

3 February 2021

## **FY21 FIRST HALF EARNINGS GUIDANCE UPGRADE**

### **HIGHLIGHTS**

- Preliminary FY21 first half unaudited EBITA<sup>1</sup> of \$15 to \$16 million
- Annual shareholder dividend payout ratio increased to 100%
- Continuing strong cash generation

Fleetwood Limited (ASX: FWD) (Fleetwood or the Company) is pleased to provide an update to first half earnings for FY21, due to be announced on Thursday, 25 February.

With satisfactory to solid performances across the Company's three operating divisions, Fleetwood now anticipates generating first half, unaudited earnings before interest and tax and amortisation (EBITA) of \$15 to \$16 million.

The Board's previous guidance issued at the 2020 AGM estimated earnings at least in line with the previous corresponding result (\$12.8 million).

The Company continues to generate strong cashflow and finished the half with net cash of \$64 million (compared to \$66 million at 30 June 2020) after accounting for a first half dividend payment of \$11.4 million.

Regarding dividends, the Board is also pleased to advise it has approved an increase in the annual dividend payout ratio to 100% of net profit after tax (NPATA basis). The increase represents the Board's confidence in the business including that it has sufficient cash on hand to fund working capital and capital expenditure requirements for the planned modular building growth and recognises the Company does not anticipate any further acquisitions.

### **ACCOMMODATION SOLUTIONS**

The Fleetwood owned and operated Searipple Village in Karratha benefitted from COVID-related rostering changes early in the half, which subsequently returned to more normal occupancy patterns.

In December major client Rio Tinto renewed for a further 13 months its contract with Fleetwood for rooms at Searipple Village to be made available to support Rio Tinto's Karratha and Dampier workforce.

Osprey Village is currently fully occupied and has a waiting list of potential tenants reflecting the strength of the Port Hedland market.

At this stage, Accommodation Solutions' results in H2 FY21 are unlikely to match the strong H1 earnings on the back of rostering stability and additional village capacity at Karratha.

The outlook for Accommodation Solutions, however, remains positive. Forecasts for significant capital investment and construction activity in the oil and gas and resources sector in the region is expected to drive strong demand for fly-in fly-out (FIFO) rooms over the medium term.



## **BUILDING SOLUTIONS**

The Building Solutions division finished the first half with a strong order book of \$140 million (excluding on-going education panel works) and expectations the market will continue to improve Australia-wide.

Fleetwood secured a \$41.5 million contract for the manufacture and supply of 460 modular cells to support the Victorian Government's Prison Infill Expansion Program, which is expected to be completed by October 2021. The business also secured a \$30 million contract with Rio Tinto late in the half.

The relatively flat divisional earnings for the first half were a result of COVID-19 restrictions on building activity in some States and the slowing of Government decision making delaying starts on already-awarded contracts.

The outlook for Building Solutions, however, is strong. As a leader in the modular construction industry for the education, corrections, mining and affordable housing sectors across Australia, Fleetwood is well placed to benefit from the anticipated widespread Government stimulus spending.

## **RV SOLUTIONS**

The RV Solutions business finished the first half with three very strong monthly sales results on the back of a pandemic-driven boom in domestic travel, the trend of which is expected to continue into the second half.

Responding to the rapid demand was possible because staffing levels were able to remain stable despite the enforced August-September shutdown thanks to approximately \$3 million in JobKeeper support.

## **CEO COMMENT**

Commenting on the earnings guidance upgrade, Interim Chief Executive Officer Andrew Wackett said:

*"The first half result is shaping up as being very pleasing and one that continues our improving operational performance."*

*"All businesses have continued to face significant challenges during the global pandemic, and we are pleased at the way our Company and people have responded. Having three business units and three diverse revenue streams has certainly helped us as a Company to weather the impact."*

*"We continue to generate strong cashflow and our new dividend policy, increasing payouts to 100%, demonstrates to our shareholders we will continue to exercise restraint with our capital management."*

*"Across the business we continue to prioritise sustainably improving margins, increasing utilisation and reducing overheads."*

This announcement was authorised by the Fleetwood Limited Board.

### **For further information, please contact:**

Andrew Wackett  
Interim Chief Executive Officer / Chief Financial Officer  
+ 61 8 9323 3300

### **For media queries, please contact:**

Michael Weir  
Citadel-MAGNUS  
0402 347 032

1. The results described in this release are provisional financial results and remain subject to external auditor review.