

Reece Australia Limited  
(ABN 49 004 313 133) and controlled entities

# Financial Information

FOR THE YEAR ENDED 30 JUNE 2015  
PROVIDED TO THE ASX  
UNDER LISTING RULE 4.3A

**reece**  
group™



# Appendix 4E

## Preliminary Final Report

### Reece Australia Limited

(ABN 49 004 313 133)

#### 1. Reporting period

Report for the financial year ended 30 June 2015

Previous corresponding period is the financial year ended 30 June 2014

#### 2. Results for announcement to the market

		\$'000
Revenues from ordinary activities	Up 17.4% to	2,085,128
Profit before tax and unrealised gain on foreign exchange contracts	Up 23.3% to	227,943
Profit from ordinary activities after tax attributable to members	Up 34.6% to	165,556
Net profit for the period attributable to members	Up 34.6% to	165,556

Dividends	Amount per security	Franked amount per security
Interim dividend	24 cents	24 cents
Final dividend	52 cents	52 cents
Record date for determining entitlements to the dividend		8 October 2015

#### 3. Statement of Comprehensive Income

##### Consolidated Statement of Comprehensive Income

For the year ended 30 June 2015

	Consolidated Entity	
	2015 (\$000's)	2014 (\$000's)
<b>Revenue</b>		
Sales revenue	2,085,128	1,775,876
Other income	1,636	3,574
	2,086,764	1,779,450
<b>Less: Expenses</b>		
Cost of goods sold	1,397,488	1,209,783
Employee benefits expense	237,379	193,744
Depreciation	44,456	42,006
Finance costs	9,223	4,185
Other expenses	170,275	144,857
Unrealised (gain) / loss on foreign exchange contracts	(10,363)	6,382
<b>Profit before income tax</b>	238,306	178,493
Income tax expense	72,750	55,468
<b>Net Profit for the year from continuing operations</b>	165,556	123,025
<b>Other Comprehensive Income</b>		
<b>Items that may be reclassified subsequently to profit and loss:</b>		
Exchange differences on translation of foreign operations, net of tax	(576)	859
<b>Total comprehensive income</b>	164,980	123,884
Basic earnings per share	166 cents	124 cents
Diluted earnings per share	166 cents	124 cents

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### 4. Statement of Financial Position

#### Consolidated Balance Sheet

As at 30 June 2015

	Consolidated Entity	
	2015 (\$000's)	2014 (\$000's)
<b>Current Assets</b>		
Cash and cash equivalents	85,021	73,762
Receivables	306,274	282,715
Inventories	365,425	325,655
Total Current Assets	756,720	682,132
<b>Non-Current Assets</b>		
Property, plant and equipment	462,427	452,138
Intangible assets	211,843	211,843
Deferred tax assets	29,609	30,671
Total Non-Current Assets	703,879	694,652
<b>Total Assets</b>	<b>1,460,599</b>	<b>1,376,784</b>
<b>Current Liabilities</b>		
Payables	296,712	281,992
Short-term borrowings	20,116	29,777
Current tax payable	9,130	10,518
Provisions	48,803	44,077
Other liabilities	-	2,935
Total Current Liabilities	374,761	369,299
<b>Non-Current Liabilities</b>		
Long-term payables	2,826	3,347
Long-term borrowings	155,000	175,000
Provisions	1,800	2,170
Total Non-Current Liabilities	159,626	180,517
<b>Total Liabilities</b>	<b>534,387</b>	<b>549,816</b>
<b>Net Assets</b>	<b>926,212</b>	<b>826,968</b>
<b>Equity</b>		
Contributed equity	9,960	9,960
Reserves	3,360	3,936
Retained earnings	912,892	813,072
<b>Total Equity</b>	<b>926,212</b>	<b>826,968</b>

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### 5. Statement of Cash Flows

#### Consolidated Statement of Cash Flows

As at 30 June 2015

	Consolidated Entity	
	2015 (\$000's)	2014 (\$000's)
<b>Cash flow from operating activities</b>		
Receipts from customers	2,268,562	1,969,867
Payments to suppliers and employees	(2,021,416)	(1,758,202)
Interest received	1,113	3,432
Finance costs	(8,955)	(4,191)
Income tax paid	(73,058)	(65,183)
<b>Net cash provided by operating activities</b>	<b>166,246</b>	<b>145,723</b>
<b>Cash flow from investing activities</b>		
Payment for property, plant and equipment	(65,134)	(65,907)
Purchase of subsidiary	-	(299,903)
Proceeds from sale of property, plant and equipment	5,544	4,477
<b>Net cash used in investing activities</b>	<b>(59,590)</b>	<b>(361,333)</b>
<b>Cash flow from financing activities</b>		
Dividends paid	(65,736)	(62,748)
Repayments of borrowings	(182,661)	(53,000)
Proceeds from borrowings	153,000	248,888
<b>Net cash provided / (used) in financing activities</b>	<b>(95,397)</b>	<b>133,140</b>
<b>Net decrease in cash and cash equivalents</b>	<b>11,259</b>	<b>(82,470)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>73,762</b>	<b>156,232</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>85,021</b>	<b>73,762</b>

### 6. Dividends

	Date of payment	Total amount of dividend \$
Interim dividend – year ended 30 June 2015	26 March 2015	23,904,000
Final dividend – year ended 30 June 2015	28 October 2015	51,792,000

Amount per ordinary security	Amount per security	Franked amount per security
Final dividend:		
Current year	52 cents	52 cents (at 30% tax rate)
Previous year	42 cents	42 cents (at 30% tax rate)
Interim dividend:		
Current year	24 cents	24 cents (at 30% tax rate)
Previous year	22 cents	22 cents (at 30% tax rate)
<b>Total dividend per security</b>	<b>Current period</b>	<b>Previous period</b>
<b>Ordinary securities</b>	<b>76 cents</b>	<b>64 cents</b>

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## Preliminary Final Report

### 7. Statement of retained earnings

	Consolidated Entity	
	2015 \$(000's)	2014 \$(000's)
Balance at beginning of year	813,072	752,795
Net profit attributable to members of the parent entity	165,556	123,025
Dividends paid	(65,736)	(62,748)
Balance at end of year	912,892	813,072

### 8. Net tangible assets per security

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	687 cents	587 cents

### 9. The financial information provided in the Appendix 4E has been prepared in accordance with Australian Accounting Standards.

#### 10. Commentary on the results for the period

Sales revenue increased by 17.4% to \$2,085M (2014: \$1,776 m) a record result for Reece. Profit before tax and unrealised gain on foreign exchange contracts was up 23.3% to \$227.9m (2014: \$184.9m), net profit after tax was \$165.6m for the year ending 30 June 2015 an increase of 34.6% on the prior year (2014: \$123.0m).

Reece has utilised forward exchange contracts to manage currency risks. As a result of the devaluation of the Australian dollar against the USD and Euro over the last 12 months and the level of forward exchange contracts held by Reece, the company has recognised an unrealised gain on foreign exchange contracts of \$10.4m.

The FY2015 financial results include the first full year results for the Actrol Group (settlement completed 31<sup>st</sup> January 2014). The integration of the business has continued as planned with results in line with expectations

Cost of doing business excluding finance costs increased by 18.8% to \$452.1m (2014: \$380.6m). The increase was predominately driven by a full 12 months of costs for the Actrol Group and increase in staff levels driven by the growth of the business. Reece has continued to invest in the branch network with 14 branches opened in Australia in the current year. In addition the company has continued the refurbishment program.

Finance costs increased to \$9.2m (2014: \$4.2m) as result of the full 12 months interest recognised on the loans taken out for the purchase of the Actrol Group. Reece has continued to pay down the principal on outstanding loans with a reduction of \$29.7m over the prior year.

Inventory levels as at 30 June 2015 were \$365.4m an increase of 12.2% over the prior year (2014: \$325.7m). The increase was driven by the continued growth of the business and improvement in stock service rates. As a result of the integration of the Actrol Group and growth of the business, Reece has signed an agreement to lease a new regional distribution centre in Perth. The Perth distribution centre will support the National Distribution in Melbourne and regional distribution centres located in Brisbane and Melbourne.

Reece has maintained a very strong balance sheet with net assets of \$926.2m, up 12.0% on the prior year (2014: \$827.0m). The business has continued to generate strong cash flow, funding the additional growth in inventory, supporting the growth of the business, reducing loans and increasing cash and cash equivalents to \$85.0m, up from \$73.8m in the prior year.

The Board has declared a final dividend of 52 cents per share fully franked. The final dividend will be paid on 28 October 2015 with the record date for entitlement being 8 October 2015. Total dividends paid and to be paid relating to the year ended 30 June 2015 will be 76 cents per share, an increase of 12 cents compared to the prior year.

The Board was pleased with the FY2015 financial results and the performance of the Actrol Group. Building completions were at record levels and are expected to continue in the short-term however there are a number of economic factors that could impact the market. Reece has a very experienced team, financially strong and is well placed to deliver on its FY2016 objectives.

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## Preliminary Final Report

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### 11. The audit has been completed

The financial report is not subject to audit dispute or qualification.

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#### The annual general meeting will be held as follows:

Place	Computershare Investor Services Pty Ltd Yarra Falls 452 Johnston Street Abbotsford, Victoria
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Time	3.00 pm
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Date	28 October 2015
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Approximate date the annual report will be distributed	18 September 2015
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**G W Street**

**Company Secretary**

27 August 2015



Reece Australia Limited  
A.B.N. 49 004 313 133

**Reece. Works for you.**