

FLEETWOOD
AUSTRALIA

Full Year Results FY20

AUGUST 2020



Operating Segments

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FLEETWOOD
BUILDING SOLUTIONS

WA

SA

VIC

NSW

QLD

FLEETWOOD
ACCOMMODATION SOLUTIONS

Searipple
Karratha

osprey
village

FLEETWOOD
RV SOLUTIONS

CAMEC

NRV
NORTHERN RV

RVC

Highlights FY20

- + **Underlying EBITA of \$22.3m**
- + **\$65.7m in net cash**
- + **Dividends reinstated**
- + **Special dividend to return caravan manufacturing capital to shareholders**

COVID-19 Impact

- + Changes in FIFO rosters and increased shutdown volume provided upside in Accommodation Solutions
- + Despite reduced demand in Q4, restructuring already underway drove positive RV Solutions results
- + Building Solutions benefited from increased government spending



Forward Outlook

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FLEETWOOD BUILDING SOLUTIONS

- + Building Solutions pipeline of opportunities is at an all time high
- + Demand from the Government sector remains strong consistent with recent announcements regarding infrastructure spending

FLEETWOOD ACCOMMODATION SOLUTIONS

- + Return to traditional rostering arrangements and additional village capacity should see Accommodation Solutions results moderate in the second half of FY21
- + Anticipated construction activity in the Karratha/Dampier region will drive a significant increase in demand for FIFO rooms over the medium term

FLEETWOOD RV SOLUTIONS

- + Current trading conditions are difficult in RV Solutions
- + Over the medium to long term this industry will likely benefit from increased domestic travel

OVERALL

- + Business strongly positioned for the future
- + Future dividends at circa 30% of profits (subject to capital requirements)

Group Earnings Summary

- + Government demand remains strong in Building Solutions
- + Accommodation Solutions benefited from increased customer activity levels in the Pilbara
- + Solid RV Solutions result given COVID-19 situation
- + Impairment in RV Solutions given near term COVID-19 impact
- + Discontinued losses much reduced as caravan manufacturing business winds down

\$ MILLION	FY20	FY19	Change
Revenue	329.9	315.3	5%
EBITDA	38.2	34.4	11%
Depreciation	15.9	9.1	75%
EBITA	22.3	25.3	-12%
Amortisation of contract intangible	4.2	3.1	36%
Finance costs	1.4	0.9	64%
Pre-tax profit	16.7	21.4	-22%
Tax expense (benefit)	4.7	7.4	-36%
Underlying NPAT	12.0	14.0	-14%
Impairment	(13.8)	0.0	n/a
Continuing operations NPAT	(1.8)	14.0	n/a
Loss from discontinued operations	(1.0)	(20.3)	n/a
Statutory NPAT	(2.8)	(6.2)	n/a

Segment Performance

Building Solutions EBITA

	FY20	FY19
Revenue	230.6	209.4
EBITA	6.6	12.6

- + Government demand remains strong
- + Private sector work impacted by COVID-19 related uncertainty
- + Substantial market development costs
- + New COO commenced in June 2020

Accommodation Solutions EBITA

	FY20	FY19
Revenue	43.6	37.0
EBITA	16.2	11.5

- + COVID-19 related roster changes saw improved Searipple utilisation in Q4
- + Searipple benefitted from increased shutdown and maintenance activity during the year
- + New village capacity in Karratha likely in CY20 and CY21

RV Solutions EBITA

	FY20	FY19
Revenue	64.5	72.8
EBITA	3.7	5.7

- + Local OEM production heavily impacted by COVID-19
- + The aftermarket outperformed the OEM market
- + Previous restructuring led to reduced COVID-19 impact during the period

Cashflow Summary

- + Working capital benefit of \$6m in advance contract payments
- + Net cash of \$65.7m
- + Tax payments to remain low in FY21
- + Searipple dining room renovation in FY20
- + FY20 acquisition cash flow related to MBS and NRV earn outs paid during the year

	FY20	FY19
EBITDA	38.2	34.4
Cash outflows from discontinued businesses	(0.3)	(5.2)
Interest paid (net)	(0.5)	(0.7)
Tax	(0.4)	(2.5)
Working capital (and other)	9.7	6.0
Operating cashflow	46.6	31.9
Net capex	(6.5)	(11.8)
Free cashflow	40.2	20.1
Net acquisitions	(0.9)	(44.4)
Financing cashflows	(7.2)	57.2
Opening net cash (debt)	33.6	0.6
Closing net cash (debt)	65.7	33.6

Balance Sheet Summary

- + Net working capital lower due to advance contract payments in Building Solutions and close management in RV Solutions
- + Strong cash position
- + No debt. Credit facilities totalling \$65m
- + Return on capital employed 13.9%

	FY20	FY19
Net working capital	18.7	27.8
Property Plant and Equipment	45.0	48.4
Intangibles	85.1	101.1
Other	12.0	17.9
Capital employed	160.8	195.3
Net debt (cash)	(65.7)	(33.6)
Shareholders funds	226.5	228.9
Capital employed	160.8	195.3

Forward Strategy

BUILDING SOLUTIONS

ACCOMMODATION SOLUTIONS

RV 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.

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

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.

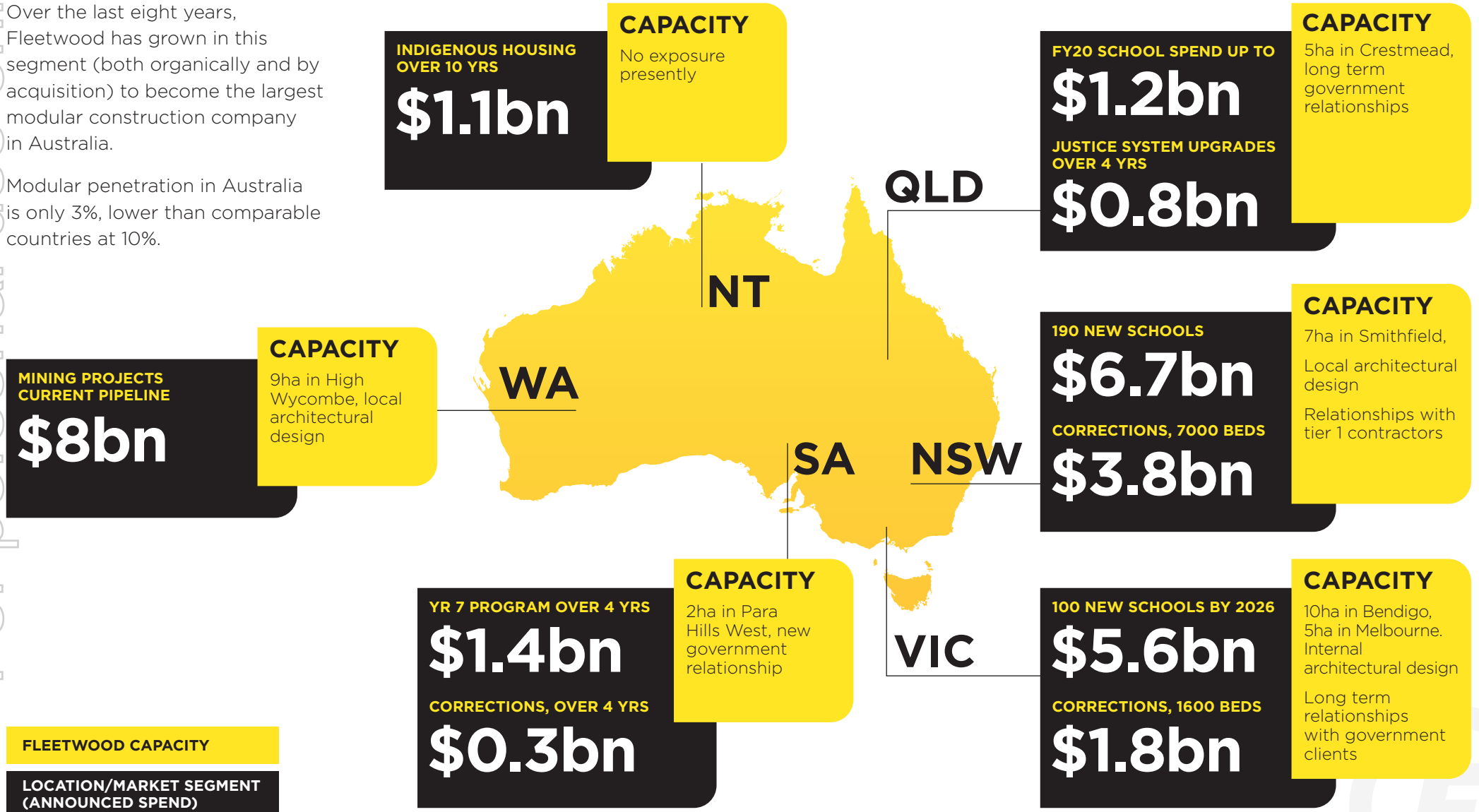
Building Solutions

Capacity Aligned to Announced Spend

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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

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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 “kit 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

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- + 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



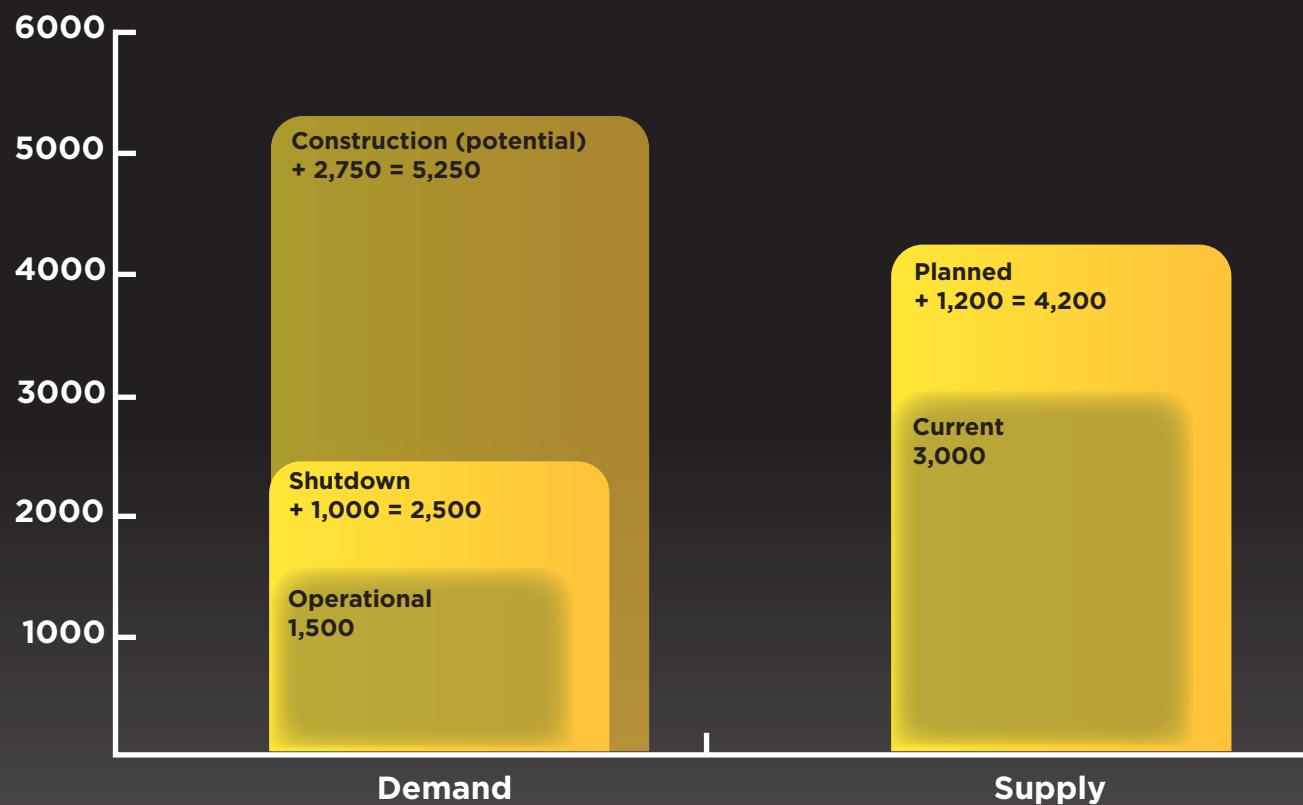
Three storey configuration

ELWOOD COLLEGE
COMPLETED OCTOBER 2019



Accommodations Solutions Overview of Karratha/Dampier Market

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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



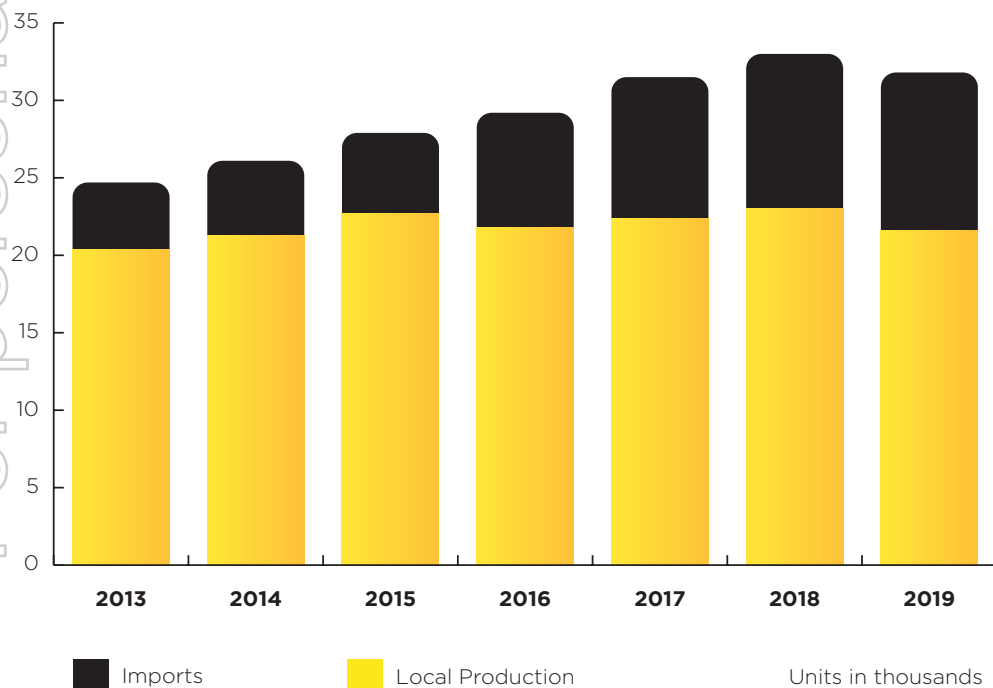
RV Solutions Competitive Advantage

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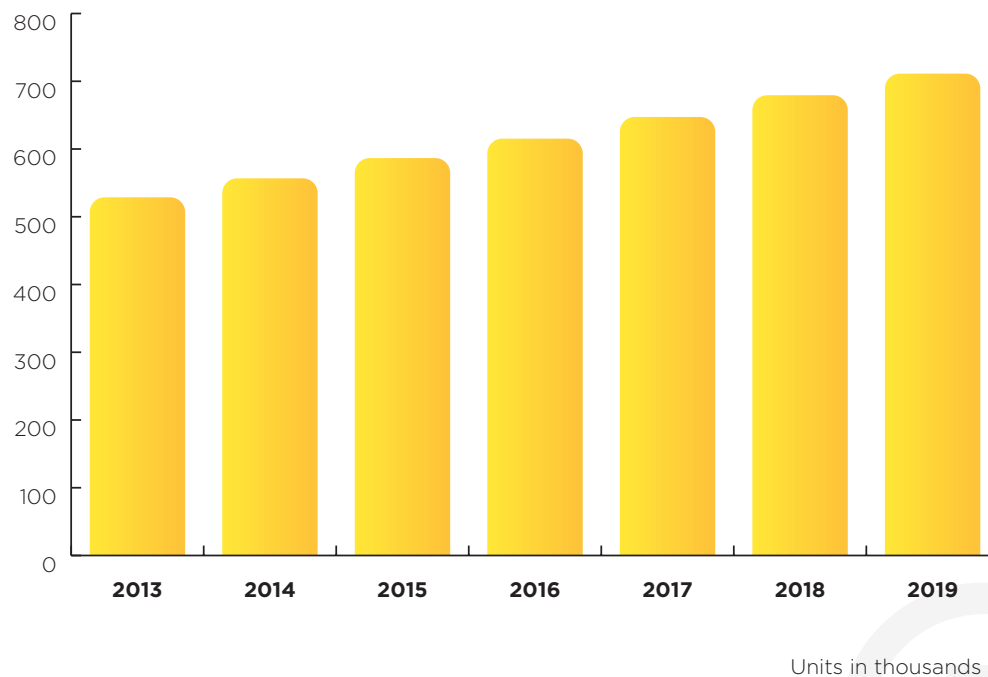
- + The RV market is undergoing structural change and is facing the threat of increasing imports
- + As industry concentration increases, this is providing the opportunity to provide services to smaller manufacturers and growth in the aftermarket

- + 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



Appendix

Impact of AASB-16 (Lease Accounting)

	FY20		FY20	FY19	
\$ MILLION	Statutory	AASB16	Ex AASB16	Statutory	Change
Revenue	329.9		329.9	315.3	5%
EBITDA	38.2	7.5	30.6	34.4	-11%
Depreciation	15.9	7.1	8.8	9.1	-3%
EBITA	22.3	0.5	21.8	25.3	-14%
Amortisation of contract intangible	4.2		4.2	3.1	36%
Finance costs	1.4	0.6	0.8	0.9	-10%
Pre-tax profit	16.7	(0.2)	16.9	21.4	-21%
Tax expense (benefit)	4.7		4.7	7.4	-36%
Underlying NPAT	12.0	(0.2)	12.2	14.0	-13%
Impairment	(13.8)		(13.8)	0.0	n/a
Continuing operations NPAT	(1.8)	(0.2)	(1.7)	14.0	n/a
Loss from discontinued operations	(1.0)		(1.0)	(20.3)	n/a
Statutory NPAT	(2.8)	(0.2)	(2.7)	(6.2)	n/a

Appendix

MBI Awards of Distinction

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Permanent Modular Education under 10,000 sq. ft.

Entry Name: Fairfield Primary School

Entrant: Fleetwood

Number of Modules: 16

Affiliate: None

Location: Melbourne, Victoria, Australia

Square Meters: 733

Building Use: Primary School Building

Days to Complete: 166

Architectural Excellence

An architectural centerpiece for the school, the dedicated Years 5 & 6 learning communities are housed in a contemporary 2-storey building that pushes the boundaries of perception around design for modular construction. The building replaces an existing "permanent" facility that had reached its end of life. Delivering resilience through design, the project maximised the value proposition of the new building through a collaborative process. Structural and spatial solutions will enable a cost-effective refurbishment of the first-floor space from contemporary learning environments to a library and EHC "hub", allowing this modular building to meet the changing future needs of a growing and vibrant school. Constructed off site in 16 modules (733 sqm), which were then separately transported to site and installed, the project delivers extensive integrated outdoor learning spaces and decking areas linking learning areas with new social settings that support further learning opportunities.

Technical Innovation & Sustainability

Maximising the established benefits of offsite construction, time, quality and cost, the project explored further opportunities to leverage other construction industry practices, resulting in a "hybrid" approach for the project. The deliberate evaluation of construction and factory build tolerances ensured a seamless delivery and installation process. The first floor of the building has been innovatively designed for both the current general learning environments and a potential future use as a library and education resource centre, allowing the cost-effective refurbishment of the first floor, extending the building's useful life. This enhanced the project's sustainability credentials beyond current best practice energy and operating cost control measures e.g. the use of prefabricated panel cladding which reduces ongoing school maintenance, eliminating the safety risks associated with working at heights during the project life.

Cost Effectiveness

The catalyst for the project's procurement through offsite construction was borne out of the inability for the project to be cost effectively delivered through traditional in situ construction. Working with a significant government agency, the project validated the pilot demonstration of the high-quality design and built form outcomes that can be achieved through prefabrication and modular construction. The adoption of a mass-customisation strategy yielded a cost-effective manufacturing platform approach, tailored to the project brief. The outcome is an architecture without compromise that delivers a high calibre spatial experience which is fit for purpose. Efficiencies in the supply chain can be harnessed through this approach, as well as maximising the use of local materials, certainty and control over supply and material provenance.

Appendix

MBI Awards of Distinction

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Permanent Modular Education under 10,000 sq. ft.

Entry Name: Moe South Street Primary School

Entrant: Fleetwood

Number of Modules: 10

Affiliate: None

Location: Moe/Regional Victoria, Australia

Square Meters: 364

Building Use: Primary School Building

Days to Complete: 123

Architectural Excellence

Designed to integrate and connect with the existing administration and teaching facility building, the strategic positioning of the building opened up the possibility for creating a covered outdoor learning area that doubles to provide the school's only wet weather outdoor recreation area. With a prominent position to the school's public interface the building delivers both a commanding and architecturally sympathetic response. The building was constructed off site in 10 modules (364 sqm), which were then separately transported to site and installed. Incorporating adaptable classroom glazing and access partitions allows complete integration with the central gathering and social space. This arrangement of flexible teaching and gathering spaces is complemented by the execution of the project's FFSE to support different modes of learning, i.e. direct instruction, flipped classroom, team teaching, small group and self-directed activities.

Technical Innovation & Sustainability

The permanent modular construction exceeds the outcomes of a traditional "insitu" project delivered project, leveraging the benefits prefabrication brings to the procurement process; quality control, time, cost, value, reduced waste, environmental sustainability whilst preserving a sense of permanence. Building offsite in a factory environment and transporting to site in this instance translates into a structural system that economically delivers superior outcomes. Innovation and sustainability are at the forefront of the design process, ensuring outcomes that deliver maximum flexibility, afford multiple uses and opportunity creation. This results in a project that maximises utilisation thereby minimising resource use. Employing the organisations first major foray into blended "hybrid" construction; integrating onsite architectural bridgework with offsite module fabrication, the modular project delivers permanence and integration into the school's built environment.

Cost Effectiveness

A major factor in the success of this project was the ability to deliver the roof separately due to the open spaces provided across the communal area along with the design entailing several different roof levels that needed to be accounted for. As the inaugural build as part of a four-year programme of works it has represented an opportunity to trial certain offsite and onsite manufacturing processes, resulting in further improvements in time and cost efficiencies with projects of a similar scope that followed. Collaborating closely with a client side project delivery team throughout the process involved all parties to work through issues identified promptly and proceed with most rectification works prior to the building handover. The ability to manage our offsite manufacturing concurrently with onsite works provided us with economies of scale and a programme surety that cannot be matched when compared with traditional "insitu" construction.

Appendix

MBI Awards of Distinction

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Permanent Modular Education over 10,000 sq. ft.

Entry Name: Frankston Heights Primary School

Entrant: Fleetwood

Number of Modules: 27

Affiliate: None

Location: Melbourne, Victoria, Australia

Square Meters: 1081

Building Use: Primary School Building

Days to Complete: 164

Architectural Excellence

Replacing dilapidated "permanent" facilities, the new education "hub" incorporating general learning areas, library, canteen, reception and administration spaces now provides the school with a sense of address, arrival, and functional learning spaces which support contemporary teaching practices. Consideration of the school master planning allowed the building's informed design to extend an existing circulation spine through the school, terminating in a protected assembly area created by the negative space generated by the building. This amenity is further enhanced and framed with the generous docking arrangement, creating integrated outdoor learning areas. Vibrant colours celebrate the energy of the school community, reinforcing its identity. The building was constructed off site in 27 modules (1081 sqm), which were then separately transported to site and installed incorporating onsite brickwork into the build to create the look and feel of a traditional build.

Technical Innovation & Sustainability

Future proofing and flexibility are the keystones of the project's innovation and sustainability outcomes, extending the project's useful life. Permanency is imparted through the incorporation of detailing to allow seamless integration of offsite prefabrication and hybrid construction techniques including elements of site built brickwork. Other demonstrated measures to meet project sustainability include addressing the client brief for a small replacement canteen facility and then engineering a deliberate design that ensured the facility could effectively facilitate opportunities for home economics classes and events catering. This also demonstrates innovation in the design layout to address these various functions within the one space. The library area has been specifically designed to allow maximum flexibility with the ability to partition off a dedicated general purpose learning area as required without compromising the library area's functionality.

Cost Effectiveness

We took an initial brief for 2 buildings and proposed 1, to increase efficiency and connectivity between students, teaching and administration staff. The ability to deliver a holistic solution that bridged the gap between indoor and outdoor learning and play environments was also a key driver to the success of the project and provided several cost efficiencies, which in itself is a sustainable design approach. The solution meeting more than one brief, i.e., the canteen can also be used as a home economics and event catering asset (through servicing the assembly area and juxtaposition to gathering areas and learning spaces) and the library's ability to be partitioned to create effective dual use, library and general learning area mean the project has delivered maximum functionality for minimal cost impacts. Adopting this design approach magnifies the inherent cost-effective outcomes of offsite modular construction.

Appendix

MBI Awards of Distinction

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Relocatable Modular Education over 10,000 sq. ft.

Entry Name: Carey Baptist Grammar M-Link Building

Entrant: Fleetwood

Number of Modules: 55

Affiliate: None

Location: Melbourne, Victoria, Australia

Square Meters: 1176

Building Use: Middle School Decanting Building

Days to Complete: 159

Architectural Excellence

Despite the short-term nature of the project as a temporary, 34-month decanting solution, the Carey project was designed as a bespoke response to the client brief and school environs, including custom cladding treatments and connections with the school's built environment. The general learning areas link seamlessly with connecting outdoor walkways, deck areas and the linking bridge plays an important role in facilitating the general flow of traffic of all students and teachers crucial in fostering a temporary home that they can warm to. The building was constructed off site in 55 modules (1176 sqm), which were then separately transported to site and installed. The overall building configuration was optimised to allow future reutilisation in multiple configurations comprised of 4 separate stand-alone double storey buildings.

Technical Innovation & Sustainability

A primary consideration for the school was the preservation and future integrity of the hard courts sports area. The footings were designed to minimise damage and allow the courts to be remediated at a minimal cost without compromising the cost effectiveness of the project. All whilst ensuring the buildings were a contextual response to the existing school environment. Fleetwood collaborated with the school's key stakeholders to ensure the facilities presented a "no compromise" design solution with sector leading education environments synonymous with the calibre of Carey Baptist Grammar School. With a lifespan of 20+ years and the ability to be relocated multiple times, the project delivers on the traditional benefits of transportable construction without sacrificing amenity and contextual response, all whilst leveraging other benefits modular factory prefabrication bring to the procurement process: quality control, time, cost, value, reduced waste, environmental sustainability.

Cost Effectiveness

The building was initially built as part of a 34-month lease for decanting purposes as major onsite works take place. When originally conceived, the project was designed with future relocation and end of use in mind, designed to dismantle and reconfigured to create 4 double storey independent teaching buildings without compromising the client brief. Collaborating closely with a client-side project delivery team throughout the process enabled all parties to work through issues identified promptly and proceed with most rectification works prior to the building handover. The ability to manage our offsite manufacturing concurrently with our onsite works provides us with economies of scale and a programme surety that cannot be matched when compared with traditional "in situ" construction. Energy efficient materials were selected where possible with other materials sourced to keep the overall performance of the building in mind and the ability to transport and install the modules successful.

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Investor Relations

T 08 9323 3300

E info@fleetwood.com.au