

**-69%**  
**ENERGY**  
**SAVING**  
est.

# Tamawood Limited (TWD)

Chairman's/Managing Director's  
Address

November 2022

**HOME TO 80 000 AUSTRALIANS**

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HOMES

# FY22 Review

- Tamawood Limited remained profitable and debt free in FY22 with cash reserves of \$5.244 million at June 30.
- As highlighted throughout the year the FY22 result was impacted by
  - Inclement weather, with 60% of days in the second half of the year affected by rain.
  - Supply shortages due to increase in demand and global transportation disruptions.
  - Labour shortages as a result of increased housing demand nationally, a reduction in available work days due to La Niña weather event, increased demand from insurance sector due to flood damage and an increase in government investment in infrastructure projects.

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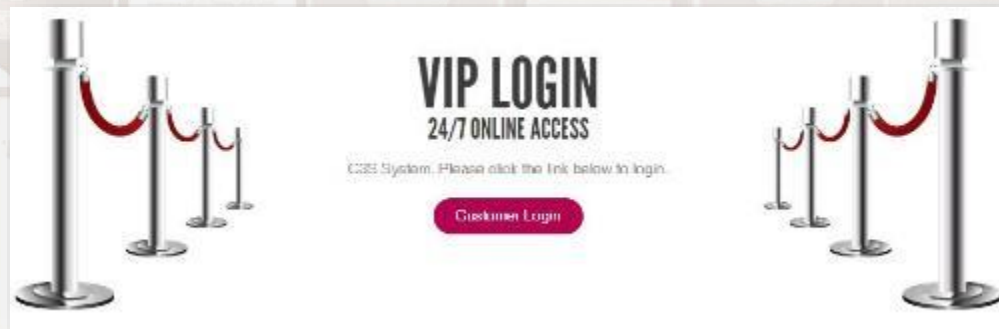
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# Early Predictions around 'HomeBuilder' Grant

- As we predicted problems, in the domestic market, when the Government Grant was introduced the Board made choices early on to insulate the business as much as possible from their affects. This included
  - Engaging early with long-term suppliers and trades to negotiate pricing where-by they remained viable.
  - Increased house prices commencing early 2020, to a level we believed was sufficient to address rising labour and material costs.
  - Protected Customers by limiting the number of builds to a level we believed we could deliver on what we promised.
  - Protected our staff by reducing build numbers, resulting in no significant stress leave requirements in the past year.
  - Reduced the geographical areas we sold into based on where we had the best chance of arranging trades and suppliers to attend sites.
  - Protected our reputation with very little negative media at a time when a number of our competitors are being affected.

# PROJECT DE-RISK

- All of these measures had an impact on the FY22 result, but the Board believes that they were necessary to navigate through one of the most difficult periods the domestic construction industry has experienced.
- Special attention had been paid to the wellbeing of our Customers, our staff and sub-contractors.



**DIXON HAS BEEN INVOLVED IN DEVELOPING SOFTWARE 'PROJECT DE-RISK' TO MANAGE THE BUILDING PROCESS FOR OVER 30 YEARS.**

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## Revenue & Key Expenses 2018 to 2022

	2018	2022
Construction Revenue	\$117,324	\$86,150
Gross Margin	19.36%	18.92%
Wages as a % of construction revenue	6.74%	8.85%
Other operating expenses as a % of construction revenue (including Audit/ ASX fees)	2.98%	3.69%
Advertising as a % of construction revenue	0.64%	0.45%
Consultancy as a % of construction revenue	0.61%	0.70%
CEO & Director Fees as a % of construction revenue	4.94%	6.81%

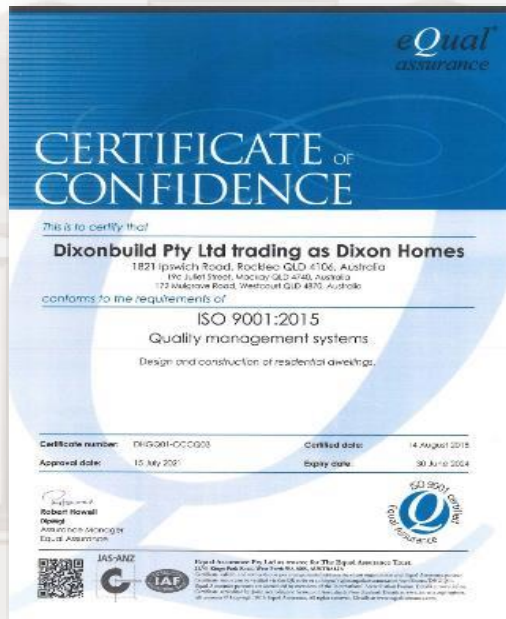
- 2020-22 • 3 La Niña events.
- 2020-21 • Covid Pandemic
- 2021 • Federal Government 'HomeBuilder' grant boost.
- 2022 • Floods in SEQ & NSW.
- 2019-22 • Covid Related Trade/ Material shortages.

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# FY23 Outlook

- Appointment numbers continue to improve (200% increase on four months ago) and are approximately 39% below the appointments in October 2021 which is an approx. 11% improvement on last month.
- Sales Conversion has also improved, from four months ago, as a result of customers we are seeing being more motivated to purchase.
- We are starting to see encouraging signs of recovery in supply of materials and pricing stability. In some instances we were notified of price reductions by a small number of domestic Suppliers.
- Negotiations are ongoing for the establishment of a new Sydney based Franchise.



**WE ARE THE ONLY QUALITY ASSURED THIRD PARTY RESIDENTIAL BUILDER WE ARE AWARE OF.**

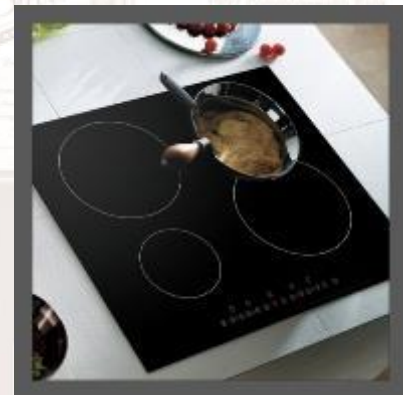
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# Chinese Supplier Price Support Appreciated

- The acquisition of the AstiVita business is already providing a benefit with our Chinese suppliers, as of October 2022, providing between 3-5% price reductions (affecting 5% of sale price) across all of our key imported products.
- Pricing we are obtaining for shipping containers is a quarter of the cost from a year ago reducing the home price by up to 1%.
- We thank our Chinese suppliers for reliable supply of our products and for their continuous support over the past 12 months. Our strong business partnerships have avoided delays in manufacturing and shipment of our products.



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# Pricing Reductions & Design Development



- We have begun to reduce house prices for future work, an average \$15,000 per home, at a time when our competitors are continuing to increase prices which is creating a less aggressive sales environment.
- New Design styles have been developed in line with latest trends.
- NCC2022 'Accessibility Requirement' Compliant design range developed and currently available ready for next year.



**OVER 1500 STANDARD DESIGNS TO SELECT FROM**

- DUPLEX DESIGNS
- GRANNY FLATS
- SINGLE STOREY
- NARROW DESIGNS
- ACREAGE DESIGNS
- DOUBLE STOREY
- DUAL LIVING
- HAMPTON STYLE



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## Insurance Builds

- In the past 2 months we have also been awarded contracts to complete a number of builds under the QBCC Insurance scheme with more quotes being requested weekly. This Insurance work is a new venture for our business and the Board is committed to assisting people complete their homes.

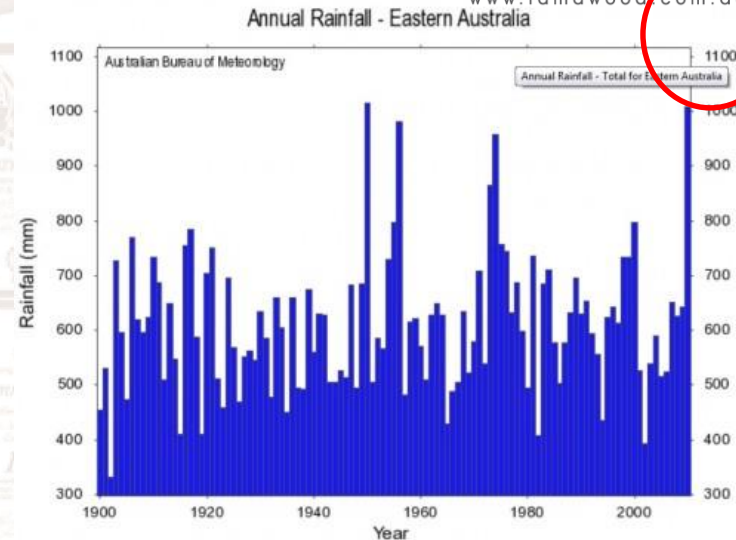
WARRANTIES		
<b>Dixon Homes</b>		<b>Statutory Warranties</b>
<b>50 Year Structural (limited)</b>		<b>6 Years 3 Months</b>
<ul style="list-style-type: none"> <li>Footing</li> <li>Slab (including Patch &amp; Form)</li> <li>Sub-floor and Floor Beams</li> <li>Beams and Lintels (excl. external beams)</li> </ul>	<ul style="list-style-type: none"> <li>Load-Bearing Columns</li> <li>Load Raising Walls</li> <li>Roof Beams and Girder Trusses</li> </ul>	<ul style="list-style-type: none"> <li>Structural Defects eg.               <ul style="list-style-type: none"> <li>-Leaking Roof</li> <li>-Leaking Shower</li> <li>-Health &amp; Safety Issues</li> </ul> </li> </ul>
<b>7 Year Structural (limited)</b>		
<ul style="list-style-type: none"> <li>Roof Leaks, Roof Trusses &amp; Rafter</li> <li>Showers Waterproofing</li> <li>Non Load-Bearing Walls &amp; Internal Staircases</li> <li>Flashing &amp; Damp Proof Course</li> <li>Floor &amp; Walls Tiling (the long sea disbursement)</li> </ul>	<ul style="list-style-type: none"> <li>Internal Floor Joists &amp; Structural Flooring</li> <li>Termite Barriers</li> </ul>	
<b>17 Month maintenance period</b>		<b>12 Months</b>
<ul style="list-style-type: none"> <li>Appliances, Water Tanks, HSTE Tanks &amp; Shower Screens</li> <li>External Beams, Joists, &amp; Posts</li> <li>Tapware, Kitchen Sink, Laundry &amp; Bath Tubs</li> <li>Roofing Materials, Pointing, Flashing &amp; Sealants</li> <li>Doors &amp; Windows</li> <li>Plasterboard &amp; Cornice</li> <li>Paint Works Detailing</li> </ul>	<ul style="list-style-type: none"> <li>Hot Water System &amp; Associated Equipment</li> <li>Solar panels, Wiring &amp; Other Connections</li> <li>Stormwater, Sewer &amp; Electrical Services</li> <li>Shower Screens &amp; Accessories</li> <li>Kitchen Joinery, Rangehoods &amp; Vapors</li> <li>Water &amp; Spa Pumps, Toilet Suites</li> </ul>	<ul style="list-style-type: none"> <li>Sticking Doors or Windows</li> <li>Minor Cracking of Plasterboard</li> </ul>



✓ ALL DIXON HOMES HAVE WARRANTIES WELL IN EXCESS OF STATUTORY REQUIREMENTS WITH A 50 YEAR LIMITED STRUCTURAL WARRANTY AND 17 MONTH MAINTENANCE PERIOD COVERING A RANGE OF INCLUSIONS.

## First Half FY23

- The first half of FY23, to date, has continued to be negatively affected by difficulties facing the building industry, such as:
  - Concrete and labour shortages mainly caused by the third La Niña weather event in 2 years. Every day of inclement weather results in lost production days for labour and concrete supply, when there is spare market capacity these lost days can be made up, but due to record demand from both residential and commercial projects this time it has not been possible to do so.
  - Increasing interest rates.
  - Inflationary pressure on consumer products.



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## Second Half FY23

- The Board is optimistic that some reductions in supplier prices and normalised weather conditions, after third La Niña, will result in an improved second half FY23.
- Notwithstanding these pressures, Tamawood remains DEBT FREE and confident that the FY23 year will be profitable.

**More designs**  
Over 1500 Homes, Duplexes, multi-family and granny flats

**More flexibility**  
Speedy modifications and costings - floor plans and elevations

**More steel**  
Steel frames, trusses and Metal roof included

**More glass**  
80% thicker than minimum, tinted window glass

**More advanced management systems**  
Third party quality assurance certification

**More extensive warranties**  
50 year limited structural warranty

**More homes built**  
Home to 80,000 Australians

**More Building Industry Awards**  
Over 100 in total

**More offices**  
14 offices / selection centres, 24/7 web-based information system

**MORE  
4  
LESS**

**Less up-front costs**  
\$100 soiltest and survey fee, \$700 total deposit

**Less expensive to buy**  
Best price guarantee for better value

**Less living costs**  
Solar power PV and solar hot water, 6 star Energy rating

**Less risk**  
ASX Listed debt free Australian owned company

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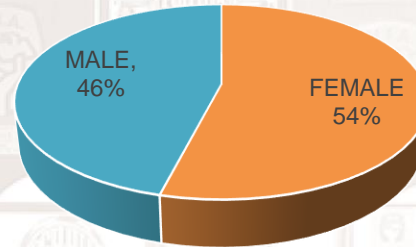
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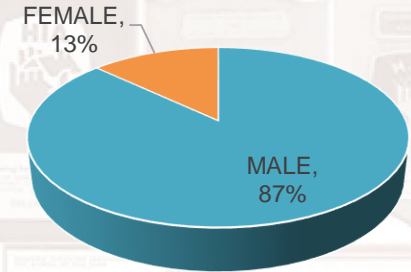
- We would like to thank all our staff for another successful year. We continue to focus on providing long-term stable employment with 21% of current staff exceeding 10 years of service.
- We would especially like to thank two of our long serving Supervisors John May and Oliver Heinemann who together have completed over 34 years with Dixon and have delayed their retirement to help us with increased workload.
- We continue to focus on gender diversity with 54% female staff, many of whom are in senior roles and construction.

## STAFF DIVERSITY

DIXON HOMES



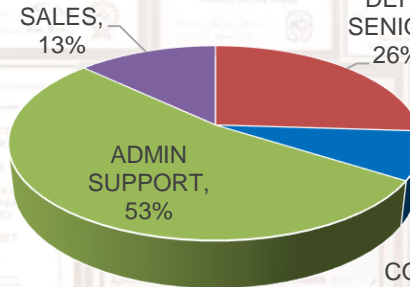
CONSTRUCTION INDUSTRY



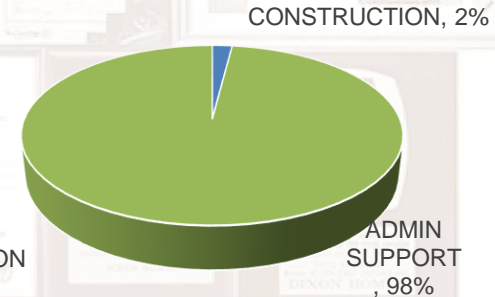
CONSTRUCTION INDUSTRY DATA OBTAINED FROM ABC NEWS

## FEMALE ROLES

DIXON HOMES



CONSTRUCTION INDUSTRY



- We would finally like to thank all our valued partners for their ongoing support.



SHAREHOLDER ENQUIRIES : Please send all questions for the Board to answer, at the AGM, to [shareholderinfo@tamawood.com.au](mailto:shareholderinfo@tamawood.com.au)

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