



Fletcher Building Investor Day May 2021

Dean Fradgley
CE, Australia

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



- Chief Executive of Australia since 2018; joined Fletcher Building in 2013. Previous roles include Chief Executive of Distribution
- Internationally experienced leader in B2B and B2C, with a successful track record of growth and turnaround strategies
- 10 years with Wolseley-Ferguson, the world's largest plumbing distributor; 10 years with Kingfisher, the largest DIY retailer in Europe



Australia

We have well-established and leading brands that operate across manufacturing and distribution sectors

- Businesses of scale in specific sectors
- Positioned for growth across the key markets

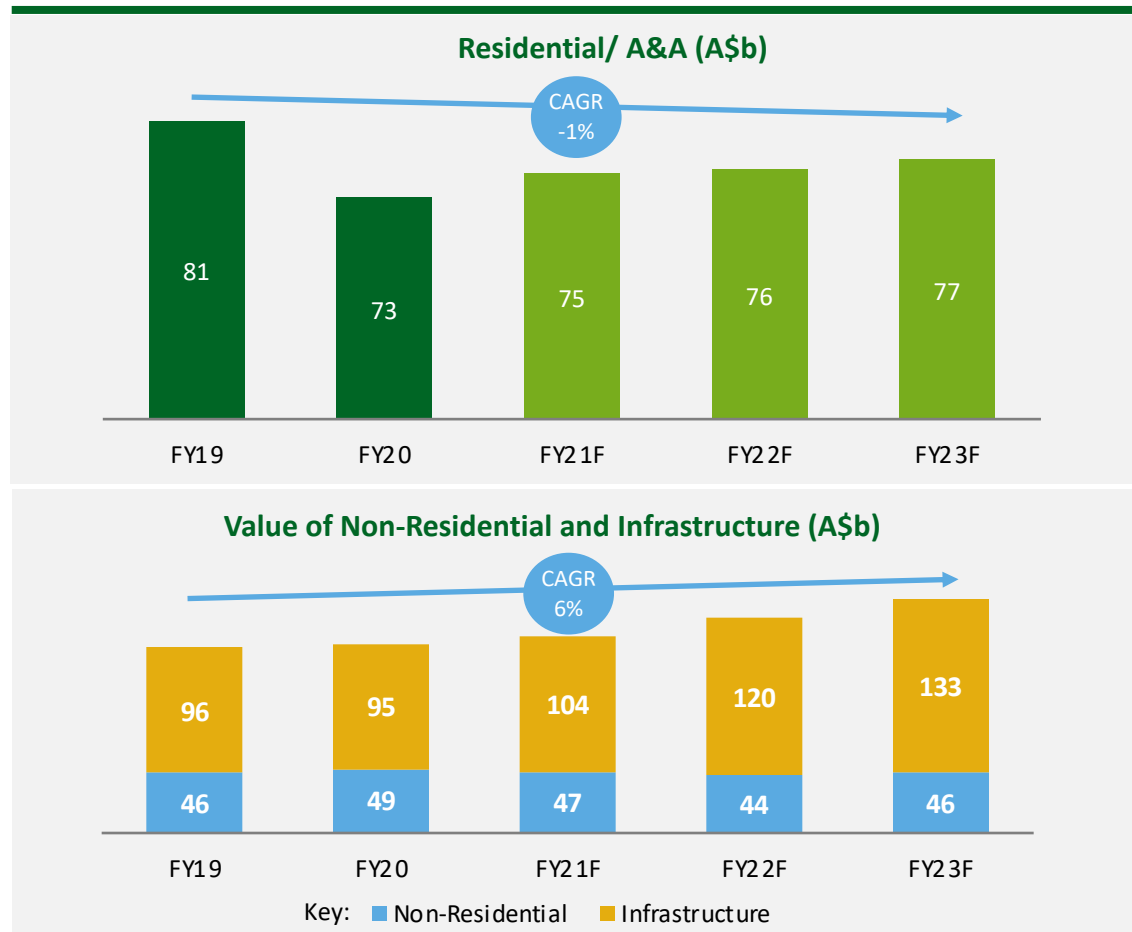
Business Unit	Overview	Residential	Commercial	Civil / Infrastructure
Laminex®	<ul style="list-style-type: none"> Laminex is the leading manufacturer and distributor of decorative surfaces and joinery products for over 80 years 	●	●	
iplex <small>We Know Water</small>	<ul style="list-style-type: none"> Iplex manufactures and distributes a comprehensive range of pipeline solutions 	●	●	●
Rocla	<ul style="list-style-type: none"> Rocla manufactures a range of engineered concrete solutions from pipe and precast through to railway sleepers The business is in divestment phase 	●	●	●
Fletcher Insulation <small>Building Better, Together</small>	<ul style="list-style-type: none"> FI provides energy efficient & acoustic solutions to heating, ventilation and air conditioning (HVAC) markets 	●	●	
Tradelink	<ul style="list-style-type: none"> Tradelink is a leading plumbing supplier of own brand and proprietary products servicing the trade plumber, large home builder and retail customer 	●	●	●
Oliveri	<ul style="list-style-type: none"> Oliveri Solutions is a leading manufacturer and master distributor of kitchen and bathroom products 	●	●	
Stramit	<ul style="list-style-type: none"> Stramit is a large scale steel rollformer to the residential and commercial building markets and is the country's largest shed distributor via its Fair Dinkum Shed brand 	●	●	



Australia

Overall market outlook is expected to be stable over the next two years; strong growth in medium-term

AU Historical and Forecast Market Outlook



The Australian market has rebounded well from the impact of COVID-19

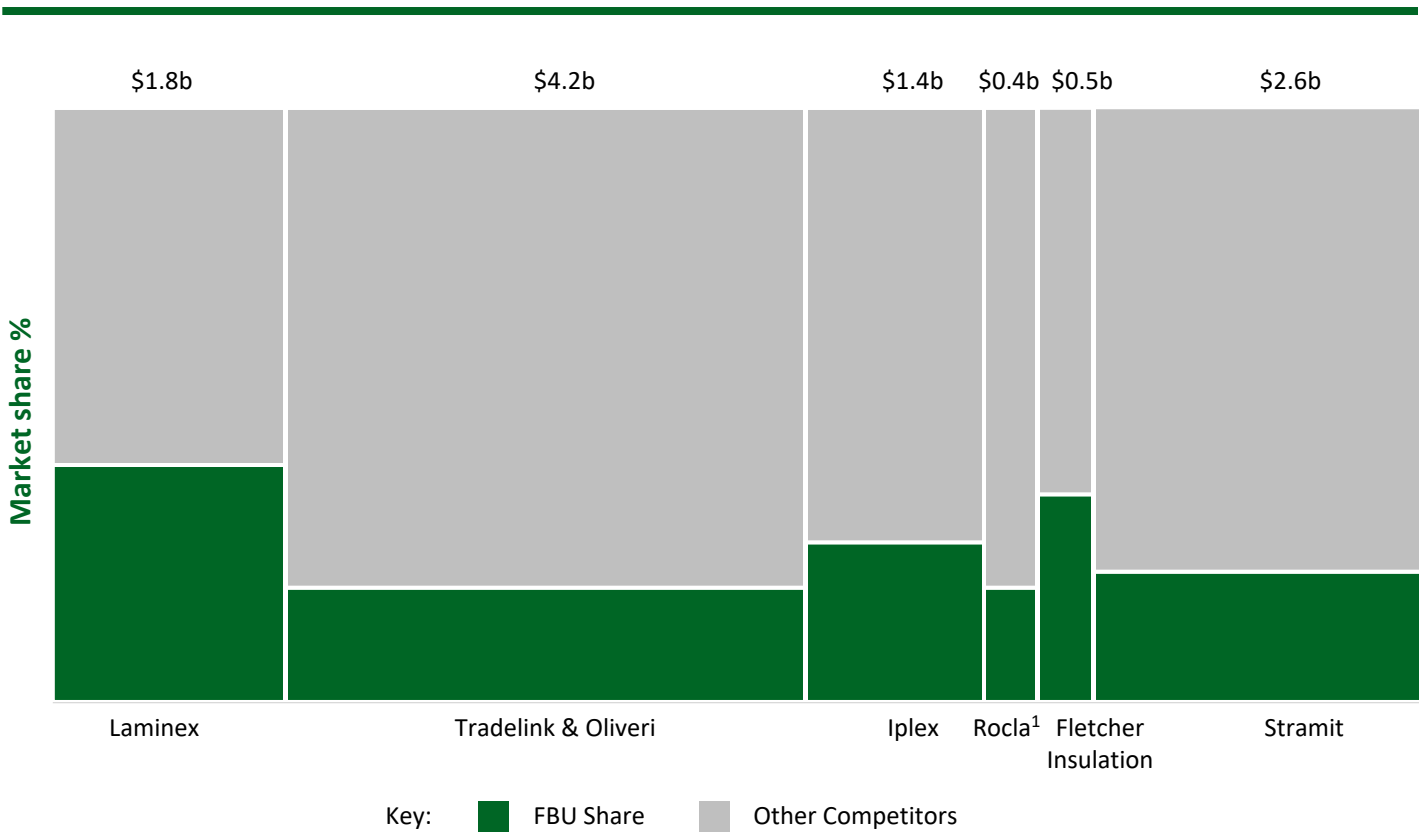
- ➔ Residential (60% exposure)
 - ➔ Residential detached sector remains buoyant supported by government stimulus and low interest rates
 - ➔ Medium to high density construction activity continues to drag on the overall residential sector
 - ➔ Alterations & Additions remain strong in the near-term
- ➔ Commercial (28% exposure) building activity remains negative in the short-term
- ➔ Civil / Infrastructure (12% exposure) remains buoyant in subsectors such as transportation and mining, but down in utilities



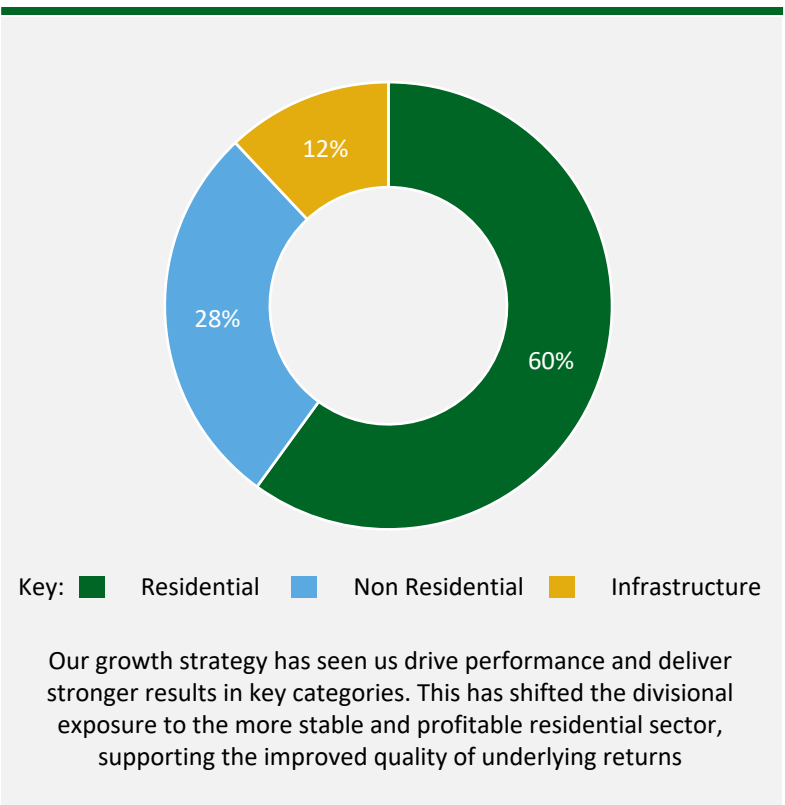
Australia

Despite a broadly flat market, good progress made on profitable share gains

Market Size (NZ\$b) and Share (%)



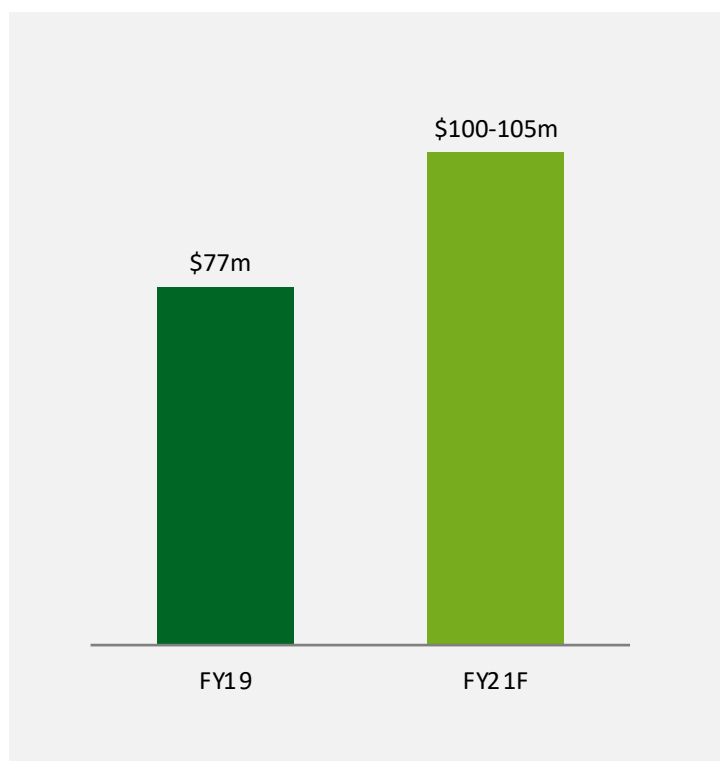
HY21 Revenue Weighted Sector Exposure



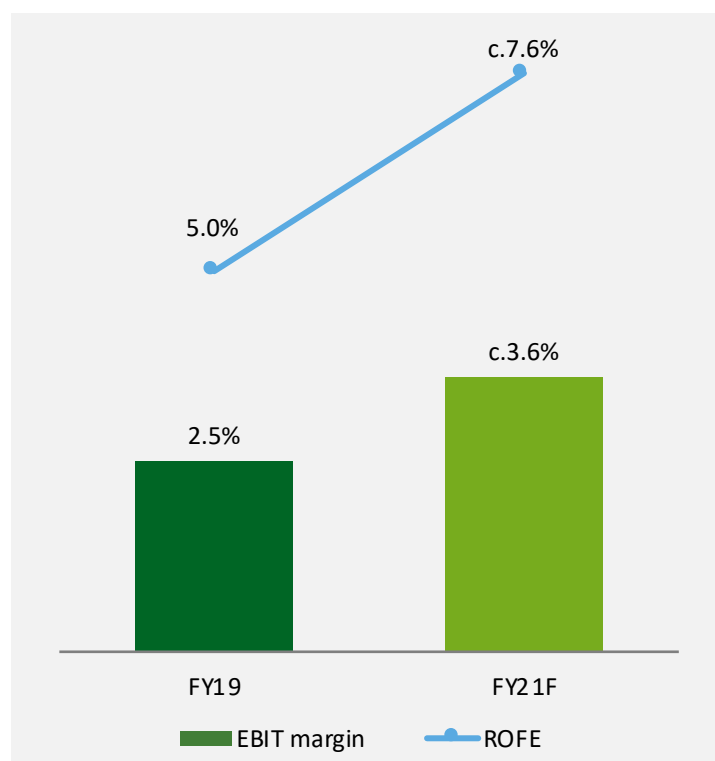
Australia

The Division has evidenced material profit improvement in FY21; this will continue into FY22 and beyond as we target 5-7% EBIT margin by FY23

EBIT (\$m)¹



EBIT Margin¹ (%) and ROFE² (%)



Key Non-financial Measures

	FY19	YTD21
TRIFR ³	5.4	5.8
NPS	33	25
Engagement	64%	59%
Carbon ('000t) ⁴	349	263

Key Financial Efficiency Measures

	FY19	FY21F
Sales per FTE (NZD)	\$555k	\$607k
GM per FTE (NZD)	\$159k	\$181k
GMR	8.8%	12.8%
Overheads ⁵	26.5%	25.5%
Working capital days	81.9	78.3



Australia

Quality of underlying earnings improved materially; now in growth mode

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

5-7% EBIT margin by FY23

- Digital momentum in key businesses
- Extensive network rationalisation
- Automation investments underway
- Pricing programme well established with momentum evidenced
- Segmental economic strategies driving improved gross margin
- Material growth in sales and margin per FTE driving sustainable efficiency
- Vitality at record levels, NPD has momentum
- Taking market share in margin accretive areas
- Range optimisation with exit of 15,000 individual products

Positioned for growth FY23+

- All businesses digitally mature by FY24-25 with digital marketplaces in place in Tradelink & Laminex
- Laminex launching new business model in FY21 under Haven brand
- A strong multi-year pipeline of new product development, strengthening existing positions and creating additional revenue streams
- Mature programmes of automation in manufacturing business units
- Accelerated growth of sustainable earnings driven by strong performance in margin accretive categories
- Specification, primary demand and aggregation in core markets



Laminex

Performing very well in market; gross margin now at top quartile levels, supported by sustainable low operating costs

Market leading customer solutions and services

Economic performance of each business in industry top quartile

Leadership in innovation, sustainability, and growth via disruption

Targeted segment growth

- Strong share growth in decorative category
- Primary demand strategy driving profitable growth

New product development

- Vitality >11%
- Strong performance in new décor ranges
- Formica relaunch providing duel brand strategy

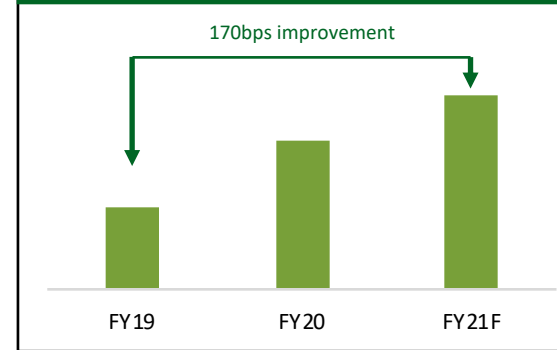
Customer excellence

- Online sales >25% of total revenue, annualising at \$170m+
- New operating model launches in June

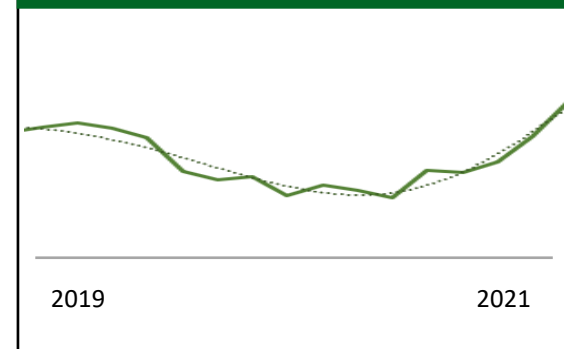
Margin

- Price effectiveness strong
- Range rationalisation; >9,000 SKUs exited
- Outperform manufacturing cost indices

Gross Margin Improvement



Decorated Board Sales

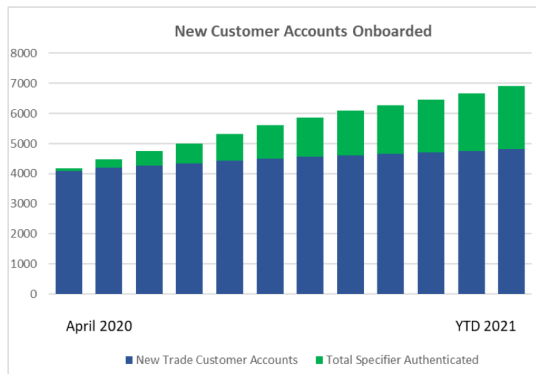


Laminex

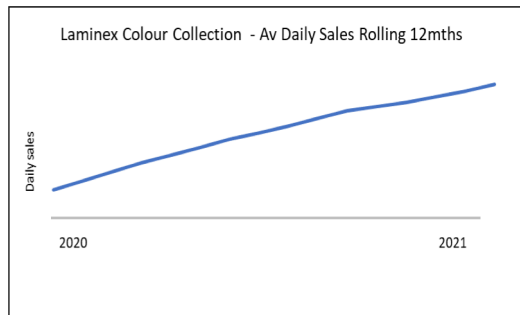
Now leading the market with best-in-class vitality and innovation

Leadership in
innovation,
sustainability,
and growth via
disruption

What have we done to improve performance?



- The strong digital offer is attracting new business
- Online sales at 27% of total revenue



- New décor ranges are performing well and this is increasing category share and margin

What we are doing to drive growth

- Primary demand via our sales team is driving specification
- Vitality has grown materially; NPD is now >10%
- Dual brand strategy – Formica brand re-launch
- Focus and growth in our margin accretive categories like Décor are ahead of business plan
- Expansion into adjacencies – Laminex Surround
- Testing alternate fibre. Successful bamboo trial
- Next phase of digital coming
- New distribution model – Haven Kitchens by Formica



Laminex

Laminex will launch trial stores in June this year with a market leading B2B joinery offer

HAVEN
KITCHENS
BY FORMICA®

PRE-ASSEMBLED
HIGH QUALITY,
RIGID CARCASS
KITCHENS WITH
**FREE AT HOME
DESIGN SERVICE**



Pre-Assembled
**Quality
Kitchens**

**100% IN STOCK,
100% OF TIME.
PICK UP A
KITCHEN TODAY!**



Always
In Stock

**YOU RESELL
HAVEN KITCHENS
BY FORMICA
TO THE END
CONSUMER AT
YOUR DEFINED
PRICE AND MARGIN**



You're In
Control



Five store trial in Victoria



Made and distributed by
our manufacturing base



Sell the whole kitchen
solution
Oliveri / Tradelink



Tradelink & Oliveri

Making pleasing progress, supported by margin expansion & efficiency gains

Market leading
customer
solutions and
services

Lowest
delivered cost

Economic
performance
of each
business in
industry top
quartile

Targeted SME plumber growth

- 46% of total revenue is SME, up from 34%
- Gross margin has momentum
- Quote turnaround speed improved by 50%

Gross margin

- Own brand at record levels
- Material expansion of Oliveri brand into markets
- Price effectiveness

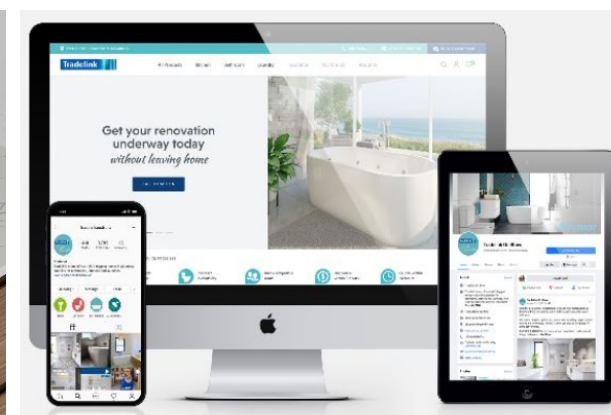
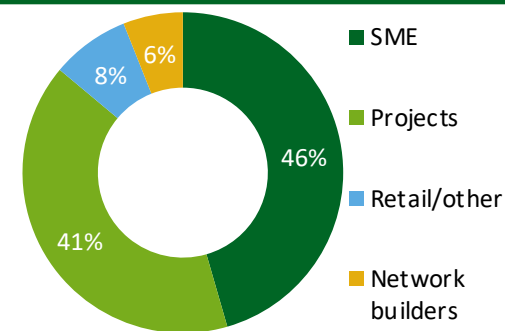
Digital

- B2C website live and ahead of plan
- B2B digital plan live in FY22

Operational efficiency

- Strongest sales per FTE
- Oliveri cost to manufacture at global best-in-class levels
- Showroom programme complete

Customer Mix

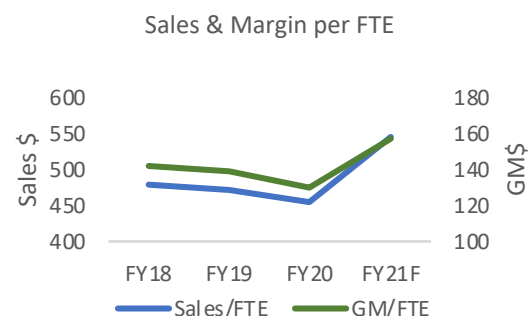


Tradelink & Oliveri

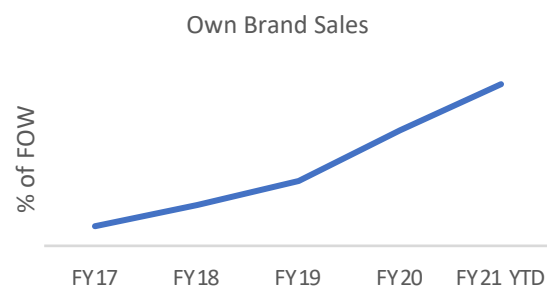
Efficiencies evidenced through strong sales metrics, own brand sales exceeding expectations, and digital offer launched with improving volumes and conversion rates

Lowest
delivered cost

What have we done to improve performance?



Sales and margin per FTE both increasing



Higher margin own brand front of wall sales (FOW) is now 35% vs. a prior target of 25%

What we are doing to drive growth

- ➔ Own brand front of wall now at 35%
- ➔ B2C website now live – 30% uplift in retail revenues
- ➔ B2B digital will be live in FY22
- ➔ Price effectiveness controls significantly improved
- ➔ SME plumber weighting of total revenue continues to grow



Fletcher Insulation

Transformational change now complete; significant efficiency gains delivered; now executing growth strategy

Market leading customer solutions and services

Lowest delivered cost

Lower manufacturing costs

- Direct to site model has facilitated a 35% reduction in bricks and mortar
- Factory of the future investment in Dandenong, VIC
- Best-in-class manufacturing efficiency achieved

Targeted segment growth

- Expansion into installed solutions
- Share gains in residential sector
- Pull through for upstream manufacturing

Operational efficiency

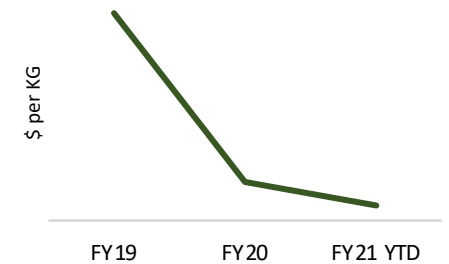
- 98% direct to site delivery
- Digital programme underway
- Lowest overhead costs in its history

Customer leading

- Market beating house wrap system
- DIFOTIS >95%, best-in-class performance
- New product launches now in market



Glasswool Manufacture Cost



Iplex

Pleasing progress in strategic areas of growth set against a slow project market; simplified business model driving increased earnings

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

Targeted segment focus

- ➔ Strategy relaunch to focus on core strengths and margin accretive categories
- ➔ Range rationalisation to focus on where we can win

Manufacturing excellence

- ➔ Investment in automation and latest technologies
- ➔ Manufacturing site optimisation
- ➔ Exit of low margin product categories

Customer excellence

- ➔ Digitisation programme underway via Iplex Connect
- ➔ Primary demand team supporting municipal bodies and asset owners
- ➔ Direct to site service provides competitive advantage and improved experience

New product development

- ➔ Investment in black max product range
- ➔ Lightweight piping solutions for improved sustainability & safety

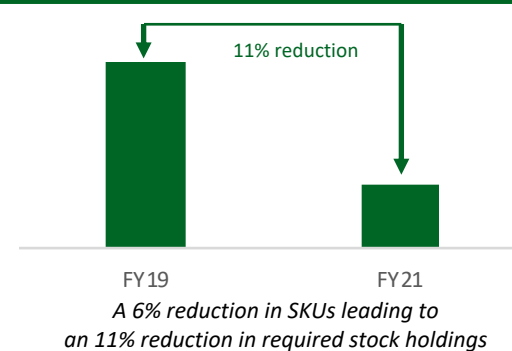


Find what you need, when you need it
Iplex Connect delivers.

iplex **CONNECT**



Product (SKU) Count by Location



Stramit

Material improvement in profitability YoY; performed well in its key strategic growth areas

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

Operational efficiency

- Continued manufacturing efficiency programme driving highest ever production volumes
- Automation to support growth

Targeted segment growth

- Core growth with reduced reliance on project volumes
- Strong momentum in margin accretive Sheds and Doors

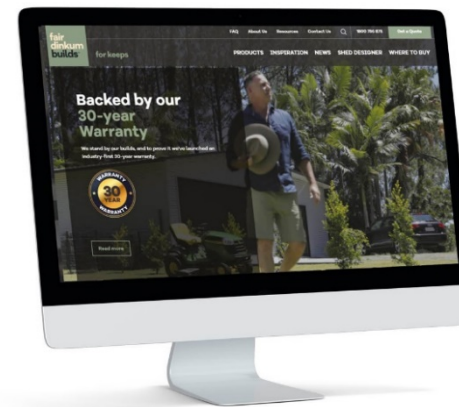
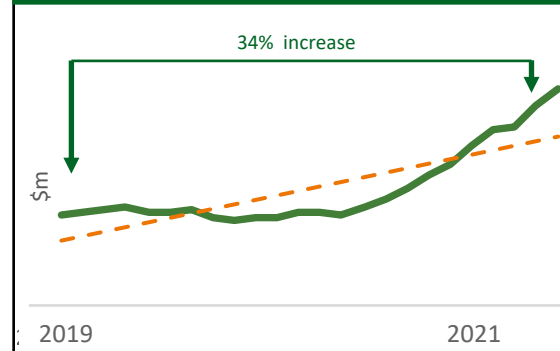
New product development

- Launched SharpLine® roofing and InfinitiLine® gutters
- Strong pipeline of new products

Customer excellence

- New Stramit website
- New Fair Dinkum Shed website driving lead generation

Sheds Revenue



Australia

Closing summary

Market leading
customer
solutions and
services

Lowest
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Economic
performance
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Leadership in
innovation,
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and growth via
disruption



**Strong
operational
discipline**



**Momentum in
vitality &
innovation**



**Digitisation
at pace**



**Growing share
profitably &
sustainably**



**30%
carbon reduction
by 2030**



**Commitment to
zero harm**

- ➔ We are on track for 5-7% EBIT margin by FY23. And we are well set for profitable growth
- ➔ These returns are within our span of control in a broadly flat market and should we see more robust market activity levels, coupled with our future growth plans, further gains will be delivered



Questions

