

FOCUS

Fletcher Building Strategy Presentation

ROSS TAYLOR
— Chief Executive Officer

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— Chief Financial Officer

21 June 2018

Fletcher Building
Strategy Presentation 2018



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Agenda

1. Group Strategy:

Context and Case for Change

Portfolio Choices

Strategy and Five Year Plan

Operating Model

Innovation

2. Divisional Strategies:

- | | |
|-----------------------|-------------------------------------|
| New Zealand: | A. Building Products |
| | B. Distribution |
| | C. Steel |
| | D. Concrete |
| | E. Residential + Development |
| | F. Construction |
| Australia: | G. Australia |
| Rest of World: | H. Formica |

3. Group Financials

Outlook

Capital Structure

Governance

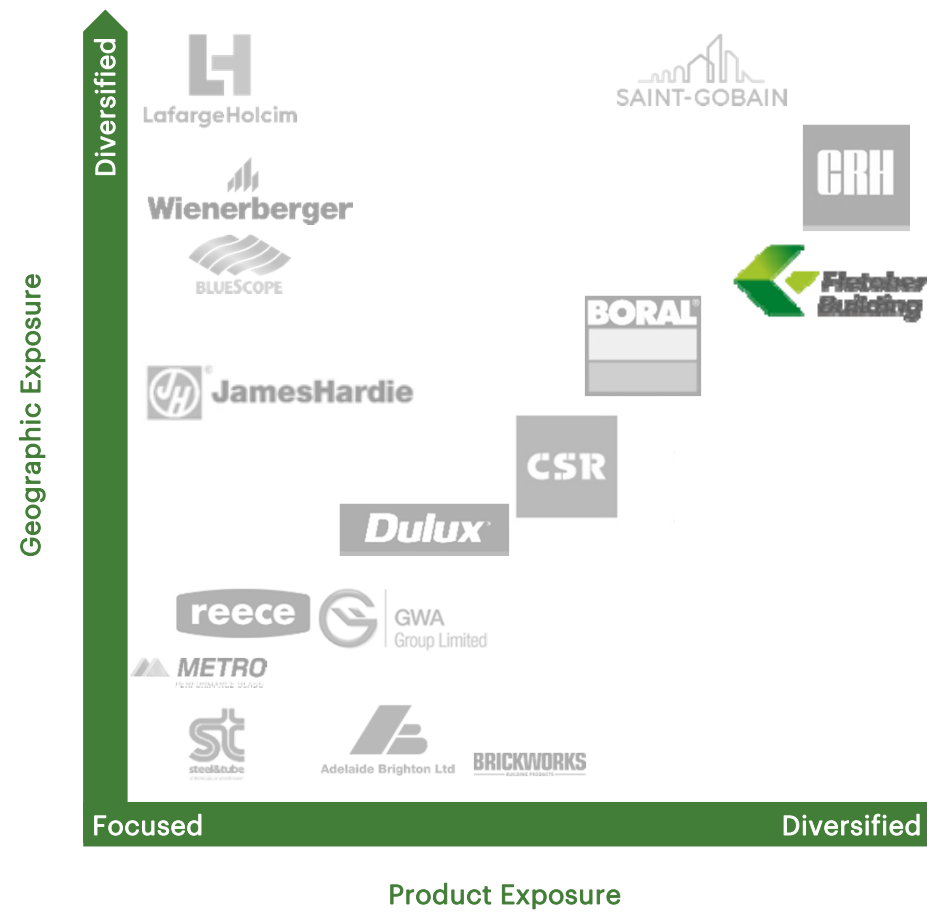
4. Trading Update

5. Concluding Remarks and Q+A

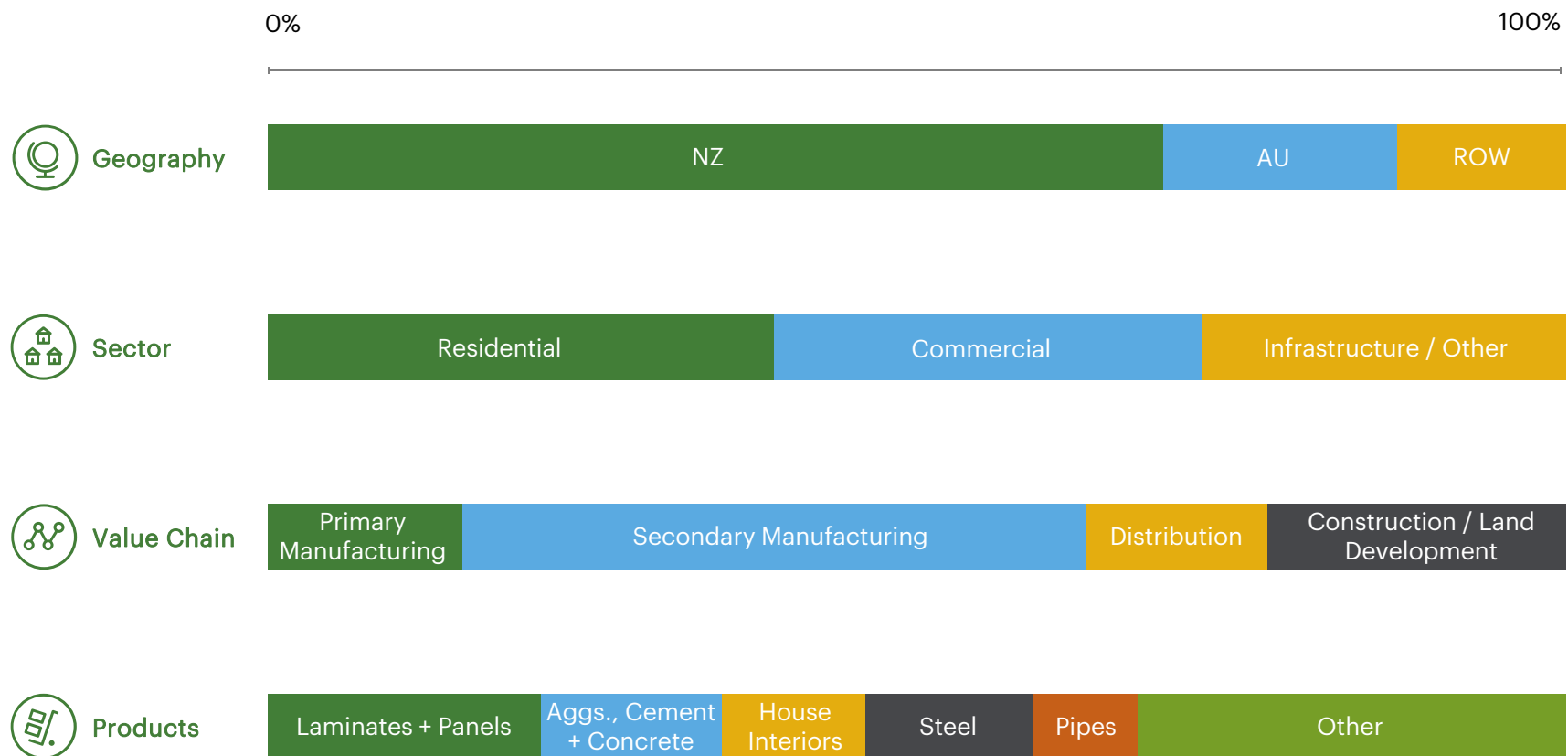
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FBU is one of the most diversified building materials companies in the world...

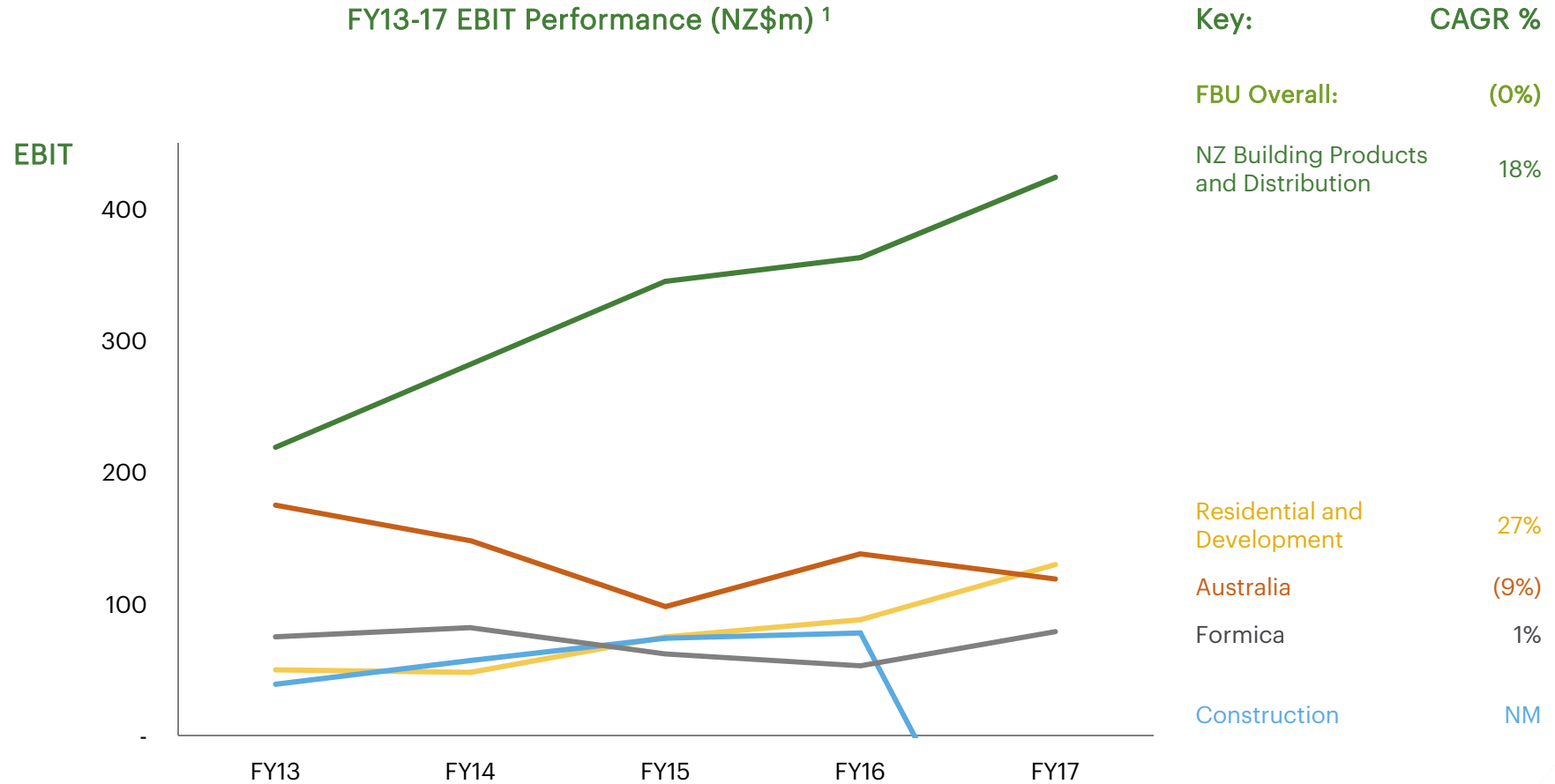


...with operations spanning multiple geographies, sectors, value chains and product lines

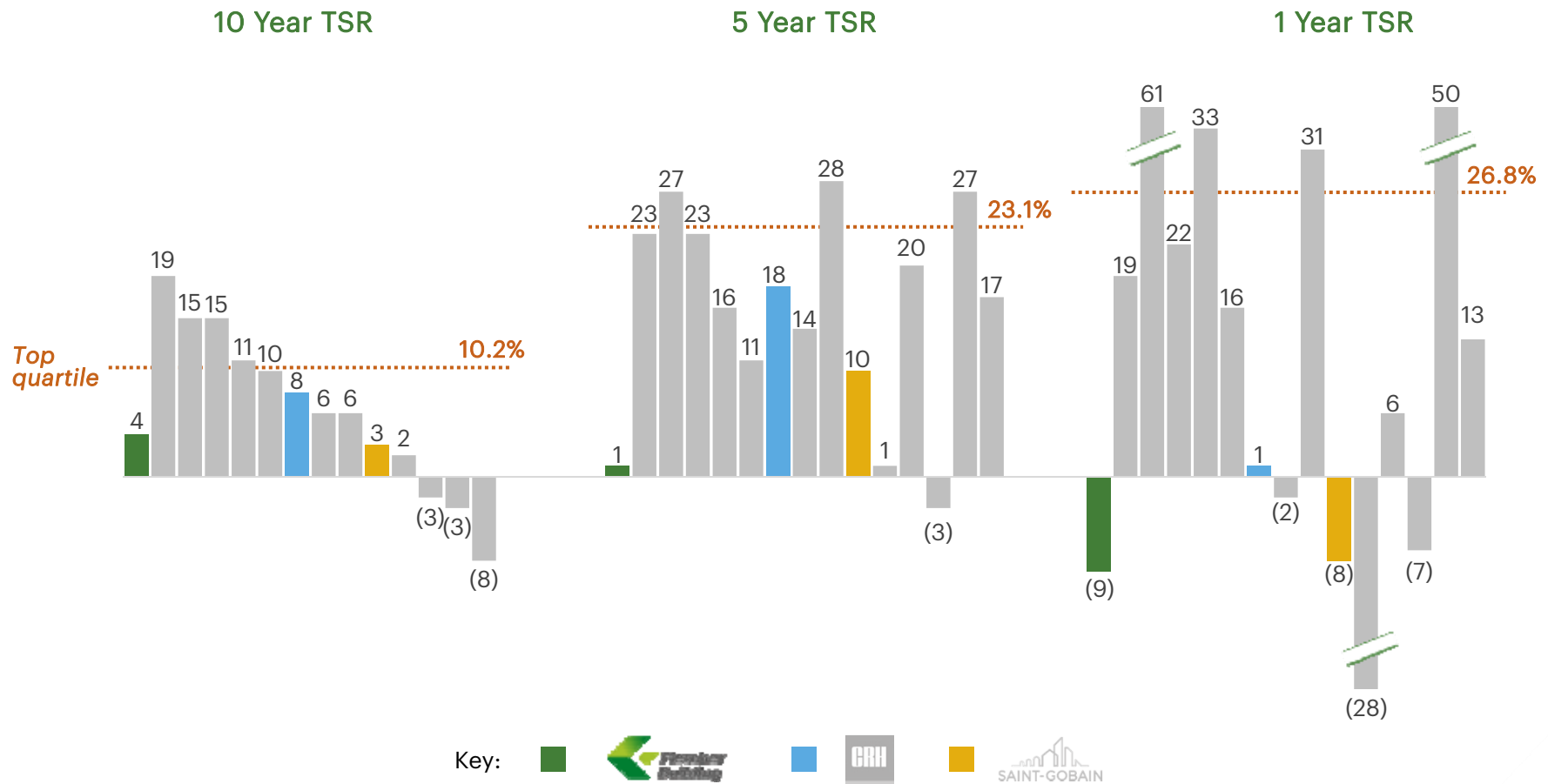


We've seen strong performance in NZ offset by recent losses in Construction, made limited headway with Formica, and failed to turn around Australia

FY13-17 EBIT Performance (NZ\$m) ¹



This has led to underperformance vs. key peers, which is a similar theme to other highly diversified businesses ¹

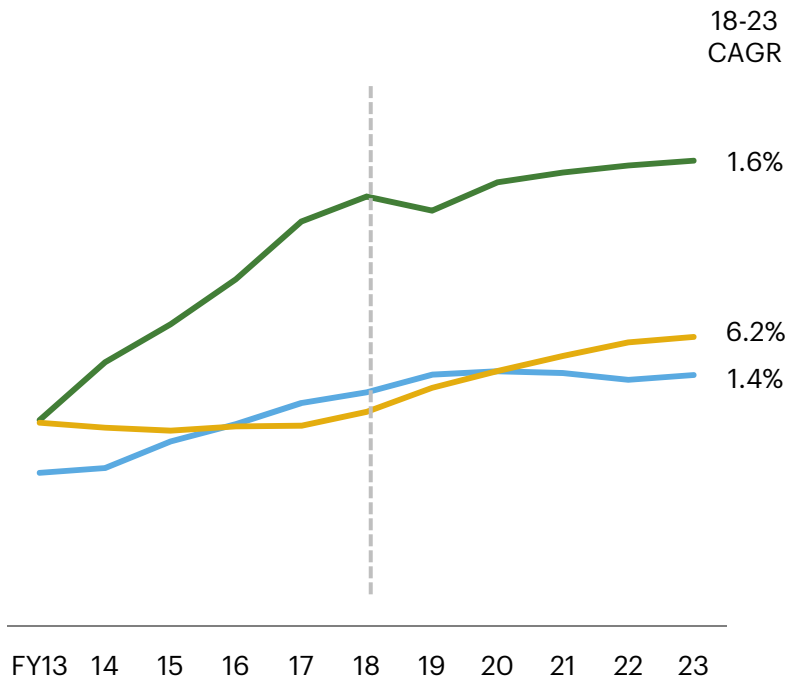


¹ Companies ordered left to right are as follows: FBU, JHX, REH, ABC, GWA, BKW, CRH, BLD, CSR, SGO, STU, WIE, LHX, BSL, DLX. TSR performance up to close on 23 May 2018. Source: Bloomberg

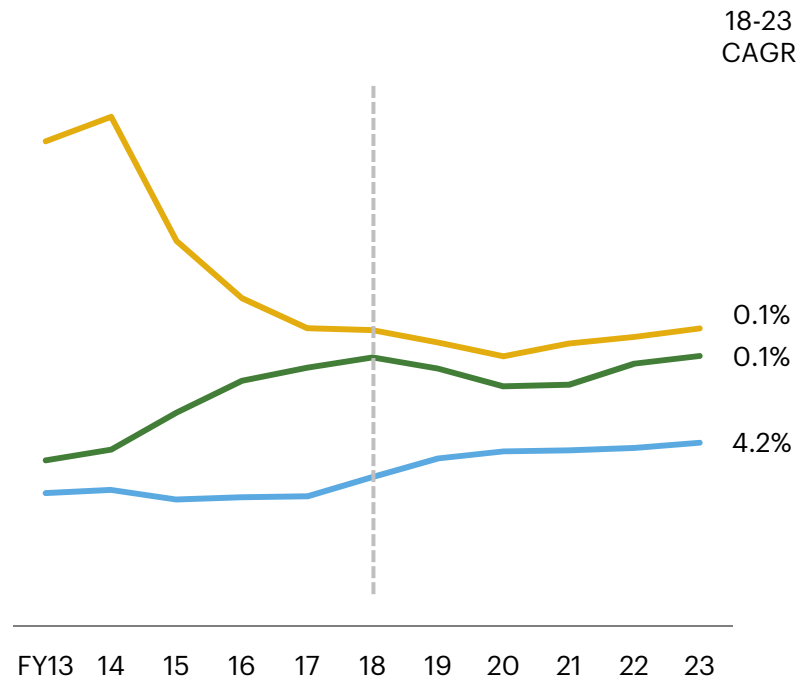


While we don't expect the same level of historical market growth, we forecast it to hold at present levels for the medium term

NZ Historical and Forecast Market Outlook (NZ\$b)



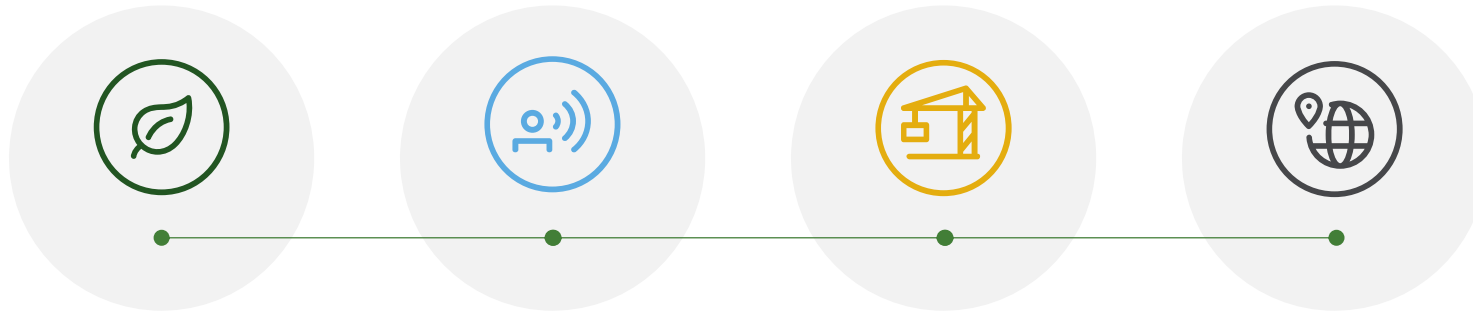
AU Historical and Forecast Market Outlook (NZ\$b)



Key: — Residential — Non-Residential — Infrastructure / Other



Any portfolio decisions need to position us to take advantage of key macro trends



Product innovation

- Green and efficient buildings: regulation and changing consumer preferences drive innovation in energy efficiency
- Moving into an era of advanced functional materials and more resilient systems

Service and channel innovation

- Personalised service expectations are growing. Customers interact with a brand (not a channel) and expect the same experience no matter what channel
- Incumbents and new low cost entrants offering digital services and online purchasing to end consumers

Labour productivity

- Pre-assembled structures reduce the need for onsite labour and speed up construction times
- Value shift in favour of larger manufacturing entities able to invest in offsite production facilities

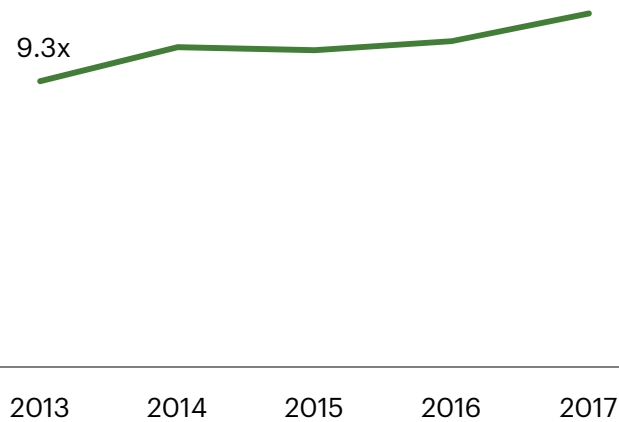
Global supply chains

- Low cost country (LCC) sourcing for inputs continue to present large cost reduction opportunities
- Globalisation of competition from LCC producers and Western players threaten share and margin erosion

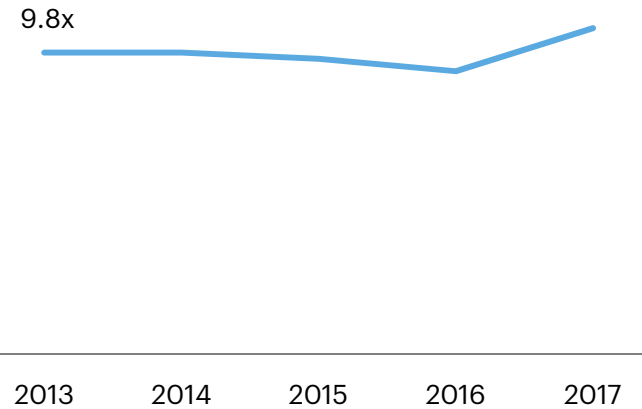


With elevated sales multiples, if we're going to simplify the portfolio, now is the time

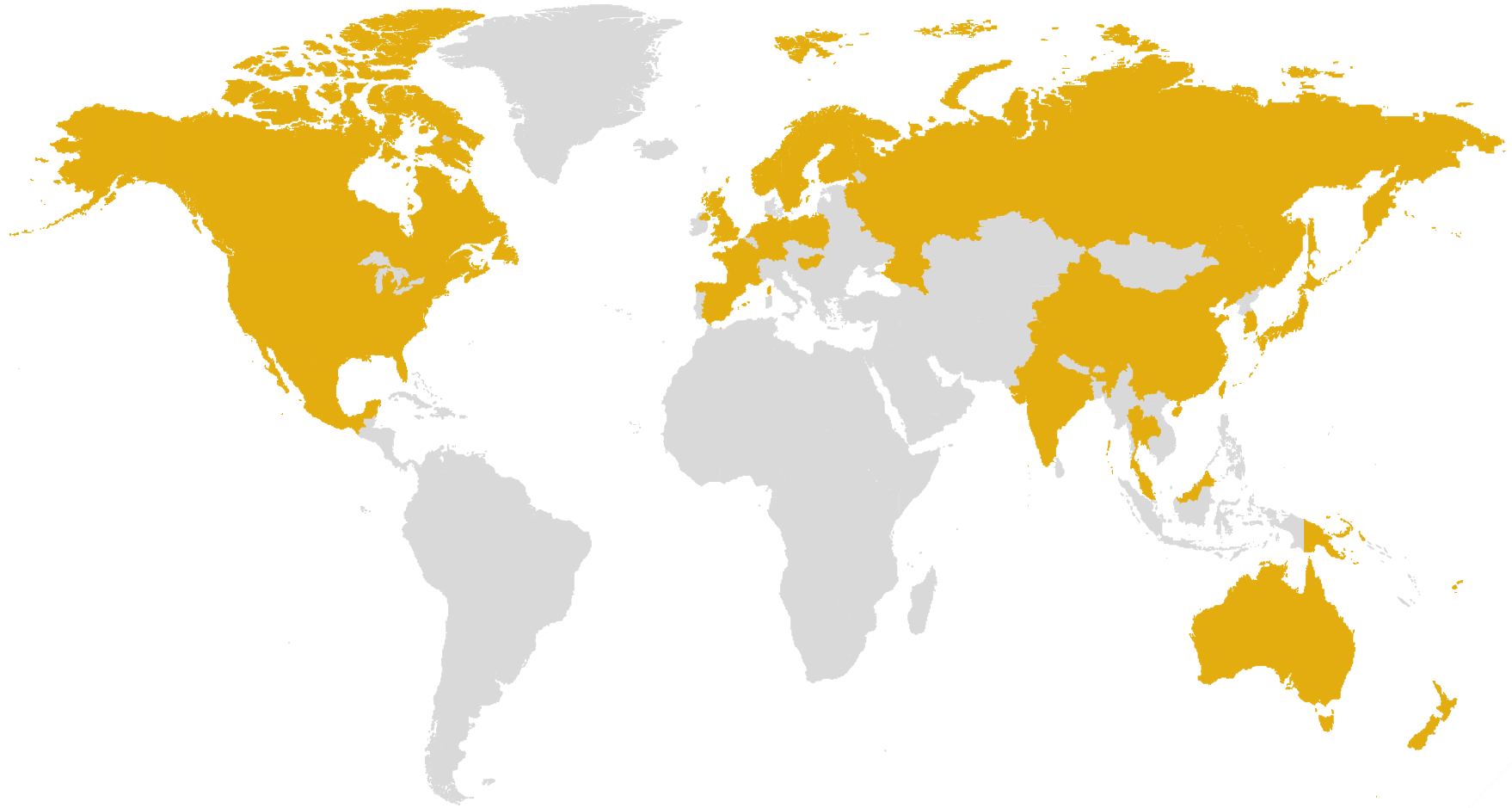
Trade Buyer Building Products EV / LTM EBITDA ¹ multiples



Financial Buyer Building Products EV / LTM EBITDA ¹ multiples



Continuing to manage multiple platforms across multiple geographies from a capital and capability perspective was likely to be challenging



Therefore we have decided to focus the business



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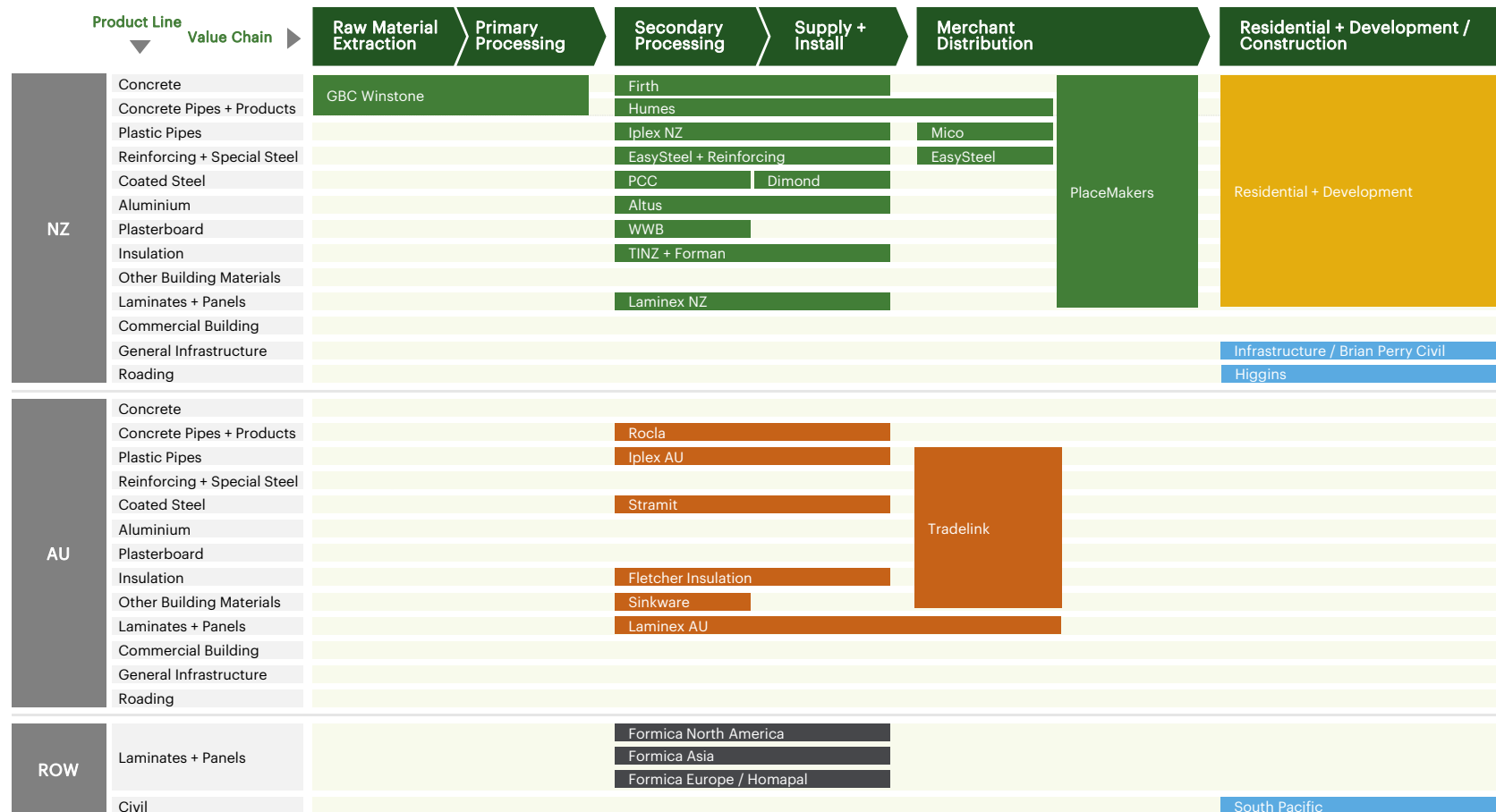
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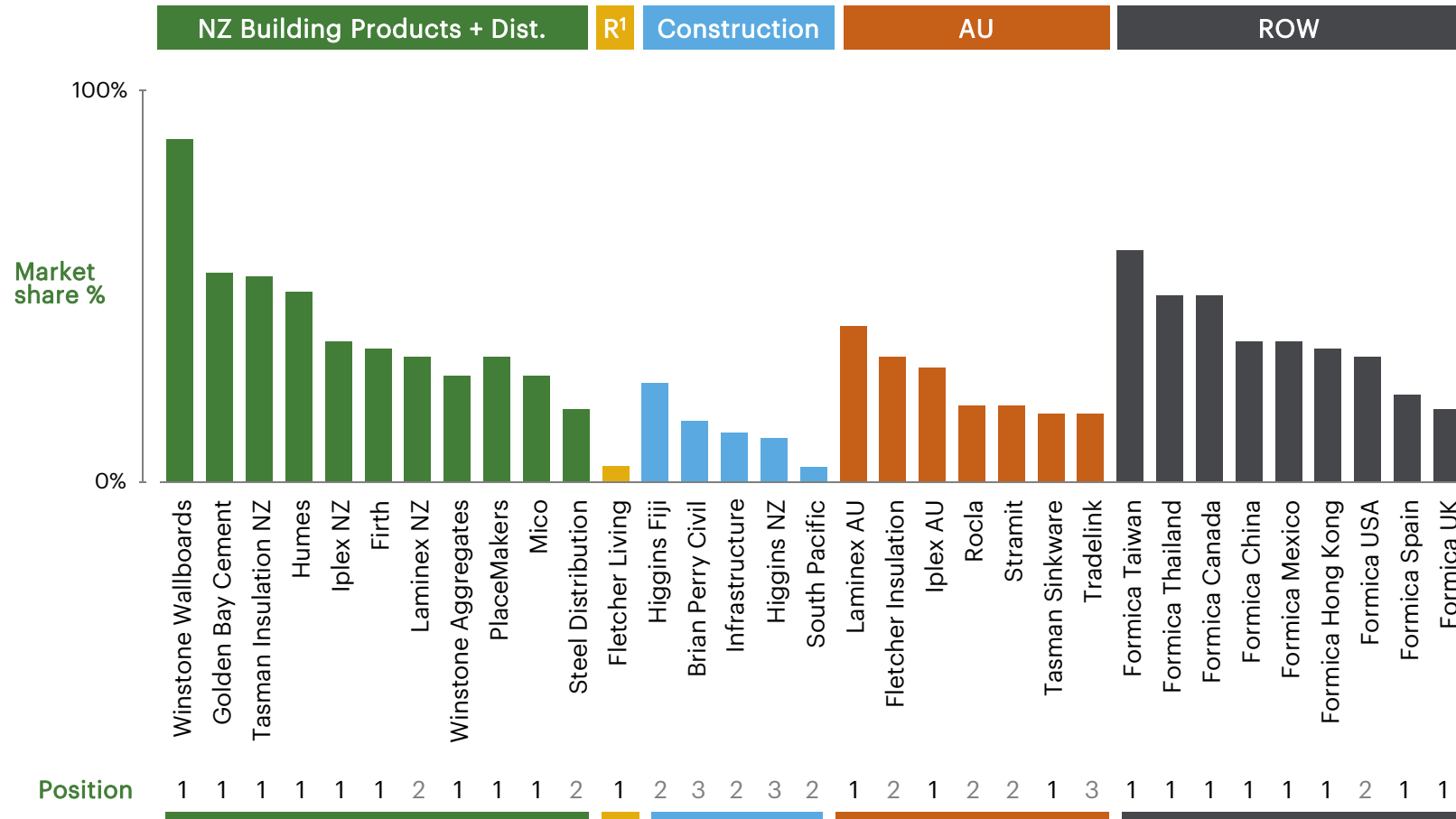
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Our starting point: a portfolio made complex through lack of a clear strategy



We have a solid base to build from - our businesses generally occupy a #1 or #2 position in highly competitive markets

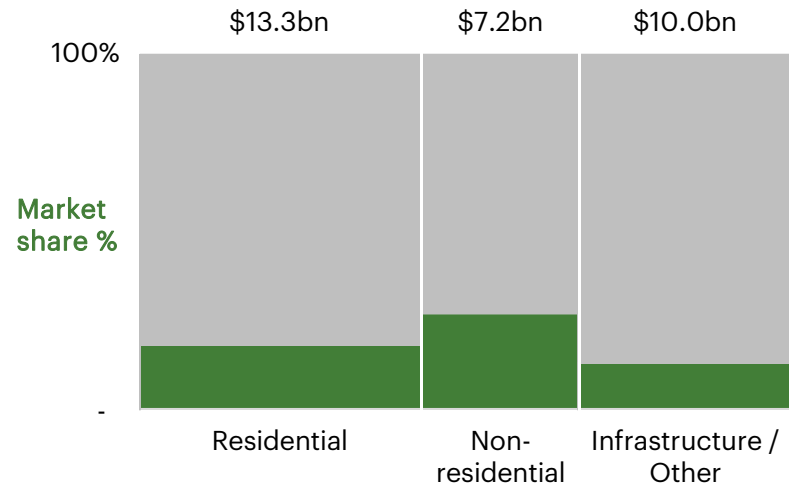


¹ R = Residential + Development. Fletcher Living is the joint #1 player in NZ's largest market, Auckland. Source: FBU Management estimates



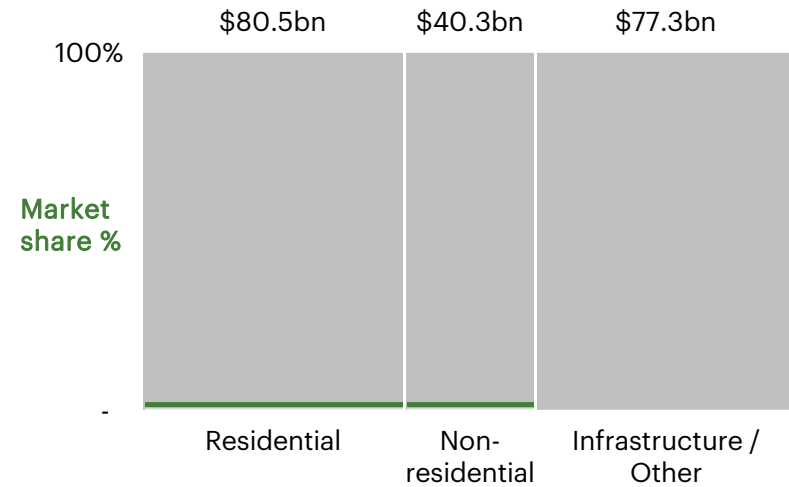
With FBU at only 15% of the overall NZ market and 1% of Australia, there are ample opportunities to grow share...

New Zealand FY17 Sector Market Size (NZ\$bn) and FBU Share (%)



Combined Market Size = \$30.5b

Australia FY17 Sector Market Size (NZ\$bn) and FBU Share (%)



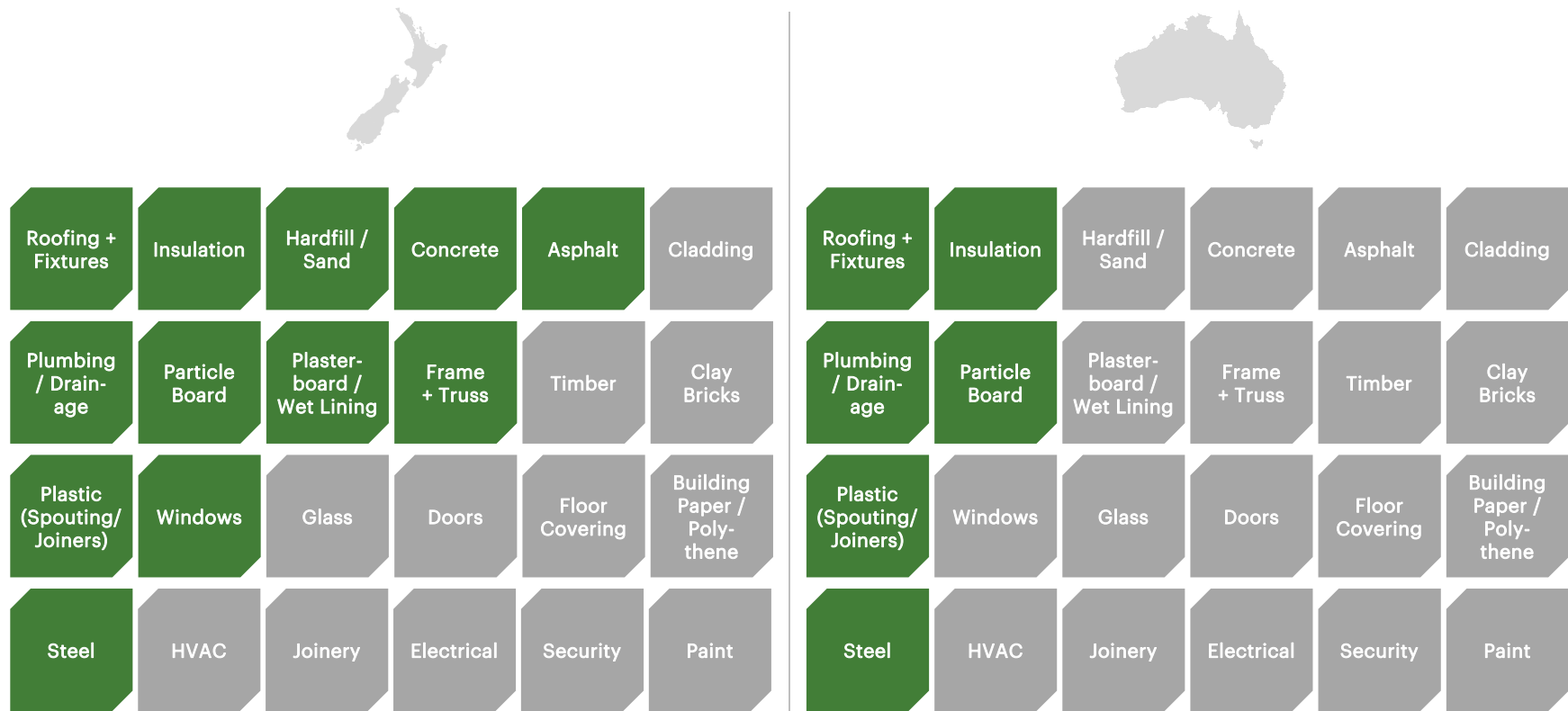
Combined Market Size = \$198.1b

Key: ■ FBU Share ■ Other Competitors



...and pursue new adjacencies

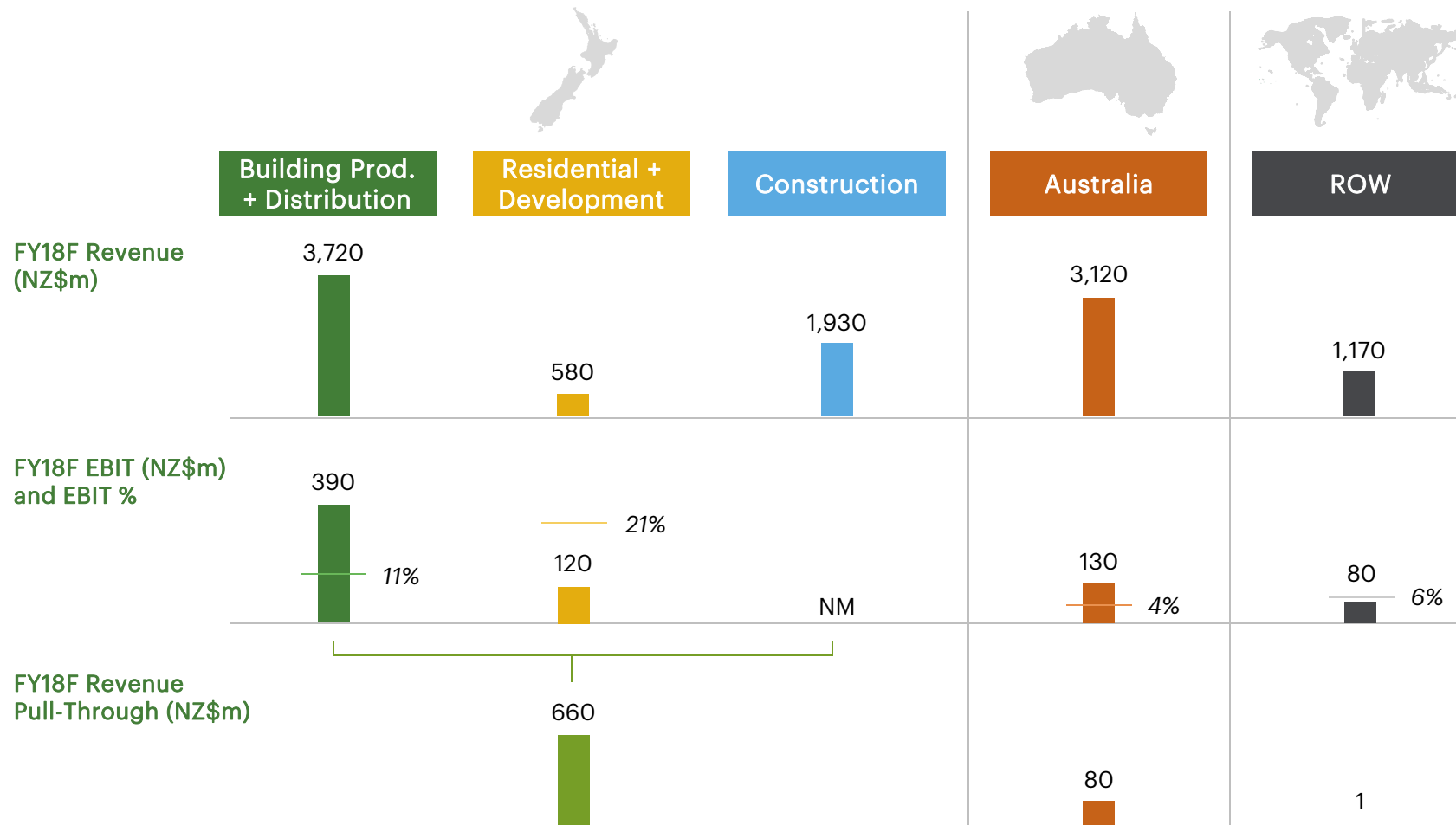
Basic Materials required for the Residential, Commercial and Infrastructure sectors



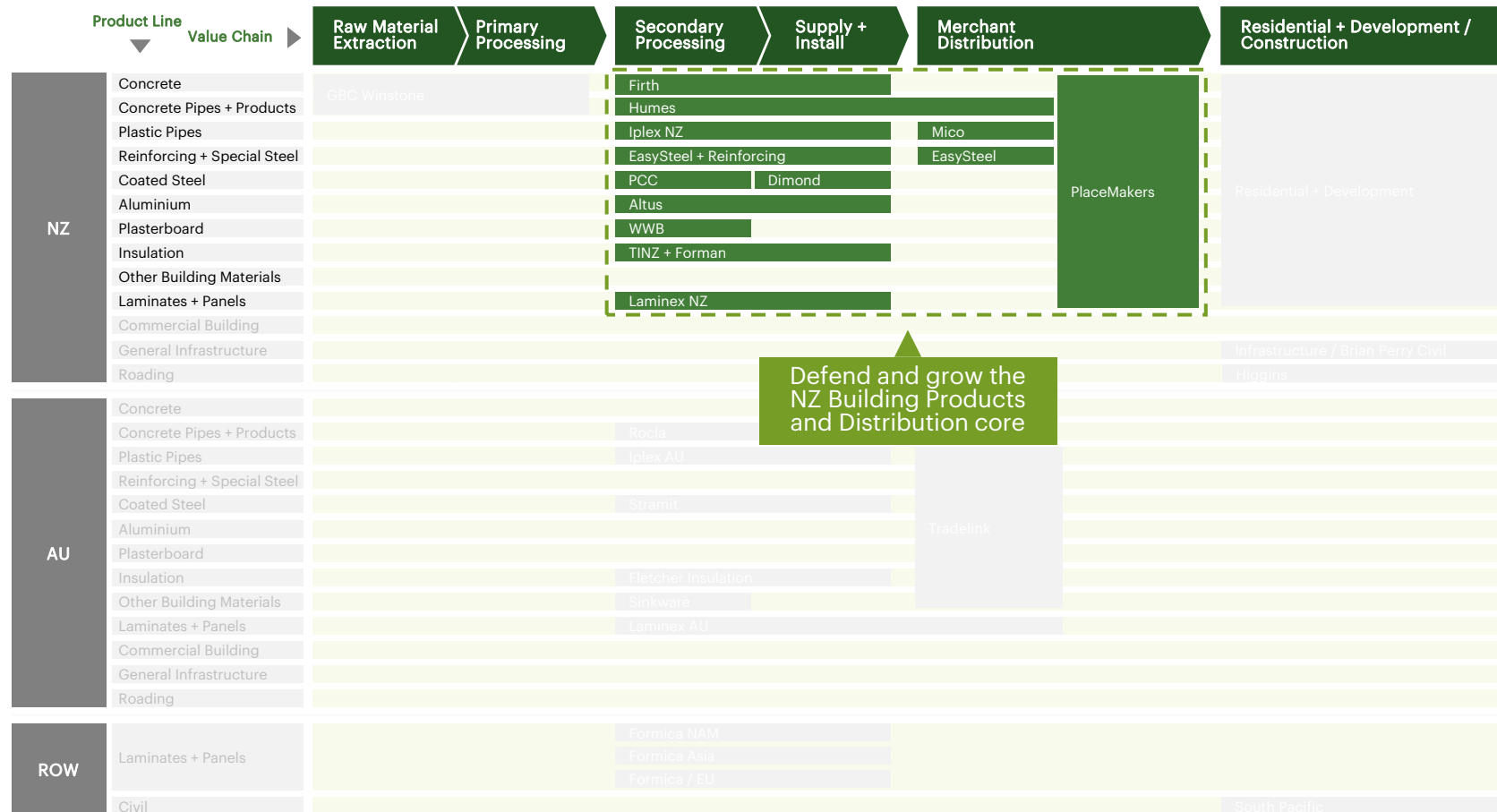
Key: ■ FBU Major Presence ■ FBU Minor + Nil Presence



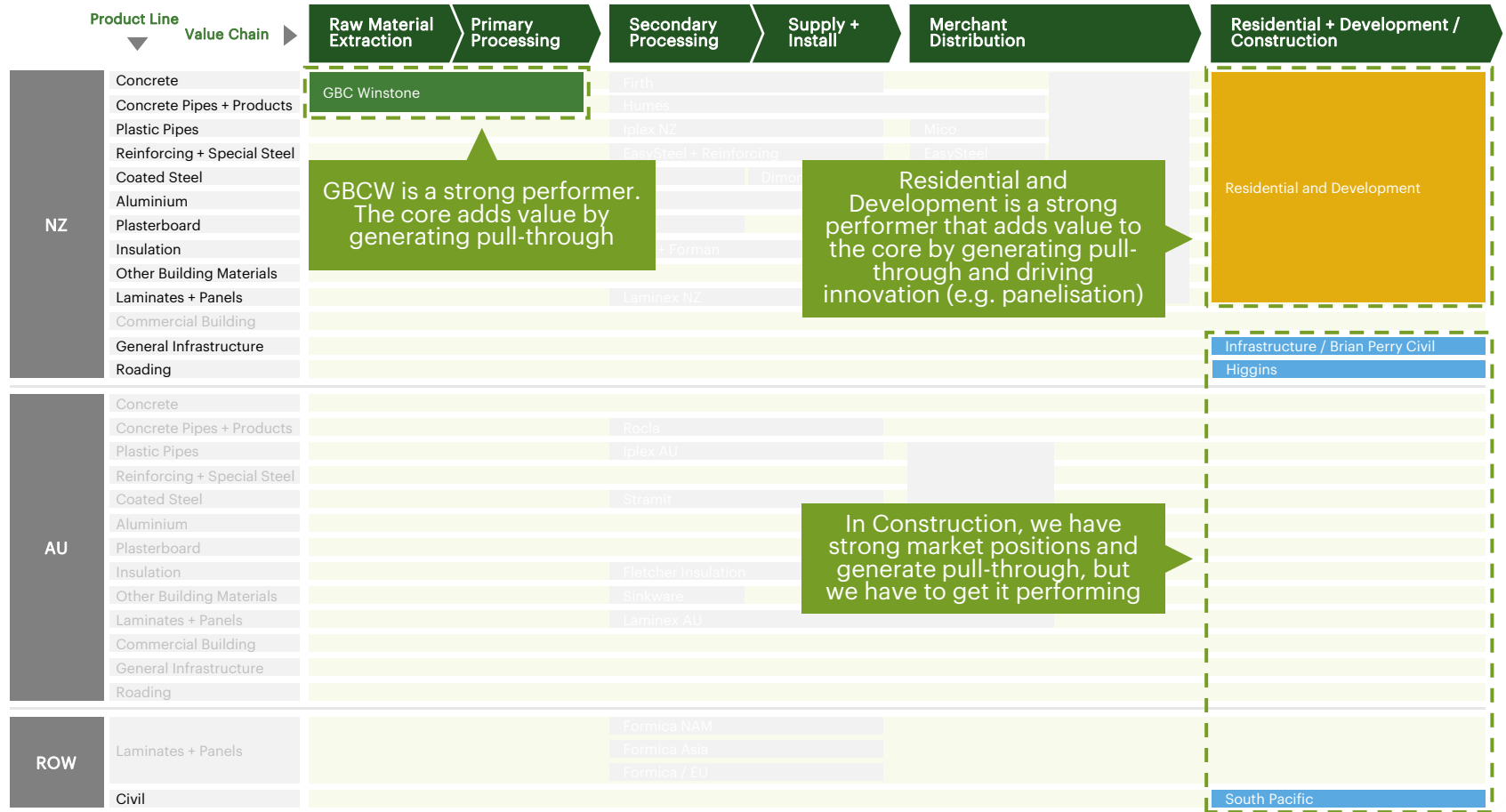
We have a strong core in NZ Building Products and Distribution



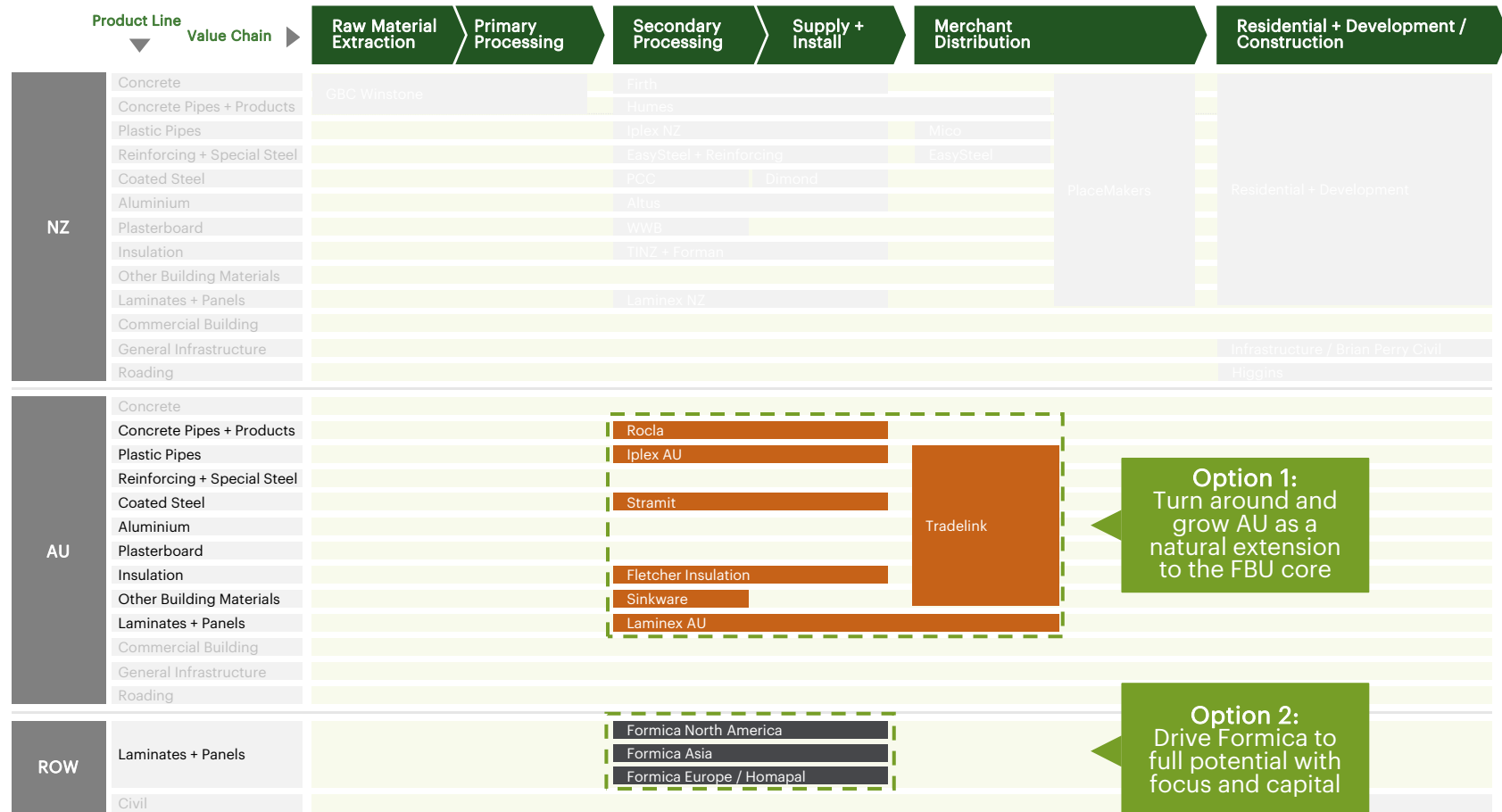
Our first priority will be to refocus on our core, and actively defend and grow NZ Building Products and Distribution




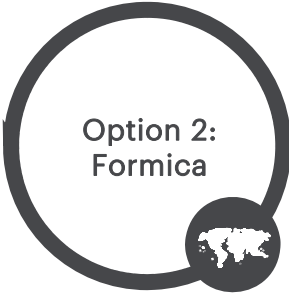
In NZ, we will continue to leverage businesses that are complementary to our core and strong performers in their own right



Finally, we had a choice to make. We had two legitimate plays relative to the core, but we couldn't do both given constraints around capital and capability



Australia is the preferred growth platform

Strategic Options + Considerations	 <p>Option 1: Australia</p>	 <p>Option 2: Formica</p>
Strategy	✓ Replicate select NZ Building Products and Distribution positions in Australia	✗ Pursue a global laminates play, particularly in the Northern Hemisphere and emerging markets
Strategy execution risk for FBU	✓ Low - Medium: improvements to existing BUs largely in our control, risk spread over multiple BUs	✗ Medium: requires Northern Hemisphere focus and resources to drive growth and manage operations
Links to NZ Building Products and Distribution core	✓ Medium: similar businesses and value chain positions allow some capability and knowledge sharing	✗ Low: different customers, capabilities, cost base and geographically diverse
Opportunity to drive intercompany sales	✓ High: \$80m in AU (3% on total sales of \$3.1b) vs. \$660m in NZ (11% on total sales of \$6.2b)	✗ Minimal
Ease of divesting (in a reasonable time)	✗ Low: diverse asset base, divesting all BUs is likely to be a drawn-out process	✓ High: multiple industry buyers and financial investors are expected to be interested



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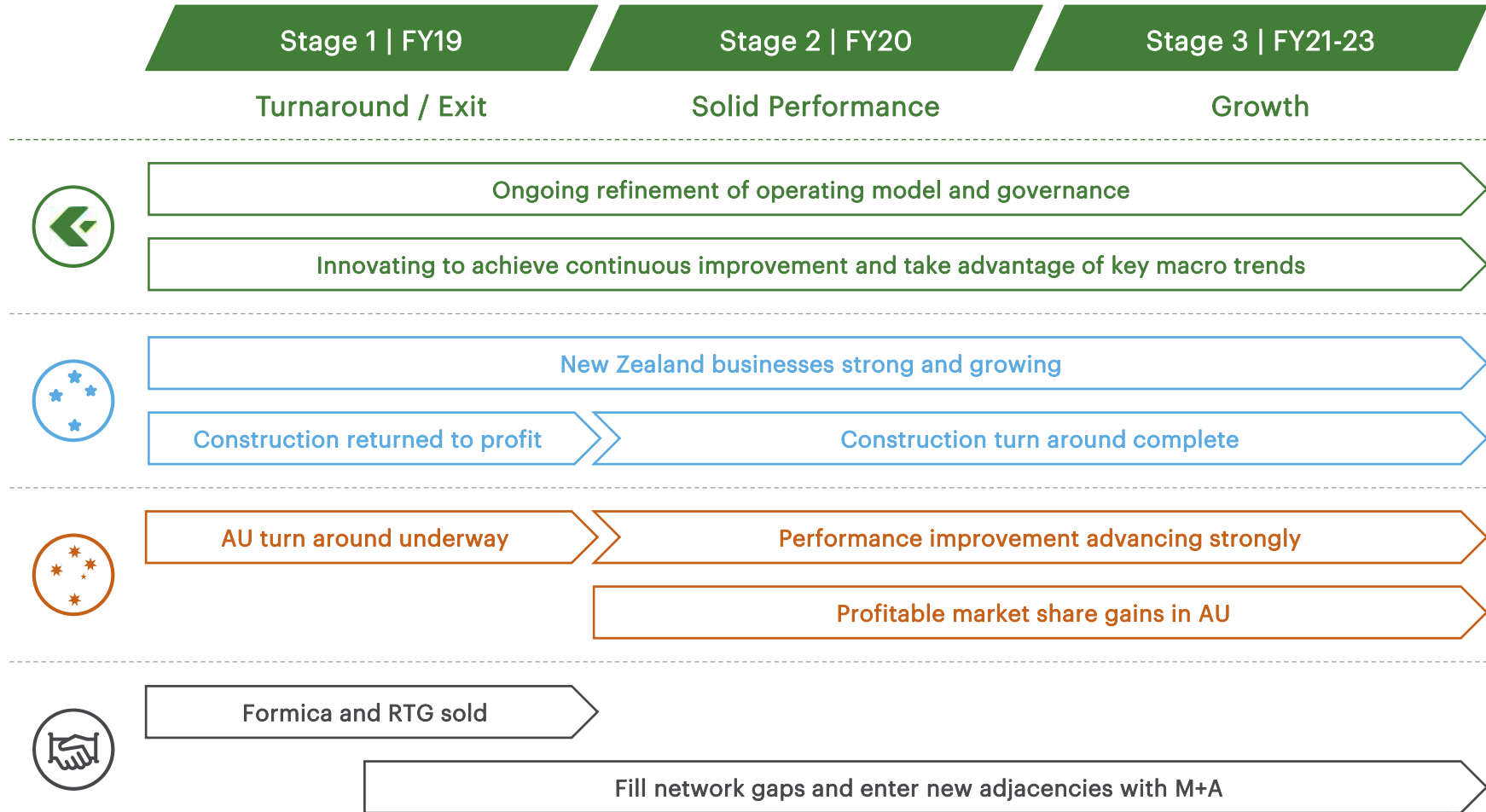


This translates to our strategy for Fletcher Building...

Vision	To be the undisputed leader in NZ and AU building solutions – with Products and Distribution at our core				
Where to Play	<p>1. Refocus on the core</p> <ul style="list-style-type: none"> Defend and grow NZ Building Products and Distribution Leverage complementary positions in Concrete and Residential 	<p>2. Stabilise Construction</p> <ul style="list-style-type: none"> Close out B+I within provisions Grow infrastructure and roading businesses 	<p>3. Strengthen Australia</p> <ul style="list-style-type: none"> Achieve a successful turnaround Replicate select NZ positions in Australia 	<p>4. Exit non-core businesses</p> <ul style="list-style-type: none"> Divest Formica and RTG 	
How to Win	A simpler and leaner, decentralised operating model	Innovating to achieve continuous improvement and take advantage of key macro trends	Disciplined performance improvements in safety, sustainability, procurement, and operations	Growth CAPEX focused on strategically important, high returning BUs	Adding infills and adjacencies



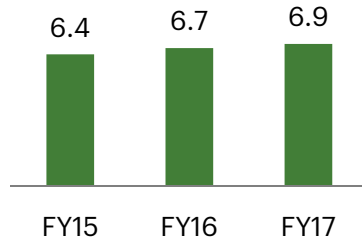
...which can be characterised by three broad stages...



...and see improvements across our balanced scorecard

Safety

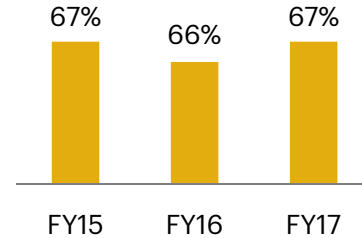
Total Recordable Injury Frequency Rate ¹



- Drive TRIFR <5 across all businesses
- Focus on removing serious and high potential incidents

Engagement

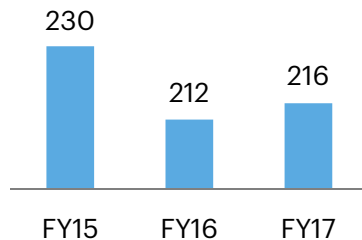
Employee Engagement Rating



- Drive employee engagement >80% with no business lower than 70%
- Return to top quartile industry benchmarks as the most attractive company and place to work

Sustainability

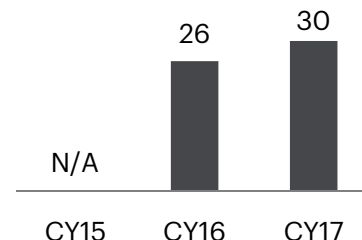
Carbon Emission Intensity ²



- Recognised as an industry leader in sustainability
- Full sustainability reporting in place across environmental, economic and social domains

Customer

Net Promoter Score ³



- Drive to a best in class net promoter score of >55
- Rollout and embed customer service promises across all businesses

¹ TRIFR = Total no. of recorded injuries per million man hours worked. ² Carbon Emission Intensity = FBU Co2 Tonnes for every \$1m of Revenue. ³ Net Promoter Score calculated as % Promoters (9-10) minus % Detractors (0-6). NPS surveys started in 2016



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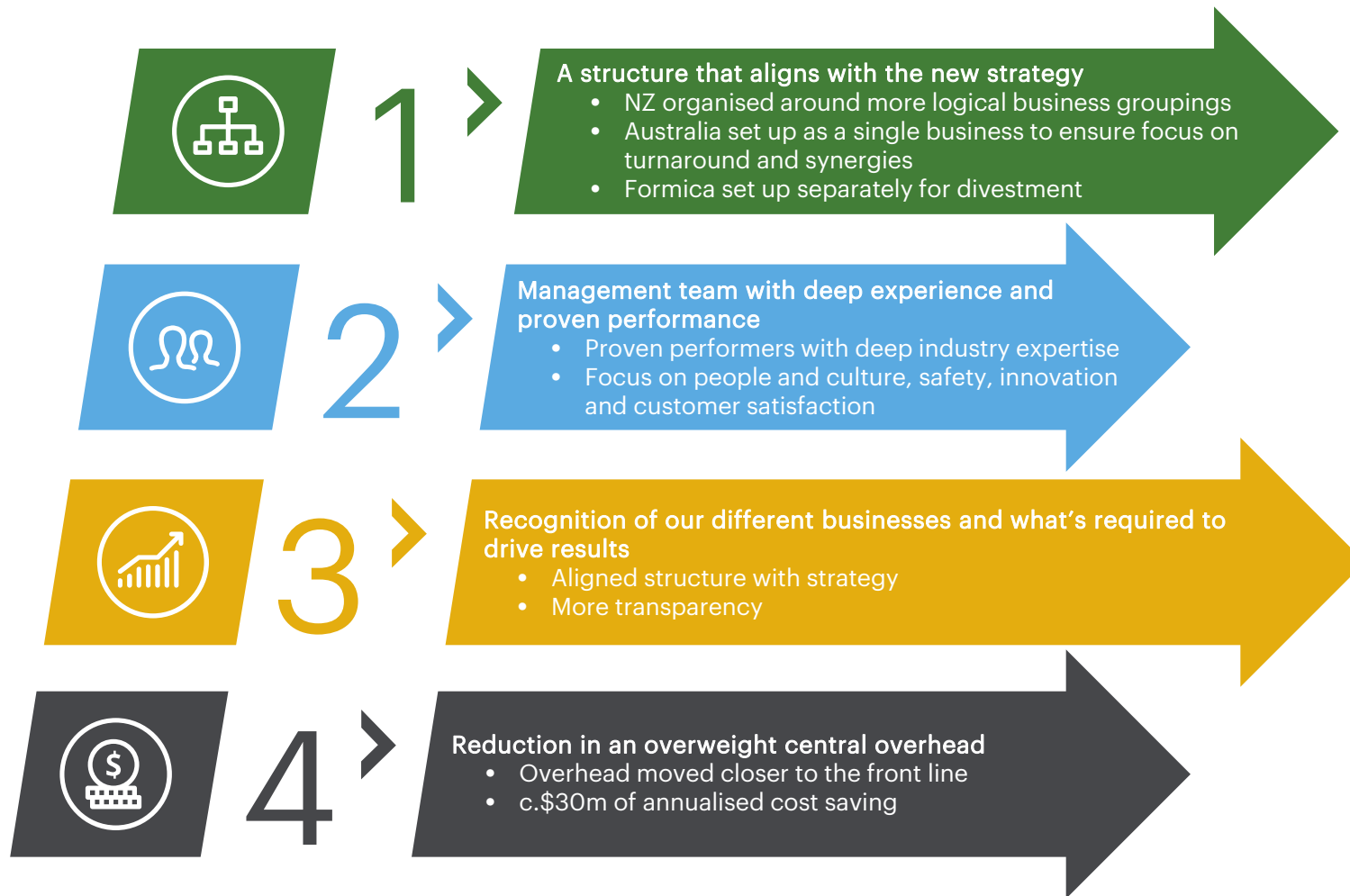
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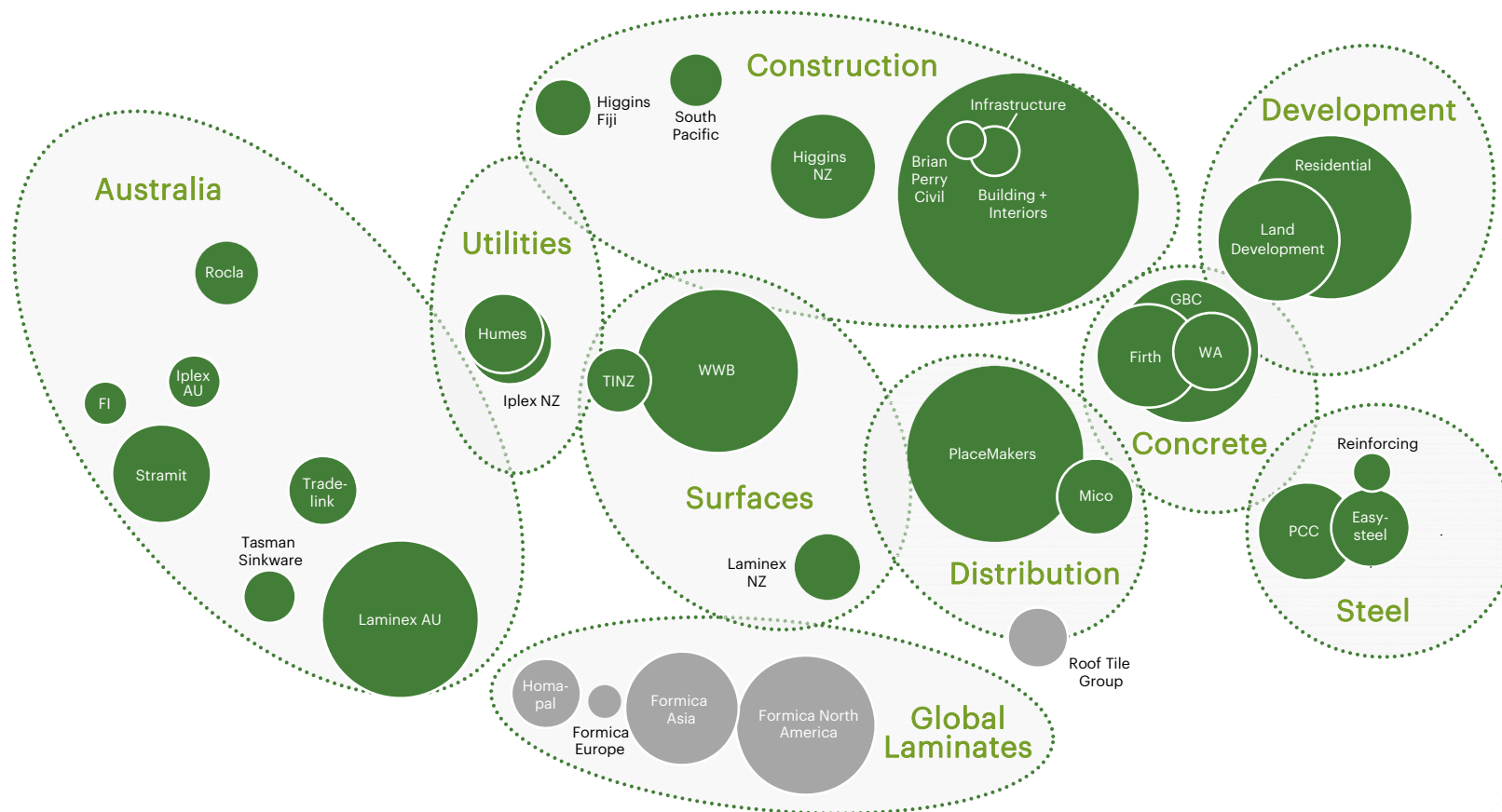
To maximise the likelihood of success we will be aligning our organisation, people and activities around our new strategy



When thinking through our structural choices, we asked the question - is there a better way to organise our business?

Economic proximity analysis:

- Each BU scored against all other BUs based on the degree of customer, cost, and capability sharing
- The more sharing between BUs, the closer they appear to each other in the visualisation below



A new divisional approach is designed to better align businesses to our strategic imperatives, execute on operating fundamentals, and realise cost savings at the Centre

More homogeneity within divisions

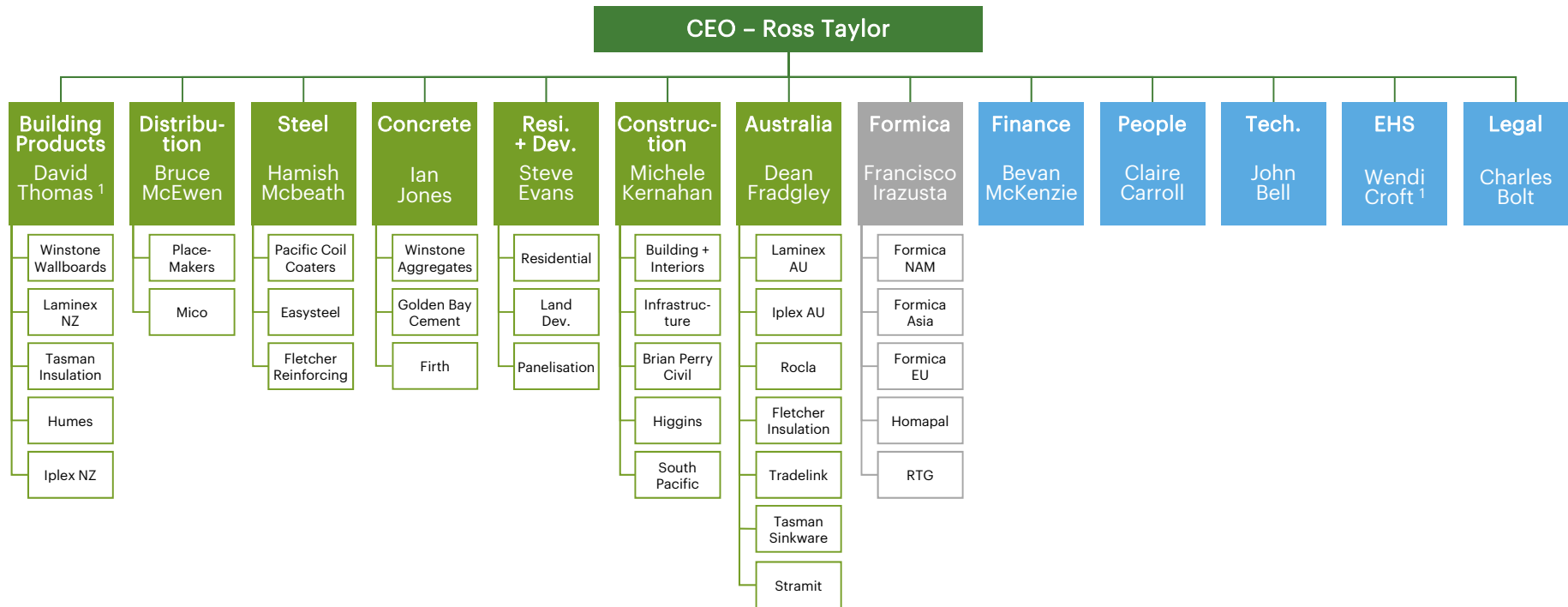
More heterogeneity within divisions

	Steel	Distribution	Residential + Dev.	Concrete	Utilities	Surfaces	Construction	Australia
FY17 Size								
Revenue:	\$491m	\$1,519m	\$420m	\$781m	\$746m	\$746m	\$2,246m	\$2,858m
EBIT:	\$54m	\$103m	\$130m	\$113m	\$153m	\$153m	\$(204)m	\$119m
FTE:	700	3,000	150	1,350	1,100	1,100	3,300	5,350
Business Units	PCC	PlaceMakers	Residential	WA	Humes	WWB	B+I	Laminex AU
	EasySteel	Mico	Land Dev.	GBC	Iplex NZ	Laminex NZ	Infra.	Iplex AU
	Reinforcing		Panelisation	Firth		TINZ	Brian Perry	Rocla
							Higgins	F. Insulation
							South Pacific	Tradelink
								Sinkware
								Stramit

▲
For the purposes of scale and organisation structure, Surfaces and Utilities are proposed to report under one CE, called Building Products



A new organisational structure reflecting this will commence effective July 1, 2018



Key: ■ Operating Divisions ■ Exits ■ Supporting Functions



The future FBU management team has deep experience and are proven performers ¹

Chief Financial Officer

Bevan McKenzie



- FBU CFO since 2017
- Reset balance sheet and led the successful renegotiation of FBU's funding agreements
- Led Higgins acquisition and Rocla Quarries divestment in 2015-2016
- Previously with Boston Consulting Group, followed by 7 years in operational roles in UK and France
- MBA from IMD Switzerland, Master of Arts (Hons) from The University of Auckland

Chief People Officer

Claire Carroll



- FBU CPO since 2017
- Led the review and design of a new operating model, to better enable the FBU strategy
- Previously held a number of GM HR roles with FBU's Building Products and Construction Divisions
- Bachelor of Commerce degree (majoring in Management) from The University of Auckland

Chief Information Officer

John Bell



- FBU CIO since 2015
- Led the transformation of FBU's IT teams, infrastructure and systems
- Over 30 years as senior technology partner at Deloitte Consulting
- CA qualified, member of the Institute of Management Consultants
- Bachelor of Business Studies and Information Systems and a Diploma of Business Administration from Massey University



The future FBU management team has deep experience and are proven performers (continued) ¹

Group General Counsel and Company Secretary

Charles Bolt



- FBU GC+CS since 2013
- Previously with Bell Gully where he worked on mergers and acquisitions, capital markets and managed funds
- In-house lawyer of the year in 2014 and his team won in-house legal team of year in 2012
- Bachelor of Laws from Victoria University of Wellington, completed the Senior Executive Programme at Columbia University

Head of Environment, Health and Safety

Wendi Croft ²



- Joined FBU in early 2018
- Led the Company's EHS Global Programmes and Governance
- Previously held a number of GM and Director roles, including 15 years with AECOM in North America and Asia Pacific
- Bachelor of Science from the University of British Columbia and is a Canadian Registered Safety Professional



FBU overhead will be moved closer to the front line...

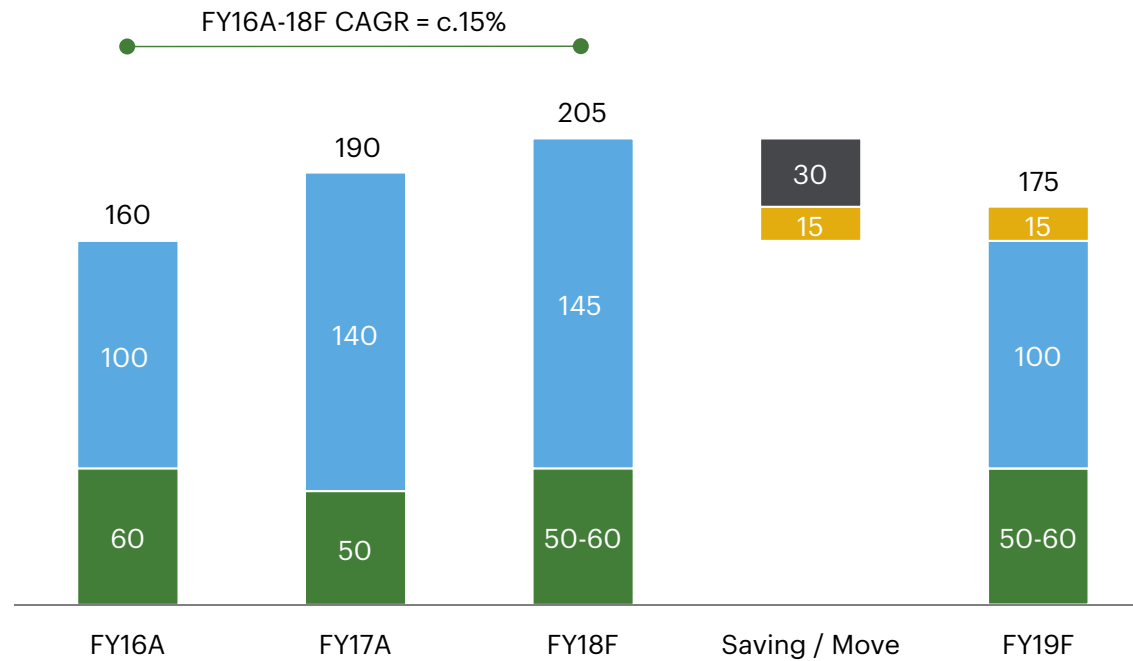


Moving front line focused activity back to the Divisions and Business Units to better serve our customers, control risks and grab opportunities



...which will reduce Corporate overhead and business unit recharges

FY16A-19F Corporate Gross Costs (NZ\$m) ¹



Key: ■ Corporate Overhead ■ Divisional Recharges ■ FBU Saving ■ Moved from Corporate to Divisions

¹ FY17-18 rebased to reflect full run-rate overhead



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FBU's existing focus on innovation will be further strengthened

Continuous improvement - "Better Every Day"



Culture / front line ownership



Customer excellence



Manufacturing excellence



Supply chain and procurement

Positioning FBU to take advantage of key macro trends



Product innovation



Service and channel innovation



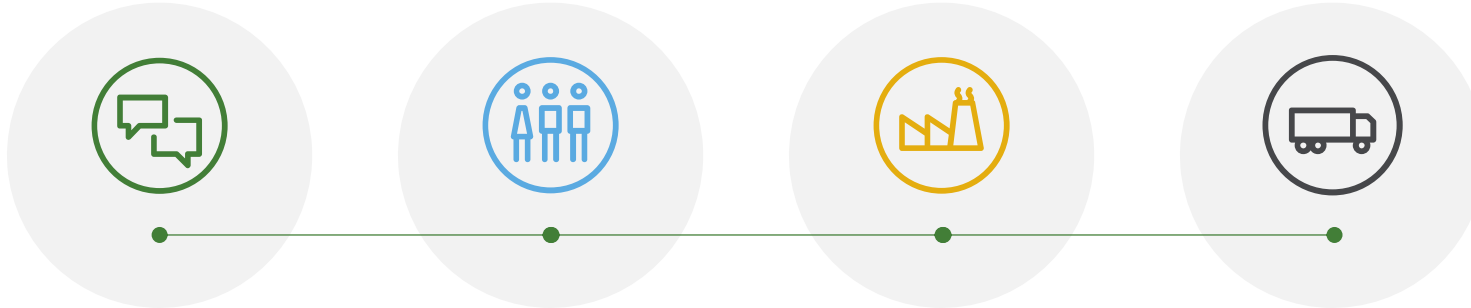
Labour productivity



Global supply chains



Continuous improvement will be moved closer to the businesses...



Culture / front line ownership

- Accountability and ownership for outcomes embedded at the Divisional and business unit level
- Skills and resources moved to the front line
- Fostering and encouraging a culture of innovation
- Funding and empowering staff to own and pursue new ideas

Customer excellence

- Understanding the customer journey (i.e. identifying critical touchpoints, decisions, pain points etc.)
- Building customer centric capabilities
- Developing innovative, end-to-end, solutions based on customer needs and insights

Manufacturing excellence

- Ongoing ideation and use of innovative technology and equipment to pursue transformative opportunities
- Reducing production unit costs
- Increasing productivity and working capital efficiency
- Addressing capacity constraints
- Sustainable practises

Supply chain and procurement

- Building commercial excellence, procurement and digital capabilities
- Reducing procurement unit costs
- Embedding national distribution models with superior logistics capabilities that promote reliability and flexibility



...and we have many initiatives we can build on

Continuous improvement domains

Present examples



Culture / front line ownership

- ~25% of FBU's businesses have a culture of innovation. Examples include:
 - Fletcher Living
 - Pacific Coil Coaters
 - Winstone Wallboards
 - Golden Bay Cement
 - Firth
 - Formica North America



Customer excellence

- FBU's customer service promises (e.g. Stramit's declaration of done)
- Winstone Wallboard's deliver to site service expansion
- Tasman Insulation's Pinkfit link
- Dimond's roof visualiser



Manufacturing excellence

- Golden Bay Cement's sustainable solution to end of life tyres
- Firth's digital pacing boards



Supply chain and procurement

- Firth's digital delivery application



Innovation case study - customer service promises



Customer excellence example

Stramit, alongside other FBU businesses, has refocused its business model around a customer first culture.

Declaration of Done (listed to the right) is a promise to customers that we will get the job done and if we do not, we will pay the penalty. For example, on standard orders, if we fail to get products to the customer on-time and in full, we'll urgently fix their order at our cost and credit 5% of the order value

The customer promise:

- Matches growing expectations of our customers
- Evolves our relationship
- Internally builds a customer leading obsession
- Differentiates us from the competition



Customer Service Promise: Declaration of Done

Our steel-clad commitment to you every time you work with us.



On-time Delivery



Great Quality Products



Best Stock Availability



Australia Wide Coverage



Personal Service



Responsive Support



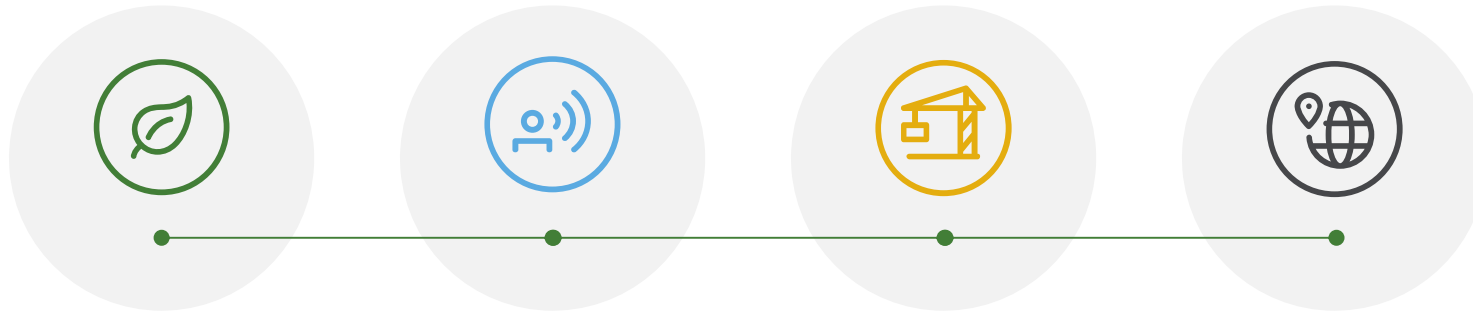
Fast Order Confirmation



Accurate Invoicing



FBU is further positioning itself to take advantage of key macro trends...



Product innovation

- Green and efficient buildings: regulation and changing consumer preferences drive innovation in energy efficiency
- Moving into an era of advanced functional materials and more resilient systems

Service and channel innovation

- Personalised service expectations are growing. Customers interact with a brand (not a channel) and expect the same experience no matter what channel
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Labour productivity

- Pre-assembled structures reduce the need for onsite labour and speed up construction times
- Value shift in favour of larger manufacturing entities able to invest in offsite production facilities

Global supply chains

- Low cost country (LCC) sourcing for inputs continue to present large cost reduction opportunities
- Globalisation of competition from LCC producers and Western players



...with activity well underway

Key macro trends



Product innovation



Service and channel innovation



Labour productivity



Global supply chains

Present examples

- Laminate exterior cladding
- Mobile PVC manufacturing
- Gypsum based rigid air barriers
- Benchtop, roofing and façade integrated photovoltaics
- Lightweight flooring systems
- Self-cleaning steel roof panels
- 3D concrete printing

- Digitally enabled showrooms of the future
- New digital direct channel
- Omni-channel offer

- New panelisation factory, having completed two successful prototypes
- Modularised vertical construction

- Offshore sourcing partner
- Private label brands



Innovation case study - panelisation



Labour productivity example

Fletcher Living has developed a **panelised solution** that reduces duplex construction time from 22 weeks to 9 weeks.

The new market offer will:

- Reduce construction time
- Improve cost control around skilled trades
- Reduce defects and waste in a controlled factory environment
- Improve safety outcomes

Two full prototypes have been completed and a panelisation factory will be established and commissioned in Auckland by 2019.

New panelised homes will be used to support Fletcher Living scale to ~1,000 homes p.a. and sold to:

- Government Agencies (for KiwiBuild)
- Other Group Home Builders seeking faster and cost effective housing solutions

Fletcher Living

Offsite manufacturing: Panelisation



A simpler and more focused strategy will enable FBU to achieve its full potential

Vision

To be the undisputed leader in NZ and AU building solutions
– with Products and Distribution at our core

Where to Play

1. Refocus on the core

2. Stabilise Construction

3. Strengthen Australia

4. Exit non-core businesses

How to Win

Simpler and leaner, decentralised operating model

Leading innovation

Disciplined performance improvement

Prioritised capital allocation

Adding infills and adjacencies



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Building Products summary

Business Unit Overviews



- Winstone Wallboards (WWB) is NZ's largest manufacturer and distributor of plasterboard and drywall systems under the iconic GIB® brand
- It operates 2 manufacturing sites and 5 distribution centres



- Laminex NZ provides decorative surfaces and panel products
- It operates 2 manufacturing sites, 3 distribution centres and 9 branches



- Tasman Insulation operates the NZ renowned Pink® Batts® brand
- It operates 1 manufacturing site, 2 distribution centres and a nationwide installer network



- Humes has a 94-year history and manufactures and delivers concrete pipes and other products / solutions
- It operates 7 manufacturing plants and 26 sales centres



- Iplex is NZ's largest manufacturer of plastic pipe, offering a broad range of products / solutions
- It operates 2 manufacturing sites, 1 distribution centre and 3 sales offices

Chief Executive Profile

David Thomas ¹ | Ngati Whakaue



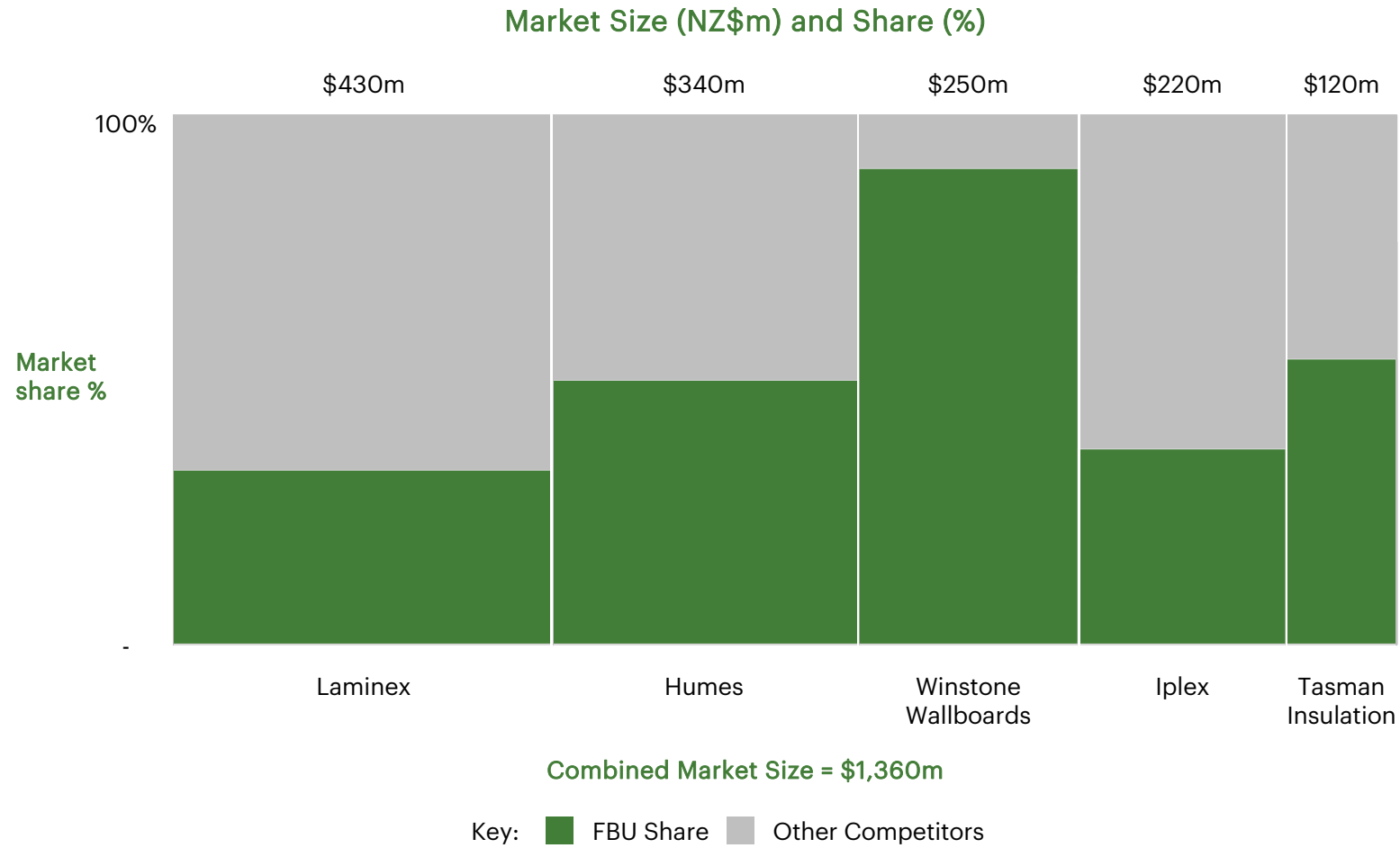
- Worked within FBU businesses for 42 years
- Most recently GM of WWB for 17 years
- Bachelor of Commerce and Administration (Hons) from Victoria University, Wellington

- Recent achievements at Winstone Wallboards:
 - Maintained market leading position despite increased international competition
 - Relentless focus on customer service – rated best supplier of building materials to the merchants sector for the last 13 years
 - Employee engagement over 80% – the highest in FBU

"We deliver results because we meet our customers' needs, in a cost effective manner, better than anyone else"

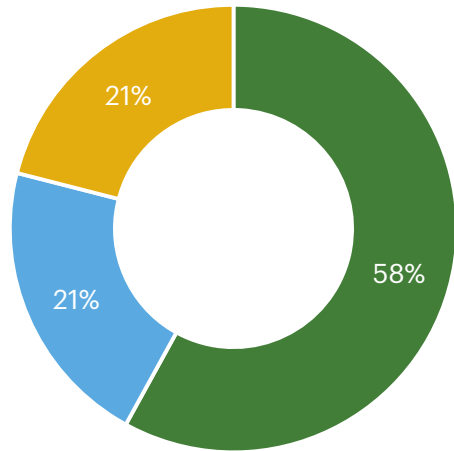


Building Products market size and share

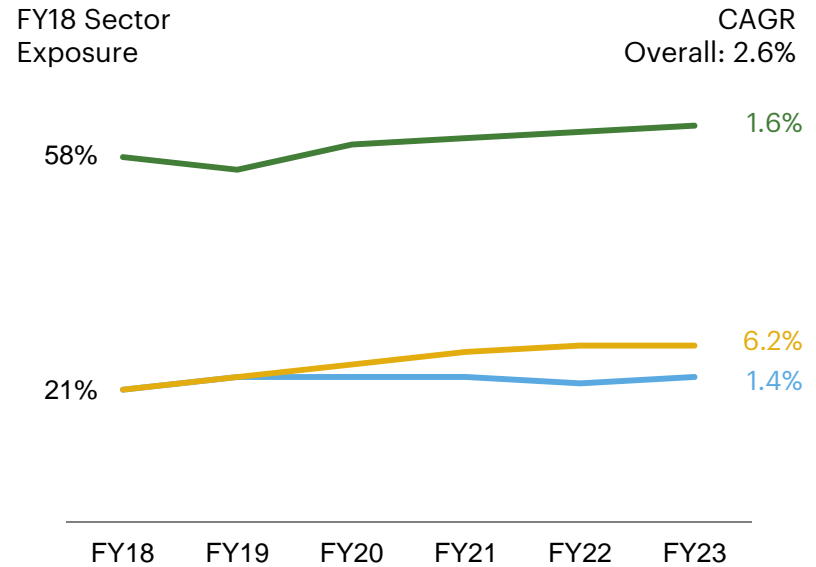


Building Products sector exposure

FY18 Revenue Weighted Sector Exposure



2023 Market Outlook



Key: ■ Residential ■ Non Residential ■ Infrastructure / Other



Building Products outlook

Key Strategic Priorities

- Introduce and scale new products
- Drive performance through operations excellence
- Stand up new Winstone Wallboards plant

Historic Financials (NZ\$m)

NZ\$m	FY15	FY16	FY17
Revenue	762	783	745
EBIT	137	142	153
EBIT %	18%	18%	21%
EBITDA	155	158	166
CAPEX	16	15	16
Cash Conversion	98%	98%	83%
ROFE	30%	30%	31%

19-23 Outlook

Market Share

Looking to hold market share in Winstone Wallboards and Humes, and target incremental share gain in Iplex NZ, Laminex NZ and Tasman Insulation

Revenue

Building Products revenue is forecast to be flat in FY19 and then grow 1-2 ppts. above market forecasts for the remainder of the plan period. Top line growth will be sought through winning market share, entering adjacent markets to grow volume and new product development

EBIT

EBIT is forecast to decline in FY19 due to investments in overheads and inventory. From FY20, EBIT is expected to grow ahead of Revenue

CAPEX

CAPEX is forecast to rise in FY19-21 with the new Winstone Wallboards greenfield plant (\$130m capital investment). This will increase capacity, allow new products to be manufactured and consolidate its Auckland distribution footprint

ROFE

ROFE is expected to decline in FY21 with the completion of the new plant but will return to current levels at the end of the plan period



FOCUS

Agenda

1. Group Strategy:

- Context and Case for Change
- Portfolio Choices
- Strategy and Five Year Plan
- Operating Model
- Innovation

2. Divisional Strategies:

New Zealand:	A. Building Products
	B. Distribution
	C. Steel
	D. Concrete
	E. Residential + Development
	F. Construction
Australia:	G. Australia
Rest of World:	H. Formica

3. Group Financials

- Outlook
- Capital Structure
- Governance

4. Trading Update

5. Concluding Remarks and Q+A



Distribution summary

Business Unit Overviews



- PlaceMakers has served the NZ building industry for over 35 years
- It operates as New Zealand’s largest supplier of building materials and hardware, selling over 100,000 product lines from concrete to paint and plasterboard
- PlaceMakers has 62 branches nationwide and 8 Frame and Truss sites



- Mico has 70 years of experience in providing plumbing and bathroom products throughout New Zealand
- Mico’s team delivers customers with a wide range of products from piping and valves to baths, vanities and more
- It has 62 stores nationwide (including 9 co-located sites) and 2 distribution centres

Chief Executive Profile

Bruce McEwen



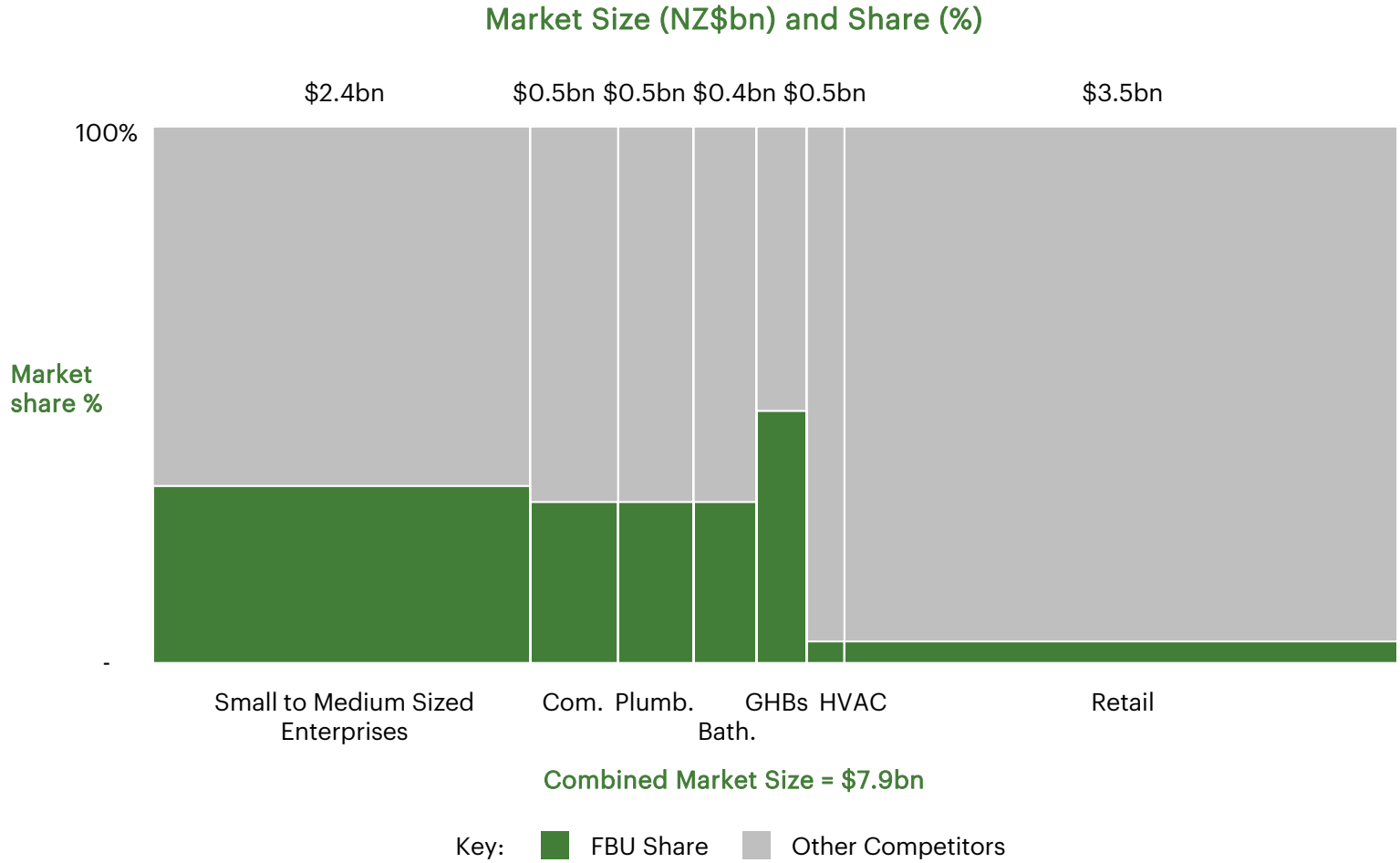
- Worked within FBU businesses for 4 years
- Most recently GM of PlaceMakers
- Previously at Coca-Cola Amatil NZ
- CA qualified, Bachelor of Commerce from the University of Canterbury

- Recent achievements:
 - Driven PlaceMakers to record levels of financial, employee engagement and safety performance in FY17
 - Created a high performing, customer-led culture, and was the first building merchant to publish service metrics
 - Created a long-term, sustainable joint venture branch ownership model, and led the rollout of co-located PlaceMakers and Mico stores

“We can’t be complacent – we must continue to evolve the business, raising the bar to deliver ever increasing levels of service and solutions for our customers”

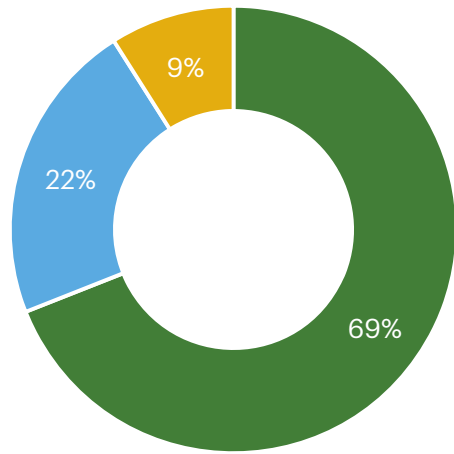


Distribution market size and share

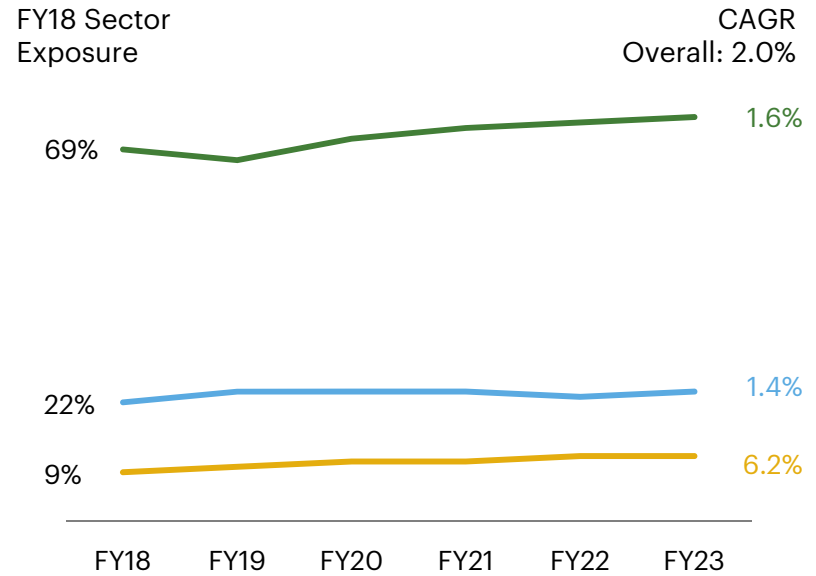


Distribution sector exposure

FY18 Revenue Weighted Sector Exposure



2023 Market Outlook



Key: ■ Residential ■ Non Residential ■ Infrastructure / Other



Distribution outlook

Key Strategic Priorities



Historic Financials (NZ\$m)

NZ\$m	FY15	FY16	FY17
Revenue	1,296	1,432	1,519
EBIT	75	85	103
EBIT %	6%	6%	7%
EBITDA	86	95	112
CAPEX	18	17	18
Cash Conversion	73%	107%	74%
ROFE	32%	38%	40%

19-23 Outlook

Market Share

PlaceMakers and Mico are targeting incremental share gain in B2B trade through a leading customer experience (i.e. minimal time in store, knowledgeable staff and product availability)

Revenue

Expect to grow revenue at 1-2 ppts. above market forecasts. The main drivers of top line growth are expected to be through market share gains and share of wallet expansion through volume growth and entering new adjacencies

EBIT

EBIT is forecast to grow ahead of Revenue due to overheads savings from operational efficiencies and branch digitisation

CAPEX

CAPEX is forecast to increase across FY19-21 due to property network investments and IT infrastructure enhancements (e.g. ERP refresh). A return to current levels is expected in FY22

ROFE

ROFE is expected to remain broadly flat throughout the plan period



FOCUS

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3. Group Financials

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Steel summary

Business Unit Overviews



Fletcher Steel operates with 10+ brands, across four businesses:



- Easysteel: Steel products distributor and related services



- Pacific Coilcoaters: Prepainted steel and aluminium for roofing and cladding. It operates through the ColorCote® brand



- Dimond: Roofing, cladding, structural and rainwater specialists



- Reinforcing: Reinforcing steel and mesh for concrete foundations and structures



Fletcher Steel operates across NZ with operations in the 13 largest cities



Chief Executive Profile

Hamish Mcbeath



- Worked within FBU businesses for 17 years
- Most recently GM of Fletcher Steel for four years, and GM of Pacific Coilcoaters before this
- MBA and a PG Diploma in Operations Management from the University of Auckland, completed the Advanced M+A programme at Mount Eliza

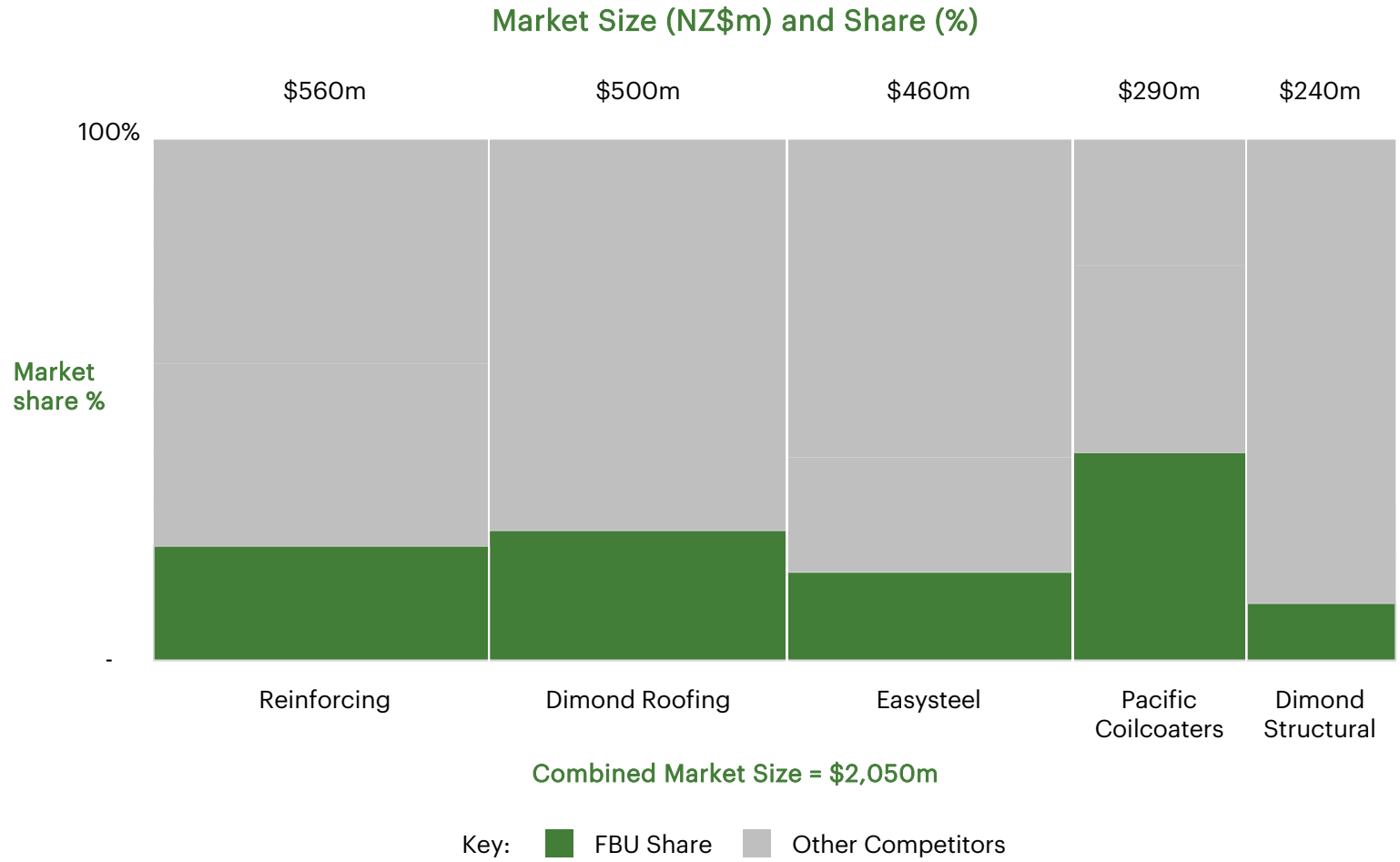
Recent achievements:

- Near doubled the size of the Fletcher Steel group over the past four years
- Realised significant market share gains in core steel manufacturing
- Reduced costs and accelerated growth through smart organisational design

"Our focus is on delivering superior quality with product and service innovation that keeps us the preferred choice for our customers"

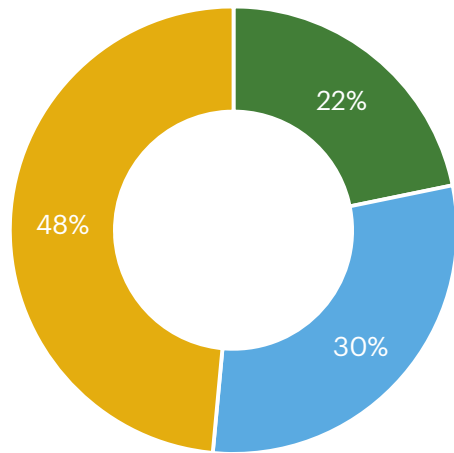


Steel market size and share

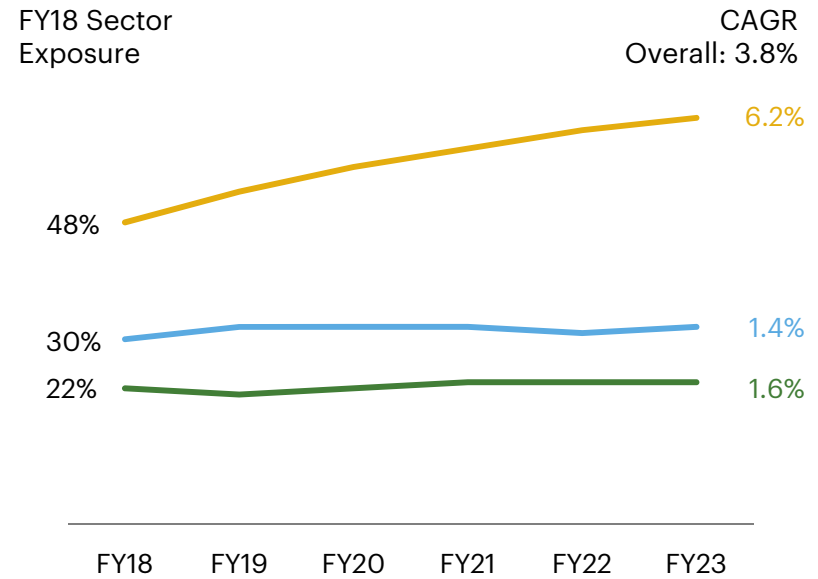


Steel sector exposure

FY18 Revenue Weighted Sector Exposure



2023 Market Outlook



Key: ■ Residential ■ Non Residential ■ Infrastructure / Other



Steel outlook

Key Strategic Priorities



Historic Financials (NZ\$m)

NZ\$m	FY15	FY16	FY17
Revenue	437	445	491
EBIT	36	44	54
EBIT %	8%	10%	11%
EBITDA	41	48	58
CAPEX	6	12	16
Cash Conversion	77%	55%	22%
ROFE	30%	31%	29%

19-23 Outlook

Market Share

FBU is currently No. 2 in the NZ steel market and expects to hold market share

Revenue

The Steel Division is forecasting to grow revenue in-line with market forecasts through ongoing brand development backed by customer service excellence

EBIT

EBIT is forecast to grow in-line with Revenue as Steel continues to constrain overhead and pursue ongoing back office synergies. Further procurement gains will continue to be a focus over the plan period

CAPEX

CAPEX investments will remain in-line with FY18 expenditure of c.\$15m p.a. out to FY23 which includes a new ERP and operating equipment refurbishments / replacements

ROFE

With this level of CAPEX, ROFE is expected to decrease by c.5 ppts. over the plan period



FOCUS

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Concrete summary

Business Unit Overviews



- Winstone Aggregates (WA) has over 150 years experience in manufacturing and supplying aggregates. It operates 18 quarries nationally
- Winstone Aggregates also includes Winstone Transport, which offers bulk transportation solutions nationwide



- Golden Bay Cement (GBC) is over 100 years old and is NZ's only manufacturer of cement
- From the Portland manufacturing plant, GBC supplies a full suite of bagged and bulk cement products and operates 7 service centres nationwide



- Firth is comprised of 3 major businesses: Certified Concrete (readymix), masonry (concrete blocks and pavers), and Dricon (bagged dry concrete)
- It operates 80 plants nationwide

Chief Executive Profile

Ian Jones



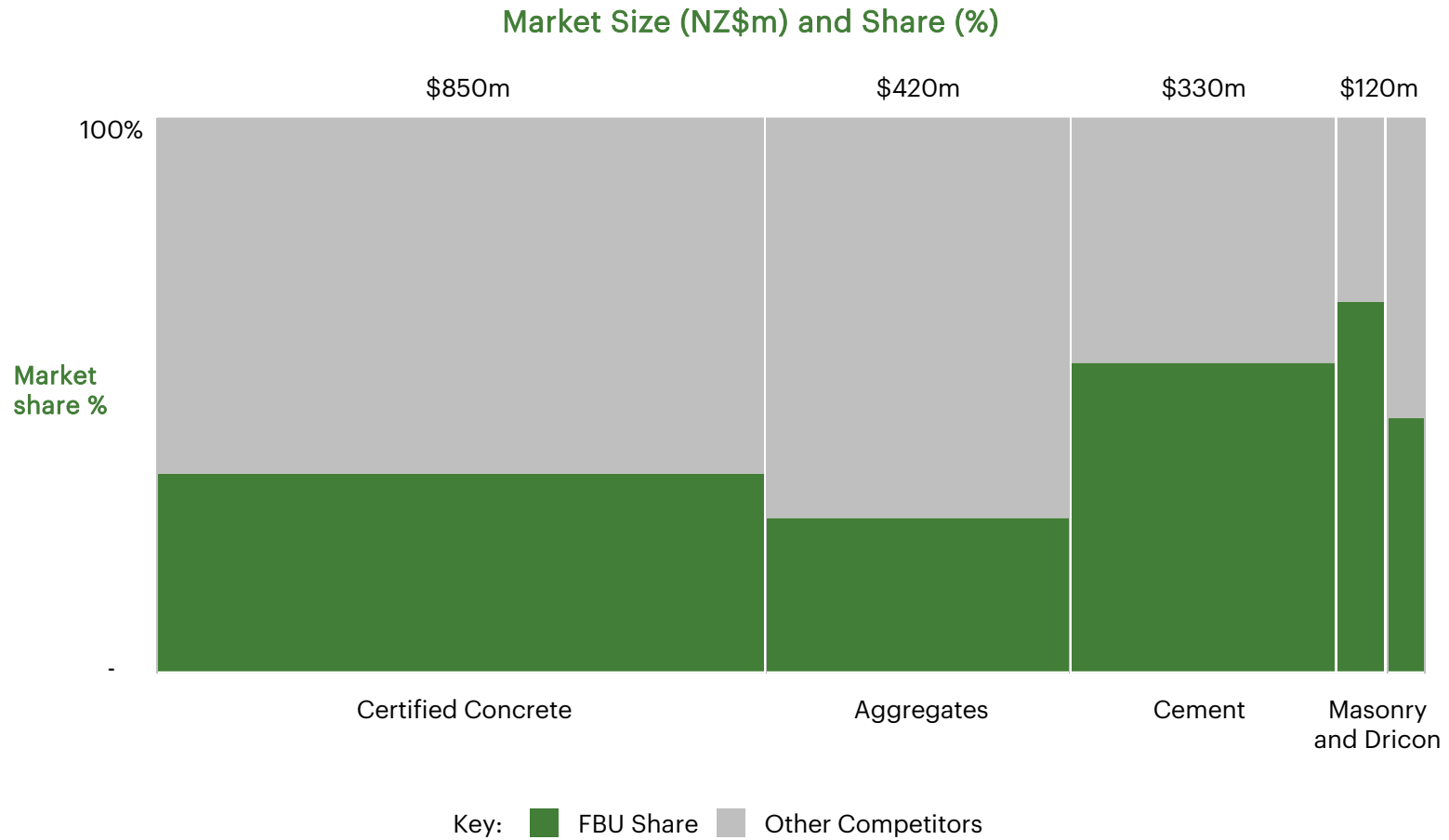
- Worked within FBU businesses for 27 years
- Most recently GM of GBC Winstone for 5 years, and GM of Pacific Steel before this
- Diplomas in Business Management and Operations Management from The University of Auckland

- Recent achievements:
 - Reset Golden Bay Cement's distribution model – including a \$90m investment in shipping, storage, and South Island distribution
 - Integrated Higgins quarries into the Winstone Aggregates portfolio with full go live on day one
 - Successfully divested Pacific Steel and enabled the development of James Fletcher Drive

"Our focus is on reinvesting for growth, delivering best-in-class operational performance, and continuing to build a highly engaged workforce, with people who go the extra mile to deliver for our customers"

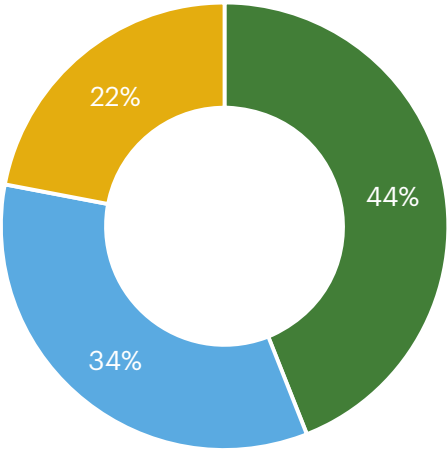


Concrete market size and share

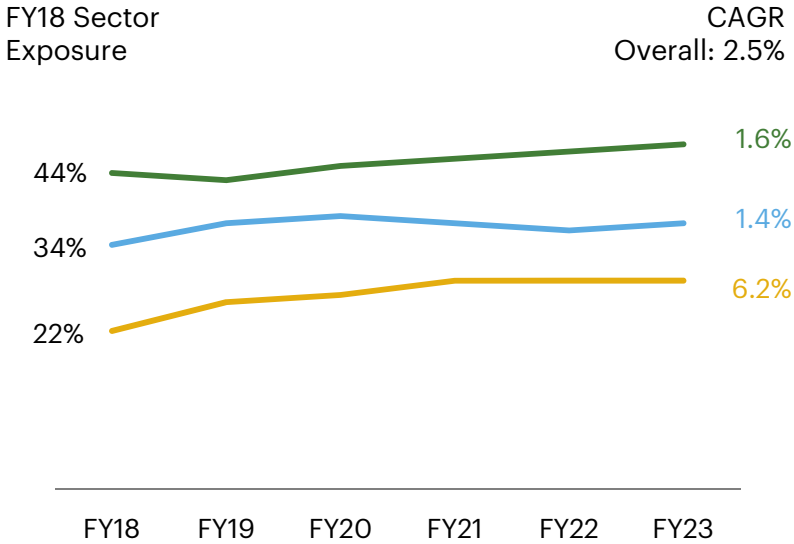


Concrete sector exposure

FY18 Revenue Weighted Sector Exposure



2023 Market Outlook



Key: ■ Residential ■ Non Residential ■ Infrastructure / Other



Concrete outlook

Key Strategic Priorities



Historic Financials (NZ\$m) ¹

NZ\$m	FY15	FY16	FY17
Revenue	711	742	781
EBIT	97	92	113
EBIT %	14%	12%	14%
EBITDA	132	128	153
CAPEX	45	66	87
Cash Conversion	96%	77%	30%
ROFE	20%	18%	18%

19-23 Outlook

Market Share

Readymix represents the largest market for the Concrete Division and pulls through aggregate and cement. Firth is targeting market share gains through product and service innovation. Cement is forecast to hold share

Revenue

Revenue is forecast to decrease slightly in FY19 as strong demand for aggregates in roading projects is offset by moderating readymix sales. From FY21, Concrete expect Revenue to grow above market forecasts as Firth captures share

EBIT

EBIT is forecast to decrease in FY19-20, largely due to coal and fuel price increases. Despite this, EBIT margins should return to FY18 levels and improve from FY21

CAPEX

CAPEX is forecast to decrease over the plan period from FY18 levels (c.\$65m) with medium term spend focused on cement manufacturing efficiencies and sustainability, developing existing quarries, replacement and new concrete plants and improving the truck fleet age profile

ROFE

With EBIT decreasing and fixed assets increasing, Concrete expect ROFE to decrease in FY19-20 but improve from FY21 through increasing investments in growth versus stay in business, manufacturing efficiencies, market growth and share gains



FOCUS

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Fletcher Building
Strategy Presentation 2018



Residential and Development summary

Business Unit Overview



The Residential and Development Division comprises three business units:

- Fletcher Living, a builder of residential homes and apartment buildings in Auckland and Christchurch
- Development, a developer of residential and commercial subdivisions
- Panelisation, a builder of modular offsite homes that can be sold to Government agencies (i.e. KiwiBuild) and other Group Home Builders

Chief Executive Profile

Steve Evans



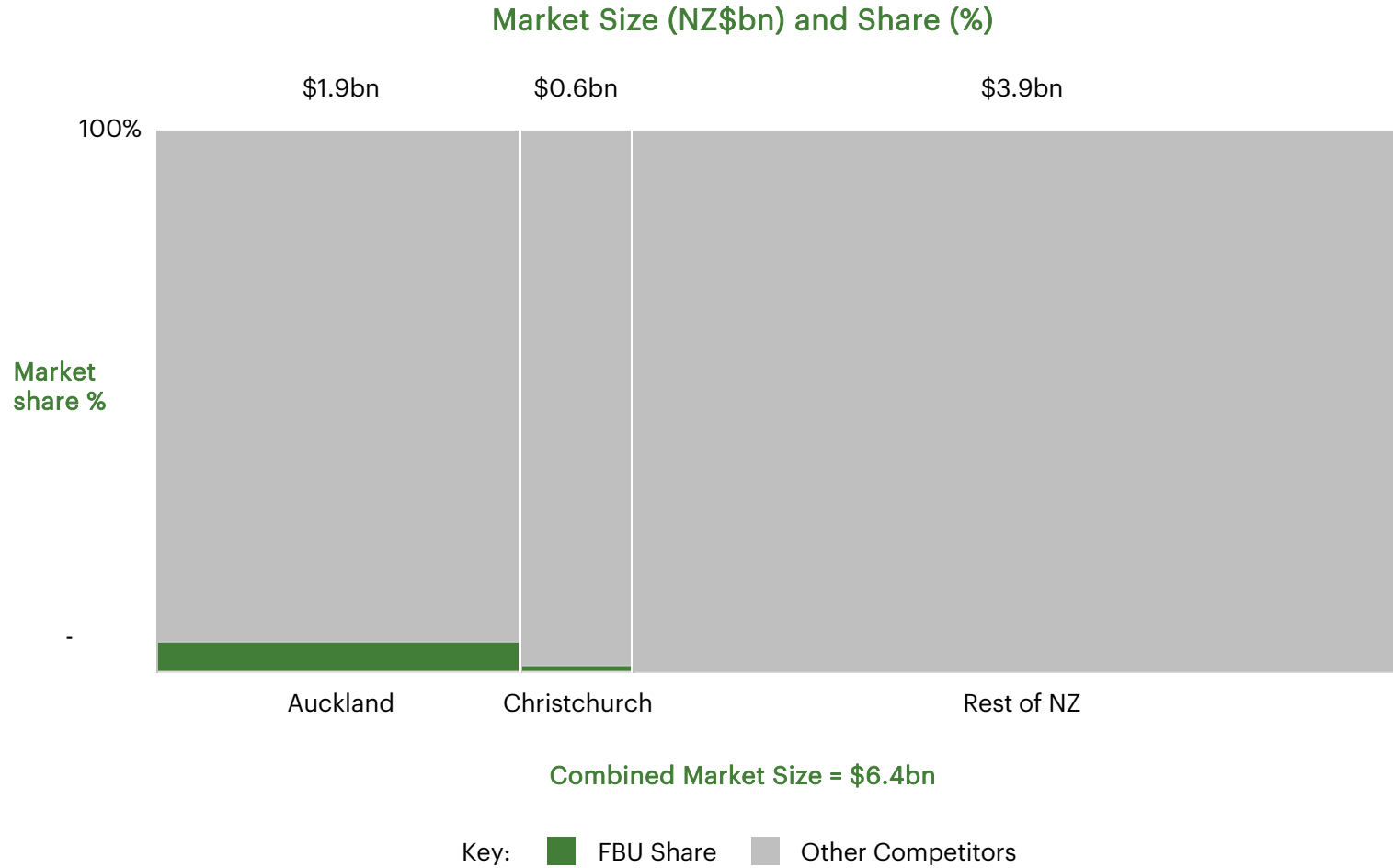
- Chief Executive of Residential and Development since 2015
- Previously:
 - Development Director at Heron International, including multi storey commercial and residential developments in London.
 - Founding Director of an urban regeneration business in London, working with government on community housing needs
- Bachelor of Engineering from the University of Melbourne

- Recent achievements:
 - Scaled Fletcher Living to 500 units and EBIT of \$130m in FY17
 - Led FBU investment in panelisation trials, with a proven concept now being funded at scale

“We will leverage our end to end relationship with other FBU businesses, our proven ability to innovate, and our unique position as both a residential and land developer to deliver housing and community solutions that set us apart from our competitors”

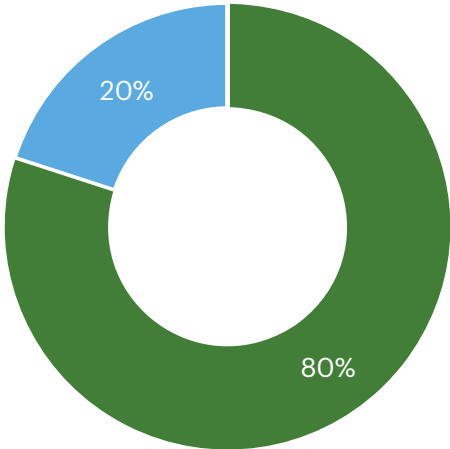


Residential and Development market size and share

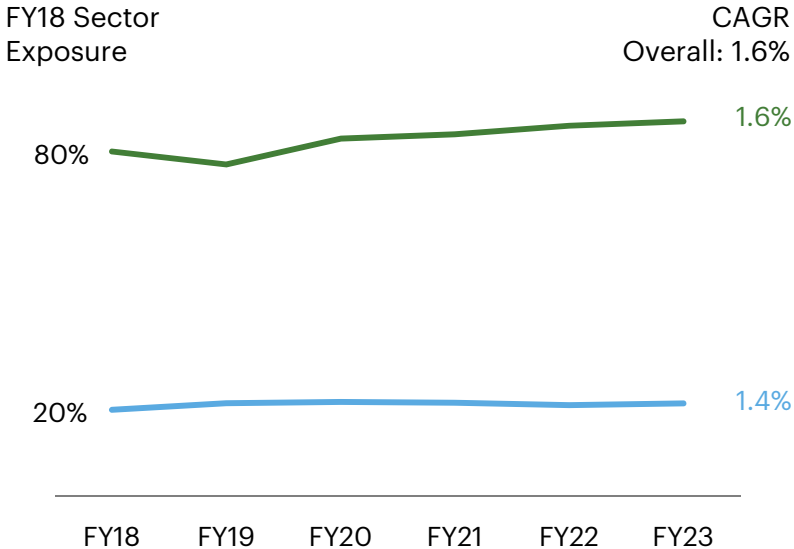


Residential and Development sector exposure

FY18 Revenue Weighted Sector Exposure



2023 Market Outlook



Key: ■ Residential ■ Non Residential ■ Infrastructure / Other



Residential outlook

Key Strategic Priorities

Build and sell
up to 1,000
homes p.a.

Introduce and
profitably
scale
panelisation

Support
affordable
housing
initiatives

Historic Financials (NZ\$m)

NZ\$m	FY15	FY16	FY17
Revenue	238	330	340
EBIT	66	74	76
EBIT %	28%	22%	22%
EBITDA	66	74	76
CAPEX	-	-	-
Cash Conversion	8%	(4%)	(140%)
ROFE	31%	26%	16%

19-23 Outlook

Market Share

Residential is the joint #1 player in NZ's largest market, Auckland, and is planning to scale from the present c.700 units to a steady state selling 1,000+ houses p.a.

Revenue

Residential is forecast to grow in-line with the increase in house volumes

EBIT

Margins are forecast to broadly hold at FY18 levels with EBIT increasing in-line with Revenue

Funds

Further funds investment in Residential is forecast to ease and remain stable at between c.\$650-700m over the plan period. Cash conversion as a result is expected to grow to c.100% by FY20

ROFE

ROFE will increase as Residential further focuses on Auckland, completes lower margin housing projects in Christchurch and grows EBIT against a stable funds base



Development outlook

Historic Financials (NZ\$m)

NZ\$m	FY15	FY16	FY17
Revenue	23	30	80
EBIT	9	14	54
EBIT %	38%	47%	67%
EBITDA	9	14	54
CAPEX	-	-	-
Cash Conversion	202%	(13%)	112%
ROFE	15%	17%	70%

19-23 Outlook

Revenue

Revenue is forecast to decrease in FY19 and remain flat over the plan period

EBIT

As Development stock eases, EBIT is forecast to decrease from the outperform in FY18 of c.\$50m to c.\$25m p.a. over the plan period

Funds

Funds are forecast to ease and remain stable at c.\$50m



FOCUS

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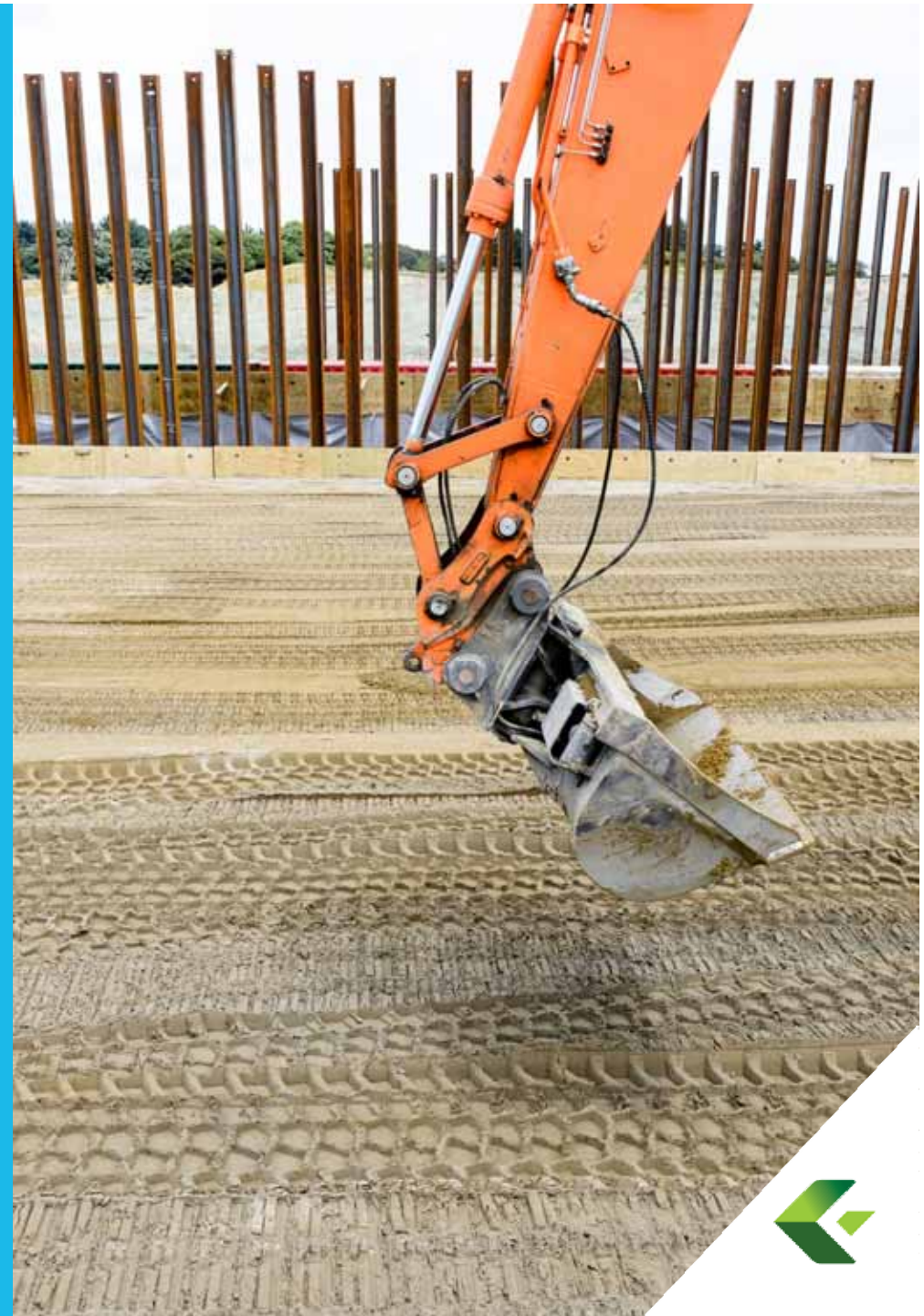
- | | |
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| | E. Residential + Development |
| | F. Construction |
| Australia: | G. Australia |
| Rest of World: | H. Formica |

3. Group Financials

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Construction summary

Business Unit Overviews



- Building + Interiors is a general constructor of commercial, retail, health, hospitality, education and government buildings
- Infrastructure delivers infrastructure and transport projects within NZ, including roads, bridges, wharves, railway and bus connection stations, water and wastewater services plants, industrial plants and upgrades
- Our South Pacific business unit is a full construction contractor in commercial and infrastructure projects across the South Pacific region



- Brian Perry Civil includes three specialist brands businesses - Pipeworks, Piletech, and Seovic
- Brian Perry Civil works independently and alongside Infrastructure



- Higgins is a specialist in the construction and maintenance of roads, surfaces and pavements
- They have a strong presence in the Central and Lower North Island of NZ and have grown to 12 major branches across NZ and Fiji

Chief Executive Profile

Michele Kernahan

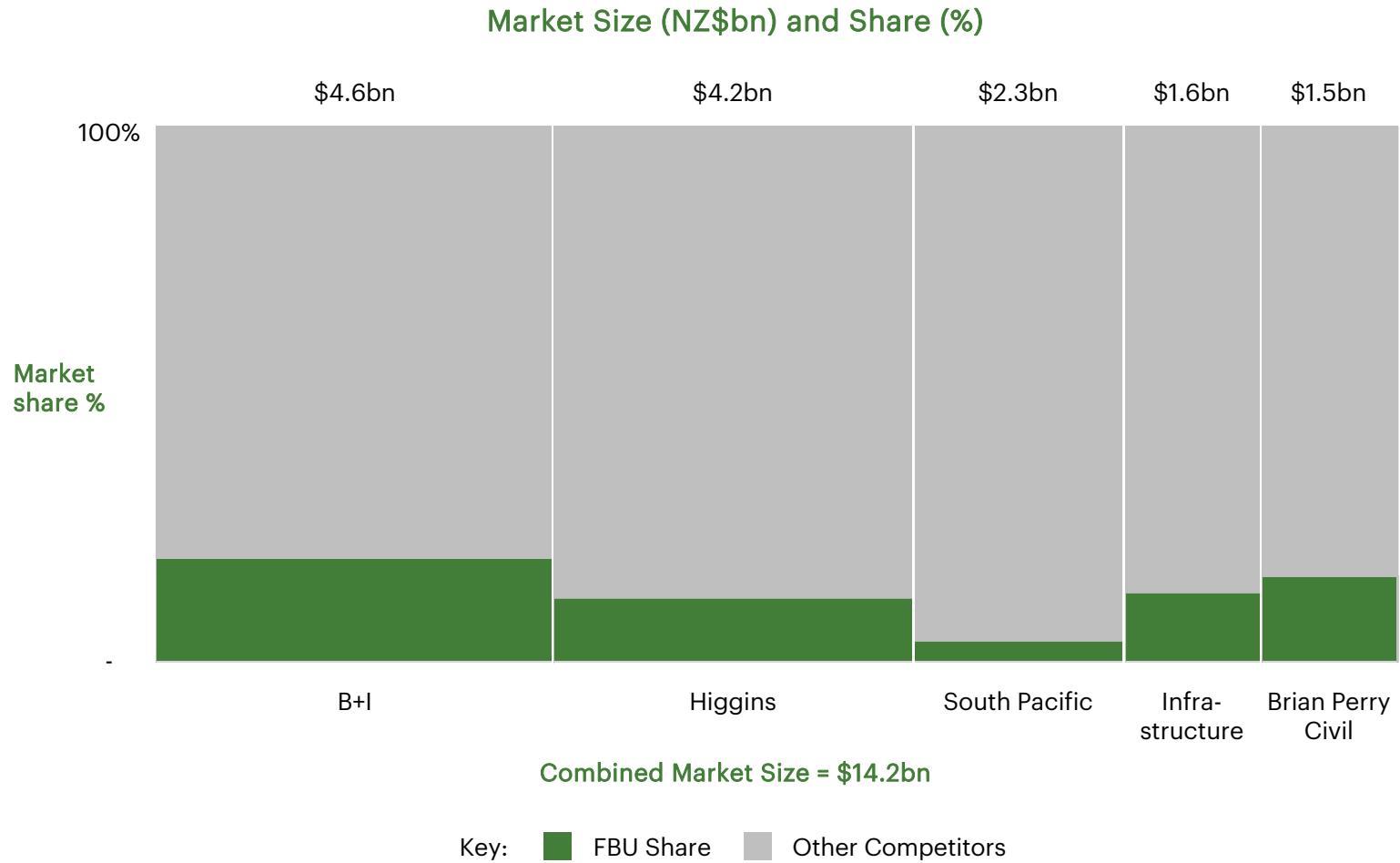


- Chief Executive of Construction since 2017
 - Worked within FBU businesses for 20 years
 - Previously GM for EQR, Laminex AU, and GBC
 - MBA from the University of Canterbury, completed the Advanced Management Programme at Harvard, and graduated from further leadership programmes at Stanford and Wharton
- Recent achievements:
- Led the strategic reorientation of Construction, and implemented a new organisational structure to significantly boost capability and project and bidding governance
 - Delivered the highest EBIT result in 10 years in Laminex AU and customer engagement scores above industry benchmarks

"The key to achieving any strategy starts and ends with people. We need to continue to recruit and retain the best talent, and create an environment where they can achieve and thrive."

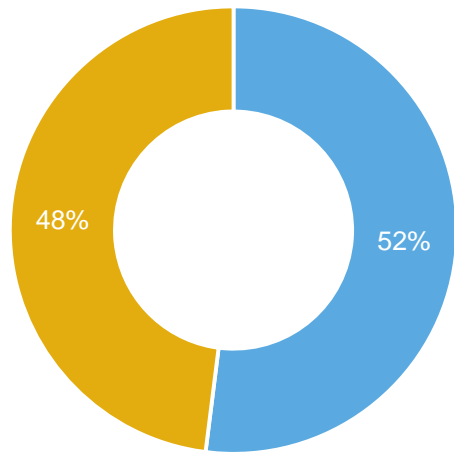


Construction market size and share

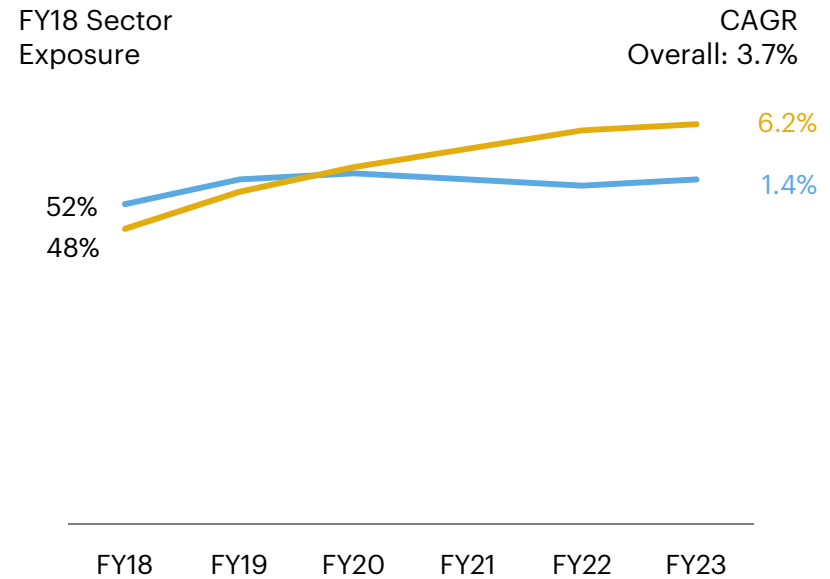


Construction sector exposure

FY18 Revenue Weighted Sector Exposure



2023 Market Outlook



Key: ■ Residential ■ Non Residential ■ Infrastructure / Other



Construction outlook

Key Strategic Priorities



Historic Financials (NZ\$m)

NZ\$m	FY15	FY16	FY17
Revenue	1,342	1,648	2,246
EBIT	74	78	(204)
EBIT %	6%	5%	(9%)
EBITDA	81	86	(184)
CAPEX	16	25	28
Cash Conversion	129%	67%	195%

19-23 Outlook

Market Share

Construction will complete the remaining B+I projects having curtailed bidding for projects in the commercial sector. The Infrastructure, Higgins, Brian Perry Civil and South Pacific businesses have opportunities to grow market share through growth in capacity and providing attractive capability and service propositions to customers

Revenue

The impact of a declining B+I book, will see forecast revenue for FY18 and FY19 decline versus FY17, then stabilise from FY20 onwards

EBIT

With the B+I losses provided for, Construction earnings are forecast to be driven by strong results in Higgins, Brian Perry Civil and South Pacific and consistent performance from the larger Infrastructure projects

CAPEX

CAPEX is forecast to be higher than in recent years due increasing investment in Higgins (including two new asphalt plants) and new piling equipment for Brian Perry



FOCUS

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Australia summary

Business Unit Overviews

Laminex

- Laminex AU has been manufacturing and distributing decorative surfaces for over 80 years. It operates 6 manufacturing sites, 5 distribution centres and 29 branches

IPLEX
Pipelines

- Iplex AU manufactures and supplies a comprehensive range of pipe, fittings and valves. It operates across 3 offices and a mix of sales, manufacturing and distribution in 10 locations nationwide

Rocla

- Rocla manufactures a range of innovative engineered concrete solutions. It operates across 16 locations nationwide

Fletcher
Insulation

- FI provides energy efficient and acoustic solutions to heating, ventilation and air conditioning (HVAC) markets. It operates across 14 locations nationwide

Tradelink

- Tradelink provides plumbing centres and showrooms that display and distribute a wide range of bathroom, kitchen, laundry and plumbing products from leading brands. It operates across 229 branches

Stramit

- Stramit is a steel rollformer to the residential and commercial building markets. It operates across 17 manufacturing sites and 1 distribution centre

Chief Executive Profile

Dean Fradgley

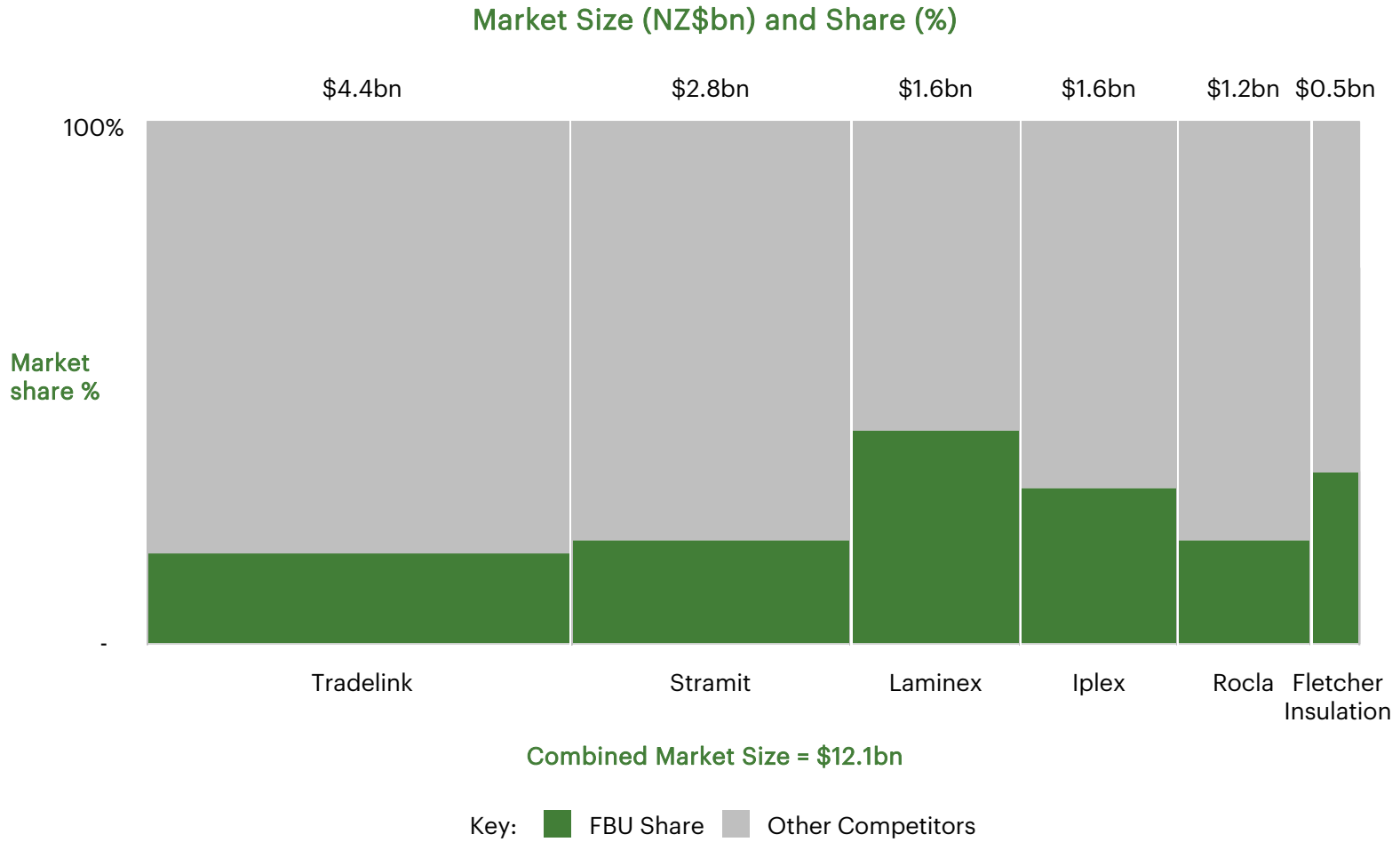


- Chief Executive of Distribution Division since 2015
- Prior to FBU:
 - 20 years experience in B2B and B2C distribution. MD Wolseley Commercial + Industrial Division, world's largest plumbing and heating merchant. Head of Trade at B+Q, third largest DIY retailer globally
- IOSH H+S safety qualified, studied Business Strategy at IMD Switzerland
- Recent achievements:
 - Organically doubled earnings of Distribution Division
 - Improved PlaceMakers EBIT by c.30% since FY15; led turnaround of Mico from loss making position to top quartile returns, from a loss making position; Fletcher Steel now NZ's No. 2 steel distributor
 - Created management teams that delivers global top quartile customer and employee engagement metrics

"We need to make FBU AU greater than the sum of its parts, build a customer leading obsession, innovate, take no. 1 positions, and deliver above market growth"

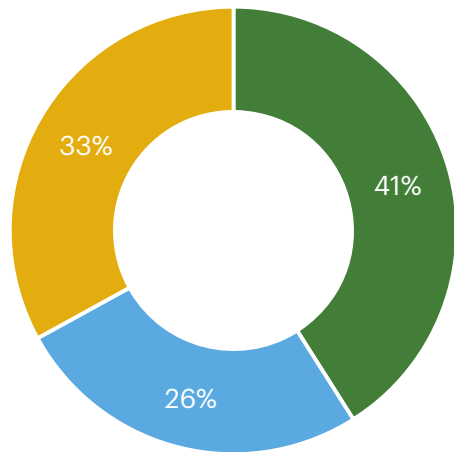


Australia market size and share



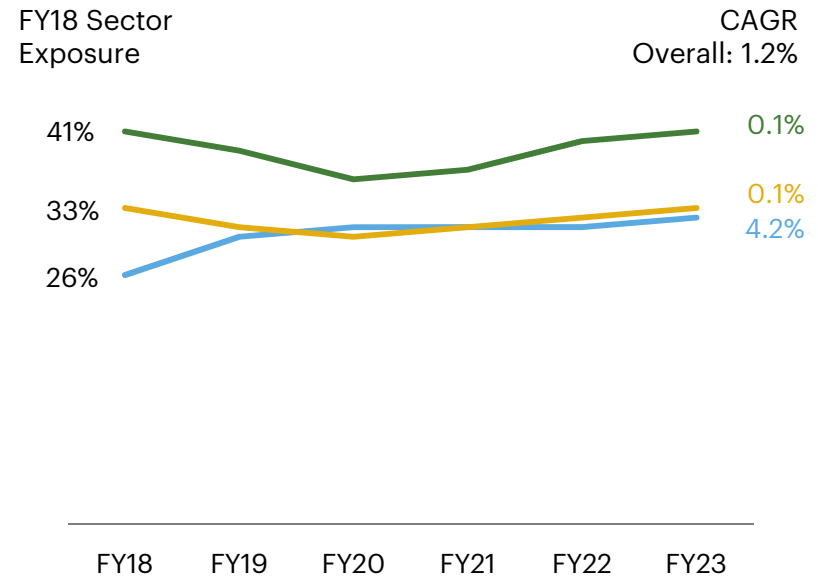
Australia sector exposure

FY18 Revenue Weighted Sector Exposure



Key: ■ Residential ■ Non Residential ■ Infrastructure / Other

2023 Market Outlook



Australia outlook

Key Strategic Priorities



Historic Financials (NZ\$m)

NZ\$m	FY15	FY16	FY17
Revenue	2,967	2,990	2,858
EBIT	98	138	119
EBIT %	3%	5%	4%
EBITDA	164	203	181
CAPEX	79	57	70
Cash Conversion	92%	154%	62%
ROFE	4%	7%	7%

19-23 Outlook

Market Share

Plumbing distribution is FBU’s largest market in Australia. Laminex AU and Iplex AU occupy No. 1 positions in market. With performance improvement and a successful turn around, the Australia division expects to recapture lost market share

Revenue

The Australia Division is forecasting to grow revenue c.2 ppts. above market forecasts. Certain markets are expected to contract in the next couple of years but despite this headwind, top line growth will be attained through product development, opening new stores and entering adjacencies

EBIT

EBIT is forecast to double across the plan period. The substantive improvement is expected from modernising manufacturing capabilities, optimising the property and fleet network and driving overhead improvements

CAPEX

CAPEX is forecast to be c.\$45m p.a. higher than historic averages out to FY22 due to planned investments in manufacturing plants / site efficiencies, ERP replacements and new product development. 50% of incremental spend will be targeted towards growth

ROFE

ROFE is forecast to improve over the planned period by 3-4 ppts.



FOCUS

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Formica summary

Business Unit Overview



Formica has 105 years global experience in designing, manufacturing and supplying laminates and other decorative surfaces. Formica comprises of four business units split geographically and a sub-brand:

- Formica North America is based in USA, Canada and Mexico and has 2 manufacturing sites, 7 distribution centres and 1 head office
- Formica Asia is based in China, Taiwan and Thailand and sells HPL and Compact through 4 manufacturing sites, 17 branches, 1 sales office and 1 head office
- Formica Europe is based in most major European countries and has 5 manufacturing sites, 2 distribution centres and 5 offices
- Homopal is based in Germany and provides decorative laminates used in furniture and public settings such as hotels out of one site. It supplies Germany, Austria and Switzerland directly, to Formica globally, and also operates through a network of independent 3rd party distributors

Chief Executive Profile

Francisco Irazusta



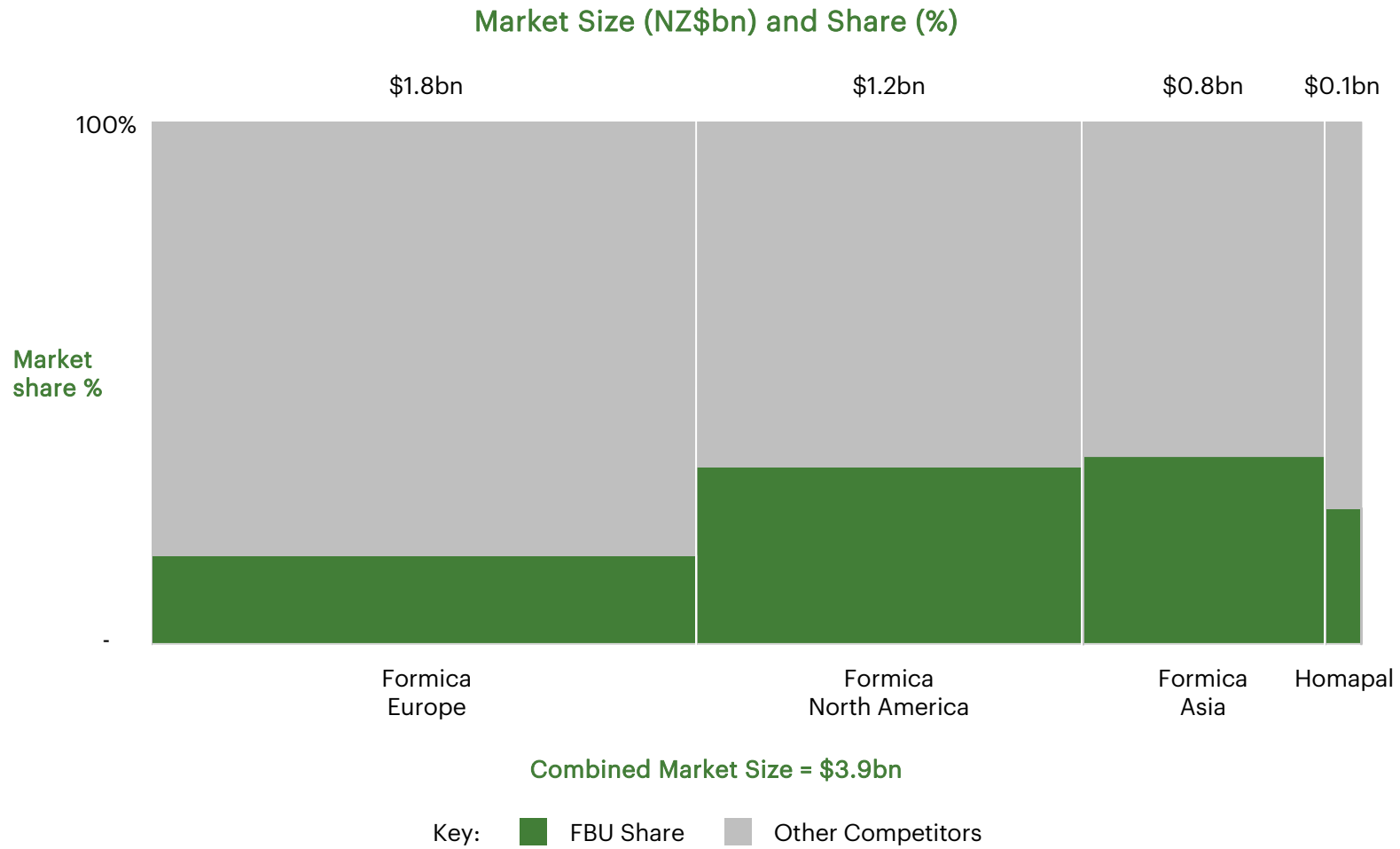
- Chief Executive of International since 2016
- Previous FBU's Interim CEO and CE for Light Building Products
- Prior to FBU he held a number of Group Managing Director roles within CRH Europe
- Masters of Science, Industrial and Engineering from the State University of New York

- Recent achievements:
 - Improved Formica's EBIT by c.30% since FY15
 - Built strong management teams in FB's International businesses
 - Delivered a significant safety performance improvement

"We are focused on driving our growth plans and maximizing value for FBU and Formica. Formica created their categories – innovation is in our DNA, and will continue to be key to our success."

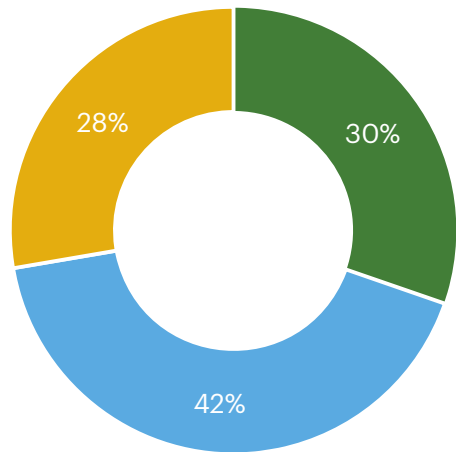


Formica market size and share

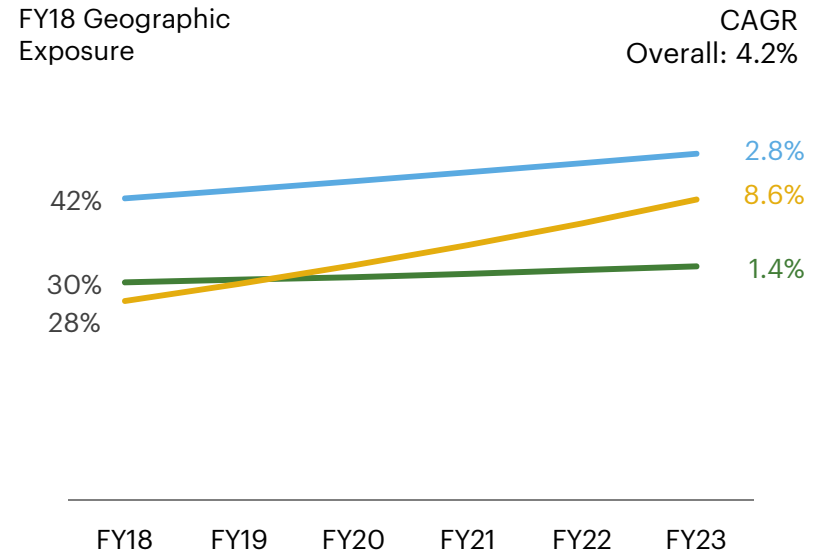


Formica geographic exposure

FY18 Revenue Weighted Sector Exposure



2023 Market Outlook



Key: ■ Europe ■ North America ■ Asia



Formica outlook

Historic Financials (NZ\$m)

NZ\$m	FY15	FY16	FY17
Revenue	888	980	933
EBIT	49	39	65
EBIT %	5%	4%	7%
EBITDA	78	75	101
CAPEX	52	61	58
Cash Conversion	21%	35%	17%
ROFE	4%	4%	6%

19 Outlook

Market Share

Formica is a market leader in several countries and will seek to maintain these positions through design and innovation leadership. Developing Asian countries are Formica's fastest growing markets and present the most attractive opportunities to gain market share in FY19

Revenue

Formica is forecasting to grow revenue above market forecasts largely due to incremental share gain in Asia

EBIT

EBIT is forecast to grow above Revenue through new customer-led premium products which provide higher margin and through reducing overhead as a percentage of revenue

CAPEX

CAPEX is forecasted to increase in FY19 due to the Europe development programme, a melamine treater in North America, HPL new product development and a bonded facility in Asia

ROFE

ROFE is expected to increase by c.1-2 ppts. in FY19



Formica update

Divestment Process Stage



FOCUS

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After targeted exits and based on a mid-point of FY18 guidance, FBU's base business is c.\$7.6bn revenue and c.\$600m EBIT

Mid-Point of FY18 Guidance	Group	-	B+I	=	Group ex. B+I	-	Exits ¹	=	Base Business
Revenue (NZ\$bn)	\$9.8bn		\$0.9bn		\$8.9bn		\$1.3bn		\$7.6bn
EBIT (NZ\$m)	\$40m		\$(660)m		\$700m		\$100m		\$600m
EBIT Margin (%)					c.8%				c.8%
Working Capital Cycle (days) ²									69
Trading Cashflow (NZ\$m) ³	\$440m		\$(280)m		\$720m		\$120m		\$600m
CAPEX (NZ\$m)	\$300m		-		\$300m		\$60m		\$240m
Return on Funds Employed (ROFE) (%) ⁴					c.12%				c.13%
Effective Tax Rate (%)					25%				28%
Cash Conversion (FCF / EBIT) (%) ⁵					c.45%				c.45%

¹ Exits include Formica, RTG and FY18F outperform in Development. ² Working Capital Cycle = Inventory Days (DIO) + Days Sales Outstanding (DSO) – Days Payable Outstanding (DPO). ³ Trading Cashflow = EBITDA + Change in Net Working Capital. ⁴ ROFE = EBIT / Average Funds Employed. ⁵ Cash Conversion = Free cashflow / EBIT. Free cashflow = Trading cashflow – CAPEX – cash tax. Cash Conversion is normalised for effective tax rates of 25% and 28%

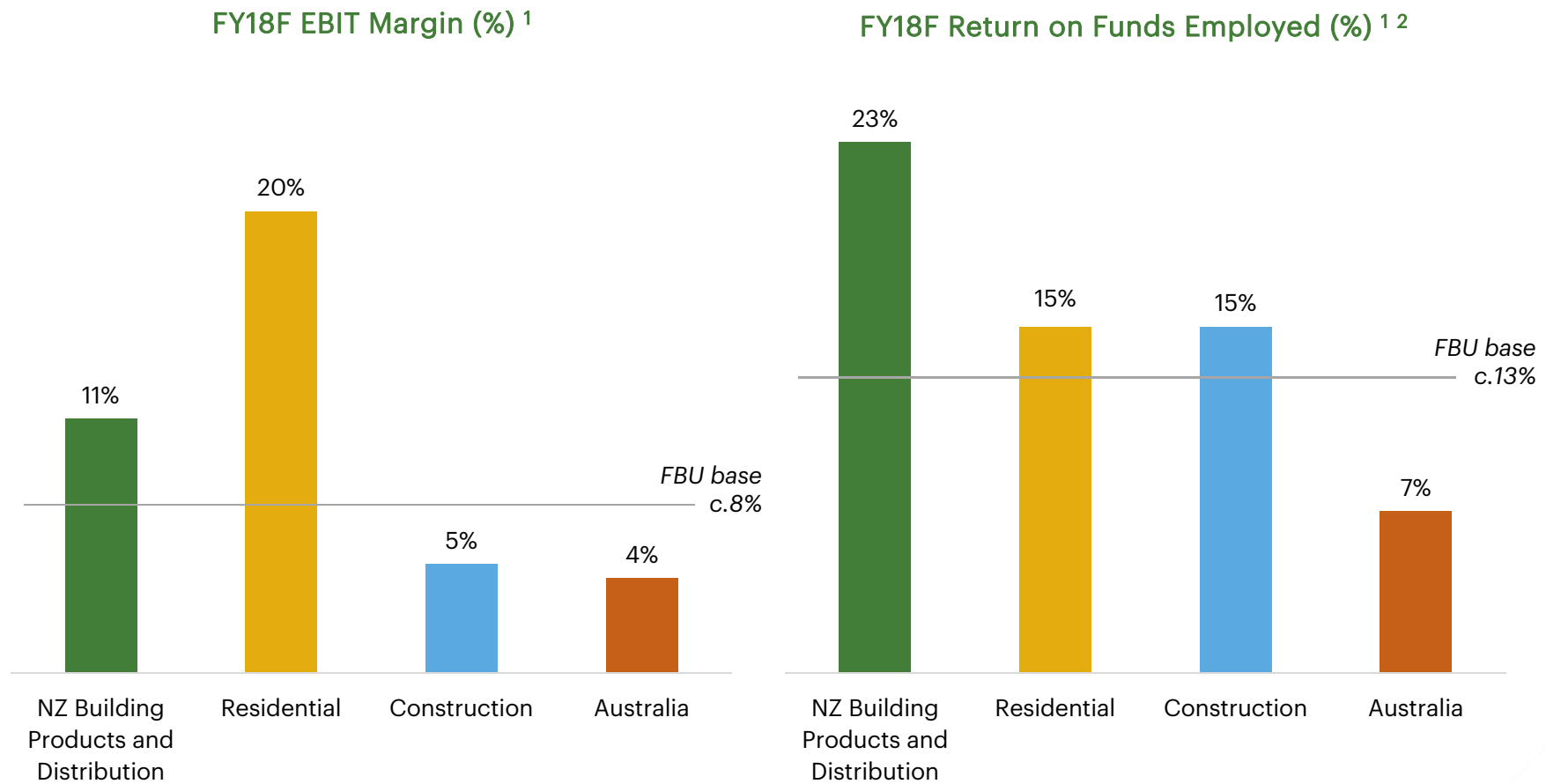


FY18 result is likely to include below-the-line restructuring charges plus impairment of certain business unit carrying values

FY18F Likely Significant Items ¹	(NZ\$m)
Restructuring charges, including redundancy costs and write-down of Group IT assets	c.\$(85)m to \$(95)m
Potential impairment of entity carrying values – to include Roof Tile Group and Rocla	TBD
Gain on sale of 20% stake in the Dongwha processing plant	+\$12m



Lifting margins and returns in Australia will be key to driving Group performance









¹ Excludes exits (i.e. B+I, Formica and RTG) and FY18F outperform in Development. NZ Building Products and Distribution includes Concrete and Steel. EBIT figures are FY18F guidance mid-points.

² ROFE = EBIT / Average Funds Employed






Outlook - earnings: FY19 objective is to stabilise and focus the business, growth from FY20 driven especially by AU turn around and targeted M+A

	FY19	FY20-23
Earnings outlook	Stable	Growing
 Building Products + Distribution	Defend strong positions and deliver organic revenue growth at 1-2 ppts. above market	
 Construction	Stabilise vertical projects and return Division to profit	Profitable expansion in infrastructure, especially Higgins and Brian Perry Civil
 Residential	Continued growth in AKL, margin impacted by CHC ¹	Funds stable at ~\$750m, target ~1,000 units at >15% ROFE by FY21
Development	Annualised EBIT of c.\$25m p.a.	
 Australia	Embed strategy and establish turn around momentum	Deliver organic revenue growth at >2 ppts. above market and double EBIT margin to >7% by FY23
 Divestment	Formica and RTG sold	
 Acquisition	Pursue network infills and adjacencies where accretive to margins and returns	



Outlook - working capital: opportunity for one-off c.\$100m cash release through to FY23

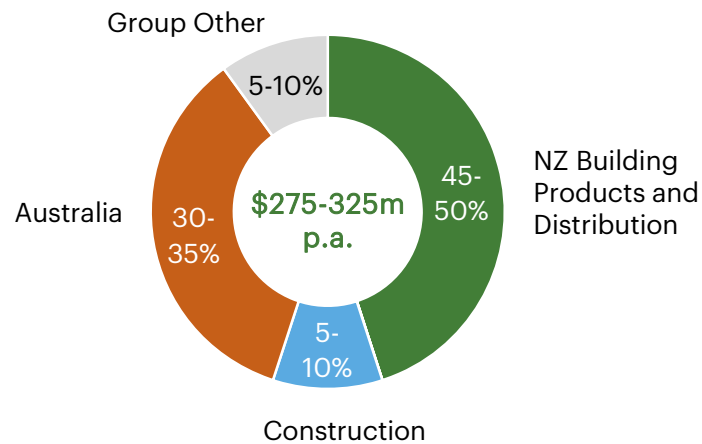
Metrics for Building Products and Distribution businesses	FY18 Forecast (days)	FY23 Target (days)
Inventory (DIO)	68	
Receivables (DSO)	42	
Payables (DPO)	41	
Working Capital Cycle	69	< 64

One day of Working Capital release delivers c.\$15-20m of benefit



Outlook - CAPEX: expected investment in base business of \$275-325m p.a. from FY19

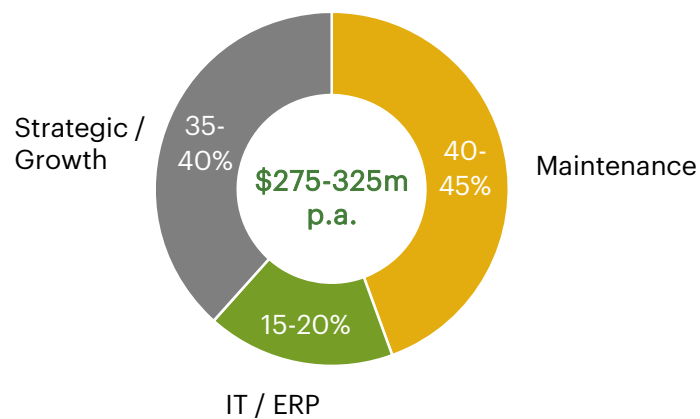
FY19-23F CAPEX by Markets



Major Investments

- Winstone Wallboards new plant
- Laminex AU new product development and plant efficiency improvements
- ERP replacements and digital / e-commerce initiatives
- PlaceMakers and Tradelink store roll-outs and refurbishments
- Higgins new asphalt plants
- Fletcher Living panelisation plant

FY19-23F CAPEX by Category



Depreciation and Amortisation

- Depreciation + Amortisation for the base business is expected to lift from c.\$180m in FY18F to c.\$260-280m in FY23F



Outlook - returns: target >15% return on funds employed

Division	FY18F Base Funds (NZ\$m) ¹	FY18F ROFE ¹	Outlook
NZ Building Products and Distribution	1,600-1,650	23%	<ul style="list-style-type: none"> Higher funds on Winstone Wallboards investment Target stable returns
Residential + Development	650-700	15%	<ul style="list-style-type: none"> Funds levelling off at c.\$750m Target returns >15%
Construction	300-350	15%	<ul style="list-style-type: none"> Funds stable Target returns >15%
Australia	1,800-1,850	7%	<ul style="list-style-type: none"> Higher funds on catch up investment Target returns >10%
Group	4,550-4,700 ²	13%	<ul style="list-style-type: none"> Incremental funds of c.\$600m across plan period Target returns >15%



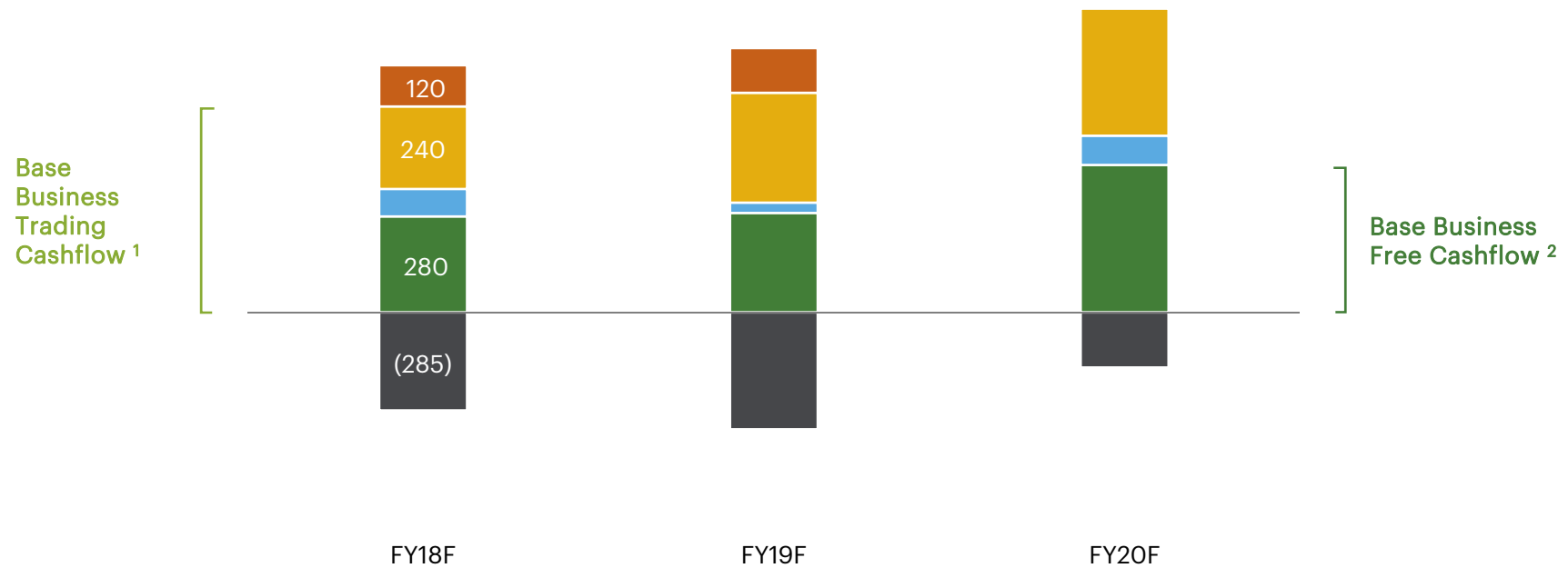
Outlook - cash generation: targeting improvement in cash conversion from c.45% in FY18F to >70% through to FY23

- Base business has Trading cashflow ¹ of c.\$600m in FY18F
- Improved Trading cashflow generation to be driven by:
 - Earnings uplift, notably in Australia
 - Residential delivering c.100% cash conversion from FY20
 - Working Capital release
- CAPEX to run c.\$100m ahead of Depreciation in base business at outset of plan period, narrowing to c.\$25m at the end of plan period
- Targeting a lift in cash conversion (FCF / EBIT) ² from c.45% currently to >70% through to FY23



Outlook - cash: cashflow profile impacted in FY19-20 by Formica divestment, B+I and taxation

Group Cashflow Profile (NZ\$m)



Key: ■ Base Business Free Cashflow² ■ Cash Tax ■ Group CAPEX ■ B+I Cash Outflow ■ Exits Trading Cashflow³

¹ Trading Cashflow = EBITDA + Change in Net Working Capital
² Free Cashflow = Trading Cashflow - CAPEX - Cash Tax
³ Exits include Formica, RTG and FY18F outperform in Development



Outlook - taxation: B+I losses will limit cash tax in FY19-20

Accounting tax

- Effective tax rate expected to be 25% in FY18
- Anticipated step up in effective tax rate in FY19 to 26%, then 28% from FY20 onwards
 - Increase in effective tax rates reflects the impact of tax law changes in various countries and the assumed exit of Formica

Cash tax

- It is unlikely that FBU will pay significant cash tax in NZ in FY19 and FY20 due to the B+I losses



Summary of key metrics for base business and outlook to FY23

Metric	FY18F Base Business ¹	Outlook to FY23
Revenue	c.\$7.6bn	<ul style="list-style-type: none"> FY19 focus: Construction turn around, International exit Growth from FY20: Targeting Revenue growth above market forecasts and EBIT margins >10%
EBIT	c.\$600m	
EBIT Margin	c.8%	
Working Capital Cycle ²	69 days	<64 days
Trading Cashflow ³	c.\$600m	<ul style="list-style-type: none"> Uplift from earnings growth, increased Residential cash conversion, and working capital release
CAPEX	c.\$240m	\$275-325m p.a.
Return on Funds Employed (ROFE) ⁴	c.13%	>15%
Effective Tax Rate	28%	28%
Cash Conversion (FCF / EBIT) ⁵	c.45%	>70%

¹ Based on target group portfolio (i.e. excluding B+I, Formica, RTG and FY18F outperform in Development). All figures are FY18F guidance mid-points.

² Working Capital Cycle = Inventory Days (DIO) + Days Sales Outstanding (DSO) - Days Payable Outstanding (DPO). ³ Trading Cashflow = EBITDA + Change in NWC

⁴ ROFE = EBIT / Average Funds Employed. ⁵ Cash Conversion = Free cashflow / EBIT. Free cashflow = Trading cashflow - CAPEX - cash tax. Cash Conversion is normalised for an effective tax rate of 28%



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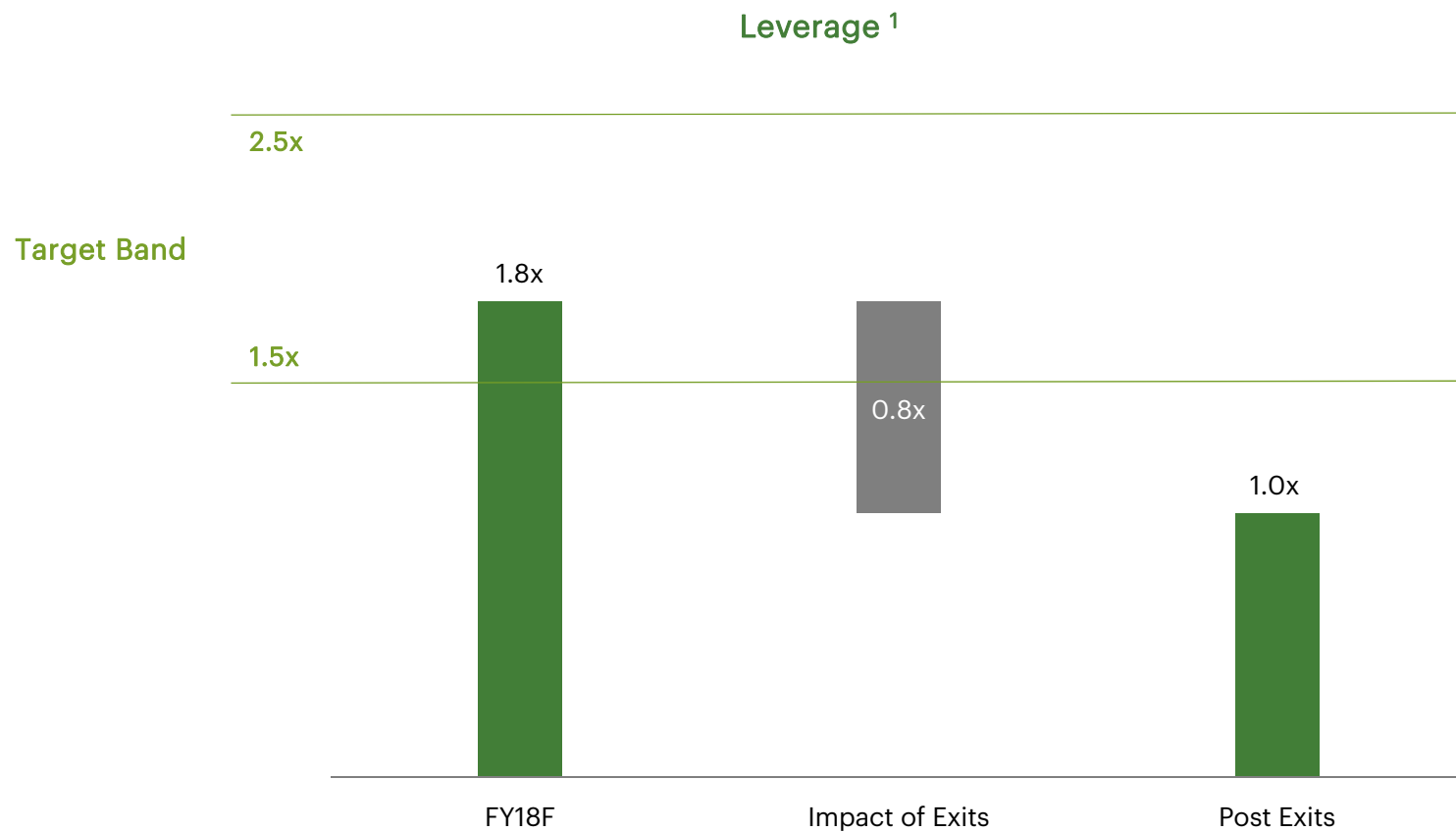


Debt: lender negotiations finalised in line with target terms

- On 15 May 2018, FBU announced that it had reached agreement with its commercial banking syndicate and USPP noteholders on revised terms of its lending arrangements
- Key terms agreed:
 - Previously announced B+I losses will be excluded from covenant calculations;
 - Revised covenants: senior leverage ratio <3.25x; senior interest cover >3.00x; total interest cover >2.00x;
 - Until the earlier of 30 June 2019 or the date on which the senior leverage ratio (including the previously announced B+I losses) is less than 1.75x for three consecutive months:
 - Additional margin payable of 1.25%; and,
 - Proceeds from disposals of assets above a threshold must be first offered for repayment of senior debt
- No prepayment of any USPP notes:
 - All existing facilities have been maintained and there is no change to the maturity of the facilities
 - There is no change to underlying margin payable on the USPP notes, other than the 1.25% additional margin which will cease to be payable no later than 30 June 2019

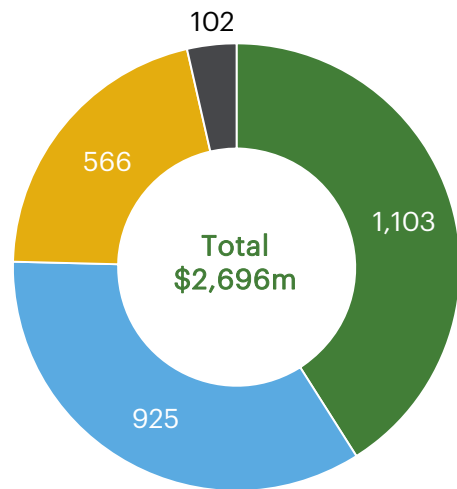


Debt: target leverage range is 1.5x-2.5x, with Exits creating a resilient balance sheet and headroom for investment

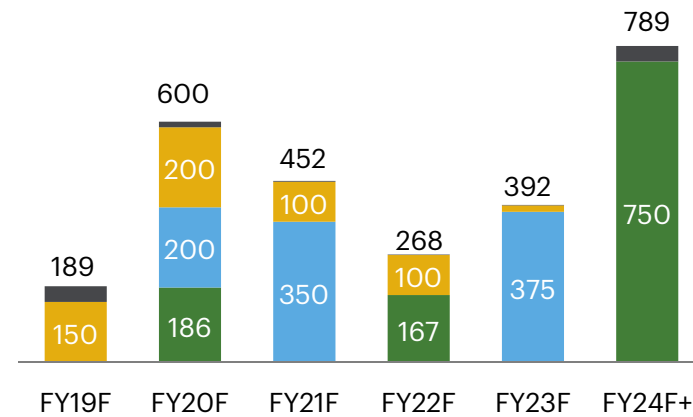


Debt: current funding maturity profile is robust

Pro-forma Facilities Post Capital Raising (NZ\$m) ¹



Maturities (NZ\$m)



Key: ■ USPP ■ Bank Syndicate ■ Capital Notes ■ Other



Debt: funding costs to be in range of 5.0-5.5% (assuming stable base rates)

Facility	Drawings 31 March 2018 (NZ\$m)	Forecast Drawings as at 30 June 2018 (NZ\$m) ¹	Average Cost of Funds (%) ²
USPP ³	1,119	1,140	5.1%
Bank Syndicate	714	97	3.7% ⁴
Capital Notes	566	566	5.7%
Other ⁵	102	97	7.5%
Total Gross Debt	2,501	1,900	5.4%

Funding costs

- Following the \$750m capital raise, the mix of debt has changed significantly
- This will continue in calendar 2019 with \$185m of USPP notes maturing and the potential impact of the Formica divestment
- Reduction of bank syndicate funding is, ceteris paribus, likely to lead to increased average interest cost across remaining debt which reflects longer maturities
- Total funding costs expected to be c.\$150-155m in FY18, then c.\$145-150m in FY19 including temporary additional fees. Funding costs will reduce in future years.

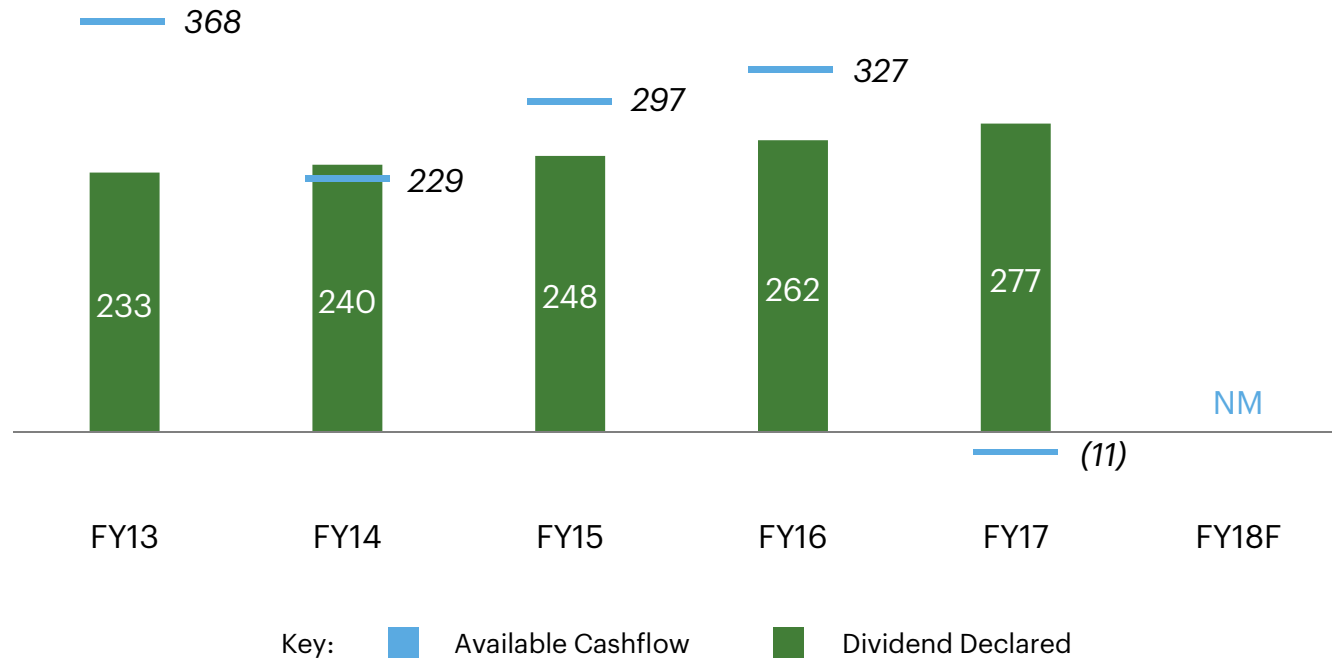
¹ Forecast assumes FX rates as at 31 May, 2018. ² Excludes temporary additional fees and other costs. ³ Includes fair value hedge component and excludes CCIRS.

⁴ Financing cost on bank syndicate debt in FY19 will be negatively impacted by interest rate swaps on historical debt. ⁵ Includes financing associated with the MV Aotearoa Chief



Dividend: policy continues to be a pay-out of 50-75% of NPAT

- FBU will continue to target a pay out of 50-75% of NPAT before significant items to shareholders as an annual dividend
- Reference to available cashflow ¹ will be considered at the time of setting the dividend



¹ Available Cashflow = Free Cashflow - Cash Interest



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The Fletcher Building governance framework has four pillars

Culture and Enablers	Control Environment	Decision Forums	Performance Management
<ul style="list-style-type: none"> • Core values • Vision and strategy • Code of conduct • Employee on-boarding • Whistleblowing hotline • Platform systems – e.g. Workday, RADAR, Matrix • Organisational structure (e.g. hard-line reporting for legal, people, IT, and finance teams into Functional CEs) 	<ul style="list-style-type: none"> • Policies and standards • Delegated authorities, including ‘golden rules’ • Risk management process • Assurance: internal audit and control self-assessment 	<p data-bbox="1133 518 1552 582" style="text-align: center;">Board + Sub-Committees (ARC, SHES, Rem. Co.)</p> <p data-bbox="1133 590 1552 654" style="text-align: center;">Group Executive</p> <ul style="list-style-type: none"> • Governance forum: owns policies and delegated authorities • Dedicated review and approvals committees: <ul style="list-style-type: none"> - M+A investments - Capital projects - EHS - Major construction and residential contracts - Property - Disclosure 	<ul style="list-style-type: none"> • Annual business planning: including key business metrics and aligned incentive framework • Monthly operating reviews for Divisions and Business Units • Construction project management office • FBuSay engagement • Central ‘net promoter score’ program • People: performance and remuneration reviews

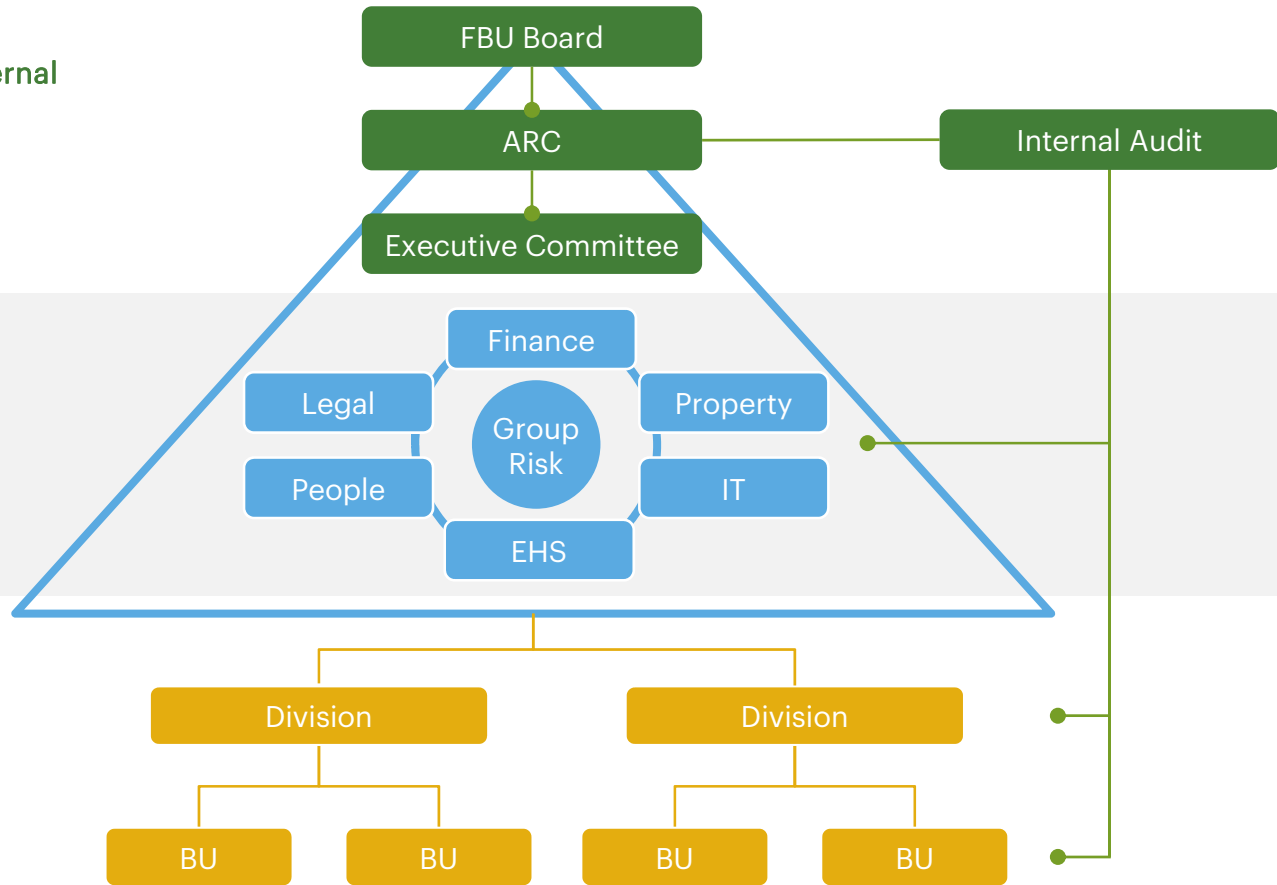


Our risk management and assurance processes are based on a 'three lines of defence' model

3rd Line of Defence:
Board, Executive and Internal Assurance

2nd Line of Defence:
Group Functions

1st Line of Defence:
Operating Units



Group risk management has clear areas of focus, now supported by a central risk and incident tool (RADAR)

Areas of Focus for Risk Management

- **Business Continuity and Resilience:** disruption to business processes and assets, in particular manufacturing facilities, supply chains, and technology / systems infrastructure
- **Economic / Construction Downturn:** deteriorating macroeconomic conditions, in particular the construction industry in NZ and Australia
- **Regulatory and Legal:** failure to understand / adhere to regulatory, legal and compliance requirements in the Group's operational jurisdictions
- **Product Quality:** failure to understand / adhere to standards and regulations for products manufactured, supplied or purchased by the Group
- **Workplace Relations:** ineffective understanding and management of relations with employees, contractors and suppliers
- **Environment:** environmental damage resulting from operational activities
- **Contractual:** execution of onerous contracts

FB Risk and EHS Incident Management Tool



- RADAR is FBU's primary EHS incident, risk and audit reporting tool across all business units. It is used to track EHS incidents, risks and other EHS-related activities as well as commercial and non-EHS risks
- Although the modules and platforms offered will evolve over time, initial modules include:
 - Incidents and actions
 - Leaders walk and employee observation
 - Audit and risk inspections
 - Alerts and learn
 - Business improvement planning



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Current trading across FBU's New Zealand and Australian businesses remains in line with expectations

- NZ Building Products and Distribution activity at expected levels, Residential sales volumes higher than FY17, reduced Construction earnings excluding B+I
- H1 / H2 proportional split of earnings to be broadly consistent with FY17
- No change to estimated FY18 EBIT for the Group (excluding B+I and significant items) of \$680-720m
- With respect to B+I, there is no change to the project provisions announced in the 14 February 2018 trading update, and no change to the estimated FY18 EBIT loss of \$(660)m. Of the 16 key projects identified in that trading update:
 - 7 projects now complete
 - 5 projects targeting completion by end of calendar 2018
 - 4 remaining projects including NZICC and Commercial Bay
- Board succession and changes to be announced 22 June 2018



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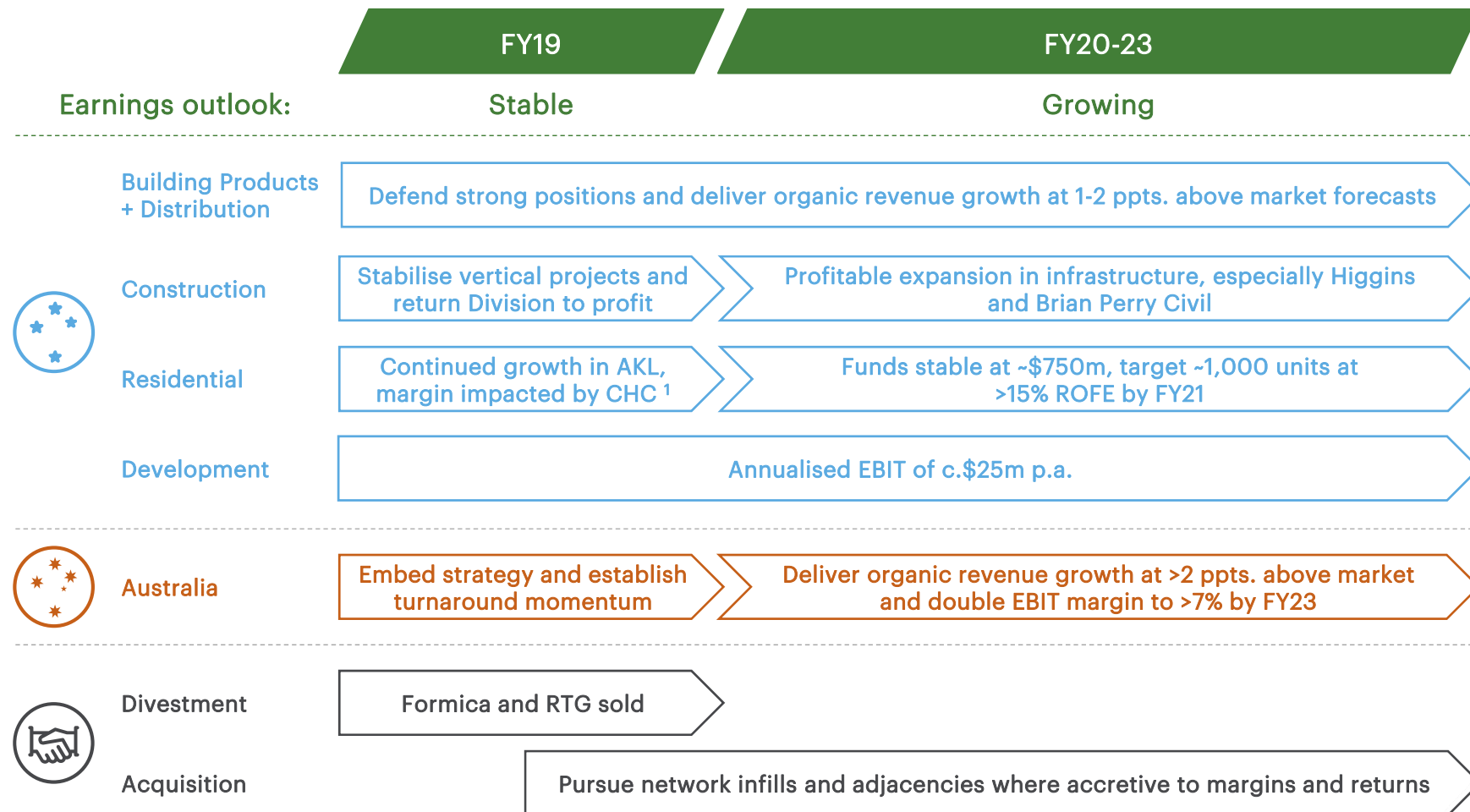


To recap, a simpler and more focused strategy will enable FBU to achieve its full potential

Vision	To be the undisputed leader in NZ and AU building solutions – with Products and Distribution at our core				
Where to Play	1. Refocus on the core	2. Stabilise Construction	3. Strengthen Australia	4. Exit non-core businesses	
How to Win	Simpler and leaner, decentralised operating model	Leading innovation	Disciplined performance improvement	Prioritised capital allocation	Adding infills and adjacencies



...with a FY19 objective to stabilise and focus the business, and realise growth from FY20



Q+A



Glossary (1 of 2)

Term	Definition
BU s	Business units. This refers to all the different businesses that Fletcher Building owns across its portfolio. Each BU has a General Manager who reports into a Divisional Chief Executive. For example, Humes is a BU in the Building Products division
Carbon Emission Intensity	FBU Co2 Tonnes for every \$1m of Revenue
Cashflow	Trading cashflow = EBITDA + Change in net working capital + provisions and other adjustments Free cashflow = Trading cashflow – CAPEX – cash tax Available cashflow = Free cashflow – cash interest
Cash Conversion	Free cashflow / EBIT. Note that at the Divisional and Business Unit level there is no tax included in the free cashflow calculation
CCIRS	Cross currency interest rate swap – a financial instrument used to hedge the interest paid on foreign denominated debt, which is included in the group’s total interest costs
EBIT	Earnings before interest, tax and significant items
EBITDA	Earnings before interest, tax, depreciation, amortisation and significant items
FBuSay	An internal survey of all Fletcher Building’s employees carried out once a year and undertaken by an independent third party provider. The survey seeks employees’ views and opinions on FBU’s strategy, work environment and job satisfaction
Formica	The collective term for Formica North America, Formica Europe, Formica Asia, Formica India and Homapal, which are part of the International division
Funds Employed	Net debt + equity – deferred tax balances



Glossary (2 of 2)

Term	Definition
FY18, FY19 etc.	Shorthand for Financial Year 2018 which is the 12 months ended 30 June 2018
Net Promoter Score	% Promoters (9-10) minus % Detractors (0-6)
ROFE	EBIT / average funds employed
RTG	Roof Tile Group. A business which is part of the International division
Senior Interest Cover	EBIT / interest excluding interest paid on capital notes
Senior Leverage	Net debt excluding capital notes / last 12 months' EBITDA
Total Interest Cover	EBIT / Interest
Total Leverage	Net debt / last 12 months' rolling EBITDA
TRIFR	Total no. of recorded injuries per million man hours worked
Working Capital	<p>Working capital cycle = DIO + DSO - DPO</p> <p>DIO: Days inventory outstanding = gross inventory / rolling 12 months cost of goods sold</p> <p>DSO: Days sales outstanding = gross trade debtors / average 3 months' credit sales</p> <p>DPO: Days payable outstanding = trade payables / purchases</p>
WPIP	Work put in place. A term used in macroeconomics to describe the value of work carried out on projects within a certain period, plus the value of work under construction at the end of the period minus the value at the beginning of the period



Disclaimer

This presentation contains not only information about the historical performance of Fletcher Building and its operations, but also some forward looking statements about Fletcher Building and the environment in which the company operates. Because these statements are forward looking, Fletcher Building's actual results could differ materially. All forecasts should be assumed to be those of Fletcher Building unless stated otherwise

