

NEWS RELEASE



Fletcher Building announces 2018 annual results

Auckland, 22 August 2018: Fletcher Building today announced a net earnings loss of \$190 million for the 12 months ended 30 June 2018. This compares to a profit of \$94 million in FY17.

Operating earnings before significant items, and excluding Building + Interiors (B+I), of \$710 million is within the Company's FY18 earnings guidance (excluding B+I) of \$680-\$720 million. B+I losses have been maintained at the \$660 million announced to the market in February 2018.

Revenue for the year was \$9,471 million, up one per cent year-on-year, and driven by a solid sales performance across core businesses in New Zealand and Australia, offset by a reduction in Construction revenues.

Cash flow from operations of \$396 million was up \$153 million on the prior year, reflecting improved working capital management, offset partly by continued outflows on the B+I projects.

In New Zealand the Residential and Development division performed strongly, growing revenue and earnings and significantly increasing the volume of units sold from 499 in FY17 to 714 in FY18. The Distribution, Building Products, Concrete and Steel divisions all grew revenue, however this was offset in a number of businesses by raw material and supply chain cost pressures.

In Construction, outside B+I, revenue and earnings growth remained strong in Higgins, while the Infrastructure and South Pacific businesses experienced declines due to the roll-off of a number of major projects.

In Australia gross revenue increased, with all businesses achieving positive sales growth on a NZ dollar basis, and performance improvements within Iplex Australia and Tradelink gathering momentum. Despite this, operating earnings before significant items decreased, as the majority of businesses were impacted by increased input costs, particularly in energy and resins.

Internationally, a positive performance by Formica in North America and Asia was offset by difficult trading conditions in a number of Roof Tile Group export markets.

Fletcher Building CEO Ross Taylor said: "We are pleased to finish the financial year meeting earnings guidance and containing B+I losses within the provisions we announced to the market in February this year.

"We have seen volume and revenue growth across a number of our New Zealand and Australian businesses, but these gains have been more than offset by increased costs and our need to invest ahead of plan to meet higher than anticipated market demand.

“With a new strategy in place we have started the new financial year with clear priorities and an operating model that will support us to deliver against them. Our focus in FY19 will be on growing our core businesses, continuing to stabilise our construction division, and completing the divestment of non-core businesses Formica and Roof Tile Group.

“In both New Zealand and Australia we expect activity in the residential sectors to decline slightly, while activity in the non-residential, commercial and infrastructure sectors is likely to increase. In Australia this will be most pronounced on the Eastern Seaboard, which is expected to benefit from large state and federal funded projects in rail, road, and pipelines.”

Significant items for FY18 included a charge of \$168 million, which comprised group restructuring charges (\$91 million) and impairment charges (\$114 million), offset by gains on divestments (\$37 million). The restructuring costs and business divestments were as a result of the implementation of the new Group strategy announced on 21 June 2018.

In line with the Company's Dividend Policy to pay dividends in the range of 50-75% of net earnings before significant items, no final dividend was declared in FY18. The Company expects, subject to satisfactory trading performance, to be in a position to resume dividends in FY19.

FY19 earnings guidance will be provided at the 2018 Annual Shareholders Meeting.

#Ends

For further information please contact:

MEDIA

Leela Gantman
Head of Communications
+64 27 541 6338
Leela.gantman@fbu.com

INVESTORS AND ANALYSTS

Rodney Deacon
Head of Investor Relations
+64 21 631 074
Rodney.deacon@fbu.com

Dial in details for media and investor calls are as follows:

Media Teleconference

Fletcher Building CEO Ross Taylor and CFO Bevan McKenzie will host a teleconference for media at **10.00am NZT today (8.00am AEST)** to provide more detail on this announcement. Details are set out below.

Passcode: 619627

Australia Toll Free:	1 800 558 698	Hong Kong:	800 966 806
Australia Local:	+61 2 9007 3187	Japan:	0053 116 1281
New Zealand Toll Free:	0800 453 055	Singapore:	800 101 2785
NZ Local (Auckland):	+64 9 929 1687	UAE:	8000 3570 2705
NZ Local (Wellington):	+64 4 974 7738	United Kingdom:	0800 051 8245
NZ Local (Christchurch):	+64 3 974 2632	United States:	(855) 881 1339

Investor Call

Fletcher Building CEO Ross Taylor and CFO Bevan McKenzie will host a teleconference and webcast for investors at **11.00am NZT today (9.00am AEST)** to provide more detail on this announcement. Details are set out below.

Webcast: <https://edge.media-server.com/m6/p/shvr3dkz>

Passcode: 251120

Australia Toll Free:	1 800 870 643	Hong Kong:	800 966 806
Australia Local:	+61 2 9007 3187	Japan:	0053 116 1281
New Zealand Toll Free:	0800 453 055	Singapore:	800 101 2785
NZ Local (Auckland):	+64 9 929 1687	UAE:	8000 3570 2705
NZ Local (Wellington):	+64 4 974 7738	United Kingdom:	0800 051 8245
NZ Local (Christchurch):	+64 3 974 2632	United States:	(855) 881 1339

A replay is available using the following details:

Replay Pin: 1994#

Australia:	1800 265 784
Australia Local:	+61 7 3107 6325
New Zealand:	0800 886 078
Hong Kong:	800 930 639
Singapore:	800 101 3223
UK:	0800 031 4295
US/Canada:	1855 883 1031