



Investor Day Brisbane

18 June 2015



Steve Evans

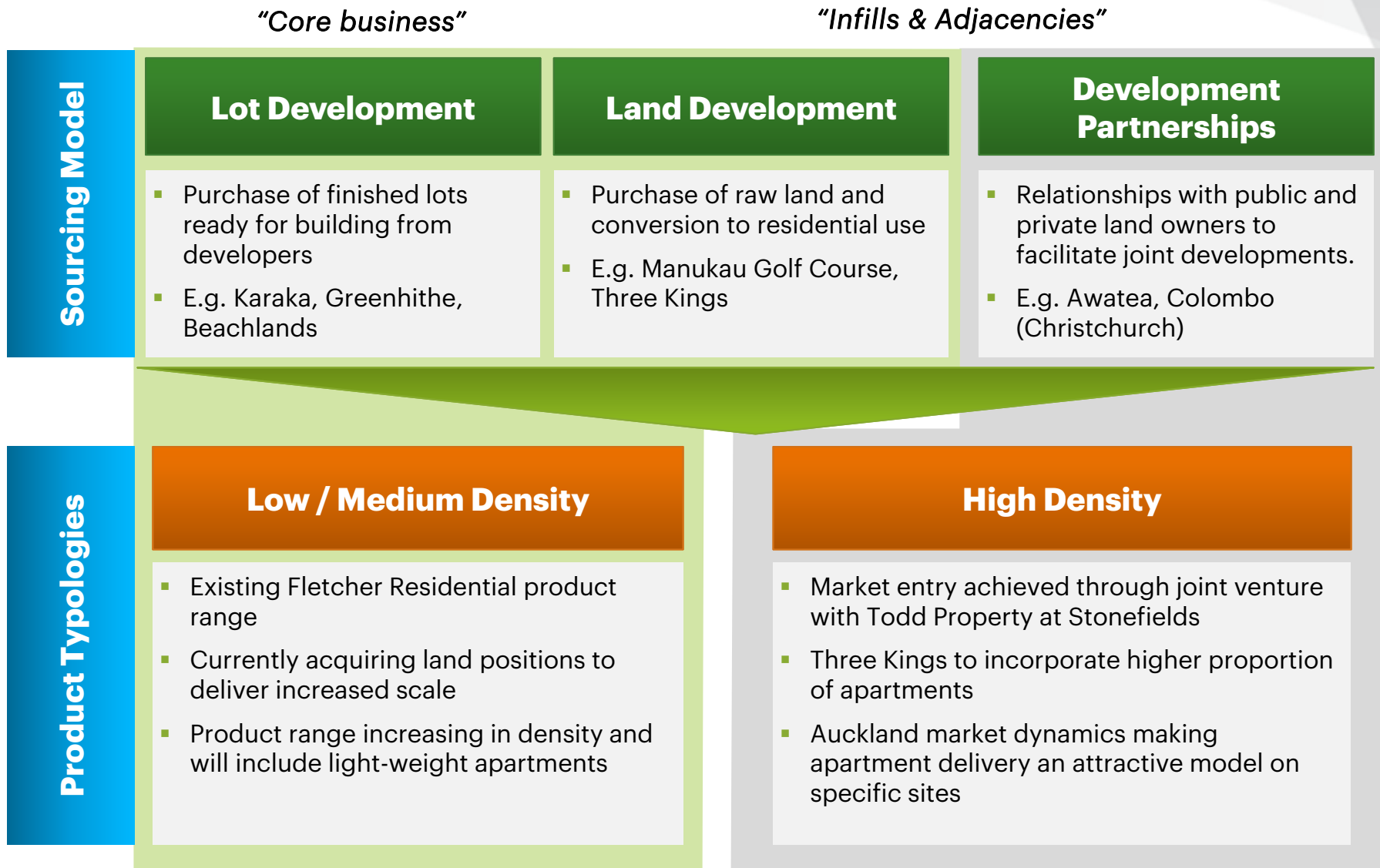
Chief Operating Officer - Housing

Disclaimer

This presentation contains not only a review of 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. Media releases, management commentary and analysts presentations, including those relating to the 2015 Half Year Results announcement, are all available on the company's website and contain additional information about matters which could cause Fletcher Building's performance to differ from any forward looking statements in this presentation. Please read this presentation in the wider context of material previously published by Fletcher Building.



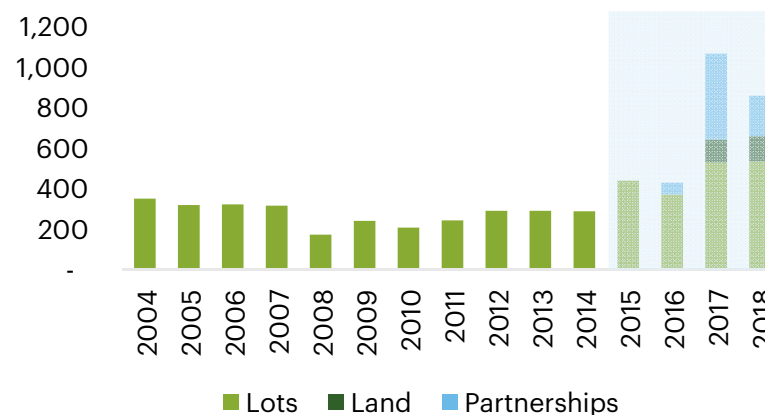
Business Model Overview



Lot development: Historic core business

- Historic business based on bulk purchase of sections from developers with staged delivery
- Attractive lot pricing achieved through:
 - Scale of volume commitment we make
 - Preparedness to contract on a staged delivery basis, allows developer to access funding for infrastructure delivery
 - FB endorsement of the development
- This model has low capital employed as sections are purchased in stages and generally finished houses are sold within 12 months (i.e. before next land delivery).
- However, ability to tailor lot sizes to varying market conditions is limited, and ability to “turn off” projects if market worsens is limited
- Developer makes the land development margin
- Steady state approx. 500 homes / annum

Number of Dwellings Sold



Project	Total Lots	Lots to be Sold Over Forecast Period		
		2016	2017	2018
South-East Region				
Karaka	378	75	75	80
Wattle Cove	26	26	0	0
Ormiston (TPL)	190	0	50	50
Beachlands	258	40	50	60
Anselmi	9	9	0	0
North-West Region				
Greenhithe	63	63	0	0
Penihana	251	0	48	59
Don Buck Road (NAG)	73	0	30	43
Whenuapai	650	0	40	75
Hobsonville Point	45	0	45	0
Stonefields	211	107	39	65
Stonefields JV Apartments	146	0	66	80
Christchurch Area				
Christchurch Area	128	50	65	0
Total	2,708	370	508	512



Land development: An important contributor to growth

- FB re-entered land development with the purchase of the Manukau Golf Course in 2013
- Land developments are typically 8 – 10 year build outs over multiple stages
- Acting as the developer of raw land allow FB to:
 - Capture both development and build margins
 - Master-plan communities to provide a balance of uses
 - Greater flexibility over the development approach / timing
- At this stage we are limiting our outright (non-partnership) acquisition of raw land to Auckland
- First earnings from land development likely in FY17 with 28 dwellings at Peninsula Golf Course
 - As we build scale in this business our land holdings will impact ROFE
 - Once the portfolio is built out the overall ROFE will normalise.
- **Steady state approx. 500 homes / annum**



Pipeline

Project	Total Lots	Lots to be Sold Over Forecast Period		
		2016	2017	2018
Manukau Golf Course	550	0	0	0
Peninsula	350	0	35	60
Eugenia Rise	100	0	0	15
Oruarangi Road	480	0	0	50
Three Kings	1,413	0	78	0
Total	2,893	0	113	125



Partners: Working with the land holder

- The Partnerships' business encompasses relationships with public and private land holders to facilitate development opportunities
- Early successes include Awatea, Welles and Colombo in Christchurch
- Acting in Partnership benefits us :
 - Access to land parcels that we would not otherwise be able to procure
 - Builds mutually beneficial relationships with key stakeholders
 - Typically land payment is only made at completion of sales
- First earnings from Partnerships are expected in FY16 with 59 dwellings from Awatea (Christchurch)
- **Steady state approx. 500 homes / annum**



Pipeline				
Project	Total Lots	Lots to be Sold Over Forecast Period		
		2016	2017	2018
Awatea	241	59	182	0
Colombo	69	0	69	0
Wells	114	0	114	0
Confidential	1,000	0	60	100
Total	1,424	59	425	100



Auckland Operating Areas

Rodney

- Peninsula Golf development – earthworks underway

North Shore

- Currently building in Greenhithe
- Difficult contour in North Shore and opportunities on the market are limited

West Auckland

- Increasingly important market
- Penihana and Don Buck positions established
- Whenuapai bulk earthworks completed
- Hobsonville Point commenced earthworks



Central

- Opportunities largely centred on Stonefields and Three Kings

Mid-Auckland / Howick

- Beachlands earthworks underway
- Developing opportunities in Ormiston

South Auckland

- Re-established in Wattle Cove
- Manukau Golf delivering sales from FY18
- Stages 4 & 5 underway in Karaka



Canterbury Operating Areas

Welles

- Partnership with MBIE*
- 114 Apartments

Awatea

- Partnership with MBIE*
- 241 standalone dwellings

Rolleston

- 90 homes



Colombo

- Partnership with MBIE*
- 69 Terraces

Halswell

- Farrington underway
- 50 homes

*MBIE: Ministry of Business, Innovation and Employment



Fletcher value proposition

1

Ability to source attractive land positions

- Lot and raw land model mean we are able to put our foot on our choice of developments

2

High quality product

- Business is highly sophisticated in delivering what customers want in terms of the spec/value trade-off
- Designs constantly evolve to incorporate customer feedback

3

The FB brand has an inherent quality/reputation

- Peace of mind – in a world of leaky buildings

4

Speculative builder

- We typically deliver completed homes rather than design and construct

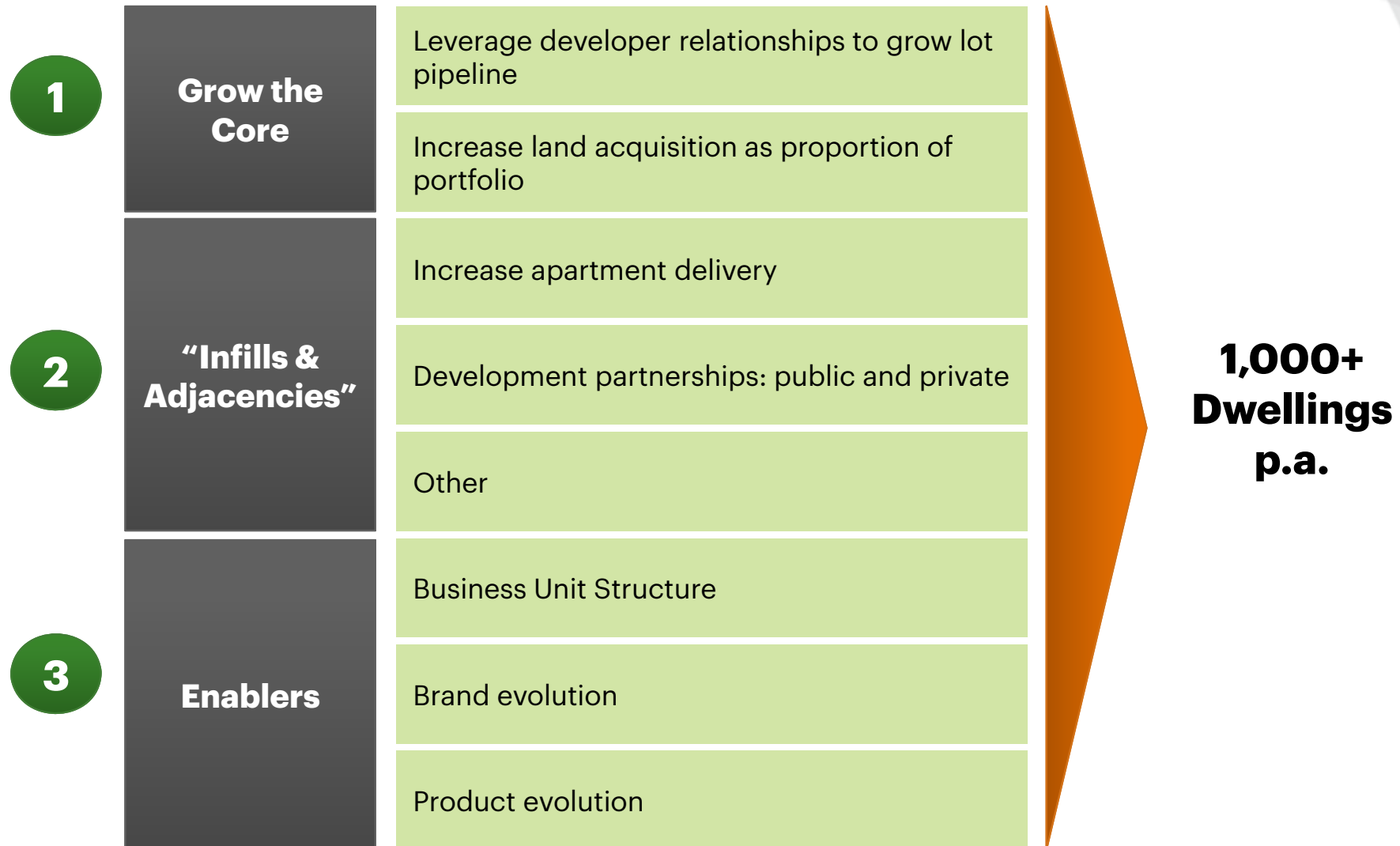
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End-to-end development management

- Our breadth of service offering is highly attractive to partners
- Transparency in dealings with partners will be key



Housing growth strategy has three key elements



Managing risks

Fletcher Living Risk Management Framework

Demand Side

Supply Side

Ongoing risk management

Risk management tools in the event of market disruption

Ongoing risk management

Risk management tools in the event of market disruption

Lots

- Presales of product
- Using our reputation and scale to negotiate strong terms

- Change ownership model
- Discount product to increase volumes
- Sell vacant lots

- Careful management of developments to ensure supply is evenly spread

- Slow build rate
- Request developers to delay future work stages
- Request delayed payment terms

Land

- Careful site selection – right land, in the right location, at the right price
- Using our balance sheet and ability to act quickly to negotiate strong terms

- Buying at wholesale rates provides flexibility of margins
- Sell lots to group home builders

- Active staged delivery programme

- Stop or slow the development of the land during a market disruption

Partnerships

- Delayed land payment until sale is made
- Presale programme – both domestic (incl IWI & CHP's) and off shore

- Flexibility in sales margins

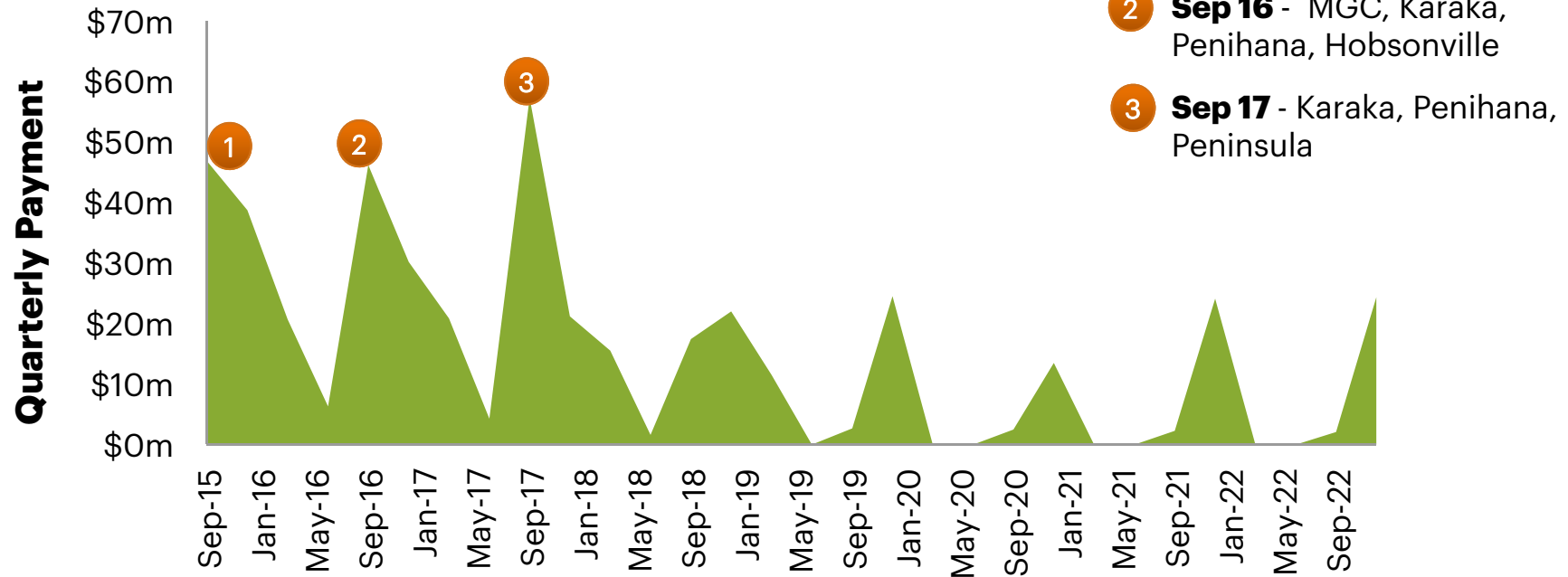
- Careful management of developments to ensure supply is evenly spread

- Ability to renegotiate timing of delivery
- Ability to sell off lots to other developers/builders



Capital intensity

Forecast Quarterly Payments on Current Land Commitments



Note: Quarterly payments based on current commitments and forecast completion dates. These are contingent on third parties delivering parcels in forecast time horizons

- Funds invested at HY15 \$210m

We pay for the majority of land in the September quarter each year as the earthworks season finishes in May and permits are generally delivered in July to September

