



## **Update on NZICC and WIAL Carpark projects**

**Auckland, 5 February 2024:** Fletcher Building (the “Company”) today announced an update on the New Zealand International Convention Centre and Hobson Street Hotel project (“NZICC”) and the Wellington International Airport Carpark project (“WIAL Carpark”).

The NZICC project remains on track for completion in late calendar 2024. Progress to date has included: carparks are now complete; the Hobson Street Hotel is scheduled to be handed over to the client this month; and steel remediation throughout the International Convention Centre is 98% complete. Despite this progress, actual and expected costs to complete the project have increased, principally in the areas of steel remediation, internal fit-out, and installation of operating systems. The increased costs are primarily due to higher levels of subcontractor resource required to deliver the final stage of the project. In addition, a portion of the Company’s claims against the project Contract Works Insurance (CWI) may not be recoverable. Based on the latest cost and revenue forecasts, the Company has determined that it will make an additional provision on NZICC of \$165 million, classified as a Significant Item in its half year 2024 financial statements.

The Company continues to pursue recoveries under the NZICC Third Party Liability (TPL) insurance policy of more than \$100 million. While the Company considers it has good grounds for its TPL claims, no TPL revenue is included in the current project forecast – in line with accounting standards.

On the WIAL Carpark project, the Company continues to work with the client to agree a remediation solution to quality issues and to settle claims. Based on its latest assessment of the cost of the remediation, the Company has determined that it will make a provision on WIAL Carpark of \$15 million, classified as a Significant Item in its half year 2024 financial statements.

CEO Ross Taylor said: “The NZICC rebuild is a significantly complex and challenging project. It is disappointing we require further provisions on this project and the WIAL carpark. We remain on track to complete construction of all legacy projects by the end of calendar 2024, however cost and revenue risk will remain until we have done so. We will vigorously pursue our claims for recoveries on the legacy projects, which are likely to take until FY25-26 to settle.”

The Company’s HY24 results and financial statements will be released on Wednesday 14 February 2024.

### **Conference call to be held today**

Fletcher Building management will host a Q&A briefing for investors and analysts **today at 12:00pm NZDT / 10:00am AEDT** to discuss today’s announcement. A short presentation will be made available shortly before the briefing begins.

Participants can register for the conference by navigating to the following link:

<https://s1.c-conf.com/diamondpass/10036826-yu785e.html>

Upon registration you will be provided with the dial in number, passcode, and your unique access PIN. To join the conference simply dial the number and enter the passcode followed by your PIN, and you will join the conference instantly.

A replay facility will be available after the conference call.

## **#Ends**

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