

ASX Announcement

31 August 2018

Reece Limited FY18 Full-Year Results

Key financial highlights

- Sales revenue up 10.7% to \$2,689m
- EBITDA up 5.4% to \$378m
- NPAT up 6.1% to \$225m

Reece Limited (ASX: REH) has today announced its financial results for the year ending 30 June 2018.

The company delivered record net sales revenue of \$2,689m and Net Profit After Tax ("NPAT") of \$225m, increasing by 10.7 per cent and 6.1 per cent, respectively. Further, Earnings Before Interest Tax Depreciation and Amortisation ("EBITDA") increased 5.4 per cent to \$378m.

Reece Group Chief Executive Officer and Managing Director, Peter Wilson, said: "We've achieved a record financial performance this year and realised a transformational opportunity by completing the acquisition of MORSCO in July 2018," he said.

"At the same time, we have continued our expansion in Australia and New Zealand and invested in improving our customers' in-store and digital experience.

"We enter the 2019 financial year with the building market robust, activity levels are above long-term averages for both dwelling approvals and non-residential commencements, which underpins our business. We also continue to see growth in the alterations and additions market, an important driver for Reece.

"Key priorities for the year ahead are the combination of MORSCO with the Reece Group and continuing to provide our customers with leading products and a customised service," Mr Wilson said.

2018 Financial Summary

June year end (A\$m)	FY18A	FY17A	Variance (%)
Net Sales	\$2,689	\$2,429	↑ 10.7
EBITDA	\$378	\$359	↑ 5.4
EBIT	\$324	\$309	↑ 5.0
NPAT	\$225	\$212	↑ 6.1
EPS (cents)	45	43	↑ 4.7
DPS (cents)	20.25	20.0	↑ 1.3
Total dollar dividend	\$109.8m	\$99.6m	↑ 10.2

Operational overview

During the year, the Reece Group added 28 new branches through organic and acquisition-led growth in Australia and New Zealand. This included 16 stores through the acquisition of Viadux and Heatcraft New Zealand.

Viadux is an Australian distributor of water pipeline systems to the civil and industrial markets; while Heatcraft New Zealand is a leading HVAC-R distributor. Both acquisitions complement the Reece Group's portfolio of strategic businesses.

Throughout the year the Reece Group has continued to invest in people, technology and innovation. The investment in our team and improving the customer in-store experience and through our digital eco-system.

MORSCO

During the year the Reece Group announced the acquisition of MORSCO, providing a strategic, scale platform in the large and growing US geography, and pioneering our entry into the US\$80bn plumbing, waterworks and HVAC markets.

The acquisition settled in July 2018 and the Reece Group has commenced working with the US management team to combine and leverage both businesses expertise.

Dividend

The Board has declared a final dividend of 14.25 cents per share fully franked. The final dividend will be paid on 25 October 2018 with the record date for entitlement of 10 October 2018. This brings the final dividend for the year ended 30 June 2018 to 20.25 cents per share (2017: 20 cents per share).

For further information contact Jonathon Geddes on 0410 573 278.

About the Reece Group

Reece Group is a leading distributor of plumbing, waterworks and HVAC-R products to commercial and residential customers through 800 branches in Australia, New Zealand and the United States.

Established in 1920 and listed on the Australian Securities Exchange (ASX: REH), Reece Group has approximately 8,000 employees committed to improving the lives of their customers by striving for greatness every day.

For further information on Reece Group and its portfolio of businesses please visit www.reecegroup.com.au.