



Macquarie Australia Conference Presentation

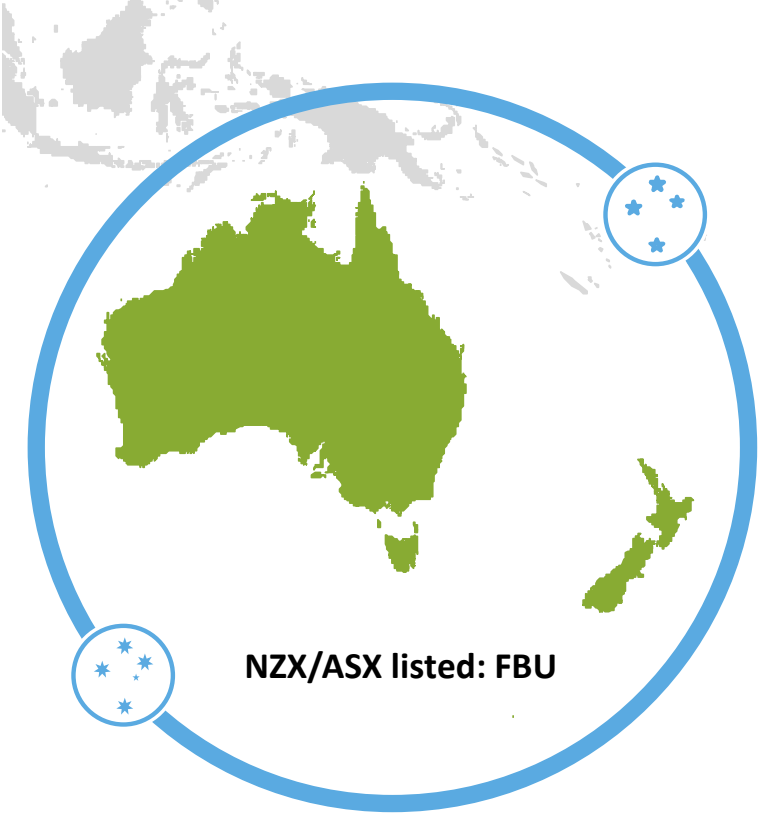
Fletcher Building Limited

Ross Taylor
Chief Executive Officer

May 2023

Significant NZ & Australia building products & solutions provider with strong market positions & overall revenue roughly weighted to the market sectors

Focus across NZ & Australia

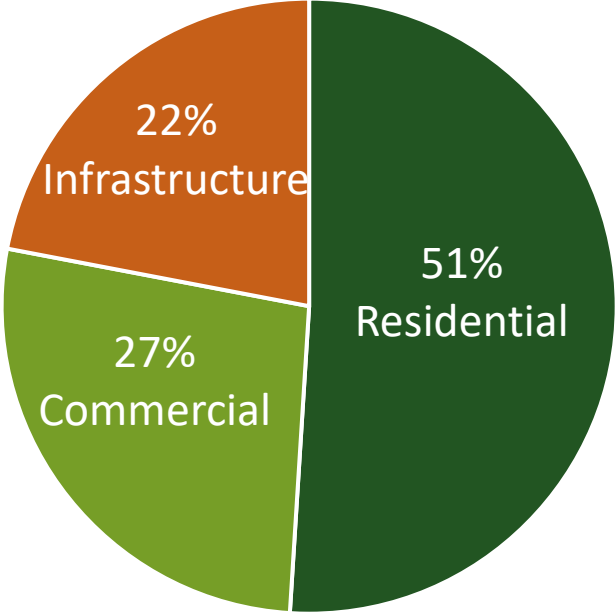


Strong market positions

Businesses with **#1 or #2** market positions

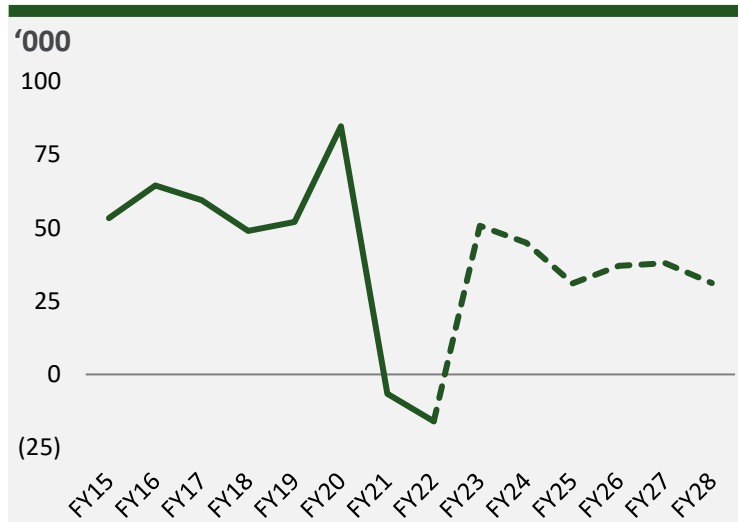
Recognised / iconic brands

Revenue¹ weighted to market



While residential is down in short-term, our geographic & building sector focus is supported by solid long-term macro tailwinds in New Zealand...

Strong NZ migration patterns continue¹



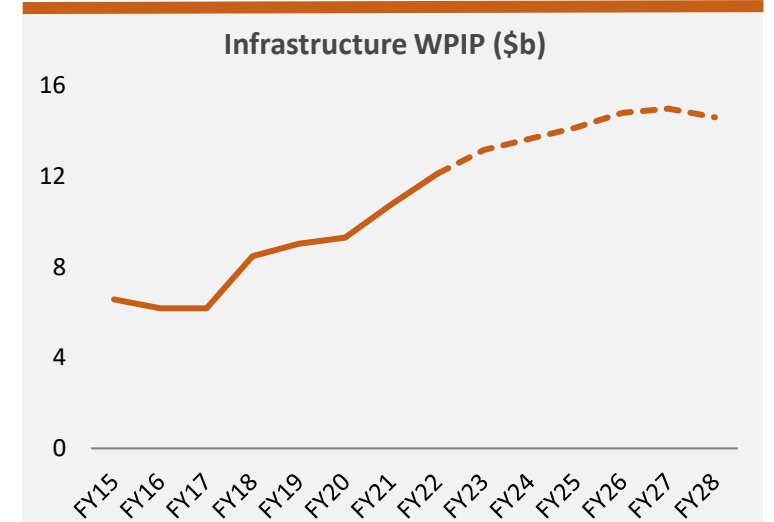
- Strong track record of immigration to NZ at one of highest levels in OECD
- Robust housing demand: housing stock undersupply persists & elevated residential consents

Commercial investment forecast robust



- Commercial investment continues in a positive trajectory, driven by robust immigration & urban development
- Pipeline of large projects, eg, Auckland Airport redevelopment

Driving infrastructure projects

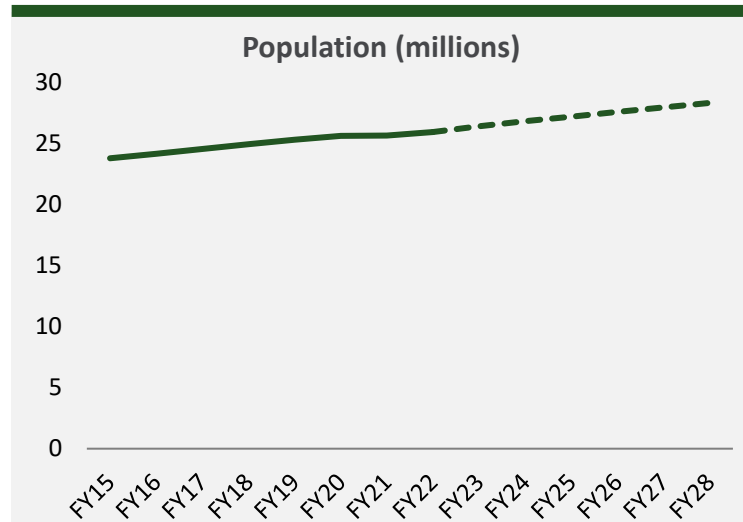


- Infrastructure deficit will require decades of large investment across key asset classes i.e., water, transport
- Robust government balance sheet underpins funding and commitments to infrastructure spend



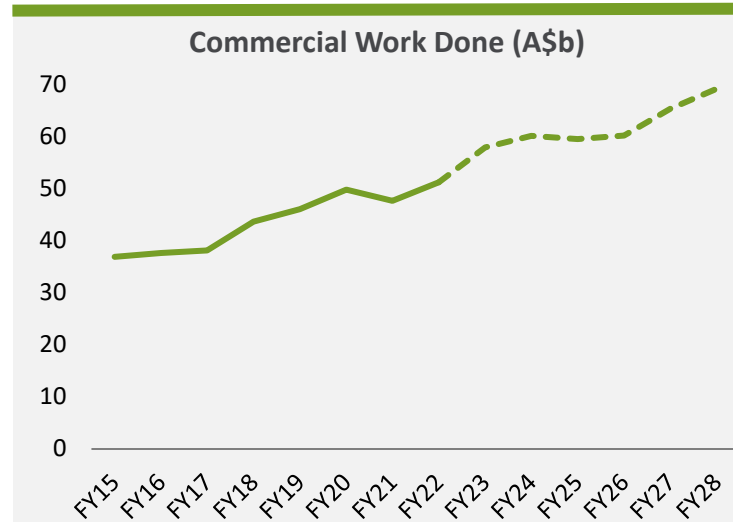
...as well as in Australia

Solid population growth continues



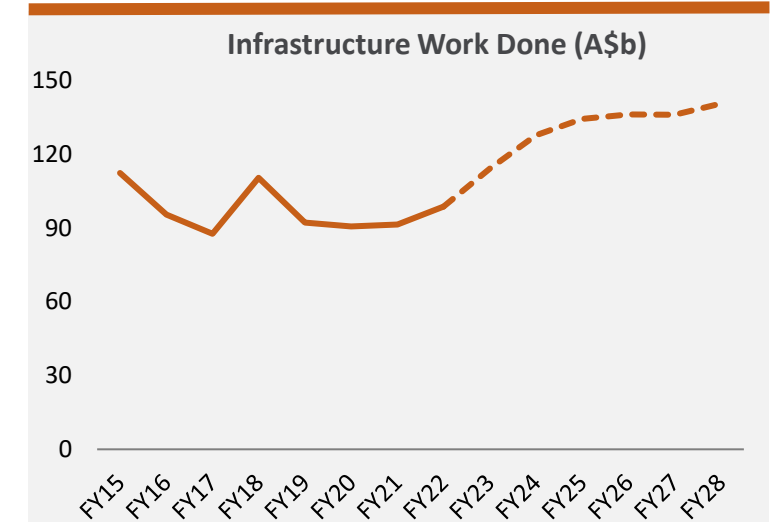
- Strong rebound of migration post-border closures
- Although residential approvals tracking lower in short term, housing sentiment improving and strong rental market

Commercial investment forecast robust



- Commercial investment continues in a positive trajectory, driven by the backlog of projects
- Major healthcare projects are now underway

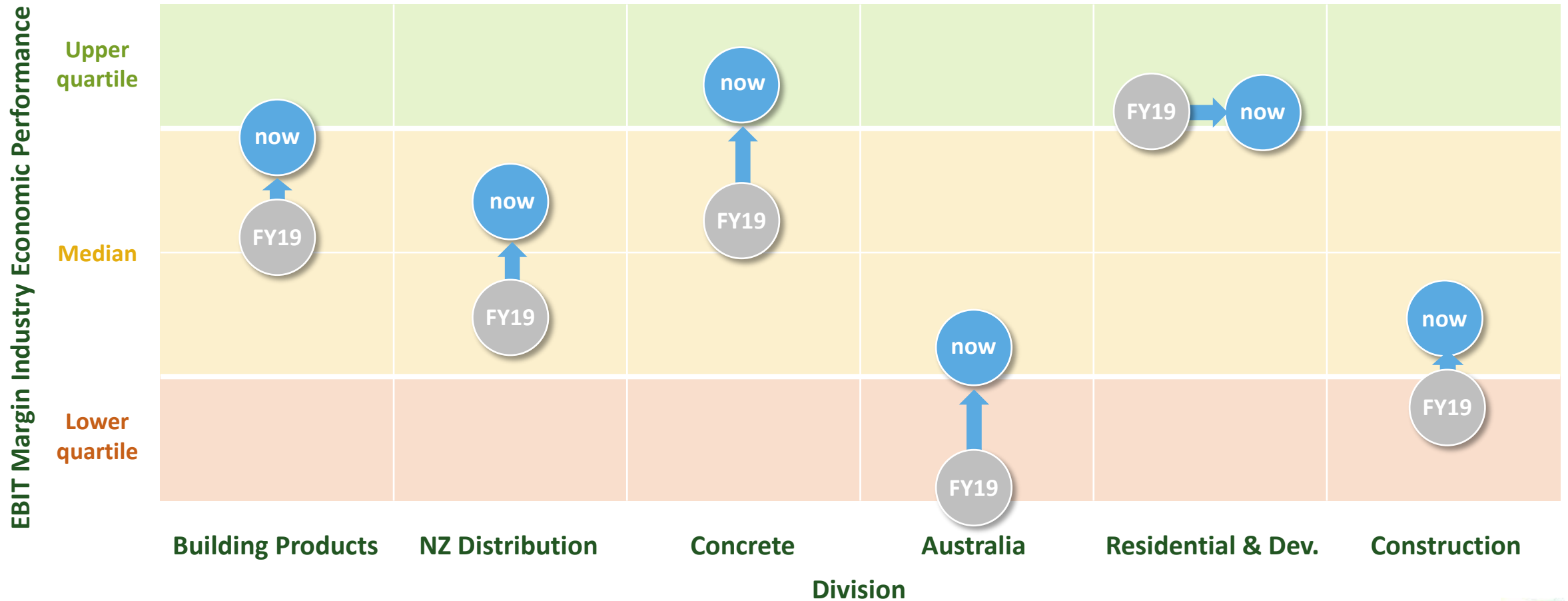
Strong pipeline of infrastructure projects



- The publicly funded infrastructure boom continues, supported by a pipeline of major transport projects
- Population growth will require decades of large investment across key asset classes i.e., water, transport



Our businesses are across the building value chain, and they are either operating in their industry top quartile, or we have plans to get them there



NZ & Australia relative geographic isolation & our scale “In-Country” business positions, means we’re well-positioned for macro-trends... We can be an innovation fast follower with the scale to invest ahead of the competition

Advancements in Automation



- ✓ Taking advantage of increasingly cost efficient automation for our strategic assets
- ✓ Bringing world-leading technology to NZ & AU to drive scale efficiencies

Emerging Product & Service Innovation



- ✓ Global screening for & development of new and innovative products and services
- ✓ Building best-in-class digital & eCommerce infrastructure to meet customer demands

Evolving Building & Living Choices



- ✓ Tailoring solutions for typology, modular, densification & green-living trends
- ✓ Understanding how our products & services can deliver superior end-to-end solutions

Sustainability Opportunities



- ✓ Investing in technology & processes to significantly reduce carbon emissions
- ✓ Creating circular economies for our products & minimising resource wastage



Our vision, purpose and strategic goals continue to underpin our journey

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 strategy positions us well to continue to drive business performance in the short- and long-term

01



Significant near-term profit growth

FY23 EBIT target \$800m to \$855m

02



Strong enduring financial position, well-positioned for a softer FY24

Strong balance sheet
Good cost control and price recovery
Targeting margins in softer FY24, close to FY23 levels

03



Retain benefit of underlying margin gains and drive further improvement

Targeting further profit improvements over medium term

04



Established pipeline of growth investments – primarily organic

c.\$700m growth capex over FY23-26
Returns $\geq 15\%$ ROFE's

05

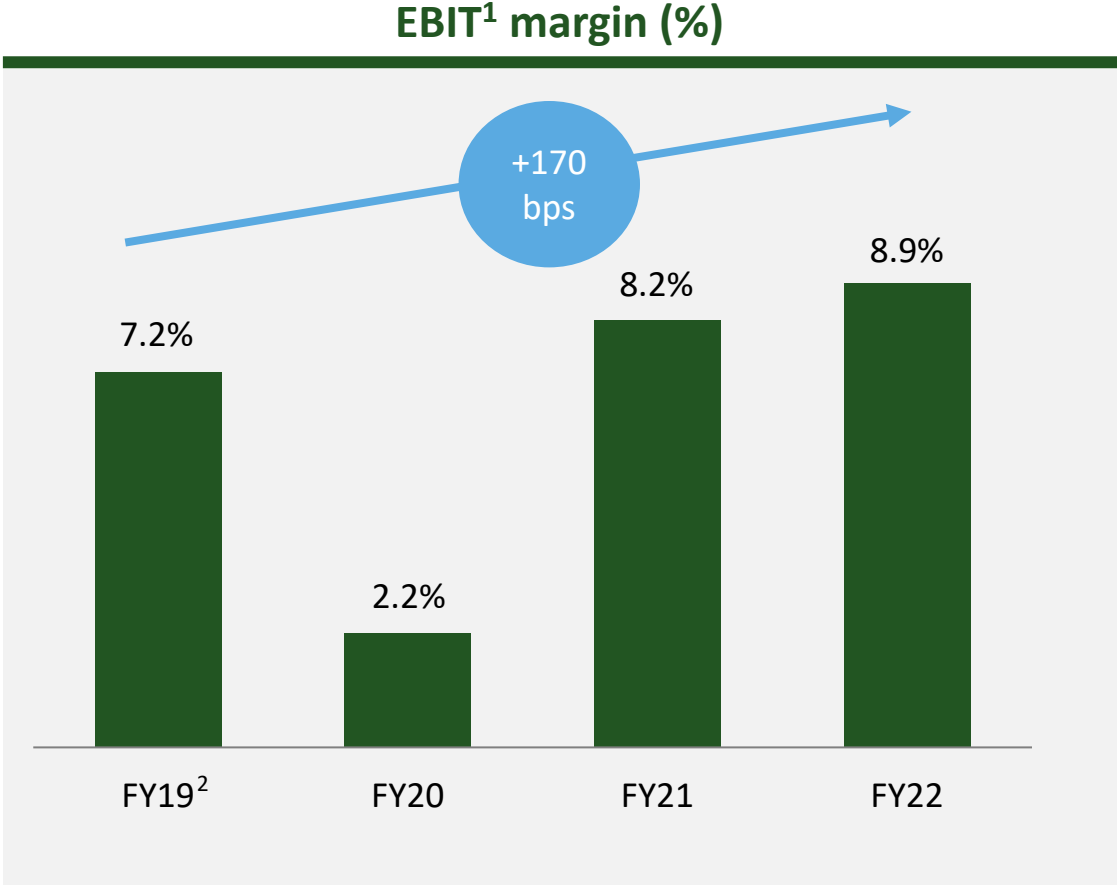
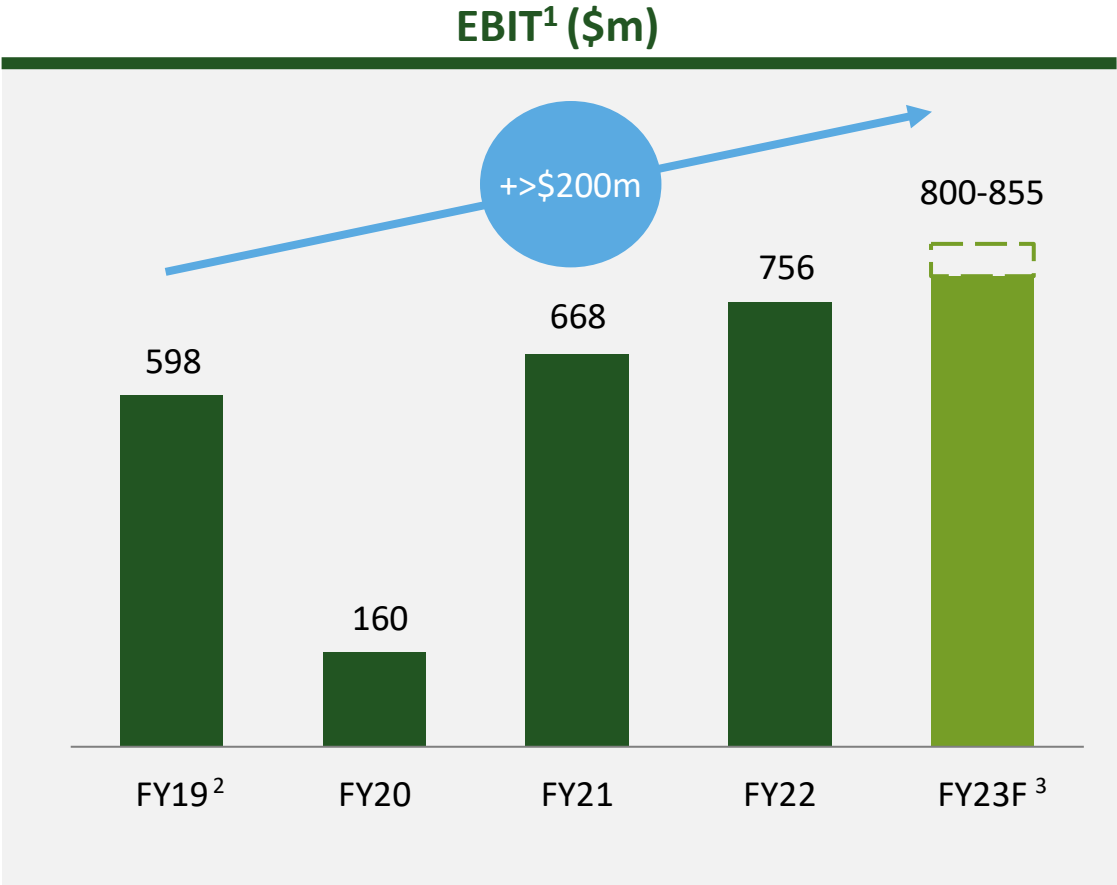


Longer term non-financial metrics underpin sustainable outperformance

Safety
People
Customer
Environment



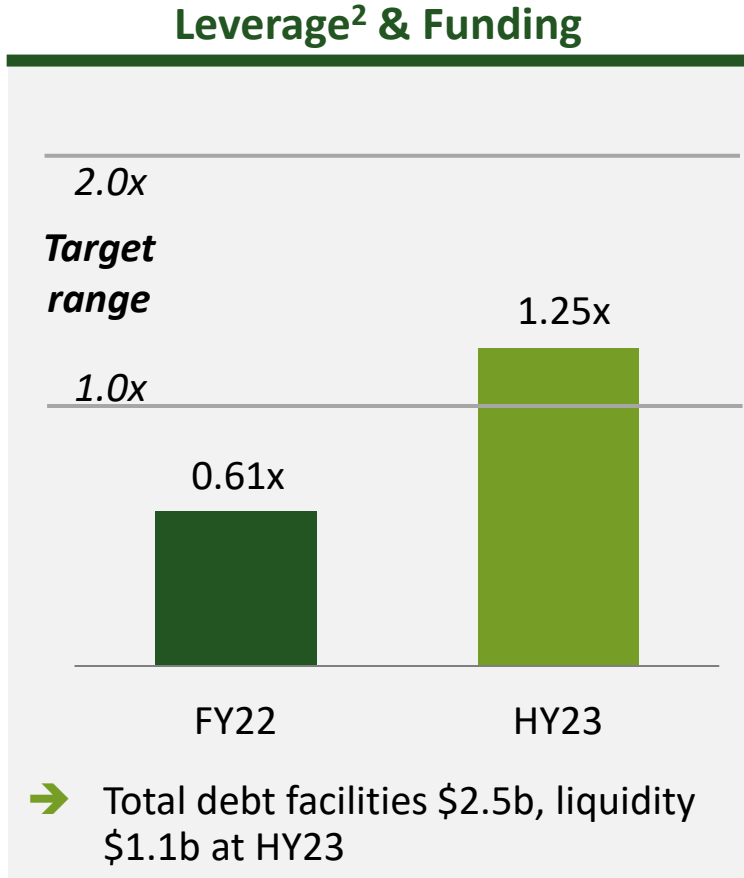
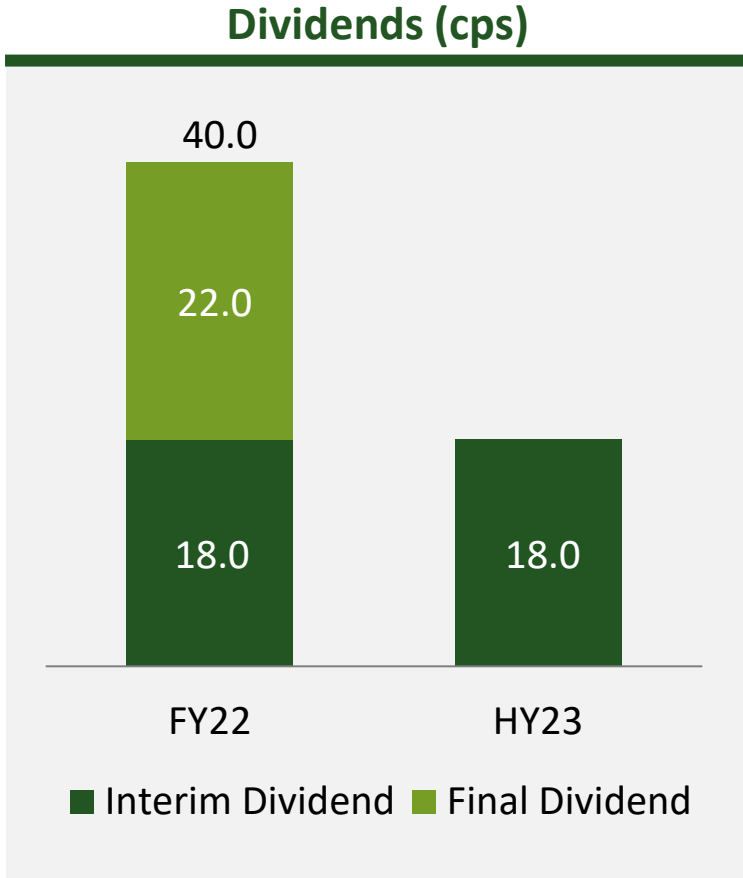
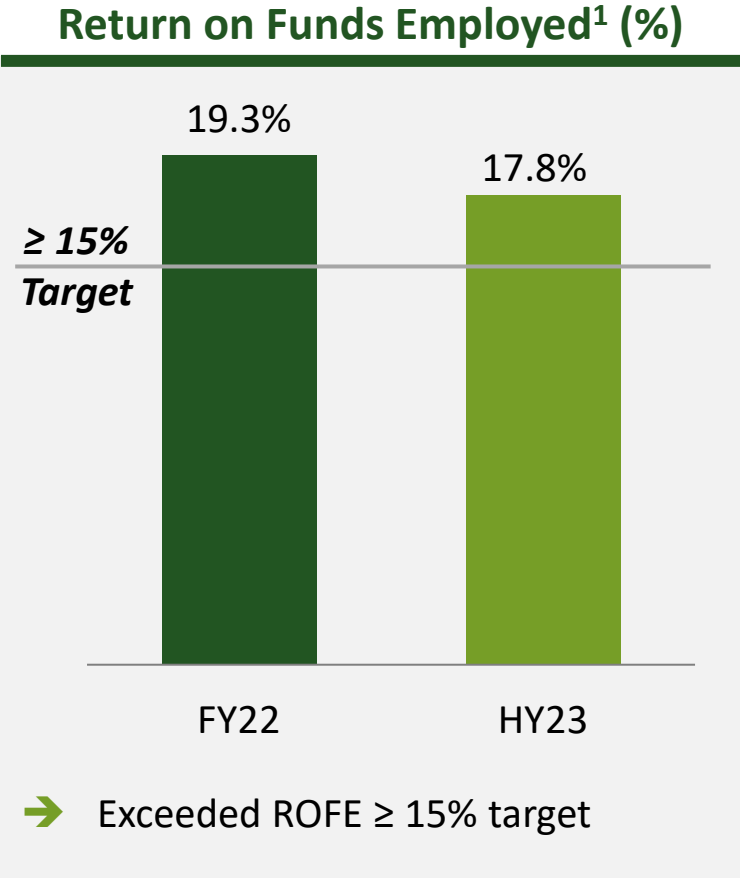
1. Significant near-term profit growth



1. Before significant items
2. FY19 is a pro forma number adjusted for discontinued operations and IFRS16 to allow for like-for-like comparison
3. Excluding Iplex Australia Pro-fit costs



2. Strong enduring financial positions and returns



1. Return on Funds Employed (ROFE) is EBIT excluding significant items to average funds (net debt and equity less deferred tax asset)
 2. Leverage = Net Debt / EBITDA before significant items



2. Well positioned for a softer FY24



→ Strong balance sheet



→ Most businesses have a differentiated and sustainable competitive position



- Positioning cost base and working capital now for softer FY24, focused on margin protection
- Current expectation is for FY24 materials & distribution volumes to be c.10-15% below 1H23
 - Strong control of overhead costs and pricing, will quickly flex variable costs to market activity
 - Active management of Residential and Development working capital, house sales ambition in line with market reality
 - Construction underpinned by solid infrastructure pipeline



3. Retain benefit of underlying margin gains & drive further performance improvement

We have a robust plan to drive further margin improvement across the portfolio



Continuing to drive **economic performance** of each business to be in its industry upper quartile



Investment growth targeted in margin-accretive **NZ segments and Adjacencies**



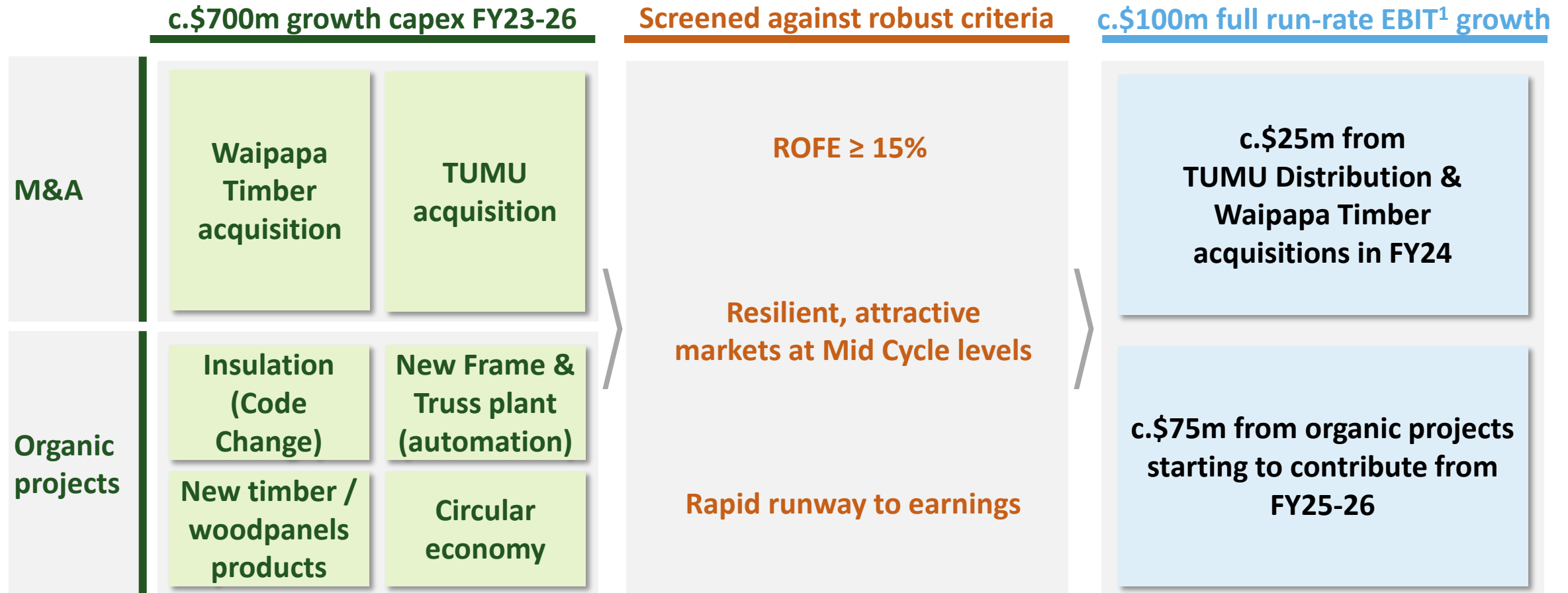
Continued improved performance in **Australia** margins



More focused & profitable **Construction** business

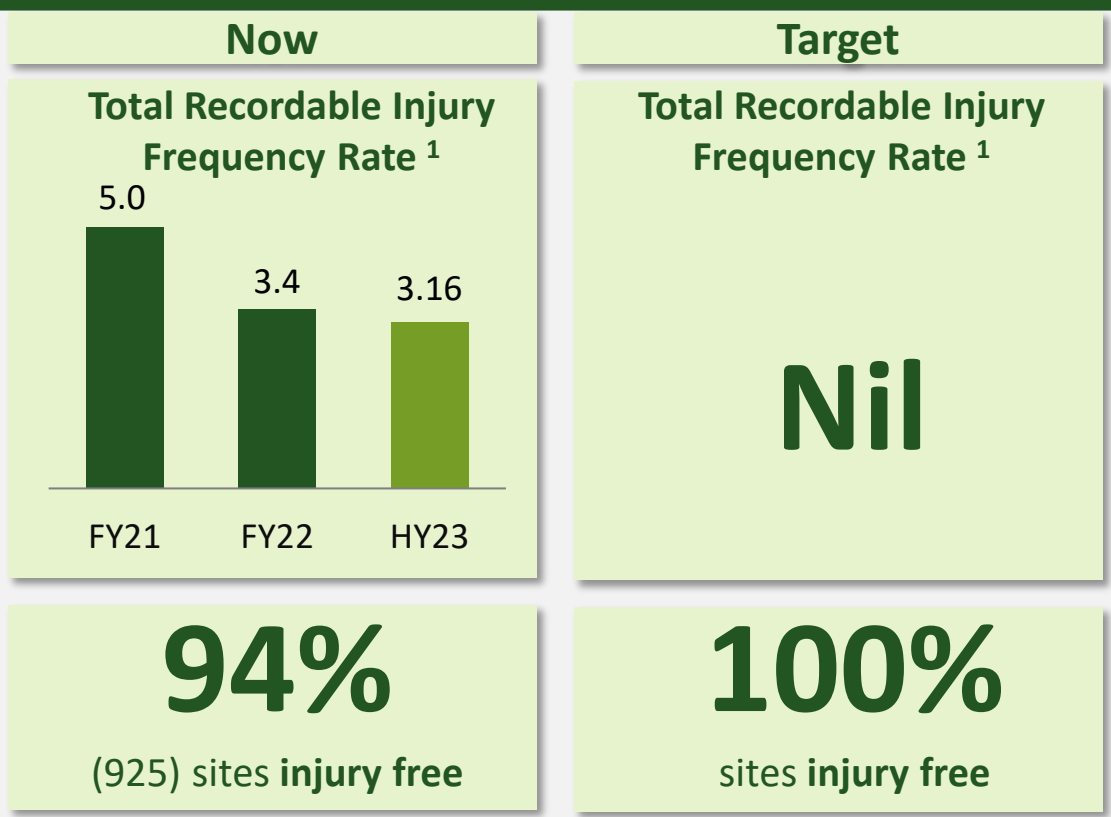


4. Established pipeline of growth investments – primarily organic

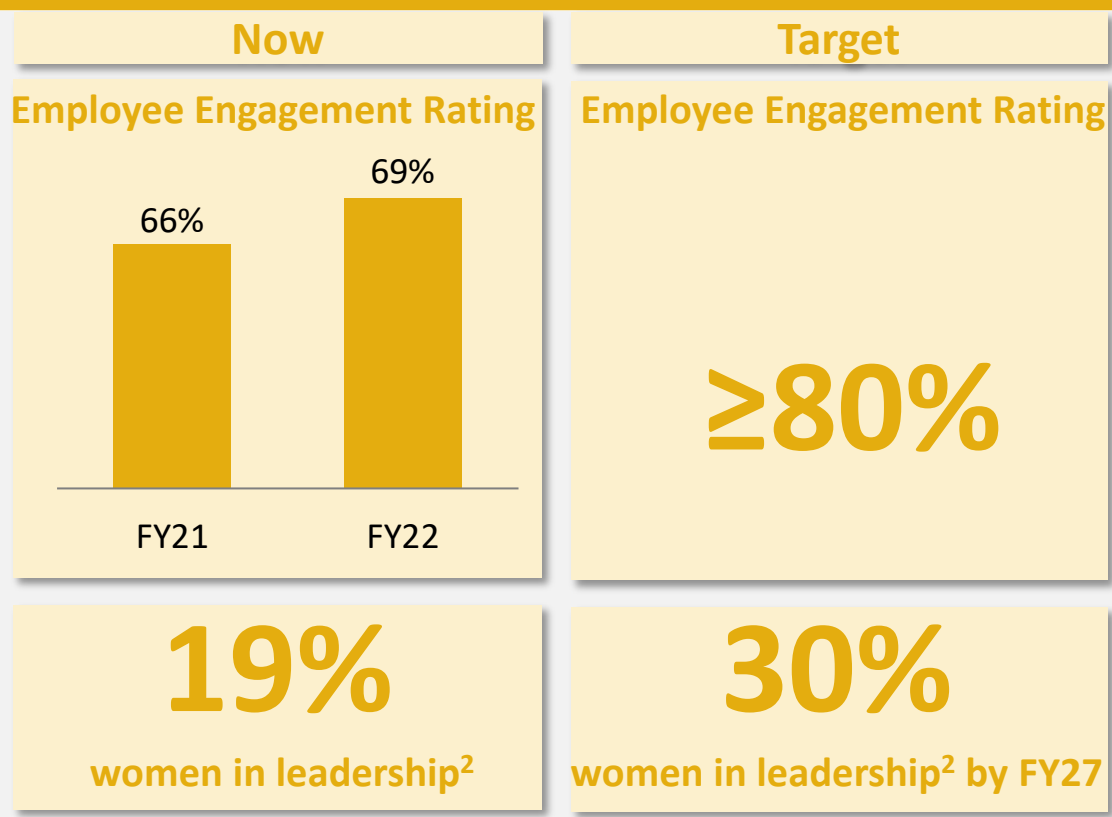


5. Longer term non-financial metrics underpin achieving sustainable outperformance

Safety: good progress continues



Engagement: focus on continued improvement

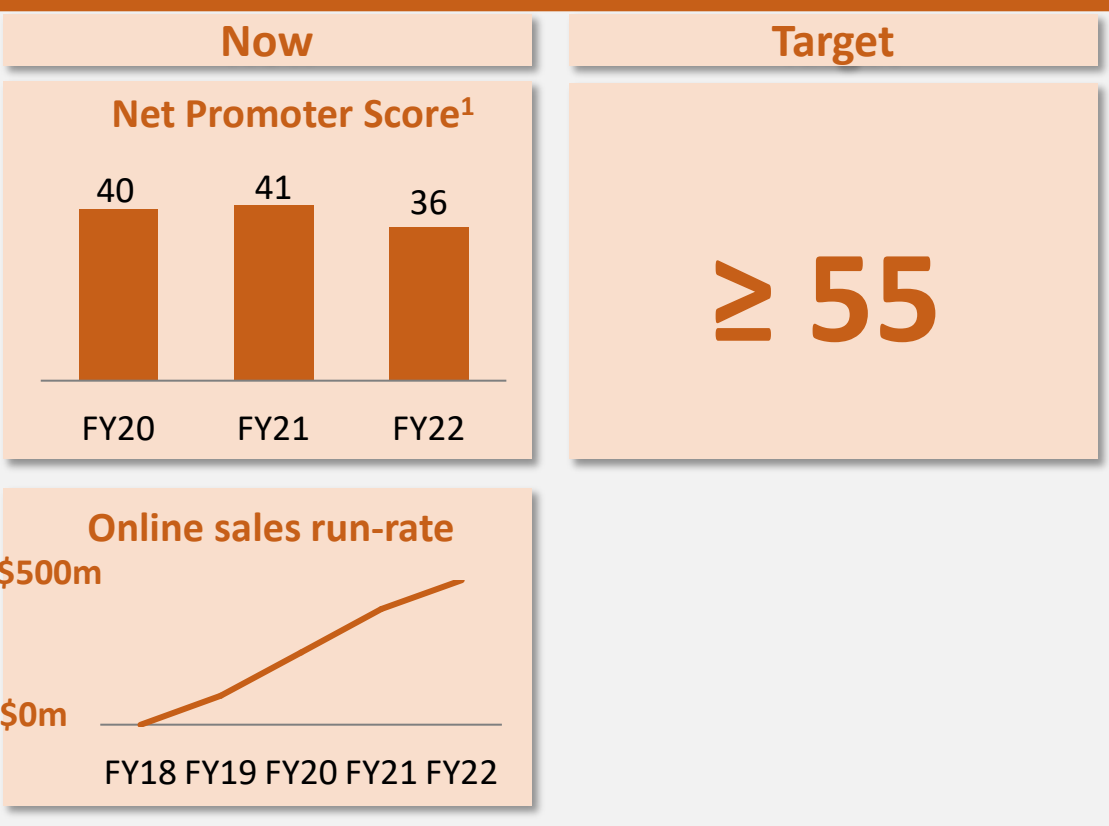


1. TRIFR = Total no. of recorded injuries per million hours worked. Does not include Restricted Work Injuries
 2. Leadership includes all employees that are classified as frontline leaders, leaders of leaders, GMs & CEs

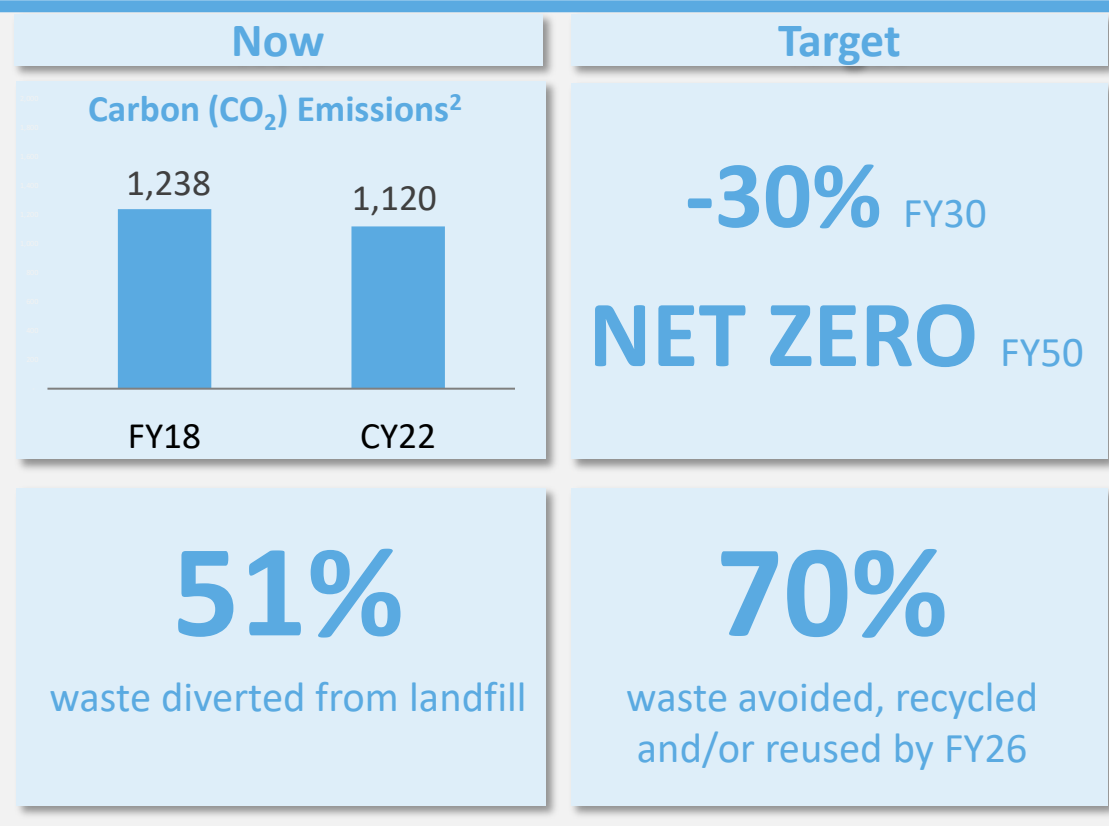


5. Longer term non-financial metrics underpin achieving sustainable outperformance

Customer: driving customer solutions & services



Sustainability: 30% lower carbon by 2030, net zero by 2050



1. Net Promoter Score (NPS) measures how satisfied our customers are with our business
 2. '000 Tonnes



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Customer
Environment



Questions Appendix Slides

Fletcher Building Limited



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In certain sections of this presentation, Fletcher Building has chosen to present certain financial information exclusive of the impact of significant items. A number of non-GAAP financial measures are used in this presentation which are used by management to assess the performance of the business and have been derived from Fletcher Building’s financial statements for the six months ended 31 December 2022. You should not consider any of these statements in isolation from, or as a substitute for the information provided in the Financial Statements for the six months ended 31 December 2022, which are available at www.fletcherbuilding.com.

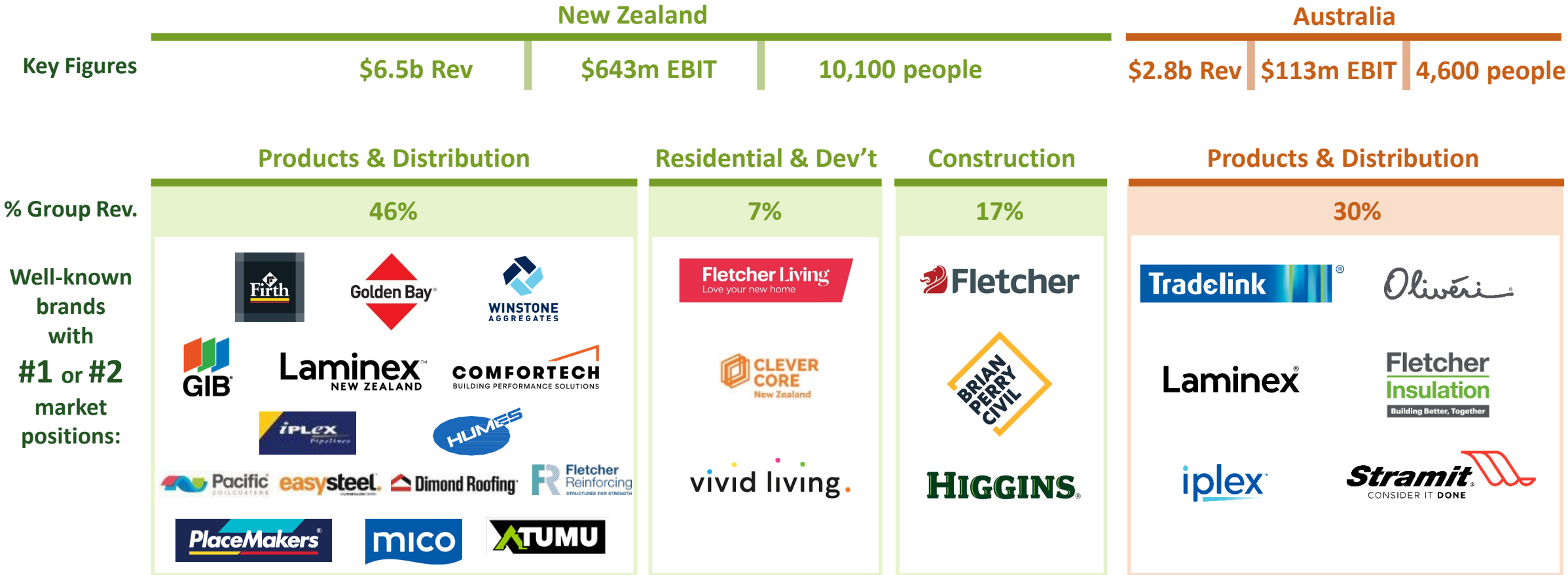
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We are a scale in-country manufacturer & distributor of building products, with complementary residential development & construction businesses



Note: Key figures are for FY22. Rev is Gross Revenue; EBIT is EBIT before significant items, NZ includes corporate costs of \$63m. NZ Construction includes South Pacific. All currency in this presentation is in NZD. Brands shown are not exhaustive



Sustainability important part of our DNA

“Improving the world around us through smart thinking simply delivered”

We have a focussed plan to drive sustainability outcomes

We will ensure our growth is achieved while remaining true to our purpose:

- A safe, diverse and inclusive workplace
- Our community at the heart of what we do
- Move progressively to a net positive environmental impact, founded in managing climate impact & risk
- Lead the way in sustainable building products & solutions
- Circular economy commitment across our businesses

Leading to world-class sustainability credentials

 Sustainability Yearbook Member of S&P Sustainability Yearbook 2023
(Building Products sector, Top 15%)



Listed in Dow Jones Sustainability Index for Australia (Building Products sector)



CDP ‘A-’ rating – in Leadership category for management of our carbon emissions
CDP ‘A’ rating for Supplier Engagement – in CDP Leadership category



MSCI ‘AA – Leader’ ESG rating

