



Fletcher Building Investor Day May 2021

26 May 2021

Agenda

1. Introduction, Fletcher Building Overview	Ross Taylor
2. Group Financials	Bevan McKenzie
3. Safety	Wendi Croft
4. Building Products	Hamish McBeath
5. Concrete	Nick Traber
6. Distribution	Bruce McEwen
7. Residential and Development	Steve Evans
8. Construction	Peter Reidy
9. Australia	Dean Fradgley
10. People, Innovation and Sustainability	Claire Carroll
11. Concluding Remarks and Q+A	Ross Taylor



Welcome and introduction

Section	Presenter	AEST / NZT
1. Introduction, Fletcher Building Overview	Ross Taylor	9:00am / 11:00am
2a. Group Financials	Bevan McKenzie	9:20am / 11:20am
2b. Q+A	Ross Taylor and Bevan McKenzie	9:40am / 11:40am
3. Safety	Wendi Croft	10:00am / 12:00pm
4. Building Products	Hamish McBeath	10:15am / 12:15pm
5. Concrete	Nick Traber	10:45am / 12:45pm
6. Distribution	Bruce McEwen	11:15am / 1:15pm
7. Residential and Development	Steve Evans	11:45am / 1:45pm
8. Construction	Peter Reidy	12:15pm / 2:15pm
9. Australia	Dean Fradgley	12:45pm / 2:45pm
10. People, Innovation and Sustainability	Claire Carroll	1:15pm / 3:15pm
11. Concluding Remarks and Q+A	Ross Taylor	1:40pm / 3:40pm



Presentations from our Executive Team members

Operational Heads presenting



**HAMISH
McBEATH**
Chief Executive
Building Products



**BRUCE
McEWEN**
Chief Executive
Distribution



**NICK
TRABER**
Chief Executive
Concrete



**STEVE
EVANS**
Chief Executive
Residential and
Development



**PETER
REIDY**
Chief Executive
Construction



**DEAN
FRADGLEY**
Chief Executive
Australia

Functional Heads presenting



**BEVAN
McKENZIE**
Chief Financial
Officer



**WENDI
CROFT**
Chief Health and
Safety Officer



**CLAIRE
CARROLL**
Chief People and
Communications
Officer

Functional Heads



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



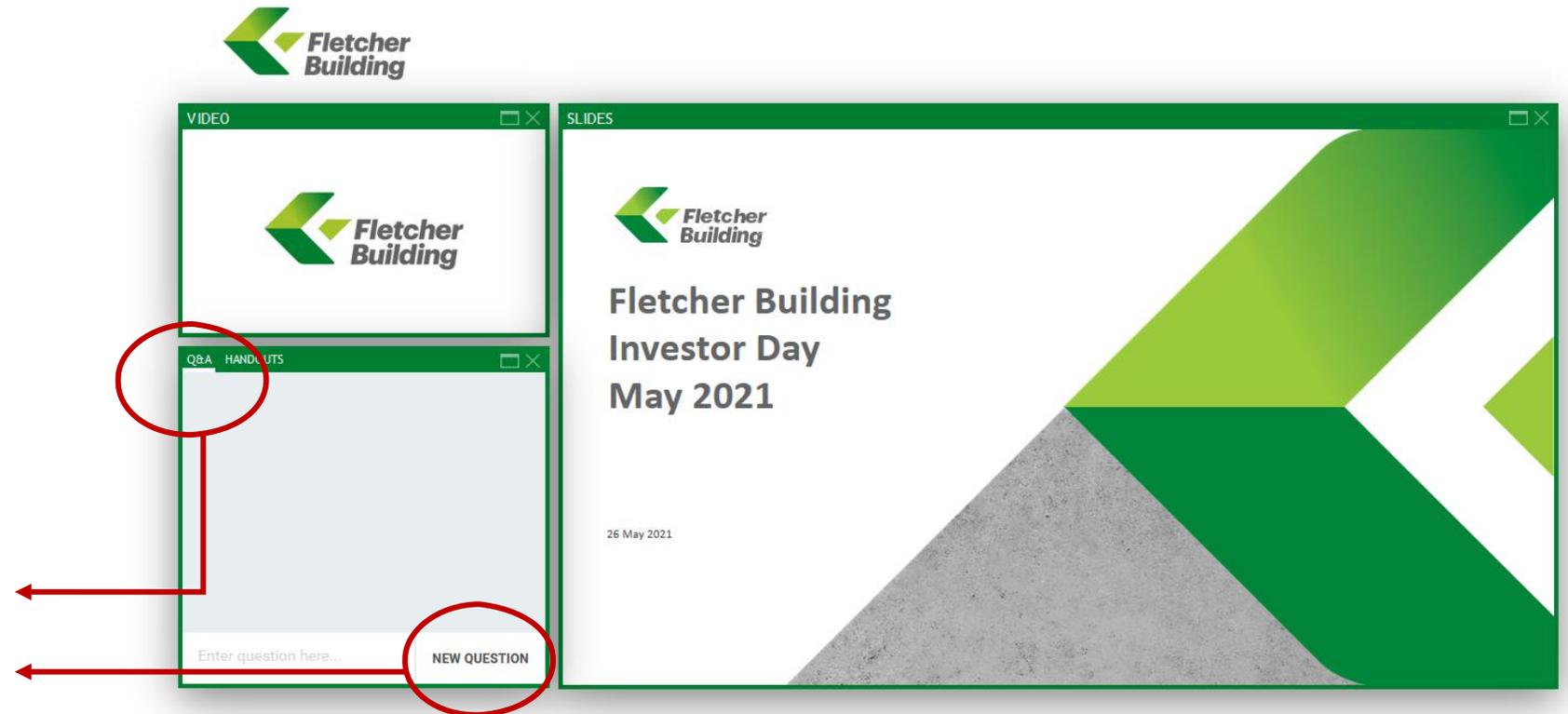
**DANIEL
BEECHAM**
Chief Information
Officer



Adjustment of viewing panes and Q&A functionality

If you are using a desktop, you can resize any of the viewing panes by grabbing the edge and making it bigger or smaller. You can also move any windows in the same way

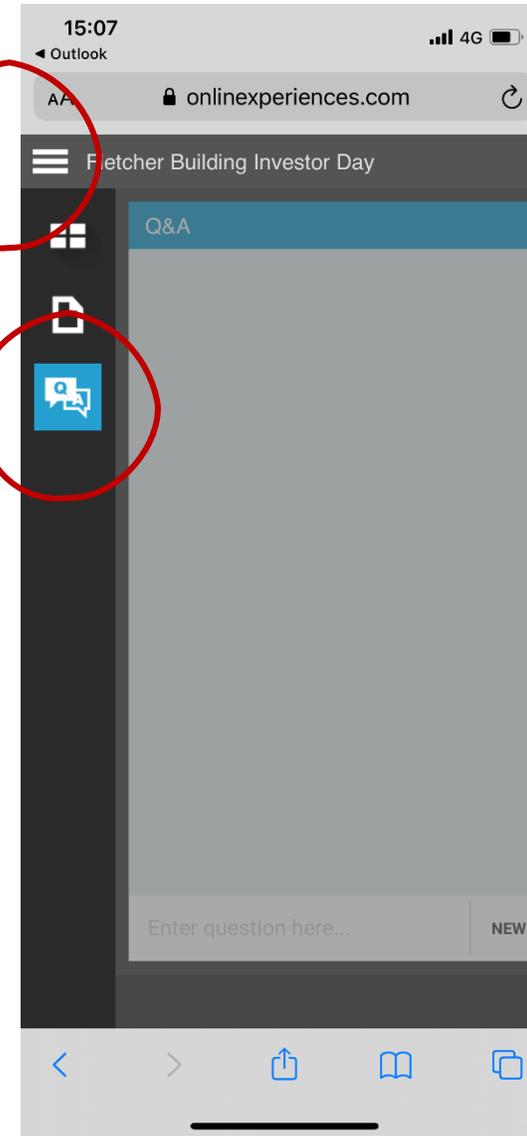
To send in a question, simply click the “Q&A” tab, type your question and then press “New Question” button



Mobile device Q&A functionality

If you are using a mobile device, tab the menu icon at the top left hand corner to open the panel and tab the “Q&A” icon

Enter your question into the text box and tab “New Question”



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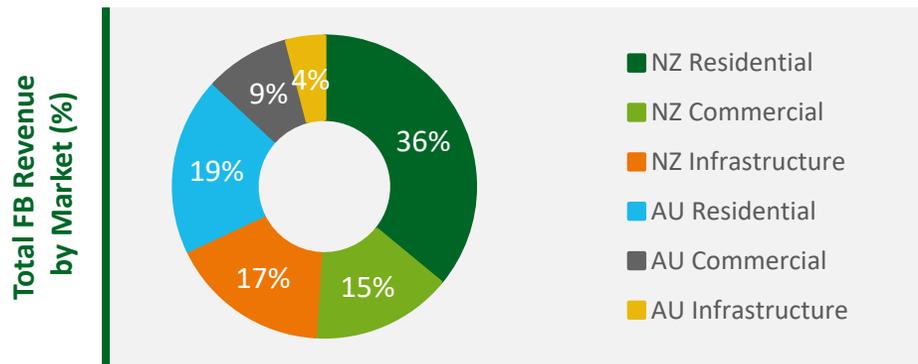
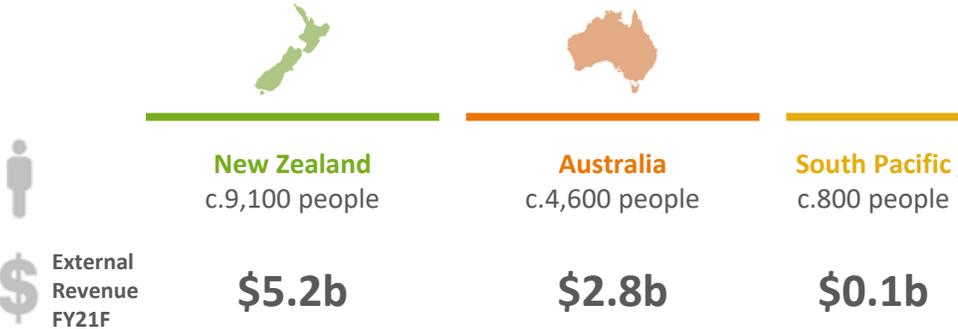


- CEO of Fletcher Building since November 2017
- Spent career in the Real Estate, Construction, Engineering and Building Products sectors internationally; worked extensively across: New Zealand, Australia, Asia, Europe and the USA
- Direct experience across much of the sector value chain, having led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



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

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



Leading NZ sector exposures with strong market positions and brands



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

1. Estimates based on the markets in which we participate, e.g. SME, Commercial, Plumbing, Bathroom, Group Home Builders and Retail for PlaceMakers and Mico



Australia position smaller but scale in specific sectors



Australia	Market share	Sites	Gross Revenue	Brands
 Building Products	29% ¹	74	 \$2.8b	Laminex  <i>We Know Water</i>  Building Better, Together  
 Distribution	19% ¹	221		 

1. Estimates based on the markets in which we participate, e.g. Plumbing distribution market for Tradelink

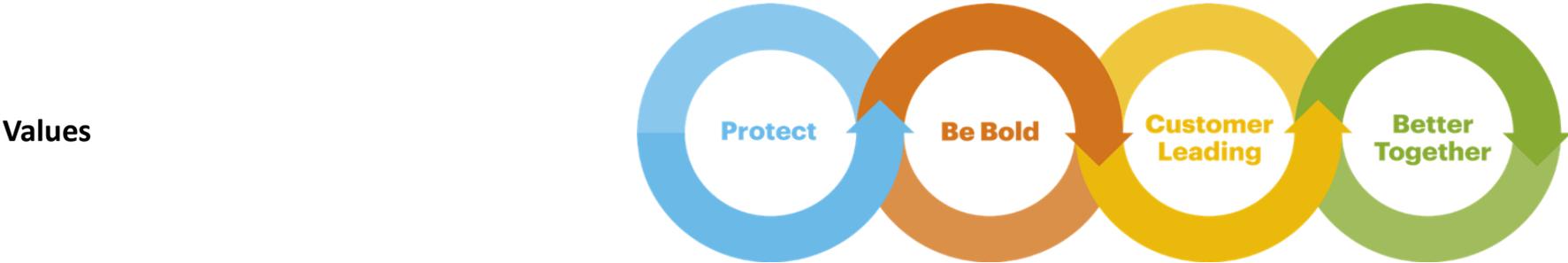


Having reset the business, delivering performance in FY21, we are strongly positioned for ongoing performance and growth



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

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
Our People	Focused on operational excellence	Global expertise – locally delivered	Obsession for customers	Strive for growth and innovation	Driven by purpose and values
Group Measures	Zero Serious Injuries DIFOTIS ≥ 98%	NPS ≥ 55 EBIT Margin ≥ 10%	Engagement ≥ 80% Cash Conversion ≥ 60%	30% Carbon Reduction ROFE ≥ 15%	



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

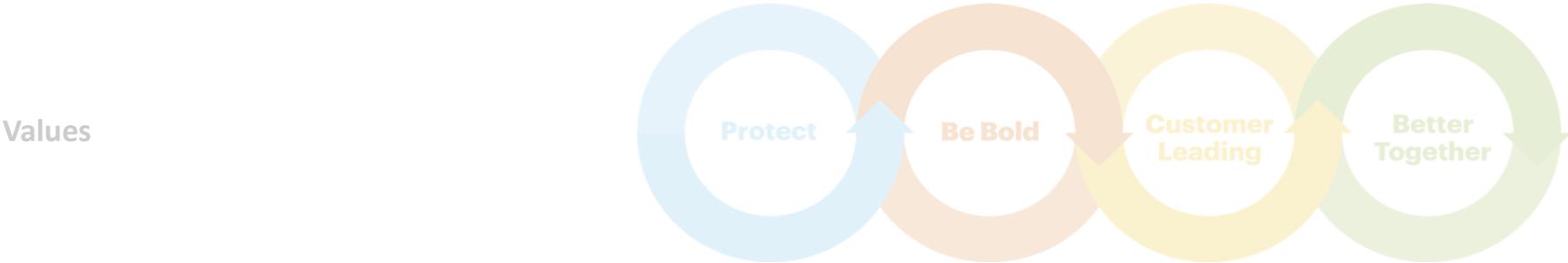
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Values



Our strategic goals driving us to achieve performance and growth

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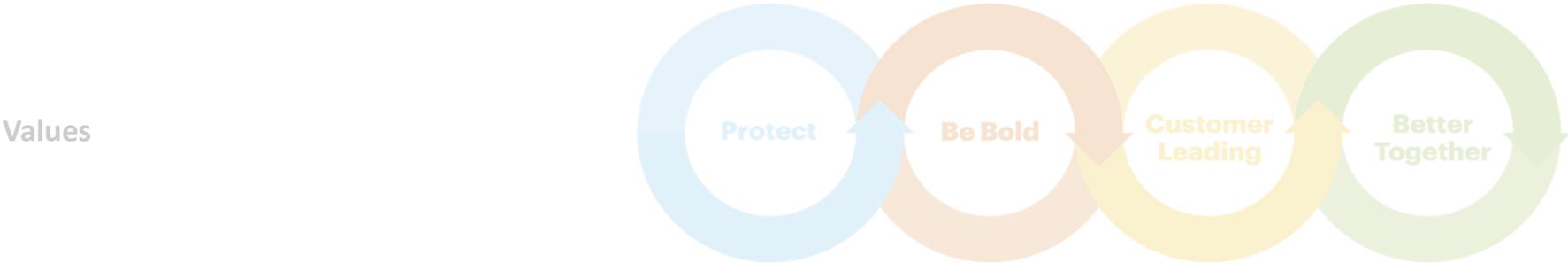


Our people are integral to delivery of our strategy



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

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

01



Focus

02



Strong
financial
positioning

03



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

04



Global and
regional
macro trends
are supportive

05

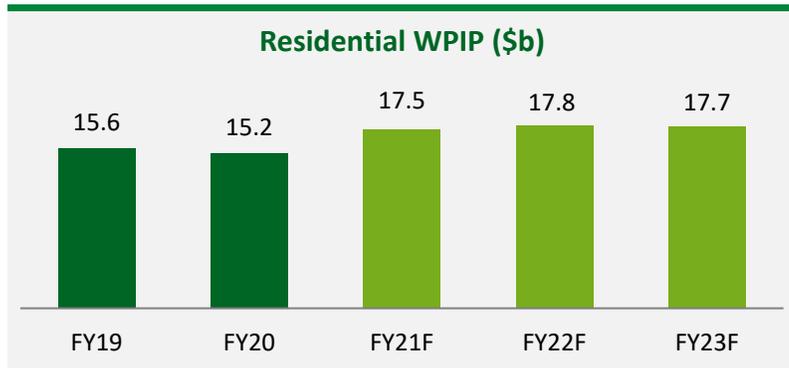


Well-positioned
for long-term
and sustainable
growth

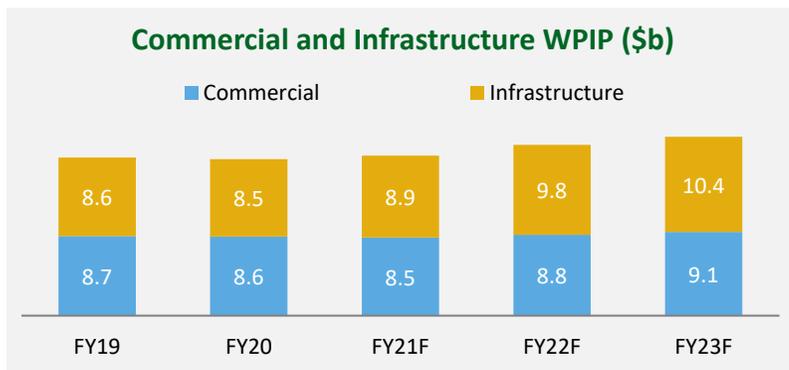
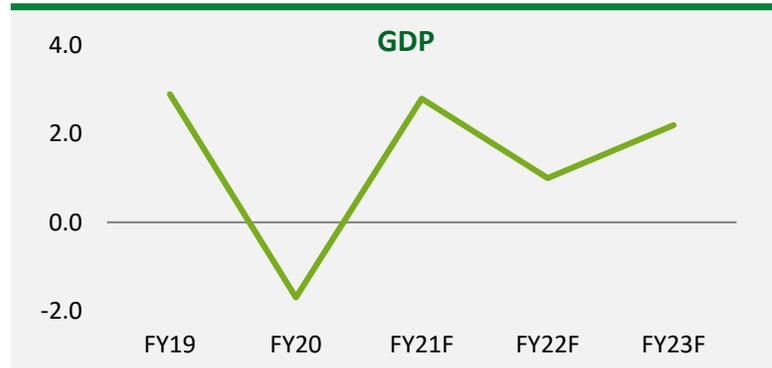


NZ markets look favourable and “stronger for longer”

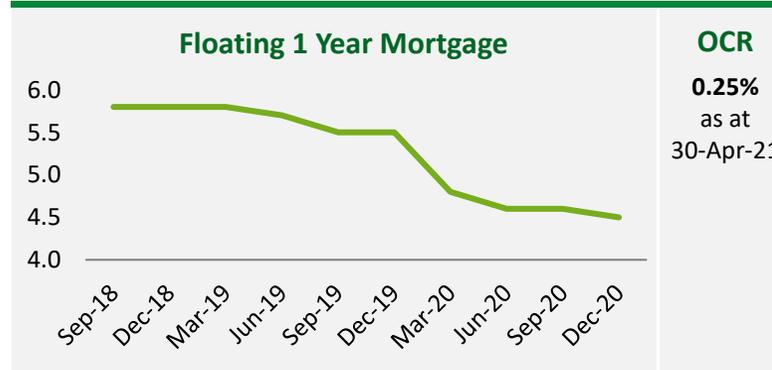
NZ Historical and Forecast



NZ Historical and Forecast



NZ Historical

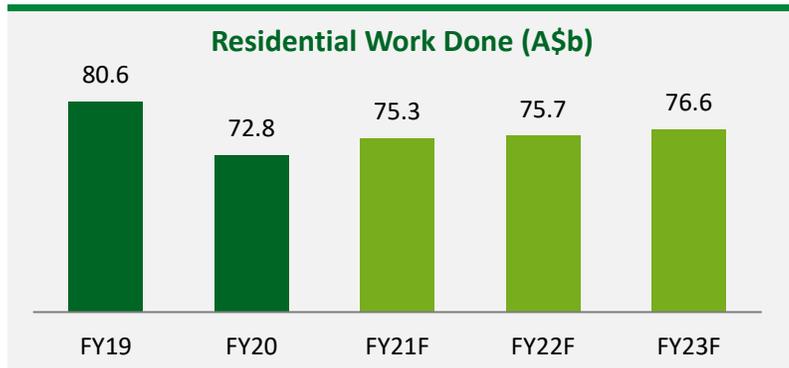


- Strong economic backdrop
- Ongoing structural undersupply of housing in NZ (housing undersupply of 40,000 dwellings)
- Growing population
- Demographic ageing contributing to additional increases in housing demand with smaller households
- Monetary policy settings likely to support low-interest rate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

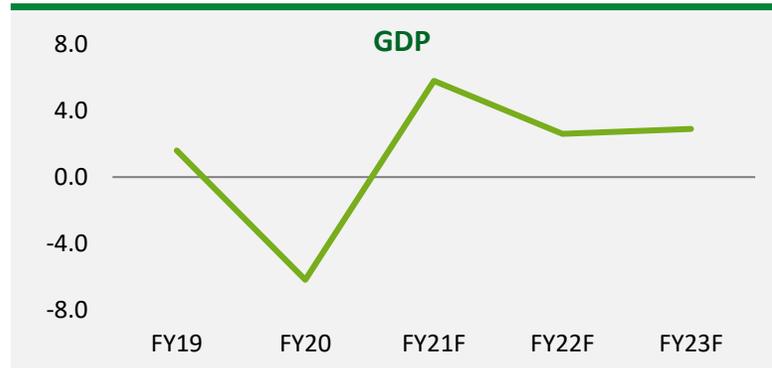


Australia macro backdrop supportive for growth

AU Historical and Forecast

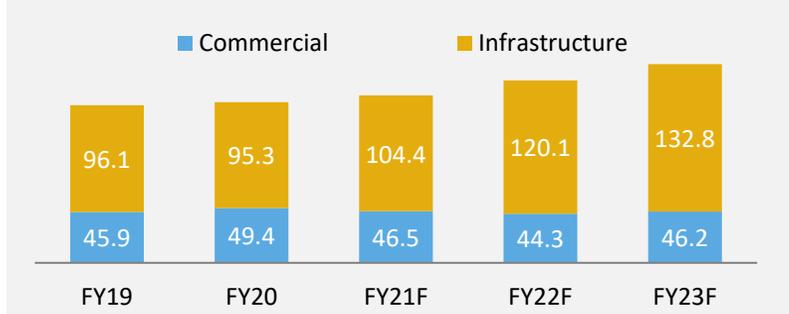


AU Historical and Forecast

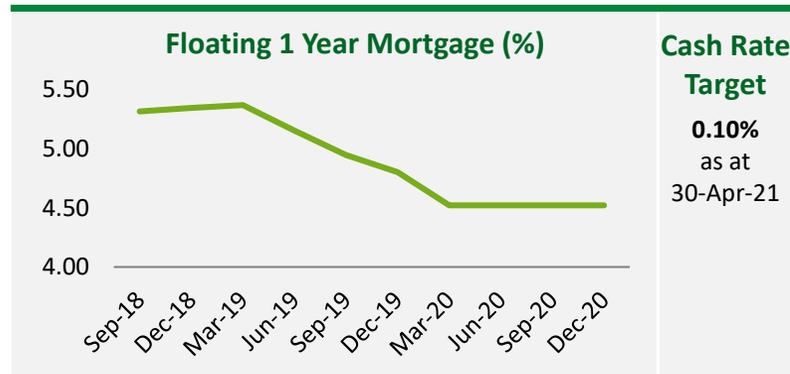


- Strong economic backdrop
- Government stimulus driving home building
- Low term deposit interest rates and low borrowing rates driving housing investment
- Govt. committed to infrastructure spend
- Employment rate strong
- Consents growth points to growing outlook for work done

Commercial and Infrastructure Work Done (A\$b)



AU Historical



FY21 Forecast and share buyback

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

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



Near-term outlook

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

Pathway to c.10% EBIT margin in FY23

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

Positioned for earnings growth to FY23 and beyond

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



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- Group CFO since November 2016
- Led several significant portfolio changes, including Higgins acquisition and International divestment; led reset of Group balance sheet and improved cash generation
- Previously in global positions in strategy, M&A and commercial at Boston Consulting Group and Roquette Frères



Overview

Material progress on key financial targets, strong balance sheet, well-positioned for shareholder returns

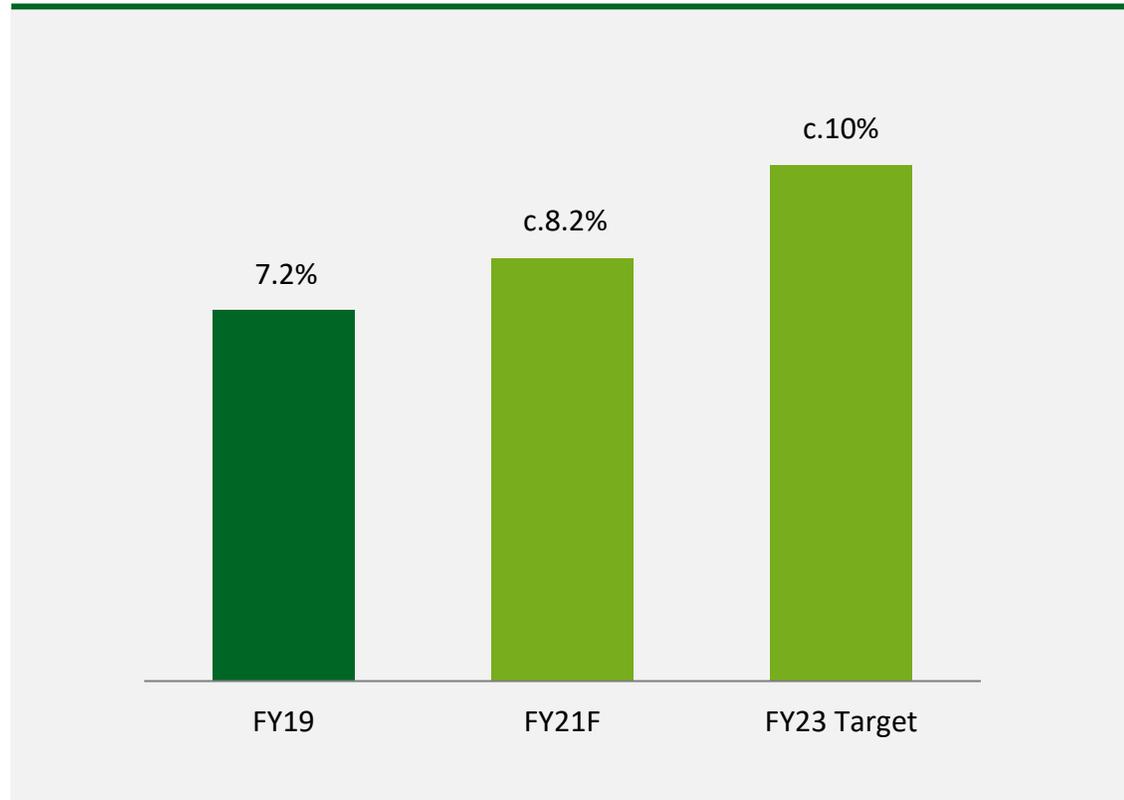
	Focus	Progress
Margins	<ul style="list-style-type: none">→ EBIT margin¹: target >10%	<ul style="list-style-type: none">→ +100bps margin FY19-21F→ Path to c.10% in FY23
Investment & Returns	<ul style="list-style-type: none">→ Base capex: sustainable average of \$200-250m p.a.→ ROFE: target >15%	<ul style="list-style-type: none">→ Base capex down from c.\$300m p.a.→ ROFE c.18% FY21F
Cash Flow	<ul style="list-style-type: none">→ Working capital: target 5-day reduction off FY18 base→ Cash conversion²: target 60%	<ul style="list-style-type: none">→ W/cap target delivered two years early→ Cash conversion 85% FY19-21F
Balance Sheet & Funding	<ul style="list-style-type: none">→ Leverage³: target 1.0x - 2.0x→ Reduce gross debt and funding costs→ Robust liquidity & maturity profiles	<ul style="list-style-type: none">→ Leverage c.0.3x FY21F→ Funding costs reduced >\$100m FY18-FY21F→ Liquidity c.\$1.4b FY21F
Shareholder Returns	<ul style="list-style-type: none">→ Dividend pay-out ratio: 50-75% of net earnings¹→ Additional capital returns where sensible	<ul style="list-style-type: none">→ Dividend reinstated FY21→ On-market buyback up to \$300m



Margins

100bps improvement in EBIT margin since FY19, path to c.10% in FY23

EBIT Margin¹ (%)



Pathway to 10% in FY23

- 1. Australia margins** lift from c.3.5% in FY21F to 5-7% on continued improvement in operating disciplines and growth initiatives
- 2. Construction margins** lift from c.2% in FY21F to 3-5% as forward order book replaces nil margin legacy work
- 3. NZ Core margins** expand slightly as adjacencies add operating leverage and continue to drive BU performance
- 4. Residential and Development** targeting strong top-line growth at >15% margin, accretive to overall Group margin



Margins

Efficiency programs have delivered material cost reductions, especially in Core Divisions; focused on driving additional operating leverage off this base

Core Divisions: Overhead Costs % of Revenue¹



- Efficiency programs commenced in FY18: focused initially on Australia, then on New Zealand
- Gross cost-out (overheads and COGS; fixed and variable) of >\$250m, including gross fixed cost-out in FY21 of >\$150m. A portion of the benefits have served to offset inflation
- In the Core Divisions, efficiency programs have delivered a net 100bps improvement in overheads % from FY19 to FY21 on a broadly flat revenue base
- Cost base now broadly right-sized – will make targeted overhead investments to support key growth initiatives and drive operating leverage



Investment

Base capex expected to average \$200-250m p.a. in FY22-FY24

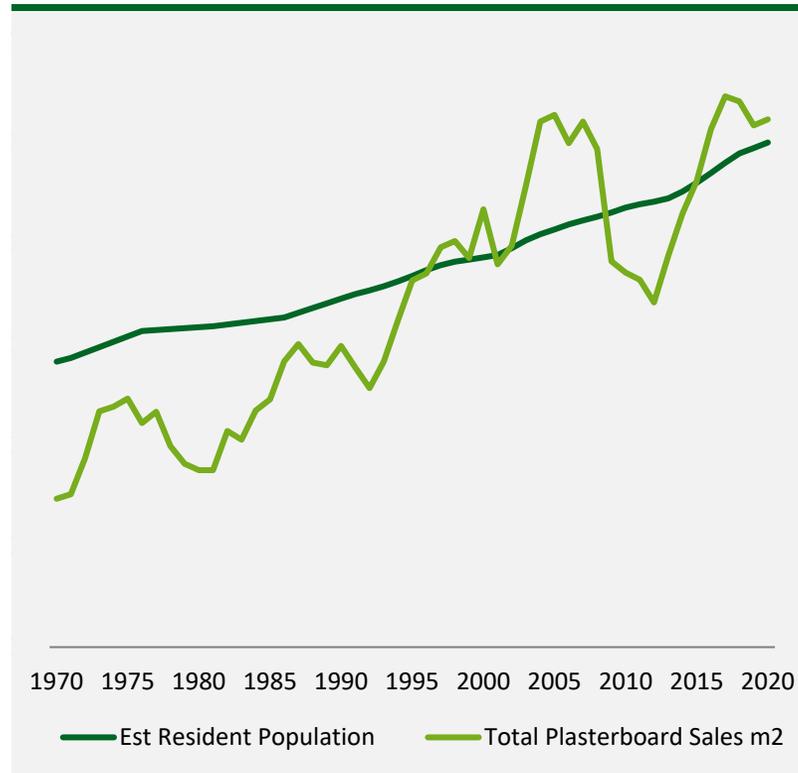
Base Capex	Average Spend p.a.	Focus Areas
Maintenance	\$150-200m	<ul style="list-style-type: none">→ Maintenance investment compares to depreciation (excl. ROU¹) of c.\$180m p.a.→ Includes ongoing investment to create fit-for-purpose systems environment, c.\$25-40m p.a.
Growth & Efficiency	\$50-100m	<ul style="list-style-type: none">→ Target ROFE >15% on growth and efficiency investments→ Focused on modern manufacturing, product adjacencies, digital / customer ecosystems and opportunities for disruption
Total	\$200-250m	<ul style="list-style-type: none">→ Our focus is organic investments to scale current business and drive operating leverage→ Expect to manage growth capex within base envelope, though there may be some variability in annual spend depending on phasing of investments→ Base capex <u>excludes</u> new Winstone Wallboards (WWB) plant



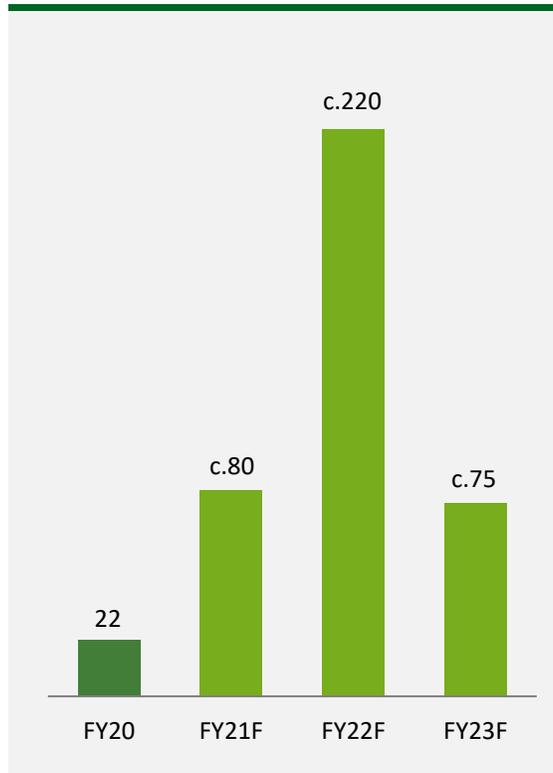
Investment

New WWB plant replaces end-of-life asset and provides growth capacity

NZ Plasterboard Consumption (m²) vs. Population (m)



WWB Investment Phasing (\$m)



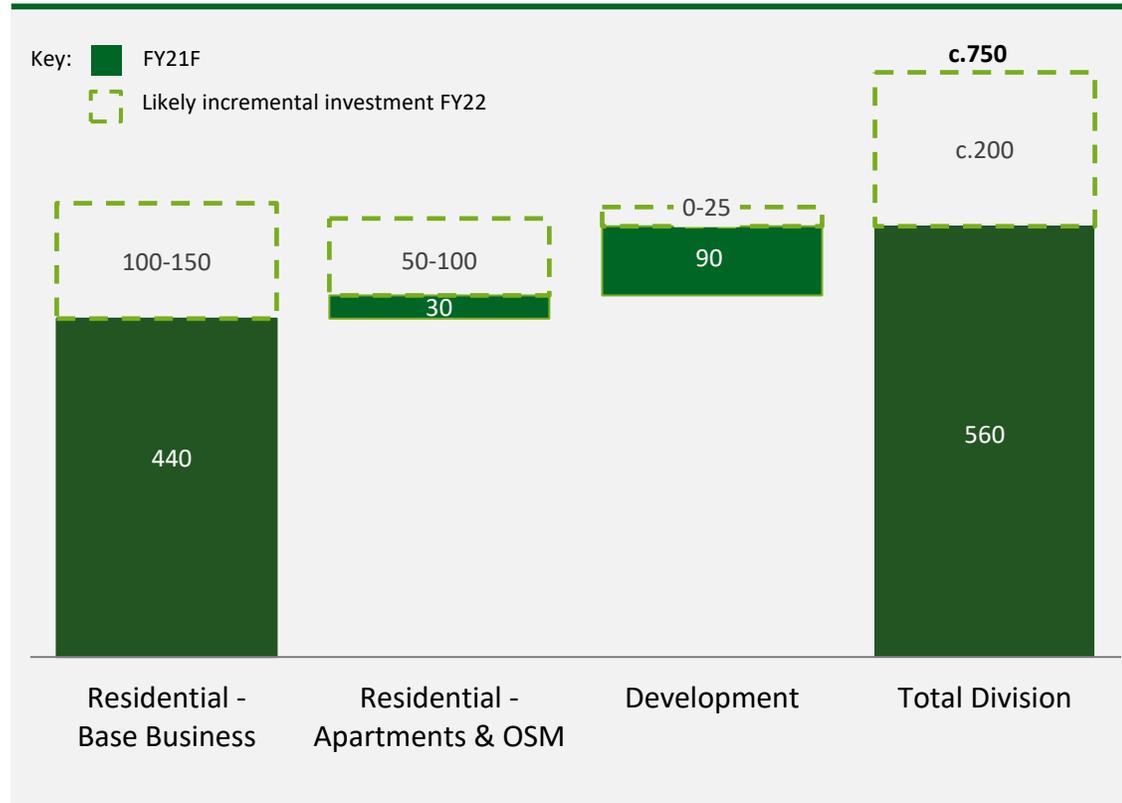
- ➔ New plant near Tauranga provides 30Mm² North Island capacity (currently 20Mm²)
- ➔ Maintenance investment to replace end-of-life asset, also providing capacity for long-term demand and product innovation
- ➔ Construction program advancing well, FY21 capex now expected to be c.\$80m (previously c.\$50m) – no change in overall project cost, timing variance only



Investment

Residential & Development scaling to c.1,000 houses p.a. and proving out growth opportunities
 – expect funds invested to build from c.\$560m currently to c.\$750m in FY22

Residential and Development Funds Invested: FY21F-22F (\$m)



- ➔ Base housing business – scale to c.1,000 units p.a.
- ➔ Growth opportunities – OSM¹, apartments, retirement offer in existing communities
- ➔ Land Development – targeting ongoing \$25m+ p.a. EBIT, combination of surplus FB properties and acquired sites
- ➔ Funds expected to build in FY22 to c.\$750m as we reinvest in land stocks and to support growth opportunities
- ➔ Cash conversion²: averaged c.120% from FY19-FY21; expected to be lower in FY22-FY23 as net working capital builds



Investment

We are making targeted OPEX spend to support delivery of organic growth initiatives

OPEX on Key Initiatives (incremental to FY21 base)	Spend p.a.	Timing
Core Divisions ¹ – product adjacencies, decarbonisation, customer ecosystems	c.\$10-20m	FY22-FY23
Resi & Devt – scaling base business, apartments, OSM, retirement	c.\$5m	FY22-FY23
Digital and backbone systems	c.\$10-20m	FY22-FY25

→ Targeted investment of c.\$30-40m p.a. OPEX (above the line) in FY22-FY23 to support growth initiatives and accelerate systems development

WWB – plant transition costs	c.\$15-20m	FY23
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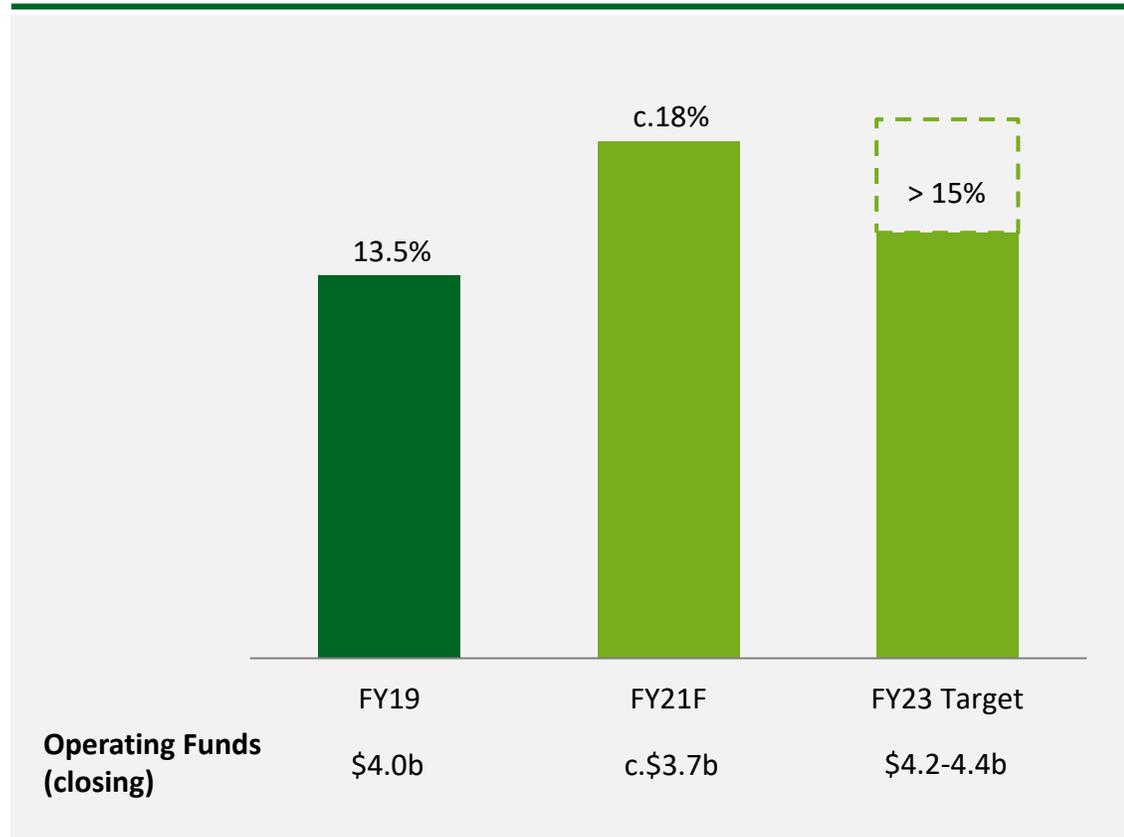
→ WWB plant transition costs in FY23 expected to be a significant item (below the line charge)



Return on investment

Currently exceeding 15% ROFE target – expect to continue to do so as funds base lifts on investments in growth and WWB plant

ROFE¹ (%) and Closing Operating Funds (\$b)



- ROFE¹ target of >15% through-the-cycle, also acts as hurdle for growth investments
- FY21 ROFE well ahead of target
- Operating funds base will lift from FY21 to FY23 on:
 - Growth capex
 - Investment in Residential and Development working capital
 - Completion of WWB plant
 - Unwind of final FCC legacy provisions
- Expect to continue delivering above 15% ROFE target



Cash flow

Working capital target of 5-day improvement in Core Divisions delivered ahead of plan

Working Capital¹ Receivables & Inventory – Core Divisions (days)



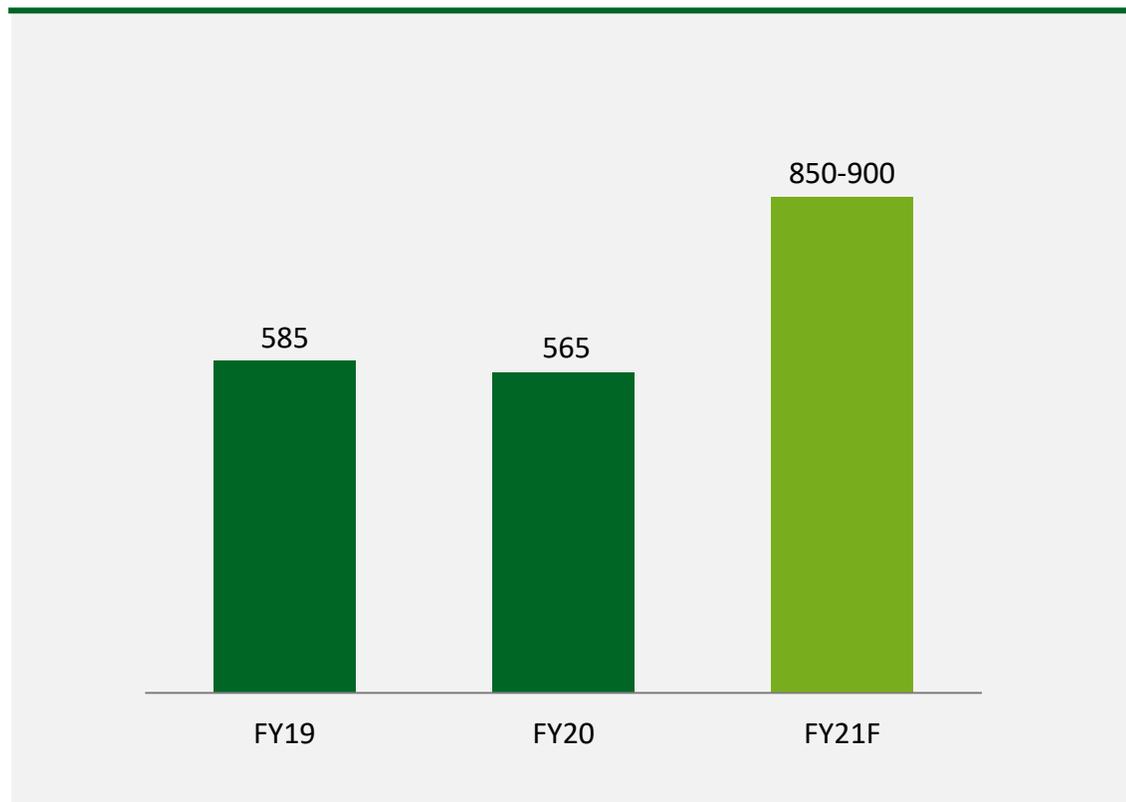
- Target set in FY18 was to reduce Core working capital by 5-days by FY23, through improved stock & receivables management. Creditor terms considered appropriate and held broadly steady
- 1-day = c.\$15m cash release, hence total benefit >\$75m
- Targeted improvement in stock and receivables achieved two years early
- Small amount (c.\$25m) of inventory rebuild expected in FY22 to build supply chain resilience; otherwise working capital now considered to be at appropriate levels



Cash flow

Underlying cash generation of the business has been strong

Underlying Trading Cash-Flow¹ (\$m)



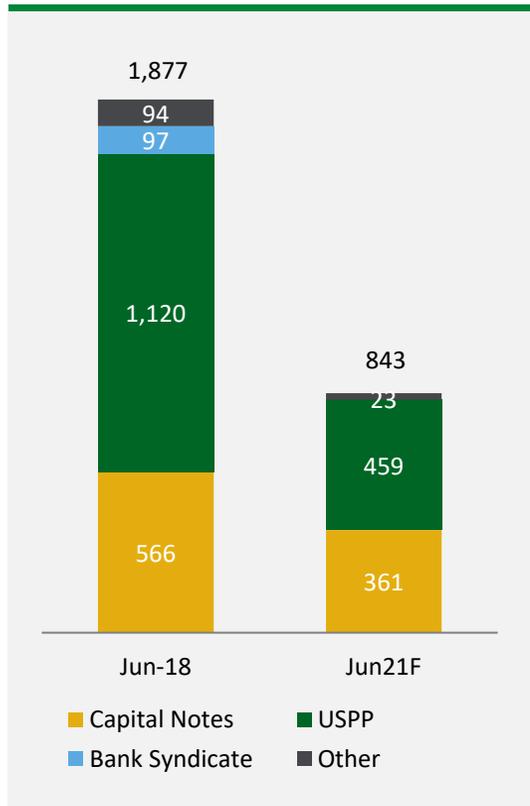
- Group cash generation has been strong: total of c.\$2.0b underlying trading cash-flow¹ in FY19-FY21
- Strong underlying cash conversion² of c.85% in FY19-FY21 – driven by working capital management, strong Residential & Development cash flows, and limited cash tax paid due to FCC legacy losses
- Cash conversion will be lower in FY22-23 as we invest in rebuild of Residential housing inventories and WWB plant
- Expect to return to cash tax payments in NZ mid-2022



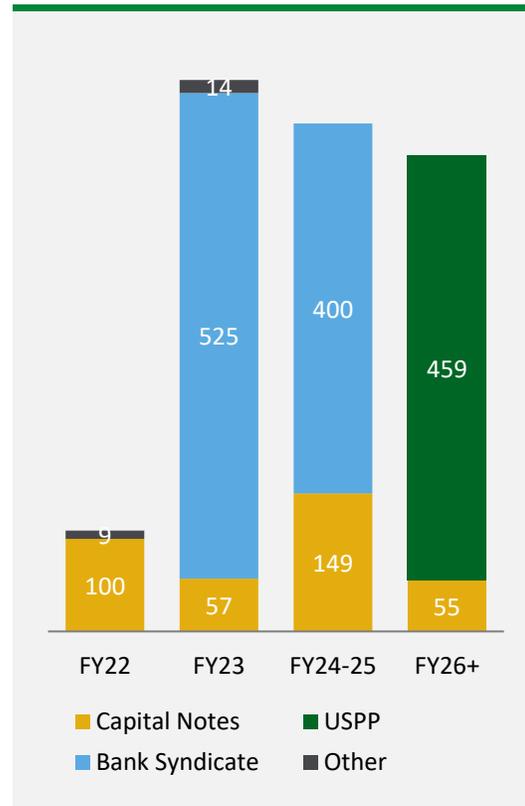
Funding

Drawn debt and funding costs have reduced materially, while maturity and liquidity profiles remain strong

Debt drawings (\$m)



Debt maturity profile (\$m)



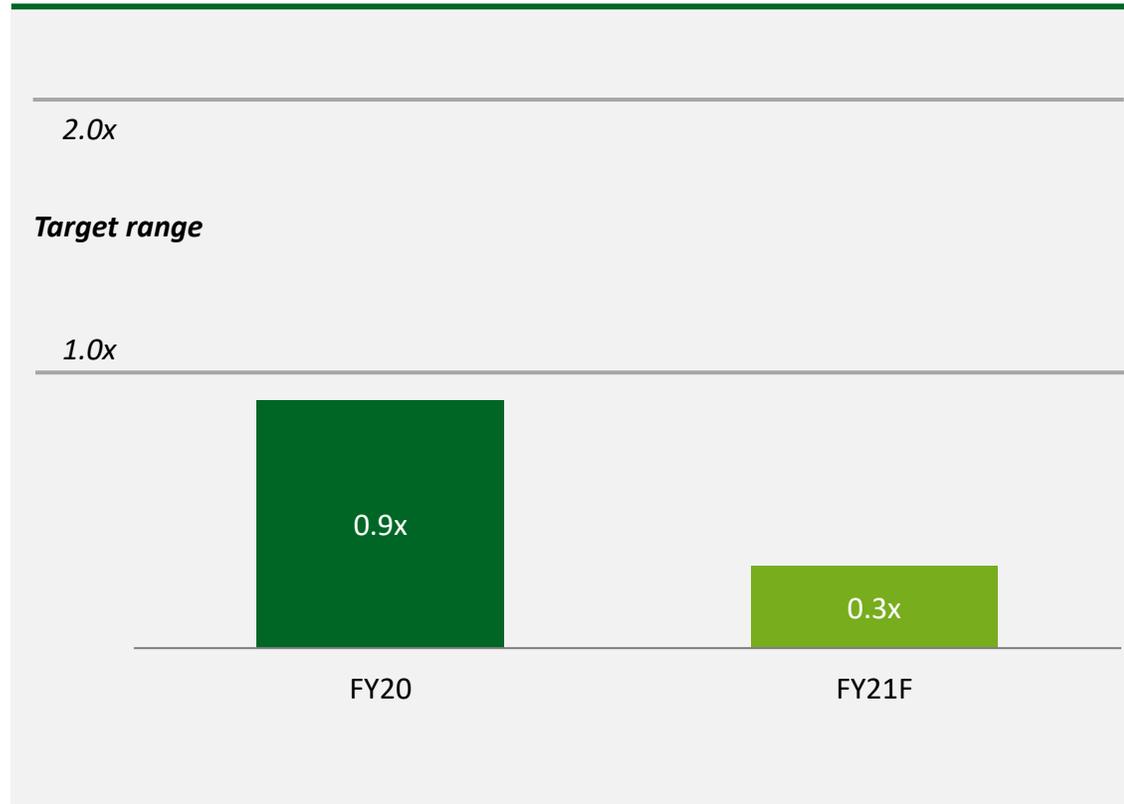
- ➔ Gross debt reduced by c.\$1b since Jun-18
- ➔ Funding costs reduced from \$155m in FY18 to c.\$50m in FY21
- ➔ Robust maturity profile – average 4.7 years
- ➔ Jun-21F liquidity of c.\$1.4b
- ➔ Banking covenants return to normal testing from 30 June; material headroom on all covenants



Leverage

Strong balance sheet, well-positioned to support continued execution of strategy

Leverage (Net Debt / EBITDA)



- Cash generation has supported strong balance sheet position and a sustained reduction in leverage
- Investments in FY22-23 in the WWB plant, Core growth capex, and residential land and housing stocks are expected to lift leverage above the current level of c.0.3x
- However, leverage is still expected to be below bottom end of target range as underlying cash-flows remain strong



Capital return

With the balance sheet materially de-levered, FBU intends to conduct an on-market share buyback of up to NZ\$300m over the next 12 months

- Fletcher Building continuously assesses 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 has a continued preference for prudent balance sheet management; however, projects that its leverage (Net Debt / EBITDA) is likely to remain below the target leverage range in the medium-term
- 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 in June 2021
- Through the course of the buyback period, Fletcher Building will continue to assess market conditions, Fletcher Building's prevailing share price, and available investment opportunities



Dividends

FY21 interim paid and final FY21 dividend expected, targeting a pay-out ratio of 50-75% of net earnings; imputation expected from FY22

- Policy to pay dividends in the range of 50-75% of net earnings before significant items and having regard to available cash flow
- HY21 interim dividend of 12cps paid in March 2021
- Management expects Board to declare an FY21 final dividend in August 2021
- FBU expects to be in a position to impute the FY22 final dividend (giving rise to the NRWT¹ benefit for non-NZ resident shareholders), and targets imputation of at least the final dividend on an ongoing basis
- Franking of dividends not expected in the near-term



FY21 EBIT Guidance

Expected to be \$650-665m, at top end of the prior guidance range

Division	FY21F EBIT ¹
Building Products	\$190-195m
Distribution	\$125-130m
Concrete	\$110-115m
Residential & Development	\$145-150m
Construction	\$25-30m
Australia	\$100-105m
Corporate	\$(55)m
Group	\$650-665m

- FY21 EBIT before significant items expected to be \$650-665m (previously \$610-660m). Updated guidance equates to c.49/51% H1/H2 split
- Trading conditions in 2H21 broadly consistent with 1H21; some impact (c.\$10m-\$15m) in 2H21 from supply chain constraints and input cost pressure (energy, steel)
- Improved outcome on sale of Rocla Gailes site means FY21 Land Development EBIT expected to be c.\$50m
- Rocla: if completed, sale price expected to be c.NZ\$60m, additional non-cash impairment c.\$20m and reclass of FCTR² c.\$30m. Completion targeted for 1Q22
- Significant Items: total FY21 c.\$130m (excluding FCTR)
- Group capex expected to be c.\$230m: base capex c.\$150m, WWB c.\$80m



Summary

Material progress on key financial targets, strong balance sheet, well-positioned for shareholder returns

Margins

- +100bps margin improvement since FY19, driven particularly by targeted efficiency programs
- Path to c.10% margin in FY23

Investment & Returns

- Base capex \$200-250m p.a., residential investment c.\$200m FY22, targeted OPEX spend to support growth
- Exceeding ROFE target of >15%

Cash Flow

- Working capital efficiency embedded, has delivered c.\$75m cash release
- Cash conversion well above target FY19-FY21, lower in FY22-23 as we invest in WWB and Residential

Balance Sheet & Funding

- Strong balance sheet: leverage 0.3x, liquidity \$1.4b, well-placed to support organic growth investments
- Gross debt reduced >\$1b, funding costs reduced >\$100m p.a.

Shareholder Returns

- Well-positioned for sustainable dividend pay-out of 50-75% of net earnings
- In addition, on-market share buyback of up to NZ\$300m over the next 12 months



Questions



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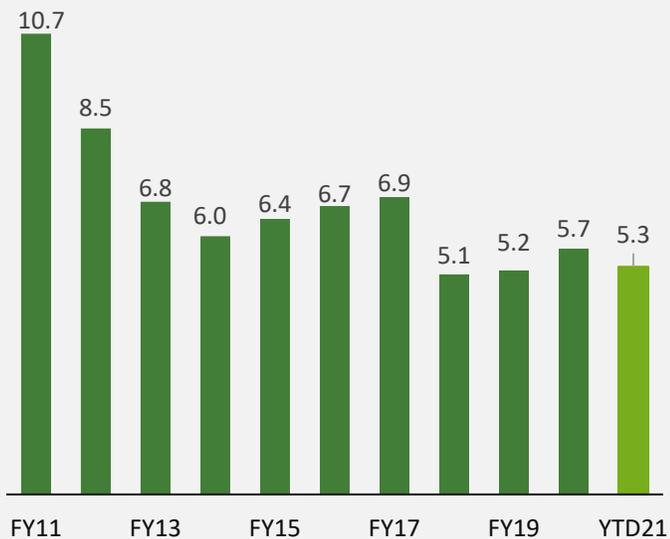
- CE Health & Safety since October 2018
- Leading Protect reset within Fletcher Building
- Previously led health and safety for international organisations in multiple jurisdictions, including North and South America, Europe, Asia, Australia and New Zealand



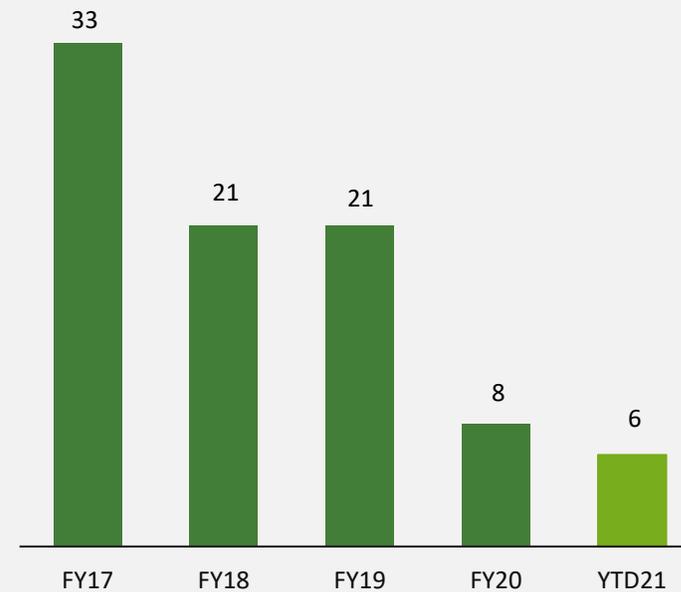
Safety is a key element of our Strategy

Safety

Total Recordable Injury Frequency Rate¹



Serious Injuries²



- 'Protect' safety programme to realise a future where *zero injuries everyday* is possible
- Current focus is on critical risks, high potentials, and resetting culture & behaviours
- Serious Injury elimination is our initial goal
- TRIFR target to under 3.0 in the long run (well below industry average)

1. TRIFR = Total no. of recorded injuries per million man hours worked. Does not include Restricted Work Injuries

2. Serious Injury include immediate treatment as an in-patient at hospital for more than 24 hours or immediate treatment for a serious injury or illness as defined by Safe Work Australia

YTD21 = Data presented is from Jul-20 to Apr-21



The five pillars of our Protect strategy



**SHIFT
MINDSETS**



**DEVELOP
LEADERS**



**ENABLE
FRONTLINE**



**MANAGE
CRITICAL RISKS**



**DRIVE
ACCOUNTABILITY**





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- Appointed CE of the Building Products Division in June 2019. Prior to this, he was CE of the Steel Division
- Having risen through the business from shift manager, Hamish has deep operational knowledge of our manufacturing plants, supply chains and customer



Building Products

The leading New Zealand building products solutions provider

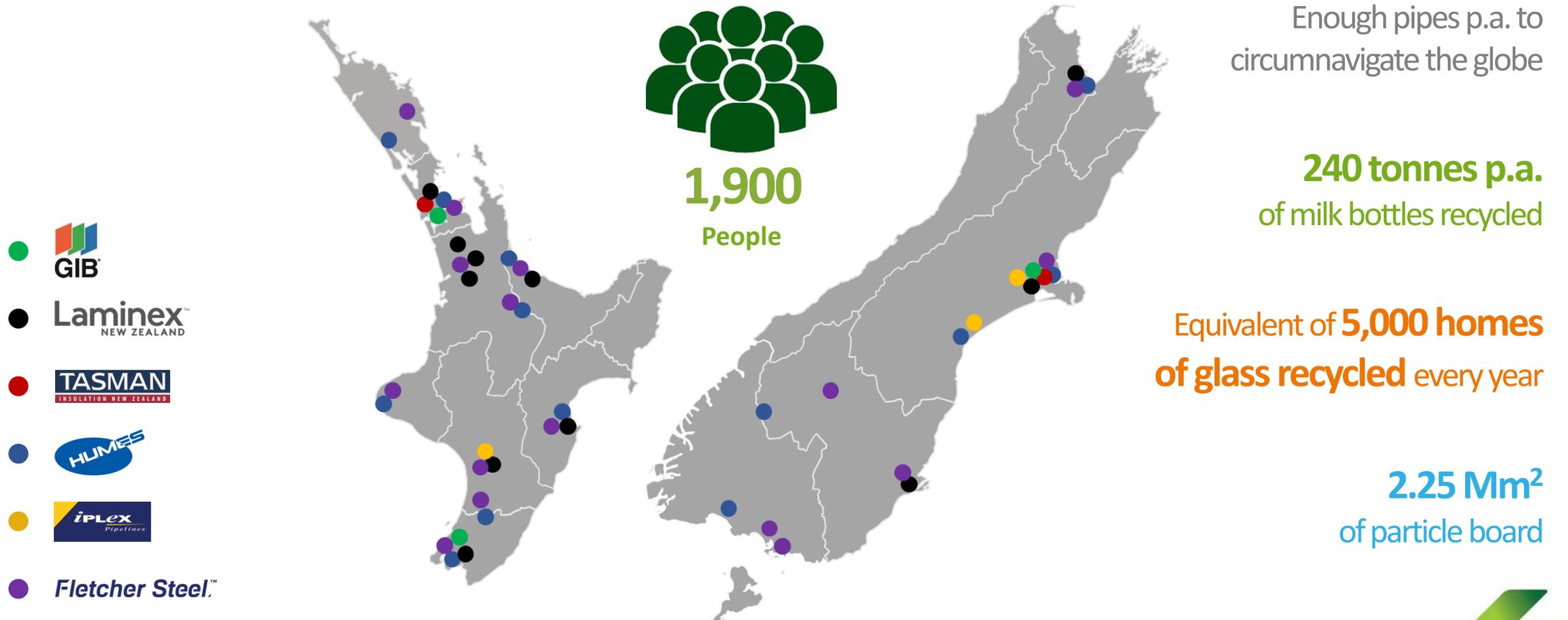
- ➔ Market leading building products brands for the finishing trades with world leading technical product knowledge
- ➔ Integrated value chain in pipes, servicing a wide range of customers
- ➔ Balanced portfolio of Steel businesses holding No. 1 or No. 2 position across its categories

	Business Unit	Overview
Products		<ul style="list-style-type: none"> Winstone Wallboards is NZ's only manufacturer and distributor of plasterboard and drywall systems under the iconic GIB® brand
		<ul style="list-style-type: none"> Laminex NZ provides a range of decorative surfaces and panel products. It manufactures particle board and low pressure laminated products and distributes a range of products including Strand board, Formica HPL and Caesarstone
		<ul style="list-style-type: none"> TINZ is New Zealand's only manufacturer and distributor of glass wool insulation under the Pink Batts brand. Supported by a nationwide installer network trading as Pinkfit
Pipes		<ul style="list-style-type: none"> Humes is a manufacturer of concrete pipes, precast concrete products and a distributor of drainage products and solutions via its 14 distribution sites
		<ul style="list-style-type: none"> Iplex is a manufacturer of plastic pipe, offering a broad range of products / solutions for the civil, rural, plumbing, energy and communication sectors
Steel	Fletcher Steel™	<ul style="list-style-type: none"> Portfolio of businesses, operating under the umbrella of Fletcher Steel, includes EasySteel; Pacific Coilcoaters; Dimond Roofing; Fletcher Reinforcing; CSP Pacific; and Fletcher Wire Products



Building Products

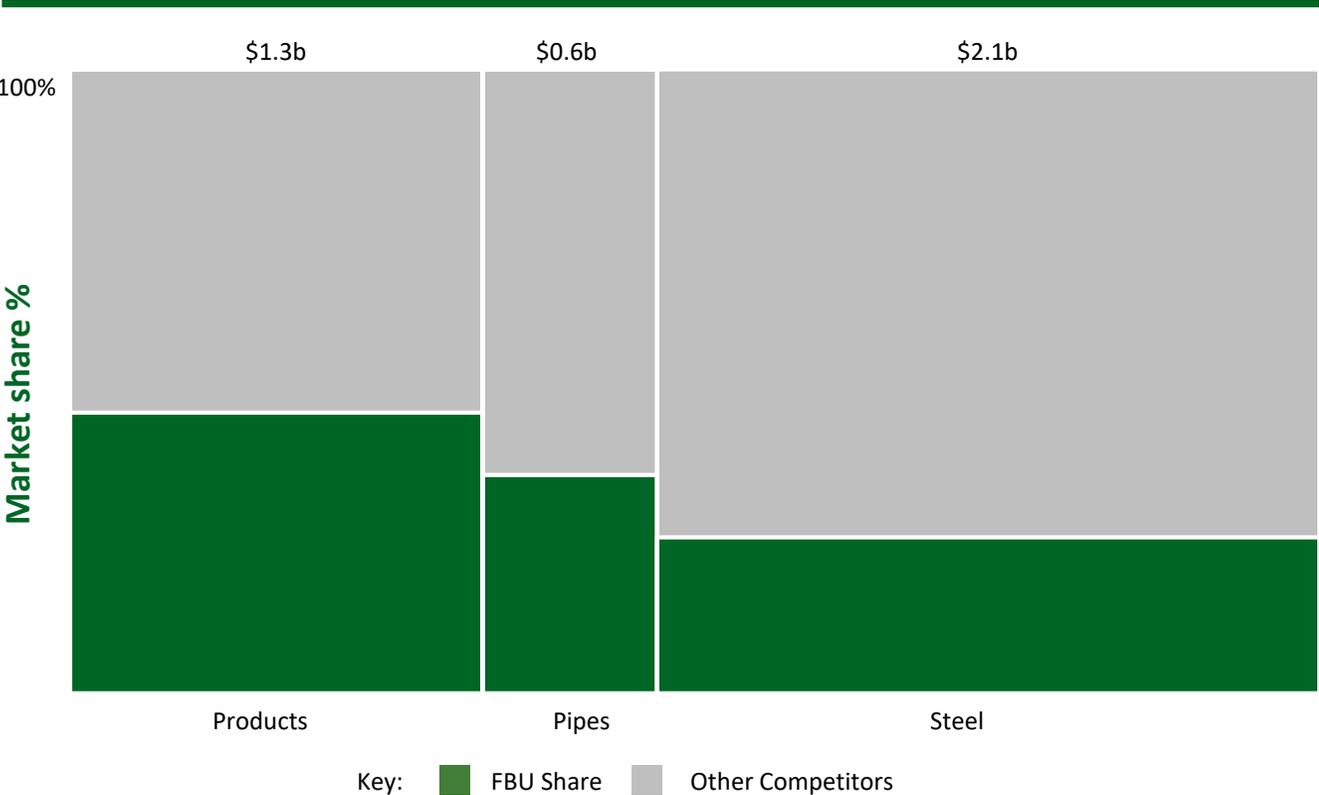
We have an unrivalled network across New Zealand



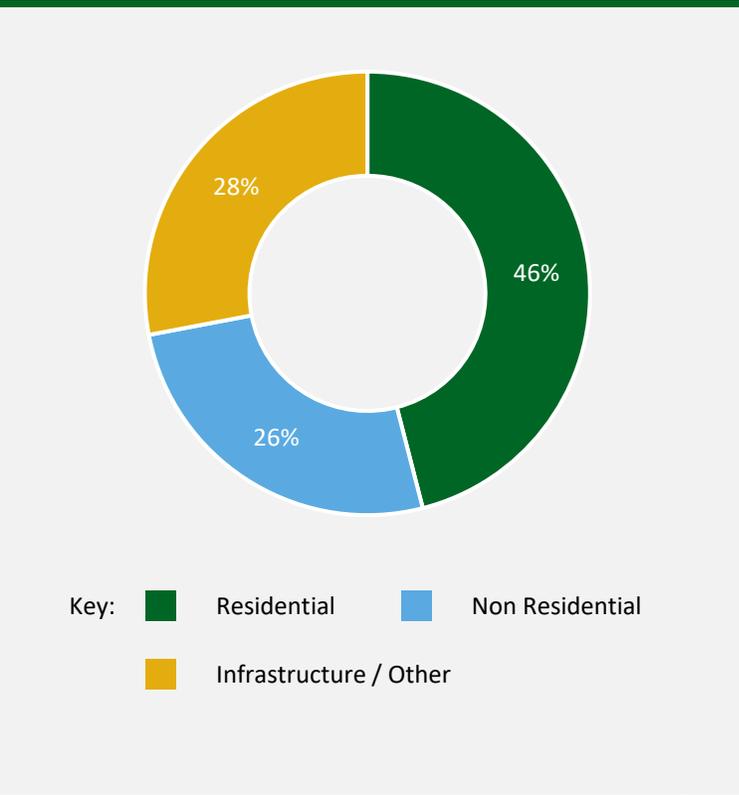
Building Products

Leading market positions across the building products, pipes and steel verticals

Market Size (\$b) and Share (%)



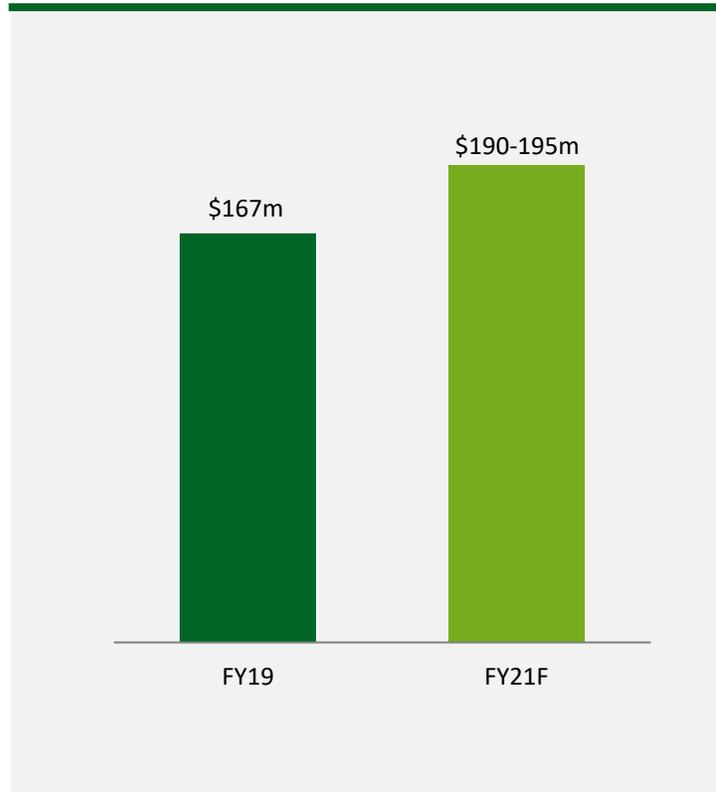
HY21 Revenue Weighted Sector Exposure



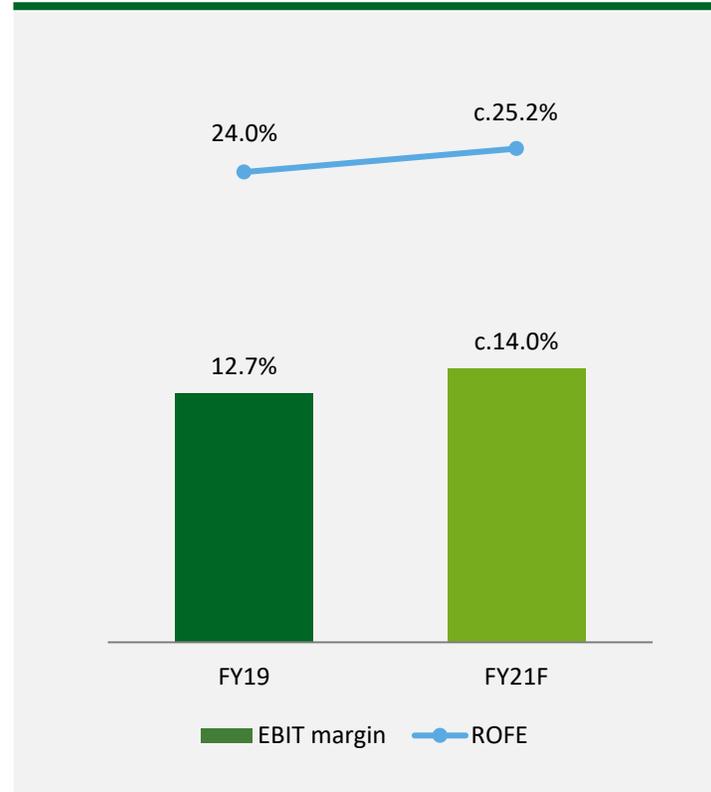
Building Products

Business strategies and cost bases reset, c.14% EBIT margin sustainable

EBIT (\$m)¹



EBIT Margin¹ (%) and ROFE² (%)



Key Non-financial Measures

	FY19	YTD21
TRIFR ³	6.4	7.6
NPS	35	46
Engagement	72%	73%
Carbon ('000t) ⁴	62	50

1. Before significant items; FY19 is adjusted for proforma IFRS16 to allow like-for-like comparison

2. ROFE (Return on Funds Employed) calculated based on closing funds

3. TRIFR = Total no. of recorded injuries per million man house worked, does not include Restricted Work Injuries, YTD is 10 months ended 30 April 21

4. Combined scope 1 & 2 carbon emissions, YTD21 is 9 months ended 31 March 21



Building Products

Investing in the foundations for future growth

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

Automation

- ➔ Automation of manufacturing and supply chain

New product development

- ➔ Products – Weatherline, Barrierline, expanded commercial insulation offer
- ➔ Pipes – rainwater, PE long-run and coiling solutions, expansion into new segments with existing products
- ➔ Steel – solar profiles, EV charging solutions

Innovation

- ➔ Continued development and expansion of digital capability, providing greater customer intimacy
- ➔ Commenced work on broader gypsum board range to optimise new Tauriko plant capability post commissioning

New ventures

- ➔ Dedicated team funded in FY22 and FY23 to identify and execute on medium-term growth adjacencies



Building Products

Strong focus on efficient sites and new product development

Lowest delivered cost

Leadership in innovation, sustainability, and growth via disruption

Automation of manufacturing and supply chain



- TINZ Bagger and Bag Placer
- Productivity improvement ~7%



- Laminex LPL Rainbow Packer
- Sorts, stores and restacks LPL sheets into rainbow packs
- Allows customer orders to be consolidated, lowering cost to serve and increasing throughput

Programme of new product development – Laminex

	FY21 Actions In Progress				FY22				FY23			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Benchtop/ Counter tops		Alucci HPL EBC 	Caesarstone update 	Laminam update 		Compact Colorcore 	HPL Renovation 		CONFIDENTIAL			
Panels (cabinetry, walls, partitions, furniture, doors)	Woodgrain 			Laminam Update 	Melleca Update 	Premlum 25mm 	CONFIDENTIAL	EBC cabinetry 	CONFIDENTIAL	Acrylic Glass 	CONFIDENTIAL	CONFIDENTIAL
Building products						EO Particle board 		CONFIDENTIAL	CONFIDENTIAL	CONFIDENTIAL	CONFIDENTIAL	
Facades									CONFIDENTIAL			



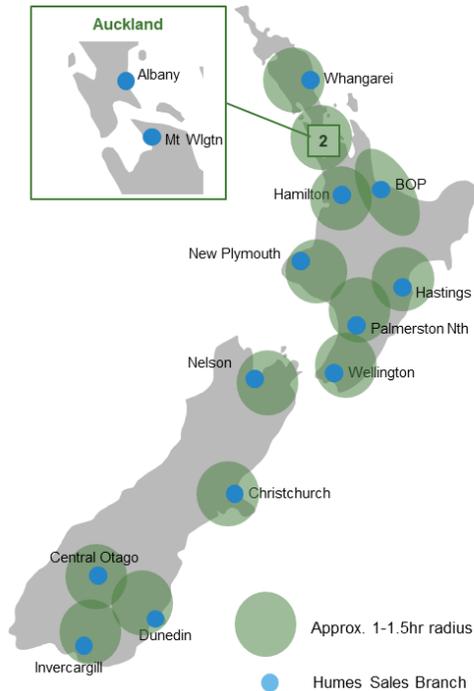
Building Products

A simplified distribution business and a low cost, efficient manufacturing footprint

Lowest delivered cost

FY21

14 Distribution Sites



- ➔ Consolidating North Island pipe manufacturing
- ➔ Expanding operational footprint in Papakura
- ➔ Upgrading plant equipment to automate processes

FY23

▲ 2 Pipe Manufacturing Plants ● 3 Precast Sites



Building Products

Steel well-positioned for ongoing share gain



Best-in-class manufacturing

- Upgrade of PCC ovens commencing FY22. Will generate improved operational efficiencies, product offerings and significant reduction in carbon emissions c.50%
- Plant modernisation programme across Reinforcing, Dimond and Easysteel processing sites continued

Category review

- Have rebalanced our categories, with an improved cost to serve focus, introduced specialist product roles
- Adding new product solutions in roofing and infrastructure

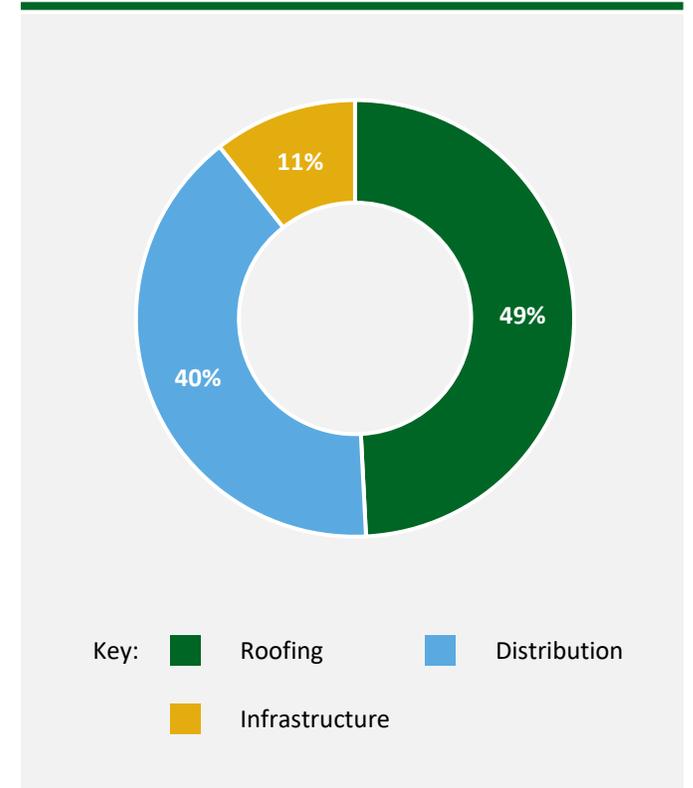
Network optimisation

- Closed two sites in the South Island and moved to a new purpose-built site in Wellington
- National footprint optimised to provide short lead-time, local availability on core products

Service focus

- Developing digital solutions that are in line with customers' needs and reduce cost to serve
- Fletcher Steel NPS of 43 for FY21 YTD

EBIT Weighting FY21F



Building Products

Winstone Wallboards investment delivering capacity and innovation



Building Products

Closing summary

- Business strategies and cost bases reset
- Strong focus on modern, automated manufacturing plants to drive operational efficiency
- Good programme of NPD aimed at broadening our addressable market
- Opportunities to push into adjacent sectors to deliver medium-term growth

Significant improvement in performance, maintaining EBIT margin at c.14% sustainable at current activity levels



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- 18 years global experience in cement, aggregates, concrete and related businesses
- Joined Fletcher Building in January 2021. Prior to this, he was CEO of Holcim Switzerland & Italy, and Global Head of Cement Operations and CEO of Holcim Ecuador
- Diplomas in Economics from University of Zurich; Harvard AMP & Singularity University alumni



Concrete

Leading NZ Concrete business based on strong brands, capabilities and footprint

- Covering full concrete value chain, only in-country manufacturer of cement
- Unique footprint and logistics network, technical capabilities and brands
- Well-positioned in the fastest growing NZ markets and sectors (residential, infrastructure)

Business Unit

Overview



- Leader in Certified Concrete (ready-mix), masonry (concrete blocks and pavers) and Dricon (bagged dry concrete)
- 75 certified, six masonry and two Dricon plants across NZ
- Strong products and solutions across all major segments (residential, infrastructure and commercial)



- Only local integrated manufacturer of cement / special binders and distribution services
- State of the art plant at Portland with dedicated shipping, trucking and rail distribution; six service centres nationwide
- Full suite of products & services for industrial and retail customers



- Leader in aggregates, recycling / clean fill and transportation services
- 11 active quarries, six clean fills and 74 trucks nationwide serving all major markets across NZ
- Strong capability to offer integrated solutions and services to industrial, infrastructure and retail customers

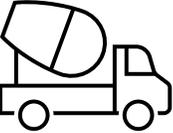


Concrete

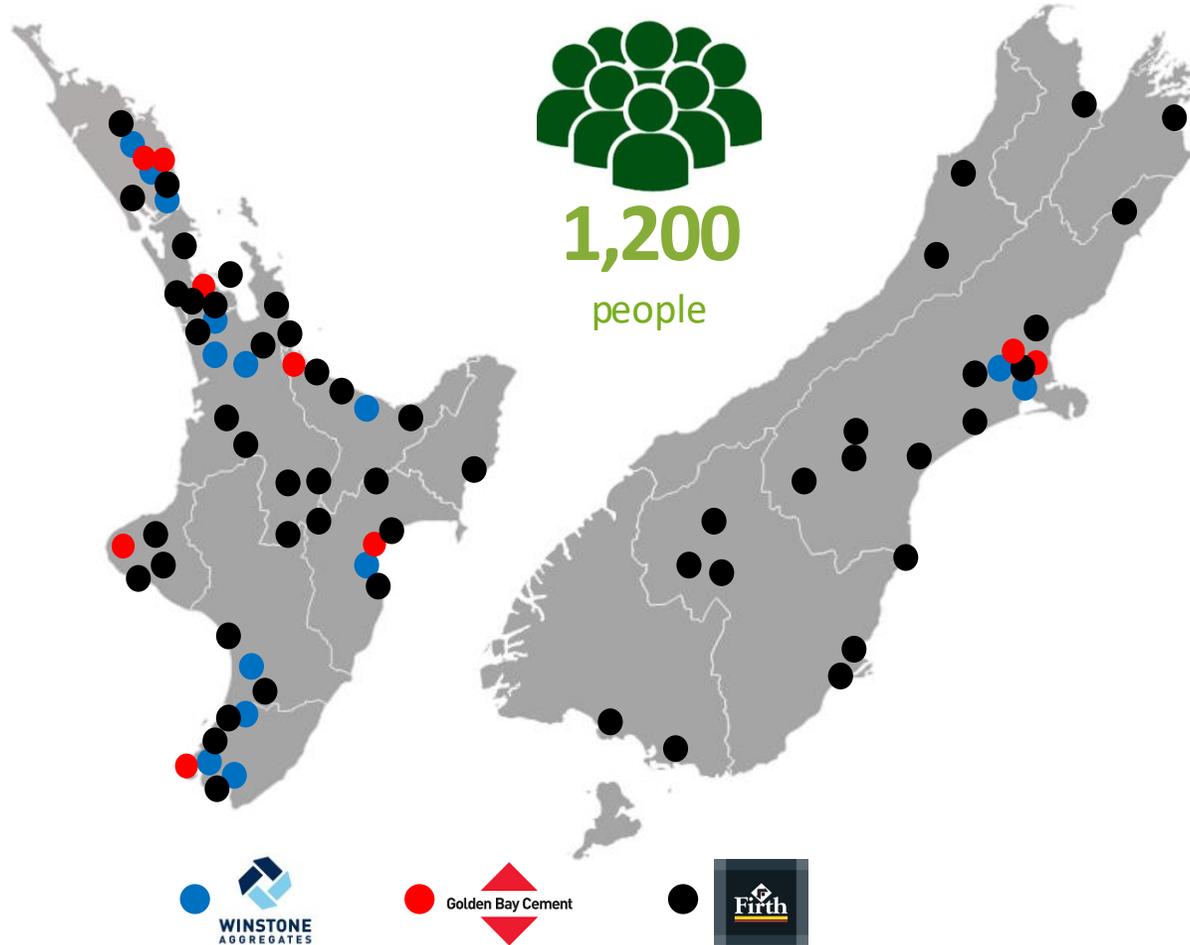
Unique footprint and capabilities to serve customer needs across New Zealand

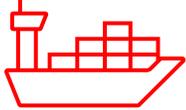

>4,000
customers


>100
points of sale

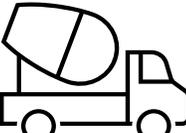

>1,000
concrete mix
designs


1,200
people




38,000
nautical miles


225,000
truck loads

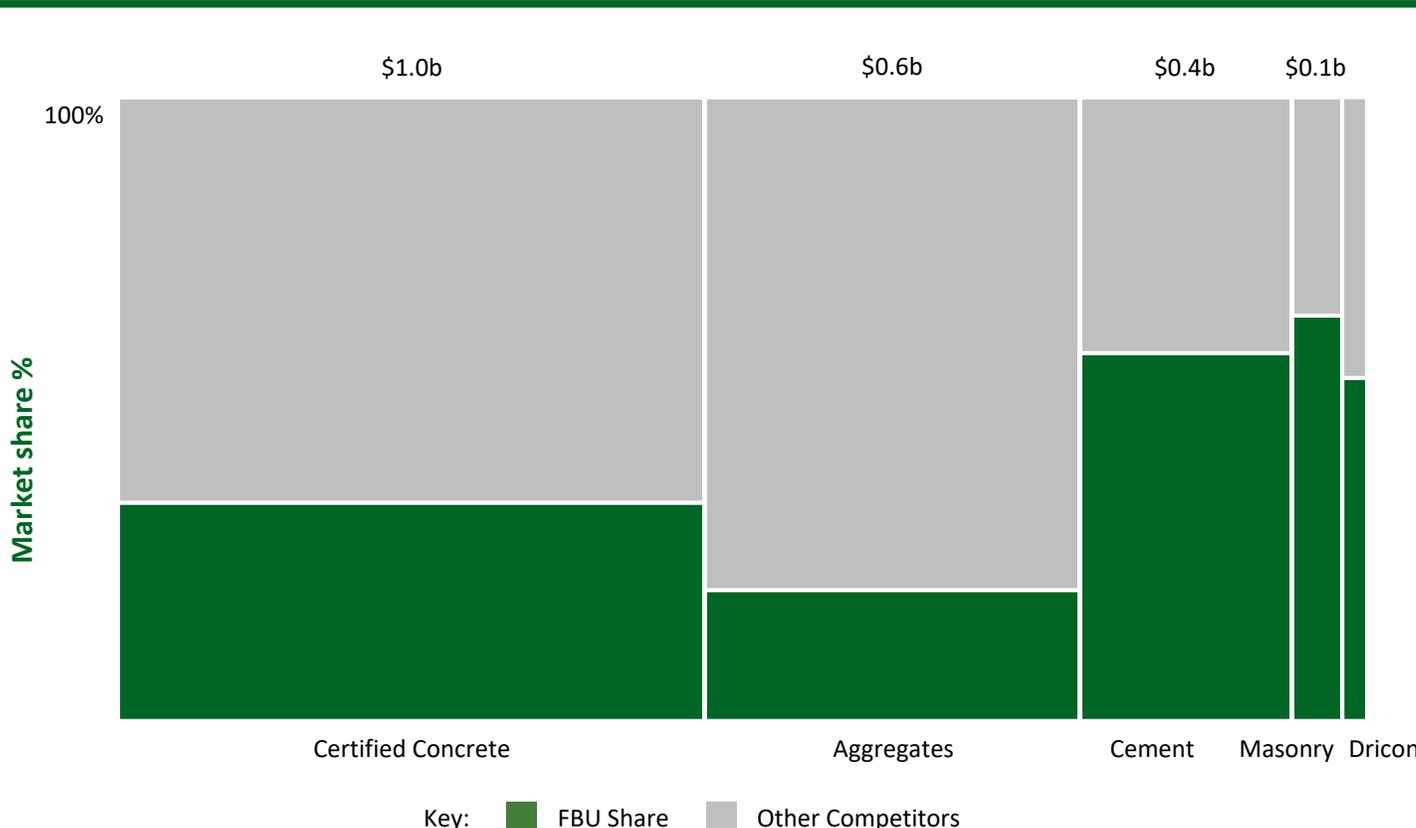

340,000
ready-mix deliveries



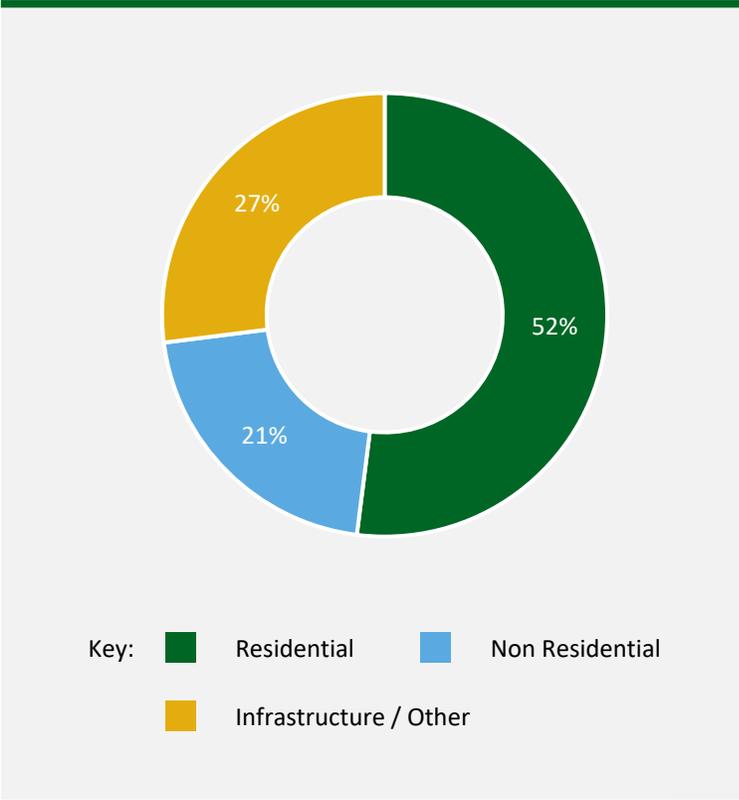
Concrete

Well-positioned across concrete value chain and exposure to most attractive sectors

Market Size (\$b) and Share (%)



HY21 Revenue Weighted Sector Exposure



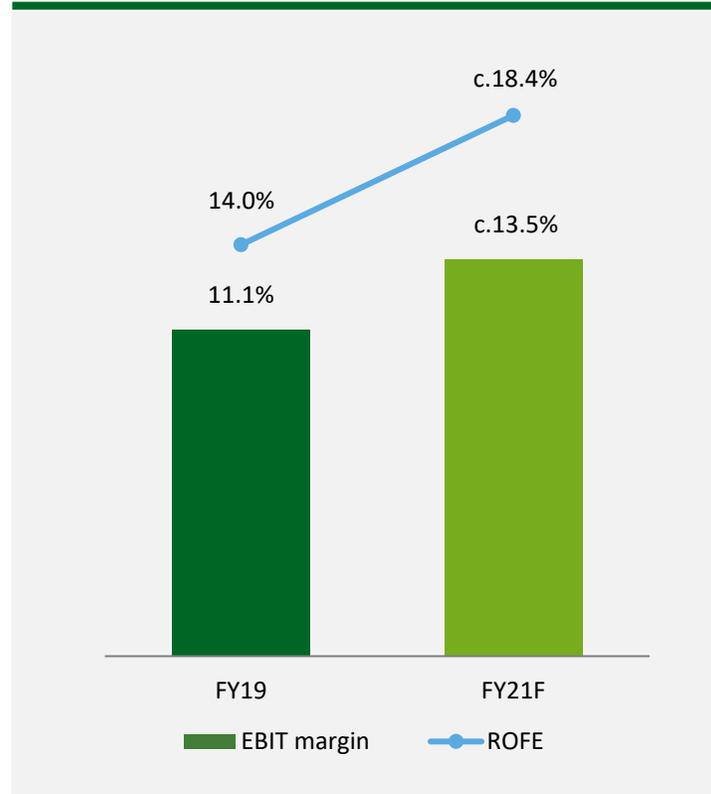
Concrete

Solid improvement of profits and returns since FY19

EBIT (\$m)¹



EBIT Margin¹ (%) and ROFE² (%)



Key Non-financial Measures

	FY19	YTD21
TRIFR ³	2.0	2.9
NPS	51	64
Engagement	75%	72%
Carbon ('000t) ⁴	686	512

1. Before significant items; FY19 is adjusted for proforma IFRS16 to allow like-for-like comparison

2. ROFE (Return on Funds Employed) calculated based on closing funds

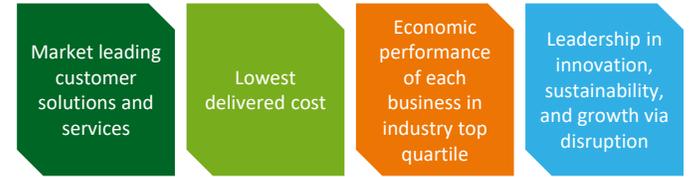
3. TRIFR = Total no. of recorded injuries per million man house worked, does not include Restricted Work Injuries, YTD is 10 months ended 30 April 21

4. Combined scope 1 & 2 carbon emissions, YTD21 is 9 months ended 31 March 21



Concrete

Initiatives in place to drive both margin expansion (1-2%) and above market growth in the short- and medium-term



FY21-23 top line growth and cost reduction initiatives

Market leading solutions & services

- Growth through differentiation (enhanced products & service offering)
- Full benefit from asset renewal and debottlenecking

Lowest delivered cost

- Footprint & supply chain optimisation
- Operational excellence and lean support organisation

FY23+ growth opportunities

Innovation

- Innovative products & services
- Integrated solutions offering

Digital

- Operation & supply chain optimisation
- Digital customer experience

Sustainability

- Alternative fuels & raw materials
- Supplementary cementitious materials
- Concrete recycling & re-use



Concrete

Innovation as key driver for growth

Leadership in innovation, sustainability, and growth via disruption

From innovative products...



+\$2m sales
>25% growth
from masonry products



+2m sales
>25% growth
from differentiated certified concrete

... to integrated solutions



+\$4m sales
>30% growth
retaining wall systems



+\$2m sales
>30% growth
X-Pod flooring system



Concrete

Digital as key driver for growth

Market leading customer solutions and services

From digital operation & supply chain...



40% digital
certified delivery
process



-\$1m cost
by digital quarry
surveying & design

... to digital customer experience



1st in NZ
digital RMX B2C sales
channel



>50% digital
cement supply chain



Concrete

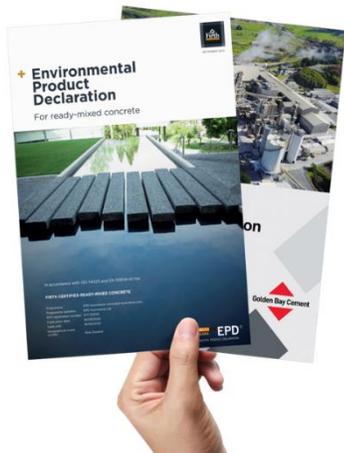
Sustainability as key driver for growth

Leadership in innovation, sustainability, and growth via disruption

From leading CO₂ footprint...



35% substitution
of coal with
alternative fuels



95% products
of RMX products
with Environmental
Product Declaration

... to circular solutions



>\$3m contribution
from alternative fuels
and raw materials in 2021



>25,000t
of supplementary
cementitious materials
in 2021



>50,000t
of recycled & reused concrete
in 2022



Concrete

Closing summary – NZ Concrete provides strong platform for sustainable growth

NZ leading concrete business based on strong brands, capabilities and footprint

- FY21-23: Performance improvement driven by top line and cost initiatives
- FY23+: Significant Growth opportunities related to:
 - Innovation: innovative products, services and integrated solutions
 - Digital: digital operational, supply chain and enhance customer experience
 - Sustainability: leverage leadership in CO₂ reductions to circularity in products and building

Initiatives in place to drive margin expansion (1-2%) and above market growth in the short- and medium-term



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- Proven track record of driving change during seven years at Fletcher Building and previous tenure
- Led Distribution Division through cost structure reset, driving digital innovation and pivoting for market growth
- CA qualified; Bachelor of Commerce from the University of Canterbury



Distribution

Leading trade distribution businesses in New Zealand

- Leading trade distributor across the NZ market in building and plumbing supplies with strong geographic network reach
- Positioned for growth across the key metro markets, with a strong regional play to diversify sales and earnings risk
- Investing in capability to deliver market leading customer service through an integrated digitised supply chain
- Harnessing digital capability to enable our customers to transact when and where they need it
- Deep customer connections, leading technical knowledge and strong grass roots presence through leading respected brands

Business Unit

Overview



- PlaceMakers has served the NZ building industry for 40 years, 64 branches nationwide
- It operates as New Zealand's largest supplier of building materials and hardware, selling over 74,000 product lines from concrete to paint and plasterboard



- Leading timber framing fabricator in New Zealand
- Eight plants across New Zealand producing over 100,000m³ of timber framing p.a.



- Mico has 75 years of experience in providing plumbing and bathroom products throughout New Zealand, 65 branches nationwide
- Mico's team delivers customers with a wide range of products from piping and valves to baths, vanities and more



- Forman Building Systems has been delivering energy efficient quality environments for over 100 years
- Specialist Distributors of Insulation, Ceilings, Wall and Passive Fire



Distribution

Strong presence across New Zealand



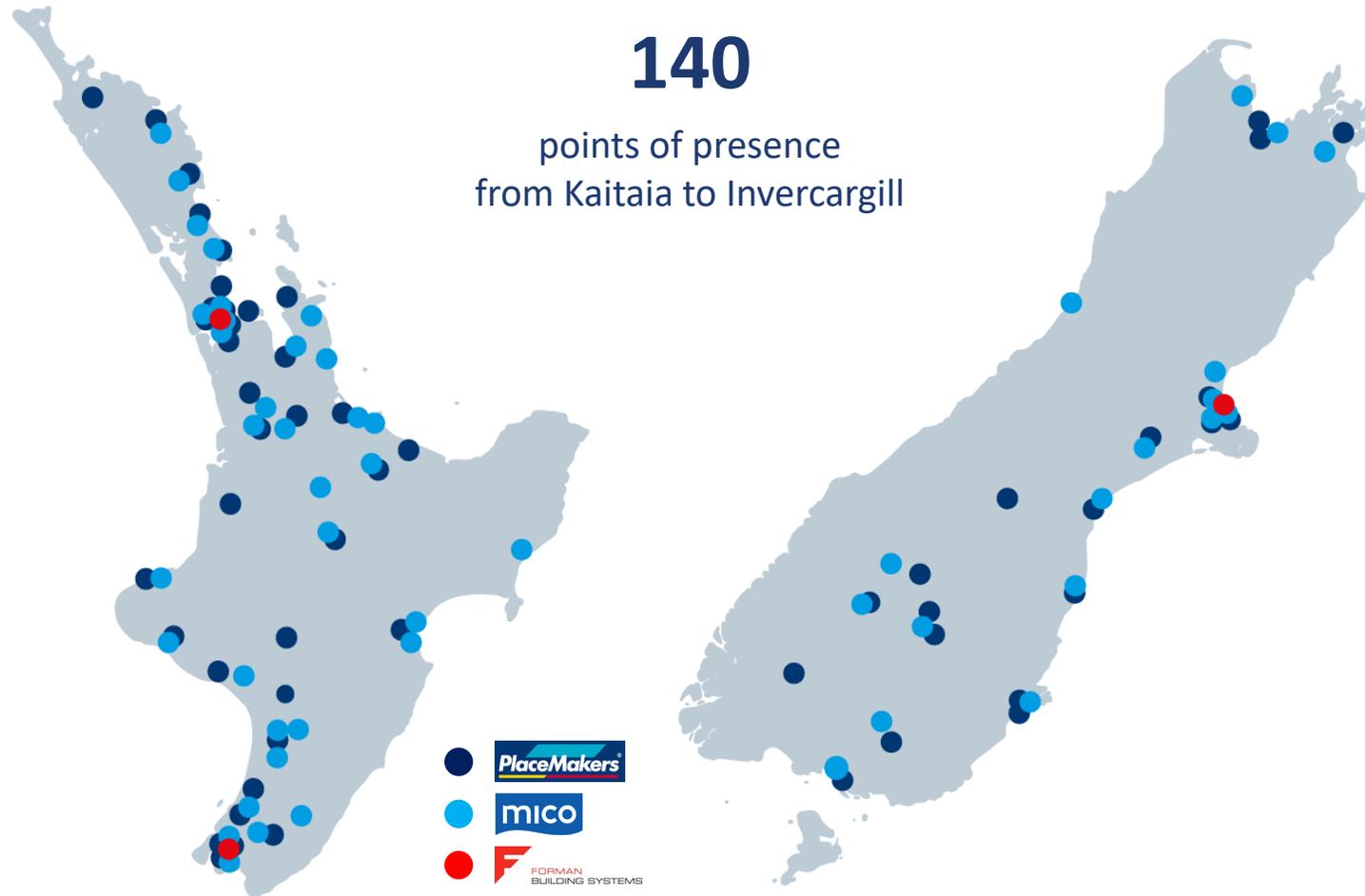
4m+

customer visits a year



70k+

trade customers



2,500

people



250,000

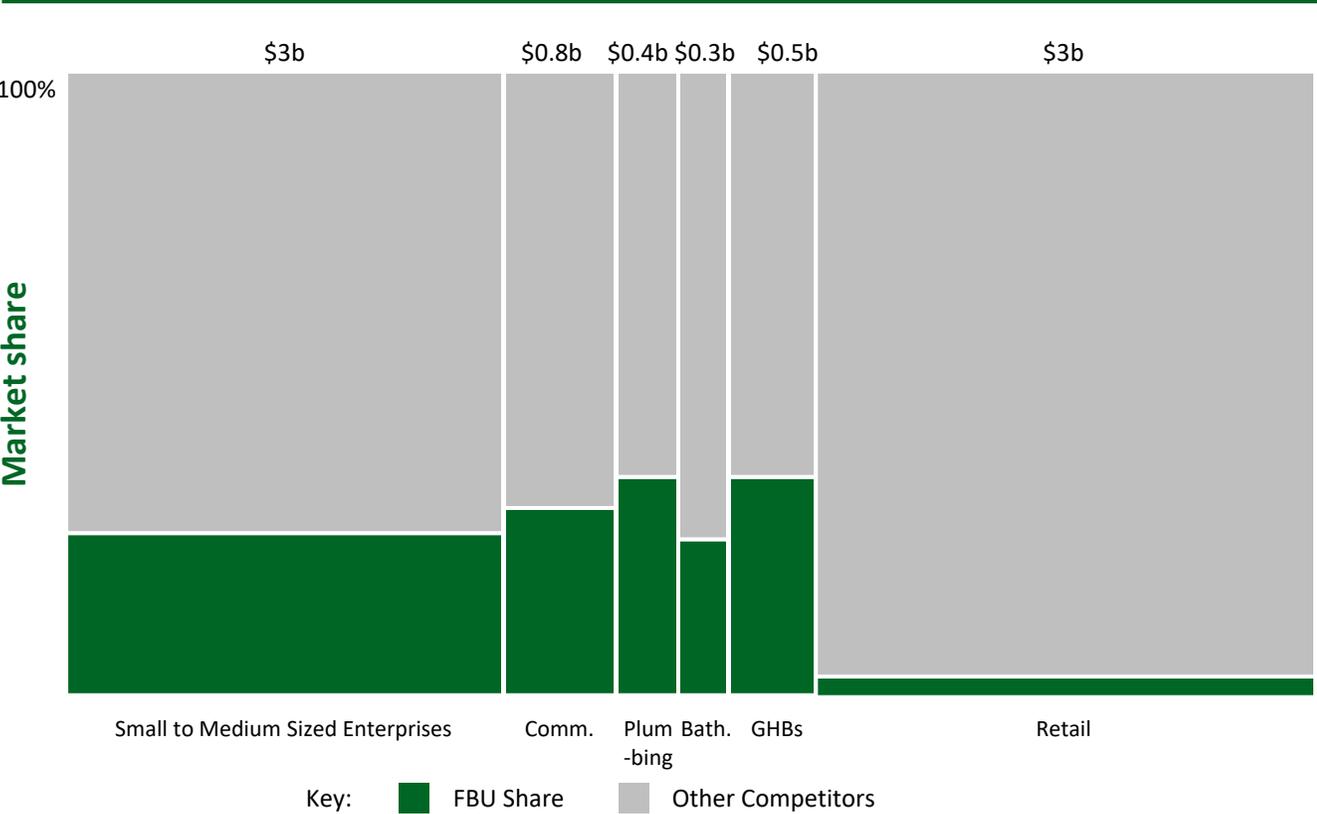
customer deliveries



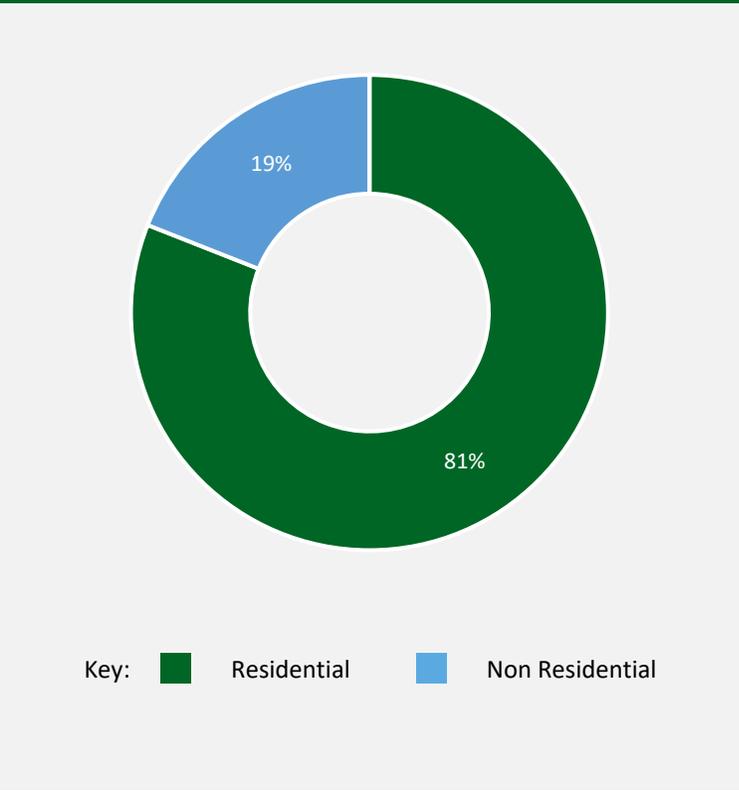
Distribution

Well-positioned in trade market mainly exposed to residential sector

Market Size (\$b) and Share (%)



HY21 Revenue Weighted Sector Exposure



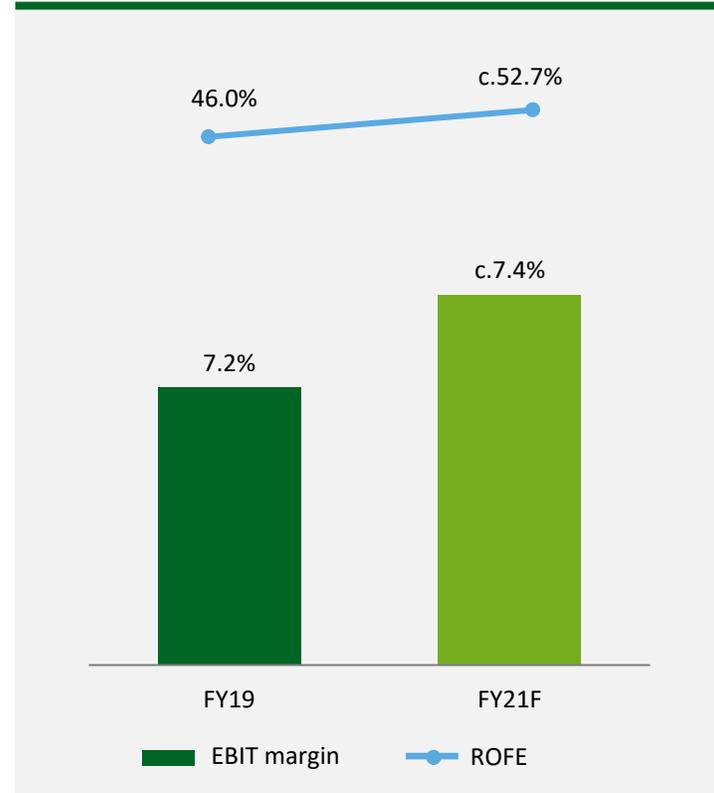
Distribution

Sustainable performance improvement through efficiency savings

EBIT (\$m)¹



EBIT Margin¹ (%) and ROFE² (%)



Key Non-financial Measures

	FY19	YTD21
TRIFR ³	5.8	5.8
NPS	36	38
Engagement	75%	68%
Carbon ('000t) ⁴	8	7

1. Before significant items; FY19 is adjusted for proforma IFRS16 to allow like-for-like comparison

2. ROFE (Return on Funds Employed) calculated based on closing funds

3. TRIFR = Total no. of recorded injuries per million man house worked, does not include Restricted Work Injuries, YTD is 10 months ended 30 April 21

4. Combined scope 1 & 2 carbon emissions, YTD21 is 9 months ended 31 March 21



Distribution

Near-term operational focus on continued profitable growth

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

- Strong foundations in place to drive ongoing operational performance improvements in the current business
- Target to capture a greater share of our customers spend with deeper data analytics to grow leadership position in key categories
- Enhancing our service offerings to improve customer service and engagement
- All to capture a greater mix of margin accretive customers, drive market share gain and earnings growth



Distribution

Key strategic priorities to drive market share gain and earnings growth

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

Market leading customer solutions and services

- E-Commerce with seamless integration into customer ecosystems
- Big data analytics to create customer insights and solutions

Lowest delivered cost

- Network optimisation for customer centricity and efficiency
- Workforce optimisation standardising new ways of working

Economic performance of each business in industry top quartile

- Customer segmented pricing & discount management
- Procurement value creation through smart sourcing

Leadership in innovation, sustainability, and growth via disruption

- Digitised end-to-end supply chain to deliver best-in-class order fulfilment
- Sales excellence to capture market share and share of wallet growth



Distribution

E-Commerce with seamless integration into customer ecosystem

Market leading customer solutions and services

What have we done to improve performance?



- Launched PlaceMakers mobile app & portal capability in Q1 FY21
- Mobile capability for flexible customer use
- Live stock availability and personalised pricing

What we are doing to drive growth

- Constantly improving customer experience through enhanced functionality, such as “Skip the Counter”
- Building customer personalisation with marketing automation to create targeted offers
- Regional test and learn customer experiences to build customer adoption
- 27% of trade customers registered on the platform
- Quickly grown to 2.1% of monthly sales



Distribution

Network optimisation for customer centricity and efficiency

Lowest
delivered cost

What have we done to improve performance?



Grouped geographically close metro PlaceMakers branches to:

- Drive scale efficiencies
- Improve customer service
- Enable property reconfiguration

What we are doing to drive growth

- Simplified and aligned regional leadership to drive consistency of execution
- Products delivered from nearest branch or DC, closest to site delivery
- Unified and cohesive sales team that collaborates to take market share
- Streamlined technical customer support to deliver consistent and superior service
- Improved purchasing power with more efficient inventory management



Distribution

Digitised end-to-end supply chain

Leadership in innovation, sustainability, and growth via disruption

What have we done to improve performance?



Created PlaceMakers delivery services, digitising distribution capability to drive improved:

- Safety and efficiency
- Customer service
- Delivery to expectation (DIFOT)

What we are doing to drive growth

- Digitising branch processes to capture customer order information, reduce errors and create a frictionless customer experience
- Customer receives digital visibility of product on their order / delivery
- 1.4 million advance delivery notifications, now with “Uber-style” live delivery tracking
- Advanced analytics to provide insight on operational performance and customer insights
- Growing the fleet size and delivery capability to deliver specialist product



Distribution

Closing summary – driving transformation through digital capability and delivery

- Strong financial performance with growing EBIT margins and strong return on funds employed (ROFE)
- Ongoing innovation in customer-focused digital solutions to drive a seamless integrated supply chain to make it easier for customers to do business the way they chose
- Key transformation initiatives underway to position the business for the future in a competitive market
- Market leading brands and capability to capture greater share of customer spend and grow overall market share in key segments by 0.5-1.0% each year

Sustainable earnings growth through focused top-line sales growth, pricing disciplines and cost efficiencies, to deliver ongoing EBIT margin expansion of 50-100bps by FY23



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10. People, Innovation and Sustainability	Claire Carroll
11. Concluding Remarks and Q+A	Ross Taylor



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



Residential and Development

NZ's leading Residential and Industrial Development business

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

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



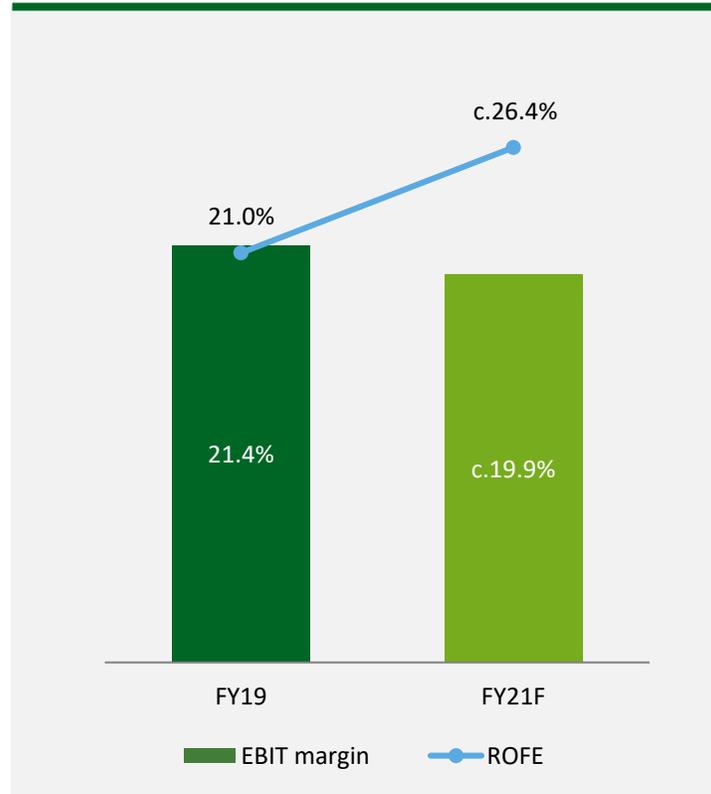
Residential and Development

Performance improvement driven by measured growth

EBIT (\$m)¹



EBIT Margin¹ (%) and ROFE² (%)



Key Non-financial Measures

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

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

1. Before significant items; FY19 is adjusted for proforma IFRS16 to allow like-for-like comparison

2. ROFE (Return on Funds Employed) calculated based on closing funds

3. TRIFR = Total no. of recorded injuries per million man house worked, does not include Restricted Work Injuries, YTD is 10 months ended 30 April 21

4. Combined scope 1& 2 carbon emissions, YTD21 is 9 months ended 31 March 21



Residential

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

Market leading customer solutions and services

Economic performance of each business in industry top quartile

Leadership in innovation, sustainability, and growth via disruption

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

Sections Available¹

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



Offsite Manufacturing

Speed and volume deliver benefits

Market leading customer solutions and services

Leadership in innovation, sustainability, and growth via disruption

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



Apartments

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

Market leading customer solutions and services

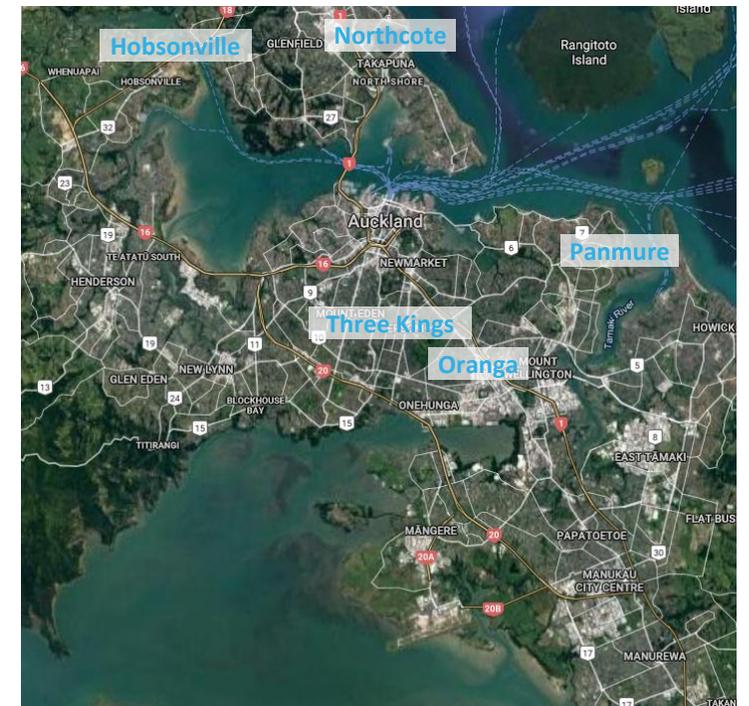
Lowest delivered cost

Economic performance of each business in industry top quartile

Leadership in innovation, sustainability, and growth via disruption

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

Apartment Locations (FY22-24)



Retirement

Adding to our communities

Market leading customer solutions and services

Leadership in innovation, sustainability, and growth via disruption

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

Integrated into Fletcher Living communities

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

Lower DMF and all customers share in capital gains during residence

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

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

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

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



Industrial Development

Supplementing Fletcher Building properties

Economic performance of each business in industry top quartile

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

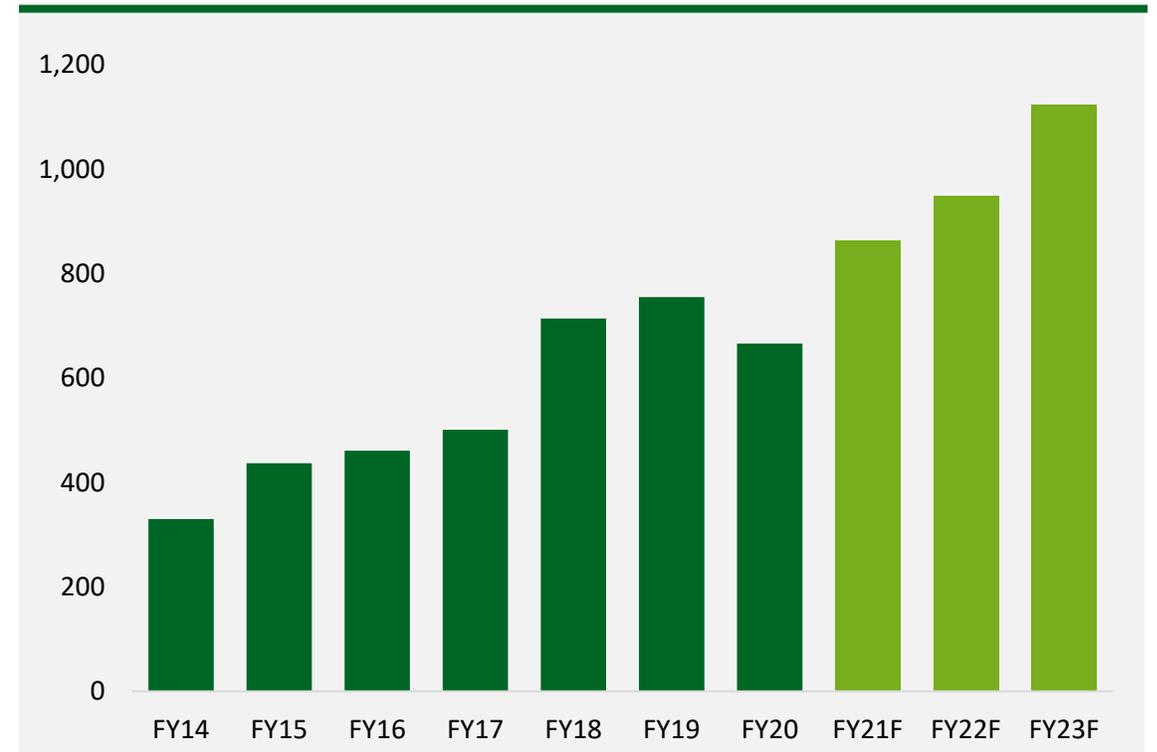


Residential and Development

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

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

Residential Units Taken To Profit



Questions



Agenda

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- Peter Reidy joined Fletcher Building as Chief Executive of Construction in October 2018
- Success in leading cultural change and delivering sustainable results across customer intensive infrastructure based businesses in sectors including transport, water, energy, tourism, construction in NZ, Australia, SE Asia and the UK
- Public and private sector leadership experience



Construction

Leading New Zealand Tier 1 Contractor

- Vertical and horizontal construction offering in New Zealand and South Pacific, with strong heritage brands
- Full lifecycle service offering
- Specialised self-perform businesses

Brands

Business Units



- **Buildings:** Major buildings for Government, institutions and businesses throughout New Zealand – since 1909
- **Infrastructure:** Major transport projects throughout New Zealand, including Puhoi to Warkworth, Peka Peka to Otaki and Hamilton City Edge
- **South Pacific:** Buildings, civil & marine engineering throughout the South Pacific region – since 1946



- **Brian Perry Civil:** Ground engineering, marine and utilities (including Three Waters) throughout New Zealand and the South Pacific
- Incorporates specialist businesses Pipeworks and Piletech



- **Higgins:** Roading specialist – building, maintaining and materials supply
- Number two asphalt producer in the New Zealand market with 13 asphalt plants, bitumen distribution and storage facilities
- Long-term maintenance contracts with Waka Kotahi and local authorities

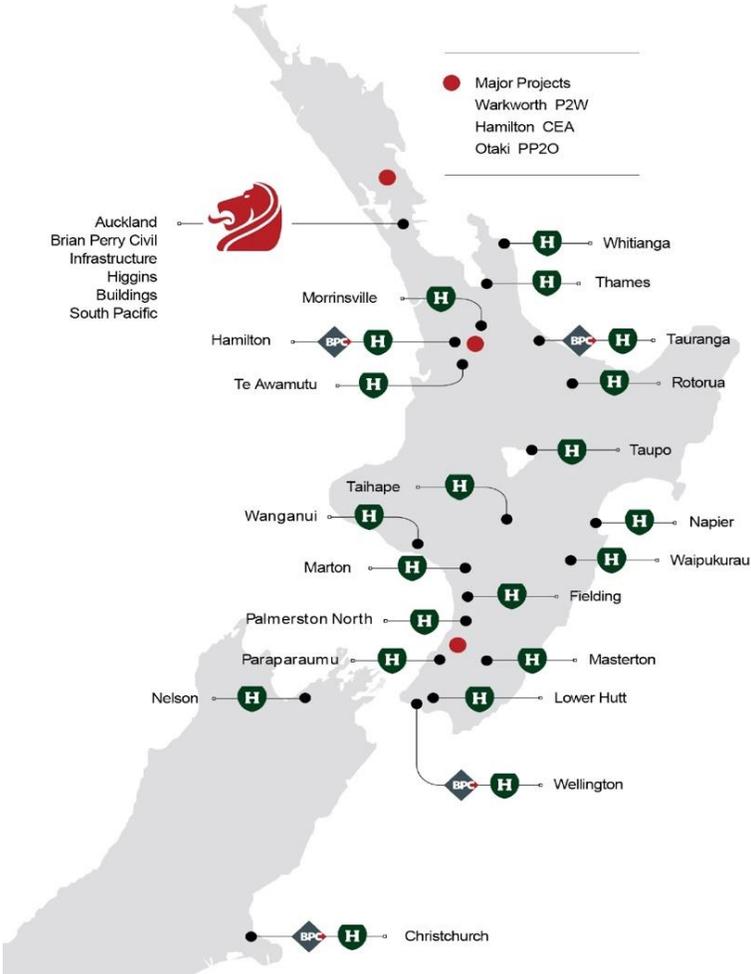


Construction

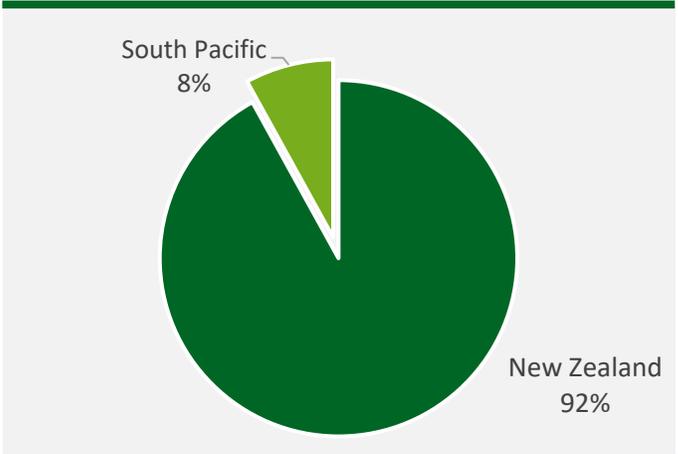
The Construction sector matters to New Zealand

Construction Market Size (Work Put In Place FY21)

Sector	Size	Fletcher Share
Commercial	\$8.5b	c.2%
Infrastructure	\$8.9b	c.13%
South Pacific	\$2.3b	c.4%
	\$19.7b¹	c.7%



Revenue Split



1. Excludes Residential and Professional Services



Construction

Positioned in growth sectors

TRANSPORT

SECTOR SIZE / P.A.

\$7-7.5b



- Highway and local road construction
- Road maintenance
- Ports / marine upgrades
- Airport runways

BUILDINGS

SECTOR SIZE / P.A.

\$8-8.5b



- Health – hospital upgrades
- Defence
- Education – school construction
- Auckland Airport

THREE WATERS

SECTOR SIZE / P.A.

\$1.5-2.0b



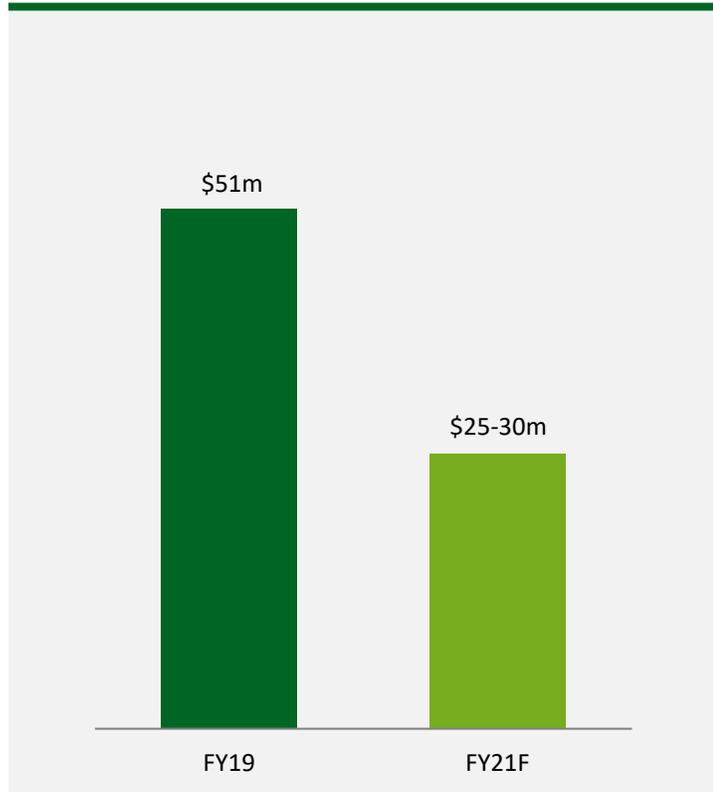
- Water & wastewater network upgrades
- Treatment plant upgrades



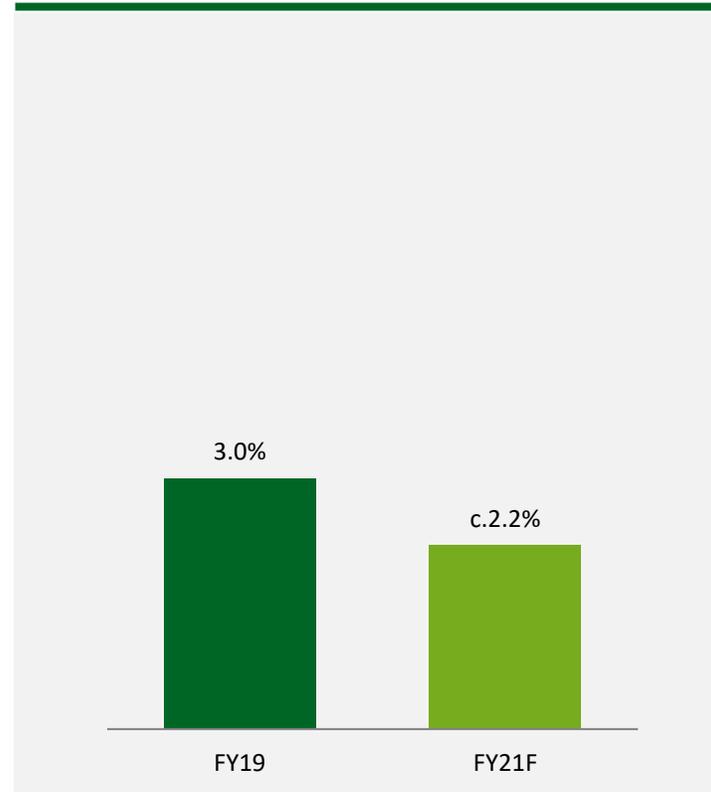
Construction

Current earnings reflective of nil margin legacy work

EBIT (\$m)¹



EBIT Margin¹ (%)



Key Non-financial Measures

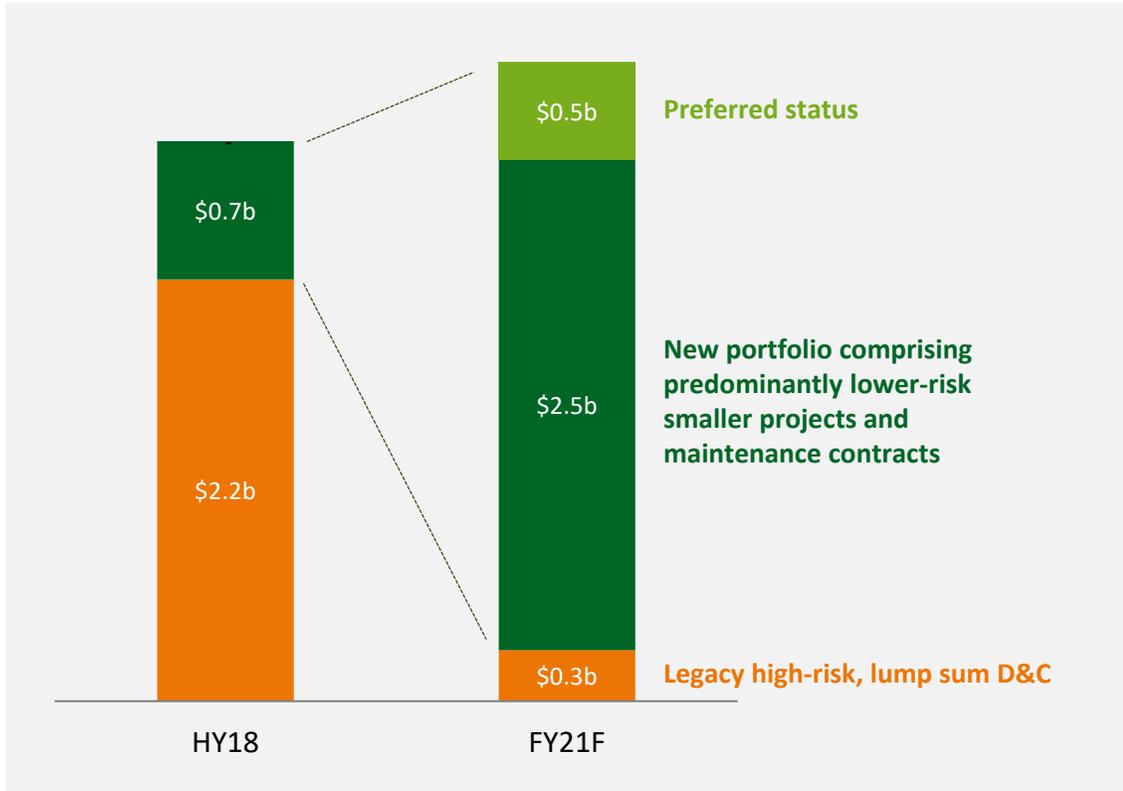
	FY19	YTD21
TRIFR ²	6.1	4.9
NPS ³	34	n/a
Engagement	72%	66%
Carbon ('000t) ⁴	42	33

1. Before significant items; FY19 is adjusted for proforma IFRS16 to allow like-for-like comparison
2. TRIFR = Total no. of recorded injuries per million man house worked, does not include Restricted Work Injuries, YTD is 10 months ended 30 April 21
3. NPS survey to be distributed May 2021 for Brian Perry Civil, Higgins and South Pacific
4. Combined scope 1 & 2 carbon emissions, YTD21 is 9 months ended 31 March 21



Construction

Order book growth rebalanced to lower risk



\$3.3b Order Book

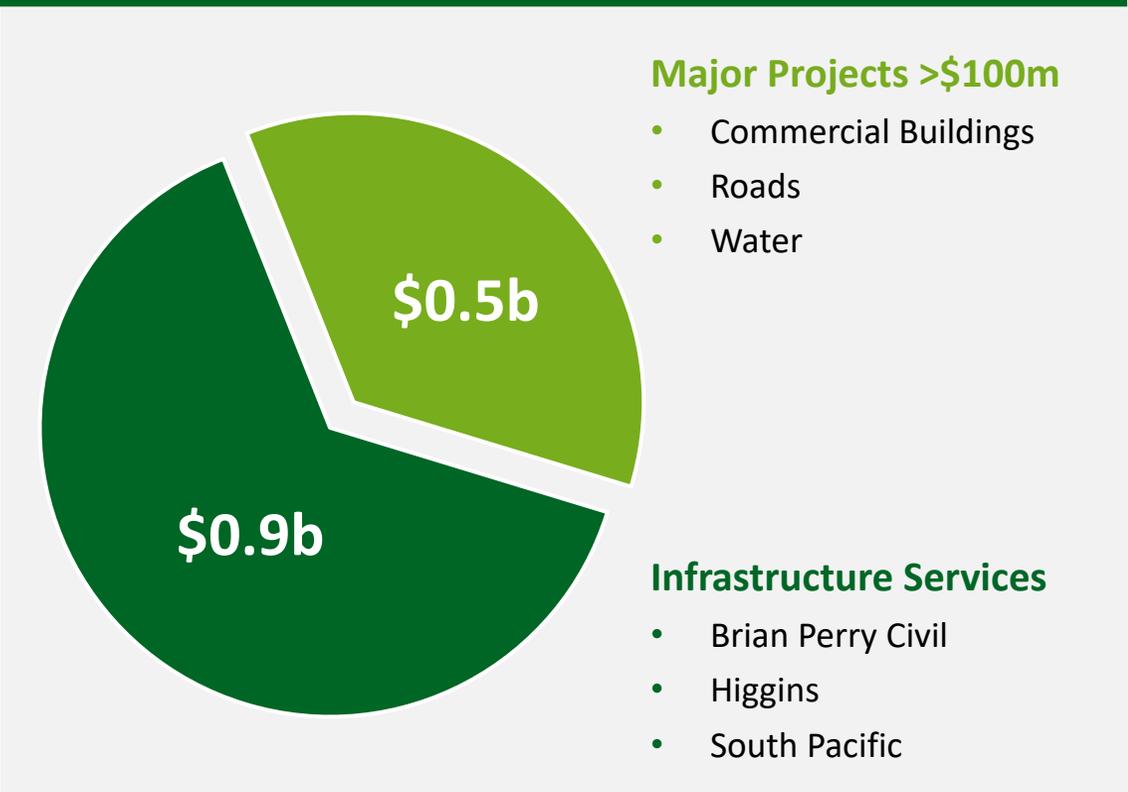
- 67% of our order book comprises medium risk style contracts – including multi-year alliance contracts, programme agreements and asset maintenance
- Underpins 75% of forecast revenue for FY22 and 50% of FY23



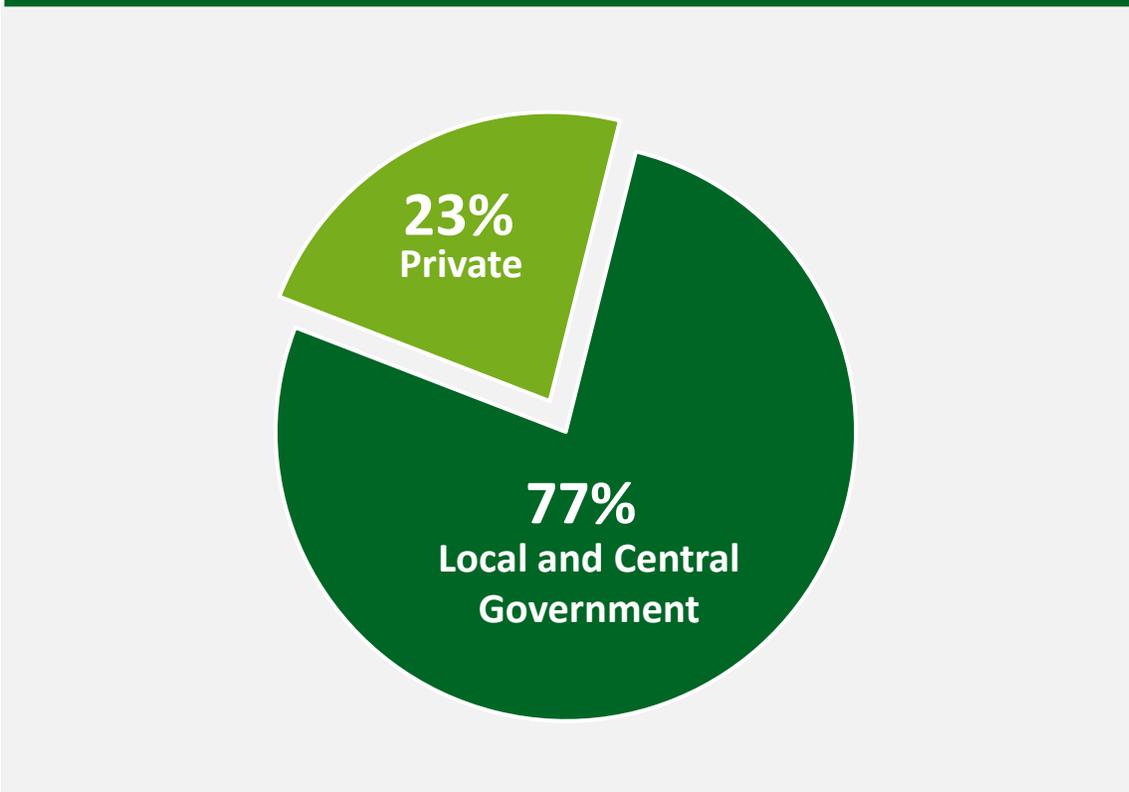
Construction

Growth driven by lower risk contracts

FY21F Annual Revenue



Sector Exposure



Construction

Our 3-stage roadmap to create value

STRENGTHEN DELIVERY CAPABILITY AND CAPACITY



- Risk management platform and field tools
- Specialised plant and assets
- Upskilling people
- Self-perform resources

BUILD CAPABILITY AROUND GROWTH CUSTOMERS



GROW ASSET LIFECYCLE PRODUCTS + SERVICES



Diversifying revenue, offering a broader range of integrated services and technology



Construction

Strengthen delivery capability and capacity

Specialised Plant

- Asphalt
- Marine
- Trenchless pipelines

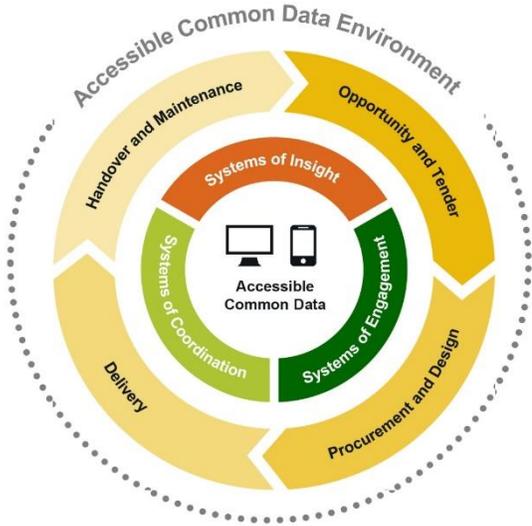


People Development

- Critical skills
- Apprentices
- Diversity
- Training & Development



Digital Platforms



Construction

Build capability around growth customers



Watercare Enterprise Model
10-year programme

ENTERPRISE
MODEL

\$2.4b

FLETCHER
SHARE

\$1.2b

Fletcher Water
THE FLETCHER CONSTRUCTION COMPANY

Fulton Hogan



AMETI
Eastern Busway 2, 3, 4

ALLIANCE
PROJECT

\$500m

* Preferred

FLETCHER
SHARE

\$240m

acciona

Fletcher

AECOM

Jacobs



Kings Road
Fiji Roads Authority

CONSTRUCT ONLY
(VARIOUS PROJECTS)

\$80m

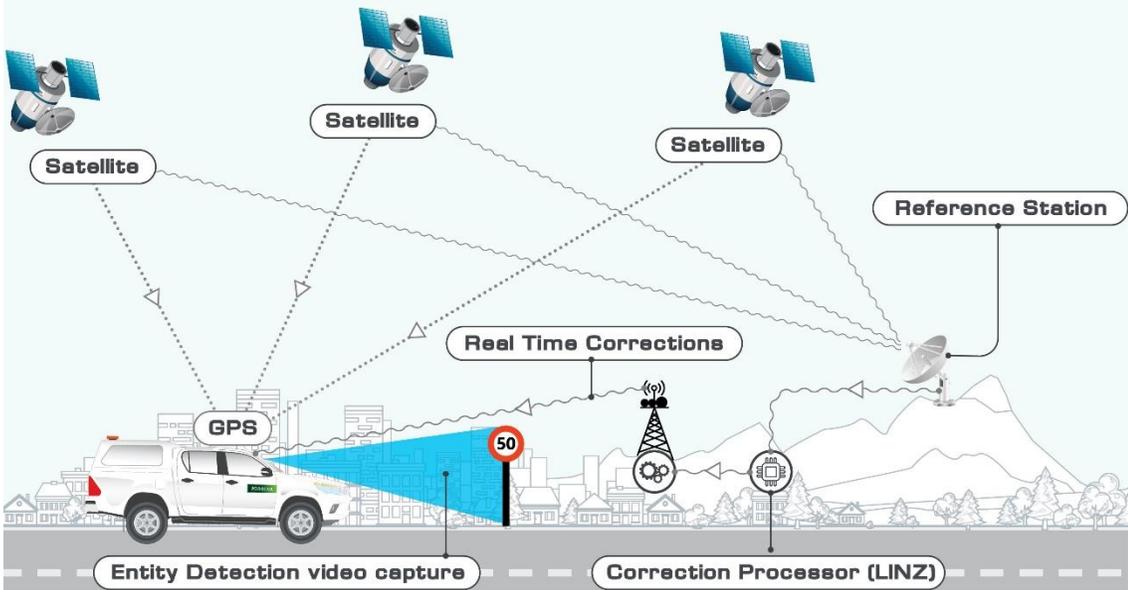
HIGGINS



Construction

Grow asset lifecycle products and services

Asset Management



Bituminous Products



Construction

Closing summary

- Reshaped forward order book with growth rebalanced to lower risk
- Legacy run-off will largely be completed by the end of FY23
- Strong secured revenue for FY22
- Investing in specialised assets, digital risk management tools, safety leadership and people development programmes
- Expect EBIT to be bottom of margin range (3-5% by FY22) as order book replaces nil margin legacy work
- Focused on creating a sustainable Fletcher Construction



Questions



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- Chief Executive of Australia since 2018; joined Fletcher Building in 2013. Previous roles include Chief Executive of Distribution
- Internationally experienced leader in B2B and B2C, with a successful track record of growth and turnaround strategies
- 10 years with Wolseley-Ferguson, the world's largest plumbing distributor; 10 years with Kingfisher, the largest DIY retailer in Europe



Australia

We have well-established and leading brands that operate across manufacturing and distribution sectors

- Businesses of scale in specific sectors
- Positioned for growth across the key markets

Business Unit	Overview	Residential	Commercial	Civil / Infrastructure
Laminex	<ul style="list-style-type: none"> Laminex is the leading manufacturer and distributor of decorative surfaces and joinery products for over 80 years 	●	●	
iplex <small>We Know Water</small>	<ul style="list-style-type: none"> Iplex manufactures and distributes a comprehensive range of pipeline solutions 	●	●	●
Rocla	<ul style="list-style-type: none"> Rocla manufactures a range of engineered concrete solutions from pipe and precast through to railway sleepers The business is in divestment phase 	●	●	●
Fletcher Insulation <small>Building Better, Together</small>	<ul style="list-style-type: none"> FI provides energy efficient & acoustic solutions to heating, ventilation and air conditioning (HVAC) markets 	●	●	
Tradelink	<ul style="list-style-type: none"> Tradelink is a leading plumbing supplier of own brand and proprietary products servicing the trade plumber, large home builder and retail customer 	●	●	●
Oliveri	<ul style="list-style-type: none"> Oliveri Solutions is a leading manufacturer and master distributor of kitchen and bathroom products 	●	●	
Stramit	<ul style="list-style-type: none"> Stramit is a large scale steel rollformer to the residential and commercial building markets and is the country's largest shed distributor via its Fair Dinkum Shed brand 	●	●	



Australia

Overall market outlook is expected to be stable over the next two years; strong growth in medium-term

AU Historical and Forecast Market Outlook



The Australian market has rebounded well from the impact of COVID-19

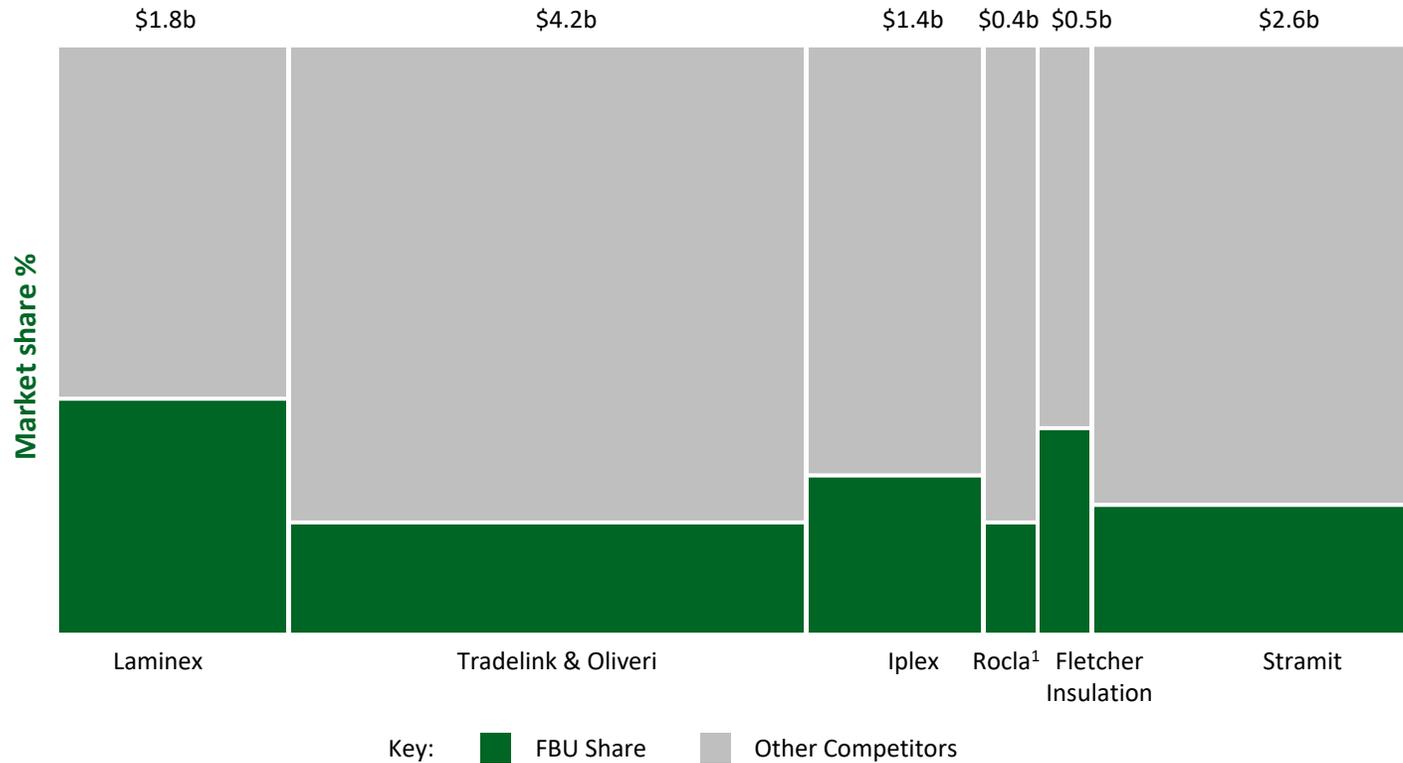
- ➔ Residential (60% exposure)
 - ➔ Residential detached sector remains buoyant supported by government stimulus and low interest rates
 - ➔ Medium to high density construction activity continues to drag on the overall residential sector
 - ➔ Alterations & Additions remain strong in the near-term
- ➔ Commercial (28% exposure) building activity remains negative in the short-term
- ➔ Civil / Infrastructure (12% exposure) remains buoyant in subsectors such as transportation and mining, but down in utilities



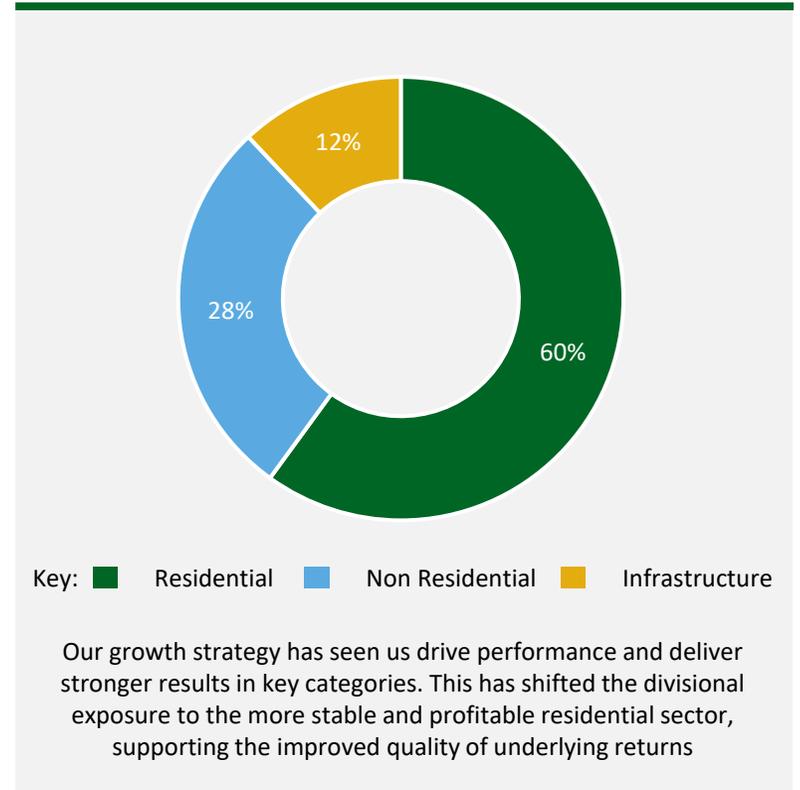
Australia

Despite a broadly flat market, good progress made on profitable share gains

Market Size (NZ\$b) and Share (%)



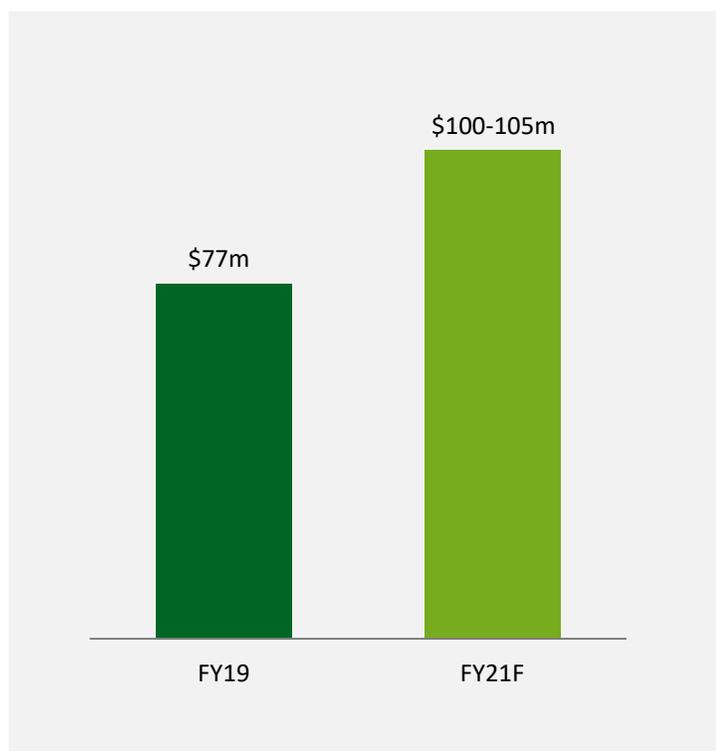
HY21 Revenue Weighted Sector Exposure



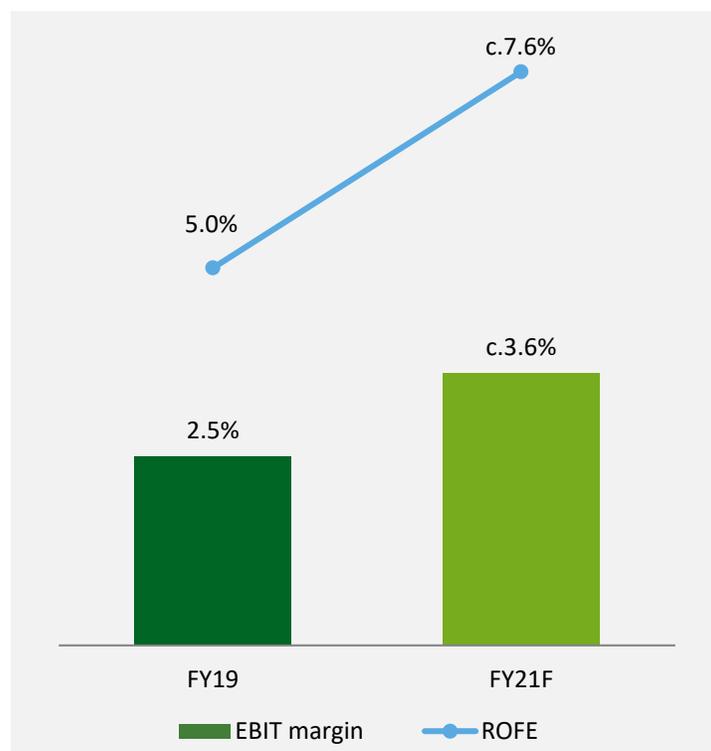
Australia

The Division has evidenced material profit improvement in FY21; this will continue into FY22 and beyond as we target 5-7% EBIT margin by FY23

EBIT (\$m)¹



EBIT Margin¹ (%) and ROFE² (%)



Key Non-financial Measures

	FY19	YTD21
TRIFR ³	5.4	5.8
NPS	33	25
Engagement	64%	59%
Carbon ('000t) ⁴	349	263

Key Financial Efficiency Measures

	FY19	FY21F
Sales per FTE (NZD)	\$555k	\$607k
GM per FTE (NZD)	\$159k	\$181k
GMR	8.8%	12.8%
Overheads ⁵	26.5%	25.5%
Working capital days	81.9	78.3



Australia

Quality of underlying earnings improved materially; now in growth mode

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

5-7% EBIT margin by FY23

- Digital momentum in key businesses
- Extensive network rationalisation
- Automation investments underway
- Pricing programme well established with momentum evidenced
- Segmental economic strategies driving improved gross margin
- Material growth in sales and margin per FTE driving sustainable efficiency
- Vitality at record levels, NPD has momentum
- Taking market share in margin accretive areas
- Range optimisation with exit of 15,000 individual products

Positioned for growth FY23+

- All businesses digitally mature by FY24-25 with digital marketplaces in place in Tradelink & Laminex
- Laminex launching new business model in FY21 under Haven brand
- A strong multi-year pipeline of new product development, strengthening existing positions and creating additional revenue streams
- Mature programmes of automation in manufacturing business units
- Accelerated growth of sustainable earnings driven by strong performance in margin accretive categories
- Specification, primary demand and aggregation in core markets



Laminex

Performing very well in market; gross margin now at top quartile levels, supported by sustainable low operating costs

Market leading customer solutions and services

Economic performance of each business in industry top quartile

Leadership in innovation, sustainability, and growth via disruption

Targeted segment growth

- ➔ Strong share growth in decorative category
- ➔ Primary demand strategy driving profitable growth

New product development

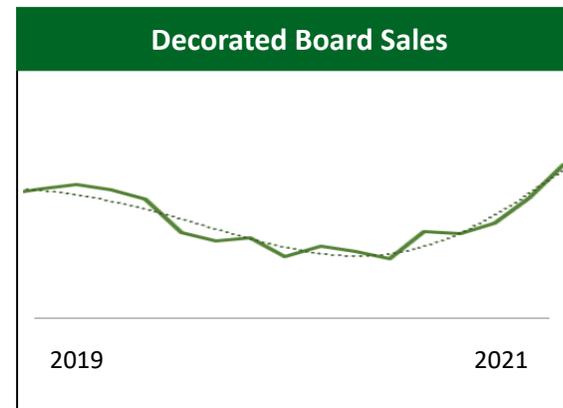
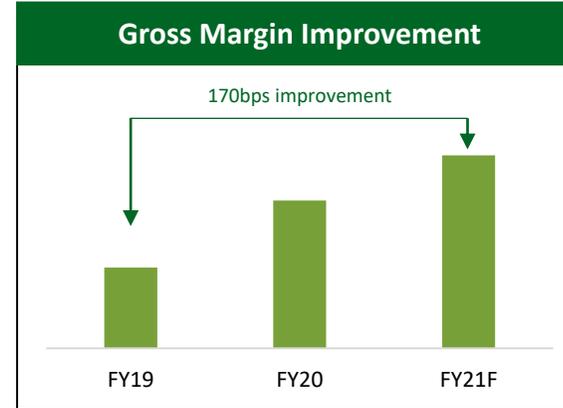
- ➔ Vitality >11%
- ➔ Strong performance in new décor ranges
- ➔ Formica relaunch providing duel brand strategy

Customer excellence

- ➔ Online sales >25% of total revenue, annualising at \$170m+
- ➔ New operating model launches in June

Margin

- ➔ Price effectiveness strong
- ➔ Range rationalisation; >9,000 SKUs exited
- ➔ Outperform manufacturing cost indices



Laminex

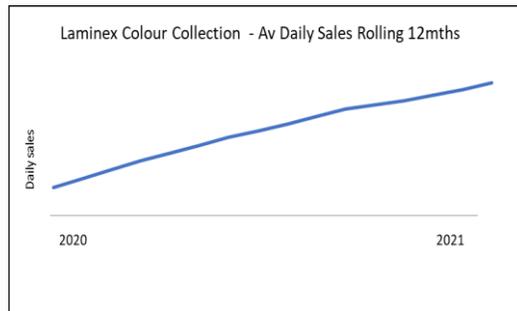
Now leading the market with best-in-class vitality and innovation

Leadership in innovation, sustainability, and growth via disruption

What have we done to improve performance?



- The strong digital offer is attracting new business
- Online sales at 27% of total revenue



- New décor ranges are performing well and this is increasing category share and margin

What we are doing to drive growth

- Primary demand via our sales team is driving specification
- Vitality has grown materially; NPD is now >10%
- Dual brand strategy – Formica brand re-launch
- Focus and growth in our margin accretive categories like Décor are ahead of business plan
- Expansion into adjacencies – Laminex Surround
- Testing alternate fibre. Successful bamboo trial
- Next phase of digital coming
- New distribution model – Haven Kitchens by Formica



Laminex

Laminex will launch trial stores in June this year with a market leading B2B joinery offer

**HAVEN
KITCHENS**
BY FORMICA®

PRE-ASSEMBLED
HIGH QUALITY,
RIGID CARCASS
KITCHENS WITH
**FREE AT HOME
DESIGN SERVICE**



Pre-Assembled
**Quality
Kitchens**



**100% IN STOCK,
100% OF TIME.**
PICK UP A
KITCHEN
TODAY!



**Always
In Stock**



**YOU RESELL
HAVEN
KITCHENS BY
FORMICA
TO THE END
CONSUMER AT
YOUR DEFINED
PRICE AND MARGIN**



**You're In
Control**



Five store trial in Victoria



Made and distributed by
our manufacturing base



Sell the whole kitchen
solution
Oliveri / Tradelink



Tradelink & Oliveri

Making pleasing progress, supported by margin expansion & efficiency gains

Market leading customer solutions and services

Lowest delivered cost

Economic performance of each business in industry top quartile

Targeted SME plumber growth

- 46% of total revenue is SME, up from 34%
- Gross margin has momentum
- Quote turnaround speed improved by 50%

Gross margin

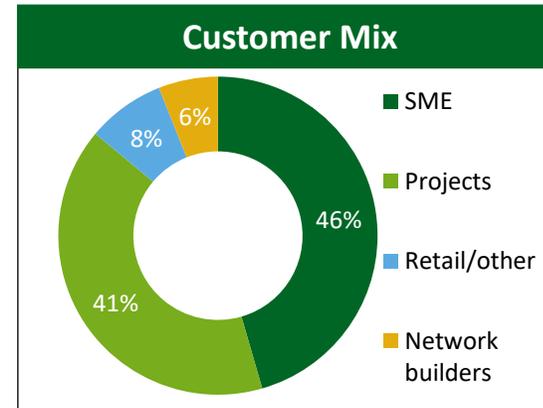
- Own brand at record levels
- Material expansion of Oliveri brand into markets
- Price effectiveness

Digital

- B2C website live and ahead of plan
- B2B digital plan live in FY22

Operational efficiency

- Strongest sales per FTE
- Oliveri cost to manufacture at global best-in-class levels
- Showroom programme complete

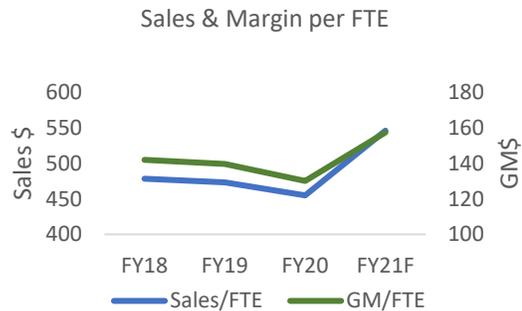


Tradelink & Oliveri

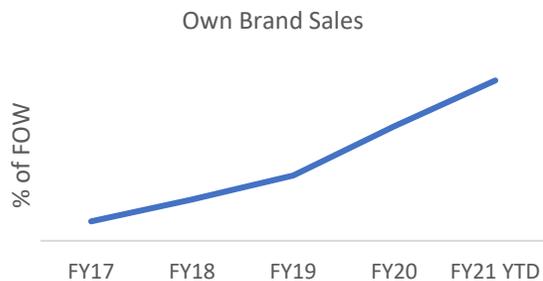
Efficiencies evidenced through strong sales metrics, own brand sales exceeding expectations, and digital offer launched with improving volumes and conversion rates

Lowest delivered cost

What have we done to improve performance?



Sales and margin per FTE both increasing



Higher margin own brand front of wall sales (FOW) is now 35% vs. a prior target of 25%

What we are doing to drive growth

- Own brand front of wall now at 35%
- B2C website now live – 30% uplift in retail revenues
- B2B digital will be live in FY22
- Price effectiveness controls significantly improved
- SME plumber weighting of total revenue continues to grow



Fletcher Insulation

Transformational change now complete; significant efficiency gains delivered; now executing growth strategy

Market leading customer solutions and services

Lowest delivered cost

Lower manufacturing costs

- ➔ Direct to site model has facilitated a 35% reduction in bricks and mortar
- ➔ Factory of the future investment in Dandenong, VIC
- ➔ Best-in-class manufacturing efficiency achieved

Targeted segment growth

- ➔ Expansion into installed solutions
- ➔ Share gains in residential sector
- ➔ Pull through for upstream manufacturing

Operational efficiency

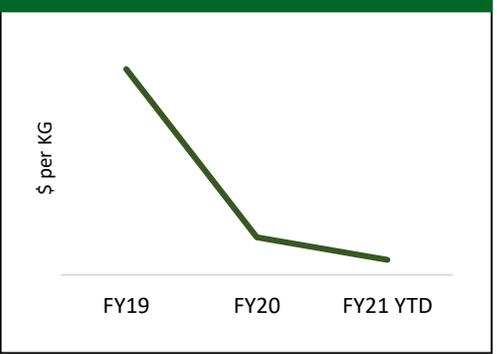
- ➔ 98% direct to site delivery
- ➔ Digital programme underway
- ➔ Lowest overhead costs in its history

Customer leading

- ➔ Market beating house wrap system
- ➔ DIFOTIS >95%, best-in-class performance
- ➔ New product launches now in market



Glasswool Manufacture Cost



Iplex

Pleasing progress in strategic areas of growth set against a slow project market; simplified business model driving increased earnings

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

Targeted segment focus

- ➔ Strategy relaunch to focus on core strengths and margin accretive categories
- ➔ Range rationalisation to focus on where we can win

Manufacturing excellence

- ➔ Investment in automation and latest technologies
- ➔ Manufacturing site optimisation
- ➔ Exit of low margin product categories

Customer excellence

- ➔ Digitisation programme underway via Iplex Connect
- ➔ Primary demand team supporting municipal bodies and asset owners
- ➔ Direct to site service provides competitive advantage and improved experience

New product development

- ➔ Investment in black max product range
- ➔ Lightweight piping solutions for improved sustainability & safety

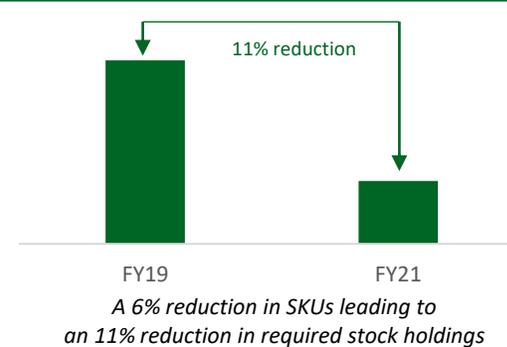


Find what you need, when you need it
Iplex Connect delivers.

iplex **CONNECT**



Product (SKU) Count by Location



Stramit

Material improvement in profitability YoY; performed well in its key strategic growth areas

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

Operational efficiency

- Continued manufacturing efficiency programme driving highest ever production volumes
- Automation to support growth

Targeted segment growth

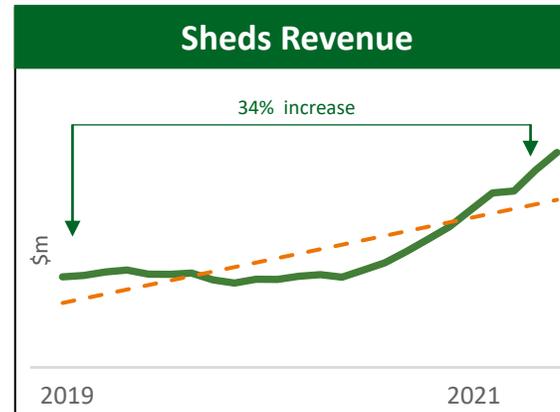
- Core growth with reduced reliance on project volumes
- Strong momentum in margin accretive Sheds and Doors

New product development

- Launched SharpLine® roofing and InfinitiLine® gutters
- Strong pipeline of new products

Customer excellence

- New Stramit website
- New Fair Dinkum Shed website driving lead generation



Australia

Closing summary

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



Strong operational discipline



Momentum in vitality & innovation



Digitisation at pace



Growing share profitably & sustainably



30% carbon reduction by 2030



Commitment to zero harm

- We are on track for 5-7% EBIT margin by FY23. And we are well set for profitable growth
- These returns are within our span of control in a broadly flat market and should we see more robust market activity levels, coupled with our future growth plans, further gains will be delivered



Questions



Agenda

1. Introduction, Fletcher Building Overview	Ross Taylor
2. Group Financials	Bevan McKenzie
3. Safety	Wendi Croft
4. Building Products	Hamish McBeath
5. Concrete	Nick Traber
6. Distribution	Bruce McEwen
7. Residential and Development	Steve Evans
8. Construction	Peter Reidy
9. Australia	Dean Fradgley
10. People, Innovation and Sustainability	Claire Carroll
11. Concluding Remarks and Q+A	Ross Taylor



- Fletcher Building's Chief People & Communications Officer since April 2018, having joined the company in 2013. Held previous People roles with Construction and Building Products
- Successful development and delivery of comprehensive People strategies, leading significant organisational change at Fletcher Building, focused on supporting performance, diversity and talent development



Sustainability

Fletcher Building Limited



Improving the world around us through smart thinking, simply delivered



30/30

30% reduction of carbon emissions by 2030



SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



We know where it comes from... it's a big opportunity

Group Carbon Emissions



GBC:

- Clinker 36%
- Coal 21%

Electricity Australia:

- Significant contributor due to carbon intensity of grid, in particular coal in Victoria

Diesel:

- Mainly Higgins and Winstone Aggregates

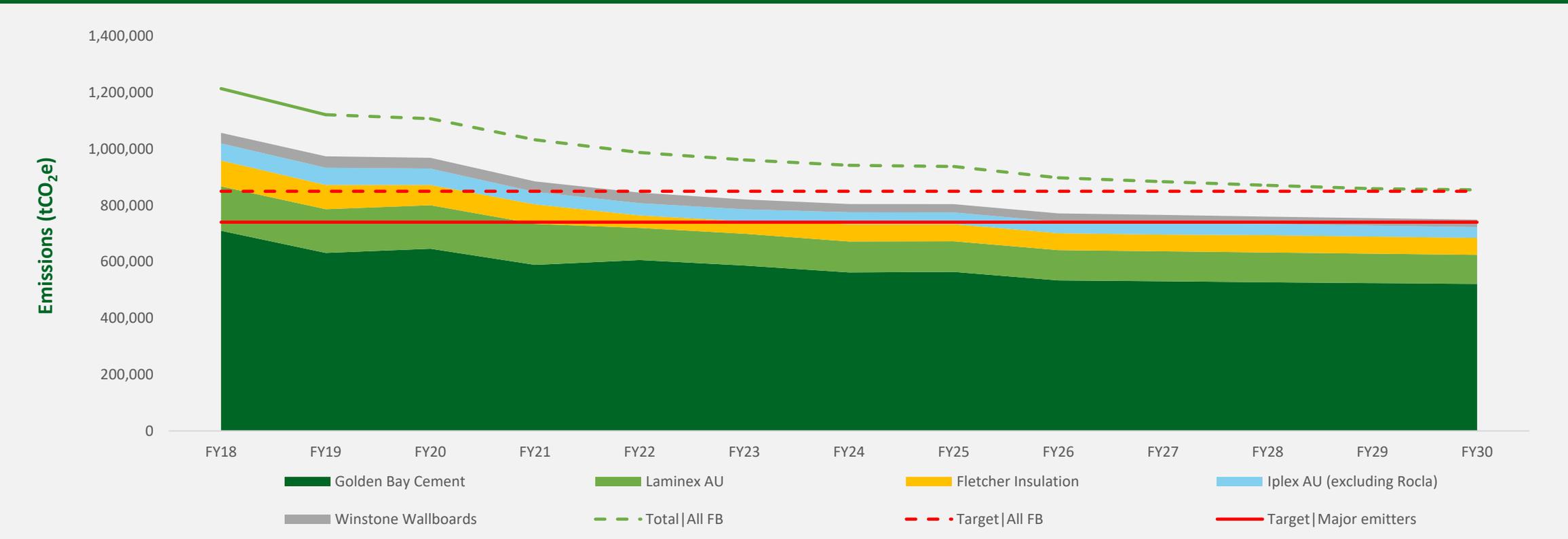
Process heat:

- Mainly WWB, Fletcher Insulation, Laminex Australia, PCC



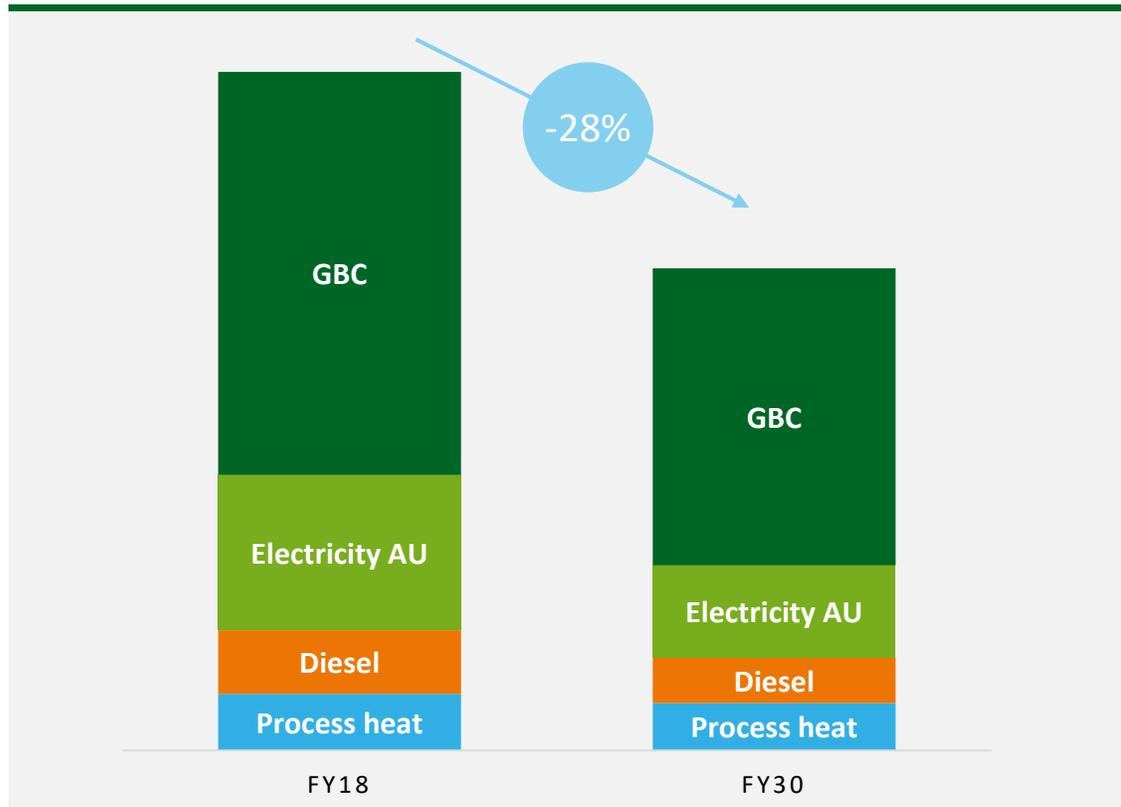
... and we have a plan to take advantage of it...

Our Carbon Reduction Roadmap: Highest Emitters 87% of Total Emissions



... from high impact projects

Key high impact initiatives to drive carbon reduction by FY30



GBC: -15%

→ Alternative fuels and supplementary cementitious materials

Electricity Australia: -9%

→ Green electricity and rooftop solar

Diesel: -3%

→ Transition to Electric Vehicles (EV)

Process heat: -1%

→ Gas and LPG transition to electricity & biomass

Other: -2%



... and we measure, disclose and verify our sustainability performance

Major product lines now hold EPDs



Workforce participation disclosed
and gender parity review completed



Listed in the Asia-Pacific index



Most improved NZ company last year



Innovation

Fletcher Building Limited



Innovation at Fletcher Building – three key pillars

Leadership in
innovation,
sustainability,
and growth via
disruption

Innovation is a process and discipline



Creating an Explorers Mindset



We bring the outside in
and partner with disruptors



Innovation involves the whole organisation, from the bottom-up, top-down, and outside-in



Pillar 3: Ecosystem scans

We bring the outside in and partner with disruptors

Leadership in innovation, sustainability, and growth via disruption



Clean Concrete



Environmental Sustainability



Modular / Offsite Construction



Distribution



Transport & Logistics



We bring the outside in and partner

We bring the outside in and partner with disruptors

Leadership in innovation, sustainability, and growth via disruption

150+

executives and senior leaders engaged



700+

start-ups / tech innovators mapped

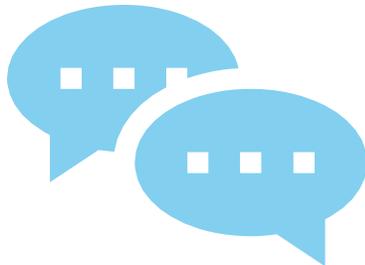


Lasting Outcomes

- Emerging outside **technology is being implemented** today in our BUs as a result of these activities
- We are gaining value by **leveraging what already exists** in the market
- Our future pipeline is more resilient and there are real opportunities to **become a disruptor** in our market

51

sessions with startups, VCs, and innovators



20

pilots and partnerships progressed



People

Fletcher Building Limited



Our people are integral to delivery of our strategy



Driven by our values



Questions



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



Delivering performance & growth against robust NZ+AU macro backdrop

Driving growth through operational improvement and growth initiatives; well-positioned through to FY23+

FY21

Strong performance improvements achieved across all financial metrics over the last three years

- FY21 EBIT before significant items guidance of \$650-665m
- Improved EBIT¹ margin, FY21F: c.8.2%
- Strong FY21F Underlying trading cash flows² of \$850-900m
- FY21F ROFE³ margin of c.18%
- Strong balance sheet; dividends and share buyback

FY22-23

Driving growth through operational improvement and growth initiatives to deliver c.10% EBIT margin

- Australia margins lift to 5-7%
- Construction margins lift to 3-5% as order book replaces nil margin legacy work
- NZ Core margins expand slightly as adjacencies add operating leverage and continue to drive BU performance
- Residential & Development targeting strong top-line growth at >15% margin

FY23+

Well-positioned through to FY23 and beyond with key focus areas for growth

- Strong investment in both growth opex and capex
- Core: product adjacencies, decarbonisation, customer ecosystems, modern manufacturing
- Residential & Development: scale base business, offsite manufacturing, apartments
- Digital and backbone systems

1. Before significant items

2. Trading Cash-Flow = EBITDA less Lease Principal Payments & Lease Interest Paid plus / minus Working Capital Movements. Underlying trading cash-flow excludes FCC Legacy Cash-Flow and Significant Items.

3. Return on Funds Employed (ROFE) is EBIT to average funds (net debt and equity less deferred tax asset)



Questions



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