

15 June 2017

FY17 Update and Revised Guidance

Gateway Lifestyle Group (ASX:GTY) (Gateway Lifestyle or the “Group”) today provides an update on the Group’s FY17 guidance and on the second half operating performance.

FY17 Results Guidance Update

- Distributable earnings expected to be c. \$39 million for FY17, down \$4.2 million on prior guidance
- Underlying net profit guidance adjusted to c. \$40 million, a decrease of \$4.8 million on prior guidance
- Settlements are anticipated to be in the order of c. 240 for FY17

Guidance	Prior FY17 Guidance	Revised FY17 Guidance
Settlements	260-290	c. 240
Underlying NPAT	\$44.8 million	c. \$40 million
Distributable Earnings	\$43.2 million	c. \$39 million

Over the course of late Q317 and Q417, the Group has experienced a slower than anticipated rate of construction predominantly driven by continued weather related delays on key projects. This has resulted in fewer than anticipated settlements in May and June impacting the ability of the Group to deliver in line with prior guidance. These settlements are now anticipated to occur in Q118.

Whilst the resulting FY17 guidance is lower than previously forecast the Group notes continued strong levels of enquiries converting to an average of 25 new sales per month since September 2016. As a result, carried forward sales are anticipated to be in the range of 80 to 90 as at 30 June 2017 providing an improved outlook for Q118 compared to the prior corresponding period. Investment in working capital and capital expenditure is underpinning the pipeline of available sites as the Group heads into FY18.

Commenting on the revised guidance, Gateway Lifestyle CEO Trent Ottawa said: “We recognise that the delayed Q417 settlements has impacted our guidance, with the timing of these settlements moved to Q118 principally due to adverse weather conditions. Encouragingly, a more consistent rate of sales across our communities reinforces our prior decision to advance the capital expenditure program. Our core strategy of growing the long term rental organically and through settlement of new homes remains robust.”

The Group’s full year financial statements will be lodged with the ASX on 30 August 2017.

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