



## Hills Industries Limited

### Analysis of Key Financial Indicators



<b>Earnings</b>	FY10 (\$000)					
	FY07 (\$000)	FY08 (\$000)	FY09 (\$000)	FY10 (\$000)	H1 (\$000)	H2 (\$000)
Sales	1,013,212	1,183,900	1,191,239	1,155,462	601,500	553,962
Other Revenue	787	837	842	864	367	497
<b>Total Revenue</b>	<b>1,013,999</b>	<b>1,184,737</b>	<b>1,192,081</b>	<b>1,156,326</b>	<b>601,867</b>	<b>554,459</b>
EBITDA	101,261	109,556	83,084	89,382	49,169	40,213
Depreciation	18,381	21,210	22,540	22,877	11,576	11,301
EBITA	82,880	88,346	60,544	66,505	37,593	28,912
Amortisation	607	574	566	1,036	474	562
EBIT	82,273	87,772	59,978	65,469	37,119	28,350
Net Finance Costs	9,105	14,374	12,531	3,409	2,241	1,168
Profit before Tax	73,168	73,398	47,447	62,060	34,878	27,182
Income Tax	21,126	19,809	13,246	18,965	10,461	8,504
Profit after Tax	52,042	53,589	34,201	43,095	24,417	18,678
Minority Interests	4,869	5,553	6,149	2,907	2,359	548
<b>Attributable Profit</b>	<b>47,173</b>	<b>48,036</b>	<b>28,052</b>	<b>40,188</b>	<b>22,058</b>	<b>18,130</b>
Earnings Per Share (cents)	27.6	27.3	14.6	16.7	9.4	7.3
Dividends Per Share (cents)	27.5	27.5	10.0	12.5	7.0	5.5
Dividend Yield (%)	5.2%	8.2%	6.4%	5.8%		
Franking (%)	100%	100%	100%	100%	100%	100%
Cash Flow from Operations	46,822	(6,014)	62,333	101,548	48,668	52,880
Cash Flow Per Share (cents)	27.4	(3.4)	32.2	42.1		
Capital Expenditure	38,459	35,366	32,047	19,094	8,619	10,475
<b>Profitability ratios:</b>						
EBITDA/Revenue	10.0%	9.2%	7.0%	7.7%	8.2%	7.3%
EBIT/Revenue	8.1%	7.4%	5.0%	5.7%	6.2%	5.1%
Net Profit/Revenue	5.1%	4.5%	2.9%	3.7%	4.1%	3.4%
<b>Return ratios (Pre Tax):</b>						
Return on Assets	10.4%	8.9%	5.7%	7.9%	8.9%	7.9%
Return on Equity	21.0%	17.1%	11.1%	12.5%	13.8%	12.5%
EBIT/Capital Employed	16.6%	14.2%	10.3%	12.0%	13.1%	12.0%
<b>Valuation:</b>						
Share Price at 30 June / 31 Dec (\$)	5.33	3.34	1.57	2.15		
Market Capitalisation (\$m)	927.0	624.0	322.3	533.7		
Enterprise Value (\$m)	1,073.3	812.1	476.7	583.9		
Price Earning Ratio (times)	19.3	12.2	10.8	12.9		
EV/EBITDA (times)	10.6	7.4	5.7	6.5		
EV/EBIT (times)	13.0	9.3	7.9	8.9		

Excludes unusual items



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<b>Segment Earnings</b>	FY07 (\$000)	FY08 (\$000)	FY09 (\$000)	FY10 (\$000)	FY10 (\$000)	
					H1 (\$000)	H2 (\$000)
<b>Electronic Security &amp; Entertainment:</b>						
Revenue	277,174	312,322	336,019	349,506	189,513	159,993
EBITDA	34,824	40,995	33,552	35,816		
Depreciation & Amortisation	3,098	2,897	2,700	3,291		
EBIT	31,726	38,098	30,852	32,525	17,041	15,484
EBIT/Revenue	11.4%	12.2%	9.2%	9.3%	9.0%	9.7%
<b>Home, Hardware &amp; Eco:</b>						
Revenue	191,354	227,558	193,517	176,311	99,185	77,126
EBITDA	19,390	20,380	3,912	16,038		
Depreciation & Amortisation	5,573	6,574	7,018	5,803		
EBIT	13,817	13,806	(3,106)	10,235	5,690	4,545
EBIT/Revenue	7.2%	6.1%	-1.6%	5.8%	5.7%	5.9%
<b>Building &amp; Industrial:</b>						
Revenue	499,250	588,183	598,811	574,366	283,085	291,281
EBITDA	38,212	39,101	35,113	32,732		
Depreciation & Amortisation	8,580	10,257	11,323	12,110		
EBIT	29,632	28,844	23,790	20,622	11,220	9,402
EBIT/Revenue	5.9%	4.9%	4.0%	3.6%	4.0%	3.2%
<b>Korvest:</b>						
Revenue	45,434	54,877	62,892	55,279	29,171	26,108
EBITDA	6,998	7,240	9,029	6,766		
Depreciation & Amortisation	605	695	985	1,060		
EBIT	6,393	6,545	8,044	5,706	3,547	2,159
EBIT/Revenue	14.1%	11.9%	12.8%	10.3%	12.2%	8.3%

Excludes unusual items

<b>Segment - Ratios</b>	FY07 (\$000)	FY08 (\$000)	FY09 (\$000)	FY10 (\$000)	FY10 (\$000)	
					H1 (\$000)	H2 (\$000)
<b>EBIT/Revenue</b>						
Electronic Security & Entertainment	11.4%	12.2%	9.2%	9.3%	9.0%	9.7%
Home, Hardware & Eco	7.2%	6.1%	-1.6%	5.8%	5.7%	5.9%
Building & Industrial	5.9%	4.9%	4.0%	3.6%	4.0%	3.2%
Korvest	14.1%	11.9%	12.8%	10.3%	12.2%	8.3%
<b>EBIT/Total Assets</b>						
Electronic Security & Entertainment	27.0%	29.8%	21.2%	24.3%		
Home, Hardware & Eco	11.0%	8.8%	-2.0%	8.0%		
Building & Industrial	9.3%	7.8%	6.4%	5.5%		
Korvest	26.5%	20.1%	23.9%	15.9%		
<b>EBIT/Net Assets</b>						
Electronic Security & Entertainment	37.2%	39.8%	27.2%	32.3%		
Home, Hardware & Eco	14.1%	10.4%	-2.5%	10.1%		
Building & Industrial	12.7%	10.3%	8.0%	7.1%		
Korvest	37.0%	25.9%	30.1%	19.8%		

Excludes unusual items



**Hills Industries Limited**  
**Analysis of Key Financial Indicators**



<b>Segment Analysis</b>	FY10 (\$000)					
	FY07 (\$000)	FY08 (\$000)	FY09 (\$000)	FY10 (\$000)	H1 (\$000)	H2 (\$000)
<b>Revenue</b>						
Electronic Security & Entertainment	277,174	312,322	336,019	349,506	189,513	159,993
Home, Hardware & Eco	191,354	227,558	193,517	176,311	99,185	77,126
Building & Industrial	499,250	588,183	598,811	574,366	283,085	291,281
Korvest	45,434	54,877	62,892	55,279	29,171	26,108
Other	787	1,797	842	864	913	(49)
<b>Total Revenue</b>	<b>1,013,999</b>	<b>1,184,737</b>	<b>1,192,081</b>	<b>1,156,326</b>	<b>601,867</b>	<b>554,459</b>
<b>EBIT</b>						
Electronic Security & Entertainment	31,726	38,098	30,852	32,525	17,041	15,484
Home, Hardware & Eco	13,817	13,806	(3,106)	10,235	5,690	4,545
Building & Industrial	29,632	28,844	23,790	20,622	11,220	9,402
Korvest	6,393	6,545	8,044	5,706	3,547	2,159
Other	705	478	398	(3,619)	(379)	(3,240)
<b>Total EBIT</b>	<b>82,273</b>	<b>87,771</b>	<b>59,978</b>	<b>65,469</b>	<b>37,119</b>	<b>28,350</b>
<b>Assets</b>						
Electronic Security & Entertainment	117,506	127,940	145,299	133,701		
Home, Hardware & Eco	125,229	157,189	152,544	128,274		
Building & Industrial	318,079	369,240	370,783	372,623		
Korvest	24,161	32,574	33,712	35,882		
Other	121,906	133,984	127,672	114,464		
<b>Total Assets</b>	<b>706,881</b>	<b>820,927</b>	<b>830,010</b>	<b>784,944</b>		
<b>Liabilities</b>						
Electronic Security & Entertainment	32,312	32,239	31,885	33,099		
Home, Hardware & Eco	27,064	24,235	30,680	26,989		
Building & Industrial	85,516	88,986	73,472	81,830		
Korvest	6,877	7,301	6,977	7,070		
Other	206,348	238,649	258,476	139,457		
<b>Total Liabilities</b>	<b>358,117</b>	<b>391,410</b>	<b>401,490</b>	<b>288,445</b>		
<b>Net Assets Employed</b>						
Electronic Security & Entertainment	85,194	95,701	113,414	100,602		
Home, Hardware & Eco	98,165	132,954	121,864	101,285		
Building & Industrial	232,563	280,254	297,311	290,793		
Korvest	17,284	25,273	26,735	28,812		
Other	(84,442)	(104,665)	(130,804)	(24,993)		
<b>Total Net Assets Employed</b>	<b>348,764</b>	<b>429,517</b>	<b>428,520</b>	<b>496,499</b>		

Excludes unusual items



# Hills Industries Limited



## Analysis of Key Financial Indicators

<b>Balance Sheet</b>	<b>FY07 (\$000)</b>	<b>FY08 (\$000)</b>	<b>FY09 (\$000)</b>	<b>FY10 (\$000)</b>
<b><u>Current Assets</u></b>				
Cash	27,434	21,549	67,978	56,915
Receivables	172,655	244,761	197,480	186,002
Inventory	175,507	180,341	196,569	181,496
Assets held for Resale	15,946	-	-	-
Derivative Asset	-	-	-	800
<b>Total Current Assets</b>	<b>391,542</b>	<b>446,651</b>	<b>462,027</b>	<b>425,213</b>
<b><u>Non-Current Assets</u></b>				
Receivables	-	17,285	-	-
Investments	2	2	2	2
Property, Plant & Equipment	173,157	226,424	227,494	219,658
Intangibles	111,369	114,162	114,326	116,300
Deferred Tax	30,811	16,403	25,828	23,771
Derivative Asset	-	-	333	-
<b>Total Non-Current Assets</b>	<b>315,339</b>	<b>374,276</b>	<b>367,983</b>	<b>359,731</b>
<b>Total Assets</b>	<b>706,881</b>	<b>820,927</b>	<b>830,010</b>	<b>784,944</b>
<b><u>Current Liabilities</u></b>				
Payables	133,947	139,921	120,902	128,048
Borrowings	2,104	6,191	3,852	1,384
Tax	12,742	4,317	8,186	10,622
Provisions	32,840	32,260	33,835	33,445
Derivative Liability	-	-	5,924	262
<b>Total Current Liabilities</b>	<b>181,633</b>	<b>182,689</b>	<b>172,699</b>	<b>173,761</b>
<b><u>Non-Current Liabilities</u></b>				
Borrowings	171,582	203,497	218,498	105,684
Deferred Tax	-	-	-	-
Provisions	4,902	5,224	5,975	6,318
Derivative Liability	-	-	4,318	2,682
<b>Total Non-Current Liabilities</b>	<b>176,484</b>	<b>208,721</b>	<b>228,791</b>	<b>114,684</b>
<b>Total Liabilities</b>	<b>358,117</b>	<b>391,410</b>	<b>401,490</b>	<b>288,445</b>
<b>Net Assets</b>	<b>348,764</b>	<b>429,517</b>	<b>428,520</b>	<b>496,499</b>
<b><u>Equity</u></b>				
Contributed Equity	178,031	223,091	248,598	306,595
Reserves	26,077	51,369	46,495	47,899
Retained Profits	127,618	133,759	107,442	126,107
<b>Total Company Interest</b>	<b>331,726</b>	<b>408,219</b>	<b>402,535</b>	<b>480,601</b>
Minority Interests	17,038	21,298	25,985	15,898
<b>Total Equity</b>	<b>348,764</b>	<b>429,517</b>	<b>428,520</b>	<b>496,499</b>
Shares on Issue (Year End)(000)	173,917	186,812	205,304	248,220
Shares on Issue (Average)(000)	170,823	177,032	193,398	241,090
Shareholders (number)	22,788	23,841	23,721	23,449
<b>Net Assets per Share (cents)</b>	<b>190.74</b>	<b>218.52</b>	<b>196.07</b>	<b>193.62</b>
<b>Capital Employed</b>	<b>495,016</b>	<b>617,656</b>	<b>582,892</b>	<b>546,652</b>
<b><u>Balance Sheet Ratios:</u></b>				
Current Assets/Total Assets	55.4%	54.4%	55.7%	54.2%
Current Liabilities/Total Liabilities	50.7%	46.7%	43.0%	60.2%
Current Assets/Current Liabilities	215.6%	244.5%	267.5%	244.7%
<b><u>Gearing:</u></b>				
Interest Cover (Times)	9.0	6.1	4.8	19.2
Net Debt/Equity	41.9%	43.8%	36.0%	10.1%