

20 June 2018

## **Caravan Manufacturing Sale**

Fleetwood advises that it has today executed a binding agreement for the sale of the Coromal and Windsor Caravan brands and associated raw materials and finished goods stock to Apollo Tourism & Leisure Limited (**Apollo**).

Coromal and Windsor are two of the most recognised brands in the caravan industry, however given the structure of Fleetwood's operations the timing of a return to profitability has been uncertain.

Under Apollo's ownership the two brands will be part of a wider tourism and leisure platform and as such have a very positive future outlook.

The sale follows the company's 17 May 2018 letter to shareholders and prior ASX announcements in which the board advised that following undertaking an independent strategic review of Caravan Manufacturing, the board was considering structural and corporate alternatives for the business.

The sale process, which commenced in February 2018 immediately following the strategic review, included multiple parties and a number of potential commercial structures.

This agreement represents the best possible outcome for Fleetwood shareholders from a financial point of view. It also represents a significantly lower risk and higher financial returns to the company than alternatives that were considered during the process.

Under the terms of the agreement, Fleetwood will sell goodwill in the business to Apollo for \$1 million, and at the end of a transition period, Apollo will purchase Fleetwood's remaining raw material and finished goods stock.

The combined impact of a discount to be provided to Apollo on the purchase of residual stock, operating losses during the transition period and lease and employee termination costs is expected to be between \$12m and \$15m. At the end of the transition period the Perth manufacturing facility will be closed.

In cash terms the overall process is expected to be positive due to the recovery of goodwill, raw materials and finished goods.

As announced to shareholders on 7 May 2018, second half losses for Fleetwood's caravan manufacturing business are expected to be between \$7m and \$8m. The Board had acknowledged that a resolution of shareholder dissatisfaction with the performance of the RV business was required, and achieving this has been a strong focus of Board and Management.

This transaction will allow Fleetwood focus on the remaining businesses of the Company where there are positive earnings and good future prospects.

Fleetwood Managing Director Brad Denison said:

***"Fleetwood's operational management have done a tremendous job of reinvigorating the Coromal and Windsor product range over the last three years, and that has resulted in significant gains in market share. Ultimately though, the board sees the future of the business as being better served by being part of Apollo's wider tourism and leisure platform."***

Brad Denison  
**Managing Director**  
08 9323 3300