NEWS RELEASE

Fletcher Building update on banking agreements

Auckland, 10 June 2020: Fletcher Building has announced amendments to its banking agreements which will enable the Company to rely on more favourable terms for covenant testing through to the end of 2021 if required.

CEO Ross Taylor said that given the impact COVID-19 was likely to have on the New Zealand and Australian markets, the Company was taking pre-emptive steps to reinforce its resilience for the medium-term.

"The Company has a robust balance sheet position, with c$1.5 billion liquidity and a leverage ratio of c0.8 times, below the Group's target range of 1.0-2.0 times. We believe our current balance sheet sets us up well for the period ahead. That said we are also taking steps beyond this to ensure we will be well placed to negotiate the uncertain trading environment ahead, these include the reset of our cost base announced in May, and now the agreements we have reached with our lenders providing additional headroom on our lending covenants should we need it. We acknowledge the ongoing support and confidence shown by our Syndicate and USPP partners in reaching these agreements."

Under the agreements, the Company may elect to rely on more favourable levels for its Total Interest Cover and Senior Interest Cover covenants for the period from June 2020 to December 2021 (inclusive) if required. These levels are a Total Interest Cover ratio of 1.5 times (normally 2.0 times) and a Senior Interest Cover ratio of 2.25 times (normally 3.0 times), with EBIT in 4Q20 for the purposes of testing these interest cover ratios set at $231 million. The 4Q20 EBIT adjustment reflects the Group's pre-COVID forecast for the final quarter of FY20, with the actual result materially impacted by the government measures to control the virus in New Zealand and Australia.

Mr. Taylor confirmed that the Company expects to be in compliance with its normal covenant levels at June 2020.

The Company has agreed that, should it need to rely on the more favourable covenant levels, it will not pay a dividend until it returns to compliance with, and agrees to be tested by, its normal covenant levels.

In considering its decision on the FY20 dividend in August, the Board will have regard to the impact of COVID-19, the trading environment and outlook, as well as the terms of these amendment agreements.

#Ends

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