



**asx announcement**  
**29 August 2016**

## **Hills appoints David Lenz as new CEO**

The Board of Hills Limited (ASX: "HIL") is pleased to announce the appointment of Mr David Lenz as Chief Executive Officer effective 1 September 2016.

Mr Lenz is currently the Chief Operations Officer and head of Hills' key Building Technologies division and will succeed Mr Grant Logan, who has advised the Board of his intention to retire at the end of his current employment term, on 1 September 2016.

Mr Logan, who has led the Company through its successful "Back to Basics" program and introduced new longer term financing arrangements, will continue as a consultant to Hills to assist in the CEO transition and in completing certain projects.

Ms Jennifer Hill-Ling, Hills Chairman, said the Board congratulated and thanked Mr Logan for his strong contribution and wished him the very best for the future.

"The Board is most grateful for Grant's time at Hills, especially for his role in helping restructure the Hills group and most recently for providing the guiding hand in helping consolidate the business through the "Back to Basics" program," she said.

Ms Hill-Ling said that with the recent FY2016 results announcement, it is clear that the Hills turnaround strategy is gaining traction.

"Significantly, David Lenz - as head of the Hills Building Technologies division - has played a key role in the implementation of our future plans," she said.

"David has over 25 years proven experience in sales, business development, management and operational leadership across Australia and New Zealand, Asia Pacific and the Global ICT markets. He is well positioned to focus on our "Back to Growth" strategy as we move forward and we welcome him to the Hills CEO position.

"Prior to joining Hills in March 2015, David enjoyed a distinguished career with Ingram Micro, where he spent the last seven years in a number of key roles, most recently heading the Specialty Division, focusing on Security and pro AV," she said.

Mr Lenz said: "It is a great honour to be asked to lead a Company with such an iconic brand."

"There have been challenges, however, I am pleased with the way our teams have responded and we are looking forward to building this great company," he said

A summary of Mr Lenz's employment contract is attached.



**asx announcement**  
**29 August 2016**

## Contacts

### **Hills Limited**

David Lenz  
Chief Executive Officer  
Hills Limited  
+61 2 9216 5510

Mr Gareth Turner  
Chief Financial Officer  
Hills Limited  
+61 2 9216 5510

### **Media**

Mr John Field  
Field Public Relations  
P: +61 8 8234 9555 / 0418 819 527  
E: [john@fieldpr.com.au](mailto:john@fieldpr.com.au)



**asx announcement**  
**29 August 2016**

## **Terms of Contract for Chief Executive Officer**

### **Term**

David Lenz commences employment in the position of Chief Executive Officer on 1 September 2016.

Mr Lenz will be employed for an initial term of 12 months, following which he will continue to be employed as Chief Executive Officer until either party provides notice.

Mr Lenz's prior period of employment with the Company will continue to be recognised for the purpose of Mr Lenz's service related entitlements.

### **Remuneration**

#### *Fixed Remuneration*

Mr Lenz's fixed remuneration - \$350,000 per annum (gross)

The above Fixed Remuneration is inclusive of Mr Lenz's cash salary and any superannuation contributions which must as a minimum equal the minimum percentage superannuation contribution required by law to be made by Hills.

#### *Target Variable Pay*

Mr Lenz will be entitled to a Variable Pay component that is to be determined by the Board, in its sole discretion in accordance with the Hills Balanced Scorecard as approved by the Remuneration Committee from time to time. The Target Variable Pay is \$200,000 per annum.

Any bonus payable would be paid 50% as cash and 50% as Performance Rights (unless the Board determines otherwise) with vesting to take place over a 3 year period in the following manner:

- 20% after 1 year
- 30% after 2 years
- 50% after 3 years

#### *Initial Sign-on Bonus*

Mr Lenz will receive an Initial Sign-on bonus of 200,000 Hills Performance Rights.

The first 50% of Performance Rights will convert to shares on the first anniversary of Mr Lenz's Commencement Date as CEO, irrespective of whether Mr Lenz remains employed by the Company. The vesting of the second 50% of Performance Rights is subject to Mr Lenz being employed by Hills at the time of vesting and will occur on the second anniversary of his commencement date.



**asx announcement**  
**29 August 2016**

## **Termination by the Company**

### *With Notice*

The Company may terminate the Agreement on the provision of three (3) months' notice to Mr Lenz. Such notice can be effected by payment in lieu of notice and will be payable in fortnightly instalments until paid in full. Mr Lenz will be paid:

- Any entitlements under the applicable Variable Pay Plan, payable as at the date of termination, subject to notification being made after 31 December in any relevant year and the applicable hurdles being met as at the date of termination.
- Statutory entitlements (as applicable) in respect of accrued but untaken annual leave and long service leave as at the date of termination.
- Fixed remuneration which remains unpaid as at the date of termination; and
- Payment in lieu of notice (if applicable)

### *Immediate termination*

The Company may, at any time, effect termination immediately without notice or payment in lieu of notice in the case of Mr Lenz's serious misconduct, or inability to pay his debts as they become due or acting in a manner which brings the Company or any officer of the Company into disrepute or is otherwise contrary to the Company's interests. In this scenario Mr Lenz will be entitled to applicable statutory entitlements in respect of accrued but untaken annual leave and long service leave as at the date of termination.

### *Termination by Mr Lenz*

Mr Lenz may terminate his employment on the provision of three (3) months' notice after the initial term of 12 months to the Company. In such event he will be paid:

- Any entitlements under the applicable Variable Pay Plan, payable as at the date of termination, subject to notification being made after 31 December in any relevant year and the applicable hurdles being met as at the date of termination.
- Statutory entitlements (as applicable) in respect of accrued but untaken annual leave and long service leave as at the date of termination.
- Fixed remuneration which remains unpaid as at the date of termination.

In the event that Mr Lenz tenders his resignation, the Company may direct him to remain in employment during the notice period or the Company may, in its discretion, decide to make payments in Lieu.



**asx announcement**  
**29 August 2016**

### **Non-Competition and Non Solicitation Restraints**

After cessation of employment, Mr Lenz will not, without the Chairman's permission, participate in a business in competition with the Company with Australia and/or New Zealand for 12 months.

Nor will Mr Lenz, for a maximum period of 12 months after his cessation of employment, be engaged or involved in any capacity:

- in soliciting or enticing the custom of any person who was, at any time during the last 12 months of Mr Lenz's employment with Hills, a customer of the Company, with a view to obtaining the custom of that person in a business that is the same or similar to any business conducted by the Company and is or seeks to be in competition with any business conducted by the Company;
- in interfering with the relationship between any member of the Company and any person who was at any time during the last 12 months of Mr Lenz's employment, a customer, employee or supplier of any member of the Company;
- in inducing or assisting in the inducement of any person who was an employee or officer of the Company in the last 12 months of Mr Lenz's employment to leave their employment; and
- in any business or venture which involves (or is likely to involve) the use of the Company's Confidential Information,

except that these restraints do not restrict Mr Lenz from holding less than 5% of shares in a company listed on the ASX.

### **Other Provisions**

Mr Lenz's employment agreement contains general provisions such as those relating to confidential information, intellectual property and dispute resolution.

END