



Hills Industries Limited
Analysis of Key Financial Indicators



Earnings	FY09 (\$000)					FY10
	FY07 (\$000)	FY08 (\$000)	FY09 (\$000)	H1 (\$000)	H2 (\$000)	H1 (\$000)
Sales	1,013,212	1,183,900	1,209,960	657,212	552,748	601,500
Other Revenue	787	837	842	404	438	367
Total Revenue	1,013,999	1,184,737	1,210,802	657,616	553,186	601,867
EBITDA	101,261	109,556	83,084	53,281	29,803	49,169
Depreciation	18,381	21,210	22,540	11,827	10,713	11,576
EBITA	82,880	88,346	60,544	41,454	19,090	37,593
Amortisation	607	574	566	283	283	474
EBIT	82,273	87,772	59,978	41,171	18,807	37,119
Net Finance Costs	9,105	14,374	12,531	7,235	5,296	2,241
Profit before Tax	73,168	73,398	47,447	33,936	13,511	34,878
Income Tax	21,126	19,809	13,246	8,923	4,323	10,461
Profit after Tax	52,042	53,589	34,201	25,013	9,188	24,417
Minority Interests	4,869	5,553	6,149	3,394	2,755	2,359
Attributable Profit	47,173	48,036	28,052	21,619	6,433	22,058
Earnings Per Share (cents)	27.6	27.3	14.6	11.5	3.1	9.4
Dividends Per Share (cents)	27.5	27.5	10.0	8.0	2.0	7.0
Dividend Yield (%)	5.2%	8.2%	6.4%			
Franking (%)	100%	100%	100%	100%	100%	100%
Cash Flow from Operations	46,822	(6,014)	62,333	9,363	52,970	48,668
Cash Flow Per Share (cents)	27.4	(3.4)	32.2			20.8
Capital Expenditure	38,459	35,366	32,047	16,504	15,543	8,619
Profitability ratios:						
EBITDA/Revenue	10.0%	9.2%	6.9%	8.1%	5.4%	8.2%
EBIT/Revenue	8.1%	7.4%	5.0%	6.3%	3.4%	6.2%
Net Profit/Revenue	5.1%	4.5%	2.8%	3.8%	1.7%	4.1%
Return ratios (Pre Tax):						
Return on Assets	10.4%	8.9%	5.7%	8.1%	5.7%	8.9%
Return on Equity	21.0%	17.1%	11.1%	15.4%	11.1%	13.8%
EBIT/Capital Employed	16.6%	14.2%	10.3%	12.7%	10.3%	13.1%
Valuation:						
Share Price at 30 June / 31 Dec (\$)	5.33	3.34	1.57			2.04
Market Capitalisation (\$m)	927.0	624.0	322.3			505.8
Enterprise Value (\$m)	1,073.3	812.1	476.7			565.1
Price Earning Ratio (times)	19.3	12.2	10.8			10.9
EV/EBITDA (times)	10.6	7.4	5.7			5.7
EV/EBIT (times)	13.0	9.3	7.9			7.6

Excludes unusual items



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Segment Earnings	FY07 (\$000)	FY08 (\$000)	FY09 (\$000)	FY09		FY10
				H1 (\$000)	H2 (\$000)	H1 (\$000)
Electronic Security & Entertainment:						
Revenue	277,174	312,322	343,279	169,452	173,827	189,513
EBITDA	34,824	40,995	33,552			
Depreciation & Amortisation	3,098	2,897	2,700			
EBIT	31,726	38,098	30,852	16,790	14,062	17,041
EBIT/Revenue	11.4%	12.2%	9.0%	9.9%	8.1%	9.0%
Home, Hardware & Eco:						
Revenue	191,354	227,558	203,313	108,297	95,016	99,185
EBITDA	19,390	20,380	3,912			
Depreciation & Amortisation	5,573	6,574	7,018			
EBIT	13,817	13,806	(3,106)	421	(3,527)	5,690
EBIT/Revenue	7.2%	6.1%	-1.5%	0.4%	-3.7%	5.7%
Building & Industrial:						
Revenue	499,250	588,183	600,476	345,096	255,380	283,085
EBITDA	38,212	39,101	35,139			
Depreciation & Amortisation	8,580	10,257	11,323			
EBIT	29,632	28,844	23,816	19,575	4,241	11,220
EBIT/Revenue	5.9%	4.9%	4.0%	5.7%	1.7%	4.0%
Korvest:						
Revenue	45,434	54,877	62,892	34,367	28,525	29,171
EBITDA	6,998	7,240	9,003			
Depreciation & Amortisation	605	695	985			
EBIT	6,393	6,545	8,018	4,161	3,857	3,547
EBIT/Revenue	14.1%	11.9%	12.7%	12.1%	13.5%	12.2%

Excludes unusual items

Segment - Ratios	FY07 (\$000)	FY08 (\$000)	FY09 (\$000)	FY09 (\$000)		FY10
				H1 (\$000)	H2 (\$000)	H1 (\$000)
EBIT/Revenue						
Electronic Security & Entertainment	11.4%	12.2%	9.0%	9.9%	8.1%	9.0%
Home, Hardware & Eco	7.2%	6.1%	-1.5%	0.4%	-3.7%	5.7%
Building & Industrial	5.9%	4.9%	4.0%	5.7%	1.7%	4.0%
Korvest	14.1%	11.9%	12.7%	12.1%	13.5%	12.2%
EBIT/Total Assets						
Electronic Security & Entertainment	27.0%	29.8%	21.2%			22.8%
Home, Hardware & Eco	11.0%	8.8%	-2.0%			8.2%
Building & Industrial	9.3%	7.8%	6.4%			6.3%
Korvest	26.5%	20.1%	23.8%			21.3%
EBIT/Net Assets						
Electronic Security & Entertainment	37.2%	39.8%	27.2%			29.6%
Home, Hardware & Eco	14.1%	10.4%	-2.5%			9.9%
Building & Industrial	12.7%	10.3%	8.0%			7.6%
Korvest	37.0%	25.9%	30.3%			26.5%

Excludes unusual items



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Segment Analysis	FY09 (\$000)					FY10
	FY07 (\$000)	FY08 (\$000)	FY09 (\$000)	H1 (\$000)	H2 (\$000)	H1 (\$000)
Revenue						
Electronic Security & Entertainment	277,174	312,322	343,279	169,452	173,827	189,513
Home, Hardware & Eco	191,354	227,558	203,313	108,297	95,016	99,185
Building & Industrial	499,250	588,183	600,476	345,096	255,380	283,085
Korvest	45,434	54,877	62,892	34,367	28,525	29,171
Other	787	1,797	842	404	438	913
Total Revenue	1,013,999	1,184,737	1,210,802	657,616	553,186	601,867
EBIT						
Electronic Security & Entertainment	31,726	38,098	30,852	16,790	14,062	17,041
Home, Hardware & Eco	13,817	13,806	(3,106)	421	(3,527)	5,690
Building & Industrial	29,632	28,844	23,816	19,575	4,241	11,220
Korvest	6,393	6,545	8,018	4,161	3,857	3,547
Other	705	478	398	224	174	(379)
Total EBIT	82,273	87,771	59,978	41,171	18,807	37,119
Assets						
Electronic Security & Entertainment	117,506	127,940	145,299			149,598
Home, Hardware & Eco	125,229	157,189	152,544			138,270
Building & Industrial	318,079	369,240	370,783			358,929
Korvest	24,161	32,574	33,712			33,237
Other	121,906	133,984	127,771			105,598
Total Assets	706,881	820,927	830,109			785,632
Liabilities						
Electronic Security & Entertainment	32,312	32,239	31,885			34,566
Home, Hardware & Eco	27,064	24,235	30,680			22,972
Building & Industrial	85,516	88,986	73,224			63,294
Korvest	6,877	7,301	7,225			6,517
Other	206,348	238,649	258,476			151,615
Total Liabilities	358,117	391,410	401,490			278,964
Net Assets Employed						
Electronic Security & Entertainment	85,194	95,701	113,414			115,032
Home, Hardware & Eco	98,165	132,954	121,864			115,298
Building & Industrial	232,563	280,254	297,559			295,635
Korvest	17,284	25,273	26,487			26,720
Other	(84,442)	(104,665)	(130,705)			(46,017)
Total Net Assets Employed	348,764	429,517	428,619			506,668

Excludes unusual items



Hills Industries Limited



Analysis of Key Financial Indicators

Balance Sheet	FY07 (\$000)	FY08 (\$000)	FY09 (\$000)	FY 09 H1 (\$000)	FY 10 H1 (\$000)
<u>Current Assets</u>					
Cash	27,434	21,549	67,978	30,880	52,194
Receivables	172,655	244,761	197,480	225,048	188,969
Inventory	175,507	180,341	196,569	221,805	182,884
Assets held for Resale	15,946	-	-	-	-
Derivative Asset	-	-	-	-	31
Total Current Assets	391,542	446,651	462,027	477,733	424,078
<u>Non-Current Assets</u>					
Receivables	-	17,285	-	-	-
Investments	2	2	2	2	2
Property, Plant & Equipment	173,157	226,424	227,494	231,271	219,174
Intangibles	111,369	114,162	114,326	113,987	115,567
Deferred Tax	30,811	16,403	25,927	19,257	26,192
Derivative Asset	-	-	333	-	619
Total Non-Current Assets	315,339	374,276	368,082	364,517	361,554
Total Assets	706,881	820,927	830,109	842,250	785,632
<u>Current Liabilities</u>					
Payables	133,947	139,921	120,902	112,926	112,543
Borrowings	2,104	6,191	3,852	22,965	10,864
Tax	12,742	4,317	8,186	7,351	11,664
Provisions	32,840	32,260	33,835	35,321	34,672
Derivative Liability	-	-	5,924	-	141
Total Current Liabilities	181,633	182,689	172,699	178,563	169,884
<u>Non-Current Liabilities</u>					
Borrowings	171,582	203,497	218,498	218,499	100,663
Deferred Tax	-	-	-	-	-
Provisions	4,902	5,224	5,975	5,763	5,995
Derivative Liability	-	-	4,318	-	2,422
Total Non-Current Liabilities	176,484	208,721	228,791	224,262	109,080
Total Liabilities	358,117	391,410	401,490	402,825	278,964
Net Assets	348,764	429,517	428,619	439,425	506,668
<u>Equity</u>					
Contributed Equity	178,031	223,091	248,598	229,891	305,917
Reserves	26,077	51,369	46,594	52,140	46,881
Retained Profits	127,618	133,759	107,442	133,317	125,297
Total Company Interest	331,726	408,219	402,634	415,348	478,095
Minority Interests	17,038	21,298	25,985	24,077	28,573
Total Equity	348,764	429,517	428,619	439,425	506,668
Shares on Issue (Year End)(000)	173,917	186,812	205,304	189,540	247,943
Shares on Issue (Average)(000)	170,823	177,032	193,398	188,191	234,208
Shareholders (number)	22,788	23,841	23,721	23,396	24,051
Net Assets per Share (cents)	190.74	218.52	196.12	219.13	192.82
Capital Employed	495,016	617,656	582,991	650,009	566,001
<u>Balance Sheet Ratios:</u>					
Current Assets/Total Assets	55.4%	54.4%	55.7%	56.7%	54.0%
Current Liabilities/Total Liabilities	50.7%	46.7%	43.0%	44.3%	60.9%
Current Assets/Current Liabilities	215.6%	244.5%	267.5%	267.5%	249.6%
<u>Gearing:</u>					
Interest Cover (Times)	9.0	6.1	4.8	5.7	11.0
Net Debt/Equity	41.9%	43.8%	36.0%	47.9%	11.7%