

12 February 2024

ASX ANNOUNCEMENT

SIMONDS GROUP LTD FIRST HALF 2024 FINANCIAL YEAR RESULTS

Simonds Group Limited (Simonds, Group or Company) (ASX: SIO), has today released its Appendix 4D Financial Report for the six months ended 31 December 2023 (1HFY24).

Simonds reported an Earnings Before Tax Depreciation and Amortisation (EBITDA) of \$12.1 million and a net profit after tax (NPAT) at a group level of \$2.5 million.

Results for the six months ended 31 December 2023:

	1HFY24 \$ million	1HFY23 \$ million
Revenue	\$337.0	\$382.2
Earnings before interest, tax, depreciation and amortisation	\$12.1	(\$5.5)
Net profit/(loss) after tax from continuing operations	\$1.7	(\$11.9)
Net profit/(loss) after tax reported	\$2.5	(\$12.7)

1HFY24 HIGHLIGHTS

- Half year NPAT result at group level of \$2.5m reflects five consecutive months of positive NPAT delivery, following 2 years of reported NPAT losses.
- Supporting the turnaround in profitability, the business is rapidly working through the tail of older low margin jobs in the retail channel and continues to increase the revenue contribution from alternative sales channels.
- Simonds commenced 962 site starts during the period, 137 starts below the comparative period in 1HFY23. A reduction in starts for the period was expected by management given the weaker macroeconomic environment. Offsetting lower site starts, Simonds saw continued improvement in both site start value and margin of jobs started in the period.
- Revenue of \$337.0 million was \$45.2 million lower than 1HFY23 predominantly due to a lower number of jobs on site, with improved productivity supporting higher settlements. Retail starts remained softer compared to prior periods given the higher interest rate environment and the impact of cost-of-living pressure.
- The Group's liquidity position remains healthy, with available liquidity of \$34.1 million as at 31 December, comprising of \$9.6 million cash on hand and unused banking facilities of \$24.5m. In December, the banking facility was renewed and extended until 31 December 2025.
- Net asset position rose from \$14.5 million as at 30 June 2023 to \$16.9 million as at 31 December 2023.

1HFY24 OVERVIEW

Commenting on SIO's results for 1HFY24, the Group CEO David McKeown said:

"We are pleased to announce our half-year results today reflecting the impact of hard work undertaken over the past 12 months to improve profitability and put this business on a more sustainable footing. Our earnings growth of \$17.6m against the comparative period last year reflects the dual impact of lower operating costs and expanding margins on jobs going to site. This is further underpinned by a more diverse revenue mix following our recent investments into new channels to market.

Looking ahead, we see a number of leading indicators supporting an increase in retail demand although caution that affordability and consumer confidence in the sector are likely to remain challenged in the short term. In addition to further embedding our margin improvement initiatives in the second half, we will also continue to invest in our product range and brand positioning and look forward to releasing this to the market in the next few months."

OUTLOOK AND FUTURE DEVELOPMENTS

The Group remains optimistic about future trading performance given the improved margin profile of work in progress, improving retail demand and a continued focus on cost improvement. These trends continued and were drivers of a strong January performance.

The business is working to embed the newly rolled out channels and nurture several commercial partnerships to further complement the retail channel.

Recently announced economic data and the stabilisation of interest rates should improve new home buyer and investor confidence supporting growth in sales over time. The longer-term demand for housing remains strong.

DIVIDENDS

The Directors have determined that no dividend will be declared in relation to the six months ended 31 December 2023.

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For more information, please contact:

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Authorised for lodgement by the Simonds Group Limited Board of Directors.