Fletcher Building Half Year Results to 31 December 2023

14 February 2024

Fletcher Building Limited

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Agenda

1. Results Overview	Ross Taylor
2. Market Context	Bevan McKenzie
3. Financial Results	Bevan McKenzie
4. Outlook	Ross Taylor

HY24 summary

Margins, costs & cash flows well-controlled; earnings impacted by tough trading environment & sig items

Performance through the cycle

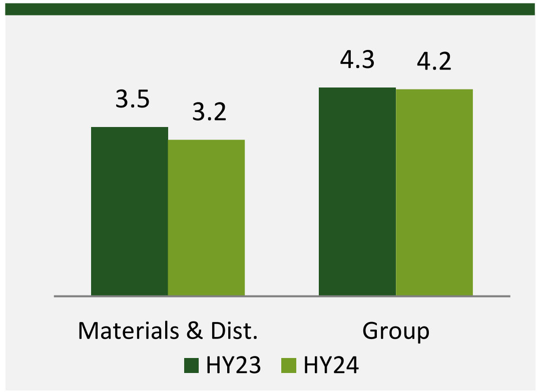
- **HY24 performance**
  - Revenues solid overall but tough trading conditions vs. 1H23, esp. in NZ residential sector volumes -20%
  - Group EBIT $264m, lower YoY due to weaker markets; partly offset by cost-out & higher Fletcher Resi EBIT
  - Group EBIT margin 6.2% with resilient Materials & Distribution EBIT margin of 7.4% in context of activity levels
  - Net loss $120m – impacted by disappointing $180m provisions on legacy projects & $122m Tradelink non-cash write-down; decision made to divest Tradelink
  - Trading cash flows (ex legacy) $176m – material uplift YoY from effective working capital management
  - Leverage ratio 1.8x in line with prior guidance, liquidity strong at c.$0.9b
- **FY24 outlook**
  - FY24 Group EBIT guidance to be in a range of $540m-$640m, with the mid-point assuming a continuation of current market conditions for the balance of FY24
  - NZICC on track for completion in 2024; WA pipes industry solution, risks to manage

Note: EBIT, EBIT margin and Trading Cash Flow are before significant items

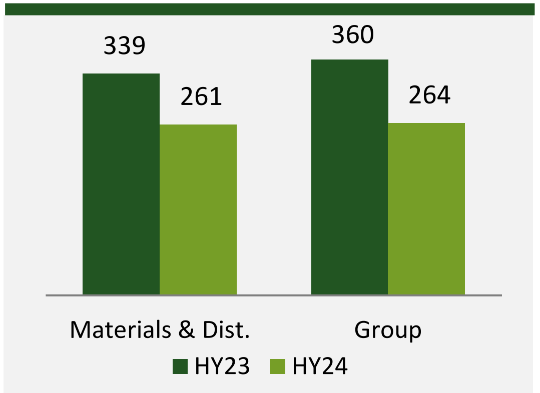
HY24 results at a glance

Revenue mix change YoY and lower EBIT from market volume decline; sales uplift in Fletcher Residential

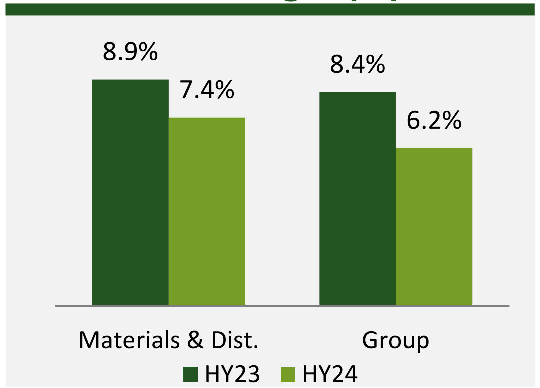
Revenue ($b)



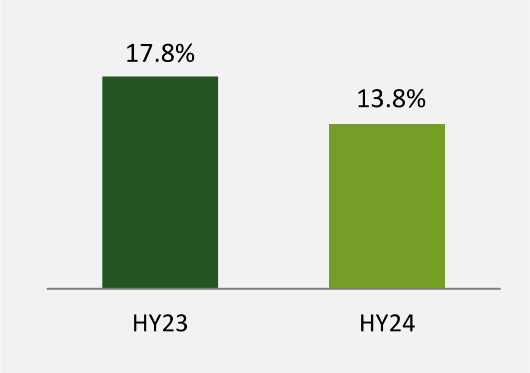
EBIT[1] ($m)



EBIT Margin (%)[1]



ROFE[1,2] (%)



HY24 trading highlights

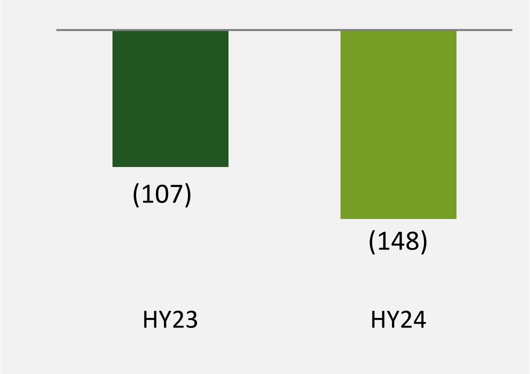
- **Group revenue** flat YOY, with higher revenues in Resi & Devt and Construction, offset by lower revenues in Materials & Distn
- **Materials & Distn** revenues c.$270m lower YoY and EBIT $78m lower YoY due to materially weaker market volumes (c.$100m EBIT impact), partly offset by cost-out. EBIT margin solid at 7.4% given strong price competition & higher mix of comm/infra revenue
- **Resi & Devt** revenue up c.$130m YoY and Resi EBIT $8m higher YoY as NZ housing market improves with strong sales in lower house price categories; Industrial Devt EBIT nil in 1H24 ($16m in 1H23) impacting EBIT margin
- **Construction** revenue up c.$50m YoY, EBIT $10m lower, earnings seasonally weighted to 2H24; EBIT margin dilutive to Group
- **Group ROFE** slightly below ≥15% target; but higher funds base from investments

1. Before significant items; Materials & Distribution EBIT Margin is calculated on gross revenue
2. Return on Funds Employed (ROFE) is EBIT excluding significant items to average funds (net debt and equity less deferred tax asset)
Note: Measures before significant items are non-GAAP measures used by management to assess the performance of the business & have been derived from Fletcher Building Limited's financial statements for the period ended 31 December 2023. Details of sig items can be found in note 2.1 of the financial statements

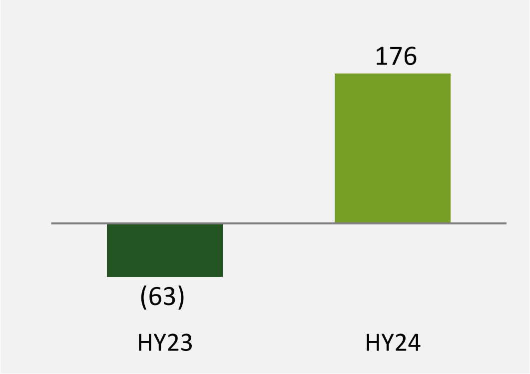
HY24 results at a glance

Strong trading cash flow outside of FCC legacy projects, reflecting tight control of working capital

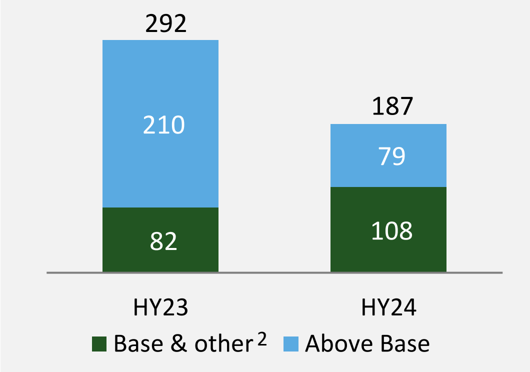
Trading Cash ($m)



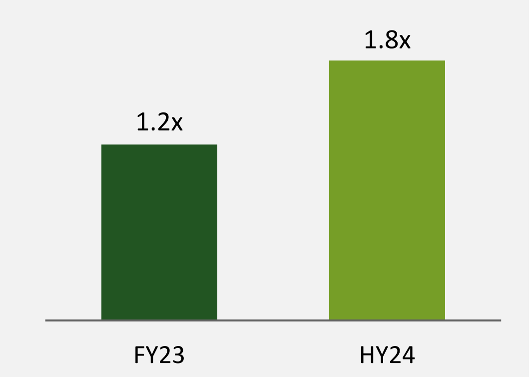
Trading Cash ex Legacy ($m[1])



Group Net Capex ($m)



Leverage (Net Debt/EBITDA[1])



HY24 trading highlights

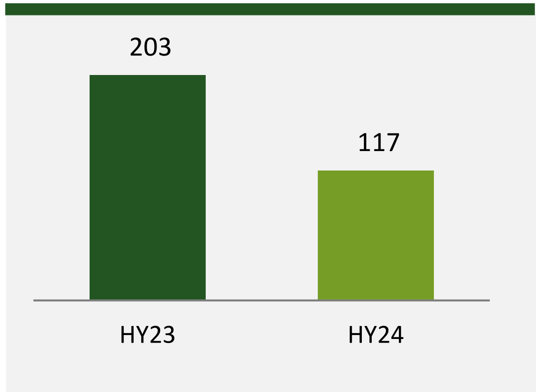
- **Trading cash** impacted by Construction legacy cash outflows of $295m due to NZICC steel remediation costs
- **Trading cash ex Legacy:**
  - **Materials & distribution** trading cash[1] strong at $253m, +$47m ahead of 1H23 despite lower earnings. Reflects tight control of inventories and receivables
  - **Resi & Devt** materially improved YoY as investments in land and build WIP tightly managed; market valuation of Resi land +$300m higher than book value
- **Group net capex** in line with guidance, above base capex reflects growth investments & final stage of WWB plant (fully operational)
- **Group leverage ratio** moved to 1.8x as flagged, driven by legacy cash-flows & above base capex, remains within target 1x-2x range
- **Liquidity** remains strong at $0.9b

1. Before significant items
2. HY24 Base & other = Base capex of $111m less proceeds on disposal of PPE of $3m; HY23 Base & other = Base capex of $87m less proceeds on disposal of PPE of $5m

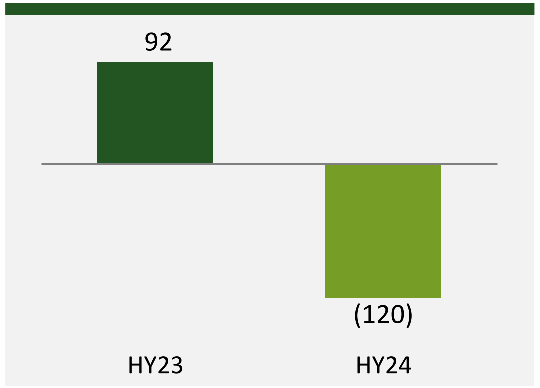
HY24 results at a glance

Earnings impacted by legacy provisions and Tradelink write-down

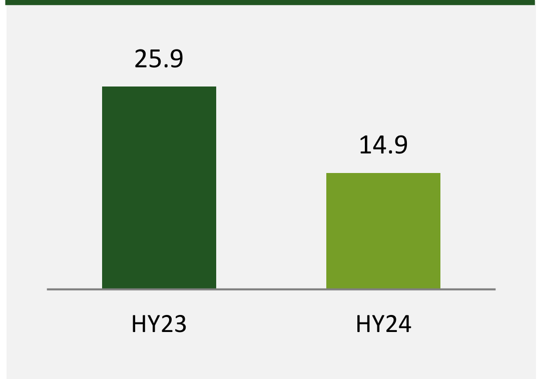
Net Earnings before sig items ($m)



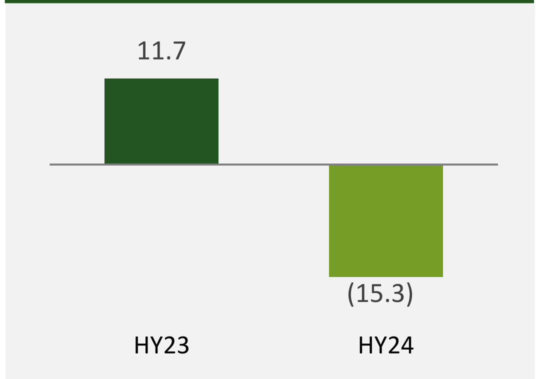
Net Earnings after sig items ($m)



EPS before sig items (cps)



Basic EPS (cps)



HY24 trading highlights

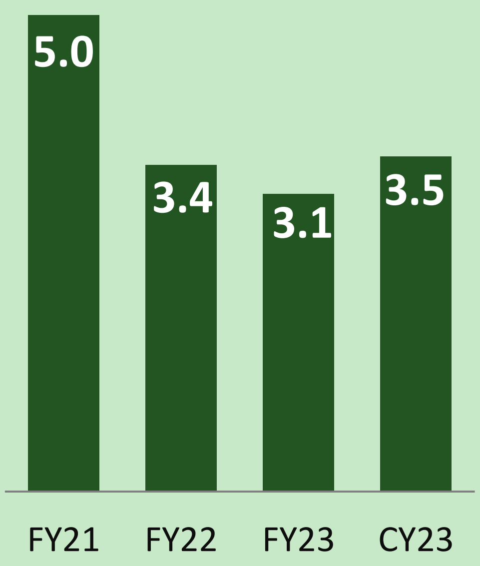
- Net Loss of $120m impacted by $180m legacy provisions and $122m Tradelink write-down
- The Company dividend policy is to target a payout in the range of 50% to 75% of net earnings before significant items and having regard to available cash flows
- In line with the Company's dividend policy, the Board has not declared an interim dividend for HY24

Balanced Scorecard

Continuing to drive safety culture and lowering our carbon emissions

Safety

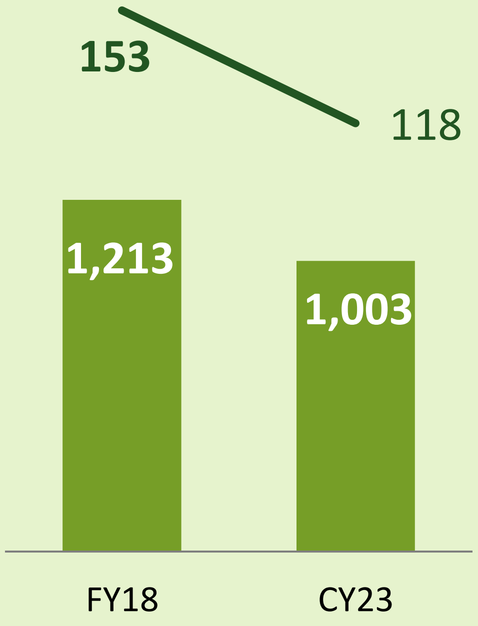
Total Recordable Injury Frequency Rate[1]



- 94% (920) of sites injury free in HY24; 5 businesses injury free
- TRIFR stable, amongst best in class globally
- >3,400 Risk Containment Sweeps & 6,300 Critical Control Verifications

Sustainability

Carbon (CO_2) Emissions & Intensity[2]



- On track for 30% lower carbon by 2030; targeting net zero by 2050
- 74% of product revenue from products with sustainability certifications
- CDP rating of A for our supply chain engagement & B for our emissions
- DJ Sustainability™ Australia Index member; Member of S&P Sustainability Yearbook

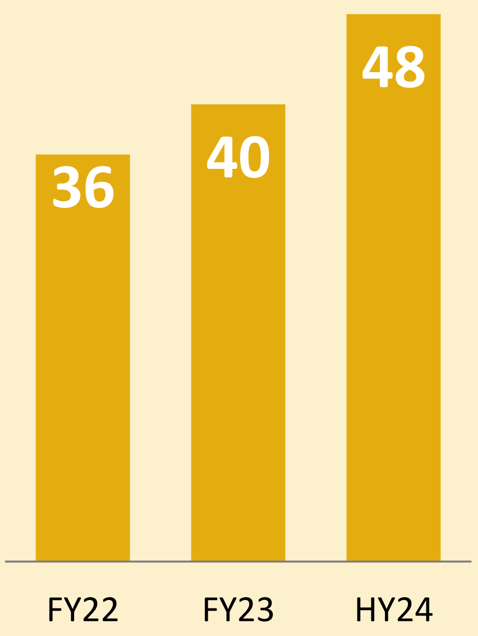
1. TRIFR = Total no. of recorded injuries per million hours worked. Does not include Restricted Work Injuries; CY = Calendar Year
2. Carbon Emissions are '000 Tonnes Combined Scope 1 and Scope 2 emissions for Group; Carbon Emissions Intensity = FBU CO_2 Tonnes for every $1m of revenue. ISO 14064-1; CY = Calendar Year

Balanced Scorecard

Customer NPS and People engagement continue to trend positively

Customer

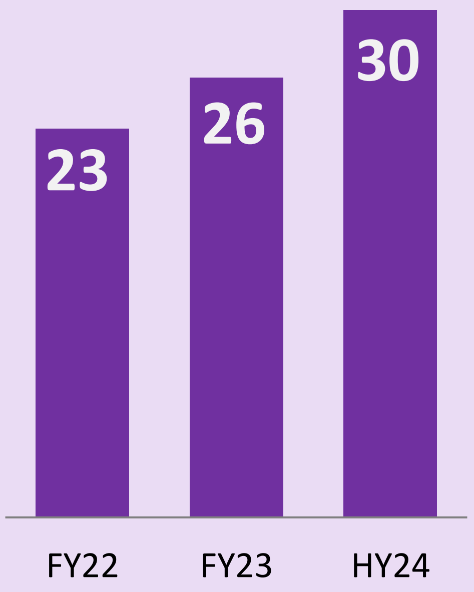
Net Promoter Score[1]



- Strong HY24 NPS of 48, up 8pt from FY23; on track to our target NPS ≥ 55
- Continued focus on product & customer service offerings, product availability & DIFOT[2]
- Ongoing competitive benchmarking NPS programme (customers & non-customers)
- Digital remains a top priority across the group

Engagement

Employee Engagement Rating



- Continued improvement, on track to our target eNPS > 40 (global upper quartile)
- Women in leadership[3] roles improved to 21% in 1H24 moving us towards our target of 30% by FY27

1. Net Promoter Score (NPS) measures how satisfied our customers are with our business (excludes the Group JV's and associates)
2. DIFOT = Delivered In Full On Time
3. Leadership includes all employees that are classified as frontline leaders, leaders of leaders, GMs & CEs

Divisional Performance

Solid underlying results in tough market with strong focus on aligning cost base to current market

Division	EBIT[1]	EBIT[1] Margin
Building Products	**$78m** HY23: $111m	**11.1%** HY23: 14.5%
Distribution	**$35m** HY23: $65m	**4.2%** HY23: 6.7%
Concrete	**$70m** HY23: $81m	**12.3%** HY23: 14.6%
Australia	**$78m** HY23: $82m	**5.4%** HY23: 5.3%
Residential and Development	**$41m** HY23: $49m	**11.7%** HY23: 22.4%
Construction[2]	**$(1)m** HY23: $9m	**(0.1)%** HY23: 1.4%

HY24 trading highlights

- **Building Products, Distribution** and **Concrete** materially softer volumes in NZ resi sector. Price & cost well managed despite strong competition and inflation of c.5% p.a. Gross Margin held within 1%pt of 1H23, and overhead costs reduced by 1% YoY
- **Australia** EBIT[1] and EBIT margin[1] solid YoY despite lower market & poor Tradelink result. Price and costs well managed, divisional gross margins +1%pt & overhead costs 3% lower YoY; we intend to commence a divestment process for Tradelink
- **Residential & Development** unit sales higher (419 vs. 189 in 1H23), house prices now stabilising. Ind Devt EBIT nil in 1H24 vs. $16m in 1H23, main reason for lower divisional margin
- **Construction** seasonally weighted to H2, 1H24 result impacted by remedial costs in Higgins. Order book quality remains strong

1. Before significant items
2. Construction EBIT before significant items in 1H23 is prior to elimination of $4m intra-group margin on the construction of WWB plant

WA plumbing update

Testing complete; leaks are caused by installation practices

- Testing of Pro-Fit pipe with Typlex resin for causation has completed
- Experts’ advice on causation has been received and confirms the leaks are caused by installation practices
- Iplex has inspected hundreds of homes and continues to see the same installation failures and the same correlation between them and a leak as described in our Oct 2023 presentation
- Based on recent information from builders, Iplex has decreased its estimate of the total number of Perth homes built with Typlex Pro-Fit pipes to c.15,000[1] (down from ~17,500 in Oct 2023).
- Update on number of affected homes (i.e. homes with Typlex Pro-Fit pipes which have reported a leak to Iplex):
  - **Perth:** ~2,200 *(which includes an estimate for BGC as it does not provide Iplex with data)*
  - **Rest of Australia:** 37
- No change to provision, but risk remains
- There are circumstances, including a recall, where the financial impact could be significantly material and adverse to the Group
- Iplex is committed to engaging with others to develop and deliver a pragmatic industry solution
- Even if adopted, an industry solution would not preclude legal options for any party

1. Estimate, given not all builders provide Iplex with data

WA plumbing update

Testing and expert reports

Iplex has completed 24 different types of tests across 900 pipe samples - multiple local and external labs

The expert reports of **Ross Brown, Dr. Lucy Baker** and **Prof. Graeme George** have been received and submitted to WA Consumer Protection

In combination, these tests and experts have concluded:

- ➔ The Pro-fit pipes conform to Australian Standards;
- ➔ There is no manufacturing defect;
- ➔ The observed plumbing installation failures, either in isolation or combination, create excessive stress on the pipes and pipework system, which is the cause of the failures;
- ➔ But for these installation failings, the Pro-fit pipes would perform as expected; with compliant conditions, there are no differences in performance characteristics as between Pro-fit pipe manufactured from Typlex resin or the Basell resin;
- ➔ The change to Typlex resin from Basell resin has not caused the pipe to fail;
- ➔ The analysis and ultimate conclusions in the Scheirs Report (BGC's expert) are without foundation, incorrect (both in methodology and interpretation), and demonstrate a failure to properly consider all relevant factors when seeking to determine the cause(s) of failure; and
- ➔ The theories proposed by Dr. Haberecht (DEMIRS' consultant) have been disproven by the evidence.

While causation is clear and **all Iplex pipes conform to Australian Standards**, Iplex is conducting other tests with an international laboratory to try to emulate the conditions and poor installations practices seen in Western Australian homes and so isolate the same mode of failures and the same rate of failures as between resin types. To date, it has not been able to do so. The results of these tests, which are likely to take months to be obtained, may help identify further repair initiatives for the **industry solution that is needed to effectively and efficiently address the plumbing failures that are occurring**.

WA plumbing update

The data from Perth homes shows installation is the cause

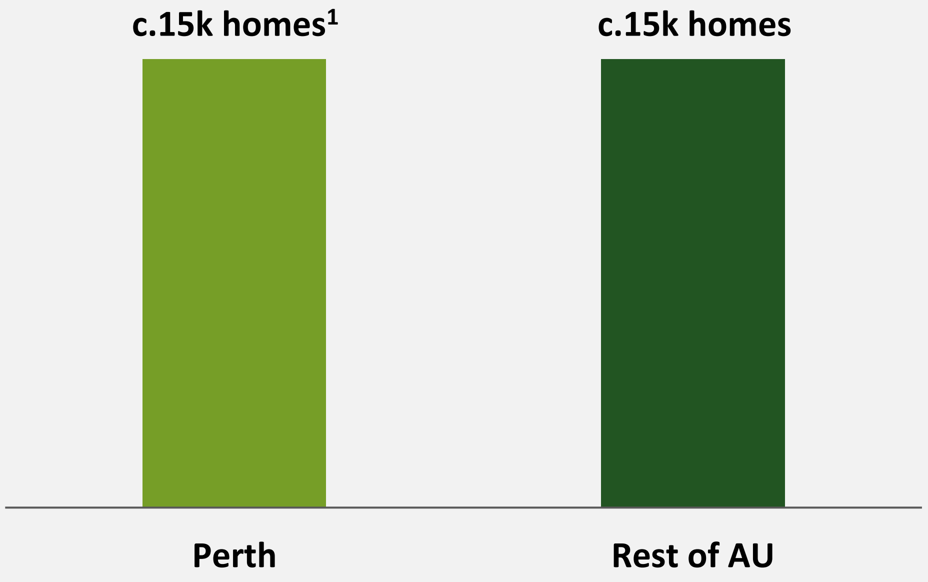
- In the last 9 months, Iplex has collected data from **505 homes** (270 by its own plumbers and 235 by other builders/plumbers).
- BGC has continued to not provide access to homes, information about their leaks or pipes for inspection or testing
- Data Iplex has collected itself (which has been reviewed by an external independent plumber expert) shows:
  - the same correlation between poor installation and leaks as described in October;
  - if a home leaks, on average, first leak is about 3 years from construction;
  - trends imply that most homes will not leak; and
  - homes leaking for the first time are declining.

Extrapolating that data to all WA builds, Iplex expects fewer homes to leak in the future than have already leaked.

WA plumbing update

This remains a Perth problem

Estimated homes built with Typlex Pro-fit



	Perth	Rest of AU
Homes leaked in last 2 years	~2,200	37
	14.6%	0.24%

- Pro-Fit with Typlex resin was first produced in mid 2017 and was the bulk of the supply from then
- The rate of plumbing failures alone points to local construction practices compared to all other Australian markets
- Failure rates between builders in Perth also differ materially, again pointing to variability in installation practice

1. *This assumption is not verified, but reduction from Oct'23 based on public statements by BGC*

WA plumbing update

Key updates across three workstreams

1 SUPPORT CUSTOMERS & HOMEOWNERS

- Our A$15m interim investigation fund **is less than 50% drawn**
- 39 parties registered across Perth
- Working to plan:
  - Streamlined claims process
  - Homes repaired quickly
  - More than 1,300 repairs funded at a cost of c.$2.5m
- Ongoing encouragement to builders and plumbers to use the Fund to expedite repairs for homeowners

2 ESTABLISHING CAUSATION

- Independent expert reports into causation completed and confirm:
  - The observed **plumbing installation failures** cause the leaks
  - There is **no manufacturing defect**
  - Pro-fit pipes **conform to Australian Standards**

3 INDUSTRY SOLUTION

- Where required, nearly **200 full ceiling pipe replacements** across multiple builders so far
- Largely completed the trial phase of **leak detector** installation; positive feedback with trial producing learnings about settings
- **Wall pipe mapping and non-destructive tile removal** trials advancing
- **Pipe re-lining trialled in a Perth demo home**; testing now being conducted to measure performance & service life. Commercial terms and regulatory approvals still required[1]

1. These lined pipes were removed from the trial home and are not in service

WA plumbing update

Regulatory Update: Recall is not the solution

- **WA Regulatory investigation**
  - The WA Consumer Protection's investigation into whether there is evidence to support a recommendation to the Minister to recall the product is ongoing. While nothing formal has been advised, we expect its final stages to occur in March 2024.[1]
- **Recall**
  - Iplex has submitted that the threshold for a recall has not been met and is therefore not supportable. On the evidence, there is no reason to remove all the pipe; most homes will not leak.
  - A recall is not the remedy for installation failures
- **A proportionate industry response**
  - Homeowners need the industry to provide a solution, prioritising those most in need
  - Industry led and sustainably financed
  - Does not need to be prefaced on a finding of fault but will need to be scalable and practical to be embraced
  - Iplex reiterates its commitment to working with Industry to design, develop and roll such a solution out quickly
- Based on its data and the trends it has drawn (and using BGC's cost estimates), Iplex believes a viable and appropriate industry solution is available. If it is agreed, it would involve rectification costs (not other costs or losses) of around $100m for the industry, which would be incurred over an estimated 5-6 years

1. A recall does not depend on whether the product is defective, but whether the Minister concludes there is a risk of injury and suppliers are not doing enough

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HY24 Market Context – New Zealand Materials & Distribution

NZ market c.15% lower vs. HY23, driven mainly by weaker resi sector; FB revenues have held up solidly

NZ M&D[1] Market Volumes HY24 vs HY23

	Initial Outlook	What we've seen in H1
Residential	c.12%	c.20%
Commercial & Infrastructure (incl. rural)	c.4%	c.7%
Overall NZ M&D Market	c.8%	c.15%
FB NZ M&D revenue		-8%

HY24 Market Commentary – NZ Materials & Distribution

- FB NZ materials & distribution businesses revenue are c.60% residential, c.40% commercial & infrastructure exposed
- Resi sector weakened materially in HY24, esp. 2Q24 and esp. larger builders of new homes
- Comm & infra sectors relatively solid, though comm. activity slowed through HY24 and some roading work delayed. Rural market very weak on reduced agricultural spend
- Ongoing destocking evident in some channels in HY24, mainly pipes and steel
- FB has held share, revenues down 8% in an overall market down 15%

1 M&D = Materials & Distribution = Building Products, Concrete and Distribution divisions

HY24 Market Context – Australia Materials & Distribution

AU market activity broadly in line with expectations, FB revenues solid

AU Market Volumes HY24 vs HY23

	Initial Outlook	What we've seen in H1
Residential	↓ c.10%	↓ c.7%
Commercial & Infrastructure	↓ c.3%	↓ c.9%
Overall AU M&D Market	↓ c.8%	↓ c.8%
FB AU revenue		**-6%**

HY24 Market Commentary – AU Materials & Distribution

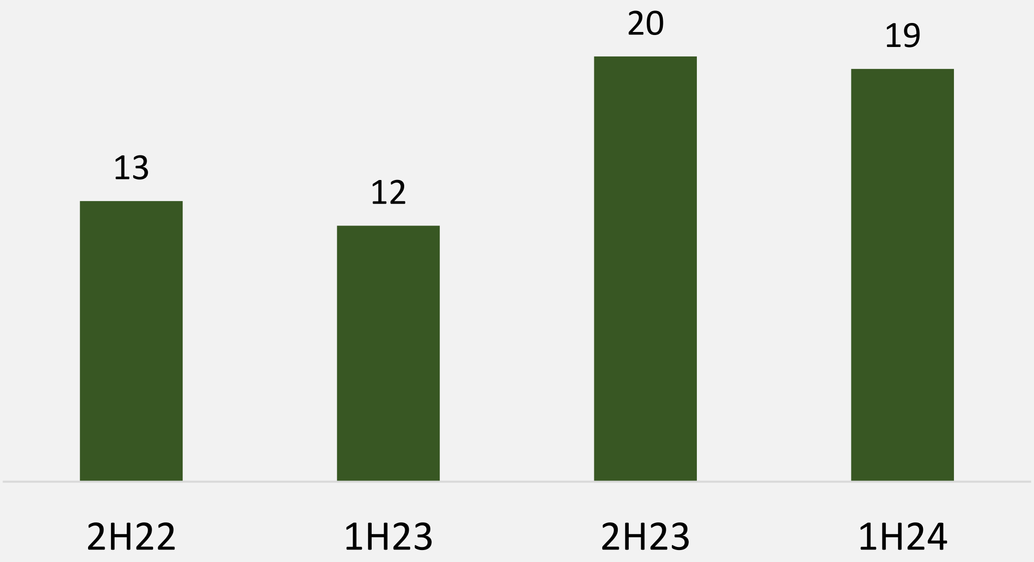
- FB AU businesses are c.60% residential, c.40% commercial & infrastructure exposed
- Resi sector demand in finishing trades & renovation market held up solidly, though run-rate softened in final two months of 1H24
- Comm & infra project work weakened in our key sectors, notably water projects for Iplex
- FB revenues solid: down 6% in an overall market down 8%

HY24 Market Context – New Zealand Housing

Improved housing market in past 12 months has supported higher sales volumes of c.20 units per week

Fletcher Residential Average Weekly Sales

(Conditional Agreements Signed Per Week)



NB: fall-outs between conditional agreement and final settlement (i.e. sales that don't complete) average 1-2 per week.

- Despite ongoing elevated interest rates, market conditions improved through 2H23 – esp. among first home buyers in lower/mid market where Fletcher Residential is focused – and sales momentum continued into 1H24
- Chart shows average weekly house sales agreements signed by Fletcher Residential through calendar 2022 & 2023. On average, c.90% of these agreements convert into completed sales
- House prices fell 15-20% from the peak in late-2021 to mid-2023. Prices stabilised in 1H24 & showing slight improvement (low single digit increases) in some developments. Overall, average prices in 1H24 were c.6% lower than 1H23
- 180 contracts already executed to settle in 2H24; expect FY24 Resi sales target of c.900 units

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Income Statement

Net earnings impacted by market activity and one-off costs related to legacy Construction & Tradelink

Income statement NZ$m	Dec 2022 6 months	Dec 2023 6 months	Var
Revenue	4,284	4,248	(1%)
EBITDA before significant items	540	455	(16%)
EBIT before significant items	**360**	**264**	**(27%)**
Significant items	(154)	(308)	NM
EBIT	**206**	**(44)**	**NM**
Lease interest expense	(30)	(32)	7%
Funding costs	(39)	(62)	59%
Tax (expense) / benefit	(34)	21	NM
Non-controlling interests	(11)	(3)	(64%)
Net earnings / (loss)	**92**	**(120)**	**NM**
Basic earnings per share before sig items (cents)	25.9	14.9	(42%)
Basic earnings per share (cents)	11.7	(15.3)	NM
Dividends per share (cents)	18.0	-	

HY24 income statement

- EBIT[1] decline reflects softer operating environment, esp. NZ resi sector
- Input cost inflation remained elevated in the period: average c.5% vs. 1H23
- Significant items of $308m mainly relate to $165m NZICC provision & Tradelink write-down of $122m
- Funding costs $62m on higher borrowings & interest costs, as flagged
- Effective tax rate[1] of 29.4% in 1H24

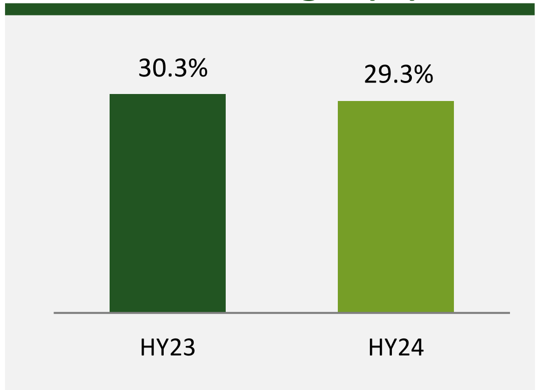
1. Before significant items

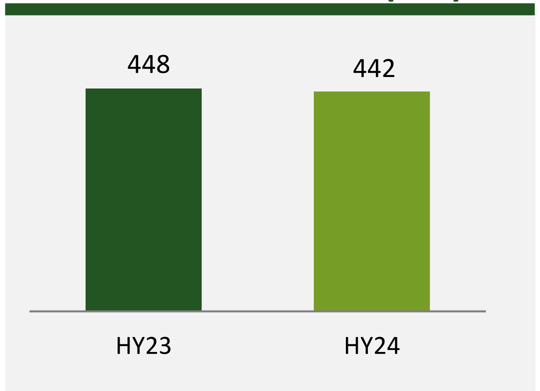
Spotlight on Gross Margins & Overhead Costs – Materials & Distribution Divisions

Gross margins solid despite price pressure and ongoing COGS inflation; good overhead cost management

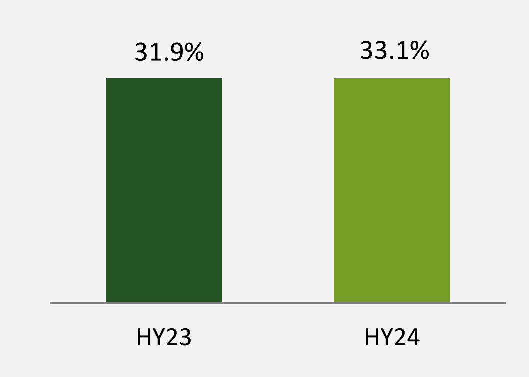
Gross Margin (%) | Overhead[1] Costs ($m)

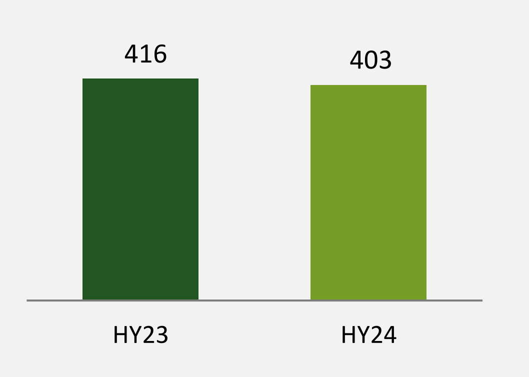
Building Products, Concrete, Distribution





Australia





Commentary

- **Building Products, Concrete, Distribution** – generally good price recovery of COGS inflation. Gross margins slightly lower in 1H24 due to: higher comm/infra vs. resi sales mix, competitive pressure in NZ Distn, higher WWB depreciation & Steel inventory devaluation. Overhead costs lower YoY despite inflationary pressure and c$10m additional overheads in 1H24 from acquisitions of Tumu, Urban Quarry, and Waipapa

- **Australia** – gross margins benefiting from push into higher-value segments, strong overhead cost control in inflationary environment

1. *Warehousing, Distribution and Selling, General & Administration costs*

Cash flow

Underlying trading cash flows of $176m materially improved vs. 1H23; legacy cash impact significant

Cash flow NZ$m	Dec 2022 6 months	Dec 2023 6 months
EBIT before significant items	360	264
Depreciation and amortisation	180	191
Lease principal payments and lease interest paid	(127)	(132)
Provisions and other	(19)	1
Trading cash flow before working capital movements	**394**	**324**
Working capital movements excl. legacy projects	(457)	(148)
Trading cash flow excluding legacy & significant items	**(63)**	**176**
Legacy projects cash flow	(28)	(295)
Significant items cash flow	(16)	(29)
Trading cash flow	**(107)**	**(148)**
Add: lease principal payments	97	100
Less: cash tax paid	(154)	(21)
Less: funding costs paid	(39)	(57)
Cash flows from operating activities	**(203)**	**(126)**

HY24 cash flows

- **Underlying trading cash flow of $176m** materially ahead of 1H23
- **Materials & distribution divisions**: trading cash flow $253m vs $206m in 1H23 despite lower earnings, good working capital mgmt
- **Resi & Devt**: trading cash outflows of $31m, materially improved vs. $229m outflow in 1H23. Limited new land commitments made, some developments paused pending improved market
- **Construction:** legacy projects cash outflow primarily from NZICC; 2H24F outflow of c.$150m
- **Cash tax** payments lower due to legacy projects
- **Funding costs paid** higher in 1H24 driven by elevated interest rates & higher level of debt drawdowns

Working Capital

Significant improvement vs. prior period through strong focus on receivables and inventory management

Cash flow working capital movements NZ$m	**Dec 2022 6 months**	**Dec 2023 6 months**
Materials and Distribution Divisions		
• Debtors	75	150
• Inventories	(58)	3
• Creditors	(194)	(211)
Materials and Distribution Divisions	(177)	(58)
Residential and Development	(270)	(72)
Construction excluding legacy projects	(10)	(18)
Cash flow working capital movements excl. legacy	**(457)**	**(148)**

HY24 working capital

- **Materials & distribution divisions –** significantly improved 1H24 working capital performance
  - Good receivables collections and low bad debts despite deteriorating customer liquidity; DSO[1] flat on 1H23 at 41 days
  - Inventory typically builds in H1, stocks being actively managed in line with market activity
  - Creditor balances reduced in line with lower sales; no change in underlying supplier credit terms
- **Resi & Devt** land stock payments (c.$110m) from prior land commitments, offset by reduction in WIP through higher house sales. Market valuation of Resi land at Dec-23 remains c.$300m higher than book value
- **Construction** (ex legacy) good cash generation in BPC offset by temporary c.$20m bitumen purchases in Higgins as supply model transitions from local to offshore sourcing

1. Days Sales Outstanding

Capex

FY24 base capex in line with prior guidance, growth capex profile moderated

Capex and Investments NZ$m	Dec 2022 6 months	Dec 2023 6 months
Base capex	87	111
Above Base: WWB new plant	57	31
Above Base: growth capex & investments	153	48
Less: Proceeds on disposal of PPE	*(5)*	*(3)*
Net Capex	**292**	**187**
Other capex: Vivid Living	**9**	**12**
Total Capex and Investments	**301**	**199**

Investment focus

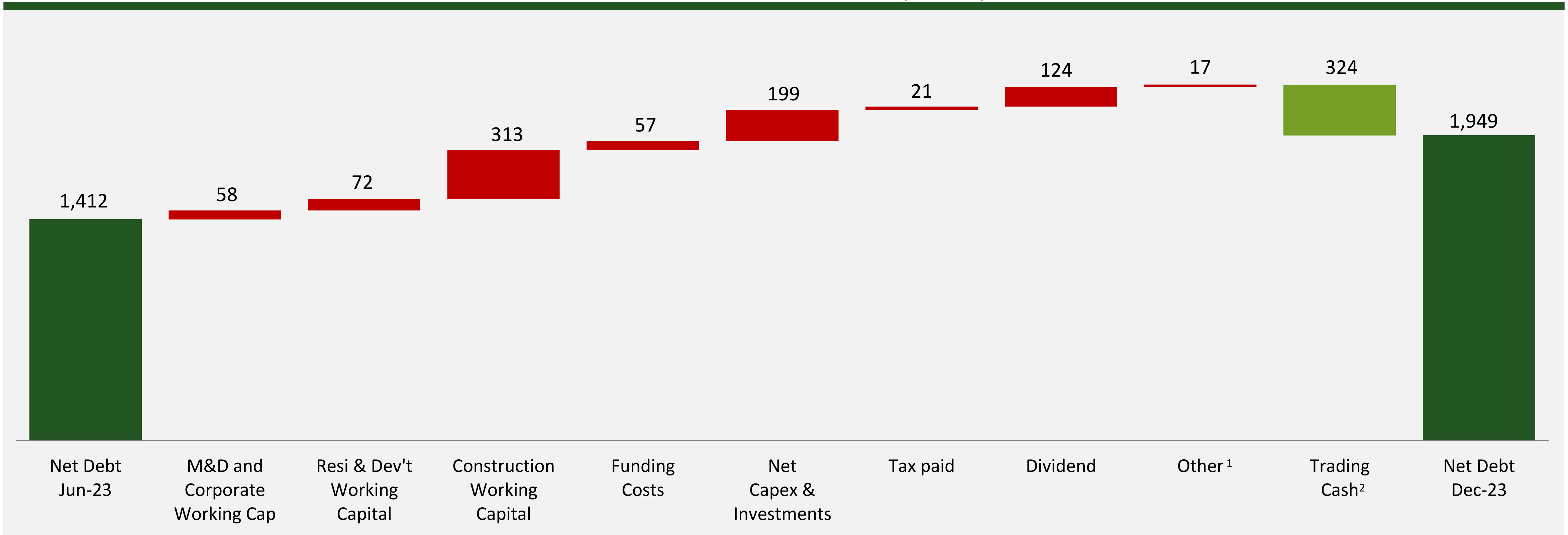
- **Base[1] capex (incl. ERP investment) expected to be c.$240m in FY24**, in line with prior guidance
- **Above Base growth capex**
  - In flight growth projects continue on Laminex NZ wood panels plant, automated Frame & Truss, Steel and Concrete / circular
  - Some growth capex deferred in light of tougher market environment
  - **Expect FY24 growth capex of c.$150m vs. prior guidance of c.$250m**
- **WWB new plant** – fully operational, minor capex planned for 2H24

1. Base capex includes maintenance spend, manufacturing automation improvements, ERP improvements, data & analytics and customer-facing eCommerce tools; and focus on cost & carbon emissions reduction

Net Debt

Increased debt levels due to legacy outflows

Net Debt: Jun 23 to Dec 23 (NZ$m)

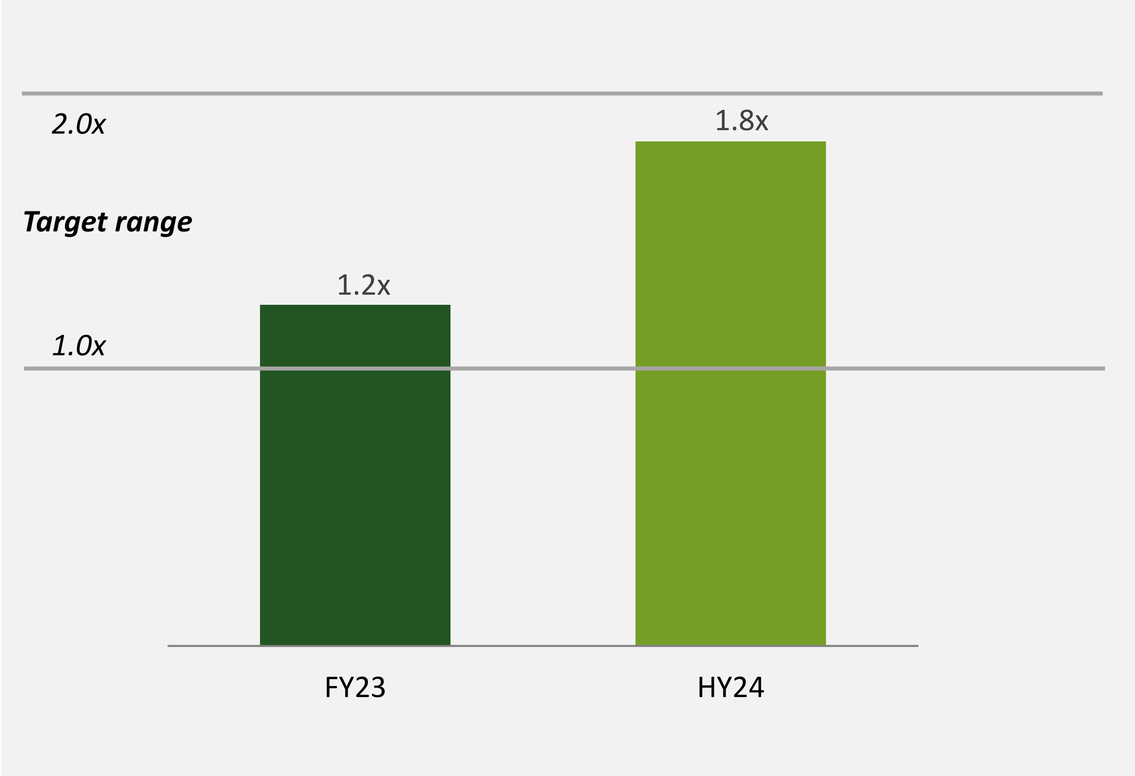


1. *Other includes: Significant items trading cash $29m, FX/Hedging adjustment $(8m) & Net minority contribution $(4m)*
2. *Trading cash flow before working capital movements*

Leverage

Increase to upper end of range as flagged, maintain headroom under banking agreements

Leverage (Net Debt / EBITDA[1])



Leverage and Balance Sheet

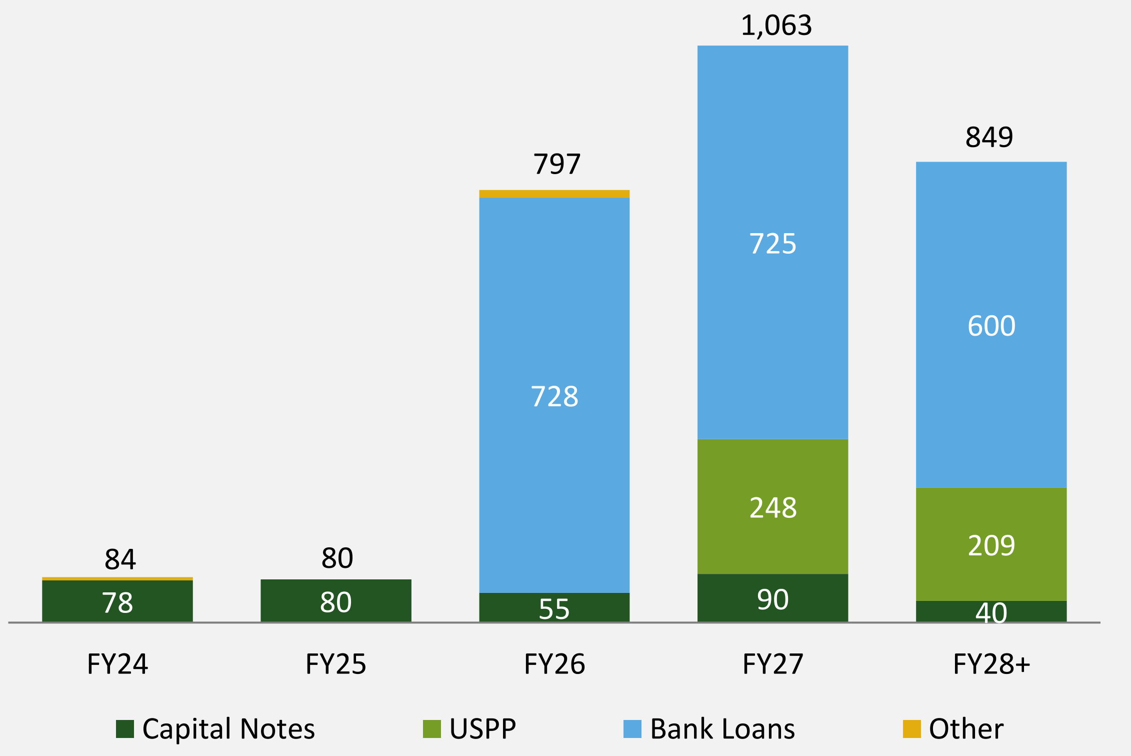
- Group leverage increased as flagged due FCC legacy cash flows and growth capex investments
- Leverage remains within the Group's target 1.0x-2.0x range
- Upper end of target range provides headroom under banking agreements
- Expect leverage ratio to remain at upper end of range through remainder of FY24

1. Before significant items

Funding

Group is well-funded with long-dated debt maturity and strong liquidity of $0.9b

Debt maturity profile ($m)



Debt facilities and drawings NZ$m	Facilities 31 Dec 23	Drawings 31 Dec 23
Bank Loans	2,053	1,344
USPP	456	456
Capital Notes	343	343
Other	21	21
Total	**2,873**	**2,164**

- Undrawn credit lines of $709m and cash on hand of $215m as at 31 Dec 23; total liquidity of $0.9b
- $300m bank facility refinanced in 1H24 to 2026 maturity, and upsized to a $400m facility, strengthening liquidity position
- Average maturity of debt 2.8 years; average interest rate on debt is 6.0%[1]
- First investment grade rating of Baa2 assigned by Moody's
- FY24F funding costs c.$140m, at low end of prior guidance
- Group gearing after hedging 36.4% at Dec 23 (27.8% at Jun 23)

1. Excludes line and other fees

Outlook on Balance Sheet and Cash Flow

Prudent measures taken to support balance sheet settings; underlying cash flow remains robust

- **The Group remains committed to its target balance sheet settings**. Given tougher market conditions and higher legacy cash outflows, a number of prudent steps have been taken to support these settings
  - **Growth capex lower in FY24-FY25** – now expected to be c.$150m in FY24 and c.$175m in FY25 (previously c. $250m FY24, c. $250m FY25)
  - **Base capex lower in FY25** – now expected to be c.$175m in FY25 (previously $200m-$250m)[1]
  - **Resi & Devt funds actively managed** – some capital-intensive projects paused pending stronger housing market; expect Jun-24 funds of $800m-$850m (vs. c.$915m at Jun-23). Expect broadly stable Resi & Devt funds in FY25
  - **Tradelink business to be exited**
  - **No interim dividend**
  - **Liquidity strengthened** – $300m bank facility refinanced in 1H24 to 2026 maturity, and upsized to a $400m facility

- **Outlook for operating cash flow**
  - Expect strong underlying trading cash flow in 2H24 due to typical seasonal weighting to the second half (esp. in Resi & Devt)
  - Legacy cash outflow of c.$150m in 2H24, subject to risk on cost & timing of claim and insurance recoveries
  - Cash tax payments expected to be low in 2H24 (c.$5m) and FY25 (c.$10m) due to timing of legacy cash outflows
  - Expect funding costs paid of c.$140m in FY24

1. Includes ERP

Agenda

FY24 Outlook

Expect 2H24 EBIT well ahead of 1H24

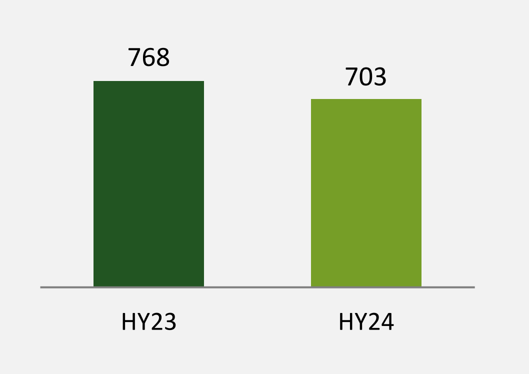
- Expect market volumes to remain under pressure for next 6 to 12 months, but improving conditions in NZ end housing market
- FY24 Group EBIT[1] guidance to be in a range of $540m-$640m, with the mid-point assuming a continuation of current market conditions for the balance of FY24
- Ongoing focus on managing trading cash and remaining committed to balance sheet settings
- NZICC on track for completion in 2024
- With causation of the Perth pipe leaks now confirmed as faulty installation, we will now actively work to agree an industry solution with government and builders

1. Before significant items

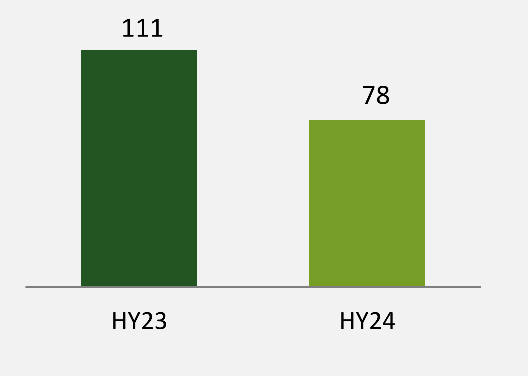
Appendix

HY24 Results: Building Products

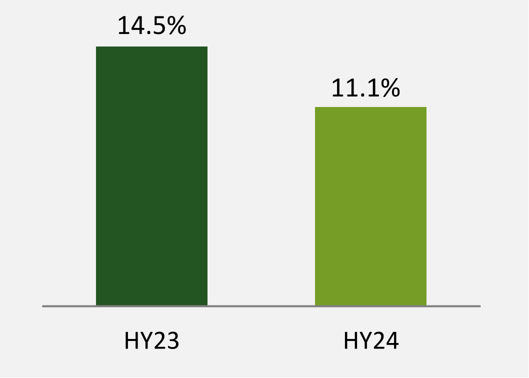
Gross Revenue ($m)



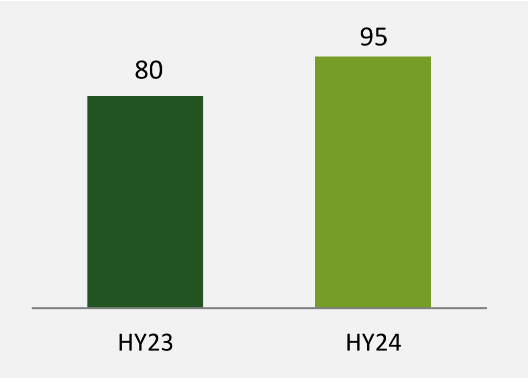
EBIT ($m)[1]



EBIT Margin (%)[1]



Trading cash flow ($m)



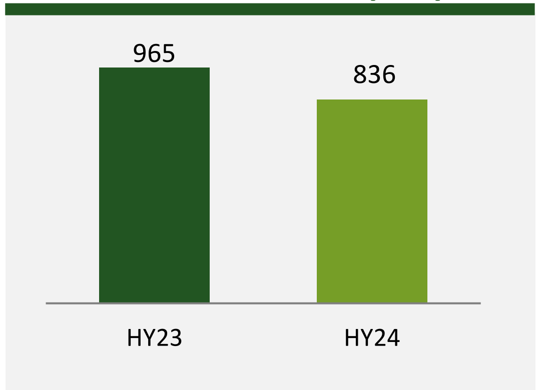
HY24 trading performance

- Revenue 8% lower YoY against market volume decline of 13%: driven by lower resi market activity, destocking in pipes & steel channels, and lower steel prices. WWB & Laminex® share gains
- EBIT[1] and EBIT[1] margin lower due to weaker market (c.$35m EBIT impact), $5m additional depreciation from WWB plant, and $4m Steel inventory devaluation
- Pricing generally solid, with divisional GM% in line with 1H23 (adjusted for WWB depreciation & Steel devaluation in 1H24)
- Overhead costs well-controlled, 1% below 1H24 despite ongoing inflation
- Strong divisional trading cash reflects robust debtor collections & ongoing inventory reductions (esp. Steel and Iplex NZ)
- Seamless transition from Auckland to Tauriko of WWB plasterboard manufacturing plant & DC; Waipapa Pine operating well, though weak timber market in 1H24 impacted earnings

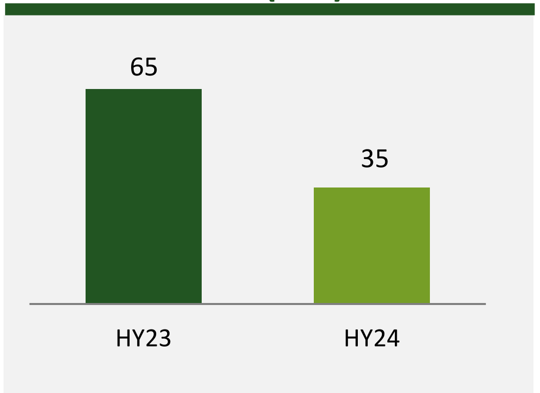
1. Before significant items

HY24 Results: Distribution

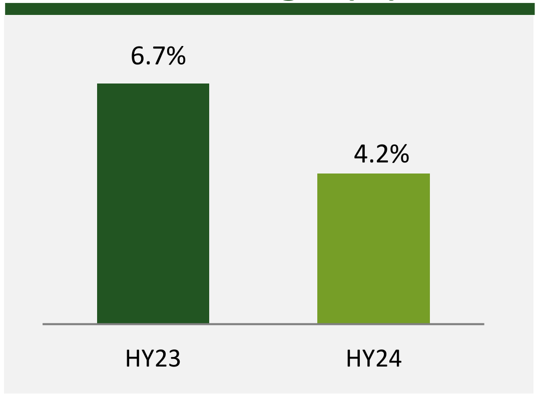
Gross Revenue ($m)



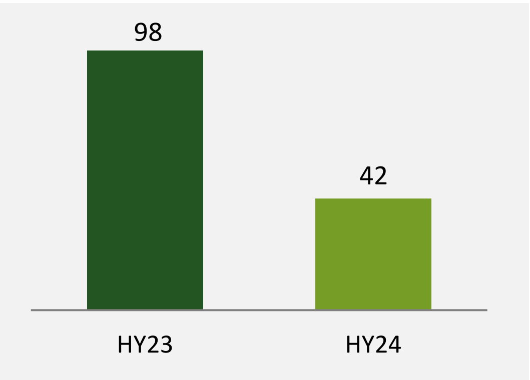
EBIT ($m)[1]



EBIT Margin (%)[1]



Trading cash flow ($m)



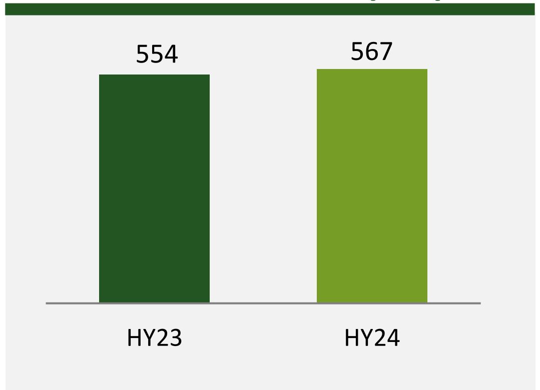
HY24 trading performance

- Revenue 13% lower YoY against 17% market volume decline, with division c.80% exposed to resi sector. Some share loss in PlaceMakers in certain regions.
- Lower EBIT[1] and EBIT[1] margin due to reduced revenue in weaker market (c.$40m lower EBIT)
- GM% held within 0.7%pts of 1H23 despite tough market, tight management of COGS base
- Overhead costs $10m lower than 1H23, despite inflation & full period of Tumu ownership
- Trading cash flow solid: cash collections remained robust reflected in debtor days reduction to 38 days (from 39 days at Dec-22)
- New PlaceMakers® & Mico® branches in Rolleston; digital programme ongoing focus on providing seamless omnichannel customer experience

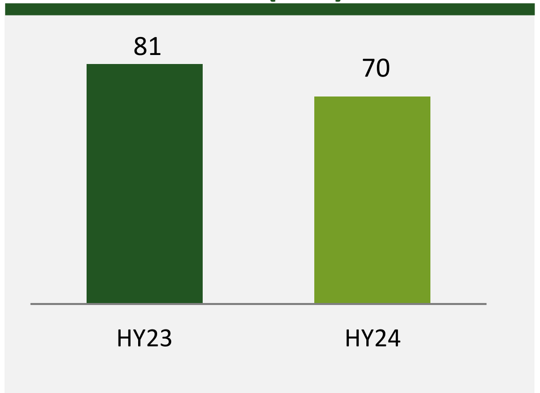
1. Before significant items

HY24 Results: Concrete

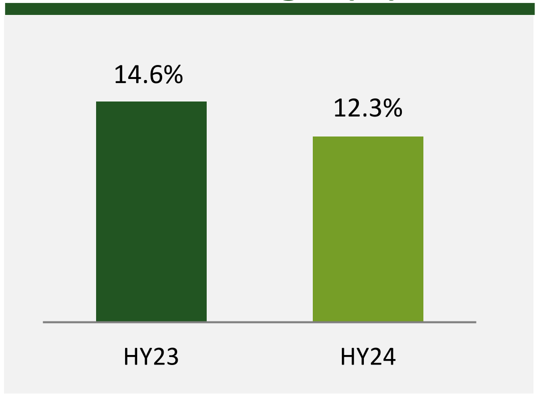
Gross Revenue ($m)



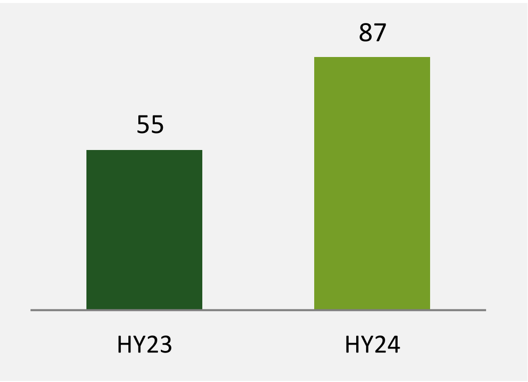
EBIT ($m)[1]



EBIT Margin (%)[1]



Trading cash flow ($m)



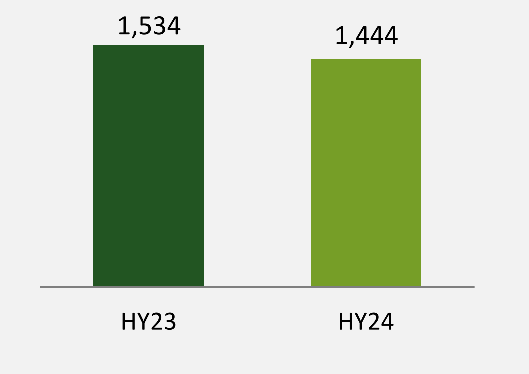
HY24 trading performance

- Revenue up 2% YoY compared to market volume decline of 13%: strategic shift to comm & infra segments delivered strong result counter to market slowdown, Winstone Aggregates® revenue up 23%, Firth share gains
- GM% 1.4%pts lower YoY reflecting higher mix of sales from comm/infra market, higher energy and freight costs, partly offset by focus on fleet utilisation & production efficiencies
- Overheads slightly higher in 1H24 on addition of The Urban Quarry®. Division focused on aligning fixed & variable cost base to current market environment
- Trading cash flow very strong, driven by disciplined working capital management, esp. stock management in Humes®
- Successful integration of the Urban Quarry® business into Winstone Aggregates® providing a platform to fast-track recycling of construction & demolition waste

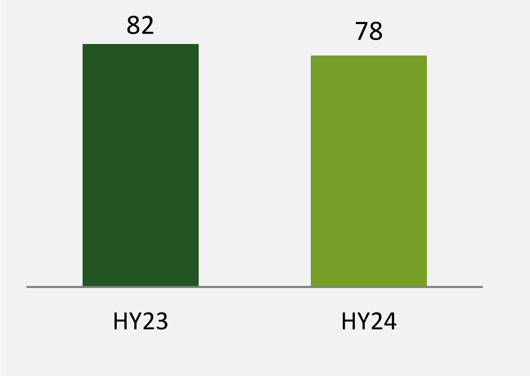
1. Before significant items

HY24 Results: Australia

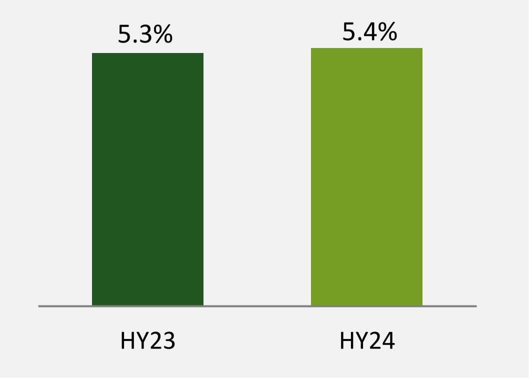
Gross Revenue ($m)



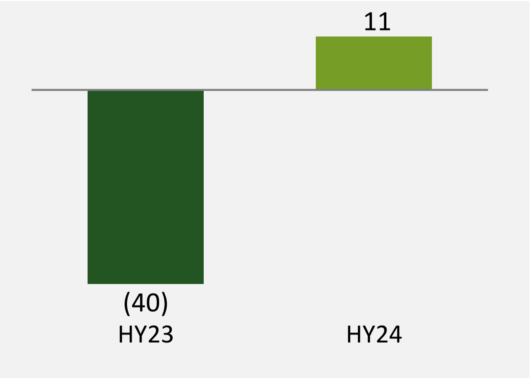
EBIT ($m)[1]



EBIT Margin (%)[1]



Trading cash flow ($m)



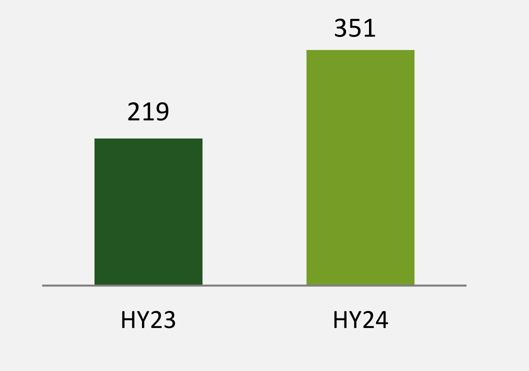
HY24 trading performance

- Revenue 6% lower, slightly better than 8% decline in market activity, with good performances from Laminex & Fletcher Insulation, Tradelink disappointing
- EBIT[1] and EBIT[1] margin solid: GM% improved c.1%pt YoY on good pricing control & product mix, offsetting ongoing input cost inflation in labour, property & utilities. Overheads -3% YoY from proactive restructures in line with softening market
- Trading cash improvement reflected solid debtor controls
- Focus on customer satisfaction resulted in NPS improvement from: improved DIFOT; new products (e.g. Laminex® Surround, Laminex® silica-free engineered stone alternatives & Fletcher Insulation® Firmasoft®). Continued digital sales growth & market share growth in higher-margin segments
- Decision made to divest Tradelink

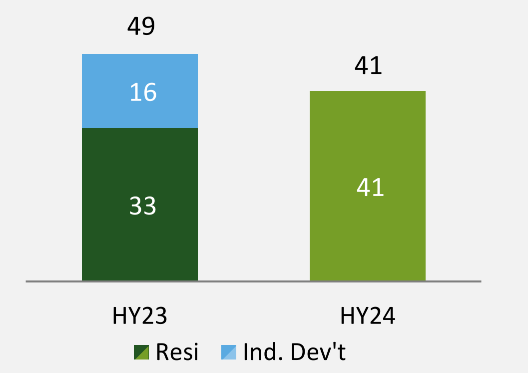
1. Before significant items

HY24 Results: Residential and Development

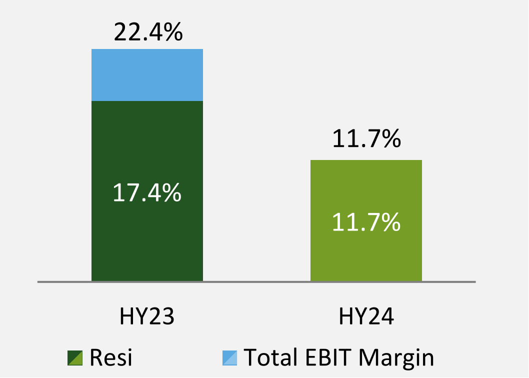
Gross Revenue ($m)



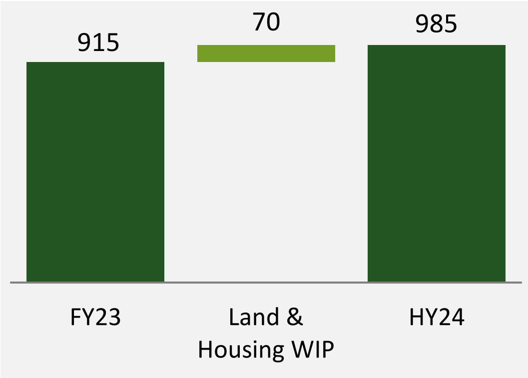
EBIT ($m)[1]



EBIT Margin (%)[1]



Funds employed ($m)[2]



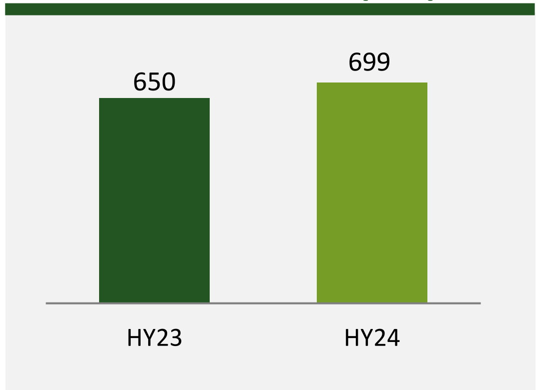
HY24 trading performance

- Revenue up 60% from higher unit sales: 419 unit sales incl. 47 apartments (vs. 189 unit sales incl. 6 apartments in 1H23). Strong performance enabled by an offer targeted at most active part of NZ housing market – first home buyers and lower/mid price levels
- Residential EBIT of $41m up from $33m in 1H23 (prior period included $9m reval gain from land transfer to Vivid Living vs $1m in HY24). Resi EBIT margin of 11.4% in 1H24 compares to 12.8% in 1H23 (excluding reval gains in both periods)
- Ind Devt EBIT nil vs $16m in 1H23; expect $5-10m EBIT in 2H24
- Funds employed increase reflects settlement of $110m land from prior commitments, offset by reduction in housing WIP from strong sales; some apartments paused until market conditions improve
- Land pipeline c.4,500 lots (c.3,200 residential lots & two rural properties on balance sheet, c.960 units under unconditional contracts & c.400 units under conditional contracts)

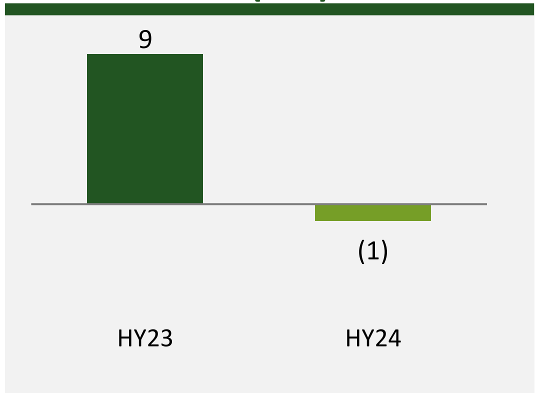
1. Before significant items
2. HY24 $985m funds balance: $750m housing land (at cost), $302m housing WIP, $76m industrial development land, $(141m) other

HY24 Results: Construction

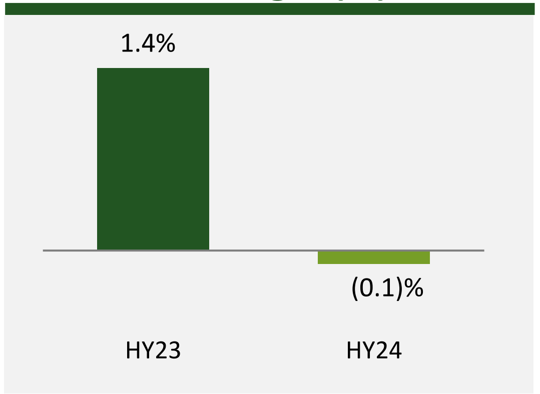
Gross Revenue ($m)[1]



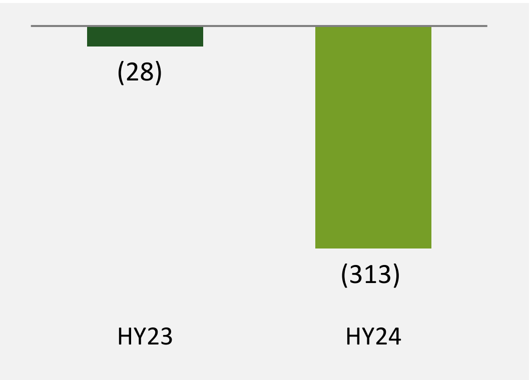
EBIT ($m)[1,2]



EBIT Margin (%)[1,2]



Trading cash flow ($m)[1]



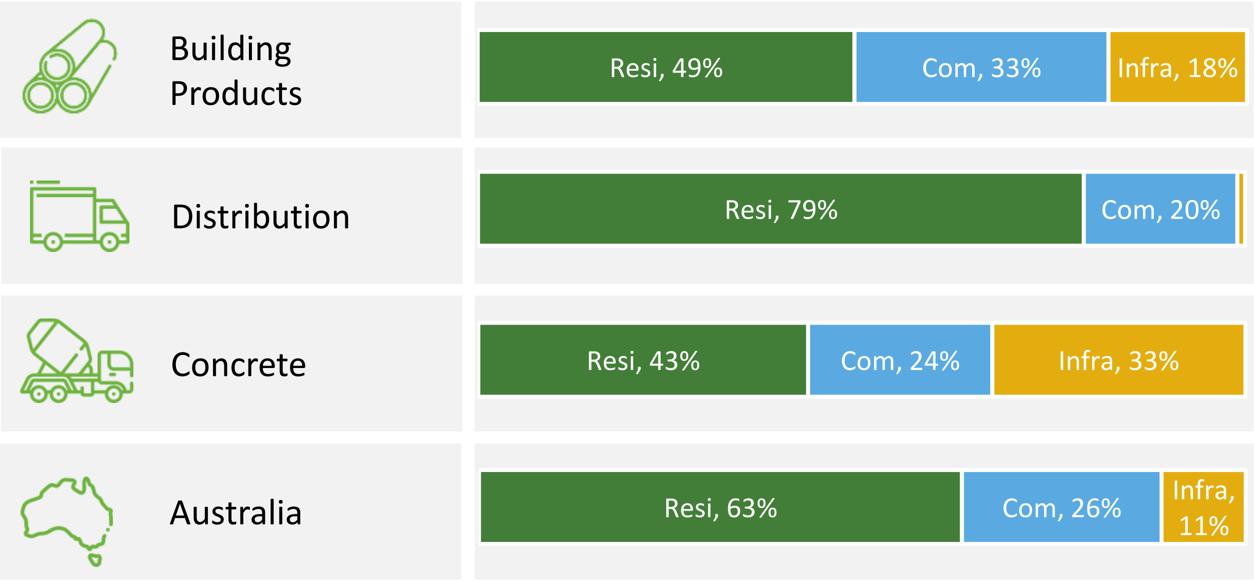
HY24 trading performance

- Revenue up $49m in the period: higher work volumes in Higgins following weather events & BPC significant programmes across water, airports (Taxiway Mike underway) & marine works
- Gross margin declined from 8.9% to 7.1% due to remedial costs on historical Higgins projects & slippage of some BPC projects margin recognition to 2H24; cost controls remained tight
- Disappointing legacy provisions of $180m (NZICC $165m & WIAL $15m); NZICC on track to complete 2024
- Cash outflows from legacy projects of $295m; underlying trading cash outflow (excl. Legacy) of $18m reflects increased bitumen inventory levels held by Higgins® due to NZ bitumen supply chain changes
- Solid orderbook of $2.5b continues to be balanced to lower risk projects. Transport Rebuild East Coast (TREC) alliance rebuild work started 1H24

1. Before elimination of the construction of WWB plant at Tauriko; intra-group EBIT was $4m in HY23
2. Before significant items

Divisional revenue exposure and FB revenue by market

Divisional Revenue Exposure by Sector



Total FB Revenue by Market (%)