

**ASX Announcement**

25 October 2018

## 2018 AGM

### Chairman's Address and CEO Presentation

Attached is the Chairman's Address and CEO's presentation for the 2018 Annual General Meeting.

Gavin Street  
Company Secretary

#### **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](http://www.reecegroup.com.au).

## Chairman's Address

Financial year 2018 was another record result for Reece, with a sales revenue up 10.7% to \$2.7b and net profit after tax up 6.1% to \$225m.

We finalised acquisitions in Australia, New Zealand, and the United States and completed a well-supported debt and equity raising.

We announced the retirement of Bruce Wilson (senior) after almost 50 years with the company and Ron Pitcher after nearly 15 years as a Director. I would like to thank them both for their contributions.

Additionally, the Board added new capability with the appointment of Andrew Wilson as a Non-Executive Director, effective 1 September 2018.

The Board was very pleased to announce an increase in dividend.

Total dividends paid and to be paid for the year ending 30 June 2018 were 20.25 cents per share.

The final fully franked dividend of 14.25 cents per share will be paid today, the 25<sup>th</sup> of October 2018.

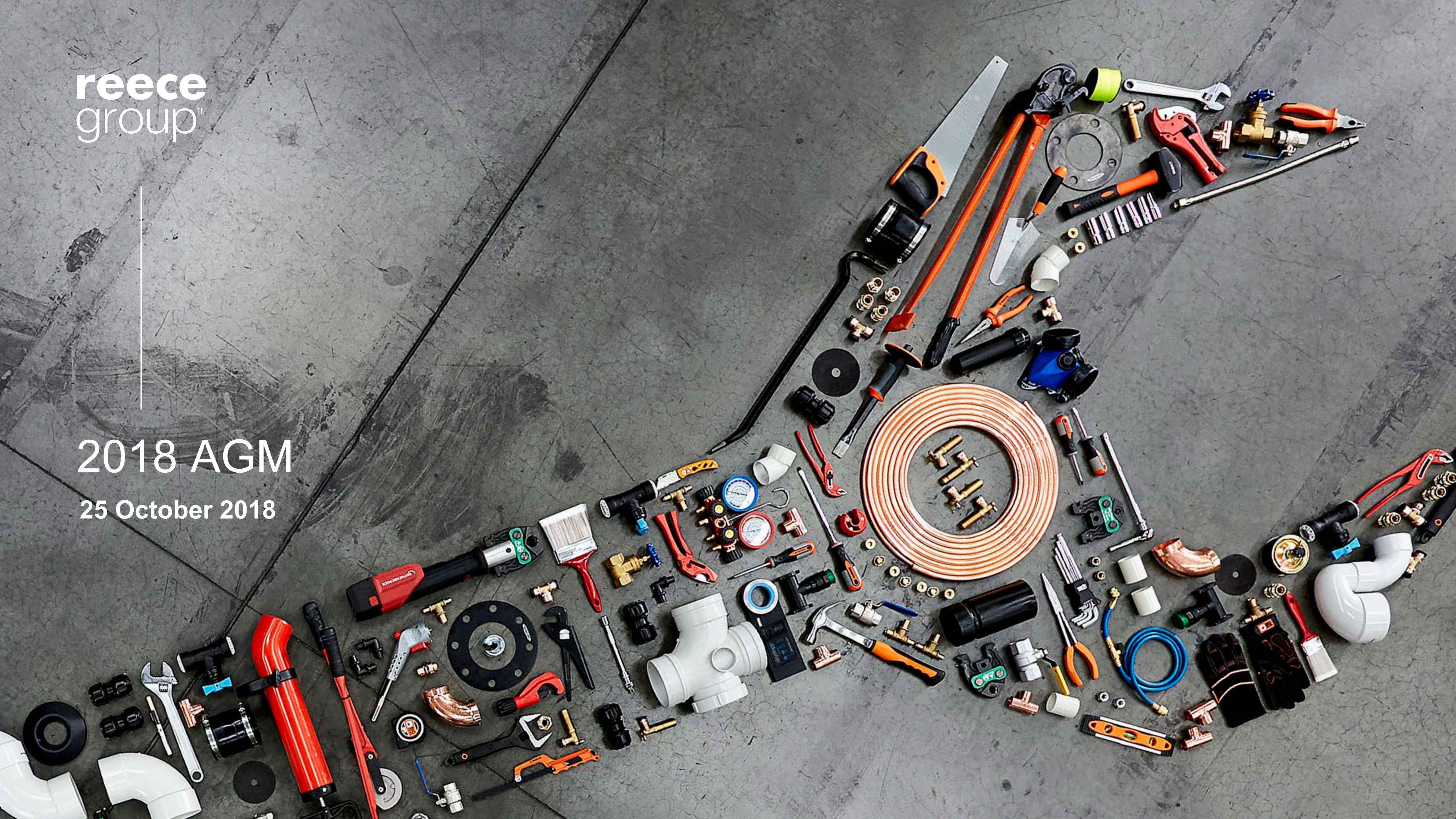
I will now pass you over to our CEO & MD, Peter Wilson, who will take you through our financial year 2018 results and give an indication of the company's performance in the first quarter of financial year 2019.

Mr Alan Wilson  
Executive Chairman

reece  
group™

2018 AGM

25 October 2018



# Important Notice and Disclaimer

---

## Disclaimer

The material in this presentation has been prepared by Reece Limited (ABN 49 004 313 133) ("Reece") (ASX:REH) and is general background information about Reece's activities current as at the date of this presentation. The information is given in summary form and does not purport to be complete. In particular you are cautioned not to place undue reliance on any forward looking statements regarding Reece's belief, intent or expectations with respect to Reece's businesses, market conditions and/or results of operations. Although due care has been used in the preparation of such statements, actual results may vary in a material manner. No representation, warranty or assurance (express or implied) is given or made in relation to any forward looking statement by any person (including Reece).

Subject to any continuing obligations under applicable law or any relevant listing rules of the Australian Securities Exchange, Reece disclaims any obligation or undertaking to disseminate any updates or revisions to any forward looking statements in this presentation to reflect any change in expectations in relation to any forward looking statements or any change in events, conditions or circumstances on which any such statement is based. Nothing in this presentation shall under any circumstances create an implication that there has been no change in the affairs of Reece since the date of these materials.

Information in this presentation, including any forecast financial or other information, should not be considered as advice or a recommendation to investors or potential investors in relation to holding, purchasing or selling securities. Before acting on any information you should consider the appropriateness of the information having regard to these matters and, in particular, you should seek independent financial advice.

## Non-IFRS Financial Information

Reece uses certain measures to manage and report on its business that are not recognised under Australian Accounting Standards. These measures are collectively referred to as non-IFRS financial measures. Although Reece believes that these measures provide useful information about the financial performance of Reece, they should be considered as supplemental to the measures calculated in accordance with Australian Accounting Standards and not as a replacement for them. Because these non-IFRS financial measures are not based on Australian Accounting Standards, they do not have standard definitions, and the way Reece calculates these measures may differ from similarly titled measures used by other companies. Readers should therefore not place undue reliance on these non-IFRS financial measures.

Note: All financial amounts contained in this presentation are expressed in Australian dollars unless otherwise stated. Any discrepancies between totals and the sum of components in tables contained in this presentation are due to rounding.

# CEO & MD's Address

---

Mr Peter Wilson

# 2018 year in review

**Financial  
Performance**

**Operational  
Highlights**

**MORSCO**

**Preview to  
FY19**

# 2018 year in review



## Sales Revenue

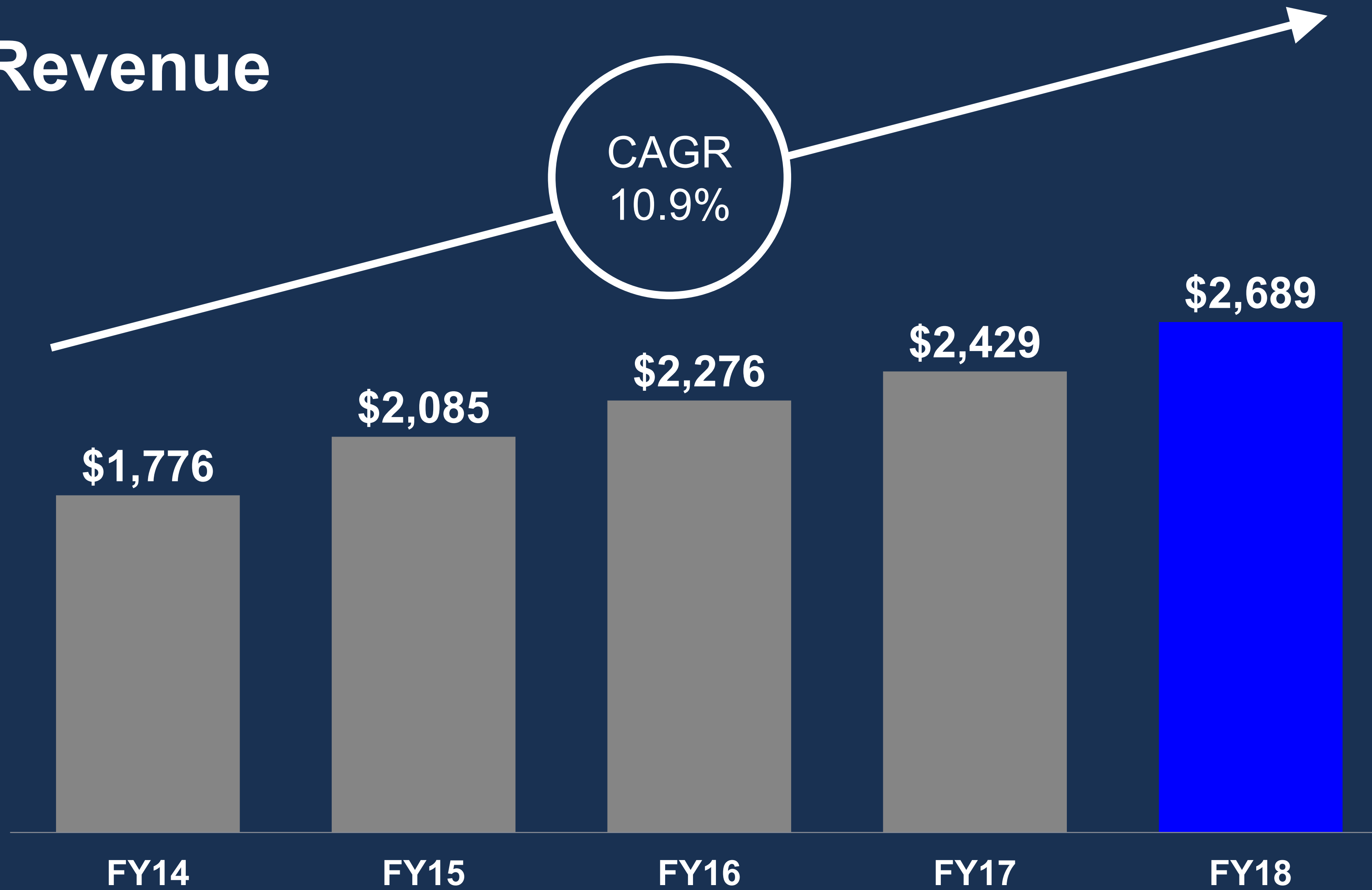
FY17 - \$2,429m

**FY18 - \$2,689m**

**10.7%** 



# Sales Revenue (A\$m)



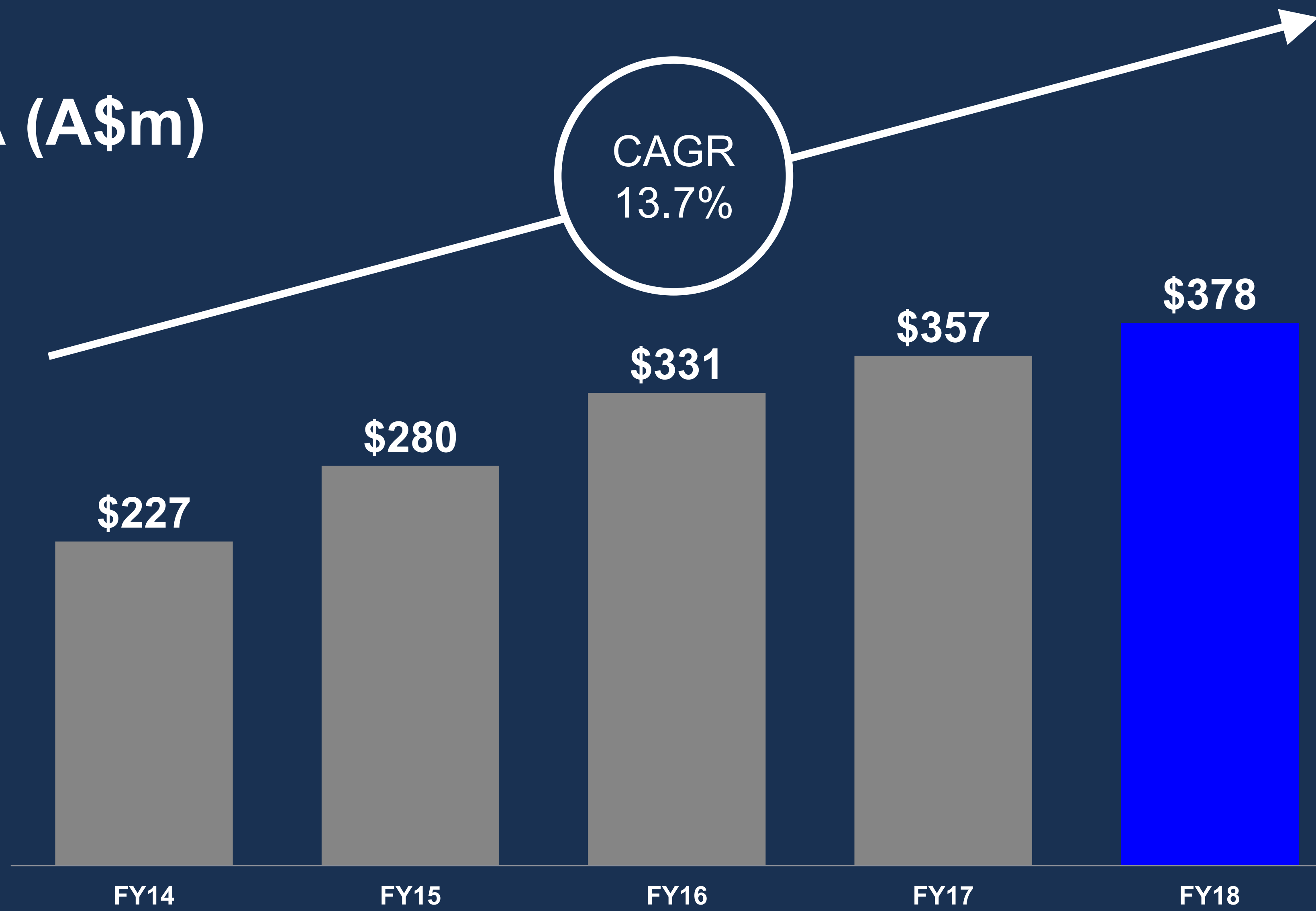
## EBITDA

FY17 - \$357m

**FY18 - \$378m**

**5.4%** 

# EBITDA (A\$m)



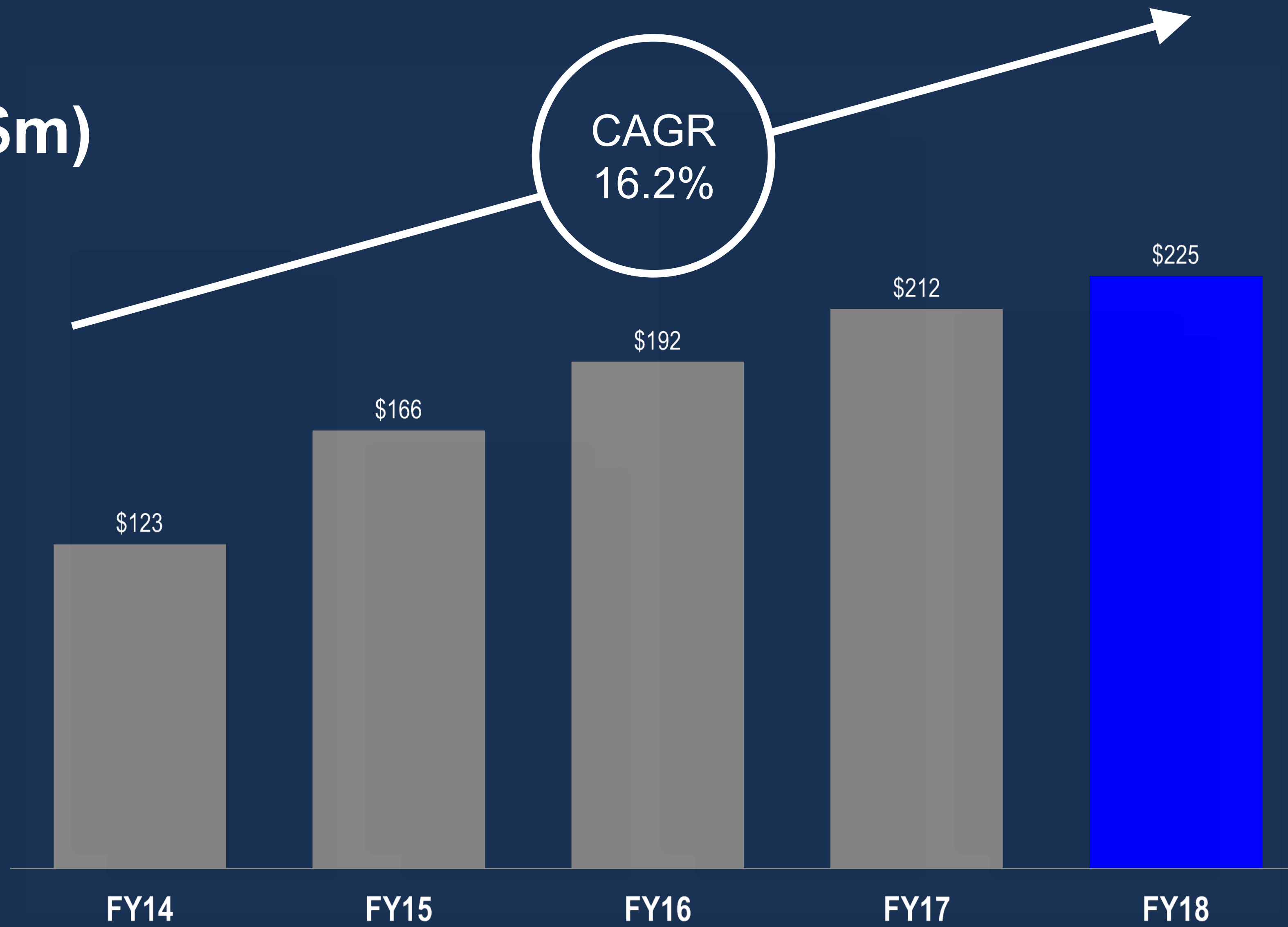
# NPAT

FY17 - \$212m

**FY18 - \$225m**

**6.1%** 

# NPAT (A\$m)



# 2018 year in review

**Financial  
Performance**

**Operational  
Highlights**

**MORSCO**

**Preview to  
FY19**

- 1 / Customers
- 2 / People
- 3 / Innovation
- 4 / Community



**Customers**

# Highlights

**Continued  
network growth**

**Strong uptake  
of maX**

**New innovative  
products**

**Strengthening  
customer  
relationships**

**World-class net  
promoter score**

**ENTIRE  
PLUMBING  
03 9333 7115**





**People**

# Highlights

**Workplace of  
the Future**

**Strengthening  
our graduate  
and trainee  
programs**

**Employee  
NPS**

**Enabling  
Leadership  
Programs**

reece



**Innovation**

# Highlights

**Opened our design and innovation centre, NEXT**

**Superseed and goodwork**

**Innovation toolkit**

**Digitising the customer's experience**



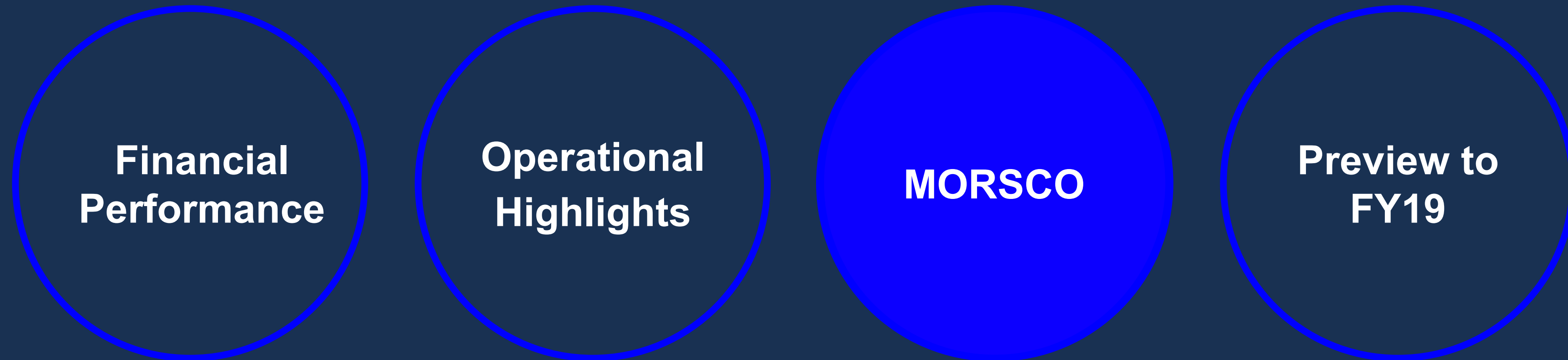
**Community**

# Highlights

**Solar  
Installation  
Program**

**The Reece  
Grant**

# 2018 year in review







# A \$5.0bn sales distribution business



**FY18  
Summary**

# FY18 Summary

**Strong financial position**

**Investing in the future**

**World-class customer experience**

**Innovation and digitisation focus**

**Acquisition of MORSCO**

# 2018 year in review

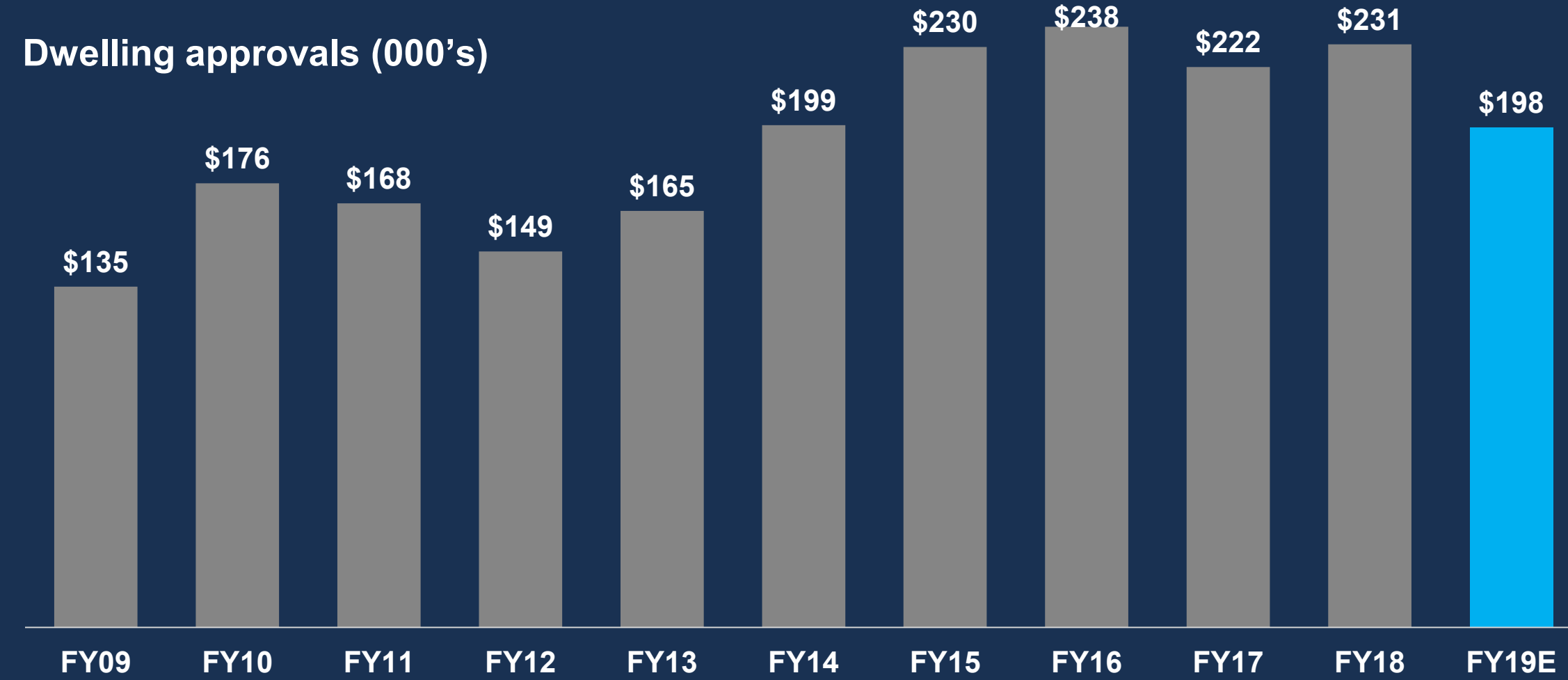




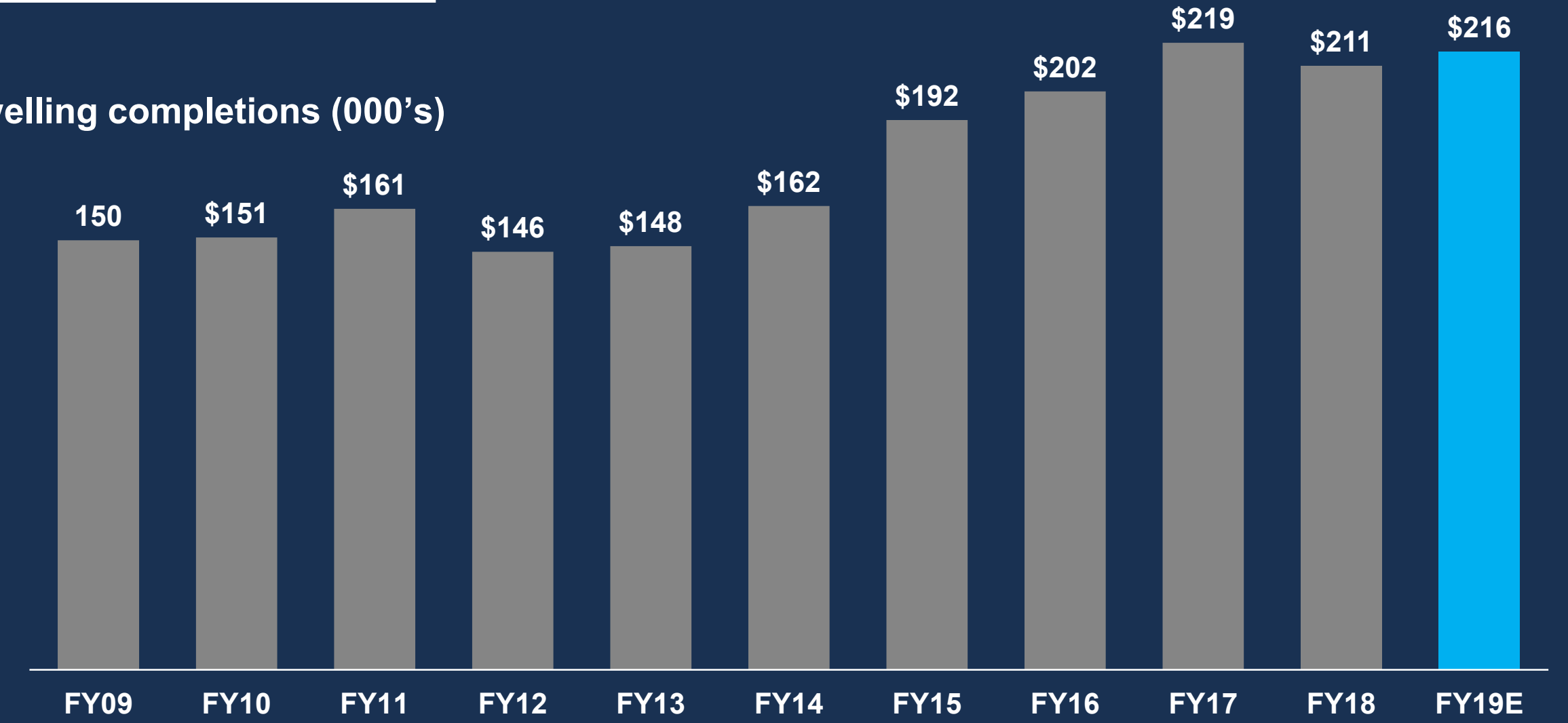
**Australia**

# Underlying Australian economic indicators remain supportive

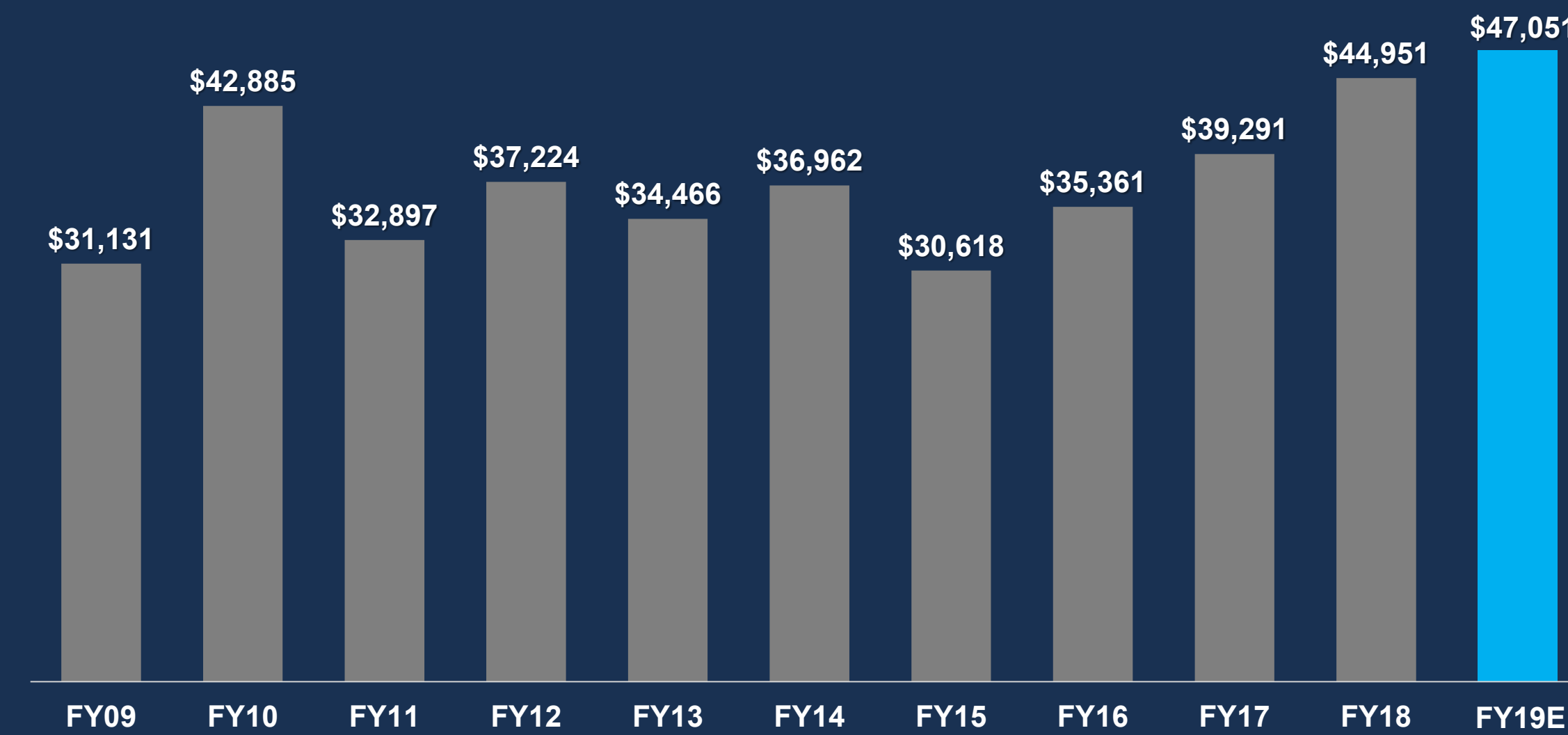
Dwelling approvals (000's)



Dwelling completions (000's)



Non-residential commencements (\$m)



Alterations and additions (\$m)



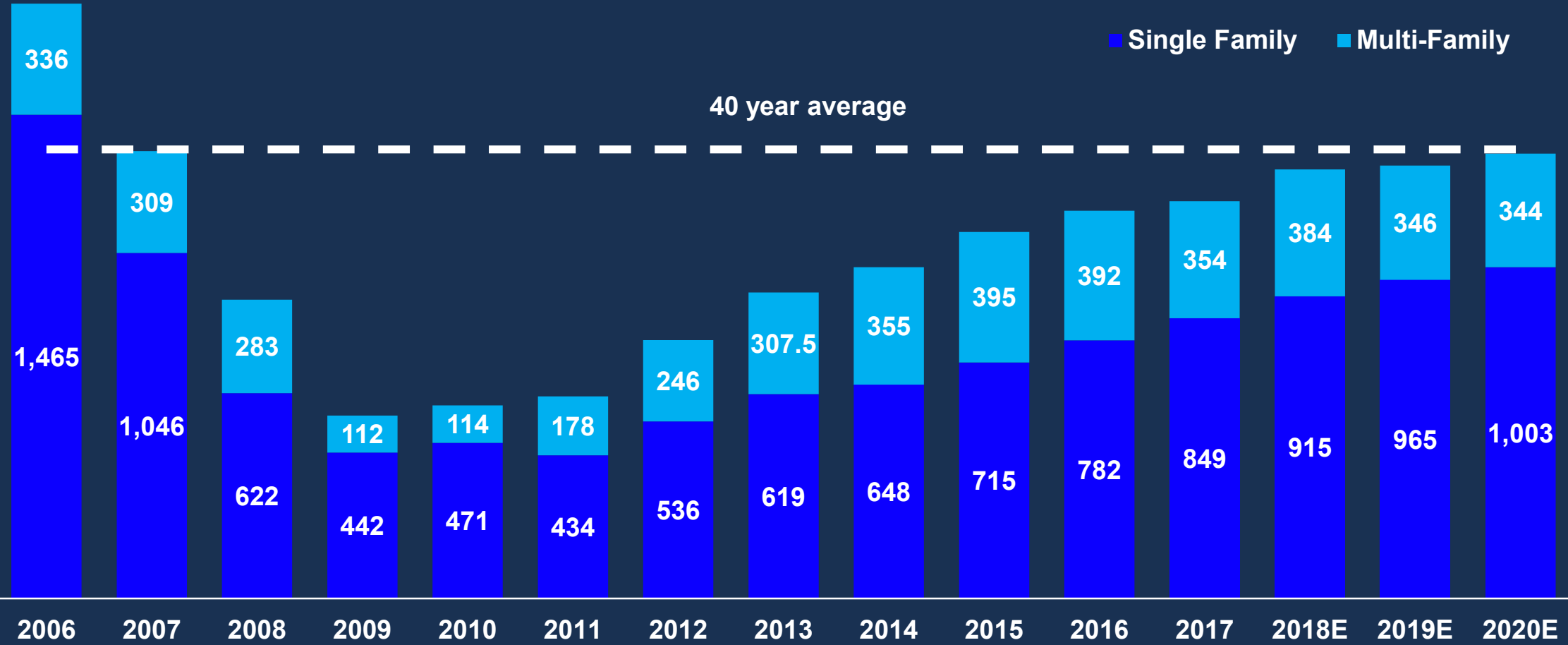
Source: BIS Oxford Economics



**United States**

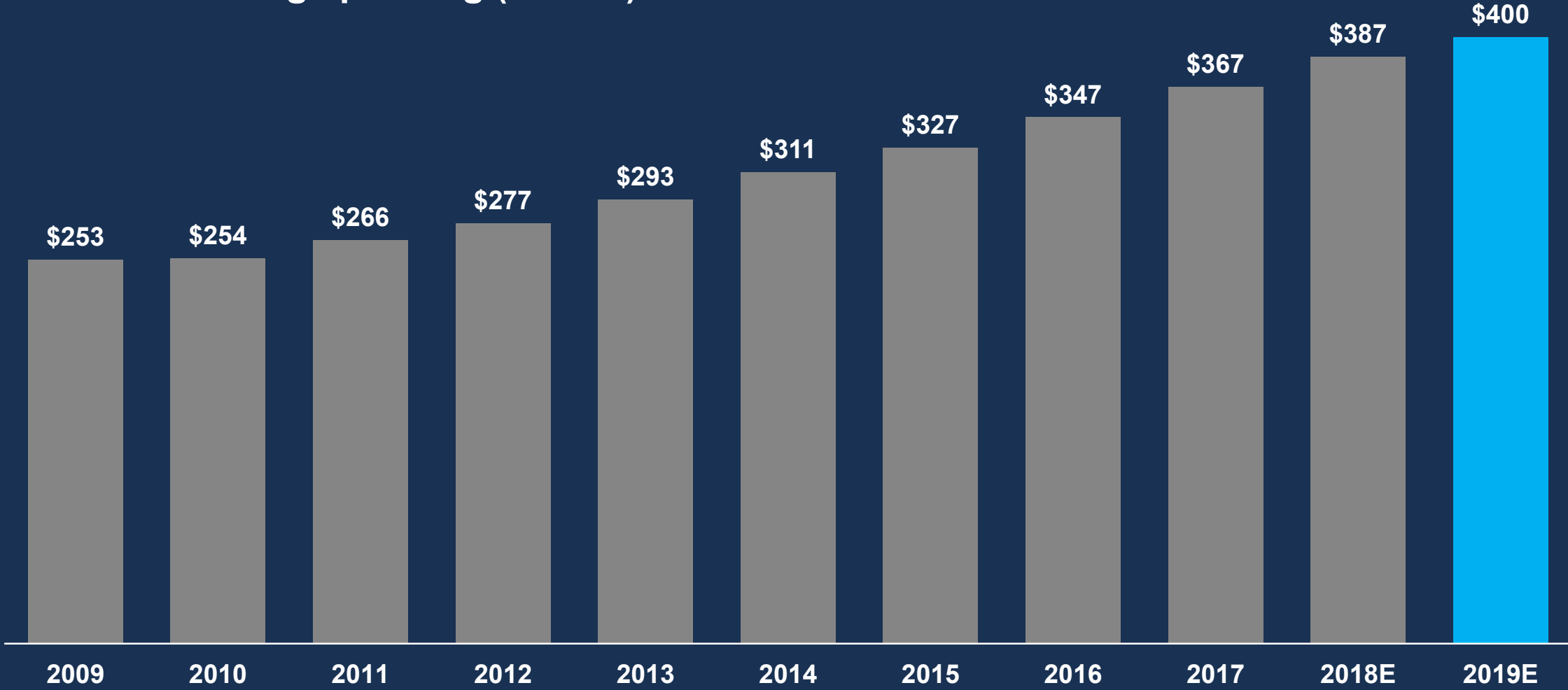
# Positive momentum sustained in the US market

Single and multi-family housing starts (000's)



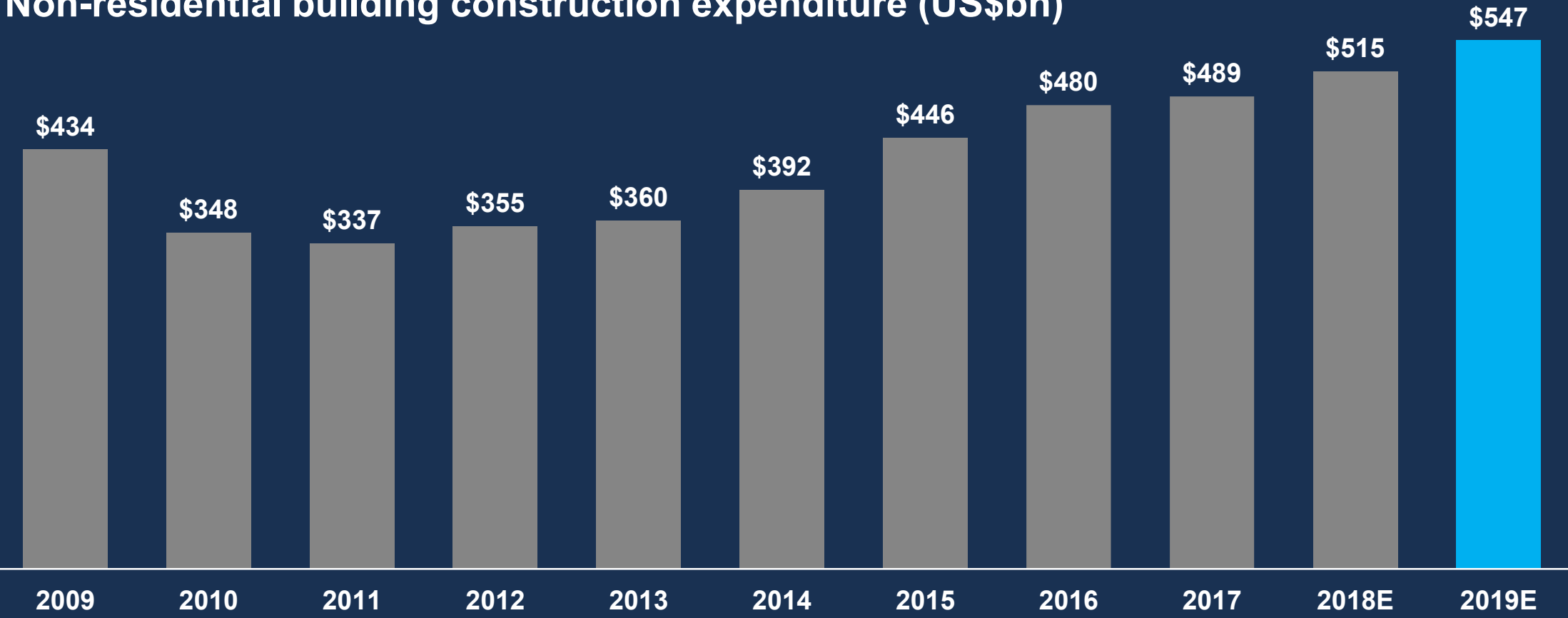
Source: National Association of Realtors Mortgage Bankers Association, Fannie Mae, National Association of Home Builders as of May 2018, John Burns Consulting as of April 2018

Repair and remodelling spending (US\$bn)



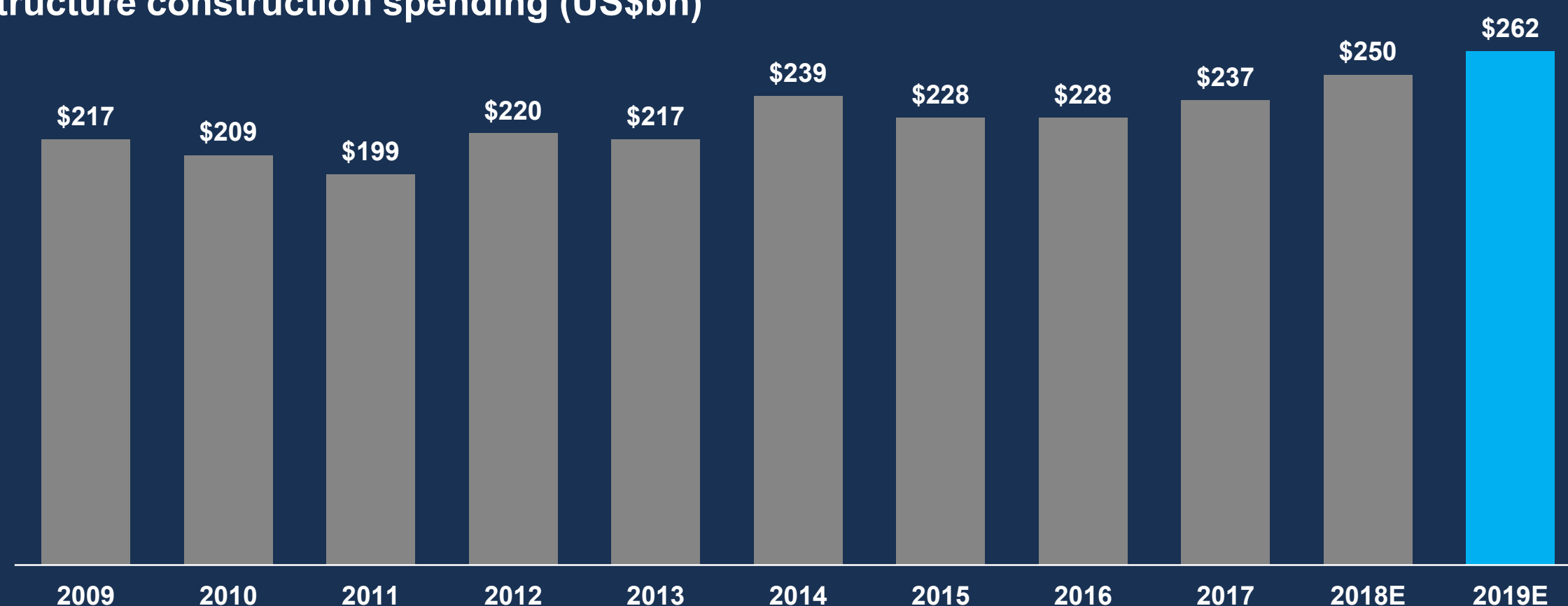
Source: L.E.K., U.S. Census, and NAHB

Non-residential building construction expenditure (US\$bn)



Source: FMI as of Q2 2017

Infrastructure construction spending (US\$bn)



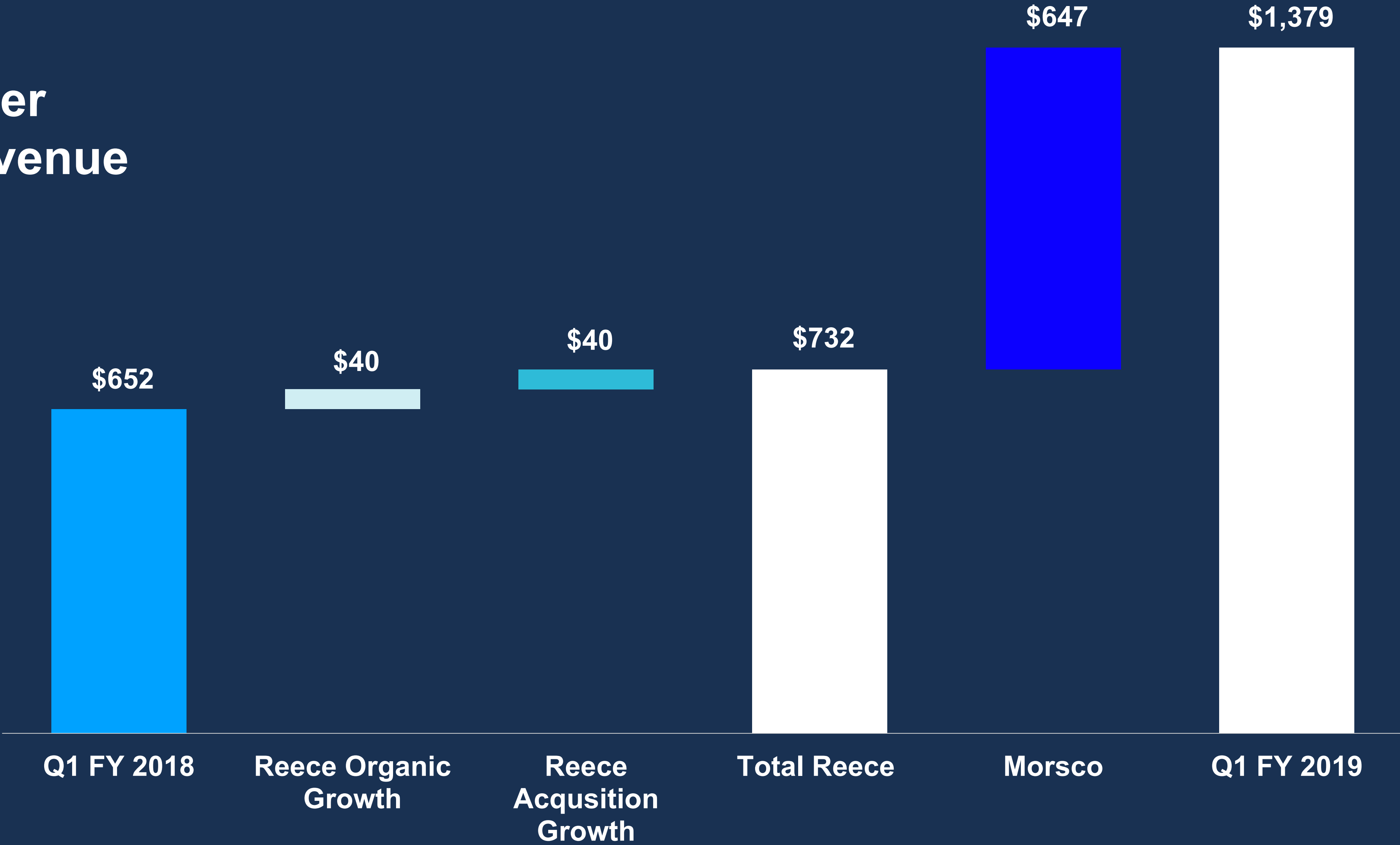
Source: FMI as of Q2 2017





**Q1FY19**

# 1st Quarter Sales Revenue





**Thank  
You**

reece  
group™

2018 AGM

25 October 2018

