21 February 2018

ASX ANNOUNCEMENT
SIMONDS GROUP 2018 HALF YEAR FINANCIAL RESULTS

Simonds Group Limited (**Simonds**, **Group** or **Company**) (ASX: SIO), one of Australia's leading homebuilders, has today released its Appendix 4D Financial Statement for the six months ended 31 December 2017 (**1HFY18**).

Results for the six months ended 31 December 2017 from continuing operations:

	1HFY18 Statutory	1HFY18 Pro forma[1]	1HFY17 Statutory	1HFY17 Pro forma[1]
Revenue	$291.7m	$291.1m	$285.9m	$285.9m
EBITDA	$5.2m	$6.8m	$2.7m	$5.5m
NPAT	$1.1m	$2.2m	$(0.7)m	$1.3m

[1] Pro forma results reflect pro-forma adjustments as disclosed in the Director's report to the half year financial report.

KEY HIGHLIGHTS

- 1,192 homes constructed during the first half of the 2018 financial year;
- Simonds Homes introduced the Fusion range and consolidated its product range;
- Profitability has improved through consistency in delivery of new home starts, a focus on business efficiencies and lowering overheads;
- Builders Academy Australia (BAA) has renewed State Government funding contracts in VIC, NSW, ACT and QLD, secured Victorian Skills First 2018/19 funding contracts and been granted Federal VET Student Loans contract;
- Banking facilities have been extended to 2019 and headroom in existing facilities increased; and
- Continued focus on safety systems.

CORPORATE UPDATE

Mr Kelvin Ryan was appointed as Chief Executive Officer (CEO) and Managing Director of Simonds Group Limited effective 5 March 2018.

Mr Ryan possesses extensive experience in the volume home building industry as CEO of BGC Residential from 2009 to 2017. He has strong awareness of the issues facing the industry through his role as Vice President of the Housing Industry Association (Perth) from 2011 until 2014. Mr Ryan also has extensive experience as a senior executive in the mining and manufacturing industries, both in Australia and internationally.

FINANCIAL UPDATE

Group pro forma revenue for the period increased to $291.1m compared to the previous corresponding period of $285.9m. The increase is largely due to changes in product mix combined with a strengthening of business rules and a shift away from highly customised, low margin product.

Investment in increased advertising and marketing was offset by the reduction in significant items compared to the prior year that predominantly related to costs incurred on the Scheme of Arrangement in November 2016 that did not proceed.

Net operating cash flows were $3.9 million, an improvement of $6.5 million on the previous corresponding period.

Cash / Cash Equivalents at 31 December 2017 were $4.6 million. The Group's net debt decreased by $1.4 million since 30 June 2017 driven by improvements in results and working capital management.

The Group's net assets at 31 December 2017 were negative $1.6 million, an improvement on the position at 30 June 2017, and significant improvement on the position at 31 December 2016 of negative $4.6 million.

The key balance sheet movements during 1HFY18 were significant reductions in Trade and Other Receivables as well as Trade and Other Payables. Trade and Other Receivables were $9.5 million lower whilst Trade and Other Payables reduced by $9.8 million.

At 31 December 2017 the Group had drawn debt under its corporate finance facility arrangements with Commonwealth Bank of Australia of $4.8 million, with facility headroom (including cash) available of $33.7 million as at 31 December 2017.

DIVIDENDS

The Directors have determined that no interim dividend will be declared in relation to the six months ended 31 December 2017.

DELIVERING SHAREHOLDER VALUE

By strengthening our relationships with land developers and location of display homes in key growth zones, consolidation of its product range and the continued release of new product, the Group expects to continue to grow its market presence, sales and ultimately site starts.

- ENDS –

For more information, please contact:

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Appendix 1: Statutory to Pro-forma Reconciliation

Statutory to pro forma reconciliation ($m)	1HFY18 Revenue $m	1HFY18 EBITDA $m	1HFY18 NPAT $m	1HFY17 Revenue $m	1HFY17 EBITDA $m	1HFY17 NPAT $m
Statutory result from continuing operations	**291.7**	**5.2**	**1.1**	**285.9**	**2.7**	**(0.7)**
Remove activity of divested business[1]	(0.6)	0.4	0.3	-	-	-
Business review and management restructure[2]	-	1.2	0.8	-	-	-
Impairment of non-core development land and other current assets[3]	-	-	-	-	0.8	0.6
Transaction related costs[4]	-	-	-	-	2.0	1.4
Pro forma result from continuing operations	**291.1**	**6.8**	**2.2**	**285.9**	**5.5**	**1.3**

1. Divestment of Hub Group during 1HFY17, with the associated operating results of Hub and loss recognised on divestment removed from continuing operations.
2. Management restructure costs relate to the independent business review and management restructure.
3. Impairment of non-core development land and other current assets comprises $0.6m impairment from legacy land holdings which form part of the Developments business. The residual $0.8m relates to the write down of current assets which form part of the Homes business.
4. On 31 August 2016, the Group announced a Scheme Implementation Agreement with SR Residential Pty Ltd ("SR Residential" or "Consortium") (which is jointly owned by entities associated with Roche Holdings Pty Ltd and Simonds Family Office Pty Ltd) under which it was proposed that SR Residential would acquire all shares in the Company not already owned by associates of the Consortium by way of the Scheme. On 28 November 2016, the Group announced that the Scheme Implementation Agreement has been terminated by mutual agreement of the Group and SR Residential. During this process, the Group incurred transaction costs of $1.817m for year ending 30 June 2017.