



Think gregory

04

Gregory Industries Limited



# Gregory Industries Limited **Annual General Meeting**

Sheraton on the Park  
161 Elizabeth Street  
Sydney NSW

25 November 2004



# Proceedings

Chairman's Address

CEO's Address

Formal Resolutions



# Gregory Industries Limited

## **Chairman's Address**



# Gregory Industries Limited

## **CEO's Address**

# Financial Performance 2003 - 4

GREGORY  
*ergonomic to the core*



- Sales Revenue                      \$14.8m + 10.4%
- Highlights
  - Strong sales performance from major direct customers including Westpac, IAG and AMP
  - Continued growth of the Distributor network driven by the strong Australian economy

# Financial Performance 2003 - 4

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- NPAT \$ .5m +384.0%
- Highlights
  - Wetherill Park factory with consistent seating capacity and on the back of good sales volumes was the mainstay of the profit performance
  - Bayswater factory acquired with Pluto Commercial Furniture in April 2002 continued to suffer from poor profitability arising from
    - Quality and lead-time issues with Systems projects
    - Capacity limitations for seating production with strong emphasis on in-house engineering for component parts
    - Antiquated information systems to measure performance
  - Continued growth of manufacturing and administration overheads with a policy of duplicated roles in Sydney and Melbourne



- Why the need for a reorganisation program?
  - Companies such as Boeing and General Motors have established the “worlds best practise” in manufacturing built around strategic outsourcing of component parts in the production process that are sourced “just in time” for the production line
  - The same principles apply in the office furniture market where the industry leaders including Steelcase and Herman Miller have substantial component outsourcing programs as part of their production process

# Financial Performance 2003 - 4

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- For Gregory Industries we must adopt worlds best practice to survive in an increasingly competitive market place
  - The Wetherill Park factory has had consistent seating capacity for 5 years but organic sales growth in the future will be dependant on doubling the seating capacity
  - The Bayswater factory has a number of problems on both the seating and systems production lines with capacity limitations and quality control issues that currently restricts the ability to achieve organic sales growth
  - The need to simplify the management structure following the Pluto Commercial Furniture acquisition is an important step to reduce overhead costs and improve profitability

# Strategic Business Objectives

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- Consolidate the Gregory brands
  - Develop a “one company, one culture” philosophy
  - Become an office furniture solutions company
  - Build on our ergonomic furniture origins
  - Expand into health and aged care specialist products that complement the ergonomic origins
  
- Organic sales growth
  - Targeted marketing and sales promotion
    - Distributor network
    - Direct customers
    - New prospects

# Strategic Business Objectives

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- Undertake continuous improvement processes
  - Managing sales channels to maximise sales opportunities
  - Increased production capacity from operations by outsourcing component parts
  - Reduction of corporate and administration costs by eliminating duplication of functions
  - Integration of the company information and communication network designed to reduce overall cost of voice and data services

# Strategic Business Objectives

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- Deliver improved profitability and return on funds employed
  - There is a short term cost from the reorganisation that will impact on profitability
  - The increased production capacity from the outsourcing strategy will lead to faster organic growth in revenue
  - Lower corporate overheads will improve profitability
  - Target EBIT of 10% of revenue for 2005-6

# Sales Growth Initiatives

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- Introduction of a National Sales structure with a focus on building organic sales growth within the major market sectors
  - Distributor Network
  - Top 500 Corporate
  - Government
  - Health & Aged Care
  - Architect & Designers
- Introduction of the 2005 Price List
  - New products & services
  - Competitive pricing

# Sales Growth Initiatives

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- Stronger management of sales channels
  - Consistent distributor pricing based on performance
  - Reduction in overall number of distributors
  - Clear policy on conflict management between the direct and distributor channel
  - KPI measurement of performance
    - Product Sales by market and category
    - Gross Profit by market and category
    - Gross Profit %

# Information System Initiatives

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- Introduction of a National Finance structure with a focus on consolidated information reporting of both product and factory profitability
  - Removal of duplicated functions in Wetherill Park and Bayswater through consolidation of payroll, accounts payable and accounts receivable management
  - Integration of the data and voice network between the offices and factories
  - Creation of a single ARROW information database from January 2005

# Information System Initiatives

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- Development of a CMRS System
  - All products will be priced using a measurable standard cost covering labour and materials
  - Factory productivity determined by variance analysis of labour and materials used in the manufacturing process
  - Profitability determined by product mix and capacity utilisation within each factory
- Creation of a suite of specialist management reports to enable staff to access information in “real time” and accelerate response times for critical decision making

# Operations Productivity Initiatives

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- Introduction of a National Operations structure for the Bayswater and Wetherill Park factories
  - Removal of duplicated order entry and purchasing functions by January 2005
  - Improving order scheduling to reduce lead times to 4 weeks
  - Reduction in warranty claims with stronger quality control focus
  - Introduction of water based gluing for both environmental and productivity benefits from November 2004
  - Increase the % of all seating ranges using stringing techniques for upholstering backs and seats by February 2005
  - Reduction of in-house engineering facilities with acceleration of component outsourcing to 90% by February 2005
  - Measuring KPI performance of these initiatives from January 2005

# Operations Productivity Initiatives

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- These initiatives will lead to an ability to increase the company's manufacturing capacity for seating to 250 per day from February 2005 therefore enabling organic sales growth and sustainable profitability to be achieved

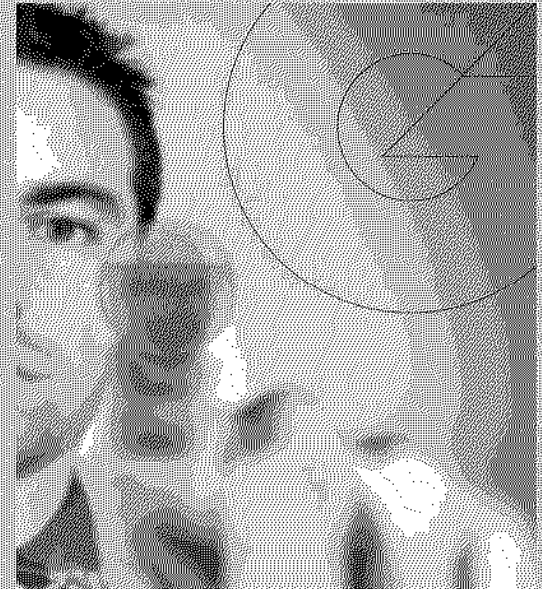
# Rebranding the Company

GREGORY  
*ergonomic to the core*

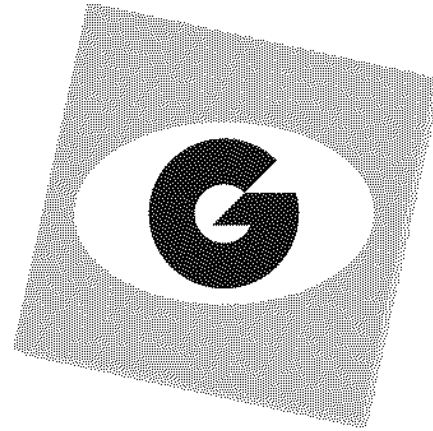


- **New Corporate Identity Programme**

- An evolution which builds the future on foundations of the past
- Supports our vision to become a national and international brand leader
- Carefully developed to define our strengths, values and attributes
- Meets the needs of our core target customers



**GREGORY**  
*ergonomic to the core*

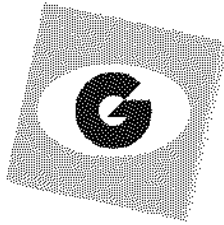


# Rebranding the Company

**GREGORY**  
*ergonomic to the core*

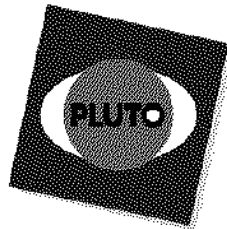


**GREGORY**  
*ergonomic to the core*



**Ergonomic products** headed by the patented Dual Density Posture Support range and complemented by intelligently designed tables and workstations

**GREGORY**  
*style and value*



**Style and value** designs for the corporate, office, education, hospitality and entertainment sectors including chairs, stackable models and lounges.

**GREGORY**  
*health and aged care*



**Health and aged care** segment has highly specialised requirements. Our innovative new range of Atlas products will benefit both patients and staff.

# Major new projects

**GREGORY**  
*ergonomic to the core*



- [www.gregoryaustralia.com.au](http://www.gregoryaustralia.com.au)
  - Combines two websites into one
  - Improved navigation and search functions
  - Customer feedback centre
  - Shareholder centre

**GREGORY**  
*ergonomic to the core*

**Manufacturer and Supplier of Quality Commercial Furniture**

1. Search for a product

- All
- Gregory desk equipment
- Public office & value
- Atten health & aged care

2. Select a product type

All Types

Search

Fast-Flow  
Enter product range

1

2

3

4

5

6

7

8

9

0

Go

**Ergonomic to the core**

At Gregory Australia we aim to be the leader in innovative ergonomic design standards and high quality manufacturing processes, to produce a comprehensive range of seating, workstations, tables, health and aged care products that offers the highest quality ergonomic furniture solution by

- Reducing occupational health and safety risks
- Increasing staff productivity
- Incorporating modern office design and finishes
- Offering comprehensive product warranties, and
- Delivering great customer service

more

**Single range of ergonomic seating** headed by the patented Dual Density Furniture Support working range and complemented by intelligently designed tables and specifications.

**Wide range of style and value-added designs** for the corporate, office, education, hospitality and residential sectors including tables, desks, workstation models and benches.

**Atten range** the health and aged care equipment has truly specialised requirements. Our innovative entry range of 4000 products via touch technology and staff.

**G News**  
receive our newsletters

**Featured Product**

The Flip table lends itself to be safely moved by one person without risk of back strain

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# Major new projects

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## Launching the new product categories

**I LOVE YOU!**

1 Ergonomic Seating  
2 Executive Seating  
3 Executive Seating  
4 Executive Seating  
5 Executive Seating

**Corporate Affairs**

3 Products For Executives  
Executive Seating, Executive Seating, Executive Seating

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**GREGORY**  
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**Pluto Soho**

Chic And Very Adjustable  
to The Soho Experience

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**Gregory Kit System**

To Enhance The Individual  
Users Work Environment  
in A More Dilated Way

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**Atlas PTS 4 Bed Mover**

A Bed Mover So Advanced  
It's Turning Workers Compensation  
Claims Around

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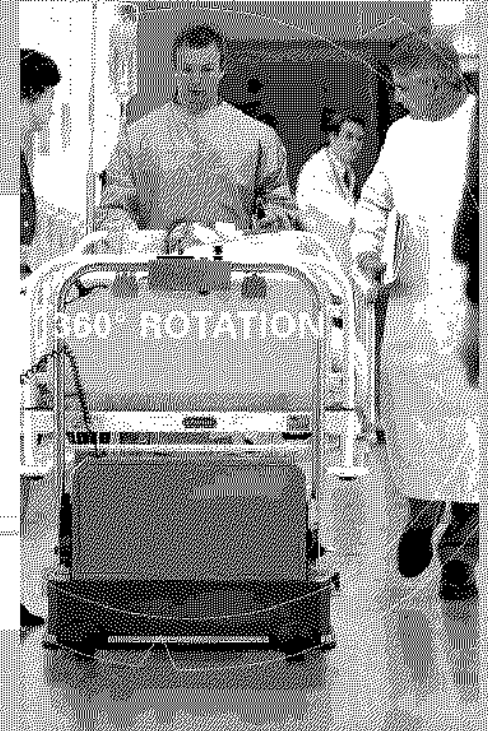
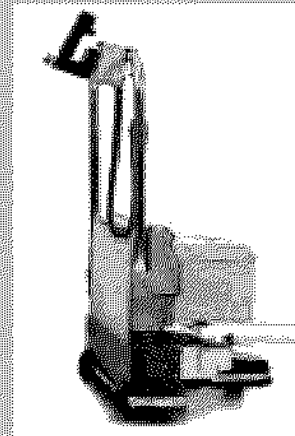
# Major New Products

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*ergonomic to the core*



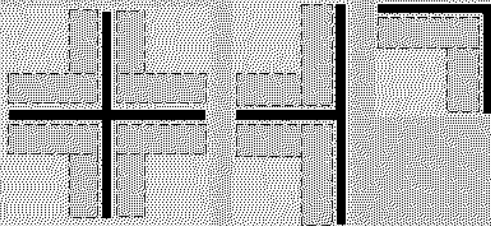
## PTS4 Bedmover

- Specialist Hospital Equipment
- Exclusive distribution agreement Asia Pacific



## Kit System

- Modular panel based workstation system



# Major New Products

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## Boxta

- Latest dual density seating



## Apollo

- Special needs seating

# Why ergonomics is important

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- Most population based surveys of back pain report \*
  - 4 out of 5 people (80%) will have serious back pain at some stage of their life
  - A once a year prevalence of 50%
- Back pain is responsible for more loss of work time than any other ailment
- More than \$700m is spent on treating back pain every year\*\*

\*Nachemson A, Waddell G, Nörlund A. Epidemiology of neck and back pain. In: Nachemson A, Jonsson E, editors. Neck and back pain: The scientific evidence of causes, diagnosis, and treatment. Philadelphia: Lippincott Williams & Wilkins, 2000: 165-188.

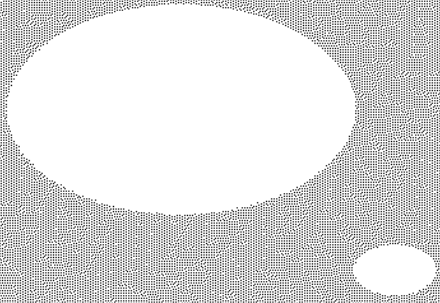
\*\*Mathers C, Penn R. Health system costs of injury, poisoning and musculo-skeletal disorders in Australia 1993-94. Canberra: Australian Institute of Health and Welfare, 1999. AIHW Catalogue No. HWE 12 (Health and Welfare Expenditure Series No. 6).

# Ergonomics

GREGORY  
*ergonomic to the core*



- Is an essential business element that affects competitiveness
- Can reduce occupational health and safety risks
- Can Increase productivity & wellbeing
- Can reduce workplace injuries and workers compensation claims
  
- *Our brands provide ergonomic solutions*



Think of the possibilities

*ergonomic to the core*

Thank you