



Results for the six months  
ended 31 December 2020



**Simonds Group**

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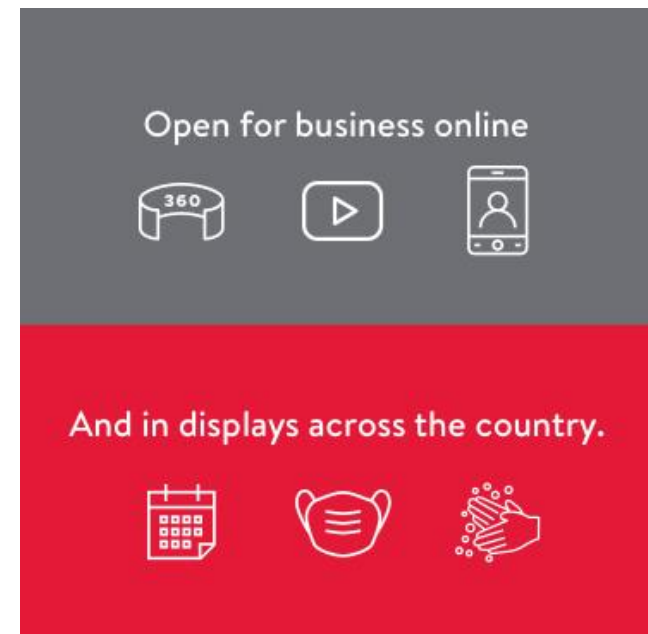
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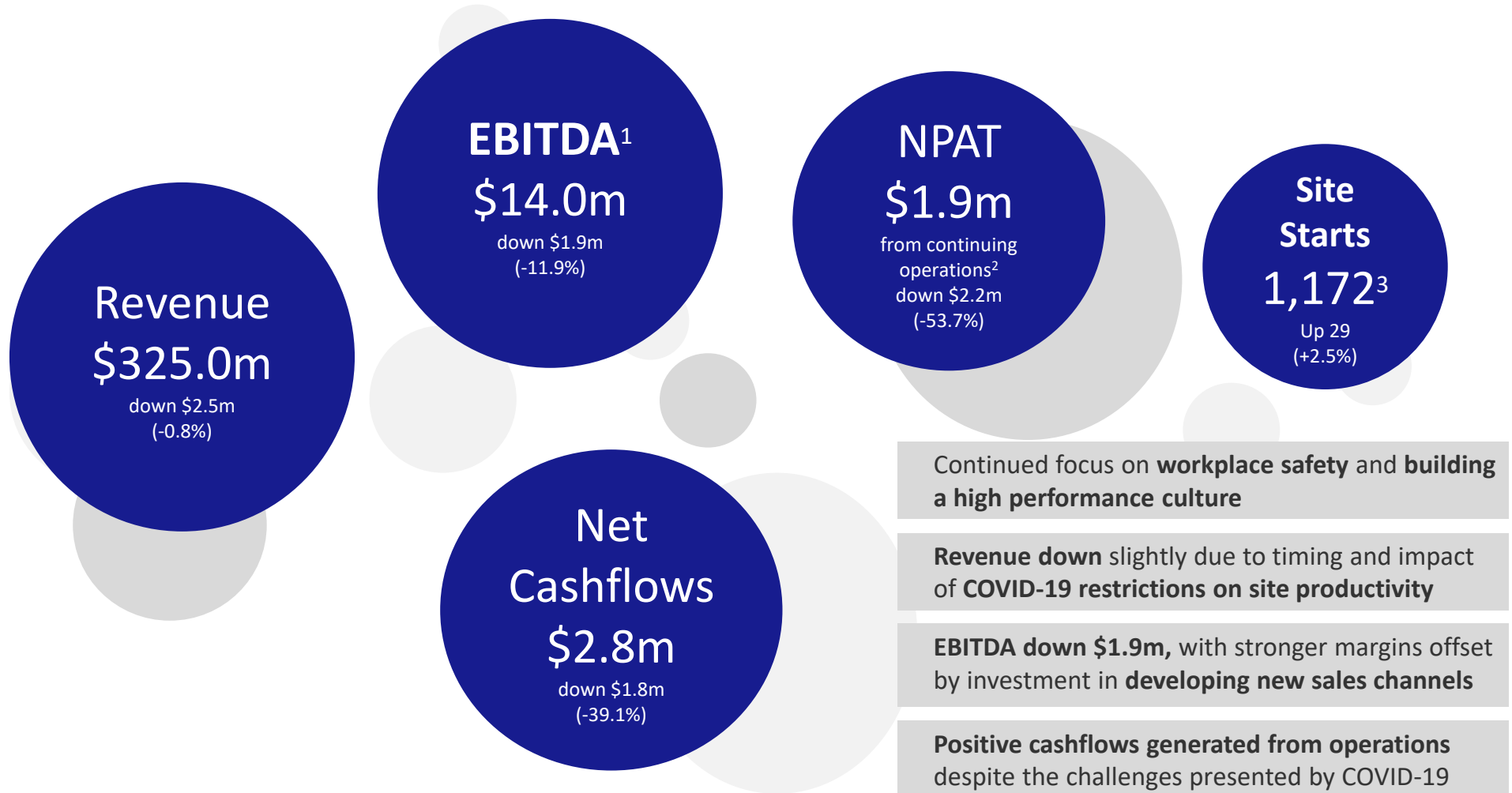
# 1HFY21: Building for the future

- **Revenue and earnings** continued to be **impacted by COVID-19**
- Federal government **HomeBuilder stimulus** has contributed to a **substantial increase in 1HFY21 sales** that will **flow through into 2HFY21 and FY22**
- **1HFY21 earnings** have been adversely **affected** by **worksite restrictions impacting productivity** onsite
- **Solid performance** with a **strong focus on cost controls** and investing in **developing new business channels**
- With COVID-19 **restrictions** impacting **traffic** through **display homes**, the Group was able to **pivot** to **internal sales teams** engaging with customers and selling via **digital channels**
- Our **staff, suppliers and trades**, combined with our **improved balance sheet** position, **have enabled** the **business** to **continue to operate** throughout this **unprecedented period**
- The business has continued to **adapt** to the changes imposed by COVID-19, adjust to **working from home** whilst ensuring we continue to focus on maintain **high levels of customer service**
- **Workplace safety** has remained of **paramount importance**





# FY21 half year results

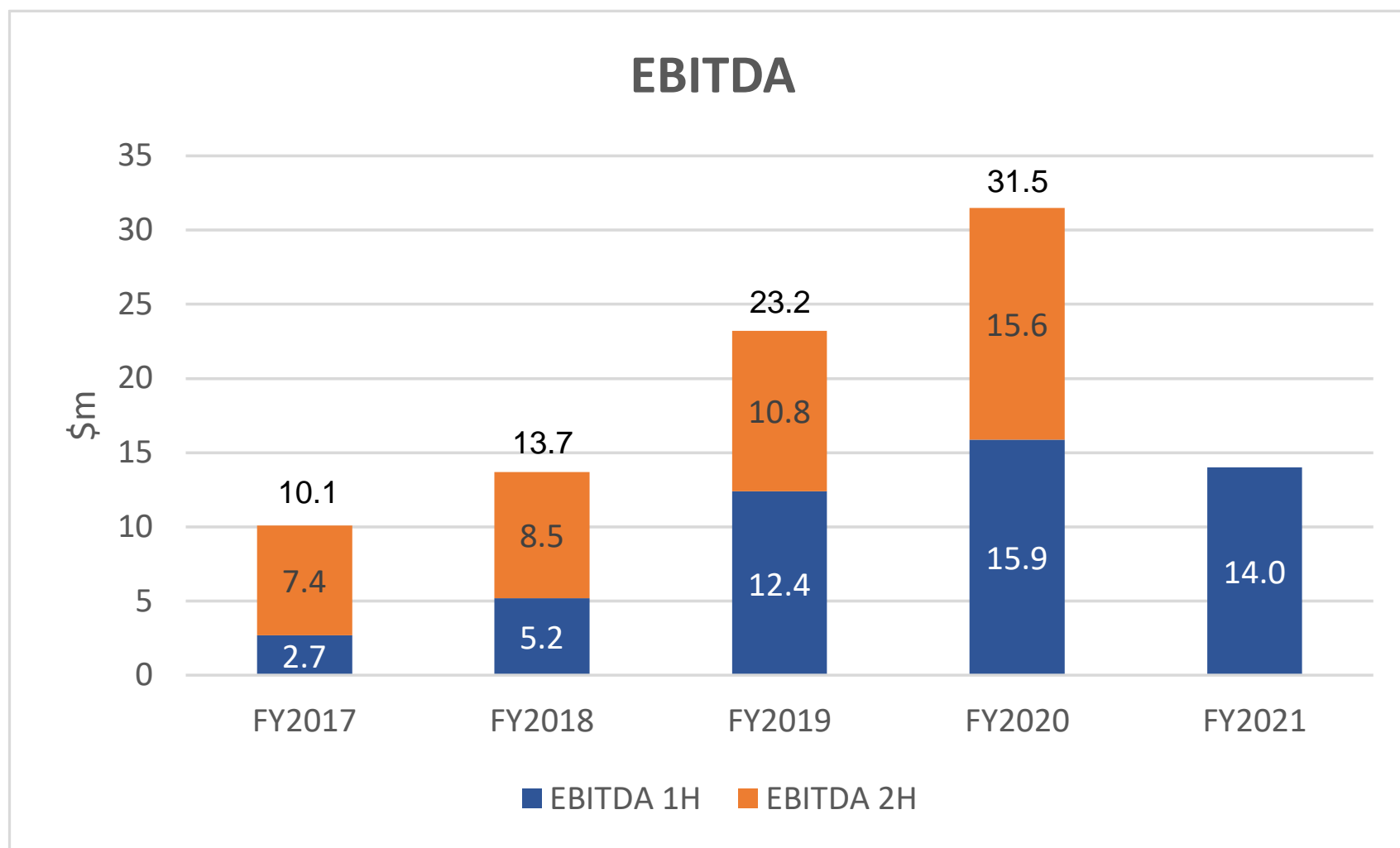


1. "EBITDA" is net profit before tax from continuing operations before financing items, depreciation and amortisation (D&A).

2. NPAT from continuing operations excludes the results of discontinued operations, which relate to Madisson Projects, which became a discontinued operation in FY17.

3. Excludes any display or speculative home starts.

# Group earnings comparison



1. EBITDA represents earnings before interest, tax, depreciation and amortisation (D&A) from continuing operations and excluding Madison Projects, which became a discontinued operation in FY17.
2. In accordance with the requirements of AASB 16, the costs associated with leases of displays, commercial offices and fleet that were previously presented within EBITDA have been excluded from EBITDA shown in FY20 and 1HFY20 as these cost are now reflected within depreciation and amortisation (D&A) and Interest expense. This change was reflected commencing from 1 July 2019 in accordance with AASB16





# Simonds Homes results for the half year

## Key Metrics

**Revenue**  
**\$318.1m**

down \$3.6m (-1.1%)  
from \$321.7m

**EBITDA**  
**\$12.3m**

down \$2.3m (-15.8%)  
from \$14.6m

**Site Starts<sup>1</sup>**  
**1,172**

up 29 (+2.5%)  
from 1,143

**Displays**  
**122**

up 4 from 118

Despite the impact of COVID-19 restrictions, **Simonds Homes was able to maintain its site starts** throughout 1HFY21

**EBITDA benefited from stronger margins**, offsetting the **investment** in existing and **new sales channels**

**Future growth** underpinned by **diversified product range** and development of **innovative new products**

Continued **investment** in **developing** and **marketing existing** and **new sales channels**

1. Excludes any display or speculative home starts.

Note: All comparisons are to the prior corresponding period (pcp) unless otherwise stated.



# Education results for the half year

## Key Metrics

### Revenue

**\$7.0m**

up \$1.3m (+22.8%)  
from \$5.7m

### EBITDA

**\$1.7m**

up \$0.5m (+41.7%)  
from \$1.2m

### Course Enrolments

**1,546**

up 536 (+53.1%)  
from 1,010

### Graduates

**377**

up 61 (+19.3%)  
from 316

BAA recognized as **Victoria's best small training provider** at the 2020 Victorian Training Awards and **Australia's best small training provider** at the 2020 Australian Training Awards

BAA's **Virtual Classroom delivery model** enabled students starting & continuing studies despite Covid-19 restrictions

**72% increase** in 1HFY21 of **students** studying via video content-based, self-paced **online model** launched in FY20

**Students studying via Apprenticeship/Traineeship** has **increased by 18%** across 1HFY21

**Range of qualifications** including Project Management, Sales & Marketing, Leadership & Management, Painting & Decorating and Bricklaying providing **diversified growth in FY21 and beyond**

# Balance sheet comparison

	31-Dec-20	30-Jun-20	31-Dec-19
	\$m	\$m	\$m
<b>Assets</b>			
Cash / Equivalents	31.1	28.3	14.3
Receivables	18.7	29.3	20.4
Accrued revenue	32.8	34.4	31.2
Inventories	28.8	34.2	36.9
PP&E	6.2	6.2	8.1
Intangible assets	8.7	8.8	8.0
Other	2.7	1.8	1.1
Right-of-use assets	23.5	22.7	21.4
Deferred tax assets	2.6	0.6	0.7
<b>Total Assets</b>	<b>155.1</b>	<b>166.3</b>	<b>142.1</b>
<b>Liabilities</b>			
Trade / other payables	58.8	80.6	56.8
Deferred revenue	1.1	1.6	1.8
Customer deposits	18.4	12.0	15.5
Lease liabilities	23.7	22.6	23.6
Borrowings	-	0.3	1.1
Provisions	25.2	25.2	23.1
Taxes	9.4	6.7	5.1
<b>Total Liabilities</b>	<b>136.6</b>	<b>149.0</b>	<b>127.0</b>
<b>Net Assets</b>	<b>18.5</b>	<b>17.3</b>	<b>15.1</b>

**Earnings**, and the continued focus on **working capital management** has ensured the Group has a **relatively strong cash position**

**Inventories**, comprising land and display homes under construction / available for sale, **decreased by \$5.4m** during the period

**Intangible assets** comprise the investment in **software & systems**, capitalised **product development** and **training course materials**, and **goodwill** on acquisition

**Net assets increased by \$1.2m** during the period and the Group has **no debt**

**Cash** and the Group's **banking facilities** contribute to **headroom of \$56.1m** at 31 December 2020



# Cash flows for the half year

	31-Dec-20	31-Dec-19
	\$m	\$m
<b><i>Cash flows from operating activities</i></b>		
Receipts from customers	375.8	397.5
Payments to suppliers / employees	(361.9)	(371.6)
Interest paid	(0.2)	(0.8)
Income taxes (paid)/refunded	-	(2.4)
<b>Net cash generated from operating activities</b>	<b>13.7</b>	<b>22.7</b>
Net cash used in investing activities	(3.5)	(4.3)
Net cash (used in)/from financing activities	(7.4)	(13.8)
<b>Net increase / (decrease) in cash</b>	<b>2.8</b>	<b>4.6</b>
Cash / Equivalents at beginning of the period	28.3	9.7
Cash / Equivalents at end of the period	31.1	14.3

**Cash from operating activities** reflect continued focus on **strong cash management**

**Lower receipts from customers** and **payments to suppliers** reflect **timing** and the **impact of COVID-19**

The Group **completed core systems upgrades** in the **comparative 1HFY20**

In the comparative 1HFY20 **cash** was used to **repay \$5.0m** to the Simonds **Display Fund Facility**

# Key levers for delivering shareholder value



Innovation



Alternative Sales Channels



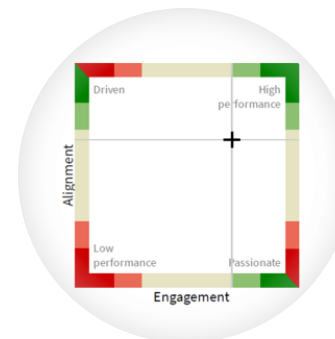
Finance First Solutions



Wellness



Corporate Social Responsibility



High Performing Culture



# Current trading conditions and outlook

**Continued investment** into **new sales channels** will **support** the Group's **diversification** into new customer segments and markets

**Uncertainties** with the ongoing **COVID-19** pandemic make **forward-looking statement problematic**

**COVID-19 impacts** on **2HFY21** may include:

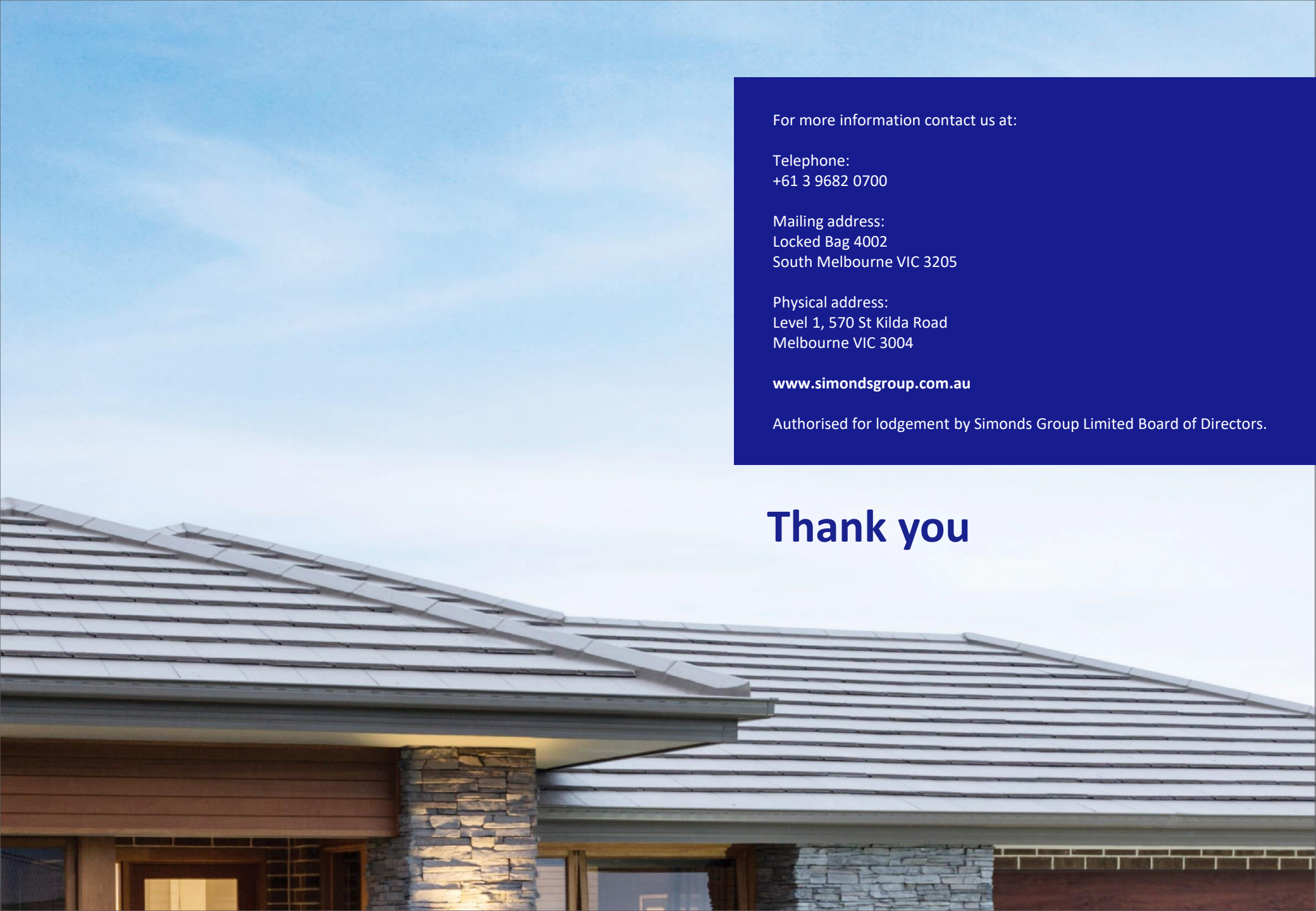
- **Lockdowns**, which create **uncertainty in the market** and **restrict customer** access to **display centres**
- **Worksite restrictions** that **impact productivity**
- **Supply chain impacts** on the industry in general

**Heightened demand** created by the **HomeBuilder stimulus** has created **pressure on trades** that may **prolong build periods** and **impact trade rates**

**Industry groups and analysts<sup>1</sup>** are **forecasting positive growth in 2HFY21** through to **FY22**



<sup>1</sup>Referring to recent public commentary from HIA, CBA and UBS



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Authorised for lodgement by Simonds Group Limited Board of Directors.

**Thank you**