

Reece Australia Limited
AGM Chairman's & CEO Address
27 October 2011

The Board was generally satisfied with the full year results given the challenging trading environment. Net profit after tax was up 3.8% on the prior year to \$118.6m and our profit before income tax was up 5.7% to \$171.0m.

Dividends declared out of the 2011 financial year profit amounted to a total of 61 cents per share, an increase of 5.2% on the previous year reflecting the improved operating result

I will now pass you over to our CEO Peter Wilson who will take you through our 2011 results and give an indication on our performance in the first quarter of F2012.

CEO Peter Wilson to present F2011 results:

Thank you Mr Chairman and good afternoon everyone

F2011 has been a successful year, albeit a challenging one. We achieved a record Profit Before Tax result, which is an excellent performance given the trading environment.

Our theme over the past 3 years has been to consolidate and adapt to the market conditions. We have invested in the business to build on our strong culture, management team and business model

There were many initiatives implemented throughout the year and I will now present a quick summary of the major activity for F2011.

Financial Performance

- Record year from a revenue perspective
- Like for Like sales grew
- EBIT up
- NPAT increased
- Net Assets increased

Customer

- Customer Net Promoter Score increased
- Improvement of in-stock service position
- Store refurbishments
- Rollout of new corporate ID
- Website enhancements
- Expansion of exclusive brands
- Reece product quality guarantee
- Launch of new Bathroom Life concept

People

- Staff Engagement improvements
- Rollout new e-learning training modules
- Diversity in the workplace

Supply Chain

- Continue to develop our supply chain
- Increased NDC capacity and efficiency
- Implementation of DC replenishment system
- Commencement of Brisbane RDC build

Technology

- IT transformation well underway
- New PCs and laser printers in all branches
- Improved reporting

Outlook 2012

As a result of the restrained economic conditions, sales for the 3 months ended 30 September 2011 have been flat with the same period last year. As a consequence we expect profit before tax for the first six months ending 31 December 2011 to be down in the order of 5% – 7% compared to the same period last year.

The Board expects these challenging trading conditions to remain whilst the impact of global economic volatility and local economic issues weighs on consumer confidence. The Company is in a very good position with a strong balance sheet, market leading service and products combined with experienced, motivated and hardworking staff.

The company has continued to invest in the Branch network opening 3 new sites in the first quarter.