

Australia

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Fletcher Building Limited



Well-established light building products & distribution businesses which have delivered margin improvement with more to come

- Leading manufacturer of decorative surfaces, plastic pipes, insulation, steel roofing, sheds and doors
- Distribution business delivers full range plumbing & bathroom products including higher margin own brand
- Scale in respective markets
- Margin growth delivered with strong opportunities for further upside

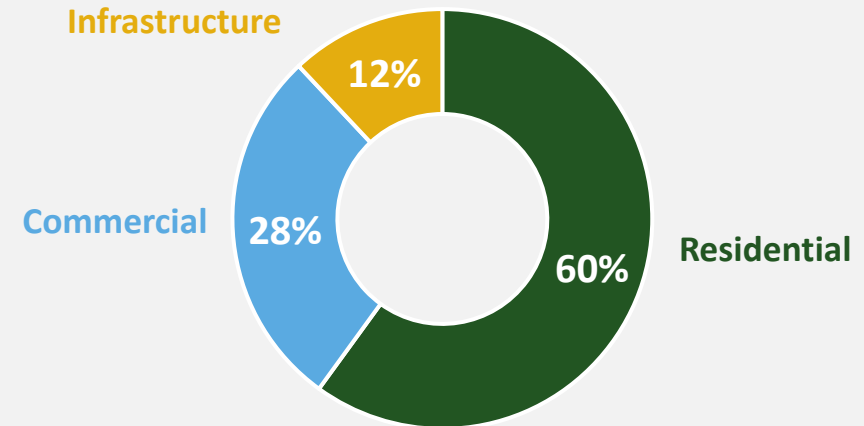
Strong, well-known brands





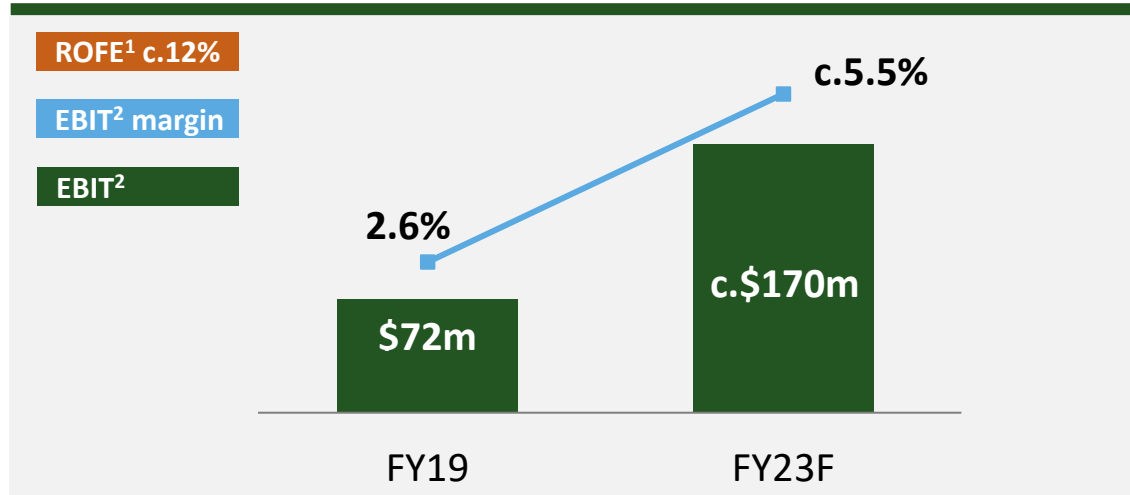



Revenue weighted sector exposure¹



Australia's operational disciplines & margin growth has it soundly positioned for this cycle

Key financial metrics



Non-financial metrics

SAFETY	CUSTOMER	ENVIRONMENT	PEOPLE
3.0 (TRIFR ³)	26 (NPS)	-20% (CARBON ⁴)	14 (eNPS)

Attributes

- # 1 or #2 market position in all businesses
- Customer strategies to attract new and retain existing customers
- Performing well in categories that matter
- Cost competitive against local/international competition
- Strong pricing & procurement disciplines backed by governance
- Customer response to digital strategy is strong, delivering higher profits & increased customer retention
- Own brand & private label delivering margin uplift
- High vitality evidenced by new products to market
- Sensible capital investments for growth
- TRIFR average top quartile across these businesses

1. ROFE (Return on Funds Employed) calculated based on closing funds; FY23F
 2. Before significant items; FY19 is adjusted for proforma IFRS16 and to allow like-for-like comparison
 3. TRIFR = Total no. of recorded injuries per million hours worked. Does not include Restricted Work Injuries. YTD23 = 11 months ended 31 May 23
 4. Combined Scope 1 & 2 carbon emissions. YTD23 = 12 months ended 31 Mar 23 vs FY18 baseline



Medium term performance driven by new product development, driving digital & improving customer experience

CUSTOMER

- Ongoing focus on DIFOTIS continues to lift NPS
- Building out digitally based omni-channel solutions providing customers choice in how they transact with us, attracting and retaining customers
- Continued investment in new product development that solve customer problems, i.e. higher margin Laminex Surround™, Fletcher Insulation Firmasoft™

FOCUS AREAS

- Laminex approaching double digit EBIT margins as we continue to drive performance in digital, decorative categories, backed by a strong vitality index
- Stramit's performance is growing at pace as we execute strategies in margin accretive categories, i.e. sheds & doors producing higher margin products
- Tradelink is underperforming and now driving price beyond original plans in light of increasing costs of doing business. Having doubled NPS, the ability to recover price is an opportunity and is now accelerating



Building out digitally based solutions: over 35% of Laminex revenue is now online attracting more customers & delivering improved margins



Digital NPS 49

Monthly customer use 40%

Digital sales of total 35%

Digital CAGR 32%

“Nice user interface. Easy to navigate and order.”

New revenue streams driving incremental online sales

- Laminex digital journey commenced 2019, now largest digital sales in the group accounting for 35% of sales
- Continuous programme of enhancements to improve customer experience
- Strong uptake & repetitive user base with 40% of customers transacting online monthly
- Margin accretive channel



Further growth opportunities primarily through organic adjacencies & innovation lifting to 7-8% EBIT margins in the medium term

	FY24	FY25	FY26	FY27	FY28
LAMINEX	<i>Product expansion to new decorative categories</i>		<i>Targeted automation investments reducing cost to serve</i>		<i>Haven kitchen model distribution maturity</i>
TRADELINK	<i>Build out B2B digital offer – mobile app</i> <i>Core DIFOT(IS) 95%+, NPS 40+</i>		<i>Back of wall own brand build out</i> <i>SME 50%+, Retail 15%+</i>		
STRAMIT	<i>Increased manufacturing automation investment</i>	<i>Investment in doors expansion</i>	<i>Digitally based customer value proposition</i>		
OTHER BUSINESSES	<i>Iplex investment in latest manufacturing technologies</i> <i>Oliveri expansion into Water Filters</i>	<i>Fletcher Insulation expansion into decorative solutions</i>		<i>Fletcher Insulation further expansion of installation offer</i>	



Category focus: Stramit delivering margin accretive sheds & doors segments



Driving performance in highest margin categories

- Stramit is the only roll-forming player with a complete, steel, sheds & door offering
- Taurean door systems expansion underway with capital allocated to meet future market demands in residential, commercial and own brand shed growth
 - Revenue CAGR three times higher than the Stramit group, highest EBIT margin of all products
- Fair dinkum builds revenue growth >50% over the past 5 years providing pull through demand from Stramit core and Taurean Door Systems
 - ~30% of Stramit's revenue now comes from builds & doors



FY23F EBIT growth of c.\$50m in a declining market. Well positioned through operational discipline and growth investments to deliver more value over the medium term

TTC RESILIENCE

- Strong operational disciplines in place, demonstrating our ability to get price TTC with lift in customer metrics
- Holding margins at 5%+ through pricing disciplines, manufacturing efficiencies & cost control
- Well-positioned to navigate through forecast market declines in FY24

MEDIUM TERM PERFORMANCE

- Relentless obsession to improve customer metrics
- Digital strategies are strong and continue to attract new and retain existing customers
- A strong pipeline of accretive category growth plans lifting margins

GROWTH

- A suite of committed growth investments in vitality, digital, innovation and automation maturing over the medium term

TTC resilience with EBIT margin holding above 5% in the near term, well positioned to grow a further 200bps+ over the medium term

