Fletcher Building

FY20 Expected Annual Results

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Navigated COVID-19 impacts, business set up for FY21, and maintained momentum on key strategies and focus areas

FY20

- Responded quickly to COVID-19 impacts
- Focus on health and safety of our people
- Strong customer service performance
- Cash and balance sheet remain strong

FY21 set-up

- Positioned the business cost base for reduced activity in FY21
- Accelerated key ecommerce activities
- Ensured debt lines and liquidity remain strong and available

FY21 and beyond

- Strategy and growth ambitions remain unchanged
- Ongoing focus on profitability and operational excellence
- Complete Australia portfolio rationalisation
- Clear historical Construction projects

COVID-19 response to NZ lockdown and Australia restrictions focused on health and safety, customer service, costs and cash

Actions

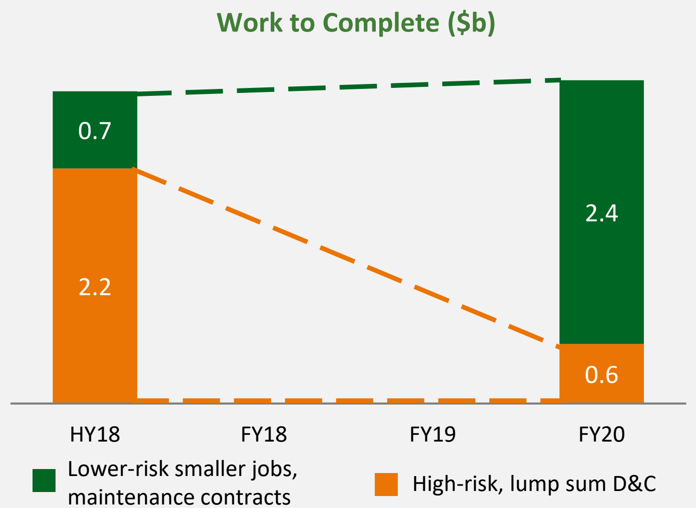
- Safely shut down and restarted NZ businesses and dealt with Australia restrictions
- Maintained customer service and performance
- COVID-19 Support Hub App launched, downloaded by 7,000 of our people, financial hardship fund in place
- Bridging Pay Programme implemented (govt supported)
- Strong focus on costs and cash:
  - Capex reduced
  - Board, Execs and GM remuneration reduced, no STI bonuses
  - Debtors / Creditors well managed
  - Negotiated reductions in both NZ property lease costs and other key supply agreements, all discretionary spend stopped
  - Interim dividend cancelled, share buyback programme suspended

FY20 Results

- Serious injuries reduced by over 60% year-on-year
- COVID-19 impact resulted in Q4 operating earnings of c$50m, a c$200m reduction on expected Q4 earnings
- Strong cash flows of $410m
- Balance sheet strength preserved, liquidity $1.6b, net debt $0.5b

While the Construction division continued to progress and finish historical projects, the provision envelope has increased

Significant progress made on two fronts since HY18



1. Completed significant number of legacy jobs, risk reduced
2. New work won with materially better margin outlook and significantly lower and more appropriate risk profile

Provision envelope increased

- Well through the historical Construction work book
- Additional $150m provisions due to:
  - > COVID-19 disruptions and productivity impacts, both in FY20 and ongoing (50%)
  - > Issues on historically completed projects (20%)
  - > Prudent risk provision across portfolio of legacy work (30%)
- c$600m legacy work to complete, including impact of additional provisions

Note: The part of the NZICC rebuild funded by insurance is included in $2.4b FY20 order book

Setting up for likely lower market activity in FY21 required permanent reductions to our cost base and workforce

Actions

- Reductions to operating footprint, supply chain costs and general costs
- Workforce size will be reduced by c12% (over 1,500 people) matched to probable future market activity
- Australia portfolio rationalisation continuation
- Renegotiated debt covenants to preserve liquidity and retired a further USD$300m of our most expensive debt lines, saving c$40m of future interest payments
- Capex envelope reduced until market outlook more certain

Impact

- Actions expected to achieve a permanent reduction in cost base in FY21 of c$300m p.a.
- FY20 significant items of $276m:
  - Right-sizing of the cost base $187m
  - Rocla asset impairments $59m
  - Debt restructuring resulted in one-off Make Whole payment $30m
- FY21 significant items of c$90m as final cost-out actions completed
- Significant items (FY20 and FY21) are expected to be c55% cash/45% non-cash

Key aspects of expected FY20 annual results
Profit impacted by COVID-19, cash flow and balance sheet strong

Unaudited reported results NZ$m	Jun 2020 12 months
EBIT before significant items and before construction provisions	**310**
Construction provisions	(150)
EBIT before significant items	**160**
Significant items	(276)
EBIT	**(116)**
Net loss	**(196)**
Cash flows from operating activities	410
Capital expenditure	232
Net debt	497
Liquidity	1,629
Leverage (Net debt / EBITDA)	0.9x

The result, which remains subject to final audit sign-off and approval by the Board, will be released in full on 19 August 2020.

FY21 - Positioned for reduced activity
Full update on 19 August 2020

- Business reset for market downturn of c25% in NZ and c20% in Australia
- Suite of cost-out actions already implemented to preserve profitability
- Strong cash flows of $410m, liquidity of $1.3b post-repayment of USPP 2012 notes
- Sharpened focus and ready to act, vigilant to macro factors, market activity and how forecasts evolve
- We have a strong balance sheet and a resilient business reset to withstand market pressures and take advantage of opportunities
- Provide a full update on 19 August 2020

Q&A