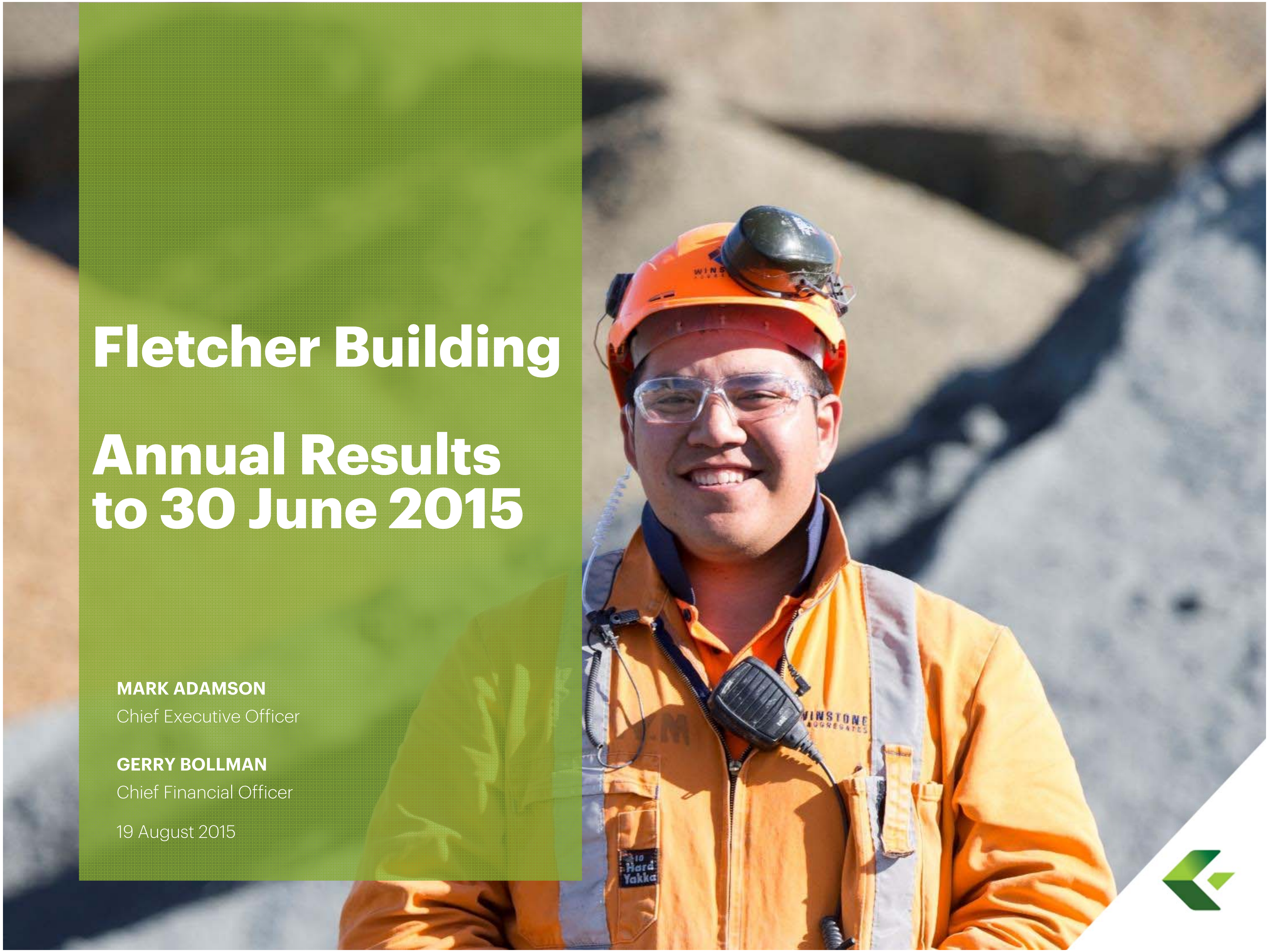


Fletcher Building

Annual Results to 30 June 2015

MARK ADAMSON
Chief Executive Officer

GERRY BOLLMAN
Chief Financial Officer

19 August 2015

Disclaimer

This Annual Results presentation dated 19 August 2015 provides additional comment on the management commentary of the same date. As such, it should be read in conjunction with, and subject to, the explanations and views of future outlook on market conditions, earnings and activities given in that commentary.

Agenda

Results Overview

Geographic & Sectoral Analysis

Divisional Performances

Financial Results

Strategy Update

Outlook

Appendix

Results Overview

▶ **Construction**
WATERVIEW TUNNEL ALLIANCE

Results overview

Net earnings

$270m

▼ 20%

Operating earnings

$503m

▼ 15%

Revenue

$8,661m

▲ 3%

Dividend per share

37c

▲ 3%

Earnings per share

39.2c

▼ 20%

Results overview
10% increase in net earnings before significant items

NZ$m (except EPS and DPS)	Reported Results: June 2014 12 months	Reported Results: June 2015 12 months	% change
Revenue	8,401	**8,661**	+3
Operating earnings before significant items	624	**653**	+5
Significant items	(32)	**(150)**	NM
Operating earnings (EBIT)	592	**503**	-15
Net earnings before significant items	362	**399**	+10
Net earnings	339	**270**	-20
Earnings per share before significant items (EPS – cents)	52.7	**58.0**	+10
Dividend declared per share (DPS – cents)	36.0	**37.0**	+3

Full year highlights

Volume Growth

Australian Insulation	▲ 22%	NZ Steel Distribution	▲ 17%
NZ Cement	▲ 9%	NZ Steel Reinforcing	▲ 20%
NZ Concrete Product	▲ 7%	Plasterboard	▲ 7%
NZ Concrete	▲ 14%	Windows & Doors	▲ 11%

Canterbury

- Over 65,000 permanent repairs completed
- Extension of home repairs programme for a further 12 months from April 2015

Further FBUnite Progress

- $50m of benefits delivered in total to 30 June 2015
  - Procurement $35m
  - Property $10m
  - Financial shared services $5m
- Operational excellence initiatives offsetting inflation in manufacturing and distribution

Residential & Construction

- Homes sold ▲ 35%
- Concluded several development partnerships in Christchurch
- Construction: awarded $1.4bn of new contracts during the year

Results overview
Revenue

Revenue

$8,661m

▲ 3%

- Reported revenue $260m or 3% higher than FY14

REVENUE GROWTH RATES *Geographic segments in local currency*	
New Zealand	+10%
Australia	-5%
Rest of World	+3%

- Adjusting for business divestments, revenue grew 5% year-on-year

Results overview
Operating earnings

Operating earnings

$503m

▼15%

Operating earnings

$653m

before significant items

▲ 5%

- Operating earnings before significant items up 5%
- Within guidance range of $650m - $690m
- Reported operating earnings (EBIT) down 15%

SIGNIFICANT ITEMS *Significant items related to goodwill impairment, site closures and sale of businesses*	
Goodwill impairment	$78m
Site closures	$65m
Disposal of businesses	$7m
Total	**$150m**

- $126m of significant items non-cash

Results overview
Net earnings

Net earnings

$270m

▼20%

Net earnings

$399m

before significant items

▲ 10%

- Net earnings before significant items were up 10% to $399m

EARNINGS PER SHARE		
Earnings per share	39.2 cents	-20%
Earnings per share *(before significant items)*	58.0 cents	+10%

Results overview
Dividend

Dividend per share

37c

▲ 3%

- Final dividend fully imputed for NZ taxation purposes
- Dividend Reinvestment Plan will be operative for this dividend

DIVIDEND	
Final dividend per share	19 cents
Total dividend for the year	37 cents

Results overview
Cashflow from operations

Cashflow from operations

$575m

▲ 18%

- Cashflow from operations $575m an increase of $86m from FY14 ($489m)
- Increase is due to:
  - Growth in EBIT (before significant items)
  - Timing of cash collections for construction contracts
  - Reduced working capital requirements

Fletcher Building Annual Results Presentation 2015

Geographic & Sectoral Analysis

▶ **Heavy Building Products**

WINSTONE AGGREGATES

Sectoral exposure
Exposures based on revenues

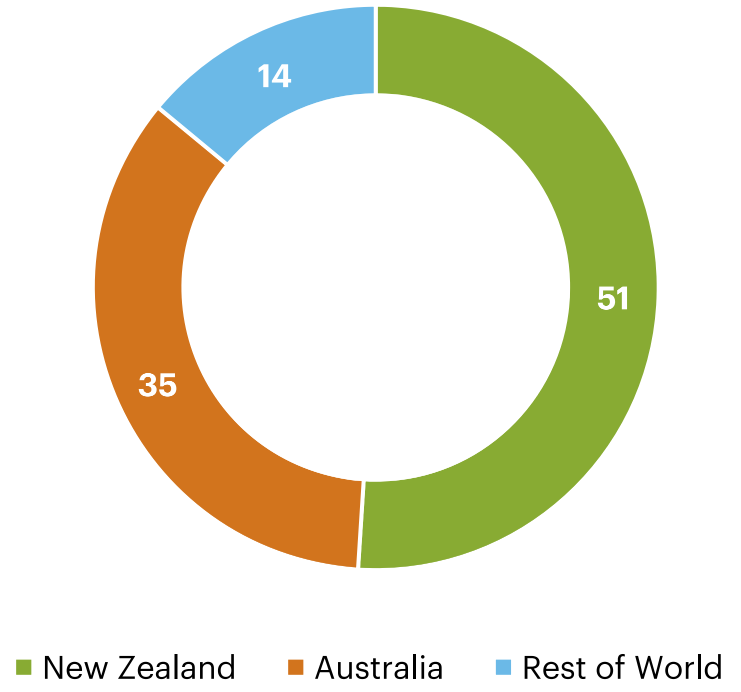
Geographical Exposure by Sector[1]	Residential (New/A&A)*	Commercial	Infrastructure	Other
New Zealand	43%	28%	13%	16%
Australia	49%	25%	13%	13%
Rest of World	43%	51%	0%	6%
Total Manufacturing	46%	31%	11%	12%
New Zealand	81%	17%	0%	2%
Australia	58%	42%	0%	0%
Total Distribution	72%	27%	0%	1%
New Zealand	19%	48%	33%	0%
Rest of World	0%	50%	50%	0%
Total Construction	17%	48%	35%	0%

1. *Excludes business sold or closed during the year*

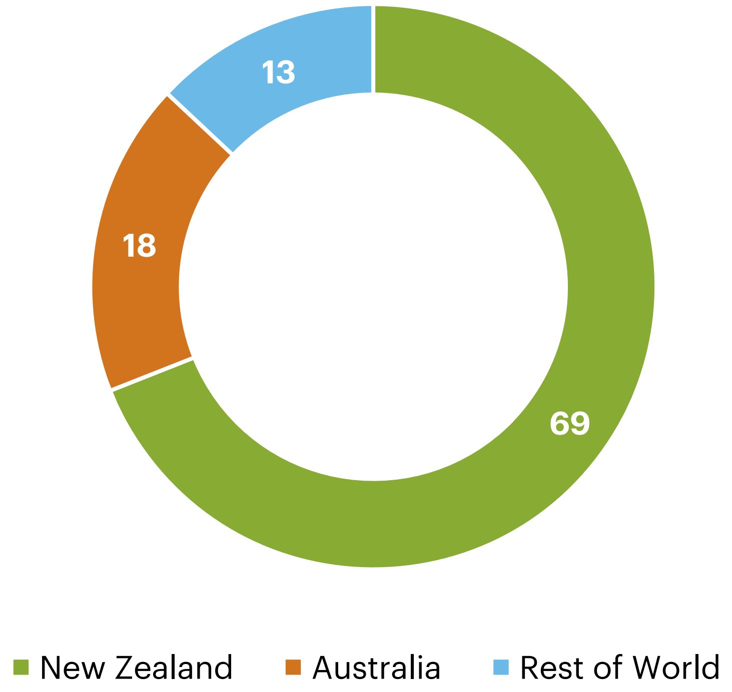
** A&A – Additions and Alterations*

Geographic earnings mix reflects economic performance of key markets

External Revenue
(12 months to 30 June 2015)



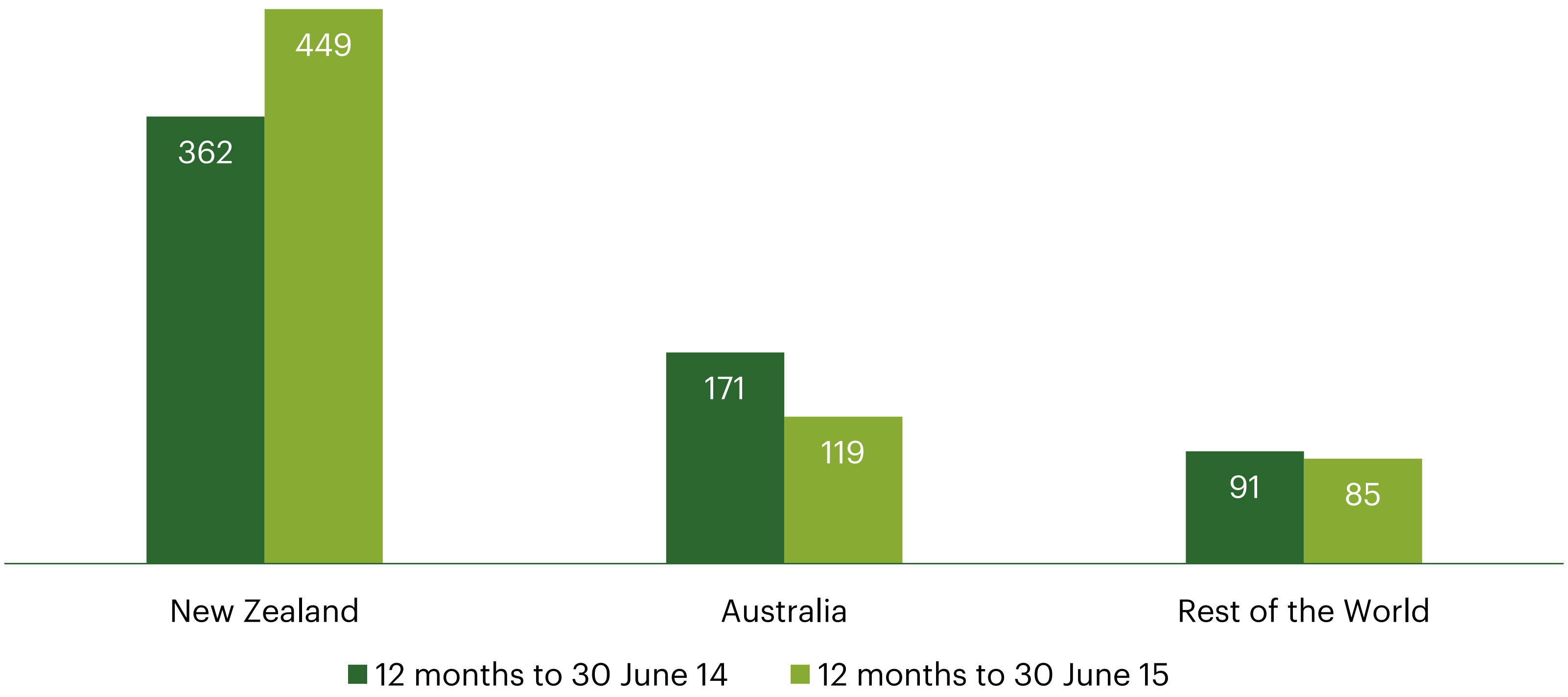
EBIT[1]
(12 months to 30 June 2015)



1. *Before significant items*

New Zealand operating earnings up 24% on prior year

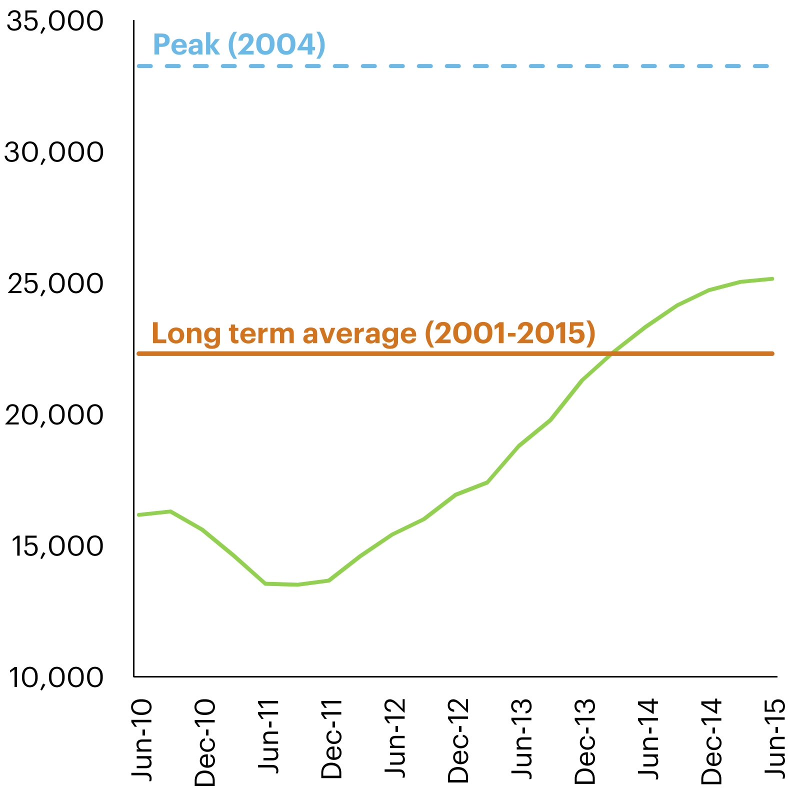
EBIT[1]
NZ$m



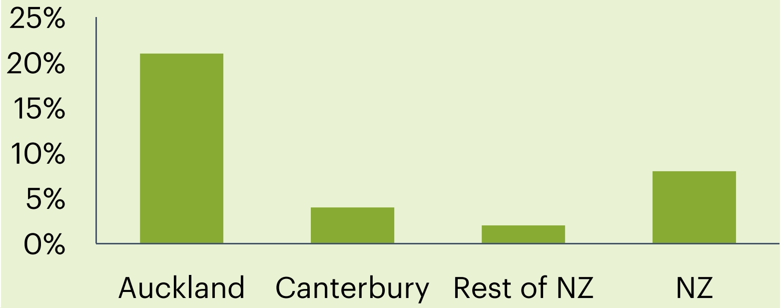
1. *Before significant items*

New Zealand residential consents up 8% to 25,154 driven by growth in Auckland

Total residential consents[1]

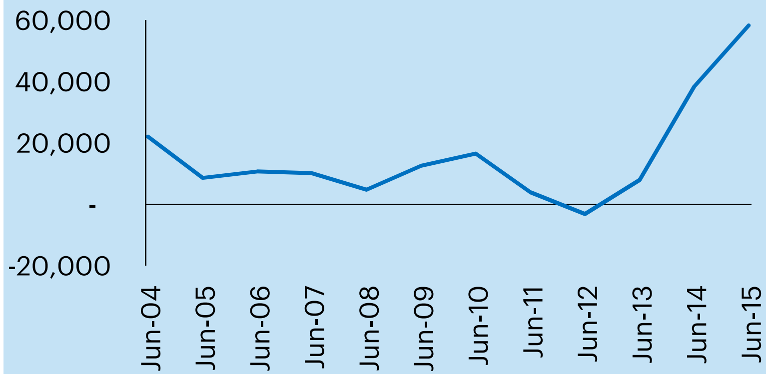


Change % year on year



Auckland and Christchurch represent 59% of total consents

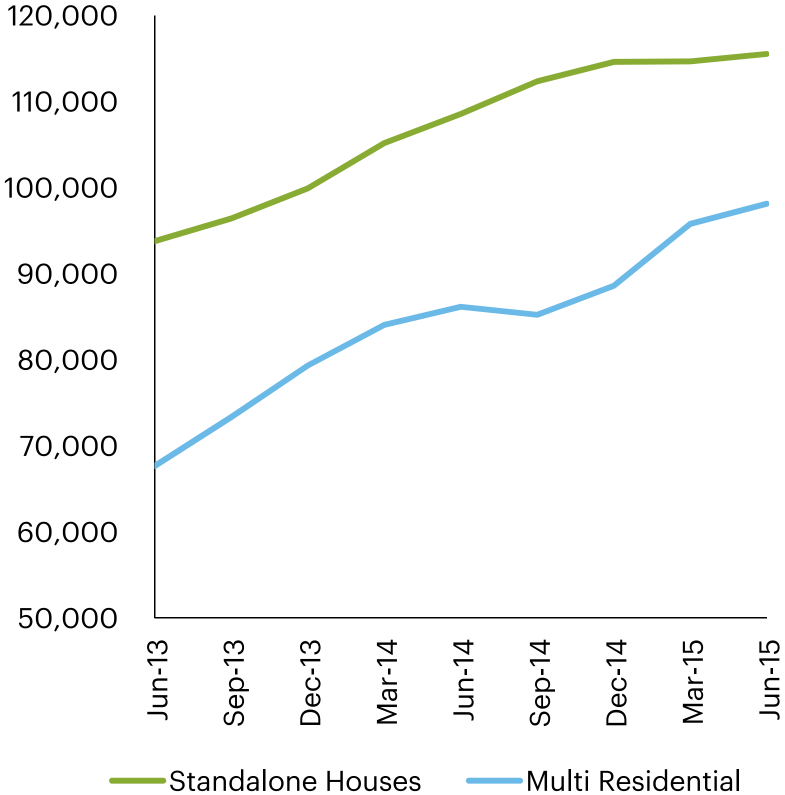
Net migration 12 month rolling

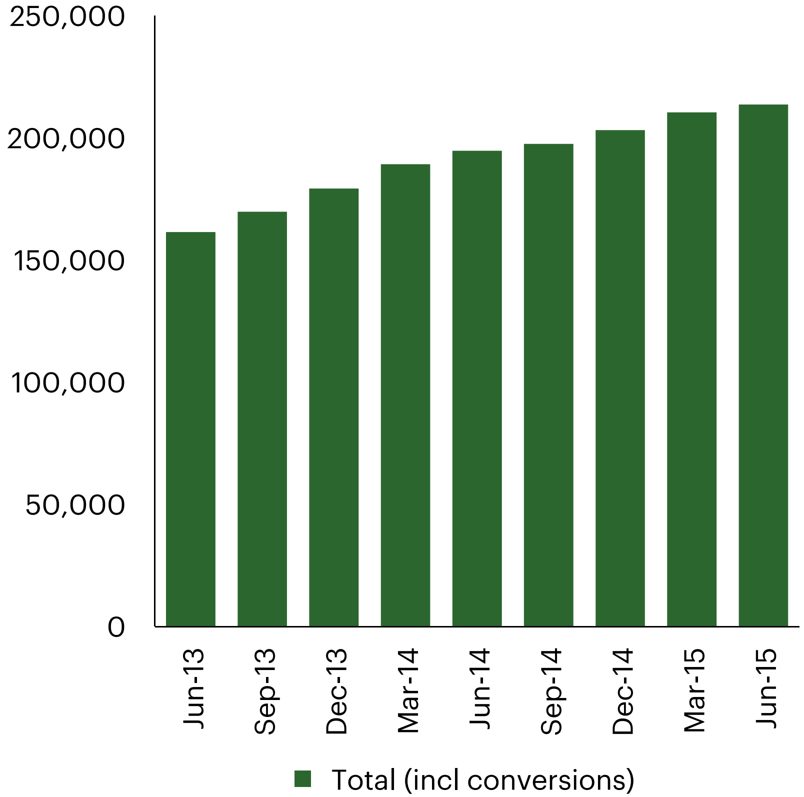


Source: Statistics NZ, Infometrics
1 – Twelve months rolling

Australian residential consents rose to record levels, with further growth in the multi-unit dwellings

Total residential consents[1]

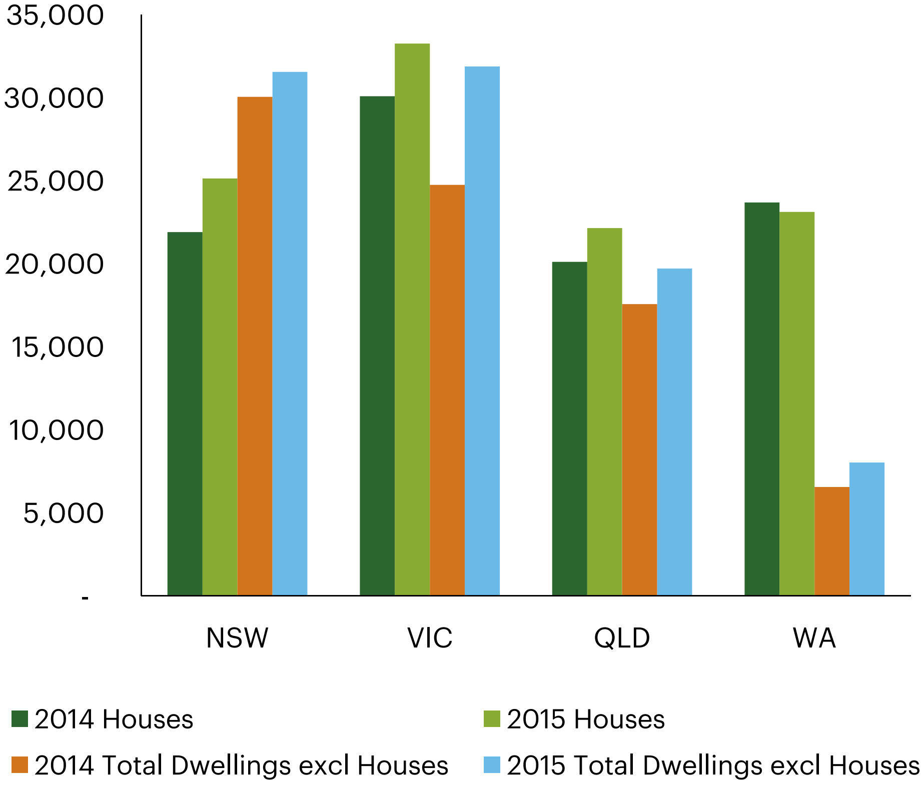




Source: Australian bureau of statistics, BIS Shrapnel
1 – Twelve months rolling

Strongest growth in Victoria, with NSW also up substantially

Change in housing approvals – by state
12 months ended 30 June 2015 vs 2014



Source: HIS Global Insight

	June 2014 12 months	June 2015 12 months	% change
Stand-alone	108,553	115,525	+6
Multi + other Residential	86,144	98,113	+14
Total	194,697	213,638	+10

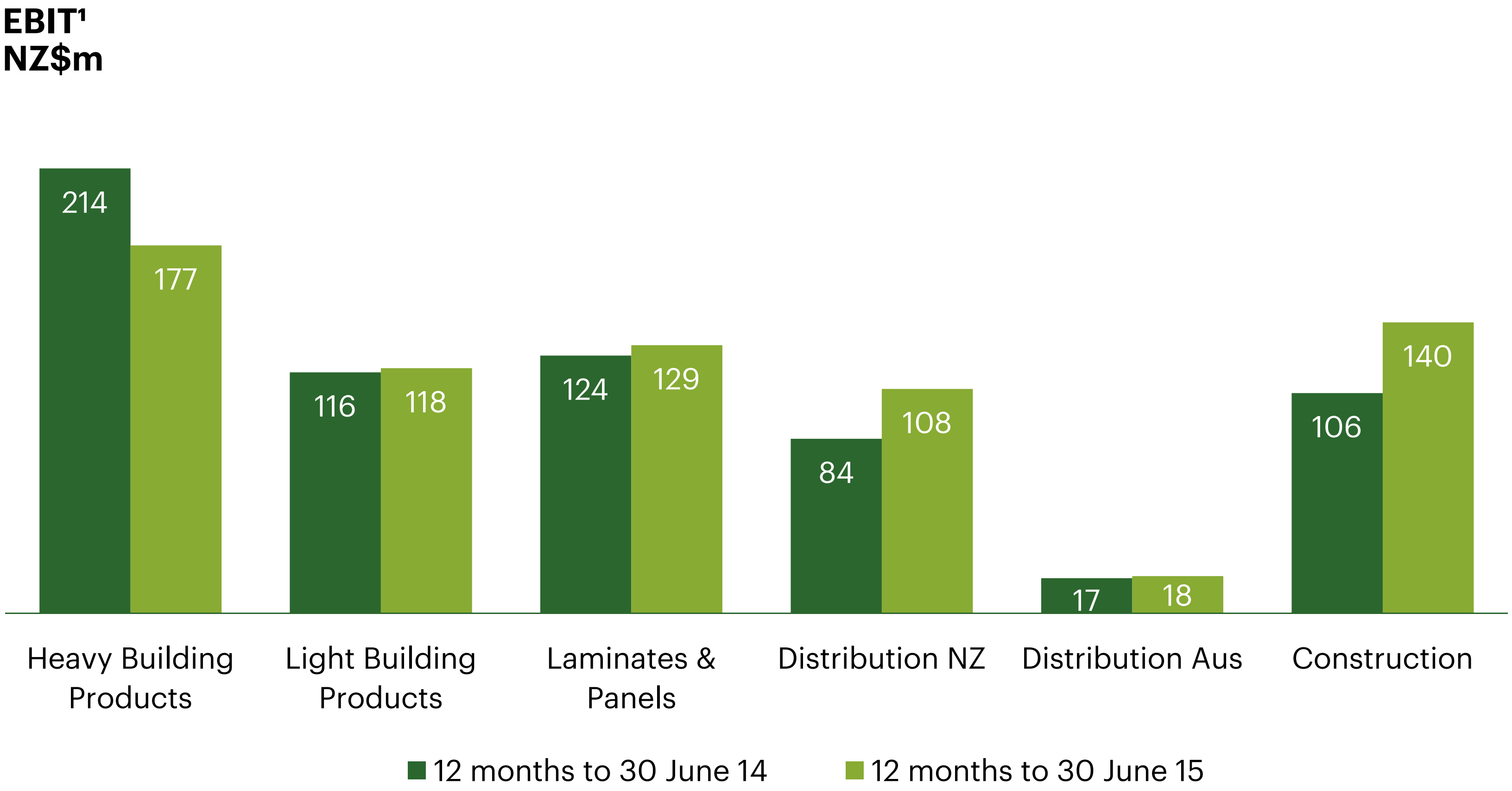
Multi residential and other dwellings drove increase in consents and increased their proportional share to 46% of total dwellings approved

Divisional Performances

▶ **Laminates & Panels**

LAMINEX

Divisional operating earnings overview



1. *Before significant items*

Heavy Building Products
Result

NZ$m	June 2014 12 months	June 2015 12 months	% change
Gross Revenue	2,274	2,144	-6
External Revenue	1,859	1,782	-4
EBITDA[1]	299	261	-13
EBIT[1]	214	177	-17
NZ Concrete Products	*46*	*63*	*+37*
NZ Cement + Quarry Products	*51*	*72*	*+41*
Aus Concrete Products	*33*	*16*	*-52*
Aus Quarry Products	*19*	*18*	*-5*
Plastic Pipes	*45*	*(8)*	*NM*
Steel and other	*20*	*16*	*-20*
Funds Employed	1,719	1,666	-3
EBITDA/gross revenue %[1]	13.1	12.2	
EBIT/gross revenue %[1]	9.4	8.3	
ROFE %[1]	12.4	10.6	

1. Before significant items

Total revenue down due to sale of Pacific Steel in prior year

NZ Concrete Products
- Ready-mix concrete volumes +14%
- Concrete products volumes +7%

NZ Cement & Quarry Products
- Cement volumes +9%
- Aggregates volumes -3%

Australian Concrete Products
Volumes down, particularly in infrastructure and mining sectors

Australian Quarry Products
Volumes stable but earnings negatively impacted by product mix

Plastic Pipes
Australian business impacted by increased competition and decline in coal seam gas pipe demand

Light Building Products
Result

NZ$m	June 2014 12 months	June 2015 12 months	% change
Gross Revenue	1,312	1,306	-
External Revenue	1,166	1,156	-1
EBITDA[1]	146	146	-
EBIT[1]	116	118	+2
NZ Building Materials	*71*	*81*	*+14*
Australian Building Materials	*23*	*23*	-
Roof Tile Group	*22*	*14*	*-36*
Funds Employed	637	612	-4
EBITDA/gross revenue %[1]	11.1	11.2	
EBIT/gross revenue %[1]	8.8	9.0	
ROFE %[1]	18.2	19.3	

1. *Before significant items*

NZ Building Materials

Earnings up in line with construction activity:

- Plasterboard volumes increased and prices were stable
- Insulation recorded higher sales of foil and laminate products
- Window and door volumes up 11%

Australian Building Materials

Glasswool volumes up 22% due to improved activity and market share increases

Steel roll-forming volumes up slightly but margins down due to higher operating costs

Roof Tile Group

Volumes declined in North America and Europe

Laminates & Panels
Result

NZ$m	June 2014 12 months	June 2015 12 months	% change
Gross Revenue	1,731	1,828	+6
External Revenue	1,710	1,809	+6
EBITDA	177	184	+4
EBIT	124	129	+4
Laminex	*61*	*81*	*+33*
Formica	*63*	*48*	*-24*
Funds Employed	1,702	1,965	+15
EBITDA/gross revenue %	10.2	10.1	
EBIT/gross revenue %	7.2	7.1	
ROFE %	7.3	6.6	

Laminex

Earnings up 33% with strong operational performance

Australian revenue up 7% driven by growth in key product categories and strong residential demand

Formica

Earnings down 24% at $48m

Revenue up 5% driven by volume growth in North America

Asia volumes up overall, stable in Thailand

Asia earnings down due to increased competitive pressures and operating costs in China

Formica: continued volume and earnings growth in North America

EBIT (NZ$m)	June 2014 12 months	June 2015 12 months	% change
North America	43	**49**	+14
Asia	29	**19**	-34
Europe	6	**-**	NM
Formica EBIT pre-corporate costs	78	**68**	-13
L&P corporate costs	(15)	**(20)**	-33
Total EBIT	63	**48**	-24

Distribution New Zealand
Result

NZ$m	June 2014 12 months	June 2015 12 months	% change
Gross Revenue	1,650	1,757	+6
External Revenue	1,462	1,548	+6
EBITDA[1]	100	122	+22
EBIT[1]	84	108	+29
Building Supplies	*53*	*75*	*+42*
Steel Distribution	*31*	*33*	*+6*
Funds Employed	332	330	-1
EBITDA/gross revenue %[1]	6.1	6.9	
EBIT/gross revenue %[1]	5.1	6.1	
ROFE %[1]	25.3	32.7	

1. *Before significant items*

Building Supplies

Revenues up 6% with growth from both new and existing customers

Operating earnings up 42%

Turnaround of the Mico business from a loss of $2m to a profit of $7m including a property gain of $3m
26% growth in earnings in PlaceMakers

Steel Distribution

Operating earnings up 6% with strong volume growth in reinforcing and other steel categories

Distribution Australia
Result

NZ$m	June 2014 12 months	June 2015 12 months	% change
Gross Revenue	928	826	-11
External Revenue	927	825	-11
EBITDA[1]	25	25	-
EBIT[1]	17	18	+6
Funds Employed	406	448	+10
EBITDA/gross revenue %[1]	2.7	3.0	
EBIT/gross revenue %[1]	1.8	2.2	
ROFE %[1]	4.2	4.0	

Tradelink

Revenue up 3% in domestic currency

Increase in operating earnings to A$15m (2014:A$12m) in domestic currency terms

Improved residential building activity

Business improvement initiatives continue to drive market share gains:
- Sales effectiveness
- Merchandising
- Pricing
- Supply chain effectiveness

1. *Before significant items*

Construction
Result

NZ$m	June 2014 12 months	June 2015 12 months	% change
Gross Revenue	1,301	1,580	+21
External Revenue	1,277	1,537	+20
EBITDA[1]	114	148	+30
EBIT[1]	106	140	+32
Construction	57	74	+30
Housing	49	66	+35
Funds Employed	141	157	+11
EBITDA/gross revenue %[1]	8.8	9.4	
EBIT/gross revenue %[1]	8.1	8.9	
ROFE %[1]	75.2	89.2	

1. *Before significant items*

Increased residential sales and commercial construction activity in New Zealand and the South Pacific

Strong Auckland residential housing market

Canterbury Home Repair Programme – extended for up to 12 months from April 2015

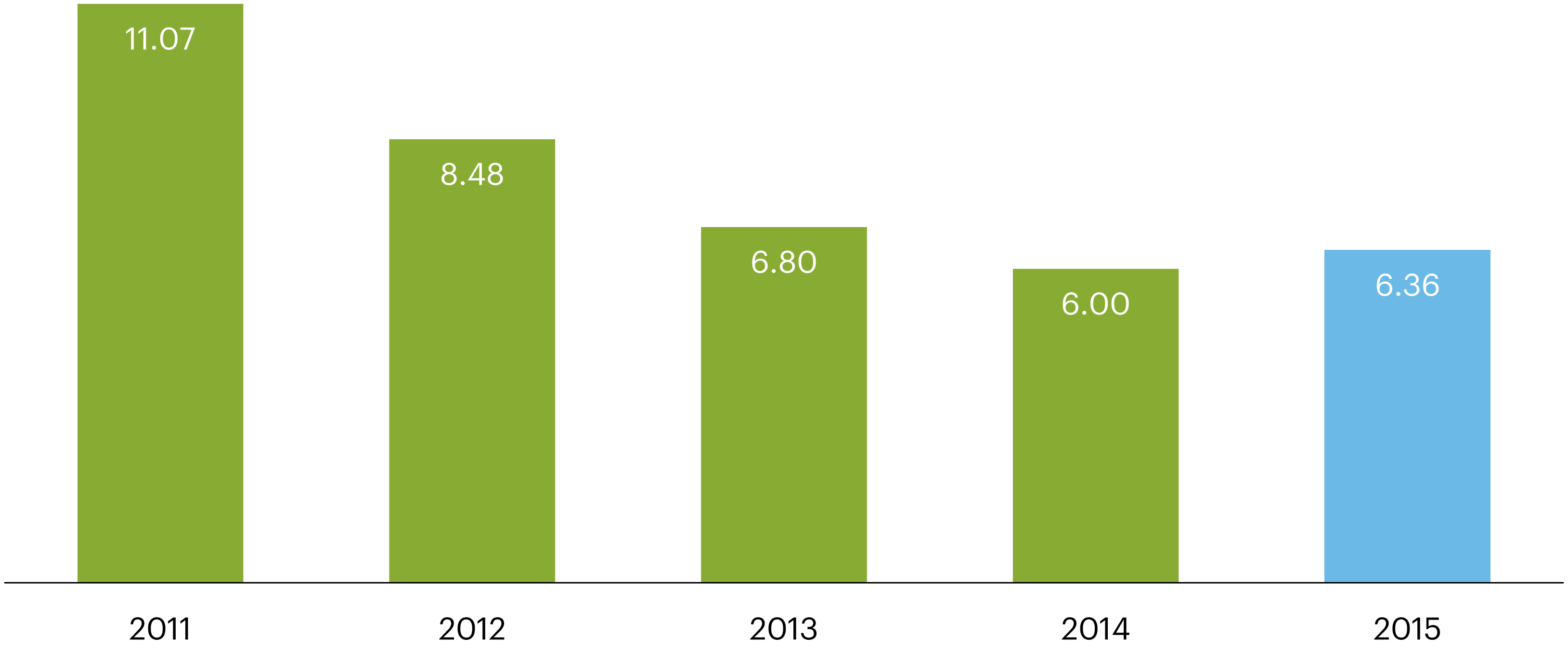
Home Repair programme in Canterbury with over 65,000 home repairs completed to date

Construction backlog of $2.4bn as at June 2015

Major projects secured in the period
- SH20A improvements in Auckland
- Auckland International Airport terminal
- National Biocontainment Lab in Wellington

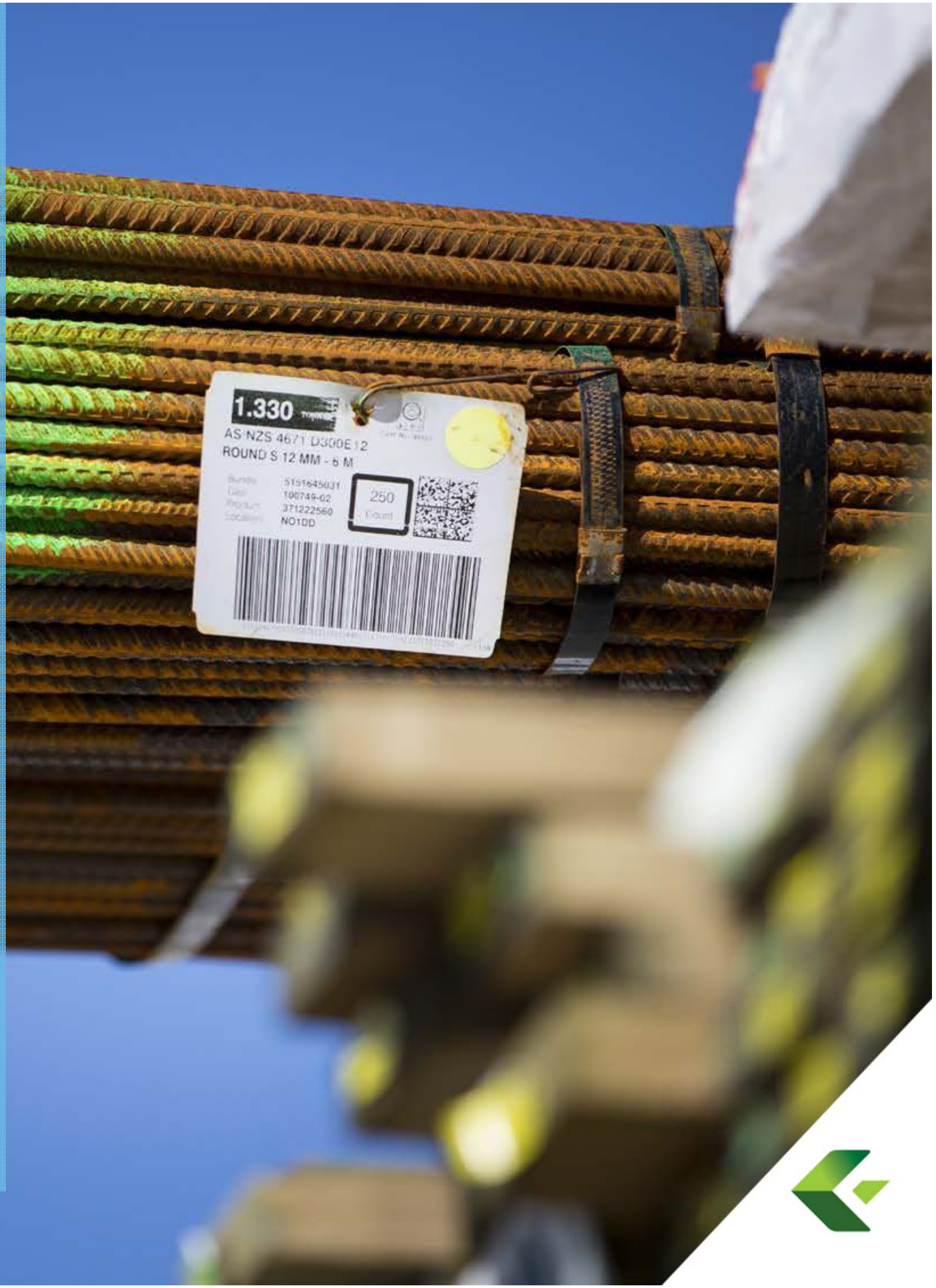
Health and safety performance

Total recordable injury frequency rate*



** Total injuries per million employee and contractor hours*

Financial Results



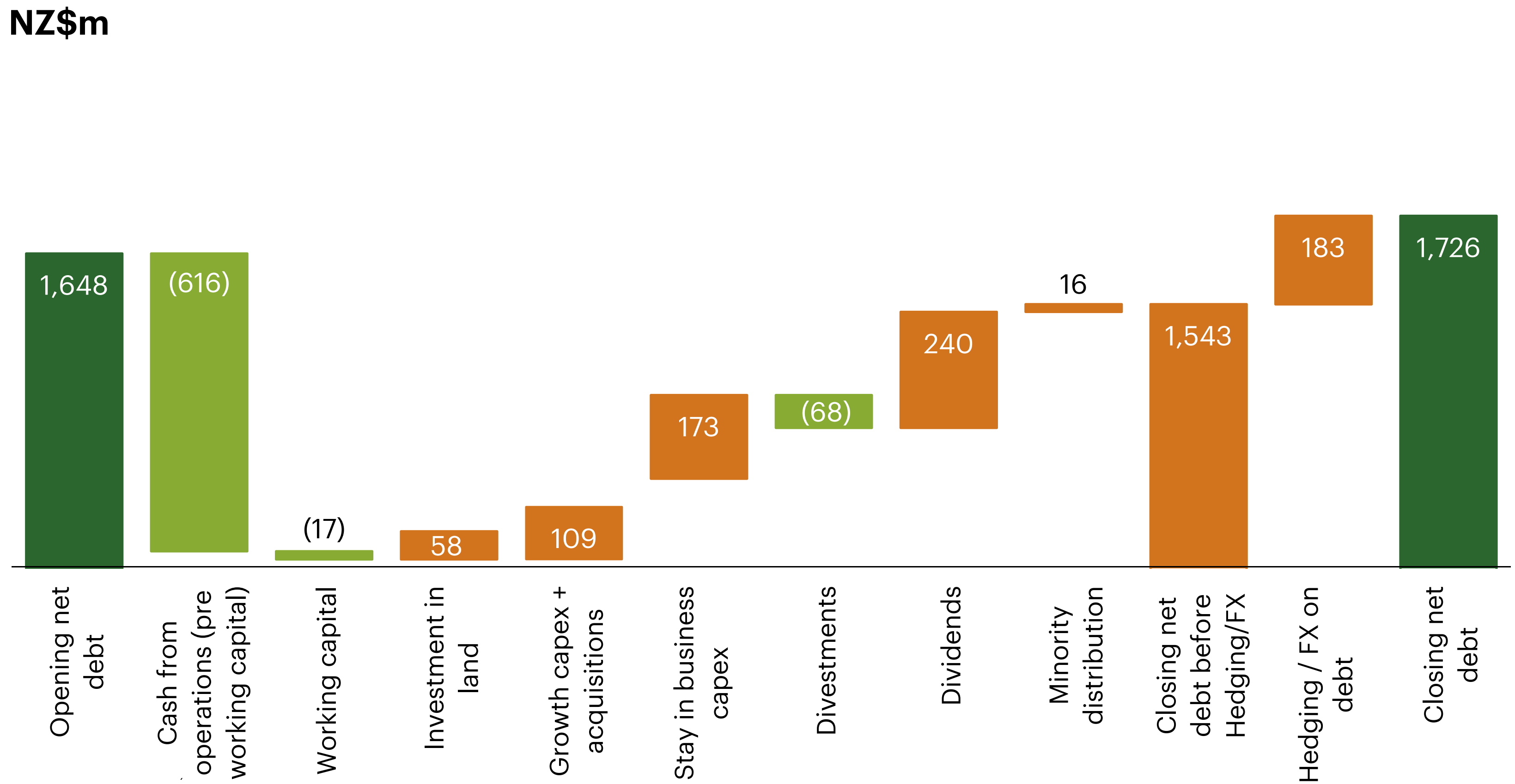
▶ **Distribution New Zealand**

REINFORCING

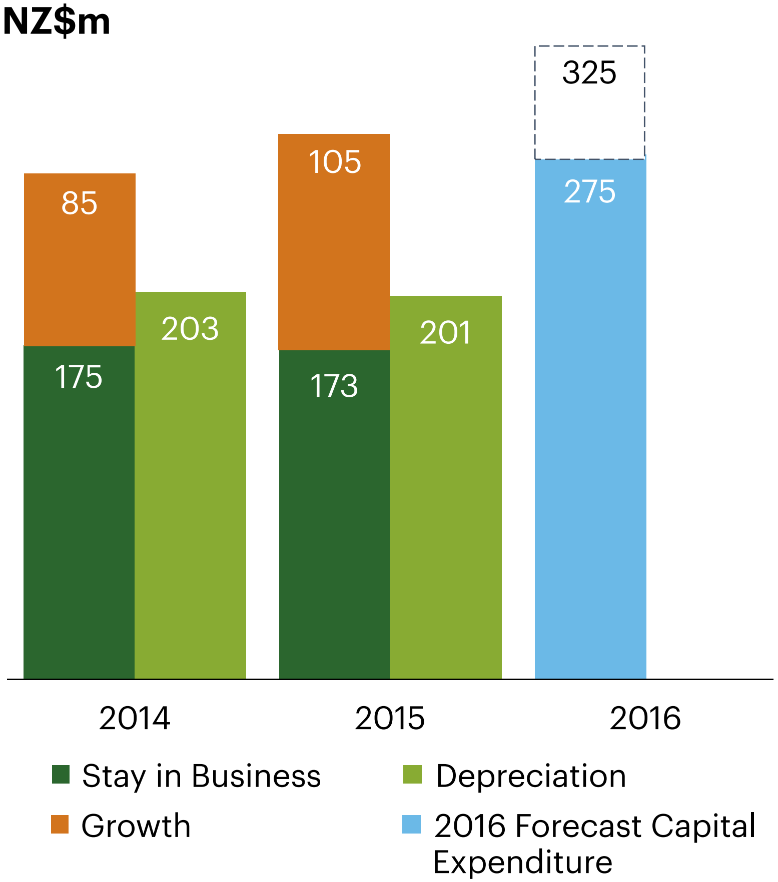
Operating cashflow

NZ$m	June 2014 12 months	June 2015 12 months	% change
Operating earnings before significant items	624	**653**	+5
Depreciation and amortisation	203	**201**	-1
Less cash tax paid	(73)	**(72)**	-1
Less interest paid	(131)	**(124)**	-5
Provisions, significant items and other	(44)	**(42)**	-5
Results from operations before working capital adjustments	579	**616**	+6
Land and developments	(28)	**(58)**	+107
Other working capital movements	(62)	**17**	NM
Cash flows from operating activities	489	**575**	+18

Underlying net debt lower, driven by strong cash flows and divestments



Capital expenditure

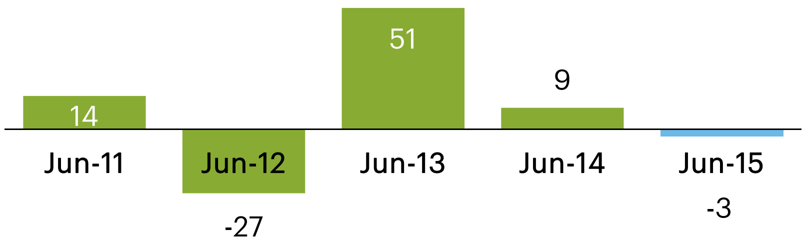


NZ$m	June 2014 12 months	June 2015 12 months	% change
Stay-in-business	175	**173**	-1
Growth	85	**105**	+24
Total Capex	260	**278**	+7
Acquisitions	4	**4**	-
Depreciation	203	**201**	-1

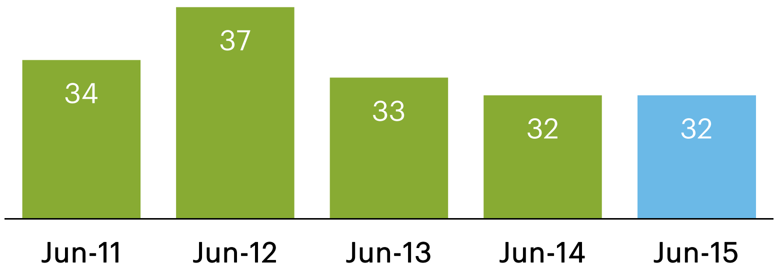
- For FY16, Capital expenditure is expected to be in the range of $275m - $325m

Key ratios

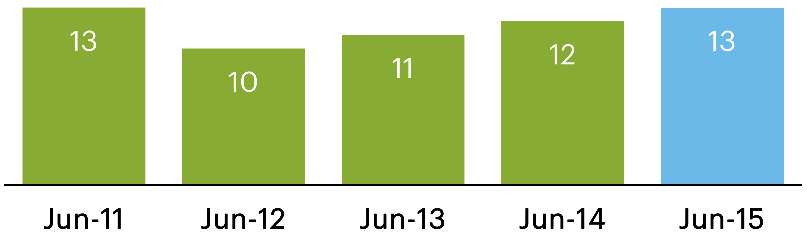
Total Shareholder Return (TSR)
Percentage



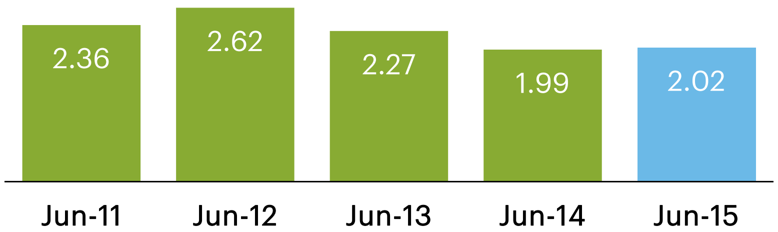
Debt/Debt Plus Equity
Percentage



Return on Average Funds
Percentage[1]



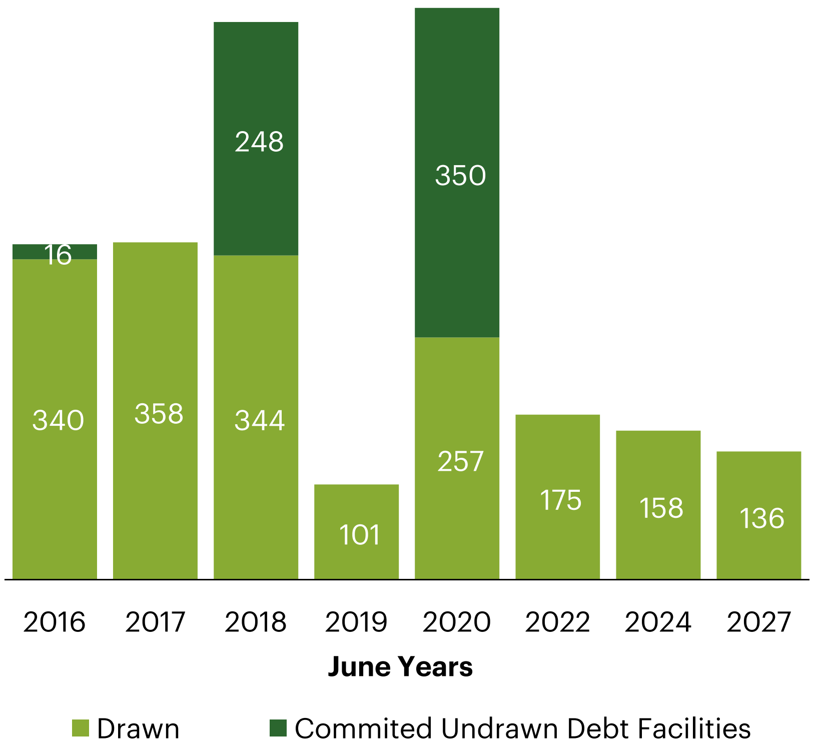
Net Debt/EBITDA
Times



1. *Earnings before interest, tax and significant items / average funds*

Debt profile

Funding and Maturity Profile
June 2015



Undrawn credit lines of $614m and cash of $228m

Average maturity of debt is 3.7 years

Approximately 56% of all borrowings have fixed interest rates

Average interest rate on debt is 5.5%

Mix of currency (hedged)

- NZ$ 32%
- AU$ 47%
- US$ 12%
- Other 9%

Capital management settings

Fletcher Building will continue to target strong 'BBB' credit characteristics

Gearing

- Target of Net Debt to Net Debt + Equity (including Capital Notes) of 30-40%
- As at 30 June 2015: 32%

Leverage

- Target Net Debt to EBITDA of 2.0 to 2.5 times
- As at 30 June 2015: 2.02 times

It is intended that the group will not be materially outside target Gearing and Leverage ranges on a long run basis

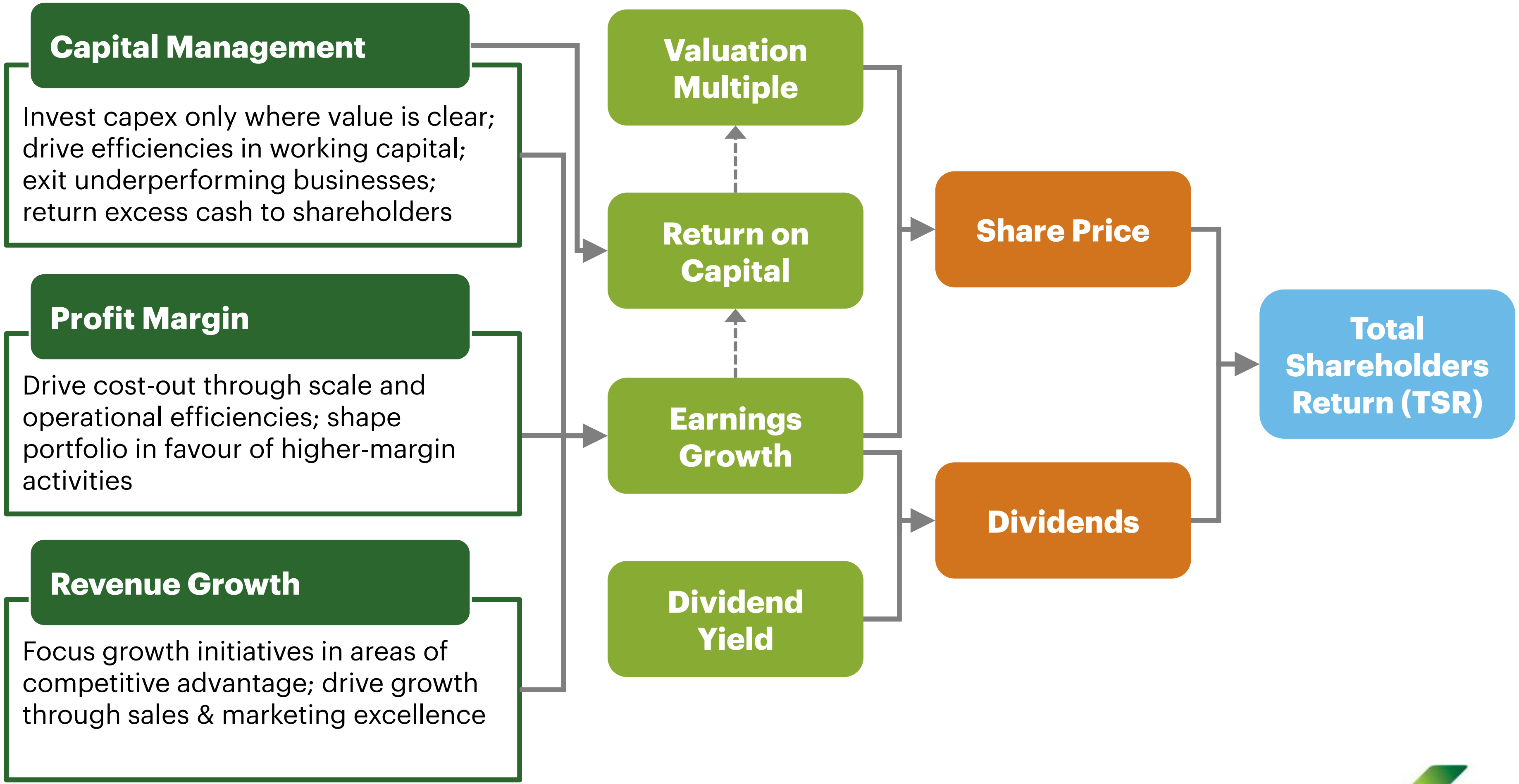
Target dividend pay-out ratio is 50% to 75% of net earnings (before significant items)

Strategy Update

▶ **Construction**

WATERVIEW TUNNEL ALLIANCE

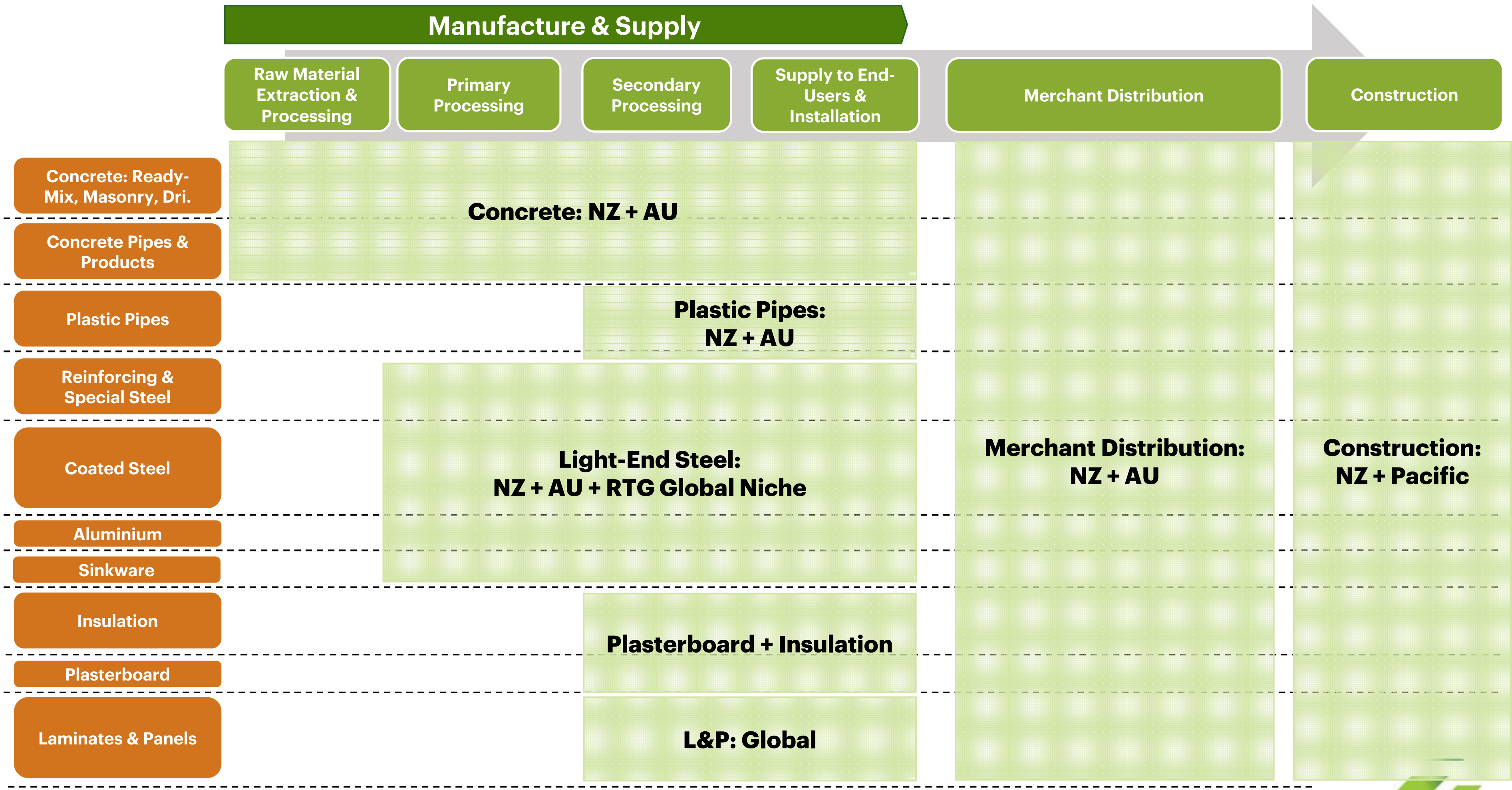
Our aspiration: to deliver top-quartile shareholder value creation through driving core operational levers



Our strategy is deployed at three levels of the organisation

		Where are we now?
Group Portfolio Management	• Clear view of sustainable competitive advantage • Focus on greatest value-creating opportunities • Clarity on where to invest, hold and divest	• Vision defined • In execution phase • M&A outcomes pending
Support from an Active Centre	• Leveraging scale and skill to create a whole that is greater then the sum of the parts • Central functions and centres of excellence	• Organisation in place • Programs ~80% developed • Need to drive benefits
Business Unit Strategy	• Clarity on how to win in the market • Aligned, focused execution of initiatives • Development of people and capability	• Variable performance • Capability being lifted • Opportunities to improve execution, incl. leveraging off the Centre

The portfolio can broadly be grouped into 7 core sectors



Portfolio strategy

Invest for Growth above the Base

- **New Zealand construction** => leverage capability in the core
- **Australasian merchant distribution** => growth through omni-channel
- **Laminates & Panels** => unlock earnings potential of leading global business

Attractive Hold

- **Integrated concrete NZ** => develop supply chain and successor resource
- **Advantaged manufacturing businesses** => protect position, leverage channels & customers, develop product & service innovation; drive efficiency

Prove or Position for Divestment

- **Large underperforming businesses** => return to sustainable profitability, then assess long-term position
- **Non-core and disadvantaged manufacturing businesses** => position for divestment, especially where business is worth more to another

FBUnite business transformation programmes are now fully integrated into the FBU business model

CUSTOMER

Business Units: Customer-Leading Performance

Central Functions

Finance
HR
Legal
ICT
Procurement
Property
Shared Services

Leverage Scale

Common, efficient practices

Accountable to Corporate CE's

Centres Of Excellence

Manufacturing
Supply Chain
Sales and Marketing
Strategy
Health & Safety

Leverage Skill

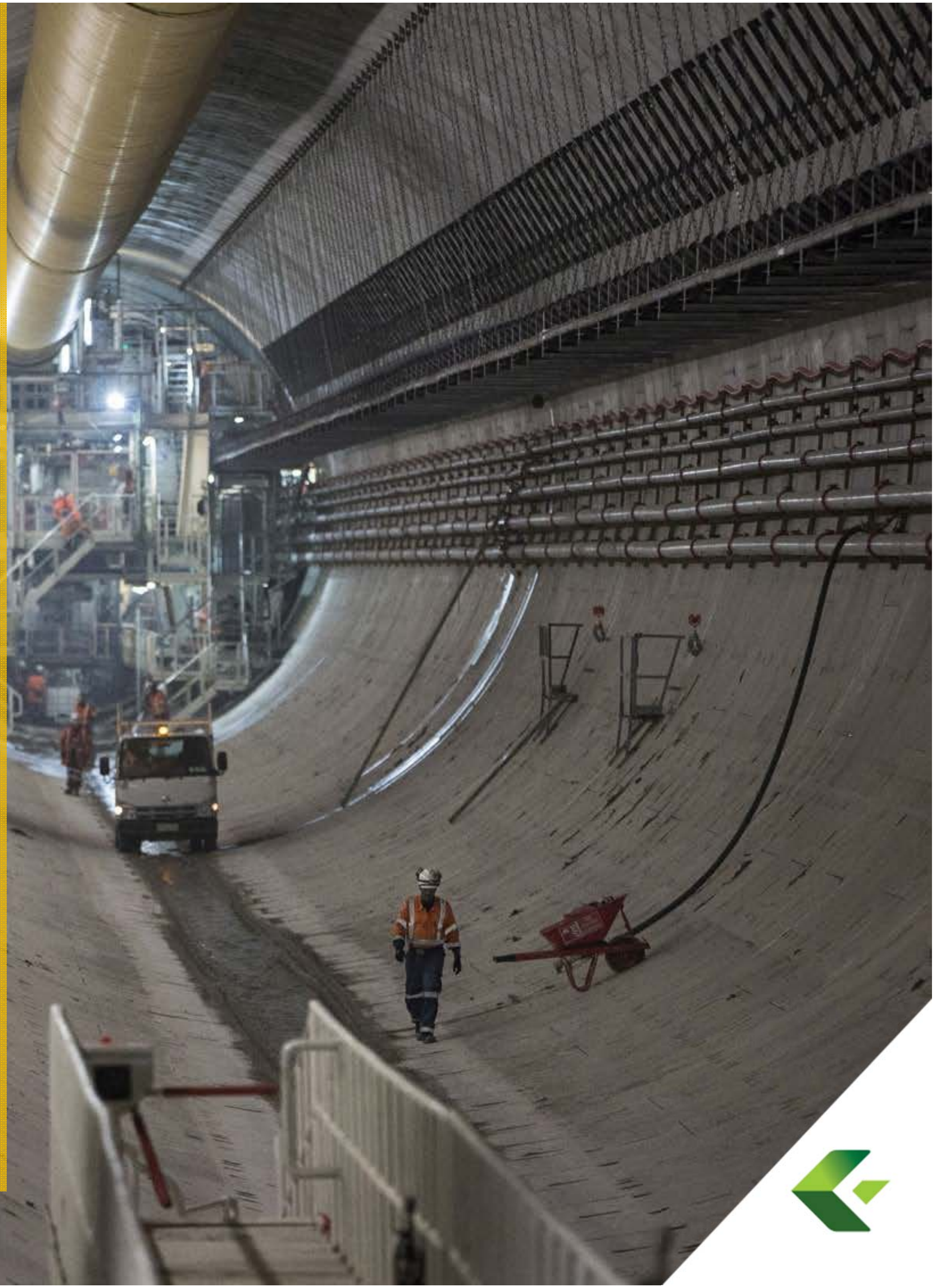
Enabling improved performance

BU accountability for outcomes

Outlook

▶ **Construction**

WATERVIEW TUNNEL ALLIANCE



Outlook FY16

New Zealand

- Residential construction activity expected to continue at above average levels, but growth in consents likely to moderate
- Net migration and Auckland housing demand key drivers
- Commercial construction should track the upward trend in consents
- Government infrastructure spending expected to remain at current levels

Australia

- Residential activity likely to slow from recent peak levels, with multi-dwelling and apartments continuing to drive the market
- Non-residential expected to remain subdued, especially mining, resources and infrastructure sectors

North America

- Activity levels in residential and commercial should remain broadly consistent with prior year

Europe

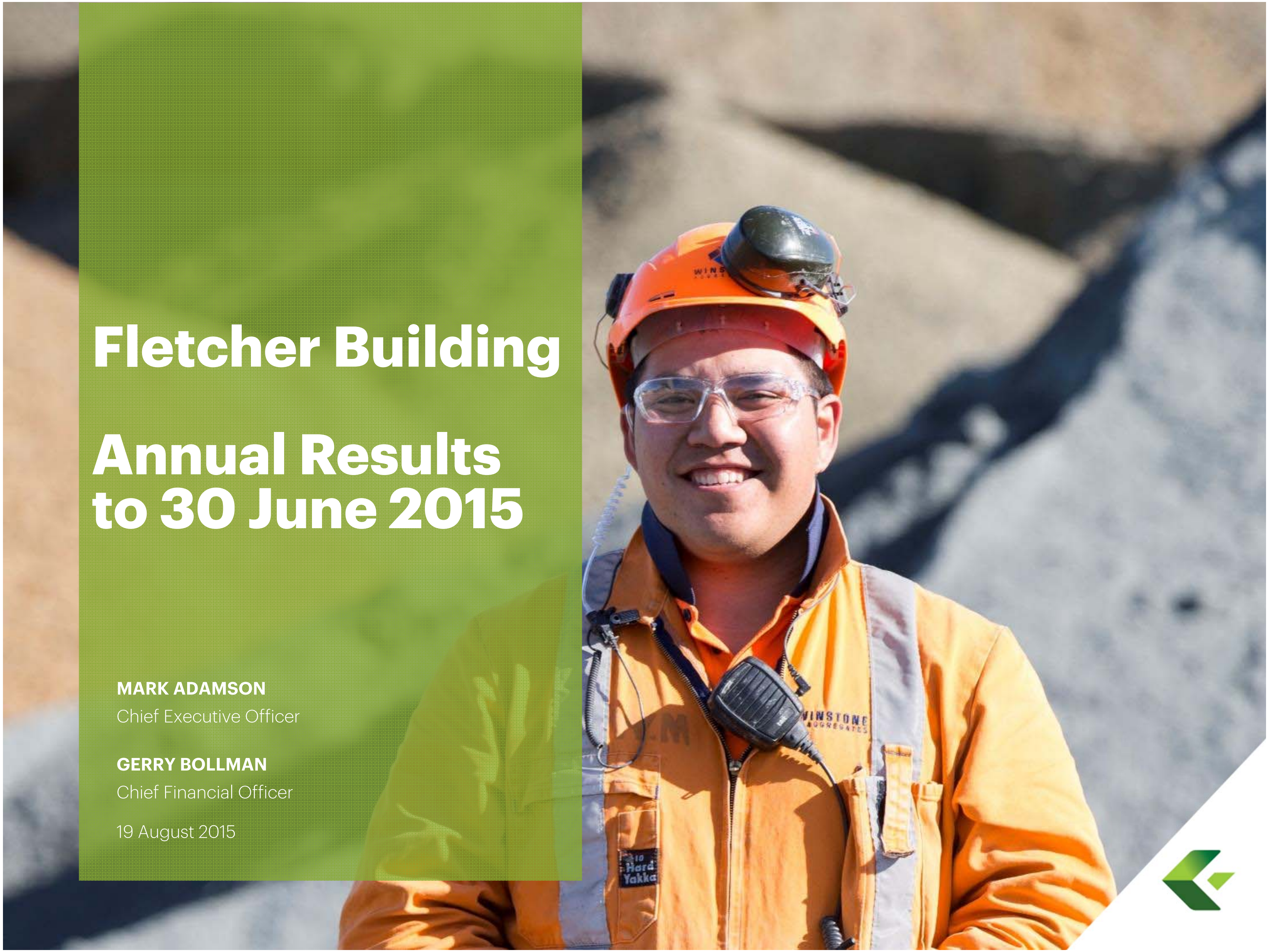
- Continued mixed conditions expected with a weak economic outlook

Asia

- Further growth in South-East Asia, China to likely remain highly competitive

Fletcher Building

Annual Results to 30 June 2015



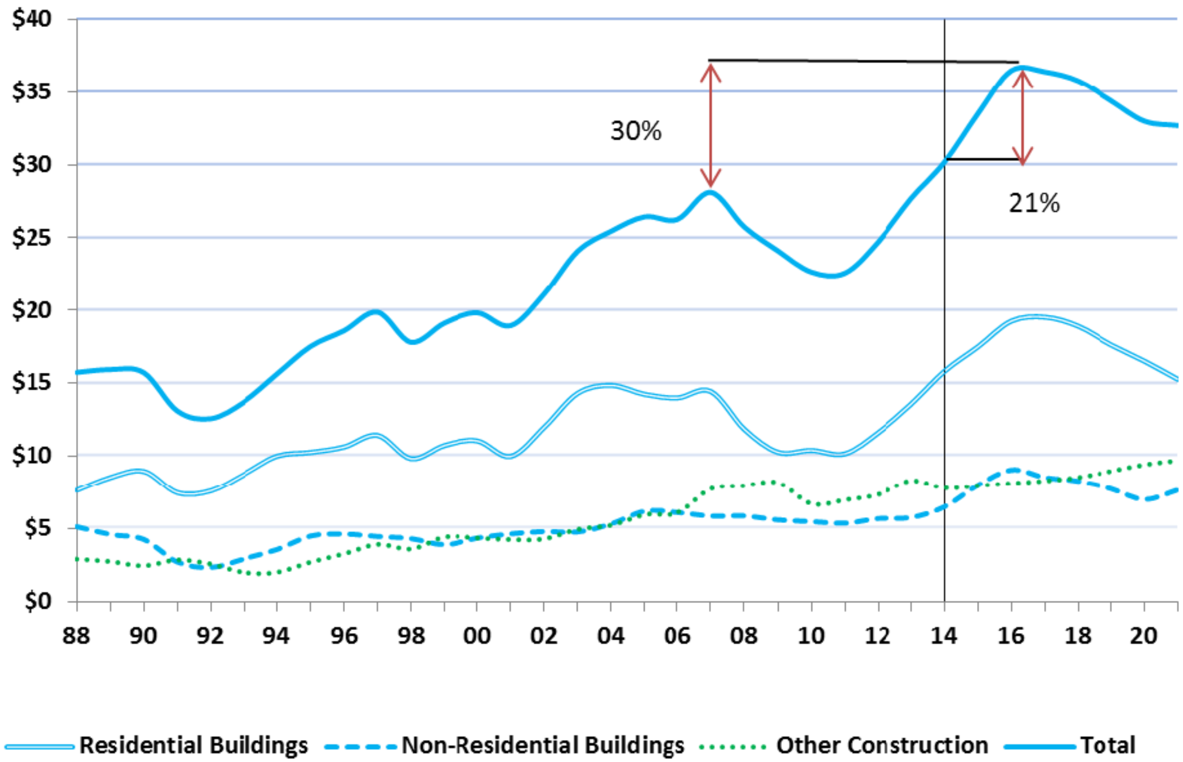
MARK ADAMSON
Chief Executive Officer

GERRY BOLLMAN
Chief Financial Officer

19 August 2015

Appendix: New Zealand construction activity expected to continue at record levels

Value of all construction (historic and forecast)
NZ$bn



Source: Statistics NZ/BRANZ/Pacifecon

Appendix: Building consent data

NZ$m		June 2013 12 months	June 2014 12 months	June 2015 12 months	15/14 % Mvmt
New Zealand					
Residential Consents		18,783	23,316	**25,154**	+8
Non Res WPIP ($m)		5,028	5,187	**6,118**	+18
Infrastructure WPIP ($m)		7,167	7,554	**6,716**	-11
Australia					*Source: Infometrics*
Residential Consents	- Standalone houses	93,762	108,553	**115,525**	+6
	- Multi residential and other dwelling types	67,649	86,144	**98,113**	+14
	- Total	161,411	194,697	**213,638**	+10
Non Res WPIP (A$bn)		33.5	35.5	**36.7**	+3
Infrastructure WPIP (A$bn)		130.3	126.4	**111.6**	-12
US (Billions of 2010 US$) Calendar Years					*Source: ABS*
Residential Consents (US$bn)		288.7	312.9	**320.5**	3%
Non Res WPIP (US$bn)		331.2	325.3	**333.8**	3%
Infrastructure WPIP (US$bn)		202.7	204.4	**208.1**	2%

Source: HIS Global Insight