



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



<b>Earnings</b>	FY 07					
	FY04 (\$000)	FY05 (\$000)	FY06 (\$000)	FY07 (\$000)	H1 (\$000)	H2 (\$000)
Sales	713,643	810,156	930,990	1,013,212	510,159	503,053
Other Revenue	5,023	6,027	4,704	3,159	914	2,245
<b>Total Revenue</b>	<b>718,666</b>	<b>816,183</b>	<b>935,694</b>	<b>1,016,371</b>	<b>511,073</b>	<b>505,298</b>
EBITDA	77,903	84,296	90,831	101,261	50,285	50,976
Depreciation	17,427	18,763	16,825	18,381	8,784	9,597
EBITA	60,476	65,533	74,006	82,880	41,501	41,379
Amortisation	2,296	1,822	741	607	305	302
EBIT	58,180	63,711	73,265	82,273	41,196	41,077
Interest	4,539	3,308	5,880	9,105	4,514	4,591
Profit before Tax	53,641	60,403	67,385	73,168	36,682	36,486
Income Tax	15,409	18,683	19,175	21,126	10,532	10,594
Profit after Tax	38,232	41,720	48,210	52,042	26,150	25,892
Minority Interests	6,972	6,210	4,949	4,869	2,208	2,661
<b>Attributable Profit</b>	<b>31,260</b>	<b>35,510</b>	<b>43,261</b>	<b>47,173</b>	<b>23,942</b>	<b>23,231</b>
Earnings Per Share (cents)	22.6	23.1	25.9	27.6	14.1	13.5
Dividends Per Share (cents)	22.5	24.0	26.0	27.5	13.5	14.0
Dividend Yield (%)	5.8%	5.3%	5.4%	5.2%		
Franking (%)	100%	100%	100%	100%	100%	100%
Cash Flow from Operations	36,803	32,594	54,398	46,822	23,187	23,635
Cash Flow Per Share (cents)	26.6	21.2	32.6	27.4	13.6	13.8
Capital Expenditure	23,432	20,514	30,995	38,459	18,960	19,499
<b>Profitability ratios:</b>						
EBITDA/Revenue	10.8%	10.3%	9.7%	10.0%	9.8%	10.1%
EBIT/Revenue	8.1%	7.8%	7.8%	8.1%	8.1%	8.1%
Net Profit/Revenue	5.3%	5.1%	5.2%	5.1%	5.1%	5.1%
<b>Return ratios (Pre Tax):</b>						
Return on Assets	12.5%	10.5%	10.8%	10.4%	11.2%	10.1%
Return on Equity	22.9%	19.6%	20.8%	21.0%	21.8%	19.2%
EBIT/Capital Employed	19.6%	16.2%	16.5%	16.6%	17.7%	15.6%
<b>Valuation:</b>						
Share Price at 30 June (\$)	3.86	4.50	4.80	5.33		
Market Capitalisation (\$m)	540.6	740.6	809.7	927.0		
Enterprise Value (\$m)	603.6	825.2	928.8	1,073.3		
Price Earning Ratio (times)	17.1	19.5	18.5	19.3		
EV/EBITDA (times)	7.7	9.8	10.2	10.6		
EV/EBIT (times)	10.4	13.0	12.7	13.0		



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<b>Segment Earnings</b>	<b>FY 07</b>					
	<b>FY04 (\$000)</b>	<b>FY05 (\$000)</b>	<b>FY06 (\$000)</b>	<b>FY07 (\$000)</b>	<b>H1 (\$000)</b>	<b>H2 (\$000)</b>
<b>Electronic Security &amp; Entertainment:</b>						
Revenue	170,262	206,311	263,854	277,174	140,545	136,629
EBITDA	21,986	28,064	37,038	34,824		
Depreciation & Amortisation	3,368	4,520	3,014	3,098		
EBIT	18,618	23,544	34,024	31,726	16,708	15,018
EBIT/Revenue	10.9%	11.4%	12.9%	11.4%	11.9%	11.0%
<b>Home, Hardware &amp; Eco:</b>						
Revenue	161,774	164,928	168,933	191,354	96,693	94,661
EBITDA	21,389	17,832	17,348	19,390		
Depreciation & Amortisation	7,997	8,272	5,023	5,573		
EBIT	13,392	9,560	12,325	13,817	8,835	4,982
EBIT/Revenue	8.3%	5.8%	7.3%	7.2%	9.1%	5.3%
<b>Building &amp; Industrial:</b>						
Revenue	378,763	438,917	498,203	544,684	272,530	272,154
EBITDA	31,883	38,124	35,176	45,210		
Depreciation & Amortisation	6,602	7,096	8,414	9,185		
EBIT	25,281	31,028	26,762	36,025	15,813	20,212
EBIT/Revenue	6.7%	7.1%	5.4%	6.6%	5.8%	7.4%

<b>Segment - Ratios</b>	<b>FY 07</b>					
	<b>FY04</b>	<b>FY05</b>	<b>FY06</b>	<b>FY07</b>	<b>H1</b>	<b>H2</b>
<b>EBIT/Revenue</b>						
Electronic Security & Entertainment	10.9%	11.4%	12.9%	11.4%	11.9%	11.0%
Home, Hardware & Eco	8.3%	5.8%	7.3%	7.2%	9.1%	5.3%
Building & Industrial	6.7%	7.1%	5.4%	6.6%	5.8%	7.4%
<b>EBIT/Total Assets</b>						
Electronic Security & Entertainment	24.9%	21.3%	27.3%	27.0%		
Home, Hardware & Eco	12.5%	9.1%	13.2%	11.0%		
Building & Industrial	14.0%	13.4%	9.0%	10.5%		
<b>EBIT/Net Assets</b>						
Electronic Security & Entertainment	30.7%	29.2%	36.9%	37.2%		
Home, Hardware & Eco	14.6%	12.1%	17.4%	14.1%		
Building & Industrial	18.4%	19.1%	11.9%	14.4%		

**Hills Industries Limited**  
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<b>Segment Analysis</b>	<b>FY 07</b>					
	<b>FY03 (\$000)</b>	<b>FY05 (\$000)</b>	<b>FY06 (\$000)</b>	<b>FY07 (\$000)</b>	<b>H1 (\$000)</b>	<b>H2 (\$000)</b>
<b>Revenue</b>						
Electronic Security & Entertainment	170,262	206,311	263,854	277,174	140,545	136,629
Home, Hardware & Eco	161,774	164,928	168,933	191,354	96,693	94,661
Building & Industrial	378,763	438,917	498,203	544,684	272,530	272,154
Other	7,867	6,027	4,704	3,159	1,305	1,854
<b>Total Revenue</b>	<b>718,666</b>	<b>816,183</b>	<b>935,694</b>	<b>1,016,371</b>	<b>511,073</b>	<b>505,298</b>
<b>EBIT</b>						
Electronic Security & Entertainment	18,618	23,544	34,024	31,726	16,708	15,018
Home, Hardware & Eco	13,392	9,560	12,325	13,817	8,835	4,982
Building & Industrial	25,281	31,028	26,762	36,025	15,813	20,212
Other	889	(421)	154	705	(160)	865
<b>Total EBIT</b>	<b>58,180</b>	<b>63,711</b>	<b>73,265</b>	<b>82,273</b>	<b>41,196</b>	<b>41,077</b>
<b>Assets</b>						
Electronic Security & Entertainment	74,645	110,390	124,470	117,506		
Home, Hardware & Eco	107,464	105,522	93,183	125,229		
Building & Industrial	180,191	232,168	296,157	342,240		
Other	66,783	128,942	107,912	121,906		
<b>Total Assets</b>	<b>429,083</b>	<b>577,022</b>	<b>621,722</b>	<b>706,881</b>		
<b>Liabilities</b>						
Electronic Security & Entertainment	14,095	29,670	32,272	32,312		
Home, Hardware & Eco	15,966	26,268	22,330	27,064		
Building & Industrial	42,636	70,131	71,003	92,393		
Other	122,053	142,466	171,706	206,348		
<b>Total Liabilities</b>	<b>194,750</b>	<b>268,535</b>	<b>297,311</b>	<b>358,117</b>		
<b>Net Assets Employed</b>						
Electronic Security & Entertainment	60,550	80,720	92,198	85,194		
Home, Hardware & Eco	91,498	79,254	70,853	98,165		
Building & Industrial	137,555	162,037	225,154	249,847		
Other	(55,270)	(13,524)	(63,794)	(84,442)		
<b>Total Net Assets Employed</b>	<b>234,333</b>	<b>308,487</b>	<b>324,411</b>	<b>348,764</b>		



## Hills Industries Limited



### Analysis of Key Financial Indicators

<b>Balance Sheet</b>	<b>FY04 (\$000)</b>	<b>FY05 (\$000)</b>	<b>FY06 (\$000)</b>	<b>FY07 (\$000)</b>
<b><u>Current Assets</u></b>				
Cash	21,835	21,287	20,223	27,434
Receivables	118,884	152,468	160,716	172,655
Inventory	89,610	133,986	135,853	175,507
Assets held for Resale	-	-	-	15,946
<b>Total Current Assets</b>	<b>230,329</b>	<b>307,741</b>	<b>316,792</b>	<b>391,542</b>
<b><u>Non-Current Assets</u></b>				
Receivables	6,399	1,222	-	-
Investments	104	102	2	2
Property, Plant & Equipment	156,821	154,940	172,047	173,157
Intangibles	15,388	91,079	104,809	111,369
Deferred Tax	20,042	21,938	28,072	30,811
<b>Total Non-Current Assets</b>	<b>198,754</b>	<b>269,281</b>	<b>304,930</b>	<b>315,339</b>
<b>Total Assets</b>	<b>429,083</b>	<b>577,022</b>	<b>621,722</b>	<b>706,881</b>
<b><u>Current Liabilities</u></b>				
Payables	69,369	117,135	113,882	133,947
Interest bearing	10,501	10,528	17,789	2,104
Tax	9,286	8,599	5,857	12,742
Provisions	25,866	29,787	31,523	32,840
<b>Total Current Liabilities</b>	<b>115,022</b>	<b>166,049</b>	<b>169,051</b>	<b>181,633</b>
<b><u>Non-Current Liabilities</u></b>				
Interest bearing	74,336	95,405	121,539	171,582
Deferred Tax	1,002	-	-	-
Provisions	4,390	7,081	6,721	4,902
<b>Total Non-Current Liabilities</b>	<b>79,728</b>	<b>102,486</b>	<b>128,260</b>	<b>176,484</b>
<b>Total Liabilities</b>	<b>194,750</b>	<b>268,535</b>	<b>297,311</b>	<b>358,117</b>
<b>Net Assets</b>	<b>234,333</b>	<b>308,487</b>	<b>324,411</b>	<b>348,764</b>
<b><u>Equity</u></b>				
Contributed Equity	68,300	157,214	167,525	178,031
Reserves	33,876	29,926	24,911	26,077
Retained Profits	97,340	105,388	117,516	127,618
<b>Total Company Interest</b>	<b>199,516</b>	<b>292,528</b>	<b>309,952</b>	<b>331,726</b>
Minority Interests	34,817	15,959	14,459	17,038
<b>Total Equity</b>	<b>234,333</b>	<b>308,487</b>	<b>324,411</b>	<b>348,764</b>
<b>Shares on Issue (Year End)(000)</b>	<b>140,047</b>	<b>164,570</b>	<b>168,692</b>	<b>173,917</b>
<b>Shares on Issue (Average)(000)</b>	<b>138,203</b>	<b>153,633</b>	<b>166,801</b>	<b>170,823</b>
<b>Shareholders (number)</b>	<b>17,125</b>	<b>20,270</b>	<b>21,731</b>	<b>22,788</b>
<b>Net Assets per Share (cents)</b>	<b>142.46</b>	<b>177.75</b>	<b>183.74</b>	<b>190.74</b>
<b>Capital Employed</b>	<b>297,335</b>	<b>393,133</b>	<b>443,516</b>	<b>495,016</b>
<b><u>Balance Sheet Ratios:</u></b>				
Current Assets/Total Assets	53.7%	53.3%	51.0%	55.4%
Current Liabilities/Total Liabilities	59.1%	61.8%	56.9%	50.7%
Current Assets/Current Liabilities	200.2%	185.3%	187.4%	215.6%
<b><u>Gearing:</u></b>				
Interest Cover (Times)	12.8	19.3	12.5	9.0
Net Debt/Equity	26.9%	27.4%	36.7%	41.9%