

19 February 2025

Fletcher Building Limited – 2025 Half Year Results

Please find attached the following documents relating to Fletcher Building Limited's half year results for the six months ended 31 December 2024.

- (a) Stock Exchange Announcement
- (b) Interim Financial Results
- (c) Investor Presentation
- (d) Results Announcement [NZX form]

ENDS

Authorised for release to the market by Haydn Wong, Company Secretary.

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For information on Fletcher Building visit fletcherbuilding.com

19 February 2025

Fletcher Building announces HY25 Results

Fletcher Building today announced its financial results for the first half of FY25.

- Revenue from continuing operations of \$3,583 million, down 7% from \$3,860 million in HY24
- EBIT before significant items from continuing operations of \$167 million, \$96 million lower than HY24
- Net Loss After Tax of \$134 million, compared to Net Loss After Tax of \$120 million in HY24
- \$700 million capital raise applied to repay \$511 million bank debt and reduce USPP by \$169 million
- Cost-out programme ahead of plan

Fletcher Building Managing Director & CEO Andrew Reding said: "The first half of the 2025 financial year continued to be a challenging period for our businesses as very difficult trading conditions continued across all our segments. This included a broad-based slowing of demand, intense competitive forces and persistent inflationary pressures. Our businesses navigated these obstacles by focusing on optimising operational performance and tightly managing the things within our control. We are pleased with the progress achieved to date on our key priorities which have been: resetting governance and leadership roles of the Group; the ongoing strategic review; the Group-wide cost reduction programme; cash; being prudent with capital expenditure; and progressing the resolution of outstanding legacy issues."

Overall, Group revenue from continuing operations was \$3,583 million in HY25, down 7% versus \$3,860 million in the prior period. Market volumes continued to decline in the half, particularly in businesses more heavily exposed to the residential sector. In the New Zealand Materials and Distribution divisions, volumes were down 5-10% half year on half year, but some businesses benefitted from major projects like the Auckland Airport expansion. In Australia, market activity continued to decline, down 15% half year on half year.

Andrew Reding said: "Performance in the Residential and Development division reflected the overall housing market in New Zealand, with 115 fewer units contracted and sold versus the prior period, with average market prices also down approximately 2% on the prior period. However, some tentative signs of improvement began to appear post the

first OCR cut late in 2024, with sales up 17% between September-December 2024, as compared to July-August 2024.

“Pleasingly, the Construction division performed well with revenue up 16%, with higher work volumes arising from key infrastructure projects.”

Earnings before interest and tax (EBIT) from continuing operations and before significant items was \$167 million, down from \$263 million in the prior period. The lower market volumes for the Materials and Distribution divisions were the most significant driver of the earnings reduction, contributing \$80 million lower EBIT before significant items. However, Construction EBIT before significant items was up \$21 million half on half.

Fletcher Building has remained focused on improving cash flows. Overall cash flows from operating activities were an outflow of \$5 million, impacted by lower earnings in the current half, \$134 million legacy outflows, and the normal seasonal investment in working capital during the period. Trading cash flows from continuing operations (excluding legacy and significant items) were \$138 million, compared to \$225 million in the prior period.

Andrew Reding said: “Beyond our financial performance, we continue to enhance the sustainability of our operations, reaching key milestones along the way. One standout achievement is the ongoing reduction of coal usage at our Golden Bay cement plant in Northland, which now exceeds 55% substitution as of HY25. This has been driven by the increased use of wood waste and end-of-life tyres, alongside the disposal of unused COVID PPE and biomass-based industrial sludges. As a result, we diverted 46,000 tonnes of waste from landfills during the period and reduced process CO2 emissions by approximately 50,000 tonnes as compared to traditional coal use at Golden Bay®. At a Group level, our greenhouse gas emissions continue to decline, with a 21% reduction since FY18.

“We are also making progress in resolving our remaining Construction legacy projects. The New Zealand International Convention Centre project is now in its final stages, with major construction works substantially completed. Our focus has shifted to finishing, testing, and commissioning, and we remain committed to delivering the project, with handover scheduled by 30 June 2025.

“Macroeconomic pressures are expected to persist and economic activity to remain subdued at below mid-cycle levels for the remainder of the financial year. Despite this, we remain focused on what we can control: delivering operational excellence, tightly managing costs, prioritising safety, and providing the best possible service to our customers. I look forward to sharing further details on our strategic review prior to our upcoming Investor Day in June 2025.”

ENDS

Authorised for release to the market by Haydn Wong, Company Secretary.

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Interim Financial Results 2025

Fletcher Building Limited

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When used in these Interim Financial Results, references to the 'Company' are references to Fletcher Building Limited. References to 'Fletcher Building' or the 'Group' are to Fletcher Building Limited, together with its subsidiaries and its interests in associates and joint ventures. References to \$ and NZ\$ are to New Zealand dollars unless otherwise stated.



Welcome to the interactive PDF. For the best experience, use Adobe Acrobat Reader. Click on the sections above to go to the desired pages. To go back to the contents, click on the **◀ CONTENTS** menu button on the top right of each page. The financial statements, notes and references are also clickable for your convenience.

Chair and Managing Director & CEO's Review

We are pleased to report Fletcher Building's financial results for the six months ended 31 December 2024 (HY25).

The first half of the 2025 financial year (HY25) continued to be a challenging period for our Fletcher Building businesses as very difficult trading conditions continued across all our segments. This included a broad-based slowing of demand, intense competitive forces and persistent inflationary pressures.

Our businesses navigated these obstacles by focusing on optimising operational performance and tightly managing the things within our control. We are pleased with the progress achieved to date on our key priorities which have been: resetting governance and leadership roles of the Group; the ongoing strategic review; the Group-wide cost reduction programme; cash; being prudent with capital expenditure; and progressing the resolution of outstanding legacy issues.

With an eye to the future, we also remain focused on our customers, our people, safety and sustainability.

Governance and Leadership reset

We were pleased to complete our Board renewal process with the appointment in early February 2025 of Peter Crowley as Chair and Jacqui Coombes as an independent, non-executive director. With our new Managing Director & CEO, Andrew Reding, firmly in place, the appointments of non-executive directors, Tony Dragicevich and James Miller, alongside the appointments of Peter and Jacqui, we now have a strong, diverse and refreshed Board.

New Executive Team appointments in HY25 included Will Wright as CFO, Kylie Eagle as Chief People Officer, Haydn Wong as Group General Counsel and Thornton Williams as Chief Executive, Concrete. The CIO role was disestablished from the Executive Team.

Financial Performance Overview

Overall, Group revenue from continuing operations was \$3,583 million in HY25, down 7% versus \$3,860 million in prior period. Market volumes continued to decline in the half, particularly in businesses more heavily exposed to the residential sector.

In the New Zealand Materials and Distribution divisions, volumes were down 5 to 10% half year on half year, but some businesses benefitted from major projects like the Auckland Airport expansion. In Australia, market activity continued to decline (down 15% half year on half year).

Performance in the Residential and Development division reflected the overall housing market in New Zealand, with 115 fewer units contracted and sold versus the prior period, with average market prices also down approximately 2% on the prior period. However, some tentative signs of improvement began to appear post the first OCR cut late in 2024, with sales up 17% between September-December 2024, as compared to July-August 2024.

Pleasingly, the Construction division performed well with revenue up 16%, with higher work volumes arising from key infrastructure projects.

Reducing costs has been a key priority. Gross cost reductions for the period were \$91 million across the Group, of which \$61 million was in gross overhead costs (which mitigated overhead inflation in the period of \$28 million). The benefits of cost-out reductions continue to be weighted to the second half, with the Group targeting total gross cost reductions of more than \$200 million in the 2025 financial year.

Earnings before interest and tax (EBIT) from continuing operations and before significant items, was \$167 million, down from \$263 million in the prior period. The lower market volumes for the Materials and Distribution divisions were the most significant driver of the earnings reduction, contributing \$80 million lower EBIT before significant items. However, Construction EBIT before significant items was up \$21 million half on half. The Group EBIT margin from continuing operations and before significant items was softer in the half at 4.7%, compared to 6.8% in the prior period.

Across the Group, significant item charges in the period totalled \$251 million. Of this, \$193 million was from continuing operations, including \$170 million from the Industry Response to address the plumbing failures which are impacting some Western Australia homes constructed using Typlex Pro-Fit pipe which we announced in August 2024. In addition, Tradelink®, reported as a discontinued operation, reflected a \$58 million loss, \$53 million of which was due to the reclassification of the foreign currency translation reserve through earnings when the business was sold.

After factoring in Tradelink®, the Group recorded a net loss after tax of \$134 million, compared to a net loss of \$120 million in the prior period. Our return on funds employed (ROFE) before significant items was 8.4%, compared to 10.0% at 30 June 2024.

Basic earnings per share was a loss of 14.3 cents for the period, compared to a loss of 14.7 cents in the prior period.

Fletcher Building has remained focused on improving cash flows. Overall cash flows from operating activities were an outflow of \$5 million, impacted by lower earnings in the current half, \$134 million legacy outflows, and the normal seasonal investment in working capital during the period. Trading cash flows from continuing operations (excluding legacy and significant items) were \$138 million, compared to \$225 million in the prior period.

We also reviewed the implementation of our capital expenditure programme against the current market environment, delaying, cancelling or accelerating projects where it was sensible to do so. We invested \$167 million during the period, of which \$74 million related to the new Laminex® Taupō wood panels plant.

Chair and Managing Director & CEO's Review (Continued)

During the period, we raised \$700 million equity (gross of transaction costs) comprising of a fully underwritten ~\$282 million institutional placement (Placement) and ~\$418 million pro rata accelerated non-renounceable entitlement offer (Entitlement Offer). A total of 291.85 million new shares were issued at an offer price of \$2.40 per share as part of the capital raise, with proceeds of \$679 million raised, net of transaction costs.

The new equity has bolstered the Group's financial position, reducing the Group's leverage and net debt. The Group's leverage ratio (net debt / EBITDA before significant items) at 31 December 2024 was 1.4 times, with net debt of \$1.1 billion.

Given the current market conditions and in line with the dividend policy and banking covenant agreements, the Board has not declared an interim dividend.

Our People, Customers, and Communities

Beyond our financial performance, we continue to make significant progress in fulfilling our commitments to our people, customers, and communities.

The safety of our people remains our highest priority; our commitment to both personal and team safety is unwavering. Our strong workplace safety culture continues to evolve and improve, which is borne out in improved safety statistics across the business. At the half year mark, we achieved our lowest-ever Total Recordable Injury Frequency Rate (TRIFR) of 2.8, placing us near the global top quartile. This milestone reflects what we can accomplish when we work together with a shared sense of purpose.

We are dedicated to fostering an inclusive environment where everyone belongs. Over the half year period, our Women to Leadership programme supported 55 women in their leadership journeys, pairing them with male and female mentors from across the business. This initiative not only strengthens leadership pipelines but also builds meaningful connections across our organisation.

We take pride in the diverse ways we contribute to our communities. During the half year, our Concrete division commenced a partnership with the Back Country Huts Trust to restore 30 iconic huts, enhancing outdoor experiences across New Zealand. In addition, PlaceMakers® supported New Zealand's Olympic Team in their campaign for Paris, and we provided work experience opportunities for seven First Foundation scholars and two TupuToa interns.

Meanwhile, our Australian team completed the actions outlined in their Reflect Reconciliation Action Plan (RAP) and submitted their Innovate RAP to Reconciliation Australia. This marks a major milestone in their reconciliation journey and reinforces their commitment to strengthening and deepening relationships with First Nations communities.

Despite a challenging market, our commitment to customer focused service excellence has led to strong outcomes. We exceeded our Net Promoter Score (NPS) target of over 55 with a score of 57 in the half year. This customer-centric mindset is also driving positive change within our workforce, as our people experience a greater sense of achievement in meeting customer needs. As a result, overall employee engagement has improved to 39 and is approaching our global upper quartile target score of 40.

Sustainability

We continue to enhance the sustainability of our operations, reaching key milestones along the way. One standout achievement is the ongoing reduction of coal usage at our Golden Bay® cement plant in Northland, which now exceeds 55% substitution as of HY25. This has been driven by the increased use of wood waste and end-of-life tyres, alongside the disposal of unused COVID personal protective equipment and biomass based industrial sludges. As a result, we diverted 46,000 tonnes of waste from landfills during the period and reduced process CO₂ emissions by approximately 50,000 tonnes as compared to traditional coal use at Golden Bay®.

At a Group level, our greenhouse gas emissions continue to decline, with a 21% reduction since FY18, though lower volumes have contributed to this to some extent, and carbon intensity reduced by 20% over the same timeframe. We continue to explore ways to further reduce our environmental impact.

Progress on Legacy Issues

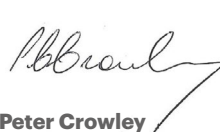
Progress continues in resolving our remaining Construction legacy projects. The New Zealand International Convention Centre (NZICC) project is now in its final stages, with major construction works substantially completed. Our focus has shifted to finishing, testing, and commissioning, and we remain committed to delivering the project, with handover scheduled by 30 June 2025.

In Australia, we reached an agreement in November 2024 with the Western Australian Government and participating builders to address the plumbing failures in Western Australia associated with the installation of Tplex Pro-Fit pipe. This agreed Industry Response plan provides affected homeowners with a clear and practical solution, demonstrating our commitment to resolving the issue responsibly and effectively.

Outlook

Macroeconomic pressures are expected to persist and economic activity to remain subdued at below mid-cycle levels for the remainder of the financial year. Despite this, we remain focused on what we can control: delivering operational excellence, tightly managing costs, prioritising safety, and providing the best possible service to our customers.

On behalf of everyone at Fletcher Building, we sincerely thank our shareholders for your continued trust and support. We look forward to sharing further details on our strategic review prior to our upcoming Investor Day in June 2025.



Peter Crowley
Chair



Andrew Reding
Managing Director & CEO

Building Products

Financial Summary

Six months ended 31 December	2024 NZ\$M	2023 NZ\$M
Gross revenue	663	703
External revenue	533	570
Gross margin	32.1%	33.1%
Overheads	156	159
EBIT before significant items ⁽¹⁾		
Light Building Products	57	67
Metals	7	14
Wood Products	-	2
Divisional costs	(2)	(5)
Total	62	78
EBIT margin before significant items ⁽¹⁾	9.4%	11.1%
Significant items ⁽²⁾	-	(6)
Funds	1,336	1,256
Trading cash flow	66	95
Capital expenditure	85	75

(1) EBIT before significant items is a non-GAAP measure used by management to assess the performance of the business and has been derived from Fletcher Building Limited's consolidated interim financial statements for the period ended 31 December 2024.

(2) Details of Significant items can be found in **note 2.1** of the consolidated interim financial statements.

Light Building Products

- > Winstone Wallboards®
- > Laminex® New Zealand
- > Comfortech®
- > Iplex® New Zealand

Metals

- > Fletcher Steel®
- > Altus® (JV)

Wood Products

- > Waipapa Pine

The Building Products division generated gross revenue of \$663 million, a 6% decrease compared to the previous period. EBIT before significant items was \$62 million compared to \$78 million reported in the prior period. Trading cash flow of \$66 million was \$29 million lower than the prior period.

The Building Products division delivered a resilient trading performance in the period. The decline in revenue compared to the prior period reflected the market reduction in residential activity (new builds (6%) and additions and alterations (5%)). This, along with a highly competitive pricing environment, exerted pressure on earnings. Notwithstanding the recessionary market environment, Winstone Wallboards® maintained a strong market position, while Waipapa Pine and Laminex® demonstrated good market share growth.

Despite the heightened pricing competition, overall gross margin held relatively steady at 32.1% with good pricing disciplines and delivery of cost-out initiatives across the division.

The division's initiatives aimed at mitigating the impact of the ongoing market downturn included the implementation of a leaner organisational framework and cost structure, resulting in benefits from reduced headcount, site rationalisation and freight optimisation. These cost-saving measures collectively led to a gross reduction of \$14 million. However, inflationary pressures affected the costs of raw materials, particularly gypsum, paper and LPG. While electricity prices spiked in Q1, they were mitigated by lower pricing later in the half. In Steel, the continued decline in steel prices resulted in a \$3 million stock devaluation and an approximate 10% reduction in selling prices. Despite gaining market share and operational efficiency improvements, Wood Products' earnings were negatively impacted by significant pressure on timber prices within a persistently soft market.

EBIT before significant items of \$62 million was \$16 million below the prior period.

Trading cash flow in HY25 was \$66 million, \$29 million lower than the prior period, driven principally by reduced earnings. Comprehensive debtor management strategies are in place across all of the divisions' businesses, with minimal impacts from any customer liquidations.

Capital expenditure was \$85 million, largely comprising \$74 million for the new Laminex® Taupō wood panels plant.

The division's focus on customer service and new product offerings continued. Laminex® New Zealand successfully launched its new product range Seratone Aqua Plus®, a new evolution pre-finished wet and dry area wall panel. The newly rebranded Cyclone® Buildings product range has successfully introduced a new pole shed design, expected to meet the needs of the agricultural market. At Dimond®, the formal relaunch of the advanced roofing systems 'warm roof' products, a range of solutions optimised for appearance, thermal and acoustic performance has been well-received by the market.

The division has achieved several operational milestones in the period. Winstone Wallboards® new plasterboard plant in Tauranga has now achieved its desired performance efficiency. Dimond® has opened its structural manufacturing plant at South Auckland's Papakura, delivering improved output and efficiencies with its new purlin mill, with two new folders expected to further unlock new opportunities in the coming months.

Distribution

Financial Summary

Six months ended 31 December	2024 NZ\$M	2023 NZ\$M
Gross revenue	780	836
External revenue	767	817
Gross margin	24.7%	26.8%
Overheads	188	190
EBIT	4	35
EBIT margin	0.5%	4.2%
Funds	306	308
Trading cash flow	8	42
Capital expenditure	13	10

Divisional Overview

- > PlaceMakers®
- > PlaceMakers® F&T
- > Mico®

The Distribution division reported gross revenue of \$780 million, 7% lower than the prior period. EBIT before significant items was \$4 million, compared to \$35 million in the prior period. Trading cash flow was \$8 million, compared to \$42 million in the prior period.

With approximately 80% exposure to New Zealand's residential construction market, the Distribution division faced sustained challenges in HY25, as trade merchant revenues declined year-on-year – by an estimated 3% in building materials and 7% in plumbing.

Mico® achieved steady market share growth, reinforcing its leadership in the plumbing sector through strong competitive positioning.

PlaceMakers® continued to face intense price competition, particularly in frame and truss, necessitating select price concessions to defend market share. All regions experienced some level of contraction, however the pricing efforts maintained stability in Auckland and Northland. Market share gains were achieved in the Waikato, Bay of Plenty and Lower North Island regions. However, market share declined in the South Island.

Gross margin reduced by 210 basis points compared to the prior period due to the price concessions along with unfavourable shifts in product mix.

Inflationary pressures in labour, property and technology persisted throughout the half. Cost efficiency measures included revised shift patterns across branches and manufacturing facilities, careful management of employee hires and significant reductions in discretionary expenses. Despite inflation running at approximately 4%, overheads were reduced by 0.3% compared to the prior period.

The division's EBIT fell to \$4 million (HY24: \$35 million), with EBIT margin declining to 0.5% from the prior period's 4.2%.

Trading cash flow was \$8 million reflecting lower earnings in the period. Working capital cash flow was positive, supported by improved inventory management, which reduced inventory days by 2.3 days year-on-year. Customer cash collections remained strong. While some customer defaults were experienced, credit risk was managed through proactive measures to minimise the division's overall exposure.

The division maintained disciplined capital management while prioritising key strategic investments. In this regard the capital expenditure of \$13 million primarily reflected milestone payments for the relocation of PlaceMakers® Auckland frame and truss facility. This project has temporarily been paused with future options under review.

The integration of Tumu® into PlaceMakers® was successfully completed during HY25.

Concrete

Financial Summary

Six months ended 31 December	2024 NZ\$M	2023 NZ\$M
Gross revenue	536	567
External revenue	381	412
Gross margin	26.7%	28.3%
Overheads	89	93
EBIT before significant items ⁽¹⁾	49	70
EBIT margin before significant items ⁽¹⁾	9.1%	12.3%
Significant items ⁽²⁾	-	2
Funds	850	810
Trading cash flow	64	87
Capital expenditure	36	34
Investments	-	7

(1) EBIT before significant items is a non-GAAP measure used by management to assess the performance of the business and has been derived from Fletcher Building Limited's consolidated interim financial statements for the period ended 31 December 2024.

(2) Details of Significant items can be found in **note 2.1** of the consolidated interim financial statements.

Heavy Materials

- > Golden Bay®
- > Winstone Aggregates®

Products and Solutions

- > Firth® Industries
- > Humes®
- > Dricon®

The Concrete division reported gross revenue of \$536 million, which was 5% lower than the prior period. EBIT before significant items was \$49 million, compared to \$70 million in the prior period. Trading cash flow of \$64 million compared to \$87 million in the prior period.

The division delivered a strong top-line result in the period despite challenging market conditions, particularly in the residential segment. In this environment, the division has performed well to improve market share – this has been achieved through a continued focus on a differentiated product and service offering.

The Concrete division continued to focus on the more stable commercial and infrastructure segments, as well as re-entry into the cement export market to offset the declining New Zealand market volume. This resulted in stable revenues compared to the second half of the 2024 financial year. Additionally the division continued to align its cost base to the current market environment. In Firth®, this has involved a continued reduction in production and truck resources aligning to volume reduction. In Golden Bay®, the focus has been on increasing coal substitution with alternative fuels to over 55% and right-sizing of its manufacturing labour cost base. In Humes® and Winstone Aggregates®, the focus has been on delivering benefits from recent investments in debottlenecking and operational improvements.

The division's gross margin of 26.7% was 160 basis points lower than the prior period, whilst EBIT before significant items of \$49 million was \$21 million lower than the prior period. This reflected the higher proportion of revenue from the commercial and infrastructure segments and continued input cost inflationary pressures. The result includes one-off costs of \$12 million reflecting the outage of Golden Bay®'s cement carrier the MV Aotearoa Chief in July 2024, significantly elevated spot electricity pricing in the first quarter and restructuring costs associated with right-sizing initiatives.

Trading cash flow for the division was solid at \$64 million, with the decline of \$23 million compared to the prior period in line with the lower earnings. Working capital remains tightly managed, with divisional debtor days in line with June 2024.

Capital expenditure in the period of \$36 million was focused on critical asset renewal, quarry resource extension and key in-flight initiatives – comprising the development of Firth®'s new flagship ready mix concrete plant in Auckland, and continued investment in alternative fuels capability to increase coal substitution at Golden Bay®.

The key highlight for the period was the successful commissioning of the new Firth® ready mix concrete plant at Auckland Airport. This new concrete plant allows Firth® to support the Auckland Airport which has a large programme of future capital investment that Firth® is now well positioned to deliver.

Australia

Financial Summary

Six months ended 31 December	2024 NZ\$M	2023 ⁽¹⁾ NZ\$M
Gross revenue	924	1,054
External revenue	906	1,026
Gross margin	35.1%	34.3%
Overheads	274	287
EBIT before significant items ⁽²⁾		
Building Products Australia	52	72
Steel Australia	(1)	9
Distribution Australia	-	-
Divisional costs	(4)	(4)
Total	47	77
EBIT margin before significant items ⁽²⁾	5.1%	7.3%
Significant items ⁽³⁾	(177)	(3)
Funds	1,008	1,160
Trading cash flow	9	59
Capital expenditure	15	22

(1) The comparatives have been restated to exclude discontinued operation. Further details of the change can be found in **note 2.4** of the consolidated interim financial statements.

(2) EBIT before significant items is a non-GAAP measure used by management to assess the performance of the business and has been derived from Fletcher Building Limited's consolidated interim financial statements for the period ended 31 December 2024.

(3) Details of Significant items can be found in **note 2.1** of the consolidated interim financial statements.

Building Products Australia

- > Laminex® Australia
- > Iplex® Australia
- > Fletcher Insulation®

Steel Australia

- > Stramit®

Distribution Australia

- > Oliveri® Solutions

The Australia division reported gross revenue from continued operations of \$924 million, 12% lower than the prior period. EBIT before significant items was \$47 million, compared with \$77 million in the prior period. Trading cash flow was \$9 million, compared to \$59 million in the prior period.

The Australia division saw volume declines of circa 13% compared to the prior period. Residential and commercial markets were both softer compared to the prior period, impacting performance in all businesses. The reduced level of civil project activity continued to be a large driver of the top line decline in Iplex® Australia, and Stramit® was further impacted by slowing in the detached housing markets.

Market share remained mixed, with gains achieved in Fletcher Insulation® and Oliveri®, while share held in Laminex® Australia and Iplex® Australia, with focused commercial project selection in Stramit®.

The division continued its restructuring programme to right size the businesses through the current downturn, with benefits from these initiatives weighted to the second half. However, continued strong pricing disciplines and new products brought to market assisted the delivery of gross margin improvements of 80 basis points in the period.

EBIT before significant items of \$47 million and an EBIT margin of 5.1% were both down on the prior period. At a business unit level, Oliveri®, Laminex® Australia and Fletcher Insulation® all performed well in the lower trading environment, while the Stramit® and Iplex® Australia results were more challenged. Significant items of \$177 million were recognised during the period, which related to costs and provisions in relation to the Iplex® Australia pipes matter and the agreed Industry Response in Western Australia.

The division's continued commitment to the customer produced positive outcomes, with customer NPS, broadly in line with the prior period and top quartile performance in Fletcher Insulation®. This was the result of the attention to efficiency rates in DIFOT (Delivery in Full On Time), growth in digital sales and bringing new products to market. Over 50% of Laminex® Australia revenue is now from online sales, attracting more customers and delivering improved margins. Market share was also gained in higher-margin segments, which include, Laminex® Australia decorative products, Fletcher Insulation®'s extension to its Rockwool® and Pink® Batts® ranges, and further growth in the Oliveri® bathroom category.

Trading cash flow for the division was \$9 million, down on the \$59 million in the prior period. Lower earnings and additional costs related to the Iplex® Australia pipe matter were the main drivers of the movement. Debtor collections remained strong and the credit risk from heightened construction insolvencies continued to be well managed.

Capital expenditure in the period was \$15 million, with ongoing investments in the areas of new product development and manufacturing automation.

Residential and Development

Financial Summary

Six months ended 31 December	2024 NZ\$M	2023 NZ\$M
Gross revenue	240	351
External revenue	228	340
Gross margin	21.1%	22.5%
Overheads	39	39
EBIT ⁽¹⁾		
Fletcher Residential	19	44
Clever Core®	(5)	(3)
Vivid Living®	-	-
Industrial Development	-	-
Total	14	41
EBIT margin ⁽¹⁾	5.8%	11.7%
Funds	901	985
Trading cash flow	(55)	(31)
Capital expenditure ⁽²⁾	6	12

(1) The EBIT result includes a \$2 million gain on revaluation of Vivid Living® investment property (2023: \$1 million).

(2) Capex includes investment property development.

Fletcher Residential

- > Fletcher Living®
- > Vivid Living®
- > Fletcher Apartments
- > Clever Core®

Industrial Development

- > Industrial Development

The Residential and Development division reported gross revenue of \$240 million, a \$111 million and a 32% reduction on the prior period. EBIT for the division was \$14 million, compared with \$41 million in the prior period. Trading cash flow was an outflow of \$55 million compared to an outflow of \$31 million in the prior period.

The challenging New Zealand housing market and broader economic conditions present in the second half of FY24 resulted in the division entering FY25 with significantly lower contracted volume than historical averages. This adversely impacted the volume of homes taken to profit in the first quarter of the current year by circa 130 units, compared to the prior period. The difficult market conditions persisted into the start of FY25, negatively impacting buyer sentiment and urgency, resulting in conditional contract sign-up volume for July and August 2024 being circa 30% lower than the same period in the prior year. Market outlook and buyer confidence has however started to show tentative signs of recovery, with average weekly signups increasing 17% across the period September-December 2024, compared to July-August 2024. A high proportion of these executed contracts however are settling, and expected to be taken to profit in the second half. The most active part of the Residential housing market continued to be in the lower price point, first-home buyer segment, an area of strength for Fletcher Residential. This was supported by the introduction of promotions such as a \$10,000 First Home Buyer Grant, providing strong market differentiation. As a result, 304 units (including 21 apartments) were taken to profit compared to 419 units (including 47 apartments) in the prior period, with 114 contracts already executed to settle in the second half of FY25.

Average market price has decreased by circa 2% compared to the same period last year. Whilst this has been partly mitigated through cost control, gross margin in Fletcher Residential has seen a reduction of 120 basis points compared to the prior period.

Clever Core®, the division's panelisation business, has been significantly impacted by the prolonged industry downturn, delivering 51 units in the period compared to 90 in the prior period. Whilst internal demand for Clever Core® continues to be strong, external demand has slowed, reflecting broader market dynamics and a significant reduction in orders from Kāinga Ora.

Vivid Living® completed 12 settlements during the period at Red Beach, its first retirement development, with the village now ~60% occupied, and secured 5 contracts at the next village in Karaka, South Auckland, opening to first residents later this financial year.

In Industrial Development, there were no sales in the period, consistent with H1 FY24.

Trading cash flow including the settlement of \$40 million of committed land purchases, was an outflow of \$55 million, compared to an outflow of \$31 million in the prior period. This was a strong result given the reduced number of units taken to profit compared to the prior period. An outflow in the first half of the year is normal as the division builds homes for settlement in the second half and is exacerbated by new development home building to deliver projects at The Hill in Ellerslie, Three Kings and Stonefields.

As at 31 December 2024, divisional funds employed were \$901 million, an increase of \$60 million compared to 30 June 2024, owing to the settlement of committed land purchases and the seasonal stock build. The division continues to actively manage its funds base in line with market activity.

Construction

Financial Summary

Six months ended 31 December	2024 NZ\$M	2023 NZ\$M
Gross revenue	814	699
External revenue	768	695
Gross margin	9.2%	7.2%
Overheads	54	53
EBIT before significant items ⁽¹⁾	20	(1)
EBIT margin before significant items ⁽¹⁾	2.5%	(0.1)%
Significant items ⁽²⁾	(6)	(179)
Funds	216	216
Trading cash flow	(80)	(313)
Capital expenditure	5	4

(1) EBIT before significant items is a non-GAAP measure used by management to assess the performance of the business and has been derived from Fletcher Building Limited's consolidated interim financial statements for the period ended 31 December 2024.

(2) Details of Significant items can be found in **note 2.1** of the consolidated interim financial statements.

Note: External revenue includes income from the Group's vertical buildings business (December 2024: \$69 million; December 2023: \$51 million), which the Group is in the process of exiting. The New Zealand International Convention Centre and Hobson Street Hotel (NZICC) projects represent the largest projects in this business. EBIT before significant items, however, excludes any earnings or losses from these projects that are reported separately as Significant Items.

Divisional Overview

- Major Projects
- Brian Perry Civil®
- Higgins®
- Buildings
- South Pacific

The Construction division reported gross revenue of \$814 million, which was \$115 million or 16% higher than the prior period. EBIT before significant items was a profit of \$20 million, compared to a loss of \$1 million in the prior period. Trading cash flow was an outflow of \$80 million compared to a \$313 million outflow in the prior period. Excluding legacy projects, trading cash flow resulted in an inflow of \$54 million compared to a \$18 million outflow in the prior period.

Revenue performance, excluding vertical buildings, was 15% higher compared to the prior period driven by higher work volumes in Brian Perry Civil® and Major Projects businesses, with work continuing on key infrastructure projects at Auckland Airport, Eastern Busway and the Ngāruawāhia and Rangiriri roading projects. Gross margin, excluding vertical buildings, was 10.0%, compared to 7.7% in the prior period as the division continues to focus on lower risk, smaller self-perform work; national and local road maintenance contracts; and alliance infrastructure projects. Project margins were also supported by strong product sales in Higgins® asphalt and bitumen importation and supply via Napier, with Higgins® new import terminal at Marsden Point, in conjunction with Channel Infrastructure NZ, expected to be operational in FY27.

Overheads as percentage of revenue were 6.6%, compared to 7.6% in the prior period with tight cost control measures.

Significant items for the period were a loss of \$6 million in the period, primarily relating to legal fees incurred as part of its preparation and defence of claims in the vertical buildings operations currently being wound down.

Trading cash flow for the division was an outflow of \$80 million. Excluding legacy cash, trading cash flow was a \$54 million inflow. This was driven by strong earnings cash inflows and working capital management, including advances on new projects and the finalisation of variation claims and accounts.

Legacy outflows of \$134m were principally driven by the NZICC project which is forecast to reach practical completion by end of June 2025.

The orderbook as at December 2024 was \$1.5 billion, down from \$1.8 billion at June 2024. The reduction was largely driven by a \$0.6 billion adjustment for the division's share of the Transport Rebuild East Coast programme which has been de-scaled by NZTA.

The division completed the sale of 50% of the Higgins® Fiji business in July 2024.

Consolidated Income Statement

For the six months ended 31 December 2024

Continuing operations	Note	Unaudited Six months Dec 2024 NZ\$M	Unaudited Six months Dec 2023* NZ\$M	Audited Year ended Jun 2024 NZ\$M
Revenue		3,583	3,860	7,683
Cost of goods sold		(2,584)	(2,750)	(5,521)
Gross margin		999	1,110	2,162
Selling, general and administration expenses		(836)	(853)	(1,665)
Share of profits of associates and joint ventures		2	5	10
Revaluation gain on investment property		2	1	2
Significant items	2.1	(193)	(186)	(333)
(Losses)/earnings before interest and taxation (EBIT)		(26)	77	176
Lease interest expense		(34)	(28)	(58)
Funding costs		(63)	(62)	(142)
Losses before taxation		(123)	(13)	(24)
Taxation benefit/(expense)	6	41	2	(55)
Losses after taxation from continuing operations		(82)	(11)	(79)
Losses attributable to non-controlling interests		-	(3)	(7)
Net losses from continuing operations		(82)	(14)	(86)
Net losses from discontinued operation net of tax		(52)	(106)	(141)
Net losses attributable to the shareholders		(134)	(120)	(227)

*The comparative interim results have been represented for Tradelink® being classified as a discontinued operation in FY24. Further details of discontinued operation can be found in **note 2.4**.

Net losses per share (cents)	2.3			
Basic		(14.3)	(14.7)	(27.7)
Diluted		(14.3)	(14.7)	(27.7)
Net losses per share from continuing operations (cents)	2.3			
Basic		(8.7)	(1.7)	(10.5)
Diluted		(8.7)	(1.7)	(10.5)
Weighted average number of shares outstanding (millions of shares)	2.3			
Basic		940	819	819
Diluted		940	819	819
Dividends declared per share (cents)		-	-	-

The accompanying notes form part of and are to be read in conjunction with these consolidated interim financial statements.

On behalf of the Board, 19 February 2025


Peter Crowley
Chair


Sandra Dodds
Director

Consolidated Statement of Comprehensive Income

For the six months ended 31 December 2024

	Unaudited Six months Dec 2024 NZ\$M	Unaudited Six months Dec 2023* NZ\$M	Audited Year ended Jun 2024 NZ\$M
Net losses attributable to shareholders	(134)	(120)	(227)
Net losses attributable to non-controlling interests	-	3	7
Net losses after tax	(134)	(117)	(220)
Other comprehensive income/(loss)			
<i>Items that do not subsequently get reclassified to Consolidated Income Statement:</i>			
Movement in pension reserve	(3)	-	21
	(3)	-	21
<i>Items that may be reclassified subsequently to Consolidated Income Statement in the future:</i>			
Movement in cash flow hedge reserve	(3)	(17)	(7)
Movement in currency translation reserve	12	(17)	(1)
Reclassification of foreign currency reserve to Consolidated Income Statement	53	-	-
	62	(34)	(8)
Other comprehensive income/(loss)	59	(34)	13
Total comprehensive loss for the period	(75)	(151)	(207)
Total comprehensive income/(loss) for the year arises from:			
Continuing operations	(76)	(45)	(66)
Discontinued operation	1	(106)	(141)
Total comprehensive loss for the period	(75)	(151)	(207)

* The comparative interim results have been represented for Tradelink® being classified as a discontinued operation in FY24. Further details of discontinued operation can be found in **note 2.4**.

The accompanying notes form part of and are to be read in conjunction with these consolidated interim financial statements.

Consolidated Statement of Movements in Equity

For the six months ended 31 December 2024

NZ\$M	Note	Share capital	Retained earnings	Share-based payments reserve	Cash flow hedge reserve	Currency translation reserve	Pension reserve	Total	Non-controlling interests	Total equity
Total equity at 30 June 2023 (audited)		2,993	634	28	10	(78)	63	3,650	27	3,677
Total comprehensive income/(loss) for the period		-	(120)	-	(17)	(17)	-	(154)	3	(151)
Movement in non-controlling interests		-	-	-	-	-	-	-	(7)	(7)
Dividends paid to shareholders of the parent		-	(124)	-	-	-	-	(124)	-	(124)
Movement in share-based payment reserve		-	4	2	-	-	-	6	-	6
Total equity at 31 December 2023 (unaudited)		2,993	394	30	(7)	(95)	63	3,378	23	3,401
Total comprehensive income/(loss) for the period		-	(107)	-	10	16	21	(60)	4	(56)
Movement in non-controlling interests		-	-	-	-	-	-	-	(16)	(16)
Movement in share-based payment reserve		2	1	(4)	-	-	-	(1)	-	(1)
Total equity at 30 June 2024 (audited)		2,995	288	26	3	(79)	84	3,317	11	3,328
Total comprehensive income/(loss) for the period		-	(134)	-	(3)	65	(3)	(75)	-	(75)
Movement in non-controlling interests		-	-	-	-	-	-	-	(7)	(7)
Movement in share-based payment reserve		5	4	(11)	-	-	-	(2)	-	(2)
Issue of shares	2.5	679	-	-	-	-	-	679	-	679
Total equity at 31 December 2024 (unaudited)		3,679	158	15	0	(14)	81	3,919	4	3,923

The accompanying notes form part of and are to be read in conjunction with these consolidated interim financial statements.

Consolidated Balance Sheet

As at 31 December 2024

Assets	Note	Unaudited Dec 2024 NZ\$M	Unaudited Dec 2023 NZ\$M	Audited Jun 2024 NZ\$M
Current assets:				
Cash and cash equivalents		202	215	311
Current tax assets		31	11	28
Contract assets		146	178	142
Derivatives		13	7	10
Debtors		770	978	914
Inventories		1,352	1,772	1,276
Total current assets before held for sale		2,514	3,161	2,681
Assets classified as held for sale	2.4	5	-	507
Total current assets		2,519	3,161	3,188
Non-current assets:				
Property, plant and equipment		2,251	2,122	2,191
Investment property		107	71	100
Intangible assets		1,026	1,170	1,055
Right-of-use assets		1,279	1,322	1,191
Investments in associates and joint ventures		240	222	221
Inventories		601	467	594
Retirement plan assets		151	126	152
Derivatives		52	28	46
Deferred tax assets		182	236	136
Total non-current assets		5,889	5,764	5,686
Total assets		8,408	8,925	8,874
Liabilities				
Current liabilities:				
Creditors, accruals and other liabilities		1,122	1,166	1,147
Provisions	5	283	340	171
Lease liabilities		167	190	164
Derivatives		11	23	18
Contract liabilities		87	71	166
Borrowings	7	85	84	86
Total current liabilities before held for sale		1,755	1,874	1,752
Liabilities associated with assets held for sale	2.4	3	-	336
Total current liabilities		1,758	1,874	2,088
Non-current liabilities:				
Creditors, accruals and other liabilities		25	102	134
Provisions	5	34	39	28
Lease liabilities		1,373	1,401	1,272
Derivatives		7	8	2
Borrowings	7	1,288	2,100	2,022
Total non-current liabilities		2,727	3,650	3,458
Total liabilities		4,485	5,524	5,546
Equity				
Share capital		3,679	2,993	2,995
Reserves		240	385	322
Shareholders' funds		3,919	3,378	3,317
Non-controlling interests		4	23	11
Total equity		3,923	3,401	3,328
Total liabilities and equity		8,408	8,925	8,874

The accompanying notes form part of and are to be read in conjunction with these consolidated interim financial statements.

Consolidated Statement of Cash Flows

For the six months ended 31 December 2024

	Note	Unaudited Six months Dec 2024 NZ\$M	Unaudited Six months Dec 2023 NZ\$M	Audited Year ended Jun 2024 NZ\$M
Cash flow from operating activities				
Receipts from customers		3,950	4,406	8,667
Dividends received		5	5	10
Payments to suppliers, employees and other		(3,861)	(4,427)	(8,064)
Interest paid		(97)	(89)	(200)
Income tax paid		(2)	(21)	(15)
Net cash from operating activities	9	(5)	(126)	398
Cash flow from investing activities				
Sale of property, plant and equipment		53	3	7
Sale of subsidiaries		182	-	-
Purchase of subsidiaries		-	(7)	(11)
Purchase of property, plant and equipment and intangible assets		(161)	(183)	(402)
Payments for investment property and investment property under development		(6)	(12)	(20)
Net cash from investing activities		68	(199)	(426)
Cash flow from financing activities				
Issue of capital notes		-	-	32
Repurchase of capital notes		-	-	(78)
Issue of shares	2.5	679	-	-
Drawdown of borrowings		-	700	920
Repayment of borrowings		(762)	(301)	(568)
Principal elements of lease payments		(99)	(100)	(206)
Contributions from non-controlling interests		11	11	15
Distribution to non-controlling interests		(5)	(7)	(17)
Dividends paid to shareholders of the parent		-	(124)	(124)
Net cash from financing activities		(176)	179	(26)
Net movement in cash held		(113)	(146)	(54)
Add: opening cash and cash equivalents		311	365	365
Effect of exchange rate changes on net cash		4	(4)	-
Closing cash and cash equivalents		202	215	311

The accompanying notes form part of and are to be read in conjunction with these consolidated interim financial statements.

Fletcher Building Interim Financial Statements

Significant changes in the current reporting period

The financial position and performance of the Group were particularly affected by the following events and transactions during the reporting period:

- The Group completed the sale of 50% of its Fiji construction business to the Fiji National Provident Fund and Fijian Holdings Limited on 31 July 2024 for NZ\$21 million. Refer to **note 2.4**.
- The Group completed the sale of Tradelink®, its Australian plumbing supplies and distribution business, to Metal Manufactures Pty Limited on 30 September 2024. The sale price of A\$170 million comprises a cash payment of A\$160 million paid on settlement, with the remaining A\$10 million cash payment based on achieving separation milestones. Transaction and separation costs are expected to total c.A\$30 million over a period of up to 24 months from completion. A \$53 million loss was reclassified from the foreign currency translation reserve (FCTR) on disposal of Tradelink®. Refer to **note 2.4**.
- The Group and its subsidiary, Iplex® Pipelines Australia, together with the Western Australian (WA) Government and key industry stakeholders, have finalised the Industry Response (the IR) to address the plumbing failures which are impacting some WA homes constructed using Typlex Pro-Fit pipe. As a result, the Group recorded a pre-tax provision of \$170 million (A\$155 million) in relation to its net obligations under the IR, classified as a Significant Item. Refer to **note 2.1** and **note 5**.
- The Group completed a \$700 million equity raise, as announced on 23 September 2024, comprising a fully underwritten c.\$282 million institutional placement and c.\$418 million pro rata accelerated non-renounceable entitlement offer, with 291,853,776 additional ordinary shares issued. A total of \$679 million of proceeds was raised, net of transaction costs. Refer to **note 2.5**.
- The Group repaid and cancelled \$680 million of its outstanding borrowings on a pro-rated basis, including full repayment of the Group's Club Loan (\$400 million) and partial repayment of the amounts outstanding under its syndicated facility (\$111 million) and USPP notes (\$169 million). A \$10 million loss from the close-out of the CCRIS hedge instruments that was related to the early redemption of USPP notes has been classified as a Significant Item in **note 2.1**. The repayment of the loan, and partial repayment of syndicated facilities and USPP notes were funded using the proceeds from the equity raise during the period. Refer to **note 7**.

Notes to the Consolidated Interim Financial Statements

Statement of accounting policies

1. GENERAL INFORMATION

The consolidated condensed interim financial statements presented are those of Fletcher Building Limited (the Company) and its subsidiaries (the Group). The Group is primarily involved in the manufacturing and distribution of building materials and residential, commercial and infrastructure construction. Fletcher Building Limited is domiciled in New Zealand. The registered office of the Company is 810 Great South Road, Penrose, Auckland.

The Company is registered under the Companies Act 1993 and is a Financial Markets Conduct Act (FMCA) 2013 reporting entity in terms of the Financial Reporting Act 2013. The Group is a for-profit entity.

Basis of presentation

These consolidated interim financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand and the requirements of the Financial Markets Conduct Act 2013. Generally Accepted Accounting Practice are the New Zealand equivalent to International Financial Reporting Standards (NZ IFRS).

These financial statements are presented in New Zealand dollars (\$), which is the Group's presentation currency, and rounded to the nearest million unless otherwise stated.

The consolidated interim financial statements comply with NZ IAS 34 *Interim Financial Reporting* and do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 30 June 2024. In complying with NZ IAS 34, these financial statements comply with International Accounting Standard 34 *Interim Financial Reporting*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

The estimates and judgements that are critical to the determination of the amounts reported in the consolidated interim financial statements have been disclosed with the relevant notes in the consolidated interim financial statements and are marked with this colour.

The following key exchange rates were applied in the preparation of the consolidated interim financial statements:

NZD/AUD	Unaudited Six months Dec 2024	Unaudited Six months Dec 2023	Audited Year ended Jun 2024
Average rates	0.9111	0.9231	0.9228
Closing rates	0.9063	0.9264	0.9150

Notes to the Consolidated Interim Financial Statements (Continued)

2. KEY ESTIMATES, JUDGEMENTS AND OTHER FINANCIAL INFORMATION

2.1 SIGNIFICANT ITEMS

In reporting financial information, the Group presents non-GAAP performance measures (i.e. EBIT before Significant Items), which is not defined or specified under the requirements of NZ IFRS. The Group believes that these non-GAAP measures, which are not considered to be a substitute for or superior to NZ IFRS measures, provide stakeholders with additional useful information on the performance of the business. The non-GAAP measures are consistent with how the business performance is planned and reported to the Board and Audit and Risk Committee.

As at 31 December 2024, Significant Items from continuing operations totalled \$193 million (31 December 2023: \$186 million), this amount captures both gains and losses from transactions or events outside of the Group's ongoing operations that have had significant impact on the Group's reported profit and loss in the period.

NZ\$M	Dec 2024			Dec 2023		
	EBIT	Significant items	EBIT before significant items	EBIT	Significant items	EBIT before significant items
Building Products	62	-	62	72	(6)	78
Distribution	4	-	4	35	-	35
Concrete	49	-	49	72	2	70
Australia	(130)	(177)	47	74	(3)	77
Materials and Distribution divisions	(15)	(177)	162	253	(7)	260
Residential and Development	14	-	14	41	-	41
Construction	14	(6)	20	(180)	(179)	(1)
Corporate and other	(39)	(10)	(29)	(37)	-	(37)
Continuing operations	(26)	(193)	167	77	(186)	263
Discontinued operation	(52)	(58)	6	(121)	(122)	1
Group	(78)	(251)	173	(44)	(308)	264

Significant items from continuing operations include:

Iplex® Australia Western Australia pipes matter (\$177 million)

Iplex® Pipelines Australia (Iplex® Australia), in collaboration with the Western Australian (WA) Government and key industry stakeholders, finalised the Industry Response (the IR) to address plumbing failures impacting some WA homes using Typlex Pro-Fit pipe. As a result, Iplex® Australia recognised a pre-tax net provision of A\$155 million (NZ\$170 million) during the period. The interim investigation fund was extended up to the finalisation of the IR response being agreed, at an additional cost of A\$2.5 million (NZ\$3 million). Both have been classified as Significant Items, refer to **note 5**.

Additionally, Iplex® Australia incurred A\$4 million in legal costs associated with defending claims related to the matter during the period, which have also been classified as a Significant Item.

Capital and funding restructure (\$10 million)

Fletcher Building raised net proceeds of NZ\$679 million in the equity raise carried out during the period (refer to **note 2.5**), with the net proceeds subsequently being applied to repay and cancel existing debt facilities, including the partial early redemption of USPP notes that were scheduled to mature in 2026 (see **note 7**). This early redemption of USPP notes led to a \$10 million loss from the partial close-out of the related CCIRS hedge instruments, which would otherwise be considered ineffective, being recognised in the income statement. The loss on close-out has been classified as a Significant Item incurred as part of the Group's capital restructuring activities.

Other (\$6 million)

Other Significant Items primarily comprise \$6 million of legal costs incurred by the Construction division as part of its preparation and defence of claims in the vertical building business currently being wound down.

Significant items from discontinued operation include:

Tradelink® disposal (\$58 million)

On 30 September 2024, the Group completed the sale of Tradelink®, its Australian plumbing supplies business, and recorded a \$58 million loss, classified as a Significant Item. This loss includes a \$53 million reclassification of the foreign currency translation reserve to the income statement and a further \$5 million impairment due to working capital and net debt adjustments on disposal, see **note 2.4**.

Notes to the Consolidated Interim Financial Statements (Continued)

2.2 INTANGIBLE ASSET IMPAIRMENT TESTING

The Group performs an annual impairment test for assets with an indefinite useful life (i.e. Goodwill and Brands) in June or at the end of a reporting period when there is an indication that an asset may be impaired. The Group's impairment test for goodwill and intangible assets with indefinite lives is based on value-in-use calculations. The key assumptions used to determine the recoverable amount for the different cash generating units were disclosed in the annual consolidated financial statements for the year ended 30 June 2024. The Group considered the cyclical nature of the construction and building industry, the current economic environment and the historic and forecast performance of businesses in a mid-cycle environment, and concluded that no indicators of impairment existed that required an impairment to be recognised as at 31 December 2024.

2.3 SUPPLEMENTARY DISCLOSURES: EARNINGS PER SHARE

The Group has restated the prior year earnings per share metrics to reflect the slight dilution resulting from the "bonus share" element of the capital raise completed during the period. The new shares, issued at \$2.40 under the share placement, were priced at a theoretical 17.0% discount to the \$2.89 closing price on the NZX on 20 September 2024, before the equity raise was announced. The additional shares issued due to the discount, compared to the number required without a discount, are considered the "bonus share" element. The prior year's comparative weighted average number of ordinary shares of 783 million shares has been adjusted to reflect these "bonus shares", equating to 819 million shares. Similarly, the current year's weighted average number of ordinary shares has been increased as if these "bonus shares" had been in place for the entire financial year, rather than just from the date of issue.

The disclosure below has been included to provide additional useful information by removing the impact of Significant Items in the current and prior year, and the resulting impact on the earnings per share measure.

The effect of Significant Items on earnings per share is as follows:	Unaudited Six months Dec 2024 NZ\$M	Unaudited Six months Dec 2023 NZ\$M	Audited Year ended Jun 2024 NZ\$M
Net losses after taxation from continuing operations (as per Consolidated Income Statement)	(82)	(14)	(86)
Add back: Significant Items before taxation	193	186	333
Less: tax benefit on Significant Items	(58)	(53)	(64)
Net earnings from continuing operations before Significant Items	53	119	183
Net earnings from continuing operations per share before Significant Items (cents)	5.6	14.5	22.3
Net losses per share – as reported per Consolidated Income Statement (cents)	(8.7)	(1.7)	(10.5)

2.4 DISCONTINUED OPERATION AND ASSETS HELD FOR SALE

On 14 February 2024 the Group announced its intention to divest the Tradelink® business and initiated an active programme to locate a buyer. The associated assets and liabilities were consequently presented as held for sale from 1 April 2024 when the criteria to be classified as held for sale were met, with Tradelink® being classified as a discontinued operation.

Tradelink® was sold on 30 September 2024 with effect from 1 October 2024.

Financial performance and cash flow information of Tradelink®, represented as a discontinued operation

The financial performance and cash flow information presented for the period ended 31 December 2024 includes the results from 1 July 2024 and up to the date of disposal of 30 September 2024.

	Unaudited Six months Dec 2024 NZ\$M	Unaudited Six months Dec 2023 NZ\$M	Audited Year ended Jun 2024 NZ\$M
Revenue	202	388	758
Cost of goods sold	(145)	(274)	(529)
Gross Margin	57	114	229
Selling, general and administration expenses	(51)	(113)	(222)
Significant Items	(58)	(122)	(155)
Losses before interest and taxation (EBIT)	(52)	(121)	(148)
Lease interest expense	(2)	(4)	(7)
Income tax benefit	2	19	14
Net losses from discontinued operation net of tax	(52)	(106)	(141)

Notes to the Consolidated Interim Financial Statements (Continued)

	Unaudited Six months Dec 2024 NZ\$M	Unaudited Six months Dec 2023 NZ\$M	Audited Year ended Jun 2024 NZ\$M
Other comprehensive income - reclassification of foreign currency translation reserve on disposal	53	-	-
Total comprehensive income/(loss) from discontinued operation	1	(106)	(141)
Net losses per share from discontinued operation (cents)			
Basic	(5.6)	(13.0)	(17.2)
Diluted	(5.6)	(13.0)	(17.2)
Net cash (outflow)/inflow from operating activities	(9)	(29)	20
Net cash outflow from investing activities	(2)	(5)	(10)
Net cash outflow from financing activities*	(10)	(19)	(38)
Net decrease in cash generated by the subsidiary	(21)	(53)	(28)

* Excludes the benefit of intercompany funding.

Details of the sale of Tradelink® business

	30 September 2024 NZ\$M
Consideration received or receivable	186
Separation and transaction costs	(33)
Total disposal consideration	153
Carrying amount of net assets sold	(158)
Loss on sale before reclassification of foreign currency translation reserve	(5)
Reclassification of foreign currency translation reserve	(53)
Loss on disposal	(58)

The consideration payable by the acquirer is the aggregate of the completion payment (\$175 million) and the milestone payment (\$11 million). The milestone amounts are payable upon delivery of transitional services by the Group to the acquirer, expected to occur over a period of up to 24 months from completion. The obligation to deliver separation infrastructure has been recognised in other provisions (see **note 5**). The loss of \$58 million is presented as a Significant Item from discontinued operation.

The final loss on disposal remains subject to agreement of completion statements, which are currently under review. This process is expected to be finalised before the end of the financial year 2025.

The carrying amounts of assets and liabilities as at the date of sale

	30 September 2024 NZ\$M
Cash	4
Property, plant and equipment	29
Intangible assets	12
Tax asset	15
Right-of-use assets	105
Debtors	110
Inventories	160
Total assets	435

Notes to the Consolidated Interim Financial Statements (Continued)

	30 September 2024 NZ\$M
Creditors, accruals and other liabilities	126
Lease liabilities	132
Provisions	19
Total liabilities	277
Net assets	158

Other disposals

On 31 July 2024, following receipt of regulatory approvals, the Group successfully completed the transaction to divest 50% of its Fiji construction business. The transaction valued the Fiji business, comprising Fletcher Construction and Higgins® branded operations, at NZ\$42 million, with NZ\$21 million received for the sale of the 50% stake in the business, and 50% retained by the Group to be accounted for as an equity accounted investment going forward. The Group had recorded a non-cash impairment of NZ\$17 million on the business in the FY24 Financial Statements. The Fiji construction business sold was not classified as a discontinued operation for reporting purposes.

Assets and liabilities of disposal group classified as held for sale

As at 31 December 2024, the Group continued to hold the New Zealand Ceiling and Drywall (NZCDS) business assets and liabilities as held for sale.

2.5 CAPITAL

On 23 September 2024, Fletcher Building Limited announced a NZ\$700 million equity raise comprising a fully underwritten c.NZ\$282 million institutional placement ("Placement") and c.NZ\$418 million pro rata accelerated non-renounceable entitlement offer ("Entitlement Offer"). The Placement and Entitlement Offer were fully underwritten.

A total of 291,853,776 new shares were issued at an offer price of NZ\$2.40 per share as part of the capital raise, with proceeds of \$679 million raised, net of transaction costs. All new shares issued rank equally in all respects with Fletcher Building's existing ordinary shares.

	Unaudited Six months Dec 2024 NZ\$M	Audited Year ended Jun 2024 NZ\$M
Reported capital at the beginning of the period excluding treasury stock	2,995	2,993
Issue of shares	679	-
Vested share-based payment	5	2
Reported capital at the end of the period excluding treasury stock	3,679	2,995

All ordinary shares are issued and fully paid and carry equal rights in respect of voting, dividend payments and distribution upon winding up.

	Unaudited Six months Dec 2024 NZ\$M	Audited Year ended Jun 2024 NZ\$M
Number of ordinary shares issued and fully paid		
Number of shares on issue at the beginning of the period	783,043,596	783,043,596
Issue of shares	291,853,776	-
Total number of shares on issue	1,074,897,372	783,043,596
Less shares accounted for as treasury stock	(4,741,564)	(6,322,384)
Number of shares on issue at the end of the period	1,070,155,808	776,721,212

Notes to the Consolidated Interim Financial Statements (Continued)

3. CONSTRUCTION ACCOUNTING

The Group's Construction division is engaged with a wide variety of customers to construct and maintain building and infrastructure projects across New Zealand and the South Pacific. Services provided by the division include construction contract works, engineering and maintenance services. Each project has a different risk profile based on its individual contractual and delivery characteristics. The Group's policies for accounting for such projects are outlined in the Group's Consolidated Financial Statements for the year ended 30 June 2024 and should be read in conjunction with the disclosures below, including related estimate and judgements made by management.

Revenue backlog

Revenue backlog, as disclosed below, refers to the level of construction work the Group is contracted to but is not yet complete as at period end. This represents the performance obligations that are yet to be completed for the construction contracts active as at 31 December 2024. The long-term nature of the contracts held by the Buildings, Infrastructure, Brian Perry Civil® and Higgins® businesses will see these performance obligations completed over a period generally between one to five years, although some may extend longer.

Revenue Backlog by Business Units as at 31 December 2024

	Current Revenue Backlog NZ\$M	Top 5 projects as a % of Revenue Backlog
Buildings	35	100%
Infrastructure	232	98%
Brian Perry Civil®	270	63%
Higgins®	916	46%
South Pacific	19	100%
	1,472	N/A

Legacy construction projects update

A summary of the major construction projects, including their approximate stage of completion and other relevant information is disclosed to demonstrate the uncertainty that remains on these projects.

Status of legacy construction projects (> \$200 million original contract value) as at 31 December 2024

	Business unit	Forecast completion*	Percentage of completion (% cost)
New Zealand International Convention Centre and Hobson Street Hotel (NZICC) - Fixed price contract and fire reinstatement	Buildings	2025	98%
Pūhoi to Warkworth - Fixed price contract (Public Private Partnership)	Infrastructure	2024	99%

* Calendar year

Pūhoi to Warkworth (P2W)

On the Pūhoi to Warkworth (P2W) project, there have been no material updates from the 30 June 2024 reported position.

The Construction JV continues to hold a material claim with NX2 and the NZTA for the impacts and delays arising from COVID-19 and other weather events. If no variations or extension of time are agreed between the parties or ultimately determined under the contract, the Construction JV will incur unrecoverable costs and liquidated damages (from 16 August 2022, being the current contractual Planned Service Commencement Date to mid-June 2023). Unless the Construction JV and NZTA agree otherwise, that claim will be resolved through an agreed dispute resolution process, unlikely to be earlier than 2026.

Separately, the Construction JV continues to hold material claims under the Contract Works Insurance policy for damage to the project works caused by landslips and weather events during construction. For claims that have been notified, coverage has been confirmed under the Contract Works Insurance policy. An assumed recovery for all events has been included in the determination of the final project position and estimated final margin.

As the project nears finalisation, the Construction JV expects to make claims against some of its suppliers and may be subject to claims against it by suppliers and subcontractors.

The Group has assessed the facts and circumstances known to it relating to the merits of Construction JV's claims and likelihood of receipt of further relief under the Project Agreement, quantification of any claims and costs under this relief, the expected recovery under insurance policies, and concluded that no additional provision is required to be recognised as at 31 December 2024. There remains a risk that, ultimately, the full amount of the Construction JV's claims will not be recovered.

Notes to the Consolidated Interim Financial Statements (Continued)

New Zealand International Convention Centre and Hobson Street Hotel (NZICC)

Good progress has been made on the NZICC project during the six months to 31 December 2024, with the major construction works now finished and the focus moving to finishing, testing and commissioning. The Group is focused on achieving practical completion and handing over the NZICC to SkyCity by 30 June 2025. The remaining forecast revenues to secure on the NZICC project solely relate to c.\$15 million in 'BAU' client revenues (i.e. for work that was still to be completed at the time of fire), following FCC's settlement of all CWI claims with the NZICC/HSB project insurers and SkyCity in June 2024.

The assessment of the net cost to complete the project continues to rely on the application of estimates and judgements (e.g. programme to complete and cost estimates for certain trades) and, as such, may be subject to change as the project progresses. It is possible that the final provision could be below or above the levels currently allowed for due to changes in costs to complete. As the project approaches completion, there is also risk of dispute over delay and cost with SkyCity. No claims have been received to date and project forecast and expected final margin does not allow for any.

The Group continues to pursue recoveries under the NZICC Third Party Liability (TPL) insurance policy of more than \$100 million. While the Company considers it has good grounds to recover material amounts under the TPL policy, it has determined that these proceeds are not yet "virtually certain" in accordance with NZ IAS 37 Provisions, Contingent Liabilities and Contingent Assets to be recognised. As such, no amount has been recognised to be recovered under the TPL policy in the project position. The Group will continue to pursue its rights to recovery under the TPL policy, though this is not expected to be settled until calendar year 2026.

Wellington International Carpark (WIAL)

On the WIAL project, The Fletcher Construction Company Limited (FCC) completed a multi-level carpark for WIAL in October 2018. The client had alleged there are a number of defects in the carpark and the adjacent storm water drainage. It is claiming the cost of remediation and other related losses in the order of \$40 million.

At 31 December 2024, the storm water drainage remediation works are nearing completion, and the cost of those remediation works are materially in line with that assumed in FCC's provision for the project. FCC continues to work with WIAL to agree a remediation solution to quality issues identified on the carpark and to settle claims. These matters may take some time to be resolved.

Based on FCC's assessment of the estimated remedial costs and expected recoveries, no additional provision is required to be recognised on the WIAL carpark project as at 31 December 2024.

It is possible that the final provision could be below or above the levels currently allowed for and would ultimately depend on the solution agreed and associated costs, and final claim settlements.

4. SEGMENTAL INFORMATION

The following tables present revenue, profit and balance sheet information for the Group's operating segments for the six months ended 31 December 2024 and 31 December 2023, and the year ended 30 June 2024. The financial results for the six months ended 31 December 2023 below have been represented to account for Tradelink® reported as a discontinued operation.

Description of industry segments

Building Products	The Building Products division is a manufacturer, distributor and marketer of building products used in the residential, industrial and commercial markets in New Zealand.
Distribution	The Distribution division consists of building and plumbing product distribution businesses in New Zealand.
Concrete	The Concrete division includes the Group's interests in the concrete value chain, including extraction of aggregates, and the production of cement, concrete and concrete products. The division operates in New Zealand.
Australia	The Australia division manufactures and sells building materials for a broad range of industries across Australia.
Residential and Development	The Residential and Development division operates in both New Zealand and Australia. In New Zealand, the division's operations include building and sale of residential homes and apartments, development and sale of commercial and residential land and management of retirement village assets. In Australia, the division's operations include development and sale of commercial and residential land. Development activity includes sale of land property which is surplus to the Group's operating requirements.
Construction	The Construction division is a supplier of building and maintenance services for infrastructure projects across New Zealand and the South Pacific. The division is exiting the vertical building sector, with NZICC being the last project for the Group.
Discontinued operation	Discontinued operation comprises the Tradelink® business classified as held for sale from 1 April 2024 and was previously included in the Australia segment.

Notes to the Consolidated Interim Financial Statements (Continued)

Industry segments

	Unaudited Six months Dec 2024 NZ\$M	Unaudited Six months Dec 2023 NZ\$M	Audited Year ended Jun 2024 NZ\$M
Gross Revenue			
Building Products	663	703	1,345
Distribution	780	836	1,615
Concrete	536	567	1,082
Australia	924	1,054	1,979
Materials and Distribution	2,903	3,160	6,021
Residential and Development	240	351	796
Construction	814	699	1,614
Corporate and other	4	6	10
Continuing operations	3,961	4,216	8,441
Discontinued operation	211	390	762
Group	4,172	4,606	9,203
Less: intercompany revenue	(387)	(358)	(762)
External revenue	3,785	4,248	8,441
External revenue			
Building Products	533	570	1,093
Distribution	767	817	1,578
Concrete	381	412	782
Australia	906	1,026	1,925
Materials and Distribution	2,587	2,825	5,378
Residential and Development	228	340	739
Construction	768	695	1,566
Continuing operations	3,583	3,860	7,683
Discontinued operation	202	388	758
Group	3,785	4,248	8,441

Note: External revenue includes income from the Group's vertical buildings business (December 2024: \$69 million; December 2023: \$51 million), which the Group is in the process of exiting. The New Zealand International Convention Centre and Hobson Street Hotel (NZICC) projects represent the largest projects in this business. EBIT before Significant Items, however, excludes any earnings or losses from these projects that are reported separately as Significant Items.

	Unaudited Six months Dec 2024 NZ\$M	Unaudited Six months Dec 2023 NZ\$M	Audited Year ended Jun 2024 NZ\$M
EBIT before Significant Items			
Building Products	62	78	143
Distribution	4	35	49
Concrete	49	70	130
Australia	47	77	126
Materials and Distribution	162	260	448
Residential and Development	14	41	100
Construction	20	(1)	28
Corporate and other	(29)	(37)	(67)
Continuing operations	167	263	509
Discontinued operation	6	1	7
Group	173	264	516

Notes to the Consolidated Interim Financial Statements (Continued)

Funds*	Unaudited Six months Dec 2024 NZ\$M	Unaudited Six months Dec 2023 NZ\$M	Audited Year ended Jun 2024 NZ\$M
Building Products	1,336	1,256	1,311
Distribution	306	308	305
Concrete	850	810	836
Australia	1,008	1,160	1,128
Materials and Distribution	3,500	3,534	3,580
Residential and Development	901	985	841
Construction	216	216	138
Corporate and other	226	160	226
Continuing operations	4,843	4,895	4,785
Discontinued operation	-	171	118
Group operating funds	4,843	5,066	4,903
Net debt	(1,171)	(1,969)	(1,797)
Deferred tax (excl. deferred tax liability on brands)	251	304	222
Group total equity	3,923	3,401	3,328
Depreciation, depletion and amortisation expense			
Building Products	35	32	64
Distribution	30	27	58
Concrete	38	37	75
Australia	45	40	81
Materials and Distribution	148	136	278
Residential and Development	2	2	4
Construction	22	20	42
Corporate and other	7	8	13
Continuing operations	179	166	337
Discontinued operation	-	25	36
Group	179	191	373
Capital expenditure+			
Building Products	85	75	178
Distribution	13	10	11
Concrete	36	34	89
Australia	15	22	53
Materials and Distribution	149	141	331
Residential and Development	6	12	20
Construction	5	4	20
Corporate and other	(5)	26	48
Continuing operations	155	183	419
Discontinued operation	2	5	10
Group	157	188	429

* Funds is a Non-GAAP measure and represents the external assets and liabilities of the Group and divisions and is used for internal reporting purposes.

+ Capital expenditure represents additions to the balance sheet of property, plant and equipment and intangible assets, excluding the impacts of the investments/acquisitions of companies or businesses.

Notes to the Consolidated Interim Financial Statements (Continued)

	Unaudited Six months Dec 2024 NZ\$M	Unaudited Six months Dec 2023 NZ\$M	Audited Year ended Jun 2024 NZ\$M
External revenue			
New Zealand	2,639	2,776	5,602
Australia	1,109	1,414	2,702
Other jurisdictions	37	58	137
Group	3,785	4,248	8,441
EBIT before Significant Items			
New Zealand	121	188	383
Australia	53	75	132
Other jurisdictions	(1)	1	1
Group	173	264	516
Funds*			
New Zealand	3,807	3,654	3,613
Australia	978	1,344	1,229
Other jurisdictions (including debt and taxation)	(862)	(1,597)	(1,514)
Group	3,923	3,401	3,328
Non-current assets+			
New Zealand	4,237	3,898	4,137
Australia	1,265	1,428	1,212
Other jurisdictions	2	48	3
Group	5,504	5,374	5,352

* Funds is a Non-GAAP measure and represents the external assets and liabilities of the Group and divisions and is used for internal reporting purposes.

+ Non-current assets exclude deferred tax assets, retirement plan surplus and financial instruments.

5. PROVISIONS

	Restructuring NZ\$M	Warranty & environmental NZ\$M	Onerous contracts NZ\$M	The Industry Response NZ\$M	Other NZ\$M	Total NZ\$M
Carrying amount as at 30 June 2024	15	18	78	-	88	199
Charged to earnings	3	1	-	170	1	175
Settled or utilised	(8)	(5)	(52)	(6)	(11)	(82)
Released to earnings	(3)	-	-	-	-	(3)
Recognised on balance sheet	-	-	-	-	26	26
Currency translation	-	-	-	1	1	2
Carrying amount as at 31 December 2024	7	14	26	165	105	317

Notes to the Consolidated Interim Financial Statements (Continued)

The Industry Response (the IR)

Fletcher Building Limited (the Group), through its subsidiary, Iplex® Pipelines Australia (Iplex® Australia), has been addressing claims raised in respect of the hot and cold water polybutylene pipe product Iplex® Australia previously manufactured (under the name “Pro-fit”).

Iplex® Australia started manufacturing Pro-fit with Typlex resin from mid-2017 and those products represented the bulk of sales after that time. Iplex® Australia ceased the sale of Pro-fit in mid-2022. The Pro-fit product was sold in other states of Australia but not New Zealand.

In response, Iplex® Australia established an interim investigation fund in April 2023 to support urgent repairs and undertake investigations. Comprehensive testing confirmed that the pipes met manufacturing standards. Iplex® Australia also worked with builders, independent experts and government regulators to assess and determine the root causes.

On 13 November 2024, the Group announced that its subsidiary, Iplex® Australia, together with the Western Australian Government and key industry stakeholders, had finalised the Industry Response (the IR) to address the plumbing failures which are impacting some WA homes constructed using Typlex Pro-Fit pipe. Among other matters, the IR provides participating builders with funding for the agreed work and remediation programme. To date 29 WA builders have joined the IR.

The IR is entered into on a no liability, no admissions basis. All participants in the IR have also agreed to a “no sue” provision as part of the agreement.

As a result, Iplex® Australia has recorded a provision of A\$155 million (NZ\$170 million) pre-tax for the cost it has agreed to incur under the IR, classified as a Significant Item. As of 31 December 2024, the provision had a carrying amount of A\$150 million (NZ\$165 million), with approximately A\$5 million (NZ\$6 million) spent to date primarily on the rollout of the Leak Detector Unit (LDU) programme.

The IR commits Iplex® Australia to fund 80% of the direct costs incurred by participating builders, with the WA Government contributing 20% up to a capped amount of A\$30 million (NZ\$33 million) to Iplex® Australia. The provision assumes approximately A\$120 million (NZ\$132 million) for repair costs (net of the A\$30 million contribution receivable from the WA Government), A\$20 million (NZ\$22 million) for the installation of leak detector units, and A\$15 million (NZ\$16 million) for expected administrative and overhead expenses. These costs are expected to be incurred over at least five years, with higher expenditure anticipated in the initial stages to address urgent remediation work and establish necessary infrastructure (i.e. leak detectors).

The provision:

- Assumes ~5,200 WA homes will experience one or more plumbing failures over time, which translates to ~35% of relevant WA homes based on an estimate that 15,000 WA homes may have had Pro-Fit pipe installed with Typlex resin.
- Covers the direct costs of remediation and preventive measures, including pipe repairs, ceiling pipe replacements, and, for WA homes with extensive failures, a full house re-pipe plus temporary accommodation where required.
- Excludes builders’ overheads or management costs or any margin or cost of expenses incurred directly by them in connection with repairing, rectifying, or remediating of any defective workmanship.
- Excludes any legal costs, including litigation defence costs.

The IR also allows for funding of affected homes built by any builders in WA to be remediated, including the Buckeridge Group of Companies (BGC). While most major builders have agreed to participate in the IR, BGC, which is responsible for constructing 50–60% of the affected homes, has not joined. The provision includes allowances for homes built by BGC, as BGC has the option to participate in the IR at any time. However, BGC has not ruled out joining in the future. To the extent that BGC remains outside the IR, the repair costs and associated cash flows for Iplex® Australia are expected to be proportionally lower. However, this could increase the liability exposure that may arise due to further disputes and claims from BGC. See **note 8** for further details.

The total costs of the Group to perform under the IR remains subject to significant risks and uncertainties. In addition to the assumption that BGC will join the IR, one of the key assumptions is the number of homes in Western Australia built with Typlex Pro-Fit pipes that will experience leaks over time. A second is that not all homes that experience one failure will go on to experience subsequent failures. A third is the cost for each plumbing failure in accordance with the agreed work programme and the timing of that expenditure. If the actual number of affected homes, the extent of failures or their repair costs exceeds these estimates, the provision may need to be increased.

The IR accounts for a range of remediation measures, including minor repairs, replacement of ceiling pipes and full home re-piping for severely affected homes. Temporary accommodation is also provided where full home re-piping is required. If the actual distribution of repairs skews towards more extensive and expensive interventions, costs could exceed the current estimates.

The provision does not account for any risk from litigation or class action (see **note 8** for further details). There are a number of claims against Iplex® Australia outside the IR relating to plumbing failures, which seek recovery of a wide range of damages and losses on behalf of all relevant homeowners and some builders, including the class action previously advised. The claims include: costs of removing, repairing, replacing and disposing of the affected pipe; repair costs and/or possessions damaged by the affected pipe; reduction in property value, vexation, distress and disappointment. If a current or future claim is successful, it may have a material adverse impact on the Group.

The IR ought to operate to some extent as a mitigant of those risks but does not dispose of them. Further, the IR does not affect the right of homeowners or others with claims (e.g. home insurers) to take action. They are entitled to remain in the class action while taking up the work programme on offer. A final outcome of a class action may replace the IR terms for the homes of class members and their successors.

The Group will monitor the provision and will reassess its adequacy if new and material information becomes available.

Provision for Interim Investigation Fund

Iplex® Australia’s interim investigation fund was closed to new claims on finalisation of the IR. The total amount disbursed under the fund since its establishment in May 2023 was c.A\$17.5 million (NZ\$19 million). Of this, A\$2.5 million (NZ\$3 million) was recognised and classified in FY25 as a Significant Item, given that A\$15 million (NZ\$16 million) had already been recognised in FY23.

Notes to the Consolidated Interim Financial Statements (Continued)

6. TAXATION

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total earnings. The calculation of the Group's tax expense/(benefit) as well as its major components included in the consolidated interim financial statements are:

	Unaudited Six months Dec 2024 NZ\$M	Unaudited Six months Dec 2023 NZ\$M	Audited Year ended Jun 2024 NZ\$M
Losses before taxation	(123)	(13)	(24)
Taxation at 28 cents per dollar	(34)	(4)	(7)
<i>Adjusted for:</i>			
Difference in tax rates	(3)	-	-
Non-assessable income	(6)	(2)	(5)
Non-deductible expenses	2	3	34
Utilisation of previous unrecognised tax losses	-	-	(1)
Tax in respect of prior years	-	1	34
Tax (benefit)/expense on earnings	(41)	(2)	55
Income tax expense/(benefit) on continuing operations is attributable to:			
Tax expense on earnings before Significant Items	17	51	119
Tax benefit on Significant Items	(58)	(53)	(64)
	(41)	(2)	55
Income tax (benefit)/expense on discontinued operation is attributable to:			
Tax expense/(benefit) on earnings before Significant Items	-	(1)	1
Tax benefit on Significant Items	(2)	(18)	(15)
	(2)	(19)	(14)
Income tax expense/(benefit) is attributable to:			
Total tax expense/(benefit) on earnings before Significant Items	17	50	120
Total tax benefit on Significant Items	(60)	(71)	(79)
	(43)	(21)	41

The net deferred tax asset balance of \$182 million at 31 December 2024 largely comprises New Zealand and Australia carried forward tax losses incurred in the current and prior periods, timing differences on the Group's provisions and net deferred tax asset on the Group's right-of-use assets/liabilities. It is expected that there will be sufficient future earnings in New Zealand and Australia to utilise the deferred tax asset in each of these jurisdictions.

Notes to the Consolidated Interim Financial Statements (Continued)

7. BORROWINGS

	Unaudited Six months Dec 2024 NZ\$M	Unaudited Six months Dec 2023 NZ\$M	Audited Year ended Jun 2024 NZ\$M
Private placements	334	476	489
Bank loans	737	1,344	1,302
Capital notes	298	343	297
Other loans	4	21	20
Carrying value of borrowings (as per Consolidated Balance Sheet)	1,373	2,184	2,108
Less: value of derivatives used to manage changes in hedged risks on debt instruments	(44)	(20)	(31)
Economic debt	1,329	2,164	2,077
Less: Cash and cash equivalents	(202)	(215)	(311)
Net debt	1,127	1,949	1,766

Carrying value of borrowings included within the Consolidated Balance Sheet as follows:

Current borrowings	85	84	86
Non-current borrowings	1,288	2,100	2,022
Carrying value of borrowings (as per Consolidated Balance Sheet)	1,373	2,184	2,108

During November and December 2024, the Group repaid \$680 million of its outstanding borrowings on a pro-rated basis, including full repayment and cancellation of the Group's Club Loan (\$400 million) on 29th November 2024 and partial repayment and cancellation of the amounts outstanding under its USPP facility (\$169 million) and syndicated bank facility (\$111 million), on 10th and 11th December 2024 respectively. The repayments were funded via proceeds from the equity capital raise during the period. In conjunction with the partial repayment of USPP notes, the Group closed out corresponding interest rate swaps (notional value: NZ\$200 million) and partially closed out cross currency interest rate swaps (notional value: USD94.6 million, EUR20.3 million) that were used in hedging the underlying borrowings repaid. A \$10 million loss from the close-out of the CCRIS hedge instruments that was related to the early redemption of USPP facility has been classified as a Significant Item in **note 2.1**.

As a result of the debt repayments the Group also agreed certain amendments with all of its lenders (SFA and USPP) which will enable it to rely on more favourable terms for testing of its Senior Interest Cover covenant from December 2024 to September 2025. This is in addition to the Senior Interest Cover and Senior Leverage covenant amendments previously agreed and disclosed, which are continuing, for the period from June 2024 to December 2025 (inclusive) if required. Should the Group need to rely on the amended covenant levels, it will not pay a dividend until it agrees to be tested by and complies with, its existing (original) covenant levels. The Group was in compliance with all financial covenants during the period and at balance date.

8. CONTINGENT LIABILITIES

Class action proceedings: Western Australia plumbing failures

On 6 August 2024, the Group announced that a class action proceeding had been filed in the Federal Court of Australia against Iplex® Pipelines Australia (Iplex® Australia), on behalf of persons, Australia wide, who acquired polybutylene pipes manufactured by Iplex® composed of a resin known as Typlex-1050. The class action alleges that the Pro-fit product was not of acceptable quality at the time of supply and seeks a broad range of damages (unquantified), including: costs of removing, repairing, replacing and disposing of the affected pipe; repair costs and/or possession damaged by the affected pipe; reduction in property value, vexation, distress and disappointment. Iplex® is defending the action and has brought cross-claims against certain WA builders and plumbers.

On 27 August 2024, the Group announced that Western Australian home builder, BGC, had filed legal proceedings against Iplex® Australia in relation to the Iplex® Pro-Fit Pipes issues, making similar allegations to those raised in the class action. Iplex® Australia is defending the BGC proceedings.

The outcome of both these proceedings and any associated liabilities, if any, remains uncertain at the date of this report. Ultimately, if Iplex® Australia is found to bear full or part responsibility for the amounts claimed, the cost to it in meeting any damages claims could have a material impact on the Group's financial position. It is not practicable as at 31 December 2024 to provide an estimate of the financial effect, including any quantum of costs or any penalty, or the timing of their incurrence, and disclosure of any possible impact would be materially prejudicial to the Group's commercial interests.

Notes to the Consolidated Interim Financial Statements (Continued)

Commerce Commission Winstone Wallboards® proceedings

On 1 November 2024, the Group announced that the New Zealand Commerce Commission had filed legal proceedings against Winstone Wallboards®, seeking declarations that Winstone Wallboards® contravened the Commerce Act 1986 in relation to its historical use of volume rebates, together with associated civil pecuniary penalties. The volume rebates were discontinued by Winstone Wallboards® in 2022.

Winstone Wallboards® does not believe that its previous use of volume rebates, which are widespread in the industry, breached the Commerce Act and is defending the proceedings. The proceedings are at a relatively early stage and the claims made by the Commission cannot be quantified at this time. Whilst Winstone Wallboards® does not consider it has breached the Commerce Act, it notes that even if the New Zealand Commerce Commission was ultimately to be successful in the proceedings, it is not practicable as at 31 December 2024 to provide an estimate of the financial effect on Winstone Wallboards®, including any quantum of costs or any penalty, or the timing of their incurrence.

9. RECONCILIATION OF NET LOSSES TO NET CASH FROM OPERATING ACTIVITIES

	Unaudited Six months Dec 2024 NZ\$M	Unaudited Six months Dec 2023 NZ\$M	Audited Year ended Jun 2024 NZ\$M
Net losses	(134)	(120)	(227)
Losses attributable to minority interest	-	3	7
	(134)	(117)	(220)
Add/(less) non-cash items:			
Depreciation, depletions and amortisation	179	191	373
Other non-cash items	168	282	439
Taxation	(45)	(42)	25
Net loss on disposal of businesses and property, plant and equipment	48	3	3
	350	434	840
Net working capital movements			
Residential and Development	(67)	(72)	67
Construction	(105)	(313)	(346)
Other:			
Debtors	60	150	151
Inventories	(9)	3	64
Creditors	(100)	(211)	(158)
	(221)	(443)	(222)
Net cash from operating activities	(5)	(126)	398

10. SUBSEQUENT EVENTS

Amendment to the conditions of Capital Notes and redemption of FBI190 capital notes

On 28 January 2025, the Group through its subsidiary Fletcher Building Industries Limited (FBI) announced that the trustee for the noteholders of each series of Capital Notes has agreed to amend the conditions of the Capital Notes. This is to allow FBI to elect to redeem all Capital Notes of a series on the applicable Election Date for that series, as an alternative to the procedure for rollover of the Capital Notes on new terms. FBI has elected to redeem all of the FBI190 Capital Notes when they are due to rollover on 17 March 2025, presented as current in the balance sheet.

Independent Auditor's Review Report



Independent Auditor's Review Report to the Shareholders of Fletcher Building Limited

Conclusion

We have reviewed the consolidated condensed interim financial statements of Fletcher Building Limited ("the Company") and its subsidiaries (together "the Group") on pages 11 to 29 which comprise the consolidated balance sheet as at 31 December 2024, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of movements in equity and consolidated statement of cash flows for the six months ended on that date, and explanatory notes. Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements on pages 11 to 29 of the Group do not present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the six months ended on that date, in accordance with New Zealand Equivalent to International Accounting Standard 34: *Interim Financial Reporting* (NZ IAS 34) and International Accounting Standard 34: *Interim Financial Reporting* (IAS 34).

This report is made solely to the Company's shareholders, as a body. Our review has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in a review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our review procedures, for this report, or for the conclusion we have formed.

Basis for Conclusion

We conducted our review in accordance with NZ SRE 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial statements* section of our report. We are independent of the Group in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements.

Ernst & Young provides agreed upon procedures, taxation compliance, financial statement preparation services and limited financial due diligence to the Group. Partners and employees of our firm may deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. We have no other relationship with, or interest in, the Group.

Directors' Responsibility for the Interim Financial Statements

The directors are responsible, on behalf of the Entity, for the preparation and fair presentation of the interim financial statements in accordance with NZ IAS 34 and IAS 34 and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Interim Financial Statements

Our responsibility is to express a conclusion on the interim financial statements based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements, taken as a whole, are not prepared in all material respects, in accordance with NZ IAS 34 and IAS 34.

A review of interim financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on those interim financial statements.

The engagement partner on the review resulting in this independent auditor's review report is Graeme Bennett.

Chartered Accountants
Auckland
19 February 2025



Half Year Results to 31 December 2024

19 FEBRUARY 2025



Important Information

This presentation has been prepared by Fletcher Building Limited and its group of companies (“Fletcher Building”) for informational purposes. This disclaimer applies to this document and the verbal or written comments of any person presenting it.

This presentation provides additional comment on the 2025 Interim Financial Results dated 19 February 2025. As such, it should be read in conjunction with and subject to the explanations and views given in that document. Unless otherwise specified, all information is for the six months ended 31 December 2024.

In certain sections of this presentation, Fletcher Building has chosen to present certain financial information exclusive of the impact of significant items. A number of non-GAAP financial measures, such as measures before significant items, are used in this presentation which are used by management to assess the performance of the business and have been derived from Fletcher Building’s financial statements for the six months ended 31 December 2024. You should not consider any of these statements in isolation from, or as a substitute for, the information provided in the financial statements for the six months ended 31 December 2024, which are available at www.fletcherbuilding.com. Details of significant items can be found in note 2.1 of those interim financial statements.

The information in this presentation has been prepared by Fletcher Building with due care and attention; however, neither Fletcher Building nor any of its related companies, directors, employees, shareholders nor any other person gives any representations or warranties (either express or implied) as to the accuracy or completeness of the information and, to the maximum extent permitted by law, no such person shall have any liability whatsoever to any person for any loss (including, without limitation, arising from any fault or negligence) arising from this presentation or any information supplied in connection with it, or any reliance thereon.

This presentation may contain forward looking statements, that is statements related to future events or other matters. Forward looking statements may include statements regarding our intent, belief or current expectations in connection with our future operating or financial performance, or market conditions. Such forward looking statements are based on current expectations, estimates and assumptions and are subject to a number of risks and uncertainties, including material adverse events, significant one-off expenses and other unforeseeable circumstances. There is no assurance that results contemplated in any of these forward looking statements will be realised. Actual results may differ materially from those projected. Except as required by law, or the rules of any relevant stock exchange or listing authority, no person is under any obligation to correct this presentation at any time after its release or to provide further information about Fletcher Building.

The information in this presentation does not constitute financial product, legal, financial, investment, tax or any other advice or any recommendation.



Agenda

HY25 Results

1.	Overview	Andrew Reding, Managing Director & CEO
2.	Financial Results	Will Wright, CFO
3.	Outlook	Andrew Reding, Managing Director & CEO



HY25 Overall highlights

- Governance reset complete with appointment of permanent Chair and new directors
- Continued business improvement initiatives in challenging market:
 - New WWB plant A-grade recovery rate exceeding 95% target earlier than planned
 - Golden Bay® coal substitution >55% with wood waste, end-of-life tyres & other end-of-life material to reduce CO₂
 - Excellent safety performance, TRIFR 2.8
 - Customer focus driving market share gains in a number of businesses including Laminex® NZ, Mico®, Fletcher Insulation®; NPS 57, above NPS ≥ 55 target
 - Improved sustainability, 21% lower carbon emissions than FY18, eg better than expected carbon reduction in PCC electric ovens
 - Improved employee engagement to eNPS of 39
- Cost-out programme ahead of plan
- Balance sheet reset underway; successful capital raise of \$700m reducing leverage from 2.0x (FY24) to 1.4x (HY25); successful Tradelink® divestment



HY25 Financial summary

Very tough macro conditions across all sectors; all levers being pulled to navigate current market & set up for market upturn

Revenue¹

\$3.6b

7% lower than HY24

EBIT^{1,2}

\$167m

\$96m lower than HY24

EBIT^{1,2}

Margin 4.7%

vs 6.8% in HY24

Net loss

\$134m

vs \$120m in HY24

**Trading cash
flows³ \$138m**

vs \$225m in HY24

**\$700m
capital raise**

applied to repay \$511m
bank debt & reduce
USPP by \$169m

Net debt

\$1.1b

vs \$1.8b at FY24

**1.4x
Leverage
ratio**

vs 2.0 at FY24



Continued progress on critical strategic areas of focus

Derisking, driving reset and through-the-cycle performance

1 Governance & Leadership reset

- **Key appointments made at Board & Executive level**, reduced Executive Team. Board reset completed, new Chair and three new Non-Executive Directors. New CEO, CFO, Chief People Officer, Group General Counsel and CE Concrete. CIO role disestablished from Executive Team

2 Execution of strategic priorities

- **Strategic review** includes shape of the portfolio, where FB will generate organic growth above the cycle
- Reviewing appropriate **operating model** for FB to deliver on its strategic objectives
- **Capital structure review** to determine the underlying financial settings that we need to deliver on our strategy
- Progressing resolution of **legacy projects**

3 Actively managing through-the-cycle BU performance in the challenging market

- Successfully completed **\$700m capital raising**, reduced leverage to 1.4x and improved financial stability and resilience
- Achieved **significant cost reductions** to manage profitability in the current operating environment. ~\$90m (before impact of inflation) gross cost out in HY25; targeting ~\$180 million of total gross cost savings in FY25
- **All ERP projects are on hold**, conducting a review of future requirements
- **Reviewed capital expenditure** projects, decisions made to delay, pause or accelerate
- Our **core manufacturing and concrete operations** are being well-managed, with efficient & appropriately capitalised sites
- **Steel** lower volumes & compressed margins but businesses performing in the challenging market
- **PlaceMakers®** operating structure including expanding JV's and hub model is currently under review; renewed focus on performance in areas that are important to our customers
- Customer and pricing focus
- We maintain our **strong safety culture**, with robust systems across the business. Progress continues in delivering front line safety programmes



Update on near-term priorities

Good progress made against near-term priorities presented in September capital raise

PERMANENT CHAIR APPOINTMENT	Completed	<ul style="list-style-type: none"> Permanent Chair and three NED's appointed; Board refresh completed
COMPLETE TRADELINK® DIVESTMENT	Completed	<ul style="list-style-type: none"> Sale completed; A\$160m received in HY25
WESTERN AUSTRALIAN PLUMBING INDUSTRY RESPONSE	Response Actioned	<ul style="list-style-type: none"> Industry Response to WA plumbing issues finalised and signed; A\$155m (NZ\$170m) provision taken in HY25
COMPLETE REMAINING LEGACY PROJECTS	On-track	<ul style="list-style-type: none"> NZICC: building work substantially completed, complex commissioning process underway. Expected handover in 2H25 P2W: arbitration process for claims continues WIAL: remedial works for WIAL carpark awaiting client approval for solution
ONGOING COST REDUCTION INITIATIVES TO MANAGE PROFITABILITY	On-track	<ul style="list-style-type: none"> Significant cost reductions achieved to manage profitability in current operating environment, ~\$90m (before impact of inflation) gross cost out delivered HY25; targeting ~\$180m gross cost savings in FY25
FOCUS ON EFFECTIVE EXECUTION OF INFLIGHT GROWTH INITIATIVES	On-track	<ul style="list-style-type: none"> Laminex Taupō – flexible production capability & raw material flexibility; new board product for NZ market with superior features New Firth® flagship ready mix concrete plant in Auckland Frame & Truss – project paused, options under review
CONTINUED FOCUS ON CASH GENERATION	On-track	<ul style="list-style-type: none"> FY25F Base capex ~\$140m vs \$200-250m historical run rate; ~\$200m on key initiatives; ~\$15m Vivid; FY25F total capex ~\$355m; continued focus on cash & working cap.
MEASURED ASSESSMENT OF PORTFOLIO CHOICES	On-track	<ul style="list-style-type: none"> Update to be provided at Investor Day in June 2025
OTHER	On-track	<ul style="list-style-type: none"> WWB defence to ComCom lodged; we have a strong case

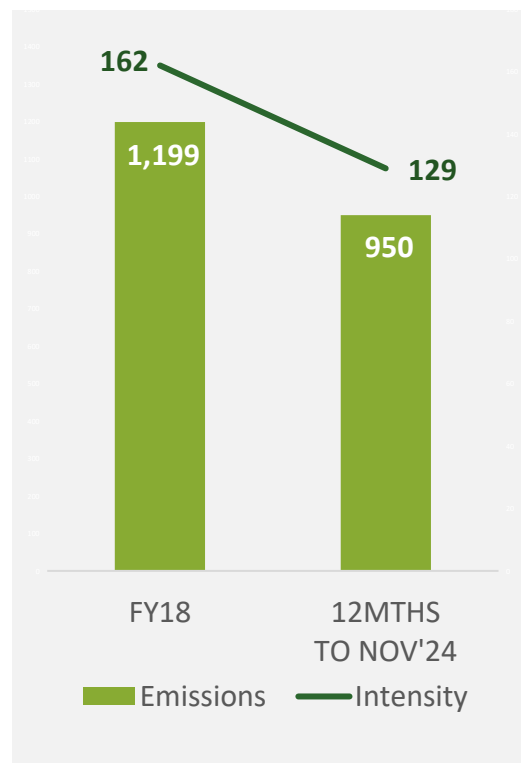


Sustainability

Improvements being delivered

SUSTAINABILITY

CARBON (CO₂) EMISSIONS & INTENSITY¹



- 21% lower carbon and 20% lower carbon intensity since FY18; targeting Net Zero by 2050
- 76% of product revenue from products with sustainability certifications²
- 2024 Climate Statements published
- CDP rating of B indicating good management of GHG emissions
- Dow Jones Best-in-Class Index (Australia) member: within Building Products sector, FB is 1 of only 10 companies globally that are members of any of the DJ Best-in-Class indexes & the only NZ or Australian company that is a member
- Member of S&P Sustainability Yearbook (top 15% of companies globally)



Coal substitution >55% (wood waste, tyres, unused Covid PPE, industrial sludges) & CO₂ emissions reduction at Golden Bay



Better than expected carbon reduction (82%) in PCC electric ovens



Laminex® Toolara (Australia) have started generation from their new roof solar installation

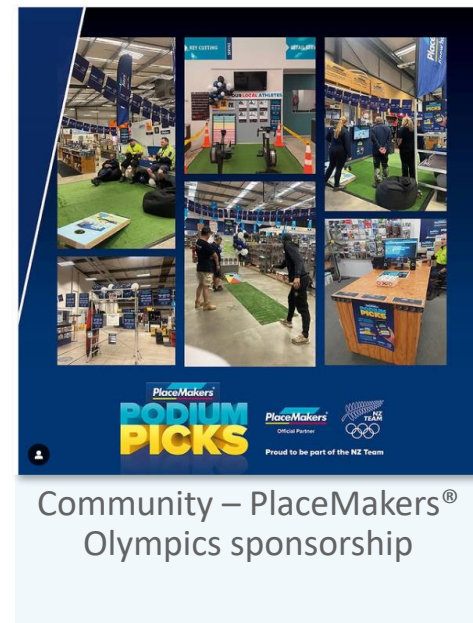


Winstone Aggregates® biodiversity pest control (Northland, Auckland, Waikato) & replanting initiatives

1. Carbon Emissions are '000 Tonnes Combined Scope 1 and Scope 2 emissions for the Group; Carbon Emissions Intensity = FBU CO₂ Tonnes for every \$1m of revenue. ISO 14064-1
 2. Revenue for sustainably certified products as a % of total revenue from products made/sold by our manufacturing businesses. Excludes revenue from Distribution, Resi. & Development and Construction



Our People and Community



Continued good progress on Safety, Customer and Engagement

Safety improved

SAFETY

TOTAL RECORDABLE INJURY FREQUENCY RATE¹

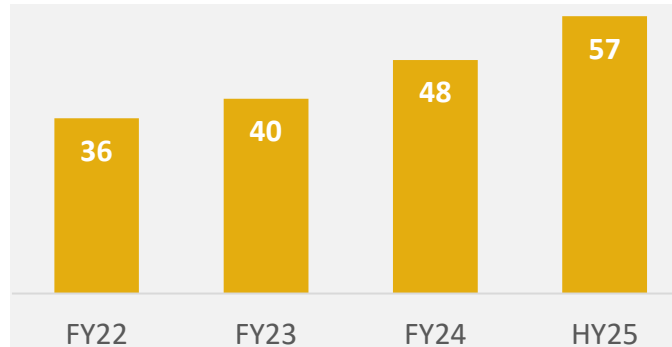


- Improving TRIFR
- Five BU's injury-free for past 12 months; 2 serious injuries in Construction & Concrete reminding us of the importance of our focus on Critical Risks
- >2,000 Risk Containment Sweeps and >9,000 Critical Control Verifications in HY25
- Focus on Safety Leadership Programme 'Healthy Work' for leaders & Power Up 'Healthy Work' for frontline

NPS target ≥ 55 achieved

CUSTOMER

NET PROMOTER SCORE

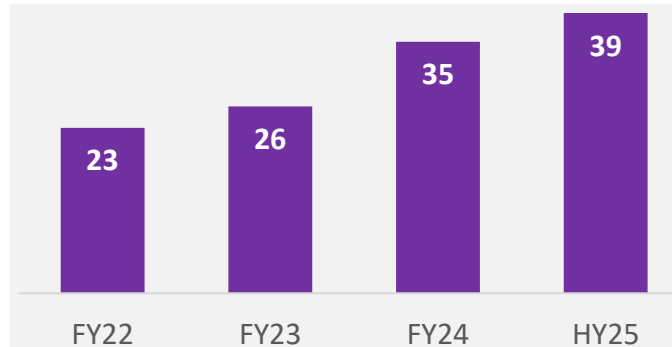


- Strong HY25 NPS of 57, uplift of 9pts from FY24; ahead of our target NPS ≥ 55 , with improved scores from Woodproducts & Apartments
- Continued focus on customer service, product range & DIFOT to deliver a strong customer experience
- Ongoing competitive benchmarking NPS programme (customers and non-customers) to re-commence in 2H25

Strong engagement

ENGAGEMENT

EMPLOYEE ENGAGEMENT RATING



- Continued upward trend with eNPS of 39, close to reaching our target eNPS > 40 (global upper quartile)
- Our people feel a greater sense of achievement in delivering to customer needs and overall satisfaction in roles
- Launch of new Employee Action Group, Lōkahi, welcoming all our employees to a community where we can talanoa (discuss), connect, and learn about Pasifika culture

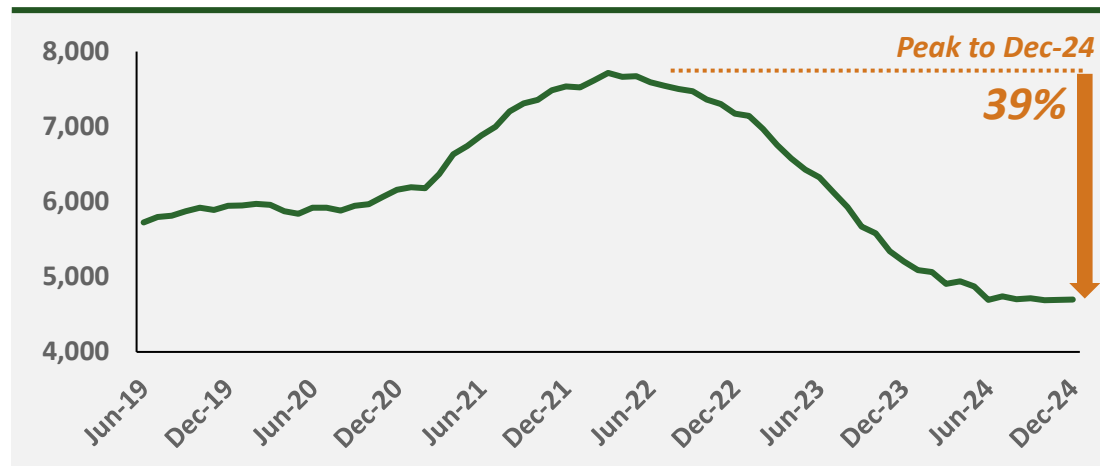


1. TRIFR = Total no. of recorded injuries per million hours worked. Does not include Restricted Work Injuries. Excludes Tradelink & Wood Products

2. Net Promoter Score (NPS) measures customer performance and is an indication of how satisfied our customers are with our business. Our Group NPS excludes Construction and Joint Ventures

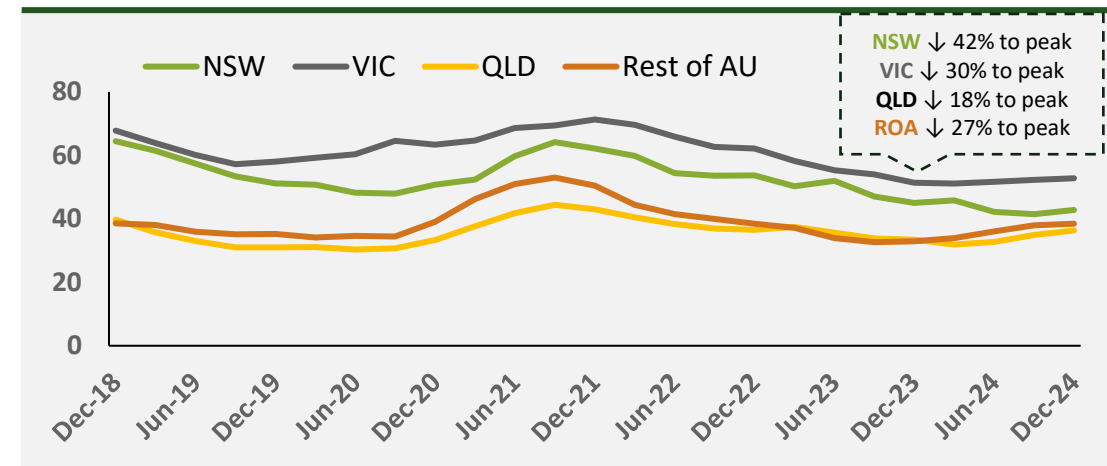
Market backdrop remains challenging

NZ RESIDENTIAL SQUARE METERAGE CONSENTED ('000s) | ROLLING 12 MONTH



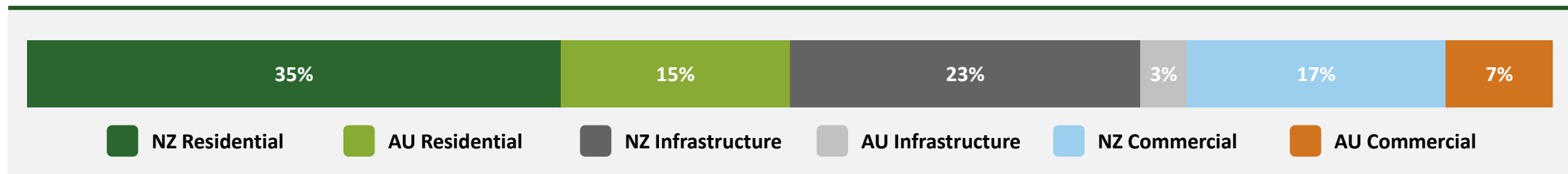
- NZ annual average GDP growth -1.0% in Sep-24 quarter
- NZ OCR 4.25%, mortgage interest rates lowering, yet to flow through to activity
- REINZ house price index -1.1% YoY, with Auckland -1.9%
- NZ ready-mix concrete production 19% lower than Sep-22 peak, -10% YoY

AUS DWELLINGS COMMENCED ('000s) | ROLLING 12 MONTH



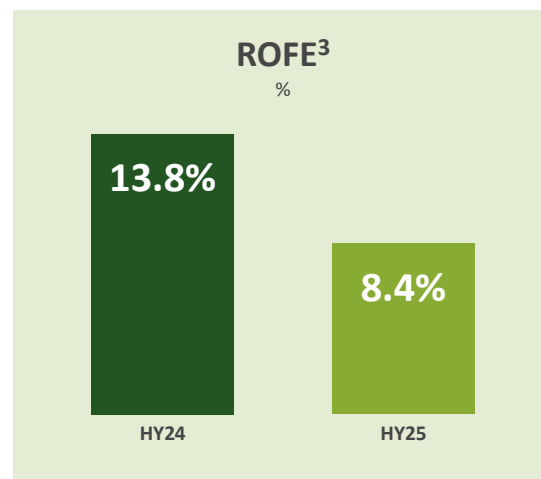
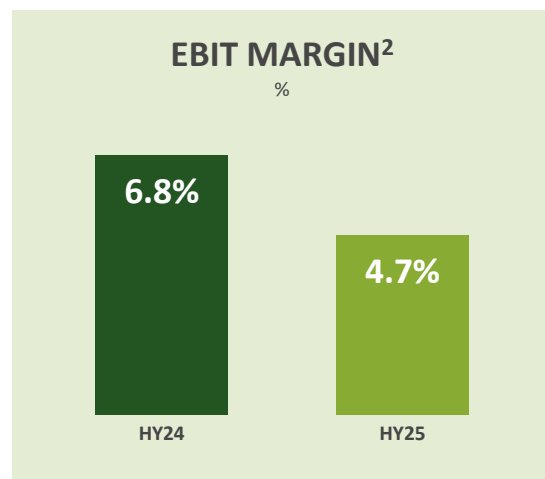
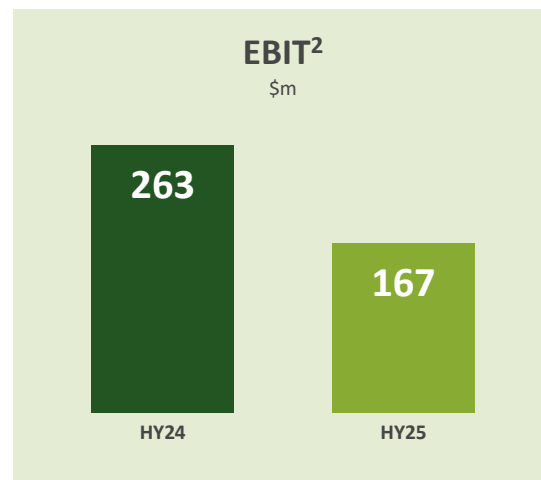
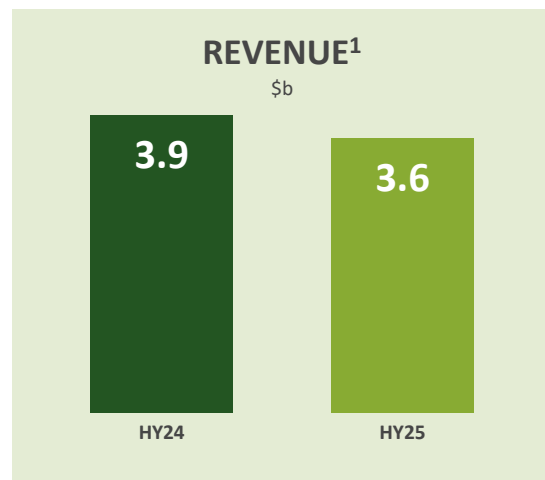
- AU annual average GDP growth 0.3% in Sep-24 quarter
- AU OCR 4.35%
- Australian national house prices increased 5.1% in the 12 months to Dec-24 quarter

FLETCHER BUILDING HY25 REVENUE BY MARKET (%)



HY25 Results at a glance

Market activity below mid-cycle in Materials & Dist., lower Resi house sales, partly offset by improved Construction



HY25 trading highlights

- **Group revenue¹** 7% lower vs HY24:
 - **Materials & Dist.** revenue ~\$240m lower due to significantly more difficult trading conditions across all sectors with activity below mid-cycle (NZ vols down 5-10% HY25 vs HY24, AU vols down 15% HY25 vs HY24)
 - **Resi & Devt** revenue \$112m lower, due to lower unit sales (304 units in HY25 vs 419 units in HY24)
 - **Construction** revenue up \$73m due to higher work on key Auckland airport, Eastern busway & roading projects
- **EBIT** \$96m lower vs HY24 with ~\$80m EBIT impact from lower NZ & AU Materials & Dist. vols, \$12m additional costs in Concrete, partly offset by cost out & significantly improved Construction performance
- **EBIT margin** reflects volume & operating deleverage, esp. in Distribution
- Lower **Group ROFE³** from lower EBIT

1. Group Revenue is external revenue from continuing operations; 2. Before significant items from continuing operations 3. Return on Funds Employed (ROFE) is EBIT excluding significant items to average funds (net debt and equity less deferred tax asset (excl. deferred tax liability on brands))



HY25 Divisional performance

Trading conditions remained challenging, esp. in businesses more heavily exposed to the residential sector

DIVISION	GROSS REVENUE	EBIT ¹
 BUILDING PRODUCTS	\$663m HY24: \$703m	\$62m HY24: \$78m
 DISTRIBUTION	\$780m HY24: \$836m	\$4m HY24: \$35m
 CONCRETE	\$536m HY24: \$567m	\$49m HY24: \$70m
 AUSTRALIA²	\$924m HY24: \$1,054m	\$47m HY24: \$77m
 RESIDENTIAL & DEVELOPMENT	\$240m HY24: \$351m	\$14m HY24: \$41m
 CONSTRUCTION	\$814m HY24: \$699m	\$20m HY24: \$(1)m
 CORPORATE		(\$29)m HY24: \$(37)m

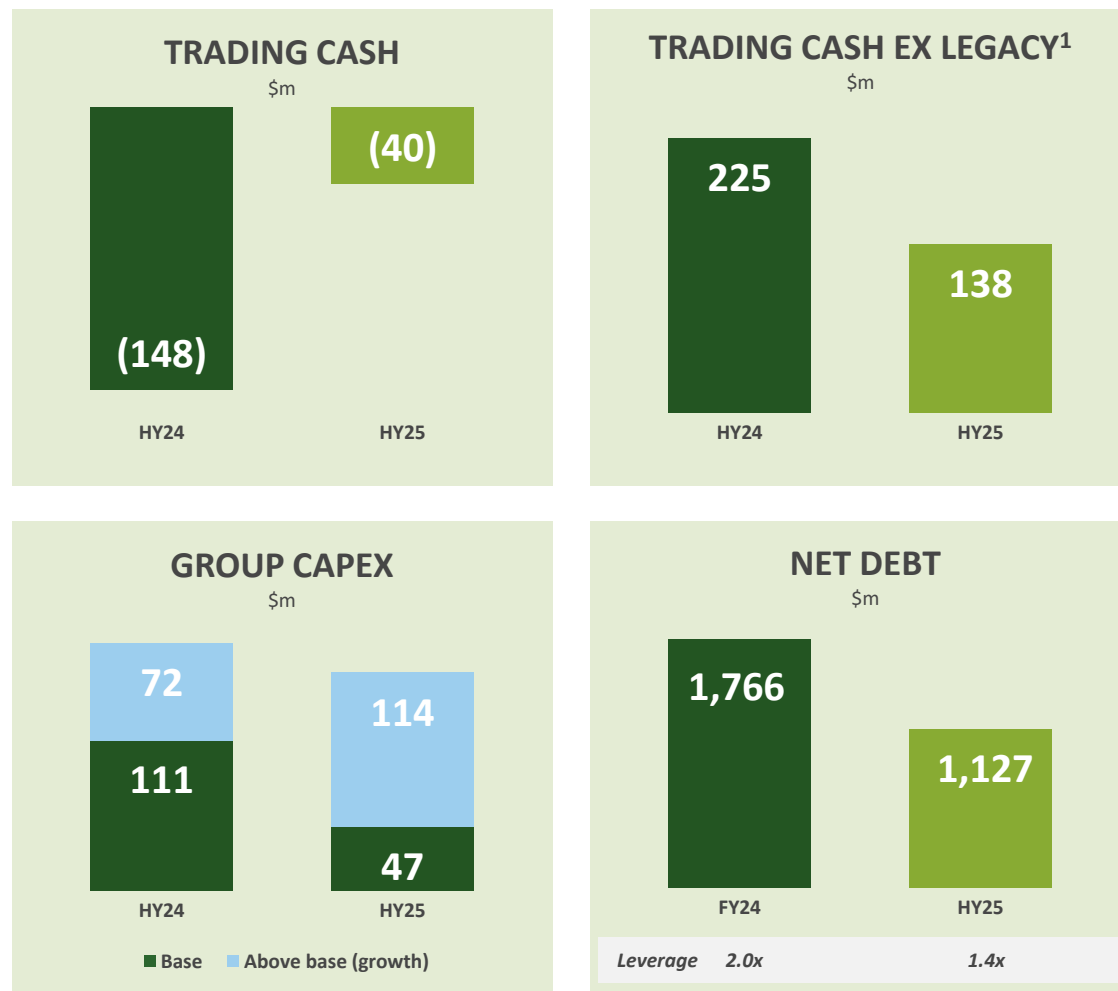
HY25 trading highlights

- **Building Products** resilient in tough trading conditions, revenue down 6%. Winstone Wallboards® maintained a strong market position, while Waipapa Pine & Laminex® delivered good market share growth momentum
- **Distribution** result disappointing, price/margin ceded to retain share in highly competitive environment, esp in Frame & Truss; highly fixed cost structure significantly impacted EBIT result
- **Concrete** solid top line in challenging market, continued focus on more robust comm. & infra segments, re-entry into cement export market. EBIT included \$12m costs from Golden Bay®'s cement ship outage, elevated spot electricity pricing in 1Q25 & restructuring costs
- **Australia** volume declines of ~13% compared to HY24, partially mitigated with good pricing disciplines offsetting cost increases; gross margin improvement of 70 bps in HY25
- Economic conditions & wider resi market lack of liquidity impacted **Residential** unit sales, but sales improved post first OCR cut: +17% Sep-Dec 2024 vs Jul-Aug 2024. 114 units contracted into 2H25. No land **Development** transactions in HY25 or HY24
- Good **Construction** performance, esp Higgins® NZ & BPC, focus on lower risk, smaller self-perform work; national & local road maintenance contracts; and alliance infrastructure projects delivering benefits
- Reduction in **Corporate** costs from pause of Digital@Fletcher



HY25 Results at a glance

Improved balance sheet following debt reduction



HY25 trading highlights

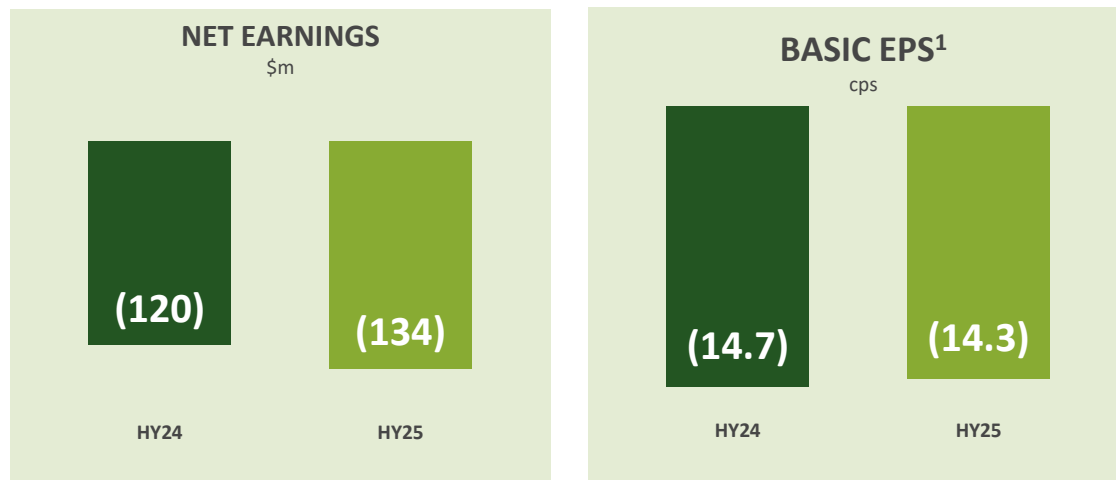
- **Group trading cash** impacted by lower earnings, and Construction legacy outflows of \$134m (\$161m lower than HY24)
- **Trading cash** from continuing ops excl. legacy & sig items:
 - Materials & Dist. trading cash of \$165m (vs \$301m in HY24) mainly from lower earnings
 - Resi & Devt. trading cash outflow of \$55m, mainly from committed land purchases
 - Construction strong trading cash flows of \$54m
- **Base and above base capex** reduced as previously communicated
- **Net debt** reduced following equity raise during HY25

1. Continuing operations and before significant items



HY25 Results at a glance

Lower earnings from lower market activity and signalled \$170m WA plumbing solution provision



HY25 trading highlights

- **Net Loss** of \$134m impacted by \$170m WA plumbing industry response provision as flagged. HY25 vs HY24 movement related to \$96m lower EBIT partly offset by \$39m better tax benefit & discontinued operations loss of \$52m vs \$106m in HY24
- In line with the Company's dividend policy and lender agreements, the Board has not declared an interim dividend for HY25



1. The Group has restated HY24 earnings per share metrics to reflect the slight dilution resulting from the "bonus share" element of the capital raise completed during the period. See note 2.3 of the Financial Statement for further details

FINANCIAL RESULTS

Will Wright, CFO



Income Statement

Volume declines & lower house sales, partly offset by cost-out & significantly improved Construction performance

INCOME STATEMENT NZ\$m	DEC 2023 6 MONTHS	DEC 2024 6 MONTHS	VAR
Revenue	3,860	3,583	(7%)
EBITDA before significant items	429	346	(19%)
EBIT before significant items (continuing operations)	263	167	(37%)
Significant items	(186)	(193)	(4%)
EBIT	77	(26)	NM
Lease interest expense	(28)	(34)	(21%)
Funding costs	(62)	(63)	(2%)
Tax benefit	2	41	NM
Non-controlling interests	(3)	0	NM
Net loss from continuing operations	(14)	(82)	NM
Net loss from discontinued operation	(106)	(52)	51%
Net loss	(120)	(134)	(12%)
Net earnings before sig items from continuing ops ²	119	53	(55%)
Basic EPS from continuing ops before sig items (cents) ²	14.5	5.6	NM
Group Basic earnings per share (cents) ²	(14.7)	(14.3)	3%

HY25 income statement

- EBIT¹ decline reflects volume & operating deleverage in bottom-of-cycle operating environment, esp. across NZ
- Continued cost reduction programme across Group to resize to market
- Significant items of \$193m mainly relate to WA plumbing as flagged
- Funding costs of \$63m, slightly higher than HY24
- Effective tax rate¹ of 24.3% in HY25 (vs 29.2% in HY24)
- Net loss from discontinued operation relates mainly to Tradelink[®] FCTR reclassification when business was sold

1. Continuing operations and before significant items. 2. The Group has restated HY24 earnings per share metrics to reflect the slight dilution resulting from the "bonus share" element of the capital raise completed during the period. See note 2.3 of the Interim Financial Statement for further details

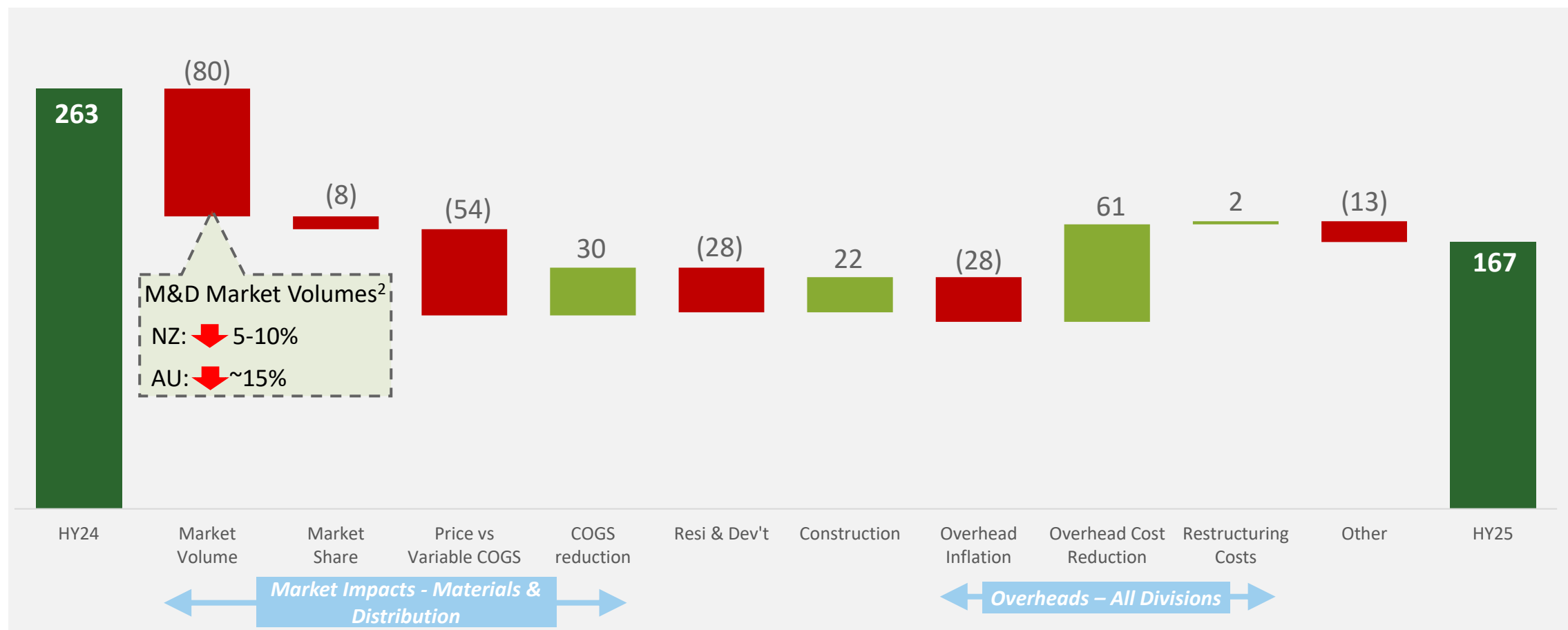


HY24 to HY25 EBIT bridge

~\$90m gross cost-out benefit from operational savings in COGS and overheads

EBIT¹: HY24 TO HY25

\$M



1. Continuing operations and before significant items 2. Compared to HY24



Cash flows

Cash flows suppressed by lower earnings; working capital well-controlled

CASH FLOWS NZ\$M	DEC 2023 6 MONTHS	DEC 2024 6 MONTHS
EBIT before significant items from continuing operations	263	167
Depreciation and amortisation	166	179
Lease principal payments and lease interest paid	(109)	(123)
Provisions and other	3	(11)
Trad. cash flow before working capital mvmts from cont. ops	323	212
Residential and Development	(72)	(67)
Construction excluding legacy projects	(18)	29
Materials and Distribution Divisions: Debtors	138	66
Materials and Distribution Divisions: Inventories	19	(14)
Materials and Distribution Divisions: Creditors	(165)	(88)
Working capital movements excl. legacy projects	(98)	(74)
Trading cash flow from cont. ops excl legacy & sig. items	225	138
Discontinued operations	(48)	(19)
Legacy projects cash flow	(295)	(134)
Significant items cash flow	(29)	(25)
Trading cash flow	(148)	(40)
Add: lease principal payments	100	99
Less: cash tax paid	(21)	(2)
Less: funding costs paid	(57)	(62)
Reported cash flows from operating activities	(126)	(5)

HY25 cash flows

- Resi & Devt. includes committed land purchases of \$40m
- Good working capital from Construction, mainly from BPC & Higgins®, benefiting from advances in new work won
- Materials & Dist. divisions working capital subject to seasonal movements:
 - Tight management of receivables with debtor days improved vs HY24 in context of increased liquidations and insolvencies in the market; strong collections & credit controls in Building Products & Australia
 - Inventories included stock build in Laminex® AU in readiness for extended shutdown in early 2H25
 - Lower volumes toward the end of HY25 lead to unwind of working capital positions, esp in payable days
- Legacy projects cash outflows of \$134m mainly from NZICC project, slightly lower than flagged
- Sig. items cash outflows primarily related to WA plumbing
- Cash tax payments lower due to legacy project losses
- Funding costs broadly in line with prior period



Capex

Continued reduction in capex spend in response to market

GROUP CAPEX AND INVESTMENTS NZ\$M	DEC 2023 6 MONTHS	DEC 2024 6 MONTHS
Base capex	111	47
Above Base: growth capex and investments ¹	48	111
Above Base: WWB new plant	31	3
<i>Less: Proceeds on disposal of PPE</i>	(3)	(53)
Net Capex	187	108
Other capex: Vivid Living®	12	6
Total Capex and Investments	199	114

HY25 capex and investments

- Base capex on maintenance, digital/ERP, sustainability & efficiency capex
- Growth capex on in-flight organic growth projects:
 - New Laminex® Taupō wood panels plant (\$74m): tracking well to planned slower programme of works; new plant gives a highly flexible production capability; new board product has superior strength, moisture resistance and surface finish to existing particleboard offer; raw material flexibility
 - New Firth® flagship ready mix concrete plant in Penrose (\$13m)
 - PlaceMakers®' automated Frame & Truss Auckland plant (\$11m); project now paused
- \$53m proceeds on disposal of property, plant & equipment, mainly from the sale & leaseback of Steel's Papakura land
- Vivid Living® retirement village developments \$6m investment

1. Includes capitalised interest

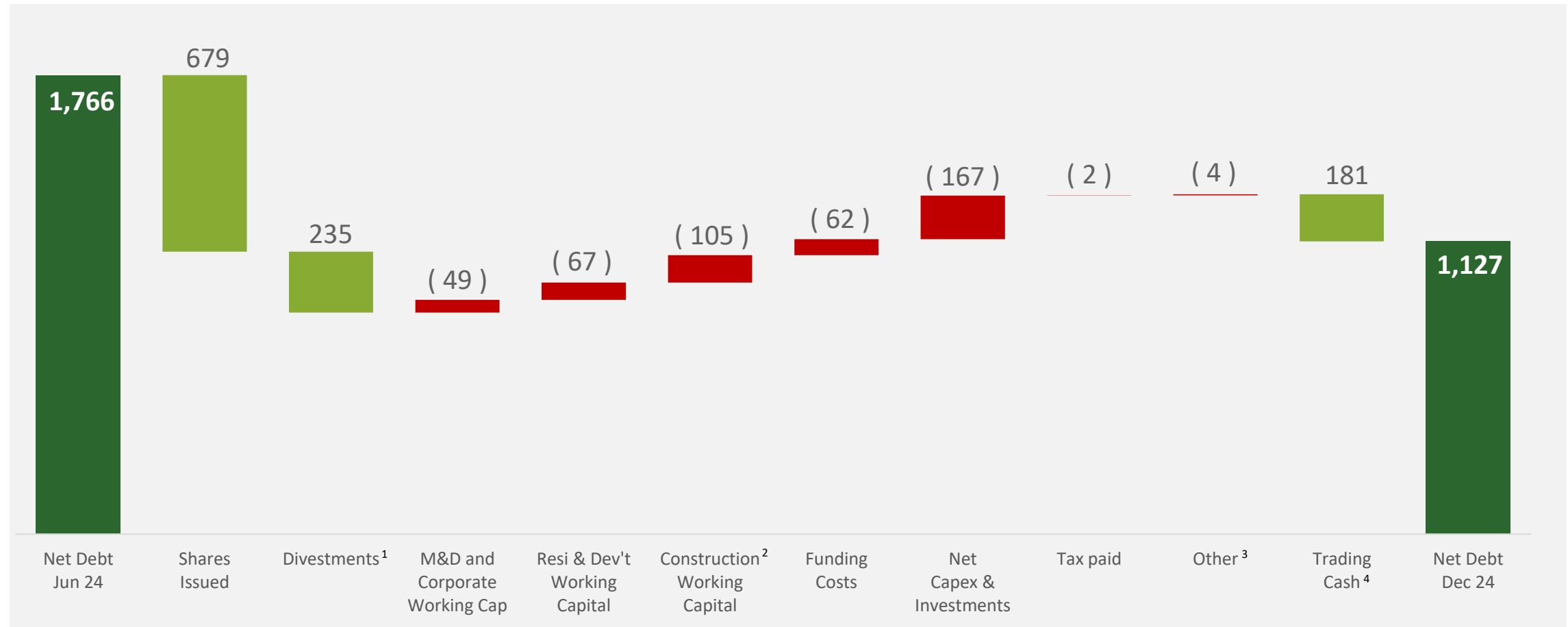


Net Debt

Capital raise applied to debt reduction

NET DEBT: JUN24 TO DEC24

\$M



1. Includes \$182m Tradelink & 50% FCC Fiji sales and \$53m Steel Papakura site PP&E sale (from site sale & leaseback) 2. Includes legacy outflows of \$134m

3. Relates to \$10m loss from close out of the USPP related CCIRS hedges (in sig items) offset by a net \$6m inflow from non-controlling interests. 4. Excludes working capital



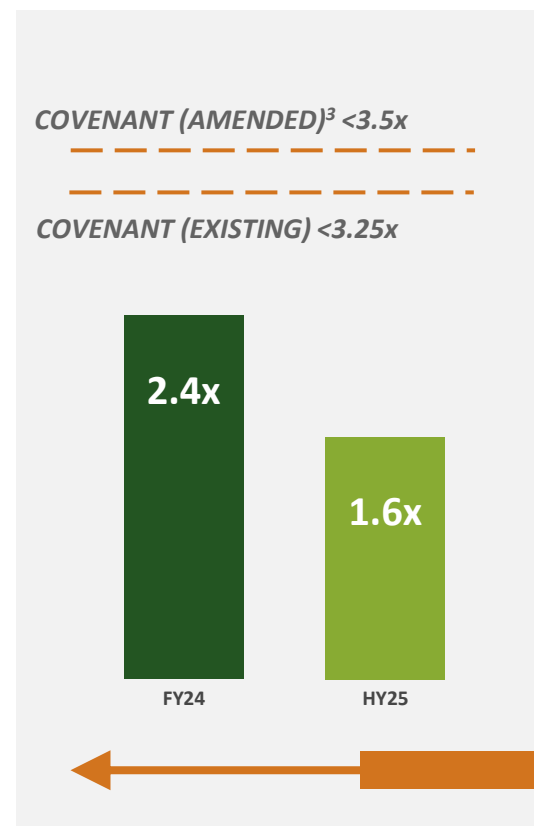
Leverage

Lower debt levels from capital raise partially offset set by the impact of lower earnings during HY25

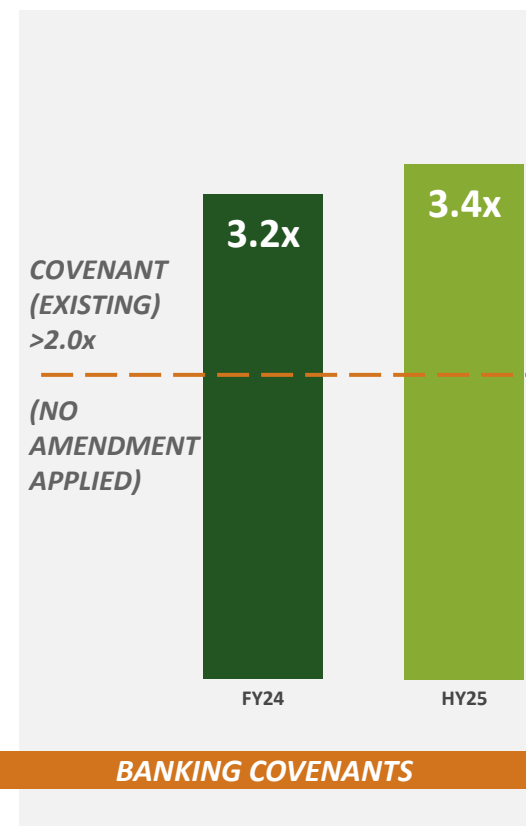
LEVERAGE (NET DEBT/EBITDA¹)



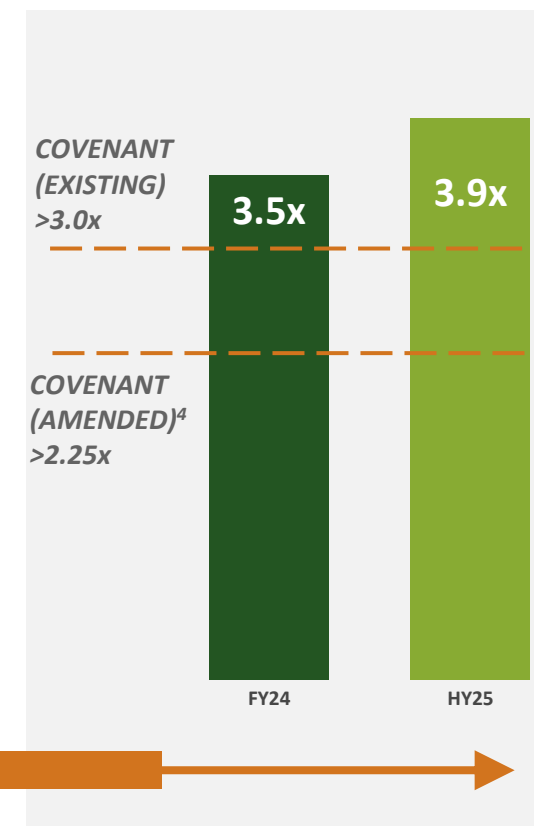
SENIOR LEVERAGE (SENIOR NET DEBT/PRE-IFRS16 EBITDA²)



TOTAL INTEREST COVER (PRE-IFRS16 EBIT²/TOTAL INTEREST)



SENIOR INTEREST COVER (PRE-IFRS16 EBIT²/SNR INTEREST)



← BANKING COVENANTS →

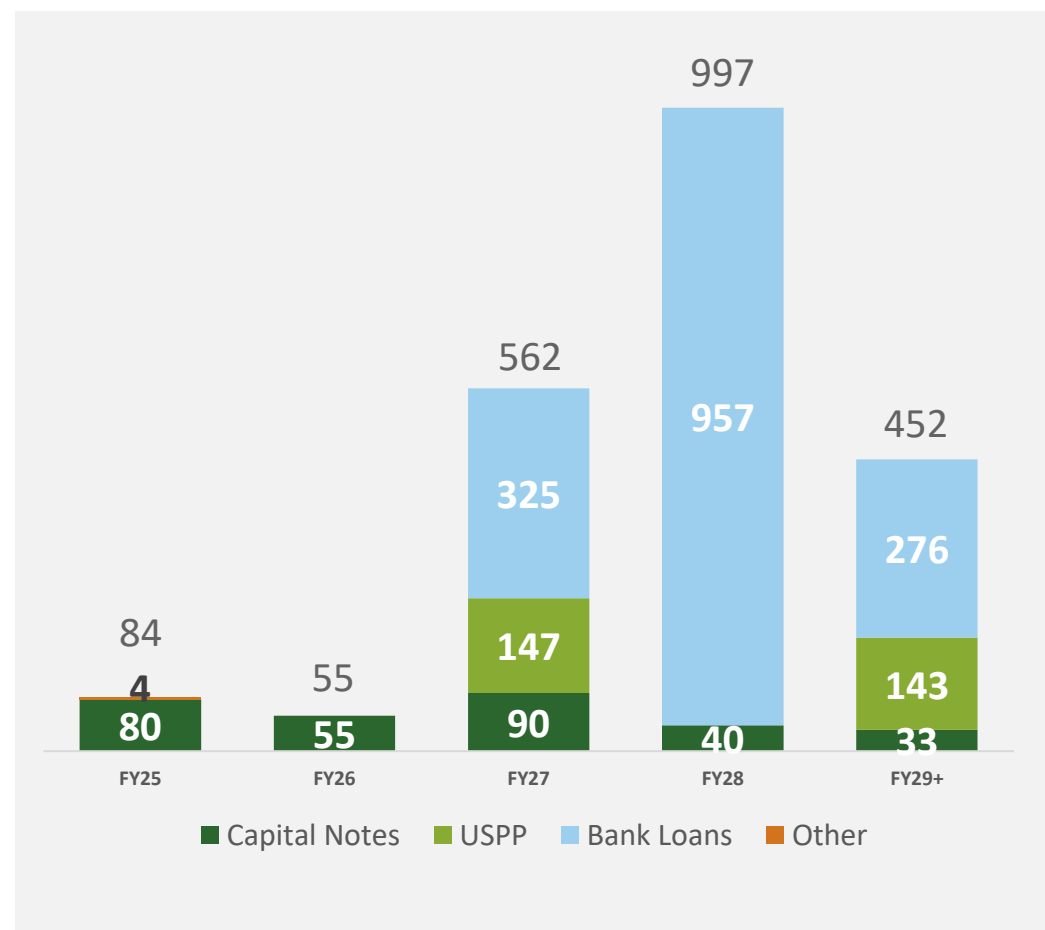


1. Full shaded metrics: Net debt excluding leases / EBITDA pre-significant items; Dotted line metrics: Net debt including leases / EBITDA pre-significant items
2. Before significant items; 3. As at Dec-24 through to Jun-25 the covenant level is <3.5x; 4. As at Jun-24, the amended covenant level was >2.5x

Funding

Successful equity raise generated ~\$680m net cash proceeds used to repay and cancel external borrowing facilities

DEBT MATURITY PROFILE
\$M



DEBT FACILITIES AND DRAWINGS NZ\$M	FACILITIES 31 DEC 24	DRAWINGS 31 DEC 24
Bank Loans	1,558	737
USPP	290	290
Capital Notes	298	298
Other	4	4
Total	2,150	1,329

- Undrawn credit lines of \$821m and cash on hand of \$202m as at 31 Dec 24; total liquidity of \$1.0b
- ~\$680m net cash proceeds from equity raise used to repay bank debt of \$511m and USPP of \$169m
- Average maturity of debt 2.7 years; average interest rate on debt is 6.1%¹
- Group gearing after hedging 22.3% at 31 Dec 24 (34.7% at Jun 24)
- Subsequent to HY25, redemption notice issued for \$80m capital notes

1. Excluding line fees



OUTLOOK

Andrew Reding, Managing
Director and Group CEO



FY25 Outlook

Expect FY25 EBIT² to be ~60% weighted to 2H25 primarily due to cost savings, housing settlements & non-repeat costs

- **Continue to expect FY25 market volumes in our Materials & Distribution¹ businesses to be ~10-15% lower vs FY24**
 - Consistent with our expectations in September & October
 - In line with decline in market volumes in 1Q25
- **Expect FY25 EBIT² to be ~60% weighted to 2H25 given:**
 - Gross overhead costs savings in FY25 of at least \$180m ~60% weighted to 2H25
 - Seasonality in Resi & Devt, with ~170 – 180 additional settlements expected in 2H25 vs. 1H25
 - Non-repeat of ~\$20m NZ electricity, MVAC ship outage & restructuring costs incurred in 1H25
- **FY25 earnings remain sensitive to market conditions**
 - Materials & Distribution: an additional +/-5% change in market volumes is estimated to equate to +/- \$80 – 90 million in annualised EBIT² impact
 - Resi & Devt: an additional +/- 100 settlements per year is equivalent to +/- ~\$15m in annualised EBIT² impact



Long term fundamentals solid

WE OPERATE IN ATTRACTIVE MARKETS...

Population dynamics, infrastructure and housing deficits underpin long term sector demand

Long term economic and political stability support strong pipeline of residential, non-residential & infrastructure construction

...WHERE WE HAVE STRONG BUSINESSES...



...WELL-POSITIONED ONCE MARKET VOLUMES RECOVER

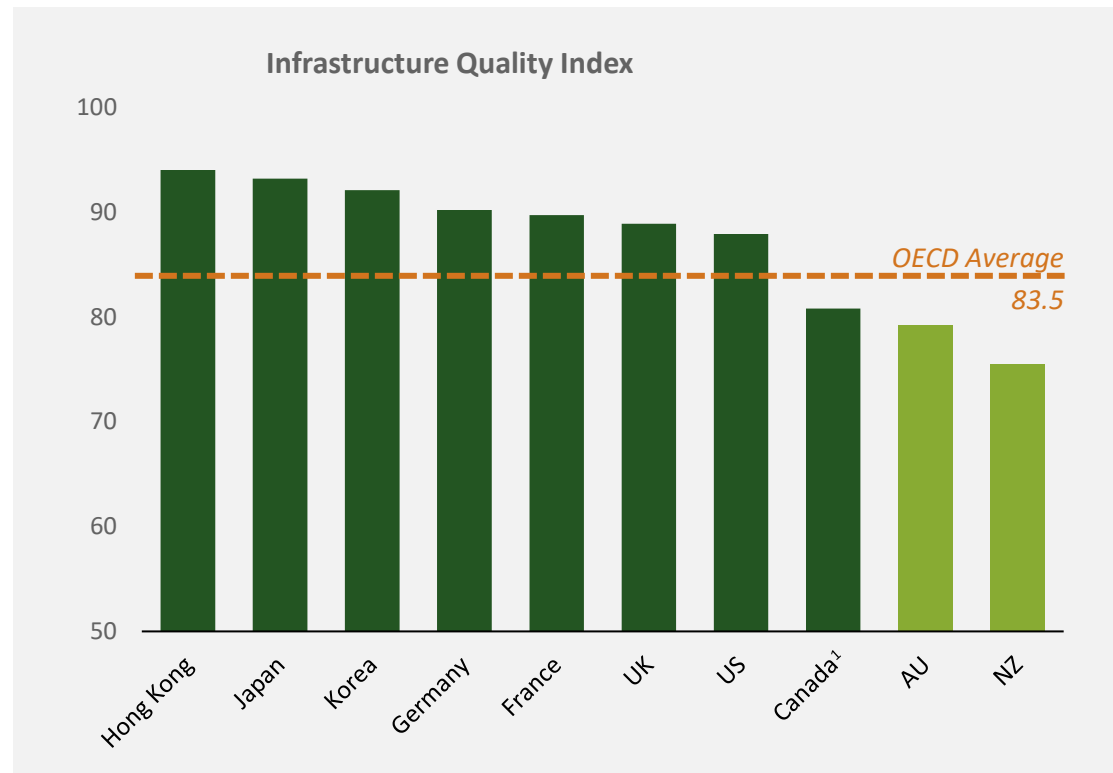
Balance sheet strengthening allows us to focus on executing operational and strategic initiatives

Significant operating leverage expected to position the Company to capitalise once market returns

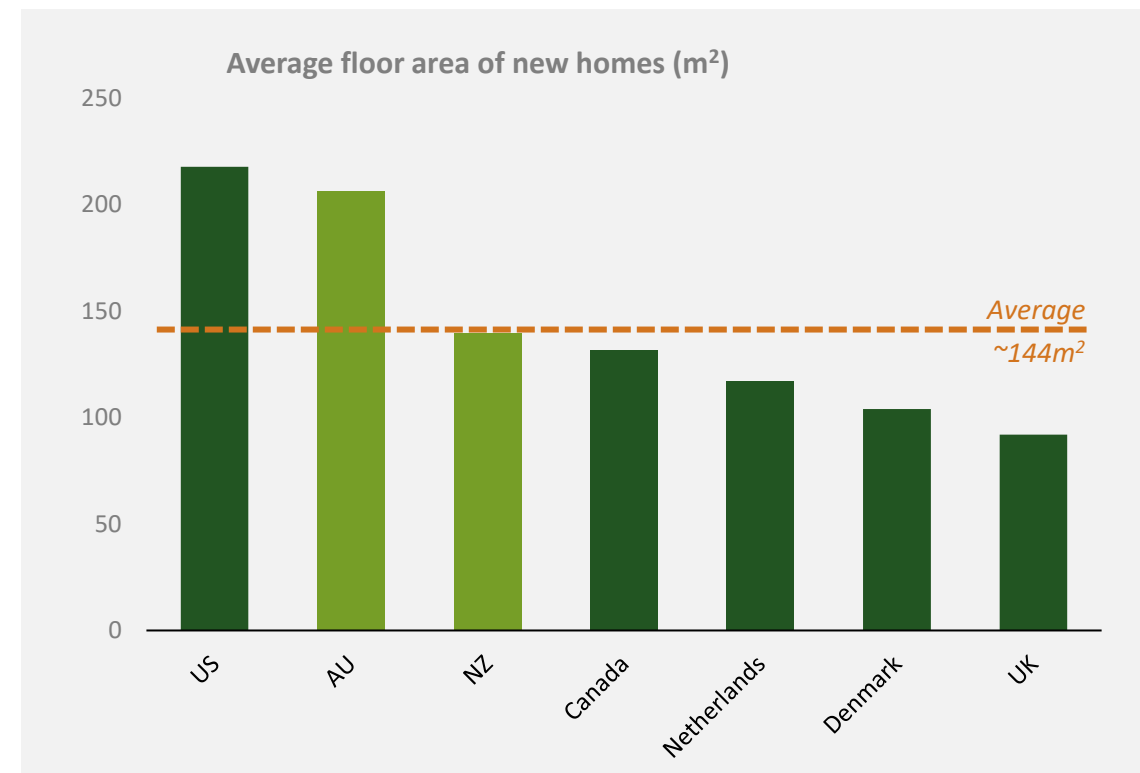


Our markets offer other benefits, such as the requirement for quality infrastructure and large housing footprints

SIGNIFICANT SPENDING IS REQUIRED TO IMPROVE INFRASTRUCTURE QUALITY



WE BUILD BIG HOUSES, ESPECIALLY IN AUSTRALIA, DRIVING DEMAND



1. Canada average floor area is the average of British Columbia, Ontario and Nova Scotia homes

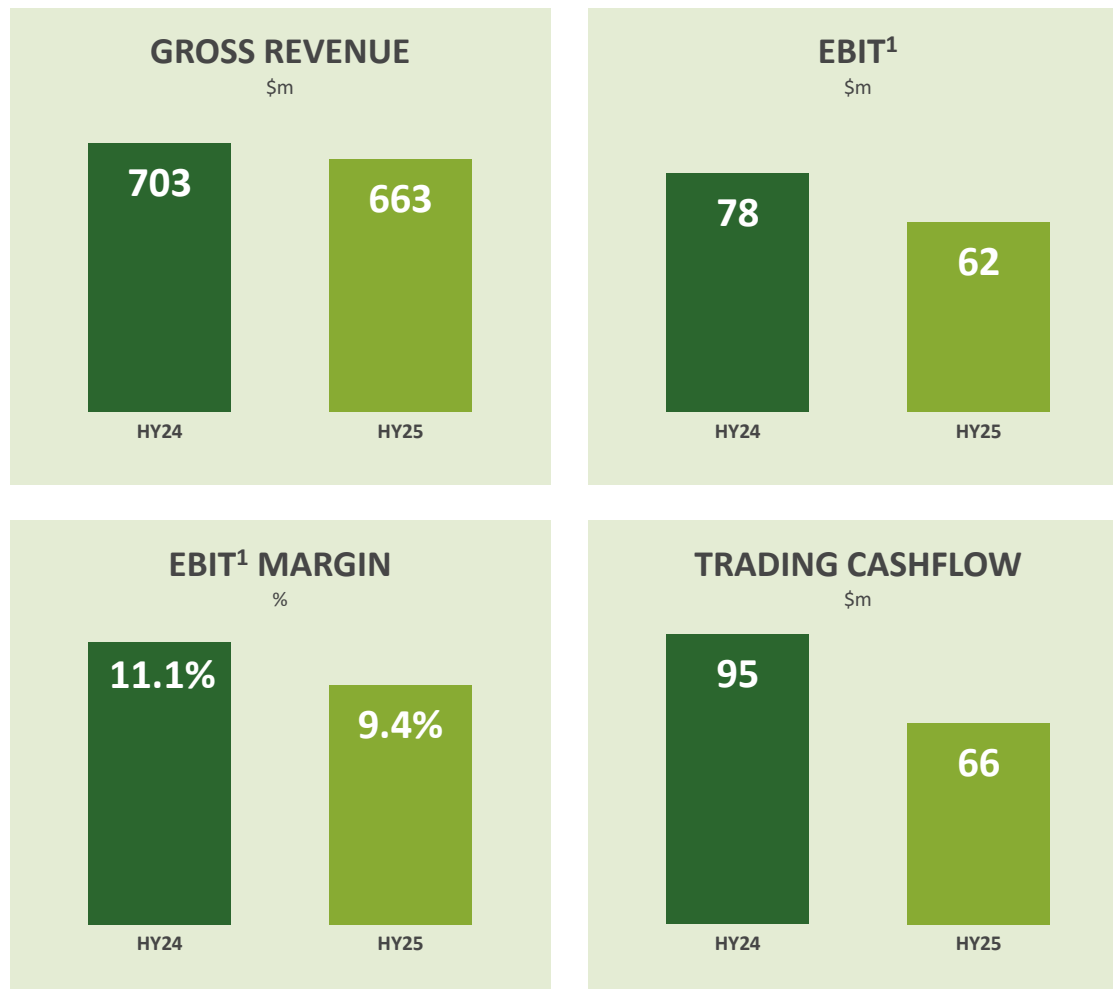
Source: 2. NZ Infrastructure Commission (2021); 3. US Census; 4. ABS; 5. Stats NZ; 6. Statistics Canada; 7. Statistics Netherlands; 8. Statistics Denmark; 9. BBC



APPENDIX



HY25 Results: Building Products

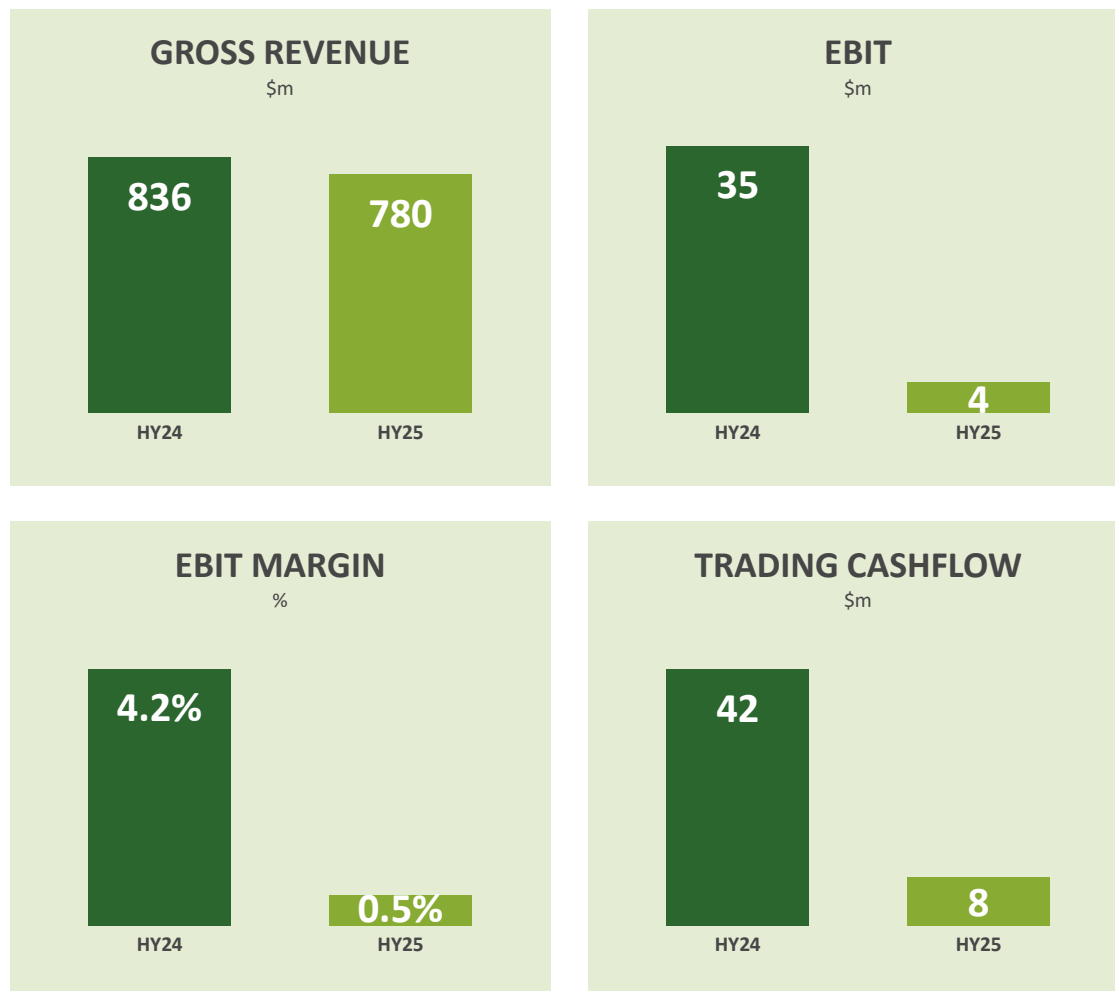


HY25 trading performance

- Revenue 6% lower than HY24 driven by reduced resi activity & highly competitive pricing environment. Winstone Wallboards® strong market position & market share gains in Waipapa Pine & Laminex®
- GM held steady at 32.1% with good pricing disciplines, effective margin management & cost-out initiatives (leaner organisational framework with lower headcount, site rationalisation & freight optimisation)
- Lower EBIT¹ and EBIT¹ margin: inflationary pressures from raw materials (esp. gypsum, paper & LPG) & very high electricity prices in 1QFY25. \$3m steel stock devaluation & ~10% reduction in selling prices
- Trading cash flow affected by lower earnings. Debtor management strategies in place, minimal impacts from any customer liquidations
- Customer service focus & new product offerings: launch of Laminex NZ® new product range Seratone Aqua Plus® (a new evolution pre-finished wet & dry area wall panel); new pole shed design at Cyclone® Buildings (for agricultural market); and Dimond® relaunched 'warm roof' advanced roofing systems products
- Winstone Wallboards' new plasterboard plant now at desired performance efficiency; Dimond® new structural manufacturing plant at Papakura opened, with improved output & efficiencies from new purlin mill



HY25 Results: Distribution

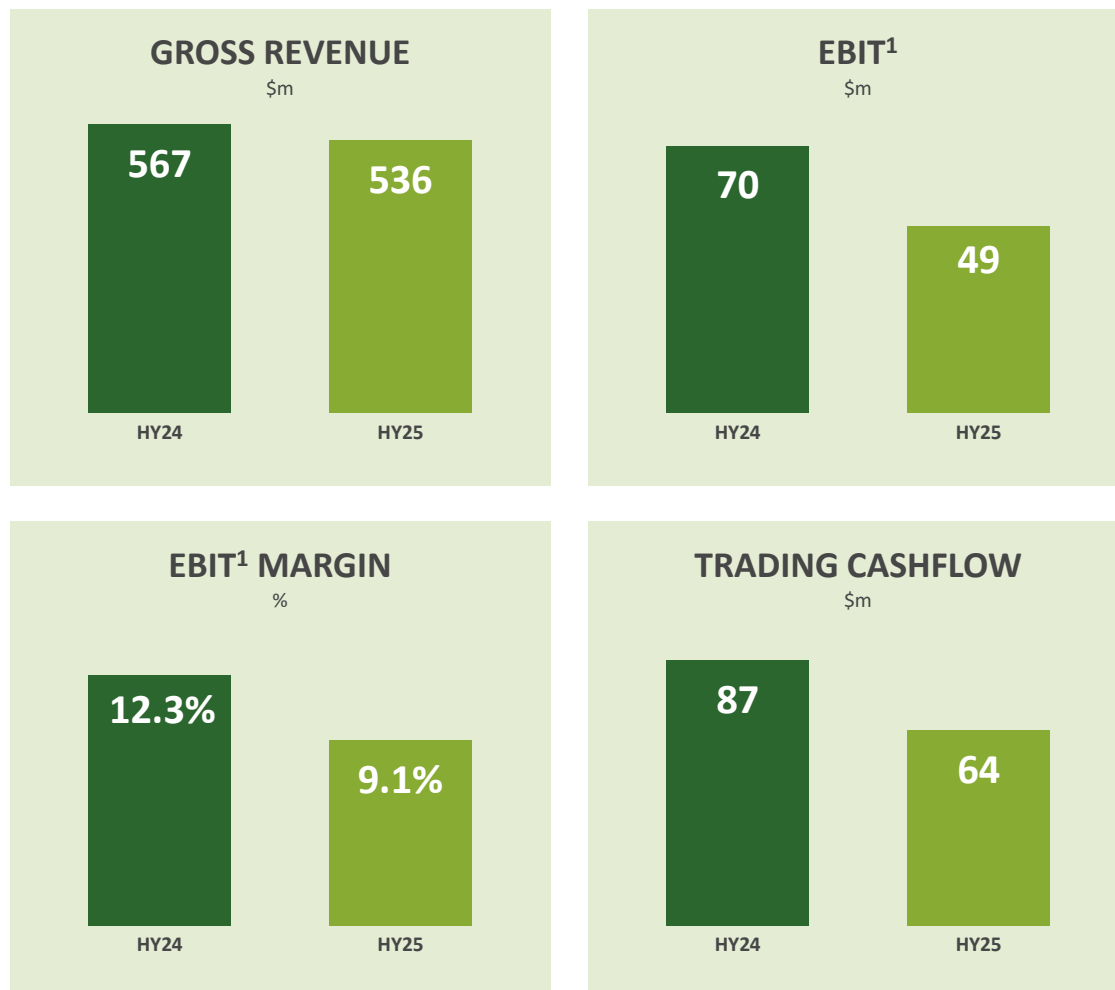


HY25 trading performance

- Revenue 7% lower than HY24: sustained challenges given ~80% exposure to resi. sector. PlaceMakers® intense pricing competition (esp. in F&T) necessitated strategic price concessions to defend market share. Pricing efforts maintained stability in Auckland & Northland, with market share gains in the Waikato, Bay of Plenty & Lower NI regions. Market share declined in the SI. Market share growth at Mico® through strong competitive positioning
- GM of 24.7% reduced by 210 basis points compared to HY24 from price concessions & unfavourable product mix shifts
- Lower EBIT and EBIT margin than HY24 mainly from lower volumes & GM compression. Inflation ~4%, mainly in labour, property & technology. Employee costs (significant portion of overheads) carefully managed through selective rehiring. Shift patterns across branches & manufacturing facilities revised and reductions in discretionary spend. Overheads 30 basis points lower than HY24
- Trading cash flow reflected lower earnings. Positive working capital cash flow, supported by improved inventory mgmt. (2.3 days lower YoY). Customer cash collections remained strong, some customer defaults, but credit risk carefully managed to minimise exposure
- Tumu® integration into PlaceMakers® successfully completed, fully aligning people, systems, processes & branding



HY25 Results: Concrete

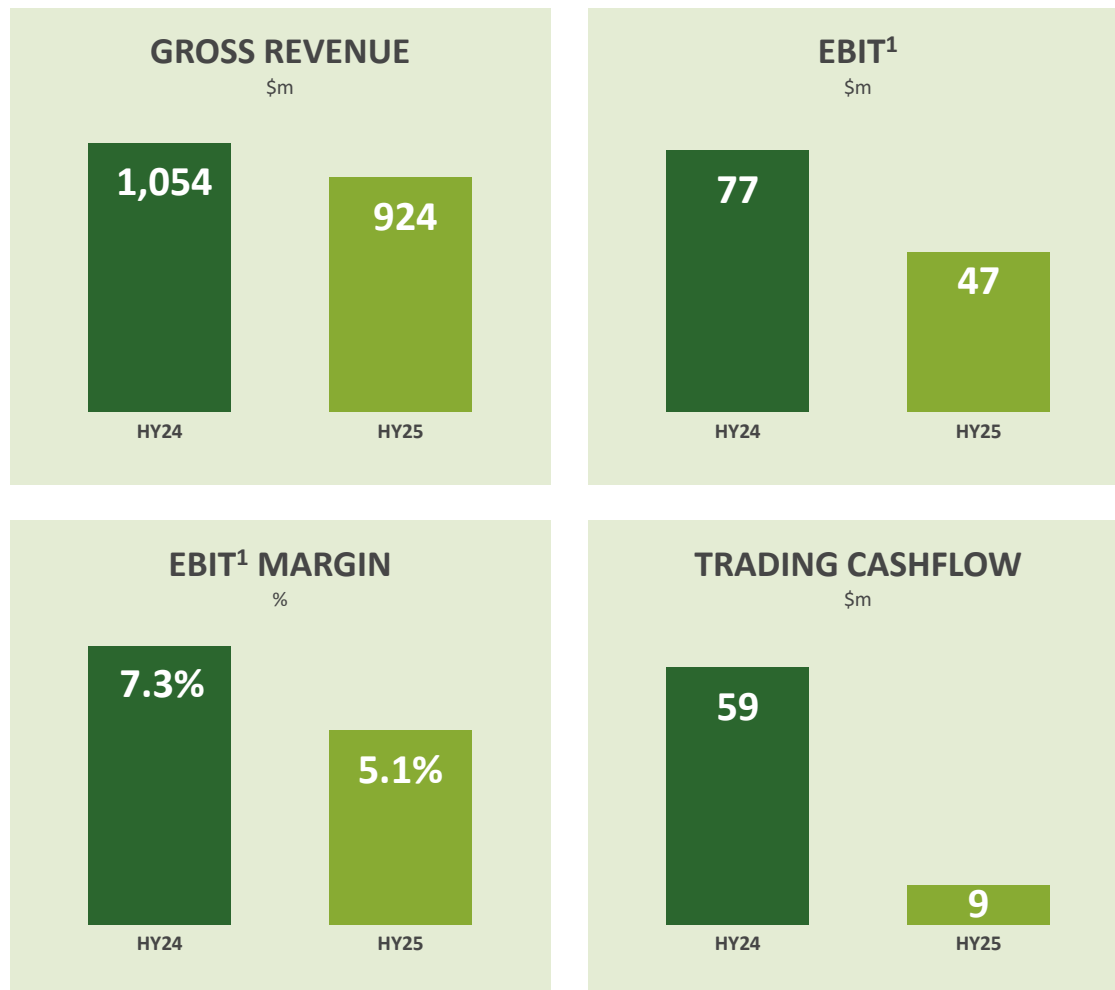


HY25 trading performance

- Revenue 5% lower than HY24: market share held in challenging market conditions. Continued focus on the more robust comm. & infra. segments & re-entry into cement export market to offset declining NZ market volumes
- GM of 26.7% was 160bps lower than HY24. Cost base continued to align to the current market environment. In Firth®, continued reduction in production & truck resources aligning to volume reduction. In Golden Bay®, coal substitution with alternative fuels >55% & manufacturing labour cost base right-sized. In Humes® & Winstone Aggregates®, debottlenecking & operational improvements
- EBIT¹ and EBIT¹ margin lower than HY24: higher revenue mix from comm. & infra segments and continued input cost inflation. The result includes \$12m costs from Golden Bay®'s cement carrier outage in Jul-24, significantly elevated electricity pricing in 1Q25 and restructuring costs
- Trading cashflow decline vs HY24 broadly in line with lower earnings, working capital tightly managed
- New Firth® readymix concrete plant at Auckland Airport commissioned to support its large programme of future capital investment



HY25 Results: Australia (continuing operations)

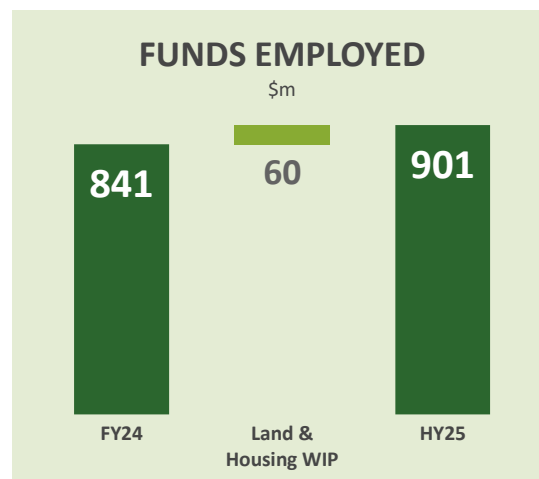
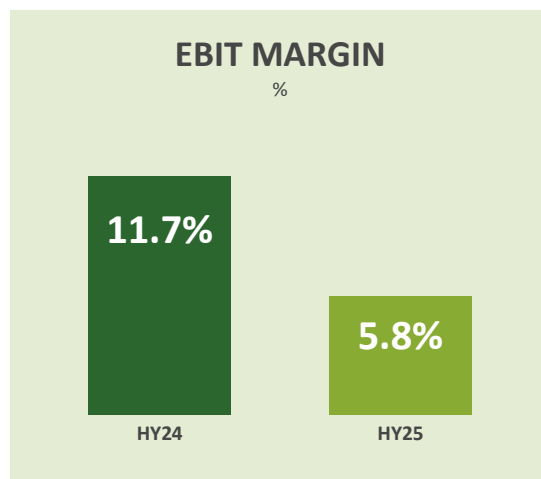
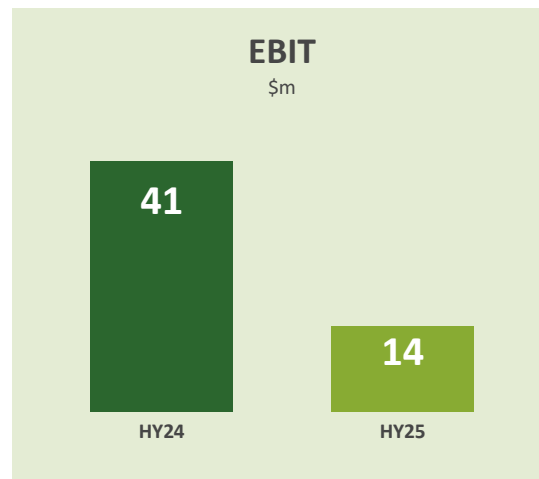
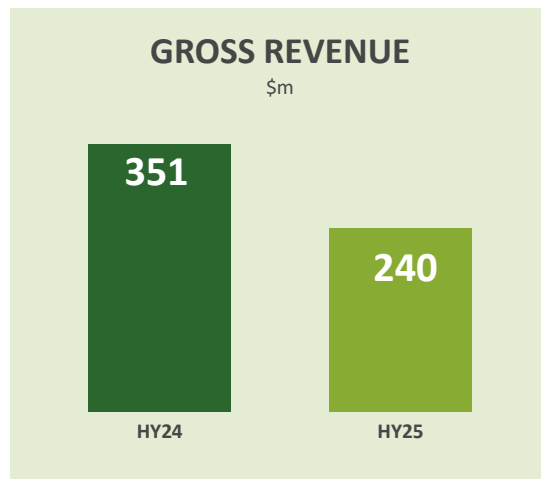


HY25 trading performance

- Revenue 12% lower than HY24: volume declines of ~13%, softer resi & comm markets impacting all businesses. Reduced civil project activity large driver of top line decline in Iplex®. Stramit® impacted by slowing detached housing markets. Market share mixed, with gains in Fletcher Insulation® (from Rockwool® & Pink® Batts range extension) and Oliveri® bathroom category, share held in Laminex® and Iplex® and selective commercial project selection in Stramit®
- GM improved by 80bps vs HY24 with strong pricing disciplines & new products. Restructuring programme initiatives benefits weighted to 2H25
- EBIT¹ and EBIT¹ margin down on HY24. Oliveri®, Laminex® & Fletcher Insulation® performed well in the lower trading environment, while Stramit® and Iplex® results were more challenged
- Trading cash flow (incl. sig items) lower from reduced earnings & WA plumbing matter costs. Debtor collections remained strong & credit risk from heightened construction insolvencies continued to be well managed
- Continued customer focus produced positive outcomes from the attention to efficiency rates in DIFOT (Delivery in Full On Time), growth in digital sales and bringing new products to market. >50% of Laminex® revenue is now from online, attracting more customers & improved margins



HY25 Results: Residential and Development

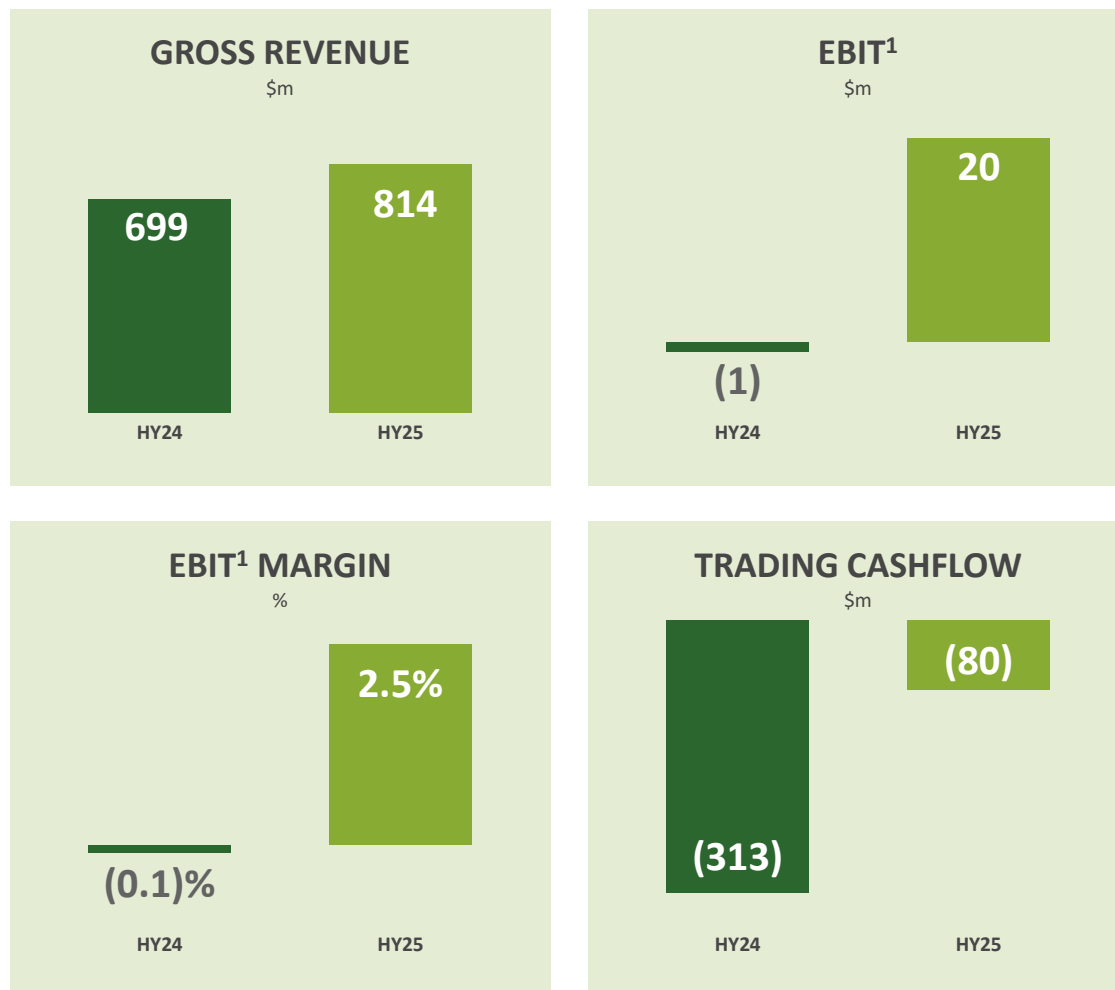


HY25 trading performance

- Revenue reduced 32% vs HY24: 304 unit sales incl. 21 apartments (vs 419 unit sales incl. 47 apartments in HY24). Lower than historic average contracted units at start of FY25 from challenging housing market & economy. Continued to negatively impact buyer sentiment & urgency - conditional contract signup volume for Jul & Aug 2024 ~30% lower than the same period in the prior year. Market outlook & buyer confidence has started to show tentative signs of recovery, assisted by OCR reduction, with average weekly signups up 17% across Sep-Dec 2024, compared to Jul-Aug 2024. ~114 will settle in 2H25. Average market price ~2% lower than HY24
- Residential EBIT was \$14m, down from \$41m in HY24 (HY25 included \$2m reval gain to Vivid Living vs \$1m in HY24), nil Industrial Development EBIT in either half
- Funds employed of \$901m up \$60m vs FY24 with settlement of committed land purchases & usual seasonal stock build. Continue to actively manage funds base in line with market activity, incl. pausing some apartment projects until better market conditions resume. Rezone & resource consent land continues in existing portfolio as part of value-add proposition
- Land pipeline ~4,200 lots (~2,700 residential lots & two rural properties on balance sheet, ~905 units under unconditional contracts & ~539 units under conditional contracts)



HY25 Results: Construction



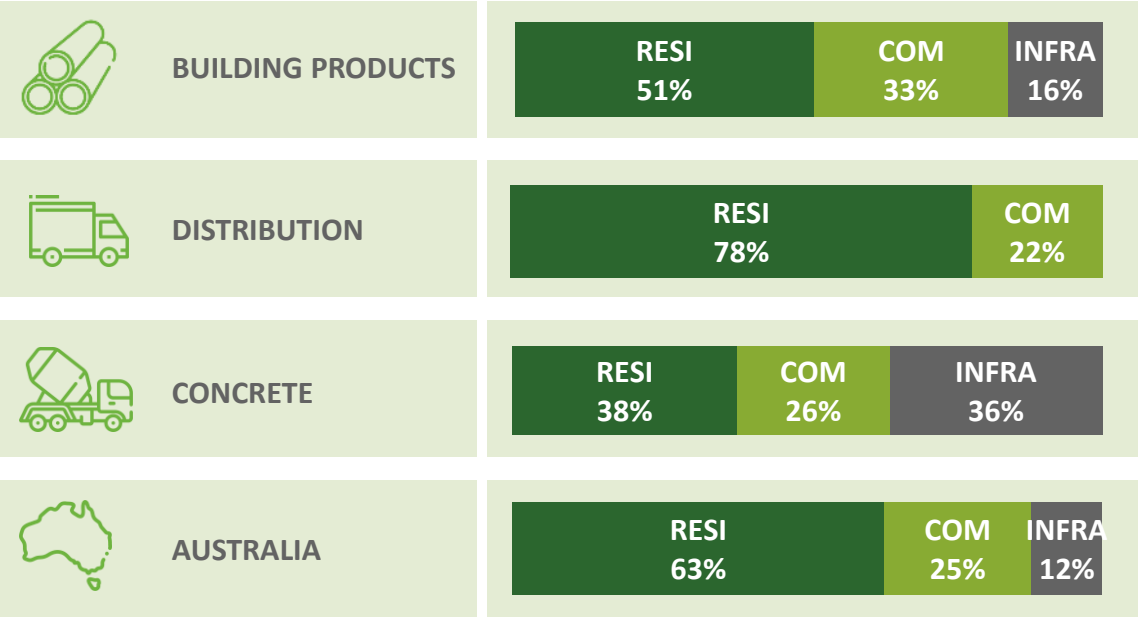
HY25 trading performance

- Revenue 16% higher than HY24: higher work volumes in Brian Perry Civil® & Major Projects businesses, with work continuing on key infrastructure projects at Auckland Airport, Eastern Busway and the State Highway
- GM (excl. vertical buildings), was 10.0% vs 7.7% in HY24: continued focus on lower risk, smaller self-perform work; national and local road maintenance contracts; and alliance infrastructure projects
- EBIT¹ \$20m vs \$1m loss in HY24: strong BPC & Higgins
- Trading cash outflow of \$80m: excl. legacy projects, trading cash inflows were \$54m driven by strong earnings driven cash inflows & working capital management, incl. advances on new projects & the finalisation of variation claims and accounts. Legacy outflows of \$134m mainly driven by the NZICC project
- Solid orderbook of \$1.5b, balanced to lower risk projects
- Sale of 50% of the Higgins® Fiji business completed in Jul 2024

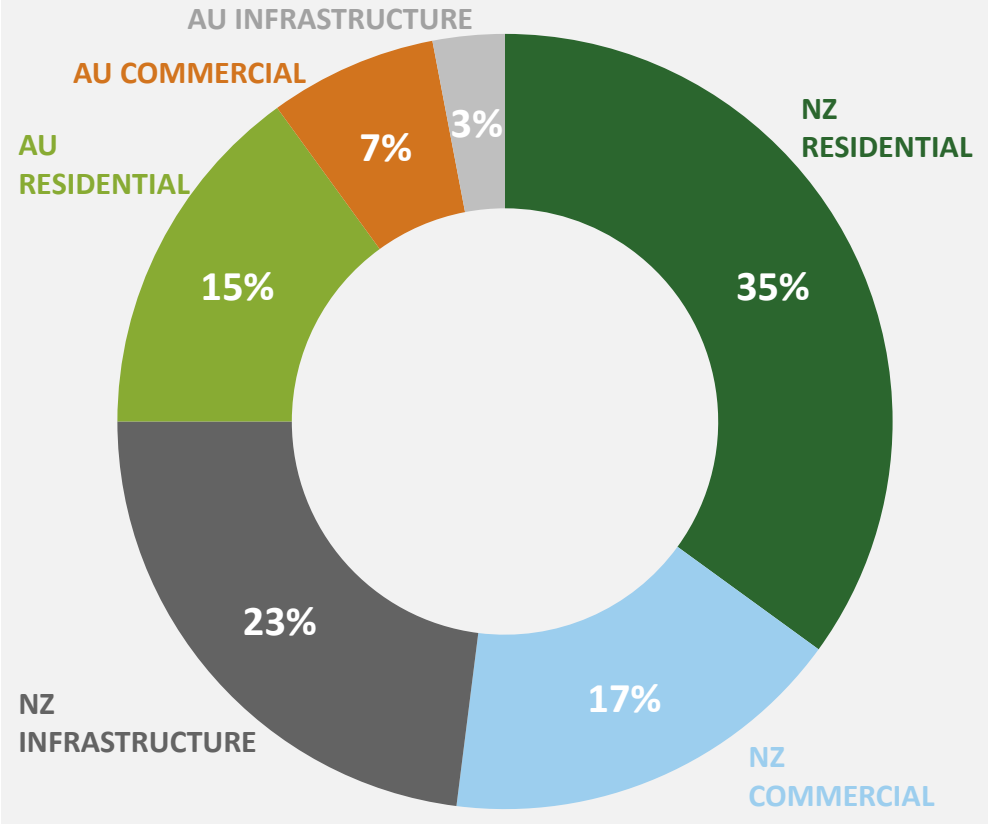


Divisional revenue exposure and Fletcher Building revenue by market

MATERIALS & DISTRIBUTION DIVISIONAL REVENUE EXPOSURE BY SECTOR



TOTAL FLETCHER BUILDING REVENUE BY MARKET %



Status of other matters

■ WA Plumbing:

- Industry Response to WA Plumbing issues agreed and signed; NZ\$170m (A\$155m) provision taken in 1H25
- All major builders of homes other than BGC have signed up and have begun attending to the agreed work programme
- While in the early stages, the Industry Response is working to plan
- A\$5m (NZ\$6m) spent to date mainly on roll out of the leak detector units
- Cash outflow for FY25 expected to be ~A\$15m, reflecting part year and a slower start by builders due to summer break
- Litigation risk remains. Evidence points to installation; we continue to defend our position

■ Silicosis:

- Laminex® Australia (together with other engineered stone manufacturers, distributors, and fabricators in Australia) is subject to a number of silica related personal injury claims in Australia. Laminex® Australia has settled the majority of claims that have been brought against it to date. Estimating the number and cost of future silica related personal injury claims is subject to uncertainties and assumptions, as further detailed in the FY24 Annual Report.
- During HY25, there has been no material change in the approach taken by the regulators in QLD and NSW, with each continuing to pursue an increased contribution with the supplier cohort. As a result, we have seen a reduction in the number of claims that have settled over the period. This has resulted in a reduced utilisation of the provision but we may see a temporary uplift in claims settled to clear the backlog. Of the claims that have settled, final amounts are in line with previous estimates provided.



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	6 months to 31 December 2024	
Previous Reporting Period	6 months to 31 December 2023	
Currency	NZD	
	Amount (000s)	Percentage change
Revenue from continuing operations	\$3,583,000	(7.2%)
Total Revenue	\$3,785,000	(10.9%)
Net profit/(loss) from continuing operations	\$(82,000)	NA
Total net profit/(loss)	\$(134,000)	(11.7%)
Final Dividend		
Amount per Quoted Equity Security	The Board has resolved not to declare an interim dividend for FY25.	
Imputed amount per Quoted Equity Security		
Record Date		
Dividend Payment Date		
	Current period	Prior comparable period
Net tangible assets per Quoted Equity Security	\$2.76	\$2.91
A brief explanation of any of the figures above necessary to enable the figures to be understood	Refer to Half Year Announcement Presentation	
Authority for this announcement		
Name of person authorised to make this announcement	Haydn Wong, Group General Counsel and Company Secretary	
Contact person for this announcement	Aleida White, Head of Investor Relations	
Contact phone number	+64 21 155 8837	
Contact email address	investor.relations@fbu.com	
Date of release through MAP	19/02/2025	

Unaudited financial statements accompany this announcement.