



4 April 2018

DIVESTMENT OF AQUATHERM SHAREHOLDING

The NZPM Group Limited (NZPM) board of directors has accepted an offer from the other shareholders of Aquatherm NZ Limited (Aquatherm) to purchase our minority shareholding in the company.

Aquatherm has been part of the NZPM portfolio since 2005, however in recent times the company has been responding to a number of market challenges, including the specification of its products in certain applications and the rise of competing non-PPR products. The company is working with specifiers, installers and their customers to ensure that the market understands the correct applications and installation methods for its products, and is in the process of introducing new non-PPR products into its range.

The purchase of NZPM's shareholding will allow the remaining Aquatherm shareholders, together with the General Manager Andrew Sommerville, to continue to rebuild the company and to expand its presence in the wider market, and Aquatherm will remain a long-term committed supplier to Plumbing World.

The final sale price agreed for Aquatherm of \$0.5 million represents a significant discount to NZPM's carrying value of \$1.4 million, however based on Aquatherm's current level of earnings, NZPM would have been required to record a valuation impairment of a similar level this year, even if the sale transaction had not been undertaken.

The impairment will impact on NZPM's earnings in the current financial year, however we expect to fully reinvest the cash from the sale into our Plumbing World and Metrix businesses as we continue to grow our network and expand our footprint across the country.

We would also like to take this opportunity to wish Aquatherm the very best for their future, and to thank all of our NZPM shareholders and customers for their continued support.

A handwritten signature in blue ink, appearing to read 'John DeBernardo', written in a cursive style.

John DeBernardo
Chairman