Fletcher Building Half Year Results to 31 December 2021

16 February 2022

Fletcher Building Limited

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Agenda

1. Results Overview and Markets	Ross Taylor
2. Financial Results	Bevan McKenzie
3. Divisions	
- Building Products	Hamish McBeath
- Distribution	Bruce McEwen
- Concrete	Nick Traber
- Australia	Dean Fradgley
- Residential and Development	Steve Evans
- Construction	Peter Reidy
4. Outlook	Ross Taylor

HY22 performance up year on year

Strong second quarter performance, once COVID lockdowns eased, shows improved operating performance is enduring

Ongoing Performance

- **Financial performance and growth delivered in the first half:**
  - EBIT before significant items $332m, up 3%
  - Solid Group EBIT[1] Margin of 8.2%, Net earnings attributable to shareholders $171m, up 41%
  - Strong balance sheet; solid cash flows partly offset by some inventory rebuild & housing investment
- **First half capital returns delivered:**
  - Interim Dividend of 18.0 cents per share, fully imputed
  - On-market share buyback underway; 1/3rd through programme
- **Second quarter performance shows operating performance improvements are on track and enduring:**
  - 2Q22 EBIT[1] of $264m up 73% on 2Q21
  - 2Q22 EBIT[1] margin of 11.8% vs 7.9% in 2Q21

1. Before significant items

Well positioned for growth in FY22 and beyond

COVID risks easing, expect operational performance improvements to feature more directly in our earnings

FY22 operational performance

- Customers & forward indicators point to ongoing strong volumes
- Strong pricing disciplines to cover inflation increases
- Cash and targeted working capital investments into the business as flagged
- Concrete & Distribution on track to deliver short term margin targets earlier than expected
- Expect ongoing improvements across balanced scorecard
- **Expect EBIT margins c. 9.5% in 2H22** (up c. 230 bps from 7.2%[1] in 2H21)
- **FY22 Full Year EBIT[2] expected to be c. $750m** (excl. risk of Omicron wave in New Zealand of c.$25m-$50m)

Longer term growth

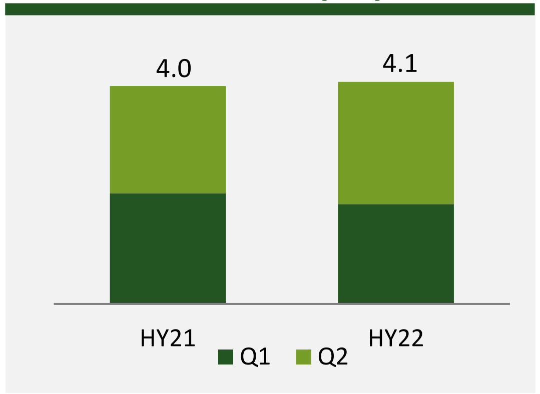
1. **Markets look very robust well into the future**
2. **COVID impacts start to ease – no lockdowns, open borders**
3. **On track to deliver group EBIT margins in FY23 of c. 10%**
4. **Maturing investment pipeline to drive growth past FY23:**
   - Significant extra capacity in: Plasterboard, Insulation and Laminex NZ wood fibre based products
   - Digital focus and network expansion in Distribution
   - Low carbon binder & concrete: scale up alternative fuels & raw materials, & SCM, expand solutions offering
   - Scaling Laminex Australia's innovative suite of new product offers & Haven Kitchens; extra Insulation capacity
   - Resi growth in housing, apartments, retirement offering & off-site manufacturing
   - FCC benefiting from its higher margin order book

1. Excluding Industrial Development to show on a like-for-like basis
2. Before significant items

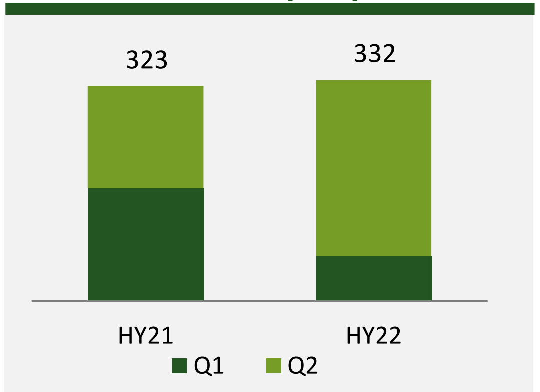
HY22 results at a glance

Second quarter momentum in earnings, margins and returns following first quarter lockdowns

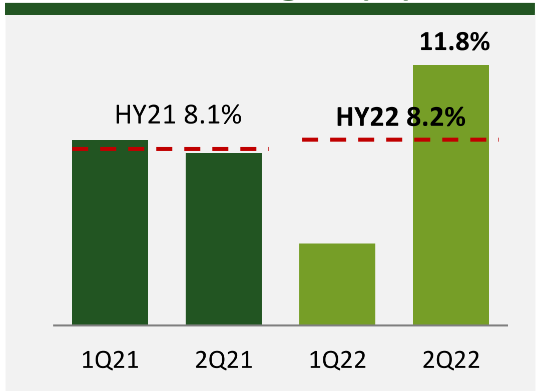
Revenue ($b)



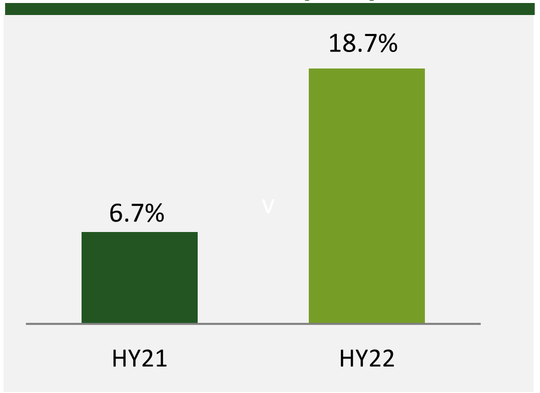
EBIT[1] ($m)



EBIT Margin[1] (%)



ROFE[1,2] ($m)



HY22 trading highlights

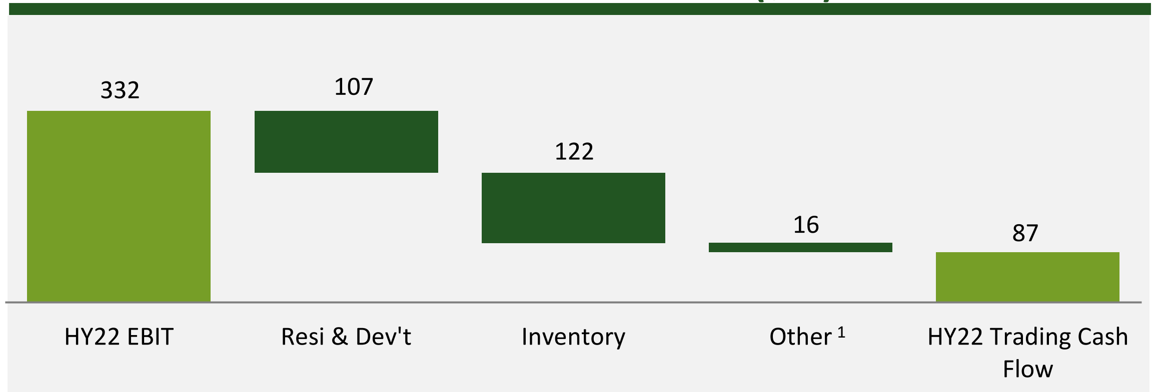
- Revenue and EBIT up half on half despite large 1Q22 COVID impacts
- Revenue up 2% overall reflecting solid second quarter rebound across the Group as restrictions eased
- HY22 EBIT up 3% & includes Industrial Development sales of $47m
- Almost all NZ businesses shut down for up to five weeks in 1Q22 resulting in c.$300m lost revenue and reduced EBIT by c.$100m; Australia 1Q22 restrictions impacted EBIT by c.$5m
- 2Q22 YoY EBIT up 43% (excl. Ind. Devt) through strong BP, Concrete, Distribution & Australia
- 2Q22 EBIT margin 11.8% (10.2% excl. Ind. Devt) providing good momentum into 2H22

1. Before significant items
2. Return on Funds Employed (ROFE) is EBIT excluding significant items to average funds (net debt and equity less deferred tax asset)
Note: Measures before sig items are non-GAAP measures used by management to assess the performance of the business & have been derived from Fletcher Building Limited's financial statements for the period ended 31 December 2021. Details of sig items can be found in note 2.1 of the financial statements

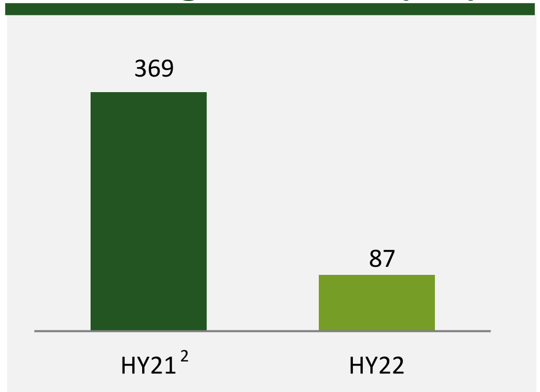
HY22 results at a glance

Cash flows applied to Resi investment & inventory; continued strong balance sheet driving ability to execute strategy

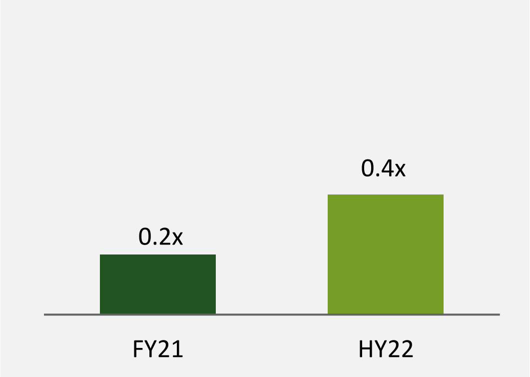
HY22 use of Cash Flows ($m)



Trading Cash Flow ($m)



Leverage (Net Debt/EBITDA)



HY22 trading highlights

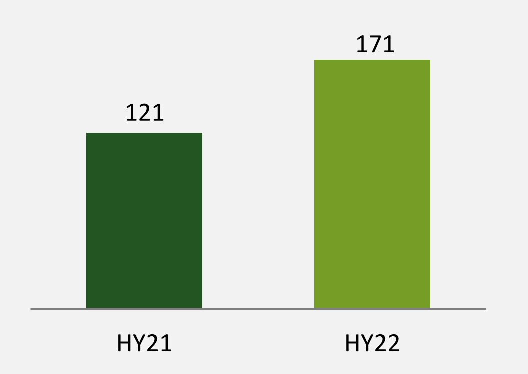
- Trading cash flows invested into pipeline of Residential housing and inventory rebuild (supply into strong market and higher inventory pricing) for surety of supply to customers
- Net debt increased as expected: driven by working capital rebuild, capex and capital management partly offset by earnings
- Balance sheet remains strong: $1.3bn liquidity, leverage 0.4x

1. Other includes Debtors, Creditors, Provisions, Tax, Other non-cash & Leases
2. HY21 is restated = HY21 reported adjusted for Cloud Computing Arrangements. HY21 reported Trading Cash Flow was $373m

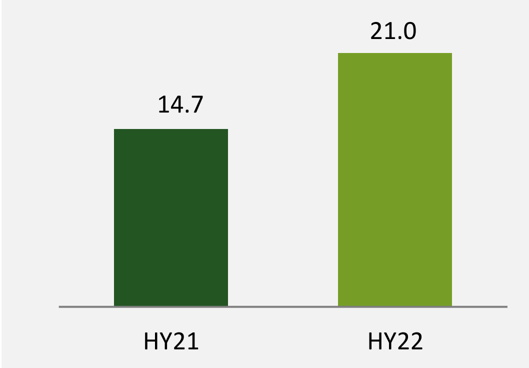
HY22 results at a glance

Interim dividend of 18.0 cents per share declared

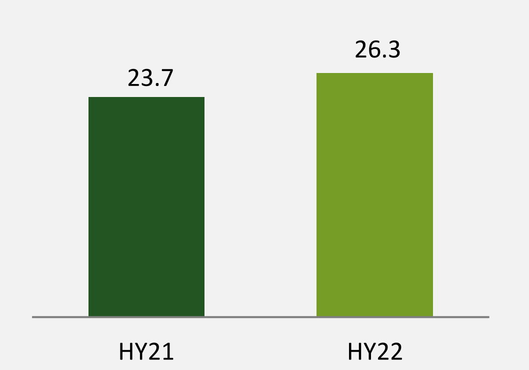
Net Earnings ($m)



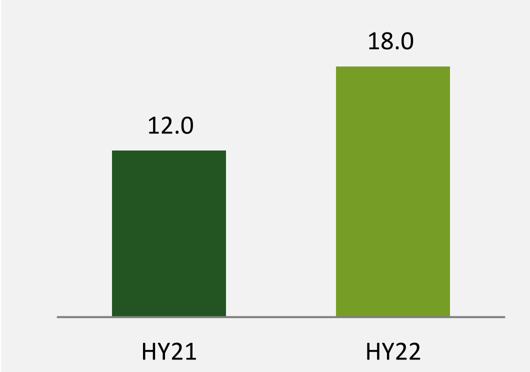
EPS (cps)



EPS (before sig items) (cps)



Interim Dividend (cps)



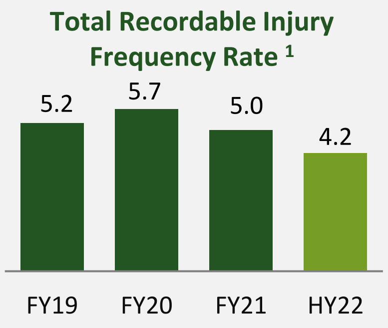
HY22 trading highlights

- Net Earnings up strongly
- Significant Items lower YoY, charges of $43m mainly relating to currency translation reserve from Rocla divestment
- Interim dividend of 18.0 cents per share, fully imputed, to be paid on 7 April 2022
- Up to $300m on market share buyback from June; 15.0m shares repurchased as at 31 Dec 21 for $107m

Balanced Scorecard

Good progress continues on driving safety culture and lowering our carbon emissions

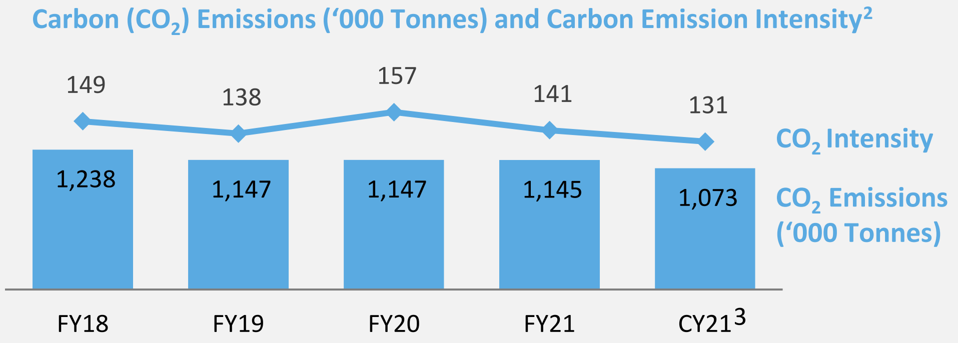
Safety: Good progress continues



93% sites **injury free**

- TRIFR well below industry average
- Biannual Safety Perception Survey: 90% of senior leaders believe that 'all injuries are preventable' (up from 54% in July 2019)
- FY22 focus: developing front line, monitoring critical risks & controls

Sustainability: Driving 30% lower carbon from FY18



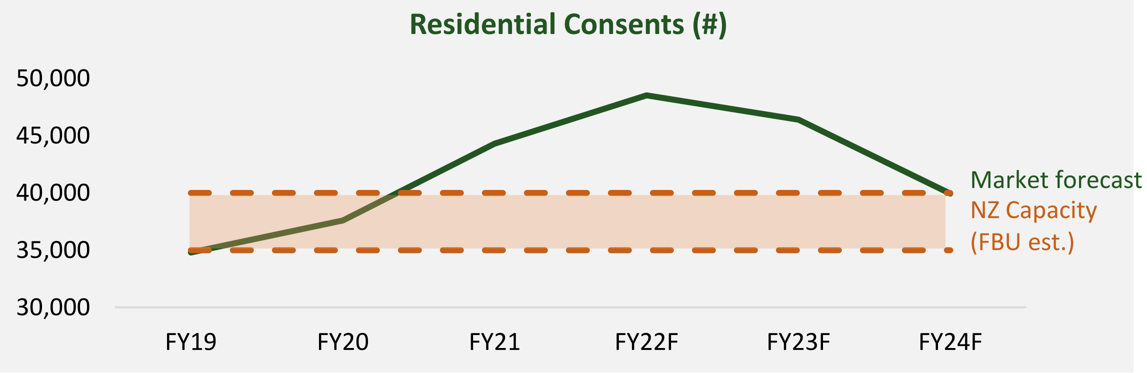
- >10% sustainable reduction in emissions from FY18 through significant reduction in coal use in cement operations & reduced electricity in Australia
- c. 45% of our revenue from products we manufacture are products that hold independent sustainability certification
- Maintained DJ Sustainability™ Asia-Pacific Index inclusion

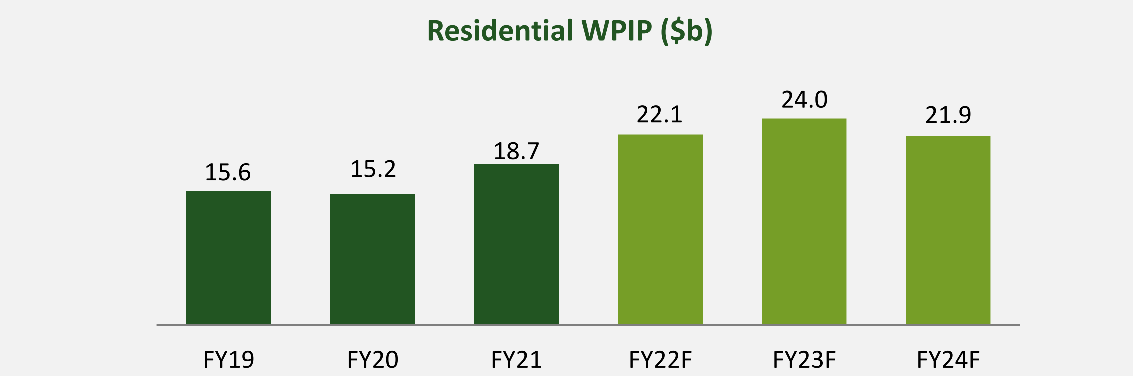
1. TRIFR = Total no. of recorded injuries per million hours worked. Does not include Restricted Work Injuries
2. Carbon Emission Intensity = FBU CO_2 Tonnes for every $1m or revenue. ISO 14064-1
3. CY21 = Calendar Year 2021, 12 months ended 31 December 2021

NZ markets - strong demand continues

Industry capacity constraints mean that work put in place is forecast to keep increasing while consents ease

Historical and Forecast





Residential (47% of NZ FB revenue) activity expected to remain strong for medium term:

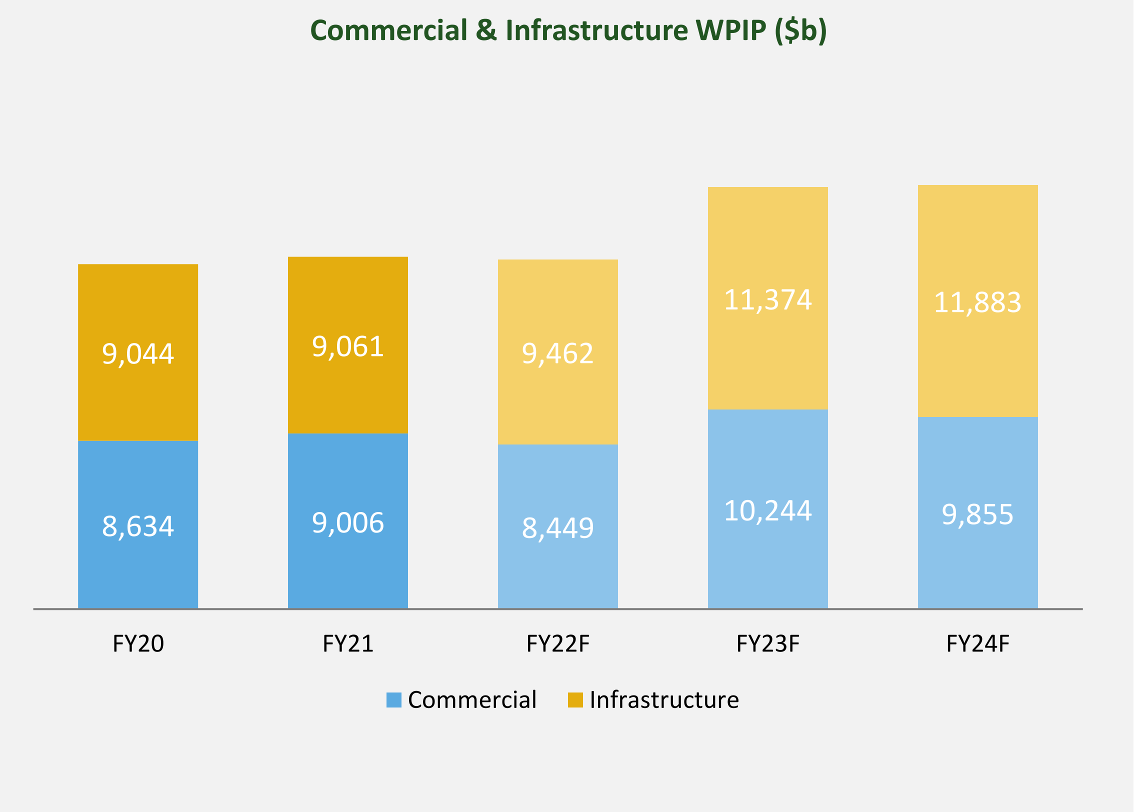
- Consents forecast to ease from recent highs as interest rate increases/lending restrictions impact, but even with this, consents still expected to be above the approximate industry capacity beyond FY23
- Work put in place projected to continue to increase and stay elevated as the backlog of orders and consents works through the industry
- This is anecdotally being confirmed through our own customer base; many home builders' order books are full for 12-18 months, and orders into early civil/infrastructure work for residential development remains very strong

Source: MBIE (National Construction Pipeline Report 2021); Stats NZ; Infometrics
WPIP = Work Put In Place

NZ markets - strong demand continues

Committed project pipelines indicates ongoing growth across both infrastructure & commercial sectors to beyond FY23

Historical and Forecast



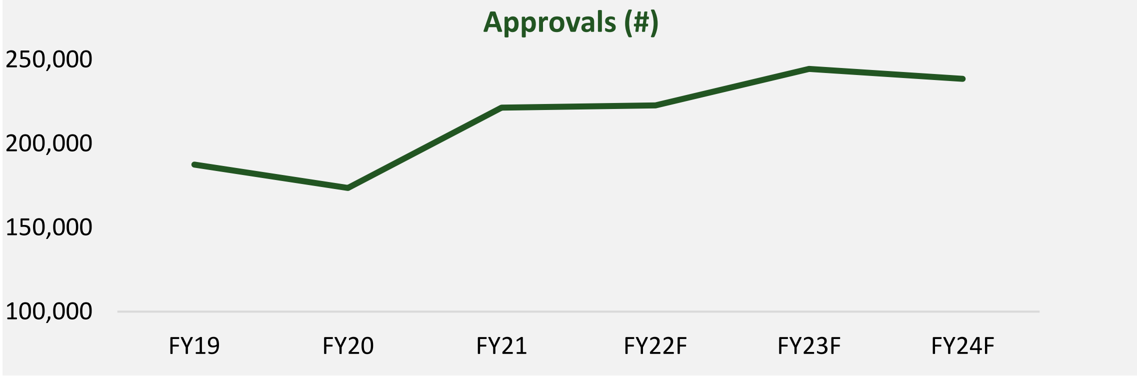
- **Infrastructure work put in place (26% of NZ FB revenue)** forecast to grow strongly as committed government pipeline of projects moves into the physical construction phase
- **Commercial (27% of NZ FB revenue) work put in place** forecast to grow in FY23 as multiple build-types (esp. health, education and factories) move into the construction phase
- Anecdotally, COVID disruption has delayed progress on present projects and the start of new planned works creating a future backlog overlay across the forecasts into FY23 and beyond

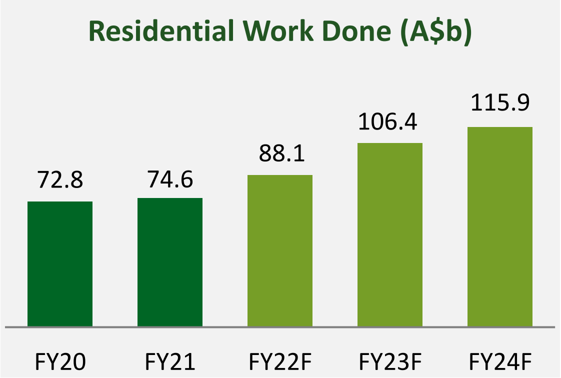
Source: Stats NZ; Infometrics
WPIP = Work Put In Place

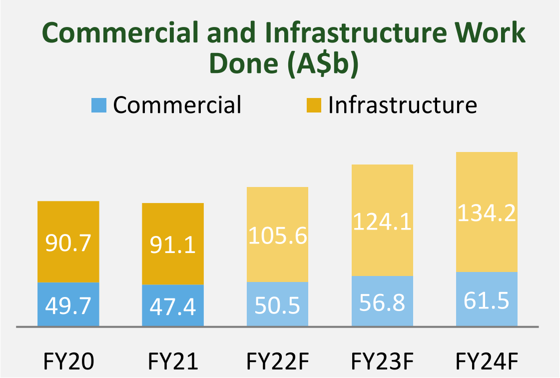
Australia markets - strong demand continues

Work done is forecast to continue to grow across all sectors

Historical and Forecast







Strong Residential (62% of AU FB revenue) market forecast to continue to grow

- Strong consenting levels are yet to fully flow through to work put in place, as supply chain issues and COVID restrictions have slowed the industry significantly for the last 12 months
- Residential work done across both A&A[1] and new dwellings is forecast to grow strongly off the back of the natural consenting lag, and the committed backlog starting to flow through

Very strong outlook for infrastructure (11% of AU FB revenue) supported by government investments

Sustained improvement of forward market activity in commercial (27% of AU FB revenue) with value of approvals up 12% for year ended 31 Dec 21, increases across multiple types of commercial activity, strong FB customer orderbook in pipes

Source: BIS Oxford Economics
1. A&A = Additions and Alterations

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Income Statement

Uplift in EBIT, Net Earnings, and Dividend reflect strong performance to offset impact of COVID lockdowns

NZ$m	Dec 2020 6 months restated[1]	Dec 2021 6 months reported
Revenue	3,987	4,064
EBITDA	499[1]	504
EBIT before significant items	**323**	**332**
Significant items	(86)	(43)
EBIT	**237**	**289**
Lease interest expense	(33)	(30)
Funding costs	(23)	(22)
Tax expense	(57)	(63)
Non-controlling interests	(3)	(3)
Net earnings	**121**	**171**
Basic earnings per share before significant items (cents)	23.7	26.3
Basic earnings per share (cents)	14.7	21.0
Dividends per share (cents)	12.0	18.0

HY22 income statement

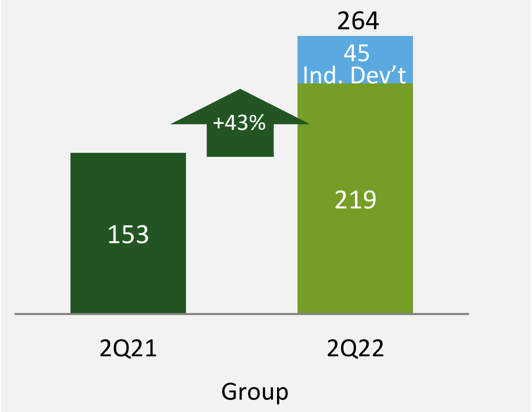
- 1Q significantly impacted by COVID lockdowns, mainly in NZ
- 2Q materially ahead of prior year, reflects ongoing performance improvement and growth across the Group
- Significant items: reclassifying of FCTR[2] on sale of Rocla in AU
- Dividend of 18cps, fully imputed, 68% pay-out ratio, reflects strong operating performance and positive outlook
- HY21 and HY22 reported in line with IFRIC decision on Cloud Computing Arrangements. Virtually nil impact on HY21 EBIT, c. $(2)m on HY22 EBIT. Expect c. $(10)m impact on FY22 EBIT from digital investments, mainly Distribution, Australia & Construction

1. HY21 is restated = HY21 reported adjusted for Cloud Computing Arrangements. HY21 reported EBITDA was $503m
2. Foreign Currency Translation Reserve

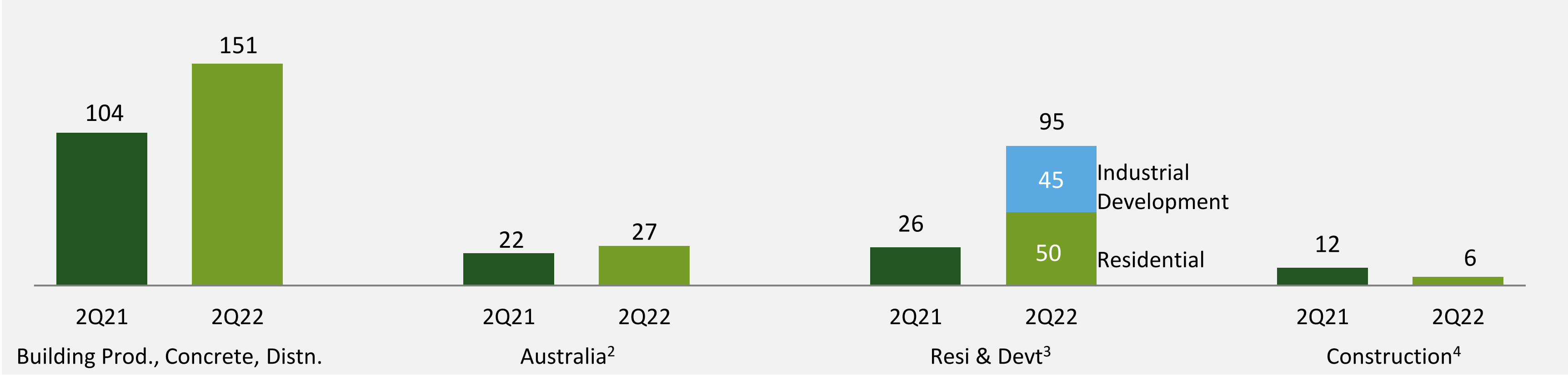
EBIT before significant items

Strong 2Q result with EBIT +43% YoY (ex Ind. Devt), reflecting the Group's performance momentum

Group 2Q EBIT[1] ($m)



2Q EBIT[1] Key Drivers ($m)



- **1Q22:** NZ full shutdown of operations for up to 5 weeks, c. $(100)m EBIT impact; AU rolling regional restrictions, c. $(5)m impact on EBIT
- **2Q22:** **Group** – EBIT up +43% YoY (excl. Ind. Devt), driven by revenue +10% YoY and GP% + 60bps

  BP, Concrete, Distn – revenue +21% and EBIT +45% YoY: strong volumes, share gains, pricing disciplines to more than offset cost inflation

  AU – revenue +6% and EBIT +23% YoY[2]: good pricing disciplines and cost management

  Resi & Devt – strong house prices driving higher margins & earnings in Residential, plus two Ind. Devt transactions completed in 2Q

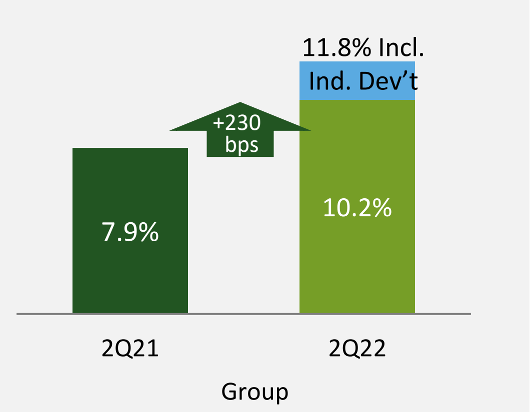
  FCC – ongoing productivity impacts from COVID restrictions on site, pursuing client variations

1. Before significant items
2. Excludes Rocla divested in August 2021
3. Includes revaluation gain of $9m and includes Apartments and Clever Core
4. Prior to elimination of intra-Group margin on Winstone Wallboards plant

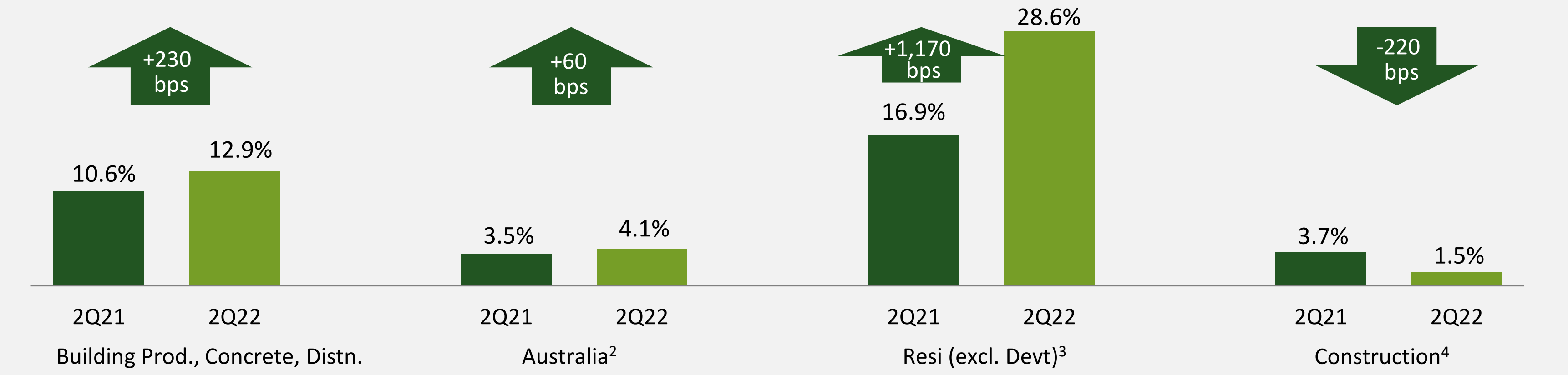
EBIT Margin

Strong 2Q result with margins +230bps YoY (ex Ind. Devt), reflecting price discipline & operating leverage

Group 2Q EBIT[1] Margin (%)



2Q EBIT[1] Margin – Key Drivers (%)



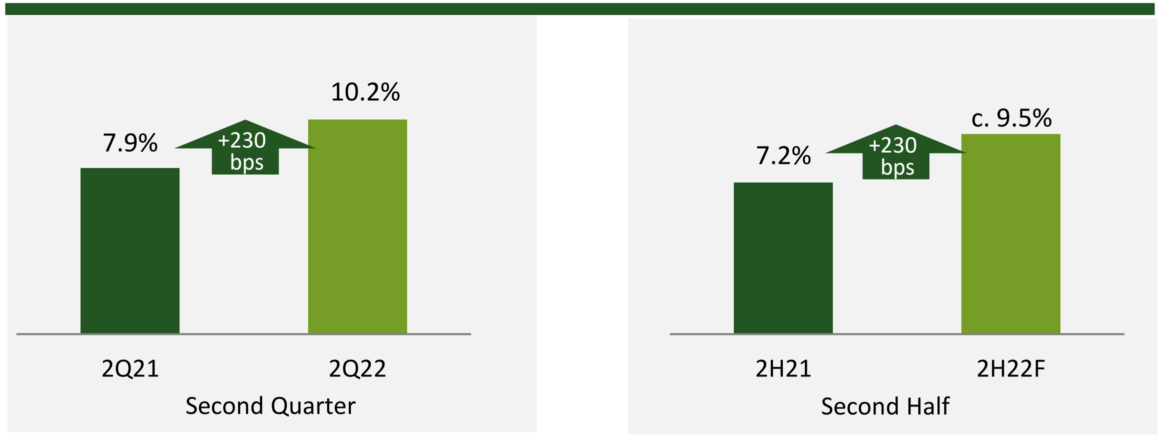
- **Group** – EBIT% up 230bps to 10.2% (excl. Ind. Devt); includes GM% +60bps (price > cost) and operating leverage on fixed cost base
- **BP, Concrete, Distn** – GM% +80bps, EBIT% +230bps; strong volumes and effective pricing disciplines to offset input cost inflation
- **AU –** GM% steady, EBIT% +60bps; good cost control; some margin dilution from lag between commodity price & sales price increases
- **Resi (excl. Devt)** – margins materially higher YoY on strong house price growth and efficiencies of building at scale
- **FCC** – ongoing COVID productivity impact

1. Before significant items
2. Excludes Rocla divested in August 2021
3. Excludes $9m revaluation gain of investment property in 2Q22 and excludes Apartments and Clever Core
4. Prior to elimination of intra-Group margin on Winstone Wallboards plant

Margins – outlook for 2H22

Underlying 2H22 EBIT margin expected to be c. 9.5%, strong uplift YoY; assumes no material COVID impact

Group EBIT[1] Margin (excl. Ind. Devt) (%)



2H22 Margin Outlook

- We enter 2H22 with good momentum from 2Q where margin uplift of +230bps YoY reflected a sustained program of performance improvement initiatives over past three years
- 2H22 Group margin expected to show similar level of YoY progression to deliver c. 9.5% in 2H22. Firmly on track to deliver c. 10% margins in FY23
- Volume: 2H22 expected to be at similar levels to 2Q, with strong pipeline of consenting activity in both NZ and AU
- Price: continuing to target full recovery of cost inflation in products and distribution businesses; Resi house price growth easing though still supportive of EBIT margins >20%
- COVID: margin commentary above is on an underlying basis. Omicron may have some impact in 2H22, but expected to be far less than 1Q as no full lockdowns – impact on 2H22 EBIT may be in the order of $(25)m-(50)m

1. Before significant items

Cash flow

HY22 cash flows reflect working capital investment to rebuild inventories

Cash flow NZ$m	Dec 2020 6 months restated[1]	Dec 2021 6 months reported
EBIT before significant items	323	332
Depreciation and amortisation	176[1]	172
Lease principal payments and lease interest paid	(124)	(119)
Provisions and other	19	(12)
Trading cash flow before working capital movements	**394**	**373**
Working capital movements excl. legacy projects	118	(296)
Legacy projects cash flow	(109)	35
Significant items cash flow	(34)	(25)
Trading cash flow	**369**	**87**
Add: lease principal payments	91	89
Less: cash tax paid	(3)	-
Less: funding costs paid	(33)	(19)
Cash flows from operating activities	**424**	**157**

HY22 Cash Flows

- Good underlying trading cash-flows, strong customer cash collections despite COVID disruption
- Inventory investment in HY22 follows draw down of stocks in FY21; consistent with commitments to drive growth and support customer service levels at time of supply chain constraints
- Significant items cash flow relates to delayed payment of FY21 restructuring provisions and Rocla divestment costs
- Cash tax payments expected to recommence in HY23

1. HY21 is restated = HY21 reported adjusted for Cloud Computing Arrangements. HY21 reported Depreciation and Amortisation was $180m

Working Capital

Targeted inventory rebuild – supporting growth and continuity of supply

Cash flow working capital movements NZ$m	Dec 2020 6 months	Dec 2021 6 months
Residential and Development	50	(107)
Construction excluding legacy projects	6	(24)
Materials and Distribution Divisions		
• Debtors	64	35
• Inventories	42	(122)
• Creditors	(44)	(78)
Cash flow working capital movements excl. legacy	**118**	**(296)**

Materials and Distribution Divisions – working capital metrics (days)	As at Dec 2019	As at Dec 2020	As at Dec 2021
Debtors Days	44.0	39.7	39.0
Inventory Days	75.5	69.8	73.3
Payables Days	41.6	39.2	38.5
Materials & Dist'n Divisions Total Cycle	**77.9**	**70.3**	**73.8**

Residential & Development

- Previously committed to a c. $200m investment in FY22 in land & housing inventories to rebuild stocks (significant draw-down in FY21) and to support continued growth of the housing business
- HY22 investment of $107m consistent with this strategy

Materials & Distribution Divisions - Inventories

- c. 40% of HY22 inventory investment is a rebuild of stocks from low FY21 levels, plus targeted investments to support customer service levels given supply chains disruption. Seeing the benefit of these investments in earnings and customer satisfaction scores.
- c. 60% of HY22 inventory investment is due to higher sales volumes combined with higher input prices
- Inventory at good levels to support service in current environment, do not expect further build of stock volumes in H2

Capex

Investment balanced between key maintenance capex and strong pipeline of organic growth opportunities

Capex NZ$m	Dec 2020 6 months[1]	Dec 2021 6 months
Base capex	47	80
WWB new plant	31	63
Less: Proceeds on disposal of PPE	*(14)*	*(1)*
Net Capex	**64**	**142**

Investment Focus

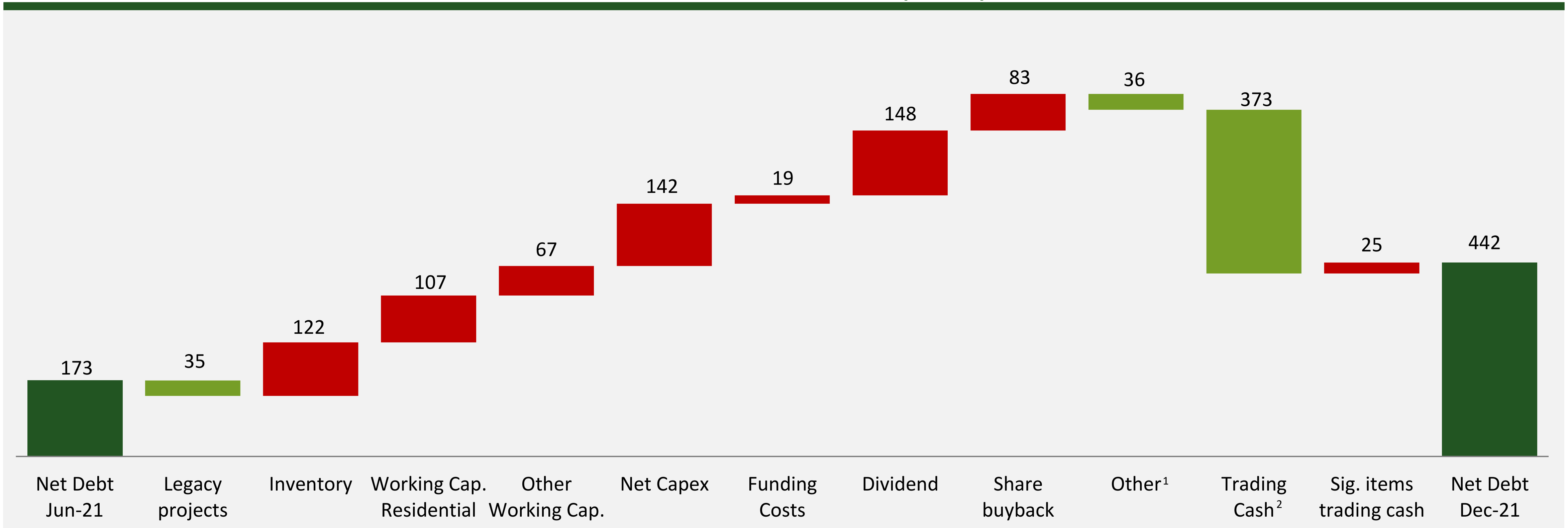
- Base capex envelope expected to average c. $200m-$250m p.a.
  - Maintenance capex of c. $150m-$200m p.a., including c. $40m p.a. to create fit-for-purpose systems environment
  - Growth capex of c. $50m-$100m p.a. in digital, sustainability, product adjacencies, & manufacturing capacity / efficiency
- Growth capex in base envelope supports the Group's drive to improve profitability to c. 10% EBIT margin in FY23
- Above this base capex, the Group has a strong pipeline of growth opportunities under review – primarily organic (see divisional commentary). Potential for above base growth investment of c. $150m p.a. for FY23 to FY25. Target ROFE of 15%+
- WWB new plant also above base. Replaces key end-of-life asset, but also provides capacity to service long-term demand & product innovation. Project is on time & budget, commissioning 2023. Remaining capex c. $140m 2H22 and c. $75m FY23

1. HY21 is restated = HY21 reported adjusted for Cloud Computing Arrangements. HY21 reported capex was $68m

Net debt

Debt levels remain low; uplifts in HY22 from one-off inventory investments and share buyback

Net Debt: Jun 21 to Dec 21 (NZ$m)

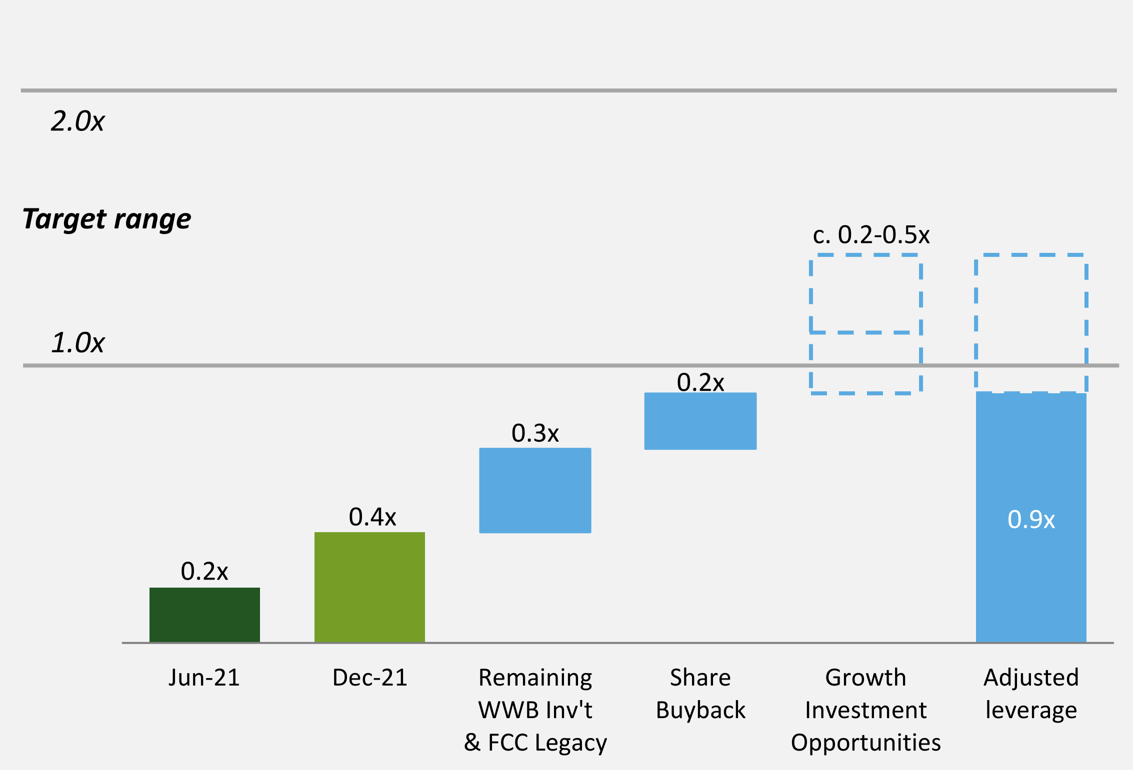


1. Other is comprised of Divestments of $(51m), Investments of $12m and Hedging/Other of $3m
2. Trading cash flow before working capital movements

Leverage

Balance sheet well-positioned to support growth; expect to remain at lower end of 1x-2x leverage range

Leverage (Net Debt / EBITDA)



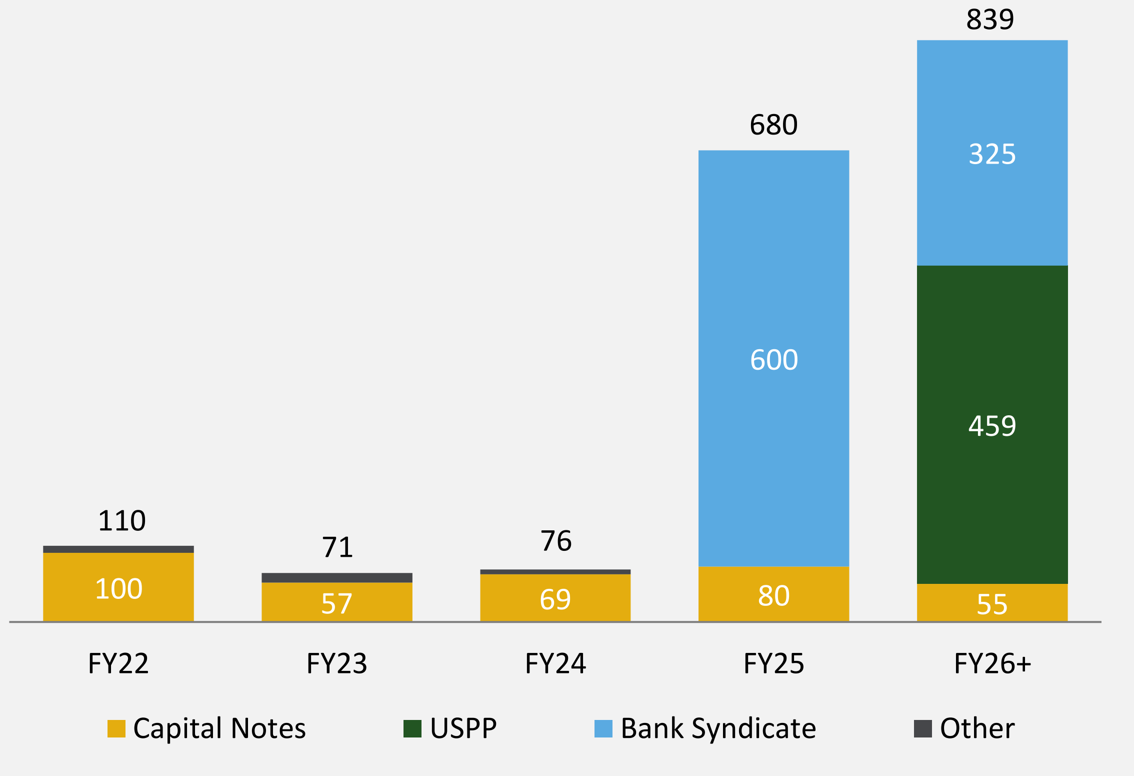
Leverage and Balance Sheet

- Uplift in leverage ratio at Dec 21 to 0.4x mainly reflects HY22 investments in working capital and WWB plant
- Looking ahead, the Group's balance sheet remains strongly positioned to support the ongoing share buyback programme and strategic investments in growth
- Above base growth investments may lift the Group's leverage by c. 0.2x to 0.5x over the period FY23-FY25, due to the lag between capex and earnings for some organic opportunities
- In reviewing growth opportunities, the Group will continue to target ROFE of 15%+ and will maintain a preference for relatively conservative balance sheet metrics; the Group expects to continue to operate at just below or at the lower end of its target leverage range over the medium term

Funding

Drawn debt low, while maturity and liquidity profiles remain strong

Debt maturity profile ($m)



Debt facilities and drawings ($m)

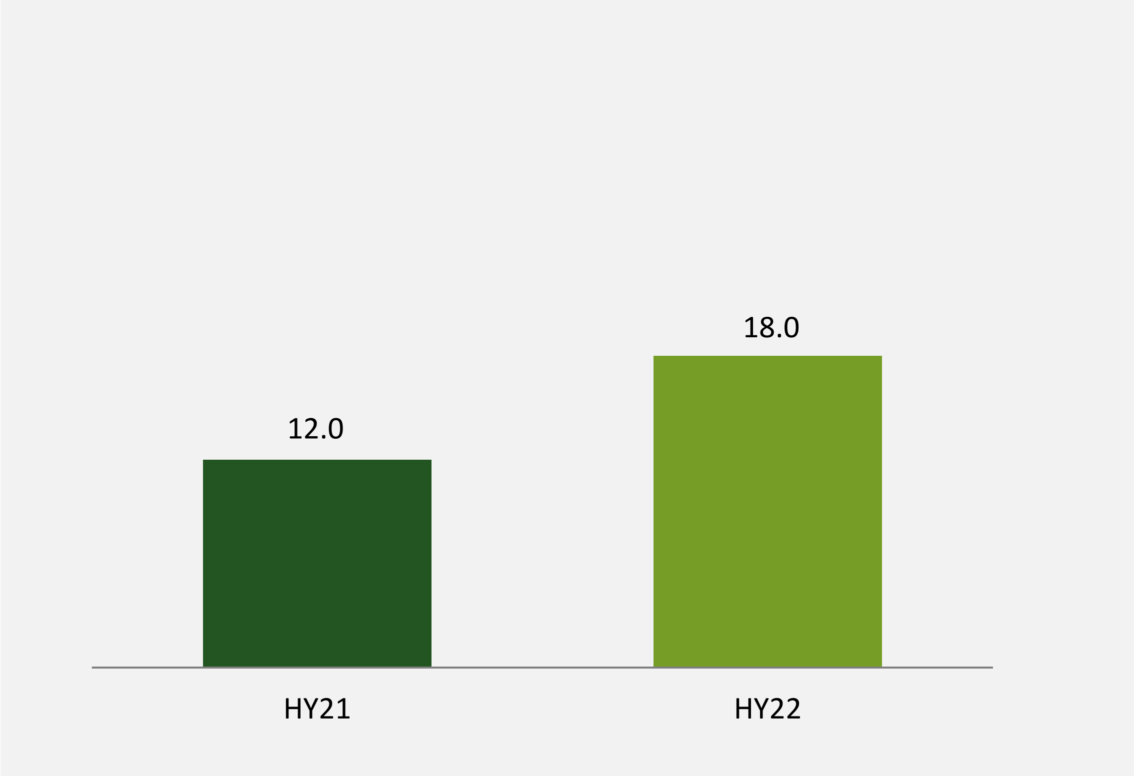
NZ$m	Facilities 31 Dec 21	Drawings 31 Dec 21
Syndicate	925	-
USPP	459	459
Capital Notes	361	361
Other	31	31
Total	**1,776**	**851**

- Undrawn credit lines of $925m and cash on hand of $409m as at 31 Dec 21 – total liquidity of $1.3b

Dividend and share buyback

Interim dividend of 18.0 cents per share, fully imputed for NZ taxation purposes, to be paid in April

Interim Dividend (cps)



Dividends

- Interim Dividend of 18.0 cents per share, 68% pay-out ratio, reflecting strong business performance and outlook
- Dividends fully imputed for NZ taxation purposes but unfranked for AU taxation purposes
- Dividend to be paid on 7 April 2022
- Dividend Reinvestment Plan will not be operative for this dividend

Buyback

- On-market share buyback of up to $300m through to May-22
- Commenced on 10 Jun 21, 15.0m shares repurchased as at 31 Dec 21 for $107m ($83m in six months ended 31 Dec 21)

1. Pay-out ratio is expressed as a percentage of Net Earnings excluding Significant Items. policy to pay dividends in the range of 50% to 75% of net earnings before significant items and having regard to available cash flow. Available cash flow = Free cash flow less cash interest

Summary

Strong performance momentum, well-positioned to invest for further growth

Performance Momentum

- 2Q EBIT[1] +43% ahead of prior year and 2Q EBIT[1] margin +230bps to 10.2%
- Performance underpinned by price > cost and operating leverage across more efficient cost base
- 2H22 EBIT margin expected to be c. 9.5%, clear momentum to c.10% EBIT margin target in FY23
- ROFE 18.7%, ahead of ≥ 15% target
- Good cash management disciplines, inventory investments support customer service & growth, working capital cycle remains in line with targets
- Dividend of 18cps, 50% uplift on HY21, fully imputed, reflective of strong business performance

Well-positioned to invest for further growth

- Base capex envelope includes $50m-$100m p.a. of growth investment to support c. 10% EBIT margin from FY23
- Strong pipeline of additional growth opportunities, primarily organic, potential for additional investment of c. $150m p.a., ROFE 15%+
- Balance sheet remains strongly positioned to support growth investment and shareholder returns – including share buyback
- Leverage currently 0.4x, expect to continue to operate at the lower end of the Group's target 1x-2x leverage range over the medium term

1. Before significant items, excluding Industrial Development

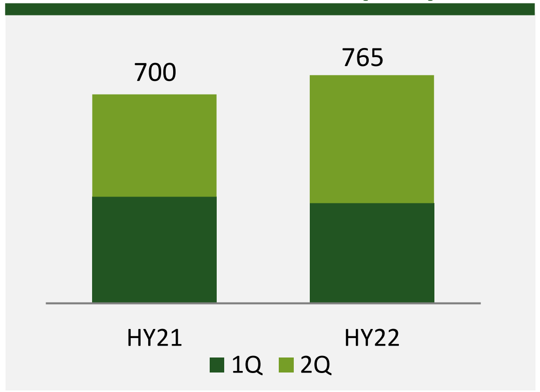
Agenda

1. Results Overview and Markets	Ross Taylor
2. Financial Results	Bevan McKenzie
3. Divisions	
- Building Products	Hamish McBeath
- Distribution	Bruce McEwen
- Concrete	Nick Traber
- Australia	Dean Fradgley
- Residential and Development	Steve Evans
- Construction	Peter Reidy
4. Outlook	Ross Taylor

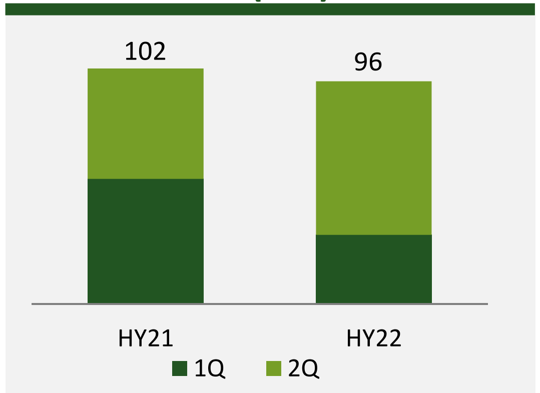
Building Products

HY22 results: strong second quarter from civil sectors and finishing trades

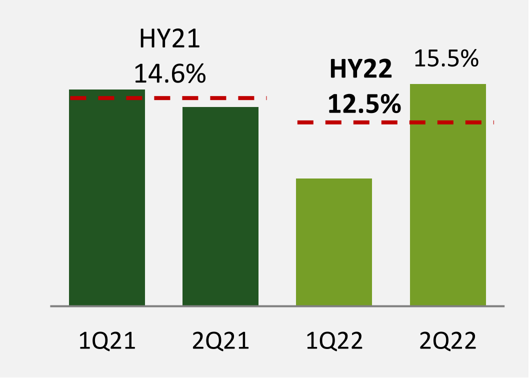
Gross Revenue ($m)[1]



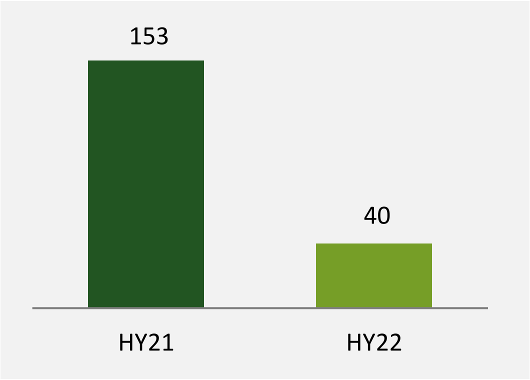
EBIT ($m)[1,2]



EBIT Margin (%)[1,2]



Trading cash flow ($m)[1]



HY22 trading performance

- Revenue up 9% for HY, up 25% 2Q21 vs 2Q22: strong civil sectors driving Steel and Pipes sales; solid finishing trades benefiting from high product demand and targeted market share gains
- EBIT 6% lower for HY due to 1Q lockdown: 2Q very strong bounce-back. Strong HY contribution from Steel; focus on price governance, operating efficiencies and sales mix to offset higher raw material and freight costs
- 2Q22 EBIT margin 15.5%: higher volumes driving strong operating leverage; strong plant utilisation across all businesses with WWB and TINZ at capacity
- Trading cash flow used for inventory rebuild following a significant draw-down of stock in FY21; higher input prices resulting in higher inventory valuations

1. HY21 is restated = HY21 reported adjusted for Cloud Computing Arrangements and Forman which was transferred from Distribution. HY21 reported revenue was $683m, HY21 reported EBIT before significant items was $101m; HY21 reported EBIT margin was 14.8%, HY21 trading cash was $152m
2. Before significant items

Building Products

Pricing & efficiency controls in place; growth initiatives in place to drive material earnings uplift in the medium term

Driving operating performance

Maintaining strong margin of c. 14% through pricing disciplines, new products & manufacturing focus

- Pricing disciplines in place offsetting inflation
- Product range refresh in Laminex driving higher sales & margins; continued development of digital capability and offering
- Manufacturing focus to deliver efficiencies, capacity & capability:
  - Humes-Papakura manufacturing plant automation from Jun-22
  - Significant upgrade to Iplex powder resin unloading & mixing equipment driving improved safety
  - PCC ovens upgrade commenced, lower carbon emissions
  - Large steel plate processing

Delivering growth

Strong pipeline of committed and potential growth initiatives in place to drive material uplift in earnings over the medium term

- **New WWB plant** commissioning planned in FY23, adding 10m sqm to current 30m sqm in-country production; delivering capacity and innovation
- **Significant upgrade of Laminex Taupo plant** to create wider range of wood fibre based panel products not currently available in NZ, working through vendors selection
- **New Glasswool insulation plant,** adding 200% to our existing capacity to meet growing market demand post building code amendments. Av. home will need c. 3x current bales under new code
- **Purpose-built Steel distribution & processing centre** to be constructed by FY26, delivering significant capacity & efficiency gains
- **New purlin mill** ordered, triple existing capacity & broader range

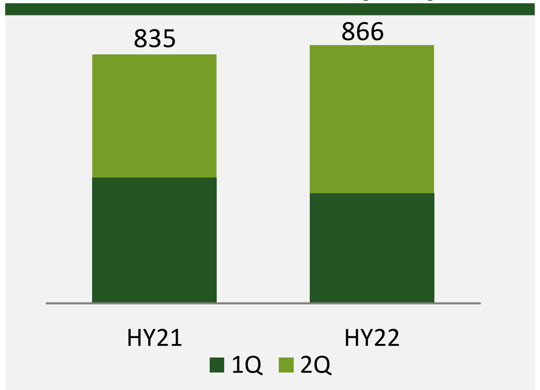
Building Products

New WWB plant at Tauriko, construction well underway & on budget, planned commissioning by June 2023

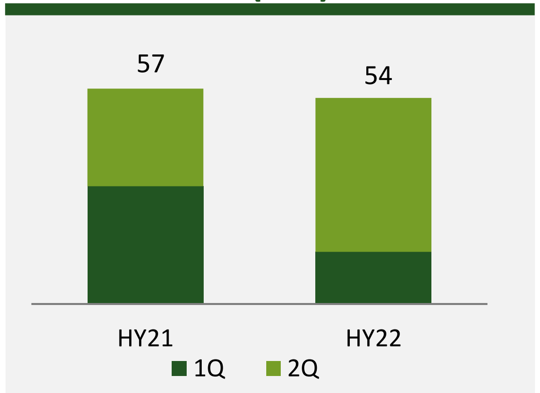
Distribution

HY22 results: significant second quarter margin of 8.5% achieved from strong operating leverage

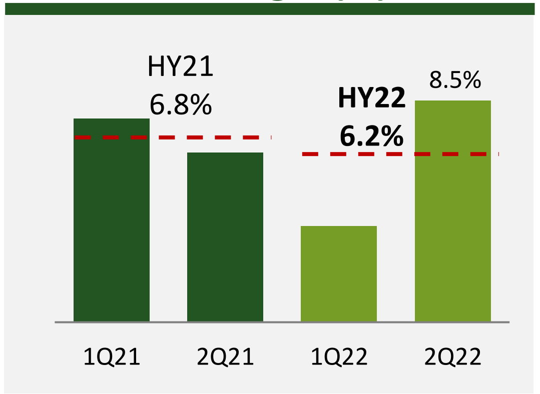
Gross Revenue ($m)[1]



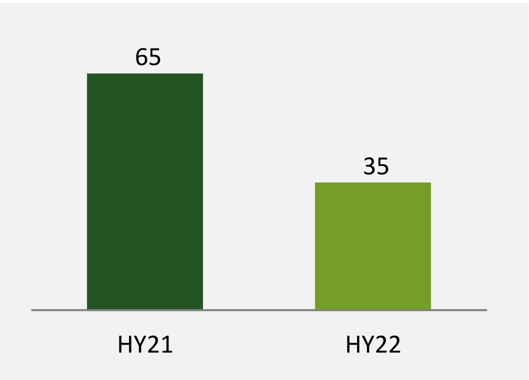
EBIT ($m)[1,2]



EBIT Margin (%)[1,2]



Trading cash flow ($m)[1]



HY22 trading performance

- Revenue up 4% for HY, up 20% 2Q21 vs 2Q22: strong 2Q growth across all regions most prominently Auckland, lower North and lower South Islands. Strong sales in core categories, particularly timber, cladding and frame & truss
- EBIT 5% lower from 1Q lockdown, but significant 2Q bounce-back, up 62% 2Q21 vs 2Q22 with very strong 2Q22 EBIT margin of 8.5%
- Strong margins delivered through operating leverage of higher sales over a largely fixed cost base; effective pricing disciplines offsetting cost inflation, customer & efficiency programmes delivering in disrupted supply chain
- Trading cash flow: additional working capital driven by higher activity levels; higher safety stock built to fulfil customer demand through supply chain inconsistency and supplier allocations

1. HY21 is restated = HY21 reported adjusted for Cloud Computing Arrangements and Forman which was transferred to Building Products. HY21 reported revenue was $852m; HY21 reported EBIT before significant items was $60m; HY21 reported EBIT margin was 7.0%, HY21 trading cash was $68m
2. Before significant items

Distribution

Driving growth; margin expansion through top-line sales growth, pricing disciplines & cost efficiencies

Driving operating performance

Focused on top-line sales growth, pricing disciplines & cost efficiencies expected to deliver higher EBIT margin of 8.0-8.5% earlier than flagged

- Strong market driving operating leverage
- Continued successful outcomes from digital & e-commerce tools:
  - PlaceMakers digital sales growth through e-commerce tools, currently 7% of total transactions
  - 46% of trade customers registered on e-tools
  - Customer ecosystems integration driving efficiency
  - Mico B2C website refreshed, trade digital programme underway
- Digitising end-to-end supply chain; better delivery & capability
- Disciplined pricing & capability build to offset cost inflation

Delivering growth

Continued focus on digital, network expansion & pricing disciplines to drive market share gain & earnings growth

- Branch network expansion and growth through new branch openings and targeted acquisition
- Data & analytics creating customer insights & increased share of wallet capture
- Hub structure maturity with further regional roll-out providing greater consistency for customers and scale efficiency benefits

Distribution

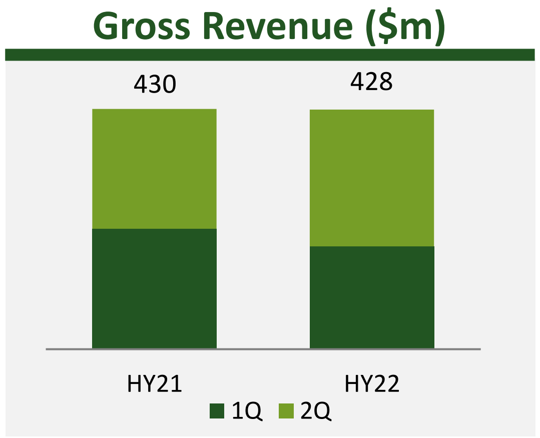
Delivering growth through digital and network expansion

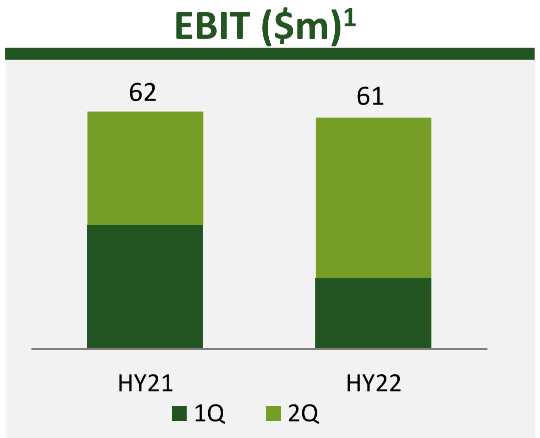
Digitising end-to-end supply chain

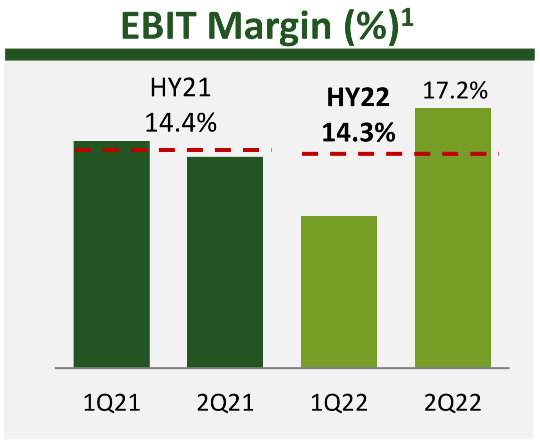
Mico next generation showrooms; B2C website refreshed

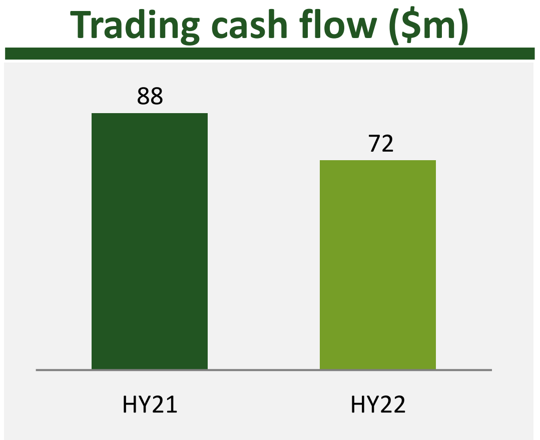
Concrete

HY22 results: top and bottom line initiatives delivering margin expansion and growth









HY22 trading performance

- Revenue solid for HY, up 14% 2Q21 vs 2Q22: volumes growth (differentiated products and solutions, improved customer service) & good pricing discipline offsetting inflationary pressures
- EBIT solid for HY, up 40% 2Q21 vs 2Q22: great progress on shifting volume to more profitable market segments (higher domestic, lower export) and sustainable growth from solutions, benefit from cost initiatives across operations, supply chain and overheads
- EBIT margin stable for HY, 2Q22 margin 17.2%: increased usage of alternatives fuels driven by waste tyre facility (commissioned in Feb-21) enabled reduction of energy costs, with coal substitution rates lifted from c.35% up to c.50% offsetting the impact of elevated electricity costs
- Trading cash flow: servicing strong market demand and working capital rebuild

1. Before significant items

Concrete

Strong pipeline of short- and medium-term growth opportunities (sustainability, innovation and digital)

Driving operating performance

Performance improvement driven by top line & cost initiatives expected to deliver higher EBIT margin of 14.5-15.5% in FY22, earlier than flagged

- ➔ Investment in renewal and debottlenecking, long term quarry resources secured to capture market growth
- ➔ Expand solutions offering (eg wall systems, flooring, roading) for industrial and retail customers
- ➔ Supply chain optimisation expected to deliver growth and further improve margins
- ➔ Strengthen cost leadership through operational excellence and lean organisation

Delivering growth

Sustainability, Innovation & Digital initiatives in place to drive earnings increase & above market growth

- ➔ Low carbon binder and concrete leadership: Forefront of innovative construction material solutions in NZ - Innovation Lab to fast track go-to-market of new products and solutions (live mid-2022)
- ➔ Decarbonisation of cement manufacturing through use of alternative fuels (replacing coal) and raw materials, supplementary cementitious materials
- ➔ Digital initiatives are focussed on enhancing our customer experience (scale of Firth's ready-mix online sales portal), digitalising our operations & supply chain unlocking operational and supply chain efficiencies (Firth mobile ticket, GBC ERP upgrade)

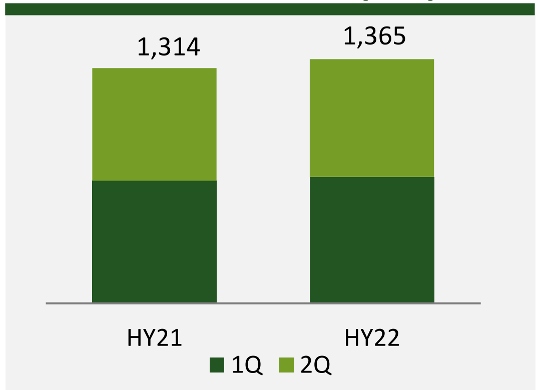
Concrete

Sustainability as a major growth opportunity for the NZ concrete division

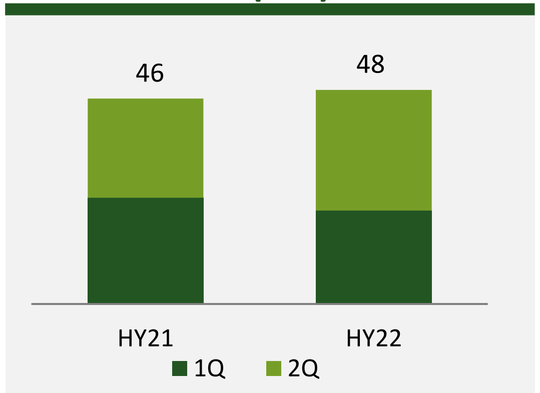
Australia

HY22 results: second quarter margin 4.1%, strong improvements in Tradelink, FI & Iplex

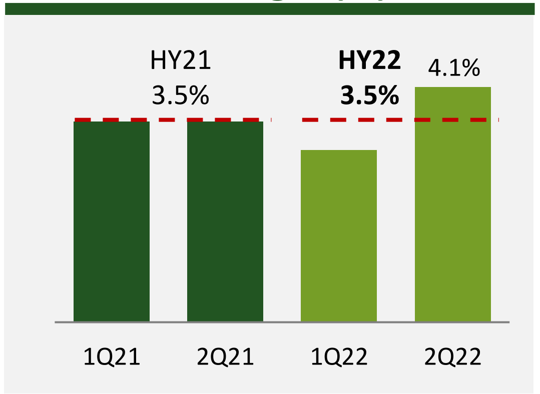
Gross Revenue ($m)[1]



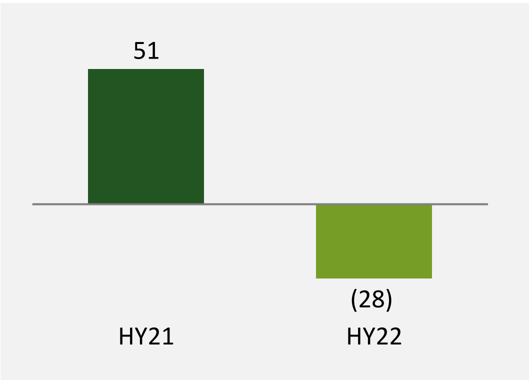
EBIT ($m)[1,2]



EBIT Margin (%)[1,2]



Trading cash flow ($m)[1]



HY22 trading performance

- Revenue up 4% for HY with better momentum as the half progressed. East Coast COVID restrictions slowed A&A work impacting Laminex & plumbing distribution
- EBIT up 4% for HY; up 23% 2Q21 vs 2Q22, improved 2Q margin of 4.1%
  - Building Products up 14%: pricing strategies & product mix lifting margins. New products eg Firmasoft in FI & Surround in Laminex exceeding expectations
  - Significant improvement of 13% in Distribution: gross profit uplift driven by continued momentum in SME plumber segment, own brand strategy & digital penetration
  - Steel revenue growth, rapid input cost increases expected to be offset into 2H22. Margin accretive shed segment strong
- Trading cash outflows reflected targeted inventory investments for 2H customer demand with continued tight debtor controls

1. Excluding Rocla, all commentary excludes Rocla
2. Before significant items

Australia

Driving growth across a more efficient operational platform setting up 5-7% EBIT margin in FY23

Driving operating performance

Top line and bottom line focus expected to deliver profitable growth with further uplift in margin, 2H22 margin >4%

- Pricing disciplines
- Online sales >$250m p.a. and growing, Tradelink B2B launch in Q3
- Winning in key categories:
  - Laminex decorative products - Surround
  - Insulation – core Pink Batts, supply & install
  - Material improvement in Iplex civil infrastructure
  - Own brand & private label (plumbing, sheds & doors)
- Delivering operational leverage with improved efficiency metrics
- Steel supply chain disruption & raw material shortages recovery

Delivering growth

Positioned for further EBIT growth through adjacencies, digital maturity, margin accretive products & innovation

- Adjacencies: Haven Kitchens pilot stores in place, Laminex Surround targeted sales $50m in the medium-term - with strong start to date
- Digital strategies already ahead of business case, creating new revenue streams, driving incremental online sales & lifting margins
- Pipeline of new product development delivering growth, attracting new customers & driving specification
- Continued manufacturing automation programme for efficiencies
- Exploring innovative new materials such as bamboo as an alternative fibre in Laminex: potential to improve both product margins & sustainability

Australia

Delivering growth through disruption via adjacencies and margin accretive products

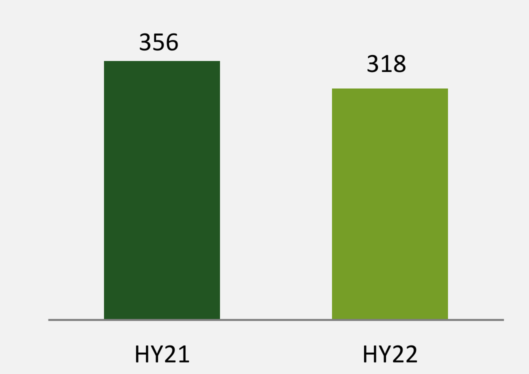
Haven Kitchens: full kitchens available same day no waiting

Surround by Laminex: plasterboard/paint alternatives

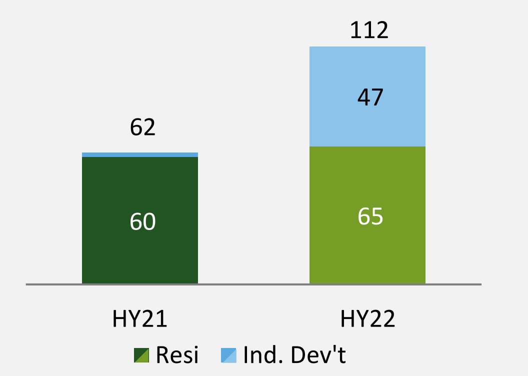
Residential and Development

HY22 results: considerable housing demand realised in earnings lift; completions delayed by lockdowns

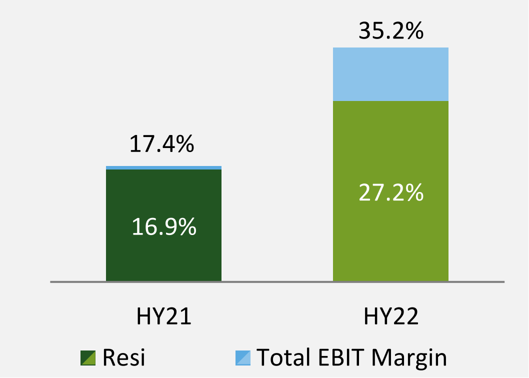
Gross Revenue ($m)



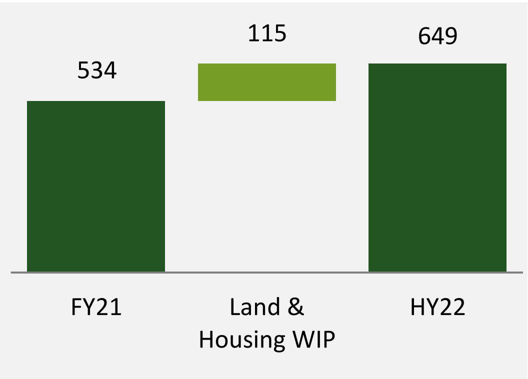
EBIT ($m)[1]



EBIT Margin (%)[1]



Funds employed ($m)[2]



HY22 trading performance

- Revenue 11% lower for HY: 278 unit sales in HY22 (vs. 515 in HY21) sales strong but delivery impacted by COVID shutdown and construction delays in 1Q; continued strong housing market with significant price growth; average unit price 33% higher
- EBIT up 81%:
  - Residential $65m, includes land transfer to Vivid Living $9m revaluation gain recognised
  - Industrial Development $47m: Rocla Emu Plains (cash to be received in FY23) & Fletcher Insulation Rooty Hill sites sold
- c. 4,500 residential lots (2,503 residential lots & two rural properties on balance sheet, 2,037 units of both zoned and future urban zoned land under unconditional contracts)

1. Before significant items
2. HY22 $649m funds balance: $444m housing land, $166m housing WIP, $23m industrial development land, $16m other

Residential and Development

Continue to deliver performance and growth from very strong base

Driving operating performance

Delivering performance through reputable product & driving innovation; targeting continued strong top-line growth at >15% margin

- 2H22 unit sales higher than 2H21, 239 homes already conditional or unconditional in 2H22
- Customer focus including introduction of **new typologies** to meet customer price points & preferences, Net Promoter Score sits at 81.4
- Scaling & further densifying **existing and new housing** developments as a response to changing regulatory settings whilst continuing to deliver great communities
- Relentless focus on innovation and efficiency to address recent increases in costs
- **Clever Core** off-site manufacturing continues to scale up, with speed of construction benefits delivering improved working capital recycling. After delivering over 150 homes for Fletcher Living, first completions for external customers in 2H22

Delivering growth

Plan well underway for delivering c.1,400-1,500 units p.a. by FY25

- Land already secured to deliver growth volumes for the next 3 years, with additional large sites bought for new masterplanned communities past FY25
- Wary of acquiring at top of the market – focus is on strategic sites which make sense through cycle
- **Vivid Living retirement** sites under construction at Red Beach & Waiata Shores, with next tranche identified and secured at Stonefields, Karaka and Three Kings to support the forecast growth through FY25
- **Apartment** sites now under construction at Panmure, Hobsonville & Three Kings; good levels of presales secured, and additional land now secured to enable delivery of over 1,700 apartments in the next 5 years

Residential and Development

Multi-year masterplan developments continuing to deliver strong pipeline of earnings

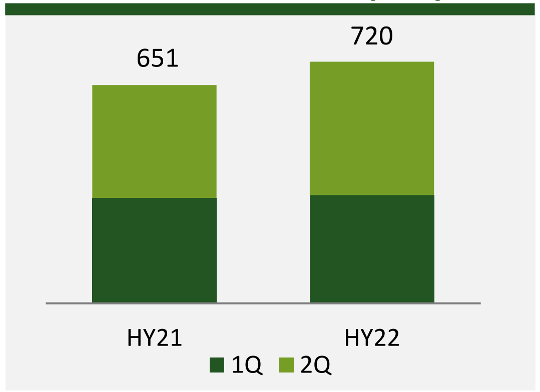
Clever Core homes in Whenuapai (Auckland)

Continued solid progress in One Central (Christchurch)

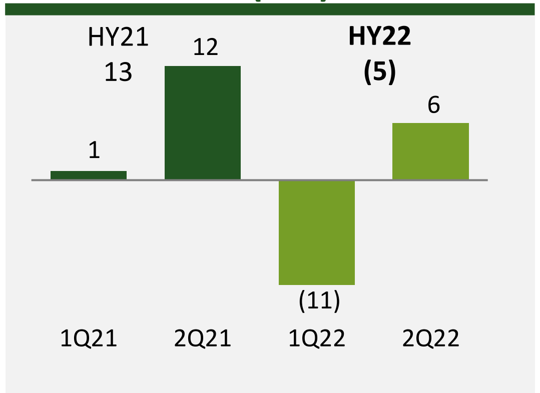
Construction

HY22 results: robust cost controls & operating efficiencies; COVID restrictions tough on productivity

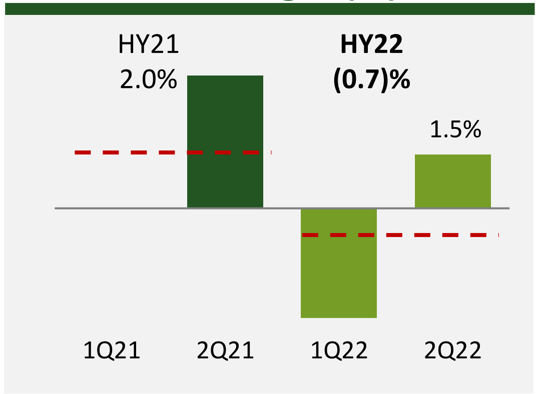
Gross Revenue ($m)



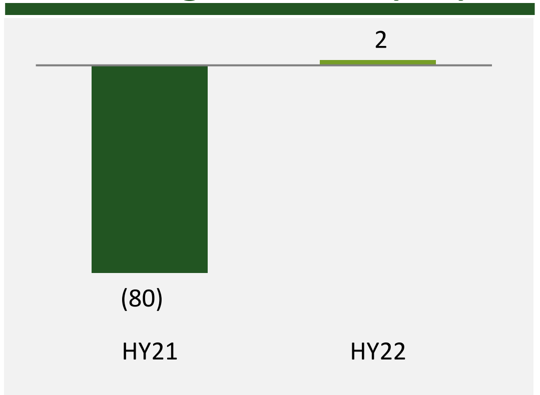
EBIT ($m)[1,2]



EBIT Margin (%)[1]



Trading cash flow ($m)



HY22 trading performance

- Revenue up 11% for HY: increased building works at NZICC (nil margin) & WWB factory; $0.43b Infrastructure services & minor capital works (BPC, Higgins, South Pacific), $0.29b major projects (roads, buildings)
- EBIT loss of $5m: 1Q lockdown & ongoing restrictions resulted in lower productivity and unrecovered plant and labour costs; major project programmes also impacted with supply chain & skilled workforce constraints. Commercial and contractual protections in place to ensure recovery. Tight controls on operating costs resulted in lower selling, general & admin expenses
- Trading cash flow of $2m supported by resolution of historical claims across infrastructure services & major project portfolios
- Continued good progress in rebalancing future orderbook to deliver an improved risk profile & margins

1. Excludes the impact of the intra-group construction of WWB plant at Tauriko $5m
2. Before significant items

Construction

Strong forward quality revenue secured, new work expected to deliver 3-5% EBIT margin

Driving operating performance

Improve productivity and remain focused on driving in-year operating performance to lift overall margin for FY22

- Committed orderbook underpins 90% of forecast revenue for 2H22
- Delivering forecast productivity following COVID slippage (Sth Pac, BPC, Infra and Buildings)
- Retention plans in place to manage labour shortage from closed borders
- Tight cost controls, managing input cost inflation
- Completion of remaining legacy projects; $0.3b work to complete

Delivering growth

$2.8b current order book (+$0.6b preferred), driving to 3-5% EBIT margin as COVID issues subside & order book replaces nil margin legacy work

- Secured forward order book of new work & work won in year delivering average gross margins >10%
- Includes low-to-medium risk style contracts, eg smaller renewal & upgrade contracts, national & local maintenance contracts, multi-year key public sector client framework agreements
- $1.3b **9 yr Watercare enterprise** model for BPC/Infrastructure businesses
- $0.3b **AMETI busway** alliance project (preferred)
- Preferred on $300m of new work post December 2021 including Auckland International Airport 3 year framework agreement
- Underpins 52% revenue for FY23

1. Orderbook excludes intra-group revenue from WWB plant

Construction

Waikato 50: Water Treatment Plant completed on time, in budget

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Outlook

Strongly positioned to deliver growth in FY22 and beyond

FY22

- Customers & forward indicators point to ongoing strong volumes
- Strong pricing disciplines to cover inflation increases
- **EBIT[1] margin c. 9.5% in 2H22** (7.2%[2] in 2H21)
- **FY22 Full Year EBIT[1] expected to be c. $750m** (excl. risk of Omicron wave in New Zealand of c.$25m-$50m)

Medium term outlook

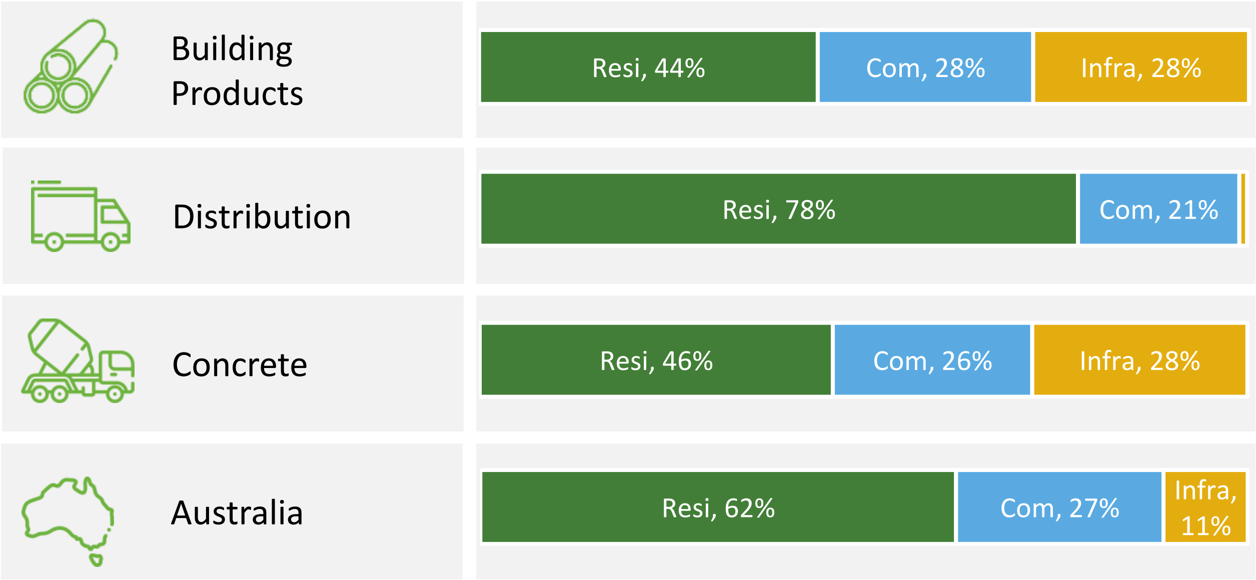
- Markets across both NZ and Australia look robust well into the future
- COVID impacts start to ease; no full scale lockdowns, borders open, skills shortage eases, and no repeat of the significant profit headwinds seen in FY22
- Performance improvements embedded, on track to deliver group EBIT margins of c. 10% in FY23
- Maturing investment pipeline to drive growth beyond FY23

1. Before significant items
2. Excluding Industrial Development to show on a like-for-like basis

Appendix

Divisional revenue exposure and FB revenue by market

Divisional Revenue Exposure by Sector



Total FB Revenue by Market (%)