



# Macquarie Australia Conference Presentation

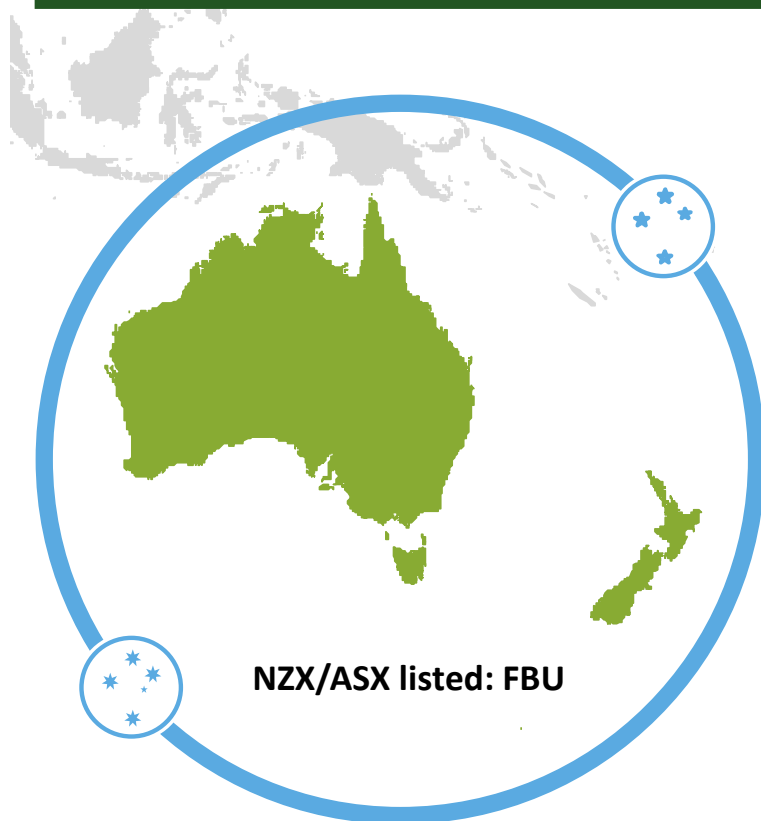
## Fletcher Building Limited

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

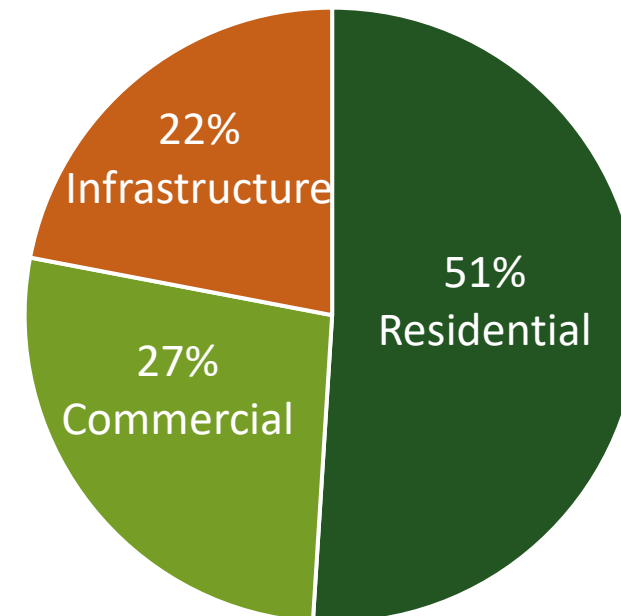


## Strong market positions

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

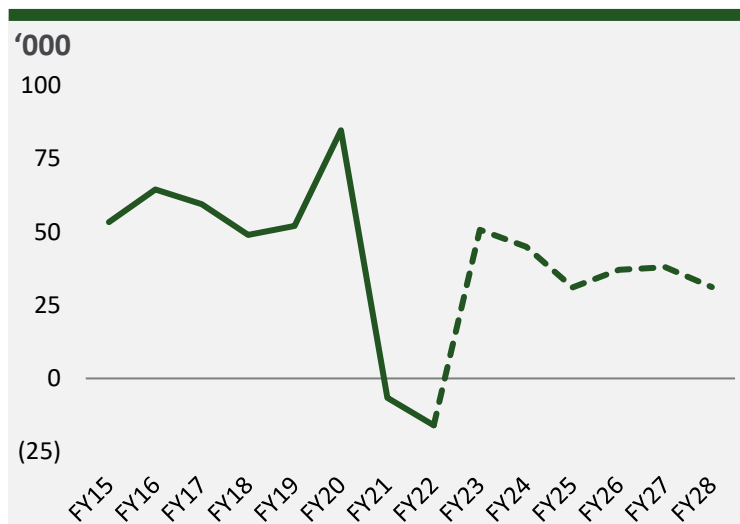
Recognised /  
iconic  
brands

## Revenue<sup>1</sup> weighted to market



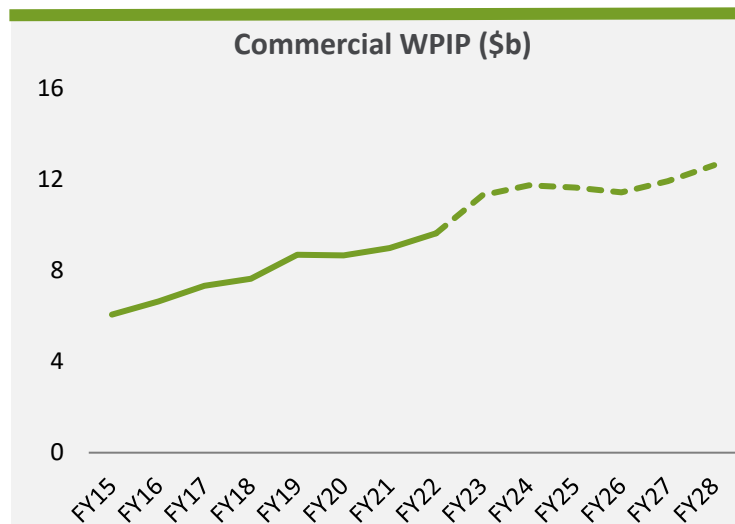
# While residential is down in short-term, our geographic & building sector focus is supported by solid long-term macro tailwinds in New Zealand...

## Strong NZ migration patterns continue<sup>1</sup>



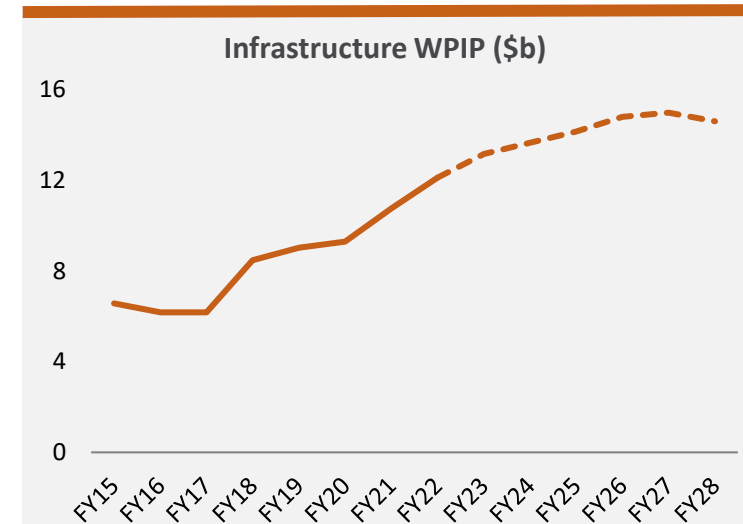
- Strong track record of immigration to NZ at one of highest levels in OECD
- Robust housing demand: housing stock undersupply persists & elevated residential consents

## 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

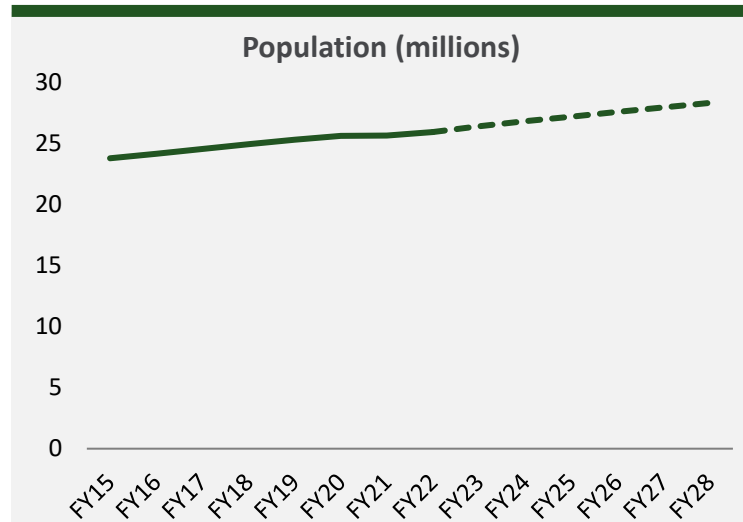


- Infrastructure deficit will require decades of large investment across key asset classes i.e., water, transport
- Robust government balance sheet underpins funding and commitments to infrastructure spend



## ...as well as in Australia

### Solid population growth continues



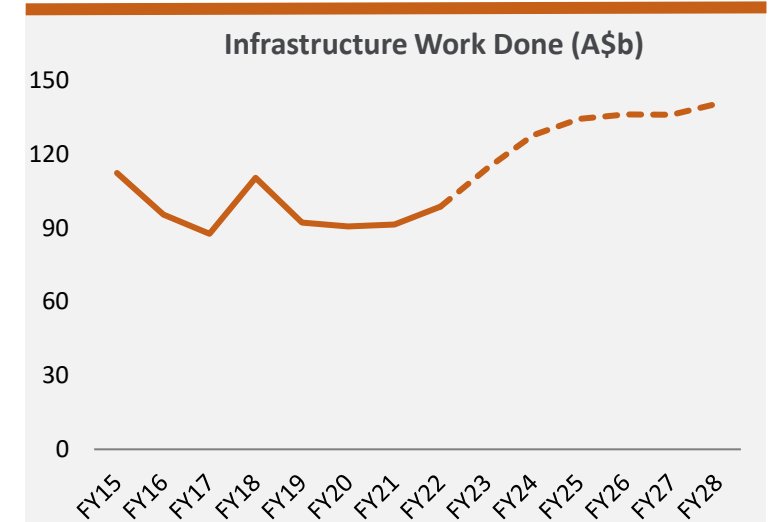
- Strong rebound of migration post-border closures
- Although residential approvals tracking lower in short term, housing sentiment improving and strong rental market

### Commercial investment forecast robust



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

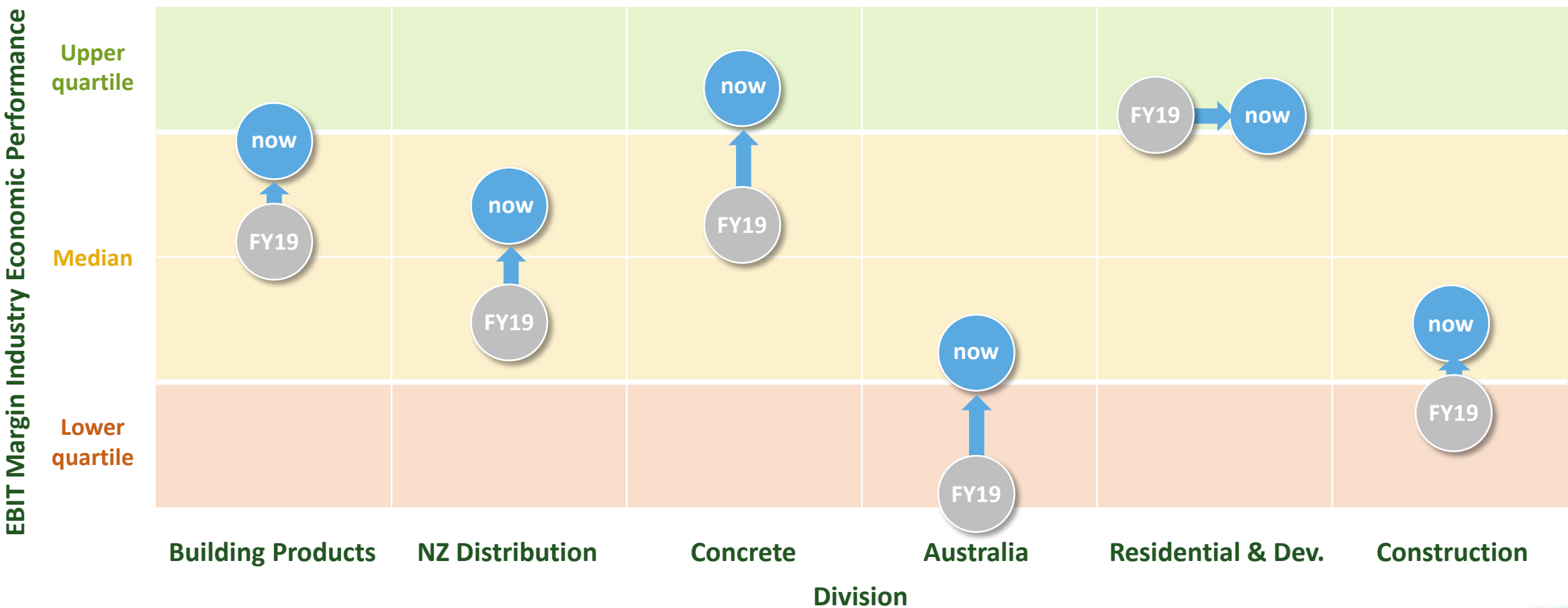
### Strong pipeline of infrastructure projects







- 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	Emerging Product & Service Innovation	Evolving Building & Living Choices	Sustainability Opportunities
			
<ul style="list-style-type: none"><li>✓ Taking advantage of increasingly cost efficient automation for our strategic assets</li><li>✓ Bringing world-leading technology to NZ &amp; AU to drive scale efficiencies</li></ul>	<ul style="list-style-type: none"><li>✓ Global screening for &amp; development of new and innovative products and services</li><li>✓ Building best-in-class digital &amp; eCommerce infrastructure to meet customer demands</li></ul>	<ul style="list-style-type: none"><li>✓ Tailoring solutions for typology, modular, densification &amp; green-living trends</li><li>✓ Understanding how our products &amp; services can deliver superior end-to-end solutions</li></ul>	<ul style="list-style-type: none"><li>✓ Investing in technology &amp; processes to significantly reduce carbon emissions</li><li>✓ Creating circular economies for our products &amp; minimising resource wastage</li></ul>



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

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## 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



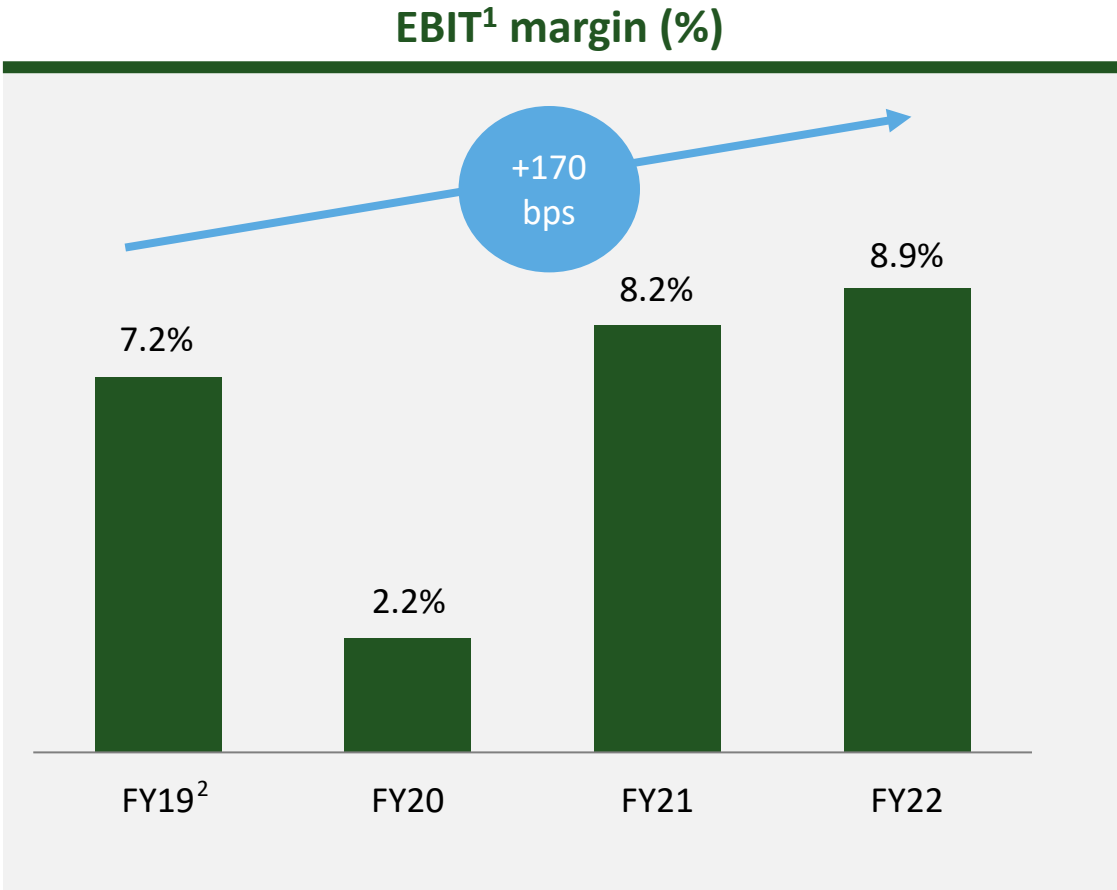
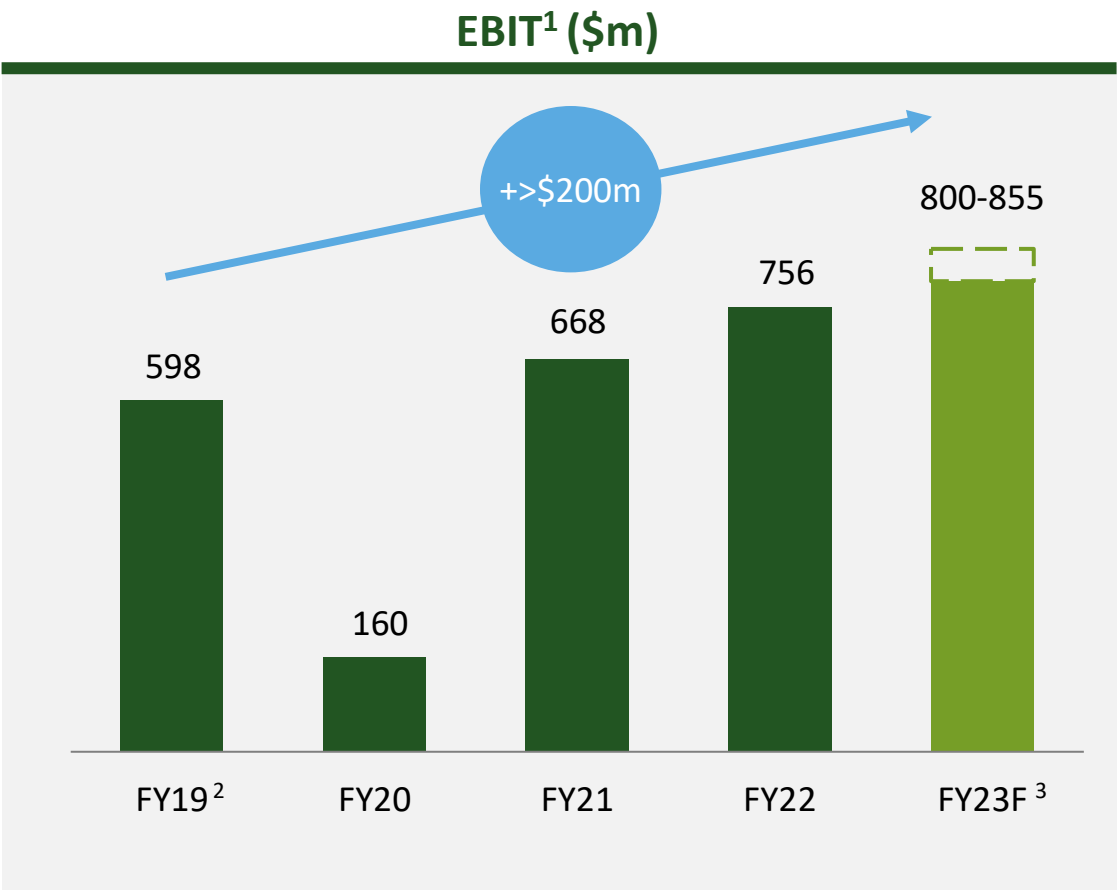
Longer term non-financial metrics underpin sustainable outperformance

Safety  
People  
Customer  
Environment





# 1. Significant near-term profit growth

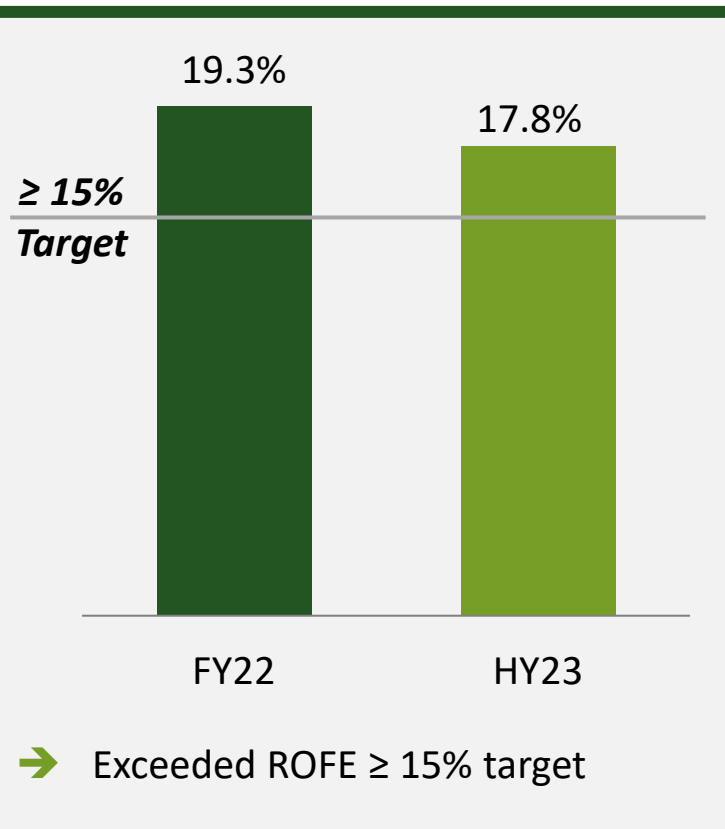


1. Before significant items  
2. FY19 is a pro forma number adjusted for discontinued operations and IFRS16 to allow for like-for-like comparison  
3. Excluding Iplex Australia Pro-fit costs

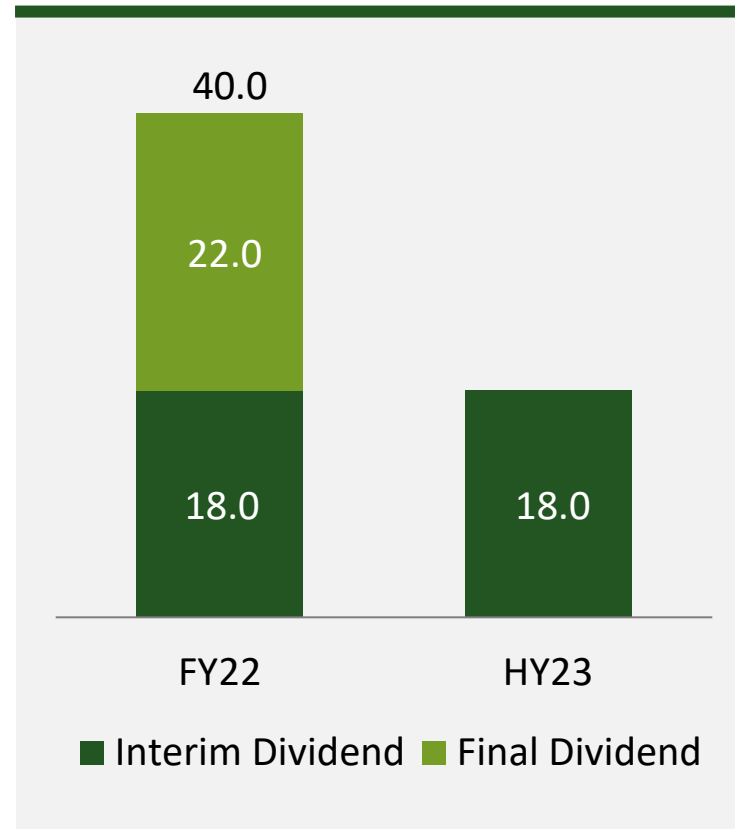


## 2. Strong enduring financial positions and returns

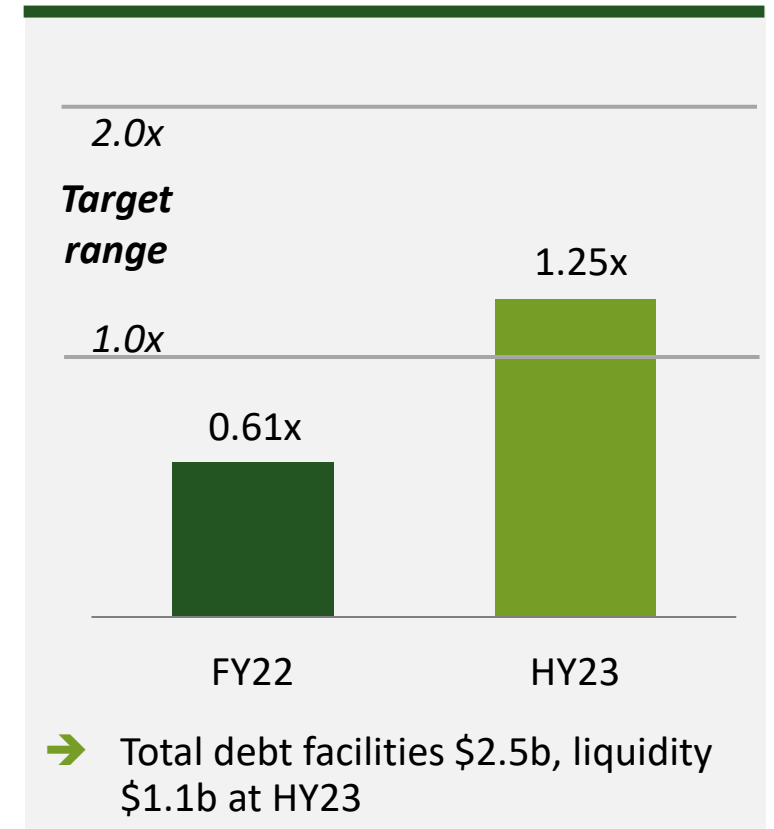
Return on Funds Employed<sup>1</sup> (%)



Dividends (cps)



Leverage<sup>2</sup> & Funding



## 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**



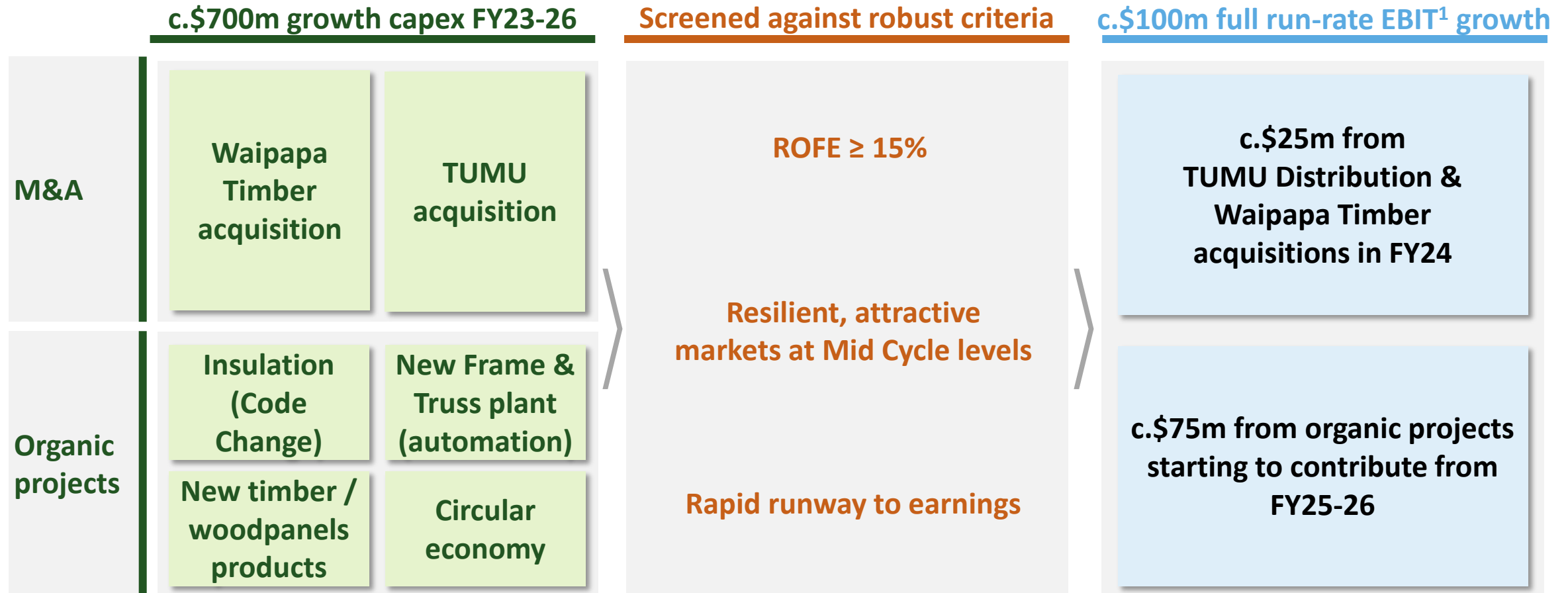
Continued improved performance in **Australia** margins



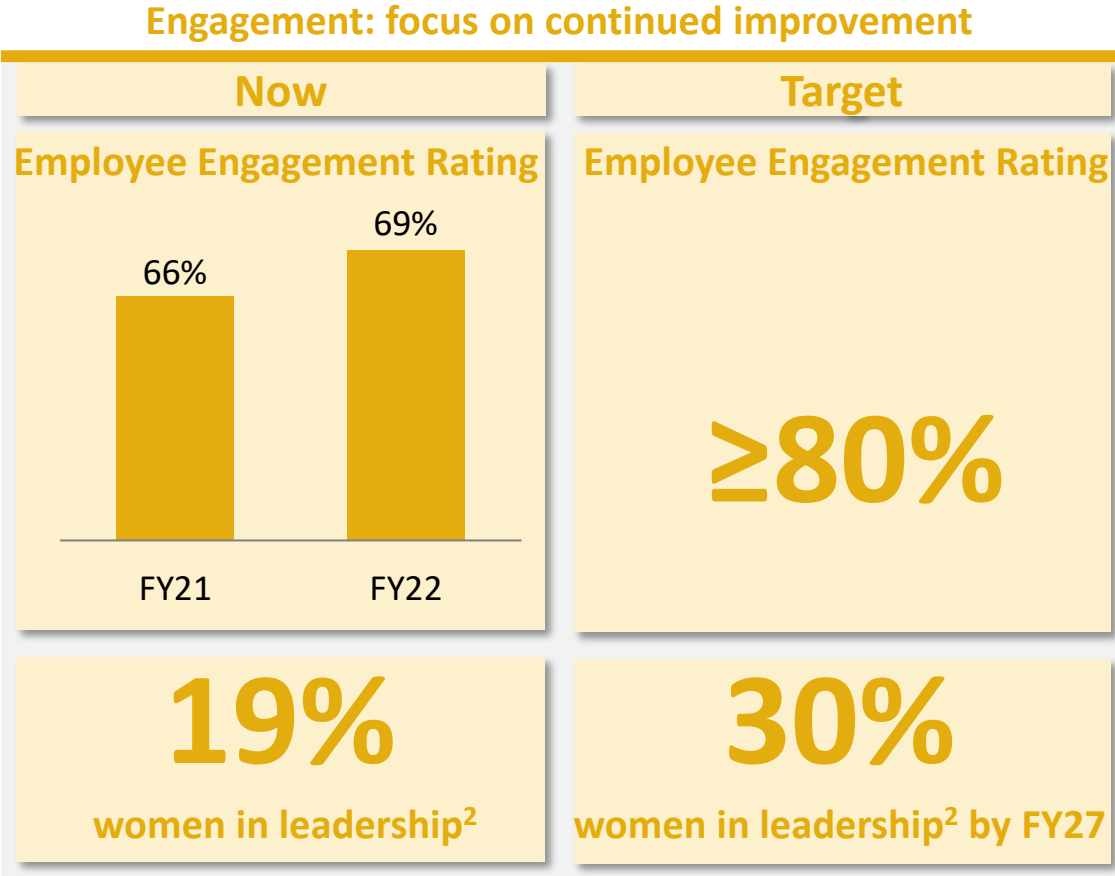
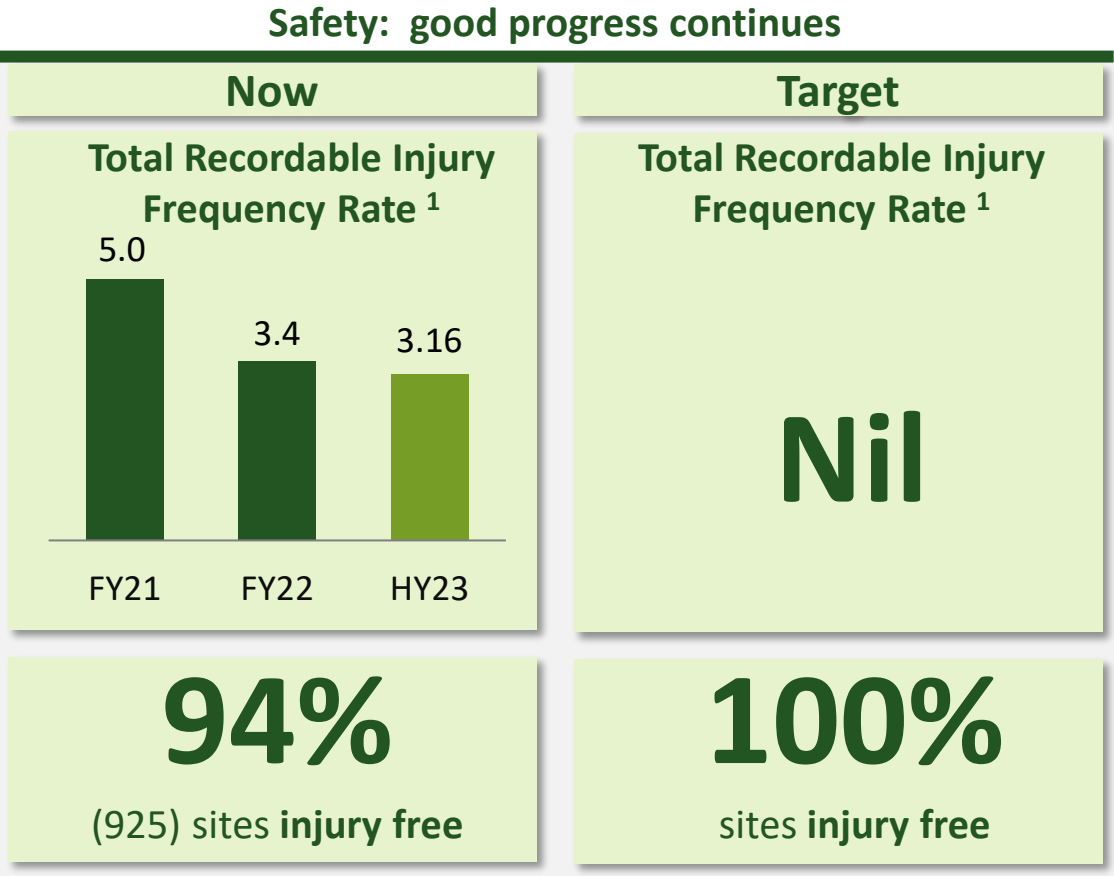
More focused & profitable **Construction** business



## 4. Established pipeline of growth investments – primarily organic



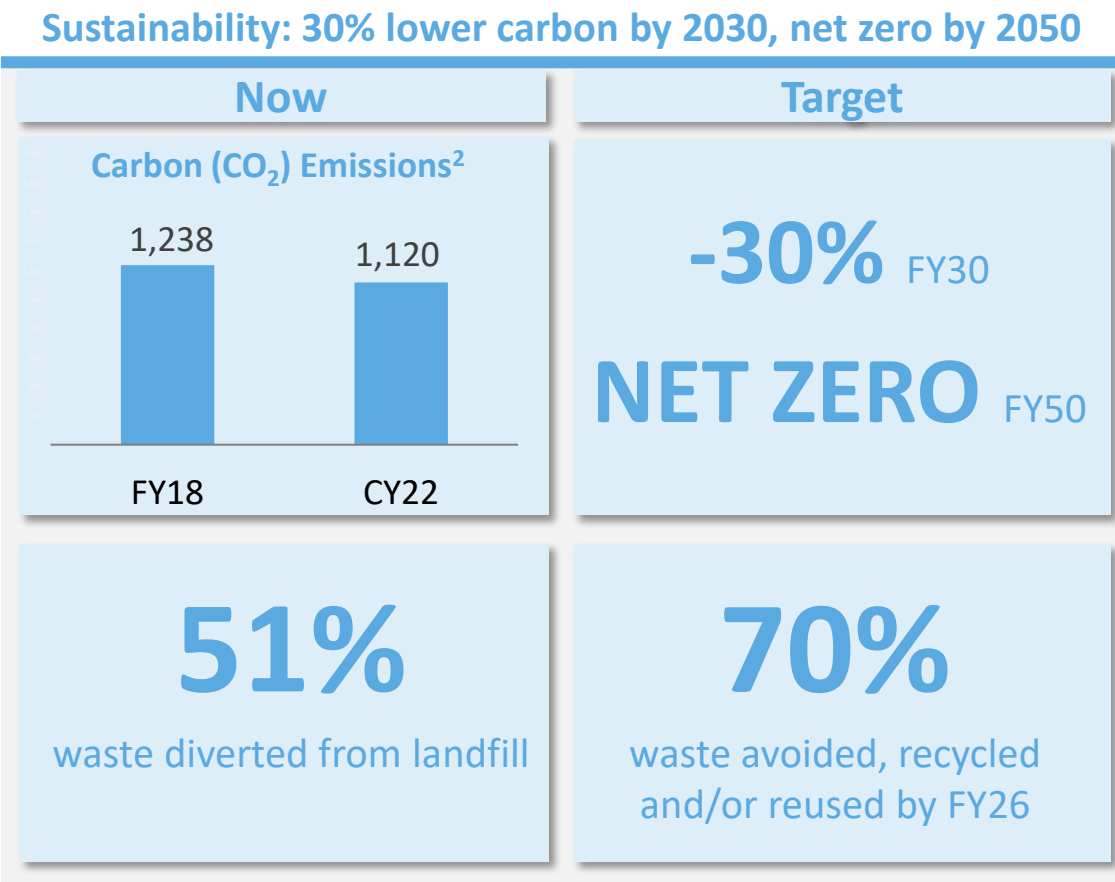
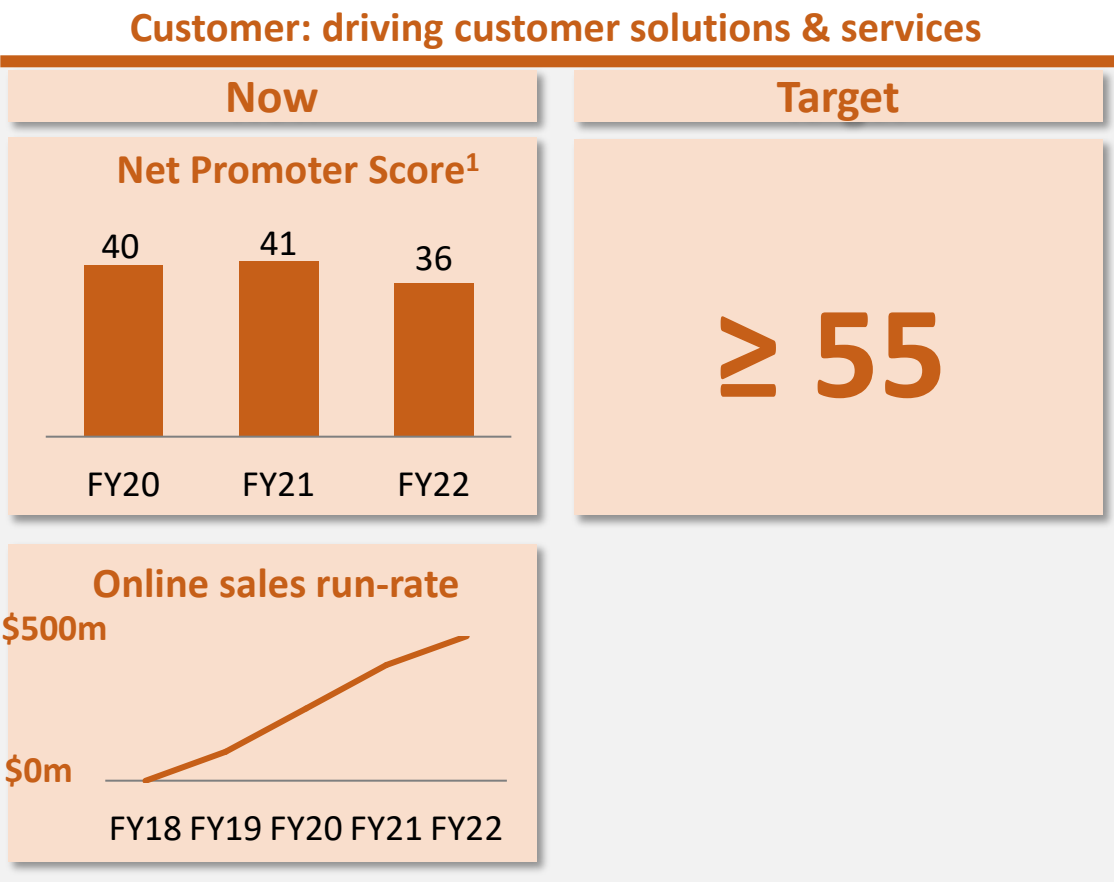
# 5. Longer term non-financial metrics underpin achieving sustainable outperformance



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



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



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

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Customer  
Environment





# Questions Appendix Slides

Fletcher Building Limited



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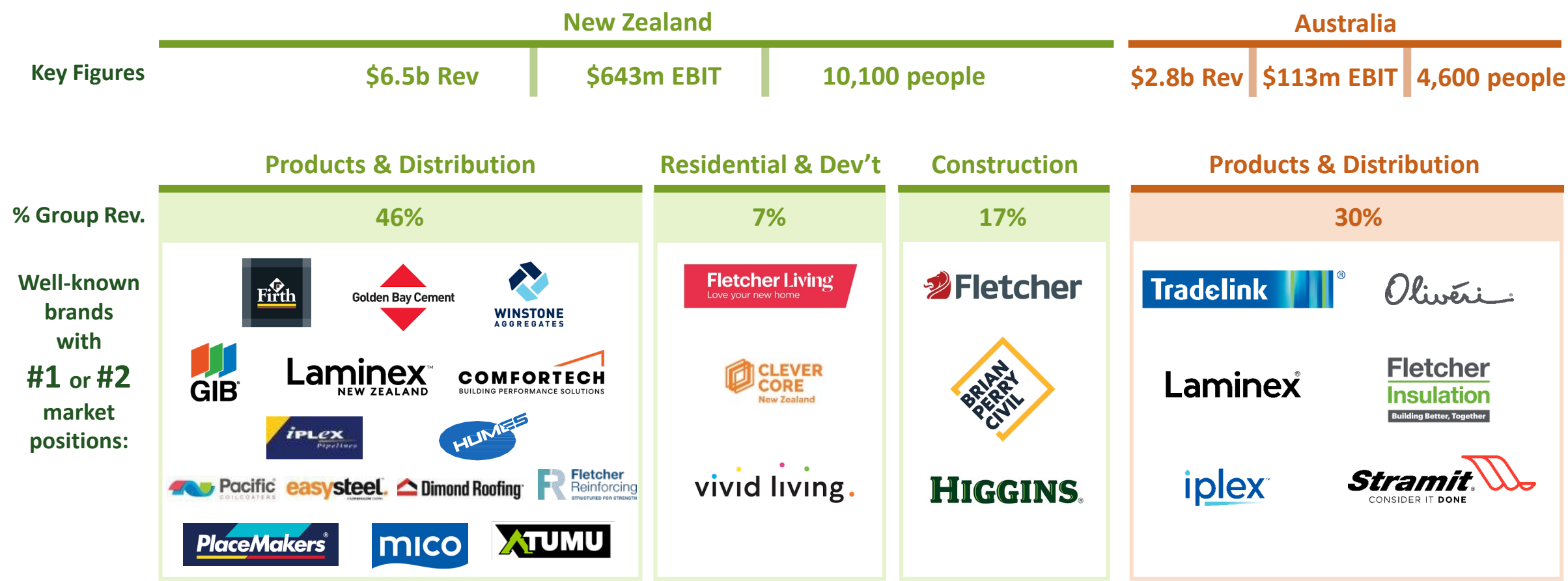
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# We are a scale in-country manufacturer & distributor of building products, with complementary residential development & construction businesses



# 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

