

Reece Limited FY 2017 Full Year Results

Highlights

- Sales Revenue was up 6.7% to \$2.429 million
- Profit before tax up 8.3% to \$303.1 million
- Net Profit after Tax up 10.2% to \$211.8 million
- Total Dividend for FY 2017 up 8.7% to \$1.00

Business Overview

Reece Limited today announced record sales and profit results. Sales revenue was up 6.7% on the previous year to \$2,429m (2016: \$2,276 m). Net profit before tax was \$303.1m, up 8.3% on the prior year (2016: \$279.9m) and net profit after tax increased by 10.2% to \$211.8m (2016: \$192.2m).

Reece Limited CEO, Peter Wilson, said “It’s been an exciting year for us, with the highest sales ever in our company’s history as well as the highest customer satisfaction, as measured by a Net Promoter Score of +64.’

The cost of doing business increased 5.9% to \$502.8m (2016: \$475.0m) due to increased staff and related costs to support business growth. Finance costs decreased 23.8% to \$5.9m, with debt reduced by \$45m to \$100m.

Business Investment

An important project this year was the relaunch of The Reece Way, the Group’s set of 10 values. “The values are very important to our organisation and our people. They are an important input to our culture and our success as an organisation,” said Peter Wilson. Alongside this, we opened 12 new branches and continued to improve the customer experience, both in branch and online. We launched **maX** to our customers so they can conduct all their business with us at their own convenience, from browsing products, to account management through to tracking delivery. It’s really important to make business as easy as possible for our customers.

Reece has continued its investment in its logistic capability, with the opening of new state of the art distribution centres in Sydney, Perth and New Zealand. “Product reliability is critical to our customers’ businesses”, said Peter Wilson. “Being able to deliver what they need, when they need it is therefore critical to ours.”

“We launched a number of new products and services during the year and added world leading brands to our inventory.”

The Reece Grant helps Reece customers undertake significant community projects. It is now in its third year and continues to grow in popularity. Grants were awarded to improve health and sanitation in Cambodia, Indonesia, Zimbabwe and Nepal. Peter Wilson said “It’s an amazing program that enables our customers to help communities in need and to realise their dreams at the same time. It reminds us how important sanitation is to the health of a whole community.”

Reece continues to maintain a very strong balance sheet with net assets at \$1,158m, up 11.3% on the prior year (2016: \$1,041m). The business has continued to generate strong cash flow funding growth in inventory, investment in property, plant and equipment along with the repayment of debt.

Dividend

The Board has declared a final dividend of 71 cents per share fully franked. The final dividend will be paid on 26 October 2017 with the record date for entitlement of 11 October 2017. Total dividends paid and to be paid relating to the year ended 30 June 2017 will be 100 cents per share (2016: 92 cents per share), an increase of 8.7% over the previous year.

“The Reece Group is in a strong financial position and very well placed.”