

**ASX Announcement**

24 February 2025

# HY25 Investor Presentation

Attached for release is Reece Limited's HY25 investor presentation for the 6 month period ended 31 December 2024.

**For further information contact:**

Georgina Freeman  
*Investor Relations*  
**Reece Group**  
E: [georgina.freeman@reece.com.au](mailto:georgina.freeman@reece.com.au)  
T: 0401 684 722

Chloe Dougherty  
*Media Relations*  
**Reece Group**  
E: [chloe.dougherty@reece.com.au](mailto:chloe.dougherty@reece.com.au)  
T: 0476 611 584

This announcement has been authorised by Chantelle Duffy, Company Secretary at the direction of the Reece Limited Board.

## About the Reece Group

Reece Group is a leading distributor of plumbing, waterworks and HVAC-R products to commercial and residential customers through more than 900 branches in Australia, New Zealand and the United States.

Established in 1920 and listed on the Australian Securities Exchange (ASX: REH), Reece Group has approximately 9,000 employees who are focused on building a better world for our customers by being our best.

For further information on Reece Group and its portfolio of businesses please visit [group.reece.com/au](http://group.reece.com/au).

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# Half Year Results FY25

6 months ended  
31 December 2024

# Disclaimer

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## **Non-IFRS Financial Information**

Reece uses certain measures to manage and report on its business that are not recognised under Australian Accounting Standards. These measures are collectively referred to as non-IFRS financial measures. Although Reece believes that these measures provide useful information about the financial performance of Reece, they should be considered as supplemental to the measures calculated in accordance with Australian Accounting Standards and not as a replacement for them. Because these non-IFRS financial measures are not based on Australian Accounting Standards, they do not have standard definitions, and the way Reece calculates these measures may differ from similarly titled measures used by other companies. Readers should therefore not place undue reliance on these non-IFRS financial measures. Group definitions are included in the appendix at the end of the presentation.

Non-IFRS financial measures have not been subject to audit or review.

Note: All financial amounts contained in this presentation are expressed in Australian dollars unless otherwise stated. Any discrepancies between totals and the sum or calculation of components in tables contained in this presentation are due to rounding. Any discrepancies in the calculation of percentage movements in financial amounts from one period to another are due to rounding.

# Presenters



**Peter Wilson**

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CHAIRMAN & CEO



**Andy Young**

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GROUP CFO

# Agenda

- 01 HY25 Overview
- 02 Strategy & Operational update
- 03 Financial review
- 04 Outlook
- 05 Q&A

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01

# HY25 Overview

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# Financial overview

Market conditions remain challenging - continuing to invest through the cycle.

Sales revenue

**\$4.4b**



down 3% vs pcp

EBITDA

**\$475m**



down 10% vs pcp

EBIT

**\$305m**



down 17% vs pcp

NPAT

**\$181m**



down 19% vs pcp

ANZ sales revenue

**\$2.0b**

flat vs pcp

US sales revenue

**US\$1.6b\***

down 5% vs pcp

EPS

**28c**

down 19% vs pcp

Half year dividend

**6.5c**

per share, fully franked

\*US sales revenue down 6% in AUD to A\$2.4b.

02

# Strategy & Operational update

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# Our Blueprint

## Inspired by our Purpose

Building a better world for our customers by being the best.

## Live the Reece Way

Our purpose and values guide our decisions and our actions, big and small.

## Embrace our 2030 Vision

We will be our trade's most valuable partner.

## Execute Strategic Priorities



Operational Excellence



Accelerating Innovation



Investing for Profitable Growth

## Deliver Customer Promise

Customised service:  
Works For You

# 2030 vision

Our trade's most  
valuable partner.



## Operational Excellence

- Evolving our people promise.
- Customised service.
- Executing the fundamentals of our business.



## Accelerating Innovation

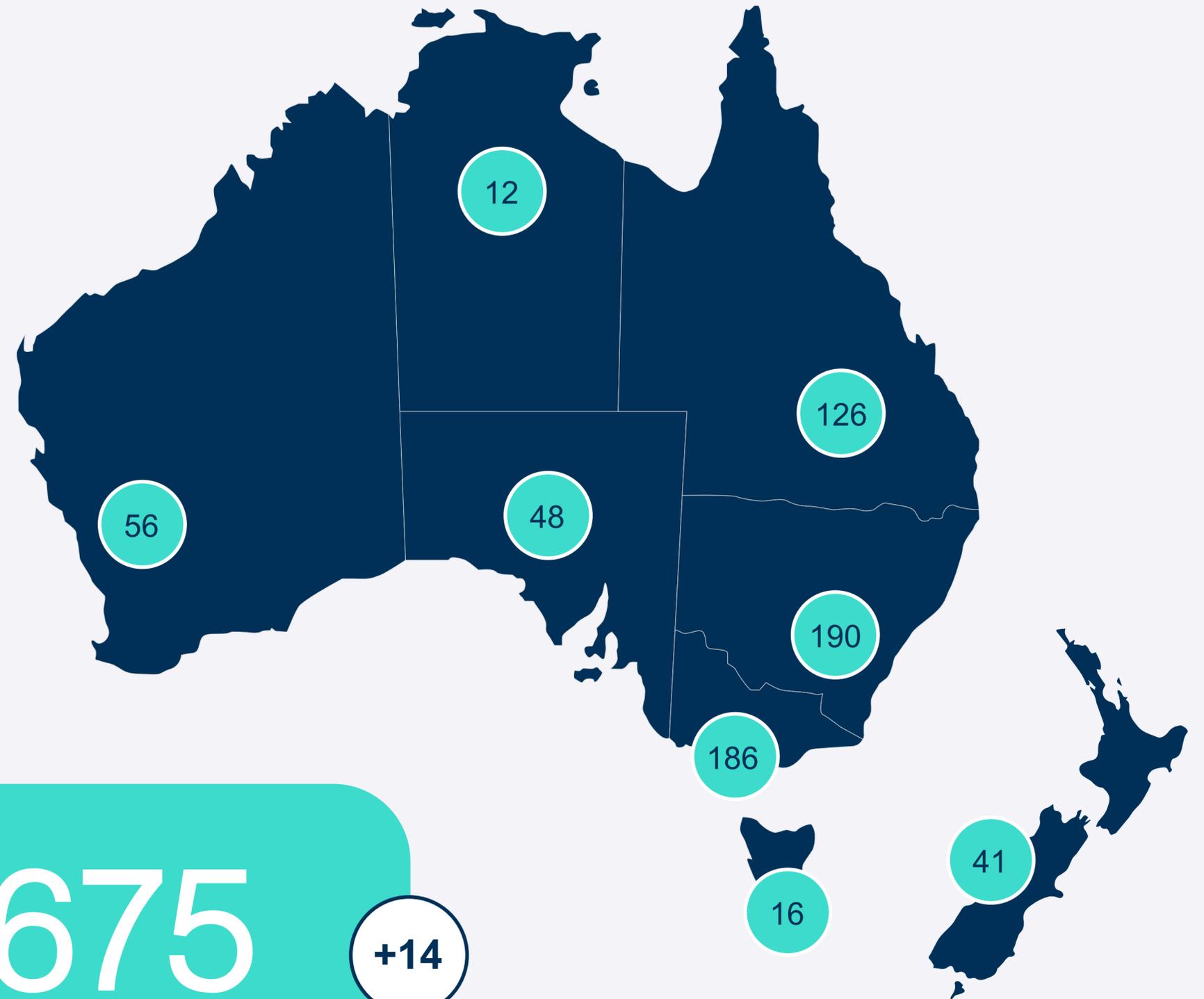
- Enhancing digital capabilities within ANZ.
- Leveraging technology to support operational efficiency.
- Expanding our market leading products.



## Investing for Profitable Growth

- Completed two bolt on acquisitions in ANZ.
- Accelerated organic expansion in the US.
- US rebrand activities complete.

# ANZ – investing in our network



Leveraging extensive network to deliver customer promise.

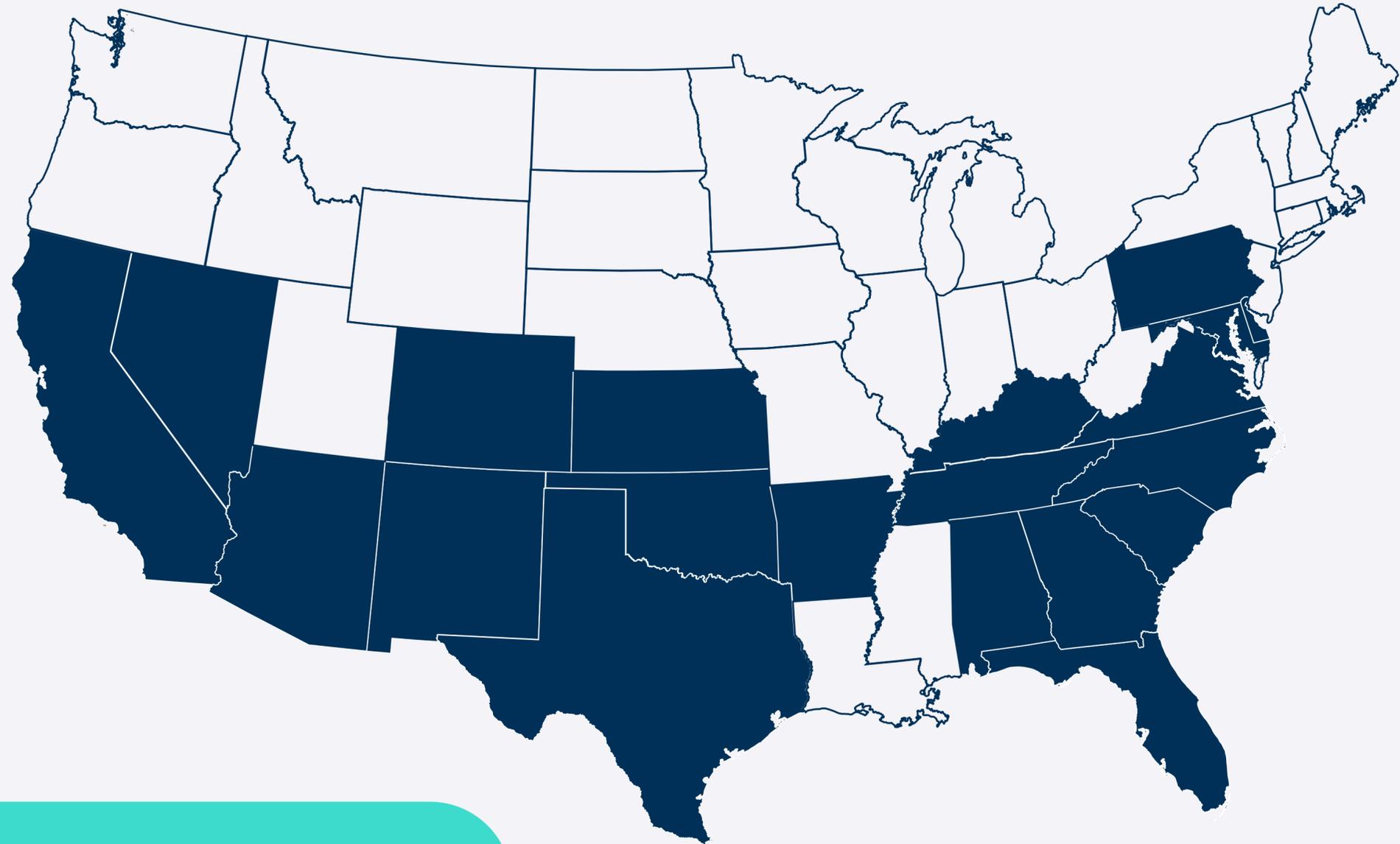
Ongoing investment in bolt-on acquisitions, infill and upgrades.

675

branches

+14

# US – continuing to scale



Network expansion and upgrades.

Rebrand complete.

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261  
branches

+18

03

# Financial review

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# Group financial summary

Sales Revenue (constant currency)

**\$4.4b**



down 3% vs pcp

EBITDA

**\$475m**



down 10% vs pcp

EBIT

**\$305m**



down 17% vs pcp

NPAT

**\$181m**



down 19% vs pcp

Capex / Sales

**2.9%**



up 38bps vs pcp

ROCE

**13.0%**



down 244bps vs June 2024

# ANZ financial summary

Continuing to invest through the cycle to build a stronger business.

## Sales flat

- Underlying volumes impacted by soft housing market.
- Headline sales supported by bolt-on M&A activity.
- Product inflation broadly neutral.

## EBIT down 17%

- Cost base elevated due to:
  - investment in the business
  - ongoing inflation, net of cost initiatives
- Continuing to focus on execution of the fundamentals, despite macro headwinds.

<b>HY25 31 December 2024 (A\$m)</b>	<b>HY25</b>	<b>HY24</b>	<b>Var. %</b>
Sales revenue	1,980	1,972	0%
EBITDA	271	307	(12%)
EBITDA margin	13.7%	15.6%	(191bps)
EBIT	193	233	(17%)
EBIT margin	9.7%	11.8%	(211bps)

# US financial summary

Expanding the network and investing in core capabilities.

## Sales down 5% (US dollars)

- Residential New Construction softness impacting volumes.
- Ongoing deflation in select categories.
- Increased competitive pressure due to market slowdown.

## EBIT down 15% (US dollars)

- Continuing to build core capabilities in the US.
- Initiatives to offset inflationary pressure in cost base.
- Increased D&A driven by accelerated network investment.

USD

HY25 31 December 2024 (US\$m)	HY25	HY24	Var. %
Sales revenue	1,596	1,683	(5%)
EBITDA	135	143	(6%)
EBITDA margin	8.5%	8.5%	(5bps)
EBIT	74	87	(15%)
EBIT margin	4.7%	5.2%	(52bps)

AUD

HY25 31 December 2024 (A\$m)	HY25	HY24	Var. %
Sales revenue	2,422	2,566	(6%)
EBITDA	204	219	(7%)
EBITDA margin	8.4%	8.5%	(10bps)
EBIT	112	134	(16%)
EBIT margin	4.6%	5.2%	(59bps)

# Cashflow

- Increased capital expenditure to support:
  - network expansion and branch refurbishments
  - technology investments
- Completed two bolt-on acquisitions in ANZ.
- Gross interest expense range of \$53m - \$63m\* for full year.

<b>HY25 31 December 2024 (A\$m)</b>	<b>HY25</b>	<b>HY24</b>
<b>Net cash inflow from operations</b>	<b>256</b>	<b>378</b>
Capital Expenditure	(129)	(115)
Proceeds from sale of assets	3	8
Dividends paid	(115)	(110)
<b>Cash inflow before acquisitions and repayment of borrowings</b>	<b>15</b>	<b>161</b>
Business acquisitions / investments	(23)	(1)
Net repayment of borrowings (including leases)	(65)	(193)
<b>Net increase / (decrease) in cash</b>	<b>(73)</b>	<b>(33)</b>
<b>Free cash flow</b>	<b>208</b>	<b>341</b>

\*Estimate is indicative only and based on current drawdowns, interest and exchange rates (excludes AASB16 Leases interest)

# Balance sheet

## Net working capital

- NWC to sales ratio 20% (FY24: 18%) driven by FX translation, network expansion and seasonal factors.
- NWC to sales ratio 19% (constant currency basis).

Net working capital	(A\$m)
NWC 30 June 2024	1,625
Inventory	70
Receivables	(53)
Payables	155
NWC 31 December 2024	1,797

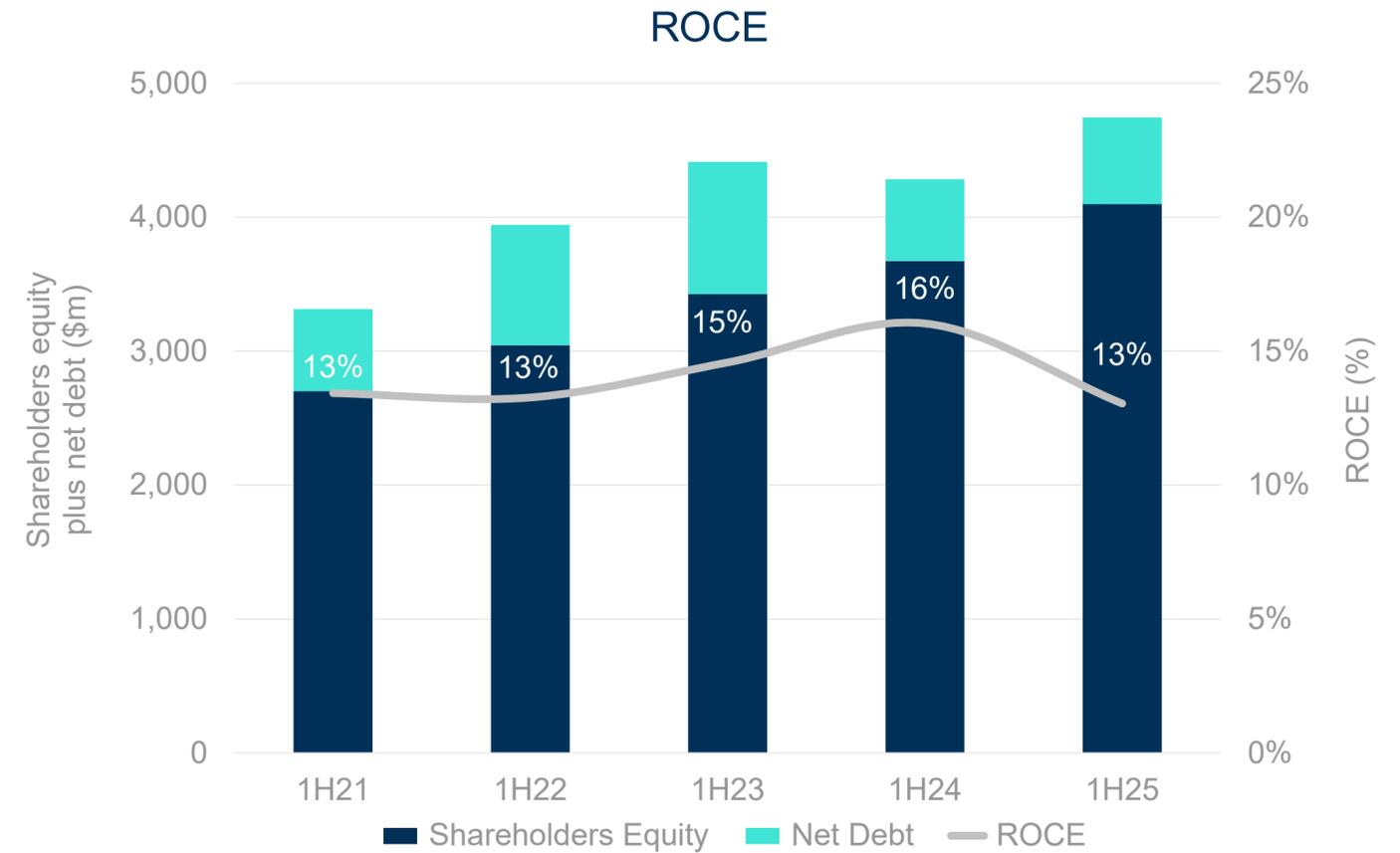
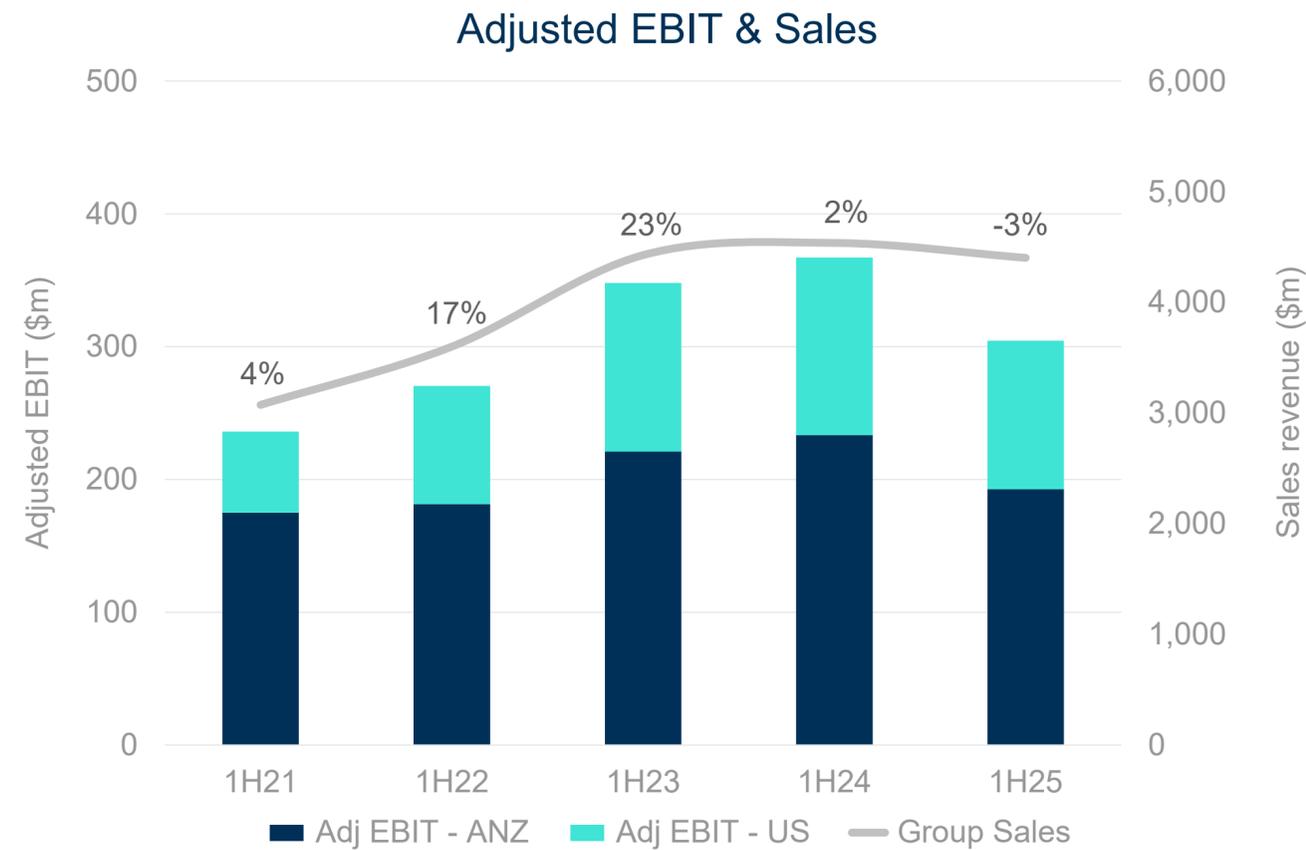
## Debt

- Increase in net debt driven by lower operating net cash flow.
- Net leverage ratio 0.8x (FY24: 0.6x).
- Available liquidity provides flexibility for growth.

	HY25	FY24
Net debt	\$646m	\$518m
Net leverage ratio	0.8x	0.6x
Average debt maturity	5.4 years	5.9 years
Available liquidity	\$1,177m	\$1,470m

# Group performance

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Continuing to invest through the cycle

# Capital management priorities

Enable long term profitable growth

01.

**Invest in the business**

Organic investments and M&A.

02.

**Strong balance sheet**

Pay down debt; retain flexibility for growth.

03.

**Returns to shareholders**

Dividends, share buyback.

04

# Outlook

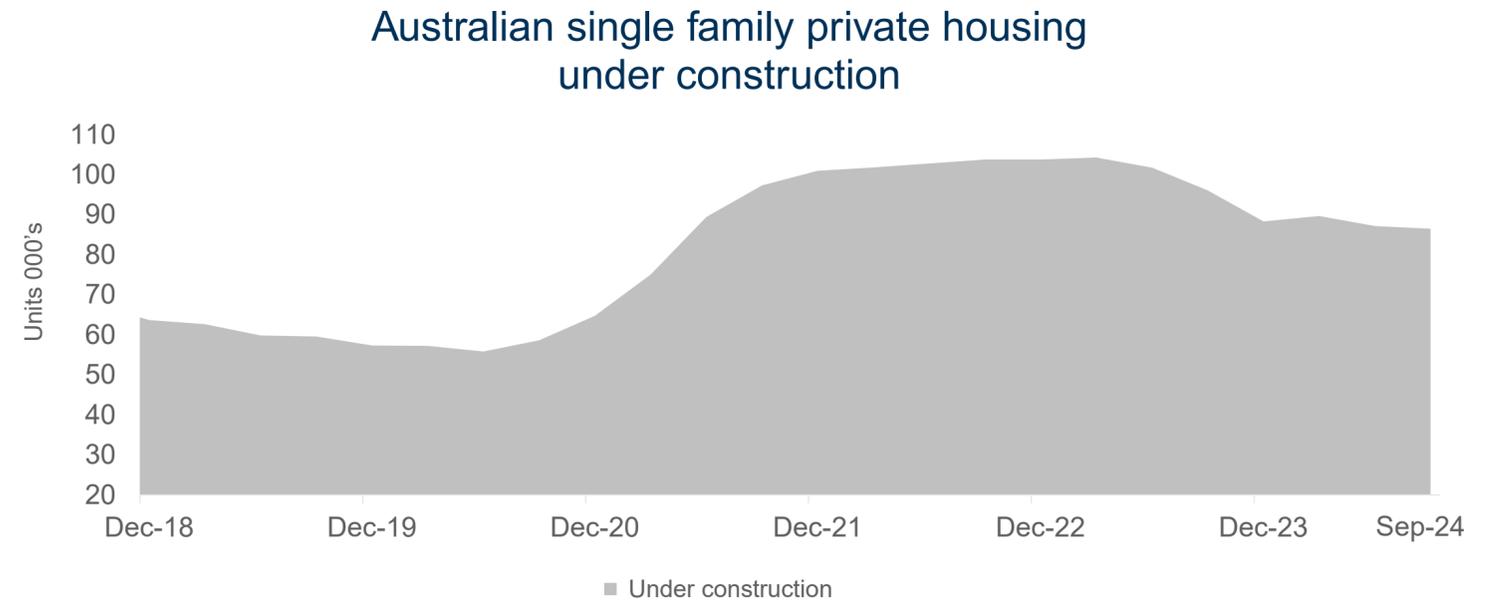
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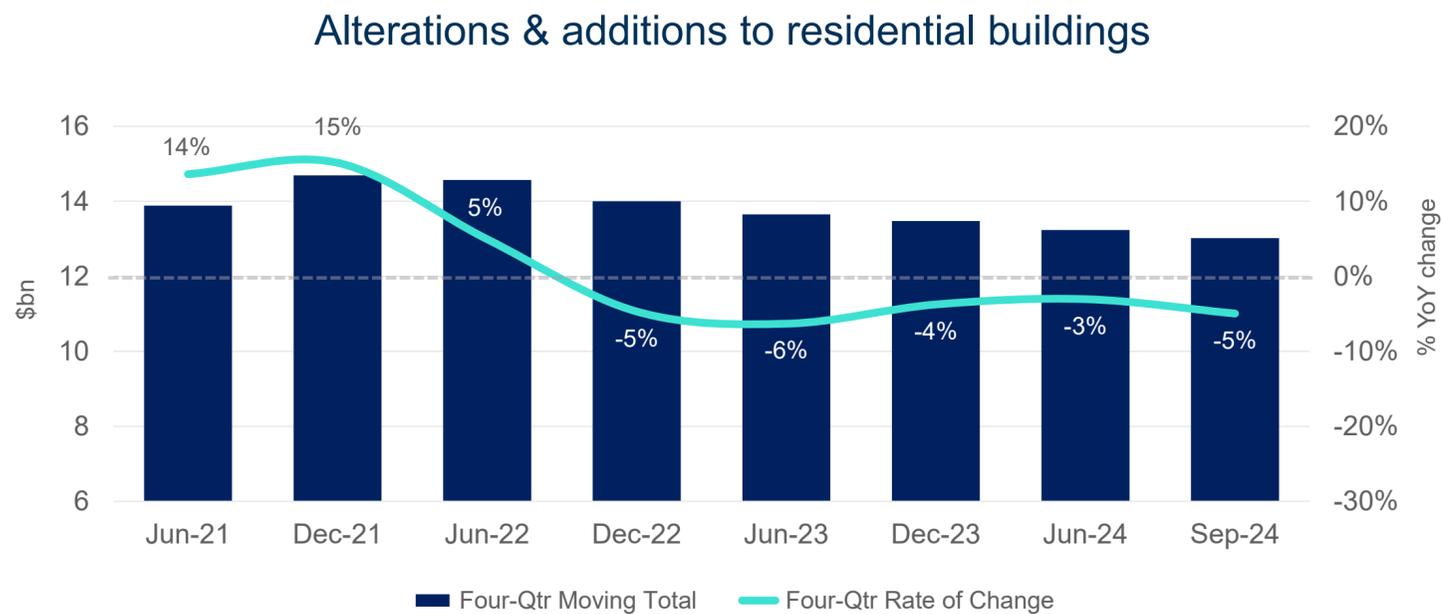
# Outlook ANZ

Macro headwinds to continue.

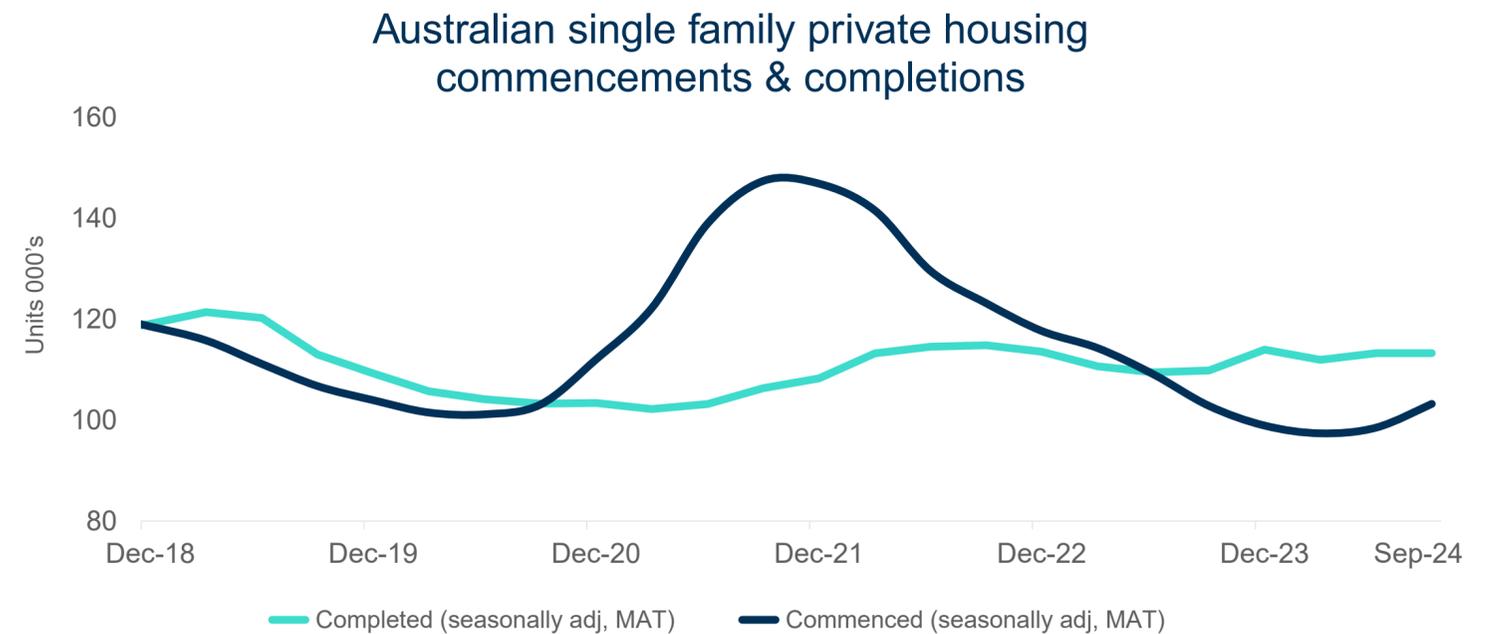
- Housing activity expected to remain soft.
- No material change to volume settings anticipated in near term.



Source: Australian Bureau of Statistics<sup>1</sup>



Source: Australian Bureau of Statistics<sup>2</sup>

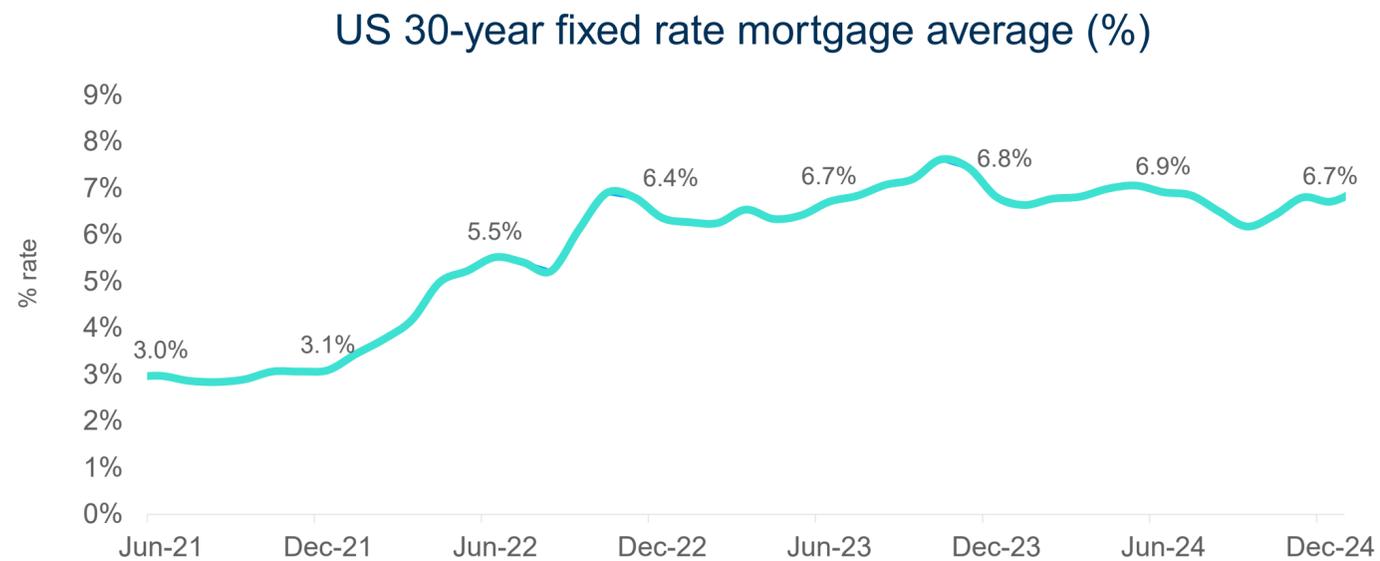


Source: Australian Bureau of Statistics<sup>1</sup>

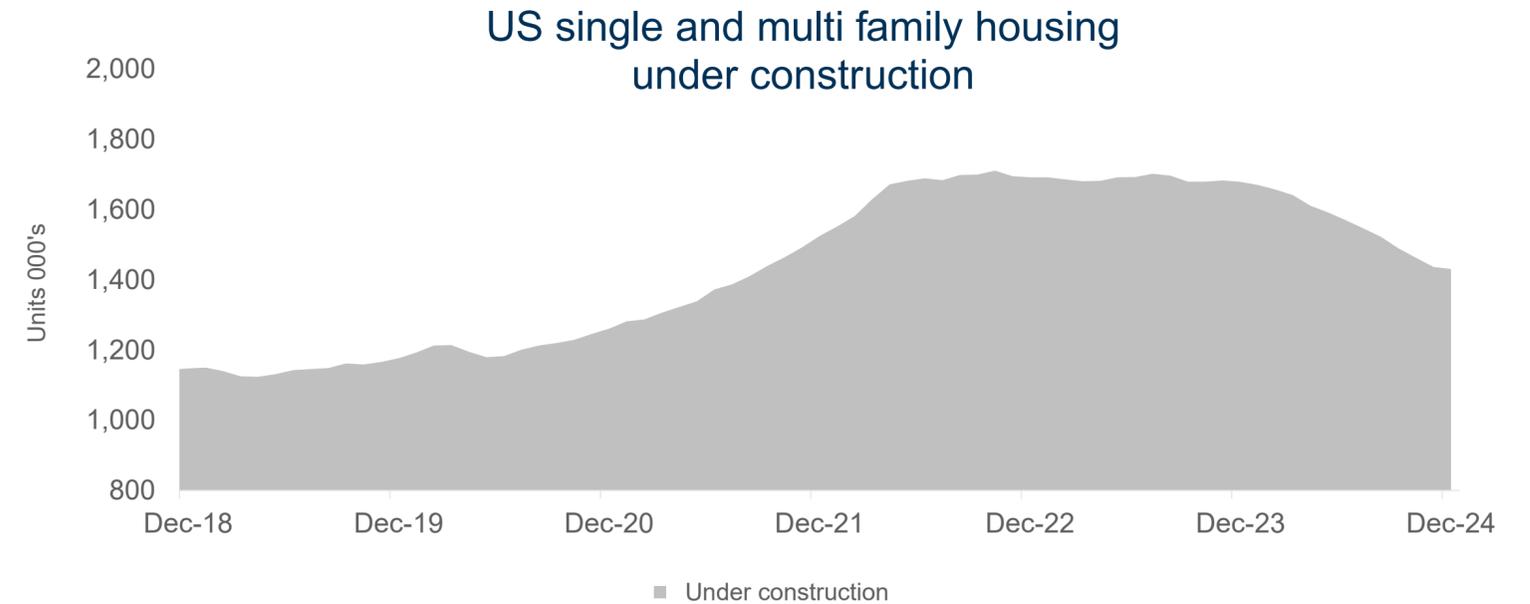
# Outlook US

Near term remain challenging.

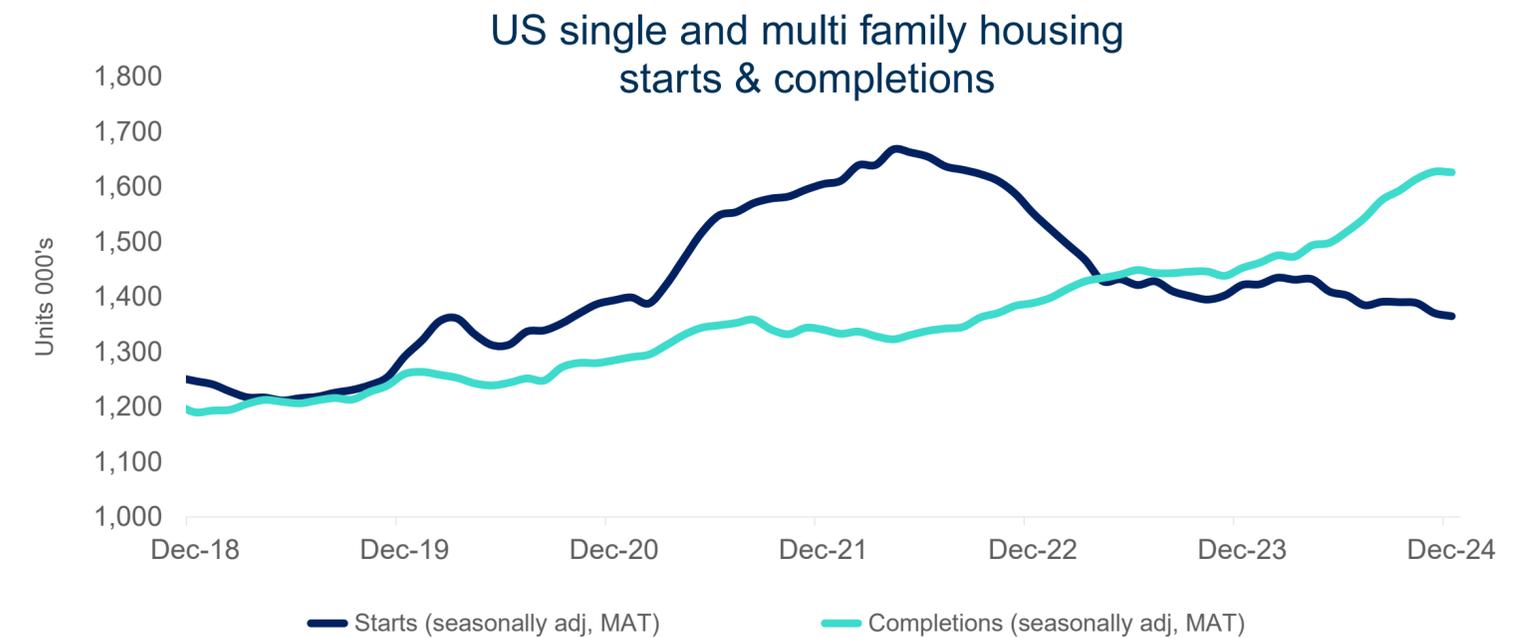
- Housing units under construction down year on year.
- Interest rates and affordability continue to create near term headwinds.



Source: Freddie Mac<sup>4</sup>



Source: US Census Bureau<sup>3</sup>



Source: US Census Bureau<sup>3</sup>



Sasha Nikolic  
Group President & MD



Adrian Palumbo  
CEO, ANZ



James Healy  
CEO, US



Andy Young  
Group CFO

Leadership reset to enable the future



Peter Wilson  
Chairman & CEO



Ross McEwan  
Lead Independent Director



Sasha Nikolic  
Group President & MD



Angela Mentis  
Independent Director



Gavin Street  
Independent Director



Alan Wilson  
Chairman Emeritus (effective 1 March 2025)

# Board refresh and succession

# Confidence in our long term approach

**1** **A trusted brand**  
with a differentiated  
customer proposition

**2** **Clear track record**  
through economic  
cycles

**3** **Diversified business**  
by region, segment &  
customer; R+R focus

**4** **Large markets**  
with attractive long  
term fundamentals

**5** **Long term view**  
with a multi decade time  
horizon

**6** **Well capitalised**  
enabling investment to  
build a stronger business

# Q&A



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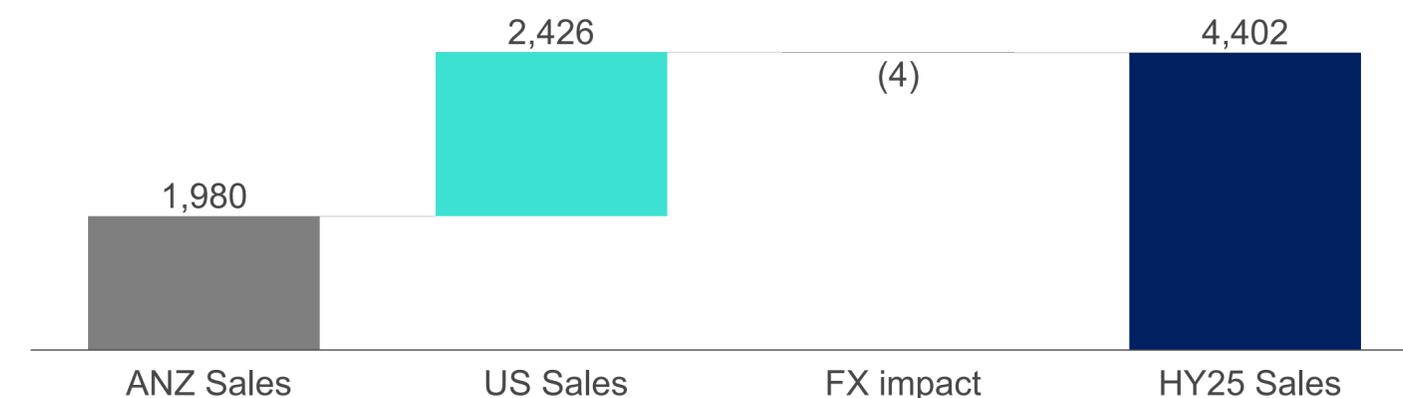


# Appendix

## Reconciliation from statutory EBIT to EBITDA

<b>HY25 31 December 2024 (A\$m)</b>	<b>HY25</b>	<b>HY24</b>	<b>Var. %</b>
EBIT (statutory)	305	367	(17%)
<b>Add back/deduct:</b>			
Depreciation and amortisation	170	159	
<b>EBITDA (non-IFRS)</b>	<b>475</b>	<b>526</b>	<b>(10%)</b>

## FX impact on sales



## Group definitions and non-IFRS measures

Adjusted EBITDA / Adjusted EBIT	Adjusted EBITDA and Adjusted EBIT are non-IFRS financial measures used by Reece for internal management reporting purposes to assess underlying performance.
Return on capital employed (ROCE)	Adjusted EBIT (12 month rolling basis) divided by shareholders equity plus net debt.
Free cash flow	Adjusted EBITDA less net movements in working capital, income tax paid and lease payments.
Net leverage ratio	Net debt over 12-month rolling EBITDA, calculated on a pre-AASB16 Leases basis.
Available liquidity	Cash plus headroom on the Group's available facilities at period end.
Constant currency basis	Constant currency basis applies the same US foreign exchange rate of 0.6577 from HY24 to current period sales to eliminate the foreign exchange impact when comparing sales to pcp.

## Footnotes

- 1 Australian Bureau of Statistics, Private Sector, Houses, New.
- 2 Australian Bureau of Statistics, Value of work done during quarter; Chain Volume Measures, Alterations and additions including conversions, Total Residential.
- 3 United States Census Bureau, New Privately-Owned Housing, Total Units.
- 4 Freddie Mac, 30-Year Fixed Rate Mortgage Average in the United States, Primary Mortgage Market Survey, US weekly averages.