

2024 Annual Shareholders' Meeting

23 October 2024

Fletcher Building Limited
Annual Shareholders' Meeting 2024



Peter Crowley

Independent, Non-Executive
Director

Fletcher Building Limited
Annual Shareholders' Meeting 2024



Directors



Barbara Chapman



Peter Crowley



Sandra Dodds



Tony Dragicevich



Andrew Reding



Cathy Quinn



Meeting agenda

Acting Chair's Address

Managing Director and Chief Executive Officer's Address

Q&A

Voting on Resolutions

General Q&A

Refreshments



Barbara Chapman

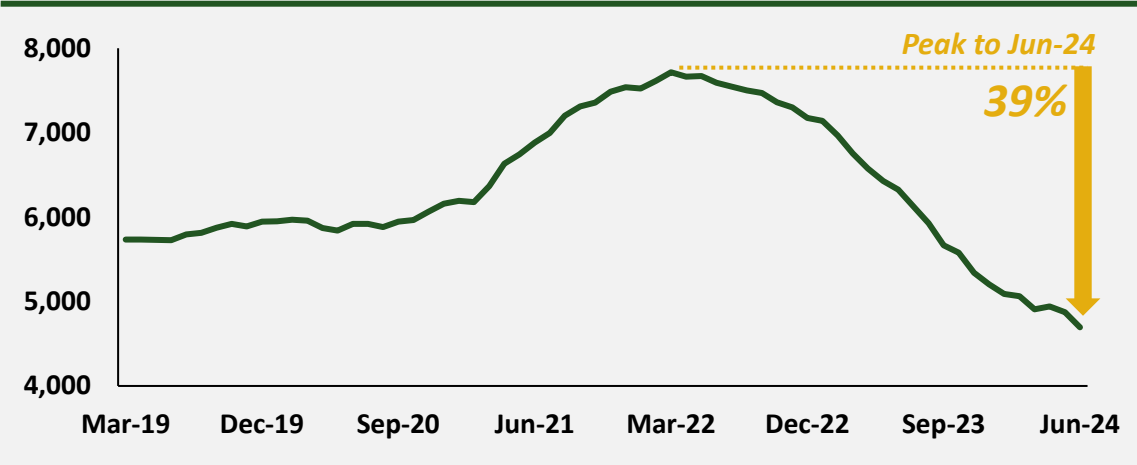
Acting Chair

Fletcher Building Limited
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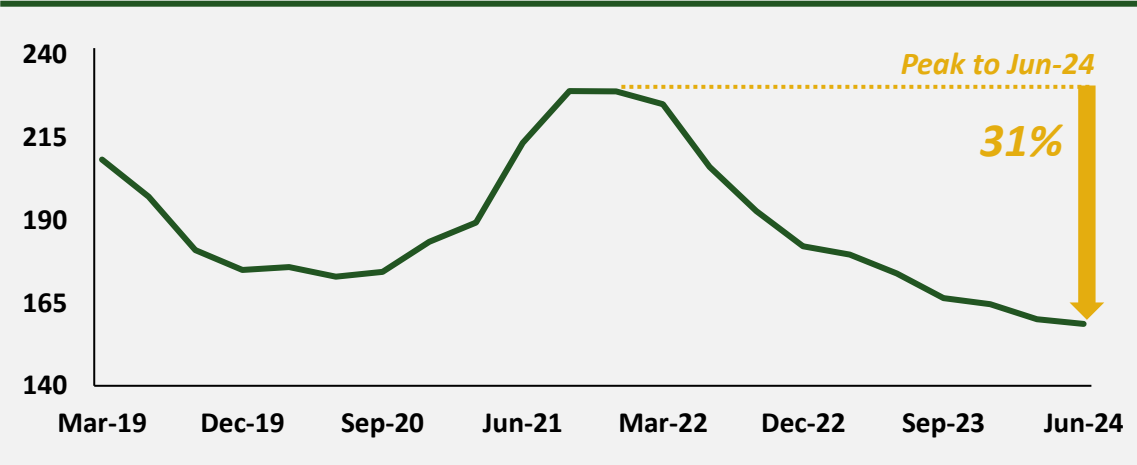


Contextualising the market backdrop – steep pace of decline

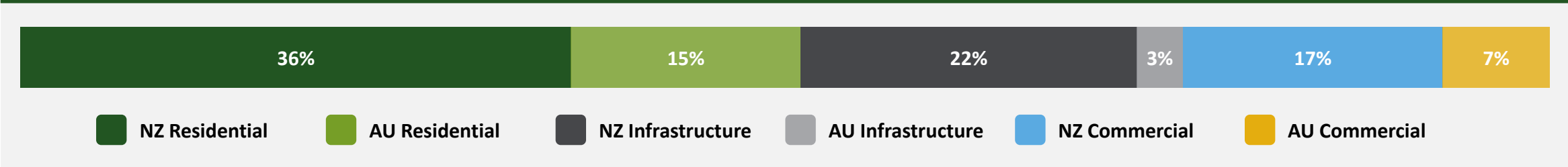
NZ RESIDENTIAL SQUARE METERAGE CONSENTED ('000s) | ROLLING 12 MONTH



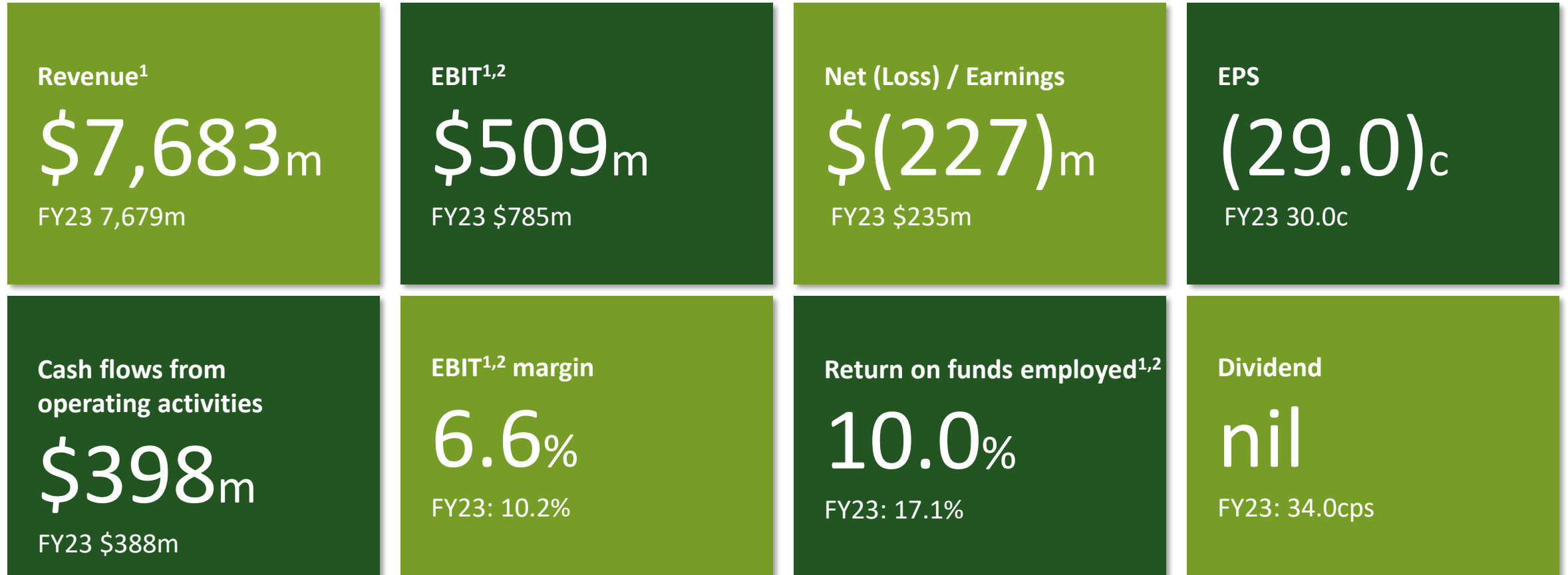
AUS DWELLINGS COMMENCED ('000s) | ROLLING 12 MONTH



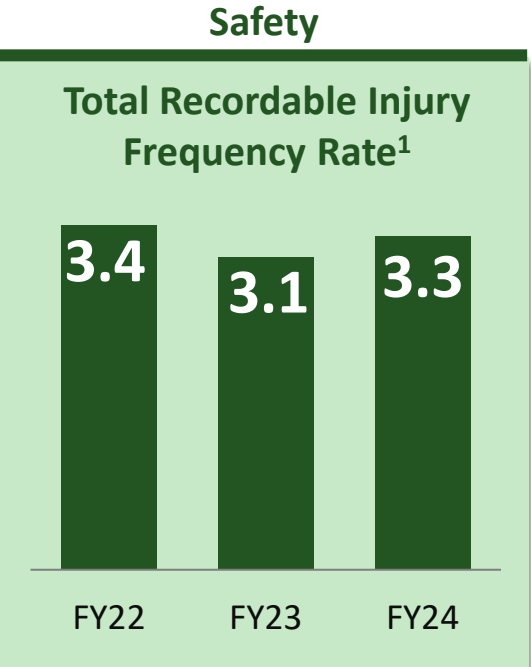
FLETCHER BUILDING FY24 REVENUE BY MARKET (%)



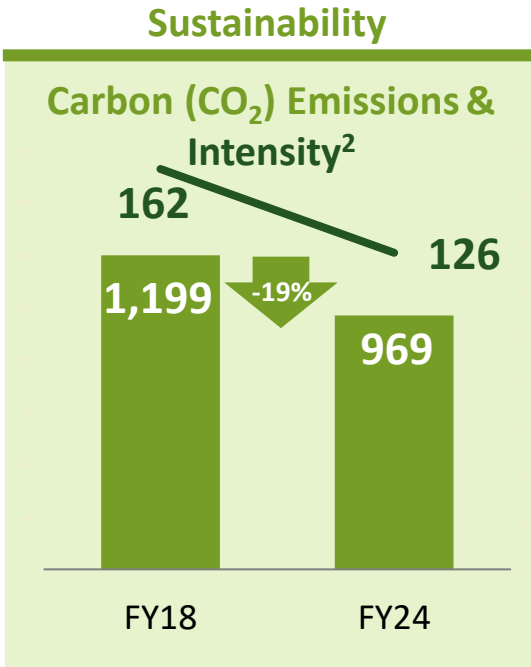
FY24 key financial results



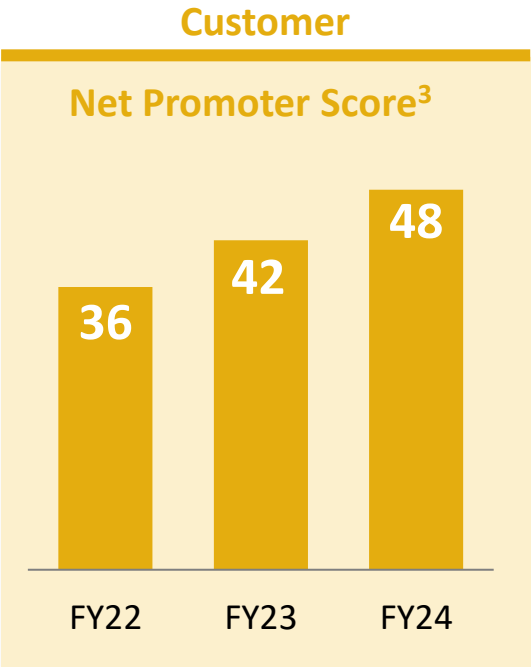
FY24 key non-financial results



Target zero serious injuries



Target 30% lower carbon by 2030 net zero carbon by 2050



Target ≥55



Target ≥ 40 (global upper quartile)

1. TRIFR = Total no. of recorded injuries per million hours worked. Does not include Restricted Work Injuries. Excludes Tradelink & Wood Products
 2. Carbon Emissions are '000 Tonnes Combined Scope 1 and Scope 2 emissions for Group; Carbon Emissions Intensity = FBU CO₂ Tonnes for every \$1m of revenue. ISO 14064-1
 3. Net Promoter Score (NPS) measures customer performance & is an indication of how satisfied our customers are with our business. Excl. Construction & JV's



Risks on WA plumbing and legacy construction projects dimensioned

WA PLUMBING

- Joint Industry Response (JIR) to the WA plumbing failures agreed in principle
- Iplex® AU and the WA Government committed to cover direct costs of repairs by participating builders: 80% by Iplex® AU and 20% by the WA Government
- Expect to record a pre-tax provision of ~A\$155 million in FY25 financial statements
- Cash outflows are expected to be phased over ~5 years
- Claims and proceedings are ongoing, and risks remain, whether JIR is finalised or not

LEGACY CONSTRUCTION

- Full works completion achieved on Pūhoi to Warkworth (P2W), Horizon Hotel handed over, Contract Works Insurance on NZICC settled early
- NZICC and Wellington International Airport Limited Carpark are nearing completion.



Decisive and pre-emptive action taken to strengthen our balance sheet

**\$700M OF EQUITY
RAISED**



**...TO REPAY DEBT,
STRENGTHEN THE
BALANCE SHEET...**



**...AND IMPROVE
FINANCIAL STABILITY
AND RESILIENCE**



Board and leadership changes

➔ **BOARD RENEWAL, STRONG INDUSTRY APPOINTMENTS**

➔ **MD & CEO APPOINTED**

➔ **KEY PRIORITY IS PERMANENT CHAIR APPOINTMENT**



Andrew Reding

Managing Director and Chief
Executive Officer



On the ground – connecting with our people and businesses

The image features a central map of New Zealand with red location pins and dotted lines connecting to various business units. Each unit is represented by a logo, a name, and a location, accompanied by a photograph of the facility or workers. The units are:

- Golden Bay** (Whāngarei): Logo with a red diamond, photo of an industrial plant.
- Waipapa Pine** (Keri Keri): Logo with a green 'W' and 'PINE' text, photo of a large timber yard.
- EasySteel** (Auckland): Logo with 'easysteel' in lowercase, photo of workers in orange safety gear.
- PCC** (Auckland): Logo with 'Pacific COILCOATERS' above, photo of workers in a factory setting.
- Firth** (Hunua, Auckland): Logo with 'Firth' in a square, photo of a concrete pump truck.
- Dimond Roofing** (Whāngarei): Logo with a red triangle, photo of a large industrial building.
- Winstone Wallboards** (Auckland + Tauranga): Logo with 'GIB' above, photo of workers on a construction site.

The map also labels various regions: Northland, Whāngarei, Auckland, Tauranga, Hamilton, Whakatāne, Waikato, Bay of Plenty, Gisborne, Manawatu-Wanganui, Hawke's Bay, Napier, Taranaki, Whanganui, Palmerston North, and Wellington.



Trading update

Unique trading conditions in Materials & Distribution in 1Q25, however improvement in Resi & Devt house sales observed in September

MATERIALS & DISTRIBUTION¹

- **1Q25 market volumes are 10% - 15% lower YOY**
- September trading saw revenues track lower by 12% YOY (vs. down 7% YOY in Jul-Aug)
- Gross margin pressure continues in highly competitive environment, esp. in New Zealand

RESIDENTIAL & DEVELOPMENT

- **House sales averaging 17/week in 1Q25 (compared to 23/week in 1Q24);**
- **September saw an improvement in house sales to 21/week (vs. 14/week in Jul-Aug)**
- Margins lower YOY due to decline in NZ house prices in past ~6 months

CONSTRUCTION

- **Business performing solidly, 1Q25 earnings and margins improved YOY**
- Continue to target completion of construction on NZICC by Dec-24, with commissioning in 2H25
- Remedial works for WIAL carpark remain on track for completion in FY25



FY25 Outlook

Expect FY25 EBIT to be c.60% weighted to 2H primarily due to cost savings, housing settlements & non-repeat of one-off costs

FY25 OUTLOOK

- **Continue to expect FY25 market volumes in our Materials & Distribution¹ businesses to be c.10-15% lower vs FY24**
 - Consistent with our expectation in September
 - In line with decline in market volumes in 1Q25
- **Expect FY25 EBIT² to be c.60% weighted to 2H25 given:**
 - Gross overhead costs savings in FY25 of at least \$180m, c.60% weighted to 2H25
 - Seasonality in Resi & Devt, with c.170 – 180 additional settlements expected in 2H25 vs. 1H25
 - Non-repeat of c.\$20m one-off NZ electricity, MVAC ship outage & restructuring costs incurred in 1H25
- **FY25 earnings remain sensitive to market conditions**
 - Materials & Distribution: an additional +/-5% change in market volumes is estimated to equate to +/- \$80 – 90 million in annualised EBIT² impact
 - Resi & Devt: an additional +/- 100 settlements per year is equivalent to +/- c.\$15m in annualised EBIT² impact



Fletcher Building remains focused on delivering near-term milestones

- Ongoing cost reductions to manage profitability
- Continued focus on cash generation
- Managing working capital and capex to respond to market conditions
- Completing remaining legacy issues
- Strategic review underway – completion first half of calendar 2025



Long term fundamentals solid

WE OPERATE IN ATTRACTIVE MARKETS...

1 Population dynamics and infrastructure deficit underpin long term sector demand

2 Long term economic and political stability support strong pipeline of residential, non-residential & infrastructure construction

...WHERE WE HAVE STRONG BUSINESSES...



...WELL-POSITIONED ONCE MARKET VOLUMES RECOVER

1 Balance sheet strengthening allows us to focus on executing operational and strategic initiatives

2 Significant operating leverage expected to position the Company to capitalise once market returns



Questions



Resolutions and Voting

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Resolutions

→ Ordinary Resolutions

- Resolution 1 – Re-election of Cathy Quinn
- Resolution 2 – Election of Tony Dragicevich
- Resolution 3 – Election of Andrew Reding
- Resolution 4 – Auditor fees and expenses
- Resolution 5 – Adoption of Remuneration Report



Remuneration principles

1 SHAREHOLDER VALUE	2 OUR PEOPLE	3 STRATEGY	4 RISK
<p>An OWNERSHIP CULTURE with 'skin-in-the- game'</p>	<p>ATTRACT, RETAIN and REWARD high standards of performance and values</p>	<p>SUSTAINABLE EARNINGS & PROFITABLE GROWTH (short- and long-term)</p>	<p>Promoting high standards and ACCOUNTABILITY</p>



Our executive remuneration framework supports our performance focus and remuneration principles



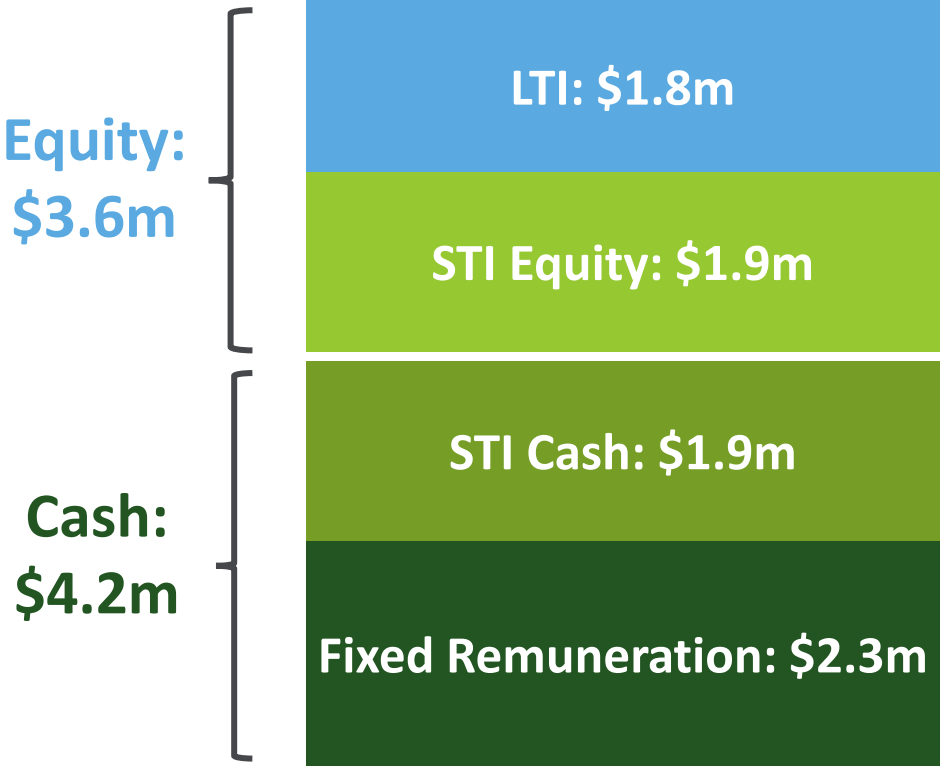
This approach has resulted in strong alignment to CEO remuneration outcomes with actual performance

	FY19	FY20	FY21	FY22	FY23	FY24
Short Term Incentive (% earned of max STI)	36%	0%	94%	93%	36%	0%
Long Term Incentive (% earned of max LTI)¹	0%	0%	0%	0%	0%	0%

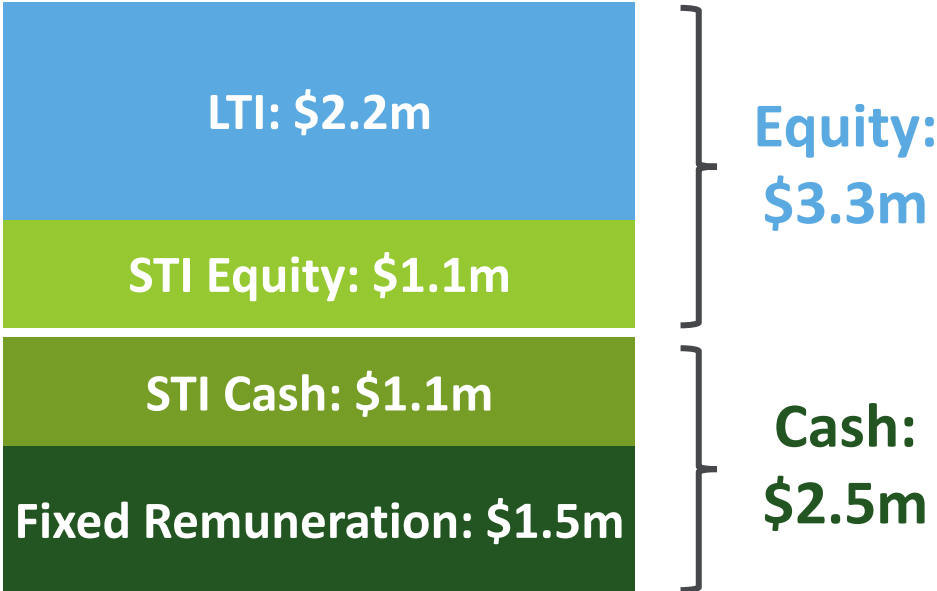


Group CEO remuneration arrangements (At maximum)

Previous Group CEO - Ross Taylor



New Group CEO - Andrew Reding



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