20 February 2025

PEET DELIVERS STRONG 1H25 PERFORMANCE

Peet Limited (ASX:PPC) (the **Group** or **Peet**) today announced its results for the half-year ended 31 December 2024 (**1H25**).

Key Results[1]

- **Operating profit[2] and statutory profit[3] after tax of $25.2 million, up 63%**
- **Earnings per share of 5.38 cents, up 64%**
- **1,370 lots[4] sold**
- **1,009 lots[4] settled**
- **Value of contracts on hand as at 31 December 2024 of $661 million**
- **Gearing[5] of 35.3%**
- **Fully franked interim dividend of 2.75 cents per share**

Financial commentary

Peet achieved an operating profit[2] and statutory profit[3] after tax of $25.2 million for the half-year ended 31 December 2024 (**1H25**), which compares to $15.5 million in the previous corresponding period (**1H24**).

The Group derived EBITDA[6] of $46.9 million during the half on a margin of 26%, compared to $28.9 million and 18%, respectively, for the previous corresponding period.

Peet Managing Director and Chief Executive Officer, Mr Brendan Gore, commented: “This improved underlying performance has been derived on the back of continuing strong performance across the portfolio, particularly from projects in Qld, WA and SA. The improvements in EBITDA[6] and EBITDA[6] margin have resulted from increased sales from the Funds Management business, accompanied by continued price growth generally across the Qld, WA and SA portfolios and an increase in settlements at Flagstone (Qld).”

The 1H25 performance has resulted in earnings per share increasing 64%, compared with 1H24, to 5.38 cents.

The Group enters the second half of FY25 in a solid capital position, with cash and available debt headroom of approximately $130 million at 31 December 2024.

1 Comparative period is half year ended 31 December 2023 unless stated otherwise. The non-IFRS measures have not been audited or reviewed by EY.
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 Balance sheet gearing calculated as (Total interest-bearing liabilities (including land vendor liabilities) less cash) / (Total assets less cash, less intangible assets).
6 EBITDA is a non-IFRIS measure that includes effects of non-cash movements in investments in associates and joint ventures.

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Operational commentary

The Group achieved sales of 1,370 lots[7] with a gross value of $541.1 million and settlement of 1,009 lots[7] with a gross value of $361.2 million in 1H25 across its operations. Lot sales were 24% higher than in 1H24 and settlements for the half were 9% lower than in 1H24.

"The material improvement in sales was especially evident across the Qld portfolio, where increased sales were accompanied by solid price growth, and the reduction in total settlements was driven by lower settlements in Vic, compared to 1H24, partially offset by higher settlements in Qld (Flagstone).

"As at 31 December 2024, the Group had contracts on hand with a gross value of $661.0 million, compared with contracts on hand as at 30 June 2024, with a gross value of $481.2 million. The contracts on hand as at 31 December 2024 provide solid visibility of earnings as the Group moves into 2H25," said Mr Gore.

Capital management

As at 31 December 2024, the Group had:

- balance sheet gearing[8] of 35.3%, compared to 34.8% at 30 June 2024;
- net interest-bearing debt (including Peet Bonds) of $328.1 million, compared with $314.5 million at 30 June 2024;
- cash and debt facility headroom of approximately $130 million as at 31 December 2024; and
- a weighted average debt maturity of 2.8 years.

Gearing[8], as expected, remained above the target range of 20% to 30% at 31 December 2024. This is predominantly due to:

- land vendor payments for the acquisition of the University of Canberra (ACT) land 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).

As at 31 December 2024, more than 70% of the Group's land bank was under development, with this expected to increase to approximately 86% over the next two 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 $660 million of contracts on hand, as at 31 December 2024, settlements are expected to improve during 2H25 and gearing is expected to trend down towards the Group's target range of 20% to 30% on the back of an expected material increase in cash inflows from operations (pre any payments for land)," said Mr Gore.

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7 Includes equivalent lots.
8 Balance sheet gearing calculated as (Total interest-bearing liabilities (including land vendor liabilities) less cash) / (Total assets less cash, less intangible assets).

Dividend

Subsequent to 31 December 2024, the Directors have declared an interim dividend of 2.75 cents per share, fully franked, in respect of the year ending 30 June 2025. This dividend compares to a 1.50 cents per share, fully franked, interim dividend for the year ended 30 June 2024. The dividend is to be paid on Friday, 11 April 2025, with a record date of Thursday, 20 March 2025.

Outlook

Peet expects that mixed market conditions will prevail for the balance of FY25, with:

- volume and price growth expected to continue in Qld;
- volume and price growth expected to moderate in WA and SA;
- ACT/NSW expected to show some signs of improvement, albeit off a low base;
- Vic continuing to be subdued; and
- cost of living pressures continuing to prevail, however inflation is trending down and the Reserve Bank of Australia has this week reduced the cash rate, indicating that interest rates are likely to have reached the peak of the current cycle.

The fundamentals and underlying drivers of the national residential market remain supportive - including ongoing constraints in housing supply, elevated levels of overseas migration and positive labour market conditions.

Enquiry levels throughout 1H25 remained materially higher than the 10-year average and increased more than 80% compared to 1H24. This indicates positive underlying demand and supports expectations for another solid performance in 2H25.

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.

"Subject to continuing market conditions and the timing of settlements, and supported by more than $660 million in contracts on hand, Peet is well-positioned for FY25, with expectations for earnings growth and strong operating cash flows," said Mr Gore.

Based on current forecasts, Peet is targeting FY25 NPAT of $50 million to $55 million.

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

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