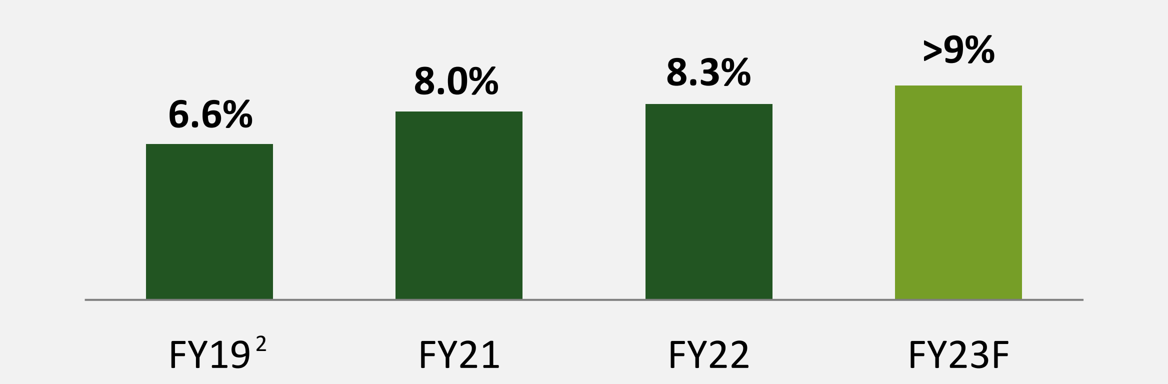
Medium Term Outlook

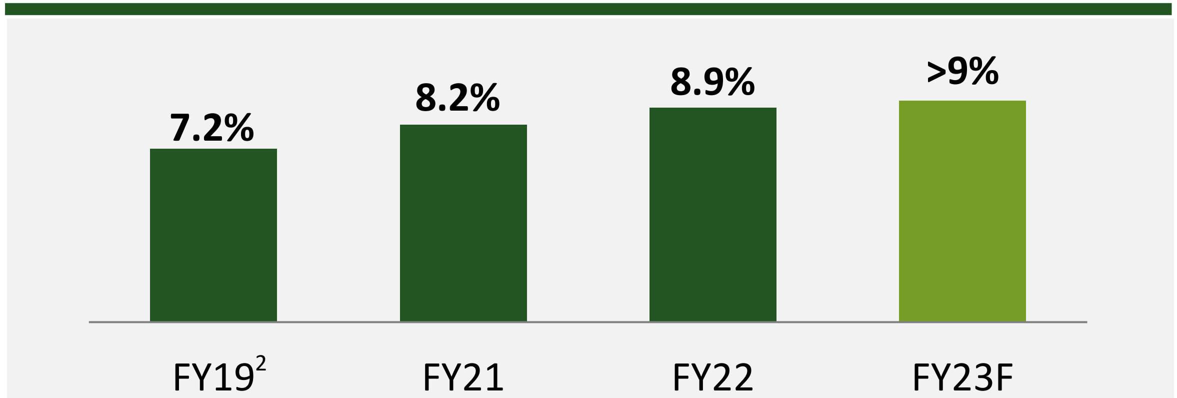
Bevan McKenzie, CFO

We have established a solid base of operational performance

EBIT[1] Margin: NZ and AU Materials & Distribution Divisions



EBIT[1] Margin: Group



- Sustained margin uplift delivered from FY19 to FY23
- Driven mainly by operational improvements in our NZ and AU Materials & Distribution businesses
  - Fixed cost reductions (>$250m gross cost out FY18-FY20)
  - Exit of unprofitable categories
  - Investment in automation / efficiency in our manufacturing sites and supply chains
  - Improved pricing disciplines
- Building cycle has been supportive to margins, however offset by dilutionary impact of inflation

1. Before significant items; FY20 not included as the year was significantly impacted by COVID lockdowns, so not comparable
2. FY19 is a pro forma number adjusted for discontinued operations and IFRS16 to allow for like-for-like comparison

Our FY23 margins have been delivered in a market already softening off the peak – outlook for FY24 is for activity to move to around mid-cycle levels

Market volumes	This year: FY23 vs. 2H22	Outlook: FY24 vs. FY23
	↓ ~7%	↓ ~8%
	↓ ~5%	↓ ~8%

Outlook has heightened degree of uncertainty, esp. in NZ residential. Current indicators point to overall FY24 market volumes c.8% down on FY23 and a total of c.15% below 2H22. This would put FY24 at c. mid-cycle levels.

In the medium term, our sectors are supported by solid macro tailwinds

Residential

- Long-term housing stock undersupply
- Rebound of immigration to NZ & AU post-border closures
- Demographic change impacting housing typologies

Commercial

- Commercial investment continues in a positive trajectory, esp. in logistics, health & education

Infrastructure

- Infrastructure deficit will require decades of large investment across key asset classes, esp. water and transport

We are focused on locking-in the operational gains we have made and driving further margin expansion over the medium term

Drivers of Medium Term Margin Expansion

NZ & AUSTRALIA MATERIALS & DISTRIBUTION	▪ **Investment in growth adjacencies** – $800m+ committed, mainly organic NZ focus ▪ **Customer services and solutions** – differentiation to drive share gains on an efficient cost base	+50-100 bps
RESIDENTIAL & DEVELOPMENT	▪ **Scaling of house sales on a well-positioned land bank** – but only when market conditions permit	+25-50 bps
CONSTRUCTION	▪ **More focused & profitable Construction business** – delivering consistent 5% margins	+25-50 bps

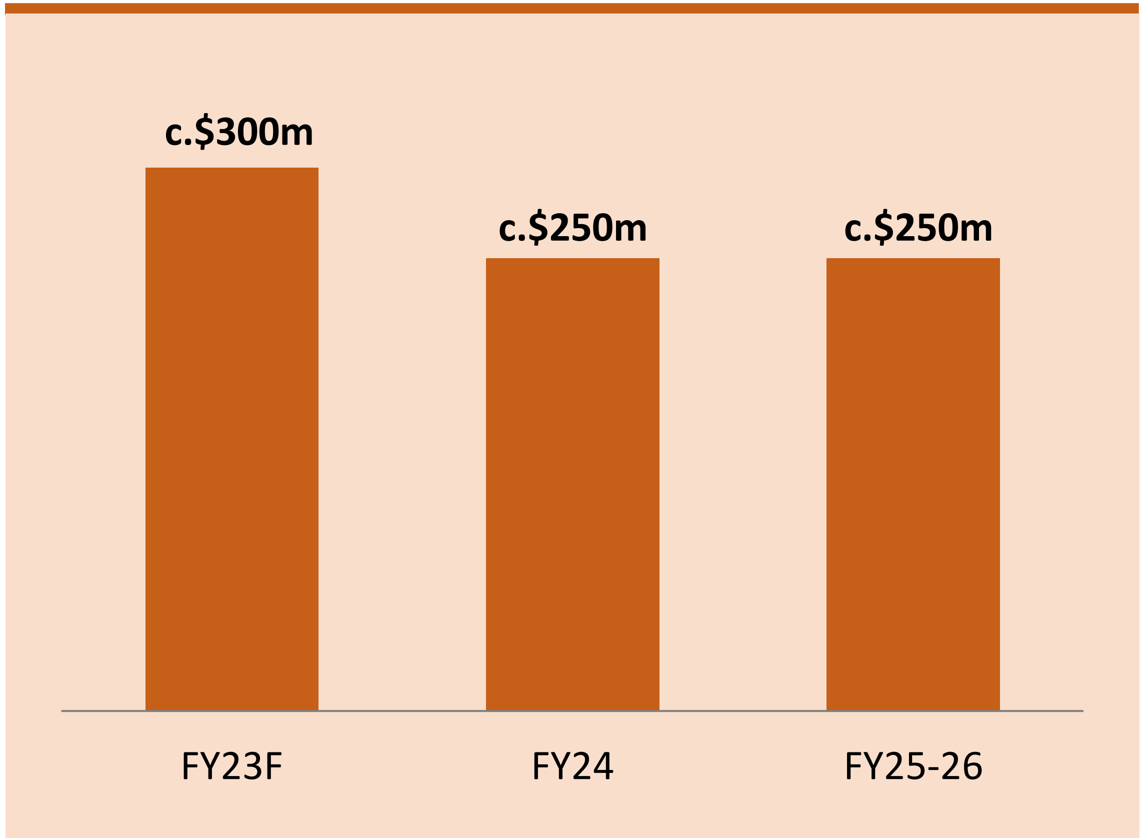
Targeting 1%-2% margin expansion over the medium term @ mid-cycle activity levels – a stronger cycle provides opportunity above this

Growth investment programme well advanced, strong ROFEs & earnings uplift

	$800m+ growth invest's FY23-26	Screened against robust criteria	$120m+ full run-rate EBIT growth
M&A	Waipapa Timber acquisition; Tumu acquisition; Circular economy	ROFE ≥ 15%	c.$35m EBIT from Waipapa, Tumu, and circular acquisitions in FY24
Organic	Insulation (Code Change); New Frame & Truss plant (automation); Timber / wood panels; Circular economy & binders	Resilient, attractive markets at Mid-Cycle levels; Rapid runway to earnings	c.$85m EBIT from organic investments contributing from FY25/26

Committed growth investment of $800m+ is phased over FY23-FY26

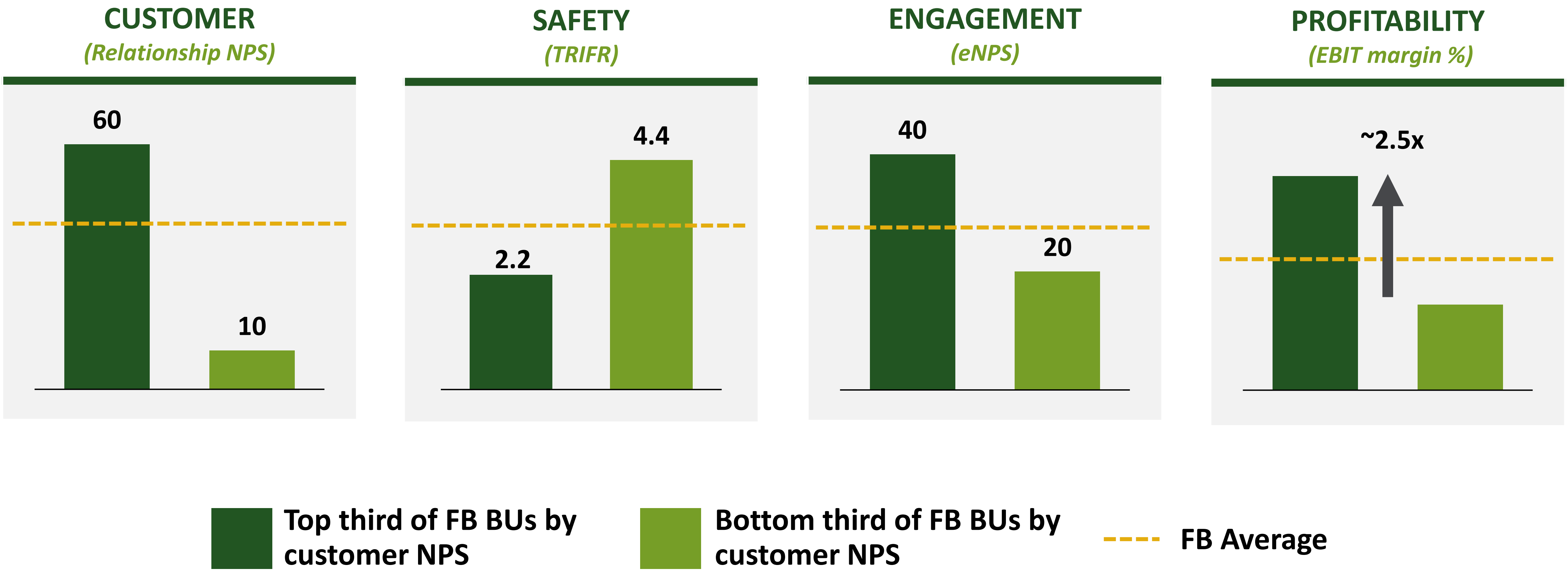
Committed Growth Capex ($m)



Further significant organic opportunities available in FY26 onwards

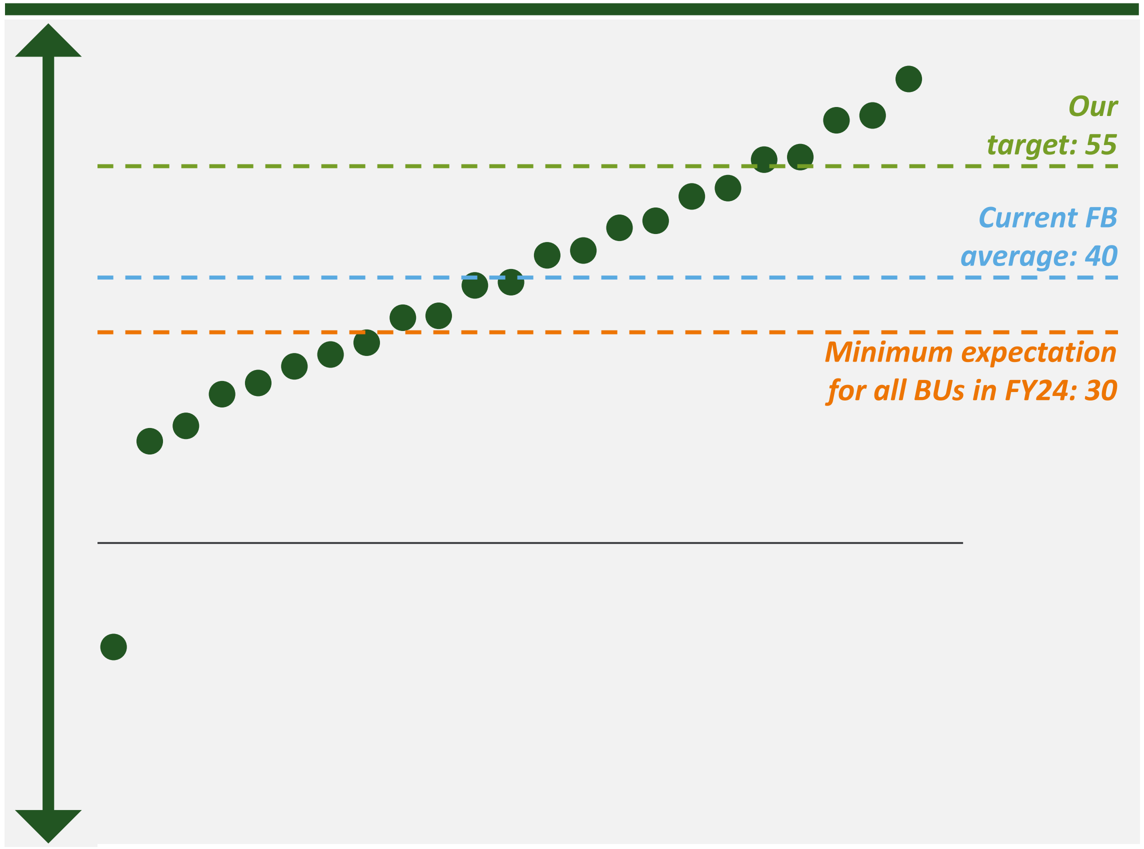
Note: Excludes WWB Tauriko plant and base capex envelope of $200m-$250m p.a.

Customer: great customer outcomes are strongly linked to performance across all key metrics

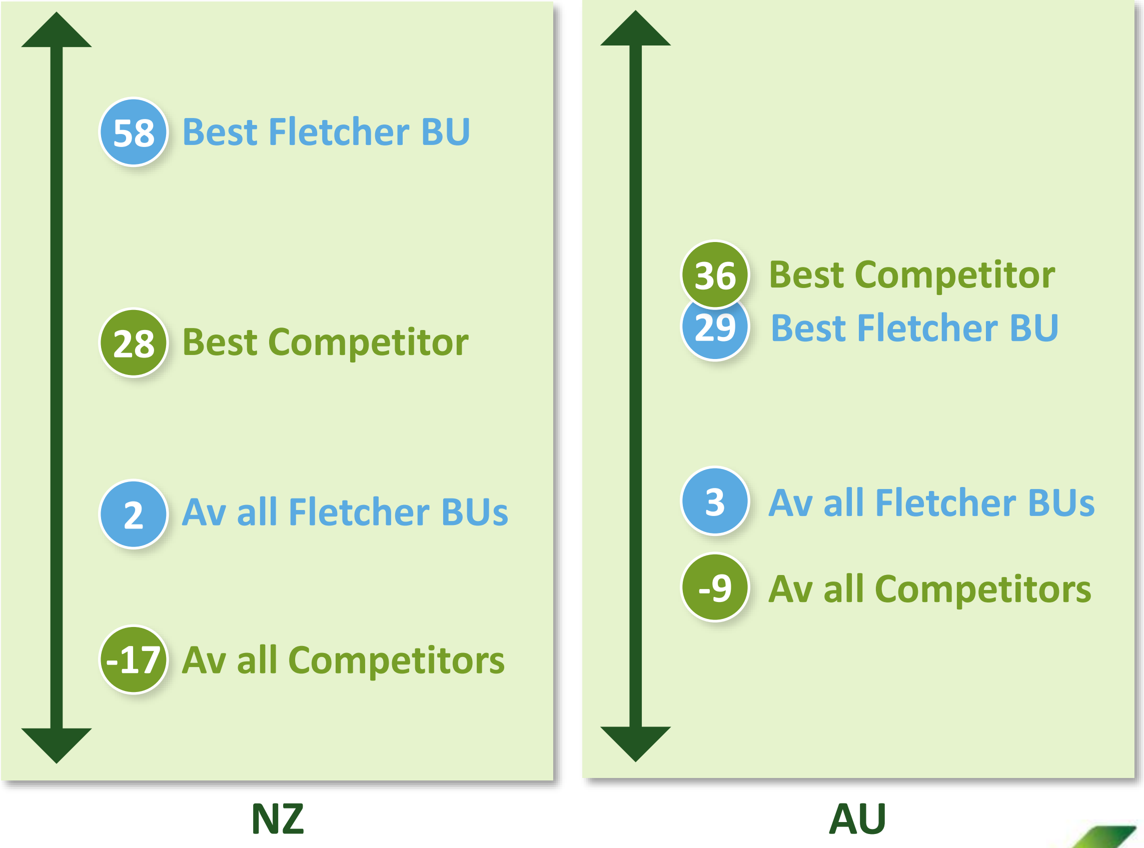


Customer: our performance is solid, but too variable across BUs – consistent delivery at target levels represents a massive opportunity in our industry

FB Relationship[1] NPS Results FY23 – by Business Unit



Competitive Benchmark NPS Results 2022-23



Note: [1] Relationship NPS results based on FY23 YTD, where unavailable FY22 is used;

Customer: we are focused on improving service and solutions in four areas

THE FUNDAMENTALS

PRODUCT QUALITY, AVAILABILITY, & DELIVERY

Right product, right place, on time, every time – DIFOTIS

RESPONSIVE, JOINED UP CUSTOMER SERVICE

Seamless customer experience & communication across all channels

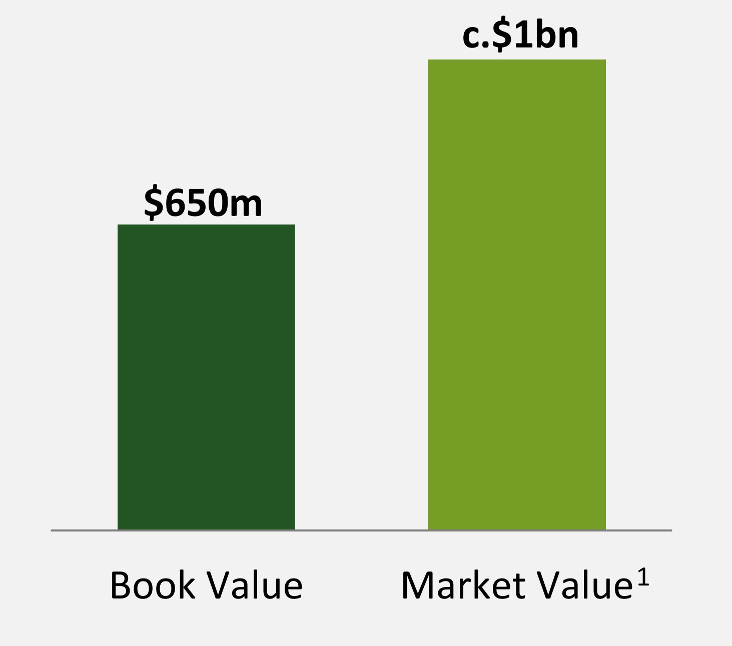
SHAPING THE FUTURE

LEADERSHIP IN SUSTAINABILITY

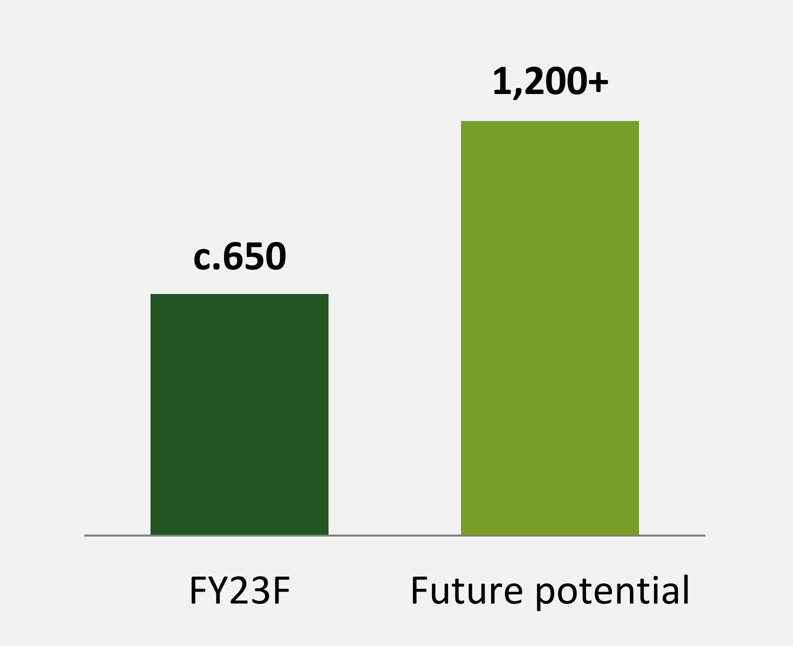
BRINGING INNOVATIVE NEW SOLUTIONS TO MARKET

Housing: we are well-positioned to grow unit sales in the future – but only once we are confident of a NZ market recovery

Valuation of Land on Balance Sheet



Growth Potential in Stronger Market (units)



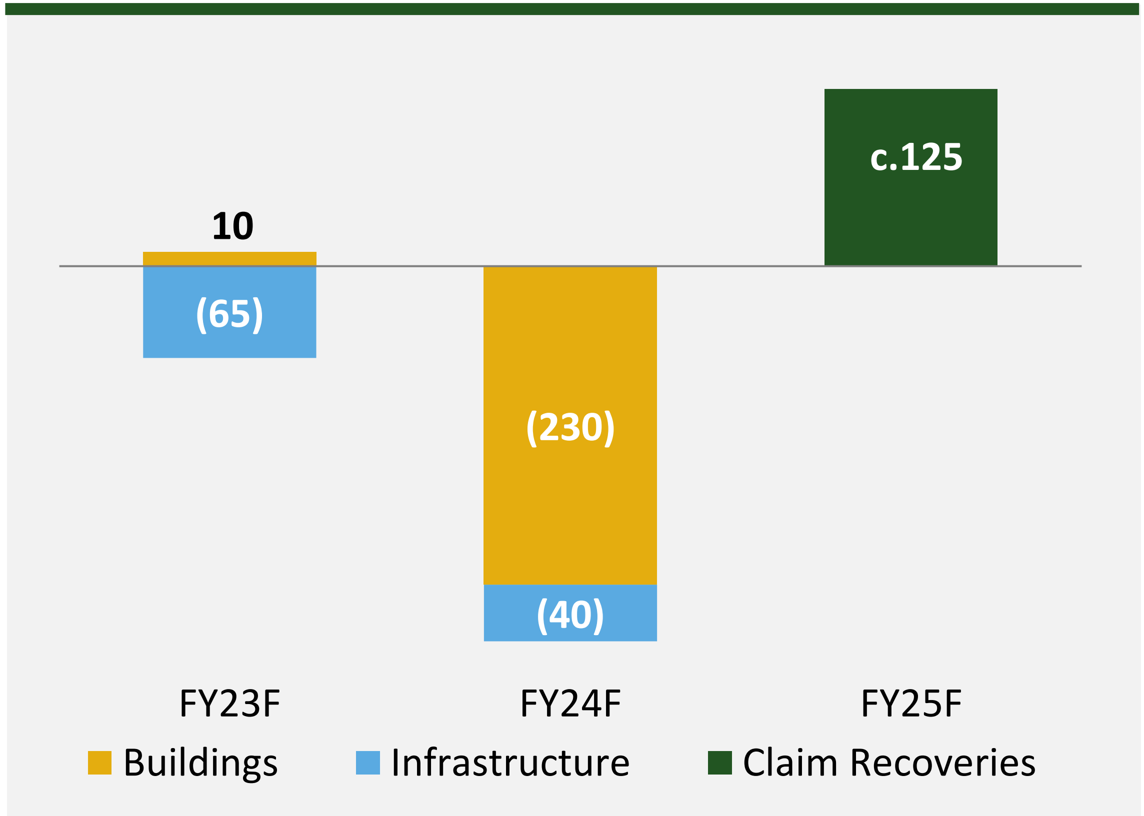
- High-quality communities built at scale, avg. price <$1m = deepest part of market
- Land bank[2] of 5,000+ units in proven locations; land on bal. sheet is materially in the money
- c.650 units sold in tough FY23 market; some apartment developments paused to manage funds. Targeting c.700-800 unit sales in FY24
- Can scale delivery to 1,200+ units in the future – only when conditions permit

Funds invested in Residential & Development expected to remain relatively flat at c.$800m-$850m ahead of a NZ housing market recovery

1. Market value of land on balance sheet is as at Jun 2023 and includes cost to develop land to serviced lots, where applicable
2. Land pipeline = lots under our control, consist of a mix of raw land, land under development and finished sections

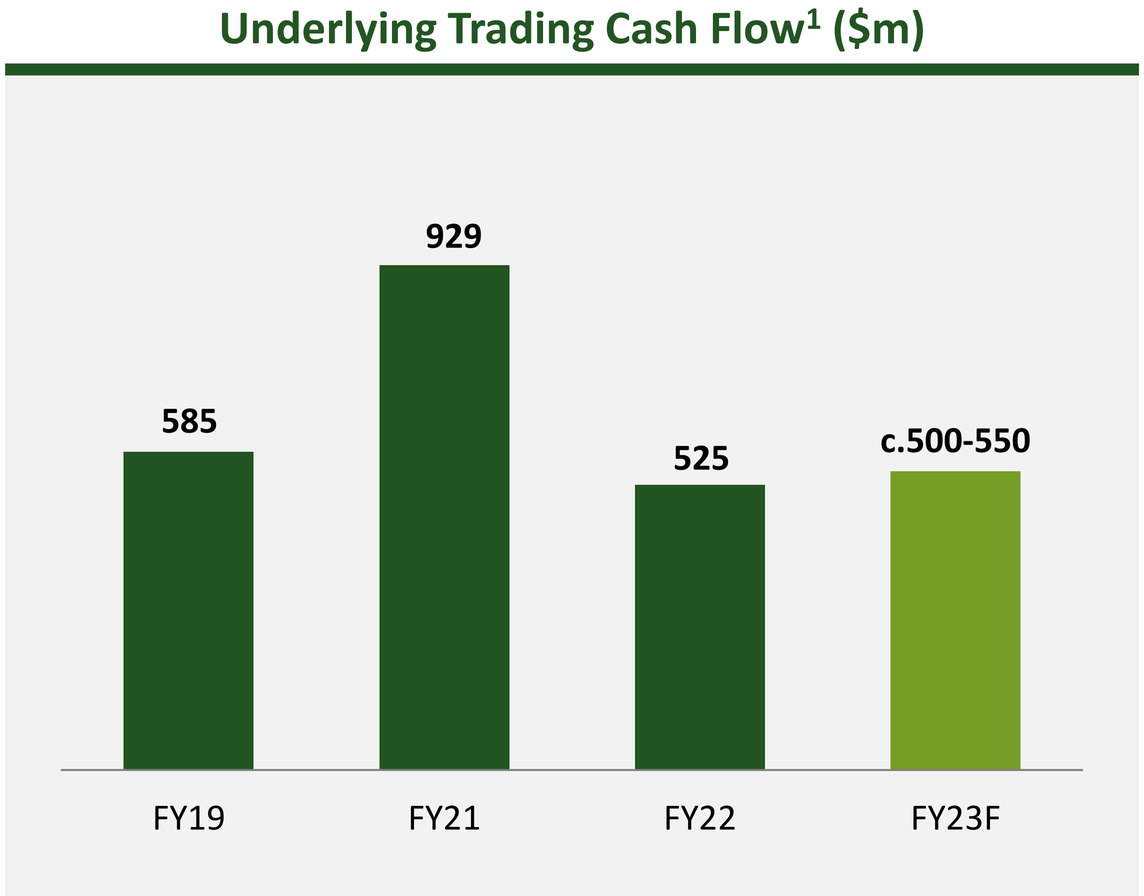
Construction legacy projects are a cash outflow in FY23-FY24 before assumed claim recoveries in FY25

Forecast FCC Legacy Project Cash Flows ($m)



- **Buildings**: remaining net cash outflows relate to losses on fire reinstatement works and final 'BAU' works; outflows are concentrated in FY24 following partial settlement received from Contracts Works insurers in 2H23
- **Infrastructure**: outflows relate mainly to completion of Pūhoi to Warkworth ahead of assumed claims settlement
- FY25F assumed cash inflow relates to final claims settlements. Actual amounts are subject to resolution of claims
- All cash flows shown are pre-tax

Underlying cash flows and balance sheet settings remain robust



- Underlying FY23 cash flows robust, strong second half delivered in line with prior guidance
- Forecast balance sheet metrics at Jun-23F:
  - Net debt c.$1.5b
  - Funding facilities c$2.8b
  - Liquidity c.$1.3b
  - Leverage ratio c.1.3x vs. target range of 1x-2x
- Growth capex and FCC legacy cash outflows will lift leverage ratio through FY24, but remaining within 1x-2x target range

1. Trading Cash Flow = EBITDA less Lease Principal Payments & Lease Interest Paid / minus Working Capital Movements. Underlying trading cash flow excludes FCC Legacy cash flow and Significant Items

Well positioned for cycle, disciplines & culture driving performance, with clear pathway for growth

- Solid FY23 delivered in softer trading conditions
- FY24 focus on preserving operational gains as market reverts to mid-cycle levels
- Construction legacy nearing completion, some risk to manage, go-forward business is more focused and lower-risk
- Medium-term outlook remains positive, all sectors supported by macro tailwinds
- Strategic focus shifting from cost / efficiency to top-line growth, especially investment in adjacencies, improved customer service & solutions and people focus
- Balance sheet in good shape to support $800m+ committed growth investment
- Pipeline of further growth opportunities available once we have certainty of cycle