

19 December 2023

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

UPDATE ON INTEGRATION OF DAVEY WATER PRODUCTS INTO WATERCO BUSINESS

Waterco Limited ACN 002 070 733 (ASX: WAT) (Company/Waterco) is pleased to update on the integration of Davey Water Products (DWP) into Waterco business.

WAT has completed the first three months of trading of DWP with some early gains in integration. While the full integration of DWP into WAT will take time, the first three months have been positive in three key areas:

1. **Scale Advantage:** Combining WAT and DWP creates an entity with a projected annual revenue of \$266 million, more than double WAT's previous year (FY23) of \$129 million. This scale unlocks benefits like:

- **Streamlined Operations:** Shared suppliers and manufacturing processes lead to cost efficiencies.
- **Optimised Distribution:** Combining distribution networks in Australia and Europe will improve reach and logistics.
- **Complementary Products:** WAT's filters pair perfectly with DWP's pumps, particularly in Europe.

2. **Synergistic Strength:** While some market overlap exists, WAT and DWP offer distinct strengths:

- **Market Reach:** Synergistically, WAT's established presence in metropolitan pool and spa markets complements DWP's comprehensive coverage of regional Australia.
- **Product Diversification:** WAT's focus on aquaculture and composite pumps complements DWP's industrial fiberglass filters, suitable for seawater usage, including desalination processes.
- **Shared Expertise:** Engineers from both companies will collaborate, leading to improved product development and innovation.

3. Early Financial Gains: Integration is already impacting Net Working Capital positively. By the end of the First Half Year ending 31 December 2023, WAT would have repaid \$10 million, which include repayment of scheduled \$1.6 million, resulting with a net debt of less than \$55 million.

Looking Ahead:

- Profitability: Combined Earnings Before Interest and Tax (EBIT) for FY24 is projected at \$22 million, building on WAT's previous year (FY23) EBIT of \$14 million and DWP's of \$8 million (normalized for 10 months from the date of acquisition on 1 September 2023).
- Continuous Improvement: We remain committed to leveraging synergies and optimising operations to unlock the full potential of the combined entity.

The integration of DWP is not just about size, but about building a stronger water force. By combining expertise, resources, and market reach, WAT is creating a leader in the water purification industry, positioned for sustainable growth and value creation.

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

For further information, please contact:

Soon Sinn Goh
Chief Executive Officer
t: +61 2 9898 8627
e: soonsinn.goh@waterco.com

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About Waterco Ltd – 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 & 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, US and the UK.