

Connector

News and views from the co-operative.

Chair update.

In early November, we delivered the first of our NZPM Shareholder Business Training days in Wellington. This free one-day training session—exclusively for our shareholder members—covered a range of useful business subjects including Credit Control, Marketing, Technology, HR, H&S, Procurement, Governance and Finance, and was well received by the attendees. The next sessions are planned for 21st February in Christchurch and 19th and 20th March in Auckland, so keep an eye out for those events early in the New Year. Following those sessions, we'll also be providing webinar segments from the presentations on our website for those members who can't make it to the training days.

Whilst on the subject of websites, NZPM has recently upgraded our website to provide a better user experience, as we recognise that members increasingly want to connect with us through digital channels. The new site has a number of additional features, and we expect more shareholder and co-operative functions and information will be added over the forthcoming months, including a portal for members to access their own shareholder data. Please take a visit to the new site and let us have your

feedback on ways we can improve this for the future: www.nzpm.co.nz

One of the features on the new site is a tab called 'Community', and that provides information on the work we're doing around our co-operative eco-system. At our November Board meeting the directors approved our new NZPM Co-operative Social Responsibility Policy and many of the key elements of this policy such as our values, people, community and environment are included in this section of the site. Both the board and management understand that our broader social responsibility goes well beyond our earlier sustainability and community efforts, and accordingly we've introduced this new policy to more strongly align with our co-operative ethos.

At the end of November, we also published a special edition of Connector with our results for the first half of the financial year, and it was pleasing to report sales for the six month period to 30 September 2019 were \$128.1 million, an increase of 6.7% over the prior year comparative period. Our operating earnings of \$5.8 million dollars reduced by \$0.3 million from the prior year comparative period due the significant level of investment we've been making

in technology, the increase in our cost base to support our exclusives and own brand products programme, and the initial costs incurred in opening three new branches.

Whilst NZPM continues to maintain a healthy level of sales growth, the co-operative is



Chair update continued.

making significant investments in these operating initiatives for the benefit of our customers and members, and they will continue to put downward pressure on our earnings. We recognise however, this programme of investment is critical for our future growth and success.

Lastly, as this is our final Connector for 2019, I'd like to acknowledge my fellow directors and all of the fantastic

people in our NZPM, Metrix and Plumbing World businesses who contribute to the success of this great co-operative. Likewise, I'd also like to thank our shareholder members who understand the real ethos and value of belonging to a co-operative company, and who continue to support us every day with their business.

On behalf of the NZPM Group I wish all of you and your families

a safe and enjoyable Christmas and New Year.

Kind Regards,



John DeBernardo
NZPM Chair

House of the Year - Bathroom Excellence Award.

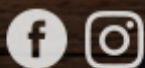
Plumbing World once again supported the Bathroom Excellence Award at the Registered Master Builders House of the Year National Gala event, held in Auckland on 23rd November. The Bathroom Excellence Award is an award judged on how the build best meets the lifestyle and family needs of its owners. 2019's award was won by Gregg Builders from Christchurch. Photo below of Sarah Vining, Plumbing World's National Marketing Manager with Colin Gregg.



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Bowel Cancer
NEW ZEALAND

A word from Rob Kidd.

Another year is all but done and dusted and I thought this issue of Connector would be a great time to reflect back and see some of the excellent progress we have made at Plumbing World over the past twelve months to help create value for our NZPM shareholders.

- We have opened four new stores; one each in Cromwell (Central Otago), Kumeu (West Auckland), Bream Bay (30 minutes south of Whangarei) and Onehunga (in Auckland).
- We have a new branch planned for Twizel which will open in the New Year.
- We launched the pwGO App in September which is making purchasing of products from Plumbing World so much more efficient for those customers using it.

- Development of pwGO Online (to replace the current tradepass trade portal) is well advanced and should be ready for launch in March 2020.
- We have over 1,300 people in the Young Plumbers Club which bodes well for the future.
- Plumbing World moved into the new Plumbing World/Metrix distribution centre in Wiri in June — the new DC is designed to support the growth of our imports programme over the coming years.
- We have approximately 240 people signed up for Beijing which will be a fantastic trip in May next year.

Thank you for your support of Plumbing World during 2019 — 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
Plumbing World GM



Director's point of view - Mark Whitehead.

By the time you get to read this, Christmas will almost be upon us all. We say it every year, but I don't know where the year has gone — 2020 is fast approaching!!

As a NZPM Board member we get the opportunity to see our co-operative at various levels. The people we have within NZPM do a fantastic job in managing the myriad of activities that make our co-operative different from those other plumbing merchants. Whether it be in branch-land, dealing face-to-face with shareholders and customers, or at management level dealing with those areas that make the business tick, e.g. Marketing, IT, Human Resources etc.

NZPM is investing heavily in technology and training. The new purchasing app, pwGO, has been developed by our Digital and Technology team

revolutionises the ordering process. We are using it within our plumbing business to give us ordering efficiencies, help to get gear to site on time and reduce the amount of time my team spend at branches — something I can certainly recommend to you all. Other new technologies will progressively be introduced that will simplify doing business with our co-operative and I would encourage you to assess if these technologies are good for your business.

The Board has signed off on a member training initiative called Shareholder Business Training. Those who attended the first course in Wellington covered a broad spectrum of ages and stages within their business, but all came away with learning something new. Any training can only but be beneficial in these changing times with more compliance and technology

moving at such a fast rate. This initiative gives members tools on how to improve their businesses, challenges them to work on rather than in their business and helps foster relationships with fellow co-operative members.

On behalf of myself and my fellow Board members I trust you have a fantastic Christmas and look forward to a prosperous 2020.

Mark Whitehead
NZPM Director



Shareholder Business Training Day in Wellington.

One of the seven Rochdale Principles for Co-operatives is Education, Training and Information of members. It states that co-operative's must provide education and training to their members so they can contribute effectively to the development of their co-operative. Over the past 10 years, NZPM have held various training and workshops for our Shareholders, such as Business Development Courses, Profitable Tradie workshops (Plumbers Coach) and Health and Safety courses.

Recently we have offered all our members a 20% discount on all MPA training courses and we have now just trialled a Business Training day in Wellington in early November for members who chose to attend. We used internal NZPM and Plumbing World employees who are subject matter experts in their respective areas of influence to present all the training.

Overall this Business Training day proved to be a huge success and we presented following topics:

- Governance and Director's Duties
- Health and Safety
- Finance
- Human Resources
- Marketing and Social Media
- Credit Control
- Buying Smarter within the Co-operative
- Digital and Technology – what does the future look like

87% of attendees said the course was just right the length and all 100% of attendees said the course was valuable for their business learning. We now look forward to conducting this Training Day in the New Year in Auckland and Christchurch too.



Keep an eye out for Auckland and Christchurch Business training days in the New Year.



Bowel Cancer Fundraiser.

Plumbing World's Northern Region threw an 80's and 90's themed employee and supplier charity quiz night which saw seven teams from across the region show up in some amazing costumes, ready to win some prizes and raise money for Bowel Cancer NZ.

All together from the raffle, auction and donations made throughout the night, they managed to pull in over \$2,000 for Bowel Cancer NZ.

Pictured left is Marin Clayton and Moss Hill presenting Sue from Bowel Cancer NZ with their donation.



Metrix Update.



The Metrix showroom in Parnell is very busy and is experiencing excellent growth in sales of Metrix's high-end bathroomware brands.

We have a team of five dedicated and expert sales consultants, led by Lorelei Prendergast. Lorelei and her team are regularly dealing with clients who are building their multi-million dollar dream homes.

Of our five consultants, three were born outside of NZ. Arezou is from Iran and has been with Metrix for three years. Anca started with us this year and is from Romania. Ronita is Fijian Indian and also started with us this year. Both Anca and Ronita came to us from a previous supplier, so already have valuable industry knowledge. Rikki-Leigh is from Auckland and has been part of the team for five years, while Lorelei is from Christchurch and has done four years service with us.

In 2020, we will undertake a modest upgrade of the Parnell showroom. We'll keep you posted on progress, and introduce two interesting new product categories — steam showers and in-home saunas.

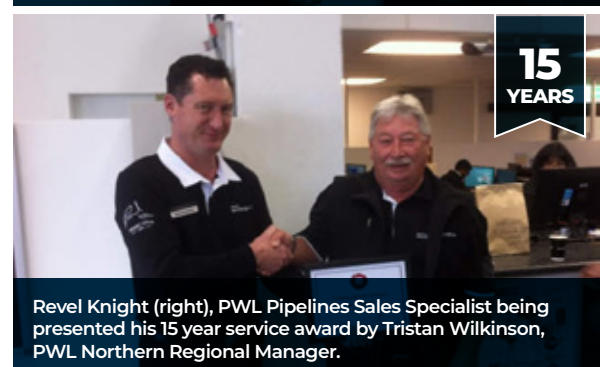


Shareholder loyalty.



We love celebrating your loyalty to our co-operative and it's great to see shareholders being acknowledged.

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plumbingworld.co.nz/pwgo



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Here's how...

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- Easy to use and navigate
- Great search functionality
- View product specs and safety data sheets
- Manage and save your favourite products with custom lists

Download and register your trading account to start ordering on the GO today!



MERRY Christmas

From all of us here at NZPM, Metrix and Plumbing World, we would like to wish you and your family a safe and happy Christmas.

We look forward to working with you all in 2019.

NZPMco-operative

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NZPM's Mission

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

Part of our NZPM Co-operative
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