Fletcher Building Full Year Results to 30 June 2023

16 August 2023

Fletcher Building Limited

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Agenda

1. Results Overview — Ross Taylor
2. Financial Results — Bevan McKenzie
3. Outlook — Ross Taylor

FY23 summary

Solid Group EBIT and EBIT margin performance overall

Ongoing Performance & Growth

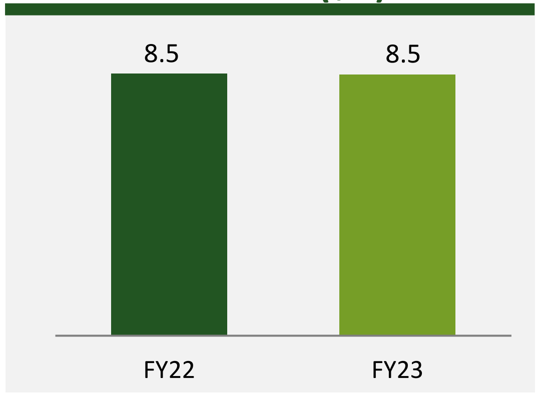
- **FY23 performance**
  - EBIT $798m, up 6% vs FY22
  - EBIT margin 9.4%, good performance in a slowing market
  - Net earnings $235m, includes flagged construction provisions of $255m
  - ROFE 17.1%, balance sheet strong, solid FY23 trading cash flows of $475m
  - FY23 final dividend of 16.0 cents per share, fully imputed; total FY23 dividends 34.0 cents per share
- **Actively positioning for growth in the medium term**
  - Total investment programme $800m+ across FY23-26, of which $308m deployed in FY23
  - Programme includes Waipapa Timber and Tumu acquisitions, plus organic investments in Laminex wood panels, Comfortech, PlaceMakers frame & truss, and circular economy, targeting $120m+ full run-rate EBIT growth
- **Cost base and working capital positioned for a softer FY24 to ensure robust margins and cashflows**

Note: EBIT, EBIT margin and ROFE are before significant items

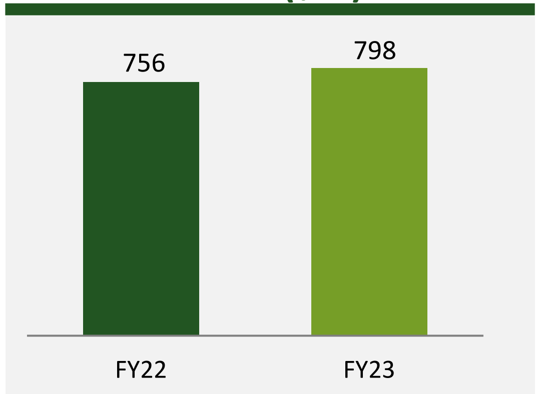
FY23 results at a glance

Strong earnings & margin uplift driven by materials & distribution divisions despite softer market & NZ weather events

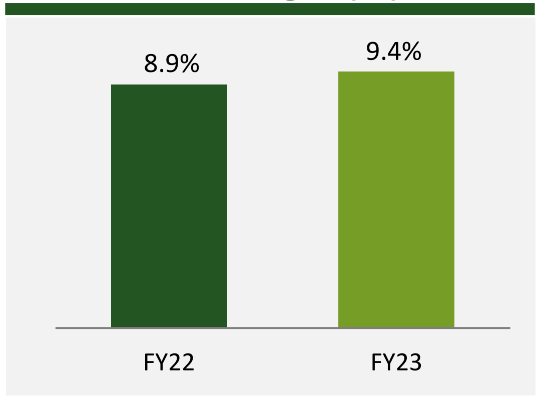
Revenue ($b)



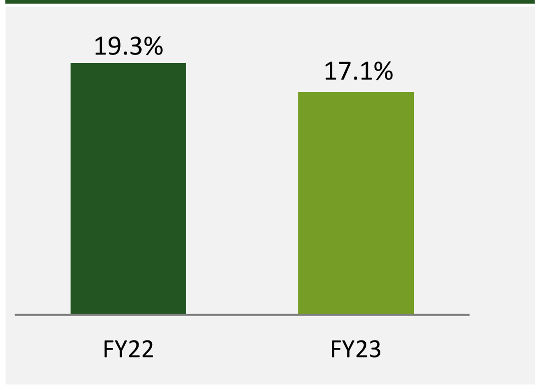
EBIT[1] ($m)



EBIT Margin (%)[1]



ROFE[1,2] ($m)



FY23 trading highlights

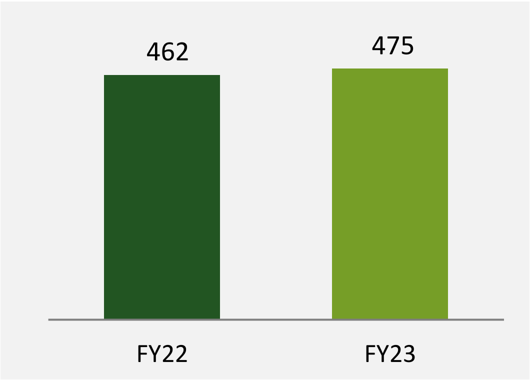
- **Materials & distribution divisions** EBIT up 18% YoY despite market volumes 5-7% lower in FY23 vs 2H22 peak, effective pricing to recover 6-7% p.a. input cost inflation. Significant improvement in Australia, EBIT margin 6.0%
- **Resi & Devt** house sales solid in a challenging NZ housing market, margins lower as sales prices compressed. Business remains well-positioned with homes at lower price points
- **Construction** (ex. NZICC $255m provision) flat FY23 performance and good-quality order book in place for go-forward business
- **Group ROFE** 17.1%

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 significant 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 30 June 2023. Details of significant items can be found in note 2.2 of the financial statements

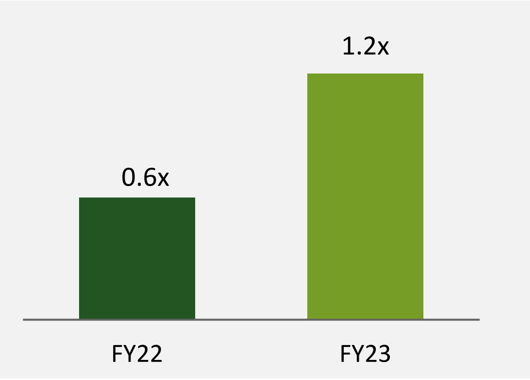
FY23 results at a glance

Strong 2H23 cash flows after rebuild of land & housing stocks; higher leverage ratio through growth investments

Trading Cash Flow[1] ($m)



Leverage (Net Debt/EBITDA[2])



FY23 trading highlights

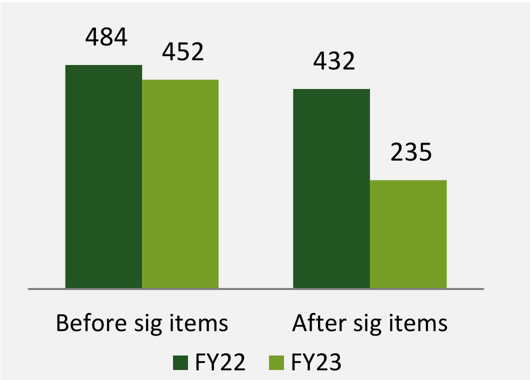
- **Materials & distribution divisions** strong trading cash flows[2] of $720m
- **Resi & Devt** rebuild of land stocks following significant drawdown in FY21-FY22, housing stocks well-controlled in softer market
- **Construction** impacted by $31m legacy cash outflow
- **Group leverage ratio** moves to 1.2x as flagged and at lower end of 1.0x-2.0x target range, driven by growth capex and Resi & Devt stock rebuild. Leverage expected to increase in FY24 on growth investments and legacy cash outflows
- **Balance sheet** remains strong: $1.4b liquidity

1. Includes lease principal payments, excludes cash tax paid and funding costs paid
2. Before significant items

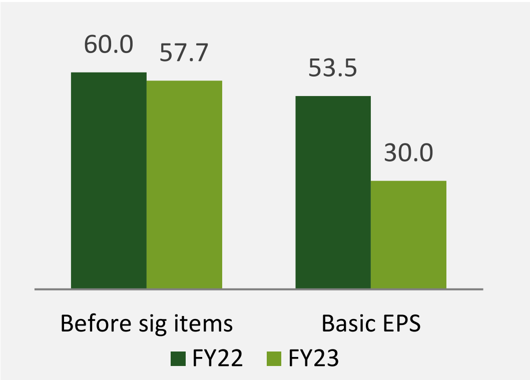
FY23 results at a glance

Final dividend of 16.0 cents per share declared, fully imputed; total FY23 dividends 34.0 cents per share

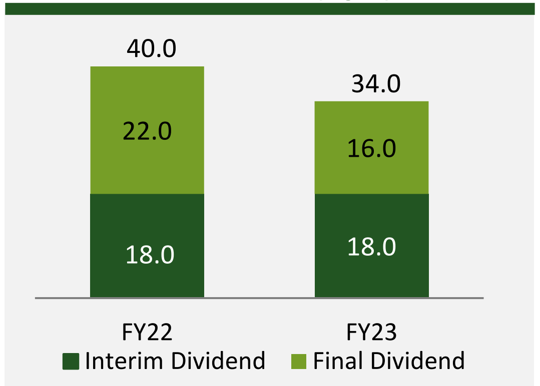
Net Earnings ($m)



EPS (cps)



Dividend (cps)



FY23 trading highlights

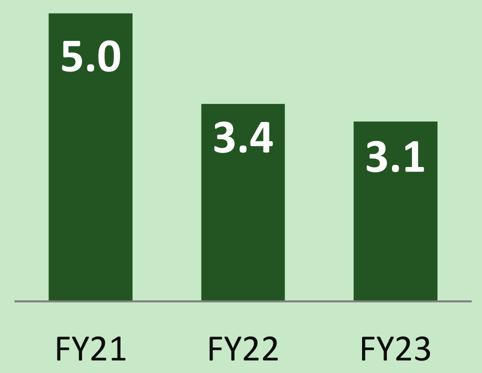
- Net Earnings of $235m includes Significant Items of $301m (vs $54m in FY22) mainly related to NZICC construction provision
- Net earnings before sig items lower vs FY22 due to improved EBIT offset by higher funding costs as flagged and higher minority interests
- Final dividend of 16.0 cents per share, fully imputed, to be paid on 5 October 2023

Safety & Sustainability

Continued progress as safety culture continues to be embedded; Carbon reduction on track

Safety: good progress continues

Total Recordable Injury Frequency Rate[1]



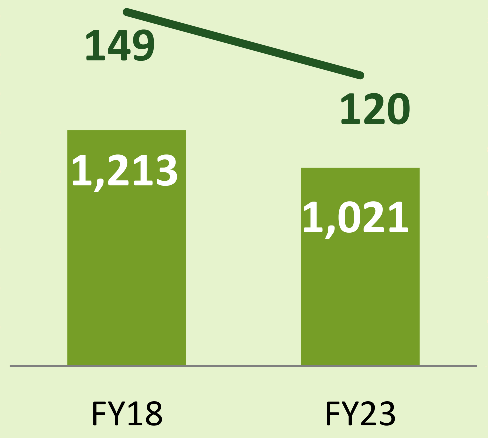
90%

(903) sites **injury free**

- 12% reduction in TRIFR vs FY22
- 86% of our people believe 'all injuries are preventable'
- 4,400 Risk Containment Sweeps
- 25,000 hours of Power Up training sessions with frontline

Sustainability: 30% lower carbon by 2030, net zero by 2050

Carbon (CO_2) Emissions & Intensity[2]



60%

waste diverted from landfill

- 19% reduction in carbon intensity & 16% reduction in carbon emissions since FY18
- 71% of revenue from products sold by our manufacturing businesses is now from products with sustainability certifications
- c.46% coal substitution with alternative fuels in cement operations & solar energy projects in Australia
- CDP A- rating; DJ Sustainability™ Australia Index member; S&P Sustainability Yearbook member

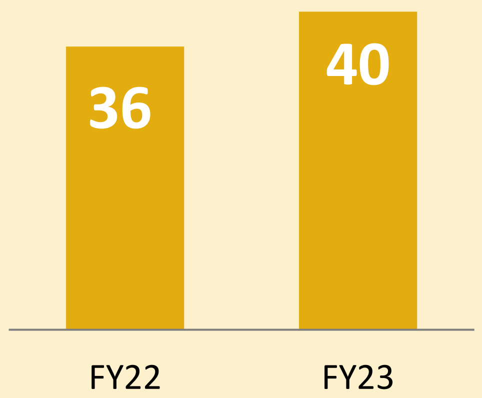
1. TRIFR = Total no. of recorded injuries per million hours worked. Does not include Restricted Work Injuries. Excludes Rocla, Tumu & Waipapa
2. Carbon Emissions are '000 Tonnes Combined Scope 1 and Scope 2 emissions for Group; Carbon Emissions Intensity = FBU CO_2 Tonnes for every \$1m of revenue. ISO 14064-1; FY18 baseline has been adjusted to account for the divestment of Rocla and the acquisition of Tumu

Customer & People

Improved customer performance from better customer service, product quality & range; Employee engagement uplift

Customer: driving customer solutions & services

Net Promoter Score[1]



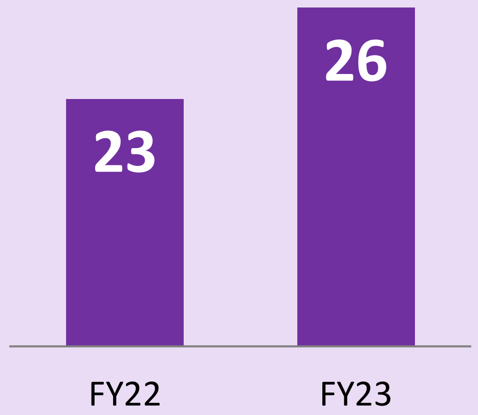
FY23 Online Sales

c.$0.9b

- Above average NPS of 40, on way to target of ≥55
- Strong progress through improved service offerings, product availability, DIFOT[2] & product innovation
- Focus on competitive benchmark NPS (customers & non-customers) will continue - there remains a large opportunity to differentiate
- Growing online presence & full suite of omni channel offerings across Group

Engagement: focus on continued improvement

Employee Engagement Rating



20%

women in leadership[3]

- Improvements made to parental leave & transition leave
- $6.8 million & 195,000+ hours invested in dedicated learning & development
- Targeting eNPS > 40 (global upper quartile)
- Pay parity 95.8%
- Women in leadership improved to 20% in FY23; plans in place to lift to 30% women in leadership by FY27

1. Net Promoter Score (NPS) measures how satisfied our customers are with our business (excludes the Group JV's and associates)
2. DIFOT = Delivered In Full On Time
3. Leadership includes all employees that are classified as frontline leaders, leaders of leaders, GMs & CEs

Divisional performance summary

EBIT[1] & margin improvements across most divisions, strong Resi in tough market

Division	EBIT[1]	EBIT[1] Margin
Building Products[2]	**$215m** FY22: $192m	**14.9%** FY22: 13.2%
Distribution	**$141m** FY22: $137m	**7.7%** FY22: 7.7%
Concrete[2]	**$156m** FY22: $146m	**14.4%** FY22: 14.1%
Australia	**$180m** FY22: $113m	**6.0%** FY22: 4.0%
Residential and Development	**$147m** FY22: $217m	**24.2%** FY22: 31.4%
Construction[3]	**$32m** FY22: $28m	**2.4%** FY22: 1.8%

FY23 trading highlights

- **Building Products, Distribution** and **Concrete** solid operational performance in softening resi market, but commercial & infrastructure robust; good recovery of inflation through price, digital sales higher
- **Australia** EBIT up 59%, significant EBIT margin uplift to 6.0% through higher margin category & customer focus incl digital strategy; 2H23 softening resi market
- **Residential & Development** EBIT good performance in softer housing market & lower Ind Devt EBIT; housing sales 617 units vs 670 units in FY22
- **Construction:** Good performance from BPC but Higgins lower; quality $2.5b order book plus additional $1.8b preferred. Three legacy roads opened in FY23

1. Before significant items
2. FY22 restated for Humes which was moved from Building Products to Concrete
3. Construction EBIT before significant items is prior to elimination of intra-group margin on the construction of WWB plant at Tauriko of $6m in FY23 and $14m in FY22

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Income Statement

EBIT[1] improvement from materials & distribution more than offsetting lower Resi & Devt earnings

Income statement NZ$m	Jun 2022 12 months	Jun 2023 12 months	Var
Revenue	8,498	8,469	0%
EBITDA	1,106	1,156	5%
EBIT before significant items	**756**	**798**	**6%**
Significant items	(54)	(301)	NM
EBIT	**702**	**497**	**(29%)**
Lease interest expense	(58)	(60)	3%
Funding costs	(46)	(94)	104%
Tax expense	(159)	(89)	NM
Non-controlling interests	(7)	(19)	NM
Net earnings	**432**	**235**	**(46%)**
Basic earnings per share before sig items (cents)	60.0	57.7	(4%)
Basic earnings per share (cents)	53.5	30.0	(44%)
Dividends per share (cents)	40.0	34.0	

FY23 income statement

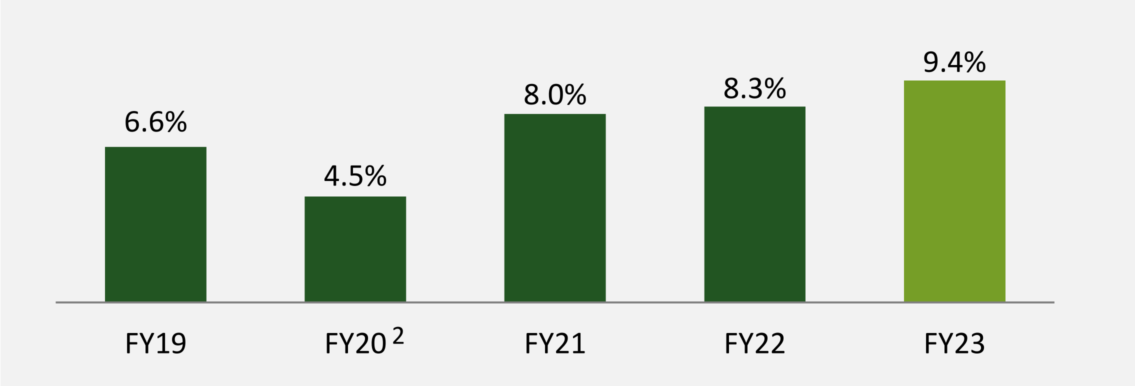
- EBIT[1] growth ahead of revenue reflects solid performance in a softer resi market & significant NZ weather events in H2
- Trading and business interruption losses from weather events included in EBIT before significant items. Property & equipment damage costs taken to significant items.
- Input cost inflation remained elevated, average 6-7% vs. FY22, mainly raw materials, freight, labour. Offset by good pricing, GM% up 170bps vs FY22 in the materials & distribution divisions
- Significant items: primarily from $255m increased costs to complete complex NZICC rebuild, also includes $16m fund related to the Iplex Australia Pro-fit pipes matter
- Funding costs $94m on higher borrowings & interest costs as flagged
- Tax expense lower due to impact of sig items

1. Before significant items

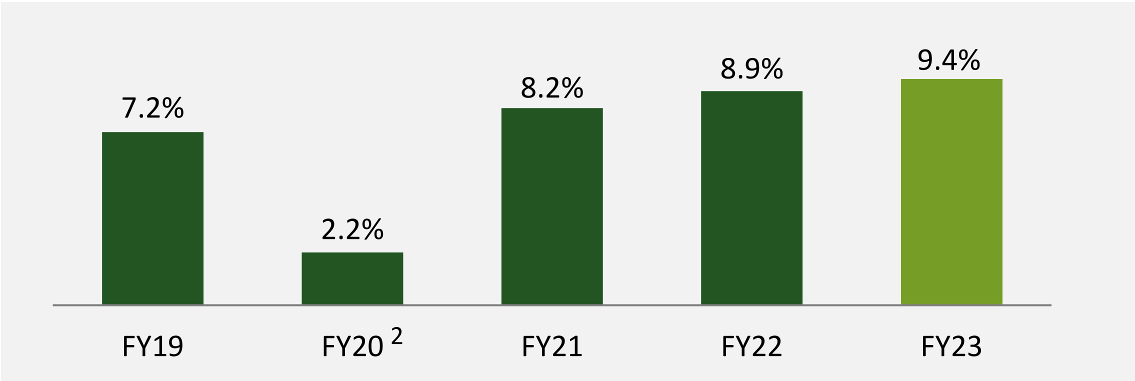
EBIT margin uplift despite softening market

Continued focus on operational performance delivering solid outcomes

EBIT[1] Margin: Materials & Distribution Divisions



EBIT[1] Margin: Group



FY23 EBIT[1] Margin

- **Materials & distribution divisions** sustained EBIT margin improvement since FY19. FY23 margin up 110bps vs FY22 to 9.4% through:
  - Effective pricing
  - Higher sales through digital (lower cost to serve)
  - Gaining share in higher margin segments
- Investments in improved customer service & solutions also evident in Net Promoter Score improvement
- **Resi & Devt** margin lower in FY23 as flagged on lower NZ house prices and higher build costs. Fletcher Residential margin (i.e. excl. Ind. Devt) of 20% in FY23 vs. 28% in FY22

1. Before significant items
2. FY20 includes significant impact of COVID-19

Cash flow

Solid trading cash flows particularly in materials & distribution divisions

Cash flow NZ$m	Jun 2022 12 months	Jun 2023 12 months
EBIT before significant items	756	798
Depreciation and amortisation	350	358
Lease principal payments and lease interest paid	(244)	(256)
Provisions and other	(11)	(58)
Trading cash flow before working capital movements	**851**	**842**
Working capital movements excl. legacy projects	(326)	(294)
Trading cash flow excluding legacy & significant items	**525**	**548**
Legacy projects cash flow	(35)	(31)
Significant items cash flow	(28)	(42)
Trading cash flow	**462**	**475**
Add: lease principal repayments	186	196
Less: cash tax paid	(13)	(191)
Less: funding costs paid	(43)	(92)
Cash flows from operating activities	**592**	**388**

FY23 cash flows

- **Materials & distribution divisions**: strong trading cash flows[1] of $720m vs $450m in FY22 with higher earnings & inventory reduction (resilience stock-build in FY22)
- **Resi & Devt**: trading cash outflow of $107m due to settlement of land contracted in prior periods, limited new purchases in FY23
- **Legacy projects** cash outflow driven by roading projects, NZICC cash neutral in FY23 from receipt of CWI[2] insurance proceeds
- Significant items cash outflows included $10m transition costs in WWB for the move to the new Tauriko plant
- Cash tax payments recommenced in NZ at end FY22 so increased from $13m paid in FY22 to $191m paid in FY23, as flagged

1. Before significant items
2. CWI = Contracts Works Insurance

Working Capital

Land & housing stocks rebuild in Resi & Devt, inventories balanced, customer collections tightly controlled

Cash flow working capital movements NZ$m	Jun 2023 12 months
Materials and Distribution Divisions	
• Debtors	34
• Inventories	21
• Creditors	(96)
Materials and Distribution Divisions	(41)
Residential and Development	(240)
Construction excluding legacy projects	(13)
Cash flow working capital movements excl. legacy	**(294)**

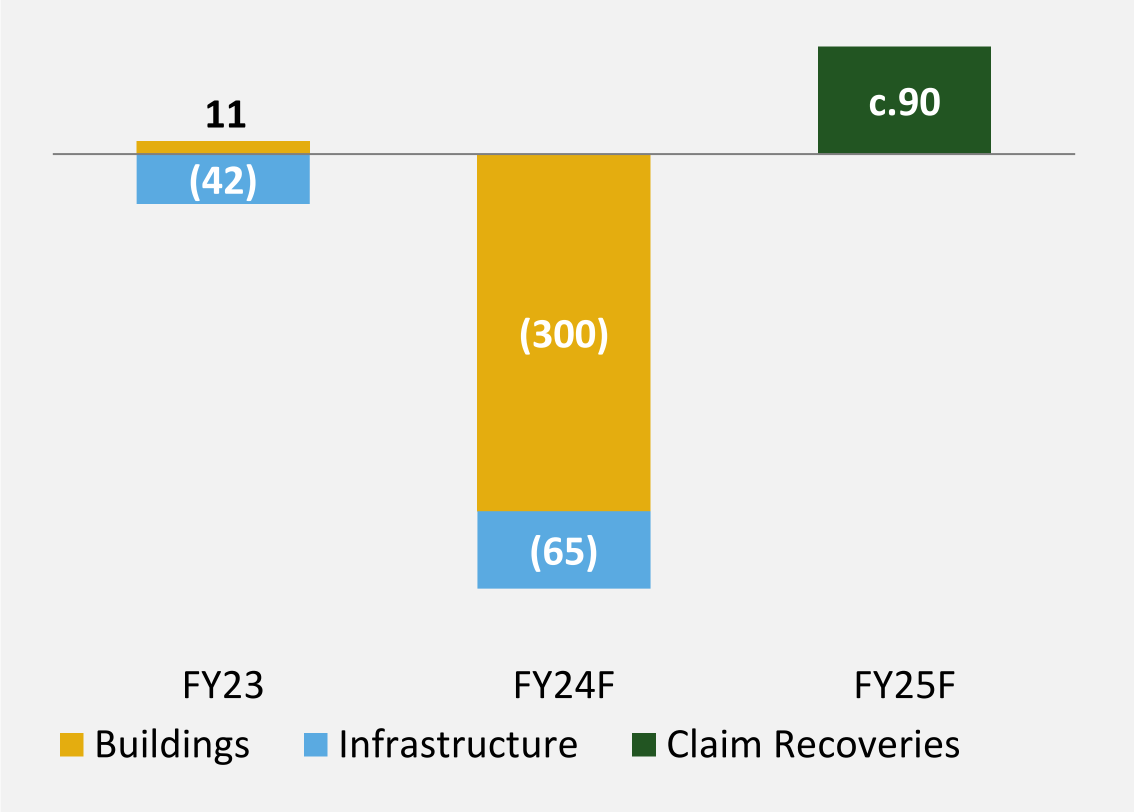
FY23 working capital

- **Materials & distribution divisions:**
  - Debtors well-controlled in softening market, debtor days increased by <1 day vs. FY22
  - Inventory reduction following resilience stock build in FY21-22
  - Creditor balances were elevated through FY22 on resilience stock purchases; balances now returning to more normal levels; no change in underlying supplier credit terms
- **Resi & Devt** rebuild of land stocks (c.$235m) from prior land commitments, housing inventories well-controlled. Market valuation of land at Jun-23 c.$330m higher than book value
- **Construction** good cash generation in BPC offset by unwind of advance payments in Higgins

Construction legacy projects

Material cash outflow in FY24 on NZICC & P2W will also impact cash tax payments

Actual & Forecast FCC Legacy Project Cash Flows ($m)



- **Buildings**: NZICC cash outflows $105m higher (impact of $70m in FY24, $35m in FY25) in line with additional provision announced on 8 Aug 2023. Third Party Liability recoveries will be pursued, but these are now excluded from the cash flow forecast. Contracts Works Insurance revenue to go of c.$100m & BAU revenue of $50m included in forecast
- **Infrastructure**: outflows relate mainly to completion of Pūhoi to Warkworth (P2W) ahead of assumed claims settlement no earlier than FY25. Final FY23 cash flows on P2W were c.$20m favourable to prior forecast, offset by c.$20m higher outflow in FY24 (i.e. timing difference)
- **FY24 phasing**: legacy cash outflows in FY24 are H1 weighted due to timing of NZICC fire reinstatement and remaining P2W works. Expect c$275m outflow in H1
- **Cash tax impact**: all legacy cash flows shown here are pre-tax. The Group expects these outflows to materially reduce its FY24 cash tax payments, which are likely to be in a range of $30m to $50m

Iplex AU Pro-fit Pipes

Update on product quality complaints received in Western Australia

- Iplex Australia (Iplex AU) has received product quality complaints relating to a hot- and cold-water polybutylene pipe, Pro-fit, that it previously manufactured and sold. The Pro-fit product was sold only in Australia. Iplex AU ceased the sale of Pro-fit in mid-2022

- Currently c.1,500 of the c.15,000 houses built in Western Australia (WA) using Pro-fit in the period mid-2017 to mid-2022 have experienced leaks. The product was installed into an equivalent number of homes outside WA, but no abnormal leak patterns have been recorded in those other States

- In April 2023, we announced a provision for this matter of A$15 million to cover expected costs through FY23-FY24 of repairs and replacement work. We did this to support our customers and homeowners on a "no faults" basis. To date, c.200 home repairs have been supported through our fund

- The WA building regulator (DMIRS) has informed Iplex AU that it has identified concerns regarding the Pro-fit manufacturing process; the results of DMIRS' investigations and the basis for its statements have not been provided to Iplex AU. On 10 August 2023 DMIRS advised that it had referred the matter to the ACCC, which is expected to undertake its own investigation

- Iplex AU has been doing its own extensive testing and quality assurance reviews, considering a range of factors which may be relevant to determining root cause. At this time, the work that Iplex AU has undertaken or commissioned does not identify a manufacturing defect

- The extent to which Iplex AU is ultimately held to have any responsibility and the impact that may have on the Group is not able to be established at this time. This could be a material impact and will depend on resolution of several matters, including: determination of root cause(s) and allocation of responsibility; type and scale of remediation required; any losses suffered by third parties; if and how any relevant insurance policies respond; and time frames over which payments may be required. Iplex AU will continue to work with relevant stakeholders on an appropriate path forward

Capex

Base capex well-controlled, above base investments underway to deliver growth opportunities

Capex and Investments NZ$m	Jun 2022 12 months	Jun 2023 12 months
Base capex	213	230
Above Base: WWB new plant	156	90
Above Base: growth capex & investments	35	308
Less: Proceeds on disposal of PPE	*(7)*	*(6)*
Net Capex	**397**	**622**
Other Capex: Vivid Living	-	19
Total Capex and Investments	**397**	**641**

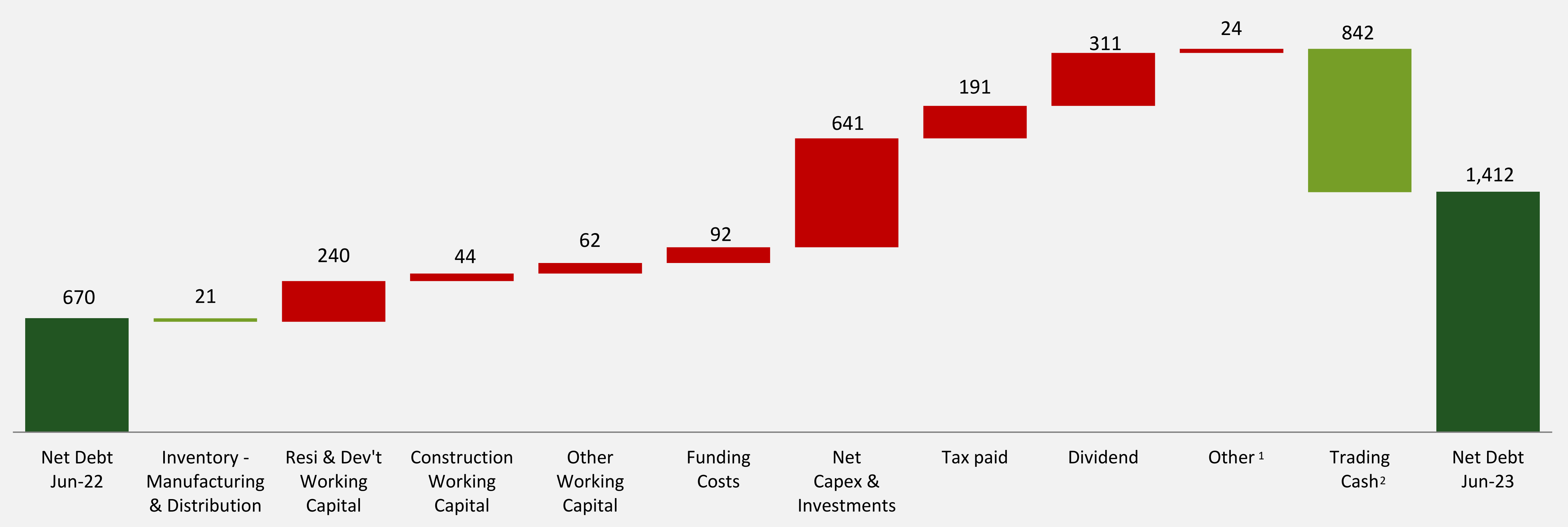
Investment focus

- **Base capex** includes maintenance spend, manufacturing automation improvements, ERP improvements, data & analytics and customer-facing eCommerce tools; and focus on cost & carbon emissions reduction; well-controlled at c.$200-$250m p.a.
- **'Above Base' capex and investments – FY23**
  - WWB plant – project on time & budget, now commissioning
  - Growth – FY23 investments progressed on Laminex Taupo wood panels plant, Comfortech, new Frame & Truss site, plus Tumu, Waipapa and circular economy
- **'Above Base' capex and investments – looking ahead to FY24**
  - c.$250m growth capex
  - c.$30m for final phase of WWB plant

Net debt

Investment initiatives underway, returns to shareholders and tax payments prominent features of FY23

Net Debt: Jun 22 to Jun 23 (NZ$m)

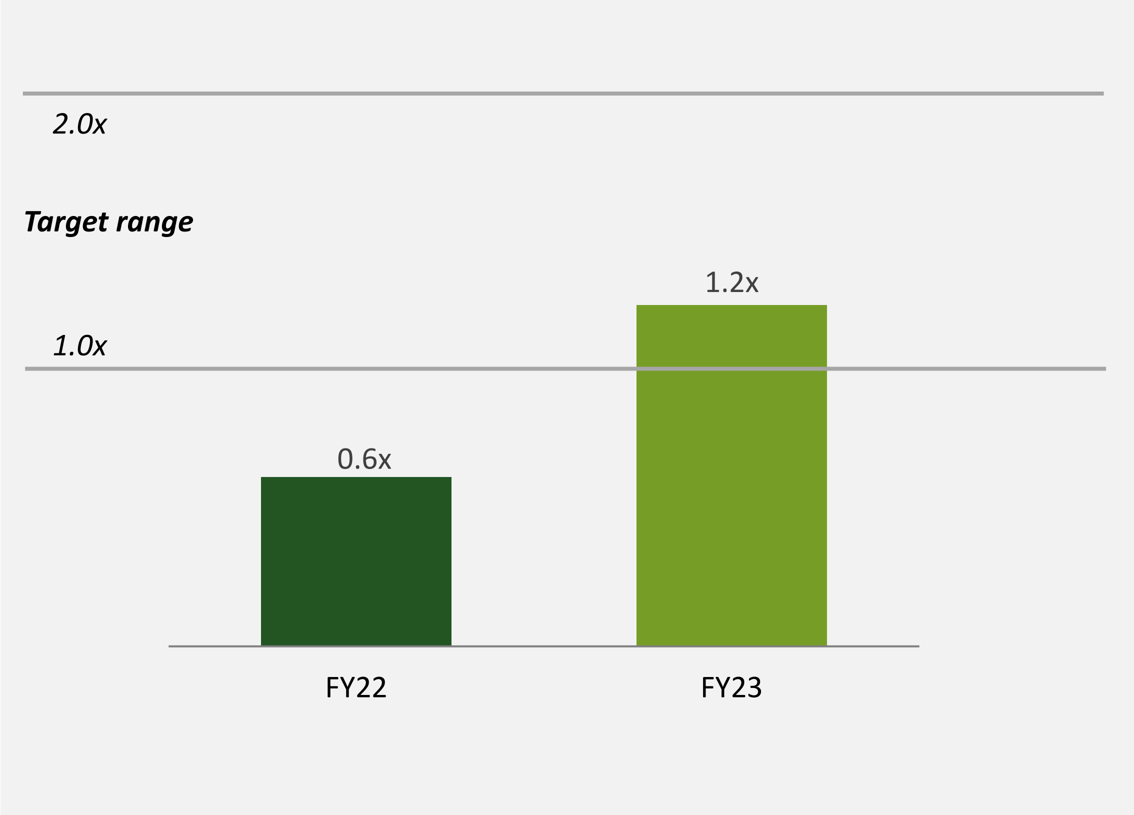


1. Other includes: Significant items trading cash $42m, Treasury shares $13m, FX/Hedging adjustment $(7m) & Net minority contribution $(24m)
2. Trading cash flow before working capital movements

Leverage

Increased to lower end of target range as flagged, balance sheet continues to be in a strong position

Leverage (Net Debt / EBITDA[1])



Leverage and Balance Sheet

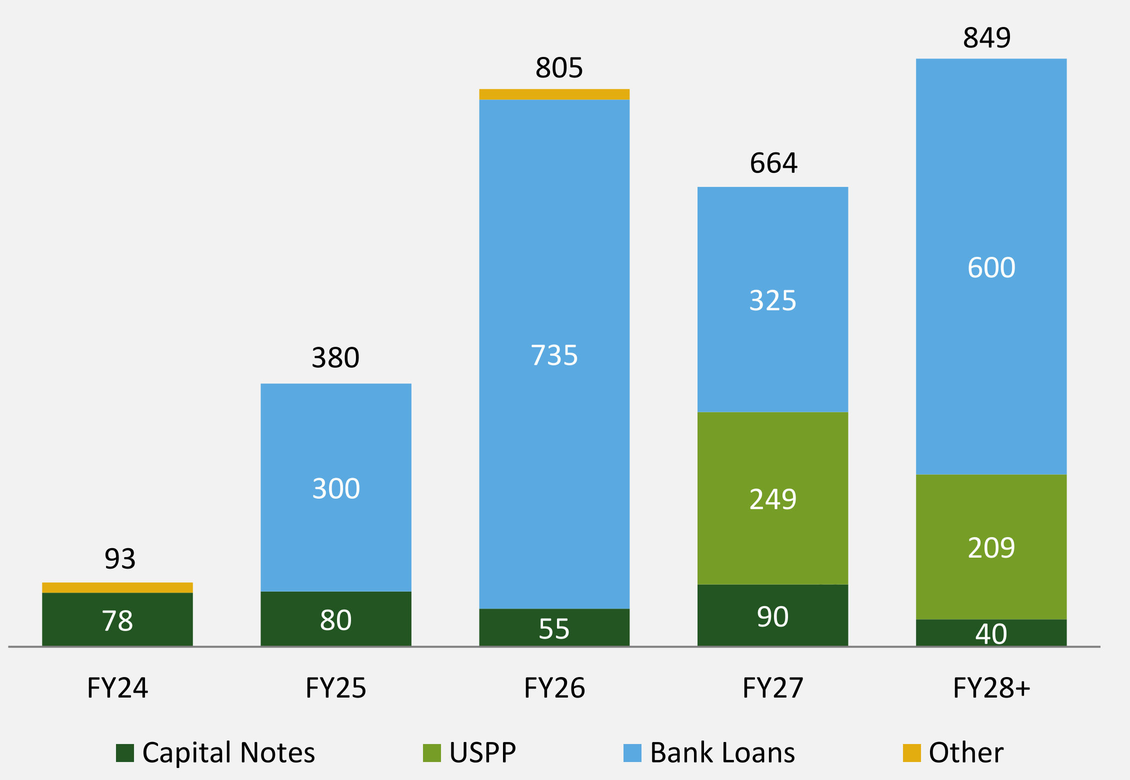
- Group leverage higher at FY23 due to growth investments and Resi & Devt – as flagged
- Strong balance sheet supports ongoing ‘Above Base’ growth projects
- Expect investments in growth initiatives & FCC legacy cash outflows to lift the leverage ratio through FY24 but continue to remain within the Group’s target 1.0x-2.0x range

1. Before significant items

Funding

Group is well-funded and has strong liquidity of $1.4b

Debt maturity profile ($m)



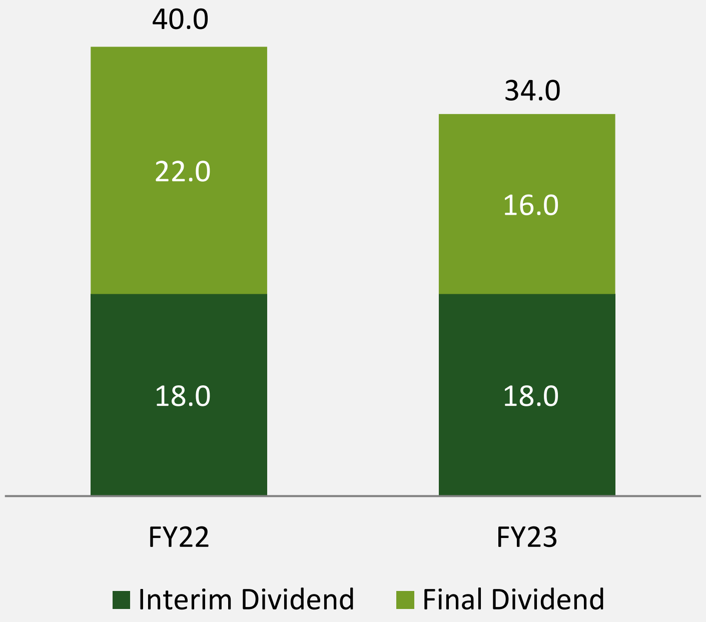
Debt facilities and drawings NZ$m	Facilities 30 Jun 23	Drawings 30 Jun 23
Bank Loans	1,960	946
USPP	458	458
Capital Notes	343	343
Other	30	30
Total	**2,791**	**1,777**

- Undrawn credit lines of $1,014m and cash on hand of $365m as at 30 Jun 23; total liquidity of $1.4b
- Bank facility of NZD$300m established in Jun 23 strengthening liquidity position
- Group gearing (after hedging) 27.8% at 30 Jun 23, compared with 28.3% at 31 Dec 22
- Average maturity 3.1 years; average interest rate on debt is 5.7%
- FY24F funding costs expected to be c.$140-150m

Dividend

Final dividend of 16.0 cents per share

Dividend (cps)



FY23 dividend

- FY23 full-year dividend of 34 cps is a 59% pay-out ratio[1]
- Reflects a solid FY23 earnings result, while also having regard to the expected cash-flow impact of the FCC legacy projects
- FY23 final dividend fully imputed for NZ taxation purposes
- Dividend reinvestment plan will not be active for this dividend
- Final dividend to be paid on 5 October 2023[2]
- The Company continues to target a sustainable dividend pay-out in the range of 50% to 75% of net earnings before significant items and having regard to available cash flows
- Due to lower cash tax payments in FY24, the Company does not expect to be in a position to impute the interim FY24 dividend

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.
2. Dividend Reinvestment Plan will not be operative for this dividend

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Outlook

Well positioned for cycle, disciplines & culture driving performance, with clear pathway for growth

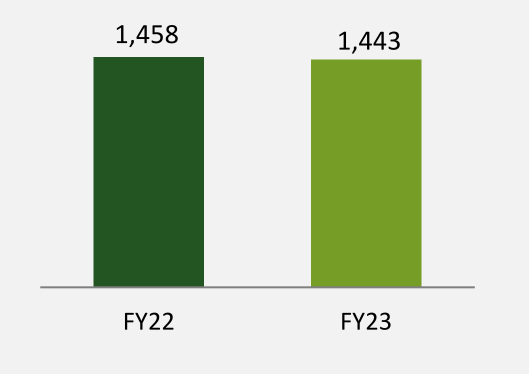
- Solid FY23 delivered in softer trading conditions
- Construction legacy nearing completion, some risk to manage
- FY24:
  - Materials & Distribution focus on preserving operational gains as market reverts to mid-cycle levels, volumes c.8% below FY23
  - NZ resi market shows signs of stabilising, average YoY margins in Resi likely to contract in FY24, maintain control of funds invested
  - Construction go-forward business focused on strong operational disciplines and building on the high-quality order book
- Medium-term outlook remains positive, all sectors supported by macro tailwinds
  - Strategic focus shifting from cost / efficiency to top-line growth, especially investment in adjacencies, improved customer service & solutions and people focus
  - Balance sheet in good shape to support $800m+ committed growth investment
  - Pipeline of further growth opportunities available once we have certainty of cycle

Appendix

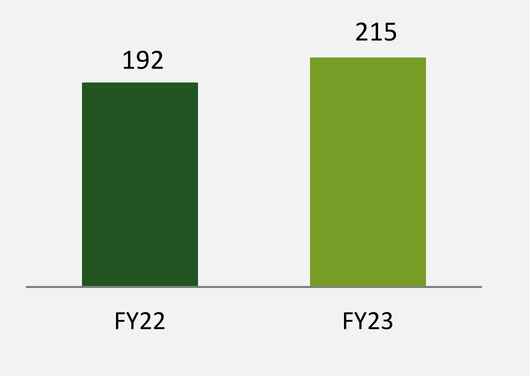
Building Products

FY23 results: delivery of new products, continued capex investment & margin performance improvement

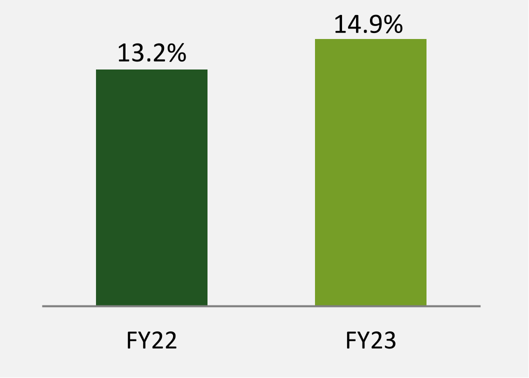
Gross Revenue ($m)



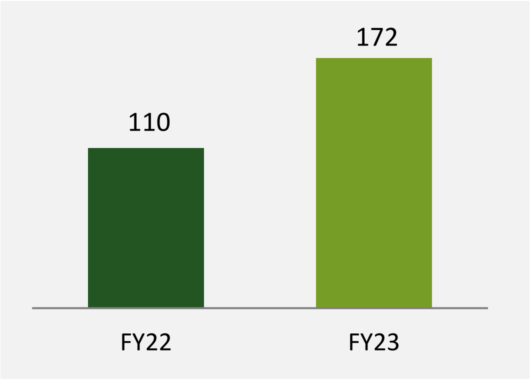
EBIT ($m)[1]



EBIT Margin (%)[1]



Trading cash flow ($m)



FY23 trading performance

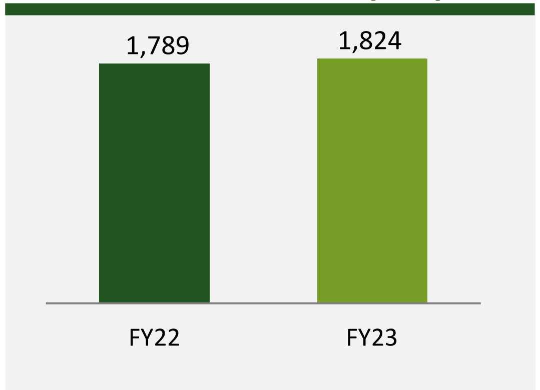
- Revenue down 1%: softening 2H23 resi market & persistent wet weather; focus on customer offerings and effective price disciplines
- EBIT up 12% with EBIT margin up 170bps to 14.9%: strong price and cost focus given sustained inflationary pressure on input costs, esp gypsum, paper, resin and freight partly offset by lower utility costs
- New products include Superbatts® glasswool insulation range for new H1 Building Code reg. change, new PVC-O technology and Restrain manufacturing in plastic pipes, Laminates new wood veneer emulation product and PCC switched to lower carbon infra-red ovens
- Strong trading cash flows as stock levels normalised

1. Before significant items

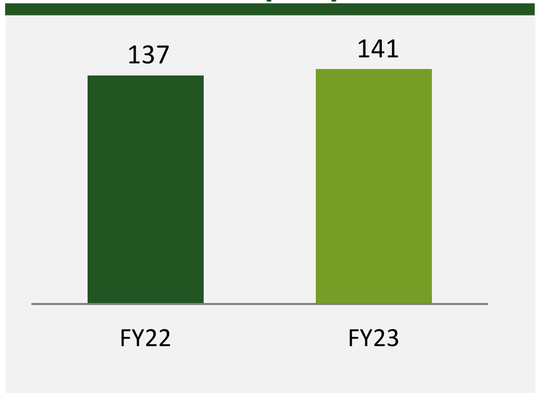
Distribution

FY23 results: return to more normal trading conditions

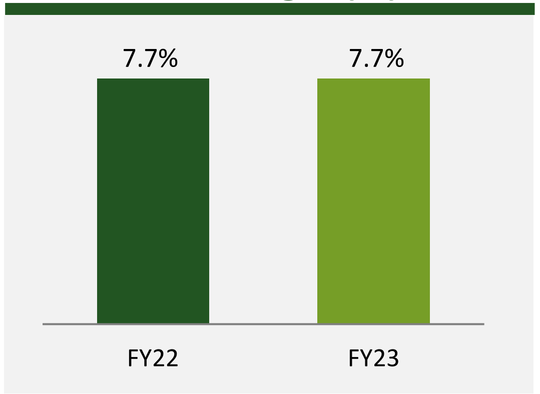
Gross Revenue ($m)



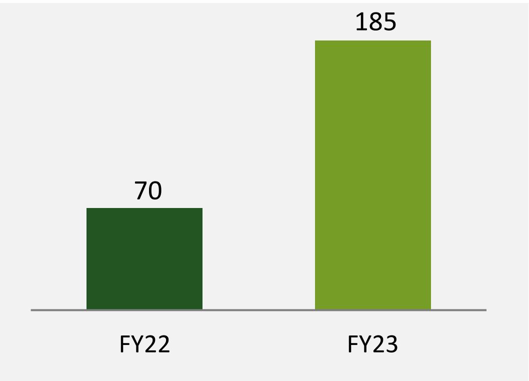
EBIT ($m)[1]



EBIT Margin (%)[1]



Trading cash flow ($m)



FY23 trading performance

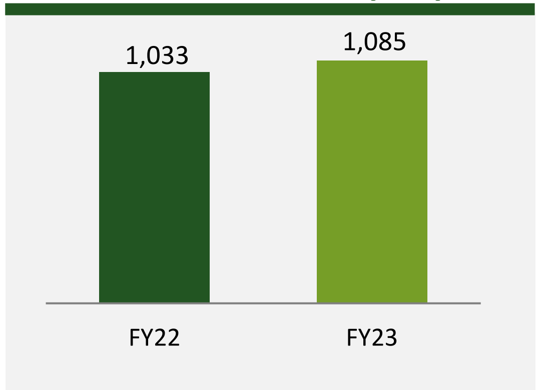
- Revenue up 2%: improved pricing & sales disciplines, customer centricity focus with sales capability enhanced and rollout of Sales & Service Transformation in PlaceMakers®
- EBIT up 3% with stable EBIT margin of 7.7%: ongoing operational efficiency focus, incl. Regional Hub expansion programme offset labour, property & supply chain inflation impacts
- Tumu® stores and frame & truss facility included from Sep-22 ($9m EBIT); new PlaceMakers stores in Dunedin & Winton, new Mico branches in Mangawhai & Kaitāia; Mico®'s new Trade Portal & Customer App launched
- Trading cash flow strong: effective working capital management, reduced inventory levels from improvements in supply chain reliability & optimisation of inventory levels; customer cash collection tightly controlled

1. Before significant items

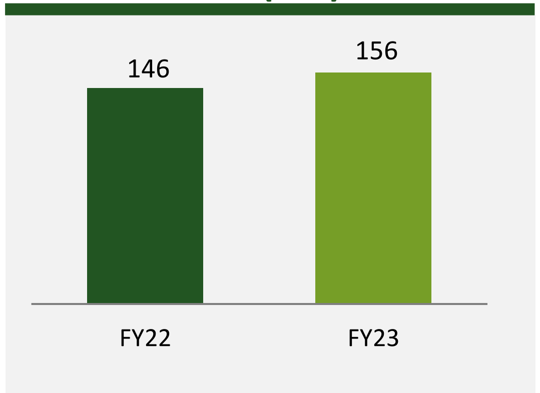
Concrete

FY23 results: strong performance despite softening resi market, inflation & weather events

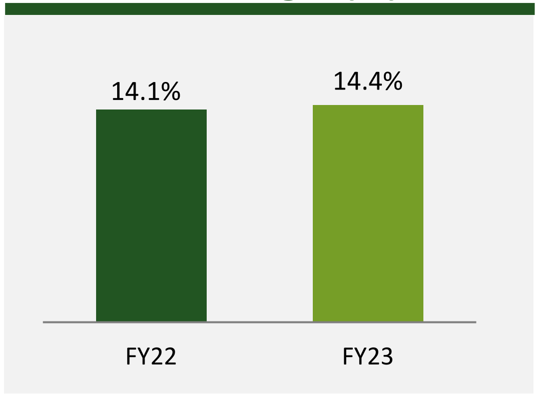
Gross Revenue ($m)



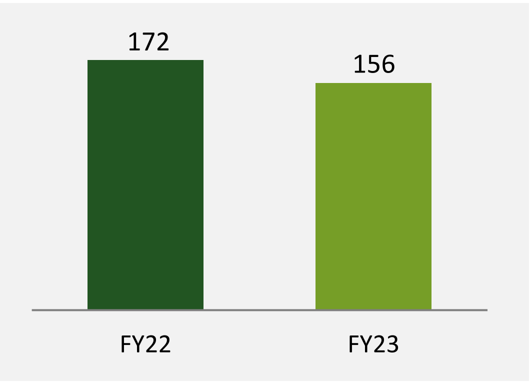
EBIT ($m)[1]



EBIT Margin (%)[1]



Trading cash flow ($m)



FY23 trading performance

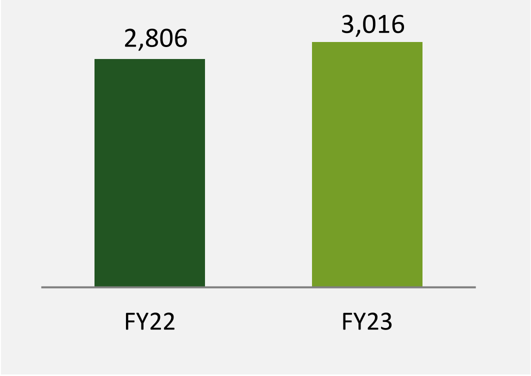
- Revenue up 5%: commercial & infra. market supportive but softening resi market & wet weather
- EBIT up 7% and EBIT margin of 14.4%: continued price discipline as input cost (coal, diesel & freight) inflation remained elevated
- Continued focus on market leading solutions: eg Firth® HotEdge®; circular economy focus (recycled & reused >100k tonnes of waste across alternative fuels & raw materials, clinker substitution, and demolition waste recycling); and new Golden Bay® customer portal (real-time, on-demand access to manage orders, delivery & fulfilment)
- Urban Quarry® acquisition completed in April 2023
- Trading cash flow strong but lower than FY22 (key raw material purchase phasing); working capital tightly managed

1. Before significant items

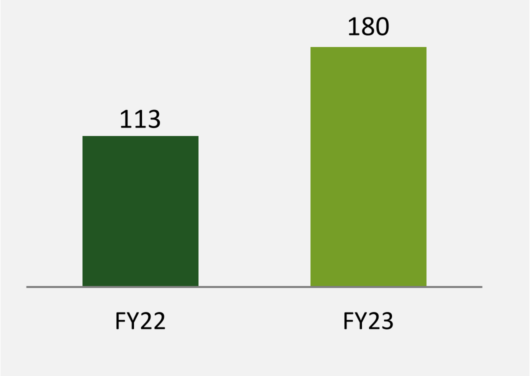
Australia

FY23 results: higher margin category & customer focus through enhanced product offerings & digital

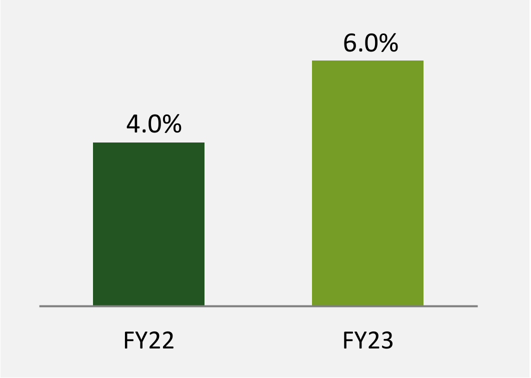
Gross Revenue ($m)



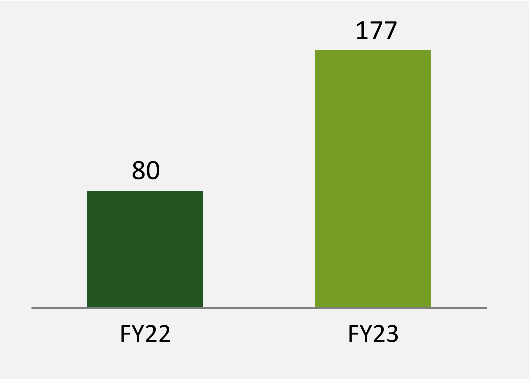
EBIT ($m)[1]



EBIT Margin (%)[1]



Trading cash flow ($m)



FY23 trading performance

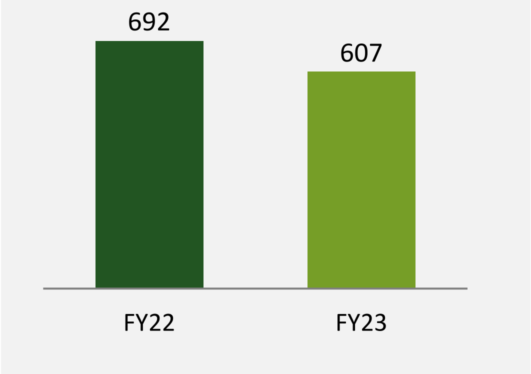
- Revenue up 7%: supportive civil market, but softening 2H23 resi. & A&A sector; strong pricing discipline, core product range & new product offerings and digital enhancements
- EBIT up 59%, margin improved to 6.0%: significant 1H23 input (steel, resin, freight & labour) cost inflation eased in 2H23
- Focus on customer solutions & margin-accretive segments:
  - digital sales now 15% of total divisional revenue;
  - new products e.g. Laminex® Surround & Fletcher Insulation® Firmasoft®;
  - focus on improving DIFOTIS; and
  - share growth in higher margin segments – e.g. Stramit sheds and doors, Laminex® decorative, and the bathroom category for Oliveri®
- Trading cash flows reflected inventory investment unwind & tight debtor controls

1. Before significant items

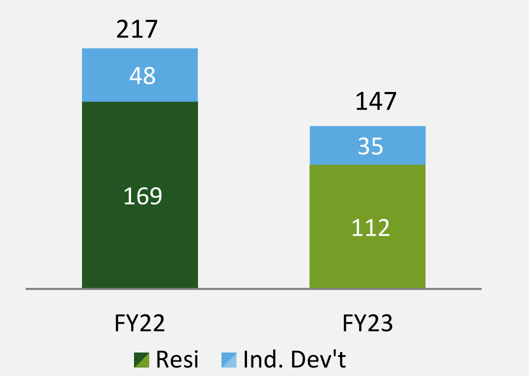
Residential and Development

FY23 results: lower house sales but solid result in challenging market

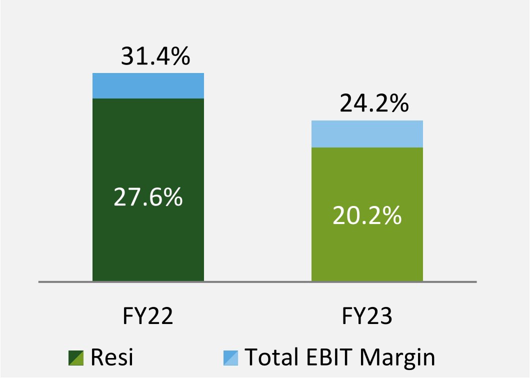
Gross Revenue ($m)



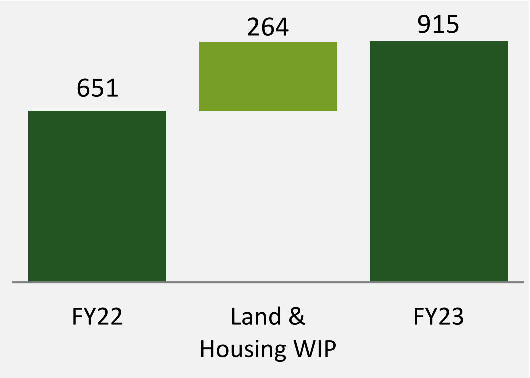
EBIT ($m)[1]



EBIT Margin (%)[1]



Funds employed ($m)[2]



FY23 trading performance

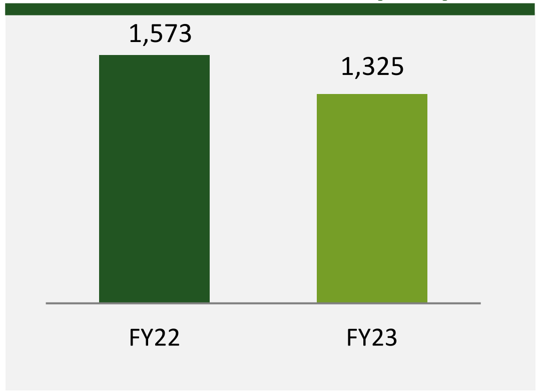
- Revenue down 12% with lower sales, prices and Industrial Development. In Residential: 617 unit sales (vs. 670 in FY22), solid performance in challenging housing market from increased interest rates but product in deepest part of market
- Residential EBIT $112m; margins lower on increase in build cost however still above target 15%-20% range
- Industrial Development EBIT $35m: large Auckland site sale vs 2 significant Australia site sales in FY22
- Funds employed increase reflects settlement of $235m land from prior commitments, housing WIP well-controlled
- Land pipeline c.4,800 lots (c.3,100 residential lots & two rural properties on balance sheet, c.1,400 units under unconditional contracts & c.300 units under conditional contracts)

1. Before significant items
2. FY23 $915m funds balance: $601m housing land (at cost), $300m housing WIP, $76m industrial development land, $(62m) other

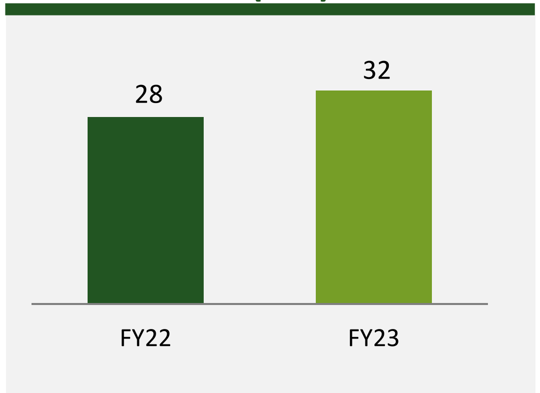
Construction

FY23 results: three roads opened, good BPC but weather impacts, esp in Higgins

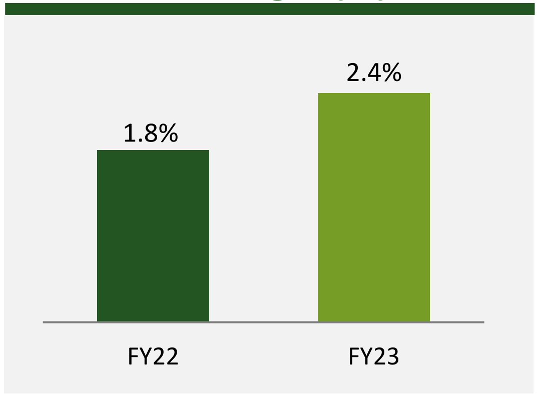
Gross Revenue[1] ($m)



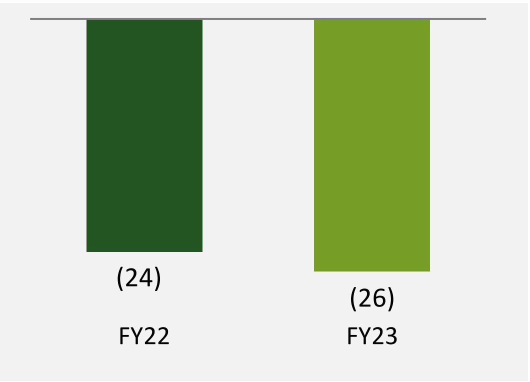
EBIT ($m)[1,2]



EBIT Margin (%)[1,2]



Trading cash flow[1] ($m)



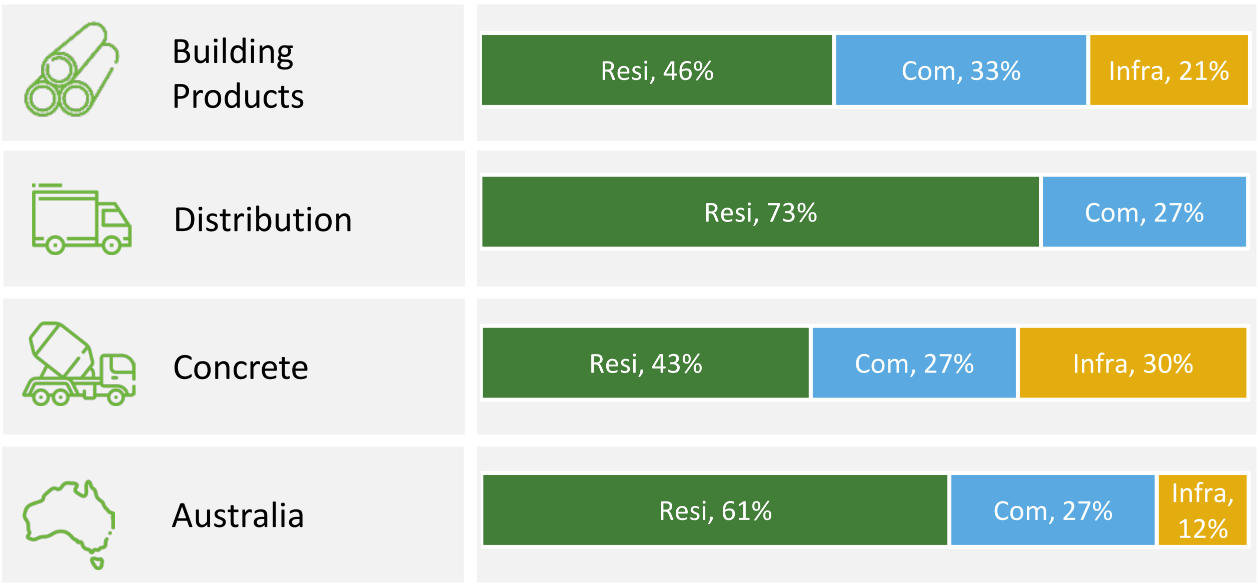
FY23 trading performance

- Revenue down 16%: reduced volume of work on legacy roading & vertical build
- EBIT $32m: BPC performed well; while Higgins lower due to weather events, low margin on maintenance work & execution on small projects
- Legacy projects ($0.3b revenue to go):
  - Hamilton City Edge, Peka Peka to Ōtaki and Pūhoi to Warkworth roads opened
  - $255m cost provision for additional costs on NZICC; work continues with completion forecast for late 2024
- Division trading cash outflow of $26m: legacy projects $31m outflow, partly offset by $5m inflows on non-legacy
- $2.5b orderbook & additional $1.8b preferred status, lower risk infrastructure alliance projects & framework agreements

1. Before elimination of the construction of WWB plant at Tauriko; intra-group EBIT was $14m in FY22 and $6m in FY23
2. Before significant items

Divisional revenue exposure and FB revenue by market

Divisional Revenue Exposure by Sector



Total FB Revenue by Market (%)