

ASX Announcement

24 August 2021

FY21 Results Announcement

Growth and opportunity.

Financial highlights:

- Sales revenue up 4% to \$6,271m
- Normalised EBITDA¹ up 11% to \$720m
- EBIT up 20% to \$493m
- NPAT up 25% to \$286m
- EPS up 10% to 44 cents
- Final dividend up 100% to 12 cents per share, fully franked

Reece Limited (“**Reece Group**”; ASX:REH) announces its financial results for the year ended 30 June 2021.

Reece Group delivered sales revenue of \$6,271m, up 4%, with normalised Earnings Before Interest, Tax, Depreciation and Amortisation (normalised EBITDA) up 11% to \$720m.

Peter Wilson, Group CEO and Managing Director said: “FY21 presented many challenges. The evolving environment due to the pandemic, the Texas freeze and the Australian bushfires tested us. But it’s also shown how resilient our business is.”

“This year, we cemented our 2030 vision – to be the trade’s most valuable partner, helping them succeed in a digital world. We’ll do this by being brilliant at the fundamentals of our operations, being both strategic and opportunistic to grow the business and fostering a culture of innovation. This approach, coupled with construction activity being at an all-time high, and our customers being busier than ever, has led to record results for the Group.”

FY21 Financial summary

Year ending 30 June	FY21	FY20	Variance
Sales revenue	\$6,271m	\$6,010m	↑ 4%
Normalised EBITDA ¹	\$720m	\$650m	↑ 11%
EBIT	\$493m	\$411m	↑ 20%
NPAT	\$286m	\$229m	↑ 25%
EPS	44 cents	40 cents	↑ 10%
Final dividend (per share)	12 cents	6 cents	↑ 100%
Total dividend (per share)	18 cents	12 cents	↑ 50%

1. Normalised EBITDA is earnings before interest, tax, depreciation, amortisation and has been adjusted to exclude business acquisition costs, FY20 impairment expense and finance income/(costs) - net

Review of operations

Reece has again delivered a record result despite global challenges through FY21. Sales revenue increased 4% to \$6,271m (FY20: \$6,010m). In ANZ, revenue rose 9% to \$3,154m (FY20: \$2,888m), while in the US, revenue was up 11% to US\$2,333m (FY20: US\$2,094m) on a constant currency basis. Accounting for the unfavourable FX impact of \$362m, US sales revenue was flat in Australian dollars, \$3,117m (FY20: \$3,122m).

While the world around us continues to bring uncertainty, our unwavering focus on the long term helps us to keep one step ahead of our customers' needs. Building capability, being creative, and having a commercial mindset have been at the heart of the way we think at Reece for decades. This year, we cemented this approach by establishing the Breakthrough Innovation Group, or BIG. BIG has already helped us bring to life new services and partnerships for our business, developed after gathering insights around pain points for our customers.

Our focus on staying ahead of our customers' changing needs, has translated into strong adoption of our digital platforms, many of which came to life through BIG. From job management to education, our services are helping our customers be more effective and deepening their relationship with Reece.

This year, our customers needed our help more than ever before, and our people have gone the extra mile to support them. In February, Texas was hit hard by Winter Storm Uri. Burst pipes and other big plumbing issues meant many of our Plumbing and HVAC branches opened for business on Saturday and Sunday to serve our customers working to restore essential infrastructure. While the US has been extremely challenged by the pandemic, we have continued to focus on the long-term and the fundamentals of the business. Ultimately improving the customer experience, and making MORSCO more efficient. Together, Reece, our people and our customers play a truly essential role in the community.

At Reece, we are passionate about building the capability of our people. This has been especially important over the last 12 months and as ever, we continue to provide pathways, training and opportunity to our people.

Dividend

In response to another strong result, the Board has declared a fully franked final dividend of 12 cents per share. This brings the total dividend for the financial year to 18 cents. The record date for the dividend is 13 October 2021 and will be paid on 27 October 2021.

Investor call

Reece Group will hold an investor call tomorrow morning, Wednesday 25 August 2021, at 10am (AEST).

To join the call, please preregister using the link below. You will receive a calendar invite and a unique code to access the call.

Pre-registration link: <https://s1.c-conf.com/diamondpass/10015060-amsaa83.html>

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This announcement has been authorised by Chantelle Duffy, Company Secretary at the direction of the Reece Group 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 8,000 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.