

Distribution Investor Day

6 April 2016

Tradclink

Cyclone

Oliveri

mico

Dimond

FORMAN
BUILDING SYSTEMS

Fletcher
Reinforcing
Structured for strength

PlaceMakers

Stramit
Building Products

easysteel

PACIFIC
COILCOATERS

FLETCHER BUILDING DISTRIBUTION



Disclaimer

This presentation contains not only a review of operations, but also some forward looking statements about Fletcher Building and the environment in which the company operates. Because these statements are forward looking, Fletcher Building's actual results could differ materially. Statistics included in this presentation are sourced from Statistics NZ unless otherwise stated.



Agenda

| | | |
|-------------------|---|---|
| 8:00am - 8:30am | Coffee/Registration | |
| 8:30am - 9:15am | CEO Update / Q&A | Mark Adamson – <i>Chief Executive Officer</i> Lee Finney – <i>Chief Transformation Officer</i> |
| 9:15am - 9.30am | Divisional Introduction | Dean Fradgley – <i>Chief Executive, Distribution</i> |
| 9.30am -10:15am | PlaceMakers | Bruce McEwen – <i>General Manager</i> |
| 10:15am - 10:30am | Morning tea | |
| 10:30am - 11.30am | Plumbing distribution: Mico and Tradelink | Bryn Harrison – <i>GM, Mico</i> Alan Ball – <i>GM, Tradelink</i> |
| 11.30am - 12:30pm | Steel distribution - NZ and Australia | Hamish McBeath – <i>GM, Steel Distribution</i> Paul Tudor – <i>GM, Stramit</i> |
| 12:30pm – 1:00pm | Lunch | |
| 1pm | Depart for site visits from rear entrance on Pitt Street | |



Fletcher Building Distribution Investor Day Presentation 2016

CEO Update

Mark Adamson
CEO



Structure will support greater focus on business performance

| Building Products: Matt Crockett | International: Francisco Irazusta | Distribution: Dean Fradgley | Residential & Land Development: Steve Evans | Construction: Graham Darlow | Chief Transformation Officer: Lee Finney |
|--|--|--|--|---|--|
| <ul style="list-style-type: none"> • GBCWinstone (NZ) including Higgins Aggregates • Firth (NZ) • Humes (NZ) • Rocla Pipelines (Aus) • Winstone Wallboards/Tasman Insulation (NZ) • Fletcher Insulation (Aus) • Iplex (NZ & Aus) • Sims Pacific Metals (NZ) • Fletcher Aluminium (NZ) | <ul style="list-style-type: none"> • Formica Asia • Formica Europe • Formica North America • Laminex (NZ & Aus) • Roof Tile Group (NZ; Africa; Asia; Europe; USA) | <ul style="list-style-type: none"> • PlaceMakers (NZ) • Mico (NZ) • Tradelink (Aus) • Stramit (Aus) • Tasman Sinkware (Aus); • Steel Distribution; | <ul style="list-style-type: none"> • Fletcher Living (NZ) | <ul style="list-style-type: none"> • Infrastructure (NZ) • Fletcher EQR (NZ) • South Pacific • Higgins Contracting (NZ & Fiji) • Building + Interiors (NZ) | <ul style="list-style-type: none"> • Procurement • Marketing • Operational Excellence • Transformation |



Fletcher Building Distribution Investor Day Presentation 2016

Overview of Distribution

Dean Fradgley
CE Distribution



Objectives for today's Distribution Investor Presentation

- Present the divisional strategy
- Cover key strategic areas of focus and growth
- Meet the management team



FLETCHER BUILDING DISTRIBUTION



The Distribution portfolio has 11 businesses across New Zealand and Australia which are well recognised within their markets

- Enlarged Distribution covers New Zealand and Australian Distribution business units
- 1st or 2nd in their markets
- Operate within traditional markets
- Well recognised within their industries
- Well established brands
- At different points in their maturity
- Different scales of operation



Our Distribution division operates across Australia and New Zealand with a diverse portfolio of product businesses



New Zealand's leading building supplies merchant specialising in the trade and B2B segment of the market

FY15 Revenue: NZ\$1,167m
Staff: 2,400
Key customer segments:

- Group home builders
- SME trade customers
- Commercial



New Zealand's largest specialty plumbing and bathroom merchant supplying trade and retail customers

FY15 Revenue: NZ\$210m
Staff: 450
Key customer segments:

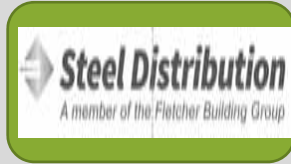
- Residential and commercial construction
- Repairs and maintenance



Supplies bathroom and plumbing products through a network of 200+ branches across Australia

FY15 Revenue: A\$730m
Staff: 1,480
Key customer segments:

- Network plumbers
- Commercial construction



New Zealand's leading importer, distributor and processor of steel

FY15 Revenue: NZ\$440m
Staff: 600
Key customer segments:

- Infrastructure and commercial construction
- Manufacturing and Engineering
- Roofing and cladding roll formers



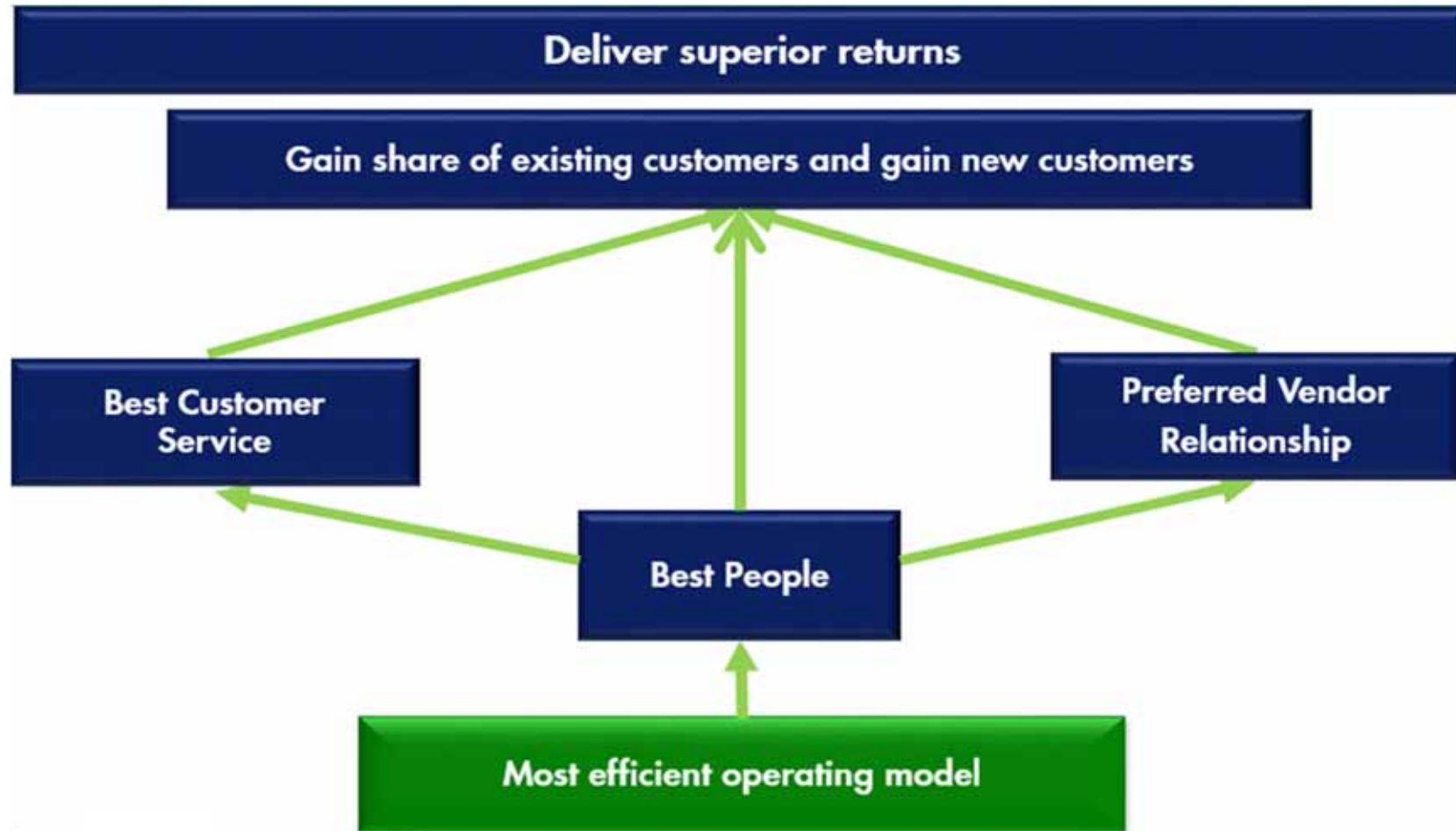
Australia's 2nd largest roll former and supplier to the building industry with steel roofing, cladding, rainwater and door systems

FY15 Revenue: A\$460m
Staff : 850
Key customer segments:

- Installers
- Builders and developers
- Network resellers



We are in year three of executing the Distribution strategy



FY15 financial highlights – total division

Revenue

NZ\$3.2bn

EBIT

NZ\$148m

▲ 17%

ROFE

14.1%

▲ 2.3%

Capital expenditure

NZ\$54m

▲ 83%

Gross margin realisation

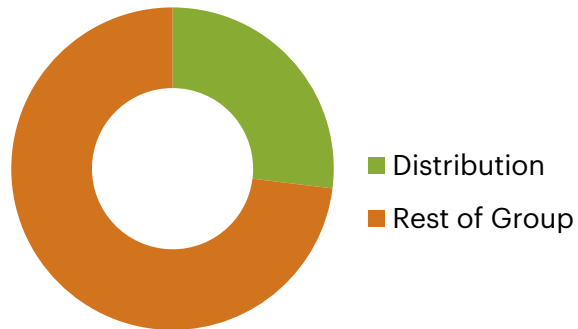
20%

▲ 18%

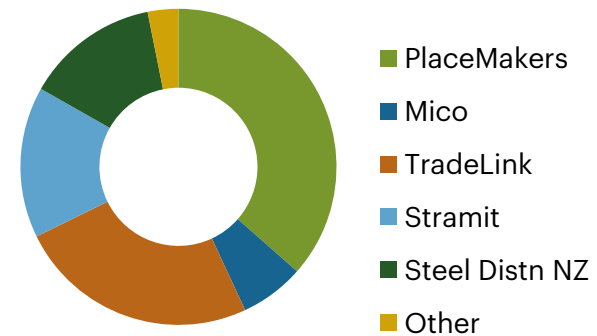


Distribution is a key component of the Group's financial performance

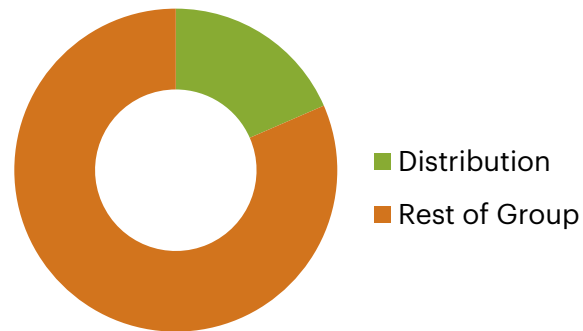
FY15 Revenue



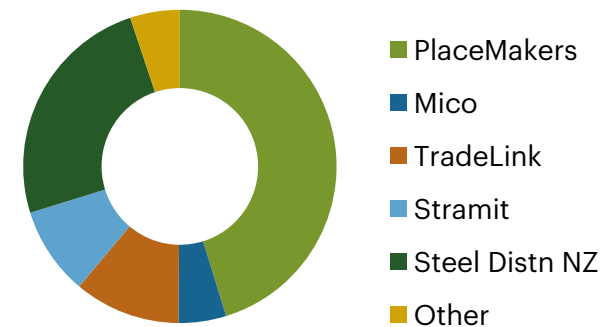
FY15 Revenue



FY15 EBIT

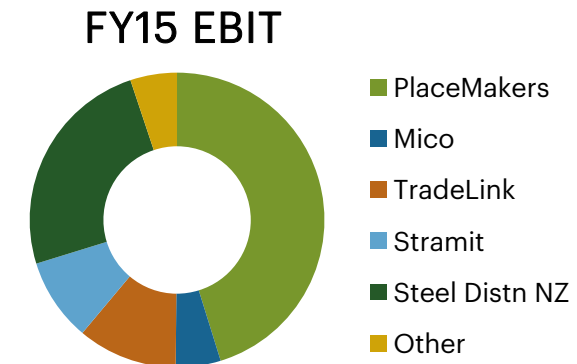


FY15 EBIT



Distribution has momentum and has delivered robust organic profit by executing its customer leading strategy

- Strong revenue and double-digit year on year EBIT growth in New Zealand
- Accelerated performance in PlaceMakers, successful turnaround in Mico and sustainable manufacturing improvements in Pacific Coil Coaters
- Benefits of a differentiated customer value proposition and customer service promise tangibly linked to profit improvement
- NZ business units are key earning centres for the division. Learnings are being deployed in Australia
- Australian portfolio has scale that needs to be leveraged
- Average EBIT to free cash conversion of 100%
- Capex / funding light business



Demonstrated delivery in turnarounds and transformational growth in New Zealand Distribution, which has momentum in a competitive and buoyant market. We are now deploying this into Australia



Distribution has the potential to unlock more shareholder value through the economic cycle

Critical areas

Profitable market share

Organic growth

Execution in Australia

How

- Buy better / sell better
- Gross margin realisation
- Efficiency and synergy

- Core category penetration
- Shop within a shop concept
- Omni channel
- Regional network performance

- Service and growth potential in Australia
- Export learnings and best practice from New Zealand strategies



The Distribution business units differentiate themselves within their markets

Our Customer Service Promise

We want PlaceMakers to be the easiest place for customers to do business.

To deliver to site in full & on time or we refund the delivery fee

To make sure we know what is most important for our customers, we asked them about their wants and needs.

Why?
Because we want our customers to know we are serious about service and are prepared to stand behind what we say.

In response to our customers' feedback, we have also made a number of business improvements to enable us to deliver against our promise.

One of our customers' key wants was to receive product in Full, On Time, and in Spec - DIFOTIS.

To ensure we are exceeding customer expectations, we actively measure how each of our branches performs against each aspect of our Customer Service Promise.

We want to provide even greater clarity around our DIFOTIS because we know getting the product in full, on time and in spec is important for our customers.

A sample of branches for DIFOTIS last month was:

1. Hamilton 99.4%
2. Wairarapa 98.8%
3. Dannevirke 98.4%
4. Otago 97.3%
5. Kerikeri 97.1%
6. Whangarei 96.9%
7. Waikato Island 93.2%
8. Whangaroa 93.4%
9. Auckland 92.2%
10. Christchurch 91.8%

We want PlaceMakers to be the easiest place for customers to do business.

- 250 core trade items always in stock
- Over 100,000 products available
- 1 hour order & pick up service
- To answer your call within 30 seconds or we'll call you back within the hour
- Accurate invoicing – no surprises
- To deliver to site in full & on time or we refund the delivery fee
- To deliver your frame & truss order within the agreed time or we pay you \$200 per day

"We guarantee it."

- 500 core products always in stock or lunch is on us*
- You pay what we quote or we'll credit you \$10
- Trained & knowledgeable staff
- Click & collect within 30 minutes or lunch is on us*
- Delivery of your order on time*
- Industry leading warranties on our exclusive products

- LEAD TIME: 5 days or we pay you \$1K.
- DELIVERY: On time & in full or we pay the delivery fee.
- STOCKED RANGE: Core range available in selected branches across New Zealand.
- TECHNICAL SUPPORT: All queries acknowledged same day.
- SERVICE/SALES: We answer your call in 3 rings or we'll call you back in 30 minutes.
- SPECIALS: Short/bespoke runs available.
- WARRANTY: Product guarantee. We make it right for you!

CONDITIONS APPLY. FIND OUT MORE IN-STORE.

- 500+ EVERYDAY ESSENTIALS IN STOCK, ALWAYS
If not, we'll give you a \$50 credit
- ORDERS READY FOR PICK UP IN 30 MINS OR DELIVERED WITHIN 2 HRS
If not, we'll give you a \$50 credit
- WE WON'T BE BEATEN ON PRICE ON OUR 500+ EVERYDAY ESSENTIALS
We'll match any price on an identical product
- SAME DAY TURNAROUND ON EVERYDAY QUOTES
If not, we'll give you a \$50 credit
- QUALITY PRODUCTS BACKED BY MANUFACTURER WARRANTIES
We only stock the good stuff
- WE KNOW OUR STUFF AND UNDERSTAND YOUR BUSINESS
So you get the right product for your job

Trade customers only. T&Cs apply. See in branch or www.tradelink.com.au/promises-for-people



Strategic review and areas of focus for the future

2015 strategic review by external consultants focussed on the following three areas:

Commercial

- Leveraging FB's newly created Asian sourcing office
- Promoting own exclusive branded ranges and specifications (Raymor / Adesso in Mico and Tradelink, for example)
- Grow core customers and SOW – e.g. GHBs and Network Plumbers sectors

Operations

- FB operational excellence deployed in Pacific Coil Coaters and Stramit
- Single Trans-Tasman 'Distribution' focus
- Performance focus across branches and BUs to deliver YOY improvements. An obsession in execution

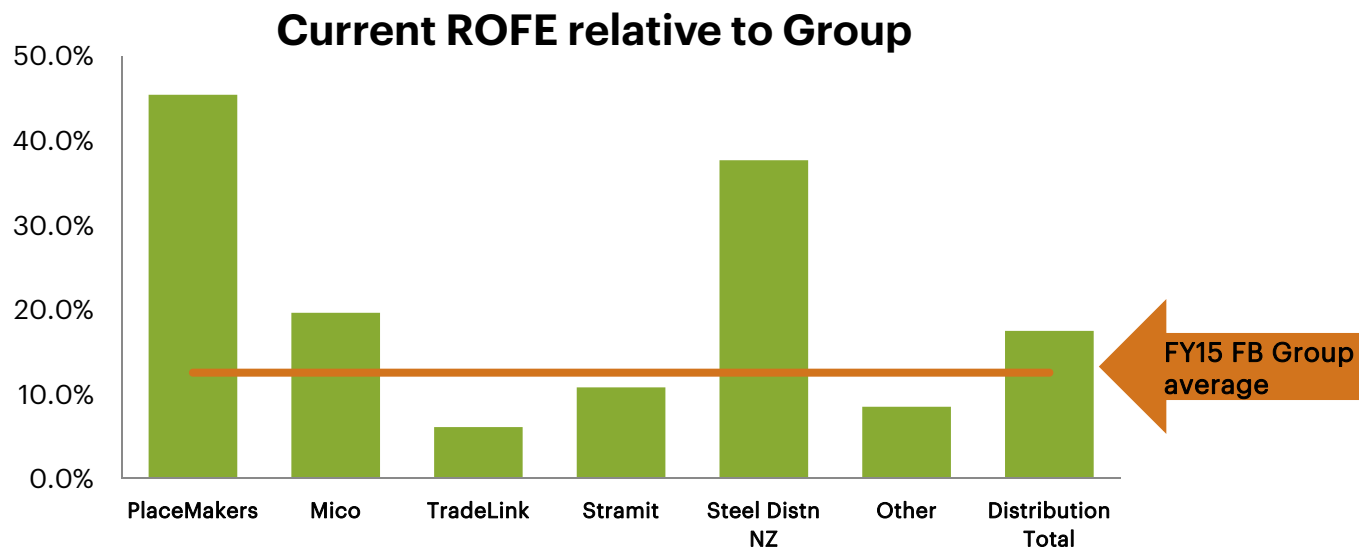
Cost

- Successful co-location and business combinations leveraging group scale and synergies
- Cost containment relative to growth, through the cycle

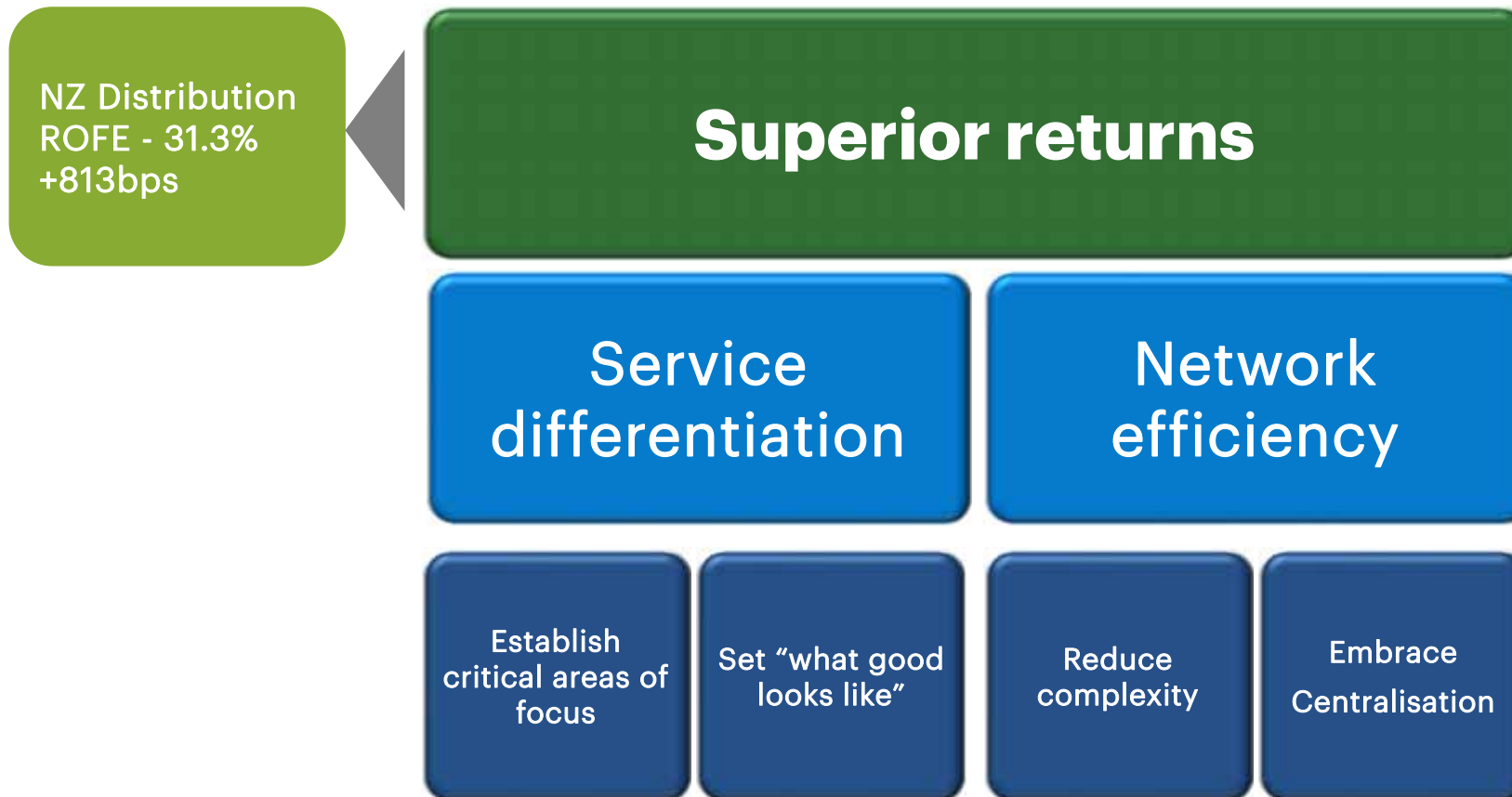


Distribution has momentum and line of sight to continue to grow returns and shareholder value

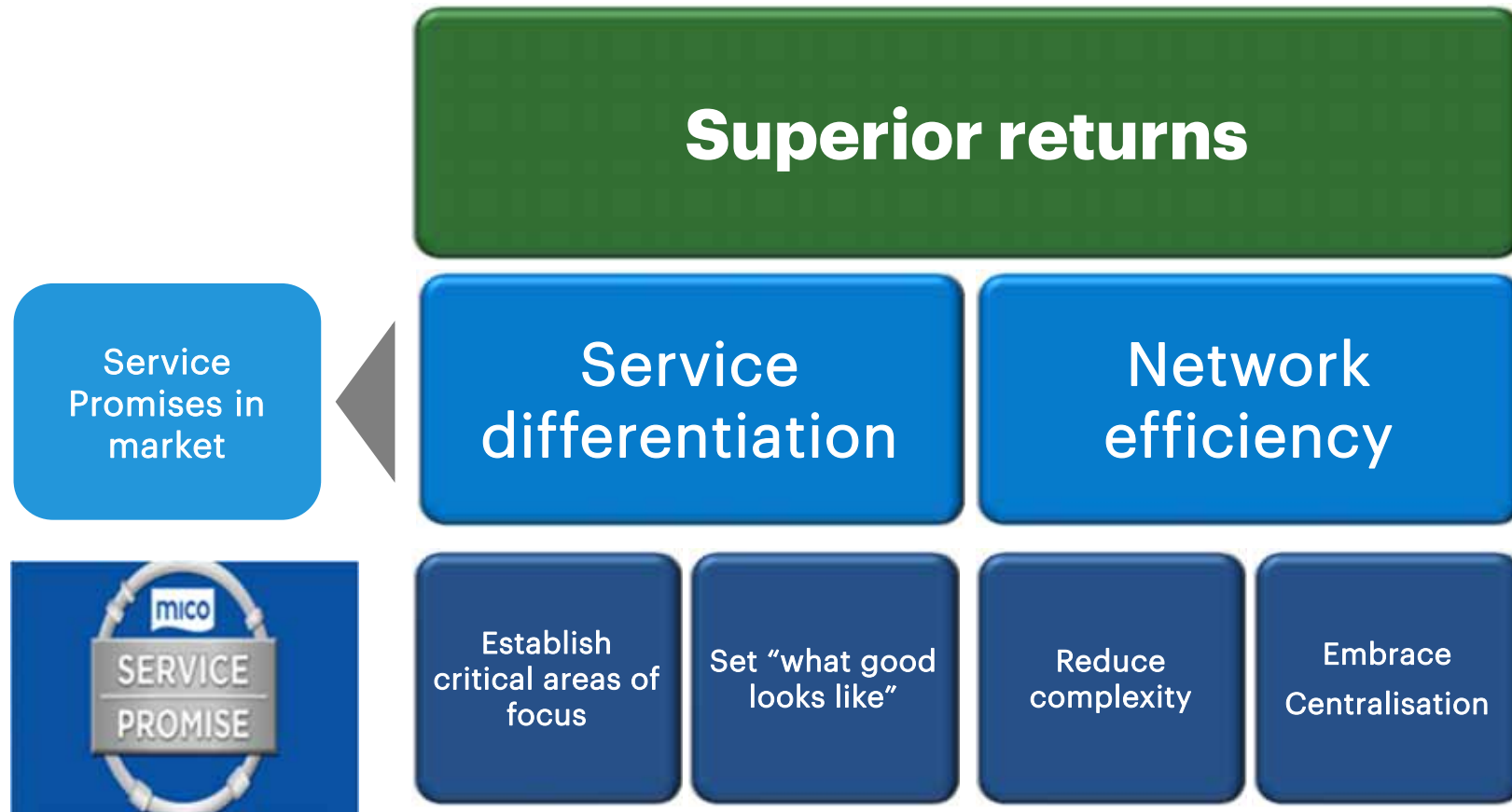
- Clear and simple divisional strategy that is common across all its businesses
- Demonstrable delivery in New Zealand over the last two years
- New Zealand success and learnings now being applied to Australian business units
- Our focus is clear – growing profitably with an obsessive focus on execution
- Distribution are clear enablers of overall Fletcher Building growth and value creation, key drivers of group ROFE



Summary: continued progress within Distribution – growing earnings through strong execution



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Summary: continued progress within Distribution – growing earnings through strong execution

Superior returns



Service differentiation

Network efficiency



- Delivered 8 New Zealand co-located sites
- Planned program to do more

Establish critical areas of focus

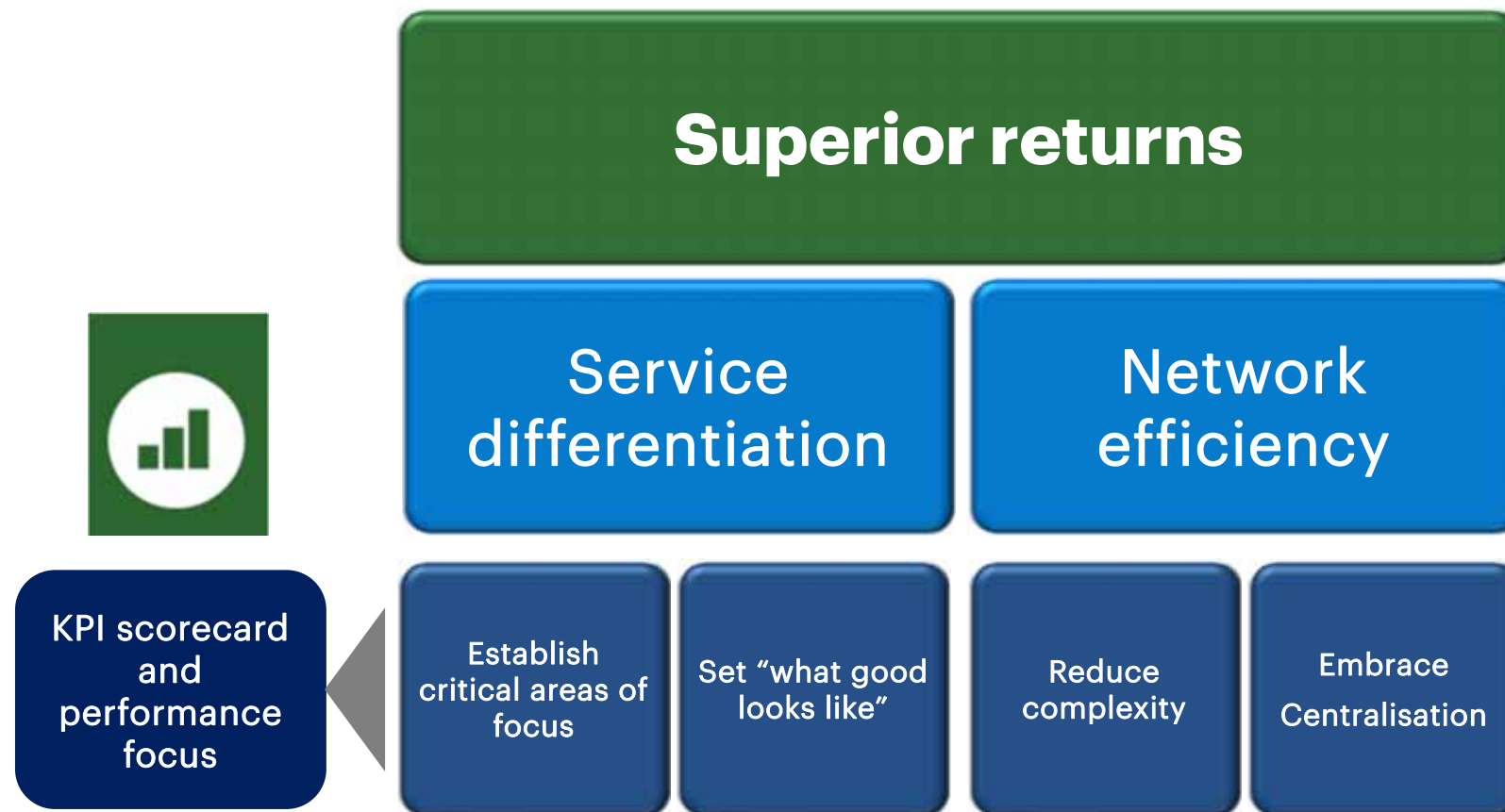
Set "what good looks like"

Reduce complexity

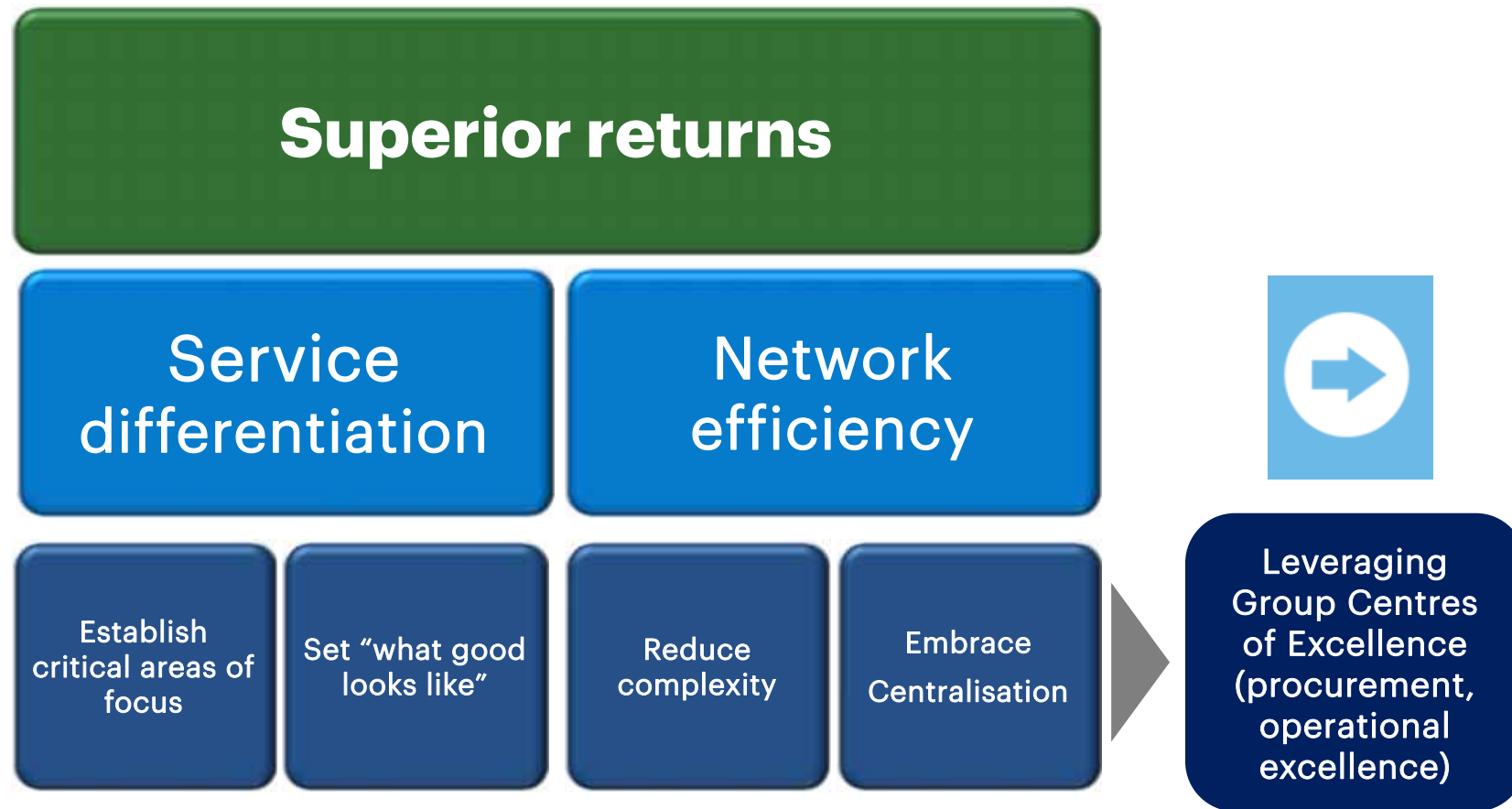
Embrace Centralisation



Summary: continued progress within Distribution – growing earnings through strong execution



Summary: continued progress within Distribution – growing earnings through strong execution



PlaceMakers

Bruce McEwen
GM PlaceMakers



PlaceMakers on a page



People

- 2,400 employees, 70%+ employee engagement
- Performance focused operators / management team
- Differentiated model



Customers

- Relentless focus on service
- No.1 market share position
- New loyalty scheme covering wider SME market



Efficiency

- Record low cost to serve
- Centralising back-office functions
- Consolidation in Frame and Truss timber manufacturing



Profitable growth

- Record turnover in H1 FY16
- FY15 ROFE 41% – 25% CAGR from FY13 baseline
- Average operating cash to EBIT - > 100% EBIT retention



FY15 KPI highlights from PlaceMakers

improvements include double digit year-on-year EBIT growth

EBIT

\$66.8m

▲ 26% YoY

Gross margin realisation

25%

▲ 17% YoY

Revenue

\$1,167m

▲ 8% YoY

ROFE

41%

▲ 13% YoY

Net operating profit retained*

\$20m to \$53m

* Off FY13 baseline



PlaceMakers is the core revenue and profit engine of the Distribution division

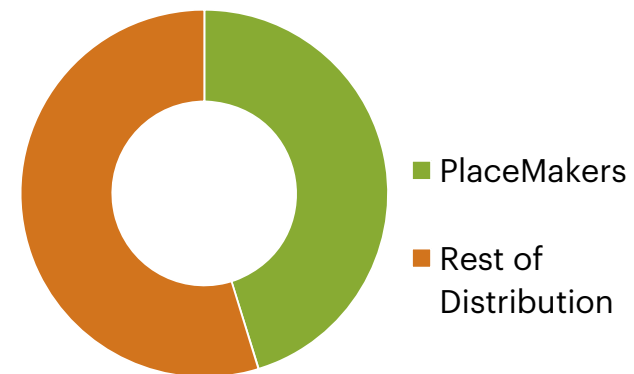
FY15 revenue of \$1,167m
PlaceMakers generates
36% of the division's
revenue....

...and 45% of the division's
EBIT

FY15 Revenue



FY15 EBIT



Our critical areas of focus to deliver on our strategy

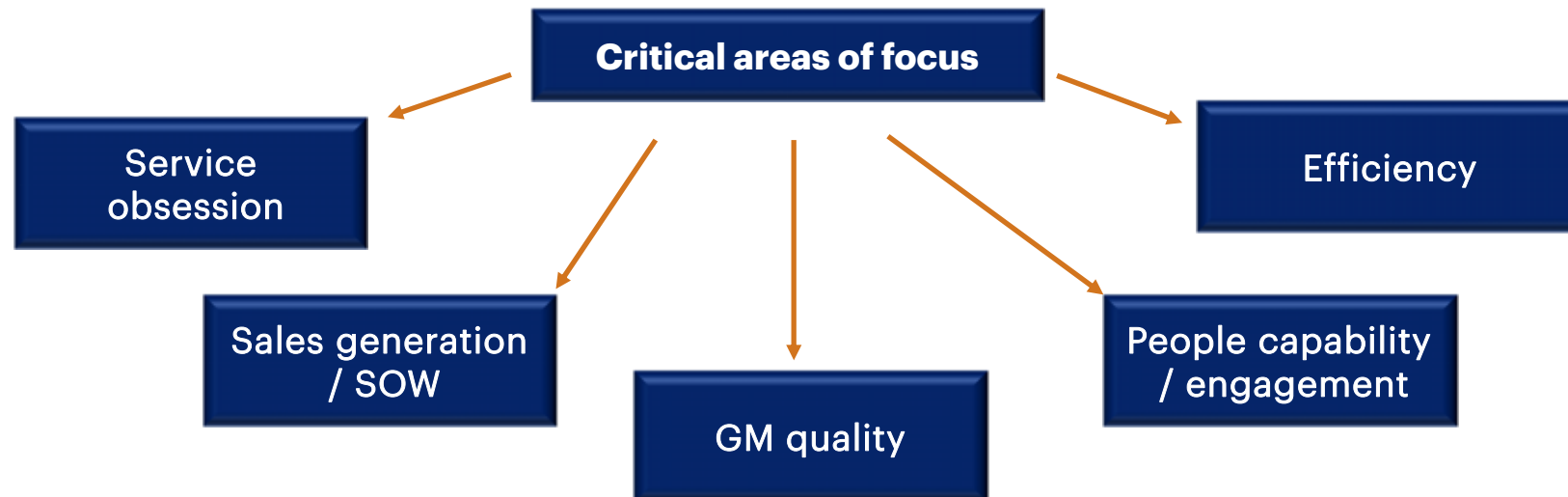
FY13 Baseline:

- Sales : \$0.95bn
- EBIT : 3.7%

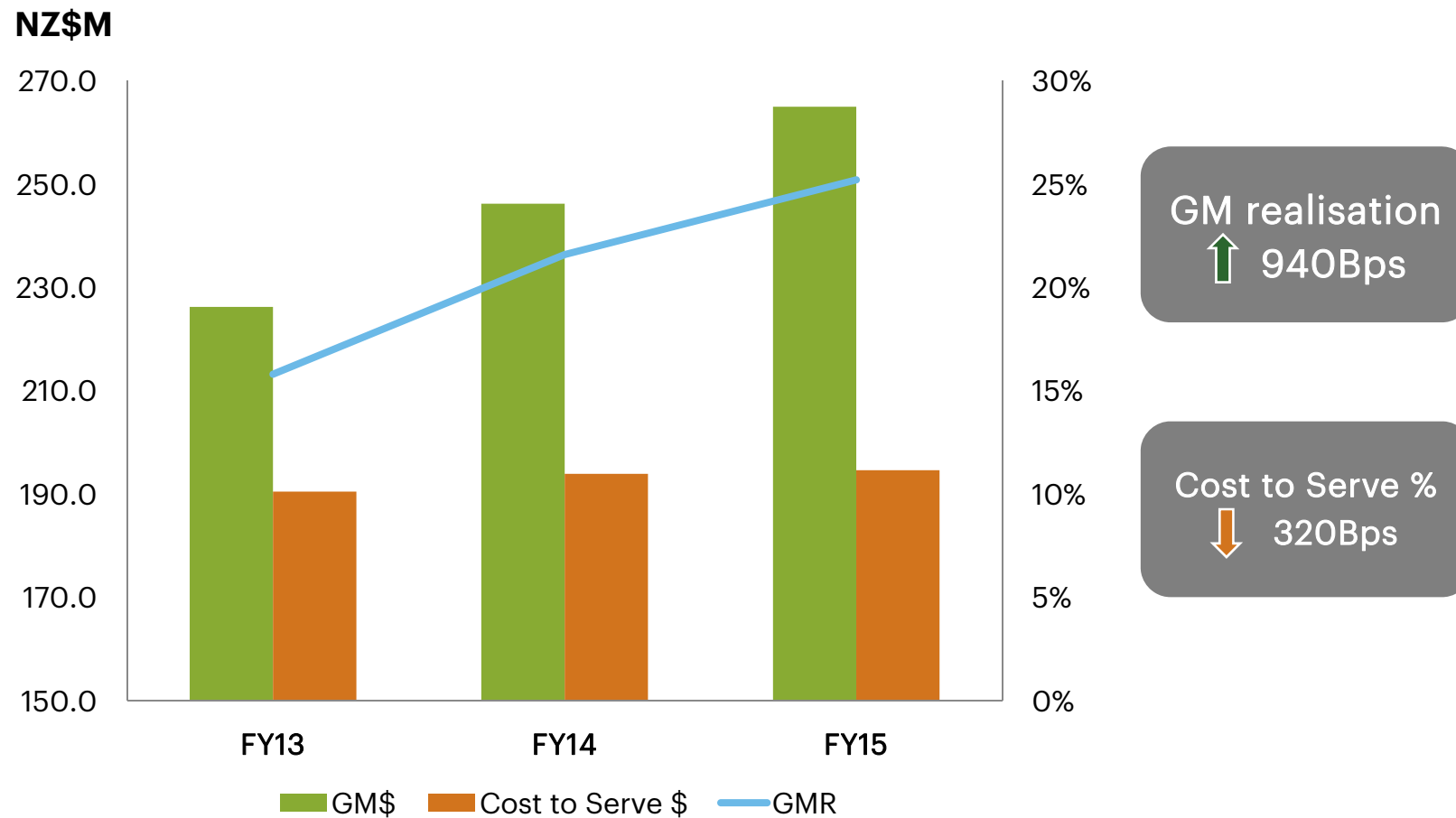
No one is easier to do business with

Target:

- Sales : \$1.46bn
- EBIT : 7%



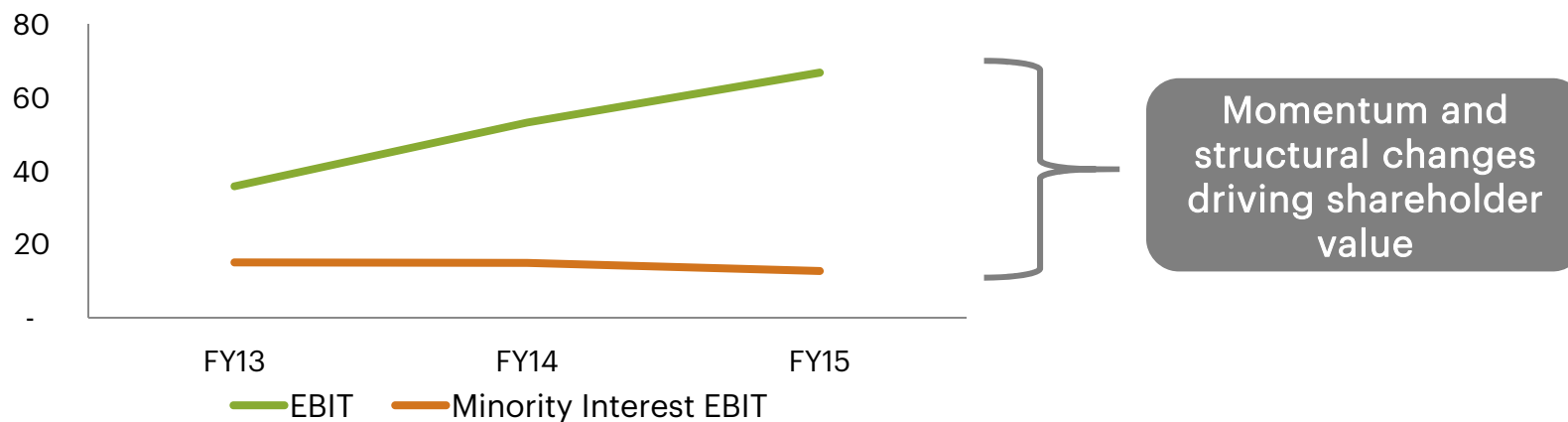
PlaceMakers is focused on efficiency to drive gross margin realisation improvements



Improved trading performance accentuated by the joint venture model change enhancing NOP retention

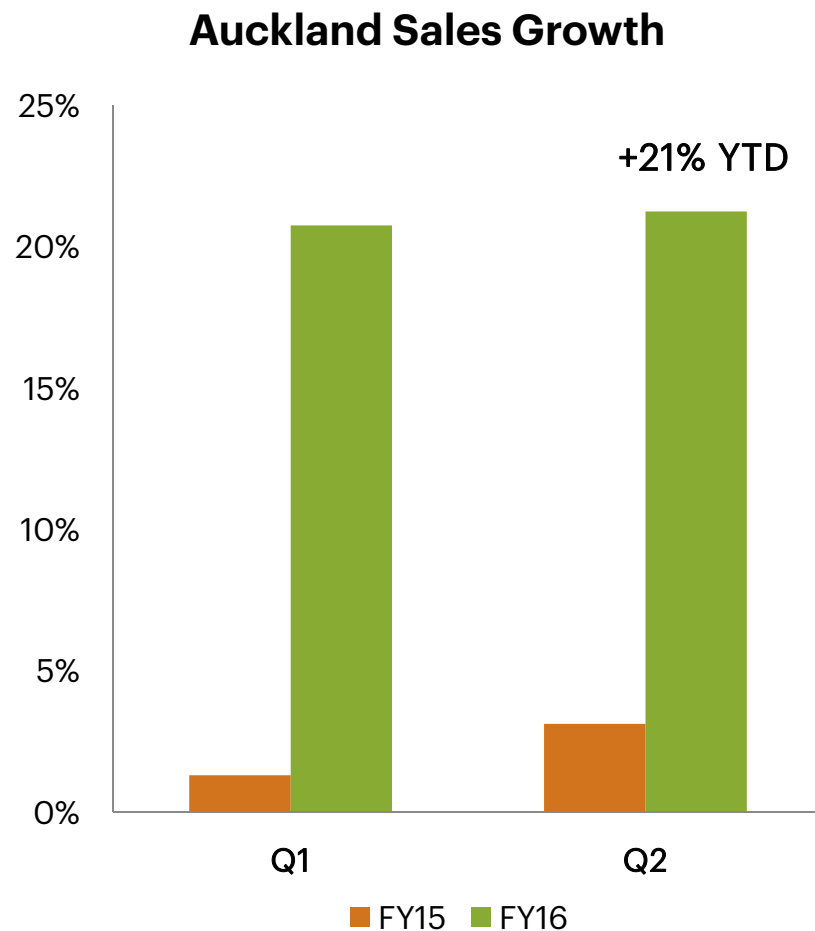
- PlaceMakers has over 60 locations, with 53% of revenue relating to joint ventures owned with local operators
- Changed the joint venture model, reducing joint venture equity, increasing term and giving surety of direction
- Joint venture contracts now targeted on critical areas of focus and delivering superior returns
- Improved EBIT growth and net operating profit (NOP) retained drives shareholder value

NZ\$M



H1 FY16 sales growth of +10% driven by strong growth in Auckland supported by regional growth

- Strategic focus on improving Auckland market share
- Changed business model in Auckland - was fragmented and difficult to compete
- One year later YOY growth +21%



Sales generation in core categories remains critical area of focus

Category Opportunities

Timber
In a turnover of \$10,000 + GST from Fletcher

Building Products

Specialist Timber Solutions

Accessories

Paint

Plumbing

Kitchens

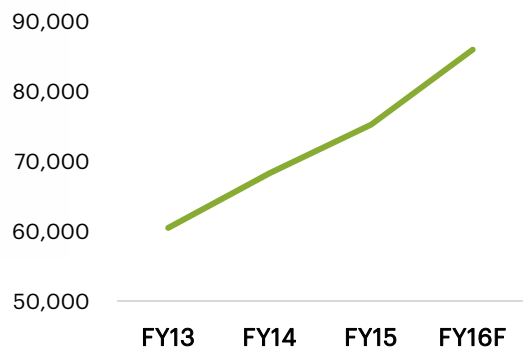
Bathrooms

Largest timber frame and truss manufacturer in New Zealand

Frame and Truss sales continue to grow profitably - \$115m p.a. growing at 13%

Network consolidation into 8 sites

Frame and Truss - Cubic Metres produced



Share of wallet focus is a key enabler for growth in white space categories

Category Opportunities



Timber



Building Products



Paint



Plumbing



Specialist Timber Solutions



Accessories



Kitchens



Bathrooms



Share of wallet focus leveraging sales of finishing products, i.e. kitchens now a \$25m business

GHB market share provides platform for further category extensions



Targeted share of wallet campaigns take market share and increase pull-through of Fletcher Building products

Over the last 18 months...



Leverage frame and truss capability for market share

Pull-through benefits for Fletcher Building

Creates higher margin finishing products sale

...PlaceMakers has generated over \$70m in competitive wins



Famous for differentiated service model and bringing this to life



We are obsessed with service and are the only national distributor in our sector that publishes its service performance

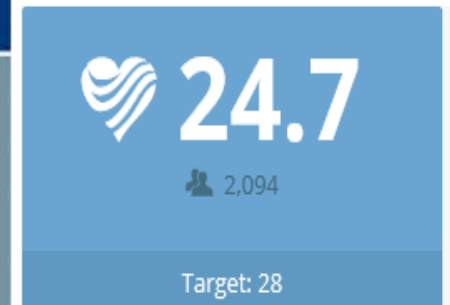


A sample of results, based on having all 250 core trade items in stock, from last month:

| | | |
|-----|--------------|---------|
| 1. | New Plymouth | 99.89 % |
| 2. | Thames | 99.72 % |
| 3. | Dunedin | 99.67 % |
| 4. | Wanaka | 99.61 % |
| 5. | Blenheim | 99.65 % |
| 6. | Kerikeri | 99.52 % |
| 7. | Wellington | 99.49 % |
| 8. | Auckland | 98.55 % |
| 9. | Hamilton | 98.00 % |
| 10. | Christchurch | 97.98 % |



Net Promoter Score



From 21 → 24.7



We are measuring balanced performance across key metrics to maximise sustainable returns

| CUSTOMER | | | | |
|---|--------------|------------|--------------|------------|
| Net Promoter Score | | | 36.5% | 28% |
| Telephony Service Promise | | | 86% | 85 |
| Pricing Credit as % Invoice | 0.16% | 0.36% | 0.23% | 0.36% |
| RED DOT % | 99.6% | 100.0% | 98.2% | 100.0% |
| Customer Performance Score | 20.00 | 20 | 18.00 | 20 |
| EMPLOYEE | | | | |
| Safety Observations | | | | |
| Staff Turnover (12 Months %) | | | 25.9% | 27.0% |
| Absence (12 Months %) | | | 1.3% | 1.4% |
| Employee Expense/Sales % | 7.5% | 8.0% | 7.3% | 7.4% |
| Employee Performance Score | 15.00 | 15 | 15.00 | 15 |
| OPERATIONS | | | | |
| DIFOTIS | | | 94% | 95% |
| % Purchase from Primary Supplier | 86.9% | 95.0% | 84.8% | 95.0% |
| * Sales Per FTE (000) | 66.0 | 59.0 | 424.1 | 424.6 |
| * System Margin Per FTE (000) | 14.1 | 12.9 | 91.2 | 92.7 |
| Operations Performance Score | 14.00 | 15 | 8.00 | 15 |
| FINANCIAL | | | | |
| Debtor Collection % | 87.1% | 85.0% | 85.5% | 85.0% |
| Stockturn - Inventory Days | | | 33.5 | 32.7 |
| * Shrinkage % | -0.3% | 0.2% | -0.1% | 0.2% |
| * Freight Recovery % | 41.4% | 111.7% | 116.9% | 111.7% |
| Sales \$ (000) | 1,674.6 | 111.8% | 10,392.0 | 108.3% |
| Final GM \$ (000) | 419.3 | 367.7 | 2585.8 | 2360.2 |
| * Final GM % | 25.0% | 24.5% | 24.9% | 24.6% |
| Controllable Costs % of Net Sales | 10.7% | 11.9% | 11.0% | 11.1% |
| * EBIT \$ (000) | 195.8 | 144.1 | 1185.8 | 1023.8 |
| EBIT % | 11.7% | 9.6% | 11.4% | 10.7% |
| Financial Performance Score | 44.44 | 50 | 49.00 | 50 |
| Overall Branch Performance Score | 93 | 100 | 90 | 100 |

Active branch metric management

Significant improvement in overall branch performance



In summary – customer leading behaviour is driving shareholder returns

- Service differentiation driving results and shareholder value
- Most profitable building supplies merchant in New Zealand
- ROFE – CAGR 25%
- Gross margin realisation up from 16% to 24%
- Record engagement and trading levels
- Positive momentum and line of sight to deliver on strategic plan

Customer Leading.



Mico

Bryn Harrison
GM Mico



Mico on a page



People

- 450 employees with record employee engagement
- 66 branches nationwide – corporate ownership model



Customers

- Largest plumbing merchant in New Zealand
- Differentiated service offer
- Winning in back of wall and growing in bathrooms
- Taking profitable share



Efficiency

- Co-location programme across Fletcher Building sites
- Implementing a successful branch footprint in lowest property cost to sales ratio



Profitable growth

- Record turnover in Q4 of calendar 2015
- On track to be ROFE accretive ~25% vs negative in FY13
- Target ROFE of 30%+



Over the last two years Mico has achieved an organic turnaround led and delivered by our people



Improved operating metrics on all fronts:

- Customer – momentum
- Efficiency – leveraging wider divisional and group resources
- Growth – focus on profitable growth
- People – turnaround in engagement and people talent

Note: * Trading EBIT before one-offs



Key FY15 highlights from the Mico turnaround include:

EBIT

\$3.5_m

▲ \$5.1m

Revenue

\$210_m

ROFE

7.8%

▲ 11.2%

Cost to Serve

26.6%

▼ 1.6% improvement

Branches co-located

8 branches

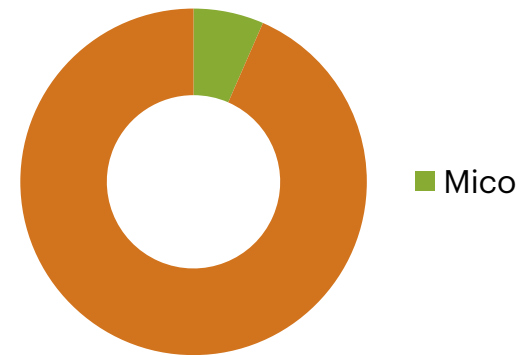
▲ +6 branches



Mico accounts for 5% of the Distribution division's result, but is a positive internally led turnaround story over the last two years

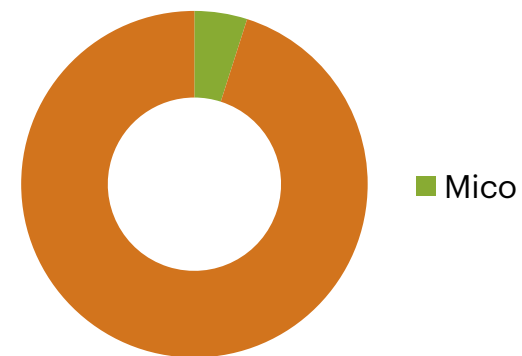
Mico accounts for 7% of the Division's turnover.....

FY15 Revenue

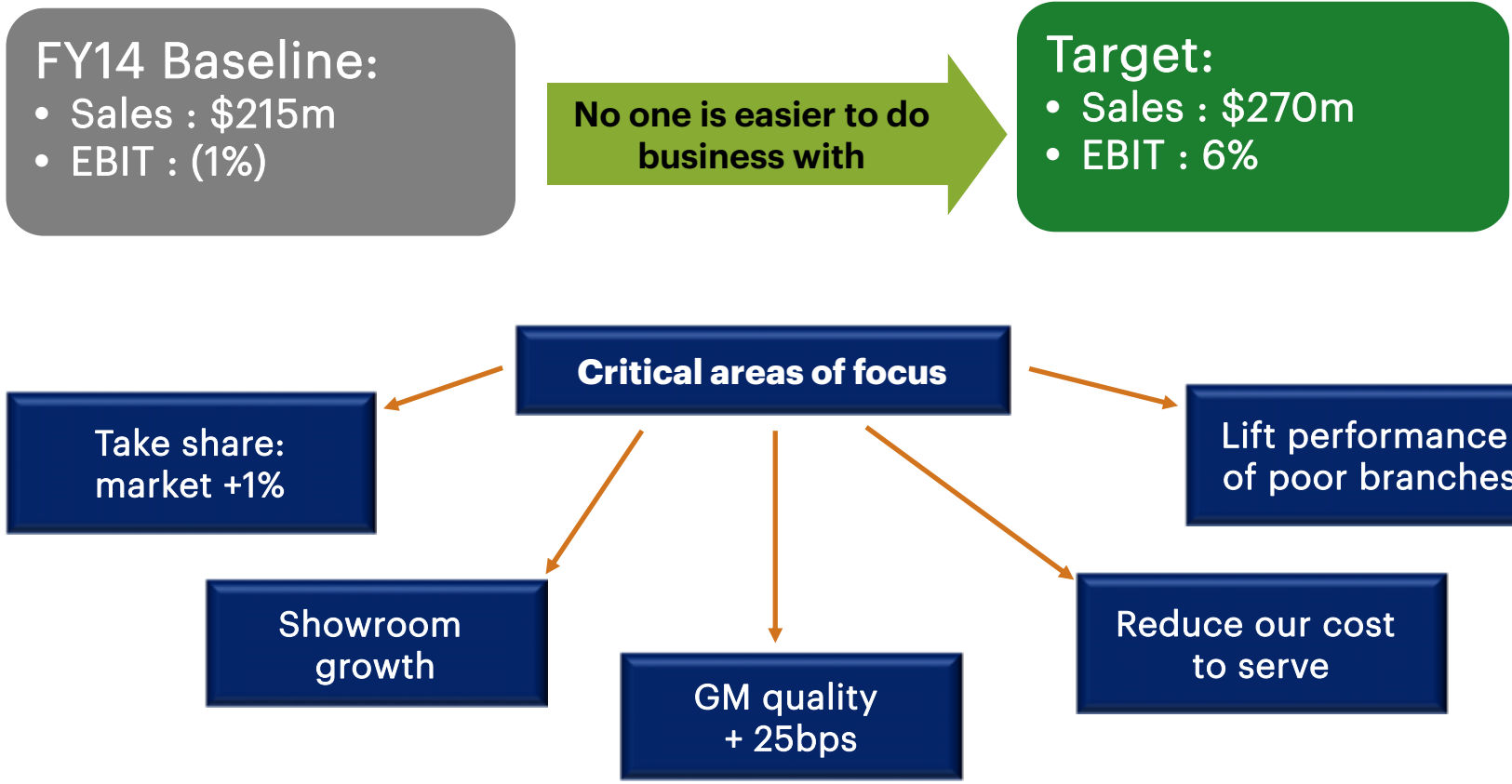


...and 5% of the Division's EBIT

FY15 EBIT



Our critical areas of focus to deliver on our game plan



Mico is the industry leader, differentiating itself with an industry first customer service promise



- Launched in June 2015
- Provides a tangible and defensible commitment to service for trade customers
- Yet to be followed by other industry participants



Tangible link with service promise and financial performance

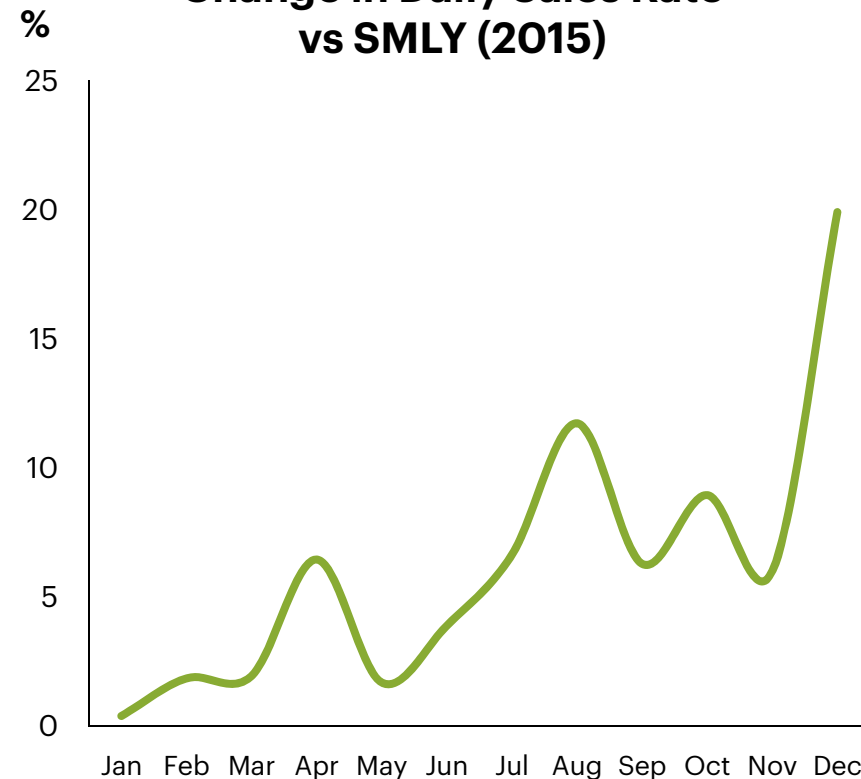


The service promise has improved customer satisfaction

Net Promoter Score
Oct 2014: **12**

Net Promoter Score
Mar 2016: **34**

Change in Daily Sales Rate vs SMLY (2015)



Service promise launch



Mico's strength was in BOW. We have grown FOW/ bathrooms and increased marketing activity for an improved balance




- Exclusive sponsorship and supply of bathroom fixtures to "The Block NZ 2015"
- Driven increase in footfall and showroom sales growth
- Drove increase in share in critical Auckland market
- New exclusive product ranges launched in tapware, vanities, sanitary ware at opening price points
- Enabler of critical focus on sales generation and share of wallet growth

Sales vs prior year FYTD Feb-16

| | | |
|-------------------------|------|---|
| Showroom products | +10% | ▲ |
| Exclusive Product Sales | +12% | ▲ |
| Auckland Showroom | +28% | ▲ |



Reducing the cost to serve has been key for Mico and will continue to be through the economic cycle

|  | | | | |
|---|-------------|-------------|-------------|--------|
| | FY14 YTD | FY15 YTD | FY16 YTD | Target |
| GM% | 26.4% | 27.5% | 27.9% | 29% |
| Cost to Serve | 28.4% | 26.8% | 24.7% | 22% |
| → People | 16.4% | 15.1% | 13.6% | 13.5% |
| → Property | 5.4%* | 5.5%* | 4.9% | 3.5% |
| → Other | 7.4% | 6.8% | 6.2% | 5% |
| EBIT | (2.7%)* | 0.6%* | 3.2% | 6-7% |

* Adjusted for National Office, lease income no longer received



Property cost reduction allows Mico to be profitable through the cycle



PlaceMakers Mico Palmerston North



Mico Kumeu



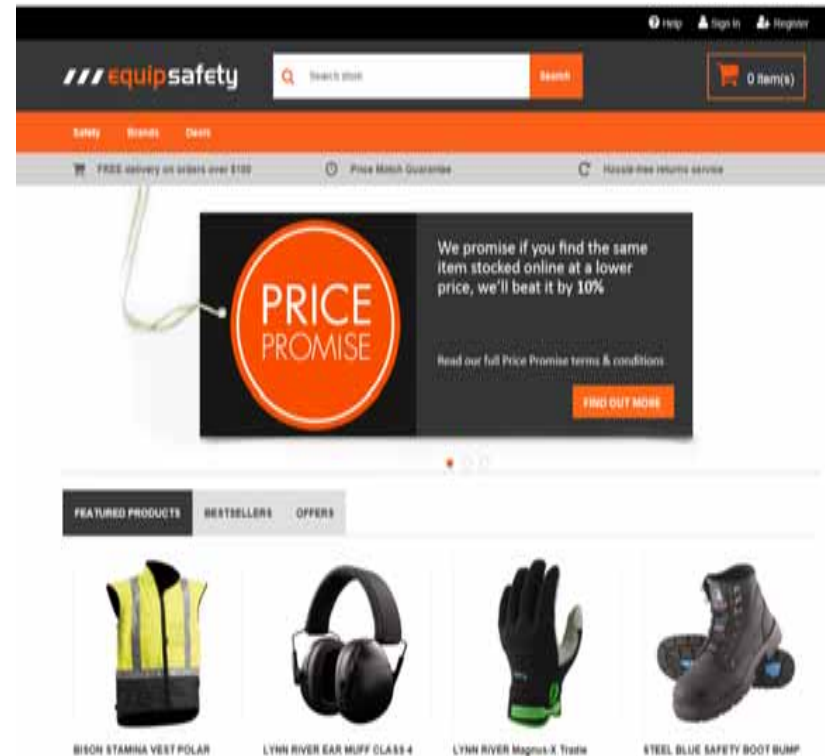
Humes Mico Timaru

- Property cost focus enables profit through the cycle, as well as market share gain through additional points of presence
- Two key strategies:
 - Co-location with Fletcher Building business units (PlaceMakers, Humes Pipelines)
 - Small-format sites (Kumeu)
- Total property cost savings delivered since FY14 c.\$2.2m p.a.
- FY19 target run rate savings of a further \$2m p.a.



Growing global trend for trade supplies purchased online

- New e-commerce platform launched for bolt-on categories and further sales generation
- Equipsafety.co.nz website built over the last 6 months to enable another channel route to market
- Leading advancement into separate distribution channel to market
- Enables Mico to expand into adjacent categories and grow share
- Initial focus on work-wear and safety products, further categories to be added



In summary – in-house turnaround and customer focus driving increased shareholder value

- ROFE on track for 20%+ (+12% YOY)
- Customer focused service promise underpinning sales and EBIT growth
- Investing for sales generation – new branches, e-commerce and marketing
- Drive efficiency through leveraging Fletcher Building assets
- Positive employee engagement and trading levels
- Delivered turnaround with more opportunities for earnings and topline growth



The graphic features the Mico logo at the top, with 'SERVICE PROMISE' written in a grey box. Below this are seven service promises, each with an icon and text:

- ✓ 500 core products always in stock or lunch is on us*
- 🎯 You pay what we quote or we'll credit you \$10
- 👍 Trained & knowledgeable staff
- 🕒 Click & collect within 30 minutes or lunch is on us*
- 🚚 Delivery of your order on time*
- 🏆 Industry leading warranties on our exclusive products

*Conditions apply. Find out more in-store.



Tradelink

Alan Ball
GM Tradelink



Tradelink on a page



People

- 1,600 employees
- Performance focused operators and management team
- Focus on training and development for sustainable growth
- Experienced distribution senior leadership team



Customers

- Number 2 in market with 18% share
- Densification of network providing additional locations to service market
- Executing a differentiated customer service promise in Australia



Efficiency

- Reducing operational cost
- Rightsizing branch network



Profitable growth

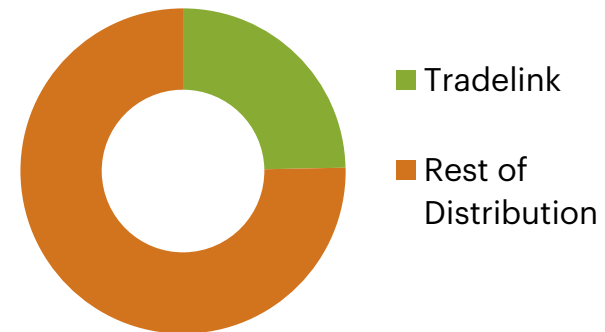
- 20 new locations per annum for next three years
- Expansion of product categories to complement range
- Destination showrooms to capture regional demographics



Tradelink provides the division with a platform to enable future earnings growth

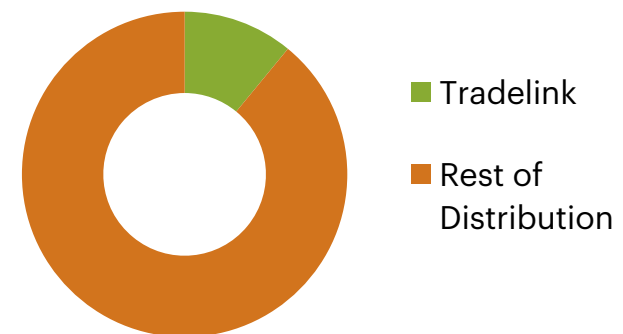
Tradelink delivers 25% of the Division's revenue...

FY15 Revenue



...and is management's number one priority to deliver sustainable earnings growth

FY15 EBIT



FY15 financial summary:

EBIT

A\$15_m

▲ 31%

Gross margin

28.7%

▲ 1.4%

Revenue

A\$732_m

▲ 3%

ROFE

4%

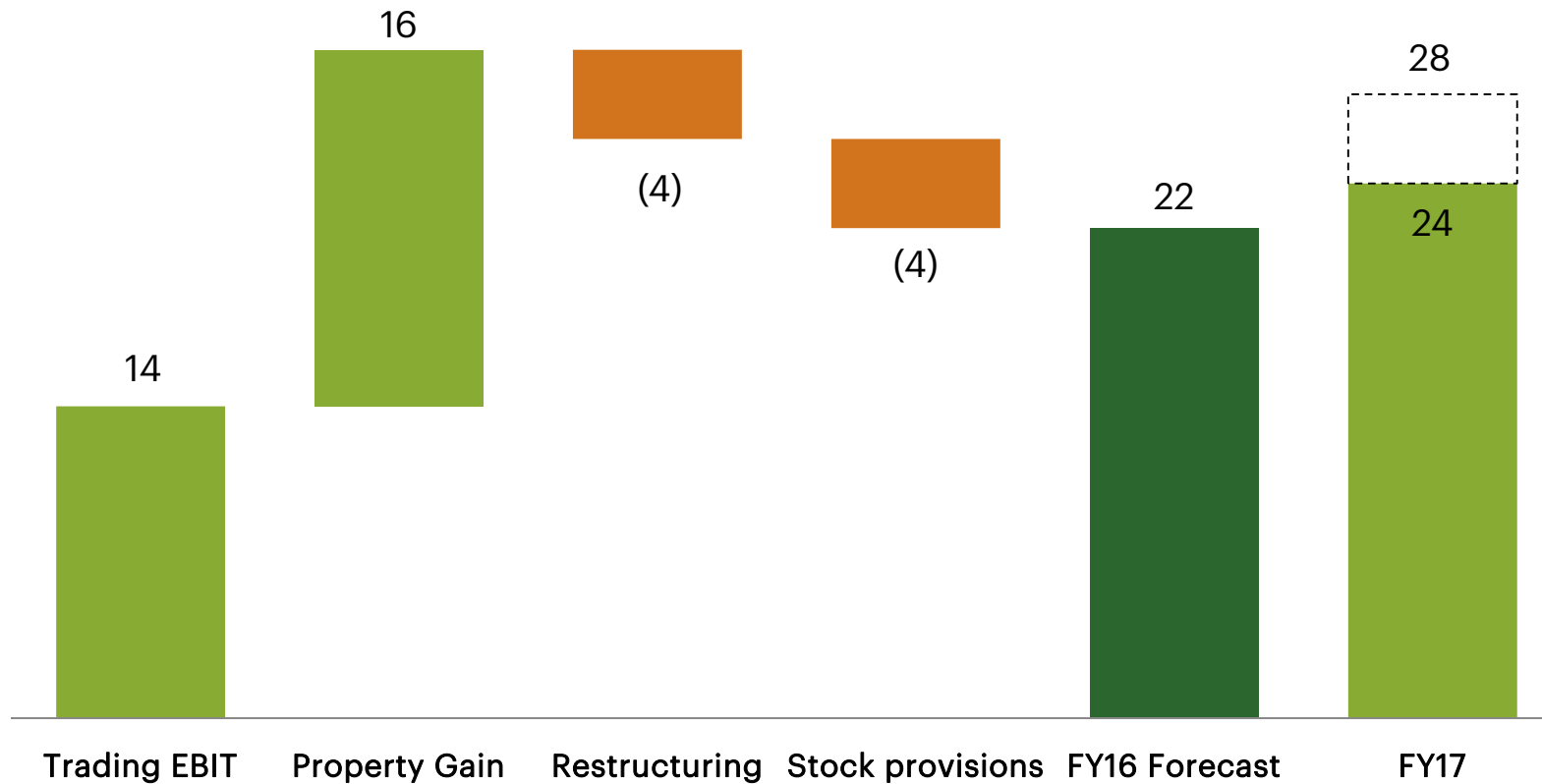
▲ 18%

FY16 annualised labour savings

A\$10_m



Tradelink is forecasting A\$22m of EBIT for FY16 with a range of A\$24 to A\$28m expected for FY17



Our critical areas of focus to deliver on our plan

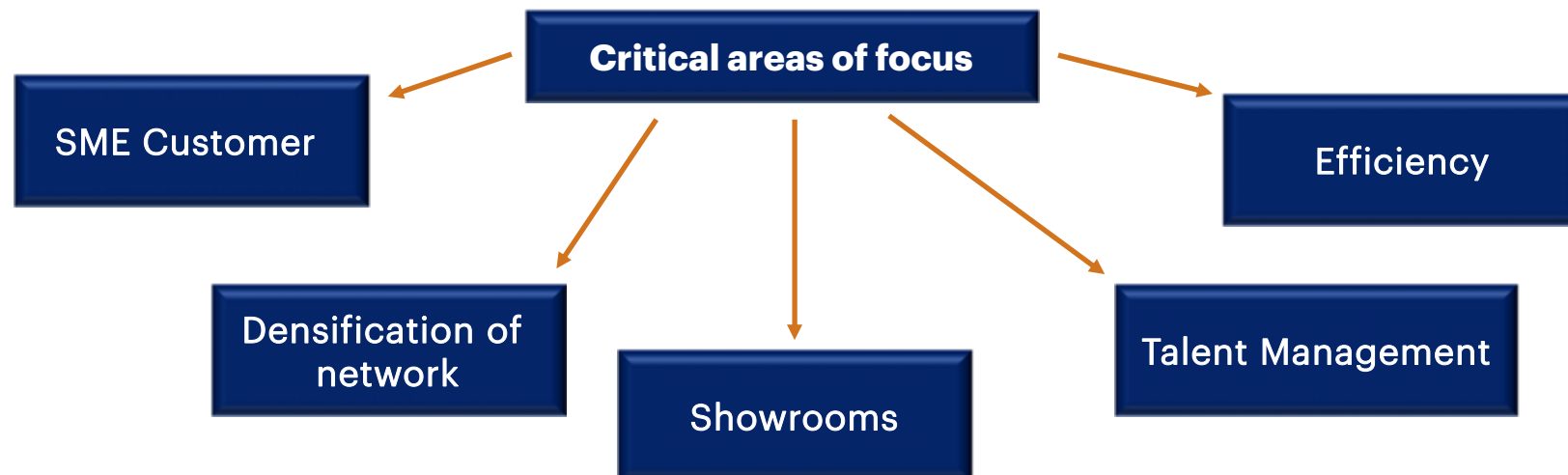
FY13 Baseline:

- Sales : \$0.68bn
- EBIT : 0.6%

No one is easier to do
business with

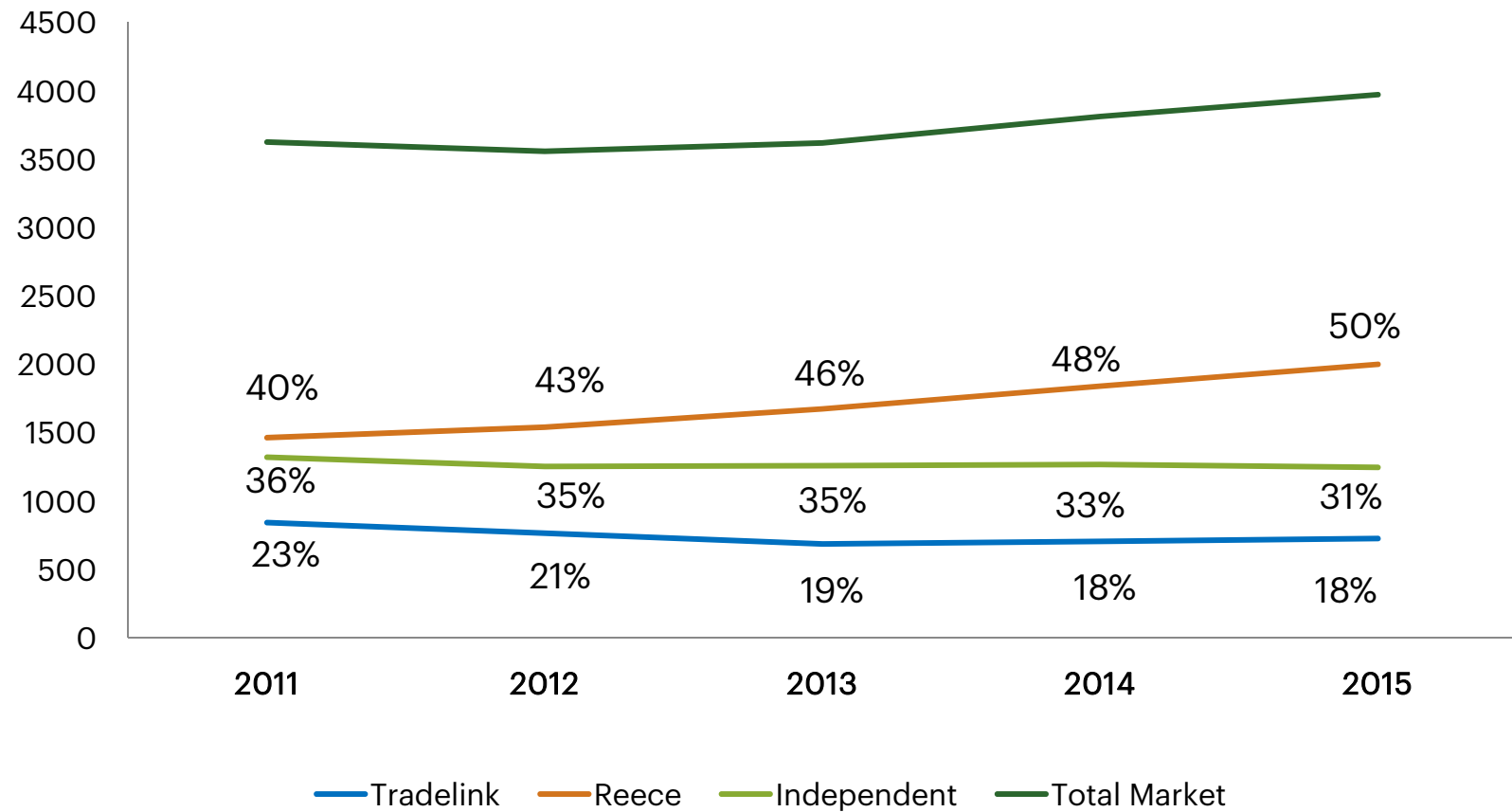
Long-term targets:

- Sales : A\$0.9bn
- EBIT : 5%



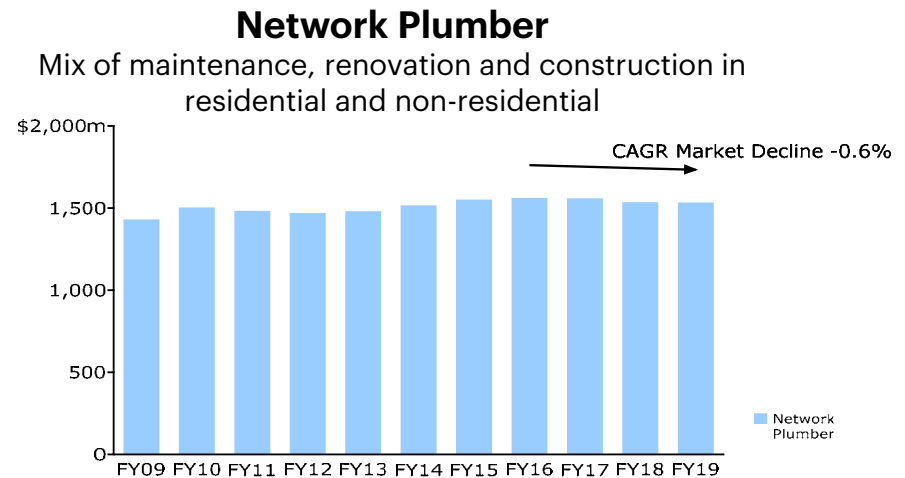
The Australian plumbing market remains an attractive industry served by two dominant players and independents

Market Size and share



Tradelink is in year two of executing the 'winning in plumbing' strategy, with accelerated focus on network plumber (SME)

| | From | To |
|-----------------|------------|------------|
| Network plumber | 20% | 27% |
| Projects | 25% | 27% |
| Retail | 11% | 13% |
| Total | 18% | 23% |



- Historically focused on large projects, which are volatile
- In line with Tradelink’s strategy, focus now on network plumber for long-term stability through the cycle
- Lower cost to serve through higher collection (50%) and lower property costs as a % sales
- Aligning business and sales team to core growth segments



Clear customer segmentation and alignment delivering market share growth

| | Trade | Trade+ | Trade+ Project | Project |
|-----------------|---|---|---|---|
| # Branches 2016 | 107 | 61 | 17 | 18 |
| # Branches 2019 | 165 | 61 | 17 | 20 |
| Annual Sales | \$1m - \$5m | \$2m - \$8m | \$3m - \$10m | \$6m+ |
| Branch Size | 400 - 600 | 700 - 1,200 | 1,200+ | 1,200+ |
| People | 3+ | 5+ | 9+ | 9+ |
| Famous For | SME Plumber | SME Plumber/Retail | SME Plumber/Retail /Network Builder | House Builder and Commercial Plumber |
| | <ul style="list-style-type: none"> • Plumbing core range • Spares | <ul style="list-style-type: none"> • Plumbing core range • Spares • Showroom • HVAC • Gas • Civil | <ul style="list-style-type: none"> • Plumbing core range • Spares • Showroom • HVAC • Gas • Civil | <ul style="list-style-type: none"> • Plumbing core range • Destination Showroom • HVAC • Gas • Civil |



A program of branch expansion has commenced based on the 'winning in plumbing' trial. 60 new branches planned in next three years

Trial – 2014

Amended - 2015

Implement - 2016

Based on 700-800 sqm concept

400-500 sqm



Branch of the Future

- 80% of stock open to view/pick
- Circular standing counter
- 'Break out' area for refreshments and meetings
- 1-to-1 and self service



Winning in Plumbing (ACT Trial)

- Fast moving pick up stock open to view/pick
- 'Designer' standing counter
- 'Break out' area for refreshments and informal meetings
- 1-to-1 and self service



Trade SME only

- Proven model
- Small Merch area
- Basic counter with stools
- 1-to-1 service
- Better presentation of fast moving consumables and common hand/power tools



In line with our strategy, we need to invest for growth over the next three years, leveraging low cost format options

- Having learned from the ACT pilot, we plan to spend A\$10m over the next three years to expand our footprint by 60 branches
- Payback to be under two years
- Branches will be consistent, leveraging the national brand and consistent range and product classifications
- We will also densify the metro areas with tactical regional openings where appropriate
- Current planned branches are:

| | FY 2017 | FY 2018 | FY 2019 | Total |
|-----------------|---------|---------|---------|-------|
| Queensland | 7 | 8 | 8 | 23 |
| NSW | 8 | 9 | 9 | 26 |
| SA | 2 | 1 | 1 | 4 |
| WA | 1 | 1 | 1 | 3 |
| NT | 1 | 0 | 0 | 1 |
| Vic / Tas / ACT | 1 | 1 | 1 | 3 |

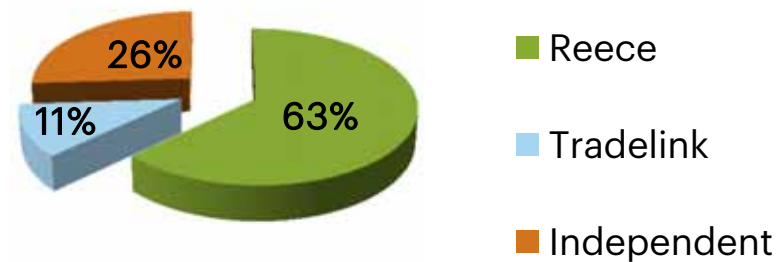


To regain share, Tradelink will refurbish its showroom network prioritising dormant branches following best practice from Mico



Bundaberg branch -
A\$45k investment
Sales up 7%

Showroom Share FY15



A\$1.5m investment
A\$10m Sales Increment
Payback in 7 months
2% Market Share gain



Management are focusing on people engagement and talent development to accelerate strategy execution



Blue Room

- Facilitates feedback and action
- Driving ownership accountability and change



Induction

- Facilitates culture and values learning
- Driving customer service and personal brand



Learning & Development

- Facilitates loyalty and opportunity
- Driving Better Every Day performance and engagement

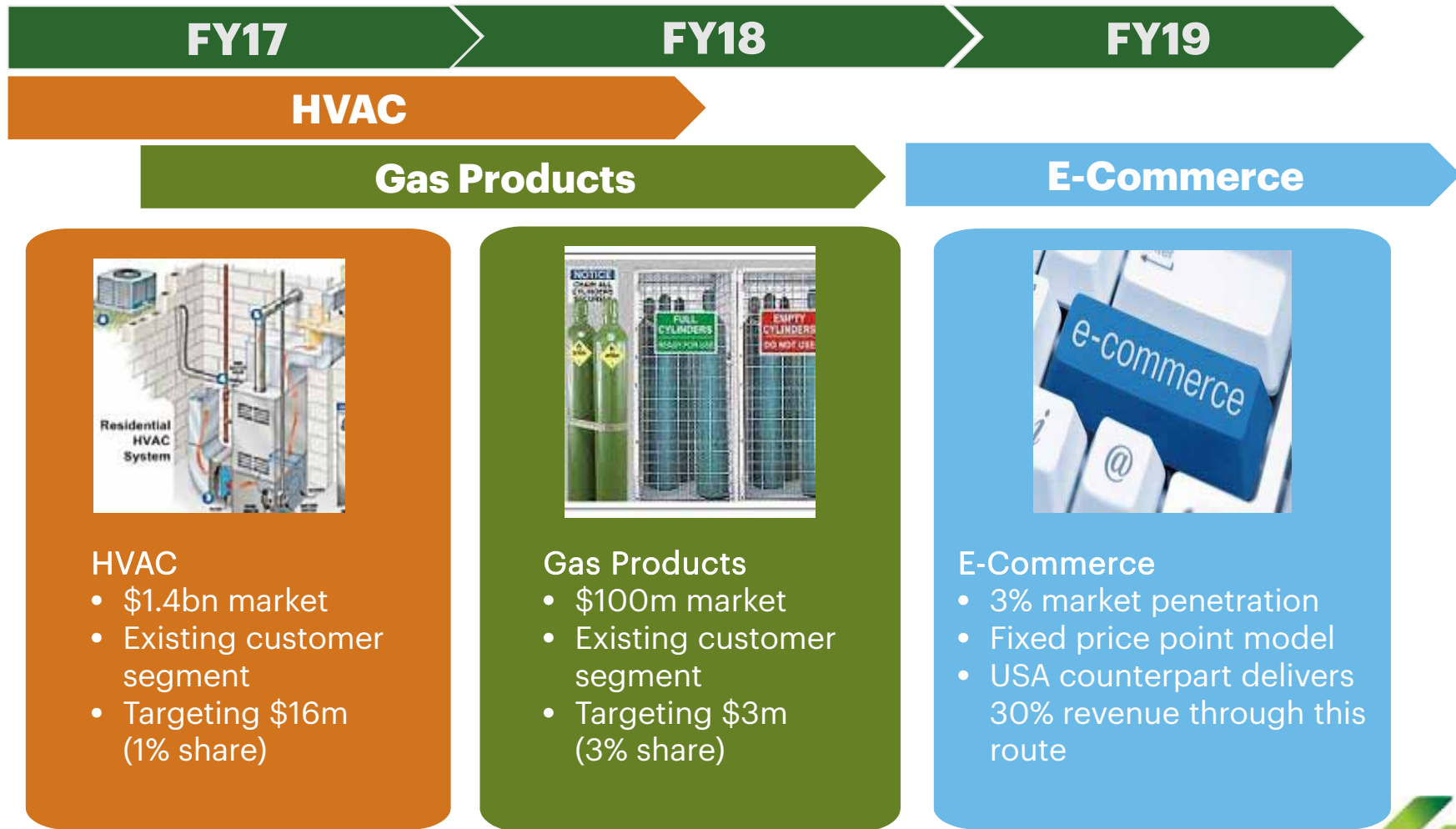


Women in Plumbing

- Facilitates diversity and flexibility
- Driving performance and engagement



Whilst core growth remains a priority, Tradelink will enter white space, margin accretive categories. E-Commerce expansion offers further growth in the longer term



In summary - management focus remains on the execution of the 'winning in plumbing' strategy and greater execution in three specific areas



**SME
Customer
segment**



**Densification of
branches**



**Developing and
engaging our
team**

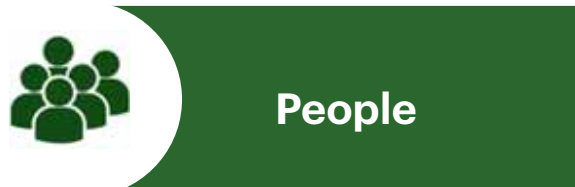


NZ Steel Distribution

Hamish McBeath
GM NZ Steel Distribution



NZ Steel Distribution on a page



People

- 600 employees across four business units
- 32 branches nationwide – 8 co-locations



Customers

- All BUs are 1st or 2nd in market
- Executing a differentiated model driving volume and record order book



Efficiency

- \$3m of synergies realised over last 2 years
- Network efficiencies have reduced distribution costs and improved service offer
- Capital investment in Fletcher Reinforcing and Pacific Coil Coaters reducing operating costs



Profitable growth

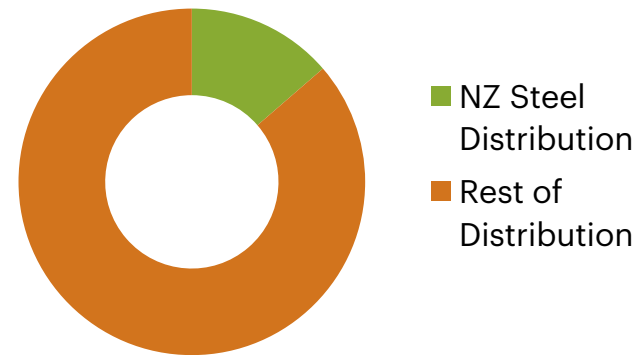
- Pacific Coil Coaters record domestic volumes and 3% growth in market share
- Peak sales run rate for Easysteel
- Long-term sales pipeline boosted by customer order book at Fletcher Construction



NZ Steel Distribution is a key enabler of the overall division's EBIT outcome

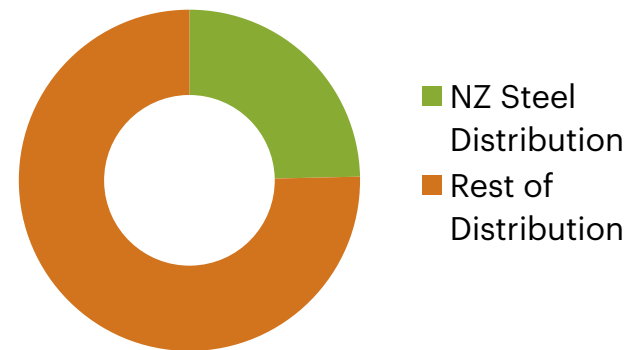
NZ Steel distribution delivers 14% of the Division's revenue...

FY15 Revenue



...and 25% of the Division's EBIT returns

FY15 EBIT



FY15 KPI highlights from NZ Steel Distribution include:

EBIT

\$36m

▲ 7%

Gross margin

19%

▲ 1%

Revenue

\$437m

▲ 7%

Pacific Coilcoaters scrap rates

7%

▼ 4%

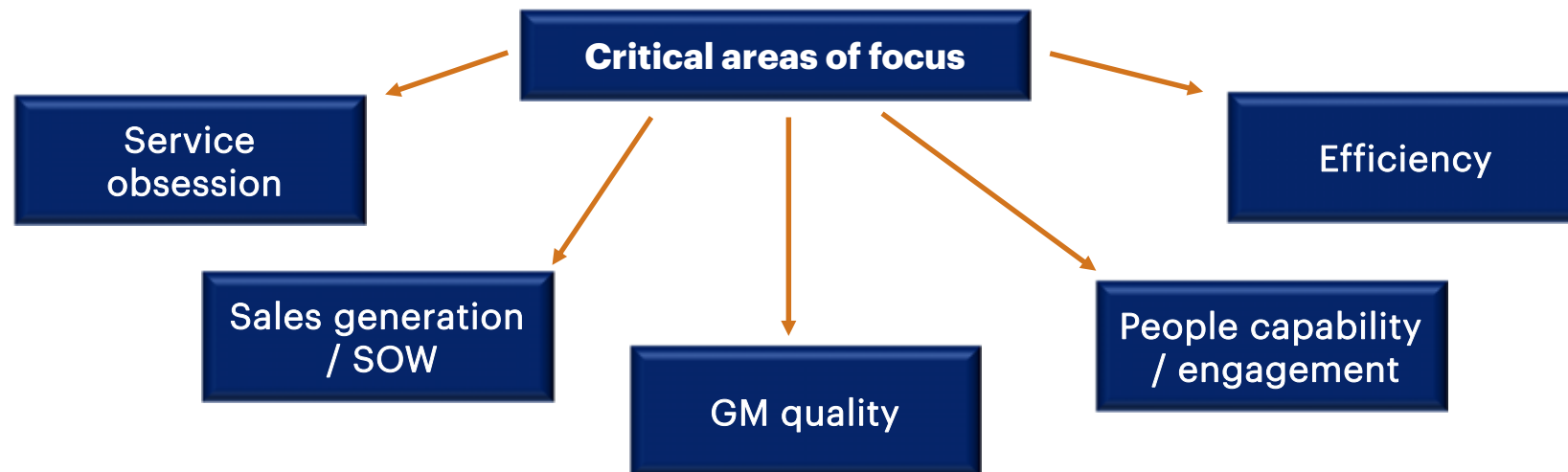
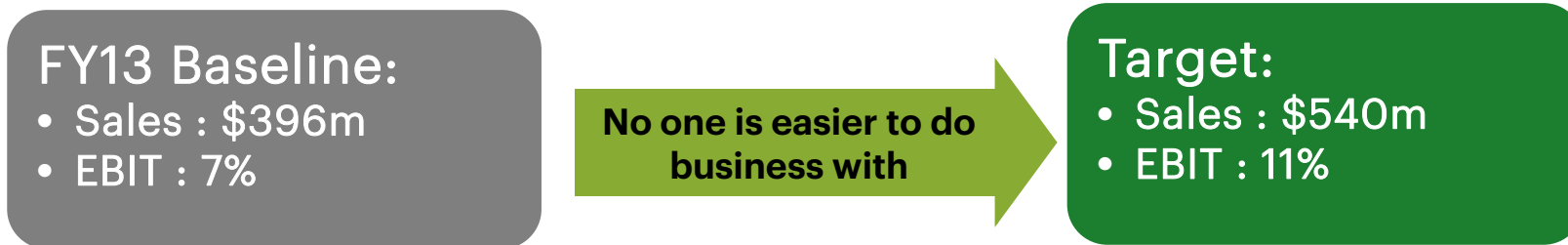
Steel Distribution ROFE

30%

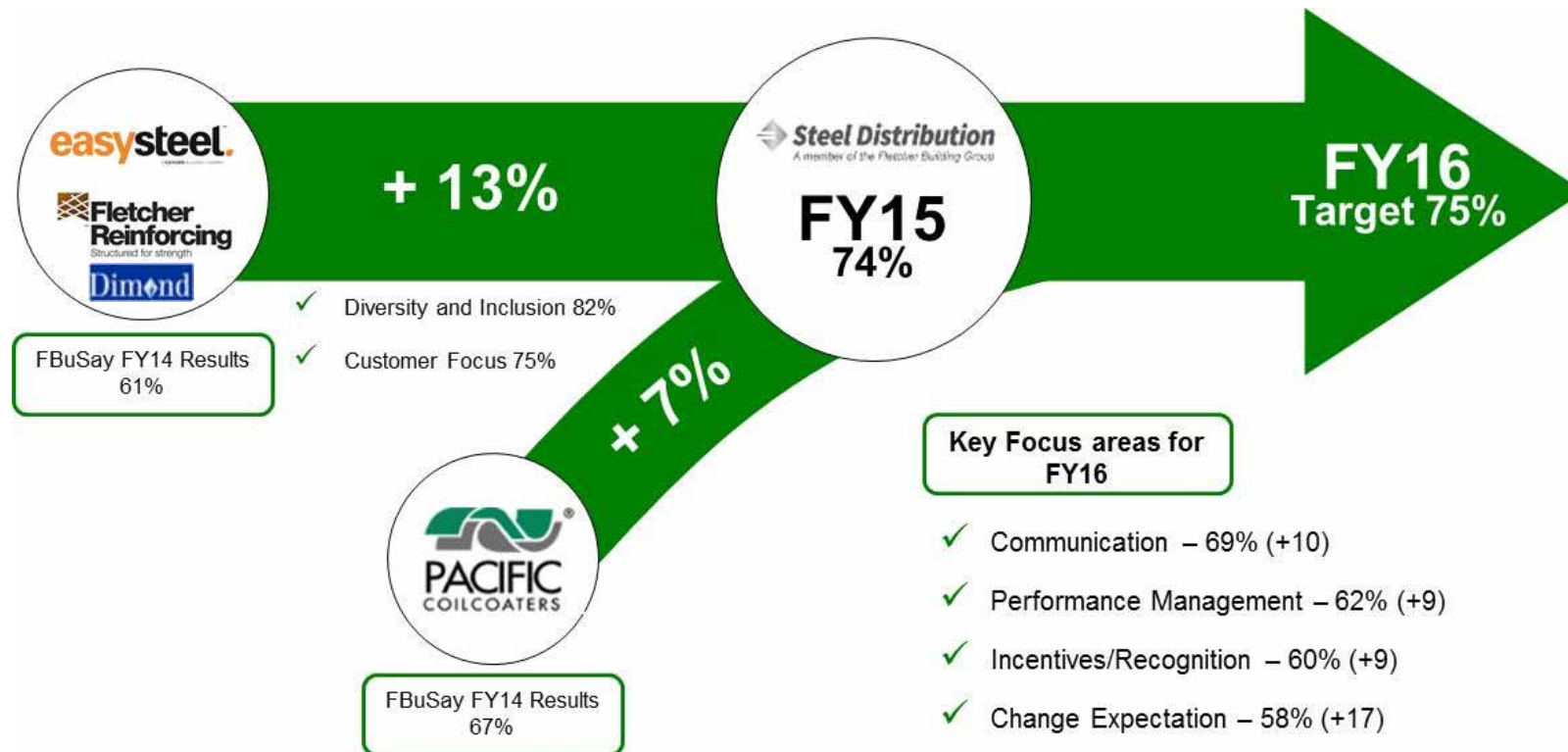
▲ 2%



Our critical areas of focus to deliver on our game plan



Leadership delivering the core engagement drivers upon integration



Differentiating our service offer

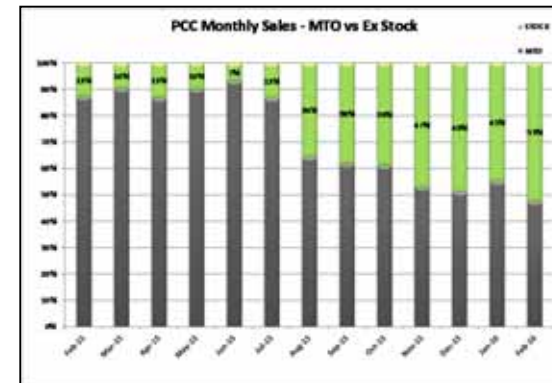


- Launched main colours 48 hours, Make to order 5 days - Industry Benchmark 7-9 days
- Simplified product offer – Good, Better, Best
- Increased technical support resource to ensure customer has support in product selection
- Utilising Easysteel network to provide regional stock locations
- Providing app-based tools and online solutions for customers
- Penalty based service promise



Service Promise

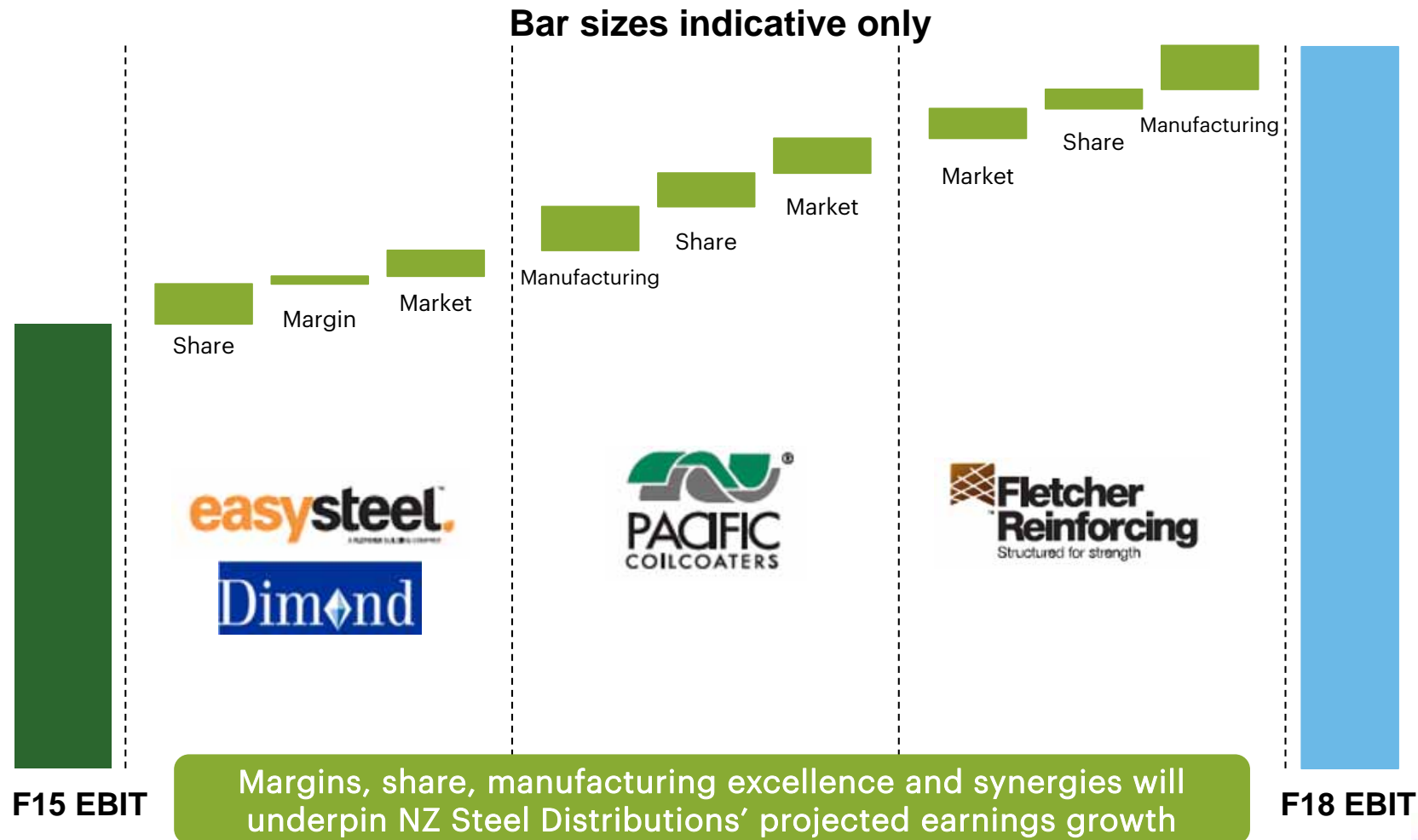
- ✓ We will always recommend the most suitable product for your application
- 🕒 We will respond to quote enquiries & warranty applications within 6 working hours
- 🕒 We will acknowledge warranty claims and technical enquiries within 6 working hours
- 🚚 We will always hold stock of our most popular ZinaCore & MagnaFlow items for dispatch within 2 working days or we will give you a \$500 voucher or credit on your next order*
- 👍 All AlumiGard orders under 400m in our most popular sizes and colours will be dispatched within 2 working days or we will give you a \$500 voucher or credit on your next order*
- 👍 All non-stocked standard ZinaCore and MagnaFlow items will be dispatched within 5 working days
- 👍 If the product you receive doesn't meet our required standards, we will put it right



Outcomes have been record demand, 3% share growth, positive customer outcomes



Each business within NZ Steel Distribution's portfolio has three key areas of focus that will deliver sustainable profit



Despite challenging raw materials pricing New Zealand Steel Distribution still delivers profitable growth



The current iron ore pricing will have negatively impacted many industry participants. At these prices there is increased risk from steel suppliers who may not be able to trade through the current cycle



In summary – BUs are well positioned for growth through the cycle and enhancing a differentiated model

- NZ Steel Distribution is a positive contributor to the overall Fletcher Building Group earnings
- Focused on customer, synergies, manufacturing excellence and managed costs
- Sustained improvements in international steel commodity pricing will have further positive impacts on trading results
- Positive employee engagement and lifted trading levels
- Momentum with further opportunities to deliver incremental shareholder value through growth, synergies and potential bolt-on opportunities



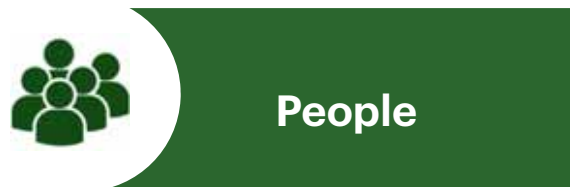
Fletcher Building Distribution Investor Day Presentation 2016

Stramit

Paul Tudor
GM Stramit



Stramit on a Page – Australia's 2nd largest roll former



People

- 850 skilled employees across 20 locations
- New GM and experienced management team
- Continued focus on engagement, capability and accountability



Customers

- No. 2 market share position
- High brand equity and national coverage
- Immediate focus on creating a sustainable value proposition within a competitive market



Efficiency

- \$2.2m of annualised overhead savings achieved in H1
- \$2.7m of annualised manufacturing efficiencies achieved in H1
- Continued focus on simplification



Profitable growth

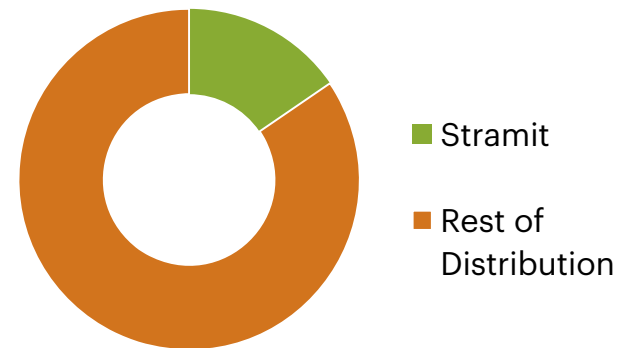
- FY15 ROFE of 8% with an improving run-rate
- Targeted ROFE of 20% by FY18
- FY16 H1 EBIT up 134% with strategy to deliver improved returns



Stramit provides 15% of the Distribution division's revenue and has scale to provide further organic top-line and earnings growth

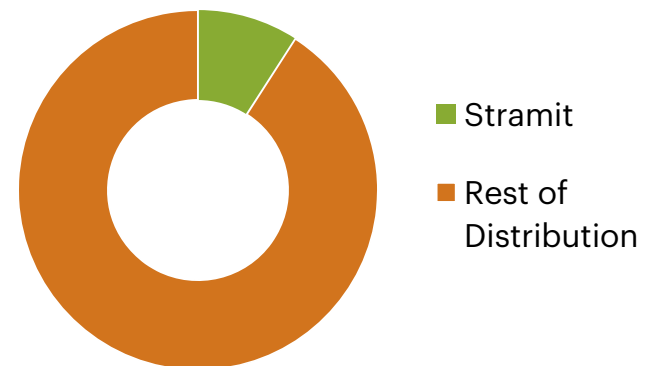
Stramit delivers 15% of the Division's revenue...

FY15 Revenue



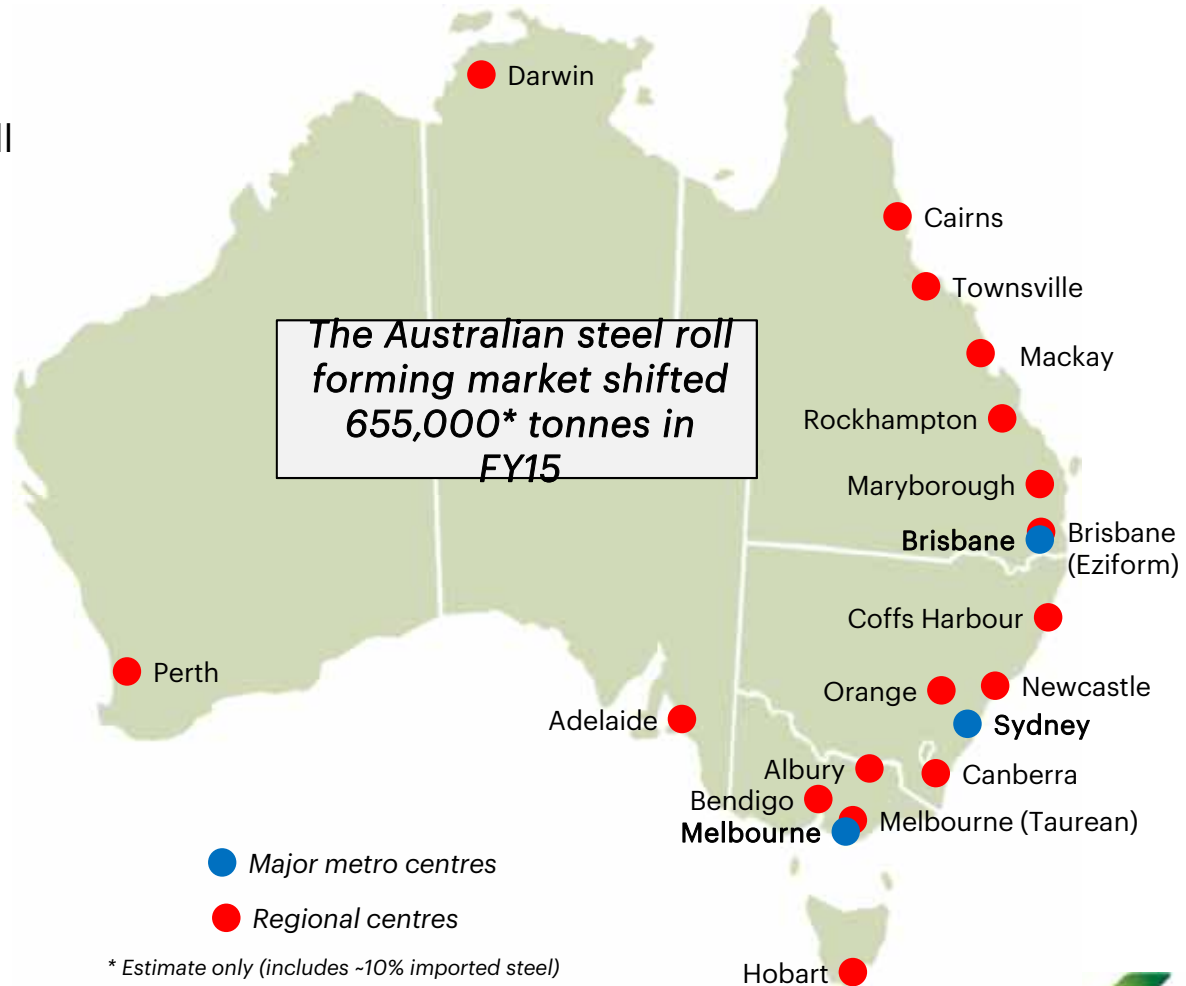
...and 9% of the Division's EBIT

FY15 EBIT





2nd in market with a focus on profitable organic growth

- \$459m in sales in FY15
- Australia's 2nd largest steel roll former, supplying roofing, cladding, rainwater and roller door systems
- Operating 20 distribution facilities across the country – scale and momentum to return EBIT to pre-GFC levels
- Five companies are estimated to account for approx. 85% of the Australian steel roll forming market*
 - Lysaght / Fielders ~30%
 - **Stramit ~20%**
 - Metroll / Roofmart ~15%
 - Steeline Franchises ~10%
 - Stratco ~10%

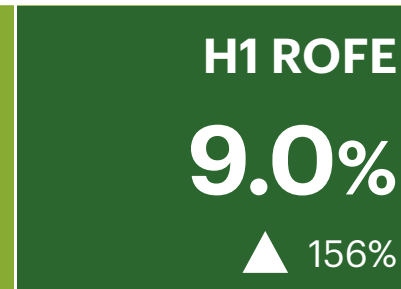
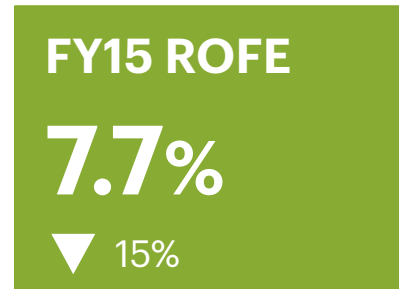
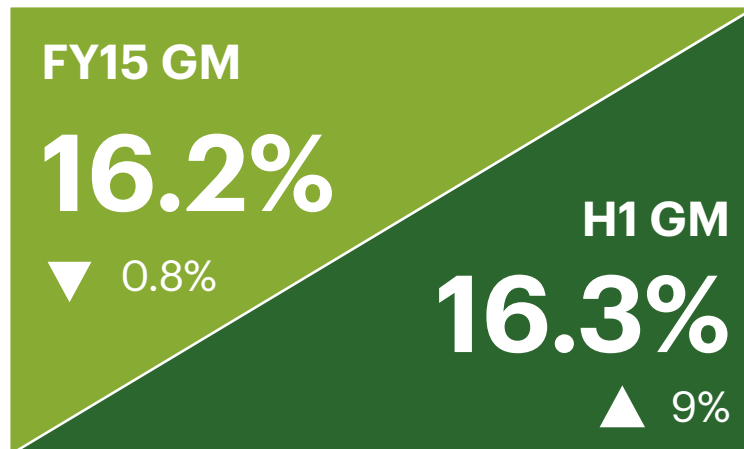
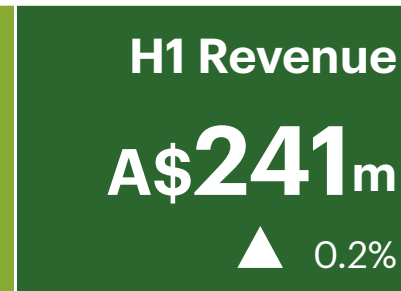
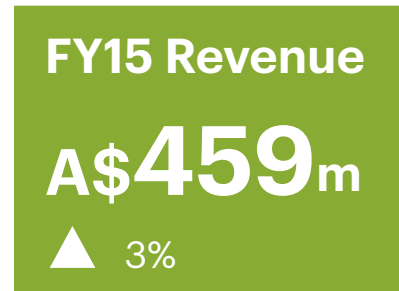
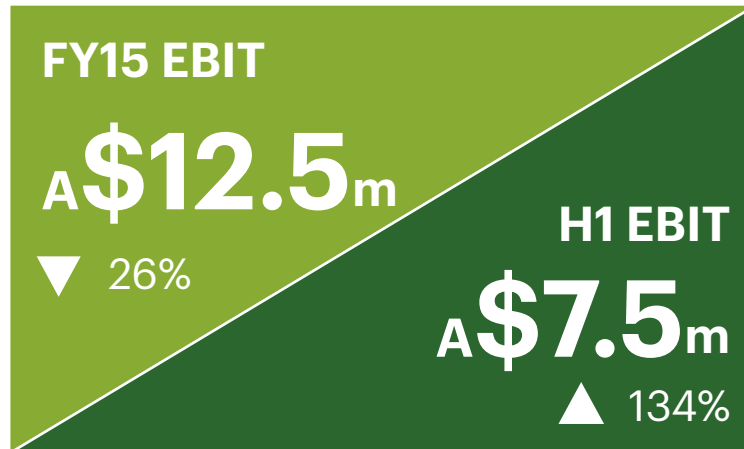


Stramit supports 5,800 customers across three key markets

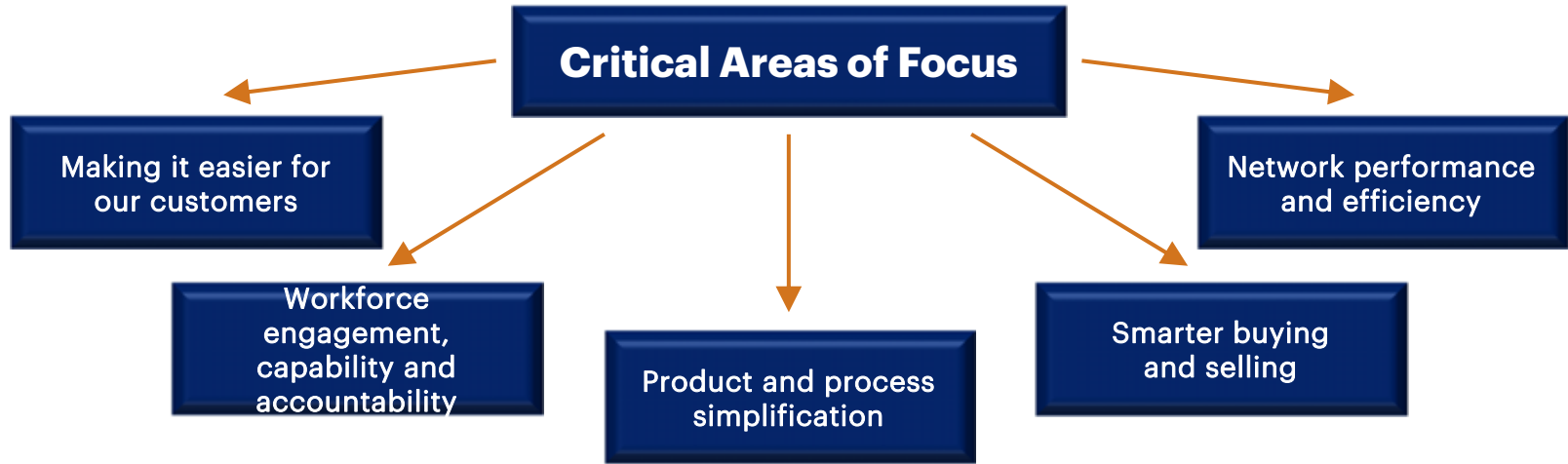
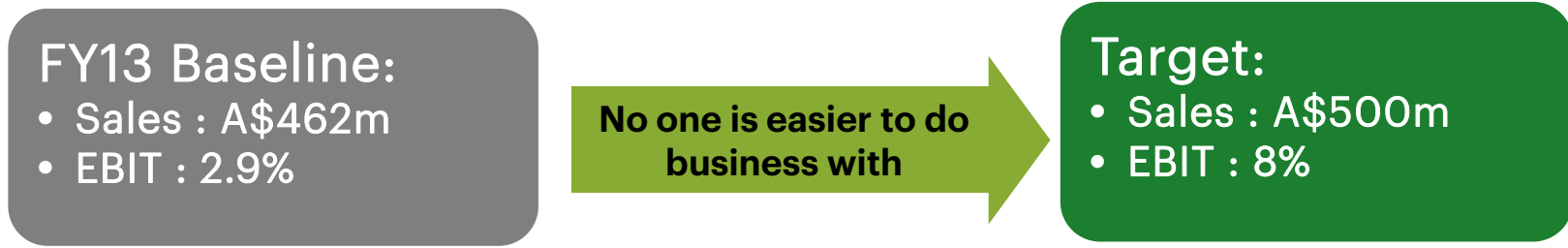
| Markets | Customers | Products | Brands |
|---|--|---|---|
| Residential % FY15 Sales: 52% | 3,700 customers: • Installers • Distributors | <ul style="list-style-type: none"> • Roofing • Cladding • Rainwater • Doors |    |
| Commercial % FY15 Sales: 24% | 1,200 customers: • Installers • Fabricators • Form workers | | |
| Sheds % FY15 Sales: 24% | 900 customers: • Franchisees • Distributors • Independents | | |



Financial insights for FY15 and H1 FY16



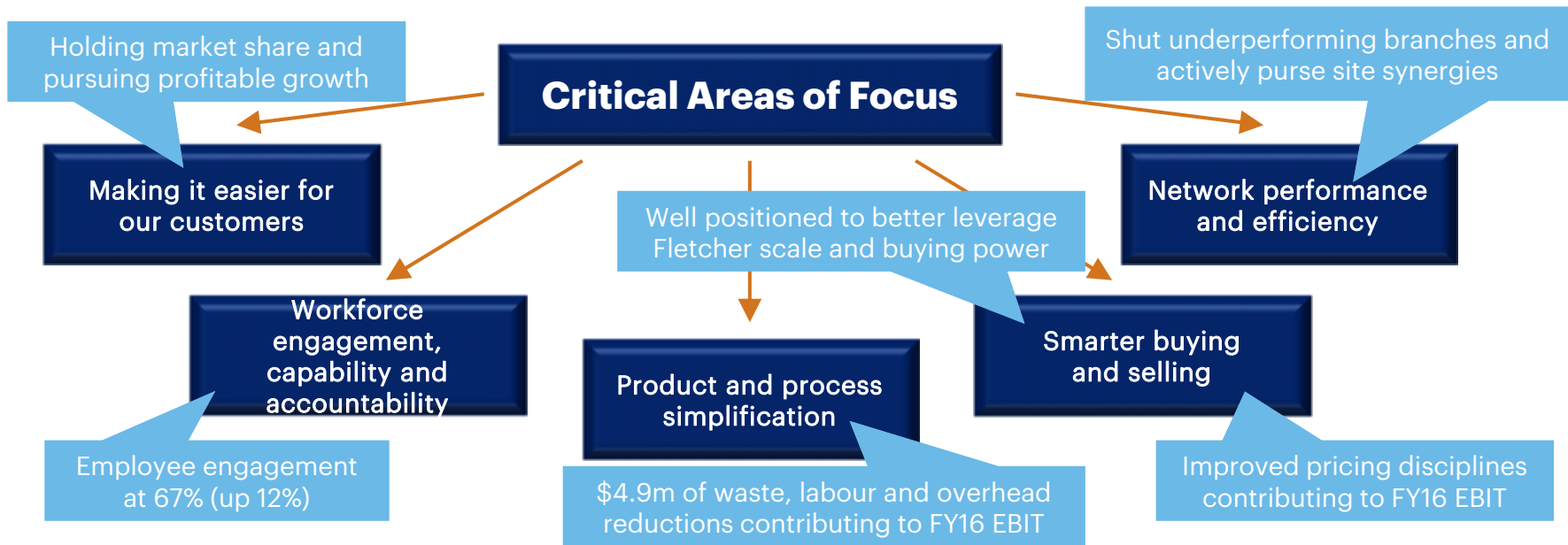
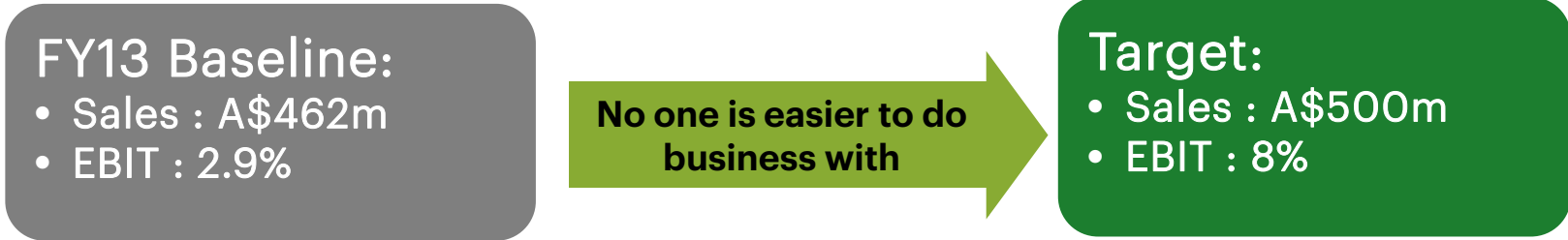
Our critical areas of focus to improve shareholder returns



We're moving forward, at pace, with an owner's mindset



Our critical areas of focus to improve shareholder returns



We're moving forward, at pace, with an owner's mindset



We're on track heading into FY17 to deliver improved returns and a differentiated model

| | FY16 | FY17 | FY18 |
|----------------------|---|--|--|
| | Profit improvement | Customer obsession | Accelerated organic growth |
| Shareholder outcomes | <ul style="list-style-type: none"> Reduce our overheads and operating costs | <ul style="list-style-type: none"> Significantly improve net margins Simplify our SKUs Rebuild and de-risk supply relationships | <ul style="list-style-type: none"> Optimise the network Pursue profitable topline growth Sweat the assets |
| Customer outcomes | <ul style="list-style-type: none"> Listen to our customers and refresh our value proposition | <ul style="list-style-type: none"> Make it easier for our customers Deliver on our customer promise | <ul style="list-style-type: none"> Grow profitable SOW and market share Deliver product / service innovation |
| Employee outcomes | <ul style="list-style-type: none"> Simplify our management structure | <ul style="list-style-type: none"> Simplify sales and customer service Strengthen regional and functional teams | <ul style="list-style-type: none"> Embed a high performance culture Prioritise succession and sustainability |

We're currently here!!



In summary – we're increasing our profitability and building a strong customer focussed business

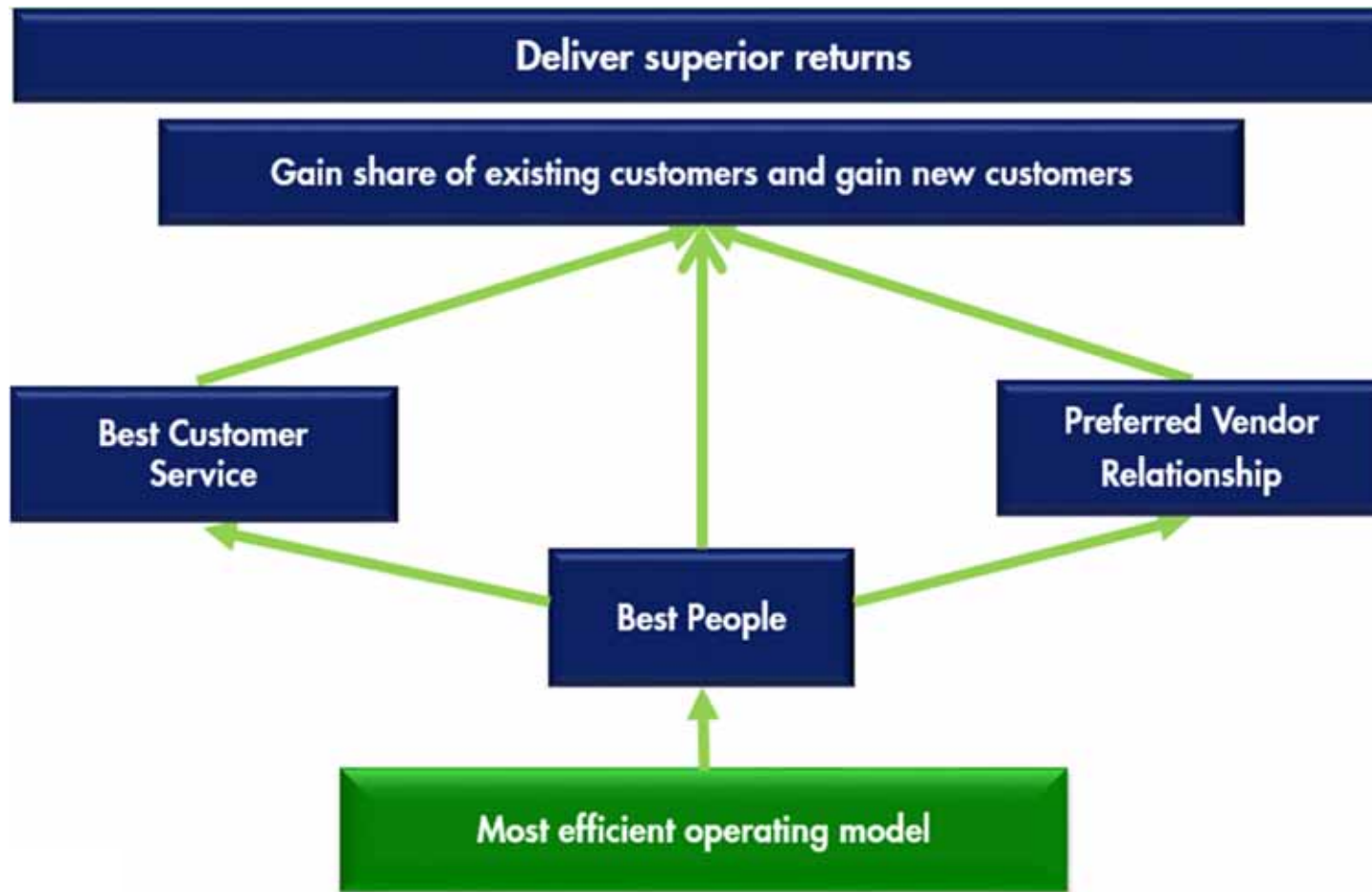
- Successfully removed \$4.9m of annualised cost during H1
- On track to deliver an EBIT result that is a marked improvement on FY15
- Preparing to launch a promise that will align our workforce to what truly matters to our customers
- Transforming our sales and customer service capabilities – smarter selling
- Working to improve supplier performance and reduce costs – smarter buying
- Obsessed with significantly (and rapidly) improving EBIT and ROFE



Distribution Division



Our strategy is clear and is delivering strong returns in New Zealand. Now being applied in Australia



Summary: continued progress within Distribution – growing earnings through strong execution

