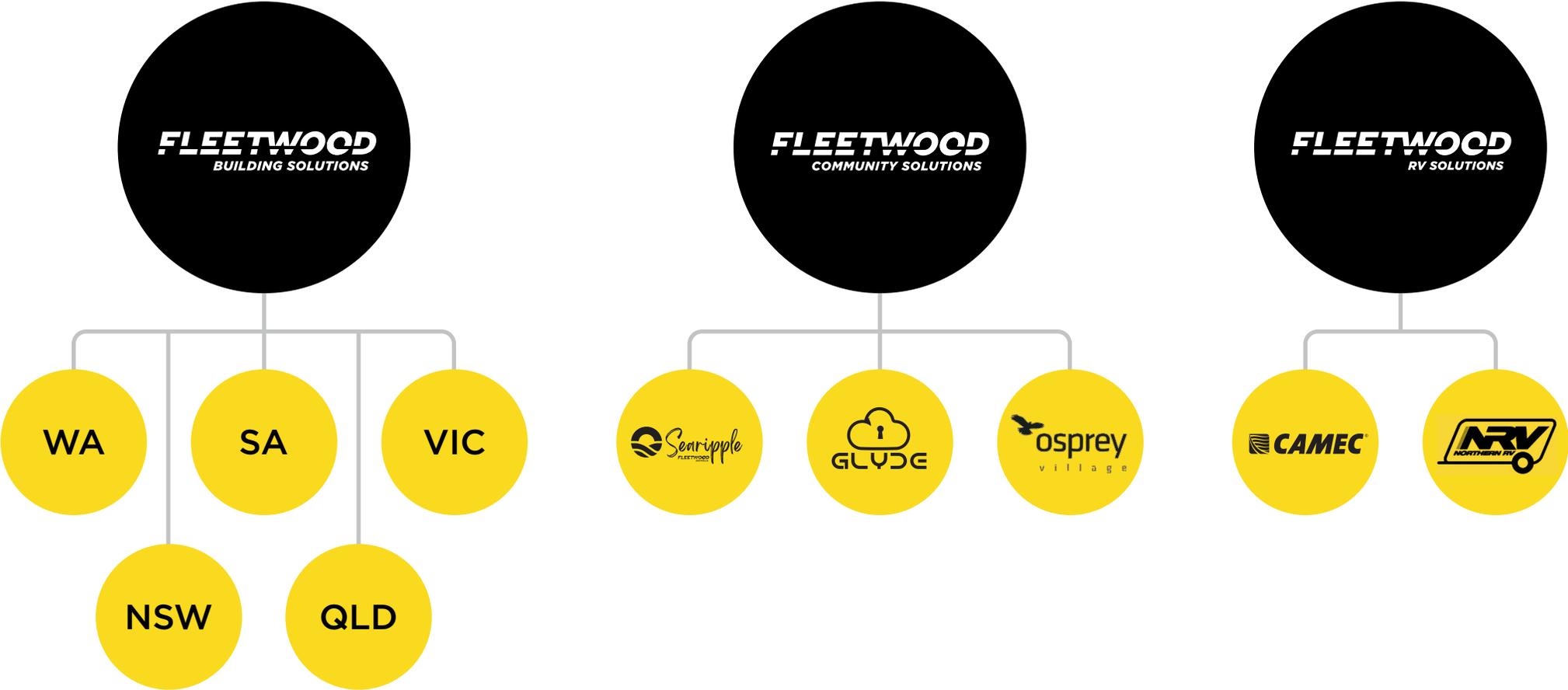


# Full Year Results FY23

August 2023



# Operating Segments



## Vision

To be the leader in reimagining sustainable spaces

## Purpose

To create innovative spaces so people can thrive

## Values

Zero harm, Collaboration, Integrity, Accountability, Innovation.



### Zero Harm

Zero harm for people and the environment.

### Collaboration

Better together.

### Integrity

Say what we do and do what we say.

### Accountability

I hold myself accountable.

We hold ourselves accountable.

### Innovation

# Highlights FY23

**EBITA of \$4.2m**  
(vs \$12.3m loss in FY22).

Group safety performance  
59% reduction in LTIFR.

Net cash of **\$46.6m**  
up **\$6.7m** from  
December 2022.

Dividend reinstated  
2.1 cps fully franked.

Medium term demand  
for Searipple contracted  
out to 2027.

Building Solutions  
losses excluding  
major projects  
reduced to **\$0.9m**  
in H2 FY23.

Building Solutions  
order book up to  
**\$127m** from **\$87m** at  
the half year.

Executive Management  
team rebuilt and driving  
operational improvement.

# Earnings Summary

- + Improved earnings in Building and Community Solutions.
- + Work and commercial close out on all Building Solutions FY22 major projects now complete.
- + Second half revenue in Building Solutions lower due to reduced major project activity and low win rates in Q2 and Q3.
- + Significant improvement in Building Solutions underlying earnings.
- + Searipple Village saw high levels of shutdown activity in Q4.
- + Community Solutions well placed with long term demand contracted.
- + RV Solutions impacted in Q4 by reduced consumer discretionary demand.

\$ Million	FY23	FY22
<b>Revenue</b>	<b>410.6</b>	<b>446.1</b>
<b>EBITDA</b>	<b>21.0</b>	<b>4.3</b>
Depreciation	16.8	16.6
<b>EBITA</b>	<b>4.2</b>	<b>(12.3)</b>
Amortisation of contract intangible	0.0	1.1
Finance costs	1.6	1.5
Pre-tax profit	2.6	(14.9)
Tax expense (benefit)	0.6	(4.5)
<b>Underlying NPAT</b>	<b>2.0</b>	<b>(10.4)</b>
Impairment	0.0	(36.5)
<b>Continuing operations NPAT</b>	<b>2.0</b>	<b>(46.9)</b>
Loss from discontinued operations	0.0	(0.6)
<b>Statutory NPAT</b>	<b>2.0</b>	<b>(47.5)</b>
<b>NPATA</b>	<b>2.0</b>	<b>(9.6)</b>

# Cashflow Summary

- + The Company maintained a stable net cash position after allowing for payment of the \$14.1m onerous contract provision taken late in FY22.
- + Net cash increased from the December 2022 position of \$39.9m reflecting commercial completion of several major projects and improved operational performance.
- + Capex broadly in line with depreciation (excluding AASB16 amortisation) due to increase in stock buildings to support the strong orderbank.
- + FY24 Capex likely to be similar to FY23 depreciation levels as spend on Searipple increases.

\$ Million	FY23	FY22
<b>EBITDA</b>	<b>21.0</b>	<b>4.3</b>
Interest paid (net)	(1.1)	(1.4)
Tax	(0.5)	(6.7)
Working capital (and other)	(14.0)	19.0
<b>Operating cashflow</b>	<b>5.5</b>	<b>15.3</b>
Net capex	(6.7)	(7.0)
<b>Free cashflow</b>	<b>(1.3)</b>	<b>8.2</b>
Project finance advance	0.0	8.7
Lease repayments and other	(7.4)	(7.5)
Dividends paid	0.0	(11.8)
<b>Financing cashflows</b>	<b>(7.4)</b>	<b>(10.6)</b>
Opening net cash	55.3	57.6
<b>Closing net cash</b>	<b>46.6</b>	<b>55.3</b>

# Balance Sheet Summary

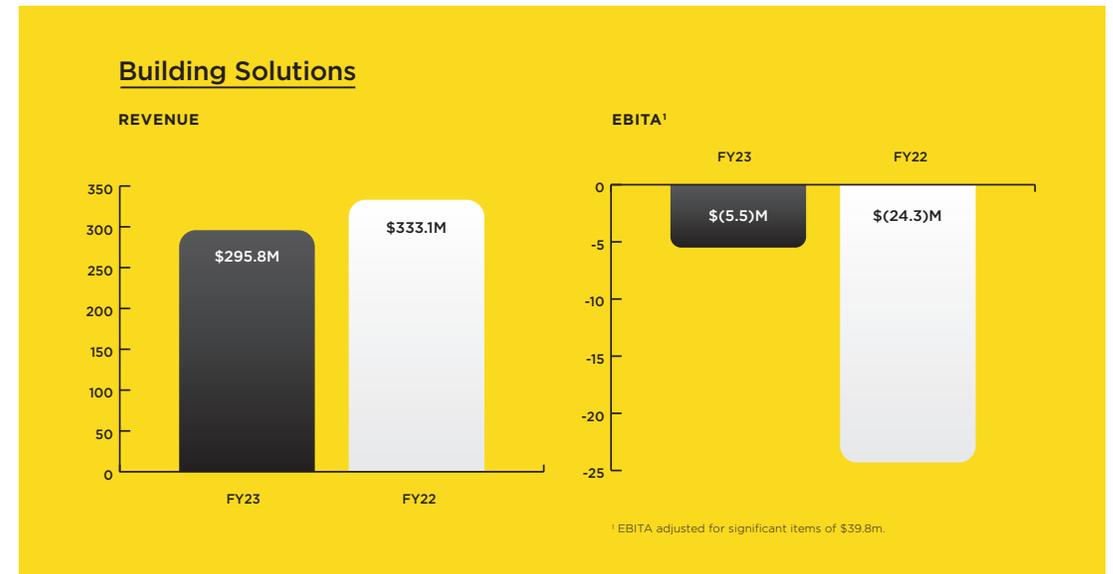
- + Strong cash position retained.
- + Total debt and bonding facilities of \$81m.
- + Project bonding outstanding fell from \$27.0m in June 2022 to \$18.7m in June 2023 reflecting reduced exposure to major projects.
- + Onerous contract provision of \$14.1m reduced working capital in FY22.
- + Dividend reinstated. Policy remains to pay out 100% of future NPAT.

\$ Million	FY23	FY22
<b>Net working capital</b>	<b>23.7</b>	<b>10.3</b>
Property Plant and Equipment	32.6	35.3
Intangibles	47.4	46.8
Other	15.4	15.8
<b>Capital employed</b>	<b>119.1</b>	<b>108.3</b>
<b>Net debt (cash)</b>	<b>(46.6)</b>	<b>(55.3)</b>
Shareholders funds	165.7	163.5
<b>Capital employed</b>	<b>119.1</b>	<b>108.3</b>

# Building Solutions - Performance

- + EBITA loss of \$5.5m on revenue of \$295.9m.
- + Resolution of all major projects at a cost of \$3.3m.
- + Revenue declined 11% from FY22 in line with activity levels on major projects and low win rates in Q2 and Q3.
- + Gross margins achieved targeted levels in Q4 as the result of an improved bidding process and procurement savings.
- + Wage inflation saw labour cost increase despite lower staff numbers.
- + The business achieved its goal of underlying monthly run-rate profitability at the end of the year.

\$ Million	FY23	FY22
Revenue	295.9	333.1
EBITA	(5.5)	(24.3)



# Building Solutions - Reset

## Reset

- + Kicked off in December 2021.
- + Target jobs within our capability.
- + Right gross margin.
- + Risks and opportunities well understood and manageable.
- + Clients we are comfortable to partner with.

## Results

- + Strong order book build across the business with small to medium size projects that meet this criteria.
- + National functional teams in Procurement, Design and Estimating, Manufacturing and Finance delivering to plan.
- + Manufacturing KPI's now in place and showing improved utilisation and productivity across our factories.

# Building Solutions - Strategy and Outlook

## Strategy

- + Build, Transform, Grow roadmap to drive improved quality and consistency of earnings.
- + Improve capability, systems, processes and brand awareness to underpin long term, sustainable growth.
- + Revenue diversification and moving from being a builder to manufacturer.
- + Capture upside opportunity from compulsory kindergartens across the eastern states.

## Outlook

- + Acceptance of modular construction as a design, cost and time effective solution continues to grow.
- + Fleetwood is positioning to supply to lifestyle villages, affordable housing and defence sectors.
- + Move towards repeatable modular works has seen our order book grow from \$87m in December 2022 to \$127m in June 2023.
- + Approximately 50% of annual revenue from long term contracts or panel agreements in the education and housing sectors.
- + Increased integration across the business is improving utilisation, realising procurement opportunities and reducing supply chain risks.

# Building Solutions - Strategy Progress

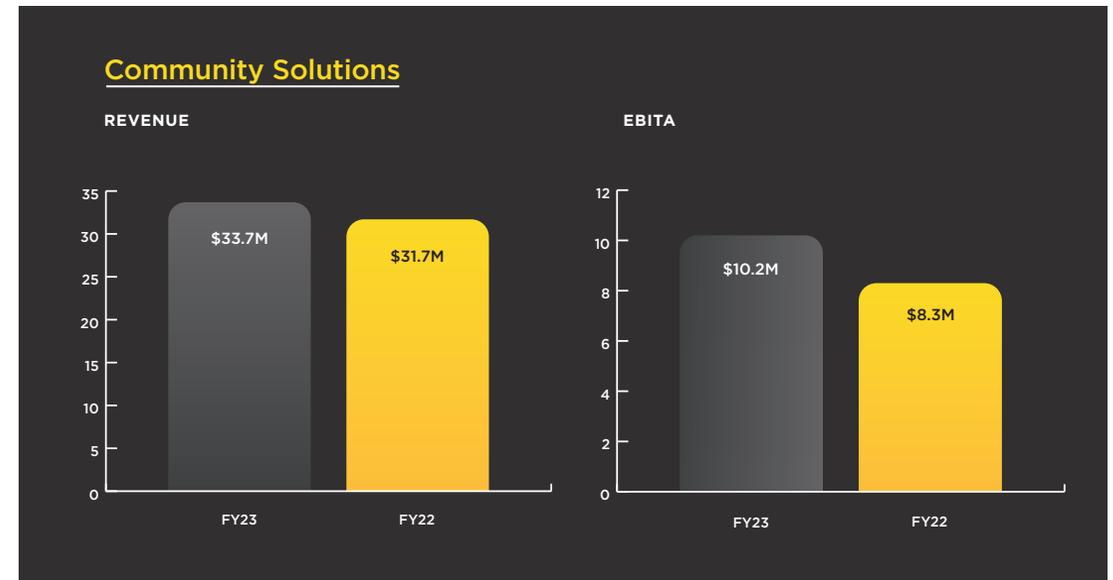
- + Overhead staff numbers down 7% since June 2022.
- + LTIFR reduced by 63% in FY23.
- + Centralisation of Design and Estimating function.
- + Factory capacity and utilisation now being monitored and driving sales and operation planning.
- + Procurement savings identified and captured in major spend categories. Benefits felt in H2 FY23, to be material in FY24.
- + Strong growth in housing revenue with proprietary housing designs launched to market in H2 FY23.
- + Defence strategy defined and underway.



# Community Solutions - Performance

- + Finished FY23 with EBITA of \$10.2m on revenue of \$33.7m.
- + Major client shutdowns at Searipple Village saw an excellent performance in the fourth quarter with the highest occupancy and average rooms rates so far this cycle.
- + The five-year agreement with Rio Tinto, executed early in July 2022, underpinned base utilisation and profitability during the year.
- + June 2023 announcement of a further \$100-120m accommodation contract with Rio Tinto out to April 2027.
- + Osprey Village in Port Hedland remains fully occupied with a waitlist of potential tenants.

\$ Million	FY23	FY22
Revenue	33.7	31.7
EBITA	10.2	8.3



## Strategy

- + Base utilisation secured with potential for further demand uplift as planned projects gain momentum.
- + Additionally, Build Own Operate/Transfer (BOOT) or Build to Rent (BTR) opportunities in the mining, residential and aged care sectors remain under consideration.

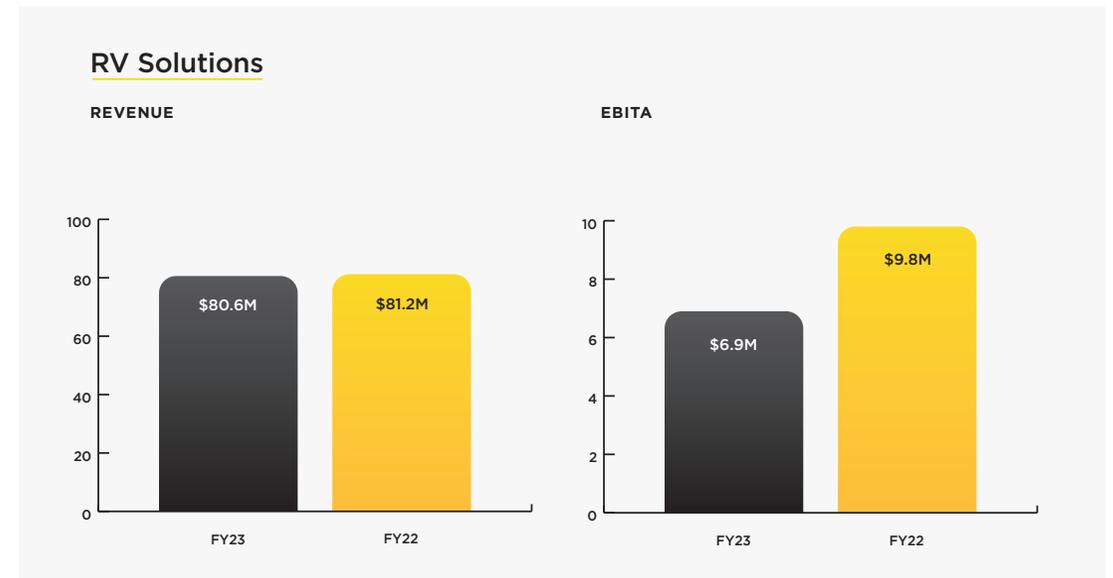
## Outlook

- + WA's Northwest has significant future projects planned in the oil and gas, fertiliser, and green energy sectors.
- + The Rio Tinto agreements underpin utilisation and profitability and create a strong negotiating position for discussions with additional clients.
- + Glyde technology platform can position Fleetwood as a digital and ESG market leader and extend and enrich our relationships with customers.
- + Building Solutions provides the opportunity to build new villages at a competitive cost.

# RV Solutions - Performance

- + FY23 produced EBITA of \$6.9m on revenue of \$80.6m.
- + RV Solutions saw reduced consumer discretionary demand in the fourth quarter on rising interest rates.
- + The OEM segment experienced solid trading conditions during the year as many manufacturers worked through historic underlying customer orders.
- + The aftermarket segment softened noticeably in the fourth quarter of the year. Whilst underlying consumer demand fell, the business also saw aftermarket customer de-stocking into year end.
- + Second half price increases insufficient to offset significant increases in property costs and wage inflation which increased operating costs by 14%.

\$ Million	FY23	FY22
Revenue	80.6	81.2
EBITA	6.9	9.8



# RV Solutions - Strategy and Outlook

## Strategy

- + Expand offering in the aftermarket and increase visibility and engagement with caravan buyers.
- + Commercialise new products in the OEM segment.
- + Update IT systems to take advantage of current technological capability and improve productivity.
- + Further price increases to recover costs. Overheads right sized in anticipation of normalised demand moving forward.

## Outlook

- + The medium-term outlook for RV Solutions remains solid. While international travel has resumed, the forward order book for manufacturers remains at reasonable levels.
- + The early part of FY24 has seen some signs of re-stocking by aftermarket customers.
- + New products such as sandwich panel walls and aluminium wall frames are currently under trial with customers.
- + Challenges remain around raw material supply and price, freight costs, access to skilled labour and potential impact of increased interest rates.

# Summary

## OVERALL

- + Focus on revenue quality, sustainably improving margins, increasing utilisation and reducing overheads.
- + Building and Community Solutions gaining momentum.

### **FLEETWOOD** BUILDING SOLUTIONS

- + Roadmap to improve quality and consistency of earnings developed with Build, Transform, Grow Strategy.
- + Order book growth to \$127m.
- + Revenue, quality improvement and operating efficiency measures identified to leverage the advantages of modular building.

### **FLEETWOOD** COMMUNITY SOLUTIONS

- + Recent 5-year agreements with Rio Tinto underpins future utilisation.
- + Significant projects in planning across multiple sectors driving additional demand.
- + Additional opportunities identified in mining, residential and aged care.

### **FLEETWOOD** RV SOLUTIONS

- + Medium term outlook for domestic travel market remains good.
- + Leverage opportunities to service aftermarket.
- + New products such as sandwich panel walls and aluminium frames are under trial with customers.

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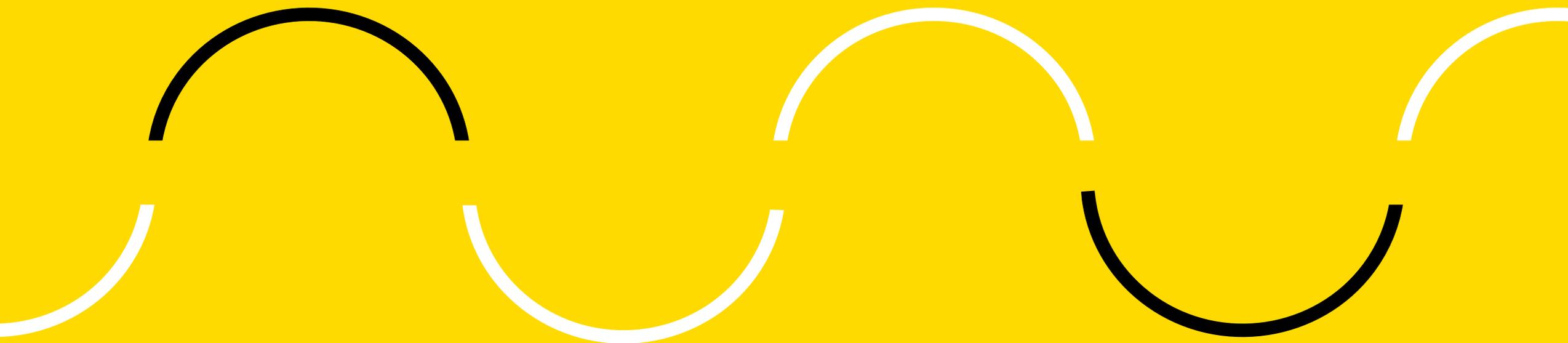
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