	30 Sept 2014 UNAUDITED	30 Sept 2013 UNAUDITED	Variance %	Constant currency Variance %
Sales	48,751	49,427	-1.4%	0.1%
EBITDA ¹	6,244	6,278	-0.5%	1.0%
NPAT reported	2,898	2,802	3.4%	5.7%
Net Cash / (Debt)	(19,931)	(14,420)	38.2%	
EBITDA excluding significant items ²	6,735	6,626	1.6%	3.1%
NPAT excluding significant items ²	3,300	3,150	4.8%	6.8%

Reconciliation between earnings before and after significant items

CONSOLIDATED NZ \$000	6 mnths ended 30 SEPT 14 UNAUDITED		6 mnths ended 30 SEPT 13 UNAUDITED	
	EBITDA¹	NPAT	EBITDA ¹	NPAT
Reported earnings	6,244	2,898	6,278	2,802
Merger and Acquisition costs	491	402	348	348
Earnings excluding significant items	6,735	3,300	6,626	3,150

Reconciliation of Net Debt to the Consolidated Balance Sheet

NZ \$000	As at 30 Sept 14 UNAUDITED	As at 30 Sept 13 UNAUDITED	As at 30 Mar 14 AUDITED
Cash and cash equivalents	2,804	1,796	2,104
Non-current Interest bearing liabilities	(22,735)	(16,216)	(16,554)
Net Debt	(19,931)	(14,420)	(14,450)