



Fletcher Building Investor Day May 2021

Steve Evans
CE, Residential + Development

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





- 30 years experience across residential and construction sector, including international roles in Australia, Asia and UK – joined Fletcher Building in May 2014
- Led the establishment of the separate Residential & Development Division and successfully restructured the FB property portfolio



Residential and Development

NZ's leading Residential and Industrial Development business

- Centred around Auckland and Christchurch, delivering new master-planned communities at scale. Extensive land portfolio sourced through direct acquisition, partnerships with government and iwi, and through other developers where we can influence / control the masterplan. Driving efficiency in design and reducing cost to build through scale
- Market leading offsite manufacturing facility supports growth in homes constructed, now one year into delivery of panelised homes
- Pivoting into the Apartment market and adding a Retirement offering of up to 100 homes p.a. to our communities
- Supplementing FB Properties with further Industrial Development of land

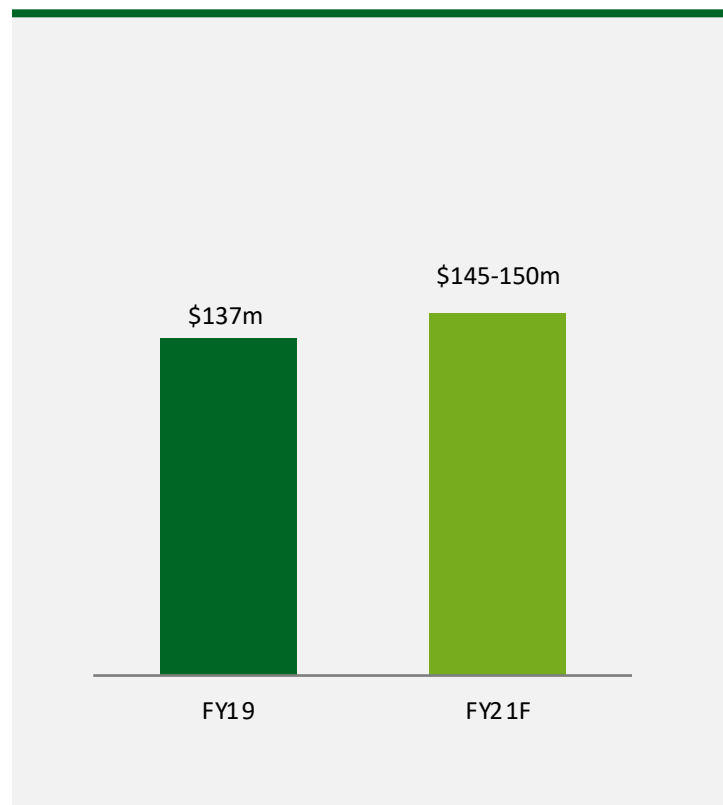
Business Unit	Overview
 Fletcher Living Love your new home	<ul style="list-style-type: none">• Fully integrated developer and speculative builder of quality homes in Auckland and Christchurch• Forecast to sell c.850 homes in FY21 with extensive land pipeline to support 1,000+ homes sold p.a.
 CLEVER CORE New Zealand	<ul style="list-style-type: none">• Offsite manufacturer of panelised homes supplying Fletcher Living, Kainga Ora and group home builders• Forecast to complete 100 homes in FY21 with a planned step up in volumes in future years driving earnings
Apartments	<ul style="list-style-type: none">• Newly established team focused on delivery of multi-level housing in Auckland• Forecast to grow business to c.300 units p.a. within Fletcher Living communities and on standalone sites
Retirement	<ul style="list-style-type: none">• Differentiated market proposition with ORAs based on 15% DMF, share of capital gains, no integrated care but healthcare services offered through partner
Industrial Development	<ul style="list-style-type: none">• Developer of industrial sites in FB portfolio and in Auckland region leveraging in-house development expertise and resource



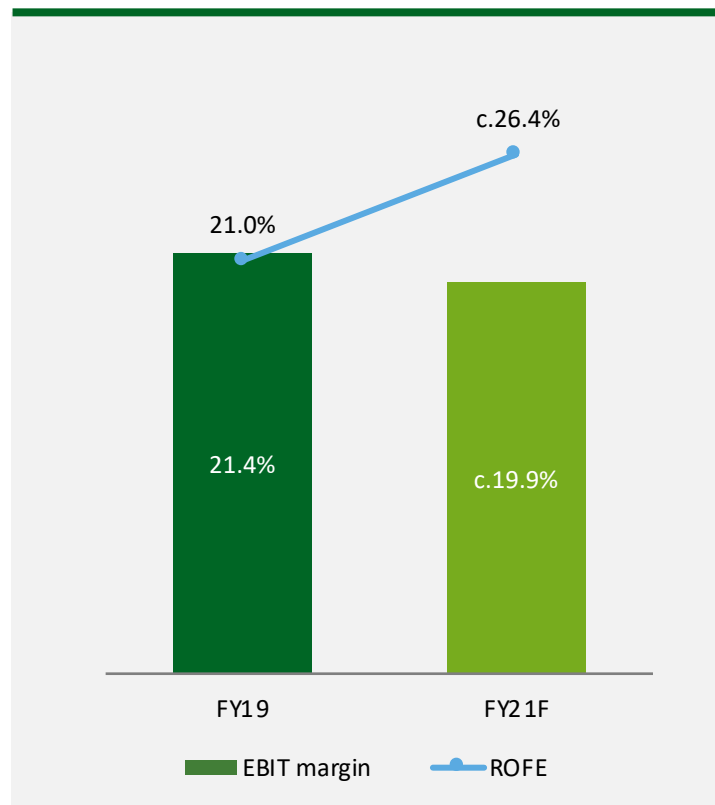
Residential and Development

Performance improvement driven by measured growth

EBIT (\$m)¹



EBIT Margin¹ (%) and ROFE² (%)



Key Non-financial Measures

	FY19	YTD21
TRIFR ³	6.0	5.6
NPS	63	68
Engagement	85%	80%
Carbon ('000t) ⁴	0.4	0.3

	FY19	FY21F
Zoned lots under control	5,422	4,691
Units taken to profit	735	c850



Residential

Growing to 1,000 homes p.a. in Auckland and Christchurch

Market leading
customer
solutions and
services

Economic
performance
of each
business in
industry top
quartile

Leadership in
innovation,
sustainability,
and growth via
disruption

- Scaling the delivery of homes from 850 to over 1,000 in the next two years, with additional growth planned in subsequent years
- Delivering new developments across Auckland and Canterbury with focus on sites of at least 100 homes. Strong pipeline across sections, partnerships and raw land
- Significant value added from delivering master-planned communities at scale including land cost, procurement of civil infrastructure, product mix, public amenity
- Focussing on mid-market housing where customer desire and product demand is maximised
- Driving innovation through use of new building materials and OSM solutions
- Leading industry sustainability initiatives in waste minimisation, and through our 1.5 degree home

Sections Available¹

	Zoned land	Future zone land	Rural land ²	TOTAL
In current possession	3,173	-	1	3,174
Unconditional contracts	720	796	1	1,517



Offsite Manufacturing

Speed and volume deliver benefits

Market leading
customer
solutions and
services

Leadership in
innovation,
sustainability,
and growth via
disruption

- ➔ Over 25% of our homes now suitable for panelisation through the DfMA¹ process
- ➔ Delivered over 100 homes so far, with pipeline of c.200 homes into FY22, including first external customer
- ➔ Advanced technology steps with incorporation of hsbCAD² and Pryda³ for mid floor and truss designs
- ➔ Waste minimisation and quality of product both at world class levels
- ➔ Additional benefits include significant reduction in build time (savings of up to six weeks per home) and increased recycling of working capital
- ➔ Further scale opportunities being investigated, including façades and pods



Apartments

Plan to scale up to c.300 units p.a. by FY24

Market leading
customer
solutions and
services

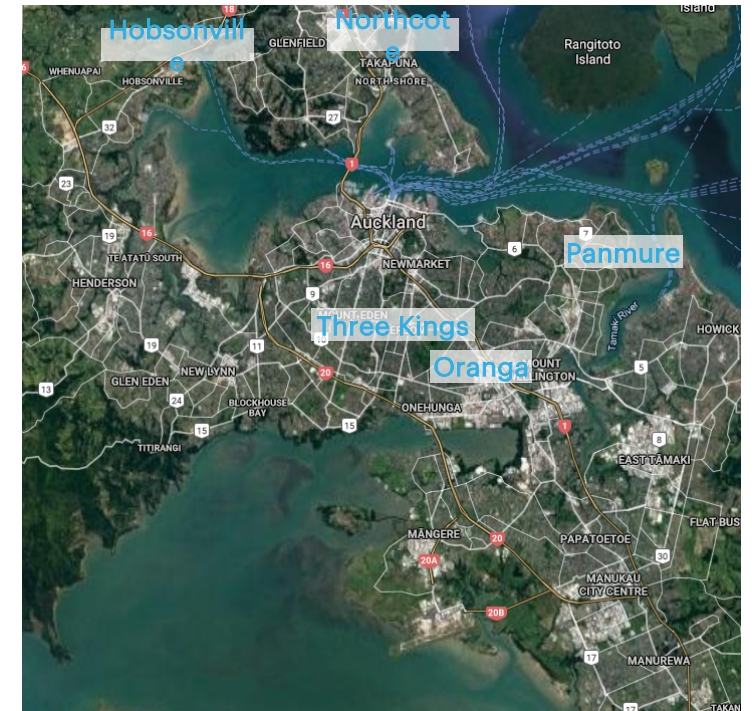
Lowest
delivered cost

Economic
performance
of each
business in
industry top
quartile

Leadership in
innovation,
sustainability,
and growth via
disruption

- In response to population growth and evolving demographics, densification within New Zealand continues. This provides significant opportunities including in some of our bigger developments
- Pipeline has been identified and secured to scale the business to c.300 apartments a year by FY24
- Key driver of a growth engine that can deliver c.15% p.a. returns in future. This includes driving costs down through clever design and smart procurement
- Focus is on mid market product, as we do throughout the residential business
- Innovation through Clever Core likely to play an important part in growth of the apartments business, including the use of pods and prefabricated facades

Apartment Locations (FY22-24)



Retirement

Adding to our communities

Market leading
customer
solutions and
services

Leadership in
innovation,
sustainability,
and growth via
disruption

- Our current communities cater to homeowners, from their first home to their last, but there are further opportunities that we have not yet explored – Retirement is an appealing next step
- Based on an established ORA¹ structure, but with a differentiated DMF² of 15% plus sharing of capital gains with residents
- On site shared services (residents' lounge and communal amenity) and concierge plus regular check-ins
- Access to healthcare through external partner, directly contracted by the resident
- Resource consents lodged for Waiata Shores and Red Beach, and looking to grow delivery through FY24-25 to 100 units and c.\$10-15m EBIT p.a.

Integrated into Fletcher Living communities

All the convenience you need, nothing you don't. No expensive shared facilities

Lower DMF and all customers share in capital gains during residence

We maintain your home and the shared spaces and take care of your basic costs

Partnership with NZ's leading provider of in-home care provides access to help when you need it

Frequent check in with our team provides peace of mind for you and your family

Technology solutions to provide connection to family and support wellness and basic healthcare



Industrial Development

Supplementing Fletcher Building properties

Economic
performance
of each
business in
industry top
quartile

- Our Development Team has proven skills and well-developed track record from working on the FBU portfolio. This has included sales at Rocla Gailes and CCT Penrith this year
- Team now expanded to supplement the FB asset disposal pipeline with attractive external development opportunities
- Our competitive advantage is in the ability to source land and navigate the complex rezoning process of land in Auckland
- Continue to generate c.\$25m EBIT p.a. through this business

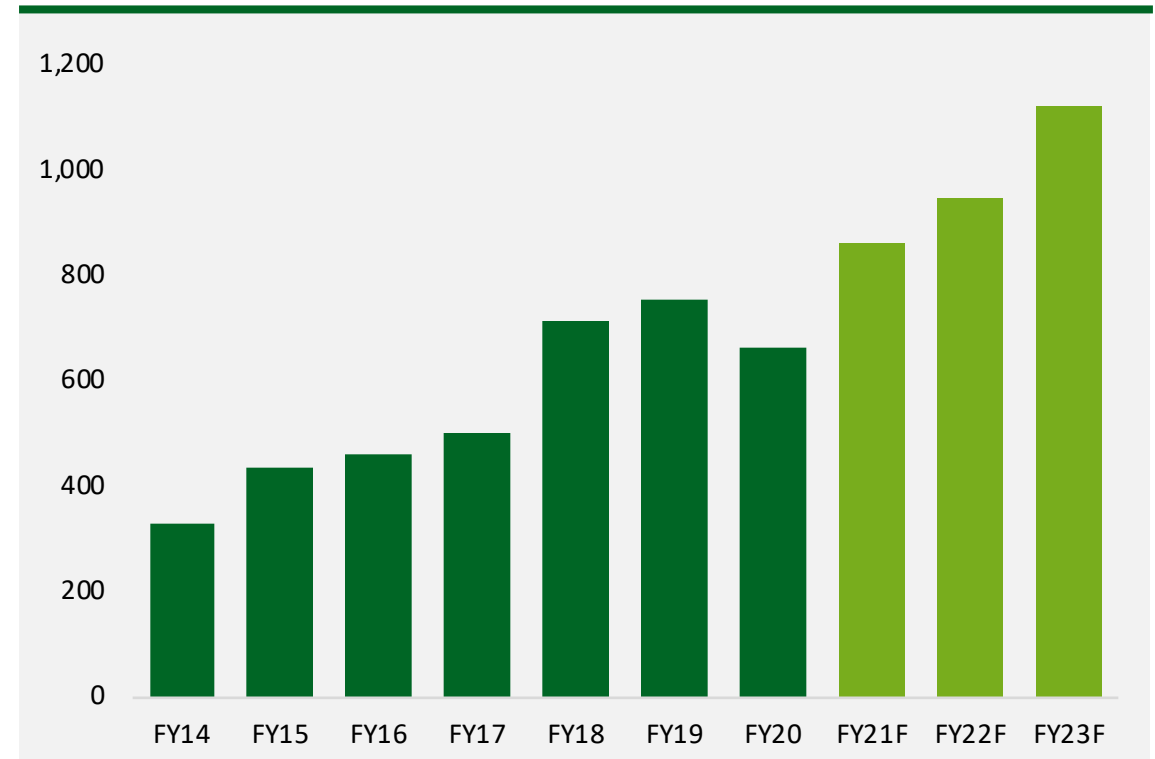


Residential and Development

Closing summary – Strong delivery of performance so far, future focused to grow

- ➔ A significant base of Residential earnings which are growing and will be supplemented with:
 - ➔ Growing Apartments business based on scaling to c.300 units p.a.
 - ➔ Clever Core moving out of start-up mode into EBIT generation as it ramps up sales beyond 200 units p.a.
 - ➔ Emergence of Retirement earnings as the business grows to 100+ new units p.a.
 - ➔ Consistent Development EBIT of c.\$25m p.a.
- ➔ Funds expected to build to c.\$750m in FY22 as we reinvest in land stock and support growth opportunities

Residential Units Taken To Profit



Questions

