



Delivering the Promise

Preliminary Final Report 2014



Delivering the Promise

Fleetwood Corporation Limited
ABN 69 009 205 261

Preliminary Final Report
Year ended 30 June 2014

Results for Announcement to the Market

	Change		Amount \$'000
Revenue from ordinary activities	Up 10%	to	366,518
Profit from continuing operations before impairment loss, after tax	Down 67%	to	5,566
Profit from continuing operations after tax attributable to members	Down 97%	to	566
Net profit attributable to members of Fleetwood Corporation Limited	Down 99%	to	76

Dividends	Amount per security	Franked %	
Final dividend	2 ¢	100%	
Interim dividend	2 ¢	100%	
Total dividend for period	<table border="1"><tr><td>4 ¢</td></tr></table>	4 ¢	
4 ¢			

Dividend Reinvestment Plan

The company's dividend reinvestment plan will be available for the final dividend. The plan offers a 2.5% reinvestment discount. The last date for receipt of an election notice for participation in the plan is 4 September 2014.

Record date for determining entitlements to the final dividend

3 September 2014

Date the final dividend is payable

30 September 2014

For further information contact:

Brad Denison
Managing Director
08 9323 3300

Managing Directors' Review 2014

- Revenue up 10% to \$366.5m
- EBIT down 57% to \$10.6m, excluding impairment charge of \$5m and \$0.7m loss from discontinued operation
- Net debt of \$56.0m at 30 June 2014

A significant increase in demand in the education sector partially offset poor performance in the resources and recreational vehicles sectors.

While subdued conditions in the recreational vehicles market have resulted in an impairment charge in respect of the company's caravan manufacturing business, restructuring actions undertaken are starting to contribute operational efficiencies and financial benefits.

Dividends

A fully franked final dividend of 2 cents per share will be paid on 30 September 2014, resulting in a total dividend payment of 4 cents per share for the 2014 financial year.

In considering the dividend payment, the directors noted the strong cash generation achieved by the company, with operating cash flows of \$30.9m during the year.

The Dividend Reinvestment Plan will be available for the final dividend at a reinvestment discount of 2.5%.

Manufactured Accommodation

\$ million	2014	2013
Revenue	229.7	220.7
EBIT	16.0	31.6

Education sector demand increased markedly in 2014. This was driven in part by government initiatives to move year seven students into high school in Western Australia and Queensland.

Volume from the Victorian transfer program increased during the year. The program involves the relocation, storage and refurbishment of classrooms for the Victorian Department of Education.

Demand for accommodation in Karratha remained moderate resulting in occupancy at Searipple averaging approximately 40% throughout the year.

In April 2014 construction of the Osprey village in Port Hedland was completed. The village comprises approximately 300 transportable homes used to accommodate key workers in the region and generates a Government underwritten earnings stream which is not dependent on village occupancy. Subject to finalisation of commercial terms, Fleetwood will operate the village for the WA Department of Housing for a term of 15 years.

In June 2014 the company announced the award of a contract to build and rent to Laing O'Rourke a 200 person fly camp and a 350 person construction camp at Combabula in Queensland. The project utilises \$5m of existing company owned buildings and requires further capital expenditure of approximately \$12m, to be funded from existing facilities. The project will be completed in the first half of the 2015 financial year.

Recreational Vehicles

\$ million	2014	2013
Revenue	136.5	111.4
Operating EBIT	- 2.1*	- 4.7

*excludes \$0.7m loss from discontinued operation and an impairment charge of \$5m.

The recreational vehicles division continued to experience soft trading conditions during the year, reflecting weak consumer sentiment. There has also been a shift towards lower specification budget vehicles which has affected industry revenue and margins. An impairment charge of \$5m has been recorded against goodwill of the caravan manufacturing business.

Despite sales of new light commercial vehicles declining during the year, revenue from canopies and trays increased marginally. Additionally margin was improved as a result of restructuring activities undertaken.

Camec continued to experience competitive pressure during the year and a fall in volumes as a result of weaker production volumes in the recreational vehicle industry.

Debt

Net debt at 30 June was \$56.0m of which \$32.0m relates to the Osprey project, which is supported by an earnings agreement with the State government of Western Australia.

People

2014 was a challenging year for Fleetwood. Difficult trading conditions required our people to extend themselves during the year. On behalf of the directors, I sincerely thank our people for rising to meet these challenges.

Outlook

Notwithstanding soft trading conditions in the RV market, the consolidation of caravan manufacturing activities undertaken last year resulted in improved revenue in 2014. In addition importation of caravans from China commenced.

Continued broadening of Asian supply is expected to result in further economies for the recreational vehicles division.

On 12 August, Fleetwood announced the acquisition of Bocar, a NSW based distributor of aluminium trays for light commercial vehicles. The acquisition provides increased scale for Flexiglass in New South Wales, and the opportunity to distribute Bocar products throughout its existing Australia wide network.

Demand for accommodation in Karratha varied during the year however opportunities to increase utilisation at Searipple are being pursued.

While demand in the resource sector remains challenging, activities to improve Fleetwood competitiveness are currently being undertaken.

Activity in the education sector is driven by government expenditure. Recent funding allocations by government in Victoria and Western Australia will support these markets.

Fleetwood continues to target opportunities in the affordable housing market. The sector is large and diverse with some opportunities being driven by government initiatives to increase affordable accommodation.

Fleetwood Corporation Limited
Consolidated Statement of Profit or Loss
and Other Comprehensive Income
Year ended 30 June 2014



	Note	2014 \$ '000	2013 \$ '000
Revenue	2	366,518	333,872
Materials used		(146,573)	(107,418)
Sub-contract costs		(90,935)	(86,972)
Employee benefits expense		(66,181)	(67,516)
Operating leases		(11,173)	(10,963)
Other expenses		(23,430)	(20,458)
Profit before interest, tax, depreciation, amortisation and impairment (EBITDA before impairment)		28,226	40,545
Depreciation and amortisation expense	3	(17,624)	(16,074)
Profit before interest, tax and Impairment (EBIT before impairment)		10,602	24,471
Impairment of Goodwill	7	(5,000)	-
Profit before interest and tax (EBIT)		5,602	24,471
Finance costs	3	(2,227)	(1,267)
Profit before income tax expense		3,375	23,204
Income tax expense		(2,809)	(6,556)
Profit from continuing operations		566	16,648
Loss from discontinued operation	16	(490)	(4,193)
Profit attributable to members of the parent entity		76	12,455
Other comprehensive income			
Items that may subsequently be reclassified to profit or loss			
Net exchange difference relating to foreign controlled entities		359	319
Total comprehensive income attributable to members of the parent entity (net of tax)		435	12,774
Earnings per share			
From continuing and discontinued operations			
Basic (cents per share)		0.1	20.8
Diluted (cents per share)		0.1	20.7
From continuing operations			
Basic (cents per share)		0.9	27.8
Diluted (cents per share)		0.9	27.6
From continuing operations before impairment			
Basic (cents per share)		9.2	27.8
Diluted (cents per share)		9.2	27.6

Fleetwood Corporation Limited
Consolidated Statement of Financial Position
As at 30 June 2014



	Note	2014 \$ '000	2013 \$ '000
Current assets			
Cash and cash equivalents		6,405	12,665
Trade and other receivables		46,654	54,054
Current tax assets		55	-
Inventories		44,504	41,707
Assets held for sale		51	4,168
Total current assets		97,669	112,594
Non-current assets			
Trade and other receivables		-	11
Property, plant and equipment		109,702	114,471
Intangible assets		4,844	3,028
Goodwill	7	59,431	64,435
Deferred tax assets		4,396	3,973
Inventories		45,745	14,088
Total non-current assets		224,118	200,006
Total assets		321,787	312,600
Current liabilities			
Trade and other payables		37,853	45,167
Interest bearing liabilities	8	62,411	44,610
Current tax liabilities		-	1,147
Provisions		3,743	4,416
Other financial liabilities		139	-
Total current liabilities		104,146	95,340
Non-current liabilities			
Interest bearing liabilities		-	11
Provisions		3,232	3,158
Total non-current liabilities		3,232	3,169
Total liabilities		107,378	98,509
Net assets		214,409	214,091
Equity			
Issued capital		194,096	193,001
Reserves		(219)	(578)
Retained earnings	5	20,532	21,668
Total equity		214,409	214,091

Fleetwood Corporation Limited
Consolidated Statement of Changes in Equity
Year ended 30 June 2014



	Issued capital \$ '000	Foreign currency translation reserve \$ '000	Retained earnings \$ '000	Total \$ '000
2013 Financial Year				
Balance at 1 July 2012	179,425	(897)	52,717	231,245
Profit for the year	-	-	12,455	12,455
Exchange differences arising on translation of foreign operations	-	319	-	319
Total comprehensive income for the year	-	319	12,455	12,774
Dividends paid to equity holders	9,187	-	(43,504)	(34,317)
Share-based payments	1,470	-	-	1,470
Shares issued pursuant to employee and executive option plans	2,919	-	-	2,919
Balance at 30 June 2013	193,001	(578)	21,668	214,091
2014 Financial Year				
Profit for the year	-	-	76	76
Exchange differences arising on translation of foreign operations	-	359	-	359
Total comprehensive income for the year	-	359	76	435
Dividends paid to equity holders	150	-	(1,212)	(1,062)
Share-based payments	945	-	-	945
Balance at 30 June 2014	194,096	(219)	20,532	214,409

Fleetwood Corporation Limited
Consolidated Statement of Cash Flows
Year ended 30 June 2014



	Note	2014 \$ '000	2013 \$ '000
Cash flows from operating activities			
Receipts in the course of operations		414,385	370,494
Payments in the course of operations		(377,110)	(334,339)
Interest received		120	206
Income taxes paid		(4,224)	(9,602)
Finance costs paid		(2,227)	(1,310)
Net cash provided by operating activities	6	30,944	25,449
Cash flows from investing activities			
Acquisition of property, plant and equipment		(21,289)	(37,976)
Proceeds from sale of non-current assets		844	941
Payment for intangible assets		(2,813)	(1,638)
Payment for capital work in progress		(30,718)	(3,856)
Net cash used in investing activities		(53,976)	(42,529)
Cash flows from financing activities			
Proceeds from issue of shares		-	2,919
Proceeds from borrowings		47,390	47,728
Repayment of borrowings		(29,600)	(4,000)
Dividends paid		(1,062)	(34,318)
Net cash provided by financing activities		16,728	12,329
Net decrease in cash and cash equivalents held		(6,304)	(4,751)
Cash and cash equivalents at the beginning of the financial year		12,665	17,380
Effects of exchange rate changes on the balance of cash held in foreign currencies.		44	36
Cash and cash equivalents at the end of the financial year		6,405	12,665

Fleetwood Corporation Limited
Notes to the Financial Statements
Year ended 30 June 2014



1. Significant accounting policies

Basis of preparation

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

	2014	2013
	\$ '000	\$ '000
2. Revenue		
Sales revenue		
Goods	179,769	140,489
Construction	139,772	131,835
Rental	46,748	60,623
	366,289	332,947
Other income		
Interest	120	206
Gain on revaluation of investment property	-	1,151
Gain / (loss) on sale of non-current assets	109	(432)
	229	925
	366,518	333,872

3. Profit from ordinary activities before income tax expense

Profit from ordinary activities before income tax expense has been arrived at after charging / (crediting) the following items:

Cost of sales	280,295	235,118
Depreciation and amortisation of:		
buildings	34	69
leasehold improvements	5,307	4,854
plant and equipment	11,290	10,583
product development	993	568
	17,624	16,074
Finance costs:		
Bank loans and overdraft	2,198	1,218
Charges on hire purchases	29	49
	2,227	1,267
Net bad and doubtful debts	(58)	(29)
Research and development costs	23	245
Superannuation expense	5,003	4,854
Equity settled share-based payments	945	1,470

Fleetwood Corporation Limited
Notes to the Financial Statements
Year ended 30 June 2014



4. Commentary on the results	2014	2013
	\$ '000	\$ '000

The commentary on the results for the year is contained in the review accompanying this statement.

5. Retained earnings

Retained earnings at the beginning of the year	21,668	52,717
Profit attributable to members of the parent entity	76	12,455
Dividends recognised	(1,212)	(43,504)
Retained earnings at the end of the year	20,532	21,668

6. Notes to the cash flow statement

Reconciliation of profit from ordinary activities after income tax to net cash provided by operating activities

Operating profit after income tax	76	12,455
Less items classified as investing activities:		
(Gain) loss on sale of non-current assets	(109)	983
Add non-cash items:		
Equity settled share-based payments	945	1,470
Depreciation and amortisation expense - continuing operations	17,624	16,074
Depreciation and amortisation expense - discontinued operations	79	135
Written down value of rental fleet sold	8,984	5,276
Gain on revaluation of investment property	-	(1,151)
Impairment of Goodwill	5,000	-
Changes in assets and liabilities during the year:		
Increase in inventories	(3,736)	(5,524)
Decrease (increase) in trade and other receivables	7,411	(509)
Decrease in other financial assets	4,069	41
(Decrease) increase in trade and other payables	(7,314)	904
(Decrease) increase in provisions	(598)	142
Decrease in income taxes payable	(1,202)	(4,829)
Increase in deferred taxes receivable	(424)	(18)
Increase in other financial liabilities	139	-
Net cash provided by operating activities	30,944	25,449

Non-cash financing and investing activities

During the year dividends of \$148,824 (2013: \$9,187,172) were reinvested as 58,592 (2013: 891,120) fully paid ordinary shares in the Company.

7. Goodwill

Goodwill	59,431	64,435
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Reconciliation of the carrying amount of Goodwill is set out below:

Carrying amount at beginning of year	64,435	64,435
Impairment loss on goodwill	(5,000)	-
Effect of foreign exchange differences	(4)	-
	59,431	64,435

Fleetwood Corporation Limited
Notes to the Financial Statements
Year ended 30 June 2014



8. Financing arrangements

The economic entity has access to the following lines of credit:

Multi Option Facility

Under the terms of Multi Option Facility, the economic entity is entitled to draw on any mix of commercial bill, bank guarantee, standby letter of credit or overdraft facilities.

Facilities utilised:

Bank loans

Bank guarantees

Facilities not utilised

Hire purchase liabilities - current

Hire purchase liabilities - non-current

The existing funding arrangements with Westpac are due to expire on 21 November 2014, at which time it is expected they will be renewed. \$32 million of the total facility relates to the Osprey project.

9. Dividends

	Date Paid	Cents Per Security		
Interim 2014	28/03/2014	2	1,212	-
Interim 2013	30/03/2013	30	-	18,031
Final 2012	30/09/2012	43	-	25,473
			1,212	43,504

The final dividend in respect of ordinary shares for the year ended 30 June 2014 has not been recognised in the financial statements because the dividend was not declared, determined or publicly recommended as at 30 June 2014.

In respect of the Fleetwood Dividend Reinvestment Plan the last date for the receipt of an election notice for participation in the interim 2014 dividend is the record date.

10. Earnings per share

Earnings from continuing and discontinued operations	76	12,455
Adjustment to exclude loss from discontinued operations	490	4,193
Earnings from continuing operations	566	16,648

	Weighted average number of shares used	
Basic	60,537,267	59,944,825
Number of shares deemed to be issued for no consideration in respect of employee and executive options	74,423	302,073
Diluted	60,611,690	60,246,898

Fleetwood Corporation Limited
Notes to the Financial Statements
Year ended 30 June 2014



11. Net tangible assets per security

	2014	2013
Net tangible assets per security	\$2.48	\$2.42

12. Segment information

Group revenue and results by reportable operating segment:

	Segment Revenue		Segment Depreciation and Amortisation		Goodwill Impairment		Segment Result (EBIT)	
	2014 \$ '000	2013 \$ '000	2014 \$ '000	2013 \$ '000	2014 \$ '000	2013 \$ '000	2014 \$ '000	2013 \$ '000
Recreational Vehicles	136,520	111,408	2,839	2,454	5,000	-	(7,129)	(4,714)
Manufactured Accommodation	229,702	220,662	14,581	13,383	-	-	15,977	31,637
Corporate and other overheads	296	1,802	204	237	-	-	(3,246)	(2,452)
	366,518	333,872	17,624	16,074	5,000	-	5,602	24,471
Finance costs							(2,227)	(1,267)
Profit before income tax expense							3,375	23,204
Income tax expense							(2,809)	(6,556)
Profit from continuing operations							566	16,648
Profit from discontinued operations							(490)	(4,193)
Profit attributable to members of the parent entity							76	12,455

Segment result represents the earnings before interest and tax of each segment without the allocation of corporate and other overheads. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Group assets and liabilities by reportable operating segment:

	Segment Assets		Acquisitions of Non-Current Assets		Segment Liabilities	
	2014 \$ '000	2013 \$ '000	2014 \$ '000	2013 \$ '000	2014 \$ '000	2013 \$ '000
Recreational Vehicles	81,018	88,198	3,432	4,064	18,236	18,169
Manufactured Accommodation	222,103	195,489	57,176	48,685	25,322	33,747
Unallocated	18,666	28,913	91	46	63,820	46,593
	321,787	312,600	60,699	52,795	107,378	98,509

13. Information on audit

This preliminary final report is based on accounts that are in the process of being audited.

14. Comparatives

Comparative information shown is for the year ended 30 June 2013.

15. Business Combination

Fleetwood Corporation Ltd (Fleetwood) acquired the assets of Bocar Pty Ltd (Bocar) on 12 August 2014, as per the ASX announcement lodged that day.

Bocar was established over 25 years ago and is today a leading New South Wales based aluminium tray and accessory manufacturer for the automotive sector. The acquisition provides Fleetwood subsidiary Flexiglass with increased scale in New South Wales, and the opportunity to distribute Bocar products through its Australia wide network.

The estimated total cost of the transaction is \$4.75m which is to be funded from existing facilities with Westpac. Transfer duty, legal and other costs of the transaction are estimated to be \$150,000.

The acquisition was executed and completed after the end of the reporting period and as at the date of this report the initial accounting for the business combination is incomplete including the determination of fair values of identifiable assets acquired (including identifiable intangibles). However included in the acquisition price was \$339,000 of stock and plant & equipment.

Bocar did not contribute any net profit to the Group during the 2014 year.

16. Discontinued Operation

On 2 November 2012 the Company closed its Victorian caravan manufacturing operations. Financial information relating to the discontinued operation for the period is set out below.

	2014	2013
	\$ '000	\$ '000
Revenue	(95)	4,326
Expenses	(605)	(10,320)
Loss from discontinued operation before tax	(700)	(5,994)
Attributable income tax	210	1,801
Loss from discontinued operation after tax	(490)	(4,193)
Profit attributable to members of the consolidated entity relates to		
Profit from continuing operations	566	16,648
Loss from discontinued operations	(490)	(4,193)
	76	12,455
Cash flows from discontinued operation		
Net cash outflows from operating activities	(684)	(5,608)
Net cash inflows (outflows) from investing activities	-	334
Net cash consumed by discontinued operation	(684)	(5,274)

17. Events after the reporting date

Other than those events disclosed in note 15, there were no material events after the end of the reporting date.