

2022 Tier 2 Builder Metrics

FY2021 provided better insight into the financial impact of COVID-19. We noted substantial price rises in both labour and materials and we expect this theme to continue in FY2022

Whilst this will affect the industry as a whole, we anticipate it will have a greater impact on smaller builders (Tier 3 and below) who may not have the same trade coverage and supply chain influence.

Industry Challenges in 2022

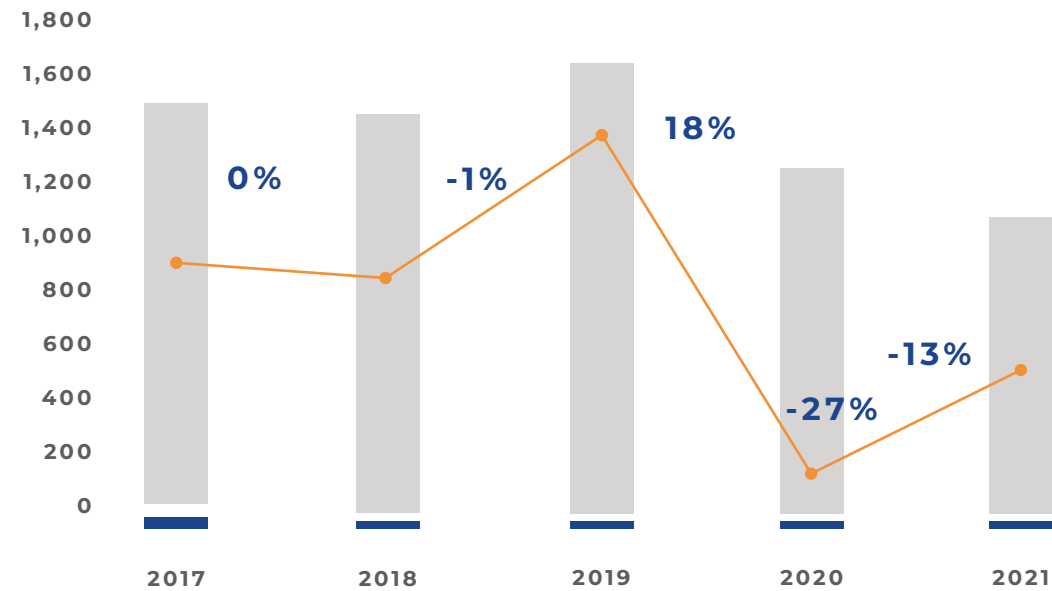
- A rebound in construction industry insolvencies (down 13% in 2021), largely due to expiring temporary insolvency measures and reductions in Government Relief.
- Ongoing implications as the industry transitions to meeting the new requirements under the Residential Apartment Buildings (Compliance and Enforcement Powers) Act 2020 (NSW) and the Design and Building Practitioners Act 2020 (NSW).
- Materials and labour price escalations.
- Supply chain disruptions for imported materials.
- Labour shortages.

Due Diligence Focus for Financiers and Developers

- Provisional sum allowances in contracts relating to material costs.
- ATO compliance and payment arrangements.
- Appropriateness of balance sheet warranty provisioning.
- Related entity loan accounts.
- Appropriateness of workers compensation insurance.

Construction Market Key Statistics

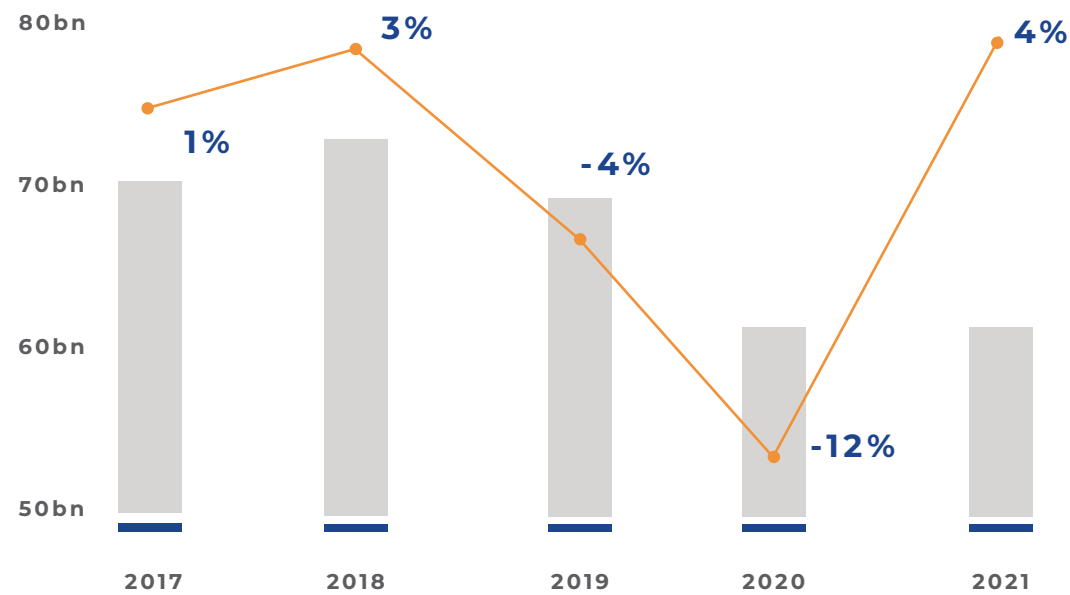
1. Construction Insolvencies by Calendar Year



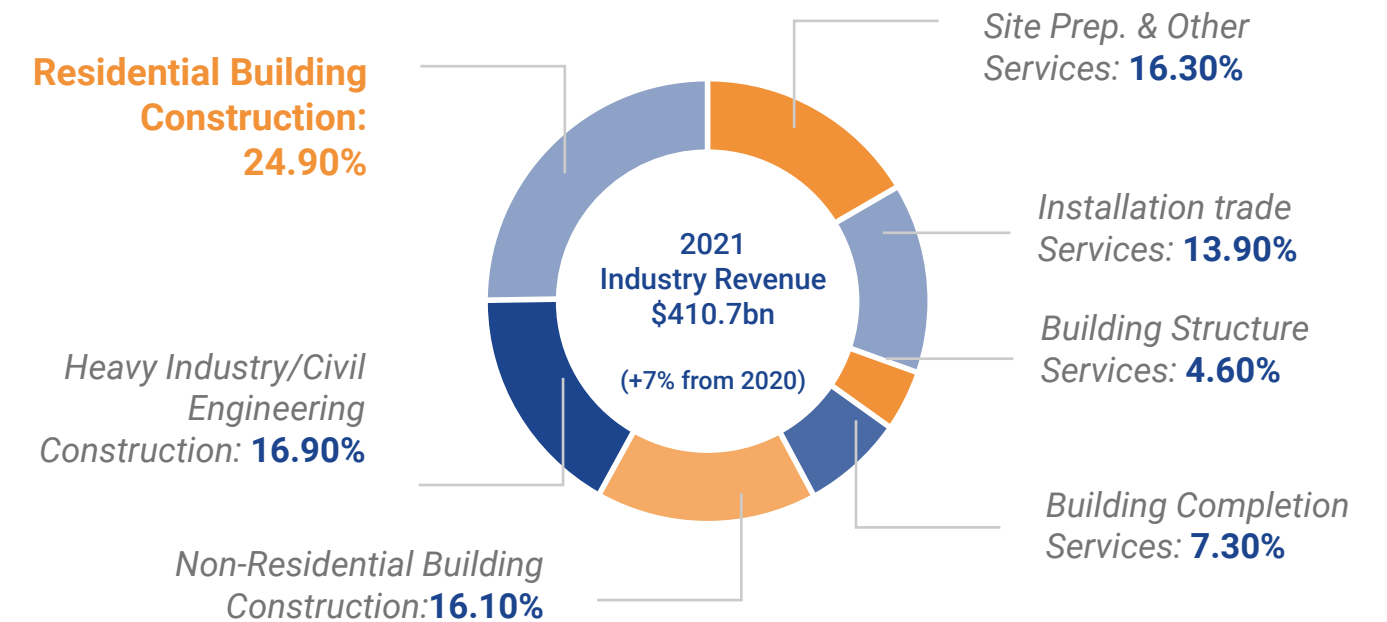
2. Major Market Segmentation



3. Residential Commencements



4. Product & Services Segmentation










References

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

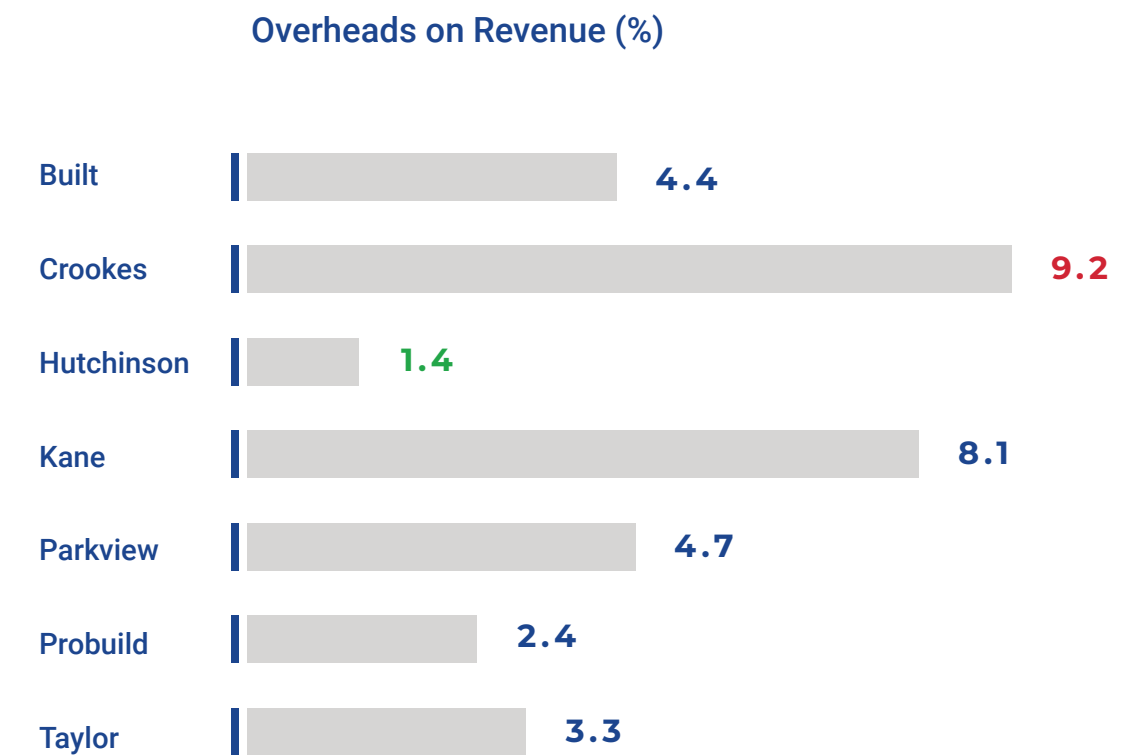
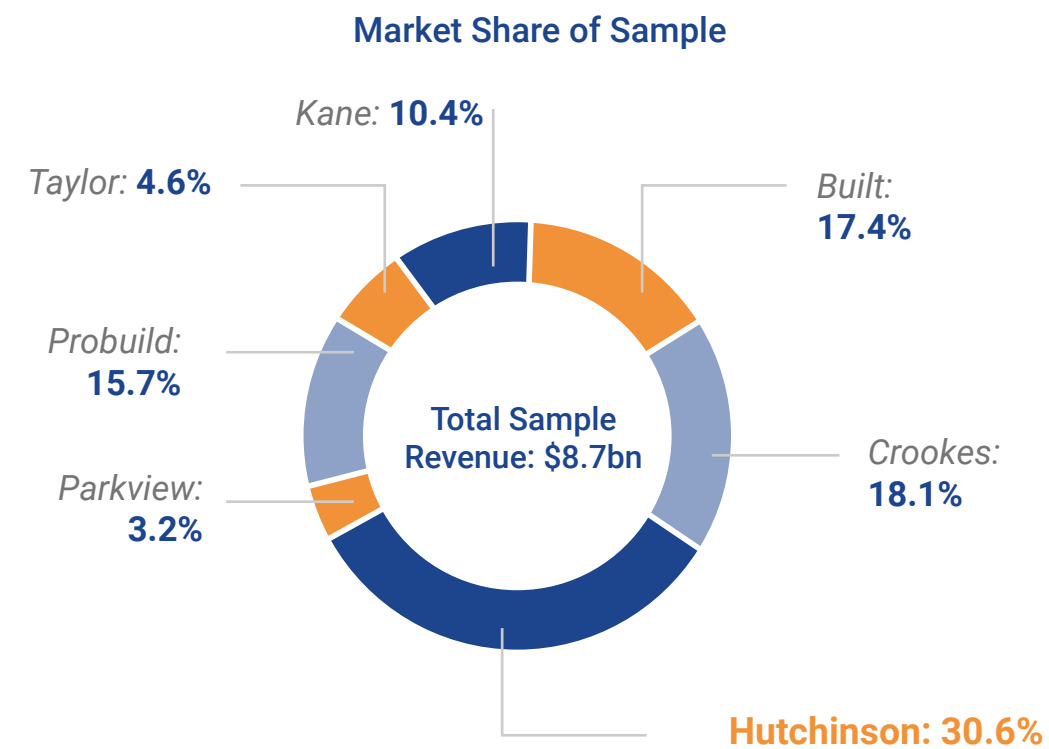
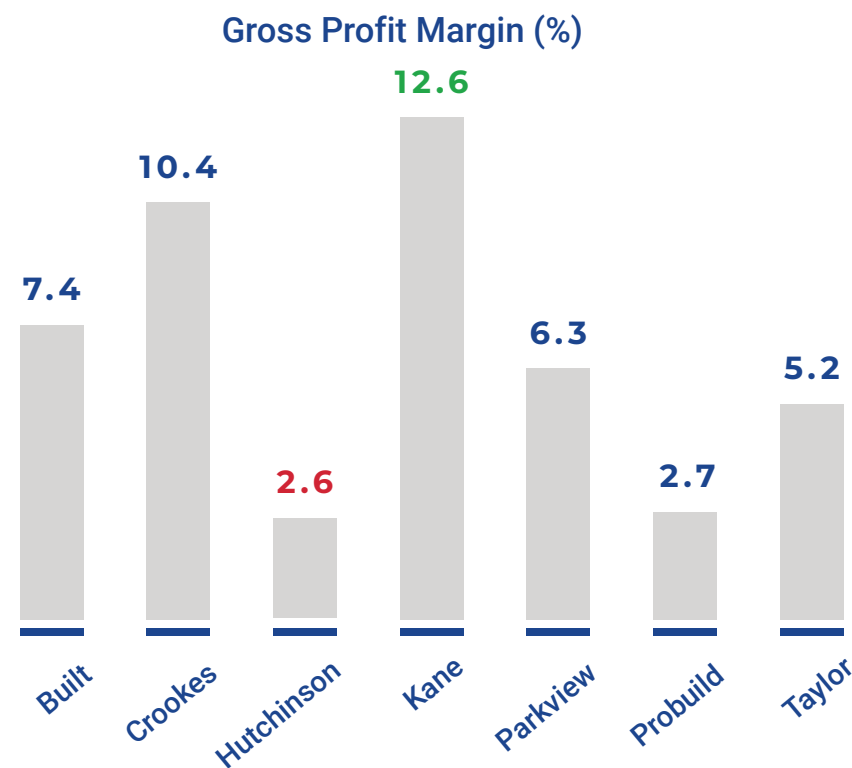
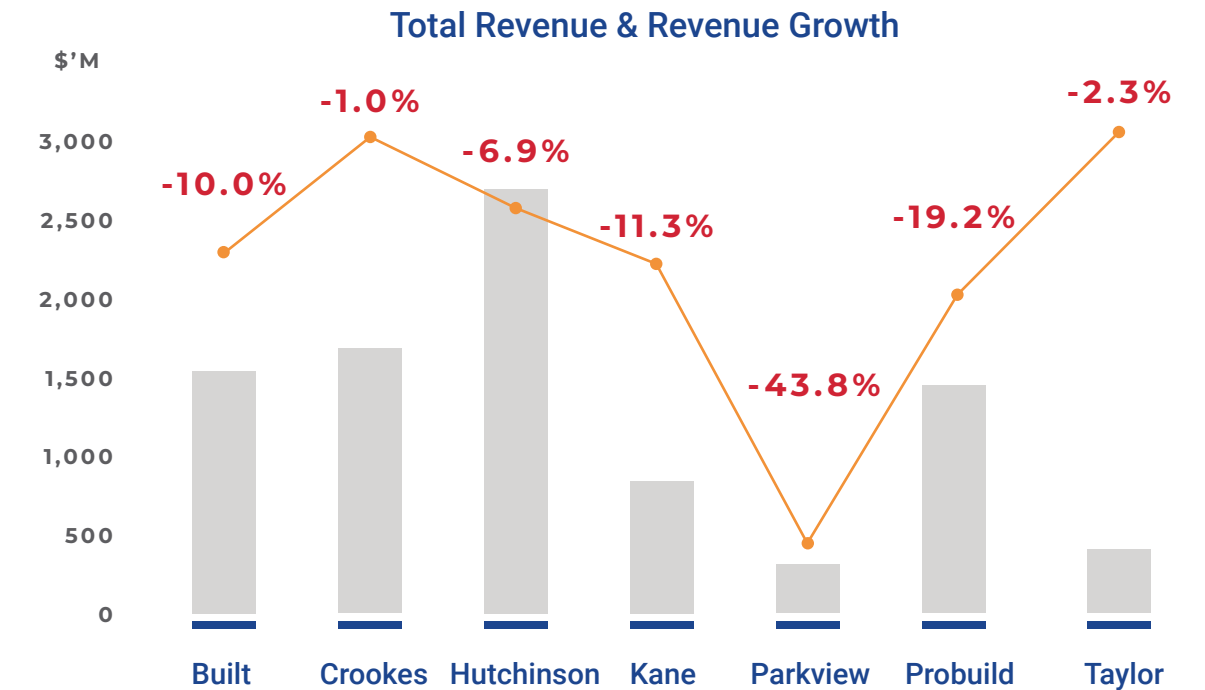
Who is Included?

Newpoint compares the key financial metrics for a sample of seven Builders that lodge Public Financial Accounts with ASIC

							
DIRECTOR NAMES	Brett Mason Marco Rossi	John S. Hutchinson Gregory D. Quinn Kellie L. Williams Russell M. Fryer Owen J. Valmadre Benjamin P.A. Young	William Jonathan Forster Tristan Richard Forster Geoffrey Stuart Purcell David Leigh Rutter Richard Frisina Stephen James Theisz Julian Francis Hamilton	Anthony Touma Emile Tabet Dallas Whitehead	Charles V. Henwood Eric Meyerowitz Luke Stambolis Paul Foley Bradley Duggan Nicolas Gadry	Richard Crookes Jamie Crookes John Hodges Peter Barnes	Mark Taylor Clive Wickham
AUDITOR	KPMG	BDO	Mazars	PWC	BDO	Deloitte	KPMG
HEAD OFFICE	NSW	QLD	VIC	NSW	VIC	NSW	NSW
PROJECTS	AUS, NZ	AUS	NSW, VIC, QLD, ACT	NSW	NSW, VIC, QLD, WA	NSW, ACT	NSW
EMPLOYEES (EST.)	1,054	1,386	480	111	522	627	220
EMPLOYEE % CHANGE FROM FY2020	7%	-1%	-9%	-29%	-18%	-14%	Nil

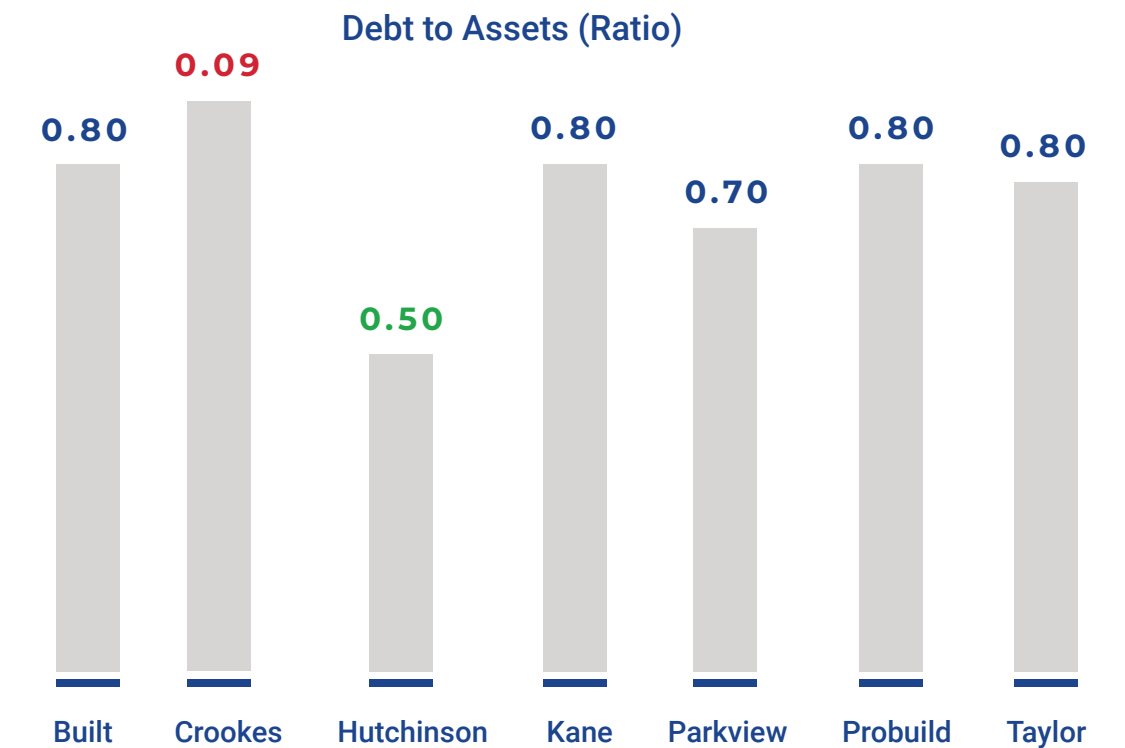
2021 Financial Performance (\$'M)

SUMMARY	BUILT	CROOKES	HUTCHINSON	KANE	PARKVIEW	PROBUILD	TAYLOR
REVENUE	1,521	1,584	2,671	912	283	1,370	399
LESS: COST OF SALES	(1,408)	(1,419)	(2,600)	(798)	(265)	(1,334)	(378)
GROSS PROFIT / (LOSS)	113	165	71	115	18	36	21
NON-CONSTRUCTION INCOME	1	4	7	6	-	-	-
TOTAL INCOME	114	168	77	120	18	36	21
TOTAL EXPENSES	67	141	38	68	13	32	13
PROFIT / (LOSS) BEFORE INCOME TAX	47	28	39	52	5	4	8
INCOME TAX	14	7	12	16	1	1	2
PROFIT / (LOSS) AFTER INCOME TAX	34	21	27	37	3	3	6
NPBT MARGIN (%)	2.2	1.3	1.0	4.0	1.2	0.2	1.4

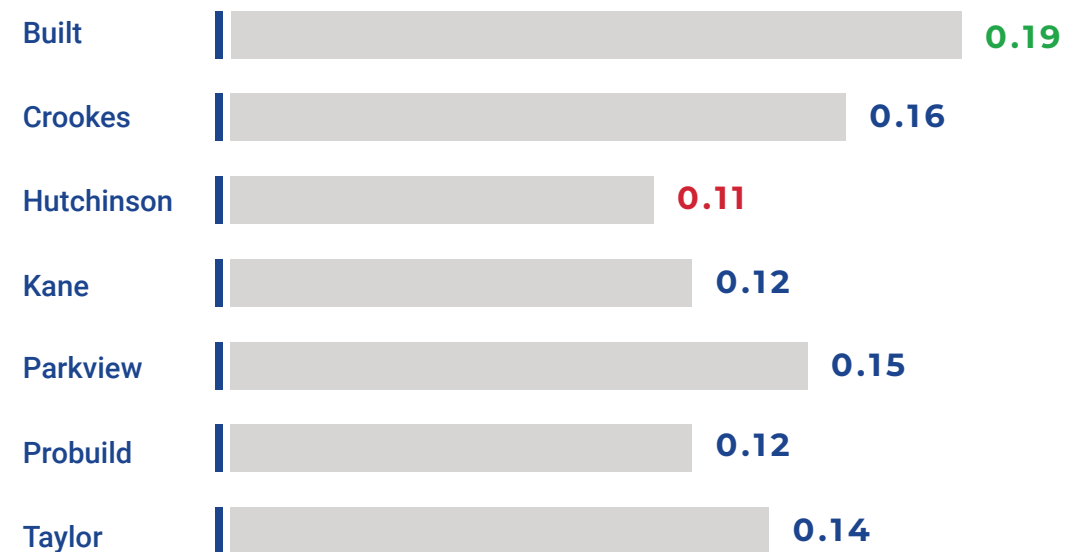


2021 Financial Position (\$'M)

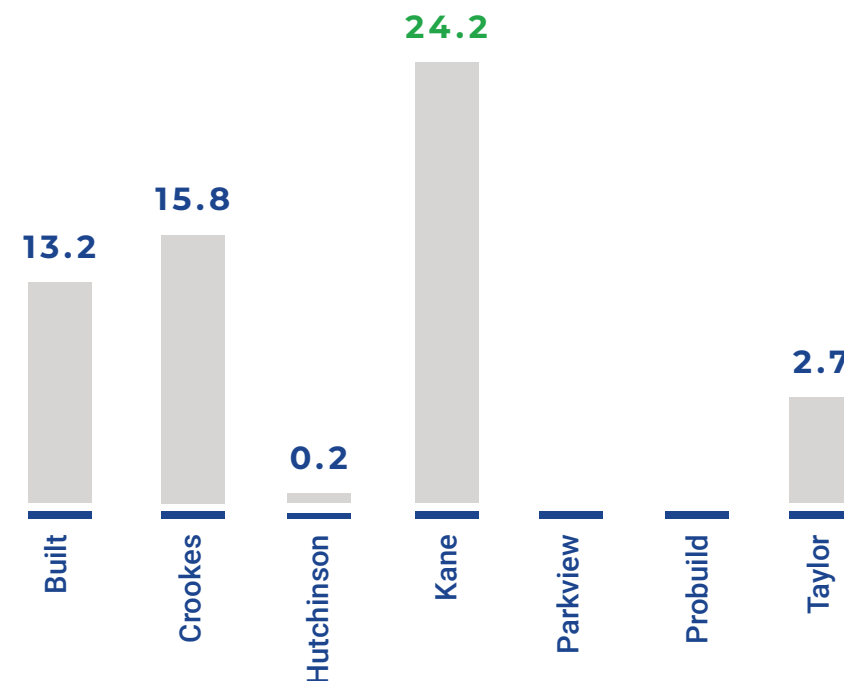
SUMMARY	BUILT	CROOKES	HUTCHINSON	KANE	PARKVIEW	PROBUILD	TAYLOR
ASSETS							
CURRENT ASSETS	531	556	541	288	79	387	169
NON-CURRENT ASSETS	106	18	253	28	62	87	19
TOTAL ASSETS	637	574	794	316	141	474	188
LIABILITIES							
CURRENT LIABILITIES	473	471	354	217	74	345	140
NON-CURRENT LIABILITIES	39	20	72	28	22	38	2
TOTAL LIABILITIES	512	490	426	245	95	384	142
NET ASSETS	125	83	368	72	45	90	46
PROVISIONS (WARRANTY CLAIMS)							
CURRENT LIABILITIES	NIL	12.42	NIL	NIL	4.92	0.71	NIL
NON-CURRENT LIABILITIES	NIL	3.00	NIL	NIL	7.09	NIL	NIL



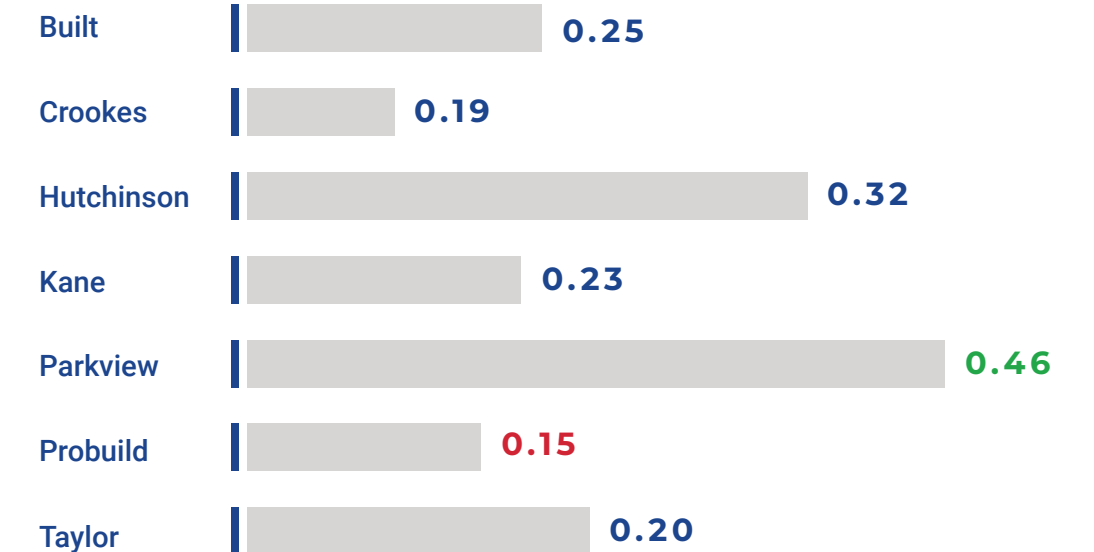
Cash to Turnover (%)



Dividends for FY21 (\$'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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