

Full Year FY19 Financial Results  
28 August 2019



# About Cedar Woods: Purpose & Vision



## Purpose

*To create long term value for our shareholders through the development of vibrant communities*



## Vision

*To be the best Australian property company known for performance & quality*

# About Cedar Woods: Our Strategy

To grow & develop our national project portfolio, diversified by geography, product type & price point, so that it continues to hold broad customer appeal & performs well in a range of market conditions.



## Geography

Good geographic spread of well located projects in 4 states.

---



## Product Type

Range of housing lots, townhouses, apartments and office products.

---



## Price Point

Wide range of price points offered throughout the portfolio.



# About Cedar Woods: Strategic Priorities

## High Performance Culture

Creating a progressive, high-spirited work environment with strong staff alignment to values and objectives, where top talent work collaboratively and high performance is rewarded.



## Operational Excellence

Being operationally strong and safe through renewed and integrated systems and technologies, and having a strong corporate brand with quality projects.



## Financial Strength

Optimising performance through disciplined capital management, a commercial focus, cost minimisation and maintaining a strong balance sheet.



## Earnings Growth

Pursuit of earnings growth is the key metric to achieve our primary objective of creating long-term value for our shareholders. This may be achieved organically, by mergers and acquisitions or through new business areas.



## FY19 PROGRESS

Strong culture serving as form of advantage - staff surveys demonstrate high engagement and high levels of role satisfaction.

Digital transformation well progressed with new integrated financial system implementation near complete. New risk management framework implemented. Strong safety record.

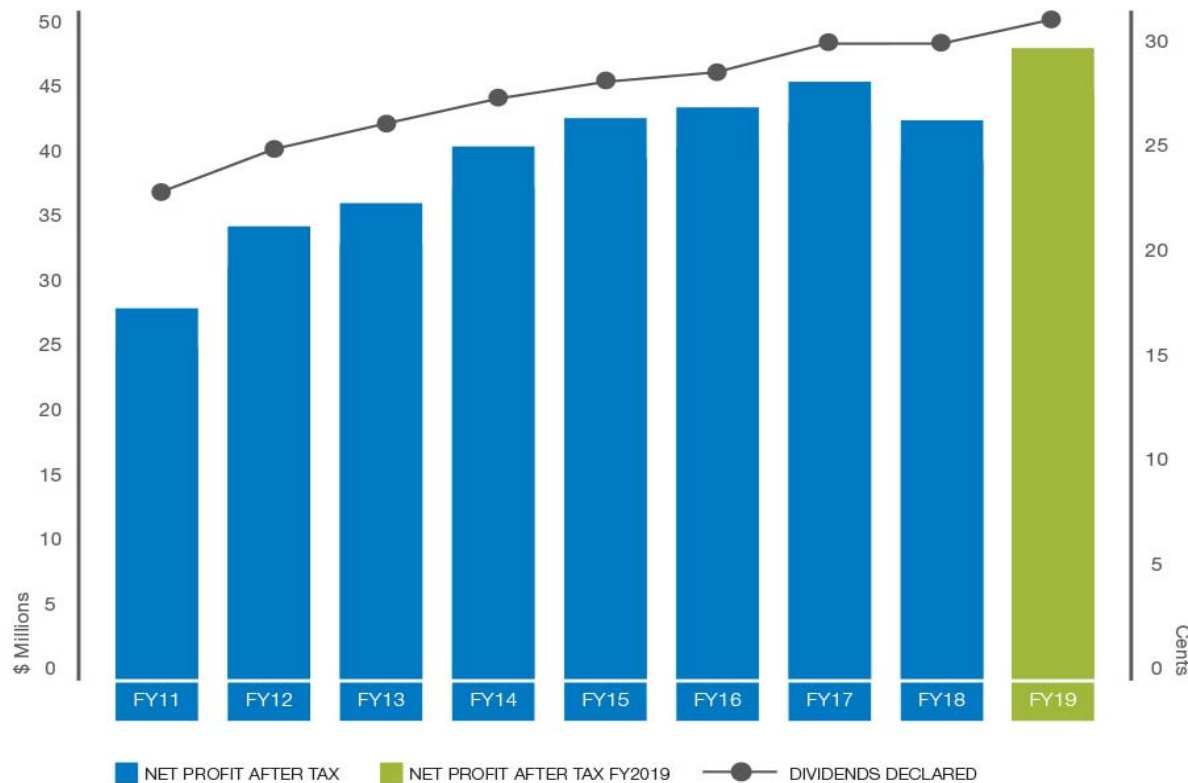
Finance facility renewed for 3 years with portion for 5 years; NAB joined Bankwest / ANZ. Gearing at low end of target range, with over \$100m headroom under facilities to fund growth.

13% increase in EPS.

3 sites acquired at favourable time in cycle to contribute to future earnings.

# About Cedar Woods: Performing through the cycles

NPAT and dividends since FY11



A strong track record of consistent profitability & fully franked dividends

# Financial: FY19 highlights

Net Profit

\$48.6m

↑ Up 14%



Total Revenue

\$375.9m

↑ Up 56%



Earnings Per Share

60.9c

↑ Up 13%



Full Year Dividends

31.5c

↑ Up 5%



Return On Equity

12.9%

Above company benchmark



Total Shareholder Return

5.3%

Sound total shareholder return



Presales Contracts

\$330m

↑ Up \$10m



Net Bank Debt to Equity

28.0%

At the lower end of target range

## Financial: Balance sheet strength & access to funding

	30 June 2019	30 Jun 2018
Total assets (book value)	\$571.7m	\$601.5m
Net assets (equity)	\$376.5m	\$353.2m
Net assets per share (book)	\$4.70	\$4.44
Net bank debt	\$105.3m	\$109.1m
Net bank debt to equity	28.0%	30.9%
Net bank debt to total tangible assets (less cash)	18.9%	18.9%
Finance facilities	\$235.0m	\$297.1m
Finance facilities headroom	\$101.2m	\$146.9m
Interest cover (annual)	8.6 x	8.5 x

# Our portfolio: Summary



Fletcher's Slip

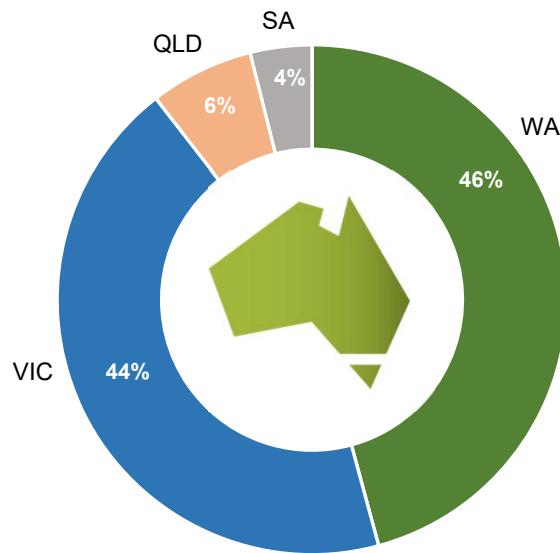
- ▶ 9,600+ lots/dwellings/units
- ▶ 34 projects
- ▶ 4 states - VIC, WA, SA, QLD
- ▶ Land estates, townhouses, apartments & commercial projects
- ▶ High amenity locations & often located adjacent to train stations
- ▶ Projects positioned as quality developments within their respective markets



# Our portfolio: Diversified by product & location

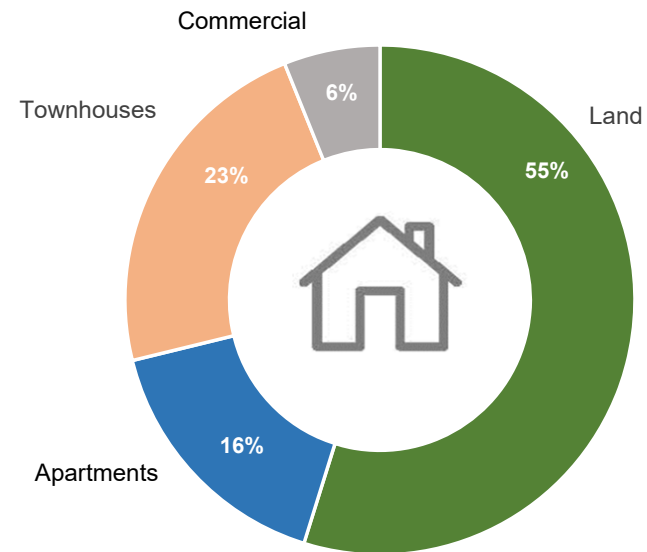
## Location

FY2019 Settlements  
# lots/homes/offices



## Product Type

FY2019 Settlements  
# lots/homes/offices



# Market conditions: Economic factors



	Population growth continuing <sup>1</sup>	GDP growth robust <sup>2</sup>	Unemployment stable <sup>3</sup>
<b>VIC</b>	2.2%	2.75%	4.8%
<b>QLD</b>	1.8%	3.00%	6.4%
<b>WA</b>	0.9%	3.50%	5.9%
<b>SA</b>	0.8%	2.50%	6.9%

Fundamental market drivers remain supportive

Notes: (1) ABS: Australian demographic statistics December 2018, (2) State Treasuries: Forecast FY20 Gross State Product growth per FY2020 State Budgets, (3) ABS: July 2019 seasonally adjusted unemployment.

## Market conditions: Property sector

Challenging conditions across all states throughout FY19 with tight housing finance the main factor

Latest data shows that we are likely near the bottom of this property cycle:

- ▶ Prices appear to be stabilising - CoreLogic reported housing values in 5 of 8 capital cities recorded modest rises in values in July 2019; and
- ▶ Notable change in buyer sentiment and increased loan application activity.

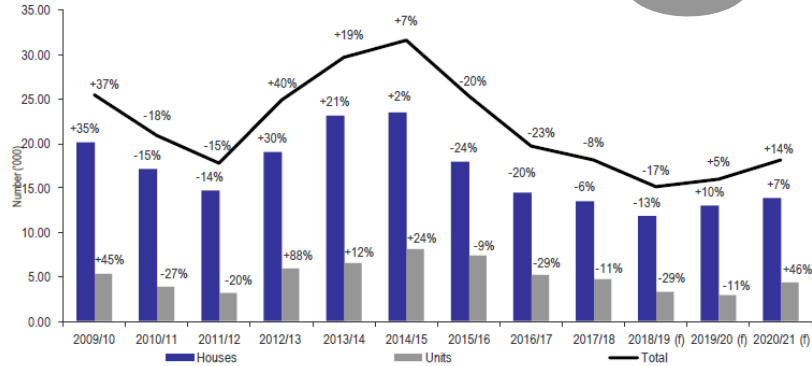
A turnaround in sentiment is attributable to several factors:

- ▶ Two interest rate cuts, pushing mortgage rates to record lows, & the prospect of further falls;
- ▶ APRA's loosening of mortgage stress tests;
- ▶ The best housing affordability nationally since 2016;
- ▶ Tax cuts for some income segments;
- ▶ Increased confidence after Federal election.

# Market conditions: HIA's Outlook for Dwelling Starts

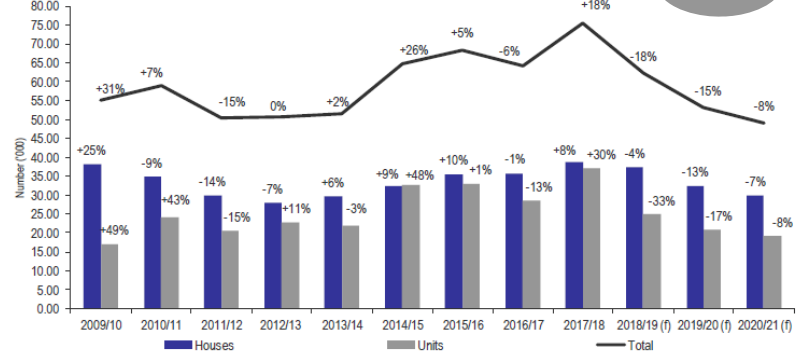
New Housing Forecast, by Type, WA Dwelling Starts

Source: HIA Economics



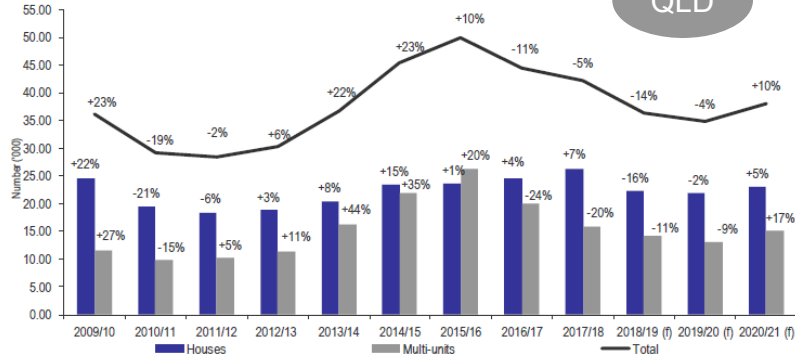
New Housing Forecast, by Type, VIC Dwelling Starts

Source: HIA Economics



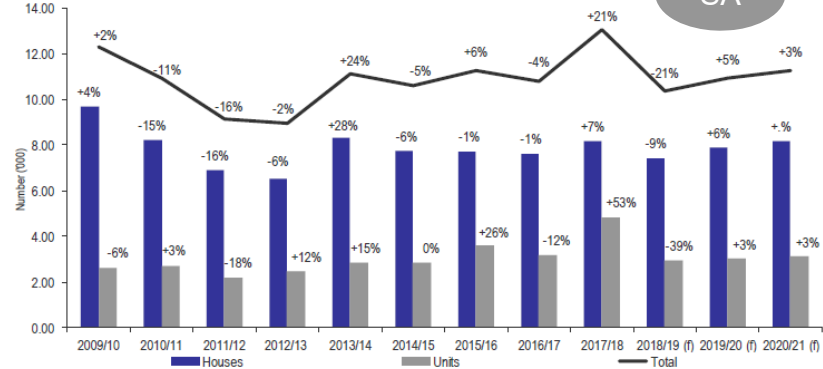
New Housing Forecast, by Type, QLD Dwelling Starts

Source: HIA Economics



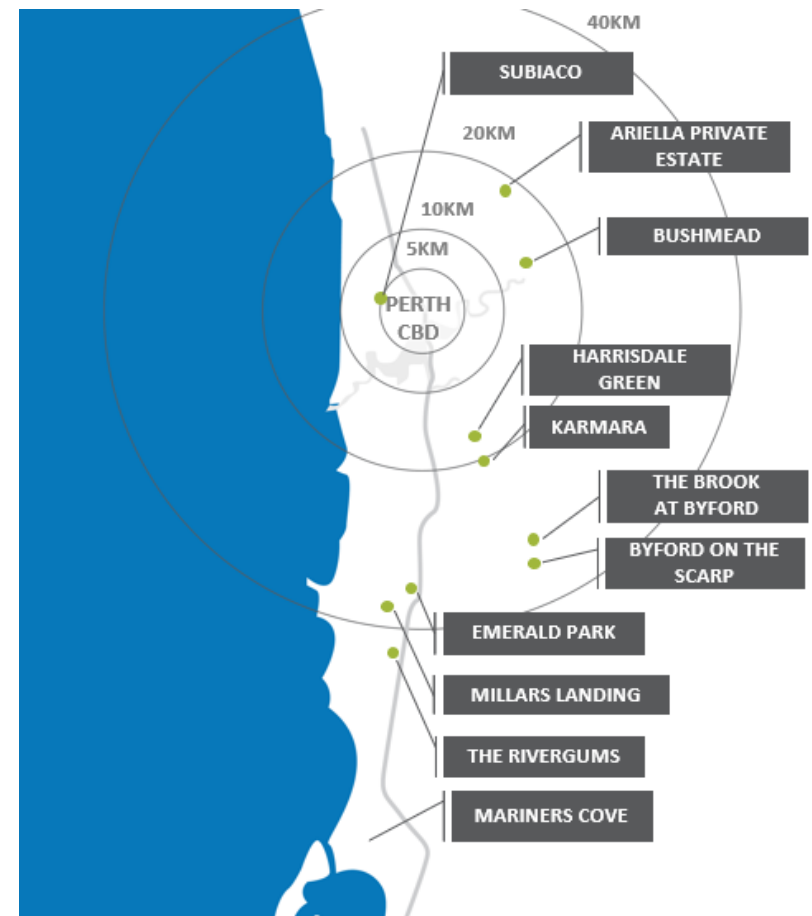
New Housing Forecast, by Type, SA Dwelling Starts

Source: HIA Economics



# Our projects: Western Australia

- ▶ 16 projects & more than 5,900 lots / dwellings
- ▶ Projects catering for a range of buyer types
- ▶ Land subdivision & townhouses
- ▶ 2 new developments delivering first full year contributions with another to commence FY20
- ▶ While conditions remain subdued, sales continue to be achieved with improvement expected over FY20
- ▶ Cedar Woods has strong leverage to WA
- ▶ Three parcels acquired in FY19 at Ariella, Karmara & Subiaco





# Our projects: Western Australia highlights

## Ariella (Brabham)

- ▶ 870+ lots, in north-east growth corridor
- ▶ Strong sales continuing
- ▶ Price range \$175,000 - \$305,000
- ▶ Increased project life with acquisition of additional 20 hectares in FY19



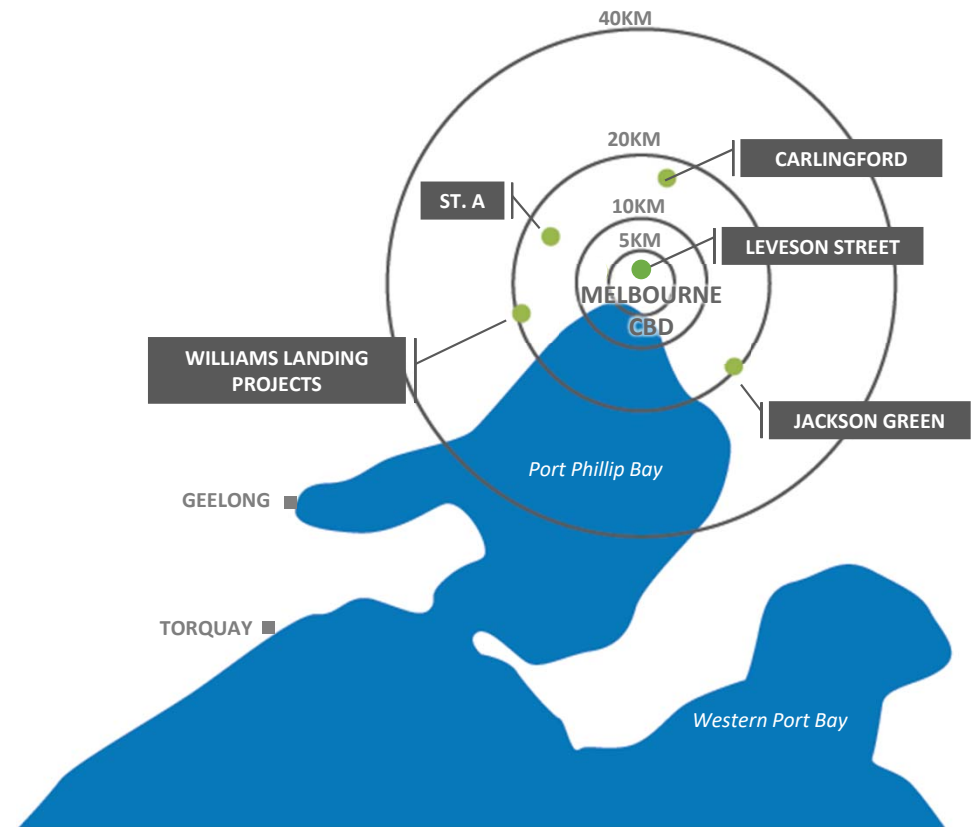
## Bushmead

- ▶ 950+ lot estate, strong margins, contributed first full year of settlements in FY18
- ▶ Project duration of 8 years
- ▶ Several stages under construction
- ▶ Price range \$168,000 - \$373,000



# Our projects: Victoria

- ▶ 14 projects (8 currently at Williams Landing)
- ▶ More than 1,200 lots / dwellings / offices + 20 hectares of commercial / apartment sites
- ▶ Land subdivision, townhouses, apartments & commercial projects
- ▶ Continuation of soft conditions expected, though underpinned by first home buyer incentives & strong population growth
- ▶ Our Victorian portfolio has resilient projects in high performing locations, with low competition



# Our projects: Victoria highlights

## Jackson Green (Clayton South)

- ▶ 500+ townhouses & apartments
- ▶ Price range \$350,000 - \$950,000
- ▶ Several townhouse and apartment stages completed early



## St A (St Albans)

- ▶ 240+ townhouses & apartments
- ▶ Price range \$450,000 - \$710,000
- ▶ Steady sales and price growth
- ▶ Delivered first settlements in FY19 & numerous stages underway.



# Our projects: Williams Landing

- ▶ 10 years+ remaining project life
- ▶ Diverse mix of land, townhouses, apartments & commercial developments
- ▶ Pipeline of 20+ commercial / residential sites & over 200 dwellings outside of town centre
- ▶ Numerous projects underway (apartments, commercial, land) including 4 office developments now in progress or completed
- ▶ Shopping centre: built & retained stage 1; planning underway for future stages

## Target Australia Headquarters

- ▶ Settled with Centuria Property Funds Limited December 2018
- ▶ 850 new employees being added to the town centre





# Our projects: Queensland

## Ellendale (Upper Kedron)

- ▶ 228 ha site, 12km west of Brisbane CBD
- ▶ 900+ lots now approved
- ▶ Price range \$290,000 – \$480,000
- ▶ Several stages underway
- ▶ 8 years remaining life



## Woolloowin

- ▶ 3.8 ha site, 6km north of Brisbane CBD
- ▶ Mix of townhouses & apartments
- ▶ Close to two train stations, schools & shops
- ▶ Redesign process underway





# Our projects: South Australia

## Glenside

- ▶ 17ha, 3km from Adelaide CBD
- ▶ Around 1,000+ dwellings - townhouses & apartments
- ▶ 8-10 year project duration
- ▶ Strong sales; settlement of townhouses commenced
- ▶ First apartment building under construction



## Fletcher's Slip (Port Adelaide)

- ▶ 14km north west of the CBD
- ▶ 500+ dwellings, mostly townhouses
- ▶ Adjacent to train station & close to submarine building precinct
- ▶ Strong initial sales
- ▶ Site preparation works underway



# Outlook

Sentiment is improving & gains are expected in some markets over FY20

Low interest rates, continuing population growth & government incentives support demand

Moderately lower earnings expected in FY20, with growth expected over the medium term

Long pipeline of quality projects & development program on track

Projects in higher performing locations with low competition

Operational enhancements to culture & systems to provide competitive advantage

Outlook underpinned by pre-sales of \$330m, up \$10m on same time last year

WA leverage provides distinct advantage; economy upturn will further support growth

Currently assessing a number of acquisitions in favourable buying conditions

# The Cedar Woods investment proposition

- ✓ Stable and experienced Board and Management
- ✓ Track record of consistent profits & dividends
- ✓ Strong fully franked dividend yield
- ✓ Well positioned to benefit from WA turnaround
- ✓ Portfolio diversified across geographies, product and price point



---

**Disclaimer of liability**

While every effort is made to provide complete and accurate information, Cedar Woods Properties Limited does not warrant or represent that the information in this presentation is free from errors or omissions or is suitable for your intended use. Subject to any terms implied by law and which cannot be excluded, Cedar Woods Properties Limited accepts no responsibility for any loss, damage, cost or expense (whether direct or indirect) incurred by you as a result of any error, omission or misrepresentation in information in this presentation. All information in this presentation is subject to change without notice.

"To the extent this Presentation contains certain forward-looking statements and comments about future events (including for example, projections as to project life, number of lots or price ranges), these statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Forward looking statements are impacted by both known and unknown risks and external factors that are outside the control of Cedar Woods. As such, undue reliance should not be placed on any forward looking statement and no representation or warranty is made by any person as to the likelihood of achievement or reasonableness of any forward looking statements, forecast financial information or other forecast."

This presentation is not financial advice or a recommendation to acquire Cedar Woods Properties Limited securities and has been prepared without taking into account the objectives, financial situation or needs of individuals.

# Appendix 1: Project pipeline

PROJECT NAME	CORRIDOR / LOCATION	PROJECT TYPE	LOT/UNITS PROJECT	LOTS/UNITS REMAIN	FY20	FY21	FY22	FY23	FY24	FY25
<b>WESTERN AUSTRALIA - PERTH</b>										
Mariners Cove, Mandurah	South	Residential Land	982	25						
Ariella, Brabham	North East	Residential Land	872	505						
The Brook at Byford	South East	Residential Land	428	230						
Rivergums, Baldivis	South	Residential Land	1,414	349						
Byford on the Scarp	South East	Residential Land	276	167						
Karmara, Piara Waters	South East	Residential Land	154	57						
Forrestdale	South East	Residential Land	295	295						
Bushmead	East	Residential Land	954	744						
Millars Landing, North Baldivis	South	Residential Land	1,610	1,554						
Pinjarra	South	Residential Land	1,080	1,080						
<b>WESTERN AUSTRALIA - REGIONAL</b>										
Elements South Hedland	Pilbara	Residential Land	136	2						
<b>WESTERN AUSTRALIA - "JV" PROJECTS</b>										
Cedar Woods Wellard (Emerald Park)	South	Residential Land	665	64						
Batavia Coast Marina Apartments	Mid-West	Apartments	54	7						
Harrisdale Green	South East	Residential Land and Townhouses	482	278						
Western Edge, South Hedland	Pilbara	Residential Land	600	600						
				<b>5,957</b>						
<b>VICTORIA - MELBOURNE</b>										
Carlingford, Lalor	North	Residential Land	580	67						
St A, St Albans	North West	Townhouses	249	204						
Jackson Green, Clayton South	South East	Townhouses and Apartments	291	90						
Jackson Green, Clayton South	South East	Gardenia Apartments	74	64						
Jackson Green, Clayton South	South East	Huntington Apartments	165	165						
North Melbourne	North West of CBD	Townhouses	15	15						
Williams Landing	West	Residential Land, Townhouses, Apartments	2,263	209						
Williams Landing	West	Lancaster Apartments	42	1						
Williams Landing	West	Lincoln Apartments	125	125						
Williams Landing	West	Victorian State Government Office	1	1						
Williams Landing	West	95 Overton Road Office	1	1						
Williams Landing	West	111 Overton Road Strata Offices	48	2						
Williams Landing	West	101 Overton Road Strata Offices	74	74						
Williams Landing	West	Future Apartments / Offices	344	241						
Williams Landing	West	Commercial (20 hectares)								
				<b>1,259</b>						
<b>QUEENSLAND - BRISBANE</b>										
Woolloowin	Inner North	Townhouses and Apartments	279	279						
Ellendale, Upper Kedron	North West	Residential Land	900	621						
				<b>900</b>						
<b>SOUTH AUSTRALIA - ADELAIDE</b>										
Glenside	Inner South East	Townhouses and Apartments	1,018	986						
Fletcher's Slip, Port Adelaide	North West	Townhouses and Apartments	502	502						
				<b>1,488</b>						
<b>TOTAL GROUP</b>										
				<b>9,604</b>						

Note: Lots/units remaining is at 30 June 2019.

Planning, Design & Rezoning    Development & Sales    Leasing, Development & Sales

