



Results for the six months
ended 31 December 2020



Important notice and disclaimer

This presentation is authorised by the Board of Simonds Group Limited (Company) and is current as at the date of the cover page. It is solely based on, and should be read in connection with, information contained on other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (ASX) by the Company by which are available at www.asx.com.au.

The Company is under no obligation to update the presentation and the information in this presentation remains subject to change by the Company in its absolute discretion and without notice. To the maximum extent permitted by law, the Company and its advisers make no representation and give no assurance, guarantee or warranty, express or implied, as to, and take no responsibility and assume no liability for, the authenticity, validity, accuracy, suitability or completeness of, or any errors in or omissions, from any information, statement or opinion contained in the presentation.

This document has been prepared without regard to the specific investment objectives, financial situation or needs of any recipient of this presentation. Each recipient should consult with, and rely solely upon, their own legal, tax, business and/or financial advisors in connection with any decision made in relation to the information contained in this presentation.

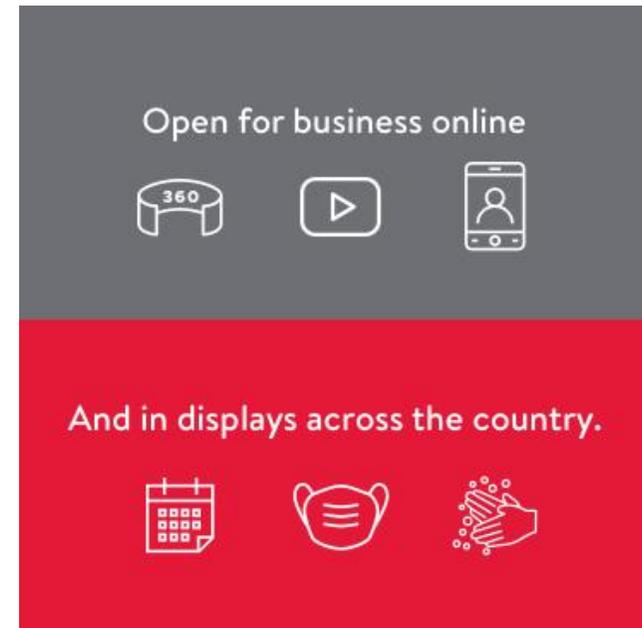
This presentation contains certain forward-looking statements. Forward-looking statements include those containing words such as “anticipate”, “believe”, “expect”, “project”, “forecast”, “estimate”, “likely”, “intend”, “should”, “could”, “may”, “target”, “plan”, “consider”, “foresee”, “aim”, “will” and other similar expressions. Other forward-looking statements can be identified in the context in which the statements are made. Any forward-looking statements, opinions and estimates provided in this presentation are based on assumptions and contingencies which are subject to change without notice and involve known and unknown risks and uncertainties and other factors which are beyond the control of the Company. To the maximum extent permitted by law, the directors of the Company, the Company and any of its related bodies corporate and affiliates, and their officers, partners, employees, agents, associates and advisers disclaim any obligations or undertaking to release any updates or revisions to the information in this presentation to reflect any change in expectations or assumptions, do not make any representation or warranty, express or implied, as to the accuracy, reliability or completeness of such information, or likelihood of fulfillment of any forward-looking statement or any event or results expressed or implied in any forward-looking statement, and disclaim all responsibility and liability for these forward-looking statements (including, without limitation, liability for negligence).

Nothing contained in this presentation constitutes investment, legal, tax or other advice.

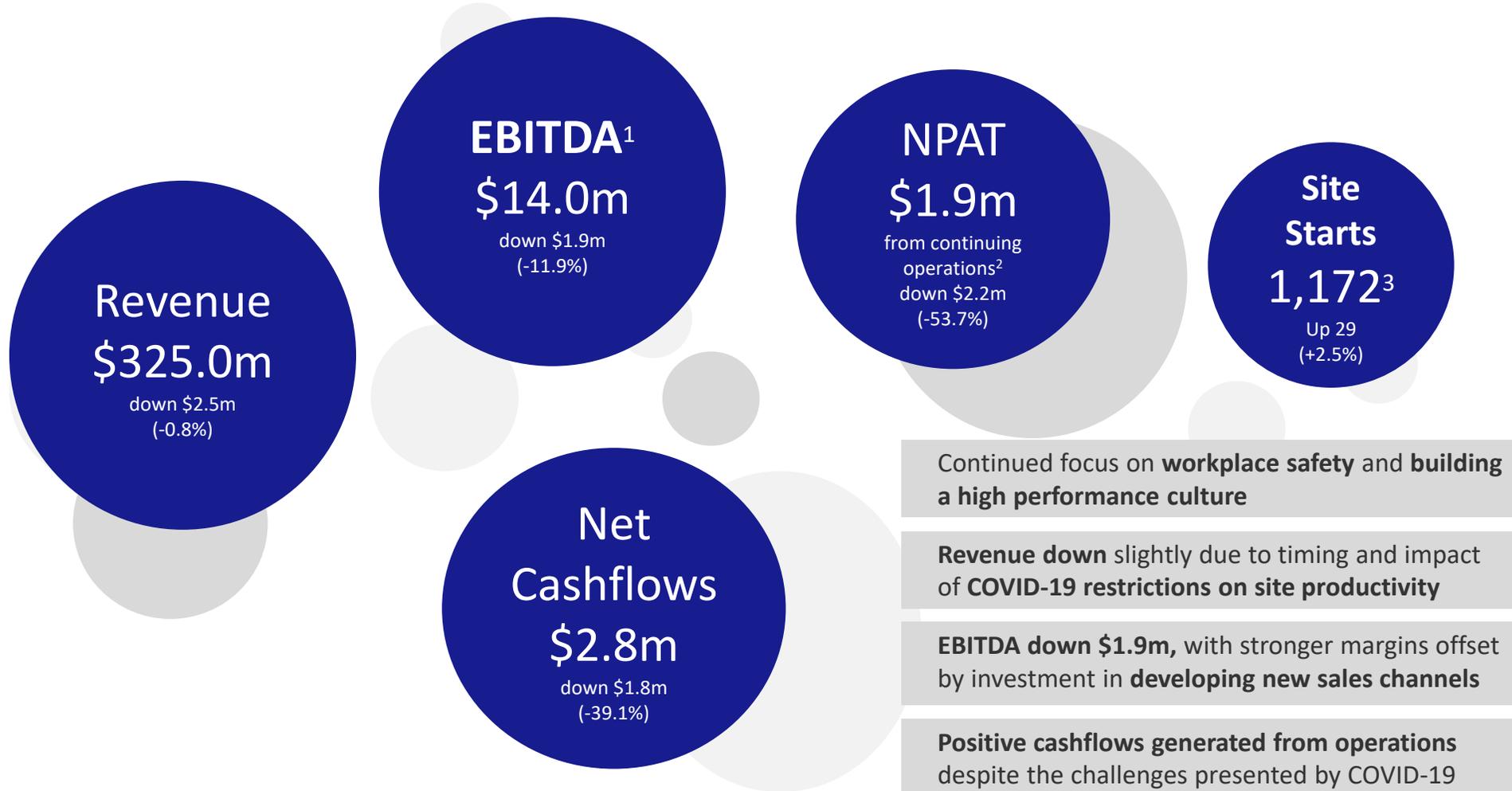
None of the information contained in this presentation constitutes an offer of, or a proposal or an invitation to make an offer of, any security.

1HFY21: Building for the future

- **Revenue and earnings** continued to be **impacted by COVID-19**
- Federal government **HomeBuilder stimulus** has contributed to a **substantial increase in 1HFY21 sales** that will **flow through into 2HFY21 and FY22**
- **1HFY21 earnings** have been adversely **affected** by **worksite restrictions impacting productivity** onsite
- **Solid performance** with a **strong focus on cost controls** and investing in **developing new business channels**
- With COVID-19 **restrictions** impacting **traffic** through **display homes**, the Group was able to **pivot** to **internal sales teams** engaging with customers and selling via **digital channels**
- Our **staff, suppliers and trades**, combined with our **improved balance sheet** position, **have enabled** the **business** to **continue to operate** throughout this **unprecedented period**
- The business has continued to **adapt** to the changes imposed by COVID-19, adjust to **working from home** whilst ensuring we continue to focus on maintain **high levels of customer service**
- **Workplace safety** has remained of **paramount importance**



FY21 half year results

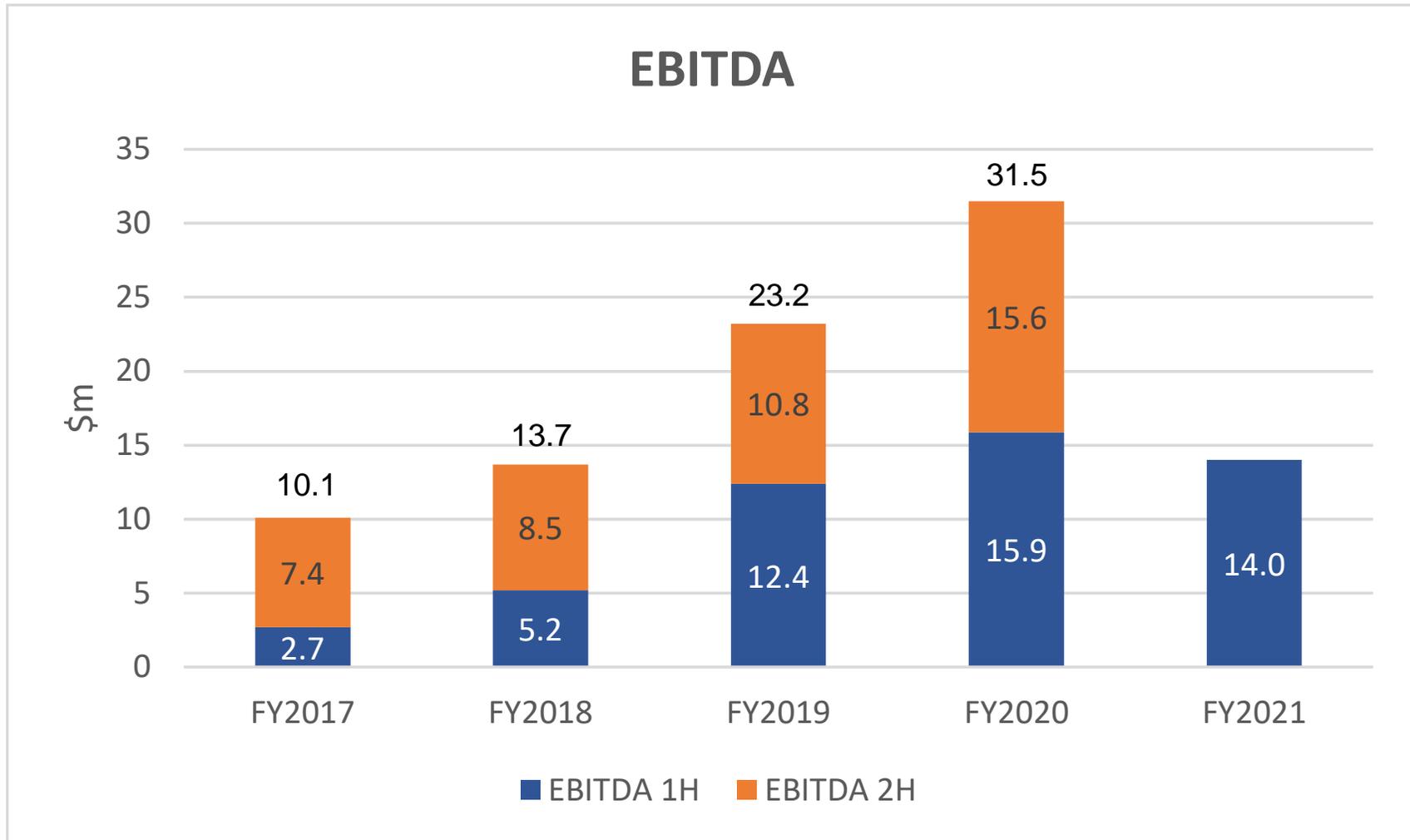


1. "EBITDA" is net profit before tax from continuing operations before financing items, depreciation and amortisation (D&A).

2. NPAT from continuing operations excludes the results of discontinued operations, which relate to Madisson Projects, which became a discontinued operation in FY17.

3. Excludes any display or speculative home starts.

Group earnings comparison



1. EBITDA represents earnings before interest, tax, depreciation and amortisation (D&A) from continuing operations and excluding Madisson Projects, which became a discontinued operation in FY17.
2. In accordance with the requirements of AASB 16, the costs associated with leases of displays, commercial offices and fleet that were previously presented within EBITDA have been excluded from EBITDA shown in FY20 and 1HFY20 as these cost are now reflected within depreciation and amortisation (D&A) and Interest expense. This change was reflected commencing from 1 July 2019 in accordance with AASB16

Simonds Homes results for the half year

Key Metrics

Revenue

\$318.1m

down \$3.6m (-1.1%)
from \$321.7m

EBITDA

\$12.3m

down \$2.3m (-15.8%)
from \$14.6m

Site Starts¹

1,172

up 29 (+2.5%)
from 1,143

Displays¹

122

up 4 from 118

Despite the impact of COVID-19 restrictions, **Simonds Homes was able to maintain its site starts** throughout 1HFY21

EBITDA benefited from stronger margins, offsetting the **investment** in existing and **new sales channels**

Future growth underpinned by **diversified product range** and development of **innovative new products**

Continued **investment** in **developing** and **marketing existing** and **new sales channels**

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

\$7.0m

up \$1.3m (+22.8%)
from \$5.7m

EBITDA

\$1.7m

up \$0.5m (+41.7%)
from \$1.2m

Course Enrolments

1,546

up 536 (+53.1%)
from 1,010

Graduates

377

up 61 (+19.3%)
from 316

BAA recognized as **Victoria's best small training provider** at the 2020 Victorian Training Awards and **Australia's best small training provider** at the 2020 Australian Training Awards

BAA's **Virtual Classroom delivery model** enabled students starting & continuing studies despite Covid-19 restrictions

72% increase in 1HFY21 of **students** studying via video content-based, self-paced **online model** launched in FY20

Students studying via Apprenticeship/Traineeship has **increased by 18%** across 1HFY21

Range of qualifications including Project Management, Sales & Marketing, Leadership & Management, Painting & Decorating and Bricklaying providing **diversified growth in FY21 and beyond**

Balance sheet comparison

	31-Dec-20	30-Jun-20	31-Dec-19
	\$m	\$m	\$m
Assets			
Cash / Equivalents	31.1	28.3	14.3
Receivables	18.7	29.3	20.4
Accrued revenue	32.8	34.4	31.2
Inventories	28.8	34.2	36.9
PP&E	6.2	6.2	8.1
Intangible assets	8.7	8.8	8.0
Other	2.7	1.8	1.1
Right-of-use assets	23.5	22.7	21.4
Deferred tax assets	2.6	0.6	0.7
Total Assets	155.1	166.3	142.1
Liabilities			
Trade / other payables	58.8	80.6	56.8
Deferred revenue	1.1	1.6	1.8
Customer deposits	18.4	12.0	15.5
Lease liabilities	23.7	22.6	23.6
Borrowings	-	0.3	1.1
Provisions	25.2	25.2	23.1
Taxes	9.4	6.7	5.1
Total Liabilities	136.6	149.0	127.0
Net Assets	18.5	17.3	15.1

Earnings, and the continued focus on **working capital management** has ensured the Group has a **relatively strong cash position**

Inventories, comprising land and display homes under construction / available for sale, **decreased by \$5.4m** during the period

Intangible assets comprise the investment in **software & systems**, capitalised **product development** and **training course materials**, and **goodwill** on acquisition

Net assets increased by \$1.2m during the period and the Group has **no debt**

Cash and the Group's **banking facilities** contribute to **headroom of \$56.1m** at 31 December 2020

Cash flows for the half year

	31-Dec-20	31-Dec-19
	\$m	\$m
<i>Cash flows from operating activities</i>		
Receipts from customers	375.8	397.5
Payments to suppliers / employees	(361.9)	(371.6)
Interest paid	(0.2)	(0.8)
Income taxes (paid)/refunded	-	(2.4)
Net cash generated from operating activities	13.7	22.7
Net cash used in investing activities	(3.5)	(4.3)
Net cash (used in)/from financing activities	(7.4)	(13.8)
Net increase / (decrease) in cash	2.8	4.6
Cash / Equivalents at beginning of the period	28.3	9.7
Cash / Equivalents at end of the period	31.1	14.3

Cash from operating activities reflect continued focus on **strong cash management**

Lower receipts from customers and **payments to suppliers** reflect **timing** and the **impact of COVID-19**

The Group **completed core systems upgrades** in the **comparative 1HFY20**

In the comparative 1HFY20 **cash** was used to **repay \$5.0m** to the Simonds **Display Fund Facility**



Key levers for delivering shareholder value



Innovation



Alternative Sales Channels



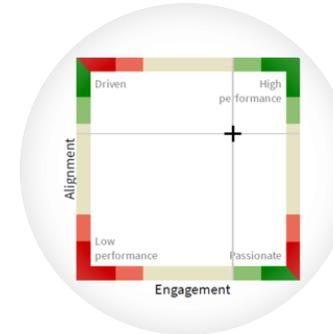
Finance First Solutions



Wellness



Corporate Social Responsibility



High Performing Culture

Current trading conditions and outlook

Continued investment into **new sales channels** will support the Group's **diversification** into new customer segments and markets

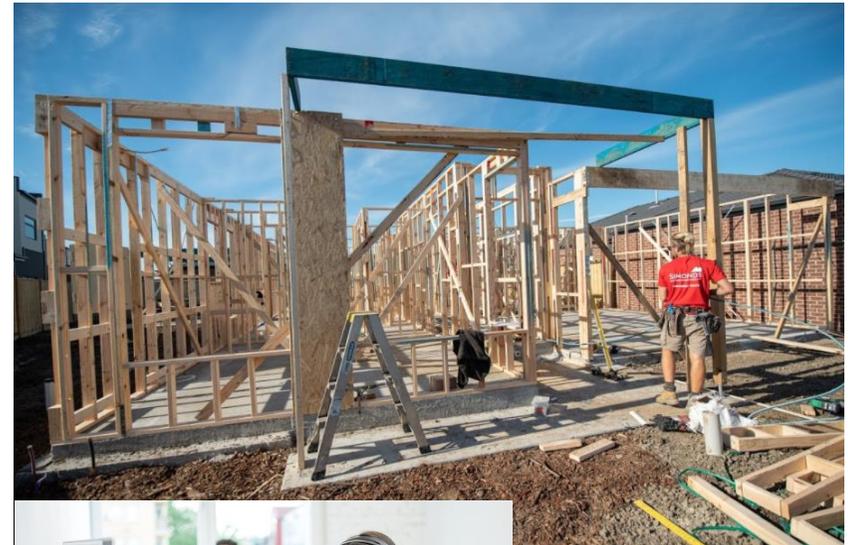
Uncertainties with the ongoing **COVID-19** pandemic make **forward-looking statement problematic**

COVID-19 impacts on **2HFY21** may include:

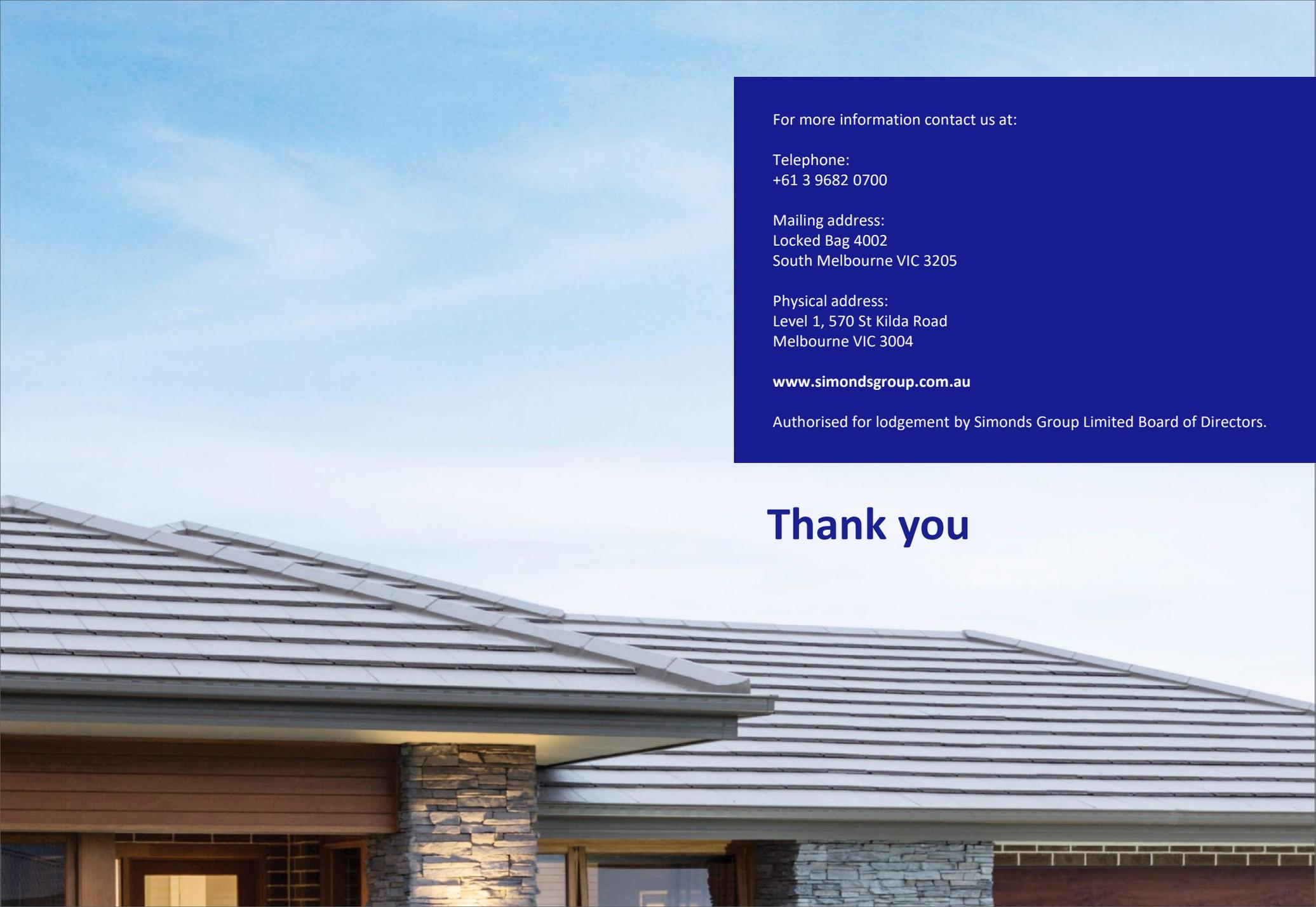
- **Lockdowns**, which create **uncertainty in the market** and **restrict customer** access to **display centres**
- **Worksite restrictions** that **impact productivity**
- **Supply chain impacts** on the industry in general

Heightened demand created by the **HomeBuilder stimulus** has created **pressure on trades** that may **prolong build periods** and **impact trade rates**

Industry groups and analysts¹ are **forecasting positive growth** in **2HFY21** through to **FY22**



¹Referring to recent public commentary from HIA, CBA and UBS



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

Authorised for lodgement by Simonds Group Limited Board of Directors.

Thank you