

22 October 2025

FLETCHER BUILDING LIMITED
2025 Annual Shareholders' Meeting
Chair and Managing Director & CEO Address

Peter Crowley, Chair

Tena koutou katoa and good morning, everyone. On behalf of the Board, it is my pleasure to welcome you all to Fletcher Building's 2025 annual shareholders' meeting.

Board of Directors

Financial Year 2025 marked the completion of our Board renewal - a process that has brought new perspectives and deep sectoral experience to Fletcher Building.

I was honoured to be appointed Chair in February and I'm pleased to be working alongside a very capable and diverse group of directors.

We welcomed Tony Dragicevich and Andrew Reding onto the Board in August last year, Jacqui Coombes in April and James Miller in June. Each brings valuable expertise in governance, operations, and industry leadership. Sandra Dodds continues to lead our Audit and Risk Committee, while Cathy Quinn, who chairs our Safety Health Environmental & Sustainability Committee and our Disclosure Committee, remains a key contributor to our governance and legal oversight, particularly in relation to the legacy issues that we are working our way through.

This refreshed Board is well-positioned to support the business through its transformation. We are focused on ensuring strong oversight, strategic clarity, and accountability across the Group. With the Board now renewed, we are confident we can support management in executing the turnaround plan and delivering long-term value for shareholders.

Financial Year 2025 Financial Summary

Turning to the numbers.

Revenue for the year was \$7.0 billion, down 9% from Financial Year 2024 and Earnings Before Interest and Tax before significant items was \$384 million - down \$125 million from Financial Year 2024. Our EBIT margin fell to 5.5%, and we reported a net loss of \$419 million. This follows the \$227 million loss reported in Financial Year 2024.

Despite these headwinds, we made substantial progress on strengthening the balance sheet. Net debt reduced from \$1.77 billion to \$999 million. This reduction includes the proceeds of the capital raise undertaken in November 2024 – we take this opportunity to acknowledge the strong support we received from our shareholders for this capital raise. We also generated \$501 million in operating cash flow.

Capital expenditure and investments totalled \$313 million, down from \$420 million in Financial Year 2024, reflecting disciplined capital allocation. Return on invested capital was 4.5%, down from 5.5% in the prior year. We remain focused on improving this metric through cost-out initiatives and portfolio simplification.

Encouraging progress on legacy risks

Through last financial year, we made significant progress resolving legacy issues that have adversely impacted Fletcher Building in recent years.

The New Zealand International Convention Centre is now effectively completed, with acceptance testing and compliance processes underway. We expect to handover this magnificent building to SkyCity shortly. As we have advised to the market, there are claims related to the Convention Centre. We intend to vigorously defend ourselves against SkyCity's legal proceedings and we are confident in our position. Our Court proceedings against the roofing sub-contractors on the convention centre are nearly complete, with judgment expected in the second half of this financial year.

In Western Australia, the remediation of ceiling pipe issues continues to track well. As at the 30th of June, nearly 1,000 ceiling pipe replacements have been completed, 55 homes fully remediated, and over 2,000 leak detector units installed. Importantly, costs remain consistent with our estimates, and no additional provision changes have been required. The impressive Puhoi to Warkworth motorway project was opened to traffic in June 2023 and reached full works completion in May 2024. We have now settled all material outstanding claims with the New Zealand Transport Agency and insurers, closing out a complex and long-running matter.

These outcomes reflect our commitment to resolving legacy issues and in doing so allowing the company to focus more fully on the future - on operational performance, strategic execution, and delivering shareholder value.

Financial Year 2025 operational highlights

Despite the macroeconomic headwinds on both sides of the Tasman, our operating businesses delivered a number of encouraging results throughout Financial Year 2025.

Our Firth ready mix concrete business increased its national market share to approximately 40%, and to over 50% in Auckland. Golden Bay now holds more than 60% market share nationally.

Winstone Aggregates commenced on-site concrete recycling - this is a step forward in reducing waste and cost. A win-win if ever there was one.

Winstone Wallboards are achieving significant improvements through the new Tauriko plasterboard plant with A-grade recovery yields consistently above our 95 percent target.

Fletcher Insulation in Australia introduced 16 new products during the year, demonstrating innovation and responsiveness to market needs.

Waipapa Pine is now operating at full capacity, contributing to our manufacturing footprint and supply chain resilience.

These operational highlights reflect the strength of our portfolio and the continuing efforts and dedication of teams across the Group.

Taking Action

While the result for the 2025 Financial Year was disappointing to all of us, decisive action has been taken to reset the business.

We have enhanced the capability of our Board and senior management team – with four new Board members and six new executives appointed during the year.

We have taken action to address the corporate structure – restructuring from six divisions to five, reducing divisional overhead and bringing decision making closer to our customers.

Approximately \$200 million of cost savings were implemented in Financial Year 2025 and a further \$30 million were announced at Investor Day, with cost reduction remaining an ongoing area of focus.

We achieved a 43% reduction in net debt to \$999 million as at 30 June.

We have clarity with regards to our medium term strategy, which was presented to shareholders in late June and we are developing a culture of accountable, empowered leadership, transparency and performance.

We have the building blocks in place.

Our medium-term strategy

As we laid out at the Investor Day, the business' medium-term focus remains on manufacturing and distribution of building products and materials.

We've implemented urgent actions to stabilise the business and are now focused on embedding a high-performance culture across the Group. Divisional autonomy is being increased, with business unit returns being measured against industry-specific Weighted Average Cost of Capital targets. Underperforming units are being evaluated, and we are taking steps to decentralise corporate functions and reduce central costs.

Dividend payments remain paused until we reach the lower half of our net debt target range of \$400 to \$900 million. We are targeting investment-grade credit metrics and a more resilient capital structure.

Overall, the construction sector is currently under extreme pressure. However, we have a clear strategy, and our renewed management has already been taking bold steps to mitigate the downside and position our businesses well for when demand does return.

Challenging first quarter

Before I close this section wanted to touch on the challenging trading conditions that we have experienced in the first quarter of financial year 2026.

Our quarterly volume update released last week showed further declines in trading volumes and ongoing pressure on margins. The primary driver of this was continued weak demand and heightened competitive activity, particularly in the New Zealand market.

Light Building Products volumes were generally below prior corresponding period, but slightly higher compared to Fourth Quarter of Financial Year 2025. Across the Division, margins were relatively stable with production efficiencies and cost management offsetting soft volumes.

Heavy Building Materials experienced some pronounced volume contractions with Winstone Aggregates volumes down 4.1% versus Fourth Quarter Financial Year 2025 and 6.3% versus the prior corresponding period, reflecting weaker roading and project activity.

Competition continues to be felt across the Group, with margins in Steel and Distribution coming under particular pressure this quarter.

To offset some of this impact, we are controlling what we can by taking out another \$100m of cost, which Andrew Reding will discuss in more detail.

On that note, I'll now hand over to Andrew to speak to operating performance, stakeholders and the turnaround plan.

Andrew Reding, Managing Director & CEO

Thank you Peter. Tena koutou katoa. I would also like to add my welcome to those joining the meeting today, both here in the room and online. Let's begin with a look at where we are in the cycle.

Where in the cycle are we?

In New Zealand, we have experienced a prolonged period of subdued demand in the residential and commercial construction markets, and we expect that to continue through Financial Year 2026. Building merchant sales remains a reliable proxy for sector activity and our current data shows nominal sales across the wider merchant sector tracking below prior-year levels, even before adjusting for inflation. This weakness has persisted for the past 18 months, with rolling 12-month figures well off the peaks of the last cycle. The softness is broad-based, affecting both residential and non-residential segments.

In Australia, we are seeing early signs that the gap between completions and commencements is beginning to converge. For total dwellings, approvals and commencements are starting to align, indicating a potential stabilisation in the pipeline. New house activity, however, remains slower to respond, with commencements still lagging approvals. Australian market conditions remain mixed. While some segments show resilience, others continue to face headwinds from interest rates, labour constraints, and elevated input costs.

Where are FBU volumes tracking?

As Peter mentioned, in the interests of providing transparency and insight to shareholders and analysts, we recently began publishing quarterly volume data. This has been well received, particularly by institutional investors and equity analysts. We announced our Quarter 1 Financial Year 2026 volume data last week.

On the left of the slide, you can see product volumes in New Zealand going back to just before Covid. These show that market conditions remained extremely weak in the first quarter. We experienced a mix of volume outcomes, but across the board, margin weakness continues. As well as the weak demand across key markets, we are seeing heightened competitive activity, particularly in the New Zealand market.

On the right of the slide, you can see the equivalent data in Australia. There, volumes have improved slightly quarter-on-quarter (except for Stramit), but remain below Financial Year 2024. Laminex, Iplex, and Fletcher Insulation are adapting to market

conditions with targeted product and channel strategies. We continue to monitor trends closely and adjust operations accordingly.

Across both Australia and New Zealand, we anticipate market conditions will remain challenging throughout the remainder of this financial year. There is continued uncertainty on the timing of recovery in the residential sector. It is worth noting though, that the recent significant OCR reductions should in time support greater liquidity in the New Zealand housing market and there are some signs of steadying or improving market conditions in Australia.

Financial Year 2026 cost out initiatives

However, we are not standing still waiting for market conditions to improve. We have continued to carefully examine our cost base.

Last week we announced a further cost-out programme targeting another approximately \$100 million in annualised savings. Of that, around \$50 million in benefits are expected to be realised in the second half of Financial Year 2026, with full annualised savings expected to be achieved in Financial Year 2027. This is over-and-above the \$30 million of Financial Year 2026 cost out that was announced at Investor Day.

Together, these cost initiatives will aid profitability and partially offset the earnings impact driven by market conditions. The programme is focused primarily on back-office operations and efficiencies, while seeking to maintain front-line operational capabilities so that our businesses are ready and have the capacity to respond when market conditions improve.

Our Customers

Our customers remain at the heart of everything we do. From Auckland Airport to Christchurch Te Kaha Stadium, our products and people are helping to build the future. These projects showcase the breadth of our capabilities and the trust placed in us by leading developers and contractors.

To give some context to these examples, during Auckland International Airport's Taxiway Mike project, Firth and Brian Perry Civil completed their largest ever concrete pour of 1,300 cubic metres, in a single 12-hour night shift. The NZICC project is nearing handover and, once complete, will be a significant asset for New Zealand, capable of hosting events for up to 4 and a half thousand people.

Our Customers

Finally, in Canterbury our GIB products are used extensively throughout the new Christchurch Te Kaha Stadium. We are proud of the role we play in enabling infrastructure, housing, and community development across New Zealand and Australia.

Our Community

We're also proud of our community partnerships. From restoring backcountry huts to supporting trade academies and local infrastructure, Fletcher Building is committed to making a positive impact. These initiatives reflect our values and our role as a responsible corporate citizen. We will continue to support the communities we operate in and invest in initiatives that deliver long-term social value.

Turnaround Plan

To conclude, we have acted decisively to reshape the business over the past 12 months. We have already implemented many of the key priorities and we have clear action plans for the short and medium term.

In Financial Year 2025, we implemented \$200m of cost savings and announced a further \$30m at Investor Day, but we haven't stopped there. Further work in Financial Year 2026 is targeting another approximately \$100 million of cost savings, which will be crucial to our profitability in a challenging market environment. These efficiencies will also improve our performance when we do see demand return. Our Corporate functions are being decentralised to give divisions and business units more autonomy and accountability. The divisional restructures, which are now complete, position us to focus our resources on the divisions and the projects that will generate the highest returns.

We are progressing a number of potential divestments, including our Construction division, CSP and our 13.4 percent equity stake in the Puhoi to Warkworth toll road. We are also progressing the strategic review of our Residential and Development Division.

But there is still a lot more work to do. We remain committed to rebuilding to an acceptable return on invested capital. Over the medium term, we will embed the new operating model and continue to simplify our business portfolio. Once balance sheet targets are met, we will reset our dividend policy, in order to deliver sustainable and growing returns to shareholders.

I will now hand back to Peter to conclude the presentation section of the meeting.

Peter Crowley, Chair

Governance update

Thank you, Andrew.

Governance enhancements have been a key focus in Financial Year 2025. We've introduced revised financial reporting aligned to the IFRS 18 accounting standard, with clearer breakdowns across revenue, Earnings Before Interest and Tax, and cash flow.

The Financial Year 2025 annual results presentation included significantly more detail in relation to our strategies and changes, thereby improving transparency for shareholders. Quarterly volume reporting was introduced in July, providing timely insights into market activity levels across the business.

In September, we released a standalone Remuneration Report, detailing executive and broader workforce remuneration. Our Corporate Governance Statement was updated in August and now acts as a standalone document outlining our frameworks and policies. The Board Skills Matrix has also been refreshed to reflect the new composition of the Board and is published on our website.

These initiatives support our commitment to transparency, accountability, and best-practice governance.

Conclusion

In closing, Financial Year 2025 was a year of action.

We have developed and communicated a clear medium term strategy for the Group.

We have implemented immediate steps to stabilise the business and reduce costs.

Our focus remains on improving operating performance, customer service and reducing net debt and we have clear priorities for Financial Year 2026.

So, while market conditions in New Zealand and Australia are expected to remain soft, we are well-positioned to benefit from improved operating leverage when recovery begins.

Thank you for your continued support.

ENDS

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

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