

2021 Tier 2 Builder Metrics

Supported by history making federal government stimulus and a stronger than expected residential property market, the construction industry had a better than expected 2020. The impact of the COVID-19 pandemic was not as profound as first expected.

Newpoint highlights the key financial metrics for a sample of six Tier 2* builders prominent in the eastern states of Australia.

2020 Industry Highlights

- Delayed project commencements until presale hurdles are achieved
- Reduction in new project commencements (-12% in FY2020)
- Decrease in construction industry insolvencies (-27% in FY2020)
- Increased compliance due to the NSW Building Commissioner and the Residential Apartment Buildings (Compliance and Enforcement Powers) Act 2020 (NSW) which came into effect on 1 September 2020

2021 Focus for Financiers and Developers

- ATO compliance and payment arrangements
- Appropriateness of balance sheet warranty provisioning
- Recoverability of related entity loan accounts
- Appropriateness of workers compensation insurance
- Project commencement delays until presales achieved
- The NSW Building Commissioner and further statutory efforts to improve quality and compliance
- Financial impact of employee restructuring
- Strategy to revert to pre-Covid-19 net profit margins



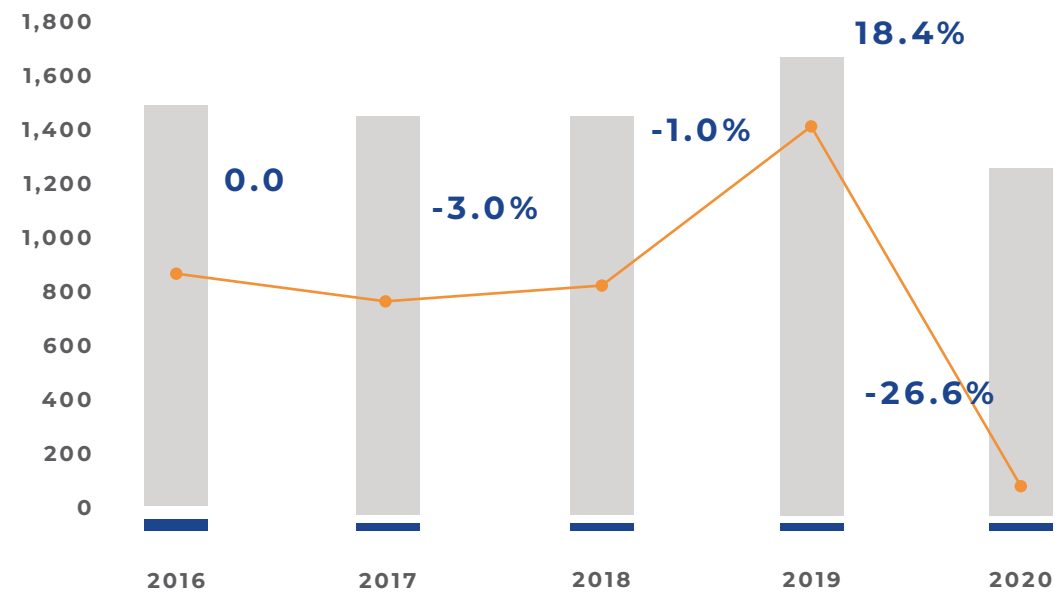
Who is Included?

Newpoint highlights the key financial metrics for the following six builders that lodge Public Financial Accounts with ASIC

						
DIRECTOR NAMES	Brett Mason Marco Rossi	John C Hutchinson John S Hutchinson Gregory Quinn Kellie Williams Russell Fryer Owen Valmadre Benjamin Young	Anthony Touma Emile Tabet Dallas Whitehead	Simon Gray Charles Henwood Eric Meyerowitz Samuel Delmenico Luke Stambolis Jeffrey Wellburn Paul Foley	Richard Crookes Jamie Crookes John Hodges Peter Barnes	Mark Taylor Clive Wickham
AUDITOR	KPMG	BDO	PWC	BDO	Deloitte	KPMG
HEAD OFFICE	NSW	QLD	NSW	VIC	NSW	NSW
PROJECTS	AUS, NZ	AUS	NSW	NSW, VIC, QLD	NSW, ACT	NSW
EMPLOYEES (EST.)	1,000	1,400	200	650	700	200
EMPLOYEE % CHANGE FROM 2020	-8%	-21%	-26%	-6%	25%	-9%

Construction Market Key Statistics

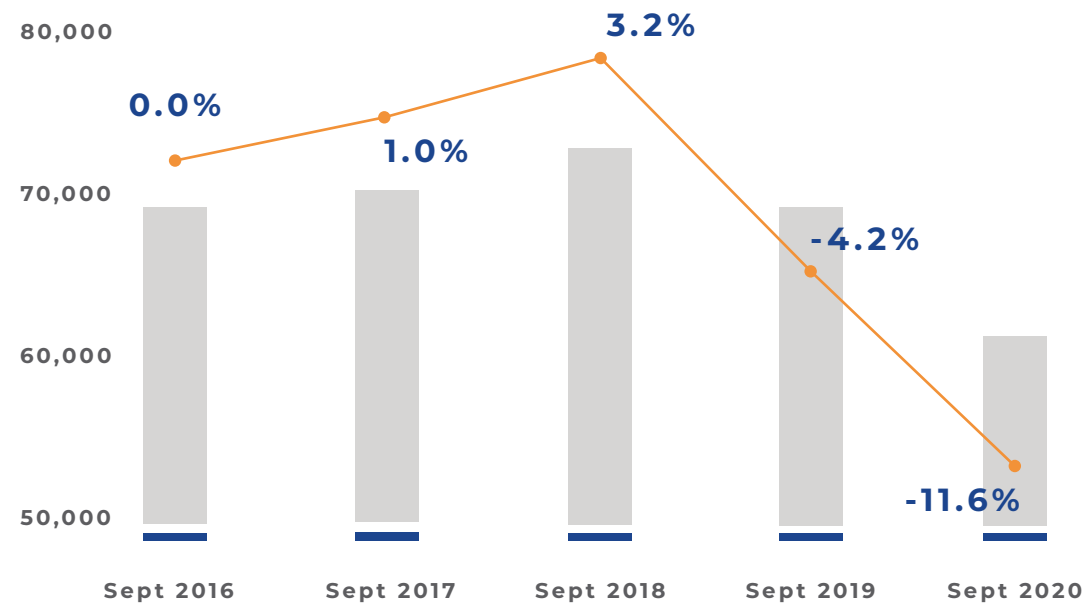
1. Construction Insolvencies by Calendar Year



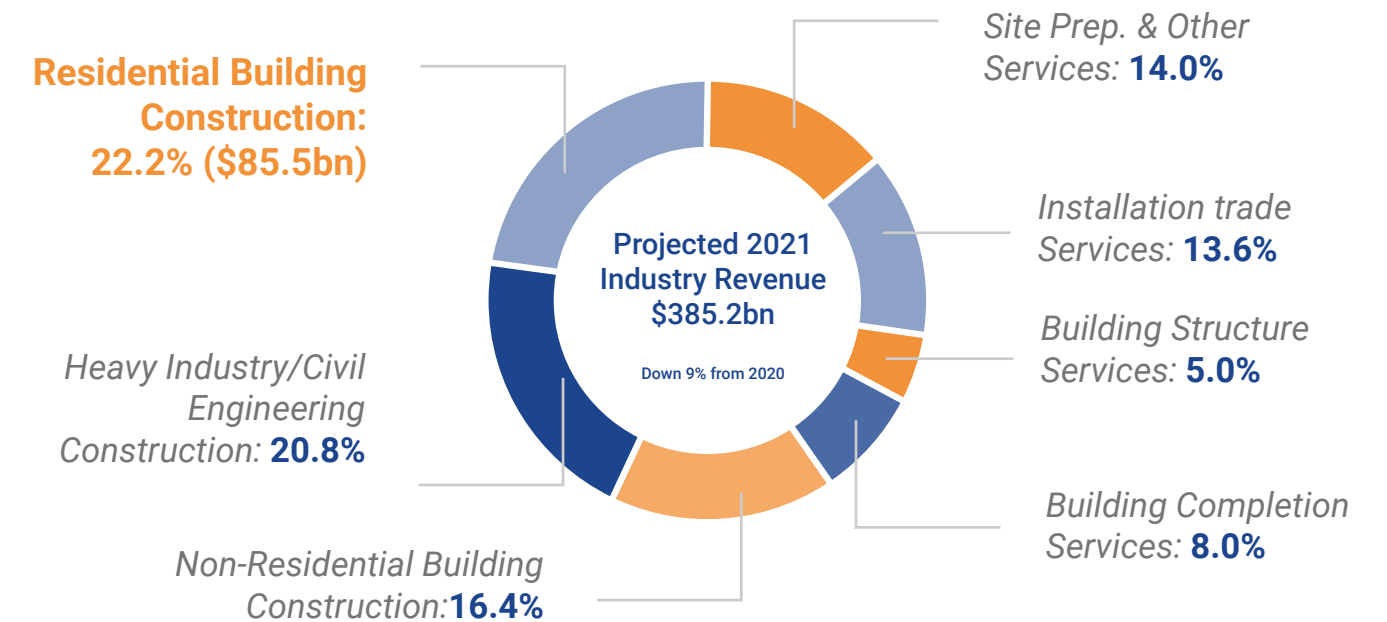
2. Major Market Segmentation



3. Residential Commencements



4. Product & Services Segmentation



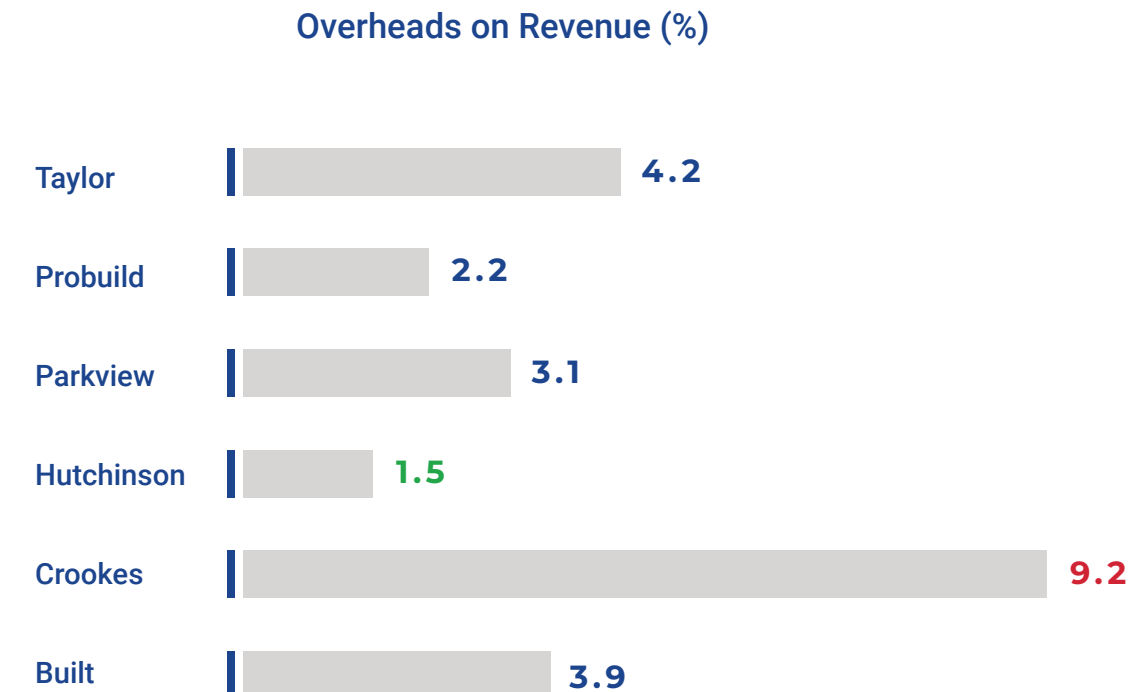
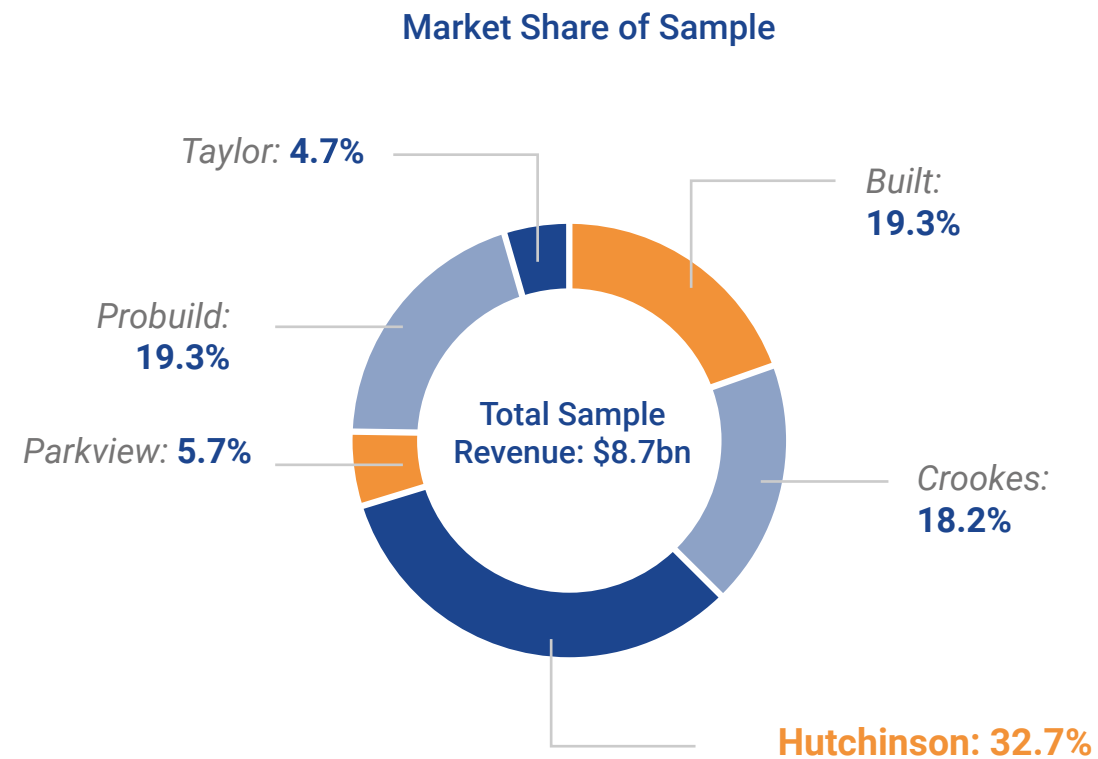
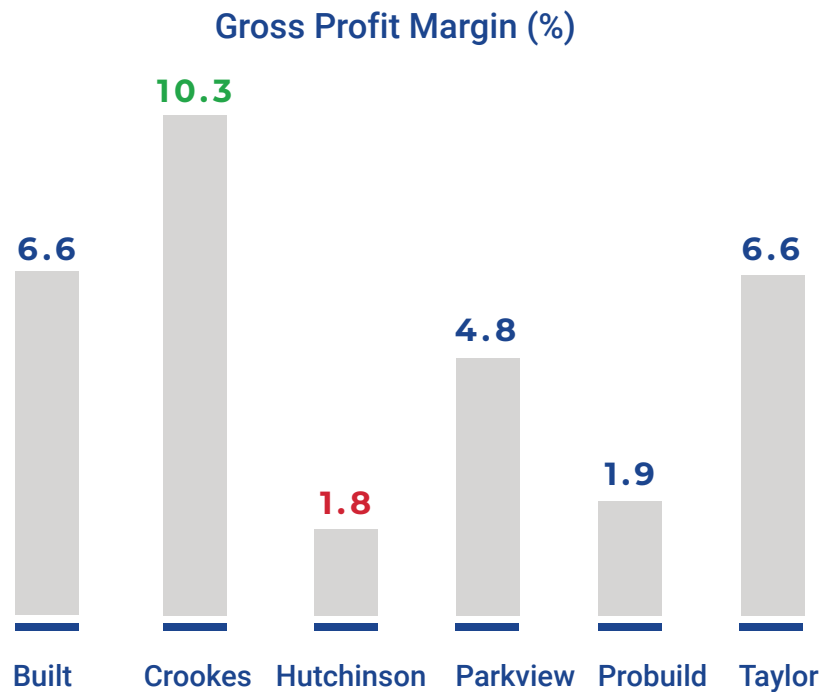
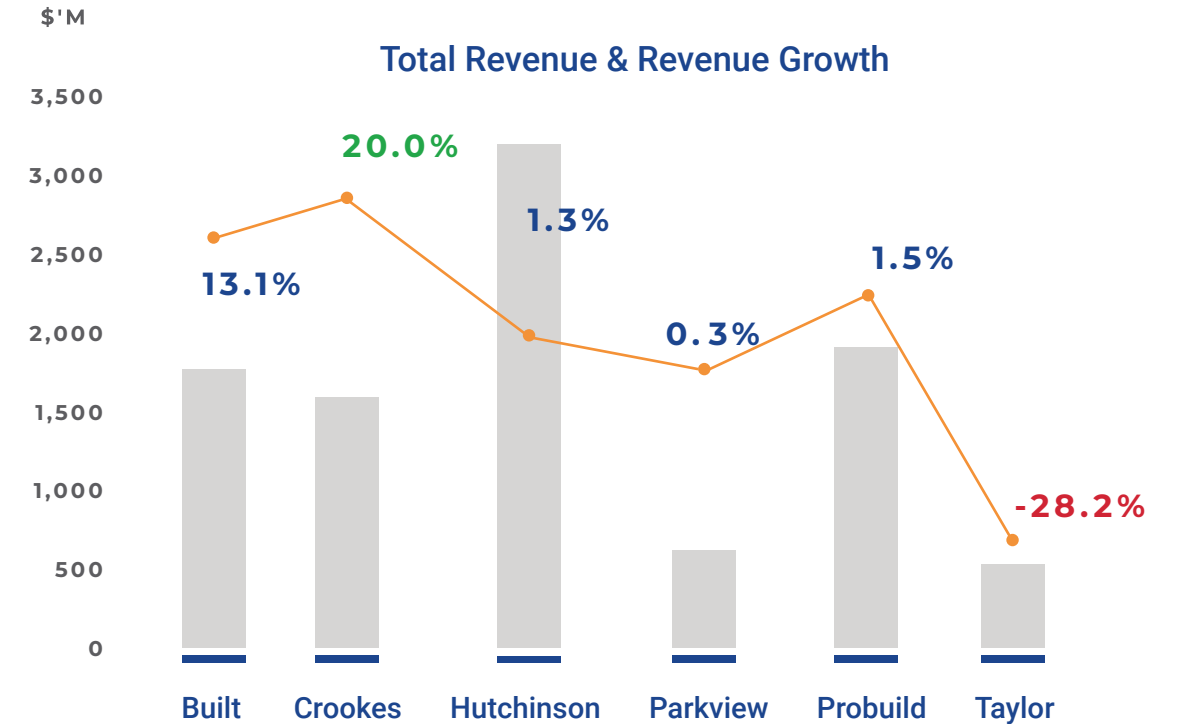
References

1. ASIC 2. & 4. IBISWORLD 3. ABS

— %Change

2020 Financial Performance (\$'M)

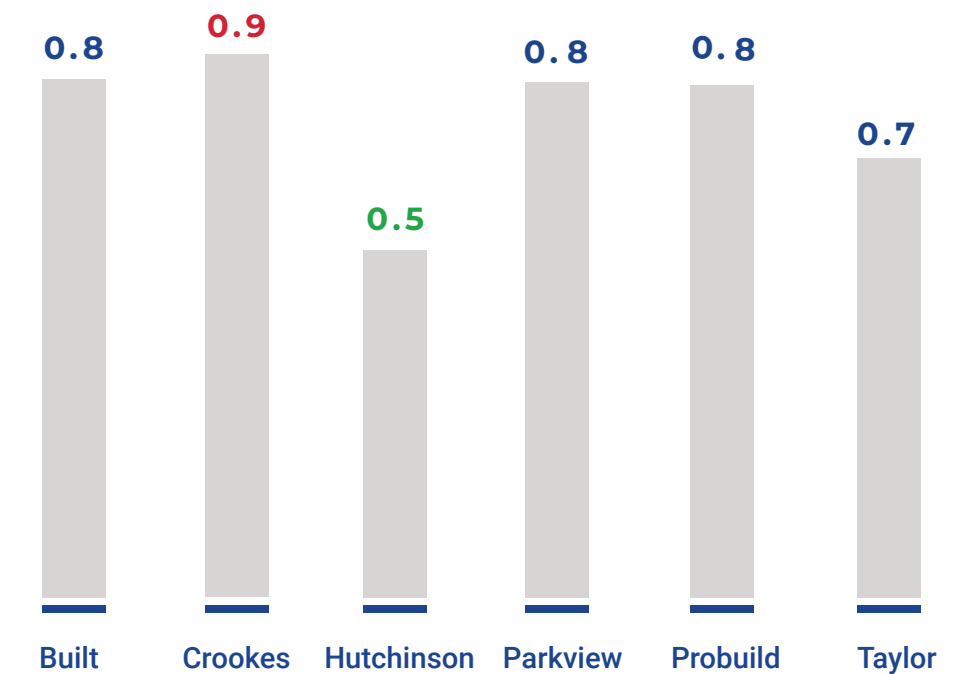
SUMMARY	BUILT	CROOKES	HUTCHINSON	PARKVIEW	PROBUILD	TAYLOR
REVENUE	1,690	1,600	2,870	503	1,696	409
LESS: COST OF SALES	(1,578)	(1,434)	(2,819)	(479)	(1,665)	(382)
GROSS PROFIT / (LOSS)	112	165	51	24	32	27
NON-CONSTRUCTION INCOME	1	7	7	1	-	1
TOTAL INCOME	113	173	59	25	32	28
TOTAL EXPENSES	66	148	42	16	37	17
PROFIT / (LOSS) BEFORE INCOME TAX	47	25	16	9	(5)	11
INCOME TAX	15	8	5	3	(2)	3
PROFIT / (LOSS) AFTER INCOME TAX	32	17	11	7	(3)	8
NPBT MARGIN (%)	2.8	1.6	0.6	1.9	(0.3)	2.7



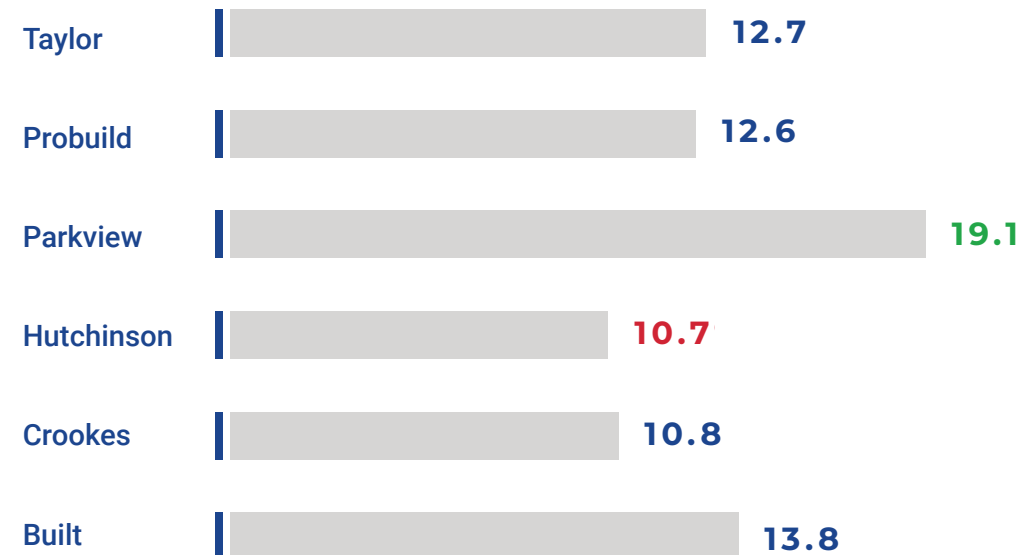
2020 Financial Position (\$'M)

SUMMARY	BUILT	CROOKES	HUTCHINSON	PARKVIEW	PROBUILD	TAYLOR
ASSETS						
CURRENT ASSETS	494	617	496	146	444	140
NON-CURRENT ASSETS	81	14	229	43	106	20
TOTAL ASSETS	575	631	725	189	550	160
LIABILITIES						
CURRENT LIABILITIES	445	531	335	123	434	114
NON-CURRENT LIABILITIES	27	21	51	24	28	3
TOTAL LIABILITIES	471	553	387	148	462	117
NET ASSETS	104	78	338	42	88	43
PROVISIONS (WARRANTY CLAIMS)						
CURRENT LIABILITIES	NIL	12.4	NIL	5.4	1.0	NIL
NON-CURRENT LIABILITIES	NIL	3.0	NIL	5.2	NIL	NIL

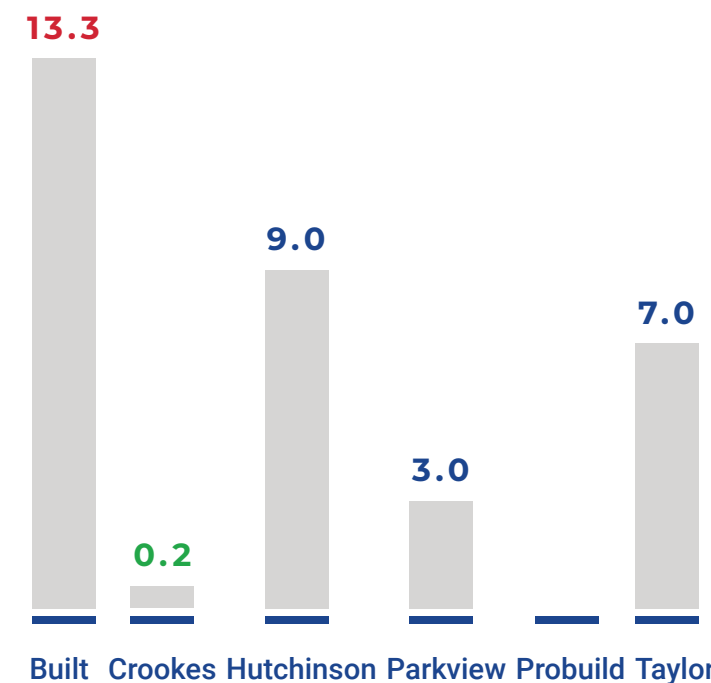
Debt to Assets (Ratio)



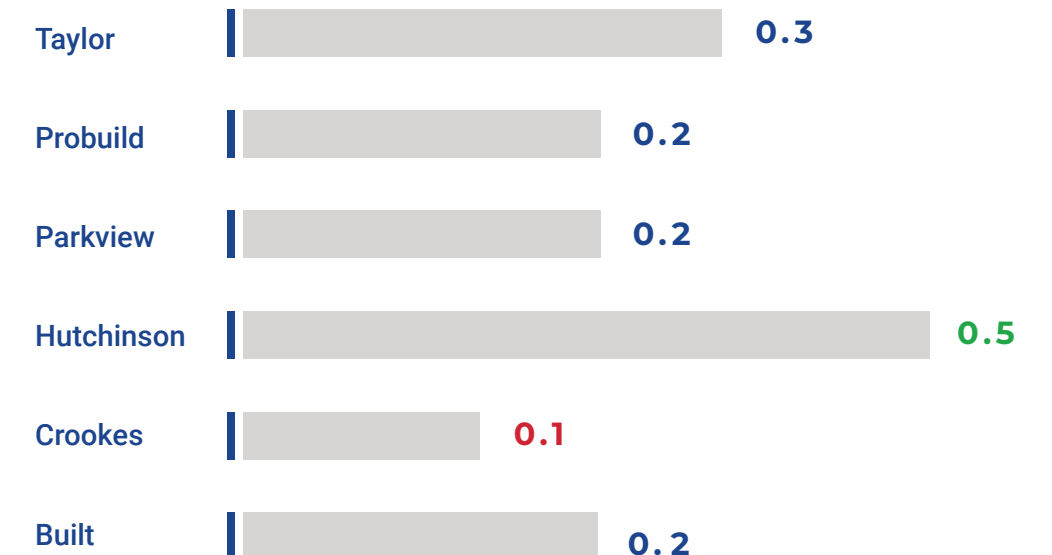
Cash to Turnover (%)



Dividends for FY20 (\$'M)



Equity to Assets (Ratio)



About Newpoint Advisory

Newpoint Advisory provides builder financial assessments, restructuring and insolvency services to the Australian construction market. We specialise in helping stakeholders in the property and construction industries to manage risk and make informed credit and investment decisions. If you would like further information about this article or would like to learn more about Newpoint Advisory please contact us directly:

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