

18 June 2018

ASX ANNOUNCEMENT TRADING UPDATE

Simonds Group Limited (**Simonds, Group or Company**) (ASX: SIO), one of Australia's leading homebuilders, today provides a trading update and financial guidance for the year ending 30 June 2018 (**FY18**).

KEY HIGHLIGHTS

- New MD/CEO driving results in first 100 days;
- 2,500 new home starts forecast for FY18 (FY17 2,391 site starts);
- Strong margin growth in Simonds Homes;
- Profitability continuing to improve with 'back to basics' business plan through consistency in delivery of new home starts, a focus on business efficiencies and lowering overheads; and
- Unaudited FY18 proforma earnings before interest, tax, depreciation and amortisation (EBITDA) are expected to be in the range of \$15.5 to \$16.5 million (FY17 proforma EBITDA \$13.8 million) – see table below.

COMMENTARY ON TRADING UPDATE

The directors are pleased to report ongoing and substantial progress in Simonds transformation since last year. The new board's immediate strategy plan was, and remains, to drive strong margin growth and improved profitability.

The heavy focus on 'back to basics' including strengthening business rules, cost controls, shifting away from highly customised, low margin product and re-invigorating the home building business is unlocking the significant potential of Simonds.

The new Board has leveraged its strong, hands-on industry expertise which has been further augmented by the appointment of the new Managing Director & Chief Executive Officer at the beginning of March.

The Chair of the Board, Mr Iain Kirkwood said *"Kelvin Ryan possesses extensive experience in volume home building and has a strong track record in the industry. The Board holds high regard for his experience and skills as evidenced in his first '100' days'. He is leading the drive to cement Simonds strong brand in the volume home building business."*

FINANCIAL SUMMARY

	FY18 Projected (unaudited)	FY17 Actual	FY16 Actual
Site starts	2,500	2,391	2,513
Sales pipeline⁽¹⁾	2,810	2,725	2,405
Proforma⁽²⁾ EBITDA before significant items	\$15.5 – 16.5m	\$13.8m	\$15.1m
Significant items⁽²⁾	\$1.6m – \$2.3m	\$3.7m	\$10.7m
EBITDA	\$13.2m - \$14.9m	\$10.1m	\$4.4m

¹ Sales pipeline includes sites starts with a Contract Signed, Sale Accepted or Deposit Paid with a forecast site start date of no greater than 18 months as at 31 May 2018 (comparative FY17 and FY16 information as at 30 June 2017 and 2016, respectively)

² Pro-forma EBITDA reflect adjustments for significant items such as restructure costs impacting continuing operations.

NET DEBT

Cash exceeded drawn debt by \$8.0m at 31 May 2018 (30 June 2017 (\$5.0m); 30 June 2016 (\$8.1m)). The Group has improved its debt position substantially over the past two years, providing additional headroom for growth.

DELIVERING SHAREHOLDER VALUE

The company is in an excellent position to continue to capitalise on strong margin and profitability improvements as well as introducing new initiatives to underpin a continuing improvement in financial results and future growth.

The substantially new, invigorated and experienced executive team led by the Managing Director/CEO can continue to deliver medium and long term sustainable financial results. The 'back to basics' focus is already being reflected in improved site starts, margins and (site start) values, the business expects to continue to grow its market penetration, sales and ultimately site starts by strengthening relationships with land developers, locating display homes in key growth zones, consolidating its product range and continuing to innovate and release new product.

FULL YEAR RESULTS ANNOUNCEMENT

Simonds expects to release its audited results for FY18 on 29 August 2018

– ENDS –

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About Simonds Group (ASX code SIO)

Simonds Group Limited is an ASX listed integrated homebuilder (Simonds Homes Australia) and Registered Training Organisation (Builders Academy Australia).

Simonds Homes is one of Australia's largest residential volume homebuilders with operations in 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. Established more than ten years ago, Builders Academy Australia offers training programs across Victoria, New South Wales, Australian Capital Territory and Queensland.