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Fletcher Building

Half Year Results to 31 December 2019

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19 February 2020

Important Information

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This presentation provides additional comment on the Interim Financial Results 2020 dated 19 February 2020. As such, it should be read in conjunction with and subject to the explanations and views given in that document. Unless otherwise specified, all information is for the half year ended 31 December 2019.

In certain sections of this presentation, Fletcher Building has chosen to present certain financial information exclusive of the impact of significant items and/or the results of the businesses divested in the year ended 30 June 2019. For the six months ended 31 December 2019, the Group's financial statements are prepared in accordance with the new lease accounting standard NZ IFRS 16, adopted from 1 July 2019. In prior periods, lease costs were fully reported in EBIT. Under NZ IFRS 16, the two components of lease costs are reported separately: (1) the depreciation of right-of-use assets is reported in EBIT and (2) the deemed interest portion of the lease liability is reported in net interest expense. Financial tables in this presentation (where indicated) show both the reported result for the prior period, as well as a pro forma restatement of the prior period to illustrate the impact of NZ IFRS 16 had it been applied and to allow for a like-for-like comparison. A number of non-GAAP financial measures are used in this presentation which are used by management to assess the performance of the business and have been derived from Fletcher Building's financial statements for the six months ended 31 December 2019. You should not consider any of these statements in isolation from, or as a substitute for the information provided in the Interim Financial Statements for the six months ended 31 December 2019, which are available at www.fletcherbuilding.com.

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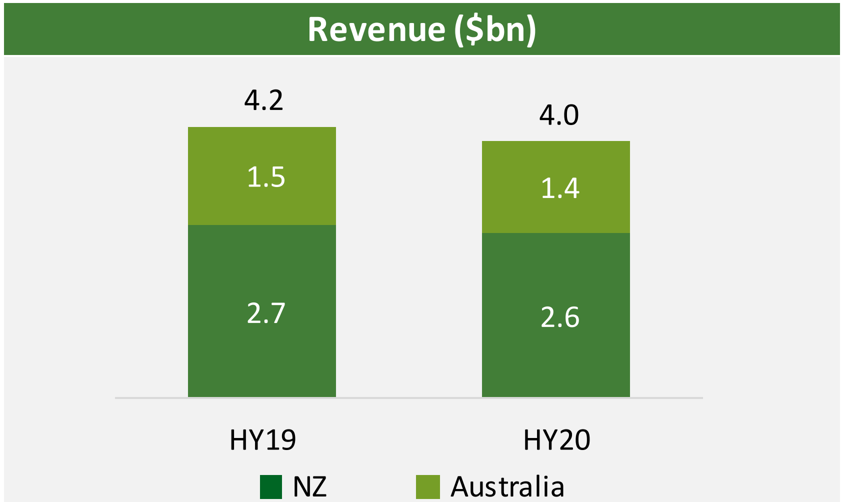
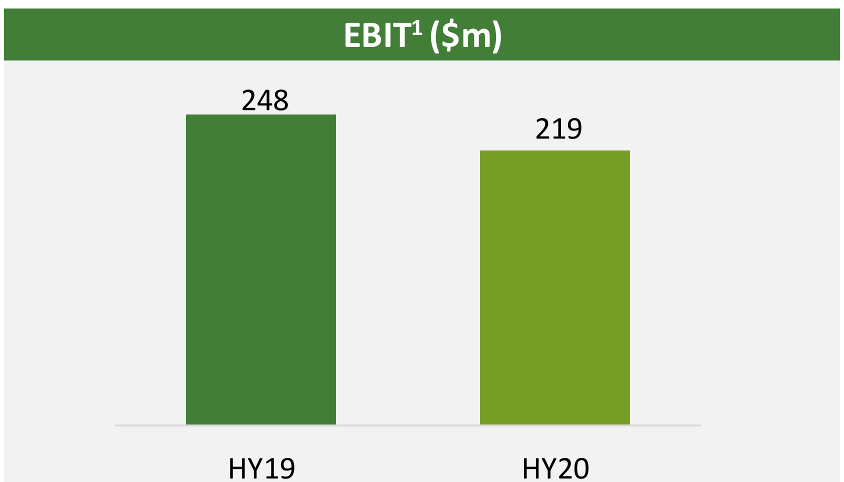
Agenda

Revenue in line with expectations, full year earnings guidance reconfirmed





Revenue

- NZ core revenue steady
- Construction revenues lower as legacy projects complete
- Australia lower from residential and infrastructure market decline

EBIT – First Half

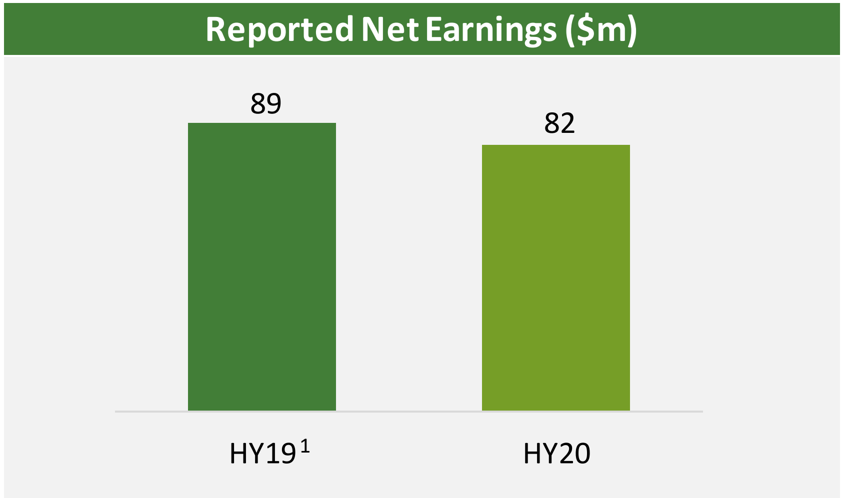
- NZ core earnings solid, except Steel
- Timing of Residential and Development sales second half weighted
- AU cost-out benefits flow more fully in second half

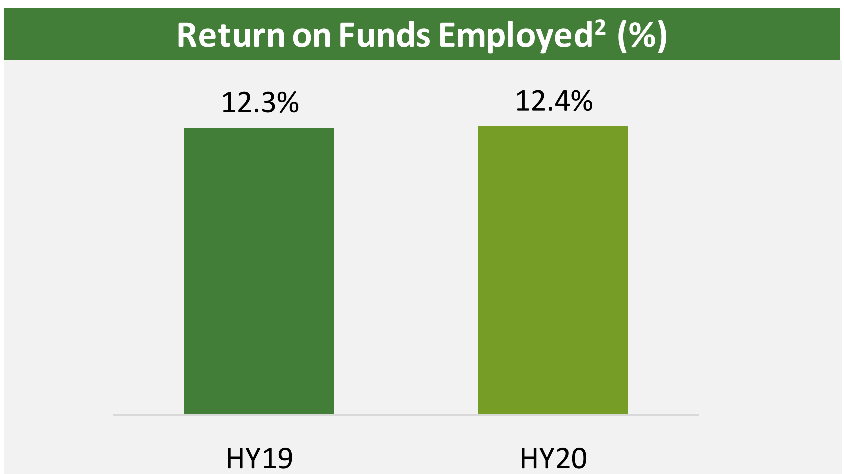
EBIT – Full year guidance of $515m-$565m reconfirmed

- Earnings weighted to 2H20 on Steel improvement, Residential sales timing, Australia turnaround

Note: All metrics are for continuing operations unless stated otherwise. RTG and Formica were sold during the prior year
[1] Measures before significant items are non-GAAP measures used by management to assess the performance of the business and has been derived from Fletcher Building's financial statements for the six months ended 31 December 2019. Details of significant items can be found in note 2A of the financial statements

Reported net earnings in line with expectations





Net Earnings

- Incorporates changes to operations and accounting changes
- HY20 includes $35m sig items associated with the Australian cost out programme

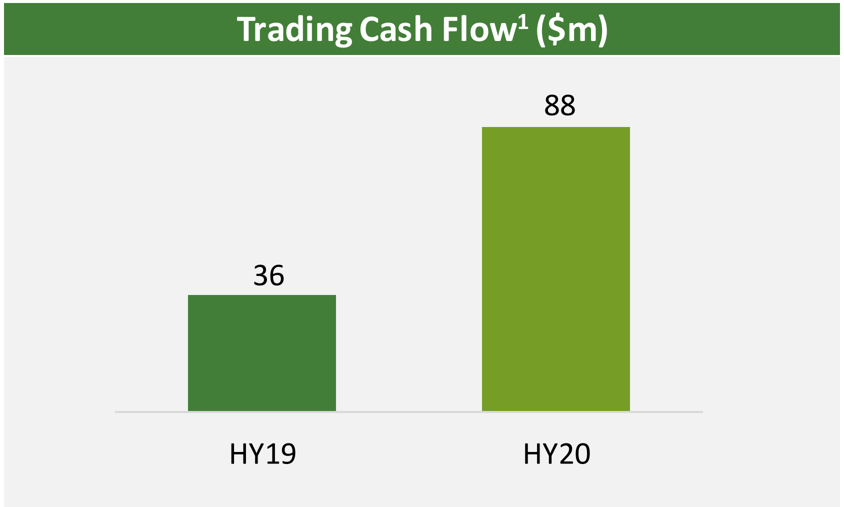
ROFE

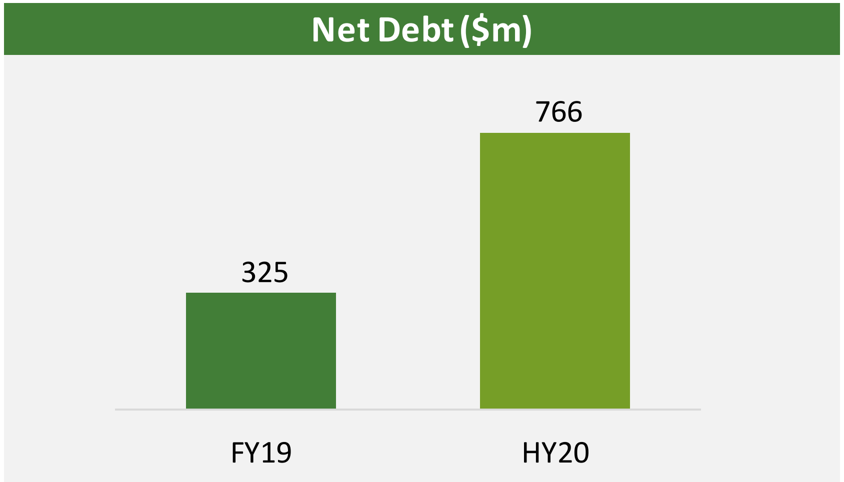
- Group ROFE steady
- NZ delivering above target
- AU remains below target but turnaround plans in place to drive through uplift

[1] *$142m for continuing operations*

[2] *Rolling 12 month EBIT to average funds (net debt and equity less deferred tax assets). Measures before significant items are non-GAAP measures used by management to assess the performance of the business and has been derived from Fletcher Building's financial statements for the six months ended 31 December 2019. Details of significant items can be found in note 2 of the financial statements*

Strong cash performance through working capital improvement





Trading Cash Flow Improvement

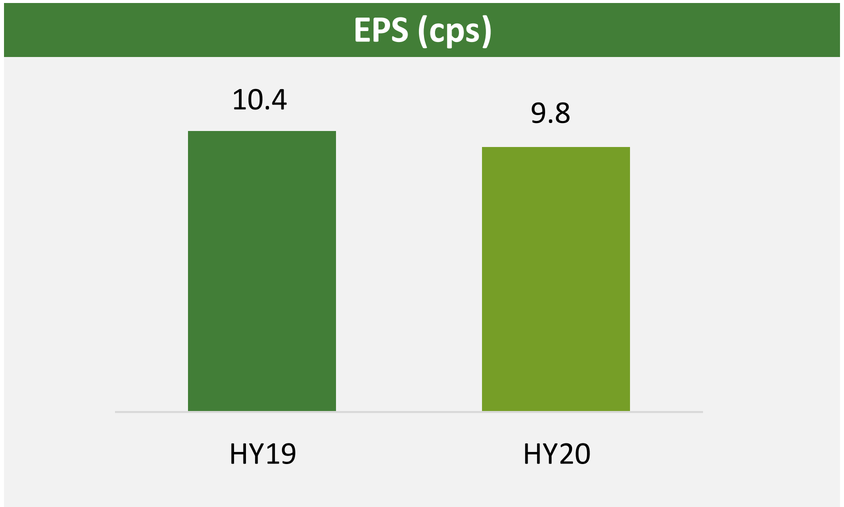
- Driven by working capital improvements, especially inventory

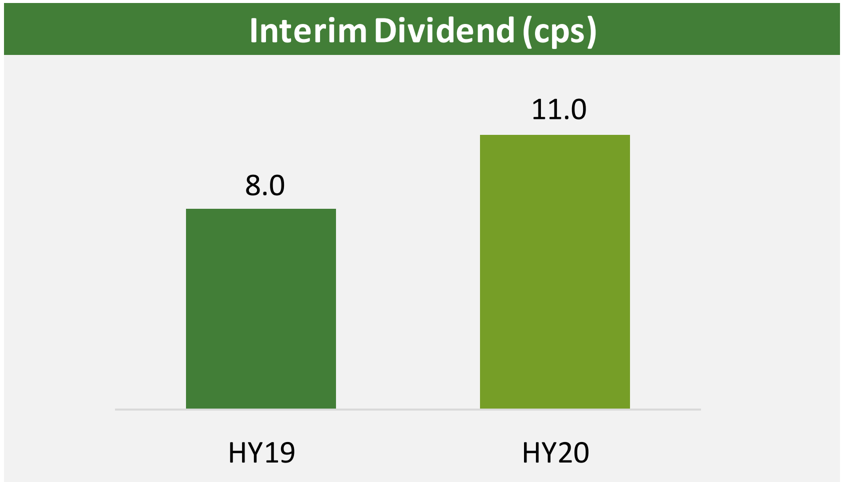
Net Debt

- Net debt increased as expected - from share buyback and legacy construction projects
- Strong balance sheet: leverage ratio 0.8x, undrawn credit of $925m, cash on hand of $570m

Note: All metrics are for continuing operations unless stated otherwise. RTG and Formica were sold during the prior year
[1] Trading cash flow from continuing operations excluding legacy construction projects

Interim dividend of 11 cents per share declared





EPS

- Slightly down half on half in line with earnings

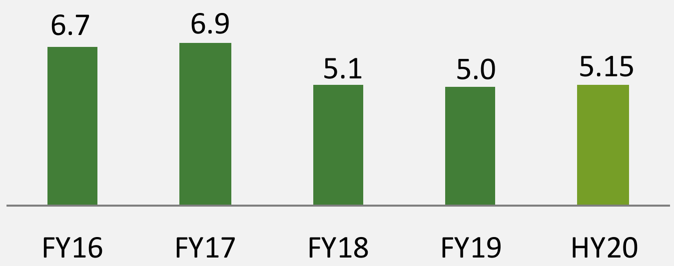
Interim Dividend

- Interim dividend payment to be made on 9 April 2020
- Return to normal split between interim and final dividends

Strong focus on ‘Protect’ reset, Science Based Targets verified

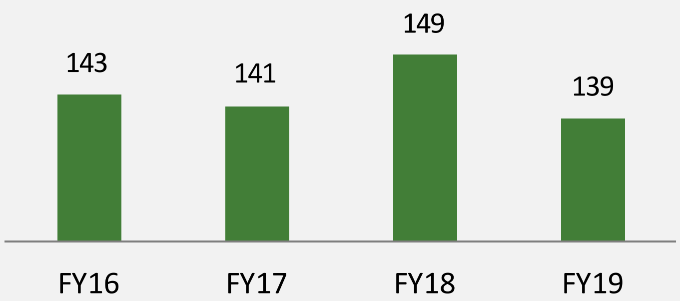
Safety

Total Recordable Injury Frequency Rate[1]



Sustainability

Carbon Emission Intensity[2]



Safety

- Major safety program ‘Protect’ reset launched across all businesses
- Our aim is to be injury free as a business
- Focus is on culture, mindsets, skills and the identification and effective management of critical risks
- Success will see TRIFR fall to well under 5.0 in the coming years

Sustainability

- Committed to reduce carbon emissions by 30% by 2030
- Aligns with aims to limit global warming to below 2°C
- First building materials and construction company in NZ or Australia to have accredited Science-Based Targets for carbon reduction

[1] *TRIFR = Total no. of recorded injuries per million man hours worked.*
[2] *Carbon Emission Intensity = FBU Co2 Tonnes for every $1m of revenue. ISO 14064-1*

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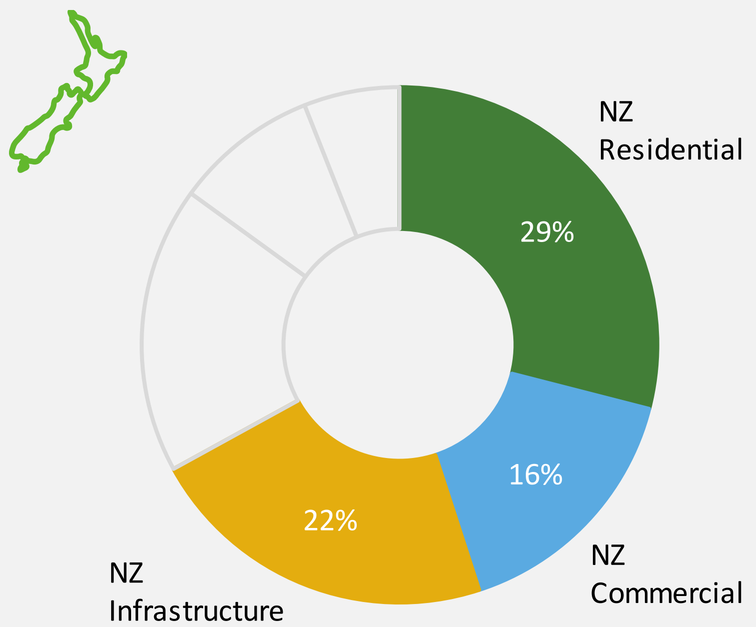
Agenda

New Zealand market steady year on year, outlook remains positive

FBU Revenue by Market (%)



Residential

- Activity levels steady year on year:
  - Consents growth weighted to multi-unit dwellings (smaller floor area, typology mix change)
  - Standalone housing flat on total floor area basis
  - New subdivision trending slightly lower

Commercial

- Activity levels trending slightly lower

Infrastructure

- Softer activity in 1H20 on project timing and wet first quarter
- Strong long term outlook supported by $12b government infrastructure package

Source: Statistics NZ, Infometrics

Building Products
Results overview

NZ$m	Dec 2018 6 months reported	Dec 2018 6 months pro forma[1]	Dec 2019 6 months
Gross Revenue	672	**672**	**645**
EBITDA	96	**114**	**92**
EBIT	87	**91**	**66**
Trading Cash Flow	36	**36**	**54**
ROFE[2] %	23%	**25%**	**18%**
Capex	18	**18**	**17**
Cash Conversion[3]	21%	**20%**	**56%**
Building Products (ex Steel) EBIT	66	**69**	**65**
Steel EBIT	21	**22**	**1**
Domestic board volumes (m^2)			**+4%**
Domestic laminate sales (m^2)			**+3%**
Pipe volumes (t)			**-17%**
Steel volumes (t)			**-16%**

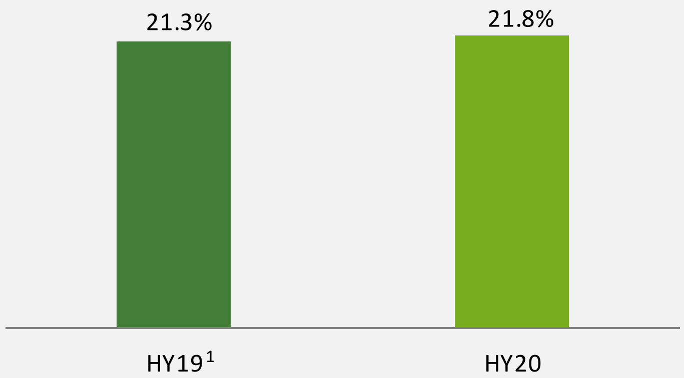
Divisional Exposure: Resi, 45% | Com, 26% | Infra, 29%

- Strong volumes and operating performance in plasterboard, insulation and laminates
- Pipes volumes and performance impacted by lower subdivision and civil work plus wet first quarter
- Steel a disappointment with trading conditions remaining challenging through the first half, materially impacting volumes and margins
- Half on half profit reduction mainly due to Steel performance
- Operating margins higher in Building Product businesses (ex Steel) on price gains and operating leverage
- Divisional cash flow higher on improved working capital management

[1] Dec 2018 6 months pro forma is Dec 2018 6 months reported adjusted for IFRS 16
[2] EBIT/Closing Funds
[3] Cash conversion = FCF/EBIT

Building Products
Performance focus

Operating Margin ex Steel (EBITDA %)



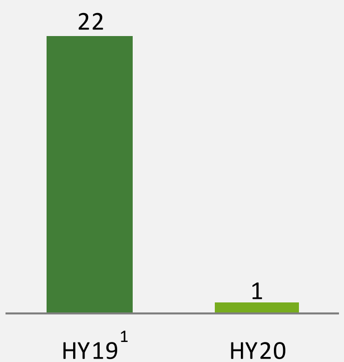
Key Focus Areas

- Tasman Insulation building wraps
- GIB Weatherline and Barrierline
- Iplex mobile extrusion, PVC-O plant investments

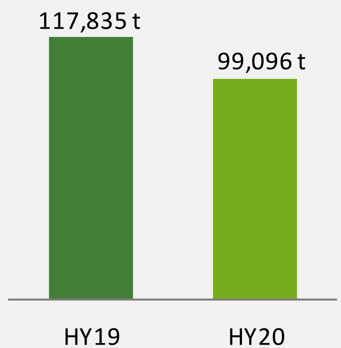
- Winstone Wallboards MyGIB® app
- Laminex decor and ecommerce launch

- c$400m Winstone Wallboards plant in Tauranga, 50% land and buildings, 50% equipment
- Humes fix / focus ongoing

Steel EBIT ($m)



Steel Volumes (t)



Steel Outlook

- Intervention, business reset complete
- Solid recent project wins
- Expectation for better market volumes, margins improving into 2H20

[1] *HY19 is Dec 2018 6 months reported adjusted for IFRS 16 to allow like-for-like comparison*

Distribution
Results overview

NZ$m	Dec 2018 6 months reported	Dec 2018 6 months pro forma[1]	Dec 2019 6 months
Gross Revenue	809	**809**	**824**
EBITDA	55	**79**	**73**
EBIT	50	**55**	**50**
Trading Cash Flow	49	**49**	**64**
ROFE[2] %	35%	**47%**	**41%**
Capex	11	**11**	**12**
Cash Conversion[3]	76%	**69%**	**104%**
PlaceMakers revenue			**+2%**
Mico revenue			**-1%**

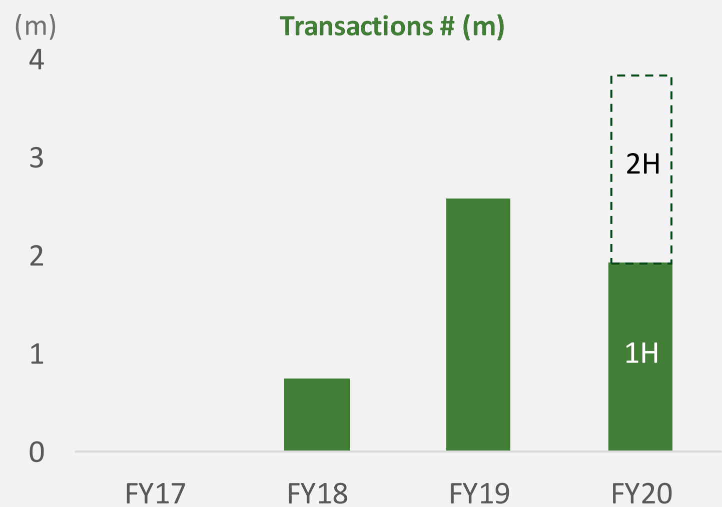
Divisional Exposure	Resi, 79%	Com, 21%

- Revenue increase in line with market activity
- Conditions in key Auckland market highly competitive
- Earnings lower due to: Auckland environment, higher wage, property and freight costs, and investments in digital capability
- Continue to drive branch and showroom upgrade programme and increase network density with new branch openings
- Cash flow higher on improved inventory management

[1] *Dec 2018 6 months pro forma is Dec 2018 6 months reported adjusted for IFRS 16*
[2] *EBIT/Closing Funds*
[3] *Cash conversion = FCF/EBIT*

Distribution
To date focused on branch service digitisation and transport

Seamless Service Through Digitisation



70% of branch transactions now digitised

- c4m transactions digitally per annum:
  - paper eliminated
  - accuracy of receipting and picking improved
  - staff resourcing better matched

Transforming Transport Capability

- Efficiency improved through own vehicle delivery:
  - Delivery per load increased
  - Load time reduced
  - More accurate and consistent charging
- Service levels enhanced through Uber-style "track your truck"

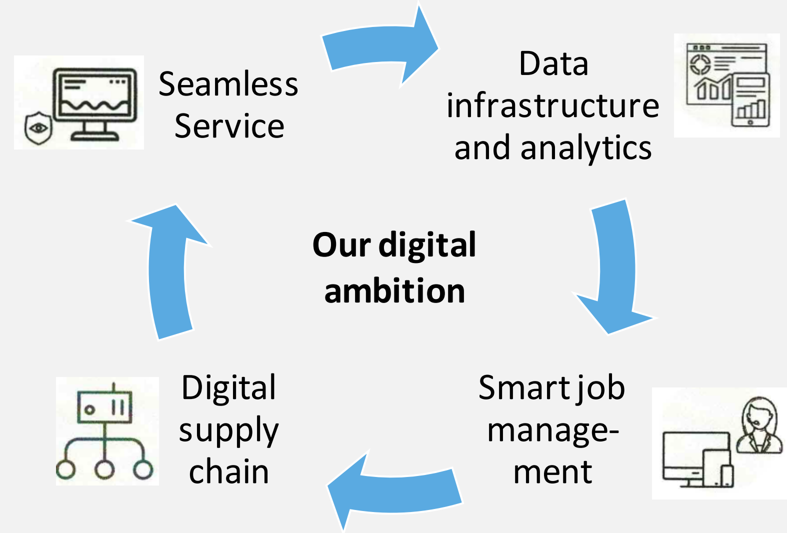
PlaceMakers® DELIVERY SERVICES

Distribution
Our focus is now firmly on our digital transformation

Digital Transformation from physical analogue to 24x7 omnichannel experience

Our promise:

"Unmatched digital experience - best service every day, on every transaction"



FY20

- Trade app and Initial portal
- Shop.PlaceMakers launched

FY21

- Trade portal (full rollout)
- Shop.Placemakers expanded to full ecommerce offering
- Analytics, artificial intelligence, machine learning

FY22

- Portal expanded to full consumer focus
- Endless Aisle
- Supply chain automation and Estimation transformation

Concrete
Results overview

NZ$m	Dec 2018 6 months reported	Dec 2018 6 months pro forma[1]	Dec 2019 6 months
Gross Revenue	404	**404**	**403**
EBITDA	67	**82**	**87**
EBIT	42	**44**	**49**
Trading Cash Flow	49	**49**	**49**
ROFE[2] %	13%	**14%**	**16%**
Capex	17	**17**	**33**
Cash Conversion[3]	76%	**73%**	**33%**
Aggregates sales volumes			**-5%**
Domestic cement volumes			**0%**
Ready-mix volumes			**-3%**

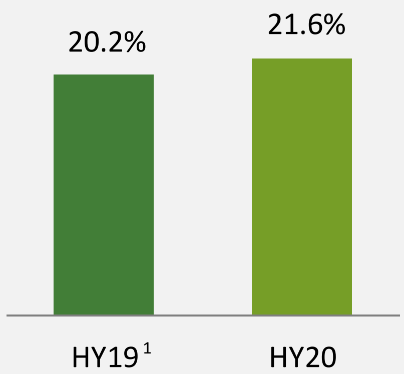
Divisional Exposure

- Volumes down slightly on softening civil / infrastructure activity in the half
- Price gains in aggregates and ready-mix, slight compression in cement price
- Margins higher on price gains and supply chain efficiencies, partially offset by energy costs
- Trading cash flow steady
- Capex higher on timing of capacity investments in mobile equipment, ready-mix plants, and aggregate processing

[1] Dec 2018 6 months pro forma is Dec 2018 6 months reported adjusted for IFRS 16
[2] EBIT/Closing Funds
[3] Cash conversion = FCF/EBIT

Concrete
Performance focus

Operating Margin (EBITDA %)



Operating Efficiency and Pricing

- New barge capacity between Portland and Auckland
- Mobile plant replacement in ready-mix and aggregates
- Improved manufacturing performance in new masonry facility
- Pricing focus

Product Innovation and Sustainability


Construction at Portland for the feed supply portion of the TDF process


Pile of chipped tyres

- GBC cement currently 20% lower carbon
- Tyre Derived Fuel initiative go-live end 2020, diverting up to 50% of NZ waste tyres from landfill
- Pozzolans product testing underway
- Masonry: new honing plant and paving size range

[1] HY19 is Dec 2018 6 months reported adjusted for IFRS 16 to allow like-for-like comparison

Residential and Development
Results overview

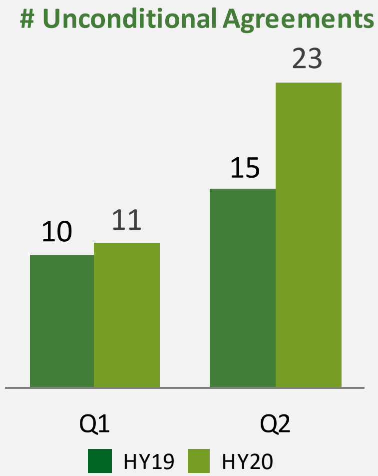
NZ$m	Dec 2018 6 months reported	Dec 2018 6 months pro forma[1]	Dec 2019 6 months
Gross Revenue	251	**251**	**224**
EBITDA	43	**44**	**36**
EBIT	43	**43**	**35**
Trading Cash Flow	(7)	**(7)**	**35**
ROFE[2] %	13%	**13%**	**11%**
Capex	2	**2**	**2**
Cash Conversion[3]	(21)%	**(21)%**	**94%**
Residential EBIT	37	**37**	**27**
Land Development EBIT	6	**6**	**11**
Clever Core EBIT	-	**-**	**(3)**

- Market demand strong and prices supportive, especially in key $600k-$900k pricing category
- Margins tracking above plan
- 1H20 Residential EBIT lower due to timing of settlements (weighted to 2H20)
- Cash flow supported by receipts from FY19 Land Development transaction
- c5 years' supply of lots under control, of which 75% are on balance sheet
- FY20 Residential earnings expected to grow year on year
- FY20 Land Development profits likely to be $35m+ (higher than $25m p.a. run-rate)

[1] Dec 2018 6 months pro forma is Dec 2018 6 months reported adjusted for IFRS 16
[2] EBIT/Closing Funds
[3] Cash conversion = FCF/EBIT

Residential and Development
Performance focus

Weekly House Sales



- Strong sales since mid-October
- Continued momentum into Q3
- Firm pricing
- Targeting 800-900 unit sales for FY20 (vs 755 in FY19)

Panelisation

- Clever Core manufacturing site officially opened in October, first houses completed in the half

Construction
Results overview

NZ$m	Dec 2018 6 months reported	Dec 2018 6 months pro forma[1]	Dec 2019 6 months
Gross Revenue	866	**866**	**774**
EBITDA	25	**35**	**33**
EBIT	15	**17**	**14**
Trading Cash Flow	(97)	**(97)**	**(152)**
ROFE[2] % (ex legacy)	10%	**12%**	**8%**
Capex	15	**15**	**19**
Cash Conversion[3]	NM	**NM**	**NM**
Revenue backlog (ex legacy)	1,122	1,122	**1,438**
Revenue backlog legacy	473	473	**92**

- Revenue ex-legacy projects up 3% year on year as new work starts to flow through
- EBIT weighted to 2H20 due to wet first quarter impacting bitumen and asphalt volumes in Higgins
- Cash flow driven by legacy projects outflow of $142m as key projects near completion
- Profile of work shifting to more balanced portfolio with only $92m legacy revenue backlog remaining (excl. NZICC)
- No change to legacy provisions

[1] Dec 2018 6 months pro forma is Dec 2018 6 months reported adjusted for IFRS 16
[2] EBIT/Closing Funds
[3] Cash conversion = FCF/EBIT

Construction
Performance focus

Talent and skills now broadly reset

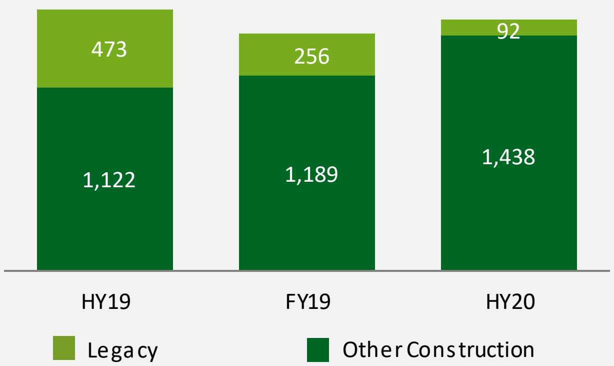
- Strong operational leadership team in place
- Driving consistent project management and governance

Complete legacy projects within provisions

- All legacy projects (ex NZICC) will be complete by June 2020
- NZICC – Contract Works and Third Party Liability insurances will respond to loss and damage

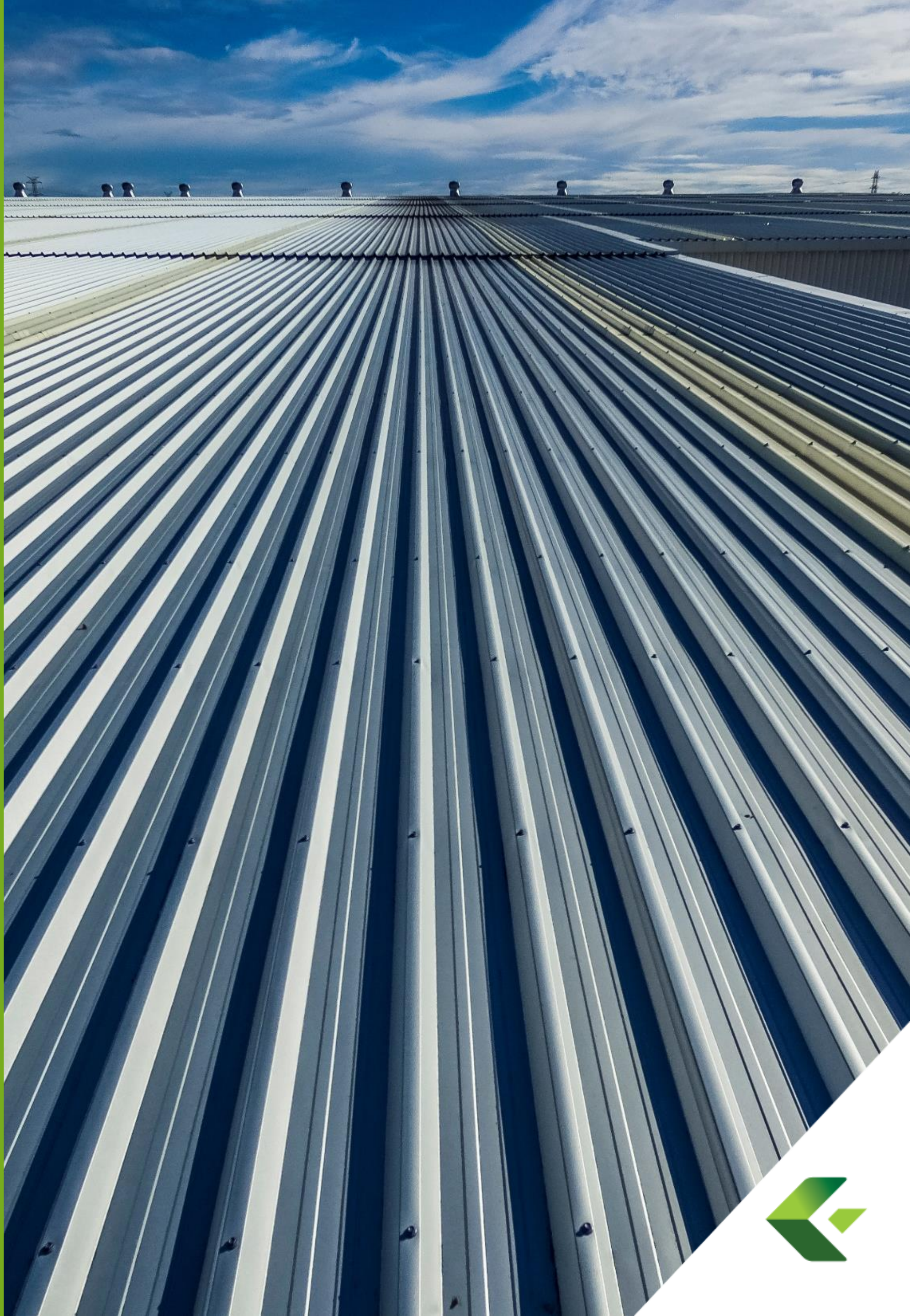
Winning the right work with the right customers

Work in hand ($m)



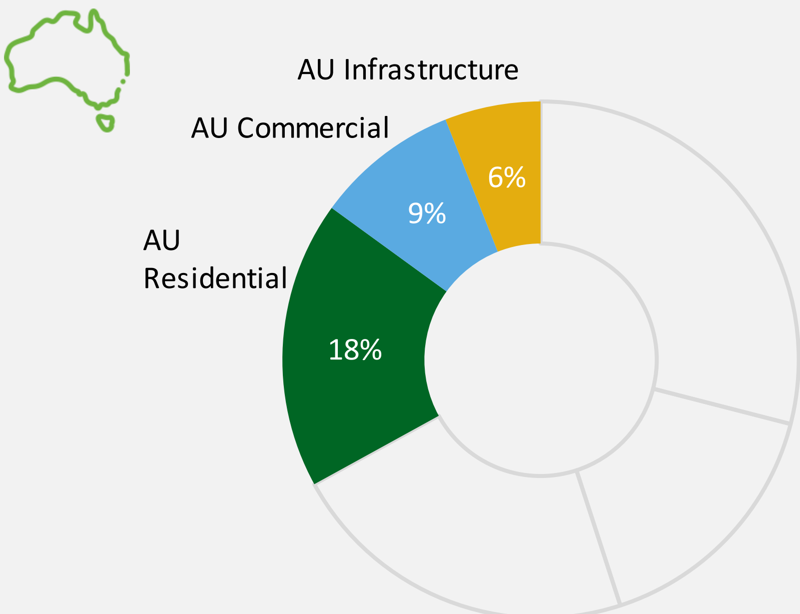
- New work win rates improving with a strong 1H20 performance
- Securing new work in line with targeted balanced portfolio and better risk profile

Agenda



Australia sharp decline in residential sector but looks to be turning; expect improvements in all sectors from FY21

FBU Australia Revenue by Market



Residential

- Material contraction in line with expectations
- Expect c150-160k approvals in FY20, down 20% year on year
- Signs of market stabilising, recovery from FY21

Commercial

- Steady activity levels. Approvals looking positive

Infrastructure

- Activity remains weak in key sectors, especially water and roading
- Government commitment of $100b spend over next 10 years

Source: BIS Oxford Economics (financial years)

Australia
Results overview

NZ$m	Dec 2018 6 months reported	Dec 2018 6 months pro forma[1]	Dec 2019 6 months
Gross Revenue	1,557	**1,557**	**1,453**
EBITDA[2]	65	**110**	**103**
EBIT[2]	33	**43**	**35**
Trading Cash Flow[2]	(71)	**(71)**	**(44)**
ROFE[3] %	4%	**5%**	**4%**
Capex	33	**33**	**32**
Cash Conversion[4]	NM	**NM**	**NM**
Building Products Aus. EBIT[2]	24	**29**	**27**
Distribution Aus. EBIT[2]	2	**5**	**4**
Steel Aus. EBIT[2]	8	**10**	**5**
Divisional costs	(1)	**(1)**	**(1)**

Divisional Exposure

- Revenue held well relative to market decline
- Cost-out programme mostly complete, benefits are second half weighted
- Strong momentum in Laminex and Insulation
- EBIT impacted by lower volumes and margin pressure in pipes, steel and distribution
- Cash flow higher on improved inventory management but were impacted by restructuring costs
- FY20 earnings weighted to second half as we get full run rate benefits from cost out work

[1] Dec 2018 6 months pro forma is Dec 2018 6 months reported adjusted for IFRS 16. pro forma $43m under IFRS 16
[2] Before significant items
[3] EBIT/Closing Funds
[4] Cash conversion = FCF/EBIT

Australia
Seeing improvement from well-advanced cost out programme

Operational Excellence

- Performance focus, reset well advanced
- Costs mostly out - $100m gross annual cost-out benefit by FY21
- Right-sized network with store and branch closures complete; first wave of branch co-locations complete
- Insulation consolidated into one site
- DCs consolidation complete
- Freight suppliers consolidated


Laminex Gold Coast Labrador (shop in shop)

Strategy and Portfolio

- With the reset well advanced, we have assessed our portfolio
- Decision made to divest Rocla
- Expect this to be completed through calendar 2020

Product and Service Innovation

- Ranges expanded in Laminex, Stramit (Taurean garage doors), Fletcher Insulation and Oliveri bathroom products
- Compact decorative surface trials underway
- Laminex digital delivering
- Fletcher Insulation packaging refreshed, service install offering expanded

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Agenda

Income statement
First half group profit in line with expectations

Reported results NZ$m	Dec 2018 6 months	Dec 2019 6 months	Change $m
Revenue	4,185	3,961	(224)
EBITDA	335	402	67
EBIT before significant items from continuing operations	**248**	**219**	**(29)**
Significant items	0	(35)	(35)
EBIT from continuing operations	**248**	**184**	**(64)**
Lease interest expense	0	(35)	(35)
Funding costs	(62)	(35)	27
Tax expense	(39)	(28)	11
Non-controlling interests	(5)	(4)	1
Net earnings from discontinued operations net of tax	(53)	0	53
Net earnings	**89**	**82**	**(7)**
Basic earnings per share (EPS – cents)	10.4	9.8	(0.6)cps
Dividends declared per share (EPS – cents)	8.0	11.0	3.0cps

IFRS 16 adopted in FY20
Background and impact

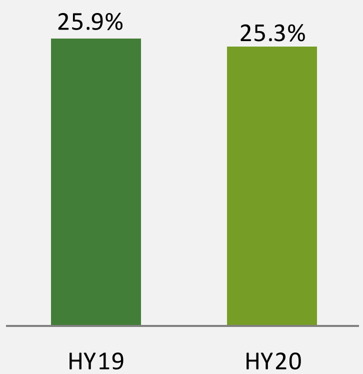
- Effective for the Group for period commencing 1 July 2019
- Total of c 5,000 operating leases now accounted for under IFRS 16
- Balance Sheet impact: Recognises right-of-use asset of $1.5bn and lease liability of $1.8bn
- Income Statement impact: Operating lease expense treated as depreciation and interest charges

IFRS 16 impact NZ$m	pro forma HY19 6 months	pro forma FY19 12 months
EBITDA	↑ 117	↑ 234
EBIT	↑ 24	↑ 49
Net earnings	↓ (8)	↓ (15)

- Cash Flow Statement impact: No impact on underlying cash flows but new lease arrangement results in reclassification of certain cash flows; Operating cash flows increase by the principal payment amount with an offsetting outflow in financing cash flows

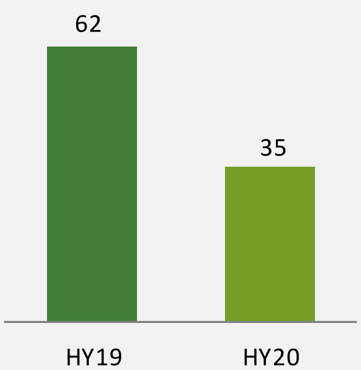
Tax and funding costs
Effective tax rate steady, funding costs materially lower

Effective Tax Rate[1] (%)



Tax
- Effective tax rate (excl. B+I):
  - expected to be c26% in FY20
  - expected to track back to 29% in FY21
- Cash tax paid:
  - $1m in HY20
  - expected to be c$10m in FY20

Funding Costs ($m)



Funding costs
- Average interest rate on debt is 5.0% based on period end borrowings
- FY20 funding costs expected to be c$70-80m

[1] *Before significant items*

Cash flow
$52m improvement in trading cash flows

NZ$m	Dec 2018 6 months	Dec 2019 6 months	Change $m
EBIT before significant items from continuing operations	**248**	**219**	(29)
Depreciation and amortisation	87	183	96
Lease principal payments and lease interest paid	-	(119)	(119)
Provisions, significant items and other	(50)	(31)	19
Trading cash flow before working capital movements	**285**	**252**	(33)
Working capital movements	**(249)**	**(164)**	85
Trading cash flow from continuing operations excluding B+I	**36**	**88**	52
Discontinued operations	33	-	(33)
B+I cash flow	(105)	(142)	(37)
Trading cash flow	**(36)**	**(54)**	**(18)**
Add: Lease principal payments	-	84	84
Less: cash tax paid	(17)	(1)	16
Less: interest paid	(61)	(34)	27
Cash flows from operating activities	**(114)**	**(5)**	**109**
Free Cash Flow[1] from continuing operations excluding B+I	**(73)**	**(32)**	**41**

- No change to B+I provisions or total expected cash outflows. Phasing of remaining cash outflows to be confirmed based on revised NZICC programme

[1] *Free Cash Flow = Trading cash flow less capex less cash tax, excluding M+A activities*

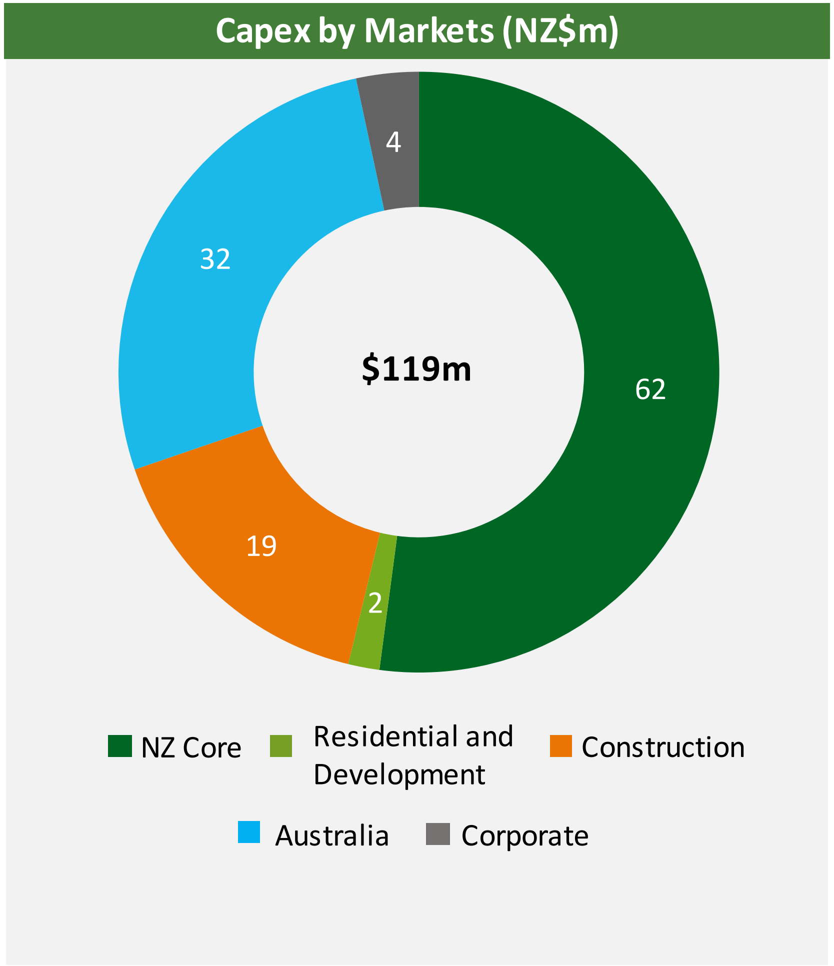
Working capital
Continued improvement in working capital management

Cash flow working capital movements continuing operations NZ$m	Dec 2018 6 months	Dec 2019 6 months	Change $m
Residential and Development	(29)	-	29
Construction excluding B+I	(19)	(33)	(14)
Debtors	76	92	16
Inventories	(90)	(34)	56
Creditors	(187)	(189)	(2)
Cash flow working capital movements	**(249)**	**(164)**	85

Key working capital metrics (days)	As at Dec 2018	As at Dec 2019	Change (days)
Debtor Days	43.3	44.0	0.7
Inventory Days	79.4	75.5	(3.9)
Payables Days	40.6	41.6	1.0
Materials and Distribution Total Cycle	**82.1**	**77.9**	**(4.2)**

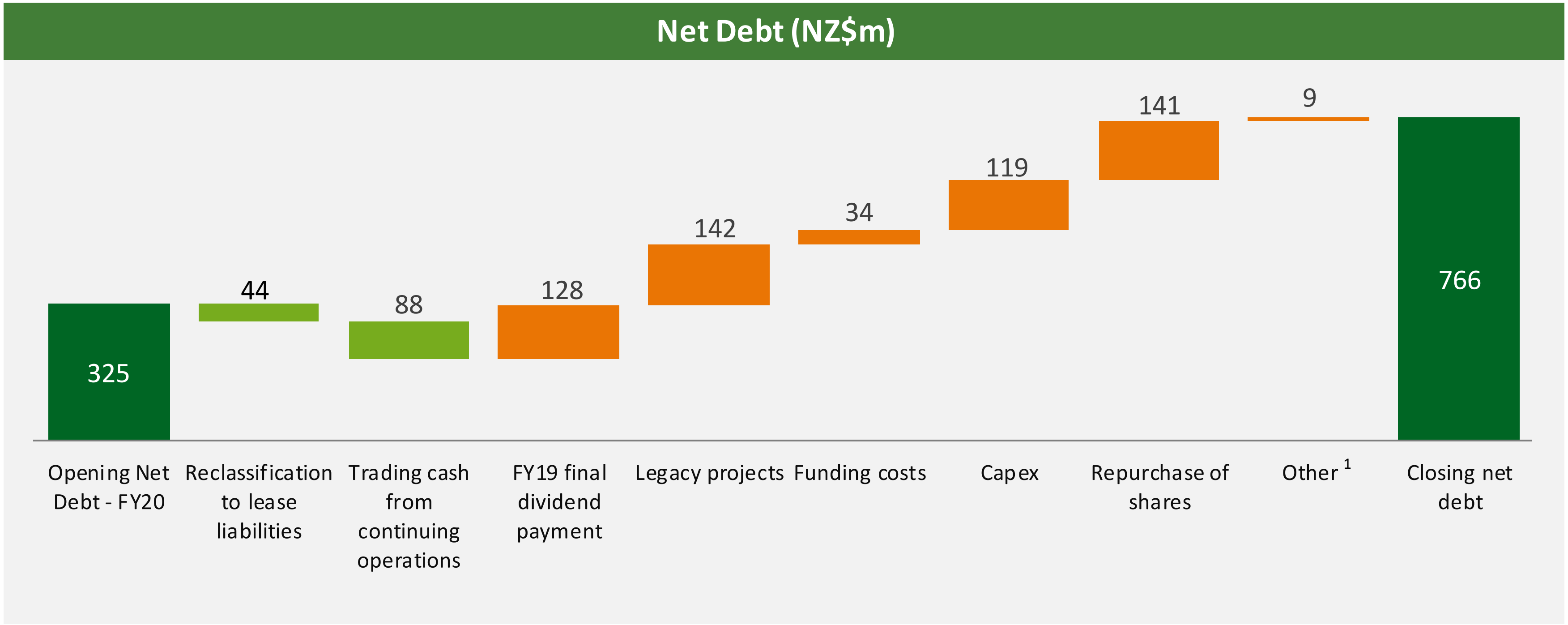
- Working capital cycle improved by 4.2 days = $72.5m cash release

Capex and depreciation
Focused investment in core business



- FY20 capex expected to be in the range $275-$325m, including land for new WWB plant
- Capex programme focused on enabling investments for strategy, especially:
  - Digital
  - Manufacturing efficiency and operating capacity
  - Product & service innovation
  - Sustainability
- WWB plant update:
  - Land secured in Tauranga
  - Technology and construction contracts will be finalised in 2H20
  - c$400m (50% land & buildings, 50% equipment) mainly in FY21 and FY22
- FY20 depreciation & amortisation is expected to be $180m-$190m (prior to impact of IFRS 16)

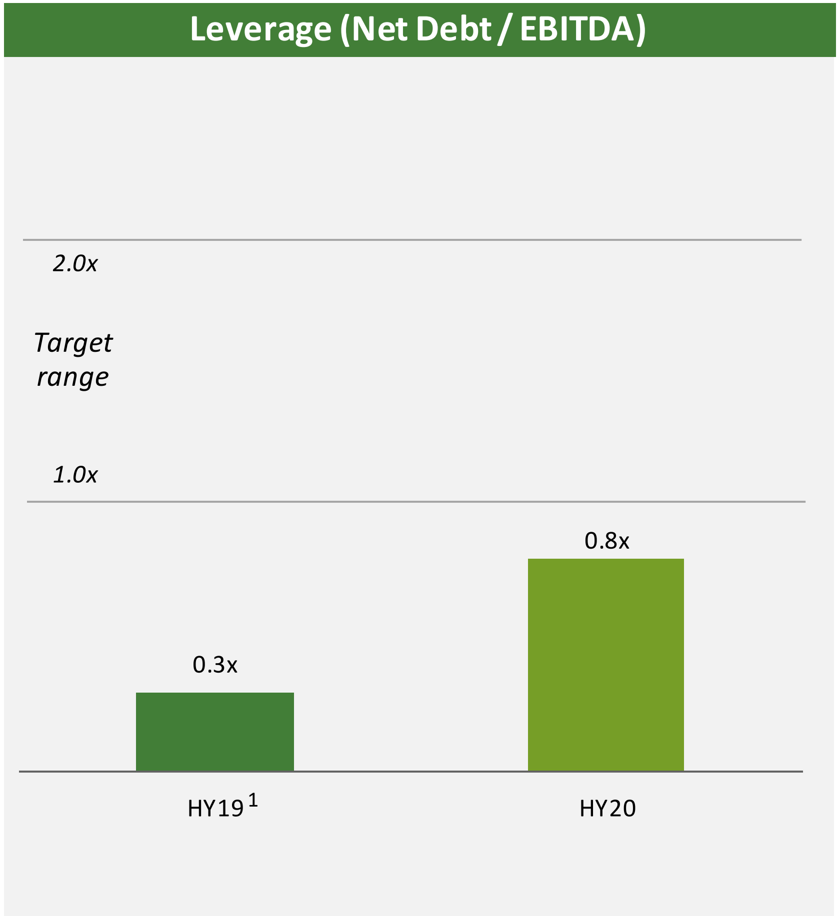
Net debt
Net debt higher as expected



[1] *Other is comprised of Minority distribution of $6m and Hedging/FX on debt of $2m and income tax paid of $1m*

Leverage

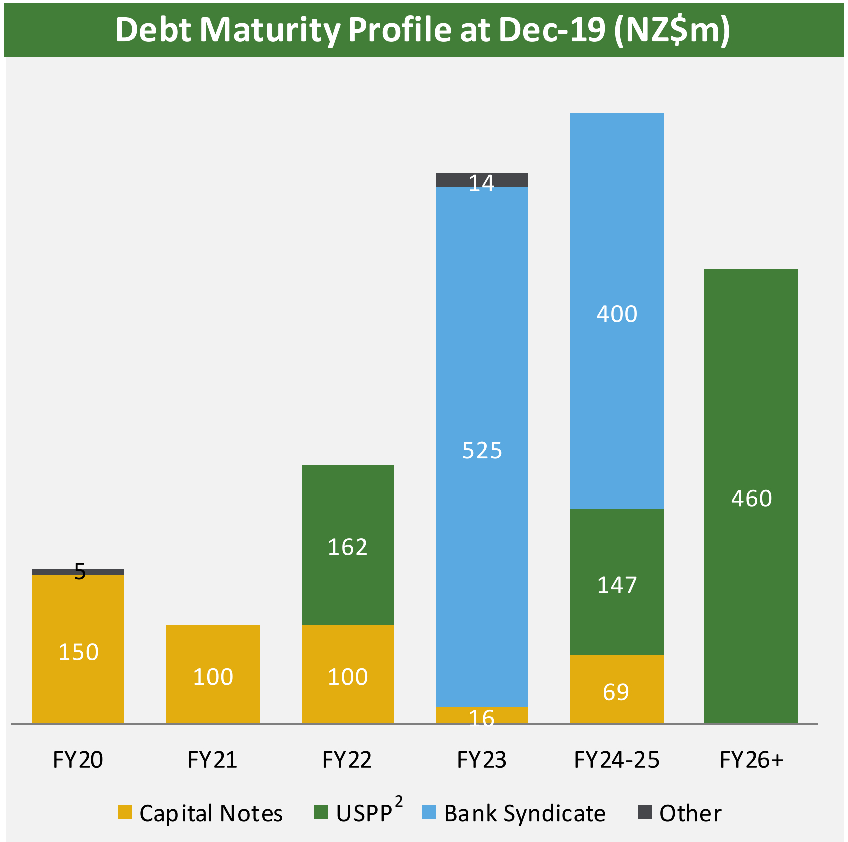
Leverage position remains strong



- IFRS 16 impact on EBITDA c$240m
- Target leverage range adjusted from 1.5x-2.5x to 1.0x-2.0x to reflect this impact
- Target range is unchanged on an underlying basis
- Leverage ratio tracking to lower bound of target range by end of FY20 as anticipated

[1] *HY19 is adjusted for IFRS16*

Funding
Strong maturity profile and liquidity



NZ$m	Facilities 31 Dec 19	Drawings 31 Dec 19
Syndicate	925	-
USPP	878	878
Capital Notes	435	435
Other	23	23
Total	**2,261**	**1,336**

- Undrawn credit lines of $925m and cash of $570m as at 31 December 2019
- All sensible debt reduction opportunities being undertaken: $321m[1] repaid in 1H20, total of $736m since Jul-18
- Syndicated banking facility renegotiated in 1H20, establishing new 3 and 5-year tenor

[1] Includes CCIRS component and excludes fair value hedge component
[2] USPP NZ$8m, bank loans NZ$260m, purchase of institutional capital notes NZ$50m, NZ$3m other

Dividend and share buyback

Interim dividend of 11cps, buyback tracking to plan

Dividend

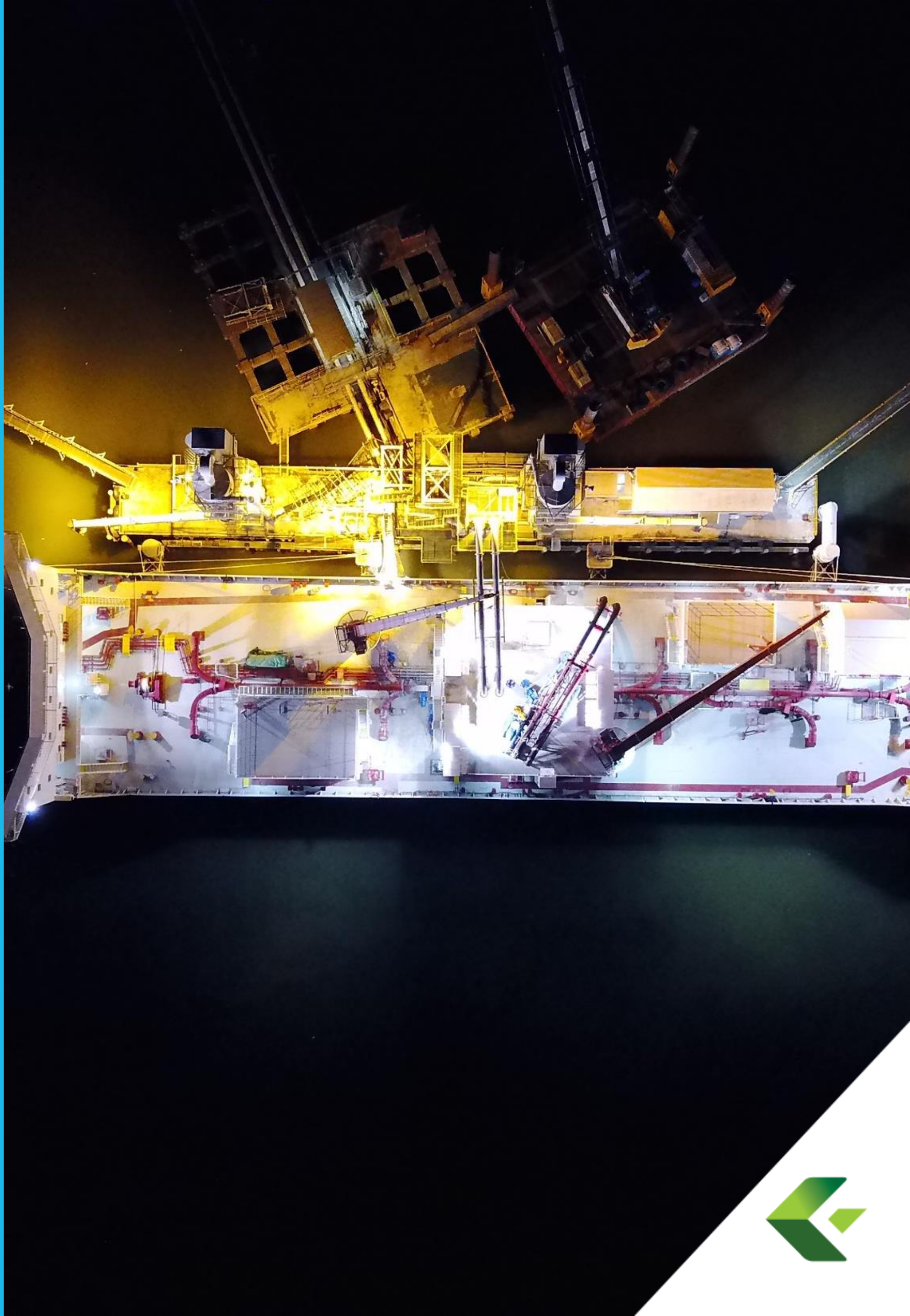
- Interim dividend of 11.0 cents per share
- Payment date of 9 April 2020
- Interim dividend unimputed for NZ taxation purposes and unfranked for Australian taxation purposes
- Dividend Reinvestment Plan will not be operative for this dividend
- Return to normal split between interim and final dividend

Share Buyback

- On-market share buyback programme of up to NZ$300m
- This form of shareholder distribution takes into account tax effectiveness for all shareholders and earnings per share accretion
- Commenced on 9 September 2019
- 27.9m shares purchased on NZX and ASX exchanges to date for NZ$141m (3.3% issued capital)

[1] *Available cash flow = Free cash flow less cash interest*

Agenda



FY20 focus on driving consistent performance

	FY2020 PERFORMANCE	FY2021–23 GROWTH
1. Strengthen and grow the NZ core	Performance focus	Performance and growth
2. Profitable growth in Residential and Development	Continue strong performance	Growth across low and medium density housing
3. Stabilise Construction	Business fix complete Legacy projects complete	Predictable performance and growth
4. Turnaround and grow Australia	Reset complete Portfolio rationalised	Performance and growth
5. Lift performance across all key enablers	Major investment in safety and innovation	Good focus and cadence across all enablers

FY20 market outlook
Expect market activity in H2 to be broadly in line with H1

New Zealand Market FY20 Outlook	Australia Market FY20 Outlook
• NZ residential expected to be similar to first half. With ongoing trends to smaller and attached dwelling units • Civil expected to trend slightly lower • Infrastructure slightly softer until the renewed infrastructure activity comes onstream from FY21 and beyond	• AU residential approvals stabilising and returning to growth in FY21 • Non-residential broadly flat • Infrastructure project activity to remain lumpy

Market outlook assumes no material economic impact due to coronavirus

Second half outlook
FY20 EBIT guidance of $515m - $565m reconfirmed

Earnings weighted to second half, but more marked than usual owing to:

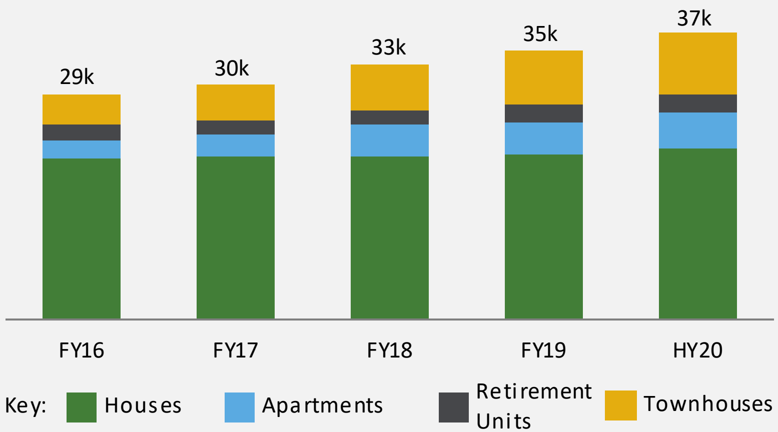
- Improved performance from Steel
- Stronger pipeline of Residential house sales due for settlement
- Construction pavement season weighted to 2H20, benefiting Higgins
- Benefits of AU cost-out programme nearing full run-rate

Appendix

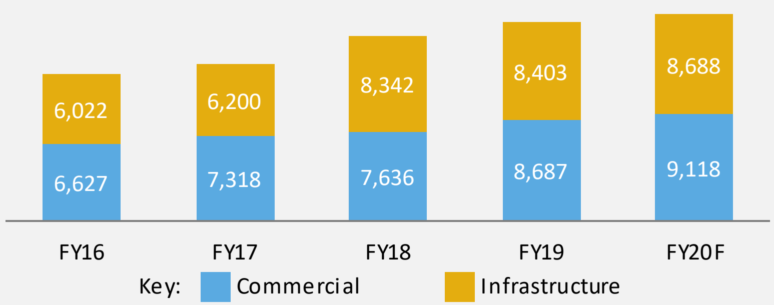
Industry context New Zealand and Australia

NZ Historical

Residential Consents (#)

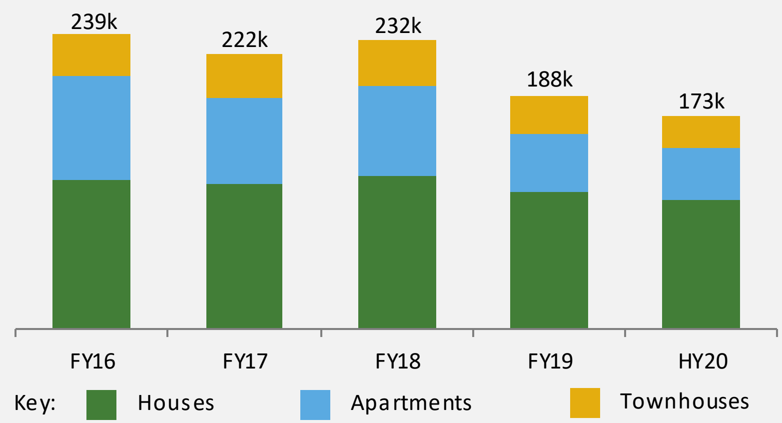


Value of Commercial and Infrastructure work put in place (Nominal $m)

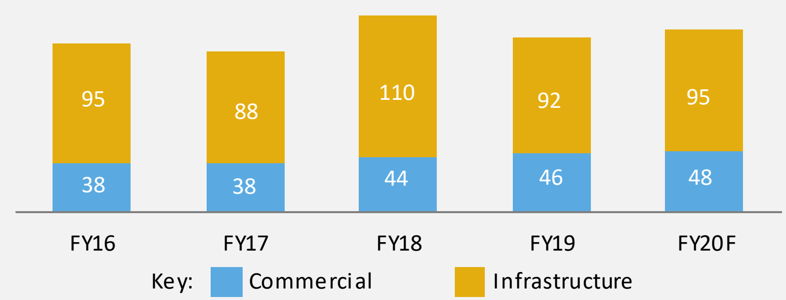


AU Historical

Residential Approvals (#)



Value of Commercial and Infrastructure work done (A$b)



Source: Statistics NZ, Infometrics