

Results for the Financial Year Ended 30 June 2019





Important Notice and Disclaimer

While every effort is made to provide accurate and complete information, Simonds Group Limited 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 Limited 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.



FY19 Full Year Financial Results

Revenue
\$687.7m

up \$82.5m
(+ 13.6%)

EBITDA
\$23.2m

up \$9.5m
(+69.3%)

Site
Starts
2,580

up 80
(+3.2%)

NPAT
\$11.7m

from continuing
operations¹
up \$6.9m
(+143.8%)

EPS
8.16c

Earnings per share
up 4.85c
(+146.5%)

Continued focus on **safety** and **building a high performance culture**

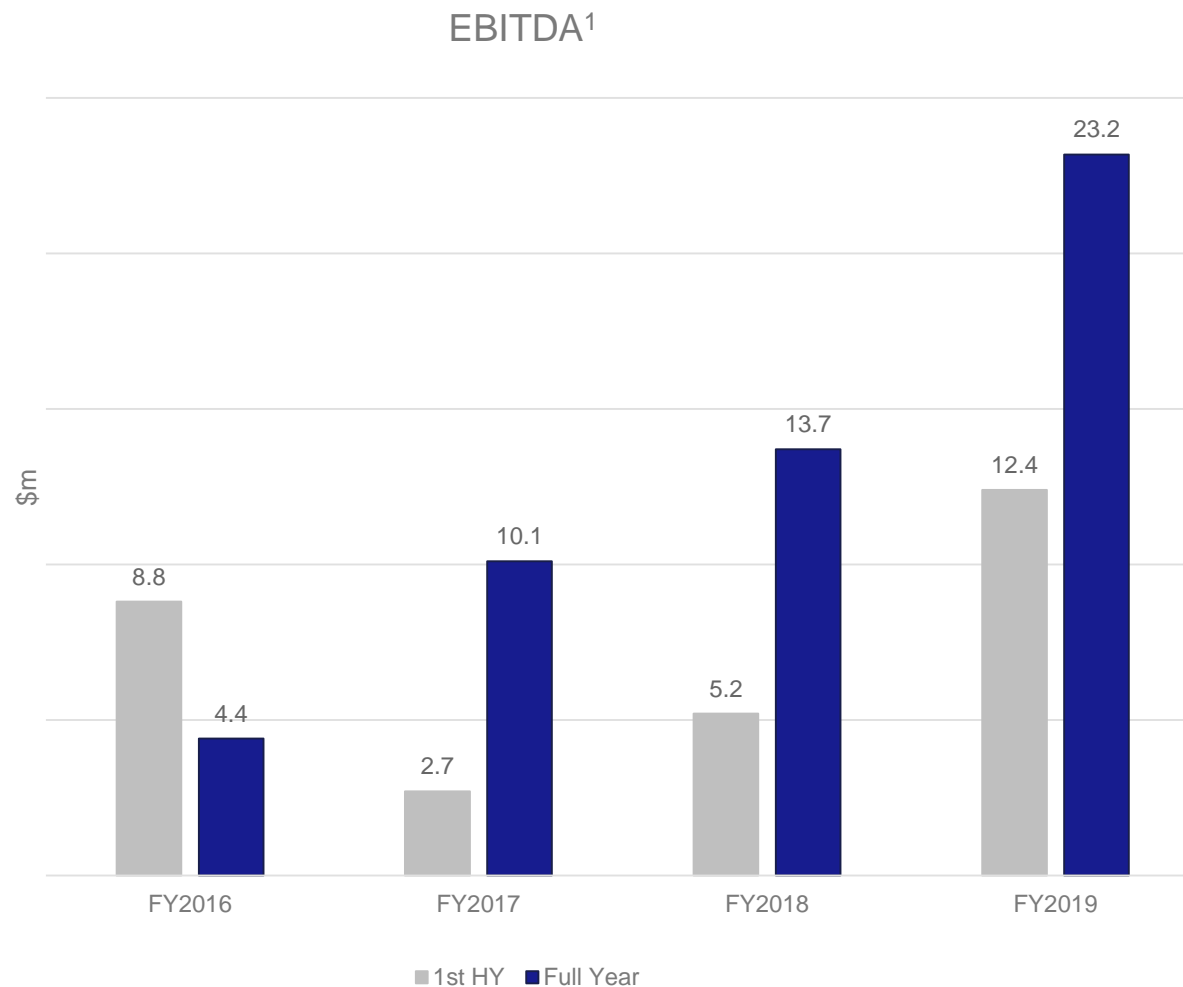
Revenue increased **13.6%** on the back of **higher site starts** and **changes in product mix**

Gross Profit improved by **15.5%** due to **higher site starts** and **changes in product mix**

EBITDA increased **\$9.5m** due to **higher site starts**, **product mix changes** and **strong cost controls**



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 Full Year

Key Metrics¹

Revenue

\$676.9m

up \$83.8m (+14.1%)
from \$593.1m

EBITDA

\$21.8m

up \$7.6m (+53.5%)
from \$14.2m

Site Starts¹

2,580

up 80 (+3.2%)
from 2,500

Displays

111

down 6 (-5.12%)
from 117

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

Revenue and **EBITDA** improvement from **higher site starts**, combined with the benefit of **less product customisation** and continued **cost control**

The '**Back to Basics**' theme that commenced in FY18 has delivered **improved operating results** with further improvements expected

Streamlining the product range, innovative new products and **develop new channels to market** to underpin future growth

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 Full Year

Key Metrics

Revenue
\$10.2m

down \$1.0m (-8.9%)
from \$11.2m

EBITDA
\$1.2m

up \$0.4m (+50.0%)
from \$0.8m

Course
Enrolments
1,830

up 144 (+8.5%)
from 1,686

Graduated Enrolments
580

down 255 (-30.5%)
from 835

Approved to deliver 2 courses **to international students**
under CRICOS commencing 1HFY20

Australian Skills Quality Authority (ASQA) audits conducted
during the period with **confirmed compliance**

Increased delivery through the **Virtual Classroom** model as
well as **increased apprenticeship numbers** across three States

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

Balance Sheet

	30 June 2019 \$m	30 Jun 2018 \$m
Assets		
Cash / Equivalents	9.7	7.0
Receivables	27.4	34.9
Tax receivable	1.1	-
Accrued revenue	53.7	38.4
Inventories	35.5	29.5
PP&E	8.0	7.2
Other	2.8	2.3
Intangible assets	6.4	5.7
Total Assets	144.6	126.3
Liabilities		
Trade / other payables	78.1	71.7
Deferred revenue	0.8	1.7
Customer deposits	15.3	18.3
Debt	10.9	8.1
Provisions	22	20.7
Taxes	6.1	4.8
Total Liabilities	133.2	125.3
Net Assets	11.4	1.0

Balance sheet health improved due to **higher earnings** and strong **focus on cash and working capital management**

Inventories increased by \$6.0m associated with **land** and **display homes** under construction and available for sale

Net assets increased by \$10.4m

Headroom under the **CBA facilities** of **\$35.3m** at 30 June 2019

The Group's **banking facilities** provided by CBA were extended to **September 2021**



Cash Flows for the Full Year

	30 June 2019 \$m	30 June 2018 \$m
<i>Cash flows from operating activities</i>		
Receipts from customers	745.4	603.2
Payments to suppliers / employees	(733.7)	(594.6)
Interest paid	(1.3)	(1.3)
Income taxes refunded	(4.4)	1.4
Net cash generated from operating activities	6.0	8.7
Net cash used in investing activities	(3.5)	(4.3)
Net cash (used in)/from financing activities	0.2	(7.6)
 <i>Net increase / (decrease) in cash</i>	 2.7	 (3.2)
Cash / Equivalents at beginning of the period	7.0	10.2
Cash / Equivalents at end of the period	9.7	7.0

Cash generated from operating activities, excluding interest and taxes, **was \$11.7m (+36.1%)** above FY18

Receipts from customers/ payments to suppliers increased due to higher number of **site starts**, and continued **focus on collections**

FY18 reflected the **tax refund** received

Reduced investment in property, plant & equipment, product development and capitalised courses

Key Macro Drivers Impacting the Residential Homes Sector

Strong Population growth across eastern Australia

Annual growth (June '19)

- VIC 2.2%
- NSW 1.6%
- QLD 1.8%
- SA 0.8%



Relief in Lending:

- Cash rates
- APRA
- Willingness of lenders



**Availability of
titled land and
product to suit**

**Federal Government First
Home Buyer Deposit Scheme**



Continuing to Deliver Shareholder Value



Innovation



Alternative Sales Channels



Finance Products



Wellness



Corporate Social Responsibility



Investment in People



For more information contact us at:

Telephone:
+61 3 9682 0700

Mailing address:
Locked Bag 4002
South Melbourne VIC 3205

Physical address:
Level 1, 570 St Kilda Road
Melbourne VIC 3004

www.simondsgroup.com.au

Thank you