# Half Year Results to 31 December 2024

19 FEBRUARY 2025

Fletcher Building

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# Agenda

## HY25 Results

| | | |
|---|---|---|
| 1. | Overview | Andrew Reding, Managing Director & CEO |
| 2. | Financial Results | Will Wright, CFO |
| 3. | Outlook | Andrew Reding, Managing Director & CEO |

# HY25 Overall highlights

- Governance reset complete with appointment of permanent Chair and new directors
- Continued business improvement initiatives in challenging market:
  - New WWB plant A-grade recovery rate exceeding 95% target earlier than planned
  - Golden Bay® coal substitution >55% with wood waste, end-of-life tyres & other end-of-life material to reduce $CO_2$
  - Excellent safety performance, TRIFR 2.8
  - Customer focus driving market share gains in a number of businesses including Laminex® NZ, Mico®, Fletcher Insulation®; NPS 57, above NPS ≥ 55 target
  - Improved sustainability, 21% lower carbon emissions than FY18, eg better than expected carbon reduction in PCC electric ovens
  - Improved employee engagement to eNPS of 39
- Cost-out programme ahead of plan
- Balance sheet reset underway; successful capital raise of $700m reducing leverage from 2.0x (FY24) to 1.4x (HY25); successful Tradelink® divestment

# HY25 Financial summary

Very tough macro conditions across all sectors; all levers being pulled to navigate current market & set up for market upturn

| | | | |
|---|---|---|---|
| **Revenue[1] $3.6b** 7% lower than HY24 | **EBIT[1,2] $167m** $96m lower than HY24 | **EBIT[1,2] Margin 4.7%** vs 6.8% in HY24 | **Net loss $134m** vs $120m in HY24 |
| **Trading cash flows[3] $138m** vs $225m in HY24 | **$700m capital raise** applied to repay $511m bank debt & reduce USPP by $169m | **Net debt $1.1b** vs $1.8b at FY24 | **1.4x Leverage ratio** vs 2.0 at FY24 |

1. Continuing operations 2. Before significant items; 3. Excluding legacy, significant items and discontinued items

# Continued progress on critical strategic areas of focus

## Derisking, driving reset and through-the-cycle performance

| | |
|---|---|
| **1 Governance & Leadership reset** | • **Key appointments made at Board & Executive** level, reduced Executive Team. Board reset completed, new Chair and three new Non-Executive Directors. New CEO, CFO, Chief People Officer, Group General Counsel and CE Concrete. CIO role disestablished from Executive Team |
| **2 Execution of strategic priorities** | • **Strategic review** includes shape of the portfolio, where FB will generate organic growth above the cycle<br>• Reviewing appropriate **operating model** for FB to deliver on its strategic objectives<br>• **Capital structure review** to determine the underlying financial settings that we need to deliver on our strategy<br>• Progressing resolution of **legacy projects** |
| **3 Actively managing through-the-cycle BU performance in the challenging market** | • Successfully completed **$700m capital raising**, reduced leverage to 1.4x and improved financial stability and resilience<br>• Achieved **significant cost reductions** to manage profitability in the current operating environment. ~$90m (before impact of inflation) gross cost out in HY25; targeting ~$180 million of total gross cost savings in FY25<br>• **All ERP projects are on hold,** conducting a review of future requirements<br>• **Reviewed capital expenditure** projects, decisions made to delay, pause or accelerate<br>• Our **core manufacturing and concrete operations** are being well-managed, with efficient & appropriately capitalised sites<br>• **Steel** lower volumes & compressed margins but businesses performing in the challenging market<br>• **PlaceMakers**® operating structure including expanding JV's and hub model is currently under review; renewed focus on performance in areas that are important to our customers<br>• Customer and pricing focus<br>• We maintain our **strong safety culture,** with robust systems across the business. Progress continues in delivering front line safety programmes |

# Update on near-term priorities

## Good progress made against near-term priorities presented in September capital raise

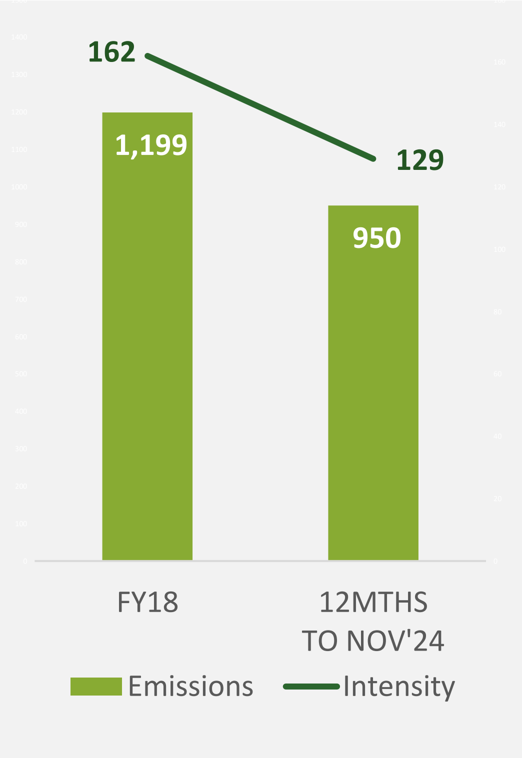
| | | |
|---|---|---|
| PERMANENT CHAIR APPOINTMENT | Completed | ▪ Permanent Chair and three NED's appointed; Board refresh completed |
| COMPLETE TRADELINK® DIVESTMENT | Completed | ▪ Sale completed; A$160m received in HY25 |
| WESTERN AUSTRALIAN PLUMBING INDUSTRY RESPONSE | Response Actioned | ▪ Industry Response to WA plumbing issues finalised and signed; A$155m (NZ$170m) provision taken in HY25 |
| COMPLETE REMAINING LEGACY PROJECTS | On-track | ▪ NZICC: building work substantially completed, complex commissioning process underway. Expected handover in 2H25<br>▪ P2W: arbitration process for claims continues<br>▪ WIAL: remedial works for WIAL carpark awaiting client approval for solution |
| ONGOING COST REDUCTION INITIATIVES TO MANAGE PROFITABILITY | On-track | ▪ Significant cost reductions achieved to manage profitability in current operating environment, ~$90m (before impact of inflation) gross cost out delivered HY25; targeting ~$180m gross cost savings in FY25 |
| FOCUS ON EFFECTIVE EXECUTION OF INFLIGHT GROWTH INITIATIVES | On-track | ▪ Laminex Taupō – flexible production capability & raw material flexibility; new board product for NZ market with superior features<br>▪ New Firth® flagship ready mix concrete plant in Auckland<br>▪ Frame & Truss – project paused, options under review |
| CONTINUED FOCUS ON CASH GENERATION | On-track | ▪ FY25F Base capex ~$140m vs $200-250m historical run rate; ~$200m on key initiatives; ~$15m Vivid; FY25F total capex ~$355m; continued focus on cash & working cap. |
| MEASURED ASSESSMENT OF PORTFOLIO CHOICES | On-track | ▪ Update to be provided at Investor Day in June 2025 |
| OTHER | On-track | ▪ WWB defence to ComCom lodged; we have a strong case |

# Sustainability

## Improvements being delivered

### SUSTAINABILITY

CARBON (CO2) EMISSIONS & INTENSITY[1]




- 21% lower carbon and 20% lower carbon intensity since FY18; targeting Net Zero by 2050
- 76% of product revenue from products with sustainability certifications[2]
- 2024 Climate Statements published
- CDP rating of B indicating good management of GHG emissions
- Dow Jones Best-in-Class Index (Australia) member: within Building Products sector, FB is 1 of only 10 companies globally that are members of any of the DJ Best-in-Class indexes & the only NZ or Australian company that is a member
- Member of S&P Sustainability Yearbook (top 15% of companies globally)

Coal substitution >55% (wood waste, tyres, unused Covid PPE, industrial sludges) & $CO_2$ emissions reduction at Golden Bay

Laminex® Toolara (Australia) have started generation from their new roof solar installation

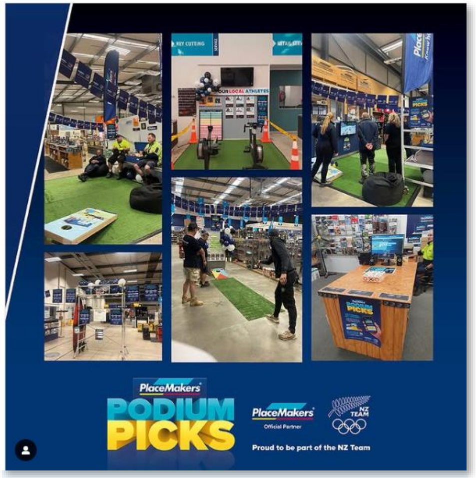
Better than expected carbon reduction (82%) in PCC electric ovens

Winstone Aggregates® biodiversity pest control (Northland, Auckland, Waikato) & replanting initiatives

1. Carbon Emissions are '000 Tonnes Combined Scope 1 and Scope 2 emissions for the Group; Carbon Emissions Intensity = FBU $CO_2$ Tonnes for every $1m of revenue. ISO 14064-1
2. Revenue for sustainably certified products as a % of total revenue from products made/sold by our manufacturing businesses. Excludes revenue from Distribution, Resi. & Development and Construction

# Our People and Community


Reconciliation Action Plan in Australia now moved from initial Reflect stage to the Innovate phase




Community – PlaceMakers® Olympics sponsorship


Higgins® new bitumen tankers “my whanau (family) works at Higgins®”: our people, safety & improved sustainability

Back Country Trust partnership to restore 30 iconic huts (photo: Poutaki Hut in Ruahine Forest Park)

Women to Leadership programme

# Continued good progress on Safety, Customer and Engagement

## Safety improved

**SAFETY**

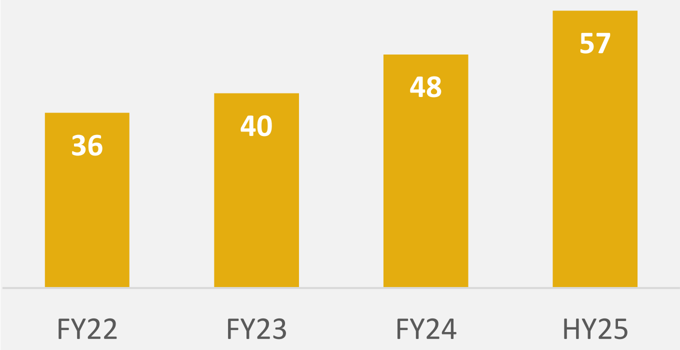
TOTAL RECORDABLE INJURY FREQUENCY RATE[1]


- Improving TRIFR
- Five BU's injury-free for past 12 months; 2 serious injuries in Construction & Concrete reminding us of the importance of our focus on Critical Risks
- >2,000 Risk Containment Sweeps and >9,000 Critical Control Verifications in HY25
- Focus on Safety Leadership Programme 'Healthy Work' for leaders & Power Up 'Healthy Work' for frontline

## NPS target ≥ 55 achieved

**CUSTOMER**

NET PROMOTER SCORE

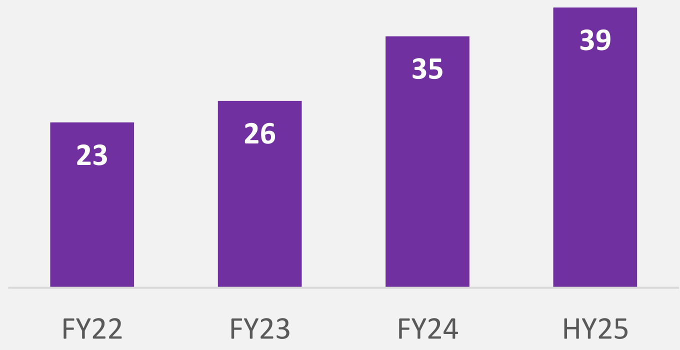



- Strong HY25 NPS of 57, uplift of 9pts from FY24; ahead of our target NPS ≥ 55, with improved scores from Woodproducts & Apartments
- Continued focus on customer service, product range & DIFOT to deliver a strong customer experience
- Ongoing competitive benchmarking NPS programme (customers and non-customers) to re-commence in 2H25

## Strong engagement

**ENGAGEMENT**

EMPLOYEE ENGAGEMENT RATING



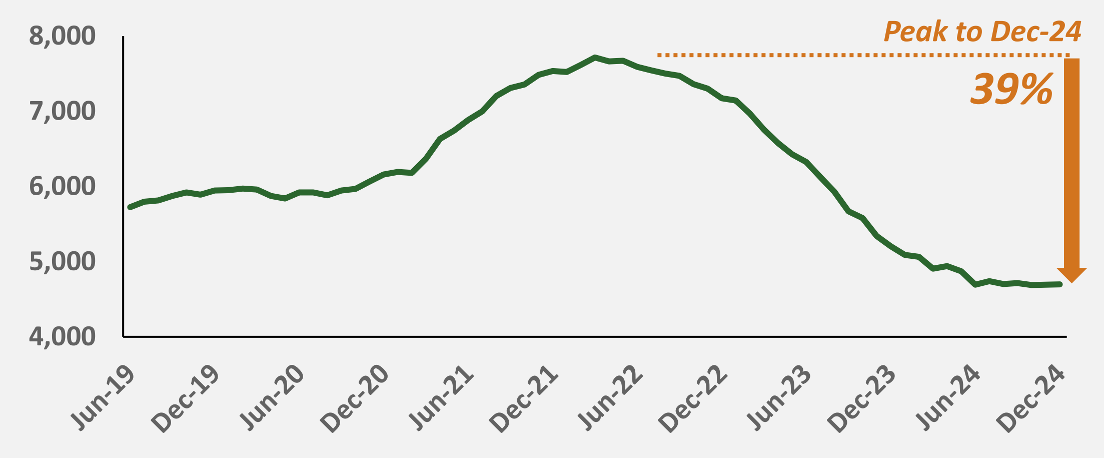

- Continued upward trend with eNPS of 39, close to reaching our target eNPS > 40 (global upper quartile)
- Our people feel a greater sense of achievement in delivering to customer needs and overall satisfaction in roles
- Launch of new Employee Action Group, Lōkahi, welcoming all our employees to a community where we can talanoa (discuss), connect, and learn about Pasifika culture

1. TRIFR = Total no. of recorded injuries per million hours worked. Does not include Restricted Work Injuries. Excludes Tradelink & Wood Products

2. Net Promoter Score (NPS) measures customer performance and is an indication of how satisfied our customers are with our business. Our Group NPS excludes Construction and Joint Ventures

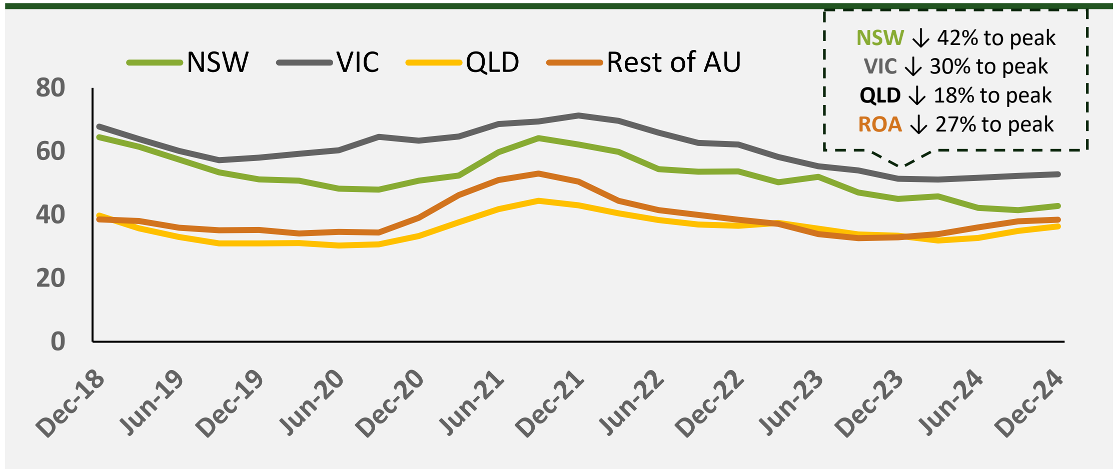
# Market backdrop remains challenging

## NZ RESIDENTIAL SQUARE METERAGE CONSENTED ('000s) | ROLLING 12 MONTH



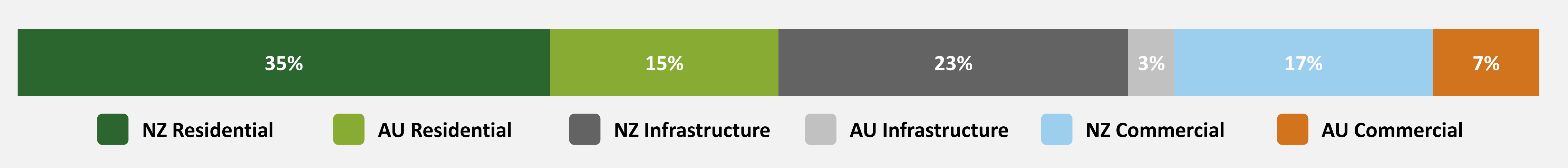

- NZ annual average GDP growth –1.0% in Sep-24 quarter
- NZ OCR 4.25%, mortgage interest rates lowering, yet to flow through to activity
- REINZ house price index -1.1% YoY, with Auckland -1.9%
- NZ ready-mix concrete production 19% lower than Sep-22 peak, -10% YoY

## AUS DWELLINGS COMMENCED ('000s) | ROLLING 12 MONTH




- AU annual average GDP growth 0.3% in Sep-24 quarter
- AU OCR 4.35%
- Australian national house prices increased 5.1% in the 12 months to Dec-24 quarter

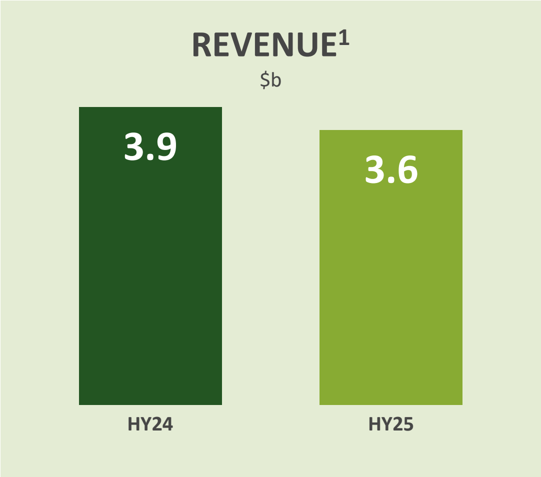
## FLETCHER BUILDING HY25 REVENUE BY MARKET (%)

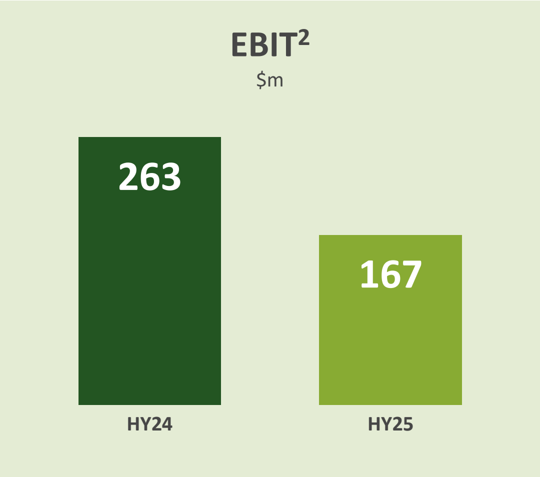


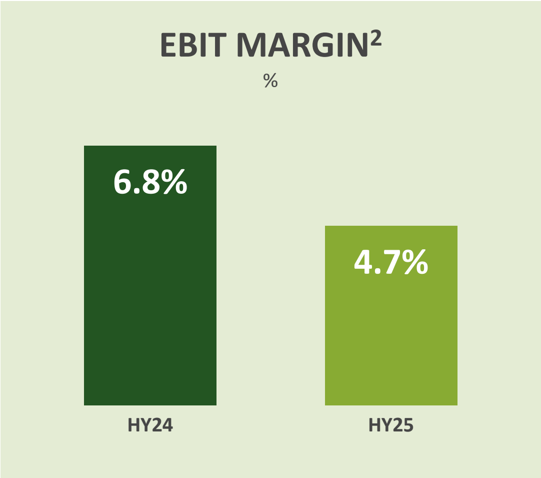

Source: Stats NZ Infoshare, Australian Bureau of Statistics, RBNZ, REINZ, RBA, Prop Track Australia

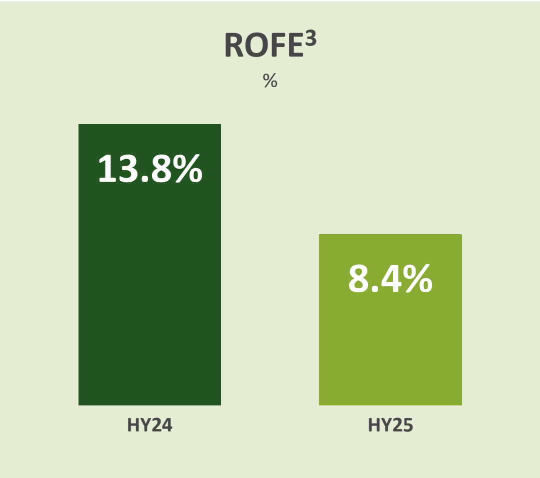
# HY25 Results at a glance

## Market activity below mid-cycle in Materials & Dist., lower Resi house sales, partly offset by improved Construction




### HY25 trading highlights

- **Group revenue[1]** 7% lower vs HY24:
  - **Materials & Dist.** revenue ~$240m lower due to significantly more difficult trading conditions across all sectors with activity below mid-cycle (NZ vols down 5-10% HY25 vs HY24, AU vols down 15% HY25 vs HY24)
  - **Resi & Devt** revenue $112m lower, due to lower unit sales (304 units in HY25 vs 419 units in HY24)
  - **Construction** revenue up $73m due to higher work on key Auckland airport, Eastern busway & roading projects
- **EBIT** $96m lower vs HY24 with ~$80m EBIT impact from lower NZ & AU Materials & Dist. vols, $12m additional costs in Concrete, partly offset by cost out & significantly improved Construction performance
- **EBIT margin** reflects volume & operating deleverage, esp. in Distribution
- Lower **Group ROFE[3]** from lower EBIT

1. Group Revenue is external revenue from continuing operations; 2. Before significant items from continuing operations 3. Return on Funds Employed (ROFE) is EBIT excluding significant items to average funds (net debt and equity less deferred tax asset (excl. deferred tax liability on brands))

# HY25 Divisional performance

## Trading conditions remained challenging, esp. in businesses more heavily exposed to the residential sector

| DIVISION | GROSS REVENUE | EBIT[1] |
|---|---|---|
| BUILDING PRODUCTS | $663m<br>HY24: $703m | $62m<br>HY24: $78m |
| DISTRIBUTION | $780m<br>HY24: $836m | $4m<br>HY24: $35m |
| CONCRETE | $536m<br>HY24: $567m | $49m<br>HY24: $70m |
| AUSTRALIA[2] | $924m<br>HY24: $1,054m | $47m<br>HY24: $77m |
| RESIDENTIAL & DEVELOPMENT | $240m<br>HY24: $351m | $14m<br>HY24: $41m |
| CONSTRUCTION | $814m<br>HY24: $699m | $20m<br>HY24: $(1)m |
| CORPORATE | | ($29)m<br>HY24: $(37)m |

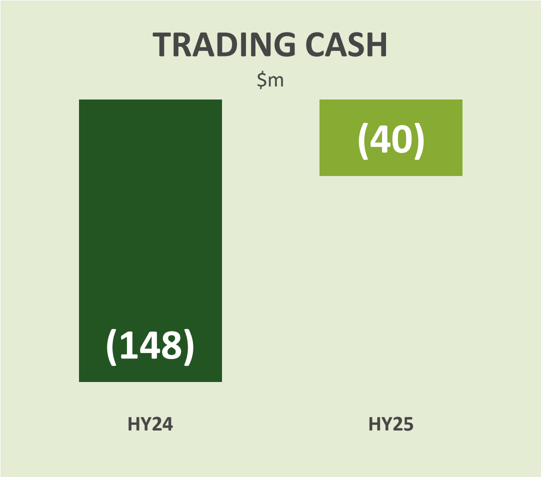
## HY25 trading highlights

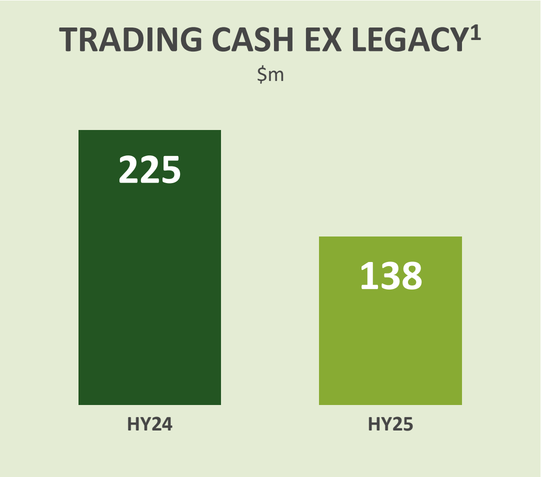
- **Building Products** resilient in tough trading conditions, revenue down 6%. Winstone Wallboards® maintained a strong market position, while Waipapa Pine & Laminex® delivered good market share growth momentum
- **Distribution** result disappointing, price/margin ceded to retain share in highly competitive environment, esp in Frame & Truss; highly fixed cost structure significantly impacted EBIT result
- **Concrete** solid top line in challenging market, continued focus on more robust comm. & infra segments, re-entry into cement export market. EBIT included $12m costs from Golden Bay®'s cement ship outage, elevated spot electricity pricing in 1Q25 & restructuring costs
- **Australia** volume declines of ~13% compared to HY24, partially mitigated with good pricing disciplines offsetting cost increases; gross margin improvement of 70 bps in HY25
- Economic conditions & wider resi market lack of liquidity impacted **Residential** unit sales, but sales improved post first OCR cut: +17% Sep-Dec 2024 vs Jul-Aug 2024. 114 units contracted into 2H25. No land **Development** transactions in HY25 or HY24
- Good **Construction** performance, esp Higgins® NZ & BPC, focus on lower risk, smaller self-perform work; national & local road maintenance contracts; and alliance infrastructure projects delivering benefits
- Reduction in **Corporate** costs from pause of Digital@Fletcher

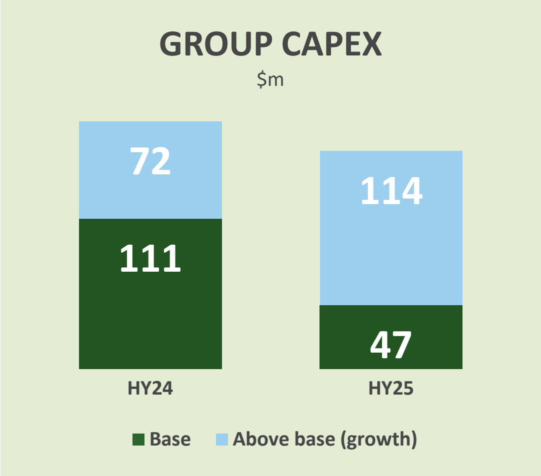
1. Before significant items 2. Continuing operations

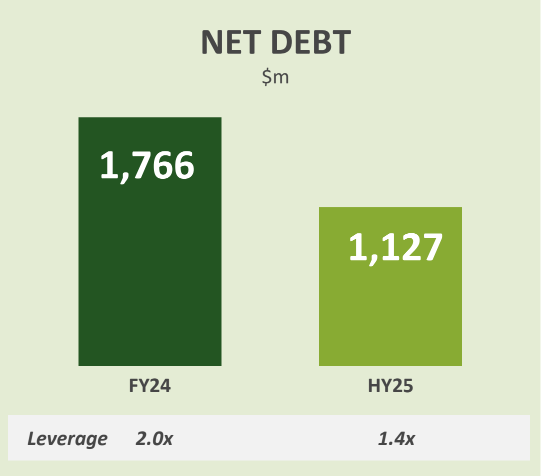
# HY25 Results at a glance

## Improved balance sheet following debt reduction



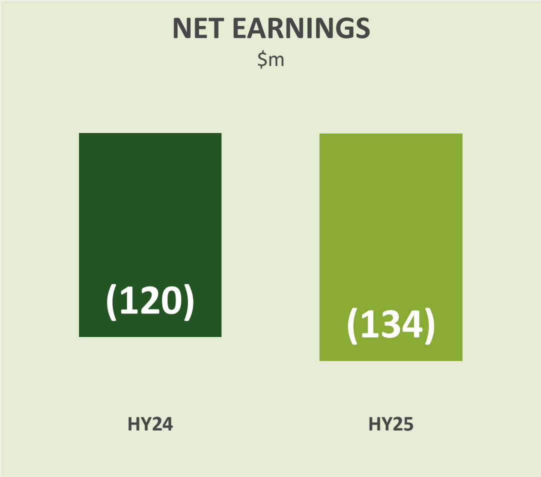

### HY25 trading highlights

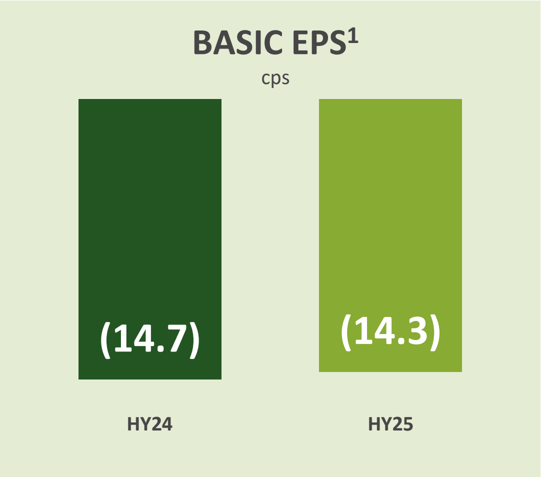
- **Group trading cash** impacted by lower earnings, and Construction legacy outflows of $134m ($161m lower than HY24)
- **Trading cash** from continuing ops excl. legacy & sig items:
  - Materials & Dist. trading cash of $165m (vs $301m in HY24) mainly from lower earnings
  - Resi & Devt. trading cash outflow of $55m, mainly from committed land purchases
  - Construction strong trading cash flows of $54m
- **Base and above base capex** reduced as previously communicated
- **Net debt** reduced following equity raise during HY25

1. Continuing operations and before significant items

# HY25 Results at a glance

## Lower earnings from lower market activity and signalled $170m WA plumbing solution provision




### HY25 trading highlights

- **Net Loss** of $134m impacted by $170m WA plumbing industry response provision as flagged. HY25 vs HY24 movement related to $96m lower EBIT partly offset by $39m better tax benefit & discontinued operations loss of $52m vs $106m in HY24
- In line with the Company's dividend policy and lender agreements, the Board has not declared an interim dividend for HY25



1. The Group has restated HY24 earnings per share metrics to reflect the slight dilution resulting from the "bonus share" element of the capital raise completed during the period. See note 2.3 of the Financial Statement for further details

# FINANCIAL RESULTS

Will Wright, CFO

# Income Statement

## Volume declines & lower house sales, partly offset by cost-out & significantly improved Construction performance

| INCOME STATEMENT NZ$m | DEC 2023 6 MONTHS | DEC 2024 6 MONTHS | VAR |
|---|---|---|---|
| Revenue | 3,860 | 3,583 | (7%) |
| EBITDA before significant items | 429 | 346 | (19%) |
| **EBIT before significant items (continuing operations)** | **263** | **167** | (37%) |
| Significant items | (186) | (193) | (4%) |
| **EBIT** | 77 | (26) | NM |
| Lease interest expense | (28) | (34) | (21%) |
| Funding costs | (62) | (63) | (2%) |
| Tax benefit | 2 | 41 | NM |
| Non-controlling interests | (3) | 0 | NM |
| **Net loss from continuing operations** | (14) | (82) | NM |
| Net loss from discontinued operation | (106) | (52) | 51% |
| **Net loss** | **(120)** | **(134)** | (12%) |
| Net earnings before sig items from continuing ops[2] | 119 | 53 | (55%) |
| Basic EPS from continuing ops before sig items (cents)[2] | 14.5 | 5.6 | NM |
| Group Basic earnings per share (cents) [2] | (14.7) | (14.3) | 3% |

### HY25 income statement

- EBIT[1] decline reflects volume & operating deleverage in bottom-of-cycle operating environment, esp. across NZ
- Continued cost reduction programme across Group to resize to market
- Significant items of $193m mainly relate to WA plumbing as flagged
- Funding costs of $63m, slightly higher than HY24
- Effective tax rate[1] of 24.3% in HY25 (vs 29.2% in HY24)
- Net loss from discontinued operation relates mainly to Tradelink® FCTR reclassification when business was sold

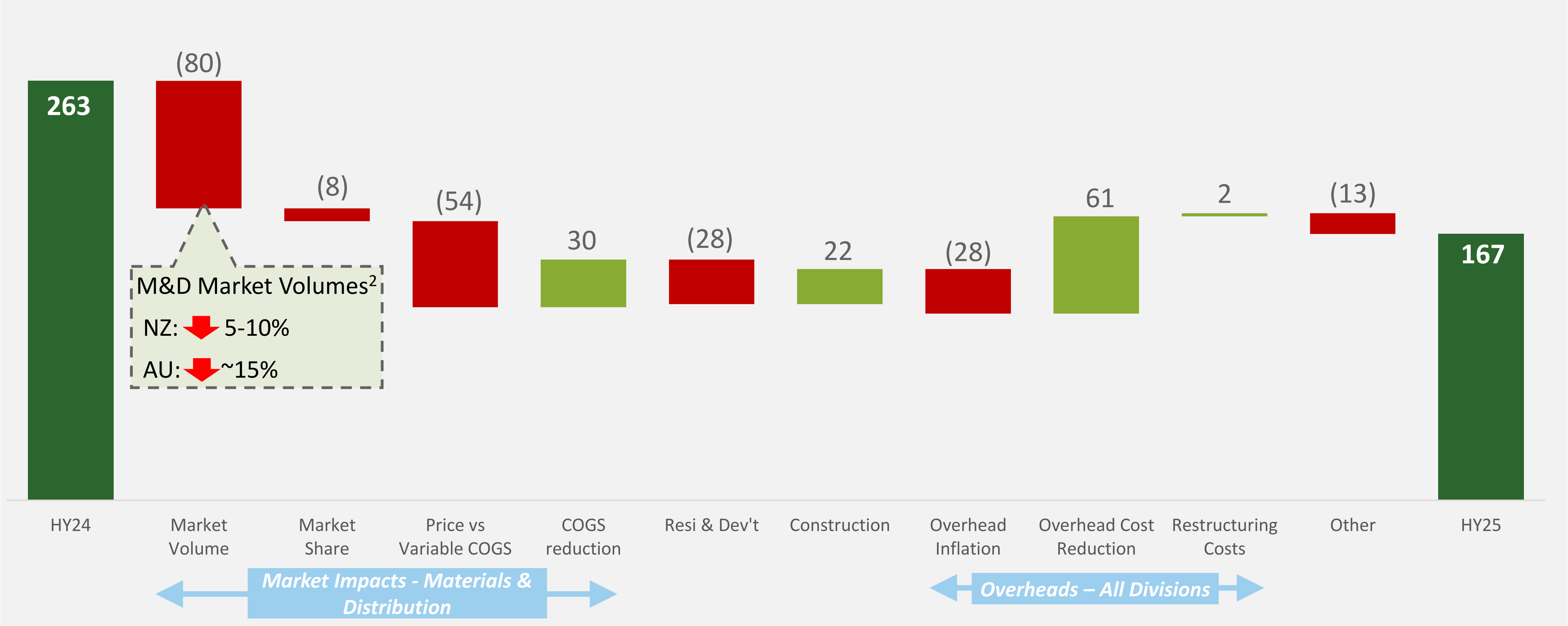
1. Continuing operations and before significant items. 2. The Group has restated HY24 earnings per share metrics to reflect the slight dilution resulting from the “bonus share” element of the capital raise completed during the period. See note 2.3 of the Interim Financial Statement for further details

# HY24 to HY25 EBIT bridge

## ~$90m gross cost-out benefit from operational savings in COGS and overheads

**EBIT[1]: HY24 TO HY25**

$M




1. Continuing operations and before significant items 2. Compared to HY24

# Cash flows

## Cash flows suppressed by lower earnings; working capital well-controlled

| CASH FLOWS NZ$M | DEC 2023 6 MONTHS | DEC 2024 6 MONTHS |
|---|---|---|
| EBIT before significant items from continuing operations | 263 | 167 |
| Depreciation and amortisation | 166 | 179 |
| Lease principal payments and lease interest paid | (109) | (123) |
| Provisions and other | 3 | (11) |
| **Trad. cash flow before working capital mvmts from cont. ops** | **323** | **212** |
| Residential and Development | (72) | (67) |
| Construction excluding legacy projects | (18) | 29 |
| Materials and Distribution Divisions: Debtors | 138 | 66 |
| Materials and Distribution Divisions: Inventories | 19 | (14) |
| Materials and Distribution Divisions: Creditors | (165) | (88) |
| **Working capital movements excl. legacy projects** | **(98)** | **(74)** |
| **Trading cash flow from cont. ops excl legacy & sig. items** | **225** | **138** |
| Discontinued operations | (48) | (19) |
| Legacy projects cash flow | (295) | (134) |
| Significant items cash flow | (29) | (25) |
| **Trading cash flow** | (148) | (40) |
| Add: lease principal payments | 100 | 99 |
| Less: cash tax paid | (21) | (2) |
| Less: funding costs paid | (57) | (62) |
| **Reported cash flows from operating activities** | **(126)** | **(5)** |

### HY25 cash flows

- Resi & Devt. includes committed land purchases of $40m
- Good working capital from Construction, mainly from BPC & Higgins®, benefiting from advances in new work won
- Materials & Dist. divisions working capital subject to seasonal movements:
  - Tight management of receivables with debtor days improved vs HY24 in context of increased liquidations and insolvencies in the market; strong collections & credit controls in Building Products & Australia
  - Inventories included stock build in Laminex® AU in readiness for extended shutdown in early 2H25
  - Lower volumes toward the end of HY25 lead to unwind of working capital positions, esp in payable days
- Legacy projects cash outflows of $134m mainly from NZICC project, slightly lower than flagged
- Sig. items cash outflows primarily related to WA plumbing
- Cash tax payments lower due to legacy project losses
- Funding costs broadly in line with prior period

# Capex

## Continued reduction in capex spend in response to market

| GROUP CAPEX AND INVESTMENTS NZ$M | DEC 2023 6 MONTHS | DEC 2024 6 MONTHS |
|---|---|---|
| Base capex | 111 | 47 |
| Above Base: growth capex and investments[1] | 48 | 111 |
| Above Base: WWB new plant | 31 | 3 |
| *Less: Proceeds on disposal of PPE* | (3) | (53) |
| **Net Capex** | **187** | 108 |
| Other capex: Vivid Living® | **12** | 6 |
| **Total Capex and Investments** | **199** | 114 |

### HY25 capex and investments

- Base capex on maintenance, digital/ERP, sustainability & efficiency capex
- Growth capex on in-flight organic growth projects:
  - New Laminex® Taupō wood panels plant ($74m): tracking well to planned slower programme of works; new plant gives a highly flexible production capability; new board product has superior strength, moisture resistance and surface finish to existing particleboard offer; raw material flexibility
  - New Firth® flagship ready mix concrete plant in Penrose ($13m)
  - PlaceMakers®' automated Frame & Truss Auckland plant ($11m); project now paused
- $53m proceeds on disposal of property, plant & equipment, mainly from the sale & leaseback of Steel's Papakura land
- Vivid Living® retirement village developments $6m investment

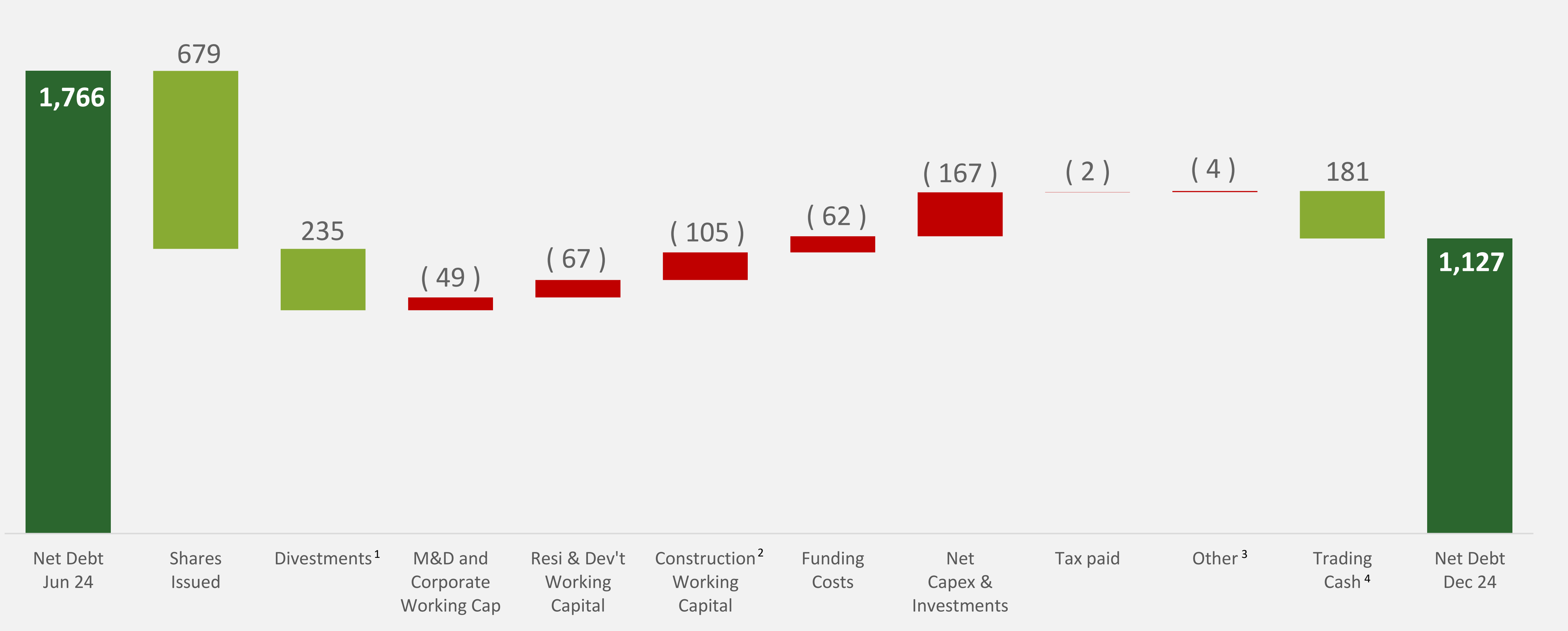
1. Includes capitalised interest

# Net Debt

## Capital raise applied to debt reduction

**NET DEBT: JUN24 TO DEC24**

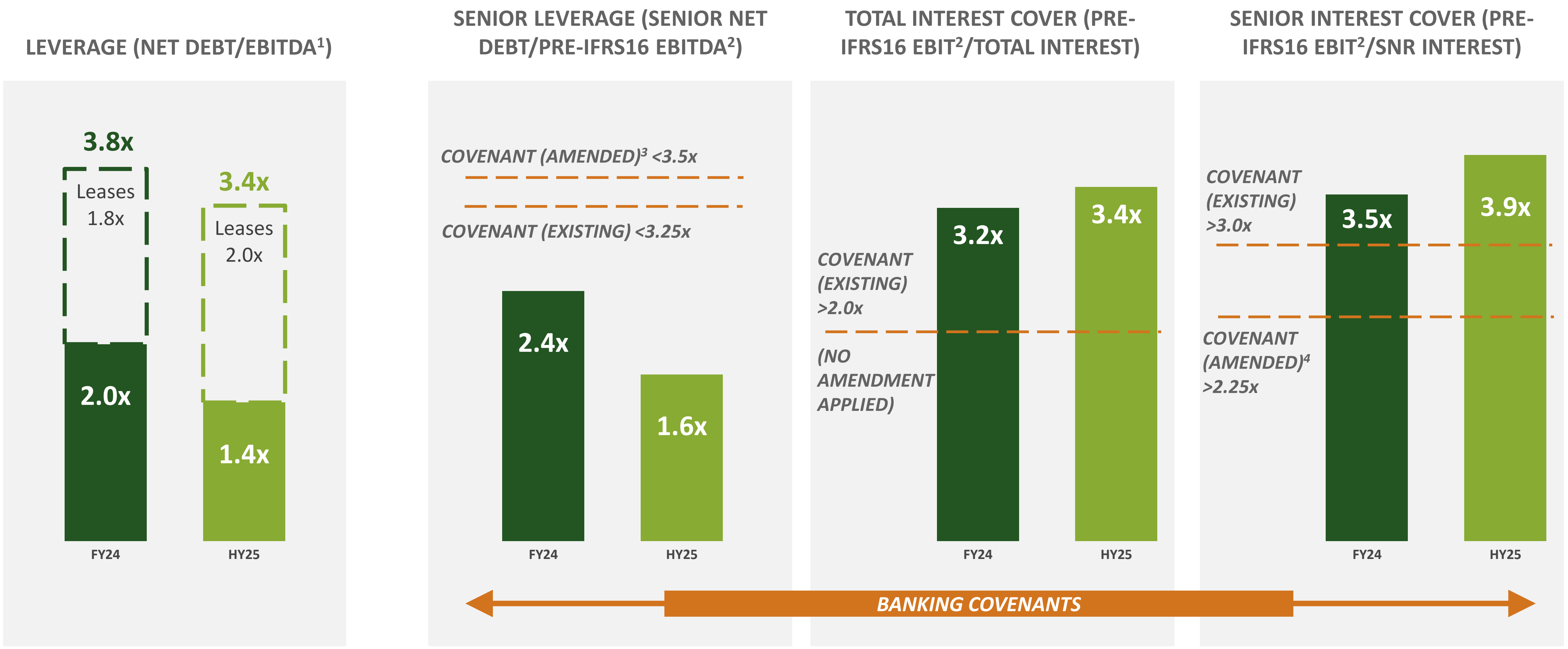
$M




1. Includes $182m Tradelink & 50% FCC Fiji sales and $53m Steel Papakura site PP&E sale (from site sale & leaseback) 2. Includes legacy outflows of $134m
3. Relates to $10m loss from close out of the USPP related CCIRS hedges (in sig items) offset by a net $6m inflow from non-controlling interests. 4. Excludes working capital

# Leverage

## Lower debt levels from capital raise partially offset set by the impact of lower earnings during HY25

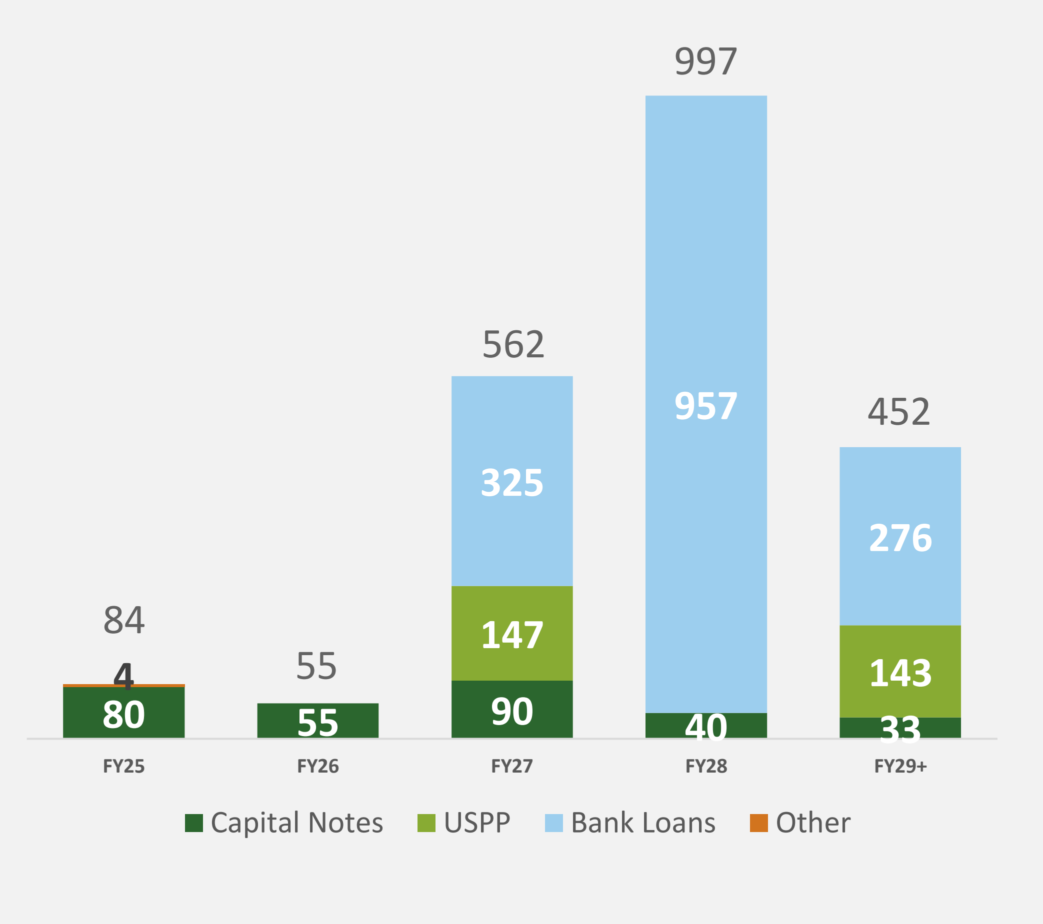



1. Full shaded metrics: Net debt excluding leases / EBITDA pre-significant items; Dotted line metrics: Net debt including leases / EBITDA pre-significant items
2. Before significant items; 3. As at Dec-24 through to Jun-25 the covenant level is <3.5x; 4. As at Jun-24. the amended covenant level was >2.5x

# Funding

## Successful equity raise generated ~$680m net cash proceeds used to repay and cancel external borrowing facilities

**DEBT MATURITY PROFILE**
$M




| DEBT FACILITIES AND DRAWINGS NZ$M | FACILITIES 31 DEC 24 | DRAWINGS 31 DEC 24 |
|---|---|---|
| Bank Loans | 1,558 | 737 |
| USPP | 290 | 290 |
| Capital Notes | 298 | 298 |
| Other | 4 | 4 |
| **Total** | **2,150** | **1,329** |

- Undrawn credit lines of $821m and cash on hand of $202m as at 31 Dec 24; total liquidity of $1.0b
- ~$680m net cash proceeds from equity raise used to repay bank debt of $511m and USPP of $169m
- Average maturity of debt 2.7 years; average interest rate on debt is 6.1%[1]
- Group gearing after hedging 22.3% at 31 Dec 24 (34.7% at Jun 24)
- Subsequent to HY25, redemption notice issued for $80m capital notes

1. Excluding line fees

# OUTLOOK

Andrew Reding, Managing Director and Group CEO

# FY25 Outlook

## Expect FY25 EBIT[2] to be ~60% weighted to 2H25 primarily due to cost savings, housing settlements & non-repeat costs

- **Continue to expect FY25 market volumes in our Materials & Distribution[1] businesses to be ~10-15% lower vs FY24**
  - Consistent with our expectations in September & October
  - In line with decline in market volumes in 1Q25
- **Expect FY25 EBIT[2] to be ~60% weighted to 2H25 given:**
  - Gross overhead costs savings in FY25 of at least $180m ~60% weighted to 2H25
  - Seasonality in Resi & Devt, with ~170 – 180 additional settlements expected in 2H25 vs. 1H25
  - Non-repeat of ~$20m NZ electricity, MVAC ship outage & restructuring costs incurred in 1H25
- **FY25 earnings remain sensitive to market conditions**
  - Materials & Distribution: an additional +/-5% change in market volumes is estimated to equate to +/- $80 – 90 million in annualised EBIT[2] impact
  - Resi & Devt: an additional +/- 100 settlements per year is equivalent to +/- ~$15m in annualised EBIT[2] impact

1. Materials & Distribution comprises the Building Products, Distribution, Concrete, and Australia divisions; 2. EBIT is before significant items

# Long term fundamentals solid

## WE OPERATE IN ATTRACTIVE MARKETS…

Population dynamics, infrastructure and housing deficits underpin long term sector demand

Long term economic and political stability support strong pipeline of residential, non-residential & infrastructure construction

## …WHERE WE HAVE STRONG BUSINESSES…

GIB
Laminex
Golden Bay
Firth
HUMES
BRIAN PERRY CIVIL
iplex
WINSTONE AGGREGATES
Fletcher Insulation
Building Better, Together
HIGGINS
PlaceMakers
Oliveri
mico
Fletcher Steel
COMFORTECH
BUILDING PERFORMANCE SOLUTIONS
Stramit
CONSIDER IT DONE
Fletcher Living

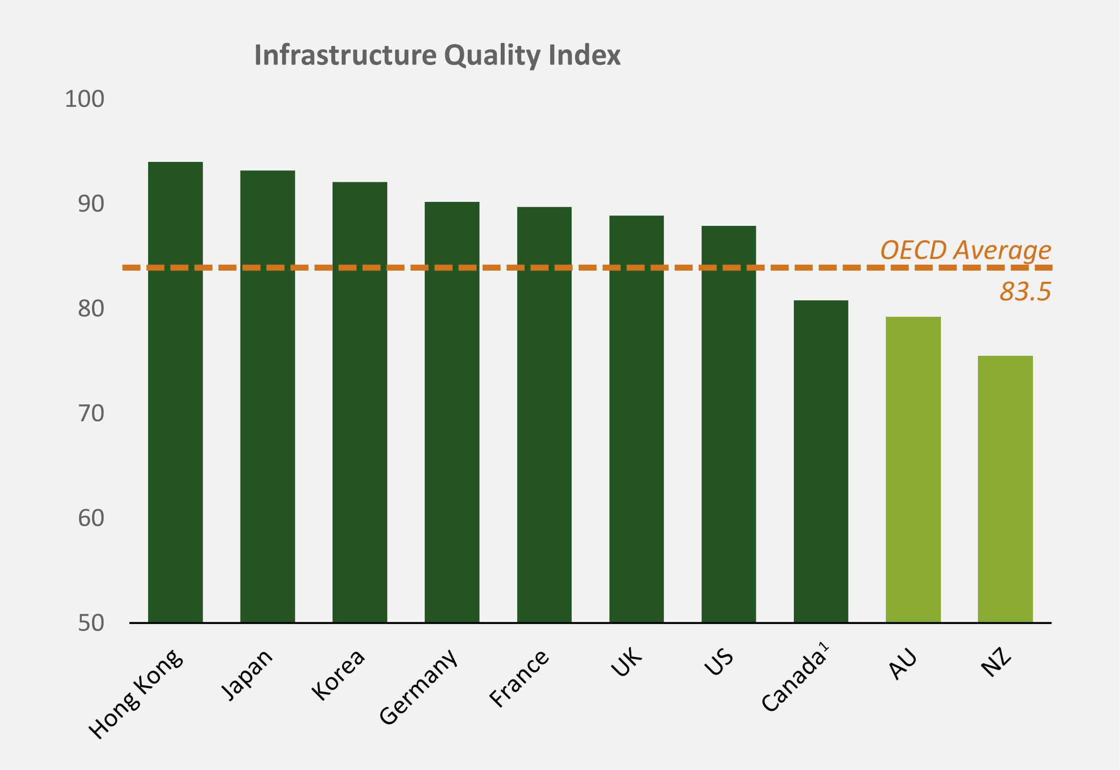
## …WELL-POSITIONED ONCE MARKET VOLUMES RECOVER

Balance sheet strengthening allows us to focus on executing operational and strategic initiatives

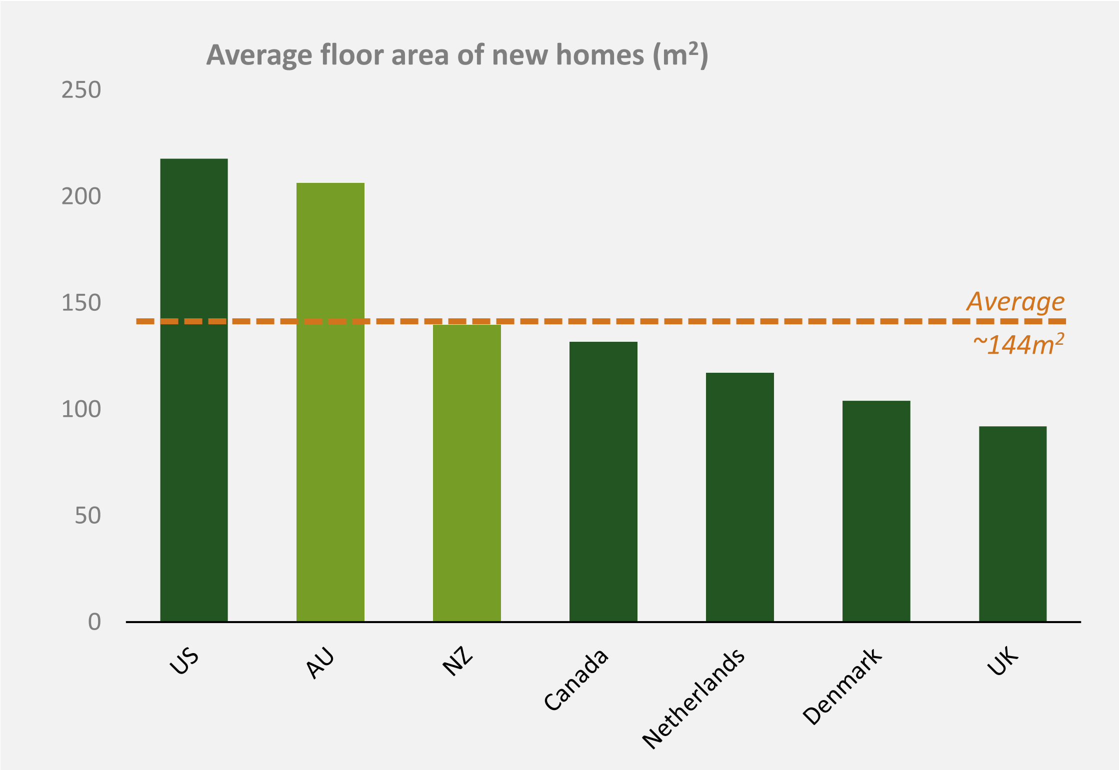
Significant operating leverage expected to position the Company to capitalise once market returns

# Our markets offer other benefits, such as the requirement for quality infrastructure and large housing footprints

## SIGNIFICANT SPENDING IS REQUIRED TO IMPROVE INFRASTRUCTURE QUALITY




## WE BUILD BIG HOUSES, ESPECIALLY IN AUSTRALIA, DRIVING DEMAND

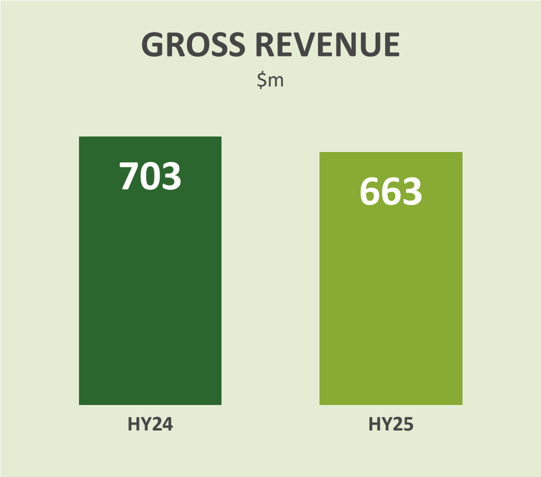


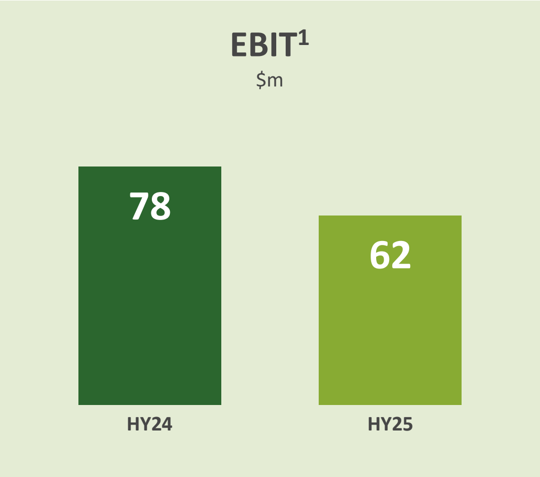

1. Canada average floor area is the average of British Columbia, Ontario and Nova Scotia homes

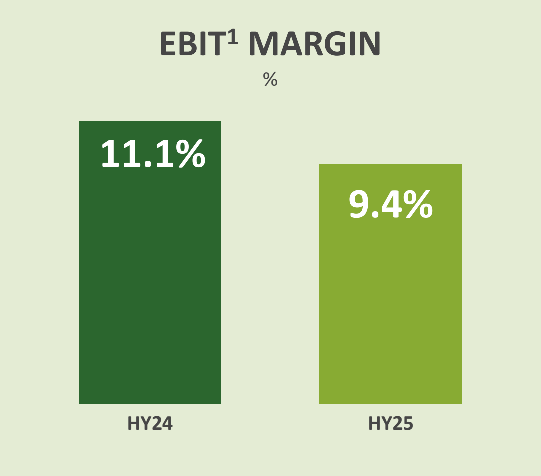
Source: 2. NZ Infrastructure Commission (2021); 3. US Census, 4. ABS; 5. Stats NZ; 6. Statistics Canada; 7. Statistics Netherlands; 8. Statistics Denmark; 9. BBC

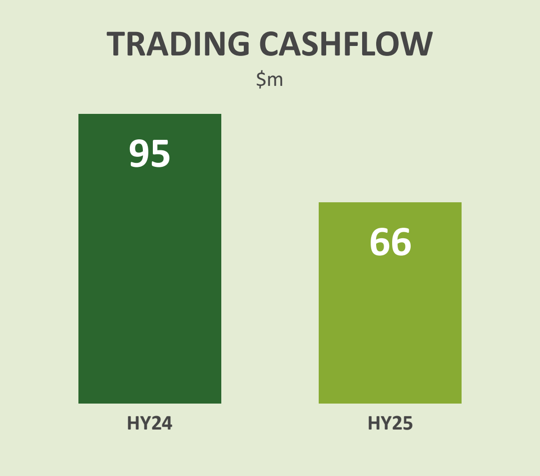

# APPENDIX

# HY25 Results: Building Products



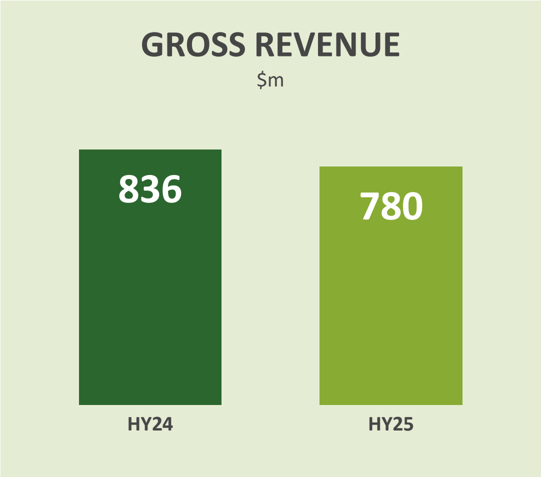



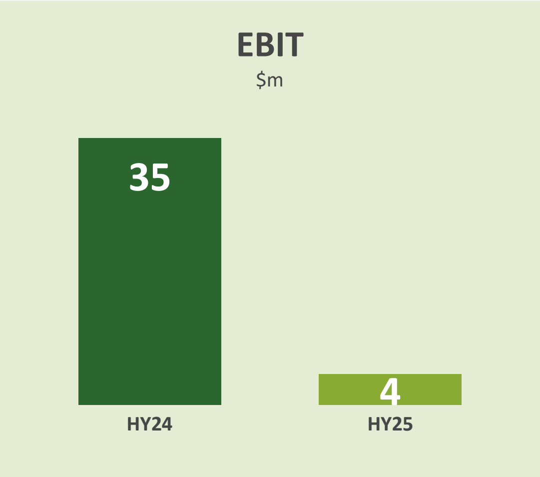

## HY25 trading performance

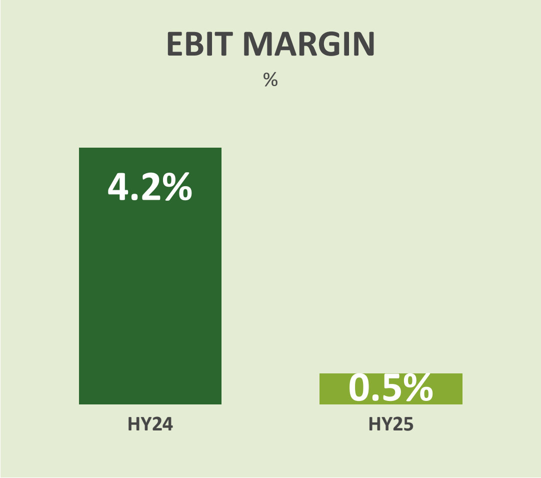
- Revenue 6% lower than HY24 driven by reduced resi activity & highly competitive pricing environment. Winstone Wallboards® strong market position & market share gains in Waipapa Pine & Laminex®
- GM held steady at 32.1% with good pricing disciplines, effective margin management & cost-out initiatives (leaner organisational framework with lower headcount, site rationalisation & freight optimisation)
- Lower EBIT[1] and EBIT[1] margin: inflationary pressures from raw materials (esp. gypsum, paper & LPG) & very high electricity prices in 1QFY25. $3m steel stock devaluation & ~10% reduction in selling prices
- Trading cash flow affected by lower earnings. Debtor management strategies in place, minimal impacts from any customer liquidations
- Customer service focus & new product offerings: launch of Laminex NZ® new product range Seratone Aqua Plus® (a new evolution pre-finished wet & dry area wall panel); new pole shed design at Cyclone® Buildings (for agricultural market); and Dimond® relaunched 'warm roof' advanced roofing systems products
- Winstone Wallboards' new plasterboard plant now at desired performance efficiency; Dimond® new structural manufacturing plant at Papakura opened, with improved output & efficiencies from new purlin mill

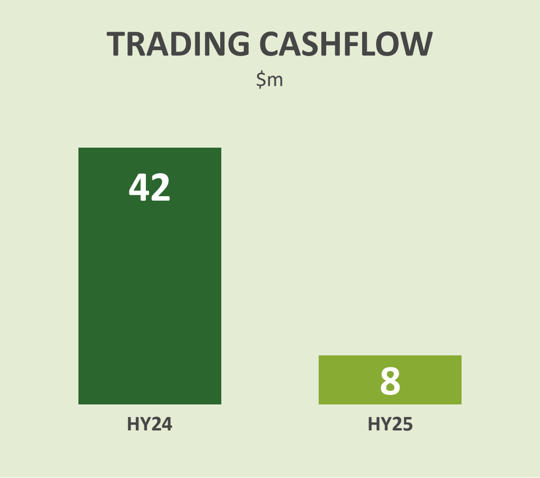
1. Before significant items

# HY25 Results: Distribution



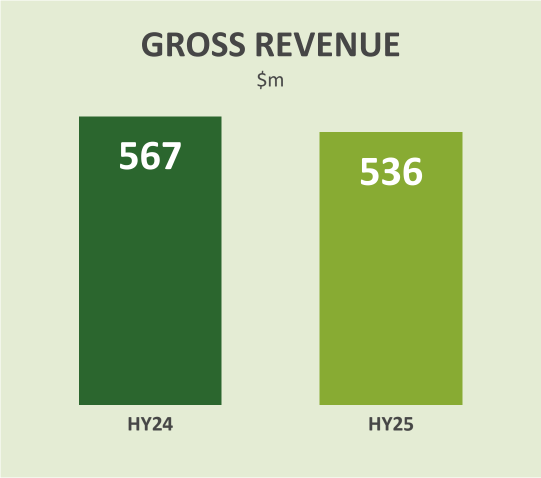



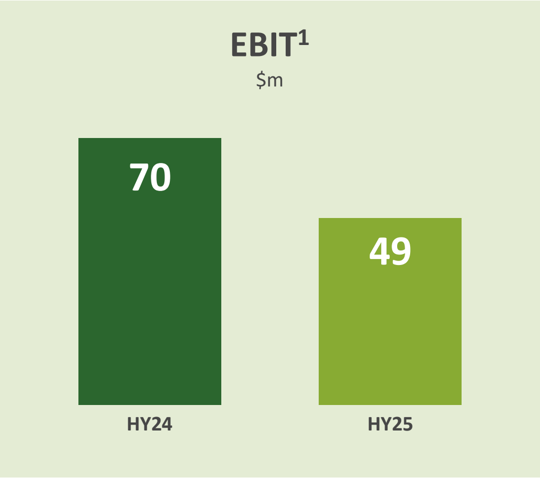



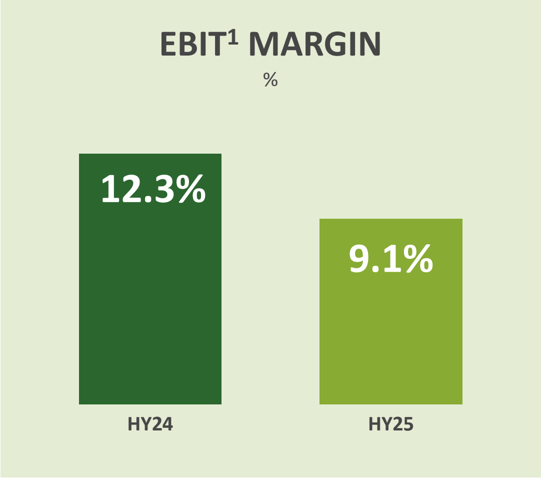

## HY25 trading performance

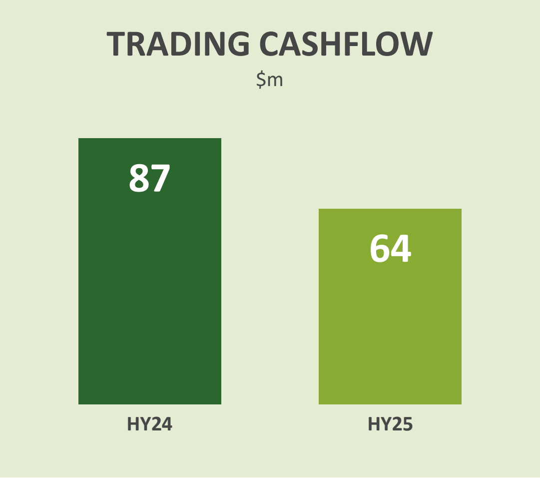
- Revenue 7% lower than HY24: sustained challenges given ~80% exposure to resi. sector. PlaceMakers® intense pricing competition (esp. in F&T) necessitated strategic price concessions to defend market share. Pricing efforts maintained stability in Auckland & Northland, with market share gains in the Waikato, Bay of Plenty & Lower NI regions. Market share declined in the SI. Market share growth at Mico® through strong competitive positioning
- GM of 24.7% reduced by 210 basis points compared to HY24 from price concessions & unfavourable product mix shifts
- Lower EBIT and EBIT margin than HY24 mainly from lower volumes & GM compression. Inflation ~4%, mainly in labour, property & technology. Employee costs (significant portion of overheads) carefully managed through selective rehiring. Shift patterns across branches & manufacturing facilities revised and reductions in discretionary spend. Overheads 30 basis points lower than HY24
- Trading cash flow reflected lower earnings. Positive working capital cash flow, supported by improved inventory mgmt. (2.3 days lower YoY). Customer cash collections remained strong, some customer defaults, but credit risk carefully managed to minimise exposure
- Tumu® integration into PlaceMakers® successfully completed, fully aligning people, systems, processes & branding

# HY25 Results: Concrete



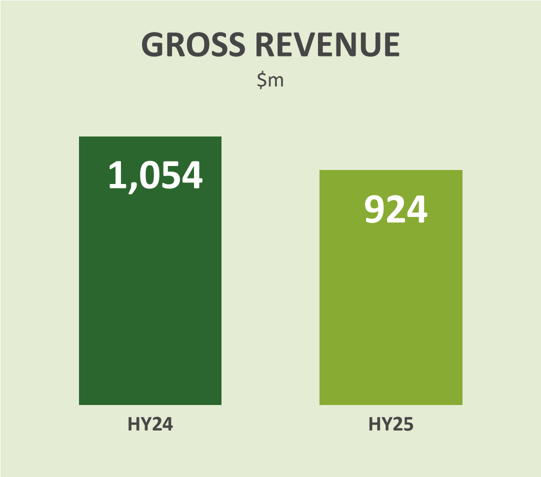



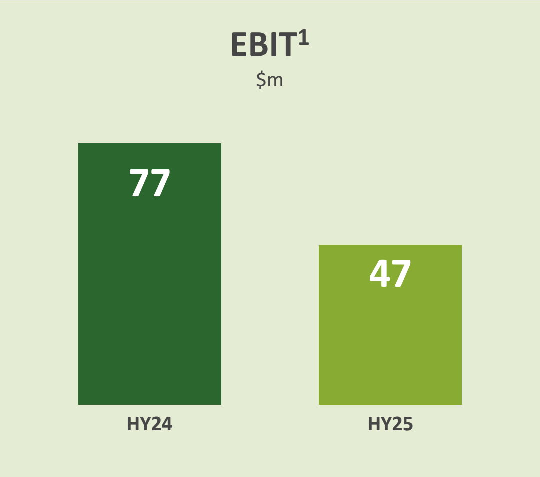

## HY25 trading performance

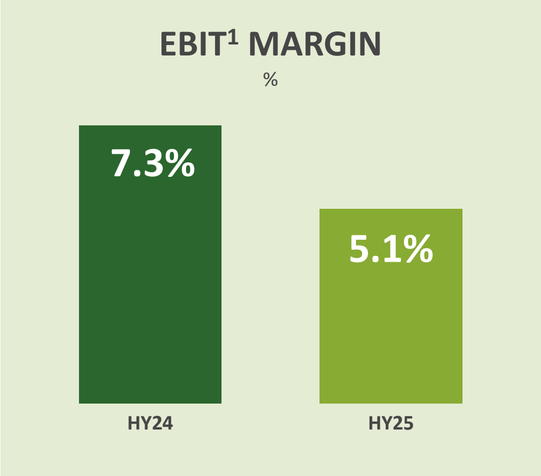
- Revenue 5% lower than HY24: market share held in challenging market conditions. Continued focus on the more robust comm. & infra. segments & re-entry into cement export market to offset declining NZ market volumes
- GM of 26.7% was 160bps lower than HY24. Cost base continued to align to the current market environment. In Firth®, continued reduction in production & truck resources aligning to volume reduction. In Golden Bay®, coal substitution with alternative fuels >55% & manufacturing labour cost base right-sized. In Humes® & Winstone Aggregates®, debottlenecking & operational improvements
- EBIT[1] and EBIT[1] margin lower than HY24: higher revenue mix from comm. & infra segments and continued input cost inflation. The result includes $12m costs from Golden Bay®'s cement carrier outage in Jul-24, significantly elevated electricity pricing in 1Q25 and restructuring costs
- Trading cashflow decline vs HY24 broadly in line with lower earnings, working capital tightly managed
- New Firth® readymix concrete plant at Auckland Airport commissioned to support its large programme of future capital investment

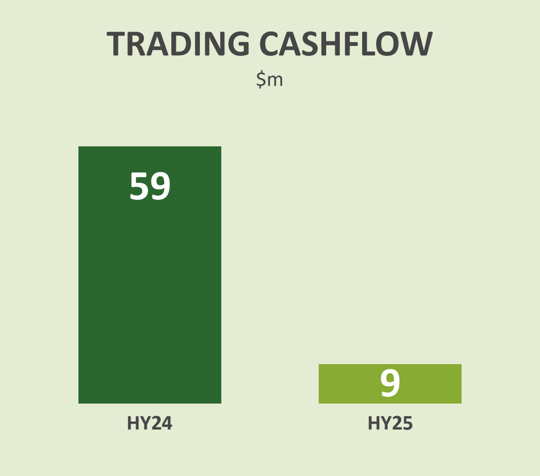
1. Before significant items

# HY25 Results: Australia (continuing operations)



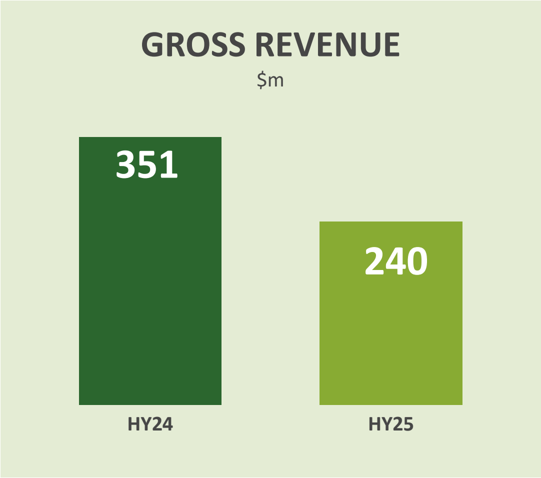

## HY25 trading performance

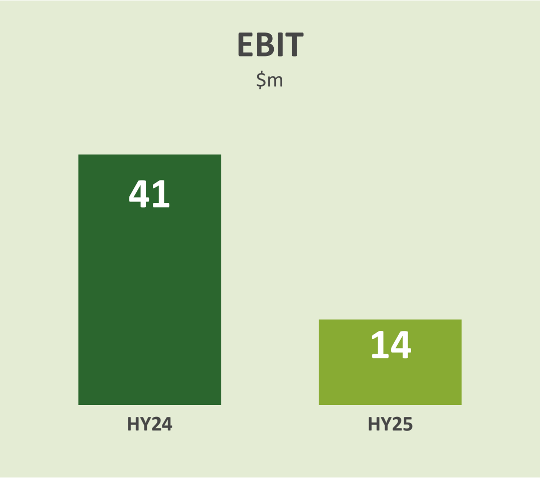
- Revenue 12% lower than HY24: volume declines of ~13%, softer resi & comm markets impacting all businesses. Reduced civil project activity large driver of top line decline in Iplex®. Stramit® impacted by slowing detached housing markets. Market share mixed, with gains in Fletcher Insulation® (from Rockwool® & Pink® Batts range extension) and Oliveri® bathroom category, share held in Laminex® and Iplex® and selective commercial project selection in Stramit®
- GM improved by 80bps vs HY24 with strong pricing disciplines & new products. Restructuring programme initiatives benefits weighted to 2H25
- EBIT[1] and EBIT[1] margin down on HY24. Oliveri®, Laminex® & Fletcher Insulation® performed well in the lower trading environment, while Stramit® and Iplex® results were more challenged
- Trading cash flow (incl. sig items) lower from reduced earnings & WA plumbing matter costs. Debtor collections remained strong & credit risk from heightened construction insolvencies continued to be well managed
- Continued customer focus produced positive outcomes from the attention to efficiency rates in DIFOT (Delivery in Full On Time), growth in digital sales and bringing new products to market. >50% of Laminex® revenue is now from online, attracting more customers & improved margins

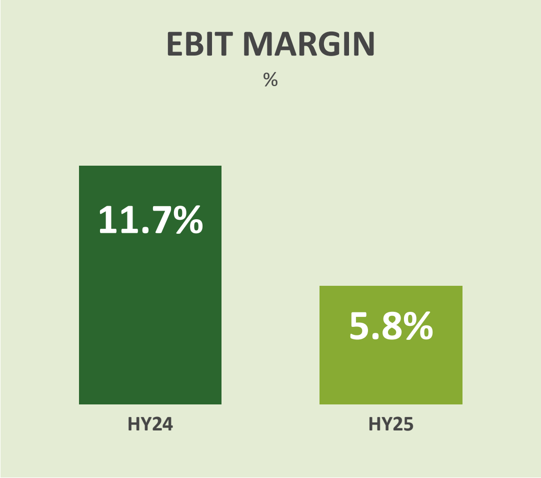
Note: Tradelink classified as a discontinued operation in the Financial Statements

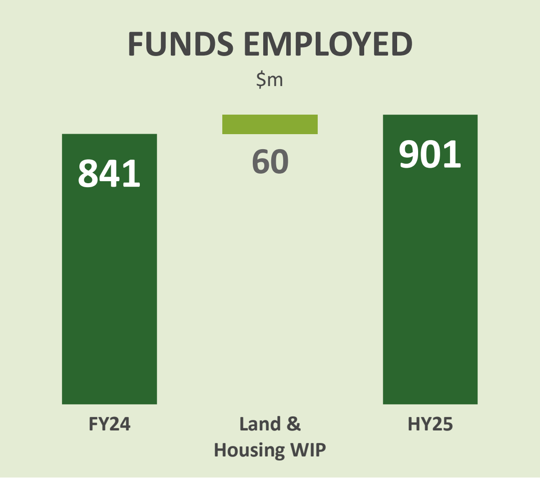
1. Before significant items

# HY25 Results: Residential and Development



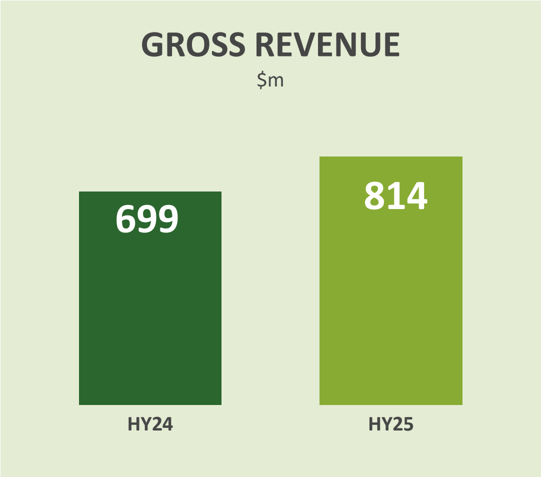



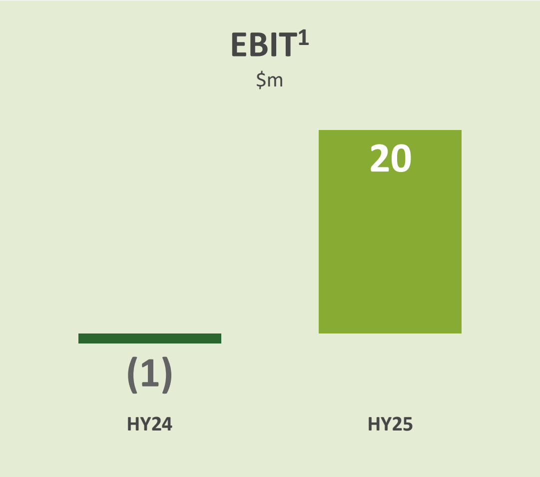



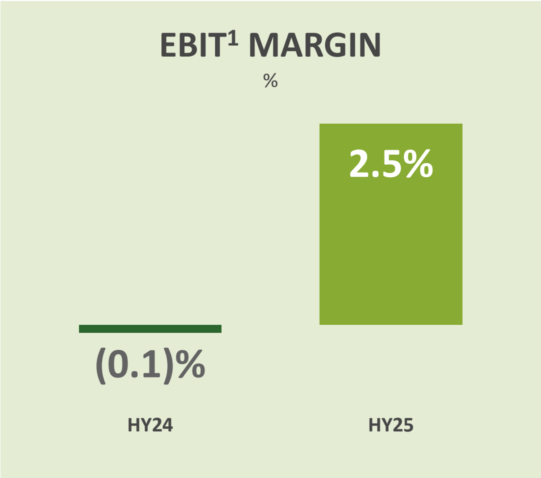

## HY25 trading performance

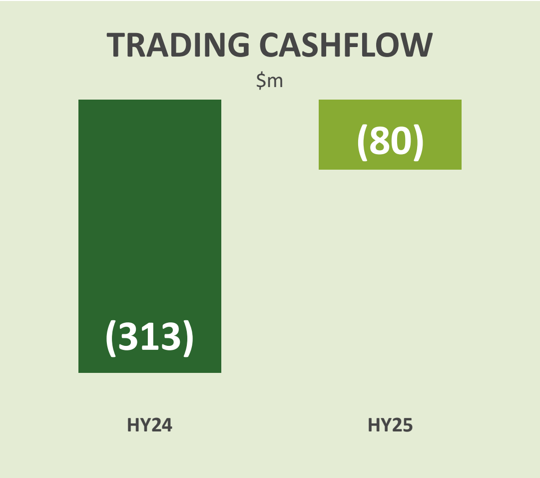
- Revenue reduced 32% vs HY24: 304 unit sales incl. 21 apartments (vs 419 unit sales incl. 47 apartments in HY24). Lower than historic average contracted units at start of FY25 from challenging housing market & economy. Continued to negatively impact buyer sentiment & urgency - conditional contract signup volume for Jul & Aug 2024 ~30% lower than the same period in the prior year. Market outlook & buyer confidence has started to show tentative signs of recovery, assisted by OCR reduction, with average weekly signups up 17% across Sep-Dec 2024, compared to Jul-Aug 2024. ~114 will settle in 2H25. Average market price ~2% lower than HY24
- Residential EBIT was $14m, down from $41m in HY24 (HY25 included $2m reval gain to Vivid Living vs $1m in HY24), nil Industrial Development EBIT in either half
- Funds employed of $901m up $60m vs FY24 with settlement of committed land purchases & usual seasonal stock build. Continue to actively manage funds base in line with market activity, incl. pausing some apartment projects until better market conditions resume. Rezone & resource consent land continues in existing portfolio as part of value-add proposition
- Land pipeline ~4,200 lots (~2,700 residential lots & two rural properties on balance sheet, ~905 units under unconditional contracts & ~539 units under conditional contracts)

# HY25 Results: Construction




## HY25 trading performance

- Revenue 16% higher than HY24: higher work volumes in Brian Perry Civil® & Major Projects businesses, with work continuing on key infrastructure projects at Auckland Airport, Eastern Busway and the State Highway
- GM (excl. vertical buildings), was 10.0% vs 7.7% in HY24: continued focus on lower risk, smaller self-perform work; national and local road maintenance contracts; and alliance infrastructure projects
- EBIT[1] $20m vs $1m loss in HY24: strong BPC & Higgins
- Trading cash outflow of $80m: excl. legacy projects, trading cash inflows were $54m driven by strong earnings driven cash inflows & working capital management, incl. advances on new projects & the finalisation of variation claims and accounts. Legacy outflows of $134m mainly driven by the NZICC project
- Solid orderbook of $1.5b, balanced to lower risk projects
- Sale of 50% of the Higgins® Fiji business completed in Jul 2024

1. Before significant items

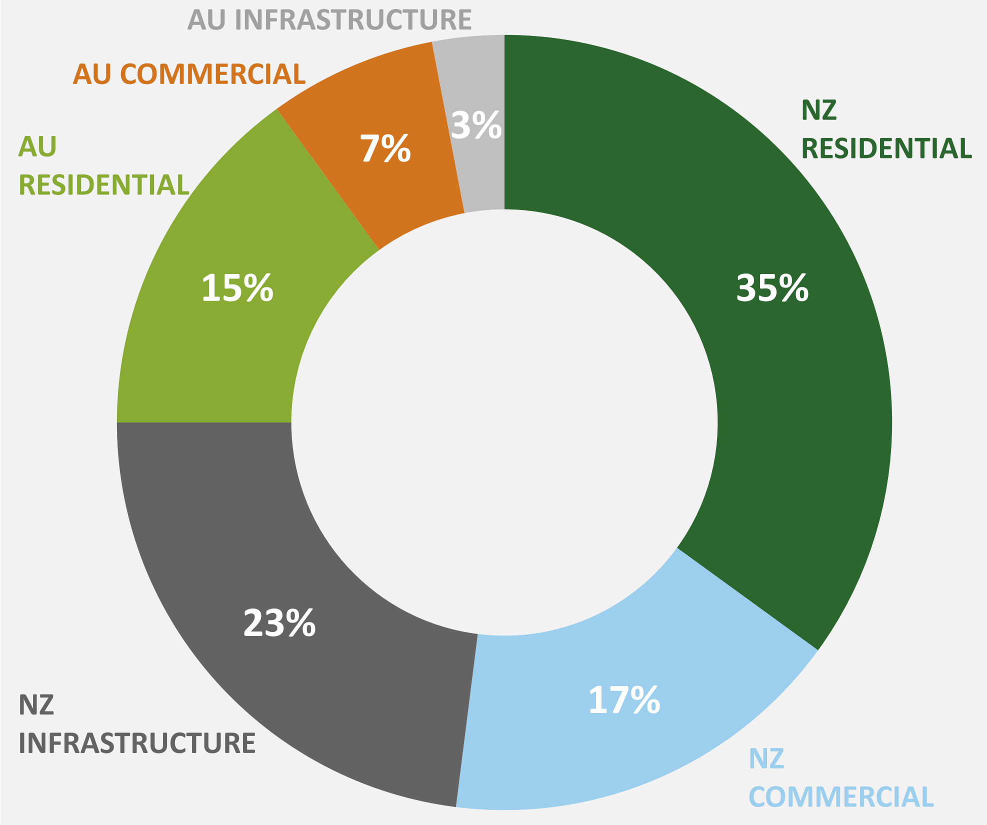
# Divisional revenue exposure and Fletcher Building revenue by market

## MATERIALS & DISTRIBUTION DIVISIONAL REVENUE EXPOSURE BY SECTOR

| | RESI | COM | INFRA |
|---|---|---|---|
| BUILDING PRODUCTS | 51% | 33% | 16% |
| DISTRIBUTION | 78% | 22% | |
| CONCRETE | 38% | 26% | 36% |
| AUSTRALIA | 63% | 25% | 12% |

## TOTAL FLETCHER BUILDING REVENUE BY MARKET

%



# Status of other matters

- WA Plumbing:
  - Industry Response to WA Plumbing issues agreed and signed; NZ$170m (A$155m) provision taken in 1H25
  - All major builders of homes other than BGC have signed up and have begun attending to the agreed work programme
  - While in the early stages, the Industry Response is working to plan
  - A$5m (NZ$6m) spent to date mainly on roll out of the leak detector units
  - Cash outflow for FY25 expected to be ~A$15m, reflecting part year and a slower start by builders due to summer break
  - Litigation risk remains. Evidence points to installation; we continue to defend our position

- Silicosis:
  - Laminex® Australia (together with other engineered stone manufacturers, distributors, and fabricators in Australia is subject to a number of silica related personal injury claims in Australia. Laminex® Australia has settled the majority of claims that have been brought against it to date. Estimating the number and cost of future silica related personal injury claims is subject to uncertainties and assumptions, as further detailed in the FY24 Annual Report.
  - During HY25, there has been no material change in the approach taken by the regulators in QLD and NSW, with each continuing to pursue an increased contribution with the supplier cohort. As a result, we have seen a reduction in the number of claims that have settled over the period. This has resulted in a reduced utilisation of the provision but we may see a temporary uplift in claims settled to clear the backlog. Of the claims that have settled, final amounts are in line with previous estimates provided.