

25 October 2023

Market Announcements Office
Australian Securities Exchange Limited
Exchange Centre
20 Bridge Street
Sydney, NSW 2000

Dear Sir/Ms,

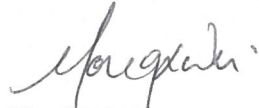
Waterco Limited (ASX Code: WAT)

Chairman's Address at the 2023 Annual General Meeting on 25 October 2023

Please find attached a copy of the Chairman's Address to be given at the 2023 Annual General Meeting of Waterco Limited at 3.00pm Australian Eastern Daylight Time on 25 October 2023.

This announcement has been approved for lodgement by the Board of Directors of Waterco Limited.

Yours faithfully,
WATERCO LIMITED



Sin Wei Yong
Company Secretary

About Waterco Ltd – www.waterco.com

Established in 1981 and listed on the ASX in 1989, Waterco (ASX: WAT) manufactures and distributes a diverse range of products for the international swimming pool and water treatment markets. Waterco is also the franchisor of Swimart, Australia and New Zealand's leading network of pool and spa retail outlets and is also the distributor of Zane Pool Heating solutions via a network of Australian dealerships.

Waterco delivers high quality, innovative products at exceptional value in over 40 countries. This includes a comprehensive range of swimming pool & spa equipment and chemicals as well as domestic and industrial water treatment equipment.

The company's head office is in Sydney, Australia with international offices, manufacturing plants and warehouses located in Australia, New Zealand, Malaysia, Indonesia, Singapore, China, USA and the UK.

CHAIRMAN'S ADDRESS AT 2023 ANNUAL GENERAL MEETING

The Annual Report for the financial year ended 30 June 2023 has been made available to shareholders and other interested parties, as usual. Included in the report was the CEO's Review of Operations for the year which provided a summary of our operations and touched briefly on the outlook for the year ahead. I shall, therefore, avoid repeating what was written there and, in this address, I shall focus on providing more information on the factors that will influence our outlook for the financial year ending 30 June 2024.

We have completed the first quarter of trading in the new financial year. This quarter's result saw an increase of 42% in Group external sales compared to previous corresponding period. The increase in sales comprises the inclusion of one month of Davey's sales revenue since the completion of the acquisition of Davey on 1 September 2023. Although it is too early to tell of what contribution Davey will make to the Waterco Group for FY24, it is worth noting that Davey Group Sales for September 2023 exceeded the previous corresponding months sales. In a full year, we have expectations that with a successful integration of Davey into Waterco Group (and assuming no impairment of market share), Waterco Group sales is likely to double of the previous financial year. At this stage, it is too early to forecast whether this will occur as there are 9 months remaining in the Financial Year.

This quarter represents the pre-season in Australia and New Zealand and the end of the season in the northern hemisphere. Overall, our ANZ Sales for Waterco (excluding Davey) for the first quarter exceeded the PCP by about 4% which is reasonable given interest rates are sitting much higher than they were one year ago and input costs including wages and energy have recorded significant increases over the last 12 months.

Margins were not to expectations because of a U.S. Dollar which continues to grow stronger against all major currencies (especially the Australian Dollar) resulting in higher input costs. However, these input costs have been kept partly in check by a drop in shipping rates to below pre-covid levels.

Sales in North America and Europe overall are in line with the previous corresponding period.

In light of the continued global uncertainty brought about by current global conflicts and increased input costs (especially energy) on a Global Basis, the Board have decided not to issue a profit guidance for FY24 until economic conditions have returned to normal. However, we are quietly confident of the profitability of the Group for FY24.

Fundamentally, our operations have not changed. We continue to pursue innovation and improvement in our share of the water-treatment sector. There has been steady progress in these areas in the past few years and with the acquisition of Davey, we expect to see that continue with the exploitation of new synergies from the combined group.

I would like to thank Waterco's shareholders for their continuing support, and my fellow directors, the management and the employees for the efforts they have put in during a very challenging year.