

**ASX Announcement**

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# FY22 Financial Results

Attached for release is Reece Limited's FY22 results for the 12 month period ended 30 June 2022.

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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).

# FY22 Results Announcement

## Financial Highlights:

- Sales revenue up 22% to \$7,654 million
- Normalised EBITDA<sup>1</sup> up 16% to \$838 million
- EBIT up 17% to \$578 million
- NPAT 37% to \$392 million
- EPS up 37% to 61 cents
- Final dividend of 15 cents per share, fully franked, up 25%

Reece Limited (“Reece Group”; ASX: REH) today announces its financial results for the full year ended 30 June 2022 (FY22).

Peter Wilson, Group CEO, said: “We have navigated another year of disruption and change in FY22 to deliver a very strong result, demonstrating the resilience of our business. Despite being hit by ongoing challenges, the team successfully navigated the ongoing pandemic, supply chain constraints and natural disasters to continue delivering for our customers, who were busier than ever.”

“Looking ahead, we believe we are past the peak of the cycle in our end markets and are prepared for softening conditions. The macro setting is complex and will require careful management, but Reece has a strong track record of managing and investing to improve its business through the cycle.”

“We will continue to focus on executing our strategy to achieve our vision of being the trade’s most valuable partner, by delivering brilliant fundamentals, investing in growth to improve our business, and delivering innovation to stay one step ahead of our customers’ needs.”

## FY22 Financial Summary<sup>2</sup>

30 June 2022	FY22 (\$m)	FY21 (\$m)	Variance %
Sales revenue	7,654	6,271	Up 22%
Normalised EBITDA <sup>1</sup>	838	720	Up 16%
EBIT	578	493	Up 17%
NPAT	392	286	Up 37%
EPS	61 cents	44 cents	Up 37%
Final dividend (per share)	15 cents	12 cents	Up 25%
Total dividend (per share)	22.5 cents	18 cents	Up 25%

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

<sup>2</sup> All figures in this statement are in Australian dollars unless otherwise stated.

## **Review of operations:**

Reece has delivered a strong result, despite ongoing external challenges in FY22. Sales revenue increased 22% to \$7,654m (FY21: \$6,271m), driven by demand, ongoing price inflation and successful execution by the team. Normalised EBITDA was up 16% to \$838m (FY21: \$720m) and EBIT was up 17% to \$578m (FY21: \$493m). Statutory NPAT grew 37% to \$392m (FY21: \$286m). The US region recognised a tax benefit that reduced income tax expense by \$28m, relating to valuation of inventory for tax purposes based on a last in first out methodology.

In Australia and New Zealand, sales revenue increased by 12% to \$3,518m (FY21: \$3,154m). Normalised EBITDA was up 5% to \$526m (FY21: \$502m). In the US, sales revenue increased by 33% to \$4,136m (FY21: \$3,117m), an uplift of 28% on a US dollar basis. Normalised EBITDA increased by 43% to \$312m (FY21: \$219m).

As external challenges continued, we focused on maintaining our customised service promise, particularly by ensuring a healthy stock position to offset the impact of constrained global supply chains and utilising the flexibility of our network to focus resources on areas of high demand.

With the easing of COVID-19 restrictions, we took the opportunity to bring our people together to collaborate and focus on delivering our 2030 strategy, developing future leaders, creating high performing teams, embedding The Reece Way and delivering our customised service promise.

We continued to make progress on delivering our 2030 strategy and our vision to be the trade's most valuable partner during the year.

In the ANZ region we progressed a wide range of brilliant fundamentals initiatives while continuing to invest in our network and driving innovation. In April 2022 we moved into our purpose-built support centre. The building is a strategic investment to attract and retain talent, facilitate new ways of working, inspire collaboration and drive innovation into the future in line with our vision.

In the US region we continue to take a long-term approach to building a successful business, focusing on delivering operational upgrades, embedding brilliant fundamentals and training and development programs, and building a culture and leadership team driven by our vision and values. We also continued to build scale in the network, growing our footprint to 204 (2021: 189) and refurbishing 11 stores, helping us prepare to bring the Reece brand into the US market.

In December 2021 we successfully refinanced our debt facilities with a \$1.25 billion unsecured syndicated revolving facility, governed by a Common Terms Deed. In March 2022, the facility was further extended to \$1.4 billion. The new facility provides diversity of maturity dates, flexibility and reduced interest expense.

## **Dividend:**

The Board has declared a fully franked dividend of 15 cents per share. The record date for the dividend is 12 October 2022 and will be paid on 26 October 2022.

## **Investor call:**

Reece Group will hold an investor webcast tomorrow morning, Wednesday 24 August 2022, at 9:00am (AEST). To join the webcast, register via the following link: <https://webcast.openbriefing.com/8843/>