

Connector

News and views from the co-operative.



Chair's update

Thank you to all our co-operative members who attended our recent Annual Meeting weekend in Rotorua, and to those who joined the Annual Meeting on-line. This was our third year holding a hybrid annual meeting, and whilst the shareholders who travelled to Rotorua this year clearly enjoyed the camaraderie of the physical event, there's undoubtedly also a growing number of members around the country who are looking at digital meetings as an important component of our future landscape.

Our Annual Meeting attendees were provided an overview of what was the biggest ever financial year in the history of our co-operative from the Board Chair, CEO Rob Kidd, and CFO Brett Cruickshank, including updates on the future and outlook for NZPM, Plumbing World and Metrix. Some of the highlights from the annual review section of the meeting presentation included:

- Recognition of our hard work and success in receiving the award as 2021 Co-operative Business of the Year.
- A financial overview outlining the 16% increase in group revenue for FY2022, with a corresponding rise in operating profit (earnings before net financing costs, dividends, and taxation) of almost 14% to \$23.8 million.

- Our ability to maintain consistent margins around 30%, and core operating and capital return metrics including our earnings to revenue ratio at close to 8%.
- Net membership growth of 6.8% — up from 5.8% growth the previous year - that saw us reach 1,012 ordinary shareholder members by year end, comprising around 90% plumbing related businesses and 10% builders.
- Confirmation of the FY2022 rebate dividend of 8% of A Grade Cash, including the normal base rebate initiative that will pay out a minimum \$300 to all Ordinary Shareholders.
- Our commitment to re-investment in the co-operative through our people, our network and our technology programme which will see our core computer system upgraded to Microsoft Dynamics 365 over the next 2-3 years.
- 2021 NZPM Future Governance appointee Sarah Jamieson provided a short address recapping her year participating in the programme, and thanking the shareholders for that opportunity.

- Joe Calkin from Hamilton was announced as the successful appointee for our 2022/2023 Future Governance Programme.
- Our Ordinary Shareholders were able to vote prior to, on-line, during the meeting, and approved a range of resolutions:
 - The minutes of the 2021 Annual Meeting were confirmed (33 votes/100% for)
 - Mr Peter Faul was re-elected as a director of the company (62 votes/97% for)
 - The Directors remuneration pool was approved at \$563,250 per annum (59 votes/87% for)
 - Deloitte were re-appointed as the company's auditors (64 votes/97% for)



Joe Calkin – 2022/2023 Future Governance Appointee



Peter Faul – Re-elected to the NZPM Board

In concluding the meeting with our forward outlook, we noted that NZPM emerged in extremely good shape from the challenges of the last financial year, and this has positioned us well to accelerate our strategies for the future. We're conscious of a range of headwinds that will undoubtedly affect our results for the current year, however we're also confident in the near term prospects for the construction and housing sectors that underpin our business.

Likewise, your board and management remain confident that our co-operative has the right

strategy, leadership, and culture to deliver on its full potential, whilst remaining well prepared to respond to ongoing operational risks. Equally, our consistently strong performance will ensure that NZPM can continue to look to the future with confidence, and our co-operative will remain a sustainable long-term value proposition for our members.

Kind Regards,
John DeBernardo
NZPM Chair



Director's point of view

August was a significant month for the co-operative for a couple of reasons. Our shareholders received their notices of the back-to-back 8% rebate dividend and we held our first full in person Annual Meeting in a couple of years in Rotorua. While the weather made it challenging for some people to get there, it was a great success.

As Chair of the Membership Committee, I believe that the continued growth of our membership base, which eclipsed the one thousand member threshold in March, was a significant milestone for the co-operative. I can also report that we have continued to add a good number of new members in the first five months of the new financial year.

This is great news for NZPM for a number of reasons. Firstly and most obviously, new members and an increased share of wallet from existing members support economies of scale for the co-operative. We believe that our solid balance sheet and level of earnings to support rebate dividends and other membership offers are core attractions to hold and improve our value to all shareholders.

An important longer-term benefit to NZPM's membership growth is the younger demographic of new businesses entering the market and supporting the co-operative. My membership committee colleagues and I make it a point to ring all of these new business owners to not only welcome them in person but to hear a bit about their story, where they are, and ultimately where they want to be positioning themselves in the future. It's great to be able to talk them through some of the benefits available to them, not only about financial and service benefits but also other areas of interest including professional development.

An interesting statistic about these new shareholders are that approximately forty percent are made up of new businesses, thirty percent have made the decision to become a member and change suppliers for one reason or another and the remaining thirty percent are for a combination of reasons.

Ultimately, growing our membership base with younger members bodes well for the co-operative in an industry with an average age of 54 years old. So while it was great to again meet up with a lot of the old faces in Rotorua, it was refreshing to see a number of new ones. I hope that a few more of you will be able to join us in August next year in Christchurch for the 2023 Annual Meeting where you will hear about our growth strategies for this great business along with supporting our younger members develop positive relationships with fellow members.

Finally, I would like to thank both our staff and our wider shareholder base for your networking efforts to assist these new members to make a great decision and join our co-operative.

Regards,
Craig McCord



CEO update

It was great to see so many of you at the NZPM Annual Meeting a couple of weeks ago.

For those of you not able to attend, the weekend started with the formal Annual Meeting presentation on Friday followed by social functions to celebrate what has been the best year in the history of the co-operative. We delivered:

- Record sales;
- Record profits;
- Significant growth in shareholder numbers (now over 1,000); and
- Great progress on our social, environmental and sustainability initiatives.

All these, led by the dedication of our team, helped to deliver the back-to-back 8% rebate dividends for Ordinary Shareholders, which will be paid in September.

Earlier this year, we completed our business and technology review which reinforced the importance of NZPM continuing to invest quite significantly in Digital and Technology platforms to help improve internal business efficiencies and productivity, while at the same time improving customer digital connectivity to help make dealing with PW and Metrix that much easier and more efficient for you.

Fundamental to these solutions will be a significant upgrade of our core technology platform from the current legacy system to a new Microsoft Dynamics 365 based system that will enable us to realise our strategic objectives.

The selection of this new technology represents both a significant milestone and investment for our co-operative and will be spread across a two-to-three-year period as we develop and deploy the technology and reshape parts of the business for the future. Overall, this will be a progressive and gradual implementation, and accordingly, we don't expect that our customers will be impacted at an operational level, except where the various customer facing components deliver the benefits of smoother and more frictionless transacting.

In parallel to the core system changeover, we will continue our investment in pwGO.

We are seeing the uptake of tradespeople using the pwGO App and pwGO online platforms steadily increase, with more than 5% of our revenues now transacted through these mediums.

Users of pwGO are reaping several benefits including more efficient ordering, along with viewing and downloading product specifications, and generally enabling their businesses to operate more efficiently.

We are currently trialling pwGO Express with a broad group of customers in about thirty branches across the Plumbing World network.

pwGO Express enables you or your tradespeople to walk the aisles in a branch and purchase product by scanning QR codes on the product bins, entering the number of units you are purchasing, with the information automatically uploading into our main computer system.

This process means that we don't need to rekey information at our counter. We simply do a quick check of what you are purchasing, and you will be on your way saving valuable time and money.

While the fundamental value propositions of our co-operative remain attractive, we will continue to look for new opportunities along with refining our existing service offers to help NZPM continue delivering sustainable shareholder value.

Thank you for your continued support of our great co-operative and we look forward to working with you as we build on the already strong platform that has been established.

Regards,
Rob Kidd
NZPM Chief Executive Officer

Port Douglas 2024 Overseas Trip

It is with great satisfaction that we can finally announce another fantastic destination for you to enjoy as part of our successful Overseas Trips Programme. It has been a long time since our last trip to Fiji in 2018. So in May 2024 we will be taking you to the stunning destination of Port Douglas in Australia.

Port Douglas is in the far north of Queensland and is renowned for its World Heritage listed Great Barrier Reef, so of course our programme wouldn't be complete without a private trip to the Great Barrier Reef and all the beauty it has to offer.

We'll be staying at the beautiful Sheraton Mirage Resort Port Douglas which is perfectly nestled amid white-sand beaches and tropical gardens. The resort features over two hectares of swimmable, saltwater lagoon pools complete with cabanas, and a swim-up bar.

Port Douglas will be a great destination to kick start our Overseas Trips Programme again in a new world of travel post the pandemic.

Port Douglas will be our 20th Overseas Trip and 2024 is also our commemorative year for celebrating 60 years of being a co-operative, so register by 31st October 2022 and go in the draw to win \$600 off your package cost. There are 6 chances to win.

This will be another memorable trip experience and not to be missed, so we look forward to receiving your registration for 'Pearlers of Port Douglas'.

For further information or to register, please talk to your nearest branch manager, visit: www.nzpm.co.nz/shareholder-benefits/overseas-trips-programme, or contact Michelle Bingham; michelle.bingham@plumbingworld.co.nz, or call 06 350 1636.



Master Plumbers NZ Plumbing Conference

Three Young Plumbers Club members and their partners attended the Master Plumbers NZ Plumbing Conference in Rotorua. As well as attending business sessions, Master Plumbers and NZPM jointly hosted a lunch with the leaders of both organisations to support membership of both businesses. This was a fantastic opportunity for our young plumbers to network within the trade and everyone thoroughly valued the conference participation.



Pictured left to right are: John DeBernardo, Michele DeBernardo, Richard Barnes, Shannon Parker, Julian Parker, Briony Larsen, Brett Trilford, Jennifer Bates, Roy Bates, Greg Wallace and Rob Kidd.

NAWIC Awards

Plumbing World were the proud inaugural sponsor of the Helen Tippett Award at the recent National Association of Women in Construction (NAWIC) Awards held in Wellington.

NAWIC encourages women to pursue, establish and sustain successful careers in the construction industry. This award celebrates women who actively promote and encourage progression of women in the construction industry.



Vicki Rowland (second from right) our Key Accounts Manager presented the Award to winner Becky Cox.

Shareholder Business Training

We are pleased to announce that our next round of Shareholder business training days have been booked in the Bay of Plenty/Waikato areas.

Shareholders in this area will be invited to attend one of two sessions: Tuesday 18th October in Tauranga or Wednesday 19th October in Hamilton.

Timing is 8am – 3.30pm and will feature such topics as Governance, Health & Safety, Credit Control and Social Responsibility. Keep a look out for your invite in the next few weeks.

Social *Responsibility*

Blue September

We are supporting the Prostate Cancer Foundation by sponsoring their Blue September campaign which raises funds to improve the well being of kiwi men and their families.

More than 600 Kiwi men will die this year from prostate cancer — mates, fathers, sons, brothers, grandfathers, customers, co-workers. Blue September is the Prostate Cancer Foundation's annual awareness and fundraising campaign. Every cent raised during Blue September helps them to provide support, campaign for greater awareness, advocate for better diagnosis and treatment outcomes, and fund vital research.

Talk to your local branch to see if they are hosting a BLUE DO. Early detection is the best protection so if in doubt get a check up.



Shareholder loyalty



Richard Rea Plumbing Ltd



Prestige Plumbing Wellington



Kale Plumbing Ltd



Accurate Contractors Ltd



Plumbcraft Ltd



Warwick Kirwan Plumbing Ltd



Clark Plumbing Ltd



Steve Temple Plumbing & Gas Ltd



Comag Ltd



M T Carroll Ltd



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 | metrix