



Fletcher Building Investor Day May 2021

Ross Taylor, CEO

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

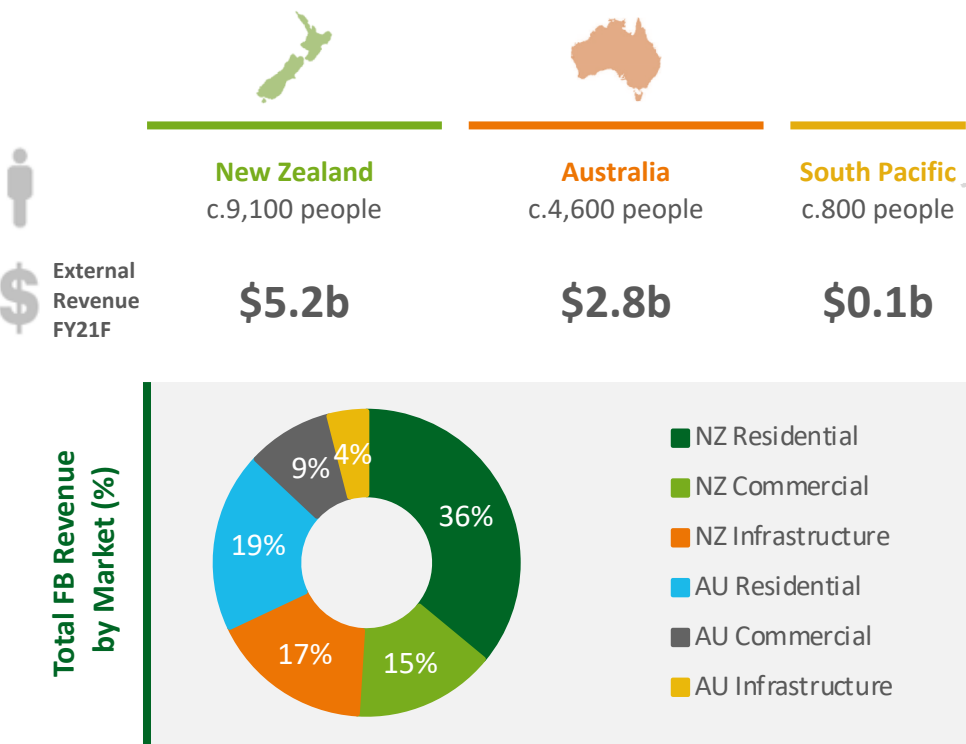


- CEO of Fletcher Building since November 2017
- Spent career in the Real Estate, Construction, Engineering and Building Products sectors internationally; worked extensively across: New Zealand, Australia, Asia, Europe and the USA
- Direct experience across much of the sector value chain, having led businesses with activities in: investment, development, construction, product manufacturing, and resources extraction & operations





























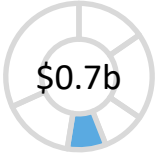







Significant NZ and Australia player, focused in the building products and distribution sectors

People: c.14,500
External Revenue: NZD c.\$8.0 billion
NZX/ASX listed: FBU



Leading NZ sector exposures with strong market positions and brands


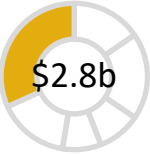









New Zealand	Market share	Sites	Gross Revenue	Brands
 Building Products	32% ¹	c.65	 \$1.4b	            
 Distribution	20% ¹	140 points of presence	 \$1.7b	  
 Concrete	38% ¹	c.100	 \$0.8b	  
 Residential & Development	#2 largest homebuilder 800 homes p.a.	Auckland Christchurch	 \$0.7b	 
 Construction	7% ¹		 \$1.4b	  



Australia position smaller but scale in specific sectors



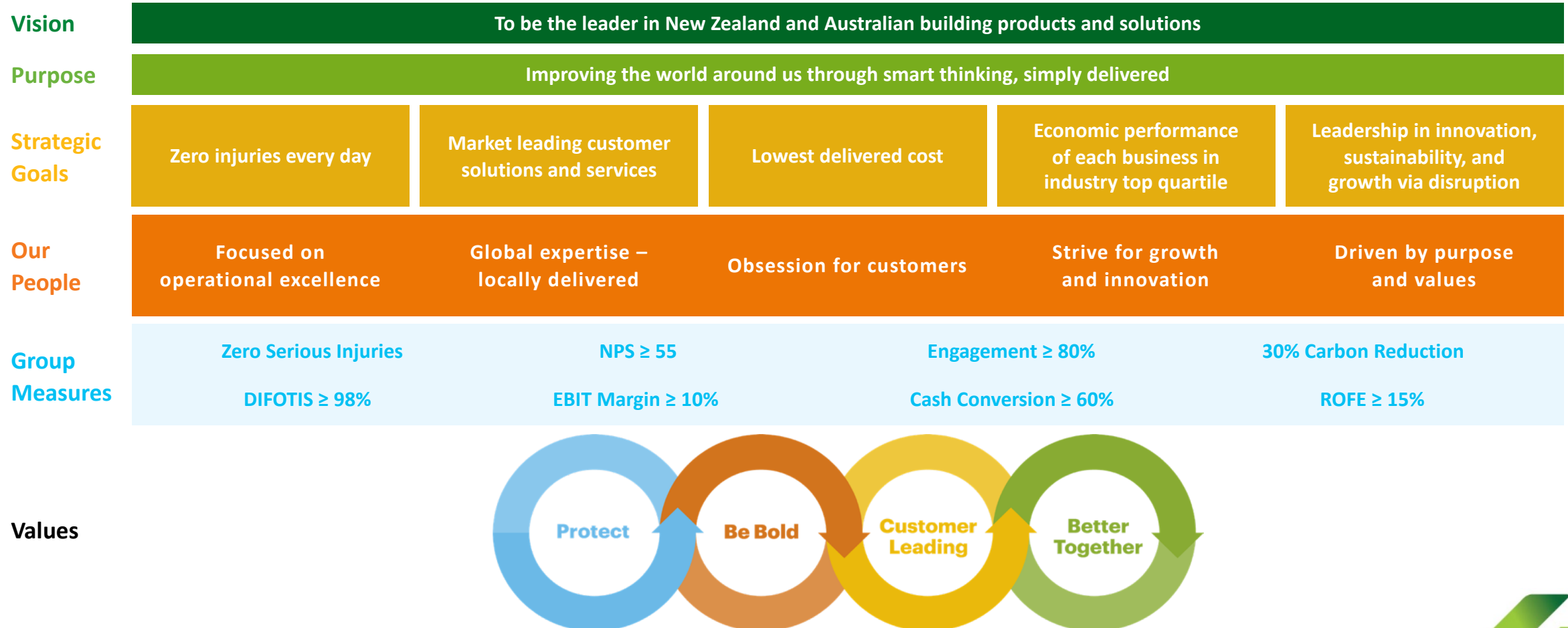
Australia	Market share	Sites	Gross Revenue	Brands
 Building Products	29% ¹	74	 \$2.8b	Laminex®    
 Distribution	19% ¹	221		 



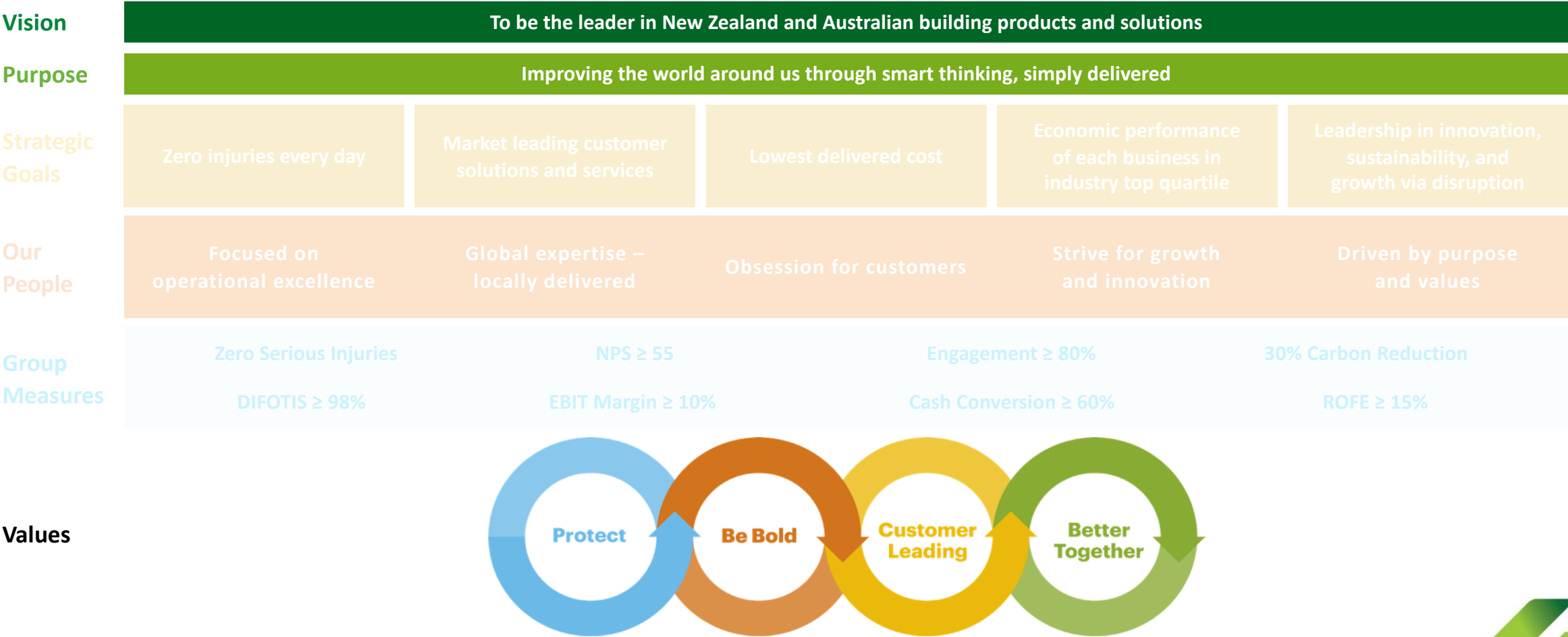
Having reset the business, delivering performance in FY21, we are strongly positioned for ongoing performance and growth



Our strategy is aligned to this next phase of ongoing performance & growth



Focus on achieving our vision, anchored by our purpose and values



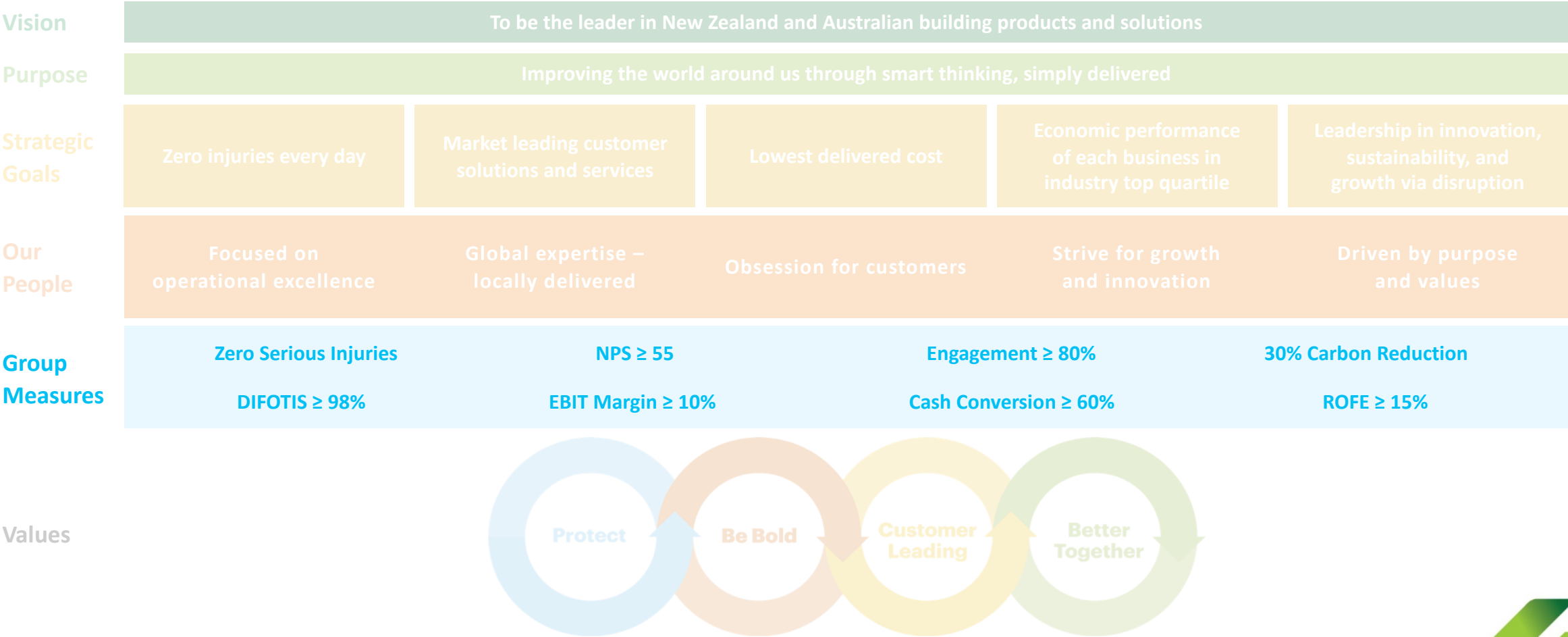
Our strategic goals driving us to achieve performance and growth



Our people are integral to delivery of our strategy



Key group measures are aimed to deliver financial and non-financial performance and growth



Confident this strategy positions us well to drive shareholder value in the short- and long-term

01



Focus

02



Strong
financial
positioning

03



Significant
near-term
“self-help”
value creation
opportunity

04



Global and
regional
macro trends
are supportive

05

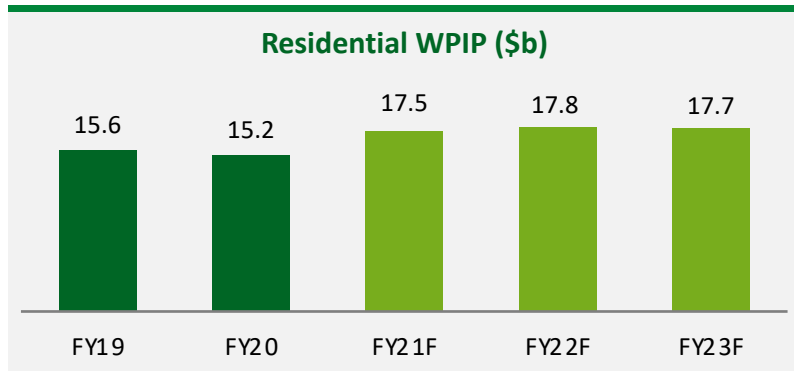


Well-positioned
for long-term
and sustainable
growth

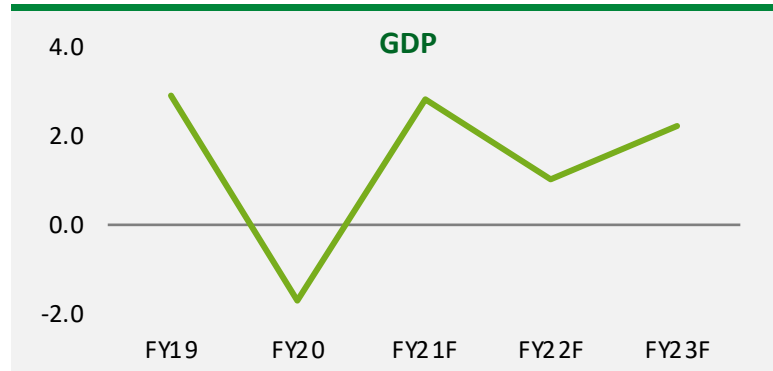


NZ markets look favourable and “stronger for longer”

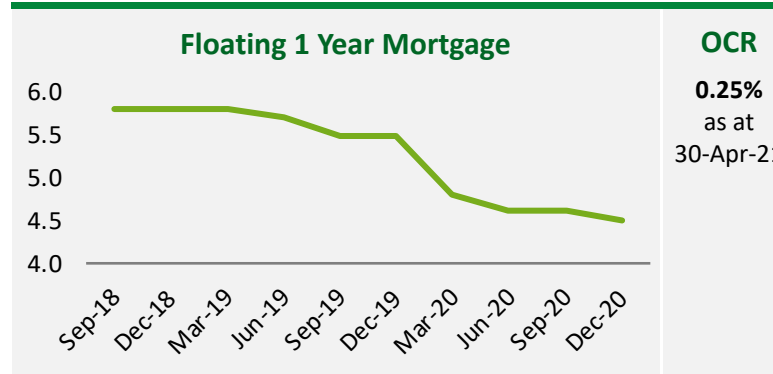
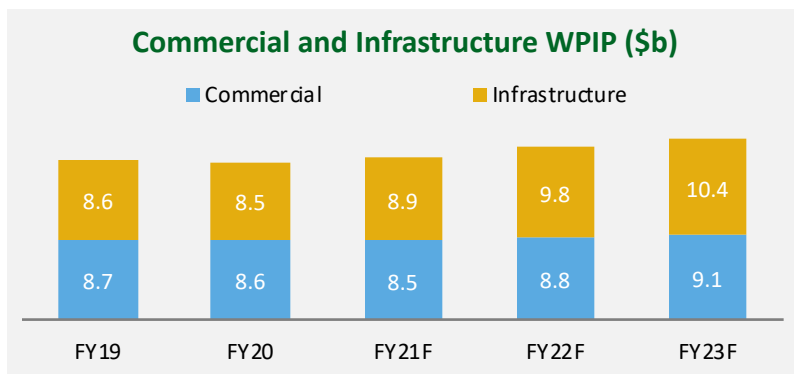
NZ Historical and Forecast



NZ Historical and Forecast



NZ Historical

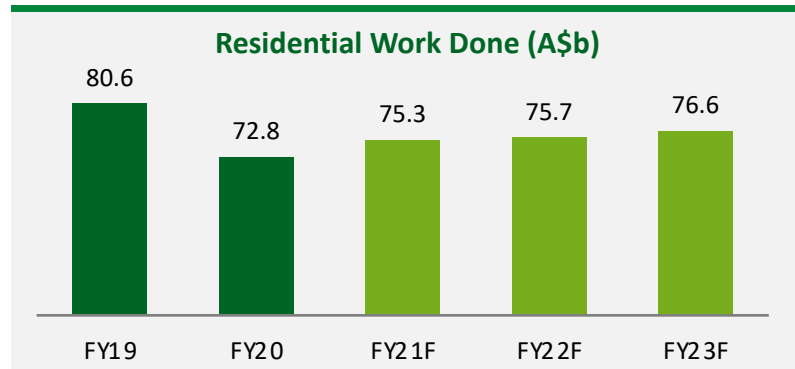


- Strong economic backdrop
- Ongoing structural undersupply of housing in NZ (housing undersupply of 40,000 dwellings)
- Growing population
- Demographic ageing contributing to additional increases in housing demand with smaller households
- Monetary policy settings likely to support low-interest rate environment in the medium-term (low term deposit interest rates and low borrowing rates driving housing investment)
- Residential consents at record high but capacity constraints drives solid WPIP pipeline
- Govt. committed to infrastructure spend
- Employment rate strong

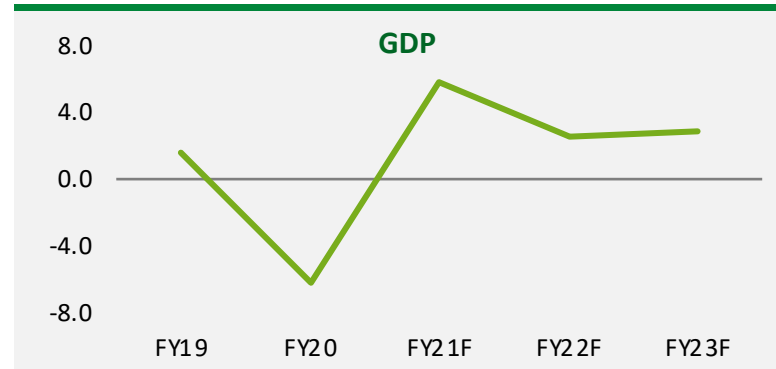


Australia macro backdrop supportive for growth

AU Historical and Forecast

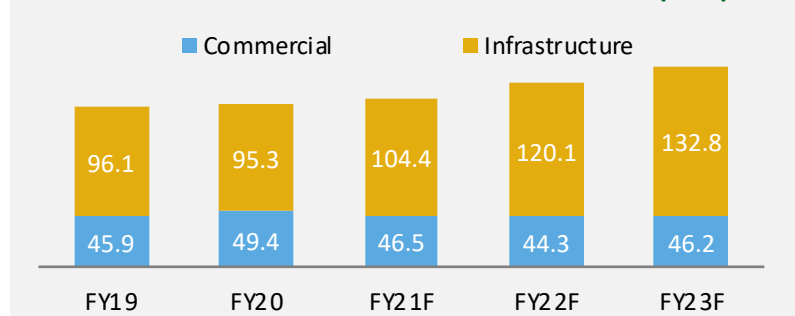


AU Historical and Forecast

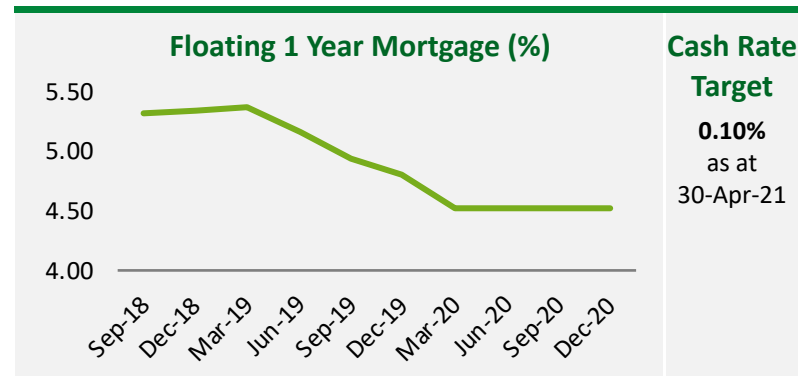


- Strong economic backdrop
- Government stimulus driving home building
- Low term deposit interest rates and low borrowing rates driving housing investment
- Govt. committed to infrastructure spend
- Employment rate strong
- Consents growth points to growing outlook for work done

Commercial and Infrastructure Work Done (A\$b)



AU Historical



FY21 Forecast and share buyback

Strong earnings growth and improved profitability, EBIT at top end of guidance range, on-market share buyback of up to \$300m

- ➔ Solid revenue of approximately \$8b, trading conditions in 2H21 broadly consistent with 1H21
- ➔ Forward indicators point to ongoing robust volumes, with industry operating at or near capacity in certain areas
- ➔ Input cost pressures (esp. steel, energy) flowing through to price
- ➔ FY21 EBIT before significant items expected to be at the top end of earlier guidance, in a range of \$650-665 million
- ➔ Cash flows remain strong, FY21F leverage of c.0.3x
- ➔ FBU intends to conduct an on-market share buyback and purchase up to NZ\$300m over the next 12 months
- ➔ Management expects Board to declare an FY21 final dividend in August 2021



Near-term outlook

Driving growth through operational improvement & growth initiatives, well-positioned through to FY23+

Pathway to c.10% EBIT margin in FY23

1. **Australia margins** lift to 5-7% on continued improvement in operating disciplines and growth initiatives
2. **Construction margins** lift to 3-5% as forward order book replaces nil margin legacy work
3. **NZ Core margins** expand slightly as adjacencies add operating leverage and continue to drive BU performance
4. **Residential & Development** targeting strong top-line growth at >15% margin, accretive to overall Group margin

Positioned for earnings growth to FY23 and beyond

- ➔ Investing for growth through capital expenditure envelope and targeted operating expenditure spend
 - ➔ Investing \$50-100m p.a. capex for growth & efficiency
 - ➔ Investing \$30-40m p.a. opex for growth initiatives and systems development
- ➔ Focus areas for growth:
 - ➔ Core: product adjacencies, decarbonisation, customer ecosystems, modern manufacturing
 - ➔ Residential & Development: scale base business, offsite manufacturing, apartments
 - ➔ Digital and backbone systems

