

# Connector

News and views from the co-operative.



## ***Chair's update***

Last month we published an Interim Report edition of Connector with our results for the first half of the financial year, and it was significant that we realised \$144 million in revenue for the six-month period to 30 September 2021, whilst operating through a range of COVID-19 Alert Level restrictions across the country. This was a 16% increase in sales from the prior comparative period, and helped realise a 9% lift in operating profit (before net finance costs, dividends, rebate dividends and taxation) to \$9.3 million when compared to the same six-month period last year.

Despite these stellar results, the prolonged lockdown in Auckland and varying levels of restrictions have proved incredibly challenging for both our staff and our customers, and whilst some conditions will ease as we move into the 'traffic light' system, there remain several headwinds facing both the business and the wider economy in the coming year. These include the threat of further Covid variants, rising inflation, sourcing and retaining human capital, and the ongoing stresses on product supply chains. On the latter point, our people have performed exceptionally well in managing continuity of supply for our customers, despite a number of suppliers struggling to provide

clear answers to our staff in the manner we expect, which in turn is causing frustration for everyone.

With a strong balance sheet and clear strategy your Board remains confident that we have the right direction and people to manage these challenges, and also to continue to grow and develop the co-operative for the benefit of our members. We are well advanced with the preliminary stages of our digital and technology scoping project and expect the board will be in a position to review and progress an evolved digital strategy for NZPM during 2022. Both the Board and Executive recognise that accelerating our digital strategy is imperative for the future of the co-operative and are excited by the opportunities in front of us.

Likewise, the Board has recently approved our updated property strategy to continue the acquisition and development of key strategic locations around the country in an orderly manner, and this will include construction next year of a new Plumbing World branch on the land we previously purchased in Drury, South Auckland. That project will include sub-division of the site, and construction of a second separate office and warehouse building that we will offer for market lease or sale according to our future needs. Our programme of branch upgrades will also continue as scheduled, including the nationwide roll-out of the branch merchandising improvements that are already well under way.

On the shareholder front, we've now crossed over the membership milestone of 1,000 ordinary shareholders, as the steady trend of sign-ups continued through October and November. That bears strong testament to both our service and value proposition as a co-operative company and remains one of the key differentiators from our competitors. This viewpoint was well supported by the recent Co-operative Business NZ "New Zealand Co-operative Economy" report which has placed NZPM Group in the Top 5 of wholesale and retail co-operatives in New Zealand.

Lastly, as this is our final Connector for 2021, I'd like

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## Chair's update cont.

to acknowledge the support of my fellow directors and all the fantastic and dedicated people across NZPM who contribute to our success. Equally, I'd also like to thank our loyal 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 your 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



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## A word from Rob Kidd, CEO

Wow, what a year!

As we reflect back, it's fair to say that during the first half of the year, life was close to the new normal, however, I'm sure we will all be pleased to see the second half of the year behind us.

As we approach Christmas and the New Year holiday season while navigating our way through the new Traffic Light System, it's vital that we all find those family and personal things that are important to us and try to include them in our plans.

The year has also been a very busy one for the co-operative and we want to thank you very much for your support of NZPM, Plumbing World and Metrix during the past twelve months — together we have had a very good year.

When you buy from Plumbing World, all of our profits go back to your 100% New Zealand owned NZPM co-operative.

When you buy from Plumbing World, you are supporting your region, wider communities in NZ, and your co-operative is able to provide

you profit rebate dividends which can also further support your family and local community businesses.

Our stores are fully supported with a service proposition which includes an excellent range and quantity of inventory, outstanding delivery offer, the pwGO App and pwGO Online digital ordering and business management tools, and staff who know what they are doing; all of which is designed to provide you and your business the service, efficiency and extra productivity you require.

Thank you for your support of NZPM, Metrix and Plumbing World (the only 100% trade owned plumbing merchant in NZ) during 2021 and we look forward to continuing to work with you to ensure your co-operative continues to be strong and resilient through the months and years to come.

On behalf of everyone at NZPM, we wish you a Merry Christmas, great holidays, a safe and wonderful New Year and look forward to seeing you in 2022.

Regards,  
Rob Kidd  
NZPM Chief Executive Officer





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## Director's point of view

Merry Christmas everyone.

Another challenging year is almost at a close. The degree of uncertainty coupled with constant change in restrictions, along with supply chain issues has led this to be one of the most stressful trading times we have encountered. While trading has been buoyant, keeping up with demand and stock shortages has placed pressure on people in all our businesses and Plumbing World and Metrix are no exception. Huge credit and thanks must go to all our teams for their diligent efforts.

As Chair of the Board's Health and Safety Committee we have maintained a strong focus not only on keeping our people safe but also their wellbeing. The everyday stress levels can be much higher for us all. There is much we can all do to help ourselves and those we connect with during our working day. Its amazing how much a simple please and a thank you can help — recognise good or great service when you see it. A little positivity goes a long way, encouraging even better service. The best customers get the best service.

The Health and Safety committee have several key focus points throughout the year as part of the standard work plan. Things like ongoing seismic survey of all our premises, ensuring they are fit for purpose, fleet coach driver training to equip our people with the necessary skills, branch safety inspections carried out by the Board and Senior Leadership Team, and Health and Safety hazard reporting, and performance monitoring. Along with introducing the 5 Ways to Wellbeing program, NZPM has implemented the Resilience program aimed at building strength in our people, giving the tools to cope better with the everyday pressures of the workplace.

Please take time over the break to recharge and stay safe.

Peter Faul

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## Redeemable Preference Share dividend rates

Dividend rates for Redeemable Preference Shares issued by NZPM Group Limited (NZPM) are set in advance of each quarter by the board.

The board has recently reviewed the dividend rates on offer for our Redeemable Preference Shares which included receiving independent advice from Bancorp and benchmarking the rates to market data on dividend yields for similar investments and concluded to increase the rates with effect from 1 December 2021 to the following levels:

- Quarterly fixed dividend period — 5.0% per annum
- Two year fixed dividend period — 5.2% per annum
- Three year fixed dividend period — 5.2% per annum
- Four year fixed dividend period — 5.2% per annum

NZPM will continue to monitor market dividend yields for similar investments and will continue to take advice as required to ensure that we are offering competitive returns to our investors.

NZPM thanks all shareholders for their continued support of the co-operative.

Brett Cruickshank  
Chief Financial Officer







## **Metrix update**

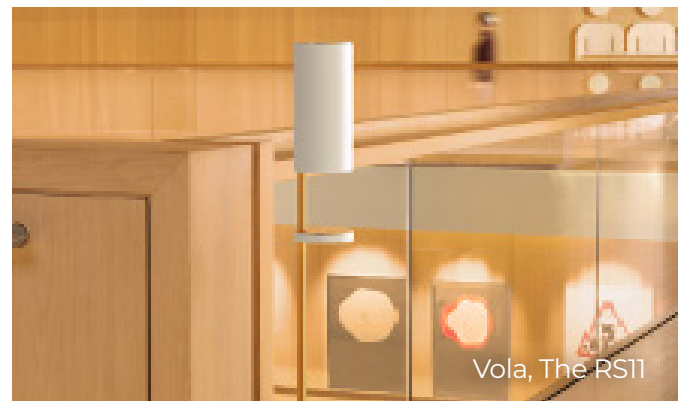
Metrix continues to lead the way with new innovative products that offer a stunning aesthetic combined with the best in European technology. Metrix product is on display at a wide range of Plumbing World stores but for a full Metrix experience our flagship store in Parnell is the perfect place to send your clients – we can also do a Zoom consultation so they can experience a walk around the showroom if you are outside the Auckland region.



Duravit, White Tulip by Starck

With White Tulip, Philippe Starck has created his first complete bathroom from a single source. The unusual shape of all components in the range follows the organic silhouette of a blooming tulip and unfolds in an almost sculptural way. Philippe Starck has devised two style collections for White Tulip, each opening up a variety of design opportunities: “Nature” for fresh, naturally inspired bathrooms and “Culture” as an expression of urban sophistication.

With the current emphasis on impeccable hygiene, Vola has introduced a new hands free, hand-sanitiser which offers the Danish brand’s trademark elegance and quality — perfect for commercial spaces and a safe welcome to visitors.



Vola, The RS11

As we finish another busy year we would like to take this opportunity to thank you for your continued support of the Metrix business, and look forward to working with you again in 2022. We wish you a safe and relaxing Christmas break.

Karin Cunningham  
*Metrix General Manager*

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## **Anti-Money Laundering**

As an issuer of securities, NZPM Co-operative must continually comply with The Anti-Money Laundering and Countering Financing of Terrorism Act 2009.

We are now asking all of our shareholders to update their shareholder identity verification information to comply with the anti-money laundering (AML) aspect of the Act.

To meet this obligation, we are using our share registry system to complete this requirement electronically. We will send the primary shareholder an email and follow this up with a text to your nominated mobile phone with a link to complete the verification. This link is valid for a week, but

once started you need to complete the process in one sitting.

The verification needs to be completed by the primary shareholder who will need their driver licence or passport to complete the verification. The shareholder will also need to use the camera on their phone.

If you have any trouble with completing this verification process, please contact our Share Registrar Lauren McEniery [shares@nzpm.co.nz](mailto:shares@nzpm.co.nz).

Thank you in advance for completing this process.

Brett Cruickshank  
*Chief Financial Officer*

# Social Responsibility

## Food Bank donation

Keeping your family fed and healthy is a challenge for some people and meeting the level of demand for the Foodbank at Christmas is a constant battle. Plumbing World Support Office held weekly BBQ's during November in exchange for donations of food which were greatly received by the local Salvation Army.



## Gumboot Friday

Gumboot Friday raises money to support the I AM HOPE charity who offer counselling support to young people. The fund raising effort was made more challenging this year due to the pandemic restrictions.

Plumbing World has donated \$2,000 to support the fundraising efforts of our customers and staff.

This money will go towards counselling for young kids. At present, our youth are having to wait about 10 weeks for mental healthcare in the public health system. Thanks to the Gumboot Friday Fund, counselling is available in 6 days. This is a huge help for our youth at risk so thank you for your contribution.



## Shareholder loyalty



Willcox Plumbing



McLellan's Ltd



Mr J M Price



## #23 Beat the big C

### Don't wait for a reason

Some of New Zealand's most dangerous cancers are the ones we don't like to talk about. So we're lending our support to help raise awareness about prostate, bowel and gynaecological cancers.

And remember, if in doubt, get it checked out! You can find out more at [plumbingworld.co.nz](http://plumbingworld.co.nz)



## YPOTY 2021

At the beginning of December we were finally able to hold our last Young Plumber of the Year Regional Final for the 2021 Competition which was the Waikato/Taranaki region. Thank you to everyone for supporting the event and navigating pandemic restriction protocols at this very busy time of year.

Congratulations to Cody Hall who is employed by C F Reese Plumbing Ltd, Hamilton, a third generation tradie whose family has been part of the co-operative in previous years. The overall standard of the competitors continues to be very high and there was not much separating our top three on the night with the theory really pushing our competitors' knowledge.

A huge congratulations to all of our National finalists and a massive thanks to all competitors, employers and valued sponsors for bringing the competition to this stage – planning is now in full swing for our national final scheduled for Saturday 19th February 2022 in Hamilton!

Congratulations to the Regional winners who will now go through to the **national Final in February 2022**. Our two national final wild cards will be announced shortly.



**Sam Sonneveld** — Green Plumbing & Heating  
Auckland Metro

**Blake Patrick** — Crowe Plumbing  
Northern

**Haven Bellamy** — Bell Plumbing Ltd  
BOP/Central Plateau

**Cody Hall** — C F Reese Plumbing Ltd  
Waikato/Taranaki

**George Wrenn** — Plumbers HB Ltd  
Lower North Island

**Nick Sillars** — Straight Flush Plumbing  
Wellington/Marlborough

**Andrew McKerchar** — McKerchar Plumbing & Gas  
Canterbury/West Coast

**Akida Shimamoto** — HiFlo Plumbing  
Southern



### NZPM's Mission

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

Part of our NZPM Co-operative  
[plumbingworld](http://plumbingworld.co.nz) | [metrix](http://metrix.co.nz)