



Simonds Group Limited
Results for the six months ended
31 December 2017



Simonds Group

\$291.7m

Total Revenue

Up \$5.8m or 2%

\$5.2m

Statutory EBITDA

Up \$2.5m or 93%

\$6.8m

Pro Forma¹ EBITDA

Up \$1.3m or 24%

\$1.1m

Statutory NPAT

Up \$1.8m or 257%

\$2.2m

Pro Forma¹ NPAT

Up \$0.9m or 69%

- * Revenue in the Homes business increased marginally, although impacted by trade shortages in some regions
- * Improved margins due to strengthening of business rules, efficiency and lower overheads
- * Non-core operations reviewed leading to the divestment of Hub Group in first half (1H) FY18
- * Continued focus on safety systems

1. Pro Forma Information is reported to give information to shareholders that provides a greater understanding of the underlying performance of Simonds Group Limited's operations, particularly in reference to non-recurring items, such as restructure costs impacting continuing operations. A reconciliation of Pro Forma adjustments is presented in Appendix 1.

Note: All comparisons are to the prior corresponding period unless otherwise stated.

Key Financial Metrics¹

\$284.9m

Total Revenue
Up \$10.4m or 4%

\$5.8m

Pro forma² EBITDA
Up \$2.3m or 66%

1,192

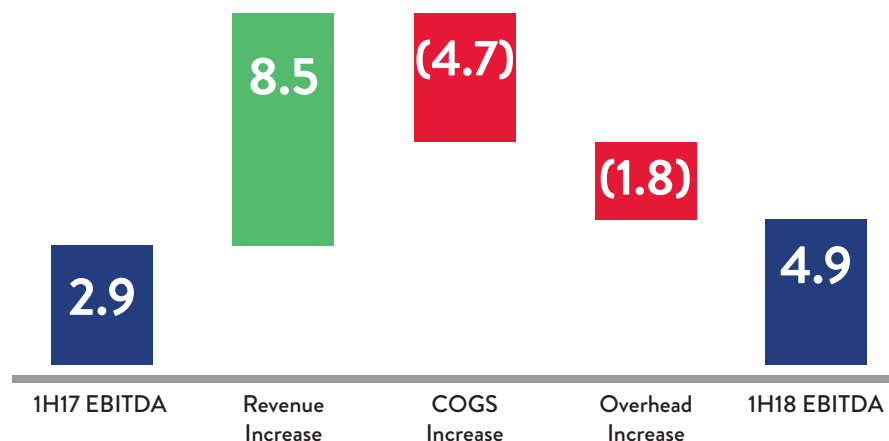
Site starts
Down from 1,224³

119

Total display homes
Up from 117 at 30 June 2017

- * Starts slightly impacted to ensure consistency, enabling efficiency and containment of overheads
- * Revenue and margin improvement derived from change in product mix and less product customisation
- * Strengthening of business rules in FY16-17 have translated into improved margins, with further improvements expected

1H FY18 EBITDA breakdown per house start (\$'000s)



1. Excludes Madisson Projects as it is a discontinued operation.

2. Pro Forma Information is reported to give information to shareholders that provides a greater understanding of the underlying performance of Simonds Group Limited's operations, particularly in reference to non-recurring items, such as restructure costs impacting continuing operations. A reconciliation of Pro Forma adjustments is presented in Appendix 1.

3. Excludes any display or speculative home starts.

Note: All comparisons are to the prior corresponding period (pcp) unless otherwise stated.

Key Financial Metrics

\$6.2m

Revenue

Down \$1.7m or 21%

\$0.8m

Pro forma¹ EBITDA

Down \$0.7m or 47%

1,133

Course Enrolments

Down from 1,554

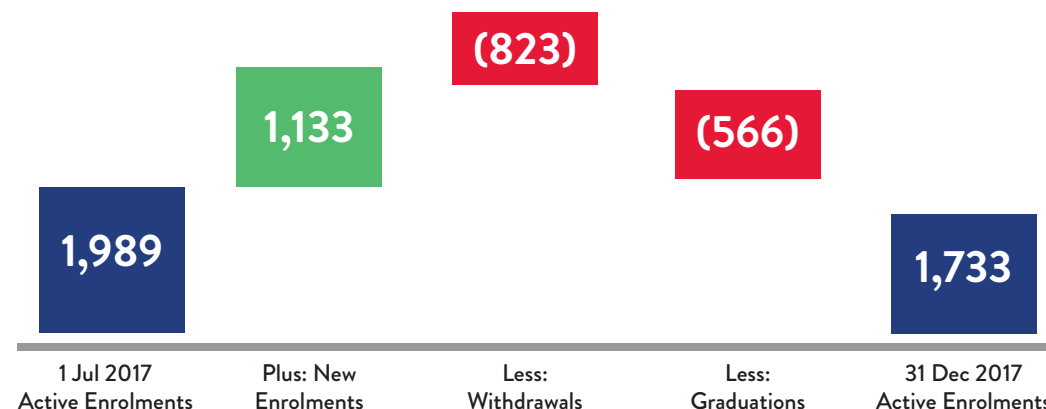
566

Graduated enrolments

Down from 1,261

- * State Government funding contracts renewed in VIC, NSW, ACT and QLD
- * Federal VET Student Loans contract granted
- * Victorian Skills First 2018/2019 funding contract secured
- * Extension of course durations impacted results and graduate numbers

1HFY18 Student Profile (numbers)



Pro Forma Information is reported to give information to shareholders that provides a greater understanding of the underlying performance of Simonds Group Limited's operations, particularly in reference to non-recurring items, such as restructure costs impacting continuing operations. A reconciliation of Pro Forma adjustments is presented in Appendix 1.

Note: All comparisons are to the prior corresponding period (pcp) unless otherwise stated.

Balance Sheet	31 Dec 2017 \$M	30 Jun 2017 \$M
Assets		
Cash/Equivalents	4.6	10.2
Receivables	23.2	32.7
Inventories	57.1	48.2
PP&E	7.6	7.9
Other	9.2	11.6
Total Assets	101.7	110.6
Liabilities		
Trade/other payables	51.4	61.2
Debt	8.2	15.2
Provisions	20.0	20.9
Deposits & income in advance	20.3	13.8
Other	3.4	2.6
Total Liabilities	103.3	113.7
Net Assets	(1.6)	(3.1)

* Net asset improvement on 30 June 2017

* Net Working Capital is in line with prior periods

* Increase in inventories includes display homes constructed and available for sale

* Debt net of cash / equivalents reduced by \$1.4m primarily driven by improvement in results and working capital management

* Banking facilities extended to February 2019, with Headroom of \$33.7m at 31 December 2017

* Simonds Homes Display Fund maturity extended to 30 September 2019

Summary cash flows	1HFY18 \$M	1HFY17 \$M
Cash flows from operating activities		
Receipts from customers	307.7	311.5
Payments to suppliers/employees	(304.5)	(314.2)
Transaction costs (Scheme of Arrangement)	-	(1.7)
Interest paid	(0.7)	(0.8)
Income taxes refunded	1.4	2.6
Net cash generated from / (used in) operating activities	3.9	(2.6)
Net cash (used in) investing activities	(2.2)	(1.7)
Net cash (used in) / from financing activities	(7.2)	4.6
Net (decrease) / increase in cash	(5.5)	0.3
Cash/equivalents at end of period	4.6	3.5

- * Display sales benefited 1HFY17
- * Payments to suppliers and employees impacted by changes in building activity and overhead savings
- * Higher tax refund in 1HFY17 due to FY16 operating losses
- * Lower borrowings reduced interest costs
- * Improved results and working capital management enabled repayment of borrowings

Maximise value through our fundamental strengths:

- Safe and efficient home building processes
- Reputation for quality and delivery
- Longevity of Simonds brand
- Leading market position

Business process improvements:

- Consistency in home starts per region
- Simonds Homes delivering profitable results

Strengthen leadership and execution capability:

- Appointment of Kelvin Ryan as CEO and Managing Director (effective 5 March 2018)
- Experience in volume home building and listed corporates

Investment in product development and innovation

- Fusion range
- Precinct product

Appendix 1: Statutory to Pro Forma Reconciliation



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 1HFY18, 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.

While every effort is made to provide accurate and complete information, Simonds Group Ltd does not warrant or represent that the information in this presentation is free from errors or omissions or is suitable for your intended use. The information provided in this presentation may not be suitable for your specific situation or needs and should not be relied upon by you in substitution of you obtaining independent advice. Subject to any terms implied by law and which cannot be excluded, Simonds Group Ltd accepts no responsibility for any loss, damage, cost or expense (whether direct or indirect) incurred by you as a result of any error, omission or misrepresentation in information in this presentation. All information in this presentation is subject to change without notice.

The material contained in this presentation is for information purposes only and does not constitute financial product advice. The information contained in this presentation has been prepared without taking into account the investment objectives, financial situation or particular needs of any particular person. Before making any investment decision, you should consider, with or without the assistance of a financial advisor, whether an investment is appropriate in light of your particular investment needs, objectives and financial circumstances. Nothing in this presentation is a promise or a representation as to the future. Statements or assumptions in this presentation as to future matters may prove to be incorrect and the differences may be material.

