



Investor Day Brisbane

18 June 2015

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Disclaimer

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



Fundamentally our strategic intent remains unchanged from two years ago

“There is no change to our core business as an integrated manufacturer and distributor of infrastructure and building products, as well as a construction company

However:

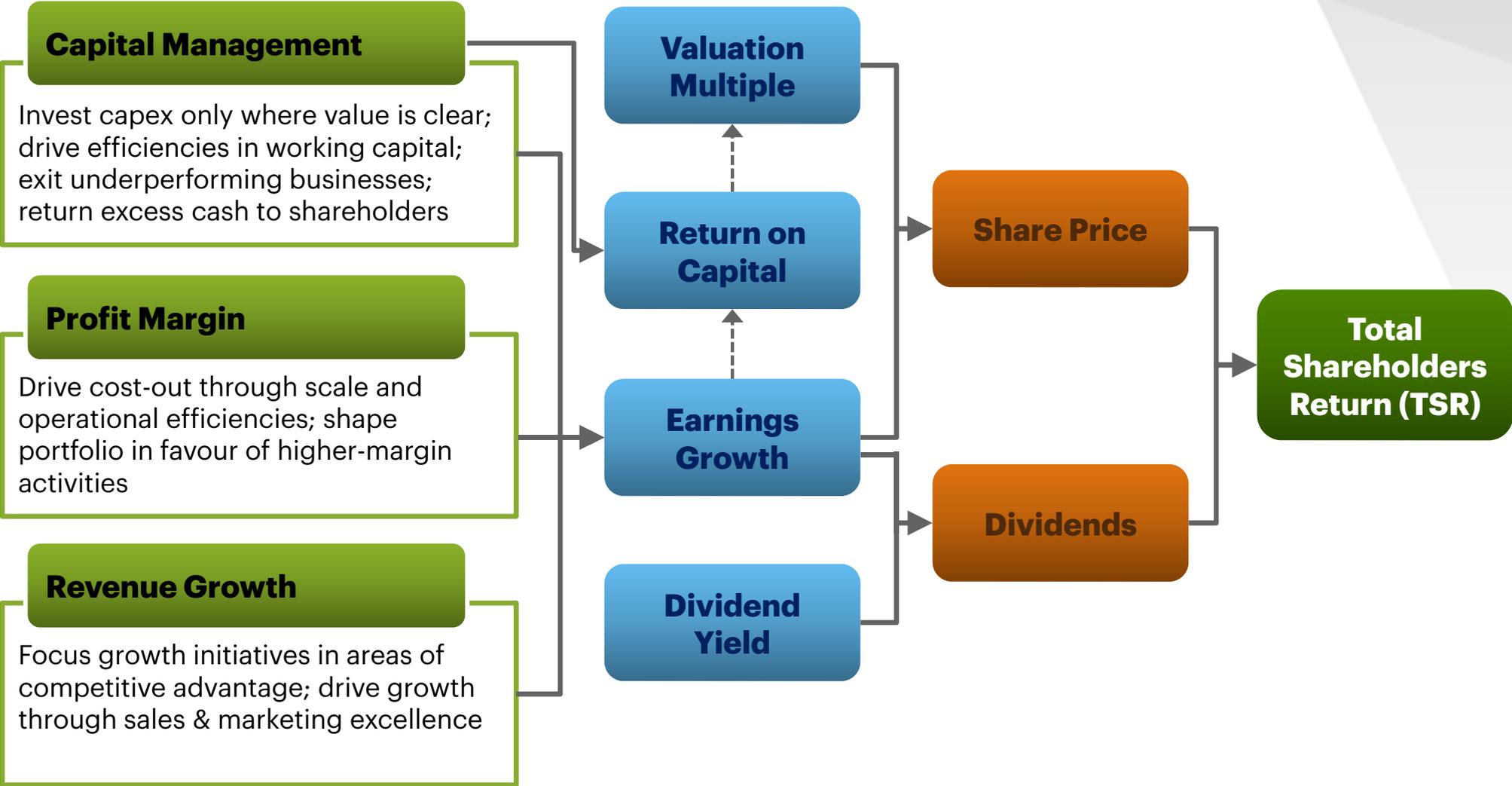
- We are moving from total decentralisation to a hybrid model, with an active corporate centre supporting business units through centres of excellence
- We will leverage group scale to drive efficiencies and best practice

We see returns being delivered to shareholders through:

- Earnings growth over time through operating efficiency
- Making businesses more sustainable long term
- Growing management capability
- Increased focus on cash returns”



Our aspiration: to deliver top-quartile shareholder value creation through driving core operational levers



Our strategy is deployed at three levels of the organisation

Where are we now?

Group Portfolio Management

- Clear view of sustainable competitive advantage
- Focus on greatest value-creating opportunities
- Clarity on where to invest, hold and divest

Support from an Active Centre

- Leveraging scale and skill to create a whole that is greater than the sum of the parts
- Central functions and centres of excellence

Business Unit Strategy

- Clarity on how to win in the market
- Aligned, focused execution of initiatives
- Development of people and capability

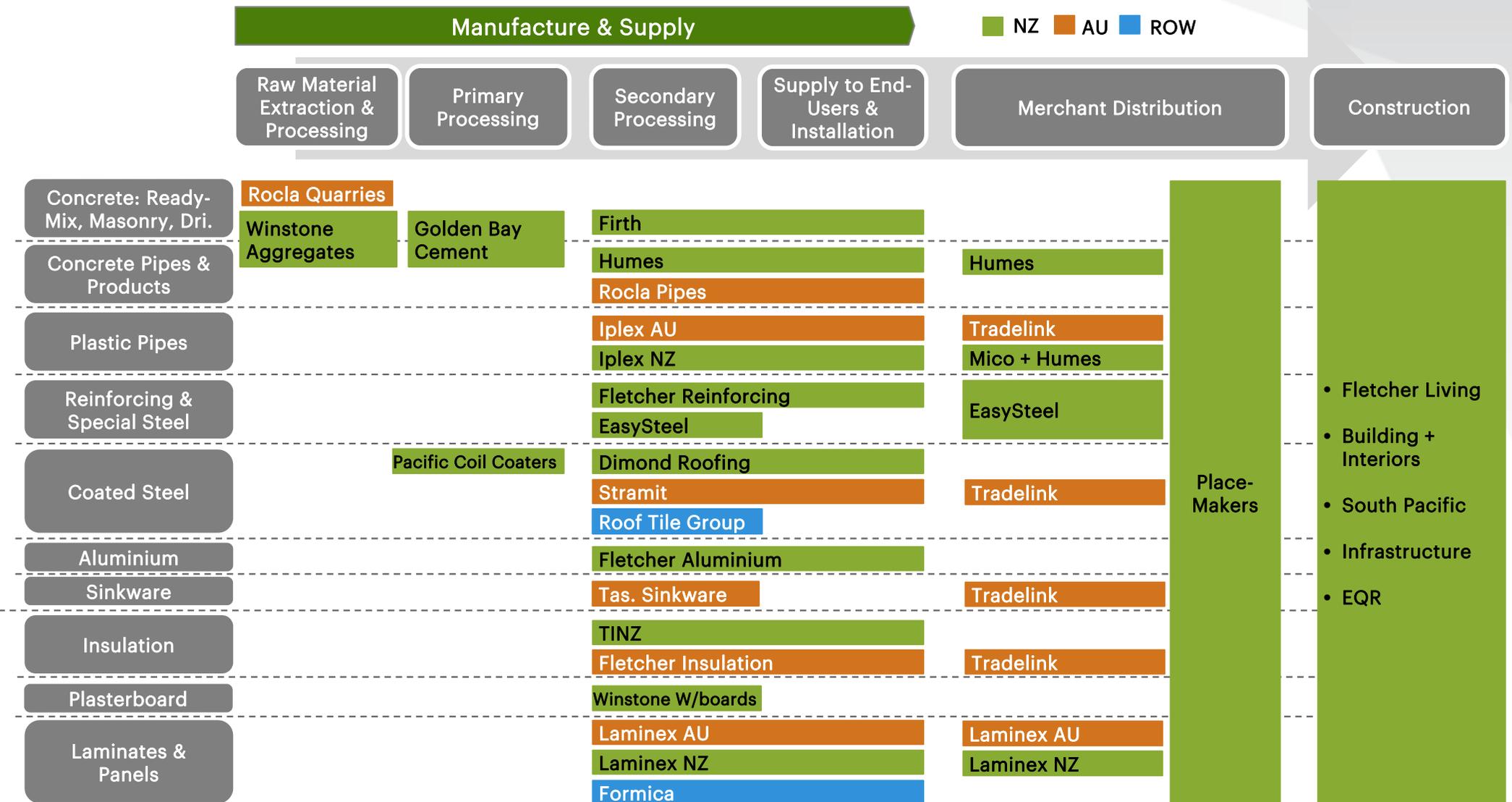
- Vision defined
- In execution phase
- M&A outcomes pending

- Organisation in place
- Programs ~80% developed
- Need to drive benefits

- Variable performance
- Capability being lifted
- Opportunities to improve execution, incl. leveraging of the Centre



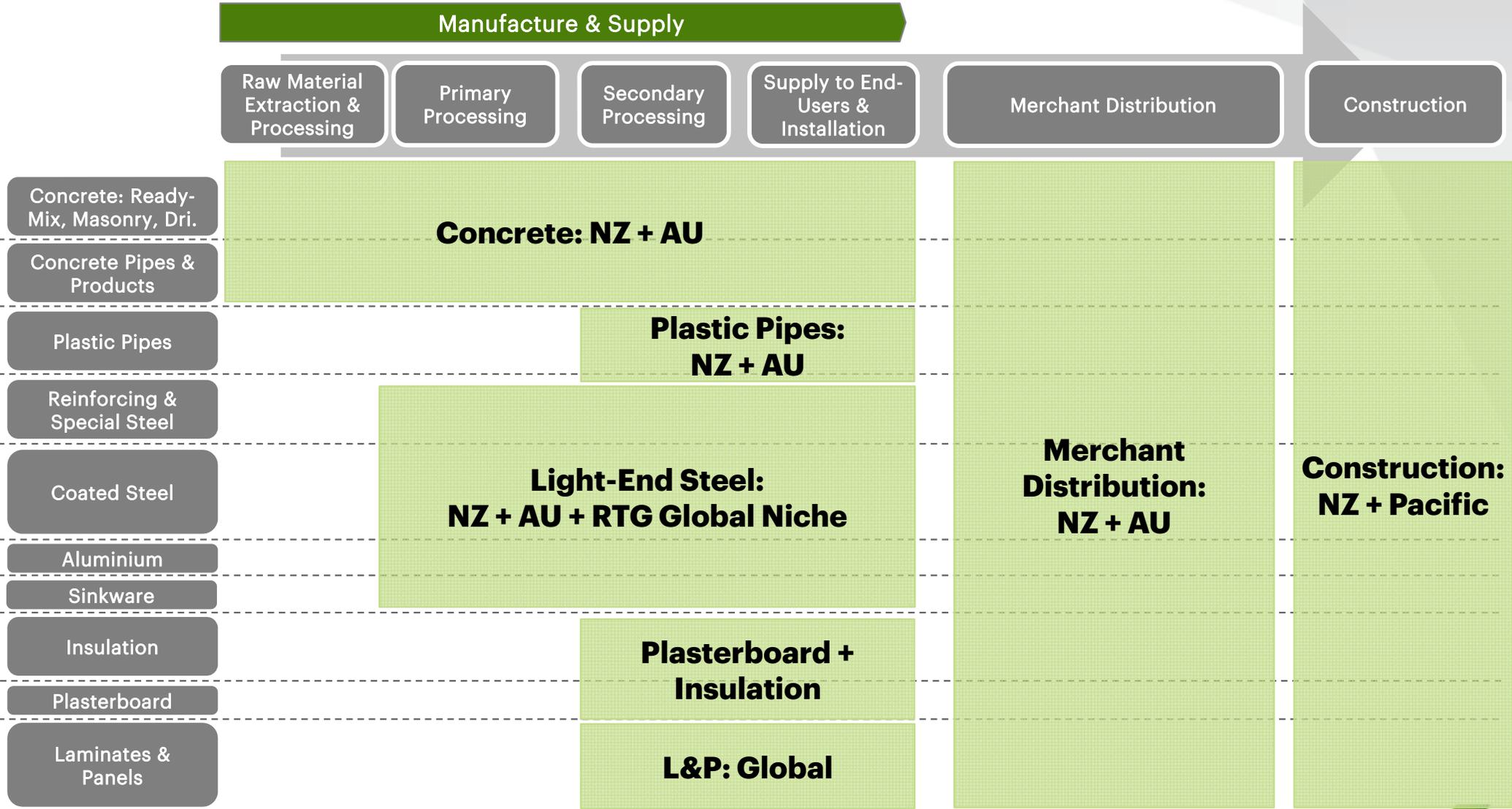
Portfolio: FB has a diverse and complex portfolio of businesses...



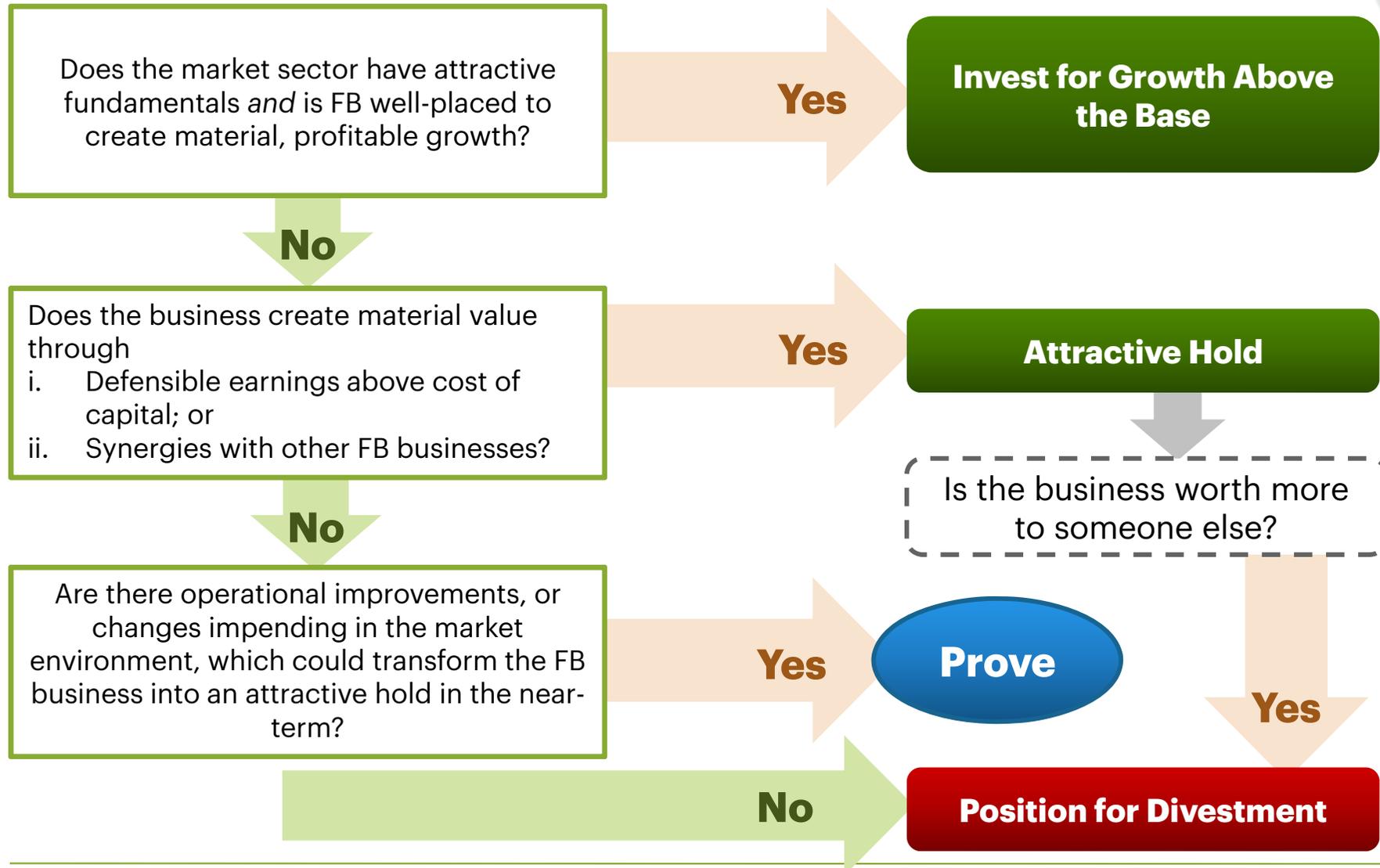
NB: RTG supplies direct to customers in Japan, but sells predominantly via merchant distributors



...Which can broadly be grouped into 7 core sectors



Portfolio: Our portfolio strategy is based on our view of sustainable competitive advantage



Portfolio Strategy

**Invest for
Growth above
the Base**

- **New Zealand construction** => leverage capability in the core
- **Australasian distribution** => growth through omni-channel
- **Laminates & Panels** => unlock earnings potential of leading global business

**Attractive
Hold**

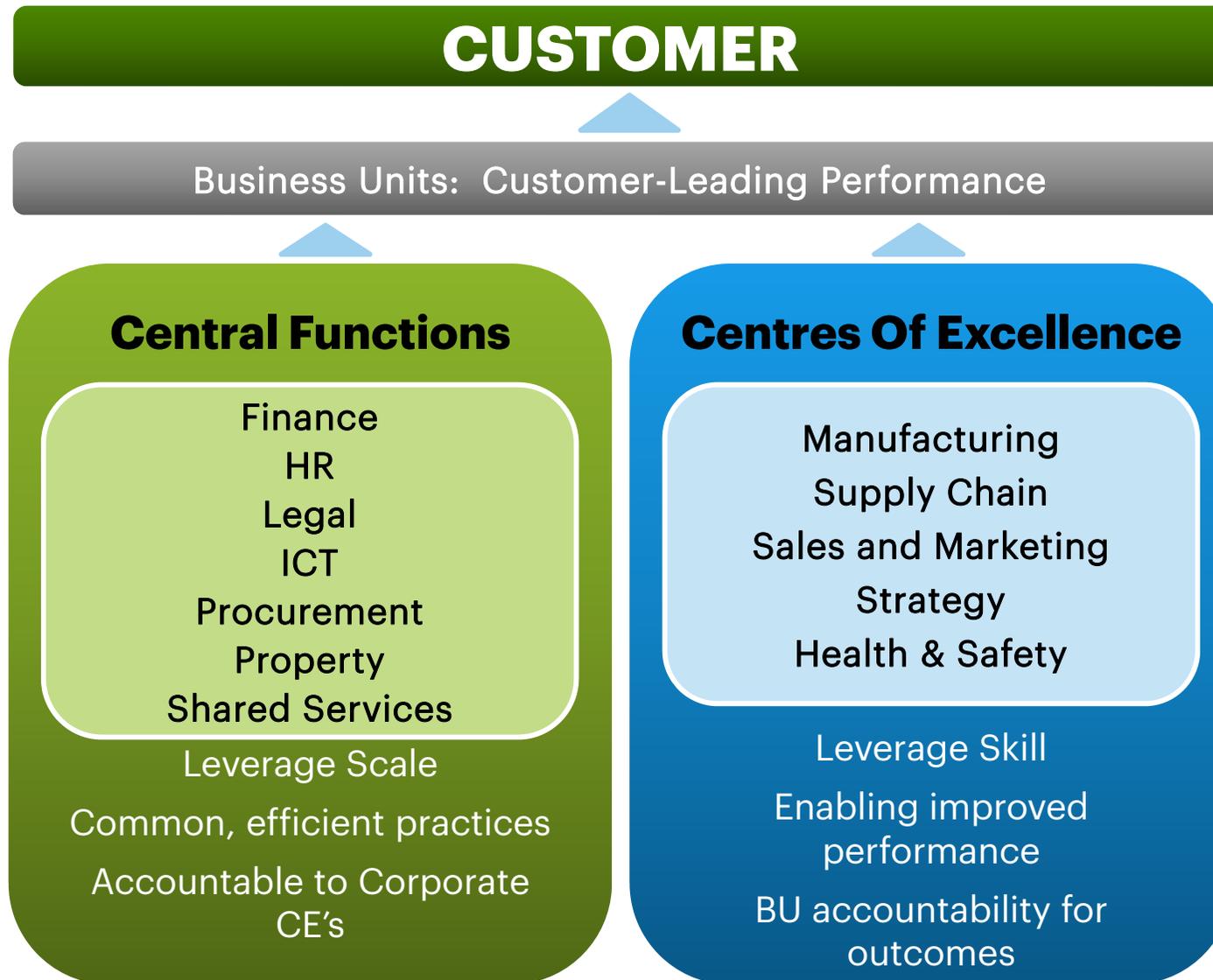
- **Integrated concrete NZ** => develop supply chain and successor resource
- **Advantaged manufacturing businesses** => protect position, leverage channels & customers, develop product & service innovation; drive efficiency

**Prove
or
Position for
Divestment**

- **Large underperforming businesses** => return to sustainable profitability, then assess long-term position
- **Non-core and disadvantaged manufacturing businesses** => position for divestment, especially where business is worth more to another



FBUnite business transformation programmes are now fully integrated into the FBU business model



These programs are delivering value in line with expectations

Core FBUnite programs will have delivered \$50 million (net of costs) by end of FY15

- Procurement ~\$35 million
- Property ~\$10 million
- Financial Shared Services ~\$5 million

Still anticipate these programs will deliver at least another \$50 million over the next two years

- Procurement benefits to accelerate as focus shifts to LCC sourcing, primarily for Distribution businesses

Run rate of Operations Excellence initiatives now expected to fully offset annual inflation in manufacturing and distribution (~\$50 million)

Sales & Marketing CoE to be fully implemented in FY16—focus on businesses with the most potential to deliver sustainable share gains



To achieve our aspirations, we have a clear set of strategic priorities for our businesses

Objectives: What does success mean?

Our aspiration is to be....

In the top quartile of Australasian companies for shareholder value creation

....which means delivering...

Sustained earnings growth, via higher margins & share gains

and

more efficient use of capital

Strategic Priorities: How do we make it happen?

People <i>Create a great place to work</i>	<ul style="list-style-type: none">• Safety• Leadership, Talent & Capability• High-performance culture• Change agility
Customers <i>Deliver what they value</i>	<ul style="list-style-type: none">• Digital leadership• Sales & marketing excellence
Efficiency <i>Work smarter together</i>	<ul style="list-style-type: none">• IT solutions• Manufacturing excellence• Procurement• Property• Shared services
Profitable Growth <i>Invest where we can win</i>	<ul style="list-style-type: none">• Targeted growth initiatives• Disciplined capital expenditure• Portfolio Management

↑
Supply chain excellence
↓



Performance issues in challenged businesses are being addressed

			
Plumbing and bathroom distribution	Concrete Products	Roofing Sheds, Commercial structures & Doors	Plastic Pipes
<ul style="list-style-type: none"> ▪ Performing in line with plan ▪ Key areas of focus: <ul style="list-style-type: none"> – Merchandising, pricing and sales force effectiveness – Work streams now underway for supply chain and customer value proposition – Branch manager training and up-skilling 	<ul style="list-style-type: none"> ▪ Market remains competitive with continued deferral of infrastructure projects ▪ Well positioned for market recovery ▪ Focused on self-help to reduce costs and improve margins ▪ Innovation around value added segments 	<ul style="list-style-type: none"> ▪ Lower volumes and industry over-capacity impacting performance ▪ Opportunity to streamline supply chain and rationalise footprint to lower breakeven 	<ul style="list-style-type: none"> ▪ New management team in place ▪ Coal Seam Gas volumes remain depressed ▪ Well-advanced customer, product and manufacturing strategies focused on right-sizing capacity ▪ Solutions around market structure required

