

NEWS RELEASE



Fletcher Building announces FY21 half year results and dividend

Auckland, 17 February 2021: Fletcher Building today announced its results for the first half of FY21.

Summary:

- Revenue of \$3,987 million, up 1% from \$3,961 million in HY20
- EBIT before significant items of \$323 million, up 47% from \$219 million in HY20
- Net Profit After Tax of \$121 million, up 48% from \$82 million in HY20
- Strong cash flows from operating activities of \$428 million; strong balance sheet
- Interim dividend of 12 cents per share declared, to be paid on 24 March 2021
- FY21 EBIT before significant items guidance range \$610 million to \$660 million

Fletcher Building Chief executive Ross Taylor said: “Our strong HY21 results reflect good progress made on our strategy to drive consistent performance and growth. The improved earnings and profitability are the outcome of initiatives undertaken over the past three years to improve operating disciplines and efficiencies across the Group.

“Group revenue was \$3,987 million, up 1% on HY20. EBIT before significant items was \$323 million, up 47% from \$219 million. Group cash flows from operating activities of \$428 million were significantly higher than the \$5 million outflow in the prior period, resulting from a higher EBIT and a material improvement in working capital. Group EBIT margins improved to 8.1% from 5.5%, with improvement across all operating divisions.

“We have seen a broadly stable market environment. Growth in the New Zealand residential sector has been offset by softer demand in Commercial and mixed conditions in infrastructure in both New Zealand and Australia. In all businesses, we have remained focused on executing our strategy, especially improving the underlying disciplines and efficiencies of our operations. The sustainable improvement in margins was achieved through pricing disciplines; targeted share gains; consolidation and automation of manufacturing and supply chains; and a more efficient overhead cost base.

“Overall, market factors – volume, share and price – contributed 15% of the Group's increased EBIT while around 85% was the result of strategic improvements in operating efficiency.

“The Board is pleased to declare an interim dividend of 12 cents per share. Given the strength of the Group’s performance and balance sheet, the Company has been able to put in place an updated banking agreement with its lenders which allows the Company to pay an interim dividend and retains the more favourable covenant levels until Jun 2021. The Board also expects to be in a position to approve a final FY21 dividend.

“Current indicators point to core volumes in NZ and Australia remaining at present levels through the second half, with robust demand for Residential housing in NZ. This market outlook assumes no material impact from COVID-19.

Overall, we expect FY21 Group EBIT (excluding significant items) to be in the range of \$610 to \$660 million.”

#Ends

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