

THE CONNECTOR

CHAIRMAN'S UPDATE

Thank you to all our shareholders who attended our 2018 annual meeting in Tauranga during August, and it was great to see the camaraderie of our co-operative members from around the country who stayed on and enjoyed the Friday evening dinner and Saturday's harbour cruise and happy hour. In presenting the Board and Executive annual review to the meeting I covered a number of the highlights that led to NZPM achieving a very successful financial year:

- The co-operative having built on its strong customer base to exceed past performance, with our plumbing businesses recording their highest ever levels of sales and earnings.
- The continued performance improvement deriving from many factors including our focus on customer service, our reinvestment in the business, the dedication of our people, and the support of our customers and shareholder members.
- The evolution of The Young Plumbers Club to incorporate a Young Plumber of the Year competition that was extremely well supported by our customers, shareholders and suppliers, and received acclaim from industry and non-industry bodies.
- The launch of our Future Governance Programme to develop and support younger shareholder members gaining co-operative governance experience.

Following these presentations we addressed the formal business of the meeting, including our Director elections with the announcement that Craig McCord and Mark Whitehead had been re-elected to the NZPM Board for a further 3-year term.

The meeting also received a presentation from our 2017 Future Governance Appointee Ngaire Mansfield who spoke about her experiences and learnings from the programme. Following this, it was my pleasure to confirm the successful candidates for our 2018 Future Governance Programme as co-operative members Reuben Cutts from Fixed Price Limited in Auckland, and Nathan Stewart from Precision Group Limited in Wellington.

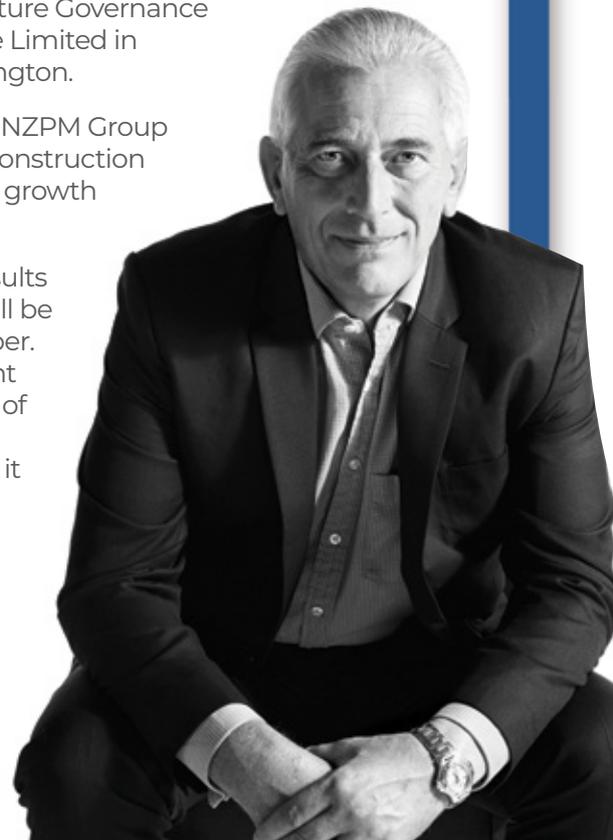
In closing the meeting, I presented our medium-term outlook for the NZPM Group which continues to support current market demand, and whilst the construction sector remains buoyant we expect this will help facilitate the ongoing growth and expansion of the co-operative.

Moving along to the current financial year, we expect the financial results for the first six months of this year to be available shortly, and these will be provided to members in a special edition of the Connector in November. We anticipate the results will continue to positively support our current strategy for the business, so on behalf of the Board, I'd like to thank all of our members and our staff nationwide for their ongoing support and dedication in helping to make NZPM the successful co-operative that it is today.

Kind regards,



John DeBernardo



A MESSAGE FROM PLUMBING WORLD'S GENERAL MANAGER

To continue delivering excellent localised shareholder and customer service, I am pleased to confirm we are in the process of opening three new Plumbing World branches.

We have signed a lease and take over an existing building for our new Cromwell branch in early November. If not before Christmas, the plan is to have Cromwell (which will be branch number 49) up and running early in the New Year which will provide a fantastic branch location for servicing the ever growing Central Otago region.

We have also secured a great building in Papamoa in the Bay of Plenty where thousands of houses will be built over the next few years along with a planned retail development. Papamoa will be the co-operatives 50th branch and well positioned to service the growing demand of the region.

It is also pleasing to announce that construction work began in early October on our new Kumeu branch in West Auckland. This branch is strategically placed to support both our Henderson and North Shore branches in an area of Auckland where approximately 100,000 people are expected to locate to over the next few years.

To both support and leverage off our strong “bricks and mortar” store base across the country I would also like to let you know that the development of some of our digital and technology opportunities is progressing well.

Implementation of various customer interrelating technologies such as Plumbing World's new e-commerce website will provide the business protection against competitive online offers, and improve our efficiencies and opportunities for the trade (e.g. the Plumbing World Trade Purchasing App and the Plumbing World integrated quoting system).

The Purchasing App will be put out to a small number of customers for testing and feedback in the next few weeks which is a very exciting stage of the app's development.

Once again thank you for your ongoing support of Plumbing World – we really do appreciate it.

Regards,



Rob Kidd



CUSTOMER PRICING POLICY

Plumbing World is often asked to provide quotes for the products it supplies. Most often, Plumbing World will be asked to provide a quote for a plumber or trade customer, who will then on-sell Plumbing World's products to an end consumer. However, Plumbing World will sometimes be directly approached for a quote by end consumers.

As part of our compliance programme, we have launched a new customer pricing policy which is aimed at ensuring that Plumbing World (and, by extension, its customers), are clear about the responsibilities and legal obligations of each party, so we can all comply with New Zealand's competition and consumer laws.

The principle is that Plumbing World will provide quotes to any customer at the price at which Plumbing World would sell its products directly to the customer. Plumbing World may include genuine recommended retail prices as well as the quoted sales price in a quote to a plumber/trade customer, however, plumbers/trade customers must decide themselves how much they will charge the end consumer and generate their own quote. Plumbing World will not print a quote for a plumber/trade customer that includes a margin for the plumber/trade customer. Plumbing World will not issue a quote addressed to the end consumer with the plumber's/trade customer's margin included.

If you have any questions about this policy, please contact your local branch manager or myself.

Brett Cruickshank, Chief Financial Officer, NZPM Group
brett.cruickshank@plumbingworld.co.nz

DIRECTOR'S POINT OF VIEW

Firstly, can I say thank you to all the folk who joined us at the AGM in August. It was my privilege to catch up with you all and chat to so many of our new and existing shareholders.

I am a lucky man to have both, a loving and supportive wife and a great family. My next greatest passion is the plumbing industry. With my son having joined me in the trade, it is a good time for me to reflect on the future and ask where to from here.

We continue to be in challenging times although the immediate future looks bright. NZPM and many of our customers are generating stronger financial performances but we all need to look at the key area of margin management and find ways to improve. At some point, we will experience a downturn and now is the best time to prepare our businesses to weather whatever may come our way. We all need to focus on margin, build a skilled workforce and retire debt.

I always favour managing margin rather than seek sales growth at any cost. We need to look to technology to understand the opportunities for improving business efficiency. The ongoing labour constraints in our industry can be managed with the aid of technology and the normal measures of labour productivity that we all use on a day to day basis.

We all need to surround ourselves with people who are passionate about our trade and note that I personally will always pay more for people who have EQ as opposed to IQ. We all recognise that our staff are our most important asset so we need to celebrate our success and build a loyal team based on mutual respect and reward. We also need to improve our own skills so I encourage you all to engage in continued education for the mutual benefit of all the industry.

Finally, I believe we should run our businesses as if they are ready for sale at any time. This reinforces the need to manage margin, have a great team and recognising that what we do every day is what we have done and can do for many more successful years!

I leave you with what is still one of my favourite quotes from Mahatma Gandhi: "Be the change you want to see".

Best regards,
Craig Coxhead



BANK ACCOUNT SCAMS

A spike of reports in invoice scams has been reported to CERT NZ recently.

In these scams, the scammers gain access to a business' email account and advise customers of a change in bank account details. Because it appears to come from the business' email account and tends to be for expected payments, the scammers are often successful.

Once the change is discovered, the money has often been transferred overseas and is hard to recover.

Plumbing World, Metrix and NZPM Group have no plans to change our bank accounts so please don't be fooled by any request purporting to be from us. If we change our bank accounts, we will advise you in multiple ways including from your local branch representative, from our sale team, in Connector and with plenty of notice on your previous month's account statement. If you are in doubt, please call us to confirm any changes before you action them.

If you've been affected by this scam or need further support, submit a report to CERT (a division of MBIE) on their website www.cert.govt.nz or contact 0800 CERTNZ.

Please continue to be vigilant with scammers who are being increasingly sophisticated.

Claudia Gleeson
Credit Manager, Plumbing World NZ



YOUNG PLUMBER OF THE YEAR

Over 250 contestants from across the country competed in branch and regional events throughout the year for their chance to win over \$20,000 worth of prizes in the 2018 Young Plumber of the Year competition, and 10 made it through to the national final.



Wednesday 10th October 2018 saw the Young Plumber of the Year National Final take place at Wintec, Hamilton. The finalists' morning consisted of a 1 hour theory assessment before making their way to Wintec where the finalists were supplied with all of the tools and fittings required to install a bathroom setting within 4 hours.

Following on from the practical assessment, finalists later joined their employers and partners for a formal awards dinner and the opportunity to reflect on their achievements and network with industry elites.

We are very pleased to announce the 2018 Young Plumber of the Year winner is:

Hayden Findlay Eco Plumbing & Gas Ltd Wanaka

A huge congratulations also goes out to our second and third place getters:

2nd place	Alex Hyland	Steve Wolter Plumbing Ltd	Gisborne
3rd place	Adam de Pass	Jackson Plumbing Ltd	Invercargill

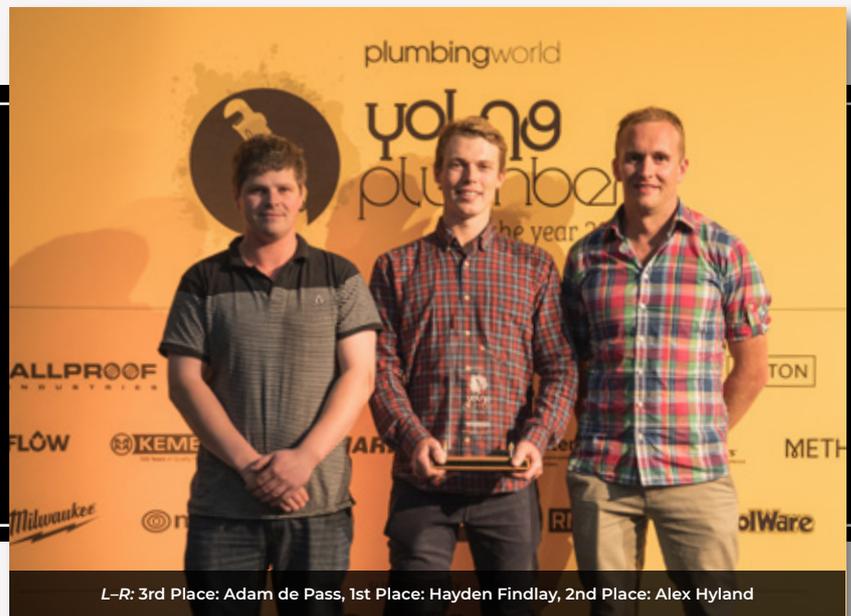
Congratulations to all 10 of our young plumber finalists who have shown us they are the best in the industry and we hope to see them back again at the branch events next year. The competition recognises not only proficiency on the job, but passion for the plumbing industry. Both qualities are in high demand with recent forecasts estimating a 30% increase in qualified plumbers is required to meet current and future construction requirements.

We would like to send a big thank you to the wonderful employers, supporters and family of sponsors who have supported us in hosting this event.

HUGE CONGRATULATIONS TO:

HAYDEN FINDLAY
Eco Plumbing & Gas Ltd

Our Plumbing World 2018 Young
Plumber of the Year!



L-R: 3rd Place: Adam de Pass, 1st Place: Hayden Findlay, 2nd Place: Alex Hyland

THANKS AGAIN TO THIS
YEARS SPONSORS:



Supported by: Apprenticeship Training Trust (ATT), Heron Plumbing, HiFlo Plumbing, Hutt Gas & Plumbing, McIvor Plumbing & Gas Fitters Wanaka, Precision Group, Peter Jackson Plumbing, Red Bull, Whitehead Plumbing.

metrix update

METRIX APP

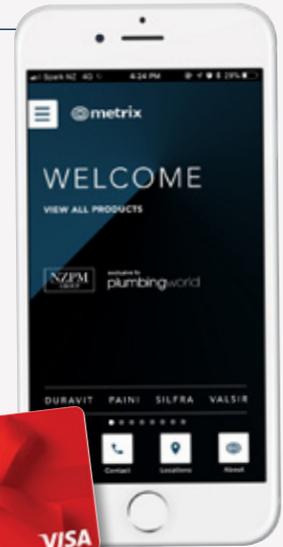
Many NZPM shareholders and their staff have downloaded our new Metrix App. The feedback has been excellent, especially on how easy it is to navigate, and how useful it is.

Between now and Christmas anyone who downloads the app will go in the draw to win a \$500 Prezzy® Card*

To register for the Metrix app search “Metrix New Zealand” on the iPhone App Store or Android Google Play, fill out the online form and you will be away laughing.

Save time and money by having key information on your NZPM brands immediately available!

*Entries close 31/12/2018. Conditions apply.



We are pleased to announce that from 1st October to 31st December 2018 you will receive a 5% Quarterly Trading Rebate on these Metrix brands:



That's over double the usual 2% rebate paid. Thank you for your ongoing support!

If you would like a Metrix person to help you with our products send an email to garry@metrix.co.nz and we will be more than happy to arrange a visit.

**5%
GOLD**

**QUARTERLY TRADING
REBATE**

*Offer exclusive to NZPM Shareholders. Account must be paid current each month to receive this rebate payment. 5% rebate not applicable on large commercial projects. 2% Gold rebate still applicable on all Toto, LeVivi, Pipe King and MCD Copper during this period.

2018/19 CHARITIES SUPPORTED BY NZPM GROUP AND SUBSIDIARIES

One of the seven principles of a co-operative is Concern for the Community. Over the years NZPM Group, Plumbing World and Metrix have supported various charities through sponsorship and fundraising at a national and branch level. We want to be structured in our approach to demonstrating Concern for the Community, so for the next two years the Group will concentrate on three key charities.

Based on the demographics of our shareholder base and the strong input from the women and partners involved in shareholder businesses, we have chosen to support three cancer charities – Bowel Cancer NZ, NZ Gynaecological Cancer Foundation, and Prostate Cancer Foundation NZ. These three types of cancer affect many New Zealanders and probably every one of us has a family member or friend who has been affected by one of these three cancers.

These organisations we have chosen to support for the next two years all work to raise awareness, educate and support the community, and fund research for these life threatening illnesses.

NZPM Group, Plumbing World and Metrix are looking forward to supporting the activities of these worthwhile charities throughout 2018 and 2019.



BLUE SEPTEMBER

Our Plumbing World Mount Maunganui team supported the Prostate Cancer Foundation's Blue September this year on Monday the 3rd September hosting their own event to raise awareness and fundraise. Finger food was put on by the team which was available for a gold coin donation. A hamper was also put together to raffle off - Ben from Plumber Man was our lucky winner! They managed to raise \$195.70 in 2 weeks.



Our Mt Maunganui Team getting behind the cause

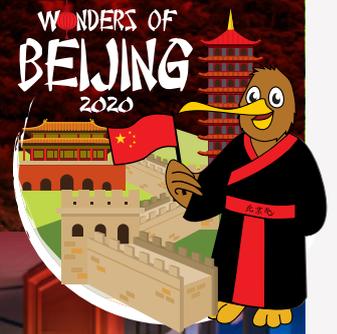


Ben from Plumber Man - our hamper winner!

Join us and discover the imperial city of Beijing at
Plumbing World's 2020 Overseas Convention

WONDERS OF BEIJING 2020

22ND - 27TH MAY 2020



For more information and to register for this incredible Plumbing World Overseas Convention, speak to your local branch manager, or email Michelle on michelle.bingham@plumbingworld.co.nz

SHAREHOLDER LOYALTY

Congratulations to these—and all other shareholders that have recently hit milestones.



10 years - Rob Dobbie
Rob Dobbie Plumbing Services



10 years - Jim Cowie
Jim's Plumbing Ltd



20 years - Bruce Milne
Bruce Milne Plumbing



20 years - Roger Bell
Mechanical Maintenance Services



10 years - Steve Watson
Ezi Gas



20 years - Ike Ruru
Rural & Urban Plumbing



10 years - Brendon Metcalfe
Brendon Metcalfe Plumbing & Gas



20 years - Ron Vermeulen
Plumbers & Building Services



20 years - Wayne Patterson
Plumbers & Building Services



20 years - Greg Miller
Greg Miller Plumbing

We love celebrating your loyalty to our company and it's great to see so many shareholders being acknowledged.

From time to time we may miss a recognition due to the way things were done back in the day so if you think you should have received a recognition for 10, 20, 30, 40 or 50 years then please email: dianne.wilde@plumbingworld.co.nz with the name and date you joined as a shareholder, and we can check for you.

PURPOSE

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

PART OF THE NZPM CO-OPERATIVE

plumbingworld

metrix