

Hills strategy to deliver strong growth in FY2020 profits

Hills Limited has today forecast strong profit growth in the 2020 financial year as its strategy of focusing on its Health business and streamlined Distribution business continues to deliver results.

Hills Chairman Jennifer Hill-Ling and Chief Executive and Managing Director Mr David Lenz used the Company's Annual General Meeting in Adelaide to provide shareholders with an update on Hills' strategic direction and outlook for the current year.

Mr Lenz said the Company expected to deliver a strong 1H NPAT (net profit after tax) performance over the previous corresponding period, subject to the timing of major project deliveries in November and December.

Over the full financial year, Hills expects its strategy, which involves divesting and exiting non-core operations and implementing further operational savings, to deliver strong growth in profits.

Since the end of FY2019, Hills has sold its Antenna and AV businesses and exited its STEP satellite services and Foxtel satellite dish businesses, leaving a Company focused on its fast-growing, market-leading Health business and a Distribution business built on its strong position in the Security, IT and Technical Services market.

Mr Lenz told shareholders all transactions were on track to be concluded during December and expects them to have the following effects on the Company's financial position:

- a full-year revenue impact of approximately \$50m with no negative impact on EBITDA;
- an approximate \$10m release of working capital to reduce net debt and to invest in the continuing businesses; and
- no further provisions or impairments associated with these transactions.

Mr Lenz said Hills remained on target to achieve cost savings within its Distribution business of \$3 million to \$5 million in FY2020 and deliver solid revenue growth in Hills Health, which is the leading provider of nurse call and patient engagement systems in Australian public and private hospitals.

Ms Hill-Ling told shareholders the ongoing growth of the Health business and the return of the Distribution business to profitability in the current year would position Hills to resume paying dividends, subject to the capital and growth requirements of the Company.

"We look forward to you continuing the journey with us as we enter an exciting new period in Hills long history – with a simplified and focused business structure that will allow us to maximise the value of the Company as the results of our Strategic and Operational reviews restore sustainable profitability," she told the AGM.



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Full copies of the Chairman and CEO addresses and presentations have been lodged with the ASX and are available at <https://corporate.hills.com.au/investors/asx-announcements>.

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