

25 October 2023

**2023 AGM CHAIRMAN'S ADDRESS &  
MANAGING DIRECTOR & CEO'S PRESENTATION**

In accordance with ASX Listing Rule 3.13.3, attached are presentations to be delivered by the Chairman, John Klepec, and the Managing Director & CEO, Bruce Nicholson, at Fleetwood Limited's Annual General Meeting commencing at 3.00pm (Sydney time) on 25 October 2023.

The AGM will be held as a hybrid meeting. Shareholders and proxyholders may attend and participate in person at the Pullman Sydney Hyde Park, 36 College St, Darlinghurst, NSW 2010 or may choose to participate online via the webcast at <https://meetnow.global/MWKMLV7>.

This announcement was authorised by the Managing Director & CEO.

**For further information, please contact:**

Bruce Nicholson  
Managing Director & CEO  
+ 61 8 9323 3314



**CHAIRMAN'S ADDRESS**

Good morning, ladies, and gentlemen and welcome to the 2023 Annual General Meeting. My name is John Klepec and I am the Chair of Fleetwood Limited.

Once again, we have taken a hybrid approach for this year's AGM and thank you for your attendance both in person and online.

I wish to begin today by acknowledging the Gadigal People the traditional custodians of the land on which we meet today and pay my respects to their Elders past and present.

We have a quorum, so I declare the meeting open.

With me today is our:

- Managing Director & CEO, Bruce Nicholson
- Jeff Dowling, Non-Executive Director, and Chair of the Audit Committee
- Adrienne Parker, Non-Executive Director, and Chair of the Nominations & Diversity Committee
- Mark Southey, Non-Executive Director, and Chair of the Remuneration Committee
- Martin Monro, Non-Executive Director, and Chair of the Risk Committee
- Andrew Wackett, Chief Financial Officer & Company Secretary
- Liz Maynard, General Counsel & Company Secretary

The past 12 months have seen a return to profitability and positive momentum in the Building Solutions business towards the end of FY23 despite a historically difficult construction market in Australia. As Bruce will touch on, the Building Solutions business has built even more momentum throughout Q1 of FY24.

The Board, management and staff remain absolutely focused on the need to generate an acceptable level of return on assets for our Shareholders. So, whilst we are heading in the right direction, there remains work to be done to capture the opportunity that exists, particularly in the market where the Building Solutions business competes.

The Board and Executive team remain focused on the implementation of the strategic plan, which remains appropriate and must continue to be progressed and refined despite the ongoing attention Building Solutions' operational issues have demanded of the Executive.

Significant opportunities remain for all Fleetwood businesses in FY24, and we look forward to delivering on these for the benefit of all Shareholders.



FY23 marks the second anniversary of the appointment of Bruce Nicholson as CEO. He took the reins of Fleetwood during a time of uncertainty, with the backdrop of a global pandemic. His leadership has been critical to Fleetwood successfully navigating the pandemic, recruiting key management to a new leadership team and re-building parts of our flagship business for a return to profitability in FY24.

I would like to thank our Shareholders for their ongoing support and acknowledge my fellow Board members and our over 600 employees for their commitment, dedication, and efforts over the last year.

I remain personally excited about Fleetwood's future and am committed to the entire Group achieving the business transformation and performance we expect and know is possible in FY24 and beyond. I will now hand over to our Managing Director & CEO, Bruce Nicholson, to present the FY23 operational performance of Fleetwood and the outlook for the current financial year.

### **MANAGING DIRECTOR & CEO'S PRESENTATION**

Thank you, John.

I am pleased to provide our Shareholders with an overview of FY23, an update on our strategy and some insights into our path ahead.

I would like to take a moment to acknowledge the hard work and commitment of our people at Fleetwood as we work through the turnaround of our Building Solutions business while at the same time prosecute our Build, Transform & Grow strategy, and it is very pleasing to see the progress we have made in the past 12 months.

As we said at the year-end results presentation, FY23 delivered mixed results across our three businesses. Building Solutions significantly reduced its losses while improving its order book and quality of earnings; Searipple finished strongly and locked in forward bookings through to 2027; and we saw the impact of lower discretionary spending in our RV businesses as the results reset from the COVID-19 driven demand period. What is clear is that the business has built momentum leading into FY24 and all three businesses have clear plans to improve revenue quality, capture opportunities, increase utilisation, manage costs and in doing so improve our margins.

We have continued to bring to life in the last 12 months our refreshed vision and values which are underpinned by five core values:

- Zero harm, to both our people and the environment
- Collaboration
- Integrity
- Accountability
- Innovation



The values guide the way we operate on a day-to-day basis and have been integral to creating a positive culture within each of our businesses; we are now focussed on bringing our purpose to life “To Create Innovative Spaces So People Can Thrive” and I am confident this will have a positive impact on our transformation and a successful FY24 for Fleetwood.

In FY23, Fleetwood returned to profitability with improved momentum demonstrated in the second half, delivering a full year result of \$4.2m EBITA, compared to a loss of \$12.3m in FY22. The balance sheet remains strong with net cash of \$46.6m as at 30 June 2023 due to improved operating performance in the second half.

I am also pleased that our improved operational performance and strong cash position allowed us to reinstate our dividend policy and distribute a dividend of 2.1 cents per share fully franked.

A major focus on safety as the business stabilised saw a significant improvement in the Company’s lost time injury frequency rate which reduced by 59%.

A highlight of the year was the June 2023 announcement of additional rooms booked by Rio Tinto under its Searipple Village accommodation agreement which is expected to generate a further \$100m to \$120m in revenue until the end of the contract term in April 2027.

The Building Solutions business has continued to target projects aligned with its current capability and this focus saw the order book grow from \$87m in December 2022 to \$127m in June 2023. At the same time staff numbers are down 7% since June 2022 as we centralise key functions and adopt greater standardisation.

Building Solutions’ revenue declined by 11% as expected due to lower major project revenues. Second half revenue of \$127.7m was impacted by low project win rates across the second and third quarters as the business reset. Win rates and revenue improved markedly towards the end of the year setting the business up for a strong start to FY24.

Building Solutions’ losses were substantially reduced as FY22 major projects were closed out and the implementation of our Build, Transform & Grow strategy gained momentum. Work on all major projects was completed early in the second half and I am pleased to confirm that we have closed out commercial negotiations on all these difficult projects. Close out costs on these projects (net of provisions) during the year totalled \$3.3m. This meant the underlying loss for the second half in Building Solutions was reduced to \$900k. This compared to FY22 where approximately 80% of the \$24.3m losses (~\$19m) were as a result of underperformance on several major projects.

Overheads increased 3% for the year with labour shortages continuing and competition for key staff in the broader construction industry remained intense. This was reflected in wage pressure which saw costs rise despite lower staff numbers. Materials shortages eased further in the fourth quarter.



Overall, the business achieved its goal of underlying profitability on a monthly run-rate by year end.

As I have previously spoken about, the reset of Building Solutions commenced in December 2021. This involves qualifying work coming into our pipeline against key measures including buildability for modular and our capability, the right margin, a deeper understanding of risks and opportunities, and the right customer to partner with.

Having the challenging major projects in our “rear vision mirror” has allowed us to refocus.

The business is consolidating its national functional leadership model to improve co-ordination and effectiveness of important functions and manufacturing KPIs are now in place across our eight factories and manufacturing hubs, and we are starting to see improved utilisation and productivity across our business as we use this to drive business decisions.

Our Build, Transform & Grow strategy provides the roadmap for the medium to long- term improvement in the quality and consistency of earnings. The build phase involves improving capability, systems and processes and brand awareness to underpin long term, sustainable growth. This includes aligning national workflows and developing common processes and procedures to deliver consistency.

Balancing build complexity with standardisation of modular components will open pathways to greater efficiency. Opportunities with Government including housing, education, and defence are increasing as the adoption of modular building particularly in regional areas gathers momentum. The WA Department of Housing and Queensland’s Q-Build are now using modular solutions after engagement with Fleetwood and our own proprietary housing designs were launched to the broader market in the second half of the year in QLD and NSW where we are seeing significant interest from Government, community, and key worker housing providers.

During the year, a number of States announced the move to make kindergarten compulsory which extends our offering in the education sector, and the business has already seen an uptick in demand. Fleetwood’s strategy in the defence sector has been defined and is underway.

As we have said this refocus has seen the order book grow almost 50% from \$87m in December 2022 to \$127m in June 2023 and I am pleased to confirm that this has continued to grow to \$142m at the end of September 2023.

It is important to note that in addition to this order book, Building Solutions generates approximately 50% of its annual revenue from long term contracts and panel agreements in the education and housing sectors. This gives Fleetwood the ability to plan and manage utilisation in many of its States and provides a solid foundation for the business. Panel customers include State education departments, lifestyle village developers and State housing authorities.

As I said previously, factory capacity and utilisation are now being monitored, and is driving our sales and operational planning.



A focus on national procurement to reduce costs by consolidating our buying and leveraging the purchasing power of the national business is well underway. Procurement savings have been identified and captured in major spend categories. Whilst the benefits were relatively minor in FY23, material savings are forecast in FY24, and we have seen these deliver to plan in the first quarter.

I am pleased to announce that a combination of a solid order book, better quality margins, procurement savings, no impact from major project cost overruns and careful overhead management has meant that Building Solutions was profitable in the first quarter of FY24.

Over the medium term we see a stable and growing business able to effectively leverage the advantages of modular building including:

- Reduced building time.
- Lower cost, especially when design variations are considered.
- Improved quality when compared to in-situ builds.
- Better ESG (Environmental, Social and Governance) credentials, especially around waste, sustainability, and the ability to recycle, repurpose and reuse our buildings.

Community Solutions had a solid year with EBITA up 23% on FY22. The timing of major client shutdowns at Searipple Village saw an excellent performance in the fourth quarter with the highest occupancy and average room rates so far this cycle and we saw some of this flow over into the first quarter of FY24.

A highlight of the year was the June 2023 announcement of additional rooms booked by Rio Tinto under its accommodation contract which is expected to generate a further \$100m to \$120m in revenue until the end of the contract term in April 2027.

During the year, contracts were secured with Woodside and Yara Fertilisers, further underpinning future demand. This business is well placed with long term demand now contracted.

Osprey Village remains fully occupied with a significant wait list and we are planning to resubmit a proposal for additional accommodation to the West Australian Government this year.

The outlook for Community Solutions is buoyant with the strong prospect that Western Australia's North-West will see significant future development of new projects in the oil and gas, fertiliser, and green energy sectors. Securing existing demand from current customers places Fleetwood in a strong position for the medium term.

A growing number of low-carbon projects are currently under consideration in the North-West of Western Australia. In the near term we are also seeing the need for investment in major repairs and upgrades in the region to existing aging infrastructure assets. The requirement to house and facilitate staff for these projects is a significant medium-term opportunity for Community Solutions.



Commercialisation of our keyless lock and energy management system, using the Fleetwood developed Glyde technology is underway. Fleetwood's development of the technology and its availability to deliver through our Building Solutions' business positions the Company as a digital market leader.

In addition, Community Solutions is well placed to pursue Build Own Operate/Transfer (BOOT) or Build to Rent (BTR) opportunities in several sectors, leveraging the ability to source new villages at a competitive cost supported by the Building Solutions business and Fleetwood's balance sheet.

RV Solutions saw reduced consumer discretionary demand emerge in the fourth quarter changing the trend of the past two years as well as several aftermarket clients reducing their stock holdings leading into the end of financial year.

In the first half of the year the business continued its positive revenue performance driven by the ongoing strength in domestic tourism, albeit with ongoing global supply challenges.

The original equipment manufacturer (OEM) segment experienced solid trading conditions during the year as many manufacturers worked through historic customer orders. The aftermarket segment softened noticeably in the fourth quarter of the year. Whilst underlying consumer demand fell, the business also saw aftermarket customers de-stocking into year end.

The business was able to pass through price increases to key customers during the period which largely maintained our product margins but were not enough to offset wage inflation and significant increases in property costs which saw operating costs increase by 14% compared to FY22 and translated to lower EBITA margins.

The medium-term outlook for RV Solutions remains solid. While international travel has resumed, the forward order book for manufacturers has resettled at historic levels.

While the early part of FY24 has also seen some signs of re-stocking by aftermarket customers, we expect demand to settle at lower levels and have reset our overhead in anticipation.

The business will remain in a strong position through exposure to the locally built RV market via the parts and accessories business Camec, and to overseas imports through the services business Northern RV. The boom in caravan sales during the past two years will continue to deliver demand for our aftermarket service and renovation offering.

Further price increases and work to right size have been implemented over the first quarter of this year and we are monitoring the demand closely. New product development is a major focus of the business. The new Invictus premium door has been launched in the market while aluminium wall frames and new sandwich panel wall, roof and floor products are currently under trial with keen interest from multiple



customers. Several exciting new imported products and range upgrades are also coming to market this year.

The increase in second-hand van sales provides opportunities for combining our products and the promotion of renovations through our service offering.

Challenges remain, primarily around raw material supply, FX, as well as access to and the cost of skilled labour, freight costs however are easing. The potential impact of recent interest rate rises fuel increases and the impact on discretionary spending continues to be closely monitored.

The cost and margin pressure experienced during the second half of FY23 has continued into the first quarter of FY24. While we have reset the overhead in this business, plans are in place to recoup these impacts through further price adjustments and accelerating our new products over the balance of FY24.

Overall, the business is positioned to generate improved results in FY24.

We continue to embed the Build, Transform & Grow strategy in the business with the aim to focus on quality of revenue through diversification, generating sustainable margins, increasing utilisation, and reducing overheads to improve earnings. This is underpinned by new leadership capability across the business to successfully execute our strategy.

The Company's dividend policy remains to pay out 100% of net profit after tax (NPATA basis).

Our balance sheet remains solid, and we will be prudent in the way we leverage this strength to support growth. I would like to thank all shareholders for their support, and I look forward to keeping our Shareholders updated on our progress.

I will now hand back to John.

- END -





**FLEETWOOD**  
AUSTRALIA

# Annual General Meeting 2023



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Fleetwood Australia would like to acknowledge the Traditional Owners of the land on which we meet today, the Gadigal People who are the Traditional Custodians of Eora Country.

We pay our respects to Elders past and present.

# Board and Executives



**John Klepec**

Board Chair, Non-Executive Director



**Jeff Dowling**

Non-Executive Director,  
Chair of Audit Committee



**Adrienne Parker**

Non-Executive Director, Chair  
of Nominations and Diversity  
Committee



**Mark Southey**

Non-Executive Director,  
Chair of Remuneration  
Committee



**Martin Monro**

Non-Executive Director,  
Chair of Risk Committee



**Bruce Nicholson**

Managing Director &  
Chief Executive Officer



**Andrew Wackett**

Chief Financial Officer &  
Company Secretary



**Elizabeth Maynard**

General Counsel &  
Company Secretary

# Chairman's Address

John Klepec

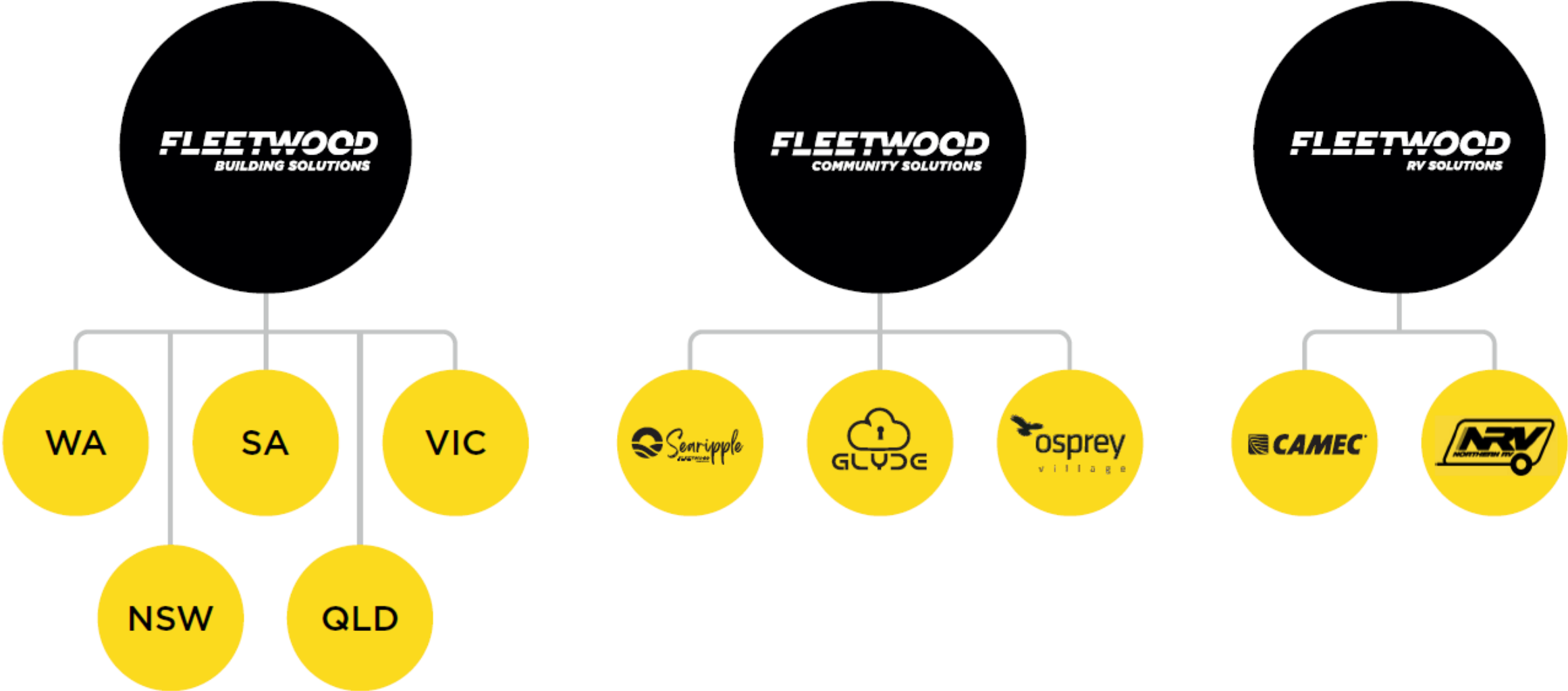


# Managing Director & CEO's Presentation

Bruce Nicholson



# Operating Segments



# Our Vision and Values

## Vision

To be the Leader in Reimagining Sustainable Spaces

## Purpose

To create innovative spaces so people can thrive

## Values

Zero harm, Collaboration, Integrity, Accountability, Innovation



**Zero Harm**  
Zero harm for people and the environment



**Collaboration**  
Better together



**Integrity**  
Say what we do and do what we say



**Accountability**  
I hold myself accountable. We hold ourselves accountable



**Innovation**



# Overview FY23

- + EBITA of \$4.2m (vs \$12.3m loss in FY22)
- + Net cash of \$46.6m as at 30 June 2023
- + Dividend reinstated 2.1 cps fully franked
- + Group safety performance 59% reduction in LTIFR
- + Medium term demand for Searipple contracted out to 2027
- + Building Solutions losses excluding major projects reduced to \$0.9m in H2 FY23
- + Building Solutions order book up to \$127m from \$87m at the half year
- + Executive management team rebuilt and driving operational improvement

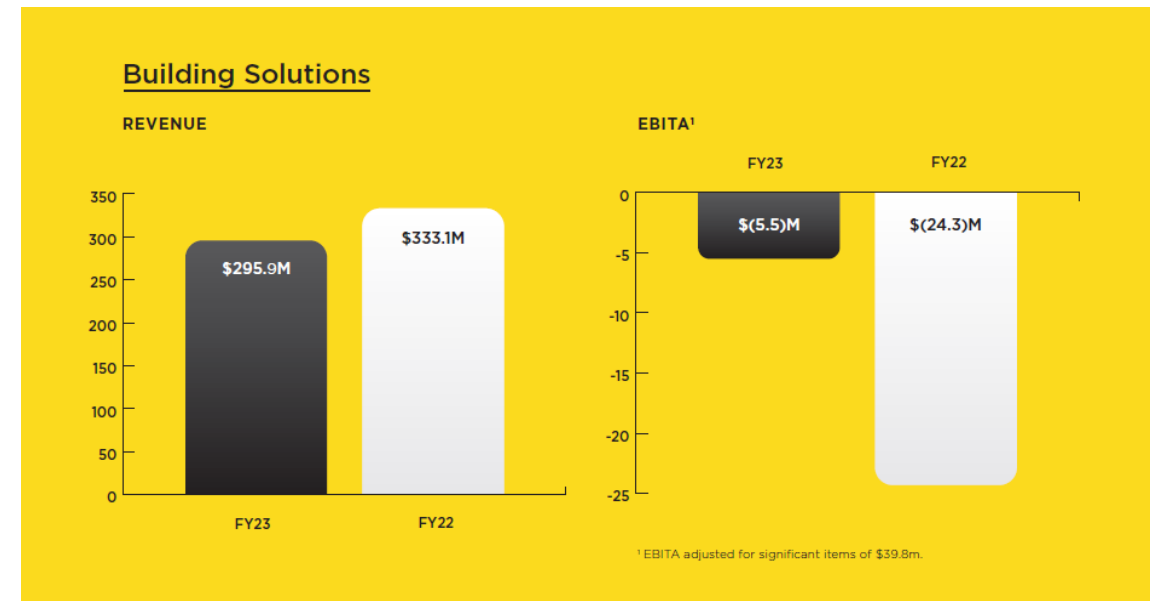




# Building Solutions Performance

- + EBITA loss of \$5.5m on revenue of \$295.9m
- + Resolution of all major projects at a cost of \$3.3m
- + Revenue declined 11% from FY22 in line with activity levels on major projects and low win rates in Q2 and Q3
- + Gross margins achieved targeted levels in Q4 as the result of an improved bidding process and procurement savings
- + Wage inflation saw labour cost increase despite lower staff numbers
- + The business achieved its goal of underlying monthly runrate profitability at the end of the year

\$ Million	FY23	FY22
Revenue	295.9	333.1
EBITA	(5.5)	(24.3)



# Building Solutions Reset

## Reset

- + Kicked off in December 2021
- + Target jobs within our capability
- + Right gross margin
- + Risks and opportunities well understood and manageable
- + Clients we are comfortable to partner with

## Results

- + Strong order book build across the business with small to medium size projects that meet this criteria
- + National functional teams in Procurement, Design and Estimating, Manufacturing and Finance delivering to plan
- + Manufacturing KPI's now in place and showing improved utilisation and productivity across our factories



# Building Solutions Strategy and Outlook

## Strategy

- + Build, Transform, Grow roadmap to drive improved quality and consistency of earnings
- + Improve capability, systems, processes and brand awareness to underpin long term, sustainable growth
- + Revenue diversification and moving from being a builder to manufacturer
- + Capture upside opportunity from compulsory kindergartens across the Eastern States

## Outlook

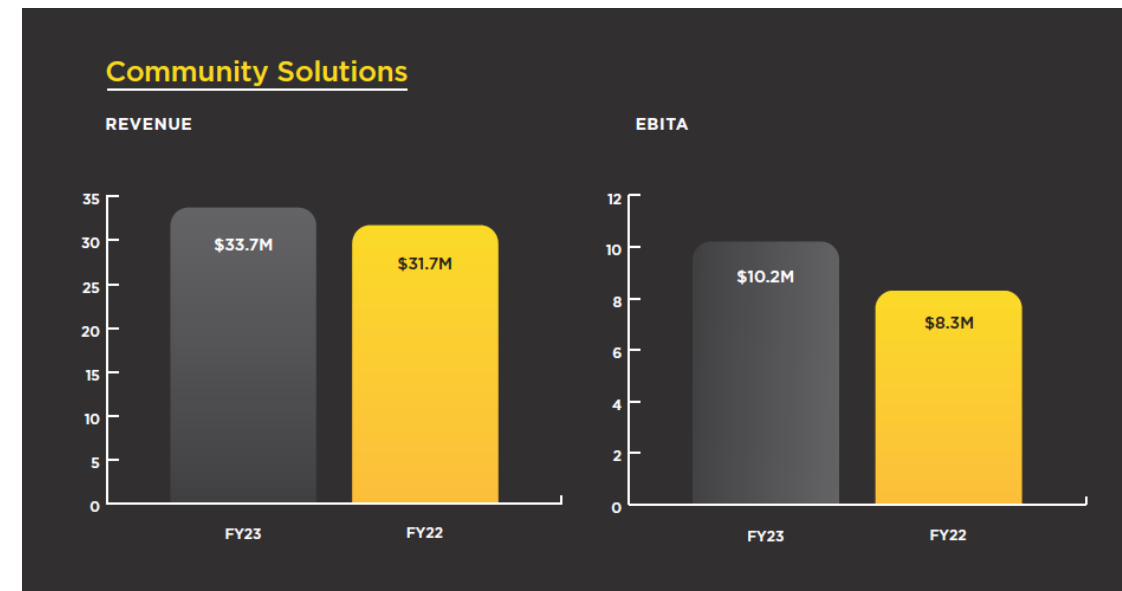
- + Acceptance of modular construction as a design, cost and time effective solution continues to grow
- + Fleetwood is positioning to supply to lifestyle villages, affordable housing, education and defence sectors
- + Move towards repeatable modular works has seen our order book grow from \$87m in December 2022 to \$127m in June 2023
- + Approximately 50% of annual revenue from long term contracts or panel agreements in the education and housing sectors
- + Increased integration across the business is improving utilisation, realising procurement opportunities and reducing supply chain risks



# Community Solutions Performance

- + Finished FY23 with EBITA of \$10.2m on revenue of \$33.7m
- + Major client shutdowns at Searipple Village saw an excellent performance in the fourth quarter with the highest occupancy and average rooms rates so far this cycle
- + The five-year agreement with Rio Tinto, executed in July 2022, underpinned base utilisation and profitability during the year
- + June 2023 announcement of a further \$100-\$120m accommodation contract with Rio Tinto out to April 2027
- + Osprey Village in Port Hedland remains fully occupied with a waitlist of potential tenants

\$ Million	FY23	FY22
Revenue	33.7	31.7
EBITA	10.2	8.3



# Community Solutions Strategy and Outlook

## Strategy

- + Base utilisation secured with potential for further demand uplift as planned projects gain momentum
- + Additionally, Build Own Operate/Transfer (BOOT) or Build to Rent (BTR) opportunities in the mining, residential and aged care sectors remain under consideration

## Outlook

- + WA's Northwest has significant future projects planned in the oil and gas, fertiliser, and green energy sectors
- + The agreement with Rio Tinto underpins utilisation and profitability, and creates a strong negotiating position for discussions with additional clients
- + Glyde technology platform can position Fleetwood as a digital and ESG market leader and extend and enrich our relationships with customers
- + Building Solutions provides the opportunity to build new villages at a competitive cost



# RV Solutions Performance

- + FY23 produced EBITA of \$6.9m on revenue of \$80.6m
- + RV Solutions saw reduced consumer discretionary demand in the fourth quarter on rising interest rates
- + The OEM segment experienced solid trading conditions during the year as many manufacturers worked through historic underlying customer orders
- + The aftermarket segment softened noticeably in the fourth quarter of the year. Whilst underlying consumer demand fell, the business also saw aftermarket customer de-stocking into year end
- + Second half price increases insufficient to offset significant increases in property costs and wage inflation which increased operating costs by 14%

\$ Million	FY23	FY22
Revenue	80.6	81.2
EBITA	6.9	9.8



# RV Solutions

## Strategy and Outlook

### Strategy

- + Expand offering in the aftermarket and increase visibility and engagement with caravan buyers
- + Commercialise new products in the OEM segment
- + Update IT systems to take advantage of current technological capability and improve productivity
- + Further price increases to recover costs. Overheads right sized in anticipation of normalised demand moving forward

### Outlook

- + The medium-term outlook for RV Solutions remains solid. While international travel has resumed, the forward order book for manufacturers remains at reasonable levels
- + The early part of FY24 has seen some signs of re-stocking by aftermarket customers
- + New products such as sandwich panel walls and aluminium wall frames are currently under trial with customers
- + Challenges remain around raw material supply and price, freight costs, access to skilled labour and potential impact of increased interest rates



# Summary

## OVERALL

- + Focus on revenue quality, sustainably improving margins, increasing utilisation and reducing overheads
- + Building and Community Solutions gaining momentum

### **FLEETWOOD** BUILDING SOLUTIONS

- + Roadmap to improve quality and consistency of earnings developed with Build, Transform, Grow Strategy
- + Order book growth to \$127m
- + Revenue, quality improvement and operating efficiency measures identified to leverage the advantages of modular building

### **FLEETWOOD** COMMUNITY SOLUTIONS

- + Recent 5-year agreement with Rio Tinto underpins future utilisation
- + Significant projects in planning across multiple sectors driving additional demand
- + Additional opportunities identified in mining, residential and aged care

### **FLEETWOOD** RV SOLUTIONS

- + Medium term outlook for domestic travel market remains good
- + Leverage opportunities to service aftermarket
- + New products such as sandwich panel walls and aluminium frames are under trial with customers



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