

Simonds Group

FY2015 Results Presentation

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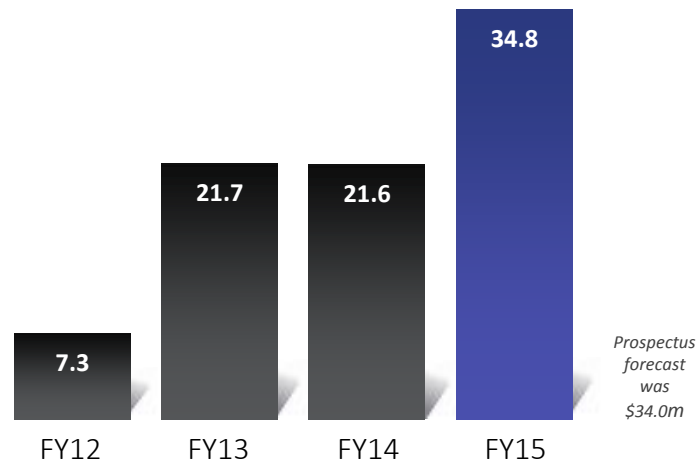
Simonds Group

FY15 highlights

Prospectus forecast exceeded

- Maiden dividend of 5.3 cps (fully franked) for the period since listing to 30 June 2015
- On-market share buy-back program of a maximum of 7.5m (~5%) shares announced
- Record profits for both Simonds Homes Australia and Builders Academy Australia (BAA)
- Pro forma Revenue up 16.7% to \$634.4m
- Pro forma EBITDA of \$34.8 up 61.1% YOY
- Pro forma NPAT of \$21.1m up 80.3% YOY

Pro forma EBITDA (\$m)



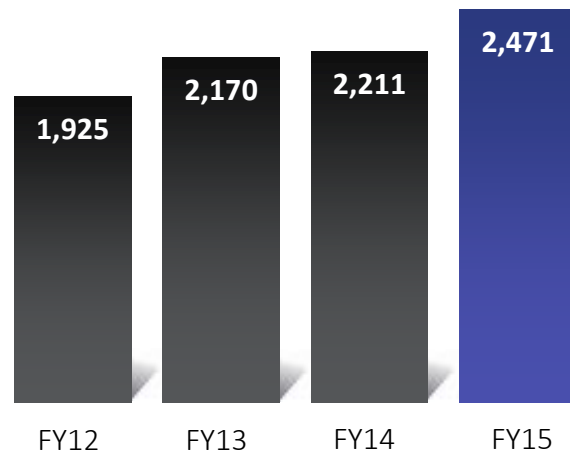
FY15 Result (\$m)	Revenue	EBITDA	NPAT
Pro forma	\$634.4m	\$34.8m	\$21.1m
Statutory	\$628.8m	\$2.4m	(\$8.9m)

FY15 highlights

A year of continued growth

- Simonds Homes Australia's east coast growth ahead of schedule
- Company record site starts of 2,471 homes
- Expanded course offerings and enrolment growth to 5,578 enrolments during FY15
- BAA platform secured in QLD & NSW through acquisition of CWBTS
- Expanded 3 year \$39m debt facility in place supports future growth

Simonds Homes Site Starts



Group structure

Diversified earnings strategy



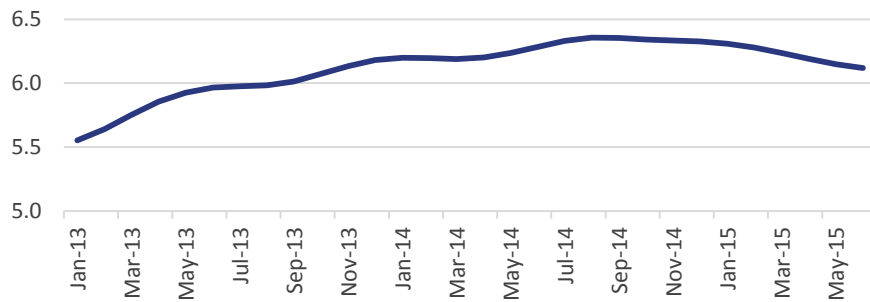
Market forces - housing

Demand for new housing to remain strong

Net migration	FY15	FY16	FY17	FY18	FY19	FY20
VIC	63,300	58,500	52,500	48,500	45,565	50,190
NSW	64,500	58,700	55,640	51,650	47,010	47,280
QLD	25,500	24,500	27,085	31,250	38,800	44,880
SA	7,500	7,000	6,500	6,000	7,640	9,300

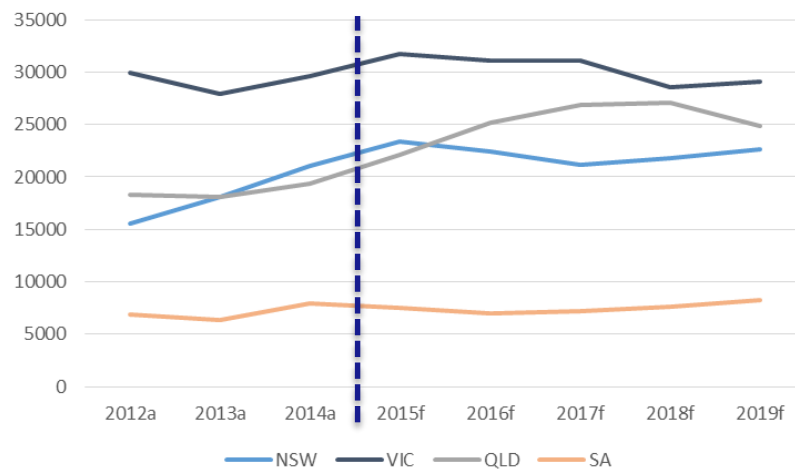
Source: BIS Shrapnel

National Unemployment (%)



Source: ABS

Detached dwellings forecast (000's)

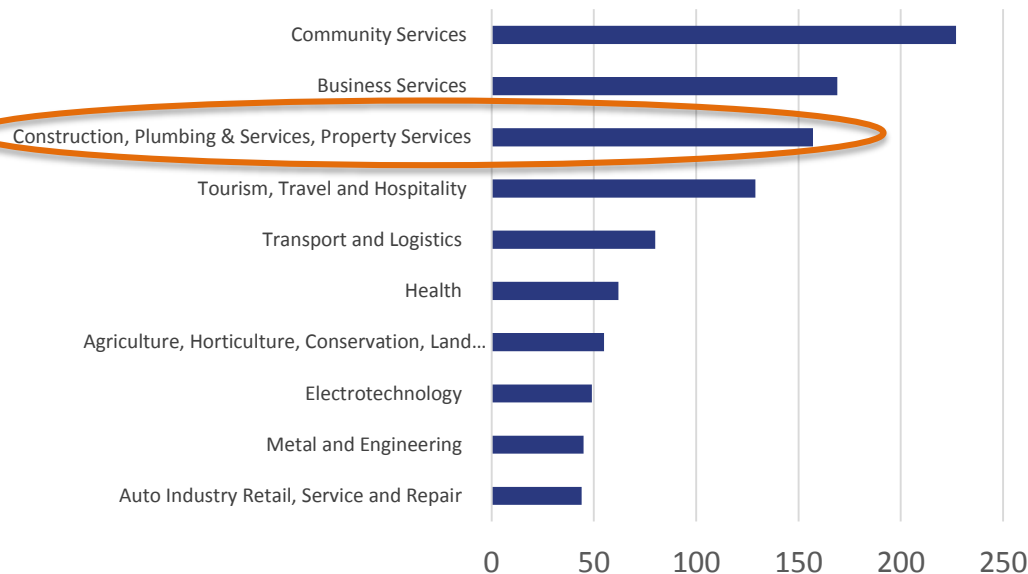


Source: HIA July 2015 update

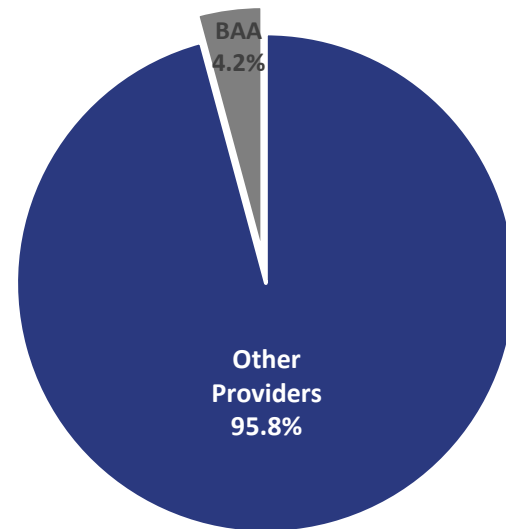
Market forces – VET training

Opportunity for growth in the building & construction ‘vertical’

Top 10 Govt. funded verticals by student no's (000's)



Source: NCVER 2014 Calendar Year



BAA's share of funded students in vertical

Source: NCVER (data reflects BAA FY15 student enrolments / NCVER 2014 funding statistics)

Simonds Homes Australia

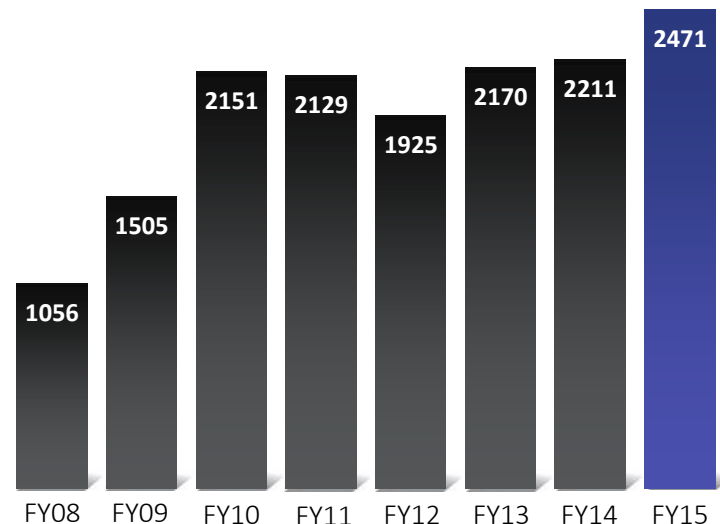


Simonds Homes Australia

Record site starts, EBITDA and revenue

- FY15 pro forma EBITDA result of \$24.7m
- Site starts of 2,471 homes
- Pro forma Revenue of \$600.2m up 12.0% YOY
- All states profitable
- Increased display home footprint to 107 display homes across 58 locations
- Strong relationships with key land vendors

Site Starts



Multi-brand strategy

Supporting diversified earnings



Key achievements in FY15

Margin growth, cost control and sensitivity programs

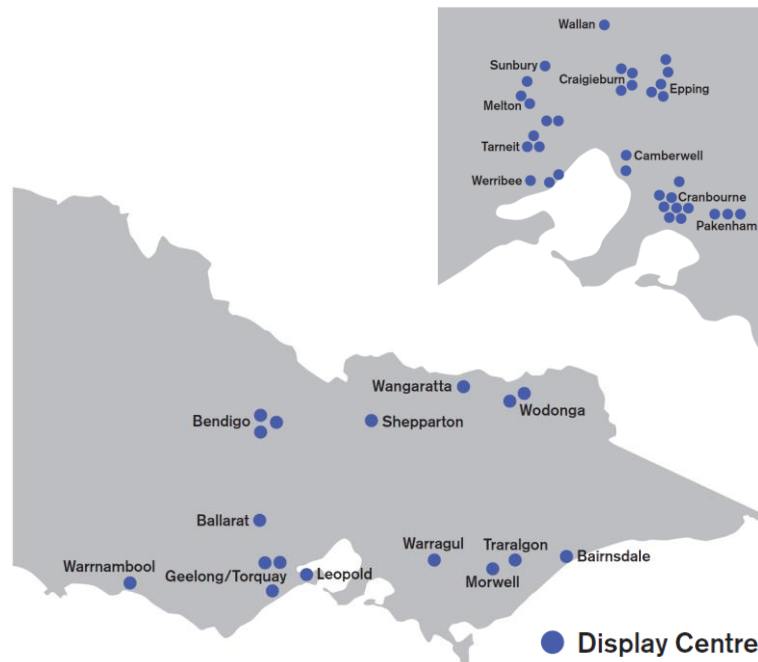
- ✓ Margin growth - market leading selection galleries provide clients with many options to upgrade
- ✓ Cost control - strong focus on supplier engagement results in outcomes that are beneficial to all parties
- ✓ Sensitivity programs - greater flexibility of workforce to ensure scalability
- ✓ Growth into new markets - pool of resources supports expansion
- ✓ Efficiency programs - Investment into IT infrastructure to provide substantial improvements to efficiency and flexibility - system integration to be implemented during 2016



Simonds Homes - Victoria

Sustained success as Victoria's No.1 builder

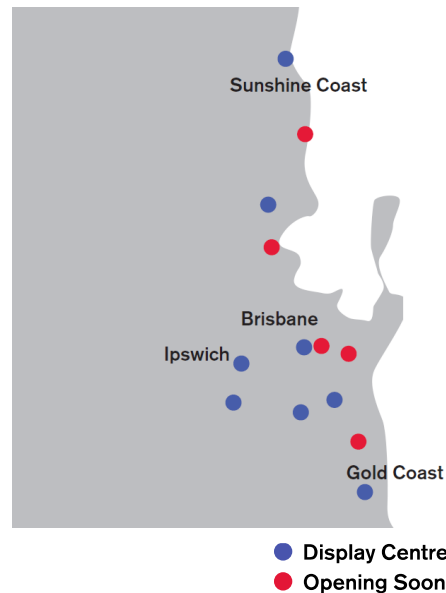
- Site starts of 2,027 up 7.5% YOY
- Increase in sales accepts by 14.0% YOY
- Stable and mature display home program with 93 display homes across 51 locations
- Continued growth of Metropolitan (knock-down rebuild) business



Simonds Homes - Queensland

Well positioned in a rising market

- Significant expansion into Queensland
- Site starts of 173 up 54.5% YOY
- Increase in sales accepts by 48.0% YOY
- Expanding display home program with 22 display homes to be open by June 2016 across 13 locations
- New Gallery set to open in 1H FY16



Simonds Homes – South Australia

Continued solid results in a steady market

- Site starts of 161 up 21.0% YOY
- Increase in sales accepts by 43.9% YOY
- Expanding display home program with 10 display homes to be open by June 2016 across 5 locations



Blakes Crossing SA display home

Simonds Homes – New South Wales

Retail segment the key to second phase of growth

- Site starts of 110 up 52.8% YOY
- Increase in sales accepts to 228 in FY15
- Expanding display home program with 11 display homes to be open by June 2016 across 5 locations
- Retail strategy to reflect more accurately in FY17 results



Builders Academy Australia (BAA)



BAA highlights

Focused on quality training, compliance & growth

- Prospectus pro forma EBITDA forecast exceeded by 6.1%
- \$23.2m revenue up from \$3.8m in FY14
- Students sourced by BAA directly increased from 7% to 54% over the course of the year
- BAA QLD & NSW now firmly established following CWBTS acquisition finalised in July 2015
- Funding agreements now in place with 3 state governments
- Independent Advisory Committee established

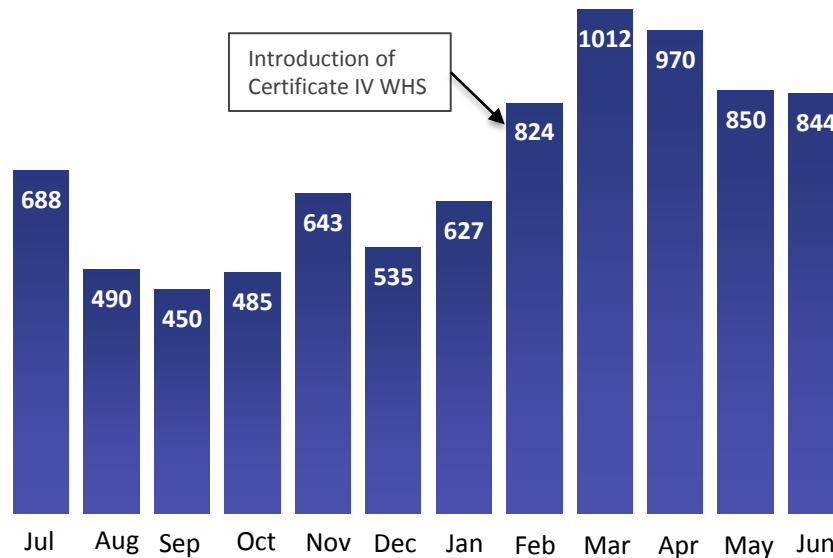


BAA highlights

Course expansion to drive future growth

- Average course registrations continue to increase
- Course enrolment numbers were 4,155 at FYE15
- Certificate IV WHS commenced in Feb 2015, albeit at a lesser course value than other Certificate IV courses
- Certificate IV Plumbing & Services recently added to scope with initial demand exceeding expectations
- ~6 new courses to be launched by December 2015

Course Registrations



BAA's 'vertical'

A proven strategy of “builders training builders”

- Sticking to building & construction vertical
- Industry leading curriculum development team that continues to grow
- Robust governance framework; including Independent Advisory Committee
- Continued leveraging from Simonds Homes Australia's supply chain
- Trainers with real-life and current practical experience

Education Level	Learning Description	Status
Advanced Diploma	Selecting contractors, overseeing work & quality, and liaising with the client	<ul style="list-style-type: none">• Expected to commence in 2H FY16
Diploma	Specialised skills/project management skills. Building & Const. management Business management	<ul style="list-style-type: none">• Commenced training in 2 qualifications• 2 more in late 2H FY16
Certificate IV	Building & const, sales, frontline management. Management qualifications	<ul style="list-style-type: none">• 3 qualifications• At least 6 more in FY16
Certificate III	Trade qualifications. Carpentry, joinery, paving, concreting, tiling etc.	<ul style="list-style-type: none">• 3 qualifications• At least 5 more in FY16
Certificate II	Introductory building & construction courses & pre-apprenticeship	<ul style="list-style-type: none">• 2 qualifications
Short Courses	1-5 day short courses that provide experience to students in specialist areas	<ul style="list-style-type: none">• To be introduced 2H FY16

BAA Marketing

Branding success driving new students

- Operating in a 'vertical' enables very clear messaging and demographic targeting
- Marketing campaigns have exceeded expectations and increased brand awareness
- TV & radio campaigns are driving inbound enquiries
- Marketing supports strategy of achieving balance between students sourced from third party referrers and BAA staff
- Bringing sales in-house results in greater visibility, control and efficiency



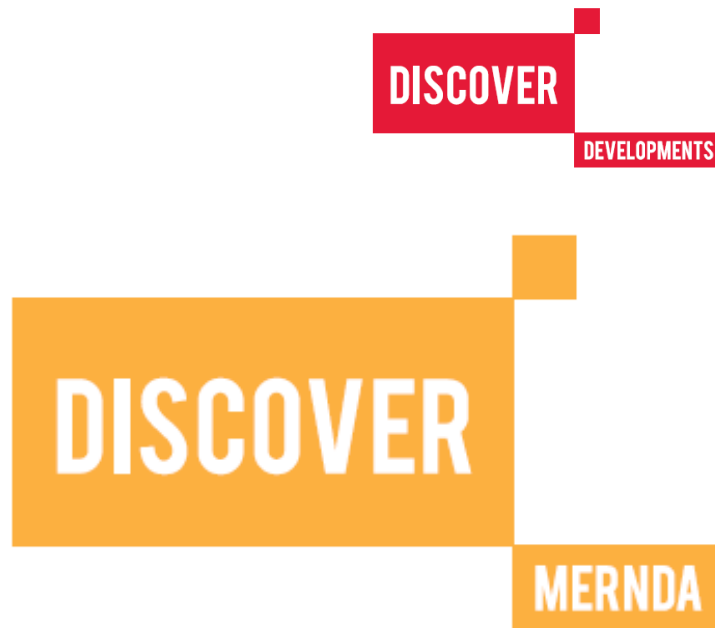
Discover Developments



Discover Developments

New profitable income stream

- Profitable projects that will also provide alternate land sources for Simonds Homes Australia
- 2 sites totalling 67 lots secured and due to be developed in FY16
- Land fund being established to reduce capital requirements for Simonds Group
- Projects managed internally resulting in greater control and project management fees



Group financials and outlook



Financial highlights

All prospectus metrics exceeded

- On-market share buy-back announced
- Maiden dividend of 5.3 cps (fully franked)
- Revenue up 16.7%
- EBITDA \$34.8m (up 61.1%)
- NPAT of \$21.1m (up 80.3%)
- Pro forma EPS of 13.9 cps

\$m	Pro forma historical			
	FY13	FY14	FY15	Prospectus
Revenue	547.3	543.8	634.4	638.2
Gross Profit	112.2	116.7	142.3	140.7
	20.5%	21.5%	22.4%	22.0%
EBITDA	21.7	21.6	34.8	34.0
NPAT	11.3	11.7	21.1	20.4
EPS (cents)			13.9	
DPS (cents)			5.3	
Div Payout Ratio			65%	

Statutory Reconciliation (\$m)	EBITDA	NPAT
Pro forma result	34.8	21.1
IPO Share-based Payments (non-cash)	(26.8)	(26.8)
IPO Costs	(4.9)	(4.9)
Restructure & Non-Recurring Items	(0.7)	(0.7)
Tax Adjustment	0.0	2.4
Statutory result	2.4	(8.9)

On-market share buy-back & dividend

Delivering value for shareholders

- Board has approved on-market buy-back of ~7.5m shares (~5% of issued capital) over next 12 months
- Commence not before 7th September 2014
- Purchase of shares will only be implemented where opportunities exist to buy-back shares which are accretive to SIO earnings and distributions
- Dividend payment of 5.3 cps (65% payout ratio) fully franked
- Dividend ex-dividend date Wed 26th August 2015
- Dividend payment date Fri 25th September 2015



Balance sheet

Providing certainty in growth strategy planning

- Continue to maintain low debt levels
- 3-year \$39m corporate debt facility in place
- 'Other Assets' includes BAA NSW/Qld acquisition, continued IT investment, DTA movement
- Ability to capitalise on expansion opportunities as they arise

Balance Sheet (\$m)		FY15	FY14
Assets	- Cash / Equivalents	5.5	15.9
	- Receivables	45.0	42.9
	- Inventories	71.7	63.9
	- PP&E	7.4	6.8
	- Other	14.5	6.2
Total Assets		144.1	135.7
Liabilities	- Trade / other payables	75.7	82.8
	- Debt	2.8	2.9
	- Provisions	18.2	17.4
	- Other	20.7	17.7
Total Liabilities		117.4	120.8
Net Assets		26.7	14.9

Cash flows

Investing in display homes

- Cash flow from operations \$9.5m
(after tax payments of \$10.3m)
- Net activity in Display Homes \$15.7m
- \$8.4m Investment includes \$3.0m in BAA
Qld/NSW acquisition
- Financing activities includes net cash flow
from IPO
- Facility headroom at FYE ~\$30m +

Summary Cash Flows (pro forma) (\$m)	FY15	FY14
Cash flows from operating activities		
Receipts from customers	609.0	538.3
Payments to suppliers/employees**	(588.2)	(516.2)
Interest paid	(1.0)	(1.2)
Income taxes paid	(10.3)	0.0
<u>Net cash generated from operating activities</u>	<u>9.5</u>	<u>20.9</u>
Cash flows from Display Homes activity		
<u>Net cash from Display Homes activities**</u>	<u>(15.7)</u>	<u>6.2</u>
Cash flows from investing activities		
<u>Net cash from investing activities</u>	<u>(8.4)</u>	<u>(2.6)</u>
Cash flows from financing activities		
<u>Net cash from financing activities</u>	<u>4.2</u>	<u>(22.1)</u>
Net increase (decrease) in cash	(10.4)	2.4
Cash / Equivalents at end of year	5.5	15.9

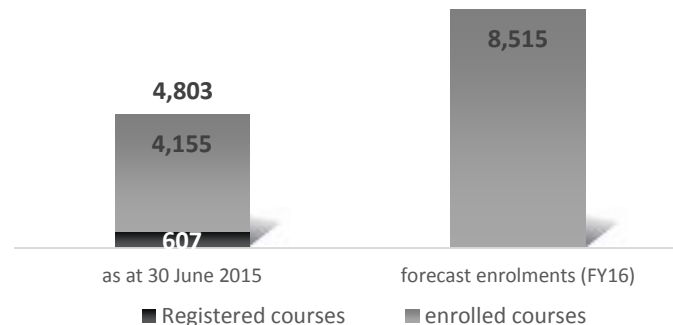
***Pro forma summary reflects proceeds (investment) in Display Homes separately*

Group outlook

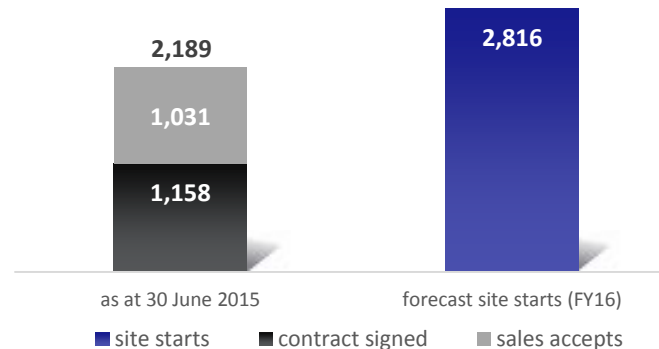
Well positioned to deliver in FY16

- Simonds Homes Australia's sales pipeline at an all time high
- Growth States the key to expanded future earnings for Simonds Homes Australia
- BAA course pipeline continues to grow with new course offerings
- VET Fee Help application pending to diversify future earnings
- Future acquisition opportunities will continue to be explored for both core businesses
- Well positioned to continue to deliver sustainable growth in FY16 and beyond

BAA Course pipeline



Simonds sales pipeline



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