

Connector

News and views from the co-operative.



Chair's update

Last month we published an Interim Report edition of Connector with our results for the first half of the financial year, and it was of significant note that we realised \$124 million revenue for the six-month period to 30 September 2020. Whilst this was a modest decrease from the prior comparative period, our sales were achieved despite the shutdown New Zealand experienced in April which saw our sales drop by around \$16 million compared to the same month in 2019.

While the deficit left the first quarter of the financial year well below budget, the second quarter proved completely the opposite with sales rebounding strongly to produce revenue 11% above the prior year comparative quarter, and pleasingly, that level of demand has continued to increase steadily as we approach the Christmas holiday period. So, while

we continue to enjoy a healthy level of sales, we're also making significant investments in operating initiatives for the benefit of our customers and members, as we recognise that investment is critical to maintain our continuing growth and success.

That ongoing success is testament not only to strong market conditions, but also to the hard work and dedication of the people in the business who strived to ensure that our NZPM co-operative flourished during a very difficult time. Our Metrix and Plumbing World people communicated with and supported our shareholders and customers extremely well during the lockdown, and our co-operative model is continually proving more attractive in the marketplace with over 60 new shareholders having joined already in this financial year.

A further measure of our success as a co-operative was recognised by NZPM Group being one of the three finalists in the 2020 Co-operative Business of the Year Awards alongside co-op heavyweights Foodstuffs and Ravensdown. Whilst we weren't the winner — Foodstuffs took that honour — we were delighted to have made the finals on our first attempt, and we learnt a lot about the efforts the other finalists make with their social responsibility policies — this will become an increasingly important part of our focus over the next few years.

Alongside that, the last couple of months have been particularly busy for NZPM as we've worked through the merging of Metrix and Plumbing World internal functions as part our Metrix strategic review announced in October. We've also relocated to a new support office facility in Palmerston North and completed and opened our new Kingsland branch in Auckland. Kingsland is one of the strategically located sites that NZPM has purchased and developed, and the ever-growing Auckland region will be further supported in 2022 by a new branch on land we've recently purchased in Drury.

Chair's update cont.

Lastly, as this is our final Connector for 2020, I'd like to acknowledge the support of my fellow directors and all of the fantastic people who contribute to the success of our great co-operative. Likewise, I'd also like to thank our loyal shareholder members who understand the real ethos and value of belonging to a co-operative company, and who continue to support us every day with their business.

On behalf of the NZPM Group I wish all of you and your families a safe and enjoyable Christmas and New Year.

Kind regards,
John DeBernardo
NZPM Chair



A word from Rob Kidd, CEO

Wow, what a year — one that none of us saw coming or expected to occur, and which presented us all with the uncertainty, challenges and subsequent busyness that came with it.

As the year draws to a close, it is great that we can look forward to Christmas and the summer holidays where we get to share that extra special time with friends and family. With no internal travel restrictions, there is no better time to explore our own fantastic country.

This holiday season is also a good time to reflect on our own businesses. At NZPM, we are continually developing our shareholder value propositions so I thought that I should review some of these with you. As NZPM shareholders you can be confident that our profits become your profits!

When you buy from Plumbing World, all of our profits go back to your 100% New Zealand owned NZPM co-operative and are then dispersed to our kiwi shareholders through the profit rebate dividend paid each year.

When you buy from Plumbing World, you support NZ, your region and your co-operative, which in turn provides you with a profit rebate dividend to support your family and local community businesses.

Plumbing World also provide our NZPM shareholders a special quarterly Gold rebate when you purchase our Own Brand, Metrix and Strategic products; LeVivi, TIVA, the Metrix range, Pipe King and Toto.

Plumbing World have 54 conveniently located branches across the country to ensure you can easily purchase your plumbing requirements.

Our store network is supported with a full service proposition — an excellent range of inventory, outstanding delivery options, and passionate staff who know what they are doing. The pwGO App and pwGO Online (digital ordering and business management tools) rounds out this offering and is designed with your business in mind, offering additional service and efficiencies that provide the extra productivity you require in the modern age.

The bottom line is, the more you buy from Plumbing World, the more profitable your business will be.

Thank you for your support of NZPM, Metrix and Plumbing World during 2020 and we look forward to continuing to work with you to ensure your co-operative continues to be strong and resilient through the months and years to come.

On behalf of everyone at NZPM, we wish you a Merry Christmas, great holidays, a safe and wonderful New Year, and we look forward to seeing you in 2021.

Regards,
Rob Kidd
NZPM Chief Executive Officer



Director's point of view

– Peter Faul

With Christmas fast approaching, it's a chance to reflect on the year behind us.

In my last opportunity to put up an article for Connector we were just coming out of lockdown Level 4. It seems like yesterday, and yet so much has happened since. In that article, I stated we were up for the challenge without a full understanding of what lay ahead. I think it's fair to say the effects have not been as dramatic as first anticipated. A word of caution; there will still be much uncertainty ahead over the next few years as we adjust to a new normal, and we all anxiously await the vaccine and the effect it will have in returning us to a life without the fear of COVID.

During lockdown, a huge amount of planning and preparation was undertaken by the whole Plumbing World and Metrix team. I was impressed with the level of preparedness then, and even more so now when we look back at how well both entities have coped — a true testament to the calibre and commitment of our team.

When we look ahead, the business is planning to make the most of every opportunity presented with a strong strategic focus to grow the business over the next 5 years. A key element of achieving these objectives is the very loyal shareholder support we have. While we focus on service and delivery of high-quality products, it is you — the shareholder — that ensures the planning and goals come to fruition. We are grateful for your support and realise we must always strive to maintain and continue to work hard to retain it. You will never be taken for granted.

One of the biggest challenges facing all suppliers in our industry currently is the timely supply of products to branches for supply to you, the customer. While we have increased stock levels of imported products to minimise the effect from COVID, we are still faced with domestic freight delays that exacerbates the problem. You can help us, help you, with timely ordering of critical supply items ensuring lead times help you get what you want, when you want it.

In closing, I would like to wish you all a very Merry Christmas and a far better 2021. To the NZPM, Plumbing World and Metrix teams, thank you for your super-human efforts this year — you have gone above and beyond.

Take care and make the most of some well-earned time off over the Christmas break.

Regards,
Peter Faul

Final Rebate Dividend

NZPM Group Limited (NZPM) recently announced a final ordinary shareholder rebate dividend for the year ending 31 March 2020 of 1.0% of Grade-A Cash.

Having paid an interim ordinary shareholder rebate dividend which was the higher of 4.0% of Grade-A cash or \$300 in September, this takes the full rebate dividend payment for the 2020 year to 5.0% which represents a payment just above the mid-point of the range outlined in our dividend policy.

The final dividend is a cash payment of \$1.0 million which will take the total rebate dividend cash payment to \$5.25 million, a 10% increase over the prior year.

Shareholders will be advised of their individual dividend payment by email using the email address that we hold for your shareholding. If you wish to check your email address preference, you can contact the NZPM Share Registrar at: shares@nzpm.co.nz

To manage the efficient processing of the dividend during the holiday period, the payment will be made in late January 2021 as a cash-only payment. Shareholders may separately apply for RP Shares if they wish to reinvest their dividend.

Bret Cruickshank
NZPM Chief Financial Officer



Metrix update – Karin Cunningham

The realignment of the Metrix business within NZPM started in November, and will continue for the next few months to ensure we maximise the common synergies and opportunities that will be gained by both Plumbing World and Metrix working more closely together. Last month saw the highest sales

for the month of November on record, and profit up 15% on budget — we have delivered some wonderful product into exceptional projects which has driven this great result.

The Metrix team continues to supply excellent projects nationwide with a boutique apartment project in Orakei, Eleven Paora, being a great demonstration of contributing to the co-operative with Metrix product, supplied via Plumbing World and being installed by a NZPM Shareholder — we look forward to more projects of this type in the future.

The focus in 2021 of increased Metrix sales through leveraging greater specification opportunities to our wholesale, retail, architectural and designer customers, combined with ensuring our team add value to our shareholders' businesses, will give us clear direction into next year.

We would like to take this opportunity to thank you for your support during an interesting year, and we look forward to continuing to supply you with the exceptional range and quality products we have in the Metrix portfolio.

Regards,
Karin Cunningham
Metrix General Manager

Kingsland Opening

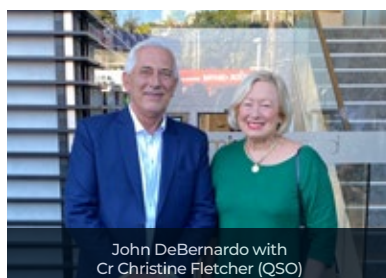
After 52 years in Grey Lynn, 2020 has seen our branch move to Kingsland and to a site that we can proudly call our own.

Following months of incredibly hard work from the Kingsland team and the wider network, the branch is now set up and trading strongly. To celebrate the opening of the branch in November we invited Christine Fletcher (QSO), Councillor for the local ward and former Auckland mayor, to join NZPM Chair, John DeBernardo, in officially opening the branch.

Christine spoke to the history of the Kingsland area and John spoke about the importance of the Kingsland site for the wider business, and the securing of our future with the purchase of this site. The celebration was shared with attendees from the Plumbing World team, NZPM, shareholders and suppliers.



Left to right: Brett Cruickshank - CFO, Dean Maxwell - Kingsland Branch Manager, Rob Kidd - CEO, Richard Barnes - National Sales and Operations Manager, John DeBernardo - NZPM Chair



John DeBernardo with Cr Christine Fletcher (QSO)



Principle #7



Feeding hungry kids in schools – Eat Up NZ

The team at Palmerston North Support Office once again made sandwiches for children in the Manawatu area that arrive at school with no lunch.

During this one-hour session the team of just 12 people, managed to make a total of 1,045 sandwiches! The team also personally donated morning tea items such as muesli bars to Eat Up as well.

Plumbing World is proud to support such a worthwhile programme in our community.



New Zealand
Gynaecological Cancer
Foundation

Gynaecological Cancer

Somewhere in New Zealand today, a woman will die of a gynaecological cancer. Another three will be diagnosed with one of the five “silent killers” which affect the female reproductive system. Ovarian, vulval, cervical, vaginal and uterine cancers are — with the exception of cervical screening — difficult to detect. They are also low-profile diseases with many women unaware of potentially serious problems looming.

Plumbing World are proud to support Gynaecological Cancer Foundation and will be fundraising throughout 2021. Keep a look out at your local branch on how you can support this cause. Learn more at nzgcf.org.nz

Bum Huggers – Bowel Cancer NZ



Christmas is just around the corner so please show your support to Bowel Cancer NZ through their collab with Great Full NZ. Bum Huggers are a limited-edition collection of undies, each featuring original artwork by celebrated Kiwi artists Dick Frizzell, Flox and Shane Hansen, among others. Bum Huggers are \$40 each, and 100% of profits go to their charity, so it is truly a gift that gives back.

The Bum Huggers are a wonderful gift idea for family, friends and customers as they will provide physical or digital vouchers (whichever you prefer). The recipient then chooses from the website and it will be delivered direct to them. While the undies are comfy, NZ made, and available in fun designs — they also provide a serious service to our community by supporting a well-deserving charity such as Bowel Cancer NZ.

To find out more visit <https://greatfull.co.nz/>



Shareholder loyalty.

We love celebrating your loyalty to our co-operative and it's great to see shareholders being acknowledged. Congratulations to everyone who has recently received their loyalty awards.



R L Jeffries Plumbing Ltd



Cross Plumbing Ltd



Turners Drainage Ltd



Martin Roofing Ltd



Ross Richdale Plumbers Ltd



Hillock Gas & Electrical Ltd



NZPM's Mission

To contribute to our members' business success by representing their interests and delivering performance excellence.

Part of our NZPM Co-operative
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