

**Reece Australia Limited**  
**AGM Chairman's & CEO Address**  
**25 October 2012**

For the financial year ending 30 June 2012, Reece reported a Net profit after tax of \$113.3m, down 4.5% on the prior year. The result was impacted by the lower revenue due to the reduction in building activity and challenging economic conditions.

Reece has continued to maintain its investment into the branch network, customer service, products and technology. The Company is in a strong financial position and well placed to manage through these uncertain economic conditions.

Dividends declared out of the 2012 financial year profit amounted to a total of 61 cents per share, the same as the previous year.

I will now pass you over to our CEO Peter Wilson who will take you through our 2012 results and give an indication on our performance in the first quarter of F2013.

Thank you Mr Chairman and good afternoon everyone

I am very pleased to be able to give you a review of our 2012 performance

F2012 has been a challenging year. We are operating in a difficult trading environment. We have a housing marketing in decline, a soft renovation market and a very cautious consumer.

We continue to invest heavily in the business to set us up for future growth.

We do have a very strong culture and business model that centres around the customer.

There were many initiatives implemented throughout the year and I will now present a summary of the major activity for F2012

- Financial Performance
- Trading Environment
- Customer
- Leadership
- Supply Chain
- Technology
- Branch Network

### **Financial Performance**

- Sales down 2.9% to \$1.52b
- EBIT / Sales 10.8%
- NPAT down 4.5%
- Net Assets of \$707m

### **Trading Environment**

- New housing starts
- Renovations
- Consumer sentiment

### **Customer**

- Increase in Customer NPS (customer engagement)
- Continued improvement in In-Stock Service position
- Enhanced In-store Experience
- Improved Online experience
- New “Bathroom Happiness” Positioning Line
- Additions to our market leading exclusive brands

### **Leadership**

- Increase in staff engagement
- Enhanced communication and feedback tools
- Ongoing focus on coaching and development
- Implemented new HR information system

### **Supply Chain**

- Continued growth in exclusive product sales
- Continued benefits from automated Stock Management System
- Opening of RDC (Regional Distribution Centre)

### **Technology**

- Rollout of new in-house Point of Sale system
- Enhancements to website and intranet
- Additional business intelligence tools
- Development of online ordering
- Videoconferencing
- Automating numerous processes

### **Branch Network**

- 453 branches

### **Outlook F2013**

To comment on trading so far in the 2013 financial year, just prior to the meeting we made the following announcement to the Australian Stock Exchange:

Reece Australia Limited announces that due to the challenging trading environment, sales for the first quarter were down 3% on the prior year. As a result, profit before tax for the half year ending 31 December 2012 is expected to be down in the order of 4% – 6% compared to the same period last year.

Reece is very well placed to continue to manage the downturn in the building and construction industries and consumer restraint through its network of over 450 strategically located branches across the nation, a strong cash position and balance sheet. The Company has continued to grow the branch network with 7 new sites opened in the first quarter.