



Hills Industries Limited
Analysis of Key Financial Indicators



Earnings						
	FY06 (\$000)	FY07 (\$000)	FY08 (\$000)	FY08		FY09
				H1 (\$000)	H2 (\$000)	H1 (\$000)
Sales	930,990	1,013,212	1,183,900	555,261	628,639	657,212
Other Revenue	1,774	1,503	1,618	711	907	707
Total Revenue	932,764	1,014,715	1,185,518	555,972	629,546	657,919
EBITDA	90,831	101,261	109,556	53,139	56,417	53,281
Depreciation	16,825	18,381	21,210	10,182	11,028	11,827
EBITA	74,006	82,880	88,346	42,957	45,389	41,454
Amortisation	741	607	574	292	282	283
EBIT	73,265	82,273	87,772	42,665	45,107	41,171
Interest	5,880	9,105	14,374	6,365	8,009	7,235
Profit before Tax	67,385	73,168	73,398	36,300	37,098	33,936
Income Tax	19,175	21,126	19,809	9,571	10,238	8,923
Profit after Tax	48,210	52,042	53,589	26,729	26,860	25,013
Minority Interests	4,949	4,869	5,553	2,609	2,944	3,394
Attributable Profit	43,261	47,173	48,036	24,120	23,916	21,619
Earnings Per Share (cents)	25.9	27.6	27.3	13.9	13.4	11.5
Dividends Per Share (cents)	26.0	27.5	27.5	13.5	14.0	8.0
Dividend Yield (%)	5.4%	5.2%	8.2%			
Franking (%)	100%	100%	100%	100%	100%	100%
Cash Flow from Operations	54,398	46,822	(6,014)	12,661	(18,675)	9,363
Cash Flow Per Share (cents)	32.6	27.4	(3.4)	7.2	(10.6)	5.0
Capital Expenditure	30,995	38,459	35,366	18,490	16,876	16,504
Profitability ratios:						
EBITDA/Revenue	9.7%	10.0%	9.2%	9.6%	9.0%	8.1%
EBIT/Revenue	7.9%	8.1%	7.4%	7.7%	7.2%	6.3%
Net Profit/Revenue	5.2%	5.1%	4.5%	4.8%	4.3%	3.8%
Return ratios (Pre Tax):						
Return on Assets	10.8%	10.4%	8.9%	11.2%	10.1%	8.1%
Return on Equity	20.8%	21.0%	17.1%	21.8%	19.2%	15.4%
EBIT/Capital Employed	16.5%	16.6%	14.2%	17.7%	15.6%	12.7%
Valuation:						
Share Price at 30 June / 31 Dec (\$)	4.80	5.33	3.34			3.08
Market Capitalisation (\$m)	809.7	927.0	624.0			584.2
Enterprise Value (\$m)	928.8	1,073.3	812.1			794.8
Price Earning Ratio (times)	18.5	19.3	12.2			13.4
EV/EBITDA (times)	10.2	10.6	7.4			7.5
EV/EBIT (times)	12.7	13.0	9.3			9.7

Excludes unusual items



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Segment Earnings				FY08		FY09
	FY06 (\$000)	FY07 (\$000)	FY08 (\$000)	H1 (\$000)	H2 (\$000)	H1 (\$000)
Electronic Security & Entertainment:						
Revenue	263,854	277,174	312,322	151,849	160,473	169,452
EBITDA	37,038	34,824	40,995			
Depreciation & Amortisation	3,014	3,098	2,897			1,484
EBIT	34,024	31,726	38,098	20,956	17,142	16,790
EBIT/Revenue	12.9%	11.4%	12.2%	13.8%	10.7%	9.9%
Home, Hardware & Eco:						
Revenue	168,933	191,354	227,558	117,488	110,070	108,297
EBITDA	17,348	19,390	20,380			
Depreciation & Amortisation	5,023	5,573	6,574			3,981
EBIT	12,325	13,817	13,806	8,652	5,154	421
EBIT/Revenue	7.3%	7.2%	6.1%	7.4%	4.7%	0.4%
Building & Industrial:						
Revenue	498,203	544,684	643,060	285,924	357,136	378,999
EBITDA	35,176	45,210	46,341			
Depreciation & Amortisation	8,414	9,185	10,952			6,047
EBIT	26,762	36,025	35,389	12,263	23,126	23,736
EBIT/Revenue	5.4%	6.6%	5.5%	4.3%	6.5%	6.3%

Excludes unusual items

Segment - Ratios				FY08		FY09
	FY06 (\$000)	FY07 (\$000)	FY08 (\$000)	H1 (\$000)	H2 (\$000)	H1 (\$000)
EBIT/Revenue						
Electronic Security & Entertainment	12.9%	11.4%	12.2%	13.8%	10.7%	9.9%
Home, Hardware & Eco	7.3%	7.2%	6.1%	7.4%	4.7%	0.4%
Building & Industrial	5.4%	6.6%	5.5%	4.3%	6.5%	6.3%
EBIT/Total Assets						
Electronic Security & Entertainment	27.3%	27.0%	29.8%			24.4%
Home, Hardware & Eco	13.2%	11.0%	8.8%			0.5%
Building & Industrial	9.0%	10.5%	8.8%			11.9%
EBIT/Net Assets						
Electronic Security & Entertainment	36.9%	37.2%	39.8%			32.2%
Home, Hardware & Eco	17.4%	14.1%	10.4%			0.6%
Building & Industrial	11.9%	14.4%	11.6%			14.8%

Excludes unusual items



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Segment Analysis	FY06 (\$000)	FY07 (\$000)	FY08 (\$000)	FY08		FY09
				H1 (\$000)	H2 (\$000)	H1 (\$000)
Revenue						
Electronic Security & Entertainment	263,854	277,174	312,322	151,849	160,473	169,452
Home, Hardware & Eco	168,933	191,354	227,558	117,488	110,070	108,297
Building & Industrial	498,203	544,684	643,060	285,924	357,136	378,999
Other	1,774	1,503	2,578	711	1,867	1,171
Total Revenue	932,764	1,014,715	1,185,518	555,972	629,546	657,919
EBIT						
Electronic Security & Entertainment	34,024	31,726	38,098	20,956	17,142	16,790
Home, Hardware & Eco	12,325	13,817	13,806	8,652	5,154	421
Building & Industrial	26,762	36,025	35,389	12,263	23,126	23,736
Other	154	705	478	794	(316)	224
Total EBIT	73,265	82,273	87,771	42,665	45,106	41,171
Assets						
Electronic Security & Entertainment	124,470	117,506	127,940			137,663
Home, Hardware & Eco	93,183	125,229	157,189			172,419
Building & Industrial	296,157	342,240	401,814			400,423
Other	107,912	121,906	133,984			131,745
Total Assets	621,722	706,881	820,927			842,250
Liabilities						
Electronic Security & Entertainment	32,272	32,312	32,239			33,362
Home, Hardware & Eco	22,330	27,064	24,235			20,798
Building & Industrial	71,003	92,393	96,287			78,603
Other	171,706	206,348	238,649			270,062
Total Liabilities	297,311	358,117	391,410			402,825
Net Assets Employed						
Electronic Security & Entertainment	92,198	85,194	95,701			104,301
Home, Hardware & Eco	70,853	98,165	132,954			151,621
Building & Industrial	225,154	249,847	305,527			321,820
Other	(63,794)	(84,442)	(104,665)			(138,317)
Total Net Assets Employed	324,411	348,764	429,517			439,425

Excludes unusual items



Hills Industries Limited



Analysis of Key Financial Indicators

Balance Sheet	FY06 (\$000)	FY07 (\$000)	FY08 (\$000)	FY 08 H1 (\$000)	FY 09 H1 (\$000)
Current Assets					
Cash	20,223	27,434	21,549	47,379	30,880
Receivables	160,716	172,655	244,761	180,680	225,048
Inventory	135,853	175,507	180,341	172,532	221,805
Assets held for Resale	-	15,946	-	-	-
Total Current Assets	316,792	391,542	446,651	400,591	477,733
Non-Current Assets					
Receivables	-	-	17,285	20,785	-
Investments	2	2	2	2	2
Property, Plant & Equipment	172,047	173,157	226,424	181,369	231,271
Intangibles	104,809	111,369	114,162	111,565	113,987
Deferred Tax	28,072	30,811	16,403	29,043	19,257
Total Non-Current Assets	304,930	315,339	374,276	342,764	364,517
Total Assets	621,722	706,881	820,927	743,355	842,250
Current Liabilities					
Payables	113,882	133,947	139,921	132,631	112,926
Interest bearing	17,789	2,104	6,191	-	22,965
Tax	5,857	12,742	4,317	4,388	7,351
Provisions	31,523	32,840	32,260	32,686	35,321
Total Current Liabilities	169,051	181,633	182,689	169,705	178,563
Non-Current Liabilities					
Interest bearing	121,539	171,582	203,497	211,498	218,499
Deferred Tax	-	-	-	-	-
Provisions	6,721	4,902	5,224	4,657	5,763
Total Non-Current Liabilities	128,260	176,484	208,721	216,155	224,262
Total Liabilities	297,311	358,117	391,410	385,860	402,825
Net Assets	324,411	348,764	429,517	357,495	439,425
Equity					
Contributed Equity	167,525	178,031	223,091	183,883	229,891
Reserves	24,911	26,077	51,369	25,557	52,140
Retained Profits	117,516	127,618	133,759	130,147	133,317
Total Company Interest	309,952	331,726	408,219	339,587	415,348
Minority Interests	14,459	17,038	21,298	17,908	24,077
Total Equity	324,411	348,764	429,517	357,495	439,425
Shares on Issue (Year End)(000)	168,692	173,917	186,812	175,676	189,540
Shares on Issue (Average)(000)	166,801	170,823	177,032	174,854	188,191
Shareholders (number)	21,731	22,788	23,841	23,438	23,396
Net Assets per Share (cents)	183.74	190.74	218.52	193.30	219.13
Capital Employed	443,516	495,016	617,656	521,614	650,009
Balance Sheet Ratios:					
Current Assets/Total Assets	51.0%	55.4%	54.4%	53.9%	56.7%
Current Liabilities/Total Liabilities	56.9%	50.7%	46.7%	44.0%	44.3%
Current Assets/Current Liabilities	187.4%	215.6%	244.5%	236.1%	267.5%
Gearing:					
Interest Cover (Times)	12.5	9.0	6.1	6.7	5.7
Net Debt/Equity	36.7%	41.9%	43.8%	45.9%	47.9%

Excludes unusual items