



asx announcement media release

21 October 2015

HILLS BUSINESS UPDATE

Hills Limited (ASX: HIL) outlined in a letter to shareholders of 8 September 2015, its progress in the major restructure and transformation the Company has undertaken over the past three years. Hills has become an integrated business focussed on technology and health products and services in Australia and New Zealand.

Hills Chief Executive Officer, Mr Grant Logan, said: "We are rebuilding and that takes time to do it well. However, we consider that Hills now has the right people, products and solutions in place and that the business will continue to build and grow.

"Our current attention is focused primarily on stabilising operational performance and improving our customers' experience across all areas of the business. Significant relationship gains with customers and suppliers have been achieved. We have also added new distribution arrangements to enhance our portfolio of products, and are building a healthy sales pipeline, and continue to win business and major contracts," he said.

First quarter FY16

In line with the Company's expectations, the first quarter result for FY16 is an EBITDA^{1, 3} of approximately \$3 million with a small loss at the NPAT^{2, 3} level. This result included the effect of the loss of a key vendor, Crestron.

Second Half FY16

Hills will benefit in the second half of FY16 from the improvements outlined above and the anticipated increased profitability coming from operational changes, the ongoing reduction in operating costs, and positive results from closer margin management.

The Board reaffirms its strategy to be a value-added distributor of integrated technology and communication solutions that inspire, protect and improve people's daily lives and the environments they trust the most: their homes, schools, hospitals, aged care facilities, educational institutions, workplaces and governments.

Since May 2015, our Board and senior management have acquired approximately 1 million shares in Hills.

The Board looks forward to providing more details on the execution of its strategy at the Annual General Meeting on 26 November 2015.

¹ Earnings before interest, tax, depreciation and amortization (EBITDA) is a non-IFRS measure used to present the company's segmental information in financial reporting and is calculated on a consistent basis as detailed in note 2 to the most recent (FY2015) financial statements.

² Net profit after tax attributable to owners, is a statutory IFRS measure.

³ The first quarter update provided above is based on internal management accounts which have not been audited or reviewed.



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