NEWS RELEASE

Fletcher Building announces FY20 half year results and dividend

Auckland, 19 February 2020: Fletcher Building today announced its results for the first half of FY20.

Summary:

- **Revenue of $3,961 million, in line with market conditions**
- **EBIT before significant items of $219 million, compared to $248 million in HY19 [1]**
- **Net Profit After Tax of $82 million, compared to $89 million in HY19**
- **Balance sheet remains strong, with improved cash flow**
- **Interim dividend of 11 cents per share declared, to be paid on 9 April 2020**
- **FY20 Group earnings guidance in the range of $515 million to $565 million reconfirmed**

Fletcher Building Chief executive Ross Taylor said: "HY20 results are in line with our expectations and those set out at our Annual Shareholders' Meeting in November 2019. Our business is now stabilised and focused, providing the foundation to drive consistent performance and growth into the future."

Group revenue was $3,961 million, 5% down on HY19 as anticipated, owing to reduced revenue on legacy construction projects and tougher market conditions in Australia. EBIT before significant items was $219 million. Trading cashflow from continuing operations (excluding legacy projects) increased to $88 million from $36 million in HY19 due to ongoing improvements in working capital.

"Our New Zealand core businesses outside of Steel delivered a solid performance, with earnings in line with last year and improved operating margins in several areas. In Steel, trading conditions remain challenging, though we have seen volumes and margins improving as we enter the second half.

"Residential house sales are benefiting from strong demand, with a large volume of committed sales due for settlement in the second half. Construction has secured new work in target areas, and there is no change to the legacy project provisions. Insurance will respond to loss and damage to the NZ International Convention Centre caused by the October 2019 fire, and an extensive work programme to determine the rebuild plan, timeframes and cost is now underway.

[1] HY19 EBIT from continuing operations

"In the context of a challenging Australian market, we are seeing the benefits of the cost out programme, as well as our investments in digital and product innovation flowing through. With the reset well advanced, we have assessed our portfolio and decided to divest the Rocla business and are now focused on driving growth and operational performance in our other Australian businesses. The sale process is expected to be completed through calendar 2020.

"We continue to make investments in innovation and local manufacturing to drive long-term, sustainable growth for our shareholders.

"An example of this is the new state-of-the-art plasterboard facility we are building in Tauranga, Bay of Plenty, which we also announced today. The facility is a firm commitment to local manufacturing, which will enable us to meet customer demand for the long term. It will also create around 100 permanent regional jobs and supports our goal of reducing carbon emissions by 30% by 2030.

"Our balance sheet remains strong, with our leverage ratio below the bottom end of our target range.

"In September 2019 we commenced an on-market share buyback of up to NZ$300 million to deliver value to shareholders. We continue to make good progress and have acquired 27.9 million shares for $141 million, representing 3.3% of issued capital.

"The Board has declared an interim dividend of 11 cents per share. This will reflect a more normal first-half, second-half weighting for FY20 and will be paid to shareholders on 9 April 2020.

"As reported at the Annual Shareholders' Meeting, Group EBIT (excluding significant items) for FY20 is expected to be in the range of $515 million to $565 million with earnings weighted to the second half owing to the Australian cost out programme benefit, residential settlements and improved steel performance flowing through," concluded Mr Taylor.

#Ends

For further information please contact:

MEDIA
Christian May
General Manager – Corporate Affairs
+64 21 305 398
Christian.May@fbu.com

INVESTORS AND ANALYSTS
Aleida White
Head of Investor Relations
+64 21 155 8837
Aleida.White@fbu.com

FOCUS

Fletcher Building

Half Year Results to 31 December 2019

Media presentation

ROSS TAYLOR
— Chief Executive Officer

19 February 2020

Important Information

This presentation has been prepared by Fletcher Building Limited and its group of companies ("Fletcher Building") for informational purposes. This disclaimer applies to this document and the verbal or written comments of any person presenting it.

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

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

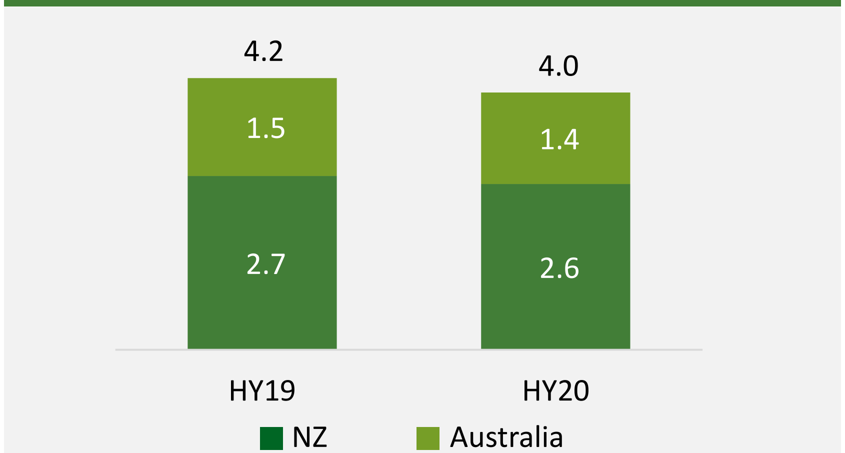
The information in this presentation has been prepared by Fletcher Building with due care and attention, however, neither Fletcher Building nor any of its directors, employees, shareholders nor any other person given any representations or warranties (either express or implied) as to the accuracy or completeness of the information and to the maximum extent permitted by law, no such person shall have any liability whatsoever to any person for any loss (including, without limitation, arising from any fault or negligence) arising from this presentation or any information supplied in connection with it.

This presentation may contain forward looking statements, that is statements related to future, not past, events or other matters. Forward looking statements may include statements regarding our intent, belief or current expectations in connection with our future operating or financial performance, or market conditions. Such forward looking statements are based on current expectations, estimates and assumptions and are subject to a number of risks and uncertainties, including material adverse events, significant one-off expenses and other unforeseeable circumstances. There is no assurance that results contemplated in any of these projections and forward looking statements will be realised. Actual results may differ materially from those projected. Except as required by law, or the rules of any relevant stock exchange or listing authority, no person is under any obligation to update this presentation at any time after its release or to provide further information about Fletcher Building.

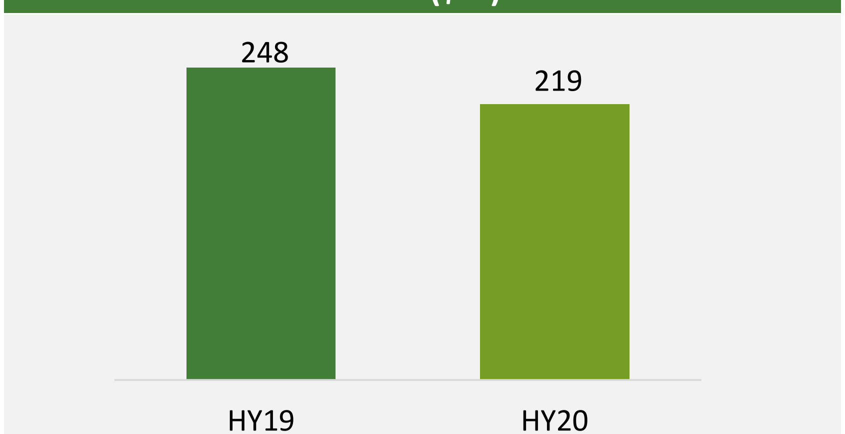
The information in this presentation does not constitute financial product, legal, financial, investment, tax or any other advice or a recommendation.

Revenue in line with expectations, full year earnings guidance reconfirmed

Revenue ($bn)



EBIT[1] ($m)



Revenue

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

EBIT – First Half

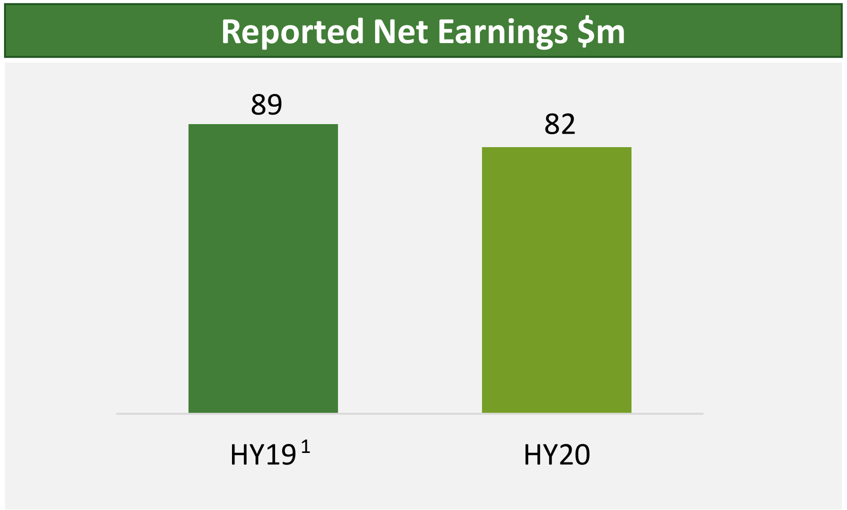
- NZ core earnings solid, except Steel
- Timing of Residential and Development sales second half weighted
- AU cost-out benefits flow more fully in second half

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

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

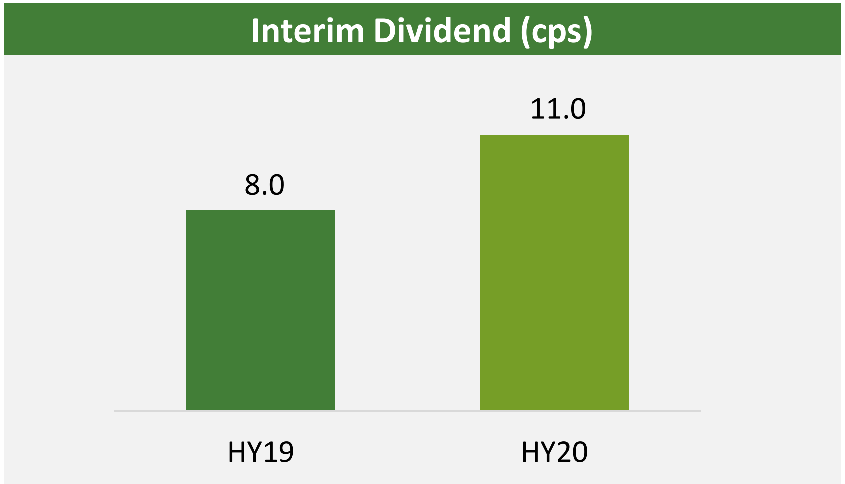
Note: All metrics are for continuing operations unless stated otherwise. RTG and Formica were sold during the prior year
[1] Measures before significant items are non-GAAP measures used by management to assess the performance of the business and have been derived from Fletcher Building's financial statements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

Reported net earnings in line with expectations, and interim dividend of 11 cents per share declared



Net Earnings

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



Interim Dividend

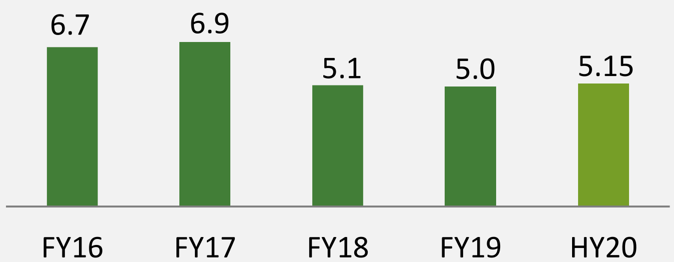
- Interim dividend payment to be made on 9 April 2020
- Return to normal split between interim and final dividends

[1] *$142m for continuing operations*

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

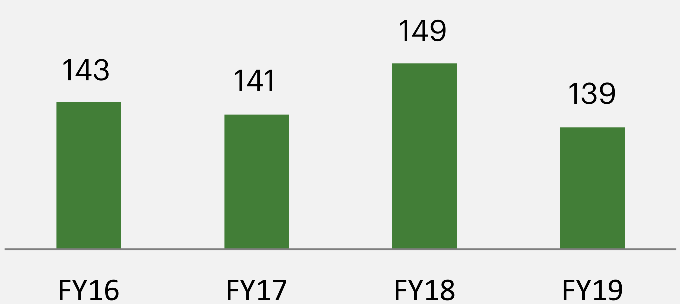
Safety

Total Recordable Injury Frequency Rate[1]



Sustainability

Carbon Emission Intensity[2]



Safety

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

Sustainability

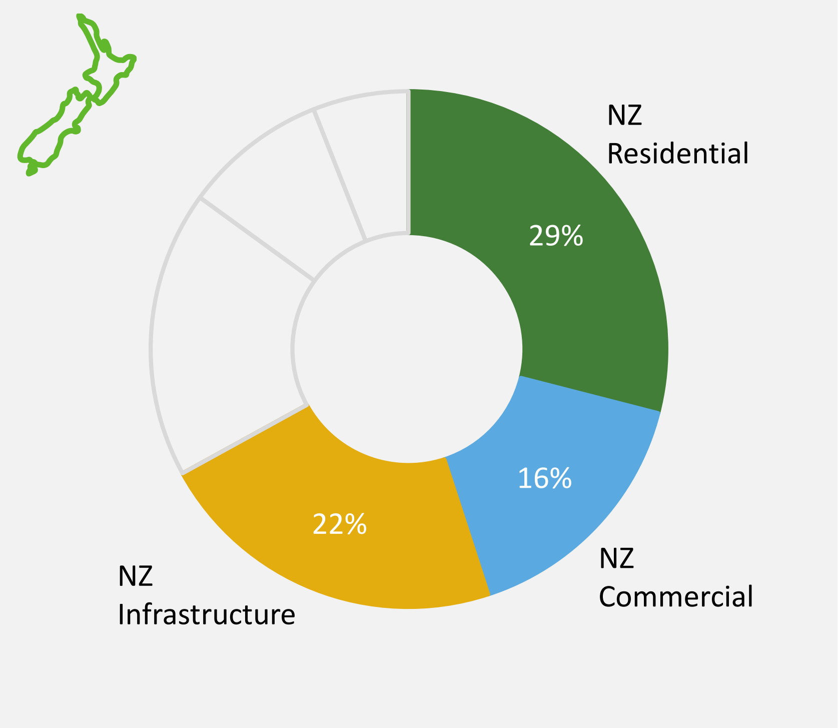
- Committed to reduce carbon emissions by 30% by 2030
- Aligns with aims to limit global warming to below 2°C
- First building materials and construction company in NZ or Australia to have accredited Science-Based Targets for carbon reduction

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

Market Overview and Divisional Performance

New Zealand market steady year on year, outlook remains positive

FBU Revenue by Market (%)



Residential

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

Commercial

- Activity levels trending slightly lower

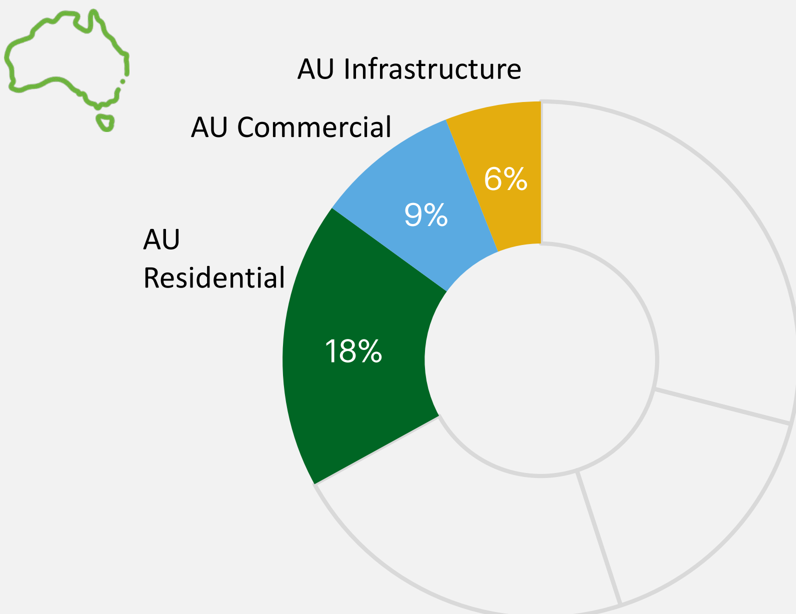
Infrastructure

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

Source: Statistics NZ, Infometrics

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

FBU Australia Revenue by Market



Residential

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

Commercial

- Steady activity levels. Approvals looking positive

Infrastructure

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

Source: BIS Oxford Economics (financial years)

Division performance summary

	Revenue	EBIT[1]	
Building Products	**$645m** HY19: $672m	**$66m** HY19: $91m	• Good performance in plasterboard, insulation and laminates • Steel remains challenging
Distribution	**$824m** HY19: $809m	**$50m** HY19: $55m	• Revenue in line with market • Competitive Auckland market • Strategic investment in digital and automation
Concrete	**$403m** HY19 $404m	**$49m** HY19: $44m	• Market share gains • Volumes slightly down; price gains in aggregates and ready-mix • Investments in lower carbon cement
Residential and Development	**$224m** HY19: $251m	**$35m** HY19: $43m	• Market demand strong and prices supportive • Settlements weighted to H2
Construction	**$774m** HY19: $866m	**$14m** HY19: $17m	• Revenue ex-legacy up 3% • Winning new work in target areas • EBIT weighted to H2
Australia	**$1,453m** HY19: $1,557m	**$35m** HY19: $43m	• Revenue held relative to declining market • Turnaround momentum in Laminex and Insulation • Full run-rate of cost-out benefit to flow in H2

HY19 6 months Proforma is HY19 6 months reported adjusted for IFRS16

1 *Measures before significant items are non-GAAP measures used by management to assess the performance of the business and has been derived from Fletcher Building's financial statements for the six months ended 31 December 2019. Details of significant items can be found in note 2 of the financial statements*

Share buyback tracking to plan

Share buyback

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

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

FY20 focus on driving consistent performance

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

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

New Zealand Market FY20 Outlook

- NZ residential expected to be similar to first half. With ongoing trends to smaller and attached dwelling units
- Civil expected to trend slightly lower
- Infrastructure slightly softer until the renewed infrastructure activity comes onstream from FY21 and beyond

Australia Market FY20 Outlook

- AU residential approvals stabilising and returning to growth in FY21
- Non-residential broadly flat
- Infrastructure project activity to remain lumpy

Market outlook assumes no material economic impact on coronavirus

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

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

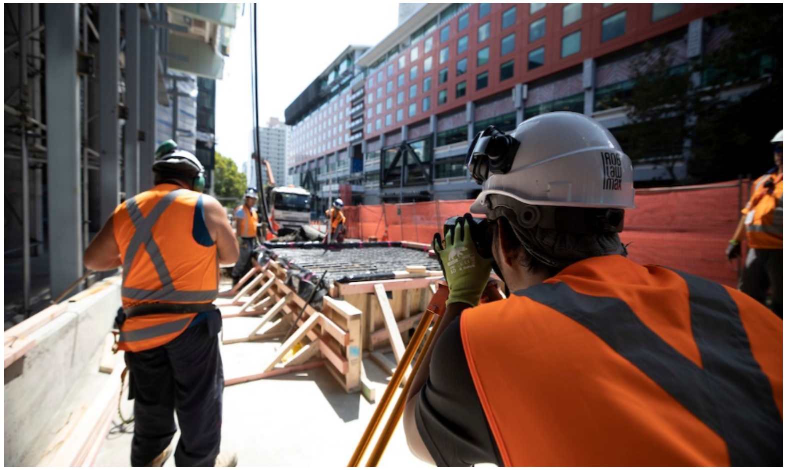
- Improved performance from Steel
- Stronger pipeline of Residential house sales due for settlement
- Construction pavement season weighted to H2, benefiting Higgins
- Benefits of AU cost-out programme nearing full run-rate

Winstone Wallboards new manufacturing and distribution facility in Tauranga

- To build new plasterboard facility in Tauriko industrial park, Tauranga
- C$400 million investment (50% land and buildings, 50% equipment), which consolidates manufacturing and distribution and enables capacity growth in future
- This is a firm commitment to local manufacturing, which will enable us to meet customer demand over the long term
- The new facility will bring significant economic benefit to the region. It will create around 100 new permanent jobs in Tauranga and at peak construction there will be around 300 people working on site.
- Larger, more efficient facility with greater ability to recycle used plasterboard and 10% reduction in carbon emissions initially, increasing to 30% over 10 years
- Planned to be opened in 2023

NZICC Update

- Major construction work on NZICC to begin mid-year
- The damage we found inside the building was significant. The fire has affected secondary steel that supports the roof and holds up key elements of equipment. Areas of the façade adjacent to the roof will likely need to be replaced. And there is significant water damage to both equipment and finishes.
- Completion by APEC highly unlikely based on the fire and water damage we found
- We continue to commit significant resources to the project and have a team of around 200 people on site as the recovery progresses
- We are working closely with SkyCity to deliver a world-class venue for New Zealand
- Contract Works and Third Party Liability insurances will respond to loss and damage



Two hundred workers a day are back on-site at the NZICC in February as the recovery and rebuild process continues.

Ihumātao

- The situation at Ihumātao has been complex and challenging for all parties involved.
- Over the last five years, we have taken time to listen to a variety of stakeholders including iwi who have mana whenua over the land, and also to gain all the right council and government approvals for the development to go ahead.
- We acknowledge the cultural and historical significance of the surrounding area, and that's why we have worked closely with local iwi to design a scheme which gives over a third of our land to the historic reserve adjacent.
- In July last year, the Prime Minister requested that we pause our development on the land we legally own to provide more time to explore alternative solutions before they came back to us. We have respected this process and stood back as requested while the parties discussed an outcome.
- Our most recent view as we continue to work with senior levels of Government is that the situation is close to resolution and we can hopefully come to an agreement in the short term.
- While this is encouraging, the reality is that we are the legal owners of a piece of land which is fully consented, that is empathetic to iwi considerations and the adjacent stonefields site, and which we are entitled to develop. Fletcher Building has done our very best to allow for the parties to reach an agreement over an extended period, but we are not in a position to hold off development indefinitely. However, we remain hopeful of a resolution in the near future which all parties can be comfortable with.

FOCUS