

THE CONNECTOR

NEWS 'N VIEWS FROM THE GROUP | DECEMBER 2017

CHAIRMAN'S UPDATE

At the end of November NZPM Group held a shareholder webinar to update our members on the financial results of the co-operative during the first six months of the financial year. Last year we introduced mid-year reporting by teleconference and we had a modest response to that event, so this year we trialled a new webinar format, hoping that the addition of the online visual and interactive components would provide even better engagement for our members.

Disappointingly only a dozen or so members joined the webinar this year, and we think that may be down to a couple of key reasons including the more comprehensive mid-year report that all shareholders received in their last Connector, together with the high level of business activity that most of the plumbing industry seems to be enjoying at present. So next year we'll take another look at how we can best present those mid-year financial results, and your directors would be happy to receive any feedback or suggestions you might have.

During the course of the webinar we covered a number of topics including our strong start to the first six months of the financial year, the investments we've made in growing and upgrading our branch footprint around the country, the success of the Young Plumbers Club, an increase in our co-operative membership numbers and an optimistic outlook for the remainder of the financial year.

As part of that outlook we'll continue to grow our network, and also maintain our focus on continuous customer service improvements that will include a number of technology enhancements and new innovations over the next period of time. Of course tempering that future growth slightly is an ongoing softening of the market in the Canterbury region, and the overall growth constraint that our industry is suffering due to the lack of skilled plumbers, gasfitters and drainlayers available throughout the country.

Whilst we don't expect those labour challenges to lessen in the near term, we are convinced that we can help our members operate more effectively and efficiently with the service and technology improvements we are working on, and we look forward to introducing a range of improvements throughout 2018 and beyond. These form part of our overall shareholder initiatives package, and both your board and management are really excited by the prospects they offer.

As this is our final Connector for 2017, I'd like to thank my fellow directors for their support during the year, and also acknowledge all of the people in our NZPM, Metrix and Plumbing World businesses whose ongoing efforts every day contribute to the success of this co-operative. Likewise, I'd also like to thank our shareholder members who recognise the ethos and value of belonging to a co-operative company, and who support us day in and day out with their business.

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

Kind regards,

John DeBernardo
Chairman



DIRECTOR'S POINT OF VIEW

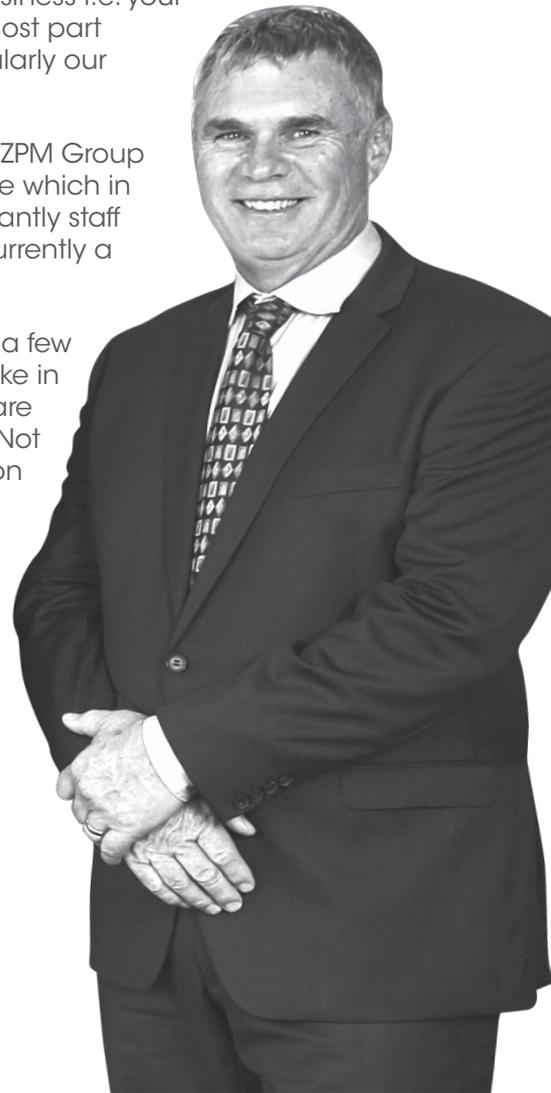
Reflecting on the past two and a half years as a director of your co-operative, there have been some quite large operational changes with the divestment of Patton Refrigeration, the implementation of a new IT system, and the rise and rise of our own brand sales which continue to add to the bottom line of the company. All of this has been achieved by a concerted team effort by everyone involved, right through to the governance part of the business i.e. your elected board, and I have personally found the experience for the most part rewarding, and have learnt a lot about both the industry and particularly our co-operative.

One of the latest challenges which has the potential to affect both NZPM Group and our shareholder's bottom line is the skill shortage of tradespeople which in most areas is quite acute. While this shortfall of staff and more importantly staff training has been well heralded for the past two to three years, it is currently a major constraint for our industry, and so for our shareholders.

And while there has been the usual poaching and related antics by a few less than lateral thinkers within the industry, there has also been a spike in training which is encouraging to see, however the problem with this are the costs associated with training multiple apprentices at one time. Not helping this is the new government's pledge to fund tertiary education for the first year, and while there were initial talks about apprentice subsidies—this seems to have completely dried up. Hopefully this conversation will start again shortly as they are still talking an extra 6,000 houses per year on top of the current workload.

So how can your co-operative help you with this situation? The word that keeps popping up is efficiencies. Efficiencies through our supply networks, through our delivery systems, through our IT systems, and basically playing our part in the technology revolution which is coming whether we like it or not. If we are smarter our output will be greater, and so better profit margins will be the result for both the co-operative and our businesses. Linking the two together can only end with a better outcome for all involved.

Cheers
Craig McCord



A MESSAGE FROM PLUMBING WORLD'S GENERAL MANAGER

Another year has absolutely flown by and it's really pleasing to reflect back and see some of the excellent progress we have made at Plumbing World which ultimately creates value for our shareholders.

We have seen a significant increase in revenues as new customers have come on board and our share of wallet with existing customers has increased.

We now have almost 900 people in the Young Plumbers Club which bodes well for the future.

We launched and completed a very successful Young Plumber of the Year competition which had almost 300 entrants participate during the branch round in April / May and ultimately led to 10 finalists for the grand finale in Hamilton in October.

Our staff turnover rate has reduced a further 2 percentage points during the past 12 months which was already down 3.5 percentage points on the previous year.

We have over 220 people signed up already for Fiji and look forward to announcing the 2020 destination at the finale night—it's not too late to sign up for Fiji if you want to hear about 2020 first hand.

Thank you for your support of Plumbing World during 2017—it has been very much appreciated and helps make your co-operative all the stronger.

On behalf of Plumbing World—Your Team in Black—I would like to wish you and your families a wonderful, enjoyable and safe Christmas and holiday break.

Regards,

Rob Kidd
General Manager Plumbing World

HOUSE OF THE YEAR AWARDS

On the 26th November the Registered Master Builders Association held their National Gala event for House of the Year 2017.

Plumbing World was once again proud to be sponsoring the Bathroom Excellence Award. This was won by a Te Anau builder, Jason Barlow Building. The overall Supreme House of the Year Award went to John Creighton Builder Ltd from Christchurch.

The standard of the houses were extremely high and it was interesting to note that many of the Awards were won from the South Island. Another well attended event with 500 guests attending at Sky City Conference Centre in Auckland.

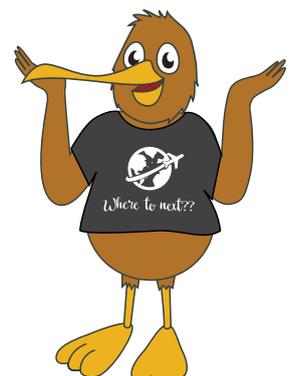
Sarah Vining, Plumbing World's Marketing Manager presented the Bathroom Excellence Award, and the MC's for the event were Hilary Barry and Jeremy Corbett. Plumbing World received a fair amount of ad libs from the MC's on the night, so the Industry were certainly aware of the Plumbing World name and hopefully should see us on future consideration lists—leading to more installation work for our plumber, drainlayer and gasfitter shareholders.



2020 OVERSEAS CONVENTION

As mentioned in our October issue of The Connector, while the 2020 destination won't be announced until the final night at the Funtimes in Fiji 2018 Convention in May 2018, you are able to start making contributions now.

Please contact Dolores Gillies – dolores.gillies@plumbingworld.co.nz or on 06 3501626, and she will provide the information for you to commence monthly contributions.



PLUMBING WORLD PUKEKOHE V8S

The V8 Supercars Championship at Pukekohe is one of the best and most entertaining motorsport events in the world with great viewing no matter where you are on the track, and even better viewing if you were lucky enough to win one of the Rinnai Heli Hop Laps!

A crowd of just over 100,000 attended this year's ITM Auckland SuperSprint at Pukekohe Park Raceway, with 200 of those being Plumbing World customers and staff. Rain didn't deter the diehard racing fans, however the corporate area at Pukekohe branch proved very popular as a place to shelter from the rain to watch the action on the big screens—and to refuel with a BBQ lunch and refreshments.

On the track it was a weekend of crashes and chaos as three championship contenders fell by the wayside to give Jamie Whincup the third win of the season.

While the main event was the V8 Supercars, NZ Formula 5000, NZ Muscle Cars, SsangYong Actyon Racing Series, Toyota 86 series & GTRNZ provided some great entertainment.

If you haven't been before put it in your diary for next year—it's a great day out for the whole family!

2nd-4th November 2018



CHANGING PERCEPTIONS OF IN-WALL CISTERNS

Plumbers generally perceive that in-wall cisterns are difficult to service which leads to wasted time and frustration. Many plumbers will try to steer their clients away from using this type of cistern.

With the introduction of the Valsir Tropea S and Winner S the team at Metrix is changing these perceptions.

Valsir Tropea S (mechanical) and Winner S (pneumatic) have only 6 internal working parts, which makes servicing these cisterns a whole lot easier and simpler for the installer, and eliminates frustration and wasted labour costs.

We have been demonstrating the simplicity of these Valsir in-wall cisterns at our Metrix Pie Days in Plumbing World branches. Plumbers have been very impressed with how little time it takes to remove the internal parts.

The build-up of lime scale is common and causes a drop in flushing and filling performance, but the new Valsir internal parts are made from a material that prevents this problem from occurring.

Feedback from plumbers at our Pie Days is that the new Valsir in-wall cisterns are one of the easiest, if not the easiest, to install and to service.



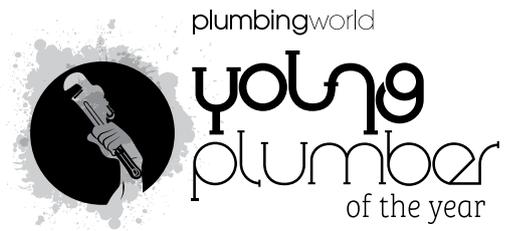
YOUNG PLUMBER OF THE YEAR UPDATE

A huge congratulations to Julian Parker from The Lewis Plumbing Co, Rotorua for winning Plumbing World Young Plumber of the Year (YPOTY) 2017.

Since the 2017 event wrapped up, we have received two awards for our YPC and YPOTY initiatives, from the Auckland Tourism, Events and Economic Development 'Young At Heart' Awards'. We were awarded the Judges Leadership Award and were highly commended in the Industry Leadership Category—a celebration of the commitment businesses are making to engage with youth.

Planning for the 2018 competition is now underway and we are very excited to announce a Young Plumbers Club website is currently being built, showcasing a dedicated hub for our 'young' plumbers.

For more information please contact michelle.bingham@plumbingworld.co.nz



PROMOTIONS & WINNERS

It's great seeing so many getting in behind the promotions running in-store. We have given away a number of prizes this year, including 6 Go Pro's and over 50 Weber Baby-Qs with key suppliers. Congratulations to all of our winners!



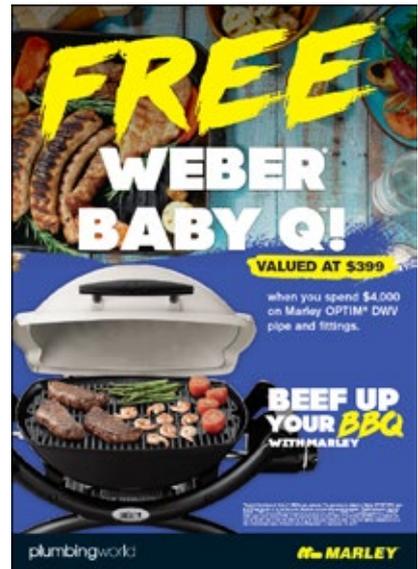
Wayne Lincoln
L M Lincoln Ltd



Peter Oliver | PlumbWise



Owen Bennett | Owen Bennett Drainage



Blake Solomon | Blake Solomon Plumbing



Richard DeRoo
Artisan Plumbing



CAILEN CALKIN UPDATE

My time as a Challenge (age group) Rider is drawing to a close and the next step in a BMX journey is to licence as a Championship Athlete. For me this step is a big one and moves the sport from an amazing family experience in to a more technical beast.

On the 15th of October I had my first World/Junior Olympic Selection trial for the 2018 BMX World Championships and the 2018 Junior Olympics held in Buenos Aires. This trial was held in Sunset Coast out by Pukekohe. It was held off a Supercross 8 metre start ramp instead of a 5 metre as this was an Elite trial. I was racing 16 year olds (my age) and also 17 year olds who were first year in Junior Elite. It was a very windy day which made it challenging to fight against the wind.

I felt confident coming into the first race and that paid off for me as I ended it with a win. The second moto came and I knew this one would be more challenging as I was further across the gate. Just like the last race, I got a great gate and moved across and held my line and won the race—I also took out the third race putting me in the lead after the first World Selection Race.

Over Labour weekend, the North Island Championships were held in Whangarei—this would be my final major meeting in age group racing. Saturday was made up of 4 motos which helped for qualifying into the final on Sunday. I started Saturday off with a convincing win. For my main competition, I had a cracker gate and finished the lap off with a win and the next two motos I also won—and we were only into day one!

Sunday consisted of two motos and a final. The first moto I was just trying to find my flow for the next two harder races. Coming into the last moto I felt the pressure around me and channeled it into focus and determination to stick to my process. I won, meaning I had qualified first going into the final. Everything was going exactly how I wanted and all the little puzzle pieces were started to fall into place. The gate dropped and as good as gate 4 was, it wasn't the best—I knew I had to start moving across to cover my line as soon as possible. The fight for the lead up the first straight was challenging but I managed to secure my spot in 1st place and finished the lap off smooth, finishing my last North Island title as a challenge rider in first place!

I would like to say a big thank you to anyone and everyone who has supported through my time as a challenge rider, whether that be sponsors, friends or family every piece of support has helped me to get where I'm at and accomplish what I've accomplished. I look forward to the new challenge of becoming a Junior Elite and being the underdog. Thank you.

Kind Regards
Cailen Calkin #380



GO FOR GOLD REBATE

All Metrix products purchased by NZPM shareholders will earn a 2% rebate, which will be paid quarterly. Ask your branch what Metrix products they stock that you can easily switch to. Metrix have a wide range from wastes and traps to urinals and vanities—there is a Metrix option that will work for you—in more ways than one.



4%
 QUARTERLY TRADING
REBATE

for a limited time only

TOTO ARE CELEBRATING THEIR 100TH YEAR IN BUSINESS.

To celebrate, we are offering all trading NZPM Shareholders a 4% Quarterly Trading Rebate* on all Toto purchases between **01 October and 31 December 2017.**

*Toto offer exclusive to NZPM Shareholders. Account must be current as at 31st January 2018 to receive this rebate payment.

LOUIS HAMILTON UPDATE

Over the weekend was the third round of the TLD NZDH series held in Karori, Wellington. Karori was a new location for me and also a freshly cut course that crossed over an existing race line called the K-Hole DH track. Prior to the event the word on the street was that it was a very short course, with the new changes and sections to the track this extended the time by 30 seconds to the previous average time down the Karori hill!

My first race run plan, as always, was to get a smooth time on the board to see where I would sit coming into the second race runs. Between the last practice session and the first race runs for the Elite men, the track conditions had blown out and changed significantly. My first race run overall I would describe as messy, lots of little unnecessary mistakes in simple parts of the course. I pushed hard where I knew I could to try make up the small amounts of time I knew I had lost. On a short track like this one, all the milliseconds count! My first race run came to a time of 1:55.61 to place me in the top spot, 3.1 seconds ahead of second place. Knowing that I was capable of more was a great confidence drive coming into the second race run.

This run for me was much better, backing off that extra 10% and remaining smooth felt much better and I knew it would be my quickest time out of the two! This run came to a time of 1:54.49, which gave me the fastest time of the day and 1st place in the Elite men's category. It felt great to be able to take the win after what I would consider a tricky practice session and also to take the top step back to back!

Until next time,

Big thanks to you all for your help and support!

Louis Hamilton





Merry Christmas

FROM NZPM GROUP

Here's to another successful year!

Thank you for all your support during the last twelve months. We look forward to continuing to grow with you over the coming years.

Take care and have a great New Year.

SHAREHOLDER RECOGNITION



Barry Stewart | Barry Stewart Gas and Plumbing



Les Cannon and Jean Cannon | L J Cannon Rotorua

PURPOSE

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

PART OF THE NZPM COOPERATIVE

plumbingworld | 