

Update on NZICC and WIAL Carpark Projects

5 February 2024

Fletcher Building Limited



NZICC Update

Project remains on track for completion by end of calendar 2024, significant milestones delivered



NZICC - South Facade

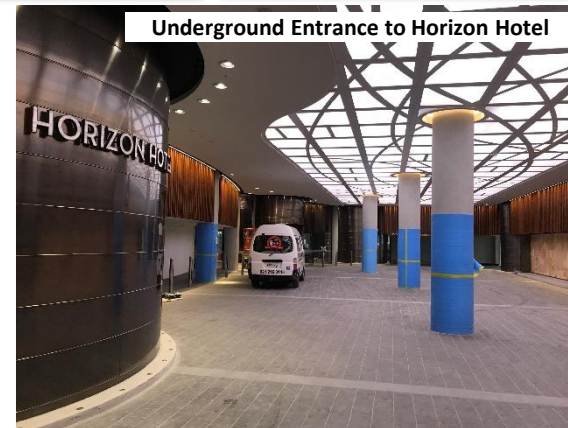


Airbridge connecting Horizon Hotel & NZICC

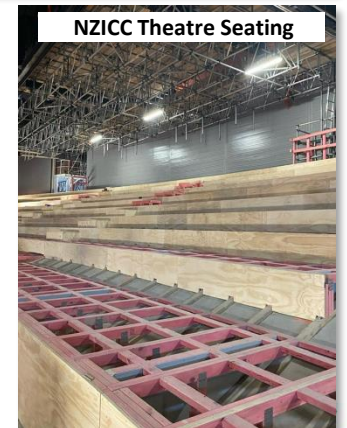


NZICC - Operable Wall Install

- NZICC remains on track for final completion by end of calendar 2024
- Milestones to date:
 - Carparks complete
 - Steel remediation 98% complete
 - Hobson Street Hotel in final commissioning phase, hand over in Feb-24



Underground Entrance to Horizon Hotel

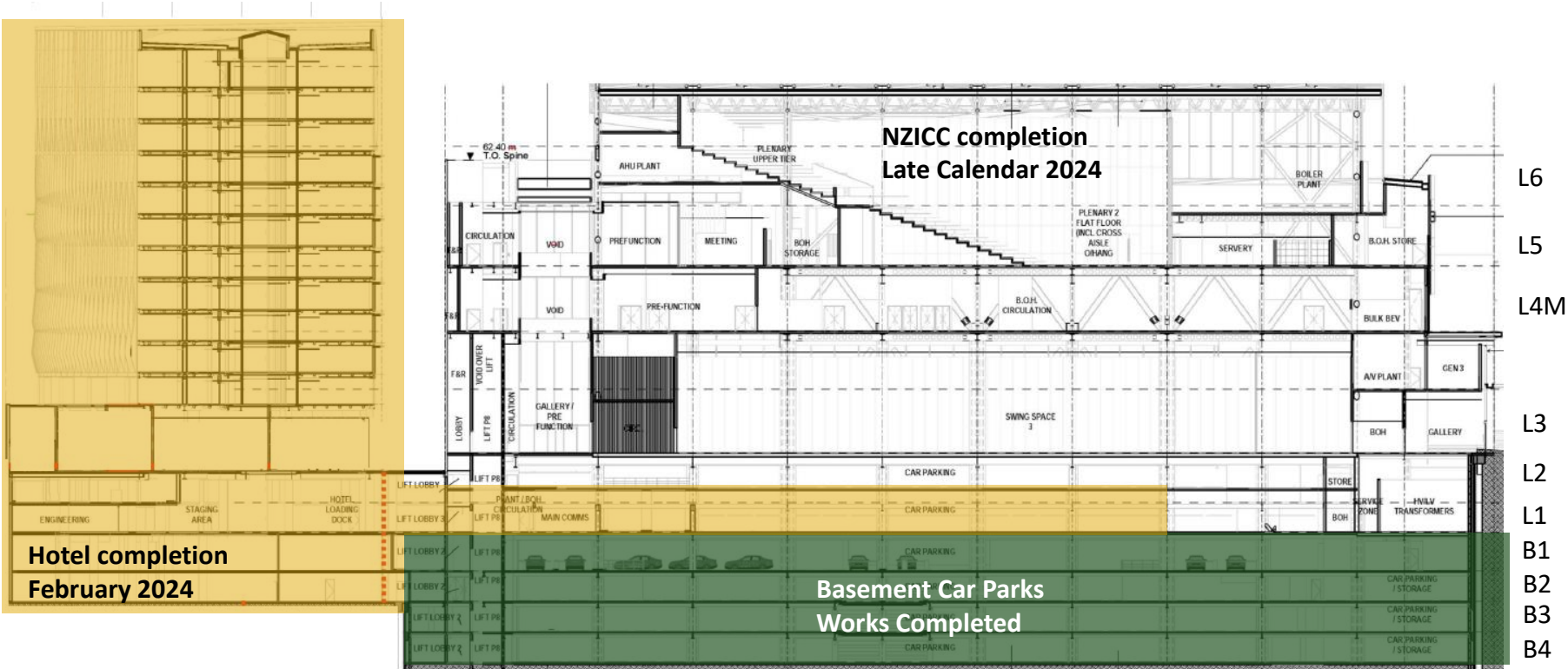


NZICC Theatre Seating



NZICC Update

Fire remediation works close to complete - majority of remaining scope back to completing original contract works



NZICC Update

Additional provision announced today of \$165m is mainly from higher costs of steel remediation, and the updated forecasts to complete the interior fit-out & operating systems install from the original contract scope

- Additional NZICC provision mainly due to higher actual and forecast costs to complete the project
- Largest single cost increase from steel remediation: work now broadly complete, but productivity has been lower than forecast – greater resources required for a longer period
 - Encapsulation, stripping/blasting, repainting 3 coats on all NZICC primary and secondary steel
 - Up to 500 people, plus encapsulation and access equipment, burn rate c\$750k / day
- Other cost increases from refining scope and procuring subcontractor resource to complete remaining parts of project: esp. internal fit-out and installation of operating systems
 - c. 5000 drawings, c. 200 subcontractor packages on remaining scope
 - Some original suppliers insolvent or no longer available (e.g. operable doors, theatre/AV), work packages re-tendered
 - Limited capacity in commercial trades, pressure on rates
- Some challenges in securing remaining Contract Works Insurance (CWI) revenue, smaller portion of latest provision due to risk of non-recovery of these revenues
- Cost and revenue risk remains through to completion of project
- Consistent with prior position, no Third Party Liability (TPL) revenue is included in the project forecast. FBU is pursuing TPL claims of >\$100m, likely to take significant period to resolve (FY25+)



NZICC Update

Cash flow impact of additional provision is expected to be spread across 2H24 and 1H25

- Previous expectation was for a cash outflow on NZICC of c. \$300m in FY24, ahead of a small positive cash inflow in FY25
- Based on the latest provision, the cash outflow in FY24 is now expected to be c. \$370m, followed by a cash outflow in FY25 of c.\$80m
- Cash flow phasing remains subject to risk on timing of claim recoveries and project costs
- No Third Party Liability (TPL) revenue is included in the cash flow forecasts
- All cash flows shown are pre-tax

NZICC cash-flow	FY24 Total	FY25
Prior Forecast	c.\$300m outflow	c.\$15m inflow
Latest Forecast	c.\$370m outflow	c.\$80m outflow



Wellington Airport Carpark Update

Provision of \$15m for estimated costs to remediate quality issues



- Fletcher Construction (FCC) has been discussing technical solutions with Wellington International Airport Limited (WIAL) to remediate quality issues on the airport carpark
- While the solution has not yet been agreed with WIAL, FCC considers that it now has an effective solution and a robust estimate of the cost to undertake the remediation. The \$15m provision reflects these expected remediation costs
- Cash-flow impact of the provision is expected to be through calendar 2024
- Additional claims exist in both directions between FCC and WIAL. Upside and downside risk exists on settlement of these claims



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