

ASX Announcement

27 February 2020

HY20 Results Announcement

Financial Highlights¹

- Sales revenue up 9% to \$2,962m
- Normalised EBITDA² up 1% to \$263m
- EBIT up 18% to \$202m
- Normalised NPAT³ up 7% to \$113m
- NPAT up 46% to \$112m
- Interim dividend maintained at 6 cents per share fully franked

Reece Limited (“Reece Group”; ASX: REH) today announces its financial results for the half-year ended 31 December 2019.

Reece Group delivered record sales revenue of \$2,962m for the half year, this represents 9% growth on HY19. Normalised EBITDA was up 1% to \$263m (HY19: \$260m) and normalised NPAT grew 7% to \$113m (HY19: \$106m).

MORSCO sales revenue was up 19% to \$1,496m (HY19: \$1,253m) and on a like for like and constant currency basis, sales revenue was up 9%.

In Australia and New Zealand, Reece maintained sales revenue at \$1,466m in a market that continues to moderate.

Peter Wilson, CEO and Managing Director of the Reece Group said, “In Reece’s 100th year, we’re proud to share another record result as we write our next chapter as a global business. We’re laying the foundations for the next century through our US expansion. We’re also maintaining our competitive advantage in Australia and New Zealand through investment in technology and innovation.”

Review of Operations

Through Reece Group’s strategic US growth platform, MORSCO, the business takes an insight led approach to learning about the region and its customers. As a result, the business is developing its new store approach. Concept branches provide the flexibility to test, learn and iterate, ultimately guiding the long-term approach for the network across the growing Sun-Belt region.

During the first half, MORSCO added eleven stores to its network, bringing the total to 186, including six from the acquisition of Todd Pipe in October 2019. The Todd Pipe integration is progressing as planned.

In Australia and New Zealand, Reece continues to deliver customised service. It does this by providing quality products and building strong relationships and expertise, while investing in innovation and technology. Reece is committed to being where its customers need them. The ANZ footprint expanded during HY20 with the addition of five new branches, bringing the total to 639.

Innovation continues to be a core focus at Reece, especially behind the scenes. The culture of continuous improvement means investing in world-class, back-end systems to drive efficiency and productivity. Beyond Reece’s core business, venture arm Superseed drives its innovation strategy into

new territories, building a deeper industry understanding of key trends impacting the industry and recommending strategic investments accordingly.

HY20 Financial Summary¹

December Half Year (A\$m)	HY20	HY19	Variance (%)
Sales Revenue	\$2,962	\$2,718	↑ 9%
Normalised EBITDA ²	\$263	\$260	↑ 1%
EBIT	\$202	\$171	↑ 18%
Normalised NPAT ³	\$113	\$106	↑ 7%
NPAT	\$112	\$77	↑ 46%
Dividend (cents per share)	6	6	→ 0%

Note: All figures are stated in Australian dollars.

¹ The Group adopted AASB 16 *Leases* using the modified retrospective method, as a result the comparative information for year ended 30 June 2019 has not been restated. To allow for prior period comparisons, HY20 results disclosed in this announcement are pre-application of AASB 16. The HY19 comparative information in this announcement has been restated to reflect the \$21m amortisation expense from 2 July 2018 until 31 December 2018 for the identified intangible assets relating to the acquisition of MORSCO.

² The normalised EBITDA excludes the impact of business acquisition costs and finance income.

³ The normalised NPAT results exclude the impact of business acquisition costs.

Dividend

The Board has declared a fully franked interim dividend of 6 cents per share. The record date for the dividend is 18 March 2020 and it will be paid on 26 March 2020.

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This announcement has been authorised by Gavin Street, CFO and Company Secretary with endorsement from the Board of Directors.

About the Reece Group

Reece Group is a leading distributor of plumbing, waterworks and HVAC-R products to commercial and residential customers through over 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 7,800 employees committed to improving the lives of its customers by striving for greatness every day.

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