

11 July 2019

EXPECTED ADJUSTMENTS TO DISCONTINUED ASSET CARRYING VALUES

Fleetwood Corporation Limited (ASX: FWD) advises the following adjustments to the carrying values of assets associated with Fleetwood's discontinued businesses which will be made in the 2019 accounts, subject to audit finalisation.

Discontinued Resource Sector Ex-Rental Assets

Fleetwood's 31 December 2018 balance sheet included \$9.1m of discontinued resource sector ex-rental assets.

Of the \$9.1m carrying value, \$4.6m are committed to sale contracts with deposits received. Following a review of the balance, Fleetwood considers it prudent to write the remaining assets down to their recoverable amount of \$1.0m.

Discontinued Caravan Manufacturing Business

Following the sale of Fleetwood's caravan manufacturing business, which was announced in June 2018, remaining commitments to dealers in respect of residual orders have been satisfied and operations have now fully ceased, with the exception of the customer warranty function for caravans Fleetwood previously manufactured. A provision of \$4m will be made in 2019 in respect of the expected warranty costs.

As part of the sale process, Fleetwood retained a number of finished caravans. These caravans have been placed into dealerships in Brisbane and Melbourne on a consignment basis. Cash will be gradually realised from these assets. Fleetwood also retained a quantity of raw materials and plant and equipment following the sale.

An impairment charge of \$8m will be made against the carrying value of these assets in the 2019 financial year to reflect their recoverable amounts.

30 June 2019 Cash Position

Fleetwood's net cash balance as at 30 June 2019 was \$33m. This compares to the 31 December 2018 net cash balance of \$16.3m and the 4 March 2019 ASX announcement that Fleetwood expected to receive \$11.2m in cash as a result of the second completion of the caravan manufacturing business sale.

The full transition period for the caravan manufacturing business will determine the final value Fleetwood receives from the exit, but in cash terms the sale is ultimately expected to be positive due to the recovery of goodwill, raw materials, finished goods and utilisation of tax losses.

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About Fleetwood

Fleetwood is a provider of innovative affordable modular accommodation solutions and parts and services.

Established in 1964 and employing people in Australia and New Zealand, Fleetwood aims to outperform by providing genuine value.

For more, please visit www.fleetwoodcorporation.com.au

