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NEWS RELEASE

Fletcher Building Trading Update

Auckland, 10 November 2020: Fletcher Building today provided an update on year-to-date trading for its 2021 financial year. Trading for the four months ended 31 October 2020 ("the period") compared to the four months ended 31 October 2019 ("the comparative period") (unaudited results):

- Group revenues up 1%
- Group EBIT before significant items of $227 million, up $80 million
- Group EBIT margin up 2.9ppts to 8.4% due to improved operating efficiency
- Cash flow and balance sheet remain strong: net debt $388 million, liquidity $1.4 billion as at 31 October 2020

Group revenues for the period were 1% ahead of the comparative period, supported by resilient trading conditions in both New Zealand and Australia, especially in the residential sector. Revenues in the New Zealand Core were up 4%, with businesses exposed to finishing trades particularly resilient. Demand for new houses has been robust, with 342 units taken to profit in the Residential business, consistent with the Group's objective of achieving 700-800 house sales for the full year. In Construction, the portfolio of work continues to be rebalanced to a lower-risk model, with Fletcher Construction being preferred on further major government alliance work in the period. In Australia, revenues were slightly lower than the comparative period, with softer demand in the civil segment and COVID-19 restrictions impacting Victoria.

Group EBIT before significant items of $227 million was $80 million or 55% higher than the comparative period. This was achieved predominantly through a 2.9ppts lift in profit margins across the Group, reflecting the operational performance and efficiency programs implemented over the last two years.

Earnings in the New Zealand Core were up 30%, led by the Concrete and Building Products divisions. Residential and Development earnings were materially higher due to strong house sales, while planned Land Development transactions remain on track for completion in the remainder of FY21. Construction earnings were in line with the comparative period. Earnings in Australia increased as cost-out benefits offset the lower overall revenues. Corporate costs remain well-controlled and were slightly lower than the comparative period.

Group cash flows and the balance sheet remain strong, with Group net debt at $388 million and available liquidity of $1.4 billion at 31 October 2020.

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Commenting on the year-to-date performance and expected trading conditions for the remainder of FY21, CEO Ross Taylor said: "Through all the disruption and uncertainty of the past year, our people have adapted and responded superbly, maintaining a focus on delivering for our customers. We were heavily impacted in FY20 by the COVID-19 restrictions, resulting in a significant earnings loss for the Group of $196 million, so we are pleased to have begun the new year well. As we look ahead, our customers are pointing to volumes remaining at current levels through to the start of the new calendar year. However, there is uncertainty in the second half of the financial year, with the impact of broader macro-economic factors on our markets in New Zealand and Australia not yet clear. Also, December and January are always lower trading and earnings months for the Group. At our Annual Shareholders Meeting on 25 November 2020, we intend to provide earnings guidance for 1H21. We will update further on trading conditions at our half-year results announcement on 17 February 2021 and at an investor day planned for May 2021."

Gross Revenue ($m, unaudited)	4 mths ended 31 Oct 19	4 mths ended 31 Oct 20	Change (%)
Concrete	271	287	6%
Building Products	448	465	4%
Distribution	559	575	3%
NZ Core	1,278	1,327	4%
Residential and Development	123	233	90%
Construction	503	425	-15%
Australia	1,026	967	-6%
Intercompany and other	(247)	(254)	-3%
Group (external revenue)	2,683	2,698	1%

EBIT before significant items ($m, unaudited)	4 mths ended 31 Oct 19	4 mths ended 31 Oct 20	Change (%)
Concrete	33	43	32%
Building Products	54	72	32%
Distribution	35	43	24%
NZ Core	122	158	30%
Residential and Development	21	43	108%
Construction	0	3	NM
Australia	24	39	65%
Corporate	(20)	(16)	15%
Group	147	227	55%

EBIT margin (%, unaudited)	4 mths ended 31 Oct 19	4 mths ended 31 Oct 20	Change (%pts)
Concrete	12.1%	15.1%	3.0%
Building Products	12.1%	15.4%	3.3%
Distribution	6.3%	7.5%	1.2%
NZ Core	9.5%	11.9%	2.4%
Residential and Development	16.9%	18.6%	1.7%
Construction	0.0%	0.7%	0.7%
Australia	2.3%	4.0%	1.7%
Group	5.5%	8.4%	2.9%

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Conference call to be held today

Fletcher Building management will host a Q&A briefing for all investors and analysts **today at 12 noon NZDT / 10:00am AEDT** to discuss the trading update. Participants can register for the conference by navigating to the following link:
https://s1.c-conf.com/diamondpass/10010803-dRE0er.html

Upon registration you will be provided with the dial in number, passcode, and your unique access PIN. To join the conference simply dial the number and enter the passcode followed by your PIN, and you will join the conference instantly.

A replay facility will be available after the conference call:
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