

Hills Industries Limited
Analysis of Key Financial Indicators

Earnings	FY 06					
	FY03 (\$000)	FY04 (\$000)	FY05 (\$000)	FY06 (\$000)	H1 (\$000)	H2 (\$000)
Sales	660,600	713,643	810,156	930,990	469,554	461,436
Other Revenue	8,810	5,023	6,027	4,704	2,718	1,986
Total Revenue	669,410	718,666	816,183	935,694	472,272	463,422
EBITDA	69,078	77,903	84,296	90,831	44,865	45,966
Depreciation	15,840	17,427	18,763	16,825	7,816	9,009
EBITA	53,238	60,476	65,533	74,006	37,049	36,957
Amortisation	2,202	2,296	1,822	741	426	315
EBIT	51,036	58,180	63,711	73,265	36,623	36,642
Interest	4,348	4,539	3,308	5,880	2,622	3,258
Profit before Tax	46,688	53,641	60,403	67,385	34,001	33,384
Income Tax	14,700	15,409	18,683	19,175	9,900	9,275
Profit after Tax	31,988	38,232	41,720	48,210	24,101	24,109
Minority Interests	4,673	6,972	6,210	4,949	2,727	2,222
Attributable Profit	27,315	31,260	35,510	43,261	21,374	21,887
Earnings Per Share (cents)	20.8	22.6	23.1	25.9	12.9	13.0
Dividends Per Share (cents)	21.0	22.5	24.0	26.0	13.0	13.0
Dividend Yield (%)	6.0%	5.8%	5.3%	5.4%	n/a	n/a
Franking (%)	100%	100%	100%	100%	100%	100%
Cash Flow from Operations	47,656	36,803	32,594	54,398	28,317	26,081
Cash Flow Per Share (cents)	36.15	26.63	21.22	32.61	16.98	15.64
Capital Expenditure	30,469	23,432	20,514	30,995	14,139	16,856
FY05 and FY06 Restated for AIFRS						

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Segment Earnings	FY 06					
	FY03 (\$000)	FY04 (\$000)	FY05 (\$000)	FY06 (\$000)	H1 (\$000)	H2 (\$000)
Electronic Security & Entertainment:						
Revenue	163,572	170,262	206,311	263,854	132,315	131,539
EBITDA	17,676	21,986	28,064	37,038		
Depreciation & Amortisation	3,066	3,368	4,520	3,014		
EBIT	14,610	18,618	23,544	34,024	15,528	18,496
EBIT/Revenue	8.9%	10.9%	11.4%	12.9%	11.7%	14.1%
Home & Hardware:						
Revenue	167,335	161,774	164,928	168,933	89,877	79,056
EBITDA	20,223	21,389	17,832	17,348		
Depreciation & Amortisation	6,661	7,997	8,272	5,023		
EBIT	13,562	13,392	9,560	12,325	6,779	5,546
EBIT/Revenue	8.1%	8.3%	5.8%	7.3%	7.5%	7.0%
Building & Industrial:						
Revenue	331,902	378,763	438,917	498,203	246,483	251,720
EBITDA	28,313	31,883	38,124	35,176		
Depreciation & Amortisation	6,659	6,602	7,096	8,414		
EBIT	21,654	25,281	31,028	26,762	14,591	12,171
EBIT/Revenue	6.5%	6.7%	7.1%	5.4%	5.9%	4.8%
FY05 and FY06 Restated for AIFRS						

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Segment - Ratios	FY03	FY04	FY05	FY 06		
				FY06	H1	H2
<u>EBIT/Revenue</u>						
Electronic Security & Entertainment	8.9%	10.9%	11.4%	12.9%	11.7%	14.1%
Home & Hardware	8.1%	8.3%	5.8%	7.3%	7.5%	7.0%
Building & Industrial	6.5%	6.7%	7.1%	5.4%	5.9%	4.8%
<u>EBIT/Total Assets</u>						
Electronic Security & Entertainment	20.5%	24.9%	21.3%	27.3%		
Home & Hardware	12.7%	12.5%	9.1%	13.2%		
Building & Industrial	12.7%	14.0%	13.4%	10.8%		
<u>EBIT/Net Assets</u>						
Electronic Security & Entertainment	26.3%	30.7%	29.2%	36.9%		
Home & Hardware	15.2%	14.6%	12.1%	17.4%		
Building & Industrial	17.0%	18.4%	19.1%	15.1%		

FY05 and FY06 Restated for AIFRS

Hills Industries Limited
Analysis of Key Financial Indicators

Segment Analysis	FY 06					
	FY03 (\$000)	FY03 (\$000)	FY05 (\$000)	FY06 (\$000)	H1 (\$000)	H2 (\$000)
Revenue						
Electronic Security & Entertainment	163,572	170,262	206,311	263,854	132,315	131,539
Home & Hardware	167,335	161,774	164,928	168,933	89,877	79,056
Building & Industrial	331,902	378,763	438,917	498,203	246,483	251,720
Other	6,601	7,867	6,027	4,704	3,597	1,107
Total Revenue	669,410	718,666	816,183	935,694	472,272	463,422
EBIT						
Electronic Security & Entertainment	14,610	18,618	23,544	34,024	15,528	18,496
Home & Hardware	13,562	13,392	9,560	12,325	6,779	5,546
Building & Industrial	21,654	25,281	31,028	26,762	14,591	12,171
Other	1,210	889	(421)	154	(274)	428
Total EBIT	51,036	58,180	63,711	73,265	36,624	36,641
Assets						
Electronic Security & Entertainment	71,440	74,645	110,390	124,470		
Home & Hardware	107,003	107,464	105,522	93,183		
Building & Industrial	170,213	180,191	232,168	248,487		
Other	33,232	66,783	128,942	155,582		
Total Assets	381,888	429,083	577,022	621,722		
Liabilities						
Electronic Security & Entertainment	15,811	14,095	29,670	32,272		
Home & Hardware	17,778	15,966	26,268	22,330		
Building & Industrial	42,628	42,636	70,131	71,003		
Other	99,558	122,053	142,466	171,706		
Total Liabilities	175,775	194,750	268,535	297,311		
Net Assets Employed						
Electronic Security & Entertainment	55,629	60,550	80,720	92,198		
Home & Hardware	89,225	91,498	79,254	70,853		
Building & Industrial	127,585	137,555	162,037	177,484		
Other	(66,326)	(55,270)	(13,524)	(16,124)		
Total Net Assets Employed	206,113	234,333	308,487	324,411		

FY05 and FY06 Restated for AIFRS

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Ratios	FY03	FY04	FY05	FY06
<u>Profitability ratios:</u>				
EBITDA/Revenue	10.32%	10.84%	10.33%	9.71%
EBIT/Revenue	7.62%	8.10%	7.81%	7.83%
Net Profit/Revenue	4.78%	5.32%	5.11%	5.15%
<u>Return ratios:</u>				
Return on Assets	12.2%	12.5%	10.5%	10.8%
Return on Equity	22.7%	22.9%	19.6%	20.8%
EBIT/Capital Employed	19.4%	19.6%	16.2%	16.5%
<u>Balance Sheet Ratios:</u>				
Current Assets/Total Assets	52.1%	53.7%	53.3%	51.0%
Current Liabilities/Total Liabilities	62.3%	59.1%	61.8%	56.9%
Current Assets/Current Liabilities	181.7%	200.2%	185.3%	187.4%
<u>Gearing:</u>				
Interest Cover (Times)	11.7	12.8	19.3	12.5
Net Debt/Equity	27.9%	26.9%	27.4%	36.7%
<u>Valuation:</u>				
Share Price (\$)	3.48	3.86	4.50	4.80
Market Capitalisation (\$m)	471.7	540.6	740.6	809.7
Enterprise Value (\$m)	529.1	603.6	825.2	928.8
Price Earning Ratio (times)	16.7	17.1	19.5	18.5
EV/EBITDA (times)	7.7	7.7	9.8	10.2
EV/EBIT (times)	10.4	10.4	13.0	12.7
FY05 and FY06 Restated for AIFRS				

Hills Industries Limited

Analysis of Key Financial Indicators

Balance Sheet	FY03 (\$000)	FY04 (\$000)	FY05 (\$000)	FY06 (\$000)
Current Assets				
Cash	6,297	21,835	21,287	20,223
Receivables	109,020	118,884	152,468	160,716
Inventory	83,613	89,610	133,986	135,853
Total Current Assets	198,930	230,329	307,741	316,792
Non-Current Assets				
Receivables	1,918	6,399	1,222	-
Investments	14	104	102	2
Property, Plant & Equipment	147,279	156,821	154,940	172,047
Intangibles	17,539	15,388	91,079	109,778
Deferred Tax	16,208	20,042	21,938	23,103
Total Non-Current Assets	182,958	198,754	269,281	304,930
Total Assets	381,888	429,083	577,022	621,722
Current Liabilities				
Payables	71,865	69,369	117,135	113,882
Interest bearing	7,959	10,501	10,528	17,789
Tax	8,048	9,286	8,599	5,857
Provisions	21,600	25,866	29,787	31,523
Total Current Liabilities	109,472	115,022	166,049	169,051
Non-Current Liabilities				
Interest bearing	55,742	74,336	95,405	121,539
Deferred Tax	1,464	1,002	-	-
Provisions	9,097	4,390	7,081	6,721
Total Non-Current Liabilities	66,303	79,728	102,486	128,260
Total Liabilities	175,775	194,750	268,535	297,311
Net Assets	206,113	234,333	308,487	324,411
Equity				
Contributed Equity	60,109	68,300	157,214	167,525
Reserves	26,008	33,876	29,926	24,911
Retained Profits	89,752	97,340	105,388	117,516
Total Company Interest	175,869	199,516	292,528	309,952
Minority Interests	30,244	34,817	15,959	14,459
Total Equity	206,113	234,333	308,487	324,411
Shares on Issue (Year End)(000)	135,560	140,047	164,570	168,692
Shares on Issue (Average)(000)	131,811	138,203	153,633	166,801
Shareholders (number)	14,263	17,125	20,270	21,731
Net Assets per Share (cents)	129.74	142.46	177.75	183.74
Capital Employed	263,517	297,335	393,133	443,516

FY05 and FY06 Restated for AIFRS