

Simonds Group Limited

Investor Briefing Pack – September 2018

Amamoor with Oakland Facade, Helensvale Display, Queensland

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About Us



- Founded in 1949 by Gary Simonds
- First display home built in 1968
- Listed on ASX November 2014 – first publicly listed residential builder in Australia
- Operations in Victoria, New South Wales, Queensland & South Australia
- Building ~2,500 homes per annum and growing



- Established in 2005
- Vocational education and training (VET) business
- Focussed on building and construction industry
- Initially set-up to train the Group's own staff
- Expanded to offer external training across Victoria, Queensland and NSW
- Federal and State Government funding



FY18 Full Year Financial Results

\$605.2m

Statutory Revenue

Up \$17.8m or 3.0%

\$13.7m

Statutory EBITDA

Up \$3.6m or 36%

\$16.3m

Pro Forma EBITDA

Up \$2.5m or 18%

2,500

Starts

Up 109 or 4.6%

\$3.8m

Statutory NPAT

Up \$3.6m or
1,800%

\$6.8m

Pro Forma NPAT

Up \$2.2m or 48%

- **Revenue** in the **Homes business** increased **4.1%** on prior period comparative on the back of higher site starts
- **Gross Profit** improved by **5.9%** due to better margins, changes in product mix and stronger cost controls
- Non-core operations reviewed leading to the divestment of Hub Group in first half FY18
- Continued focus on safety systems across the business

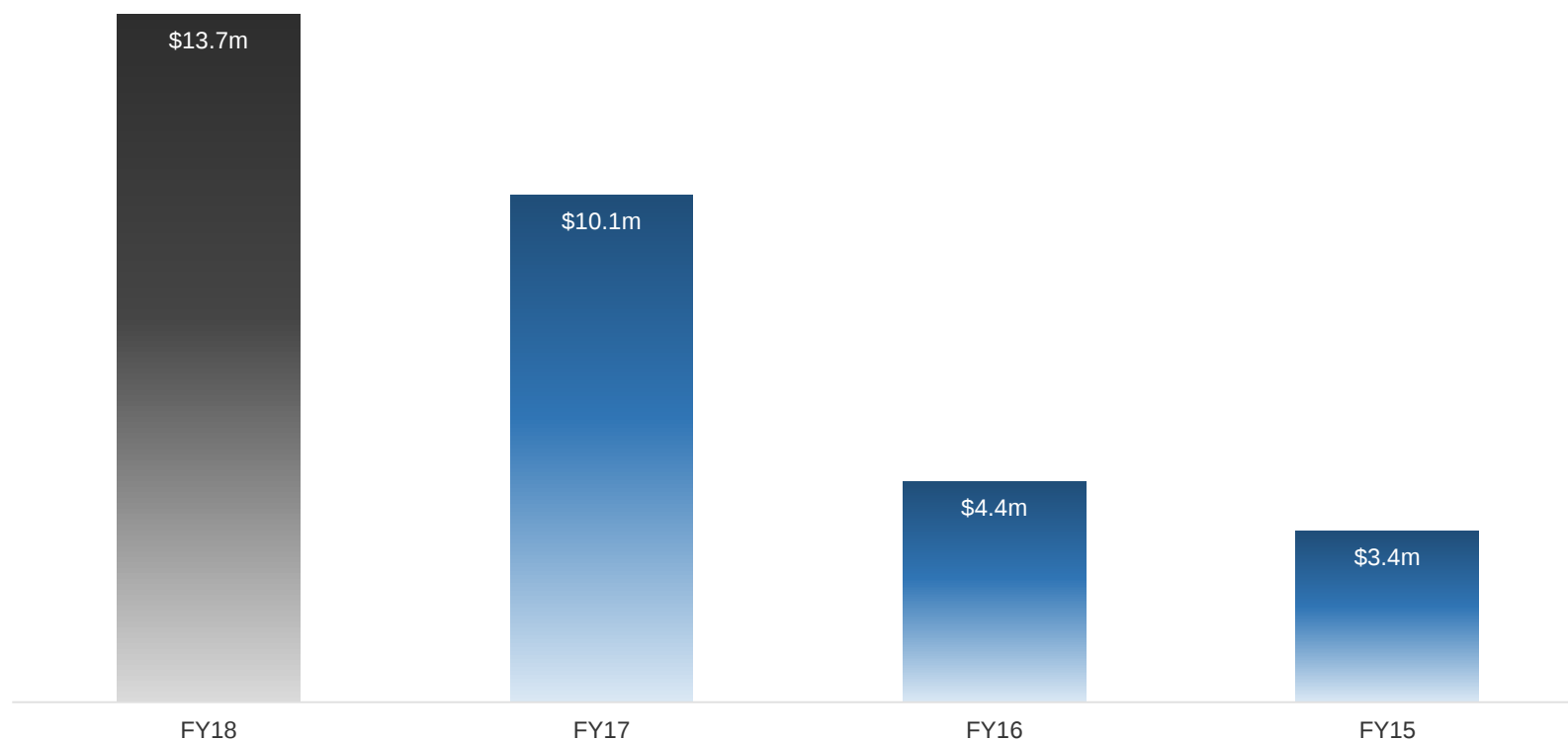
1. Pro Forma Information is reported to give information to shareholders that provides a greater understanding of the underlying performance of Simonds Group Limited's operations, particularly in reference to non-recurring items, such as restructure costs impacting continuing operations.

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



Group Earnings Growth

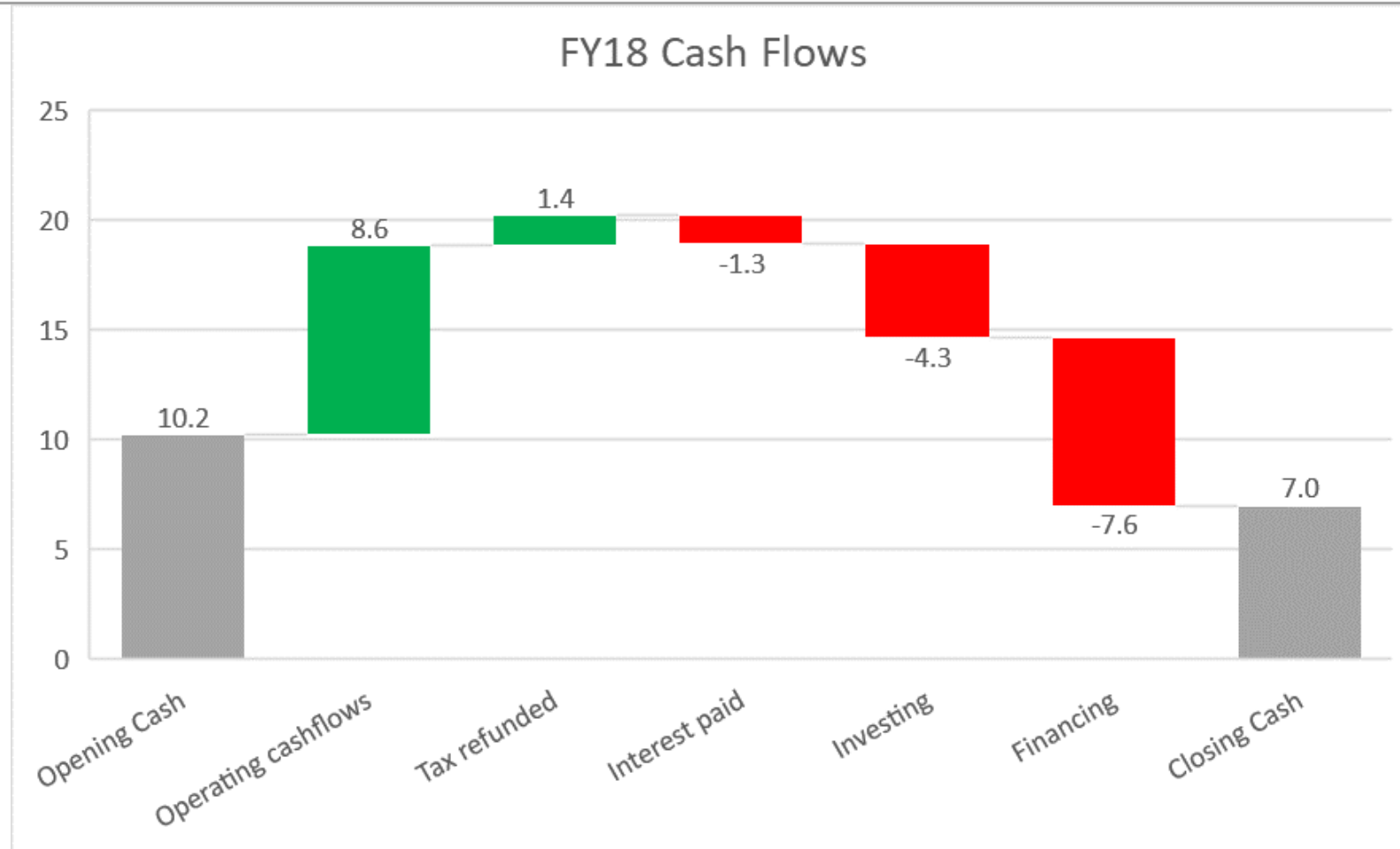
Group EBITDA¹



¹ EBITDA represents earnings before interest, tax, depreciation and amortisation from continuing operations. Results have been amended to remove the effect of Madisson Projects, which became a discontinued operation in FY17.



Net Cashflows Generated from Operations



Operating cashflows of \$8.6m represent receipts from customers (\$603.2m) less payments to suppliers & employees (\$594.6m) excluding significant items.

Improved results and working capital management enabled repayment of borrowings in FY18 – the Group had \$35.8m headroom in under its CBA facilities.

Balance Sheet

	30 Jun 2018 \$m	30 Jun 2017 \$m
Assets		
Cash / Equivalents	7.0	10.2
Receivables	34.9	32.7
Inventories	67.9	48.2
PP&E	7.2	7.9
Other	9.3	11.6
Total Assets	126.3	110.6
Liabilities		
Trade / other payables	71.7	61.2
Debt	8.1	15.2
Provisions	20.7	20.9
Deposits & income in advance	20.0	13.8
Other	4.8	2.6
Total Liabilities	125.3	113.7
Net Assets	1.0	(3.1)

- Significant improvement in net assets – from a **deficiency of \$3.1m** at 30 June 2017, to a **positive net asset position of \$1.0m** at 30 June 2018

- Higher inventories at 30 June 2018 represent display homes constructed and available for sale

- Debt**, net of cash / equivalents, **reduced by \$3.9m** - primarily driven by improvement in results and working capital management

- Headroom** under the CBA facilities of **\$35.8m** at 30 June 2018

- Subsequent to the end of the financial year the Group's **CBA banking facilities** have been **extended to September 2021**

- During FY18 Simonds Homes Display **Fund maturity** extended to **30 September 2019**



Simonds Homes Key Results

Key Financial Metrics¹

\$593.1m

Total Revenue
Up \$23.2m or 4.1%
from \$569.9m

\$15.9m

Pro forma² EBITDA
Up \$3.9m or 32.5%

2,500

Site starts
Up 4.6% from 2,391³

122

Total display homes
Up from 117

- **Starts have increased** as a result of the Group's strong pipeline and focus on consistent delivery of site starts each week.
- **Revenue and margin improvement** derived from change in product mix, less product customisation and improved cost management
- Strengthening of business rules since FY17 have continue to translate into improved margins, with further improvements expected
- **Streamlining of the product range** and investment in **innovation and new product** will deliver future growth

1. Excludes Madisson Projects as it is a discontinued operation.

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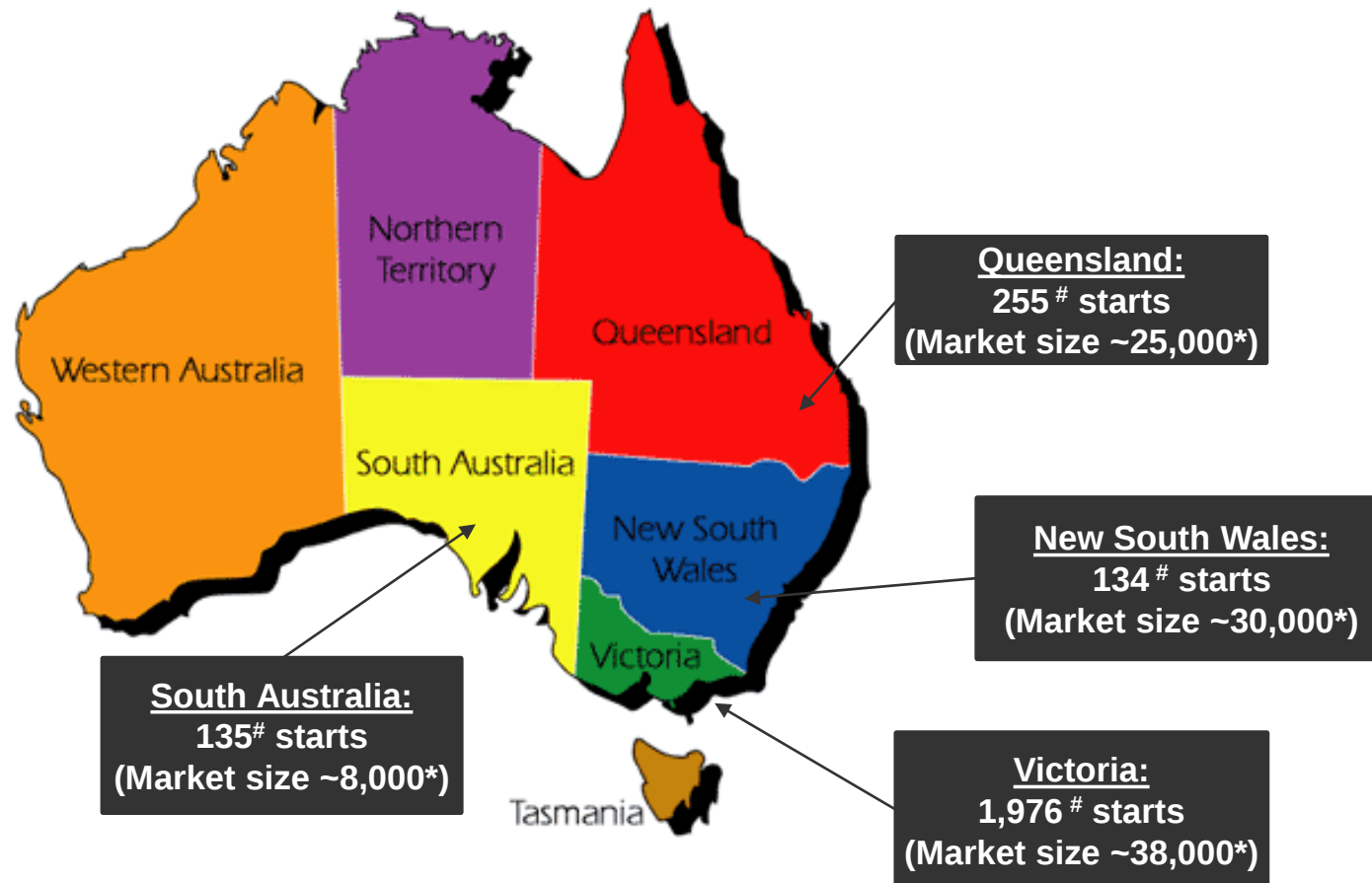
3. Excludes any display or speculative home starts.

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

Victoria is our Heartland – Growth Opportunities in NSW, Queensland & South Australia



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Site starts during the year ended 30 June 2018.

* Market size represents housing starts forecast for the year ended 30 June 2018 based on an average of BIS Shrapnel and HIA Forecasts, using three quarters actual starts and one quarter forecast.



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Our Product Offering Meets the Market



Started in 2013
Availability: Victoria only
Market: Budget conscious First Home Buyers (FHB); Investors
House type: Single storey
Build time: 14 weeks
Price range: \$180k-\$210k



Building Homes since 1949
Availability: Victoria, NSW, Qld and South Australia
Market: FHB & Second Home Buyers
House type: Mainly Single Storey
Build time: 18 weeks
Price range: \$230k-\$350k



Started in 2012
Availability: Currently in Victoria, looking to expand
Market: Knock Down Rebuild: Second/Third Home Buyer
House type: Typically Double Storey
Build time: 33 weeks
Price range: \$400k plus



Started in 2010
Availability: Victoria, NSW, Qld, South Australia
Market: Investors seeking a turnkey solution
House type: Mix of Single & Double Storey
Build time: 14-21 weeks
Price range: \$250k-\$350k



Started in 2018
Availability: Victoria, NSW, Qld, South Australia
Market: FHB & investors
House type: Small lot & medium density housing
Build time: 14 weeks
Price range: \$160k-\$250k

Education Key Results

Key Financial Metrics

\$11.2m

Revenue
Down \$2.2m or 16%

\$0.8m

Pro forma¹ EBITDA
Down \$0.5m or 38%

2,223

Course Enrolments
Down from 2,586

811

Graduated enrolments
Down from 1,973

- All **funding contracts** in VIC, NSW, ACT and QLD **maintained**
- **Regulatory compliance** with all government funding agreements
- **Federal VET Student Loans** contract granted
- **CWBTS Registration extended** by a further **seven years** after a thorough audit with ASQA
- **Victorian Skills First 2018/2019 funding contract secured**
- Extension of course durations, as well as shift from dual to single course enrolments, impacted results and student numbers

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SIO Shareholding and Share Price movement for last 6 months

Name	Number held	Percentage of issued shares
Simonds Custodians Pty Ltd	32,800,020	22.80%
McDonald Jones Homes	28,480,647	19.80%
FJP Pty Ltd	22,370,660	15.55%
Simonds Constructions Pty Ltd	21,485,018	14.94%
National Nominees Limited	6,425,527	4.47%
Moat Investments Pty Ltd	2,089,560	1.45%
J P Morgan Nominees Australia	1,967,600	1.37%
UBS Nominees Pty Ltd	1,962,614	1.36%
Citicorp Nominees Pty Limited	1,626,971	1.13%
Madisson Constructions Pty Ltd	1,572,678	1.09%
Brispot Nominees Pty Ltd	1,164,414	0.81%
Poal Pty Ltd	1,000,000	0.70%
Mast Financial Pty Ltd	1,000,000	0.70%
Mr Mark Vujovich	880,000	0.61%
Mr Robert Stubbs	756,384	0.53%
Mr Hoang Huy Huynh	600,000	0.42%
Luton Pty Ltd	600,000	0.42%
Jet Invest Pty Ltd	547,212	0.38%
Mr Philip Williams	500,000	0.35%
Intergrala Pty Ltd	425,000	0.30%
	128,254,305	89.16%
Other shareholders	15,587,350	10.84%
Total shareholders	143,841,655	100.00%



The names of the twenty largest holders of ordinary shares, the number of ordinary shares and the percentage of capital held by each holder are as at 10 September 2018



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Group Development Opportunities



Wellness



3D Development



Small Lot



Finance Products



Alternative Sales
Channels



Training in Building
and Construction