



Hills Industries Limited
Analysis of Key Financial Indicators



Earnings				FY 07		FY08
	FY05 (\$000)	FY06 (\$000)	FY07 (\$000)	H1 (\$000)	H2 (\$000)	H1 (\$000)
Sales	810,156	930,990	1,013,212	510,159	503,053	555,746
Other Revenue	6,027	4,704	3,159	914	2,245	1,867
Total Revenue	816,183	935,694	1,016,371	511,073	505,298	557,613
EBITDA	84,296	90,831	101,261	50,285	50,976	53,139
Depreciation	18,763	16,825	18,381	8,784	9,597	10,182
EBITA	65,533	74,006	82,880	41,501	41,379	42,957
Amortisation	1,822	741	607	305	302	292
EBIT	63,711	73,265	82,273	41,196	41,077	42,665
Interest	3,308	5,880	9,105	4,514	4,591	6,365
Profit before Tax	60,403	67,385	73,168	36,682	36,486	36,300
Income Tax	18,683	19,175	21,126	10,532	10,594	9,571
Profit after Tax	41,720	48,210	52,042	26,150	25,892	26,729
Minority Interests	6,210	4,949	4,869	2,208	2,661	2,609
Attributable Profit	35,510	43,261	47,173	23,942	23,231	24,120
Earnings Per Share (cents)	23.1	25.9	27.6	14.1	13.5	13.9
Dividends Per Share (cents)	24.0	26.0	27.5	13.5	14.0	13.5
Dividend Yield	5.3%	5.4%	5.2%			
Franking (%)	100%	100%	100%	100%	100%	100%
Cash Flow from Operations	32,594	54,398	46,822	23,187	23,635	12,661
Cash Flow Per Share (cents)	21.2	32.6	27.4	13.7	13.8	7.3
Capital Expenditure	20,514	30,995	38,459	18,960	19,499	18,490
Profitability Ratios:						
EBITDA/Revenue	10.3%	9.7%	10.0%	9.8%	10.1%	9.5%
EBIT/Revenue	7.8%	7.8%	8.1%	8.1%	8.1%	7.7%
Profit after Tax/Revenue	5.1%	5.2%	5.1%	5.1%	5.1%	4.8%
Return Ratios (Pre Tax):						
Return on Assets	10.5%	10.9%	10.4%	11.2%	10.3%	9.8%
Return on Equity	19.6%	20.8%	21.0%	21.8%	20.9%	20.3%
EBIT/Capital Employed	16.2%	16.5%	16.6%	17.7%	16.6%	16.4%
Valuation:						
Share Price (\$)	4.50	4.80	5.33	5.62	5.33	5.37
Market Capitalisation (\$m)	740.6	809.7	927.0	965.2	927.0	937.4
Enterprise Value (\$m)	825.2	928.8	1,073.3	1,093.5	1,073.3	1,101.5
Price Earning Ratio (times)	19.5	18.5	19.3	19.9	19.7	19.3
EV/EBITDA (times)	9.8	10.2	10.6	10.9	10.5	10.4
EV/EBIT (times)	13.0	12.7	13.0	13.3	13.1	12.9

Excludes Individually Significant Items



Hills Industries Limited
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Segment Analysis				FY 07		FY 08
	FY05 (\$000)	FY06 (\$000)	FY07 (\$000)	H1 (\$000)	H2 (\$000)	H1 (\$000)
Revenue						
Electronic Security & Entertainment	206,311	263,854	277,174	140,545	136,629	151,849
Home, Hardware & Eco	164,928	168,933	191,354	96,693	94,661	111,180
Building & Industrial	438,917	498,203	544,684	272,530	272,154	292,232
Other	6,027	4,704	3,159	1,305	1,854	2,352
Total Revenue	816,183	935,694	1,016,371	511,073	505,298	557,613
EBIT						
Electronic Security & Entertainment	23,544	34,024	31,726	16,708	15,018	20,956
Home, Hardware & Eco	9,560	12,325	13,817	8,835	4,982	8,514
Building & Industrial	31,028	26,762	36,025	15,813	20,212	12,401
Other	(421)	154	705	(160)	865	794
Total EBIT	63,711	73,265	82,273	41,196	41,077	42,665
EBIT/Revenue						
Electronic Security & Entertainment	11.4%	12.9%	11.4%	11.9%	11.0%	13.8%
Home, Hardware & Eco	5.8%	7.3%	7.2%	9.1%	5.3%	7.7%
Building & Industrial	7.1%	5.4%	6.6%	5.8%	7.4%	4.2%

Excludes Individually Significant Items



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Analysis of Key Financial Indicators

Balance Sheet	FY05 (\$000)	FY06 (\$000)	FY07 (\$000)	FY 07 H1 (\$000)	FY 08 H1 (\$000)
Current Assets					
Cash	21,287	20,223	27,434	27,684	47,379
Receivables	152,468	160,716	172,655	161,228	180,680
Inventory	133,986	135,853	175,507	153,873	172,532
Assets held for resale			15,946		
Total Current Assets	307,741	316,792	391,542	342,785	400,591
Non-Current Assets					
Receivables	1,222	-	-	-	20,785
Investments	102	2	2	2	2
Property, Plant & Equipment	154,940	172,047	173,157	181,904	181,369
Intangibles	91,079	103,379	111,369	103,076	111,565
Deferred Tax	21,938	28,002	30,811	27,628	29,043
Total Non-Current Assets	269,281	303,430	315,339	312,610	342,764
Total Assets	577,022	620,222	706,881	655,395	743,355
Current Liabilities					
Payables	117,135	113,882	133,947	120,328	132,631
Interest bearing	10,528	17,789	2,104	13,380	-
Tax	8,599	4,357	12,742	1,723	4,388
Provisions	29,787	31,523	32,840	33,653	32,686
Total Current Liabilities	166,049	167,551	181,633	169,084	169,705
Non-Current Liabilities					
Interest bearing	95,405	121,539	171,582	142,609	211,498
Deferred Tax	-	-	-	-	-
Provisions	7,081	6,721	4,902	6,755	4,657
Total Non-Current Liabilities	102,486	128,260	176,484	149,364	216,155
Total Liabilities	268,535	295,811	358,117	318,448	385,860
Net Assets	308,487	324,411	348,764	336,947	357,495
Equity					
Contributed Equity	157,214	167,525	178,031	172,257	183,883
Reserves	29,926	24,911	26,077	26,322	25,557
Retained Profits	105,388	117,516	127,618	122,870	130,147
Total Company Interest	292,528	309,952	331,726	321,449	339,587
Minority Interests	15,959	14,459	17,038	15,498	17,908
Total Equity	308,487	324,411	348,764	336,947	357,495
Shares on Issue (Year End)(000)	164,570	168,692	173,917	171,740	174,571
Shares on Issue (Average)(000)	153,633	166,801	170,823	169,782	173,749
Shareholders (number)	20,270	21,931	22,788	22,154	22,989
Net Assets per Share (cents)	177.75	183.74	190.74	187.17	194.53
Capital Employed	393,133	443,516	495,016	465,252	521,614
Balance Sheet Ratios:					
Current Assets/Total Assets	53.3%	51.1%	55.4%	52.3%	53.9%
Current Liabilities/Total Liabilities	61.8%	56.6%	50.7%	53.1%	44.0%
Current Assets/Current Liabilities	185.3%	189.1%	215.6%	202.7%	236.1%
Gearing:					
Interest Cover (times)	19.3	12.5	9.0	9.1	6.7
Net Debt/Equity	27.4%	36.7%	41.9%	38.1%	45.9%