Annual Shareholders' Meeting documents and trading update

Auckland, 27 October 2023: Fletcher Building is holding its 2023 Annual Shareholders' Meeting today at 10.30am NZDT. Attached are the:

- Chair's address
- Chief Executive Officer's address
- ASM presentation

Included in the Chief Executive Officer's address is an update on trading for the FY24 year.

In his address to shareholders, CEO Ross Taylor said: "For our New Zealand materials and distribution businesses, the infrastructure and commercial sectors remain robust, while volumes in the residential sector are around 5% softer than our prior guidance. Our market shares are stable and we are seeing solid pricing in our materials businesses, however there is strong price competition in the merchant distribution channel. As such, EBIT (before significant items) for the New Zealand materials and distribution businesses is tracking slightly behind our previous expectations.

"In Australia, the Division is trading well. We expect 1H24 EBIT (before significant items) to be broadly in line with 1H23, despite a softer market.

"Encouragingly we are seeing "green shoots" in the New Zealand housing market. House sales for our Residential and Development Division are tracking well, averaging 20-25 per week so far this year. House prices have stabilised and are starting to trend up slightly. If this momentum in sales continues, there could be upside to our prior 700-800 unit sales target in FY24. We continue to expect earnings to be weighted to the second half due to the profile of settlements.

"On our Construction legacy projects, we are on track to finish physical works on the final three projects through the 2024 calendar year. As we noted in August 2023, there continues to be some cost risk to manage as we complete these projects. We also need to secure claims and insurance recoveries, and manage any wash up issues that may arise, to hold our current provisions. Resolution of the claims and recoveries, particularly on the NZICC and Puhoi to Warkworth projects, is likely to take until FY25-FY26. On Wellington Airport carparks, we are working with the Airport to determine an agreed remediation, but any costs we decide to take in that regard are not covered by present provisions.

"We expect trading cash flows (excluding legacy construction) to be robust in FY24. As previously guided, our leverage (net debt / EBITDA) is expected to move to the upper end of our 1x-2x range, however we are committed to remaining within this target range."

"On the Western Australian plumbing issues, we continue to use the A$15 million interim fund (put in place earlier in FY23) to support the industry and homeowners while causation of the plumbing failures is better understood. And we will work with the industry and regulators to help develop an effective solution.

"We are well positioned to perform through the cycle and then drive both further performance improvements and upside volumes when the cycle turns. We are very advanced on our $800 million of committed growth projects, which we are confident will be delivered well, and will set us up for significant extra earnings in the next two to three years. There remain plenty of other growth opportunities, which we can take advantage of, once we have a firmer sense of when the cycle is returning to growth.

"Reflecting on the past year, I'm pleased with the way our people have continued to show their resilience, innovative spirit and commitment to supporting our customers and each other. I also wish to acknowledge and thank our shareholders, customers, and suppliers for their continued support."

#Ends

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