

25 November 2015

**Waterco Limited (ASX Code: WAT)**

**Chairman's Address at the 2015 Annual General Meeting on 25 November 2015**

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The Annual Report for the financial year ended 30 June 2015 has been made available to shareholders and other interested parties, as usual. Included in the report was the CEO's Review of Operations for 2014/2015, wherein I have provided a summary of our operations for the year and touched briefly on the outlook for the year ahead. I shall, therefore, not repeat what I have written there and, in this address, I shall focus on providing more information on the factors that will influence our outlook for the new financial year 2015/2016.

We have just completed four months of trading in the new financial year. I shall now build on our performance for these four months and attempt to provide you with our expectation for the full year.

In Australia and New Zealand (ANZ), we had a soft start for the beginning of the financial year. However, sales caught up to budget as the weather warmed up and outlook seems positive for the season. Margins are not as strong as previous year's due to a weaker Australian Dollar (AUD) driving up costs and will be likely made up, with sales expected to be better than previous corresponding period (PCP).

In the Northern Hemisphere – namely Canada, the USA and Europe – generally, poor economic conditions prevail. Waterco Canada is expected to trade poorly as a result of a weaker Canadian dollar. The USA entity is expected to improve from restructuring exercises which include the transfer of almost all manufacturing activities to Malaysia. The supply of large commercial filters capable of high pressure rating will underpin our presence in the USA. In Europe, our profit level that was achieved in the last financial year, under poor economic conditions, was solid foundation for further growth. Indications are that we expect this entity to continue to perform well this financial year.

Taking these factors into consideration, we project a Profit After Tax of \$2.0 million for the full financial year ending 30 June 2016. As before, we will work hard towards improving on this forecast and with the likelihood of improvements in the Northern Hemisphere entities, we believe that there are good grounds to improve results of the Group this financial year.

For the longer term, we expect that improvement in our performance will be achieved through innovation and gaining greater acceptance into the water-treatment industry. This sector has seen good growth and now forms a larger portion of our improvement in our sales revenue over the previous financial year and into the First Quarter of this financial year.

I would like to thank Waterco's shareholders for their continuing support, and my fellow directors, the management and employees for the efforts they have put in during the year.

Yours faithfully  
**WATERCO LIMITED**



**SOON SINN GOH**  
**CEO**

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

*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 largest 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 & 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, Canada, France and the UK.*