



Financial Information

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

FINANCIAL INFORMATION
FOR THE YEAR ENDED
30 JUNE 2017

PROVIDED TO THE ASX
UNDER LISTING RULE 4.3A

Appendix 4E Preliminary Final Report

Reece Limited
(ABN 49 004 313 133)

1. Reporting period

Report for the financial year ended 30 June 2017

Previous corresponding period is the financial year ended 30 June 2016

2. Results for announcement to the market

		\$A'000
Revenues from ordinary activities	Up 6.7% to	2,429,307
Profit before tax	Up 8.3% to	303,047
Profit from ordinary activities after tax attributable to members	Up 10.2% to	211,791
Net profit for the period attributable to members	Up 10.2% to	211,791

Dividends	Amount per security	Franked amount per security
Interim dividend	29 cents	29 cents
Final dividend	71 cents	71 cents
Record date for determining entitlements to the dividend		11 October 2017

3. Consolidated Statement Of Profit Or Loss And Other Comprehensive Income

	Consolidated Entity	
	2017 (\$000's)	2016 (\$000's)
Revenue		
Sales revenue	2,429,307	2,276,353
Other income	1,651	15,405
	2,430,958	2,291,758
Less: Expenses		
Cost of goods sold	1,619,208	1,517,443
Employee benefits expense	266,360	245,209
Depreciation	49,956	46,583
Finance costs	5,901	7,747
Other expenses	186,486	183,160
Unrealised loss/(gain) on foreign exchange contracts	-	786
Impairment of goodwill	-	10,901
	303,047	279,929
Profit before income tax	303,047	279,929
Income tax expense	91,256	87,711
	211,791	192,218
Net Profit for the year from continuing operations	211,791	192,218
Other Comprehensive Income		
Items that may be reclassified subsequently to profit and loss:		
Exchange differences on translation of foreign operations, net of tax	(43)	1,280
Cash flow FX hedge, net of tax	(849)	-
Total comprehensive income	210,899	193,498
Basic earnings per share	213 cents	193 cents
Diluted earnings per share	213 cents	193 cents

4. Statement of Financial Position

	Consolidated Entity	
	2017 (\$000's)	2016 (\$000's)
Current Assets		
Cash and cash equivalents	101,805	105,123
Receivables	360,912	347,207
Inventories	457,063	405,900
Total Current Assets	919,780	858,230
Non-Current Assets		
Property, plant and equipment	528,908	500,035
Intangible assets	205,169	201,392
Deferred tax assets	34,089	31,697
Total Non-Current Assets	768,166	733,124
Total Assets	1,687,946	1,591,354
Current Liabilities		
Payables	353,942	317,325
Short-term borrowings	-	20,000
Current tax payable	16,171	20,278
Provisions	54,585	51,141
Other liabilities	-	11,262
Total Current Liabilities	424,698	420,006
Non-Current Liabilities		
Long-term payable	1,863	2,304
Long-term borrowings	100,000	125,000
Provisions	3,084	3,018
Total Non-Current Liabilities	104,947	130,322
Total Liabilities	529,645	550,328
Net Assets	1,158,301	1,041,026
Equity		
Contributed equity	9,960	9,960
Reserves	3,748	4,640
Retained earnings	1,144,593	1,026,426
Total Equity	1,158,301	1,041,026

5. Statement of Cash Flows

	Consolidated Entity	
	2017 (\$000's)	2016 (\$000's)
Cash flow from operating activities		
Receipts from customers	2,643,569	2,459,779
Payments to suppliers and employees	(2,325,738)	(2,183,453)
Interest received	1,065	1,213
Finance costs	(6,372)	(8,517)
Income tax paid	(97,715)	(78,680)
Net cash provided by operating activities	214,809	190,342
Cash flow from investing activities		
Payment for property, plant and equipment	(94,883)	(65,511)
Purchase of intangibles	(282)	(450)
Purchase of controlled entity	(3,563)	-
Proceeds from sale of property, plant and equipment	19,225	4,521
Net cash used in investing activities	(79,503)	(61,440)
Cash flow from financing activities		
Dividends paid	(93,624)	(78,684)
Repayments of borrowings	(160,000)	(52,116)
Proceeds from borrowings	115,000	22,000
Net cash provided / (used) in financing activities	(138,624)	(108,800)
Net (decrease)/ increase in cash and cash equivalents	(3,318)	20,102
Cash and cash equivalents at the beginning of the year	105,123	85,021
Cash and cash equivalents at the end of the year	101,805	105,123

6. Dividends

	Date of payment	Total amount of dividend \$
Interim dividend – year ended 30 June 2017	30 March 2017	28,884,000
Final dividend – year ended 30 June 2017	26 October 2017	70,716,000

Amount per ordinary security		Amount per security	Franked amount per security
Final dividend:	Current year	71 cents	71 cents (at 30% tax rate)
	Previous year	65 cents	65 cents (at 30% tax rate)
Interim dividend:	Current year	29 cents	29 cents (at 30% tax rate)
	Previous year	27 cents	27 cents (at 30% tax rate)

Total dividend per security	Current period	Previous period
Ordinary securities	100 cents	92 cents

7. Statement of retained earnings

	Consolidated Entity	
	2017 (\$000's)	2016 (\$000's)
Balance at beginning of year	1,026,426	912,892
Net profit attributable to members of the parent entity	211,791	192,218
Dividends paid	(93,624)	(78,684)
Balance at end of year	1,144,593	1,026,426

8. Net tangible assets per security

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	923 cents	811 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

For the year ended 30 June 2017 sales revenue increased by 6.7% to \$2,429m (2016: \$2,276m) a record result for Reece. Profit before tax was up 8.3% to \$303.0m (2016: \$279.9m) and net profit after tax was \$211.8m, an increase of 10.2% on the previous year (2016: \$192.2m).

The Sydney distribution centre became fully operational in August 2016 and in June 2017 Reece took possession of a new distribution centre in New Zealand. Reece continued to invest in expanding the logistics capability of the company, delivering significant benefits to the branch network in scale and scope, ultimately delivering better service to customers. Inventory levels increased to \$457.1m, up 12.6% on the previous year (2016: \$405.9m), driven by the growth of the business, the introduction of new products and improved service levels.

The cost of doing business increased 5.4% to \$508.7m (2016: \$482.7m) due to the increase in staff levels and related costs to support business growth. Reece continued to invest in the refurbishment of existing branches and opened 12 new branches in Australia during the year. Finance costs decreased 23.8% to \$5.9m, with debt reduced by \$45m to \$100m.

The customer satisfaction score increased again this year to a new record. Feedback from customers is an important part of continually improving products and services. The business added world leading brands to the group's portfolio this year and launched numerous new and innovative products. Leadership reassessed and updated the Reece Way values to ensure their relevance to Reece's people and the business. The Reece Way drives the Reece culture and is a major input to success.

Reece continues to maintain a very strong balance sheet with net assets at \$1,158m, up 11.3% on the prior year (2016: \$1,041m). The business has continued to generate strong cash flow funding the growth in inventory, the investment in property, plant and equipment along with the repayment of debt.

The Board has declared a final dividend of 71 cents per share fully franked. The final dividend will be paid on 26 October 2017 with the record date for entitlement of 11 October 2017. Total dividends paid and to be paid relating to the year ended 30 June 2017 will be 100 cents per share (2016: 92 cents per share), an increase of 8.7% over the previous year.

The Board was very pleased with the FY 2017 result. The Board confirms Reece is in a very strong financial position and well placed to continue to invest in the business.

11. The audit has been completed

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

The annual general meeting will be held as follows:

Place Intercontinental Hotel, "The Rialto"
495 Collins Street
Melbourne, Victoria

Time 3.00 pm

Date 26 October 2017

Approximate date the annual report will be distributed
18 September 2017

G W Street
Company Secretary
31 August 2017

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