Fletcher Building announces FY22 half year results and 18cps interim dividend

Auckland, 16 February 2022: Fletcher Building today announced its results for the first half of FY22.

➢ **Revenue of $4,064 million, up 2% from $3,987 million in HY21**
➢ **EBIT before significant items of $332 million, up 3% from $323 million in HY21**
➢ **EBIT margin of 8.2%, up from 8.1% in HY21**
➢ **Net Profit After Tax of $171 million, up 41% from $121 million in HY21**
➢ **Solid cash flows partly offset by inventory rebuild and housing investment as flagged**
➢ **Fully imputed interim dividend of 18 cents per share declared, to be paid on 7 April 2022**
➢ **Strong 2Q EBIT of $264 million (up 73% on 2Q FY21) and EBIT margin of 11.8%, offsetting COVID-19 lockdown impact of c. $105 million on 1Q EBIT**
➢ **FY22 EBIT before significant items expected to be approximately $750 million**

Fletcher Building Chief Executive Ross Taylor said: "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 being heavily impacted by the up to five week-long COVID-19 stringent lockdown in New Zealand and local lockdowns in Australia which impacted EBIT by approximately $105 million.

"Revenue was robust 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.

"Our strong second quarter performance was a particular highlight in this result where the Group generated EBIT of $264 million, up 73% on the comparative quarter, delivering a strong Group EBIT margin of 11.8%, indicating strong momentum into the second half.

"Cash flows from operating activities for the half year were $157 million, compared to $424 million reported in HY21 and reflects flagged investments to rebuild stock in key areas and housing investment following a busy FY21.

"The Board is pleased to approve a fully imputed FY22 Interim Dividend of 18.0 cents per share for the six months ended 31 December 2021, to be paid on 7 April 2022.

"Looking ahead, the second half of FY22 is expected to be very solid with our customers and forward indicators pointing to continuing volumes. With confidence in our operational disciplines and in covering inflationary costs, we expect our second half EBIT margin to be approximately 9.5% and to deliver FY22 full year EBIT before significant items of approximately $750 million.

Based on our experience in Australia with the COVID-19 Omicron variant, we foresee a potential risk impact on our EBIT in the $25 million to $50 million range.

"As we look beyond this financial year, the Group is very well positioned to drive growth. In our New Zealand materials and distribution divisions we are investing in increased manufacturing capacity and driving product and market growth. Our Residential and Development businesses are well advanced in growing annual sales volumes by circa 500 houses a year which includes our new Vivid Living retirement offer. In Australia, we continue to drive an innovative suite of disruptive product offers.

"In our markets, in New Zealand, residential consents have been running ahead of industry capacity for some time. 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 placing 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 residential, commercial and infrastructure through FY23 and beyond.

"Fletcher Building is in a very strong position; our markets look robust, we expect to not see the significant impacts of lockdowns to reoccur, we remain on track to further improve EBIT margins across the Group to 10% in FY23 and importantly, we have a maturing pipeline of investments that will keep driving growth beyond FY23.

"Finally, I'd like to thank our people for their commitment and resilience during demanding times that has allowed us to deliver this performance. I would also like to acknowledge all our customers for their continued support."

#Ends

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