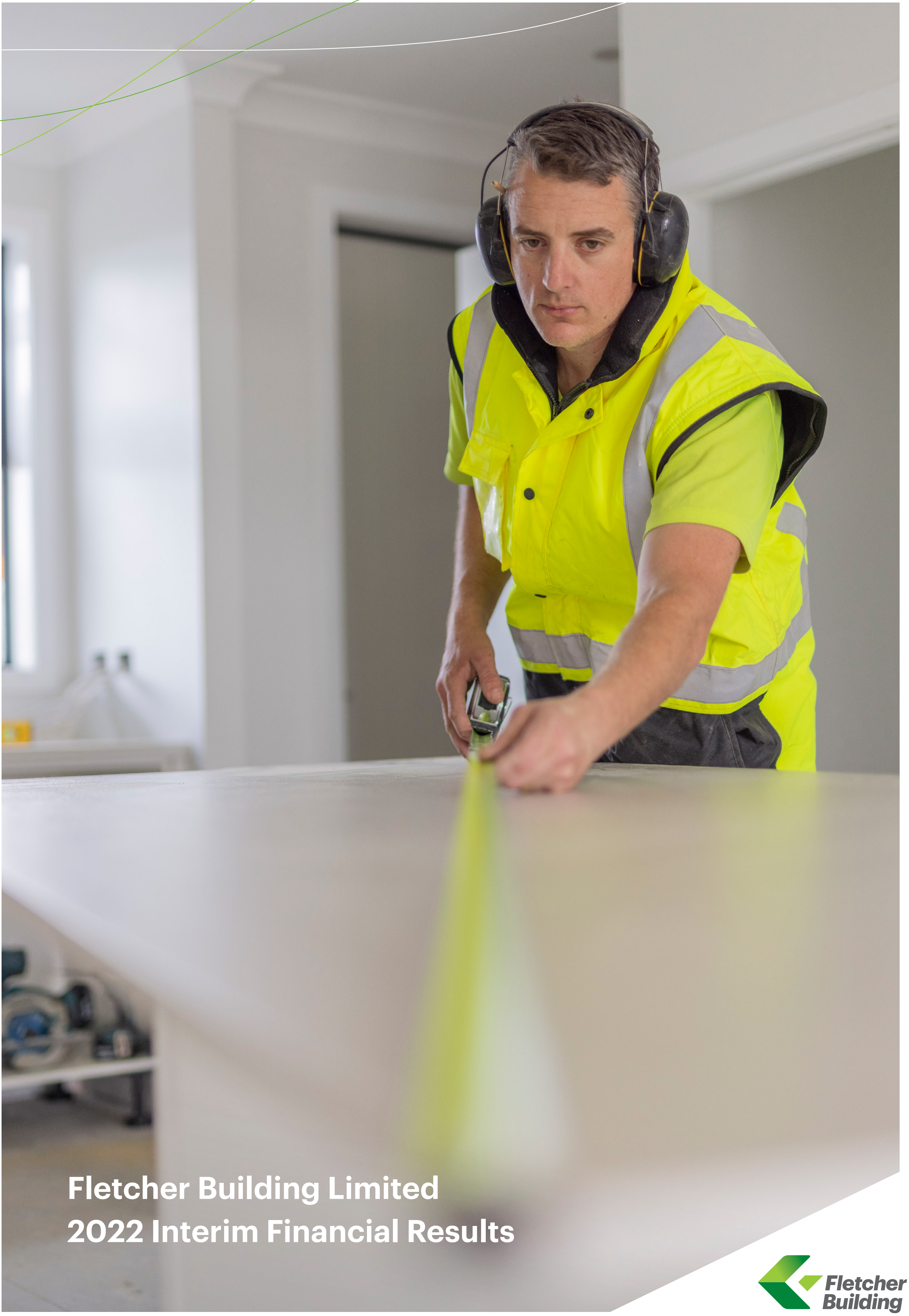

Fletcher Building Limited
2022 Interim Financial Results

Contents

Front cover image: Lindsey Heileson from the Kitchen Centre measures up an installation at the Fletcher Living Waiata Shores development.

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.

Chair and CEO's Review

We are pleased to report Fletcher Building's financial results for the six months ended 31 December 2021 (HY22).

HY22 RESULTS

With improved operational performance and cost disciplines now embedded across the business we were able to deliver a strong HY22 performance. This was despite the first quarter impacts from the COVID-19 lockdowns and ongoing supply chain and inflationary challenges.

Revenue was solid overall at $4,064 million, up 2% on the first half of FY21. Group EBIT before significant items was $332 million, up 3% from $323 million in the prior period. Group EBIT margin excluding significant items improved to 8.2% from 8.1%, and Net Earnings of $171 million were up 41% from $121 million in the prior period. The Board is pleased to approve an interim dividend of 18.0 cents per share, a 50% increase on the 12.0 cents per share interim dividend last year.

Cash flows from operating activities for the Group were $157 million, compared to $424 million in the prior period. The cash flow performance reflects the previously flagged working capital investments by the Group in HY22. These investments were to rebuild stock in key areas following a busy prior year, and to mitigate some of the issues arising for our customers from the elongated and more difficult international supply chains.

The Group's on-market share buyback programme remains active. This programme was announced on 26 May 2021 and comprises a buyback of up to $300 million over the 12 months to May 2022. To date, we have repurchased $107 million of shares.

IMPACT OF COVID-19 IN THE FIRST QUARTER

In the first quarter we saw New Zealand experience full lockdowns and intra-country border restrictions, and in Australia, a complex and differing set of state-based border restrictions and local lockdowns.

The net result of this was an impact to EBIT in New Zealand of circa $100 million and in Australia of around $5 million to our performance during the half year.

STRONG SECOND QUARTER MOMENTUM

In the second quarter, our markets returned to more stable trading conditions as these restrictions broadly finished.

In this environment, and excluding the Industrial Development business, the Group reported revenue 10% higher in the second quarter than the prior period; EBIT before significant items 43% ahead of the prior period; and EBIT margins of 10.2%, an uplift of 230 basis points compared to the prior period.

Looking forward, a return to full lockdowns because of COVID-19 seems unlikely, and as such the second quarter performance is a good indication of the level of operating performance we can now expect from the Group.

A MATURING GROWTH PIPELINE

The Group's investment pipeline is well positioned to drive growth beyond FY23. For the New Zealand materials and distribution divisions, these investments include significantly increasing our manufacturing capacity across; plasterboard, insulation, and wood fibre-based products, expanding our PlaceMakers brand in regionally important areas, and driving product and market growth with our low carbon cement and concrete offers. For our Residential and Development businesses, we are well advanced in growing our annual sales volumes by circa 500 houses a year through a combination of a larger core housing offer, scaling our apartment business, and the introduction of our retirement offering, Vivid Living. In Australia, we continue to drive an innovative suite of new and disruptive product offers that include Haven Kitchens and the Laminex Surround wall panel range. And finally in our New Zealand Construction business, we have materially improved the size and quality of our forward order book.

HEALTH AND SAFETY

Protect, our multi-year safety programme, continues to drive safety improvements across all measures. 93% of our sites remained injury-free during the period and our Total Recordable Injury Frequency Rate (TRIFR) ended the half-year at 4.2, a clear sign of the good progress we are making in achieving 'zero injuries every day'.

We continue our determined safety resolve, with improvement efforts over the half-year focusing on ongoing leadership training and coaching. As we move into the second half, the Protect programme focus widens to further improve our approach to managing critical controls, and a refreshed frontline safety engagement programme to be delivered from 2022.

SUSTAINBILITY

Sustainability is central to our strategy as it is clear to us that the building and materials sector needs to shift the way it designs, builds and sources the materials used in the construction process. In this, we believe innovation plays an important role.

We ended the half year with a 13% reduction in carbon emissions across all our operations compared with our baseline FY18 year, with some of this reduction occurring as a result of downtime to make environmental improvements. We estimate our sustainable reduction to be at least 10% below our baseline. This represents good progress toward our Science-based Target to reduce overall emissions by 30% by 2030.

We continue to focus on making sustainable products. In HY22 more of our products gained sustainability certifications based on a full life-cycle impact analysis. Currently 45% of our revenue from our manufacturing businesses is from products that hold a sustainability certification.

We are proud that our efforts in carbon reduction have been recognised by industry with Fletcher Building being named as a finalist in the Sustainable Business Network Awards and the Toitū Brighter Future Awards. Additionally, we maintained a B rating from the Carbon Disclosure Project (CDP) for managing carbon emissions and climate change. We also retained our membership of the Dow Jones Sustainability Asia Pacific Index, one of only 17 companies from our sector and one of only five companies from any industry in New Zealand.

MARKETS SET TO REMAIN STRONG

Present indicators point to core volumes in New Zealand and Australia remaining at strong levels in the second half of FY22, through FY23 and beyond.

This view is supported by both market forecasters, but equally, strong evidence we are seeing from our own on the ground activities and customer base.

In New Zealand, residential consents have exceeded industry capacity to deliver for the last two years by around 5,000 to 15,000 per annum. This has created a backlog of work on top of future consents in the coming years. This is anecdotally supported by our home builder customers generally now taking house building orders for their customers 12 to 18 months in advance. In addition, the infrastructure sector continues to have a strong growth outlook on the back of committed and planned government projects.

Similarly in Australia forecasters are all pointing to ongoing strong growth across the residential and infrastructure through FY23 and beyond.

DIVIDEND

The Board is pleased to approve a FY22 interim dividend of 18.0 cents per share for the six months ended 31 December 2021 to be paid on 7 April 2022. This compares to 12.0 cents per share for the FY21 interim dividend, with the uplift in the current period reflective of the business's strong operating performance and positive outlook. The FY22 interim dividend will be fully imputed for New Zealand taxation purposes, though will be unfranked for Australia taxation purposes. The Board also expects to be in a position to approve a final FY22 dividend.

We remain confident that our strategy positions us well to drive growth in shareholder value, across both the short and longer term.

GROUP OUTLOOK

We expect our established momentum in operational performance to continue. In the second half of FY22, Group EBIT margins are expected to be in the order of 9.5%, an uplift of 230 basis points compared to the same period last year.

This means we expect to deliver FY22 full year EBIT (before significant items) of circa $750 million. However, the COVID-19 Omicron variant is yet to peak across New Zealand, and based on our experience in Australia, we foresee a potential productivity impact due to people and supply absences on our EBIT in the $25 million to $50 million range.

We remain confident in our outlook for the FY23 year as; it is unlikely we will suffer from any further full lock downs from COVID-19, our markets are likely to remain at or above present levels, and we expect the Group to deliver a further improvement to profitability averaging 10% EBIT margins for FY23. Beyond this we will also start to see the benefit from the material number of scale growth initiatives we presently have underway.

We sincerely thank the efforts of all our people, through what was again a demanding and challenging period. We look forward to the second half of the year and to sharing the full year results in August.

Bruce Hassall
Chair

Ross Taylor
CEO

Group Performance

NZ$m (except where noted)	Six months ended 31 December 2021	Six months ended 31 December 2020 Restated [1]
Revenue	**4,064**	**3,987**
EBIT before significant items [2]	**332**	**323**
Significant items [3]	(43)	(86)
EBIT	**289**	**237**
Lease interest expense	(30)	(33)
Funding costs	(22)	(23)
Earnings before tax	**237**	**181**
Tax expense	(63)	(57)
Earnings after tax	**174**	**124**
Non-controlling interests	(3)	(3)
Net earnings	**171**	**121**
Net earnings before significant items	**214**	**195**
Basic earnings per share (cents)	**21.0**	**14.7**
Basic earnings per share before significant items (cents)	**26.3**	**23.7**
Dividends declared per share (cents)	**18.0**	**12.0**
Cash flows from operating activities	**157**	**424**
Capital expenditure	**156**	**78**

(1) The comparatives have been restated as a result of a change in accounting policy as detailed in note 1 and presented in note 9 of the 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 interim financial statements for the period ended 31 December 2021.

(3) Further details of significant items can be found in note 2.1 of the financial statements.

Revenue

NZ$m	Six months ended 31 December 2021	Six months ended 31 December 2020 Restated [1]
Building Products	765	700
Distribution	866	835
Concrete	428	430
Residential and Development	318	356
Construction	720	651
Australia	1,388	1,390
Other	5	5
Group	**4,490**	**4,367**
Less: intercompany sales	(426)	(380)
External revenue	**4,064**	**3,987**

	EBIT		EBIT before significant items [2]	
NZ$m	Six months ended 31 December 2021	Six months ended 31 December 2020 Restated [1]	Six months ended 31 December 2021	Six months ended 31 December 2020 Restated [1]
Building Products	96	102	96	102
Distribution	54	57	54	57
Concrete	61	67	61	62
Residential and Development	112	62	112	62
Construction	(10)	12	(10)	13
Australia	(2)	(36)	45	51
Corporate	(22)	(27)	(26)	(24)
Total	**289**	**237**	**332**	**323**
Lease interest expense	(30)	(33)	(30)	(33)
Funding costs	(22)	(23)	(22)	(23)
Earnings before tax	**237**	**181**	**280**	**267**
Tax expense	(63)	(57)	(63)	(69)
Earnings after tax	**174**	**124**	**217**	**198**
Non-controlling interests	(3)	(3)	(3)	(3)
Net earnings	**171**	**121**	**214**	**195**

[1] The comparatives have been restated as a result of a change in accounting policy as detailed in note 1 and presented in note 9 of the financial statements.

[2] Measures before significant items are a non-GAAP measure used by management to assess the performance of the business and has been derived from Fletcher Building Limited's interim financial statements for the period ended 31 December 2021. Further details of significant items can be found in note 2.1 of the financial statements.

Group Overview

External revenue of $4,064 million was $77 million or 2% higher than the prior period's $3,987 million. EBIT before significant items was $332 million, compared to $323 million in the prior period. Group net earnings were $171 million, compared to $121 million reported in the prior period. Cash flows from operating activities were $157 million, compared to $424 million in the prior period.

A significant feature of the Group's HY22 performance was the impact of COVID-19 restrictions on the first quarter, especially in the New Zealand businesses, followed by a strong rebound in activity and earnings in the second quarter as restrictions eased. In August and September, the Group was required to shut down almost all New Zealand operations for up to five weeks. This resulted in lost revenue of approximately $300 million and an earnings impact of approximately $100 million. In Australia, COVID-19 restrictions in the first quarter resulted in revenues below expectations, with the impact most noticeable in the Additions & Alterations sector. This impacted Australia earnings in the first quarter by approximately $5 million. As restrictions eased in both countries the Group rebounded strongly, with the second quarter results reflecting the continued improvement in the Group's operational performance and growth. In the second quarter, and excluding the Industrial Development business, the Group reported revenue 10% higher than the prior period and EBIT before significant items 43% ahead of the prior period. Group EBIT margin in the second quarter (again excluding Industrial Development) was 10.2%, an uplift of 230 basis points (bps) compared to the prior period.

The New Zealand materials and distribution divisions (Building Products, Concrete, Distribution) performed strongly outside of the lockdown period. The New Zealand market continues to see sustained, high levels of residential sector demand, along with robust commercial and public-sector infrastructure activity. At the same time, global and local supply chains have remained stretched, resulting in logistics challenges and material increases in freight and other input costs. In this environment, the New Zealand materials and distribution divisions have been particularly focused on delivering effective customer service and solutions, operational efficiency, pricing to offset input cost inflation, and pushing into new areas of innovation and growth. Overall, HY22 earnings for these divisions were down slightly from HY21, reflecting the impact of lockdowns in the first quarter. In the second quarter, however, revenue was 21% higher and EBIT before significant items of $151 million was 45% higher than the prior period. EBIT margin in the second quarter was 12.9%, 230bps ahead of the prior period.

In Australia, market activity levels were generally robust, though were subdued somewhat by COVID-19 restrictions through the half. The division continues to make good progress against its strategy, benefiting from the significant cost reductions and operational investments undertaken over the past three years. EBIT before significant items of $45 million was slightly behind the prior period. However, excluding the divested Rocla business and in local currency terms, gross revenue increased 6% and underlying HY22 EBIT increased 5% compared to the prior period. Performance in the second quarter showed good momentum, with underlying EBIT 23% ahead of the prior period and underlying EBIT margins lifting to 4.1%, 60bps ahead of the prior period.

In Residential, EBIT of $68 million was ahead of the prior period's $62 million. Strong house prices combined with the efficiencies of building at scale resulted in significant margin expansion, offsetting a reduction in house sales volumes due to the first quarter lockdowns and industry capacity constraints. Work commenced on the first two of the Vivid Living retirement villages, with a revaluation gain of $9 million recognised on the transfer of land into that business. Clever Core, the offsite panelisation business, continued to scale its volumes, and Apartments continued to build out its offering as a key area of future growth for the division. In Industrial Development, the two transactions planned for FY22 were both completed in the first half, delivering EBIT of $47 million compared to $2 million in the prior period.

The Construction division experienced the most material impact from the COVID-19 restrictions. The August to September lockdown, as well as ongoing restrictions through the balance of HY22, resulted in lower on-site productivities and unrecovered plant and labour costs. A portion of these costs are expected to be recovered through contractual entitlements, with some of these claims remaining to be settled in the second half of FY22. The COVID-19 restrictions also impacted new work commencement in the period, as some higher-margin project work in Brian Perry Civil and Higgins was deferred into the second half of FY22 and into FY23. The Construction division reported an HY22 EBIT loss before significant items of $10 million; prior to elimination of intra-Group margin on the Winstone Wallboards plant, the division's underlying HY22 EBIT loss was $5 million. Positively, the division's underlying result in the second quarter (i.e. prior to elimination of intra-Group margin) was a profit of $6 million. The division continues to make good progress in rebalancing its future orderbook to deliver an improved risk profile and margins, with work in hand of $2.8 billion at December 2021. Work remaining on the legacy projects reduced further in HY22 and now sits at $0.3 billion.

Significant items charges for the Group in HY22 were $43 million. These related almost fully to the reclassification of the currency translation reserve through the income statement following the sale of the Rocla business, which was completed in August.

Net interest expense for the Group was $52 million in the period, of which $30 million was related to lease expenses. A tax expense of $63 million in the period compares to $57 million in the prior period.

Basic earnings per share were 21.0 cents for the period, compared to 14.7 cents in the prior period. Excluding the impact of significant items, earnings per share were 26.3 cents, compared with 23.7 cents in the prior period.

Cash flow (NZ$m)	Six months ended 31 December 2021	Six months ended 31 December 2020 Restated [1]
EBIT before significant items [2]	**332**	**323**
Depreciation and amortisation	172	176
Lease principal payments and lease interest paid	(119)	(124)
Provisions and other	(12)	19
Trading cash flow before working capital movements	**373**	**394**
Working capital movements	(296)	118
Trading cash flow excluding legacy projects and significant items	**77**	**512**
Legacy projects cash flow	35	(109)
Significant items cash flow	(25)	(34)
Trading cash flow	**87**	**369**
Add: lease principal repayments	89	91
Less: cash tax paid	-	(3)
Less: funding costs paid	(19)	(33)
Cash flows from operating activities	**157**	**424**
Free cash flow [3] excluding legacy projects	**(51)**	**416**

[1] The comparatives have been restated as a result of a change in accounting policy as detailed in note 1 and presented in note 9 of the 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 interim financial statements for the period ended 31 December 2021. Further details of significant items can be found in note 2.1 of the financial statements.

[3] Free cash flow is defined as trading cash flow less capital expenditure and cash tax but excluding any merger and acquisition activities.

GROUP CASH FLOWS

Cash flows from operating activities for the Group were $157 million, compared to $424 million in the prior period. The cash flow performance reflects working capital investments by the Group in HY22, consistent with previously signalled commitments.

In Residential and Development, investment in land and housing inventories resulted in a working capital outflow of $107 million. This is consistent with the commitment to invest a total of approximately $200 million in FY22 to support the division's growth, and to rebuild land and housing inventories following a significant draw-down of these stocks in FY21. The HY22 investment was inclusive of $69 million of land purchases, with the remainder reflecting higher housing work-in-progress as the division scales its volumes, as well as a delayed settlement on the Emu Plains land sale.

In the materials and distribution divisions, investment in inventories resulted in a $122 million working capital outflow in HY22. This was driven by two factors. Firstly, targeted investment in resilience stocks to ensure the Group can effectively meet high levels of customer demand in an environment of significant supply chain disruption. And secondly, the effect of higher input prices on the value of inventories in these divisions, notably in the Steel businesses.

Net capital expenditure for the Group in the period was $142 million. This included $63 million for the new Winstone Wallboards plant, for which delivery timeline and cost remain in line with plan, and $18 million for quarry land as Winstone Aggregates invested in aggregate reserves in key regions. Additional capital investments in the period were focused on strategic priorities in manufacturing efficiency and digitisation, including $15 million on the Group's project to create a fit-for-purpose backbone system environment.

Group cash flows in HY22 are also inclusive of: a $51 million inflow from the divestment of the Rocla business in Australia; a $148 million outflow for the FY21 final dividend payment; and an $83 million outflow as part of the Group's on-market share buyback programme. This buyback programme was announced on 26 May 2021 and comprises a share buyback of up to $300 million over the 12 months to May 2022.

FUNDING AND BALANCE SHEET

The Group's balance sheet and funding profile remains strong. Total funding available to the Group as at 31 December 2021 was $1,791 million of which $925 million was undrawn and there was an additional $409 million of cash on hand. The Group's liquidity was therefore strong at $1.3 billion.

The Group's gearing at 31 December 2021 was 10.6% compared with 4.4% at 30 June 2021.

The Group's leverage ratio (net debt / EBITDA) at 31 December 2021 was 0.4 times, compared with 0.2 times at 30 June 2021. The Group expects to exit FY22 with a slightly higher leverage ratio, though still below the lower end of the target range of 1.0 - 2.0 times. Key drivers of this slightly higher leverage ratio at June 2022 are the investments in the Winstone Wallboards plant (circa $140 million investment), land and housing inventories in the Residential and Development division (circa $100 million investment), and the ongoing share buyback programme.

The average maturity of the Group's debt at 31 December 2021 is 3.6 years and the hedged currency split is 38% Australian dollar; 60% New Zealand dollar; and 2% spread over various other currencies.

The Group currently has 69% of all borrowings with fixed interest rates with an average duration of 1.7 years. Inclusive of floating rate borrowings, the average interest rate on the debt (based on period-end borrowings) is 4.1%.

DIVIDEND

The FY22 interim dividend is 18.0 cents per share, compared to 12.0 cents per share for the FY21 interim dividend. The uplift in dividend reflects the business's strong operating performance and positive outlook. Further, the dividend will be fully imputed for New Zealand taxation purposes, though will be unfranked for Australian taxation purposes.

The interim dividend will be paid on 7 April 2022 to holders registered as at 5:00 pm (NZ time) on 18 March 2022. The shares will be quoted on an ex-dividend basis from 17 March 2022 on the NZX and ASX. The Dividend Reinvestment Plan will not be operative for this dividend payment.

CLOUD COMPUTING ARRANGEMENTS

In April 2021, the International Financial Reporting Standards Interpretations Committee (IFRIC) issued a final agenda decision which concluded that costs incurred in configuring or customising software in a cloud computing arrangement can only be capitalised if the activities create an intangible asset that the entity controls, and that meets certain other criteria. The Group has historically capitalised such costs. The adoption of the above agenda decision by the Group has two impacts: it creates an expense in the FY22 income statement of the relevant cloud computing costs; and it leads to the derecognition of previously capitalised costs as an opening balance adjustment to the prior year, thereby reducing amortisation of historically capitalised costs in FY22. The net of these two impacts in the Group's income statement in the current half-year period is an increased expense of approximately $2 million. For the FY22 full year, the net impact is expected to be an increased expense for the Group of approximately $10 million due to the phasing of relevant spend in FY22. This impact is principally in the Australia, Distribution and Construction divisions.

Building Products

Divisional Review

- Winstone Wallboards
- Laminex New Zealand
- Tasman Insulation and Forman Building Systems
- Iplex New Zealand
- Humes
- Fletcher Steel
- Altus JV

Financial Summary

	Six months ended 31 December	
NZ$m	**2021**	**2020 Restated [1]**
Gross revenue	765	700
External revenue	613	553
EBIT	96	102
EBIT margin	12.5%	14.6%
Funds	870	683
Trading cash flow	40	153
Capital expenditure	79	40

	Quarter ended 31 December	
NZ$m	**2021**	**2020**
EBIT	67	48
EBIT margin	15.5%	13.9%

	EBIT for six months ended 31 December	
NZ$m	**2021**	**2020 Restated [1]**
Building Products	66	84
Steel	30	18
Total	**96**	**102**

[1] The comparatives have been restated as a result of 1) a change in accounting policy as detailed in note 1 and presented in note 9 of the financial statements and 2) a change in segmental classification as a result of Forman Building Systems (business unit previously within the Distribution division) being reclassified into the Building Products division, as a result of Forman Building Systems combining with Tasman Insulation New Zealand. This principally impacts the comparative Gross Revenue (June 2021: $35 million, December 2020: $17 million), External Revenue (June 2021: $33 million, December 2020 $16 million) and Funds (June 2021: $24 million, December 2020: $24 million) base recognised, with no significant impact to the remaining segmental disclosures.

The Building Products division reported gross revenue of $765 million, which was 9% higher than the prior period. EBIT was $96 million, compared to $102 million in the prior period.

Following the COVID-19 lockdowns in the first quarter, the division delivered strong year-on-year growth. Second quarter revenues were 25% higher and EBIT was 40% higher than the prior year. Second quarter EBIT margin of 15.5% was 160bps ahead of the prior year.

Outside of the lockdown period, the Steel and Pipes (Iplex, Humes) businesses benefited from strong civil sector activity across the country, particularly in the Northern and Southern regions. The finishing trade businesses (Winstone Wallboards, Tasman Insulation, Laminex) benefited from continuing levels of high product demand from residential new builds, combined with targeted market share gains.

A tight labour market and higher raw material and freight costs were key features of the HY22 operating environment. A strong focus on price governance, operating efficiencies, and a shift to more profitable sales mix in certain categories enabled the division to hold gross margins outside of the lockdown period. Higher volumes drove strong operating leverage and resulted in the strong second quarter EBIT margins.

Trading cash flow for the division in HY22 was $40 million, compared to $153 million in the prior year. This reflected two factors: the previously signalled rebuild of inventory to more normal levels following a material draw-down of stock in FY21; and higher input prices leading to higher stock valuations, particularly in the Steel business.

Capital expenditure in the period was $79 million, including $63 million for the ongoing build of the new Winstone Wallboards plant in Tauriko, for which delivery timeline and cost remain in line with plan.

The division continues to focus on four key areas, namely: growth into logical adjacencies; leading customer service; pricing excellence; and a lean operational model and operational excellence. In the period, the Steel business has started to realise gains from its business improvement initiatives with a high focus on pricing agility, product category management and strategic project tendering. The division continues to invest in improving manufacturing capabilities, with on-going investments in the new wallboards and pipes facilities, and process automation and new technologies in our Insulation and Steel businesses. Adapting to current market trends and customer needs is also a priority across the division, with product range refreshes a particular focus for the Laminex business in the period.

Distribution

Divisional Review

- PlaceMakers
- Mico

Financial Summary

	Six months ended 31 December	
NZ$m	**2021**	**2020 Restated (1)**
Gross revenue	866	835
External revenue	854	822
EBIT	54	57
EBIT margin	6.2%	6.8%
Funds	195	162
Trading cash flow	35	65
Capital expenditure	3	4

	Quarter ended 31 December	
NZ$m	**2021**	**2020**
EBIT	42	26
EBIT margin	8.5%	6.2%

(1) The comparatives have been restated as a result of 1) a change in accounting policy as detailed in note 1 and presented in note 9 of the financial statements and 2) a change in segmental classification as a result of Forman Building Systems (business unit previously within the Distribution division) being reclassified into the Building Products division, as a result of Forman Building Systems combining with Tasman Insulation New Zealand. This principally impacts the comparative Gross Revenue (June 2021: $35 million, December 2020: $17 million), External Revenue (June 2021: $33 million, December 2020 $16 million) and Funds (June 2021: $24 million, December 2020: $24 million) base recognised, with no significant impact to the remaining segmental disclosures.

The Distribution division reported gross revenue of $866 million, which was 4% higher than the prior period. EBIT was $54 million, compared to $57 million in the prior period.

Following the COVID-19 lockdowns in the first quarter, the division delivered strong year-on-year growth. Second quarter revenues were 20% higher and EBIT 62% higher than the prior period. Second quarter EBIT margin of 8.5% was 230bps ahead of the prior period.

Outside of the lockdown period, the division delivered significant revenue growth across all geographical segments – most prominently in Auckland, followed closely by the lower North Island and the lower South Island. The growth was particularly evident in the timber, cladding and frame and truss categories. Market demand has outstripped industry capacity in these areas, as supply chains are slow to recover from the ongoing impact of the COVID-19 lockdown and customers seek to ensure supply constraints do not impact build timelines.

Strong EBIT margins in the second quarter are reflective of the operating leverage of higher sales over a largely fixed cost base, as well as a continuing focus on the businesses customer and efficiency programmes – especially in digital services and freight optimisation.

Trading cash flow for the division of $35 million was lower than the comparative period's $65 million. This was a result of the additional working capital requirements driven by the higher activity levels, as well as by decisions to hold higher safety stock in certain areas, enabling the business to better meet customer demand in the face of supply chain inconsistency and supplier allocations. The second quarter sales growth drove an increase in trade debtors, however cash collection remains high, with customer liquidity remaining robust.

Capital expenditure in the period was $3 million, with investment in the division's digital programme now classified as operating expenditure under the new cloud computing accounting policy.

The division's digital programme has maintained momentum throughout the half. In Mico, the consumer website has been refreshed and the trade digital programme of work is now underway. The programme, being run in conjunction with Tradelink in Australia, will leverage PlaceMakers technology to enhance the customer experience. In PlaceMakers, sales transacted through e-commerce tools continues to grow, and the improvements in e-commerce capability have enabled the business to increase the use of data analytics to create actionable customer insights. This will continue to enable enhancements in the customer journey.

The programme of rolling individual branches into operating Hubs continues, with two additional Hubs scheduled to go live early in the second half in the lower North Island. The property footprint also continues to be a focus with the recently opened branches of Mico Matamata, Mico Upper Hutt, PlaceMakers Warkworth and the refurbished PlaceMakers Levin branch. The new Dunedin branch and the refurbished Mangawhai branch are both scheduled to open in the second half of the year.

Concrete

Divisional Review

- Firth Industries
- Golden Bay Cement
- Winstone Aggregates

Financial Summary

NZ$m	Six months ended 31 December 2021	2020 Restated [1]
Gross revenue	428	430
External revenue	301	291
EBIT before significant items [2]	61	62
EBIT margin before significant items [2]	14.3%	14.4%
Significant items [3]	-	5
Funds	586	585
Trading cash flow	72	88
Capital expenditure	35	11

NZ$m	Quarter ended 31 December 2021	2020
EBIT before significant items [2]	42	30
EBIT margin before significant items	17.2%	14.0%

[1] The comparatives have been restated as a result of a change in accounting policy as detailed in note 1 and presented in note 9 of the 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 interim financial statements for the period ended 31 December 2021.

[3] Details of significant items can be found in note 2.1 of the financial statements.

The Concrete division reported gross revenue of $428 million, in line with the prior period. EBIT excluding significant items was $61 million, also in line with the prior period.

Following the COVID-19 lockdowns in the first quarter, the division delivered strong year-on-year growth. Second quarter revenues were 14% higher and EBIT 40% higher than the prior period. Second quarter EBIT margin of 17.2% was 320bps ahead of the prior period.

Outside of the lockdown period, the division experienced robust demand across all key product segments, with volumes well ahead of the prior period. These market conditions coupled with the division's differentiated product offering, debottlenecking of key operations, good pricing discipline, and targeted share gains enabled the division to deliver the strong second quarter revenue growth. With the current strong levels of market activity, Golden Bay Cement (GBC) moved to reduce exports into the Pacific Islands in HY22 to support sales into the higher-margin New Zealand business. GBC has also made targeted use of third-party supply in New Zealand, focused on sales regions where it is efficient to do so from a supply chain perspective.

The division's earnings and margin momentum reflect a sustained programme of work over recent years. This programme has been focused on: targeted volume growth through improved customer service and product offerings; strong cost control through manufacturing and supply chain optimisation; investment discipline; and a lean and agile support organisation. In the current period, it was notable that the GBC waste tyre facility (commissioned in February 2021) enabled the business to reduce its energy costs, with higher coal substitution rates offsetting the impact of elevated electricity costs.

Trading cash flow for the division was $72 million, a decrease of 18% on the prior period driven by a rebuild of working capital levels to service the current strong market demand.

Capital expenditure in the period of $35 million primarily comprised land purchases to secure long-term quarry resources, as well as continued investment in the renewal and debottlenecking of key operations.

The division's strategic focus continues to be on three key pillars, namely: sustainability, innovation and digital. On sustainability, a key achievement in the period was the further refinements of the waste tyre project at GBC Portland, which lifted the rate of coal substitution in the cement manufacturing process from approximately 35% to 50%, delivering further reductions in emissions. This project reinforces GBC's commitment to being the producer of New Zealand's lowest carbon cement, which is materially lower in carbon than imported cement alternatives.

The division is implementing an Innovation Lab to fast track the go-to-market of new products and solutions. The Innovation Lab is expected to go-live in mid-2022 and will support the Concrete division to remain at the forefront of innovative construction material solutions in the New Zealand market.

Several digital initiatives were delivered in the period, including: the continued evolution of Firth's ready-mix online sales portal to help deliver on an enhanced customer experience; and an upgrade of GBC's ERP, which will assist in unlocking operational and supply chain efficiencies.

Australia

Divisional Review

Building Products Australia:
- Laminex Australia
- Iplex Australia
- Fletcher Insulation

Distribution Australia:
- Tradelink
- Oliveri Solutions

Steel Australia:
- Stramit

Financial Summary

NZ$m	Six months ended 31 December 2021	2020 Restated [(1)]
Gross revenue	1,388	1,390
External revenue	1,354	1,350
EBIT before significant items [(2)]	45	51
EBIT margin before significant items [(2)]	3.2%	3.7%
Significant items [(3)]	(47)	(87)
Trading cash flow	(30)	51
Funds	1,320	1,353
Capital expenditure	11	8

NZ$m	Quarter ended 31 December 2021	2020
EBIT before significant items [(2)] [(4)]	27	22
EBIT margin before significant items	4.1%	3.5%

NZ$m	EBIT for six months ended 31 December 2021	2020 Restated [(1)]
Building Products Australia	30	34
Distribution Australia	9	8
Steel Australia	10	13
Divisional costs	(4)	(4)
Total	**45**	**51**

(1) The comparatives have been restated as a result of a change in accounting policy as detailed in note 1 and presented in note 9 of the 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 interim financial statements for the period ended 31 December 2021.

(3) Details of significant items can be found in note 2.1 of the financial statements.

(4) Excludes Rocla divested in August 2021.

The Australia division reported gross revenue of $1,388 million, in line with the prior period. EBIT before significant items was $45 million, compared with $51 million in the prior period. In local currency and adjusting for the divestment of the Rocla business, gross revenue increased 6% and EBIT grew 5% compared to the prior period.

Market activity in Australia remains robust, particularly in the residential segment. Activity levels were somewhat subdued in HY22 by the various COVID-19 restrictions on the East Coast, particularly in the first quarter. The Australia division's profitability was impacted by approximately $5 million in the first quarter, notably due to the restrictions on Additions & Alterations (A&A) work, which is a key segment for the higher-margin Laminex business. As restrictions eased in the second quarter, the division's performance showed good momentum. Adjusting for the divestment of the Rocla business, second quarter EBIT was 23% ahead of the prior period and EBIT margins lifted to 4.1%, 60bps ahead of the prior period. This performance momentum is expected to continue into the second half of the year. Second half margins are expected to be a further uplift on the second quarter result, setting up the division well to deliver its FY23 target of margins of at least 5%.

Significant input cost inflation was also a feature of the HY22 trading environment. The division's improved pricing disciplines and governance ensured higher input costs were recovered in most areas, however a timing lag between some commodity price rises (e.g. resin, steel) and sales price increases resulted in an unfavourable impact in the period in some businesses.

Building Products Australia's ongoing operations delivered revenue growth of 4% and EBIT before significant items of $33 million was 14% higher than the prior period. Laminex earnings declined 10% due to the constraints on A&A work and planned manufacturing maintenance to deliver improved operational effectiveness. Underlying performance in Laminex remained strong, with introduction of new product ranges and digital capability, and the pilot launch of the new Haven Kitchens offer. Fletcher Insulation grew revenues by 6% and earnings by 33%, driven by pricing activities and lower costs to manufacture and distribute following the rationalisation of the business's operations over the past three years. In Iplex, revenue increased by 24% with early signs of renewed market activity and the business returned to profitability, also benefiting from the simplification of its business model and optimised manufacturing base.

Distribution Australia reported revenues 1% below the prior period, while EBIT before significant items increased by 13%. Increased earnings were a result of ongoing growth in the key small to medium (SME) plumber segment and in own brand and digital sales. The Tradelink consumer transactional website, launched in FY21, is delivering well ahead of plan and is providing a new revenue stream and higher margins. Tradelink will complement this with the launch of a transactional business-to-business digital platform in the second half of FY22. The Oliveri business continues to gain share, both in its traditional kitchen sink and tap market and through its push into the bathroom category.

Australia (Continued)

Steel Australia revenue grew by 11% while EBIT before significant items declined to $10 million, compared to $13 million in the prior period. Domestic and international steel supply were constrained in HY22, and rapid increases in steel costs unfavourably impacted earnings. Price increases are expected to drive improved margins in the second half. Positively, the business continues to gain share in the higher-margin sheds and doors segments.

Significant item charges in the division were $47 million, primarily relating to the reclassification of the currency translation reserve through the income statement following the sale of the Rocla business, which was completed in August.

Trading cash outflows were $30 million, or $18 million excluding significant items. The cash flow result reflected continued tight debtor controls offset by targeted investments in inventory to overcome expected supply chain constraints. This has positioned the division to meet customer demand expectations in the second half.

Capital expenditure in the period was $11 million.

The division's strategy continues to be focused on driving targeted growth across a significantly more efficient operational platform and cost base. The division continues to drive improved customer service, and investments (both capital and operating expenditure) are focused on new product development, digital innovation, and manufacturing automation. Within this, the division is exploring innovative new materials with the potential to improve both product performance and sustainability.

Residential and Development

Divisional Review

- Fletcher Living
- Vivid Living
- Fletcher Apartments
- Industrial Development
- Clever Core

Financial Summary

	Six months ended 31 December	
NZ$m	**2021**	**2020 Restated [1]**
Gross revenue	318	356
External revenue	312	351
EBIT	112	62
EBIT margin	35.2%	17.4%
Funds	649	593
Trading cash flow	(1)	112
Capital expenditure	3	-

	Quarter ended 31 December	
NZ$m	**2021**	**2020**
Residential EBIT [3]	42	28
Residential EBIT margin	28.6%	16.9%

	EBIT for six months ended 31 December	
NZ$m	**2021**	**2020 Restated [1]**
Residential	68 [2]	62
Apartments	(1)	-
Clever Core	(2)	(2)
Industrial Development	47	2
Total	**112**	**62**

[1] The comparatives have been restated as a result of a change in accounting policy as detailed in note 1 and presented in note 9 of the financial statements.

[2] The Residential EBIT result includes a revaluation gain of $9 million from the transfer of land from Fletcher Living to Vivid Living, with the business commencing the construction of its first two retirement villages.

[3] Residential EBIT excluding revaluation gain of $9 million.

The Residential and Development division reported gross revenue of $318 million, a decrease of 11% compared to the prior period. EBIT for the division of $112 million was $50 million or 81% higher than the prior period.

The Residential business delivered EBIT of $68 million, ahead of the prior period's $62 million. A total of 278 units were taken to profit, compared to 515 units in the prior period. Sales volumes in HY22 were impacted by delays to house construction during the first quarter lockdown. Positively, this impact was more than offset by the strong market demand for houses, which saw significant price growth and margin expansion in both the Auckland and Canterbury markets. The average price of units sold was 33% higher than the prior period.

The Residential EBIT result in the current period included a revaluation gain of $9 million from the transfer of land from Fletcher Living to Vivid Living, with the business commencing the construction of its first two retirement villages. Work has also commenced on several new apartment buildings. The first Vivid Living and Apartment sales are expected in FY23.

Clever Core made an EBIT loss of $2 million, in line with the prior year. Increased sales to Fletcher Living are targeted for the second half of the year, along with homes for two external customers, as the business continues to scale its volumes.

The Industrial Development business delivered EBIT of $47 million. This was significantly higher than the prior period and is the result of two key transactions: the sale of the Rocla Emu Plains site in Penrith, and the Fletcher Insulation site at Rooty Hill, NSW.

Divisional funds employed were $649 million at 31 December 2021, compared to $534 million at 30 June 2021. The division's funds comprises principally housing land and housing work-in-progress of $444 million and $166 million respectively at 31 December 2021. Land held for resale is held on balance sheet by the division at historical cost, and so does not include any movement in market value since the time of purchase. The increase in funds during the HY22 period reflects a previously signalled rebuild of land and housing work-in-progress to support the division's growth, and follows a significant draw-down of stocks in FY21.

Consistent with this growth strategy, the division increased its committed land backlog to 4,500 residential lots at 31 December 2021, an increase of circa 500 lots since 30 June 2021. The backlog consists of 2,503 residential lots and two rural properties held on balance sheet, with a further 2,037 units of both zoned and future urban zoned land under unconditional contracts.

Looking ahead, the division remains focused on scaling its housing, apartments, and retirement offers to circa 1400-1500 units in FY25, while maintaining industrial development earnings of circa $25 million per annum. In the second half of FY22, there are no material industrial development transactions expected, but the number of house sales are expected to be comfortably higher than the equivalent period in FY21. The Apartments and Vivid Living businesses are focused on progressing construction of new sites in Auckland, with Clever Core focused on improvement manufacturing and installation productivity and looking to sell its first panels to external customers.

Construction

Divisional Review

- South Pacific
- Brian Perry Civil
- Higgins
- Buildings
- Infrastructure

Financial Summary

	Six months ended 31 December	
NZ$m	**2021**	**2020 Restated** [1]
Gross revenue	720	651
External revenue	630	620
EBIT before significant items [2]	(10)	13
EBIT margin before significant items [2]	(1.4%)	2.0%
Significant items [3]	-	(1)
Funds	210	147
Trading cash flow	2	(80)
Capital expenditure	9	14

	Quarter ended 31 December	
NZ$m	**2021**	**2020**
EBIT before significant items [2] [4]	6	12
EBIT before significant items margin [4]	1.5%	3.7%

	EBIT for six months ended 31 December	
NZ$m	**2021**	**2020 Restated** [1]
Higgins	(1)	16
Other	(9)	(3)
Total	**(10)**	**13**

(1) The comparatives have been restated as a result of a change in accounting policy as detailed in note 1 and presented in note 9 of the 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 interim financial statements for the period ended 31 December 2021.

(3) Details of significant items can be found in note 2.1 of the financial statements.

(4) Prior to elimination of intra-Group profit.

The Construction division reported gross revenue of $720 million, which was $69 million or 11% higher than the prior period. On a reported basis, EBIT before significant items was a loss of $10 million, compared to a profit of $13 million in the prior period. Prior to elimination of margin on intra-Group projects, EBIT before significant items was a loss of $5 million.

The COVID-19 restrictions had a material impact on the division in HY22. The August to September lockdown, as well as ongoing restrictions through the balance of HY22, resulted in lower productivities and unrecovered plant and labour costs. A portion of these costs are expected to be recovered through contractual entitlements, but some claims remain to be settled in the second half of FY22. New work commencement was also impacted, with revisions of client programmes to the second half of FY22 and FY23.

Positively, the division continues to make good progress in rebalancing its future order book to deliver an improved risk profile and margins. The forward order book was $2.8 billion as at 31 December 2021, broadly in line with the prior period. This includes smaller self-perform work in Higgins and Brian Perry Civil; national and local maintenance contracts; and the 10-year Watercare Enterprise Framework Agreement, which will provide an estimated $1.3 billion backlog of work for Brian Perry Civil and Infrastructure over the next nine years. In addition, the division is the preferred contractor on an additional $0.3 billion of works, including Waka Kotahi's AMETI busway alliance project.

The division also continues to make progress in winding down the remaining legacy projects. Work to complete across the legacy portfolio is now $0.3 billion. Net cash outflows remaining on the legacy projects are approximately $100 million.

Against a backdrop of constrained labour market and wage inflation in the construction sector, the division has established robust controls on cost and is seeing the benefits of operating efficiencies as it digitises many of its processes. This resulted in overhead costs being 7.5% of revenue in HY22, as compared to 8.0% in prior period.

EBIT before significant items for the division in HY22 was a loss of $10 million, after eliminating $5 million of intra-Group earnings associated with the construction of the Winstone Wallboards plant. In the second quarter, the division's underlying result (i.e. prior to elimination of intra-Group margin) was a profit of $6 million.

Trading cash flow for the division was an inflow of $2 million, compared to an outflow of $80 million in the prior period. Cash flow was supported by resolution of historical claims in Infrastructure and Higgins. Working capital is a key focus, with client advance payments offsetting higher inventory levels taken to alleviate supply chain pressures in key materials such as aggregates and steel.

Capital expenditure in the period of $9 million included cyclical replacement of bitumen sprayers and pavers in Higgins plus an additional fleet of crawler cranes to support high volumes of forward work in Brian Perry Civil.

The division's ongoing focus is in three key areas: continuing to build a balanced portfolio of work with an appropriate risk profile, targeting a divisional EBIT margin of 3%-5%; completion of the remaining legacy projects within provisions; and ongoing investment in 'Fletcher One' standardised governance and management framework across the business, including enterprise systems and a business intelligence platform.

Consolidated Income Statement (Unaudited)

For the six months ended 31 December 2021

	Notes	Six months Dec 2021 NZ$M	Six months Dec 2020 Restated [1] NZ$M	Year ended June 2021 Restated [1] NZ$M
Revenue		**4,064**	3,987	8,120
Cost of goods sold		**(2,886)**	(2,839)	(5,778)
Gross margin		**1,178**	1,148	2,342
Selling, general and administration expenses		**(865)**	(834)	(1,693)
Share of profits of associates and joint ventures		**10**	9	19
Revaluation gain on investment property		**9**		
Significant items	2.1	**(43)**	(86)	(128)
Earnings before interest and taxation (EBIT)		**289**	237	540
Lease interest expense		**(30)**	(33)	(64)
Funding costs		**(22)**	(23)	(44)
Earnings before taxation		**237**	181	432
Taxation expense	4	**(63)**	(57)	(115)
Earnings after taxation		**174**	124	317
Earnings attributable to non-controlling interests		**(3)**	(3)	(12)
Net earnings attributable to the shareholders		**171**	121	305
Net earnings per share (cents)				
Basic		**21.0**	14.7	37.0
Diluted		**20.5**	14.2	36.4
Weighted average number of shares outstanding (millions of shares)				
Basic		**814**	824	824
Diluted		**864**	894	867
Dividends declared per share (cents)		**18.0**	12.0	30.0

[1] The comparatives have been restated as a result of a change in accounting policy as detailed in note 1 and presented in note 9.

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

On behalf of the Board, 16 February 2022

Bruce Hassall
Chair of Directors

Robert McDonald
Director

Consolidated Statement of Comprehensive Income (Unaudited)

For the six months ended 31 December 2021

	Six months Dec 2021 NZ$M	Six months Dec 2020 Restated [1] NZ$M	Year ended June 2021 Restated [1] NZ$M
Net earnings attributable to shareholders	**171**	121	305
Net earnings attributable to non-controlling interests	**3**	3	12
Net earnings	**174**	124	317
Other comprehensive income			
Items that do not subsequently get reclassified to profit or loss:			
Movement in pension reserve	**18**		68
	18		68
Items that may be reclassified subsequently to profit or loss in the future:			
Movement in cash flow hedge reserve	**11**	(21)	(7)
Movement in currency translation reserve	**26**	(11)	3
	37	(32)	(4)
Other comprehensive income/(loss)	**55**	(32)	64
Total comprehensive income for the period	**229**	92	381

[1] The comparatives have been restated as a result of a change in accounting policy as detailed in note 1 and presented in note 9.

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

Consolidated Statement of Movements in Equity (Unaudited)

For the six months ended 31 December 2021

NZ$M	Notes	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 2020		3,280	391	12	(12)	(149)	(22)	3,500	35	3,535
Change in accounting policies	9		(36)					(36)		(36)
Restated equity at 30 June 2020		**3,280**	**355**	**12**	**(12)**	**(149)**	**(22)**	**3,464**	**35**	**3,499**
Restated total comprehensive income/(loss) for the period			121		(21)	(11)		89	3	92
Movement in non-controlling interests									(27)	(27)
Dividends paid to shareholders of the parent										
Movement in share-based payment reserve				4				4		4
Movement in treasury stock		(7)						(7)		(7)
Restated equity at 31 December 2020		**3,273**	**476**	**16**	**(33)**	**(160)**	**(22)**	**3,550**	**11**	**3,561**
Restated equity at 30 June 2020		**3,280**	**355**	**12**	**(12)**	**(149)**	**(22)**	**3,464**	**35**	**3,499**
Restated total comprehensive income/(loss) for the period			305		(7)	3	68	369	12	381
Movement in non-controlling interests									(31)	(31)
Dividends paid to shareholders of the parent			(99)					(99)		(99)
Movement in share-based payment reserve		3	1	16				20		20
Repurchase of shares		(24)						(24)		(24)
Movement in treasury stock		(11)						(11)		(11)
Restated equity at 30 June 2021		**3,248**	**562**	**28**	**(19)**	**(146)**	**46**	**3,719**	**16**	**3,735**
Total comprehensive income for the period			171		11	26	18	226	3	229
Movement in non-controlling interests									(6)	(6)
Dividends paid to shareholders of the parent			(148)					(148)		(148)
Movement in share-based payment reserve		3	3	(7)				(1)		(1)
Repurchase of shares		(83)						(83)		(83)
Total equity at 31 December 2021		**3,168**	**588**	**21**	**(8)**	**(120)**	**64**	**3,713**	**13**	**3,726**

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

Consolidated Balance Sheet (Unaudited)

As at 31 December 2021

Assets	**Notes**	**Dec 2021 NZ$M**	**Dec 2020 Restated [1] NZ$M**	**June 2021 Restated [1] NZ$M**
Current assets:				
Cash and cash equivalents		**409**	618	666
Current tax assets			62	9
Contract assets	2.6	**60**	15	37
Derivatives		**11**	7	9
Debtors		**1,097**	1,029	1,133
Inventories		**1,426**	1,126	1,186
Total current assets before held for sale		**3,003**	2,857	3,040
Assets classified as held for sale	2.5		109	85
Total current assets		**3,003**	2,966	3,125
Non-current assets:				
Property, plant and equipment		**1,622**	1,541	1,586
Investment property		**26**		
Intangible assets		**1,078**	1,069	1,070
Right-of-use assets		**1,337**	1,393	1,392
Investments in associates and joint ventures		**194**	159	173
Debtors		**53**		
Inventories		**190**	305	272
Retirement plan assets		**125**	41	108
Derivatives		**10**	8	10
Deferred tax assets		**212**	248	238
Total non-current assets		**4,847**	4,764	4,849
Total assets		**7,850**	7,730	7,974
Liabilities				
Current liabilities:				
Creditors, accruals and other liabilities		**1,222**	1,034	1,314
Provisions		**157**	199	178
Lease liabilities		**179**	172	178
Current tax liabilities		**31**	5	
Derivatives		**11**	22	14
Contract liabilities	2.6	**123**	177	87
Borrowings	5	**122**	109	106
		1,845	1,718	1,877
Total current liabilities before held for sale	2.5		33	29
Total current liabilities		**1,845**	1,751	1,906
Non-current liabilities:				
Creditors, accruals and other liabilities		**34**	46	23
Provisions		**38**	25	30
Lease liabilities		**1,458**	1,528	1,519
Derivatives		**5**	23	10
Borrowings	5	**744**	796	751
Total non-current liabilities		**2,279**	2,418	2,333
Total liabilities		**4,124**	4,169	4,239
Equity				
Share capital		**3,168**	3,273	3,248
Reserves		**545**	277	471
Shareholders' funds		**3,713**	3,550	3,719
Non-controlling interests		**13**	11	16
Total equity		**3,726**	3,561	3,735
Total liabilities and equity		**7,850**	7,730	7,974

[1] The comparatives have been restated as a result of a change in accounting policy as detailed in note 1 and presented in note 9.

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

Consolidated Statement of Cash Flows (Unaudited)

For the six months ended 31 December 2021

	Six months Dec 2021 NZ$M	Six months Dec 2020 Restated [1] NZ$M	Year ended June 2021 Restated [1] NZ$M
Cash flow from operating activities			
Receipts from customers	**4,062**	3,968	7,927
Dividends received		3	3
Payments to suppliers, employees and other	**(3,856)**	(3,478)	(6,932)
Interest paid	**(49)**	(66)	(116)
Income tax paid		(3)	(3)
Net cash from operating activities	**157**	424	879
Cash flow from investing activities			
Sale of property, plant and equipment	**1**	14	20
Sale of subsidiaries	**51**		
Purchase of property, plant and equipment and intangible assets	**(140)**	(78)	(221)
Purchase of investment property	**(3)**		
Investments in associates and joint ventures	**(12)**		
Net cash from investing activities	**(103)**	(64)	(201)
Cash flow from financing activities			
Issue of capital notes		42	142
Repurchase of capital notes			(145)
Repurchase of shares	**(83)**	(7)	(24)
Repurchase of shares - transferred to treasury stock			(11)
Drawdown/(repayment) of borrowings	**10**	(755)	(761)
Principal elements of lease payments	**(89)**	(91)	(182)
Contributions from/(distribution to) non-controlling interests	**2**	(27)	(31)
Dividends paid to shareholders of the parent	**(148)**		(99)
Net cash from financing activities	**(308)**	(838)	(1,111)
Net movement in cash held	**(254)**	(478)	(433)
Add: opening cash and liquid deposits	**666**	1,104	1,104
Effect of exchange rate changes on net cash	**(3)**	(8)	(5)
Closing cash and deposits	**409**	618	666

[1] The comparatives have been restated as a result of a change in accounting policy as detailed in note 1 and presented in note 9.

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

Notes to the Consolidated Financial Statements

1. Corporate information

The condensed consolidated interim financial statements presented are those of Fletcher Building Limited and its subsidiaries (the "Group"). 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 preparation

The condensed 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 and the Main Board/Debt Market Listing Rules of NZX Limited.

The condensed 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 financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 30 June 2021. In complying with NZ IAS 34, these statements comply with International Accounting Standard 34 - Interim Financial Reporting.

The accounting policies have been applied consistently by the Group and are in line with prior year, except for the change in accounting policy on cloud computing arrangements as disclosed below. Where necessary, certain comparative information has been reclassified to conform to changes in presentation in the current year.

Changes in accounting policies, interpretations and agenda decisions

Configuration or Customisation Costs in a Cloud Computing Arrangement (NZ IAS 38 Intangible Assets)

In April 2021, the International Financial Reporting Standards Interpretations Committee (IFRIC) issued a final agenda decision, Configuration or Customisation Costs in a Cloud Computing Arrangement. The IFRIC concluded that costs incurred in configuring or customising software in a cloud computing arrangement can only be recognised as intangible assets if the activities create an intangible asset that the entity controls and the intangible asset meets the recognition criteria.

The Group has historically capitalised costs incurred in configuring or customising software applications in a cloud computing arrangement as intangible assets. The adoption of the above agenda decisions has resulted in an expense in the consolidated income statement in the current year and derecognition of previously capitalised costs as an opening balance adjustment to the prior year. The new policy is detailed below with the impact of adoption presented in note 9.

Cloud computing arrangements

As a result of the agenda decision, the Group now recognises costs incurred in configuring or customising cloud application software as an intangible asset only if the activities create a resource that the Group can control and from which it expects to benefit. Such costs are amortised over the estimated useful life of the software application on a straight-line basis. The remaining useful life is reviewed at least at the end of each reporting period and any changes are treated as changes in accounting estimates.

Where the Group cannot determine whether it has control of the cloud application software, the arrangement is deemed to be a service contract and any implementation costs, i.e. cost incurred to configure or customise the cloud application software, are expensed to the consolidated income statement as incurred.

Where the provider of the cloud application software provides both configuration and customisation services, judgement is required to determine whether these services are distinct from the underlying use of the software application. Distinct configuration and customisation costs are expensed as incurred as the software application is configured or customised (i.e. upfront). Non-distinct configuration and customisation costs, that significantly enhance or modify the cloud-based application, are recognised as a prepaid asset and expensed over the contract term on a straight-line basis.

2. Key estimates, judgements and other financial information

2.1 SIGNIFICANT ITEMS

The Group makes certain significant item adjustments to the statutory profit measures in order to derive many of these underlying performance non-GAAP measures. The Group's policy is to exclude items that are considered to be significant in both nature and/or quantum and where treatment as an adjusted item provides stakeholders with additional useful information to assess the year-on-year underlying performance of the Group.

As at 31 December 2021 significant items totalled $43 million (31 December 2020: $86 million) of which $42 million relates to the foreign currency translation reserve reclassified to the consolidated income statement as a result of the divestment of the Rocla business.

2.2 INTANGIBLE ASSET IMPAIRMENT TESTING

The Group performs a detailed impairment assessment annually and considers indicators of impairment at each interim reporting date. At 31 December 2021, the Group performed a review of indicators of impairment for all cash-generating units with significant intangible asset balances. No indicators of impairment have been identified as a result of this review.

2.3 SUPPLEMENTARY DISCLOSURES: EARNINGS PER SHARE

The below disclosure 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:

	Six months Dec 2021 NZ$M	Six months Dec 2020 NZ$M	Year ended June 2021 NZ$M
Net earnings after taxation (as per consolidated income statement)	**171**	121	305
Add back: Significant items after taxation	**43**	74	108
Net earnings before significant items	**214**	**195**	**413**
Net earnings per share before significant items (cents)	**26.3**	23.7	50.1
Net earnings per share - as reported per income statement (cents)	**21.0**	14.7	37.0

2.4 SHARE BUYBACK

The Group commenced an on-market share buyback in June 2021. For the six months to 31 December 2021, the Group repurchased 11,880,009 shares for total consideration of $83 million. The purchased shares were subsequently cancelled, leaving the total number of shares on issue at 31 December 2021 of 809,272,010 shares. In line with NZ IFRS, $0.1 million of transaction costs relating to the buyback were offset against equity.

2.5 ROCLA SALE

On 31 August 2021 the Group divested the Rocla business, a wholly owned subsidiary reported under the Australia segment, for a total purchase price of $58 million. This resulted in a loss on sale of $48 million.

	Six months Dec 2021 NZ$M
Sales proceeds net of transaction costs, provisions and working capital adjustments	44
Carrying value	50
	(6)
Less: reclassification of foreign currency translation reserve	**(42)**
Loss on sale	**(48)**

Assets and liabilities

The carrying value of assets and liabilities as at the date of sale were:

	31 Aug 2021 NZ$M	June 2021 NZ$M
Debtors	17	21
Inventories	48	49
Property, plant and equipment	8	10
Deferred tax assets	4	5
Total assets	**77**	**85**
Creditors, accruals and other liabilities	26	27
Provisions	1	2
Total liabilities	**27**	**29**

2.6 SUPPLEMENTARY DISCLOSURES: CONSTRUCTION ACCOUNTING

Construction work-in-progress is stated at cost plus profit recognised to date, less progress billings. Cost includes all expenditure directly related to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

	Six months Dec 2021 NZ$M	Six months Dec 2020 NZ$M	Year ended June 2021 NZ$M
Construction contracts with cost and margin in advance	**60**	15	37
Contract assets	**60**	15	37
Construction contracts with billings in advance of costs and margin	**123**	177	87
Contract liabilities	**123**	177	87

Estimates and judgements are made relating to a number of factors when assessing construction contracts. These primarily include the programme of work throughout the contract period, assessment of future costs after considering changes in the scope of work, maintenance and defect liabilities, expected inflation (for unlet sub-trades) and performance bonuses or penalties. Construction projects are inherently more uncertain earlier in their lifetime, which leads to a number of significant estimates and judgements being made at these early stages.

The significant judgements inherent in accounting for the Group's most material construction projects are:

- The extent to which a project progresses in line with the complex project programme and timetable previously formed and the resulting impact of any programme delays or gains on project costs, especially project overheads (preliminary and general costs) and any liquidated or other damages;
- Sub-contractor cost, in particular cost that is yet to be agreed in scope or price (including inflationary pressures) or that relate to programme prolongation;
- The outcome of ongoing commercial negotiations, including elements of variable consideration and changes in project scope; and
- Future weather and ground conditions.

Status of construction projects (> $200m original contract value) as at 31 December 2021

A summary of total contracted work under construction and details of the major projects and their approximate stage of completion are disclosed to demonstrate the uncertainty that remains on these projects.

	Business unit	Percentage of completion (% cost)	Forecast completion*
NZICC Reinstatement - Cost plus margin	Buildings	62%	2025
NZICC - Guaranteed maximum price and fixed price contract	Buildings	84%	2025
Pūhoi to Warkworth - Fixed price contract (Public Private Partnership)	Infrastructure	77%	2023
Hamilton City Edge Expressway - Alliance contract	Infrastructure / Higgins	94%	2022
Peka Peka to Ōtaki Expressway - Fixed price contract	Infrastructure / Higgins	82%	2022

* Calendar year

Notes to the Consolidated Financial Statements (Continued)

Revenue backlog by business unit as at 31 December 2021

	Current revenue backlog NZ$M	Top 5 projects as a % of revenue backlog
Buildings	**237**	99%
Infrastructure	**485**	70%
Brian Perry Civil	**1,190**	41%
Higgins	**774**	45%
South Pacific	**107**	91%
	2,793	N/A

Revenue backlog 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 2021. 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.

New Zealand International Convention Centre (NZICC)

On 22 October 2019 there was a significant fire at the NZICC project construction site causing damage to both the International Convention Centre and Hobson Street Hotel. Contract Works and Third-Party Liability insurances are in place on the project, with the Fletcher Construction Company Limited as an insured party under these policies.

The NZICC project continues to be accounted for under NZ IFRS 15: Revenue from Contracts with Customers and NZ IAS 37: Provisions, Contingent Liabilities and Contingent Assets.

The Group has assessed all relevant known facts and circumstances related to the estimation of cost to complete and insurance recoveries and concluded based on current information that there is no additional requirement for provisions in these financial statements. The Group's assessment of the cost to complete relies on the application of estimates and judgements (e.g. measurement of remediation's cost to complete, the likelihood of receipt of insurance recoveries and quantification of any claims and costs that are outside of insurance cover) and as such may be subject to change as the project progresses.

3. Segmental information

Segmental information is presented in respect of the Group's industry and geographical segments. The use of industry segments as the primary format is based on the Group's management and internal reporting structure, which recognises groups of assets and operations with similar risks and returns. Inter-segment pricing is determined on an arm's length basis.

Industry segments	Six months Dec 2021 NZ$M	Six months Dec 2020 Restated [1] NZ$M	Year ended June 2021 Restated [1] NZ$M
Gross revenue			
Building Products	**765**	700	1,436
Distribution	**866**	835	1,679
Concrete	**428**	430	849
Residential and Development	**318**	356	734
Construction	**720**	651	1,456
Australia	**1,388**	1,390	2,758
Other	**5**	5	10
Group	**4,490**	**4,367**	**8,922**
Less: intercompany revenue	**(426)**	(380)	(802)
Group external revenue	**4,064**	**3,987**	**8,120**
External revenue			
Building Products	**613**	553	1,134
Distribution	**854**	822	1,651
Concrete	**301**	291	583
Residential and Development	**312**	351	721
Construction	**630**	620	1,347
Australia	**1,354**	1,350	2,684
Group	**4,064**	**3,987**	**8,120**

Industry segments	Six months Dec 2021 NZ$M	Six months Dec 2020 Restated [1] NZ$M	Year ended June 2021 Restated [1] NZ$M
EBIT before significant items			
Building Products	**96**	102	198
Distribution	**54**	57	124
Concrete	**61**	62	113
Residential and Development	**112**	62	154
Construction	**(10)**	13	31
Australia	**45**	51	102
Corporate	**(26)**	(24)	(54)
Group	**332**	**323**	**668**
Depreciation, depletion and amortisation expense			
Building Products	**25**	28	57
Distribution	**24**	24	46
Concrete	**33**	36	71
Residential and Development	**1**	1	3
Construction	**20**	19	39
Australia	**63**	63	126
Corporate	**6**	5	12
Group	**172**	**176**	**354**
Capital expenditure			
Building Products	**79**	40	111
Distribution	**3**	4	9
Concrete	**35**	11	36
Residential and Development	**3**		1
Construction	**9**	14	24
Australia	**11**	8	39
Corporate	**16**	1	2
Group	**156**	**78**	**222**
Funds*			
Building Products	**870**	683	744
Distribution	**195**	162	177
Concrete	**586**	585	573
Residential and Development	**649**	593	534
Construction	**210**	147	215
Australia	**1,320**	1,353	1,312
Other (including debt and taxation)	**(104)**	38	180
Group	**3,726**	**3,561**	**3,735**

* Funds represent the external assets and liabilities of the Group and are used for internal reporting purposes. Group balances such as borrowings and taxation are allocated to Corporate as these are managed at a Group level.

[1] The comparatives have been restated as a result of 1) a change in accounting policy as detailed in note 1 and presented in note 9 and 2) a change in segmental classification as a result of Forman Building Systems (business unit previously within the Distribution division) being reclassified into the Building Products division, as a result of Forman Building Systems combining with Tasman Insulation New Zealand. This principally impacts the comparative Gross Revenue (June 2021: $35 million, December 2020: $17 million), External Revenue (June 2021: $33 million, December 2020 $16 million) and Funds (June 2021: $24 million, December 2020: $24 million) base recognised, with no significant impact to the other segment disclosures.

Notes to the Consolidated Financial Statements (Continued)

Geographic segments	Six months Dec 2021 NZ$M	Six months Dec 2020 Restated [1] NZ$M	Year ended June 2021 Restated [1] NZ$M
External Revenue			
New Zealand	**2,573**	2,582	5,237
Australia	**1,427**	1,349	2,773
Other jurisdictions	**64**	56	110
Group	**4,064**	**3,987**	**8,120**
EBIT before significant items			
New Zealand	**243**	270	510
Australia	**86**	49	150
Other jurisdictions	**3**	4	8
Group	**332**	**323**	**668**
Funds*			
New Zealand	**2,487**	2,003	2,210
Australia	**1,378**	1,400	1,332
Other (including debt and taxation)	**(139)**	158	193
Group	**3,726**	**3,561**	**3,735**
Non-current assets+			
New Zealand	**2,838**	2,785	2,811
Australia	**1,560**	1,631	1,630
Other	**49**	51	52
Group	**4,447**	**4,467**	**4,493**

4. Taxation expense

	Six months Dec 2021 NZ$M	Six months Dec 2020 Restated [1] NZ$M	Year ended June 2021 Restated [1] NZ$M
Earnings before taxation	**237**	181	432
Taxation at 28 cents per dollar	**66**	51	121
Adjusted for:			
Non-assessable income	**(4)**	(6)	(9)
Non-deductible expenses	**2**	15	4
Tax losses for which no deferred tax asset was recognised	**10**		17
Utilisation of previous unrecognised tax losses	**(12)**	(1)	(17)
Tax in respect of prior years	**1**	(2)	(1)
Tax expense on earnings	**63**	**57**	**115**
Tax expense on earnings before significant items	**63**	69	136
Tax benefit on significant items		(12)	(21)
	63	**57**	**115**
Total current taxation expense	**63**	58	129
Total deferred taxation benefit		(1)	(14)
	63	**57**	**115**

* Funds represent the external assets and liabilities of the Group and are used for internal reporting purposes. Group balances such as borrowings and taxation are allocated to Corporate as these are managed at a Group level.

\+ Excludes deferred tax assets, retirement plan surplus and financial instruments.

[1] The comparatives have been restated as a result of a change in accounting policy as detailed in note 1 and presented in note 9.

The net deferred tax asset balance of $212 million at 31 December 2021 largely comprises leases, Construction provisions and Australian tax losses incurred in the prior periods. It is expected there will be sufficient future earnings in New Zealand and Australia to utilise the deferred tax asset in each of these jurisdictions.

5. Borrowings

	Six months Dec 2021 NZ$M	Six months Dec 2020 NZ$M	Year ended Jun 2021 NZ$M
Private placements	**475**	476	476
Bank loans			
Capital notes	**361**	406	361
Other loans	**30**	23	20
Carrying value of borrowings (as per consolidated balance sheet)	**866**	**905**	**857**
Less: value of derivatives used to manage changes in hedged risks on debt instruments	**(15)**	(18)	(18)
Economic debt	**851**	**887**	**839**
Less: Cash and cash equivalents	**(409)**	(618)	(666)
Net debt	**442**	**269**	**173**

Carrying value of borrowings included within the balance sheet as follows:

	Six months Dec 2021 NZ$M	Six months Dec 2020 NZ$M	Year ended Jun 2021 NZ$M
Current borrowings	**122**	109	106
Non-current borrowings	**744**	796	751
Carrying value of borrowings (as per consolidated balance sheet)	**866**	**905**	**857**

The Group extended Tranche 1, being $525 million, of the $925 million syndicated revolving credit facility from July 2022 to July 2024 ($200 million) and November 2026 ($325 million). As part of the refinancing of Tranche 1, the Group agreed a number of positive amendments to the terms of the syndicated facility including replacing senior and total interest cover covenants with a senior interest cover covenant only.

6. Fair value measurement

Financial instruments are measured at fair value using the following fair value measurement hierarchy:

(Level 1) Quoted prices (unadjusted) in active markets for identical assets or liabilities.

(Level 2) Inputs that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) other than quoted prices included within level 1.

(Level 3) Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All of the Group's derivatives are in designated hedge relationships and are measured and recognised at fair value. All derivatives are level 2 valuations based on accepted valuation methodologies. Forward exchange fair value is calculated using quoted forward exchange rates and discounted using yield curves derived from quoted interest rates matching maturity of the contract. The fair value of electricity price swaps is measured using a derived forward curve and discounted using yield curves derived from quoted interest rates matching the maturity of the contract. Interest rate derivatives are calculated by discounting the future principal and interest cash flows at current market interest rates that are available for similar financial instruments. The interest rates across all currencies used to discount future principal and interest cash flows are between (0.6)% and 4.1% (December 2020: (0.6)% and 4.7%; June 2021: (0.6)% and 2.5%) including margins, for both accounting and disclosure purposes.

7. Contingencies and commitments

Land and property commitments

At 31 December 2021, the Group's Residential and Development division had commitments to purchase land and building services of $622 million (June 2021: $430 million) of which $157 million is expected to be delivered in the six months to 30 June 2022.

There have been no other material movements in capital expenditure commitments, contingent liabilities or contingent assets to those disclosed in the 30 June 2021 annual report.

Silicosis

As at 31 December 2021, Laminex Australia (together with other engineered stone manufacturers and fabricators) was the subject of a number of silica related personal injury claims based in Queensland. The Group has accrued for this known exposure in Queensland.

One silica related injury claim has been received outside of Queensland. The Group has concluded it is too early to make a reliable estimate of any future potential claims and the extent of a liability (if any) Laminex Australia may have in states outside Queensland. Accordingly, the Group has not recognised any provisions in respect of possible future silicosis claims as at 31 December 2021.

8. Reconciliation of net earnings to net cash from operating activities

	Six months Dec 2021 NZ$M	Six months Dec 2020 Restated [1] NZ$M	Year ended June 2021 Restated [1] NZ$M
Net earnings	**171**	121	305
Earnings attributable to minority interest	**3**	3	12
	174	**124**	**317**
Add/(less) non-cash items:			
Depreciation, depletions and amortisation	**172**	176	354
Other non-cash items	**(34)**	61	91
Taxation	**63**	54	112
(Gain)/loss on disposal of businesses and property, plant and equipment	**43**	(2)	3
	244	**289**	**560**
Net working capital movements			
Residential and Development	**(107)**	50	105
Construction	**11**	(101)	(179)
Other divisions:			
Debtors	**35**	64	(62)
Inventories	**(122)**	42	(22)
Creditors	**(78)**	(44)	160
	(261)	**11**	**2**
Net cash from operating activities	**157**	**424**	**879**

[1] The comparatives have been restated as a result of a change in accounting policy as detailed in note 1 and presented in note 9.

9. Change in accounting policy

Configuration or Customisation Costs in a Cloud Computing Arrangement (NZ IAS 38 Intangible Assets)

During the six months to 31 December 2021 the Group revised its accounting policy in relation to configuration and customisation costs incurred in implementing cloud computing arrangements, in response to the International Financial Reporting Standards Interpretations Committee (IFRIC) agenda decision clarifying its interpretation of NZ IAS 38 Intangible Assets. The new accounting policy is disclosed in note 1 Basis of preparation. The Group's retrospective assessment and impact on reported results is disclosed within this note.

The Group carried out a detailed assessment to quantify the impact of the change in accounting policy during the six months to 31 December 2021. All cloud computing arrangements were identified along with all previously capitalised costs associated with these arrangements. A review was completed in conjunction with the Group finance and technology teams to determine whether these costs were incurred in relation to cloud application software that the Group controls.

The Group has applied judgement in determining whether it controls the cloud application software it utilises based on the underlying contractual terms it has entered into with its providers. The Group has also applied judgement in determining whether any configuration and customisation services provided directly by the application providers are distinct to be recognised separately from access rights granted under the service agreements.

For those arrangements where it was determined that the Group does not control the cloud application software, previously capitalised costs that did not meet the asset recognition criteria, have been retrospectively derecognised in the year they were incurred.

This resulted in a reduction in the intangible asset value by $50 million at 30 June 2021 (December 2020: $49 million) with an associated reduction in amortisation expense of $5 million for the six months to 31 December 2021 (June 2021: $9 million and December 2020: $4 million). The decrease in amortisation expense to the consolidated income statement has been offset for the six months to 31 December 2021 by $7 million (June 2021: $10 million and December 2020: $4 million) of configuration and customisation costs that would have been previously capitalised. The net impact of these changes are reflected in selling, general and administration costs in the consolidated income statement.

The below table reflects the impact of the restatement (as of 1 July 2020) on the comparative information presented in the interim financial statements:

	Published NZ$M	Adjustment NZ$M	Restated NZ$M
Consolidated balance sheet as at 30 June 2021			
Intangible assets	1,120	(50)	1,070
Deferred tax assets	224	14	238
Total assets	**1,344**	**(36)**	**1,308**
Reserves	507	(36)	471
Total equity	**3,771**	**(36)**	**3,735**
Consolidated balance sheet as at 31 December 2020			
Intangible assets	1,118	(49)	1,069
Deferred tax assets	235	13	248
Total assets	**1,353**	**(36)**	**1,317**
Reserves	313	(36)	277
Total equity	**3,597**	**(36)**	**3,561**
Consolidated income statement for the year to 30 June 2021			
Selling, general and administration expenses	(1,692)	(1)	(1,693)
Earnings before taxation	**433**	**(1)**	**432**
Taxation expense	(116)	1	(115)
Earnings after taxation	**317**		**317**
Basic EPS (cents)	**37.0**		**37.0**
Diluted EPS (cents)	**36.4**		**36.4**
Consolidated income statement for the six months to 31 December 2020			
Selling, general and administration expenses	(834)		(834)
Earnings before taxation	**181**		**181**
Taxation expense	(57)		(57)
Earnings after taxation	**124**		**124**

	Published NZ$M	Adjustment NZ$M	Restated NZ$M
Basic EPS (cents)	**14.7**		**14.7**
Diluted EPS (cents)	**14.2**		**14.2**
Consolidated statement of cash flows for the year to 30 June 2021			
Payments to suppliers, employees and other	(6,922)	(10)	(6,932)
Net cash from operating activities	**889**	**(10)**	**879**
Purchase of property, plant and equipment and intangible assets	(231)	10	(221)
Net cash from investing activities	**(211)**	**10**	**(201)**
Consolidated statement of cash flows for the six months to 31 December 2020			
Payments to suppliers, employees and other	(3,474)	(4)	(3,478)
Net cash from operating activities	**428**	**(4)**	**424**
Purchase of property, plant and equipment and intangible assets	(82)	4	(78)
Net cash from investing activities	**(68)**	**4**	**(64)**

10. Subsequent events

On 16 February 2022, the Directors declared an interim dividend of 18.0 cents per share, payable on Thursday 7 April 2022.

Building a better working world

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

CONCLUSION

We have reviewed the interim financial statements of Fletcher Building Limited ("the Company") and its subsidiaries (together "the Group") on pages 17 to 31 which comprise the consolidated balance sheet as at 31 December 2021, 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 a summary of significant accounting policies and other explanatory information. Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements on pages 17 to 31 of the Group do not present fairly, in all material respects the consolidated financial position of the Group as at 31 December 2021, 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* and International Accounting Standard 34: *Interim Financial Reporting*.

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 other assurance related services 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 New Zealand Equivalent to International Accounting Standard 34: *Interim Financial Reporting* and International Accounting Standard 34: *Interim Financial Reporting* 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 New Zealand Equivalent to International Accounting Standard 34: *Interim Financial Reporting* and International Accounting Standard 34: *Interim Financial Reporting*.

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 Brent Penrose.

Ernst + Young

Chartered Accountants
Auckland
16 February 2022

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