

27 May 2015

SIMONDS GROUP (ASX: SIO)

ASX ANNOUNCEMENT

SIMONDS GROUP MARKET UPDATE

Simonds Group Limited (ASX: SIO) is pleased to provide the following market update.

Positive residential market conditions driving sales

Market conditions for Simonds Homes remain favourable, with the industry forecasting continued growth in housing starts across the company's key markets of Victoria, New South Wales, Queensland and South Australia.

The Simonds Homes sales pipeline, which currently stands at \$441 million, continues to be the strongest it has ever been in the company's 65-year history, providing a very solid base for the remainder of calendar 2015 and into 2016.

Simonds Group Managing Director and CEO, Mr. Paul McMahon said: "Simonds is benefitting from strong residential building activity in our key markets, with strong site start allocations into FY2016 and delivering our goal of consistent site starts and revenue generation in our business."

Builders Academy Australia

Simonds Group's Registered Training Organisation, Builders Academy Australia (BAA), is also performing strongly and generating growing returns.

Student numbers continue to grow strongly with additional course offerings. The business currently has over 4,254 enrolled participants reflecting strong demand for BAA's quality training.

The acquisition of City-Wide Building and Training Services, which was announced to the market in January 2015 and is due to complete in the coming weeks, will further add to this, allowing BAA to extend its offering to the New South Wales and Queensland markets, and in Certificate II and Certificate III building and construction qualifications.

"Builder Academy Australia continues to be an exciting part of our business with students supporting our "builders training builders" ethos. We have made significant headway in growing the brand amongst the student demographic and this is being reflected in our student enrolment numbers", Mr. McMahon said.

New and improved debt facility

The Group has recently finalised corporate finance arrangements with the CBA for new 3-year facilities totaling \$39 million.

The Group's capital light business model continues to deliver substantial returns on equity, and these facilities put the company in a strong financial position to fund both organic and inorganic growth.

The facility contains standard covenants appropriate for the Group's medium-term needs. It delivers a high degree of flexibility within its arrangements and provides the Group with secure access to competitively priced long-term funding.

2015 Prospectus Forecast

Against this backdrop, Simonds Group re-affirms it is on track to deliver at least its Prospectus forecasts for FY15.

The Group is targeting a dividend payout ratio of 65% of NPAT for the period from listing to 30 June 2015.

ENDS

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About Simonds Group (ASX code SIO)

Simonds Group Limited is an ASX listed integrated homebuilder (Simonds Homes) and Registered Training Organisation (Builders Academy Australia). Simonds Homes is the number one homebuilder in Victoria and currently operates display homes in over 57 locations across Victoria, Queensland and South Australia with plans in place to expand display homes in New South Wales.

Builders Academy Australia is a Registered Training Organisation with a focus on offering nationally accredited qualifications in building and construction. The origins of Builders Academy Australia date back more than ten years, when the Simonds Group established its training division. Builders Academy Australia offers training programs to over 4200 participants in Victoria. Embedded within one of Australia's leading home builders, Builders Academy Australia is 'builders training builders', offering a clear career employment pathway for course participants as well as a well-trained network of employees, suppliers and contractors of Simonds Homes.
