

30 August 2016

## GATEWAY LIFESTYLE GROUP (ASX:GTU) FULL YEAR RESULTS

Gateway Lifestyle Group (Gateway or the Group) today reports the results for the financial year ended 30 June 2016, the Group's first full year of trading following listing on the ASX on 15 June 2015. The Group achieved a statutory net profit after tax of \$38.9 million representing a statutory earnings per security (EPS) of 14.60 cents per volume weighted security and an underlying net profit after tax of \$44.8 million representing an underlying EPS of 17.12<sup>1</sup> cents per volume weighted security in line with guidance provided and \$3.4 million above PDS forecast.

### Highlights

- Underlying net profit after tax attributable to security holders increased 8.2% above the prospectus and product disclosure statement (PDS) to \$44.8 million with underlying earnings per stapled security of 17.12<sup>1</sup> cents and distribution per stapled security of 10.88 cents;
- Strong conversion of underlying earnings to operating cash flows;
- Significant debt capacity with \$145 million in debt facilities and low gearing of 17% as at 30 June 2016;
- Strong settlement figures with 262 new homes settled (PDS forecast: 261 settlements) with a further 75 committed sales carried into financial year 2017;
- Average gross profit of \$100,400 per home settled (PDS forecast: \$98,000 per home settled);
- 5,623 occupied residential sites an increase of 1,577 from 30 June 2015 with an average site rent per week of \$141 in line with PDS forecast of \$141 per week (average weekly rental of \$144 per week excluding new manufactured home estate (MHE) acquisitions over FY16);
- Acquired 17 communities at a gross cost of \$147 million adding a further 3,403 MHE sites to the portfolio, with Terrigal Sands settling post 30 June 2016; and
- Current community portfolio of 9,515 total sites comprising 5,623 occupied residential sites and 3,892 potential development sites.

Key Financial and Operating Metrics	FY16	FY16 PDS Forecast	Variance
Statutory NPAT	\$38.9m	\$41.4m	(\$2.5m)
Underlying NPAT	\$44.8m	\$41.4m	\$3.4m
Home Settlements	262	261	1
Average Selling Price \$000	\$100.4	\$98	\$2.4
Manufactured Home Avg Weekly Rate	\$141	\$141	\$0.0

<sup>1</sup> VWS is calculated based upon the absolute number securities on issue pre and post the equity raise



## Operational and financial results

During financial year 2016, Gateway delivered on its strategy of operating, developing and acquiring MHEs. The core focus remains to build a large defensive style revenue base, with the benefit of organic growth, from the rent of residential sites. Gateway delivered on this strategy by increasing the number of occupied residential sites at year end to 5,623 representing a 1,577 increase in number of sites during the financial year.


Gateway successfully acquired 17 new communities in financial year 2016 including one community located at Terrigal settled post 30 June 2016. These acquisitions have increased the total MHE sites in the portfolio to 9,515, providing further depth to the development pipeline with 3,892 potential development sites. The 17 new communities acquired were funded by existing debt capacity and proceeds from the successful \$120 million equity capital raise completed in April 2016.

Gateway settled 262 new homes in financial year 2016 equating to an increase of 111% on financial year 2015 with an average profit per home settled of \$100,400 or a 41% gross margin. The Group is well positioned heading into financial year 2017 with 75 committed home sales as at 30 June 2016.

## Strategy and Outlook

Trent Ottawa, CEO of Gateway Lifestyle stated; "Financial year 2016 was an exciting time for everyone involved in Gateway Lifestyle and I am proud of what our dedicated staff have achieved in our first full year as a listed company and the benefits now being seen by our residents. The Group is well positioned moving into financial year 2017 with significant debt capacity of \$145 million and low gearing at 17%".

Gateway remains confident in the continued execution of our strategy and the long term benefits to our residents and securityholders. The Group is well placed to generate business growth in FY17 and target growth in underlying net profit after tax of approximately 5% excluding further acquisitions. Distributions payable to securityholders are expected to be in line with prior guidance of between 65-85% of distributable earnings, assuming no material change to market conditions.



**Trent Ottawa**  
Chief Executive Officer

Further details on Gateway Lifestyle Group performance are provided in the Appendix 4E and results presentation which have been released today and are based on financial statements and accounts that are currently in the process of being audited.

GTY will hold a conference call on Tuesday 30 August 2016 at 10am (AEST) to discuss the 2016 Financial Year Results (Conference Call #: 1800 123 296; ID#: 6094 4748). The conference call will be hosted by Trent Ottawa, CEO, and will include a Q&A session. If you require further information please contact [investor@gatewaylifestyle.com.au](mailto:investor@gatewaylifestyle.com.au).

