

22 August 2024

PEET WELL POSITIONED FOR FY25 EARNINGS GROWTH

Peet Limited (ASX:PPC) (the **Group or Company or Peet**) today announced its results for the year ended 30 June 2024.

Key Results¹

- **Operating profit² and statutory profit³ after tax of \$36.6 million**
- **Earnings per share of 7.77 cents per share**
- **FY24 dividends of 4.25 cents per share, fully franked**
- **2,504 lots sold⁴**
- **Revenue⁵ of \$314.4 million, with 2,418 lots settled⁴**
- **EBITDA⁶ margin of 21% on EBITDA⁶ of \$66.7 million**
- **\$481.2 million worth of contracts on hand as at 30 June 2024**
- **Gearing⁷ of 34.8%**

Financial commentary

The Peet Group achieved operating profit² and statutory profit³ after tax of \$36.6 million for the year ended 30 June 2024 (**FY24**), compared to \$70.1 million in the previous financial year (**FY23**).

The Group derived EBITDA⁶ of \$66.7 million during FY24, compared to \$107.0 million in FY23, with an EBITDA⁶ margin of 21%, compared to the margin achieved in FY23 of 29%. The reduction in EBITDA⁶ and the EBITDA⁶ margin is attributable to:

- challenging market conditions across the Vic and ACT/NSW markets, where the Company has several high-margin projects, resulting in lower sales and settlements; and
- the settlement of the New Beith (Qld)⁸ property in FY23.

¹ Comparative period is 30 June 2023, unless stated otherwise. The non-IFRS measures have not been audited.

² Operating profit is a non-IFRS measure that is determined to present the ongoing activities of the Group in a way that reflects its operating performance. Operating profit excludes unrealised fair value gains / (losses) arising from the effect of revaluing assets and liabilities and adjustments for realised / unrealised transactions outside the core ongoing business activities.

³ Statutory profit after tax means net profit measured in accordance with Australian Accounting Standards, attributable to the owners of Peet Limited.

⁴ Includes equivalent lots.

⁵ Includes statutory revenue of \$292.6 million (FY23: \$318.9 million) and share of net profits from associates and joint ventures of \$21.8 million (FY23: \$44.8 million).

⁶ EBITDA is a non-IFRS measure that includes effects of non-cash movements in investments in associates and joint ventures.

⁷ Calculated as (Total interest-bearing liabilities (including land vendor liabilities) less cash) / (Total assets less cash, less intangible assets).

⁸ Settled in FY23 for circa \$80 million (including GST).

Peet Managing Director and Chief Executive Officer, Mr Brendan Gore commented: "FY24 saw mixed operating conditions across the country, with strong residential markets in WA, Qld and SA partially offsetting those in Vic and ACT/NSW. Heading into FY25, conditions in WA, Qld and SA continue to be strong supported by enquiries at elevated levels, while Vic and ACT/NSW continue to be challenging although enquiry trends have improved."

The performance has resulted in an operating and statutory earnings per share of 7.77 cents for FY24, compared to operating and statutory earnings per share of 14.79 cents in FY23.

Operational commentary

During FY24, 2,504 sales⁹ were achieved across the Group, compared to 1,399 sales⁹ in FY23 (up 79%), with strong market conditions prevailing across WA, Qld and SA.

The Group achieved 2,418 settlements⁹ across its Development, Funds Management and Joint Venture projects in FY24, compared to 2,594 settlements⁹ in FY23 (down 7%).

"While conditions in Vic and ACT/NSW were less favourable, Peet's current view is that these markets are likely at or approaching the bottom of their respective cycles. The Group's projects in Vic and ACT/NSW have significant embedded margins and are well positioned for a market recovery in these States.

"As at 30 June 2024, the Group had \$481.2 million worth of contracts on hand, which compares to \$476.4 million as at 30 June 2023. These contracts on hand benefit from price growth achieved during the year and provide the Group with a positive starting position and visibility of earnings as it enters FY25," said Mr Gore.

Capital management

As at 30 June 2024, the Group had:

- gearing¹⁰ of 34.8% (30 June 2023: 27.7%);
- net interest-bearing debt¹¹ (including Peet Bonds) of \$314.5 million, compared with \$253.3 million at 30 June 2023;
- cash and available debt facility headroom¹² of \$140.6 million; and
- a weighted average debt maturity of more than three years.

Gearing¹⁰, as expected, was above the target range of 20% to 30% at 30 June 2024. This is predominantly due to:

- land vendor payments for the acquisition of the University of Canberra (ACT) project and instalment payments for the acquisition of the Flagstone (Qld) project; and
- the significant investment in the development of lots and medium density product in response to the high level of sales activity across Development projects (particularly in Qld).

⁹ Includes equivalent lots.

¹⁰ Calculated as (Total interest-bearing liabilities (including land vendor liabilities) less cash) / (Total assets less cash, less intangible assets).

¹¹ Including net debt of syndicates consolidated under AASB10.

¹² Including cash and available debt facility headroom of syndicates consolidated under AASB10.

“As at 30 June 2024, more than 70% of the Group’s land bank was under development, with this expected to increase to approximately 84% over the next three years.

“The Group has a strong balance sheet and sufficient financial capacity to fund the current portfolio of projects, including accelerating delivery of product, if required, to meet increases in demand. With more than \$480 million of contracts on hand, as at 30 June 2024, gearing¹³ is expected to trend down during FY25 and cash inflows from operations (before any payments for land) are expected to increase materially,” said Mr Gore.

Dividend

Subsequent to year end, the Directors declared a final dividend for FY24 of 2.75 cents per share, fully franked, bringing the total dividend for FY24 to 4.25 cents per share, fully franked. This compares to the FY23 dividend of 7.5 cents per share, fully franked. The final FY24 dividend is to be paid on Monday, 14 October 2024, with a record date of Wednesday, 11 September 2024.

Outlook

Peet expects that mixed market conditions will prevail during FY25, with:

- demand and price growth expected to continue, but moderating, in WA, Qld and SA; and
- residential markets in Vic and ACT/NSW expected to remain challenging, although improvements in enquiries indicate to Peet that these markets are likely to be close to or at the bottom of their respective cycles.

Markets generally remain undersupplied, with underlying fundamentals remaining positive including low unemployment, wage growth and continuing elevated levels of overseas migration.

Peet will continue to focus on executing our strategic objectives and maintaining a disciplined approach to capital management.

“The Group remains well-positioned to navigate the current environment, including having projects in Vic and ACT/NSW that are ready to benefit from a recovery in those markets and the capital to implement an appropriate delivery program in response,” said Mr Gore.

Subject to continuing market conditions and the timing of settlements, and supported by more than \$480 million in contracts on hand, Peet is well-positioned for FY25, with expectations for earnings growth and strong operating cash flows.

This announcement is authorised for release to the market by the Directors of Peet.

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¹³ Calculated as (Total interest-bearing liabilities (including land vendor liabilities) less cash) / (Total assets less cash, less intangible assets).