

VILLA WORLD LIMITED FY15 RESULTS PRESENTATION

19 AUGUST 2015



AGENDA

INTRODUCTION

Craig Treasure, MD & CEO

VILLA WORLD TODAY

Craig Treasure, MD & CEO

FY15 RESULTS

Paulene Henderson, CFO

OUTLOOK

Craig Treasure, MD & CEO
Paulene Henderson, CFO

ANNEXURES

INTRODUCTION

Results driven. People focused.



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2015 AT A GLANCE

Relationships, performance, growth



DEVELOPMENT
LOTS UP

32%



REVENUE UP

40%



NET PROFIT
BEFORE TAX UP

30%



MARKET
CAPITALISATION* UP

20%

*at closing price of \$2.24 on 12 August 2015

GEOGRAPHIC DIVERSITY

Growth pipeline



Portfolio of 5,191 lots representing
5 years sales

Diversified across and within east
coast states

- ~60% Queensland - 6 Corridors
- ~40% Victoria - 3 Corridors

PRODUCT DIVERSITY

Diversified and extended our product pipeline

Broadened product offering in the affordable to mid price point:

- Attainable homes and townhomes in master planned communities
- Well-located land subdivisions



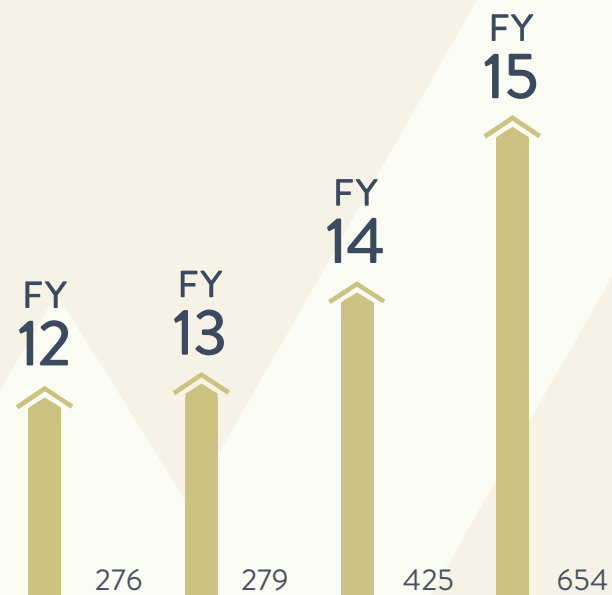
OPERATIONAL STRENGTH

Delivering growth

DOUBLED

HOUSE PRODUCTION
OVER THE LAST
3 YEARS

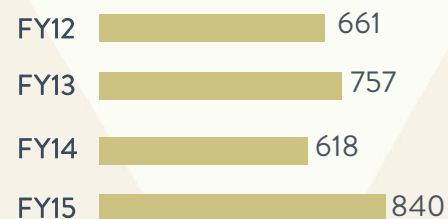
HOMES
BUILT



24% MORE

LAND PRODUCTION
OVER THE LAST
3 YEARS

LAND
DELIVERED

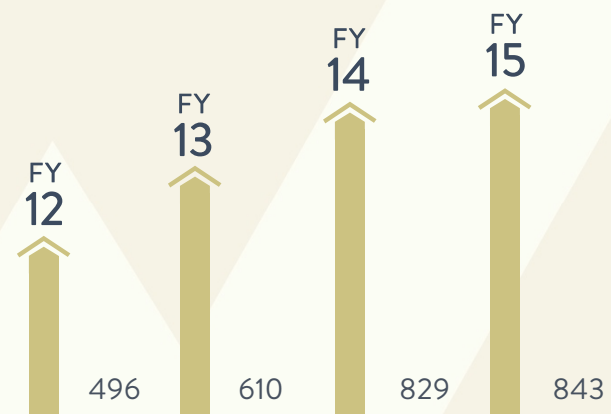


SALES

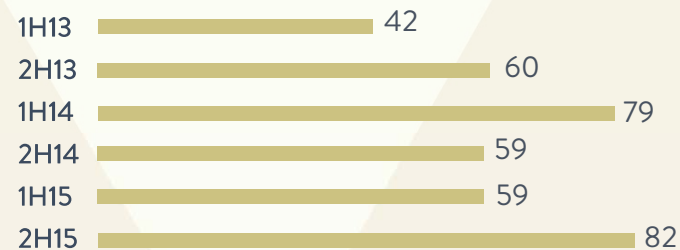
Delivering growth

843
SALES
FY2015

SALES
PER FY



AVERAGE
SALES
PER MONTH



FUNDING

Well positioned to grow long term shareholder value

BANKING FACILITY
INCREASED TO **\$180M**

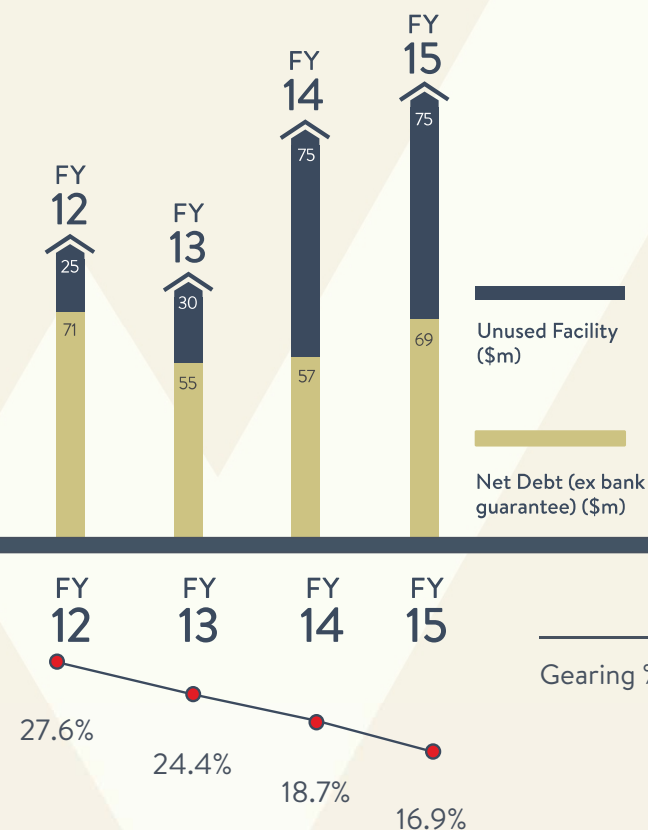
RECAPITALISED

POSITION FOR GROWTH

PRUDENT
GEARING OF

16.9%

WITH SIGNIFICANT HEADROOM / UNUSED CAPACITY



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FY15 FULL YEAR RESULTS

Profit & Loss

	FY15 (\$m)	FY14 (\$m)	Δ%
Revenue	321.6	229.5	40%
Underlying Gross Margin	86.7	62.7	38%
<i>Underlying Gross Margin (%)</i>	<i>27.0%</i>	<i>27.3%</i>	
Statutory net profit before tax	29.4	22.6	30%
Tax Expense	(3.7)	(3.5)	
Statutory net profit after tax	25.6	19.1	34%

	FY15 cps	FY14 cps	Δ%
EPS	25.6	21.8	17%
Dividend (cps)	16.0	15.0	7%

STRONG EARNINGS GROWTH

PBT up 30% to \$29.4 million, after provision for litigation of \$8.9 million. Operational result \$38.3 million.

NPAT up 34% to \$25.6 million.

EPS up 17% to 25.6 cents per share.

IMPROVED SHAREHOLDERS RETURNS

10 cent final dividend declared, fully franked.

Total dividend increased 7% to 16 cents.

CONTINUED OPERATING PERFORMANCE

Underlying gross margin of 27.0%, within targeted range.

FY15 FULL YEAR RESULTS

Operational Performance

Performance	FY15	FY14	Change	
Number of projects contributing to profit	20	13	▲	54%
Revenue - property sales (\$m)	321.6	229.5	▲	40%
- House and Land	258.7	179.9	▲	44%
- Land Only	62.9	49.5	▲	27%
Settlements (lots)¹ - inc. Joint Ventures	816	721	▲	13%
Settlements (lots) - ex. Joint Ventures	814	662	▲	23%
- House and Land	625	447	▲	40%
- Land Only	189	215	▼	-12%
Revenue - property sales (\$k/Lot)	395.2	346.7	▲	14%
- House and Land	414.1	402.6	▲	3%
- Land Only	332.7	230.4	▲	44%
Gross margin (\$m)	77.8	56.8	▲	37%
Margin (%)	24.2%	24.8%	▼	-2%
Underlying Gross margin (\$m)	86.7	62.7	▲	38%
Underlying Margin (%)	27.0%	27.3%	▼	-1%
Revenue - other (\$m)	2.8	7.3	▼	-62%
Sales (lots)²	843	829	▲	2%
Mean rate of sale pcm - FY	70.3	69.1	▲	2%
- 1H15	58.7	79.2	▼	-26%
- 2H15	81.8	59.0	▲	39%

¹ Accounting Settlements require cash settlement in New South Wales. In Queensland and Victoria an unconditional sales contract and for land only, land registration; for house and land, land registration and a certificate of building completion is required.

² Sales - executed contracts, not necessarily unconditional.

STRONG REVENUE GROWTH

Revenue up 40% to \$321.6 million. Volume of house and land settlements up 40%.

Product mix remains weighted towards house and land (80% of revenue; FY14: 78%).

QLD WAS THE MAIN CONTRIBUTOR TO REVENUE

Average revenue per lot up 14% to \$395k due to:

- Higher price point H&L developments and premium land estates settling.
- Price growth of 3% - 5% at certain developments.

SALES MOMENTUM CONTINUES

843 sales over the year, weighted to 2H15.

Average sales of 82 per month in 2H15.

Sales weighted to QLD 81% (VIC 15%, NSW 4%).

\$134.1m sales carried forward in FY16.

FY15 FULL YEAR RESULTS

Balance Sheet

Balance Sheet	FY15 (\$m)	FY14 (\$m)
Assets		
Cash	22.6	12.1
Receivables	41.9	16.9
Inventories	339.6	258.2
Investments accounted for using the equity method	16.8	18.0
Other	11.8	12.1
Total Assets	432.7	317.3
Liabilities		
Trade and other payables	33.3	26.0
Land acquisitions payable	69.0	30.4
Interest bearing liabilities	92.0	69.1
Other	17.7	11.6
Total Liabilities	212.1	137.0
Net Assets	220.6	180.2
Net tangible assets	220.6	180.2
NTA (\$ / Share)	2.00	1.92
Net Debt	69.5	57.0
Net Debt : Equity (%)	31.5%	31.6%
Gearing	16.9%	18.7%
Look Through Gearing	16.3%	15.6%
Interest Cover	6.00 x	5.45 x
Capitalised borrowing costs (% of Inventory)	3.3%	5.1%

*Extension of ANZ facility secured in August 2015. Formal documentation is expected to be completed in September 2015.

BALANCE SHEET REMAINS STRONG

Gearing at 16.9%.

Interest cover strong at 6.0x.

Net Debt \$69.5m.

Undrawn facility \$75.0m.

DIVERSIFIED DEBT FACILITY WITH LONG TERM MATURITY

\$180m diversified facility – ANZ (\$130m) and Westpac (\$50m).

Refinancing requirements for FY16 have been largely completed*.

Long term, staggered maturity profile 2018 (\$50m), 2019 (\$80m), 2020 (\$50m).

RECAPITALISED

\$31.7 million capital raising in 2H15 at \$1.90 per share.

Inclusion in S&P/ASX 300.

FY15 FULL YEAR RESULTS

Cash Flow and Commitments

	FY15 (\$m)	FY14 (\$m)
Cash flows from operating activities		
Receipts from customers (inc. GST)	318.4	266.3
Payments to suppliers and employees (inc. GST)	(242.9)	(194.5)
Cash generated from operating activities	75.5	71.8
Payments for land acquired	(102.1)	(89.5)
Net Interest paid	(5.7)	(4.4)
Borrowing costs	(0.7)	(0.1)
GST Paid / (Refund)	2.6	(4.1)
Net cash (outflow) / inflow from operating activities	(30.5)	(26.3)
Net cash (outflow) / inflow from investing activities	2.3	(1.1)
Cash flows from financing activities		
Net borrowings	23.1	(1.0)
Net proceeds from issue of share capital	30.6	30.8
Dividends paid	(15.1)	(5.6)
Net cash inflow / (outflow) from investing activities	38.6	24.2
Net (dec.) / inc. in cash and cash equivalents	10.5	(3.2)
Cash & cash equivalents at the beg. of the FY	12.1	15.4
Cash & cash equivalents at the end of the FY	22.6	12.1

STRONG OPERATING CASH FLOW

Strong cash flow from operating activities and capital raising enabled us to:

- Pursue growth opportunities through the development of existing portfolio
- Reinvest in the business through value accretive acquisitions
- Grow dividends
- Strengthen balance sheet

COMMITMENTS

\$87.3 m trade payables and commitments for land acquisitions in FY16

- \$12.4m has been settled in FY16 to date
- \$45.9m to settle through “capital lite” transaction (ie. funded through settlement proceeds)
- Balance to be funded through strong operating cash flows and existing debt facilities
- Gearing to remain in 15% – 30% range

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OUTLOOK

POSITIONED FOR CONSISTENT “THROUGH THE CYCLE” PERFORMANCE

Continued focus on core business of affordable / mid price point housing and land subdivisions

Continue to stretch the price point

EXTEND OPERATIONAL PERFORMANCE THROUGH FURTHER EFFICIENCY

Focus on customer value

CONTINUE TO GROW THE PROJECT PIPELINE

Replenish stock in strong growth corridors

Acquire in strategic new markets

FINANCIAL STRENGTH

Continued prudent balance sheet management

Reward shareholders through dividends

HEADWINDS AND TAILWINDS



PORTFOLIO

Exposure to QLD (60% of portfolio; 80% FY16 revenue)

Exposure to VIC (40% of portfolio)

Watching brief NSW

Near term pipeline ready to go

Scalable business model



BALANCE SHEET STRENGTH

Prudent gearing

Funding capacity to acquire in the short and medium term



ECONOMIC CONDITIONS

Interest rates - record lows

Consumer confidence fluctuating

Employment

Population growth



GOVERNMENT POLICIES

First Home Buyer grants - steady

Foreign ownership - limited impact

Macro prudential regulation – monitoring

FY16 GUIDANCE

STRONG PROFIT IN FY16

NPAT of \$28.35 m (at full company tax rate).

NPBT guidance of \$40.5m.

STRONG RESULT UNDERPINNED BY PRE-SALES

Carried forward sales of \$134.1m (364 lots), the majority of which will settle in 1H16.

Sales of 108 lots in FY16¹, worth \$42.5m.

SEVEN NEW PROJECTS RELEASED FOR SALE IN MID FY16

Sales and profit weighted to the second half.

STRATEGIC RESTOCKING TO BUILD MEDIUM TERM EARNINGS PROFILE

Replenish to maintain at least 5 years sales.

Expected cash outflow for acquisitions of \$135m - \$150m in FY16.

CONTINUED SHAREHOLDER RETURNS

Dividend expected to be at least in line with the FY15 dividend of 16 cents per share fully franked.

Dividend policy of paying out 50% - 75% of NPAT, paid semi annually.

¹ Six weeks to 13 August 2015



SUCCESS THROUGH PROPERTY

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PORTFOLIO TABLE

Project Name	Region	Suburb	State	Status	30 June 15				Contribute to Profit	Contribute to Profit					Starting Price	
					Yield	Unsettled Lots	Contracted Lots	Unsold Lots	FY16	1H 2H16	1H 2H17	1H 2H18	1H 2H19	2020+		
Land																
Little Creek ^{1,6}	Regional QLD	Kirkwood	QLD	Construction	688	413	2	411	✓							LO \$171k+; H&L \$402k+
Waterline	Bayside Brisbane	Thorncroft	QLD	Construction	227	189	20	169	✓							\$319k+
Affinity	Bayside Brisbane	Thorncroft	QLD	D.A.	86	86		86	✓							\$306k+
Riva	N-Brisbane	Joyner	QLD	D.A.	82	82		82	✓							\$256k+
Rosedale Grand	S-Brisbane	Rosedale	QLD	Planning ⁵	148	148		148	✓							\$367k+
Avondale Waters ⁸	Logan	Gleneagle	QLD	D.A.	366	366		366	✓							\$146k+
Locosi Hill Estate	NW-Sydney	Schofields	NSW	Construction	55	39	39	-	✓							\$298k+
Cascades on Clyde ¹	SE-Melbourne	Clyde	VIC	Construction	1,138	44		44	✓							LO \$220k+; H&L \$369k+
Cardinia Views	SE-Melbourne	Pakenham	VIC	Construction	319	319	62	257	✓							\$184k+
Subtotal					3,109	1,686	123	1,563								
House and Land																
Augustus ³	Regional QLD	Hervey Bay	QLD	Construction	730	496	9	487	✓							\$332k+
Bay Road	N-Brisbane	Burpengary	QLD	Construction	143	53	13	40	✓							\$399k+
Park Vista ^{2,7}	N-Brisbane	Mango Hill	QLD	Construction	534	155	22	133	✓							\$446k+
Circa ^{4,7}	N-Brisbane	Nudgee	QLD	D.A.	211	57		57	✓							\$598k+
Mt Cotton Village ²	Bayside Brisbane	Mt Cotton	QLD	Construction	572	94	10	84	✓							LO \$236k+; H&L \$480k+
Era ²	Bayside Brisbane	Capalaba	QLD	Construction	200	145	2	143	✓							\$495k+
Ellabay	Bayside Brisbane	Redland Bay	QLD	D.A.	84	84		84	✓							\$510k+
Seascope	Bayside Brisbane	Redland Bay	QLD	D.A.	206	206		206	✓							\$442k+
The Sanctuary	Logan	Waterford	QLD	Construction	81	81	3	78	✓							\$424k
Parkside	Gold Coast	Coomera	QLD	Construction	108	78	19	59	✓							\$457k+
TBA	Gold Coast	Jacobs Well	QLD	D.A.	107	107		107	✓							\$409k+
Lavinia ⁴	N-Melbourne	Greenvale	VIC	Construction	131	131	32	99	✓							\$434k+
Roxburgh Park Central ⁴	N-Melbourne	Roxburgh Park	VIC	Construction	30	30	18	12	✓							\$408k+
Parkview ⁴	W-Melbourne	Truganina	VIC	Construction	26	26	25	1	✓							\$430k+
Sienna	NW-Melbourne	Plumpton	VIC	Construction	165	165		165	✓							\$428k+
TBA	NW-Melbourne	Plumpton	VIC	Planning ⁵	254	254		254	✓							\$411k+
Subtotal					3,582	2,162	153	2,009								

PORTFOLIO TABLE (cont.)

Project Name	Region	Suburb	State	Status	30 June 15				Contribute to Profit FY16	Contribute to Profit					Starting Price
					Yield	Unsettled Lots	Contracted Lots	Unsold Lots		1H 2H16	1H 2H17	1H 2H18	1H 2H19	2020+	
Town Houses															
The Domain	Regional QLD	Hervey Bay	QLD	Complete	81	1	1	-	✓						-
Orana, Park Vista	N-Brisbane	Mango Hill	QLD	Construction	108	66	38	28							\$362k+
TBA	N-Brisbane	Griffin	QLD	D.A.	68	68		68							\$377k+
Circa Metro	N-Brisbane	Nudgee	QLD	Construction	88	49	49	-	✓						\$439k+
Eminence on Ridley	N-Brisbane	Bridgeman Downs	QLD	D.A.	39	39		39	✓						\$439k+
Subtotal					384	223	88	135							
Total (wholly owned projects)					7,075	4,071	364	3,707							
Joint Ventures															
Donnybrook (51% share)	N-Melbourne	Donnybrook	VIC	Planning ⁵	1,120	1,120		1,120							TBC
Subtotal					1,120	1,120	-	1,120							
Total (all categories)					8,195	5,191	364	4,827							

Notes:

¹ Predominantly land only.

² Predominantly house and land.

³ The long term strategy at this project is to continue developing the land, with the balance sold as an englobo parcel when the market demand for the site presents itself.

⁴ Contracted under Put and Call option. Land paid out of settlement proceeds from third party sales.

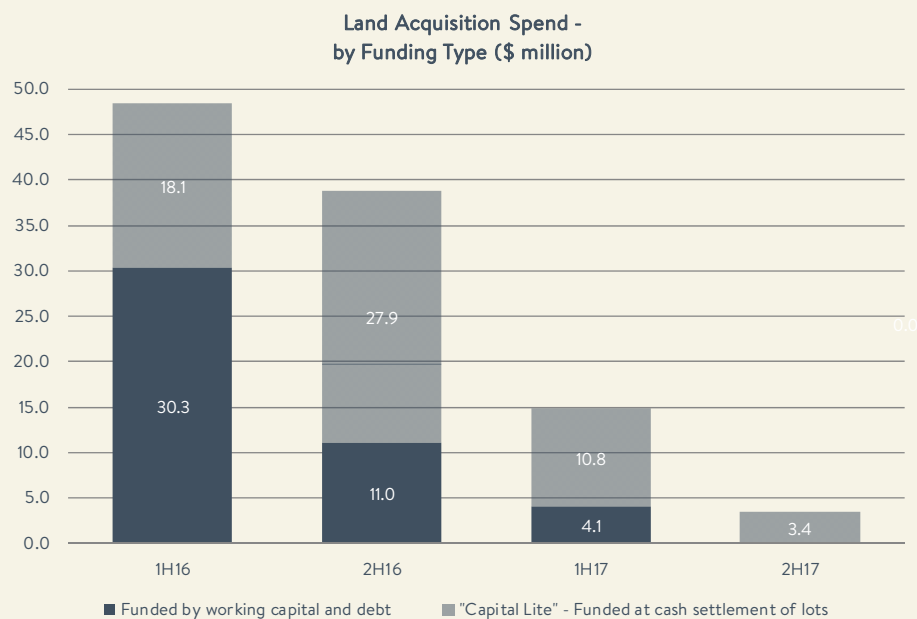
⁵ Planning - Residential use allowed. Progressing with any necessary approvals from relevant authorities. Low risk.

⁶ A change of strategy at Little Creek has resulted in the 31 town house lots called Parkside, Little Creek to now be developed as 8 Land Only lots.

⁷ New acquisitions to be marketed under exisiting project name.

⁸ Post balance sheet date, this project was sold as an englobo parcel.

COMMITMENTS



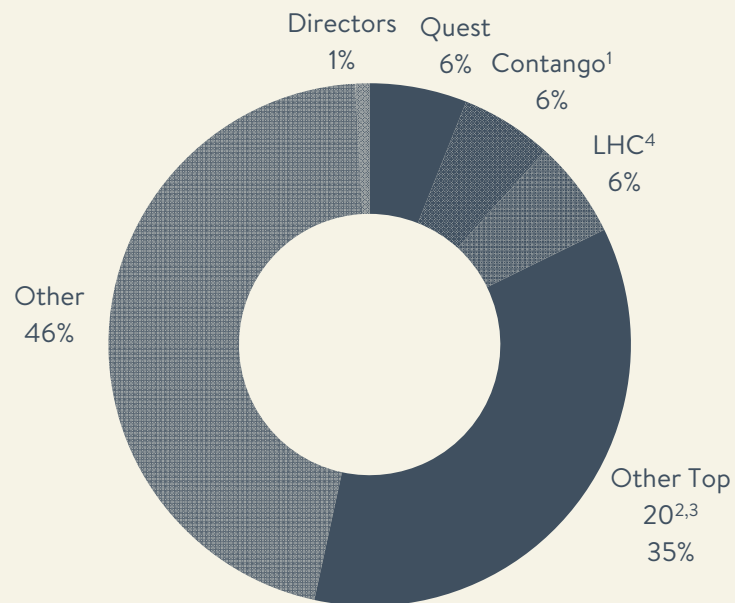
\$102.1 million cash outlay for acquisitions in FY15 (FY14: \$89.5 million) funded through working capital (inclusive of capital raising) and debt as well as out of the proceeds of cash settlements with third parties.

At 30 June 2015, trade creditors include \$69.0 million for land payments (inclusive of \$27.3 million for "capital lite" purchases which have registered).

The adjacent chart shows \$105.6 million in anticipated total cash outlay for land through to FY17. \$60.2 million is through "capital lite" transactions and will be funded through settlement proceeds, the balance of \$45.4 million will be funded through existing debt and working capital.

SHARE REGISTER

Shareholders at 30 June 2015



BROAD, SUPPORTIVE SHAREHOLDER BASE

53.4% of shares held by Top 20 investors

25+ institutions on the share register

¹ Contango Asset Management Ltd ceased to be a substantial shareholder on 13.07.15

² Westpac Banking Corporation became a substantial shareholder on 06.07.15 with 5.03%

³ Brazil Farming Pty Ltd became a substantial shareholder on 3.07.15 with 5.05%

⁴ LHC Capital Partners Ltd lodged change in substantial shareholding on 4.02.15 to 6.03%

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