



## **Update on NZICC, Group FY23 Guidance Confirmed**

**Auckland, 8 August 2023:** Fletcher Building (the “Company”) today announced an update on the New Zealand International Convention Centre and Hobson Street Hotel project (“NZICC”) and confirmed its FY23 earnings guidance.

A meeting of the Company’s Audit and Risk Committee today reviewed key accounting judgments on NZICC. On project costs, the Company had disclosed at its June Investor Day up to \$50 million of cost risk, and it was determined that \$50 million should be recorded to reflect this risk. On Contract Works Insurance (CWI), the amounts available to the Company have reduced by c.\$20 million due to additional claims paid to Sky City (also an insured under the CWI policy).

Offsetting the cost and CWI impacts, the Company considers that recoveries available to it under the project Third Party Liability (TPL) insurance have risen – from a prior estimate of c.\$35 million to an amount in excess of \$100 million. However, while the Company considers it has good grounds to recover these amounts, it has determined that these proceeds from the TPL policy are not yet virtually certain as required by accounting standards to be recognized in its accounts.

Considering the above, the Company has determined that it will make an additional provision on NZICC of \$105 million in its FY23 accounts. This amount is the aggregate of the \$50 million of additional cost; the \$20 million lower CWI revenue; and a reassessment of assumed TPL recoveries to nil at this point, compared to \$35 million previously. The additional provision will be classified as a Significant Item.

The Company will continue to pursue its rights to recovery under the TPL policy.

The Company also confirms that its FY23 earnings remain in line with the guidance provided at the June Investor Day. The Company’s full FY23 results and financial statements will be released on Wednesday 16<sup>th</sup> August.

### **#Ends**

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