

ASX Announcement

24 February 2025

HY25 Financial Results

Attached for release is Reece Limited's HY25 financial results 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
T: 0401 684 722

Chloe Dougherty
Media Relations
Reece Group
E: 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.

HY25 Results Announcement

Half Year Financial Summary

- Sales revenue down 3% to \$4,402 million
- EBIT down 17% to \$305 million
- EPS down 19% to 28 cents
- Capex to sales 2.9%, up 38 basis points
- ROCE¹ 13.0%, down 224 basis points vs June 2024
- Interim dividend of 6.5 cents per share, fully franked

Reece Limited (“Reece Group” or “Reece”; ASX: REH) today announces its financial results for the half year ended 31 December 2024 (HY25).

Peter Wilson, Chairman & CEO, said: “Our performance for the first half reflects the challenging trading environment in both regions as mortgage rates and affordability continue to create near term headwinds in our sector.

“Despite the softer first half we continued to invest in the business, expanding our branch network, lifting store standards and enhancing our core capabilities.

“While we know the short term will have its challenges, the current environment is one Reece has seen before. Like we always do, we’ll look beyond the cycle to protect and grow the business.

“Over the last half we’ve taken the opportunity to reset our leadership team and refresh our Board. These changes will enable us to leverage deep industry and market knowledge across the Group and drive long term value.”

HY25 Financial Summary²

Statutory	HY25 (\$m)	HY24 (\$m)	Variance %
Sales revenue	4,402	4,537	down 3%
EBITDA ³	475	526	down 10%
EBIT	305	367	down 17%
NPAT	181	224	down 19%
EPS	28.0 cents	34.6 cents	down 19%
Interim dividend (per share)	6.5 cents	8.0 cents	down 19%

There are no adjustments to statutory earnings in the current period.

¹ ROCE (Return on Capital Employed) is a non-IFRS financial measure calculated as Adjusted EBIT (12 month rolling basis) divided by shareholders equity plus net debt. Adjusted EBIT is a non-IFRS financial measure used by Reece for internal management reporting purposes to assess underlying performance.

² All figures in this statement are in Australian dollars unless otherwise stated. Any discrepancies in the calculation of percentage movements in financial amounts from one period to another are due to rounding.

³ EBITDA is a non-IFRS financial measure calculated as statutory earnings before interest, tax, depreciation and amortisation.

Review of operations

Reece's performance for the first half of FY25 reflects challenging trading conditions in both regions. Sales revenue decreased 3% to \$4,402m (HY24: \$4,537m). On a constant currency basis, sales were down 3% to \$4,406m reflecting minimal impact of foreign exchange movements during the half.

EBIT was down 17% to \$305m (HY24: \$367m). Costs including depreciation and amortisation increased by 3.6% due to ongoing investment in the business. This includes two bolt-on acquisitions in ANZ and 32 net new branches across the Group. NPAT was down 19% to \$181m (HY24: \$224m).

The Group generated net operating cash inflows of \$256m (HY24: \$378m) and increased its capex to sales ratio to 2.9% during the period. Higher capital expenditure supported organic network expansion, US rebrand activities, branch refurbishments and fleet renewals. Net debt increased to \$646m (FY24: \$518m) driven by lower operating net cash flow and increased investment in growth. The business remains well capitalised with a net leverage ratio⁴ of 0.8x (FY24: 0.6x).

The business made solid progress executing its strategic priorities in HY25 by investing in its people, building expertise through training and development programs and driving operational excellence. The employee share purchase scheme was expanded and is now available to all team members in both regions. In July, Reece acquired digital product agency Shadowboxer enhancing the Group's digital capabilities.

ANZ Region

Sales revenue was flat at \$1,980m (HY24: \$1,972m) with a modest decrease in underlying volumes offset by benefits from M&A activity. EBITDA was down 12% to \$271m (HY24: \$307m) and EBIT decreased 17% to \$193m (HY24: \$233m). Cost growth for the half was more pronounced in the ANZ region largely due to investment in the business to support long term growth and ongoing inflationary pressure (net of cost initiatives).

The ANZ network expanded with 14 net new branches during the period, including five branches acquired as part of the ReFire acquisition. At the end of the half, there was a total of 675 branches across the ANZ network.

US Region

Sales revenue decreased 5% to US\$1,596m (HY24: US\$1,683m) reflecting softness in the residential new construction sector, ongoing price deflation in select commodity related categories and increased competitive pressure due to the market slowdown. In Australian dollars, sales were down 6% for the period. EBITDA decreased 6% to US\$135m (HY24: US\$143m) reflecting a focus on margin and cost efficiencies in light of volume reductions during the half. EBIT decreased 15% to US\$74m (HY24: US\$87m) driven by elevated depreciation and amortisation associated with network expansion and rebranding activities.

The US business continued to scale, accelerating network expansion with 18 net new branches. The total US network increased to 261 stores at the end of HY25. Regional rebrand activities were also completed during the half, with plumbing, bath+kitchen and HVAC branches now trading as Reece.

⁴ Net debt over 12-month rolling EBITDA, calculated on a pre-AASB16 Leases basis

Board changes

From 1 March 2025, Alan Wilson will step down from the Reece Board and become Chairman Emeritus, an honorary position in recognition of his significant contribution over the past 55 years.

Alan was first appointed to the Board in 1969. He has held numerous positions including:

- General Manager (1970 – 1974)
- CEO & Managing Director (1975 – 2001)
- Chairman & CEO (2002 - 2007)
- Executive Chairman (2008 – 2022)
- Executive Director (2022 – 2025)

In his new role, Alan will continue to share his expertise by spending time in the network with our customers and mentoring our leaders.

Dividend

The Board has declared a fully franked dividend of 6.5 cents per share, with a record date of 19 March 2025 and a payment date of 2 April 2025.

Investor call

Reece Group will hold an investor webcast today, Monday 24 February 2025, at 9:00am (AEDT). To join the webcast, register via the following link: <https://webcast.openbriefing.com/reh-hyr-2025/>

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