

2014 Annual Shareholders' Meeting

21 October 2014

Ralph Waters

Chairman

Directors

Ralph Waters (Chairman)

Tony Carter

Dr Alan Jackson

John Judge

Mark Adamson (Managing Director)

Sir Ralph Norris

Kathryn Spargo

Cecilia Tarrant

Gene Tilbrook



Meeting agenda

Chairman's overview

2014 financial performance

Board changes

Chief Executive Officer's address

Progress on strategic priorities

Trading and financial outlook

General business

Voting on resolutions



Results Overview

Revenue – underlying revenue growth of 4%

\$8,401  million

REVENUES down 1%

Revenue growth rates

Geographic segments in local currency

New Zealand	+5%
Australia	+2%
Rest of World	+5%



Results Overview

Net earnings

\$339  million
NET EARNINGS up 4%

\$362  million
NET EARNINGS before significant items
up 11%

- **Reported net earnings up 4% to \$339m**

- **Net earnings before significant items were up 11% to \$362m**



Results Overview

Operating Earnings before significant items

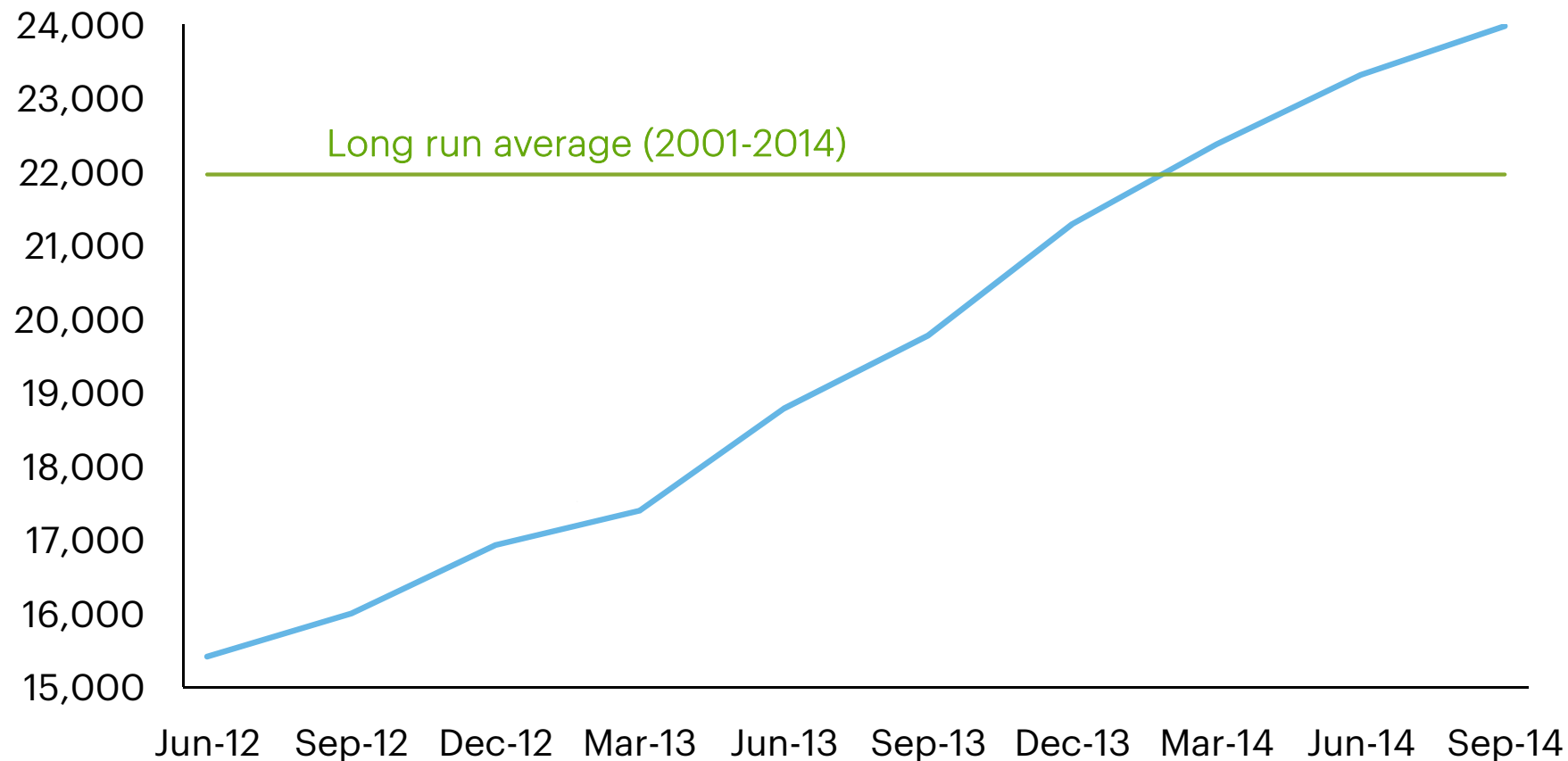
\$624  million

OPERATING EARNINGS before
significant items up 10%

- **Operating earnings excluding significant items up 10%**
- **Within guidance range of \$610m - \$650m**
- **Excluding foreign currency translation impacts, EBIT would have been up 15%**



New Zealand residential consents at highest level since 2007



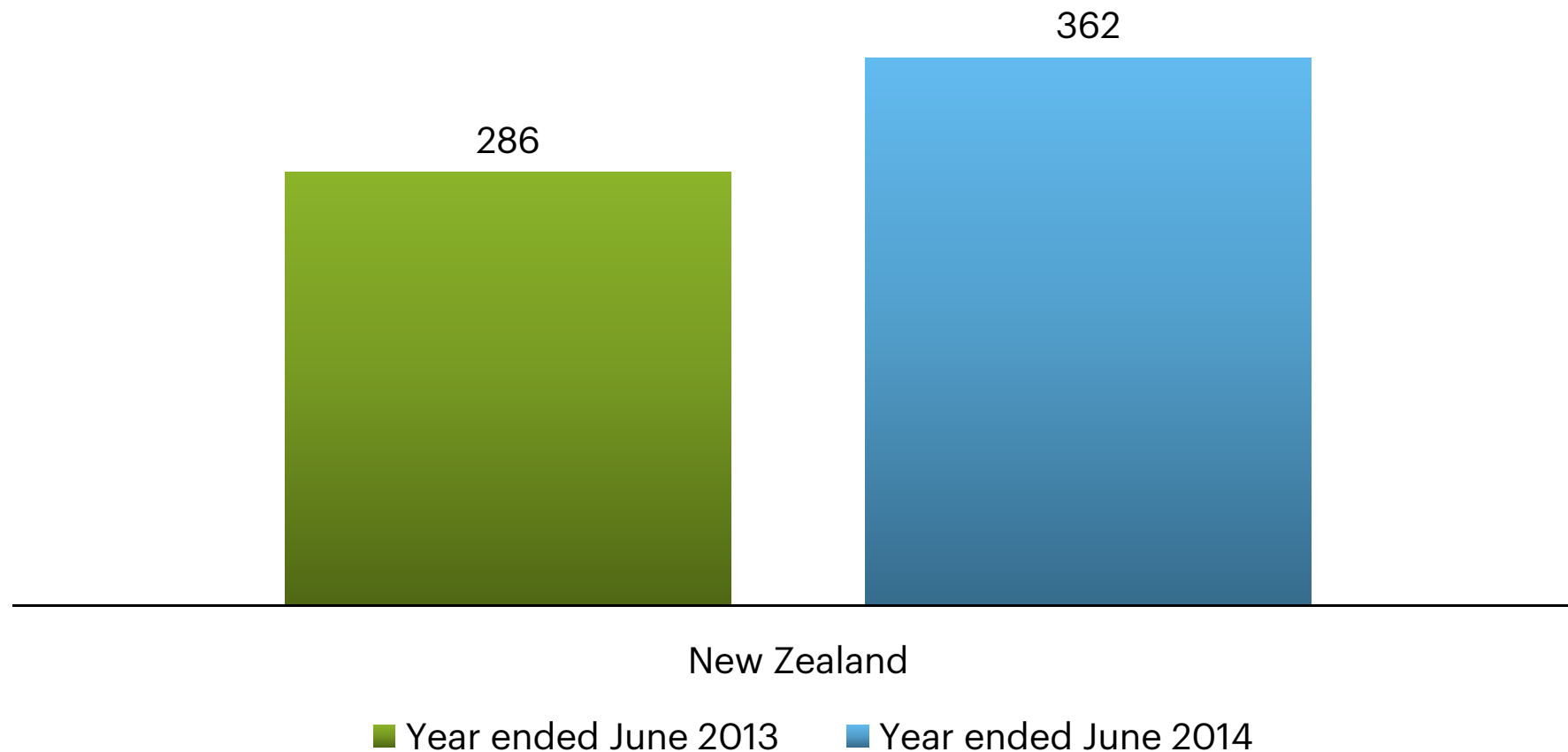
Total residential consents 12 month rolling – New Zealand

Source: Statistics NZ, Infometrics



New Zealand operating earnings up 27%

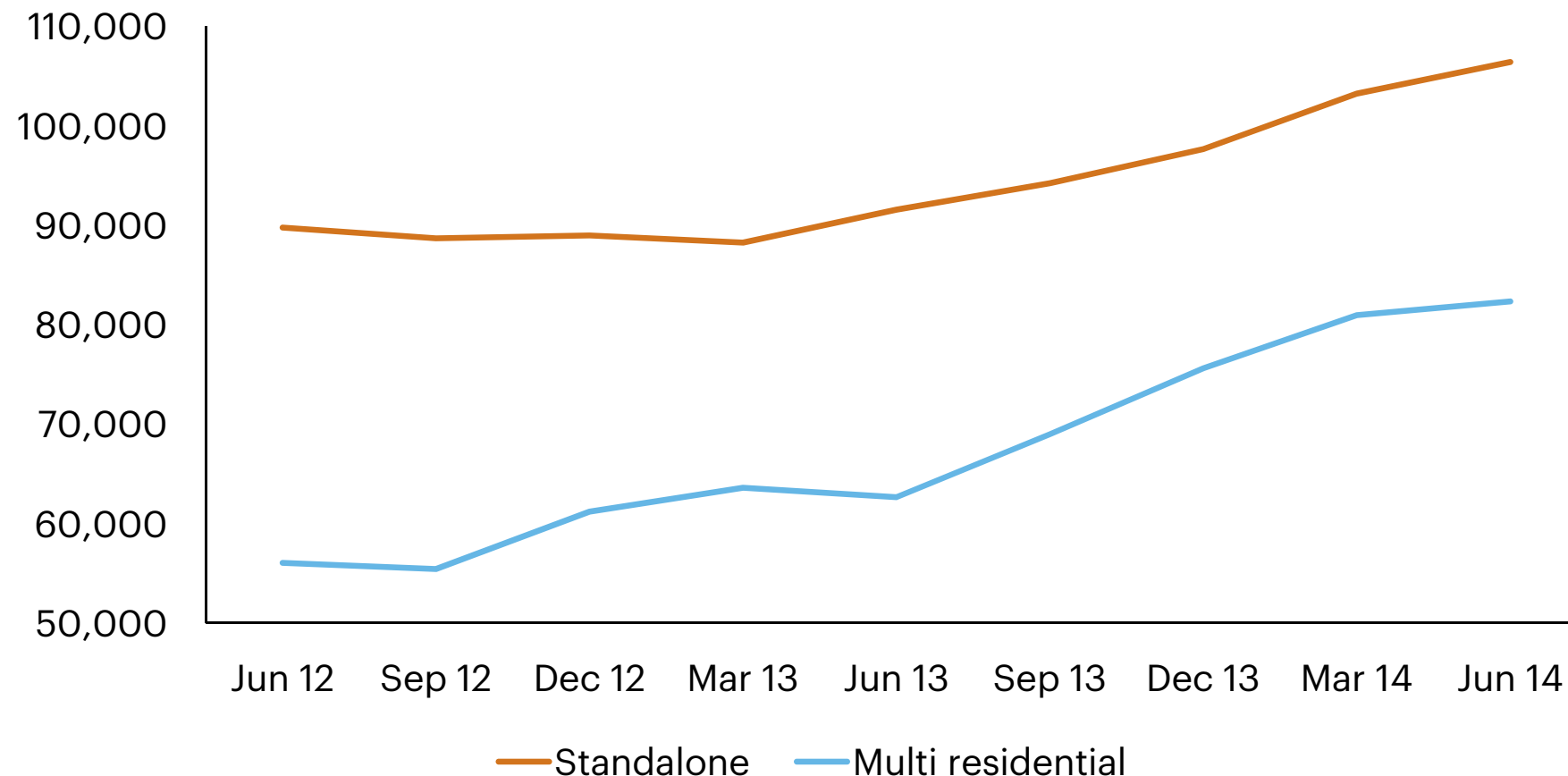
EBIT¹
NZ\$m



1. Before significant items



Australian residential consents up 21% multi-unit dwellings up strongly



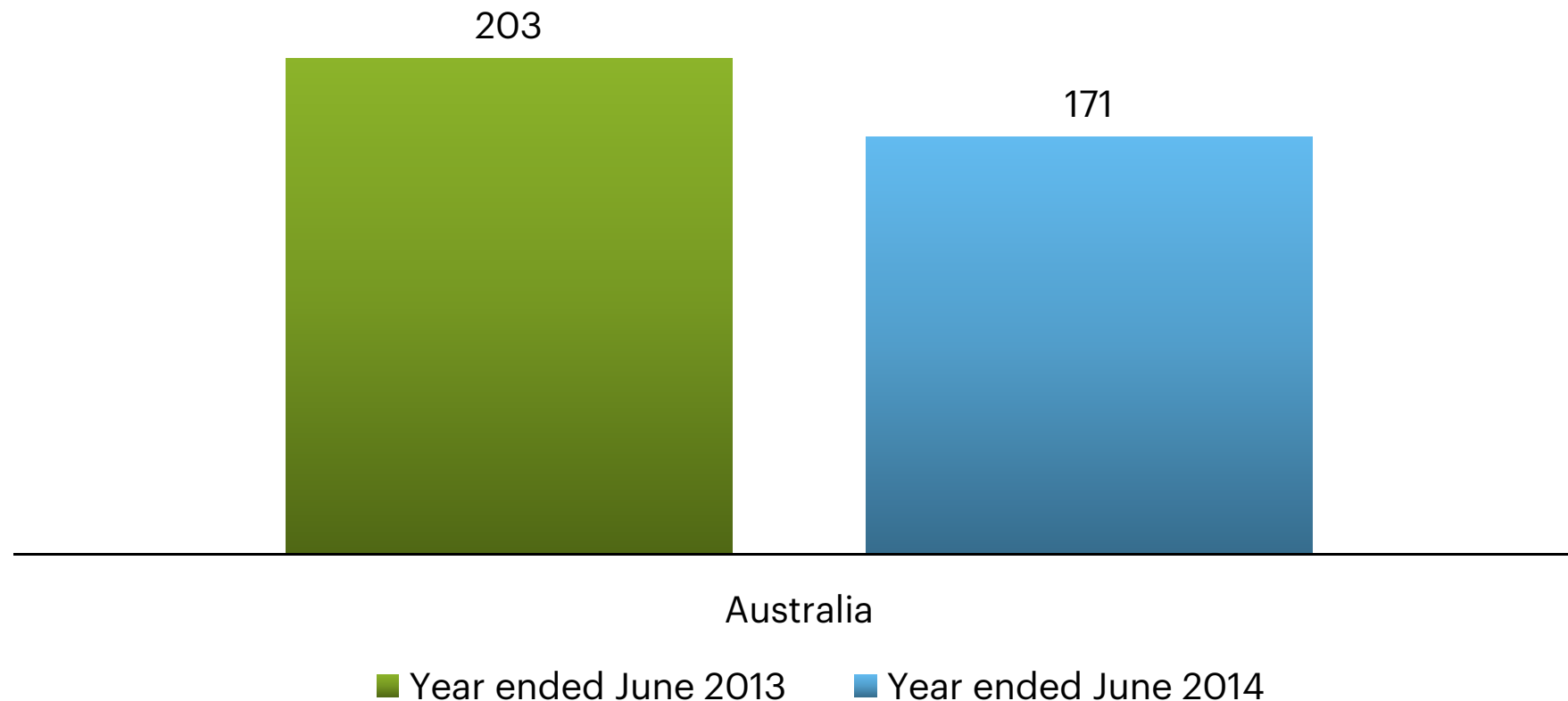
Total residential consents 12 month rolling – Australia

Source: Australian Bureau of Statistics



Australian operating earnings impacted by currency translation and lower volumes

EBIT¹
NZ\$m

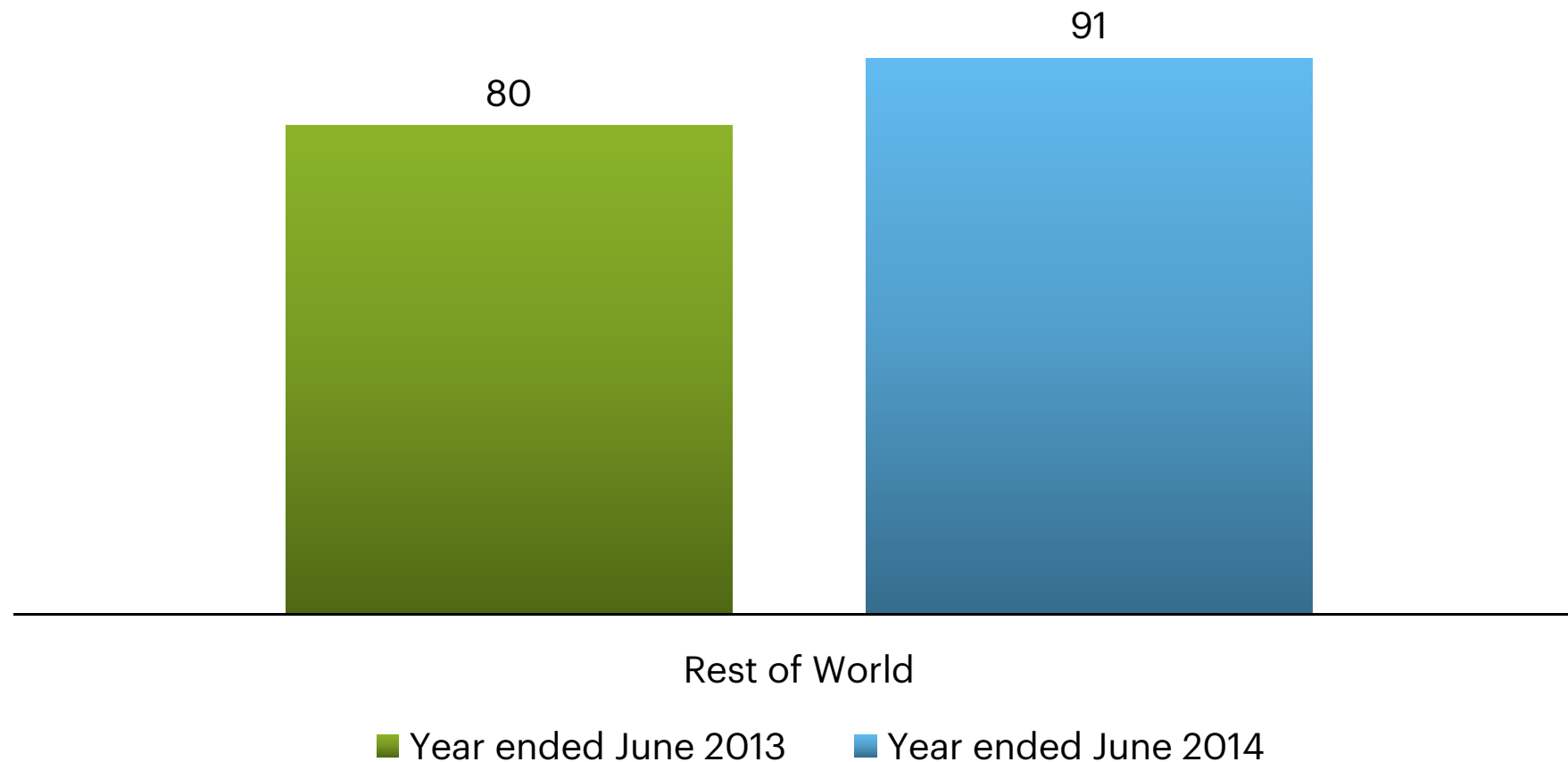


1. Before significant items



Rest of World operating earnings rose by 14%

EBIT¹
NZ\$m

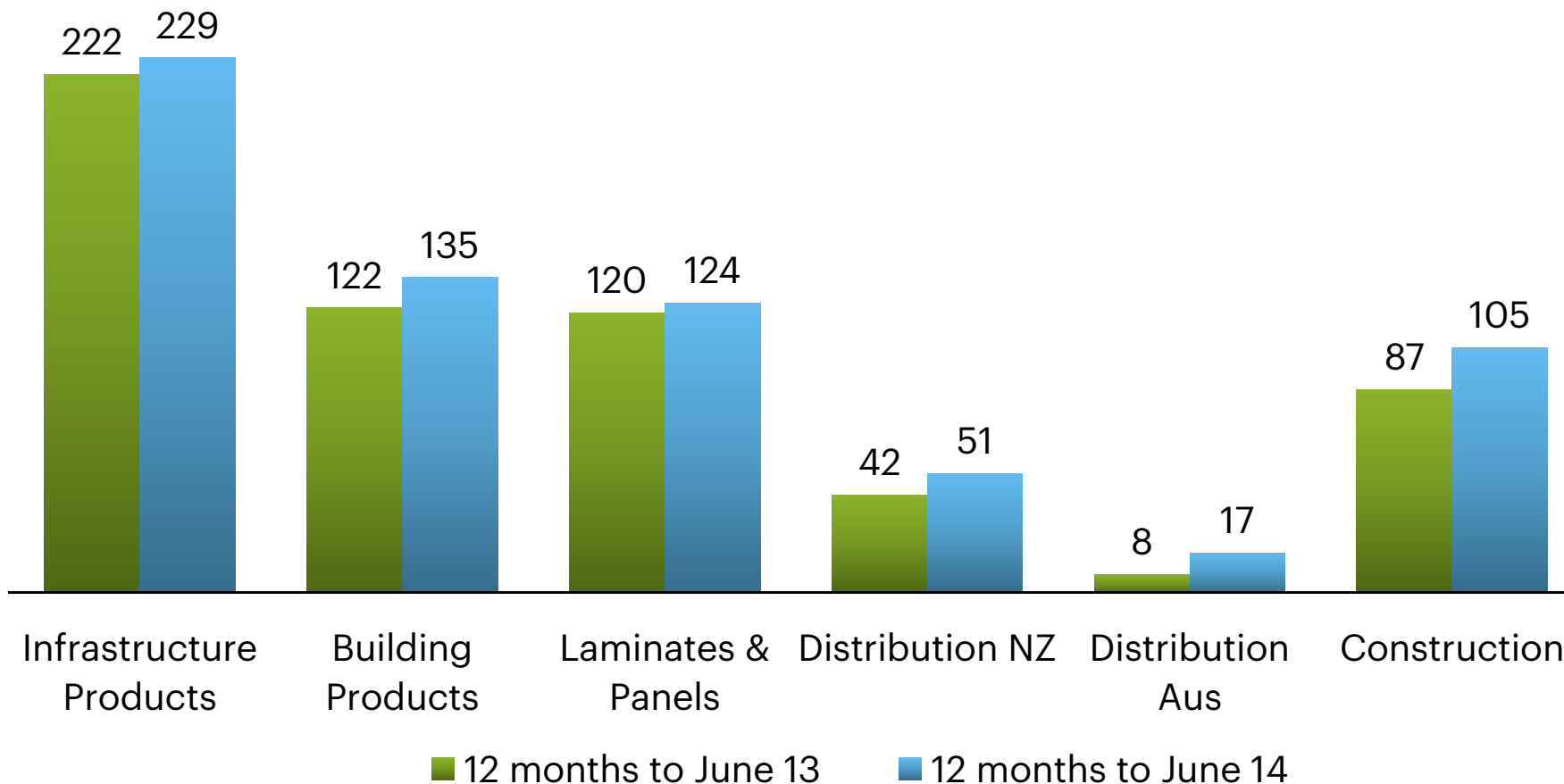


1. Before significant items



Every division increased operating earnings

EBIT¹
NZ\$m



1. Before significant items



Results Overview

Dividend

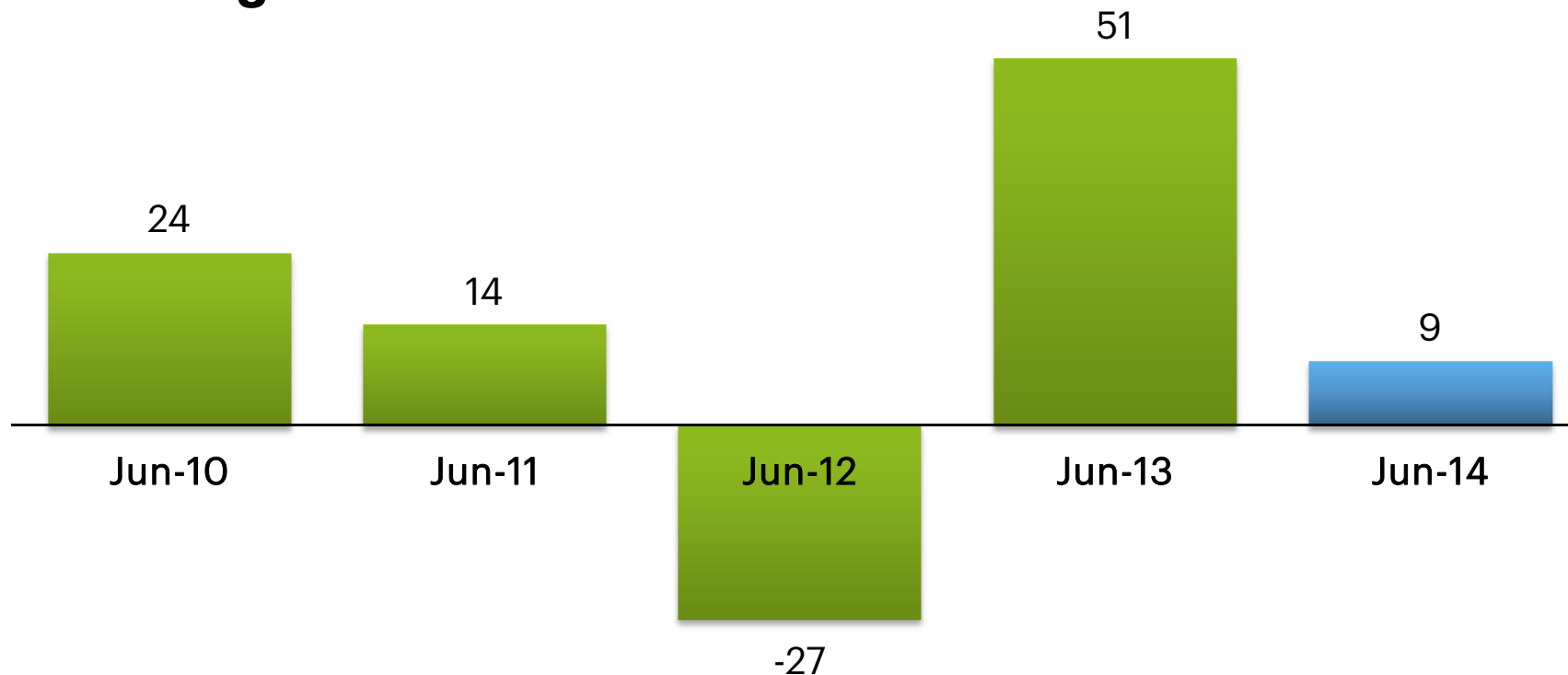
36 C ▲
DIVIDEND PER SHARE up 6%

- **Dividend Policy: target dividend pay-out in the range of 50% to 75% of net earnings**
- **Final dividend per share – 18 cents**



Total shareholder return: 9% for year to 30 June 2014

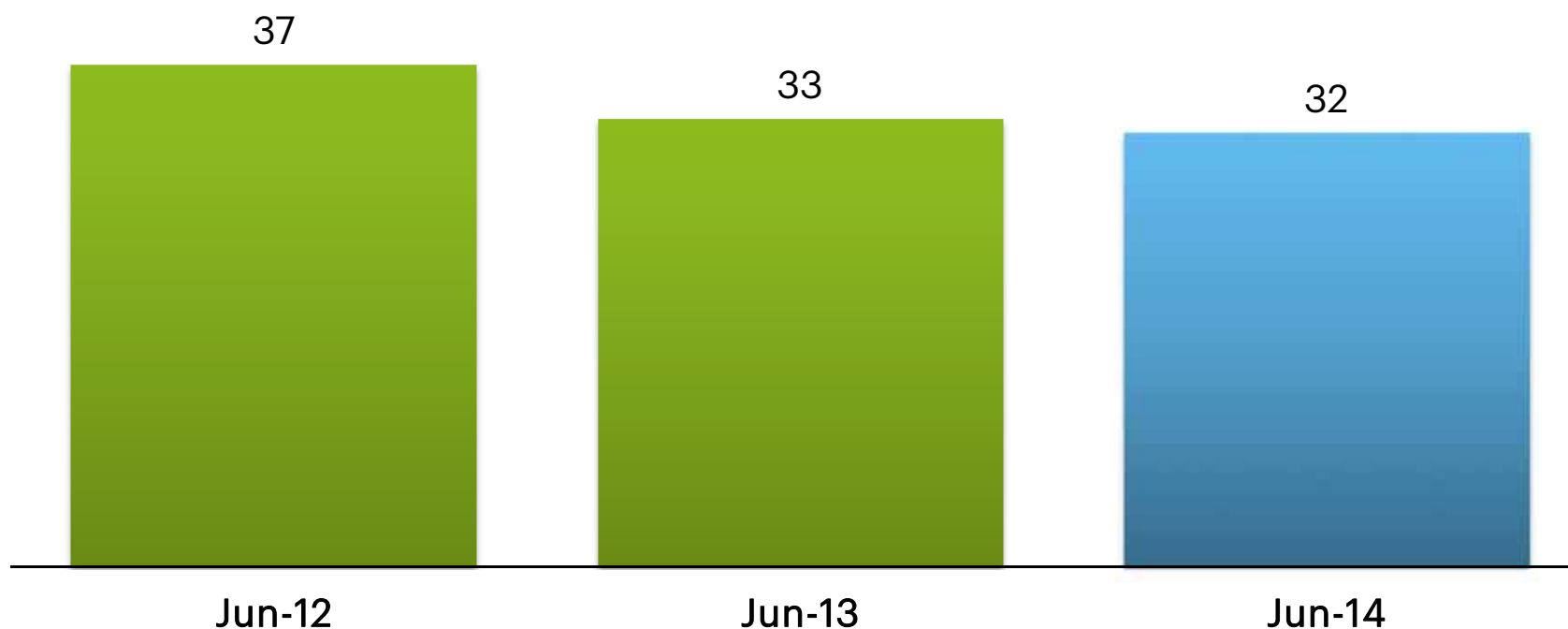
Total Shareholder Return (TSR) Percentage



Maintaining a strong balance sheet

**Net Debt/Net Debt Plus Equity
Percentage**

**Gearing target range of
net debt to net debt plus
equity of 30% to 40%**



Progress on strategic priorities

Review of business portfolio: divestment of Pacific Steel and Hudson Building Supplies

\$25m in benefits from FBUnite

Expansion of NZ residential development business

New Formica plant in China commissioned

Employee development and engagement



Board changes

Ralph Waters will retire from the board at conclusion of 2014 Annual Shareholders' Meeting

Sir Ralph Norris appointed Chairman to succeed Ralph Waters



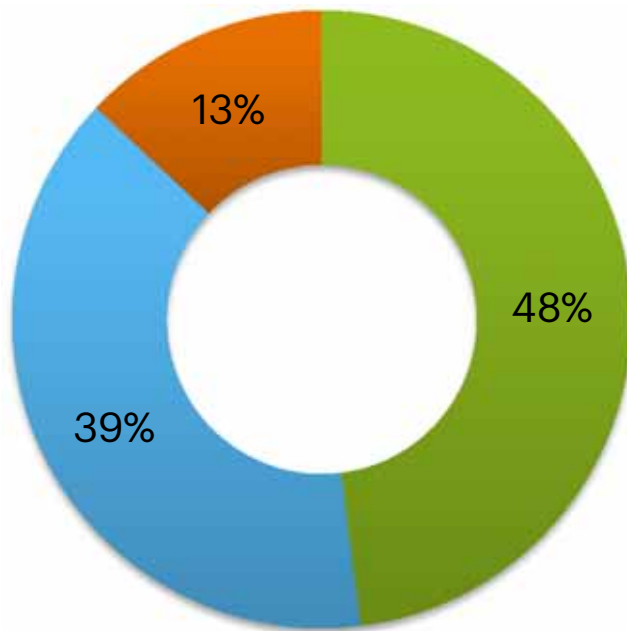
Mark Adamson

Chief Executive Officer

Earnings mix reflects economic performance of key markets

Revenue

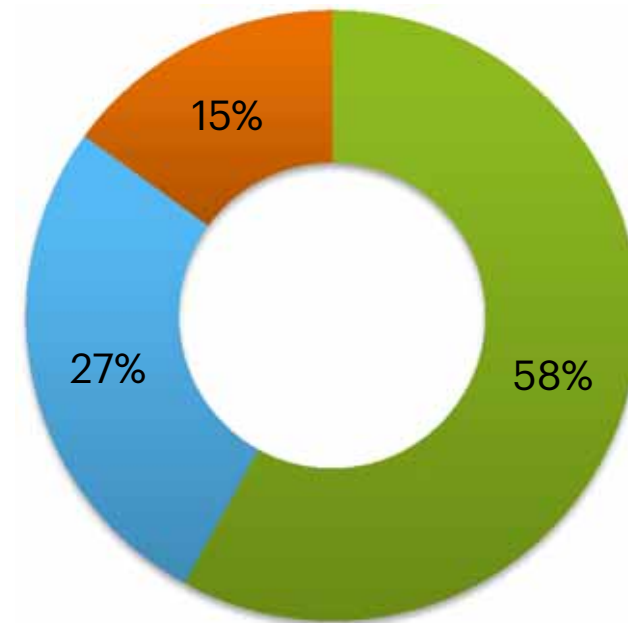
(12 months to June 2014)



■ New Zealand ■ Australia ■ Rest of World

EBIT¹

(12 months to June 2014)



■ New Zealand ■ Australia ■ Rest of World

1. Before significant items



Strategic priorities

Productivity improvement

FBUnite business transformation programme

Active portfolio management

Organic growth opportunities

Investment in people capability



Productivity improvement through FBUnite

Transforming how Fletcher Building operates

Reducing operating cost base through centralisation of common functions

Developing future strategies and platforms for growth

Multi-year programme

Expecting pre-tax benefits of \$100 million per annum by 2018 financial year



FBUnite

2014 achievements

\$25m in benefits delivered in FY2014

Procurement function delivered significant cost savings

Centralised property management team addressing 1,000 properties across New Zealand & Australia

Manufacturing excellence programme – establishment phase completed

IT and digital strategy completed

Financial Shared Services: deployment to be phased with ERP upgrades



Managing the portfolio of business

Pacific Steel sold to Bluescope/NZ Steel

Sale followed strategic review of steel manufacturing
Secured the future of long steel manufacturing in
New Zealand

Sale of Hudson Building Supplies completed in September 2014

Crane Copper Tube closure – unable to compete with imports and product substitution



Delivering growth from existing business portfolio

Organic growth delivered through:

- Market share gains
- Margin expansion
- Product innovation
- Geographic expansion

Capturing growth from economic cycle:

- NZ operating earnings¹ up 27%
- Strong volume increases in most NZ businesses

1. EBIT before significant items



New Zealand Residential strategy update

Broader offering of stand-alone and terrace homes, and apartments

Goal to increase number of homes sold each year to 1,000

Land acquisition has increased in Auckland for future development

Stonefields development will be largely built out by end of FY15

New sites also contracted in Canterbury



Fletcher Living, Stonefields



Fletcher Living, Stonefields



Construction backlog up from \$1 billion to \$1.8 billion



Waterview Tunnel



McKay to Peka Peka



Christchurch Justice and Emergency Services Precinct



Tradelink: Operating earnings up strongly



New Formica plant commission in JuiJiang, China





**Our people.
Stronger
together.**



Investing in our people

Fletcher Building Learning Academy provides targeted employee development:

Leadership development

Sales force effectiveness

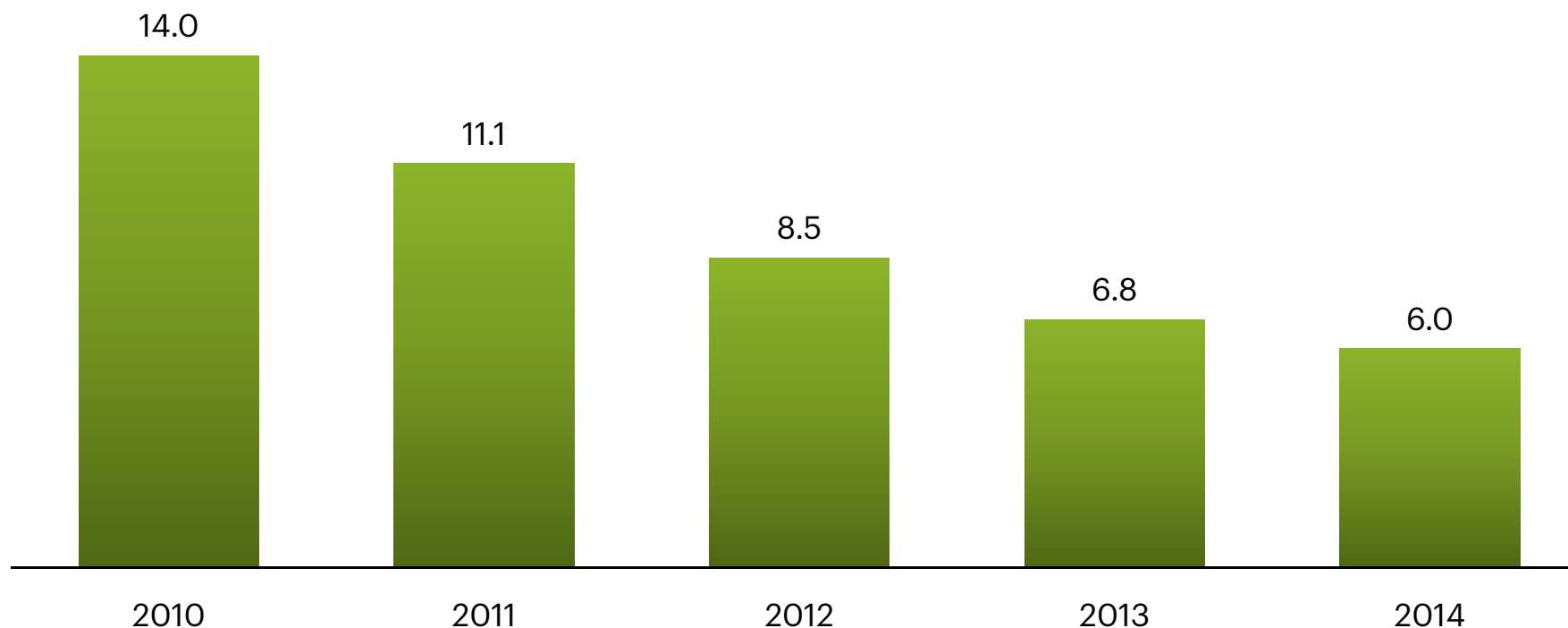
Talent assessment framework

FBUsay: Annual Employee engagement survey



Continued improvement in Safety performance

Total recordable injury frequency rate*



* Total injuries per million employee and contractor hours



Canterbury update



- **Fletcher EQR: nearing completion of 70,000 permanent home repairs**
- **Infrastructure repairs now half completed**
- **Commercial rebuild gaining momentum with Government anchor projects now starting**



Priorities for 2015

Capture growth from the cycle

Improve operational performance through manufacturing excellence programme

Further investment in lifting effectiveness of sales and marketing activities

Pursue further \$25 million in benefits from FBUnite

Improve cash generation through focus on capex and working capital

Active portfolio management



Ralph Waters

- **Chief Executive Officer
2001-2005**
- **Non-Executive Director
2005-2010**
- **Chairman 2010-2014**



Ralph Waters

Chairman

Outlook

New Zealand and Australia

New Zealand

- Continued strong residential construction activity
- Residential consents expected to track above long term trend
- Civil infrastructure driven by ongoing government investment
- Positive trend in commercial consents will underpin non-residential sector

Australia

- Improvement in stand-alone house consents will assist volumes
- Non-residential outlook less positive:
 - Declining mining investment
 - Reduced government expenditure on core infrastructure



Outlook

Rest of World

North America

- Moderation in pace of new housing construction
- Commercial activity up-turn remains elusive

Europe

- Modest improvement driven by stronger UK market

Asia

- Further growth in South Eastern Asian markets
- China and Taiwan likely to be flat



Financial Outlook

Earnings before interest, tax and significant items expected to be in the range of \$650 million to \$690 million

First half earnings likely to be broadly flat on the prior corresponding period

Second half earnings expected to be significantly ahead of the prior corresponding period



Ralph Waters

Chairman

General Business



2014 Annual Shareholders' Meeting

21 October 2014