CEDAR WOODS ON TRACK FOR MINIMUM 10% PROFIT GROWTH; RECORD PRESALES

19 FEBRUARY 2025

HIGHLIGHTS

- Significant increase in H1 FY25 net profit after tax (NPAT) of $15.0m ($2.6m in the previous corresponding period (pcp))
- Fully franked interim dividend of 10.0 cps declared (8.0 cents pcp, up 25%)
- Record presales of $642m ($525m pcp, up 22%)
- Forecast higher revenue will deliver an even stronger profit result in H2 FY25
- Guiding minimum 10% growth in full year net profit for FY25
- Anticipating net profit growth to continue into FY26 with more than half of forecast FY26 revenue secured by presales
- Maintaining a solid balance sheet with low gearing and significant undrawn finance facilities
- Accelerating acquisitions efforts and boosting resources to capitalise on demand

Cedar Woods Properties Limited (ASX: CWP) (Cedar Woods' or 'the Company') has today reported a NPAT of $15.0m for the first half of the 2025 financial year (FY25) and is guiding for a minimum 10% uplift in profit for the full year, subject to timing of settlements.

Cedar Woods' Managing Director, Nathan Blackburne, said "Cedar Woods has seen a much improved first half and is expecting an even stronger second half based on forecast revenue. We remain on track to deliver a minimum 10% uplift in net profit in FY25, with second half settlements largely derisked by presales.

"Following consistently strong demand for Cedar Woods' products, at the end of the first half, the Company had amassed a record $642m in presales, up from $525m in the pcp with approximately 40% of this expected to settle in H2 FY25. For FY26, the Company has secured presales equivalent to more than half of the forecast revenue for that year.

"Good enquiry and sales continue to be underpinned by low unemployment, strong population growth and a significant shortage of housing nationwide, conditions we expect to persist until meaningful levels of new supply can be delivered.

"Identifying the right acquisition opportunities that bolster our portfolio remains a key focus. Cedar Woods is in a good position, supported by a solid balance sheet, to capitalise on growth options in a number of markets across the country and is accelerating efforts to do so."

FINANCIAL PERFORMANCE

Cedar Woods has today reported NPAT of $15.0m for H1 FY25. First half revenue was $196m, up 59% on pcp with gross margin stable at 26%. Higher revenue in the period has resulted in a significantly higher first half profit compared to the pcp ($2.6m). Full year margin will depend on the final mix of product that settles in the second half and is expected to exceed prior year margin of 25%.

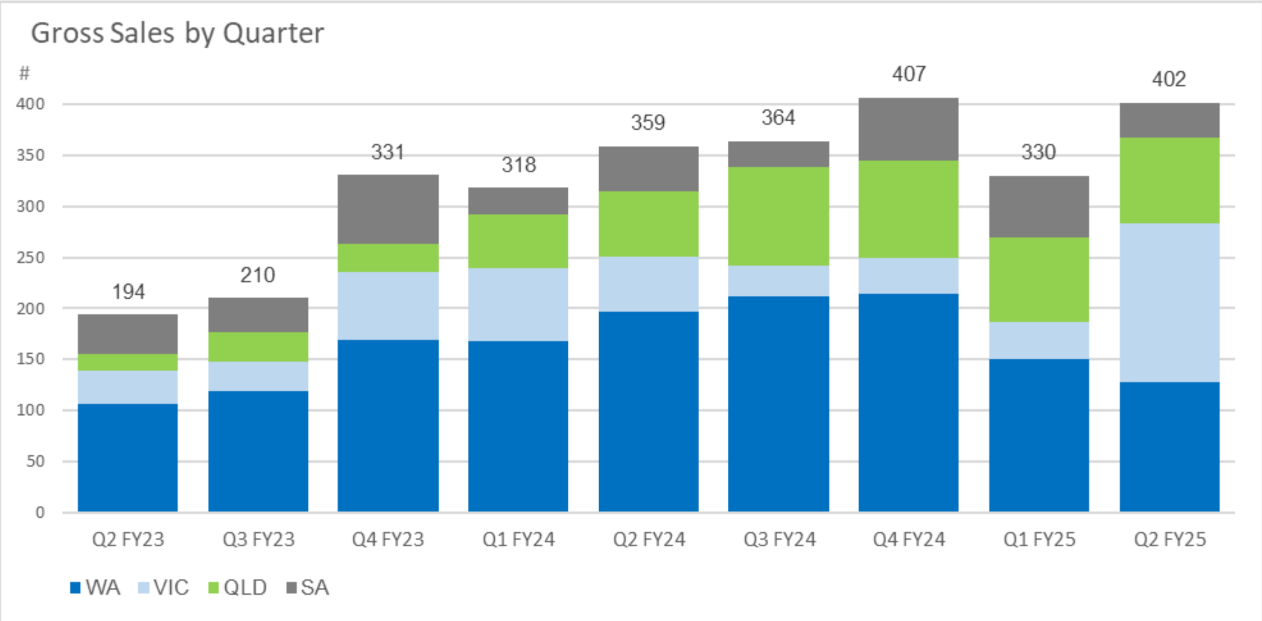
As noted in the market announcement of 21 August 2024, FY25 earnings will be weighted to the second half due to the expected timing of settlements. Higher revenue will deliver a significantly stronger second half result.

At 31 December 2024, net bank debt stood at $185m, with gearing (net bank debt-to-total tangible assets less cash) at 24% (net bank debt-to-equity at 40%). Higher second half revenue and settlements are expected to cause gearing to fall to the low 20%'s. Interest cover was 6.2 times for the 2024 calendar year and at 31 December the Company had more than $94m in available bank facility headroom. Headroom is expected to grow to well over $100m by financial year end.

In January 2025, the Company completed the annual review of its corporate finance facilities extending the terms to 31 January 2028 for the 3-year debt (80%) and to 31 January 2030 for the 5-year debt (20%). The facilities are provided by CBA, NAB and ANZ and provide long tenure and security of funding.

The Board has declared a fully franked interim dividend of 10.0 cents per share. The Dividend Reinvestment and Bonus Share Plans remain suspended for the interim dividend.

PORTFOLIO PERFORMANCE



The portfolio performed well over the first half with sales of 732 lots compared to 677 in H1 FY24. As noted in the first quarter update, sales in Q1 were lower than in Q4 FY24, while still 4% higher than Q1 FY24. Sales for Q2 were boosted by the conditional sale of an affordable housing project in Victoria. Sales volumes were slightly lower in Western Australia, Queensland and South Australia, after a period of very strong activity, but remain at high levels when compared to prior years.

The Company received solid enquiry and sales across all market sectors in H1 FY25, indicating broad based demand across the portfolio for a range of product types and price points. Affordable product was particularly appealing to first home buyers and investors, selling quickly across all estates.

In Western Australia, the Company's Millar's Landing project, located in the relatively affordable Baldivis growth corridor, recorded 14% price growth and 83 sales during the half year.

In Queensland, the Company's new master-planned community, Flourish in South Mclean, recorded its first 50 settlements. Sales in Flourish are also progressing well with the project registering 94 sales while recording over 20% price growth over H1.

In South Australia, the Company successfully completed its first joint venture project with Tokyo Gas at Glenside. Two further joint venture projects are underway in SA and another one in WA.

In Victoria, the Company progressed its transit-oriented, Noble Park apartment project, with the conditional sale of all 97 apartments (and 6 retail tenancies) in one line to an affordable housing provider. Construction is due to commence in H2 FY25 with settlement due in H1 FY27.

The Company is amplifying growth related activities to boost its portfolio and support new partnerships. An 18.6ha site in Corio, near Geelong, Victoria was recently acquired off market for approximately $34.9 million from a private vendor and is expected to settle in January 2026 and contribute to earnings by FY27. The residential zoned site is one of the largest undeveloped parcels of land within Corio and is proposed to be developed into a housing subdivision of around 400 lots, targeting buyers looking to enter the market at an affordable price point.

MARKET CONDITIONS

Residential property market conditions remained positive in Western Australia, Queensland and South Australia over the first half while weak conditions continued in Victoria.

Perth experienced the highest dwelling value growth of all major capital cities with 19.1% growth over 12 months to December 2024, followed by Adelaide at 13.1%, Brisbane at 11.2 % and Melbourne at -3.0%[1]. NAB has forecast 2025 median house price growth of 8.3% in Perth, 7.9% in Adelaide, 5.0% in Brisbane and returning to 3.3% growth in Melbourne.

Australia's population grew by 550,000 in the year to June 2024 and is forecast to increase by over 400,000 in FY25[2]. Amid strong population growth, Australia is experiencing a significant shortfall of housing across all markets, which will serve to underpin housing demand and values. Dwelling supply is tracking well short of the Federal Government's target of 1.2m dwellings over five years. On average, 240,000 new dwellings are required to be completed each year to meet the target, and these are currently tracking at only 180,000 dwelling completions in the 12 months to September 2024, indicating a shortfall of some 60,000 dwellings. The dwelling shortfall is expected to persist for several years. Whilst industry approvals are increasing, a number of factors may prevent many of these projects from proceeding, including affordability, builder capacity for new work and labour shortages.

The Reserve Bank has announced the first interest rate cut since November 2020. All four major banks are expecting further easing in the cash rate in 2025. This will further serve to enhance demand for housing, potentially putting further upwards pressure on house prices and coupled with low unemployment provides a very favourable macro environment for the new housing sector.

After a period of high inflation, construction costs have stabilised with 1.2% cost inflation over the December quarter in Qld, 1.0% in Vic and WA and 0.9% in SA[3]. The Company will continue to monitor construction costs while preparing future apartment projects for the next apartment cycle.

Cost of living and housing affordability pressures are pushing demand towards affordable product. Consequently, the Company's more affordable estates are outperforming, though the national housing supply shortfall is resulting in good enquiry and sales volumes across most projects.

COMPANY OUTLOOK

Cedar Woods anticipates delivering a minimum of 10% growth in full year FY25 NPAT, with further profit growth anticipated in FY26.

This confidence is based on record presale contracts in hand of more than $642 million, most of which is expected to settle in H2 FY25 and FY26, solid progress with the project delivery program and a favourable macro-economic environment. Limited housing supply, strong migration, low unemployment and a long pipeline of undeveloped projects across four states positions the Company well for the medium term.

The Company's outlook is subject to property market and construction sector conditions. There is the potential for some stages expected to settle in the last quarter of FY25 to fall into early FY26 and thereby impact profit results for those years.

[1]CoreLogic
[2]Aust Gov't Centre for Population
[3]Cordell Construction Cost Index

Authorised by: Cedar Woods Board of Directors

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