

# AVJennings®



30 June 2009 - Full Year Results

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# Overview

- Full year to 30 June 2009:
  - \$504.8m revenue
  - \$12.7m after tax loss
- Company focus on capital and cashflow management in current economic climate:
  - resulting in reduced debt
  - stronger balance sheet ratios
- Following appointment of Peter Summers as CEO in February 2009:
  - creation of new Executive Team
  - strategic and operational review of Company in conjunction with Board
- 2H09 sees improvement on 1H09
  - significant cash generation: net debt down 40.4% from \$171.1m to \$102.0m
  - contract signings up 60.6% from \$183.7m to \$295.0m
  - turnover up 9.0% from \$241.8m to \$263.0m
  - roll out of new displays and product
- At 30 June 2009 net assets per share was \$1.06 and net tangible assets per share was \$1.04
- No asset write downs on development projects, however provision of \$1 million (pre-tax) in carrying value of display homes
- No full year dividend declared

## Results to 30 June 2009 – Profit & Loss

	12 Months to 30 June 2009	12 Months to 30 June 2008
Contracts Signed Number	\$478.7m 2,620	\$570.0m 3,022
Revenue Recognised	\$504.8m	\$517.6m
Gross Margins	14.3%	19.4%
Profit / (Loss) Before Tax	\$(17.9)m	\$15.5m
Profit / (Loss) After Tax	\$(12.7)m	\$11.2m

## Results to 30 June 2009 – Profit & Loss

	<u>Developments</u>			Contract Building \$'m	Other \$'m	Total \$'m
	Land \$'m	Integrated/ Apartments \$'m	Total \$'m			
<b>Contracts Signed</b>						
- FY2009	121.0	168.5	289.5	189.2	-	478.7
- FY2008	252.7	127.5	380.2	189.8	-	570.0
- % movement	(52)%	32%	(24)%	-	-	(16)%
<b>Revenue Recognised</b>						
- FY2009	166.4	175.3	341.7	158.9	4.2	504.8
- FY2008	217.3	128.0	345.3	167.2	5.1	517.6
- % movement	(23)%	37%	(1)%	(5)%	(18)%	(2)%

## Results to 30 June 2009 – Balance Sheet

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	30 June 2009	30 June 2008
Total assets	\$480.5m <sup>1</sup>	\$581.6m
Net debt	\$102.0m <sup>2</sup>	\$168.0m
- debt/equity <sup>3</sup>	35.2%	55.2%
- debt/total assets <sup>3</sup>	21.2%	28.9%

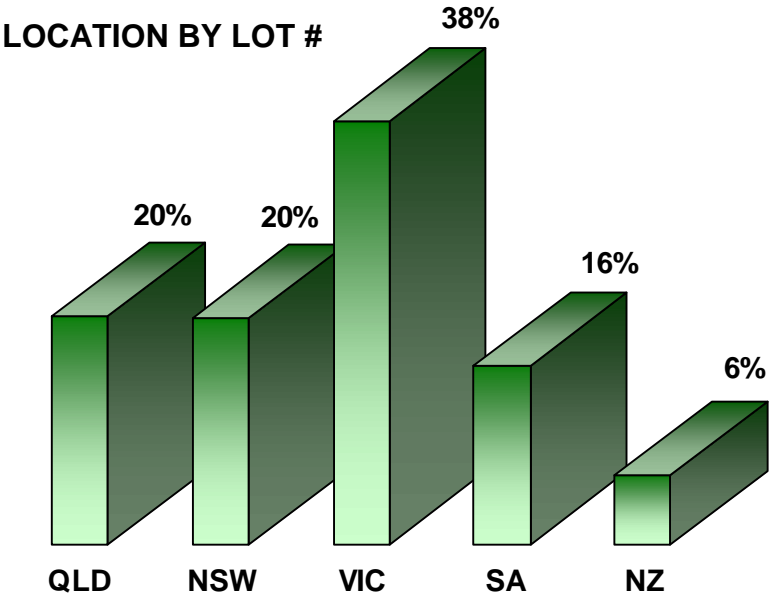
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- No asset write downs on Development projects
  - Provision of \$1.0m (pre-tax) on Contract Building display homes
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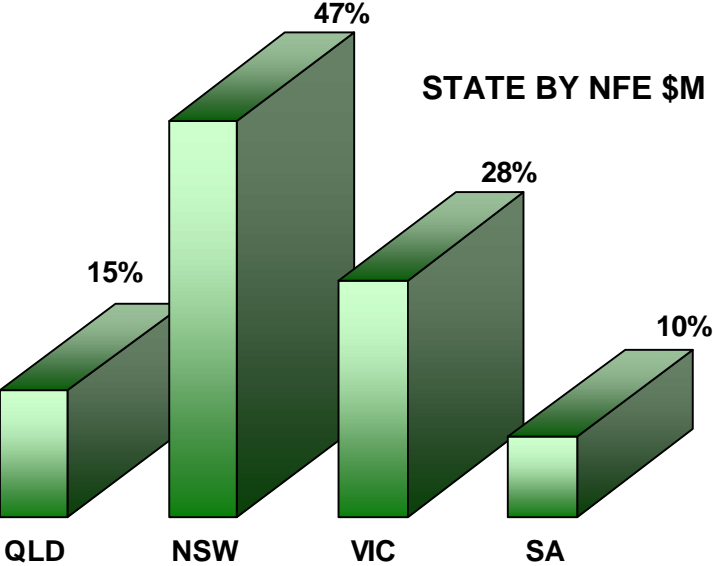
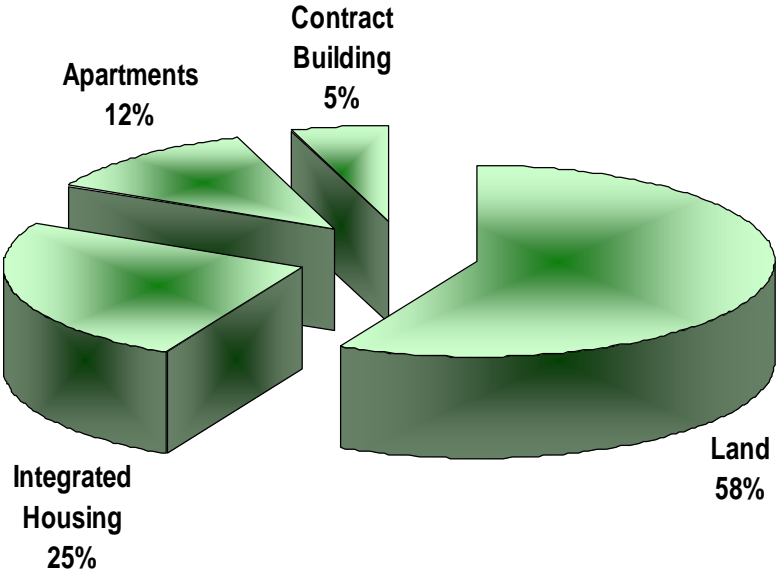
1. Excludes \$42.8m of Company's proportionate share of assets from equity accounted joint ventures
2. Excludes \$23.0m of Company's proportionate share of debt from equity accounted joint ventures
3. Based on inventories being recorded at historical cost

# Results to 30 June 2009

## Development Pipeline Analysis



**NFE \$M BY BUSINESS ACTIVITY**







# Integrated Housing

- Turnover for the year increased by 34.8% to \$145.6m
- Improved performance as a result of this type of product offering affordable housing options
- Significant cashflows generated resulting in reduced debt levels
- Margins low due to impact of:
  - additional holding costs caused by planning & approval delays
  - substantial government charges & levies
- These costs continue to accumulate and impact on ability to deliver sufficient supply of affordable housing stock



# Land

- Turnover for the year decreased by 23.4% to \$166.4 million
- Major customer base is other builders who have had:
  - prudent approach to purchasing in challenging market
  - difficulty sourcing finance
- Decreased margins due to impact of :
  - amortising holding costs
  - full year impact of price decreases (industry wide trend) in previous year
  - also impacted by carrying costs referred to in previous slide



# Apartments

- 2 projects currently within 15km of Sydney CBD
- Kirra on Powell at Killara
  - at revenue recognition stage
  - prestige development representing excellent value and quality product, but high end market segment which has been slow in Sydney
- Verve at Erskineville
  - Recording strong pre sales
  - Affordable housing options in prime location
  - Not yet at revenue recognition stage



# Contract Building

- Turnover for the year decreased by 5.0% to \$158.9 million
- Strengthening of management structure & personnel
- Continued introduction of new product, opening of new displays & new workflow systems
- Reinforced focus on customer service
- 2H09 contract signings up 79.7% from 1H09 translating into turnover in 2H10
- Improved margins on new contracts



# Funding

- Main banking facilities mature 30 September 2009
- In respect of the facilities for a further 12 months:
  - Indicative Term Sheet received & accepted
  - Subject to banks' usual credit approval process, final documentation expected to be signed within 4-5 weeks
- Company expects renewed facilities will be sufficient for normal ongoing business operations
- Continues to explore new funding structures and initiatives in addition to existing debt structures
- Acquisitions been made under joint venture or development agreement arrangements reducing cash requirements

# Residential Property Fund

- Feedback on structure of fund positive
  - Confirmed Company's belief requirement for this type of product
  - Capacity of potential investors constrained due to them being over-weight to property
- Company remains committed to fund
  - Long term view
  - Allowing additional time to enable investors to participate rather than react to short term market issues

# Outlook

- Remainder of 2009 challenging
- Expects 2010 to show improved financial and operational performance
- Well positioned for the future
- 9,825 lots under control or management, equivalent to some 5 years land supply
- Majority of projects under development or have development approval and targeted at affordable housing segment of market
- Conservative approach to managing the business in current economic climate

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