

# Fleetwood Australia: From Turnaround to Growth

July 2018

**FLEETWOOD**™  
AUSTRALIA

© Copyright 2018 Fleetwood Corporation



Acquisition Target:



Acquisition Target:



Acquisition Target:



**FLEETWOOD™**  
**AUSTRALIA**

# Important Information and Disclaimer

---

NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES OF AMERICA

This investor presentation (**Presentation**) has been prepared by Fleetwood Corporation Limited (**Fleetwood**). This Presentation has been prepared in relation to an institutional placement (**Placement**) and an accelerated non-renounceable entitlement offer (**Entitlement Offer**), in each case, of new fully paid ordinary shares in Fleetwood (**New Shares**) (Placement and Entitlement Offer, together the **Offer**). The Placement is to be made under section 708A of the Corporations Act 2001 (Cth) (**Corporations Act**) and the Entitlement Offer is to be made under section 708AA of the Corporations Act as modified by Australian Securities and Investments Commission (**ASIC**) Corporations (Non-Traditional Rights Issues) Instrument 2016/84. The Placement will be available to eligible institutional investors and the Entitlement

Offer will be made to:

- eligible institutional shareholders of Fleetwood and other eligible institutional investors (**Institutional Entitlement Offer**); and
- eligible retail shareholders of Fleetwood (**Retail Entitlement Offer**).

This Presentation contains summary information about Fleetwood and its activities which is current as at the date of this Presentation. The information in this Presentation is of a general nature and does not purport to be complete nor does it contain all the information which a prospective investor may require in evaluating a possible investment in Fleetwood or that would be required in a prospectus or product disclosure statement prepared in accordance with the requirements of the Corporations Act.

This Presentation should be read in conjunction with Fleetwood's other periodic and continuous disclosure announcements lodged with the ASX, which are available at [www.asx.com.au](http://www.asx.com.au). Certain information in this presentation has been sourced from persons other than Fleetwood. While steps have been taken to review that information, Fleetwood, the underwriter, and their affiliates are not in a position to warrant its accuracy.

This Presentation is not an offer or an invitation to acquire New Shares or any other financial products and is not a prospectus, product disclosure statement or other offering document under Australian law (and will not be lodged with ASIC) or any other law. This Presentation is for information purposes only and is not an invitation or offer of securities for subscription, purchase or sale in any jurisdiction. Each recipient of this Presentation should make its own enquiries and investigations regarding all information included in this Presentation.

# Important Information and Disclaimer (continued)

The Retail Entitlement Offer will be made on the basis of the information to be contained in the retail offer booklet to be prepared for eligible retail shareholders in Australia and New Zealand (**Retail Offer Booklet**), and made available following its lodgement with ASX. Any eligible retail shareholder in Australia and New Zealand who wishes to participate in the Retail Entitlement Offer should consider the Retail Offer Booklet in deciding to apply under that offer. Anyone who wishes to apply for New Shares under the Retail Entitlement Offer will need to apply in accordance with the instructions contained in the Retail Offer Booklet and the entitlement and application form.

This Presentation does not constitute investment or financial product advice (nor tax, accounting or legal advice) or any recommendation to acquire entitlements or New Shares and does not and will not form any part of any contract for the acquisition of entitlements or New Shares. Each recipient of the Presentation should make its own enquiries and investigations regarding all information in this Presentation including but not limited to the assumptions, uncertainties and contingencies which may affect future operations of Fleetwood and the impact that different future outcomes might have on Fleetwood. Information in this Presentation is not intended to be relied upon as advice to investors or potential investors and has been prepared without taking account of any person's individual investment objectives, financial situation or particular needs. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek appropriate advice, including financial, legal and taxation advice appropriate to their jurisdiction. Fleetwood is not licensed to provide financial product advice in respect of the New Shares. Cooling off rights do not apply to the acquisition of New Shares.

This Presentation may not be released or distributed in the United States. This Presentation does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or in any other jurisdiction in which such an offer would be illegal. Neither the entitlements nor the New Shares have been, or will be, registered under the U.S. Securities Act of 1933, as amended (**U.S. Securities Act**) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the entitlements and the New Shares may not be offered or sold, directly or indirectly, in the United States or to persons that are acting for the account or benefit of persons in the United States, unless they have been registered under the U.S. Securities Act, or are offered and sold pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable state securities laws.

The distribution of this Presentation may be restricted by law in certain other countries. You should read the important information set out in Appendix B to the Presentation under the caption "International Offer Restrictions."

By accepting this Presentation you represent and warrant that you are entitled to receive such Presentation in accordance with the above restrictions and agree to be bound by the limitations contained herein.

All dollar values are in Australian dollars (**A\$**). Investors should note that this Presentation contains pro forma historical financial information. The pro forma historical financial information provided in this Presentation is for illustrative purposes only and is not represented as being indicative of Fleetwood's views on its, nor anyone else's, future financial condition and/or performance. The pro forma historical financial information has been prepared by Fleetwood in accordance with the measurement and recognition requirements, but not the disclosure requirements, of applicable accounting standards and other mandatory reporting requirements in Australia.

# Important Information and Disclaimer (continued)

This Presentation contains certain “forward-looking statements” and comments about future matters including but not limited to projections, guidance on future revenues, earnings, margin improvement, other potential synergies and estimates, the timing and outcome of the acquisitions and transactions discussed in this Presentation, the outcome and effects of the entitlement offer and the use of proceeds, and the future performance of Fleetwood. Forward-looking statements can generally be identified by the use of forward-looking words such as, “expect”, “anticipate”, “likely”, “intend”, “should”, “could”, “may”, “predict”, “plan”, “propose”, “will”, “believe”, “forecast”, “estimate”, “target” “outlook”, “guidance” and other similar expressions within the meaning of securities laws of applicable jurisdictions and include, but are not limited to, the outcome and effects of the Offer and the use of proceeds. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements. You are cautioned not to place undue reliance on forward-looking statements. Any such statements, opinions and estimates in this Presentation speak only as of the date hereof and are based on assumptions and contingencies subject to change without notice, as are statements about market and industry trends, projections, guidance and estimates. Forward-looking statements are provided as a general guide only. The forward-looking statements contained in this Presentation are not indications, guarantees or predictions of future performance.

An investment in Fleetwood involves known and unknown risks and uncertainties and other factors, many of which are beyond the control of Fleetwood, its directors and management, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. Refer to the “Risk Factors” in Appendix A of this Presentation for a non-exhaustive summary of certain general and specific risks that may affect Fleetwood.

Investors should note that past performance, including past share price performance, of Fleetwood cannot be relied upon as an indicator of (and provides no guidance as to) future Fleetwood performance including future share price performance.

Neither the underwriter, nor any of their or Fleetwood’s respective advisers or any of their respective affiliates, related bodies corporate, directors, officers, partners, employees and agents, have authorised, permitted or caused the issue, submission, dispatch or provision of this Presentation and, except to the extent referred to in this Presentation, none of them makes or purports to make any statement in this Presentation and there is no statement in this Presentation which is based on any statement by any of them. Neither the underwriter nor any of their respective affiliates, related bodies corporate, directors, officers, partners, employees and agents accepts any fiduciary obligations to or relationship with any investor or potential investor in connection with the offer of New Shares or otherwise, nor do they make any recommendation as to whether any potential investor should participate in the Offer referred to in this Presentation. Determination of eligibility of investors for the purposes of all or any part of the Offer is determined by reference to a number of matters, including legal requirements and the discretion of Fleetwood and the underwriter. Fleetwood and the underwriter disclaim any liability in respect of the exercise or otherwise of that discretion, to the maximum extent permitted by law.

To the maximum extent permitted by law, Fleetwood, the underwriter and their respective advisers, affiliates, related bodies corporate, directors, officers, partners, employees and agents (i) exclude and disclaim all liability for any expenses, losses, damages or costs incurred by you as a result of your participation in or failure to participate in the Offer (or any component of the Offer) and the information in this Presentation being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise; (ii) make no representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of information in this Presentation and (iii) with regards to the underwriter, and their advisers, affiliates, related bodies corporate, directors, officers, partners, employees and agents, take no responsibility for any part of this Presentation or the Offer.

Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided.

# 1. Equity Raising Overview





# Equity Raising Overview

<b>Offer Size and Structure</b>	<ul style="list-style-type: none"> <li>• Equity raising to raise approximately <b>\$60.0</b> million, comprising:               <ul style="list-style-type: none"> <li>– An Institutional Placement to raise approximately \$22.0 million; plus</li> <li>– An Accelerated Non-Renounceable Entitlement Offer to raise approximately \$38.0 million</li> </ul> </li> <li>• Under the Entitlement Offer, eligible shareholders are entitled to 1 New Share for every 2.90 existing ordinary shares held on Friday, 27 July 2018 (Record Date).</li> </ul>
<b>Offer Price</b>	<ul style="list-style-type: none"> <li>• Offer price of \$1.80 per New Share under both the Institutional Placement and Entitlement Offer</li> <li>• Represents a 11.8% discount to last price of \$2.04 on Tuesday, 24 July 2018</li> <li>• Represents a 7.9% discount to TERP<sup>1</sup> of \$1.96 based on closing price of \$2.04 on Tuesday, 24 July 2018</li> </ul>
<b>Institutional Offer</b>	<ul style="list-style-type: none"> <li>• The Institutional Offer comprises both the Institutional Placement and the Institutional Entitlement Offer</li> <li>• Entitlements not taken up in the Institutional Entitlement Offer will be offered to eligible institutional investors concurrently with the Institutional Offer by way of an Institutional Bookbuild</li> <li>• The Institutional Offer and Institutional Bookbuild will be conducted on Wednesday, 25 July 2018</li> </ul>
<b>Retail Entitlement Offer</b>	<ul style="list-style-type: none"> <li>• Retail Entitlement Offer opens on Wednesday, 1 August 2018 and is scheduled to close on Monday, 13 August 2018</li> <li>• Retail Entitlement Offer will include a top up facility under which Eligible Retail Shareholders who take up their Entitlement in full may also apply for additional shares in the Retail Entitlement Offer that were not taken up by other Eligible Retail Shareholders</li> </ul>
<b>Use of Proceeds</b>	<ul style="list-style-type: none"> <li>• The net proceeds raised from the Equity Raising will be used by Fleetwood to fund the acquisition of Modular Building Systems (<b>MBS</b>) and Northern RV (<b>NRV</b>) and associated transaction costs and working capital requirements.</li> </ul>
<b>Ranking</b>	<ul style="list-style-type: none"> <li>• New Shares issued will rank equally with existing ordinary shares in all respects from allotment.</li> </ul>
<b>Lead Manager and Underwriter</b>	<ul style="list-style-type: none"> <li>• Euroz Securities Limited – Sole Lead Manager, Underwriter and Bookrunner.</li> </ul>

1. TERP means Theoretical Ex-Rights Price

# Source and Uses of Funds

Sources	A\$M	Uses	A\$M
Gross Proceeds from the equity raising	60.0	Acquisition of MBS	34.2
		Acquisition of NRV	10.0
		Transaction costs and general working capital	15.8
<b>Total Sources of funds</b>	<b>60.0</b>	<b>Total Use of Funds</b>	<b>60.0</b>

# Equity Raising Timetable

ASX Announcement of Offer	<b>Wednesday, 25 July 2018</b>
Institutional Offer and Institutional Bookbuild	<b>Wednesday, 25 July 2018</b>
Record Date for Participation in ANREO	<b>Friday, 27 July 2018</b>
Trading Halt Lifted and Return to Trading on ASX	<b>Friday, 27 July 2018</b>
Retail Entitlement Offer Opens	<b>Wednesday, 1 August 2018</b>
Settlement of Placement and Institutional Entitlement Offer	<b>Thursday, 2 August 2018</b>
Allotment of Placement and Institutional Entitlement Offer Securities	<b>Friday, 3 August 2018</b>
Retail Entitlement Offer Closes	<b>Monday, 13 August 2018</b>
Settlement of Shortfall Shares under Retail Entitlement Offer	<b>Friday, 17 August 2018</b>
Allotment of Retail Entitlement Offer Securities	<b>Monday, 20 August 2018</b>
Normal Settlement Trading of Retail Entitlement Offer Securities	<b>Tuesday, 21 August 2018</b>

**Note:** The timetable above is indicative only and may be subject to change. Fleetwood reserves the right to amend any or all of these dates and times without notice, subject to the Corporations Act, the ASX Listing Rules and other applicable laws.

## 2. Turnaround Update



# Turnaround Update

---

## Challenges 3 years ago:

- High debt-level
- Four of the group's five businesses losing money  
(Searipple, West Coast Modular business, Flexiglass and Caravan Manufacturing)

## Fleetwood today:

- Minimal debt
- Flexiglass and Caravan Manufacturing businesses sold
- Searipple profitable (>30% Return on Capital)
- West Coast Modular business now profitable in own right and part of a national business

# 3. Growth Opportunity



# Growth Opportunity

---

## Fleetwood plans to acquire two businesses:

- Sydney-based Modular Building Systems (**MBS**) for \$34.2m.
- Melbourne-based Northern RV (**NRV**) for \$10.0m.

## Compelling Strategic Rationale:

- MBS gives the Modular Accommodation (**MA**) business a large and modern facility in the key Western Sydney Market, servicing the education, detention and commercial markets.
- NRV extends the Parts and Accessories (P&A) business reach into the key Campbellfield caravan manufacturing market in Melbourne. It also services the growing imported caravan market.

## Equity Raising:

- Acquisition funded by a fully underwritten placement and pro-rata accelerated non-renounceable entitlement offer to raise gross proceeds of \$60m. The transactions individually and together are **strongly EPS and ROE accretive**<sup>1</sup> whilst retaining a balance sheet capable of funding future growth.

1. Unaudited and pre contract intangible amortisation

# Acquisition Fundamentals

\$ million	Modular Building Systems FY18 (MBS) <sup>3,4</sup>	Northern RV FY18 (NRV) <sup>4</sup>	Combined	Additional Costs under FWD Ownership <sup>1</sup>	Pro - Forma FY2018 P&L Impact
Revenue	49.6	15.7	65.3	-	65.3
EBITA	9.4	4.7	14.1	(1.9)	12.2
EBITA Margin	19%	30%	22%		19%
Acquisition Price	34.2	10.0			44.2
Acquisition Multiple	3.6	2.1			3.6
<b>Notes</b>					
<p>1. Additional costs under Fleetwood ownership relate to additional staff required post acquisition and implementation of public company governance systems.</p> <p>2. Each acquisition includes an earn out. In respect of MBS, the vendor is entitled to 50% of annual EBIT above \$8.25m for a period of two years. In respect of NRV, the vendor is entitled to a three year earn out of between \$2m and \$4m (total) based on EBIT ranging between \$3.3m and \$4.5m.</p> <p>3. In respect of MBS, government contracts are in progress as at the date of acquisition. Accordingly amortisation in respect of these will be reported in FY19 financial results below the EBITA line. Subject to review by the company's auditors, these are expected to be approximately \$3m p.a. and will be treated as a charge against goodwill paid on acquisition for approximately four years.</p> <p>4. MBS and NRV figures above are unaudited and pre contract intangible amortisation</p>					



# 4. Modular Building Systems (MBS)



# Modular Building Systems (MBS)

---

- 9,000sqm facility in Smithfield, Western Sydney
- Approximately 80% of FY18 revenue derived from NSW Government modular prison cell contracts. Balance of revenue from education and commercial markets.

## **Strategic Rationale:**

Provides a strong entry-point into the key Sydney market where Fleetwood does not presently operate.

Industry diversification with near-term modular prison cell pipeline of over 2,000 units in New South Wales (NSW), plus potential expansion into other geographic regions. Fundamental prison cell construction very similar to housing and classrooms.

## **Demand:**

NSW government recently announced \$3.8b in spend to increase capacity across overcrowded prisons. Modular cell construction being shared by a two-company panel, with MBS presently receiving circa 50% share of contracts.

NSW government has also announced \$6b spend on 170 new schools. Fleetwood and MBS presently bidding for two of ten pilot school projects.

# Overview of MBS

---

Murray Shaw commenced trading in 1998 as 'Site Establishments' before a name change to 'Affordable Portable Buildings' in 2001 and to 'Modular Building Systems' in 2007.

- MBS is based in NSW and specialises in the manufacture and installation of prefabricated modular buildings.
- In June 2016, the NSW state government announced a \$3.8b budget allocation to build 7,000 prison beds over the four years to 2020 to address capacity concerns. The immediate modular cell market for NSW is estimated at 4,000 cells.
- MBS is one of two builders on a panel appointed to build modular cells for the NSW Government.
- MBS also has the Australian rights to use all patented steel prison cell designs belonging to United States company Maximum Security Systems for 10 years.
- MBS's location in Western Sydney is ideal to bid for education work as the Western Sydney corridor will be one of the largest markets in the upcoming \$6b, 170 school development program.

**Financials:** FY18 revenue of \$49.6m and EBITA of \$9.4m<sup>1</sup> before adjustment for likely costs under Fleetwood ownership.

1. Unaudited and pre contract intangible amortisation

**FLEETWOOD**<sup>TM</sup>  
**AUSTRALIA**

# Market Segments Targeted by MBS

---

## **Detention:**

Modular building prison projects sourced from government. Contracts are generally large and standardised in nature.

## **Education:**

Modular building projects for independent schools as well as reoccurring projects for Catholic and Anglican diocese schools.

- MBS is also bidding for the recently announced NSW government schools work.

## **Commercial:**

Various commercial jobs for the construction, mining and leisure industries.

# MBS Management Team

---

**Murray Shaw – Founder and Managing Director:** Murray has over 20 years experience and founded MBS. Murray is a licensed builder in NSW, ACT and QLD. He will remain with the business post-acquisition as a consultant with a focus on oversight, business development and innovation.

**Lew Deegan – General Manager:** Lew has over 25 years experience with a deep understanding of the building and construction industries. Lew is the day-to-day manager of the business and will be appointed to manage MBS for Fleetwood.

**Danny Shaw – Director of Operations & Facilities:** Danny has over 15 years experience in the transportation and installation of modular buildings, including the installation of the bulk of the Sydney 2000 Olympic Village.

**Helanath Dissanayake – Chief Financial Officer:** Helanath is a qualified financial controller with over 15 years experience.

**Josh Chaplin – Sales Director:** Josh has been in the modular building industry for over 14 years. He has held various roles such as procurement, production, project management and sales. Josh has worked across all market sectors and successfully overseen a number of major projects.

# 5. Northern RV (NRV)



# Northern RV (NRV)

---

- 2,200sqm premises in Campbellfield, Victoria
- Provides plumbing kits and labour to over 6,000 of the 22,000 caravans manufactured annually in Australia.
- Secondary revenue streams derived from repair and warranty services, and retailing caravan parts and accessories.

## **Strategic Rationale:**

Bolt-on acquisition giving P&A the opportunity to further integrate with key caravan manufacturing customers, particularly in the key Campbellfield production hub. For example, deeper integration of Camec components packaged with existing NRV offering on Campbellfield production lines (80 manufacturers located in Campbellfield).

Benefits from increasing trend towards direct caravan imports into Australia as all imports must be certified to Australian plumbing and electrical standards. Imports have grown circa-30% in the last 12 months.

Significant increase in return-on-capital for P&A provides Fleetwood with strategic options not present today.

# Overview of NRV

---

NRV is an established supplier of products and services to the Melbourne caravan manufacturing sector, having been founded in 2006 by licensed plumber, David Slorach. David will remain with the business post-acquisition.

- Core offering centres on providing specialised plumbing labour and parts to the production lines of mid-tier caravan manufacturers.
- Provides plumbing kits and labour to over 6,000 of the 22,000 caravans manufactured annually in Australia.
- Secondary revenue streams are derived from repair and warranty services, and retailing caravan parts and accessories, from its 2,200sqm premises in Campbellfield.
- NRV plumbs over 6,000 of the 22,000 caravans manufactured annually in Australia. The extension of these services to imports, represents a growing part of its business given they require certification to Australian standards.

**Financials:** FY18 revenue of \$15.7m and EBIT of \$4.7m<sup>1</sup> before adjustment for likely costs under Fleetwood ownership.

1. Unaudited



# 6. Combined Group Profile



# Existing Business – Base Earnings

- Post-sale of RV all businesses are profitable.
- The profit-and-loss now treats RV as a discontinued business.
- Trading to May 2018 EBIT guidance of \$18.5m<sup>1</sup> in EBIT excluding RV.
- Finished FY18 with no net debt.

Underlying EBIT (\$ million)	H1 FY18 actual	H2 FY18 estimate	FY18 estimate
Parts and Accessories	1.6	1.5-2.5	3.0-4.0
Modular Accommodation	5.9	3.5-4.5	9.5-10.5
Village Operations	4.4	4.0-5.0	8.5-9.5
Corporate costs	(2.1)	(1.5)-(2.5)	(3.5)-(4.5)
Total underlying EBIT	9.8	8.0-9.0	18.0-19.0

1. Unaudited

# Pro Forma Transaction Impact

The combined effect of the transactions is approximately 14% eps accretive on a pro-forma FY18 basis

Item \$m	FY18	MBS	NRV	Adjustments	Total
EBITA per 7 May announcement	\$18.5m	\$9.4m	\$4.7m	\$(1.9)m	\$30.7m
Interest <sup>1</sup>	\$(1.1)m			\$1.1m	\$0.0m
Pre-tax profit	\$17.4m				\$30.7m
Tax <sup>2</sup>	\$5.2m				\$9.2m
NPAT	\$12.2m				\$21.5m
Shares on issue	61.2m				94.6m
eps	19.9cps				22.7cps
<b>eps accretion</b>					<b>14%</b>

1. Interest is assumed to be 2x H1 interest costs.

2. Tax is applied at 30% in the above analysis.

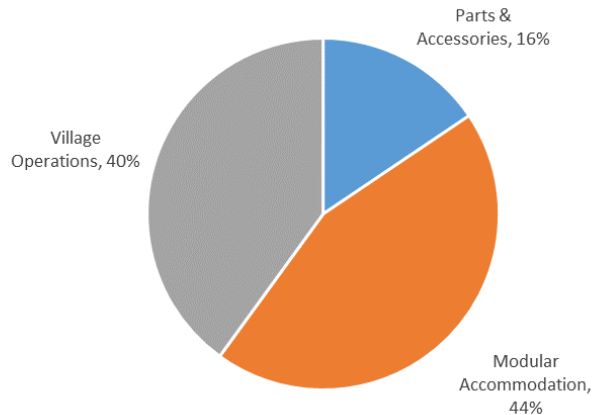
3. Shares on issue assume 33.3m new shares are issued \$1.80 per share.

4. All figures are unaudited and pre contract intangible amortisation.

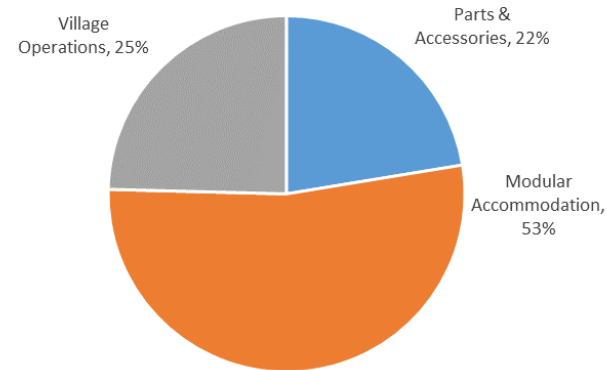
# Profile of the Combined Group

MA becomes the dominant business (pro forma FY18<sup>1</sup>)

Pre acquisition EBITA by division<sup>1</sup>



Post acquisition EBITA by division<sup>1</sup>



1. Unaudited and pre contract intangible amortisation

# Pro Forma Balance Sheet

Item \$m	Dec-17	MBS at acquisition	NRV at acquisition	Offer	Pro-forma Dec-17
Cash	\$9.3m	\$(34.2)m	\$(10.0)m	\$57.0m	\$22.1m
Working capital assets	\$126.6m	\$8.3m	\$1.8m		\$136.7m
Fixed assets	\$47.4m	\$1.8m	\$0.1m		\$49.3m
Intangibles	\$52.7m	\$28.7m	\$8.1m		\$89.5m
Other	\$35.2m	\$0.0m	\$0.0m		\$35.2m
Total assets	\$271.3m	\$4.7m	\$0.0m	\$57.0m	\$332.9m
Working capital liabilities	\$58.7m	\$5.9m	\$0.0m		\$64.5m
Interest bearing liabilities	\$22.0m	\$0.0m	\$0.0m		\$22.0m
Other	\$1.5m	\$0.0m	\$0.0m		\$1.5m
Total liabilities	\$82.2m	\$5.9m	\$0.0m	\$0.0m	\$88.1m
Net assets	\$189.1m	\$(1.2)m	\$0.0m	\$57.0m	\$244.9m
Net debt	\$12.7m	\$34.2m	\$10.0m	\$(57.0)m	\$(0.1)m
Pro forma NPAT	\$12.2m				\$21.5m
Pro forma ROE	6.4%				8.8%

1. Funds received from the Offer are net of \$3m raising costs.
2. In accordance with the Purchase Agreements, the MBS and NRV statement of financial position does not include cash and debt on acquisition.
3. Indicative purchase price accounting has been applied to the acquisitions assuming a consideration price of \$34.2m for MBS and \$10m for NRV.
4. The recognition of any intangible assets, including goodwill and the recognition of any deferred tax assets or liabilities which may arise as a result of the fair value adjustments is subject to Fleetwood finalising its fair value assessment of all assets and liabilities acquired as at the acquisition date. As a result these balances may change after the finalisation of the purchase price accounting by Fleetwood.
5. MBS and NRV figures based on unaudited management accounts.

# 7. Summary and Outlook



# Summary and Outlook

---

- Following the sale of RV all Fleetwood businesses are now profitable.
- MBS gives the Modular Accommodation (MA) business a large and modern facility in the key Western Sydney Market and access to the growing detention market.
- MBS also helps Fleetwood's positioning for the large upcoming education spend in NSW.
- NRV extends Camec's reach into the key Campbellfield caravan manufacturing market in Melbourne. It also services the growing imported caravan market.
- The combined transactions are strongly EPS and ROE-accretive<sup>1</sup> whilst retaining a balance sheet capable of funding future growth.

1. Unaudited and pre contract intangible amortisation

# A. Risk Factors





# A. Risk Factors

---

## i) KEY RISKS

This section sets out some of the key risks associated with:

- Fleetwood and its existing business;
- the Acquisitions; and
- participation in the Offer and share ownership.

The risks set out in this section are not listed in order of importance and do not constitute an exhaustive list of all risks involved with an investment in Fleetwood.

Before investing in Fleetwood you should be aware that a number of risks and uncertainties, which are both specific to Fleetwood and of a more general nature, may affect the future operating and financial performance of Fleetwood and the value of Fleetwood shares. You should note that the occurrence or consequences of many of the risks described in this section are partially or completely outside of the control of Fleetwood, its directors and senior management.

Before investing in Fleetwood shares, you should carefully consider the risk factors and your personal circumstances. Potential investors should consider publicly available information on Fleetwood (such as that available on the ASX website), and consult their stockbroker, solicitor, accountant or other professional advisor before making an investment decision.

Nothing in this presentation is financial product advice and this document has been prepared without taking into account your investment objectives or personal circumstances.

# A. Risk Factors

---

## ii) FLEETWOOD RISKS

### ***Economic conditions***

Fleetwood's operating and financial performance is influenced by a variety of general economic and business conditions including the level of inflation, interest rates and exchange rates and government fiscal, monetary and regulatory policies. A prolonged deterioration in domestic or general economic conditions, including an increase in interest rates or a decrease in consumer and business demand, could be expected to have a material adverse impact on Fleetwood's financial and operating performance.

### ***Loss of key personnel or skilled workers***

Fleetwood's ability to remain productive, profitable and competitive and to implement planned growth initiatives depends on the continued employment and performance of senior executives and other key members of management. Fleetwood's performance also depends on its ability to attract and retain skilled workers with the relevant industry and technical experience.

If any one of these individuals resigns or becomes unable to continue in his or her present role and is not adequately replaced in a timely manner, business operations and the ability to implement Fleetwood's strategies could be materially disrupted. The loss of a number of key personnel or the inability to attract additional personnel may have an adverse impact on Fleetwood's financial and operating performance.

There can be no assurance that Fleetwood will be able to attract and retain skilled and experienced employees and, should it lose any of its key management personnel or fail to attract qualified personnel, its business may be harmed and its operational and financial performance could be adversely affected.

# A. Risk Factors

---

## ii) FLEETWOOD RISKS

### ***Competition risk***

Increased competition in the areas in which Fleetwood operates could result in price reductions, under-utilisation of personnel, assets or infrastructure, reduced operating margins and/or loss of market share, which may have a material adverse effect on Fleetwood's future financial performance and position.

### ***Capital expenditure***

Certain of Fleetwood's business activities are capital intensive and require material investment to be made in capital equipment. In some circumstances, the need for material investment in capital equipment may result in capital expenditure being beyond that budgeted by Fleetwood, which could have an adverse effect on Fleetwood and its financial performance. Capital expenditure requirements may impact the cash flow available to service financing obligations, pay dividends or otherwise make distributions.

### ***Operational risk***

Fleetwood is subject to operational risks resulting from inadequate or failed internal processes, systems, policies or policies, in addition to potential hazards normally encountered with the manufacture and supply / distribution of modular buildings and recreational and commercial vehicle parts and accessories, including but not limited to incidents which could result in damage to plant or equipment or personal injuries to employees and / or other individuals. If these risks materialise, Fleetwood's operations could be disrupted which may have a material adverse effect on future financial performance and position.

# A. Risk Factors

---

## ii) FLEETWOOD RISKS

### ***Customer service***

Fleetwood's ability to maintain relationships with major customers is integral to its financial performance. This in turn depends on its ability to offer competitive service standards and pricing. Poor performance in either area may lead to a loss of major customers which may have a material impact on Fleetwood's financial performance.

### ***Liability for defective work and insurance***

Fleetwood's operations carry a risk of liability for losses arising from defective work, including in some instances indirect or consequential losses suffered by third parties.

Fleetwood attempts to decrease its exposure to liability contractually and maintains what it considers to be adequate levels of professional indemnity insurance; however, this will not protect Fleetwood from all claims that could be made against it. It is not always possible to obtain insurance against all risks and Fleetwood may decide not to insure against certain risks as a result of high premiums or other reasons. The occurrence of an event that is not fully covered, or covered at all, by insurance could have a materially adverse effect on Fleetwood's financial position.

# A. Risk Factors

---

## ii) FLEETWOOD RISKS

### ***Environmental risk***

National and local environmental laws and regulations may affect Fleetwood's operations. Standards are set by these laws and regulations regarding certain aspects of health and environmental quality, and they provide for penalties and other liabilities if such standards are breached. Fleetwood incurs costs to comply with these environmental laws and regulations, and changes to such laws and regulations, including changes to operating licence conditions, could result in penalties and other liabilities, which may have a material adverse effect on future financial performance and position.

### ***Intellectual property***

There can be no assurances that the validity, ownership or authorised use of intellectual property (including technology, know-how, trademarks, designs and patents (both owned and licensed) relevant to Fleetwood's business (including its business post-completion of the Acquisitions) will not be challenged, which could adversely affect Fleetwood's financial and operating performance.

### ***Litigation and disputes***

Fleetwood may become involved in litigation or disputes, which could adversely affect financial performance and reputation.

### ***Counterparty risk***

Fleetwood is exposed to credit-related losses if counterparties to contracts fail to meet their obligations. This could occur if customers were to become insolvent or not meet their financial obligations to Fleetwood and may adversely impact Fleetwood's revenue.

# A. Risk Factors

---

## ii) FLEETWOOD RISKS

### ***Foreign exchange risk***

Fleetwood is exposed to foreign exchange risk and movements in the foreign exchange rate may affect the price of capital equipment or materials acquired outside of Australia. These risks may affect Fleetwood's financial performance.

### ***Financing risk***

Fleetwood has access to several debt facilities, which it utilises from time to time. Such indebtedness may result in Fleetwood being subject to certain covenants restricting its ability to engage in certain types of activities or to pay dividends to Fleetwood shareholders.

General economic and business conditions that impact the debt or equity markets could impact Fleetwood's ability to refinance its operations.

### ***Dividends***

Future determinations as to the payment of dividends by Fleetwood will be at the discretion of the directors of Fleetwood and will depend upon the availability of distributable earnings and franking credits, the operating results and financial condition of Fleetwood and its businesses, future capital requirements, covenants in any financing agreements, general business and financial conditions and other factors considered relevant by the directors of Fleetwood. No assurance is therefore given in relation to the payment of future dividends or the extent to which any such dividends may be franked.

# A. Risk Factors

---

## ii) FLEETWOOD RISKS

### ***Taxation***

Changes in tax law (including goods and services taxes and stamp duties), or changes in the way tax laws are interpreted, may impact the tax liabilities of Fleetwood. In addition, the ability of Fleetwood to obtain the benefit of any tax losses and claim other beneficial tax attributes will depend on future circumstances and may be adversely affected by changes in ownership, business activities, levels of taxable income and any other conditions relating to the use of the tax losses or other attributes.

### ***Occupational health and safety***

If there were to be a failure to comply with the applicable occupational health and safety legislative requirements across the jurisdictions in which Fleetwood operates, there is a risk that non-compliance may result in fines, penalties and/or compensation for damages as well as reputational damage.

Further, Fleetwood's business activities frequently involve the use of heavy plant and equipment in a potentially hazardous environment where there is an increased risk of accident and injury. While Fleetwood has appropriate systems to guard against accidents, a serious accident involving members of Fleetwood's staff or contractors could have long term reputational implications for Fleetwood and, if the accident was of a serious nature, possibly financial effects.

### ***Cyber risk***

The failure of Fleetwood's information technology systems and / or security could result in financial loss, disruption or damage to the reputation of the business.

# A. Risk Factors

---

## ii) FLEETWOOD RISKS

### ***Government policy and regulation***

Fleetwood's operations are affected by government policy and legal and regulatory oversight. Any changes to these matters may have a material adverse effect on Fleetwood's future financial performance and position.

### ***Other factors***

Other factors or events may impact on Fleetwood's performance, such as natural disasters, changes or disruptions to political, regulatory, legal or economic conditions, or to Australian or international financial markets, including as a result of terrorism or war.

### ***Change in accounting or financial reporting standards***

Changes in accounting or financial reporting standards may adversely impact the reported financial performance of Fleetwood.

### ***Negative publicity***

Fleetwood is subject to the risk that negative publicity, whether true or not, may affect stakeholder perceptions of Fleetwood's past actions and future prospects. Being listed on the ASX means that the Fleetwood is subject to risks relating to market expectations for its business and financial and operating performance. If Fleetwood does not manage these expectations in an effective manner, it could give rise to loss of investor confidence in its business and management and may adversely impact the trading price of Fleetwood shares.



# A. Risk Factors

---

## iii) ACQUISITION RISKS

### ***Completion risks***

Fleetwood may terminate the MBS share purchase deed and the NRV business purchase agreement in certain circumstances, including in the circumstance where certain conditions precedent have not been satisfied. If such termination rights are exercised, completion of either or both of the Acquisitions may not occur.

Further, if completion of either or both of the Acquisitions does not occur, Fleetwood will need to consider alternative uses for the proceeds from the Offer, including applying them towards working capital, reviewing alternative investment opportunities, and/or considering ways to return the proceeds from the Offer to shareholders.

Any failure to consummate the Acquisitions could materially and adversely affect Fleetwood and the price of its shares.

### ***Contract risk***

Both MBS's and NRV's revenues are subject to underlying contracts with varying terms. There is a risk that these contracts may be cancelled or may not be renewed if customers decide to reduce their levels of spending, potentially reducing their revenue.

If either MBS or NRV does not perform its obligations under a contract in accordance with the terms of the contract, that entity is at risk that the contract will be terminated. Any such performance issue may result in contract guarantees being relied upon by that entity's customers and could also adversely affect the reputation of MBS or NRV (as relevant) in the marketplace, which could adversely impact its ability to secure new contracts.

# A. Risk Factors

---

## iii) ACQUISITION RISKS

### ***Contract risks (.cont)***

In addition, certain of MBS's and NRV's contracts may be subject to termination for convenience by customers without cause. In the event of a contract termination, Fleetwood may not be able to redeploy the assets and resources used on that project to other projects on the same terms or at all and may experience downtime between demobilisation and redeployment.

Post-completion of the Acquisitions, any of the above factors could materially adversely affect Fleetwood's financial and operating performance.

### ***MBS customer concentration risk***

MBS relies on a concentrated customer base, with much of its revenue coming from one customer (the NSW Department of Justice – Justice Infrastructure). If this customer defaults, exercises termination rights or ceases dealing with MBS in the future, the operational and financial performance of MBS would be adversely affected and would differ from Fleetwood's expectations.

# A. Risk Factors

---

## iii) ACQUISITION RISKS

### ***Changes to government policy***

A significant portion of MBS's business is dependent on the demand for education and detention facilities, which are affected by a range of laws and regulations and are highly influenced by the capital expenditure policies of both federal and state governments, which are beyond MBS's control. Any decrease in the level of government capital expenditure, particularly in relation to the education and detention sectors, would adversely affect MBS's business.

Along with a decrease in levels of government capital expenditure, there are also a number of associated risks to MBS's business which may arise as a result of a change in government policy or regulation, whether as a result of budget deficits, political shifts, economic conditions or any other reasons outside of Fleetwood's and MBS's control, and which may have a material adverse impact on MBS's future operational and financial performance (and which would therefore affect Fleetwood's financial and operating performance post-completion of the Acquisitions).

### ***Integration risks***

The Acquisitions involve the integration of businesses which have previously operated independently of Fleetwood. As a result, there is a risk that the integration of either MBS or NRV (or both of them) may be more complex than anticipated, encounter unexpected challenges or issues and take longer than expected, divert management's attention or not deliver the expected benefits and synergies. This may affect Fleetwood's operating and financial performance. Further, the integration of MBS's and NRV's accounting functions may lead to revisions, which may impact on Fleetwood's reported financial results.

# A. Risk Factors

---

## iii) ACQUISITION RISKS

### *Analysis of Acquisitions*

Fleetwood has undertaken financial, business and other analysis on MBS and NRV in order to determine their attractiveness to Fleetwood and whether to pursue the Acquisitions. It is possible that such analysis, and the best estimate assumptions made by Fleetwood, draws conclusions and forecasts that are inaccurate or which are not realised in due course.

To the extent that the actual results (whether historical results or future results) achieved by MBS or NRV are weaker than anticipated or were weaker than as indicated by Fleetwood's analysis, or any difficulties arise in integrating the operations of either MBS or NRV (or both of them) with those of Fleetwood, there is a risk that Fleetwood's financial and operating performance may differ (including in a materially adverse way) from its expected financial and operating performance. Different results could arise as a result of any number of circumstances, including increases in competition in the markets in which MBS and NRV operate, which could result in price reductions, under-utilisation of equipment and personnel, reduced operating margins or loss of market share.

# A. Risk Factors

---

## iii) ACQUISITION RISKS

### ***Reliance on information provided***

If any of the data or information provided to and relied upon by Fleetwood in its due diligence process and its preparation of this presentation proves to be incomplete, incorrect, inaccurate or misleading, there is a risk that the actual financial position and performance of Fleetwood may be materially different from its expected financial position and performance.

Shareholders should note that there is no assurance that the due diligence conducted in respect of either MBS or NRV (or both of them) was conclusive and that all material issues and risks in respect of the Acquisitions have been identified and avoided or managed appropriately. Therefore, there is a risk that unforeseen issues and risks may arise, which may also have a material impact on Fleetwood (for example, Fleetwood may later discover liabilities or defects which were not identified through due diligence or for which there is no protection for Fleetwood). This could adversely affect the operations, financial performance or position of Fleetwood. Further, the information reviewed by Fleetwood includes forward looking information, which is inherently unreliable and based on assumptions that may not be achieved or satisfied in the future.

### ***Loss of key personnel***

While Fleetwood is committed to providing attractive employment conditions and prospects to assist in the retention of both MBS's and NRV's key management personnel and employees, there can be no assurance that there will be no loss of key staff leading up to and following the Acquisitions. Should Fleetwood fail to retain MBS's and NRV's key management personnel and employees, its operational and financial performance could be adversely affected.

# A. Risk Factors

---

## iii) ACQUISITION RISKS

### *Historical liability in respect of MBS*

As the acquisition of MBS is structured as a share sale, Fleetwood may become directly or indirectly liable for any liabilities that MBS has incurred in the past as a result of prior acts or omissions, including liabilities which were not identified during Fleetwood's due diligence or which are greater than expected, and for which the various forms of protections negotiated by Fleetwood in its agreement to acquire MBS (in the form of representations and warranties and indemnities) turn out to be inadequate in the circumstances. Such liabilities may adversely affect the financial performance or position of Fleetwood post-acquisition of MBS.

# A. Risk Factors

---

## iv) RISKS RELATING TO THE OFFER AND SHARE OWNERSHIP

### *Trading price of Fleetwood shares*

There are risks associated with any share market investment. It is important to recognise that share prices and dividends might fall or rise. Factors affecting the operating and financial performance of Fleetwood and the ASX trading price of Fleetwood shares include domestic and international economic conditions and outlook, changes in government fiscal, monetary and regulatory policies, changes in interest rates and inflation rates, the announcement of new technologies and variations in general market conditions and/or market conditions which are specific to a particular industry.

Furthermore, share prices of many companies are affected by factors which might be unrelated to the operating performance of the relevant company. Such factors might adversely affect the market price of Fleetwood shares.

No assurances can be given that the new shares will trade at or above the Offer price. Neither Fleetwood, its directors nor any other person guarantees the market performance of the new shares.

# A. Risk Factors

---

## iv) RISKS RELATING TO THE OFFER AND SHARE OWNERSHIP

### **Underwriting risk**

Fleetwood has entered into an underwriting agreement under which the Underwriter has agreed to fully underwrite the Entitlement Offer, subject to the terms and conditions of the underwriting agreement between the parties. If certain conditions are not satisfied or certain events occur, the Underwriter may terminate the underwriting agreement. Termination of the underwriting agreement would have an adverse impact on the proceeds raised under the Entitlement Offer. If the underwriting agreement is terminated Fleetwood would need to find alternative funding for the Acquisitions, which could materially adversely affect Fleetwood's business, cash flow, financial condition and results of operations.

The Underwriter's obligations to underwrite the Offer are conditional on certain matters.



# A. Risk Factors

---

## iv) RISKS RELATING TO THE OFFER AND SHARE OWNERSHIP

### Underwriting risk (.cont)

The events which may trigger termination of the underwriting agreement include where:

- a statement contained in the offer materials (including this presentation and all ASX announcements made in connection with the Entitlement Offer or Placement) is or becomes misleading or deceptive, or the offer materials omit required information or otherwise fail to comply with applicable laws;
- Fleetwood withdraws all or part of the Entitlement Offer or Placement;
- Fleetwood is prevented from issuing the new shares under the Entitlement Offer or Placement;
- there are certain delays in the timetable for the Entitlement Offer or Placement without the Underwriter's consent;
- Fleetwood ceases to be admitted to the official list of the ASX or its shares are suspended from trading on, or cease to be quoted on, ASX;
- Fleetwood or any of its director or officers engage, or have engaged in any fraudulent conduct or activity (whether connected to the Entitlement Offer or Placement or not) or otherwise commit certain offences;
- Fleetwood is in breach of or fails to perform any of its obligations under the underwriting agreement or Fleetwood contravenes the Corporations Act, the Listing Rules or other applicable laws; or
- there are certain disruptions to financial markets in specified jurisdictions, including a general moratorium on commercial banking activities, or a material suspension or limitation in trading on the ASX.

The ability of the Underwriter to terminate the underwriting agreement in respect of some events will depend on whether the event has or is likely to have a material adverse effect on the success, marketing or settlement of the Entitlement Offer, the value of the securities, or the willingness of investors to subscribe for securities, or where they may give rise to liability for the Underwriter.

# A. Risk Factors

---

## iv) RISKS RELATING TO THE OFFER AND SHARE OWNERSHIP

### *Risk of dilution*

You should also note that if you do not take up all of your entitlement under the Entitlement Offer, then your percentage security holding in Fleetwood will be diluted by not participating to the full extent in the Entitlement Offer (in addition to any dilution as a result of the Placement).

## B. International Offer Restrictions



# International Offer Restrictions

---

This document does not constitute an offer of new ordinary shares ("New Shares") of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

## **Hong Kong**

**WARNING:** This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

# International Offer Restrictions

---

## **New Zealand**

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act").

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the FMC Act and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

Other than in the entitlement offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

# International Offer Restrictions

---

## Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

# International Offer Restrictions

---

## United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.

This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

# Thank you

