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Fletcher Building Strategy, Capital Structure and Trading Update

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17 April 2018

Fletcher Building Limited
Strategy, Capital Structure and Trading Update April 2018



Important information

This presentation has been prepared by Fletcher Building Limited (**Fletcher Building**) in connection with a proposed entitlement offer of fully paid ordinary shares in Fletcher Building (the **Offer**). The Offer is made to Eligible Shareholders pursuant to the exclusion in clause 19 of schedule 1 of the New Zealand Financial Markets Conduct Act 2013 (**FMCA**) and pursuant to the provisions of the Australian Corporations Act 2001 (Cth) (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Instrument 18-0268).

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The information in this presentation is of a general nature and does not purport to be complete nor does it contain all the information which a prospective investor may require in evaluating a possible investment in Fletcher Building or that would be required in a product disclosure statement, prospectus, or other disclosure document for the purposes of the New Zealand FMCA or the Australian Corporations Act 2001 (Cth). Fletcher Building is subject to a disclosure obligation that requires it to notify certain material information to NZX Limited (**NZX**) and ASX Limited (**ASX**) for the purpose of that information being made available to participants in the market and that information can be found by visiting www.nzx.com/companies/FBU and <http://www.asx.com.au>. This presentation should be read in conjunction with Fletcher Building's other periodic and continuous disclosure announcements released to NZX and ASX.

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The New Shares have been accepted for quotation by NZX and will be quoted on the NZX Main Board following completion of allotment procedures. However, NZX accepts no responsibility for any statement in this document. NZX is a licensed market operator, and the NZX Main Board is a licensed market under the FMCA.

ASX

An application will be made to ASX for quotation of the New Shares issued under the Offer and Fletcher Building expects that the New Shares will be quoted upon completion of allotment procedures. ASX accepts no responsibility for any statement in this document. The fact that ASX may approve the New Shares for quotation is not to be taken in any way as an indication of the merits of Fletcher Building.

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Forward-looking statements

This presentation contains certain 'forward-looking statements' such as indications of, and guidance on, future earnings and financial position and performance. Forward-looking statements can generally be identified by the use of forward-looking words such as, 'expect', 'anticipate', 'likely', 'intend', 'could', 'may', 'predict', 'plan', 'propose', 'will', 'believe', 'forecast', 'estimate', 'target', 'outlook', 'guidance' and other similar expressions and include statements regarding the conduct and outcome of the Offer and the use of the proceeds thereof. Such forward-looking statements are not guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of Fletcher Building, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. There can be no assurance that actual outcomes will not materially differ from these forward-looking statements. A number of important factors could cause actual results or performance to differ materially from the forward-looking statements. The forward-looking statements are based on information available to Fletcher Building as at the date of this presentation. Except as required by law or regulation (including the NZX Listing Rules and ASX Listing Rules), Fletcher Building undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise.



Important information

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Investors should also be aware that certain financial information included in this presentation, including EBIT, EBITDA, Net Debt, Net Senior Debt, Total Capital and accompanying financial ratios may be “non-GAAP financial information” under the FMA Guidance Note on disclosing non-GAAP financial information, “non-IFRS financial information” under Regulatory Guide 230 Disclosing non-IFRS financial information published by the Australian Securities and Investments Commission (ASIC) or “non-GAAP financial measures” under Regulation G of the U.S. Securities Exchange Act of 1934, as amended. The disclosure of such non-GAAP financial measures in the manner included in this presentation would not be permissible in a registration statement under the U.S. Securities Act. Fletcher Building believes this non-IFRS financial information provides, and these non-GAAP financial measures provide, useful information to users in measuring the financial performance and conditions of Fletcher Building. The non-IFRS financial information and these non-GAAP financial measures do not have a standardised meaning prescribed by Australian Accounting Standards and applicable New Zealand accounting standards and, therefore, may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards and applicable New Zealand accounting standards. Investors are cautioned, therefore, not to place undue reliance on any non-IFRS financial information or non-GAAP financial measures and ratios included in this presentation.

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Institutional and Retail Bookbuilds

Shareholders should note that:

- the underwriter (whether in that capacity or otherwise) is not acting as agent for Fletcher Building shareholders (including shareholders who are ineligible to participate in the Offer);
- the underwriter (whether in that capacity or otherwise) will manage the Institutional Bookbuild and the Retail Bookbuild and any sale process in respect of the Offer (if applicable) for, and at the request of Fletcher Building only;
- the underwriter (whether in that capacity or otherwise) owes no duties (fiduciary or otherwise) to Fletcher Building shareholders (including shareholders who are ineligible to participate in the Offer);
- the underwriter (whether in that capacity or otherwise) is not obliged to return any Entitlements to, or at the direction, or consider the interests, or requests, of any Fletcher Building shareholder (including shareholders who are ineligible to participate in the Offer),
- there is no guarantee that any proceeds will be realised from the sale of Entitlements of New Shares in respect of the Offer; and
- the underwriter (whether in that capacity or otherwise) is not liable for failure to sell such Entitlements of New Shares at any particular price at all.

Underwriter Group

The underwriter, any of its respective advisers or any of their respective affiliates, related bodies corporate, directors, officers, partners, employees and agents (the Underwriter Group and each of them, an Underwriter Group Member), have not:

- authorised, permitted or caused the issue, submission, dispatch or provision of this presentation; and
- except to the extent referred to in this presentation, made or purported to make any statement in this presentation and there is no statement in this presentation which is based on any statement by any of them.

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No Underwriter Group Member makes any recommendations as to whether you or your related parties should participate in the Offer, nor do they make any representations or warranties to you concerning the Offer, and you represent, warrant and agree that you have not relied on any statements made by any Underwriter Group Member in relation to the Offer.

Timetable and right to withdraw Offer

Subject to applicable laws, the NZX Listing Rules and the ASX Listing Rules, Fletcher Building reserves the right to vary the timetable for the Offer (either generally or in particular cases). Fletcher Building also reserves the right to withdraw the Offer without prior notice (subject to compliance with all applicable laws).

Capitalised terms used but not otherwise defined in this presentation have the meanings given in the Glossary section of Fletcher Buildings' Offer Document for its entitlement offer for New Shares dated 17 April 2018. All information included in this presentation is provided as at 17 April 2018.

All dollar amounts are New Zealand dollars, unless otherwise stated.



Contents

- **Overview**
- **Group Strategy Update**
- **Capital Structure Update**
- **Trading Update**
- **Offer Details, Timetable and Jurisdictions**



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Overview



Overview

- Fletcher Building is undertaking the following actions to strengthen its balance sheet and enable a permanent solution to its current bank and USPP positions:
 - Raising NZ\$750m through a fully underwritten pro rata entitlement offer (the “Offer”);
 - Establishing a new standby banking facility of NZ\$500m (the “Standby Facility”).
- The Company believes that a strengthened balance sheet will better enable it to execute its immediate and longer term strategic objectives. In particular, the Company expects that selected asset sales processes will be able to be transacted in a way that maximises value for shareholders.
- The strategic review is progressing well with key principles approved by the Board. In particular, the Company will focus its activities on New Zealand and Australia and will therefore undertake divestment processes for its Formica and Roof Tile Group businesses. As previously advised, the Company will provide a detailed update and full overview of the Group’s strategy in June 2018 once the review is completed.
- In conjunction with the Offer, the Company has obtained commitments from the required majority of lenders to a permanent solution of the current breach under the Syndicated Facility Agreement (“SFA”).
- Fletcher Building’s objective and expectation is to reach a mutually acceptable conclusion to discussions with USPP Noteholders on terms consistent with the proposed revisions to the SFA. While not expected by the Company to be needed, the Standby Facility has been put in place to ensure that, together with the proceeds of the Offer, Fletcher Building would be able to redeem all USPP Notes and pay associated costs if required.
- The Company continues to trade in line with earnings guidance: no change to estimated FY18 EBIT of NZ\$680m – NZ\$720m (excluding B+I and significant items) and an estimated loss for B+I of NZ\$(660)m.



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Group Strategy Update

Fletcher Building Limited
Strategy, Capital Structure and Trading Update April 2018



Group Strategy Update (I)

While work remains to be done to complete the strategic review that the Company has been undertaking, the Board has approved the following key principles:

- A focus of the Group's activities on New Zealand and Australia
- In New Zealand:
 - actively defending and growing the Building Products and Distribution core;
 - vertically integrating around this core where this provides the Group with: competitive advantage, stronger growth, and better outcomes for customers. As such, the Group's positions in the Concrete value chain and in Residential Development remain an essential part of its overall NZ strategy;
 - stabilising the Construction business and returning it to sound operating performance.
- In Australia:
 - improving the performance of the Australian businesses through greater focus, synergies and investment, such that the Company can maintain and grow leading positions in the Building Products and Distribution core.
- This focus on New Zealand and Australia means the Company will undertake divestment processes for its Formica and Roof Tile Group businesses.



Group Strategy Update (II)

To support this revised strategic focus, the Company is commencing the implementation of the following initiatives between now and 30 June 2018:

- An organisational structure and model that aligns with this revised strategy and better reflects similarities between the underlying businesses
- A move to a leaner and more efficient centre
- A reset of our capital structure, as discussed further in this presentation

As previously advised, the Company will provide a detailed update and full overview of the Group's strategy in June 2018 once the review is completed.

- The Company intends that this update will provide details on any restructuring costs associated with the intended organisational and cost out changes.



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Capital Structure Update

Fletcher Building Limited
Strategy, Capital Structure and Trading Update April 2018



Capital structure strategy – summary

- An outcome of the Company's strategic review is that the Company believes it is now appropriate to strengthen its balance sheet.
- The Company believes that this will better enable it to execute its immediate and longer term strategic objectives. In particular, the Company expects that it will enable selected asset sales processes to be transacted in a way that maximises value for shareholders.
- Accordingly, the Company is targeting a revised through-the-cycle leverage ratio (Net Debt / EBITDA) range of 1.5x-2.5x (previously 2.0x-2.5x).
- The net equity proceeds will return the Group's leverage ratio on a normalised basis (excluding B+I) to 1.6x⁽¹⁾, hence at the lower end of the revised target range.

1. Based on 12 months to 31 March 2018, excluding B+I, and as shown on page 18.



Bank Syndicate Update – Syndicated Facility Agreement

- Commitments have been obtained from ANZ, MUFG Bank, Westpac and HSBC on a permanent solution to the current breach under the Syndicated Facility Agreement ('SFA').
- These lenders provide the necessary majority lender support for amending the SFA.⁽¹⁾ These lenders have agreed the form of the amending documentation, with amendments conditional on completion of the Offer⁽²⁾. The current intention is that the revised SFA would be entered into on conclusion of discussions with USPP Noteholders.
- Key terms of the revised SFA that would be entered into are:
 - Size and maturity of existing facilities to remain unchanged
 - Inclusion of existing separate bilateral facilities as a new tranche within the SFA
 - Previously announced B+I losses to be excluded from future covenant calculations
 - Revised covenants: Senior Leverage Ratio <3.25x; Senior Interest Cover >3.00x; Total Interest Cover >2.00x
 - Until the earlier of 30 June 2019 or the date on which the Senior Leverage Ratio (including the previously announced B+I losses) is less than 1.75x for three consecutive months:
 - margin increases by 1.25%⁽³⁾;
 - proceeds from disposals of assets above a threshold must be offered first for repayment of Senior Debt.

1. ANZ, MUFG Bank, Westpac, and HSBC together represent 77% of Fletcher Building's banking syndicate. The required threshold of 'Majority Lenders' for amending the SFA is 60%.
2. Completion means receipt of equity proceeds of NZ\$750m less any applicable transaction costs
3. After 30 June 2019 or when the Senior Leverage Ratio (including the previously announced B+I losses) is less than 1.75x for three consecutive months, pricing for two of the four tranches reverts to pricing applicable as at December 2017 and pricing for the other two tranches reduces to current market pricing (rather than existing pricing levels, which are below current market pricing).



Bank Syndicate Update – New Standby Facility of \$500m

- A new NZ\$500m Standby Facility has been established with ANZ, Westpac, and MUFG Bank.
- Key terms of the Standby Facility:
 - Purpose:
 - May only be drawn by the Company to fund repayment of USPP Notes and associated transaction costs
 - Conditions:
 - Available to be drawn by the Company upon completion of the Offer⁽¹⁾
 - Proceeds of the Offer must be applied in repayment of USPP Notes before amounts can be utilised under the Standby Facility
 - If the Standby Facility is drawn, proceeds of material asset sales must be used for repayment of the Standby Facility on a pro rata basis with USPP Noteholders, and proceeds of issue of equity or debt securities (other than the Offer) must be used for repayment of the Standby Facility
 - Term:
 - If drawn, the Standby Facility will be available until at least January 2020
 - If not required by the Company, the Company may terminate the Standby Facility on two business days' notice

1. If the Offer is not completed by 31 May 2018, ANZ, Westpac and MUFG Bank have the right to cancel the Standby Facility



USPP Noteholder update

- Discussions with the USPP Noteholders are ongoing and Fletcher Building's objective and expectation is that it will achieve a mutually acceptable outcome in the negotiations with the USPP Noteholders. It is anticipated by Fletcher Building that this process will be completed by 31 May 2018.
- The Company will be presenting USPP Noteholders with a proposal to achieve a permanent waiver of the current breach of the USPP Note and Guarantee Agreements. This proposal will be on terms generally consistent with the proposed revisions to the SFA.⁽¹⁾
 - Should Noteholders wish to reduce their level of holdings the proposal may also include a tender offer for some portion of the existing Notes.
- If discussions with USPP Noteholders are not successfully completed prior to expiry of the existing waiver on 31 May 2018, the required majority of USPP Noteholders could demand repayment of their Notes.⁽²⁾
- While Fletcher Building does not expect this to occur, the net equity proceeds of NZ\$725m⁽³⁾ together with the Standby Facility will ensure that Fletcher Building is able to redeem all USPP Notes and pay associated costs if required.⁽⁴⁾

1. Noteholders representing 50.1% of the Notes under each Note and Guarantee Agreement are required to approve the amendments to such Note and Guarantee Agreement.

2. Noteholders representing 60% of the Notes under each Note and Guarantee Agreement are required to demand repayment of the Notes under each Note and Guarantee Agreement.

3. The Offer is fully underwritten. However, the underwriter may terminate its obligations on the occurrence of a number of events, including those set out in the Offer Document. Net equity proceeds is after payment of the transaction costs of the Offer.

4. Transaction costs would be dependent on the level of Notes redeemed, if any. Costs associated with full repayment of the USPP Notes are currently estimated at up to NZ\$125m.



Basis and purpose of pro forma financial information

Key assumptions:

- The pro forma financial information presents the assumed impact of the proposed equity raising as if it had occurred on 31 March 2018. It has been assumed that the equity raising of NZ\$750m is applied to repay bank debt of \$714m and to cover the estimated transaction costs of the Offer of NZ\$25m, with the remainder assumed to be held as cash.
- The assumption in the pro forma financial information is therefore a 0% redemption of USPP Notes. Dependent on the outcome of discussions with USPP Noteholders, a part or all of the net equity proceeds could be applied to redeem USPP Notes. Transaction costs associated with the redemption of USPP Notes would be dependent on the level of Notes redeemed, if any. Costs associated with full repayment of the USPP Notes are currently estimated at up to NZ\$125m.
- The assumption in the pro forma financial information is that there is no conversion of institutional capital notes to equity.

Basis of preparation:

- The Group has presented the financial position of the Group as at 31 December 2017 together with certain non-GAAP financial information. Such financial information has been sourced from the Group's Half Year financial statements which were approved on 21 February 2018. We have provided an explanation of relevant Non-GAAP information below.
- The Group has prepared unaudited pro forma financial information as at 31 March 2018 based on unaudited management accounts of the Group in order to provide investors with the latest available information to better illustrate the impact of the proposed equity raising on the financial position of the Group. The financial information presented has been prepared on a basis consistent with the recognition and measurement principles as disclosed by the Group in its Statement of Accounting Policies contained within the 30 June 2017 Annual Report, and the 31 December 2017 Half Year Financial Statements. The accounting policies adopted by the Directors are in accordance with Generally Accepted Accounting Practice in New Zealand, which is the New Zealand equivalent to International Financial Reporting Standards (NZ IFRS). They are also in accordance with International Financial Reporting Standards.
- The following Non-GAAP information has been presented:
 - EBIT – Last 12 months Earnings Before Interest, Tax, Significant Items and losses of the B+I Business Unit
 - EBITDA – Last 12 months Earnings Before Interest, Tax, Depreciation, Amortisation, Significant Items and losses of the B+I Business Unit
 - Net Debt – Current borrowings plus Non-current borrowings less Cash and cash equivalents
 - Net Senior Debt – Net Debt excluding Capital Notes
 - Total Capital – Net Debt plus Equity
 - Gearing – Net Debt to Net Debt plus Equity
 - Net Debt / EBITDA – Net Debt divided by EBITDA
 - Net Senior Debt / EBITDA - Net Senior Debt (adjusted for debt derivatives), divided by EBITDA
 - EBIT / Total Interest – EBIT excluding minority interests divided by Total Interest
 - EBIT / Senior Interest - EBIT excluding minority interests divided by Total Interest excluding capital notes interest



Pro Forma Financial Profile – Funding Facilities

NZ\$m	Pre-Equity Raise (as at 31 March)		Post-Equity Raise ⁽¹⁾	
	Facility	Drawings	Facility	Drawings
Banking syndicate	1,270	714	1,270	0
New Standby Facility	-	-	500	0
USPP ²	1,119	1,119	1,119	1,119
Capital Notes	566	566	566	566
Other ³	102	102	102	102
Total	3,057	2,501	3,557	1,787
Cash on hand	241	241	252	252
Net Debt		2,260		1,535
Net Senior Debt		1,694		969

1. Assumes NZ\$725m of net equity proceeds applied to bank syndicate borrowings and cash as at 31 March 2018 (per management accounts), inclusion of new \$500m Standby Facility, and assuming 0% redemption of USPP Notes.

2. Includes fair value hedge component.

3. Includes financing associated with the MV Aotearoa Chief.

Note - Financial information assumes that there is no conversion of institutional capital notes to equity



Pro Forma Financial Profile – Capital Structure

NZ\$m		As at 31 December 2017 (unaudited Half-Year accounts)	As at 31 March 2018 ⁽¹⁾ (unaudited management accounts)	Impact of Equity Raising ⁽²⁾	As at 31 March 2018 Pro forma ⁽³⁾ (unaudited)
Key measures	Unit				
Gross debt	NZ\$m	2,308	2,501	(714)	1,787
— USPP	NZ\$m	1,150	1,119		1,119
— Existing Bank debt	NZ\$m	434	714	(714)	-
— Capital notes	NZ\$m	621	566		566
— Other	NZ\$m	103	102		102
Cash	NZ\$m	190	241	11	252
Net Debt	NZ\$m	2,118	2,260	(725)	1,535
Equity	NZ\$m	3,295	3,265	725	3,990
Total capital	NZ\$m	5,413	5,525		5,525
Credit metrics (LTM, excluding B+I)					
Gearing (%)	%	39.1%	40.9%		27.8%
Net Debt / EBITDA	x	2.2x	2.4x		1.6x
Net Senior Debt / EBITDA	x	1.5x	1.8x		1.0x
EBIT / Total Interest	x	6.2x	5.3x		5.3x
EBIT / Senior Interest	x	7.8x	6.6x		6.6x

1. Based on 31 December 2017 unaudited Half Year accounts adjusted for movements derived from management accounts for the three months to 31 March 2018.

2. Assumes gross Offer proceeds of NZ\$750m net of NZ\$25m of estimated Offer transaction costs applied to bank syndicate borrowings and cash.

3. Assumes 0% redemption of USPP Notes. If there were a full redemption of USPP Notes, associated costs are currently estimated at up to NZ\$125m and, if incurred, would increase leverage between 0.1x and 0.2x.

Note - Financial information assumes that there is no conversion of institutional capital notes to equity



Pro Forma Financial Profile – Balance Sheet

NZ\$m	As at 31 December 2017 (unaudited Half-Year accounts)	As at 31 March 2018 ⁽¹⁾ (unaudited management accounts)	Impact of Equity Raising ⁽²⁾	As at 31 March 2018 Pro forma ⁽³⁾ (unaudited)
Assets				
Cash and cash equivalents	190	241	11	252
Other current assets	3,309	3,402		3,402
Property, plant and equipment	2,247	2,223		2,223
Other non-current assets	2,226	2,191		2,191
Total assets	7,972	8,057	11	8,068
Liabilities				
Trade and other payables	1,369	1,330		1,330
Borrowings – current ⁴	1,701	1,978	(714)	1,264
Other current liabilities	834	784		784
Borrowings – non-current	607	523		523
Other non-current liabilities	166	177		177
Total liabilities	4,677	4,792	(714)	4,078
Net assets	3,295	3,265	725	3,990
Share capital	2,696	2,696	725	3,421
Retained earnings & Reserves	575	545 ⁽⁵⁾		545
Non-controlling interests	24	24		24
Equity	3,295	3,265	725	3,990

1. Based on 31 December 2017 unaudited Half Year accounts adjusted for movements derived from management accounts for the three months to 31 March 2018.

2. Assumes gross Offer proceeds of NZ\$750m net of NZ\$25m of estimated Offer transaction costs applied to bank syndicate borrowings and cash.

3. Assumes 0% redemption of USPP Notes.

4. All USPP and Bank debt included within Borrowings – current at 31 December 2017 and 31 March 2018.

5. Movement since 31 December 2017 comprises net earnings of NZ\$26m offset by NZ\$56m currency translation reserve movement.

Note - Financial information assumes that there is no conversion of institutional capital notes to equity



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Trading Update

Fletcher Building Limited
Strategy, Capital Structure and Trading Update April 2018



Group Trading Update

- The Group continues to trade in line with its earnings guidance with no change to estimated FY18 EBIT for the Group (excluding B+I and significant items) of NZ\$680m - NZ\$720m.
- The reset of the Construction business continues and regular internally-led project reviews are now established across the business.
- With respect to the B+I business, there is no change to the project provisions announced in the 14 February trading update, and no change to the estimated FY18 B+I EBIT loss of NZ\$(660)m. Of the 16 key projects identified in that trading update:
 - 5 projects now complete, including the Justice Precinct⁽¹⁾ – all completed within 14 February provisions;
 - 7 projects targeting completion by end of calendar 2018 – all currently operating within 14 February provisions;
 - 4 remaining projects including NZICC and Commercial Bay – all currently operating within 14 February provisions.
- In the Infrastructure construction business, the Puhoi to Warkworth ('P2W') project site team has identified risks and forecast cost increases associated principally with earthworks and aggregate supply on the project. The project is a 50-50 joint venture between Fletcher Construction and Acciona. The partners are now working actively on a range of options to mitigate these risks. At this point, Fletcher Building is reporting a nil margin for the P2W project.
- The remainder of the Construction business continues to trade to expectations.
- The Board has determined that no final dividend will be paid for FY18. The Board expects, subject to satisfactory trading performance, to be in a position to resume dividends in respect of FY19.
- In relation to recent press speculation and share trading, Wesfarmers Limited has confirmed to Fletcher Building that it does not hold shares in Fletcher Building.

1. *The Justice Precinct is occupied by the client and a final settlement has been agreed with the client on the project; some minor post-occupation defect work is ongoing on the project.*



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Offer Details, Timetable and Jurisdictions



Offer Details

Entitlement Offer	<ul style="list-style-type: none">• 1 for 4.46 accelerated pro-rata entitlement offer (“Offer”) at NZ\$4.80 per share to raise approximately NZ\$750m• Approximately 156.3m of new shares to be issued by Fletcher Building (22.4% of current shares on issue)• Offer is fully underwritten
Entitlement Price	<ul style="list-style-type: none">• NZ\$4.80 or the A\$ Price⁽¹⁾ per new share (“Offer Price”). The Offer Price represents a:<ul style="list-style-type: none">» 23.4% discount to last close price on NZX of NZ\$6.27 on 16 April 2018» 20.0% discount to the Theoretical Ex-Rights Price (“TERP”)⁽²⁾» 20.3% discount to the 10-day Volume-Weighted Average Price (‘VWAP’) on the NZX
Institutional Entitlement Offer	<ul style="list-style-type: none">• Institutional Entitlement Offer will be conducted from Tuesday, 17 April 2018 to Wednesday, 18 April 2018• Entitlements not taken up and entitlements of ineligible institutional shareholders will be offered for sale in the institutional book-build to be conducted on Wednesday, 18 April and Thursday, 19 April 2018
Retail Entitlement Offer	<ul style="list-style-type: none">• Retail Entitlement Offer will open Monday, 23 April 2018 and close Friday, 11 May 2018• Entitlements not taken up and entitlements of ineligible retail shareholders will be offered for sale in the retail book-build to be conducted on Tuesday, 15 May 2018
Ranking	<ul style="list-style-type: none">• New shares issued under the Offer will rank equally in all respects with Fletcher Building’s existing ordinary shares
Application of Proceeds	<ul style="list-style-type: none">• All net proceeds from the Offer (expected to be NZ\$725m after transaction costs) will be used to repay existing debt.• The precise application of the net Offer proceeds and resulting structure of Fletcher Building’s debt facilities will depend on the outcome of discussions with USPP Noteholders.

1. The A\$ Price will be the Australian dollar equivalent of NZ\$4.80 which will be determined using the RBA A\$/NZ\$ exchange rate on Thursday, 19 April at 4pm (Sydney time)
2. TERP is the Theoretical Ex-Rights Price at which Fletcher Building shares should trade immediately after the ex-date for the Offer. TERP is a theoretical calculation only and the actual price at which Fletcher Building shares trade immediately after the ex-date for the Offer will depend on many factors and may not be equal to TERP. TERP is calculated by reference to Fletcher Building’s closing price on 16 April 2018.



Offer Timetable

Event	Day	Date
Transaction announcement & trading halt	Tuesday	17 April 2018
Institutional Entitlement Offer opens	Tuesday	17 April 2018
Institutional Entitlement Offer closes	Wednesday	18 April 2018
Institutional Shortfall Bookbuild opens	Wednesday	18 April 2018
Institutional Shortfall Bookbuild closes	Thursday	19 April 2018
Record date for the Offer (9.00pm NZ time / 7.00pm Sydney time)	Thursday	19 April 2018
Trading halt lifted	Friday	20 April 2018
Retail Entitlement Offer opens	Monday	23 April 2018
ASX Settlement of Institutional Entitlement Offer and Institutional Shortfall Bookbuild	Thursday	26 April 2018
NZX Settlement and Allotment of New Shares under the Institutional Entitlement Offer and Institutional Shortfall Bookbuild	Friday	27 April 2018
Retail Entitlement Offer closes	Friday	11 May 2018
Retail Shortfall Bookbuild	Tuesday	15 May 2018
ASX Settlement of Retail Shortfall Bookbuild	Thursday	17 May 2018
NZX Settlement of Retail Shortfall Bookbuild and Allotment of New Shares under the Retail Entitlement Offer and Retail Shortfall Bookbuild	Friday	18 May 2018
Trading of New Shares on NZX issued under the Retail Entitlement Offer ¹	Friday	18 May 2018
Trading of New Shares on ASX issued under the Retail Entitlement Offer ²	Monday	21 May 2018
Despatch of holding statements in respect of New Shares issued under the Retail Entitlement Offer	Monday	21 May 2018

1. The New Shares have been accepted for quotation by NZX
2. An application will be made to ASX for quotation of the New Shares



Selling restrictions relating to the Offer

This presentation does not constitute an offer of entitlements (“Entitlements”) or new ordinary shares (“New Shares”) of the Company in any jurisdiction in which it would be unlawful. In particular, this presentation may not be distributed to any person, and the Entitlements and New Shares may not be offered or sold, in any country outside New Zealand and Australia except to the extent permitted below.

Australia

The Offer will be made to Australian resident Shareholders without a prospectus in accordance with section 708AA of the Corporations Act 2001 (Cth) (as modified by ASIC Corporations (Non-Traditional Rights Issue) Instrument 2016/84 and ASIC Instrument 18-0268). This presentation is not a prospectus, product disclosure statement or any other form of disclosure document regulated by the Corporations Act and has not been and will not be lodged with ASIC. Accordingly, this presentation may not contain all information which a prospective investor may require to make a decision whether to subscribe for New Shares and it does not contain all of the information which would otherwise be required by Australian law to be disclosed in a prospectus. Neither ASIC or ASX take any responsibility for the contents of this presentation.

Canada (British Columbia, Ontario and Quebec provinces)

The offering of Entitlements and New Shares under the Offer will only be made in the Provinces of British Columbia, Ontario and Quebec (the **Provinces**) and to those persons to whom they may be lawfully distributed in the Provinces, and only by persons permitted to sell such securities. This presentation is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces. This presentation may only be distributed in the Provinces to persons that are “accredited investors” within the meaning of NI 45-106 – Prospectus and Registration Exemptions, of the Canadian Securities Administrators.

No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this presentation, the merits of the Entitlements or the New Shares or the offering of such securities and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of Entitlements or New Shares or the resale of such securities. Any person in the Provinces lawfully participating in the Offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the Entitlements or the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements.

Fletcher Building as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon Fletcher Building or its directors or officers. All or a substantial portion of the assets of Fletcher Building and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against Fletcher Building or such persons in Canada or to enforce a judgment obtained in Canadian courts against Fletcher Building or such persons outside Canada.

The financial information contained in this presentation has been prepared consistent with the measurement principles as disclosed by the Fletcher Building group in its Statement of Accounting Policies contained within the 30 June 2017 Annual Report, and the 31 December 2017 Half Year Review. The accounting policies adopted by the Directors are in accordance with Generally Accepted Accounting Practice in New Zealand, which is the New Zealand equivalent to International Financial Reporting Standards (NZ IFRS). They are also in accordance with International Financial Reporting Standards.

Unless stated otherwise, all dollar amounts contained in this presentation are in New Zealand dollars.

Statutory rights of action for damages and rescission

Securities legislation in certain of the Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum that is delivered to purchasers contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits and are subject to the defences contained in applicable securities legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult with a legal adviser.



Selling restrictions relating to the Offer (cont.)

The following is a summary of the statutory rights of rescission or to damages, or both, available to purchasers in Ontario. In Ontario, every purchaser of the Entitlements or the New Shares purchased pursuant to the Offer Document (other than (a) a "Canadian financial institution" or a "Schedule III bank" (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) shall have a statutory right of action for damages and/or rescission against Fletcher Building if this presentation or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against Fletcher Building. This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, Section 130.1 of the Securities Act (Ontario) provides that, if this presentation contains a misrepresentation, a purchaser who purchases the Entitlements and the New Shares during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or, alternatively, may elect to exercise a right of rescission against Fletcher Building, provided that (a) Fletcher Building will not be liable if it proves that the purchaser purchased such securities with knowledge of the misrepresentation; (b) in an action for damages, Fletcher Building is not liable for all or any portion of the damages that Fletcher Building proves does not represent the depreciation in value of such securities as a result of the misrepresentation relied upon; and (c) in no case shall the amount recoverable exceed the price at which such securities were offered.

Section 138 of the Securities Act (Ontario) provides that no action shall be commenced to enforce these rights more than (a) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or (b) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action. These rights are in addition to and not in derogation from any other right the purchaser may have.

Certain Canadian income tax considerations

Prospective purchasers of the Entitlements and the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of such securities as any discussion of taxation related matters in this presentation is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors in the Provinces.

Language of documents in Canada.

Upon receipt of this presentation, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.

European Economic Area – Germany and Netherlands

This presentation has been prepared on the basis that all offers of Entitlements and New Shares will be made pursuant to an exemption under the Directive 2003/71/EC ("Prospectus Directive"), as amended and implemented in Member States of the European Economic Area (each, a "Relevant Member State"), from the requirement to publish a prospectus for offers of securities. An offer to the public of Entitlements and New Shares has not been made, and may not be made, in a Relevant Member State except pursuant to one of the following exemptions under the Prospectus Directive as implemented in the Relevant Member State:

- to any legal entity that is authorized or regulated to operate in the financial markets or whose main business is to invest in financial instruments;
- to any legal entity that satisfies two of the following three criteria: (i) balance sheet total of at least €20,000,000; (ii) annual net turnover of at least €40,000,000 and (iii) own funds of at least €2,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);
- to any person or entity who has requested to be treated as a professional client in accordance with the EU Markets in Financial Instruments Directive (Directive 2014/65/EC, "MiFID II"); or
- to any person or entity who is recognised as an eligible counterparty in accordance with Article 30 of the MiFID II.



Selling restrictions relating to the Offer (cont.)

France

This presentation is not being distributed in the context of a public offering of financial securities (offre au public de titres financiers) in France within the meaning of Article L.411-1 of the French Monetary and Financial Code (Code monétaire et financier) and Articles 211-1 et seq. of the General Regulation of the French Autorité des marchés financiers ("AMF"). The Entitlements and the New Shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France.

This presentation and any other offering material relating to the Entitlements and the New Shares have not been, and will not be, submitted to the AMF for approval in France and, accordingly, may not be distributed (directly or indirectly) to the public in France. Such offers, sales and distributions have been and shall only be made in France to qualified investors (investisseurs qualifiés) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2, D.411-1, L.533-16, L.533-20, D.533-11, D.533-13, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation.

Pursuant to Article 211-3 of the General Regulation of the AMF, investors in France are informed that the Entitlements and the New Shares cannot be distributed (directly or indirectly) to the public by the investors otherwise than in accordance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French Monetary and Financial Code.

Hong Kong

WARNING: This presentation has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this presentation or to permit the distribution of this presentation or any documents issued in connection with it. Accordingly, the Entitlements and the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the Entitlements and the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Entitlements and the New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted Entitlements or New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this presentation have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Offer. If you are in doubt about any contents of this presentation, you should obtain independent professional advice.

Ireland

The information in this presentation does not constitute a prospectus under any Irish laws or regulations and this presentation has not been filed with or approved by any Irish regulatory authority as the information has not been prepared in the context of a public offering of securities in Ireland within the meaning of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005, as amended (the "Prospectus Regulations"). The Entitlements and the New Shares have not been offered or sold, and will not be offered, sold or delivered directly or indirectly in Ireland by way of a public offering, except to "qualified investors" as defined in Regulation 2(l) of the Prospectus Regulations.



Selling restrictions relating to the Offer (cont.)

Japan

The Entitlements and the New Shares have not been and will not be registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (the "FIEL") pursuant to an exemption from the registration requirements applicable to a private placement of securities to Qualified Institutional Investors (as defined in and in accordance with Article 2, paragraph 3 of the FIEL and the regulations promulgated thereunder). Accordingly, the Entitlements and the New Shares may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan other than Qualified Institutional Investors. Any Qualified Institutional Investor who acquires Entitlements or New Shares may not resell them to any person in Japan that is not a Qualified Institutional Investor, and acquisition by any such person of Entitlements or New Shares is conditional upon the execution of an agreement to that effect.

Malaysia

This presentation may not be distributed or made available in Malaysia. No approval from, or recognition by, the Securities Commission of Malaysia has been or will be obtained in relation to any offer of Entitlements or New Shares. The Entitlements and the New Shares may not be offered or sold in Malaysia except pursuant to, and to persons prescribed under, Part I of Schedule 6 of the Malaysian Capital Markets and Services Act.

Norway

This presentation has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this presentation shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007. The Entitlements and the New Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876 and including non-professional clients having met the criteria for being deemed to be professional and for which an investment firm has waived the protection as non-professional in accordance with the procedures in this regulation).

Singapore

This presentation and any other materials relating to the Entitlements and the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this presentation and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Entitlements and New Shares, may not be issued, circulated or distributed, nor may the Entitlements and New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This presentation has been given to you on the basis that you are (i) an existing holder of Fletcher Building's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this presentation immediately. You may not forward or circulate this presentation to any other person in Singapore.

Any offer is not made to you with a view to the Entitlements or the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Entitlements or New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.



Selling restrictions relating to the Offer (cont.)

Switzerland

The Entitlements and the New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or on any other stock exchange or regulated trading facility in Switzerland. This presentation has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under the listing rules of any stock exchange or regulated trading facility in Switzerland. Neither this presentation nor any other offering or marketing material relating to the Entitlements and the New Shares may be publicly distributed or otherwise made publicly available in Switzerland.

The Entitlements and the New Shares will only be offered to regulated financial intermediaries such as banks, securities dealers, insurance institutions and funds management companies as well as institutional investors with professional treasury operations. This presentation is personal to the recipient and not for general circulation in Switzerland.

Neither this presentation nor any other offering or marketing material relating to the New Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this presentation will not be filed with, and the offer of Entitlements and New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority.

United Kingdom

Neither this presentation nor any other document relating to the Offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the Entitlements or the New Shares.

This presentation is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and these securities may not be offered or sold in the United Kingdom by means of this presentation, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This presentation should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the Entitlements or the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to Fletcher Building.

In the United Kingdom, this presentation is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this presentation relates are available only to, and any offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this presentation or any of its contents.

United States

This presentation may not be distributed to, or relied upon by, any person in the United States. The New Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States or to or for the account or benefit of any person in the United States, except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable U.S. state securities laws.

