

Hills Industries Limited
Analysis of Key Financial Indicators

<u>Earnings</u>	FY 04				
	FY02 (\$000)	FY03 (\$000)	FY04 (\$000)	H1 (\$000)	H2 (\$000)
Sales	580,253	660,600	713,643	354,728	358,915
Other revenue	5,055	8,810	5,023	1,585	3,438
Total Revenue	585,308	669,410	718,666	356,313	362,353
EBITDA	57,226	69,078	77,903	41,089	36,814
Depreciation	12,601	15,840	17,427	9,787	7,640
EBITA	44,625	53,238	60,476	31,302	29,174
Amortisation	1,126	2,202	2,296	1,141	1,155
EBIT	43,499	51,036	58,180	30,161	28,019
Interest	4,291	4,348	4,539	2,628	1,911
Profit before Tax	39,208	46,688	53,641	27,533	26,108
Income Tax	12,775	14,700	15,409	8,419	6,990
Profit after Tax	26,433	31,988	38,232	19,114	19,118
Minority Interests	2,569	4,673	6,972	3,206	3,766
Attributable Profit	23,864	27,315	31,260	15,908	15,352
Earnings per share (cents)	19.4	20.8	22.6	11.6	11.0
Dividends per share (cents)	20.0	21.0	22.5	11.0	11.5
Franking (%)	100%	100%	100%	100%	100%
Cash Flow from operations	30,831	47,656	36,803	15,969	20,834
Cash Flow per share (cents)	24.95	36.15	26.63	11.55	15.07
Capital Expenditure	27,585	30,469	23,432	13,677	9,755
Excluding Individually Significant Items					

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<u>Ratios</u>	FY02	FY03	FY04
<u>Profitability ratios:</u>			
EBITDA/Revenue	9.78%	10.32%	10.84%
EBIT/Revenue	7.43%	7.62%	8.10%
Net Profit/Revenue	4.52%	4.78%	5.32%
<u>Return ratios:</u>			
Return on Assets	11.4%	12.2%	12.5%
Return on Equity	25.2%	22.7%	22.9%
EBIT/Capital Employed	19.6%	19.4%	19.6%
<u>Balance Sheet Ratios:</u>			
Current Assets/Total assets	54.8%	52.1%	53.7%
Current Liabilities/Total Liabilities	65.7%	62.3%	59.1%
Current Assets/Current Liabilities	152.6%	181.7%	200.2%
<u>Gearing:</u>			
Interest Cover (Times)	10.1	11.7	12.8
Net Debt/Equity	42.9%	27.9%	26.9%
<u>Valuation:</u>			
Share Price (\$)	3.33	3.48	3.86
Market Capitalisation (\$m)	419.1	471.7	540.6
Enterprise value (\$m)	485.8	529.1	603.6
Price Earning Ratio (times)	17.2	16.7	17.1
EV/EBITDA (times)	8.5	7.7	7.7
EV/EBIT (times)	11.2	10.4	10.4
Excluding Individually Significant Items			

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Segment Earnings	FY 04				
	FY02 (\$000)	FY03 (\$000)	FY04 (\$000)	H1 (\$000)	H2 (\$000)
<u>Electronic Security & Entertainment:</u>					
Revenue	165,412	163,572	170,262	85,538	84,724
EBITDA	17,346	17,676	21,986	11,607	10,379
Depreciation & Amortisation	2,077	3,066	3,368	1,654	1,714
EBIT	15,269	14,610	18,618	9,953	8,665
EBIT/Revenue	9.2%	8.9%	10.9%	11.6%	10.2%
<u>Home & Hardware:</u>					
Revenue	151,812	167,335	161,774	85,636	76,138
EBITDA	18,677	20,223	21,389	12,789	8,600
Depreciation & Amortisation	5,254	6,661	7,997	3,759	4,238
EBIT	13,423	13,562	13,392	9,030	4,362
EBIT/Revenue	8.8%	8.1%	8.3%	10.5%	5.7%
<u>Building & Industrial:</u>					
Revenue	263,436	331,902	378,763	183,776	194,987
EBITDA	17,940	28,313	31,883	15,515	16,368
Depreciation & Amortisation	4,608	6,659	6,602	3,178	3,424
EBIT	13,332	21,654	25,281	12,337	12,944
EBIT/Revenue	5.1%	6.5%	6.7%	6.7%	6.6%
Excluding Individually Significant Items					

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<u>Segment - Ratios</u>	FY02	FY03	FY04	FY 04	
				H1	H2
EBIT/Revenue					
Electronic Security & Entertainment	9.2%	8.9%	10.9%	11.6%	10.2%
Home & Hardware	8.8%	8.1%	8.3%	10.5%	5.7%
Building & Industrial	5.1%	6.5%	6.7%	6.7%	6.6%
EBIT/Total Assets					
Electronic Security & Entertainment	20.9%	20.5%	24.9%		
Home & Hardware	14.3%	12.7%	12.5%		
Building & Industrial	10.0%	12.7%	14.0%		
EBIT/Net Assets					
Electronic Security & Entertainment	27.4%	26.3%	30.7%		
Home & Hardware	17.6%	15.2%	14.6%		
Building & Industrial	13.0%	17.0%	18.4%		
Excluding Individually Significant Items					

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Segment Analysis	FY 04				
	FY02 (\$000)	FY03 (\$000)	FY04 (\$000)	H1 (\$000)	H2 (\$000)
Revenue					
Electronic Security & Entertainment	165,412	163,572	170,262	85,538	84,724
Home & Hardware	151,812	167,335	161,774	85,636	76,138
Building & Industrial	263,436	331,902	378,763	183,776	194,987
Other	4,648	6,601	7,867	1,363	6,504
Total Revenue	585,308	669,410	718,666	356,313	362,353
EBIT					
Electronic Security & Entertainment	15,269	14,610	18,618	9,953	8,665
Home & Hardware	13,423	13,562	13,392	9,030	4,362
Building & Industrial	13,332	21,654	25,281	12,337	12,944
Other	1,475	1,210	889	(1,159)	2,048
Total EBIT	43,499	51,036	58,180	30,161	28,019
Assets					
Electronic Security & Entertainment	73,211	71,440	74,645		
Home & Hardware	93,882	107,003	107,464		
Building & Industrial	133,752	170,213	180,191		
Other	41,722	33,232	66,783		
Total Assets	342,567	381,888	429,083		
Liabilities					
Electronic Security & Entertainment	17,543	15,811	14,095		
Home & Hardware	17,718	17,778	15,966		
Building & Industrial	31,487	42,628	42,636		
Other	120,263	99,558	122,053		
Total Liabilities	187,011	175,775	194,750		
Net assets employed					
Electronic Security & Entertainment	55,668	55,629	60,550		
Home & Hardware	76,164	89,225	91,498		
Building & Industrial	102,265	127,585	137,555		
Other	(78,541)	(66,326)	(55,270)		
Total Net Assets Employed	155,556	206,113	234,333		
Excluding Individually Significant Items					

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<u>Balance Sheet</u>	FY02 (\$000)	FY03 (\$000)	FY04 (\$000)
Current Assets			
Cash	6,500	6,297	21,835
Receivables	105,808	109,020	118,884
Inventory	75,308	83,613	89,610
Total Current Assets	187,616	198,930	230,329
Non-Current Assets			
Receivables	2,000	1,918	6,399
Investments	1,163	14	104
Property, Plant & Equipment	130,323	147,279	156,821
Intangibles	6,511	17,539	15,388
Deferred Tax	14,954	16,208	20,042
Total Non-Current Assets	154,951	182,958	198,754
Total Assets	342,567	381,888	429,083
Current Liabilities			
Payables	69,169	71,865	69,369
Interest bearing	15,034	7,959	10,501
Tax	5,648	8,048	9,286
Provisions	33,101	21,600	25,866
Total Current Liabilities	122,952	109,472	115,022
Non-Current Liabilities			
Interest bearing	58,196	55,742	74,336
Deferred Tax	1,570	1,464	1,002
Provisions	4,293	9,097	4,390
Total Non-Current Liabilities	64,059	66,303	79,728
Total Liabilities	187,011	175,775	194,750
Net Assets	155,556	206,113	234,333
Equity			
Contributed Equity	39,728	60,109	68,300
Reserves	25,676	26,008	33,876
Retained Profits	70,696	89,752	97,340
Total Company Interest	136,100	175,869	199,516
Minority Interests	19,456	30,244	34,817
Total Equity	155,556	206,113	234,333
Shares on Issue (Year End)(000)	125,861	135,560	140,047
Shares on Issue (Average)(000)	123,568	131,811	138,203
Shareholders (number)	9,915	14,263	17,125
Net Assets per Share (cents)	108.14	129.74	142.46