



Hills Industries Limited
Analysis of Key Financial Indicators



Earnings	FY09 (\$000)					
	FY06 (\$000)	FY07 (\$000)	FY08 (\$000)	FY09 (\$000)	H1 (\$000)	H2 (\$000)
Sales	930,990	1,013,212	1,183,900	1,209,960	657,212	552,748
Other Revenue	809	787	837	842	404	438
Total Revenue	931,799	1,013,999	1,184,737	1,210,802	657,616	553,186
EBITDA	90,831	101,261	109,556	83,084	54,997	28,087
Depreciation	16,825	18,381	21,210	22,540	11,827	10,713
EBITA	74,006	82,880	88,346	60,544	43,170	17,374
Amortisation	741	607	574	566	283	283
EBIT	73,265	82,273	87,772	59,978	42,887	17,091
Interest	5,880	9,105	14,374	12,531	7,235	5,296
Profit before Tax	67,385	73,168	73,398	47,447	35,652	11,795
Income Tax	19,175	21,126	19,809	13,246	8,923	4,323
Profit after Tax	48,210	52,042	53,589	34,201	26,729	7,472
Minority Interests	4,949	4,869	5,553	6,149	2,609	3,540
Attributable Profit	43,261	47,173	48,036	28,052	24,120	3,932
Earnings Per Share (cents)	25.9	27.6	27.3	14.6	11.5	3.1
Dividends Per Share (cents)	26.0	27.5	27.5	10.0	8.0	2.0
Dividend Yield (%)	5.4%	5.2%	8.2%	6.4%		
Franking (%)	100%	100%	100%	100%	100%	100%
Cash Flow from Operations	54,398	46,822	(6,014)	62,333	9,363	52,970
Cash Flow Per Share (cents)	32.6	27.4	(3.4)	32.2		
Capital Expenditure	30,995	38,459	35,366	32,047	16,504	15,543
Profitability ratios:						
EBITDA/Revenue	9.7%	10.0%	9.2%	6.9%	8.4%	5.1%
EBIT/Revenue	7.9%	8.1%	7.4%	5.0%	6.5%	3.1%
Net Profit/Revenue	5.2%	5.1%	4.5%	2.8%	4.1%	1.4%
Return ratios (Pre Tax):						
Return on Assets	10.8%	10.4%	8.9%	5.7%	8.1%	5.7%
Return on Equity	20.8%	21.0%	17.1%	11.1%	15.4%	11.1%
EBIT/Capital Employed	16.5%	16.6%	14.2%	10.3%	12.7%	10.3%
Valuation:						
Share Price at 30 June / 31 Dec (\$)	4.80	5.33	3.34	1.57		
Market Capitalisation (\$m)	809.7	927.0	624.0	322.3		
Enterprise Value (\$m)	928.8	1,073.3	812.1	476.7		
Price Earning Ratio (times)	18.5	19.3	12.2	10.8		
EV/EBITDA (times)	10.2	10.6	7.4	5.7		
EV/EBIT (times)	12.7	13.0	9.3	7.9		

Excludes unusual items



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Segment Earnings	FY06 (\$000)	FY07 (\$000)	FY08 (\$000)	FY09 (\$000)	FY09	
					H1 (\$000)	H2 (\$000)
Electronic Security & Entertainment:						
Revenue	263,854	277,174	312,322	343,279	169,452	142,870
EBITDA	37,038	34,824	40,995	33,552		
Depreciation & Amortisation	3,014	3,098	2,897	2,700		
EBIT	34,024	31,726	38,098	30,852	16,790	21,308
EBIT/Revenue	12.9%	11.4%	12.2%	9.0%	9.9%	14.9%
Home, Hardware & Eco:						
Revenue	168,933	191,354	227,558	203,313	108,297	95,016
EBITDA	17,348	19,390	20,380	3,912		
Depreciation & Amortisation	5,023	5,573	6,574	7,018		
EBIT	12,325	13,817	13,806	(3,106)	421	(3,527)
EBIT/Revenue	7.3%	7.2%	6.1%	-1.5%	0.4%	-3.7%
Building & Industrial:						
Revenue	498,203	544,684	643,060	663,368	379,463	263,597
EBITDA	35,176	45,210	46,341	44,142		
Depreciation & Amortisation	8,414	9,185	10,952	12,308		
EBIT	26,762	36,025	35,389	31,834	23,736	8,098
EBIT/Revenue	5.4%	6.6%	5.5%	4.8%	6.3%	3.1%

Excludes unusual items

Segment - Ratios	FY06 (\$000)	FY07 (\$000)	FY08 (\$000)	FY09 (\$000)	FY09 (\$000)	
					H1 (\$000)	H2 (\$000)
EBIT/Revenue						
Electronic Security & Entertainment	12.9%	11.4%	12.2%	9.0%	9.9%	8.1%
Home, Hardware & Eco	7.3%	7.2%	6.1%	-1.5%	0.4%	-3.7%
Building & Industrial	5.4%	6.6%	5.5%	4.8%	6.3%	2.9%
EBIT/Total Assets						
Electronic Security & Entertainment	27.3%	27.0%	29.8%	21.2%		
Home, Hardware & Eco	13.2%	11.0%	8.8%	-2.0%		
Building & Industrial	9.0%	10.5%	8.8%	7.9%		
EBIT/Net Assets						
Electronic Security & Entertainment	36.9%	37.2%	39.8%	27.2%		
Home, Hardware & Eco	17.4%	14.1%	10.4%	-2.5%		
Building & Industrial	11.9%	14.4%	11.6%	9.8%		

Excludes unusual items



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Segment Analysis	FY06 (\$000)	FY07 (\$000)	FY08 (\$000)	FY09 (\$000)	FY09 (\$000)	
					H1 (\$000)	H2 (\$000)
Revenue						
Electronic Security & Entertainment	263,854	277,174	312,322	343,279	169,452	173,827
Home, Hardware & Eco	168,933	191,354	227,558	203,313	108,297	95,016
Building & Industrial	498,203	544,684	643,060	663,368	379,463	283,905
Other	809	787	1,797	842	404	438
Total Revenue	931,799	1,013,999	1,184,737	1,210,802	657,616	553,186
EBIT						
Electronic Security & Entertainment	34,024	31,726	38,098	30,852	16,790	14,062
Home, Hardware & Eco	12,325	13,817	13,806	(3,106)	421	(3,527)
Building & Industrial	26,762	36,025	35,389	31,834	23,736	8,098
Other	154	705	478	398	224	174
Total EBIT	73,265	82,273	87,771	59,978	41,171	18,807
Assets						
Electronic Security & Entertainment	124,470	117,506	127,940	145,299		
Home, Hardware & Eco	93,183	125,229	157,189	152,544		
Building & Industrial	296,157	342,240	401,814	404,495		
Other	107,912	121,906	133,984	127,771		
Total Assets	621,722	706,881	820,927	830,109		
Liabilities						
Electronic Security & Entertainment	32,272	32,312	32,239	31,885		
Home, Hardware & Eco	22,330	27,064	24,235	30,680		
Building & Industrial	71,003	92,393	96,287	80,449		
Other	171,706	206,348	238,649	258,476		
Total Liabilities	297,311	358,117	391,410	401,490		
Net Assets Employed						
Electronic Security & Entertainment	92,198	85,194	95,701	113,414		
Home, Hardware & Eco	70,853	98,165	132,954	121,864		
Building & Industrial	225,154	249,847	305,527	324,046		
Other	(63,794)	(84,442)	(104,665)	(130,705)		
Total Net Assets Employed	324,411	348,764	429,517	428,619		

Excludes unusual items



Hills Industries Limited



Analysis of Key Financial Indicators

Balance Sheet	FY06 (\$000)	FY07 (\$000)	FY08 (\$000)	FY09 (\$000)
<u>Current Assets</u>				
Cash	20,223	27,434	21,549	67,978
Receivables	160,716	172,655	244,761	197,480
Inventory	135,853	175,507	180,341	196,569
Assets held for Resale	-	15,946	-	-
Total Current Assets	316,792	391,542	446,651	462,027
<u>Non-Current Assets</u>				
Receivables	-	-	17,285	-
Investments	2	2	2	2
Property, Plant & Equipment	172,047	173,157	226,424	227,494
Intangibles	104,809	111,369	114,162	114,326
Deferred Tax	28,072	30,811	16,403	25,927
Derivative Asset	-	-	-	333
Total Non-Current Assets	304,930	315,339	374,276	368,082
Total Assets	621,722	706,881	820,927	830,109
<u>Current Liabilities</u>				
Payables	113,882	133,947	139,921	120,902
Borrowings	17,789	2,104	6,191	3,852
Tax	5,857	12,742	4,317	8,186
Provisions	31,523	32,840	32,260	33,835
Derivative Liability	-	-	-	5,924
Total Current Liabilities	169,051	181,633	182,689	172,699
<u>Non-Current Liabilities</u>				
Borrowings	121,539	171,582	203,497	218,498
Deferred Tax	-	-	-	-
Provisions	6,721	4,902	5,224	5,975
Derivative Liability	-	-	-	4,318
Total Non-Current Liabilities	128,260	176,484	208,721	228,791
Total Liabilities	297,311	358,117	391,410	401,490
Net Assets	324,411	348,764	429,517	428,619
<u>Equity</u>				
Contributed Equity	167,525	178,031	223,091	248,598
Reserves	24,911	26,077	51,369	46,594
Retained Profits	117,516	127,618	133,759	107,442
Total Company Interest	309,952	331,726	408,219	402,634
Minority Interests	14,459	17,038	21,298	25,985
Total Equity	324,411	348,764	429,517	428,619
Shares on Issue (Year End)(000)	168,692	173,917	186,812	205,304
Shares on Issue (Average)(000)	166,801	170,823	177,032	193,398
Shareholders (number)	21,731	22,788	23,841	23,721
Net Assets per Share (cents)	183.74	190.74	218.52	196.12
Capital Employed	443,516	495,016	617,656	582,991
<u>Balance Sheet Ratios:</u>				
Current Assets/Total Assets	51.0%	55.4%	54.4%	55.7%
Current Liabilities/Total Liabilities	56.9%	50.7%	46.7%	43.0%
Current Assets/Current Liabilities	187.4%	215.6%	244.5%	267.5%
<u>Gearing:</u>				
Interest Cover (Times)	12.5	9.0	6.1	4.8
Net Debt/Equity	36.7%	41.9%	43.8%	36.0%

Excludes unusual items