

# 2021 Annual Shareholders' Meeting

19 October 2021

Fletcher Building Limited  
Annual Shareholders' Meeting 2021



# Bruce Hassall

## Chair

Fletcher Building Limited  
Annual Shareholders' Meeting 2021



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# Directors

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**Martin Brydon**



**Barbara Chapman**



**Peter Crowley**



**Rob McDonald**



**Doug McKay**



**Cathy Quinn**



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# Meeting agenda

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**Chair's address**

**Chief Executive Officer's address**

**Voting on Resolutions**

**General Q&A**



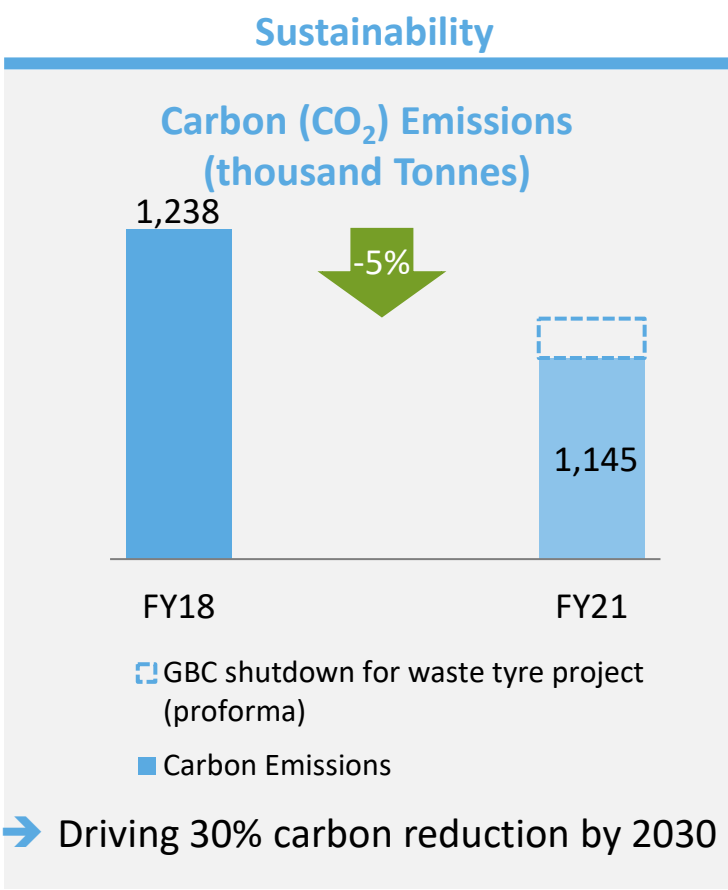
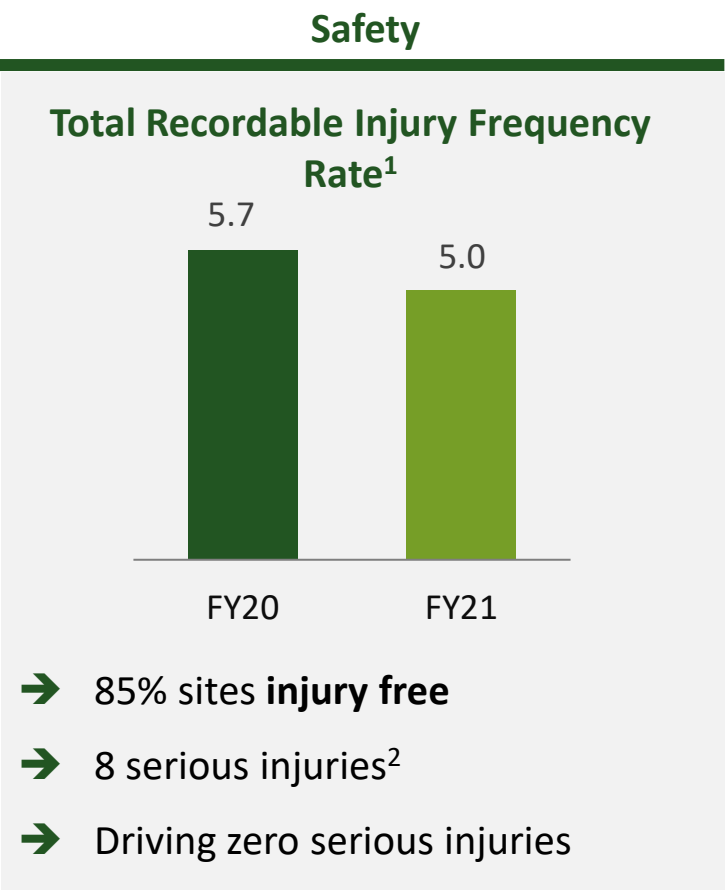


## FY21 results at a glance

<b>Revenue</b> <b>\$8,120<sub>m</sub></b> FY20 \$7,309m	<b>EBIT<sup>1</sup></b> <b>\$669<sub>m</sub></b> FY20 \$160m	<b>Net Earnings/(Loss)</b> <b>\$305<sub>m</sub></b> FY20 (\$196)m	<b>EPS</b> <b>37.0<sub>c</sub></b> FY20 (23.5c)
<b>Cash flows from operating activities</b> <b>\$889<sub>m</sub></b> FY20 \$410m	<b>EBIT<sup>1</sup> margin</b> <b>8.2%</b> FY20: 2.2%	<b>Share buyback</b> <b>\$300<sub>m</sub></b> underway	<b>Dividend</b> <b>30.0cps</b> FY20: nil



# Board focus on safety, sustainability and delivery across value chain



- ### Delivery across value chain
- **Investing** in local manufacturing
  - Developing and enabling performance and **growth culture mindset**
  - Embracing **disruption and innovation** to drive solutions for our customers

1. TRIFR = Total no. of recorded injuries per million 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



# Driving improved outcomes for our people and customers



- Driving **Diversity** with targets in place
- Focus on lifting **employee engagement scores** from 66%
- Improved remuneration structures



- Focus on lifting **customer** service and performance from 41 NPS<sup>1</sup> to  $\geq 55$



GirlBoss New Zealand

1. Net Promoter Score (NPS) measures how satisfied our customers are with our business.



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# Delivering long term value for shareholders

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- Our **People** are effectively & **safely** navigating COVID-19 challenges including observing strict protocols
- Expect **vaccinated workforces** to result in no further requirement for stringent lockdowns



- Delivering **returns to shareholders**, driving strategy and investing for performance & growth





# Ross Taylor

## Chief Executive Officer



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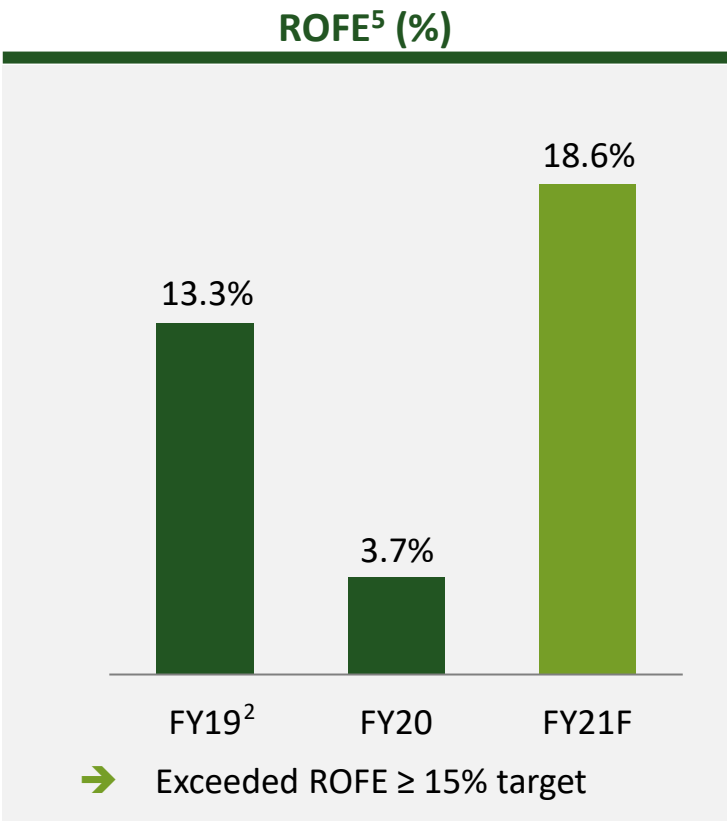
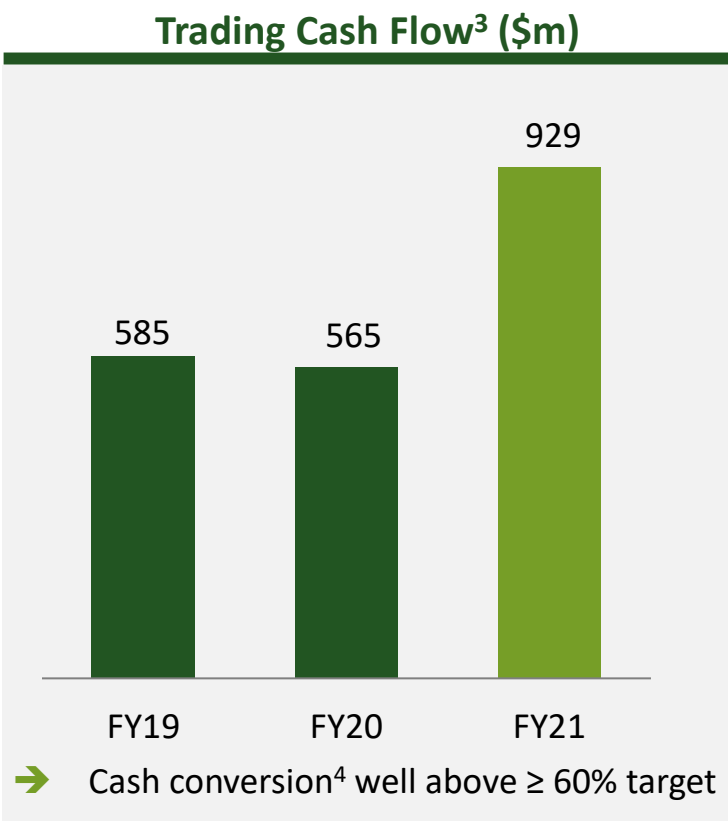
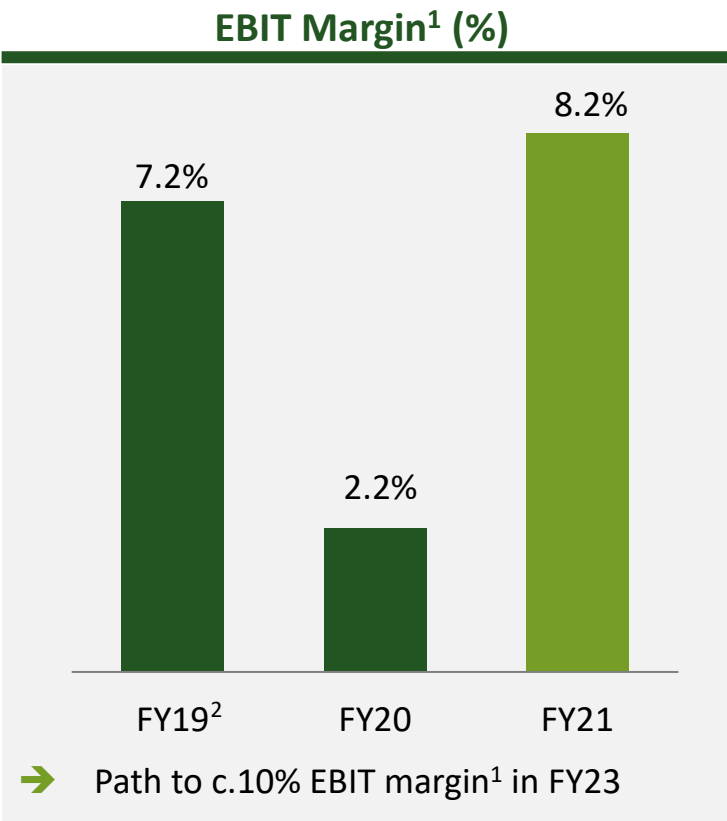
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# FY21 performance delivered, well-positioned for further performance improvements and growth

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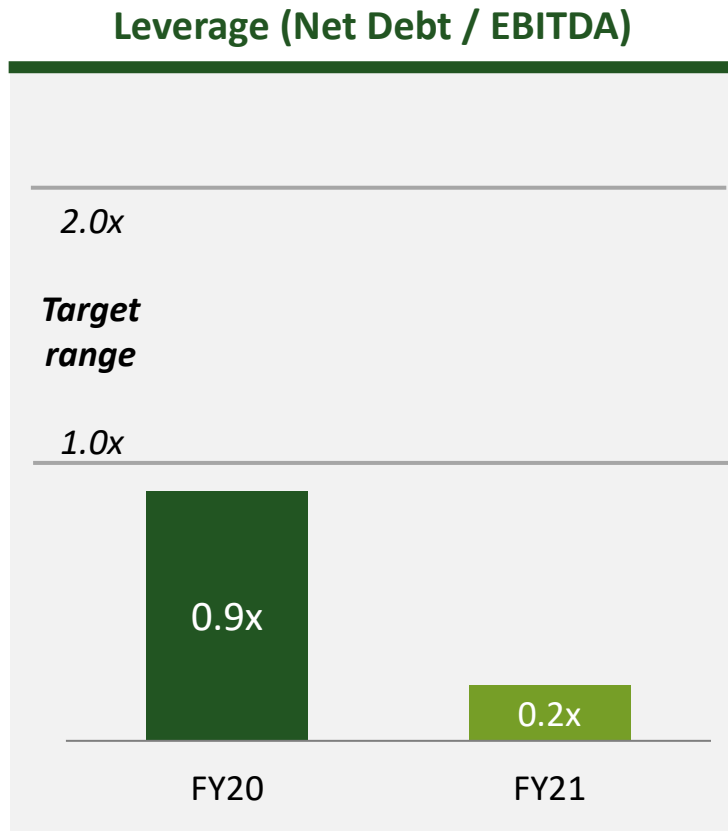
# FY21 - growth in margins, cash flows and returns



1. Before significant items  
2. FY19 is a pro forma number adjusted for discontinued operations and IFRS16 to allow for like-for-like comparison  
3. Excluding legacy and significant items cash flows. FY19 includes discontinued operations which were divested during that year  
4. Free Cash Flow / EBIT  
5. Return on Funds Employed (ROFE) is EBIT excluding significant items to average funds (net debt and equity less deferred tax asset)



# Strong balance sheet, supporting capital returns and investment



- Strong cash-flows resulting in sustained reduction in leverage
- Capital return via on-market share buyback of up to \$300m through to Jun-22
- Non-recurring investment and rebuild of land & housing stocks:
  - WWB Plasterboard Plant
  - Inventory rebuild in products / distribution businesses
  - Rebuild of land & housing stocks
  - Completion of FCC construction projects
- Leverage expected to be at or slightly below 1.0x post these capital returns and investments
- Well positioned with capacity for growth investment



# Strategic goals focused on continuing to drive operational performance and top line growth

Vision

To be the leader in New Zealand and Australian building products and solutions

Strategic  
Goals

Zero injuries every  
day

Market leading  
customer solutions  
and services

Lowest delivered  
cost

Economic  
performance  
of each business in  
industry  
top quartile

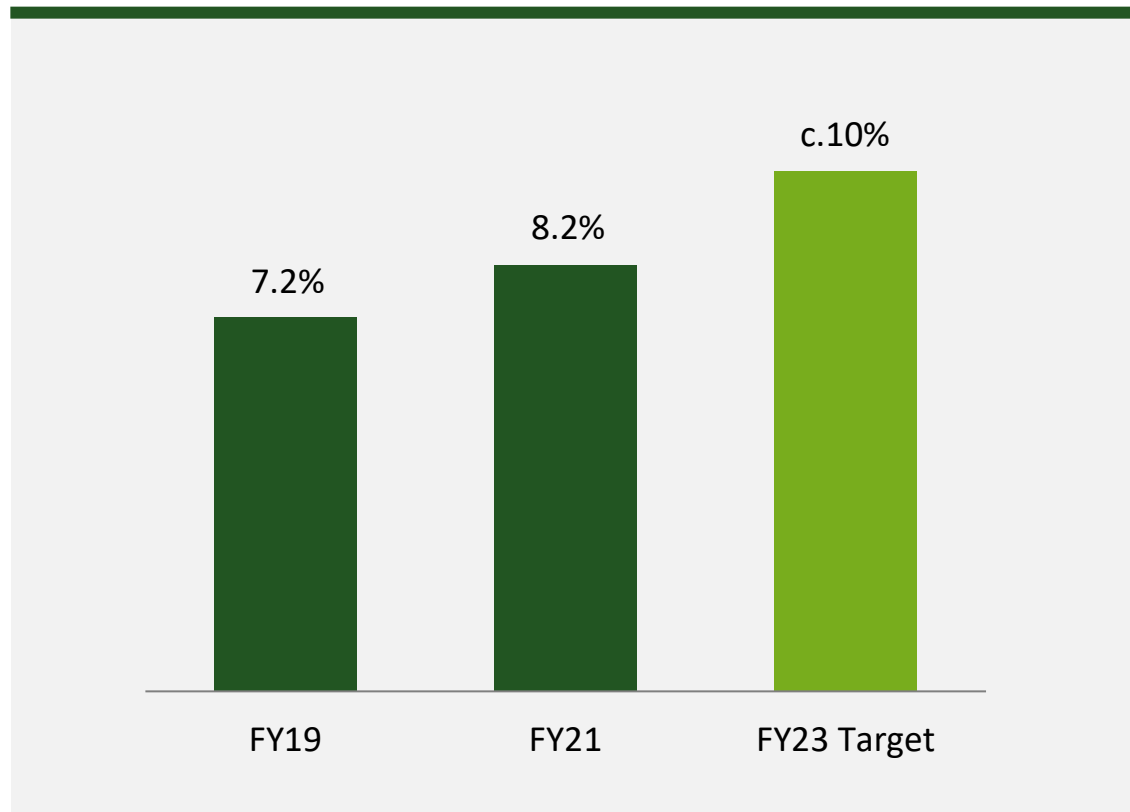
Leadership in  
innovation,  
sustainability, and  
growth via  
disruption





# Clear path to c.10% EBIT margin in FY23

EBIT Margin<sup>1</sup> (%)



Pathway to c.10% EBIT margin in FY23

1. **Australia** margins on track for 5–7%
2. **Construction** margins on track for 3-5%
3. **NZ Core** further margin improvement
4. **Residential** growth at higher margins than balance of Group

1. Before significant items; FY19 is adjusted for proforma IFRS16 to allow like-for-like comparison



# Driving medium-term growth with investments within our base numbers

## Investments within our base numbers

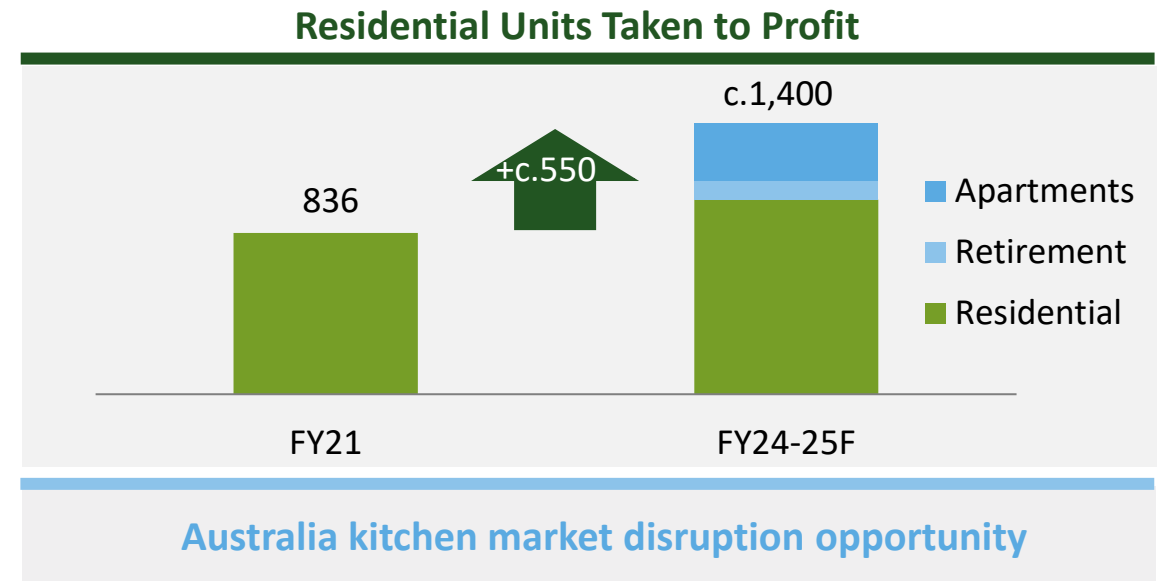
- Focus on **product adjacencies**
- Focus on **eCommerce and customer ecosystems**
- Accelerated implementation of a **fit-for-purpose systems environment**
- **Capex:** c\$50-100m p.a. of our base business capex envelope is pointed towards growth initiatives
- **Opex:** \$30m-40m p.a. included in base business operating overheads to support key initiatives

Digital sales run-rate of c.\$450m



# A strong emerging pipeline of larger growth opportunities

- Residential:
  - **Additional c.550 housing units taken to profit p.a. by FY25**
  - **Scale Clever Core off-site manufacturing:** achieves a strong business in own right & allows optimisation of annual working capital
- Concrete: introduction of **pozzolans** into standard concrete mixes
  - c.30% further reduction in carbon
  - Support further market share gains
  - Allows scale up of concrete volumes without adding capacity to Portland cement plant
- **Haven Kitchens:** start-up looking to disrupt c.AUD\$6.0b<sup>1</sup> p.a. AU kitchen market. Full kitchens available same day, no waiting
- **Strong pipeline of additional opportunities** under investigation



**HAVEN  
KITCHENS**  
BY FORMICA®



1. Internal management estimate of Australia kitchen market. Alterations and additions and smaller new home builders market is estimated at AUD4.7b



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# Strong residential and infrastructure markets, stable commercial

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- ➔ Residential consents continue to be strong driven by a structural undersupply of housing; this and capacity constraints should lead to a solid and elongated profile for actual work done
- ➔ Commercial remains steady
- ➔ Infrastructure - strong long-term outlook supported by government investments



- ➔ Residential – ongoing growth in approvals points to a growth outlook for work done
- ➔ Commercial and key civil sectors remain steady
- ➔ Government committed to infrastructure spend



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# COVID-19 impact on FY22

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- July/August: pre-lockdown volumes tracking above prior year
- August/September: Full lockdown of all NZ businesses for 2 weeks, and Auckland for an additional 3 weeks; GBC Kiln able to keep running throughout
- September /October: post-lockdown volumes showing rapid and strong bounce back in activity, with trading above prior year



- Regional lockdowns impacting in parts with a slightly negative trading impact overall
- Our businesses primarily East Coast focused; easing of restrictions in NSW and then Victoria in line with increasing vaccination levels is expected to drive a strong bounce-back





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# Outlook

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- ➔ While COVID lockdowns have impacted trading in the first quarter of FY22, the activity pipeline remains strong in New Zealand and Australia. This is driving a robust bounce back in market demand as government restrictions ease
- ➔ Operating disciplines in good shape across the Group, input cost inflation and supply chain disruption being managed effectively
- ➔ We have a strong balance sheet, a favourable market outlook, and remain well-positioned to drive ongoing performance and growth
- ➔ We continue to target c.10% EBIT margin in FY23. In FY22, 1H22 margin will be impacted by lockdowns. We are confident that 2H22 margin will show good progress toward c.10% target – assumes no further material impacts from COVID lockdowns
- ➔ Further update on trading and outlook to be provided at 1H22 results announcement in February 2022



# Resolutions and Voting

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Note: xxx  
Source: xxx



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# Resolutions

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## → Ordinary Resolutions

- Resolution 1 – Re-election of Rob McDonald
- Resolution 2 – Re-election of Doug McKay
- Resolution 3 – Re-election of Cathy Quinn
- Resolution 4 – Auditor fees and expenses



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# Important Information

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