

we are HILLS.

Hills Limited
Annual General Meeting
2014

Today's agenda



1
2
3
4

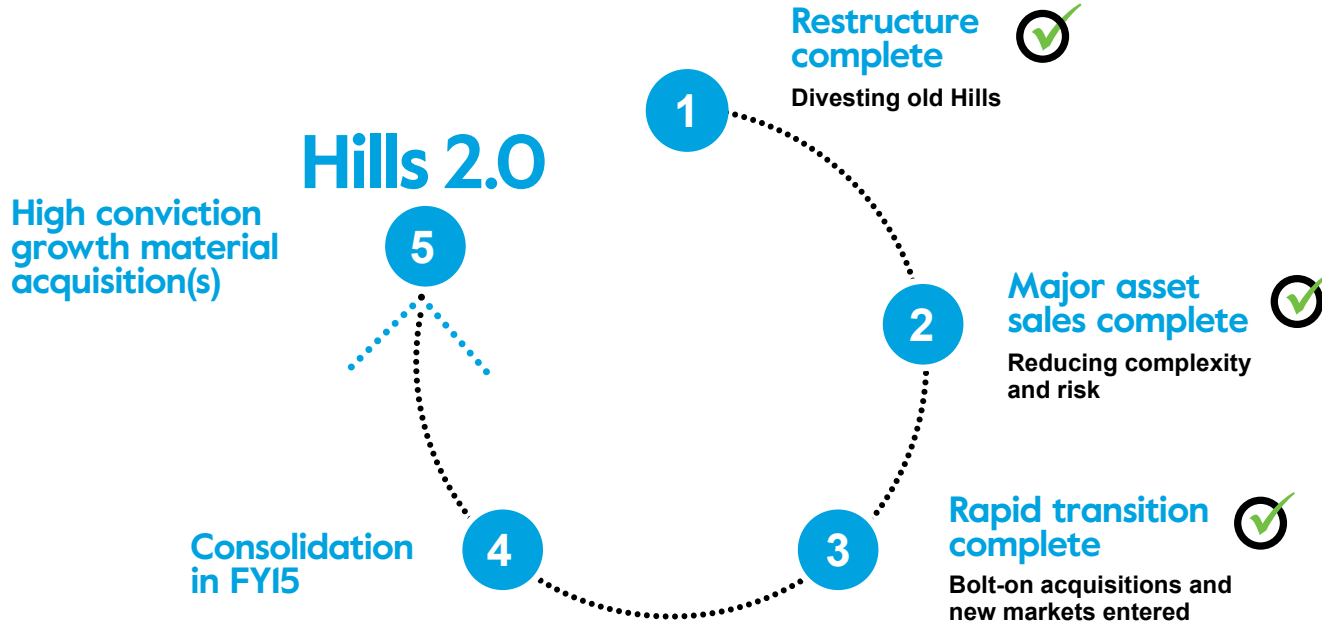
**Our transition and the current status
of our journey – Chairman's address**

**Fiscal overview and future outlook
– Update from CEO**

**Organisational and governance issues
– Update from Chairman**

Resolutions

The journey to the 'new' Hills



Results summary

- Underlying NPAT \$27.3 million up 42.2%¹
- Statutory NPAT \$24.8 million up \$118.9 million
- Total revenues of \$737.2 million
- Continuing revenue \$415.5 million up 16.6%
- Total EBITDA \$50.9 million
- Continuing EBITDA \$42.9 million up 41.6%
- Underlying EPS 11.4c up 46% against last year
- Return on funds employed in excess of 20%²

1. Underlying NPAT attributable to owners for the year ended 30 June 2014 of \$27.3M is a non-IFRS measure calculated as: NPAT attributable to owners of \$24.8M adjusted for business combination acquisition transaction costs after tax offset by one-off income tax credits associated with business sales (a net adjustment of \$2.5M) as disclosed in note 22(c) of the Annual Report.

2. Hills return on funds employed (ROFE) [(Full year underlying EBIT/ (total assets exc. cash and deferred tax) – (total liabilities exc. borrowings)]



Dividends and buyback

Fully franked dividend:

- 3.25 cents per share paid on 27 September 2013
- 3.4 cents per share paid on 31 March 2014
- 3.6 cents per share paid on 26 September 2014



A total of 7 cents per share

This is equivalent to 66% of our net profit after tax attributable to owners.

Buyback:

- Since September 2013, 14.5 million shares repurchased – that is 5.9% of the shares outstanding
- The average price paid since re-commencing the buyback last financial year currently stands at \$1.75 per share
- Total spend \$25.4 million

Strategy and objectives



- **Deriving 75% of revenues from technologies and communications**
- **Sustained earnings growth**
- **Return on funds employed (ROFE) of 13 – 15%¹**
- **Earning 20 – 25% of revenue from services**



1. Hills return on funds employed (ROFE) [(Full year underlying EBIT/ (total assets exc. cash and deferred tax) – (total liabilities exc. borrowings)]

New acquisitions



Leaner operating model



HILLS.

- ✔ **Reduced structural complexity (single business)**
- ✔ **Strong balance sheet**
- ✔ **Reduced environmental, safety and business risks**
- ✔ **Reduced operating complexity (now largely a B2B technology model)**
- ✔ **Capital light (improved ROFE)**



HILLS.

The logo for Hills, featuring the word 'HILLS' in a bold, black, sans-serif font, followed by a period. A small blue dot is positioned above the letter 'I'.

**blood.
sweat.
tears.
idea.**



**blood.
sweat.
tears.
idea.**



New nurse call arthritis handset

HILLS.

