

**Reece Limited
AGM Chairman's & CEO Address
27 October 2016**

Chairman's Address

The sales and profit result for the year ending 30 June 2016 was another record result, with sales up 9.2% to \$2.28b and profit after tax up 16.1% to \$192m. The solid earnings growth has allowed us to continue to re-invest in the business, reduce loans and increase net assets.

The Board was very pleased to announce an increase in dividend of 21.1%, up 16 cents per share on the prior year. The final dividend of 65 cents per share fully franked to be paid on the 27th October 2016.

I will now pass you over to our CEO Peter Wilson who will take you through our 2016 results and give an indication of the company's performance in the first quarter of FY 2017.

CEO Address

Financial year 2016 was an exceptional year for Reece. We produced another record result with sales up 9.2% to \$2.28b, earnings before interest and tax up 21.6% to \$289m and net profit before tax up 17.5% to \$280m.

We completed the integration of the Actrol and Metalflex into the Reece Group and continued to invest in all key areas of our business to maintain our competitive advantage.

We opened our new distribution centres in Perth and Sydney further enhancing our logistic capability and we developed a number of new initiatives during the year through new products, services and technology.

Our staff and customer engagement was at record levels, underlying our commitment to our both our customers and our people.

I will now go through a brief summary of the major activity for FY 2016

- Financial Performance
- Customer
- Leadership
- Supply Chain
- Technology
- Branch Network

Financial Performance

- Sales up 9.2% to \$2.28b
- EBIT up 21.6% to \$289m
- EBIT to sales up 130bpts to 12.7%
- NPAT up 16% to \$192m
- Net Assets up 12.4% \$1,041m

Customer

- Strong Customer NPS
- New innovative products
- Improved on-line experience
- Growing the Reece brand

Leadership

- Increase in staff engagement
- Refreshed the Reece Way
- Revised performance appraisal process

Supply Chain

- Perth distribution centre fully operational
- Sydney distribution centre completed
- Distribution centre strategy complete

Technology

- Actrol and Metalflex integration complete
- Launched new delivery app
- Enhanced business information

Branch Network

- 577 Outlets
- 6 Outlets opened in FY 2016

Outlook FY 2017

Reece Limited announces that sales for the first quarter were \$604m, up 5.7% on the prior year, as a result net profit after tax as at 31st December 2016 is expected to be in excess of 6% above the prior year.