

Fletcher Building announces sale of Formica; dividend reinstated

Auckland, 18 December 2018: Fletcher Building Limited ('Fletcher Building' or 'the Company') announces that it has entered into an agreement to sell the Formica Group ('Formica') to Broadview Holding BV ('Broadview') for a sale price of US\$840 million (NZ\$1,226 million).

The sale is subject to conditions which are customary for a transaction of this nature, including regulatory approvals.

Fletcher Building CEO Ross Taylor said: "The divestment of Formica completes our strategy to exit non-core businesses having already completed the sale of Roof Tile Group in November 2018. Our five year strategy is to refocus Fletcher Building's capital and capability behind our New Zealand and Australian businesses, with building products and distribution at our core.

"We are pleased to have signed the sale agreement in line with our target timing, and to have achieved a strong valuation for the business. We believe Broadview is a natural owner of Formica, being a leading player in the laminates industry. We are confident that the regulatory process required to complete the sale will go smoothly, and on that basis expect the sale to be completed by the end of FY19."

Commenting on the intended use of the sale proceeds, Mr Taylor said it was important to first complete the sale, and that the Company would continue to take a prudent approach to management of its balance sheet.

Meanwhile, Fletcher Building confirms its intention to reinstate dividends in FY19, commencing with an interim dividend to be declared upon finalisation of the Company's half-year results on 20 February 2019.

The decision to reinstate the dividend was based on Fletcher Building Board's confidence in the Company's trajectory and return to profitability in FY19. The Board will size the dividend prudently, having regard to the ongoing capital requirements of the Company. Given the expected settlement timing of the Formica sale, the FY19 dividend is likely to be weighted towards the final dividend.

The sale proceeds from the Formica transaction will be subject to certain deductions, including pension liabilities and other debt-like items retained in the business, and transaction costs. These items are expected to total approximately US\$70 million (NZ\$102 million). Formica will be classified as “held for sale” and subject to an impairment test in the Fletcher Building HY19 accounts.

The regulatory approvals required for the transaction relate to the competition regimes in a number of the countries where Formica operates.

#Ends

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About Formica

Formica employs 3,400 people across North America, Asia and Europe. Founded in 1913, Formica Corporation, part of the Formica Group of companies, is a leader in the design, manufacture and distribution of innovative surfacing products for commercial and residential applications.

About Broadview

Broadview is an industrial holding company with a focus on materials technology and energy. The group currently has circa 2,900 employees worldwide with combined sales of circa EUR 700 million. Broadview is a member of HAL Holding, which is listed on the Amsterdam stock exchange (HAL NA) and has a market capitalisation of approximately EUR 11 billion. HAL's strategy is focused on acquiring and holding significant shareholdings in companies, with the objective of increasing long-term shareholder value.

Note: all financials have been converted at a NZD/USD exchange rate of 0.685.