



Delivering the Promise

Fleetwood Corporation Limited
ABN 69 009 205 261

Preliminary Final Report
Year ended 30 June 2017

Results for Announcement to the Market

	Change		Amount \$'000	
Revenue from ordinary activities	Up	16%	to	330,145
Profit from continuing operations after tax attributable to members	Up	>100%	to	9,432
Net profit attributable to members of Fleetwood Corporation Limited	Up	>100%	to	8,995

Dividends	Amount per security	Franked %
Final dividend	5 ¢	100%
Interim dividend	Nil ¢	N/A
Total dividend for period	<input type="text" value="5 ¢"/>	

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 6 September 2017.

Ex-dividend date

Record date for determining entitlements to the final dividend

Date the final dividend is payable

For further information contact:

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Turnaround Progressing

Fleetwood's turnaround plan, initiated three years ago delivered early results in FY2017 with earnings before interest and tax increasing from a loss of \$2.1m to a profit of \$14.6m.

There were no impairment charges impacting underlying earnings in FY2017.

Result summary

\$ million	2017	2016	Change
Revenue	330.1	284.5	16%
Underlying EBITDA	21.9	7.2	204%
Depreciation and Amortisation	7.3	9.3	(22)%
Underlying EBIT	14.6	(2.1)	n/a
Finance costs	0.9	1.0	(5)%
Pre-tax profit	13.7	(3.0)	n/a
Tax expense (benefit)	4.3	(0.4)	n/a
Underlying NPAT	9.4	(2.6)	n/a
Adjusting Items pre-tax	0.0	(10.3)	n/a
Tax on adjusting items	0.0	1.9	n/a
Net adjusting Items	0.0	(8.4)	n/a
Statutory NPAT	9.4	(11.0)	n/a

Notes: 1. Excludes the discontinued resource sector rental business. 2. 2016 revenue, EBITDA, EBIT and finance costs have been adjusted by \$2.8m reflecting a change in accounting treatment relating to village operations.

The divisional breakdown shown below demonstrates that strong earnings in Modular Accommodation and Village Operations were offset to a degree by continued underperformance in Recreational Vehicle Manufacturing.

All divisions saw an improved EBIT contribution during the year.

\$ million	2017	2016	Change
Revenue			
Recreational Vehicles	47.4	29.8	59%
Parts and Accessories	87.6	86.6	1%
Modular Accommodation	175.8	142.5	23%
Village Operations	26.3	30.2	-13%
Unallocated	0.3	0.1	n/a
Intersegment eliminations	(7.3)	(4.7)	56%
Total revenue	330.1	284.5	16%
Underlying EBIT			
Recreational Vehicles	(6.7)	(8.1)	17%
Parts and Accessories	1.3	0.9	46%
Modular Accommodation	15.2	3.6	325%
Village Operations	6.9	5.2	34%
Unallocated	(2.1)	(3.6)	43%
Total underlying EBIT	14.6	(2.1)	n/a

Notes: 1. Excludes the discontinued resource sector rental business. 2. 2016 revenue and EBIT have been adjusted by \$2.8m reflecting a change in accounting treatment relating to village operations.

Strong operating cash flows during the period were the result of strengthening demand for FIFO accommodation in Karratha, strong volume from affordable housing, continued growth in education markets and sound working capital management.

Despite a large volume of work remaining in progress at 30 June, the company has moved from net debt of \$9.6m at 31 December 2016 to a net cash position at 30 June.

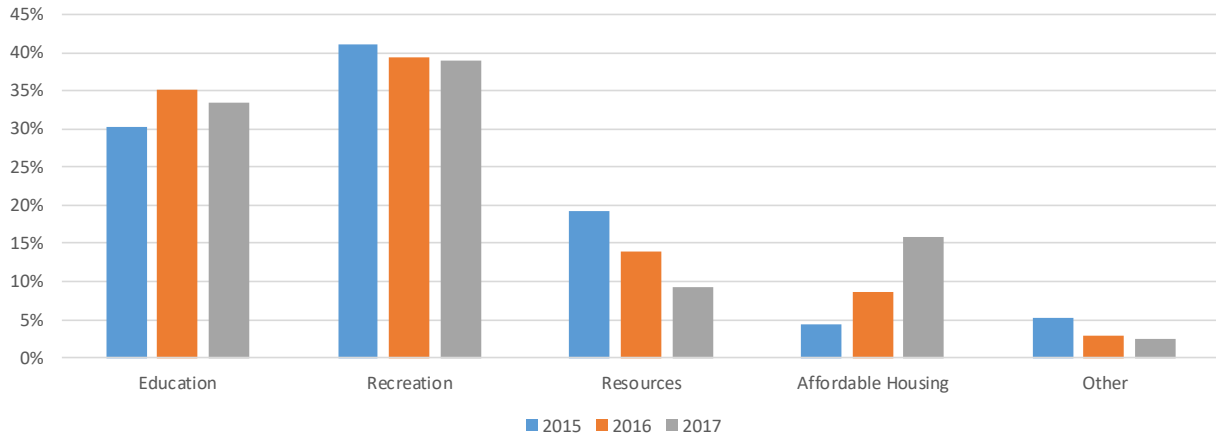
While the turnaround remains in progress the directors have resolved to pay a fully franked final dividend of 5 cents per share.

Significant changes have been made to Fleetwood’s board, senior management team and business operations in the last two years. The operational changes have seen the company become net debt free, re-focus on growth markets and significantly reduce operating costs.

Both the board and management team remain focussed on continuing to deliver the turnaround plan in FY2018.

Growth Markets

As can be seen in the charts below revenue has moved away from resources and has been replaced by affordable housing, an important growth sector.



Modular Accommodation

Revenue improved by 23% in the Modular Accommodation segment compared to the previous corresponding period. While education has been a strong contributor to this, supply agreements with key customers have been an important part of the company’s refocus towards affordable housing, which is a market with a solid forward outlook.

The outlook for education spending in core east coast education markets remains strong as evidenced by recent state government budget spending plans.

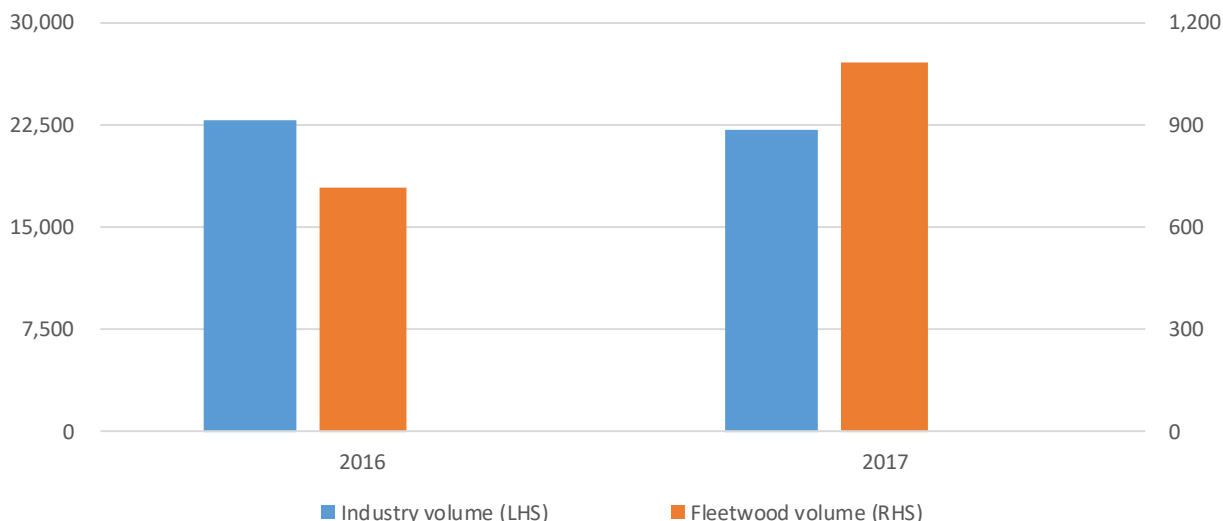
While education and affordable housing are the backbone of the Modular Accommodation segment, a watching brief is also being kept on other markets.

A major restructure of the Western Australian accommodation business was undertaken in the 2016 financial year. The restructure has substantially reduced overheads in WA which has been a major contributor to the increase in earnings.

Encouragingly, the company experienced an improvement in enquiries from the resource sector towards the end of the financial year.

Recreational Vehicles

The chart below highlights that the Recreational Vehicle business has been able to grow its volume by over 50% into a soft market environment in 2017.



Improvements to the company’s product range and dealer network in the last eighteen months have resulted in a marked increase in order intake and factory output. This is evident in the revenue increase of 59% over the previous corresponding period.

However, to facilitate such a rapid increase in output, the number of factory employees has more than doubled in the last two years and time required to train new employees has resulted in lower than ideal labour efficiency.

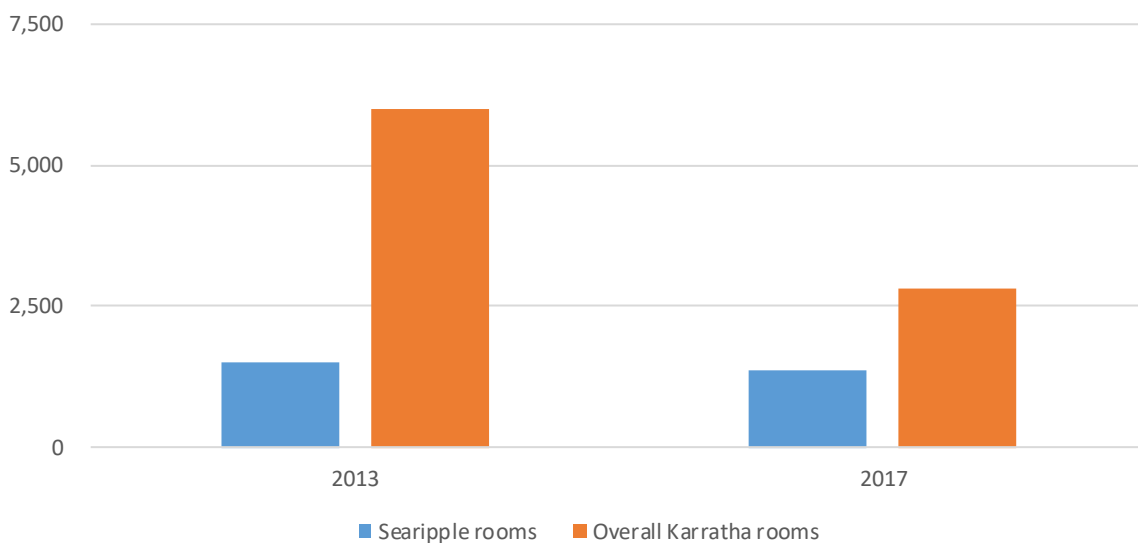
Despite improvements in the business and strong results at the Perth and Sydney caravan shows, results from other capital city shows have been weaker than previous years. This is in line with a generally weakening trend seen in the Australian caravan manufacturing sector towards the end of the financial year.

Given this and notwithstanding that the company is targeting market share growth in the coming year, it is not expected that the business will return to profitability in FY2018.

The board has confidence in the direction the business is taking given the number of improvement initiatives currently underway, and Recreational Vehicle manufacturing is considered a key component of Fleetwood's long term future.

Village Operations

The chart below demonstrates the estimated change in supply of accommodation rooms in the Karratha market since 2013.



Revenue continued to moderate in the Village Operations segment in 2017 despite some improvement in both occupancy and revenue at the Searipple Village in the second half of the year. This was the result of fluctuating demand from customers.

EBIT improved due to a combination of lower costs negotiated with suppliers and lower depreciation and amortisation charges.

While the downturn in the mining sector has generally seen demand for worker accommodation reduce, the income streams from Searipple and Osprey are underpinned by blue chip customers and provide strong cash flows for the company.

Parts and Accessories

Fleetwood's parts and accessories segment is comprised of Camec which is a major supplier of components to the RV manufacturing industry and Flexiglass which supplies fibreglass canopies and aluminium trays for utility vehicles.

Despite significant pressure from overseas competitors and the caravan market weakness towards year end noted above, a modest revenue improvement of 1% was generated in 2017. Both businesses remain leaders in their respective markets.

While operating costs and capital employed in this segment remain the subject of close management, there is an opportunity to improve market share through the development of innovative products and strong customer relationships. A number of new products are planned for release during the 2018 financial year.

Discontinued Operation

The company's discontinued mining rental business generated \$6.5m in revenue from residual contracts during the period and delivered a result marginally below break-even.

The remaining stock has been reclassified as a current asset held for sale.

Dividends

Given the improved results and outlook, the directors have declared a fully franked 5 cent per share final dividend. This represents 53% of second half 2017 earnings. The dividend reinvestment plan will apply to this dividend. The plan offers a 2.5% reinvestment discount.

Fleetwood Corporation Limited
Consolidated Statement of Profit or Loss
and Other Comprehensive Income
Year ended 30 June 2017



	Note	2017 \$ '000	2016 \$ '000
Revenue	2	330,145	284,492
Materials used		(138,384)	(110,382)
Sub-contract costs		(78,262)	(75,311)
Employee benefits expense		(58,067)	(56,092)
Operating leases		(8,709)	(10,059)
Other expenses		(24,856)	(25,444)
Profit before interest, tax, depreciation, amortisation and impairment (EBITDA before impairment)		21,867	7,204
Depreciation and amortisation expense	3	(7,256)	(9,305)
Profit (loss) before interest, tax and Impairment (EBIT before impairment)		14,611	(2,101)
Impairment of non-current assets	13	-	(10,312)
Profit (loss) before interest and tax (EBIT)		14,611	(12,413)
Finance costs	3	(921)	(968)
Profit (Loss) before income tax expense		13,690	(13,381)
Income tax (expense) benefit		(4,258)	2,362
Profit (Loss) from continuing operations		9,432	(11,019)
(Loss) from discontinued operation	16	(437)	(16,985)
Profit (Loss) attributable to members of the parent entity		8,995	(28,004)
Other comprehensive income			
Items that may subsequently be reclassified to profit or loss			
Net exchange difference relating to foreign controlled entities		301	13
Total comprehensive income (loss) attributable to members of the parent entity (net of tax)		9,296	(27,991)
Earnings (loss) per share			
From continuing and discontinued operations			
Basic (cents per share)		14.7	(45.9)
Diluted (cents per share)		14.7	(45.8)
From continuing operations			
Basic (cents per share)		15.5	(18.1)
Diluted (cents per share)		15.4	(18.0)
From continuing operations before impairment			
Basic (cents per share)		15.5	(3.0)
Diluted (cents per share)		15.4	(3.0)

Fleetwood Corporation Limited
Consolidated Statement of Financial Position
Year ended 30 June 2017



	Note	2017 \$ '000	2016 \$ '000
Current assets			
Cash and cash equivalents		5,383	6,116
Trade and other receivables	7	64,953	40,628
Inventories		63,211	49,291
Assets held for sale		20,220	25,839
Total current assets		153,767	121,874
Non-current assets			
Trade and other receivables	7	1,369	427
Property, plant and equipment		46,848	45,836
Intangible assets		91	1,120
Goodwill	8	55,230	55,230
Deferred tax assets		10,167	14,121
Total non-current assets		113,705	116,734
Total assets		267,472	238,608
Current liabilities			
Trade and other payables		58,831	42,247
Interest bearing liabilities	9	5,000	3,000
Provisions		5,812	5,556
Other financial liabilities		363	301
Total current liabilities		70,006	51,104
Non-current liabilities			
Provisions		1,551	1,177
Total non-current liabilities		1,551	1,177
Total liabilities		71,557	52,281
Net assets		195,915	186,327
Equity			
Issued capital		195,371	195,079
Reserves		57	(244)
Retained earnings (losses)	5	487	(8,508)
Total equity		195,915	186,327

Fleetwood Corporation Limited
Consolidated Statement of Changes in Equity
Year ended 30 June 2017



	Issued capital \$ '000	Foreign currency translation reserve \$ '000	Retained earnings \$ '000	Total \$ '000
2016 Financial Year				
Balance at 1 July 2015	194,762	(257)	19,496	214,001
Loss for the year	-	-	(28,004)	(28,004)
Exchange differences arising on translation of foreign operations	-	13	-	13
Total comprehensive income (loss) for the year	-	13	(28,004)	(27,991)
Share-based payments	317	-	-	317
Balance at 30 June 2016	195,079	(244)	(8,508)	186,327
2017 Financial Year				
Profit for the year	-	-	8,995	8,995
Exchange differences arising on translation of foreign operations	-	301	-	301
Total comprehensive income for the year	-	301	8,995	9,296
Share-based payments	292	-	-	292
Balance at 30 June 2017	195,371	57	487	195,915

Fleetwood Corporation Limited
Consolidated Statement of Cash Flows
Year ended 30 June 2017



	Note	2017 \$ '000	2016 \$ '000
Cash flows from operating activities			
Receipts in the course of operations		345,102	381,985
Payments in the course of operations		(338,240)	(313,528)
Interest received		54	290
Income taxes paid		(116)	(617)
Finance costs paid		(921)	(1,153)
Net cash provided by operating activities	6	5,879	66,977
Cash flows from investing activities			
Acquisition of property, plant and equipment		(8,719)	(7,972)
Proceeds from sale of non-current assets		117	436
Payment for acquisition of business		-	-
Payment for intangible assets		(10)	(484)
Net cash used in investing activities		(8,612)	(8,020)
Cash flows from financing activities			
Proceeds from borrowings		70,300	85,000
Repayment of borrowings		(68,300)	(144,500)
Net cash used in financing activities		2,000	(59,500)
Net (decrease) increase in cash and cash equivalents held		(733)	(543)
Cash and cash equivalents at the beginning of the financial year		6,116	6,634
Effects of exchange rate changes on the balance of cash held in foreign currencies		-	25
Cash and cash equivalents at the end of the financial year		5,383	6,116

Fleetwood Corporation Limited
Notes to the Financial Statements
Year ended 30 June 2017



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.

	2017	2016
	\$ '000	\$ '000
2. Revenue		
Sales revenue		
Goods	159,428	141,493
Construction	138,073	109,300
Rental	32,643	33,504
	330,144	284,297
Other income		
Interest	53	290
Loss on sale of non-current assets	(52)	(95)
	1	195
	330,145	284,492

3. Profit from ordinary activities before income tax expense

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

Cost of sales	260,666	226,240
Depreciation and amortisation of:		
buildings	34	34
leasehold improvements	748	1,921
plant and equipment	5,761	6,602
product development	713	748
	7,256	9,305
Finance costs:		
Bank loans and overdraft	921	968
Net bad and doubtful debts	869	1,192
Research and development costs	255	310
Equity settled share-based payments	292	317

Fleetwood Corporation Limited
Notes to the Financial Statements
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	2017	2016
	\$ '000	\$ '000

4. Commentary on the results

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

5. Retained earnings

Retained (losses) earnings at the beginning of the year	(8,508)	19,496
Profit (Loss) attributable to members of the parent entity	8,995	(28,004)
Retained earnings (losses) at the end of the year	487	(8,508)

6. Notes to the cash flow statement

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

Operating profit (loss) after income tax	8,995	(28,004)
Less items classified as investing activities:		
Loss on sale of non-current assets	52	95
Add non-cash items:		
Equity settled share-based payments	292	317
Depreciation and amortisation - continuing operations	7,256	9,305
Depreciation and amortisation - discontinued operations	442	9,795
Written down value of rental fleet sold	6,799	5,813
Impairment of non-current assets	-	29,991
Changes in assets and liabilities during the year:		
(Increase) in inventories	(13,920)	(4,046)
(Increase) Decrease in trade and other receivables	(25,267)	55,142
(Increase) in other financial assets	-	(206)
Increase (Decrease) in trade and other payables	16,584	(1,425)
Increase in provisions	630	157
Decrease (increase) in deferred taxes receivable	3,954	(10,258)
Increase in other financial liabilities	62	301
Net cash provided by operating activities	5,879	66,977

Non-cash financing and investing activities

There were no dividends paid during the year.

7. Trade and other receivables

Current

Trade receivables	53,536	29,205
Other	11,417	11,423
	64,953	40,628

Non-current

Other	1,369	427
	1,369	427

Fleetwood Corporation Limited
Notes to the Financial Statements
Year ended 30 June 2017



	2017 \$ '000	2016 \$ '000
8. Goodwill		
Goodwill	55,230	55,230
Reconciliation of the carrying amount of Goodwill:		
Carrying amount at beginning of year	55,230	61,761
Impairment loss on goodwill	-	(6,529)
Effect of foreign exchange differences	-	(2)
	55,230	55,230

9. Financing arrangements

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

Total facilities available:

Multi Option Facility	20,000	25,000
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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	5,000	3,000
Bank guarantees	1,842	1,438
	6,842	4,438

Facilities not utilised

Bank loans	13,000	17,000
Bank overdraft	-	1,500
Bank guarantees	158	2,062
Facilities not utilised	13,158	20,562

10. Dividends

Unrecognised

Final 2017 - 5 cents per share fully franked	3,052	-
	3,052	-

A fully franked dividend of 5c per share has been declared, the ex-dividend date for the final dividend is 4 September 2017, the record date for determining entitlements to the final dividend is 5 September 2017 and payment for the final dividend is 29 September 2017.

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 6 September 2017.

The final dividend in respect of ordinary shares for the year ended 30 June 2017 has not been recognised in the financial statements because the dividend was not declared, determined or publicly recommended at 30 June 2017.

11. Earnings per share

Profit (loss) from continuing and discontinued operations	8,995	(28,004)
Adjustment to exclude loss from discontinued operations	437	16,985
Profit (loss) from continuing operations	9,432	(11,019)

**Weighted average
number of shares used**

Basic	61,039,412	61,039,412
Number of shares deemed to be issued for no consideration in respect of employee options and rights	104,810	131,220
Diluted	61,144,222	61,170,632

Fleetwood Corporation Limited
Notes to the Financial Statements
Year ended 30 June 2017



12. Net tangible assets per security

	2017	2016
Net tangible assets per security	\$2.30	\$2.13

13. Segment information

Group operating segments are based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

Business segments

RV	Manufacture of caravans
Parts and Accessories	Manufacture and distribution of RV and commercial vehicle parts and accessories
Modular Accommodation	Design, manufacture and sale of accommodation
Village Operations	Operation of accommodation villages
Unallocated	Group corporate function

Group revenue and results by reportable operating segment:

	Revenue		Depreciation and Amortisation		Result (EBIT)	
	2017 \$ '000	2016 \$ '000	2017 \$ '000	2016 \$ '000	2017 \$ '000	2016 \$ '000
RV	47,353	29,752	632	627	(6,721)	(8,096)
Parts and Accessories	87,616	86,570	1,857	1,876	1,255	858
Modular Accommodation	175,827	142,533	2,323	2,298	15,211	3,583
Village Operations	26,303	30,246	2,232	4,282	6,944	5,183
Unallocated	349	80	212	222	(2,078)	(3,629)
Intersegment eliminations	(7,303)	(4,689)	-	-	-	-
	330,145	284,492	7,256	9,305	14,611	(2,101)
Finance costs					(921)	(968)
Asset Impairment					-	(10,312)
Profit (loss) before income tax expense					13,690	(13,381)
Income tax (expense) benefit					(4,258)	2,362
Profit (loss) from continuing operations					9,432	(11,019)
Loss from discontinued operations					(437)	(16,985)
Profit (loss) attributable to members of the parent entity					8,995	(28,004)

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.

2016 included asset impairment for the Parts and Accessories operating segment of \$6.5m of goodwill as disclosed at note 8, and \$3.8m of other intangible assets. There were no asset impairments recorded in 2017.

Group assets and liabilities by reportable operating segment:

	Assets		Acquisitions of Non-Current Assets		Liabilities	
	2017 \$ '000	2016 \$ '000	2017 \$ '000	2016 \$ '000	2017 \$ '000	2016 \$ '000
RV	23,603	15,959	1,155	847	6,840	6,280
Parts and Accessories	56,367	54,838	1,510	1,114	13,413	13,343
Modular Accommodation	126,930	97,148	5,537	3,789	41,921	25,428
Village Operations	24,474	27,786	326	172	2,782	2,442
Unallocated	36,098	42,877	191	2,659	6,601	4,788
	267,472	238,608	8,719	8,581	71,557	52,281

14. Information on audit

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

Fleetwood Corporation Limited
Notes to the Financial Statements
Year ended 30 June 2017



15. Comparatives

Comparative information shown is for the year ended 30 June 2016. Comparative figures, where required, have been adjusted to conform to changes in presentation for the current year.

16. Discontinued Operation

On 1 March 2016 the company ceased resource sector rental operations due to the downturn in the mining industry and the resulting reduction in demand for construction workforce accommodation.

	2017	2016
	\$ '000	\$ '000
Revenue	6,479	12,524
Impairment	-	(19,680)
Expenses	(7,103)	(17,108)
Loss from discontinued operation before tax	(624)	(24,264)
Attributable income tax benefit	187	7,279
Loss from discontinued operation after tax	(437)	(16,985)
Loss attributable to members of the consolidated entity		
Profit (loss) from continuing operations	9,432	(11,019)
Loss from discontinued operations	(437)	(16,985)
	8,995	(28,004)
Cash flows from discontinued operation		
Net cash inflows from operating activities	5,384	9,729
Net cash outflows from investing activities	-	(2,596)
Net cash provided by discontinued operation	5,384	7,133

17. Events after the reporting date

There were no material events subsequent to the reporting period.