

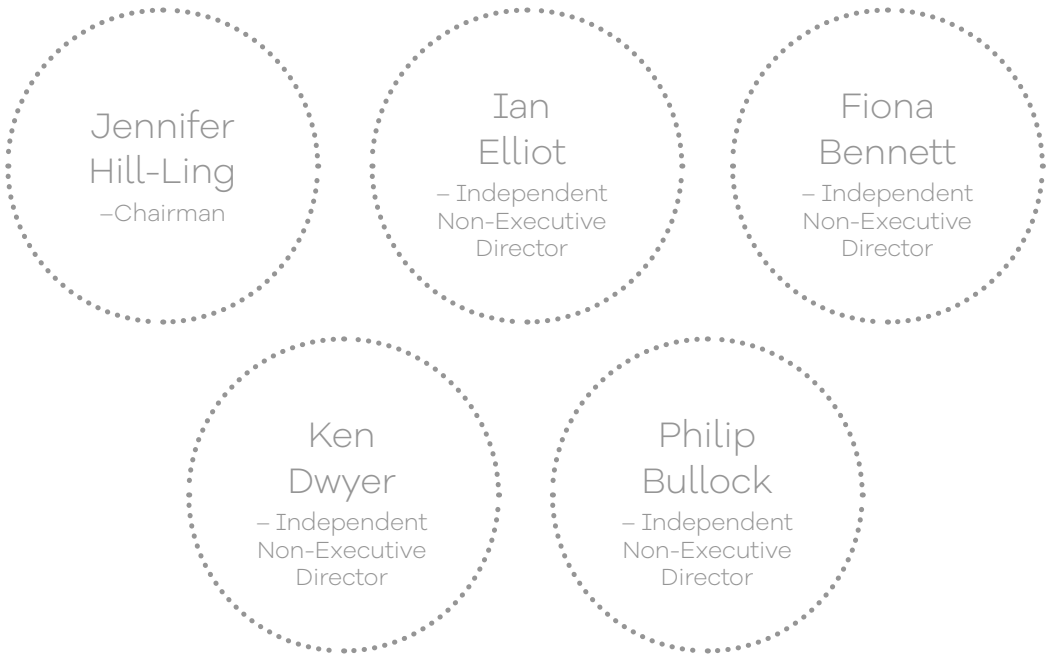


2016 Annual General Meeting

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Board Members



Agenda

1.

Chairman's Address

- Leadership Changes
- Back to Basics

2.

CEO Address

- Operational Review
and Strategic Outlook

3.

Resolutions

Leadership Changes

CEO

1st of September 2016

Retirement of

Grant
Logan



Appointment of

David
Lenz

CFO

Moving to Lincor Limited

Gareth
Turner



Appointment of

Chris
Jacka

Strategic Focus – FY2016

- Improving our underlying Profitability;
- Efficient Capital Management;
- Improving Vendor relationships;
- Improving Customer engagement; and
- Our people.

Financial Results - FYI6

\$' Millions	2HFYI6	1HFYI6	FYI6	FYI5
Revenue	164.7	164.2	328.9	428.8
EBITDA ⁱ	6.5	5.2	11.7	29.0
Underlying NPAT ⁱⁱ	2.1	(2.9)	(0.8)	11.1

ⁱEarnings before interest, tax, depreciation and amortisation (EBITDA) is a non-IFRS measure used to present the company's segmental information in financial reporting and is calculated on a consistent basis as detailed in note 1 to the financial statement.

Non-IFRS measures used by the company are relevant because they are consistent with measures used internally by management and by some in the investment community to assess the operating performance of the business. The Non-IFRS measures have not been subject to audit or review.

ⁱⁱUnderlying net profit after tax attributable to owners is a non-IFRS measure calculated as disclosed in note 6 to the financial statement.

Impairment - FYI6

Share price decline triggered a review of asset carrying values at 31 December 2015 with impairments of \$66.0 million booked

	\$' Millions
Impairment of goodwill and intangible assets	39.2
De-recognition of deferred tax asset ¹	20.3
Other assets impairments	6.5
Total	66.0

¹The tax losses remain available in the Hills tax return despite the de-recognition for accounting purposes. These can be written back when the company returns to a tax payable position.

Net Debt – FYI6

\$' Millions	2HFYI6	IHFYI6	FYI6	FYI5
Net Debt	24.2	38.5	24.2	32

Strategic Focus – FY2016

- A \$36 million, 5-year finance facility with Assetsecure; and
- A \$15 million, multi-tranche senior secured debt facility with the Commonwealth Bank
 - \$10 million for 18 months
 - \$5 million for 12 months
 - The \$5 million 12 month tranche has since been repaid and cancelled.



Operating Cash Flow – FY16

\$' Millions	2HFY16	IHFY16	FY16	FY15
Operating CashFlow ⁱ	9.0	0.4	9.4	(13.0)

ⁱ operating cash flow including the payout of \$10.3m of restructure provisions in the current year and the payout of \$12.5m in the prior year.

⁴ Revenue and profit in FY15 included certain business operations that were ceased or disposed of, the Home Division as a trading business before it was converted to a brand licensing arrangement and Crestron sales (Crestron moved to a global direct model in FY15).

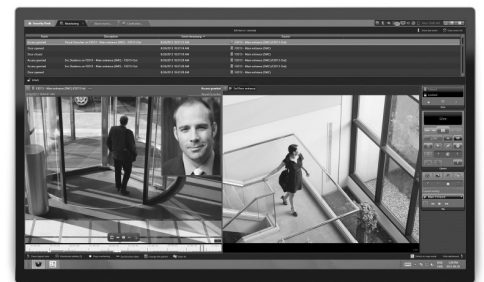
Competitive Advantage

- National sales presence
- Extensive branch network
- Qualified personnel
- Training services and
- Success in attracting the best range of products and services



Competitive Advantage

- The supply of Genetec unified IP security solutions to Sydney Trains partnering with Indra
- The supply of Ruckus Wi-Fi networks at Western Sydney University in conjunction with Big Air Group Limited;
- The supply of Genetec unified IP security solutions to the Auckland International Airport partnering with Datacom; and
- The supply of L-Acoustics speakers to Novatech in South Australia and Power Audio in Victoria.



Competitive Advantage



- Employee engagement survey
- Refined rewards program

Lincor Merger

- Lincor & Hills 50% each
- Opportunities and growth potential greater as a newly listed company
- Repayment of Hills debt



LINCOR
Empowering Patients. Improving Outcomes.

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Competitive Advantage

- Announced 11th of October, 2016
- Upfront payment of 3 years licence fees
- Reviewing options around re-licencing the brand



Share Price





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Vision

To distribute technologies that

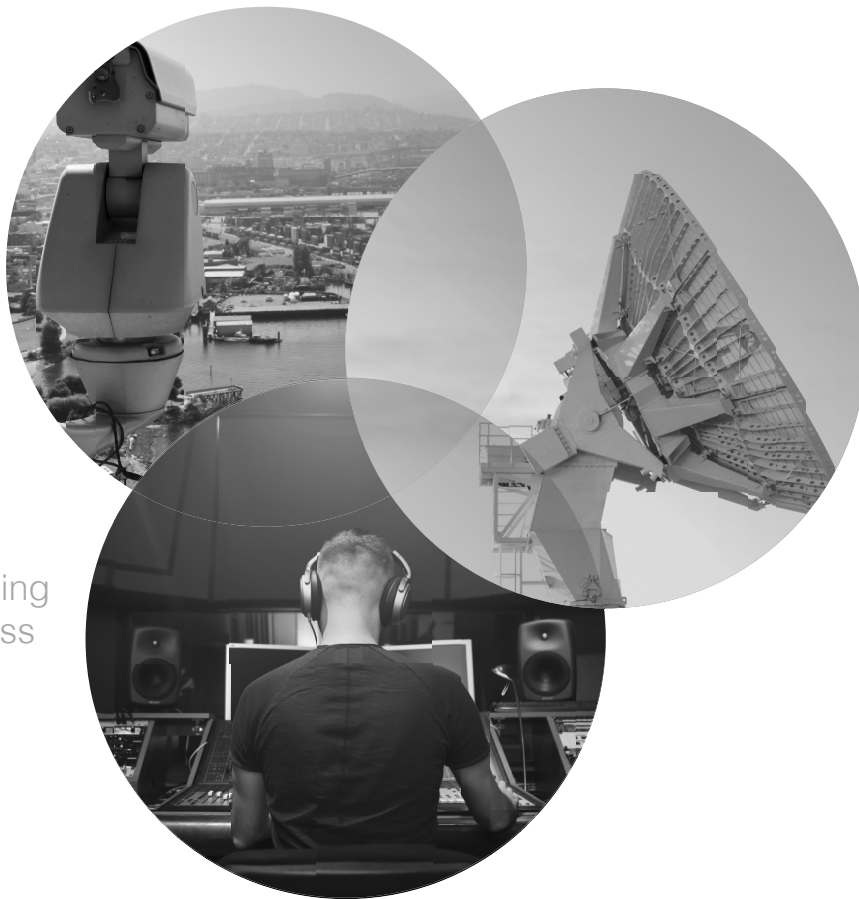
"connect,
entertain
and secure
people's lives".



80%

Revenues from Building
Technologies Business

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New Vendors

Vendors are an important part of our overall business and during the year we secured the exclusive distribution rights for **Ipsotek** and **Vivotek**, both players in the security space. We have also added **Community Sound** and **Cadac** to our Audio Visual portfolio.

Hills seized the opportunity to add new vendors in the emerging communications sector, signing **Netcomm**, **Radwin** and **ConnectedIO**.



Awards

Commercial
Distributor
of the Year –
Hills AV

Best PA
System –
Australian
Monitor

Axis
Distributor
of the
Year 2015

Ruckus ANZ
and APAC
Distributor of
the Year 2015

Exclusive
Distributor
– Genetec

Australian Monitor



Building Technologies

\$' Millions	2HFY16	1HFY16	FY16	2HFY15	1HFY15	FY15
Revenue	147.1	146.9	294.0	182.9	165.5	348.4
EBITDA ⁱ	6.2	5.9	12.1	11.9	14.9	26.8

- Revenue and EBITDA increased in 2HFY16
- New distribution arrangements are ramping up
- Full year results were down due to businesses discontinued in FY15 and Crestron choosing to go direct from FY16
- Cost base continues to flatten
- NBN rollout underway



Health

\$' Millions	2HFY16	IHFY16	FY16	2HFY15	IHFY15	FY15
Revenue	15.8	15.5	31.3	15.9	15.6	33.5
EBITDA ⁱ	1.4	(0.1)	1.3	0.6	3.5	4.1

- Significant turnaround in EBITDA for 2HFY16
- Major contract wins including the new Royal Adelaide Hospital coming online in FY17
- Recurring service revenue increased significantly on FY15
- Cost base continues to be rationalised



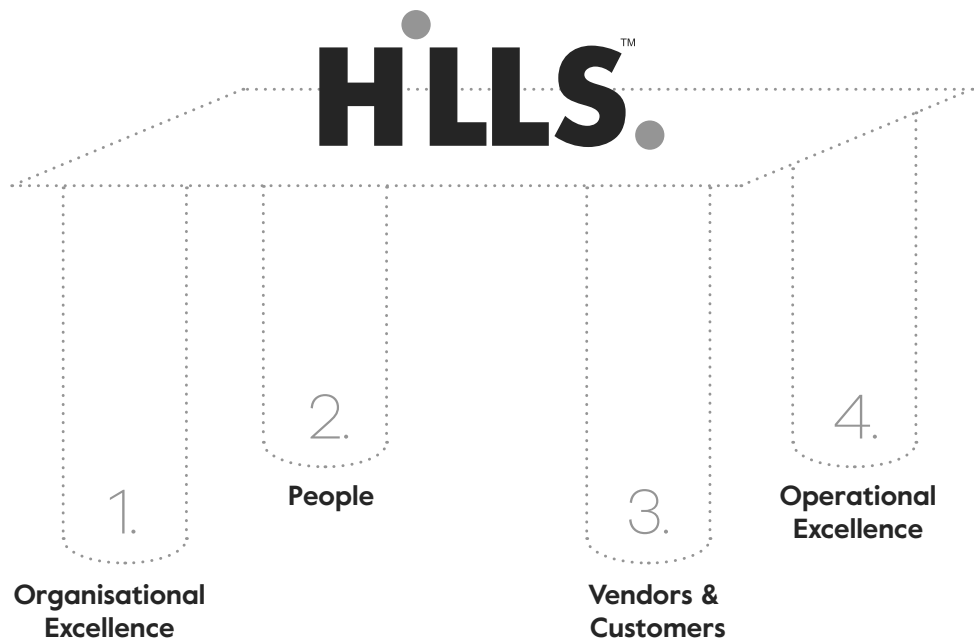
Home

\$' Millions	2HFY16	1HFY16	FY16	2HFY15	1HFY15	FY15
Revenue	1	1	2	16.5	27.3	43.8
EBITDA ⁱ	0.9	0.9	1.8	0.4	6.0	6.4

- In 1HFY15, the Home Segment was an operating business before it was converted to a Heritage Brand licensing agreement
- Guaranteed \$2m per annum in revenue and EBITDA
- Recovered the brand from Woolworths and currently reviewing options around re-licensing the brand.



Key initiatives around the 4 Pillars



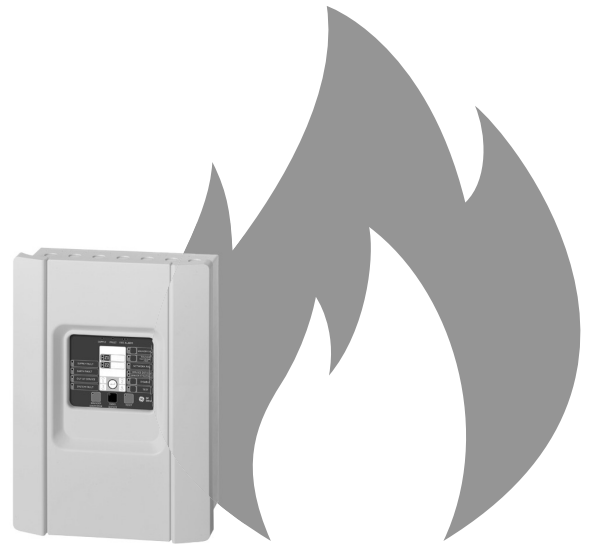


Investment

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Fire Business

- Will focus on fire indicator panels and associated products
- Will target current and new customer markets
- Will provide smart one stop solutions
- Will create a complimentary gateway within the Hills Building



iProtect DIY Business will be launched in January 2017



DIY Home Wi-Fi alarm



GPS Smart Watch

Unique security products targeting the DIY market



Battery operated Wi-Fi camera doorbell



Smart plug



DIY camera Light Bulb



Digital Strategy & IoT

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Resolutions

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Item I – Receipt of Financial Statements and Reports

To receive and consider the Financial Report, the Directors' Report and the Auditor's Report for the Company for the financial year ended 30 June 2016.

Item 2 – Re-election of Ms Fiona Bennett as a Director of the Company

That Ms Fiona Bennett, being a Director of the Company who retires by rotation in accordance with Rule 10.3 of the Company's Constitution and, being eligible for re-election, is re-elected as a Director of the Company.

Item 2 – Re-election of Ms Fiona Bennett as a Director of the Company

	Proxies	% of Proxies
For:	74,318,280	94.54%
Against:	1,499,392	1.91%
Open:	2,790,046	3.55%
Abstain:	422,209	N/A

Item 3 – Election of Mr Ken Dwyer as a Director of the Company

That Mr Ken Dwyer, being a Director of the Company appointed as an additional Director under Rule 10.7 of the Constitution, retires in accordance with Rule 10.3 and, being eligible for election, is elected as a Director of the Company.

Item 3 – Election of Mr Ken Dwyer as a Director of the Company

	Proxies	% of Proxies
For:	74,783,156	95.06%
Against:	1,048,553	1.33%
Open:	2,837,967	3.61%
Abstain:	378,806	N/A

Item 4 – Adoption of Remuneration Report

That the Remuneration Report contained within the Annual Report of the Company, for the year ended 30 June 2016, be adopted.

Item 4 – Voting Exclusion Statement

As set out in the Voting Exclusion Statement in the Notice of Meeting, votes are not permitted to be cast on this resolution by or on behalf of the Company's key management personnel, including the Directors and their closely related parties, whether as a Shareholder or as a proxy.

However a vote may be cast on this resolution by key management personnel (KMP), or a closely related party, if:

(a) either:

- (i) the vote is cast as a proxy appointed in writing that specifies how the proxy is to vote on this resolution 3; or
 - (ii) the vote is cast by the Chairman of the 2016 AGM acting as proxy and their appointment expressly authorises the Chairman of the 2016 AGM to exercise the proxy even if that resolution is connected directly or indirectly with the remuneration of a KMP; and
- (b) the vote is not cast on behalf of a KMP or a closely related party of a KMP.

If you appoint the Chairman of the 2016 AGM as your proxy, and you do not direct your proxy how to vote on this resolution 3 on the proxy form, you will be expressly authorising the Chairman of the 2016 AGM to exercise your proxy even if resolution 3 is connected directly or indirectly with the remuneration of a member of the KMP, which includes the Chairman of the 2016 AGM.

Item 4 – Adoption of Remuneration Report

	Proxies	% of Proxies
For:	49,757,837	88.59%
Against:	3,621,903	6.45%
Open:	2,787,654	4.96%
Abstain:	959,795	N/A

Item 5 – Approval of Proportional Takeover Provisions

That, from the close of the meeting, the proportional takeover provisions set out in Annexure A to the Explanatory Statement be inserted into the Constitution as Rules 6.9 to 6.14

Item 5 – Approval of Proportional Takeover Provisions

	Proxies	% of Proxies
For:	74,456,236	94.88%
Against:	1,191,079	1.52%
Open:	2,826,181	3.60%
Abstain:	600,431	N/A



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Thank You