

**FLEETWOOD**  
AUSTRALIA

Euroz Hartley

# Rottneest Investor Presentation

March 2024

# Operating Segments







# Highlights H1 FY24

**EBIT of \$6.3m**  
(vs \$0.2m in H1  
FY23).

**Medium term  
demand for  
Searipple  
contracted out to  
2027.**

**Group safety  
performance 28%  
reduction in MTIFR.**

**Building Solutions  
returned to  
profitability.**

**Net cash of  
\$34.1m.**

**Focus now on  
transform stage in  
FBS.**

**Dividend 2.5 cps  
fully franked (nil H1 FY23).**

**Executive Management  
team rebuilt and driving  
operational improvement.**



# Earnings Summary

- Improved earnings in Building and Community Solutions.
- Revenue in Building Solutions rebounded strongly from H2 FY23 levels of \$127.7m.
- Building Solutions gross margins nearing target levels.
- Building Solutions slightly ahead of its short-term EBIT margin goals.
- First quarter saw Searipple benefit from shutdowns.
- Community Solutions' base load demand is contracted.
- RV Solutions impacted by difficult trading conditions and reduced consumer discretionary demand.

\$ Million	H1 FY24	H1 FY23	Change
Revenue	229.9	223.1	3%
EBITDA	14.5	8.7	66%
Depreciation	8.2	8.5	-3%
EBIT	6.3	0.2	n/a
Finance costs	0.8	0.8	4%
Pre-tax profit	5.5	(0.5)	n/a
Tax expense (benefit)	1.6	0.3	n/a
Underlying NPAT	3.9	(0.8)	n/a
Impairment	0.0	0.0	n/a
Statutory NPAT	3.9	(0.8)	n/a



# Cashflow Summary

- The Company maintained a solid net cash position.
- Year-end classroom moves and amortisation of construction advance payments saw Building Solutions use working capital.
- Building Solutions working capital is expected to normalise in the second half.
- Capex for Searipple Village preparation works in anticipation of upcoming high demand.

\$ Million	H1 FY24	H1 FY23
EBITDA	14.5	8.7
Interest paid (net)	(0.0)	(0.6)
Tax	(0.0)	(1.1)
Working capital (and other)	(17.4)	(15.6)
<b>Operating cashflow</b>	<b>(3.0)</b>	<b>(8.5)</b>
Net capex	(3.5)	(3.7)
<b>Free cashflow</b>	<b>(6.4)</b>	<b>(12.2)</b>
Lease Repayments (and other)	(4.1)	(3.2)
Dividends paid	(2.0)	0
<b>Financing cashflows</b>	<b>(6.1)</b>	<b>(3.2)</b>
Opening net cash	46.6	55.3
<b>Closing net cash</b>	<b>34.1</b>	<b>39.9</b>



# Balance Sheet Summary

- Total debt and bonding facilities of \$81m.
- Project bonding outstanding fell from \$22.5m in December 2022 to \$18.4m in December 2023 reflecting reduced exposure to major projects.
- Seasonal activity levels increased working capital in Building Solutions.
- 2.5 cps dividend declared. Policy remains to pay out 100% of future NPAT.

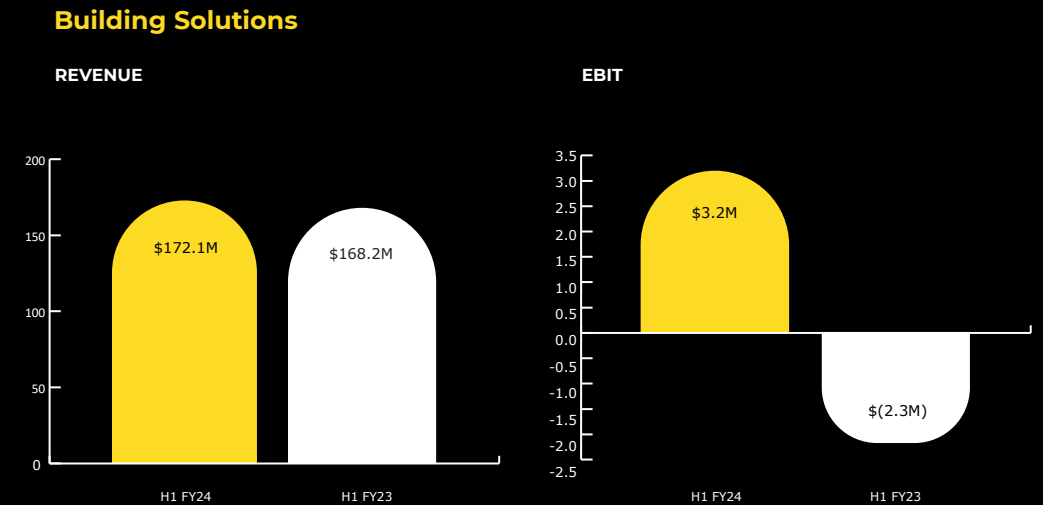
\$ Million	H1 FY24	H1 FY23
Net working capital	40.5	23.7
Property Plant and Equipment	32.0	32.6
Intangibles	46.8	47.4
Other	14.4	15.4
<b>Capital employed</b>	<b>133.6</b>	<b>119.1</b>
Net debt (cash)	(34.1)	(46.6)
Shareholders funds	167.7	165.6
<b>Capital employed</b>	<b>133.6</b>	<b>119.1</b>



# Building Solutions - Performance

- EBIT of \$3.2m on revenue of \$172.1m.
- Return to profitability built on strategy progress.
- Revenue essentially flat as traditional modular works replaced major project revenues.
- Building Solutions' gross margins nearing target levels due to focus on qualified works within capability and procurement savings.
- Wage pressure saw labour cost rise faster than staff numbers, particularly for white collar labour.
- Building Solutions slightly ahead of its short-term EBIT margin goals.

\$ Million	H1 FY24	H1 FY23	Change
Revenue	172.1	168.2	2%
EBIT	3.2	(2.3)	n/a



# Progressing our Build Transform & Grow Strategy in Building Solutions

## Build

Build Capability  
Build Systems & Processes  
Build Brand

## Transform

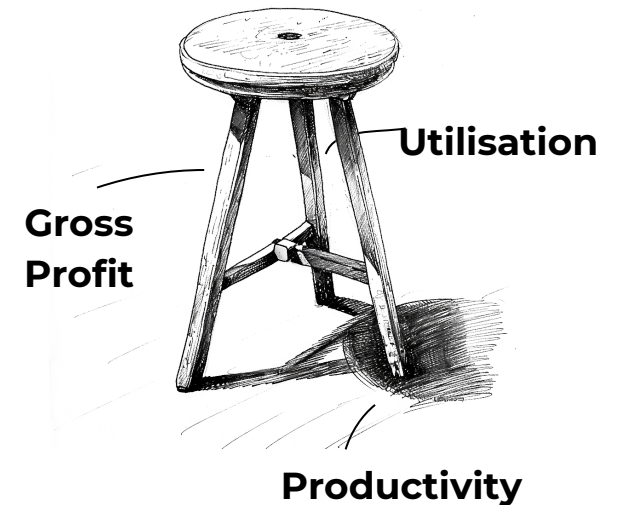
Revenue Diversification  
Builder to Manufacturer  
Reduced Cost to Serve

## Grow

Revenue & Margin Growth  
from the transformation

*How we think about  
improved earnings in this  
business.*

**Target 7% EBIT Margin**





# Building Solutions

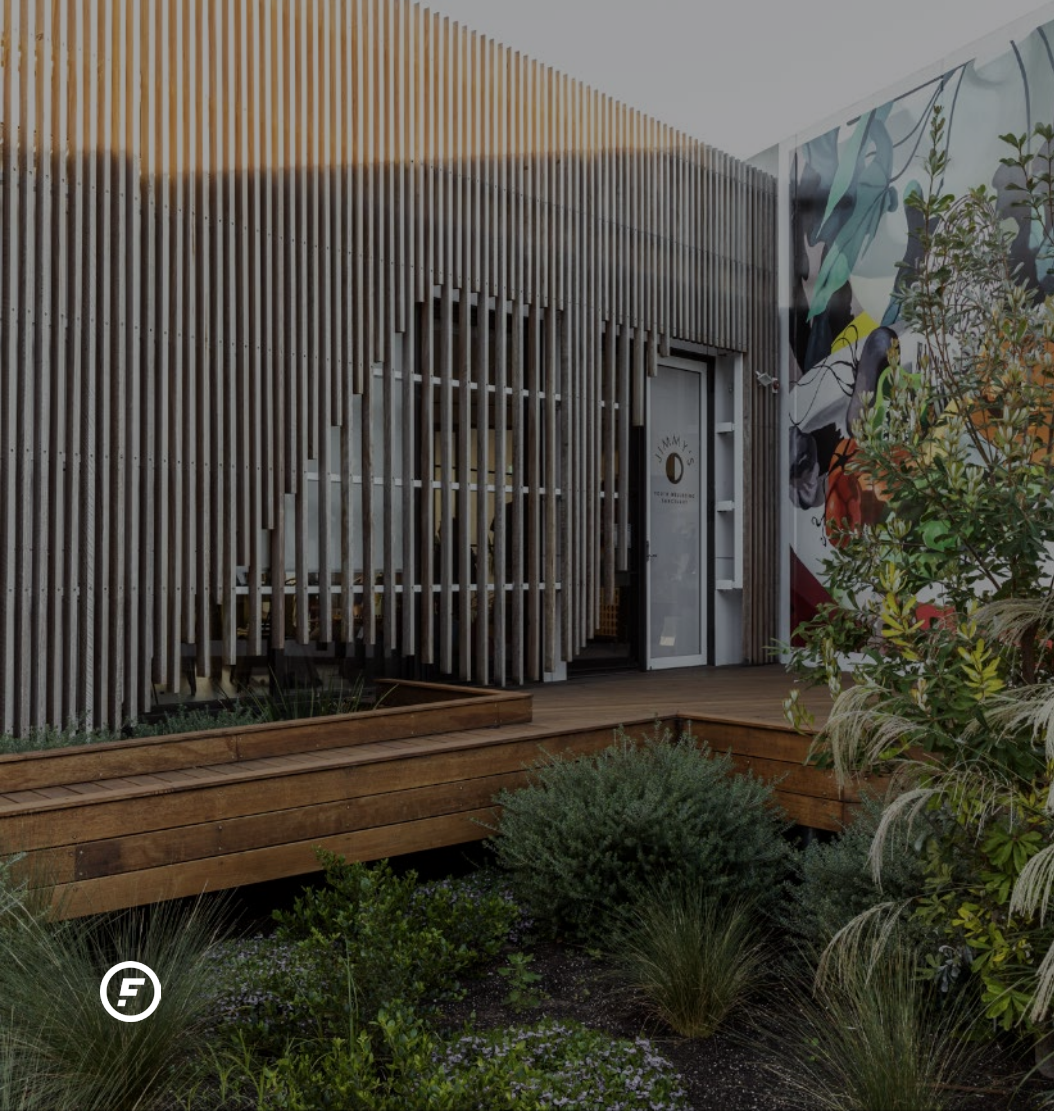
## - Strategy Progress

- Overhead staff numbers remain below the June 2022 peak.
- MTIFR reduced by 28% in H1 FY24.
- Centralisation of Design and Estimating function.
- Factory capacity and utilisation now being monitored and driving sales and operation planning.
- Procurement savings identified and captured in major spend categories. Benefits in H1 FY24 over \$1m net of implementation costs.
- Strong growth in housing revenue with proprietary housing designs launched to market in H2 FY23.
- Defence strategy defined and underway.
- Good progress on ERP/Systems alignment



# Building Solutions

## - Outlook



## Outlook

- Acceptance of modular construction as a design, cost and time effective solution continues to grow.
- Fleetwood is positioning to supply to lifestyle villages, affordable housing and defence sectors.
- Move towards repeatable modular works has seen our order book grow from \$87m in December 2022 to \$100m in December 2023.
- While many opportunities exist in the social housing and kindergarten sectors, we are experiencing ongoing decision-making delays from State Governments as they work through internal processes.
- Increased integration across the business is improving utilisation, realising procurement opportunities and reducing supply chain risks.





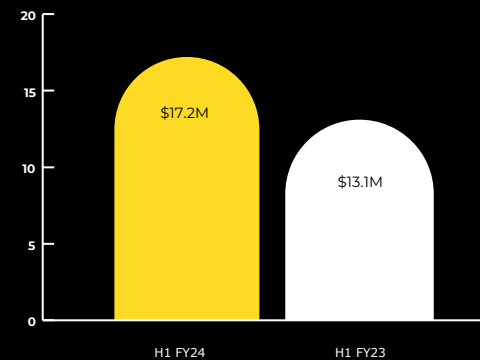
# Community Solutions - Performance

- EBIT of \$4.7m on revenue of \$17.2m.
- FY23 major client shutdowns at Searipple Village extended into the early part of FY24.
- Searipple Village being prepared for upcoming demand.
- The five-year agreement with Rio Tinto, executed early in July 2022 and expanded in June 2023, underpinned base utilisation and profitability during the half year.
- Demand under this agreement to increase from April 2024.
- Osprey Village in Port Hedland remains fully occupied with a waitlist of potential tenants.

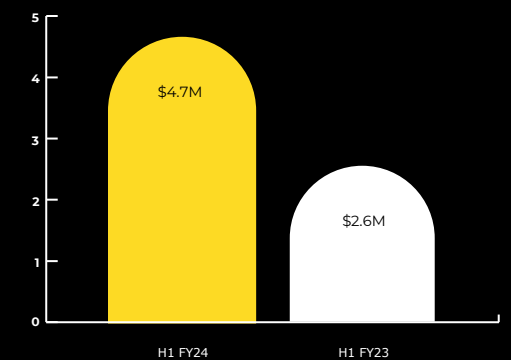
\$ Million	H1 FY24	H1 FY23	Change
Revenue	17.2	13.1	31%
EBIT	4.7	2.6	83%

## Community Solutions

REVENUE



EBIT



# Community Solutions - Strategy & Outlook

## Strategy

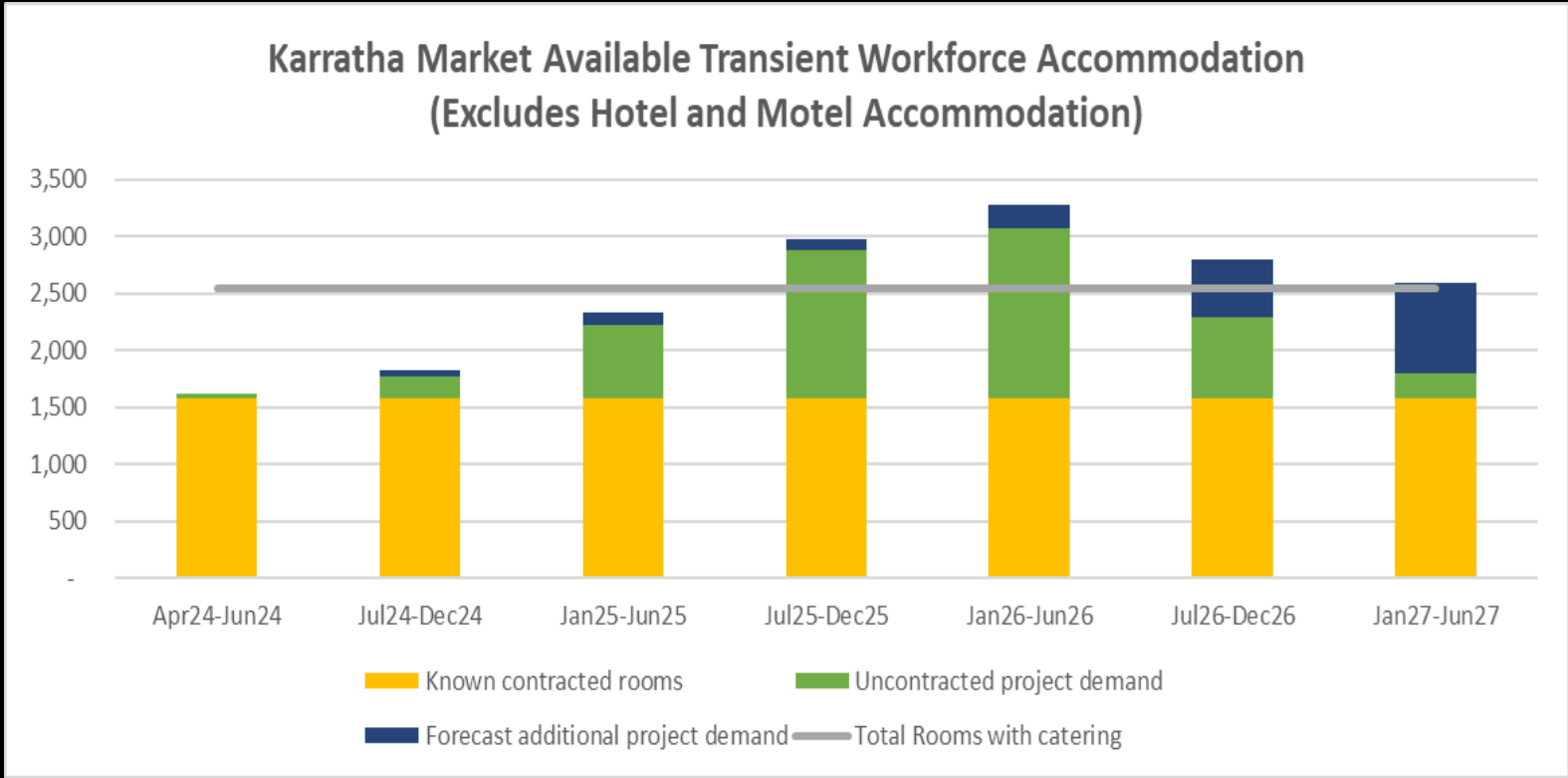
- Base utilisation secured with potential for further demand uplift as planned projects gain momentum.
- Additionally, Build Own Operate/Transfer (BOOT) or Build to Rent (BTR) opportunities in the mining, residential and aged care sectors remain under consideration.

## Outlook

- WA's Northwest has significant future projects planned in the oil and gas, fertiliser, and green energy sectors.
- The Rio Tinto agreement underpins utilisation and profitability and creates a strong negotiating position for discussions with additional clients.
- Glyde technology platform can position Fleetwood as a digital and ESG market leader and extend and enrich our relationships with customers.
- Building Solutions provides the opportunity to build new villages at a competitive cost.



# Demand for transient workforce accommodation in Karratha growing steadily to mid 2026



Source: Various histogram workforce demand provided by mining/construction companies and management estimates.



# Searipple refurbishment underway



Gym refurbishment



Bathroom Old



Bathroom New



Dining Hall ablutions upgrade



Concrete repairs



Roof Sheets Old



Roof Sheets New



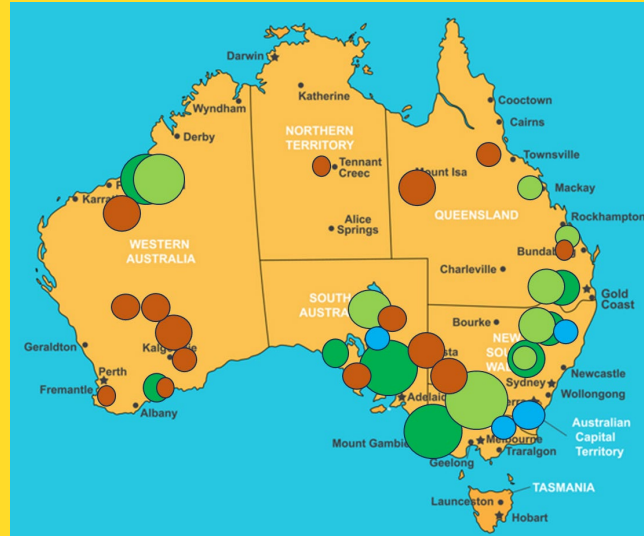
Rooms Old



Rooms New



# Green energy and battery metal projects nationally to support BOO(T) and key worker villages



**National green energy and battery metal project activity planned and underway**



**Key worker housing**



**Traditional workforce accommodation**

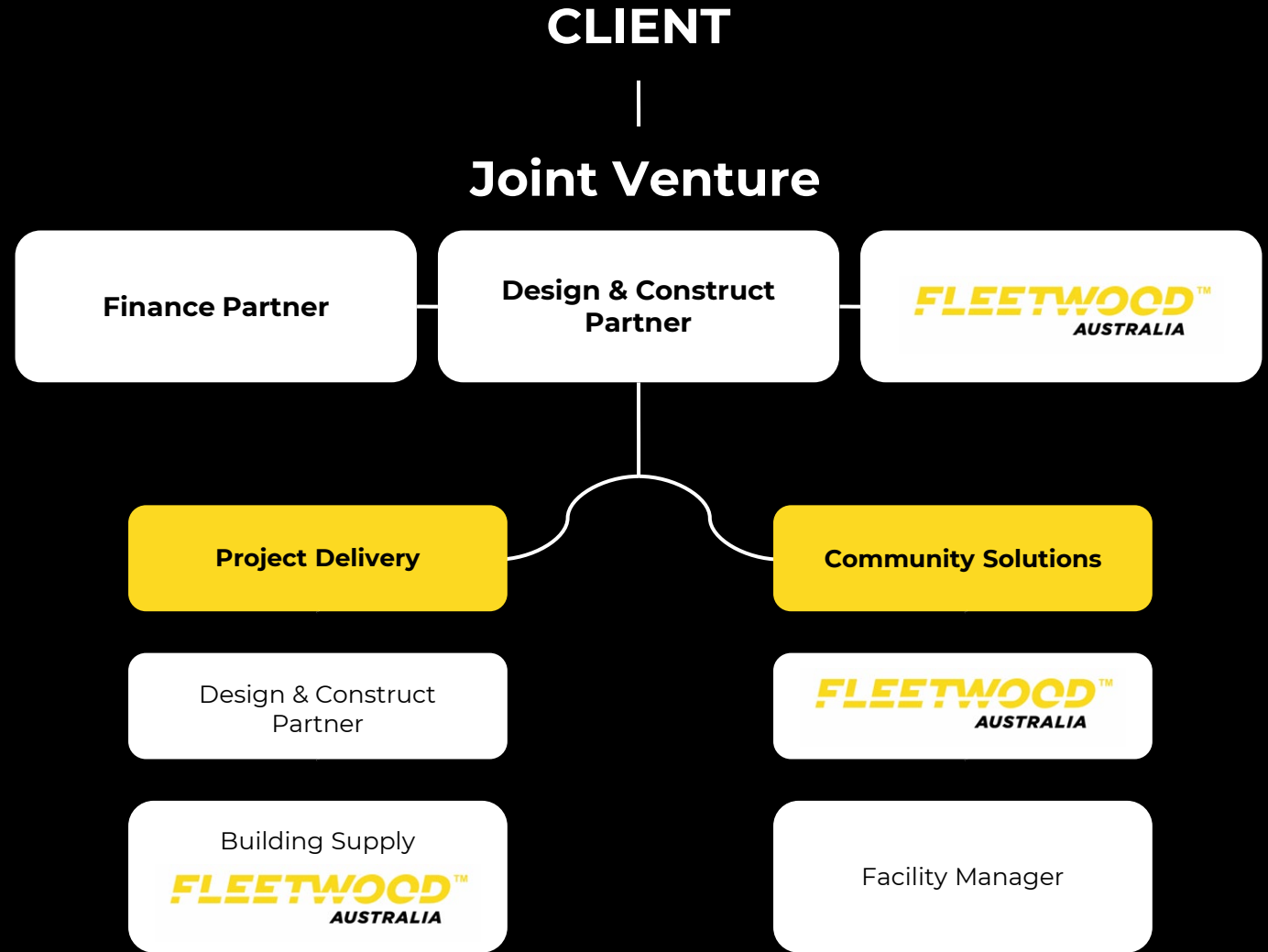


**Modern workforce accommodation BOO(T)**



*Source: A combination of Resources and Energy, 2022 publication, Clean Energy Council, Dept of Industry, Sciences and Resources.*

# BOO(T) implementation model





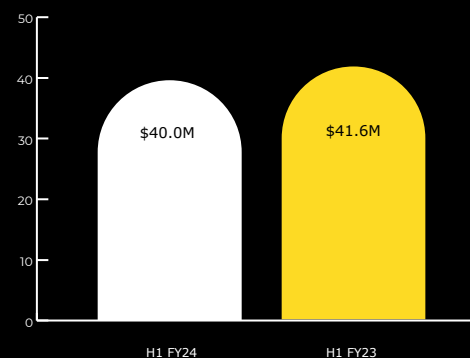
# RV Solutions - Performance

- EBIT of \$1.8m on revenue of \$40.0m.
- RV Solutions saw reduced consumer discretionary demand.
- Trading conditions were difficult and inconsistent month to month.
- The OEM segment saw trading conditions slow in the second quarter as dealer inventory increased.
- The aftermarket segment softened continuing the trend which began in the fourth quarter of FY23.
- Gross margins reduced by a changed OEM and aftermarket revenue mix and foreign exchange rates.
- Price increases insufficient to offset increases in property costs and wage inflation which increased operating costs by 9%.

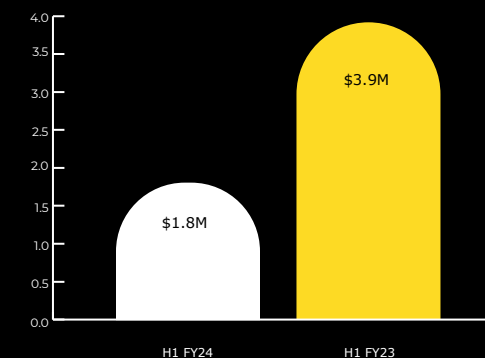
\$ Million	H1 FY24	H1 FY23	Change
Revenue	40.0	41.6	-4%
EBIT	1.8	3.9	-54%

## RV Solutions

### REVENUE



### EBIT





# RV Solutions

## - Strategy & Outlook

### Strategy

- Expand offering in the aftermarket and increase visibility and engagement with caravan buyers.
- Commercialise new products in the OEM segment.
- Update IT systems to take advantage of current technological capability and improve productivity.
- Further targeted price increases to recover costs. Overheads right sized in anticipation of normalised demand moving forward.

### Outlook

- The medium-term outlook for RV Solutions remains mixed. The forward order book for manufacturers has reduced.
- Little evidence of sustained re-stocking by aftermarket customers.
- New manufactured and imported products such as sandwich panel walls and aluminium wall frames are gaining traction with customers.





# Camec – New Products

**CAMEC MULTI  
FUNCTION MICROWAVE**



**CAMEC  
INDUCTION COOKTOPS**



**CAMEC  
LITHIUM BATTERIES**



# NRV Service Centre

## Service

- Migrate brand name change to CAMEC Service and Repair Centre.
- Capability to offer service and repairs of Caravans and Motor Homes;
  - General servicing of brakes and bearings
  - Installation of accessories (Camec)– air conditioning, heating, awnings, water tanks and pumps, etc.
  - Future offering – installation of “Off Grid Electrical Systems” inclusive of batteries, charge controllers, panels, induction cooktops etc.
- Work with major insurance companies for claims e.g. hail damage and smash repair.
- Future agency agreements for warranty centres for OEMs.
- Potential to expand to mobile service, repairs and accessory fitment.



# Summary

## Overall

- Focus on revenue quality, sustainably improving margins, increasing utilisation and managing overheads.
- Building and Community Solutions gaining momentum.

### **FLEETWOOD** BUILDING SOLUTIONS

- Roadmap to improve quality and consistency of earnings developed with Build, Transform, Grow Strategy.
- Order book solid at \$100m.
- Revenue, quality improvement and operating efficiency measures identified to leverage the advantages of modular building.

### **FLEETWOOD** COMMUNITY SOLUTIONS

- Recent 5-year agreements with Rio Tinto underpins future utilisation.
- Significant projects in planning across multiple sectors driving additional demand.
- Additional opportunities identified in mining, residential and aged care.

### **FLEETWOOD** RV SOLUTIONS

- Medium term outlook for domestic travel market remains mixed.
- Leverage opportunities to service aftermarket.
- New manufactured and imported products such as sandwich panel walls and aluminium frames are gaining traction with customers.






# Thank you

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