

# FY21 Results Presentation.

19 August 2021.

Evergreen,  
Spring Farm, NSW

  
AVJennings®

# Housing matters. Community matters.



Lyndarum North,  
Wollert, VIC

# What we do.



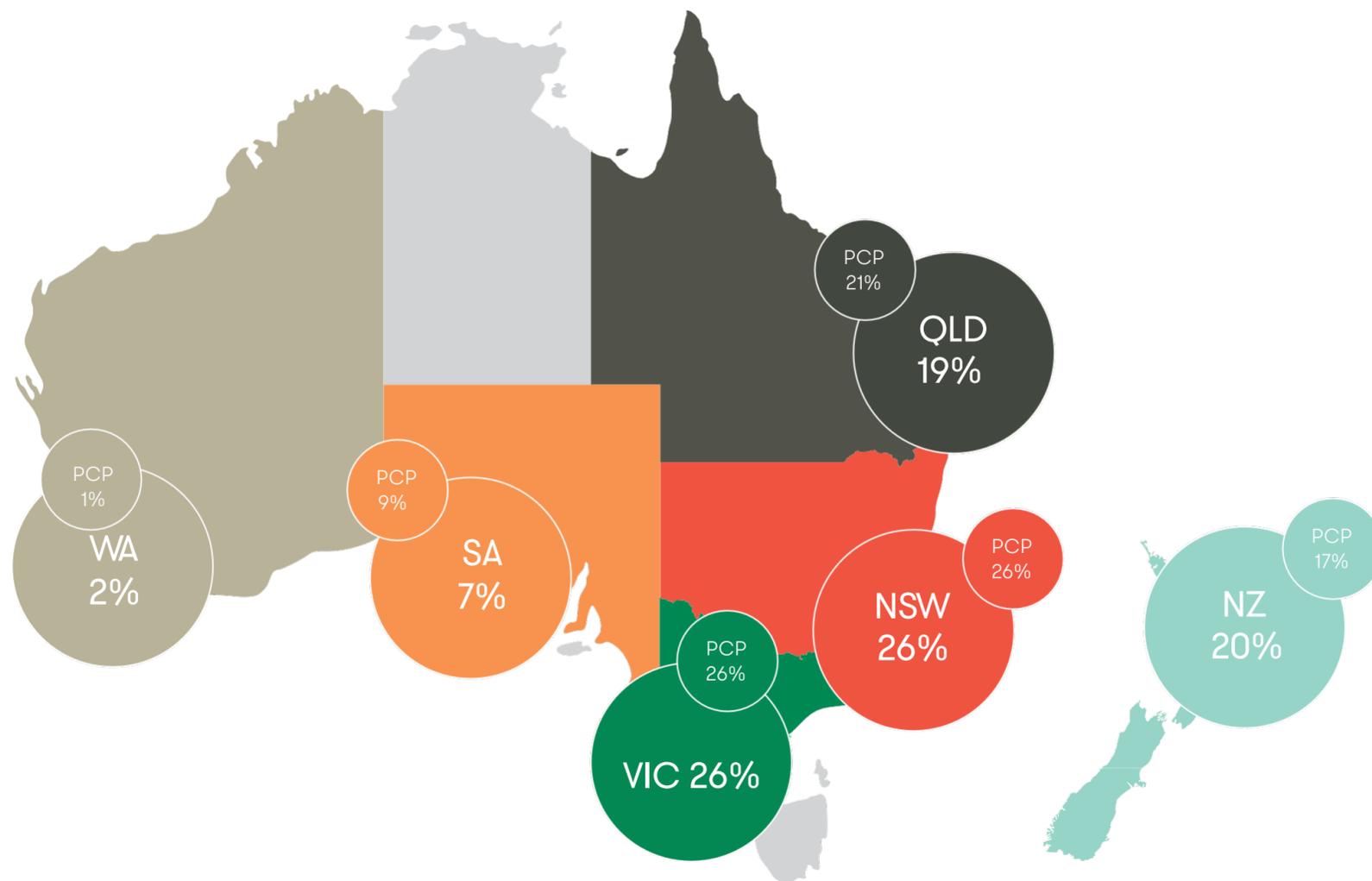
- We acquire an interest in land.
- Develop and sub-divide it.
- Then sell a mix of land and AVJennings built homes on our land.



- We don't do inner city high-rise or contract building.

# We maintain a large and geographically diverse Australia & New Zealand portfolio.

Diverse geographic allocation of funds employed helps mitigate market risk



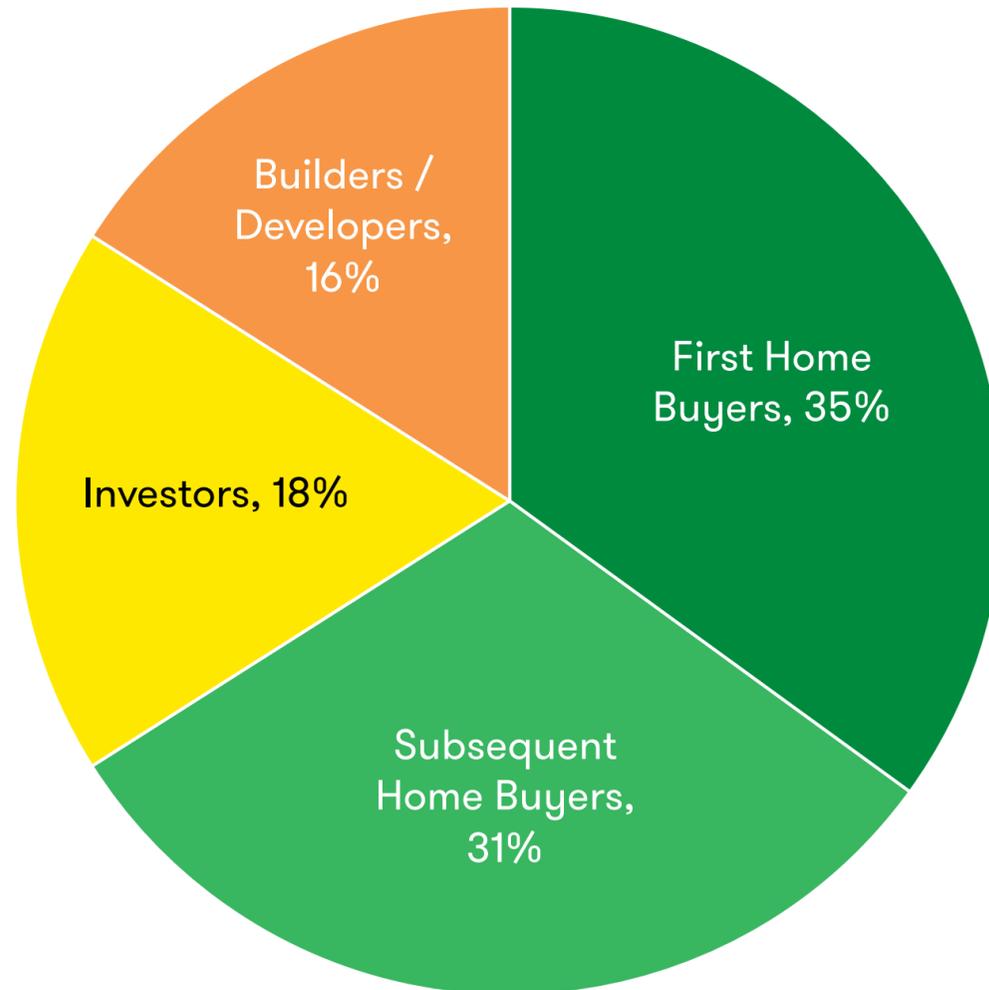
PCP = Prior corresponding period (FY20)

## Portfolio dynamics

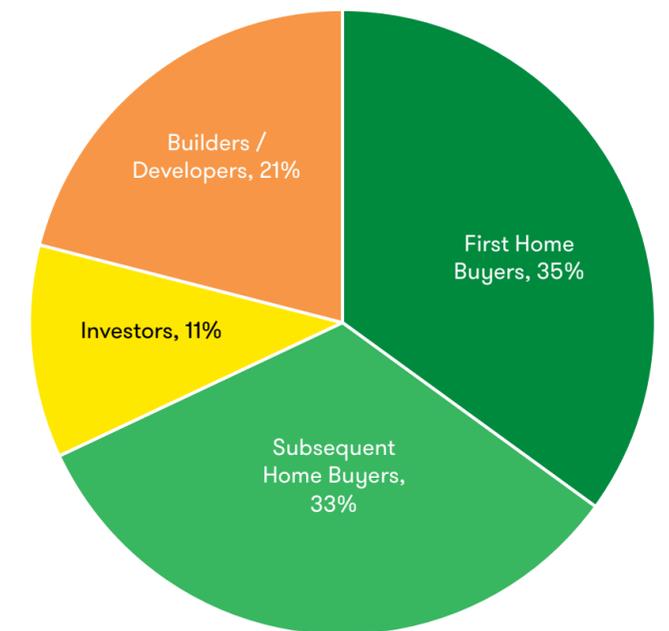
- Total NFE \$535 million
- 12.2k lots in the portfolio
- Largest by lot size is Caboolture in SEQ – 3.5k lots under option
- Strong focus on horizontal development

# Our customers are mainly owner occupiers – our focus is the traditional residential market.

FY21  
customer segmentation



FY20  
customer segmentation



AVJennings customer segmentation.

# Our social involvement and community engagement.



## Focusing on our customers' needs

- Providing quality (turn-key) property solutions.
- Continuing to be accessible and helpful, even during restricted periods.
- Acknowledging the contribution of essential workers with campaigns.
- Continual customer dialogue through the purchase process.



## Valuing our people

- We prioritise the health and safety of our people by implementing appropriate measures to safeguard their wellbeing.
- We measure the engagement of our people and seek their feedback to inform future actions.
- We provide inclusive and flexible work environments to retain and attract diverse and highly capable people.



## Partnering with stakeholders

- Trialling innovative modular wall solutions to achieve build time savings.
- Partnering with suppliers to deliver the Renee series of homes for Steve Waugh Foundation.
- Keeping sites open to support trades (within Covid requirements).
- Provision of dwellings for Women's Housing as part of the Brunswick West social housing redevelopment.



## Community engagement

- Promote healthy lifestyle and connectivity through design of our communities and working with local community and sporting groups.
- Staff fundraising and volunteering initiatives.
- Donations to bushfire relief, Red Cross and RFDS as well as organisations supporting people impacted by disasters.

# Customer feedback.

*'Approachable staff, Good quality home in my budget, Good amenities.'*

First Home Buyer, Anise, QLD

*'I could not be happier, I have downsized to the home of my dreams. The size, the conveniences and necessities included in my purchase are everything I could ever have wanted in my new home. Thank you AVJennings for a beautiful new home.'*

Home buyer, NSW

*'With slightly larger blocks and a nice estate layout, we chose because of these things. Land was left empty for park lands etc.'*

Land buyer, Riverton at Jimboomba, QLD

*'Very happy with everything in general best decision we made moving here, we love it.'*

Home buyer, NSW



# What customers really think of AVJennings.



- Customers were asked ‘Which three words would you use to describe AVJennings if you were talking to your friends, family and/or colleagues about us?’
- Their answers are captured on the left side of this page with the most frequently used words appearing in larger font.

# Our people.



survey.

Flexibility Positive attitude  
Respect Housing  
focus Loyalty Matters  
Safety Community  
Building communities Matters  
Quality Success Accountability



# Community and trust.

Recognised as the 'most trusted brand' in Australia.



2021



2020



2019

# Community partners.

Proud sponsors of



Started in 2012.

5 completed homes.

**THE RENEE6**  
by AV Jennings  
Riverton, Queensland

New project in Riverton, QLD.

Our Ambassadors



Raised over \$1million. throughout the partnership.

Founding Corporate partner of the foundation.

STEVE WAUGH FOUNDATION



# We believe that housing matters and community matters.

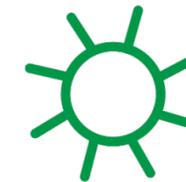
Our communities are designed with strong environmental considerations



Emphasis on Recreational Areas



Protecting Biodiversity



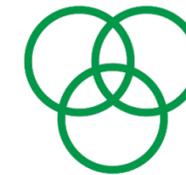
Alternative Energy



Waste Management and Recycling



Water Management



Efficient Design



Cultural Heritage Management



Climate Resilience

# Review of FY21.



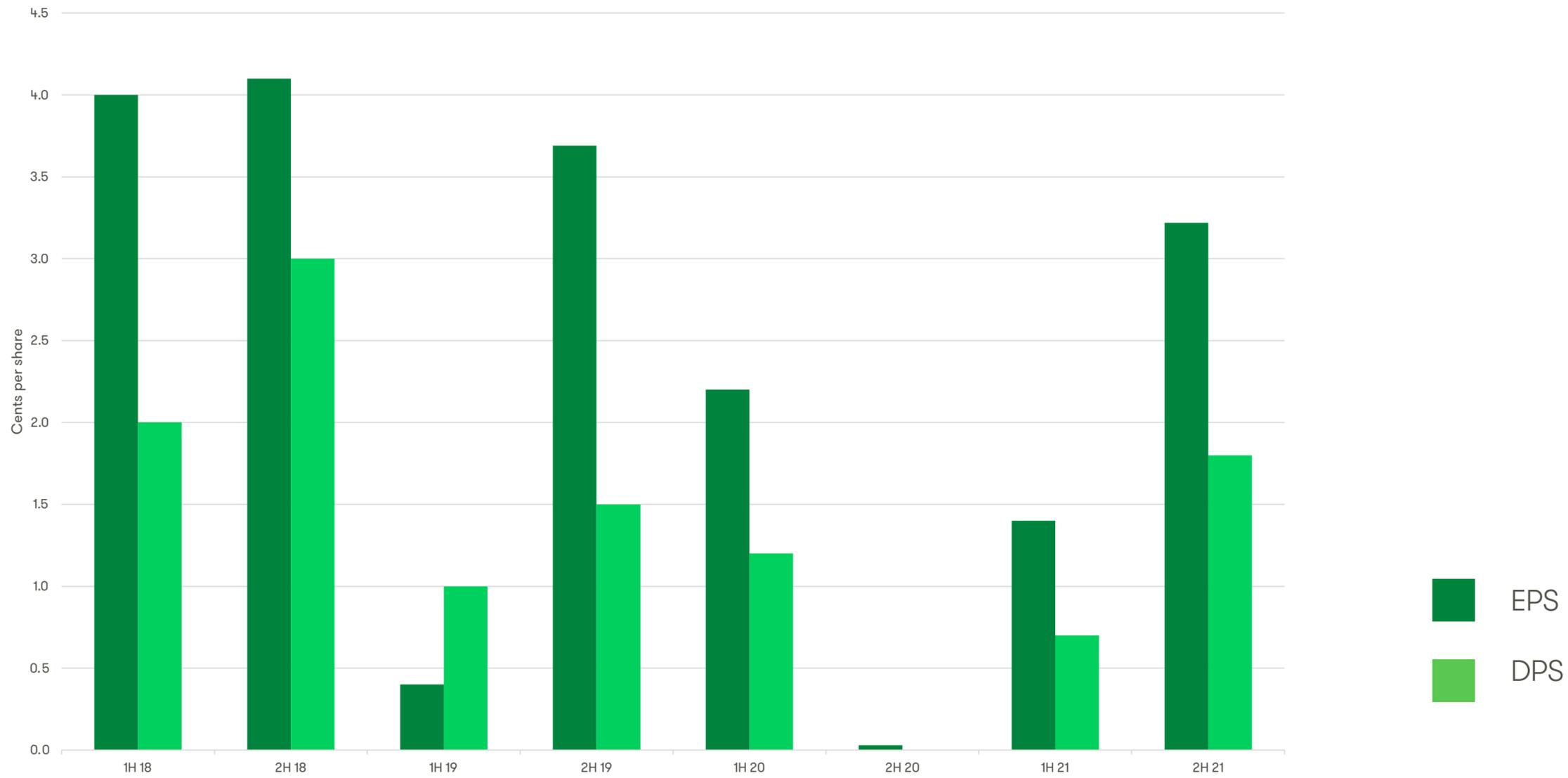
Lyndarum North,  
Wollert, VIC

# Headline numbers.

	FY21	FY20	Change
Total revenue	\$311.1m	\$262.4m	18.6%
Statutory profit before tax	\$26.7m	\$13.2m	102.7%
Statutory profit after tax	\$18.7m	\$9.0m	107.0%
Gross margins	22.6%	22.8%	(0.2)pp
Net tangible assets (NTA)	\$406.3m	\$390.3m	4.1%
NTA per share	\$1.00	\$0.96	4.3%
EPS (cents per share)	4.62	2.23	107.2%
Dividend fully franked (cents per share)	2.5	1.2	108.3%

# Dividend reinstated during FY21 following stronger earnings and improved outlook.

Earnings and Dividend History (cents per share)



- In 2H FY20 there was no dividend declared following a steep fall in earnings and an uncertain outlook due to the pandemic.
- The dividend was reinstated during FY21 as the financial performance and outlook for the business improved.

EPS  
 DPS

# Results summary.

Settlements (lots)



Revenue (\$m)



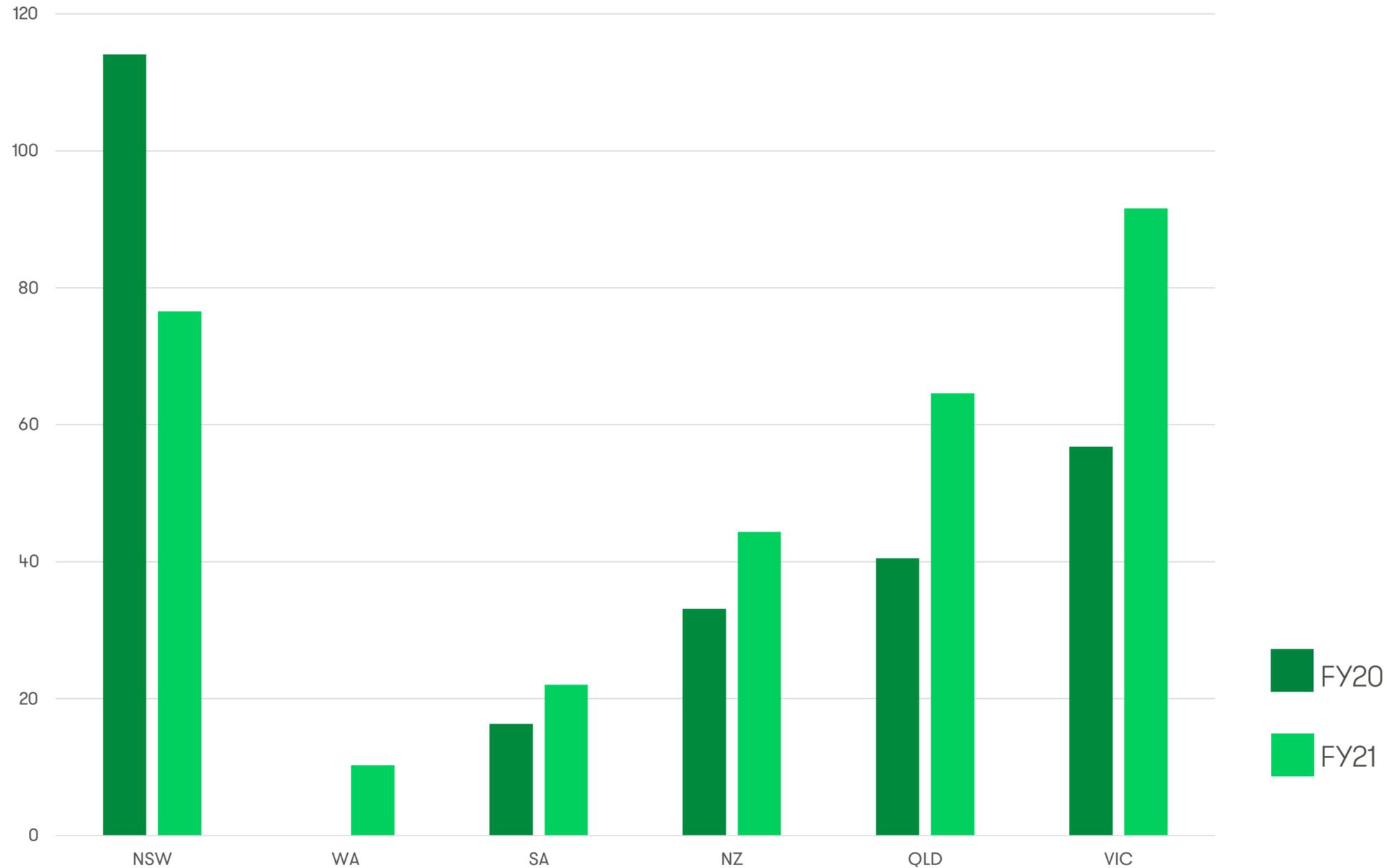
Contract signings (\$m)



- Contract signings growth is a positive indicator for future revenue growth.

# Revenue by region.

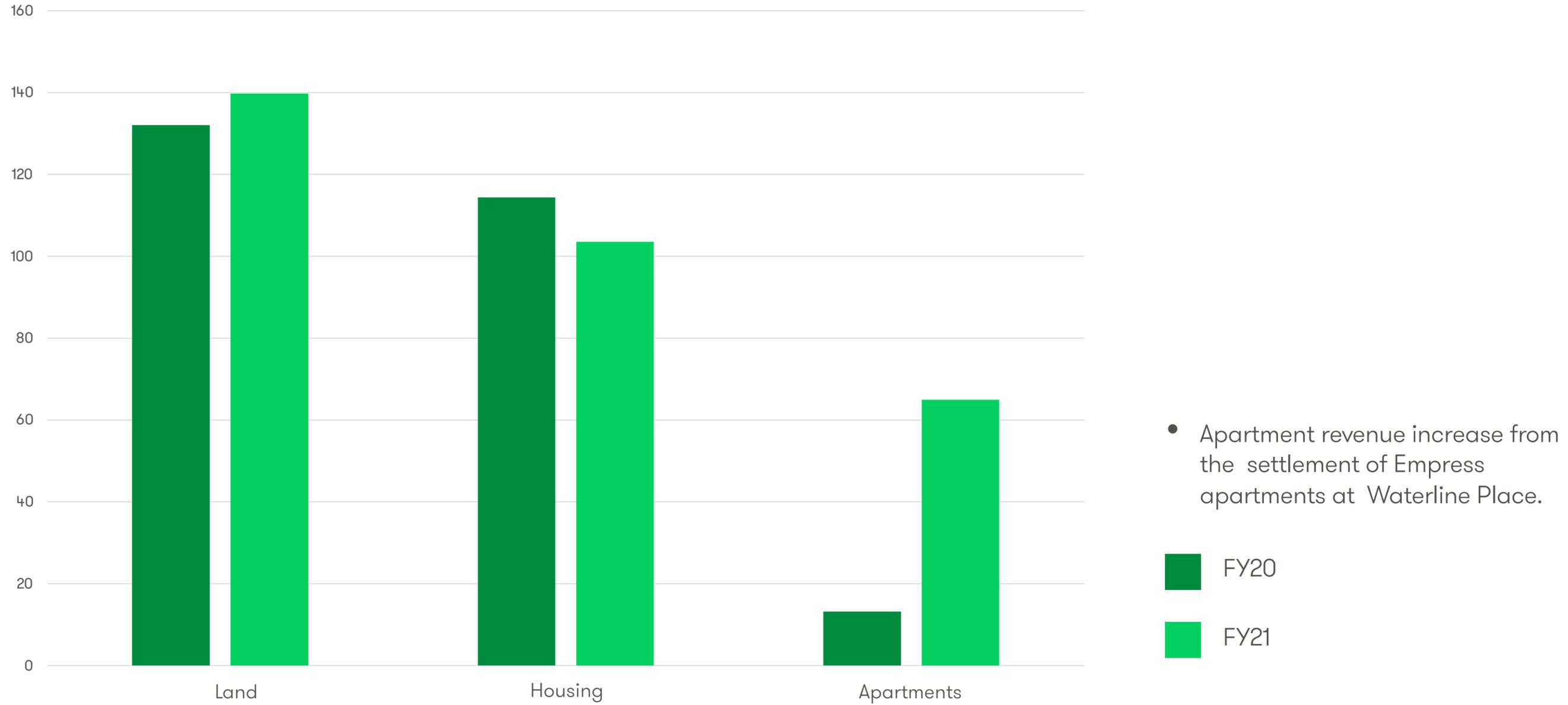
Revenue by region (\$m)



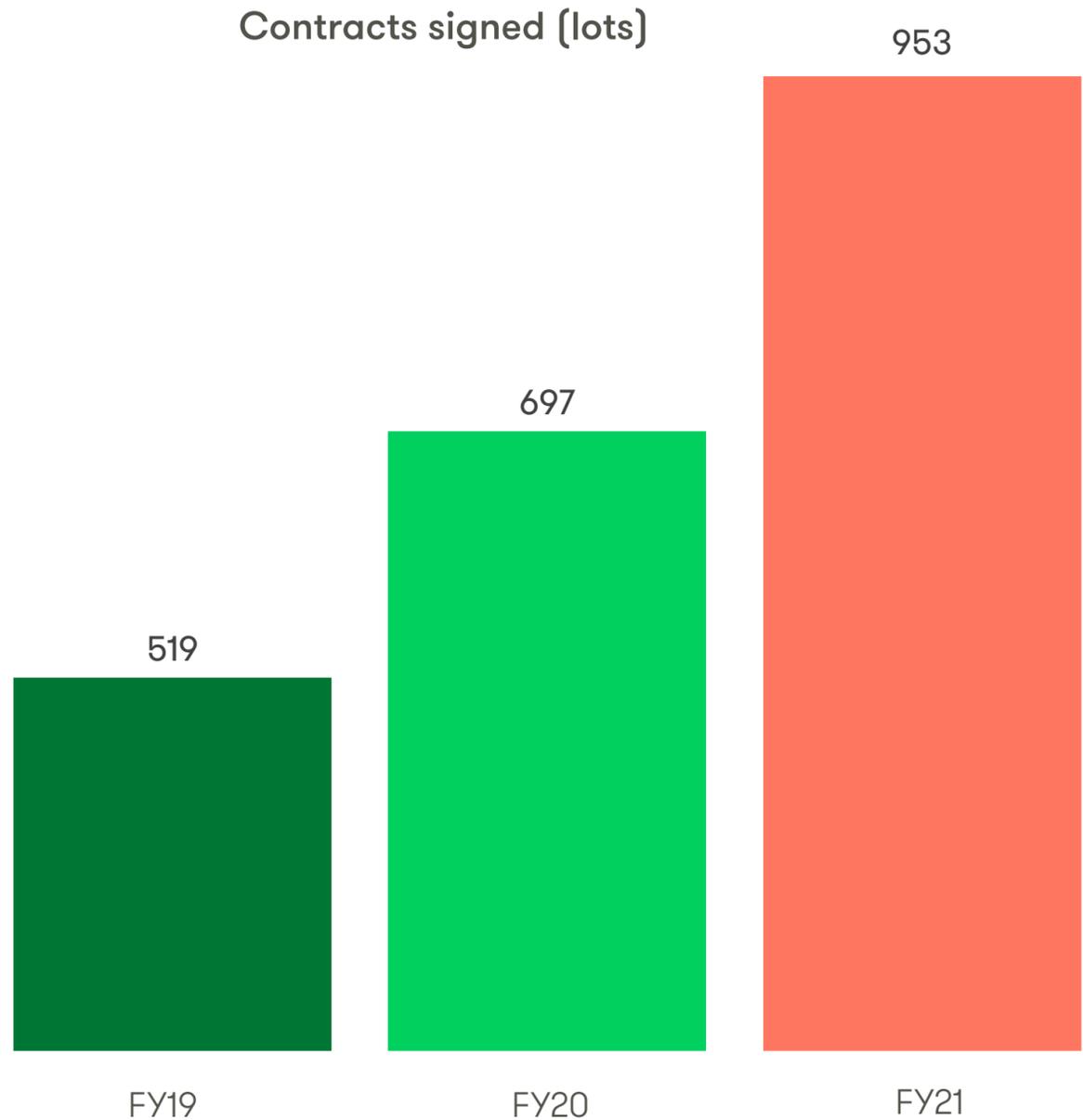
- Strong contributions were generated by our major regions, highlighting the benefits of geographical diversification.
- For NSW the reduction in revenue in FY21 is due to the completion or near completion of Seacrest (Sandy Beach, Coffs Harbour), Magnolia (Hamlyn Terrace, Central Coast) and Argyle (Elderslie). The new Rosella Rise project (Warnervale, Central Coast) is now under development.
- The first stage of our flagship project 'Ara Hills' in New Zealand was completed and achieved significant revenue recognition.
- Activity in some lower margin South Australian and Queensland projects was stimulated, enabling us to accelerate the recovery of capital and improve the mix of average Company margins in the future.
- In Queensland, the current stages of 'Cadence' and 'Riverton' sold and settled.
- In Victoria, the latest stages of 'Lyndarum North' sold out and the bulk of apartments in the 'Empress' building at 'Waterline Place' settled.

# Product revenue mix.

Product Revenue Mix (\$m)



# 37% growth in contracts signed provides solid platform for future earnings.



- From 431 pre-sales carried over at 30 June 2021, 402 with a value of \$112 million are expected to settle during FY22.

# Balance Sheet.

\$ Millions	June 2021	June 2020
CURRENT ASSETS		
Cash and cash equivalents	13.1	5.7
Receivables	46.0	23.0
Inventories	152.2	185.4
Total Current Assets	215.1	218.9
NON-CURRENT ASSETS		
Inventories	388.7	402.0
Total Non-Current Assets	410.2	436.3
TOTAL ASSETS	625.3	655.2
CURRENT LIABILITIES		
Payables	32.3	16.5
Total Current Liabilities	41.9	24.3
NON-CURRENT LIABILITIES		
Payables	15.5	27.5
Borrowings	138.5	190.1
Total Non-Current Liabilities	174.2	237.7
NET ASSETS	409.1	393.1

- Balance sheet settings remain strong, providing solid foundations for growth
- NTA growth 4.1%

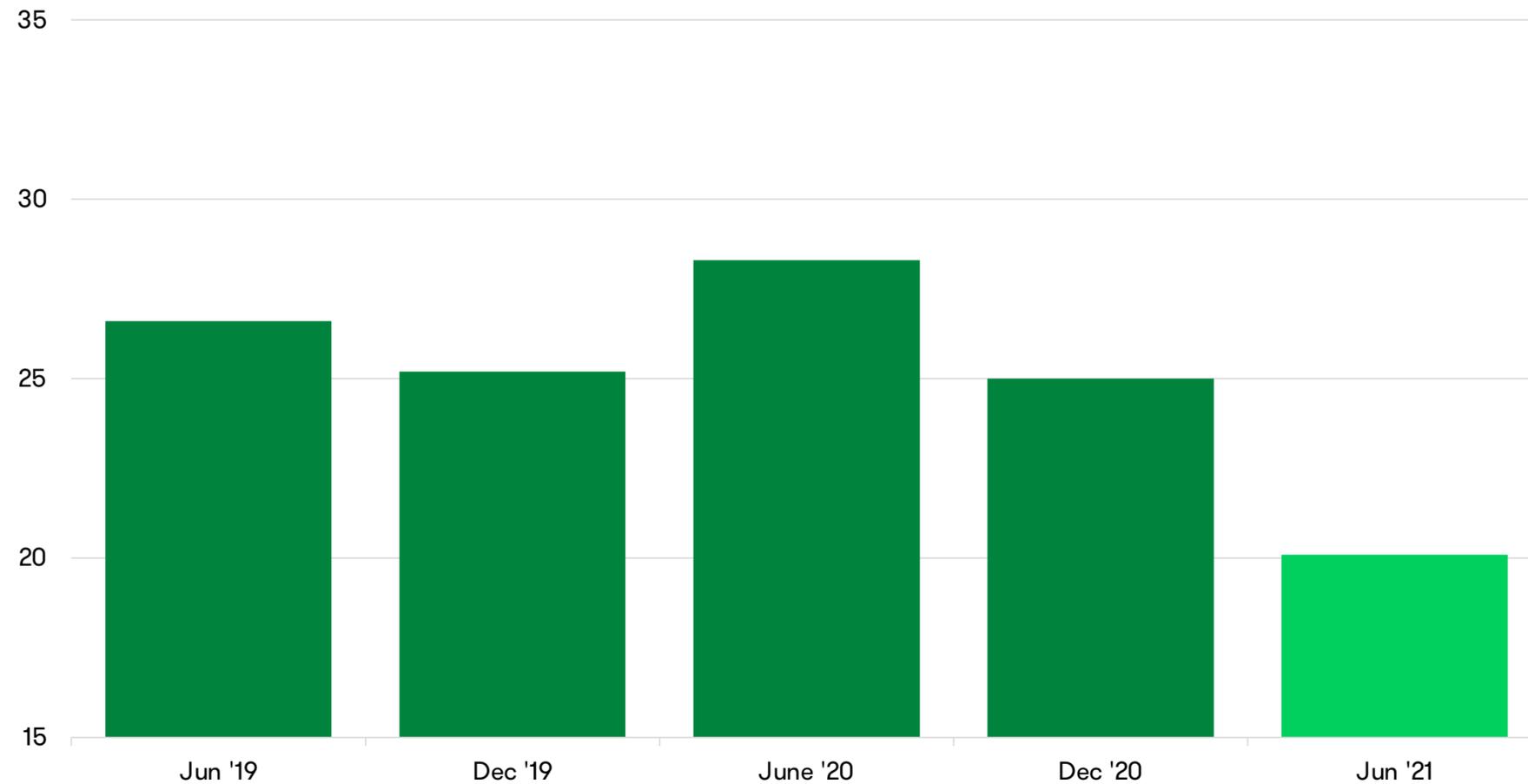
# Cash Flow Statement.

\$ Millions	FY21	FY20
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	<b>331.1</b>	275.9
Payments to suppliers, land vendors and employees	<b>(253.9)</b>	(246.1)
Net cash from operating activities	<b>64.0</b>	10.6
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net cash (used in) / from investing activities	<b>(0.2)</b>	0.1
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	<b>78.8</b>	85.5
Repayment of borrowings	<b>(130.3)</b>	(95.7)
Net cash used in financing activities	<b>(56.3)</b>	(23.3)
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>7.4</b>	(12.5)

- Higher settlements in FY21 led to increased customer receipts and growth in cash from operating activities

# Following strong settlements in FY21 gearing has reduced, providing capacity to fund our growth ambitions.

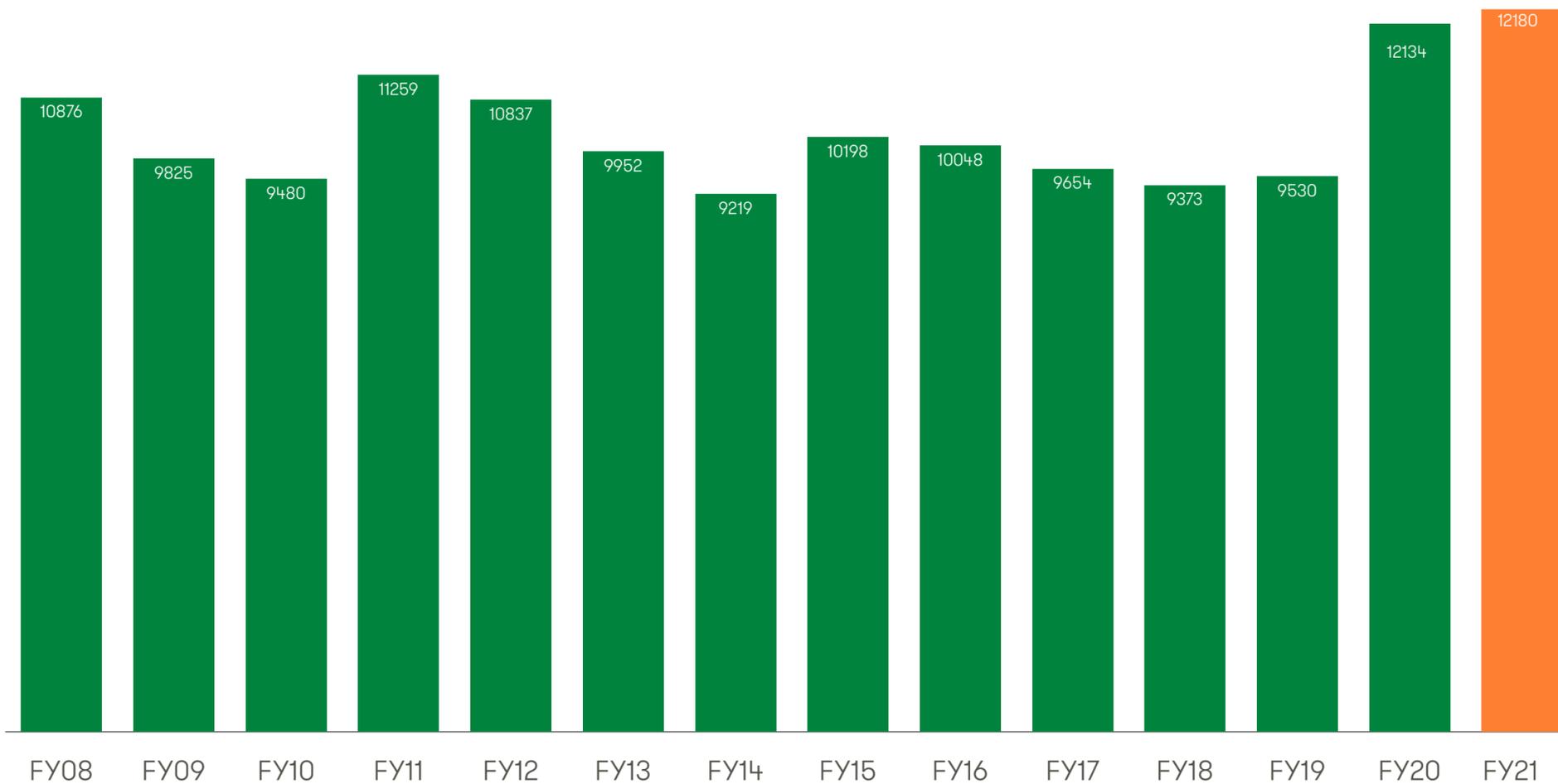
Gearing (%) Net Debt/Total Assets



- Target range is 15% to 35% net debt to total assets.
- Strong settlements of 905 lots (FY20: 827 lots) drove net cash from operations of \$64.0M, well up on the prior corresponding period (FY20: \$10.6M), enabling the Company to reduce net debt and gearing to \$125.4M and 20.1% respectively.
- There is scope to fund increased investment in WIP and a programme of future acquisitions in line with the Company's significant growth ambitions.

# Effective land acquisition strategy through the cycle.

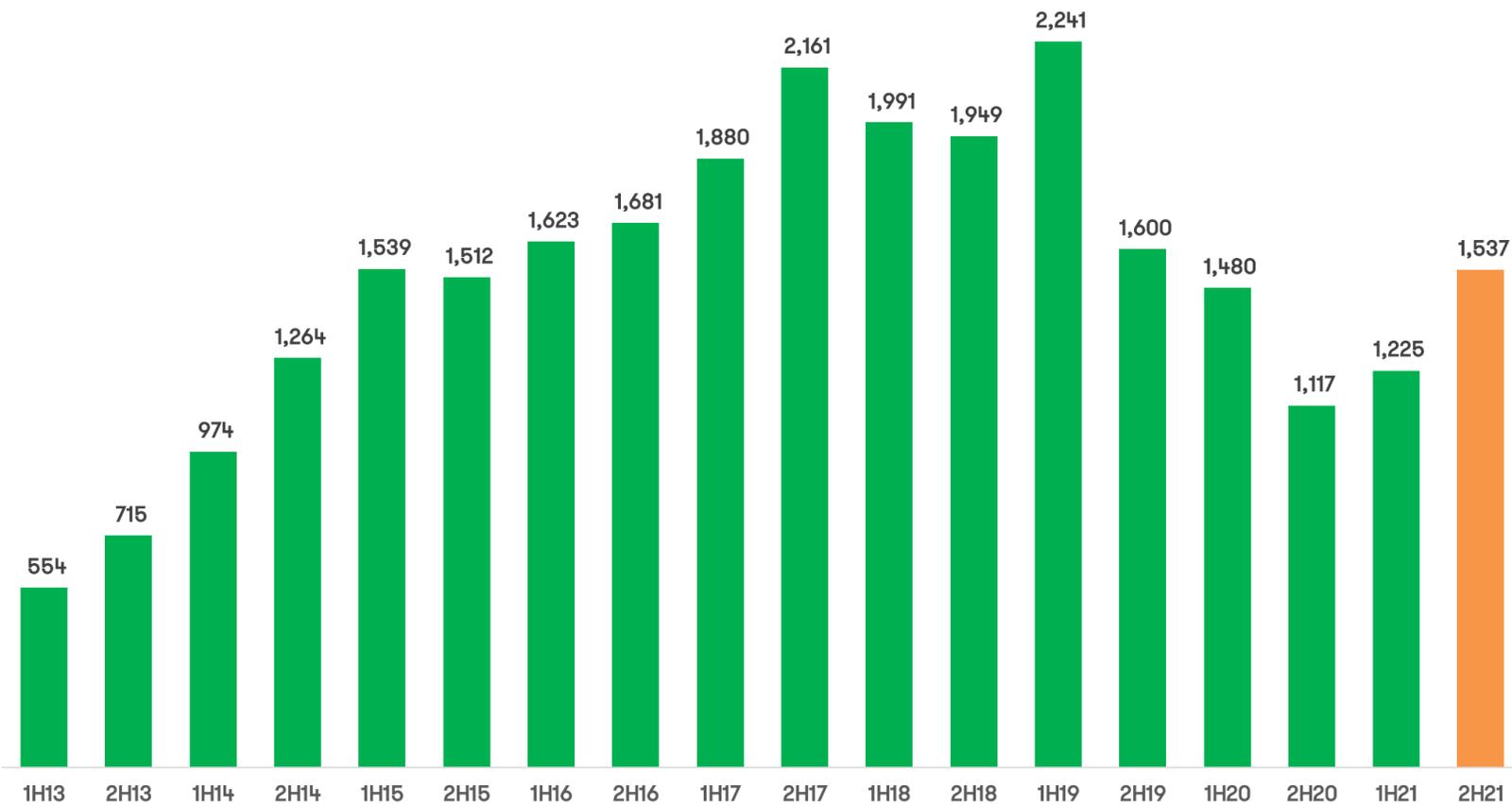
Total lots - AVJennings



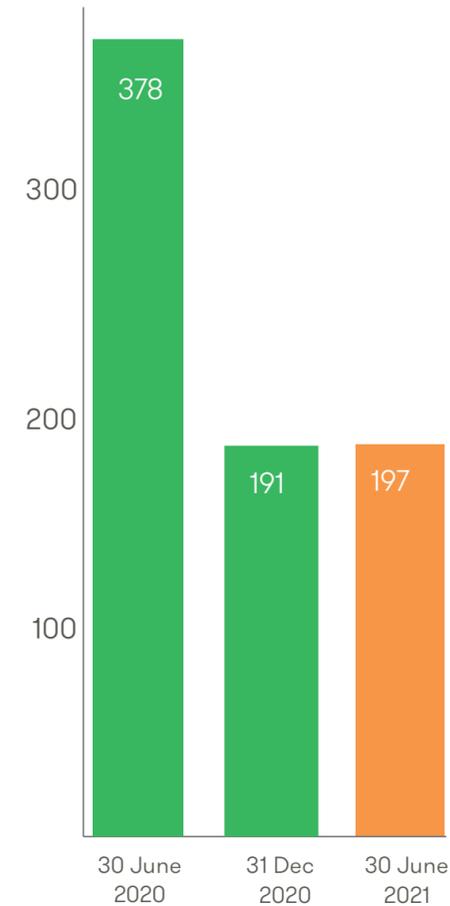
- Total inventory including land under option stood at 12,180 lots (FY20: 12,134 lots).
- Excluding land at Caboolture, Queensland (approximately 3,500 lots) over which the Company holds options, land inventory of approximately 8,680 lots was in line with the prior corresponding period (FY20: 8,634 lots).
- Based on the number of acquisitions currently under consideration, we are confident our land holdings number will increase by the end of FY22.

# Work in progress and completed unsettled inventory.

Work In Progress (Lots)

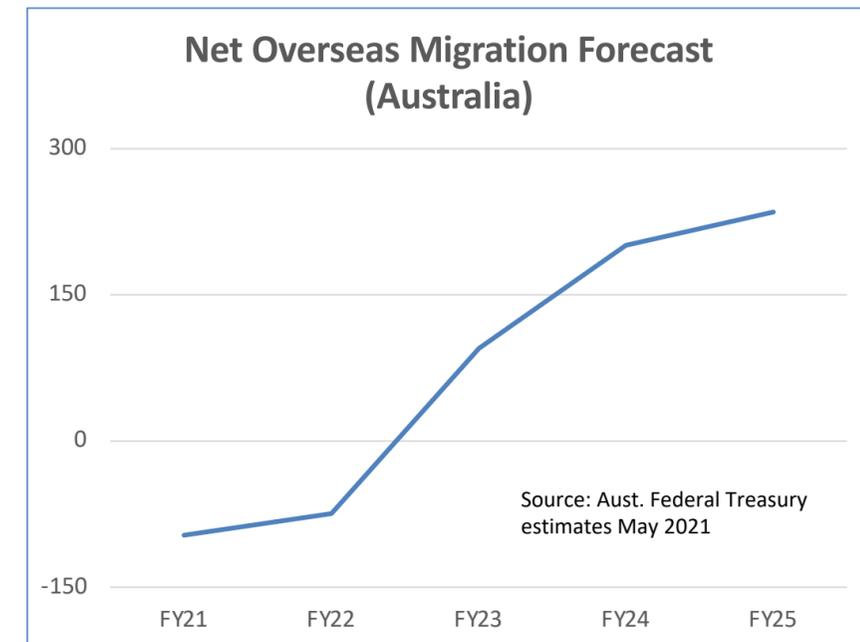
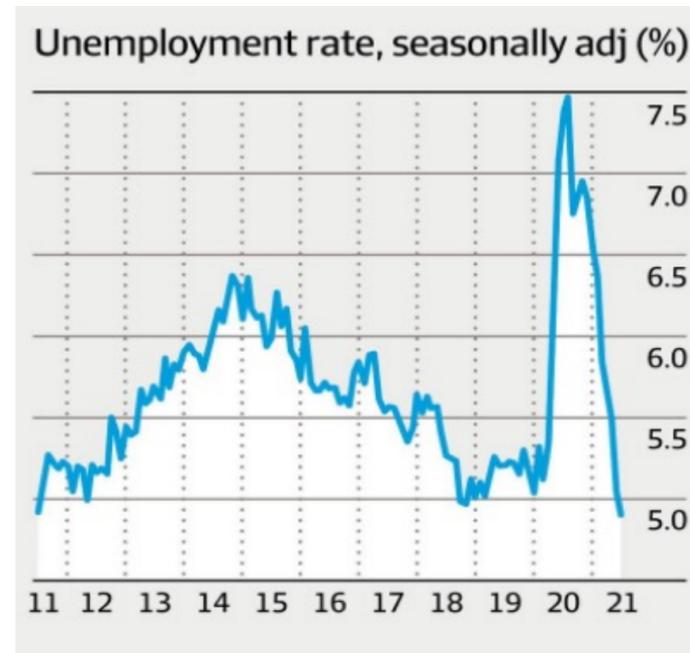
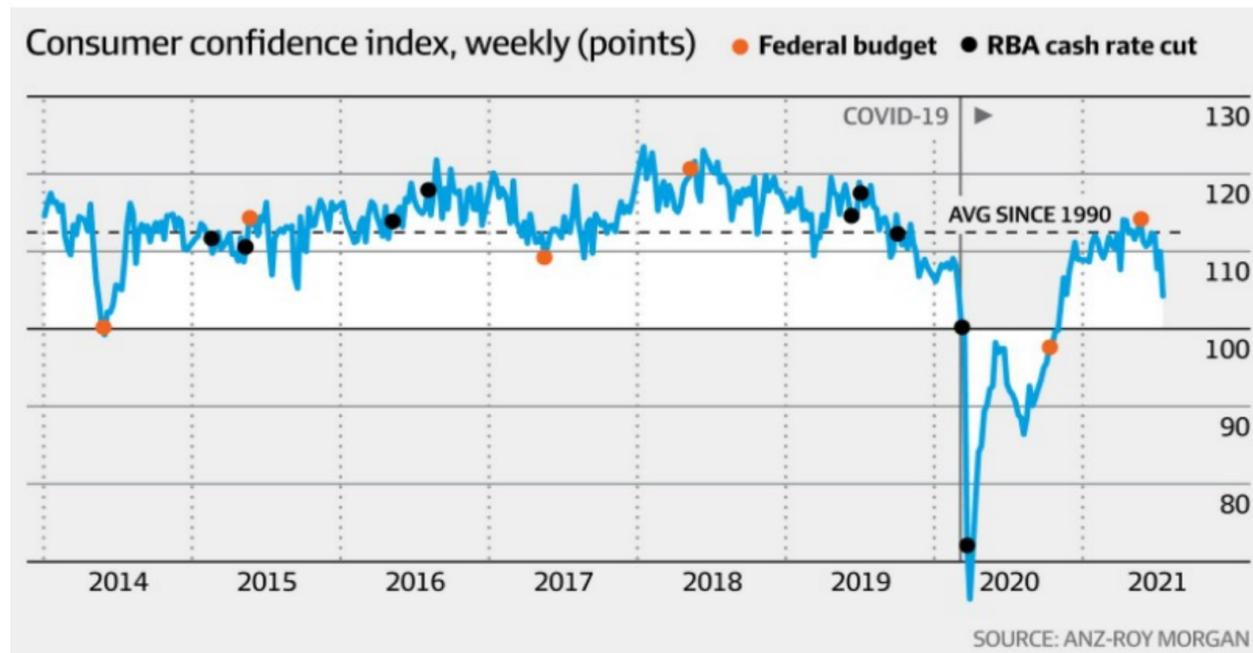


Completed unsettled inventory (Lots)



- A sustained, higher rate of contract signings and more building activity translates into higher WIP of 1,537.
- We expect to complete around 787 of these lots in FY22 (comprises land-only lots, houses and apartments), of which some 265 will be improved with dwellings (excludes apartments).
- This accelerated activity follows a pull back in activity levels in the earliest phase of the pandemic.
- Completed unsold inventory remains low and of the 197 lots unsettled at balance date, some 89 were sold.

# Economic conditions remain supportive, especially when migration resumes.

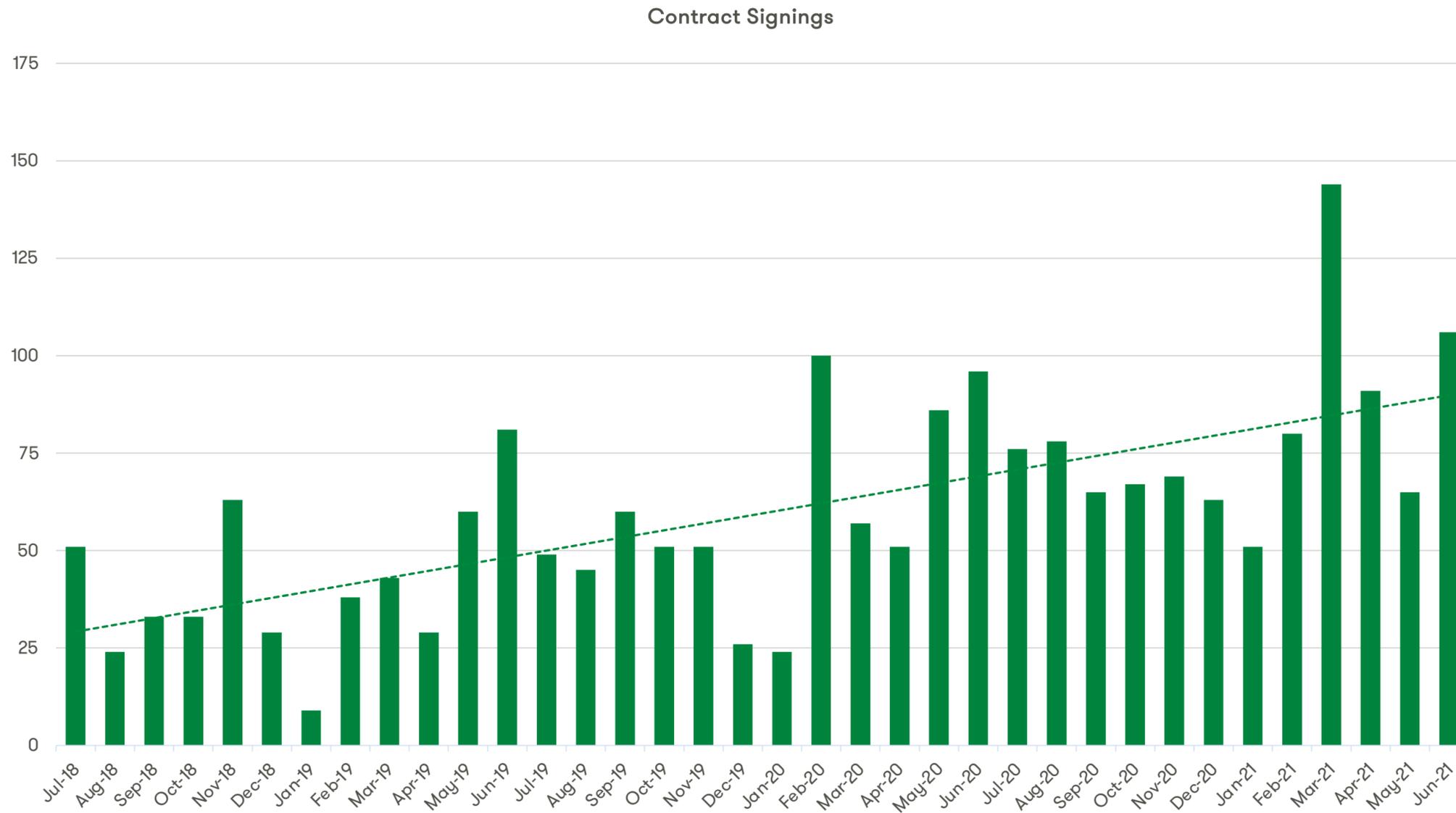


- Note: in the period 2012-2019, population growth accounted for more than two-thirds of GDP growth. More than half the population growth was from immigration (Source ABS).

# Residential sector dynamics entering FY22.

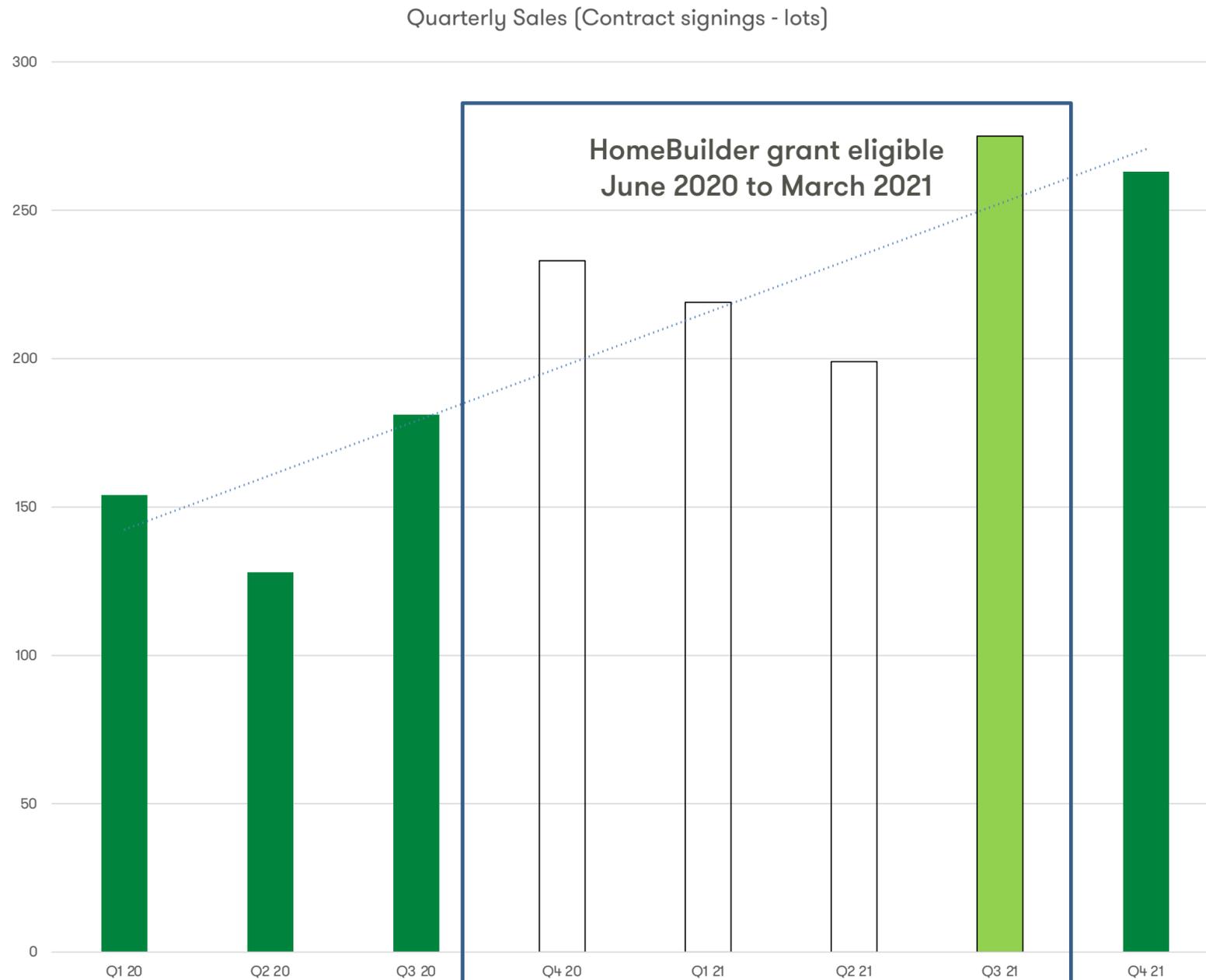
- Affordability is once again being challenged, this time by a combination of rising input costs and strong demand set against a backdrop of diminishing land supply and long planning and production lead times. Pressure is increasing on all levels of Government to relieve the negative impact of current high rates of taxes, charges, levies and regulatory red-tape on housing supply.
- While independent surveys indicate that domestic consumer and business confidence has recently diminished, this is clearly tied to the short-term impact of recent lockdowns in the east coast capitals, which are expected to progressively be relieved by the end of the calendar year.
- Medium- and long-term business confidence in the market for new housing, however, remains strong, with the price of raw land remaining firm (the recent exodus of significant mainland Chinese developers notwithstanding) and several large land parcels in growth corridors in Melbourne, Sydney and Brisbane have already transacted this year.
- As new, developable land parcels become available for construction only gradually, production bottlenecks and excess demand are likely to persist for some time, particularly as lockdowns also interrupt the supply of labour and materials.

# Sales momentum at the conclusion of FY21.



- Pleasingly, around 87 contracts per month (average April-June 2021) were signed after the conclusion of the JobKeeper and HomeBuilder programmes, demonstrating the underlying resilience of the economy and the confidence of consumers to continue to invest in housing.

# Improving sales trajectory continued POST HomeBuilder.



- HomeBuilder was extremely helpful providing confidence in the market.
- However, it wasn't the driver of sales which have maintained an improving trajectory POST HomeBuilder.
- Our evidence of sustained improvement aligns with industry data – the north region of Melbourne experienced land sales volume growth of 20% June 2021 over May 2021 (source: Core Projects).
- Sales continue to be supported by lifestyle changes: a shift away from inner-city apartments to more spacious freestanding homes and the work-from-home trend have all helped stimulate demand.
- Sustained low interest rates continue to favour the market.
- The HomeBuilder grant was reduced in Q3 21.

# AVJennings outlook.

- The Company is well placed entering FY22 with some 431 pre-sales on hand. Like other years, the earnings bias will be towards the second half, potentially more so as the country continues to experience the effects of lockdowns in the first half of FY22.
- We are well placed in terms of stock production with work under way on some 1,537 lots. Whilst costs are increasing, so too are selling prices, giving us confidence overall margins will be maintained.
- Market fundamentals are positive – most notably macro economic indicators.
- There has also been a shift in market preferences with apartments (particularly inner-city high rise) having less appeal. We remain confident the Company's focus on traditional housing product sees us well placed for the future.
- Lockdowns have and are likely to continue to impact on economic recovery. However, we saw how quickly the economy bounced back in the latter part of 2020, and we remain confident Australia and New Zealand will have strong economies going forward.
- Closed international borders will provide a challenge in the medium term although long term we remain of the strong belief that both Australia and New Zealand will be attractive options for overseas migration.
- Our strategy, together with the quality of our people, the strength of our culture and our focus on customers will continue to differentiate and improve the performance of AVJennings.

# Q&A

「Your  
community  
developer.

# Appendices



Waterline Place  
Empress Apartments Rooftop,  
Williamstown, VIC

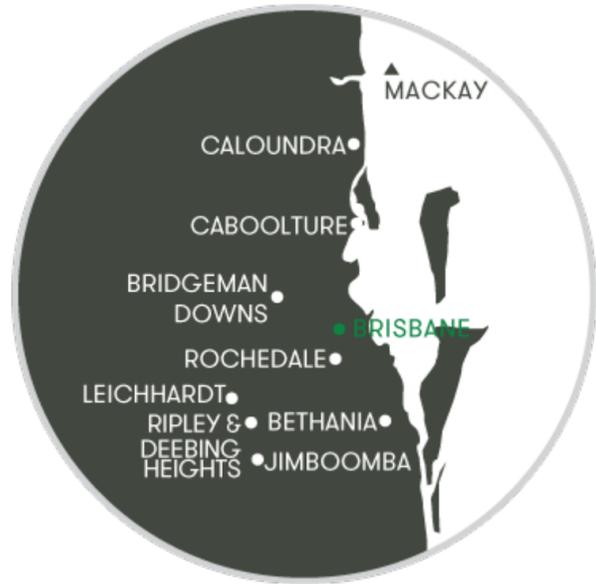
# Detailed Project Pipeline by Region.



Pre-delivery phase  
Development phase

• Project pipeline as at 30 June 2021 (excludes 14 residual lots)

# Queensland business overview.



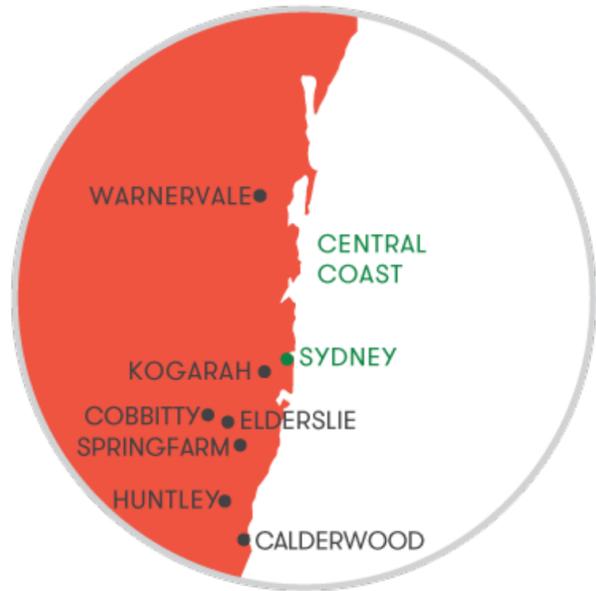
<b>NFE</b>	\$105m
<b>Total Lots</b>	5,763 Incl. Caboolture
<b>FY21 Revenue</b>	\$64m

- Queensland had a strong year with the Anise and Parkside projects now sold out and construction to be completed on both projects in FY22. Creekwood (Caloundra) will also trade out in FY22, a significant milestone for the QLD business.
- Riverton (Jimboomba) and Cadence (Ripley) developments have moved into full production with a mix of land and housing options to be delivered across both projects. These projects are set to continue to drive results for the business in the coming financial years. The development of key community parks across both developments are underway.
- Planning work on the Caboolture project continues with significant master planning work completed in FY21.



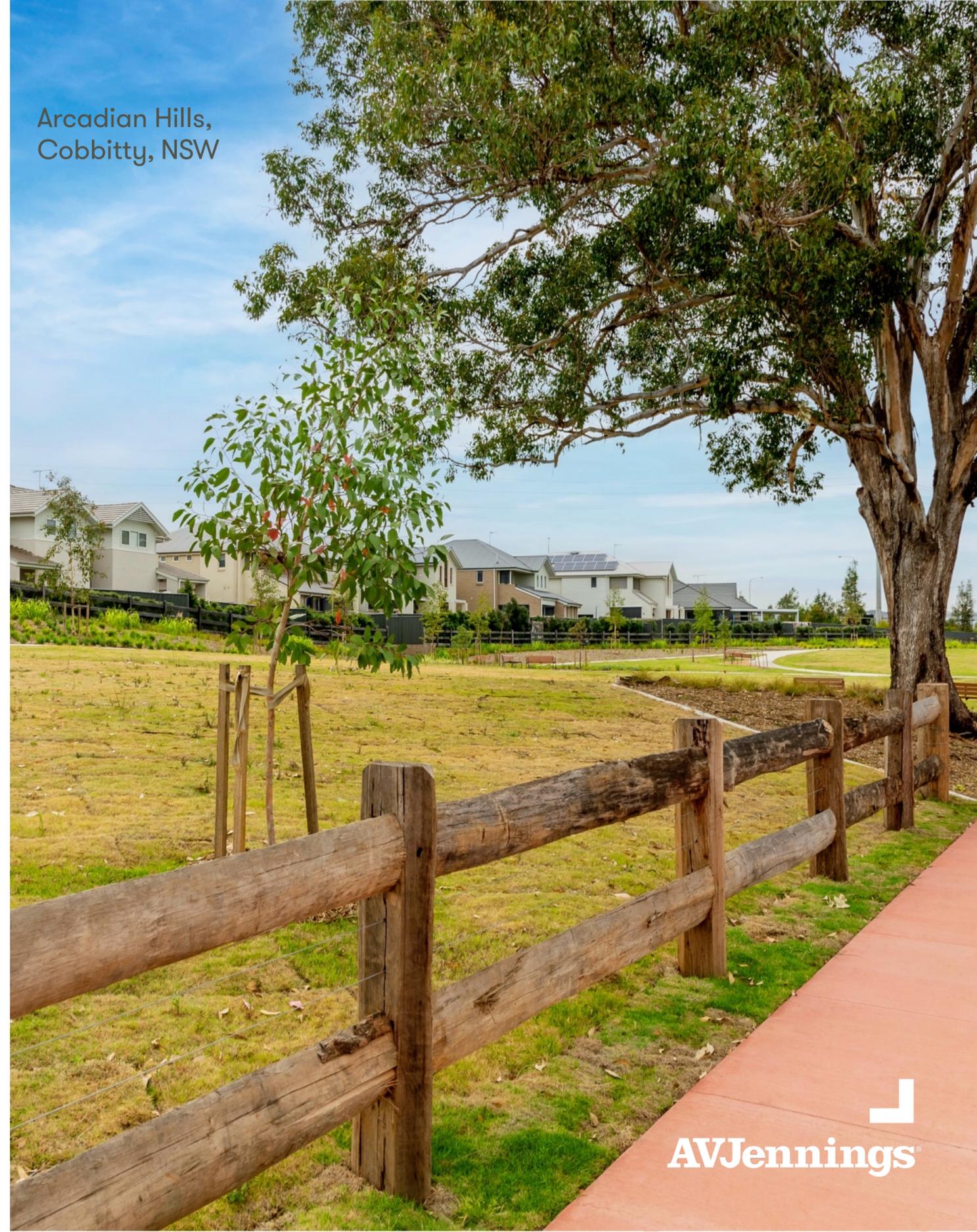
Creekwood,  
Caloundra, QLD

# New South Wales business overview.



NFE	\$141m
Total Lots	1,843
FY21 Revenue	\$77m

- Rosella Rise at Warnervale is our new community within the Central Coast. The first stage of the project will title in FY22 and we also see the opening of 4 new AVJennings display homes this year.
- At Evergreen (Spring Farm) and Arcadian Hills (Cobbitty) projects where there is a mix of built form and land development, we expect strong demand to continue through FY22
  - At Evergreen we will be opening our newest park, located in Stage 7, in second quarter FY22.



# Victoria business overview.



<b>NFE</b>	\$142m
<b>Total Lots</b>	2,319
<b>FY21 Revenue</b>	\$94m

- Lyndarum North (Wollert) residents continue to move into this master planned community taking advantage of the high-quality parks and diversity of housing choices.
- At Aspect (Mernda) sales and construction on this 230 lot development will commence in FY22.
- Brunswick West (Harvest Square) public housing renewal project will see construction commencement in FY22 and the release of the project to market in FY22.
- The award-winning Waterline Place at Williamstown saw the completion of the Empress Apartments and Bower townhomes in FY21 backed by strong sales in both projects and we now have construction underway for the Piper Townhomes which has achieved strong early sales.



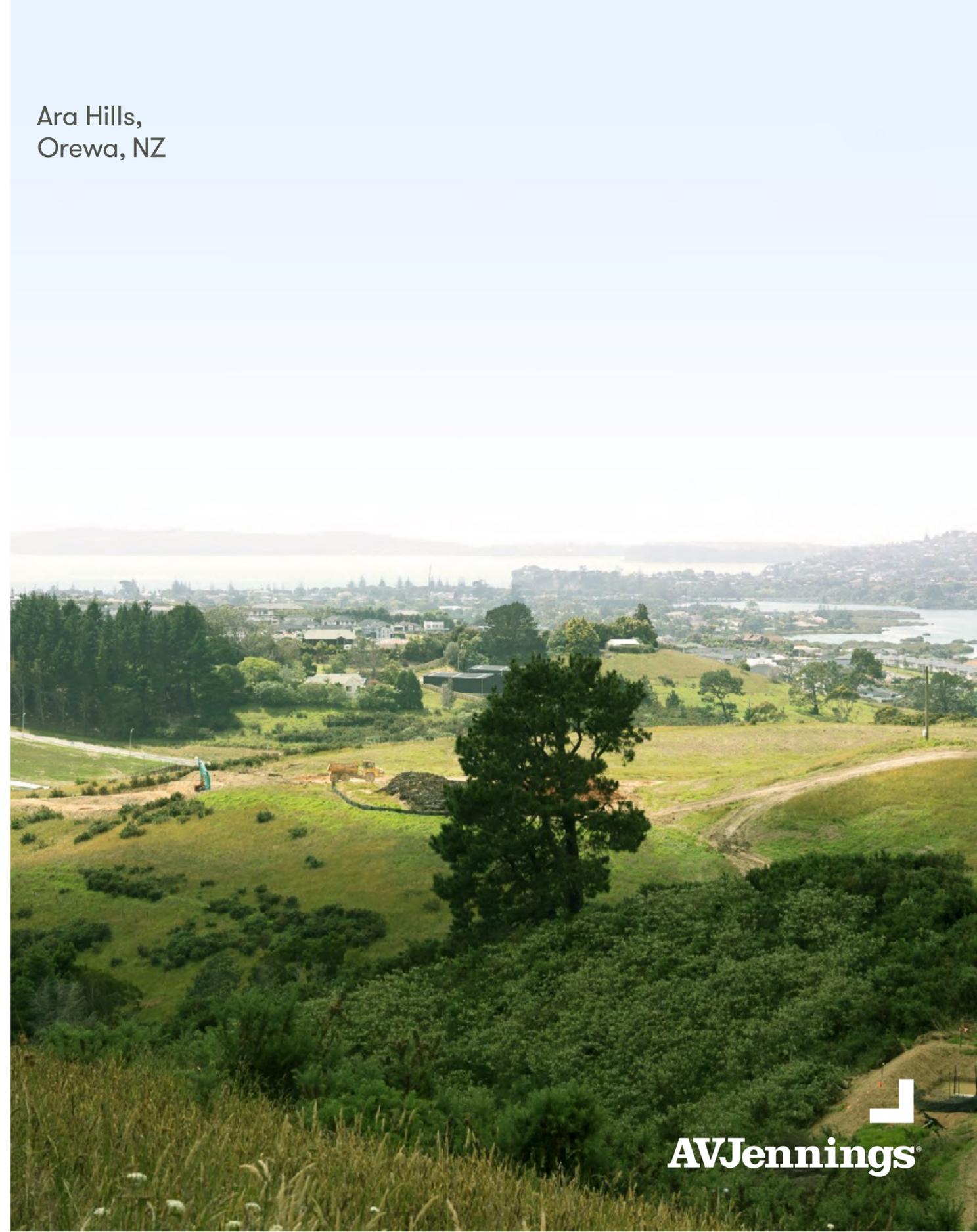
# New Zealand business overview.



NFE	\$110m
Total Lots	605
FY21 Revenue	\$44m

- Ara Hills in Orewa, north of Auckland, Stage 1 land development was successfully completed in FY21. The next stages (2&3) will release to market and commence construction in FY22.
- We will welcome our first residents to the Ara Hills community with housing construction underway in stage 1. The first section of the extensive open space network will open this year.

Ara Hills,  
Orewa, NZ



# South Australia business overview.



<b>NFE</b>	\$41m
<b>Total Lots</b>	1,516
<b>FY21 Revenue</b>	\$22m

- Eyre residential community stands apart from other developments with the amenity created in the development delivered upfront.
  - FY22 will see an increase in the number of quality affordable AVJennings built homes to be released as our built form program ramps up.
- At St Clair town home construction continues on the sold-out Piper townhomes. Design and planning on future releases is underway.
- Returning capital from older projects continues with a focus at Pathways (Murray Bridge) and Riverhaven (Goolwa North), with final stages to commence development in FY22.

St Clair,  
St Clair, SA

