



**2021 Annual General Meeting Presentation**



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## FY21: Building Momentum



The Group's investment in new channels in previous years has seen starts increase in the current year



Federal and state government stimulus contributed to record sales in FY21, delivering higher site starts in FY21 and starts planned in FY22



Balanced focus on investment in traditional retail and developing new sales channels



Revenue and earnings continued to be affected by COVID-19



FY21 earnings affected by worksite restrictions, supply delays and some trade shortages reducing productivity



The business has responded and adapted to the challenges COVID-19 has presented, with over 800 staff moving to working from home and continuing to deliver high customer service

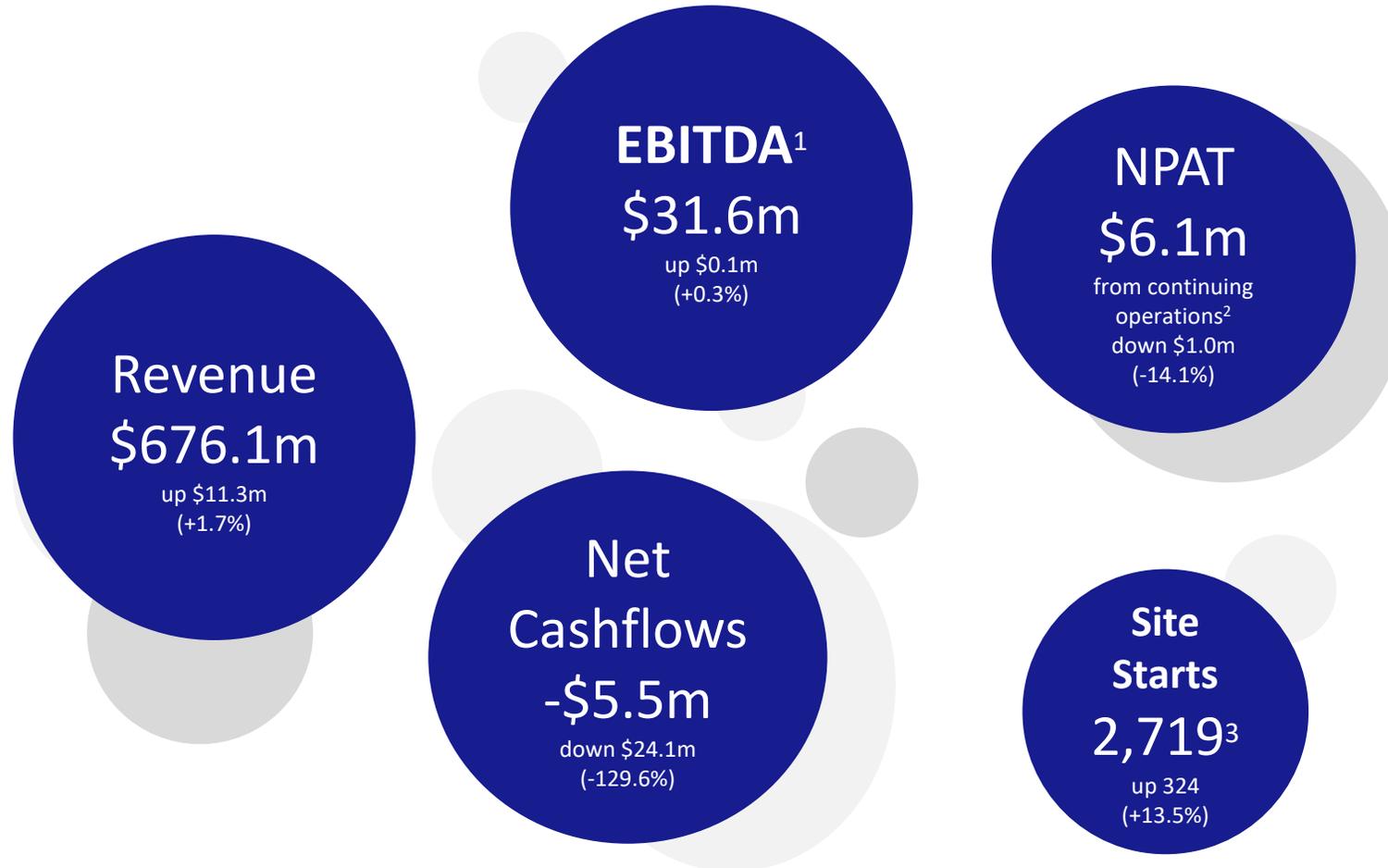


Workplace health and safety for our office-based, display home and onsite teams has remained of paramount importance



COVID-19 accelerated the digital transformation of our business, with our investment in technology and internal sales channels enabling us to engage customers earlier and support them throughout the customer journey from initial enquiry through to settlement on their new home

# FY21 Full Year Financial Results



**VISIBLE SAFETY LEADERSHIP** focus on maintaining robust safety management systems

**REVENUE** 1.7% due to higher site starts, some changes in product mix and growth in Builders Academy

**EBITDA** marginal increase with higher site starts and stronger BAA results offset by productivity impacts from COVID-19 and investment in growth

**CASHFLOWS** were affected by COVID-19, impacting the timing of receipts and payments, as well the timing of tax payments

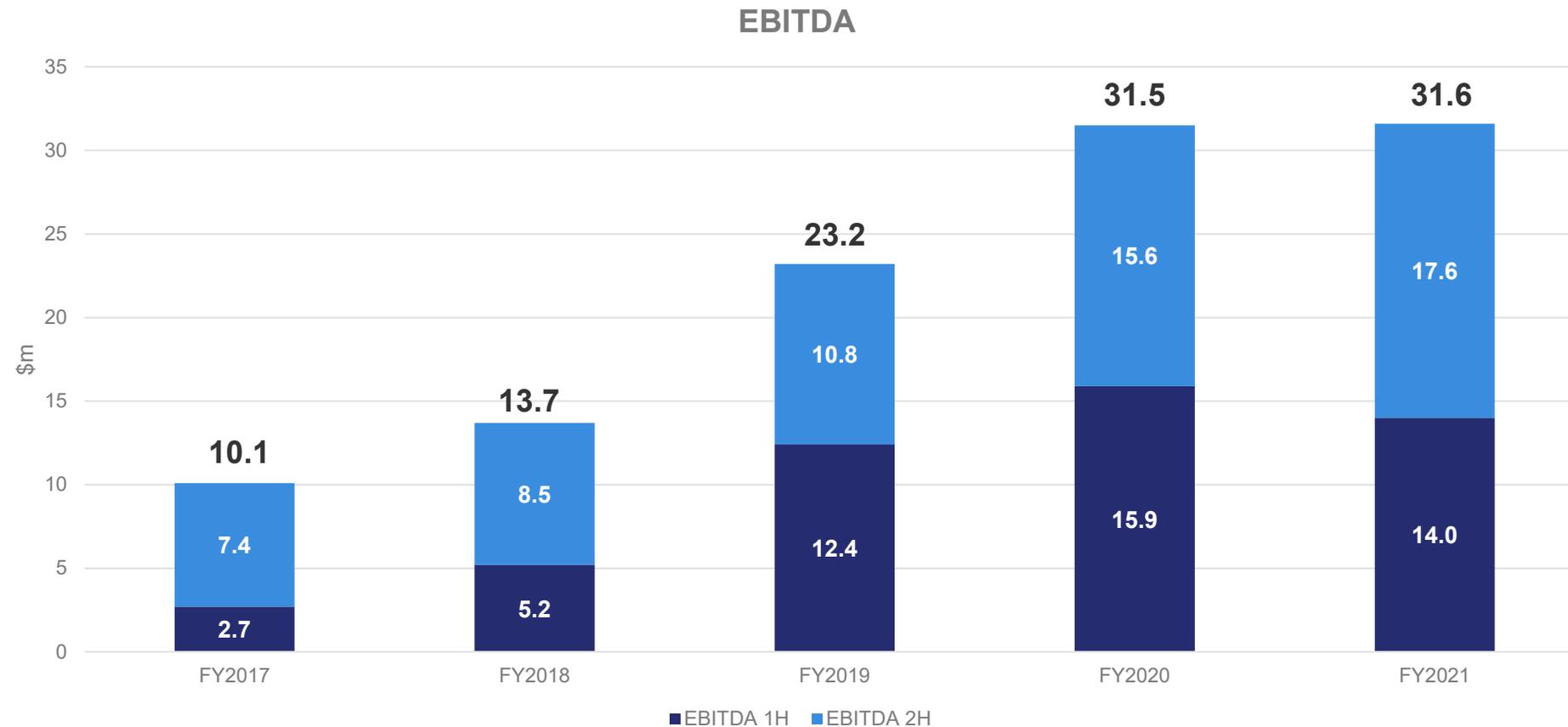
**DIVIDENDS** not paid in relation to FY21. Future dividends will be subject to the directors' assessment of the Company's financial position at the appropriate time. Position to be assessed again after the end of 1HFY22 having regard to industry conditions at that time

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 Madison Projects, which became a discontinued operation in FY17.

3. Excludes any display or speculative home starts.

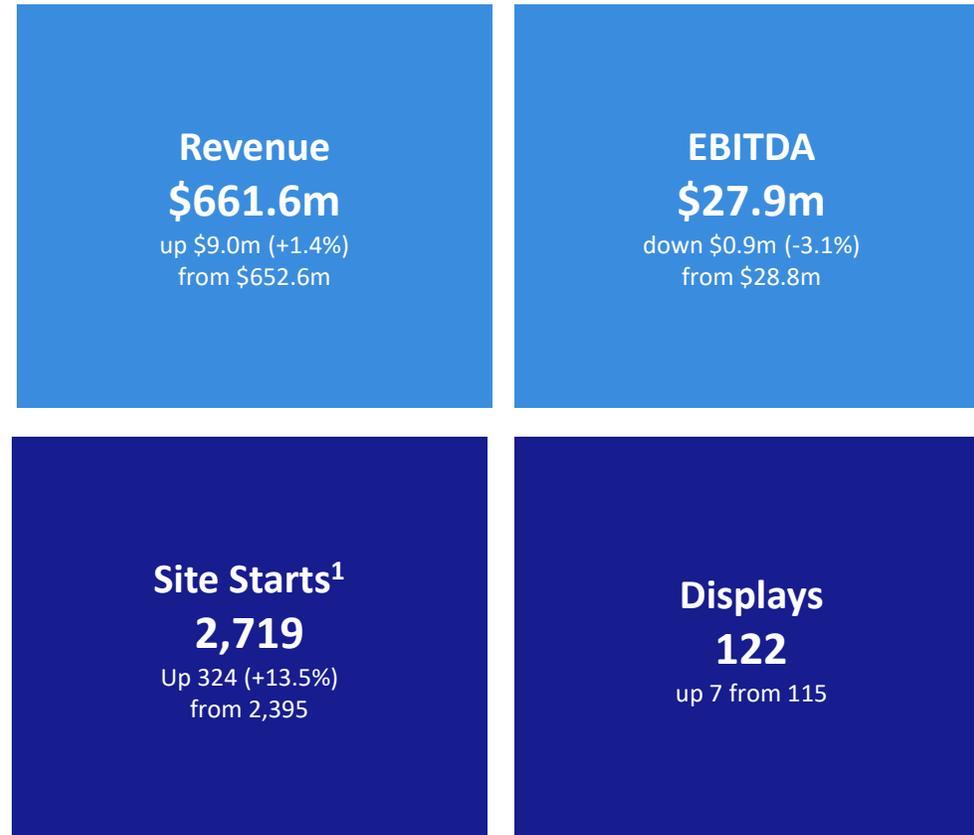
# Growth in Group Earnings Update



1. EBITDA represents earnings before interest, tax, depreciation and amortisation (D&A) from continuing operations and excluding Madisson Projects, which became a discontinued operation in FY17. and in accordance with the requirement 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 show in FY20 and FY21 as the cost are now reflected within depreciation and amortisation (D&A) and Interest expense. This change was effective from 1 July 2019.

# Simonds Homes Results for the Full Year

## Key Metrics



**SITE STARTS** increased by government stimulus and investment in new channels, which helped offset COVID-19 impacts

**REVENUE** benefited from higher site starts from existing and new sales channels

**EBITDA** benefited from the higher starts offset by supply delays and some trade shortages impacting productivity and investment in growing existing and new channels

**FUTURE GROWTH** plans are underpinned by diversified product range and development of new products

**FY21 INVESTMENT** in existing and new channels to market expected to improve prospects for sustainable growth

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 Full Year

## Key Metrics

Revenue

**\$14.5m**

up \$2.6m (+21.8%)  
from \$11.9m

EBITDA

**\$3.7m**

up \$1.3m (+54.2%)  
from \$2.4m

Course  
Enrolments

**2,836**

up 357 (+14.4%)  
from 2,479

Graduates

**778**

up 44 (+6.0%)  
from 734

**BAA RECOGNISED** 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 VIRTUAL CLASSROOM DELIVERY MODEL** enabled online, live and interactive delivery of classes, and the ability to scale to support students starting and continuing their studies despite COVID-19 restrictions

**GROWTH** in the number of students studying via an Apprenticeship or Traineeship model continued through FY21

**ACTIVE STUDENT NUMBERS INCREASED** by 20.7% on those applicable at the end of FY20

**FUTURE GROWTH AND DIVERSIFICATION** from the broader range of qualifications BAA can deliver including Project Management, Sales & Marketing, Leadership & Management, Painting & Decorating, and Bricklaying

# Balance Sheet

	30-Jun-21	30-Jun-20
	\$m	\$m
Cash / Equivalents	22.8	28.3
Receivables	33.4	29.3
Tax receivable	2.3	-
Accrued revenue	50.7	34.4
Inventories	27.3	34.2
PP&E	5.8	6.2
Intangible assets	8.3	8.8
Other	1.1	1.8
Right-of-use assets	21.9	22.7
Deferred tax assets	-	0.6
<b>Total Assets</b>	<b>173.6</b>	<b>166.3</b>
<b>Liabilities</b>		
Trade / other payables	78.5	80.6
Deferred revenue	0.4	1.6
Customer deposits	21.2	12.0
Lease liabilities	22.1	22.6
Borrowings	0.3	0.3
Provisions	27.5	25.2
Taxes	1.4	6.7
<b>Total Liabilities</b>	<b>151.4</b>	<b>149.0</b>
<b>Net Assets</b>	<b>22.2</b>	<b>17.3</b>

**EARNINGS** and the continued focus on working capital management and minimal debt levels, has ensured the Group has a relatively strong net cash position

**ACCRUED REVENUE** increased due to the impact of COVID-19, delaying completions and billing of stages

**INVENTORIES**, comprising land and display homes under construction/available for sale, decreased by \$6.9m largely reflecting timing on the sale of displays

**INTANGIBLE ASSETS** comprise investment in software & systems, capitalised product development and training course materials, and goodwill on acquisition

**NET ASSETS** increased by \$4.9m as a result of positive operating results as well as working capital and debt management

**NET CASH** and undrawn CBA facilities of \$52.9m at 30 June 2021 contribute to headroom for the business

# Cash Flows for the Full Year

	30-Jun-21	30-Jun-20
	\$m	\$m
<i>Cash flows from operating activities</i>		
Receipts from customers	731.3	726.6
Payments to suppliers / employees	(706.2)	(674.2)
Interest paid	(1.6)	(1.5)
Income taxes paid	(9.8)	(1.9)
<b>Net cash generated from operating activities</b>	<b>13.7</b>	<b>49.0</b>
<b>Net cash used in investing activities</b>	<b>(6.2)</b>	<b>(8.6)</b>
<b>Net cash (used in)/from financing activities</b>	<b>(13.0)</b>	<b>(21.8)</b>
<b>Net increase / (decrease) in cash</b>	<b>(5.5)</b>	<b>18.6</b>
Cash / Equivalents at beginning of the period	28.3	9.7
<b>Cash / Equivalents at end of the period</b>	<b>22.8</b>	<b>28.3</b>

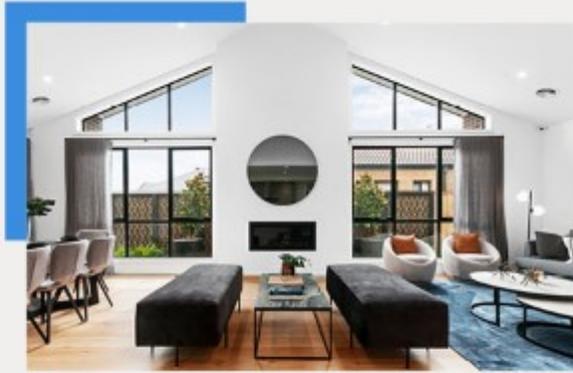
**CASH FROM OPERATING ACTIVITIES** were impacted by productivity delays on site, and timing of tax payments

**PAYMENT TO SUPPLIERS AND EMPLOYEES** impacted by increased site starts as well as investment in initiatives anticipated to improve prospects for future growth

**NET CASH USED IN INVESTING ACTIVITIES** reduced as the Group minimised capital expenditure to retain cash and completed core systems upgrades in FY20

**NET CASH USED IN FINANCING ACTIVITIES** reduced in comparison with FY20, when cash was used to repay \$5.0m to the Simonds Display Fund Facility

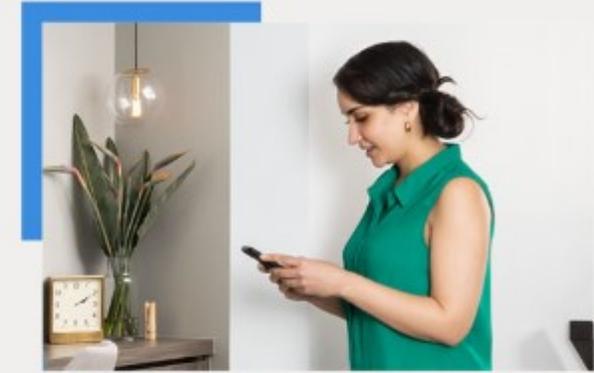
# Key Levers for Delivering Shareholder Value



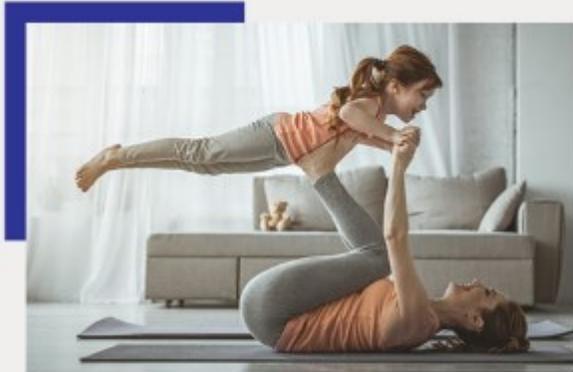
INNOVATION



ALTERNATIVE SALES CHANNELS



DIGITAL



WELLNESS



ORGANIC GROWTH



HIGH PERFORMING CULTURE

# Current Trading Conditions and Outlook



Continued investment into traditional and new sales channels is anticipated to sustain and support growth



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



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> have mixed forecasts in FY22, but forecast growth in FY23 and FY24



Despite the strong operational cash flow and strengthening balance sheet, no dividend will be paid due to the ongoing uncertainty created by COVID-19. Future dividends will be subject to the directors assessment of financial position. Directors intend to assess this position again after the end of 1HFY22 having regard to industry conditions at that time.



## FY22 COVID-19 IMPACTS MAY INCLUDE:

- Further lockdowns, which create uncertainty in the market and restrict customer access to display centres, galleries and worksites
- Worksite restrictions that impact productivity
- Supply chain delays and trade shortages within the industry in general

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

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Authorised for lodgement by Simonds Group Limited Board of Directors.

# Thank you