FOCUS

Fletcher Building

Investor Day
June 2019

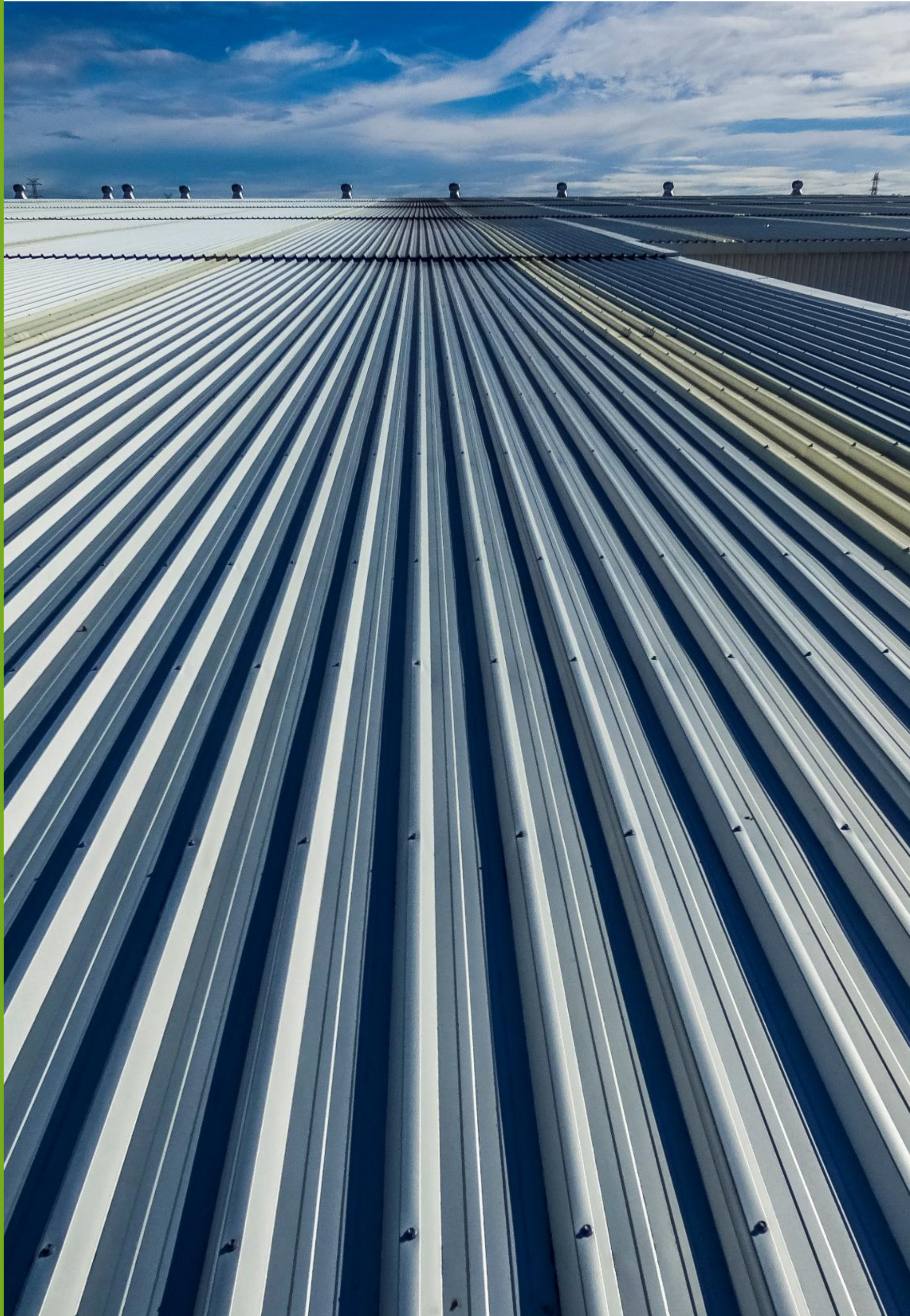
ROSS TAYLOR
— Chief Executive Officer

DEAN FRADGLEY
— Chief Executive Australia

BEVAN MCKENZIE
— Chief Financial Officer

26 June 2019

Note: All financials in this presentation are in NZ Dollars, unless otherwise stated.



Agenda

Time (AEST)	Topic	Presenter
10:00 - 10:30 AM	**Introduction** • Welcome, outline for the day • Group update	**Ross Taylor, CEO**
10:30 – 11:15 AM 11:15 – 13:45 PM	**Australia division** • Australia Strategy • Business unit booth rotation (x5)	**Dean Fradgley, CE Australia** **Australia BU General Managers**
	Lunch will be served during the BU booth rotations	
13:45 - 14:15 PM	**Capital** • Capital Structure and Formica Proceeds	**Bevan McKenzie, CFO**
14:15 – 14:30 PM	**Conclusion** • Outlook	**Ross Taylor, CEO**
14:30 - 15:00 PM	*Light refreshments / afternoon tea*	

Content

Our strategy

12 months ago we laid out a more focused strategy for Fletcher Building

Vision	**To be the undisputed leader in NZ and AU building solutions – with Products and Distribution at our core**					
Focus Areas	**1. Refocus on the NZ core**	**2. Stabilise Construction**	**3. Strengthen Australia**	**4. Exit non-core businesses**		
Enablers	Strong safety culture	Engaged and capable people, lean operating model	Fit for purpose systems	Disciplined performance improvement and capital allocation	Leading innovation	Organic growth and targeted acquisitions

We remain confident that this positions us well to drive shareholder returns into the future

Focus	• Focused on a more manageable footprint
Strength	• Materially strengthened balance sheet
Consistency	• Similar businesses in NZ and Australia, allows leverage of skills and IP
Lower risk	• Drive and grow our strong and well positioned NZ businesses • Trap the upside potential in our underperforming Australian businesses
Positioned for macro tailwinds	• Sustainable background of population and GDP growth in NZ and Australia • Geographic isolation gives "in country" scale positions a competitive advantage • Able to be a global innovation "fast follower" - but 1st in our home markets • Cheaper and better automation making developed country manufacturing more viable

Our five year timeline

We recognised this would take time and laid out a plan over three broad stages

FY2019 REFOCUS AND STABILISE

FY2020 PERFORMANCE

FY2021–23 GROWTH

1. Refocus on the NZ core

NZ businesses strong and growing

2. Stabilise Construction

Complete B+I projects
Return division to profit

Construction turnaround complete

3. Strengthen Australia

Set-up for turnaround

Performance improvement
Profitable market share

4. Exit non-core businesses

Roof Tile Group and Formica divested

Our five year timeline

We recognised this would take time and laid out a plan over three broad stages

	FY2019 REFOCUS AND STABILISE	FY2020 PERFORMANCE	FY2021–23 GROWTH
1. Refocus on the NZ core	✓		NZ businesses strong and growing
2. Stabilise Construction	✓		Construction turnaround complete
3. Strengthen Australia	✓		Performance improvement Profitable market share
4. Exit non-core businesses	✓		

1. Refocus on the NZ core

>$4bn revenue delivering margins of average c 11%, solid NZ market backdrop, revenue and competitive position maintained, team and organisation evolved, and now positioned to respond to margin pressure

	Through FY19 it was important to stay focused on the core while we dealt with our other priorities
Building Products	✓ WWB, TINZ, Laminex benefiting from strong consents / WPIP and have strong market positions ✓ Humes team and business reset after underperformance ✓ WWB innovation and operational excellence
Steel	✓ Market share maintained against strong competition through strong customer service ✓ Site consolidation ✗ Challenging trading environment in H2 leading to margin pressure
Distribution	✓ Benefiting from elevated market backdrop, particularly in Auckland ✓ Innovation through Mico expansion of category offering into concrete pipes ✓ Digital mobility rolled out to all PlaceMakers branches
Concrete	✓ Strong performance in aggregates will enable some recovery post cement mill failure ✓ Acquired targeted bolt-ons through Waikato quarry ✓ Completion of Auckland airport precinct ready-mix plant
Residential and Development	✓ Strong Wiri land sales mean land development expected to be $55m, above expected run rate of $25m ✓ Sustainable growth in house sales volumes to c 740 in FY19 ✓ Panelisation plant on track to commence production in 1H20

Note: Building Products and Steel one division effective 1 July 2019

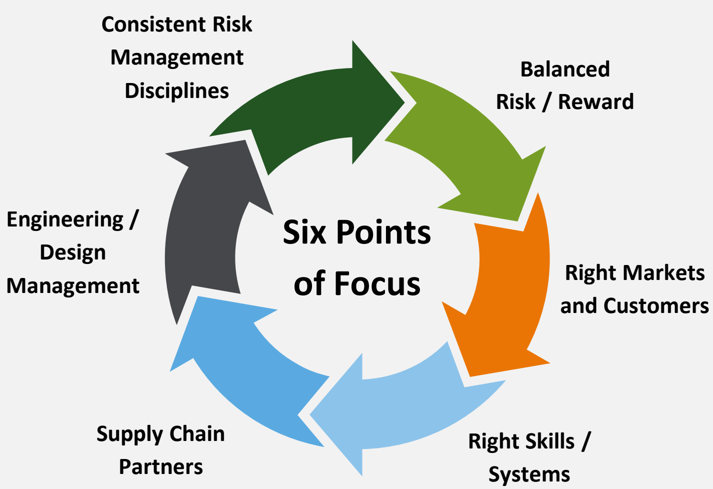
2. Stabilise Construction

Our focus pivots to securing the division's future, winning profitable contracts and creating a balanced portfolio

Key Strategic Priorities Remain the Same

- Close out legacy B+I projects within provisions
- Win profitable work in key growth markets
- Retain and attract capability

Areas of Focus Moving Forward



What's Different / Changed

Skills

- Experienced project teams fit for purpose
- Top team being rebuilt
- Proven executives with strong domain experience
- Reintroduced project management skills and training regimes across the businesses

Governance and risk management

- Capability to provide disciplined supply chain management through in-house design and engineering teams
- Project reporting discipline; cost and programme schedules; day-to-day management overhauled and standardised

Building a balanced portfolio

- Bids and targeted project portfolios aligned with overall business risk profile and appetite
- More medium sized projects; smaller number of larger projects
- Focused on right clients who will accept sensible risk profiles and margins

2. Stabilise Construction

Remaining B+I projects stable and within provisions – will resume focused bidding in vertical

B+I Project Status

Feb-18

- Commercial Bay
- NZICC
- Auckland East Prison
- Justice Precinct
- AIAL Phase 3
- UoC RSIC
- CIAL Hotel
- MPI National Bio Labs
- GreyBase Hospital
- Union & Co
- Rhodes on Cashmere
- VUW Gateway
- AUT ETD
- Majestic Centre
- UoA Science 302
- WIAL Carpark

Now

- Commercial Bay
- NZICC
- CIAL Hotel
- MPI National Bio Labs
- GreyBase Hospital
- Rhodes on Cashmere
- WIAL Carpark

- Value of work to complete reduced from $1.4bn in Feb-18 to $0.4bn now
- Only Commercial Bay and NZICC will continue into calendar 2020
- Remaining project teams are experienced and performing well

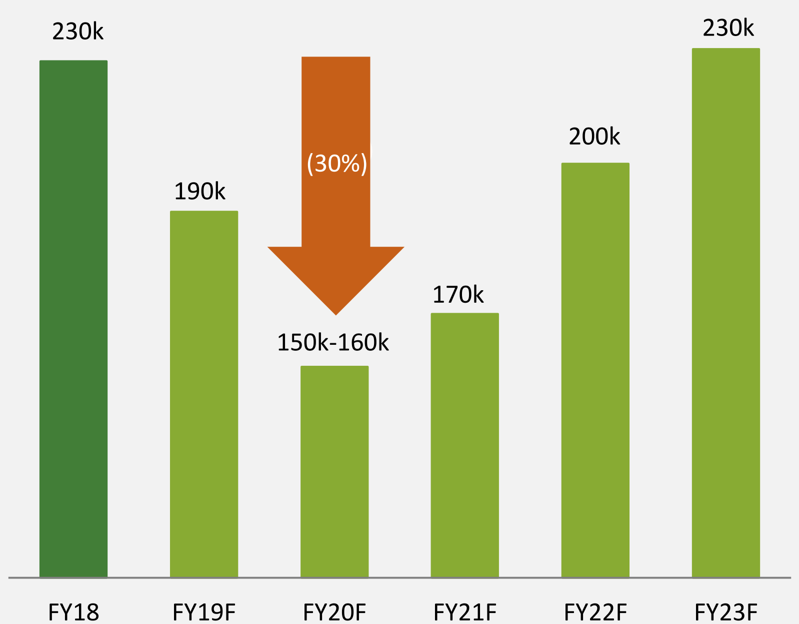
Resume focused bidding in vertical

- Market conditions (contract terms, margins) have improved
- Strong industry / government alignment through accord
- Market outlook remains strong
- We have c 5 strong project teams we can progressively deploy
- A select client base is keen to see us re-engage in the sector
- Logical to build on this position
- Providing a future for people is important to ensure we finish remaining B+I legacy projects well

3. Strengthen Australia

The upside opportunity for Fletcher Building in Australia remains, but the starting point for the turnaround is worse than anticipated, with FY19 EBIT of c $55m

Australia Residential Approvals



Current Position

- $3bn revenue
- FY19 EBIT (excluding significant items) forecast to be c $55m, 2% EBIT margin
- Sharp decline in residential market, plus higher input costs, leading to price and margin pressure
- Poor business disciplines in certain areas

What We Are Doing

- One division now established, new leadership and governance
- Decisive intervention in FY19 to set the businesses up for performance improvement and growth: clear BU priorities, cost-out programme, and targeted growth investment
- Targeting $100m gross annual cost-out benefit in FY21; expect c $50m of this to flow to net EBIT benefit in FY21

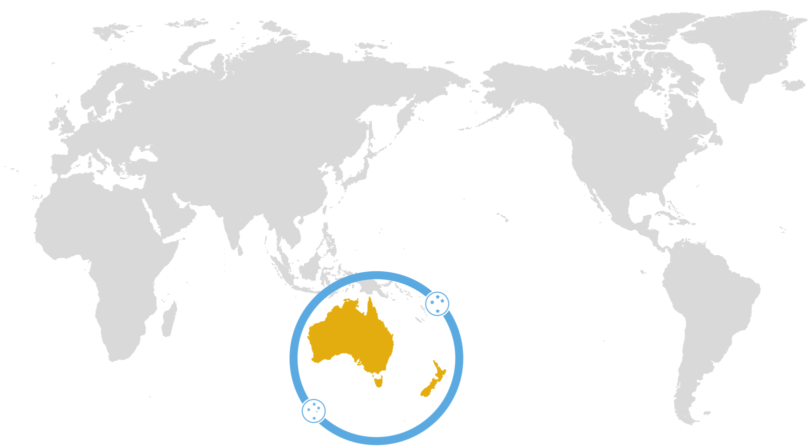
Outlook

- Achieve modest profit growth in FY20 despite ongoing expected contraction in residential market
- Lean and focused business set up for forecast market recovery in FY21
- Continue to target business generating 7% EBIT margin in the medium term

Source: BIS Oxford Economics (financial years)

4. Exit non-core businesses

RTG sold, Formica sale completed ahead of schedule and at the top end of valuation expectations



NZ$m	RTG	Formica
Net Sale Proceeds	59	1,185
Less: Carrying Value	77	1,310
Loss on Disposal	18	125[1]

Formica and RTG Divested

- Outstanding outcome on exiting of International businesses
- In FY19, successfully sold Roof Tile Group and Formica
- Roof Tile Group
  - Sold on 1 November 2018
  - Final net sale price of NZ$59m to IKO, in line with expectations
- Formica
  - Sold on 3 June 2019
  - Final net sale price of NZ$1,185m to Broadview, ahead of expectations
  - Exited at 10.8x FY18 EBITDA
  - Timely exit from softening of the US market
- Positioned our Group balance sheet in a very strong position:
  - Net debt: $300m – $400m
  - c 0.5x leverage

[1] Formica estimated loss on sale subject to completion accounting and based on estimated working capital adjustment and impact of FCTR

Key enablers

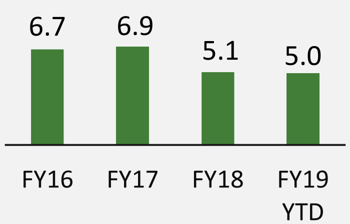
We are making good progress on our strategic enablers

Strong safety culture	• Ensure we learn from the fatalities in FY19 • Reset safety – culture and practice driving to an injury free environment • Continue to build off our industry leading TRIFR rates	X
Engaged and capable people, lean operating model	• Transitioned well to new structure with a lower corporate overhead • No trapped overhead post Formica sale • Employee engagement up to 71%	✓
Fit for purpose systems	• Targeted ERP upgrades, with improved project governance process embedded • Focus on customer-facing digital enhancements: e-commerce, product and customer management systems	✓
Disciplined performance improvement and capital allocation	• Transparent KPIs from market through to business units • Good baseline now allows progressive performance improvement • Increased investment of c $50m p.a. in our core businesses from FY19	✓
Leading innovation	• Residential panelisation plant • Winstone Wallboards new exterior sheathing solution • GBC Tyre Derived Fuel project to sustainably dispose of NZ's end of life tyres • Iplex NZ mobile extrusion plant	✓
Organic growth and targeted acquisitions	• Small bolt-ons and acquisitions where it makes sense, e.g. Waikato Aggregates and new PlaceMakers branch in Rotorua • Disciplined in execution	✓

Focus on key enablers will drive improvements across our balanced scorecard

Safety

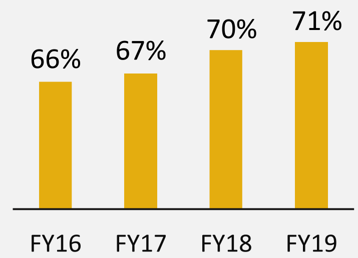
Total Recordable Injury Frequency Rate [1]



- Deeply saddened by recent fatalities
- Reinforced our focus on achieving an injury free environment
- Continue to drive TRIFR to under 5.0 (well below industry average)

Engagement

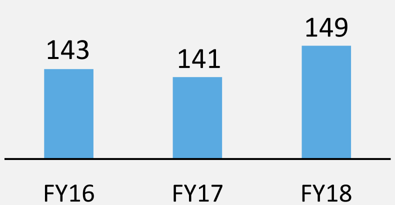
Employee Engagement Rating



- Drive employee engagement >80% (top quartile) with no business lower than 70%

Sustainability

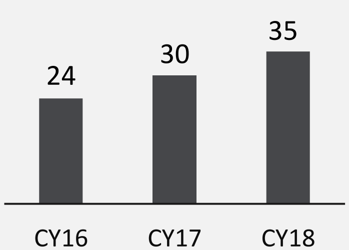
Carbon Emission Intensity [2]



- Sustainability reporting in place across environmental, economic and social domains
- Focus on NZ cement manufacture and power in Australia

Customer

Net Promoter Score [3]



- Drive to a best in class net promoter score of >55
- Rollout and embed customer service promises across all businesses

[1] TRIFR = Total no. of recorded injuries per million man hours worked.
[2] Carbon Emission Intensity = FBU Co2 Tonnes for every $1m of revenue. Restated per ISO 14064-1, previously overestimated
[3] Net Promoter Score calculated as % Promoters (9 - 10) minus % Detractors (0 - 6).

FY19 guidance
Major drivers of FY19 results

New Zealand core – solid performance:
- Strong market positions maintained
- Earnings slightly down YOY due to Steel competitive pressures and cement mill failure
- Land Development ahead of expectations at c $55m through good progress on Wiri North Development

Construction: back to profits, no change to B+I provisions

Australia: market headwinds and a tougher starting point driving EBIT expectations of c $55m

FY19 EBIT (before significant items) of $620m - $650m

Significant items expected to be c $240m-$250m
- Formica and RTG loss on sale[1]: c $145m
- Restructuring charges (predominantly Australia division): c $100m

[1] Formica estimated loss on sale subject to completion accounting and based on estimated working capital adjustment and impact of FCTR

Capital management

- FBU is continuously assessing its balance sheet position and investment opportunities to drive shareholder returns
- Key considerations in assessing capital structure post the sale of Formica:
  - Net Debt / EBITDA projected to be below the target range of 1.5x-2.5x and ahead of forecast
  - All sensible debt reduction opportunities (c $600m-$650m over next 12 months) will be undertaken
  - Remain confident on completing the legacy B+I projects within current provisions
  - Continued preference for prudent balance sheet management as Company performance is reset
- On this basis, Fletcher Building considers incremental capital is available to be distributed to shareholders through an on-market share buyback of up to NZ$300m
- This form of shareholder distribution takes into account tax effectiveness for all shareholders and earnings per share accretion
- The buyback is expected to commence following the FY19 results release
- Dividend has been reinstated in FY19 and as advised will be weighted to the final payment

We achieved what we said we would in FY19

Through FY19 we stabilised and focused Fletcher Building and positioned ourselves well to drive performance through FY20

Through FY19 we achieved the following

- Landed a leaner organisation through a restructure and attracted top talent
- Strengthened governance
- Kept NZ businesses on track
- Stabilised Construction returning it to profits and holding B+I provisions
- Intervened and set Australia up for turnaround
- Exited Formica and RTG for good prices
- Materially de-levered the balance sheet and commenced debt reduction
- Stayed inside our EBIT guidance range for the year
- Reinstated dividends
- Confirmed a capital return of up to $300m via an on-market share buyback

Q+A

Content

Team and market positions

Dean Fradgley
Chief Executive, FB Australia

Matt Brodie
CFO, FB Australia

Justin Burgess
GM, Laminex

Tim Broxham
GM, Tradelink and Oliveri

Nicole Sumich
GM, Iplex and Rocla

Paul Lavelle
GM, Fletcher Insulation

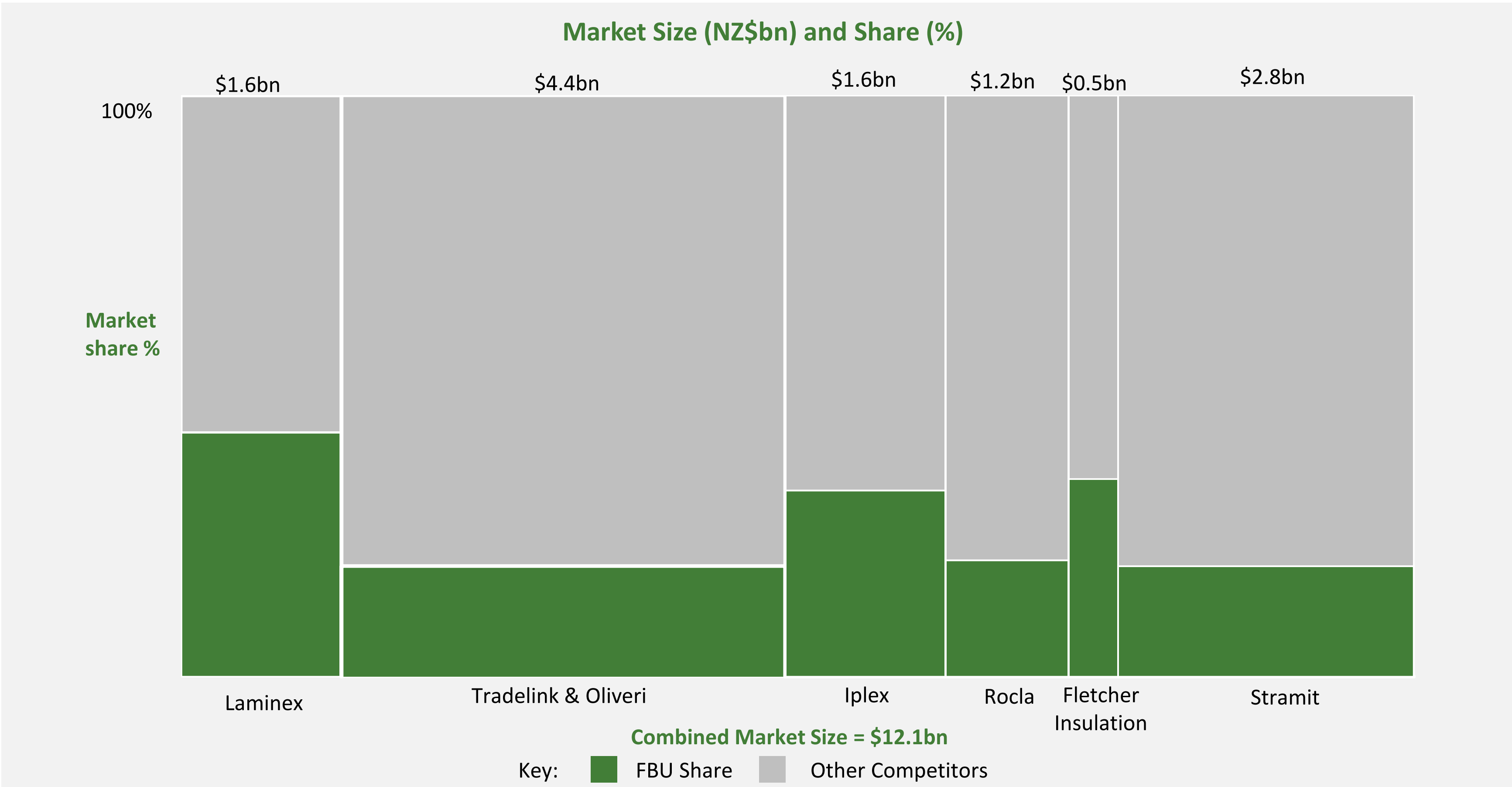
Alastair Wilson
Acting GM, Stramit

BU	Market segments			Market Position	Market Share	Customer NPS [1]	Sites [2]
	Residential	Commercial	Infrastructure				
Laminex	●	●		1	42%	53	40
Tradelink	●	●		2	19%	34	237
Oliveri	●	●		2	19%	48	1
Iplex Pipelines	●	●	●	1	32%	33	11
Rocla		●	●	2	20%	34	16
Fletcher Insulation	●	●		2	34%	21	14
Stramit	●	●		2	19%	25	19

[1] NPS = Net Promoter Score
[2] Pre-site consolidation

Australian market size and share

The Australia division comprises a portfolio of manufacturing and distributing building products businesses that have strong market positions



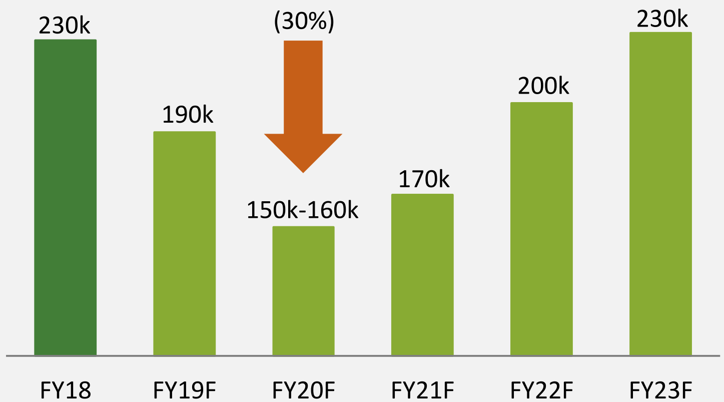
Source : FBU management estimates

Australian market sector exposure and outlook

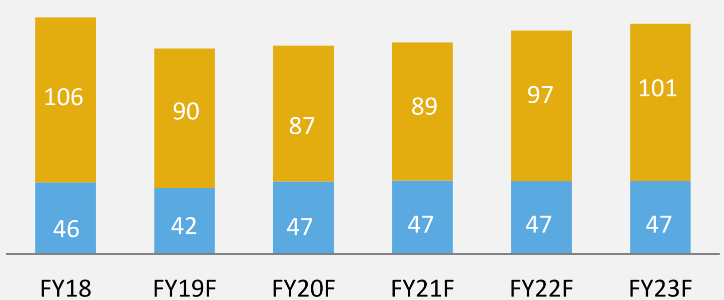
The Australian businesses are most exposed to the residential building sector which is currently in decline and expected to come off 30% from FY18 to FY20, before returning to growth in FY21

AU Historical and Forecast Market Outlook

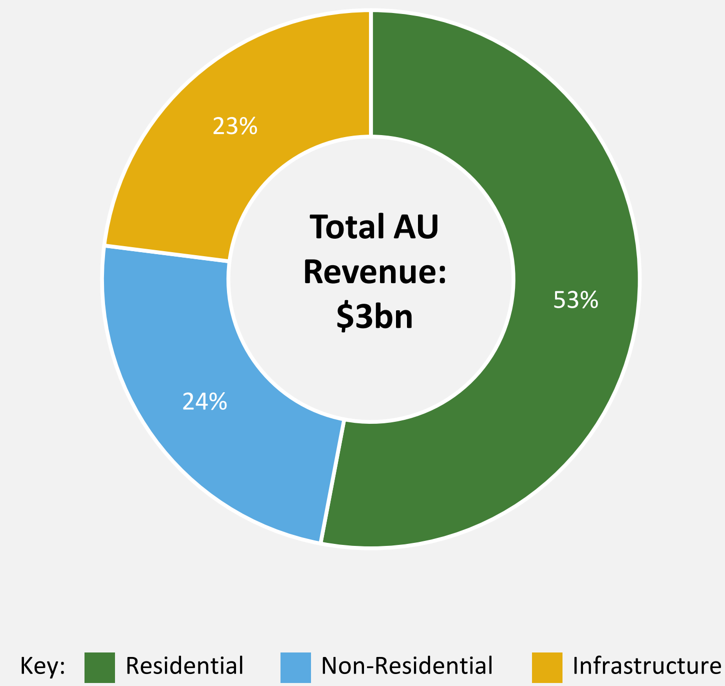
Residential Commencements (#)



Value of Non-Residential and Infrastructure (A$bn)



FY19 Revenue Weighted Sector Exposure

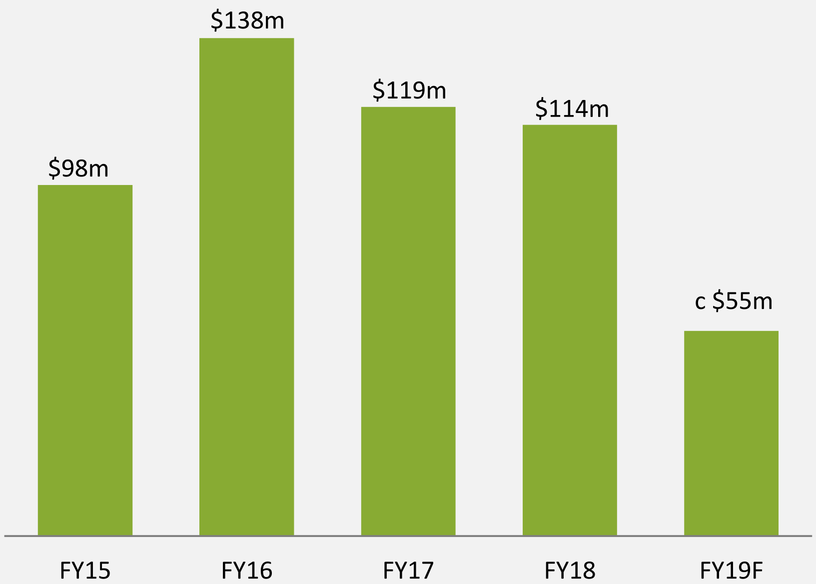


Source: BIS Oxford Economics (financial years)

Australia starting point worse than expected with FY19 EBIT of c $55m

The combination of the falling residential market and poor discipline in certain areas has led to a worse than anticipated starting point for the Australia turnaround

Australia EBIT [1] (NZ$m)



Key Impacting Factors

- Sharp decline in Residential market
- Price and margin pressure in highly competitive declining market
- 2 most profitable BUs (Laminex and Stramit) heavily exposed to Residential markets
- Higher input costs, particularly due to FX (AUD / USD)
- Opportunities for business discipline improvement in certain areas
- Multiple silos with no capture of cross business efficiencies

[1] EBIT before significant items

AU turnaround – what are we doing?

We have undertaken a divisional operational review and business unit deep dives and as a result we are now executing: (1) clear BU priorities, (2) cost-out programme, (3) targeted growth investment and (4) strengthening talent

New divisional structure facilitates programme not previously achievable

November 2018 → June 2019

Q1 FY19

- Commencement of divisional synergy work
- Iplex/Rocla joint management team
- Cross BU back of house cost reduction
- Corporate user pays assessment and reduction commenced
- Sales pull through to owned businesses

✓

Stage 1: Overall Assessment

- Overall strategic assessment of division and BUs
- Market structure, size and growth
- Competitive position
- Early view of performance improvement opportunities

✓

Stage 2: Deep-dives

- Deep-dives into highest priority opportunities / challenges by BU
- Define cost out opportunities
- Specific opportunities in SG&A
- Validation of COGS opportunities

✓

Stage 3: Profit Improvement Workshops

- Profit Improvement workshops
- Prioritisation of opportunities
- Cross BU interdependencies such as:
  - Property
  - Payroll
  - EHS

✓

Stage 4: BU Strategy

- Articulation of strategy for each business and the overall division

✓

Stage 5: Execution

1. BU delivery against clear strategic and operational areas of focus
2. Cost-out programme, incl. leveraging divisional scale
3. Targeted growth investment
4. Strengthening talent

~60% of the programme in implementation

AU turnaround – what are we doing?

1. Each BU is executing against a clear set of focus areas, which will support improvement in gross margin realisation across the division

BU	Key Areas of Focus					
	Lowest Manufacturing Cost	Pricing Strategy and Discipline	New Product Development	Customer Excellence	Operational Efficiency	Targeted Segment Growth
Laminex	✓	✓	✓	✓	✓	✓
Tradelink / Oliveri		✓	✓		✓	✓
iPLEX Pipelines			✓	✓	✓	✓
Rocla	✓	✓	✓	✓	✓	✓
Fletcher Insulation	✓	✓	✓	✓	✓	✓
Stramit CONSIDER IT DONE	✓		✓		✓	✓

AU turnaround – what are we doing?

2. Cost-out programme is already well advanced, including leveraging divisional scale

200 roles have been disestablished, 18 properties have been exited, property co-location programme commenced

BU	Key Business Milestone
Laminex	✓ Network optimisation of sites commenced ✓ Laminex sales restructure complete ✓ Major new product launches (new colour range) in 5 capital cities, biggest launch in 25 years ✓ Laminex digital platform e-commerce launch
Tradelink Oliveri	✓ Continuation of branch densification ✓ Network optimisation ongoing with 9 loss making stores closed ✓ Showroom refurbishment programme into year 2 with over 80 refurbishments completed ✓ Restructure of head office staff completed ✓ Oliveri new bathroom range launched to market
iPLEX Pipelines Rocla	✓ Iplex / Rocla merger ✓ Iplex Darwin distribution centre closed ✓ Iplex direct-to-site organic strategy executed ✓ Rocla Mackay site closed
Fletcher Insulation	✓ Rooty Hill glass wool site closed ✓ Production now ceased and demand transferred to Dandenong with automation investments made
Stramit CONSIDER IT DONE	✓ Eziform business has been closed and all activities absorbed into Stramit ✓ Continuation of property consolidations

Expect gross annual benefits of $100m in FY21, of which c $50m flows to EBIT

Benefits flow from cost-out programme and fast-payback efficiency capex; all initiatives planned for execution in FY19 have been delivered; all future initiatives remain on track to deliver targeted benefits in FY20-FY21

	Targeted Annual In-Year Benefits ($m)		
	FY19	FY20	FY21
Gross Annual In-Year Benefits	15	45	100
Net Annual In-Year EBIT Benefits	-	15	50

	One-Off Restructuring Costs / Capex to Deliver Benefits ($m)		
	FY19	FY20	FY21
One-Off Restructuring Costs (significant items)	80	30	-
Efficiency Capex	10	15-20	15-20

- $100m gross annual benefit targeted in FY21
- Benefits partly offset by inflation and market conditions – expect c one third of gross benefits ($15m) to flow to EBIT in FY20 and c half ($50m) to flow to EBIT in FY21
- Delivering these benefits requires c $110m restructuring costs (significant items) and c $60m efficiency capex
- Restructuring costs are split c 50% cash / 50% non-cash

AU turnaround – what are we doing?

3. Targeted growth investment: mainly customer-facing initiatives such as network densification, range refresh, new product development, and e-commerce; also includes fast payback efficiency projects

Average Capital Expenditure of $80m - 100m p.a. to FY22

Strong capex governance and hurdles

Growth and Efficiency Capex: Average $50m-60m p.a.

- Continued investment in branch network densification with new stores, showrooms and co-locations in Tradelink and Laminex
- Investment in digital solutions including e-commerce
- Range refresh in Laminex
- New Product Development
- Efficiency projects (typically 2-3 year payback): e.g. manufacturing automation in Fletcher Insulation, Stramit, Iplex and Rocla; machinery upgrades in Laminex, Iplex and Rocla

Maintenance Capex: Average $30m-40m p.a.

- Equipment refurbishment and continued management of key business risks
- Investment in IT including ERP upgrades

Target 15%+ ROFE on Growth Capex

We continue to target c 7% EBIT margins, but now by FY24

We have scale positions generating around $3bn revenue with the ability to both improve performance as well as leverage operational efficiency to deliver better returns

Summary of Key Actions

1. BU delivery against clear areas of focus
   - Lowest Manufacturing Cost
   - Pricing Strategy and Discipline
   - New Product Development
   - Customer Excellence
   - Operational Efficiency
   - Targeted Segment Growth

2. Cost-out programme well advanced, incl. leveraging divisional scale and fast-payback efficiency capex

3. Targeted growth investment, especially customer-facing initiatives: network densification, range refresh, NPD, and e-commerce

4. Talent development

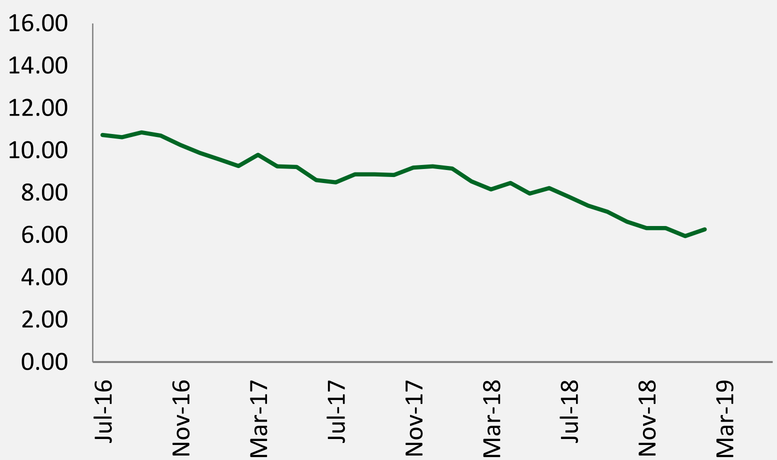
Outlook

- Modest profit growth in FY20, achieved despite ongoing expected contraction in residential market
- Cost-out programme targets $100m gross annual benefits in FY21; expect c $50m of this to flow to net EBIT benefit in FY21
- Lean and focused business set up for forecast market recovery in FY21 and beyond
- Continue to target 7% EBIT margin in the medium term
- Starting point for the turnaround worse than expected, hence targeting 7% margins in FY24

Our people are committed and our employee engagement has held

Our organisational health is demonstrated by improving TRIFR by 40% on last year and employee engagement holding while restructuring businesses is completed

Australia Division Total Recordable Injury Frequency Rate [1]



Safety Performance

- The division is targeting zero incidents, with senior management focus on potential serious injuries and near misses
- Continued focus and effort to ensure everyone who works with us at Fletcher Building returns home safely each day

Employee Engagement

- Australia has an overall engagement score of 64%

BU	FY19
Laminex	68%
Tradelink	63%
Oliveri	62%
Iplex	65%
Rocla	58%
Fletcher Insulation	74%
Stramit	61%

[1] Number of injuries over the last 12 months rolling per million hours worked

We are contributing to our communities

Contributing to our communities and reducing our impact on the environment

Community

- Tradelink *Legacy Backyard Assist* programme providing services to Australian Defence Force veterans
- Iplex drought support
- Stramit *Buy a Bale* for Australia's farming community
- Laminex and Tradelink support those affected by Townsville floods
- Laminex *Habitat for Humanity* to help build vulnerable families new homes
- Iplex support *Foodbank NSW & ACT* ensuring food gets to those in need

Sustainability

- LED lighting
- Hybrid vehicles
- Recycling programmes
- IS140001-5 Environmental Management Systems
- Iplex declaration to Best Environmental Practice PVC, and all resin used in the manufacturing of our PVC pipe and fittings is 100% recyclable

Australian summary

One division has been established and we are focused on driving performance improvement which sets the business up for growth in FY20 and beyond

$3bn Revenue
Targeting c 7% EBIT Margins

Operational Excellence

Market Differentiated Customer Value Propositions

Safety

Improving Talent

Engagement

Performance Cadence

Profit Protection and Cost-Out Programme in Play

FOCUS

Australia Division
Business Unit Overviews

Laminex

With over 85 years in the industry, Laminex is Australia's leading surface brand

Company Overview

- $807m FY18 revenue, with ~42% market share
- 5 distribution centres, 29 regional distribution centres/showrooms, 6 manufacturing sites
- 9,000+ customers and 700,000 customer orders processed per year
- Customers:
  - New homes
  - Renovation
  - Commercial
  - Medium density
- Products:
  - Particleboard
  - Medium Density Fibre Board (MDF)
  - High Pressure Laminate (HPL)
  - Engineered Stone
  - Plywood
  - Compact Laminate
  - Engineered Flooring

Key Areas of Focus

1. Targeted segment growth through primary demand
2. New product development
3. Focus on customer excellence
4. Operational efficiency through manufacturing investment

What is Going Well

1. Sales force optimisation completed
2. Network optimisation of sites commenced
3. Biggest Laminex range update in 25 years implemented
4. New digital/e-commerce platform launched
5. Investment in new product development

Competitive Landscape

- Strong key competitor expanding
- HPL market decline due to trend towards stone benchtops
- Residential downturn negatively impacting near-term outlook

Laminex

Our 4 key areas of focus shape where and how we play

1 **Targeted segment growth**
- Win through specification
- Branded solutions offer

2 **New product development**
- Launching new decorative ranges
- Utilise innovative technology for new product developments, driving growth

3 **Customer excellence**
- Remodel of supply chain
- Online design and selection service initiatives
- Digital now live in the business

4 **Operational efficiency**
- Cost base reset
- Range rationalisation
- Outperform manufacturing cost indices

Tradelink

Tradelink is the 2nd largest plumbing supplier in Australia

Company Overview

- $844m FY18 revenue with ~19% market share
- 237 branches and 1,600 staff
- Customers:
    - Commercial projects / Group home builders
    - Network plumber / Network builder
    - Retail
- Products:
    - Front of wall (bathroom sinks, taps, basins, etc)
    - Back of wall (plumbing products such as piping, valves, hot water units, etc)
    - General merchandise (tools and appliances)

Competitive Landscape

- $4bn market
- #1 player has c 50% share, in a market with many independents
- Increased market headwinds resulting in margin pressure

Key Areas of Focus

1. Targeted segment growth focusing on SME with a win on customer service
2. Drive participation of own brand products in front & back of wall areas
3. Grow Civil network
4. Focus on achieving operational efficiencies

What is Going Well

1. Small medium enterprise (SME) share increasing
2. Branch densification
3. Organisational restructure
4. Property sharing and right sizing

Tradelink

Our 4 key strategic priorities that shape our plan will help drive where and how we play

1 **Targeted SME plumber growth**
- Branch network densification
- Showroom refurbishments and upgrades
- Focus on customer service promise

2 **FBU brand development and showroom expansion**
- Continue launch of FBU brand products
- Grow existing own brand participation through specification
- In year 3 of showroom refurbishment programme

3 **Targeted Civil expansion**
- Identify and open standalone Civil or combined Civil / trade branches in target areas
- Build on and leverage Iplex relationship to grow Civil share

4 **Operational efficiency**
- Organisational restructure and discretionary cost saving
- Reduce property costs through site sharing and right sizing

Iplex and Rocla

Well set-up to continue the trajectory of competitive advantages, but is facing some structural market challenges and increased competition

Iplex Overview

- $480m FY18 revenue, with ~32% market share
- 11 sites
- Customers:
  - Civil contractors
  - Irrigation
  - Mining
  - Telco
  - Plumbing and electrical
- Products:
  - PVC & PE pipes and fittings
  - Ductile iron pipe, valves and fittings
  - Glass reinforced pipe

Rocla Overview

- $265m FY18 revenue, with ~20% market share
- 16 sites
- Customers:
  - Infrastructure
  - Installers / hire companies
  - Energy networks
- Products:
  - Concrete pipe & precast
  - Concrete sleepers
  - Concrete poles
  - Road barriers

Competitive Landscape

- Multiple market segments, each with different competitors
- 20% of the business is exposed to residential and 80% to infrastructure

Key Areas of Focus

1. Continued integration of Iplex and Rocla merger
2. Focus on operational efficiency and lowering manufacturing costs
3. Targeted segment growth
4. Attention to customer excellence
5. "4 waters" strategy focusing on solutions for all reusable water sources

What is Going Well

1. Merger of Iplex and Rocla
2. Revenue growth and market share recovery
3. Operational excellence
4. Customer experience focus
5. Safety
6. Unique and dedicated service model

Iplex and Rocla

Our 5 key strategic priorities that shape our plan will help drive where and how we play

1

Iplex and Rocla merger
- Grow through continued execution of direct-to-site strategy and leverage share of wallet opportunities with shared customers
- Implement cost out initiatives to leverage scale

2

Operational excellence
- Lowest cost sourcing, manufacturing and supply
- Cost-out programme
- Targeted capital investment to achieve lowest cost

3

Focused growth in higher margin product categories and market segments
- Civil market segment (DTS) and water quality systems
- Service model for Rocla / Iplex

4

Customer excellence programme
- Cultural shift towards customer excellence and a customer centric culture supported by customer promises and segment specific supply models and underpinned by **TouchPoint** programme

5

"4 waters" market strategy
- The only organisation with combined engineering, technical and practical knowledge across all four major water management systems, making Rocla / Iplex an ideal partner to water-stressed councils seeking water security

Fletcher Insulation

Fletcher Insulation has a strong market position and customer relationships

Company Overview

- $172m FY18 revenue, with ~34% market share
- 14 sites, including 2 factories, 5 distribution centres and 10 branches
- Customers:
  - Supply & fit
  - Metal roofing
  - Hardware retail
  - Commercial
- Products:
  - Glass wool batts and blanket insulation
  - Insulation foils and house wraps

Competitive Landscape

- Strong position across key products and segments
- Residential downturn negatively impacting near-term outlook

Key Areas of Focus

1. Invest in Dandenong glass wool plant to lower manufacturing costs
2. Sales and marketing strategies focused on key growth segments & innovative new product development
3. Drive operational efficiencies – supply chain, procurement, systems & IT, integrated business planning
4. Win on customer service

What is Going Well

1. Solid traction on resetting the cost base, with closure of Rooty Hill glass wool plant complete
2. Organisation restructure complete, capability increased
3. Improving customer metrics

Fletcher Insulation

Our 4 key areas of focus shape where and how we play

1

Lower manufacturing costs
- Improve operations at Dandenong glass wool factory by investing in plant improvements and automation
- Reduce costs and deliver product improvements

2

Targeted segment growth
- Innovative new products driven by customer and consumer insights
- Sales & marketing programmes targeted at key segments to drive profitable growth

3

Operational efficiency
- Distribution network rationalisation, lean organisational design, supply chain optimisation
- Improved systems & IT, integrated business planning

4

Customer service excellence
- Customer value proposition developed
- Refocus organisation on customer value drivers
- Increase investment in installation solutions

Stramit

Differentiated on service in a price driven market

Company Overview

- $506m FY18 revenue, with ~19% market share
- 19 sites, including 4 factories and 14 branches
- Customers:
  - Residential
  - Distributors
  - Sheds / doors
  - Commercial
- Products:
  - Roll Formed steel – roofing, rainwater, structural
  - Doors – roller and personal access
  - Sheds – Design and construct

Competitive Landscape

- Significant price based competition
- Results impacted by residential downturn and FX

Key Areas of Focus

1. Invest and innovate to reduce cost to serve
2. Improve shed platform, secure earnings and enable distributors to win in market
3. Maintain product quality and invest in product vitality
4. Continue service differentiation strategy, focussed on customer experience

What is Going Well

1. Investment and innovation driving lower cost to serve and simplified transactional environment
2. Continued market leading service levels
3. Focus on customer experience with improvement in NPS
4. Cost out programme and ongoing overhead control

Stramit

Our 4 key areas of focus shape where and how we play

1

Operational efficiency
- Continue manufacturing efficiency programme
- Automation

2

Targeted customer segment growth
- Distributors
- Sheds and Doors

3

New product development
- Launch updated rainwater and walling designs

4

Customer excellence
- Maintain high service levels and product quality
- Focus on customer experience and a seamless transaction environment

Q+A

FOCUS

Australia Division Business Unit Booths Rotation and Lunch

For those joining via webinar, the presentation will resume at 13:45 AEST / 15:45 NZST

Australia Business Unit booths rotation

	Business Unit	GM Host	11:15-11:20am	Rotation 1 11:20-11:45am	11:45-11:50am	Rotation 2 11:50-12:15pm	12:15-12:20pm	Rotation 3 12:20-12:45pm	12:45-12:50pm	Rotation 4 12:50-1:15pm	1:15-1:20pm	Rotation 5 1:20-1:45pm
1	Rocla/Iplex	Nicole Sumich		Group 1		Group 3				Group 2		
2	Stramit	Alastair Wilson						Group 2		Group 3		Group 1
3	Laminex	Justin Burgess		Group 2		Group 1		Group 3				
4	Tradelink /Oliveri	Tim Broxham / John Woodcock		Group 3				Group 1				Group 2
5	Fletcher Insulation	Paul Lavelle				Group 2				Group 1		Group 3

Group One: Claire Carroll

Group Two: Wendi Croft

Group Three: Thornton Williams

Laminex

Justin Burgess, GM of Laminex

- In role 2 years
- Experience includes:
    - James Hardie (13 years)
    - GWA
    - Boral

Laminex

With over 85 years in the industry, Laminex is Australia's leading surface brand

Company Overview

- $807m FY18 revenue, with ~42% market share
- 5 distribution centres, 29 regional distribution centres/showrooms, 6 manufacturing sites
- 9,000+ customers and 700,000 customer orders processed per year
- Customers:
  - New homes
  - Renovation
  - Commercial
  - Medium density
- Products:
  - Particleboard
  - Medium Density Fibre Board (MDF)
  - High Pressure Laminate (HPL)
  - Engineered Stone
  - Plywood
  - Compact Laminate
  - Engineered Flooring

Key Areas of Focus

1. Targeted segment growth through primary demand
2. New product development
3. Focus on customer excellence
4. Operational efficiency through manufacturing investment

What is Going Well

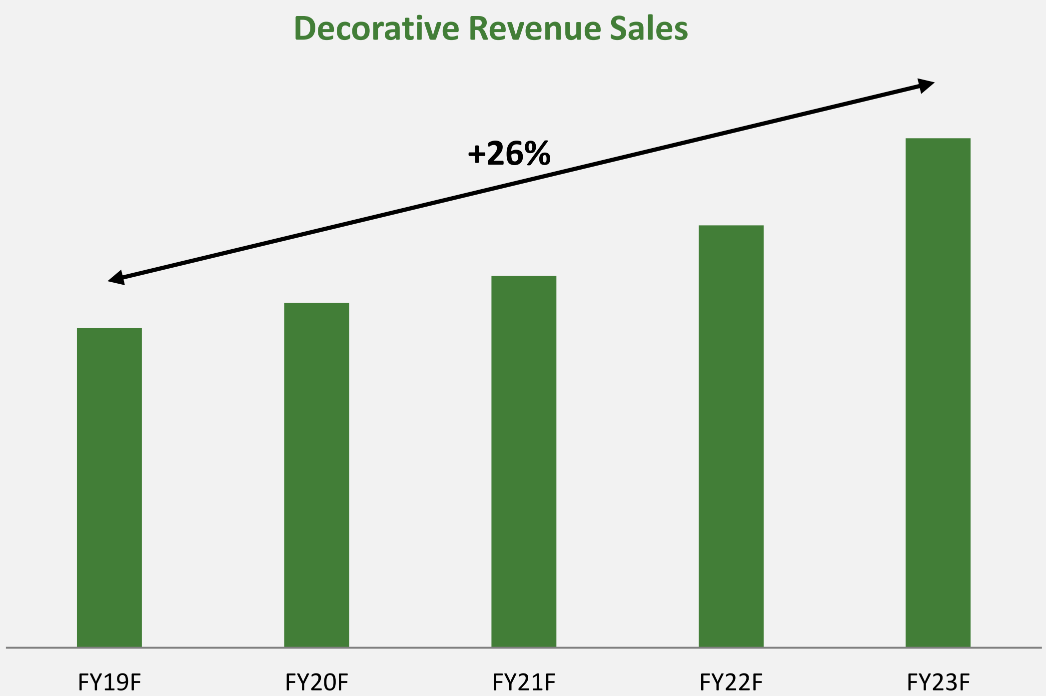
1. Sales force optimisation completed
2. Network optimisation of sites commenced
3. Biggest Laminex range update in 25 years implemented
4. New digital/e-commerce platform launched
5. Investment in new product development

Competitive Landscape

- Strong key competitor expanding
- HPL market decline due to trend towards stone benchtops
- Residential downturn negatively impacting near-term outlook

Key focus area: Targeted segment growth

Win through specification

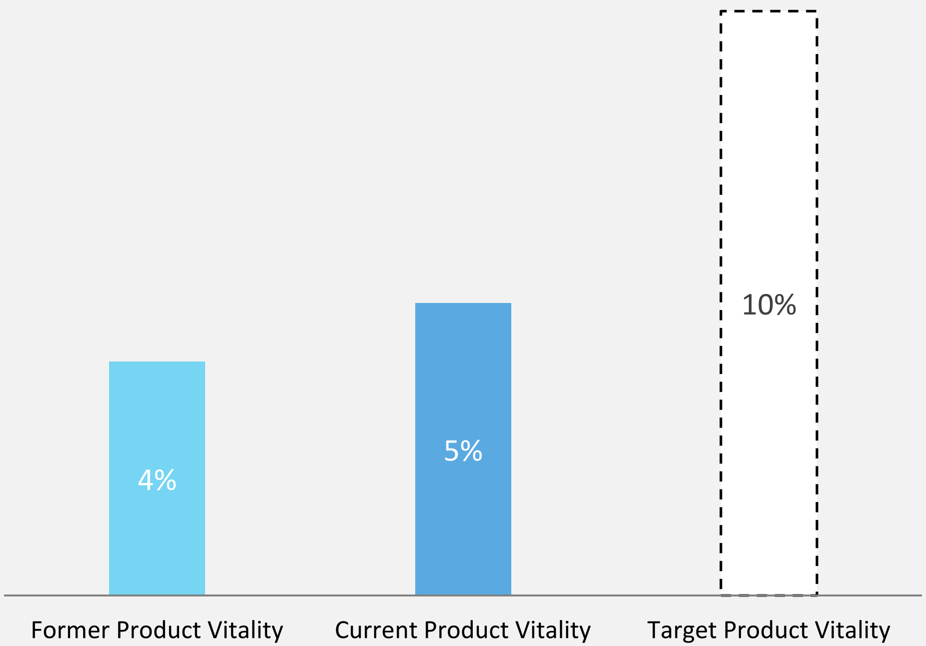


- Higher margin decorative products
- Sales teams focus on key strategic customer segments
- New showroom formats in higher foot traffic areas in Tradelink stores
- Sales excellence and pricing optimisation

Key focus area: New product development

Win through product leadership

Product Vitality[1]

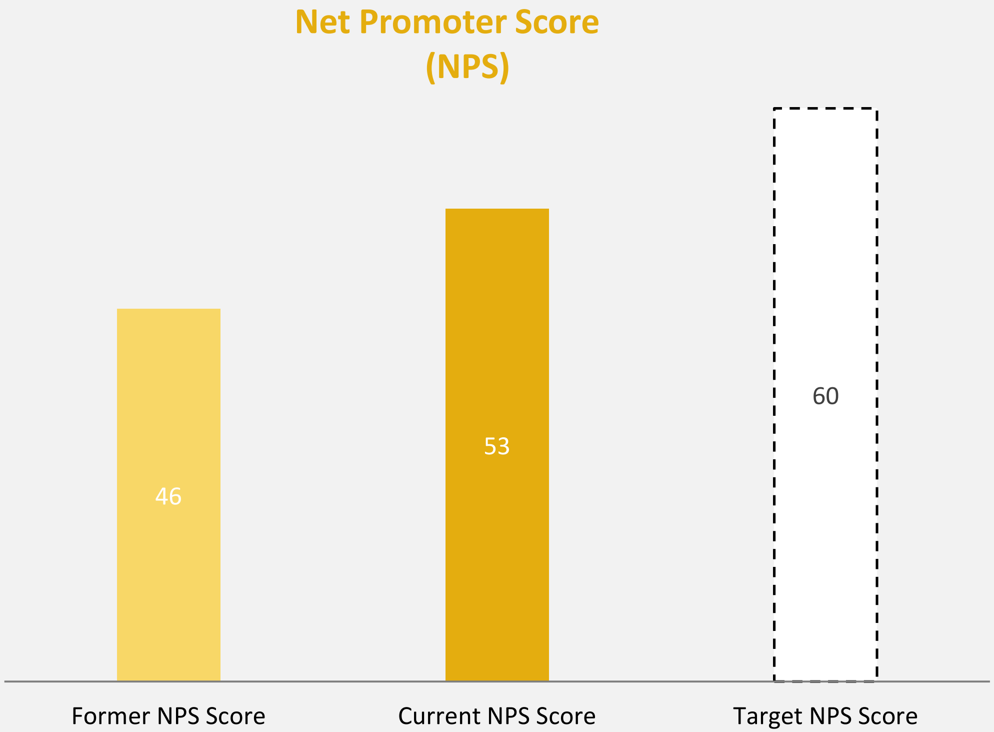


- Major new colour range launch
- Adjacencies to drive share of wallet
- A strong new product development pipeline
- Leveraging manufacturing investments and technology

[1] Sales of new products as a percent of total sales launched within the last 3 years

Key focus area: Customer excellence

Customer experience initiatives

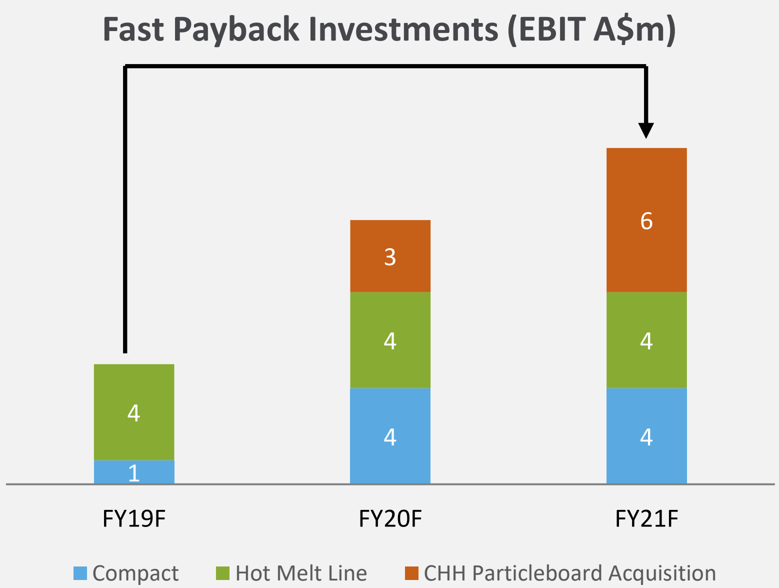


- Launch online selection service and offline design and selection service
- DIFOT[1] benefit from distribution network
- Activate digital channel with online ordering

[1] DIFOT = Delivered In Full On Time

Key focus area: Operating efficiency

Manufacturing investment



- Stabilised assets through focused investment
- Prioritise cost of quality, improved yield (fibre and resin recovery)
- Fast payback investments focused on high pressure and compact laminate

Supply chain optimisation

- Better service delivery with a lower cost model
  - Branch warehouse sites converted to service hubs
  - Distribution centres and showrooms that align with major population growth corridors
  - First pilot of store-in-store concept

Closing Summary

The Laminex renewal programme is well advanced

- Fix – Lower SG&A and COGS through streamlined business model
- Grow – Product leadership and supply chain excellence
- Accelerate – Adjacencies and new digital routes to market

Tradelink

Tim Broxham, GM Tradelink

- In GM role 3 years. Previously GM Ops for one year
- Roles include:
  - 20 years in big box retail / wholesale / hardware
  - National , General Manager, Regional roles in UK with Marks and Spencer, Aldi, Makro Wholesale and B&Q
  - 6 years in property including major developments with Westfield (Australia)
- Experience includes:
  - 3 Turnaround business roles
  - 2 High volume GP growth focus roles
  - 2 Service relaunch and showroom product environments roles
  - 2 Brand and Product development roles
  - 2 Senior roles in recession markets (UK)

Tradelink

Tradelink is the 2nd largest plumbing supplier in Australia

Company Overview

- $844m FY18 revenue with ~19% market share
- 237 branches and 1,600 staff
- Customers:
  - Commercial projects / Group home builders
  - Network plumber / Network builder
  - Retail
- Products:
  - Front of wall (bathroom sinks, taps, basins, etc)
  - Back of wall (plumbing products such as piping, valves, hot water units, etc)
  - General merchandise (tools and appliances)

Competitive Landscape

- $4bn market
- #1 player has c 50% share, in a market with many independents
- Increased market headwinds resulting in margin pressure

Key Areas of Focus

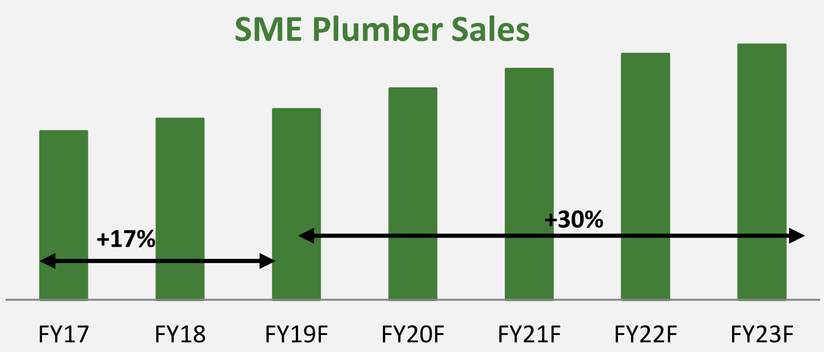
1. Targeted SME and Civil segment growth
2. Pricing strategy and discipline – growth of own-brand product sales
3. Focus on operational efficiency through organisational restructure
4. Customer excellence prioritised

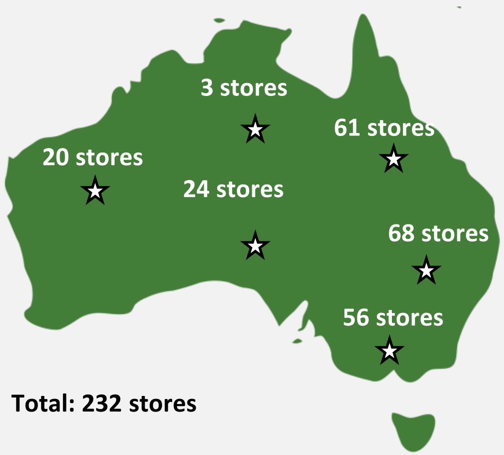
What is Going Well

1. Small medium enterprise (SME) plumber share increasing
2. Branch densification
3. Organisational restructure
4. Property sharing and right sizing

Key focus area: Small medium enterprise (SME) plumber growth

SME ongoing focus

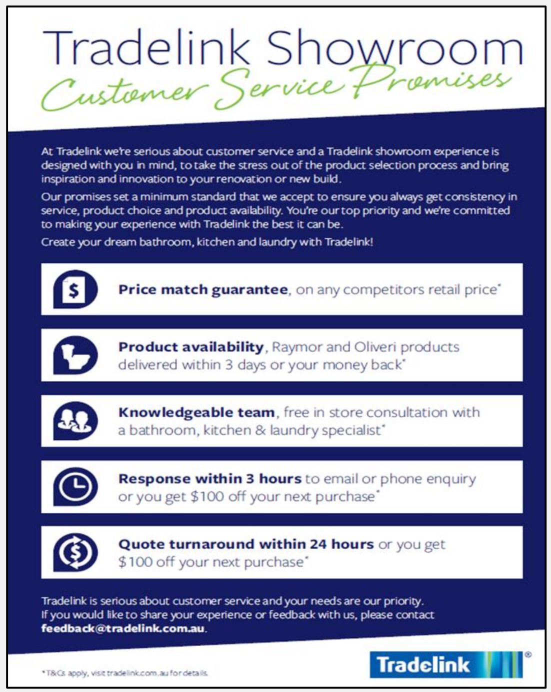




- SME resilience in current market continues. Less impacted to housing trends and heavily driven by maintenance
- Tradelink sales growth outperforming market trends. 34 months of YOY monthly sales growth for SME
- SME growth became a focus in FY17 and onwards. Post this strategy, we have delivered ~17% growth
- Without SME strategy in FY17, revenue would be c A$50m less per annum
- Densification in Eastern states continues. 36 branches opened at low cost. 30 to be opened FY20-21

Key focus area: Customer excellence

Focus on service to build on resilient SME customer base



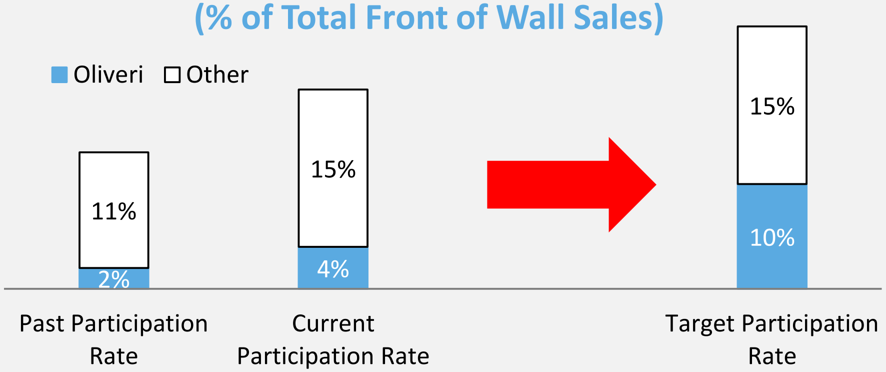
- Net promoter score 37% for Q1 2019, up 240bps improvement vs. Q2 18
- DIFOT[1] at 92%, an improvement of 10% since 2017
- 95% of all branch phone calls answered within 5 rings
- Core range availability at 99.6%
- Employee engagement score 63% (was 50% in 2017)

[1] DIFOT = Delivered In Full On Time

Key focus area: FBU brand development and showroom expansion

Own product participation growth

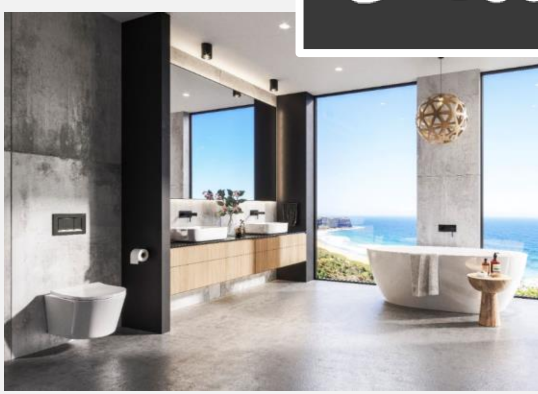
FBU Brand Sales
(% of Total Front of Wall Sales)



- Continue to drive participation of FBU brand products in front & back of wall areas increasing profitability. (Stramit, Iplex, Fletcher Insulation, Oliveri)
- Introduce Oliveri bathroom range and drive market adoption through specification team.
- Continue showroom upgrade programme. 90 showroom upgrades in 3 years. This is evidenced by higher growth and share in builder and retail segments
- Showroom service promise launch and product availability promise
- Build on Raymor essentials range targeted at SME replacement market

Key focus area: Oliveri own brand growth

Transitioning from manufacturer to master distributor

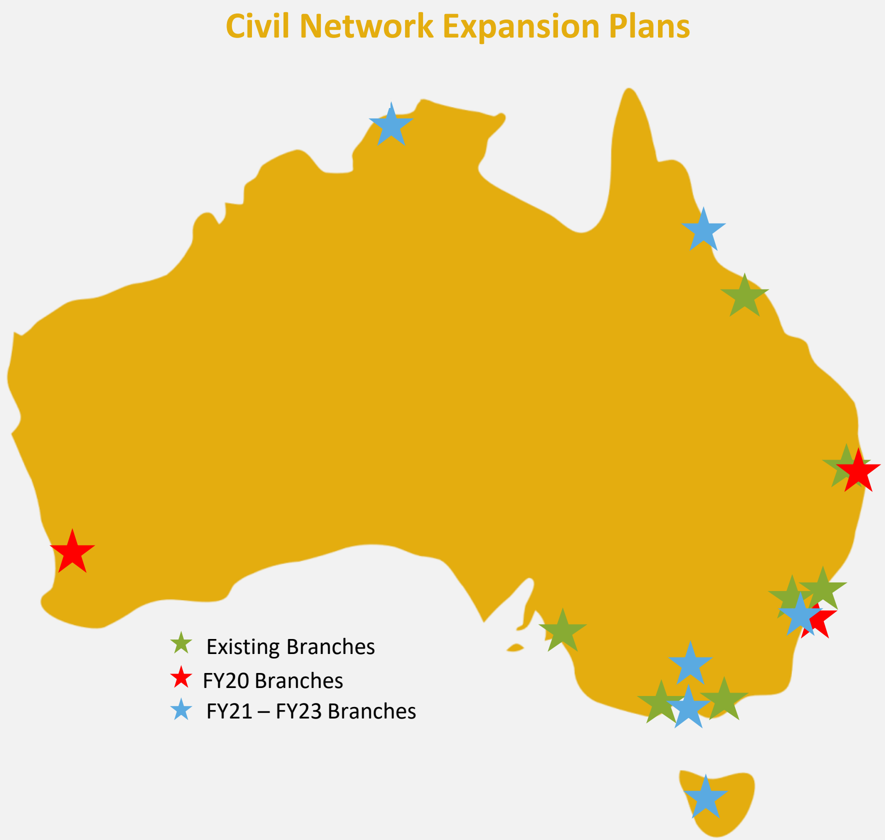


- Maintain kitchen sink and tapware range and build on own brand offer
- Launched bathroom range in April
  - 250 SKUs
  - Brought to market in 9 months
  - In 50 Tradelink showrooms
- Launched service promise in August
  - DIFOT[1] 98%
  - Stock availability 99%
  - Net Promoter Score 51
- Leveraging FBU Resources
  - Sharing 5 distribution centres
  - Joint sales offices
  - Shared back office resources

[1] DIFOT = Delivered In Full On Time

Key focus area: Civil expansion

Realise mega trend opportunity



- Growth segment within Commercial forecast unlike housing
- Current support structures established across SME expansion are sufficient to underpin Civil expansion.
- Leverage existing branches to add incremental specialist offer across every state
- Additional +10 branch expansion incorporated into Civil strategy in planning horizon
- Build on and leverage Iplex relationship to grow Civil share. Tradelink focus on Tier 2 & 3 customer
- A$28m revenue in FY20 from 10 branches
- A$50m revenue in FY21 from 15 branches

Key focus area: Operational efficiency

Acceleration of actions achieving operational efficiency

Organisational restructure (ramp up)
- Right sizing organisation and reduction of head office costs

Savings FY19 $1.7m, FY20 $5.7m

Property right sizing (continuation)
- Right sizing, renegotiating & property sharing
- Closure of long term loss making branches

Savings FY19 $1.4m, FY20 $3.7m

Supply chain efficiency (continuation)
- Network structuring and
- supply chain efficiencies

Savings FY20 +$1.0m

Operating changes (maturation)
- Flexible rostering, offshoring of estimation and coordination functions, in-house debt recovery

Savings FY20 $2.4m

Cost of doing business reduction (ongoing fix)
- Austerity measures introduced to drive down variable costs across all areas of business

Savings FY20 +$1m

Closing summary

Tradelink on track for the 30:25:5 model

- Continuing volume & share growth against a declining market. Tradelink market share ~19% vs 17.2% FY18
- Continuing success delivering consistent year on year network plumber sales growth through service, product and availability
- Organisational restructure completed to right size organisation and network delivering gross savings of A$14m in FY20
- Focused network densification plan focusing on network plumber with 30 new trade branches and Civil opportunity with 10 new branches planned for FY20-21

Iplex and Rocla

Nicole Sumich, GM of Iplex and Rocla

- 1 year Iplex Australia and Rocla Pipelines
- 4 years Iplex Australia
- Experience includes:
  - 10 years Rank Group
    - CHH Packaging
    - CHH Building Products
    - Goodman Fielder
  - 5 years Deloitte
  - 5 years Caltex

Iplex and Rocla

Well set-up to continue the trajectory of competitive advantages, but is facing some structural market challenges and increased competition

Iplex Overview

- $480m FY18 revenue, with ~32% market share
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- Customers:
  - Civil contractors
  - Irrigation
  - Mining
  - Telco
  - Plumbing and Electrical
- Products:
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  - Ductile iron pipe, valves and fittings
  - Glass reinforced pipe

Rocla Overview

- $265m FY18 revenue, with ~20% market share
- 16 sites
- Customers:
  - Infrastructure
  - Installers / hire companies
  - Energy networks
- Products:
  - Concrete pipe & precast
  - Concrete sleepers
  - Concrete poles
  - Road barriers

Key Areas of Focus

1. Continued integration of Iplex and Rocla merger
2. Focus on operational excellence and lowering manufacturing costs
3. Targeted segment growth
4. Attention to customer excellence
5. “4 waters” strategy focusing on solutions for all reusable water sources

What is Going Well

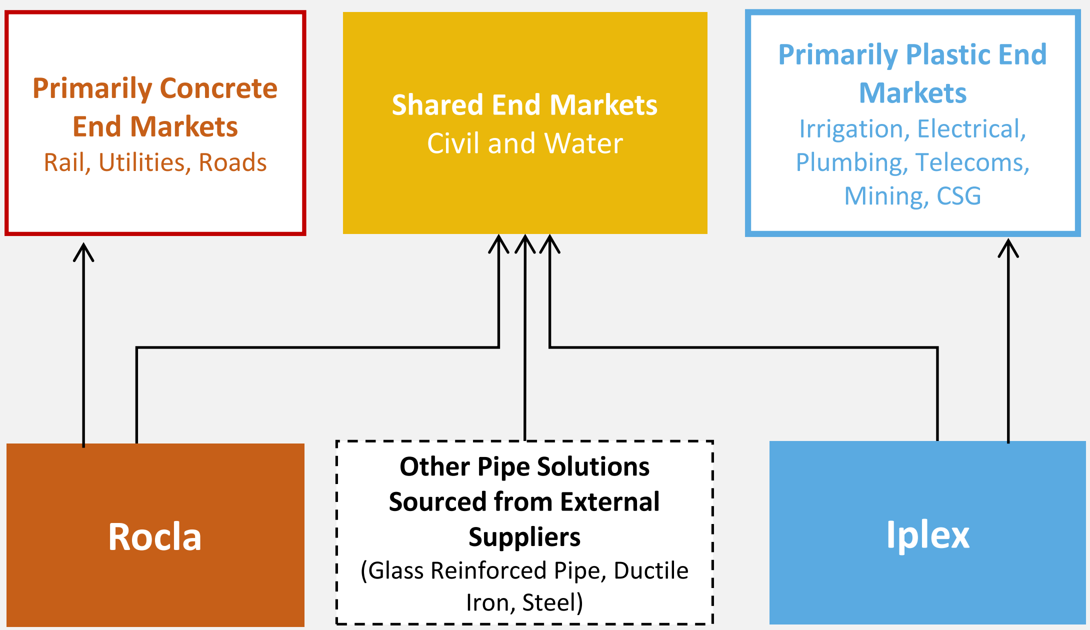
1. Merger of Iplex and Rocla
2. Revenue growth and market share recovery
3. Operational excellence
4. Customer experience focus
5. Safety
6. Unique and dedicated service model

Competitive Landscape

- Multiple market segments, each with different competitors
- 20% of the business is exposed to residential and 80% to infrastructure

Key focus area: Iplex and Rocla merger

One company, one culture



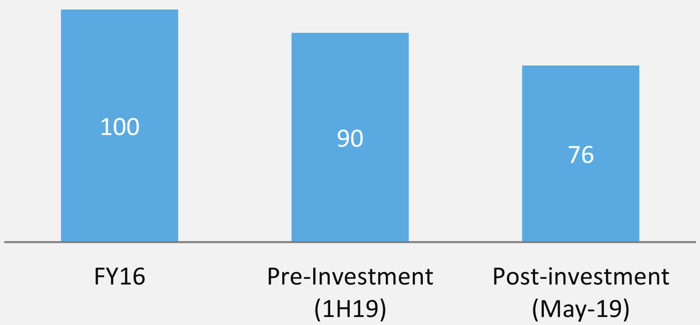
- $220m of combined revenue from shared customers
- Single management team
- Full merged business organisational structure in place
- $4m of overhead synergies already realised
- New role accountable for realising cross selling opportunities
- Iplex experience accelerates Rocla turnaround at the same time as realising revenue growth opportunities and developing future strategy

Value proposition of merged company provides total customer solutions with an extensive and dedicated range

Key focus area: Operational excellence

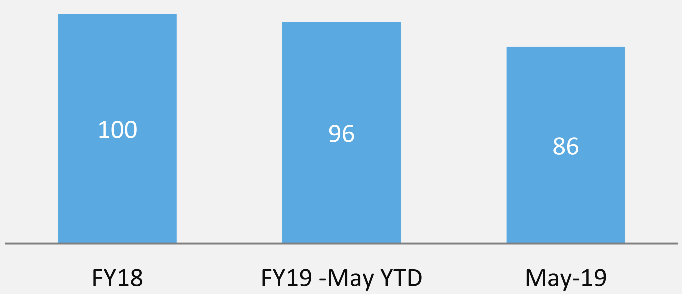
Culture of performance improvement

Iplex Manufacturing Cost Index (Foam Core Pipe)



- Organic self help step change complete
- Selective investment is being made to further reduce manufacturing cost
- Latest example as depicted shows cost of manufacture pre and post capital investment (Foam Core pipe is our largest selling product)

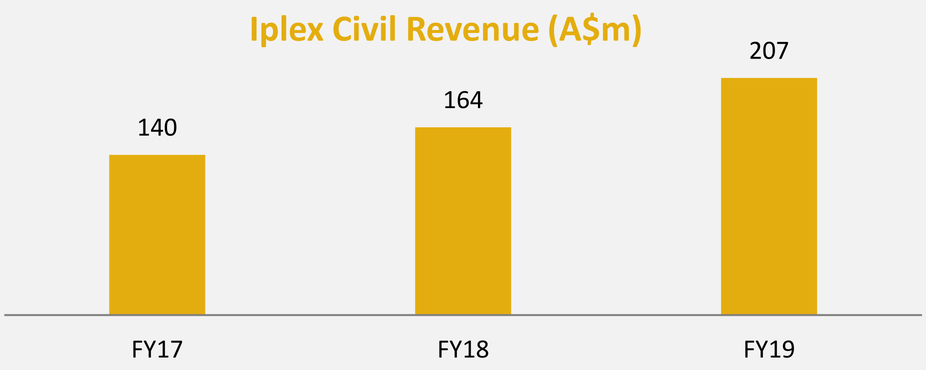
Rocla Pipe Manufacturing Cost Index



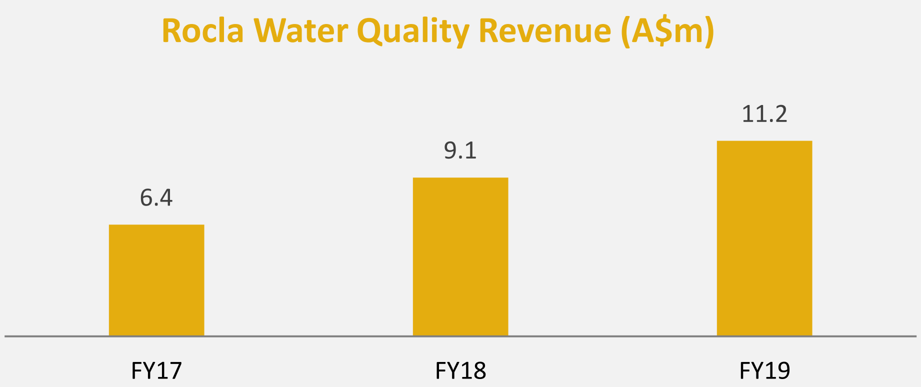
- Rocla is in organic self help phase – significant progress made in the last 8 months
- Focus on lower labour (overtime, casuals, unnecessary bonuses), waste, quality (right first time) and indirect cost
- Capital investment stage will follow per the Iplex journey

Key focus area: Targeted segment growth

Focus on Civil and water quality sales



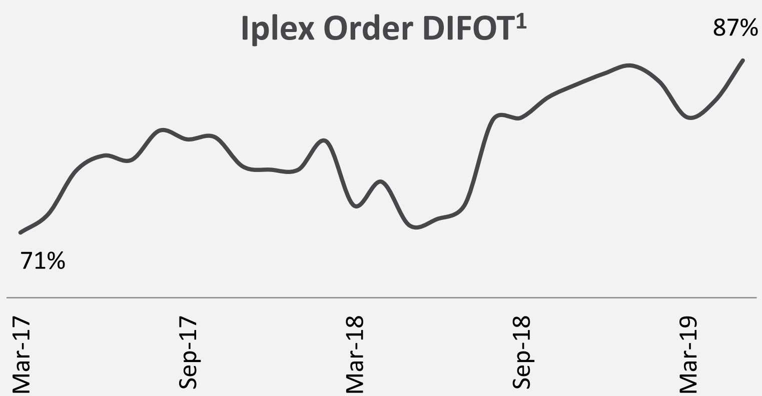
- #1 market share
- Civil Direct To Site strategy will continue in Sept-19 with 3rd site going live
  - Dedicated Civil sites, extended hours
  - Flexible delivery options
  - Fast customer collects
  - Full range with increasing vitality
  - Technical support

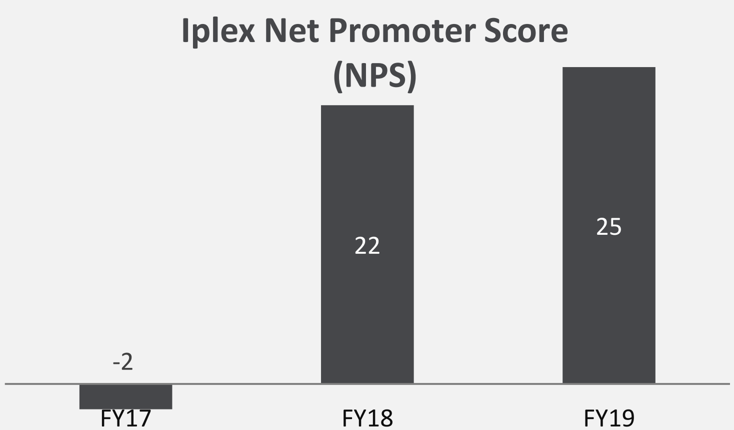


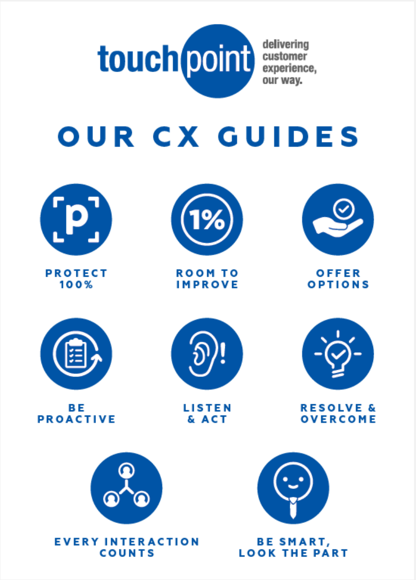
- Professional design solutions of proprietary products to protect waterways from storm water pollutants
- Increased capacity and significantly reduced lead times have unlocked additional market share in past 12 months
- Continued growth prioritised

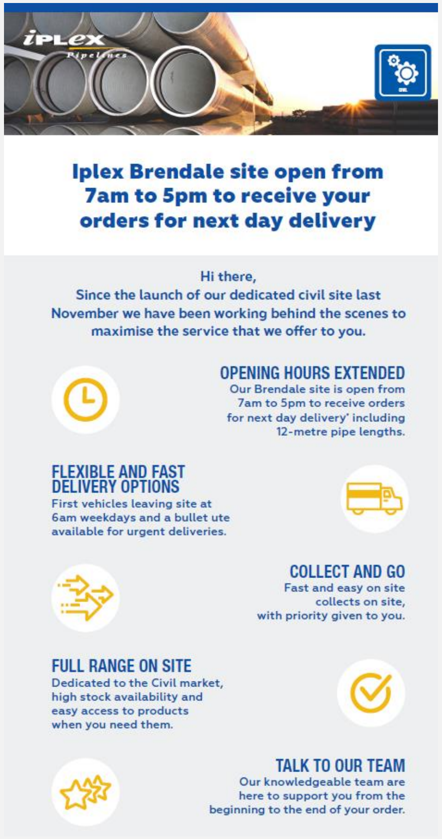
Key focus area: Customer experience cultural change

Targeted programmes are resulting in improved customer experience









[1] DIFOT = Delivered In Full On Time

Key focus area: “4 waters” strategy

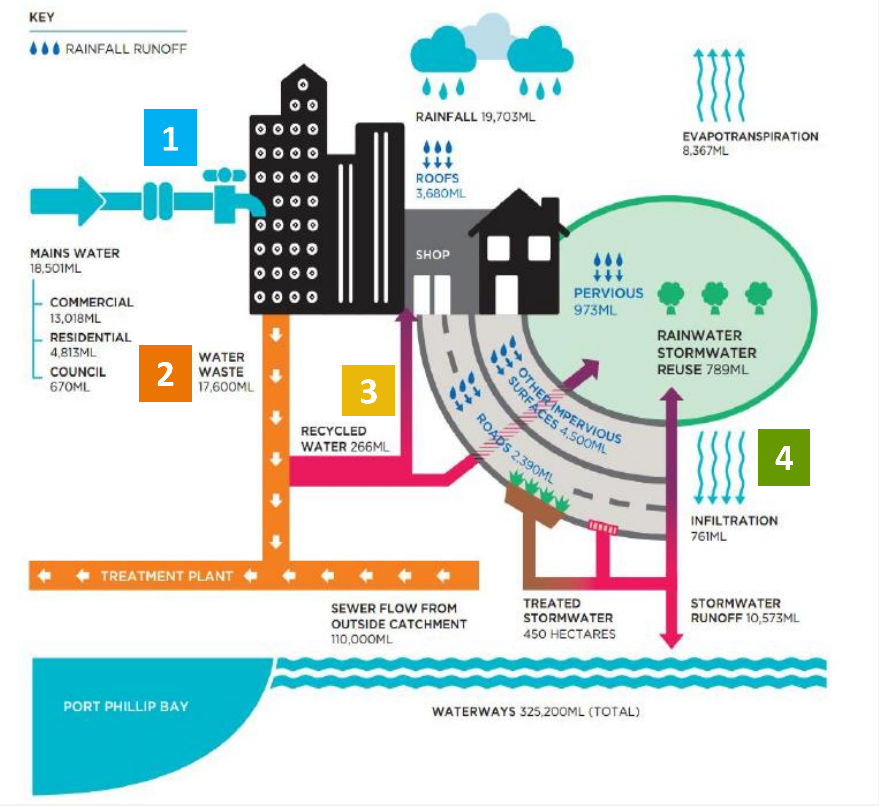
Focus on solutions for all reusable water sources

1) Drinking Water

2) Sewer Water

3) Recycled Water

4) Storm Water



Closing summary

Leverage Iplex experience to accelerate the recovery of Rocla, whilst leveraging our credibility and key capabilities to create a unique, market leading solutions provider

- Lowest cost sourcing and manufacturing model supports a targeted focus on customer experience and superior service
- Significant opportunity to leverage the strength of the combined Iplex/Rocla business – our customers are responding positively
- Continue to focus strategy around high growth and high margin segments of the market (Civil) where Iplex/Rocla have strong market positions
- Market leading strategy under development to address future water needs of Australia as a water-stressed nation. Iplex / Rocla are uniquely positioned

Fletcher Insulation

Paul Lavelle, GM of Fletcher Insulation

- 1.5 years - Fletcher Insulation
- 4 years - Laminex Australia

- 20 years experience in:
  - General Management, Sales & Marketing in Australia & Asia
    - Fonterra Brands
    - Johnson & Johnson
    - Unilever

Fletcher Insulation

Fletcher Insulation has a strong market position and customer relationships

Company Overview

- $172m FY18 revenue, with ~34% market share
- 14 sites, including 2 factories, 5 distribution centres and 10 branches
- Customers:
  - Supply & fit
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- Products:
  - Glass wool batts and blanket insulation
  - Insulation foils and house wraps

Competitive Landscape

- Strong position across key products and segments
- Residential downturn negatively impacting near-term outlook

Key Areas of Focus

1. Invest in Dandenong glass wool plant to lower manufacturing costs
2. Sales and marketing strategies focused on key growth segments & innovative new product development
3. Drive operational efficiencies – supply chain, procurement, systems & IT, integrated business planning
4. Win on customer service

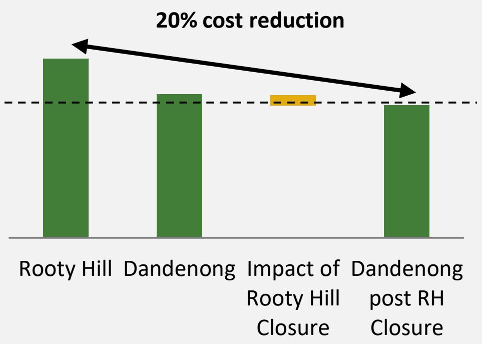
What is Going Well

1. Solid traction on resetting the cost base, with closure of Rooty Hill glass wool plant complete
2. Organisation restructure complete, capability increased
3. Improving customer metrics

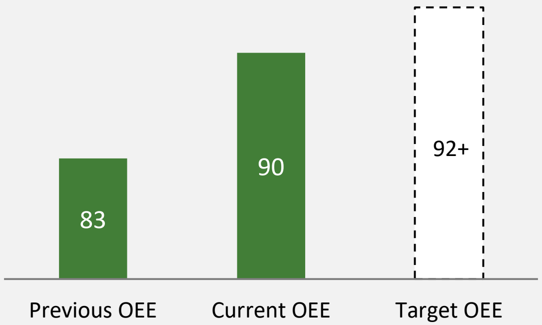
Key focus area: Lower manufacturing costs

Lower manufacturing costs

Glass Wool Manufacturing Cost Index



Dandenong Factory Performance (OEE) [1]



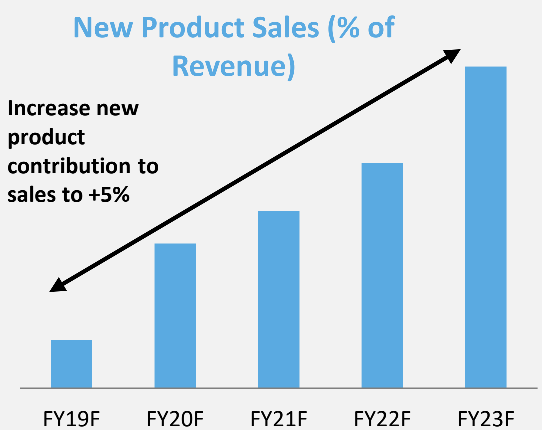
Automated packing machines - Jan 2019

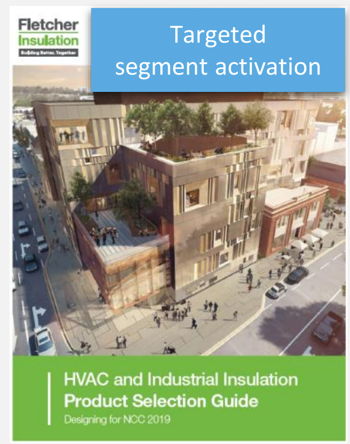
- Closed inefficient glass wool factory in April 2019 in Rooty Hill (NSW)
- Moved all glass wool production to the much larger facility in Dandenong (VIC)
- Capital investment, automation and reduction in manning has significantly improved factory performance in Dandenong
- Glass wool imports are increasingly active, Dandenong's lower manufacturing cost levels deliver a competitive position
- Future investments planned to drive continuous improvement and greater efficiencies

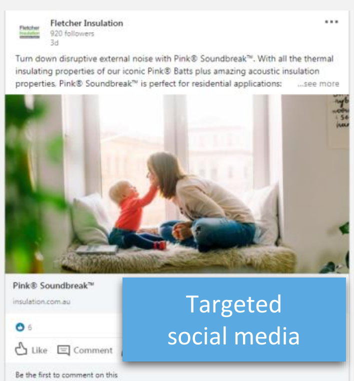
[1] OEE = Overall Equipment Effectiveness

Key focus area: Targeted segment growth

Targeted segment growth







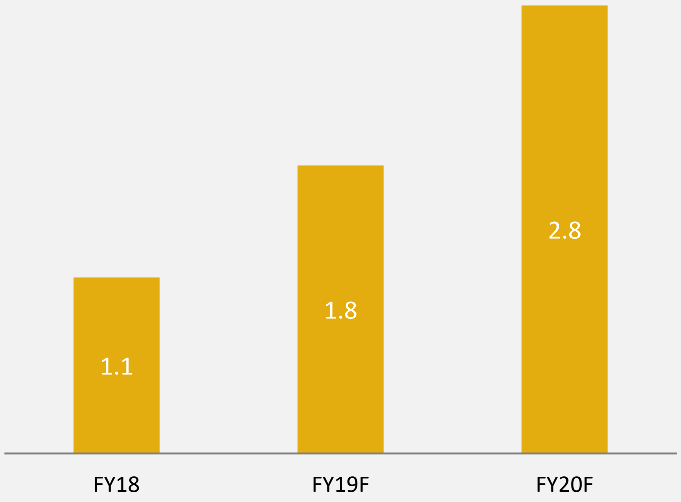
Targeted segment products

- New product development has been lacking in the past
- Major focus on accelerating new product launches, driven by customer and consumer insights
- Sales & marketing programmes targeted at key segments to drive profitable sales
- Increased investment in sales and marketing capability to ensure programmes are executed with excellence
- Working with international insulation leaders to secure the latest innovations

Key focus area: Operational efficiency

Operational efficiency

Operational Efficiency Gains (A$m, in year)

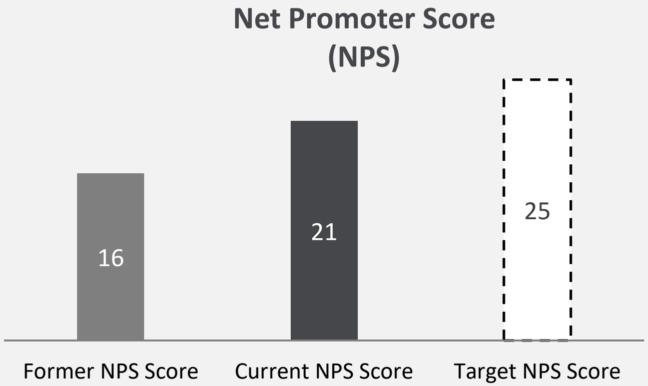


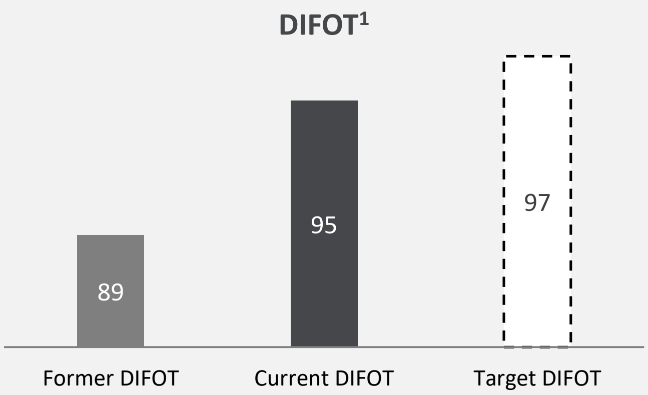
Jandakot (WA) Shared Facility with Tradelink

- Optimised supply chain footprint, including sharing property with other FBU businesses to reduce costs
- Completed organisational restructure to optimise resources and accelerate integrated business planning
- Investment in IT, systems & processes to drive profitability
- Better inventory and freight management resulting in lower cost to serve

Key focus area: Customer service excellence

Customer service excellence





- Net Promoter Score (NPS) showing good upward trajectory, with a near term target of 25
- Customer service promise to be launched in FY20, delivering a significantly improved customer experience
- Investing in technology and digital solutions to ensure Fletcher Insulation is easy to do business with
- Expanding and investing in our ee-FiT installation services to deliver greater value to key customers

[1] DIFOT = Delivered In Full On Time

Closing Summary

Focused on being the leading provider of insulation product & service solutions in Australia

- Lower manufacturing costs with focused investment in our largest facility and closed an inefficient factory
- Targeted activities to drive share in key customer segments while accelerating new product development
- Continue to deliver operational efficiencies, particularly in supply chain and procurement
- Investing in customer service excellence, launch a compelling service promise and step change our installation service business

Stramit

Alastair Wilson, Acting GM

- Four years with Stramit
- Experience includes:
  - 10 years in senior leadership roles
  - Manufacturing and Distribution background in both Australia and UK

Stramit

Differentiated on service in a price driven market

Company Overview

- $506m FY18 revenue, with ~19% market share
- 19 sites, including 4 factories and 14 branches
- Customers:
  - Residential
  - Distributors
  - Sheds / doors
  - Commercial
- Products:
  - Roll Formed steel – roofing, rainwater, structural
  - Doors – roller and personal access
  - Sheds – Design and construct

Competitive Landscape

- Significant price based competition
- Results impacted by residential downturn and FX

Key Areas of Focus

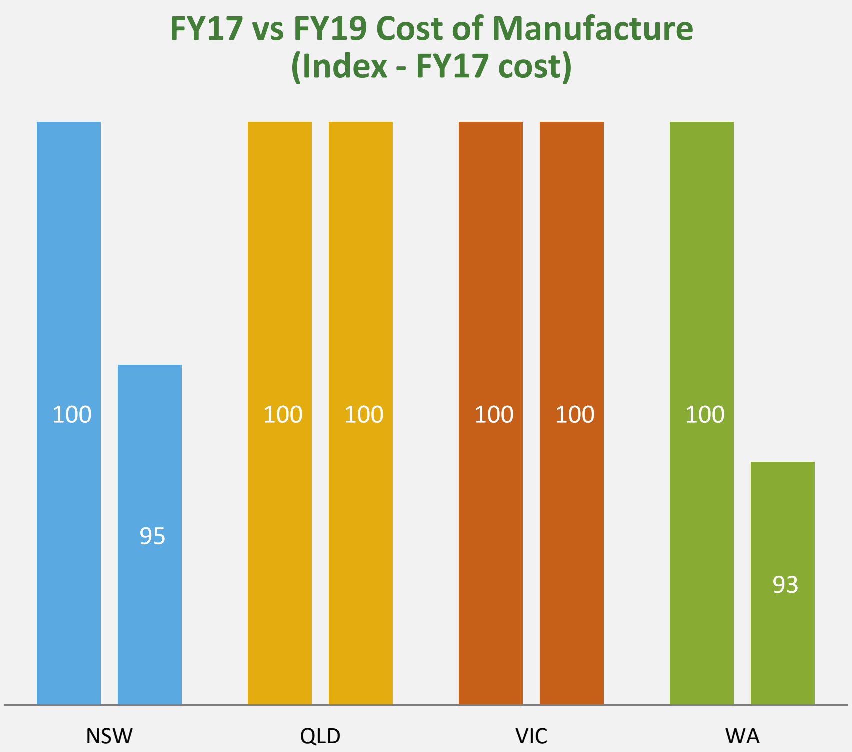
1. Invest and innovate to reduce cost to serve
2. Improve shed platform, secure earnings and enable distributors to win in market
3. Maintain product quality and invest in product vitality
4. Continue service differentiation strategy, focused on customer experience

What is Going Well

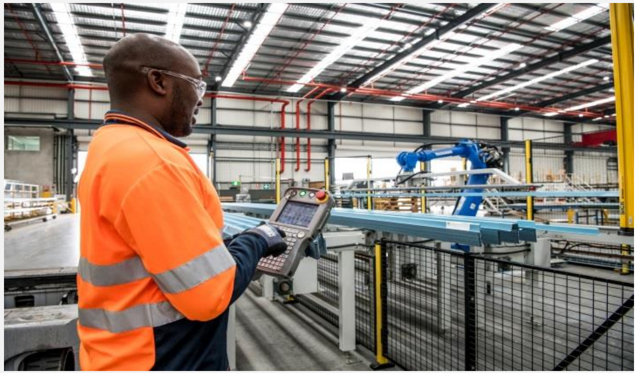
1. Investment and innovation driving lower cost to serve and simplified transactional environment
2. Continued market leading service levels
3. Focus on customer experience with improvement in NPS
4. Cost out programme and ongoing overhead control

Key focus area: Lowest cost to manufacture

Culture of continuous improvement



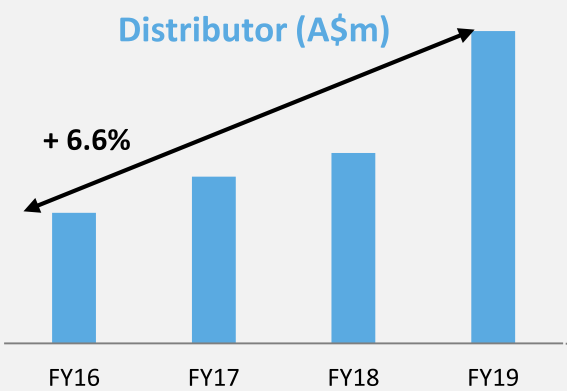
- Manufacturing costs held or reduced, despite market driven decline in volumes
- Property co-locations
- Continuous improvement programme
- Automation to improve safety and reduce cost



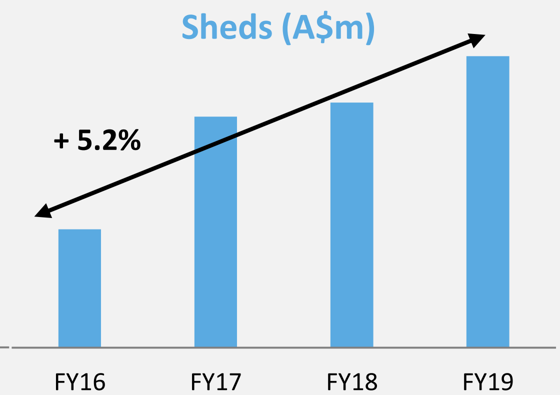
Key focus area: Targeted customer segment growth

Building partnerships

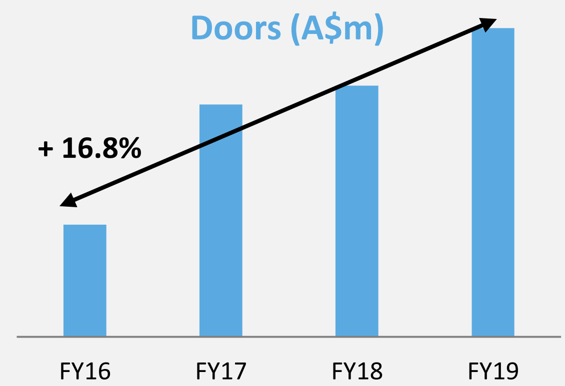
MIDALIA STEEL MITRE 10



fairdinkum SHEDS ShedBoss BUILT STRONG. BUILT RIGHT.



TAUREAN Door Systems

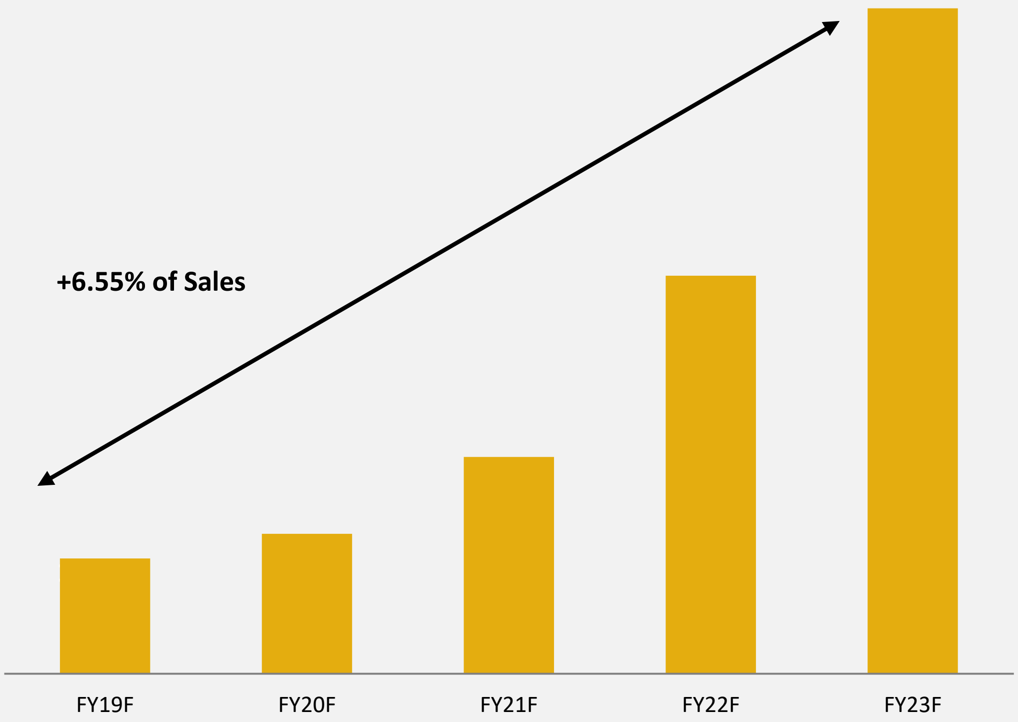


Driving sales growth by building engagement, awareness and capability

Leverage service excellence and market leading service promise

Key focus area: New product development

Profitable product and service innovation



1st to react to building regulation changes

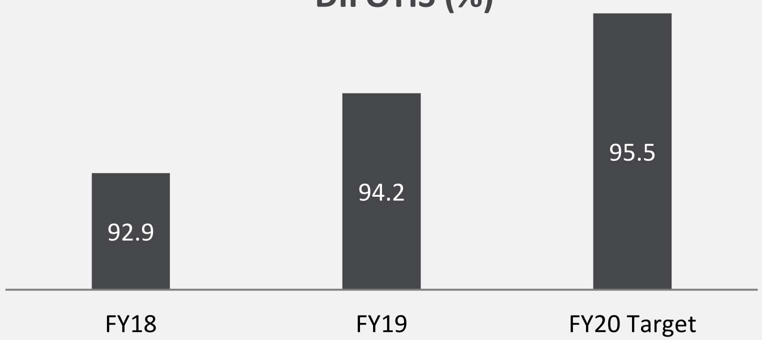
Stramit FarLap® Roof Lap Joint System

New products coming soon

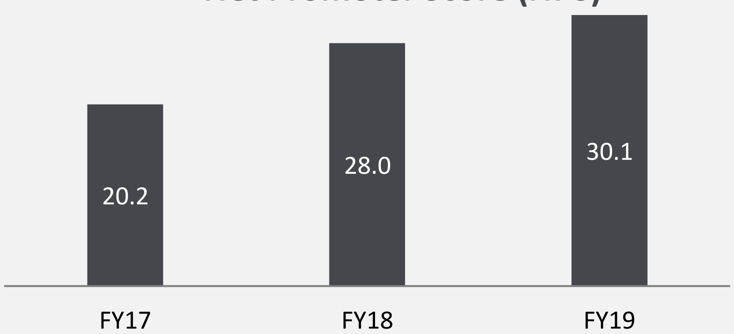
Key focus area: Customer excellence

Focus on service reflected in improving customer experience

DIFOTIS (%)[1]



Net Promoter Score (NPS)



- Market leading service level maintained
- ‘Think national and act local’ culture, revitalising the customer relationship
- A customer promise driving behaviour

[1] DIFOTIS = Delivered In Full On Time In Spec

Closing summary

Leveraging the past to build a platform for profitable growth

- Continue to invest and innovate to reduce the cost to serve
- Maintain service levels plus focus on the customer experience
- Launch 3 new products in the next 12 months
- Extend the coverage of Taurean Doors and build on the Shed platforms

Content

Our key capital settings and targets are unchanged

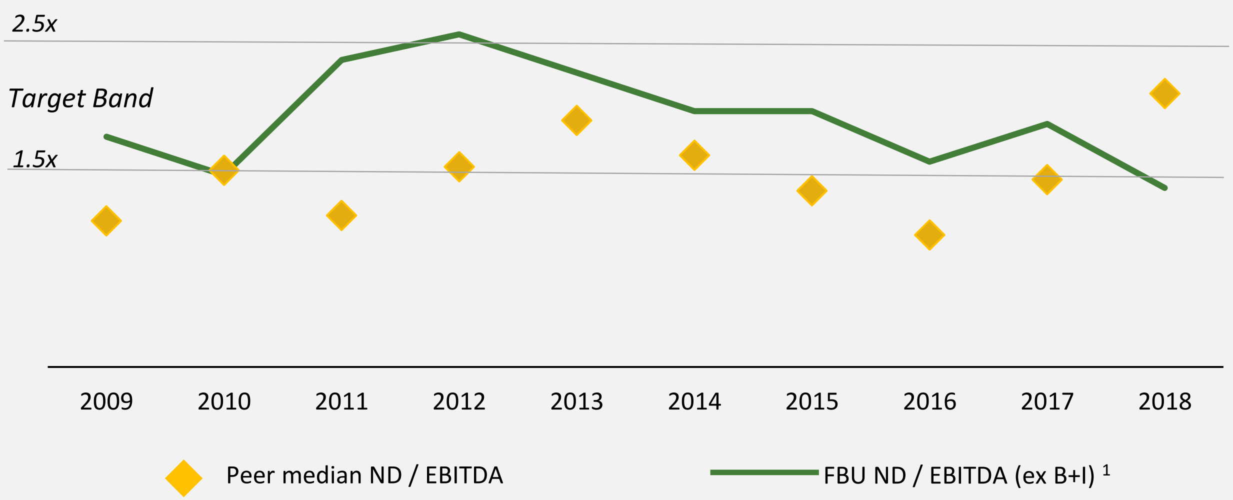
Leverage	• Target range of 1.5x – 2.5x
Investment	• Capex: Average of \$275m - \$325m p.a. • Residential and Development: \$750m total funds invested
Returns & Cash	• Target ROFE 15% • Target cash conversion 70%
Funding	• Diversified funding sources, robust liquidity and maturity profile • Retirement of debt where sensible to reduce funding costs
Dividend	• Pay-out ratio of 50% - 75% NPAT

NB: All metrics and financials in this presentation are presented prior to impact of the adoption of IFRS 16 lease accounting standard

Notes: Leverage = Net Debt / EBITDA
ROFE = EBIT / Average Funds employed
Cash Conversion = Free cash flow / EBIT
Dividend pay-out ratio is pre-significant items, and having regard to available cash flow

Target leverage range is 1.5x – 2.5x, consistent with peers

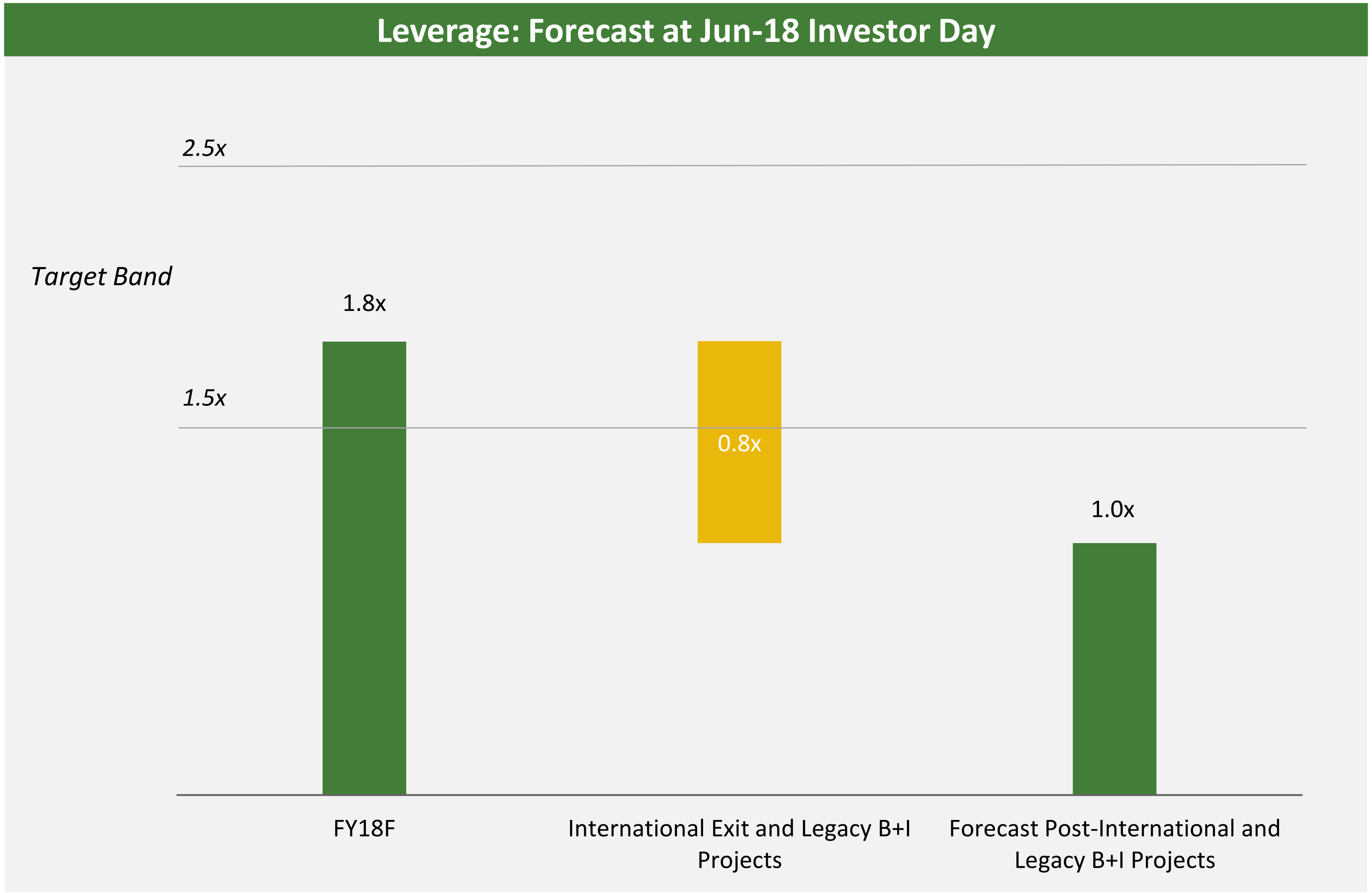
Leverage: FBU vs Peers (Net Debt / EBITDA)



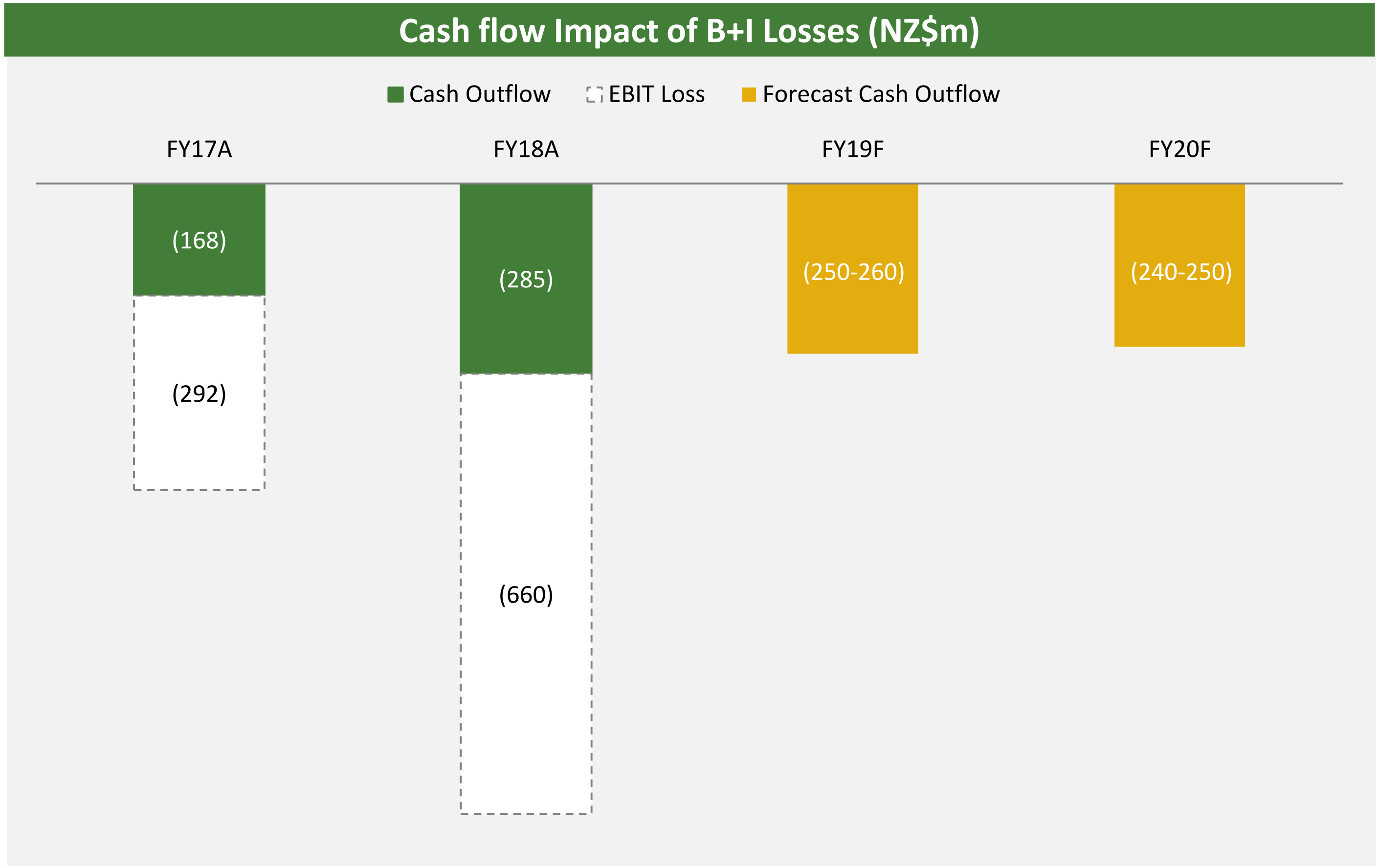
- FBU targets strong BBB credit metrics
- Leverage range set based on "sum of the parts" by operating division
- Range is consistent with peers

[1] EBITDA excludes losses on legacy B+I projects

At the June 2018 Investor Day we forecasted that FBU's leverage post the exit of International and completion of the legacy B+I projects would be c 1.0x



Legacy B+I projects: provisions are unchanged, with remaining cash outflows in FY20 forecast to be c $250m



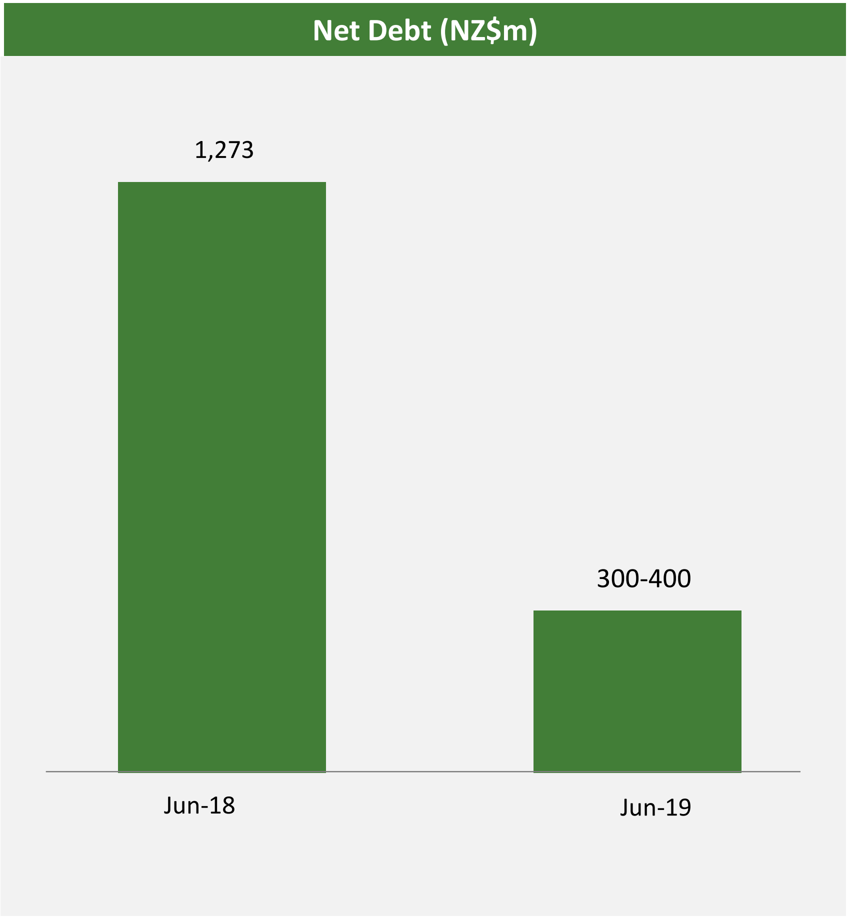
Exit of International: divestments delivered ahead of schedule, with proceeds at top end of valuation expectations

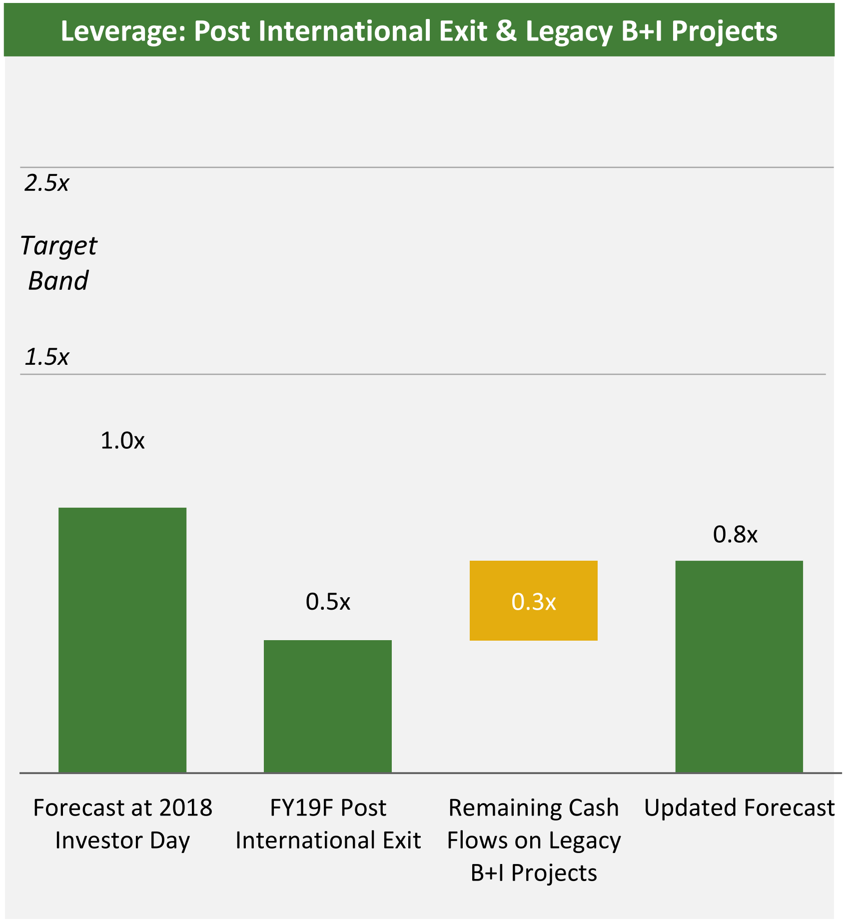
Item	RTG	Formica	Total
Sale Price (USDm)	44	840	884
Deductions and Transaction Costs (USDm)	5	(45)	(40)
Net Proceeds (USDm)	39	795	834
Average FX (USD / NZD)	0.67	0.67	0.67
Net Proceeds (NZ$m)	**59**	**1,185**	**1,244**
Less: Carrying Value (NZ$m)	77	1,310	1,387
Loss on Disposal (NZ$m)	**18**	**125** [1]	**143**

- Formica sale price equates to 10.8x FY18 EBITDA

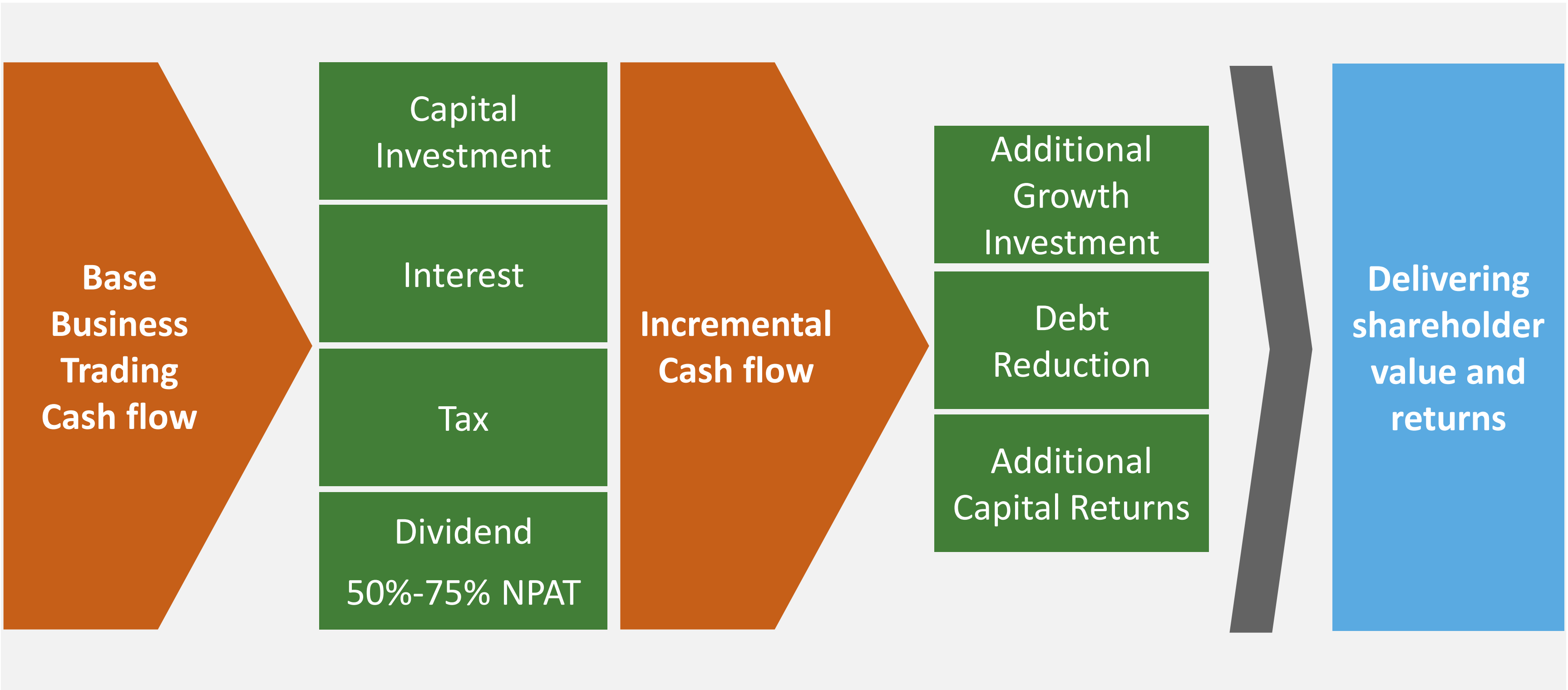
[1] Formica estimated loss on sale subject to completion accounting and based on estimated working capital adjustment

Formica sale proceeds have materially de-levered the balance sheet: Jun-19 net debt of c $300m - $400m and leverage of c 0.5x, ahead of expectations





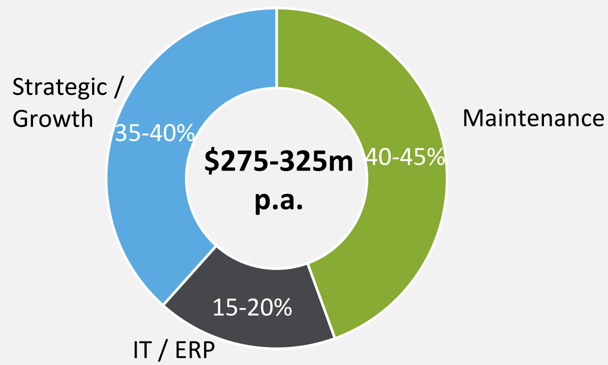
Capital allocation framework



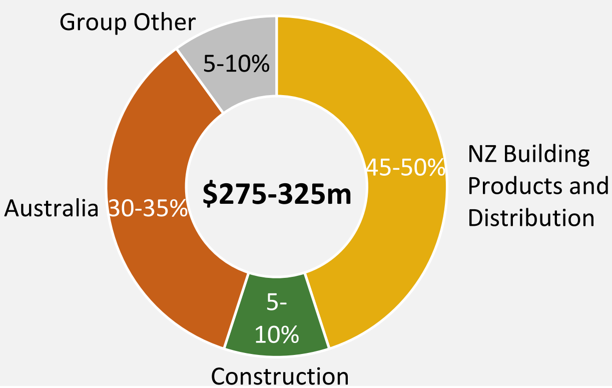
NB: Trading cash flow = EBITDA + change in Net Working Capital

Investment: average capex of $275m - $325m p.a.

FY19 – 23F Capex by Category



FY19 – 23F Capex by Markets



Maintenance and IT / ERP Capex of $175m - $200m p.a.

- Comprises mainly replacement of core Plant & Equipment, as well as c $30m p.a. EHS investment (risk-based allocation methodology)
- Maintenance and IT / ERP spend running slightly ahead of depreciation (c $175m FY19, c $200m FY20)

Strategic / Growth Capex of $100m+ p.a.

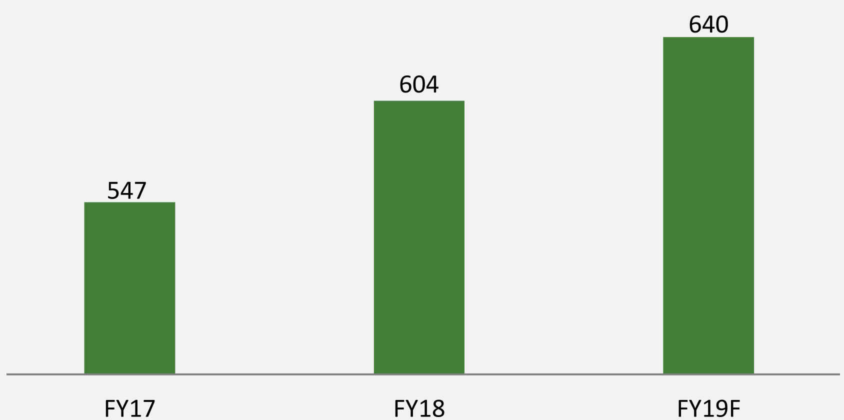
- Growth projects include: Panelisation; Iplex mobile PE; Higgins asphalt; Waikato Aggregates; Tradelink stores; PlaceMakers Branch Fast Forward
- Fast-payback efficiency capex of c $30m-40m p.a. (targets < 3 year payback)

FY20 Capex Will be Higher on WWB Plant Investment

- Land and buildings likely to be brought on balance sheet initially, though will consider sale & leaseback

Investment: Residential and Development funds invested stand at c $640m currently against an envelope of $750m; strong pipeline of lots under control

Residential and Development Funds Invested (NZ$m)



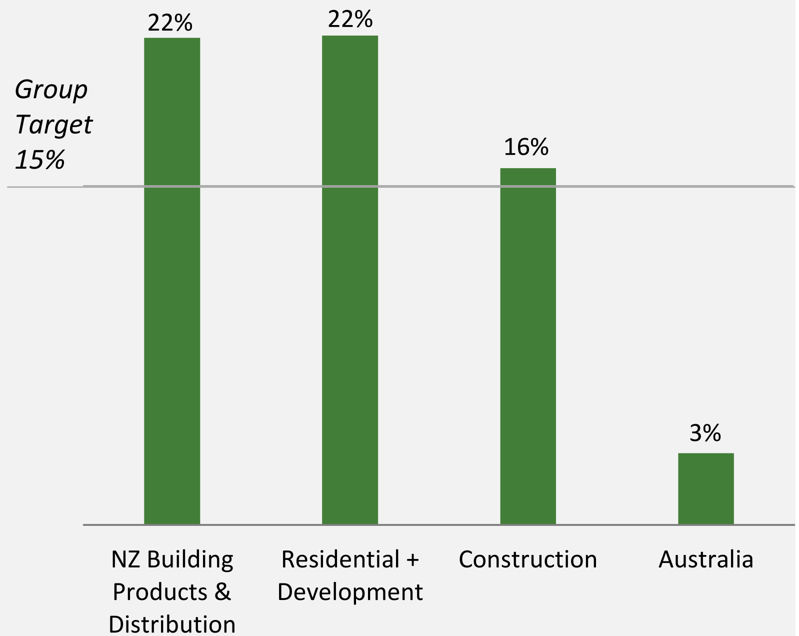
	FY17	FY18	FY19F
House sales	423	613	c 740
Section sales	76	101	c 20
Total sales	**499**	**714**	**c 760**
Secured Lots at Year - End	5,100	5,000	4,900

- Progressive investment as we scale the business to c 1,000 units p.a.
- Close to $750m total investment envelope, then recycle capital
- c 5 years' supply of lots under control, of which c 75% are on balance sheet
- Land purchases flexed to market conditions
- Focused on Auckland and Christchurch, mainly < $900k sales price
- NZ fundamentals remain supportive, some moderation in sales prices in 2H19

[1] Includes both on balance sheet holdings and unconditional agreements for lots held off balance sheet

Returns and cash generation: strong in NZ, improving AU is key to achieving Group targets

ROFE – FY19F (%) [1]



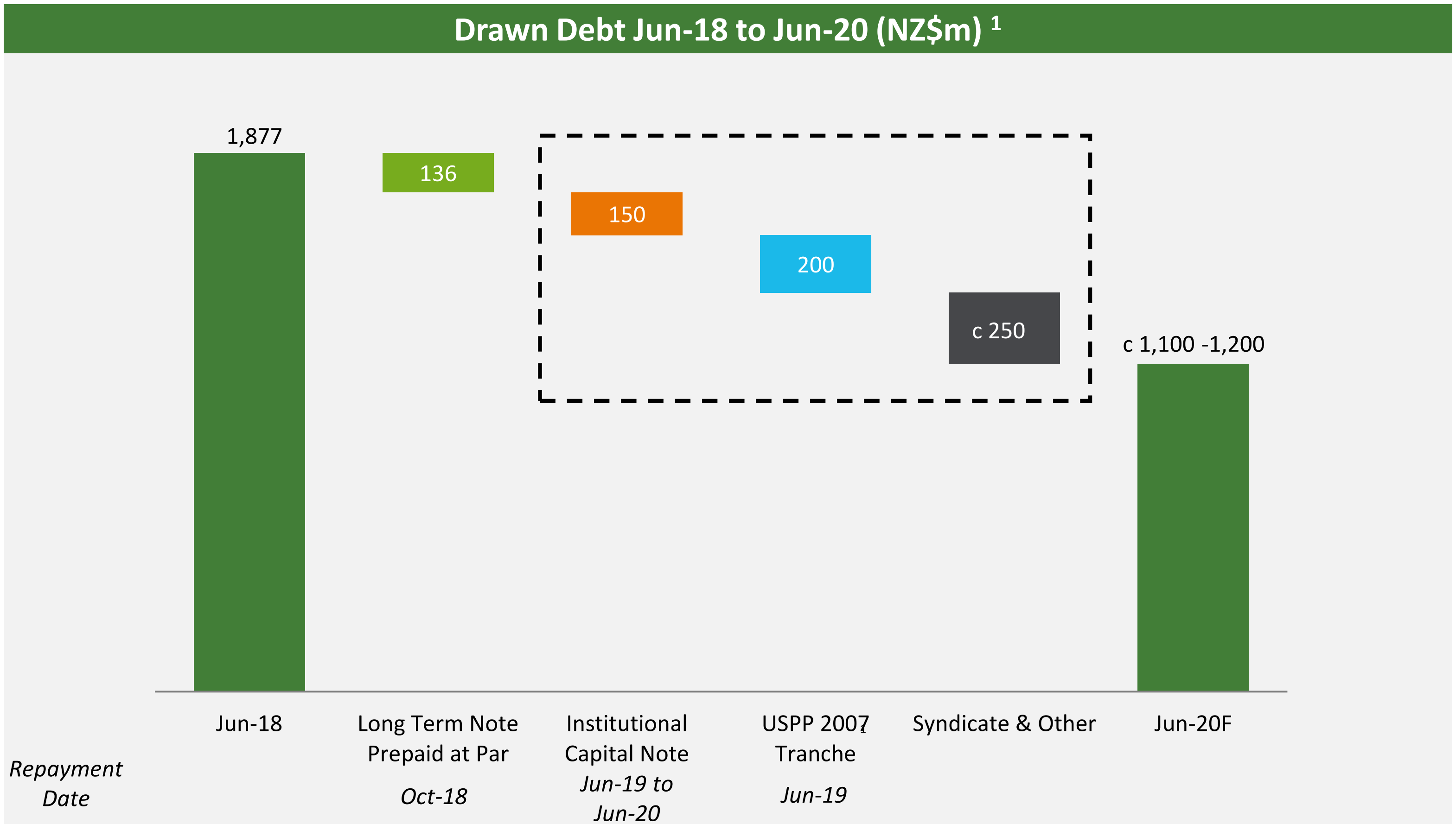
FY19F Year-End Funds ($bn)	1.7	0.7	0.3[2]	1.8

Cash Conversion

- Target 70% cash conversion (FCF / EBIT) over the medium term
- NZ Core currently delivering 65% - 70% cash conversion (pre-tax)
- Lower levels of cash conversion being achieved in Construction and Australia
- Strong focus on driving working capital efficiency: good progress on receivables / payables, more to do on inventory

[1] EBIT / Average Funds employed
[2] Excludes B+I provisions

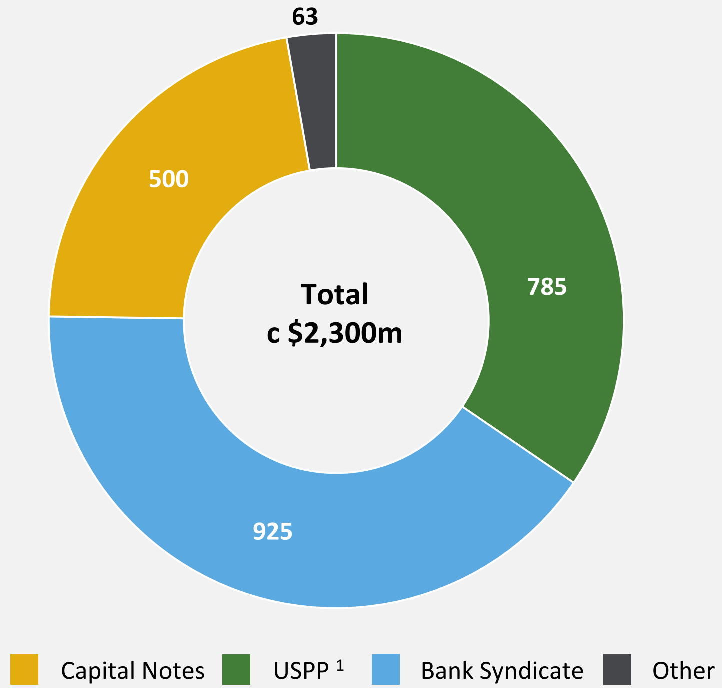
Funding: we are retiring debt where it makes sense, with an additional c $600m - $650m to be repaid through to Jun-20



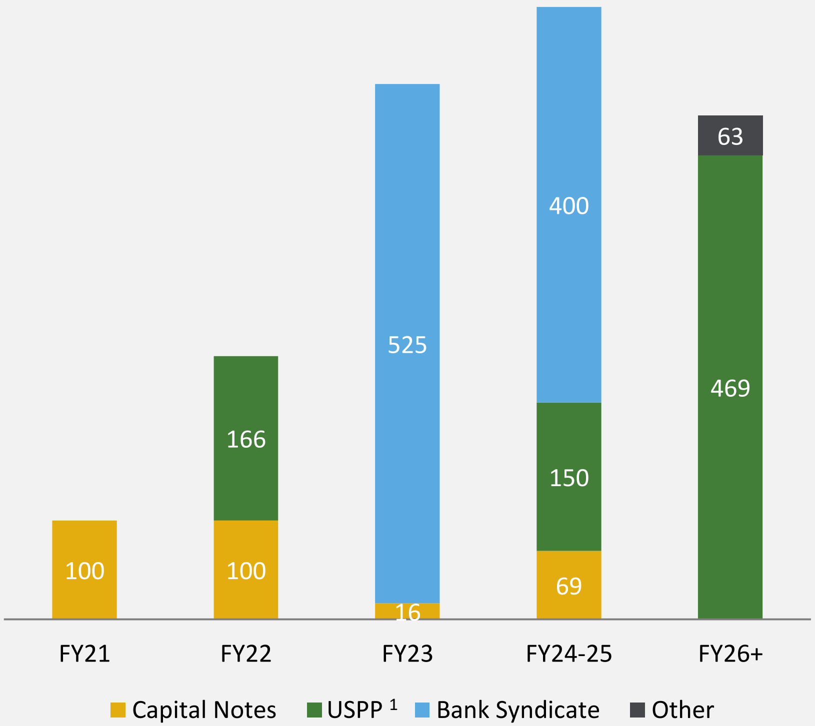
[1] Includes CCIRS component and excludes fair value hedge component

Funding: sources will remain diversified, with a rebalancing between local and offshore debt, and maintenance of a robust maturity profile

Forecast Debt Facilities at Jun-20 (NZ$m)



Forecasted Debt Maturity Profile at Jun-20 (NZ$m)



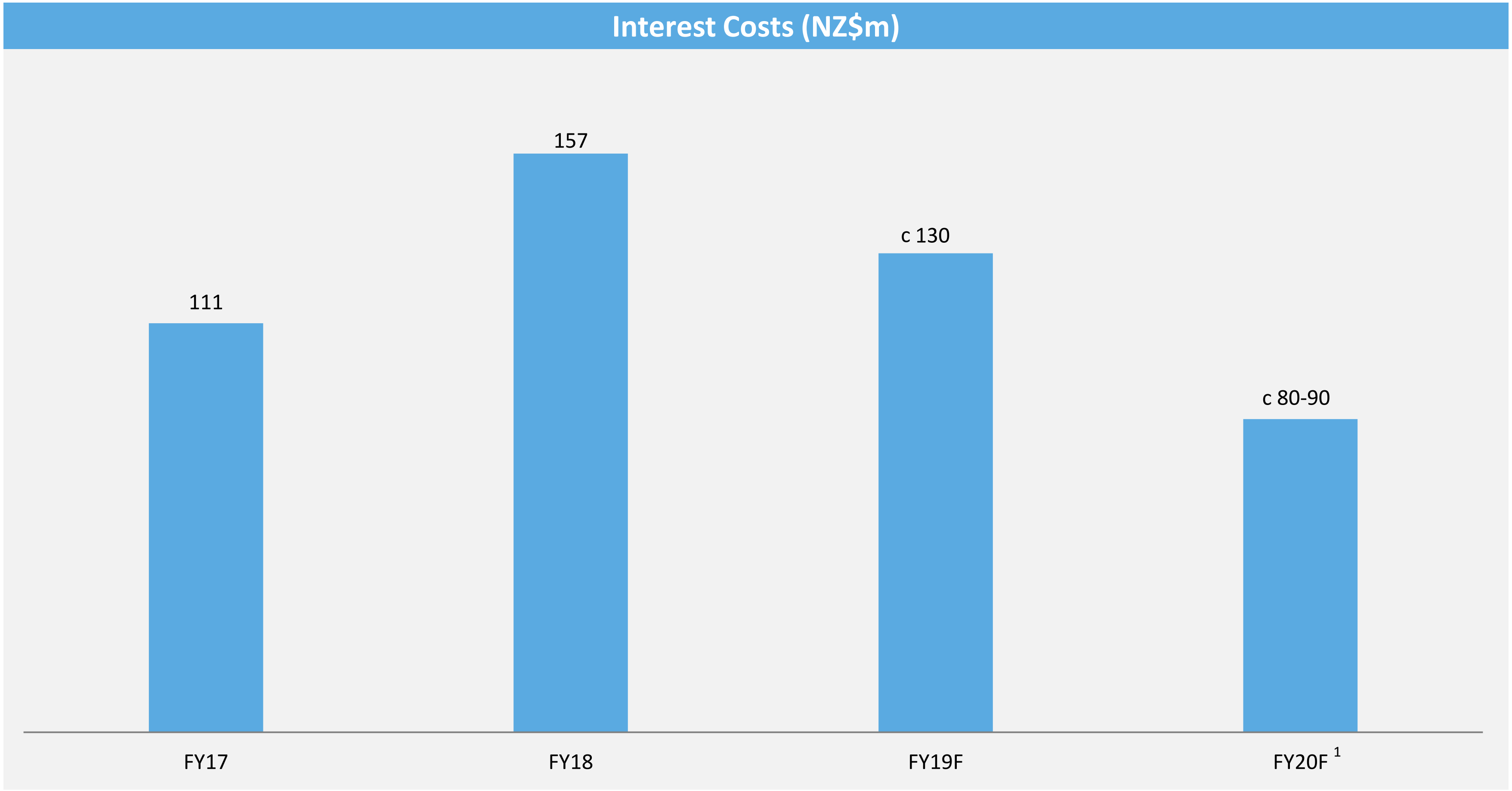
[1] Includes CCIRS component and excludes fair value hedge component

Funding: robust liquidity position, with average cost of funds of c 5.2%

Facility	Forecast Facility Size Jun-20 (NZ$m)	Forecast Drawings Jun-20 (NZ$m)	Average Cost of Funds FY20 (%)
USPP [1]	785	785	5.0%
Bank Syndicate	925	-	3.5% - 3.75%
Retail Capital Notes	500	c 350	4.8% - 5.0%
Other [2]	63	63	9.5%
Total Gross Debt	**c 2,300**	**c 1,200**	**c 5.2%**

[1] Includes CCIRS component and excludes fair value hedge component
[2] Includes financing associated with MV Aotearoa Chief ship.

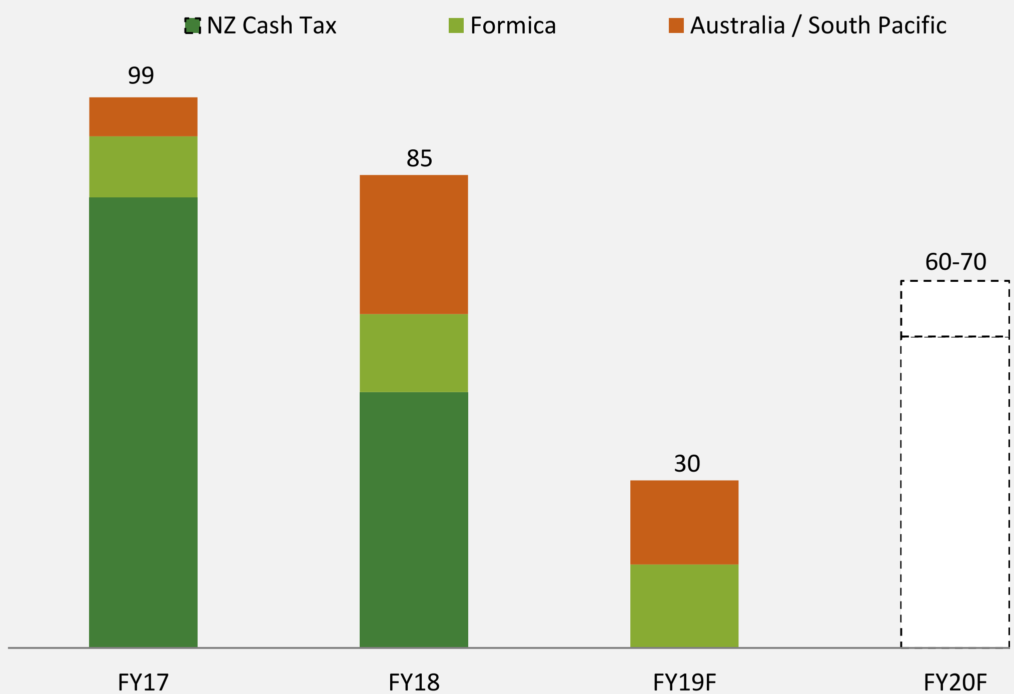
Interest: as a result of debt reduction and lower fees, interest costs are tracking down, forecast to be $80m – $90m in FY20



[1] Excludes lease interest costs under IFRS 16

Tax: cash tax forecast to be c $60m - $70m in FY20, c 29% effective tax rate

Cash Tax (NZ$m)



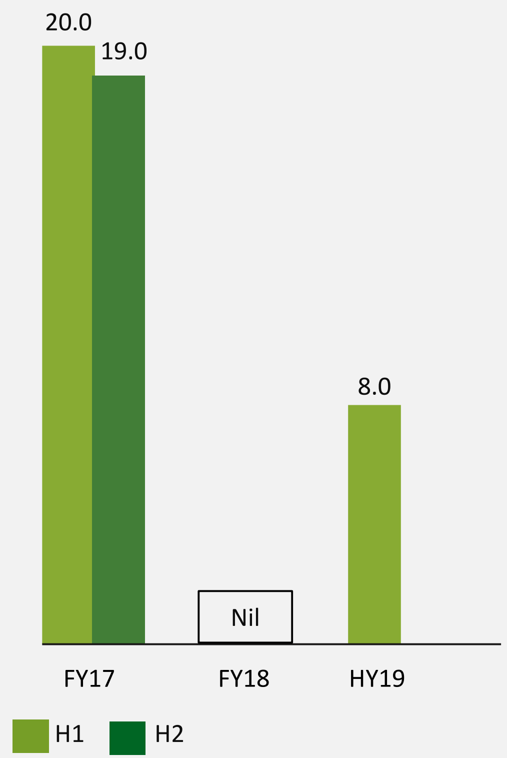
Effective Tax Rate [1]	23%	23%	28%	c 29%

- Cash tax payments in FY19 impacted by B+I losses
- Effective tax rate normalises to c 29% following the divestment of Formica and RTG
- FBU targets imputation of at least the final dividend, subject to available credits

[1] Excludes impact of significant items and B+I losses

Dividend: target pay-out ratio remains 50% - 75% of NPAT; dividend reinstated in FY19 and will be weighted to the final payment

Dividends (cps)



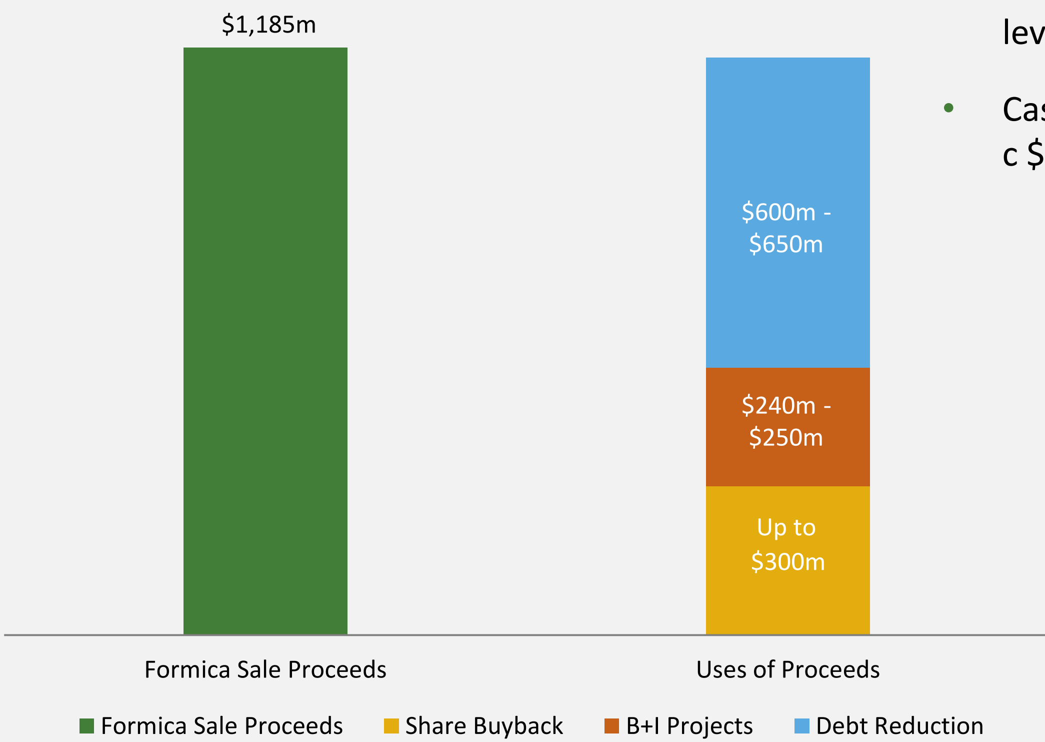
- FBU targets a pay out of 50-75% of NPAT before significant items to shareholders as an annual dividend
- Reference to available cash flow will be considered at the time of declaring the dividend
- FY19 dividend to be weighted to final dividend due to phasing of FY19 cash flows – amount to be determined by the Board in August
- FBU targets imputation of at least the final dividend, subject to available credits

Capital returns: with the Balance Sheet materially de-levered, FBU intends to commence an on-market share buyback following FY19 results of up to NZ$300m

- Fletcher Building is continuously assessing its balance sheet position and investment opportunities in order to drive shareholder returns
- Where there are incremental cash flows available, Fletcher Building makes a disciplined assessment of how to enhance shareholder value with the appropriate mix of debt reduction, additional growth investment and shareholder returns
- Fletcher Building's assessment following the completion of the Formica sale has considered the following factors:
    - Net Debt / EBITDA projected to be below the target leverage range and improved relative to prior forecasts;
    - All sensible debt reduction opportunities (c $600m over next 12 months) will be undertaken;
    - Remain confident on completing the legacy B+I projects within current provisions;
    - Continued preference for prudent balance sheet management as Company performance is reset
- On this basis, Fletcher Building considers incremental capital is available to be distributed to shareholders through an on-market share buyback of up to NZ$300m
- This form of shareholder distribution takes into account the level of franking / imputation credits available, tax effectiveness for all shareholders and earnings per share accretion
- The buyback is expected to commence following the FY19 results release
- Through the course of the buyback, Fletcher Building will continue to assess market conditions, Fletcher Building's prevailing share price, and available investment opportunities

Incremental cash flows summary: Formica sale proceeds will be allocated to debt reduction, completion of legacy B+I projects and share buyback

Use of Incremental Cash flows from Formica Sale (NZ$)



- Buyback of $300m adds c 0.4x to leverage
- Cash on hand at Jun-20 expected to be c $300m

Impact of adoption of IFRS 16 lease accounting standard from 1-Jul-19

- Total of c 4,800 operating leases across the Group
- Balance sheet: recognises right-of-use asset of c $1.4b - $1.5b and lease liability of c $1.7b - $1.8b
  - Difference of c $0.3b taken as adjustment to retained earnings, reflecting front-loaded interest expense under IFRS 16
- Income statement: operating lease expense now treated as depreciation and interest charges, leading to $225m-250m increase in EBITDA and $45m-$55m increase in EBIT
  - Small reduction of $10m-15m in NPBT[1], again reflecting front-loading of lease expense under IFRS 16
- Cash flows: no impact on underlying cash flows but the new lease arrangement will result in the reclassification of certain cash flows
  - Operating cash flows will increase by the principal payment amount with an offsetting outflow in financing cash flows

[1] NPBT = Net Profit Before Tax

Q+A

Content

We achieved what we said we would in FY19

Through FY19 we stabilised and focused Fletcher Building and positioned ourselves well to drive performance through FY20

Through FY19 we achieved the following

- Landed a leaner organisation restructure and attracted top talent
- Strengthened governance
- Kept NZ businesses on track
- Stabilised Construction returning it to profits and holding B+I provisions
- Intervened and set Australia up for turnaround
- Exited Formica and RTG for good prices
- Materially de-levered the balance sheet and commenced debt reduction
- Stayed inside our EBIT guidance range for the year
- Reinstated dividends
- Confirmed a capital return of up to $300m via a share buyback

FY19 guidance

Major drivers of FY19 results

New Zealand core – solid performance:

- Strong market positions maintained
- Earnings slightly down YOY due to Steel competitive pressures and cement mill failure
- Land Development ahead of expectations at c $55m through good progress on Wiri North development

Construction: back to profits, no change to B+I provisions

Australia: market headwinds and a tougher starting point driving EBIT expectations of c $55m

FY19 EBIT (before significant items) of $620m - $650m

Significant items expected to be c $240m-$250m

- Formica and RTG loss on sale[1]: c $145m
- Restructuring charges (predominantly Australia division): c $100m

[1] Formica estimated loss on sale subject to completion accounting and based on estimated working capital adjustment and impact of FCTR

Outlook for FY20

Through FY20 we expect slightly softer but still healthy market conditions in NZ, and ongoing contraction in the key residential market in Australia

New Zealand Market

- Expect Residential consents to ease slightly off peaks, Auckland to remain strong
- Expect Non-Residential construction to remain at similar levels
- Expect Infrastructure spend to ease in major roading, with increased spend in road safety, water, and rail

Australia Market

- Expect contraction in Residential, forecasting 150k-160k approvals in FY20, however the market environment remains uncertain
- Expect Non-Residential market to remain broadly flat
- East Coast Infrastructure work-put-in-place expected to remain broadly flat on established project pipeline

Q+A

Content

Glossary (1 of 2)

Term	Definition
BUs	Business units. This refers to all the different businesses that Fletcher Building owns across its portfolio. Each BU has a General Manager who reports into a Divisional Chief Executive. For example, Humes is a BU in the Building Products division
Carbon Emission Intensity	FBU Co2 Tonnes for every $1m of Revenue
Cash flow	Trading cash flow = EBITDA + Change in net working capital + provisions and other adjustments
	Free cash flow = Trading cash flow – CAPEX – cash tax
	Available cash flow = Free cash flow – cash interest
Cash Conversion	Free cash flow / EBIT. Note that at the divisional and business unit level there is no tax included in the free cash flow calculation
CCIRS	Cross currency interest rate swap – a financial instrument used to hedge the interest paid on foreign denominated debt, which is included in the group's total interest costs
EBIT	Earnings before interest, tax and significant items
EBITDA	Earnings before interest, tax, depreciation, amortisation and significant items
Formica	The collective term for Formica North America, Formica Europe, Formica Asia, Formica India and Homapal, which were part of the International division
Funds Employed	Net debt + equity – deferred tax balances

Glossary (2 of 2)

Term	Definition
FY19, FY20 etc.	Shorthand for Financial Year 2018 which is the 12 months ended 30 June 2018
NPS	Net Promoter Score, % Promoters (9-10) minus % Detractors (0-6)
ROFE	EBIT / average funds employed
RTG	Roof Tile Group. A business which was part of the International division
SME	Small medium enterprise
Total Interest Cover	EBIT / Interest
Total Leverage	Net debt / last 12 months' rolling EBITDA
TRIFR	Total no. of recorded injuries per million man hours worked
Working Capital	Working capital cycle = DIO + DSO – DPO
	DIO: Days inventory outstanding = gross inventory / rolling 12 months cost of goods sold
	DSO: Days sales outstanding = gross trade debtors / average 3 months' credit sales
	DPO: Days payable outstanding = trade payables / purchases
WPIP	Work put in place. A term used in macroeconomics to describe the value of work carried out on projects within a certain period, plus the value of work under construction at the end of the period minus the value at the beginning of the period

Disclaimer

In certain sections of this presentation the Group has chosen to present certain financial information exclusive of the impact of Significant Items and/or the results of the Building + Interiors (B+I) business unit. Where such information is presented, it is clearly described and/or marked with an appropriate footnote. This allows the readers of this presentation to better understand the underlying operations and performance of the Group. This presentation contains not only information about the historical performance of Fletcher Building and its operations, but also some forward looking statements about Fletcher Building and the environment in which the company operates. Because these statements are forward looking, Fletcher Building's actual results could differ materially. All forecasts should be assumed to be those of Fletcher Building unless stated otherwise