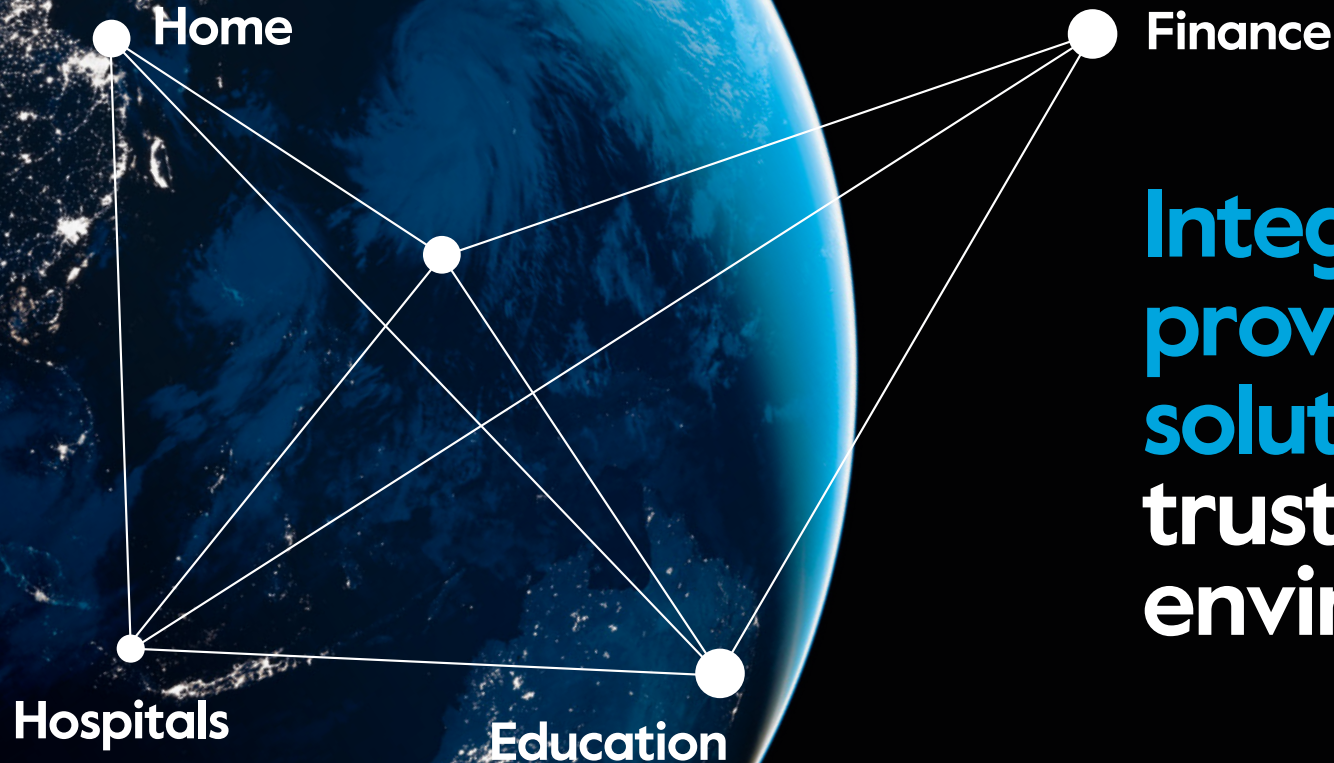


**we are HILLS.**<sup>TM</sup>

**Hills Limited Annual  
General Meeting 2014  
Group Managing Director  
& CEO's Address**

## Our vision Hills 2.0



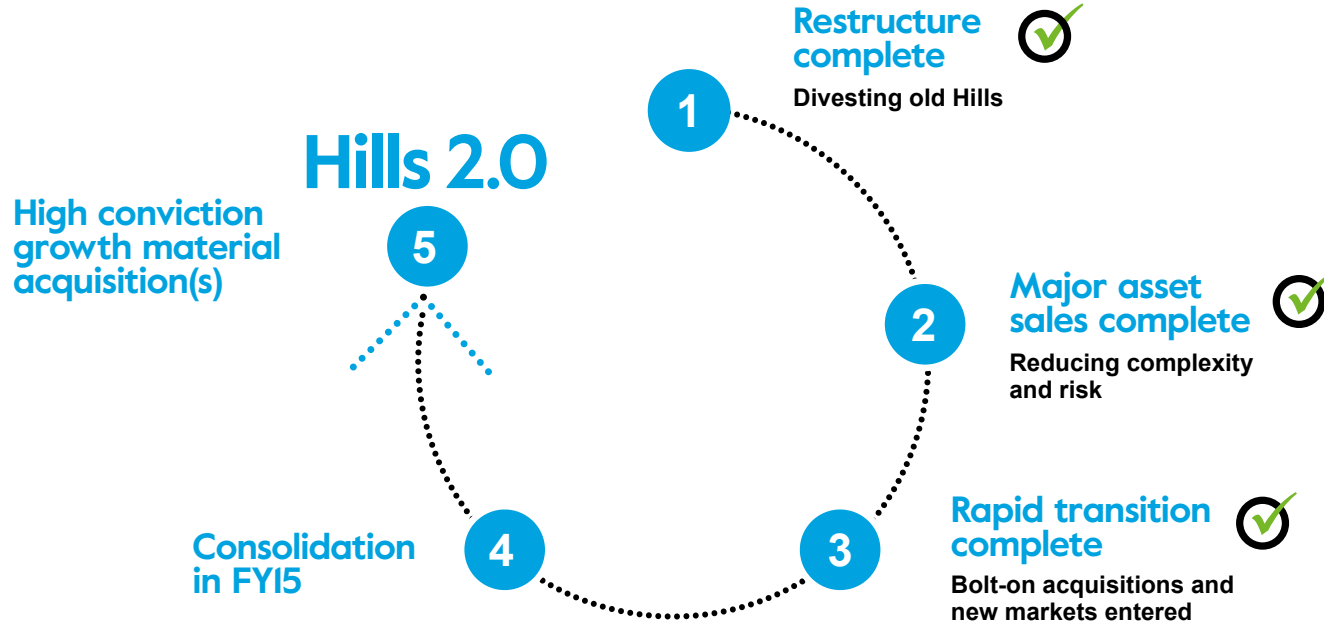
**Integrated  
provider of  
solutions into  
trusted  
environments**

An innovative technology company

HILLS.



# The journey to the 'new' Hills



# We continue to seek new growth platforms



2014

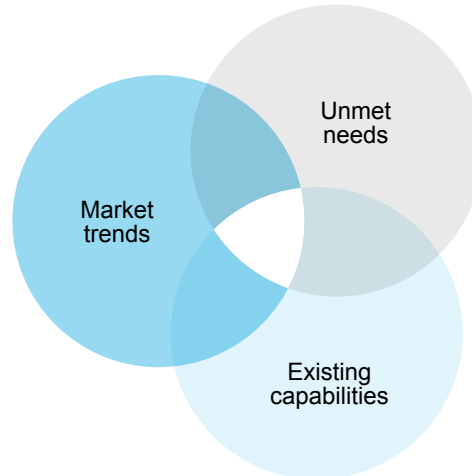
2015

Ample balance sheet capacity for larger acquisitions

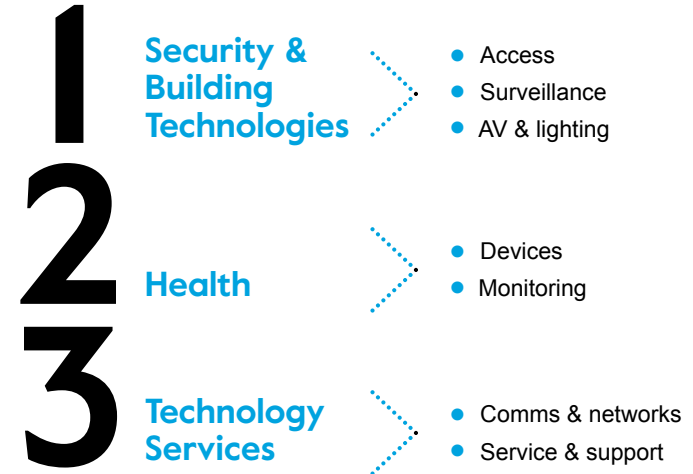
## Existing products

Access Control  
Surveillance  
AV & lighting  
Communications  
Health Devices  
Home

## Identification of growth opportunities



## Hills growth platforms



## We now have a leaner, simpler business model

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- ✓ **Clean balance sheet**
- ✓ **Reduced structural complexity (single business)**
- ✓ **Reduced operating complexity (now largely a B2B technology model)**
- ✓ **Capital light (improved ROFE)**
- ✓ **Lower risk profile**
  - No customer > 5%
  - No supplier > 7% of revenues
  - Reduced environmental, safety and business risks





# We performed well against FY14 – FY16 settings

## Strategic


- We have grown by complementary acquisitions 
- We are #1 or #2 in our chosen markets 
- 75% of revenue from technologies and communications 
- 20 – 25% of revenue from services 

c10%

## Financial and risk

- Sustained EPS growth 
- Return on funds employed > 13 – 15% 
- Net debt / net debt + equity < 40% 
- Dividend payout ratio of 50 – 75% 
- Managing the risk reward trade off – Increased return can require increased risk 

## Acquisition criteria

- #1 or #2 position in growth market 
- Trusted brand 
- Product/Solution/Service IP and differentiation 
- Annuity revenue streams 
- Service revenue mix – 20 to 50% 
- EBIT minimum 10% 
- ROIC 13% to 15% 
- EPS accretive year 1 to 2 



Achieved



Continuing

# The continuing Hills Technologies segment



Continuing Hills Technologies  
segment (A\$M)

FY14

FY13

Growth

FY14 over FY13

**Revenue<sup>1</sup>**

**415.5**

**356.2**

**16.6%** ▲

**Underlying EBITDA<sup>1</sup>**

**42.9**

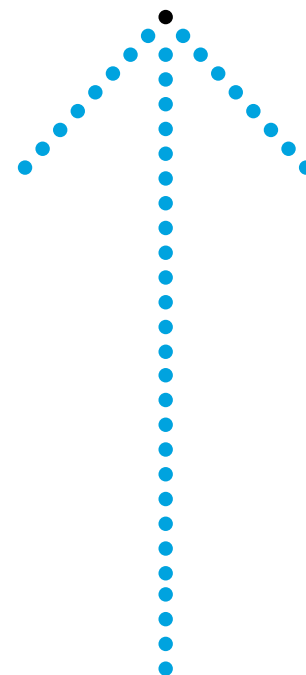
**30.3**

**41.6%** ▲

% to revenue

10.3% ▲

8.5%



1. For further detail, please refer to information disclosed in the Segment Information Note in the Annual Report (note 2).



# Discontinued businesses

Discontinued B&I segment (A\$M)	FY14	FY13	Growth FY14 over FY13
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Revenue <sup>1</sup>	288.9	525.9	(45.1%)
Underlying EBITDA <sup>1</sup>	4.7	11.7	(59.0%)

Other Hills businesses sold or closed segment (A\$M)	FY14	FY13	Growth FY14 over FY13
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Revenue <sup>1</sup>	32.8	136.3	(75.9%)
Underlying EBITDA <sup>1</sup>	3.3	5.3	(37.7%)

1. For further detail, please refer to information disclosed in the Segment Information Note in the Annual Report (note 2).

# New relationships

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Communications  
and mobility



IT



SOPHOS

Fire



AV



**VISION**  
installation-innovation

Security



# New products



2013

OCTOBER

8

2014

JANUARY

14

JULY

6

OCTOBER



Eg. Slim Retracting Clothesline



Eg. Lively



Eg. Off-road Satellite



Eg. Xtralis Fire range of products,  
Hills Professional CCTV Kit Series

28 products launched  
in last 12 months

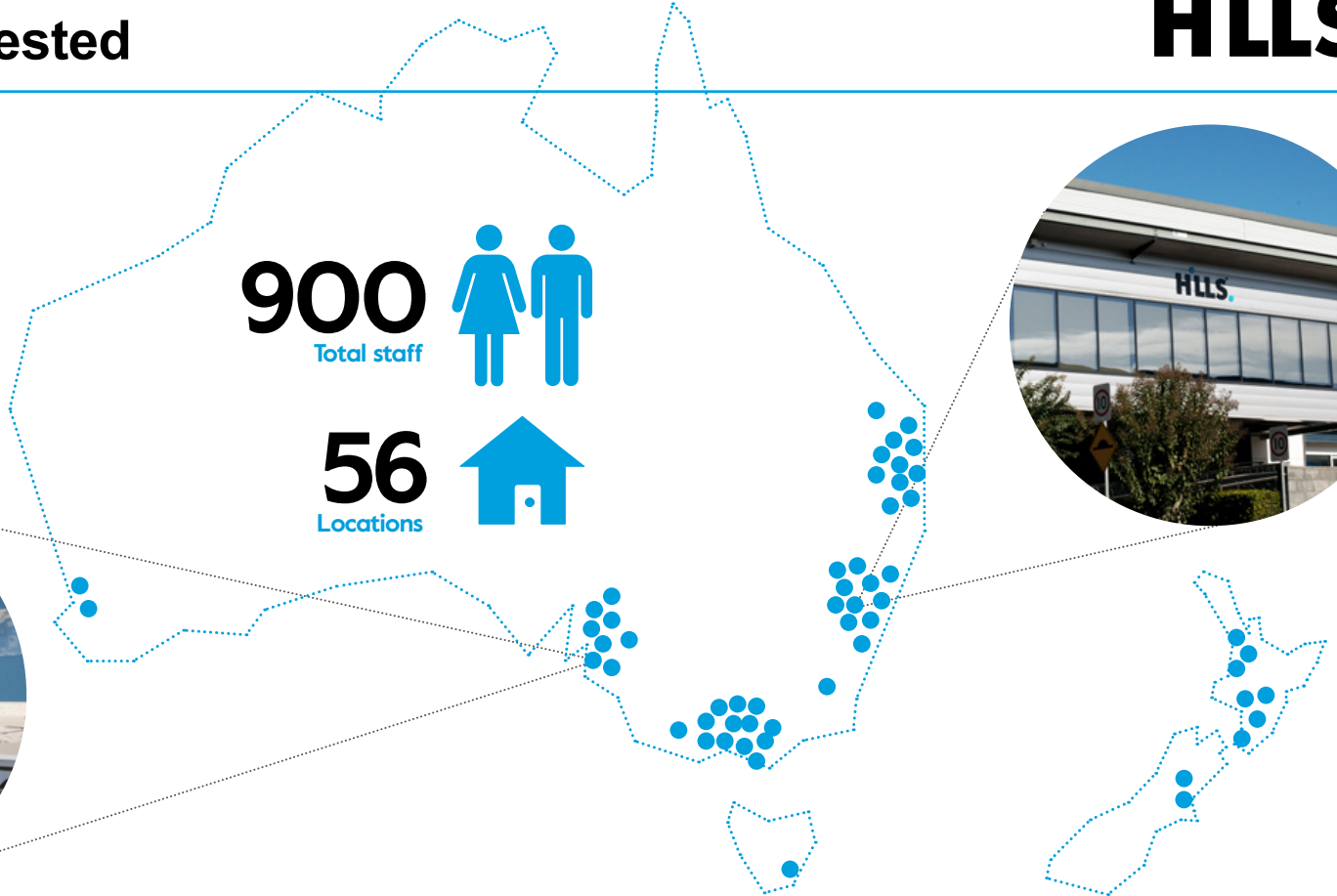
# Capital reinvested



**900**  
Total staff

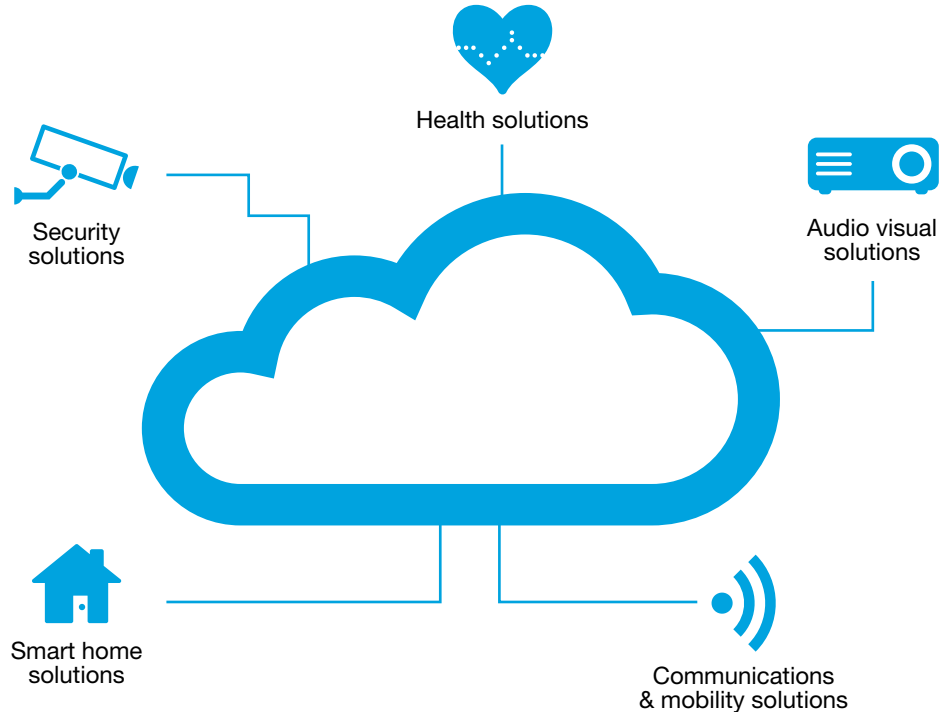


**56**  
Locations





# Our strategy is now firmly focused on technology



Strong revenue growth from technology and communications services, supported by best in class products from our partners here and around the world based on principles of:



Global



Growth



Innovative



Fast to market



IP based

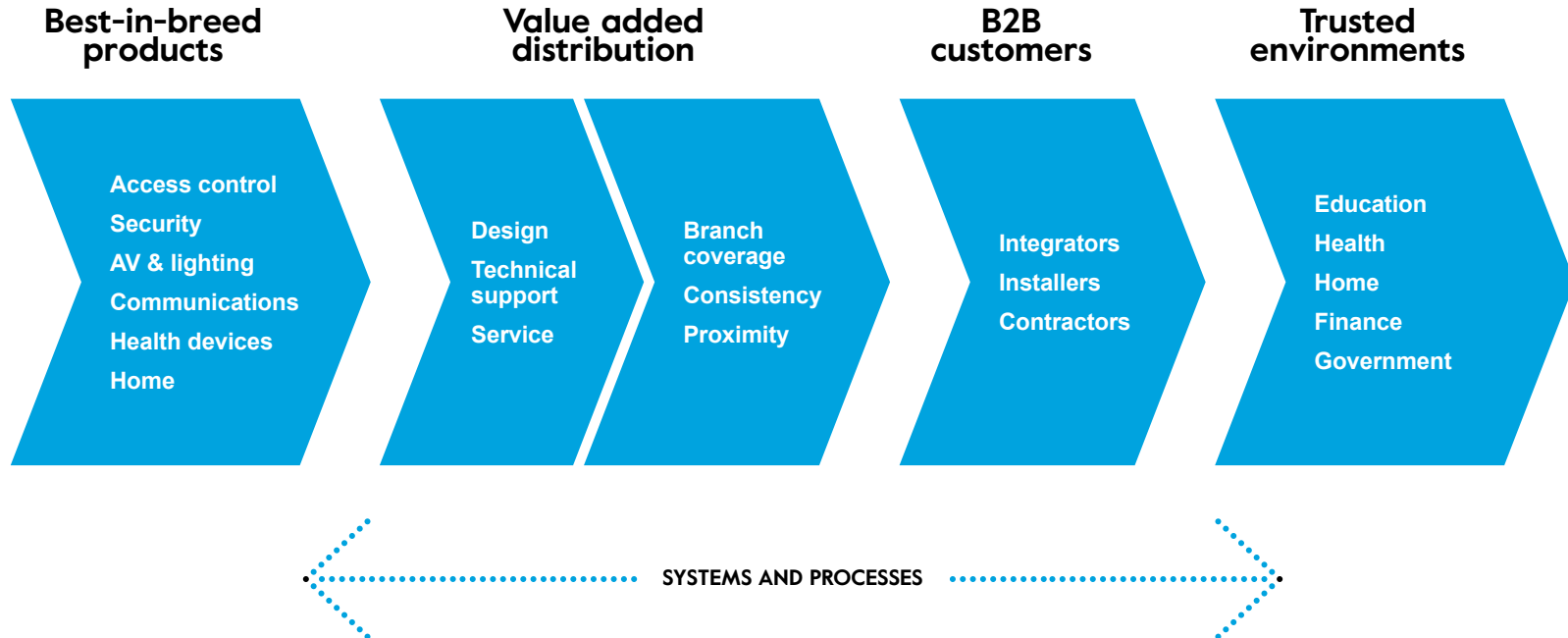


Annuity streams

# Moving towards best in class service



## Hills 2.0



## The outlook for FY15 is cautious but solid

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- Hills outlook is for a solid FY15 in tough conditions
- Focus on new growth platforms, customer service and employee engagement
- Expect FY15 underlying NPAT attributable to owners to be at the lower end of our guidance range of \$22 million – \$24 million<sup>1</sup>
- Ample debt capacity to fund further acquisitions (ultimate value will be subject to target profile and cash flows)
- Hills focus to be in security, health and services

1. Underlying NPAT attributable to owners is a non-IFRS measure calculated as: NPAT attributable to owners adjusted for business combination acquisition transaction costs after tax offset by one-off income tax credits associated with business sales (if any).

# New Development Centre – Tonsley Park

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**HILLS.**<sup>TM</sup>

