

Connector

News and views from the co-operative.

August 2024

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60 YEARS

Celebrating 60 Years of our
NZPM co-operative



Chair's update

It was an honour to present to the NZPM Annual Meeting in August, held in Wellington. I very much enjoyed the opportunity to meet a number of our NZPM Shareholders at the events held over the weekend.

ANNUAL MEETING UPDATE

This year marks the 60th anniversary of our formation as a co-operative, and we should all be proud of the achievements of the business and contribution to our shareholders and the wider industry over the past six decades.

We took some time during the Annual Meeting and the celebration dinner to reflect upon those who have come before us, showing foresight and fortitude to build and support our co-operative into becoming the great business that it is today. We also spent some time reflecting on the steps that your board and staff are taking as the current stewards to help deliver a strong co-operative to the next generations of customers, shareholders and staff.

I reported to the Annual Meeting that despite the fact that we are currently trading in very challenging market conditions, the Board was pleased with the business performance in the 2024 year. Revenue was close to 2023 levels although the market began to contract, particularly in the second half of the year. The management team were also able to keep margins steady while costs were well controlled, albeit that they increased due to the very high level of inflation.

With all the work the co-operative has been doing over the past few years to build our customer base, our staff competency and our processes and controls, we strongly believe that we can manage our way through changing markets and emerge with strength by retaining our service proposition.

FUTURE GOVERNANCE PROGRAMME

The NZPM Future Governance Programme was first introduced in 2017 with the aim of fostering future elected director capability from within our ordinary shareholder membership pool through a formal training and mentoring programme.

Our objective in running the programme has been to identify shareholders who want to be involved in the future governance of NZPM, and who demonstrate the core attributes for development and mentoring as potential future directors.

The programme was extended to a two-year appointment with a mid-term assessment to ensure that the appointees were suited and enthusiastic about continuing for a second year. The company now staggers the appointment to the Future Governance Programme to a single new candidate each year.

In 2023, Joel Eddington, owner of Your Local Plumber, Auckland was the eighth appointee to the programme. Joel came to the programme with experience as a certifying plumber and with a Business degree in Management and Marketing which he completed concurrently with his plumbing apprenticeship. Joel has now completed his first year with the programme and his mid-term assessment and we welcome him back for his second year.

For 2024, we adopted a slightly different approach in that we made the appointment during the 2023 selection process as we felt that we had two good candidates to take forward.

Kirstie Brown from Jason Brown Plumbing & Gas, Wellington, will join us from September 2024 so we look forward to welcoming Kirstie to the NZPM boardroom.

BOARD ELECTIONS

I am delighted that our elected directors, John Leen and Craig McCord, were reappointed to the Board for a further three-year term. It is great to be working alongside the same team for another year.

THANK YOU

Your board and management remain confident that our co-operative has the right strategy, leadership, and culture to deliver on its full potential, whilst remaining well prepared to respond to operational risks.

Consistently strong performance, even in these more difficult trading circumstances will ensure that NZPM can continue to look to the future with

confidence, and continue to deliver sustainable shareholder value.

The Board wishes to express its gratitude to all our members and customers for their ongoing support towards NZPM, Plumbing World, and Metrix. A special thank you is also extended to our management and staff throughout the company for their tireless effort and commitment in maintaining NZPM's status as an outstanding co-operative.

Kind Regards,

Kathy Meads
NZPM Chair



CEO update

It was great to see many of you at the NZPM Co-operative's 60th Annual Meeting a couple of weeks ago. Being able to celebrate the 60th anniversary of our formation as a co-operative, the achievements of the business and the resilience shown over the past six decades is something we should all be proud of.

For those of you not able to attend the Annual Meeting, let me take this opportunity to summarise a few key matters all shareholders should be aware of, including what we are doing to help deliver a strong co-operative to all who come after us.

Our scaled business model ensures we connect industry reputable suppliers to over 1,000 shareholders and thousands of customers with our core strengths and our great people. We have become a truly omnichannel business, our customers can purchase from Plumbing World and Metrix either online, using mobile devices or by coming into our stores. All this activity, service and value is made possible by our 620 incredibly hard-working staff from across the country.

Our overall carbon footprint reduced 7% per employee over the previous year and currently approximately 27% of our fleet are hybrid vehicles. Over the past year, 63 staff were internally promoted demonstrating the great career prospects NZPM, PW and Metrix provide.

Over the next few months, we will be going live with our new technology platform, Microsoft Dynamics 365. For NZPM to continue to be successful, it is fundamentally important that we continue to invest in Digital and Technology platforms and applications. This will help improve internal business efficiencies and productivity, while at the same time growing connectivity to our customers, so dealing with PW and Metrix will be that much more efficient which in turn saves valuable time. Just over 8% of our revenues are now transacted by customers using pwGO.

While the fundamental value propositions of our co-operative remain attractive, the start of the new financial year has been more challenging. Margins continue to be under intense pressure. We will continue developing our own brand product portfolio which helps deliver improved margins for NZPM. We are very excited about the upcoming launch of Sessanta, our new high-end own brand that launches in September. Read more about Sessanta further on in this publication.

NZPM believe there is significant value in our service, and we will continue to demonstrate that our service offering, at competitive prices, is of great value to our customers. During these much tougher market conditions, we continue to keep a close eye on all our costs and expenses. It is important that we balance good cost management with the need to continue investing in business growth and being prepared for when the market swings up again. We remain committed to getting this balance right.

We will continue to look for new opportunities along with refining our existing service offers to help NZPM continue delivering sustainable shareholder value. Thank you for your continued support of our great co-operative and we look forward to working with you as we build on the already strong platform that has been established.

Regards,

Rob Kidd
NZPM CEO



Director's point of view

High profile and well-respected companies in our industry that have regrettably experienced difficulty in recent months highlight just how difficult the current business cycle is. Failures of suppliers and business partners add stress to everyone in what are already challenging times. Our co-operative has been careful to maintain a strong balance sheet whilst investing in future capability and continuing to deliver our service proposition today. We are very conscious of the need to invest in technology to secure our ability to offer ever improving service to our customers, to add control to the operation and to reduce our cost to serve. The significant investment in our core enterprise system, upgrading it to future proof the business, adds to the challenge of balancing short-term profit with long-term growth. We will continue to be disciplined in our operations and capital management to protect what we have and grow our capability to reward shareholders over time.

We have been able to weather the current downturn without the distress some competitors

have faced because we have the capital structure to do so. We have continued to be able to provide a dividend during this period, notwithstanding it is less than has been achieved in prior periods where the trading environment has been better, and we have not had these system upgrade costs.

Whilst the overall economic cycle is in a cyclical downturn at present, our industry is also changing. Larger players with more sophisticated capability are increasingly using advanced technology to increase competition. This means we will need to be even more innovative and disciplined to manage our costs and margins. We are confident that the investments we are making in technology and capability will allow us to retain and grow our position as the industry consolidates. Furthermore, we want to achieve this at lower cost with process improvement to enhance shareholder value.

Beyond these direct business matters, as a co-operative we are passionate about the success and development of our shareholders and the development of the quality of the plumbing industry and its capability for delivering to the New Zealand public – our ultimate customers. I attended the local Young Plumber of the Year event hosted by the local Plumbing World branch this week. I was impressed by the commitment and focus that those competitors, their sponsoring employers and family and friends brought to the evening. For me, it set a much broader context for the value and contribution our co-operative brings to the industry and the country. This event is unique and raises the bar of professionalism and quality amongst younger trades people. This annual competition sets us apart as a group and I believe is a contribution to be proud of.

Dean Carroll
Board Director



**6%
GOLD REBATE***

Celebrate NZPM's 60 years with this exclusive shareholder offer

**Earn a 6% Gold Rebate on purchases of
LeVivi, Metrix, Sessanta and TIVA products
during the month of September.**

Minimum spend of \$6,000 excl gst on Gold Products in
September is required to earn the 6% gold rebate.

**60
YEARS** Celebrating
60 Years of our
NZPM
co-operative

T's&C's Apply.

pw
GO FOR GOLD

plumbingworld

Introducing... SESSANTA *bathroomware*



Sessanta launch

We are very excited and proud to launch to you our stunning new own brand called SESSANTA.

Sessanta adds a premium brand to our portfolio of own brands. European-inspired in design, Sessanta will be displayed in eight showrooms nationwide.

We are launching this in our 60th year, as Sessanta means “sixty” in Italian, and our co-operative came about in the 1960’s. Making it super easy to remember and recall.

All branches have copies of our beautiful [Sessanta brochure](#) and our latest [Home Catalogue](#) which you can find in our branches or on the Plumbing World website from the 1st of September.

Shareholder loyalty



Young Plumber of the Year 2024

The 2024 Young Plumber of the Year Regional Finals are well underway, with the Southern, Canterbury/West Coast, Wellington/Marlborough and Lower North Island events successfully completed.

Congratulations to our Regional winners to date who will now go through to the National Final at Claudelands, Hamilton on 23rd October.

Harmony Pearce — Adams Plumbing, Drainage, Electrical & Gas fitting, Southern Region

Tristan Harris — Revolution Plumbing & Gas Ltd, Canterbury/West Coast Region

Nick Sillars — Sillars Plumbing, Wellington/Marlborough Region

Louis Devine — Thompson Plumbing & Gasfitting Ltd, Lower North Island

Keep up to date with all the action on our [Facebook](#) and [Instagram](#) or visit ypc.co.nz.



Harmony Pearce



Tristan Harris



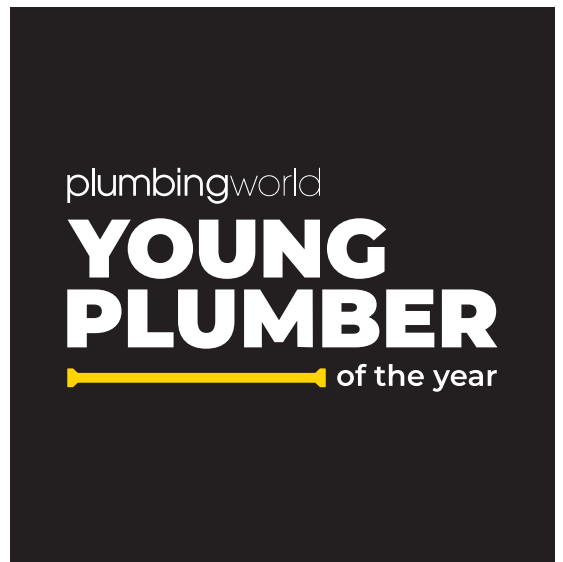
Nick Sillars



Louis Devine



The Red Bull Wings Team



DATE	REGION	VENUE	EVENT ADDRESS	TIME
Tuesday, 27 August 2024	BOP/Central Plateau	Mercury Baypark, Stadium Lounge	81 Truman Lane, Mount Maunganui	5:30pm – 8:30pm
Wednesday, 28 August 2024	Waikato/King Country	Hamilton Working Mens Club, Pavillion	45 Commerce Street, Frankton, Hamilton	5:30pm – 8:30pm
Wednesday, 4 September 2024	Northern	North Harbour Stadium	Stadium Drive, Albany, Auckland	5:30pm – 8:30pm
Thursday, 5 September 2024	Auckland Metro	Due Drop Event Centre, Panasonic Suites	769 Great South Road, Manukau, Auckland	5:30pm – 8:30pm

60 Year Ladies' Luncheon

On the day of the Annual Meeting, a special commemorative 60 Year Ladies' Luncheon was held at Dockside.

The ladies in attendance were treated to goodie bags and chances to win 13 wonderful prizes, including a Swarovski diamond look necklace and a Deadly Ponies handbag. The highlight of the event was guest speak Mea Motu from Peach Boxing. Peach Boxing is owned and run by Isaac and Alina Peach, who are also owners of Peach Plumbing, NZPM shareholders in Auckland.

Mea spoke from the heart to the ladies and was an inspirational speaker on how she used resilience and her love for her children to get her through an incredibly challenging period in her life. Mea is now the current IBO World Super Bantamweight Champion. She is a four division New Zealand champion, holding more New Zealand titles than any other female boxer. We look forward to following Mea's career as she heads to England in October for another world title event.

Thank you to the ladies who attended the luncheon. It was incredibly special and reminded us all about the strong co-operative ethos and friendships within NZPM.

