

**ASX Announcement**

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# 1H22 Financial Results

Attached for release is Reece Limited's first half FY22 results for the 6 month period ended 31 December 2021.

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This announcement has been authorised by Chantelle Duffy, Company Secretary at the direction of the Reece Limited Board.

## 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 9,000 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 [group.reece.com/au](http://group.reece.com/au).

# 1H22 Results Announcement

## Financial Highlights:

- Sales revenue up 17% to \$3,600 million
- Normalised EBITDA<sup>1</sup> up 14% to \$397 million
- EBIT up 16% to \$275 million
- NPAT up 28% to \$157 million
- EPS up 28% to 24.3 cents
- Interim dividend of 7.5 cents per share, fully franked, up 25%

Reece Limited (“Reece Group”; ASX: REH) today announces its financial results for the half year ended 31 December 2021 (HY22).

Peter Wilson, Group CEO, said: “In the face of ongoing COVID-19 complexity and significant supply chain disruption, our team and our business model have remained resilient in the first half of FY22. We have delivered another strong result, driven by the positive demand environment and supported by strong execution in challenging circumstances.”

“Looking forward we continue to focus on our 2030 vision – to be the trade’s most valuable partner, helping them succeed in a digital world. Through a relentless focus on staying ahead of our customers’ needs, we are well placed to continue delivering on our three-pillar strategy of being brilliant at the fundamentals of our business, investing for growth and delivering innovation.”

## 1H22 Financial Summary

6 months ending 31 December 2021	1H22 (\$m)	1H21 (\$m)	Variance %
Sales revenue	3,600	3,074	17%
Normalised EBITDA <sup>1</sup>	397	349	14%
EBIT	275	236	16%
NPAT	157	123	28%
EPS	24.3 cents	19.0 cents	28%
Interim dividend	7.5 cents per share	6 cents per share	25 %

<sup>1</sup> Normalised EBITDA is earnings before interest, tax, depreciation, amortisation and has been adjusted to exclude business acquisition costs net.

## **Review of operations:**

Reece has delivered another strong result, despite challenges in the first half of FY22. Sales revenue has increased by 17% to \$3,600m (HY21: \$3,074m), driven by strong market conditions and execution by the team. Normalised EBITDA<sup>1</sup> was up 14% to \$397m (HY21: \$349m) and statutory net profit after tax grew 28% to \$157m (HY21: \$123m).

During the period, volumes remained heightened as customers worked through a backlog of demand. COVID-19 conditions continued to require careful management and disruption of global supply chains continued. Reece maintained a healthy stock position and focused on keeping our team safe and our customers supported.

We increased our investment in the business, ensuring we continued to deliver on our customer promise in line with our 2030 vision, with a key focus on investing in our network, technology and people.

In December we successfully refinanced our existing debt facilities with A\$1.25 billion syndicated revolving facility which is governed by a Common Terms Deed and is unsecured. This provides the Group with a diversity of maturity dates, reduced interest expense and flexibility to be drawn in either Australian or US dollars.

In the ANZ business, we appointed Marius Vermeulen, previously Chief Supply Chain officer, as the next CEO, Reece Australia and New Zealand. Marius is a passionate leader and excellent fit for the role as we drive forward with our ambition to help our customers succeed in a digital world in line with our 2030 vision.

We implemented a range of digital upgrades in the ANZ business focused on expanding our digital ecosystem and improving the online experience for our customers. We see strong adoption of digital platforms as these enhancements are rolled out.

In the US, we made strong progress towards delivering our strategic objectives. We introduced the Reece brand at a corporate level, which will progress to the start of a network roll-out later this year. We opened five new branches and delivered five store upgrades and launched our customer online platform, maX, tailored to the US market.

Looking ahead, we are optimistic about the demand drivers in the second half of FY22 despite a number of risks which will require careful management. Our customers are still busier than ever and construction activity remains solid in the near term.

While a range of macro factors could impact the environment over the longer term, we will continue to focus on driving our 2030 vision forward through our three pillar strategy of being brilliant at the fundamentals of our operations, being strategic and opportunistic to invest to grow the business and fostering a culture of innovation.

## **Dividend:**

The Board has declared a fully franked dividend of 7.5 cents per share. The record date for the dividend is 29 March 2022 and will be paid on 12 April 2022.

## **Investor call:**

Reece Group will hold an investor webcast tomorrow morning, Friday 25 February 2022, at 9:30am (AEST). To join the webcast, register via the following link: <https://webcast.openbriefing.com/8393/>