



Hills Industries Limited
Analysis of Key Financial Indicators



Earnings	FY08					
	FY05 (\$000)	FY06 (\$000)	FY07 (\$000)	FY08 (\$000)	H1 (\$000)	H2 (\$000)
Sales	810,156	930,990	1,013,212	1,184,737	555,746	628,991
Other Revenue	6,027	4,704	3,159	2,851	1,867	984
Total Revenue	816,183	935,694	1,016,371	1,187,588	557,613	629,975
EBITDA	84,296	90,831	101,261	109,556	53,139	56,417
Depreciation	18,763	16,825	18,381	21,210	10,182	11,028
EBITA	65,533	74,006	82,880	88,346	42,957	45,389
Amortisation	1,822	741	607	574	292	282
EBIT	63,711	73,265	82,273	87,772	42,665	45,107
Interest	3,308	5,880	9,105	14,374	6,365	8,009
Profit before Tax	60,403	67,385	73,168	73,398	36,300	37,098
Income Tax	18,683	19,175	21,126	19,809	9,571	10,238
Profit after Tax	41,720	48,210	52,042	53,589	26,729	26,860
Minority Interests	6,210	4,949	4,869	5,553	2,609	2,944
Attributable Profit	35,510	43,261	47,173	48,036	24,120	23,916
Earnings Per Share (cents)	23.1	25.9	27.6	27.3	13.9	13.7
Dividends Per Share (cents)	24.0	26.0	27.5	27.5	13.5	14.0
Dividend Yield (%)	5.3%	5.4%	5.2%	8.2%		
Franking (%)	100%	100%	100%	100%	100%	100%
Cash Flow from Operations	32,594	54,398	46,822	(9,841)	12,661	34,161
Cash Flow Per Share (cents)	21.2	32.6	27.4	(5.6)	7.2	(12.7)
Capital Expenditure	20,514	30,995	38,459	35,366	18,490	19,969
Profitability ratios:						
EBITDA/Revenue	10.3%	9.7%	10.0%	9.2%	9.5%	9.0%
EBIT/Revenue	7.8%	7.8%	8.1%	7.4%	7.7%	7.2%
Net Profit/Revenue	5.1%	5.2%	5.1%	4.5%	4.8%	4.3%
Return ratios (Pre Tax):						
Return on Assets	10.5%	10.8%	10.4%	8.9%	11.2%	10.1%
Return on Equity	19.6%	20.8%	21.0%	17.1%	21.8%	19.2%
EBIT/Capital Employed	16.2%	16.5%	16.6%	14.2%	17.7%	15.6%
Valuation:						
Share Price at 30 June (\$)	4.50	4.80	5.33	3.34		
Market Capitalisation (\$m)	740.6	809.7	927.0	624.0		
Enterprise Value (\$m)	825.2	928.8	1,073.3	812.1		
Price Earning Ratio (times)	19.5	18.5	19.3	12.2		
EV/EBITDA (times)	9.8	10.2	10.6	7.4		
EV/EBIT (times)	13.0	12.7	13.0	9.3		

Excludes unusual items



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Segment Earnings	FY08					
	FY05 (\$000)	FY06 (\$000)	FY07 (\$000)	FY08 (\$000)	H1 (\$000)	H2 (\$000)
Electronic Security & Entertainment:						
Revenue	206,311	263,854	277,174	312,322	151,849	160,473
EBITDA	28,064	37,038	34,824	40,995		
Depreciation & Amortisation	4,520	3,014	3,098	2,897		
EBIT	23,544	34,024	31,726	38,098	20,956	17,142
EBIT/Revenue	11.4%	12.9%	11.4%	12.2%	13.8%	10.7%
Home, Hardware & Eco:						
Revenue	164,928	168,933	191,354	227,558	111,180	116,378
EBITDA	17,832	17,348	19,390	20,380		
Depreciation & Amortisation	8,272	5,023	5,573	6,574		
EBIT	9,560	12,325	13,817	13,806	8,514	5,292
EBIT/Revenue	5.8%	7.3%	7.2%	6.1%	7.7%	4.5%
Building & Industrial:						
Revenue	438,917	498,203	544,684	643,060	292,232	350,828
EBITDA	38,124	35,176	45,210	46,341		
Depreciation & Amortisation	7,096	8,414	9,185	10,952		
EBIT	31,028	26,762	36,025	35,389	12,401	22,988
EBIT/Revenue	7.1%	5.4%	6.6%	5.5%	4.2%	6.6%

Excludes unusual items

Segment - Ratios	FY08					
	FY05	FY06	FY07	FY08	H1	H2
EBIT/Revenue						
Electronic Security & Entertainment	11.4%	12.9%	11.4%	12.2%	13.8%	10.7%
Home, Hardware & Eco	5.8%	7.3%	7.2%	6.1%	7.7%	4.5%
Building & Industrial	7.1%	5.4%	6.6%	5.5%	4.2%	6.6%
EBIT/Total Assets						
Electronic Security & Entertainment	21.3%	27.3%	27.0%	29.8%		
Home, Hardware & Eco	9.1%	13.2%	11.0%	8.8%		
Building & Industrial	13.4%	9.0%	10.5%	8.8%		
EBIT/Net Assets						
Electronic Security & Entertainment	29.2%	36.9%	37.2%	39.8%		
Home, Hardware & Eco	12.1%	17.4%	14.1%	10.4%		
Building & Industrial	19.1%	11.9%	14.4%	11.6%		

Excludes unusual items

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Segment Analysis	FY05 (\$000)	FY06 (\$000)	FY07 (\$000)	FY08		
				FY08 (\$000)	H1 (\$000)	H2 (\$000)
Revenue						
Electronic Security & Entertainment	206,311	263,854	277,174	312,322	151,849	160,473
Home, Hardware & Eco	164,928	168,933	191,354	227,558	111,180	116,378
Building & Industrial	438,917	498,203	544,684	643,060	292,232	350,828
Other	6,027	4,704	3,159	1,797	2,352	(555)
Total Revenue	816,183	935,694	1,016,371	1,184,737	557,613	627,124
EBIT						
Electronic Security & Entertainment	23,544	34,024	31,726	38,098	20,956	17,142
Home, Hardware & Eco	9,560	12,325	13,817	13,806	8,514	5,292
Building & Industrial	31,028	26,762	36,025	35,389	12,401	22,988
Other	(421)	154	705	478	794	(316)
Total EBIT	63,711	73,265	82,273	87,771	42,665	45,106
Assets						
Electronic Security & Entertainment	110,390	124,470	117,506	127,940		
Home, Hardware & Eco	105,522	93,183	125,229	157,189		
Building & Industrial	232,168	296,157	342,240	401,814		
Other	128,942	107,912	121,906	133,949		
Total Assets	577,022	621,722	706,881	820,892		
Liabilities						
Electronic Security & Entertainment	29,670	32,272	32,312	32,239		
Home, Hardware & Eco	26,268	22,330	27,064	24,235		
Building & Industrial	70,131	71,003	92,393	96,287		
Other	142,466	171,706	206,348	238,428		
Total Liabilities	268,535	297,311	358,117	391,189		
Net Assets Employed						
Electronic Security & Entertainment	80,720	92,198	85,194	95,701		
Home, Hardware & Eco	79,254	70,853	98,165	132,954		
Building & Industrial	162,037	225,154	249,847	305,527		
Other	(13,524)	(63,794)	(84,442)	(104,479)		
Total Net Assets Employed	308,487	324,411	348,764	429,703		

Excludes unusual items



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Analysis of Key Financial Indicators

Balance Sheet	FY05 (\$000)	FY06 (\$000)	FY07 (\$000)	FY08 (\$000)
Current Assets				
Cash	21,287	20,223	27,434	21,308
Receivables	152,468	160,716	172,655	262,046
Inventory	133,986	135,853	175,507	180,341
Assets held for Resale	-	-	15,946	-
Total Current Assets	307,741	316,792	391,542	463,695
Non-Current Assets				
Receivables	1,222	-	-	-
Investments	102	2	2	4
Property, Plant & Equipment	154,940	172,047	173,157	226,425
Intangibles	91,079	104,809	111,369	114,161
Deferred Tax	21,938	28,072	30,811	16,607
Total Non-Current Assets	269,281	304,930	315,339	357,197
Total Assets	577,022	621,722	706,881	820,892
Current Liabilities				
Payables	117,135	113,882	133,947	139,923
Interest bearing	10,528	17,789	2,104	5,952
Tax	8,599	5,857	12,742	4,317
Provisions	29,787	31,523	32,840	32,276
Total Current Liabilities	166,049	169,051	181,633	182,468
Non-Current Liabilities				
Interest bearing	95,405	121,539	171,582	203,497
Deferred Tax	-	-	-	-
Provisions	7,081	6,721	4,902	5,224
Total Non-Current Liabilities	102,486	128,260	176,484	208,721
Total Liabilities	268,535	297,311	358,117	391,189
Net Assets	308,487	324,411	348,764	429,703
Equity				
Contributed Equity	157,214	167,525	178,031	224,053
Reserves	29,926	24,911	26,077	50,499
Retained Profits	105,388	117,516	127,618	133,759
Total Company Interest	292,528	309,952	331,726	408,311
Minority Interests	15,959	14,459	17,038	21,392
Total Equity	308,487	324,411	348,764	429,703
Shares on Issue (Year End)(000)	164,570	168,692	173,917	186,812
Shares on Issue (Average)(000)	153,633	166,801	170,823	177,032
Shareholders (number)	20,270	21,731	22,788	23,841
Net Assets per Share (cents)	177.75	183.74	190.74	218.57
Capital Employed	393,133	443,516	495,016	617,844
Balance Sheet Ratios:				
Current Assets/Total Assets	53.3%	51.0%	55.4%	56.5%
Current Liabilities/Total Liabilities	61.8%	56.9%	50.7%	46.6%
Current Assets/Current Liabilities	185.3%	187.4%	215.6%	254.1%
Gearing:				
Interest Cover (Times)	19.3	12.5	9.0	6.7
Net Debt/Equity	27.4%	36.7%	41.9%	43.8%

Excludes unusual items