



**Fletcher Building
Limited**

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21 August 2019

Fletcher Building Limited – 2019 Annual Results

Please find attached the following documents relating to Fletcher Building Limited's full year results for the year ended 30 June 2019.

- (a) Media Release
- (b) FY19 Results Presentation
- (c) Results Announcement
- (d) Distribution Notice

The 2019 Annual Report is being loaded separately on ASX online and is also available to view on Fletcher Building website www.fletcherbuilding.com.

Dividend information filed on Appendix 3A.1 will follow.

ENDS

Fletcher Building returns to profit in year of strong execution

Auckland, 21 August 2019: Fletcher Building Limited's FY19 financial results reflect a solid NZ performance, a return to profitability, and successful execution of the first year of its five-year strategy aimed to refocus and grow the business.

Summary:

- Revenue from continuing operations of \$8,308 million, up 1% on FY18
- Net Profit After Tax of \$164 million, compared to a loss of \$190 million in FY18
- Final dividend of 15 cents per share declared, to be paid on 19 September 2019
- EBIT before significant items \$631 million, up from \$50 million in FY18
- Balance sheet materially strengthened, NZ\$300 million share buyback programme

\$m	Continuing Operations ¹			Total Operations		
	FY19	FY18	Var	FY19	FY18	Var
Revenue	8,308	8,211	+97	9,307	9,471	(164)
EBIT before significant items ²	549	(29)	+578	631	50	+581
NPAT	246	(239)	+485	164	(190)	+354
EPS (cps)	28.8	(32.1)	+60.9	19.2	(25.5)	+44.7

Fletcher Building Chief Executive Ross Taylor said: "FY19 was an important transition year for the Company and we made significant progress on our five-year strategy. Fletcher Building delivered a solid financial performance for the year, and I am pleased with the work we carried out to stabilise and refocus the Company."

Revenue from continuing operations of \$8,308 million increased slightly compared to the prior year. Total EBIT before significant items was \$631 million, which was within the Company's earnings guidance range and compared to \$50 million in the prior year.

¹ Continuing operations excludes the divested Roof Tile Group, Formica, Dongwha & Sims Pacific Metals operations.

² EBIT before significant items is a non-GAAP measure used by management to assess the performance of the Group and has been derived from Fletcher Building Limited's financial statements for the year ended 30 June 2019.

"In New Zealand our core building products and distributions businesses delivered good results, maintaining strong market positions and revenues despite operating in a highly competitive environment. The Construction division stabilised which led to a return to profitability, and we are on track to complete the remaining legacy B+I projects within the provisions we set in February 2018.

In Australia, the performance reflected tough market conditions, rising input costs and poor operating disciplines in some areas. Turnaround plans are well underway to reset these businesses and deliver growth in FY20.

The Company's decision to operate in a more focused geographic footprint led to the sale of international businesses Roof Tile Group and Formica during the year. Both sales were completed ahead of schedule and the proceeds received were above expectations. The sale of Formica for NZ\$1.2 billion materially strengthened the Company's balance sheet, we have commenced our NZ\$700-800 million debt reduction and will distribute up to NZ\$300 million to shareholders through an on-market share buyback.

The Company reinstated dividend payments during FY19 with a total dividend for the year of 23 cents per share which was weighted to the final payment. The final dividend of 15 cents per share will be paid to shareholders on 19 September 2019 and will be unimputed and unfranked for NZ and Australian taxation purposes. The dividend reinvestment plan will not be operative for this dividend payment.

"FY19 was a year of solid execution against the Company's strategy. We have landed a leaner organisation and end the year with a more manageable footprint and a strong balance sheet. Looking ahead, we will drive performance across the business in FY20."

#Ends

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Fletcher Building

Full Year Results to 30 June 2019

ROSS TAYLOR
— Chief Executive Officer

BEVAN MCKENZIE
— Chief Financial Officer

21 August 2019




Agenda

1. Results Overview	Ross Taylor
2. Divisional Performance	Ross Taylor
3. Financial Results	Bevan McKenzie
4. Outlook	Ross Taylor



FY19 refocus and stabilise transition year successfully delivered

1. Refocus on the NZ core	✓ On track, revenue in line with competitive market
2. Stabilise Construction	✓ Returned to profits, no change to B+I provisions
3. Strengthen Australia	✓ Intervened and set up for turnaround
4. Exit non-core businesses	✓ Roof Tile Group and Formica sold for \$1.25b, delivered ahead of schedule
	<ul style="list-style-type: none">✓ Leaner organisation, strengthened governance✓ Returned to profitability, dividends reinstated✓ Strong balance sheet, material debt reduction✓ Capital return of up to \$300m via share buyback



Earnings within guidance, strong balance sheet and dividend

Revenue \$9,307m FY18: \$9,471m	EBIT before sig items¹ \$631m FY18: \$50m	Net earnings \$164m FY18: \$(190)m	EPS before sig items 43.0c FY18: (8.1)c
Cash flow from operating activities \$153m FY18: \$396m	Net debt \$325m FY18: \$1.3b	Dividends 23c FY18: nil	Return on Funds Employed before sig items 11.8% FY18: 0.9%

Note: All metrics include discontinued operations RTG and Formica which were sold during the year

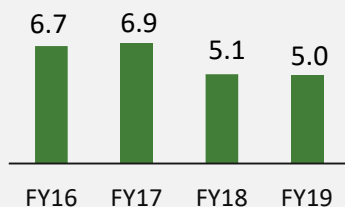
¹ Measures before significant items are non-GAAP measures used by management to assess the performance of the business and has been derived from Fletcher Building's financial statements for the year ended 30 June 2019. Details of significant items can be found in note 2 of the financial statements.



Improved balanced scorecard across most metrics

Safety

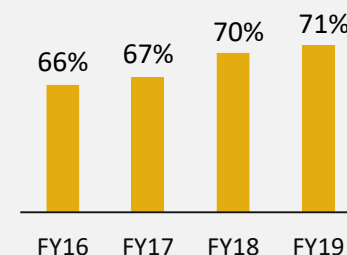
Total Recordable Injury Frequency Rate ¹



- Deeply saddened by recent fatalities
- Group wide 'Protect' programme reset
- Continue to drive TRIFR to under 5.0 (well below industry average)

Engagement

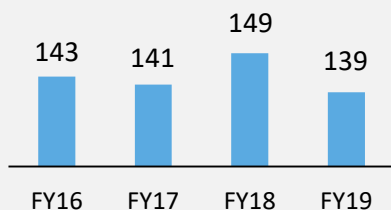
Employee Engagement Rating



- Drive employee engagement >80% (top quartile) with no business lower than 70%

Sustainability

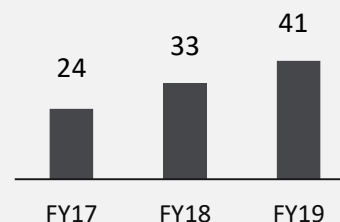
Carbon Emission Intensity ²



- Committed to a Science Based Target to reduce our carbon emissions - in line with NZ Government carbon reduction aims and to limit global warming to below 2°C
- Focus on NZ cement manufacture and power in Australia

Customer

Net Promoter Score ³



- Drive to a best in class net promoter score of >55
- Rollout and embed customer service promises across all businesses






¹ TRIFR = Total no. of recorded injuries per million man hours worked.

² Carbon Emission Intensity = FBU Co2 Tonnes for every \$1m of revenue. Restated per ISO 14064-1, previously overestimated; increase in FY18 is due to Higgins acquisition

³ Net Promoter Score calculated as % Promoters (9 - 10) minus % Detractors (0 - 6).



Well positioned to drive shareholder returns into the future

	Focus	<ul style="list-style-type: none">• Manageable footprint
	Consistency	<ul style="list-style-type: none">• Leverage of skills and IP
	Leveraged to upside	<ul style="list-style-type: none">• Drive and grow our strong and well positioned NZ businesses• Trap the upside potential in our underperforming Australian businesses
	Financial Discipline and Returns	<ul style="list-style-type: none">• Strong balance sheet, leverage of 0.4x against target leverage range of 1.5x-2.5x• Target ROFE 15%, target cash conversion 70%• Diversified funding sources, robust liquidity and maturity profile• \$300m buy back, dividend reinstated, dividend pay out ratio of 50-75% NPAT
	Positioned for macro tailwinds	<ul style="list-style-type: none">• Population and GDP growth• Geographic isolation gives “in country” scale positions a competitive advantage• Global innovation “fast follower”, but first in our home markets• Cheaper and better automation making developed country manufacturing more viable

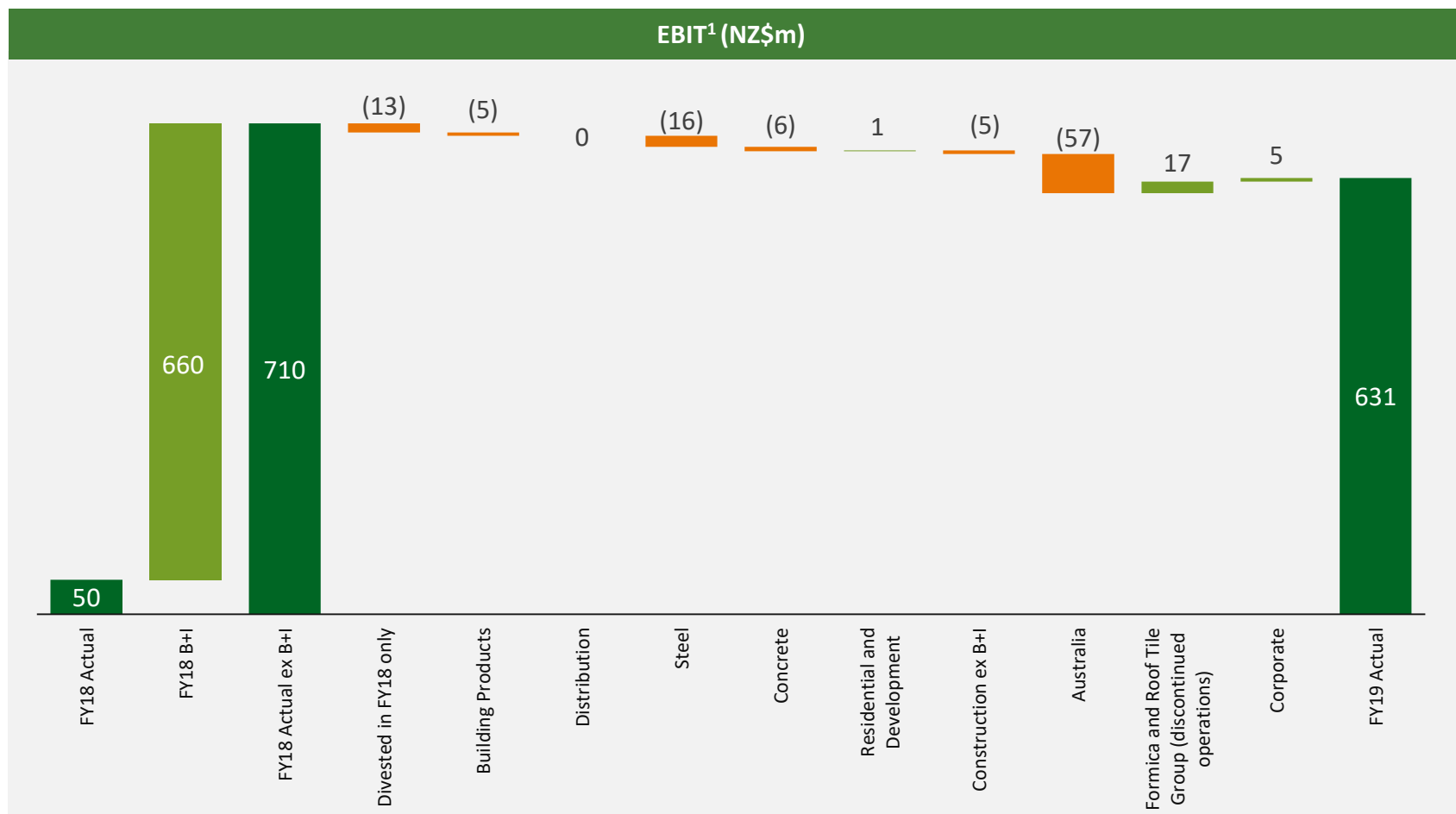


Agenda

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FY19 vs FY18 EBIT earnings bridge

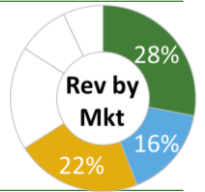


¹ Before significant items, including discontinued operations



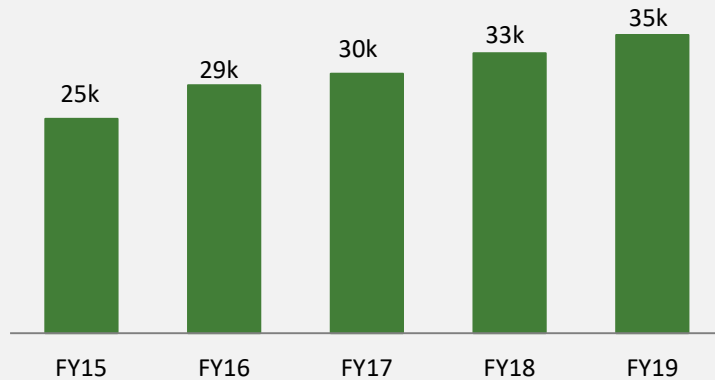
Industry context New Zealand

Elevated activity in all sectors

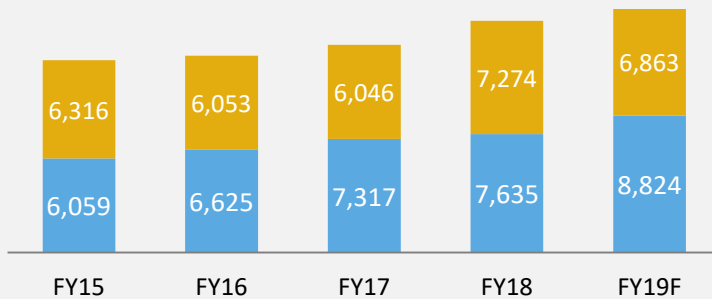


NZ Historical

Residential Consents (#)



Value of Commercial and Infrastructure work put in place (Nominal \$m)



Key: ■ Residential ■ Commercial ■ Infrastructure

Residential

- Residential activity remains elevated, c35k consents in FY19, highest levels since mid 1970's
- Supported by ongoing population growth of c2%: c50k net migration to Jun'19
- Continued shift to apartments and townhouses driving decline in average floor area overall
- Stable inventory of houses for sale, stable national house prices, sales of Auckland homes in \$650k-\$1,000k price band remain stable

Commercial

- Activity at historical high levels: annual value of work put in place >\$8b
- Growth rates remain high across most regions

Infrastructure

- Activity at historical high levels, driven by large roading projects
- Pipeline of projects slowed in past 12 months, as change in Government priorities flows through with shift towards road safety upgrades, rail and water



Building Products

Divisional Exposure



NZ\$m	June 2018 12 months	June 2019 12 months	Change
Gross Revenue	764	759	(1)%
EBITDA ¹	145	139	(4)%
EBIT ¹	132	127	(4)%
Trading Cash Flow	142	142	-
EBIT margin %	17.3%	16.7%	(0.5)%pt
ROFE ² %	27%	25%	(2)%pt
Capex	19	37	95%
Cash Conversion ³	95%	83%	(12)%pt
Domestic board sales (000m ²)	-1%	+3%	
Glasswool sales (tonnes)	-1%	+3%	
Concrete pipe vol (000t)	-9%	+3%	
Plastic pipe sales vol (t)	+15%	-5%	

Building Products performance

- Increased revenue in WWB, TINZ and Laminex benefiting from strong consents and strong market positions, offset by lower rural activity impacting pipelines businesses
- Slightly lower EBIT: improved WWB and TINZ earnings offset by lower pipelines contribution and continued input cost pressures (energy, gypsum, resin) which could not be fully recovered in price
- Humes team and business reset after underperformance and ERP deployment complications
- Innovation through WWB's new rigid air barrier Weatherline®, Laminex product range expansion and refresh, mobile extrusion plant purchase in Iplex

¹ Before significant items

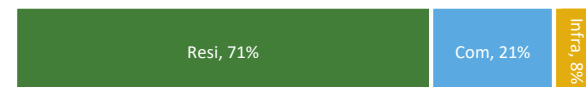
² EBIT/Closing Funds

³ Cash conversion = FCF/EBIT



Distribution

Divisional Exposure



NZ\$m	June 2018 12 months	June 2019 12 months	Change
Gross Revenue	1,530	1,596	4%
EBITDA ¹	113	114	1%
EBIT ¹	104	104	-
Trading Cash Flow	112	98	(13)%
EBIT margin %	6.8%	6.5%	(0.3)%pt
ROFE ² %	39%	35%	(4)%pt
Capex	20	23	15%
Cash Conversion ³	88%	72%	(16)%pt
PlaceMakers revenue	+0.1%	+4%	
PlaceMakers stores	62	63	
Mico revenue	+4.5%	+4%	
Mico stores	65	66	

Distribution performance

- Growing revenue, benefiting from elevated market backdrop particularly in Auckland
- Solid EBIT from PlaceMakers and Mico earnings grew strongly, offset by Snappy
- New PlaceMakers branch in Rotorua
- New Mico branch in Motueka and innovation through expansion of category offering into concrete pipes
- Continued investment in upgrades to branches and showrooms
- PlaceMakers digital innovation investment continued with new transportation management system, digital mobility roll out, and new head office ERP system in place

¹ Prior year excluding significant items

² EBIT/Closing Funds

³ Cash conversion = FCF/EBIT



Steel

Divisional Exposure

Resi, 25%

Com, 36%

Infra, 39%

NZ\$m	June 2018 12 months	June 2019 12 months	Change
Gross Revenue	532	555	4%
EBITDA ¹	54	38	(30)%
EBIT ¹	49	33	(33)%
Trading Cash Flow	55	15	(73)%
EBIT margin %	9.2%	5.9%	(3.3)%pt
ROFE ² %	27%	15%	(12)%pt
Capex	14	18	(29)%
Cash Conversion ³	82%	(9)%	NM
Easysteel volumes (t)	+3%	+3%	
PCC local volumes (t)	-3%	+7%	
Fletcher Reinforcing Volumes (t)	-10%	-3%	

Steel performance

- Revenue growth from:
 - Roofing volume growth driven by strong residential market
 - Market share gains on strong customer service performance
 - Partly offset by subdued activity in manufacturing and rural sectors and lower project activity in Reinforcing
- EBIT decline mainly from intense competitive trading environment and higher steel prices
- New ERP system in Reinforcing and upgrade of roll-forming capacity in Dimond
- Successful strategy to increase dual supply of raw materials

¹ Prior year excluding significant items

² EBIT/Closing Funds

³ Cash conversion = FCF/EBIT



Concrete

Divisional Exposure



NZ\$m	June 2018 12 months	June 2019 12 months	Change
Gross Revenue	812	802	(1)%
EBITDA ¹	135	134	(1)%
EBIT ¹	90	84	(7)%
Trading Cash Flow	128	136	6%
EBIT margin %	11.1%	10.5%	(0.6)%pt
ROFE ² %	14%	13%	(1)%pt
Capex	62	65	5%
Cash Conversion ³	74%	85%	11%pt
Domestic cement volumes	+4%	-2%	
Aggregates sales volumes	+6%	8%	
Ready mix volumes	+2%	0%	

Concrete performance

- Solid overall business unit revenue contribution:
 - Strong aggregates revenue growth through improved pricing and volumes from major roading projects
 - GBC revenue from strong demand and positive price achievements offset by cement mill outage
 - Steady ready-mix sales with regional variation reflected in higher Auckland, lower Christchurch from project completion
- EBIT impacted by strong Winstone Aggregates performance broadly compensated GBC cement mill outage of \$7.0m and depreciation charges
- Cement supply chain improvements with coastal shipping to New Plymouth, additional barge capacity between Portland-Auckland
- Completion of Auckland airport precinct ready-mix plant boosting Firth network
- Waikato quarry acquisition now fully integrated into division

¹ Prior year excluding significant items

² EBIT/Closing Funds

³ Cash conversion = FCF/EBIT



Residential and Development

NZ\$m	June 2018 12 months	June 2019 12 months	Change
Gross Revenue	575	639	11%
EBITDA	136	137	1%
EBIT ¹	136	137	1%
Trading Cash Flow	109	95	(13)%
EBIT margin %	23.7%	21.4%	(2.3)%pt
ROFE ² %	23%	21%	(2)%pt
Capex	1	7	NM
Cash Conversion ³	79%	64%	(15)%pt
Residential EBIT	85	84	(1)%
Land Development EBIT	51	56	10%
Panelisation EBIT	-	(3)	NM

Residential and Development performance

- Excellent revenue growth with Residential revenue up 13% to \$526m, Land Development up 5% to \$113m
- Increased units sold to 755 (735 dwellings and 20 sections) compared to 714⁴ (613 dwellings and 101 sections) in FY18
 - Auckland: continued solid demand for homes priced \$600-900k
 - Christchurch: strong sales of Atlas Quarter apartments, higher Awatea development sales, first sales in One Central precinct
- Settlement times extended in higher price points
- Stable year on year EBIT:
 - Residential margins stable with higher proportion of unit sales in lower margin Christchurch as forecast
 - Higher Land Development EBIT from surplus asset sales
 - New site, equipment, operating staff recruitment for newly created Panelisation business
- c5 years' supply of lots under control, of which 75% are on balance sheet

¹ FY18 EBIT = \$130m if restated under IFRS15

² EBIT/Closing Funds

³ Cash conversion = FCF/EBIT

⁴ 658 units (527 dwellings, 131 sections) if restated under IFRS15



Construction

NZ\$m	June 2018 12 months	June 2019 12 months	Change
Gross Revenue	1,685	1,702	1%
EBITDA ¹	(588)	68	NM
EBIT ¹	(608)	47	NM
Trading Cash Flow	(172)	(210)	(22)%
EBIT margin %	(36.1)%	2.8%	38.9%pt
Capex	33	31	(6)%
Cash Conversion ²	NM	NM	NM
B+I EBIT	(660)	-	NM
Higgins EBIT	42	36	(14)%
Major Projects, Brian Perry Civil, South Pacific, Divisional costs EBIT	10	11	10%

Construction performance

- Increase in revenue reflects strong growth in Major Projects and BPC offset by lower B+I revenues
- Return to operating profitability but lower Higgins EBIT due to project completion timing
- At 30 June 2019 backlog of work was \$1.4b (of which B+I \$0.3b) compared to \$1.8b at 30 June 2018 (of which B+I \$0.8b) reflecting B+I project completion
- Four remaining B+I projects to be completed in 2019, two in 2020

Building a balanced portfolio

- Management team rebuilt
- In June 2019 confirmed intention to recommence focused bidding in the vertical construction market
- Bids and targeted project portfolios aligned with overall business risk and appetite
- More medium sized projects, smaller number of larger projects
- Focused on right clients who will accept sensible risk profiles and margins

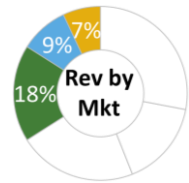
¹ Prior year excluding significant items

² Cash conversion = FCF/EBIT



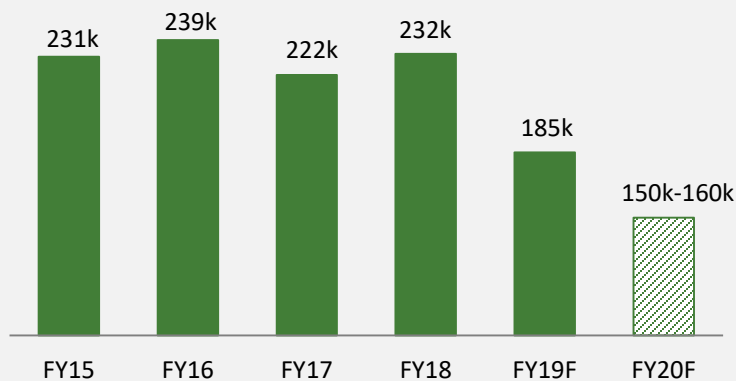
Industry context Australia

Sharp declines in residential sector

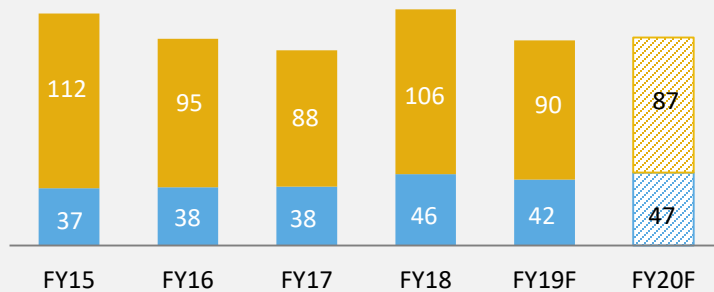


AU Historical

Residential Approvals (#)



Value of Commercial and Infrastructure work put in place (A\$b)



Key: ■ Residential ■ Commercial ■ Infrastructure

Residential

- Division mainly exposed to new detached/semi-detached housing, plus additions and alterations; accounts for c90% of AU residential exposure
- Material contraction in forward work: approvals down 20% to c185k with greatest decline in attached dwellings followed by semi-detached and detached dwellings
- Falling house prices triggered by affordability issues, credit tightening and an increase in housing stock

Commercial

- Contracting across most sectors; most states declined, although recent recovery in non-residential approvals in NSW and QLD

Infrastructure

- Division principally exposed to road, rail, water and coal seam gas
- Work put in place slightly down but commencements improving particularly in NSW and WA, and in roading and mining



Australia

Divisional Exposure

Resi, 54%

Com, 27%

Infra, 19%

NZ\$m	June 2018 12 months	June 2019 12 months	Change
Gross Revenue	3,076	3,024	(2)%
EBITDA ¹	176	119	(32)%
EBIT ¹	114	57	(50)%
Trading Cash Flow	146	57	(61)%
EBIT margin %	3.7%	1.9%	(1.8)%pt
ROFE ² %	6%	3%	(3)%pt
Capex	79	91	15%
Cash Conversion ³	60%	NM	NM
Building Products Aus. EBIT ¹	76	40	(47)%
Distribution Aus. EBIT ¹	13	8	(38)%
Steel Aus. EBIT ¹	25	11	(56)%
Divisional costs	-	(2)	NM

Australia performance

- EBIT impacted by significant residential market decline and competitive activity
 - Higher input costs from resin, fuel and steel with \$23m AUD/USD currency impact not able to be recovered in price
- Comprehensive review, decisive intervention to reset and strengthen the division with site closures, properties consolidated, teams restructured, merger of Iplex and Rocla pipelines businesses
- Targeting \$100m gross annual cost-out benefit by FY21, expect c\$15m of this to flow to net EBIT benefit in FY20 with c\$50m in FY21

¹ Before significant items

² EBIT/Closing Funds

³ Cash conversion = FCF/EBIT



Formica and Roof Tile Group

Financial results NZ\$m	June 2018 12 months	June 2019 12 months	Change
Gross Revenue	1,177	1,019	(13)%
External Revenue	1,153	999	(13)%
EBITDA ¹	106	106	-
EBIT ¹	65	82	26%

Sale proceeds and loss on disposal NZ\$m	Roof Tile Group (completed)	Formica (completed)	Total
Net sale proceeds	59	1,191	1,250
Less: Carrying Value	77	1,313	1,390
Loss on disposal	18	122	140

Successful divestments ahead of schedule

- Roof Tile Group
 - Sold on 1 November 2018
 - Final net sale price of NZ\$59m to IKO, in line with expectations
- Formica
 - Sold on 3 June 2019
 - Final net sale price of NZ\$1,191m to Broadview, ahead of expectations
 - Exited at 10.8x FY18 EBITDA, at top end of expectations
 - Timely exit from softening of the US market

¹ Before significant items



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Income statement

Return to group profitability following B+I losses

All metrics include discontinued operations NZ\$m	June 2018 12 months	June 2019 12 months	Change \$m
Revenue	9,471	9,307	(164)
EBITDA	264	830	566
EBIT before significant items	50	631	581
EBIT margin (%)	1%	7%	6%pt
Significant items	(168)	(234)	(66)
EBIT	(118)	397	515
Funding costs	(157)	(118)	39
Tax	96	(102)	198
Non-controlling interests	(11)	(13)	(2)
Net earnings/(loss)	(190)	164	354
Net earnings/(loss) before significant items	(60)	367	427
Earnings per share (EPS – cents) before significant items	(8.1)	43.0	51.1cps
Earnings per share (EPS – cents)	(25.5)	19.2	44.7cps



Operating cash flow

Cash flows mainly affected by creditor timing

NZ\$m	June 2018 12 months	June 2019 12 months	Change \$m
EBIT before significant items from continuing operations	631	549	(82)
Depreciation and amortisation	170	174	4
Provisions, cash impact of significant items and other	(47)	(65)	(18)
Trading cash flow before working capital movements from continuing operations	754	658	(96)
Residential and Development	(28)	(27)	1
Construction (ex B+I)	35	(16)	(51)
Debtors	(20)	28	48
Inventories	(54)	(54)	-
Creditors	116	(37)	(153)
Trading cash flow from continuing operations	803	552	(251)
International	121	14	(107)
B+I	(285)	(257)	28
Trading cash flow¹	639	309	(330)
Cash tax paid	(85)	(28)	57
Interest paid	(158)	(128)	30
Reported cash flows from operating activities	396	153	(243)
Free Cash Flow² from continuing operations	494	254	(240)



Operating cash flow

Second half working capital returned to normal as anticipated

NZ\$m	June 2018 6 months (H2)	June 2019 6 months (H2)	Change \$m
EBIT before significant items from continuing operations	356	301	(55)
Depreciation and amortisation	83	86	3
Provisions, cash impact of significant items and other	(36)	(14)	22
Trading cash flow before working capital movements from continuing operations	403	373	(30)
Residential and Development	(37)	2	39
Construction (ex B+I)	39	1	(38)
Debtors	(96)	(46)	50
Inventories	(1)	37	38
Creditors	202	149	(53)
Trading cash flow from continuing operations	510	516	6
International	80	(20)	(100)
B+I	(152)	(152)	-
Trading cash flow¹	438	344	(94)
Cash tax paid	(55)	(11)	44
Interest paid	(97)	(66)	31
Reported cash flows from operating activities	286	267	(19)
Free Cash Flow² from continuing operations	329	327	(2)



Working capital metrics

Sustained improvement in working capital cycle, especially debtors

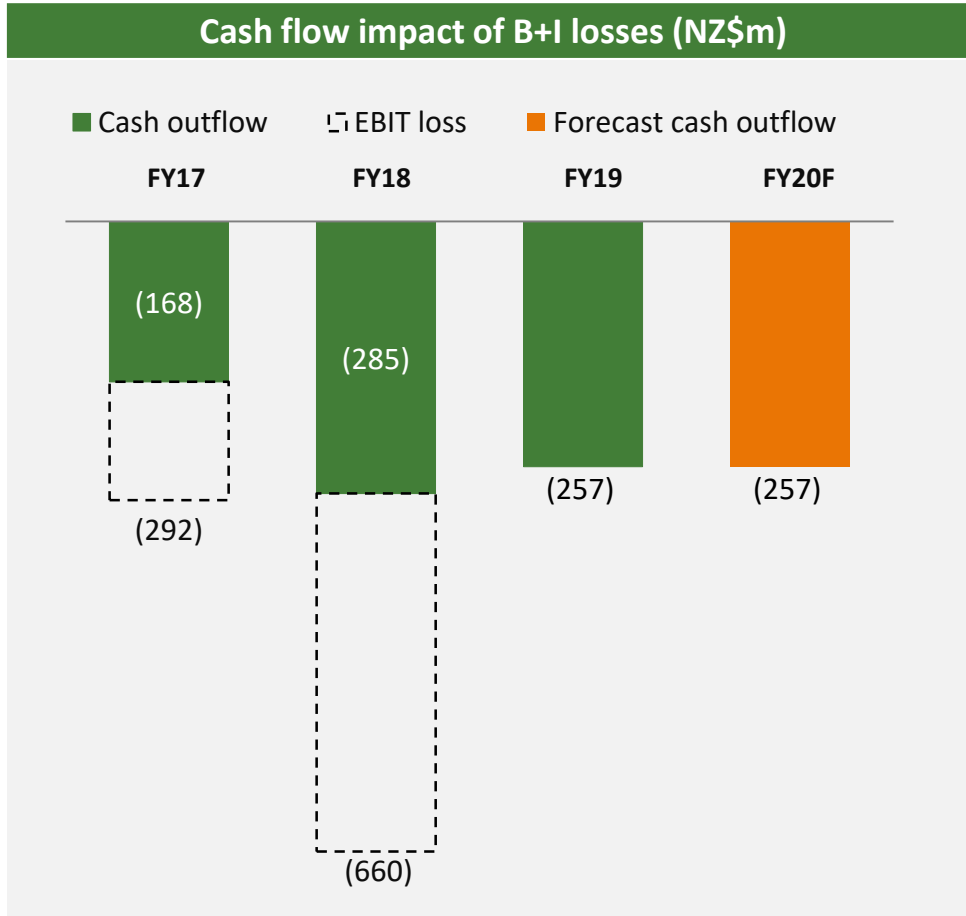
Key working capital metrics	Debtor Days			Inventory Days			Payables Days		
	As at June 2018	As at June 2019	Change (days)	As at June 2018 ¹	As at June 2019	Change (days)	As at June 2018	As at June 2019	Change (days)
Building Products	36.3	34.7	(1.6)	91.2	93.7	2.5	36.3	36.4	0.1
Distribution	37.7	36.9	(0.8)	43.9	43.9	-	41.6	38.0	(3.6)
Steel	42.8	43.3	0.5	81.0	88.9	7.9	46.2	46.6	0.4
Concrete	36.0	35.7	(0.3)	36.0	32.7	(3.3)	39.8	41.3	1.5
Australia	47.6	45.4	(2.2)	93.6	94.2	0.6	55.7	57.9	2.2
Materials and Distribution Total	42.3	40.7	(1.6)	73.7	74.2	0.5	47.4	47.9	0.5

¹ June 2018 inventory days has been restated to reflect the restatement of cost of goods and selling and marketing expenses as per note 28 of the financial statements.



Cash impact of B+I losses

Forecast provisions unchanged

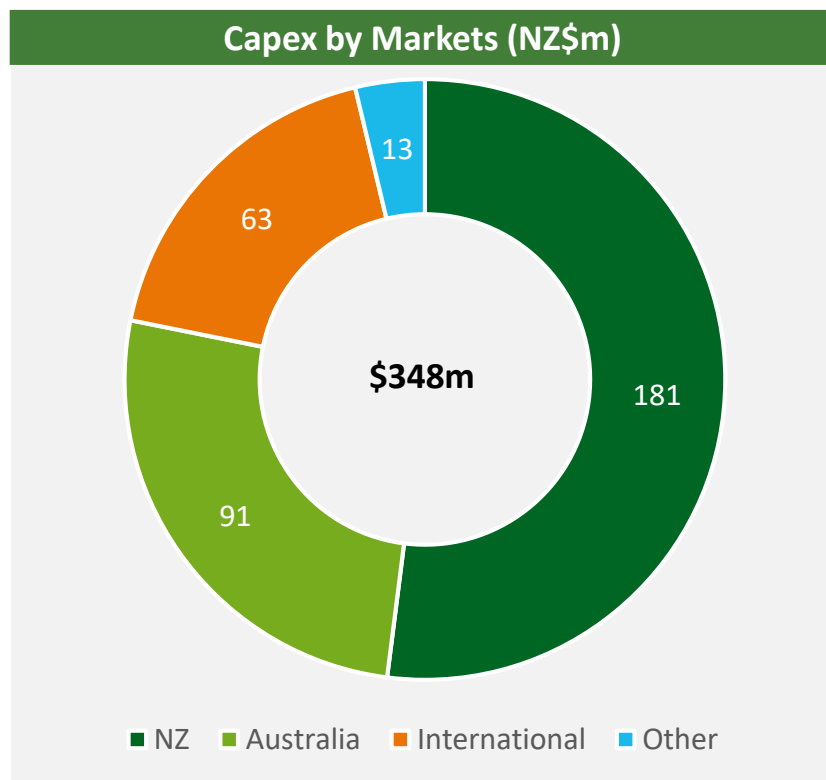


- FY19 cash outflows \$257m
- Total \$257m forecast outflows remaining



Capex and depreciation

Remain within guidance, focused investment in core business



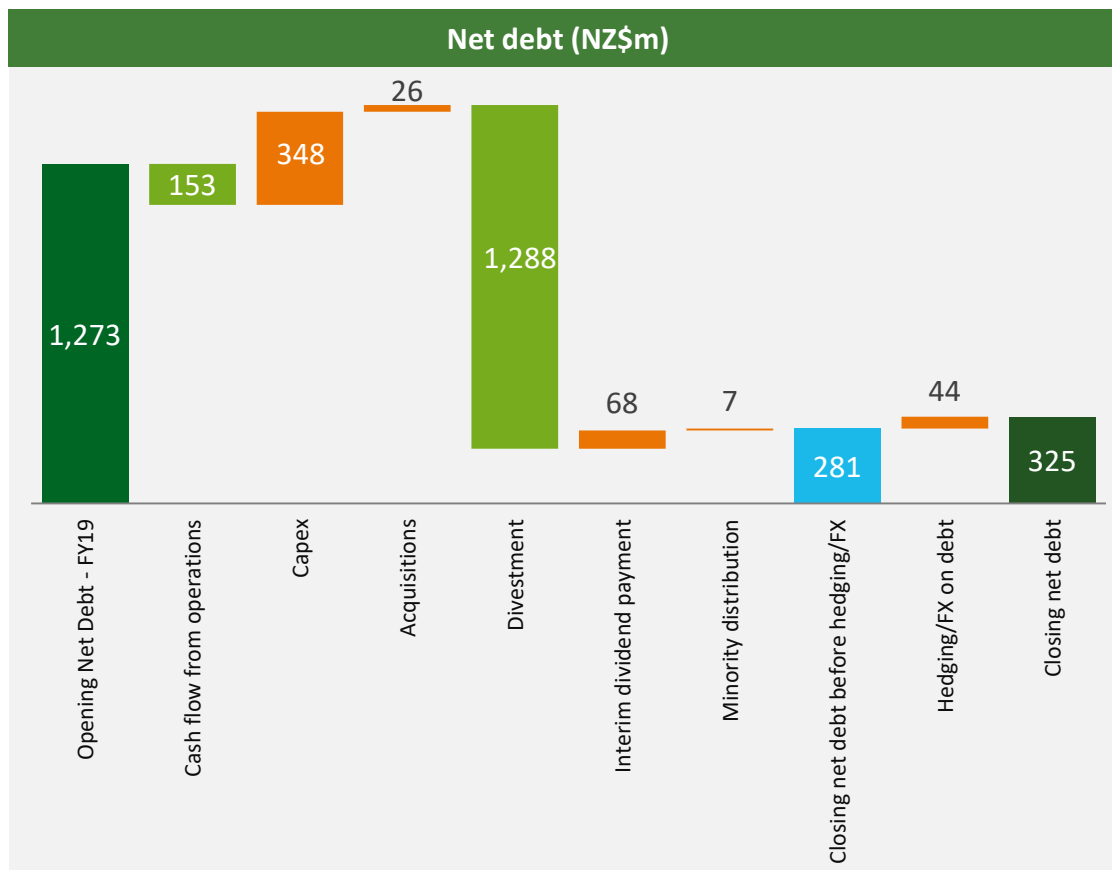
NZ\$m	June 2018 12 months	June 2019 12 months	Change
Stay-in-business	214	240	26
Growth	90	108	18
Total Capex	304	348	44
<i>Of which: continuing operations</i>	<i>241</i>	<i>285</i>	<i>44</i>
Acquisitions	-	26	26
Depreciation / Amortisation	214	199	(15)
<i>Of which: continuing operations</i>	<i>170</i>	<i>174</i>	<i>4</i>

- FY20 capex expected to be in the range \$275-\$325m (excl. WWB plant investment)
- FY20 depreciation & amortisation is expected to be c\$200m (prior to impact of IFRS 16)



Net debt and leverage

Formica proceeds strengthen leverage metrics



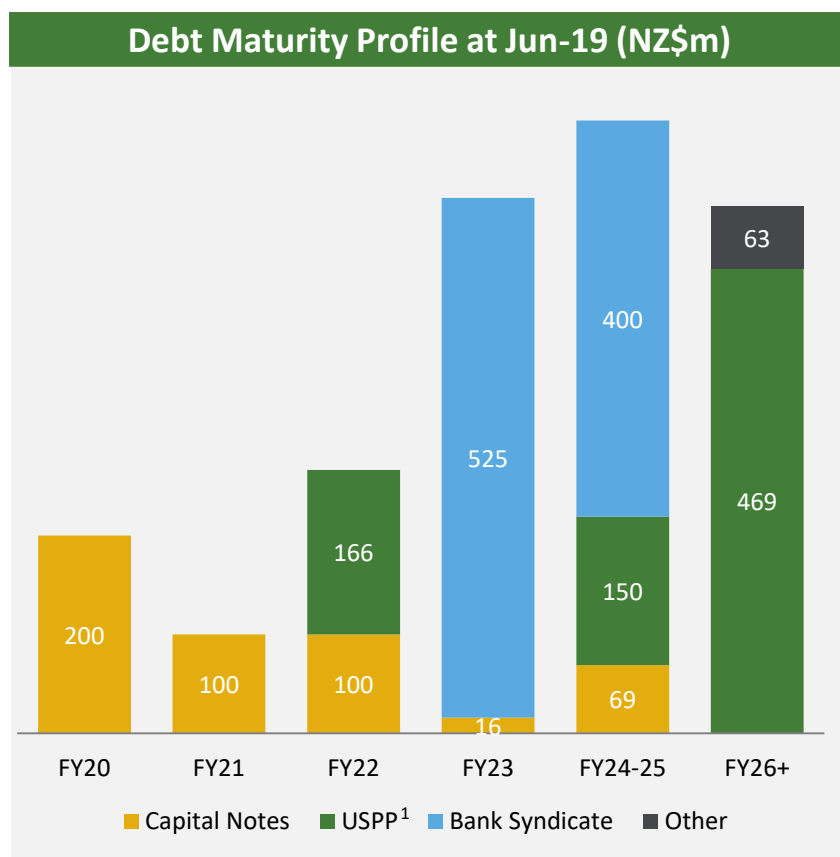
Leverage (Net Debt/EBITDA)	Jun 2018	Jun 2019
Target range of 1.5x-2.5x		
Group	4.8x	0.4x
Group ex B+I ¹	1.4x	0.4x

¹ Leverage ratio ex B+I excludes B+I impact from EBITDA only



Debt maturity profile and funding costs

Debt reduction process underway



- Undrawn credit lines of \$667m and cash of \$1,372m as at 30 June 2019
- Average interest rate on debt is 5.0% (based on period end borrowings)
- Full year funding costs were \$118m (compared to previous guidance of \$125m-\$135m)
- All sensible debt reduction opportunities (c\$700m-\$800m) will be undertaken, of which \$415m already repaid²

¹ Includes CCIRS component and excludes fair value hedge component

² Early repayment of NZ\$136m of private placements at par in Oct 2018 (original maturity FY27) and NZ\$198m in Jun 19 (original maturity Sep 19), repayment of Unlisted capital notes of NZ\$50m, purchase of capital notes of NZ\$31m



Dividend and share buyback

Final dividend of 15cps, total FY19 dividend of 23cps

Dividend

- Final dividend of 15.0 cents per share
- Payment date of Thursday 19 September 2019
- Final dividend unimputed for NZ taxation purposes and unfranked for Australian taxation purposes
- Dividend Reinvestment Plan will not be operative for this dividend
- Policy to pay dividends in the range of 50% to 75% of net earnings before significant items and having regard to available cash flow¹ remains unchanged
- Interim / Final dividend phasing untypical compared to prior years due to phasing of FY19 operational cash flows and Formica proceeds received in the second half

Dividend	Jun 2019
Interim dividend per share	8 cents
Final dividend per share	15 cents
Total dividend per share	23 cents

Share buyback

- With the balance sheet materially de-levered and with incremental capital available, the Board has resolved to commence an on-market share buyback of up to \$300m
- This form of shareholder distribution takes into account tax effectiveness for all shareholders and earnings per share accretion
- Buyback will commence from 9 September 2019



IFRS 16

Background and impact

- Effective for the group for period commencing 1 July 2019
- Total of c 4,800 operating leases across the Group

Impact on Balance Sheet

- Recognises right-of-use asset of \$1.4-\$1.5b and lease liability of \$1.7-\$1.8b
- Difference of \$0.3b taken as adjustment to retained earnings

Impact on Income Statement

- Operating lease expense now treated as depreciation and interest charges, leading to c\$235m increase in EBITDA and c\$50m increase in EBIT
- Small reduction of \$15m in NPBT in year one

Impact on Cash Flows

- No impact on underlying cash flows but new lease arrangement will result in the reclassification of certain cash flows
- Operating cash flows will increase by the principal payment amount with an offsetting outflow in financing cash flows

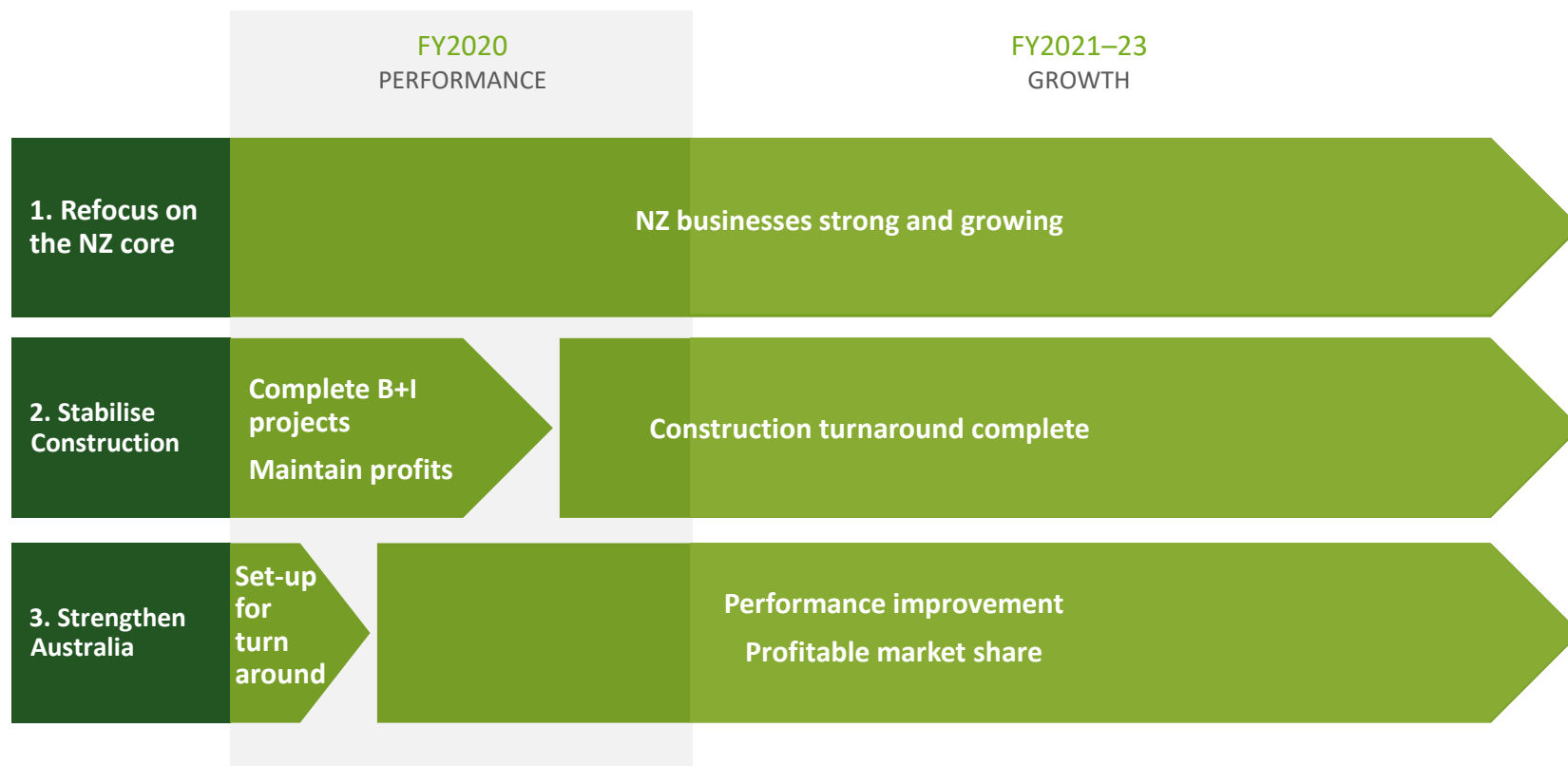


Agenda

- | | |
|---------------------------|----------------|
| 1. Results Overview | Ross Taylor |
| 2. Divisional Performance | Ross Taylor |
| 3. Financial Results | Bevan McKenzie |
| 4. Outlook | Ross Taylor |



Our focus now moves to driving consistent performance



Continued focus on our key enablers and future investment to drive performance



Strong safety culture



Engaged and capable people, lean operating model



Fit for purpose systems, next generation digital capabilities



Disciplined performance improvement and capital allocation



Leading innovation and local adaptation anchored in environmental consciousness



High level of customer intimacy built through owning channels to key segments



In FY20 we expect ongoing healthy market conditions in NZ and Australia residential market contraction

New Zealand Market



- Expect Residential consents to ease slightly off peaks, Auckland to remain strong
- Expect Commercial construction to remain at similar levels
- Expect Infrastructure spend to ease in major roading, with increased spend in road safety, water, and rail

Australia Market



- Expect contraction in Residential, forecasting 150k-160k approvals in FY20, however the market environment remains uncertain
- Expect Commercial market to remain broadly flat
- East Coast Infrastructure work-put-in-place expected to remain broadly flat on established project pipeline




Appendix




Appendix

Company overview

Revenue: \$8.3 billion
People: 16,825

 Full time
worker equivalent
1 = 1% of total #

 Continuing External
Revenue
12mth to Jun19 (\$m)

\$5,220m



New Zealand
10,334 people

\$2,944m



Australia
5,630 people

\$144m



South Pacific
861 people

Strong New Zealand brands



Australia scale in specific sectors



Summary of FY20 metrics already communicated

- Residential and Development: Land development EBIT run rate of c\$25m
- Construction: Cash outflows of \$257m on B+I
- Australia:
 - Targeting \$100m gross annual cost-out benefit by FY21; expect c\$15m of this to flow to net EBIT benefit in FY20 and c\$50m in FY21
 - One-off restructuring costs (significant items) of c\$30m
- Corporate costs c\$55m
- Capex expected to be in the range of \$275-\$325m (excl. WWB plant investment)
- Depreciation & amortisation expected to be c\$200m (prior to impact of IFRS 16)
- All sensible debt reduction opportunities (c\$700m-\$800m) will be undertaken across FY19-FY20, of which \$415m already repaid in FY19
- \$2.3b gross debt facilities, c\$1.1b-\$1.2b forecast drawings at Jun-20
- Funding costs expected to be c\$80-90m (excluding lease interest costs under IFRS 16)
- Up to \$300m on-market share buyback



Industry context

Sectoral exposure, based on revenue

Revenue Exposure by Sector ¹	Residential (New + A&A)*	Commercial	Infrastructure / Other	TOTAL
New Zealand	10%	6%	7%	23%
Australia	13%	5%	7%	25%
Total Manufacturing	23%	11%	14%	48%
New Zealand	12%	4%	1%	17%
Australia	5%	4%	0%	9%
Total Distribution	17%	8%	1%	26%
New Zealand	6%	6%	14%	26%
Australia	0%	0%	0%	0%
Total Construction	6%	6%	14%	26%
New Zealand Total	28%	16%	22%	66%
Australia Total	18%	9%	7%	34%
Fletcher Building Total	46%	25%	29%	100%

¹ Based on FY19 total revenue including internal sales. Excludes Formica and RTG and businesses sold or closed during the year *A&A – Additions and Alterations



Financial results

Local currency tables

Revenue	Gross revenue			External revenue		
	June 2018 12 months	June 2019 12 months	Change %	June 2018 12 months	June 2019 12 months	Change %
Residential and Development						
New Zealand (NZ\$m)	528	625	18%	528	625	18%
Australia (A\$m)	43	13	(70)%	43	13	(70)%
Construction						
New Zealand (NZ\$m)	1,550	1,558	1%	1,476	1,478	NM
Rest of World (US\$m)	96	97	1%	92	97	5%
Australia						
New Zealand (NZ\$m)	2	2	NM	1	2	100%
Australia (A\$m)	2,834	2,834	NM	2,740	2,750	NM
Rest of World (US\$m)	1	1	NM	1	1	NM
Formica and Roof Tile Group						
New Zealand (NZ\$m)	34	10	(71)%	48	16	(67)%
Rest of World (US\$m)	815	679	(17)%	786	660	(16)%



Financial results

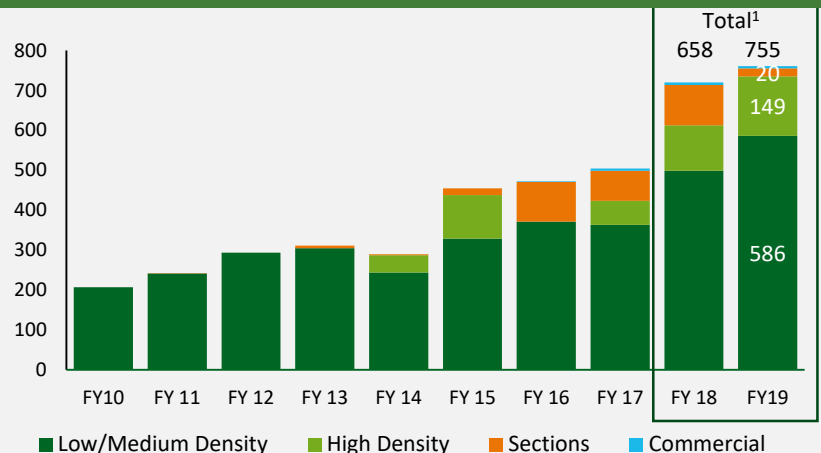
Local currency tables

EBIT before significant items	June 2018 12 months	June 2019 12 months	Change %
Residential and Development			
New Zealand (NZ\$m)	121	131	8%
Australia (A\$m)	14	6	(57)%
Construction			
New Zealand (NZ\$m)	(636)	20	NM
Rest of World (US\$m)	20	18	(10)%
Australia			
New Zealand (NZ\$m)	1	1	NM
Australia (A\$m)	105	54	(49)%
Rest of World (US\$m)	(1)		NM
Formica and Roof Tile Group			
New Zealand (NZ\$m)	3	3	NM
Australia (A\$m)	(4)	(2)	(50)%
Rest of World (US\$m)	47	55	17%



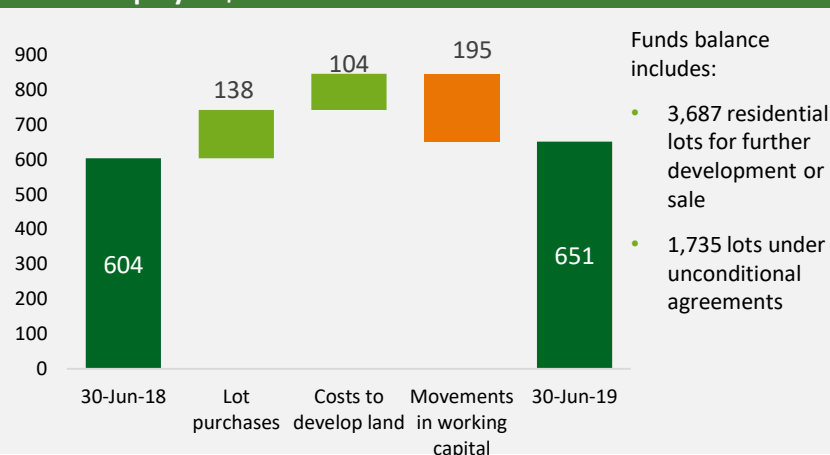
New Zealand Residential performance and trends

Residential units sold

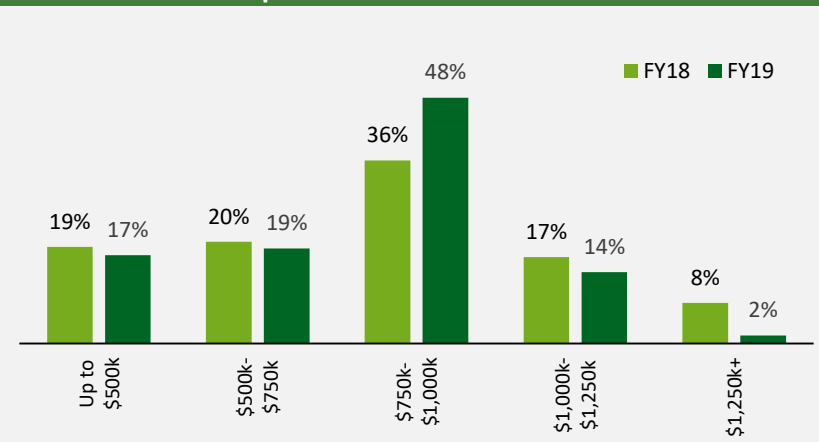


¹ Under IFRS 15, to ensure like-for-like comparison

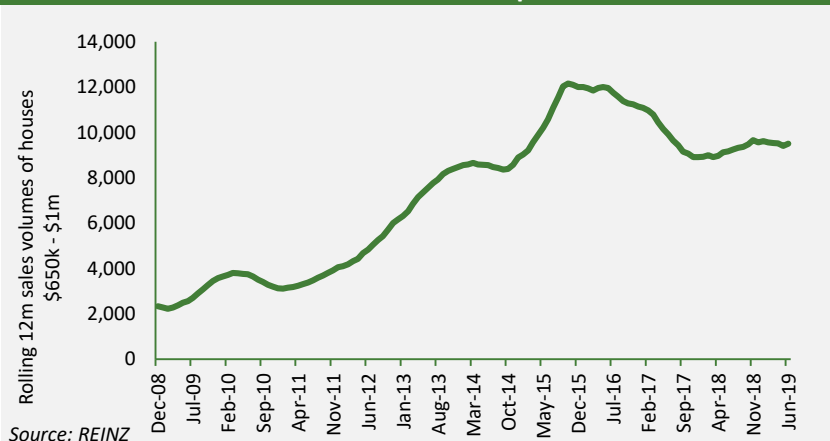
Funds employed \$m



Distribution of sales prices for FY19 residential sales



Sales of Auckland houses in \$650k - \$1m price band



Group metrics illustrated for IFRS16

Income statement

Continuing operations NZ\$m (unaudited)	June 2019 12 months Reported	Pro forma IFRS Adjustment	June 2019 12 months Pro forma
Revenue	8,308	-	8,308
EBITDA before significant items	723	234	957
Depreciation and amortisation (incl. lease depreciation charge)	(174)	(185)	(359)
EBIT before significant items	549	49	598
Significant items	(94)	-	(94)
EBIT	455	49	504
Lease interest costs	-	(64)	(64)
Funding costs	(116)	-	(116)
Tax	(80)	-	(80)
Non-controlling interests	(13)	-	(13)
Net earnings	246	(15)	231



Group metrics illustrated for IFRS16

Cash flows

NZ\$m (unaudited)	June 2019 12 months Reported	Pro forma IFRS Adjustment	June 2019 12 months Pro forma
EBITDA before significant items	723	234	957
Lease principal payments	-	(169)	(169)
Lease interest payments	-	(64)	(64)
Other movements	(65)	-	(65)
Working capital movement	(106)	-	(106)
Trading cash flow from continuing operations	552	-	553
International	14	-	14
B+I	(257)	-	(257)
Funding costs paid	(128)	-	(128)
Cash tax	(28)	-	(28)
Lease principal repayments reported in financing	-	169	169
Reported cash flow from operating activities	153	169	323



Group metrics illustrated for IFRS16

EBITDA by division

Continuing operations before significant items NZ\$m (unaudited)	June 2019 12 months Reported	Pro forma IFRS Adjustment	June 2019 12 months Pro forma
Building Products	139	24	163
Distribution	114	47	161
Steel	38	13	51
Concrete	134	30	164
Residential and Development	137	2	139
Construction	68	21	89
Australia	119	89	208
Corporate	(26)	8	(18)
Group	723	234	957



Group metrics illustrated for IFRS16

EBIT by division

Continuing operations before significant items NZ\$m (unaudited)	June 2019 12 months Reported	Pro forma IFRS Adjustment	June 2019 12 months Pro forma
Building Products	127	5	132
Distribution	104	11	115
Steel	33	2	35
Concrete	84	5	89
Residential and Development	137	-	137
Construction	47	4	51
Australia	57	20	77
Corporate	(40)	2	(38)
Group	549	49	598



Important Information

This Full Year Results presentation dated 21 August 2019 provides additional comment on the Annual Report 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. 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.



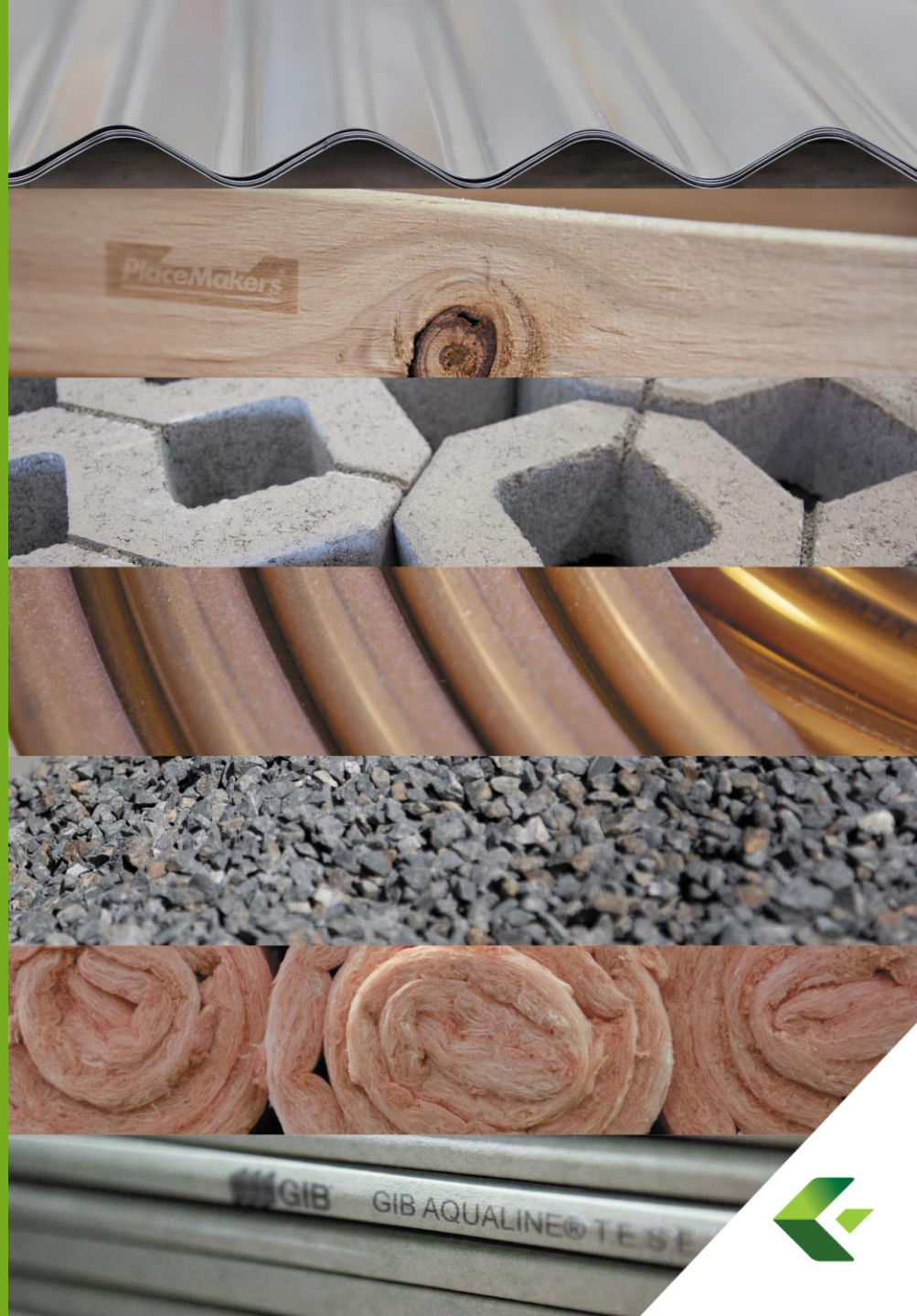
Fletcher Building

Full Year Results to 30 June 2019

ROSS TAYLOR
— Chief Executive Officer

BEVAN MCKENZIE
— Chief Financial Officer

21 August 2019



Results Announcement

(for Equity Security issuer/Equity and Debt Security issuer)

Results for announcement to the market		
Name of issuer	Fletcher Building Limited	
Reporting Period	12 months to 30 June 2019	
Previous Reporting Period	12 months to 30 June 2018	
Currency	NZD	
	Amount (000s)	Percentage change
Revenue from continuing operations	\$8,308,000	1.2%
Total Revenue	\$9,307,000	(1.7%)
Net profit/(loss) from continuing operations	\$246,000	N/A
Total net profit/(loss)	\$164,000	N/A
Final Dividend		
Amount per Quoted Equity Security	\$0.15	
Imputed amount per Quoted Equity Security	Not Applicable	
Record Date	29 August 2019	
Dividend Payment Date	19 September 2019	
	Current period	Prior comparable period
Net tangible assets per Quoted Equity Security	\$3.53	\$2.85
A brief explanation of any of the figures above necessary to enable the figures to be understood	Net profit/(loss) has moved from a loss in the prior year of \$(190,000,000), therefore the percentage change is not meaningful. Total revenue of \$9,307 million includes the Formica and Roof Tile Group businesses that were divested during the year.	
Authority for this announcement		
Name of person authorised to make this announcement	Shehnaz Hajati, Deputy Company Secretary	
Contact person for this announcement	Aleida White, Head of Investor Relations	
Contact phone number	+64 9 525 9043	
Contact email address	investor.relations@fbu.com	
Date of release through MAP	21/08/2019	

Audited financial statements accompany this announcement.

Section 1: Issuer information				
Name of issuer	Fletcher Building Limited			
Financial product name/description	Ordinary Shares			
NZX ticker code	FBU			
ISIN	NZFBUE0001S0			
Type of distribution (Please mark with an X in the relevant box/es)	Full Year	X	Quarterly	
	Half Year		Special	
	DRP applies	No		
Record date	29/08/2019			
Ex-Date (one business day before the Record Date)	28/08/2019			
Payment date (and allotment date for DRP)	19/09/2019			
Total monies associated with the distribution	\$128,002,071 (853,347,141 ordinary shares @ \$0.15 per share)			
Source of distribution (for example, retained earnings)	Retained earnings			
Currency	NZD			
Section 2: Distribution amounts per financial product				
Gross distribution	\$0.15000000			
Total cash distribution	\$0.15000000			
Excluded amount (applicable to listed PIEs)	N/A – Not a listed PIE			
Supplementary distribution amount	N/A			
Section 3: Imputation credits and Resident Withholding Tax				
Is the distribution imputed	Fully imputed			
	Partial imputation			
	No imputation			
If fully or partially imputed, please state imputation rate as % applied	N/A			
Imputation tax credits per financial product	N/A			
Resident Withholding Tax per financial product	N/A			

Section 4: Distribution re-investment plan (if applicable) – Not Applicable		
DRP % discount (if any)		
Start date and end date for determining market price for DRP		
Date strike price to be announced (if not available at this time)		
Specify source of financial products to be issued under DRP programme (new issue or to be bought on market)		
DRP strike price per financial product		
Last date to submit a participation notice for this distribution in accordance with DRP participation terms		
Section 5: Authority for this announcement		
Name of person authorised to make this announcement	Shehnaz Hajati, Deputy Company Secretary	
Contact person for this announcement	Aleida White, Head of Investor Relations	
Contact phone number	+64 9 525 9043	
Contact email address	investor.relations@fbu.com	
Date of release through MAP	21/08/2019	