

# 1H FY25 Half Year Results

31 DECEMBER 2024





Simonds acknowledges the Traditional Custodians of country throughout Australia in which we work, live and build. We pay our respect to their Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples today.

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1H FY25 RESULTS

# Mobilising for future growth



**Delivering sustained EBITDA result of \$13.6m despite a challenging macro economic environment,** with \$1.5m EBITDA growth from continuing operations.



**Signed a binding agreement to acquire 100% of the issued share capital of Dennis Family Homes Pty Ltd.** Completion expected early March and will support attractive future returns.



**Continued investment in capability and product** that supports diversification of revenue and underpins long-term sustainable growth.



**Celebrated the 75-year anniversary of Simonds** reflecting the strength and durability of the brand and partnerships within the residential construction industry.



**While the residential market in Victoria remains soft,** we note that there are several indicators of improving consumer confidence.

## 1H FY25 RESULTS

# Continue to invest for long-term growth and profitability

Revenue<sup>1</sup>

## \$318.1m

Down \$18.9m from \$337.0m

EBITDA<sup>1</sup>

## \$13.6m

up \$1.5m from \$12.1m

Site Starts<sup>2</sup>

## 733

Down 229 from 962

## Available liquidity

## \$32.4m

Up \$5.8m from \$26.6m

- **Revenue** impacted by softer demand and reduce site starts; however, this was offset by continued improvement in margins and increased site start values.
- **EBITDA** continued to grow given the improved margin profile and sustained focus on cost efficiency.
- **Site starts** decreased given a delay in the return of residential growth. The starts within the Insurance channel have reduced as a consequence of lower demand and as the business pivots to alternative strategic initiatives that will support sustainable long-term growth and profitability.
- **Healthy liquidity position** with \$32.4 million available at 31 December (\$7.8m cash on hand and unused banking facilities of \$24.6m) providing sufficient headroom for investment into strategic initiatives working capital needs

1. From continuing operations

2. Excludes any display homes

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

## 1H FY25 RESULTS

## Financial performance

	31-Dec-24	31-Dec-23
	\$m	\$m
<b>Continuing operations</b>		
Revenue	318.1	337.0
Cost of sales	-249.2	-269.1
Gross margin	68.9	67.9
Operating expenses	-55.3	-55.8
EBITDA <sup>1</sup>	13.6	12.1
Depreciation & Amortisation	-9.2	-8.6
Interest expense <sup>2</sup>	-1.4	-1.0
Profit / (Loss) before tax	3.0	2.5
Income tax (expense) / benefit	-1.0	-0.8
Profit / (Loss) after tax	2.0	1.7
<b>Discontinued operations</b>		
(Loss) Profit from discontinued operations after tax	-0.1	0.7
Profit after tax for the year	1.9	2.4

<sup>1</sup> Referring to Earnings before Interest, Income Tax and Depreciation & Amortisation ("EBITDA")

<sup>2</sup> Interest expense mainly comprises non-cash interest on long-term lease liabilities calculated in line with AASB 16 Leases and line fee on multi-option facility

- **Revenue from continuing operations** decreased due to a lower number of site starts and jobs under construction offset by improved site start values and increased productivity.
- **Gross margin performance** continue to improve inline with higher value and margin jobs going to site.
- **Operating expenses** remained stable despite ongoing investment in product and capability, reflecting the Group's disciplined overhead management.
- **Depreciation and amortisation** increased, reflecting prior-year investments in new branding, product designs, and increased investment in the display network.
- Minor cost incurred in relation to warranty obligations for **discontinued operations**.

## 1H FY25 RESULTS

# Financial position

	31-Dec-24	31-Dec-23
	\$m	\$m
Cash / Equivalents	7.8	1.6
Receivables	35.9	54.2
Accrued revenue	39.5	55.8
Inventories	22.2	22.2
PP&E	2.7	2.6
Intangible assets	3.8	3.0
Other	3.1	2.4
Right-of-use assets	14.6	14.5
Deferred tax asset	1.1	2.0
<b>Total Assets</b>	<b>130.7</b>	<b>158.3</b>
<b>Liabilities</b>		
Trade / other payables	62.5	92.9
Deferred revenue	12.3	11.3
Lease liabilities	15.6	15.5
Borrowings	1.7	0.9
Provisions	18.2	19.2
<b>Total Liabilities</b>	<b>110.3</b>	<b>139.8</b>
<b>Net Assets</b>	<b>20.4</b>	<b>18.5</b>

- **Net cash & Banking facilities:** \$32.4m, ensuring capacity for investment and operational needs.
- **Receivables:** Decrease aligns with a reduction in jobs under construction, with lower corresponding payables.
- **Inventories:** Comprises land and display homes under construction or available for sale. There is a small portion relating to development of speculative built homes (Spec).
- **Intangible assets:** Include investment in new product designs and website capabilities. Increase is supported by investment made in prior year.
- **Deferred revenue:** Increased due to higher preliminary customer deposits, reflecting stronger upfront commitments.
- **Provisions:** Reduced warranty provisions as a consequence of improved claims experience and reduction of number of jobs on site.

## 1H FY25 RESULTS

## Cash flow

	31-Dec-24	31-Dec-23
	\$m	\$m
<b>Cash flows from operating activities</b>		
Receipt from customers	389.0	377.5
Payments to suppliers / employees	-371.5	-374.7
Interest paid	-1.4	-1.0
Income taxes refund	16.1	1.8
<b>Net cash generated from / (used in) operating activities</b>	<b>-2.7</b>	<b>-1.9</b>
Net cash (used in) investing activities	-7.2	-5.4
Net cash (used in) / generated from financing activities	6.2	-5.5
<b>Net (decrease) / increase in cash</b>	<b>1.6</b>	<b>15.1</b>
Cash and cash equivalents at beginning of the period	7.8	9.6
Cash and cash equivalents at end of the period	1.6	15.1

- **Cash** performance remains strong due to continued focus on working capital management and liquidity.
- **Cash flow from operating activities** significantly improved given higher productivity onsite.
- **Net cash (used in) investing activities** reflects ongoing investment in growth and strategic initiatives.
- **Net cash (used in) financing activities** is predominantly payments towards the Group's lease liabilities including commercial offices and display homes.

FY25

# FY25 Key initiatives

Continued investment in alternative channels will support future volume growth and profitability

### Channel diversification

- Expansion into medium-density housing with increased operational and design capabilities.
- Successful launch of a speculative housing channel.
- Working closely with government & developers to support the delivery of affordable housing initiatives.

### Commitment to sustainable profitability

- Disciplined capital allocation to support high-return growth initiatives increasing shareholders' wealth.
- Continuous cost optimization to align with market conditions and economic factors.
- Revenue and margin expansion supported by improved product offering.

### Product innovation

- Investment in **new home designs** aligned with evolving market demands and regulatory requirements.
- Expanded product range incorporating **modern features, facades and flexible living options**.
- Development of new small lot, affordable housing & Medium Density design solutions.

### Operational transformation

- Successful roll out of new CRM platform to enhance customer experience.
- Investment in new Gallery offering and resourcing to improve customer experience.
- Ongoing focus on efficiency and process improvements to optimise cost structures.

FY25

# Current trading conditions & outlook

- **Residential margin** is expected to improve further on the back of increased productivity and higher margins achieved for jobs sent to site.
- **Channel evolution:** Growing demand for medium-density and smaller lot products, with Simonds developing several new designs.
- **Government-backed housing initiatives** offer potential opportunities in the affordable housing sector.
- **Industry** navigating through challenging market conditions predominantly driven by external factors such as interest rates and borrowing capacity.
- **Operating cost efficiencies** remain a priority to maintain competitive advantage in a challenging environment.



## 2HFY25 Market opportunities include:

- Strategic acquisition of Dennis Family Homes expected to drive cost synergies and expand product offering.
- Continued expansion of speculative housing amid strong demand for ready-built affordable homes.
- Development of new small lot, affordable housing & Medium Density design solutions.

# Dennis Family Homes acquisition rationale

This strategic acquisition significantly boosts scale across both metro and regional Victoria and New South Wales. This positions Simonds to capitalise on an expected residential construction rebound. Simonds will leverage the acquisition to strengthen its market position and build greater customer confidence.

## Financially appealing

Supplements existing Simonds pipeline with the transaction expected to be Earnings accretive from Q1 FY26.

## Stronger product portfolio

Complementary products, accelerating the product development strategy to better meet growing customer demands across Victoria, Queensland, NSW and South Australia.

## Achieve immediate scale

Immediate access to a high volume of site starts through a combination of:

- ✓ Jobs Under Construction
- ✓ Forward Order Book
- ✓ Lead database

Resulting in expected 25% increase in site starts in FY26.

Accelerate growth into New South Wales.  
Leveraging supply chain efficiencies.

## Access to key resources

Opportunity to integrate DFH's high-performing employees into Simonds, bolstering capabilities to support growth and execution.

Showroom continues to operate for customers.

DFH display footprint added to Simonds' existing portfolio.

Significant expansion of resources and capability in key market segments.

# Thank you.

For more information contact:

Level 1, 570 St Kilda Road  
Melbourne VIC 3004

(+61) 3 9682 0700  
[simondsgroup.com.au](https://simondsgroup.com.au)

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