

## FLETCHER BUILDING LIMITED **NEWS RELEASE**

### FINANCIAL RESULTS FOR THE SIX MONTHS ENDING 31 DECEMBER 2016

- Revenue up 4% to \$4,613m;
- Operating earnings before significant items up 12% to \$310m;
- Operating earnings from the Distribution and International divisions both up more than 30%;
- Construction result impacted by losses on a major project;
- Net earnings before significant items up 18% to \$187m;
- Interim dividend up 5% to 20 cents per share.

Auckland, February 22, 2017 – Fletcher Building today reported net earnings after tax of \$176 million, a 2% increase compared with \$172 million in the prior corresponding period.

The result included a net loss from significant items of \$11 million due to costs associated with site closures in Rocla Products and Fletcher Insulation. Net earnings excluding significant items were 18% higher at \$187 million.

Operating earnings (earnings before interest and tax and significant items) were \$310 million, up 12% on the \$278 million reported in the prior corresponding period. This reflected a sustained improvement across almost all parts of the portfolio, signalling the benefit that businesses are getting from a strong New Zealand economy, improved customer propositions, operational efficiencies, cost reductions, and in some cases organisational restructuring.

Revenue for the period of \$4,613 million was 4% higher, reflecting sales growth in the New Zealand businesses and the acquisition of the Higgins contracting business which operates in New Zealand and the South Pacific and was effective from 29 July 2016.

An interim dividend of 20.0 cents per share will be paid on 12 April 2017, with full New Zealand tax credits attached. The dividend reinvestment plan will be operative for this dividend payment.

Fletcher Building chief executive Mark Adamson said that the result was driven by an excellent performance by the Distribution and International businesses which both reported increases in operating earnings in excess of 30% versus the previous comparable period.

“The strength of the macroeconomic environment in New Zealand has helped the performance of the Distribution businesses but it has also managed the mixed economic conditions in Australia to report operating earnings of \$84 million versus \$64 million last year.”

“The International division is now starting to show the benefit of cost reductions, operational efficiencies, restructures and new product initiatives across the Formica and Laminex group of companies. The 32% improvement in operating earnings in the first half of this year was primarily driven by year on year improvements at Formica Europe and Formica Asia.”

“Across New Zealand we were pleased to see operating earnings excluding the performance of the Construction division and divested and acquired businesses increase 20% year on year, indicating the positive impact of continued demand across the residential building and infrastructure sectors.”

Construction operating earnings reduced due to the timing of earnings from certain projects being recognised, expensed bid costs, a reduced contribution from Fletcher EQR, and losses incurred on a major construction project.

Consistent with guidance provided at the Annual Shareholders’ Meeting in October 2016, operating earnings (earnings before interest, tax and significant items) for the 2017 financial year are expected to be in the range of \$720 million to \$760 million.



Comparisons are with the prior financial half year ended 31 December 2015.

<b>Revenue</b>	\$4,613 million, up from \$4,434 million
<b>Net earnings</b>	\$176 million, up from \$172 million
<b>Net earnings before significant items</b>	\$187 million, up from \$159 million
<b>Operating earnings (EBIT)</b>	\$294 million, up from \$288 million
<b>Operating earnings (EBIT) before significant items</b>	\$310 million, up from \$278 million
<b>Cash flow from operations</b>	-\$67 million, down from \$170 million
<b>Basic earnings per share before significant items</b>	27.0 cents per share, up from 23.0 cents per share
<b>Interim dividend</b>	20.0 cents per share, fully imputed for New Zealand taxation purposes
<b>Dividend payment dates</b>	The dividend will be paid on 12 April 2017 to holders registered at 5.00pm Friday 24 March 2017 (NZT)  The shares will be quoted on an ex-dividend basis from Thursday 23 March 2017 on the NZX and ASX
<b>Dividend reinvestment plan</b>	The dividend reinvestment plan will be operative for this dividend. Applications to participate must be received by the registry before 5pm Monday 27 March 2017.

Please refer to the Financial Statements for terms and definitions.

**ENDS**

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