

28 November 2019

2019 ANNUAL GENERAL MEETING – CHAIRMAN’S ADDRESS
FLEETWOOD CORPORATION LIMITED (ASX: FWD)

Good Morning Ladies and Gentlemen. My name is Phillip Campbell, Non-Executive Chairman of Fleetwood Corporation Limited, and I welcome you to Fleetwood’s 2019 Annual General Meeting.

As I am advised there is a quorum present, I am pleased to declare the meeting open.

Joining me today is Brad Denison, Managing Director & Chief Executive Officer, Jeff Dowling, Non-Executive Director, Adrienne Parker, Non-Executive Director and Mark Southey, Non-Executive Director. We also have our CFO & Company Secretary, Andrew Wackett and General Counsel & Company Secretary, Elizabeth Maynard.

After a period of Board and executive renewal throughout 2017 and 2018, Fleetwood now has a cohesive and stable executive team, led by Managing Director & Chief Executive Officer, Brad Denison. They are in the penultimate stages of restructuring the Company’s asset base.

I am delighted to report that the Board has successfully navigated the Company through this complex transformational period to a significantly strengthened financial position, with EBITDA for FY19 reaching \$34.4 million.

This is the best EBITDA result since at least 2013. At the same time, our balance sheet is in excellent shape with strong cash generation and significant unused banking facilities. Due to potential capital needs for upcoming projects, we have not paid a final dividend for 2019. Looking to the future, a payout ratio of approximately 30% of free cash flow is expected to be implemented.

The restructuring was principally founded on the divestment of two underperforming businesses, Flexiglass and the Caravan Manufacturing or RV business, with both divestments completed efficaciously by Fleetwood’s executive team as they ensured the Company did not experience any material residual liability following the transactions.

The substantial improvement has also been underpinned by the acquisitions of Modular Building Systems and Northern RV, which have both performed in line with their acquisition case. These acquisitions were made possible by an equity raising at a price of \$1.80 at the beginning of the 2019 financial year. The strong support this raising received was a welcome endorsement of our turnaround strategy.

Sydney-based Modular Building Systems has provided Fleetwood considerably greater penetration into an industry ripe for growth opportunity in Australia, and we are now the largest modular construction business in Australia.

Our Board encompasses both east and west coast-based directors, with this geographic diversity providing a robust platform for us to continue to increase our footprint in the domestic market. We have no doubt that there is substantial opportunity for modular building methods to capture an ever-larger share of Australian construction activity, in line with trends seen overseas. Across Europe, Japan and the USA up to 10% of construction is completed using modular methods, compared to approximately 3% here in Australia. Our investment in the future of the Company and this sector will include

About Fleetwood

Fleetwood is a provider of innovative building solutions, village solutions and RV solutions.

Established in 1964 and employing people in Australia and New Zealand, Fleetwood aims to outperform by providing genuine value.

For more, please visit www.fleetwoodcorporation.com.au



developing greater expertise, innovation and talent in modular building methods, as we seek to grow market share in construction.

Our Northern RV acquisition gives Fleetwood's RV Solutions division greater strategic opportunities than were previously available.

Furthermore, our Village Solutions division continued its year on year improvement in performance since 2016 and anticipated construction activity in the Karratha/Dampier region has maintained a healthy outlook for the division.

With a healthy cash balance and unused banking and surety facilities, the Company is primed to capitalise on the positive outlook for our restructured asset base.

Turning to remuneration of key Fleetwood executives, following the 2018 AGM the directors responded to investor feedback by undertaking a detailed assessment of our remuneration structure to ensure it was aligned with shareholder returns as well as rewarding long-term, sustainable value creation.

We have listened to our shareholders and made tangible changes to meet these crucial objectives, including a decision to move away from the previous trust structure and a change from a fixed issue of rights to one based on a percentage of fixed remuneration. For clarity, in relation to Resolution 3 today, the reference to EPS means underlying EPS from continuing operations.

We have not changed the fixed remuneration of our Managing Director & CEO. Any future remuneration changes, including changes to fixed remuneration, will be carefully considered in the context of the prevailing market conditions.

The Board is acutely aware that across the Australian business community shareholder opinions on remuneration continue to evolve. We believe the best way to make sure our remuneration strategy echoes the prevailing sentiment among investors is via constructive dialogue with valued shareholders. This year I am pleased to say that as a result of that dialogue and the changes we have made, all the major proxy advisory bodies have recommended a vote in favour of our Remuneration Report, and the new long term incentive plan.

Nevertheless, today we expect to receive a "second strike" on our Remuneration Report with more than 25% of shareholders voting against the report. I think it is fair for me to say that the strike is not solely about remuneration, particularly given the favourable recommendations of proxy advisors, but is in fact due to specific activist investors expressing their displeasure over other factors than remuneration. This of course is entirely their right as shareholders, and we respect that.

Before concluding, I would like to make a few observations on the ever changing environment in which Fleetwood operates. Across the globe, population increase and growing urbanisation are continuing to drive up requirements for infrastructure investment. At the same time, there is a rising chorus of public opinion demanding more sustainable and less wasteful use of resources. Recycling, adaptive re-use, energy efficiency, utilisation of renewables, affordable housing - these are all themes businesses need to address.

At Fleetwood we take social responsibility and community engagement seriously. That is why we are responding on multiple fronts. Here are just a few examples. Our Village Solutions team has deployed - Glyde - an internet of things innovation, developed by Fleetwood, to greatly simplify the management of FIFO villages and significantly reduce energy consumption. Other FIFO village operators are showing interest in deploying the solution. This has global implications.

In Building Solutions, in a number of States, our people are applying advanced, digital design and manufacturing techniques to the challenges of building school infrastructure in crowded urban environments where site access, speed of build, reduction in waste and energy efficiency are critical.

In Victoria, we are participating in a process with the Department of Health and Human Services to answer the need for affordable housing.

A recent example that highlights our dedication to community engagement, was the Company's response to fires in Queensland that ravaged several schools, with numerous Fleetwood employees selflessly giving up their weekends to ensure new classrooms would be ready for students within a few days.

I will leave it to Brad Denison to take investors through the specifics of what has occurred in Fleetwood throughout the past 12 months and our FY19 numbers following the formal part of the proceedings.

But on behalf of the Board, I would like to conclude my address by commending this improvement in our financial results and express great optimism in the Company's future as we venture from a period of transition and restructuring, to an era of growth.

Whether a valued shareholder, customer or employee, thank you for your continued support of Fleetwood.

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