



**Hills Industries Limited**  
Analysis of Key Financial Indicators



<b>Earnings</b>	FY 06					FY07
	FY04 (\$000)	FY05 (\$000)	FY06 (\$000)	H1 (\$000)	H2 (\$000)	H1 (\$000)
Sales	713,643	810,156	930,990	469,939	461,051	510,159
Other Revenue	5,023	6,027	4,704	2,333	2,371	914
<b>Total Revenue</b>	<b>718,666</b>	<b>816,183</b>	<b>935,694</b>	<b>472,272</b>	<b>463,422</b>	<b>511,073</b>
EBITDA	77,903	84,296	90,831	44,865	45,966	50,285
Depreciation	17,427	18,763	16,825	7,816	9,009	8,784
EBITA	60,476	65,533	74,006	37,049	36,957	41,501
Amortisation	2,296	1,822	741	426	315	305
EBIT	58,180	63,711	73,265	36,623	36,642	41,196
Interest	4,539	3,308	5,880	2,622	3,258	4,514
Profit before Tax	53,641	60,403	67,385	34,001	33,384	36,682
Income Tax	15,409	18,683	19,175	9,900	9,275	10,532
Profit after Tax	38,232	41,720	48,210	24,101	24,109	26,150
Minority Interests	6,972	6,210	4,949	2,727	2,222	2,208
<b>Attributable Profit</b>	<b>31,260</b>	<b>35,510</b>	<b>43,261</b>	<b>21,374</b>	<b>21,887</b>	<b>23,942</b>
Earnings Per Share (cents)	22.6	23.1	25.9	12.9	13.0	14.1
Dividends Per Share (cents)	22.5	24.0	26.0	13.0	13.0	13.5
Dividend Yield	5.8%	5.3%	5.4%	100%	100%	100%
Franking (%)	100%	100%	100%	100%	100%	100%
Cash Flow from Operations	36,803	32,594	54,398	28,317	26,081	23,187
Cash Flow Per Share (cents)	26.6	21.2	32.6	17.0	15.6	13.7
Capital Expenditure	23,432	20,514	30,995	14,139	16,856	18,960
<b>Profitability Ratios:</b>						
EBITDA/Revenue	10.8%	10.3%	9.7%	9.5%	9.9%	9.8%
EBIT/Revenue	8.1%	7.8%	7.8%	7.8%	7.9%	8.1%
Profit before Tax/Revenue	5.3%	5.1%	5.2%	5.1%	5.2%	5.1%
<b>Return Ratios (Pre Tax):</b>						
Return on Assets	12.5%	10.5%	10.9%	11.4%	10.8%	11.2%
Return on Equity	22.9%	19.6%	20.8%	21.2%	20.6%	21.8%
EBIT/Capital Employed	19.6%	16.2%	16.5%	17.7%	16.5%	17.7%
<b>Valuation:</b>						
Share Price (\$)	3.86	4.50	4.80	4.70	4.80	5.62
Market Capitalisation (\$m)	540.6	740.6	809.7	786.4	809.7	965.2
Enterprise Value (\$m)	603.6	825.2	928.8	879.9	928.8	1,093.5
Price Earning Ratio (times)	17.1	19.5	18.5	18.2	18.5	19.9
EV/EBITDA (times)	7.7	9.8	10.2	9.8	10.1	10.9
EV/EBIT (times)	10.4	13.0	12.7	12.0	12.7	13.3



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<b>Segment Analysis</b>	FY 06					FY 07
	FY04 (\$000)	FY05 (\$000)	FY06 (\$000)	H1 (\$000)	H2 (\$000)	H1 (\$000)
<b>Revenue</b>						
Electronic Security & Entertainment	170,262	206,311	263,854	132,315	131,539	140,545
Home, Hardware & Eco	161,774	164,928	168,933	89,877	79,056	96,693
Building & Industrial	378,763	438,917	498,203	246,483	251,720	272,530
Other	7,867	6,027	4,704	3,597	1,107	1,305
<b>Total Revenue</b>	718,666	816,183	935,694	472,272	463,422	511,073
<b>EBIT</b>						
Electronic Security & Entertainment	18,618	23,544	34,024	15,528	18,496	16,708
Home, Hardware & Eco	13,392	9,560	12,325	6,779	5,546	8,835
Building & Industrial	25,281	31,028	26,762	14,591	12,171	15,813
Other	889	(421)	154	(274)	428	(160)
<b>Total EBIT</b>	58,180	63,711	73,265	36,624	36,641	41,196
<b>EBIT/Revenue</b>						
Electronic Security & Entertainment	10.9%	11.4%	12.9%	11.7%	14.1%	11.9%
Home, Hardware & Eco	8.3%	5.8%	7.3%	7.5%	7.0%	9.1%
Building & Industrial	6.7%	7.1%	5.4%	5.9%	4.8%	5.8%



## Hills Industries Limited



### Analysis of Key Financial Indicators

<b>Balance Sheet</b>	<b>FY04 (\$000)</b>	<b>FY05 (\$000)</b>	<b>FY06 (\$000)</b>	<b>FY 06 H1 (\$000)</b>	<b>FY 07 H1 (\$000)</b>
<b><u>Current Assets</u></b>					
Cash	21,835	21,287	20,223	15,234	27,684
Receivables	118,884	152,468	160,716	157,093	161,228
Inventory	89,610	133,986	135,853	136,014	153,873
<b>Total Current Assets</b>	<b>230,329</b>	<b>307,741</b>	<b>316,792</b>	<b>308,341</b>	<b>342,785</b>
<b><u>Non-Current Assets</u></b>					
Receivables	6,399	1,222	-	-	-
Investments	104	102	2	2	2
Property, Plant & Equipment	156,821	154,940	172,047	160,066	181,904
Intangibles	15,388	91,079	103,379	99,200	103,076
Deferred Tax	20,042	21,938	28,002	27,843	27,628
<b>Total Non-Current Assets</b>	<b>198,754</b>	<b>269,281</b>	<b>303,430</b>	<b>287,111</b>	<b>312,610</b>
<b>Total Assets</b>	<b>429,083</b>	<b>577,022</b>	<b>620,222</b>	<b>595,452</b>	<b>655,395</b>
<b><u>Current Liabilities</u></b>					
Payables	69,369	117,135	113,882	121,564	120,328
Interest bearing	10,501	10,528	17,789	16,686	13,380
Tax	9,286	8,599	4,357	4,774	1,723
Provisions	25,866	29,787	31,523	28,052	33,653
<b>Total Current Liabilities</b>	<b>115,022</b>	<b>166,049</b>	<b>167,551</b>	<b>171,076</b>	<b>169,084</b>
<b><u>Non-Current Liabilities</u></b>					
Interest bearing	74,336	95,405	121,539	92,048	142,609
Deferred Tax	1,002	-	-	4,903	-
Provisions	4,390	7,081	6,721	6,495	6,755
<b>Total Non-Current Liabilities</b>	<b>79,728</b>	<b>102,486</b>	<b>128,260</b>	<b>103,446</b>	<b>149,364</b>
<b>Total Liabilities</b>	<b>194,750</b>	<b>268,535</b>	<b>295,811</b>	<b>274,522</b>	<b>318,448</b>
<b>Net Assets</b>	<b>234,333</b>	<b>308,487</b>	<b>324,411</b>	<b>320,930</b>	<b>336,947</b>
<b><u>Equity</u></b>					
Contributed Equity	68,300	157,214	167,525	164,638	172,257
Reserves	33,876	29,926	24,911	27,007	26,322
Retained Profits	97,340	105,388	117,516	114,206	122,870
<b>Total Company Interest</b>	<b>199,516</b>	<b>292,528</b>	<b>309,952</b>	<b>305,851</b>	<b>321,449</b>
Minority Interests	34,817	15,959	14,459	15,079	15,498
<b>Total Equity</b>	<b>234,333</b>	<b>308,487</b>	<b>324,411</b>	<b>320,930</b>	<b>336,947</b>
Shares on Issue (Year End)(000)	140,047	164,570	168,692	167,319	171,740
Shares on Issue (Average)(000)	138,203	153,633	166,801	166,307	169,782
Shareholders (number)	17,125	20,270	21,931	21,086	22,154
Net Assets per Share (cents)	142.46	177.75	183.74	182.80	187.17
<b>Capital Employed</b>	<b>297,335</b>	<b>393,133</b>	<b>443,516</b>	<b>414,430</b>	<b>465,252</b>
<b><u>Balance Sheet Ratios:</u></b>					
Current Assets/Total Assets	53.7%	53.3%	51.1%	51.8%	52.3%
Current Liabilities/Total Liabilities	59.1%	61.8%	56.6%	62.3%	53.1%
Current Assets/Current Liabilities	200.2%	185.3%	189.1%	180.2%	202.7%
<b><u>Gearing:</u></b>					
Interest Cover (times)	12.8	19.3	12.5	14.0	9.1
Net Debt/Equity	26.9%	27.4%	36.7%	29.1%	38.1%