

20 June 2025

## **Settlement Reached with NZTA on Puhoi to Warkworth Project**

Fletcher Building has announced that Fletcher Construction Company and Acciona, its 50% partner in the design and construction of the Puhoi to Warkworth (P2W) motorway (together, the Construction JV), have reached a settlement with the New Zealand Transport Agency (NZTA) and the Northern Express Group (NX2) of the Construction JV's claim related to the impacts and delays to the project arising from COVID-19 and other weather events.

The P2W road opening was successfully achieved in June 2023. Originally scheduled for completion in December 2021, the project experienced delays and inefficiencies primarily due to the impacts of the New Zealand Government's COVID-19 pandemic response, alongside other challenges.

The Construction JV lodged a claim with NX2 and NZTA to recover costs associated with these COVID-19-related delays and additional weather-related disruptions. These claims were the subject of an agreed dispute resolution process, but have now been resolved by agreement between the parties.

The settlement, whilst less than the expected recovery that had formed part of Fletcher Building's provision associated with the project, represents a commercial resolution to a longstanding issue and avoids a drawn-out dispute. As a result of the settlement, the Group expects to recognise a loss on claims receivable of ~\$16.4m against the P2W project position in FY25, with a corresponding impact to FY25 EBIT before Significant Items. This loss relates to revenue recognised over the life of the P2W project and has not previously been anticipated in prior commentary regarding the FY25 earnings outlook. The settlement means that further cash proceeds from the project of ~\$56m will be received by the Group in FY25.

Managing Director and Group Chief Executive Officer Andrew Reding commented "This represents further progress in closing out the legacy project issues that have absorbed significant management time and cost".

The Construction JV has separately submitted material claims under the Contract Works Insurance policy for damage to the project caused by the landslips and weather events during construction. These claims are still the subject of negotiations with the insurers.

There is also a range of less material matters to be resolved in relation to the project. The resolution of these matters, together with the insurance claims, will determine the final P2W project outcome.

## ENDS

*Authorised for release to the market by Haydn Wong, Company Secretary.*

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