

Annual Shareholders' Meeting documents and trading update

Auckland, 26 October 2022: Fletcher Building is holding its 2022 Annual Shareholders' Meeting today at 10.30am NZDT. Attached are the:

- Chair's address
- Chief Executive's address
- ASM presentation

Included in the Chief Executive Officer's address is an update on trading and outlook for the FY23 year.

In his address to shareholders, CEO Ross Taylor said: "Trading in the products and distribution divisions across New Zealand and Australia remains in line with expectations, and customer indicators point to volumes remaining at or around current levels for the balance of FY23.

"We are watching lead indicators closely and we have a clear playbook if activity shows any signs of softening in the next six to nine months.

"In our Residential and Development division, house prices and margins are in line with expectations, and are running at around 10% below the peak levels reached in December 2021. House sales volumes have been mixed; solid through July and August, softer in September, but customer visitation levels have been picking up positively into the spring sales season.

"Group earnings and cash flows are expected to be weighted to the second half of FY23, this is due to the timing of revenues and working capital builds in the Residential and Development and Construction divisions.

"And finally, we reconfirm our FY23 EBIT target, of \$855 million or better."

Fletcher Building also outlined its refreshed sustainability strategy which includes a new commitment to achieve a target of net zero carbon emissions by 2050.

Ross Taylor said: "Our sustainability strategy focuses on what is most important to our business and to others - our people, communities, customers, key stakeholders and investors - and where our actions will lead to meaningful change. It is anchored by our purpose, 'Improving the world around us through smart thinking, simply delivered.' Five strategic goals provide the focus we need to deliver against the measures we are holding ourselves accountable to: A safe, diverse and inclusive workplace; our community at the heart of what we do; net positive environmental impact; leading the way in sustainable building products & solutions; and circular economy commitment across our businesses.



“Our sustainability strategy reflects our genuine commitment to making a positive impact through delivery of both aspirational and achievable goals. We are already on track to reduce our CO₂ emissions by over 30% by 2030. Now, we are enhancing our efforts to put sustainability at the core of our business and to set even more ambitious targets for our performance. We have set out a clear roadmap for achieving net zero carbon emissions across our business by 2050 at the latest.

“We believe businesses like ours have an important role to play in creating positive future outcomes. Our people and society expect us to act responsibly. At the same time, regulatory environments are increasingly demanding change and both our customers and investors are challenging us to meet the expectations of the communities we are part of. For our part we are choosing to take a leadership position to respond to our changing world, not because we have to, but because we know it is the right thing to do.”

#Ends

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Wednesday 26 October 2022

FLETCHER BUILDING LIMITED
2022 Annual Shareholders' Meeting
Chair's Address

FY22 results at a glance

On behalf of the Board, I'm pleased to report that Fletcher Building delivered a very strong set of financial results in FY22. Given that the year continued to feel the impacts of the global pandemic, this performance takes into account the significant COVID disruptions and lockdowns which occurred during the first quarter.

The Group delivered improved year-on-year revenue, profit and margins while return on funds employed was ahead of target. EBIT was up 13% for the year and net earnings improved significantly to \$432 million, up 42% on FY21. Cash management has been an important focus through the disruptions and the year. Cash flows from operating activities were solid at \$592 million and our balance sheet remains strong. Against this backdrop of continued operational improvements and the strong financial result, the Board was pleased to pay total dividends of 40 cents per share for the financial year. The up to \$300 million buyback programme was also completed during the year.

The result continues to demonstrate we remain on the right track and are achieving key milestones for continued performance and delivering stable results for success.

Focused on driving wider improvements for our stakeholders – safety and engagement

The Board remains very focused on driving strong outcomes across a range of ESG measures and continuing to drive a performance culture. As with our financial performance, we also made progress on our key non-financial measures and outcomes during the year.

The left hand box on this slide shows the continued improvements on safety. TRIFR was 3.4 at the end of the year, 32% down on last year. This translated to 90% of our sites being injury free through the year. The Board will continue to prioritise these critically important outcomes, focusing on making achieving 'zero injuries, every day' possible and that everyone returns home from work safely.

After the challenges of resetting our cost base through the early stages of the COVID years, the Board was pleased to see overall employee engagement improving to 69%. We will maintain our effort so this continues. We have overseen the implementation of a materially enhanced parental leave policy, gender affirmation leave, an improved remuneration structure and we are continuing to work towards pay parity across the Group.



Focused on driving wider improvements for our stakeholders – sustainability and customer

Moving to sustainability on the left hand side of this slide. We believe sustainability, in what we do and the products we make, is central to building a better tomorrow. Over the past few years, we have focussed our energies on decarbonising, recycling, minimising waste and continually innovating to produce better, more sustainable products and homes. We continue to make good progress on reducing carbon and improvements on other sustainability initiatives. Group carbon emissions are now 12% below our 2018 base levels and we diverted 51% waste from landfill. We also published our first Climate-related Disclosure report.

Finally on this slide, the Covid disruptions that occurred to demand and supply chains over the last couple of years impacted on our customer Net Promoter score, which softened slightly to 36 through the year. The Board acknowledges this has been a difficult time for many of our end customers. The lessons regarding the supply challenges over the last two years have been learned and we have changed our operational and risk management processes as a result to help safeguard against them occurring again.

But looking forward, most building product supplies (including plasterboard) are moving back into balance. Capacity has been added and international and local supply chains are starting to sort themselves out. Beyond this, we are very focused on improving our own performance and value proposition to our customers including driving ecommerce and innovative product solutions.

Overall we are pleased with the progress we are making on safety, our people, sustainability and our customers but we recognise that there is still work to do

Overseeing longer-term focus and delivering long term value for shareholders

Finally on this slide, as we look ahead to driving the long-term success of Fletcher Building, the Board is focused on a number of key themes.

Firstly, continuing to oversee the performance culture that is becoming embedded to deliver long term sustainable performance across both financial and non-financial metrics. To this end, we are today announcing our commitment to an enhanced sustainability strategy and targets. As Ross will outline shortly, these initiatives are ambitious, but we see that we need to continue to play our part in the communities we operate and drive leadership across a number of fronts.

Climate change is an urgent global priority and we are committed to minimising our impact and managing the climate-related risks to our organisation including on carbon and waste.

We want to lead the way with continued innovation in producing sustainable products and are committed to driving a circular economy.



We value the importance of diversity and inclusion of our people by fostering an inclusive culture and having better gender and ethnicity balance in leadership. Importantly, this focus is aligned to driving meaningful outcomes for our people and customers.

Despite all the uncertainty and disruption of the past year, as a Board we never lost sight of our agenda and core responsibilities to ensure Fletcher Building has the right strategy and execution, talent and risk management to deliver value in the near- and longer-term.

The investments we are making across the business will further enhance the strength of our business and is critical for future success and in delivering stable returns to our shareholders. We are very confident about the current momentum and the direction Fletcher Building is on for delivering continued success is very well-positioned for the future, both in NZ and Australia.

Before handing over to Ross, I would like to express my thanks, on behalf of the Board, to our people who have worked so hard to deliver a successful year... particularly amidst the uncertainties of COVID.

We also thank our shareholders for your continued support. With that, I now invite Ross to provide his address.

ENDS



Wednesday 26 October 2022

FLETCHER BUILDING LIMITED
2022 Annual Shareholders' Meeting
Chief Executive Officer's Address

Our vision, purpose and strategic goals continue to underpin the next steps of our journey

Having delivered a strong set of results in FY22 which Bruce just outlined, our sights are now set on continuing to improve our operational performance and growing the topline. This slide summarises on one page what we have been doing to achieve this, and I'll briefly talk to the 5 key areas we remain focused on going forward:

1. We have a belief all injuries are preventable, and we want to get everyone home safely, each and every day;
2. We want to see each business absolutely focused on its customers, making sure the solutions and services that they are offering, are better than what anyone else in the market can achieve;
3. We need to be ever vigilant that we have our costs under control, against both local and global competition. To achieve this we will relentlessly; benchmark, evolve, and invest to ensure we maintain this position;
4. We want the economic performance of each of our businesses, to be in the top quartile of similar businesses globally, not just our local competition;
5. And finally, we need to take advantage of both; our relative scale in New Zealand and Australia, and our distance from the larger Northern Hemisphere markets. This allows us to innovate, and drive sustainability, as a fast follower; and, to disrupt our home markets and ourselves before others do. This done well, should allow us to readily achieve above market growth across all of our business lines.

"Improving the world around us through smart thinking simply delivered"

In going after growth in our revenue and profits, it's important that we make sure we stay true to our purpose: *"Improving the world around us through smart thinking simply delivered"*.

We measure our progress against this commitment across a number of areas:

1. Ensuring our workplace is safe, diverse, and inclusive;
2. Putting our community at the heart of what we do;
3. Moving progressively to achieve a net positive impact on the environment;
4. Looking to sell only "sustainable" building products & solutions;
5. And, embedding "circular economy" principles, across all our businesses.

I'll now talk to each of these areas in a bit more detail.



Safe, diverse & inclusive workplace

We want the make up of our business to reflect the communities we operate in, and for our people to be able to bring their “whole selves” to work each day; and importantly return home safely at the end of that day.

- We are making good progress on safety with 90% of our sites injury free last year;
- We have set gender targets in management goals, and are starting to see year on year improvements in the number of women generally, and importantly those in leadership roles;
- We are ensuring; our facilities, our policies, the forums we run, and the way we behave, support and foster a diverse and inclusive organisation and culture.

And pleasingly, while there remains much to do, we are seeing our overall employee engagement scores increasing off the back of this work.

Our community at the heart of what we do

As a large business in our sector, we touch many customers and communities around New Zealand, Australia and the South Pacific. Doing great things for our customers is clearly aligned with our business. But equally important is how we support, and enhance the communities where we operate. We are very active across both these areas.

For our customers;

- We're providing digital tools to better support them in their business;
- Driving leading ecommerce and online sales options;
- Focusing on providing better stock and service levels than our competition;
- And constantly bringing innovations and smart ideas to them.

We measure our performance constantly, and are looking to get all of our businesses to world class levels in the coming years.

Across our communities we do many things; both broadly, and at the local level:

- Our larger programs are focused around educational sponsorships and support;
- And all our businesses are active at their local level, and quite often working with our suppliers and customers, on specific things that matter to those communities.

Through FY22 these activities resulted in donations and sponsorships totalling around \$3 million.

Net positive environmental impact

We are absolutely convinced that good business has to be good for the environment, and we are committed to both achieving this ourselves, and doing what we can to influence the broader sector.



Our carbon emissions; are now down 12% on our 2018 levels, we have detailed plans on getting to a 30% reduction by 2030, and we are committed to net zero by 2050.

We're achieving this, through many technology innovations and plant upgrades, but also, through the clever reuse of waste streams that would otherwise go to landfill - For example, we have substituted 50% of the coal we use at Golden Bay with waste tyres and waste wood.

We are also focused on maintaining or improving biodiversity at and around; our quarry operations, and our larger residential development projects – we have found that these types of operations can be done sustainably.

There is work to do over the coming years to define our targets and pathway to achieve “a net positive environmental impact” – but we're convinced it's absolutely do-able.

Leading the way in sustainable building products & solutions

Innovation in products and solutions are increasingly intertwined with sustainability, and we expect that trend to increase. Interestingly this is generally not coming at additional cost – sustainable products are progressively replacing the older products at the same or a lower cost point. We're very well positioned to both take advantage of this and drive it within our industry. Already 61% of our revenue comes from sustainably certified products and we expect this to be above 75% in 3 years' time. And we are actively looking at how we drive and introduce sustainable solutions. A good example is our LowCO home which has been designed to operate through its life to limit global warming to less than a 1.5 degree increase in temperatures.

Circular economy commitment across our business

And the final piece of the puzzle, is to consciously eliminate waste across our operations, and to create ways to reuse both our own and others “end of life” products. As of last year we have diverted 51% of our waste from landfill, and expect that to be above 70% in 3 years time. We are making equally strong progress in our “circular economy” commitment, with many exciting examples now emerging:

- We have diverted 80,000t of other people's waste from landfill at GBC, and our ambition is to double this by 2030 and become 100% coal free;
- Our insulation and plastic pipes businesses, already extensively use, both recycled product, and general recycled plastics and glass;
- And our plasterboard operation will be able to use recycled plasterboard when the new plant at Tauriko opens next year.

While I am the first to admit that much remains to be done, we are well on the path of driving both; strong financial returns and growth, while at the same time living up to our promise “*to improve the world around us, through smart thinking simply delivered*”.



Trading update and outlook

Turning now to a trading update and the outlook for FY23. Trading in the products and distribution divisions across New Zealand and Australia remains in line with expectations, and customer indicators point to volumes remaining at or around current levels for the balance of FY23. We are watching lead indicators closely and we have a clear playbook if activity shows any signs of softening in the next six to nine months.

In our Residential and Development division, house prices and margins are in line with expectations, and are running at around 10% below the peak levels reached in December 2021. House sales volumes have been mixed; solid through July and August, softer in September, but customer visitation levels have been picking up positively into the spring sales season.

Group earnings and cash flows are expected to be weighted to the second half of FY23, this is due to the timing of revenues and working capital builds in the Residential and Development and Construction divisions.

And finally, we reconfirm our FY23 EBIT target, of \$855 million or better.

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

When we look at our strategy, we remain confident we are well-positioned to drive shareholder value, both in the short and longer term.

1. We expect to see solid profit growth in FY23;
2. We continue to have, both plans and runway, to drive further margin improvements above what we are achieving now;
3. We have an established pipeline of growth opportunities, that will start to mature over the next 3 years;
4. Our balance sheet and financial position is strong, and we intend to keep it that way;
5. And, we remain ready to act if we see demand starting to ease in the next six to nine months.

Before I hand back to Bruce, I'd like to thank our people for their commitment and resilience during what has been a very demanding couple of years. It is through their efforts that we have been able to get Fletcher Building to a place where we can now focus on the many exciting opportunities that are in front of us.

And, I would also like to acknowledge all our customers, and thank you our shareholders, for your ongoing support.

Tēnā koutou, tēnā koutou, tēnā koutou katoa

ENDS

2022 Annual Shareholders' Meeting

26 October 2022

Fletcher Building Limited
Annual Shareholders' Meeting 2022



Bruce Hassall

Chair

Fletcher Building Limited
Annual Shareholders' Meeting 2022



Directors



Martin Brydon



Barbara Chapman



Peter Crowley



Rob McDonald



Doug McKay



Cathy Quinn



Meeting agenda

Chair's address

Chief Executive Officer's address

Voting on Resolutions

General Q&A

Refreshments



FY22 results at a glance

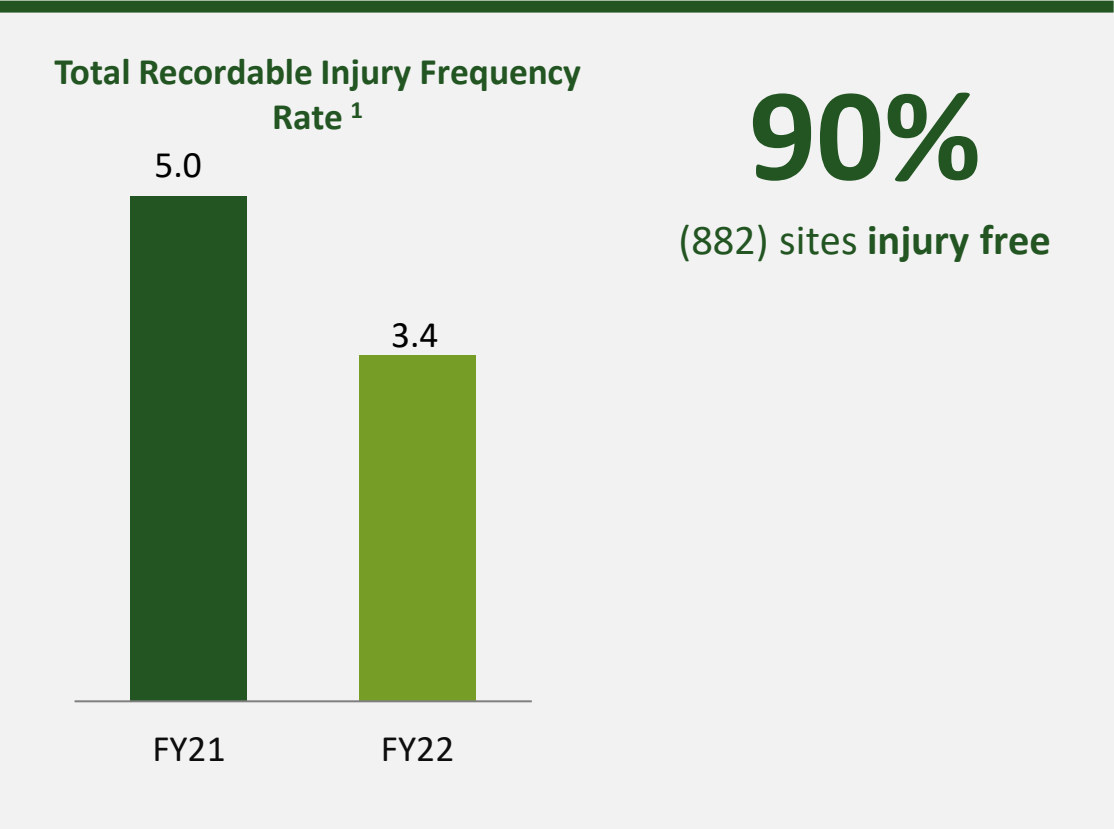
Revenue \$8,498_m FY21 \$8,120m	EBIT¹ \$756_m FY21 \$668m	Net Earnings \$432_m FY21 \$305m	EPS 53.5_c FY21 37.0c
Cash flows from operating activities \$592_m FY21 \$879m	EBIT¹ margin 8.9% FY21: 8.2%	Return on funds employed¹ 19.3% FY21: 18.8%	Dividend 40.0_{cps} FY21: 30.0cps



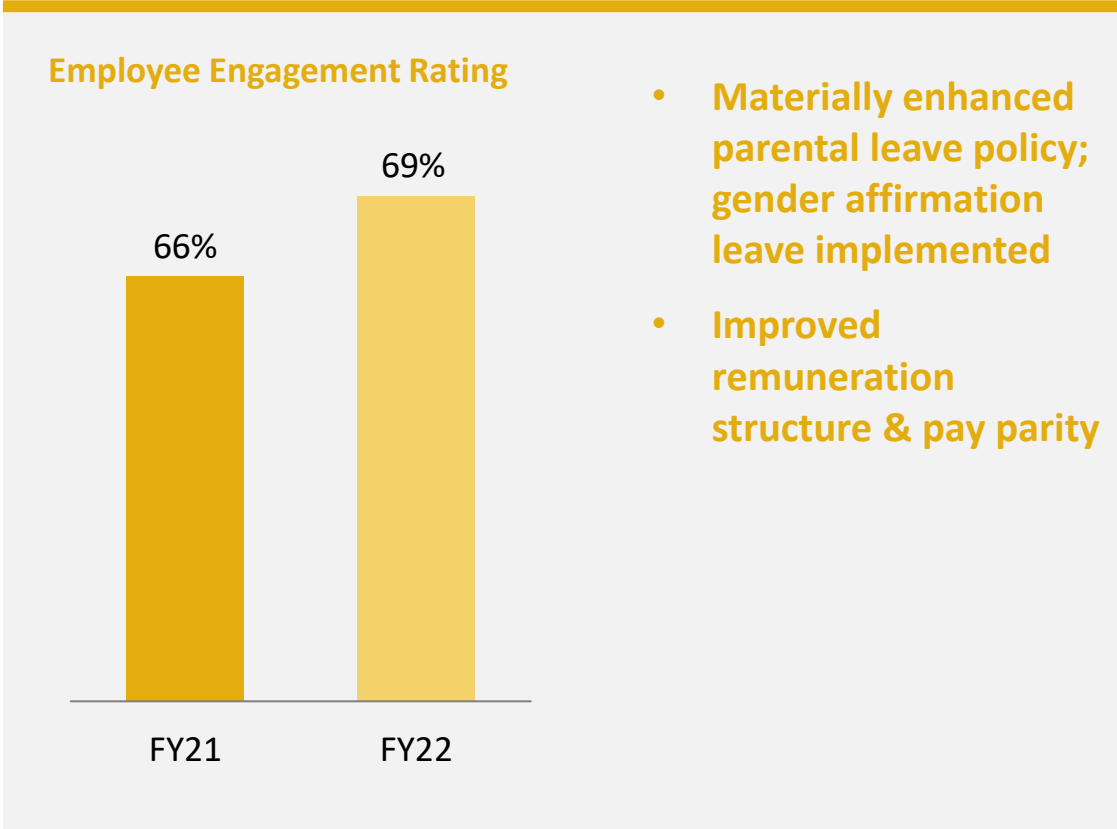
Focused on driving wider improvements for our stakeholders

Good progress on driving safety and employee culture

Safety: good progress continues



Engagement: focus on continued improvement

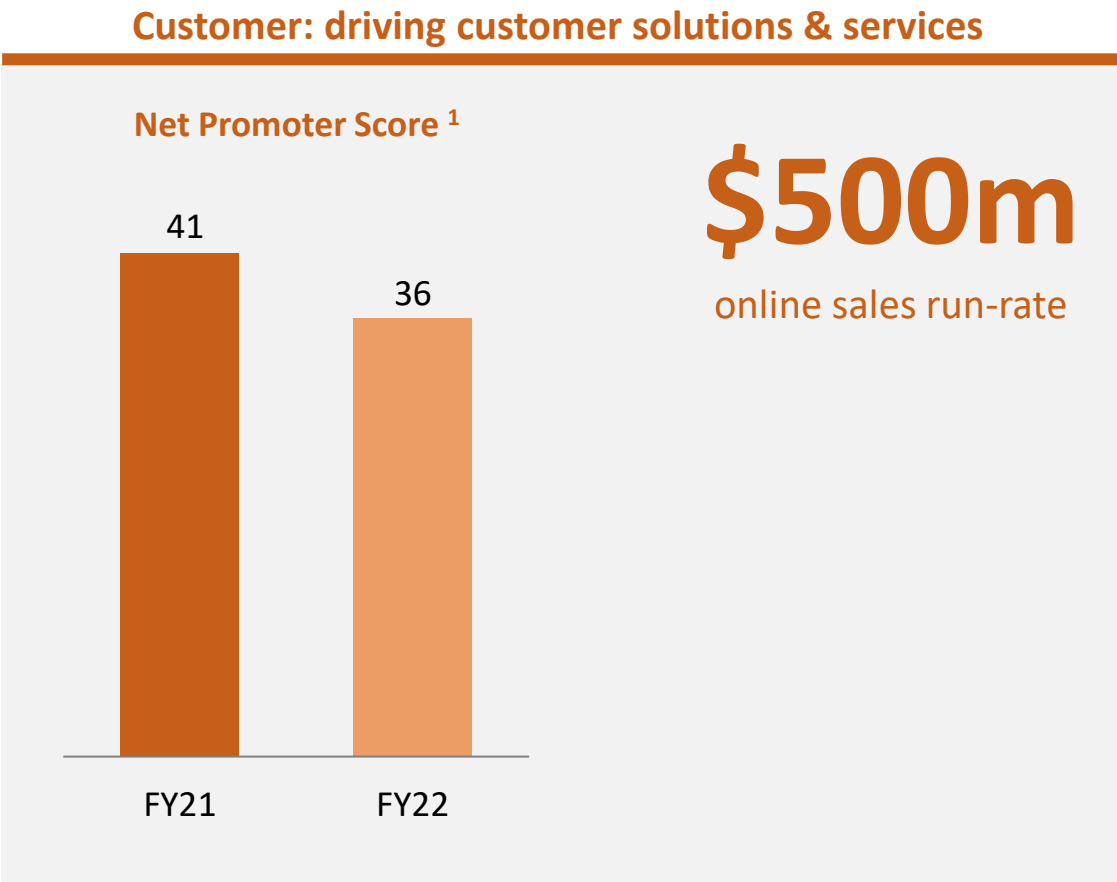
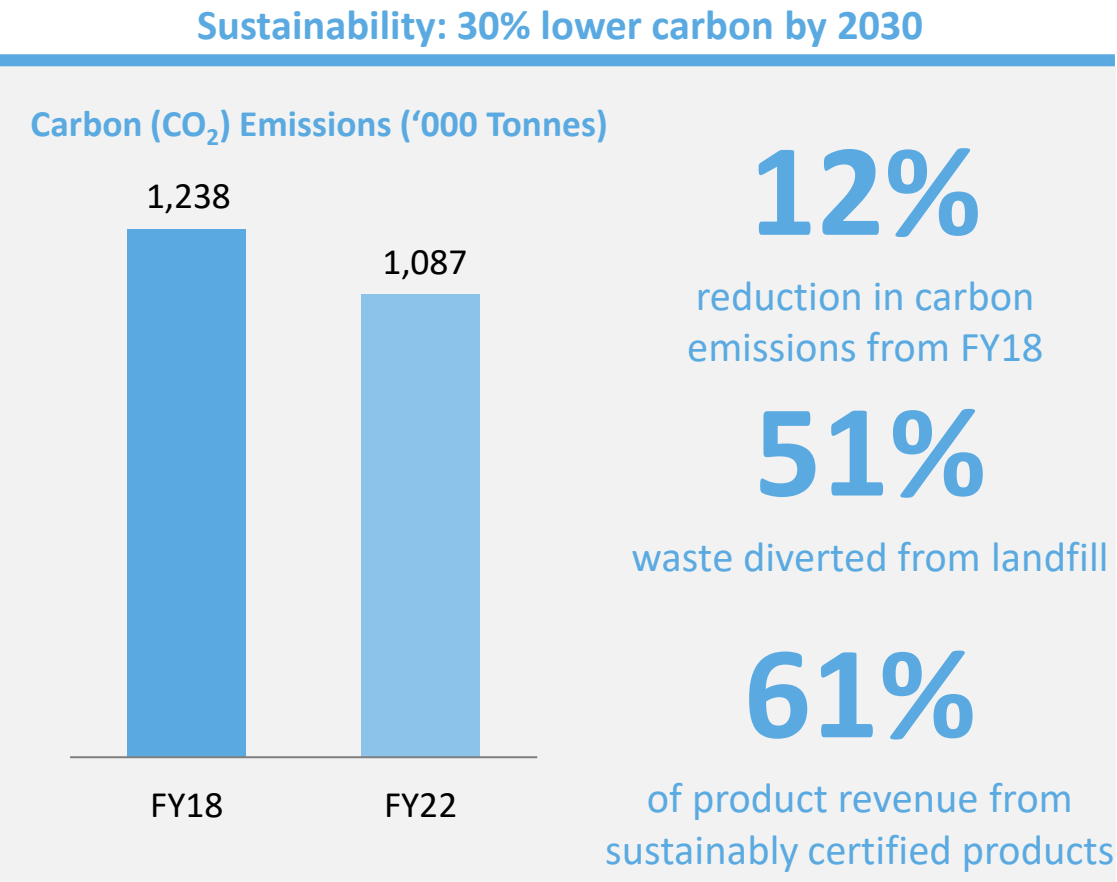


1. TRIFR = Total no. of recorded injuries per million hours worked. Does not include Restricted Work Injuries



Focused on driving wider improvements for our stakeholders

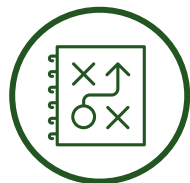
Good progress on lowering carbon emissions



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



Overseeing longer-term focus and delivering long term value for shareholders



➔ Driving **strategy and investing for longer term** sustainable performance



➔ Committed to **enhanced sustainability strategy and targets**



➔ Delivering stable **returns to shareholders**



Ross Taylor

Chief Executive Officer



Fletcher Building Limited
Annual Shareholders' Meeting 2022



Our vision, purpose and strategic goals continue to underpin the next steps of our journey



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

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**
- Lead the way in sustainable building products & solutions**
- Circular economy commitment across our businesses**



Safe, diverse & inclusive workplace

*Our people can bring their whole selves to work and go home safely at the end of the day
We are a diverse organisation that aspires to reflect the communities we operate in and the customers we serve*

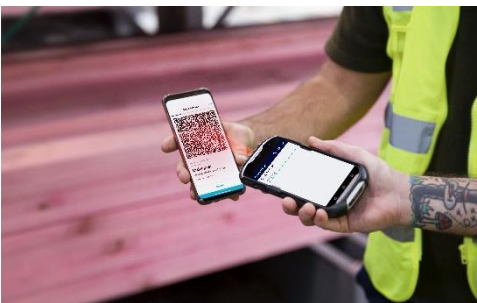


- Driving to no serious injuries each year
- Injury rates down 32% to 3.4
- Gender balance targets in management goals, driving to 30% women in leadership¹ (by FY27)
- Engagement target ≥ 80



Our community at the heart of what we do

Our actions enrich our customers' lives and the communities we operate in



- ➔ Customer NPS¹ target ≥ 55
- ➔ 190,000 customers on digital platforms
- ➔ Our systems integrate seamlessly with customer mobile devices & business systems
- ➔ Community activities by our employees
- ➔ \$3 million community donations & sponsorship



Net positive environmental impact

Our mindset & actions focus on making a positive impact on our environment



- ➔ Carbon down 12%, net zero target by FY50
- ➔ EcoSure® launched, 27% lower carbon cement than ISCA¹ Baseline
- ➔ Restoring ecosystems in old quarries



Leading the way in sustainable building products & solutions

We innovate to deliver sustainable building products & solutions, and work with the industry to achieve this



- ➔ 75% revenue from sustainably certified products¹ (by FY26)
- ➔ LowCO home construction underway: 7x less embedded & operating carbon than standard home



Circular economy commitment across our businesses

We consciously eliminate waste and create ways to reuse products & materials



- ➔ 70% waste avoided, recycled and/or reused (by FY26)
- ➔ New Winstone Wallboards plant at Tauriko can use up to 10% recycled gypsum initially
- ➔ Circular materials offering, eg recycled concrete, glass, timber plastic



Trading update and outlook

- ➔ Trading in the products & distribution divisions in line with expectations. Input cost inflation being managed effectively. Current indicators point to volumes remaining at or around current levels for the balance of FY23
- ➔ Watching lead indicators closely, clear playbook if activity shows signs of softening in late FY23 / into FY24
- ➔ House prices & margins in line with expectations at c.10% below the peak in late 2021. House sales volumes have been mixed: solid through Jul-Aug, soft in Sep, customer visitation levels currently picking up into the spring sales season
- ➔ Group earnings & cash flows expected to be weighted to the second half in FY23 due to timing of revenues and working capital build in the Residential and Development and Construction divisions
- ➔ Continue to expect Group leverage to move to c.1.0x in FY23, slightly higher level at HY23 due to cash flows phasing
- ➔ Fletcher Building reconfirms FY23 EBIT target of \$855m+



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

01



Significant near-term profit growth

**FY23 EBIT target
\$855m+**

02



Plans and runway for further margin improvement

**Medium-term targets:
+100-200bps
in a flat market**

03



Established pipeline of growth investments – primarily organic

c.\$500m growth capex over FY23-25

04



Strong enduring financial position and returns

**Leverage at lower-end of 1-2x range

ROFE ≥ 15%**

05



Well-positioned for economic cycle

**Industry backlog supports FY23 activity

9-10% through-the-cycle margins**



Resolutions and Voting

Fletcher Building Limited
Annual Shareholders' Meeting 2022



Resolutions

➔ Ordinary Resolutions

- ➔ Resolution 1 – Re-election of Peter Crowley
- ➔ Resolution 2 – Auditor fees and expenses



Important Information

This presentation has been prepared by Fletcher Building Limited and its group of companies (“Fletcher Building”) for informational purposes. This disclaimer applies to this document and the verbal or written comments of any person presenting it.

This presentation dated 26 October 2022 should be read in conjunction with, and subject to, the explanations and views of future outlook on market conditions, earnings and activities given in the 2022 Annual Report (together with management commentary) published on 17 August 2022.

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 12 months ended 30 June 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 12 months ended 30 June 2022, which are available at www.fletcherbuilding.com.

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