

Macquarie Australia Conference Presentation

Fletcher Building Limited

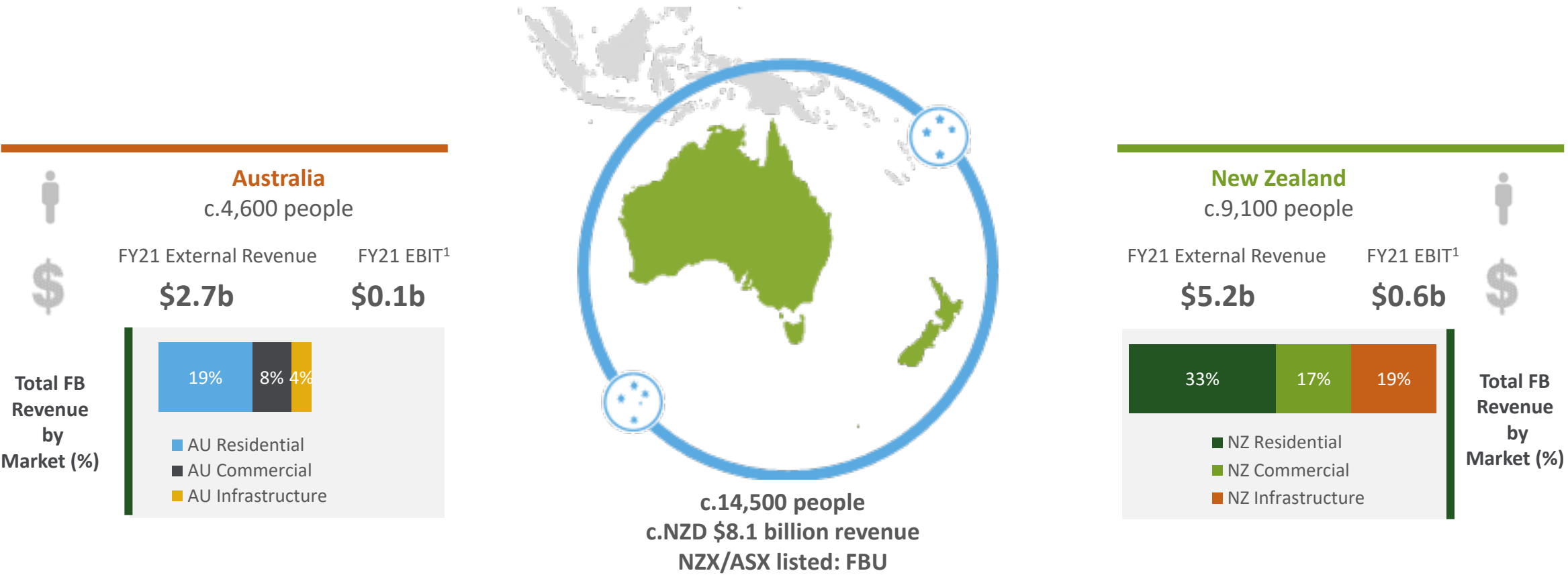
Ross Taylor
Chief Executive Officer

3 May 2022

Fletcher Building Limited


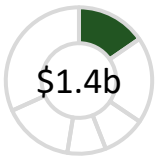















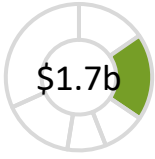



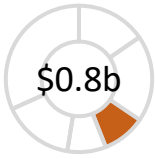




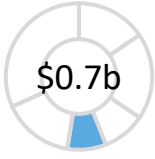



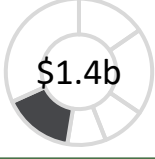





Significant NZ & Australia player, focused on the building products and distribution sectors



Leading NZ sector exposures with strong market positions and brands


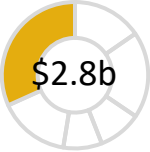






New Zealand	Market share ¹	Sites	Revenue ²	Brands
 Building Products	32%	c.65	 \$1.4b	             
 Distribution	20%	140 points of presence	 \$1.7b	 
 Concrete	38%	c.100	 \$0.8b	  
 Residential & Development	#2 largest homebuilder 800 homes p.a.	Auckland Christchurch	 \$0.7b	 
 Construction	7%		 \$1.4b	  



Australia position smaller but scale in specific sectors



Australia	Market share ¹	Sites	Revenue ²	Brands
 Building Products	29%	74	 \$2.8b	Laminex®   
 Distribution	19%	221		 

1. Estimates based on the markets in which we participate, e.g. Plumbing distribution market for Tradelink
2. FY21 Gross Revenue, includes Rocla



Strategic goals focused on continuing to drive operational performance and growth

Vision

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

Purpose

Improving the world around us through smart thinking, simply delivered

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



Our strategy positions us well to drive shareholder value in the short- and long-term

01



Significant
near-term
profit growth

02



Plans and
runway for
further
operational &
margin
improvement

03



Strong
enduring
financial
position and
returns

04



Established
pipeline for
sustainable
growth

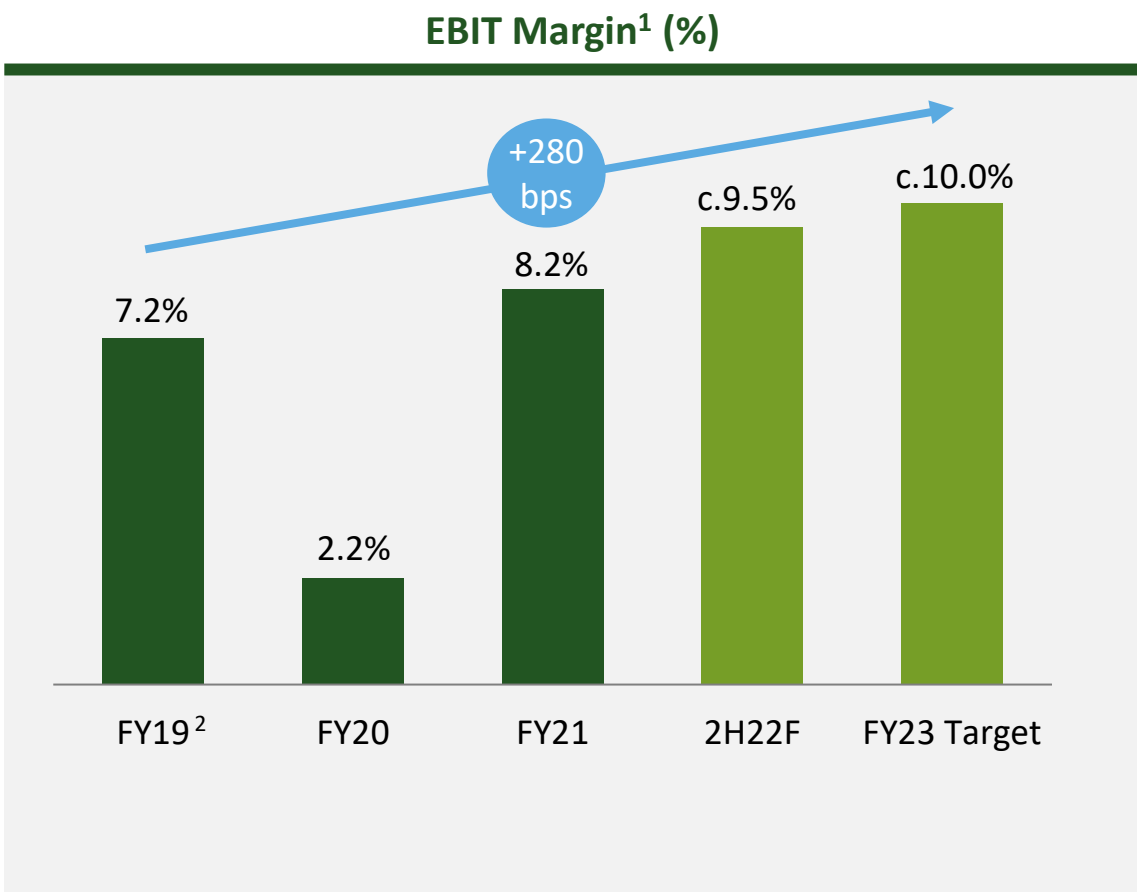
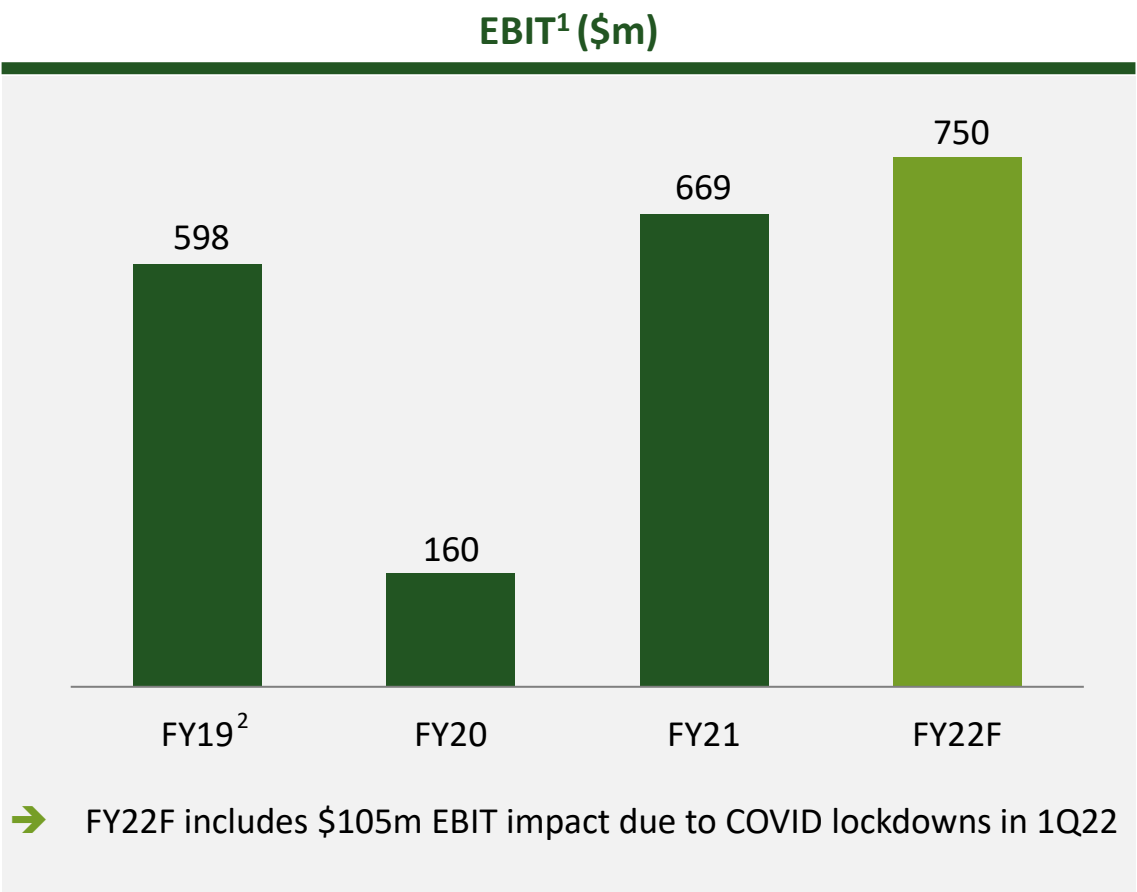
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Well
positioned for
macro trends
and any
economic
cycle



1. Significant near-term profit growth, FY23 further boosted by no lockdowns



1. Before significant items
2. FY19 is a pro forma number adjusted for discontinued operations and IFRS16 to allow for like-for-like comparison



2. Plans for operational and margin improvements beyond FY23

Manufacturing Automation



Continued new product development



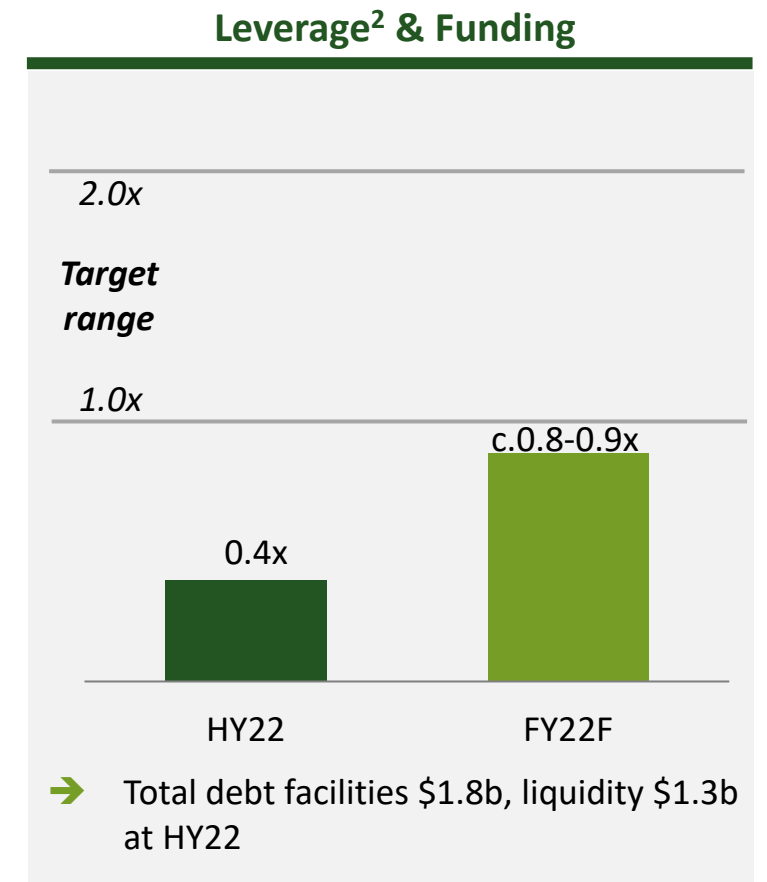
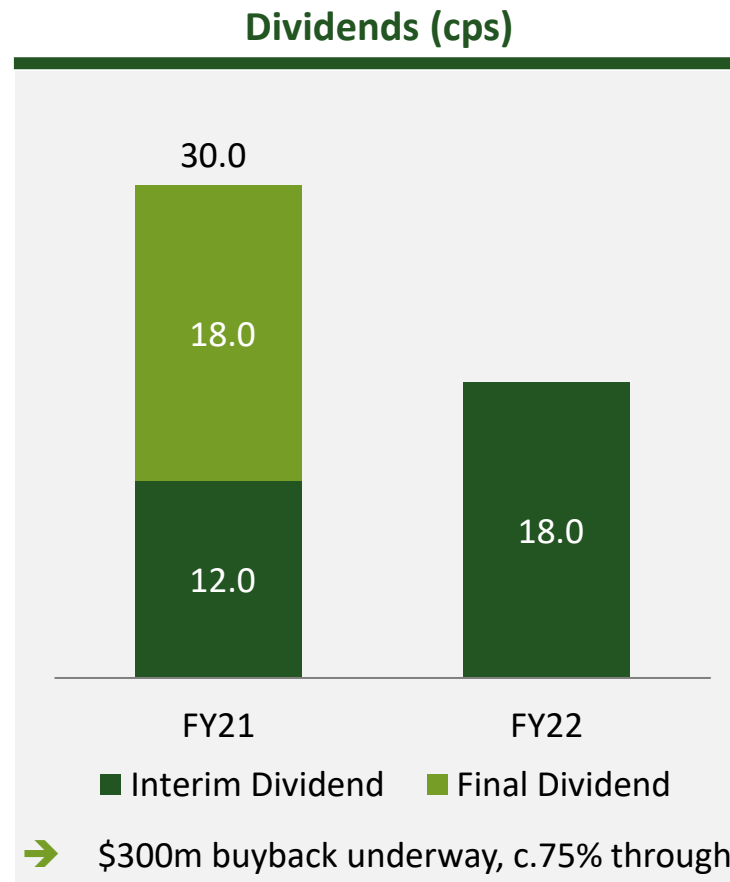
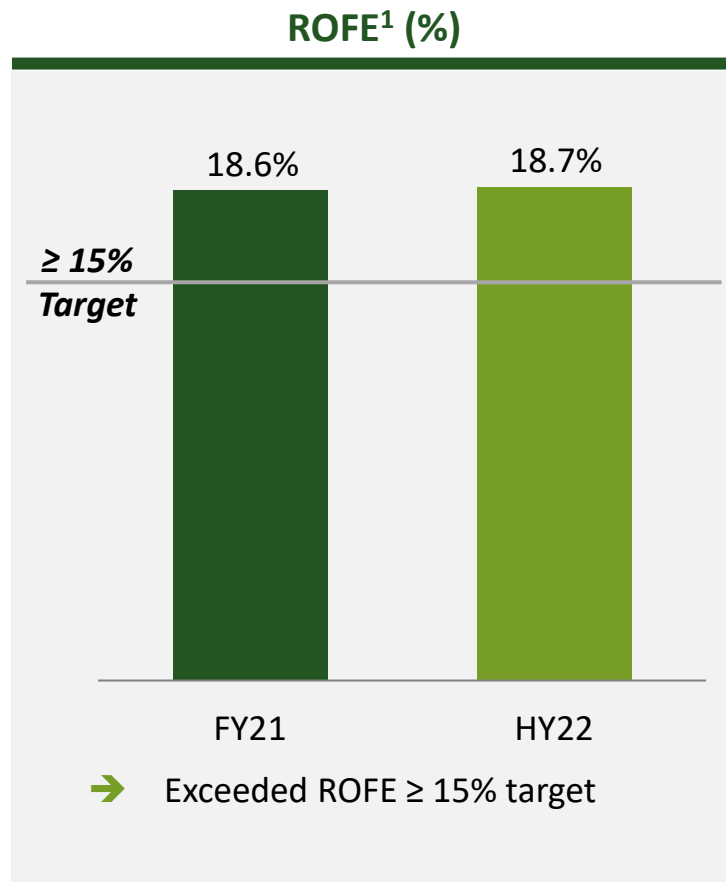
Network & supply chain optimisation



Digitising end-to-end supply chain

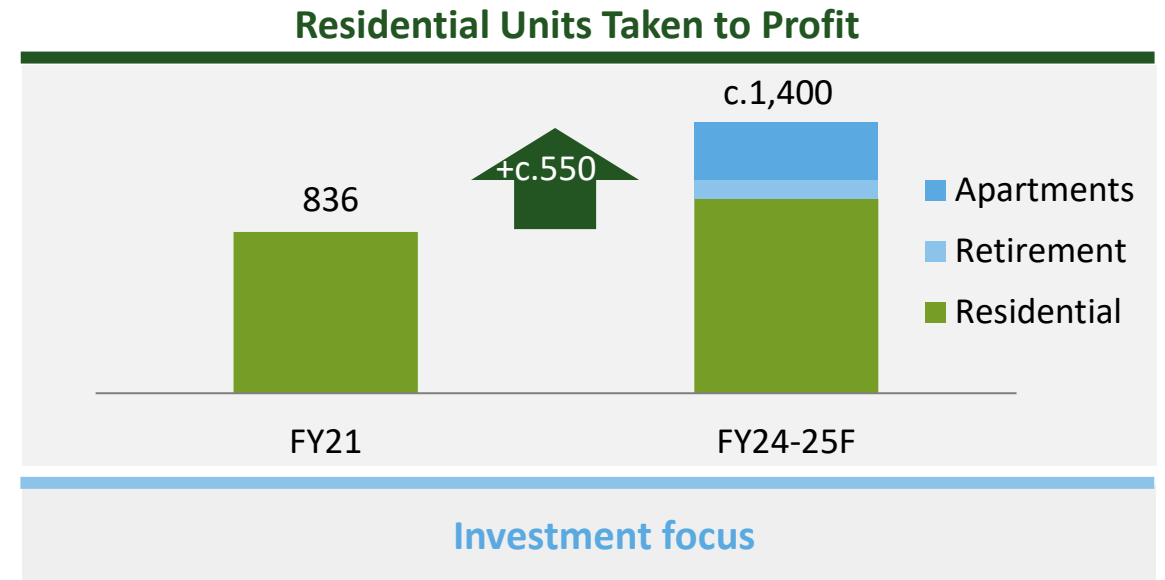


3. Enduring financial position and returns



4. Established pipeline of larger growth opportunities

- **Building Products** - insulation building code change, Laminex NZ wood fibre based products
- Digital focus & network expansion incl. earnings accretive TUMU stores acquisition in **Distribution**
- **Concrete** - lowest carbon offer in market; scale up alternative fuels & raw materials, & SCM, expand solutions
- Scaling Laminex **Australia**'s innovative new product suite & Haven Kitchens; continued Tradelink margin improvement
- **Residential Division** growth in housing, apartments, retirement offering & off-site manufacturing
- **Construction** benefiting from its higher margin order book
- **Strong pipeline of additional opportunities** under investigation

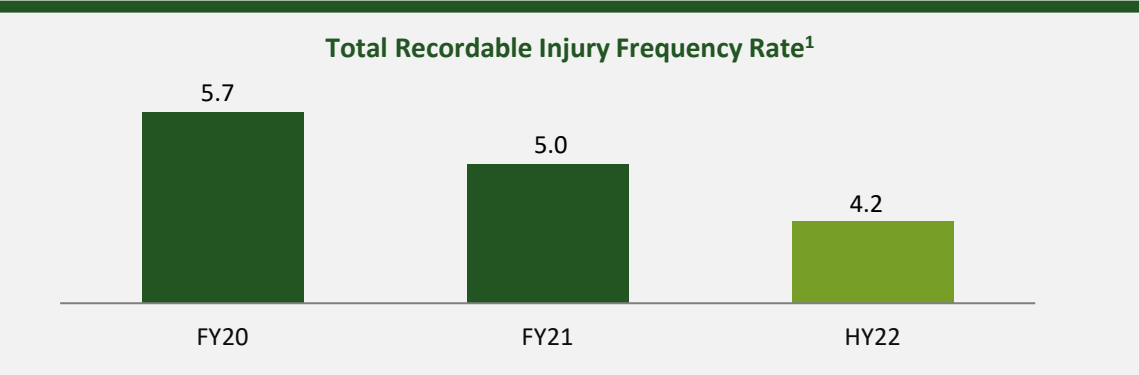


- Base capex envelope expected to average c. \$200m-\$250m p.a.
- Above this base capex, planned larger growth opportunities (primarily organic). Potential for above base growth investment of c. \$150m p.a. for FY23 to FY25. Target ROFE of 15%+



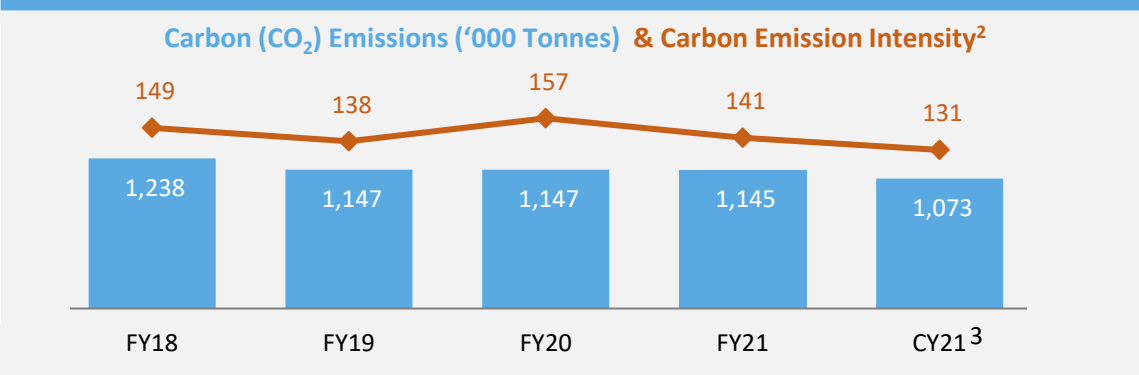
We are making good progress on safety and lowering our carbon emissions

Safety: Good progress continues



- ➔ **93%** sites injury free
- ➔ **TRIFR** well below industry average

Sustainability: Driving 30% lower carbon from FY18



- ➔ **>10% sustainable reduction in emissions** from FY18



1. TRIFR = Total no. of recorded injuries per million hours worked. Does not include Restricted Work Injuries
2. Carbon Emission Intensity = FBU CO₂ Tonnes for every \$1m or revenue. ISO 14064-1
3. CY21 = Calendar Year 2021, 12 months ended 31 December 2021

5. Well positioned for macro-trends; driving change through being an innovation fast follower with 'in-country' advantage



ESG



Product Innovation
and solutions



Modular
Construction



Multi-
residential



Role of
Distribution
& Digital



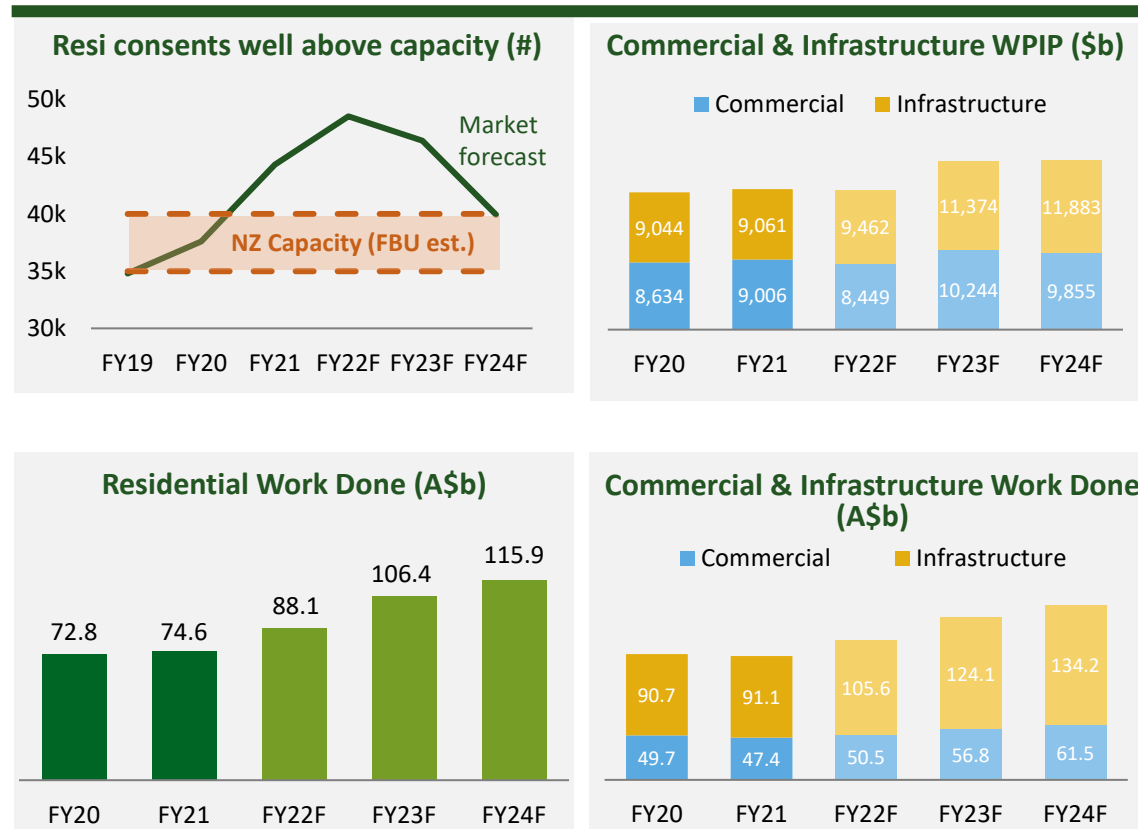
Supply
Chain



NZ and Australia markets – outlook remains robust

NZ residential consenting expected to ease, though coming off high base in a capacity-constrained market

Historical and Forecast



New Zealand:

- ➔ Residential consenting activity expected to ease over medium term - industry capacity constraints mean that work put in place is forecast to run broadly at current levels
- ➔ Committed project pipelines indicates ongoing growth across both Infrastructure & Commercial sectors beyond FY23

Australia:

- ➔ Residential market activity expected to remain robust over the medium term
- ➔ Strong outlook for Infrastructure supported by government investments; sustained improvement of forward market activity in Commercial



Well positioned for growth in FY22 and beyond

COVID risks easing, expect operational performance improvements to feature more directly in our earnings

FY22 operational performance

- Robust market conditions continue
- Strong pricing disciplines to cover inflation increases
- Targeted working capital investments into the business as flagged – providing supply chain resilience
- Concrete & Distribution on track to deliver short term margin targets earlier than expected
- Expect ongoing improvements across balanced scorecard
- **Expect EBIT margins¹ c. 9.5% in 2H22**
(up c. 230 bps from 7.2%² in 2H21)
- **FY22 Full Year EBIT¹ expected to be c. \$750m**

FY23 and longer term growth

- 1. Robust market outlook for FY23 & beyond**
- 2. COVID impacts easing – no lockdowns, open borders**
- 3. On track to deliver group EBIT margins¹ in FY23 of c. 10%**
- 4. Maturing investment pipeline to drive growth past FY23**



Questions

Fletcher Building Limited



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