

2018 Full Year Results

Teleconference 27 August 2018
9:30am AWST, 11:30am AEST
Conference ID 9282609
Dial-in 1800 123 296



Group Structure

Modular Accommodation

Parts & Accessories

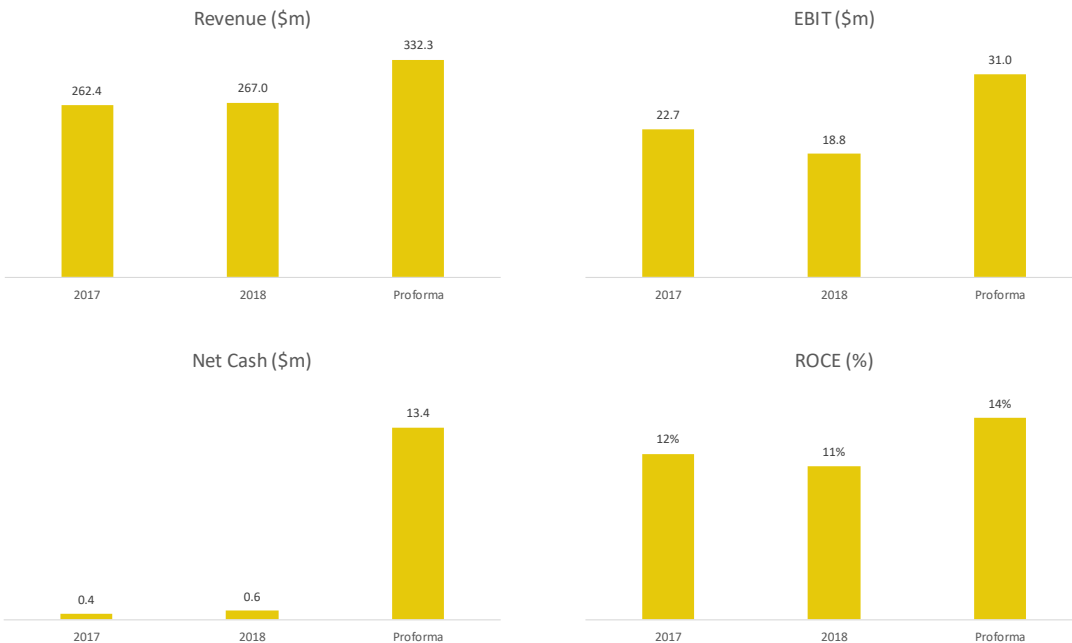
Village Operations



2018 Achievements – Repositioned for growth

- Creation of a national Modular Accommodation business. West coast operations returned to profit
- NSW based modular accommodation business MBS acquired
 - Fleetwood now the largest modular building business nationally and a major player in each of its key segments:
 - Education
 - Corrections
 - Affordable housing
 - Mining
- Victorian based parts and accessories business NRV acquired
- MBS and NRV acquisitions and associated \$60m raising completed on terms expected to be EPS and ROE accretive
- Recreational Vehicles review and subsequent sale of the business to Apollo
- Flexiglass business sold
- Maintained strong balance sheet capable of funding future growth

Financial Performance: Summary



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

Financial Performance: Segment Earnings

\$ million	2018	2017	Change
Revenue			
Parts and Accessories	66.6	67.2	-1%
Modular Accommodation	179.3	175.8	2%
Village Operations	27.9	26.3	6%
Unallocated	0.2	0.3	-36%
Intersegment eliminations	(7.0)	(7.3)	n/a
Total revenue	267.0	262.4	2%
Underlying EBIT			
Parts and Accessories	3.6	2.6	39%
Modular Accommodation	10.1	15.2	-34%
Village Operations	9.1	6.9	32%
Unallocated	(4.0)	(2.1)	n/a
Total underlying EBIT	18.8	22.7	-17%

Financial Performance: Cashflow

\$ million	2017	2018
EBITDA	25.2	29.0
Interest paid (net)	(1.1)	(0.9)
Tax	1.0	(0.1)
Working capital (and other)	(7.2)	(22.2)
Operating cashflow	17.9	5.9
Net capex	(14.6)	(8.6)
Free cashflow	3.3	(2.7)
Financing cashflows	(3.1)	0.0
Opening net cash (debt)	0.4	3.1
Closing net cash (debt)	0.6	0.4

- Improved working capital performance was driven by strong debtor management
- Capex is mostly for new education hire classrooms and should reduce in 2019



Modular Accommodation

Operations

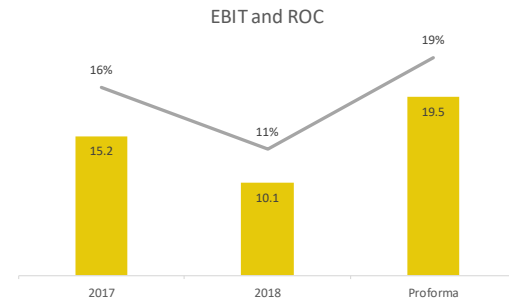
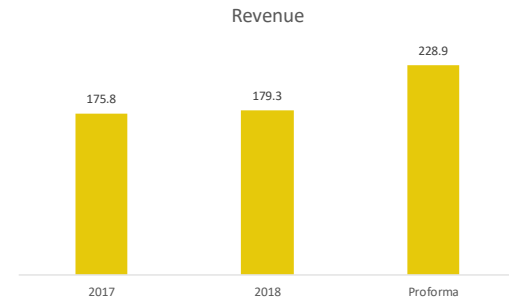
- Manufacturing facilities in Victoria, WA, QLD and NSW
- Education and Affordable Retirement markets focus
- Resource volume recovering
- MBS acquisition post year end. Entry to corrections market

FY 2018

- Victorian education demand shifted from built for sale to built for rental in Q4
- Lower volume in the affordable retirement market
- WA business returned to profitability due to resource sector work

Outlook

- Government spending outlook strong on the East Coast, particularly education and corrections
- Business remains subject to timing of contract awards
- Integration of MBS and synergy capture
- Resource sector and WA economy improving



Outlook by sector– Modular Accommodation

Sector	2018	2019	Medium term
Education	Builds for rental impacted Q4	Increased spend announced by Victorian and NSW Governments	Population growth to drive enrolments
Corrections	Strong spend in NSW	Spending levels maintained, however only contracted to March 2019 presently	Overcrowding in most states will drive capacity expansion
Affordable housing	Lower demand, especially Q4	Lower demand again	Ownership of key customers
Mining	Recovery from low levels	Solid order book presently, however timing of contract awards could be a factor in the second half	Dependant on commodity prices

- All sectors remain sensitive to the timing of contract awards



Parts and Accessories

Operations

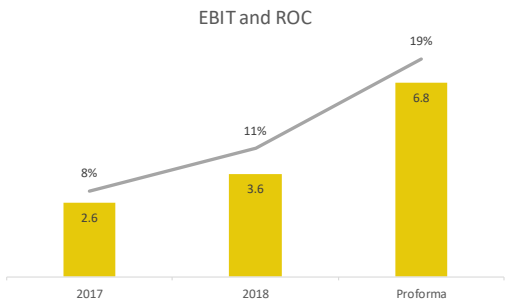
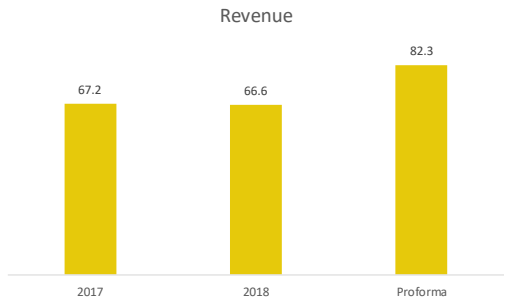
- Australian and overseas manufacture of RV parts and accessories (Camec)
- Sale of Flexiglass in February 2018
- Acquisition of NRV (plumbing and electrical services) post year end

FY 2018

- Decline in retail caravan sales largely offset by market share gains
- Efficiency gains improved gross margins
- Costs held largely flat

Outlook

- Product development and logistics a key focus
- Integration of the NRV business into the Parts and Accessories division
- Improving ROCE



Profit drivers – Parts and Accessories

Driver	2018	2019	Medium term
Imported caravans	Local caravan production fell	2018 trend likely to continue	NRV acquisition to benefit from this trend as it certifies imported caravans
Aftermarket	Overall caravan registrations grew mid single digits	2018 trend likely to continue. Further market share gains targeted.	Steady growth in registrations likely to continue
FX levels	Lower AUD hurts earnings in isolation	Unknown	Unknown

- A US10c movement in exchange rates can move earnings by \$0.5m annually.

Village Operations

Operations

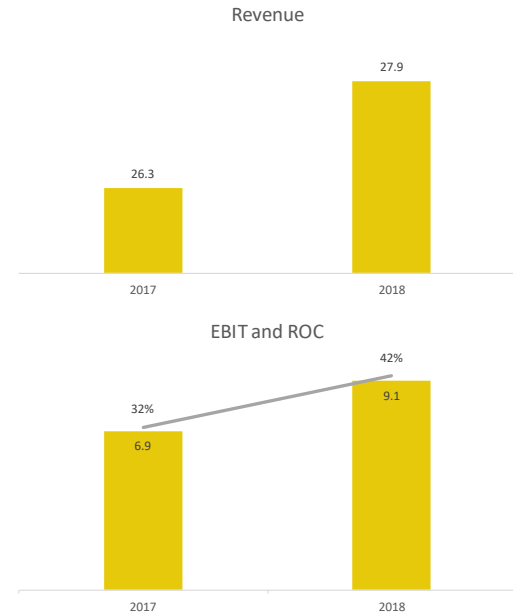
- Rio Tinto preferred supplier agreement at Searipple
- Osprey village underpinned by agreement with WA State Government

FY 2018

- Occupancy increase driven by shutdowns
- Cost reductions and variabilisation resulted in improved earnings
- Osprey steady

Outlook

- Relatively consistent demand for the first half of FY 2019
- New capacity may impact the second half of the year
- Construction activity likely to drive demand in the longer term



Profit drivers – Village Operations

Driver	2018	2019	Medium term
Operational workforce	Steady	Steady	Steady in the absence of major new capex
Shutdowns	Increased demand from this sector	Forward bookings have increased	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	Likely in the second half year	Two new villages likely

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

Acquisition updates

Fleetwood has acquired two businesses:

- Sydney-based Modular Building Systems (MBS) for \$34.2m.
- Melbourne-based Northern RV (NRV) for \$10.0m.

Compelling Strategic Rationale:

- MBS gives the Modular Accommodation business a large and modern facility in the key Western Sydney Market, servicing the education, detention and commercial markets.
- NRV extends the Parts and Accessories business reach into the key Campbellfield caravan manufacturing market in Melbourne. It also services the growing imported caravan market.



Equity Raising:

- The acquisitions were funded by a fully underwritten placement and pro-rata accelerated non-renounceable entitlement offer which raised gross proceeds of \$60m. The transactions individually and together are **strongly EPS and ROE accretive**¹ whilst retaining a balance sheet capable of funding future growth.

1. Based on unaudited financials and pre contract intangible amortisation

2019 Priorities and Outlook

- Integrate MBS and target further detention and education work
- Integrate NRV acquisition into the Parts and Accessories division
- Complete the exit from the Recreational Vehicles business
- Continue to improve cash generation and returns
- Pursue further diversification of the modular business through focus on sectors that lend themselves to modular construction

Appendix 1: Summary Profit and Loss

\$ million	2018	2017	Change
Revenue	267.0	262.4	2%
Underlying EBITDA	25.2	29.0	-13%
Depreciation and Amortisation	6.3	6.3	0%
Underlying EBIT	18.8	22.7	-17%
Finance costs	1.2	0.8	56%
Pre-tax profit	17.6	21.9	-20%
Tax expense (benefit)	5.4	6.7	-20%
Underlying NPAT	12.2	15.2	-19%
Loss from discontinued operations	(25.7)	(6.2)	n/a
Statutory NPAT	(13.5)	9.0	n/a

Appendix 2: Discontinued Operations Summary

\$ million	Flexiglass		Resource Rental		Rec Vehicles		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Revenue	12.0	20.4	7.3	6.5	34.1	47.4	53.4	74.3
EBIT	(1.4)	(1.3)	(0.5)	(0.6)	(12.1)	(6.8)	(14.0)	(8.8)
Impairment	(4.7)	0.0	(0.9)	0.0	(15.2)		(20.9)	0.0
Pre tax result	(6.1)	(1.3)	(1.5)	(0.6)	(27.4)	(6.8)	(34.9)	(8.8)
Tax	0.5	0.4	0.4	0.2	8.3	2.1	9.2	2.6
Net result	(5.6)	(0.9)	(1.0)	(0.4)	(19.1)	(4.8)	(25.7)	(6.2)
Operating cashflow	(0.0)	(0.1)	7.7	5.4	(21.9)	(10.4)	(14.3)	(5.1)
Investing cashflow	0.0	0.1	(0.4)		(1.6)	(1.1)	(2.0)	(1.0)
Net cashflow	0.0	0.0	7.3	5.4	(23.6)	(11.6)	(16.2)	(6.2)
Assets			9.2	20.2	36.0	23.6	45.2	43.8
Liabilities			0.0	0.0	(14.8)	(6.8)	(14.8)	(6.8)
Net assets			9.2	20.2	21.3	16.8	30.5	37.0

Appendix 3: Summary Balance Sheet

	2018	2017
Current assets		
Cash	6.6	5.4
Receivables	39.3	65.0
Inventories	60.0	63.2
Held for sale	9.2	20.2
Other	0.1	0.0
Total	115.2	153.8
Non-current assets		
Receivables	2.8	1.4
PP&E	57.5	46.8
Intangibles	1.4	0.1
Goodwill	50.7	55.2
Tax assets	12.4	10.2
Total non-current	124.9	113.7
Total Assets	240.1	267.5

	2018	2017
Current liabilities		
Payables	43.4	58.8
Interest bearing	2.0	5.0
Provisions	10.0	5.8
Other	0.0	0.4
Total	55.4	70.0
Non-current liabilities		
Interest bearing	4.0	0.0
Provisions	0.6	1.6
Total non-current	4.6	1.6
Total liabilities	60.1	71.6
Net assets	180.0	195.9

Appendix 4: Permanent Modular Program Examples

Yallourn Primary School, Victoria



Elwood College Project, Victoria

Appendix 5: Corrections Examples

Prison Cells



Appendix 6: Hotel Example

Rules Club Wagga Hotel, NSW



Thank you

