

THE CONNECTOR

NEWS 'N VIEWS FROM THE GROUP | OCTOBER 2016

CHAIRMAN UPDATE

I'm pleased to report that both our Plumbing World and Metrix businesses have continued to make good progress during the first half of this financial year, and we're now seeing the results of the initiatives that we've been implementing over the last 12-18 months.

One of those recent initiatives has been the Plumbing World "Go for Gold" programme, and those shareholder members with current trading accounts who have been purchasing our Astivita, Toto, Metrix, Pipe King and own brand copper products will be looking forward to their first 2% special rebate in November.

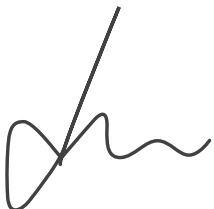
We also expect the financial results for the first six months of this year to be available in November, so to help keep our shareholder members apprised of our progress we'll be holding a reporting webinar for members that month. All shareholders are welcome and invited to join the webinar at **11:00am on Thursday 24 November** for the update. Details and information on how to register can be found on page three.

Metrix held a very successful Spring sale at their Auckland warehouse in September. With changes of fashion occurring constantly in the high-end bathroom sector, these sale events help to significantly reduce our stock obsolescence, and General Manager Garry Ivill and his team do a magnificent job in keeping on top of this.

Your board is also looking for ways we can improve communications with our shareholder members. Whilst we've increased the frequency of our Connector publications, we also recognise that most of you are probably bombarded with electronic communications, so we'd like to hear your views on what other types of communications suit you best.

Please feel free to send an email with your suggestions to info@nzpm.co.nz, and have a look at the newly updated NZPM Group website at www.nzpm.co.nz

Kind Regards,



John DeBernardo
Chairman



FINANCIAL UPDATE

2016 REBATE DIVIDEND

In early June, NZPM Group Limited (NZPM) announced an ordinary shareholder rebate dividend for the year ending 31 March 2016 of the higher of 2% of Grade-A Cash or \$300. The rebate dividend will be paid in cash on 28 October 2016.

Earlier this year, all ordinary shareholders received their graded cash letters to review. The cut-off time for this review process has now passed.

All ordinary shareholders who have Grade-A Cash and continued to be shareholders at 30 September 2016 should have returned their NZPM Rebate Dividend Authority Form to Cheryl Coulter, the NZPM Share Registrar. If you do not return the form, we will pay the rebate dividend in cash to the bank account that has been previously advised to NZPM. If you require any information on this process, please email Cheryl on cheryl.coulter@nzpm.co.nz or phone (09) 306-5545.

REBATE 2015 SHARES

The 2015 rebate dividend was paid by way of issuing Rebate 2015 Shares. These shares convert to Redeemable Preference Shares in three equal annual installments, with the first conversion completed on 30 September 2016.

The company also resolved to fully convert all share parcels below 1,000 Rebate 2015 Shares to Redeemable Preference Shares. This is intended to save compliance costs and improve flexibility for the company and shareholders. Redeemable Preference Shares receive a quarterly dividend of 6.5% per annum with dividends being automatically reinvested unless we are advised otherwise.

The Redeemable Preference Shares can be redeemed each quarter. The next quarterly redemption date is November 2016.

Shareholders wishing to redeem their shares need to advise NZPM's share registrar, Cheryl Coulter, in writing. Cheryl can be contact by email (cheryl.coulter@nzpm.co.nz), fax (09) 306-5540 or post (PO Box 137-151, Parnell, Auckland 1151).

Brett Cruickshank
Chief Financial Officer

A MESSAGE FROM PLUMBING WORLD'S GM

During my presentation at the AGM I outlined a number of the initiatives Plumbing World have in place to help increase market share and the returns to shareholders. I am pleased to be able to provide a short update on how a couple of these are progressing.

The "Go for Gold" initiative was launched on 1 August. This initiative provides all shareholders who purchase Astivita, Toto, the full range of Metrix products, Pipe King and our own range of copper a special 2% rebate which is paid quarterly (so long as your trading account is current). The first quarter finished at the end of September, so shareholders eligible for a rebate will have this paid in November. We have made it really easy for you to identify the products – they have a GOLD sticker on the price tags or product bins.



The building work has started on our new Hornby site and is expected to be ready for PW to move into in March 2017.

We have identified a new site in Invercargill for relocating our existing branch to and are currently negotiating with the landlord.

Thank you for the continued support of your cooperative - it is appreciated.

Regards,

Rob Kidd
General Manager Plumbing World



WEBINAR INVITE

John DeBernardo and Brett Cruickshank would like you to join them for a webinar. They will be discussing the 6 Monthly NZPM Financial result.

DATE: Thursday 27th November 2016

TIME: 11am NZDT

<https://attendee.gotowebinar.com/register/8005415896906882306>

Please click on the above link to register for this webinar and follow the required instructions.

DIRECTOR'S POINT OF VIEW

I love to read and I am a big believer in continuous learning. I decided that reading a steady diet of trashy crime thriller novels was not doing much to contribute to my ongoing quest for new learnings and insights. So a few months ago I made a deal with myself that I will alternate my reading between fiction and non-fiction. This means that I now have a much more 'balanced' and varied reading diet. I purchase most of my books online and read them electronically but even with this being much cheaper than buying physical books, feeding this habit can be quite expensive so I sometimes go back and read books that I have read before. This is how I came to be re-reading "The 21 Irrefutable Laws of Leadership". In the book the author tells a story about when he was leading an organisation and he made three major decisions and implemented them quickly, bypassing his usual consultative process. Almost immediately there were rumblings of disquiet in the organisation. He was confident that the changes he had implemented were beneficial to the organisation so his first reaction was that everyone should get over it and move on. Very quickly he realised his mistake, it became apparent he had eroded the relationship of trust he had with his stakeholders. As I read this story I saw the glaring similarities to the reaction by some NZPM Shareholders to the Board's recent decision to admit builders as NZPM shareholders.

So did we make the right decision? - I believe so. Did we have the right to make the decision? - yes; and it is appropriate that the Board should retain that right as was confirmed at the AGM. One of the most important responsibilities of Directors is to continually improve their organisations and this requires change. As directors we need to make sure NZPM embraces change, desires it and implements it well; while acknowledging change is the price of progress and it's not always easy to live with.

The discussion at the AGM was a valuable opportunity for the Board and management to listen to Shareholders; to hear how you felt about the decision and how you felt about the process. The learning for me is - the decision was right but we could have balanced the need to manage the commercial sensitivity of protecting our customer base and improved the communication to shareholders through and after the decision process.

We are reviewing the feedback from the shareholder survey at the next board meeting and one of the key discussions will be as to how we can communicate better with all shareholders and other stakeholders. We need to improve....we will improve.

I would also like to take this opportunity to thank all of you who I have met to date for welcoming me so warmly into the NZPM family. It has been an exciting and challenging first year on the NZPM Board for me and I look forward to meeting more of you over the next year.

Linda Robertson
NZPM Director



INNOVATION FROM VALSIR

TROPEA S IN-WALL CISTERN

Metrix has launched the first cistern in the world that is specifically designed to reduce noise generated during flushing and filling.

The new soundproofing plastic designed and developed by Valsir lowers the perceived noise of the Tropea S by up to five times compared to the most widely used cisterns in the market.

Innovation continues in the materials used in the inlet and flushing valves: both the inlet valve and isolate valve are certified at the top of their category in terms of noise emission; and the inlet and flushing valves are made from a new special plastic that minimizes the formation of calcium and lime scale build up, making it less likely for the parts to jam.

The internal workings have been made easier for Plumbers to service, with the number of components reduced to only six.



MECHANICAL PUSH PLATES

Valsir matches its cisterns with a series of mechanical push plates that offer a meticulous and clean style, and are manufactured in various finishes using ABS or metal.

In addition to the mechanical push plates a complete series of pneumatic push buttons is available. Valsir in-wall cisterns are designed and manufactured in Italy. The new Tropea S is now available through Plumbing World stores.

New ABS
Mechanical
Push Plates



New
Pneumatic
Aluminium
Push Buttons



NEW PRODUCT - dBLUE ACOUSTIC PLUMBING SYSTEM



Marley offers the dBlue plumbing system which is suitable for sanitary and drainage applications.

This system also has high temperature resistance, so is ideal for use in circumstances such as commercial kitchens.

- Lightweight
- Resistant to waste temperatures (up to 90° down to -10°) and chemical compounds
- No lagging required
- 100% recyclable
- 10 year warranty

Take a look at this short, informative video which includes a time comparison for installation of dBlue vs. traditional systems with lagging: <https://youtu.be/EsGw3b2rqXo>

CONZTRUCT TRADESHOWS

In association with CMS, J.A Russell and Carters, Plumbing World has one round remaining of the Conztruct Tradeshows with our key suppliers. There has been good support from tradesmen, architects, and specifiers learning about some fantastic new products and innovations just released to the market.

ROUND 6

November 15th - Dunedin, Edgar Centre

November 16th - Invercargill, ILT Stadium Southland

November 17th - Queenstown, Queenstown Event Centre

All events are held between 4-7pm so you have plenty of time to see the stands and there's some fantastic prizes up for grabs!

Make sure you get along to the tradeshow when it hits your area – for more information, and to register, visit www.conztruct.co.nz

YOUNG PLUMBERS CLUB

The Grand Prix Series Showdown was an absolute hit with the Young Plumbers of Wellington area through August and September. Each contestant representing their branch, racing their hearts out, pedal to the metal; all competing for a spot in the final! The pressure was on and the finals were intense. A close race for 1st, 2nd and 3rd, but it was Chris from Flow Plumbing Wellington who took out the title.

There was a good turn out and it is great to see everyone getting involved. Thank you for all the support and making this possible. Next on the cards for the Wellington area YPC, is our Casino Night which is sure to be another outstanding event!



PURPOSE

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

PART OF THE NZPM COOPERATIVE

plumbingworld

metrix