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22 August 2018

Fletcher Building Limited – 2018 Annual Results

Please find attached the following documents relating to Fletcher Building Limited's full year results for the year ended 30 June 2018.

(a) Media Release

(b) Management Commentary

(c) FY18 Results Presentation

(d) NZX Appendix 1

(e) Section 209C Notice

The 2018 Annual Report is being loaded separately on ASX online and will be available on Fletcher Building website www.fletcherbuilding.com.

ENDS

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:

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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

MANAGEMENT COMMENTARY

FINANCIAL RESULTS FOR THE YEAR ENDED 30 JUNE 2018

Reported results			Year ended 30 June
NZ$m (except where noted)	2018	2017	Change %
Total revenue	**9,471**	**9,399**	**1%**
Operating earnings before significant items [1]	**50**	**525**	**(90)%**
Significant items [2]	(168)	(252)	(33)%
Operating earnings (EBIT)	**(118)**	**273**	**NM**
Funding costs	(157)	(111)	41%
Earnings/(loss) before tax	**(275)**	**162**	**NM**
Tax benefit/(expense)	96	(57)	NM
Earnings/(loss) after tax	**(179)**	**105**	**NM**
Non-controlling interests	(11)	(11)	**0%**
Net earnings/(loss)	**(190)**	**94**	**NM**
Net earnings/(loss) before significant items	**(60)**	**321**	**NM**
Basic earnings per share (cents)	**(25.5)**	**13.5**	**NM**
Dividends declared per share (cents)	**0.0**	**39.0**	**NM**
Cash flows from operating activities	**396**	**243**	**63%**
Capital expenditure	**304**	**319**	**(5)%**

Operating earnings before significant items[1]	**50**	**525**	**(90)%**
Building + Interiors (B+I)	**(660)**	**(292)**	**NM**
Operating earnings (excluding B+I) before significant items[3]	**710**	**817**	**(13)%**

[1] Operating earnings before significant items is a non-GAAP measure used by management to assess the performance of the business and has been derived from Fletcher Building Limited's financial statements for the year ended 30 June 2018.
[2] Details of significant items can be found in note 4 of the financial statements.
[3] Measure excludes the impact of the Building + Interiors (B+I) business unit

- Revenue for the period of $9,471 million was $72 million, or 1%, higher when compared with the prior year;
- Operating earnings before significant items were $50 million, which included the impact of losses in the Building + Interiors ("B+I") business of $660 million as announced in February 2018;
- Operating earnings (excluding B+I) before significant items of $710 million were within earnings guidance, and were $107 million, or 13%, lower than the prior year;
- A charge of $168 million was recognised in significant items (2017: a charge of $252 million) relating to group restructuring charges, gains on divestments, and certain asset impairments;
- A cash inflow from operations of $396 million was $153 million, or 63%, higher than the prior year.
- Net earnings were a loss of $190 million, down from a profit of $94 million in the prior year;
- In line with the Company's Dividend Policy, the Board has determined that it will not declare a final dividend.

Financial Results

			Year ended 30 June
			Revenue
NZ$m	2018	2017	Change
Building Products	764	745	3%
Distribution	1,530	1,519	1%
Steel	532	491	8%
Concrete	812	781	4%
Residential and Development	575	420	37%
Construction	1,685	2,246	(25%)
Australia	3,076	2,858	8%
Formica and Roof Tile Group	1,177	1,120	5%
Divested businesses	108	78	38%
Other	8	9	(11%)
Gross revenue	**10,267**	**10,267**	**0%**
less intercompany sales	(796)	(868)	(8%)
Group external revenue	**9,471**	**9,399**	**1%**

						Year ended 30 June
	Reported operating earnings			Operating earnings before significant items and B+I[1]		
NZ$m	2018	2017	Change	2018	2017	Change
Building Products	132	152	(13%)	132	152	(13%)
Distribution	101	104	(3%)	104	104	0%
Steel	41	54	(24%)	49	54	(9%)
Concrete	73	113	(35%)	90	113	(20%)
Residential and Development	136	130	5%	136	130	5%
Construction	(613)	(204)	NM	52	88	(41%)
Australia	65	(132)	NM	114	119	(4%)
Formica and Roof Tile Group	8	79	(90%)	65	79	(18%)
Corporate	(111)	(31)	NM	(45)	(30)	(50%)
Divested businesses	50	8	NM	13	8	63%
Total	**(118)**	**273**	**NM**	**710**	**817**	**(13%)**
Funding costs	(157)	(111)	(41%)	(157)	(111)	(41%)
Earnings/(loss) before tax	**(275)**	**162**	**NM**	**553**	**706**	**(22%)**
Tax benefit/(expense)	96	(57)	NM	(127)	(164)	(23%)
Earnings/(loss) after tax	**(179)**	**105**	**NM**	**426**	**542**	**(21%)**
Non-controlling interests	(11)	(11)	0%	(11)	(11)	0%
Net earnings/(loss)	**(190)**	**94**	**NM**	**415**	**531**	**(22%)**

[1] Operating earnings before significant items and B+I is a non-GAAP measure used by management to assess the performance of the business and has been derived from Fletcher Building Limited's financial statements for the year ended 30 June 2018. Details of B+I and significant items can be found in notes 3 and 4 of the financial statements respectively.
[2] Financial results are presented under the new divisional structure, as announced on 21 June 2018.

Financial Results continued

Geographic segments						Year ended 30 June
	Gross revenue			External revenue		
NZ$m	**2018**	**2017**	**Change**	**2018**	**2017**	**Change**
New Zealand	5,867	6,126	(4%)	5,220	5,381	(3%)
Australia[2]	3,120	2,853	9%	3,018	2,766	9%
Rest of World	1,280	1,288	(1%)	1,233	1,252	(2%)
Total	**10,267**	**10,267**	**0%**	**9,471**	**9,399**	**1%**

Geographic segments			Year ended 30 June
	Operating earnings before significant items[1]		
NZ$m	**2018**	**2017**	**Change**
New Zealand	(172)	282	NM
Australia[2]	123	120	3%
Rest of World	99	123	(20%)
Total	**50**	**525**	**(90%)**

Geographic segments in local currency						Year ended 30 June
	Gross Revenue			External revenue		
	2018	**2017**	**Change**	**2018**	**2017**	**Change**
Australia (A$m)[2]	2,877	2,701	7%	2,783	2,619	6%
Rest of World (US$m)	913	918	(1%)	879	892	(1%)

Geographic segments in local currency			Year ended 30 June
	Operating earnings before significant items[1]		
	2018	**2017**	**Change**
Australia (A$m)[2]	113	114	(1%)
Rest of World (US$m)	70	88	(20%)

[1] Operating earnings before significant items is a non-GAAP measure used by management to assess the performance of the business and has been derived from Fletcher Building Limited's financial statements for the year ended 30 June 2018. Details of significant items can be found in note 4 of the financial statements.
[2] The Australia geographic segment includes corporate costs and Land Development operations in addition to that of the Australia division.

Financial Results
continued

- External revenue of $9,471 million was $72 million or 1% higher than the prior year. New Zealand revenue decreased by $161 million or 3%, but increased by $251 million or 7% excluding the Construction division. Australian revenue increased by $252 million or 9%, and in local currencies revenue increased by 6% in Australia and decreased by 1% in the Rest of World.
- In New Zealand, market conditions were robust with flat to low single digit growth compared to the prior year.
    - The distribution and materials divisions showed modest to strong revenue growth compared to the prior year, driven by both volume and pricing gains. However, this was offset by increases in input costs (especially energy), which could not be fully recovered through price increases; higher supply chain costs to alleviate capacity constraints; changes in product mix, and certain one-off costs.
    - The Residential and Development division performed strongly, with the Residential business benefiting from the number of units available to sell as subdivisions came to market as well as robust selling prices in Auckland, and the Land Development business recognising the sale of the first site at Wiri North.
    - The Construction division saw mixed results as the prior year included the finalisation of significant projects in the Infrastructure business. Higgins continued to perform strongly through participation in large scale roading projects. Revenue in B+I decreased from the prior year as projects were re-phased based on the additional provisions recognised during the year.
- In Australia, market conditions were mixed, with robust activity in Victoria and South Australia offset by continued challenging trading conditions in Western Australia. Victoria has overtaken New South Wales in the number of building consents issued. Most Australian businesses were impacted by increased input costs, particularly resin and energy, which could not be fully recovered through price increases. A contribution of $15 million from the Land Development business in Australia led to operating earnings increasing by 3% in New Zealand dollars overall compared to the prior year.
- In the Rest of World, earnings were mixed, with a strong performance from Formica in North America and Asia offset by earnings decreases in the Roof Tile Group and Construction South Pacific, due to difficult trading conditions in a number of export markets for the Roof Tile Group and a roll-off of major projects in South Pacific.
- The significant items charge of $168 million for the year related to restructuring costs of $91 million and impairment charges of $114 million, offset by gains on business divestments of $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.
- Funding costs of $157 million increased from $111 million in the prior year. This reflected a $16 million increase in the impact from derivative valuations compared to the prior year, an increase in interest costs from debt levels and mix, and penalty interest and fees paid on some tranches of debt following covenant breaches.
- The tax benefit of $96 million reflects the loss for the year, with the B+I loss provisions expected to be deductible in future periods.
- Earnings per share were (25.5) cents compared with 13.5 cents per share in the prior year.
- A cash inflow from operations of $396 million compared with an inflow of $243 million in the prior year. The improvement was driven primarily by higher cash conversion in the Residential business and improvements in working capital management across the Group.

In certain sections of this commentary the Group has chosen to present certain financial information exclusive of the impact of Significant Items and / or the results of the Building + Interiors (B+I) business unit, consistent with previous market guidance. Where such information is presented, it is clearly described and marked with an appropriate footnote. This allows the readers of this commentary to better understand the underlying operations and performance of the Group.

Segmental Operational Review

The following sections provide commentary on individual division results for the year ended 30 June 2018 based on the new divisional structure announced on 21 June 2018.

Building Products

Winstone Wallboards; Laminex New Zealand; Tasman Insulation; Humes; Iplex New Zealand; CSP Pacific; Altus

	Year ended 30 June			
NZ$m	**2018**	**2017**	**Change**	**Change %**
Gross revenue	764	745	19	3%
External revenue	613	589	24	4%
Operating earnings	132	152	(20)	(13%)
Funds	494	489	5	1%
Trading cashflow	142	143	(1)	(1%)

The Building Products division reported gross revenue of $764 million, an increase of 3% compared with $745 million in the prior year. The division's operating earnings were $132 million, compared with $152 million in the prior year, a reduction of 13%.

The increase in Building Products revenues was driven by higher price and volumes in selected products offsetting weaker volumes of other products. Iplex NZ's sales volumes were up 15% year on year, the price of standard and performance wallboards increased modestly and domestic glasswool selling prices were up 6%. However, domestic wall board sales volumes and glasswool tonnage sold were both down 1% and concrete pipe volumes were 9% lower than a year ago.

Demand was consistent across all sectors of the market, however, regional performance was mixed as the rate of growth in Auckland slowed and demand in Christchurch continues to rebase following higher activity levels during the earthquake rebuild period.

The contraction in operating earnings for the year is largely as a result of cost pressures, and in particular:

- Higher energy, raw material, and supply chain costs, primarily in Iplex New Zealand and Winstone Wallboards, which could not be fully recovered through price increases.
- One-off costs incurred due to storm damage in Winstone Wallboards, a fire event at the Humes Penrose site, and provisions made in the division for obsolete stock and historical claims.

Segmental Operational Review
continued

Distribution

PlaceMakers; Mico; Forman Building Systems; Snappy

NZ$m	2018	2017	Change	Change %
				Year ended 30 June
Gross revenue	1,530	1,519	11	1%
External revenue	1,490	1,470	20	1%
Operating earnings before significant items[1]	104	104	0	0%
Significant items[2]	(3)	0	(3)	NM
Operating earnings	101	104	(3)	(3%)
Funds	264	256	8	3%
Trading cashflow	112	93	19	20%

[1] Operating earnings before significant items is a non-GAAP measure used by management to assess the performance of the business and has been derived from Fletcher Building Limited's financial statements for the year ended 30 June 2018.
[2] Details of significant items can be found in note 4 of the financial statements.

The Distribution division reported gross revenue of $1,530 million compared with $1,519 million in the prior year.

PlaceMakers and Mico experienced strong market growth in regional New Zealand and a slower rate of growth in Auckland following double digit growth in recent years. However, the Christchurch market continued to contract as the market rebases itself following peak demand from the earthquake rebuild.

The division's operating earnings before significant items for the year were $104 million, which were consistent with the prior year. This result reflects earnings growth of 1% in PlaceMakers and 11% in Mico as both businesses benefitted from purchasing synergies and expanded market share in higher margin categories and sustained growth in Mico back-of-wall product categories throughout the year.

For PlaceMakers, growth categories included specialty timber, fastenings and strong promotional support in power tools, whereas Mico's earnings growth was attributable to further penetration of our own-branded bathroom ranges of Raymor and Adesso.

During the year the eCommerce platform Snappy went from initial design to transacting online with a low-cost design and operating platform, involving a total operating cost investment of $2 million. Initial trading shows encouraging margins and low operating costs.

Segmental Operational Review
continued

Steel

Easysteel (including Dimond Structural and Dimond Roofing); Pacific Coilcoaters; Fletcher Reinforcing

				Year ended 30 June
NZ$m	**2018**	**2017**	**Change**	**Change %**
Gross revenue	532	491	41	8%
External revenue	411	378	33	9%
Operating earnings before significant items[1]	49	54	(5)	(9%)
Significant items[2]	(8)	0	(8)	NM
Operating earnings	41	54	(13)	(24%)
Funds	184	184	0	0%
Trading cashflow	55	35	20	57%

[1] Operating earnings before significant items is a non-GAAP measure used by management to assess the performance of the business and has been derived from Fletcher Building Limited's financial statements for the year ended 30 June 2018.
[2] Details of significant items can be found in note 4 of the financial statements.

The Steel division reported gross revenue of $532 million compared with $491 million in the prior year.

Easysteel achieved revenue growth of 15% compared to the prior year, due to the full year impact of the acquisition of the Calder Stewart Roofing business and a 3% increase in core structural steel volumes.

Pacific Coilcoaters and Fletcher Reinforcing maintained revenue consistent with the prior year as they continued to operate their plants at high capacity levels.

The decrease in operating earnings before significant items of $5 million is primarily due to increases in the cost of steel and margin contraction in Fletcher Reinforcing. The Fletcher Reinforcing result is partly as a result of higher operating costs during its transition to a new facility in Auckland.

During the year $8 million of significant items were incurred, primarily relating to the integration of the Calder Stewart roofing business into the division, including site consolidations and co-locations across the country.

Segmental Operational Review
continued

Concrete

Winstone Aggregates; Golden Bay Cement; Firth Industries

NZ$m	2018	2017	Change	Change %
	Year ended 30 June			
Gross revenue	812	781	31	4%
External revenue	545	507	38	7%
Operating earnings before significant items[1]	90	113	(23)	(20%)
Significant items[2]	(17)	0	(17)	NM
Operating earnings	73	113	(40)	(35%)
Funds	628	621	7	1%
Trading cashflow	128	142	(14)	(10%)

[1] Operating earnings before significant items is a non-GAAP measure used by management to assess the performance of the business and has been derived from Fletcher Building Limited's financial statements for the year ended 30 June 2018.
[2] Details of significant items can be found in note 4 of the financial statements.

The Concrete division reported gross revenue of $812 million compared with $781 million in the prior year. The 4% increase has resulted from improved sales volumes across all business units.

Aggregates revenue was up 7% on the prior year driven by both improved pricing and volume increases of 6%, albeit weighted to lower margin products. Investment continued to develop the existing quarry footprint to meet current demand and position well for sustained demand expected in FY19.

Cement revenue was consistent with the prior year driven by domestic sales volumes which grew 4% on the prior year, supported by a 3% increase in manufacturing volumes setting a new production record, and market share continued to be strong.

Ready mix revenue was up 6% on the prior year driven by a 2% increase in sales volumes and pricing gains. Ready mix market share is estimated to have increased 1% in the period.

Operating earnings before significant items were $90 million compared to $113 million in the prior year. When excluding the prior year gain of $12 million on sale of a Firth property, divisional earnings reduced by 11% driven mainly by a contraction in gross margin.

Gross margin contraction is largely a result of the following factors:

- Increased energy and supply chain costs impacted all businesses, particularly Golden Bay Cement;
- Input cost increases were not able to be fully passed onto the market due to strong price competition, particularly in cement;
- Costs associated with the commissioning of new plants in Firth ready mix and masonry, which have been developed to strengthen Auckland capability
- The increased demand for aggregates has led to additional costs incurred to alleviate capacity constraints and support the increased volumes.

The division recognised a charge of $17 million to significant items during the year as a strategic review identified an impairment of a previously mothballed quarry.

Residential and Development

Residential; Land Development

NZ$m	2018	2017	Change	Change %
	Year ended 30 June			
Gross revenue	575	420	155	37%
External revenue	575	420	155	37%
Operating earnings	136	130	6	5%
Funds	604	547	57	10%
Trading cashflow	109	(49)	158	NM

NZ$m	2018	2017	Change
	Year ended 30 June Operating earnings		
Residential	85	76	12%
Land Development	51	54	(6%)
Total	136	130	5%

The Residential and Development division reported $575 million of gross revenue for the year, an increase of 37% compared to the prior year. Operating earnings of $136 million increased by 5% from $130 million in the prior year.

Residential operating earnings were $85 million, 12% higher than the prior year. There was an increase in the volumes of units sold to 714 in FY18 from 499 in FY17. This reflected an increase in the number of units available to sell as the established subdivisions of Swanson, Whenuapai and Red Beach are now operating at a sustainable level and new subdivisions of Waiata Shores, Kowhai Ridge, Totara Heights, and Atlas Quarter commenced sales.

During the year a $12 million provision was recognised for a forecast loss on the Atlas Quarter Apartment project in Christchurch. This reflects a combination of lower than expected selling prices and cost escalations on the project, mainly due to seismic requirements and higher than forecast construction market rates. At year end $10 million of this provision remained unutilised following initial sales. Excluding the impact of this provision, Residential earnings were up $21 million, or 28%, on the prior year.

The Residential business continued to see strong demand for homes in Auckland priced between $600,000 and $900,000, where the depth of market demand is greatest, but softer demand for large standalone homes priced in excess of $1,000,000. This supports a strategy of focusing on delivering smaller and innovative home typologies to target a lower price point.

The Christchurch market remained subdued with no growth in prices over the period. Work commenced on the East Frame project, with an initial 112 units underway. The next anticipated stage will include a further 59 terrace homes, and the decision on further stages of this development will depend on discussions with Government on typologies and market conditions.

In the second half of the financial year, Residential continued to see an elevated number of transactions requiring the sale of the customer's current home due to bridging finance restrictions. The average settlement period lengthened to 43 days from 32 days in FY17.

At 30 June 2018, the Residential business held a total of 3,707 lots on balance sheet. In addition, the business holds a further 1,272 units under unconditional agreements, to be delivered over the next five years.

Land Development operating earnings in the period were $51 million. This business develops and sells mainly commercial sites within the Group's property portfolio which are surplus to operating requirements. The most significant contribution to this year was the sale of a 10 hectare site in June 2018 at the Wiri North development, in addition to three development locations in Australia.

Whilst Land Development earnings will be irregular in nature, it is anticipated that the business will earn at least $25 million per annum over the next five years.

Funds employed in the division increased to $604 million from $547 million at 30 June 2017, reflecting an increase in work in progress and land in both the Residential and Land Development businesses.

Trading cashflow for the division was an inflow of $109 million compared to an outflow of $49 million in the prior year. The improvement of $158 million was due to a reduction in the acquisition of land compared to the prior year.

Segmental Operational Review
continued

Construction

Infrastructure; Building + Interiors (B+I); South Pacific; Brian Perry Civil; Higgins

				Year ended 30 June
NZ$m	**2018**	**2017**	**Change**	**Change %**
Gross revenue	1,685	2,246	(561)	(25%)
External revenue	1,605	2,085	(480)	(23%)
Operating earnings before significant items[1]	(608)	(204)	(404)	NM
Significant items[2]	(5)	0	(5)	NM
Operating earnings	(613)	(204)	(409)	NM
Funds	(238)	174	(412)	NM
Trading cashflow	(172)	(103)	(69)	67%

			Year ended 30 June
	Operating earnings before significant items[1]		
NZ$m	**2018**	**2017**	**Change**
Higgins	42	39	8%
Infrastructure, South Pacific, Brian Perry Civil	10	49	(80%)
Subtotal	52	88	(41%)
B+I	(660)	(292)	NM
Total	(608)	(204)	NM

[1] Operating earnings before significant items is a non-GAAP measure used by management to assess the performance of the business and has been derived from Fletcher Building Limited's financial statements for the year ended 30 June 2018.
[2] Details of significant items can be found in note 4 of the financial statements.

The Construction division reported an operating loss before significant items of $608 million compared with a loss of $204 million in the prior year. This included a loss for the period in B+I of $660 million which reflects loss provisions taken on a number of major projects during the year. Operating earnings before significant items excluding B+I were $52 million compared to $88 million in the prior year.

The division recorded gross revenues of $1,685 million compared to $2,246 million in the prior year. The decrease reflects the completion of a number of major projects in the B+I, Infrastructure and South Pacific business units plus the re-phasing of several B+I projects to reflect revised completion dates. At 30 June 2018 the backlog of work for the division, being the value of contracted work awarded but not completed, was $1,784 million.

Given the scale of the challenges in B+I the primary focus continues to be on project completion. As announced to the market in February 2018 B+I has ceased bidding for vertical construction work in New Zealand. Operations remain focused on project completion and delivery, with headcount reducing during the year as projects are completed. Of the 16 key B+I projects, 7 were completed prior to 30 June 2018, with a further 3 forecast to be completed by 31 December 2018. The remaining 6 projects are expected to be completed during the 2019 calendar year.

Earnings in the Higgins business unit (which includes Higgins Fiji) increased by 8% reflecting a strong operating performance. The business continues to perform well through many of its New Zealand branches, including Auckland, and ongoing participation in the North Canterbury Transport Infrastructure Recovery (NCTIR) Alliance in response to the Kaikoura earthquakes also contributed positively during the year. The next stage of this project was recently agreed and Higgins ongoing participation was secured.

Infrastructure and South Pacific earnings were impacted by the completion of major projects in the prior period, notably the Waterview Connection in Auckland, the McKays to Peka Peka Expressway, and a number of major projects in Fiji and Papua New Guinea. In addition risks and forecast cost increases were identified on the Puhoi to Warkworth project, 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 working actively on a range of options to mitigate these risks. At this point, Fletcher Building is reporting a nil margin for the project.

Trading cashflows for the division for the year were an outflow of $172 million compared to $103 million in the prior year. Excluding the B+I business, trading cashflows were an inflow of $113 million compared to an inflow of $65 million in the prior year.

Segmental Operational Review continued

Australia

Building Products Australia: Laminex Australia; Iplex Australia; Rocla; Fletcher Insulation.
Distribution Australia: Tradelink; Tasman Sinkware.
Steel Australia: Stramit.

	Year ended 30 June			
NZ$m	**2018**	**2017**	**Change**	**Change %**
Gross revenue	3,076	2,858	218	8%
External revenue	2,973	2,771	202	7%
Operating earnings before significant items[1]	114	119	(5)	(4%)
Significant items[2]	(49)	(251)	202	80%
Operating earnings	65	(132)	197	NM
Funds	1,804	1,778	26	1%
Trading cashflow	146	143	3	2%

	Year ended 30 June		
	Operating earnings before significant items[1]		
NZ$m	**2018**	**2017**	**Change**
Building Products Australia	76	84	(10%)
Distribution Australia	13	10	30%
Steel Australia	25	25	0%
Total	114	119	(4%)

[1] Operating earnings before significant items is a non-GAAP measure used by management to assess the performance of the business and has been derived from Fletcher Building Limited's financial statements for the year ended 30 June 2018.
[2] Details of significant items can be found in note 4 of the financial statements.

The Australian division reported gross revenue of $3,076 million compared with $2,858 million in the prior year, an increase of 8%. All businesses recorded positive sales growth. Operating earnings before significant items were $114 million, a decrease of $5 million or 4% on the prior year.

Building Products Australia reported gross revenue growth of 9%, however, operating earnings before significant items decreased by 10%, driven by a reduction in earnings in Laminex Australia and Fletcher Insulation offset by increases in Iplex Australia and Rocla. Despite gross revenue growth of 4% in Laminex Australia, reduced earnings resulted from energy cost increases and increased material input costs. Fletcher Insulation grew sales in the year by 8%, however, redundancy payments associated with structural reorganisation ($5 million) and other transitional costs reduced operating earnings in FY18 but will result in lower costs in future periods. Iplex Australia delivered a 13% increase in gross revenue and robust year on year earnings growth despite sizeable increases in energy and raw material costs. Rocla continued to underperform due to operational issues.

Distribution Australia recorded gross revenue increases of $59 million, or 8%, in the year with operating earnings growth of 30%. Tradelink grew sales by 4% in local currency in a declining market with 19 new store openings or relocations and positive sales growth in the small to medium network customer market segments. Tradelink successfully delivered on procurement strategies and controlled operating costs to deliver positive earnings growth of 62% in local currency in the year. Tasman Sinkware grew gross revenue by 20% and repeated its trend of annual earnings growth, based on a strategic shift to being both a manufacturer and master distributor of products.

Steel Australia reported gross revenue increases of 3%. Operating earnings before significant items were stable with operating cost increases not fully recovered though market price increases. Manufacturing site consolidations in late FY18 will deliver reduced operating costs for the business in the future.

Significant items include a $40 million impairment of the carrying value of the Rocla business, following a revision of expected medium-term earnings.

Formica and Roof Tile Group

Formica; Roof Tile Group

			Year ended 30 June	
NZ$m	2018	2017	Change	Change %
Gross revenue	1,177	1,120	57	5%
External revenue	1,151	1,101	50	5%
Operating earnings before significant items[1]	65	79	(14)	(18%)
Significant items[2]	(57)	0	(57)	NM
Operating earnings	8	79	(71)	(90%)
Funds	1,244	1,174	70	6%
Trading cashflow	110	90	20	22%

			Year ended 30 June
	Operating earnings before significant items[1]		
NZ$m	2018	2017	Change
Formica	75	74	1%
Roof Tile Group	(2)	13	NM
Divisional costs	(8)	(8)	0%
Total	65	79	(18%)

[1] Operating earnings before significant items is a non-GAAP measure used by management to assess the performance of the business and has been derived from Fletcher Building Limited's financial statements for the year ended 30 June 2018.
[2] Details of significant items can be found in note 4 of the financial statements.

The division reported gross revenue of $1,177 million for the year, an increase of 5% on the prior year. Operating earnings before significant items were $65 million, down by 18%, driven by significant deterioration in the performance of the Roof Tile Group.

Formica achieved gross revenue of $1,030 million, up by 8% on the prior year, while in domestic currencies it increased by 4%. Formica's operating earnings excluding significant items were $75 million, up by 1% reflecting good growth in North America and Asia offset by a small decline in Europe.

In Formica North America, gross revenue in local currencies increased by 3% driven by new products such as anti-finger print laminate, and continued improvements in operational performances at the two manufacturing sites. These also led to the 3% increase in operating earnings excluding significant items.

In Asia, gross revenue in local currency was up by 8%. This was driven by China which was up by 29% on the prior year with ASEAN and Taiwan both stable. Operating earnings excluding significant items increased by 24%, driven by revenue growth and improved manufacturing efficiencies, especially at the two manufacturing facilities in China.

In Europe, gross revenue in domestic currency was flat compared to the prior year - the UK, Spain, and Germany grew by 4%, 6%, and 18% respectively, offset by declines in Benelux and France. Operating earnings were lower than the prior year due to adverse product mix, highly competitive market conditions, and increased investment in commercial footprint.

The Roof Tile Group's gross revenue in local currencies was down by 15% on the prior year. This was attributable to continuing soft economic conditions in Africa, loss of volume in Japan as a key customer moved to dual supply, poor weather leading to reduced activity in the USA and softening of demand in New Zealand. This led to an operating earnings loss before significant items of $2 million, down by $15 million on the prior year.

Significant items include a $52 million impairment of the carrying value of Roof Tile Group, following a review of recoverable values as part of the divestment process currently being undertaken.

Financial Review

Group Cash Flow

	Year ended 30 June					
	As reported			Excluding B+I		
NZ$m	**2018**	**2017**	**Change**	**2018**	**2017**	**Change**
Operating earnings before significant items[1]	**50**	**525**	**(475)**	**710**	**817**	**(107)**
Depreciation and amortisation	214	203	11	214	203	11
Provisions, significant items and other	(55)	(85)	30	(58)	(82)	24
Trading cashflow before working capital movements	**209**	**643**	**(434)**	**866**	**938**	**(72)**
Land and developments	11	(99)	110	11	(99)	110
Contracts	396	74	322	4	(52)	56
Other working capital movements	23	(151)	174	43	(152)	195
Working capital movements	430	(176)	606	58	(303)	361
Trading cashflow	**639**	**467**	**172**	**924**	**635**	**289**
Less: cash tax paid	(85)	(99)	14	(85)	(99)	14
Less: interest paid	(158)	(125)	(33)	(158)	(125)	(33)
Cash flows from operating activities	**396**	**243**	**153**	**681**	**411**	**270**

[1] Operating earnings before significant items is a non-GAAP measure used by management to assess the performance of the business and has been derived from Fletcher Building Limited's financial statements for the year ended 30 June 2018.

Cash flow from operating activities of $396 million were 63% higher than the prior year. Trading cash-flows after working capital movements were $639 million, up from $467 million. Excluding B+I, trading cash-flows were $924 million, up from $635 million.

Working capital inflows of $430 million were considerably higher than the prior year. This was partly due to the positive balance for contracts, largely reflecting the losses recognised but not yet incurred as cash in the Construction division. Excluding contracts, working capital inflows were higher by $284 million, reflecting both improved cash conversion in the Residential business and improved working capital across our manufacturing and distribution divisions who focussed particularly on receivables and inventory management.

Capital expenditure was $304 million, compared with $319 million in the prior year. Of this total, $214 million was for stay-in-business capital projects and $90 million related to new growth initiatives.

Funding

On 14 February 2018, the Group announced that due to the additional losses in the B+I business the Group had breached key banking covenants under both its banking syndicate and United States Private Placement ('USPP') agreements.

On 15 May 2018 the Group advised that it had agreed a permanent solution to these breaches.

The key terms agreed under both the Syndicated Facility Agreement ('SFA') and the USPP note and guarantee agreements are as follows:

- Previously announced B+I losses to be excluded from 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:
  - additional margin payable of 1.25% p.a. ; and,
  - proceeds from disposals of assets above a threshold must be first offered for repayment of senior debt.
- 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 one of the three SFA tranches reverts to pricing applicable as at December 2017 and pricing for the other SFA tranches reduces to market pricing (rather than the previous pricing level, which was below market pricing); and pricing for all USPP notes reverts to pricing applicable as at December 2017.

For the SFA, the Company elected to reduce its total available facilities from $1,270 million to $925 million, with no change to the maturity of these remaining facilities.

For the USPP, there has been no prepayment of any notes, all existing facilities have been maintained and there is no change to the maturity of the facilities. There is also no change to underlying margin payable on USPP notes, other than the 1.25% additional margin outlined above which will cease to be payable no later than 30 June 2019.

The net proceeds from the equity raise of NZ$727m were applied to the repayment of senior debt under the SFA. Following this repayment, and as at 30 June 2018, the Company's gross borrowings (net of derivatives and exclusive of fair value adjustments) were $1,877 million and total available debt facilities were $2,705 million.

Following the equity raise the Group's gearing[1] at 30 June 2018 was 23.5% compared with 35.3% at 30 June 2017.

The Group's leverage[2] at 30 June 2018 was 4.8 times compared with 2.7 times at 30 June 2017. Whilst outside the target range of 1.5 - 2.5 times, the expectation is that this will return to within the range in 2019. Leverage at 30 June 2018 excluding B+I was 1.4 times.

The average maturity of the Group's debt at 30 June 2018 is 4.7 years and the hedged currency split is 36% Australian dollar; 43% New Zealand dollar; 13% US dollar; and 8% spread over various other currencies.

Approximately 56% of all borrowings have fixed interest rates with an average duration of 3.1 years and a rate (based on year end borrowings) of 7.3%. Inclusive of floating rate borrowings, the average interest rate on the debt (based on year end borrowings) is 6.2%.

1 Interest bearing net debt (including capital notes) to interest bearing net debt (including capital notes) and equity

2 Interest bearing net debt (including capital notes) to EBITDA before significant items

Outlook

Market Activity

In New Zealand activity in the residential sector is expected to decline slightly in FY19, mainly reflecting a forecast modest decline in the number of new residential dwelling consents being issued from 32,860 in FY18. Activity levels in the non-residential, commercial and infrastructure sectors are expected to increase modestly as large roading contracts are completed and the backlog of significant commercial projects unwinds.

Australian residential activity is forecast to decline as a result of a sharp slowdown in multi-unit dwellings, tightening of bank lending and restrictions on foreign ownership. Infrastructure on the Eastern Seaboard looks set to benefit from large state and federal funded infrastructure projects.

Business Performance

Group EBIT (excluding B+I and significant items) is expected to be broadly stable in FY19, except for Land Development earnings which are likely to be lower. The following outlook comments can be made by business area:

- New Zealand materials and distribution businesses (Building Products, Distribution, Steel, Concrete): revenue is expected to grow at or slightly ahead of the broader market, with a focus on maintaining strong market share positions and entering new product adjacencies. Input cost pressures (especially in energy and imported raw materials) are expected to continue, with the businesses focused on sustaining margins through price optimisation, operational efficiencies and overhead cost control.

- Residential and Land Development: in the Fletcher Living housing business, FY19 is expected to see an increase in the number of houses built and sold from the levels reported in FY18 with a commensurate increase in revenues, however margins are expected to be diluted by a relatively higher level of sales in the Christchurch region. Investment in land plus work in progress will be made to support Fletcher Living's forward pipeline, and will result in an increase in funds invested. In Land Development, earnings are expected be lower than those reported in FY18, returning towards the c $25 million per year level given in prior guidance.

- Construction: with the B+I losses provided for, earnings in broader Construction business are expected to remain stable, with a continued strong contribution from Higgins.

- Australia: the Australia division is forecast to grow revenue above market rates due to product development, opening new stores and entering adjacencies. EBIT in the near term is likely to show some improvement due to revenue gains plus continued operational turnaround of Australian operations.

- Formica and Roof Tile Group: the focus remains firmly on the divestment of the Roof Tile Group and Formica businesses. Both transactions are expected to complete in FY19. Formica's earnings in FY19 will be aided by a reduction in its share of centralised management costs, which to an extent had previously been allocated pro-rata based on headcount and revenues. It is expected that EBIT will increase compared to FY18.

- Corporate: the Group's corporate overhead costs are likely to be in the range of $45m to $55m in FY19.

- Funding: funding costs are expected to be $145m to $155m in FY19, broadly consistent with FY18. Lower debt levels will be offset by penalty interest rates and temporary additional fees paid on the Group's borrowings for at least the first half of the year.

Divisions

Division	Business Groupings	Key Businesses
Building Products		Winstone Wallboards
		Laminex New Zealand
		Tasman Insulation
		Humes
		Iplex New Zealand
		CSP Pacific
		Altus
Distribution		PlaceMakers
		Mico Plumbing
		Forman Building Systems
		Snappy
Steel		Easysteel (including Dimond Roofing and Dimond Structural)
		Pacific Coilcoaters
		Fletcher Reinforcing
Concrete		Winstone Aggregates
		Golden Bay Cement
		Firth Industries
Residential and Land Development		Residential
		Land Development
Construction		Infrastructure
		Building + Interiors (B+I)
		South Pacific
		Brian Perry Civil
		Higgins
Australia	Building Products Australia	Laminex Australia
		Iplex Australia
		Rocla
		Fletcher Insulation
	Distribution Australia	Tradelink
		Tasman Sinkware
	Steel Australia	Stramit
Formica and Roof Tile Group	Formica	Formica Asia
		Formica Europe
		Homapal
		Formica North America
	Roof Tile Group	Gerard Roofing Systems (NZ / Asia / Europe)
		DECRA Roofing Systems (USA)

Appendix:
Supplemental split of Divisional results

Local currency gross revenue

The following presents the divisional results in key currency components. These local currency amounts are translated to New Zealand dollars to present the results for the consolidated Group.

Residential and Development — Year ended 30 June

Gross revenue	2018	2017	Change %
New Zealand (NZ$m)	528	418	26%
Australia (A$m)	43		NM
Rest of World (US$m)		1	NM

Construction — Year ended 30 June

Gross revenue	2018	2017	Change %
New Zealand (NZ$m)	1,550	2,049	(24%)
Rest of World (US$m)	96	140	(31%)

Australia — Year ended 30 June

Gross revenue	2018	2017	Change %
New Zealand (NZ$m)	2	2	0%
Australia (A$m)	2,834	2,701	5%
Rest of World (US$m)	1	3	(66%)

Formica and Roof Tile Group — Year ended 30 June

Gross revenue	2018	2017	Change %
New Zealand (NZ$m)	34	35	(3%)
Rest of World (US$m)	815	773	5%

Appendix:
Supplemental split of Divisional results

Local currency external revenue

The following presents the divisional results in key currency components. These local currency amounts are translated to New Zealand dollars to present the results for the consolidated Group.

Residential and Development — Year ended 30 June

External revenue	2018	2017	Change %
New Zealand (NZ$m)	528	418	26%
Australia (A$m)	43		NM
Rest of World (US$m)		1	NM

Construction — Year ended 30 June

External revenue	2018	2017	Change %
New Zealand (NZ$m)	1,476	1,888	(22%)
Rest of World (US$m)	92	140	(34%)

Australia — Year ended 30 June

External revenue	2018	2017	Change %
New Zealand (NZ$m)	1	2	(50%)
Australia (A$m)	2,740	2,619	5%
Rest of World (US$m)	1	2	(50%)

Formica and Roof Tile Group — Year ended 30 June

External revenue	2018	2017	Change %
New Zealand (NZ$m)	48	51	(6%)
Rest of World (US$m)	786	749	5%

Appendix:
Supplemental split of Divisional results

Local currency results

The following presents the divisional results in key currency components. These local currency amounts are translated to New Zealand dollars to present the results for the consolidated Group.

Residential and Development — Year end 30 June

Operating earnings[1]	2018	2017	Change %
New Zealand (NZ$m)	121	128	(5%)
Australia (A$m)	14		NM
Rest of World (US$m)		1	NM

Construction — Year end 30 June

Operating earnings[1]	2018	2017	Change %
New Zealand (NZ$m)	(636)	(241)	NM
Rest of World (US$m)	20	26	(23%)

Australia — Year end 30 June

Operating earnings[1]	2018	2017	Change %
New Zealand (NZ$m)	1		NM
Australia (A$m)	105	113	(7%)
Rest of World (US$m)	(1)		NM

Formica and Roof Tile Group — Year end 30 June

Operating earnings[1]	2018	2017	Change %
New Zealand (NZ$m)	3	5	(40%)
Australia (A$m)	(4)	(4)	0%
Rest of World (US$m)	47	57	(18%)

[1] Operating earnings before significant items - a non-GAAP measure used by management to assess the performance of the business, derived from Fletcher Building Limited's financial statements for the year ended 30 June 2018. Details of significant items can be found in note 4 of the financial statements.

FOCUS

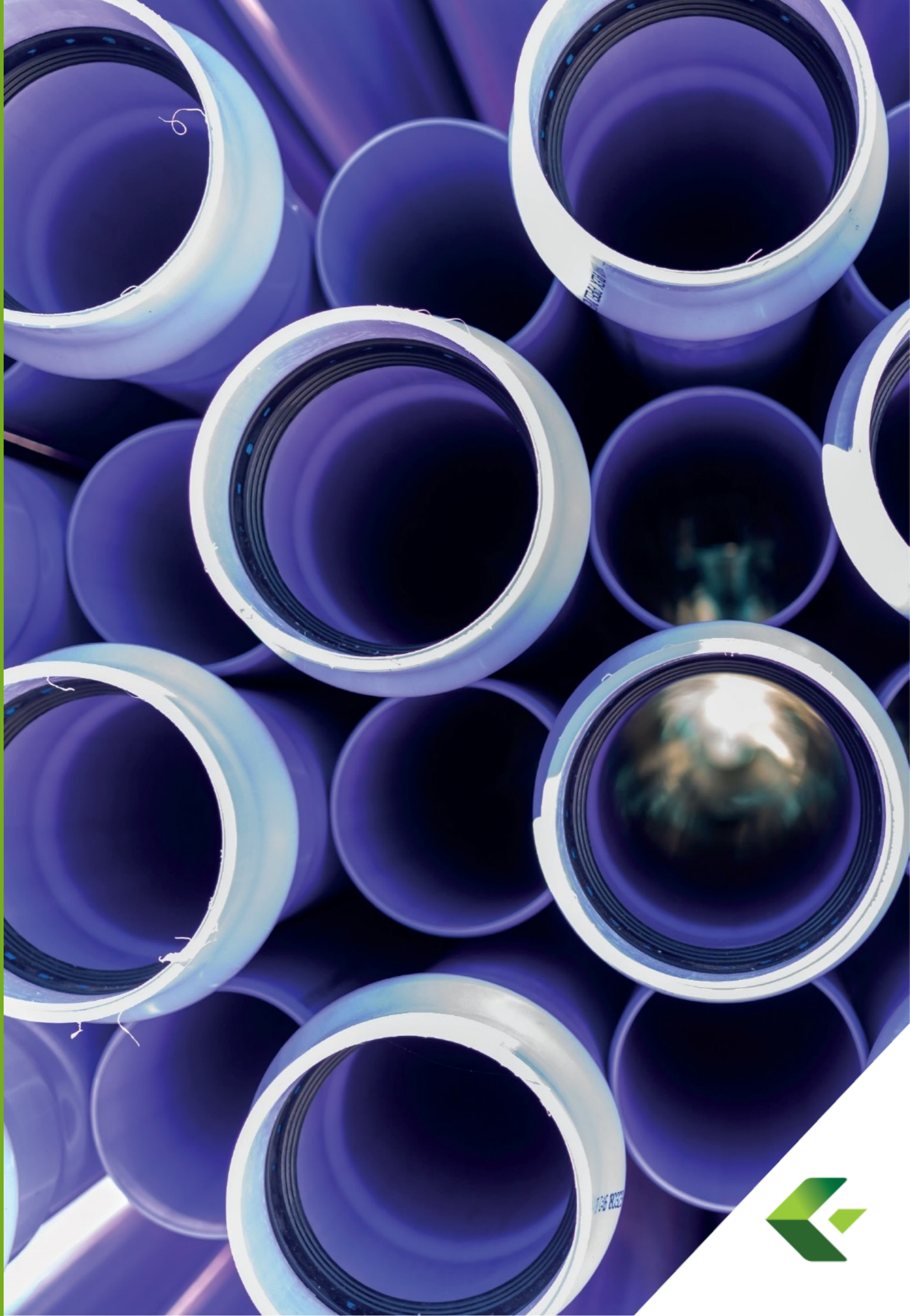
Fletcher Building

Full Year Results to 30 June 2018

ROSS TAYLOR
— Chief Executive Officer

BEVAN MCKENZIE
— Chief Financial Officer

22 August 2018



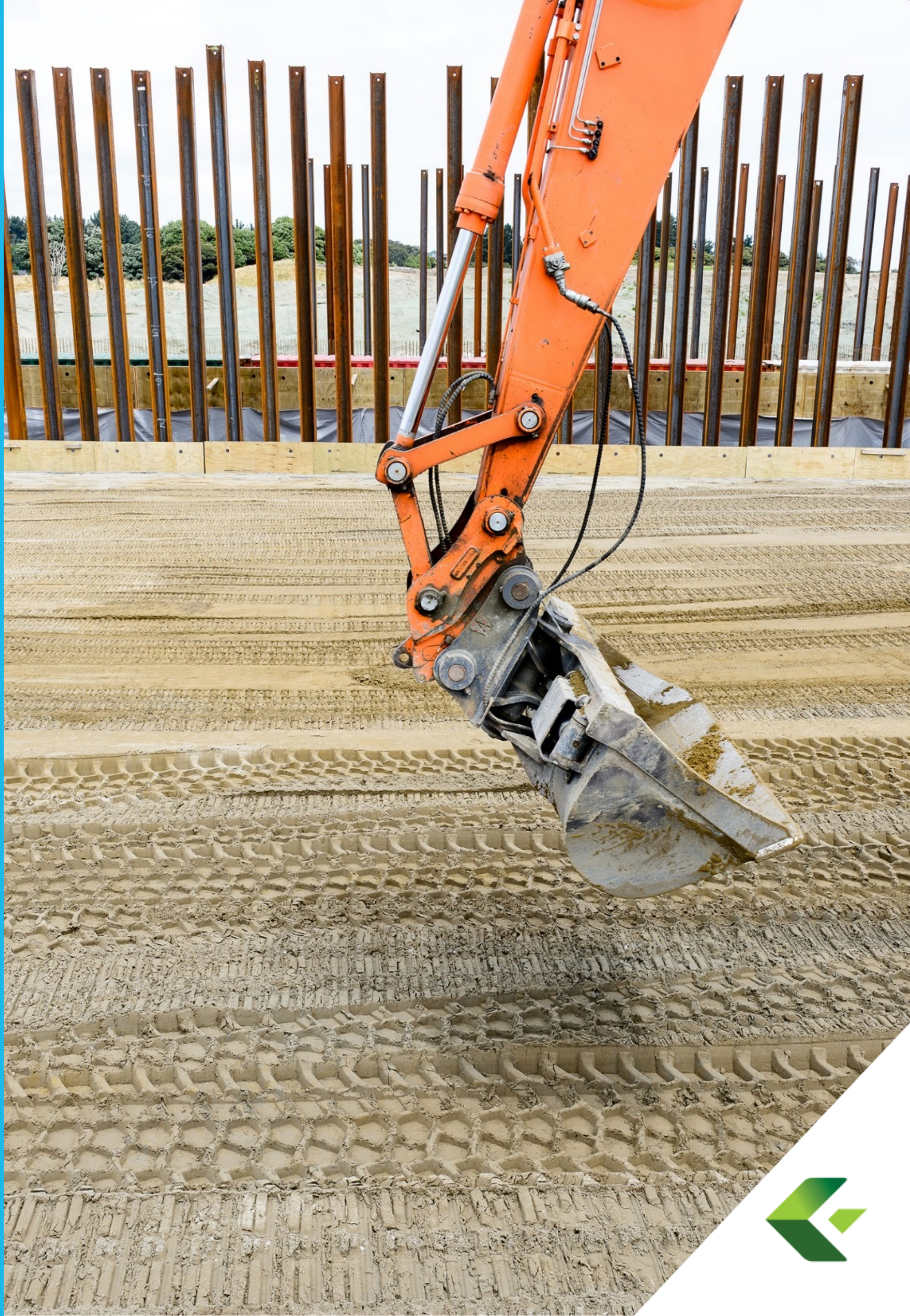
Important Information

This Full Year Results presentation dated 22 August 2018 provides additional comment on the management commentary of the same date. As such, it should be read in conjunction with, and subject to, the explanations and views of future outlook on market conditions, earnings and activities given in that commentary.

In certain sections of this presentation the Group has chosen to present certain financial information exclusive of the impact of Significant Items and/or the results of the Building + Interiors (B+I) business unit, consistent with previous market guidance. Where such information is presented, it is clearly described and marked with an appropriate footnote. This allows the readers of this presentation to better understand the underlying operations and performance of the Group.

The Group's financial results, including comparative information, have been presented in accordance with the revised divisional structure announced on 21 June 2018.

Content



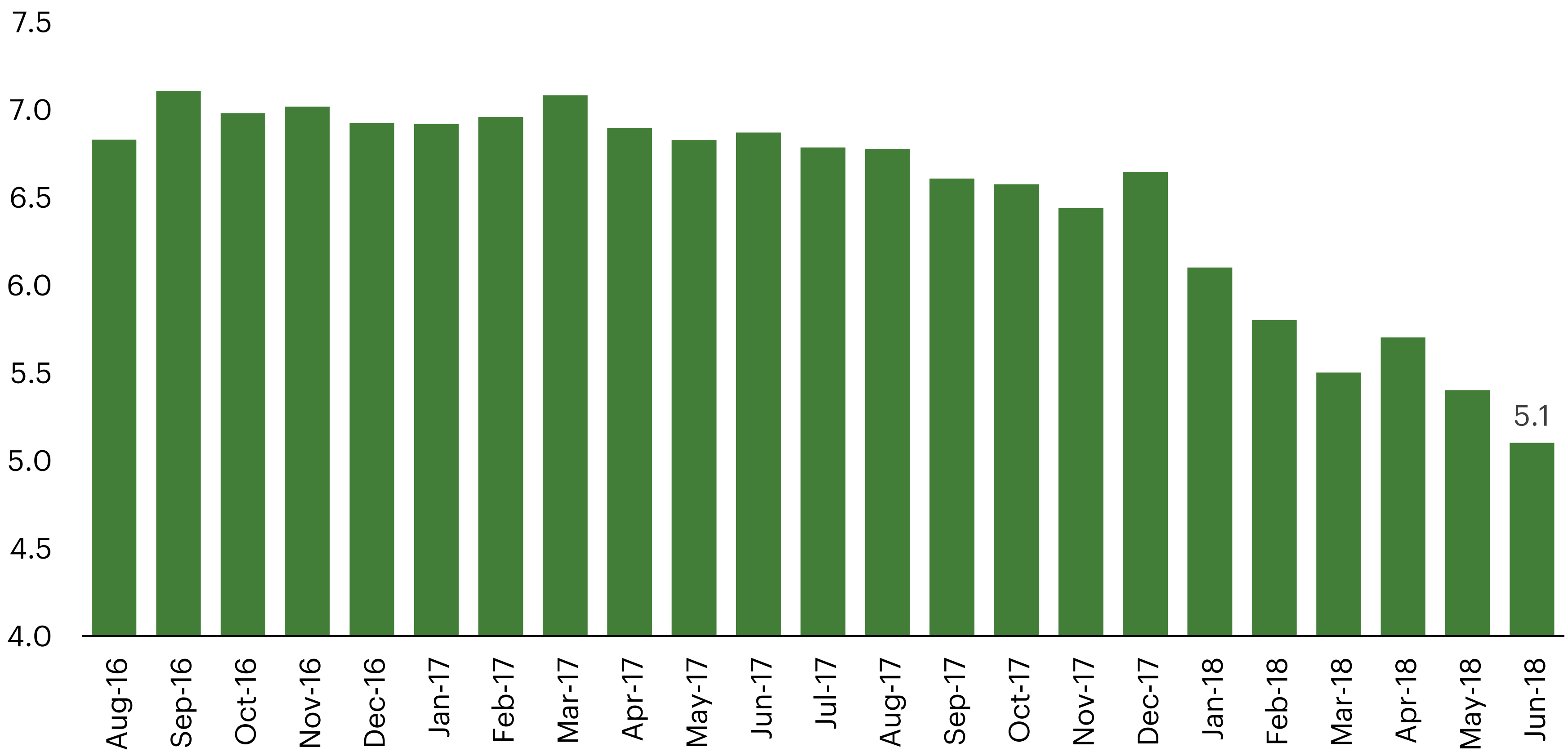
Results Overview

NZ$m	June 2017 12 months	June 2018 12 months	Change $m
Revenue	9,399	9,471	72
Operating earnings before significant items[1]	525	50	(475)
Net earnings before significant items	321	(60)	(381)
Significant items (post tax)	(227)	(130)	97
Net earnings	94	(190)	(284)
Cashflow from operating activities[2]	243	396	153
Basic earnings per share (cents)	13.5	(25.5)	(39.0)
Dividends declared per share (cents)	39.0	0.0	(39.0)
Operating earnings before significant items ex B+I[3]	817	710	(107)

[1] Operating earnings before significant items is a non-GAAP measure used by management to assess the performance of the business and has been derived from Fletcher Building's financial statements for the year ended 30 June 2018. Details of significant items can be found in note 4 of the financial statements.
[2] Cashflow from operating activities is EBITDA less net interest, less cash tax, less provisions and net of working capital movements
[3] Measure excludes the impact of the Building + Interiors (B+I) business unit

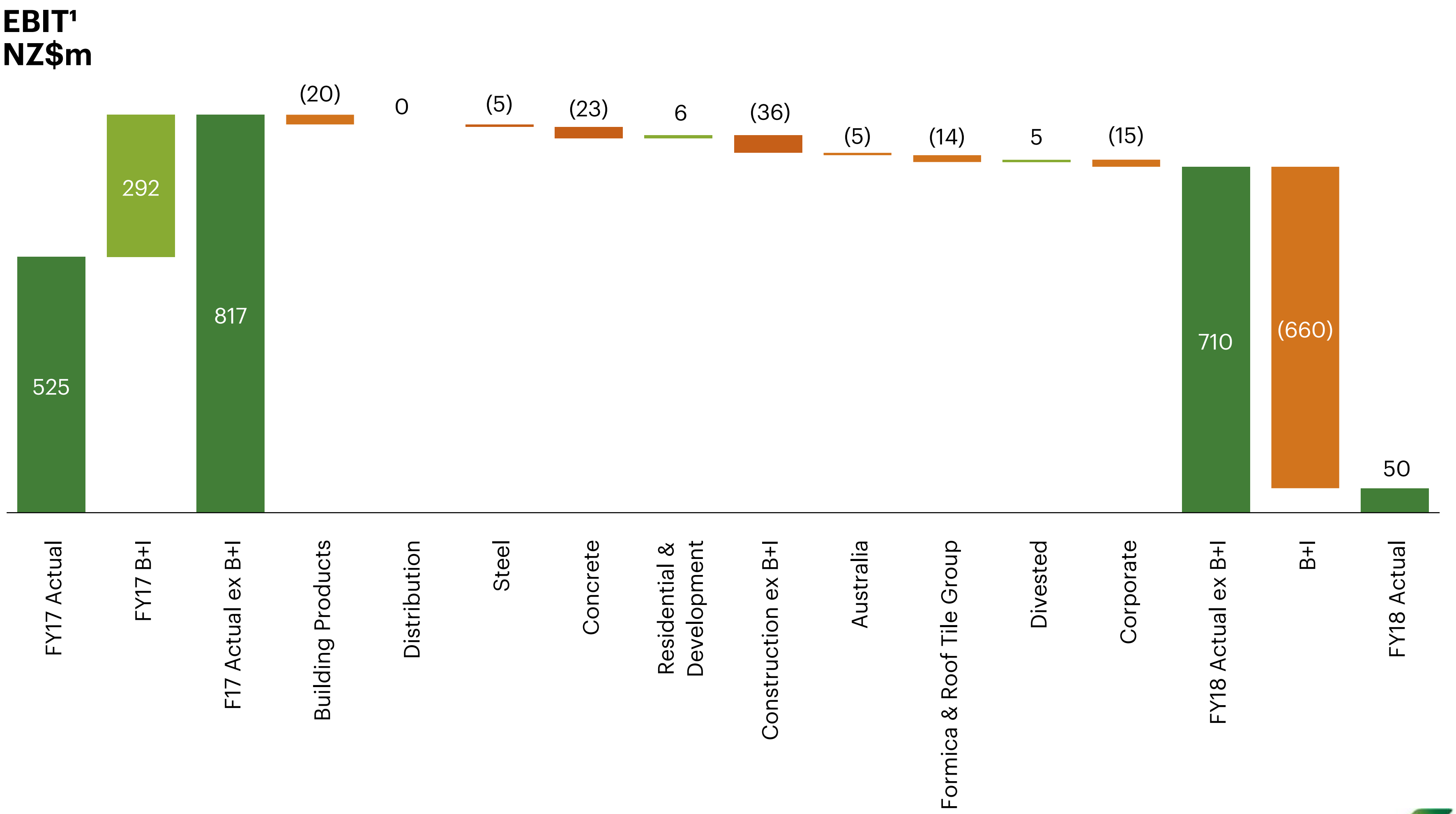
Results Overview
Safety performance

Fletcher Building Total Recordable Injury Frequency Rate[1]



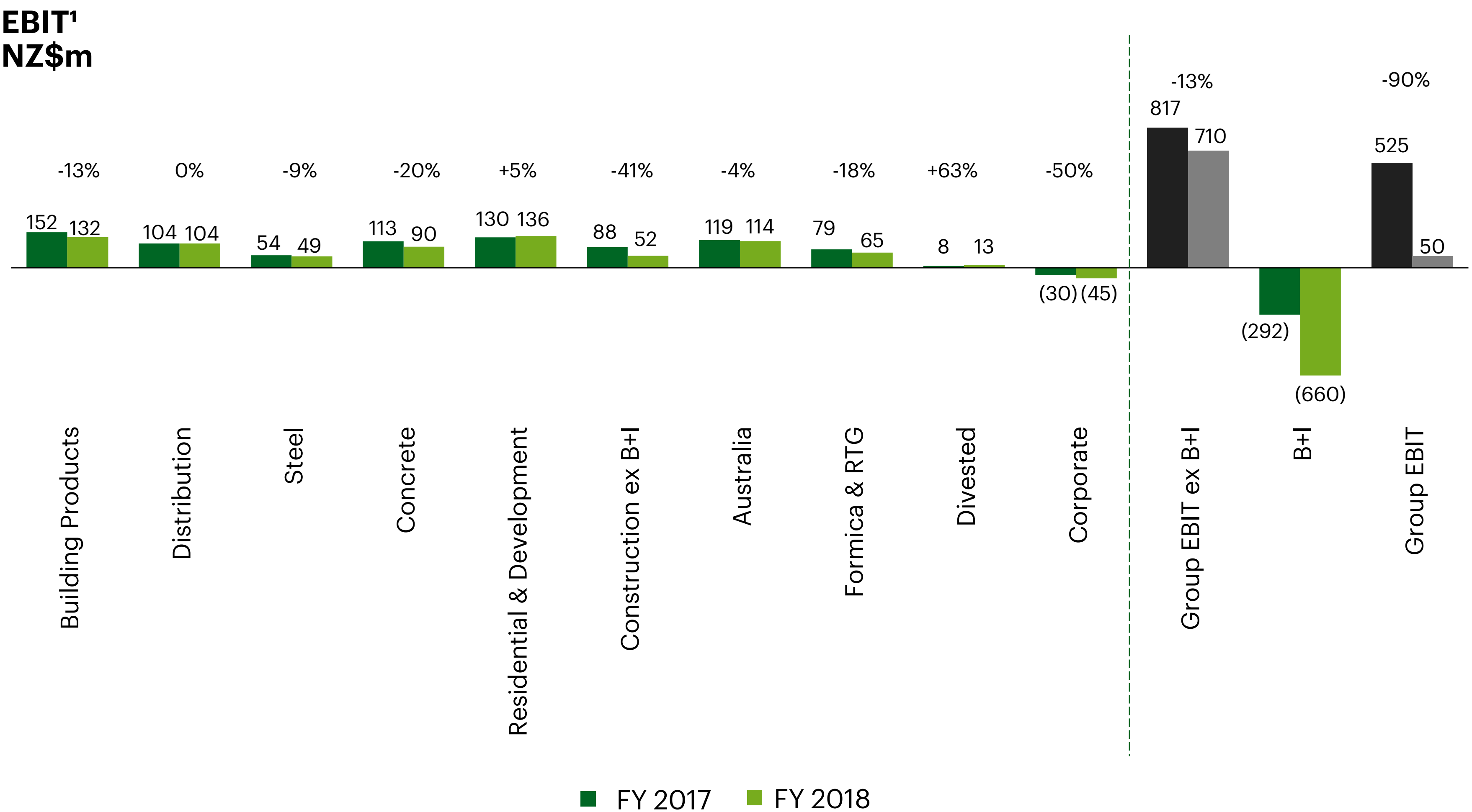
[1] *Number of injuries over the last 12 months rolling per million hours worked*

Results overview
FY18 vs FY17 EBIT bridge



[1] *Before significant items*

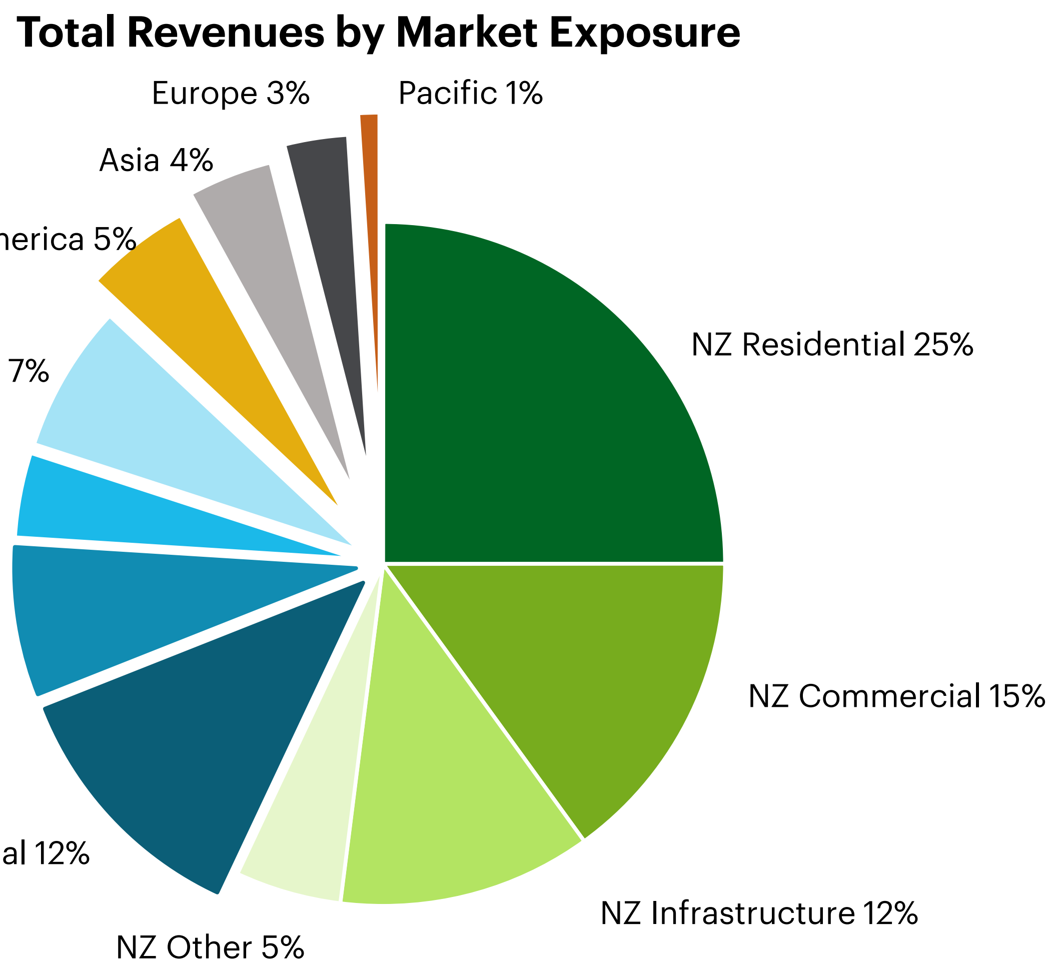
Results overview
EBIT by division



[1] *Before significant items*

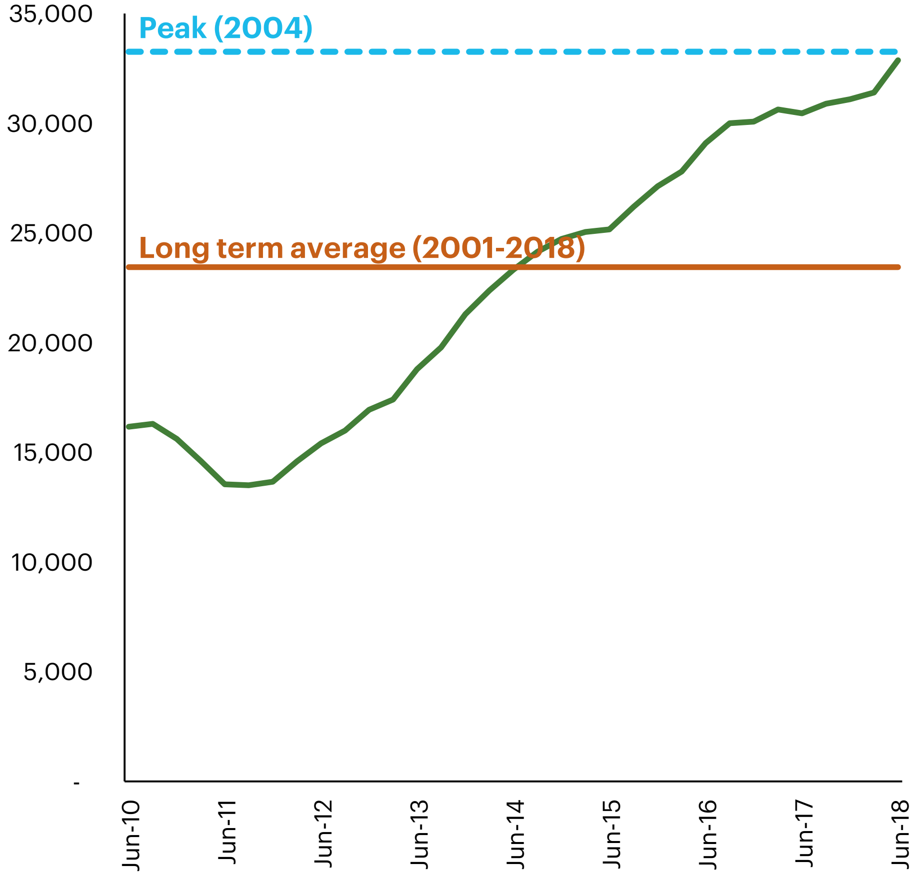
Content

Industry context
Revenue exposure to markets

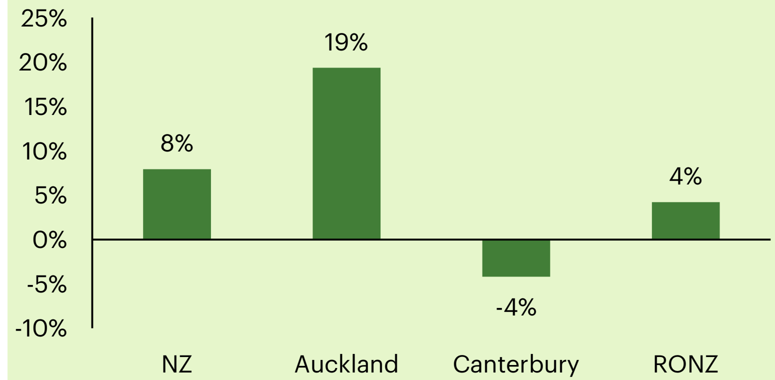


Industry context
NZ Residential consents up 8%, high net migration

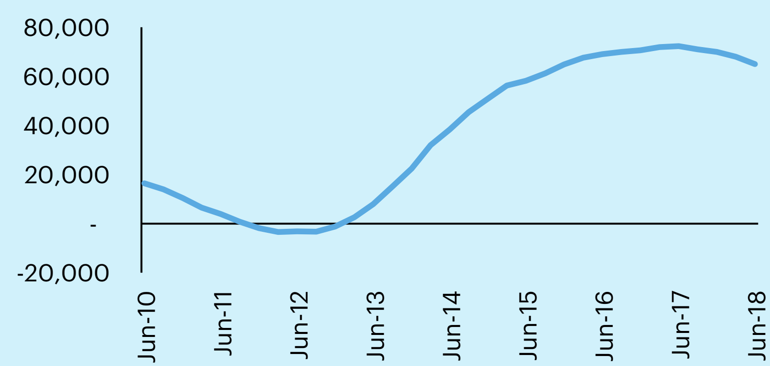
Total Residential Consents[1]



Change Year on Year



Net Migration Rolling 12 Month

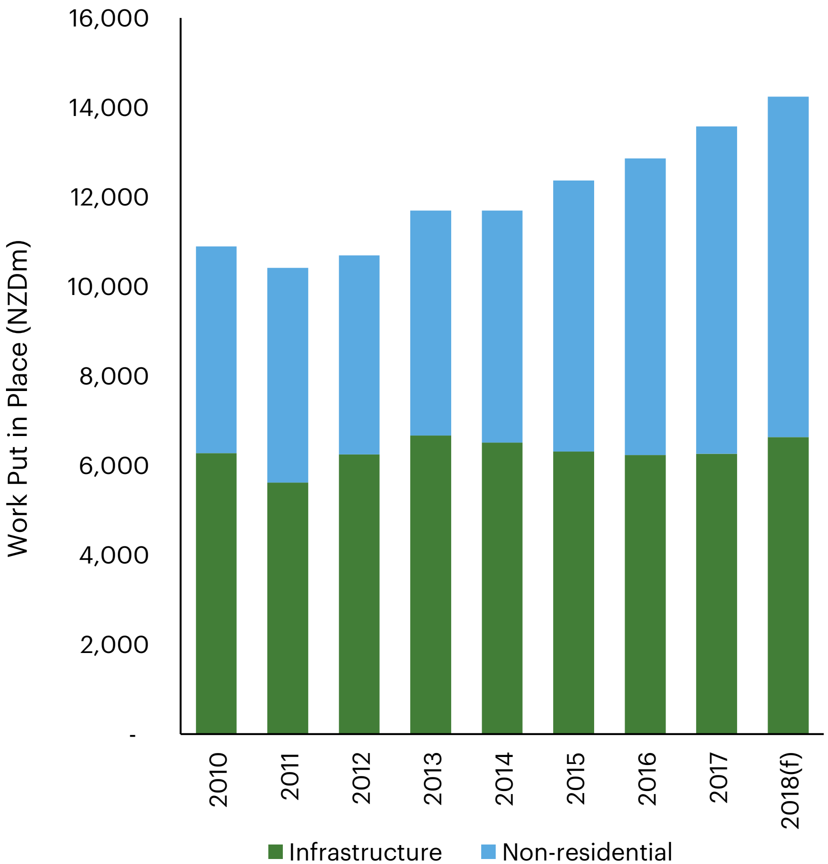


Source: Statistics NZ, Infometrics

[1] *Twelve months rolling*

Industry context
NZ infrastructure and commercial sectors strong

NZ Infrastructure and Non-residential Work Put in Place



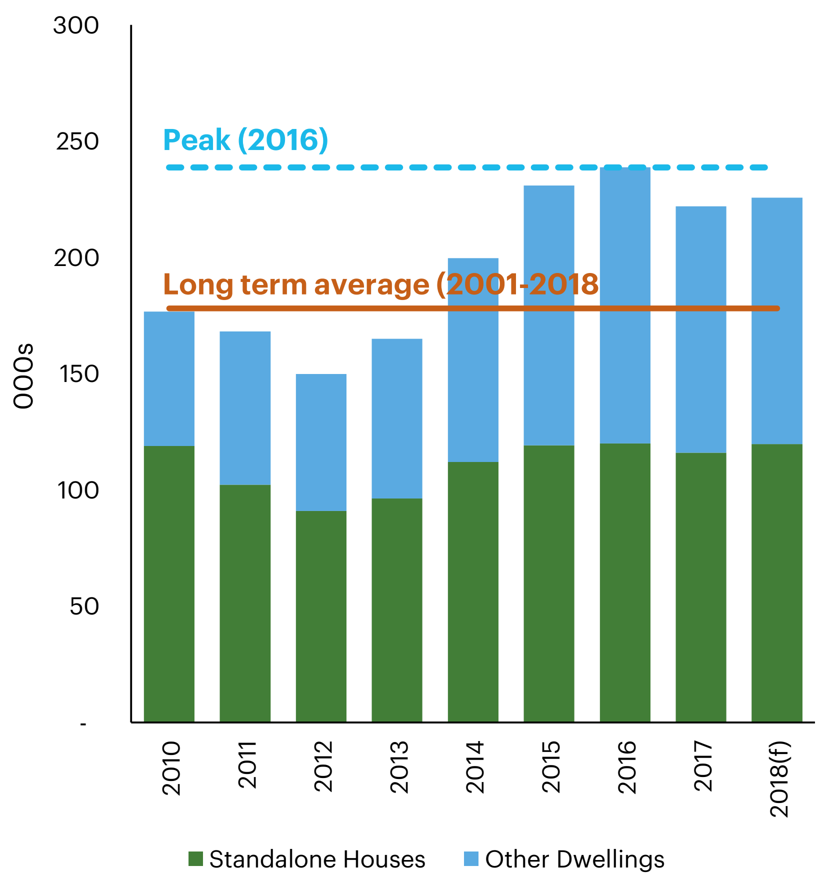
Source: Infometrics – Financial years

NZ Infrastructure and Commercial Work Put in Place Change Year-on-Year

Source: Infometrics – FY2018 growth yoy

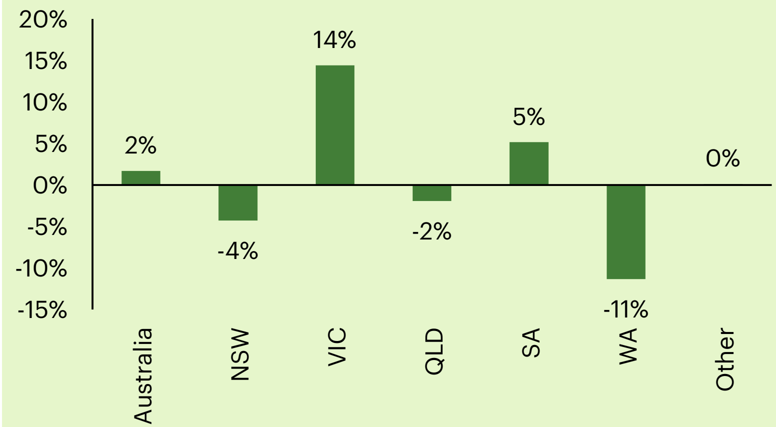
Industry context
AU residential activity off recent peaks

Australian Residential Approvals

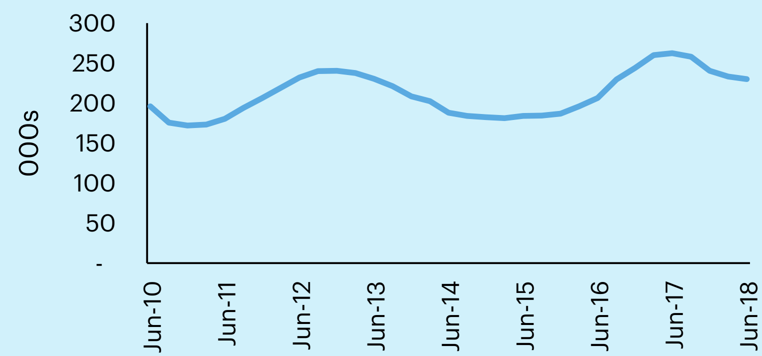


Source: BIS – Financial years

Australian Residential Approvals Growth Change Year-on-Year



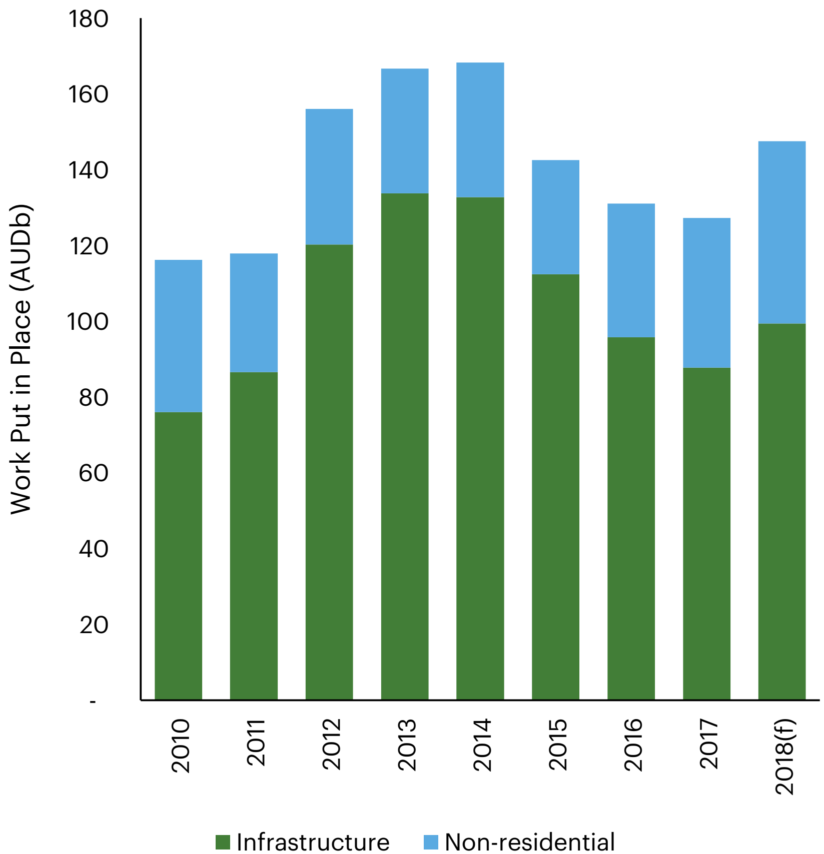
Net Migration Rolling 12 Month



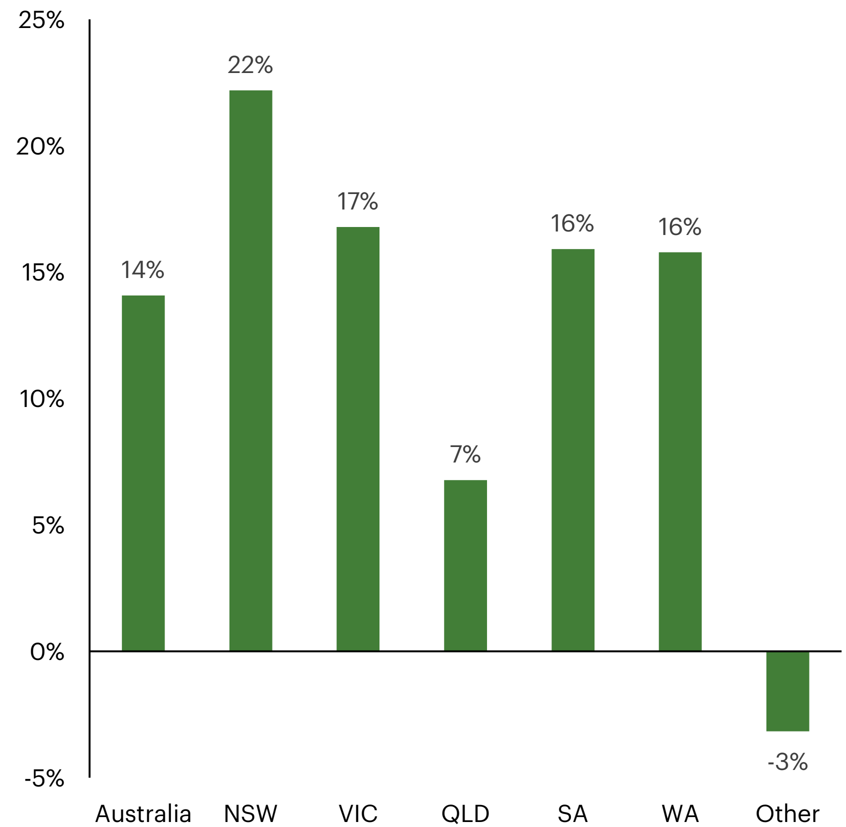
Source: BIS – Financial years

Industry context
AU infrastructure and commercial work showing good growth

Australian Infrastructure and Non-residential Work Put in Place



Australian Infrastructure and Commercial Work change Year-on-Year



Source: BIS Shrapnel – Financial years

Industry context
Formica core markets

Key Formica markets	UK	USA	China
Largest market exposure	Commercial c70% of total sales	Commercial c70% of total sales	Commercial c70% of total sales
Formica market share	21%	36%	40%
Average forecast GDP growth 2018-2023[1]	1.6%	2.0%	6.1%

[1] *Source: IMF Economic Outlook July 2018*

Content

Building Products
Result detail

NZ$m	June 2017 12 mths	June 2018 12 mths	Change
Gross Revenue	745	764	3%
External Revenue	589	613	4%
EBITDA	165	145	(12)%
EBIT	152	132	(13)%
Trading Cashflow	143	142	(1)%
EBIT margin %	20%	17%	(3)%pt
ROFE[1] %	31%	27%	(4)%pt
Capex	16	19	19%
Cash Conversion[2]	84%	95%	11%pt
Domestic board sales (000m^2)	+6%	-1%	
Glasswool sales (tonnes)	0%	-1%	
Concrete pipe vol (000t)	+7%	-9%	
Plastic pipe sales vol (t)	+4%	+15%	

Building Products performance

- Revenue up 3% to $764m but EBIT down 13% to $132m
- Selected price increases and higher volumes drove revenue increases
  - Plastic pipe volumes up 15%, average wallboard sales prices up modestly
  - Domestic wallboard sales volumes and glass wool sales volumes both down 1%, concrete pipe volumes -9%
- Contraction in EBIT margins was a result of:
  - Higher energy, raw material and supply chain costs which could not be fully recovered in price
  - One off costs – Winstone Wallboards due to repairs and raw material delay, Humes fire at Penrose site, provisions for obsolete stock and historical claims

[1] *EBIT/Closing Funds*
[2] *Cash conversion = FCF/EBIT*

Building Products
Outlook

Outlook Comments

- Revenue flat year on year as demand for products supplied into the residential market is likely to soften
- Continued margin pressure from increased input costs plus investment in overheads and supply chain
- Look to recover input costs through price where possible, though markets remain highly competitive

Divisional Exposure

	Resi	Com	Infra	Other	Total
Building Products	55%	21%	15%	9%	100%

Market Outlook 12 months

	Resi	Com	Infra
Building Products	Slight decline	Flat	Growth

Distribution
Result detail

NZ$m	June 2017 12 months	June 2018 12 months	Change
Gross Revenue	1,519	1,530	1%
External Revenue	1,470	1,490	1%
EBITDA[1]	112	113	1%
EBIT[1]	104	104	0%
Trading Cashflow	93	112	20%
EBIT[1] margin %	7%	7%	0%pt
ROFE[2] %	41%	39%	(2)%pt
Capex	16	20	25%
Cash Conversion[3]	73%	88%	15%pt
PlaceMakers revenue	6.3%	0.1%	
PlaceMakers stores	61	62	
Mico revenue	6.0%	4.5%	
Mico stores	63	65	

[1] *Before significant items*
[2] *EBIT(before significant items)/Closing Funds*
[3] *Cash conversion = FCF/EBIT (before significant items)*

Distribution performance

- Revenues were up 1%
  - PlaceMakers and Mico experiencing good growth in regional NZ offset by slower growth in Auckland region
  - Christchurch market continued to contract
- FY18 EBIT of $104m consistent with FY17
  - PlaceMakers earnings up 1% with growth in specialty timber and fasteners
  - Mico earnings growth driven by further penetration of own branded bathroom product ranges
  - Snappy went from initial design to transacting online involving a $2m investment
- Trading Cashflow improved 20% to $112m due to improvement in working capital

Distribution
Outlook

Outlook Comments

- PlaceMakers and Mico are expected to grow both market share and revenue due to:
  - Volume growth
  - Entering new adjacencies

Divisional Exposure

	Resi	Com	Infra	Other	Total
Distribution	70%	21%	0%	9%	100%

Market Outlook 12 months

	Resi	Com	Infra
Distribution	Slight decline	Flat	Growth

Steel
Result detail

NZ$m	June 2017 12 months	June 2018 12 months	Change
Gross Revenue	491	532	8%
External Revenue	378	411	9%
EBITDA[1]	58	54	(7)%
EBIT[1]	54	49	(9)%
Trading Cashflow	35	55	57%
EBIT[1] margin %	11%	9%	(2)%pt
ROFE[2] %	29%	27%	(2)%pt
Capex	16	14	(13)%
Cash Conversion[3]	22%	82%	60%pt
Easysteel volumes (t)	+18%	+3%	
PCC local volumes (t)	+15%	-3%	
Fletcher Reinforcing Volumes (t)	+10%	-10%	

Steel performance

- 8% growth in revenue driven by
  - Easysteel growing 15% due to full year impact of integration of Calder Stewart Roofing business
  - 3% increase in core structural steel volumes
  - Pacific Coilcoaters and Fletcher Reinforcing revenue consistent with last year
- EBIT decline 9% to $49m due to:
  - Sustained increases in cost of steel
  - Fletcher Reinforcing margin compression
- Significant improvement in trading cashflow reflects better management of working capital

1 *Before significant items*
2 *EBIT(before significant items)/Closing Funds*
3 *Cash conversion = FCF/EBIT (before significant items)*

Steel
Outlook

Outlook Comments

- Revenue expected to grow given higher exposure to commercial and infrastructure
- EBIT margin likely to be held as overheads are constrained and further procurement gains realised, offsetting input cost inflation

Divisional Exposure

	Resi	Com	Infra	Other	Total
Steel	26%	38%	12%	24%	100%

Market Outlook 12 months

	Resi	Com	Infra
Steel	Slight decline	Flat	Growth

Concrete
Result detail

NZ$m	June 2017 12 months	June 2018 12 months	Change
Gross Revenue	781	812	4%
External Revenue	507	545	7%
EBITDA[1]	153	135	(12)%
EBIT[1]	113	90	(20)%
Trading Cashflow	142	128	(10)%
EBIT[1] margin %	14%	11%	(3)%pt
ROFE[2] %	18%	14%	(4)%pt
Capex	87	62	(29)%
Cash Conversion[3]	48%	74%	26%pt
Domestic cement volumes	+1%	+4%	
Aggregates sales volumes	+29%	+6%	
Ready mix volumes	+3%	+2%	

[1] *Before significant items*
[2] *EBIT(before significant items)/Closing Funds*
[3] *Cash conversion = FCF/EBIT (before significant items)*

Concrete performance

- GBC revenues benefited from domestic cement volumes increasing 4%
- Aggregates revenue was up in line with the 6% increase in volumes due to higher demand from infrastructure and roading sectors
- A 2% increase in ready mix volumes contributed to a solid improvement in Firth revenues
- Despite a 4% improvement in gross revenues across the Concrete division, EBIT reduced 20% to $90m in FY18 due to:
  - FY17 $12m gain on sale of a Firth property
  - Increased energy and supply chain costs
  - Inability to fully pass on input cost increases due to strong price competition (especially in North Island)
  - Costs associated with commissioning new Firth ready mix and masonry plants
  - Margin impact of different product mix
  - An increase in depreciation
- Capex decreased 29% to $62m reflecting a significant year of investment in cement supply chain and masonry plants in FY17
  - Lower capex was key driver of 26%pt increase in cash conversion in FY18

Concrete
Outlook

Outlook Comments

- Revenue forecast to decline in FY19 as strong demand for aggregates in roading projects is offset by moderating readymix sales which is impacted by exposure to residential
- Coupled with increased input costs, there is likely to be a modest decline in EBIT in FY19

Divisional Exposure

	Resi	Com	Infra	Other	Total
Concrete	42%	32%	23%	3%	100%

Market Outlook 12 months

	Resi	Com	Infra
Concrete	Slight decline	Flat	Growth

Residential & Development
Result detail

NZ$m	June 2017 12 months	June 2018 12 months	Change
Gross Revenue	420	575	37%
External Revenue	420	575	37%
EBITDA	130	136	5%
EBIT	130	136	5%
Trading Cashflow	(49)	109	NM
EBIT margin %	31%	24%	(7)%pt
ROFE[1] %	24%	23%	(1)%pt
Capex	0	1	NM
Cash Conversion[2]	(35)%	79%	NM
Residential EBIT	76	85	12%
Land Development EBIT	54	51	(6)%

Residential & Development performance

- Significant increase in divisional revenue to $575m
- Residential EBIT up 12% reflecting increase in volume of units sold to 714 from 499.
- Residential EBIT was negatively impacted by a $12m provision for a forecast loss on Atlas Quarter apartment project in Christchurch – excluding this EBIT was up 28%
- Strong demand for homes in Auckland priced between $600k to $900k
- Christchurch market subdued with no price growth
- Land Development EBIT benefitted from sale of 10ha block in Wiri, in addition to three development locations in Australia
- A $158m improvement in trading cashflow reflected a reduction in the acquisition of land compared to FY17

1 *EBIT/Closing Funds*
2 *Cash conversion = FCF/EBIT*

Residential & Land Development
Outlook

Outlook Comments

- Expect to increase houses built and sold in FY19 with commensurate increase in revenues
- Margins expected to be lower overall due to proportionally higher sales in Christchurch
- Investment in land plus work in progress likely will lead to increase in funds invested in FY19
- Land Development earnings are expected to be lower than in FY18 and closer to $25m level

Forecast Exposure of Revenue

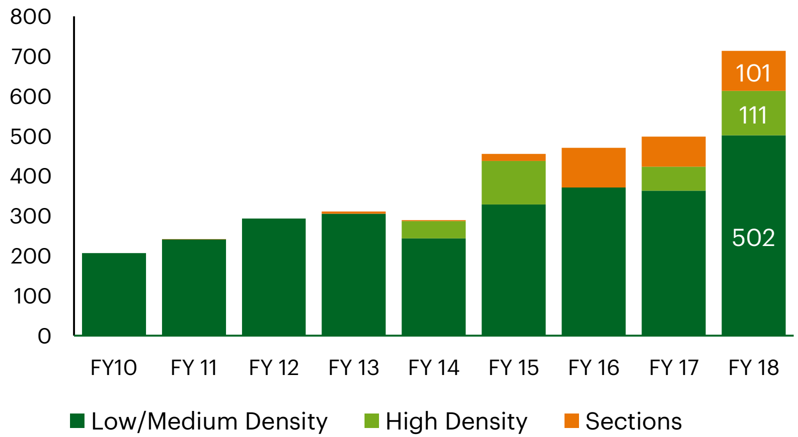
	Low density	High density
Auckland	76%	8%
Christchurch	10%	6%

Demand Outlook 12 months

	Low density	High density
Auckland	Low growth	Flat
Christchurch	Flat	Flat

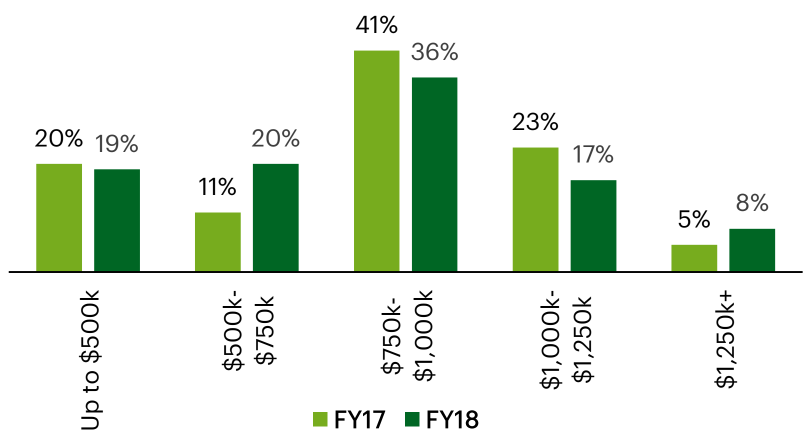
New Zealand Residential
Performance and trends

Residential units sold

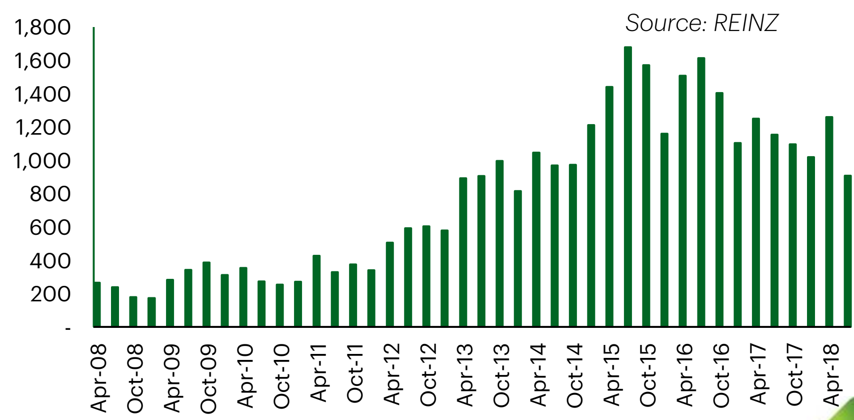


Contributions to average FY2018 Fletcher Living margins

Distribution of sales prices for FY18 residential sales



Sales of Auckland houses in $800k - $1m price band



Construction
Result detail

NZ$m	June 2017 12 months	June 2018 12 months	Change
Gross Revenue	2,246	1,685	(25)%
External Revenue	2,085	1,605	(23)%
EBITDA[1]	(184)	(588)	NM
EBIT[1]	(204)	(608)	NM
Trading Cashflow	(103)	(172)	(67%)
EBIT[1] margin %	(9)%	(36)%	NM
Capex	28	33	18%
Cash Conversion[2]	NM	NM	NM
B+I	(292)	(660)	NM
Higgins	39	42	8%
Infrastructure, Brian Perry Civil, South Pacific	49	10	(80)%

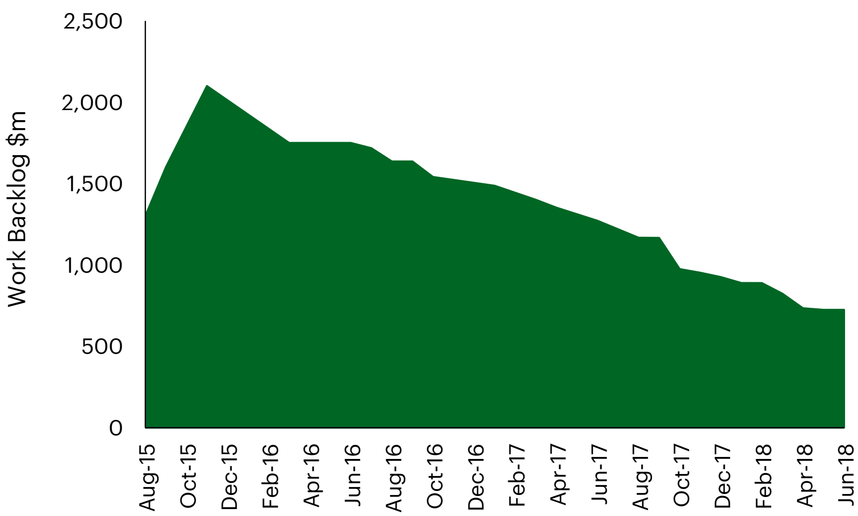
Construction performance

- Decrease in revenues reflects completion of a number of major projects in B+I, Infrastructure and South Pacific plus re-phasing of some B+I projects with revised completion dates
  - At 30 June 2018 backlog of work was $1,784m
- Operating loss of $608m compared to loss of $204m in FY17 and included loss of $660m for B+I
- EBIT excluding B+I of $52m was 41% lower than $88m in FY17 reflecting:
  - Infrastructure and South Pacific earnings decline versus last year due to completion of major projects in previous periods
  - Offset by 8% improvement in Higgins earnings
- Increase in trading cash outflows reflects B+I projects
- Additional risks and forecast cost increases in Puhoi to Warkworth project were identified, leading to nil margin being forecast
- Of 16 projects identified in February 2018 B+I update;
  - 7 complete at 30 June 2018
  - 3 forecast to be finished by the end of calendar 2018
  - 6 forecast to be finished in calendar 2019

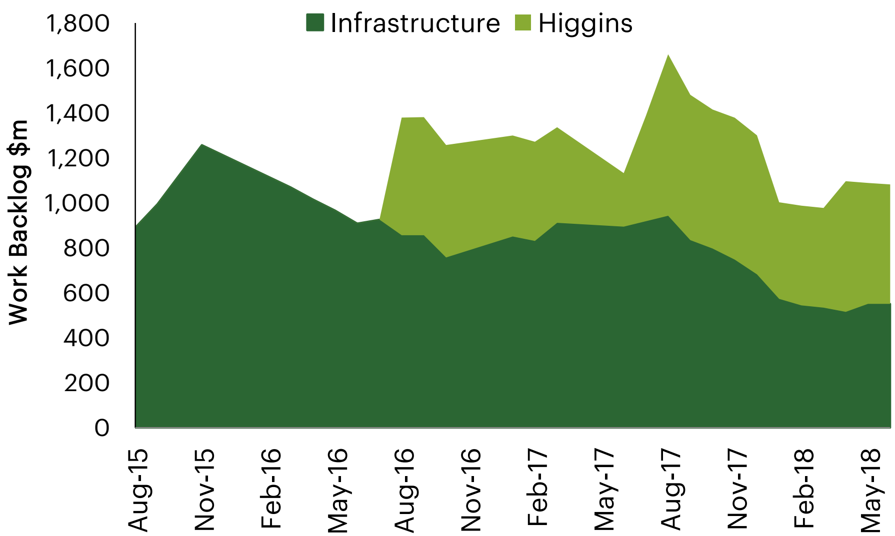
[1] *Before significant items*
[2] *Cash conversion = FCF/EBIT (before significant items)*

Construction
Backlog

B+I Backlog



Higgins and Infrastructure Backlog



- Backlog continues to reduce as projects are completed

- Higgins has seen recent increases to backlog due to additional new work
- Infrastructure backlog continues to reduce

Australia
Result detail

NZ$m	June 2017 12 months	June 2018 12 months	Change
Gross Revenue	2,858	3,076	8%
External Revenue	2,771	2,973	7%
EBITDA[1]	181	176	(3)%
EBIT[1]	119	114	(4)%
Trading Cashflow	143	146	2%
EBIT[1] margin %	4%	4%	0%pt
ROFE[2] %	7%	6%	(1)%pt
Capex	70	79	11%
Cash Conversion[3]	61%	60%	(1)%pt
Building Products Aus. EBIT[1]	84	76	(10)%
Distribution Aus. EBIT[1]	10	13	30%
Steel Aus. EBIT[1]	25	25	0%

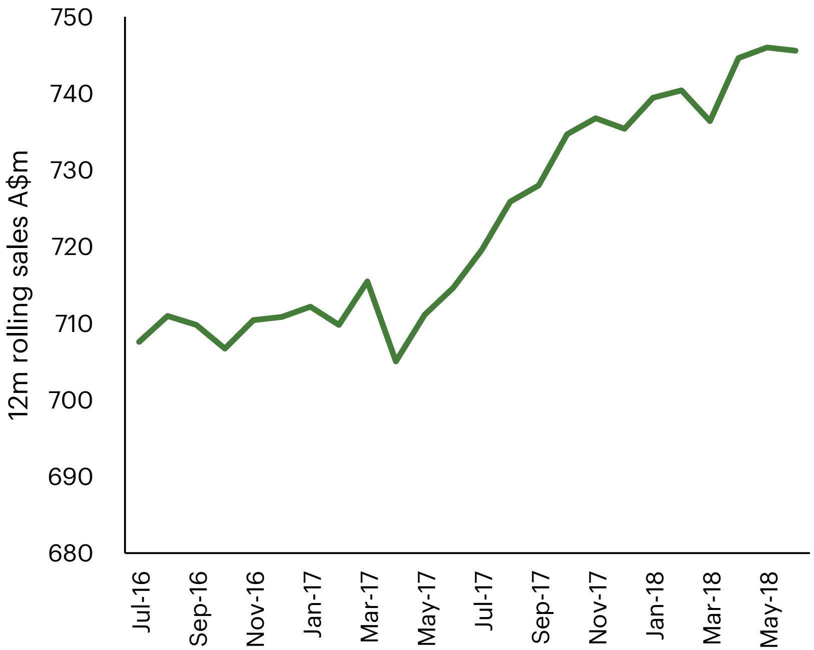
Australia performance

- All Australian businesses reported increases in revenue contributing to 8% growth across the division
- Building Products Australia revenue increased 9% but EBIT declined 10% due to:
  - Higher input costs in Laminex Australia not fully recovered;
  - Operational underperformance at Rocla; and
  - Redundancy and restructuring costs in Fletcher Insulation
- Distribution Australia recorded 8% revenue increase and 30% increase in EBIT:
  - Tradelink grew revenues by 7% and controlled operating costs plus delivered procurement benefits to increase EBIT by 60%
- Steel Australia reported 3% higher revenues, but EBIT was consistent with last year
  - Stramit cost input increases were not fully recovered through market price increases, plus it incurred some restructuring charges

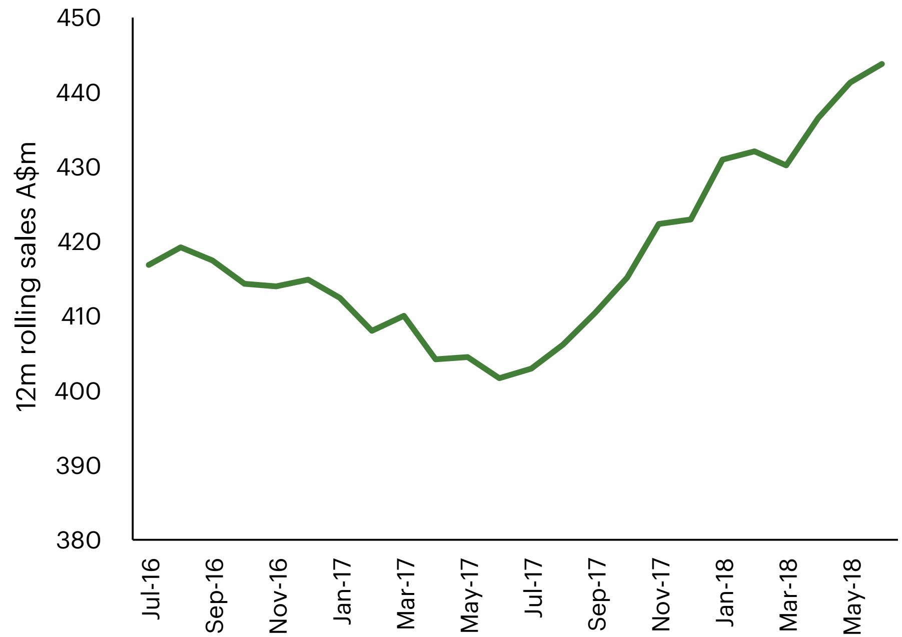
1 *Before significant items*
2 *EBIT(before significant items)/Closing Funds*
3 *Cash conversion = FCF/EBIT (before significant items)*

Australia
Revenue growth

Tradelink Rolling 12m sales



Iplex AU Rolling 12m sales



- Evidence of revenue growth in both Tradelink and Iplex Australia over last 12 months
- Reflects a combination of:
  - Market share gains (Tradelink) – driven by improved customer service, new stores; and
  - Volume + price growth (Iplex Australia) – driven by industry growth and recovery of higher input costs

Australia
Outlook

Outlook Comments

- Forecast revenue growth above market rates due to:
  - Product development;
  - Opening new stores; and
  - Entering adjacencies
- Near term improvement in EBIT likely due to revenue gains plus continued operational turnaround of Australian businesses

Divisional Exposure

	Resi	Com	Infra	Other	Total
Australia	41%	25%	13%	21%	100%

Market Outlook 12 months

	Resi	Com	Infra
Australia	Decline	Flat	Growth

Formica & Roof Tile Group
Result detail

NZ$m	June 2017 12 months	June 2018 12 months	Change
Gross Revenue	1,120	1,177	5%
External Revenue	1,101	1,151	5%
EBITDA[1]	119	106	(11)%
EBIT[1]	79	65	(18)%
Trading Cashflow	90	110	22%
EBIT[1] margin %	7%	6%	(1)%pt
ROFE[2] %	7%	5%	(2)%pt
Capex	62	61	0%
Cash Conversion[3]	37%	76%	39%pt
Formica EBIT[1]	74	75	1%
Roof Tile Group EBIT[1]	13	(2)	NM
Divisional Costs EBIT[1]	(8)	(8)	0%

Formica & Roof Tile Group performance

- Divisional revenues increased 5% to $1,177m but EBIT was 18% lower at $65m due to the deterioration of RTG trading
- Formica revenues increased by 8% due to 3% increase in North America, 8% increase in Asia and stable year on year in Europe
- Formica EBIT growth of 1% represented good growth in North America and Asia offset by a small decline in Europe
- Roof Tile Group revenues were down 15% in local currencies due to softening conditions in Africa, loss of volume in Japan, reduced activity in USA due to poor weather and softening of demand in NZ
- Roof Tile Group reported an operating loss of $2m compared to EBIT of $13m in FY17
- Significant items include a $52m impairment of the carrying value of Roof Tile Group, following a review of the recoverable value during the divestment process

1 *Before significant items*
2 *EBIT(before significant items)/Closing Funds*
3 *Cash conversion = FCF/EBIT (before significant items)*

Formica & Roof Tile Group
Outlook

Outlook Comments

- Focus remains on divestment of Roof Tile Group and Formica
- Both expected to complete in FY19
- Steady revenue and earnings growth in Formica's businesses based on:
  - Exposure to a robust US commercial sector;
  - Strong activity levels in East Asia, and
  - Reduction in allocated central costs

Divisional Exposure*

	Resi	Com	Infra	Other	Total
Formica N/America	30%	70%	0%	0%	100%
Formica Asia	11%	62%	0%	27%	100%
Formica Europe	19%	73%	0%	8%	100%

Market Outlook 12 months

	Outlook
North America	Low growth
Asia	Growth
Europe	Low growth

** Excludes Roof Tile Group*

Content

Key financial results & ratios

NZ$m	Group June 2017 12 months	Group June 2018 12 months	Change $m	Group Excl. B+I June 2017 12 months	Group Excl. B+I June 2018 12 months	Change $m
Revenue	9,399	9,471	72	8,417	8,866	449
Operating earnings before significant items	525	50	(475)	817	710	(107)
Operating earnings	273	(118)	(391)			
Net earnings	94	(190)	(284)			
Trading cashflow[1]	467	639	172	635	924	289
Cashflow from operating activities	243	396	153	411	681	270
ROFE[2] (%)	9.4%	0.9%	(8.5)%pt	14.6%	12.6%	(2.0)%pt
Net Debt/EBITDA[3] (x)	2.7x	4.8x	2.1x	1.9x	1.4x	(0.5)x

- Operating earnings before significant items and excluding B+I of $710m in line with guidance of $680m - $720m
- B+I losses of $660m in line with previous guidance

[1] *Trading cashflow = EBITDA + Change in net working capital + provisions and other adjustments*
[2] *Return on Funds Employed pre significant items, rolling 12 months*
[3] *Rolling 12 months. Ratio for the group excluding B+I excludes B+I result from EBITDA only*

Financial results
Profit & Loss

NZ$m (except Operating Margin & EPS)	Reported Results June 2017 12 months	 June 2018 12 months	Change $m
Revenue	9,399	9,471	72
Operating earnings before significant items	525	50	(475)
Operating margin %	6%	1%	(5)%pt
Significant items	(252)	(168)	84
Operating earnings (EBIT)	273	(118)	(391)
Funding costs	(111)	(157)	(46)
Tax	(57)	96	153
Non-controlling interests	(11)	(11)	-
Net earnings/(loss)	94	(190)	(284)
Net earnings/(loss) before significant items	321	(60)	(381)

Financial results
Significant items

NZ$m Significant Items	Reported Results June 2017 12 months	Reported Results June 2018 12 months	Change $m
Restructuring charges	(30)	(91)	(61)
Impairment of carrying values	(222)	(114)	(108)
Gains on sale	-	37	37
Total significant items	(252)	(168)	84
Tax	25	38	13
Total significant items after tax	(227)	(130)	97

Significant items

- Three categories of significant items reported for FY18:
  - Restructuring charges associated with the new strategy
  - Impairment of carrying values primarily of Rocla and Roof Tile Group
  - Gains on sale of stakes in Sims Metals JV and Dongwha

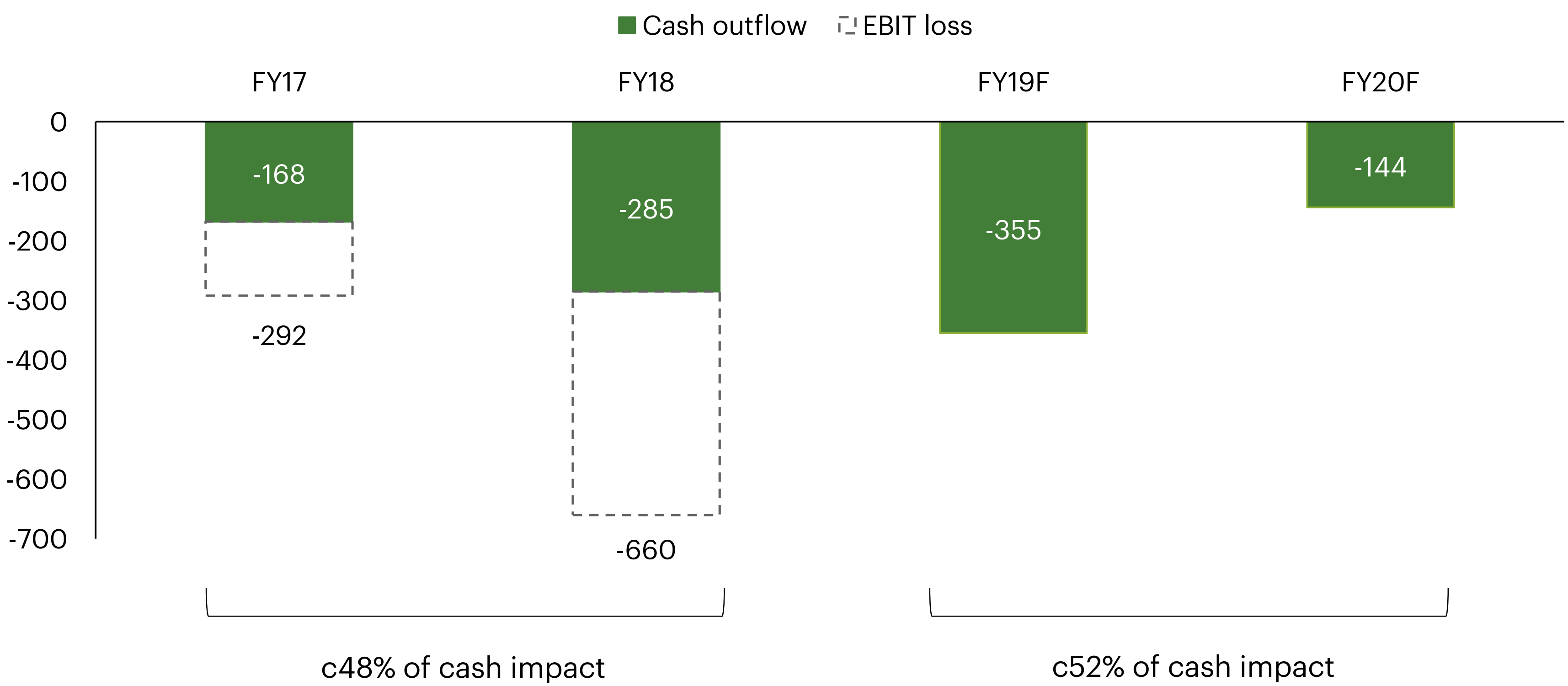
Financial results
Operating cash flow

NZ$m	As reported			Excluding B+I		
	June 2017 12 months	June 2018 12 months	Change $m	June 2017 12 months	June 2018 12 months	Change $m
Operating earnings before significant items	**525**	**50**	(475)	**817**	**710**	(107)
Depreciation and amortisation	203	214	11	203	214	11
Provisions, cash impact of significant items and other	(85)	(55)	30	(82)	(58)	24
Trading cashflow before working capital movements	**643**	**209**	(434)	**938**	**866**	(72)
Working capital movements – construction contracts	74	396	322	(52)	4	56
Working capital movements – other	(250)	34	284	(251)	54	305
Trading cashflow	**467**	**639**	172	**635**	**924**	289
Less cash tax paid	(99)	(85)	14	(99)	(85)	14
Less interest paid	(125)	(158)	(33)	(125)	(158)	(33)
Cashflows from operating activities	**243**	**396**	153	**411**	**681**	270
Free Cash Flow[1]	**49**	**250**	201	**217**	**535**	318

[1] *Trading cashflow = EBITDA + Change in net working capital + provisions and other adjustments*
[2] *Free Cash Flow = Trading cashflow less capex less cash tax*

Financial results
Cash impact of B+I losses

Cash flow impact of FY17 and FY18 B+I losses
NZ$m



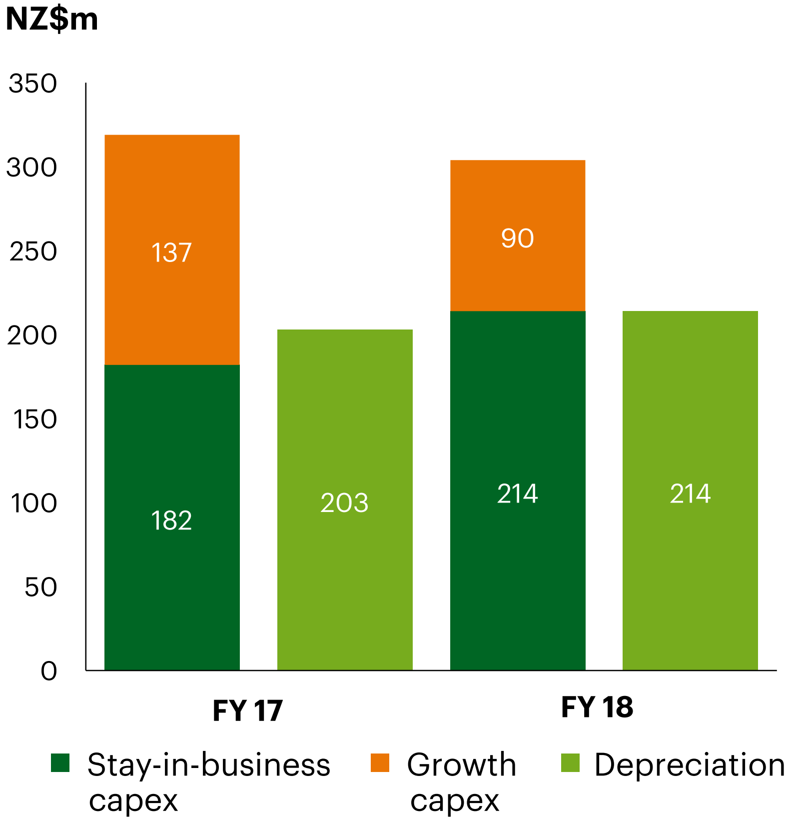
Financial results
Working capital movements

Net inflow from/(investment in) working capital NZ$m	June 2017 12 months	June 2018 12 months	Change $m
Building Products	(14)	5	19
Distribution	(19)	0	19
Steel	(23)	5	28
Concrete	6	(1)	(7)
Residential & Development	(178)	(29)	149
Construction	74	414	340
Australia	(2)	(20)	(18)
Formica and Roof Tile Group	(10)	17	27
Other	(10)	39	49
Total Working Capital Movements	**(176)**	**430**	**606**

Financial results
Working capital metrics

Key working capital metrics	Debtor Days			Inventory Days			Payables Days		
	As at June 2017	As at June 2018	Change (days)	As at June 2017	As at June 2018	Change (days)	As at June 2017	As at June 2018	Change (days)
Building Products	37	36	(1)	77	79	2	35	36	1
Distribution	38	38	-	44	43	(1)	41	42	1
Steel	46	43	(3)	78	73	(5)	35	46	11
Concrete	36	36	-	30	32	2	37	40	3
Australia	49	48	(1)	86	86	-	54	56	2
Materials and Distribution Total	**43**	**42**	**(1)**	**68**	**68**	**-**	**45**	**47**	**2**

Financial results
Capex and depreciation

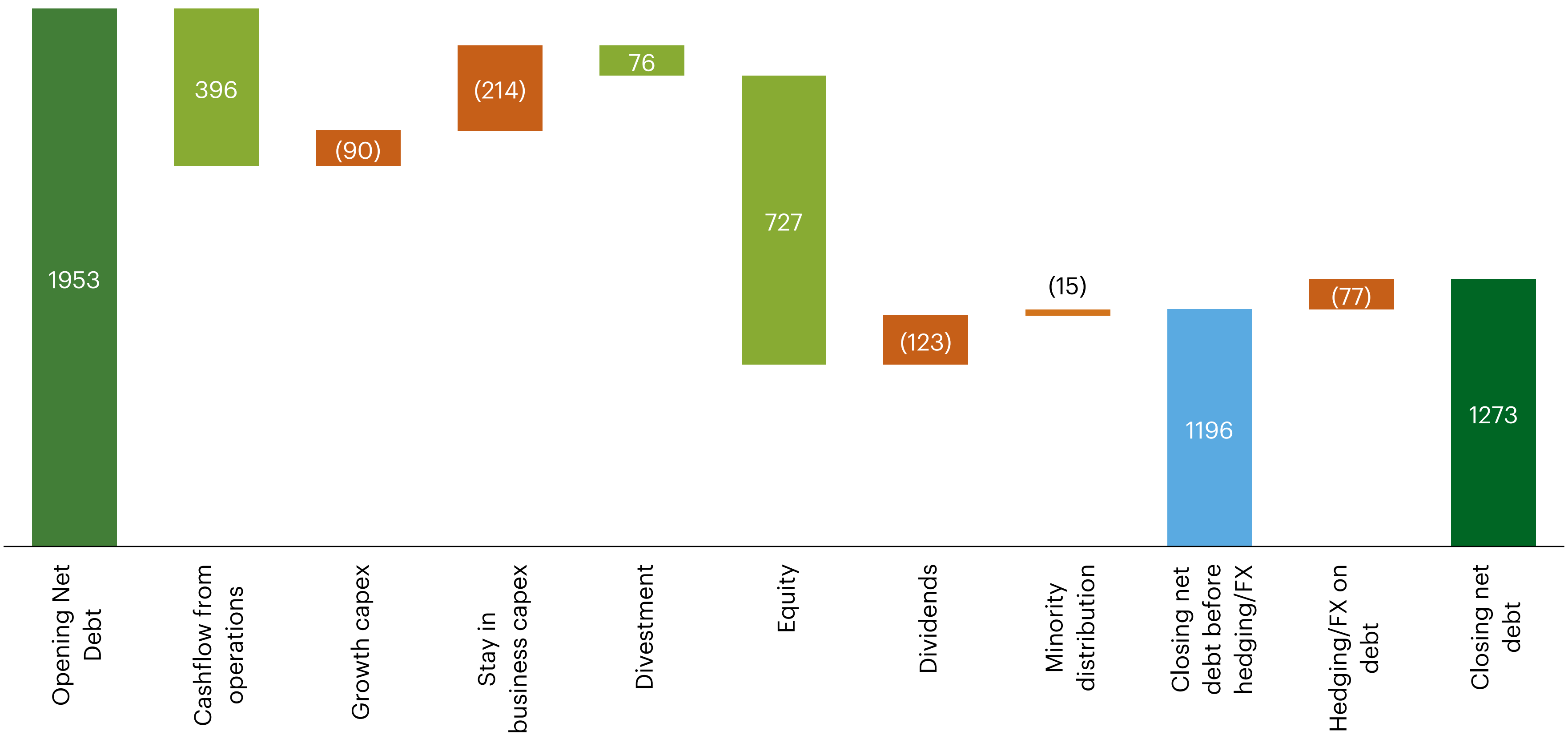


NZ$m	June 2017 12 months	June 2018 12 months	Change
Stay-in-business	182	214	18%
Growth	137	90	(34)%
Total Capex	319	304	(5)%
Acquisitions	317	-	NM
Depreciation/ Amortisation	203	214	5%

- FY19 capex expected to be in the range of $275m - $325m excluding Formica and RTG
- FY19 depreciation & amortisation is expected to be in the range of $170m - $190m excluding Formica and RTG

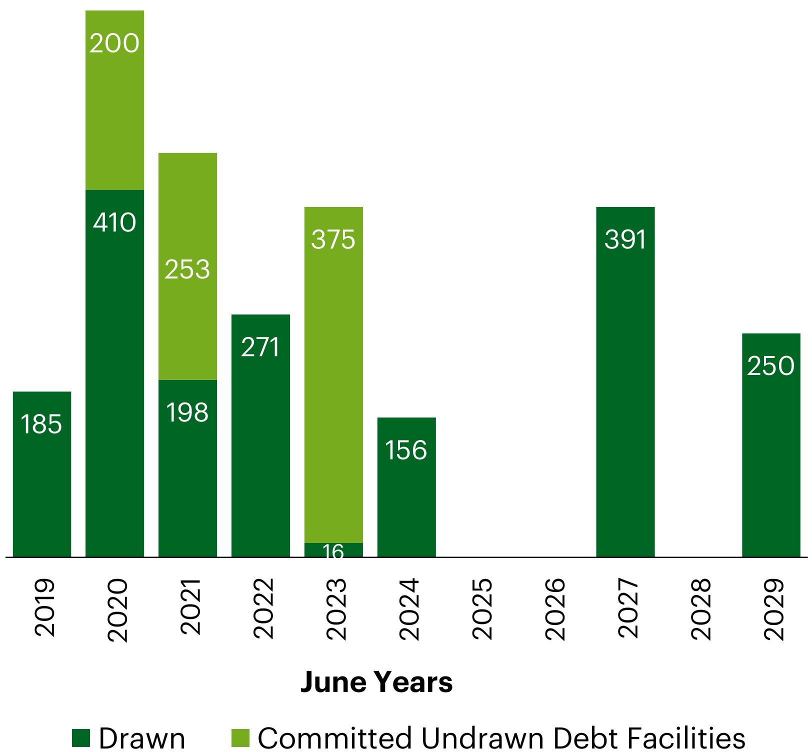
Financial results
Net debt reduced

NZ$m



Financial results
Debt maturity profile

Funding and Maturity Profile
30 June 2018



- Undrawn credit lines of $828m and cash of $665m
- Average maturity of debt facilities is 4.2 years
- Approximately 56% of all borrowings have fixed interest rates
- Average interest rate on debt is 6.2% (based on year end borrowings)
- Mix of currency (hedged)
  - NZ$ 43%
  - AU$ 36%
  - US$ 13%
  - Other 8%

Content

Outlook FY19

New Zealand

- Expect slight softening of residential sector through FY19, albeit expected decline in number of new dwelling consents is from a high point
- Activity levels in non-residential, commercial and infrastructure sectors expected to increase modestly

Australia

- Residential activity forecast to decline as a result of slowdown in multi-unit dwellings, tightening of bank lending and restrictions on foreign ownership
- Infrastructure on Eastern Seaboard to benefit from large state and federal funded projects in rail, road and pipelines

Group earnings

- Expected to be stable in FY19 compared to FY18 except for Land Development earnings which are likely to be lower
- Earnings guidance will be provided at the Annual Shareholders' Meeting

Future Focus

Focus for FY19

- Strategy day in June 2018 set out the four areas where we intend to focus
- FY19 will progress these focus areas significantly

1. Refocus on the core	2. Stabilise Construction	3. Strengthen Australia	4. Exit non-core businesses
• Defend and grow NZ Building Products and Distribution • Leverage complementary positions in Concrete and Residential	• Close out B+I within provisions • Grow infrastructure and roading businesses	• Achieve a successful turnaround • Replicate select NZ positions in Australia	• Divest Formica and RTG

Content

Industry Context
Sectoral exposure, based on revenue

Geographical Exposure by Sector[1]	Residential (New + A&A)*	Commercial	Infrastructure	Other	TOTAL
New Zealand	9%	6%	4%	2%	21%
Australia	8%	4%	4%	6%	22%
Rest of World	4%	7%	0%	1%	12%
Total Manufacturing	**21%**	**17%**	**8%**	**9%**	**55%**
New Zealand	11%	3%	0%	1%	15%
Australia	4%	4%	0%	0%	8%
Rest of World	0%	0%	0%	0%	0%
Total Distribution	**15%**	**7%**	**0%**	**1%**	**23%**
New Zealand	5%	6%	9%	1%	21%
Australia	0%	0%	0%	0%	0%
Rest of World	0%	0%	1%	0%	1%
Total Construction	**5%**	**6%**	**10%**	**1%**	**22%**
New Zealand	25%	15%	13%	4%	57%
Australia	12%	8%	4%	6%	30%
Rest of World	4%	7%	1%	1%	13%
Fletcher Building Total	**41%**	**30%**	**18%**	**11%**	**100%**

[1] *Based on FY18 total revenue including internal sales. Excludes business sold or closed during the year *A&A – Additions and Alterations*

Appendix
Company structure

CEO – Ross Taylor

- **Building Products** – Michele Kernahan[1]
  - Winstone Wallboards
  - Laminex NZ
  - Tasman Insulation
  - Humes
  - Iplex NZ
- **Distribution** – Bruce McEwen
  - Place-Makers
  - Mico
- **Steel** – Hamish Mcbeath
  - Pacific Coil Coaters
  - Easysteel
  - Fletcher Reinforcing
- **Concrete** – Ian Jones
  - Winstone Aggregates
  - Golden Bay Cement
  - Firth
- **Resi. + Dev.** – Steve Evans
  - Residential
  - Land Dev.
  - Panelisation
- **Construction** – Peter Reidy[1]
  - Building + Interiors
  - Infrastructure
  - Brian Perry Civil
  - Higgins
  - South Pacific
- **Australia** – Dean Fradgley
  - Laminex AU
  - Iplex AU
  - Rocla
  - Fletcher Insulation
  - Tradelink
  - Tasman Sinkware
  - Stramit
- **Formica** – Francisco Irazusta
  - Formica NAM
  - Formica Asia
  - Formica EU
  - Homapal
  - RTG
- **Finance** – Bevan McKenzie
- **People** – Claire Carroll
- **Tech.** – John Bell
- **EHS** – Wendi Croft[2]
- **Legal** – Charles Bolt

Key: Operating Divisions | Exits | Supporting Functions

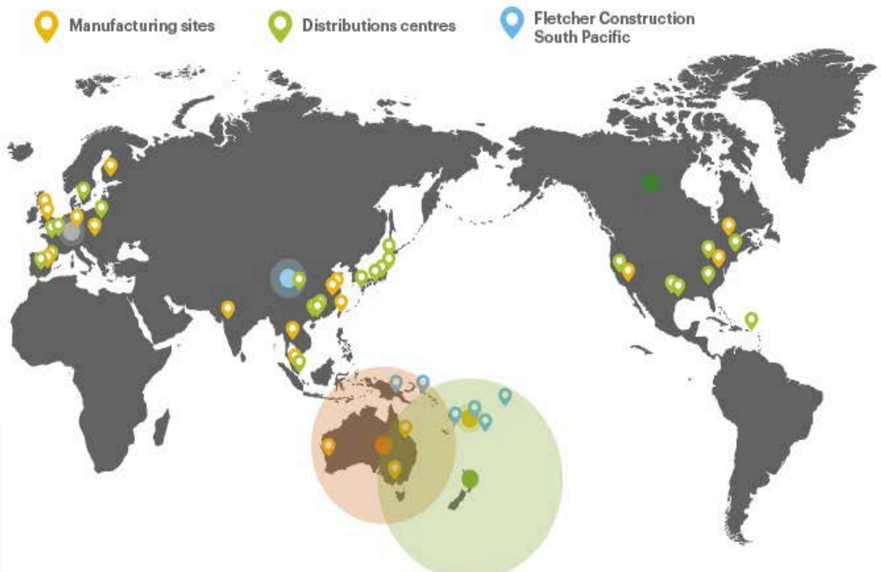
[1] *Effective early November 2018*
[2] *Interim*

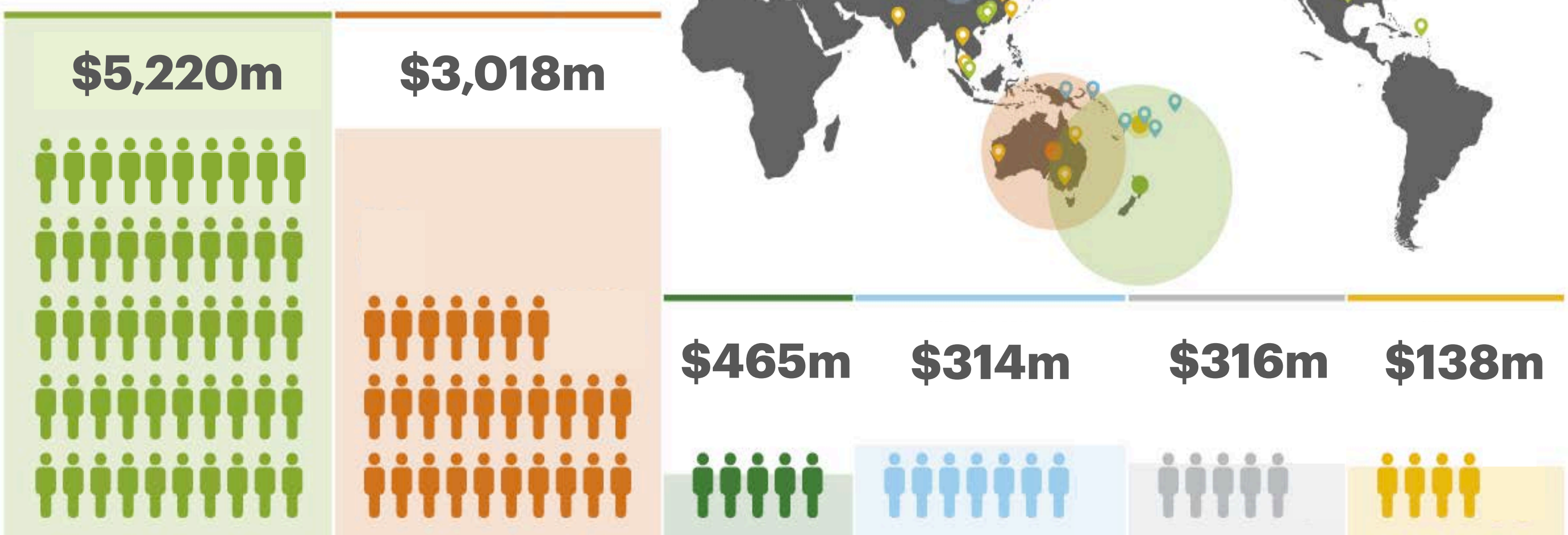
Appendix
Company overview

Revenue: $9.5 billion
People: 21,100

Full time worker equivalent 1 = 1% of total #

External Revenue FY18 ($m)





New Zealand
10,590 people

Australia
5,765 people

North America
1,066 people

Asia
1,505 people

Europe
1,211 people

South Pacific
963 people

78% of total workers are from Australasia

FOCUS

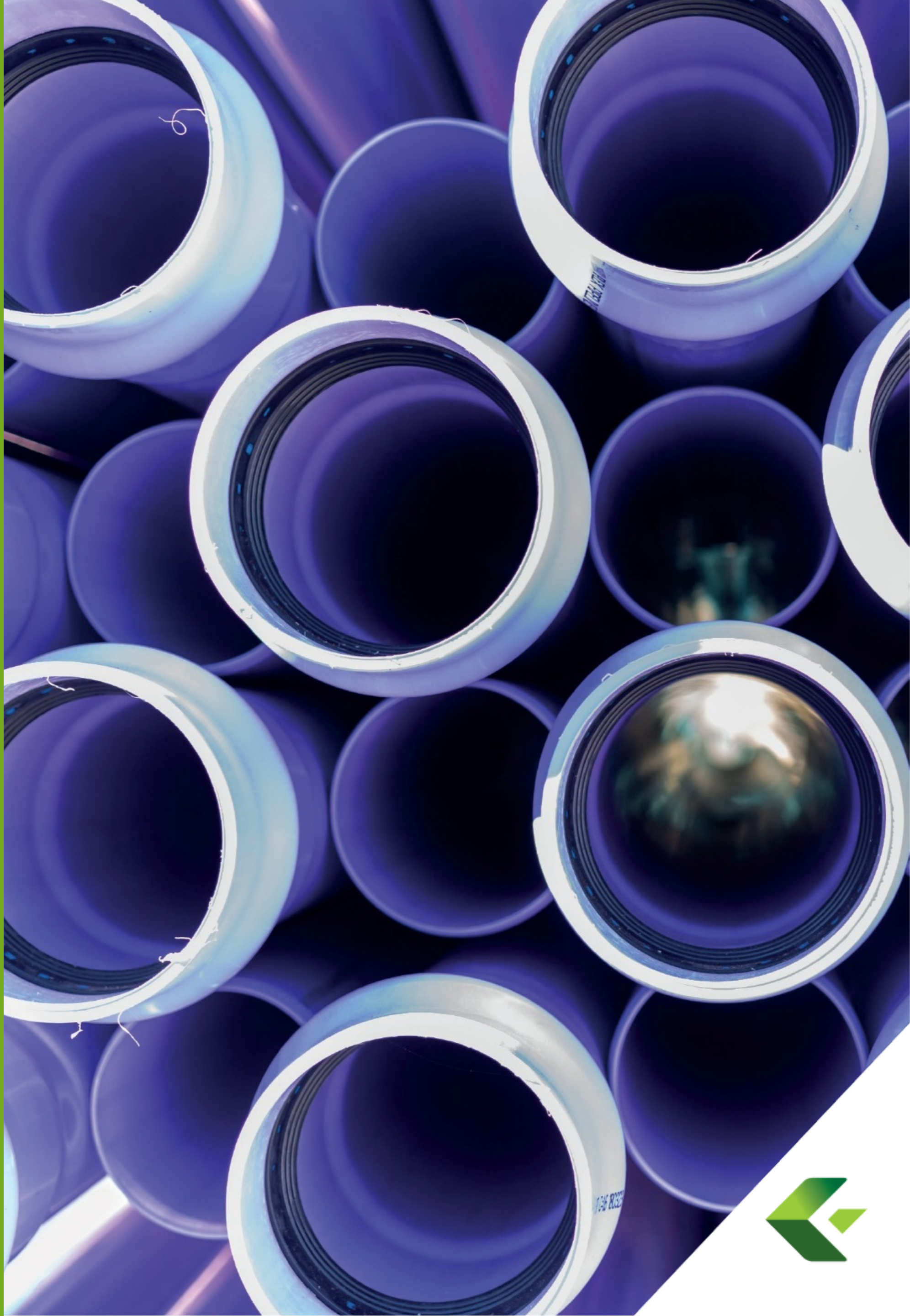
Fletcher Building

Full Year Results to 30 June 2018

ROSS TAYLOR
— Chief Executive Officer

BEVAN MCKENZIE
— Chief Financial Officer

22 August 2018



PRELIMINARY ANNUAL REPORT ANNOUNCEMENT

FLETCHER BUILDING LIMITED

Results for announcement to the market

Reporting period	12 Months to 30 June 2018
Previous reporting period	12 Months to 30 June 2017

	Year ended 30 June 2018 Amount NZ$million	Percentage change
Revenue from ordinary activities	9,471	1%
Profit/(loss) from ordinary activities after tax attributable to security holders	(190)	-302%
Net profit/(loss) attributable to security holders	(190)	-302%

	Amount per security	Imputed amount per security
Final dividend	No dividend to be paid	N/A

Record date	N/A
Dividend payment date	N/A

Comments	Refer Press Release

PRELIMINARY ANNUAL REPORT ANNOUNCEMENT
For Full Year Ended 30 June 2018
(referred to in this report as the "current year")

1.1. Preliminary annual report on results for the year ended 30 June 2018 (including the comparative results for the year ended 30 June 2017).

The amounts as presented have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand which is the New Zealand equivalent to International Financial Reporting Standards (NZIFRS). They also comply with International Financial Reporting Standards. The amounts presented give a true and fair view of the matters to which the report relates and are based on audited accounts.
The Listed Issuer (Fletcher Building Limited) has a formally constituted Audit Committee of the Board of Directors.

1.3 (a) Income Statement
Refer to Financial Statements.

1.3 (b) Balance Sheet
Refer to Financial Statements.

1.3 (c) Statement of Cash flows
Refer to Financial Statements.

1.3 (d and e) Dividends

There was no interim or final dividend declared for the 2018 financial year

	$NZ millions	NZ Cents per share
Distributions recognised		
Final dividend for 2017 financial year on Ordinary shares	132	19
Distributions paid		
Final dividend for 2017 financial year on Ordinary shares	132	19

1.3 (f) Statement of Movements in Equity and Statement of Comprehensive Income

Refer to Financial Statements.

1.3 (g) Net Tangible Assets per security

	June 2018	June 2017
Net tangible assets per ordinary security (NZ$)	2.85	2.70

1.3 (h) Control of Entities gained or lost during year

N/A

1.3 (i) Associates and joint ventures

Refer to Financial Statements.

1.3 (j) Any other significant information

Refer Press Release and Management Commentary.

1.3 (k) Commentary on the results of the period

Refer Press Release and Management Commentary.

Details of basic and diluted EPS	June 2018	June 2017
	NZ cents	NZ cents
Basic EPS	(25.5)	13.5
Diluted EPS	(25.5)	13.5

Diluted net earnings per share uses the weighted average number of shares used for basic net earnings per share, adjusted for dilutive securities. Capital notes and options are convertible into the Company's shares, and may therefore result in dilutive securities for purposes of determining diluted net earnings per share.

Numerator		
Net earnings/(loss) (NZ$M)	(190)	94
Numerator for basic earnings per share	(190)	94
Dilutive capital notes distribution		
Numerator for diluted net earnings per share	(190)	94
Denominator (millions of shares)		
Denominator for basic net earnings per share	745	694
Conversion of dilutive capital notes		
Denominator for diluted net earnings per share	745	694

1.3 (k) Commentary on the results of the period (continued)

Significant features of operating performance
Refer Press Release and Management Commentary.

Segment results
Refer to financial statements and Management Commentary for industry and geographic segment information.

Trends
Refer Press Release and Management Commentary.

Any other factors which have affected the results in the year, or which are likely to affect results in the future
Refer Press Release and Management Commentary.

1.3 (l) This report is based on audited accounts.
The auditor has issued an unqualified audit report

1.3 (m) Subsequent events
None

1.3 (n) Revaluation of assets
None, other than normal accounting valuations for derivative financial instruments.

3.2 Critical accounting policies
Refer to Financial Statements.

3.3 Changes in accounting policies
Refer to Financial Statements.

3.4 Audit report
Refer to Financial Statements.

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Dear Investor(s)

2018 Annual Report – Notice under section 209C of the Companies Act 1993

We are pleased to advise you that Fletcher Building Limited and Fletcher Building Industries Limited 2018 annual reports are available on our website www.fletcherbuilding.com.

We also wish to inform you that new Financial Markets Conduct Regulations, which came into force on 9 August 2017, change the way we now communicate with you about our annual and half year reports. As a result of this change, any previous instructions you have given us in respect of sending printed copies of our annual and half year reports no longer apply.

Our future annual and half year reports will be publicly available at www.fletcherbuilding.com. If you wish to receive, free of charge at any time, a printed or electronic copy of the 2018 annual report or any future annual or half year reports, please update your communication preference by visiting the Computershare Investor Services Limited (Computershare) Investor Centre at www.investorcentre.com/nz or contact Computershare directly on +64 9 488 8777.

Receiving your communications electronically

If you have not already done so, we strongly encourage you to receive investor communications from Fletcher Building via email. This is an efficient, fast and secure method of communication, which reduces our environmental footprint and is much more cost effective to the Company. All you need to do is log in to www.investorcentre.com/nz and update your 'Communication Preference' or provide your email details by completing the section below and returning this form in the envelope provided.

☐ I/We would like to receive all Fletcher Building investor communications electronically to the email address provided below:

Email address

If you have any further questions about receiving investor communications, please contact Computershare directly on +64 9 488 8777.

Charles Bolt
Group General Counsel & Company Secretary

22 August 2018