

Fletcher Building Limited

Working with you

2016 Annual Shareholders' Meeting

18 OCTOBER 2016



Fletcher Building

Annual Shareholders' Meeting 2016

Working with you

Sir Ralph Norris
Chairman



Directors

Sir Ralph Norris (Chairman)

Tony Carter

Dr Alan Jackson

John Judge

Mark Adamson (Managing Director)

Kathryn Spargo

Cecilia Tarrant

Steve Vamos



Meeting Agenda

Chairman's address

- Overview of 2016 financial performance

Chief Executive Officer's address

- 2016 operational review
- Update on strategic priorities
- Trading and financial outlook

General business

Voting on resolutions



Canterbury



Net earnings

2015

\$270m

Before significant items:

\$399m

2016

\$462m

Before significant items:

\$418m



Operating earnings before interest and tax (EBIT)

2015

\$503m

EBIT before significant items:

\$653m

2016

\$719m

EBIT before significant items:

\$682m



Cashflow from operations

2015

\$575m

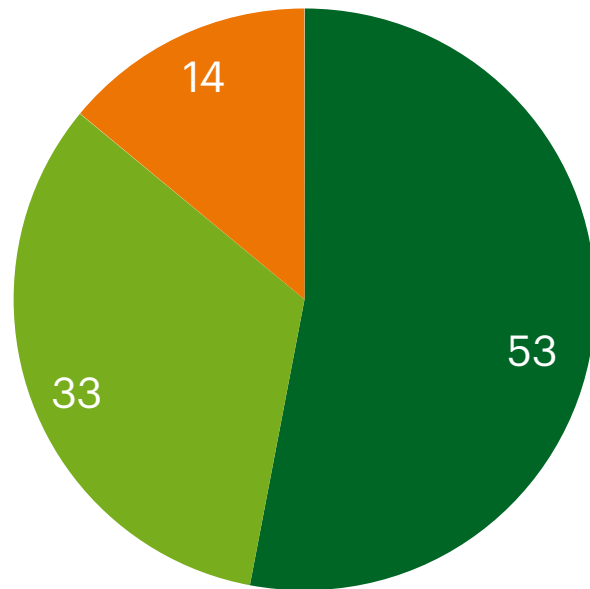
2016

\$660m

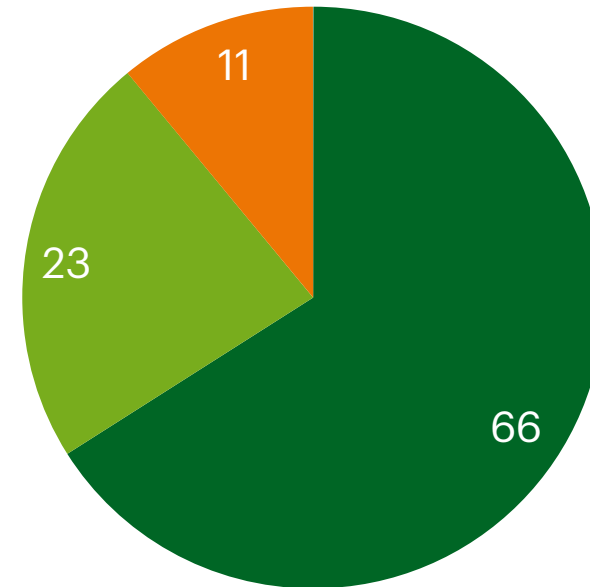


Stronger performance from Australia in FY16

External Revenue



EBIT¹



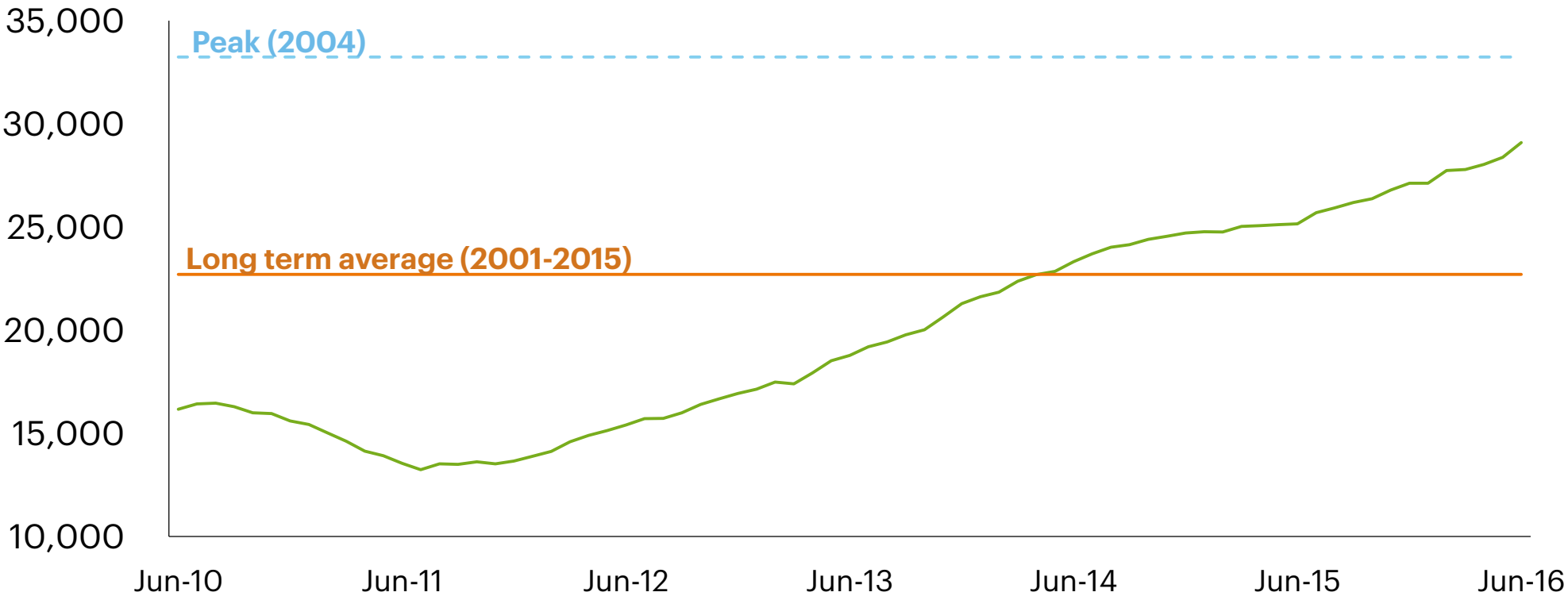
■ New Zealand ■ Australia ■ Rest of World

1. Before significant items



New Zealand residential consents

Total residential consents¹

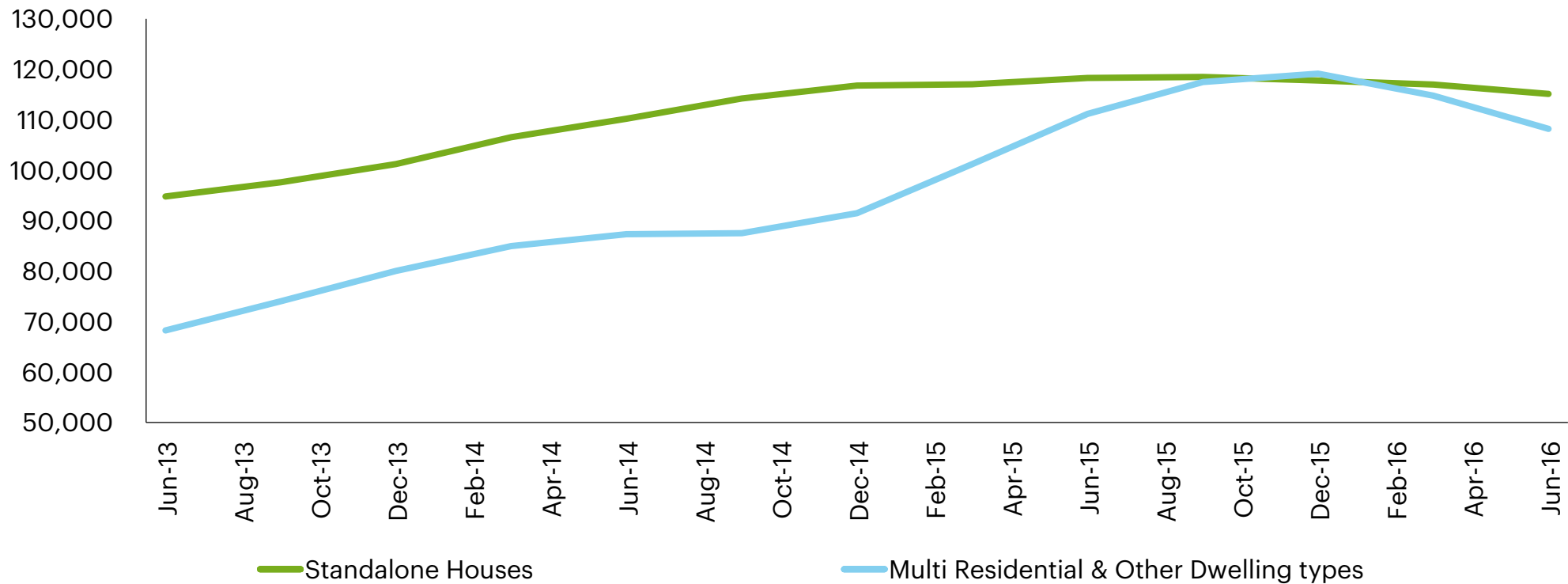


Source: Statistics NZ, Infometrics
1 - Twelve months rolling



Australian residential consents

Total residential approvals¹

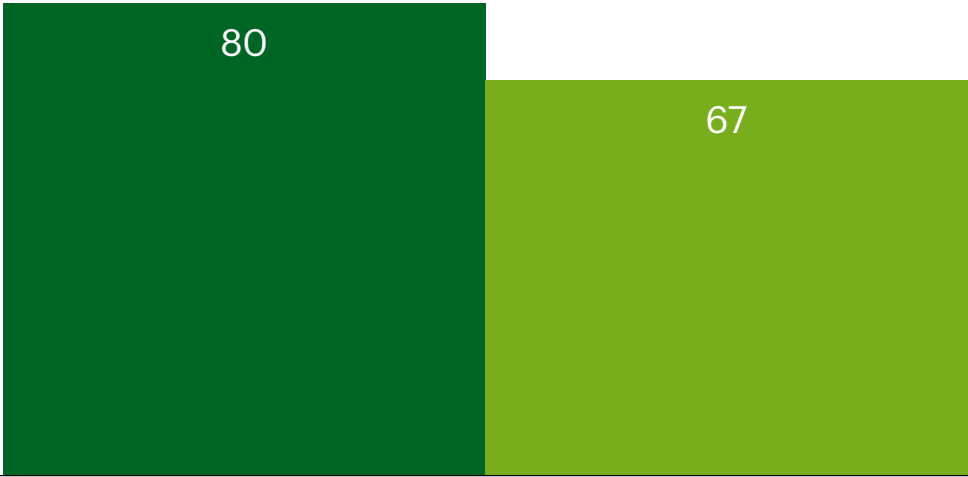


Source: Australian bureau of statistics, BIS Shrapnel
1 - Twelve months rolling



Rest of World operating earnings

**EBIT'
NZ\$m**



Rest of World

■ 12 months to 30 June 15 ■ 12 months to 30 June 16

1. Before significant items



Dividend

2015 total dividend

37 cents

2016 total dividend

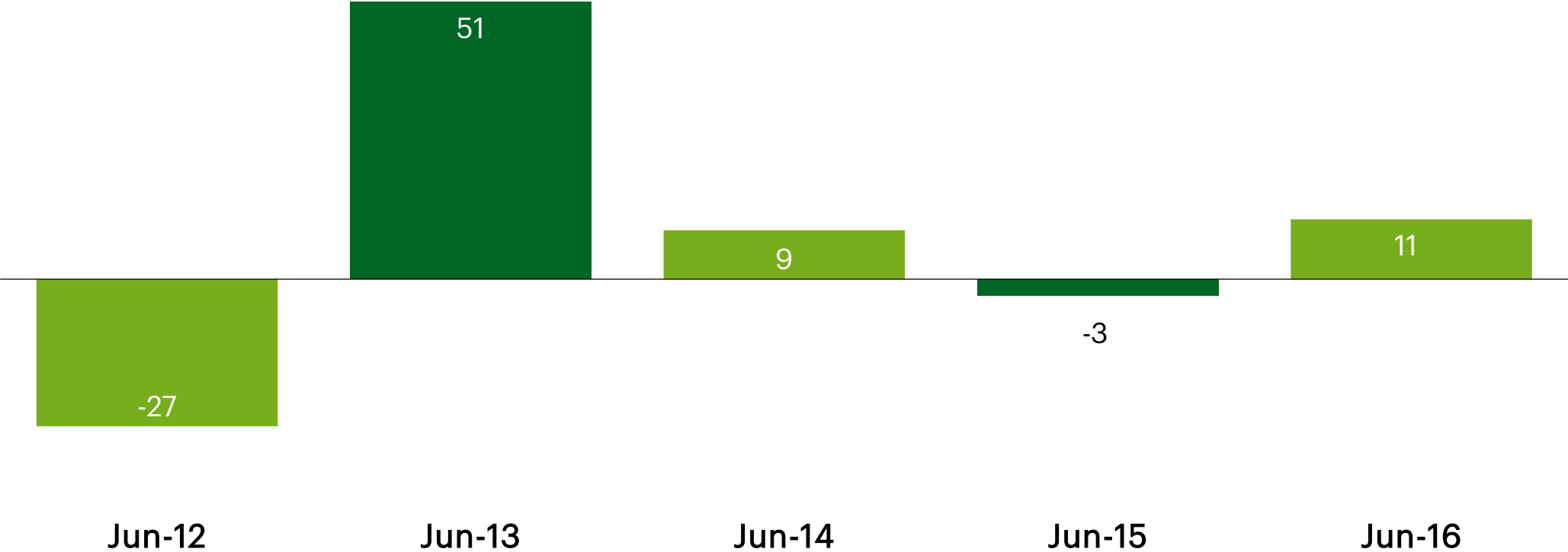
39 cents

Both interim and final dividends are expected to be fully imputed for New Zealand taxation purposes from FY17 to FY19



Total shareholder return

Percentage



Total shareholder returns over past 4 years

+78 %



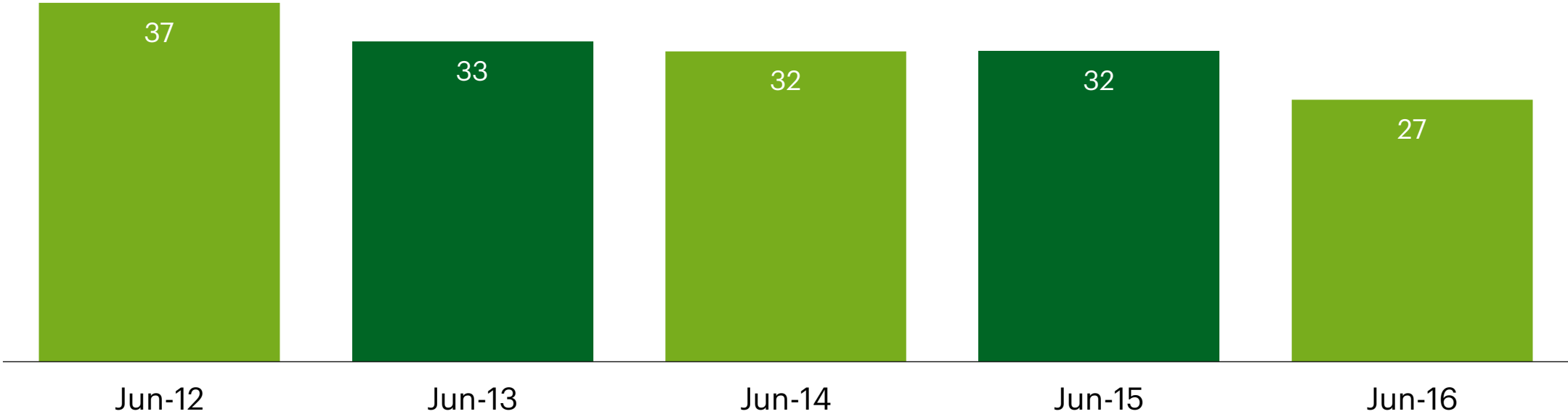
2012

2016



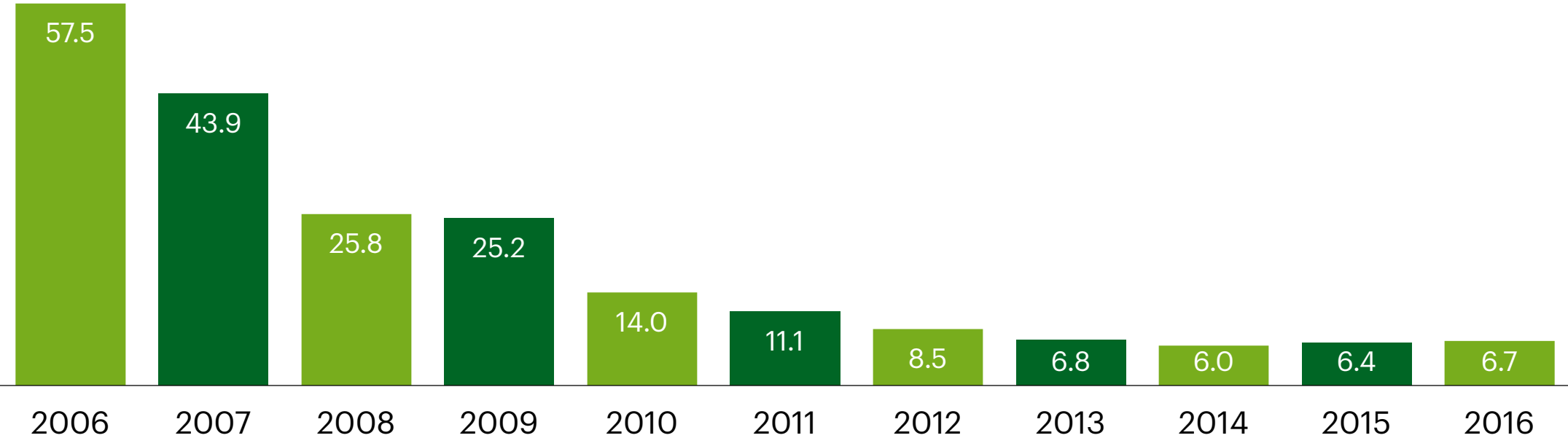
Maintaining a strong balance sheet

Debt/Debt Plus Equity Percentage



Health and safety performance

Total recordable injury frequency rate*



* Total injuries per million employee and contractor hours



Portfolio rationalisation completed

Rocla Quarry Products sale completed in January 2016

- Total consideration NZ\$212m
- Gain on sale of NZ\$85m

Joint Venture between Fletcher Aluminium and Nalco commenced July

Purchase of Higgins road construction and maintenance business completed 29 July 2016

- Purchase price NZ\$303m
- Includes NZ quarry assets



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Mark Adamson
Chief Executive
Officer



New Zealand Building Products highlights

Volume growth driven by strong New Zealand cycle:

- Cement +6%
- Concrete +7%
- Plasterboard +11%
- Insulation +13%



Distribution highlights

Strong revenue growth:

- PlaceMakers revenue +10%
- Mico revenue +12%
- Steel Distribution EBIT +22%



Construction highlights

Revenue growth of +29%

Revenue exceeded \$1.5b for the first time

Backlog at 30 June 2016 stood at \$2.7b



Residential highlights

Fletcher Living 12% growth in operating earnings

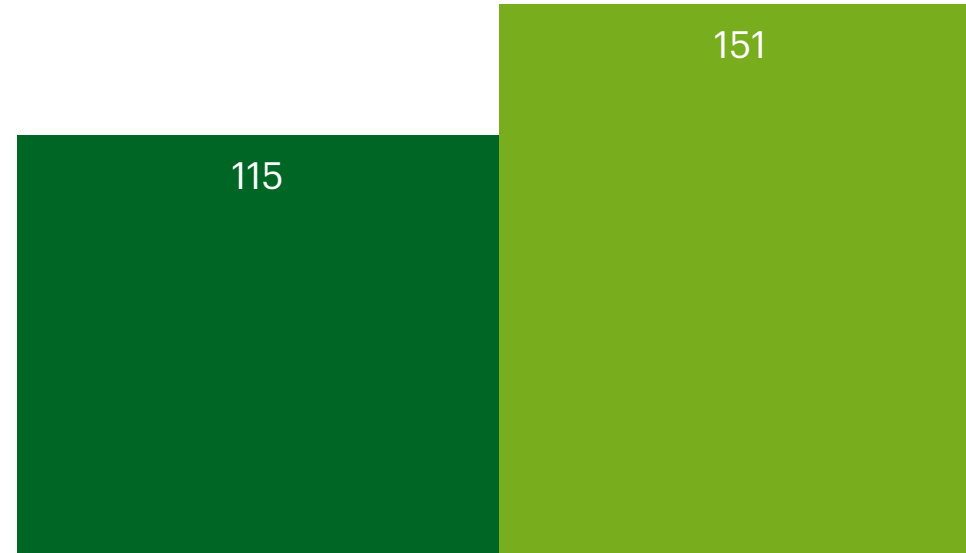
Good progress in achieving the land supply needed for next 3 years

Earnings include \$10m contribution from the development of surplus land holdings



Australian operating earnings up 31%

**EBIT'
NZ\$m**



Australia

■ 12 months to 30 June 15

■ 12 months to 30 June 16

1. Before significant items and excluding corporate costs



Lifting performance in our Australian businesses



- Business returned to profitability in the second half
- Improvement driven by increased efficiencies, improved customer service and cost reductions



- Earnings doubled over the past year
- Re-opening Rooty Hill plant in Sydney
- Significant gains in markets share



- Operating earnings up 43%, and driven by restructuring and cost out programmes
- Focus on customers and delivering on the Customer Service Promise



International businesses

EBIT (NZ\$m) ¹	June 2015 12 months	June 2016 12 months	% change
Formica North America	49	56	+14
Formica Asia	19	23	+21
Formica Europe	0	-17	N/M
Roof Tile Group	14	14	-
Laminex	81	80	-1

1. EBIT: Operating earnings before interest, tax and significant items



Strategy priorities



Target organic growth

- Residential: New Zealand
- Construction: New Zealand and South Pacific
- Distribution: New Zealand and Australia
- Manufacturing: Growth through innovative products & services



Deliver sustained uplift in performance of all businesses, leverage centres of excellence established with FBUnite



Lift the performance of underperforming businesses



Build people capability, grow leadership base and develop talent pipeline



Profitable Growth: Residential

Goal to increase historical average of 300 homes p.a. to 1,500 homes p.a.

- Continue to buy completed lots from developers
- Purchase bare land for development
- Partnerships with government to develop existing land

Expect to invest a further \$160m in 2017 financial year



Profitable Growth: Construction

Contracted order book \$2.7b as at 30 June

Higgins contracting business acquisition completed in July

Key contracts won include NZ International Convention Centre and Commercial Bay



Profitable Growth: Distribution

Distribution portfolio has 11 businesses across New Zealand and Australia which are well recognised within their markets

1st or 2nd in their markets

Well established brands

Tradelink

Cyclone
SINCE 1983

Oliveri

mico

Dimond

FORMAN
BUILDING SYSTEMS

Fletcher
Reinforcing
Structured for strength

PlaceMakers

Stramit
Building Products

easysteel.
A FLETCHER BUILDING COMPANY

PACIFIC
COILCOATERS

FLETCHER BUILDING DISTRIBUTION



Efficiency: Work smarter together

Accelerate programme leverages capability of FBUnit

Commercial

- Revenue growth
- Product margin growth

Cost reduction

- External expenditure
- Overhead costs

Manufacturing and operational efficiency

- Manufacturing products
- Distribution costs
- Construction delivered margins



People: Building our people capability

Continued investment in our people and capability

Continued mission making Fletcher Building a great company to work for

Build capability across all levels of the organisation

1,200 Higgins employees joined at the end of July



Outlook FY17

New Zealand

- Residential consents expected to peak in FY18, but lag could mean peak activity occurs after this
- Non-residential activity forecast to remain steady at elevated levels
- Infrastructure work undertaken expected to continue to grow

Australia

- Residential activity expected to gradually decline following peak in 2016
- Little growth forecast in non-residential activity



Outlook FY17

Rest of World

- Asia: moderating growth in China, modest growth in Taiwan and SE Asian markets
- North America: relatively low growth, USA higher growth than Canada
- Europe: mixed outlook for Continental Europe, UK expect to grow modestly



Financial Outlook FY17

Operating Earnings (EBIT) expected to be in the range of \$720m to \$760m

Earnings from Higgins acquisition should offset the impact of discontinued operations:

- Pacific Steel
- Rocla Quarry Products
- Fletcher EQR



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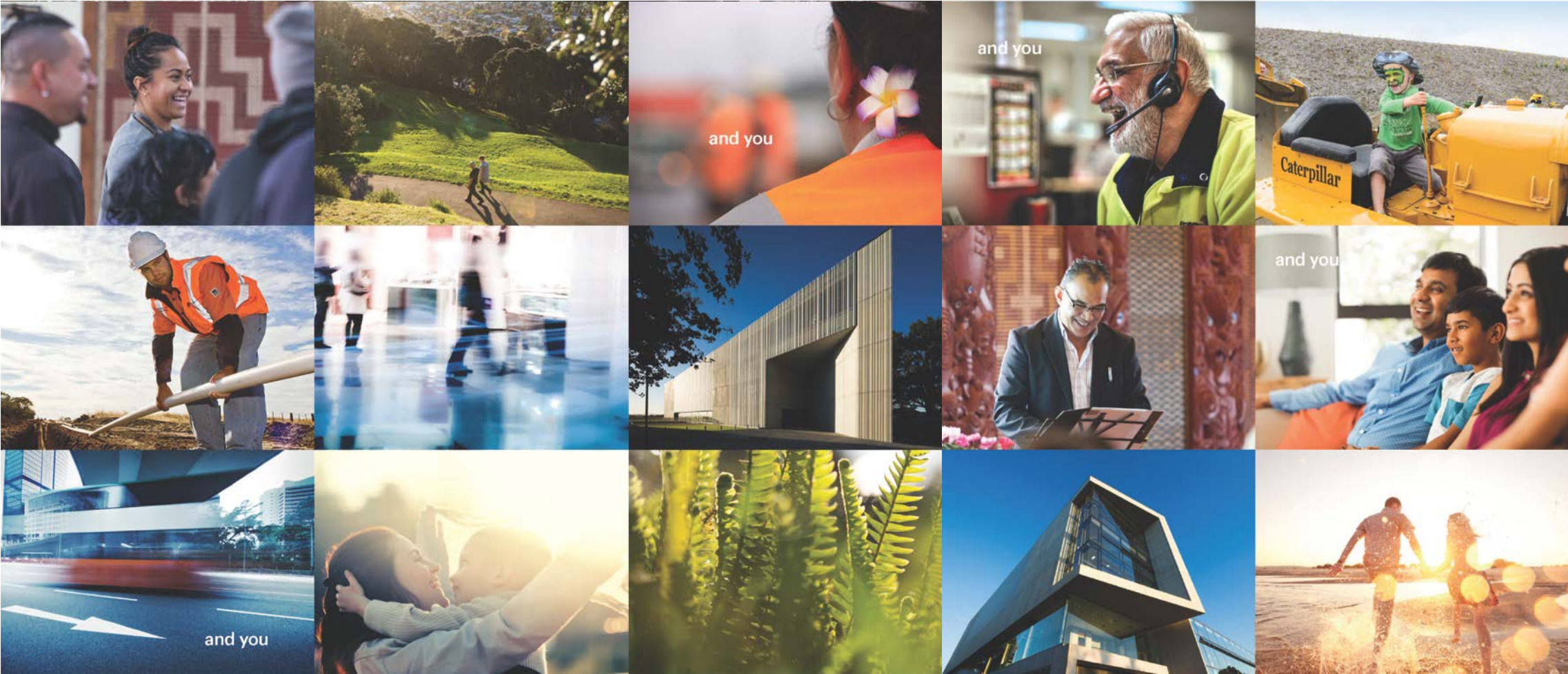
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Sir Ralph Norris
Chairman



General Business



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Electronic voting instructions



LUMI
insight, instantly.



Handset instructions - inserting your smartcard

- **The smartcard should be inserted into your handset**
- **If the smartcard is not inserted into your handset please do so now**
- **Make sure the chip at the bottom of the smartcard is inserted and facing you**
- **A welcome message will briefly appear when the card is inserted correctly**
- **You will then be returned to the holding screen where your name will now appear at the top of the display**



Handset instructions - casting your vote

When the poll opens, the handset will display the voting options

Press:

- Button 1 to vote For the resolution
- Button 2 to vote Against the resolution
- Button 3 to Abstain your vote



Handset instructions - casting your vote

- **Confirmation that your vote has been received will appear on the screen**
- **To change your vote, simply enter your new choice (1, 2 or 3) to overwrite your previous selection**
- **If you wish to cancel your vote, press the 'X' button**





Test resolution

Morning tea is served after the meeting



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Resolution voting



Resolution 1

Re-election of
Antony John
Carter



Resolution 2

Re-election of
Dr Alan Trevor
Jackson



Resolution 3
Re-election of
Sir Ralph
James Norris



Resolution 4

Auditor's remuneration



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