FLEETWOOD AUSTRALIA

Half Year Results FY20

FEBRUARY 2020

Operating Segments

FLEETWOOD BUILDING SOLUTIONS

- WA
- SA
- VIC
- NSW
- QLD

FLEETWOOD ACCOMMODATION SOLUTIONS

- Searipple Karratha
- osprey village

FLEETWOOD RV SOLUTIONS

- CAMEC
- NRV Northern RV
- RVC

Highlights H1FY20

Financial Results

- Statutory net profit increased 98% to $6.2m, the first results mostly clear of caravan manufacturing
- EBITA from continuing operations down 18% to $12.8m due to major project timing
- Net Cash at 31 December of over $28.7m

Operational

- Key contracts signed in WA and NSW
- Activity levels building in accommodation

Near Term Outlook

- Targeting similar EBITA result in FY20
- Future dividends at circa 30% of profits (subject to capital requirements)

Group Earnings Summary

- Timing of major projects in building solutions impacted results
- Accommodation Solutions benefited from increased customer activity levels in the Pilbara
- Solid RV Solutions result despite difficult trading conditions
- Group result benefited from re-assessment of earn-out provisions and new lease accounting standard
- Discontinued losses much reduced as caravan manufacturing business winds down

$ MILLION	H1FY20	H1 FY19	Change
Revenue	**161.3**	**167.3**	**-4%**
EBITDA	**20.7**	**19.7**	**5%**
Depreciation	7.9	4.2	89%
EBITA	**12.8**	**15.6**	**-18%**
Amortisation of contract intangible	2.1	1.5	39%
Finance costs	0.6	0.4	46%
Pre-tax profit	10.1	13.6	-26%
Tax expense (benefit)	3.1	4.2	-24%
Underlying NPAT	**6.9**	**9.5**	**-27%**
Loss from discontinued operations	(0.8)	(6.4)	n/a
Statutory NPAT	**6.2**	**3.1**	**98%**

Segment Performance

FLEETWOOD AUSTRALIA

Building Solutions

	H1FY20	H1 FY19
Revenue	**106.6**	**116.1**
EBITA	**2.8**	**8.6**

- WA and NSW have major projects on hand for the second half
- Currently reviewing appropriate levels of overhead going forward
- New branch opened in SA

Accommodation Solutions

	H1FY20	H1 FY19
Revenue	**22.5**	**19.2**
EBITA	**9.6**	**6.7**

- Contractual variation with a customer
- Searipple benefited from increased shutdown activity during the half year
- New village capacity likely in CY20 and CY21 driven by construction projects

RV Solutions

	H1FY20	H1 FY19
Revenue	**35.6**	**38.5**
EBITA	**2.5**	**3.0**

- Local OEM production down 13% during the half
- NRV performed in line with the OEM market
- Continued focus on the aftermarket limited the impact overall
- Operating costs fell 8% half on half

Cashflow Summary

FLEETWOOD AUSTRALIA

- Working capital use driven by major new projects in Building Solutions towards the end of the half
- High activity levels at Searipple also contributed to working capital use
- Tax payments to remain low in FY20
- Searipple dining room renovation in H1 FY19
- Capex in FY20 to be similar to FY19
- Acquisition cash flow related to MBS and NRV earn-outs paid during the half

	H1FY20	H1FY19
EBITDA	**20.7**	**19.7**
Cash outflows from discontinued businesses	(0.8)	(12.9)
Interest paid (net)	(0.5)	(0.4)
Tax	(0.4)	(1.0)
Working capital (and other)	(15.6)	2.4
Operating cashflow	**3.4**	**7.8**
Net capex	(4.2)	(3.9)
Free cashflow	**(0.7)**	**3.8**
Net acquisitions	(0.9)	(45.4)
Financing cashflows	(3.3)	57.2
Opening net cash (debt)	33.6	0.6
Closing net cash (debt)	**28.7**	**16.3**

Balance Sheet Summary

FLEETWOOD AUSTRALIA

- Net working capital higher due to major projects late in the half and Searipple activity levels
- Strong cash position
- No debt. Credit facilities totalling $65m
- Return on capital employed decreased from 13% in FY19 to 11% in H1FY20 (annualised)

	FY20	FY19
Net working capital	**44.6**	**27.8**
Property Plant and Equipment	48.3	48.4
Intangibles	99.5	101.1
Other	14.3	17.9
Capital employed	206.6	195.3
Net debt (cash)	**-28.7**	**-33.6**
Shareholders funds	235.3	228.9
Capital employed	206.6	195.3

Forward Strategy

BUILDING SOLUTIONS

ACCOMMODATION SOLUTIONS

RV SOLUTIONS

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.

Developing a larger underlying base from Accommodation Solutions will improve overall quality of earnings in the medium term.

Diversifying sources of revenue in the RV Solutions 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.

Building Solutions
Market Exposure

FLEETWOOD AUSTRALIA

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.

Modular penetration in Australia is only 3%, lower than comparable countries at 10%.

NT

INDIGENOUS HOUSING OVER 10 YRS
$1.1bn

EXPOSURE
No exposure presently

QLD

FY20 SCHOOL SPEND UP TO
$1.2bn

JUSTICE SYSTEM UPGRADES OVER 4 YRS
$0.8bn

EXPOSURE
5ha in Crestmead, long term government relationships

WA

MINING PROJECTS CURRENT PIPELINE
$8bn

EXPOSURE
9ha in High Wycombe, local architectural design

NSW

190 NEW SCHOOLS
$6.7bn

CORRECTIONS, 7000 BEDS
$3.8bn

EXPOSURE
7ha in Smithfield (MBS)

Local architectural design

Relationships with tier 1 contractors

SA

YR 7 PROGRAM OVER 4 YRS
$1.4bn

CORRECTIONS, OVER 4 YRS
$0.3bn

EXPOSURE
2ha in Parra Hills

VIC

100 NEW SCHOOLS BY 2026
$5.6bn

CORRECTIONS, 1600 BEDS
$1.8bn

EXPOSURE
10ha in Bendigo, 5ha in Melbourne. Internal architectural design

Long term relationships with government clients

FLEETWOOD EXPOSURE

LOCATION/MARKET SEGMENT (ANNOUNCED SPEND)

Source: Various State Government Budget Announcements and management estimates

Building Solutions
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

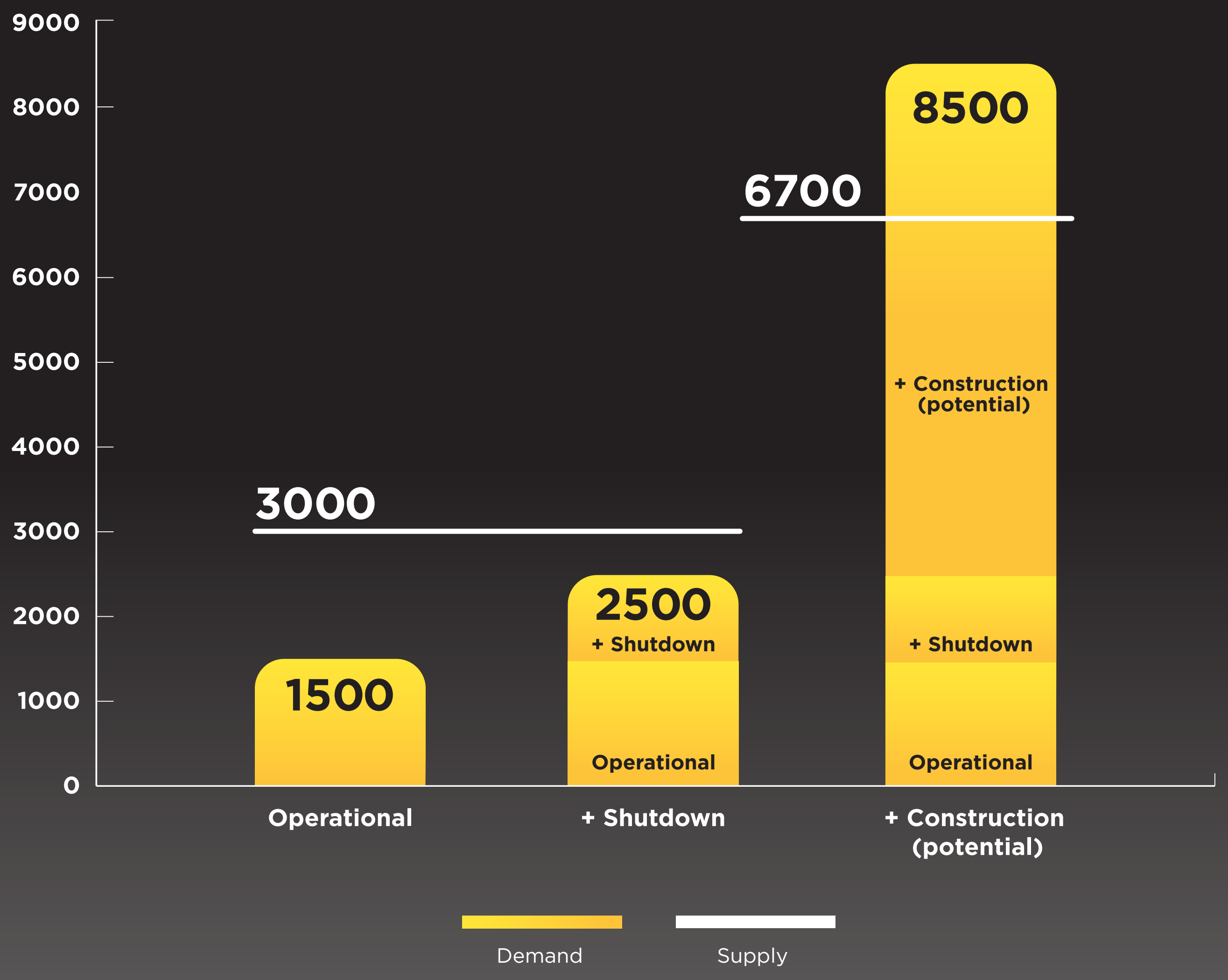
- **Mass Customisation:** Ability to produce buildings of different designs and specifications, from a small range of "kits of parts"
- **BIM (Building Information Management):** First in industry to use prefabricated delivery mechanism for BIM
- **Vertical integration** in many areas of the supply chain.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

Building Solutions
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	Three storey configuration
FAIRFIELD PRIMARY SCHOOL COMPLETED APRIL 2019	**ELWOOD COLLEGE** COMPLETED OCTOBER 2019

Village Solutions
Overview of Karratha/Dampier Market



Source: Management estimates

Accommodation Solutions
Expansion Strategy

- Expanding our footprint in this segment will improve Fleetwood's overall quality of earnings
- Fleetwood's modular business provides the ability to develop new villages at a competitive cost
- Bidding projects as Build, Own, Operate

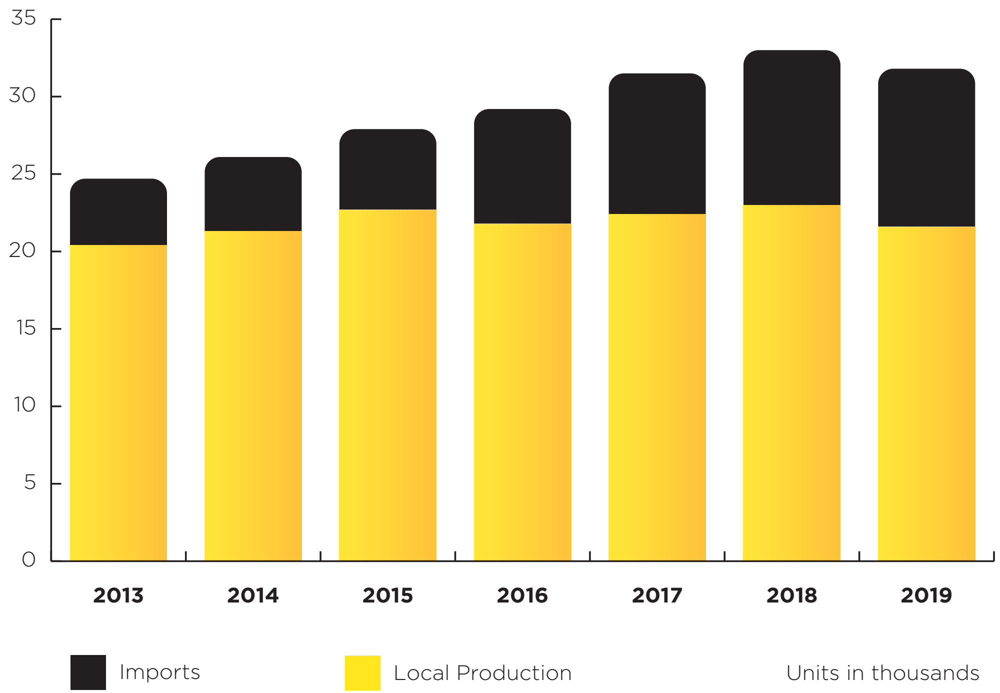
RV Solutions
Market Exposure

FLEETWOOD AUSTRALIA

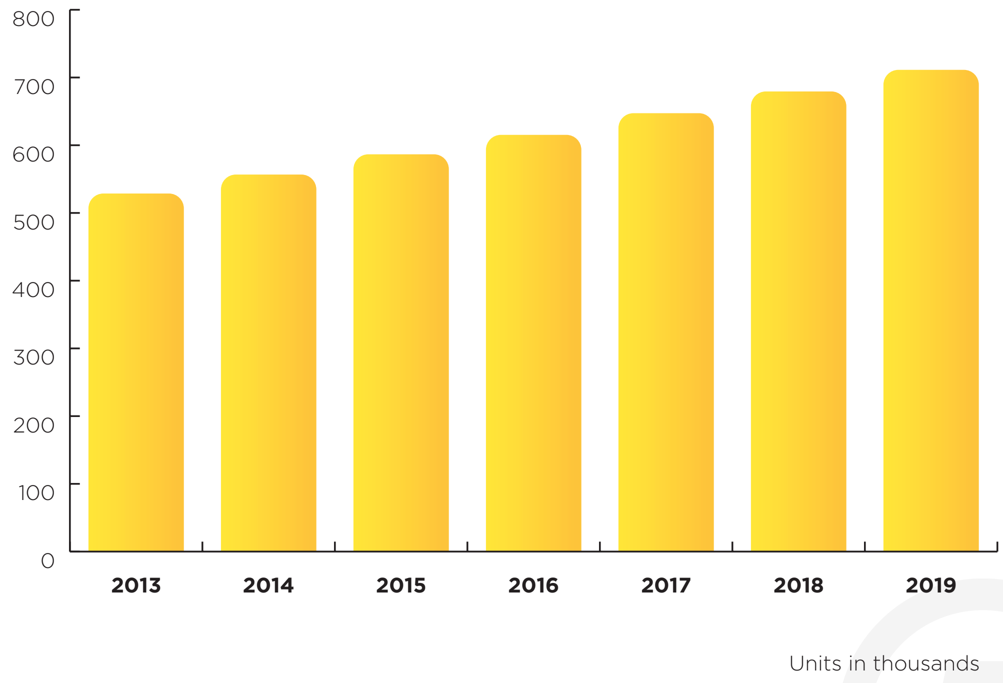
+ The RV market is undergoing structural change and is facing the threat of increasing imports
+ As industry concentration increases, this is providing the opportunity to provide services to smaller manufacturers and growth in the aftermarket

+ 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

Australian Local Production of RVs v Imports



Total Registered Caravans



Outlook

FLEETWOOD AUSTRALIA

FLEETWOOD BUILDING SOLUTIONS

+ 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

FLEETWOOD ACCOMMODATION SOLUTIONS

+ Solid start to FY20
+ Result likely to be higher than FY19

FLEETWOOD RV SOLUTIONS

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

OVERALL

+ **Targeting similar EBITA result in FY20, subject to contract awards**
+ **Future dividends at circa 30% of profits (subject to capital requirements)**

Important Notices and Disclaimer

The information contained in this presentation is provided by Fleetwood Corporation Limited ACN. 009 205 261 (Fleetwood) for informational purposes only and does not constitute an offer, invitation or recommendation to subscribe for or purchase any securities and neither this presentation nor anything contained in it shall form the basis of any contract or commitment. No party other than Fleetwood has authorised or caused the issue of this document, or takes responsibility for, or makes any statements, representations or undertakings in this presentation.

Summary information

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 2001 (Cth). 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.

Not investment advice

The information contained herein is not investment or financial product advice and has been prepared without taking into account the investment objectives, financial situation or particular needs of any particular person. The views, opinions and advice provided in this presentation reflect those of the individual presenters only.

Cautionary statement concerning forward looking information

This presentation may contain certain forward looking statements. The words "anticipate", "believe", "expect", "future", "project", "estimate", "forecast", "likely", "intend", "should", "could", "may", "target", "plan" and other similar expressions are intended to identify forward looking statements. Forward looking statements, opinions and estimates provided in this presentation are based on assumptions and contingencies which are subject to change without notice, as are statements about industry trends, which are based on interpretations of current market conditions. Indications of, and guidance on, performance of Fleetwood are also forward looking statements. Such forward looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Fleetwood, and its officers, employees, agents and associates, that may cause actual results to differ materially from those expressed or implied in such statements. You should not place undue reliance on forward looking statements and, to the full extent permitted by law, neither Fleetwood nor any of its directors, employees, advisers or agents assume any obligation to update such information.

Disclaimer

This presentation has been prepared in good faith, but no representation or warranty, express or implied, is made as to the fairness, accuracy, completeness, correctness, reliability or adequacy of any statements, estimates, opinions or other information, or to the reasonableness of any assumption or other statement, contained in the presentation (any of which may change without notice). To the maximum extent permitted by law, Fleetwood and its professional advisers and their related bodies corporate, affiliates and each of their respective directors, officers, partners, employees, advisers and agents and any other person involved in the presentation disclaim all liability and responsibility (including, without limitation, any liability arising from fault or negligence) for any direct or indirect loss or damage which may arise or be suffered through use of or reliance on anything contained in, or omitted from, this presentation.

Other jurisdictions

The distribution of this presentation in other jurisdictions may be restricted by law. Persons into whose possession this presentation comes should inform themselves of and observe any such restrictions.

Thank you

Investor Relations

T 08 9323 3300
E info@fleetwood.com.au