

ASX Announcement

28 February 2019

Reece Limited FY19 Half Year Results

Key financial highlights

- Sales revenue up 104% to \$2,718.2m
- Normalised EBITDA up 45% to \$260.1m
- EBIT up 25% to \$192.1m
- Statutory NPAT down 8% to 97.8M
- Normalised NPAT up 20% to \$127.0m

Reece Limited (ASX: REH) today announced its financial results for the half year ended 31 December 2018.

The company delivered net sales revenue of \$2,718.2m and Normalised Earnings Before Interest Tax Depreciation and Amortisation (“EBITDA”) increased by 45% to \$260.1m.

Reece Group Chief Executive Officer and Managing Director, Peter Wilson, said: “Reece has had another strong result, including, for the first time, the performance of our newly acquired US business, MORSCO, which is performing in line with expectations”.

“The first six months have seen us continue to provide world-class customer experience in Australia and New Zealand, invest in digitisation and innovation, and begin the integration of MORSCO.”

“We are seeing more moderate growth in the residential building market in Australia, while non-residential commencements remain strong. Business momentum in the US continues, with construction and investment in infrastructure returning to long-term averages.”

“Looking to the second half, we will continue to invest in customer experience in Australia and New Zealand, while building our long-term strategy for MORSCO”, Mr Wilson said.

Half Year 2019 Financial Summary

December Half Year (A\$m)	HY19A	HY18A	Variance (%)
Sales Revenue	2,718	1,332	104
Normalised EBITDA*	260	179	45
EBIT	192	154	25
NPAT	98	106	(8)
Normalised NPAT**	127	106	20
DPS (cents)	6.0	6.0	0

*excludes business acquisition costs and finance income

** excludes business acquisition costs

Operational overview

In the first half, Reece welcomed 20 new branches to the Australia and New Zealand network through organic and acquisition growth. This included establishing our HVAC presence in New Zealand and expanding our network into the South Island. In the US, MORSCO opened two new outlets in the Sun-Belt region.

For the last six months the Reece Group has continued its focus on delivering customised service, through their expertise, quality products, digital offering and innovative thinking. In the US, the long-term strategy for integration is on track, in the first half new operating rhythms have been established, and work has begun on defining the vision and values of the business.

Dividend

The Board has declared an interim fully franked dividend of 6 cents per share, which is consistent with the interim dividend for the prior half year. The interim dividend will be paid on 28 March 2019 with a record date of 20 March 2019.

For further information contact Lizzy Geremia on 0439 844 191.

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.

Disclaimer

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.

Reece use non-IFRS financial measures, Normalised EBITDA and Normalised NPAT to reflect the underlying performance. These measures allow the comparability of the underlying financial performance by excluding the impact of business acquisition costs and finance income.

Non-IFRS performance measures have not been subject to audit or review.