

Fletcher Building Ltd

Working with you

Building Products Investor Day

20 October 2016



Disclaimer

This presentation contains not only a review of 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. Statistics included in this presentation are sourced from Statistics NZ unless otherwise stated.



Agenda

8:30am - 9:00am	Coffee/Registration	
9:00am - 9:30am	Introduction	Mark Adamson – <i>Chief Executive Officer</i>
9:30am - 10:00am	Securing the future: Accelerate	Lee Finney – <i>Chief Transformation Officer</i>
10:00am - 10:30am	Overview of Building Products	Matt Crockett – <i>CE, Building Products</i>
10.30am - 11:00am	NZ Concrete Value Chain: GBC Winstone & Firth	Ian Jones – <i>GM, GBC Winstone</i> Andrew Moss – <i>GM, Firth</i>
11:00am - 11:15am	Morning tea	
11:15am - 11.45am	Managing product convergence : Humes NZ & Iplex NZ	Logan Aves – <i>GM, Humes</i> David Welsh – <i>GM, Iplex NZ</i>
11.45am - 12:15pm	Managing channels: Winstone Wallboards	David Thomas – <i>General Manager</i>
12:15pm - 12:45pm	Regaining momentum: Fletcher Insulation	Justin Hollis – <i>General Manager</i>
12:45pm - 1:15pm	Lunch	



Agenda

1:15pm - 1:45pm	Competing on customer service: Iplex Australia	Nicole Sumich – <i>General Manager</i>
1:45pm - 2:15pm	Driving top line margin: Commercial centres of excellence	Becky Lloyd – <i>Chief Marketing Officer</i>
2:15pm - 2:45pm	Innovation driven growth: International	Francisco Irazusta – <i>CE, International</i>
2:45pm - 3:00pm	Afternoon tea	
3:00pm - 3:30pm	How good can it get: Residential	Steve Evans – <i>CE, Residential & Land Development</i>
3:30pm - 4:00pm	Wrap up Q&A Session	Mark Adamson – <i>Chief Executive Officer</i> Gerry Bollman – <i>Chief Financial Officer</i>



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Mark Adamson

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Introduction



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Lee Finney

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Securing the future: Accelerate



Chief Transformation Officer role created to build capability across the group

Chief Transformation Officer

'Accelerate' Transformation Program Delivery

Centres of Excellence

Accelerate Core Team
 Sales & Marketing
 Procurement
 Innovation
 Health & Safety
 Operational Excellence

- Manufacturing
- Supply Chain

Growth Initiatives

Commercial:

- Pricing
- Mix/Volume
- Cost-to-serve
- Sales Force Effectiveness

Innovation:

- Product
- Digital solutions
- Service

Cost & Cash Initiatives

Accounts Payable & Receivable
 – standardised Process

Manufacturing Excellence -
 Conversion Cost

**Network & Inventory
 Optimisation**

Procurement Performance

Overhead Productivity

Synergies - Fletcher System

Sales & Operations Planning (S&OP)

Divisional Business Units



Accelerate is at the core of everything we do

Structure

The Transformation Office governs and supports the Accelerate programme, driven by the Group GM of Transformation and supported by divisional and BU Transformation roles



System

Online tool provides a “single source of truth” for initiative management across the group - measuring gross incremental benefit



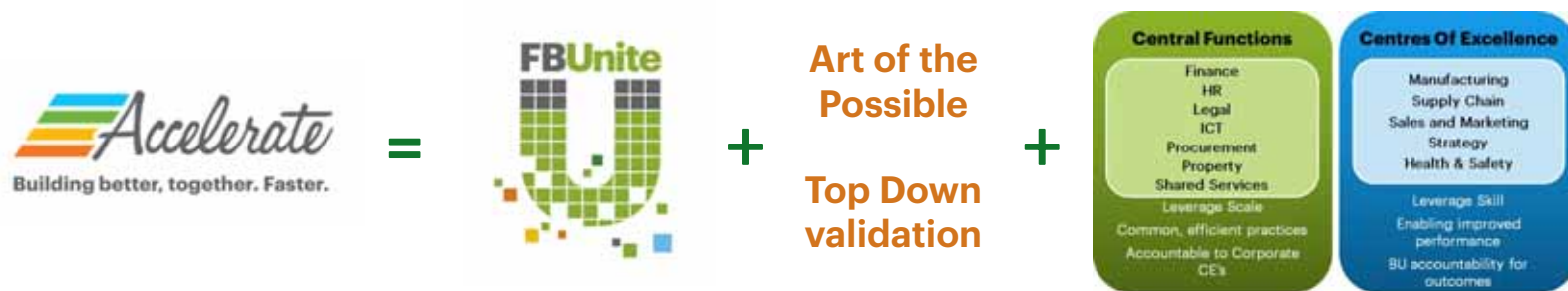
Cadence

Weekly cadence cycle ensures focus on accountability, commerciality and execution as well as providing the opportunity for an agile approach to decision making



Accelerate leverages early capability that was developed under the FBUnite program

- Accelerate builds on the work done in the 'Art of the Possible' bottom up analysis and 'Top down' validation.
- Builds capability in the centralised functions and Centres of Excellence.
- Co-ordinated through Group Transformation Office - tracked weekly.
- Business-led approach to deliver sustainable results.



Accelerate helps us deliver our organisational goals...faster



People

Create a great place to work

- Go home safe every day
- Develop leadership and capability across the company
- Create a performance culture & foster engagement



Customers

Deliver what they value

- Lift market share
- Increase customer satisfaction
- Achieve sustainable pricing



Efficiency

Work smarter together

- Reduce production & procurement unit costs
- Optimise the supply chain
- Increase productivity & working capital efficiency



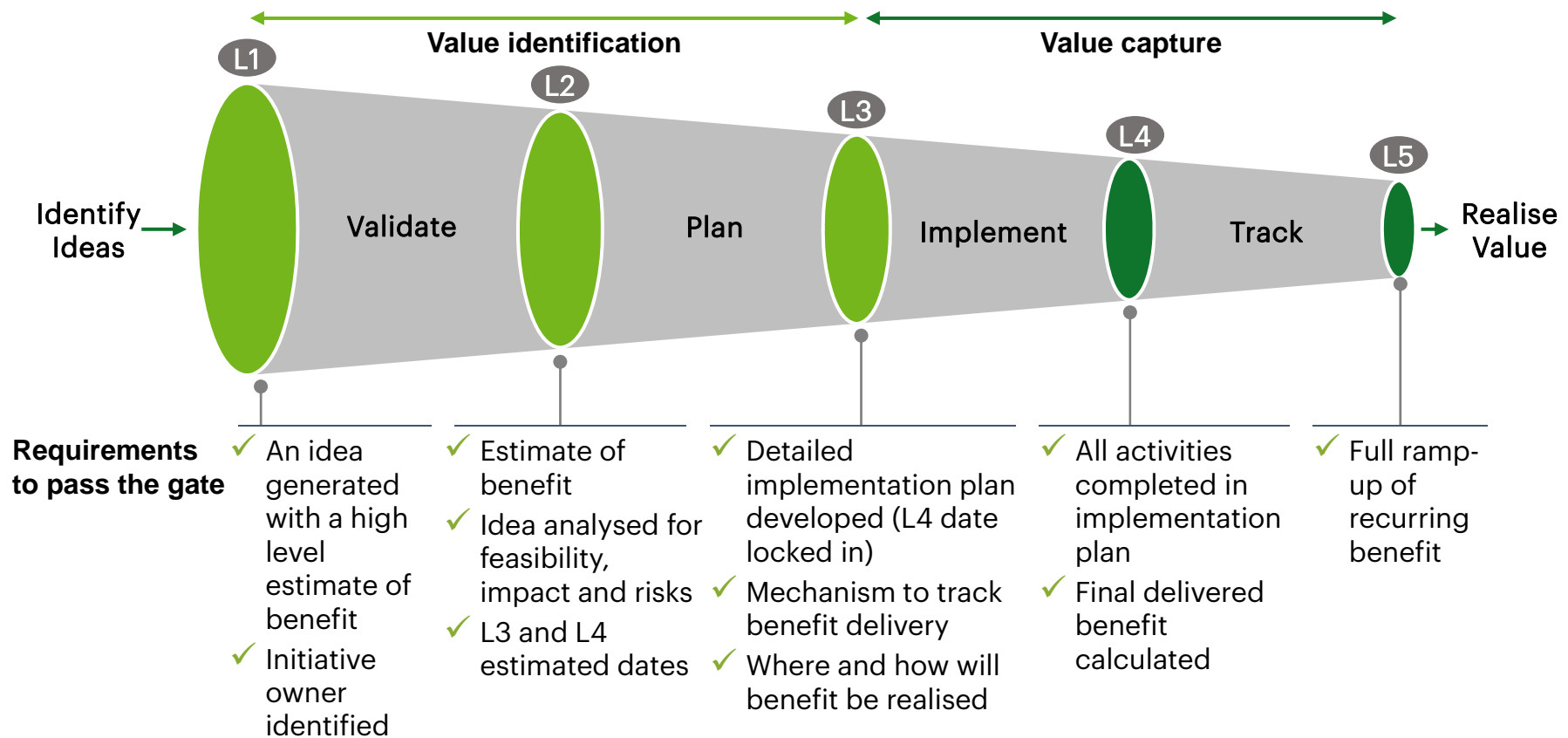
Profitable growth

Invest where we can win

- Exceed cost of capital
- Develop sustainable new sources of earnings
- Drive a credible plan to profitably grow the business



Accelerate drives transparency and discipline



Accelerate drives behaviour & culture change

- **Structured approach**—To help businesses identify opportunities, size them, confirm feasibility and benefits, then execute
- **Fast cadence and high intensity**—weekly TO meetings
- **Focus on quality**—challenge the inputs and the benefit assumptions
- **Clear ownership**—Initiative Owners are accountable for the Project Management, delivering the milestones and the end results
- Fast **Escalation of variances or milestone delay.**
- The role of the **Transformation Office** = “**personal trainer**” to push and “**coach**” the business to **build and implement the Plan**

Accelerate is about realising the full potential of Fletcher Building, making it a truly great place to work and delivering upon our financial goals



Key achievements to date

- **Improved communication:** Weekly interactions with BUs, divisions and the corporate centre to track and drive initiatives
- Mechanisms in place to **capture ideas** from all levels of the business
- World class **reporting & guidance** developed to drive fast decision making
- Gross initiatives **more than offsetting cost-in** headwinds
- Accelerate has clear alignment with the 3 year plan and to date...
 - ✓ Accelerate has generated **1,750 L3+ initiatives** that are supported by detailed implementation plans
 - ✓ With more than **380 initiative owners** across the group
 - ✓ More than **320 people** responsible for **delivering ~5,000 milestones**
 - ✓ Supported by **13 centrally governed weekly Accelerate meetings** and more than **25 BU / functional meetings each week**



Accelerate opportunity is balanced between cost and top line growth

% OF TOTAL IDENTIFIED OPPORTUNITY	
Commercial ("Sell")	50%
Cost	
- External spend ("Source")	20%
- Overhead ("Staff")	8%
Manufacturing	
- Manufacturing ("Make")	15%
- Distribution and Construction ("Deliver")	7%
DIVISIONS	
Building Products	25%
International	25%
Distribution	30%
Construction & Residential	16%
Corporate	4%
Total	100%



Accelerate is an extension of our values

Be Bold.

Courageous leaders
Problem solvers
Backing ourselves
Have a go without being rash

Be Bold
Work Well
Build Every Day
Customer Leading



Customer Leading.

Expert partner
Creative
Insightful
Building for a greater good

Be Bold
Work Well
Build Every Day
Customer Leading



Better Every Day.

Progressive
Continuous improvement
A passion for excellence
Champion of safety

Be Bold
Work Well
Build Every Day
Customer Leading



Play Fair.

Transparent
Honest
Fair minded
Respectful and inclusive

Be Bold
Work Well
Build Every Day
Customer Leading



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Matt Crockett

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Overview of Building Products



Agenda

- **Building Products overview**
- **Performance and priorities**
- **Impact of Accelerate**
- **Australian and NZ market outlooks**



Building Products lead team



GM GBCWinstone:
Ian Jones
25 years at FB



GM Firth:
Andrew Moss
25 years at FB



GM Humes:
Logan Aves
2 years at FB



**GM Winstone
Wallboards:**
David Thomas
40 years at FB



GM Iplex NZ:
David Welsh
1 year at FB



GM Rocla:
Bruce Nicholson
2 months at FB



GM Iplex AU:
Nicole Sumich
2 years at FB



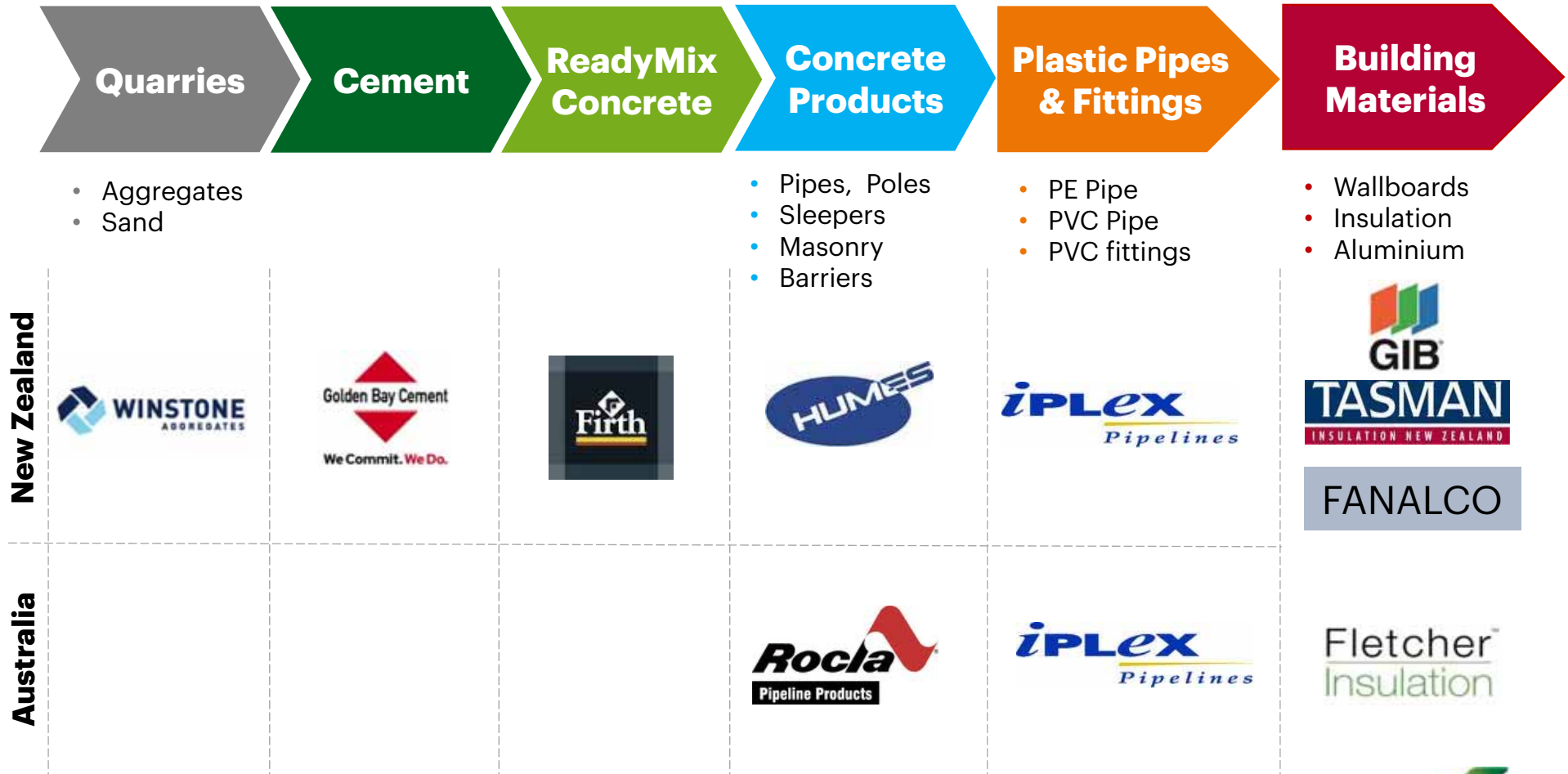
**GM Fletcher
Insulation:**
Justin Hollis
1 year at FB



MD Fanalco:
Ron Holden
15+ Years NALCO



Building Products Division Overview



We have continued to simplify and focus the portfolio, only acquiring/partnering where there is clear logic

Businesses exited



Disposal/closure date

June 2014

February 2016

Logical bolt-on acquisitions/JVs

FANALCO



Acquisition/JV date

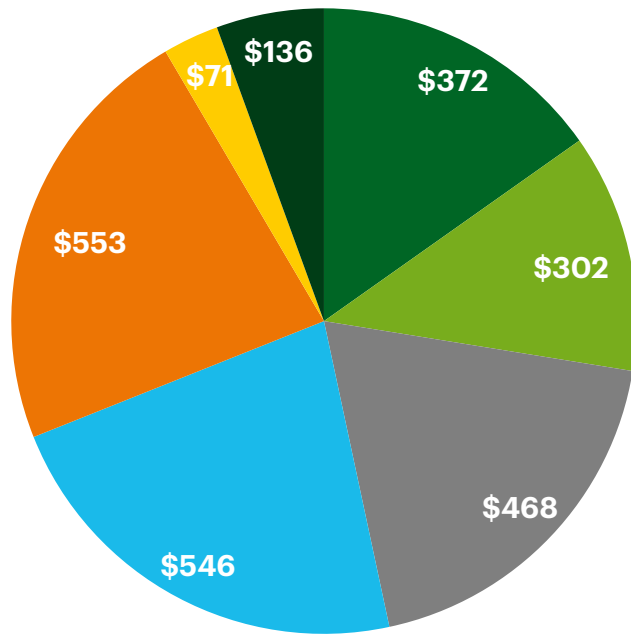
July 2016

July 2016

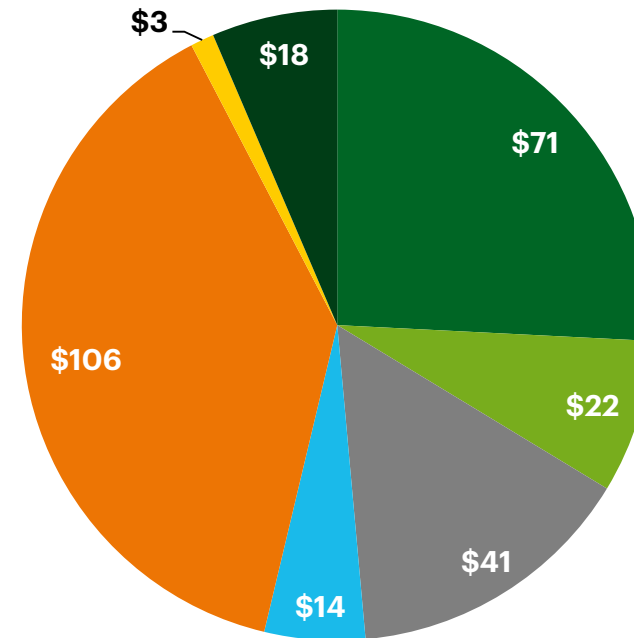


Divisional revenue and earnings are diversified along the value chain

FY16 Revenue (NZ\$m)



FY16 EBIT (NZ\$m)



- Cement & Aggregates
- Concrete Products
- Building Materials
- Discontinued & One-offs
- ReadyMix Concrete
- Plastic Pipes & Fittings
- Other



Substantial progress made over the last two years, though challenges remain

Highlights

Australia

- Strong, customer leading, turnarounds in Iplex AU and Fletcher Insulation
- Rocla Quarries divestment

New Zealand

- Defended/extended share in all businesses
- National cement distribution model embedded with smooth transition
- FANALCO aluminium JV – strong business trajectory

Challenges

Australia

- Returning Rocla to growth
- Some weak state markets, notably WA
- Ongoing intense competition

New Zealand

- Strong competition in NZ concrete chain with associated pricing pressure
- Christchurch post peak; managing the transition to Auckland/Waikato/BOP
- Addressing capacity constraints



Accelerate is underpinning our business improvement efforts

Focus to date

- Getting the basics in place - building performance mindsets and capabilities
- Immediate interventions to support turnarounds – cost right-sizing and market share recovery
- Pricing optimisation
- Overhead efficiencies
- Building operational excellence capabilities – capacity and cost
- Multi-year initiative portfolio agreed

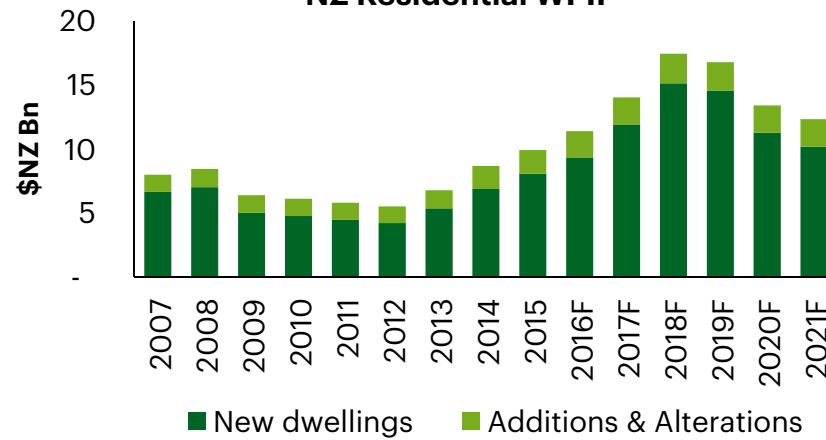
Go forward priorities

- Execution of existing initiatives
- Refining and delivering powerful customer value propositions in all businesses
- Ongoing ideation and planning to fully solution targets – increased focus on bigger, more transformative/innovative opportunities
- Building commercial excellence, procurement and digital capabilities
- Ensuring medium-long term sustainability

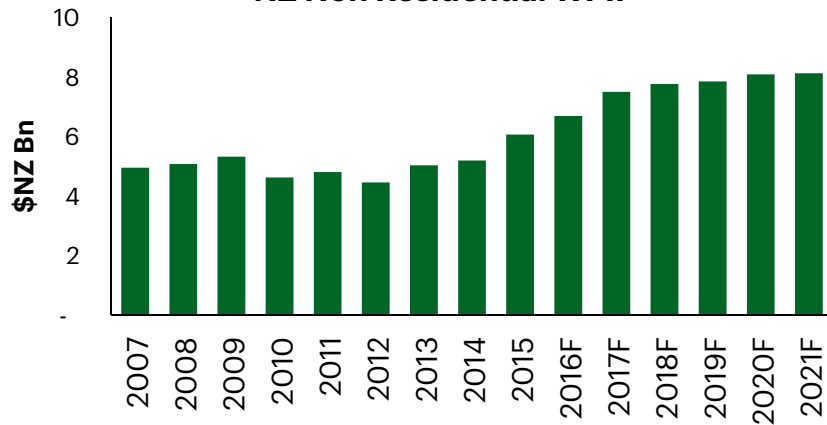


NZ market outlook positive

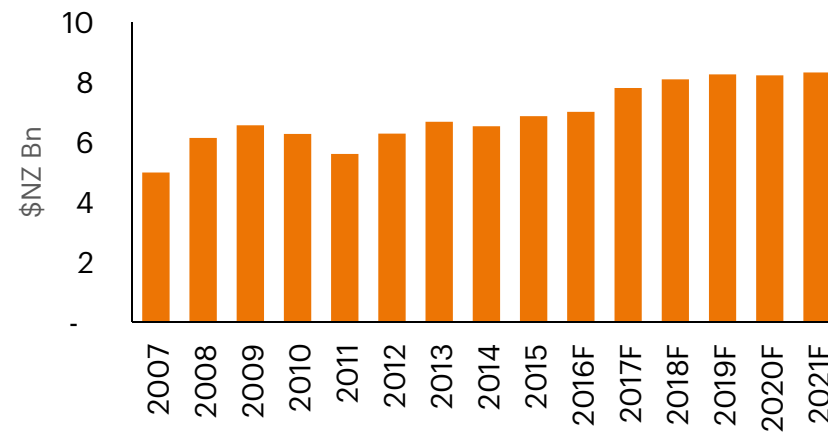
NZ Residential WPIP



NZ Non Residential WPIP



NZ Infrastructure WPIP

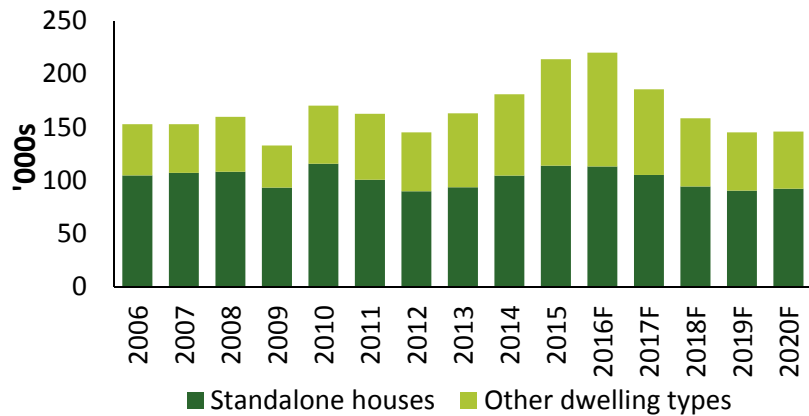


Source: Infometrics. Last Update March 2016 All metrics at current value

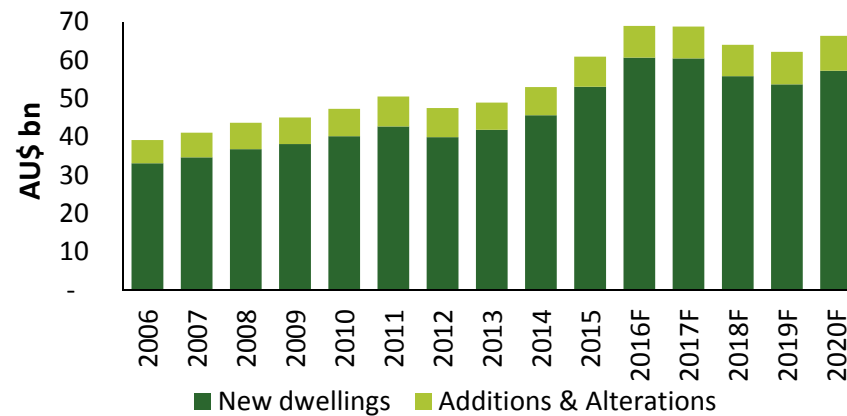


Australian market outlook coming off peaks but remains solid

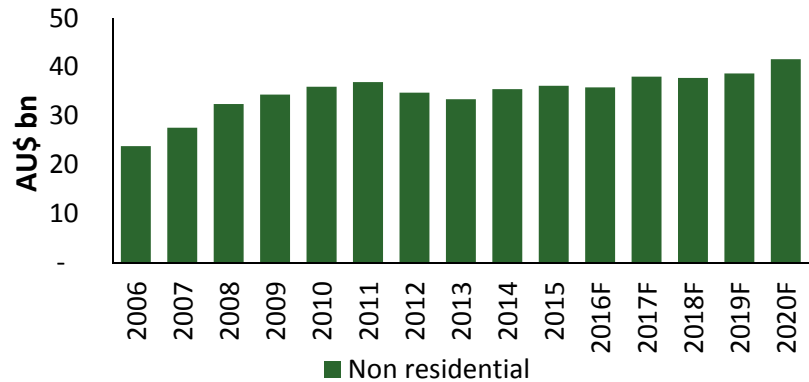
Aus Residential Commencements



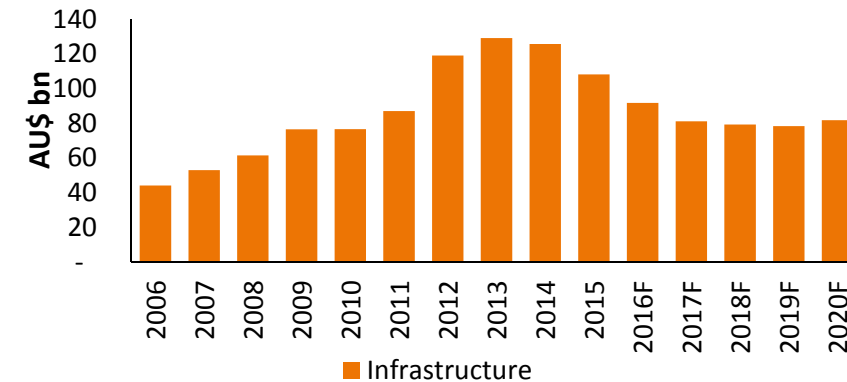
Aus Residential Work Value



Aus Non-Residential Work Value



Aus Infrastructure Work Value



Source: BIS Shrapnel. Last Update 9th June 2016. All metrics at current value



Key Building Products messages

- High quality, diversified, yet coherent portfolio
- World class team – good balance of FB and external experience
- Market leading assets in NZ successfully defending share and well positioned to maximise returns from strong NZ market
- Australian businesses successfully turning around and well positioned to drive further value capture
- Accelerate program driving disciplined execution and building key capabilities underpinning short and long term success
- Market stronger for longer than previously expected, especially in New Zealand



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Ian Jones Andrew Moss

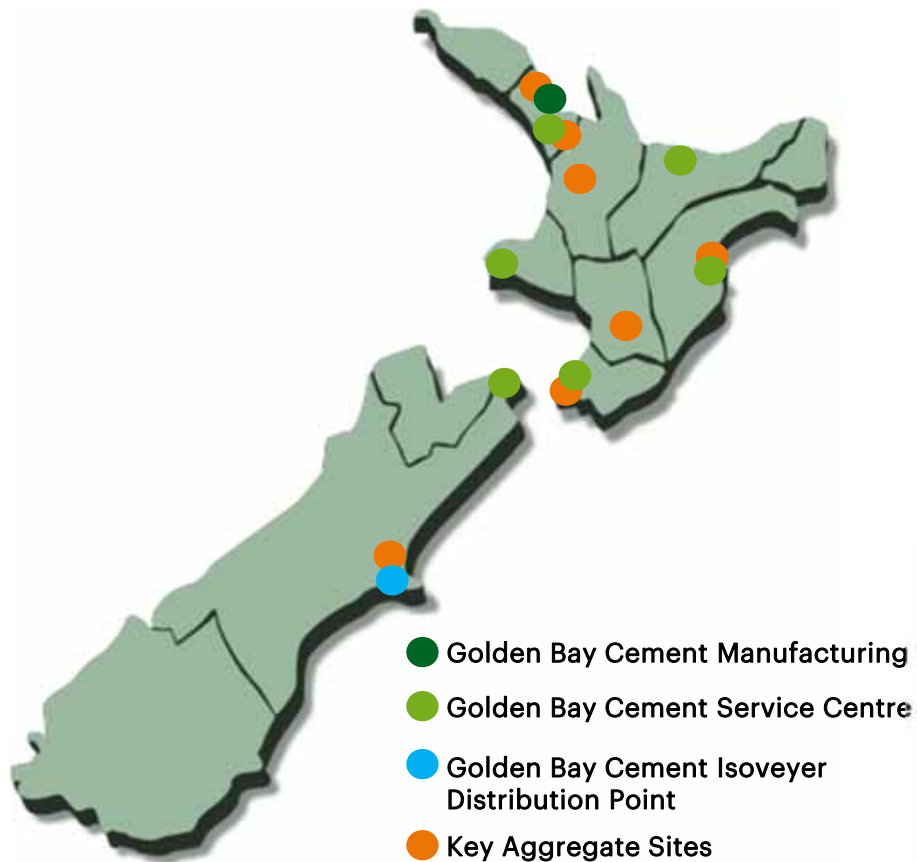
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NZ Concrete Value Chain: GBC Winstone & Firth

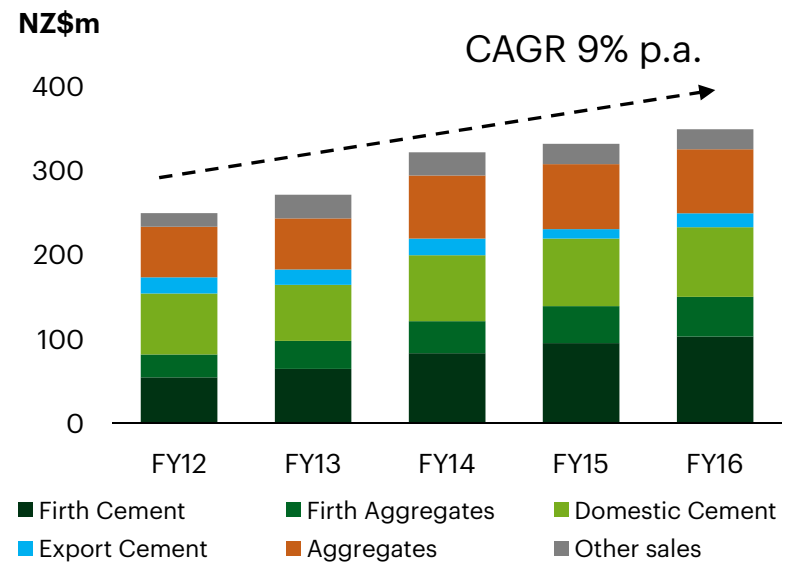


GBC Winstone Overview

National Manufacturing & Distribution



Revenue split and market segments



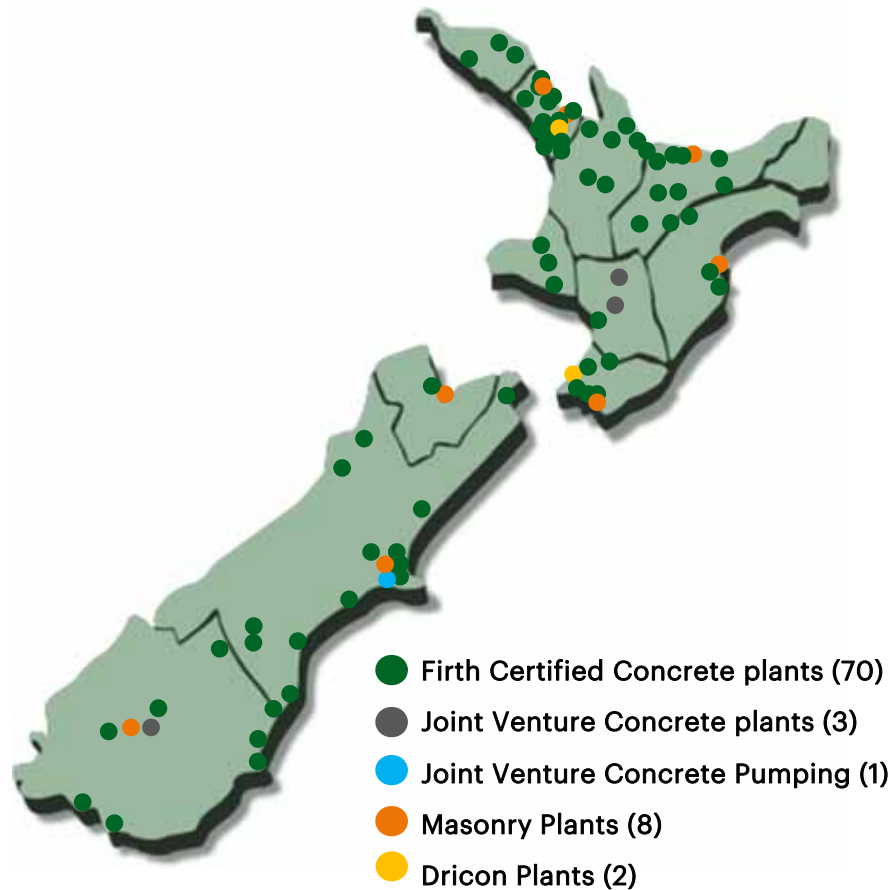
Market Segments: GBC Winstone



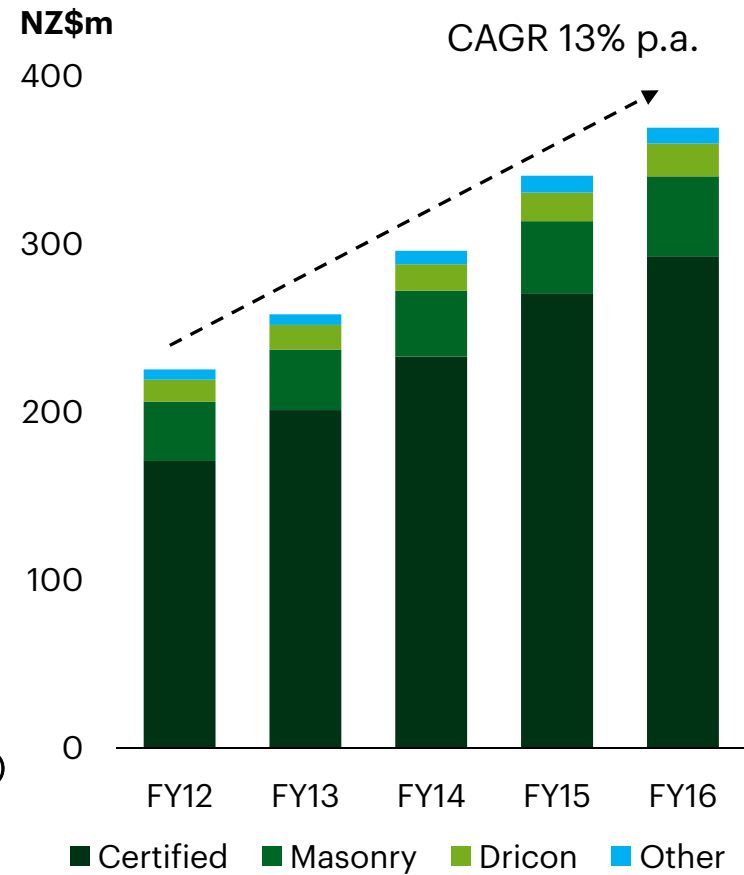
Firth Overview

Firth is NZ's largest ready-mixed concrete, concrete masonry, and pre-mixed bagged mortar supplier

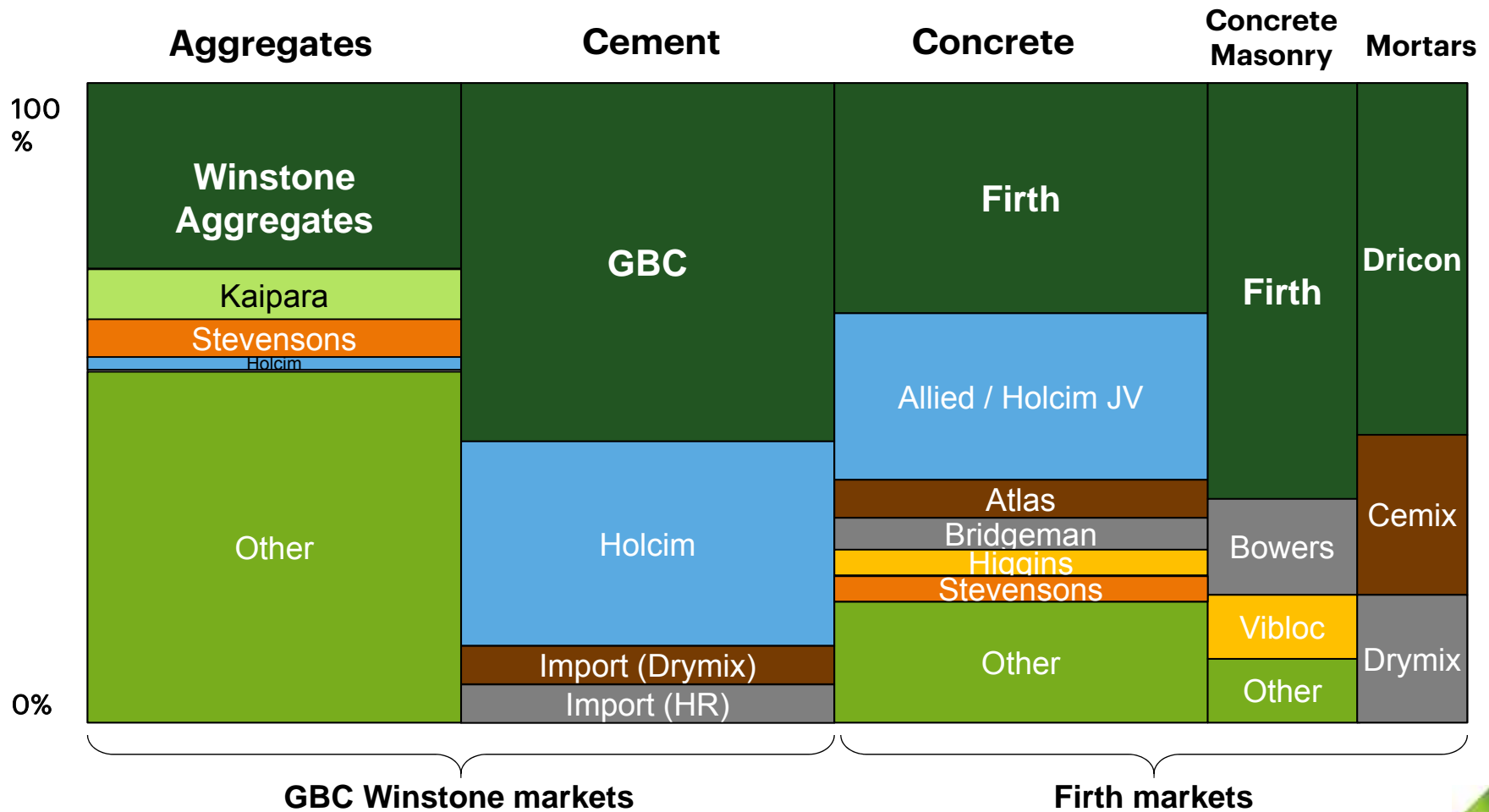
National Manufacturing & Distribution



Revenue split and performance

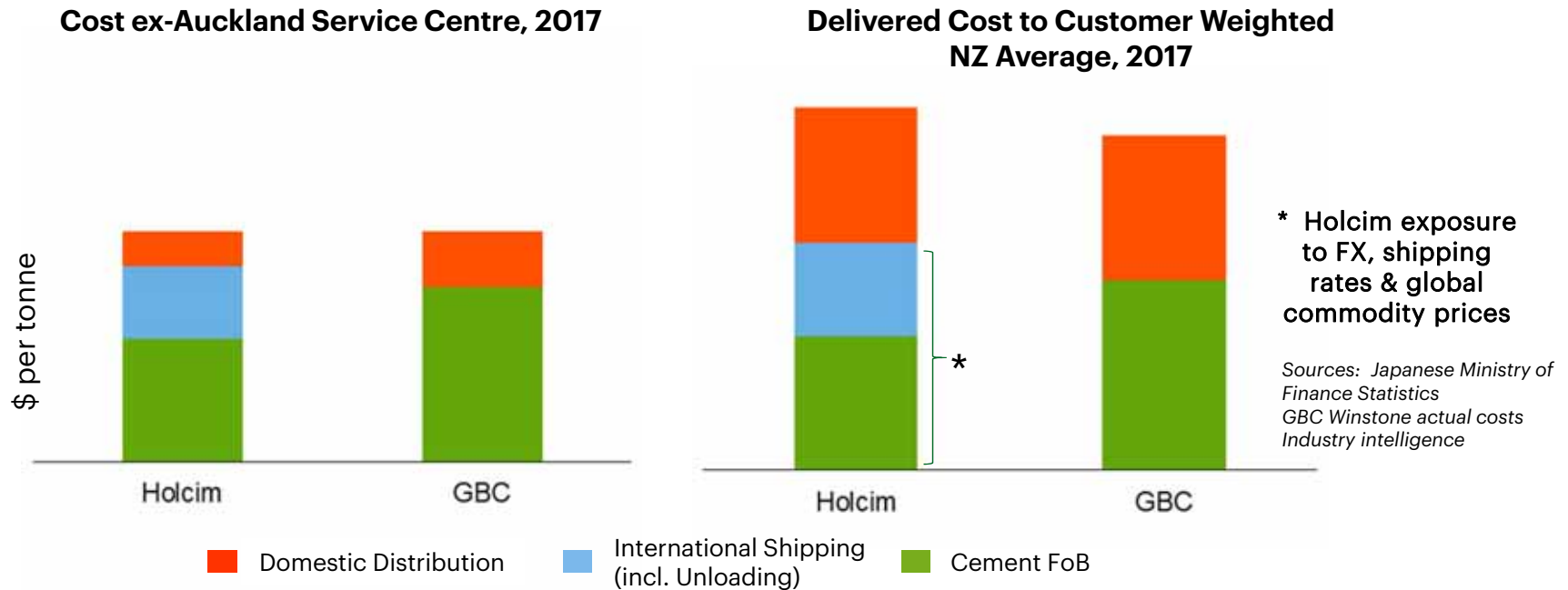


GBC Winstone and Firth hold a unique integrated position in the NZ concrete value chain



NZ cement industry has changed but FB has a fully integrated value chain, competitive cost position, and strong independent customers

1. Industry has changed over last five years but FB has done a good job retaining share whilst facing new import competition
2. Both Holcim and FB have their features and benefits but FB's model is difficult for others to replicate. FB continues to focus on customer relationships, service, and bringing value to customers
3. FB costs compared to Holcim are similar in Auckland but FB is lower on a national weighted average basis



Note: Graphs illustrate future state for Fletcher Building and Holcim models (fully costed models)



New distribution model will improve EBIT by ~\$7m p.a.

The distribution model revamp consists of three key components which all interact, creating a more robust supply chain, and providing capability to supply all NZ regions (Completion February 2017)

1. With imminent end of Reciprocal Supply Agreement with Holcim, GBCW implemented a new supply chain for the South Island utilising 500 ISO Tanks. These are typically filled in Auckland but system is very flexible and scalable



ISO Tank Stock

2. New ship capable of over twice current ship capacity will be commissioned in December 2016. This allows retirement of current ship and contracted barge



New ship during construction

3. New 6,000 tonne storage silo and ship loading upgrade (total \$28m) under construction at Portland, Whangarei. This is key to the supply chain, allowing for greater storage while ship is away, faster ship loading and decreased business risk



New Silo under construction (foreground) at manufacturing plant, Whangarei



Aggregates business addresses both growth and sustainability and well positioned to capture market upside



Hunua \$30m development sets up resource for further 30 years of Auckland supply and creates platform for Firth Block Plant

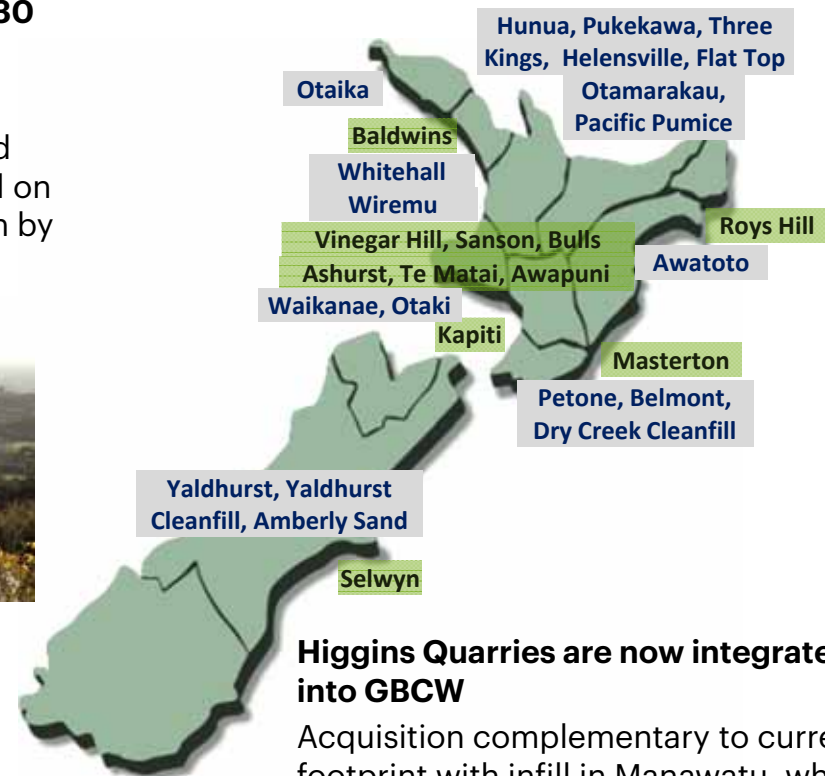
Hunua has been an increasingly busy quarry with a record production F16 year. A new quarry pit is being developed on the Hunua site and will phase into commercial production by February '17



Future focus is on extending certainty of resource and consenting

Canterbury is the priority region to identify the next resource which will be required in ~7 years

Whilst many of our quarries have long resource life, planning is being extended to ensure there are economic overburden sites available



Higgins Quarries are now integrated into GBCW

Acquisition complementary to current footprint with infill in Manawatu, where we previously had little presence

Hawkes Bay and Canterbury footprints also highly complementary

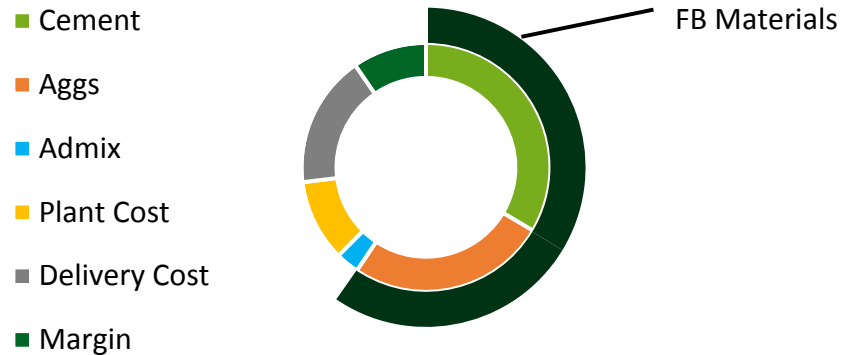


Firth has been successful at both growing share and lifting margins in ready-mixed concrete

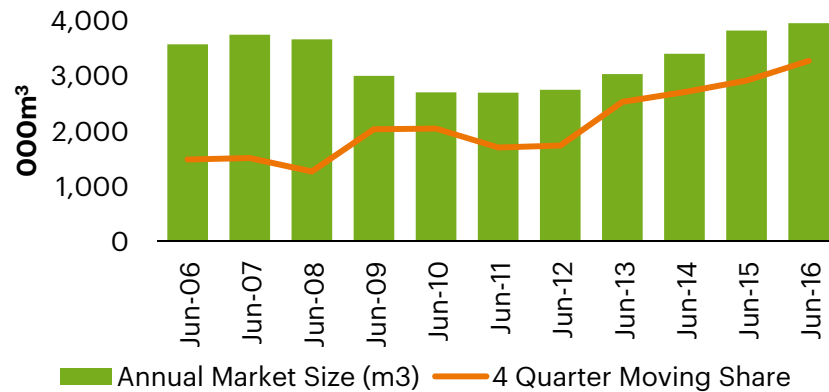
Given channel value pull through, Firth has targeted sustainable concrete share growth, while looking to lift price and maximise margin opportunities

- Cement and aggregates comprise ~65% of the delivered cost of ready-mixed concrete
- Firth has lifted its National concrete share by 3% over the last three years, with volumes up 40% including market growth
- Despite price pressure from competitor's use of cement imports, Firth has been able to achieve modest price and margin improvements

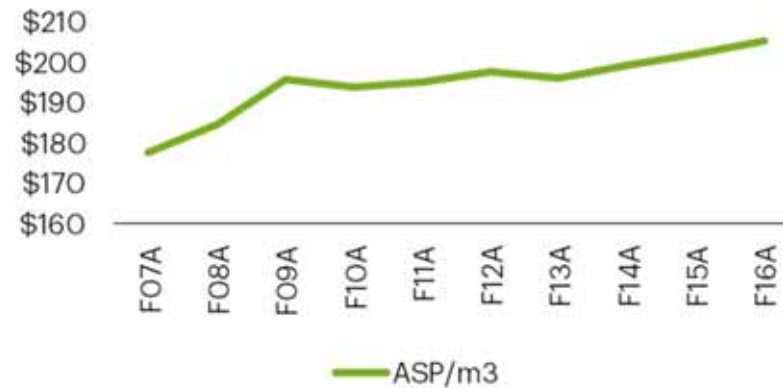
Cost Components – Ready-Mixed Concrete



NZ Concrete Market and Firth Share



Firth Concrete Price Performance



Delivering segmented value propositions, innovation, and proprietary installed solutions, are key to Firth's ongoing success



Operational Capability

- 70 plant and 400 truck network
- Integrated pour planning and management

Engineering and Technical Expertise

- Value engineering at design and construction
- Proprietary mix designs for specialist applications (piling, self compacting, foundations)
- Technical support, testing and verification

Innovation in Installed Solutions

- Firth RibRaft® foundation range
- Firth HotEdge® foundation insulation
- Concrete and masonry packaged solutions



Innovation in Digital Technology

- Order and delivery management (trucks on maps, ConText, mobile APP)
- Information and account management (MyPour)



To meet surging Auckland demand for concrete, Firth is implementing substantial capacity and capability enhancements

Capacity

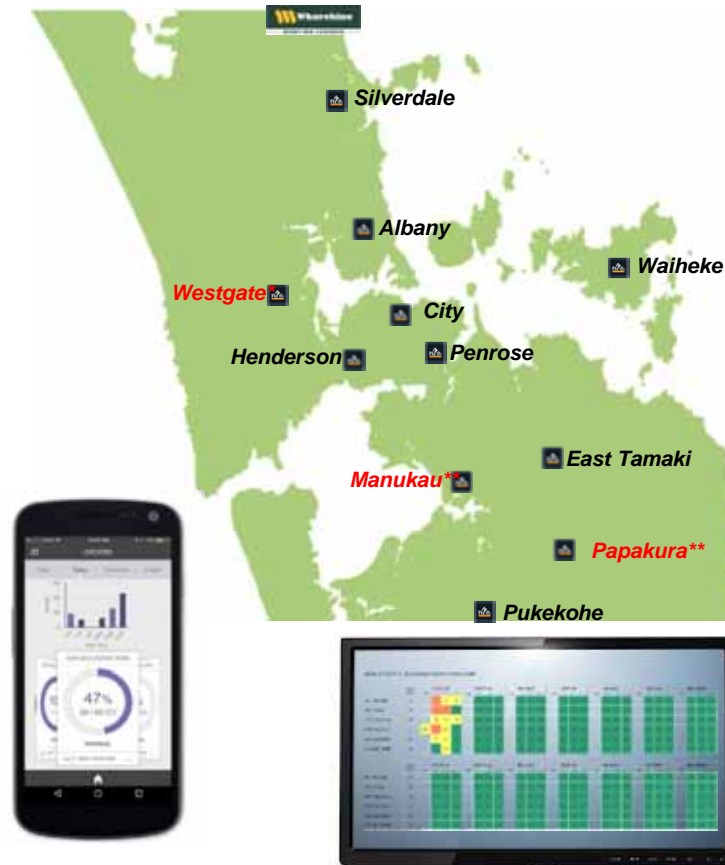
- Firth presently operates eight concrete batching plants, and 110 trucks across the Auckland network
- Currently constructing a large central-mix plant in Manukau to service South and East Auckland growth. Plans underway to add additional plants in West and South Auckland, plus augment Wharehine capacity in Rodney

Capability

- Auckland customer service, orders and despatch function centralised to support network optimisation. Utilise real-time demand and capacity tools
- Dedicated demand planning team, work with key customers on project and major pour management
- Mobile APP introduced to provide customers order visibility and enhance confirmation process
- Cost to Serve programme (activity based GPS enabled) supports pricing disciplines and targeting of higher value sales

Additional plant and truck resource will add ~35% network capacity, with planning and process improvement targeted to add a further 15-20%

Firth Auckland Certified Plant Network








* Planned capacity to be plant-shared with competitor

** Firth capacity under construction or planning



Firth has leading positions in all concrete masonry segments, with significant growth and network optimisation opportunities

Product Category	Category Share	Channel	Opportunity
	Concrete Paving 65%	Distributor 70% Installer 25% Contractor 5%	<ul style="list-style-type: none"> Landscaping growth (outdoor rooms) Honed and architectural series Commercial and civic Permeable systems
	Concrete Retaining 75%	Distributor 50% Installer 40% Contractor 10%	<ul style="list-style-type: none"> Residential retaining and garden Roading and infrastructure
	Grey Masonry 60%	Distributor 60% Installer 40%	<ul style="list-style-type: none"> Mortarless systems for intertenancy Installer barrier Architectural masonry
	Concrete Brick 70%	Distributor 60% Installer 30% GHB 10%	<ul style="list-style-type: none"> Clay brick substitution Pull-through demand from GHB's
	Pre-mixed Concrete 55%	Distributor 70% Installer 30%	<ul style="list-style-type: none"> Coloured mortars to compliment bricks Specialty sands

Manufacturing Plant Consolidation

- Firth operates 8 masonry plants and 2 Dricon pre-mixed mortar bagging plants throughout NZ. Five masonry plants are double shifting and operating close to capacity
- Growth is strongest in higher margin cladding, paving and retaining segments
- Demand is heavily skewed North, with ~75% of sales from the Central North Island up
- Capacity constraints in the Upper North Island are resulting in higher inter-region freight costs as product is shipped in from other plants
- Firth is currently constructing a new state of the art \$22m masonry plant in GBCWinstone's Hunua (Akl) quarry, due to be commissioned June 2017
- Hunua plant will provide in excess of 200% lift in Auckland capacity, and enable the closure of the East Tamaki plant and product optimisation at other plants delivering substantial manufacturing and freight benefits



Key concrete value chain messages

- Fletcher Building has a strong value chain and strong external customer relations
- Cement business has a competitive cost position and is well positioned to maintain share
- Firth Ready-mix has been successful at gaining share whilst holding sell price, and provided substantial value chain pull through
- Active reinvestment delivers improved efficiencies and the business positioned to capture growth and key projects
- Quarry assets well positioned to capitalise on strong construction market
- Firth has strong segmented value propositions supported by innovative products and solutions



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Logan Aves David Welsh

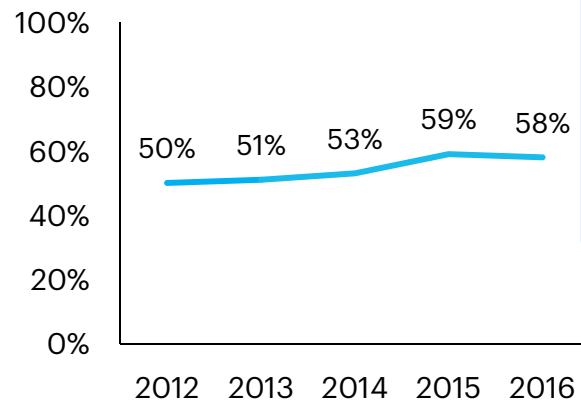
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Managing product convergence: Humes NZ & Iplex NZ



Humes NZ Overview

Market Share



List of competitors:

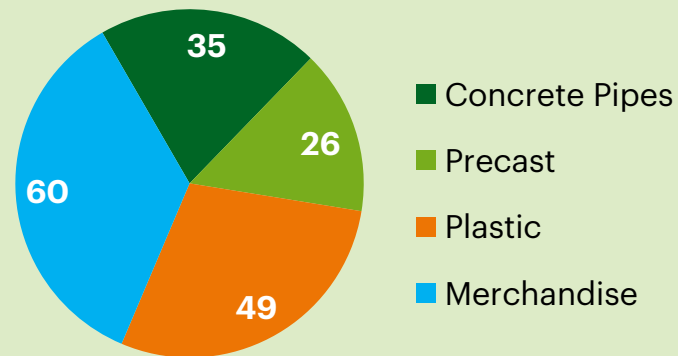
- Hynds
- Frank PKS
- Asmuss
- Maskells

Humes Location Map NZ



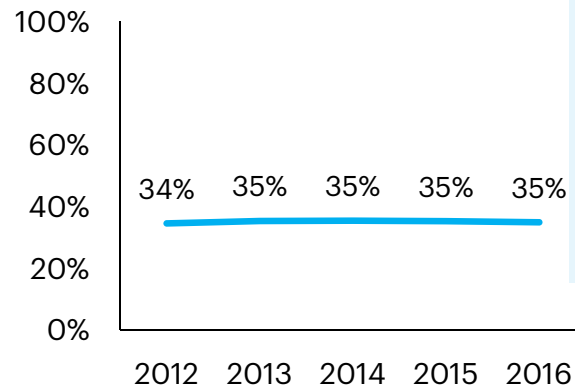
Summary Financials (NZ\$m)

Humes F16 Revenue by product group



Iplex Pipelines NZ Overview

Market Share



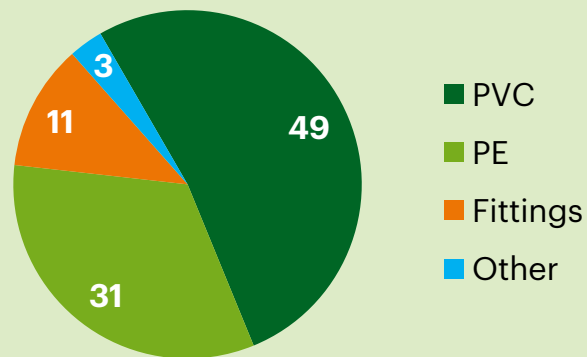
- List of competitors:**
- Aliaxis
 - S&T (Aquaduct)
 - Asmuss
 - Hynds (W&F)

Iplex Location Map NZ

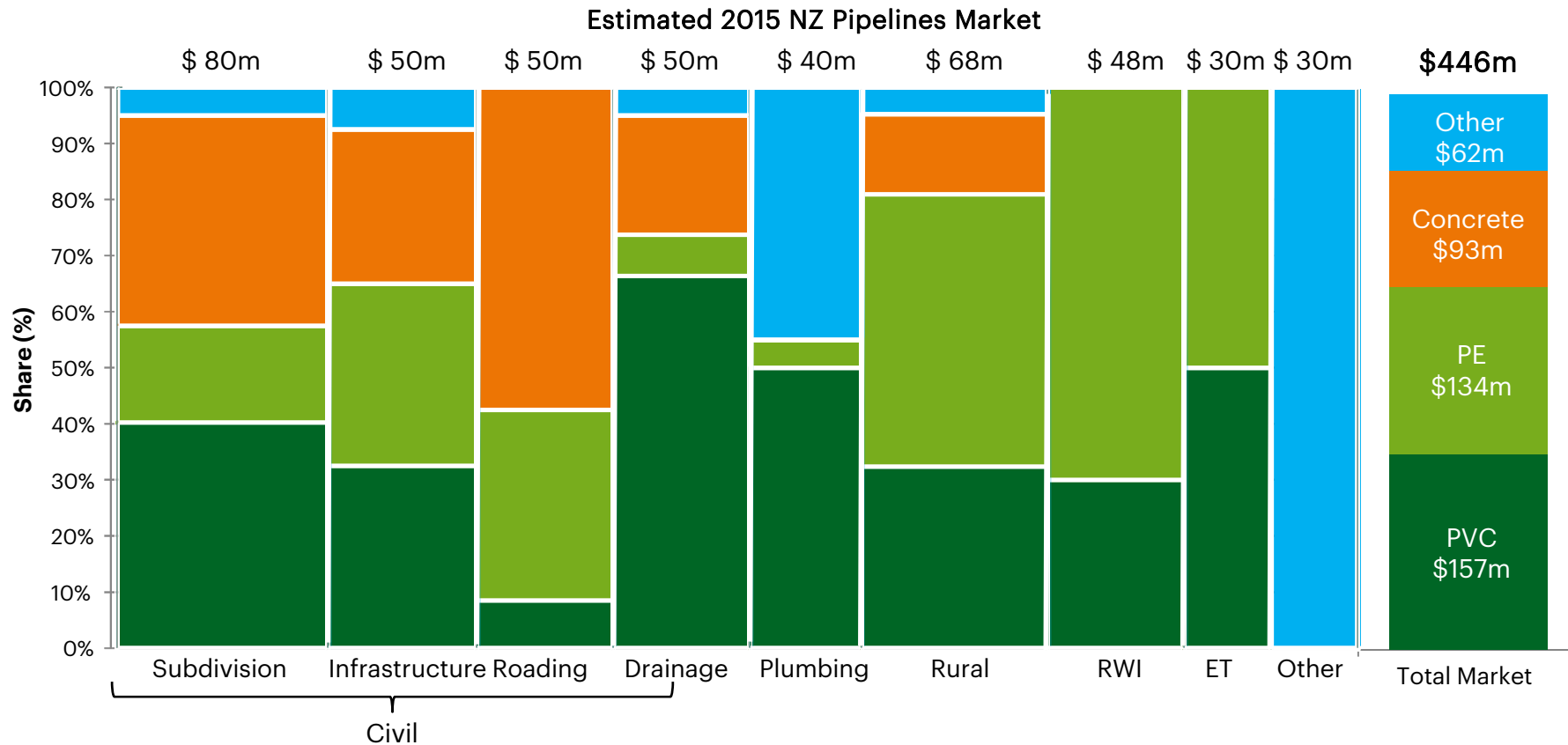


Summary Financials (NZ\$m)

Iplex F16 Revenue by product group



Combined market size of \$450M



Includes all non-pressure and pressure pipe, concrete is only in non-pressure

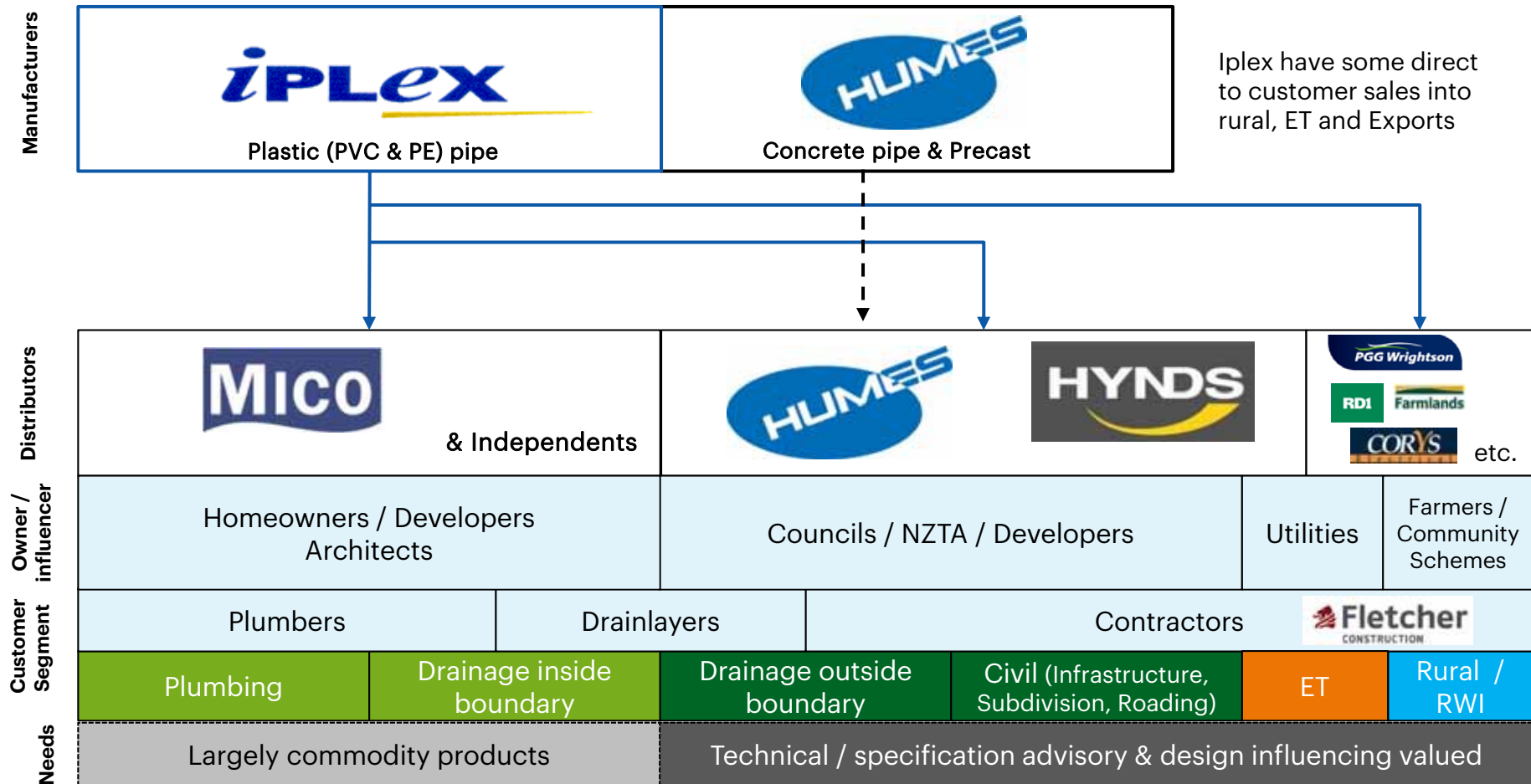
RWI – Rural water infrastructure (market size highly volatile), **ET** – Electrical & Telecommunications

PVC includes Glass Reinforced Plastic (GRP), **Concrete** includes precast, **Other materials** encapsulates copper, steel, aluminium and ductile iron

Other segment of market includes oil & gas, waste water treatment plants and factories



Key customer segments serviced through FB channels

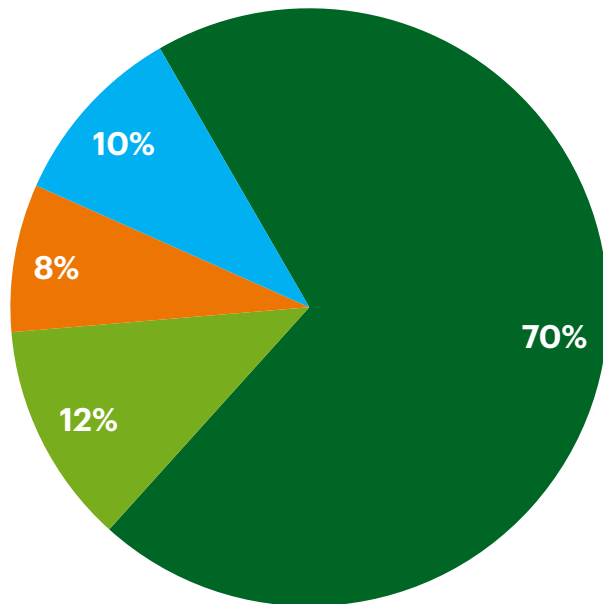


RWI – Rural water infrastructure, ET – Electrical & Telecommunications. Box sizes are presented for illustrative purposes only and do not represent segment size



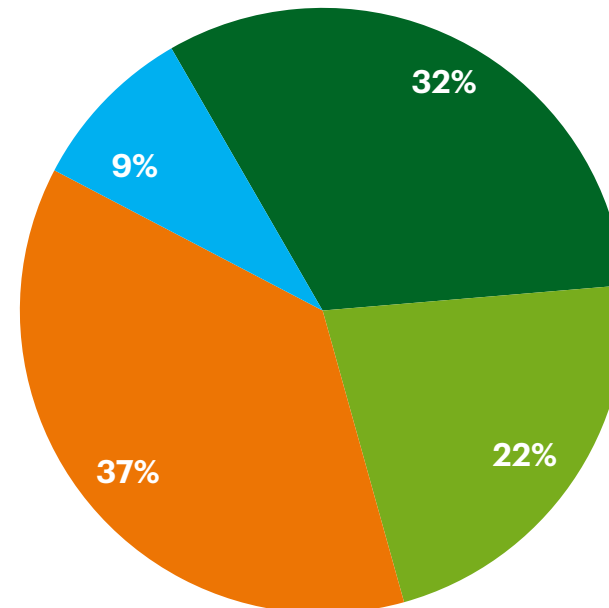
Customer insight – customers and their needs

Humes Customer Segments



■ Civil ■ Drainlayers ■ Rural ■ Asset Owners

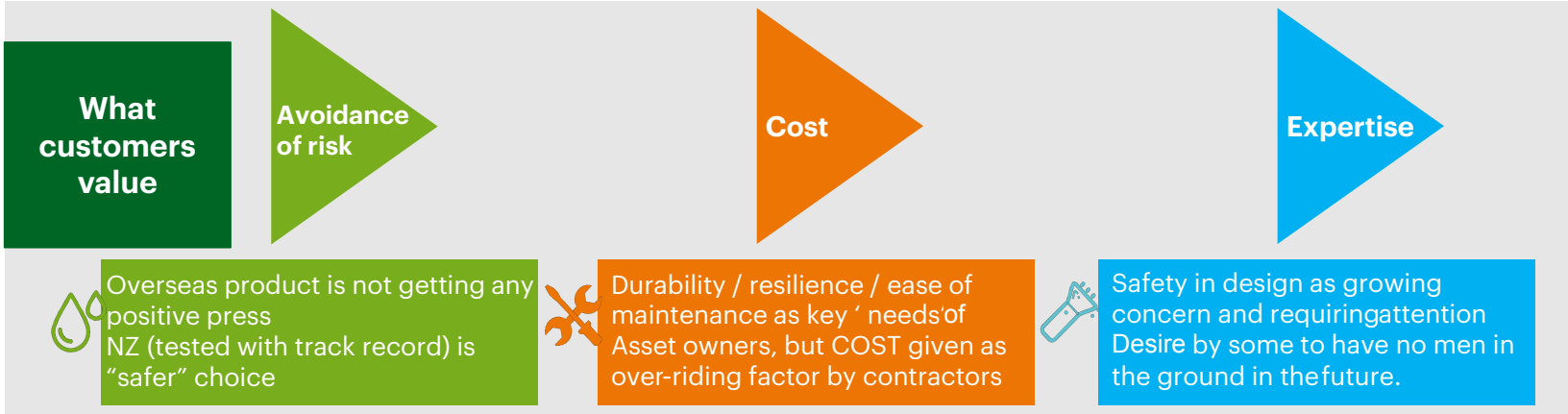
Iplex NZ Customer Segments



■ Civil ■ Plumbing ■ Rural ■ ET





Customer insight – customers and their needs



Customer journey – the Humes/Iplex value propositions

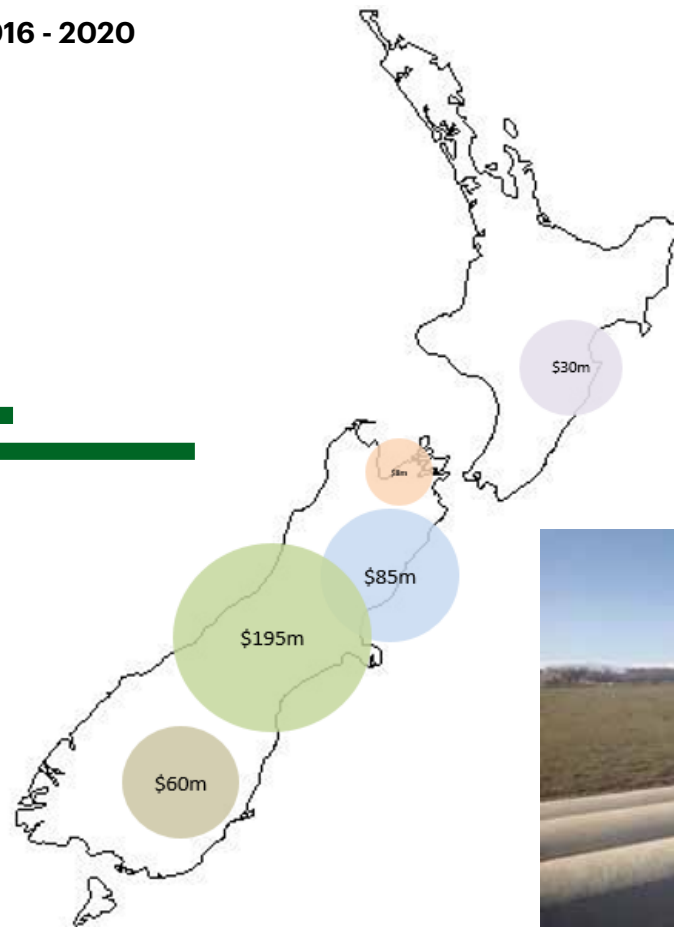
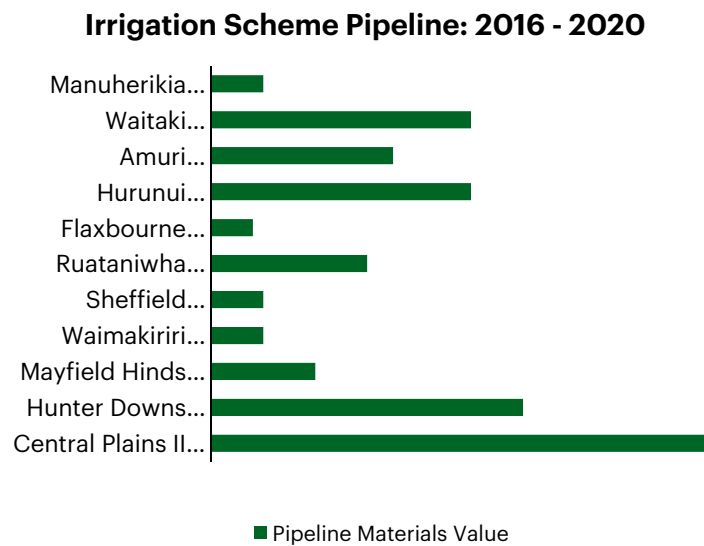


Requirement	Right Solution Low risk Cost effective Durability	Project Planning Governance Finance Regulatory advice	Smart solution Fit for purpose Zero risk Whole of life Within budget	Consented design Specification Right Materials Supplier VA Project cost	Best Cost Reduced Time Quality Fail proof Ease	Reliability Quality On time On budget Project Management
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	Advisory support Solution options Value propositions	Risk Mitigation Partners Prior experience	Project Technical support	Value engineering Pipeline design	End to end costing, scheduling, value options	Distribution Project management Build support Quality & DIFOTIS
	Case studies Global best practice Value propositions	Project planning Standards Specification	Plastic Technical support	Pipeline design Engineered solution performance	Spec'd solutions and alternatives	FB Integrated supply chain Quality & DIFOTIS



Leverage in action – rural water infrastructure



FOUR REASONS TO PARTNER WITH HUMES

- 1 THE PRODUCT YOU NEED WHEN AND WHERE YOU NEED IT
- 2 THE HUMES TEAM KNOWS HOW TO DELIVER
- 3 INNOVATION THAT WILL SAVE YOU TIME & MONEY
- 4 A FULLY CREDENTIALLED BUSINESS PARTNER

iplex Pipelines **HUMES**



Humes & Iplex NZ key messages

- Humes and Iplex have a complimentary customer offer with full market coverage – stronger than any single competitor
- Attractive channel to market model with strong internal and external channel partners
- Leverage expertise, together, to address customer requirements
- The Rural Water Infrastructure sector offers a large incremental opportunity well suited to our joint value propositions



Fletcher Building
Building Products Investor Day 2016

David Thomas

Working with you

Managing channels: Winstone Wallboards

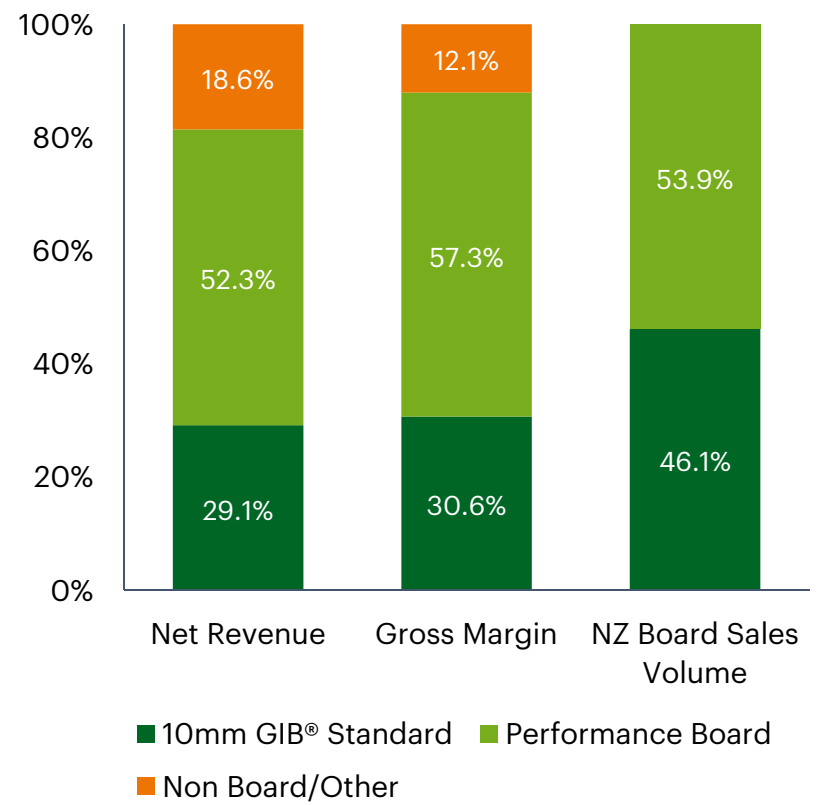
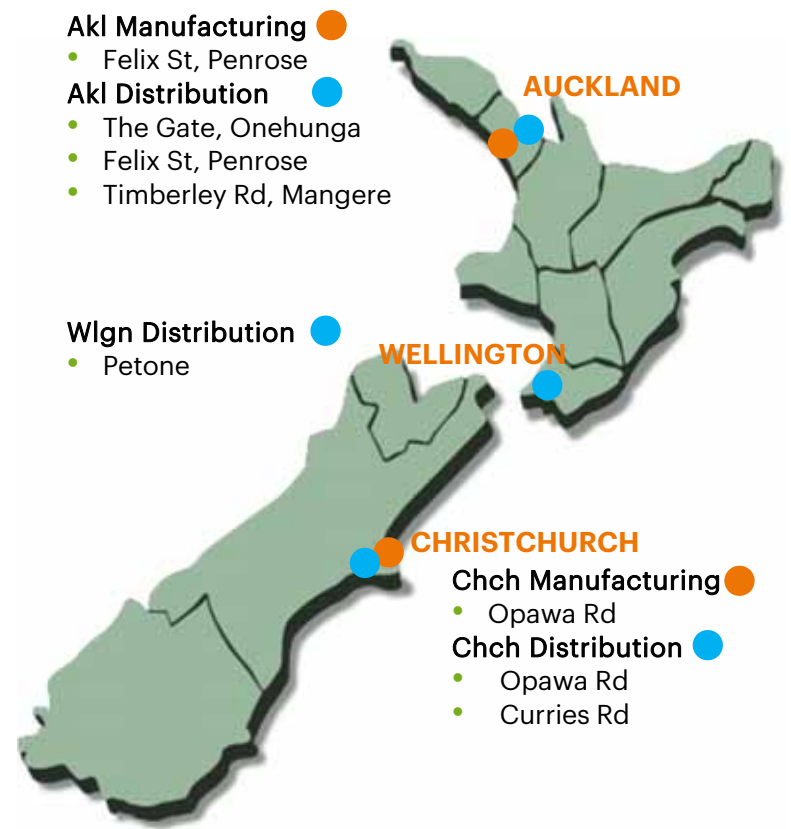


Winstone Wallboards Overview



Branch/site location map NZ

Products cover the core range of interior lining systems



Winstone Wallboards

Maintaining our position as New Zealand's leading supplier of building materials



Our focus is on executing the core Strategy

Service and Operational Excellence

With

- Superior Logistics
- Product/Service Superiority
- Competitive Cost Position
- Competent People

Selling

Exclusively to
Building Materials
Merchants

Supporting

- Builders/Installers
- Designers
- Owners
- Industry Organisations



Winstone Wallboards

Solid progress has been maintained on our critical drivers



Drivers	Metrics	FY13	FY14	FY15	FY16	Main Strategies	Execution Success
People, Culture and Safety	Employee Engagement	74%	79%	79%	83%	High Performance Standards Continuous Communication Line of Sight to Customers	●
	TRIs	1	2	7	7	Mission First, Safety Always Key Risk Areas Addressed	◐
Customer Leadership	Market Share	> 90%	> 90%	> 90%	> 90%	Merchant Channel Position Technical and Logistics Service Excellence	●
	Net Promoter Score	35%	47%	49%	49%	Product Quality Management Technical and Logistics Service Excellence	●
Operational Excellence	Uptime ¹	84.1%	84.3%	84.8%	86.1%	Preventative Maintenance Product Change-Over Time	●
	A-Grade Recoveries ¹	98.2%	98.2%	98.5%	98.5%	Plant Upgrades Record production at 30Mm ² in F16	●
Service Excellence	DIFOTIS	95.7%	94.1%	95.5%	94.0%	Distribution Centre Capacity Deliver-to-Site Ownership & Control	●
	DTS (Akl/Chch)	53%	58%	61%	65%	Deliver-to-Site Service Enhancements Commercial Site Coordination Expansion Order Complexity Management ²	●
	Contact Centre Wait Time	8 secs	9 secs	7 secs	6 secs	Contact Centre critical interface with Merchants and Builders	●

1. Auckland plant.

2. Order packing complexity has increased requiring more labour resources at the warehouse and site. Strategies being implemented to manage complexity include SKU rationalisation, bulk order incentive simplification and "pick-to-zero" packing and unpacking which splits packs on site, rather than in warehouse, saving time and costs.



Winstone Wallboards

Continued to lead our customers on 3 main fronts



Customer Leadership Focus Areas	While Enhancing Our Offers ...	
<p>1</p> <p>Helping Customers Become More Productive</p>	<p>Merchants</p>	<p>Residential Builders</p>
<p>2</p> <p>Helping Customers Make the Right Choices</p>	<p>EDI Order Tracking</p> <p>Reduced Delivery Damage</p> <p>Deliver to Site Expansion</p>	<p>Deliver to Site Extensions</p> <p>EzyBrace II and FrameSaver®</p> <p>Trade Talk® Seminars</p>
<p>3</p> <p>Helping Customers Provide Quality Outcomes</p>	<p>Architects, Specifiers</p>	<p>Commercial Builders/Installers</p>
	<p>BRANZ Appraised BIM Objects</p> <p>Digest® Training Series</p> <p>Superline® and Acoustics Range</p>	<p>GIB® Site Coordinator and Trainer</p> <p>Updated Fire Systems</p> <p>Reduced Delivery Damage</p>



Winstone Wallboards

Looking forward, we remain focused on retaining share at the best sustainable price



Strategies to Retain Share ...	Strategic Initiatives	KPI Targets
<p>Service Excellence</p>	<ul style="list-style-type: none"> Enhance digital access to product, technical, order and delivery information Enhance GIB® Service Logistics offer, simplify bulk ordering incentives for lower cost-to-serve and deploy “Pick to Zero” delivery to site Reconfigure distribution footprint to increase logistics capacity 	<p>All Segments NPS >50%</p> <p>DIFOTIS >95%</p>
<p>Operational Excellence</p>	<ul style="list-style-type: none"> Stock build in F16/early F17 for seasonal peak in F17 Optimise OEE performance Implement mitigation programme to reduce risks to business continuity 	<p>Up-Time 88%</p> <p>“A” Grade Recovery 98.5%</p>
<p>The Best People</p>	<ul style="list-style-type: none"> Complete Succession Planning and Implement Build Talent Management programme for capability development Build and implement Performance and Retention Programmes 	<p>OHI >80%</p> <p>Employee Engagement > 80%</p> <p>Recognised Employer of Choice</p>



Winstone Wallboards

... While also pursuing market and margin growth



Strategies to Retain Share and Grow ...

Understand Needs and Lead Customers



Strategic Initiatives	
• Review Sales Team Structure for greater coverage on large projects, immigrant builders and other growing segments	
• Protect the Specification – representation, project tracking	
• Niche Segment “Strike Teams” to revamp value propositions on Education, Aged Care, Terraces, Apartments and Hospitals sectors	
• Pricing and Channel Strategy and Structure review; Exploration of “price seeker” segment and options to maintain premiums	

KPI Targets
Multi-unit Project Share > 90%
Performance Board Mix > 60%
Reduce CSQs* by 1%

*Customer Specific Quote

Growth & Innovation



• Price Increase – products and Winstone Wallboards labour hire rates	
• New Systems development and launch for multi-unit housing including launch of Barrierline® for Inter-tenancy walls	
• Explore the opportunity for Flooring and Sheathing Systems	
• Major marketing campaigns for specialty distributors of non-board products - compounds, accessories, metals - targeting installers	
• Expand exports/licensing of GIB X-Block® into North America and compounds into Australia	

Increase Price 3%
Multi-unit Project Share > 90%
Increase Non-board, New Product and Export GM



Winstone Wallboards

In summary



- We have a highly valuable and well-earned market position
- This has been built over many years through a customer driven strategy underpinned by best practice execution
- It is difficult for new competitors to quickly emulate the strength of our service proposition at scale
- We are prepared and committed to sustaining this position well into the future and have multiple growth and innovation opportunities



Fletcher Building
Building Products Investor Day 2016

Justin Hollis

Working with you

Regaining momentum: Fletcher Insulation



Fletcher Insulation: Business overview

Glasswool



Foil



FI Core

Ee-Fit

Baron

- Revenue 71%
- Operating plant in Dandenong VIC and restarted plant in Rooty Hill NSW
- 2nd largest player in Australian glasswool market

- Revenue 13%
- Largest capacity foil lamination plant in Homebush NSW
- Makes Paper/Aluminium and poly weave based laminates
- Provides facing foil for glasswool blanket
- Largest player in the foil market

- Revenue 84%
- Includes Bought in lines
- Operates Sales and Distribution selling Glasswool, Foil and complementary bought in lines

- Revenue 10%
- Contracting business that provides insulation installation services
- Top 5 in terms of sales nationally but competes in regional markets of Victoria and Queensland
- Operates independently from FICore

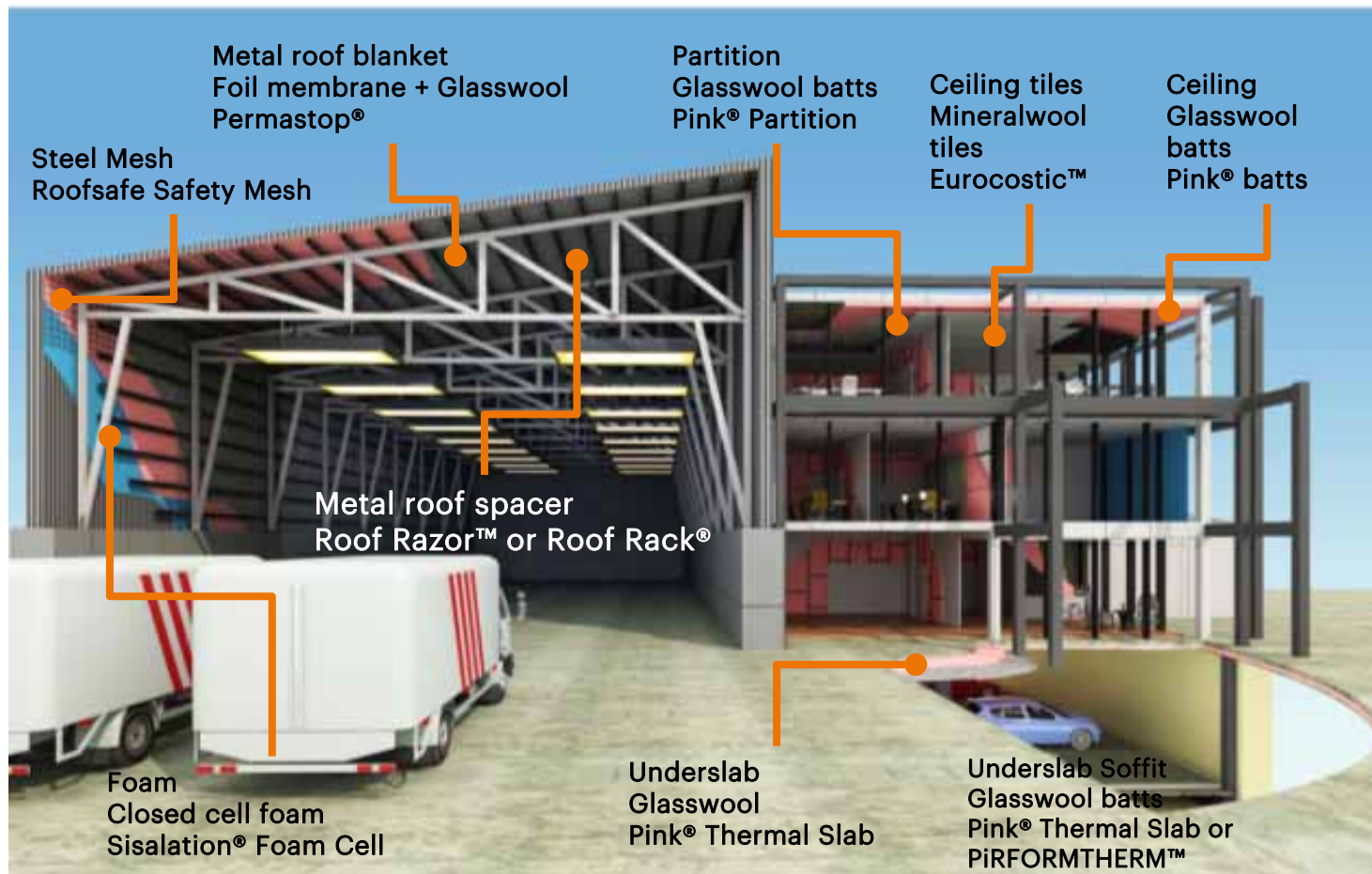
- Revenue 6%
- Industrial insulation value added distributor
- Buys in, assembles and installs specialist insulation
- Operates independently from FICore



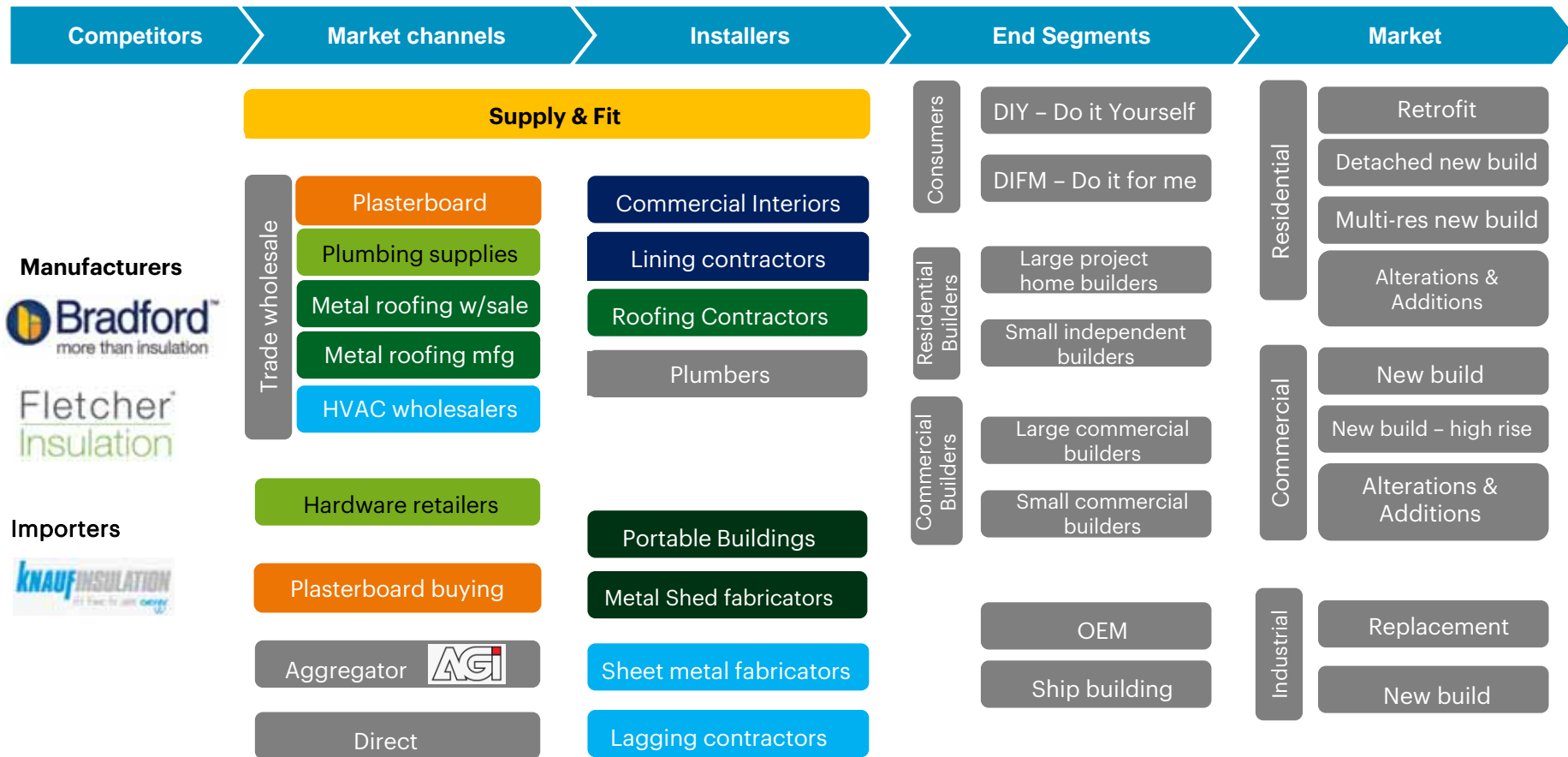
Fletcher Insulation: Residential Applications



Fletcher Insulation: Commercial Applications

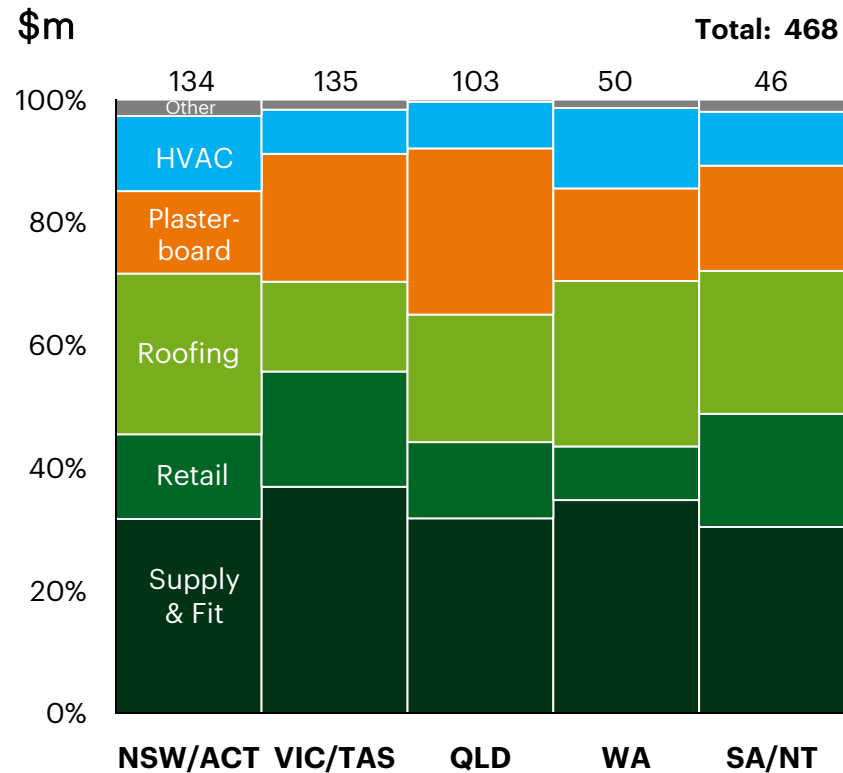


Fletcher Insulation: Market channel map

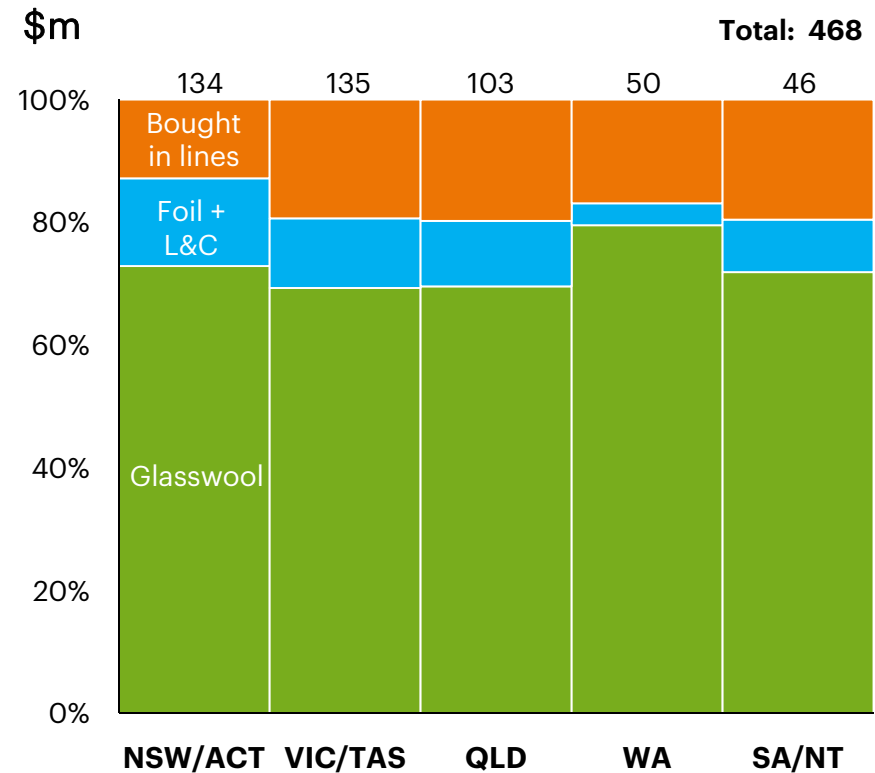


Fletcher Insulation: Market size

Insulation Market by Channel



Insulation Market by Product Group

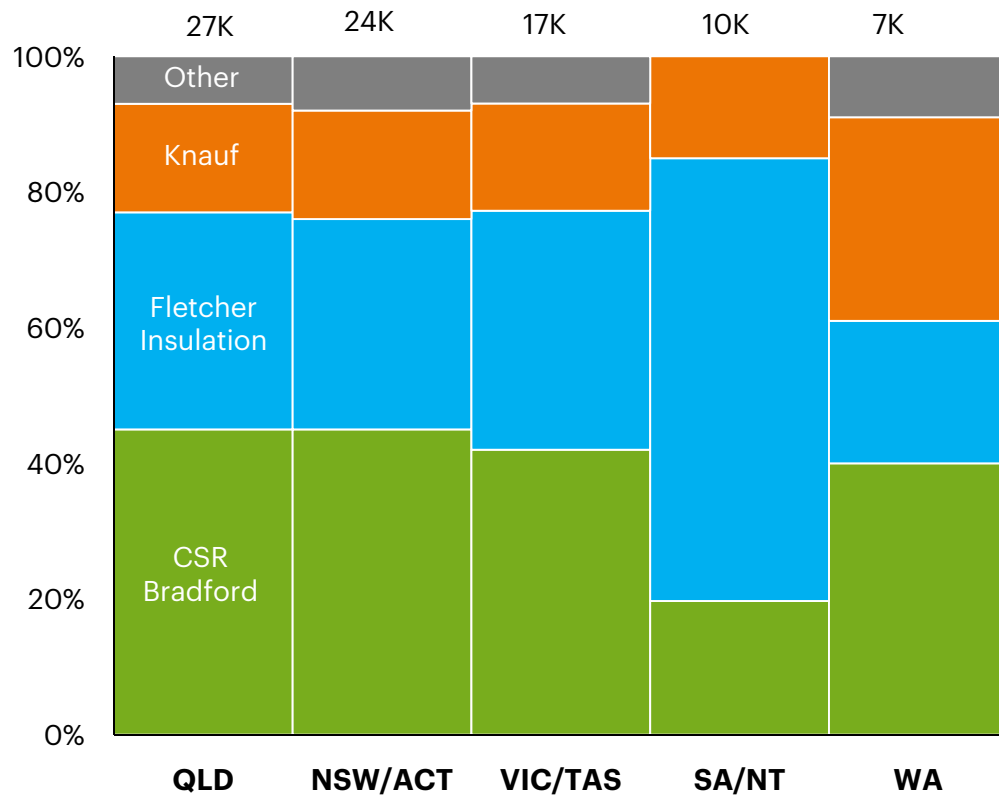


1. Kingspan is based on glasswool equivalent element of their composite systems
Source: Fletcher Insulation

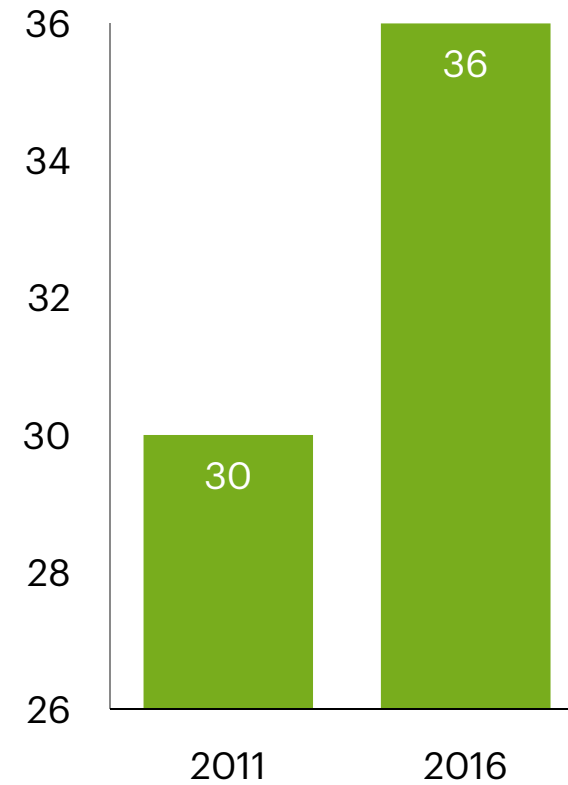


Fletcher Insulation: Glasswool market size & share

FY15 Market Breakdown (tonnes)



Market Share %



Source: Fletcher Insulation



Fletcher Insulation: Momentum building

	Story so far	Future
Lowest cost base	<ul style="list-style-type: none"> • Low capital cost expansion of plant through de-bottlenecking in Dandenong and recommission Rooty Hill • Supply chain cost compression by lower interstate transport by 30% • Simplified offer by compressing SKUs by 85% • Removed 22 surplus overhead roles 	<ul style="list-style-type: none"> • Pursue productivity improvements in manufacturing with and without capital • Compress Homebush lamination cost base • Continue to benchmark cost base against local and international manufacturers
Sales	<ul style="list-style-type: none"> • Gained ~6% market share from importers directly and through channel partners • Delivered first sustained price increase since GFC • Introduced Salesforce Effectiveness (SFE) to map and then target align channel partners 	<ul style="list-style-type: none"> • Continue target importers in a disciplined manner enabled by SFE • Low price increases • Identify and support channel partners to win • Introduce CRM to migrate SFE
Service	<ul style="list-style-type: none"> • Introduced Sales & Operational Planning (S&OP) • Move to 3 Party Logistics (3PL) in Melbourne • New local transport provider in Victoria enables access to extensive network while reducing costs 25% 	<ul style="list-style-type: none"> • Pursue 3PL and low cost local transport on eastern seaboard • Invest in process improvement to align customer service and supply chain promoting reliability and flexibility
Marketing	<ul style="list-style-type: none"> • Correct underinvestment in people by rebuilding team from 3 to 6 people • Deliver marketing basics (catalogue, website, SKU rationalisation) • Drive growth through channel, size, application and behavioural segmentation 	<ul style="list-style-type: none"> • Develop deep insights into product and service offer by segment • Develop value propositions that can be conveyed by customer facing roles with impact



Fletcher Insulation key messages

- Insulation is a key component in the residential and commercial segments which points to strong underlying demand
- Fletcher Insulation is the 2nd largest player in the market which is predominately on the eastern seaboard
- Fletcher Insulation has the strongest competitive momentum – we have gained 6% of market share since 2011 with a targeted sales focus taking share from importers
- Fletcher Insulation's turnaround has been due to a dual focus on customer facing elements and through higher capacity, more flexible operations and a lower cost base which has more to deliver
- We are confident we can continue this momentum to consolidate and strengthen our market position and profitability



Fletcher Building
Building Products investor Day 2016

Nicole Sumich

Working with you

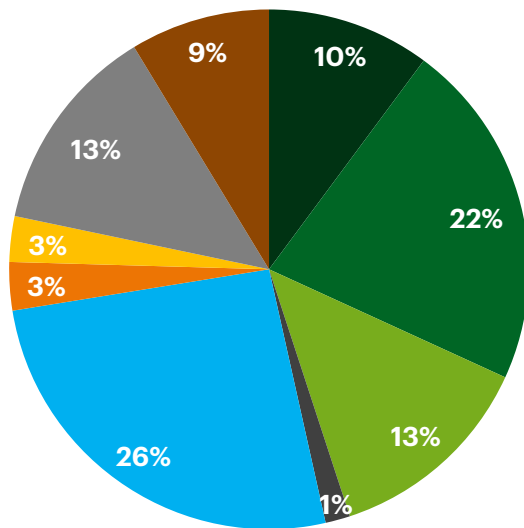
Competing on customer service: Iplex Australia



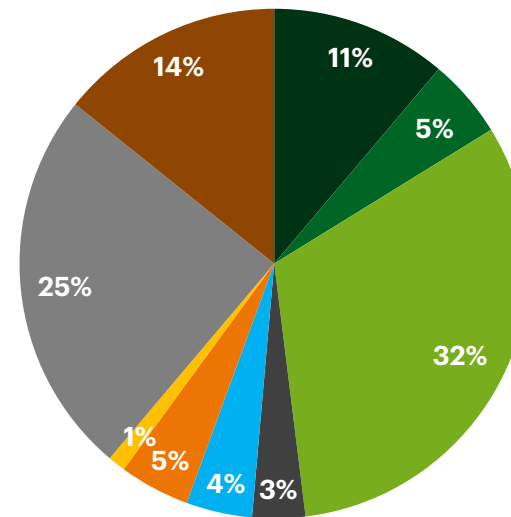
Iplex Australia

Offers a diversified product range to the market

Revenue by product



Contribution by product



- PVC fittings
- PE fittings
- Hot & Cold
- PVC pipe - non press
- PE Pipe
- Metals
- PVC pipe - press
- Black Max
- Other

The breadth of our product range allows Iplex to take a market leading position in all market segments

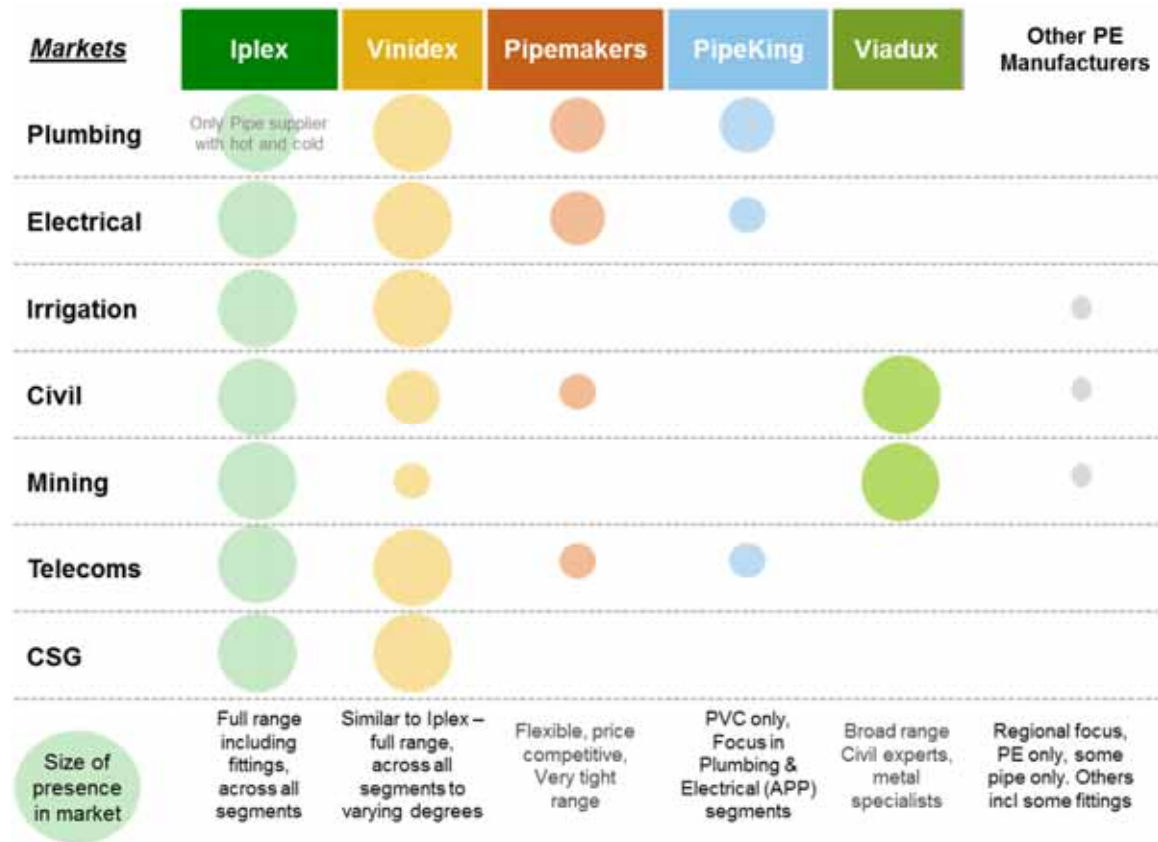
- 80% of the products sold are manufactured by Iplex, the remaining 20% are purchased in
- Contribution by product is, as expected, strongly influenced by market manufacturing capacity



Iplex Australia

Market segment and competitor overview

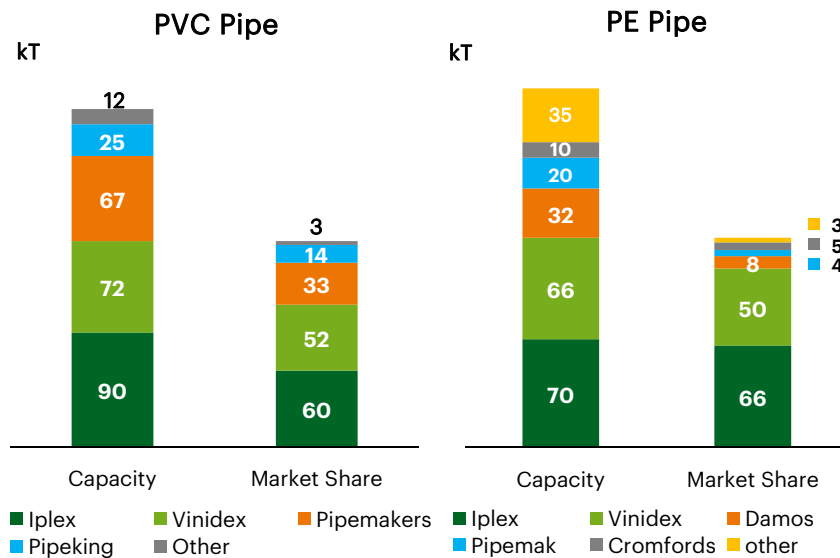
Iplex and Vinidex offer a full solution to all market segments. Others offer a more restricted product range or focus on certain market segments only



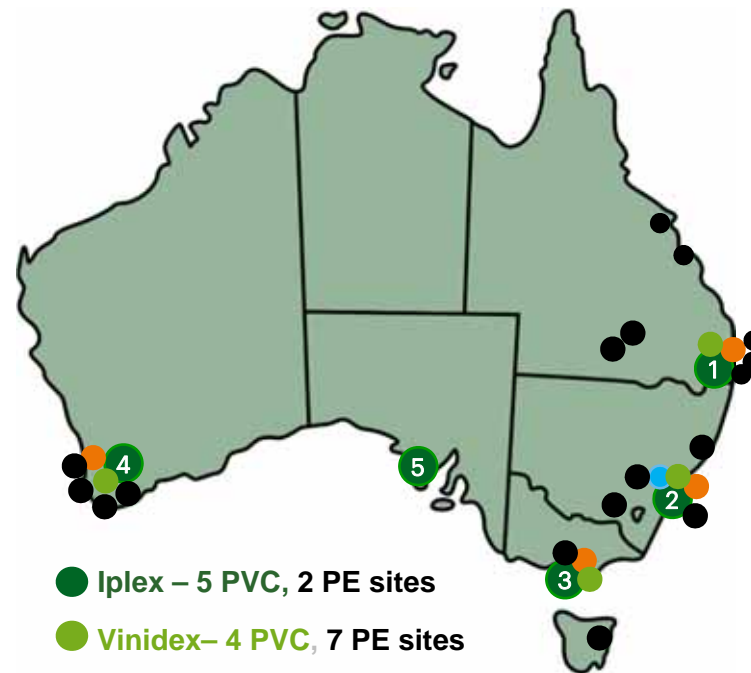
Iplex Australia

Australian PE and PVC Manufacturing Overview

Market Share



PVC and PE Manufacturing Footprint



- Iplex – 5 PVC, 2 PE sites
- Vinidex – 4 PVC, 7 PE sites
- Pipeking – 1 PVC site
- Pipemakers – 3 PVC, 1 PE site
- PE – 2 Damos, 2 Cromfords, 1 ACP, 1 Accu-Tech, 1 Enviropipe

There remains overcapacity in Australian pipe manufacturing, particularly in Polyethylene (PE)

- Iplex has recently closed two PE sites
- Other competitors have also now done the same



Iplex Australia

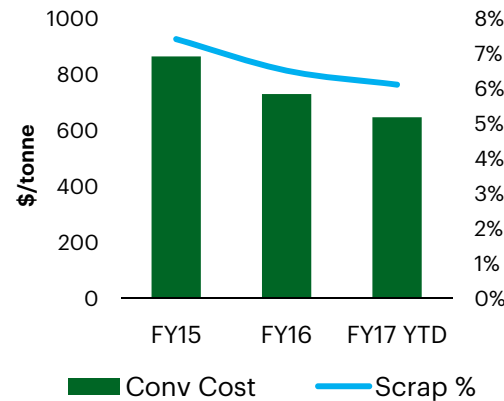
Competing effectively again in a commoditised market

Improved performance at Iplex Australia to date has relied on a “back-to-basics” approach to managing the challenges of a business highly exposed to fluctuations in demand

Sales and Operations Planning

- Cannot run a business without it
- Enforced clear accountabilities → people playing in position
- If it is not in the forecast, it wont be available to sell.....
- Forward visibility of demand allows for planned scaling of operations (up or down)
- Sets clear baseline to deliver against – one number forecasting, fact based decisions
- Eliminated functional silos
- Market driven approach vs production driven approach

Operational Excellence



Production costs	▼ 25%
Scrap generation	▼ 18%
Raw material costs	▼▼▼

\$17m benefit FY16 vs FY15
 \$29m benefit FY17 vs FY15

Winning with Customer Service



Project Diamond
 DIFOT improvement
 Customer Leading
 Personal Objectives



Iplex Australia

iPledge – our customer service promise



Iplex had lost significant Plumbing market share and Victoria had been impacted the most. Between FY12 and FY15 in Victoria alone:

- \$9.5m of margin had been lost
- Sales volume had reduced by 30%
- NPS score for Plumbing in Victoria was -9
- Employee engagement in Vic Sales and Customer Service in 2015 was low

iPledge was developed and piloted in Victoria in September 2015 with 3 main objectives



Become a best in class supplier on service, providing a “no hassles” customer experience



Develop a customer first culture, addressing internal process and cultural barriers to deliver against an agreed customer promise








Regain profitable market by competing on service – recover our market leading position

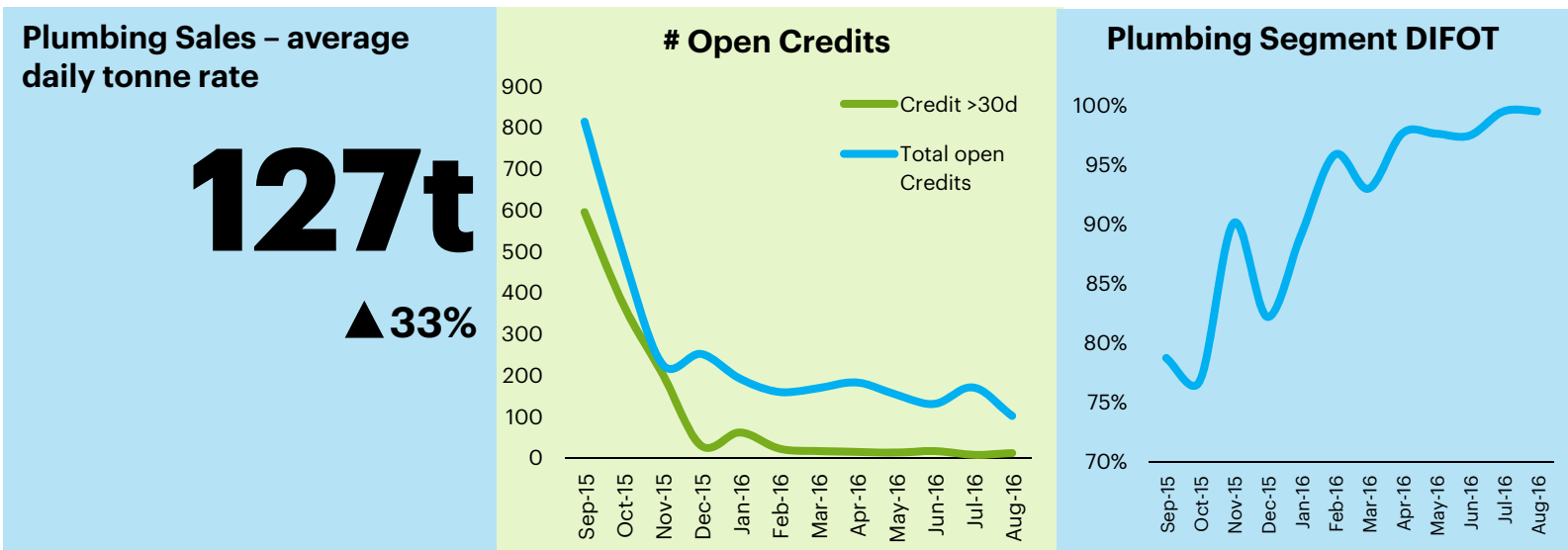


Iplex Australia

iPledge – our customer service promise



 <p>AVAILABILITY PROMISE</p> <p>125 Core Items always available</p>	 <p>COLLECTION AND DELIVERY PROMISE</p> <p>2 hour site collector Premium courier</p>	 <p>PROMPT RESPONSE PROMISE</p> <p>30 sec call answering</p>	 <p>QUICK QUOTES PROMISE</p> <p>24 hour turnaround</p>	 <p>FAST CREDITS PROMISE</p> <p>Credits acknowledged & 30 day close out</p>
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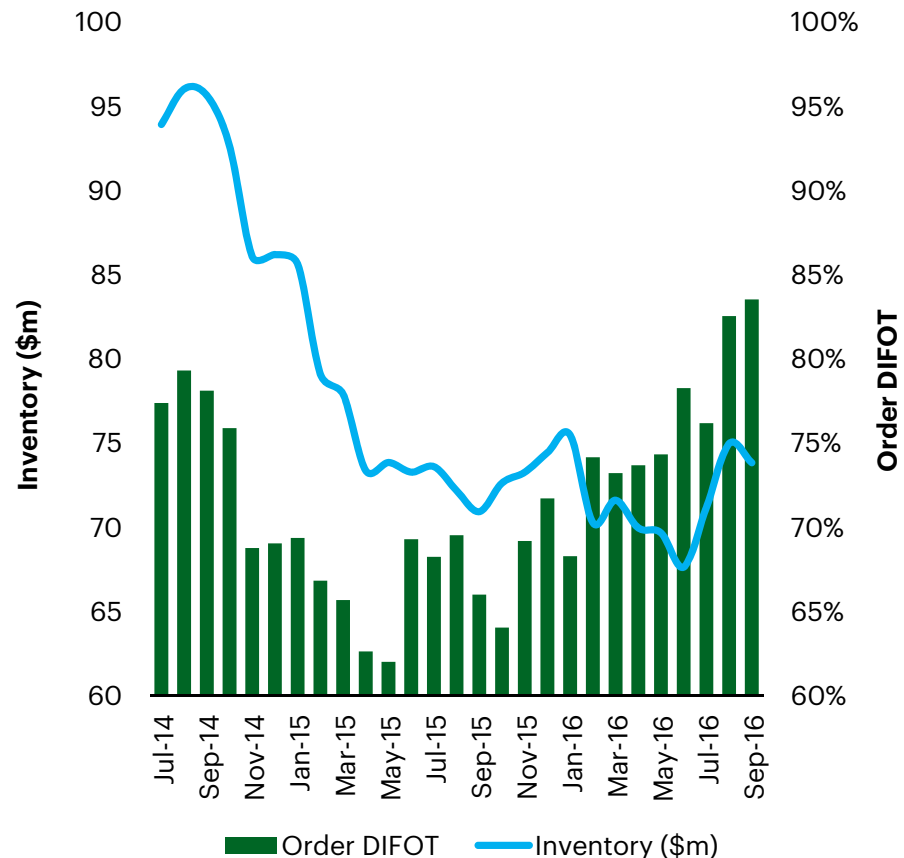


Iplex Australia

DIFOT - service levels have significantly improved with 30% less inventory

Customer Delivery Performance (DIFOT) improvement

- Inventory has reduced by 30% from a high in September 2014 of over \$96m
- Delivery performance initially dropped off considerably – no basic business processes in place
- 2 out of every 5 orders was either delivered late or with items missing
- With a robust S&OP, we have more than halved the misses, whilst continuing to reduce inventory
- With 30% less inventory
 - Order delivery performance is now higher
 - Monthly revenue is now greater



Iplex Australia

A solid foundation will underpin the sustainability of future earnings

The Iplex recovery is now focused on embedding even stronger market and customer positions

- The basics are entrenched – Iplex is now defined by *Better Every Day*
- We continue to find opportunities to improve efficiency
- Iplex is winning in the market and customers are returning – we have momentum
- Iplex is well positioned to win upcoming substantial project volumes
- Constant, everyday demand WITH a solid project pipeline will maintain a more acceptable level of profitability for Iplex

Innovation – a fresh approach

Continued market share recovery

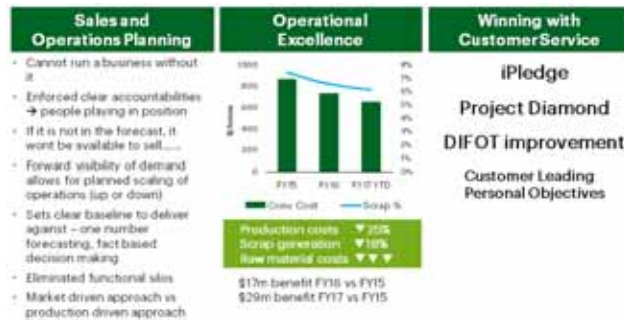
Segment based Solutions

Enhanced product range

World Class Customer Service

Winning Major Projects

CUSTOMER LEADING



Key Iplex Australia messages

- The business is stable and Iplex has re-established market share and profitability
- Our manufacturing plants and supply chain are low cost, agile and responsive to customer needs
- Employee engagement is increasing and we have customer momentum
- Brand recognition is strong – the market and our people want us to be successful
- A sustainable future relies on a Customer Leading approach
- Iplex is now well positioned to leverage this to consolidate and strengthen our market position and profitability



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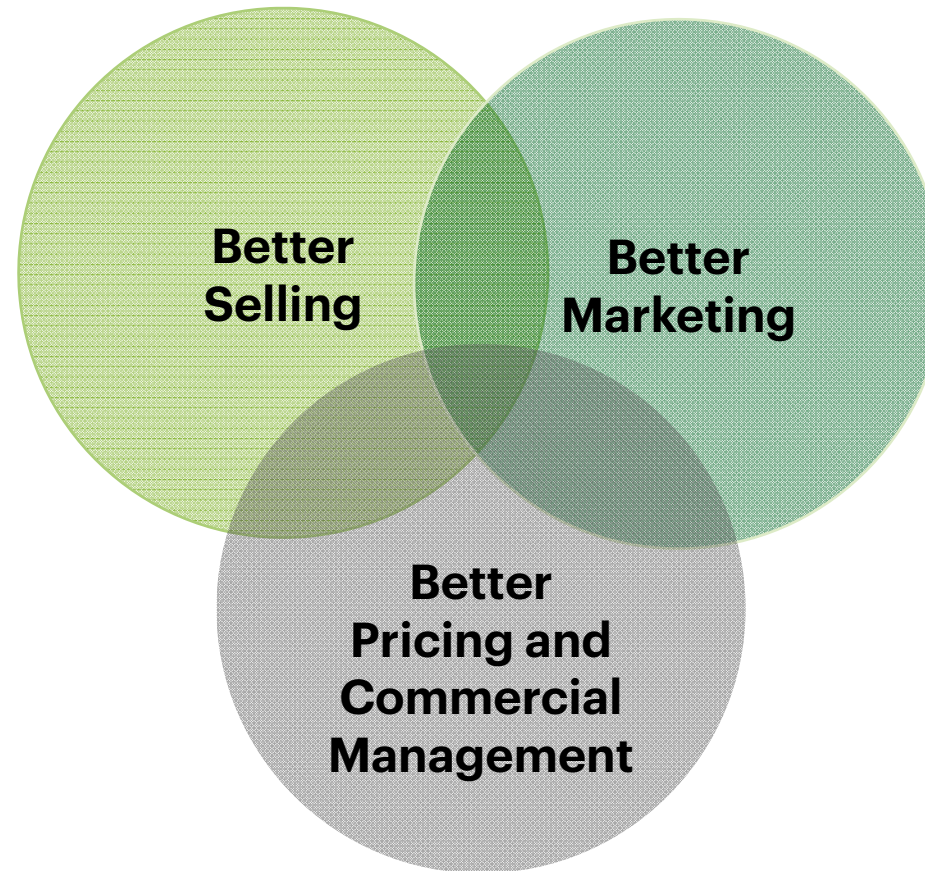
Becky Lloyd

Working with you

**Driving top line
margin:
Commercial
centres of
excellence**



The Sales & Marketing centre of excellence was established to drive top-line growth



Our focus in Marketing is to deliver what customers value

Customer insight and segmentation

NET PROMOTER SCORE



Customer value propositions

Customer
Value
Proposition

Customer service promises



A recent example of a service promise...



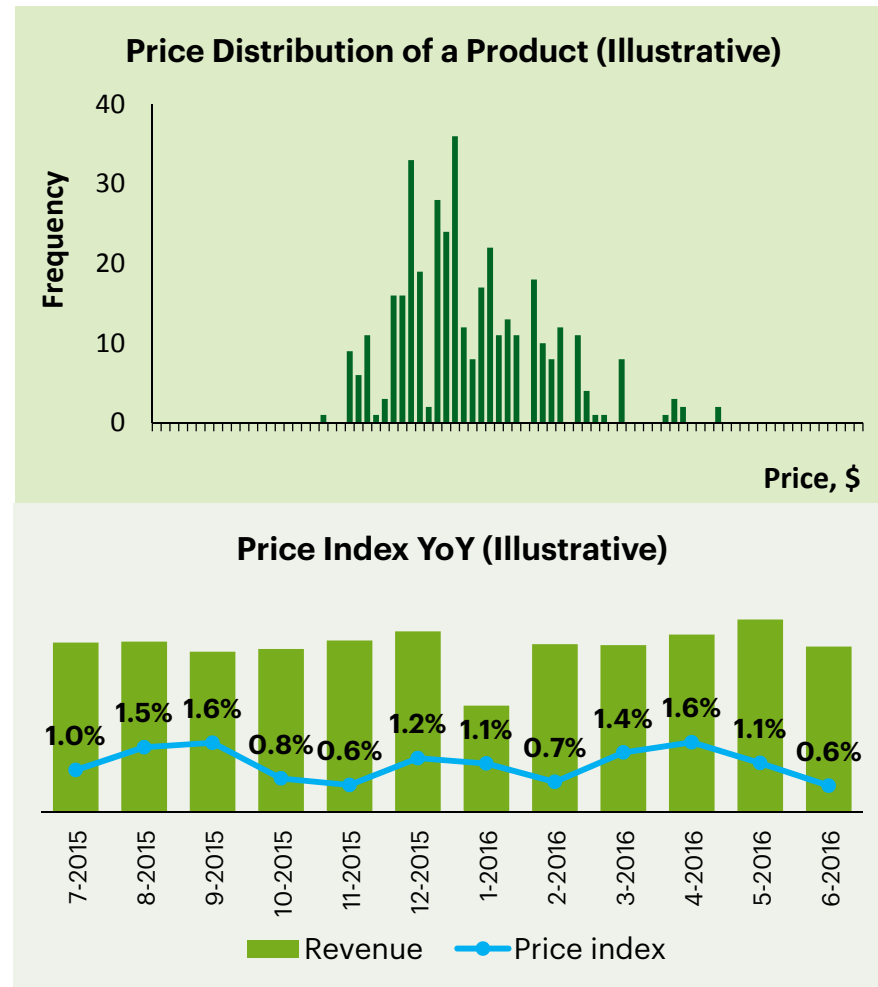
OUR DECLARATION OF DONE

 ON-TIME DELIVERY We'll deliver in full, on-time and to specification. If we can't, we'll replace it at our cost, at a time agreed with you, and credit you 5% of the order confirmation value. DONE	 GREAT QUALITY PRODUCTS Great quality products every time, or we'll replace them at no cost to you. DONE	 BEST STOCK AVAILABILITY With the most popular items always in stock, we'll have what you need, when you need it. DONE	 AUSTRALIA WIDE COVERAGE every State and Territory, we'll give you the same great service, no matter where you are. DONE
 PERSONAL SERVICE We'll work with you, supporting you with personal service and an extensive technical team. DONE	 RESPONSIVE SUPPORT If you call us and we can't answer your query straight away, we'll get back to you within 30 minutes. DONE	 SAME DAY CONFIRMATION Your order will be confirmed, error-free, on the working day we receive it, or we'll credit you \$10. DONE	 ACCURATE INVOICING Your orders will be accurate, or we'll credit you the difference within 5 working days. If we don't, we'll credit you \$10. DONE

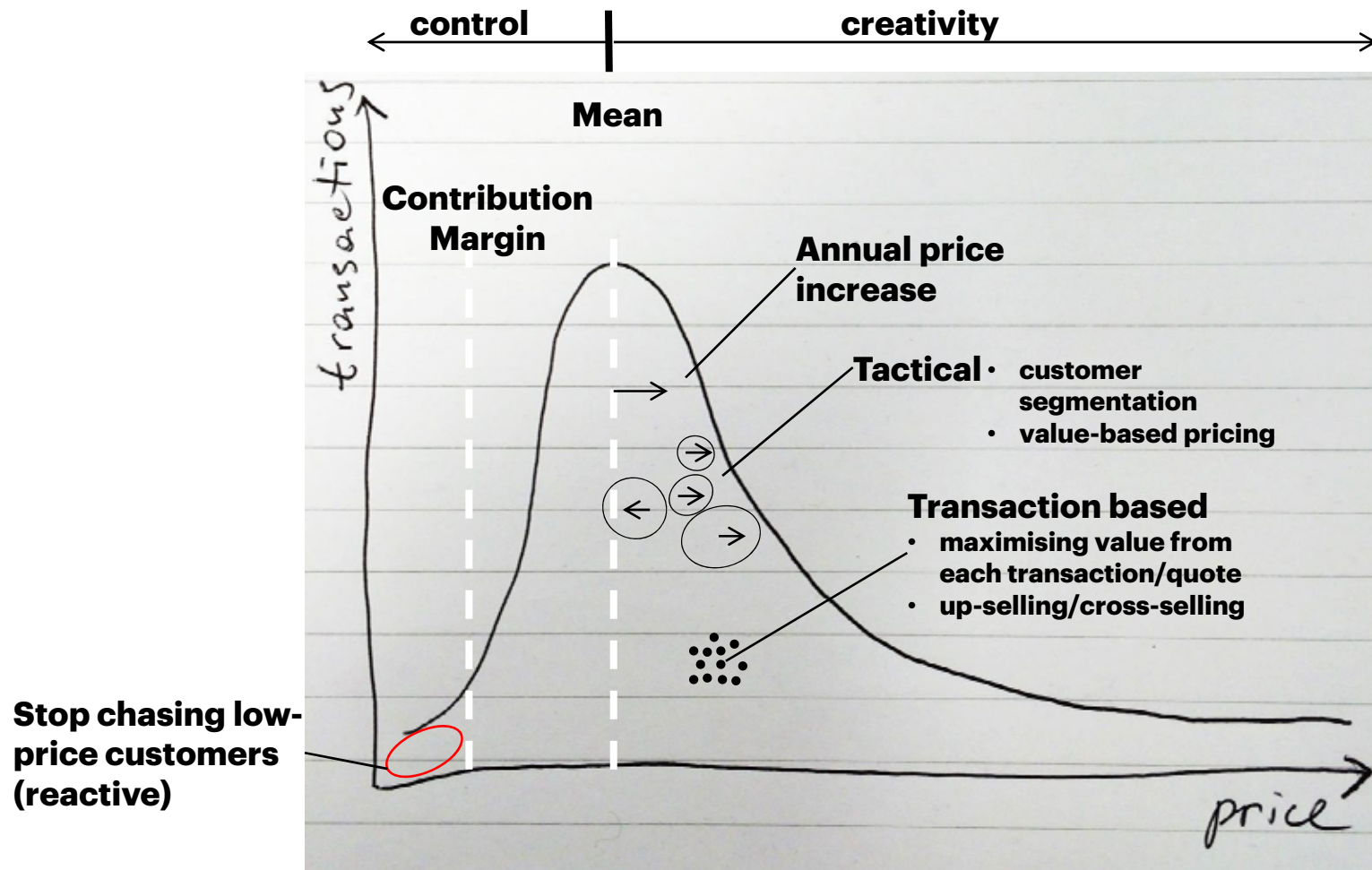


Pricing – setting and getting

1. **Setting** price effectively
2. **Getting** the price you set
3. **Enabling** people and process



Sources of incremental value from pricing



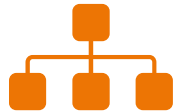
Systematically rolling out better selling



Sales Strategy



Where's the growth?



Coverage and Structure



Do we have the right roles in the right places?



Skills and Processes



Do our people have the skills they need?



Motivation and Incentives



Are we driving the behaviour we want?



Systems and Tools



Do the tools enable our people?



Performance Management



How well are we coaching for success?



Our current sales excellence priorities...



Tradelink®



Stramit



HUMES



Firth

- Sales assessment centres
- Sales learning pathways
- Sales incentive programme
- SF.com
- Performance cadence



Ensuring we are delivering results through consistent commercial KPIs

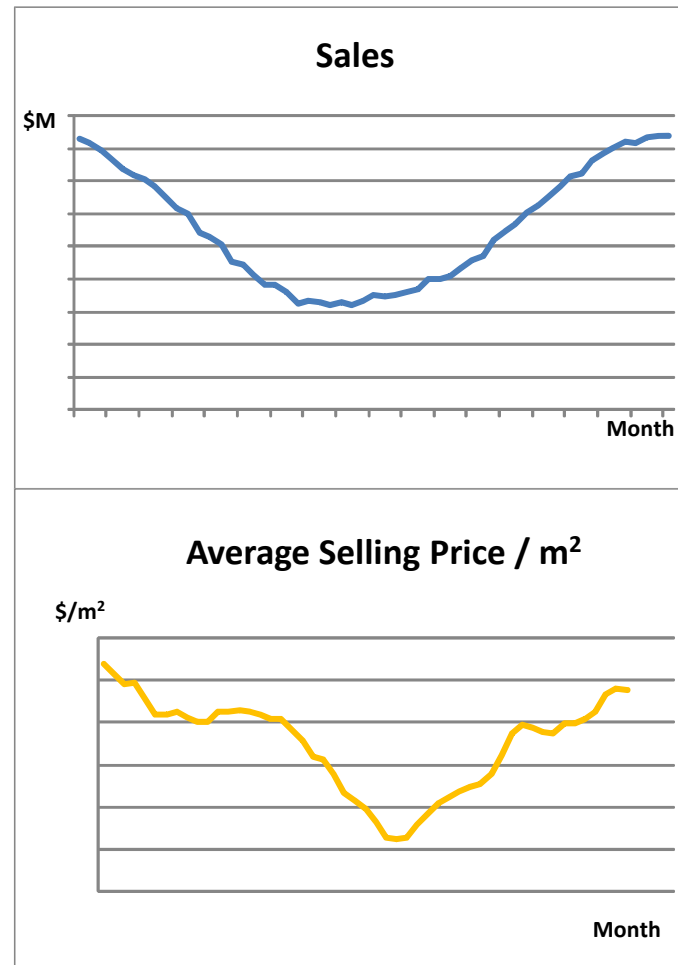
CUSTOMER					
<i>Quarterly trend:</i>	Q1	Q2	Q3	Q4	Plan
Net Promoter Score	30	30	35	40	50
SALES					
<i>YTD comparison:</i>	Current YTD	Prior YTD	Plan		
Qualified Opportunities	15	15	15		
Revenue Pipeline	\$1,500	\$1,500	\$1,500		
<i>Customer monthly mvmt:</i>	Opening Active	New	Lost	Closing	Plan
New Account Acquisition	30	5	-2	33	50
<i>Monthly trend:</i>	Current	Prior 3 months			Plan
Average Accounting Billing	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
<i>Quarterly trend:</i>	Q1	Q2	Q3	Q4	Plan
Sales Target Achievement	80%	80%	80%	80%	85%
MARKETING					
<i>Quarterly trend:</i>	Q1	Q2	Q3	Q4	Plan
Market Share Indicator	29%	29%	31%	31%	32%
New Product Revenue	1.5%	1.5%	2%	2%	2%



Laminex AU – a case study in commercial excellence

Laminex AU implemented a structured improvement programme, including:

- Segmentation for growth
- People
- Sales process and tools
- Pricing and cost to serve



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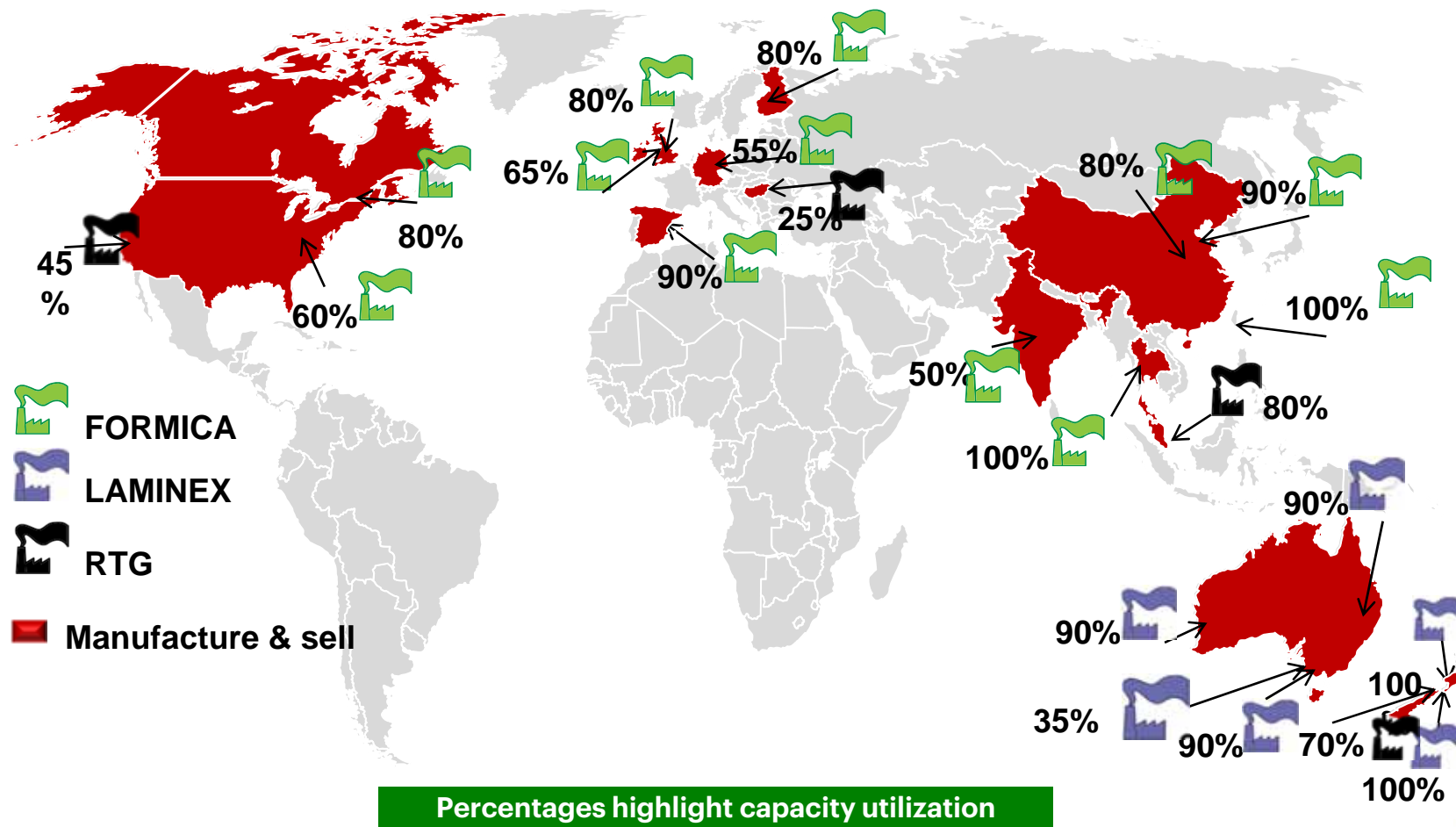
Francisco Irazusta

Working with you

Innovation driven growth: International



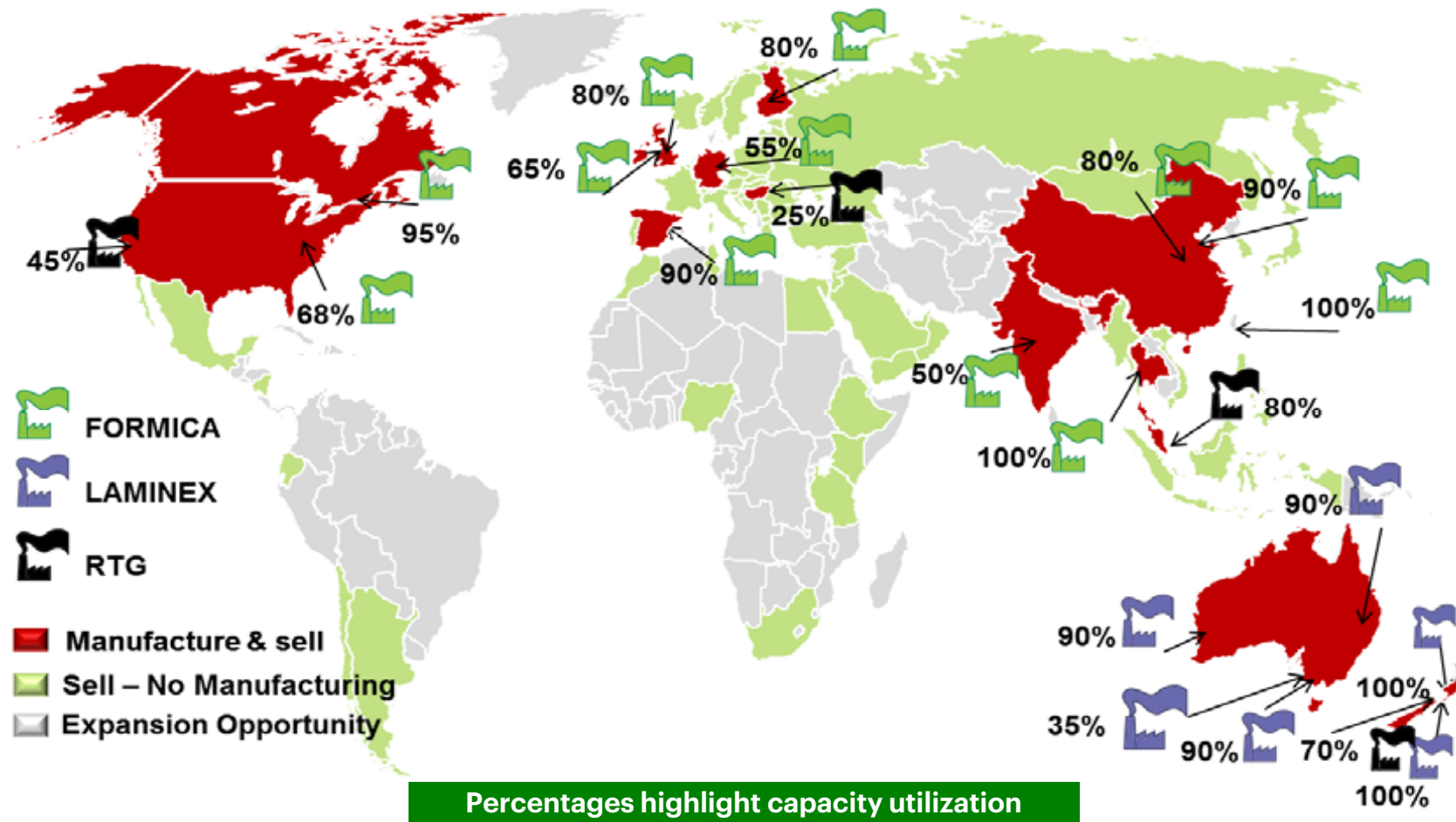
The business has high quality, well positioned manufacturing assets in all regions



Source: Management Estimates 2016



The business has high quality, well positioned manufacturing assets in all regions

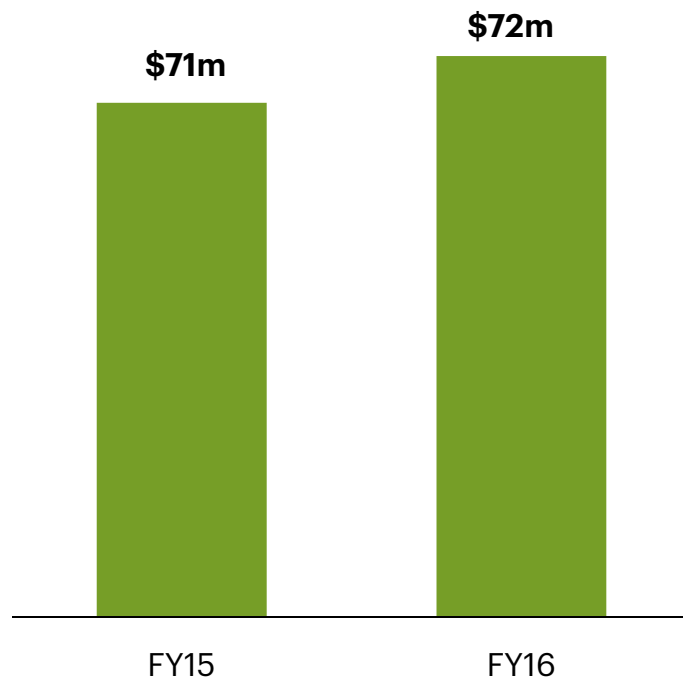


Source: Management Estimates 2016



Laminex Australia facing market challenges, predominantly in Western Australia, but focusing on alternative growth opportunities

EBIT *
NZ\$m



Market Drivers:

- Residential construction
 - New homes ▼
 - Renovation ▲
 - Multi-residential ▼
- Commercial construction
 - Education
 - Retail/hospitality
 - Healthcare▲
- Significant decline in WA construction market

Key Focus Areas:

- Premium surface growth
- Sales and marketing excellence
- Consumer and customer activation
- Operating efficiency and systems
- People capability
- Working capital optimisation

* EBIT: Operating earnings before interest, tax and significant items



Laminex New Zealand experiencing revenue growth and improving market positioning through service and new products

EBIT *
NZ\$m,



Market Drivers:

- Strong market activity in Auckland, Tauranga and Christchurch resulting in steady growth since October 2015.
- Major competitors merged in June 2015 resulting in changed market dynamics.

Key Focus Areas:

- Relocation of Papakura paper treater to Hamilton.
- Manufacturing efficiency gains.
- Sales focus to gain market share.
- High quality product launches driving EBIT improvement through better mix.

* EBIT: Operating earnings before interest, tax and significant items



Roof Tile Group, performing well in Asia and New Zealand, while the US is consolidating the business but Africa and Europe remain challenging

EBIT *
NZ\$m,



Market Drivers:

- **Americas** new GM & Sales & Marketing leads to drive revenue growth
- **Asia** strong sales Japan; strong project flow elsewhere
- **NZ** strong demand and growing share.
- **Europe** faces difficult markets but yoy shipments up
- **Africa – Middle East** previously large contributor to total business. Significant drop last year

Key Focus Areas:

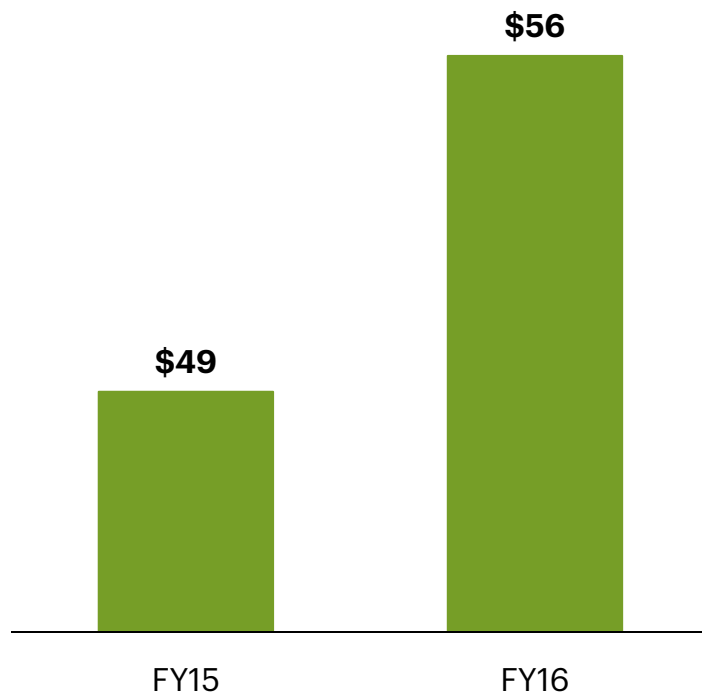
- New management team built across the business over last 18 months
- Plant upgrades in US and EU complete
- Team focus to drive ROFE to >20% over the next 2-3 years

** EBIT: Operating earnings before interest, tax and significant items*



North America: Focus remains on driving revenue growth and continuing operational improvement

EBIT *
NZ\$m,



Market Drivers:

- Continued favourable construction markets – strength in office, retail and hospitality, some weakness in regions impacted by commodity downturns
- Continued trend towards higher-value specialty products driving improved mix
- Initiatives underway to drive company-specific share gains

Key Focus Areas – New Product Intros:

dECOLeather
Recycled Leather Veneer



Formica Infiniti™
Luxury Performance Laminate



* EBIT: Operating earnings before interest, tax and significant items



Europe: Significant action has been taken over the past 12 months to transform the business

Strategic Imperatives

Align Cost
Base

1. Manufacturing – North Shields: lower unit cost
2. Overhead costs – continue to streamline while building critical capabilities

Drive Revenue

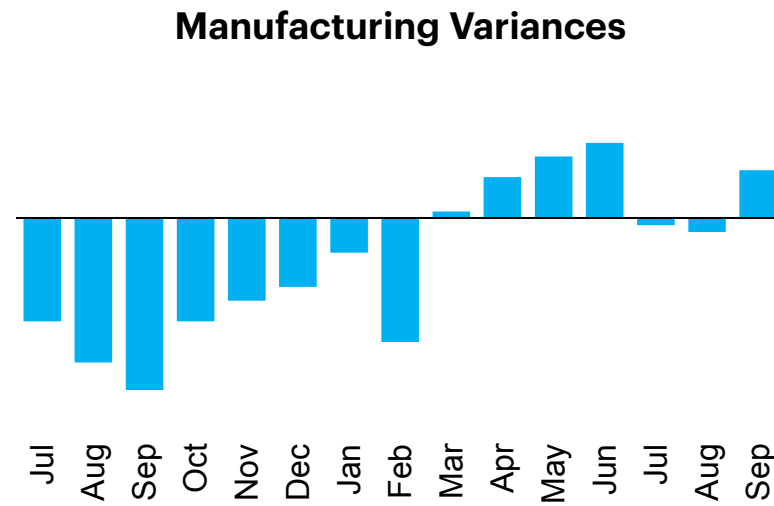
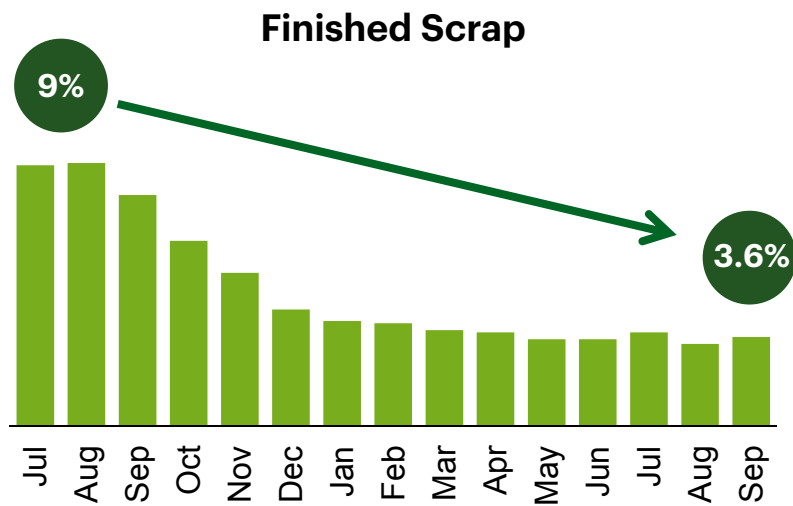
3. Develop a differentiated service model
4. Create focused regional business models
5. Product Innovation



North Shields showing sustained recovery, lower unit costs and improved productivity and employee metrics

Progress last 12 months

- New experienced plant management team in place
- Investment programme underway to drive down unit costs



- Rate of employee absence: halved ▼
- Employee engagement: 30% ▲



Asia revenue growth continues across the region & Jiujiang loadings & operational performance continues to improve

EBIT *
NZ\$m



Market Drivers:

- Infrastructure growth in China, esp. health and education
- China's economic goal shifting from manufacturing to service industry
- Increasing living standards in consumer goods & food

Key Focus Areas:

- Revenue growth particularly in China
- Optimise manufacturing plants
- Leverage new products to differentiate
- Roll out new service model across Asia
- Logistics and supply chain enhancements
- Potential ERP system upgrade

** EBIT: Operating earnings before interest, tax and significant items*



China: focus on Juijiang and revenue growth

Strategic Imperatives

Align Cost
Base

1. Improve productivity, efficiencies and loadings at Jiujiang

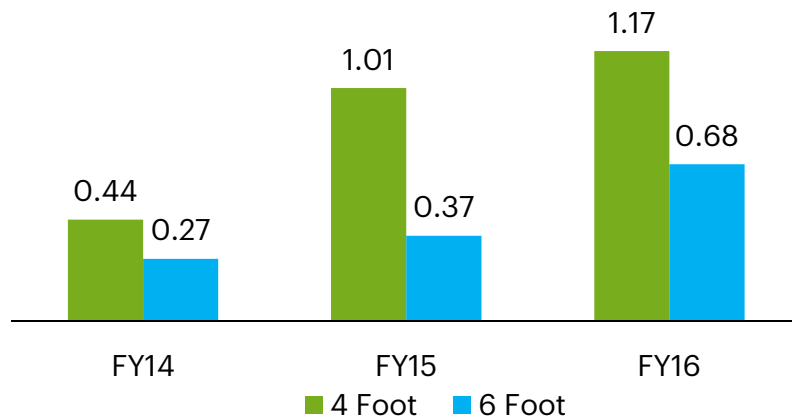
Drive Revenue

2. Lead time transformation to significantly improve service levels
3. Key segment focus to drive growth
4. Product innovation

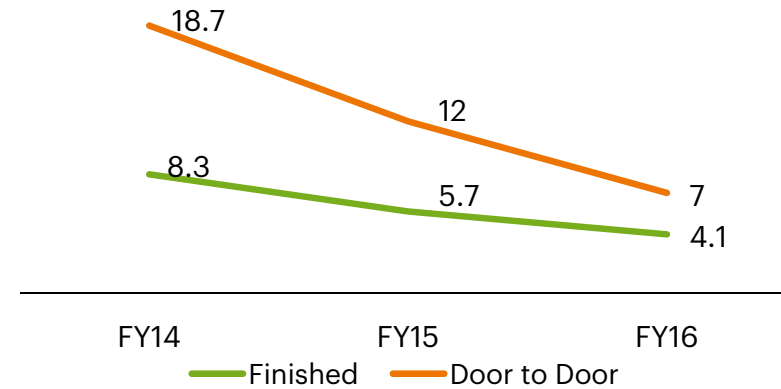


Jiujiang factory production output and productivity continues to increase

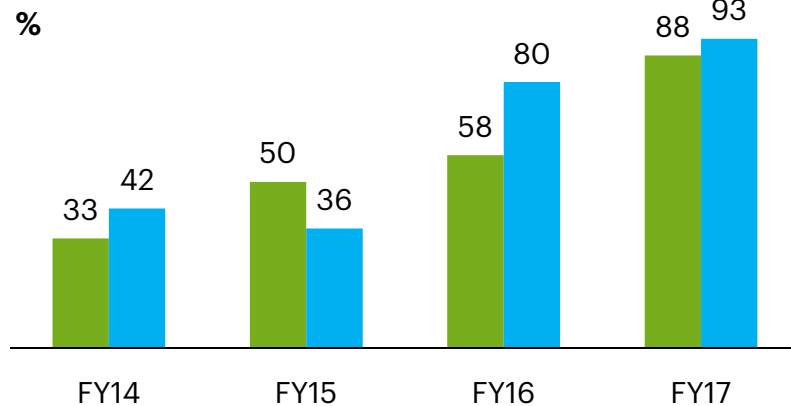
Annual Production
(Million Sheets Produced)



Scrap Rates
%



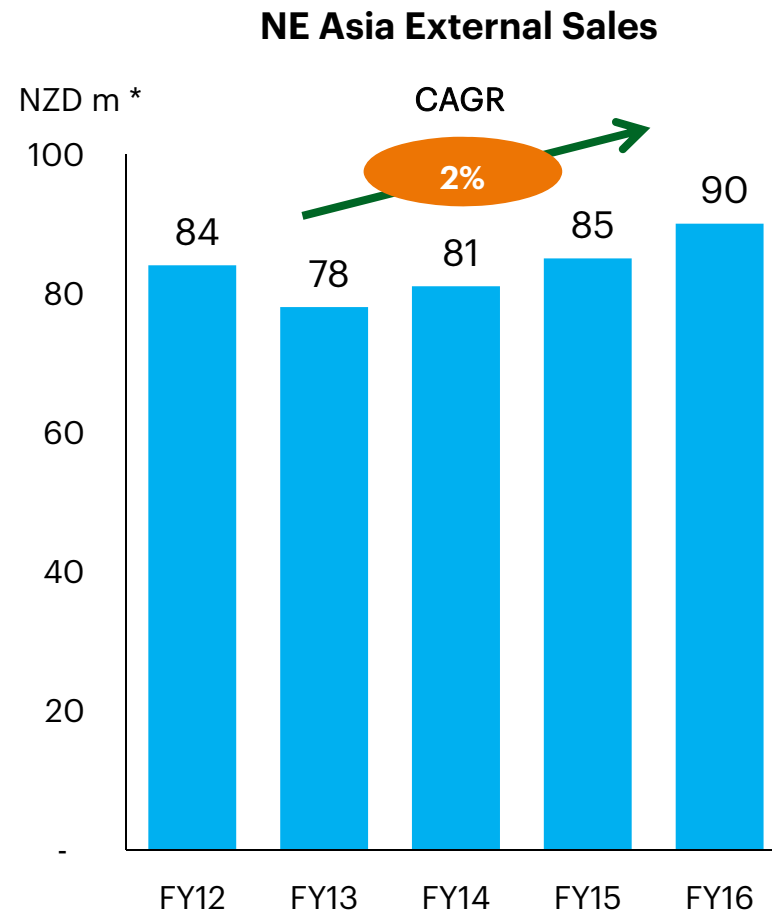
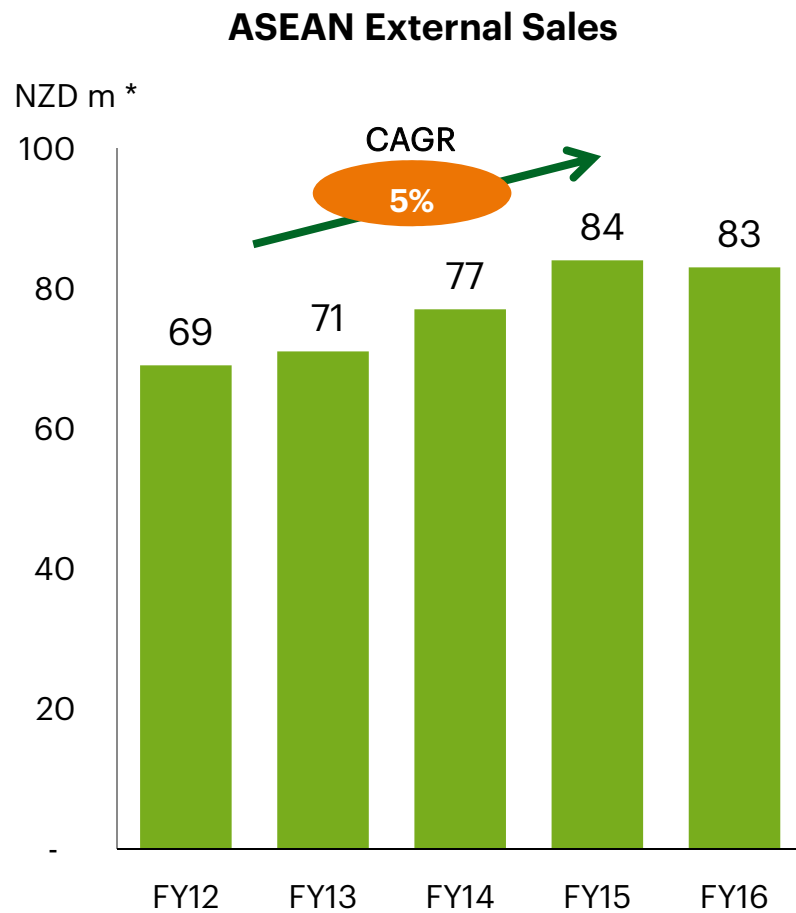
Machine Utilisation



- Capacity loading continues to grow in Q1 FY17
- Efficiencies and production improving further in Q1 FY17



ASEAN and NE Asia sales have shown consistent growth in recent years



Note: * Revenue stated at constant FX rate



Conclusion

Laminex NZ: Growing revenue, improving performance and gaining market share

Laminex AUST: Growing revenue through market share gain and improving performance

RTG: Focus on growth while improving quality of earnings

Formica NA: Revenue growth focus

Formica EU: Transformation plan delivering positive EBIT position by year end

Formica ASIA: Transformation plan in China and JJ delivering double digit growth



Fletcher Building
Building Products Investor Day 2016

Steve Evans

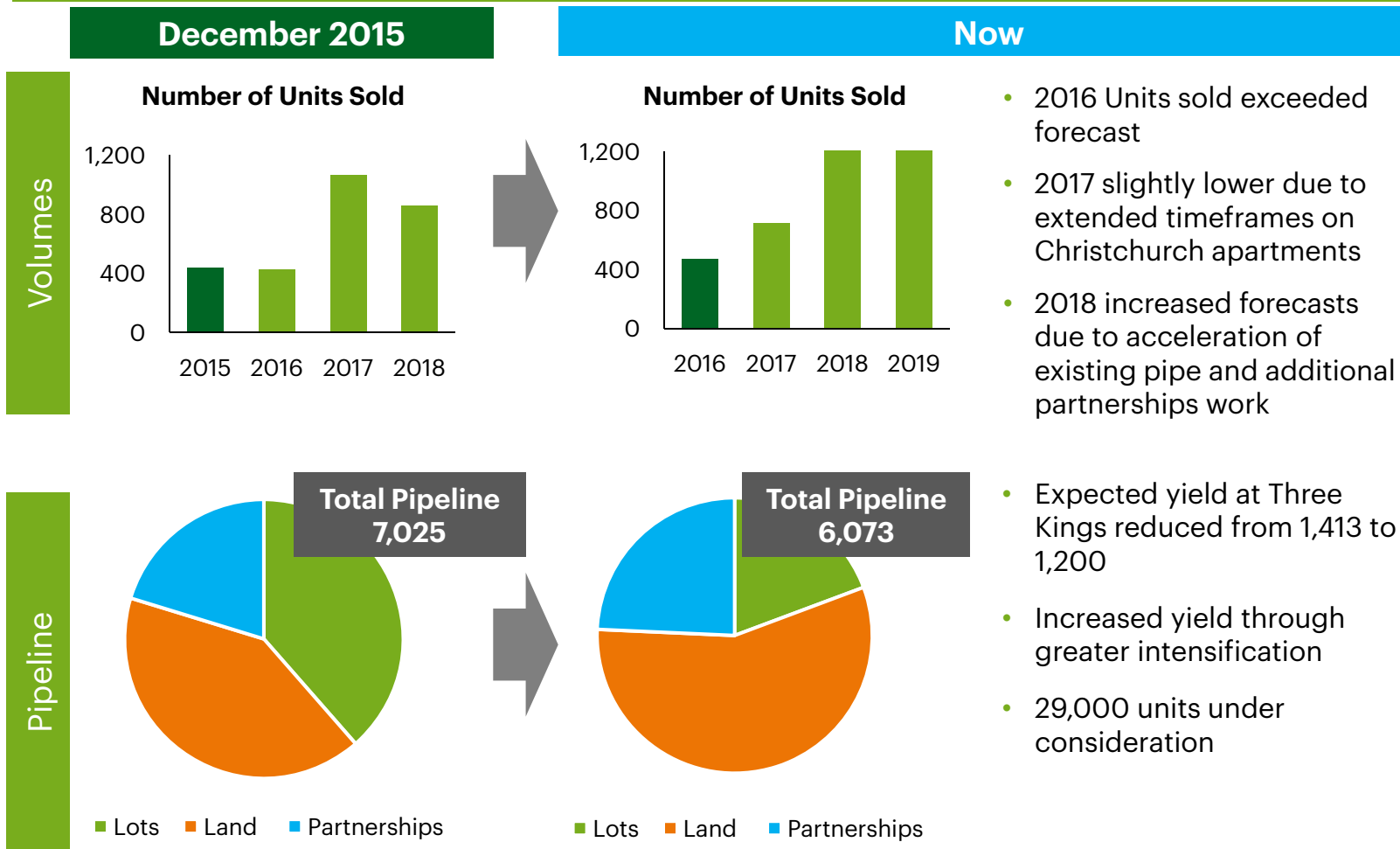
Working with you

How good can it get: Residential



Residential and Land Development

How are we tracking against 2015 update



Residential and Land Development

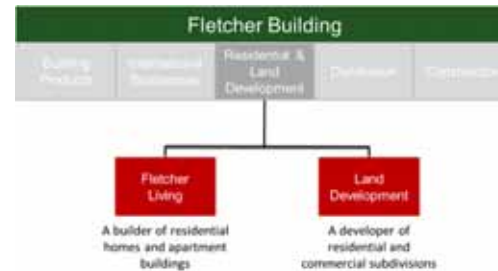
What has happened in the last 12 months

What we haven't done...

- ✗ Land acquisition – we've been disciplined and selective in our approach to land acquisition. Between September 2015 and August 2016 we completed no new lot, land or partnership transactions
- ✗ Accelerated pipeline at the expense of quality
- ✗ Over resourced the business

What we've done...

- ✓ A new divisional structure with a new branch to facilitate volume growth



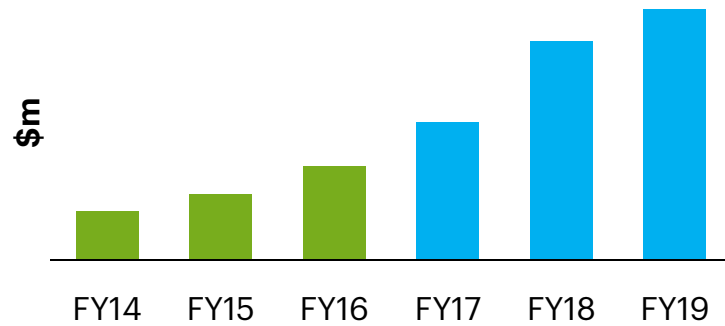
- ✓ We've seen land pricing return to more 'reasonable' levels over the last quarter as funding conditions tighten. This has enabled us to enter a number of transactions:

Location	Est. Units	Status
South Auckland	~700	HoA
North West Auckland	~250	Preferred Partner
Swanson	123	Purchased
Moire Road	197	Purchased

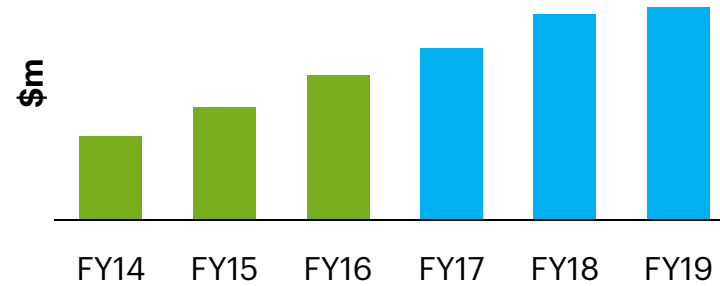


Residential and Land Development Moving Forward Metrics

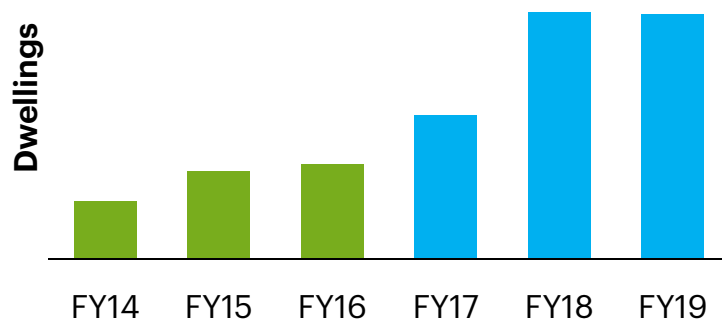
Revenue



EBIT



Dwellings



Steady State Metrics

Funds Employed - \$600m

No. of Units Sold p.a. - 1,500



Residential and Land Development Unitary Plan Impact

What is it?

The Auckland Unitary Plan (AUP) is a combined plan made up of a:Regional Policy Statement; Regional Plan (including a Regional Coastal Plan); and a District Plan for the Auckland region.

The AUP will replace the existing Regional Policy Statement and the 12 other district and regional (legacy) plans. When it's operative, the AUP will include provisions that help to decide: what can be built and where; how to create a higher quality and more compact Auckland; how to provide for rural activities; and how to maintain the marine environment.

What this means for us?

- It supports both extension of residential in the isthmus, and densification in areas of current urban Auckland.
- It supports our current developments, including our land parcels at Three Kings, Manukau and Mangere, but also allows us greater density of some of our other partnerships and lots developments
- It makes it easier for Fletcher Residential to bring homes to the market faster than was previously possible.

Timing and impact

- The Unitary Plan has now been notified, and appeals are being reviewed by the High Court. Some priority areas are likely to be resolved by Christmas



Residential and Land Development Global Development Pipeline

Fletcher Building has over 300 owned properties globally. A number of these are not being utilised to their highest value use



We have undertaken a high-level review of the portfolio and identified a number of short term opportunities:

- **James Fletcher Drive** – FB owned site where we are subdividing and developing lots for separate sale
- **Wiri North Quarry** – FB owned former quarry. Currently being filled with spoil from the Waterview project. Identified as having commercial development potential
- **Firth Mt Manganui** – Ability to add value through subdivision of vacant land as a result of new masonry plant at Hunua

- **Confidential Site, Australia** – FB owned site currently used as a factory. Identified as having residential / retirement development potential
- **Fitzroy Tradelink, Melbourne** – FB owned site currently occupied by Tradelink. Identified as having residential development potential
- **Formica UK** – Reviewing sale of excess land at both North Shields and Aycliffe on the back of clear Formica strategy

But the work has only just been started, and we are confident there will be others.....



Fletcher Building
Building Products Investor Day 2016

Mark Adamson Gerry Bollman

Working with you

Wrap up Q&A session

