

Full Year Results FY19

AUGUST 2019



MODULAR ACCOMMODATION



VILLAGE OPERATIONS



PARTS AND SERVICES

Operating Segments

FLEETWOOD
AUSTRALIA

**MODULAR
ACCOMMODATION**

FLEETWOOD
AUSTRALIA

MBS modular
building
systems

**VILLAGE
OPERATIONS**

Scorpple

osprey
village

**PARTS AND
SERVICES**

CAMEC
making anywhere home

NRV
NORTHERN RV

RVC
RECREATIONAL VEHICLE CONCEPTS

Highlights FY19

Financial Results

- + Revenue from continuing operations up 18% to \$315m
- + EBITA from continuing operations up 34% to \$25.3m
- + Net Cash at 30 June of over \$33m

Structural

- + Two acquisitions completed, funded by \$60m capital raise
- + \$12m realised from sale of caravan business plus \$5m in assets yet to sell

Near Term Outlook

- + Targeting further EBITA growth in FY20
- + Future dividends at circa 30% of profits (subject to capital requirements)



Group Earnings Summary

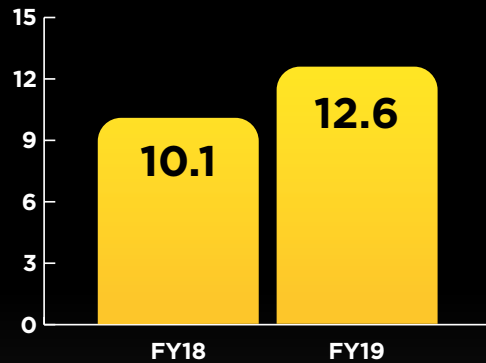
- + Revenue and EBITA growth driven by strong performance of acquisitions, especially MBS
- + Lower demand from the Victorian education and affordable housing sectors impacted the balance of the modular business
- + Village Operations benefited from increased customer activity levels in the Pilbara
- + Solid Parts and Services result despite difficult trading conditions, especially in Q4
- + Interest costs reflect lower floor plan costs
- + Discontinued operations operating losses of \$9.5m and impairment of \$10.8m

\$ MILLION	FY19	FY18	Change
Revenue	315.3	267.0	18%
EBITDA	34.4	25.2	37%
Depreciation	9.1	6.3	43%
EBITA	25.3	18.8	34%
Amortisation of contract intangible	3.1	0.0	n/a
Finance costs	0.9	1.2	-31%
Pre-tax profit	21.4	17.6	22%
Tax expense (benefit)	7.4	5.4	37%
NPAT	14.0	12.2	15%
Loss from discontinued operations	(20.3)	(25.7)	n/a
Statutory NPAT	(6.2)	(13.5)	n/a

Segment Performance

Modular Accommodation

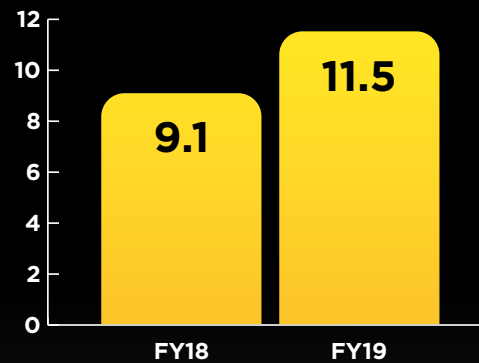
EBITA



- + MBS performed strongly in its first year. Solid H2 profit
- + Volume from the affordable housing sector fell amid the housing downturn and customer ownership changes
- + Victoria well down on pcp and impacted by State election. However, Q4 recovered strongly and good momentum into FY20
- + WA remains patchy, earnings fell in H2

Village Operations

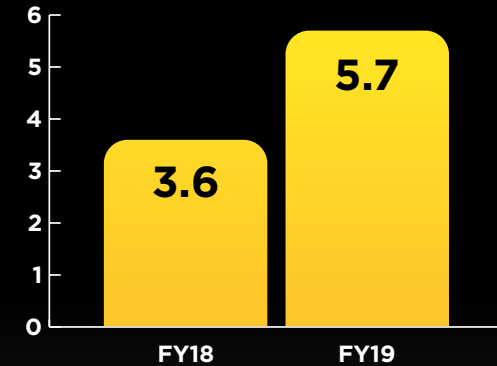
EBITA



- + Searipple benefited from unusually high levels of customer maintenance during the year
- + No new villages were built in Karratha in FY19
- + Osprey Village in Port Hedland performed at similar levels to FY18 as expected

Parts and Services

EBITA



- + NRV 11 month contribution in line with the acquisition case
- + Camec OEM revenue fell in line with industry
- + Aftermarket sales flat

Cashflow Summary

- + Strong cash generation continued
- + Solid working capital performance
- + Tax payments to remain low in FY20
- + Exit from caravan business will remain cash positive once tax benefits taken into account
- + Capex mostly related to education rental fleet, Searipple Village upgrades and ERP spend
- + Capex expected to be moderately higher in FY20

	FY19	FY18
EBITDA continuing	34.4	25.2
Cash outflows from discontinued businesses	(5.2)	(16.2)
Interest paid (net)	(0.7)	(1.1)
Tax	(2.5)	1.0
Working capital (and other)	6.0	9.0
Operating cashflow	31.9	17.9
Net capex	(11.8)	(21.7)
Free cashflow	20.1	(3.8)
Net acquisitions	(44.4)	7.2
Financing cashflows	57.2	(3.1)
Opening net cash (debt)	0.6	0.4
Closing net cash (debt)	33.6	0.6



Balance Sheet Summary

- + Net working capital lower due mostly to realisation of Recreational Vehicles working capital
- + Intangibles increased due to acquisitions
- + Strong cash position
- + No debt. Credit facilities totalling \$65m
- + Shareholders funds increase driven by the July 2018 capital raise
- + Return on capital employed increased from 11% in FY18 to 13% in FY19

	FY19	FY18
Net working capital	31.0	48.1
Property Plant and Equipment	48.4	57.5
Intangibles	101.1	52.1
Other	17.9	21.7
Capital employed	198.5	179.4
Net debt (cash)	(33.6)	(0.6)
Shareholders funds	232.1	180.0
Capital employed	198.5	179.4



Forward Strategy

FLEETWOOD
AUSTRALIA

MODULAR ACCOMMODATION

Fleetwood has successfully commenced **adapting traditional areas of the construction industry** towards modular. Based on overseas experience there are significant further opportunities, as well as traditional modular markets Fleetwood does not presently have exposure to.

VILLAGE OPERATIONS

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

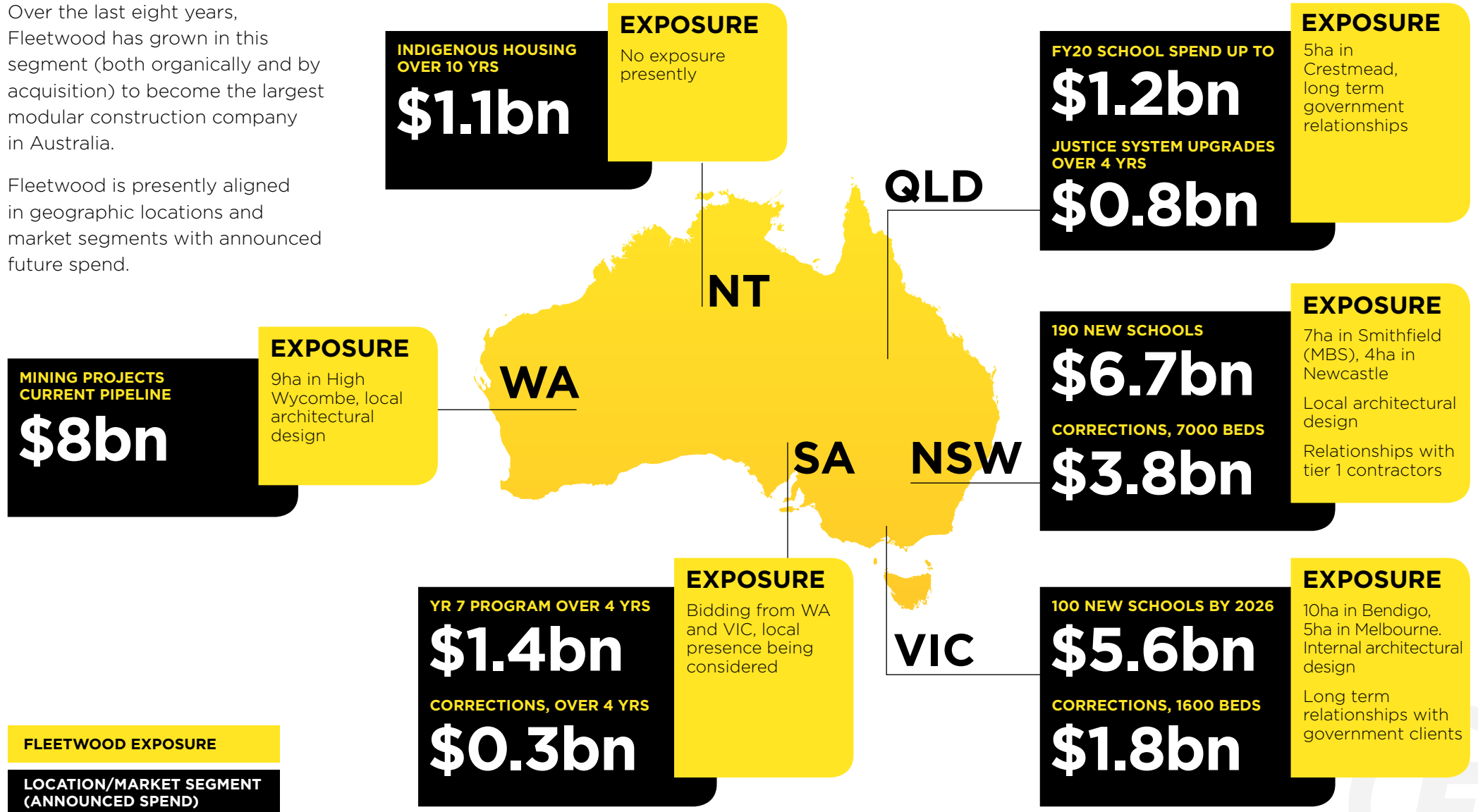
PARTS AND SERVICES

Diversifying sources of revenue in the parts and services business will make this segment more resilient to fluctuations in industry demand. Expansion of the earnings base will be driven by a **focus on services**, both aftermarket and pre-delivery along with operational efficiencies.

Modular Accommodation Market Exposure

Over the last eight years, Fleetwood has grown in this segment (both organically and by acquisition) to become the largest modular construction company in Australia.

Fleetwood is presently aligned in geographic locations and market segments with announced future spend.



Modular Accommodation

Competitive Advantage

In-house Architectural Design

- + Allows deep engagement with clients at concept, budget or FEED stage
- + Provide services to assist scoping or setting out projects
- + Ultimate request for tender can include Fleetwood design elements

Advanced Manufacturing Techniques

- + **Mass Customisation:** Ability to produce buildings of different designs and specifications, from a small range of “kits of parts”
- + **BIM (Building Information Management):**
First in industry to use prefabricated delivery mechanism for BIM
- + **Vertical integration** in many areas of the supply chain. For example in-house wall framing, in-house transport assets



Modular Accommodation

Mass Customisation Example

- + The two projects below are based on the same “kit of parts”, just configured differently. Results in significant manufacturing efficiencies and speed to market

Two storey open plan layout

FAIRFIELD PRIMARY SCHOOL
COMPLETED APRIL 2019

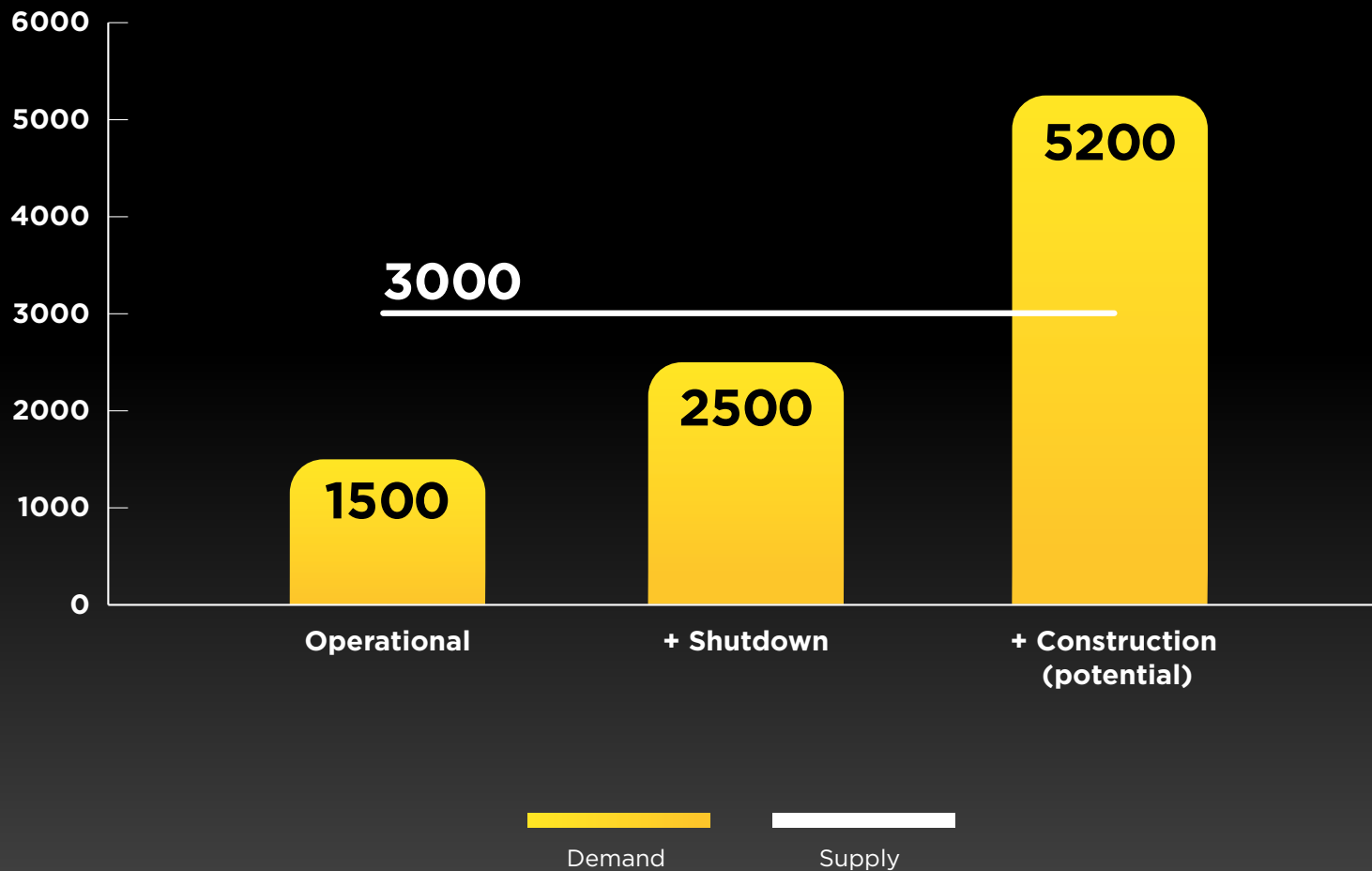


Three storey configuration

ELWOOD COLLEGE
NEARING COMPLETION



Village Operations Overview of Karratha/Dampier Market



Village Operations Expansion Strategy

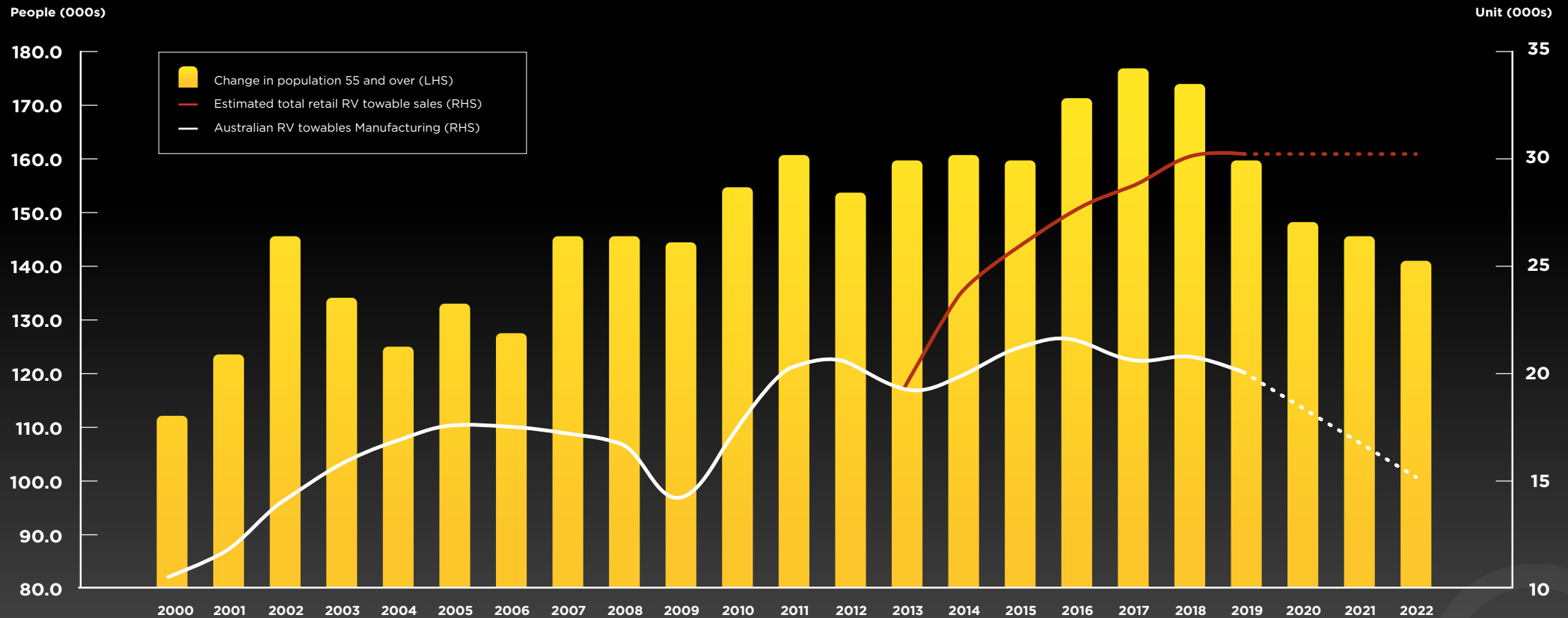
- + Expanding our footprint in this segment will improve Fleetwood's overall quality of earnings
- + Targeting areas where there are multiple potential clients competing for accommodation supply
- + Fleetwood's modular business provides the ability to develop new villages at a cost lower than potential competitors
- + Expansion may be by acquisition or by organic growth



Parts and Services Competitive Advantage

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

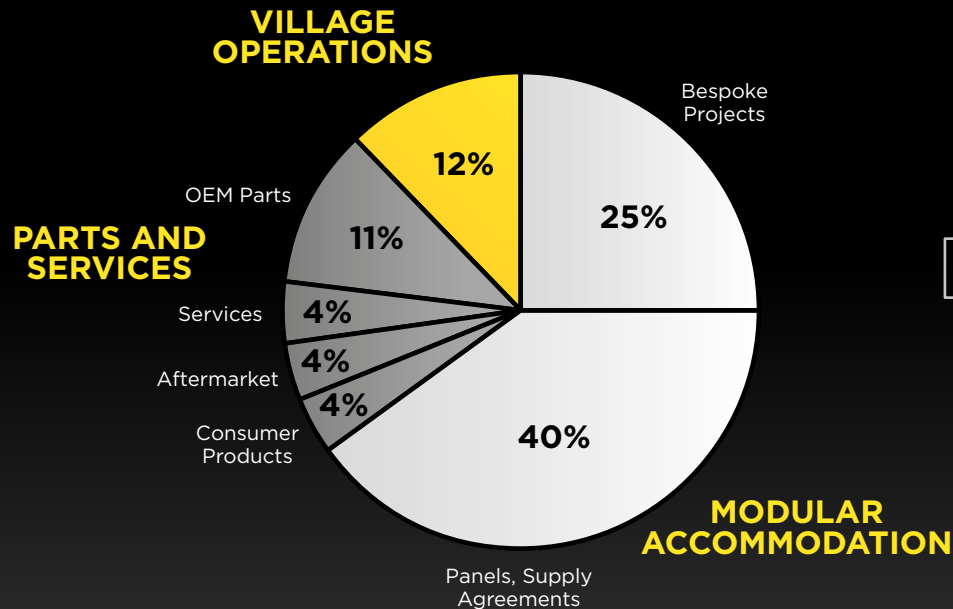
- + Our strategy in response to these trends is:
 - + To embed further into the OEM caravan manufacturing base through high service levels and new products
 - + Continued focus on growing aftermarket segments This includes major retailers and repair services
 - + Improve speed to market with new products



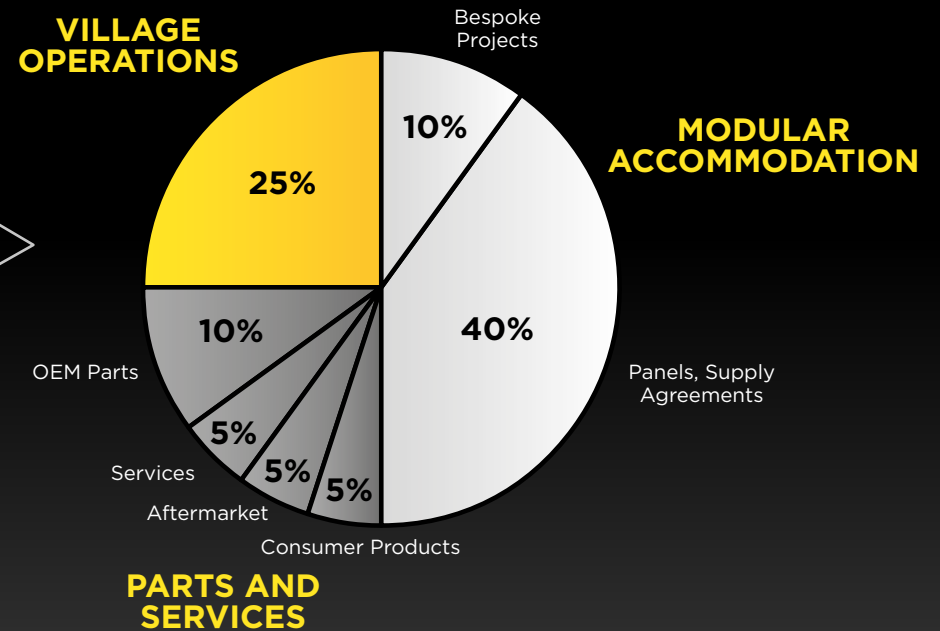
Change in Core RV Buying Demograph v Australian RV Sales/Production

Improving Quality of Earnings

Current Revenue Mix



Desirable Future State



Outlook

FLEETWOOD
AUSTRALIA

MODULAR ACCOMMODATION

- + The Australian modular building industry is still in its infancy. Fleetwood intends to be at the forefront of this industry as it develops
- + Fleetwood is targeting diversification into new geographic regions and new market segments that lend themselves to modular build technology
- + Victorian business has good momentum into FY20

VILLAGE OPERATIONS

- + Benefited from unusually high activity levels in FY19 which are unlikely to repeat in FY20

PARTS AND SERVICES

- + OEM market to remain tough in FY20. Targeting growth from the aftermarket, new products and cost savings

OVERALL

- + Targeting further EBITA growth in FY20
- + Future dividends at circa 30% of profits (subject to capital requirements)

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