

Half Year Results FY20

FEBRUARY 2020



BUILDING SOLUTIONS



ACCOMMODATION SOLUTIONS



RV SOLUTIONS

Operating Segments

FLEETWOOD
BUILDING SOLUTIONS

WA

SA

VIC

NSW

QLD

FLEETWOOD
ACCOMMODATION SOLUTIONS

*Searipple
Karratha*

*osprey
village*

FLEETWOOD
RV SOLUTIONS

CAMEC

NRV
NORTHERN RIVERS VILLAGE

RVC

Highlights H1FY20

Financial Results

- + Statutory net profit increased 98% to \$6.2m, the first results mostly clear of caravan manufacturing
- + EBITA from continuing operations down 18% to \$12.8m due to major project timing
- + Net Cash at 31 December of over \$28.7m

Operational

- + Key contracts signed in WA and NSW
- + Activity levels building in accommodation

Near Term Outlook

- + Targeting similar EBITA result in FY20
- + Future dividends at circa 30% of profits (subject to capital requirements)



Group Earnings Summary

- + Timing of major projects in building solutions impacted results
- + Accommodation Solutions benefited from increased customer activity levels in the Pilbara
- + Solid RV Solutions result despite difficult trading conditions
- + Group result benefited from re-assessment of earn-out provisions and new lease accounting standard
- + Discontinued losses much reduced as caravan manufacturing business winds down

\$ MILLION	H1FY20	H1 FY19	Change
Revenue	161.3	167.3	-4%
EBITDA	20.7	19.7	5%
Depreciation	7.9	4.2	89%
EBITA	12.8	15.6	-18%
Amortisation of contract intangible	2.1	1.5	39%
Finance costs	0.6	0.4	46%
Pre-tax profit	10.1	13.6	-26%
Tax expense (benefit)	3.1	4.2	-24%
Underlying NPAT	6.9	9.5	-27%
Loss from discontinued operations	(0.8)	(6.4)	n/a
Statutory NPAT	6.2	3.1	98%

Segment Performance

Building Solutions

	H1FY20	H1 FY19
Revenue	106.6	116.1
EBITA	2.8	8.6

- + WA and NSW have major projects on hand for the second half
- + Currently reviewing appropriate levels of overhead going forward
- + New branch opened in SA

Accommodation Solutions

	H1FY20	H1 FY19
Revenue	22.5	19.2
EBITA	9.6	6.7

- + Contractual variation with a customer
- + Searipple benefited from increased shutdown activity during the half year
- + New village capacity likely in CY20 and CY21 driven by construction projects

RV Solutions

	H1FY20	H1 FY19
Revenue	35.6	38.5
EBITA	2.5	3.0

- + Local OEM production down 13% during the half
- + NRV performed in line with the OEM market
- + Continued focus on the aftermarket limited the impact overall
- + Operating costs fell 8% half on half

Cashflow Summary

- + Working capital use driven by major new projects in Building Solutions towards the end of the half
- + High activity levels at Searipple also contributed to working capital use
- + Tax payments to remain low in FY20
- + Searipple dining room renovation in H1 FY19
- + Capex in FY20 to be similar to FY19
- + Acquisition cash flow related to MBS and NRV earn-outs paid during the half

	H1FY20	H1FY19
EBITDA	20.7	19.7
Cash outflows from discontinued businesses	(0.8)	(12.9)
Interest paid (net)	(0.5)	(0.4)
Tax	(0.4)	(1.0)
Working capital (and other)	(15.6)	2.4
Operating cashflow	3.4	7.8
Net capex	(4.2)	(3.9)
Free cashflow	(0.7)	3.8
Net acquisitions	(0.9)	(45.4)
Financing cashflows	(3.3)	57.2
Opening net cash (debt)	33.6	0.6
Closing net cash (debt)	28.7	16.3

Balance Sheet Summary

- + Net working capital higher due to major projects late in the half and Searipple activity levels
- + Strong cash position
- + No debt. Credit facilities totalling \$65m
- + Return on capital employed decreased from 13% in FY19 to 11% in H1FY20 (annualised)

	FY20	FY19
Net working capital	44.6	27.8
Property Plant and Equipment	48.3	48.4
Intangibles	99.5	101.1
Other	14.3	17.9
Capital employed	206.6	195.3
Net debt (cash)	-28.7	-33.6
Shareholders funds	235.3	228.9
Capital employed	206.6	195.3

Forward Strategy



BUILDING SOLUTIONS

Fleetwood has successfully commenced **adapting traditional areas of the construction industry** towards modular. Based on overseas experience there are significant further opportunities, as well as traditional modular markets Fleetwood does not presently have exposure to.



ACCOMMODATION SOLUTIONS

Developing a **larger underlying base** from Accommodation Solutions will **improve overall quality of earnings** in the medium term.



RV SOLUTIONS

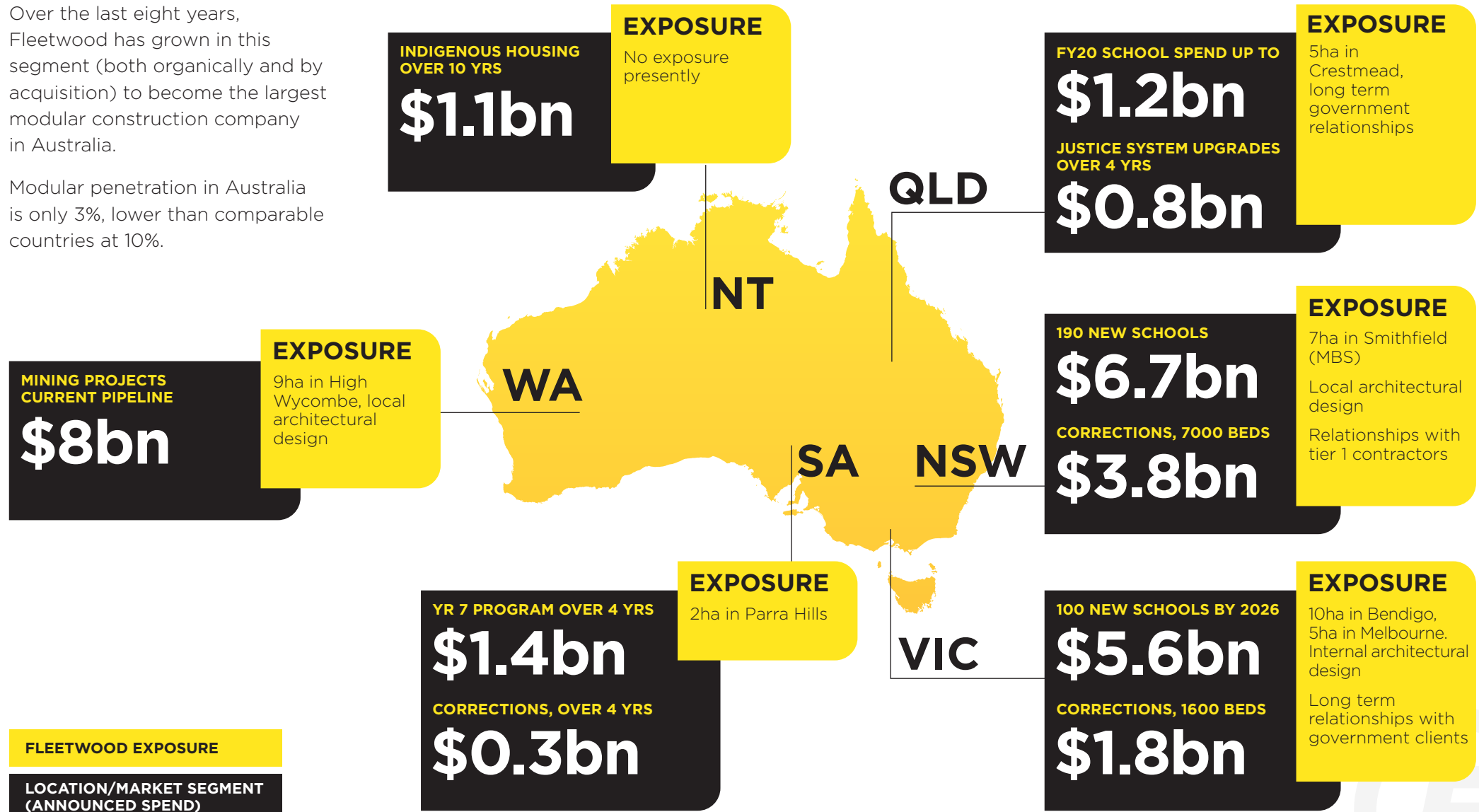
Diversifying sources of revenue in the RV Solutions business will make this segment more resilient to fluctuations in industry demand. Expansion of the earnings base will be driven by a **focus on services**, both aftermarket and pre-delivery along with operational efficiencies.

Building Solutions Market Exposure

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AUSTRALIA

Over the last eight years, Fleetwood has grown in this segment (both organically and by acquisition) to become the largest modular construction company in Australia.

Modular penetration in Australia is only 3%, lower than comparable countries at 10%.



Building Solutions

Competitive Advantage

FLEETWOOD
AUSTRALIA

In-house Architectural Design

- + Allows deep engagement with clients at concept, budget or FEED stage
- + Provide services to assist scoping or setting out projects
- + Ultimate request for tender can include Fleetwood design elements

Advanced Manufacturing Techniques

- + **Mass Customisation:** Ability to produce buildings of different designs and specifications, from a small range of “kits of parts”
- + **BIM (Building Information Management):**
First in industry to use prefabricated delivery mechanism for BIM
- + **Vertical integration** in many areas of the supply chain. For example in-house wall framing, in-house transport assets



Building Solutions

Mass Customisation Example

FLEETWOOD
AUSTRALIA

- + The two projects below are based on the same “kit of parts”, just configured differently. Results in significant manufacturing efficiencies and speed to market

Two storey open plan layout

FAIRFIELD PRIMARY SCHOOL
COMPLETED APRIL 2019



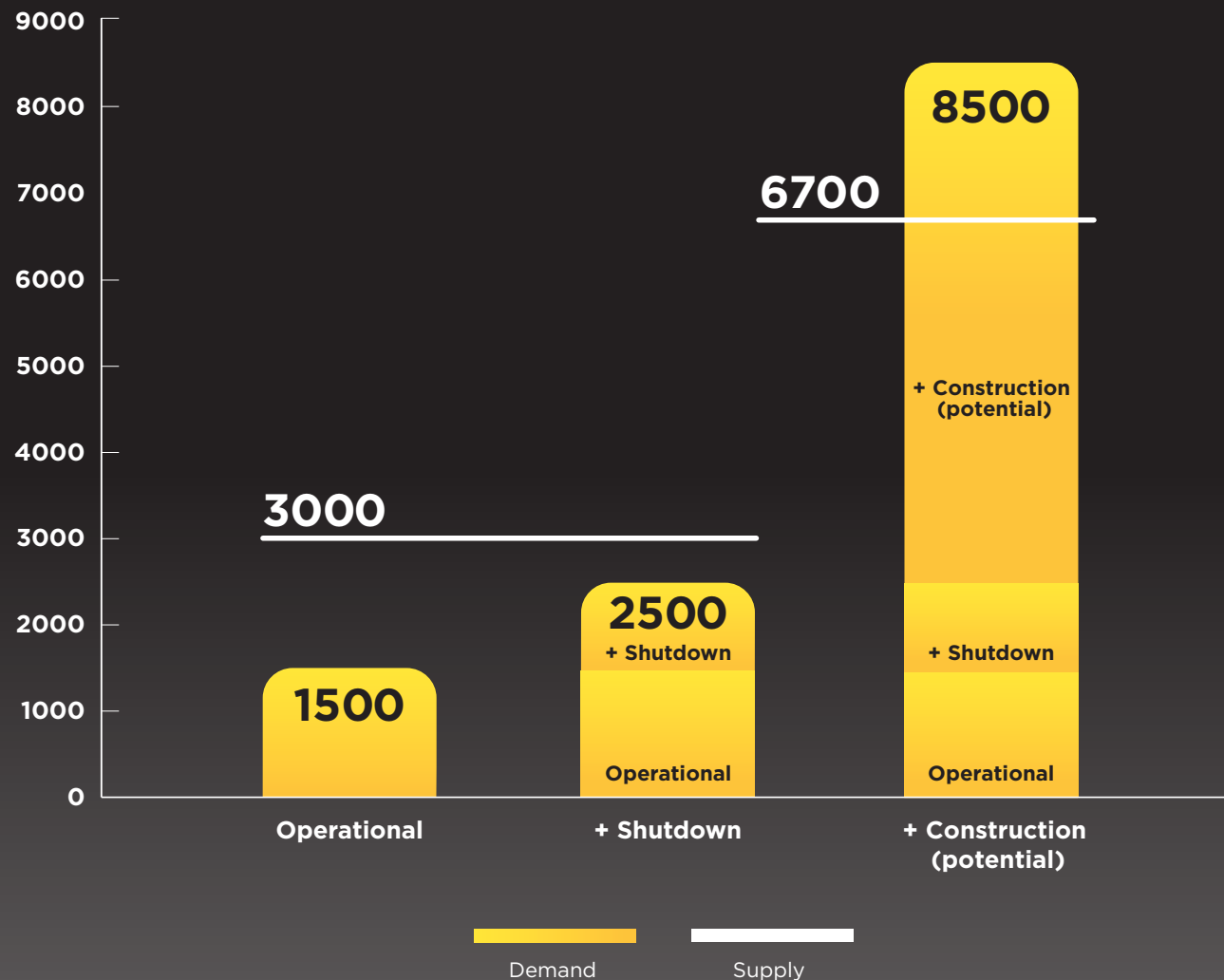
Three storey configuration

ELWOOD COLLEGE
COMPLETED OCTOBER 2019



Village Solutions Overview of Karratha/Dampier Market

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AUSTRALIA



Accommodation Solutions Expansion Strategy

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- + Expanding our footprint in this segment will improve Fleetwood's overall quality of earnings
- + Fleetwood's modular business provides the ability to develop new villages at a competitive cost
- + Bidding projects as Build, Own, Operate



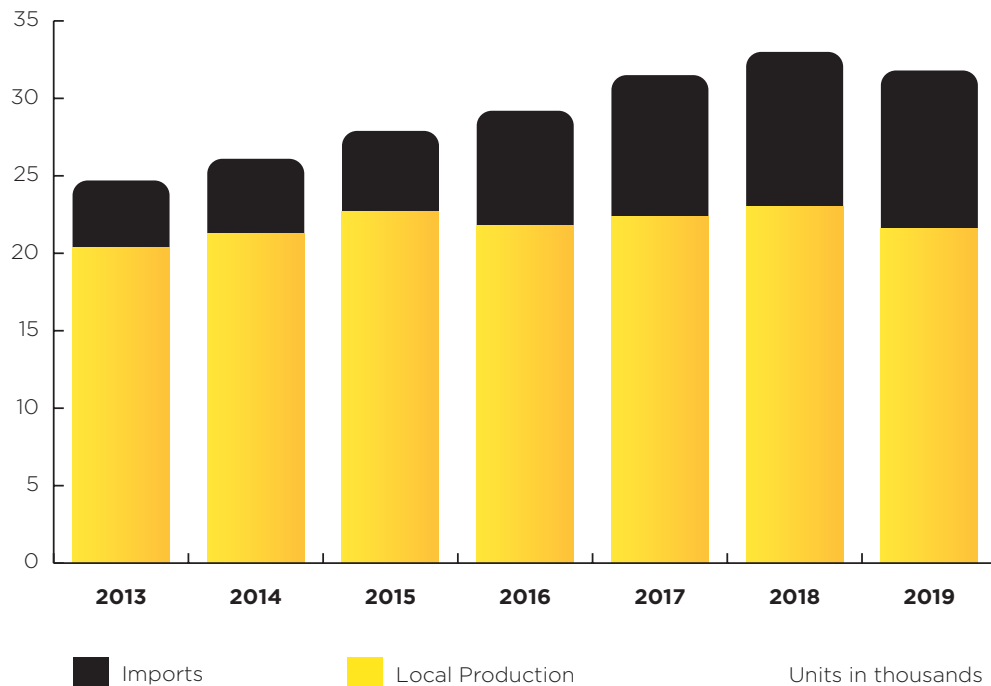
RV Solutions Market Exposure

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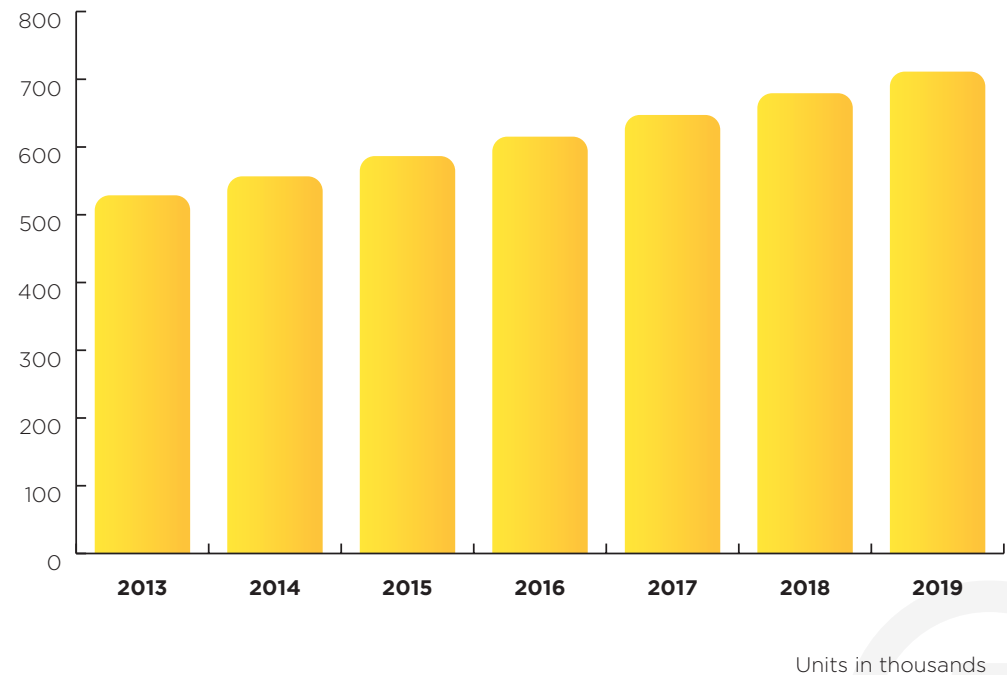
- + The RV market is undergoing structural change and is facing the threat of increasing imports
- + As industry concentration increases, this is providing the opportunity to provide services to smaller manufacturers and growth in the aftermarket

- + Our strategy in response to these trends is:
 - + To embed further into the OEM caravan manufacturing base through high service levels and new products
 - + Continued focus on growing aftermarket segments This includes major retailers and repair services
 - + Improve speed to market with new products

Australian Local Production of RVs v Imports



Total Registered Caravans



Outlook

FLEETWOOD
AUSTRALIA

FLEETWOOD BUILDING SOLUTIONS

- + The Australian modular building industry is still in its infancy. Fleetwood intends to be at the forefront of this industry as it develops
- + Fleetwood is targeting diversification into new geographic regions and new market segments that lend themselves to modular build technology

FLEETWOOD ACCOMMODATION SOLUTIONS

- + Solid start to FY20
- + Result likely to be higher than FY19

FLEETWOOD RV SOLUTIONS

- + OEM market to remain tough in FY20. Targeting growth from the aftermarket, new products and cost savings

OVERALL

- + Targeting similar EBITA result in FY20, subject to contract awards
- + Future dividends at circa 30% of profits (subject to capital requirements)

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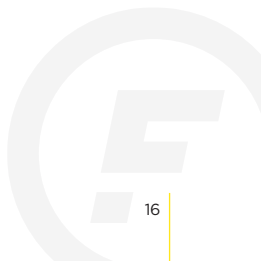
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