Fletcher Building

Full Year Results to 30 June 2020

ROSS TAYLOR
— Chief Executive Officer

BEVAN MCKENZIE
— Chief Financial Officer

19 August 2020

Important Information

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This presentation provides additional comment on the Annual Financial Results 2020 dated 19 August 2020. As such, it should be read in conjunction with and subject to the explanations and views given in that document. Unless otherwise specified, all information is for the year ended 30 June 2020.

In certain sections of this presentation, Fletcher Building has chosen to present certain financial information exclusive of the impact of significant items and/or the results of the businesses divested in the year ended 30 June 2019. For the 12 months ended 30 June 2020, the Group’s financial statements are prepared in accordance with the new lease accounting standard NZ IFRS 16, adopted from 1 July 2019. In prior periods, lease costs were fully reported in EBIT. Under NZ IFRS 16, the two components of lease costs are reported separately: (1) the depreciation of right-of-use assets is reported in EBIT and (2) the deemed interest portion of the lease liability is reported in lease interest expense. Financial tables in this presentation (where indicated) show both the reported result for the prior period, as well as a pro forma restatement of the prior period to illustrate the impact of NZ IFRS 16 had it been applied and to allow for a like-for-like comparison. A number of non-GAAP financial measures are used in this presentation which are used by management to assess the performance of the business and have been derived from Fletcher Building’s financial statements for the 12 months ended 30 June 2020. You should not consider any of these statements in isolation from, or as a substitute for the information provided in the Financial Statements for the 12 months ended 30 June 2020, which are available at www.fletcherbuilding.com.

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Agenda

1. Results Overview	Ross Taylor
2. Positioning for FY21	Ross Taylor
3. Financial Results	Bevan McKenzie
4. Strategy and Outlook	Ross Taylor

Navigated COVID-19 impacts, business set up for FY21, and maintained momentum on key strategies and focus areas

FY20

- Responded quickly to COVID-19 impacts
- Focus on health and safety of our people
- Strong customer service performance
- Cash and balance sheet remain strong

FY21 set-up

- Positioned the business cost base for reduced activity in FY21
- Accelerated key ecommerce activities
- Ensured debt lines and liquidity remain strong and available

FY21 and beyond

- Strategy and growth ambitions remain unchanged
- Ongoing focus on profitability and operational excellence
- Complete Australia portfolio rationalisation
- Clear historical Construction projects

COVID-19 response to NZ lockdown and Australia restrictions focused on health and safety, customer service, costs and cash

Actions

- Safely shut down and restarted NZ businesses and dealt with Australia restrictions
- Maintained customer service and performance
- COVID-19 Support Hub App launched, downloaded by 7,000 of our people, financial hardship fund in place
- Bridging Pay Programme implemented (govt supported)
- Strong focus on costs and cash:
  - Capex reduced
  - Board, Execs and GM remuneration reduced, no STI bonuses
  - Debtors / Creditors well managed
  - Negotiated reductions in both NZ property lease costs and other key supply agreements, all discretionary spend stopped
  - Interim dividend cancelled, share buyback programme suspended

FY20 Results

- Serious injuries reduced by over 60% year-on-year
- COVID-19 impact resulted in Q4 operating earnings of c$50m, a c$200m reduction on expected Q4 earnings
- Strong operating cash flows of $410m
- Balance sheet strength preserved, liquidity $1.6b, net debt $0.5b

While the Construction division continued to progress and finish historical projects, the provision envelope has increased

- Well through the historical Construction work book
- Additional $150m provisions in Buildings and Infrastructure businesses due to:
  - COVID-19 disruptions and productivity impacts, both in FY20 and ongoing (50%)
  - Issues on historically completed projects (20%)
  - Prudent risk provision across portfolio of legacy work (30%)
- c$600m legacy work to complete, down from $2.2b at HY18
- c$175m of legacy project losses remaining to incur as cash outflows

Setting up for likely lower market activity in FY21 required permanent reductions to our cost base and workforce

Actions

- Reductions to operating footprint, supply chain costs and general costs
- Workforce size will be reduced by c12% (over 1,500 people) matched to probable future market activity
- Australia portfolio rationalisation continuation
- Renegotiated debt covenants to preserve liquidity and retired a further USD$300m of our most expensive debt lines, saving c$40m of future interest payments
- Capex envelope reduced until market outlook more certain

Impact

- Actions expected to achieve a permanent reduction in cost base in FY21 of c$300m p.a.
- FY20 significant items of $276m:
  - Right-sizing of the cost base $187m
  - Rocla asset impairments $59m
  - Debt restructuring resulted in one-off Make Whole payment $30m
- FY21 significant items of c$90m as final cost-out actions completed
- Significant items (FY20 and FY21) are expected to be c55% cash/45% non-cash

FY20 - Financial results

Revenue $7,309m FY2019 $8,308m	**EBIT[1]** $160m FY2019 $549m	**Net Earnings/(Loss)** ($196m) FY2019 $246m	**EPS** (23.5c) FY2019 28.8c
Cash flows from operating activities $410m FY2019 $153m	**Leverage ratio** 0.9x Target range: 1.0-2.0x	**EBIT margin** 2.2% FY2019: 6.6%	**Dividend** nil FY2019: 23cps

Note: All metrics are for continuing operations except cash flow from operating activities. RTG and Formica were sold in FY19
[1] Measures before significant items are non-GAAP measures used by management to assess the performance of the business and have been derived from Fletcher Building's financial statements for the 12 months ended 30 June 2020. Details of significant items can be found in note 2 of the financial statements

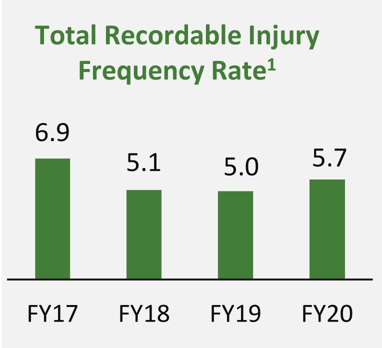
FY20 - Division performance summary

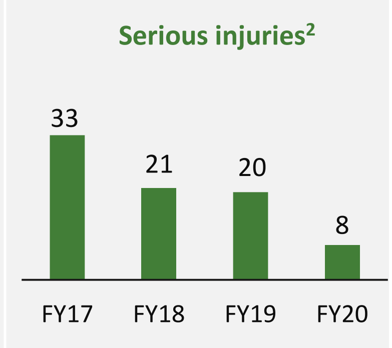
	Gross Revenue	EBIT[1]	
Building Products	**$1,173m** FY19: $1,314m	**$87m** FY19: $167m	• Good performance in finishing trades, early stage civil and infrastructure softer • Steel market remained challenging
Distribution	**$1,471m** FY19: $1,596m	**$85m** FY19: $115m	• Growth in line with market • Strategic digital and automation investment
Concrete	**$740m** FY19 $802m	**$74m** FY19: $89m	• Year-on-year margin expansion (pre-COVID-19) • Market share gains in Firth and cement • Price gains in aggregates and ready-mix
Residential and Development	**$466m** FY19: $639m	**$65m** FY19: $137m	• Housing market demand remained strong and prices supportive • COVID-19 delayed land development and housing settlements now moved into FY21
Construction	**$1,318m** FY19: $1,702m	**($147m)** FY19: $51m	• Lockdown significantly affected paving, civil and building works programmes • Provisions of $150m, $600m legacy work to go • Strong order book of $2.4b with good wins
Australia	**$2,802m** FY19: $3,024m	**$33m** FY19: $77m	• Good momentum in Laminex and Insulation • Tradelink/Stramit poor 2nd half – few larger projects • Rocla/Iplex loss c$15m – few large projects, lower volumes, Rocla industrial action as sites closed

[1] FY19 has been adjusted for proforma IFRS16 to allow for a like-for-like comparison (12 months FY19 reported +IFRS16 proforma adjustment) Measures before significant items are non-GAAP measures used by management to assess the performance of the business and has been derived from Fletcher Building's financial statements for the 12 months ended 30 June 2020. Details of significant items can be found in note 2 of the financial statements

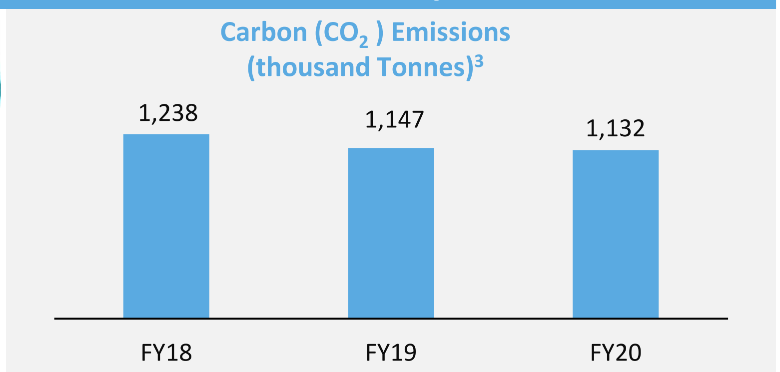
FY20 - Balanced scorecard metrics: safety and sustainability

Safety





Sustainability



Safety

- Group-wide ‘Protect’ programme reset well underway, Protect now one of our core values
- Our aim is to have *zero injuries every day*
- Significant improvement in serious injuries from 20 in FY19 to 8 in FY20
- FY20 focus on critical risks but continue to target TRIFR under 5.0

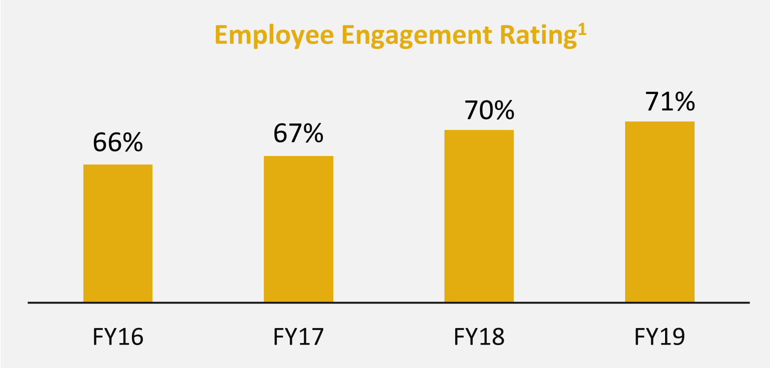
Sustainability

- Committed to reduce carbon emissions by 30% by 2030, first building and construction company in Australasia to set a Science-based Target for carbon reduction
- Aligns with aims to limit global warming to below 2°C
- Carbon emissions remained c8% below FY18 levels, through market activity and permanent reductions from our focus on carbon emissions and operating efficiencies
- Favourable outcomes on footprint rationalisation - cost out and sustainability

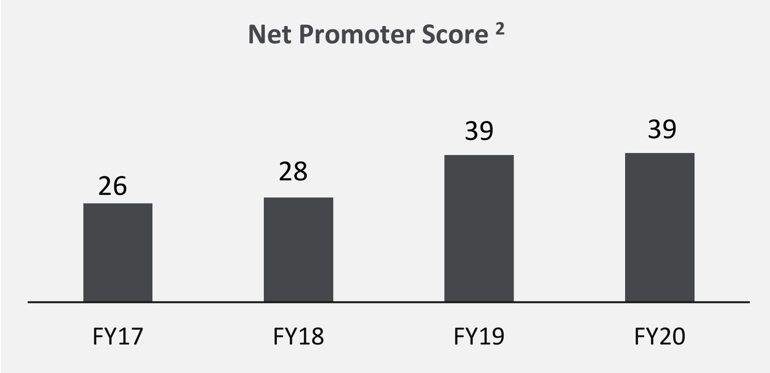
[1] *TRIFR = Total no. of recorded injuries per million man hours worked. Does not include Restricted Work Injuries.*
[2] *Serious Injury include immediate treatment as an in-patient at hospital for more than 24 hours or immediate treatment for a serious injury or illness as defined by Safe Work Australia.*
[3] *Carbon data excludes emissions from the International division which was divested in FY19.*

FY20 - Balanced scorecard metrics: engagement and customer

Engagement



Customer



Engagement

- Significant engagement through COVID-19 Support Hub App
- Group values refreshed: Protect, Be Bold, Customer Leading, Better Together
- Continue to drive employee engagement >80% (top quartile)

Customer

- NPS result improvements continue to be underpinned by high product quality and reliability, and professional customer service
- Rollout and embed customer service promises across all businesses
- Drive to a best in class net promoter score of >55

[1] Next employee engagement survey planned for FY21
[2] Net Promoter Score calculated as % Promoters (9 - 10) minus % Detractors (0 - 6). Prior years have been restated to reflect inclusion of all Business Units in NPS programme.

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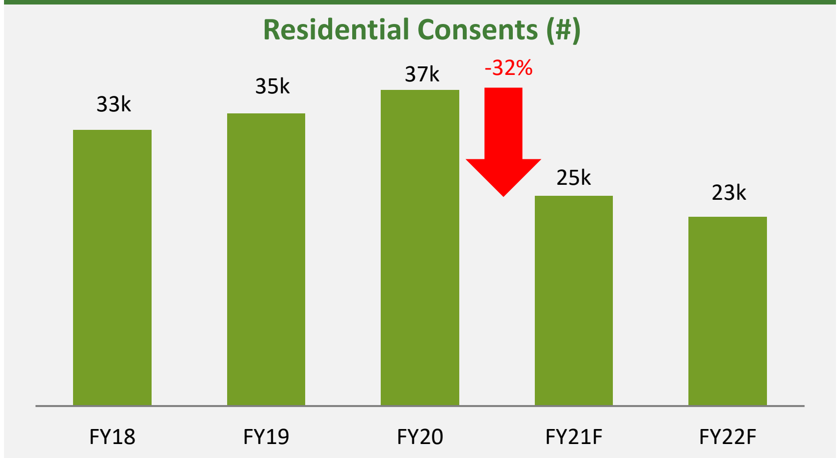
FY21 - Positioned for reduced activity
Focus on preserving profitability and balance sheet position

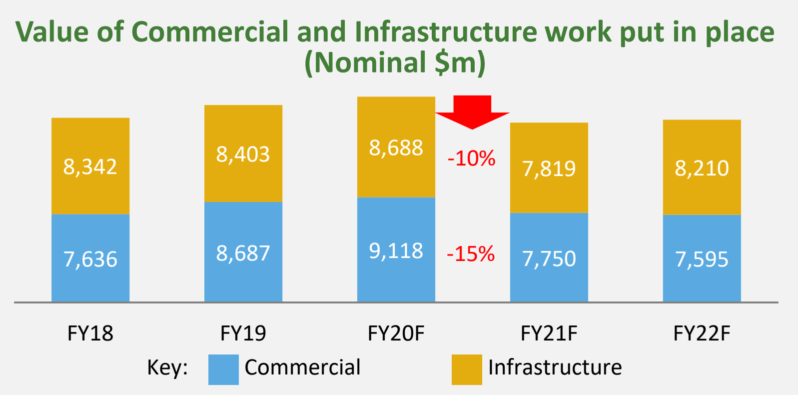
Market	• Business reset for market downturn of c25% in NZ and c20% in Australia • Expect stronger first half compared to second half as economies slow, unemployment rises • Remains very uncertain – we will monitor closely and continue to adjust as necessary
Preserve profitability, cost base reset	• Suite of cost-out actions already implemented to preserve profitability • Benefit of a c$300m cost reduction in FY21, though offset by market decline • Further work on cost out (property and supply chain) planned for FY21
Capex	• Targeted capital investment over last 5 years allows us to sensibly restrict base capex to c$150m in FY21, plus $50m for next phase of WWB plant • Preserving investment in key strategic projects, esp. sustainable manufacturing and digital platforms
Cash flow and liquidity	• Ongoing focus on cash flows and working capital, good disciplines established over past 3 years • Liquidity of $1.3b post-repayment of USPP 2012 notes • Funding costs reduced by $20m to c$60m in FY21
Market positions	• Relentless focus on customer • Target to increase market share through downturn • Stay very attuned to opportunities in our existing segments and logical adjacencies

Market outlook

Positioning NZ businesses for overall market downturn of c25%

NZ Historical and Forecast





Overall

- Outlook is uncertain, influenced by unemployment, govt. spending, inward migration and COVID-19 clusters

Residential

- 46% of NZ revenue, key driver of NZ profitability
- FBU base case is for residential consents to decline c30% in FY21 and a further 10% in FY22
- Returning residents, low interest rates, government stimulus remain supportive

Commercial / Non-residential

- 30% of NZ revenue
- FBU base case is for commercial work put in place to decline c15% in FY21, then stabilise in FY22, weighted to downside

Infrastructure

- 24% of NZ revenue
- FBU base case is for infrastructure work put in place to decline c10%, then to grow steadily, solid outlook

Source: Infometrics, FB Management Estimates. These are our base case estimates for FY21, though we acknowledge that there is a lot of uncertainty over the outlook and that actual activity levels may be materially different.

Building Products
Focus on margins, product innovation and sustainable manufacturing

Finishing Products (WWB, TINZ, Laminex)

- Ongoing focus on pricing disciplines and holding margins
- c$400m new WWB Tauranga, commence 6 months later
- Driving growth through new products e.g. GIB products, TINZ building wraps, expanded product range in Laminex
- Continue to launch new products and deliver superior customer service
- Digital initiatives to improve efficiency and customer experience through WWB customer app and new Laminex website


GIB Weatherline

Steel

- COVID-19 resulted in further footprint and cost rationalisation to drive margin improvements in FY21
- Continue to drive product innovation and customer service e.g. through Dimond mobile roll-to-roof system

Pipes (Humes, Iplex)

- Footprint rationalised, continue to drive improvements in Humes, inventory reduced
- Deliver Iplex revenue and margin growth through expanded product range
- Mobile extrusion plant commissioned and fully operational


CSP lighting poles and barriers

Concrete
Focus on margins, sustainability and operational footprint

Operating efficiency and pricing

- Ongoing momentum in pricing disciplines and market share gains achieved in FY20
- Firth new ready-mix concrete plant in Mt Maunganui driving efficiencies
- Acquisitions delivering - Tamahere quarry acquired in Mar’19 delivering strong EBIT return
- Quarry and ready-mix networks right-sized
- Masonry further manufacturing footprint rationalisation

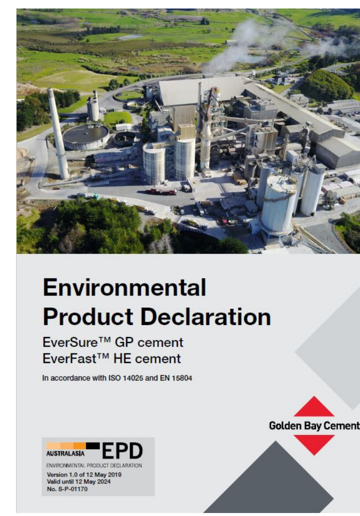

Firth new ready-mix concrete plant in Mt Maunganui

Ecommerce, digitisation and automation

- Firth digital connectivity to improve customer experience in FY21
- Upsurge in switch to digital dockets

Sustainability and Product Innovation

- GBC tyre-derived fuel cost and carbon reduction initiative going live in FY21
- GBC innovation on pozzolans continues
- Environmental Product Declarations for Golden Bay cement, an Australasian first in cement
- Masonry new sized paving options



Distribution
Focus on network efficiency and digital offer to customers

Network efficiency

- Ongoing focus on pricing disciplines
- Regional hub structures introduced in Auckland and Christchurch, closed underperforming stores
- Workforce optimisation programme

Ecommerce and digitisation

- Distribution digital transformation providing 24x7 omnichannel experience in PlaceMakers
  - 70% of branch transactions now digitised
  - Trade App launched in April
  - Shop.PlaceMakers launched
  - Accelerating trade portal plans and estimation transformation

Product Innovation and Customer Service

- Transforming transport capability
  - Efficiency improved through own vehicle delivery
  - Service levels enhanced through uber-style "track your truck"
- "Skip the counter" enabling seamless in-branch experience

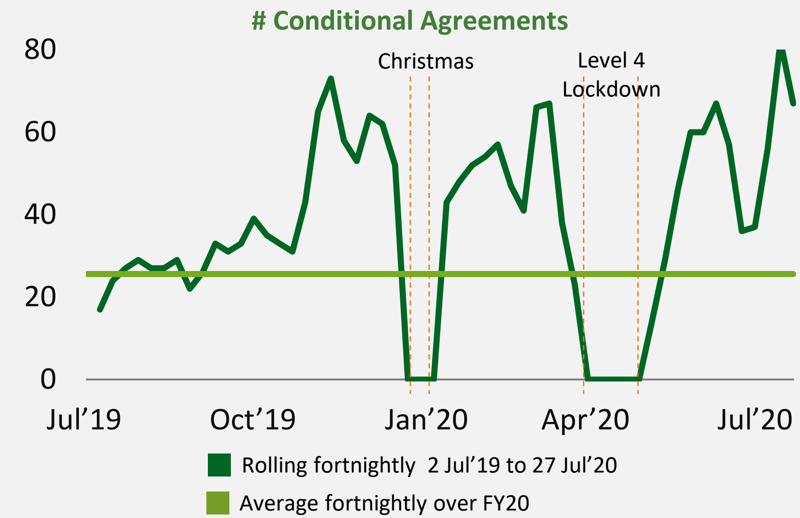
Residential and Development
Strongly positioned to expand, leveraging off-site manufacturing

Residential and Development

- #2 house builder in New Zealand
- New home sales mainly priced $600-900k
- Strong operating disciplines and customer focus
- c4,000 future lots under control, >4 years' supply
- Clever Core new manufacturing plant, global innovation into NZ to evolve the way we build houses, 40 produced in FY20 since Oct-19 opening, FY21 external sales planned
- Intend to scale apartment business


Fletcher Living Waiata Shores

Fortnightly House Sales, strong sales post lockdown



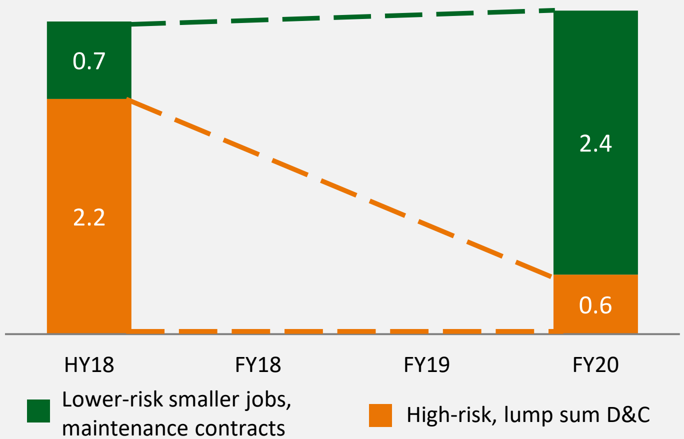
FY21

- Targeting c700-800 unit sales for FY21
- Land Development $25m p.a. run-rate but will be higher in FY21 due to delayed FY20 settlements

Construction
Strengthened future order book

Significant progress made on two fronts since HY18

Work to Complete ($b)



1. Completed significant number of legacy jobs, risk reduced
2. New work won with materially better margin outlook and significantly lower and more appropriate risk profile

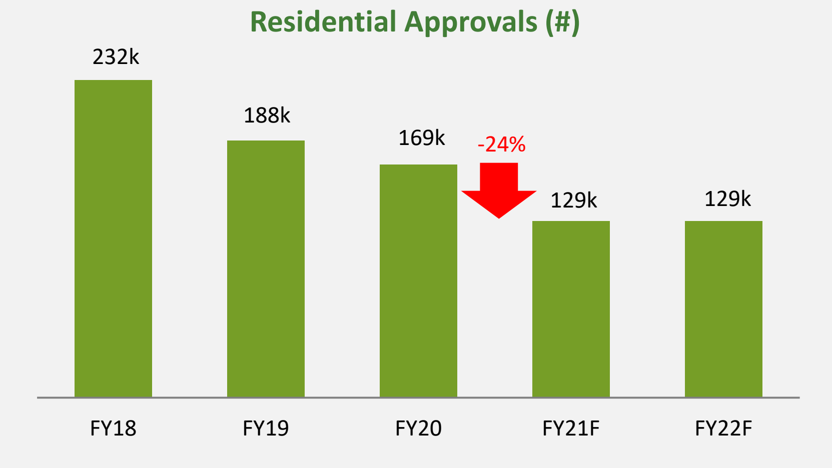
Strong future pipeline

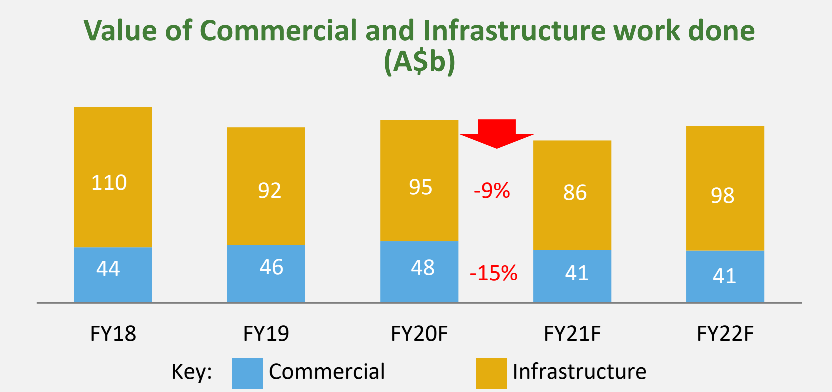
- Winning the right work with the right customers eg Watercare, AIA runway, strong pipeline of pavement and maintenance
- Securing new work in line with targeted balanced portfolio and better risk profile:
  - > 1/3rd Lump Sum / D&C
  - > 1/3rd Alliance / Measure & Value
  - > 1/3rd Maintenance
- $2.4b of non-legacy work provides base for future years:
  - > c $850m for delivery in FY21
  - > c $500m for delivery in FY22
  - > c $1.1b for delivery in FY23+
- Expect non-legacy work to deliver 3-5% EBIT margins

Note: The part of the NZICC rebuild funded by insurance is included in $2.4b FY20 order book

Market outlook
Positioning Australia businesses for market downturn of c20%

AU Historical and Forecast





Overall
- Outlook is uncertain, influenced by unemployment, govt. spending, inward migration and COVID-19 clusters

Residential
- 57% of AU revenue, key driver of AU profitability
- FBU base case is for residential approvals to decline c25% in FY21, then stabilise in FY22
- Low interest rates, government stimulus remain supportive, WFH driving renovation activity

Commercial / Non-residential
- 29% of AU revenue
- FBU base case is for commercial work put in place to decline c15% in FY21, weighted to downside, then stabilise in FY22

Infrastructure
- 14% of AU revenue
- FBU base case is for infrastructure work put in place to decline c10% but most resilient sector, then to grow steadily

Source: Bis Oxford, FB Management Estimates. These are our base case estimates for FY21, though we acknowledge that there is a lot of uncertainty over the outlook and that actual activity levels may be materially different.

Australia
Laminex, Fletcher Insulation turnaround momentum; margin focus

Laminex and Fletcher Insulation	• Continue momentum in Laminex through customer traction on refreshed product range, Compact decorative surface launched • Well-positioned for online trading amid pandemic with Laminex digital delivering online volume growth, >$100m sales transacted through ecommerce in <12 months • Fletcher Insulation improving earnings through targeted segmental performance and operating efficiencies • Insulation single site manufacturing and focus on lowest cost to manufacture delivering efficiencies • Automation and capability improvements in manufacturing businesses
Tradelink	• Key growth initiatives including continued SME growth, civil expansion momentum • SME focus has driven 3% share growth over past 3 years in network plumber / builder segments • Footprint optimised, store/showroom upgrades continue • Oliveri bathroom product range expanded • Investing in backbone and customer-facing systems
Stramit	• Product ranges extended - Infiniti and SharpLine • Good momentum in sheds • New website driving customer visits
Pipes	• Iplex project delivery and manufacturing efficiency remains market-leading • Rocla Emu Plains and Gailes site closures • Rocla divestment recommenced, expect this to be completed through FY21

Tradelink virtual renovation consultation

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Income statement
Profit impacted by COVID-19, provisions and restructuring costs

Reported results NZ$m	Jun 2019 12 months	Jun 2020 12 months	Change $m
Revenue	8,308	7,309	(999)
EBITDA	723	530	(193)
EBIT before significant items from continuing operations	**549**	**160**	**(389)**
Significant items	(94)	(276)	(182)
EBIT from continuing operations	**455**	**(116)**	**(571)**
Lease interest expense	-	(69)	(69)
Funding costs	(116)	(80)	36
Tax (expense)/benefit	(80)	81	161
Non-controlling interests	(13)	(12)	1
Net earnings from discontinued operations net of tax	(82)	-	82
Net earnings/(loss)	**164**	**(196)**	**(360)**
Basic earnings per share (EPS – cents)	19.2	(23.5)	(42.7)cps
Dividends declared per share (EPS – cents)	23.0	-	(23.0)cps

Significant items
Major restructuring programme to respond to market slowdown

FY20-21 restructuring programme

Significant items NZ$m	FY20	FY21F	Total
Right-sizing cost base	187	90	277
Rocla	59		59
USPP Make Whole	30		30
Total	**276**	**90**	**366**

Cash flow timing NZ$m	FY20	FY21F	Total
Right-sizing cost base	59	101	160
Rocla	4	12	16
USPP Make Whole	-	30	30
Total	**63**	**143**	**206**

Key Focus Areas

- Right-sizing cost base:
  - 1,500 redundancies
  - Operational footprint and office space rationalised
- Rocla restructuring and impairment of assets on closed sites
- USPP Make Whole: cost of early USPP 2012 exit
- Cash costs mainly consist of redundancies, site exits (onerous leases, make good), USPP Make Whole payment

Benefits

- Gross cost-out benefit in FY21 c$300m, split evenly between COGS and SG&A
- Rapid payback on c$160m cash costs
- Cost-out benefits offset by expected market decline
- Closed Rocla sites to be developed and sold in FY21-22
- USPP 2012 exit reduces interest by c$17m p.a.

Cash flow

Strong cash flows delivered despite challenging trading conditions

NZ$m	Jun 2019 12 months	Jun 2020 12 months	Change $m
EBIT from continuing operations before significant items	**549**	**160**	(389)
Depreciation and amortisation	174	370	196
Lease principal and interest payments	-	(240)	(240)
Provisions and other	(42)	182	224
Trading cash flow before working capital movements	**681**	**472**	(209)
Working capital movements	**(96)**	**93**	189
Trading cash flow from continuing ops excl. legacy Construction and significant items	**585**	**565**	(20)
Discontinued operations	14	-	(14)
Legacy Construction cash flow	(270)	(186)	84
Significant items	(20)	(63)	(43)
Trading cash flow	**309**	**316**	**7**
Add: Lease principal payments	-	171	171
Less: cash tax paid	(28)	-	28
Less: funding costs paid	(128)	(77)	51
Cash flows from operating activities	**153**	**410**	**257**
Free Cash Flow from continuing operations excluding legacy Construction	**269**	**269**	**-**

Note: Legacy Construction cash flow includes Building and Infrastructure projects
Free Cash Flow = Trading cash flow less capex less cash tax, excluding M+A activities

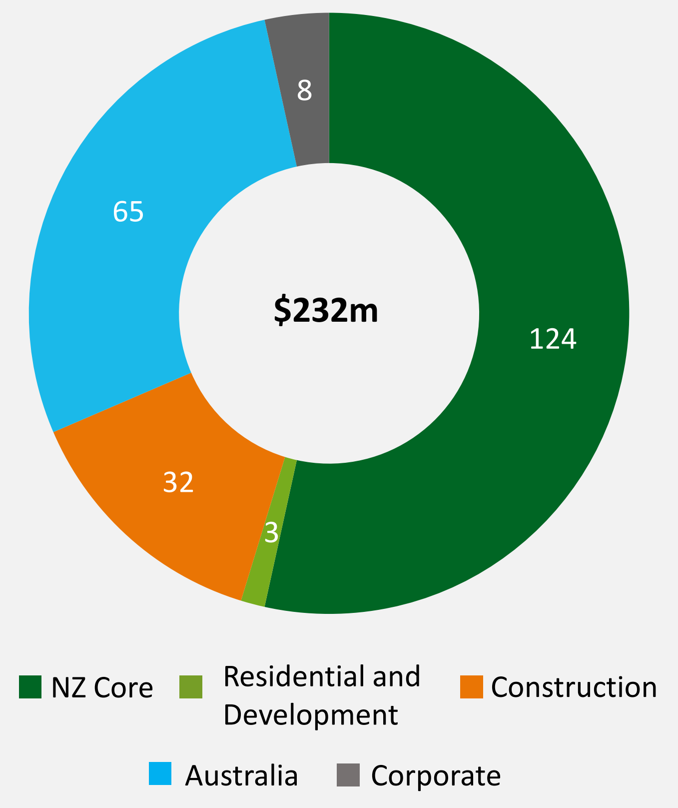
Working capital
Cash flow supported by close management of working capital

Cash Flow Working Capital Movements (NZ$m)			
Cash flow working capital movements continuing ops excl. legacy Construction and significant items NZ$m	**Jun 2019 12 months**	**Jun 2020 12 months**	**Change $m**
Residential and Development	(27)	50	77
Construction excluding legacy	(6)	16	22
Debtors	28	95	67
Inventories	(54)	(1)	53
Creditors	(37)	(67)	(30)
Cash flow working capital movements	**(96)**	**93**	189

Key Working Capital Metrics - Materials and Distribution Total Cycle (days)			
Key working capital metrics (days)	**As at Jun 2019**	**As at Jun 2020**	**Change (days)**
Debtor Days	40.7	39.0	1.7
Inventory Days	74.2	75.1	(0.9)
Payables Days	47.9	46.9	(1.0)
Materials and Distribution total cycle	**67.0**	**67.2**	**(0.2)**

Capex
Reduced spend but ongoing focus on key areas of strategy

Capex by Markets (NZ$m)



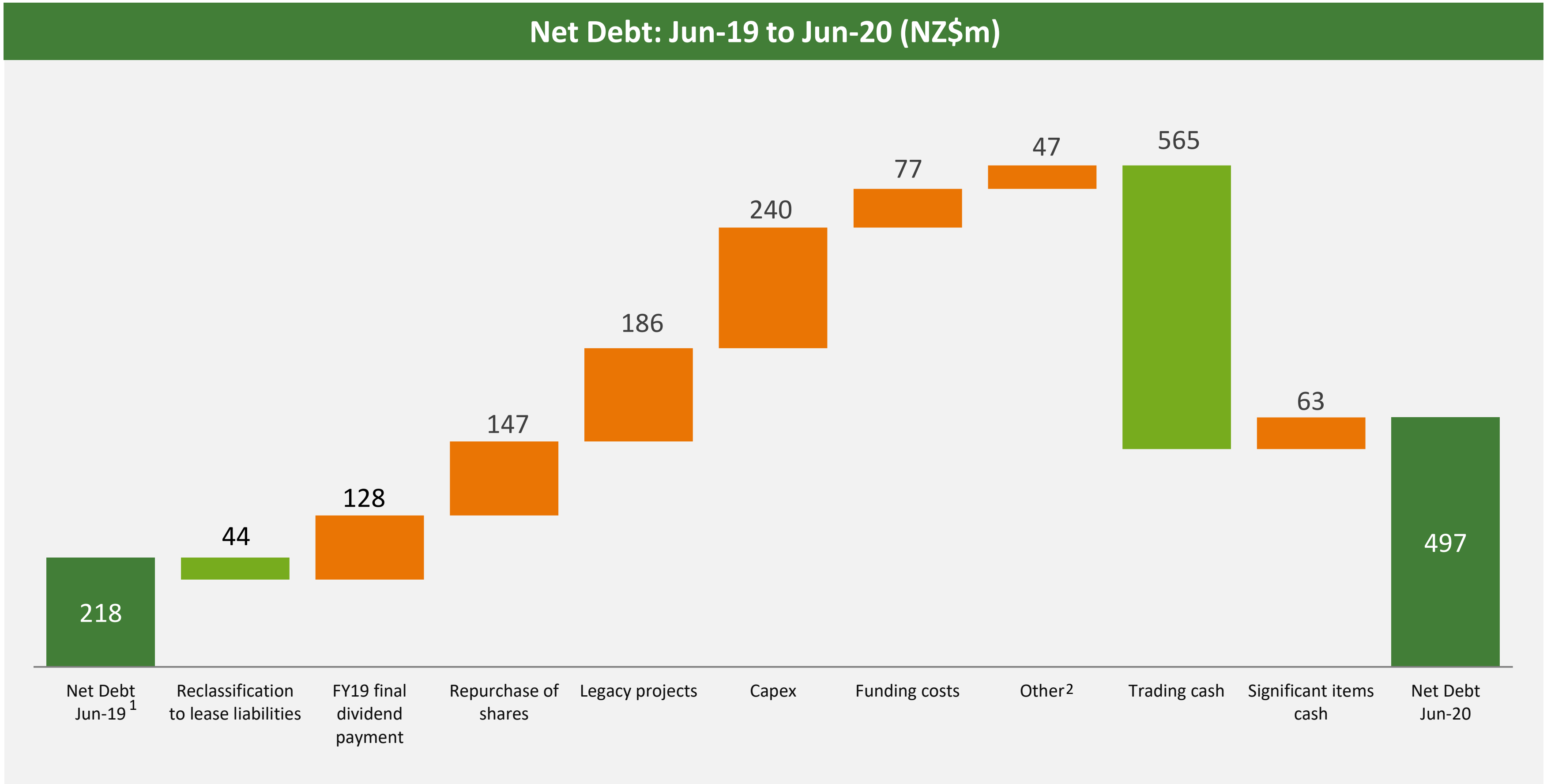
FY20 Capex

- FY20 capex spend reduced by $70m as a cash preservation measure through COVID-19
- Capex programme focused on enabling investments for strategy, especially digital, manufacturing efficiency and operating capacity, product & service innovation, sustainability, eg:
  - PlaceMakers digital programme
  - Firth ready-mix trucks and plant replacement
  - Quarry and Cement heavy mobile-equipment
  - WWB land secured in Tauranga

FY21 Capex

- FY21 capex c$175-200m, includes $50m for next phase of WWB plant
- Prudent reduction is mainly in maintenance capex, leveraging solid investments in prior years
- Preserving investment in key strategic projects, esp. sustainable manufacturing and digital

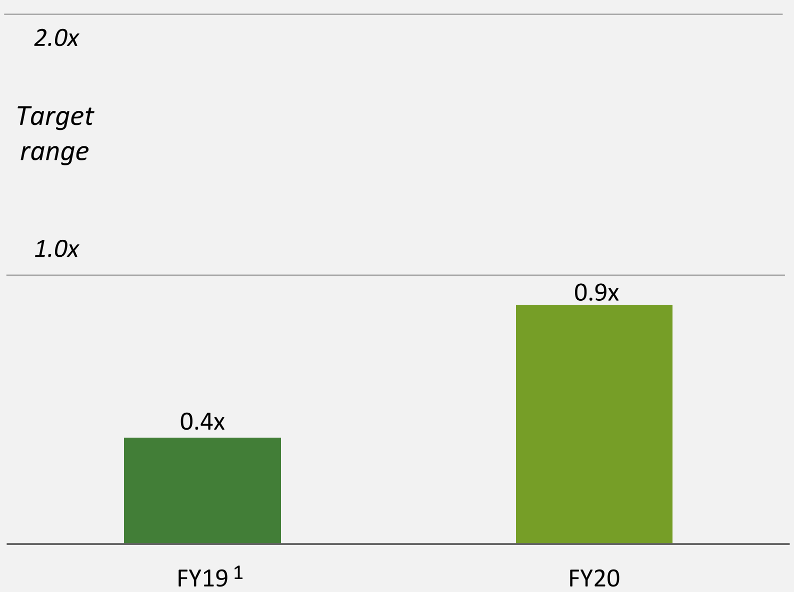
Net debt
Strong trading cash flows supporting net debt position



[1] Opening debt restated from $325m to now include debt hedging activities
[2] Other includes Minority distribution of $9m and Hedging/FX on debt of $15m, make whole adjustment of $30m, partly offset by divestments/asset disposals of $6m

Leverage
Leverage of 0.9x is below bottom end of target range

Leverage (Net Debt / EBITDA)[1]

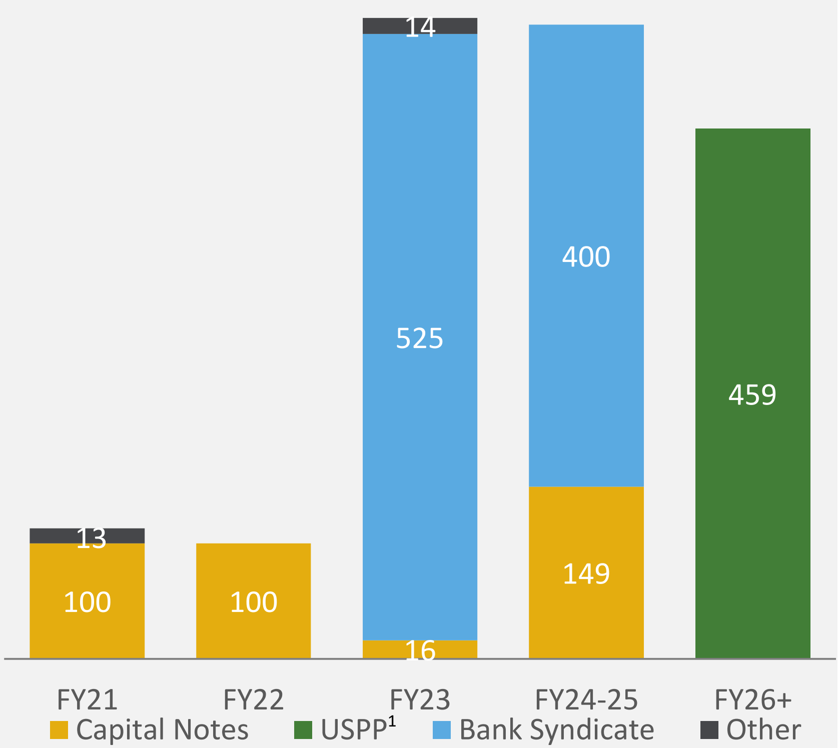


- Good cash flow performance means leverage ratio (Net Debt / EBITDA) remains below target range of 1.0x-2.0x
- Includes impact of construction provisions, which increased Jun-20 leverage by 0.2x
- Expect to remain at lower end of leverage range, continued preference for conservative balance sheet metrics

1. Due to material impact of FX movements on balance sheet value of debt in recent months, the Group will use hedged value of debt in its leverage calculation – i.e. Net Debt includes impact of CCIRS derivatives. FY19 has not been restated as historic impact of debt hedging on leverage ratio has been relatively limited (c0.1x).

Funding
Strong maturity profile $1.3b liquidity after USPP payment

Debt Maturity Profile at Jun-20 (NZ$m)



- Chart does not include $350m USPP debt repaid post balance date

NZ$m	Facilities 30 Jun 20	Drawings 30 Jun 20
Syndicate	925	400
USPP	809	809
Capital Notes	365	365
Other	27	27
Total	**2,126**	**1,601**

- Undrawn credit lines of $525m and cash of $1.1b as at 30 June 2020
- $350m USPP debt repaid in Jul-20 (interest $17m lower p.a.)
- Syndicated banking facility renegotiated in 1H20, establishing new 3 and 5-year tenor
- Lender amendments enable more favourable terms for covenant testing to the end of calendar 2021 if required

[1] *Includes CCIRS component and excludes fair value hedge component*

Summary
Strong balance sheet and cash flows, focused on margin

Balance Sheet

- $1.3b liquidity
- 0.9x leverage ratio
- Gross debt reduced by $1.0b[1] since Jun-18 (incl. USPP 2012 exit)
- Exit of high-cost USPP debt and other debt reduces interest costs c$20m
- Strong tenor in funding lines
- Covenant waivers provide certainty through to Dec-21

Cash Flow

- Operating cash flows strong, despite COVID-19 impact on earnings
- Focus on working capital delivering ongoing cash release
- Working capital cycle reduced from 71.3 days to 67.0 days since Jun-17
- Capex rapidly and sensibly reduced while maintaining key investments

Margin

- At HY20, Concrete and core Building Products delivering year-on-year margin expansion
- Moved decisively to reset costs in anticipation of reduced market activity, well organised and continue to remain vigilant to market movements
- FY21 focus on margin through:
  - > Locking in benefits of cost reset
  - > Pricing discipline
  - > Cost to serve / segment profitability
  - > Additional property and supply chain savings

[1] Excludes $400 million syndicate drawn in March 20 recognised in cash balances to support liquidity

Agenda

FY21 and beyond - strategy and focus remain unchanged
Remain well positioned to execute strategy

1. Strengthen and grow the NZ core

- Continued focus on operational excellence and driving profitability
- Complete the fix of underperforming businesses
- Market share growth through customer service performance, product innovation and adding logical adjacencies

2. Profitable growth in Residential and Development

- Continued performance across residential business
- Progressively build apartment capability and volumes
- Grow Clever Core adding external customers and a broader product range
- Pipeline of industrial land development supporting a minimum of c$25m p.a. ongoing profits

3. Stabilise Construction

- Complete the historical Construction order book
- Continue to build out the “go forward” lower risk/higher margin order book across all Construction business units
- Continue to upskill the business and improve overall operating disciplines and consistency

4. Turnaround and grow Australia

- Portfolio rationalisation and associated business sales
- Strong focus on driving top line growth, operational performance and margin improvements
- Market share growth through customer service performance, product innovation and adding logical adjacencies

FY21 outlook

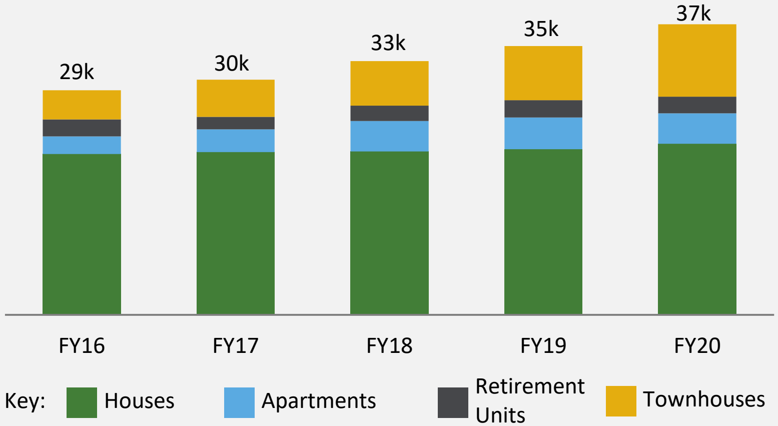
- Business reset for market downturn of c25% in NZ and c20% in Australia
- Expect stronger first half compared to second half as economies slow, unemployment rises
- However, the year remains very uncertain
- Sharpened focus and ready to act, vigilant to macro factors, market activity and how forecasts evolve
- We have a strong balance sheet and a resilient business reset to withstand market pressures
- We remain well-positioned to implement our strategy

Appendix

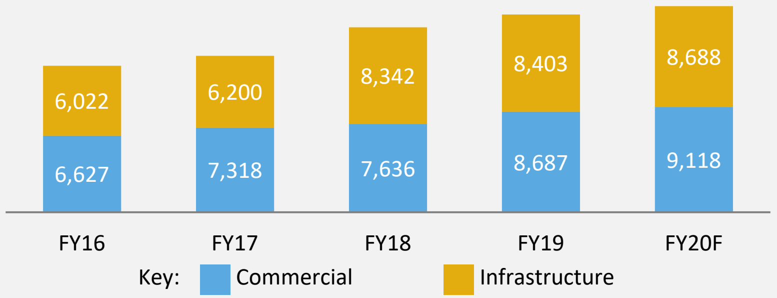
Industry context New Zealand and Australia

NZ Historical

Residential Consents (#)

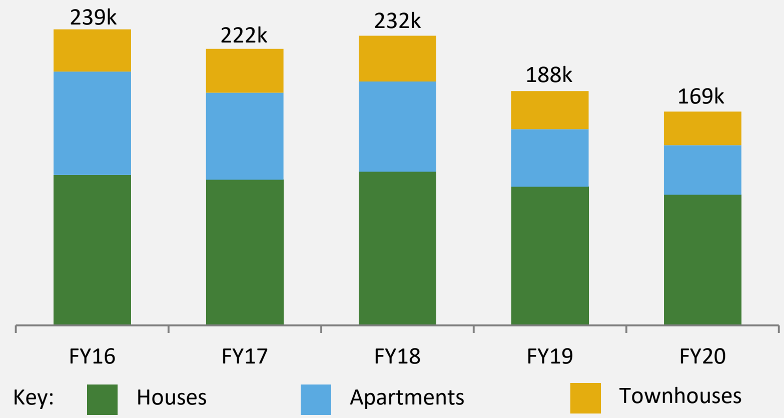


Value of Commercial and Infrastructure work put in place (Nominal $m)

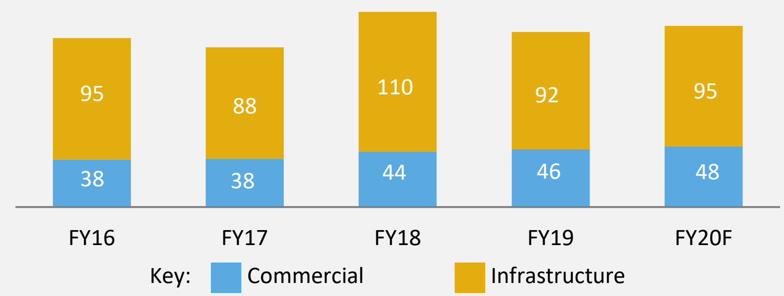


AU Historical

Residential Approvals (#)

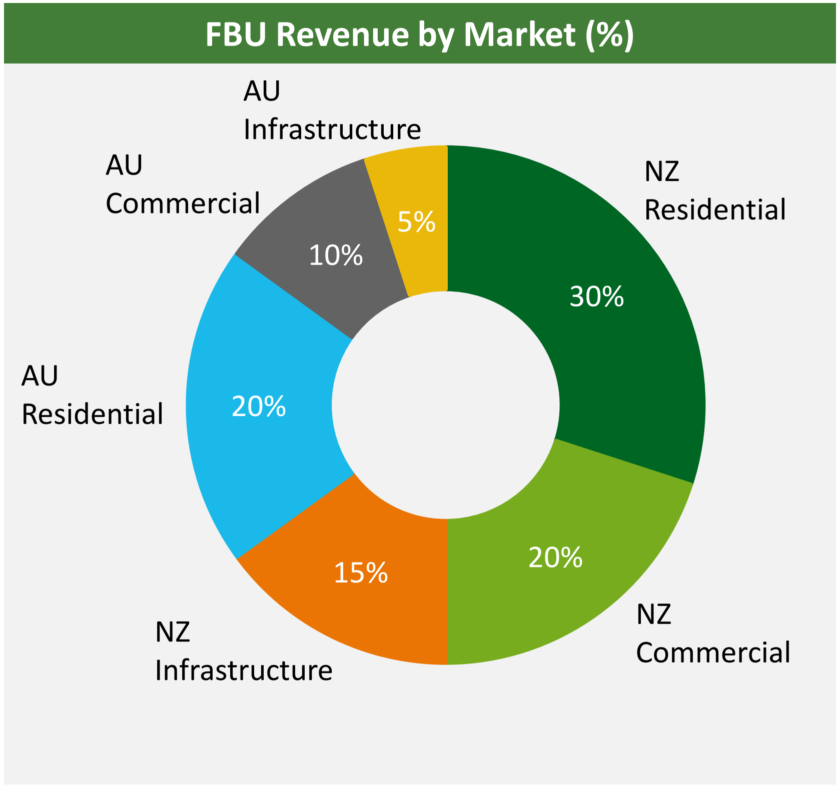


Value of Commercial and Infrastructure work done (A$b)



Source: Statistics NZ, Infometrics, Bis Oxford

Group revenue by market



Building Products
Results overview

NZ$m	Jun 2019 12 months Reported	Jun 2019 12 months pro forma[1]	Jun 2020 12 months
Gross Revenue	1,314	**1,314**	**1,173**
EBITDA[2]	177	**214**	**140**
EBIT[2]	160	**167**	**87**
Trading Cash Flow[2]	157	**157**	**125**
ROFE[3] %	22%	**24%**	**13%**
Capex	55	**55**	**53**
Cash Conversion[4]	64%	**61%**	**83%**
Building Products (ex Steel) EBIT[2]	127	**132**	**101**
Steel EBIT[2]	33	**35**	**(14)**
Domestic board volumes (m^2)			**-4%**
Domestic laminate sales (m^2)			**-10%**
Pipe volumes (t)			**-11%**
Steel volumes (t)			**-15%**

Divisional Exposure

- Strong volumes and operating performance in plasterboard, insulation and laminates outside of the NZ lockdown period
- Pipes volumes and performance impacted by subdued infrastructure activity, aggressive competition and wet first quarter
- Steel challenging trading conditions exacerbated by NZ lockdown period and declining global steel prices impacting inventory valuations
- Divisional cash flow lower but cash conversion was 83%, up from 61% in FY19
- Capex spend includes $22m on new WWB plant at Tauranga

[1] Jun 2019 12 months pro forma is Jun 2019 12 months reported adjusted for IFRS 16
[2] Before significant items
[3] EBIT/Closing Funds
[4] Cash conversion = FCF/EBIT

Distribution
Results overview

NZ$m	Jun 2019 12 months Reported	Jun 2019 12 months pro forma[1]	Jun 2020 12 months
Gross Revenue	1,596	**1,596**	**1,471**
EBITDA[2]	114	**161**	**132**
EBIT[2]	104	**115**	**85**
Trading Cash Flow[2]	98	**98**	**117**
ROFE[3] %	35%	**46%**	**41%**
Capex	23	**23**	**21**
Cash Conversion[4]	72%	**65%**	**113%**
PlaceMakers revenue			**-7%**
Mico revenue			**-8%**

Divisional Exposure: Resi, 79% | Com, 21%

- Revenue growth before and after NZ lockdown, some key stores open during lockdown but minimal activity
- Good growth in most geographical segments prior to lockdown, Auckland and Christchurch lower post lockdown
- PlaceMakers Antigua Street and Helensville sites closed
- Cash flow higher on reduced working capital, with tight inventory and debtor management
- Continued focus on digital transformation programme and property upgrades

[1] Jun 2019 12 months pro forma is Jun 2019 12 months reported adjusted for IFRS 16
[2] Before significant items
[3] EBIT/Closing Funds
[4] Cash conversion = FCF/EBIT

Concrete
Results overview

NZ$m	Jun 2019 12 months Reported	Jun 2019 12 months pro forma[1]	Jun 2020 12 months
Gross Revenue	802	**802**	**740**
EBITDA[2]	134	**164**	**148**
EBIT[2]	84	**89**	**74**
Trading Cash Flow[2]	136	**136**	**100**
ROFE[3] %	13%	**14%**	**12%**
Capex	65	**65**	**50**
Cash Conversion[4]	85%	**80%**	**68%**
Aggregates sales volumes			**-13%**
Domestic cement volumes			**-5%**
Ready-mix volumes			**-9%**

Divisional Exposure

- Revenue growth across all business units outside of NZ lockdown period with strong resurgence in volumes post lockdown
- Price gains in aggregates and ready-mix
- Higher market share in Firth
- New customers in GBC, following reduced number of competitors
- Capex investments in further quarry resource development, additional heavy mobile equipment for both quarries and cement operations, ready-mix trucks and plant replacement in Firth

[1] Jun 2019 12 months pro forma is Jun 2019 12 months reported adjusted for IFRS 16
[2] Before significant items
[3] EBIT/Closing Funds
[4] Cash conversion = FCF/EBIT

Residential and Development
Results overview

NZ$m	Jun 2019 12 months Reported	Jun 2019 12 months pro forma[1]	Jun 2020 12 months
Gross Revenue	639	**639**	**466**
EBITDA[2]	137	**139**	**68**
EBIT[2]	137	**137**	**65**
Trading Cash Flow[2]	95	**95**	**118**
ROFE[3] %	21%	**21%**	**11%**
Capex	7	**7**	**3**
Cash Conversion[4]	64%	**64%**	**177%**
Residential EBIT[2]	84	**84**	**63**
Land Development EBIT[2]	56	**56**	**6**
Clever Core EBIT[2]	(3)	**(3)**	**(4)**

- Market demand strong Oct-Mar and post NZ lockdown, continued strength in key $600k-$900k pricing category
- Residential EBIT lower due to timing of settlements and lockdown taking place during key selling period (post-COVID-19 sales flowing through into FY21)
- 666 (627 dwellings and 39 sections) units sold vs 755 (735 dwellings and 20 sections) in FY19
- Land development EBIT includes first of two sale transactions of a Penrith site, second site sale delayed until FY21
- Cash flow supported by receipts from FY19 Land Development transaction and delays in land purchases
- >4 years' supply of lots under control, of which c67% are on balance sheet

[1] Jun 2019 12 months pro forma is Jun 2019 12 months reported adjusted for IFRS 16
[2] Before significant items
[3] EBIT/Closing Funds
[4] Cash conversion = FCF/EBIT

Construction
Results overview

NZ$m	Jun 2019 12 months Reported	Jun 2019 12 months pro forma[1]	Jun 2020 12 months
Gross Revenue	1,702	**1,702**	**1,318**
EBITDA[2]	68	**89**	**(107)**
Underlying EBIT[2]	47	**51**	**3**
Buildings and Infrastructure Provisions	-	**-**	**(150)**
EBIT[2]	47	**51**	**(147)**
Trading Cash Flow[2]	(210)	**(210)**	**(148)**
ROFE[3] % (ex Buildings)	15%	**17%**	**(50%)**
Capex	31	**31**	**32**
Cash Conversion[4]	NM	**NM**	**NM**
Revenue backlog	1,445	**1,445**	**2,929**

- Paving, earthworks, civil works halted through Level 4 lockdown impacting revenues
- EBIT also impacted by wet first quarter, reducing bitumen and asphalt volumes in Higgins
- Buildings and Infrastructure provisions of $150m mainly from COVID-19 shutdowns and productivity impacting both FY20 and beyond
- Cash flow driven by Buildings projects outflow of $213m as key projects near completion
- Profile of work shifting to more balanced portfolio with $2.4b of revenue backlog that has a better margin outlook and lower and more appropriate risk profile

[1] Jun 2019 12 months pro forma is Jun 2019 12 months reported adjusted for IFRS 16
[2] Before significant items
[3] EBIT/Closing Funds
[4] Cash conversion = FCF/EBIT

Australia
Results overview

NZ$m	Jun 2019 12 months Reported	Jun 2019 12 months pro forma[1]	Jun 2020 12 months
Gross Revenue	3,024	**3,024**	**2,802**
EBITDA[2]	119	**208**	**168**
EBIT[2]	57	**77**	**33**
Trading Cash Flow[2]	57	**57**	**49**
ROFE[3] %	3%	**5%**	**2%**
Capex	91	**91**	**65**
Cash Conversion[4]	NM	**NM**	**NM**
Building Products Aus. EBIT[2]	40	**47**	**26**
Distribution Aus. EBIT[2]	8	**15**	**7**
Steel Aus. EBIT[2]	11	**16**	**5**
Divisional costs	(2)	**(1)**	**(5)**

Divisional Exposure

- Revenue held well relative to market decline, increase in Steel revenue, better trading in May and June
- Building Products: strong turnaround momentum in Laminex (new product range and digital offering) and Insulation with earnings growth achieved despite subdued market activity. This performance was offset by c$15m of losses in Rocla and Iplex as project work did not eventuate, general volumes dropped
- Stramit and Tradelink both had poor 2H20 as larger project volumes dropped significantly
- Trading cash flow supported from improved inventory management and debtor collections but impacted by restructuring costs
- Divisional costs movement mainly due to one-off pension valuation benefit of $2m received in FY19

[1] Jun 2019 12 months pro forma is Jun 2019 12 months reported adjusted for IFRS 16
[2] Before significant items
[3] EBIT/Closing Funds
[4] Cash conversion = FCF/EBIT