

ASX ANNOUNCEMENT

Simonds Group Limited 2015 Annual General Meeting Chairman's Address / CEO Update

Melbourne 18th November 2015: Simonds Group Limited (ASX: SIO) is pleased to provide, in accordance with Listing Rule 3.13, the Chairman's address and CEO's update which will be delivered at the Annual General Meeting being held in Melbourne today, commencing at 1.00pm (AEDT).

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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 115 display homes in over 60 display locations across Victoria, New South Wales, Queensland and South Australia.

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 across Victoria, New South Wales and Queensland with over 5,500 course enrolments in FY15.

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.

Chairman's Address: Mr Gary Simonds.

Good afternoon everyone,

As chairman of Simonds Group, it is my pleasure and honour to welcome everyone here to the inaugural AGM of Simonds Group Limited.

Before moving onto the formal part of the meeting and the business update from CEO, Paul McMahon, I would like to thank you for support of Simonds Group over 2015 – a significant year of transformation for the company.

Since listing on the ASX in November last year,

- Simonds Group has received significant support from investors, suppliers, customers and staff;
- It has experienced substantial growth in our two core operating businesses; and,
- We have faced considerable challenges in a number of areas.

Despite the continuous change within our industry, I'm very pleased to report that the Group has performed very well during our first year as a public company, exceeding our Prospectus forecasts for the 2015 financial year.

Following on in the footsteps of my grandfather Ernest and my father, Cyril, I was always destined to be a builder. I started Simonds Homes 66 years ago this year and it had always been a family business.

But a number of years ago, the family recognised that to become a truly national residential builder, we had to look further ahead. In 2007, Paul McMahon re-joined the business and over the past 8 years, together we have built a well-experienced and talented independent management team capable of providing the national platform for growth that Simonds Group is currently executing upon.

In 2014, this platform necessitated the most significant change in the group in the past 66 years – that of listing on the ASX. The management team have embraced this opportunity and the new environment and firmly focused on executing on the Group's 5 year strategy.

As part of this listing, and subsequently over the past 12 months, we have received substantial advice & support from Moelis and Morgans, from Deloitte our auditors, HWLE Lawyers and from Matthew Reid. Without their assistance, the Simonds Group ASX listing could not have occurred.

In addition, a dedicated team of Simonds staff, led by our CEO, Paul McMahon and CFO, Robert Stubbs worked tirelessly to support the listing. And we were fortunate to receive significant support from a range of new shareholders and investors.

As part of this transition, we have introduced a range of new independent directors to the Group whose skills and experience are both diverse and complementary. Your board has worked hard over the past 12 months to ensure that the right frameworks, governance and strategies are in place to position the Group for strong sustainable growth over the coming years.

I would like to acknowledge the commitment and dedication of my board members on the stage before you. The sheer volume of board issues and matters over the past 12 months has required a very high level of engagement by everyone concerned - I am fortunate to share the Board responsibilities with such focused and passionate individuals and I personally thank them for their support, wise counsel and collegiate approach.

In our first year as a listed company, we have achieved a number of records in site starts, student numbers, revenue, profit and dividends.

However, as we continue to execute on our strategic objectives, the Group continues to contend with regulatory, environmental and economic challenges – however, I am very confident of our team and their abilities to continue to grow the business in a sustainable and profitable manner.

I would also like to thank all of Simonds' employees, suppliers, trades, students, customers and shareholders for their ongoing support and dedication. Simonds strives to deliver an outstanding level of customer service across our businesses and this is being recognised

And finally, I would like to thank our out-going CEO and Managing Director Paul McMahon. Paul and I have spent over 15 years together at Simonds – the past 8 with Paul as General Manager or CEO. Over these 15 years, Paul's commitment, dedication and support over this time has been substantial. Thank you Paul.

In respect to Paul's replacement, I can confirm that we have engaged international search firm Korn Ferry to conduct a search on behalf of our board to find the best person for this key role. We are moving quickly forward and hope to make an appointment early in 2016.

Will you now join me in welcoming to the podium, Ms Susan Oliver, Deputy Chair of the Board, Chair of our Remuneration and Nomination Committee, and independent director, who will Chair the first Annual General Meeting of the Simonds Group.

- ends -

CEO Update

Mr Paul McMahon



Simonds Group

Diversified Earnings Strategy



Simonds Group

Diversified earnings strategy



FY15 Performance

Prospectus Forecast Exceeded

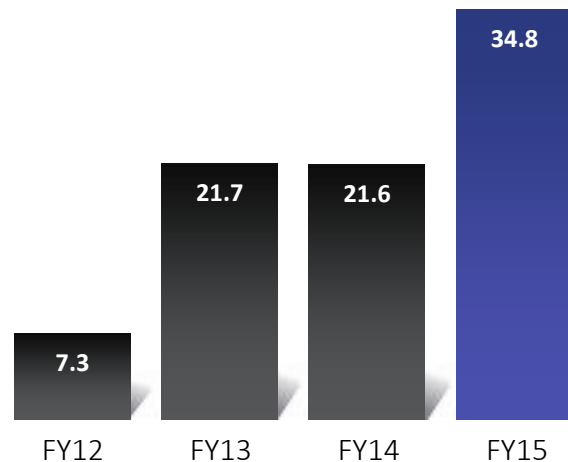


FY15 Performance

Prospectus forecast exceeded

- Record profits for both Simonds Homes Australia and Builders Academy Australia (BAA)
- Maiden dividend of 5.3 cps for the period since listing to 30 June 2015 (65% payout ratio)
- Pro forma Revenue up 16.7% to \$634.4m
- Pro forma EBITDA of \$34.8 up 61.1% YOY
- Simonds Homes record of 2,471 site starts
- BAA expanded course offerings and enrolment growth to 5,578 enrolments over FY15

Pro forma EBITDA (\$m)



Prospectus forecast pro forma EBITDA for FY15 was \$34.0m

Financial Highlights

All prospectus metrics exceeded



Financial highlights

All prospectus metrics exceeded

- Group Revenue up 16.7%
- NPAT of \$21.1m (up 80.3%)
- After allowance for non-cash, pre-IPO share-based payments, a statutory loss of \$8.9m
- Pro forma EPS of 13.9 cps
- On-market share buy-back of up to 5% announced(~\$7.5m)
- Low debt levels but \$39m 3-year corporate facility to fund expansion opportunities

\$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

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)

Cash flows

Investing in our national footprint

- Cash flow from operations \$9.5m
(after tax payments of \$10.3m)
- Net cash invested 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
<i>Net cash generated from operating activities</i>	<i>9.5</i>	<i>20.9</i>
Cash flows from Display Homes activity		
<i>Net cash from Display Homes activities**</i>	<i>(15.7)</i>	<i>6.2</i>
Cash flows from investing activities		
<i>Net cash from investing activities</i>	<i>(8.4)</i>	<i>(2.6)</i>
Cash flows from financing activities		
<i>Net cash from financing activities</i>	<i>4.2</i>	<i>(22.1)</i>
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*

Market Factors

Strong Demand Continues in both business segments



Market Factors

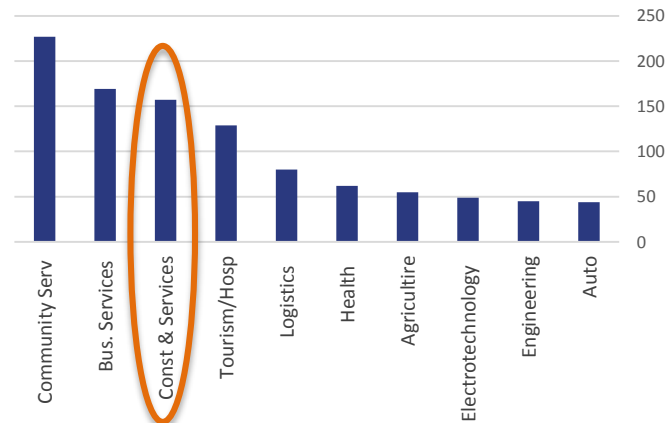
Strong demand continues in both business segments

- Strong net migration growth forecasted to continue at ~145k people per year in our chosen markets (Vic, NSW, Qld, S.A.) ¹
- Improving consumer sentiment & unemployment trending down on the east coast
- HIA forecast shows continued strength in detached dwellings to 2019 ²
- VET funding in the Building & Construction 'vertical' continues to be strongly supported by government
- Skills shortages in the sector should ensure continued support of up-skilling in building & construction

1. BIS Schrapnel

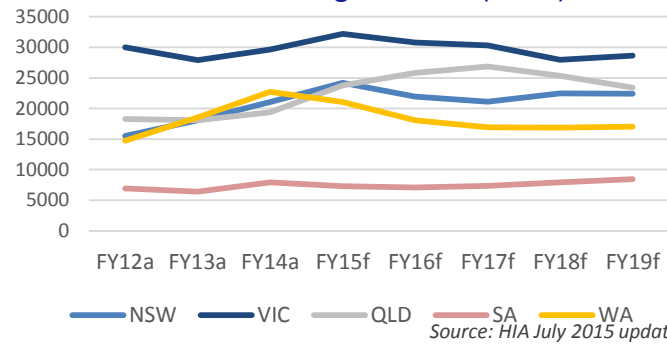
2. H.I.A. July 2015 Update

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



Source: NCVER 2014 Calendar Year

Detached dwellings forecast (000's)



Source: HIA July 2015 update

Residential division

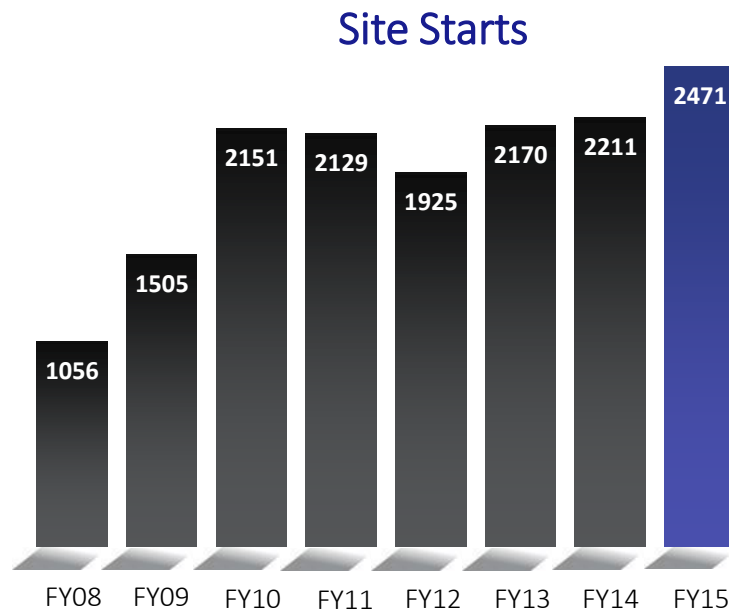
Sales Pipeline, Site Starts & National Expansion



Simonds Homes Australia

Sales Pipeline, Site Starts & National Expansion

- FY15 site starts of 2,471 homes up 11.8% YOY
- National expansion across Qld, N.S.W. and S.A.
- Recent announcement of intention to acquire W.A. home builder Gemmill Homes ¹
- Display home footprint growing to +130 by FY16 across 70 locations
- Strategic investment in colour selection, upgrade galleries in all four states to drive greater margin
- Strong relationships with land vendors provides access to key estates



1. Acquisition via option agreement up to 31 July 2016

Madisson Projects Strategic Review

- Acquired by Simonds in 2002
- Operates in the B-2-B market focussed on apartments, town-houses and medium-density
- FY15 Revenue of \$52m
- Very competitive landscape
- Industry driving unsustainable low margins
- Drag on earnings impacting overall Residential business
- Strategic review to be undertaken in conjunction with independent external consultants
- Anticipate reporting by February 2016



Builders Academy Australia (BAA)

'Builders Training Builders' driving national growth



BAA highlights

'Builders Training Builders' driving national growth

- FY15 Revenue \$23.2m
- Prospectus pro forma EBITDA forecast exceeded by 6.1%
- Strong branding driving direct-sourced students to 54%
- Course enrolment numbers were 4,155 at FYE15
- BAA QLD & NSW capability following acquisition
- Funding agreements with 3 state governments
- Robust governance framework including establishment of Independent Advisory Committee
- Course expansion plans to cover various courses within Cert II, Cert III, Cert IV, Diploma and Advanced Diploma



Discover Developments

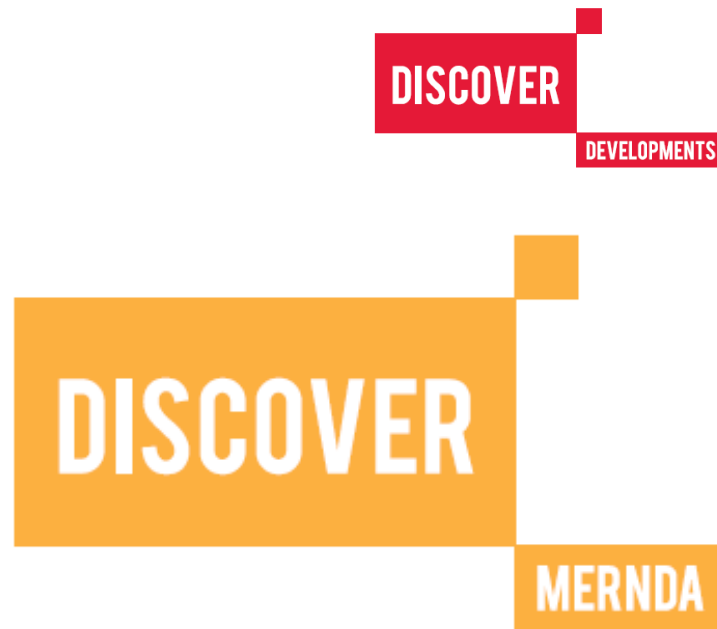
Supporting Simonds Homes growth opportunities



Discover Developments

Supporting Simonds Homes growth opportunities

- Focussed on small land developments of 30-50 lot sub-divisions
- Managed by Group with strong IRR and capable of supporting up to 10% of Simonds Homes annual requirements
- Funding for these developments will be via Syndicates or Joint Ventures with a strategic aim to have up to 20% co-investment stake
- Fund No. 1 fully equity-raised in conjunction with Moelis - 74 lots at Mernda & Officer, Vic
- Project No. 2 in Qld with 54 lots
- Portland development 30 lots



Group Outlook

Sales pipelines support FY16 & FY17 growth

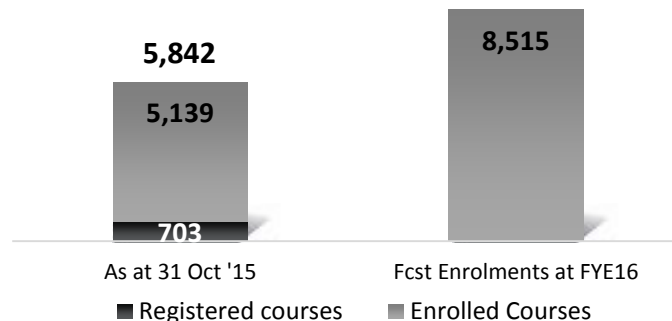


Group outlook

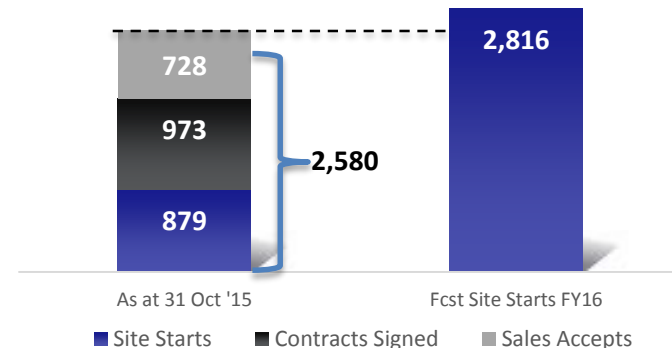
Sales pipelines support FY16 & FY17 growth

- Strong Simonds Homes sales pipeline of \$428m – titled land becoming an issue in some areas
- Investment in Qld, N.S.W. and S.A. will deliver growth in 2H16 and FY17
- BAA course offerings continue to expand; student registrations being maintained. Course pipeline at 5,842 (enrolments + registrations)
- Enrolment conversions are slightly lower in 1H16
- Strategic review of Madisson Projects to be finalised by February 2016
- Earnings guidance to be provided following strategic review

BAA Course pipeline



Simonds sales pipeline





Simonds Group