

# Annual General Meeting 2020



# Agenda

## 1 Chairman's Address

Mr William Hames

## 2 Managing Director's Review

Mr Nathan Blackburne

## 3 Formal Business

- Ordinary Business: Consideration of financial report
- Special Resolution 1: Adoption of new Constitution
- Ordinary Resolution 1: Re-election of retiring director Jane M Muirsmith
- Ordinary Resolution 2: Remuneration report
- Ordinary Resolution 3: Zero-Price options (ZEPOs)
- Ordinary Resolution 4: Performance rights

## 4 Questions

# Chairman's Address

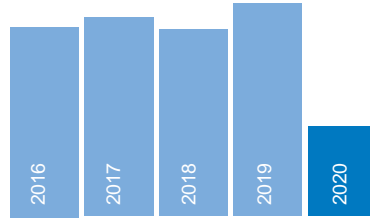


Chairman  
Mr William G Hames

# Financial: FY20 Full Year Summary

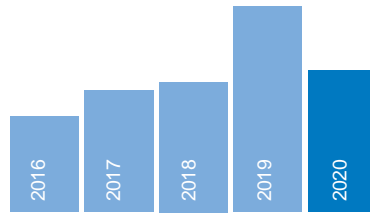
NET PROFIT  
AFTER TAX

**\$20.9m**



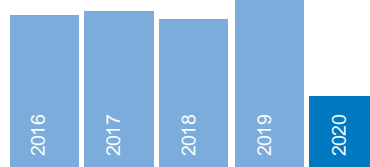
TOTAL  
REVENUE

**\$260.7m**



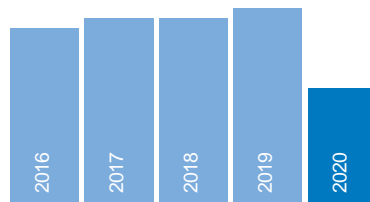
EARNINGS  
PER SHARE

**26.0c**



FULL YEAR  
DIVIDENDS

**19.0c**



RETURN  
ON EQUITY



**5.5%**

Below company  
benchmark of 10%

TOTAL  
SHAREHOLDER  
RETURN



**-2.4%**

Outperformed All Ordinaries of -7.2%,  
Small Industrials of -7.4%,  
Peer group average\* of -17.8%

PRESALE  
CONTRACTS



**\$360m**

↑ Up \$30m

NET BANKDEBT  
TO EQUITY



**37.7%**

At the lower end of  
target range of 20%-75%

## Relative Market Performance: Total Shareholder Return

	<b>CWP</b>	<b>PEER GROUP AVERAGE</b>	<b>S&amp;P ASX 300</b>
<b>FY20</b>	<b>(2.4%)</b>	<b>(17.8%)</b>	<b>(7.6%)</b>
<b>FY19-20</b>	<b>1.1%</b>	<b>(8.4%)</b>	<b>1.5%</b>
<b>FY18-20</b>	<b>6.2%</b>	<b>(2.3%)</b>	<b>5.2%</b>
<b>FY16-20</b>	<b>5.9%</b>	<b>0.5%</b>	<b>5.8%</b>

# About Cedar Woods: Strategy

To grow our national project portfolio, diversified by geography, product type and price point, so that it continues to hold broad customer appeal and 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 commercial

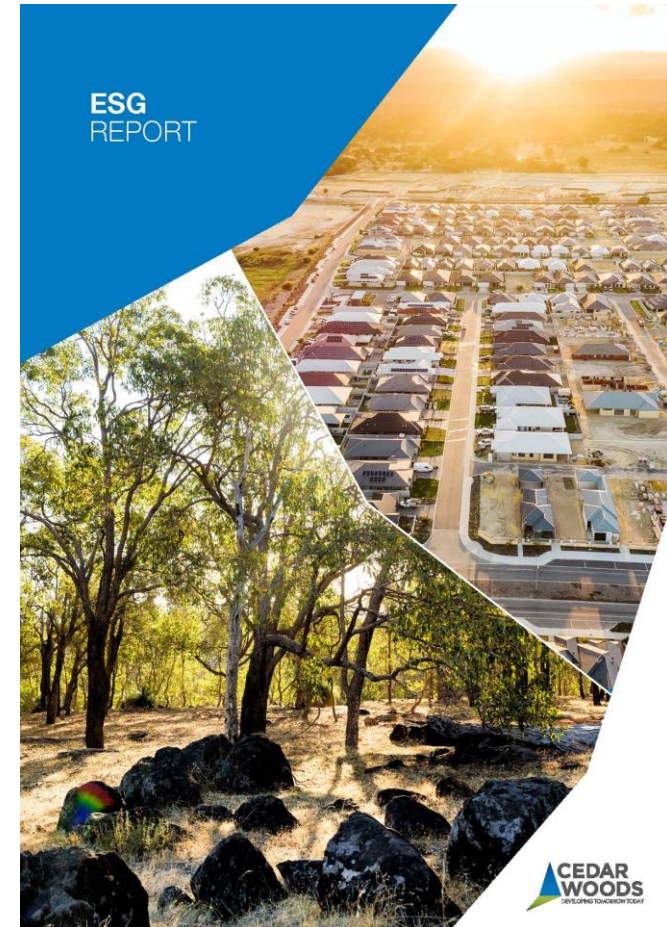


## Price Point

Wide range of price points offered throughout the portfolio

# Cedar Woods: ESG Report

- ▶ Greater focus on ESG in FY20
- ▶ Enhanced reporting
- ▶ Strong governance structures
- ▶ Good workforce diversity outcomes
- ▶ Climate change mitigation initiatives embedded in product design & delivery processes
- ▶ Active member in the communities in which we operate
- ▶ Neighbourhood grants scheme giving back to grass roots organisations



# Cedar Woods Non-Executive Director: Ron Packer





# Cedar Woods Board



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## 4 Questions

# Managing Director's Review



Managing Director  
Mr Nathan J Blackburne

# FY20 Overview

- ▶ COVID 19 response
- ▶ Recovery acceleration initiatives enacted
- ▶ Robust company strategy that is standing test of time
- ▶ Vibrant communities & quality product being delivered
- ▶ Active member & sponsor of the communities we operate in
- ▶ Cohesive, high spirited team



# Update on Strategic Priorities

## 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



## Operational Excellence

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



## 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



## FY20 PROGRESS

FY20 result impacted by COVID-19; Strong performance relative to peers and indices; Strong bank support; Gearing at low end of target range; Capacity to fund growth

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Maintained growth mindset to capitalise on favourable buying conditions – 5 sites acquired in past 2 years

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Developing leading, integrated systems to create efficiencies, superior controls, real time data, & workforce mobility; Strong safety record; Projects with excellent sustainability credentials

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Strong culture serving as a form of advantage; staff surveys demonstrating high satisfaction levels

# Projects Update: Glenside, SA - apartments



# Projects Update: Glenside, SA - townhouses



# Projects Update: Incontro, Subiaco, WA



- ▶ 41 townhouses & 98 apartments
- ▶ Sales launch Oct / Nov 20
- ▶ Strong enquiry
- ▶ Construction Start Q3 FY21



# Projects Update: Incontro, Subiaco, WA



# Market Conditions: Property Sector

- ▶ Demand impacted by social restrictions, low buyer confidence, economic conditions, immigration.
- ▶ Impact on housing has not been as much as expected with median house price drops modest so far.
- ▶ New supply has been limited in recent years and this has supported pricing.
- ▶ Federal & State Government stimulus has significantly supported the housing sector, & in turn the broader economy.
- ▶ WA stimulus effective - period of very strong sales from June-August 2020. Victorian housing stimulus awaited
- ▶ Major infrastructure projects also supporting demand
- ▶ Sales fallovers are slightly elevated
- ▶ Low interest rates will continue to support demand

# Market Conditions: By State

## Market Outlook

### Melbourne

- Conditions currently subdued due to COVID-19 & social restrictions. But these are easing & conditions expected to improve
- State Government stimulus for housing expected
- Once international & national movement restrictions are eased, Melbourne will continue to be a popular destination for migrants & students.
- Dwelling commencements forecast to drop in FY21 & FY22

### Brisbane

- Qld is potentially the best placed state in the east to come out of COVID-19 strongly
- Land sales currently strong as supported by stimulus
- Mining sector & relative affordability will continue to support this market
- Dwelling commencements forecast to drop in FY21 but grow in FY22
- Softer conditions likely in 2H as stimulus ends

### Perth

- Land sales strong in early FY21 as supported by stimulus
- Relative affordability & strength of the local economy will continue to support this market
- Strength of mining sector helping employment & overall confidence
- Dwelling commencements forecast by HIA to grow in FY21 but fall in FY22
- Softer conditions expected in 2H as stimulus ends

### Adelaide

- Mature & relatively stable market with lower volatility than other state capitals
- Submarine & shipbuilding is expected to support economy from 2021
- Conditions currently subdued due to COVID-19 though land sales relatively strong due to stimulus
- Relative affordability will support this market
- Dwelling commencements forecast by HIA to fall in FY21 & stable in FY22
- Relatively strong non-first home buyer activity

## Cedar Woods' Experience

### Melbourne

- Forecast FY21 settlements largely presold
- Restrictions have delayed programs by around 2 months
- Sales generally slow but sales strategies implemented have seen good sales at some projects
- Sales fallover rate slightly elevated

### Brisbane

- Enquiry & sales improved late in FY20 Q4 due to stimulus
- Pricing marginally improved
- Sales fallover rate slightly elevated
- Good mix of first home buyers, upgraders & investors
- Expecting softer 2H due to bring forward of demand and ending of stimulus

### Perth

- Forecast FY21 settlements largely presold
- Most estates performing strongly with residual stock absorbed quickly over June & July
- New stages released to meet of demand
- Constraints include capacity of builders & lenders to process surge in demand
- Expecting softer 2H due to bring forward of demand
- First home buyers are the most active segment
- Net pricing improved due to strength of demand
- Sales fallover rate expected to reduce due to stimulus and buyer quality.

### Adelaide

- Forecast FY21 settlements largely presold
- Fletcher's Slip townhouse sales occurring at steady rate & in line with pre-COVID rates
- Glenside apartment sales occurring at steady rates
- New launch of townhouses selling very well.
- Social restrictions causing slight delays to delivery programs
- Sales fallover rate slightly elevated

# Earnings Growth: Acquisitions



- ▶ 5 acquisitions in past 2 years:
  - Wollert, VIC
  - Burpengary, QLD – conditional acquisition
  - Subiaco, WA
  - Hamersley, WA – conditional acquisition
  - Brabham, WA
- ▶ Refocused internal resources towards growth activities.
- ▶ Favourable buying conditions

# Outlook

Sector drivers of population growth, economic growth and unemployment are currently weak

Government stimulus is underpinning demand for housing however COVID-19 is expected to impact sales and potentially delivery programs over FY21

WA portfolio benefitting from significant stimulus and relative economic strength

Strong earnings growth over the FY20 result is targeted for FY21

Outlook underpinned by pre-sales (including Q1 settlements) of \$454m, with about 60% to settle in FY21. Forecast FY21 settlements largely presold

Long pipeline of quality projects, many in high demand locations with low competition

Favourable acquisitions environment, with numerous projects being assessed

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# 1. Ordinary Business

To receive and consider the financial statements for the year ended 30th June 2020 and the accompanying directors' report, directors' declaration and auditor's report.

## 2. Special Resolution 1

That the document titled ‘Constitution’ tabled at the Meeting and signed by the Chairman for the purposes of identification, be adopted as the constitution of the Company in place of the current Constitution, with effect from the conclusion of the Meeting.

Summary of 212 proxy votes received totaling 53,977,203 shares

	#	%
For	45,171,365	88.67
Against	3,792,023	7.44
Open	1,984,556	3.89
Abstain	115,701	-



### 3. Ordinary Resolution 1



#### Re-election of retiring director

That Mrs Jane M Muirsmith FCA, GAICD, having retired in accordance with the company's constitution and, being eligible, offers herself for re-election, be re-elected as a director of the company.

Summary of 212 proxy votes received totaling 53,977,203 shares

	#	%
For	45,474,195	89.26
Against	3,488,183	6.85
Open	1,984,556	3.89
Abstain	116,711	-

## 4. Ordinary Resolution 2

### Remuneration report

That the remuneration report that forms part of the directors' report for the financial year ended 30 June 2020, be adopted.

Summary of 212 proxy votes received totaling 53,977,203 shares

	#	%
For	32,307,816	93.78
Against	307,869	0.89
Open	1,836,737	5.33
Abstain	64,375	-

## 5. Ordinary Resolution 3

### Approval for the issue of Zero-Price Options (ZEPOs) under FY20 deferred STI Plan to Mr Nathan Blackburne or his nominee

That, for the purposes of Listing Rule 10.14 and for all other purposes, shareholders of the Company authorise and approve the issue of 16,232 Zero Price Options under the FY20 DSTI Plan by the Company to Mr Nathan Blackburne, the Company's Managing Director, or his nominee on the terms and conditions set out in the Explanatory Memorandum.

Summary of 212 proxy votes received totaling 53,977,203 shares

	#	%
For	48,688,293	95.65
Against	317,425	0.62
Open	1,896,445	3.73
Abstain	77,561	-

## 6. Ordinary Resolution 4

### Approval for the issue of Performance Rights under FY21 LTI Plan to Mr Nathan Blackburne or his nominee

That, for the purposes of Listing Rule 10.14 and for all other purposes, shareholders of the Company authorise and approve the issue of 127,666 Performance Rights under the FY21 LTI Plan by the Company to Mr Nathan Blackburne, the Company's Managing Director, or his nominee on the terms and conditions set out in the Explanatory Memorandum.

Summary of 212 proxy votes received totaling 53,977,203 shares

	#	%
For	43,053,961	87.57
Against	4,214,522	8.57
Open	1,896,284	3.86
Abstain	1,800,411	-

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## 4 Questions

# Close of meeting

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