

ASX ANNOUNCEMENT



14 December 2018

VILLA WORLD LIMITED ABN 38 117 546 326 ASX CODE: VLW

Guidance update FY19

At the Company's AGM held on 16 November 2018, 392¹ sales were reported for the 4 months ended 31 October 2018 and the Company stated that it was still targeting guidance of ~\$40 million NPAT for FY19.

For 1H19 NPAT, the Company gives guidance of \$16 million - \$17 million, and expects to pay a half-year dividend of 8 cps.

As widely published in the media, residential housing market conditions and customer sentiment have significantly deteriorated. Sales results and enquiries have been impacted by a material reduction in the availability of finance for residential housing, with customers experiencing delayed finance approvals and more stringent assessment criteria.

Additionally, a number of stages in the Company's Victorian projects are scheduled for completion late in 2H19. There is a risk that some settlements from those stages may now move into 1H20.

As a result of these issues, the Company will not achieve its FY19 NPAT guidance of ~\$40 million. With an uncertain outlook for the sector, the Company considers it prudent to provide no guidance for FY19 at this time and will update the market as necessary during 2H19.

Previous full year dividend guidance of 18.5 cps will be reviewed, but the Company expects to continue payment of strong dividends consistent with its stated dividend policy (payout ratio of 50% - 75% of annual NPAT, paid semi-annually).

Challenging market conditions are part of the cyclical nature of our industry. The Company remains confident that our medium to long term strategy and affordable price point, will provide sustainable success and shareholder value beyond the current sector dynamics.

The Company intends to release its 1H19 results on Wednesday 13 February 2019.

For enquiries:
Craig Treasure
Managing Director/CEO
Tel: (07) 5588 8888
securityholder@villaworld.com.au

¹ FY19: Total of 392 sales inclusive of 116 joint venture sales recorded at 100% and 2 split contracts recorded at 100%. FY18: 456 sales inclusive of 20 joint venture sales recorded at 100% and 8 split contracts recorded at 100%.