

## Fletcher Building completes Formica sale and confirms FY19 earnings guidance for balance of the Company

**Auckland, 4 June 2019:** Fletcher Building Limited ('Fletcher Building' or the 'Company') announces that it has completed the sale of the Formica Group ('Formica') to Broadview Holding BV ('Broadview').

Fletcher Building CEO Ross Taylor said: "The divestment of Formica completes one of the key aspects of the five-year strategy we announced in June 2018 to exit non-core International businesses. Our strategy is to refocus Fletcher Building's capital and capability behind our New Zealand and Australian businesses, with building products and distribution at our core.

"We are pleased to have completed the Formica sale process ahead of schedule, which has been enabled by an effective collaboration between the Broadview and Fletcher Building teams. We wish all Formica employees the very best under the new ownership of Broadview."

As previously disclosed, the agreed sale price of US\$840 million is subject to certain deductions (principally transaction costs and debt-like items retained in Formica) and a working capital adjustment. As also disclosed, the Company hedged US\$400 million of the expected sale proceeds in December 2018 via a Forward Exchange contract at an NZD/USD exchange rate of 0.68. Based on a preliminary estimation of the working capital adjustment, and the average exchange rate applicable to the proceeds, the net sale proceeds are expected to be approximately NZ\$1,185 million. This will be subject to finalisation of post-completion accounting.

<b>Sale Proceeds (subject to finalisation of post-Completion accounting)</b>	
Sale Price	US\$840 million
Impact of deductions and estimated working capital adjustment	US\$(45) million
Sale Proceeds	US\$795 million
Average NZD/USD exchange rate	0.67
<b>Sale Proceeds</b>	<b>NZ\$1,185 million</b>

Mr. Taylor said that Fletcher Building intends to provide further comment on the use of the Formica sales proceeds at its Investor Day on 26 June.

The completion of the sale means the Company will account for 11 months of earnings from the Formica business in its FY19 result. As part of its prior FY19 earnings guidance for EBIT before significant items of \$650 million to \$700 million, the Company had expected the International Division to contribute EBIT of approximately \$110 million for the full year. The impact of excluding the June earnings from Formica (which is a large trading month for the business) and some recent softer performance in Formica Europe and North America, means the International Division is expected to now contribute EBIT of approximately \$80 million to the Company's FY19 result, or approximately \$30 million less than previously forecast for the full year.

The Company now expects FY19 EBIT before significant items to be in the range of \$620 million to \$650 million. The lower end of the range is consistent with Fletcher Building's original earnings guidance when adjusted for the \$30 million Formica impact, with the range narrowed to reflect year-to-date trading across the balance of the Company.

<b>FY19 EBIT excluding significant items (NZD)</b>	
Original FY19 guidance	\$650 – \$700 million
Impact of Formica	\$(30) million
FY19 guidance adjusted for Formica	\$620 – \$670 million
<b>Updated FY19 guidance</b>	<b>\$620 – \$650 million</b>

**#Ends**

For further information please contact:

**MEDIA**

Marie Winfield  
 Head of Communications  
 +64 27 488 9888  
[marie.winfield@fbu.com](mailto:marie.winfield@fbu.com)

**INVESTORS AND ANALYSTS**

Aleida White  
 Head of Investor Relations  
 +64 21 155 8837  
[aleida.white@fbu.com](mailto:aleida.white@fbu.com)