



# Equity Raising

## Investor Presentation

23 September 2024

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# Important Notice & Disclaimer (1 of 7)

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This presentation has been prepared by Fletcher Building Limited (the **Company**, the **Group**, or **Fletcher Building**) in relation to an offer of new shares in the Company (**New Shares**) by way of a placement to eligible institutional and other selected investors (**Placement**) and a 1-for-4.49 pro rata non-renounceable accelerated entitlement offer to eligible shareholders (**Entitlement Offer**, together with the Placement, the **Offer**).

The Offer is made to eligible shareholders and other investors in New Zealand pursuant to the exclusion in clause 19 of schedule 1 of the New Zealand Financial Markets Conduct Act 2013 (the **FMCA**).

The Offer is made to eligible shareholders and other investors in Australia in reliance on sections 708AA and 708A of the Australian Corporations Act 2001 (Cth) (**Corporations Act**) as notionally modified by ASIC Corporations (Non-Traditional Rights Issue) Instrument 2016/84 and ASIC Instrument 18-0268.

## INFORMATION OF A GENERAL NATURE

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## NZX AND ASX

The New Shares will be quoted on the NZX Main Board following completion of the Offer, and an application will be made by the Company for the New Shares to be quoted on the ASX. Neither NZX nor ASX accepts any responsibility for any statement in this presentation. NZX is a licensed market operator, and the NZX Main Board is a licensed market under the FMCA.

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## INVESTMENT RISK

An investment in securities in the Company is subject to investment and other known and unknown risks, many of which are difficult to predict and are beyond the control of the Company. Refer to Appendix B "Key Risks" for a non-exhaustive summary of certain key risks associated with the Company and the Offer. Neither the Company nor any other person named in this presentation guarantees the performance of the Company or any return on any securities of the Company.



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Any decision to purchase New Shares in the Offer must be made on the basis of all information provided in relation to the Offer, including information to be contained or referred to in the separate offer document made available on NZX and ASX (Offer Document) and the Company's other periodic and continuous disclosure announcements released to NZX and ASX. Any investor or eligible shareholder who wishes to participate in the Offer should consider the Offer Document, in addition to the Company's other periodic and continuous disclosure announcements released to NZX and ASX, in deciding to apply for New Shares under the Offer. Anyone who wishes to apply for New Shares under the Entitlement Offer will need to apply in accordance with the instructions contained in the Offer Document and the application form or as otherwise communicated to the shareholder. The release, publication or distribution of this presentation (including an electronic copy) outside New Zealand or Australia may be restricted by law. Any recipient of this presentation who is outside New Zealand or Australia must seek advice on and observe any such restrictions. Refer to Appendix C "International Offer Restrictions" of this presentation for information on restrictions on eligibility criteria to participate in the Placement and the institutional component of the Entitlement Offer.

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This presentation contains certain forward-looking statements with respect to the financial condition, results of operations and business of the Company, including the FY25 Outlook on slide 13. Forward-looking statements can generally be identified by use of words such as 'approximate', 'project', 'foresee', 'plan', 'target', 'seek', 'expect', 'aim', 'intend', 'anticipate', 'believe', 'estimate', 'may', 'should', 'will', 'objective', 'assume', 'guidance', 'outlook' or similar expressions.

This also includes statements regarding the timetable, conduct and outcome of the Offer and the use of proceeds thereof, statements about the plans, targets, objectives and strategies of the Company, statements about the industry and the markets in which the Company operates and statements about the future performance of, and outlook for, the Company's business. Any indications of, or guidance or outlook on, future earnings or financial position or performance and future distributions are also forward-looking statements. All such forward-looking statements are not guarantees or predictions of future performance and involve known and unknown risks, significant uncertainties, assumptions, contingencies, and other factors, many of which are outside the control of the Company, are difficult to predict, and which may cause the actual results or performance of the Company to be materially different from any future results or performance expressed or implied by such forward-looking statements.

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Any estimates or projections as to events that may occur in the future (including projections of sales, earnings and overhead cost-outs) are based upon the best judgement of the Company from the information available as of the date of this presentation.

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In particular, investors should be aware that the statements in slides 12, 13, 15 and 16, and other statements and information regarding outlook, growth or strategy (collectively, the "outlook information") are forward-looking statements. The outlook information has been prepared by the Company based on an assessment of current economic and operating conditions, inflationary pressures and various assumptions regarding future factors, events and actions, including in relation to supply-chain constraints, material availability and construction cost inflation challenges facing the construction sector, the competitive environment and general macro-economic drivers. Investors should note that given the significant uncertainties that exist in the current operating conditions, the outlook information may not be achieved. The outlook information assumes the success of the Company's business strategies, the success of which may not be realised within the period for which the outlook information has been prepared, or at all. The outlook information is subject to a number of risks, including the risks set out in this presentation. Investors should be aware that the timing of actual events, and the magnitude of their impact, might differ from that assumed in preparing the outlook information, which may have a material negative effect on the Company's actual financial performance, financial position and cash flows. In addition, the assumptions upon which the outlook information is based are subject to significant uncertainties and contingencies, many of which are outside the Company's control, are not reliably predictable, and it is not reasonably possible to itemise each item. Accordingly, neither the Company nor any other person can give investors assurance that the outcomes discussed in the outlook information will be achieved.

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## GENERAL

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The information and opinions contained in this presentation are provided as at the date of this presentation and are subject to change without notice. The Company reserves the right to withdraw, or vary the timetable for the Offer, without notice.

When used in this report, references to the 'Company' are references to Fletcher Building Limited. References to 'Fletcher Building' or the 'Group' are to Fletcher Building Limited, together with its subsidiaries and its interests in associates and joint ventures. All references to financial year FY24 in this report are to the financial year ended 30 June.

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## FINANCIAL INFORMATION

All dollar values are in New Zealand dollars (\$) or NZD) unless otherwise stated.

The Company's statutory financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP) and comply with the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for profit oriented entities. The financial information in this presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of the Company's views on its future financial performance or condition. Investors should note that past performance of the Company, including the historical trading price of the shares, cannot be relied upon as an indicator of (and provides no guidance as to) future performance of the Company, including the future trading price of shares.

Certain figures, amounts, percentages, estimates, calculations of value and fractions provided in this presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this presentation.



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## NON-GAAP FINANCIAL INFORMATION

This presentation includes certain financial measures that are "non-GAAP (generally accepted accounting practice) financial information" under Guidance Note 2017: 'Disclosing non-GAAP financial information' published by the New Zealand Financial Markets Authority, "non-IFRS financial information" under ASIC Regulatory Guide 230: 'Disclosing non-IFRS financial information' and "non-GAAP financial measures" within the meaning of Regulation G under the U.S. Exchange Act of 1934, as amended (U.S. Exchange Act). Disclosure of such non-GAAP financial measures in the manner included in this presentation would not be permissible in a registration statement under the U.S. Exchange Act. Such financial information and financial measures (including EBIT before significant items, EBITDA before significant items, Net Debt, Net Senior Debt, Economic Debt, Gross Debt, Leverage, Gross leverage, Senior leverage, Return on Funds Employed, Total Capital, and accompanying financial ratios) have not been subject to audit or review, and do not have standardised meanings prescribed under NZ IFRS, Australian Accounting Standards (AAS) or IFRS and therefore, may not be comparable to similarly titled measures presented by other entities, and should not be construed as an alternative to other financial measures determined in accordance with NZ IFRS, AAS or IFRS. Investors are cautioned not to place undue reliance on any such non-GAAP financial measures included in this presentation. Non-GAAP financial information has not been subject to audit or review.

## PRO FORMA FINANCIAL INFORMATION

This presentation includes a pro forma net debt and Fletcher Building's pro forma liquidity position, which have been adjusted to reflect the impact of the Offer, assuming it occurred as at 30 June 2024. The pro forma financial information provided in this presentation is for illustrative purposes only and is not represented as being indicative of the Company's future financial position and/or performance. The pro forma net debt on slides 17 and 18 has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in NZ IFRS (other than that it includes adjustments which have been prepared in a manner consistent with NZ IFRS, that reflect the impact of certain transactions as if they occurred as at 30 June 2024). In addition, the pro forma financial information in this presentation does not purport to be in compliance with Article 11 of Regulation S-X under the U.S. Securities Act and was not prepared with a view towards compliance with the rules and regulations or guidelines of the U.S. Securities and Exchange Commission or the American Institute of Certified Public Accountants for the preparation and presentation of pro forma financial information. Pro forma financial information has not been subject to audit or review.

## BASIS OF PREPARATION

The Group has prepared unaudited pro forma financial information as at 30 June 2024 based on audited statutory financial statements of the Group as at that date in order to provide investors with the illustration of the impact of the proposed equity raising on the net debt position of the Group and related credit metrics.

The financial information presented (excluding pro forma adjustments) has been prepared on a basis consistent with the recognition and measurement principles as disclosed by the Group in its Statement of Accounting Policies contained within the 30 June 2024 Annual Report. The accounting policies adopted by the Directors are in accordance with Generally Accepted Accounting Practice in New Zealand, which is the New Zealand equivalent to International Financial Reporting Standards (NZ IFRS). They are also in accordance with International Financial Reporting Standards.



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## KEY ASSUMPTIONS

The pro forma financial information presents the assumed impact of the proposed equity raising as if it had occurred on 30 June 2024. It has been assumed that proceeds from the equity raising of NZ\$700m is applied to repay existing debt of NZ\$678m and to cover the estimated transaction costs of the Offer of NZ\$22m.

The assumption in the pro forma financial information is therefore a 0% redemption of USPP Notes. If, a part or all of the net equity proceeds were to be applied to redeem USPP Notes, transaction costs associated with the redemption of USPP Notes would be dependent on the level of Notes redeemed. Costs associated with repayment of the USPP Notes in full are currently estimated at NZ\$25m. These costs are not included in the pro forma financial information presented. The assumption in the pro forma financial information is that there is also no conversion of institutional capital notes to equity.

## NON-GAAP MEASURES

The following Non-GAAP information has been presented in this presentation, including:

- **EBIT before significant items:** FY24 Earnings from continuing operations before Interest, Tax and Significant Items
- **EBITDA before significant items:** FY24 Earnings from continuing operations before Interest, Tax, Depreciation, Amortisation and Significant Items
- **Economic Debt:** Current borrowings plus non-current borrowings less value of derivatives used to manage changes in hedged risks on debt instruments
- **Net Debt:** Economic Debt less cash and cash equivalents
- **Gross Debt:** Net Debt plus current lease liabilities plus non-current lease liabilities plus cash and cash equivalents plus value of derivatives used to manage changes in hedged risks on debt instruments
- **Funds:** Net Debt plus book equity less deferred tax assets (adjusted to exclude deferred tax liabilities on brands)
- **Leverage:** Net Debt divided by EBITDA before significant items including discontinued operations
- **Gross Leverage:** Gross debt divided by EBITDA before significant items including discontinued operations
- **Return on Funds Employed (ROFE):** EBIT before significant items divided by average funds
- **Significant Items:** Refers to significant items for transactions or events outside of the Group's ongoing operations that have a significant impact on reported profit. This policy provides stakeholders with additional useful information to assess the year-on-year trading performance of the Group

Refer to Appendix A: Reconciliation of Non-GAAP information for a detailed breakdown of the calculation of Gross Debt.





# Taking decisive and pre-emptive action

Equity raising to strengthen the balance sheet, and improve financial stability and resilience

## SEEKING TO RAISE \$700M OF EQUITY...

*Fletcher Building is seeking to raise \$700 million of equity, comprising:*

- ~\$282 million fully underwritten placement; and
- ~\$418 million fully underwritten accelerated non-renounceable entitlement offer

## ...TO STRENGTHEN THE BALANCE SHEET...

*Upon completion of the equity raising:*

- Pro forma FY24 Leverage<sup>1</sup> reduces from 1.99x to 1.22x, within the Group's 1.0-2.0x target range
- Pro forma FY24 Gross Leverage<sup>1</sup> reduces from 4.15x to 3.38x
- Supports our commitment to maintaining an investment grade credit rating and covenant headroom under our debt facilities

## ...AND IMPROVE FINANCIAL STABILITY AND RESILIENCE

*Capital structure post raising expected to improve financial stability and resilience in the current challenging environment*

- Allows us to focus on operational performance in preparation for an expected market recovery
- Preserves optionality and reduces short term pressure for asset realisations at below intrinsic value



# Strong investment thesis

Focused on markets that have attractive long-term opportunities

## WE OPERATE IN ATTRACTIVE MARKETS...

- 1

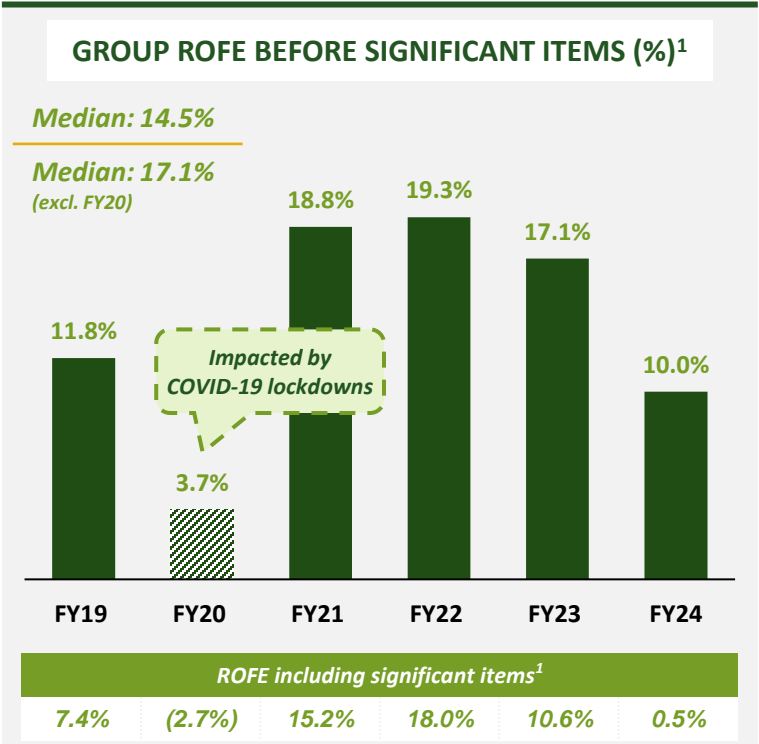
Population dynamics & infrastructure deficit underpin long term sector demand
- 2

Long term economic and political stability support strong pipeline of residential, non-residential & infrastructure construction

## ...WHERE WE HAVE WELL POSITIONED BUSINESSES...



## ...HISTORICALLY ENABLING ATTRACTIVE RETURNS



Note:  
(1) Refer to non-GAAP measures on page 8 for definitions of the pro forma financial metrics.



# Key recent developments

Fletcher Building has continued to execute on operational and strategic initiatives

## DELIVERY IN 2024

### NEW LEADERSHIP TEAM

**MEMBERS** appointed with deep industry experience and a track record of performance

### FAST-TRACKED BALANCE SHEET

**IMPROVEMENTS** with 50% sale of Fiji Construction and signing of Tradelink divestment

### JOINT INDUSTRY RESPONSE IN RELATION TO WA

**PLUMBING** has been agreed in principle

### ARRANGED COVENANT

**AMENDMENTS<sup>1</sup>** in relation to bank debt (SFA and Club Loan) and USPP Notes announced in June 2024

### OPERATIONAL PERFORMANCE INITIATIVES

with accelerated cost reduction, particularly overheads, capex reduction and working capital management

### REFINANCED TRANCHE D OF THE SYNDICATED FACILITY AGREEMENT,

with the next material debt maturity not until FY27

**PROGRESS ON LEGACY PROJECTS** with Horizon Hotel handed over and NZICC Contract Works Insurance settled and paid, Pūhoi to Warkworth (P2W) full works completion, and no change to legacy construction provisions from HY24

Note:

(1) As announced on 3 June 2024, the covenant amendments enable Fletcher Building to rely on more favourable terms for covenant testing for the period 4 June 2024 to December 2025 (if required). Should Fletcher Building need to rely on the amended covenant levels, it will not pay a dividend unless it agrees to be tested by, and complies with, existing covenant levels. See "Debt Covenants" section of Key Risks in Appendix B.



# Update on material matters

## Significant progress made on WA plumbing and legacy construction projects

### WA PLUMBING

- ➔ **A Joint Industry Response (JIR) to the WA plumbing failures has been agreed in principle**
- ➔ Iplex® AU and the WA Government have committed to cover direct costs of repairs by participating builders to WA homes affected by the plumbing failures: 80% by Iplex® AU (but not capped) and 20% by the WA Government (capped at A\$30 million)
- ➔ **On the assumption that the JIR is finalised, the Company expects to record a pre-tax provision of ~A\$155 million in its FY25 financial statements** comprising:
  - Iplex® AU's share of costs to repair affected WA homes: ~A\$120 million<sup>1</sup>
  - Iplex® AU's costs of installing leak detectors to all relevant WA homes: ~A\$20 million
  - Iplex® AU's associated administration costs over the life of the JIR: ~A\$15 million
- ➔ **Cash outflows are expected to be phased over ~5 years: ~A\$40m – \$50m in year 1 and ~A\$15m – \$35m p.a. in subsequent 4 years**
  - These cash outflows assume BGC joins the JIR; if it does not, cash outflows are expected to be proportionally lower
- ➔ **Claims and proceedings are ongoing, and risks remain, whether JIR is finalized or not<sup>2</sup>**

### LEGACY CONSTRUCTION

- ➔ During FY24, **full works completion was achieved on P2W roading project, and on the Horizon Hotel portion** of New Zealand International Convention Centre (NZICC) project
- ➔ **Remaining Legacy construction projects are nearing completion; no change to legacy construction provisions from HY24**
  - **NZICC:** on track for completion during FY25 (with building construction work targeted for completion in CY24, with commissioning and hand over targeted for 2H FY25); forecast margin in line with provision at HY24 results
  - **Wellington International Airport Carpark (WIAL Carpark):** remedial works progressing, on track for completion during FY25
  - Until works completed, risks to time and cost to complete remain and these provisions are not final<sup>3</sup>
- ➔ **Legacy cash flows:** expect c.\$170m outflow in 1H25, c.\$70m inflow in 2H25 (with P2W inflow assumed mainly in 2H)

Note:

(1) Refer to ASX/NZX announcement on 30 August 2024; "Fletcher Building Industry Response to WA Plumbing Issues" for the key assumptions of the cost provision. Iplex® AU's costs are not capped.

(2) See "WA Plumbing" section of Key Risks in Appendix B.

(3) See "NZICC" and "WIAL" sections of Key Risks in Appendix B.



# Recent trading and FY25 outlook

Market headwinds have weighed on recent performance and near-term outlook; management have targeted c.\$180m of cost savings to be delivered in FY25 to partially offset the impact of inflation and continuing market weakness



## JULY & AUGUST TRADING

- **Materials & Distribution:** market volumes down 10 – 15% YoY<sup>1</sup>, revenues down 7% YoY<sup>1</sup>, pressure on margins
- **Resi & Devt:** house sales averaging ~14/week (compared to ~20/week in pcp<sup>1</sup>)
- **Construction:** improved earnings and margins YoY<sup>1</sup>
- **Total Group overheads:** down 2% YoY<sup>1</sup>, cost out more than offsetting inflation
- **Cash flows:** tracking ahead of plan from focused working capital management

## MARKET CONTEXT

- Challenging market conditions with slowing demand, inflationary and competitive pressures
- Macroeconomic backdrop of higher interest rates and inflation have persisted throughout the year
- Building market activity in New Zealand and Australia has declined considerably

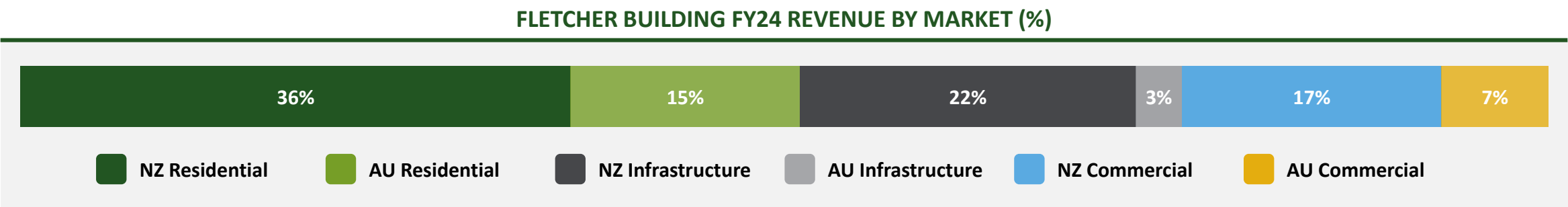
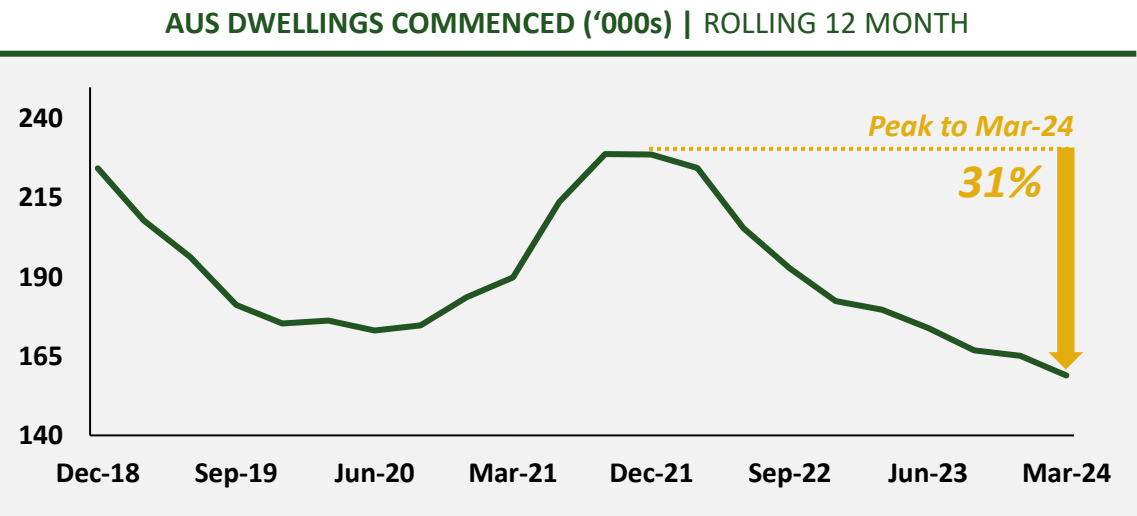
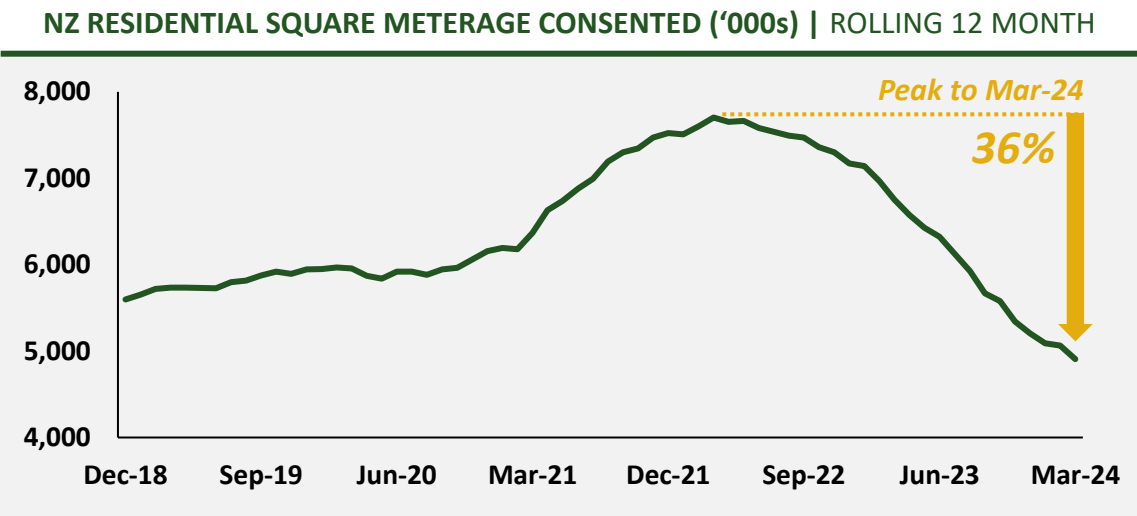
## FY25 OUTLOOK

- Planning for **FY25 market volumes in our NZ & AU Materials & Distribution businesses to be c.10 – 15% lower vs FY24** (consistent with our expectation at FY24 results), the Group remains vigilant to potential for further market weakness
- **Management are targeting c.\$180m of gross overhead cost out savings in FY25** to partially offset the impact of inflation and continuing market weakness
- **This gross cost-out benefit is expected to be phased c.40% in 1H and c.60% in 2H**
- **Forecast earnings remain sensitive to market conditions**
  - **Materials & Distribution:** an additional +/-5% change in market volumes is estimated to equate to +/- \$80 – 90 million in annualised EBIT impact
  - **Resi & Devt:** an additional +/- 100 settlements per year is equivalent to +/- c.\$15 million in annualised EBIT impact
- **The next trading update will be provided at the time of the ASM**



# Contextualising the market backdrop

With >50% of revenue exposed to residential construction, the c.30 – 40% decline in A&NZ housing activity over the last 2 years has weighed on Fletcher Building’s earnings. Significant operating leverage expected once market volumes recover



# Update on near-term priorities

Fletcher Building remains focused on delivering on near-term milestones

**ONGOING COST REDUCTION INITIATIVES TO MANAGE PROFITABILITY** in the current operating environment, with ~\$180 million of gross overhead cost savings (before impact of inflation) targeted to be delivered in FY25

Implementation of **WESTERN AUSTRALIAN PLUMBING JOINT INDUSTRY RESPONSE**

**FOCUS ON EFFECTIVE EXECUTION OF IN-FLIGHT GROWTH INITIATIVES** (e.g. wood panels, frame & truss) to position the Company to capitalise once market returns

## PRIORITIES GOING FORWARD

**CONTINUED FOCUS ON CASH GENERATION** through strict discipline on working capital and capex

**COMPLETE TRADELINK DIVESTMENT** (expected to be 30 September)

**COMPLETE REMAINING LEGACY PROJECTS** (NZICC and WIAL) in FY25, and progress resolution of legacy claims

**PERMANENT CHAIR APPOINTMENT** to finalise Board refresh

**MEASURED ASSESSMENT OF PORTFOLIO CHOICES**, focus on realising full value for any divestments



# Putting this all together

Fletcher Building investment thesis remains in place; well-positioned once market volumes recover

## 1 THE FLETCHER BUILDING INVESTMENT THESIS REMAINS...

- We operate in markets that have attractive long-term opportunities underpinned by favourable population dynamics, and a stable economic and political backdrop
- We have well positioned businesses that have historically enabled attractive returns

## 2 ...HOWEVER, MARKET HEADWINDS HAVE WEIGHED ON RECENT PERFORMANCE AND THE NEAR-TERM OUTLOOK

- Persistent inflation and high interest rates have affected housing demand, impacting market volumes
- Peak-to-Mar-24 decline in A&NZ housing activity of c.30 – 40%

## 3 EQUITY RAISING TO STRENGTHEN THE BALANCE SHEET, AND IMPROVE FINANCIAL STABILITY AND RESILIENCE

- Allows us to focus on operational performance in preparation for a market recovery
- Preserves optionality and reduces short term pressure for asset realisations at below intrinsic value

## 4 WELL-POSITIONED ONCE MARKET VOLUMES RECOVER

- Significant operating leverage expected to position the Company to capitalise once market returns
- Balance sheet improvement allows us to focus on executing operational and strategic initiatives





# Sources & uses and pro forma Net Debt

The Offer reduces FY24 pro forma Net Debt from \$1,766m to \$1,088m

SOURCES	NZ\$M	USES	NZ\$M
Placement proceeds	282	Repayment of existing indebtedness	678
Entitlement Offer proceeds	418	Estimated fees and expenses of the Offer	22
<b>Total sources</b>	<b>700</b>	<b>Total uses</b>	<b>700</b>

NET DEBT POSITION		AS AT 30 JUN-24	IMPACT OF THE OFFER	AS AT 30 JUN-24 PRO FORMA
Economic Debt <sup>1</sup>	NZ\$M	2,077	(678)	1,399
Less: Cash and cash equivalents	NZ\$M	(311)	—	(311)
<b>Net Debt<sup>1</sup></b>	<b>NZ\$M</b>	<b>1,766</b>	<b>(678)</b>	<b>1,088</b>

*The pro forma financial information presents the assumed impact of the proposed equity raising as if it had occurred on 30 June 2024. It has been assumed that proceeds from the equity raising of NZ\$700m is applied to repay existing debt of NZ\$678m<sup>3</sup> and to cover the estimated transaction costs of the Offer of NZ\$22m*

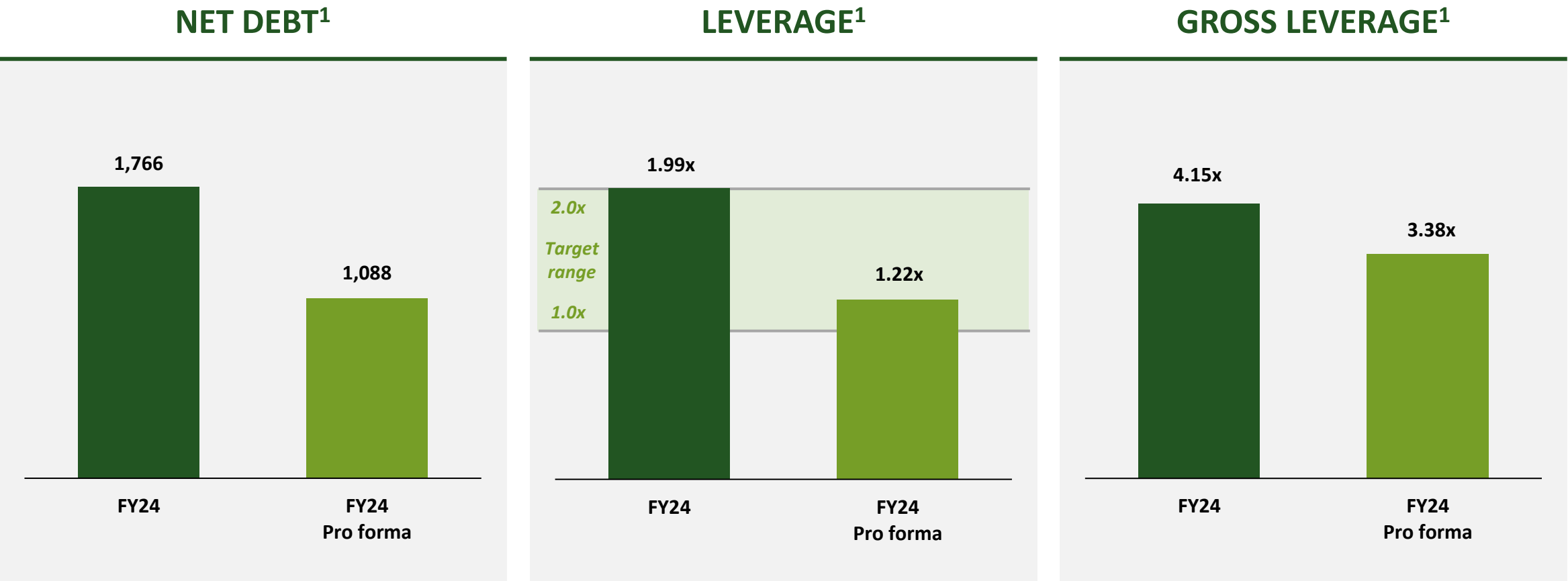
Note:

- (1) Refer to the non-GAAP measures section on page 8 for definitions of the pro forma financial metrics.
- (2) Refer to the Pro forma Financial Information section on page 7 for the basis of providing such information.
- (3) Debt repayment programme to be worked through with lenders.



# Pro forma credit metrics

The Offer reduces FY24 pro forma leverage<sup>1</sup> to 1.22x (within our 1.0 – 2.0x target range); supports our commitment to maintaining an investment grade credit rating and covenant headroom



Note:  
(1) Refer to non-GAAP measures section on page 8 for definitions of the pro forma financial metrics



# Offer details

OFFER SIZE AND STRUCTURE	<ul style="list-style-type: none"> <li>→ Fletcher Building is seeking to raise NZ\$700 million (“Offer”) via a:           <ul style="list-style-type: none"> <li>→ ~NZ\$282 million placement to eligible investors (“Placement”); and</li> <li>→ 1 for 4.49 pro-rata accelerated non-renounceable entitlement offer to raise ~NZ\$418 million (“Entitlement Offer”)</li> </ul> </li> <li>→ Approximately 292 million of New Shares to be issued by Fletcher Building (37.3% of current shares on issue)</li> </ul>
USE OF PROCEEDS	<ul style="list-style-type: none"> <li>→ All net proceeds from the Offer will be used to repay existing debt</li> </ul>
OFFER PRICE	<ul style="list-style-type: none"> <li>→ NZ\$2.40 per new share (“Offer Price”). The Offer Price represents a:           <ul style="list-style-type: none"> <li>→ 12.9% discount to the Theoretical Ex-Rights Price (“TERP”)<sup>1</sup> of NZ\$2.76</li> <li>→ 17.0% discount to last close price on NZX of NZ\$2.89 on 20 September 2024</li> </ul> </li> <li>→ The Australian dollar Offer Price for eligible Australian retail shareholders will be announced on 25 September 2024</li> </ul>
INSTITUTIONAL ENTITLEMENT OFFER	<ul style="list-style-type: none"> <li>→ Eligible institutional shareholders will be invited to take up their entitlements in an accelerated Institutional Entitlement Offer</li> <li>→ The Entitlement Offer is non-renounceable and any entitlements not taken up will lapse</li> </ul>
RETAIL ENTITLEMENT OFFER	<ul style="list-style-type: none"> <li>→ Eligible retail shareholders in Australia and New Zealand will be invited to take up their entitlements in a Retail Entitlement Offer</li> <li>→ Eligible retail shareholders may also subscribe for additional new shares in excess of their entitlements at the Offer Price, up to a maximum of 100% of their entitlements</li> <li>→ The entitlements will not be listed on NZX or ASX and there will be no shortfall bookbuild for those entitlements not taken up by eligible retail shareholders or the entitlement of ineligible retail shareholders. The Entitlement Offer is non-renounceable and any entitlements not taken up will lapse</li> </ul>
RANKING	<ul style="list-style-type: none"> <li>→ New Shares issued under the Offer will rank equally in all respects with Fletcher Building’s existing ordinary shares</li> </ul>
UNDERWRITING	<ul style="list-style-type: none"> <li>→ The Placement and Entitlement Offer are fully underwritten by Jarden Partners Limited</li> </ul>

Note:

(1) TERP is calculated with reference to Fletcher Building’s closing share price of NZ\$2.89 on 20 September 2024 and includes all new shares issued under the Placement and the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Fletcher Building ordinary shares will trade immediately after the ex-rights date for the offer will depend on many factors and may not be equal to TERP.



# Offer timetable

EVENT (DATES ARE SUBJECT TO CHANGE AND ARE INDICATIVE ONLY)	DAY	DATE
Equity raising announcement & trading halt	Monday	23 September 2024
Placement and Institutional Entitlement Offer opens	Monday	23 September 2024
Placement and Institutional Entitlement Offer closes	Tuesday	24 September 2024
Trading halt lifted	Tuesday	24 September 2024
Record date for the Offer (7.00pm NZST / 5.00pm AEST)	Tuesday	24 September 2024
Retail Entitlement Offer opens	Thursday	26 September 2024
ASX Settlement of Placement and Institutional Entitlement Offer	Friday	27 September 2024
ASX Allotment of New Shares under the Placement and Institutional Entitlement Offer	Monday	30 September 2024
NZX Settlement and Allotment of New Shares under the Placement and Institutional Entitlement Offer	Monday	30 September 2024
Commencement of trading of New Shares issued under the Placement and Institutional Entitlement Offer on NZX and ASX	Monday	30 September 2024
Retail Entitlement Offer closes (5.00pm NZDT / 3.00pm AEDT)	Tuesday	8 October 2024
ASX Settlement of Retail Entitlement Offer	Monday	14 October 2024
ASX Allotment of New Shares issued under the Retail Entitlement Offer	Tuesday	15 October 2024
NZX Settlement and Allotment of New Shares issued under the Retail Entitlement Offer	Tuesday	15 October 2024
Commencement of trading of New Shares issued under the Retail Entitlement Offer on NZX and ASX	Tuesday	15 October 2024
Despatch of holding statements in respect of New Shares issued under the Retail Entitlement Offer	Monday	21 October 2024

**SHAREHOLDERS ENTITLED TO PARTICIPATE IN THE RETAIL ENTITLEMENT OFFER SHOULD VISIT [WWW.SHAREOFFER.CO.NZ/FLETCHERBUILDING](http://WWW.SHAREOFFER.CO.NZ/FLETCHERBUILDING) AND APPLY ONLINE BY 5.00PM (NZDT) / 3.00PM (AEDT) ON TUESDAY, 8 OCTOBER 2024**

➔ Shares purchased on-market following announcement of the equity raising and shares purchased via the Placement will not settle prior to the record date for the Entitlement Offer



# APPENDIX

**A) RECONCILIATION OF NON-GAAP INFORMATION**

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**B) KEY RISKS**

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**C) INTERNATIONAL OFFER RESTRICTIONS**



# APPENDIX A | Reconciliation of Non-GAAP information

Reconciliation to Gross Debt		AS AT JUN-24
<b>Net Debt</b>	NZ\$M	<b>1,766</b>
Add: Lease liabilities <sup>1</sup>	NZ\$M	1,579
Add: Cash and cash equivalents	NZ\$M	311
Add: Value of derivatives used to manage changes in hedged risks on debt instruments	NZ\$M	31
<b>Gross Debt</b>	NZ\$M	<b>3,687</b>

Reconciliation to EBIT from continuing operations		AS AT JUN-24
<b>EBIT from continuing operations before significant items</b>	NZ\$M	<b>509</b>
Significant items <sup>2</sup>	NZ\$M	(333)
<b>EBIT continuing operations<sup>3</sup></b>	NZ\$M	<b>176</b>
Reconciliation to EBITDA before significant items including discontinued operations		AS AT JUN-24
<b>EBIT from continuing operations before significant items</b>	NZ\$M	<b>509</b>
EBIT from discontinued operations before significant items	NZ\$M	7
Depreciation and amortisation	NZ\$M	373
<b>EBITDA before significant items including discontinued operations</b>	NZ\$M	<b>889</b>

Note:

- (1) Includes lease liabilities pertaining to assets held for sale.
- (2) Significant items are disclosed in Note 2.2 of Consolidated Financial Statements 2024
- (3) EBIT from continuing operations is reconciled to GAAP measures in Full Year results presentation August 2024.





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# APPENDIX B | Key Risks (1 of 15)

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## KEY RISKS – IMPORTANT: PLEASE READ

This section summarises the key risks that Fletcher Building has identified in connection with the Offer and an investment in Fletcher Building shares. Investors should read this section carefully because these risks may materially adversely affect the future operating and financial performance of Fletcher Building, and its share price.

Like any investment, there are risks associated with an investment in Fletcher Building shares. This section does not set out all of the risks related to an investment in Fletcher Building shares, the future operating or financial performance of Fletcher Building, the Offer, or general market or industry risks. The summary of key risks set out below represent Fletcher Building's current assessment of these risks; however that may change either during the course of the Offer or following the Offer. The risks set out below are not listed in order of importance. Some risks may be unknown and other risks, currently believed to be immaterial, could turn out to be material. There is no certainty as to the severity or likelihood of any such foreseen and unforeseen impacts arising nor whether any mitigating action will be effective or can be taken. Accordingly, the key risks that Fletcher Building faces are inherently uncertain and will continue to change over time.

Investors should make their own assessment of the key risks set out in this section before deciding whether to invest (or invest further) in Fletcher Building shares. Investors should also refer to Fletcher Building's previous NZX and ASX announcements, including its 2024 Annual Report and the presentation in relation to its annual results for the year ending 30 June 2024. Investors should also consider whether such an investment is suitable in light of their individual risk profile, investment objectives and personal circumstances (including financial and taxation issues). Investors are encouraged to consult with a financial or other professional adviser.

## ECONOMIC CONDITIONS

The building and construction industry in which the Group operates is cyclical and affected by factors that are beyond Fletcher Building's control. These factors include:

- the performance of New Zealand and Australian economies generally, and in particular the performance of the New Zealand and Australian residential building sector;
- monetary policies, interest rates and inflation levels in New Zealand and Australia. For example, higher interest rates usually reduce mortgage financing, which adversely impacts on residential construction activity and house sales prices, and also impact on Fletcher Building's borrowing costs. Cost inflation can impact on Fletcher Building's costs to complete construction projects, both for third parties and its own projects, and/or impact on its margins;
- the availability and allocation of government funding for public infrastructure and other building programmes (including regional development programmes);
- population growth (which may be impacted in particular by levels of net migration);
- the level of demand for construction materials and services generally; and
- the price and availability of labour and other key input costs such as energy, raw materials, and shipping / distribution costs.

If general economic or market conditions were to remain challenging for an extended period, or were to deteriorate further than levels currently anticipated by Fletcher Building, this could have a material adverse effect on Fletcher Building's operating results and financial position. A deterioration in Fletcher Building's operating results could also impact Fletcher Building's ability to comply with its banking and USPP covenants in the future (see "Debt covenants" below).



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# APPENDIX B | Key Risks (2 of 15)

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## COMPETITION

Fletcher Building operates in competitive markets, involving both domestic suppliers and imported product suppliers. The competitive environment can be significantly affected by local market forces, such as new market entrants, production capacity utilisation, economic conditions and product demand. Competition may lead to product price volatility risk.

The industries in which Fletcher Building competes may be subject to disruptive change from new technologies. If Fletcher Building is not able to develop or access new technologies and anticipate or respond to disruptions in its markets, Fletcher Building may suffer a decrease in the demand for its goods and services, which may have a material adverse effect on results of Fletcher Building's operations and its financial position.

## CONTRACTUAL

The Group has a diverse portfolio of business units. The execution of onerous contract(s) by any one of the business units may result in the Group being responsible for liabilities or performance under contracts that are commercially adverse.

## PERFORMANCE OF SUB-CONTRACTORS

Non-performance or delays in performance by sub-contractors or where performance is considered sub-standard, may expose the Group to potential liabilities or loss (in particular if the Group is not able to obtain recovery in such circumstances due to its contractual arrangements with, or the financial standing of, the relevant sub-contractor). This could have a material adverse effect on Fletcher Building's financial performance and position.

## BUSINESS RESILIENCE

Fletcher Building's operations and financial position could be materially adversely impacted by any significant damage or destruction or extended operational interruption to its key manufacturing equipment or facilities, construction projects or land development opportunities, including by way of weather, flooding, seismic event, or other natural disaster. There is no guarantee that Fletcher Building would obtain full recovery under its insurance policies (post self insurance retention) for any loss suffered due to these events, or that reimbursement will be received in a timely manner or that insurance of key risks will continue to be practical and cost-effective.

## SUPPLY CHAIN

The Group's supply chain may face a variety of challenges such as pandemics, logistical and public infrastructure constraints or disruption to key suppliers.

Disruption to business unit or Group operations through ineffective coordination and control of the organisational supply chain (or critical pieces of equipment or raw materials) may result in operational disruption, contractual damages and reputational harm. This could have a material adverse effect on Fletcher Building's financial performance and position.





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# APPENDIX B | Key Risks (3 of 15)

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## COST REDUCTIONS

Fletcher Building has actively sought to identify cost saving and cash preservation opportunities available to the Group in order to respond to the lower market volumes it is experiencing. It is possible that the assumptions made by Fletcher Building and the resulting conclusions in relation to the nature and extent of the cost saving and cash preservation opportunities are ultimately inaccurate or fail to be fully realised, or the level of cost savings and cash preservation achieved are different from those indicated by Fletcher Building's analysis. If that was to occur, there is a risk that the profitability and future earnings and cash flows of the operations of Fletcher Building may be different from the profitability, earnings and cash flows expected as reflected in this presentation. In addition, any material unanticipated capital expenditure (or cost overruns in relation to budgeted capital expenditure) may reduce the benefit of any cost saving and cash preservation opportunities.

Some of the cost savings and cash preservation opportunities will result from a deferral of capital expenditure, including for growth, and a reduction in the size of its workforce. There is a risk that any deferral of capital expenditure, or reduction in headcount, could have adverse operational consequences for Fletcher Building or require additional expenditure in the future (see also “Technology resilience” below).

## CAPITAL SUFFICIENCY AND DEBT LEVELS

Fletcher Building has undertaken a capital sufficiency assessment exercise to assist in determining the size of the Offer. Fletcher Building believes that a successful equity raise of \$700 million, together with its ongoing cost saving initiatives, will provide Fletcher Building with sufficient headroom in relation to its banking and USPP covenants through FY25. This assessment is based on what Fletcher Building considers to be a reasonable set of assumptions (assessed together with relevant sensitivities for those assumptions). If insufficient funds are raised under the Offer, or the Offer does not complete, or if Fletcher Building does not achieve various strategic objectives during FY25, Fletcher Building would need to consider alternative deleveraging or funding strategies. Failure to carry out those alternative strategies in a timely manner may have a material adverse impact on Fletcher Building.

There also remains a risk that economic conditions in New Zealand and Australia deteriorate further below anticipated levels, or remain adverse for longer than is anticipated, further (or budgeted) cost saving measures cannot be achieved, or a material recovery in revenue and profitability takes longer than expected. In that scenario, Fletcher Building may have reduced headroom against its banking and USPP covenants and therefore an increased risk of breach. It may also have insufficient equity and/or liquidity to meet its capital and operational requirements and would need to re-assess its balance sheet, capital expenditure, portfolio settings and operations. It may also need to access additional equity or debt funding, which could have an adverse effect on Fletcher Building's shareholder returns and/or its earnings.

## DEBT COVENANTS

Fletcher Building is reliant upon continued external debt sources to fund its business and execute on its strategy. Fletcher Building has various covenants in relation to its banking and USPP facilities, including interest coverage ratios and a leverage covenant. Factors such as a decline in operational and financial performance, or if Fletcher Building does not achieve various strategic objectives during FY25, could lead to Fletcher Building breaching its debt covenants. In certain circumstances, lenders may require that such banking facilities be repaid within a relatively short timeframe. Under such a scenario, there is no guarantee that Fletcher Building will be able to secure alternative financing on commercially acceptable terms or at all.

Further, where existing loans either approach or reach maturity, Fletcher Building may seek to renegotiate with existing and new lenders to extend the maturity date of those loans. Fletcher Building's earnings profile, credit rating, state of the economy, credit appetite and other factors may influence the outcome of those negotiations. Where refinancing occurs at a higher cost and or, more restrictive terms, this may impact the profitability and financial flexibility of Fletcher Building's operations.



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# APPENDIX B | Key Risks (4 of 15)

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## CREDIT RATING

Fletcher Building has a current credit rating with Moody's Investors Service of Baa3 on negative outlook. This credit rating, or any change to it, can influence Fletcher Buildings access to sources of funding through the public debt capital markets and to a lesser extent, the private placement markets. There is a risk that adverse movement in the credit rating to sub-investment grade, or maintenance of "negative outlook" for an extended period, may adversely impact on the Company's debt refinancing activities in terms of credit appetite from lenders and/or result in increased costs and more restrictive terms associated with funding the Company's debt.

## ABILITY TO PAY DIVIDENDS

Fletcher Building did not declare a dividend for FY24 and it is not known when Fletcher Building will be in a position to start paying dividends, and whether any dividends will be at historic levels (or at all).

The Group's current dividend policy is to pay out between 50% and 75% of net earnings (excluding significant items) and having regard to available cash flow. Currently, decisions on dividend must be made with reference to the covenant amendments put in place with the Group's lenders in June 2024. If, during the covenant amendment period a dividend was to be declared, the Group must confirm to its senior lenders (banks and USPP) that it is able comply with the original covenant levels immediately before and after making the distribution and comply with any other covenant contained in the debt documentation that applies to dividends. In addition, adverse operational or financial performance in any period may mean that Fletcher Building is unable to pay a dividend in respect of that period.

## M&A AND GROWTH PROJECT RISKS

Fletcher Building periodically considers divestment and acquisition opportunities, including receiving third party approaches from time to time. Fletcher Building's incoming Chief Executive Officer is intending to conduct a strategic/portfolio review of the Group. However, there can be no assurance that Fletcher Building will identify suitable divestment or acquisition opportunities or other projects at acceptable prices, or successfully execute those opportunities within suitable timeframes.

In addition, Fletcher Building's past and future divestments and acquisitions may be subject to unanticipated risks and liabilities, or may disrupt its operations. Divestments may result in claims against Fletcher Building under warranties or indemnities, which could have a material impact on Fletcher Building's financial position. Acquisitions may not deliver projected benefits or value, and integrations may not be successful, resulting in interruptions to the achievement of business strategy. Due diligence undertaken in making acquisitions may not have identified all liabilities and risks associated with the relevant business. This may divert management's attention and resources from Fletcher Building's day-to-day operations.

In addition, past and future organic growth projects undertaken by Fletcher Building may fail to deliver projected benefits or value.

Any such matters could have a material adverse effect on Fletcher Building's financial performance and position.



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# APPENDIX B | Key Risks (5 of 15)

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## PROPERTY SALES AND SITE ACQUISITIONS

Fletcher Building's Residential & Development division acquires sites and develops them into residential homes and apartment buildings. If residential property prices in New Zealand were to remain challenging for an extended period, or were to deteriorate further than levels anticipated by Fletcher Building, this could impact Residential and Development's ability to sell developed properties at prices which are acceptable to it.

Separately, to support its ongoing pipeline, Residential & Development relies on being able to acquire further land for development at suitable terms and price. Residential & Development also enters into joint venture funding arrangements to assist to fund developments.

If risks were to occur in relation to these aspects of Residential & Development's business model, this could impede Residential and Development's growth strategy, cash flows and Fletcher Building's future financial performance and position.

## PRODUCT LIABILITY

The Group manufactures and/or sells a range of products and services that are required to meet local and international standards and regulations. Fletcher Building may, from time to time, experience manufacturing or product defects or other claims relating to products or services that it manufactures, sells or provides. Defects in products manufactured or sold by, or services provided by, Fletcher Building could be difficult or costly to correct, cause significant customer relations and business reputation problems, result in product recalls, harm Fletcher Building's financial results and result in damage to or claims by its customers, suppliers or other parties (including where the product has been incorporated into a broader structure). A number of products manufactured or supplied by Fletcher Building rely on third parties to install the product correctly or comply with the product specifications in order for the product to perform as intended. A failure by a third party to install such products correctly or comply with product specifications could result in claims and loss to Fletcher Building. Any of these matters could have a material adverse effect on Fletcher Building's financial performance and position.

Material product quality claims that the Group are currently subject to include:

- Various claims in relation to the ProFit pipes supplied by Iplex® Australia in Western Australia. These matters are discussed in other key risks below.
- Laminex® Australia is the subject of a number of silica-related personal injury claims in Australia. See note 12 to the FY24 Financial Statements for the provision made in respect of these claims.
- Fletcher Insulation® Australia is the subject of claims relating to installed glass wool insulation containing an imported foil. See note 12 to the FY24 Financial Statements for the provision made in respect of these claims.

Whilst the Group has provisioned for the estimated costs associated with these known claims, there remain risks that the Group's final exposure to these claims will be greater than the amounts currently allowed for.

## CONSTRUCTION RISK

As part of its business, the Group's Construction division has exposure for defects in construction projects following their completion. That exposure arises from the terms of the relevant contract, including any agreed defects period, or at law. In assessing the Group's exposure, the Group applies estimates and judgements, including assessing the merits of the claim, the cost to repair and the likelihood of the receipt of payment or other recovery.



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# APPENDIX B | Key Risks (6 of 15)

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## CONSTRUCTION RISK (cont.)

More generally, the Group's Construction division is engaged to construct and maintain a wide range of building and infrastructure projects across New Zealand and the South Pacific, including under long term construction contracts with fixed prices or margin at risk components. The Group is therefore exposed to a variety of risks in relation to these construction projects, including in relation to unrecoverable cost inflation, design risk, delays, subcontractor costs, availability and performance, consenting, weather and ground conditions, sufficiency of insurance and recovery of insurance proceeds, compensation for variations and extensions of time and other circumstances outside its control. These risks can result in claims against the Group (including for damages in relation to delays) and loss of margin (either by contract or as a result of non-recovered costs).

The Group is subject to a range of claims and disputes in connection with its portfolio of construction projects, many of which are resolved in the ordinary course. Material construction disputes that the Group is currently subject to include in relation to the construction of the New Zealand International Convention Centre, the Pūhoi to Warkworth roading project, and the Wellington International Airport carpark. These matters are discussed in more detail in other key risks below.

Any such matters could have a material adverse effect on Fletcher Building's financial performance and position.

## NEW ZEALAND INTERNATIONAL CONVENTION CENTRE (NZICC) – PROGRAMME TO COMPLETE

There is no material change to the position outlined in the Company's FY24 Annual Report on the programme to complete NZICC:

- construction works are targeted to complete by the end of calendar 2024, with commissioning and handover targeted in the first half of calendar 2025; and
- no change to the \$165 million provision that was recognised in February 2024.

The assessment of the net cost to complete the project continues to rely on the application of estimates and judgements (e.g., programme to complete and cost estimates for certain trades) and, as such, may be subject to change as the project progresses. It is possible that the final provision could be below or above the levels currently allowed for due to changes in costs to complete, and the timing of completion.

As noted in the FY24 Annual Report, the Horizon Hotel, which forms part of the NZICC project, has been completed and handed over to SkyCity.

Risks relating to disputes and claims (both by The Fletcher Construction Company Limited (FCC) and against FCC) are discussed below.

## LITIGATION RISK - GENERAL

Fletcher Building is subject to the usual business risk that disputes or litigation may arise from time-to-time in the course of its business activities. Fletcher Building's 2024 Annual Report discloses a number of such disputes, claims and litigation, including the product liability and construction disputes described elsewhere in this presentation. Fletcher Building is also the subject of class action proceedings filed against it in the Supreme Court of Victoria concerning allegations that between 17 August 2016 and 23 October 2017 the Group misrepresented the performance and financial position of its Building + Interiors business and failed to disclose information as to its true financial position.

These disputes, and any new disputes or litigation, could be a material impact on Fletcher Building's financial position. In particular, if any current litigation or disputes are not resolved in line with Fletcher Building's expectations (including, where applicable, any relevant provisions) then this could have a material impact on Fletcher Building's financial position.



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# APPENDIX B | Key Risks (7 of 15)

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## LITIGATION RISK - WA PLUMBING – JOINT INDUSTRY RESPONSE

As announced on 30 August 2024, Iplex® Pipelines Australia Pty Limited (**Iplex® AU**), together with the Western Australian Government (**WA Government**) and key industry stakeholders, reached an in-principle agreement to address plumbing failures occurring in some Western Australian (**WA**) homes constructed with Typlex Pro-fit pipes (the **plumbing failures** and **Joint Industry Response** or **JIR**), the key elements of which are:

- All affected homes in WA will be entitled to have their leaks repaired and, in more extensive cases, rooms or homes re-piped, by the builder of that home.
- Together, Iplex® AU and the WA Government have proposed to cover the direct costs of that work programme incurred by those builders who participate in the industry response: 80% by Iplex® AU and 20% by the WA Government.
- Iplex® AU estimates its share of those direct costs will be up to ~A\$120m (but this is not capped). The WA Government's contribution is capped at A\$30m.
- The JIR is entered into by the parties on a no liability, no admissions basis. All participants have agreed to a "no sue" provision as to part of the proposed agreement, but rights to cross claim or join parties to third party actions are unaffected.
- In addition, eligible WA homeowners will be offered, free of charge, the installation of a leak detector unit by Iplex® AU (~A\$20m of the anticipated ~A\$155m provision).

The terms of the JIR do not include a recall order of the Typlex Pro-fit pipes.

Parties continue to work to finalise the JIR long form documentation and were targeting that to occur by the end of September 2024. There is a likelihood that time frame will not be met.

- Until the JIR is formalised, there is no certainty of its final terms, including whether there may be any material changes from the in principle terms announced on 30 August 2024 (the **In Principle Terms**).
- It is possible that some or all of the proposed participants in the JIR may withdraw or seek to withdraw, such that no formal agreement is agreed. If that were to occur, it is uncertain what would follow, but further litigation and regulatory risk for Iplex® AU (and other parties) may arise. There are circumstances in which a failure to reach a JIR could have material adverse implications for Iplex® AU and the Group, for example if the WA Government was to successfully order a compulsorily recall the Pro-fit pipes. While any decision to pursue that path would be contested by Iplex® AU, if ultimately a product recall was required, the cost to Iplex® AU in performing a recall order could have a material negative impact on the Group's financial position.
- While the JIR is being finalised, the existing claims against Iplex® AU (a class action and a separate action brought by BGC, as to which see below) progress. Developments in those proceedings could have implications on the terms of, or ability to finalise, the JIR. It is possible that participants in the JIR may seek to withdraw or amend the terms of the JIR as a result of these proceedings and, if that were to happen this could have material adverse implications for Iplex® AU and the Group.



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# APPENDIX B | Key Risks (8 of 15)

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## LITIGATION RISK - WA PLUMBING – JOINT INDUSTRY RESPONSE (cont.)

If the JIR is finalised consistent with the In Principle Terms, other risks will remain including:

- The class action described below will continue. It is being brought on behalf of all homeowners in Australia (not just those in WA) who have relevant Pro-fit pipes in their homes and seeks a wider range of damages than covered by the JIR. Also, if BGC is not a party to the JIR, it will be able to continue its action against Iplex® AU in relation to the plumbing failures, as described below. These matters overlap in scope but, as stated in the 30 August 2024 announcement by Fletcher Building and the FY24 Financial Statements, an adverse finding in either of them could have a material adverse impact on the Group.
- The WA Government has reserved its rights in relation to future actions if those actions are based on information obtained by it after the date of the JIR.
- Additional claims may be brought against Iplex® AU. For example, it is possible that further litigation may be brought on behalf of other builders who are not participating in the JIR, or homeowners or insurers (including by way of additional class actions). The terms of the JIR do not require a homeowner to release or waive any rights they may have against Iplex® AU or any other participant in the JIR.
- The JIR (both work programme and funding rates) may also be renegotiated if a different outcome results from any other type of future third party lawsuit. However, that change would only apply to amounts or activities required from that point forward. All amounts spent in performing the JIR to that point, either by Iplex® AU or other parties, cannot be reclaimed retrospectively.

There has been no change to the assessment of the expected provision that Fletcher Building expects to make in its FY25 financial statements if the JIR is finalised, being the pre-tax provision of approximately A\$155m which was announced on 30 August 2024. However, that provision does not represent an assessment of the litigation risk or other risks to the Group relating to the plumbing failures outside the JIR itself. That provision is the Group's assessment of the cost to it of meeting its commitments under the JIR, if that JIR is agreed. However, Iplex® AU's direct costs under the In Principle Terms are not capped. If the JIR is agreed on the In Principle Terms but Iplex® AU's direct costs exceed its expected share of those costs, or it incurs significant litigation or other costs outside of the JIR itself in relation to the plumbing failures, then this could have a material adverse effect on the financial position of the Group.

If entry into the JIR is delayed beyond September 2024, Iplex® AU will need to consider its position in relation to continuing to fund participating builders on the terms of its existing Investigation Fund.

## LITIGATION RISK - WA PLUMBING – CLASS ACTION

A class action has been served on Iplex® AU on behalf of all homeowners, Australia-wide, alleging that the Pro-fit product was not of acceptable quality at the time of supply and seeking a broad range of damages. This is detailed in Note 26 of the Company's FY24 Financial Statements.

In summary, based on current facts and circumstances, Iplex® AU has not concluded that it is responsible for the matter or that it has a present obligation to any party beyond the Investigation Fund it has put in place. As noted above, if the JIR is agreed, Iplex AU will recognise a provision for its commitment to provide leak detectors and fund participating builders certain agreed direct costs under that agreement.

There is no certainty on the outcome, amount or timing of any formal dispute resolution of this matter. If the class action is successful, then this could have a material adverse effect on the financial position of the Group.



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# APPENDIX B | Key Risks (9 of 15)

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## LITIGATION RISK - WA PLUMBING – BGC CLAIM

As announced on 27 August 2024, WA home builder, BGC, has filed legal proceedings against Iplex® AU, in relation to the Iplex® Pro-fit Pipes issues. Iplex® AU intends to defend the proceedings.

BGC is now raising allegations in relation to the capacity of Iplex® AU (and its related Australian entities) to meet the quantum of liability that BGC alleges Iplex® AU is or will be responsible for, and that it is dissipating, or may dissipate, assets for the purposes of frustrating future recovery action, including the proceeds of the Tradelink sale. While these claims are rejected, there is a risk that a Court or a regulator may, in response to BGC seeking such orders or otherwise, impose orders or other restrictions which prevent or restrict Iplex® AU and other Australian group members from moving assets to Fletcher Building. Fletcher Building will vigorously oppose the imposition of any such order or restriction.

If BGC maintains these proceedings, there is no certainty as to the outcome, amount or timing of any formal dispute resolution. As noted above, an adverse outcome in these proceedings, or the imposition of any such orders or restrictions, may have a material adverse effect on the financial position of the Group.

## LITIGATION RISK - NZICC – THIRD PARTY LIABILITY INSURANCE AND SUBCONTRACTOR CLAIMS

In connection with the NZICC fire:

- FCC has claims under the project-specific third party liability (TPL) insurance policy (some of which the TPL insurers have agreed to cover and some of which the TPL insurers have declined to cover and FCC is disputing). FCC's proceedings against the TPL insurers are ongoing, including an upcoming trial in October 2024 relating to certain policy interpretation questions;
- SkyCity has made claims against FCC in connection with carparks at the NZICC. The TPL insurers have accepted cover for claims in relation to the first tranche of carparks, but whether other claims in connection with the second tranche of carparks to be delivered to SkyCity are covered by the TPL policy continues to be in dispute. FCC denies it is liable to SkyCity for any such amounts; and
- FCC has made claims against FCC's waterproofing subcontractors, XAM Limited (the new name of MPM Waterproofing Services Limited) and JEL Limited (engaged by XAM). A portion of these claims, if successful, may be covered by the TPL insurance policy, or other available insurance (if any), but this may be disputed. If these claims are not covered by insurances, it is not expected that XAM and JEL will have other assets sufficient to cover any liability.

While FCC considers it has good grounds to recover material amounts under the TPL policy, no amount has been recognised to be recovered under the TPL policy or from XAM and JEL in the project provision in the FY24 Financial Statements. See Note 3 (Construction Accounting).

These matters may take some time to be resolved and, while these matters continue, there is no certainty on the outcome, amount or timing of any dispute resolution.

## LITIGATION RISK - NZICC PROJECT – SKYCITY CLAIMS

As the project approaches completion, the prospect of further claims from SkyCity in relation to the NZICC project and the delays in delivery of the NZICC project increases (in addition to the specific claims described in the key risk immediately above). SkyCity has indicated in its most recent financial statements that "where SkyCity's costs are not recoverable under the SkyCity group's insurance policies, recovery of those costs will be sought from FCC".



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# APPENDIX B | Key Risks (10 of 15)

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## LITIGATION RISK - NZICC PROJECT – SKYCITY CLAIMS (cont.)

SkyCity has, from time to time, alleged that it has claims against FCC under the building works contract for liquidated damages for delay in excess of the maximum liability cap for liquidated damages in the building works contract. FCC's view is that it has paid all liquidated damages owing under that contract in full, and, there is no proper basis for the maximum liability cap for liquidated damages to be exceeded in the circumstances; and, therefore, no further amounts are owing to SkyCity. Accordingly, any claim will be defended. If, such a claim were to be made by SkyCity, Fletcher Building anticipates the face amount of such claim may be material.

The project forecast and expected final margin does not allow for any claim by SkyCity in respect of liquidated damages in excess of the maximum liability cap under the building works contract. If SkyCity were to bring such a claim in respect of the NZICC project, there is no certainty on the outcome, amount or timing of any legal proceedings. However, if such a claim were to be made and:

- following determination of any proceedings brought, such a claim was successfully brought against FCC, it may have a material adverse effect on the financial position of the Group; or
- if any settlement agreement was reached as part of any proceedings, such amount may be material.

## LITIGATION RISK - WELLINGTON INTERNATIONAL AIRPORT CARPARK (WIAL CARPARK)

There has been no material change to the position outlined in FY24 Annual Report, including:

- no change to the provision of \$15m is included in the Group's FY24 Financial Statements; and
- FCC continues to work with WIAL to agree a remediation solution to quality issues identified on the carpark and to settle claims.

These matters may take some time to be resolved and, while the dispute continues, there is no certainty on the outcome, amount or timing of any settlement discussions or formal dispute resolution. It is possible that the final provision could be below or above the levels currently allowed for and would ultimately depend on the solution agreed and associated costs, and final claim settlements.

## LITIGATION RISK - PŪHOI TO WARKWORTH (P2W) – COVID-19 CLAIM

The Fletcher Construction Company Limited (FCC) and its joint venture partner, Acciona (the Construction JV) have lodged a claim with the Northern Express Group (NX2) and Waka Kotahi NZ Transport Agency (Waka Kotahi) for the impacts and delays arising from COVID-19 and other weather events. FCC owns 50% of the Construction JV.

As noted in the FY24 Annual Report:

- Waka Kotahi has provided some interim and potentially refundable financial support but no agreement for variations for compensation or extensions of time have been reached.
- If no agreement for variations for compensation or extensions of time are reached, the Construction JV will incur unrecoverable costs and liquidated damages (from 16 August 2022, being the current contractual Planned Service Commencement Date to mid-June 2023).
- Unless the Construction JV and Waka Kotahi agree otherwise, that claim will be resolved through an agreed dispute resolution process, unlikely to be earlier than 2026.
- An assumed recovery for these claims have been included in the determination of the final project position and estimated final margin.





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# APPENDIX B | Key Risks (11 of 15)

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## LITIGATION RISK - PŪHOI TO WARKWORTH (P2W) – COVID-19 CLAIM (cont.)

These matters may take some time to be resolved and, while the dispute continues, there is no certainty on the outcome, amount or timing of any settlement discussions or formal dispute resolution, and there is the potential that some or all of the amount already paid to FCC in respect of these matters may need to be repaid. It is possible that the final recovery could be below or above the levels expected for and would ultimately depend on the final claim settlement or the determination under dispute resolution (as applicable). If the recovery is materially less than the amount Fletcher Building has assumed it will recover, this may have a material adverse effect on the financial position of the Group.

## LITIGATION RISK - P2W – CWI INSURANCE

The Construction JV has lodged material claims under the Contract Works Insurance (CWI) policy for damage to the project works caused by landslips and weather events during construction.

As noted in the FY24 Annual Report:

- For claims that have been notified, coverage has been confirmed under the CWI policy.
- An assumed recovery for all events has been included in the determination of the final project position and estimated final margin.

While the CWI insurers have paid some provisional amounts on account to the Construction JV:

- the claims assessment process remains to be completed by the CWI insurers;
- there remain differences to be resolved in discussion with CWI insurers; and
- in the event that the parties cannot resolve their differences, a formal dispute process may be needed to resolve those matters.

These matters may take some time to be resolved and, until resolved, there is no certainty on the timing or outcome or amount of any resolution, and there is the potential that some or all of the amount already paid to FCC may need to be repaid. It is possible that the final recovery could be below or above the levels currently assumed for and would ultimately depend on the final claim settlement or the determination under any dispute resolution (as applicable). If the recovery is materially less than the amount Fletcher Building has assumed it will recover, this may have a material adverse effect on the financial position of the Group.

## LITIGATION RISK - P2W – OTHER POTENTIAL CLAIMS

As noted in the FY24 Annual Report, the Construction JV will expect to make claims against some of its suppliers and may be subject to claims against it by suppliers and subcontractors. The Group considered these positions in conjunction with other facts and circumstances known to it in assessing whether an additional provision was required to be recognised in respect of the project as at 30 June 2024. No additional provision was recognised in the FY24 Financial Statements for this project. There has been no change to that position.

However, there remains a risk that, ultimately, the full amount of the Construction JV's claims will not be recovered.



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# APPENDIX B | Key Risks (12 of 15)

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## LITIGATION RISK - NEW ZEALAND COMMERCE COMMISSION – WINSTONE WALLBOARDS REBATES

As announced on 23 August 2024, the Commerce Commission advised Fletcher Building that it believes that Winstone Wallboards Limited's use of retroactive tiered rebates between 1 January 2017 and 31 December 2022 amounted to a breach of the Commerce Act and intends to file proceedings against Winstone Wallboards by late October 2024.

Winstone Wallboards disagrees with the Commerce Commission's conclusion and intends to defend the proceedings vigorously, including because:

- during the Building Markets Products Study, merchants told the Commerce Commission that the rebate structures were not a factor that inhibited competition; and
- the Commerce Commission comprehensively investigated Winstone Wallboards on this topic in 2014, concluding that Winstone Wallboards' market share was driven by its attractive overall product and service offering, not the rebates, and that the evidence did not support a conclusion the rebates breached the Commerce Act.

Any legal proceedings may take some time to be resolved and, there is no certainty on the outcome, amount or timing of any such proceedings.

## FMA INVESTIGATION IN RELATION TO COMPLIANCE WITH CONTINUOUS DISCLOSURE OBLIGATIONS

The Financial Markets Authority (the **FMA**) is currently investigating Fletcher Building's compliance with its continuous disclosure obligations in relation to the release of information in the announcements it made on 5 February 2024 (titled "Update on NZICC and WIAL Carpark projects") and 14 February 2024 (titled "HY24 Results") (the **Investigation**), following a referral by NZ RegCo under section 352(1)(b) of the Financial Markets Conduct Act 2013.

In June 2024, the FMA issued to Fletcher Building an information-gathering notice under section 25 of the Financial Markets Authority Act 2011 in relation to the Investigation.

The Investigation is ongoing, and the outcome is not known at this time. However, Fletcher Building believes that the release of information in the relevant announcements in February 2024 complied with its continuous disclosure obligations. If the FMA was to determine that Fletcher Building did not comply with its continuous disclosure obligations, Fletcher Building may be subject to adverse consequences.

## PEOPLE

The failure by the Group to attract, retain and engage our people (including engagement with collective representation groups) negatively impacting business units or the Group. The failure of the current processes to attract and retain talented staff can have a negative impact on the functioning of a business unit and the Group. Additionally, industrial action by collective representation groups can cause operational disruption.

## WORKPLACE HEALTH AND SAFETY

Due to the nature of the industries in which Fletcher Building operates, there is a risk of accidents or unsafe operations causing damage, injury or death. Notwithstanding the preventative measures which Fletcher Building (or any sub-contractor) has taken or may take, there can be no assurance that accidents (for example, production or logistics) or unsafe operations will not occur and damage the environment and/or injure Fletcher Building's own personnel or third parties. Such events may result in additional costs and fines (including potential criminal liability in certain circumstances), or business disruption, and may jeopardise Fletcher Building's reputation and credibility.



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# APPENDIX B | Key Risks (13 of 15)

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## TECHNOLOGY RESILIENCE

Like many businesses, Fletcher Building is dependent on information technology systems to maintain its operations. Failure to provide reliable, resilient, adaptable and efficient technology infrastructure may impact the operations of the business units or the Group. This may in turn create reputation damage or potentially materially adversely impact the financial performance and position of the Group.

In late 2021, Fletcher Building commenced a multi-year process designed to transition all the Group's manufacturing and distribution business units to a single integrated ERP system. In June 2024, the project was paused for 25 months as part of the Group's cost saving and cash preservation initiatives, with only four of the Group's approximately 30 business units having transitioned to the platform by 30 June 2024. While remediation work is being done on legacy systems in the interim, the pausing of this programme increases the risk of difficulties being encountered with the Group's technology infrastructure. In addition, if a decision is taken not to recommence the project, the carrying value of the asset of approximately \$105 million may need to be significantly written-down.

## DATA BREACH / CYBER SECURITY

Fletcher Building's information technology systems hold confidential personal information and other commercially sensitive information. There is a risk that data held by Fletcher Building may be accessed or used in an unauthorised manner, including due to a cyber-attack. The frequency and sophistication of cyber-attacks on businesses is growing, and Fletcher Building has suffered security incidents. If Fletcher Building suffered a major cyber-attack or data security breach, Fletcher Building's operations could be impacted, its reputation damaged or it could be required to incur material costs to recover critical services or repair systems or assets. Fletcher Building may also incur fines, penalties or claims as a result of any privacy breach. Any such matters could have a material adverse effect on Fletcher Building's financial performance and position.

## INSURANCE

The availability of insurance to Fletcher Building on acceptable terms and price is not guaranteed. It is possible that the occurrence of an event may not be fully covered, or covered at all, by insurance, or that Fletcher Building may not be able to obtain insurance cover for certain risks in the future or at commercially acceptable prices and other terms, including both in relation to its general corporate risks and also in relation to specific projects. This could have a material adverse effect on Fletcher Building's financial performance and position.

## GOVERNMENT REGULATIONS

Fletcher Building is subject to various laws and regulations applicable to businesses generally in New Zealand and Australia and markets in which it operates. These include statutes, regulations, standards and laws affecting land usage, zoning, planning, building and building products, chain of responsibility, environmental, climate change, consumer protection and employment practices. Fletcher Building cannot guarantee that its business units will at all times be successful in complying with all demands of relevant laws and regulatory authorities (including existing licences) in a manner which will not materially adversely affect its business, financial condition or results of operations.

Changes to regulation and laws may have a materially adverse effect on Fletcher Building's business, financial condition or results of operation. For example, proposed changes to the Building Code to facilitate imports of building products may adversely impact Fletcher Building's operations and financial performance.



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# APPENDIX B | Key Risks (14 of 15)

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## GOVERNMENT REGULATIONS (cont.)

One specific risk results from the changes to Emissions Trading Scheme (**ETS**) arising from the Climate Change Response (Late Payment Penalties and Industrial Allocation) Amendment Act, which was passed in August 2023. This change has the potential to materially impact Golden Bay (**GB**) through increased costs and resulting market share erosion over the longer term. Because GB is the only domestic manufacturer of cement in New Zealand, the amendments have an unintended consequence of disincentivising the acceleration of decarbonisation by GB. The amendments accelerate the timeframe for when GB incurs emission compliance costs (moving from 2040 to 2030) whilst continuing to allow importers of higher-carbon cement to face no New Zealand ETS compliance costs. The amendments also introduce re-baselining of the GB emissions every 5 years. This will affect GB's plans to invest in decarbonisation at the Portland plant and as a result affects the future of cement production at its Portland plant. While Fletcher Building is currently engaging with the New Zealand Government on the issues raised by these recent amendments and Fletcher Building's proposed solutions, there is no certainty that the issue will be resolved in a manner that is satisfactory to GB. If this matter is not resolved in a manner that is satisfactory to GB, this could potentially require GB to considering moving to an import model. This could potentially materially impact Fletcher Building's financial performance and position.

Fletcher Building may be unable to obtain relevant licences, consents and approvals (and renewals) to enable it to establish new operations, progress land development opportunities or to continue operation of existing facilities, or may suffer significant costs and delays in attempting to obtain such licences and approvals.

## ENVIRONMENT

Fletcher Building is subject to a broad range of environmental laws, regulations and standards in New Zealand and Australia (including those that impose limitations on the discharge of pollutants into the air and water and establish standards for the treatment, storage and disposal of waste products). They also impose liability on Fletcher Building for the costs of remediating contaminated sites. This results in significant compliance costs, and could expose Fletcher Building to legal liability (including potential damage claims or fines for noncompliance) or place limitations on the development of Fletcher Building's operations.

Additionally, Fletcher Building's operations are subject to environmental permit requirements. If Fletcher Building cannot obtain or maintain required environmental permits for its existing and planned operations in a timely manner or at all, Fletcher Building may be subject to additional costs or fines.

Fletcher Building's operations entail risk of environmental damage, and Fletcher Building could incur liabilities in the future arising from the discharge of pollutants into the environment, waste disposal practices, or accidents, as well as changes in enforcement policies or newly discovered conditions.

Some properties owned or leased by Fletcher Building contain asbestos. In the ordinary course of business, Fletcher Building complies with applicable asbestos management requirements, including maintaining registers and implementing asbestos management programs in relation to on-site works. There is a risk that previously unidentified asbestos may be found on properties. Also, there is a risk in Australia that a person may contract an asbestos related illness and bring a personal injury claim against Fletcher Building.

Any such matters could have a material adverse effect on Fletcher Building's financial performance and position.



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# APPENDIX B | Key Risks (15 of 15)

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## CLIMATE CHANGE

Fletcher Building has substantial building products and concrete businesses in New Zealand and building products businesses in Australia, and as such it is exposed to risks emanating from changes in carbon related policies, both in New Zealand and Australia, and potentially in countries for upstream supply chains, for emissions and/or energy intensive materials. Such changes may manifest initially as increased energy costs, and possibly emissions pricing mechanisms, but may eventually also threaten reliability of supply.

While Fletcher Building endeavours to manage climate risk, including via undertaking scenario analysis to understand the risks and opportunities that climate change presents to its business currently, and into the future, it is a risk which is rapidly evolving. Climate change presents both transition risks and physical risks (including a weather-related event). In addition, Fletcher Building's climate reporting could also expose Fletcher Building to potential liability in certain circumstances. A failure to adequately manage climate risk could have a material adverse impact on Fletcher Building's financial performance and position.

## UNDERWRITING RISK

Fletcher Building has entered into an underwriting agreement under which the Underwriter has agreed to fully underwrite the Offer, subject to the terms and conditions of the underwriting agreement. If certain events occur, the Underwriter may terminate the underwriting agreement.

Such "termination events" include the occurrence of events which have, or are likely to have, a material adverse effect on Fletcher Building, its shares or the Offer. These may be as a result of events specific to Fletcher Building or as a result of external events, such as material or fundamental changes in financial, economic and political conditions in certain countries or financial markets.

Termination of the underwriting agreement would result in no proceeds being raised under the Offer and would require Fletcher Building to consider alternative funding strategies.

## INVESTMENT IN EQUITY CAPITAL

There are general risks associated with investments in equity capital. In recent times the trading price of Fletcher Building's ordinary shares on NZX and ASX has fluctuated materially. Fluctuations can occur for many reasons, including as a result of movements in equity capital markets in New Zealand, Australia and internationally.

No assurances can be given that the New Shares will trade at or above the Offer Price. None of Fletcher Building, its directors, the underwriter, lead manager or any other person guarantees the market performance of the New Shares.



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# APPENDIX C | International Offer Restrictions (1 of 4)

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This document does not constitute an offer of new ordinary shares ("**New Shares**") of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside New Zealand except to the extent permitted below.

## AUSTRALIA

The offer of New Shares under the Offer is being made in Australia in reliance on the ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and the ASIC Instrument 18-0268 or otherwise to persons to whom the offer of securities for issue may lawfully be made without disclosure under Part 6D.2 of the Corporations Act 2001 (Cth) (**Corporations Act**) in accordance with the applicable exemptions in sections 708(8) or 708(11) of the Corporations Act. This presentation is not a prospectus, product disclosure statement or any other formal "disclosure document" for the purposes of Australian law and is not required to, and does not, contain all the information which would be required in a "disclosure document" under Australian law. This document may contain references to dollar amounts which are not Australian dollars, may contain financial information which is not prepared in accordance with Australian law or practices, may not address risks associated with investment in foreign currency denominated investments and does not address Australian tax issues. The Company is a company which is incorporated in New Zealand and the relationship between it and investors will be largely governed by New Zealand law. This document has not been and will not be lodged or registered with the Australian Securities and Investments Commission or the Australian Securities Exchange and the Company is not subject to the continuous disclosure requirements that apply in Australia.

Prospective investors should not construe anything in this document as legal, business or tax advice nor as financial product advice for the purposes of Chapter 7 of the Corporations Act.

## BERMUDA

This document may be distributed, and the New Shares may be offered and sold, only from outside Bermuda to institutional and professional investors in Bermuda. No offer or invitation to subscribe for New Shares may be made to the public in Bermuda or in any manner that would constitute engaging in business in or from within Bermuda. In addition, no invitation is being made to persons resident in Bermuda for exchange control purposes to subscribe for New Shares.

## CANADA (BRITISH COLUMBIA, ONTARIO AND QUEBEC PROVINCES)

This document constitutes an offering of New Shares only in the Provinces of British Columbia, Ontario and Quebec (the "Provinces"), only to persons to whom New Shares may be lawfully distributed in the Provinces, and only by persons permitted to sell such securities. This document is not a prospectus, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons who are "accredited investors" within the meaning of National Instrument 45-106 – Prospectus Exemptions, of the Canadian Securities Administrators.

No securities commission or authority in the Provinces has reviewed or in any way passed upon this document, the merits of the New Shares or the offering of the New Shares and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of New Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws. While such resale restrictions generally do not apply to a first trade in a security of a foreign, non-Canadian reporting issuer that is made through an exchange or market outside Canada, Canadian purchasers should seek legal advice prior to any resale of the New Shares.

The Company as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon the Company or its directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada.



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# APPENDIX C | International Offer Restrictions (2 of 4)

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## CANADA (BRITISH COLUMBIA, ONTARIO AND QUEBEC PROVINCES) (CONT.)

Statutory rights of action for damages and rescission. Securities legislation in certain Provinces may provide a purchaser with remedies for rescission or damages if an offering memorandum contains a misrepresentation, provided the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's Province. A purchaser may refer to any applicable provision of the securities legislation of the purchaser's Province for particulars of these rights or consult with a legal adviser.

Certain Canadian income tax considerations. Prospective purchasers of the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of the New Shares as there are Canadian tax implications for investors in the Provinces.

Language of documents in Canada. Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.

## CAYMAN ISLANDS

This document may be distributed, and the New Shares may be offered and sold, only from outside the Cayman Islands to institutional and professional investors in the Cayman Islands. No offer or invitation to subscribe for New Shares may be made to the public in the Cayman Islands or in any manner that would constitute carrying on business in the Cayman Islands.

## EUROPEAN UNION (FRANCE, GERMANY AND NETHERLANDS)

This document has not been, and will not be, registered with or approved by any securities regulator in the European Union. Accordingly, this document may not be made available, nor may the New Shares be offered for sale, in the European Union except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the "Prospectus Regulation").

In accordance with Article 1(4)(a) of the Prospectus Regulation, an offer of New Shares in the European Union is limited to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation).

## HONG KONG

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). Accordingly, this document may not be distributed, and the New Shares may not be offered or sold, in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.



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# APPENDIX C | International Offer Restrictions (3 of 4)

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## JAPAN

The New Shares have not been, and will not be, registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (the "FIEL") pursuant to an exemption from the registration requirements applicable to a private placement of securities to Qualified Institutional Investors (as defined in and in accordance with Article 2, paragraph 3 of the FIEL and the regulations promulgated thereunder). Accordingly, the New Shares may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan other than Qualified Institutional Investors.

Any Qualified Institutional Investor who acquires New Shares may not resell them to any person in Japan that is not a Qualified Institutional Investor, and acquisition by any such person of New Shares is conditional upon the execution of an agreement to that effect.

## NORWAY

This document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007 no. 75. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act. The New Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in the Norwegian Securities Trading Act).

## SINGAPORE

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part 13 of the Securities and Futures Act 2001 of Singapore (the "SFA") or another exemption under the SFA.

This document has been given to you on the basis that you are an "institutional investor" or an "accredited investor" (as such terms are defined in the SFA). If you are not such an investor, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party in Singapore. On-sale restrictions in Singapore may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

## SWITZERLAND

The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or on any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares constitutes a prospectus or a similar notice, as such terms are understood under art. 35 of the Swiss Financial Services Act or the listing rules of any stock exchange or regulated trading facility in Switzerland.

No offering or marketing material relating to the New Shares has been, nor will be, filed with or approved by any Swiss regulatory authority or authorised review body. In particular, this document will not be filed with, and the offer of New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

Neither this document nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland. The New Shares will only be offered to investors who qualify as "professional clients" (as defined in the Swiss Financial Services Act). This document is personal to the recipient and not for general circulation in Switzerland.





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# APPENDIX C | International Offer Restrictions (4 of 4)

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## UNITED ARAB EMIRATES

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