

**SIMONDS GROUP LIMITED**  
**2024 Annual General Meeting**  
**Chair's Address and Presentation**

13 November 2024

Attached are the Chair's Address and Presentation to be delivered at today's Annual General Meeting of Simonds Group Limited (ASX:SIO).

- ENDS -

For more information, please contact:

**Rhett Simonds**

Executive Chair

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Authorised for release by the Company's Executive Chair.

# Simonds Group Limited

## 2024 AGM

13 November 2024

### Executive Chair Address

During the last 12 months, we have experienced a pivotal period of growth and transformation as a business, supported by a new strategic direction and enhanced financial performance which have provided us with the momentum to forge ahead in a challenging market environment.

In last year's AGM address, I reflected on the challenges faced by the residential building industry in FY22 and 23. A period that saw Simonds record 8 quarters of consecutive losses, before a return to profit in the first quarter of FY24. This uptick marked a significant turning point, where we began to see the positive results of several long-term diversification initiatives, a laser-like focus on operating costs and the continued resilience of a dedicated team who have remained agile in an ever-evolving industry.

Today, following the milestone 75<sup>th</sup> anniversary of Simonds celebrated last month, I am pleased to say we have built on this positive momentum throughout FY24, and we continue to stand strong and financially stable in a challenging market. Since the very beginning, our mission at Simonds has always centered on delivering *quality and affordable homes, for every dream*. With complex market conditions at play, we remain steadfast in this commitment; moving forward with a renewed focus on delivering diverse housing solutions to all those who call Australia home.

I want to take a moment to also reflect on the profound impact Simonds has had not just on the homes we build, but on the very fabric of our communities across Australia. I am proud that we have been more than just a construction company; we have been a catalyst for positive change. A wonderful example of this is our various acts of kindness across our business including the huge efforts of Simonds team members cycling thousands of kilometers in the Chain Reaction Challenge, raising millions of dollars to support children in need. This remarkable commitment speaks volumes about our values and our mission. Each initiative we undertake reflects our commitment to building not only homes but thriving communities from the ground up.

#### Financial Results & Channel Diversification

After laying the strategic foundations in FY23, making tough but necessary decisions to weather the challenging industry conditions, I am proud to reflect on the steps forward and the opportunities we have leveraged during FY24. In February 2024, we announced an EBITDA of \$12.1 million in our half yearly results. This upward trajectory continued during the year after where we recorded an EBITDA of \$23.4 million, signifying a remarkable \$34.7 million turnaround compared to the previous financial year. This upturn is testament to the proactive, strategic vision of our highly skilled and experienced team.

Over the last seven decades in business, we have witnessed first-hand the impact of external market conditions, both domestic and international, on consumer buying patterns and

sentiment across the construction sector. The current climate we are experiencing is no different. Significant interest rate hikes, the cost-of-living crisis and higher land prices have combined for a challenging environment, curbing consumer confidence and delaying entry into the market. Without doubt, this question of affordable housing will continue to dominate the Australian media landscape for some time. But importantly, it is one that Simonds as a business is well primed to answer.

In light of these persistent pain points faced by the Greenfields sector in FY24, we deepened our pursuit in delivering alternative housing opportunities beyond our traditional roots. At the forefront of our channel diversification strategy has been leveraging our scale and buying power to present favourable medium density and ready-built solutions that balance both affordability and appeal to market. With the question of affordability remaining, I am confident that we are strategically placed as a business to play a meaningful role in keeping the Great Australian Dream of homeownership alive.

From assisting new buyers enter the property ladder, to helping those impacted by builder collapses, our diversification strategy took many shapes and forms. In the wake of the liquidation of Porter Davis, our Insurance Rectification Division worked closely with the Victoria Managed Insurance Authority (VMIA) to successfully bring 400 jobs on site and settle 12 builds. We feel privileged to assist these families in getting their homes back on track.

## **Outlook**

As we enter our 75th year, with over 60,000 Australians calling a Simonds house their home, we look forward to the future with confidence and optimism. We are also encouraged by the positive momentum among some of our industry peers and remain committed to supporting and advocating for the building sector, now and always.

We thank you for your continued trust and support as shareholders. Reflecting on our last financial year of business, I feel great excitement and confidence when I look at the opportunities ahead, knowing that we have the expertise, knowledge and passion to deliver enduring value, innovation and growth to the shareholders and community.

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# Annual General Meeting

13 NOVEMBER 2024





## ACKNOWLEDGMENT OF COUNTRY

Simonds acknowledges the Traditional Custodians of country throughout Australia and their connections to land, sea and community. We pay our respect to their Elders past, present, emerging and extend that respect to all Aboriginal and Torres Strait Islander peoples today.

INTRODUCTION & ADDRESS

# Rhett Simonds

Executive Chair



# Celebrating 75 years of shaping How Australia Homes

After a pivotal period of growth and transformation, we enter our 75<sup>th</sup> year supported by an enhanced financial performance and new strategic direction aimed at delivering diverse housing solutions to those who call Australia home.





# Shaping the communities around us.

I am proud that we have been more than just a construction company; we have been a catalyst for positive change.

Team Simonds riding thousands of kilometres in the Chain Reaction Challenge to raise millions of dollars for children in need.





# Delivering the turnaround to mobilise for sustainable growth and profitability

Revenue<sup>1</sup>

**\$663.5m**

Down \$58.9m from \$722.4m

EBITDA<sup>1</sup>

**\$23.3m**

up \$34.7m from -\$11.4m

Site Starts<sup>2</sup>

**1772**

Down 179 from 1951

Available liquidity

**\$26.6m**

Down \$12.7m from \$39.3m

- **Revenue from continuing operations lower**, as residential site starts reduced in a market impacted by softer retail demand and phasing of revenue from Display sales. The Display program was re-aligned to facilitate the rollout of new designs as part of the product refresh and upgrades to the new building code standards.
- The lower residential revenue was buoyed by an **improved contribution from alternative channels**, which includes the work commenced in FY24 to support claimants of domestic building insurance impacted by insolvencies and healthy growth in the Knock Down Rebuild volumes.
- **EBITDA reflects a \$34.7m turnaround** as gross margins continue to improve, with a material portion of older low margin jobs completed, while delivering on several cost improvement initiatives during the year.
- **Residential site starts decreased** due to challenging macro economic conditions that are remaining harder for longer, offset by the increased contribution of alternative sales channels.
- **Liquidity remains healthy** with \$26.6 million available at 30 June (\$1.6m cash on hand and unused banking facilities of \$25m) providing sufficient headroom for investment into growth initiatives and to support working capital needs.

1. From continuing operations

2. Excludes any display homes

Note: All comparisons are to the prior corresponding period (pcp) unless otherwise stated.

# FY25 Key Initiatives

Continued product development to address emerging consumer needs around flexible living spaces and affordability.

## Channel diversification

- Medium Density: Investing in increased operational and design capability to support expansion in this channel.
- Government: Working closely with government and developers to support the delivery of affordable housing initiatives.

## Sustainable profitability

- Allocation of capital to initiatives supporting revenue and margin expansion across all channels and improving supply chain efficiency.
- Continued focus to streamline the cost base to align with market conditions and effectively deliver the channel requirements.

## Product innovation

- Development of new small lot, affordable housing & Medium Density design solutions.
- Upgrading designs supporting the new product hierarchy and construction standards going live in South Australia 1H FY25.

## Operational transformation

- Improve the customer journey through the roll out of a new CRM with enhanced feature and customer interface capability.
- Investment in a new Gallery offering and resourcing to deliver improved customer experience.
- Continued focus on delivering operational efficiencies.

# Thank you.

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Authorised for lodgement by Simonds Group Limited Executive Chair

