



# Fletcher Building Investor Day May 2021

**Bruce McEwen**  
**CE, Distribution**

26 May 2021

## Agenda

1. Introduction, Fletcher Building Overview	Ross Taylor
2. Group Financials	Bevan McKenzie
3. Safety	Wendi Croft
4. Building Products	Hamish McBeath
5. Concrete	Nick Traber
6. Distribution	Bruce McEwen
7. Residential and Development	Steve Evans
8. Construction	Peter Reidy
9. Australia	Dean Fradgley
10. People, Innovation and Sustainability	Claire Carroll
11. Concluding Remarks and Q+A	Ross Taylor







- Proven track record of driving change during seven years at Fletcher Building and previous tenure
- Led Distribution Division through cost structure reset, driving digital innovation and pivoting for market growth
- CA qualified; Bachelor of Commerce from the University of Canterbury



# Distribution

## Leading trade distribution businesses in New Zealand

- ➔ Leading trade distributor across the NZ market in building and plumbing supplies with strong geographic network reach
- ➔ Positioned for growth across the key metro markets, with a strong regional play to diversify sales and earnings risk
- ➔ Investing in capability to deliver market leading customer service through an integrated digitised supply chain
- ➔ Harnessing digital capability to enable our customers to transact when and where they need it
- ➔ Deep customer connections, leading technical knowledge and strong grass roots presence through leading respected brands

Business Unit	Overview
	<ul style="list-style-type: none"><li>• PlaceMakers has served the NZ building industry for 40 years, 64 branches nationwide</li><li>• It operates as New Zealand's largest supplier of building materials and hardware, selling over 74,000 product lines from concrete to paint and plasterboard</li></ul>
	<ul style="list-style-type: none"><li>• Leading timber framing fabricator in New Zealand</li><li>• Eight plants across New Zealand producing over 100,000m<sup>3</sup> of timber framing p.a.</li></ul>
	<ul style="list-style-type: none"><li>• Mico has 75 years of experience in providing plumbing and bathroom products throughout New Zealand, 65 branches nationwide</li><li>• Mico's team delivers customers with a wide range of products from piping and valves to baths, vanities and more</li></ul>
	<ul style="list-style-type: none"><li>• Forman Building Systems has been delivering energy efficient quality environments for over 100 years</li><li>• Specialist Distributors of Insulation, Ceilings, Wall and Passive Fire</li></ul>



# Distribution

Strong presence across New Zealand



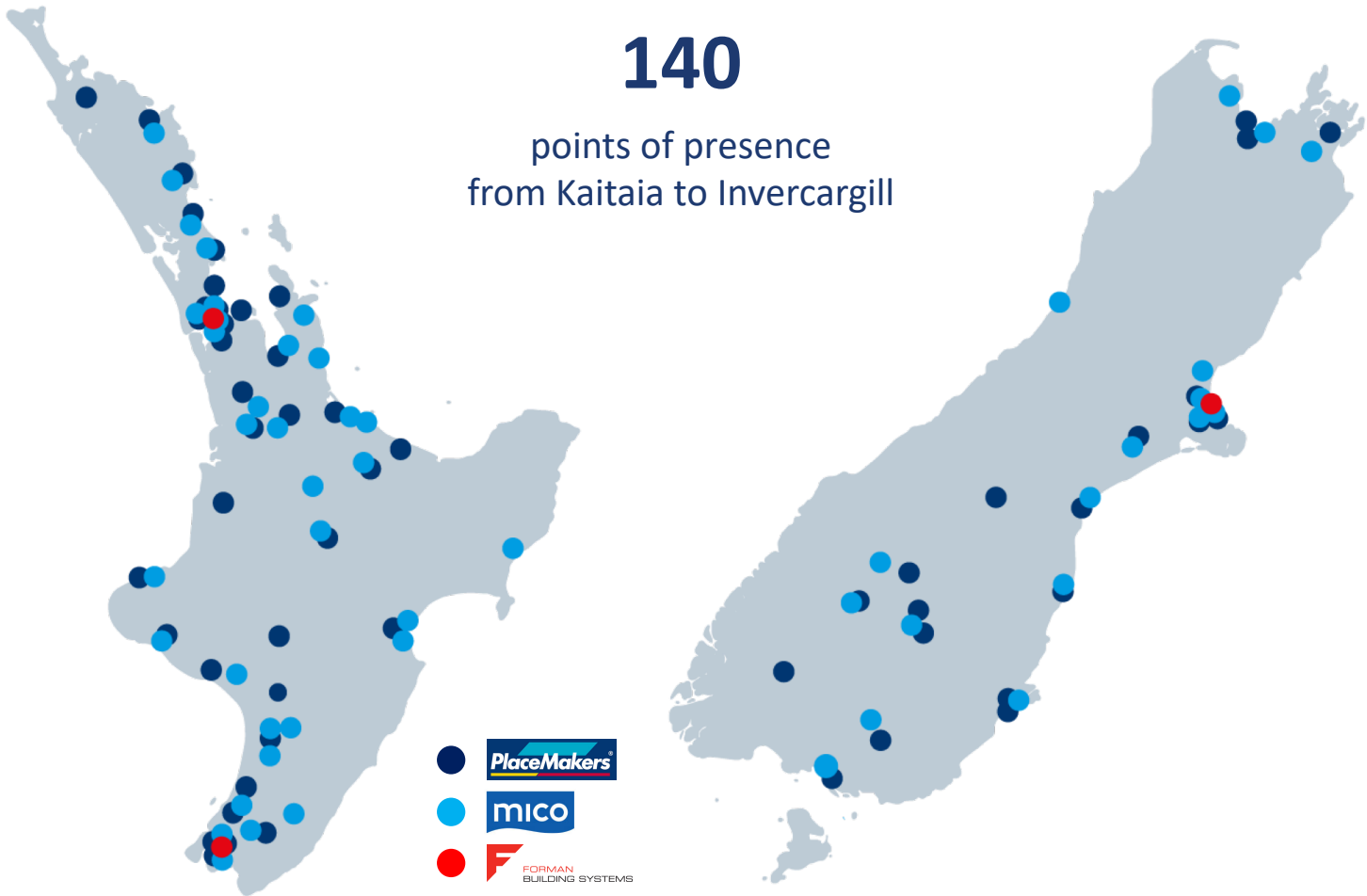
4m+

customer visits a year



70k+

trade customers



2,500

people



250,000

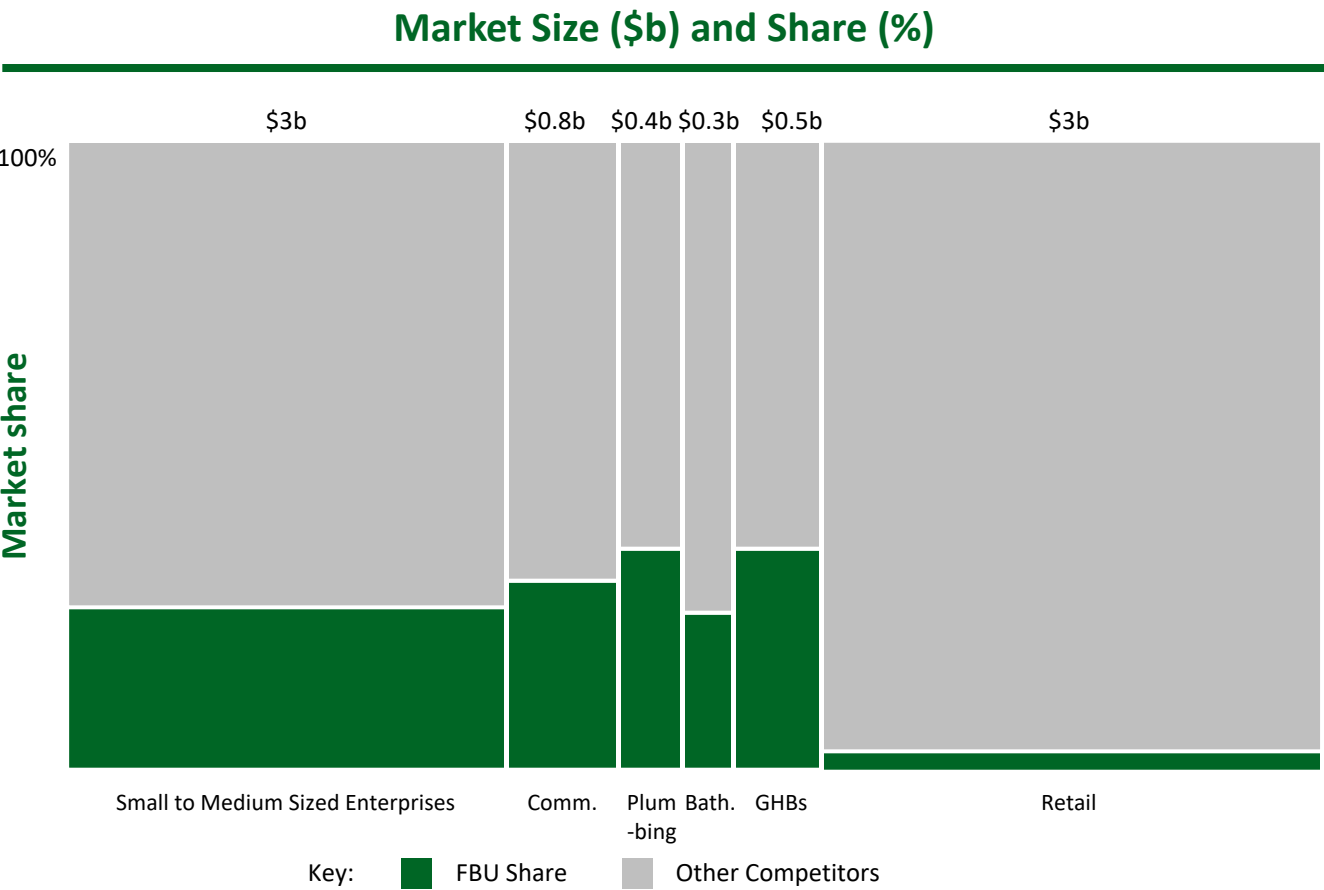
customer deliveries



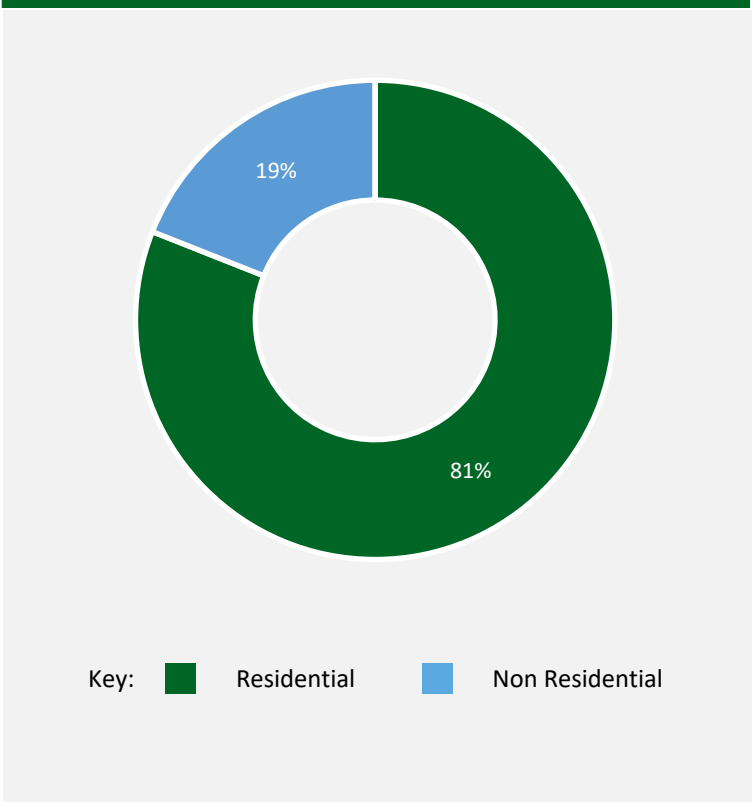


# Distribution

Well-positioned in trade market mainly exposed to residential sector



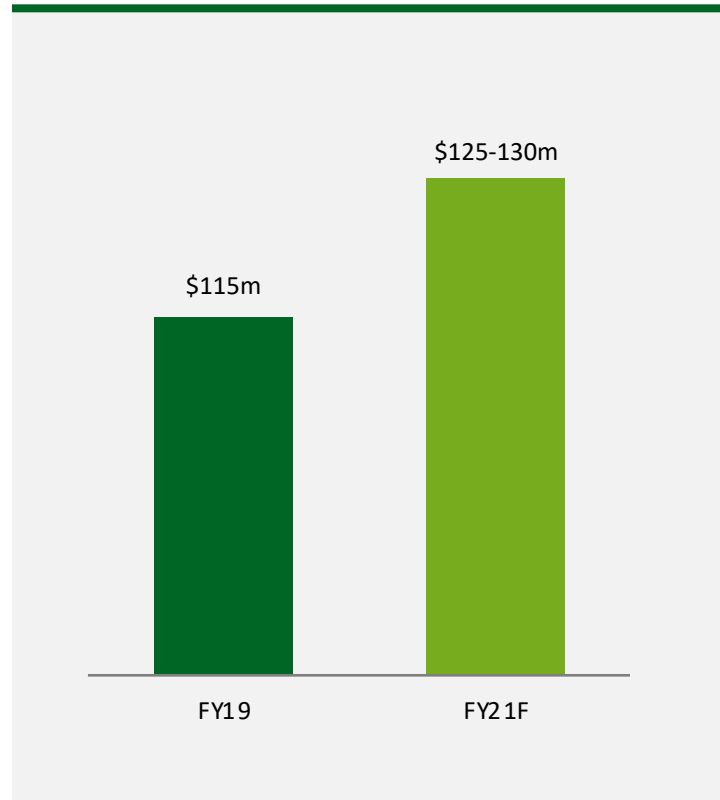
**HY21 Revenue Weighted Sector Exposure**



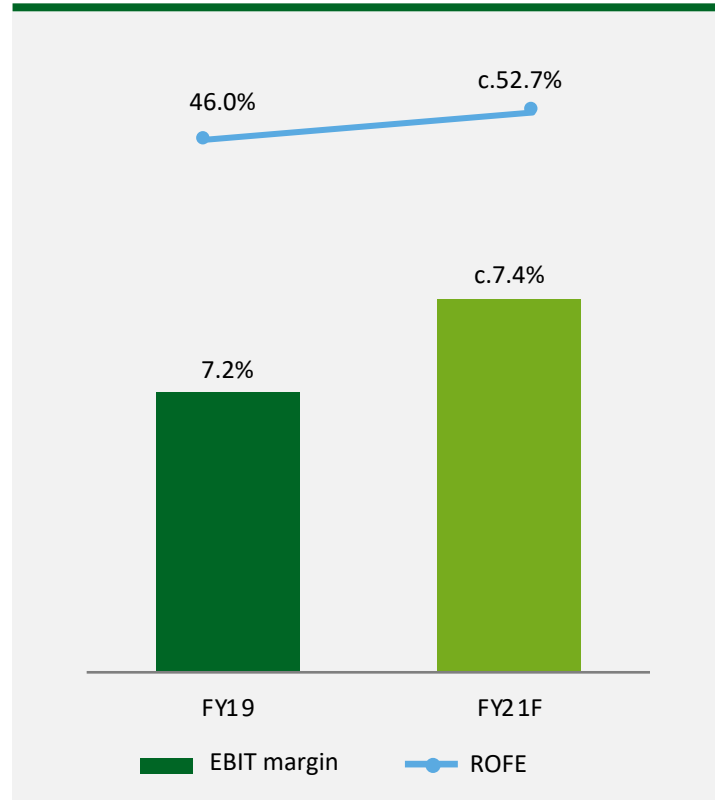
# Distribution

Sustainable performance improvement through efficiency savings

EBIT (\$m)<sup>1</sup>



EBIT Margin<sup>1</sup> (%) and ROFE<sup>2</sup> (%)



Key Non-financial Measures

	FY19	YTD21
TRIFR <sup>3</sup>	5.8	5.8
NPS	36	38
Engagement	75%	68%
Carbon ('000t) <sup>4</sup>	8	7



# Distribution

Near-term operational focus on continued profitable growth

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

- ➔ Strong foundations in place to drive ongoing operational performance improvements in the current business
- ➔ Target to capture a greater share of our customers spend with deeper data analytics to grow leadership position in key categories
- ➔ Enhancing our service offerings to improve customer service and engagement
- ➔ All to capture a greater mix of margin accretive customers, drive market share gain and earnings growth



# Distribution

Key strategic priorities to drive market share gain and earnings growth

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

**Market leading  
customer solutions  
and services**

- E-Commerce with seamless integration into customer ecosystems
- Big data analytics to create customer insights and solutions

**Lowest delivered cost**

- Network optimisation for customer centricity and efficiency
- Workforce optimisation standardising new ways of working

**Economic performance  
of each business in  
industry top quartile**

- Customer segmented pricing & discount management
- Procurement value creation through smart sourcing

**Leadership in  
innovation,  
sustainability, and  
growth via disruption**

- Digitised end-to-end supply chain to deliver best-in-class order fulfilment
- Sales excellence to capture market share and share of wallet growth





# Distribution

## E-Commerce with seamless integration into customer ecosystem

Market leading  
customer  
solutions and  
services

### What have we done to improve performance?



- Launched PlaceMakers mobile app & portal capability in Q1 FY21
- Mobile capability for flexible customer use
- Live stock availability and personalised pricing

### What we are doing to drive growth

- Constantly improving customer experience through enhanced functionality, such as “Skip the Counter”
- Building customer personalisation with marketing automation to create targeted offers
- Regional test and learn customer experiences to build customer adoption
- 27% of trade customers registered on the platform
- Quickly grown to 2.1% of monthly sales



# Distribution

Network optimisation for customer centricity and efficiency

Lowest  
delivered cost

## What have we done to improve performance?



Grouped geographically close metro PlaceMakers branches to:

- Drive scale efficiencies
- Improve customer service
- Enable property reconfiguration

## What we are doing to drive growth

- Simplified and aligned regional leadership to drive consistency of execution
- Products delivered from nearest branch or DC, closest to site delivery
- Unified and cohesive sales team that collaborates to take market share
- Streamlined technical customer support to deliver consistent and superior service
- Improved purchasing power with more efficient inventory management



# Distribution

## Digitised end-to-end supply chain

Leadership in  
innovation,  
sustainability,  
and growth via  
disruption

### What have we done to improve performance?



Created PlaceMakers delivery services, digitising distribution capability to drive improved:

- Safety and efficiency
- Customer service
- Delivery to expectation (DIFOT)

### What we are doing to drive growth

- Digitising branch processes to capture customer order information, reduce errors and create a frictionless customer experience
- Customer receives digital visibility of product on their order / delivery
- 1.4 million advance delivery notifications, now with “Uber-style” live delivery tracking
- Advanced analytics to provide insight on operational performance and customer insights
- Growing the fleet size and delivery capability to deliver specialist product



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# Distribution

## Closing summary – driving transformation through digital capability and delivery

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- ➔ Strong financial performance with growing EBIT margins and strong return on funds employed (ROFE)
- ➔ Ongoing innovation in customer-focused digital solutions to drive a seamless integrated supply chain to make it easier for customers to do business the way they chose
- ➔ Key transformation initiatives underway to position the business for the future in a competitive market
- ➔ Market leading brands and capability to capture greater share of customer spend and grow overall market share in key segments by 0.5-1.0% each year

Sustainable earnings growth through focused top-line sales growth, pricing disciplines and cost efficiencies, to deliver ongoing EBIT margin expansion of 50-100bps by FY23



# Questions

