



Wednesday 23 October 2024

FLETCHER BUILDING LIMITED
2024 Annual Shareholders' Meeting
Managing Director & Chief Executive Officer's Address

Tēnā koutou katoa. I would also like to add my welcome to those joining the meeting today, both here in the room and online.

For those of you who don't know me, this isn't in fact my first Fletcher Building Annual Shareholder Meeting. I spent much of the late 90s and early 2000s in senior leadership roles at Fletcher Building, including Chief Executive of Building Products and Steel and Managing Director of Fletcher Wood Panels, before departing to lead organisations in the Rank Group, including Carter Holt Harvey Pulp & Paper.

I've been described in the media, perhaps somewhat unkindly, as an 'industry veteran' but this is a label I'm very proud of, because it's an industry I've loved and worked in for more than 40 years. I'm passionate about Fletcher Building, its unique heritage, its people and its businesses.

Fletcher Building is a company with enormous potential and opportunities. It is staffed by excellent people and I'm thrilled and humbled by the opportunity to lead them. My job will be to translate our shared vision, strong operating businesses and committed people into high performance at a group level.

On the ground – connecting with our people and businesses

Since being appointed as a director in August this year, I have been spending time reacquainting myself with the business in the lead-up to formally taking over as CEO last month. In the process, I've enjoyed visiting a wide range of Fletcher Building companies and sites and meeting people from around the business. These visits have included Waipapa Pine, Golden Bay Cement, Dimond Roofing and the Firth Block Plant in Northland along with EasySteel, Pacific Coil Coaters and our amazing new Winstone Wallboards manufacturing facility in Tauranga.

And just to keep busy, I've also met all of our major shareholders at least once over the recent capital raise.

One thing I've been particularly impressed with is the focus on safety everywhere I have visited. Everyone I asked about whether we paid enough attention to safety, confirmed we do and when further asked if they felt able to stop production on seeing an unsafe situation, everybody un-haltingly answered "Yes!". Another thing I have observed is the commitment and dedication of our frontline people and teams, particularly their focus on delivering exceptional service to our customers.



As I mentioned, I've also been out and about talking with investors, where, to be frank, the messages and feedback I've been hearing have been less positive. As shareholders, you have every right to have high expectations around our performance and I want to assure you that we have a clear focus on managing through the current cycle and delivering value for our investors.

Trading update

Turning now to recent trading.

For our materials and distribution businesses, market volumes for the first quarter of this financial year declined 10-15% versus the comparative period.

In September, revenues declined 12% year on year. This compares to a 7% decline in July and August. Pressure on gross margins continue in the current highly competitive environment, especially in New Zealand.

Meanwhile, in our Resi and Development Division, house sales have averaged 17 per week in the first quarter of this financial year compared to 23 per week in the comparative period. Although we saw an improvement in house sales to 21 per week in September compared to 14 per week in July and August, margins were lower year on year due to the decline in New Zealand house prices in the past 6 months.

Pleasingly, the Construction Division has performed solidly with first quarter earnings and margins improved year on year.

FY25 Outlook

Now to the outlook for the remainder of the year ahead.

We continue to expect FY25 market volumes in our materials and distribution businesses to be circa 10% to 15% lower than FY24.

We also expect FY25 EBIT before significant items to be c.60% weighted to the second half mainly due to three factors:

Firstly, cost savings of at least \$180 million are expected to be c.60% weighted to the second half;

Secondly, we expect seasonally higher second half house sales in Resi & Development, with approximately 170 to 180 more settlements expected when compared to the first half; and

Thirdly, we incurred some \$20 million of one-off costs in the first half which relate to the outage of Golden Bay's cement transport ship - the MVAC, NZ electricity and restructuring initiatives which are not expected to reoccur in the second half.



The key downside risks to the outlook are further deterioration in materials and distribution market volumes and / or lower-than-target house sales.

Long term fundamentals solid

Finally, despite all the noise and distractions, the fundamentals of the business remain sound and we are well positioned to deliver through the cycle.

Starting on the left-hand side of this slide and working our way across, the Company operates in attractive markets, with favourable long-term dynamics and demand tailwinds, and our ability to capitalise on these opportunities can be driven by a leading portfolio of high-quality businesses.

We have well-positioned, quality businesses that operate in appealing markets.

And we have strengthened our balance sheet which allows us to focus on executing operational and strategic initiatives.

I'd like to wrap up by reiterating my fundamental belief in the strength and resilience of our businesses and the capability of our people and teams. Fletcher Building is a company with enormous potential and opportunities, managed and operated by people who are passionate about what they do. Our goal is to fulfil our potential and to build a company that our people, customers, communities, and you, our shareholders, can be proud of.

ENDS

Authorised by:

Haydn Wong
Company Secretary

For further information please contact:

MEDIA

Christian May
General Manager – Corporate Affairs
[+64 21 305 398](tel:+6421305398)
Christian.May@fbu.com

INVESTORS AND ANALYSTS

Aleida White
Head of Investor Relations
[+64 21 155 8837](tel:+64211558837)
Aleida.White@fbu.com