



Tamawood Limited (TWD)

Investor Presentation
October 2024

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Chairman's Address

- The group recorded a profit before tax for FY24 of \$8.03 million [FY23\$3.02 million] which is 165.7% higher than FY23.
- Cash on hand at year end is \$6.114 million compared to \$5.231 million for FY23 and the company remains debt free.
- The Board has declared a final dividend of 9 cents, fully franked, to be paid on 10 December 2024, maintaining Tamawood dividend payments at two per year. This will result in a fully franked total dividend for FY24 of 20 cents delivering gross yield of over 10.38% (including franking credits) on the share price of \$2.75 as at 10 November 2024.
- The Board is very happy with this result when considered against the backdrop of what has been occurring in the industry over the past few years. Tamawood has remained profitable and debt free while the number of insolvencies of building companies in Queensland has increased 194% over the past two years. Many other builders who remain in business are struggling to produce a profit.

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Home Building Landscape in Australia

A comparison with the only listed top 10 home Builder in Australia indicates that corporate expenses, marketing and employee expenses for Tamawood Limited are approx. \$25k compared to approx. \$65k for the above builder. This represents a **\$40k competitive advantage per home build** for Tamawood Limited.

There has been a recent surge in foreign building companies, investing in large Australian Builders. The top 3 Japanese owned Home Builders in Queensland have seen sales reductions of between 16-52% from FY23 to FY24. History suggests that this investment has proved challenging for foreign investors with long lasting negative impacts for home buyers and tradespeople. The Australian Financial Review recently reported on Oct 8, 2024 in article *'Japan's window to buy Australian home builders closing'*

"The Metricon deal has lifted the share of Japanese-owned builders to 10,394 housing starts, or 17 per cent of the Housing Industry of Australia 100 total- and 6.4 per cent of last year's total 160,030 housing starts...."

"Japanese ownership of Australian builders is not always a success. Daiwa House in 2017 acquired NSW builder Rawson Group, then the country's 20th largest home builder with 1188 housing starts. In the latest report published last month Rawson ranked 52nd, with 230 starts."

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With 90% of the top 10 builders in Queensland now either exclusively completing commercial work or expanding their speculative building programs, on their own land, Tamawood, with our project management software, is well positioned to take advantage of the growing demand for infill builds, secondary dwellings and regional builds from Bundaberg to Newcastle without the need to add unnecessary overhead costs like many of the remaining competitors. Tamawood does also not need to landbank and accept associated costs and risks.

Combined with our direct control of approx. **15%, and growing,** of the products used in every Dixon Home which are imported and supplied through the AstiVita division, of Tamawood Limited, this allows us to better predict pricing structure and product supply needs and continuity of supply in our homes.

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FY24 Results

Home building conditions have improved with better supply chains and margins boosting the company's earnings in FY24

Project DeRisk (integrated enterprise project management software) allowed us to adjust prices to ensure margins were maintained despite continued price fluctuations from suppliers and subcontractors.

Acquisition of AstiVita Pty Ltd ensured continuity of supply of tapware, PV, solar hot water, sinks, appliances, sanitary ware, baths, basins, door furniture, air conditioners and other similar products at constant prices.

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Results FY24

	FY23 \$'000	FY24 \$'000
Revenue	\$77,470	\$85,358
Cost of Sales	\$61,521	\$63,960
Gross Margin	\$15,949	\$21,398
Employee Benefits Expense	\$6,864	\$7,428
Other Indirect Expenses	\$6,065	\$5,943
Profit before income tax	\$3,020	\$8,027
Full year result after Tax	\$2,113	\$5,537

- Revenue increased as a result of improved Home Building conditions.
- Gross margin increased by approx. 34% as a result of Project DeRisk software allowing us to adjust prices quickly.
- Staff numbers remained stable despite the increase in build numbers with Management and Construction staff time of employment now exceeding 10 years on average.

➤ We are unable to quantify the impact of Government announcements on the housing market.

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- We would like to thank all our staff and our valued partners for another successful year and their ongoing support.
- If you have any questions in relation to the presentation The Board would be pleased to take them now.



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Disclosures Regarding forward looking statements

- This Market Statement includes forward-looking statements that have been based on Tamawood Limited's current expectations and predictions about future events including Tamawood Limited's intentions.
- These forward-looking statements are, however, subject to inherent risks, uncertainties and assumptions that could cause actual results, performance or achievements of Tamawood Limited to differ materially from the expectations and predictions, express or implied, in such forward-looking statements.
- None of Tamawood Limited, its officers, directors, the persons named in the Market Update with their consent, or the persons involved in the preparation of this, Market Update makes any representation or warranty (express or implied) as to the accuracy or likelihood of any forward-looking statements. You are cautioned not to place reliance on these statements in the event that the outcome is not achieved. These statements reflect views and options as at the date of this Market Update.
- We can't predict the situation in Europe with war, the issues between China and the USA and what impact global inflation pressures will have on our views.

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