

18 November 2020

2020 ANNUAL GENERAL MEETING - CHAIRMAN'S ADDRESS

Ladies and Gentlemen,

Welcome to the 2020 Annual General Meeting of Fleetwood Corporation Limited. It is indeed a strange world we are living in at the moment where we have been forced into a virtual meeting. Let's hope this is not the new normal.

The FY20 year was one of two halves. Relatively normal up until Christmas 2019 and then wildly unpredictable from there until 30 June, 2020. In the most part, our people rapidly adapted to remote working. The Accommodation Solutions business actually benefited from the uncertainty abroad whereas the Building Solutions business experienced some delays in completing projects and in the start-up of new ones. In RV Solutions we had two cases in Victoria where COVID-19 caused the shutdown of some of our manufacturing and distribution capability. In between the two lockdowns in Victoria, RV Solutions bounced back remarkably; and since the recent easing of restrictions in Victoria, has done so again.

I don't wish to dwell too long on FY20 given we are already almost half-way through FY21. However, I think it is fair to say we delivered a satisfactory performance given the circumstances, with EBITA only slightly down on the previous period and with substantially stronger operating cashflow.

This resulted in us finishing the financial year with just over \$65 million in cash and being able to reward shareholders with 5c final dividend and a 7c special dividend. Despite some negative reaction to this return of capital being paid in the form of a special dividend, the overwhelming feedback from shareholders on this decision has been positive.

As we near the half way mark of this financial year, and despite continued COVID-19 uncertainty, the Board's confidence is increasing that we will deliver, at a minimum, a FY21 first half EBITA the same as the corresponding result last year (\$12.8 million). This would also be well ahead of the \$9.5 million EBITA recorded in H2 FY20, thus comprehensively reversing the trend we saw impact the business during the peak of the COVID-19 uncertainty and disruption.

The diverse nature of the revenue streams from our three business units - Building Solutions, Accommodation Solutions and RV Solutions - has allowed us to weather the impacts that COVID-19 has had on your Company better than many. The importance of an annuity revenue stream from the Accommodation Solutions business is not to be underestimated in protecting the Company from the often-uneven earnings inherent in the construction sector. This is a key reason the Board continues to see Accommodation Solutions as a core asset of the Company.

In Accommodation Solutions, the Searipple Village in Karratha benefitted from COVID-related rostering changes in the first quarter of FY21. That returned to more normal patterns in the second quarter and with rostering stability and additional village capacity coming on stream as Rio Tinto and Woodside commission new fly-in fly-out (FIFO) villages we expect results in the second half of FY21 to settle a little.



With the level of new mining and new petrochemical construction activity being touted for the North West region we are anticipating a significant increase in demand for FIFO rooms at Searipple over the medium term.

Our biggest division, Building Solutions, was relatively quiet in the first quarter of FY21. The Victorian Government's mandated COVID-19 restrictions on building activity and the slowing of government decision making in NSW have delayed the start of a number of projects for which we already have orders as well as delaying the finalisation of contract terms for others. Consequently, we are expecting the first half to be relatively flat – disappointing, but ultimately satisfactory given the business environment in which we are working. Such disappointment is tempered by our strong forward order book at \$117m, excluding on-going education panel works. Significantly, compared to its position last year, Building Solutions has revenue locked in by secured contracts well into the future.

Our Building Solutions division is a leader in modular construction for the education, corrections, mining and affordable housing market segments across Australia and the widespread Government stimulus spending we are starting to see bodes very well for that business.

RV Solutions, with its manufacturing and distribution base in Victoria, was impacted in the first quarter of FY21 by that State's lockdown, but we have seen it rebound strongly in October as restrictions have eased. The business is also expected to benefit over the medium to long term from an increase in domestic travel.

Across all business divisions our leadership team continues to be focussed on sustainably improving margins, increasing utilisation, and reducing overheads.

As you all know we announced in October that our Managing Director and CEO, Brad Denison, would be leaving us. Brad has made a significant contribution over 23 years with Fleetwood – the past six as executive leader. In my working with Brad since joining the Board in 2016, I have come to admire his tenacity to pursue his steady course of transformation of Fleetwood from a largely west coast based caravan manufacturer to a fully national leader in modular building systems. The proposed change of the company name we have before us today, is not the end of the journey, but a continuation of that steady transformation.

Brad's move has opened the door for the Board to search for an east coast-based CEO who will be better-located closer to our flagship Building Solutions division manufacturing centres and its core markets.

With Brad's departure from the Board as Executive Director, I would like to welcome to the Board new Non-Executive Director, John Klepec, who will be appointed effective from tomorrow, 19 November 2020.

John is currently Executive Chairman of livestock shipping company Wellard. He is a well-regarded senior executive with almost 30 years' experience in the logistics, transport, construction materials, building products, construction, resources, media, health care, and agricultural sectors.

As well as considerable public company experience, John brings significant expertise in business development, commercial management, leadership and operational improvement. He comes highly-credentialed, well-regarded and we think he can make a significant contribution to Fleetwood.

Before closing, I would like to make one last announcement. In the normal course of events I would be standing for re-election at the next AGM at about this time in 2021. Over the last year I have been in discussion with my colleagues about that matter as part of a normal and considered succession planning process and had informed them that I would not be standing for re-election at that time. Upon further reflection I have decided to bring forward my retirement to early 2021 and will be stepping down as Chair shortly after the release of our half year results.

A new Chairman and new CEO will no doubt bring fresh ideas for how to extract the best value from what is a very solid business platform.

In conclusion I'd like to acknowledge and thank our staff for their ongoing commitment and hard work and our shareholders for their ongoing support.

For further information, please contact:

Phillip Campbell
Non-Executive Chairman
+ 61 8 9323 3300