



Simonds Group



Modernist façade on the Cezanne in the Masterpiece range.

FY19 Half Year Results



Simonds Group

Revenue
\$351.4m

+\$59.7m
(+ 20.5%)

EBITDA
\$12.4m

+\$7.2m
(+138.5%)

Site
Starts
1,320

+ 128
(+10.7%)

\$6.5m

NPAT from
continuing
operations¹
Up \$5.4m or 490.9%

\$5.8m

NPAT attributable to
members
Up \$4.7m or 427.3%

Revenue in the **Homes business** increased **21.5%** on the back of **higher site starts** and **higher site start values** due to product mix

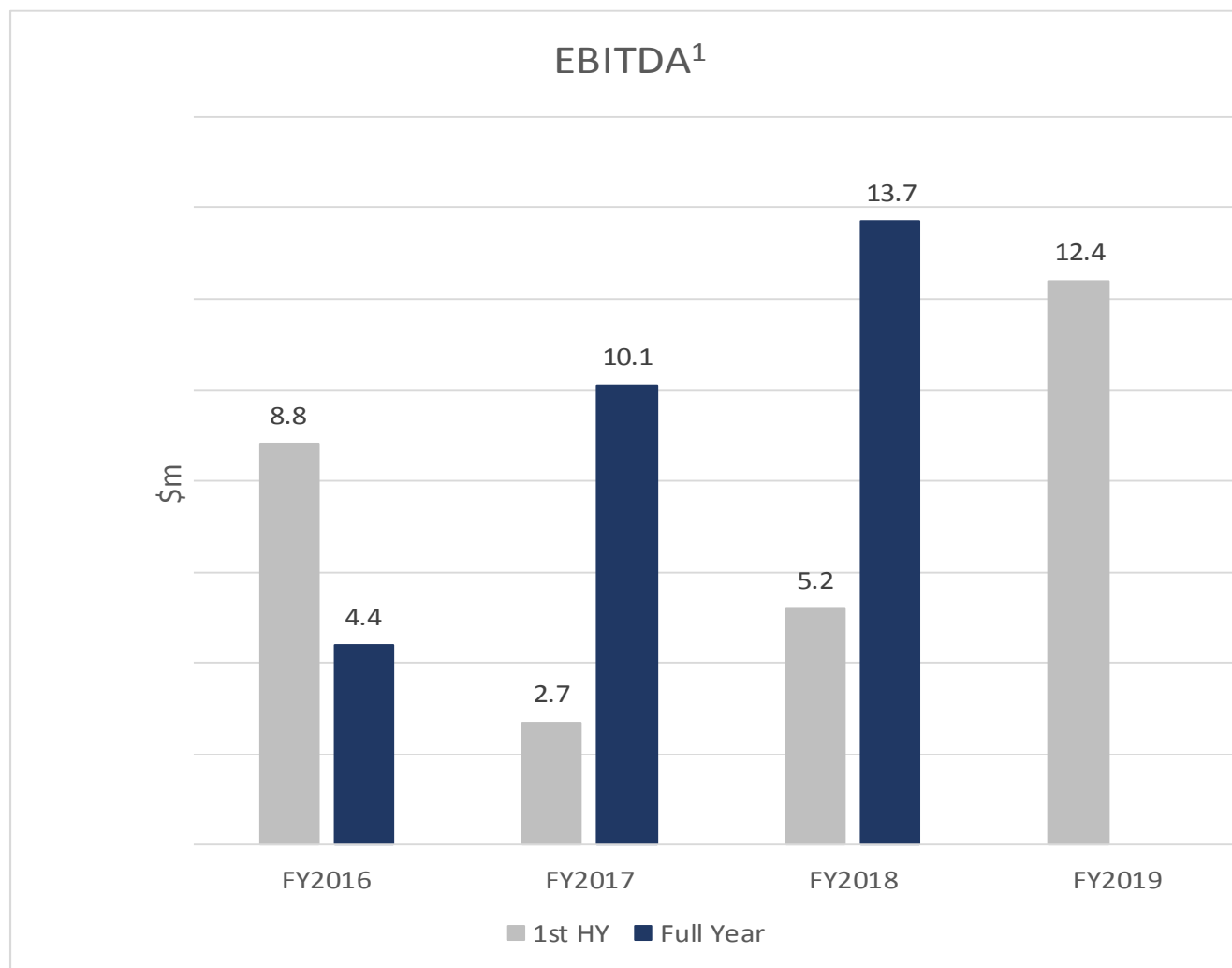
The 'Back to Basics' program **delivering results**

EBITDA increased **\$7.2m** due to higher **site start values**, **product mix** and **strong cost controls**

No significant items impacting the current periods result

Continued focus on **building a team and performance culture**

Growth in Group Earnings



¹ EBITDA represents earnings before interest, tax, depreciation and amortisation from continuing operations. Results have been amended to remove the effect of Madisson Projects, which became a discontinued operation in FY17.

Simonds Homes results for the half year

Key Metrics¹

Revenue
\$346.1m
 +\$61.2m (+21.5%)
 from \$284.9m

EBITDA
\$11.8m
 +\$7.2m (+156.5%)
 from \$4.6m

Site Starts¹
1,320
 +128 (+10.7%)
 from 1,192 in 1HFY18

Displays
117
 -2 compared with 119
 at 31/12/17

Site starts increased as a result of the Group's **strong pipeline** and focus on consistent delivery of site starts each week

Revenue and margin improvement derived from **higher site starts** and **site start values**, **less product customisation** and **improved cost management**

The '**Back to Basics**' program that commenced in FY18 has translated into **improved operating results** with further improvements expected

Streamlining of the product range as well as investments in innovation and new product will deliver future growth

Focus on **new channels to market**

¹ Excludes any display or speculative home starts.
 Note: All comparisons are to the prior corresponding period (pcp) unless otherwise stated.



Education results for the half year

Key Metrics

Revenue
\$5.0m

-\$1.2m (-19.4%)
from \$3.8m

EBITDA
\$0.5m

-\$0.3m (37.5%)
from \$0.2m

Course
Enrolments
957

-176 from
1,133 in 1HFY18

Graduated Enrolments
335

-231 from
566 in 1HFY18

Regulatory compliance with all government funding agreements in Vic, NSW, ACT and Qld

Victorian Skills First 2018/2019 funding contract continues in 2019 with the maximum number of initial funded places allocated (1,000) and the opportunity to seek further additional funded allocations later in the year

Increased cap for BAA under the **Federal VET Student Loans initiative**

September 2018 **ASQA audit identified no non-compliances** with 2 qualifications and an **accredited course in civil construction** successfully **added** to BAA's approved scope of delivery

Extension of course durations and the shift from **dual to single course** enrolments has continued to **impact results** and **student numbers** in comparison with prior periods

BAA awarded the 2018 Victorian Small Training Provider of the Year; CWBTS shortlisted as a finalist for 2018 NSW Small Training Provider of the Year

Balance Sheet

	31 Dec 2018 \$m	30 Jun 2018 \$m
Assets		
Cash / Equivalents	10.3	7.0
Receivables	26.3	34.9
Accrued revenue	45.4	38.4
Inventories	31.3	29.5
PP&E	8.6	7.2
Other	8.6	9.3
Total Assets	130.5	126.3
Liabilities		
Trade / other payables	64.6	71.7
Deferred revenue	1.5	1.7
Debt	11.5	8.1
Provisions	21.3	20.7
Customer deposits	17.5	18.3
Other	7.3	4.8
Total Liabilities	123.7	125.3
Net Assets	6.8	1.0

Balance sheet health has improved as a result of **higher earnings** and **strong focus on cash control** and **working management**

Inventories reflect **work-in-progress** on site starts and include display homes under construction and available for sale

Debt net of cash / equivalents increased by \$0.1m since 30 June 2018

Headroom under the **CBA facilities** of **\$36.0m** at 31 December 2018

The Group's **banking facilities** have been extended to **September 2021**

Cash flows for the half year

	31 Dec 2018 \$m	31 Dec 2017 \$m
Cash flows from operating activities		
Receipts from customers	353.9	307.7
Payments to suppliers / employees	(349.3)	(304.5)
Interest paid	(0.6)	(0.7)
Income taxes refunded	-	1.4
Net cash generated from operating activities	4.0	3.9
Net cash used in investing activities	(2.1)	(2.2)
Net cash (used in)/from financing activities	1.4	(7.3)
Net increase / (decrease) in cash	3.3	(5.6)
Cash / Equivalents at beginning of the period	7.0	10.2
Cash / Equivalents at end of the period	10.3	4.6

Cash generated from operating activities, excluding interest and taxes, **was \$1.4m (+43.8%)** above 1HFY17

Receipts from customers were higher as a result of the **higher site starts** and impact of **changes in product mix**, combined with the **strong focus on collections**

Higher payments to suppliers/employees reflect the impact of higher **site starts** and investment in marketing & advertising

1HFY18 reflected the tax refund received due to operating losses incurred in the 2017 financial year

Investment in property, plant & equipment and capitalised courses were in line with prior periods



Continuing to deliver Shareholder Value

Maximise shareholder value through our fundamental strengths:

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

Business process improvements:

- ‘Back to Basics’ approach
- Maintaining consistency in site starts per region
- Delivering improved margins and sustainable profitability

Strengthen leadership and execution capability:

- Strong, industry-experienced management team to take the Group forward
- Restructured the business on a “Functionally Led, Regionally Operated” model

Building for the future:

- Investment in product range and innovation
- Leveraging partnerships with key stakeholders
- Developing alternative channels to market



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Thank you

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