

7 July 2020

Update on Impact from COVID-19

Fleetwood Corporation Limited (ASX: FWD) (**Fleetwood** or the **Company**) is pleased to provide an update to its 30 March 2020 announcement regarding the impact of COVID-19 on the business.

The Company:

- retains a strong balance sheet;
- had over \$63m in net cash at 30 June; and
- has an undrawn facility with its financier Westpac of \$50m.

Updates on Fleetwood's operations are as follows:

Building Solutions Segment

Consistent with the 30 March announcement, there has been minimal disruption to construction between March and June.

There have been some minor supply chain impacts and alternative supply arrangements have been sought. No material disruption of projects has occurred.

Demand from the Government sector has remained strong consistent with recent announcements regarding infrastructure spending.

Given the high levels of economic uncertainty, demand from the private sector for smaller high margin works has been softer. This has had an impact on second half margins, as larger, lower margin projects dominated production, particularly in New South Wales and Western Australia.

There have been instances where clients have paid Fleetwood in June ahead of trading terms, totalling approximately \$18m, and also prepayments for works to be completed early in the new financial year totalling \$6m. This has boosted Fleetwood's cash position by approximately \$24m at 30 June.

Accommodation Solutions Segment

The 30 March announcement identified the possibility of disruption to the Company's operations in the event that restrictions limiting fly-in fly-out workers were introduced.

While the Western Australian State government did introduce (and has since removed) intrastate travel restrictions, rather than limiting fly-in-fly out workforces, the effect of the restrictions was to cause the modification of rosters.

Fleetwood has worked with its customers during this period to implement changes to the way our Searipple Village in Karratha accommodates different rosters, including removing the practice of people who are on alternate rosters using one room. This has improved utilisation of the village in the June quarter.

RV Solutions Segment

The March announcement noted that demand for recreational vehicles was expected to decline moving into the fourth quarter. This has played out as expected, with a significant reduction seen in volume



from caravan manufacturers. Notwithstanding, there have been mixed reports regarding new and used caravan sales from the retail sector.

The impact on the aftermarket has not been as severe as that seen with manufacturers. This is likely due to existing caravan owners buying aftermarket parts and services to ready their RVs for travel once restrictions ease.

Jobkeeper payments, arrangements with landlords and significant restructuring of the fixed cost base, has meant no losses have been encountered in the RV Solutions segment to date.

Given the planned end of Jobkeeper payments in September and the rapidly evolving COVID-19 situation in Victoria, the RV Solutions segment is being monitored closely for any potential for impairment.

Our Customers

Fleetwood continues to take proactive measures to ensure the safety of its people and to sustain service to customers.

The Future

Management is focused on ensuring the business is prepared for opportunities that the post COVID-19 world will present.

Managing Director & CEO Brad Denison said *"We are proud of our staff and contractors' ability to implement social distancing and remote working requirements. Fleetwood is in an enviable position at this unprecedented time and we continue to pursue opportunities to grow the business organically and are also keeping a keen eye out for potential corporate transactions."*

This announcement was authorised to be given to the ASX by the Fleetwood Corporation Limited Board.

For further information please contact:

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