



# Fletcher Building Investor Day June 2022

Building for tomorrow

22 June 2022

## Outline for today

Session 1	Divisional expos
Session 2	Presentations and Q&A (Hybrid)
Session 3	Site visits
Session 4	Evening event



# Fletcher Building – Building for Tomorrow

Section	Presenter	AEST / NZT	Duration
1. Building for tomorrow	Ross Taylor / Bevan McKenzie	8:00am / 10:00am	55 mins
2. Building Products	Hamish McBeath	8:55am / 10:55am	20 mins
3. Distribution	Bruce McEwen	9:15am / 11:15am	20 mins
<i>Coffee break</i>		<i>9:35am / 11:35am</i>	<i>10 mins</i>
4. Concrete	Nick Traber	9:45am / 11:45am	20 mins
5. Australia	Dean Fradgley	10:05am / 12:05pm	20 mins
6. Residential and Development	Steve Evans	10:25am / 12:25pm	20 mins
7. Concluding Remarks	Ross Taylor	10:55am / 12:55pm	5 mins



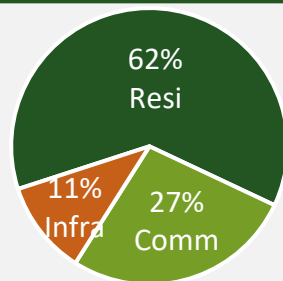
# A scale NZ & Australia in-country manufacturer of building products with complementary distribution, development & construction businesses

## Australia

FY22F \$2.8b Rev | \$115m EBIT | 4,600 people

- Nationwide but East Coast focus
- Businesses across light building products & distribution
- Assets well invested and cost competitive
- Ongoing opportunity to build further on performance improvements achieved over last three years

### Revenue Weighted Sector Exposure

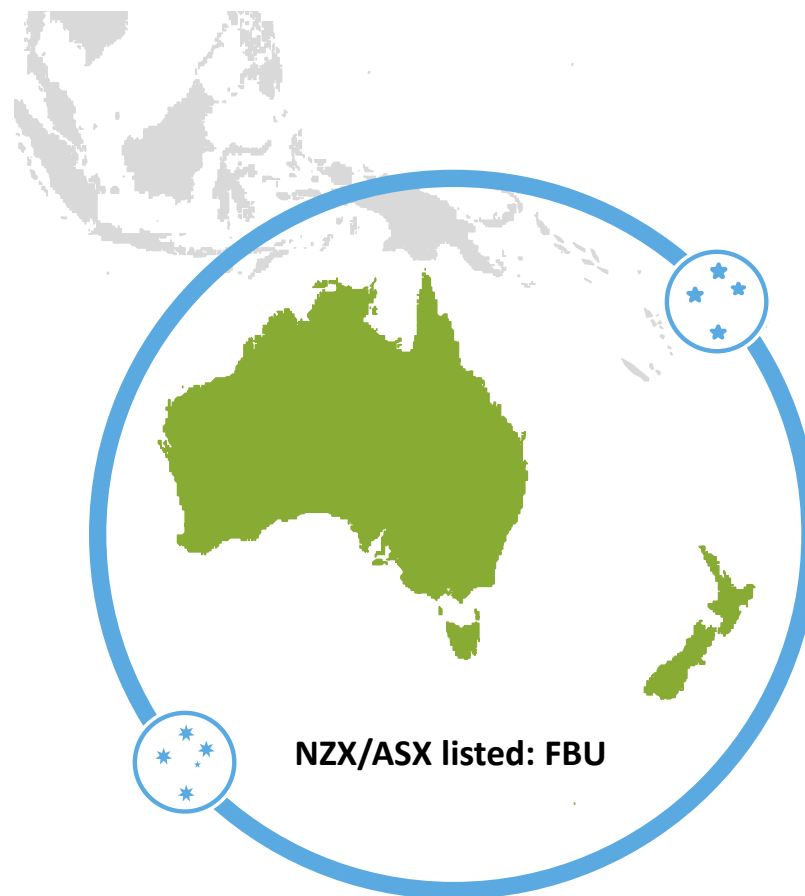
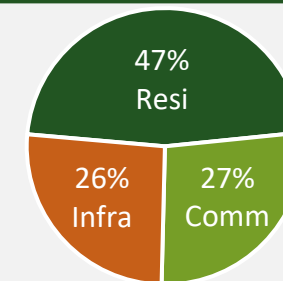


## New Zealand

FY22F \$6.5b Rev | \$635m EBIT | 9,100 people

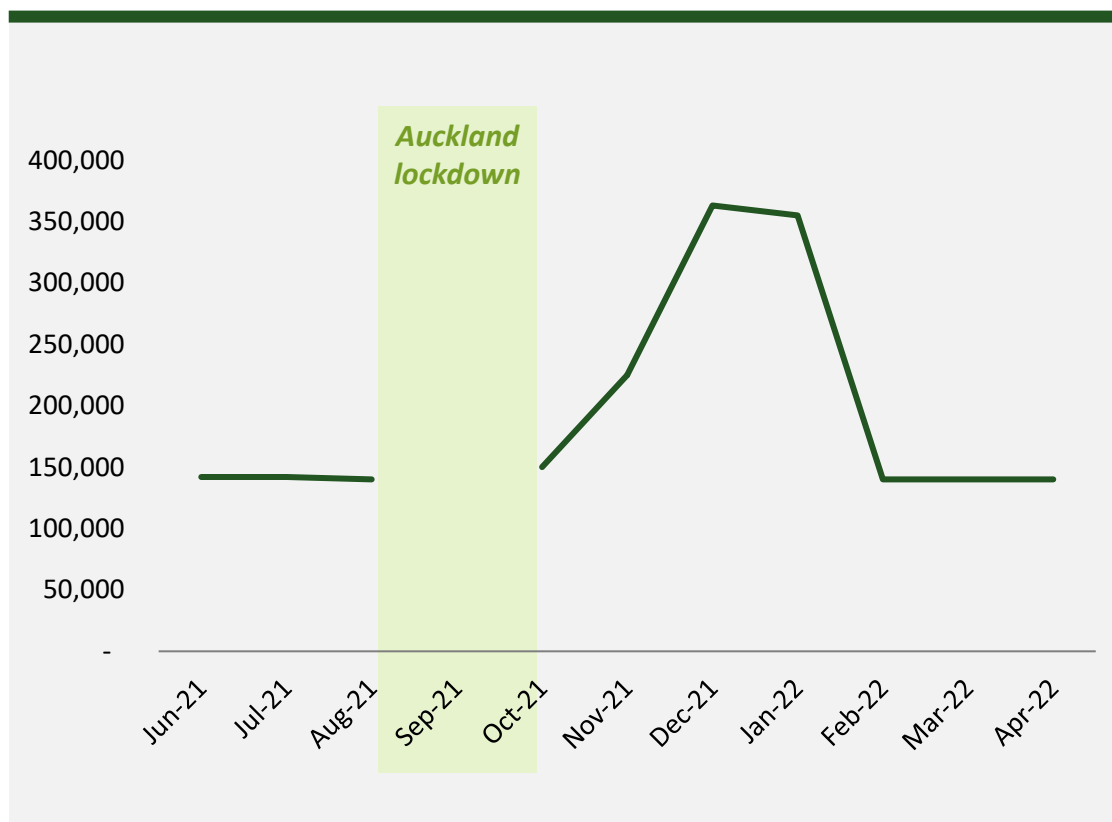
- Nationwide presence
- Businesses across heavy & light building products & distribution, residential development, and roading / infrastructure construction
- Assets well invested & cost competitive
- Significant growth opportunities in adjacencies & disruptive plays

### Revenue Weighted Sector Exposure



# It is likely the New Zealand Plasterboard market will come back into equilibrium by October 2022

WWB Average Daily Orders (sqm)



- Plasterboard market volumes were being met to customers up to August 2021
- Following the Auckland lockdown, industry shortages across a range of key building supplies including timber, insulation, and plasterboard caused customers to bring forward their orders to ensure they had stock
- Order volumes for plasterboard more than doubled through Nov-21 to Feb-22 – this volume is approximately twice the industry's current capacity to build
- We were able to meet some extra demand through this period by drawing down on inventory below normal levels and by importing some additional volume out of Australia. Our supplier paused supply to us in Nov-21 due to high industry demand in Australia
- Due to the extent of the demand surge, we introduced an allocation model in Feb-22 to give merchants certainty on what we could supply, and to allow us to clear the order backlog
- In addition, we reconfigured our factory through Mar-22 to May-22 to lift production effective Jul-22, and our import availability will resume from Aug-22 (as international capacity issues start to ease)
- We have also granted 10 trademark royalty-free licenses so far to allow others to import boards
- These moves will increase our supply into the NZ market by around 10%. This should see the market come back into equilibrium by around October 2022
- In the interim PlaceMakers (and other merchant customers) will run an emergency allocation fund to alleviate smaller customer hardship issues





# New WWB plant at Tauriko opens in 2023 and will add an extra 30% of capacity to the NZ market

- ➔ New plant was approved in 2019 when consents were running at 35,000 p.a. vs. the current level of c.50,000 p.a.
- ➔ Plant was delayed by around 12 months due to COVID lockdown impacts and border closures
- ➔ Project progressing well and scheduled to commence full production in May 2023
- ➔ At completion the Tauriko plant will add an additional 30% in-country production capacity, easily supporting existing demand and providing significant future capacity
- ➔ The new plant provides increased ability to innovate on products, by allowing for better formulation optionality and changeover speeds
- ➔ Onsite warehousing combined with improved cross dock facilities will facilitate continued service capability enhancements to customers

## Tauriko plant on track for a May 2023 opening



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# Our vision, purpose and strategic goals will continue to underpin the next steps of our journey...

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## Vision

To be the leader in New Zealand and Australian building products and solutions

## Purpose

Improving the world around us through smart thinking, simply delivered

## Strategic Goals

Zero injuries every day

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



... which we are confident can deliver strong growth at present market levels and materially improve through-the-cycle performance

FY22F			Medium-term targets at current market levels
EBIT <sup>1</sup>	c.\$750m	→ Significant pipeline of growth investments in adjacencies → Continued push to higher margin products / segments	+ \$150-300m
EBIT <sup>1</sup> Margin (2H22F)	c.9.5%	→ Further improvements in Australia margins → Smaller, more focused FCC	+ 100-200bps
ROFE <sup>2</sup>	c.18%	→ Continued operational & customer focus	≥ 15%

c.9-10% EBIT margin and ROFE ≥ 15% through-the-cycle





# Our confidence is underpinned by a proven & capable leadership team which continues to grow & evolve in line with our aspirations (1/2)

## Operational Leaders



**PHIL  
BOYLEN**  
Chief Executive  
Construction

- International design & construction experience
- Deep industry knowledge across large complex projects & maintenance-style contracts; delivered BPC turnaround
- 30 years industry experience / 3 years FBU



**DEAN  
FRADGLEY**  
Chief Executive  
Australia

- International distribution & manufacturing sector experience
- Experienced leader in B2B & B2C with successful track record of growth & turnaround strategies
- 30 years industry experience / 9 years FBU



**BRUCE  
McEWEN**  
Chief Executive  
Distribution

- Distribution sector experience across multiple industries with deep operational experience
- Proven track record of driving change & delivering growth; driving digital innovation
- 15 years industry experience / 8 years FBU



**STEVE  
EVANS**  
Chief Executive  
Residential and  
Development

- Global residential & construction experience
- Established successful Residential & Development business, driving significant growth
- 35 years industry experience / 8 years FBU



**HAMISH  
McBEATH**  
Chief Executive  
Building Products

- Deep operational knowledge of our manufacturing plants & supply chains
- Driving manufacturing enhancements
- 20 years industry experience / 20 years FBU



**NICK  
TRABER**  
Chief Executive  
Concrete

- Global career in building materials, circular & distribution business
- Leadership track record of driving sustainable growth, particularly via innovation & decarbonisation
- 20 years industry experience / 1.5 years FBU



# Our confidence is underpinned by a proven & capable leadership team which continues to grow & evolve in line with our aspirations (2/2)

## Fletcher Building Group Team



**ROSS  
TAYLOR**  
Chief Executive  
Officer

- Global career in engineering, construction, building products & sector value chain
- Proven experience leading business turnarounds & improving performance
- 39 years industry experience / 4.5 years FBU



**CLAIRE  
CARROLL**  
Chief People Officer

- Successful development & delivery of comprehensive people strategies
- Led significant culture change & focused on supporting safety, performance, diversity & talent development
- 24 years industry experience / 9 years FBU



**WENDI  
CROFT**  
Chief Health and  
Safety Officer

- Leading & driving Protect safety at FBU
- Deep experience in health & safety leadership for international organisations in multiple jurisdictions
- 18 years industry experience / 4 years FBU



**BEVAN  
McKENZIE**  
Chief Financial  
Officer

- 20 years international experience in strategy, M&A & commercial / finance roles
- Driven FBU programmes to turnaround cost, margin, cash and balance sheet position
- 8 years at FBU



**ANDREW  
CLARKE**  
Group General  
Counsel and  
Company Secretary

- Highly experienced lawyer
- Former Head of M&A at a global investment bank
- 13 years experience as Group General Counsel
- 3 years FBU



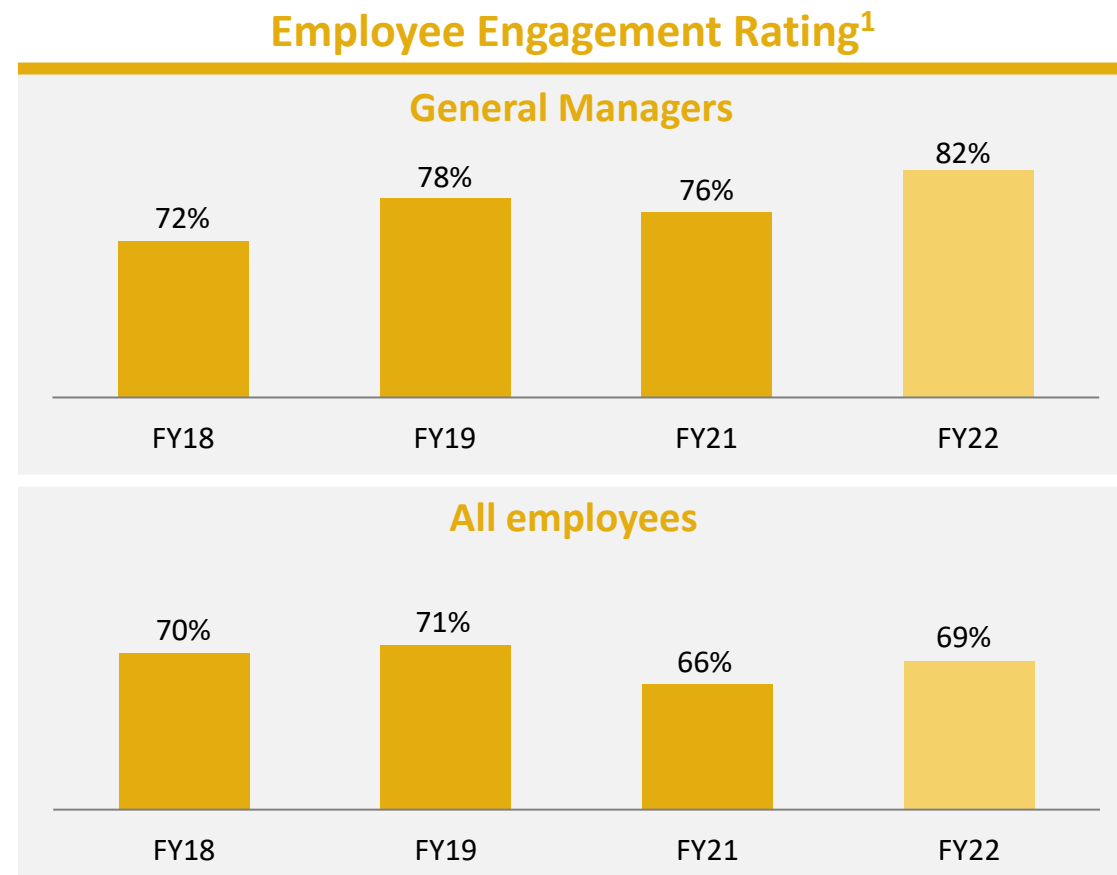
**JOE  
LOCANDRO**  
Chief Information  
Officer

- Global experience in leading digital technology strategies , and IT functions in major organisations
- Proven experience in digital transformations & ERP implementations
- 25 years industry experience / 3 months FBU



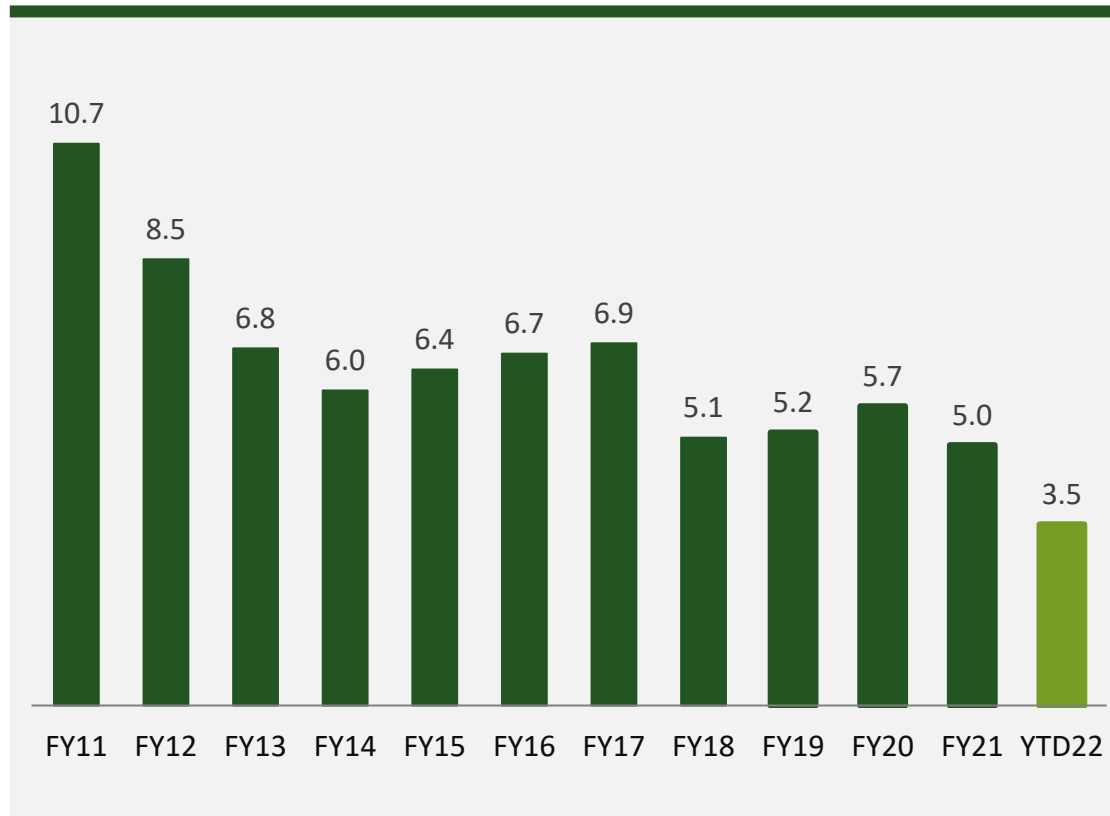
# This is further reinforced by an experienced GM team and good progress across all people metrics

- 82% engagement across a stable team of General Managers (GMs), which has been in place & driven the business reset
- +300bps improvement in engagement across all employees since FY21, following COVID & cost-out in FY20
- Focus is on improving diversity & fostering an inclusive culture:
  - We have >50% women in functional roles
  - Women account for 20% of operational roles and 14% of operational leadership roles. We are on track to increase the proportion of women in operational roles
  - Pay parity has improved to 96%, up 1.5% on prior year. We have plans to close this gap over the next two years
  - Programmes in place to increase ethnicity in leadership



# We are making good progress on safety and getting everyone home safely each & every day

## Total Recordable Injury Frequency Rate<sup>1</sup>



- ➔ 32% reduction in TRIFR
- ➔ 91% (or 890) sites injury free
- ➔ Four businesses injury free
- ➔ 2,337 leaders trained in Safety Leadership
- ➔ 3,440 risk containment sweeps



# We are driving market leading customer solutions and services

## Customer

Net Promoter  
Score<sup>1</sup>

37

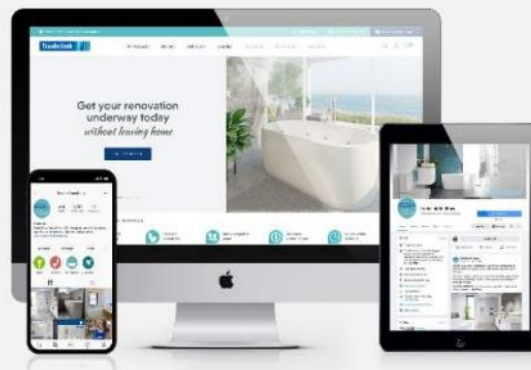


since  
FY18

Online sales  
run-rate

\$500m

(vs. nil in FY18)



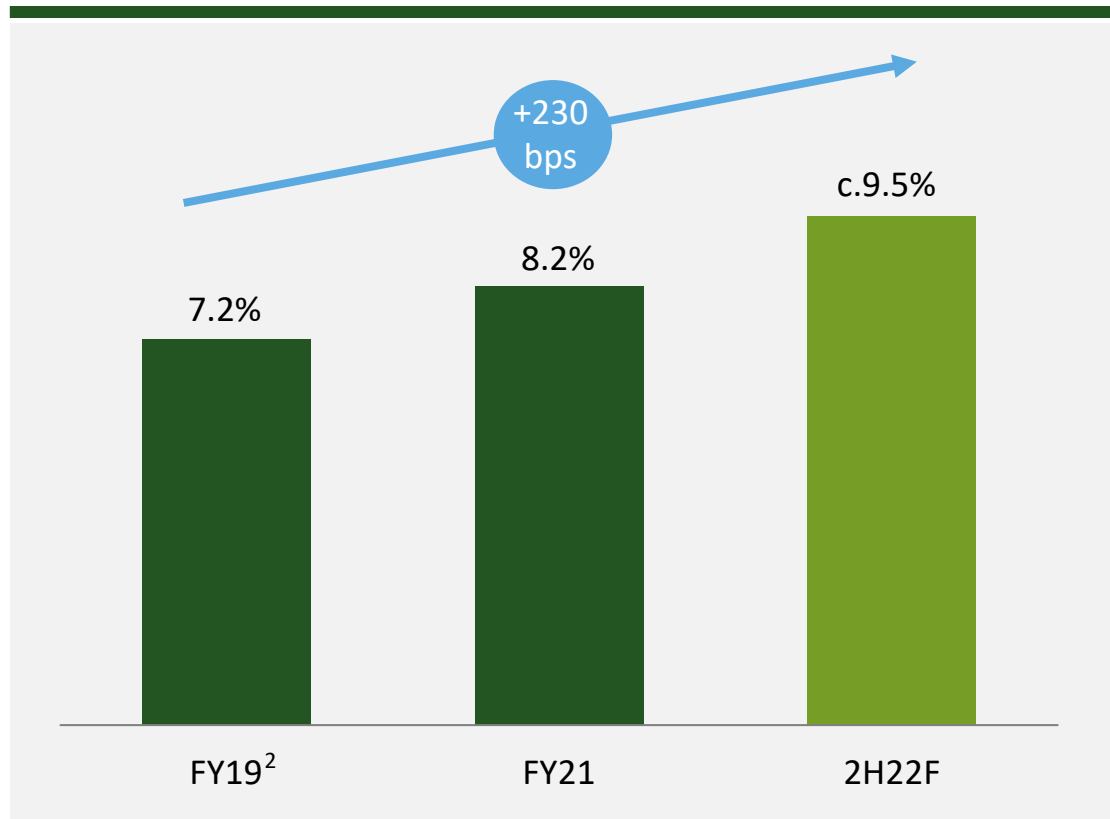
- Maintaining customer NPS despite supply chain disruptions
- 190,000 customers now on our online / omnichannel systems
- 50% of our businesses now have industry leading fulfilment promise & outcomes
- \$25-50m p.a. ongoing investment in systems, digital and data & analytics





# Our relentless focus on operational improvements will continue into the future

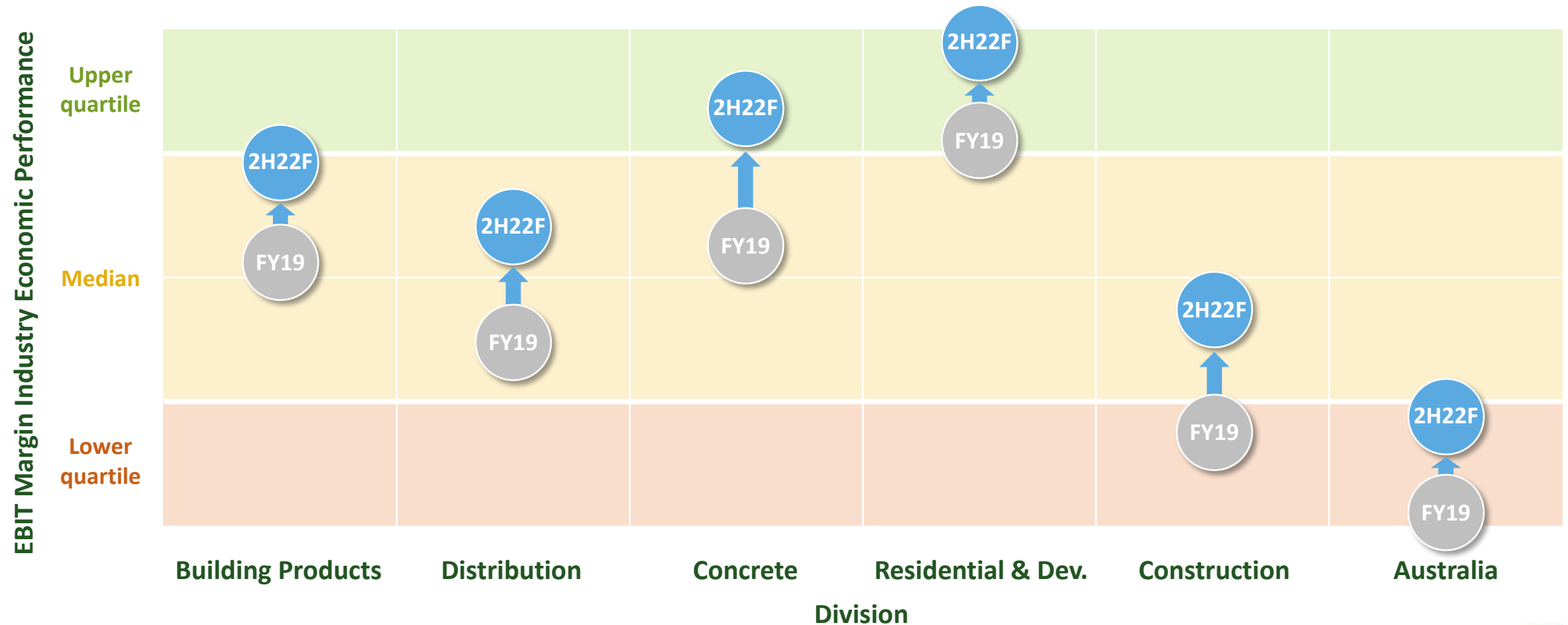
EBIT<sup>1</sup> Margin (%)



- ➔ Cost structures constantly benchmarked against local / international competition
- ➔ \$200-250m p.a. base capex including maintenance & ongoing efficiency gains
- ➔ Continue to improve pricing disciplines and ensure inflation headwinds are recovered
- ➔ Digital, digitisation & automation continue to be implemented, driving further efficiencies
- ➔ Distribution & logistics continue to evolve, including omnichannel, in-store, large DC's and direct from supplier

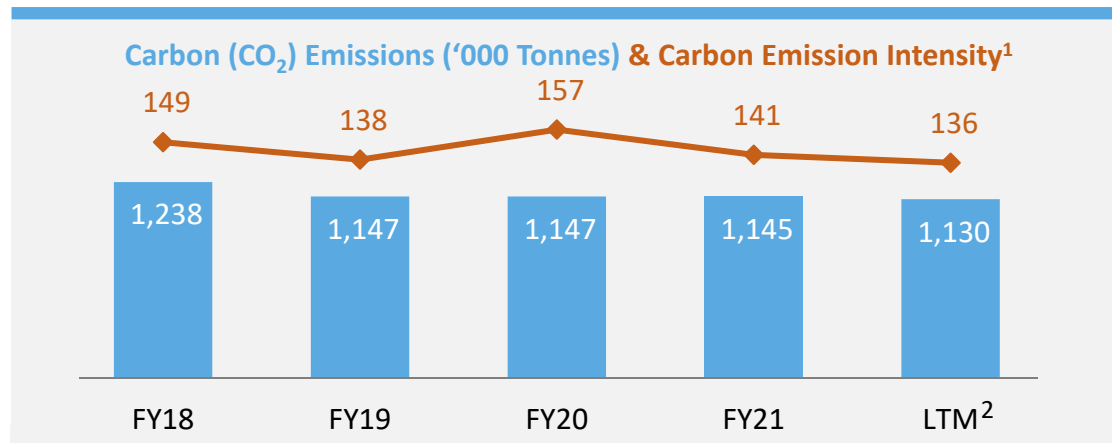


# We are driving economic performance of each business to be in its industry upper quartile



We have a compelling suite of growth opportunities in front of us arising from the sustainability, innovation and disruption trends we see across our sectors

### Driving 30% lower carbon from FY18



### We are making good progress on driving sustainability

- c.9% sustainable reduction in emissions from FY18
- 46% waste diverted from landfill, compared to 39% in FY20
- 50% of revenue with Environmental Product Declarations

### We are actively driving innovation and looking for disruption opportunities

- 300 start-ups / disruptors reviewed in innovation scans
- Many of these being implemented and trialled in our businesses

### This has translated to a compelling suite of growth opportunities

- c.\$500m of investment over FY23-25
- Targeting ROFE ≥ 15% at mid-cycle activity levels



# Our strategy positions us well to drive shareholder value in the short- and long-term

01



Significant near-term profit growth

**FY22F EBIT c.\$750m**

**FY23 EBIT target \$100m+ growth**

02



Plans and runway for further margin improvement

**Medium-term targets:**

**+100-200bps in a flat market**

**9-10% through-the-cycle**

03



Established pipeline of growth investments – primarily organic

**c.\$500m growth capex over FY23-25**

**Disciplined investment approach in residential development**

04



Strong enduring financial position and returns

**Leverage at lower-end of 1-2x range**

**ROFE  $\geq$  15%**

05



Well-positioned for macro trends and any economic cycle

**Scale in-country operations in NZ/AU**

**Industry backlog supports next 12-18 months**

