

# 2019 Half Year Results

Teleconference 25 February 2019  
9:30am AWST, 12:30pm AEST  
Conference ID 1757759  
Dial-in 1800 123 296



# Important Notices and Disclaimer

---

The information contained in this presentation is provided by Fleetwood Corporation Limited A.C.N. 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](http://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", "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.

## Group structure

---

**Modular Accommodation**

**Parts & Accessories**

**Village Operations**



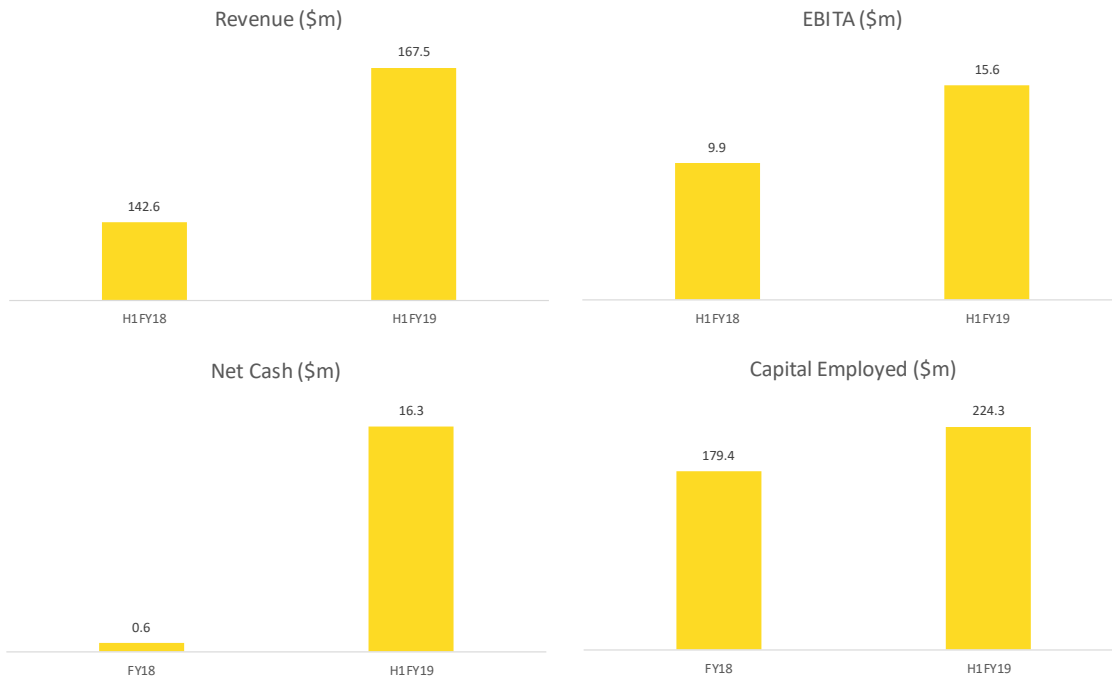
## First half highlights

---

- Completion of MBS and NRV acquisitions and associated capital raising
- First completion achieved on Caravan Manufacturing business. Last caravan manufactured at half year end
- H1 EBITA from continuing operations of \$15.6m, up 57% on pcp
- Strong H1 from MBS partially offset by lower Victorian volumes in Modular Accommodation
- Modular Accommodation opportunity pipeline remains at high levels
- Continued recovery in Village Operations
- Solid result from NRV in difficult market conditions
- Net cash of \$16.3m. Funding lines totalling \$65m available



## Financial Performance: Summary



Note: The above charts exclude the impacts of the discontinued operations and impairment.

## Financial Performance: Segment Earnings

\$ million	H1 FY19	H1 FY18	Change
<b>Revenue</b>			
Parts and Accessories	38.5	33.4	15%
Modular Accommodation	116.1	99.3	17%
Village Operations	19.2	13.3	44%
Unallocated	0.1	0.0	n/a
Intersegment eliminations	(6.4)	(3.5)	n/a
<b>Total revenue</b>	<b>167.5</b>	<b>142.6</b>	<b>17%</b>
<b>Underlying EBITA</b>			
Parts and Accessories	3.0	1.6	81%
Modular Accommodation	8.6	5.9	44%
Village Operations	6.7	4.4	51%
Unallocated	(2.7)	(2.1)	n/a
<b>Total underlying EBITA</b>	<b>15.6</b>	<b>9.9</b>	<b>57%</b>

## Financial Performance: Cashflow

\$ million	H1 FY19	H1 FY18
<b>EBITDA</b>	<b>19.7</b>	<b>12.9</b>
Cash outflows from discontinued businesses	(12.9)	(7.3)
Interest paid (net)	(0.4)	(0.5)
Tax	(1.0)	(0.7)
Working capital (and other)	2.4	(7.2)
<b>Operating cashflow</b>	<b>7.8</b>	<b>(2.8)</b>
Net capex	(3.9)	(7.9)
<b>Free cashflow</b>	<b>3.8</b>	<b>(10.7)</b>
Net acquisitions	(45.5)	0.0
Financing cashflows	57.3	(2.4)
Opening net cash (debt)	0.6	0.4
<b>Closing net cash (debt)</b>	<b>16.3</b>	<b>(12.7)</b>

# Modular Accommodation

## Operations

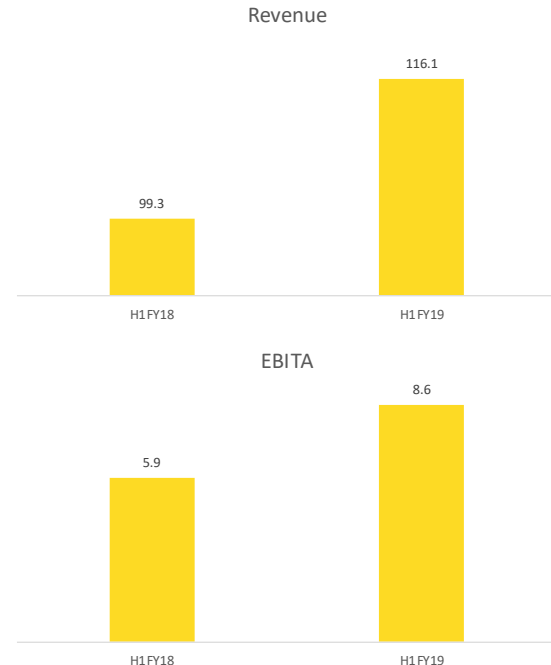
- Manufacturing facilities in Victoria, WA, QLD and NSW
- Key market segments: Education, Corrections, Resources and Affordable Housing

## H1 FY19

- Strong six months from MBS driven by corrections work
- Victorian education demand subdued ahead of State election. First permanent modular schools delivered
- Lower volume in the affordable retirement market
- WA business results improved due to resource sector work

## Outlook

- Government spending outlook strong on the East Coast, particularly education and corrections
- Resource sector and WA economy improving
- Pursuing further revenue diversification
- Business remains subject to timing of contract awards





## Outlook by sector– Modular Accommodation

Sector	H1 FY19	Balance of FY19	Medium term
Education	Lower volume in Victoria	Increased spend announced by Victorian and NSW Governments	Population growth to drive enrolments
Corrections	Strong spend in NSW	Spending levels to be lower in H2 as current contract expires	Overcrowding in most States will drive capacity expansion
Affordable housing	Low demand	Low demand	Ownership change of key customers
Resources	Recovery from low levels	Timing of contract awards could be a factor in H2 FY19	Dependant on commodity prices

- All sectors remain sensitive to the timing of contract awards

# Parts and Accessories

## Operations

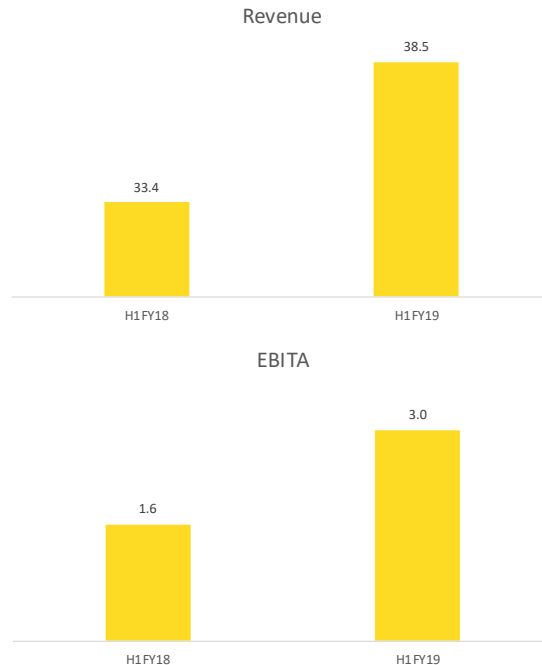
- Australian and overseas manufacture of RV parts and accessories
- Plumbing and electrical services to OEM's and the aftermarket

## H1 FY19

- Tough market conditions continued mostly offset by market share gains in Camec
- Growth in aftermarket revenue
- 4% reduction in overheads
- Solid five month contribution from NRV

## Outlook

- Continued growth in aftermarket business
- New product introduction
- Complete integration of the NRV business into the Parts and Accessories division



## Profit drivers – Parts and Accessories

Sector	H1 FY19	Balance of FY19	Medium term
Imported caravans	Imports continue to grow	Trend likely to continue	NRV to benefit from this trend as it certifies imported caravans
Aftermarket	Overall caravan registrations continue to grow	Further market share gains targeted	Steady growth in registrations likely to continue
FX levels	Lower AUD hurts earnings in isolation	Unknown	Unknown

- A US 10c movement in exchange rates can move earnings by \$0.5m annually

# Village Operations

## Operations

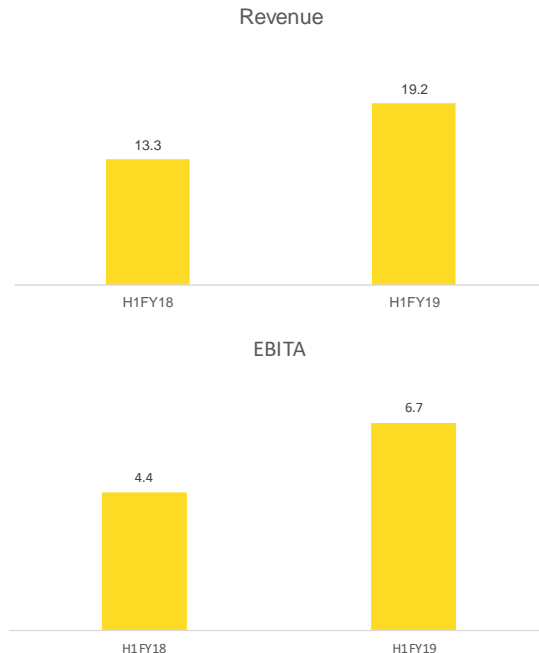
- Rio Tinto preferred supplier agreement at Searipple
- Osprey village underpinned by agreement with WA State Government

## H1 FY19

- Occupancy increase driven by both operational and shutdown demand
- Major construction projects advanced
- Osprey steady

## Outlook

- Near term demand to remain healthy
- Shutdowns booked into FY20
- New village capacity may impact results towards the end of FY19
- Construction activity likely to drive demand in the longer term



## Profit drivers – Village Operations

Sector	H1 FY19	Balance of FY19	Medium term
Operational workforce	Improved demand	Steady	Steady in the absence of major new capex
Shutdowns	Increased demand	Forward bookings into FY20	Trend likely to continue due to age of plants
Construction workforce	No demand	No demand	Likely significant demand based on project announcements
New capacity	None	Possible towards the end of the financial year	Two new village openings likely

- Village Operations earnings will be sensitive to the timing of new village openings and large capital projects

## Outlook

---

- **Village Operations:** Good returns are being generated in the Karratha accommodation market. Upcoming resource development in the region is expected to provide further medium to long term opportunity
- **Parts and Accessories:** Now generating double digit returns through both corporate transactions and organic growth. Opportunities to further grow this segment remain
- **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 today the largest Modular Accommodation business in Australia generating significant economies of scale and the ability to offer solutions to clients that our competitors are unable to offer
- Targeting diversification into new geographic regions and new market segments that lend themselves to modular build technology



## Appendix 1: Summary Profit and Loss

\$ million	H1 FY19	H1FY 18	Change
Revenue	167.5	142.6	17%
EBITDA	19.7	12.9	53%
Depreciation	4.2	3.0	41%
EBITA	15.6	9.9	57%
Amortisation of contract intangible	1.5	0.0	n/a
Finance costs	0.4	0.5	-18%
Pre-tax profit	13.6	9.4	45%
Tax expense (benefit)	4.2	2.8	47%
NPAT	9.5	6.6	44%
Loss from discontinued operations	(6.4)	(11.5)	n/a
Statutory NPAT	3.1	(4.9)	n/a

## Appendix 2: Summary Balance Sheet

	H1 FY19	FY18
<b>Current assets</b>		
Cash	16.4	6.6
Receivables	49.4	39.3
Inventories	68.7	60.0
Held for sale	9.1	9.2
Other	0.2	0.1
Total	143.7	115.2
<b>Non-current assets</b>		
Receivables	2.8	2.8
PP&E	58.3	57.5
Intangibles	15.6	1.4
Goodwill	86.5	50.7
Tax assets	8.0	12.4
Total non-current	171.1	124.9
Total Assets	314.8	240.1

	H1 FY19	FY18
<b>Current liabilities</b>		
Payables	59.3	43.4
Interest bearing	0.1	2.0
Provisions	9.7	10.0
Other	0.8	0.0
Total	69.9	55.4
<b>Non-current liabilities</b>		
Interest bearing	0.0	4.0
Provisions	0.7	0.6
Other	3.7	0.0
Total non-current	4.3	4.6
Total liabilities	74.2	60.1
Net assets	240.6	180.0



## Appendix 3: Permanent Modular Program Examples

---



Yallourn Primary School, Victoria



Elwood College Project, Victoria

**Thank you**

